



**Auditor of State
Betty Montgomery**

**BUTLER COUNTY
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BUTLER COUNTY

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2004**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<i>Passed Through Ohio Department of Education</i>			
National School Lunch Program	LLN1-2003/2004	10.555	\$109,264
Total U.S. Department of Agriculture			109,264
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Community Development Entitlement Grant	B-00-UC-39-0008 B-01-UC-39-0008 B-02-UC-39-0008 B-03-UC-39-0008 B-04-UC-39-0008	14.218	8,641 100 442,583 714,110 365,506
Total Community Development Entitlement Grant			<u>1,530,940</u>
HOME Investment Partnerships Program	M-01-DC-39-0222 M-02-DC-39-0222 M-03-DC-39-0222 M-04-DC-39-0222	14.239	122,561 267,729 286,853 35,674
Total HOME Investment Partnerships Program			<u>712,817</u>
Total U.S. Department of Housing and Urban Development			<u>2,243,757</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Community Gun Violence Prosecution Program	2002-GP-CX-0086	16.609	47,852
Public Safety Partnership and Community Policing Grant	2003UMWX0088 2002SHWX0531	16.710	34,741 <u>129,372</u> 164,113
<i>Passed Through Office of Criminal Justice Services:</i>			
Byrne Formula Grant Program	2003-DG-D02-7162 2003-VP-001-4042	16.579	44,111 <u>5,000</u> 49,111
Byrne Memorial Grants (Bullying & Hate Crime Project)	2003-DG-B01-7051	16.580	29,250
Violence Against Women Act	2002-WF-VA7-8807	16.588	42,069
Juvenile Justice Substance Abuse	2001-RS-SAT-127 2003-RS-SAT-127	16.593	40,058 <u>31,129</u> 71,187
<i>Total Passed Through Office of Criminal Justice Services</i>			<u>191,617</u>
<i>Passed Through Ohio Department of Youth Services</i>			
Juvenile Accountability Incentive Block Grant	2003-JB-017-A025 2004-JB-017-A025	16.523	81,236 <u>36,027</u> 117,263
Title V: Delinquency Prevention Program	2002-JV-T50-5107	16.548	63,323

(Continued)

BUTLER COUNTY

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2004
(Continued)**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
Comprehensive Strategy Juvenile Accountability Incentive Block Grant	2004-JJ-DII-0079A	16.540	36,457
<i>Total Passed Through Ohio Department of Youth Services</i>			<u>217,043</u>
<i>Passed Through Ohio Attorney General's Office:</i>			
Crime Victim Assistance	2005VAGENE462	16.575	14,384
	2004VAGENE462		48,592
	2005VAGENE103		10,054
	2004VAGENE103		34,885
	2004VAGENE464		32,108
	2005VADSCE464		11,668
Total Crime Victim Assistance			<u>151,691</u>
Local Law Enforcement Block Grant	N/A	16.592	70,000
<i>Total Passed Through Ohio Attorney General's Office</i>			<u>221,691</u>
Total U.S. Department of Justice			<u>842,316</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION/FEDERAL HIGHWAY ADMINISTRATION</u>			
<i>Passed Through Ohio Department of Transportation</i>			
Highway Planning and Construction	PID 21017	20.205	525,650
	PID 17037		2,283,360
	PID 24623		367,263
Total Highway Planning and Construction			<u>3,176,273</u>
Total U.S. Department of Transportation			<u>3,176,273</u>
<u>NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION</u>			
<i>Passed Through Ohio Governor's Highway Safety Office</i>			
STEP Grant		20.600	14,195
Total National Highway Traffic Safety Administration			<u>14,195</u>
<u>U.S. DEPARTMENT OF LABOR</u>			
<i>Passed Through Ohio Department of Job and Family Services</i>			
Workforce Investment Act Cluster			
Workforce Investment Act - Youth Activities			252,426
Workforce Investment Act - Youth Activities -- Administrative			44,212
Workforce Investment Act -- Youth Total	N/A	17.259	<u>296,638</u>
Workforce Investment Act - Adult			
Workforce Investment Act - Adult -- Administrative			279,650
Workforce Investment Act -- Adult Total	N/A	17.258	<u>61,658</u> 341,308
Workforce Investment Act - Dislocated Workers			
Workforce Investment Act - Dislocated Workers -- Administrative			456,937
Workforce Investment Act - Dislocated Workers Total	N/A	17.260	<u>78,499</u> 535,436
<i>Total passed through Ohio Department of Job and Family Services</i>			<u>1,173,382</u>
<i>Passed Through Area 12 Workforce Investment Board</i>			
Workforce Investment Act Cluster			
Workforce Investment Act - Youth Activities			200,678
Workforce Investment Act - Youth Activities -- Administrative			6,810
Workforce Investment Act -- Youth Total	N/A	17.259	<u>207,488</u>

(Continued)

BUTLER COUNTY

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2004
(Continued)**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
Workforce Investment Act - Adult			89,606
Workforce Investment Act - Adult -- Administrative			7,491
Workforce Investment Act -- Adult Total	N/A	17.258	<u>97,097</u>
Workforce Investment Act - Dislocated Workers			185,829
Workforce Investment Act - Dislocated Workers -- Administrative			8,399
Workforce Investment Act - Dislocated Workers Total	N/A	17.260	<u>194,228</u>
<i>Total passed through Area 12 Workforce Investment Board</i>			<u>498,813</u>
Total Workforce Investment Act			<u>1,672,195</u>
Unemployment Insurance Program (Reed Act)	N/A	17.225	11,275
Welfare to Work	N/A	17.253	<u>534,893</u>
Total U.S. Department of Labor			2,218,363
<u>U.S. DEPT. OF TRANSPORTATION/ FEDERAL AVIATION ADMINISTRATION</u>			
Airport Improvement Grant	3-39-0039-1303	20.106	127,644
	3-39-0039-1203		644
	3-39-0039-1404		958,903
	3-39-0039-1504		102,414
	3-39-0039-1002		11,825
Total Federal Aviation Administration			<u>1,201,430</u>
<u>GENERAL SERVICES ADMINISTRATION</u>			
<i>Passed through Ohio Secretary of State</i>			
Federal Help America Vote Act (HAVA)	04-SOS-HAVA-09	39.011	22,396
Total General Services Administration			<u>22,396</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<i>Passed Through Ohio Department of Education</i>			
Special Education Cluster			
Title VI-B	6BSF-2004/2005	84.027	228,269
Preschool Grant	PGS1-2004/2005	84.173	212,338
Total Special Education Cluster			<u>440,607</u>
Title V - Innovative Program	C2S1-2004/2005	84.298	<u>1,196</u>
Total U.S. Department of Education			441,803
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>			
<i>Passed through Ohio Department of Youth Services</i>			
Americorps	N/A	94.006	<u>528</u>
Total Corporation for National and Community Service			528
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<i>Passed Through Ohio Department of Mental Health:</i>			
Title XX Social Service Block Grant	N/A	93.667	195,329
<i>Passed Through Ohio Department of MRDD:</i>			
Title XX Social Service Block Grant	N/A	93.667	228,831
Total Title XX Social Service Block Grant			<u>424,160</u>

(Continued)

BUTLER COUNTY

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2004
(Continued)**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<i>Passed Through Ohio Department of Mental Health:</i>			
Title XIX Medical Assistance Program	N/A	93.778	6,316,079
<i>Passed Through Ohio Department of Alcohol and Drug Addiction Services:</i>			
Title XIX Medical Assistance Program	N/A	93.778	731,259
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities:</i>			
Title XIX Medical Assistance Program	N/A	93.778	
Waiver Administration			178,293
CAFS-Adults			4,679,358
CAFS-Children			131,143
TCM			1,171,568
Administrative Fees			<u>108,521</u>
<i>Total Passed Through Ohio Department of MRDD</i>			<u>6,268,883</u>
 Total Title XIX Medical Assistance Program		93.778	13,316,221
<i>Passed Through Ohio Department of Mental Health:</i>			
Block Grant for Community Mental Health Services	N/A	93.958	323,963
<i>Passed Through Ohio Department of Alcohol and Drug Addiction Services:</i>			
Block Grant for the Prevention and Treatment of Substance Abuse	N/A	93.959	2,258,095
<i>Passed Through Office of Criminal Justice Services:</i>			
Block Grant for the Prevention and Treatment of Substance Abuse		93.959	<u>10,795</u>
 Total Block Grant for the Prevention and Treatment of Substance Abuse			2,268,890
<i>Passed Through Ohio Department of Mental Health:</i>			
State Children's Insurance Program (SCHIP)	N/A	93.767	399,668
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities:</i>			
State Children's Insurance Program (SCHIP)	N/A	93.767	<u>20,871</u>
 Total State Children's Insurance Program (SCHIP)			420,539
<i>Passed Through Ohio Department of Alcohol and Drug Addiction Services:</i>			
Comprehensive Conflict Management Grant	N/A	93.243	120,625
<i>Passed Through Ohio Department Health and Human Services</i>			
CSAT	N/A	93.243	<u>240,530</u>
			361,155
<i>Passed Through Ohio Department of Alcohol and Drug Addiction Services:</i>			
Head Substance Abuse Prevention Program	N/A	81.186A	<u>45,000</u>
 Total U.S. Department of Health and Human Services			<u>17,159,928</u>

(Continued)

BUTLER COUNTY

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2004
(Continued)**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF HOMELAND SECURITY			
<i>Passed through Ohio Emergency Management Agency</i>			
Homeland Security Grant	2002-TE-CX-0106	97.004	9,276
	2003-MU-T3-0015		544,555
	2004-GE-T4-0025		287,401
Total Homeland Security Grant			<u>841,232</u>
ODP Citizens Corps Program Grant	2004-GC-T4-0025	97.053	8,200
FEMA Supplemental CERT Grant	EMC-2003-GR-7066	97.054	20,532
Emergency Mgt. Performance Grant		97.042	<u>72,597</u>
Total U.S. Department of Homeland Security			<u>942,561</u>
Total			<u>\$28,372,814</u>

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

BUTLER COUNTY

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED DECEMBER 31, 2004**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - SUBRECIPIENTS

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

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

NOTE C - MATCHING REQUIREMENTS

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



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Butler County
315 High Street
Hamilton, Ohio 45011

To the Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Butler County, Ohio (the County), as of and for the year ended December 31, 2004, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 24, 2005. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the County's management dated February 27, 2006 we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2004-001 to 2004-003. In a separate letter to the County's management dated February 27, 2006, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the audit committee, management, Board of County Commissioners, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

June 24, 2005



Auditor of State Betty Montgomery

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

Butler County
315 High Street
Hamilton, Ohio 45011

To the Board of County Commissioners:

Compliance

We have audited the compliance of Butler County, Ohio (the County), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to each of its major federal programs for the year ended December 31, 2004. The summary of auditor's results section of the accompanying schedule of findings identifies the County's major federal programs. The County's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, Butler County complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended December 31, 2004.

Internal Control Over Compliance

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

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

Federal Awards Expenditures Schedule

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Butler County as of and for the year ended December 31, 2004, and have issued our report thereon dated June 24, 2005. Our audit was performed to form opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying federal awards expenditures schedule provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

We intend this report solely for the information and use of the audit committee, management, Board of County Commissioners, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

November 17, 2005

BUTLER COUNTY

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2004**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	Yes – Related to Adult Probation Department Findings for Recovery.
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any other reportable internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under § .510?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (list):</i>	CFDA #93.778: Title XIX: Medical Assistance Program CFDA #17.258, 17.259, 17.260: Workforce Investment Cluster CFDA #20.106: Airport Improvement Grant CFDA #14.218: Community Development Block Grant CFDA #97.004: Homeland Security Grant
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$851,184 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

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

FINDING 2004-001

Finding for Recovery

Kimberly Sullivan-O'Connell, former Head Bookkeeper for the Adult Probation Department, contacted the Auditor of State during the 2004 audit to express concerns and provide documentation regarding funds that were missing and not accounted for. Based on this information, we reviewed a sample of receipts in the Adult Probation Department from 2002 to 2005. We also reviewed the documentation provided by Ms. Sullivan-O'Connell and other documentation provided by the Adult Probation Department.

Ohio Rev. Code Section 9.39 states, in part, all public officials are liable for all public money received and collected by them or by their subordinates under color of office.

Receipts issued for fines and fees collected by Kimberly Sullivan-O'Connell, former Head Bookkeeper, totaled \$920 more than deposits made to the bank account on three separate occasions. On May 21, 2003, the deposit was short \$300, on May 17, 2004, the deposit was short \$120 and on February 28, 2005, the deposit was short \$400. On April 29, 2005, Ms. Sullivan-O'Connell misplaced a \$1,440 deposit in transport to the bank. A total of \$2,260 of deposits has been unaccounted for under Ms. Sullivan-O'Connell's responsibility.

The Adult Probation Department filed a police report related to the missing \$1,440 deposit. Employees submitted to polygraph examinations related to the \$400 shortage in the February 28, 2005 deposit, and the examinations revealed no questionable responses. Mr. Gary W. Yates, Court Administrator, issued a written reprimand to Ms. Sullivan-O'Connell related to the missing \$400.

On June 27, 2005, an Agreement and Mutual Release of Claims was entered into between Butler County, Butler County Court of Common Pleas, and the Butler County Adult Probation Department and Kimberly Sullivan-O'Connell. Section Six of that Agreement provides in part that "The Employer, Butler County, and their officers and agents agree to fully and completely release and forever hold harmless Ms. Sullivan-O'Connell from any and all suits, charges, or claims for missing funds or for any other claim for monetary damages or other relief in connection with her employment with Butler County.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code 117.28, a finding for recovery for public monies collected but unaccounted for is hereby issued against Kimberly Sullivan-O'Connell, former Head Bookkeeper, and Gary W. Yates, Court Administrator, jointly and severally, in the amount of \$2,260 in favor of the Butler County Adult Probation Department.

FINDING 2004-002

Finding for Recovery – Repaid Under Audit

Kimberly Sullivan-O'Connell, former Head Bookkeeper for the Adult Probation Department, contacted the Auditor of State during the 2004 audit to express concerns and provide documentation regarding funds that were missing and not accounted for. Based on this information, we reviewed a sample of receipts in the Adult Probation Department from 2002 to 2005. We also reviewed the documentation provided by Ms. Sullivan-O'Connell and other documentation provided by the Adult Probation Department.

Ohio Rev. Code Section 9.39 states, in part, all public officials are liable for all public money received and collected by them or by their subordinates under color of office.

**FINDING 2004-002
(Continued)**

Receipts issued for fines and fees collected by Linda Noes, Cashier, totaled \$100 more than deposits made to the bank account on December 16, 2003.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code 117.28, a finding for recovery for public monies collected but unaccounted for is hereby issued against Linda Noes, Cashier and Gary W. Yates, Court Administrator, jointly and severally, in the amount of \$100 in favor of the Butler County Adult Probation Department.

Ms Noes paid \$100 to the Adult Probation Department while under audit.

FINDING 2004-003

Finding for Recovery – Repaid Under Audit

Kimberly Sullivan-O'Connell, former Head Bookkeeper for the Adult Probation Department, contacted the Auditor of State during the 2004 audit to express concerns and provide documentation regarding funds that were missing and not accounted for. Based on this information, we reviewed a sample of receipts in the Adult Probation Department from 2002 to 2005. We also reviewed the documentation provided by Ms. Sullivan-O'Connell and other documentation provided by the Adult Probation Department.

Ohio Rev. Code Section 9.39 states, in part, all public officials are liable for all public money received and collected by them or by their subordinates under color of office.

Receipts issued for fines and fees collected by Vicki Camden, Cashier, totaled \$219 more than deposits made to the bank account on September 7, 2004.

Mr. Gary W. Yates, Court Administrator, issued a written reprimand to Ms. Camden related to this incident.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code 117.28, a finding for recovery for public monies collected but unaccounted for is hereby issued against Vicki Camden, Cashier and Gary W. Yates, Court Administrator, jointly and severally, in the amount of \$219 in favor of the Butler County Adult Probation Department.

Ms Camden paid \$219 to the Adult Probation Department while under audit.

3. FINDINGS FOR FEDERAL AWARDS

None

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BUTLER COUNTY

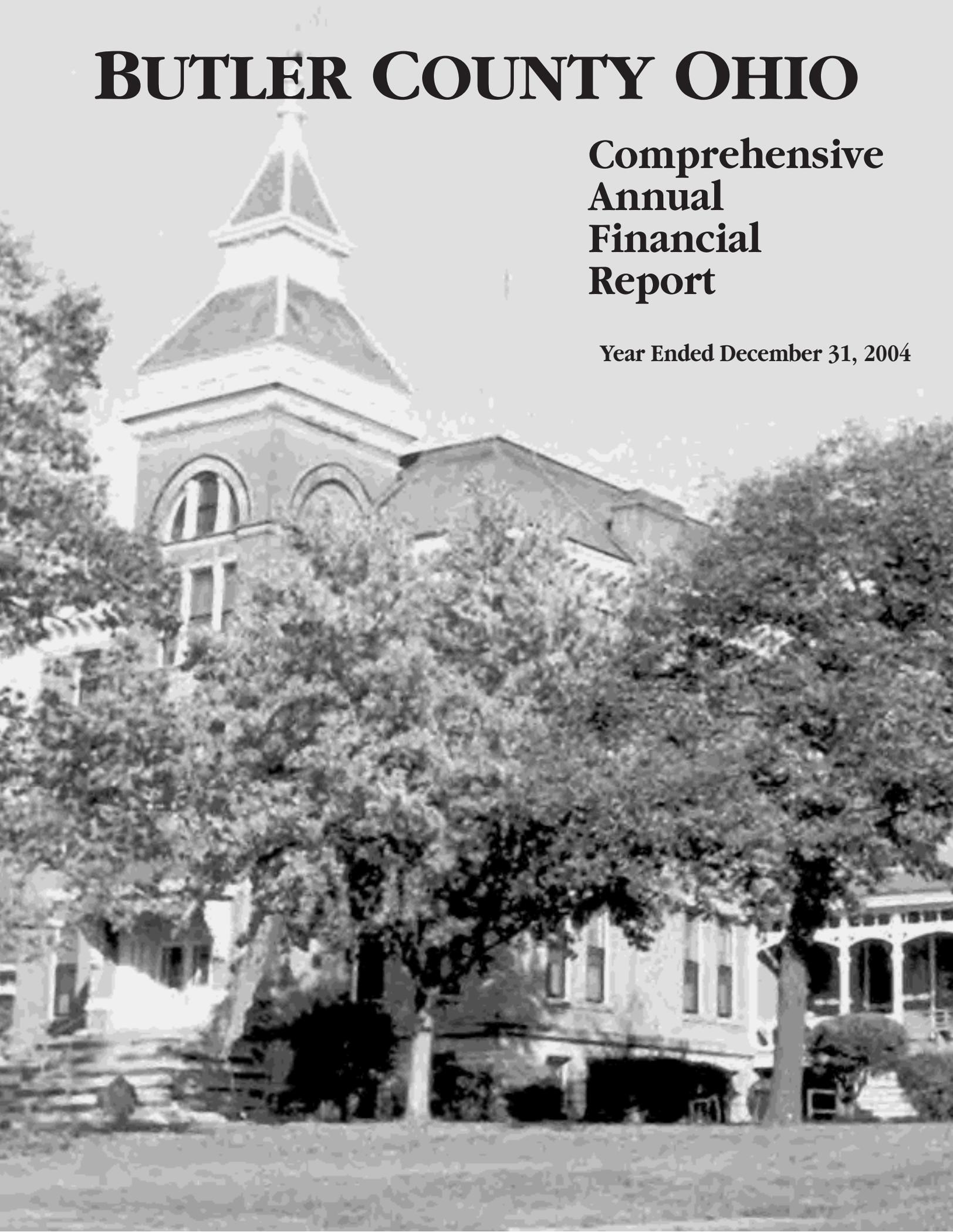
**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2003-001	Finding for Recovery Repaid under Audit -- overpayment of travel reimbursements	Yes	Finding for Recovery was repaid during 2003 audit. Controls have been placed in operation to avoid future issues with travel reimbursements.
2003-002	Finding for Recovery – overpayment to a Vendor	Yes	Finding for Recovery was paid in full by Carlson Wagonlit on November 17, 2004.

BUTLER COUNTY OHIO

Comprehensive Annual Financial Report

Year Ended December 31, 2004



ABOUT THE COVER

The Original Butler County Care Facility Built in 1830

The front cover shows the Butler County Care Facility built in 1830, which consisted of three buildings built on 140 acres of donated farmland. For more information about the Butler County Care Facility, visit their website at www.butlercountyohio.org/countyhome.

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INTRODUCTORY SECTION

Focus

This year the Butler County Ohio Comprehensive Financial Report features the work of the Butler County Care Facility.

“The Butler County Care Facility mission is to provide a superior quality of life for our residents through our devotion to promoting healing, dignity and independence in a secure and compassionate atmosphere, catering to the uniqueness of each individual.”

Butler County Care Facility provides various services for residents and adult day care clients including:

- Nursing
- Activities
- Beauty Parlor
- Chapel
- Dietary Services
- Safety / Anti-wandering System
- Therapy
- Maintenance
- Environmental Services - Cleaning and Laundry
- Transportation
- Adult Day Services
- Admission / Discharge / Outreach
- Social Services



Michael A. Fox, Charles R. Furmon, Gregory V. Jolivet, Butler County Board of Commissioners



Chuck Demidovich, Butler County Care Facility Administrator



The Butler County Care Facility staff (Pictured L-R) Sally O'Brien, Dietician; Kathy Smith, Social Services; Della Sizemore, Environmental Services; Luwanna Allen, Dietary; Nancy Carey, Nursing; Greg Eyler, Activities; Jerry Allen, Safety; Susan Geckler, Outreach Services; Chuck Demidovich, Administrator

Butler County Care Facility Staff



Kate Welsh, Social Services Intern; Susan Geckler, Outreach Director; and Kathy Smith, Social Services Director



Janie Gustin, Accounting Clerk



Linda Whitaker, Administrative Assistant



Shellie Dell, Accounting Clerk



Bonnie Humberree, Admissions and Discharge Services

Butler County, Ohio

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2004**

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Year Ended December 31, 2004

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BUTLER COUNTY AUDITOR

June 24, 2005

To the Citizens and
Board of Commissioners of Butler County:

It is our pleasure to present the Butler County Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2004. This report contains basic financial statements, supplemental statements, and other financial and statistical information, providing complete and full disclosure of all material financial aspects of Butler County for 2004.

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

The CAFR is divided into the following sections:

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

FORM OF GOVERNMENT AND REPORTING ENTITY

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

Butler County, with a 2004 estimated population of 346,560, ranks eighth largest of Ohio's 88 counties and third among the 14 counties comprising the Greater Miami Valley. The County encompasses 469 square miles with thirteen municipalities and thirteen townships. The City of Hamilton is the county seat and the largest of the incorporated areas with a population of 60,763. West Chester Township is the largest unincorporated area in the County and, with a population of 55,515, is Ohio's third-most populous township.

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

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

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

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

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

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

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

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

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

ECONOMIC CONDITION AND OUTLOOK

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

A total of 4,197 building permits were issued in 2004 in the unincorporated areas of Butler County, representing over \$500 million of valuation. These figures do not reflect activity within the incorporated cities of Butler County.

Through its Enterprise Zone program, Butler County initiated tax incentives to a number of companies expanding within, or relocating to, Butler County, Ohio. During 2004, 5 projects were approved and estimates suggest that these projects will create and retain 702 jobs in Butler County. In addition, these projects are estimated to generate just under \$16 million in real property investment and almost \$54.2 million in personal property investment. These projects reflect an increase of approximately \$40 million from the previous year.

The Board of County Commissioners also administers the Butler County Revolving Loan Fund through the Certified Development Company of Butler County, Inc. (CDC). Revolving Loan Fund projects in 2004 consisted of \$166,409 in investment at two sites in Butler County and commits employers to create four (4) full time jobs. The CDC is also involved in the Small Business Administration's 504 Affordable Loan Program. Three (3) loans were approved under this program with a combined total project cost of \$3,005,394 in public and private investment. This investment commits Butler County employers to create or retain thirteen (13) full time jobs. Over 957 jobs have been created or retained in Butler County over the last ten years due to programs administered by the CDC.

MAJOR INITIATIVES

Water System

Two major water main construction projects took place in 2004. The replacement of polybutylene water service lines is an ongoing project, which will continue for a number of years. There were a number of engineering studies underway including a Water Master Plan, and completion of the entire water system modeling. These studies will determine the immediate and long-term capital needs to keep this rapidly growing water system safe and reliable.

2004 saw the total miles of water lines in service increase from 626 miles to 648 miles.

The two major water main projects included the installation of 5,300 feet of 30 inch water main, which connects the Van Gordon Tank to the Princeton Road Tank and the installation of 8,106 feet of water main paralleling Allen Road to Dimmick Road. These mains increased the ability to strengthen service to the County's distribution system.

Sewer System

The total length of sanitary sewers in service increased from 728 miles to 757 miles during 2004.

The Queen Acres Water Reclamation Facility expansion was completed in 2004, increasing this facility's treatment capacity from 300,000 gallons per day to 600,000 gallons per day, thereby enabling the County to provide treatment for developing areas in Ross and Hanover townships.

Construction began on a \$12 million improvement to the Upper Mill Creek Water Reclamation Facility, which will be completed in early 2006. This will provide the ability to treat 16 million gallons per day of wastewater, while continuing to maintain compliance with Ohio Environmental Protection Agency requirements.

Furthermore, facilities were begun which will provide wastewater collection and treatment service for the Village of New Miami, funded mostly by grants from the United States Department of Agriculture and the Ohio Public Works Commission. The estimated total cost to complete all of the projects necessary to provide the needed services is approximately \$14 million, with completion expected in late 2005.

Roads and Bridges

According to Ohio Law, the County Engineer is responsible for the construction, reconstruction, maintenance, and repair of all bridges and highways within the County that fall under the jurisdiction of the Board of County Commissioners. As of December 31, 2004, this responsibility included oversight over 273 miles of County roadways, 371 bridges, and 1,019 culverts. Additionally, the County Engineer is also responsible for the construction, reconstruction, resurfacing, or improvement of township roads falling under the jurisdiction of the various boards of township trustees in the County.

Gasoline taxes and license plate fees serve as the primary sources of funding for projects scheduled by the Engineer each year. These funds serve as an important source of local match money used for leveraging additional outside dollars from State and federal sources. In 2004, the County received \$4,166,609 of such revenues.

During 2004, the Engineer was involved with over \$23 million in roadway construction, maintenance, and repair in Butler County. Additionally in 2004, the Engineer's office completed 9 bridge replacements and rehabilitations, 23 culvert replacements, 2 roadway improvements, over 70 miles of resurfacing, and 3 Community Development Block Grant projects. \$2,227,001 was spent on general roadside maintenance and snow and ice control.

Capital Improvements

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

Capital expenditures during 2004 showed a marked decline from prior periods as the County transitions toward some major future initiatives such as the Liberty Interchange, widening of By-Pass State Route 4, extension of Cox Road and extension of State Route 63. During 2004, however, the majority of capital expenditures were devoted to infrastructure improvements to support economic development. In particular, \$1.9 million was expended in a Tax Increment Financing (TIF) District for improvements to Cincinnati Dayton Road in West Chester Township in support of the development of a Super Wal-Mart. In addition \$0.7 million was expended in another TIF District for engineering and planning for the improvements to the Liberty Interchange; where State Route 129 intersects Interstate I-75. Other than \$0.3 million to complete phase one of the Cincinnati Dayton Road TIF at Yankee Road in Liberty Township and \$0.3 million to complete landscape assessment project near the University of Cincinnati Physician's Development, no other major expenditures were incurred.

FOCUS ON THE BUTLER COUNTY CARE FACILITY

Butler County Care Facility began its tradition of service to the community as a Tuberculosis treatment center in 1830. It was located on one hundred forty acres of donated farmland on which the County constructed three buildings. In 1884, in response to the changing needs of the population, a new building was constructed at 1700 Princeton Road. This facility was designed to care for the displaced, indigent and ill of the County.

In 1974, the citizens of Butler County passed a three year six mill tax levy for tax years 1974 through 1976 for the construction of a new building and its furnishings in order to meet the evolving needs of the people of the County, primarily the aged and infirm. A new era began when the current facility began operation in September 1976. A twenty-one bed wing was added and opened for occupancy in 1983. Presently, the Butler County Care Facility has the capacity to house and care for one hundred six residents. The facility is a Medicare and Medicaid certified skilled nursing facility accepting Medicare, Medicaid, private insurance and self-pay clients.

Butler County Care Facility is committed to providing a superior quality of life for its residents through devotion to promoting healing, and maintaining individual dignity and independence in a secure and compassionate atmosphere while maintaining the unique individuality of each person. The facility is able to accomplish this goal with its ability to retain a loyal, caring and stable staff. In fact, nearly half of the employees have at least five years of service at this facility, which is very unusual in this industry. Low staff turnover and an excellent staff to resident ratio make our goals of individualized, compassionate quality care possible.

Butler County Care Facility offers a multitude of services designed to assist our residents not only with their daily care, but also with their financial, medical and emotional concerns. The Admissions and Discharge Planning team assists in managing financial, insurance and medical paperwork, as well as making the transition from hospital/home to nursing home or from nursing home to the community easier. The experienced RN's and LPN's provide nursing care of the highest standard. The facility is able to meet the needs of those who require IV's, TPN, complicated wound care and skilled nursing care. A full-time Social Services worker provides counseling and assistance in meeting psychosocial and emotional needs of the residents and a support system for families. The facility provides transportation for residents to physician, hospital, dental and various other appointments; this is done at no charge to the resident, a unique service in the industry. Arrangements can be made to have a staff member accompany the resident in the situation where a family member is unavailable. The Dietary Department is overseen by a full-time Licensed Dietician, and offers a varied menu tailored to meet specialized needs and individual preferences. Environmental Services provides daily cleaning of resident rooms and personal laundry services at no charge. A full-time Activity Director and staff manage and plan a wide variety of activities to stimulate and entertain the residents. The Activities Department also schedules many multi-denominational religious services for residents. The Therapy Department is supervised by a Licensed Physical therapist with an LPTA, COTA and Speech Pathologist on staff. A fully equipped therapy room provides state of the art physical and occupational therapy for the residents as well as outpatient services by appointment. The therapy services focus on seniors of the community who have experienced disabilities resulting from a broad range of illnesses or injuries including, but not limited to arthritis, osteoporosis, joint replacement and stroke. The residents also have the services of a barber and beautician by appointment.

Adult Day Services at Butler County Care Facility is a program designed to meet the needs of the functionally impaired senior through an individual plan of care. This structured comprehensive programming provides a variety of health, social and related support services in a protected setting for clients that require less than twenty-four hour care. The Adult Day Services accepts payment through Elderly Services Program, Passport Program and private pay. The program operates Monday through Friday from 7:00am to 6:00pm. Transportation is also available.

The grounds of the facility provide several patios and a covered courtyard easily accessible for all residents and visitors. The deck and sitting areas outside the secured unit are fenced for safety. Butler County Care Facility also provides the latest technology in falls prevention and a Wanderguard system to prevent residents wandering from the facility. Twice a year, the families and friends are invited to join their loved ones in holiday celebrations.

Since the Butler County Care Facility is funded by the taxpayers of Butler County, as opposed to being a private entity, it is truly able to provide a needed service to the community. This combination of experienced, caring employees and diverse services not only provides the residents with a quality of life they might not otherwise be able to achieve, but also provides peace of mind to their families.

FINANCIAL INFORMATION

Basis of Accounting

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

Internal Control

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

Budgetary Control

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

OTHER INFORMATION

Independent Audit

Included in this report is the Auditor of State's unqualified opinion rendered on the County's basic financial statements as of and for the year ended December 31, 2004. An independent audit of the County's financial statements is part of the annual preparation of the CAFR. This annual independent audit will continue to review, comment on, and thereby strengthen the County's accounting and budgetary controls.

Management's Discussion and Analysis (MD&A)

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

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Butler County for its comprehensive annual financial report for year ended December 31, 2003. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgments

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

A special word of thanks is offered to Chuck Demidovich and Susan Geckler with the Butler County Care Facility, Ralph Statzer, with the Department of Environmental Services, and Denny Krall and Jane Ragazino with the Engineers' office, whose efforts are greatly appreciated.

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

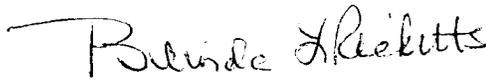
This report would not have been possible if not for the significant efforts and dedication of the Fiscal Services staff. We offer our sincere thanks to the following members of the Fiscal Services staff, each of whom were invaluable contributors committed to this project. To Lavonne Brandenburg, Lauren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

It is the mission of the Auditor's office to bring a high level of professionalism to Butler County government and to better inform and educate its citizens. Through the issuance of this Comprehensive Annual Financial Report, the County remains accountable to the public, and the public trust with which we have been provided, is retained. This report provides a fair representation of the financial condition of the County as of and for the year ended December 31, 2004. We ask for your continuing support of this project and in our efforts to best serve the citizens of Butler County.

Sincerely,



Kay Rogers, CPA, CGFM
Butler County Auditor



Belinda L Ricketts
Director – Fiscal Services

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Butler,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2003

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



Nancy L. Zjelle

President

Jeffrey R. Emery

Executive Director

Butler County, Ohio

December 31, 2004

Elected Officials:

**Board of
County Commissioners**

**Charles Furmon
Michael A. Fox
Gregory V. Jolivette**

**President
Commissioner
Commissioner**

Other Elected Officials

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

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

Common Pleas Court

Honorable H.J. Bressler

Administrative Judge

General Division:

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

**Judge
Judge
Judge
Judge
Judge**

Domestic Relations Division:

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

**Judge
Judge**

Juvenile Division:

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

**Presiding Judge
Judge**

Probate Division:

Honorable Randy T. Rogers

Judge

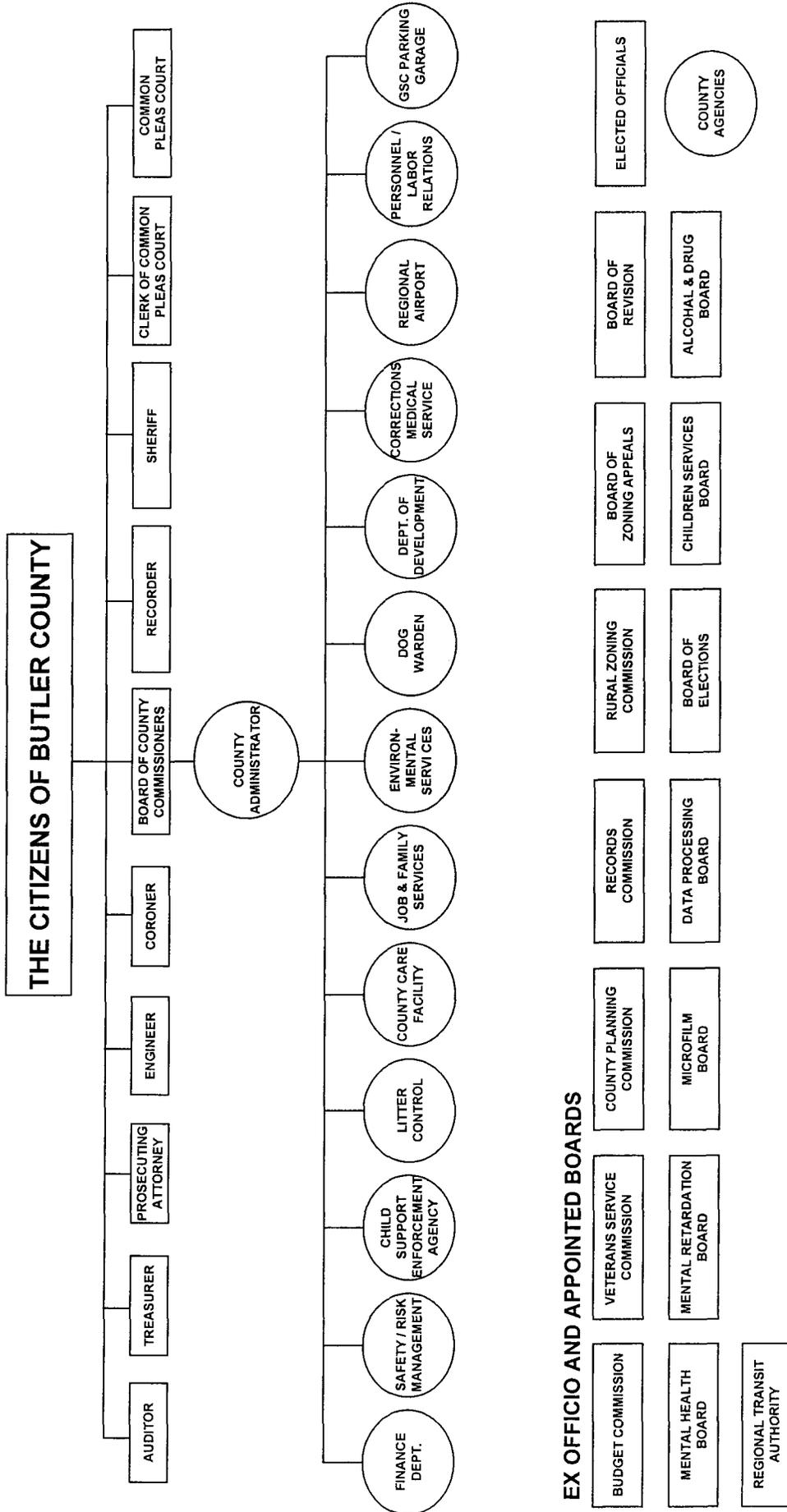
**Area Court I
Area Court II
Area Court III**

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

**Presiding Judge
Presiding Judge
Presiding Judge**

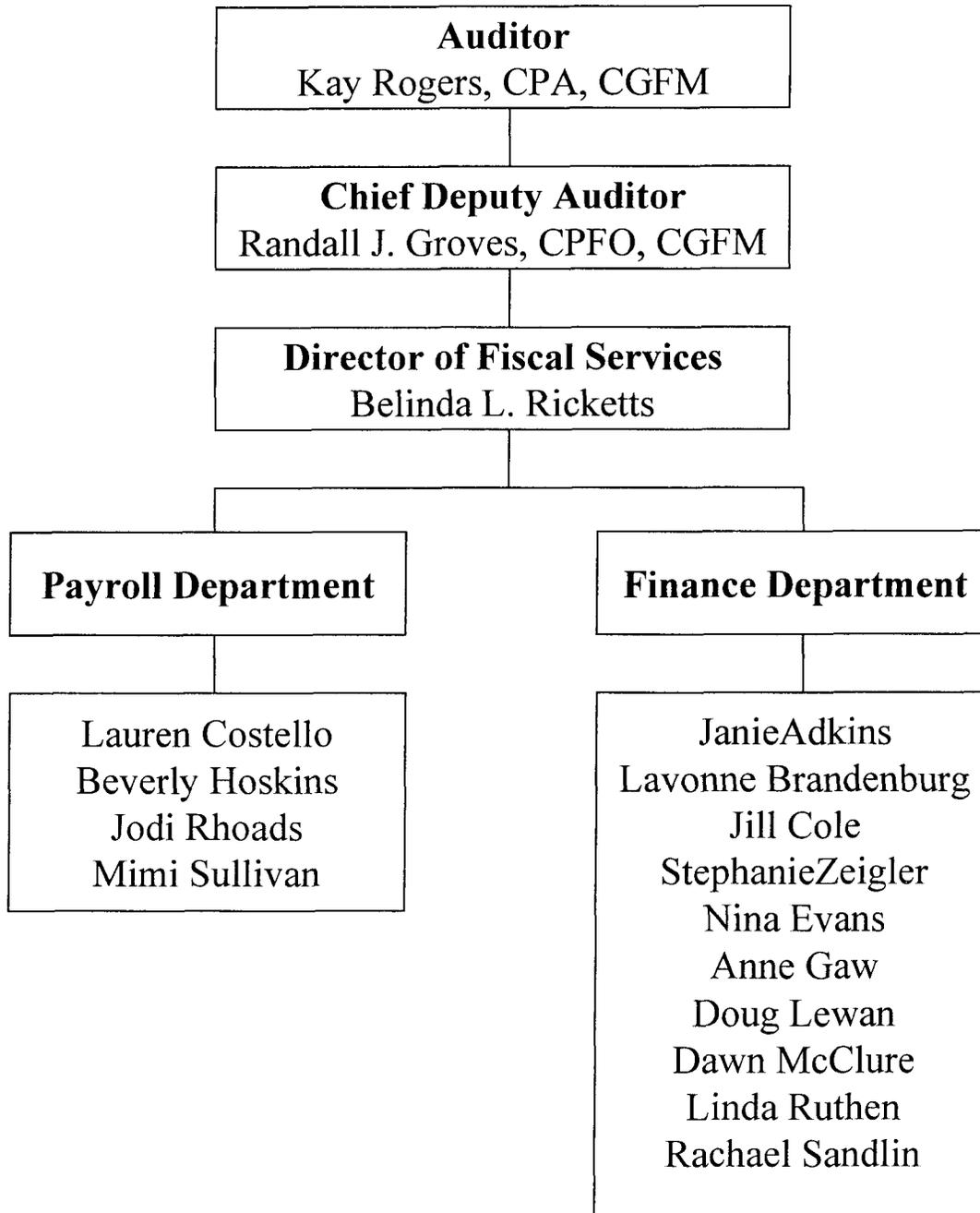
Butler County, Ohio

Organizational Chart



Butler County, Ohio

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



FINANCIAL SECTION

Transportation Services



Phillip Grubb and Darla Butts, Transportation

Beauty Parlor



Care Facility resident Lois and Linda Campbell, beautician

Environmental Services



Barbara Price, Sue Needham and Janyce Richardson,
Environmental Services Laundry



Care Facility resident Wilma and Les Rice, housekeeper

Dietary Services



Frieda Sherman, Dietary Aide



Deanna Dickersheid and Donna Elkin, Dietary Aides



Care Facility Resident Ollie, her daughter Alice and Luwanna Allen, Dietary Manager



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Butler County
130 High Street
Hamilton, Ohio 45011

To the County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Butler County, Ohio (the County), as of and for the year ended December 31, 2004, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Butler County, Ohio, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General, Mental Retardation Fund, Job and Family Services Fund and Children Services Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2005, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis and information regarding the County's infrastructure assets following the Notes to the Basic Financial Statements are not a required part of the basic financial statements but are supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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



Betty Montgomery
Auditor of State

June 24, 2005

Butler County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

Management's Discussion and Analysis offers the users of these financial statements an introspective look at the finances of Butler County for the year ended December 31, 2004, providing an easily readable overview of the County's financial performance as a whole while assisting readers in interpreting the basic financial statements. In addition to the information presented here, readers are also encouraged to review the transmittal letter, found on page iv, and the County's financial statements, beginning on page 15, for a more complete picture of Butler County's financial performance.

Financial Highlights

- Total net assets for Butler County increased \$26.1 million, or 5%, \$18.1 million of which came from business-type activities.
- General revenues accounted for 35% of total revenues for governmental activities, totaling \$86.9 million. Property tax and sales tax revenues were 78%, or \$67.8 million, of these general revenues.
- General Fund ending fund balance dropped as expenditures again outpaced revenues and the year-end fund balance suffered a 20% decline to \$10.8 million. The unreserved, undesignated portion of the fund balance at year-end also decreased from \$10 million in 2003, to \$6.6 million in 2004, and is now 10% of 2004 General Fund expenditures.
- \$19.3 million in various purpose GO bonds were issued to advance refund \$8.225 million of governmental activity general obligation and special assessment bonds and to retire \$10.4 million in short-term bond anticipation notes.
- \$19.6 million in sewer revenue bonds were issued to advance refund \$13.815 million in sewer bonds and provide funding for biological nutrient removal facilities and the expansion of the oxidation ditch process.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Government-wide Financial Analysis

The County realized a 5%, \$26.1 million increase in total net assets from the combined 2003 governmental and business-type activities. The investment in capital assets (net of related debt issued to acquire the assets) of \$449 million represents 78% of total net assets of the County. Capital assets are used to provide services to residents and do not represent assets that may be used for future spending.

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Sixty-two percent (62%) of the County's net assets are used providing governmental activities. While there was just a 2% increase to net assets used in governmental activities from 2003 to 2004, net assets used in business-type activities increased by nine percent (9%).

**Table 1
Net Assets**

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Assets						
Current and other assets	\$ 187,630,422	\$ 177,279,916	\$ 102,909,493	\$ 88,376,814	\$ 290,539,915	\$ 265,656,730
Capital assets	363,518,621	363,608,797	265,151,325	249,358,840	628,669,946	612,967,637
Total Assets	551,149,043	540,888,713	368,060,818	337,735,654	919,209,861	878,624,367
Liabilities						
Current and other liabilities	77,306,519	83,924,801	14,294,801	5,263,467	91,601,320	89,188,268
Long-term liabilities:						
Due within one year	21,920,677	20,449,755	14,208,131	9,944,794	36,128,808	30,394,549
Due in more than one year	93,762,655	86,340,791	120,022,318	121,141,042	213,784,973	207,481,833
Total Liabilities	192,989,851	190,715,347	148,525,250	136,349,303	341,515,101	327,064,650
Net Assets						
Invested in capital assets, net of related debt	274,568,990	273,113,179	174,701,751	147,192,603	449,270,741	420,305,782
Restricted for:						
Capital projects	5,014,909	1,453,290	-	-	5,014,909	1,453,290
Debt service	8,100,835	10,014,410	7,894,357	9,123,280	15,995,192	19,137,690
Replacement and Improvement		-	6,000,000	6,000,000	6,000,000	6,000,000
Other purposes	79,585,288	68,545,971	-	-	79,585,288	68,545,971
Unrestricted	(9,110,830)	(2,953,484)	30,939,460	39,070,468	21,828,630	36,116,984
Total Net Assets	\$358,159,192	\$350,173,366	\$219,535,568	\$201,386,351	\$577,694,760	\$551,559,717

Unrestricted net assets for governmental activities are reported as a negative value due in large part to the debt the County has issued for infrastructure and other capital assets that are not assets of the County (e.g., infrastructure improvements constructed in TIF zones or assets of another political subdivision) or the assets belong to the County's business-type activities. Unrestricted net assets decreased \$6.2 million in 2004 as the County issued \$3.4 million in debt for the Village of New Miami sewer improvements and to refund several smaller business-type special assessment bonds, and the General Fund Balance dropped \$2.8 million.

Governmental Activities. The County's governmental activity expenses exceeded program revenues in 2004 by \$75.2 million and, with an infusion of \$83.2 million of general revenues, resulted in an \$8 million increase to governmental activity net assets. Total net assets used in governmental activities now exceed \$358 million.

Program revenues supporting governmental activities increased 15% from 2003 to \$163 million. Program revenues consisting of charges for services and operating and capital grants and contributions constitute 66% of total revenues associated with governmental activities, while 34% are general revenues. Of the general revenues, 82% come from property taxes or sales taxes, an increase of 8% from 2003, largely attributable to the additional property taxes realized in 2004 from the Children Services replacement levy that was passed in November 2003.

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Table 2
Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Revenues						
Program Revenues:						
Charges for Services	\$ 63,012,448	\$ 48,517,051	\$ 36,734,400	\$ 33,141,218	\$ 99,746,848	\$ 81,658,269
Operating Grants and Contributions	85,877,036	84,295,048	-	-	85,877,036	84,295,048
Capital Grants and Contributions	14,115,402	9,417,872	26,867,947	21,624,175	40,983,349	31,042,047
Program Revenues Subtotal	163,004,886	142,229,971	63,602,347	54,765,393	226,607,233	196,995,364
General Revenues:						
Property Taxes	49,410,933	45,458,190	-	-	49,410,933	45,458,190
Sales Taxes	18,414,113	17,182,889	-	-	18,414,113	17,182,889
Grants and Entitlements Not Restricted to Specific Programs	11,232,408	9,966,355	-	-	11,232,408	9,966,355
Interest	1,732,089	2,930,225	276,589	77,142	2,008,678	3,007,367
Other	2,412,759	2,771,852	1,448,950	1,286,712	3,861,709	4,058,564
General Revenues Subtotal	83,202,302	78,309,511	1,725,539	1,363,854	84,927,841	79,673,365
Total Revenues	246,207,188	220,539,482	65,327,886	56,129,247	311,535,074	276,668,729
Expenses						
General Government:						
Legislative and Executive	41,811,607	31,288,759	-	-	41,811,607	31,288,759
Judicial	13,961,424	12,834,297	-	-	13,961,424	12,834,297
Public Safety	39,076,252	36,659,180	-	-	39,076,252	36,659,180
Public Works	20,443,207	17,582,429	-	-	20,443,207	17,582,429
Health	47,785,590	46,285,012	-	-	47,785,590	46,285,012
Human Services	70,220,434	69,048,201	-	-	70,220,434	69,048,201
Conservation and Recreation	477,828	531,971	-	-	477,828	531,971
Interest and Fiscal Charges	4,445,020	4,795,392	-	-	4,445,020	4,795,392
Sewer	-	-	24,059,068	20,988,143	24,059,068	20,988,143
Water	-	-	22,957,096	21,173,268	22,957,096	21,173,268
Parking Garage	-	-	162,505	80,760	162,505	80,760
Total Expenses	238,221,362	219,025,241	47,178,669	42,242,171	285,400,031	261,267,412
Increase in Net Assets before Transfers	7,985,826	1,514,241	18,149,217	13,887,076	26,135,043	15,401,317
Transfers	-	119,000	-	(119,000)	-	-
Increase (Decrease) in Net Assets	7,985,826	1,633,241	18,149,217	13,768,076	26,135,043	15,401,317
Net Assets January 1	350,173,366	348,540,125	201,386,351	187,618,275	551,559,717	536,158,400
Net Assets December 31	\$ 358,159,192	\$ 350,173,366	\$ 219,535,568	\$ 201,386,351	\$ 577,694,760	\$ 551,559,717

Governmental activity capital grants rose \$4.7 million as Fairfield Township donated to the County road lane mileage constructed in 2004 in the amount of \$2.4 million. Additionally, \$2.5 million in LPA (Local Public Assistance) grants were received by the engineer and used for road and bridge construction projects, resulting in an increase in Public Works expenses.

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Table 3
Expenses and Program Revenues - Governmental Activities

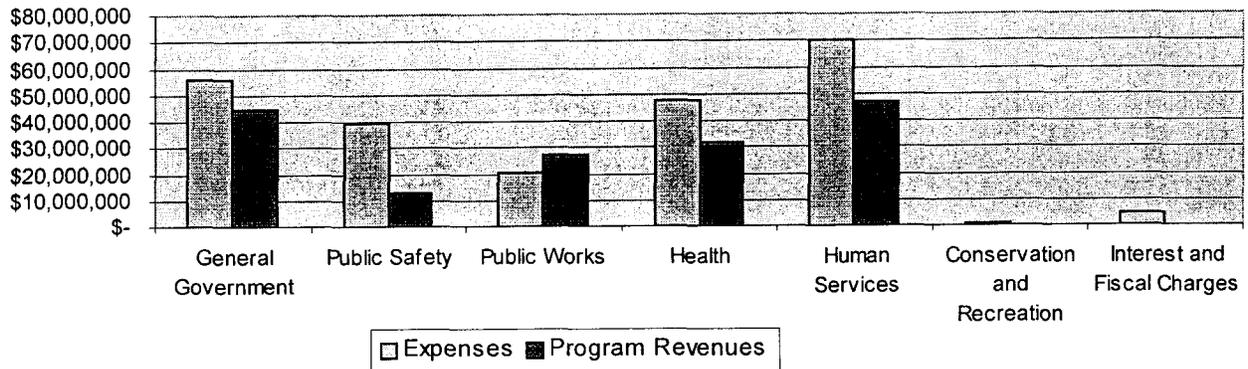
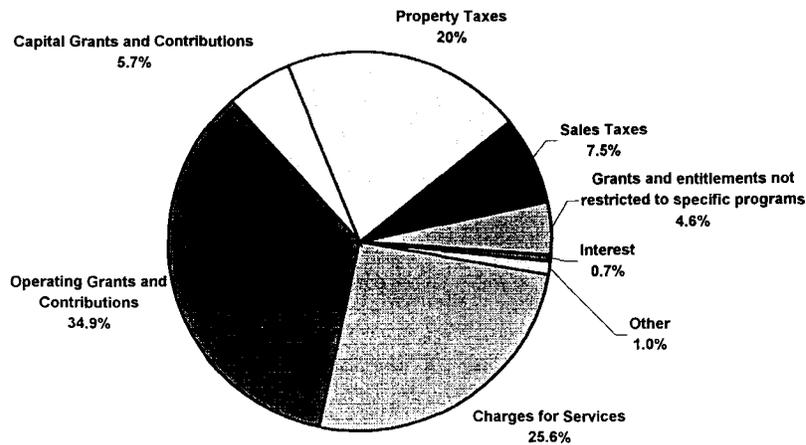


Table 3 provides a comparison of governmental activity expenses with program revenues. Table 4 provides a breakdown of the sources of governmental activity revenues.

Table 4
Revenues by Source - Governmental Activities



Business-type Activities. The County's sewer and water system operations constitute 99% of the business-type activities. Butler County management has established sound fiscal plans and mechanisms in order to respond to the challenges of delivering efficient and cost effective services to a large service area whose capacity has been continually expanding due to the tremendous growth the County has seen over the years. Net assets of the business-type activities increased \$18.1 million in 2004, a nine percent increase over 2003, further improving the County's already excellent financial position. Further detail regarding the financial condition of the sewer and water systems are provided in the *Fund Analysis* section that follows.

Fund Analysis

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

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

At year-end, the governmental funds combined ending fund balance of \$65 million was \$22.4 million greater than the same balance just one year ago, a 53% increase overall. Three major funds that had operated at a deficit in 2003 contributed to this increase. The Children Services Board Fund, Mental Retardation Fund, and Job and Family Services Fund, each rebounded nicely in 2004 with significant increases to their fund balance.

Bolstered by increase in property taxes received in 2004 from the tax levy renewal passed in November 2003, the Children Services Board Fund realized a 345% increase to \$6.2 million. The Mental Retardation Fund year-end balance increased nearly \$2 million (29%) as this fund benefited from a \$3 million windfall Medicaid reimbursement. The Job and Family Services Fund balance increased 15% to \$3.6 million as increased intergovernmental grants exceeded an increase in expenditures.

Only a portion of the \$65 million fund balance in the governmental funds is available for spending in next year's budget, however. This is referred to as the *unreserved fund balance*, and at December 31, 2004, the unreserved fund balance for the governmental funds had increased to \$50.2, or 77% of the total fund balance. The *reserved fund balance* indicates what monies have already been committed and are not an available expendable resource. The reserved governmental funds balance of \$14.7 million represents 23% of the total fund balance and has either been committed for the payment of current contracts and purchase orders (\$9.7 million), debt service (\$2.5 million), other miscellaneous commitments (\$.5 million), or has been reserved until loans or advances have been repaid to the General Fund (\$2 million).

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

The General Fund, the County's principal operating fund, balance slipped again in 2004 as revenues and other sources did not keep pace with expenditures and other uses, resulting in a 21% decrease in fund balance to \$10.8 million. The General Fund's unreserved fund balance, at \$6.6 million, was \$3.4 million less than the previous year and represents 10% of 2004 General Fund expenditures. The ending fund balance of \$10.8 million is now 15% of the 2004 General Fund actual revenues and still aligned with management's strategic target.

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

Sewer Fund. The sewer system's \$39.8 million in current assets, predominantly composed of equity in pooled cash and cash equivalents, and current liabilities of \$16.5 million resulted in a current ratio at year-end of 2.41 meaning the liquidation of slightly more than one third of current assets are required to pay current obligations. This leaves a safety margin of working capital (current assets less current liabilities) for ongoing operations, debt service, and unforeseen contingencies that may arise.

2004 marked the third straight year of no sewer rate increase. Operating revenues of \$17.8 million were 5% higher than in 2003, while operating expenses of \$20.9 million were 13% higher, resulting in an operating loss of \$3.1 million. While most categories of operating expense in 2004 were higher than the prior year, 2004's depreciation expense of \$7.7 million reflected the largest dollar increase and was \$1.1 million (17%) greater than for 2003, reflecting the continuing, tremendous, growth-driven additions to capital assets in recent years, mostly consisting of constructed sewer infrastructure. However, the combined effects of net non-operating revenues and expenses, and capital contributions (including a record level of capacity fee contributions by customers of \$9 million to finance growth) resulted in an increase to net assets of \$11.1 million or 8% for 2004.

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Water Fund. Nearly 86% of the water system's \$19.4 million in current assets which consisted of equity in pooled cash and cash equivalents. The ratio of these current assets to the Water Fund's current liabilities of \$3.6 million was 5.4, meaning the liquidation of less than one-fifth of current assets are required to pay current liabilities, leaving a fairly large safety margin of working capital for ongoing operations, debt service, and unforeseen contingencies.

A 2% water rate increase was effective January 1, 2004. In terms of temperature and precipitation, particularly during the summer months, 2004 was a fairly normal year. Operating revenues for 2004, at \$19.5 million, were \$2.9 million or 17% higher than they were for 2003, while operating expenses of \$19.7 million were only \$.5 million or 2.3% higher than they were for 2003. Depreciation expense for 2004 was nearly 6% higher than 2003's depreciation expense. Finally, capital contributions of \$9.9 million, which included capacity fees of over \$4.1 million to finance growth, more than offset a \$2.9 million loss before such capital contributions, and led to a 10%, \$7 million increase to net assets.

General Fund Budget Analysis

Five primary events dramatically influenced the budgetary process and actual results for the year of 2004. These included (1) the effect of a \$1.4 million extra pay period in 2004 that occurs approximately once every decade; (2) justice system expense pressures; (3) the rising cost of health care provided for employees; (4) the extraordinary impact of the 2004 presidential elections; and (5) the decision to advance refund outstanding bonds.

The General Fund's final 2004 appropriation budget, at \$82.9 million, was 12% higher than the original appropriation budget filed at the beginning of the year. The final budget included an additional \$9.2 million in appropriations over the original budget, consisting mostly of an additional \$6 million budgeted for Principal Retirement as the County elected during 2004 to advance refund outstanding bonds, which was not accounted for in the original budget. Additionally, Legislative and Executive appropriations increased \$1.4 million due to increased mailing costs (\$0.2 million), a \$0.3 million increase in maintenance operations, and \$0.5 million increase due to the aforementioned presidential election. Public Safety appropriations increased \$0.5 million dollars due primarily to collective bargaining negotiations.

On the revenue side, final budgeted revenues in total nearly matched the original budget, however, the final budget amounts for the individual accounts of Taxes and Intergovernmental were significantly different than originally budgeted because sales tax revenues received from the State of Ohio were originally budgeted as intergovernmental revenue. Sales tax revenues are more properly classified and reported as tax revenues and were thus reclassified. The Other revenue account was also examined during 2004 and it was determined that some of these revenues should be reclassified into alternative revenue accounts. As a result, the final budget amount for Other revenue was significantly less than originally budgeted.

Although the final budget projected a significant \$6.7 million (69%) decrease to General Fund cash reserves, actual revenues exceeded amounts estimated by nearly a million dollars, due mostly to conservative budgeting of revenues received from county fees. Actual expenditures and other financing uses were also \$3.5 million less than estimated, as many departments, including the Commissioner and Recorder offices, have heeded the call for more conservative spending. As a result, the actual effect on General Fund cash reserves was much less than projected. The extra pay period costs of \$1.4 million and the extraordinary impact of the presidential election of \$0.5 million combined to represent the primary causal reasons for the net fund balance reduction of \$2.2 million 2004, and management expects the General Fund balance to rebound in 2005.

Capital Asset and Debt Administration

Capital Assets

Capital assets include County owned land, land improvements, buildings, furniture and equipment, vehicles, water and sewer mains, and infrastructure. Butler County's total investment in capital assets for governmental and business-type activities (net of accumulated depreciation) amounts to \$628.7 million as of December 31, 2004, an increase of 3% over the previous year. Table 5 contains a summary of capital assets as of December 31, 2004, compared to assets owned by the County at year-end 2003.

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Table 5
Butler County Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Land	\$8,553,599	\$7,531,452	\$ 1,263,110	\$ 1,109,410	\$9,816,709	\$8,640,862
Land Improvements	6,457,407	5,703,297	1,955,537	2,028,532	8,412,944	7,731,829
Buildings and Improvements	94,132,539	95,322,984	46,834,846	45,218,915	140,967,385	140,541,899
Furniture, Fixtures and Equipment	16,293,449	17,353,111	21,763,633	23,231,567	38,057,082	40,584,678
Vehicles	2,036,209	2,536,469	259,265	253,975	2,295,474	2,790,444
Infrastructure	235,581,506	232,769,161	-	-	235,581,506	232,769,161
Water and Sewer Mains	-	-	161,631,614	150,671,140	161,631,614	150,671,140
Construction in Progress	463,912	2,392,323	31,443,320	26,845,301	31,907,232	29,237,624
Total	\$363,518,621	\$363,608,797	\$265,151,325	\$249,358,840	\$628,669,946	\$612,967,637

Significant capital asset activity occurring during 2004 included the following:

- Land was purchased for \$1 million for the Butler Regional Airport, increasing governmental activity land assets.
- Butler Regional Airport land improvement projects totaling \$1 million, including the Glide Slope Project, fencing and tree clearing, and hangar demolition and construction.
- Renovations to MR/DD's Liberty Center and Janet Clemmons Center were completed, a governmental activity.
- The ADAS Board's University Boulevard Building was completed at a cost of \$.9 million.
- Significant construction activity occurred in the business-type activities, including water or sewer projects such as the Venice Gardens Sewer, Blue Max Water Repair Services, Lesourdseville SCADA Wonderware Conversion, and South Belmont Water System Replacement.

Infrastructure Assets. Infrastructure assets refer to County roads, bridges, and culverts, and are reported in the governmental activities. Butler County, through the engineer's office, maintains an Infrastructure Asset System that incorporates the "modified approach" method of reporting infrastructure as provided for in Governmental Accounting Standards Board Statement No. 34. Under the modified approach, the County does not use historical cost-based depreciation as a measure of the cost of use for infrastructure assets. Instead, all expenditures made for infrastructure assets that preserve the useful life of the assets are expensed during the year incurred. Expenditures that increase the capacity or efficiency of the infrastructure assets (additions or improvements) are capitalized. The County ensures that infrastructure assets are being preserved at, or above, previously established condition-levels by performing periodic conditional assessments of the infrastructure. Based on these assessment findings, a budget is prepared for the maintenance and repair of these assets. During 2004, the County budgeted \$2.3 million for roads, \$2.4 million for bridges, and \$.9 million for culvert improvements.

Butler County manages its roadway system through the performance of biennial conditional assessments, using factors such as age of pavement, surface condition, and traffic volume and type. Roads are assigned a pavement rating based on a scale of one to four, with one being excellent and four being poor. It is the County's policy to maintain the County roadway system where at least 80% of the roads have a rating of three or better. A five-year paving plan is developed in order to keep the County's roads at condition levels established per policy. Actual maintenance spending on County roads in 2004 was \$2.2 million, and the most recent roadway system assessment indicates that 87% of County roads are currently assessed at a rating of three or better.

The County manages its bridges using a General Appraisal and Operational Status condition coding system as developed by the Federal Highway Administration. The condition of a bridge is rated from zero to nine, with nine being excellent condition, and zero meaning the bridge is in a failed or closed condition. Bridges are inspected on an annual basis as required by Ohio law. It is the policy of the county engineer to maintain the bridges such that 85% of the structures have a General Appraisal rating of five (5 - Fair) or better. The County spent \$2.3 million in 2004 to maintain bridges and the most recent bridge system assessment indicates that 92% of County bridges are currently assessed at a rating of five or better.

Butler County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

The engineer inspects culverts on a biennial basis, and conditional assessments are given based on a rating scale of one to four, with one meaning the culvert is in good condition and does not require repair, while a four rating means the culvert is in critical condition and is no longer functioning as designed. It is the policy of the county engineer to maintain 75% of the culverts in a condition of two (2 - Fair) or better. The County spent \$.9 million in 2004 to maintain culverts and the most recent culvert system assessment indicates that 79% of the culverts are currently assessed at a rating of two or better.

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

Long-term Debt

At December 31, 2004, Butler County had a total of \$243.3 million in outstanding long-term debt, \$11.8 million (5%) greater than the prior year-end. Of this total, \$109.6 million (45%) has helped fund governmental activities, an increase of \$8.7 million (9%) over the previous year, while \$133.7 million (55%) has helped fund business-type activities.

The County's long-term debt consisted of \$130 million in obligations backed by the full faith and credit of Butler County, including \$58.8 million in general obligation bonds, \$35.2 million water judgement bonds, \$10 million in special assessment bonds, for which Butler County is liable in case of default of the property owners subject to the assessment, and \$23.9 million in long-term notes. Additionally, \$2 million in Ohio Public Works Commission loans and a loan for the county's financial system software remain outstanding at year-end. These loans are also backed by the full faith and credit of Butler County. A total of \$113.4 million of debt represent bonds secured by specified revenue sources, including water and sewer revenues and sales tax revenues.

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
General Obligation Bonds	\$ 58,404,314	\$ 47,535,289	\$ 465,172	\$ 691,770	\$ 58,869,486	\$ 48,227,059
Sales Tax Bonds	23,810,000	24,890,000	-	-	23,810,000	24,890,000
Special Assessment debt with governmental commitment	9,981,000	12,748,000	-	-	9,981,000	12,748,000
Ohio Public Works Commission Loans	1,972,576	1,309,485	-	-	1,972,576	1,309,485
Long-term Notes	15,470,000	14,485,000	8,400,000	4,830,000	23,870,000	19,315,000
Revenue Bonds	-	-	89,614,650	89,520,000	89,614,650	89,520,000
Water Judgement Bonds	-	-	35,198,885	35,470,652	35,198,885	35,470,652
Total	\$ 109,637,890	\$ 100,967,774	\$ 133,678,707	\$ 130,512,422	\$ 243,316,597	\$ 231,480,196

Butler County's governmental activities were supported in 2004 through \$19.255 million in various purpose GO bonds which were issued to (a) advance refund \$8.225 million of governmental activity general obligation and special assessment bonds originally issued between 1992 and 1996 and (b) to retire \$10.415 million in short-term bond anticipation notes. Additionally, the County issued long term notes in the amount of \$325,000 for landscaping at University Pointe and \$500,000 for engineering services needed for the State Route 129 Liberty Interchange. The County also entered into long-term loans in 2004 totaling \$.77 million for improvements to Cincinnati-Dayton Road (\$.51 million) and for the County's financial system software licensing and support (\$.26 million).

In support of business-type activities, \$19.6 million in sewer revenue bonds were issued to (a) refund \$13.815 million in sewer bonds and (b) provide funding for biological nutrient removal facilities and the expansion of the oxidation ditch process. Long-term notes were also issued in the amount of \$3.5 million for waterworks system improvements.

Ohio law, through its direct and indirect debt limitations, restricts the amount of debt the County may issue. The County's total direct debt limit at December 31, 2004 was \$133.2 million and the unvoted direct debt limit was \$27.3 million, representing a decrease from the previous year by 9% and 31%, respectively.

Butler County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

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

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

Besides the long-term bonds and notes outstanding, the County also is liable for other long-term obligations in the form of capital leases payable and compensated absences payable, all of which totaled \$6.6 million dollars at year-end, \$6.05 million associated with governmental activities and \$.55 million associated with business-type activities. Additional information about the County's long-term obligations can be found in Note 15 to the financial statements.

Economic and Other Potentially Significant Matters

While the nation's economy is still recovering, a significant factor to consider during time of economic challenges is that Butler County's revenue base depicts a consistent history of growth. The County enjoys an easy and available access to debt markets. Strong development and economic growth within the County continue to provide a buffer against slowing business conditions. For example, sales tax revenue results for the first half of 2005 demonstrate a continued rebound in economic activity. The development of several new retail centers around the Butler County Veterans Highway, Interstate 75, and West Chester Township reinforce this trend. In addition the development of a Fiber Optic Highway within the County will serve as a catalyst to spawn high-tech business in the County.

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

While tax increment financing districts (TIFs) have been utilized for many years, the use of residential incentive districts (RIDs) as tax increment financing devices has risen sharply in Butler County and throughout Ohio. Tax increment financing is a development tool that exempts taxes on the incremental value of properties within the district and instead collects payments in lieu of taxes (PILOTs) from property owners to pay for public improvements in the district. Historically, TIF districts were created around commercial and industrial properties only and the PILOTs were used to pay for infrastructure improvements necessary for and/or benefiting the commercial or industrial development. RIDs, on the other hand, require PILOTs on the incremental value of residentially developed property, provided that certain statutory criteria involving the economic development plans of the County are met. The dollars generated from these residential properties must also be used for public improvements benefiting the properties in the incentive district. Butler County has established several RIDs in 2004 for the purposes of improving or expanding infrastructure within the RID. Ohio law, which authorizes the creation of the RIDs, is currently set to sunset on June 30, 2007.

Requests for Information

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

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Butler County, Ohio
Statement of Net Assets
12/31/2004 and 06/30/04

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Miami Valley Industries, Inc.
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 63,167,023	\$ 48,966,751	\$ 112,133,774	\$ -
Cash and Cash Equivalents				
In Segregated Accounts	367,242	600	367,842	43,621
Accounts Receivable	11,043,922	2,971,788	14,015,710	257,752
Due from Other Governments	51,528,956	-	51,528,956	-
Accrued Interest Receivable	415,471	-	415,471	-
Cash and Cash Equivalents With Fiscal Agents	2,643,581	8,241,248	10,884,829	-
Investments in Segregated Accounts	-	-	-	273,345
Prepaid Items	1,066,170	630,921	1,697,091	7,848
Internal Balances	(49,233)	49,233	-	-
Materials and Supplies Inventory	569,374	273,961	843,335	12,194
Taxes Receivable	43,721,967	-	43,721,967	-
Loans Receivable	489,317	-	489,317	1,391
Special Assessments Receivable	11,945,410	1,069,475	13,014,885	-
Deferred Charges	721,222	3,284,346	4,005,568	-
Equity in Pooled Cash and Cash Equivalents	-	6,091,545	6,091,545	-
Deferred Charges for Water Rate Stabilization	-	31,329,625	31,329,625	-
Nondepreciable Capital Assets	244,599,017	32,706,430	277,305,447	-
Depreciable Capital Assets, net	118,919,604	232,444,895	351,364,499	897,748
Total Assets	551,149,043	368,060,818	919,209,861	1,493,899
Liabilities				
Accounts Payable	4,824,842	346,659	5,171,501	53,071
Contracts Payable	4,083,513	1,768,330	5,851,843	-
Accrued Wages and Benefits	2,870,858	262,041	3,132,899	112,665
Due to Other Governments	1,063,486	833,926	1,897,412	-
Matured Compensated Absences Payable	100,842	24,100	124,942	-
Deferred Revenue	42,085,864	-	42,085,864	368,075
Matured Bonds Payable	7,000	-	7,000	-
Matured Interest Payable	5,543	-	5,543	-
Accrued Interest Payable	656,452	766,214	1,422,666	-
Notes Payable	18,655,000	9,250,000	27,905,000	397,293
Loans Payable	-	371,750	371,750	-
Claims Payable	2,919,316	-	2,919,316	-
Retainage Payable	33,803	580,236	614,039	-
Refundable Deposits	-	91,545	91,545	-
Long-Term Liabilities:				
Due Within One Year	21,920,677	14,208,131	36,128,808	-
Due In More Than One Year	93,762,655	120,022,318	213,784,973	-
Total Liabilities	192,989,851	148,525,250	341,515,101	931,104
Net Assets				
Invested in Capital Assets, Net of Related Debt	274,568,990	174,701,751	449,270,741	500,455
Restricted for:				
Capital Projects	5,014,909	-	5,014,909	-
Debt Service	8,100,835	7,894,357	15,995,192	-
Replacement and Improvement	-	6,000,000	6,000,000	-
Other Purposes	79,585,288	-	79,585,288	-
Unrestricted	(9,110,830)	30,939,460	21,828,630	62,340
Total Net Assets	\$ 358,159,192	\$ 219,535,568	\$ 577,694,760	\$ 562,795

See accompanying notes to the basic financial statements

Butler County, Ohio
Statement of Activities
For the Year Ended December 31, 2004 and June 30, 2004

	Expenses	Program Revenues	
		Charges for Services	Operating Grants, Contributions, and Interest
Governmental Activities			
General Government:			
Legislative and Executive	\$ 41,811,607	\$ 39,481,913	\$ 355,609
Judicial	13,961,424	3,711,346	1,020,690
Public Safety	39,076,252	6,490,098	6,671,901
Public Works	20,443,207	10,026,807	3,658,865
Health	47,785,590	1,355,895	29,222,174
Human Services	70,220,434	1,946,389	44,947,797
Conservation and Recreation	477,828	-	-
Interest and Fiscal Charges	4,445,020	-	-
Total Governmental Activities	238,221,362	63,012,448	85,877,036
Business-Type Activities			
Sewer	24,059,068	17,330,204	-
Water	22,957,096	19,243,602	-
GSC Parking Facility	162,505	160,594	-
Total Business-Type Activities	47,178,669	36,734,400	-
Total Primary Government	\$ 285,400,031	\$ 99,746,848	\$ 85,877,036
Component Unit			
Miami Valley Industries, Inc.	\$ 2,997,911	\$ 2,866,136	\$ -
		General Revenues	
		Property Taxes Levied for:	
		General Purposes	
		Mental Retardation	
		Children Services Board	
		Mental Health	
		Elderly Services Levy	
		Sales Tax	
		Grants and Entitlements not Restricted to Specific Program	
		Interest	
		Net decrease in Fair Value of Investments	
		Other	
		Total General Revenues	
		Change in Net Assets	
		Net Assets Beginning of Year - Restated	
		See Note 3	
		Net Assets End of Year	

See accompanying notes to the basic financial statements

Capital Grants, Contributions, and Interest	Net (Expense) Revenue and Changes in Net Assets			
	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Miami Valley Industries, Inc.
\$ -	\$ (1,974,085)	\$ -	\$ (1,974,085)	\$ -
-	(9,229,388)	-	(9,229,388)	-
20,272	(25,893,981)	-	(25,893,981)	-
13,337,057	6,579,522	-	6,579,522	-
758,073	(16,449,448)	-	(16,449,448)	-
-	(23,326,248)	-	(23,326,248)	-
-	(477,828)	-	(477,828)	-
-	(4,445,020)	-	(4,445,020)	-
14,115,402	(75,216,476)	-	(75,216,476)	-
16,926,898	-	10,198,034	10,198,034	-
9,941,049	-	6,227,555	6,227,555	-
-	-	(1,911)	(1,911)	-
26,867,947	-	16,423,678	16,423,678	-
\$ 40,983,349	(75,216,476)	16,423,678	(58,792,798)	-
\$ -	-	-	-	(131,775)
	12,419,287	-	12,419,287	-
	14,765,474	-	14,765,474	-
	12,829,080	-	12,829,080	-
	1,920,227	-	1,920,227	-
	7,476,865	-	7,476,865	-
	18,414,113	-	18,414,113	-
	-	-	-	-
	11,232,408	-	11,232,408	-
	2,891,968	276,589	3,168,557	2,697
	(1,159,879)	-	(1,159,879)	36,911
	2,412,759	1,448,950	3,861,709	-
	83,202,302	1,725,539	84,927,841	39,608
	7,985,826	18,149,217	26,135,043	(92,167)
	350,173,366	201,386,351	551,559,717	654,962
\$	\$ 358,159,192	\$ 219,535,568	\$ 577,694,760	\$ 562,795

Butler County, Ohio
Balance Sheet
Governmental Funds
December 31, 2004

	General	Mental Retardation	Job and Family Services	Children Services Board
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 8,105,396	\$ 9,237,237	\$ 2,822,493	\$ 6,672,818
Cash and Cash Equivalents:				
In Segregated Accounts	144,867	-	-	-
With Fiscal Agents	2,486,672	-	-	-
Receivables:				
Taxes	10,226,007	14,929,382	-	10,465,651
Accounts	60,139	27,281	-	1,844
Due From Other Governments	7,145,687	1,106,184	12,965,398	766,510
Accrued Interest	415,471	-	-	-
Special Assessments	-	-	-	-
Loans	117,545	-	-	-
Due from Other Funds	420,868	-	-	63,297
Prepaid Items	385,821	30,236	62,367	41,850
Materials and Supplies Inventory	70,000	23,617	7,700	7,700
Advances to Other Funds	1,446,704	-	131,862	110,242
Total Assets	\$ 31,025,177	\$ 25,353,937	\$ 15,989,820	\$ 18,129,912
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 2,846,022	\$ 229,239	\$ 479,041	\$ 800,747
Contracts Payable	15,574	181,992	391,732	44,990
Retainage Payable	-	-	-	-
Accrued Wages and Benefits	1,291,966	447,377	229,224	223,535
Matured Compensated Absences Payable	73,220	-	3,998	-
Due to Other Funds	721,739	116,173	204,911	90,288
Due to Other Governments	120,609	16,083	175,769	35,293
Deferred Revenue	15,149,949	15,502,051	10,875,738	10,699,995
Advances from Other Funds	-	-	-	-
Matured Bonds Payable	-	-	-	-
Matured Interest Payable	-	-	-	-
Accrued Interest Payable	-	-	-	-
Notes Payable	-	-	-	-
Total Liabilities	20,219,079	16,492,915	12,360,413	11,894,848
Fund Balances				
Reserved for Encumbrances	165,490	535,068	1,245,022	1,228,497
Reserved for Loans	117,545	-	-	-
Reserved for Debt Service	2,486,672	-	-	-
Reserved for Advances	1,446,704	-	131,862	110,242
Unreserved:				
Undesignated, Reported in:				
General Fund	6,589,687	-	-	-
Special Revenue Funds	-	8,325,954	2,252,523	4,896,325
Debt Service Fund	-	-	-	-
Capital Projects Funds	-	-	-	-
Total Fund Balances	10,806,098	8,861,022	3,629,407	6,235,064
Total Liabilities and Fund Balances	\$ 31,025,177	\$ 25,353,937	\$ 15,989,820	\$ 18,129,912

See accompanying notes to the basic financial statements

Bond Retirement	Buildings Construction and Renovations	Road Improvements	Other Governmental Funds	Total Governmental Funds
\$ 1,430,635	\$ 88,851	\$ 3,759,427	\$ 29,095,822	\$ 61,212,679
-	-	-	222,375	367,242
-	-	-	69,849	2,556,521
-	-	-	8,100,927	43,721,967
7,976,940	-	2,754,807	191,633	11,012,644
-	-	3,152,944	26,392,233	51,528,956
-	-	-	-	415,471
10,098,780	-	-	1,846,630	11,945,410
-	-	-	371,772	489,317
-	-	-	790,523	1,274,688
-	-	-	545,896	1,066,170
-	-	-	460,357	569,374
-	-	-	265,135	1,953,943
<u>\$ 19,506,355</u>	<u>\$ 88,851</u>	<u>\$ 9,667,178</u>	<u>\$ 68,353,152</u>	<u>\$ 188,114,382</u>
\$ -	\$ 1,773	\$ -	\$ 468,020	\$ 4,824,842
-	-	92,086	3,357,139	4,083,513
-	-	-	33,803	33,803
-	-	-	671,300	2,863,402
-	-	-	23,624	100,842
540	-	38,376	917,619	2,089,646
-	-	109,439	45,029	502,222
10,098,780	-	6,153	27,109,005	89,441,671
-	-	-	464,602	464,602
7,000	-	-	-	7,000
5,543	-	-	-	5,543
-	21,288	69,384	29,010	119,682
-	3,359,500	10,715,000	4,580,500	18,655,000
<u>10,111,863</u>	<u>3,382,561</u>	<u>11,030,438</u>	<u>37,699,651</u>	<u>123,191,768</u>
-	-	57,215	6,517,454	9,748,746
-	-	-	371,772	489,317
-	-	-	-	2,486,672
-	-	-	265,135	1,953,943
-	-	-	-	6,589,687
-	-	-	24,408,181	39,882,983
9,394,492	-	-	-	9,394,492
-	(3,293,710)	(1,420,475)	(909,041)	(5,623,226)
<u>9,394,492</u>	<u>(3,293,710)</u>	<u>(1,363,260)</u>	<u>30,653,501</u>	<u>64,922,614</u>
<u>\$ 19,506,355</u>	<u>\$ 88,851</u>	<u>\$ 9,667,178</u>	<u>\$ 68,353,152</u>	<u>\$ 188,114,382</u>

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Butler County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
For the Year Ended December 31, 2004

Total Governmental Fund Balances \$ 64,922,614

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

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

Land	8,553,599	
Infrastructure	235,581,506	
Construction in progress	463,912	
Other capital assets	164,905,813	
Accumulated depreciation	<u>(45,986,209)</u>	
Total capital assets		363,518,621

Internal service funds are used by management to charge the costs of employee health insurance and workers compensation to individual funds. In 2004 the employee health insurance fund was operating to process outstanding 2003 claims liabilities. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets. (2,157,771)

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

Property Taxes	3,198,416	
Special Assessments	11,945,410	
Due From Other Governments	31,693,646	
Charges for Services	186,732	
Interest Revenue	299,970	
Other Revenue	<u>31,633</u>	
		47,355,807

Bond issuance costs reported as an expenditure in governmental funds are allocated as an expense over the life of the debt on a full accrual basis 721,222

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

Accrued interest on bonds	(536,770)	
Capital leases	(104,283)	
Notes	(15,470,000)	
Bonds	(92,195,314)	
Loans	(1,972,576)	
Compensated absences	<u>(5,922,358)</u>	
Total liabilities		<u>(116,201,301)</u>

Net Assets of Governmental Activities \$ 358,159,192

See accompanying notes to the basic financial statements

Butler County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2004

	General	Mental Retardation	Job and Family Services	Children Services Board
Revenues				
Taxes	\$ 30,658,240	\$ 14,797,540	\$ -	\$ 12,923,152
Charges for Services	28,187,005	427,179	-	397
Licenses and Permits	24,317	-	-	-
Fines and Forfeitures	1,295,416	-	-	-
Intergovernmental	7,785,697	12,315,078	25,091,283	10,665,676
Special Assessments	-	-	-	-
Payments in Lieu of Taxes	27,798	34,335	-	17,266
Interest	3,011,875	-	-	-
Net Decrease in Fair Value of Investments	(1,159,879)	-	-	-
Other	499,600	18,497	1,159,719	6,361
Total Revenues	70,330,069	27,592,629	26,251,002	23,612,852
Expenditures				
Current:				
General Government				
Legislative and Executive	22,127,619	-	-	-
Judicial	11,944,901	-	-	-
Public Safety	29,126,608	-	-	-
Public Works	212,184	-	-	-
Health	616,431	25,614,187	-	-
Human Services	1,274,920	-	27,154,493	18,779,356
Conservation and Recreation	477,828	-	-	-
Capital Outlay	216,115	-	-	-
Debt Service:				
Principal Retirement	1,105,667	-	-	-
Interest and Fiscal Charges	1,224,537	-	-	-
Refunding Bond Issuance Cost	-	-	-	-
Total Expenditures	68,326,810	25,614,187	27,154,493	18,779,356
Excess of Revenues Over (Under) Expenditures	2,003,259	1,978,442	(903,491)	4,833,496
Other Financing Sources (Uses):				
Premium from Debt Issued	-	-	-	-
Notes Issued	-	-	-	-
General Obligation Bonds Issued	330,000	-	-	-
Refunding Bonds Issued	-	-	-	-
Proceeds of Loans	263,660	-	-	-
Accrued Interest Received on Debt Issued	-	-	-	-
Payment to Refund Bond Escrow Agent	-	-	-	-
Transfers - In	114,411	-	1,373,316	-
Transfers - Out	(5,556,420)	-	-	-
Total Other Financing Sources (Uses)	(4,848,349)	-	1,373,316	-
Net Change in Fund Balance	(2,845,090)	1,978,442	469,825	4,833,496
Fund Balances (Deficit) Beginning of Year - (Restated Note 3)	13,651,188	6,882,580	3,159,582	1,401,568
Fund Balances (Deficit) End of Year	\$ 10,806,098	\$ 8,861,022	\$ 3,629,407	\$ 6,235,064

See accompanying notes to the basic financial statements

Bond Retirement	Buildings Construction and Renovations	Road Improvements	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 9,599,584	\$ 67,978,516
-	-	-	25,815,633	54,430,214
-	-	-	601,167	625,484
-	-	-	293,507	1,588,923
-	73,032	1,369,291	58,638,307	115,938,364
1,809,603	-	174,648	1,453,571	3,437,822
-	-	-	23,205	102,604
85,756	1,736	50,235	52,509	3,202,111
-	-	-	-	(1,159,879)
56,839	-	21,885	389,150	2,152,051
1,952,198	74,768	1,616,059	96,866,633	248,296,210
56,839	32,291	-	17,254,141	39,470,890
-	-	-	1,655,367	13,600,268
-	-	-	7,585,659	36,712,267
-	-	2,223,463	19,357,354	21,793,001
-	-	-	20,849,607	47,080,225
-	-	-	22,586,949	69,795,718
-	-	-	-	477,828
-	273,271	292,649	119,993	902,028
2,582,000	3,935,000	2,090,000	8,569,627	18,282,294
2,903,228	134,877	303,177	236,001	4,801,820
156,127	-	-	-	156,127
5,698,194	4,375,439	4,909,289	98,214,698	253,072,466
(3,745,996)	(4,300,671)	(3,293,230)	(1,348,065)	(4,776,256)
372,066	26,533	17,104	54,556	470,259
-	3,935,000	2,590,000	8,945,000	15,470,000
1,830,000	-	8,190,000	-	10,350,000
8,905,000	-	-	-	8,905,000
-	-	-	505,208	768,868
11,851	-	-	-	11,851
(8,841,258)	-	-	-	(8,841,258)
3,900,650	118,934	256,212	336,918	6,100,441
(94,700)	-	(173,398)	(275,923)	(6,100,441)
6,083,609	4,080,467	10,879,918	9,565,759	27,134,720
2,337,613	(220,204)	7,586,688	8,217,694	22,358,464
7,056,879	(3,073,506)	(8,949,948)	22,435,807	42,564,150
\$ 9,394,492	\$ (3,293,710)	\$ (1,363,260)	\$ 30,653,501	\$ 64,922,614

Butler County, Ohio
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended December 31, 2004

Net Change in Fund Balances - Total Governmental Funds \$ 22,358,464

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

Capital outlays are reported as expenditures in governmental funds.

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

Capital Asset Additions	3,298,294	
Current Year Depreciation	<u>(6,585,184)</u>	(3,286,890)

Donations of capital assets are not reported in the governmental funds.

However, in the statement of activities, their value at the time of donation is reported as revenue.

	<u>3,221,058</u>	3,221,058
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When capital assets are disposed of, the cost of the capital assets is removed from the capital asset account in the statement of net assets resulting in a loss on sale of Capital assets in the statement of activities.

Loss on Disposal of Capital Assets		(24,344)
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Because some revenues will not be collected for several months after the County's year end, they are not considered "available" revenues and are deferred in the governmental funds.

Property Taxes	(26,999)	
Due From Other Governments	(4,518,885)	
Special Assessments	(196,129)	
Charges for Services	(289,557)	
Interest Revenue	(310,143)	
Other Revenue	<u>31,633</u>	(5,310,080)

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

Bond principal retirement	2,985,000	
Special assessment principal retirement	677,000	
Note principal retirement	14,485,000	
Loan principal retirement	105,777	
Payments to refunded bond escrow agent	8,841,258	
Capital lease payments	<u>29,517</u>	
Total long-term debt repayment		27,123,552

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

1,957

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

Premium on Bonds	(372,066)	
Bond Issuance Costs	326,823	
Amortization of Gain/Loss on Refunding	(12,550)	
Amortization of Bond Premiums/Discounts on Issue	114,333	
Amortization of Bond Issuance Costs	<u>(27,680)</u>	28,860

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

Bond Proceeds, Note Proceeds		(35,493,868)
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Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Compensated Absences		<u>(245,338)</u>
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The internal service funds used by management to charge the costs of insurance to individual funds. The net revenue (expense) of the internal service funds are reported with governmental activities.

(387,545)

Change in Net Assets of Governmental Activities

\$ 7,985,826

See accompanying notes to the basic financial statements

Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual (Budget Basis)
 General Fund
 For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Taxes	\$ 12,825,646	\$ 30,361,555	\$ 30,493,063	\$ 131,508
Charges for Services	23,440,200	28,165,042	28,898,134	733,092
Licenses and Permits	25,160	25,160	24,317	(843)
Fines and Forfeitures	1,186,000	1,310,454	1,315,056	4,602
Intergovernmental	26,472,066	7,752,298	7,858,851	106,553
Interest	3,011,910	2,843,910	2,844,420	510
Payment in Lieu of Taxes	-	27,798	27,798	-
Other	4,615,441	481,018	489,141	8,123
Total Revenues	71,576,423	70,967,235	71,950,780	983,545
Expenditures:				
Current:				
General Government:				
Legislative and Executive	23,246,171	24,626,067	23,551,059	1,075,008
Judicial	13,009,522	13,398,963	13,011,138	387,825
Public Safety	28,023,138	28,633,071	28,538,415	94,656
Public Works	223,527	226,041	190,591	35,450
Health	403,194	740,676	729,424	11,252
Human Services	997,099	1,276,599	1,275,730	869
Conservation and Recreation	531,100	531,100	477,828	53,272
Other	646,000	279,500	-	279,500
Debt Service:				
Principal Retirement	3,275,000	9,235,000	9,232,840	2,160
Interest and Fiscal Charges	3,353,518	3,906,290	3,892,151	14,139
Total Expenditures	73,708,269	82,853,307	80,899,176	1,954,131
Excess of Revenues Over (Under) Expenditures	(2,131,846)	(11,886,072)	(8,948,396)	2,937,676
Other Financing Sources (Uses):				
Other Financing Sources	2,225,000	1,729,000	1,735,860	6,860
Other Financing Uses	-	(27,561)	(27,561)	-
Proceeds of Bonds	-	6,947,000	6,945,000	(2,000)
Premium on Debt Issued	-	135,000	134,194	(806)
Accrued Interest on Debt Issued	-	4,000	4,274	274
Advances - In	-	106,188	106,188	-
Advances - Out	-	(1,830,000)	(465,000)	1,365,000
Transfers - In	100,000	100,000	114,411	14,411
Transfers - Out	(1,972,700)	(1,945,139)	(1,829,168)	115,971
Total Other Financing Sources Uses	352,300	5,218,488	6,718,198	1,499,710
Net Change in Fund Balance	(1,779,546)	(6,667,584)	(2,230,198)	4,437,386
Fund Balances at Beginning of Year	9,710,655	9,710,655	9,710,655	-
Prior Year Encumbrances Appropriated	387,688	387,688	387,688	-
Fund Balances at End of Year	\$ 8,318,797	\$ 3,430,759	\$ 7,868,145	\$ 4,437,386

See accompanying notes to the Basic Financial Statements.

Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual (Budget Basis)
 Mental Retardation Fund
 For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Taxes	\$ 15,780,000	\$ 14,724,289	\$ 14,799,773	\$ 75,484
Charges for Services	840,000	395,896	405,579	9,683
Licenses and Permits	-	-	-	-
Fines and Forfeitures	-	-	-	-
Intergovernmental	11,955,000	11,342,846	11,937,318	594,472
Interest	-	-	-	-
Payment in Lieu of Taxes	-	34,335	34,335	-
Other	160,000	10,047	10,055	8
Total Revenues	28,735,000	26,507,413	27,187,060	679,647
Expenditures:				
Current:				
General Government:				
Legislative and Executive	-	-	-	-
Judicial	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Health	30,420,547	30,901,867	26,808,669	4,093,198
Human Services	-	-	-	-
Conservation and Recreation	-	-	-	-
Total Expenditures	30,420,547	30,901,867	26,808,669	4,093,198
Excess of Revenues Over (Under) Expenditures	(1,685,547)	(4,394,454)	378,391	4,772,845
Other Financing Sources (Uses):				
Other Financing Sources	-	41,419	41,424	5
Advances - In	-	-	-	-
Advances - Out	-	-	-	-
Transfers - In	2,000,000	-	-	-
Transfers - Out	(2,000,000)	-	-	-
Total Other Financing Sources Uses	-	41,419	41,424	5
Net Change in Fund Balance	(1,685,547)	(4,353,035)	419,815	4,772,850
Fund Balances at Beginning of Year	6,309,853	6,309,853	6,309,853	-
Prior Year Encumbrances Appropriated	1,057,917	1,057,917	1,057,917	-
Fund Balances at End of Year	\$ 5,682,223	\$ 3,014,735	\$ 7,787,585	\$ 4,772,850

See accompanying notes to the Basic Financial Statements.

Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual (Budget Basis)
 Job and Family Services Fund
 For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-
Licenses and Permits	-	-	-	-
Fines and Forfeitures	-	-	-	-
Intergovernmental	22,660,180	24,036,789	24,061,991	25,202
Interest	-	-	-	-
Payment in Lieu of Taxes	-	-	-	-
Other	2,007,120	1,120,583	1,167,108	46,525
Total Revenues	24,667,300	25,157,372	25,229,099	71,727
Expenditures:				
Current:				
General Government:				
Legislative and Executive	-	-	-	-
Judicial	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Health	-	-	-	-
Human Services	27,540,723	29,665,087	29,087,393	577,694
Conservation and Recreation	-	-	-	-
Total Expenditures	27,540,723	29,665,087	29,087,393	577,694
Excess of Revenues Over (Under) Expenditures	(2,873,423)	(4,507,715)	(3,858,294)	649,421
Other Financing Sources (Uses):				
Other Financing Sources	40,000	92,184	92,184	-
Advances - In	-	-	-	-
Advances - Out	-	(131,862)	(131,862)	-
Transfers - In	1,402,700	1,373,316	1,373,316	-
Transfers - Out	-	-	-	-
Total Other Financing Sources Uses	1,442,700	1,333,638	1,333,638	-
Net Change in Fund Balance	(1,430,723)	(3,174,077)	(2,524,656)	649,421
Fund Balances at Beginning of Year	2,239,916	2,239,916	2,239,916	-
Prior Year Encumbrances Appropriated	1,430,723	1,430,723	1,430,723	-
Fund Balances at End of Year	\$ 2,239,916	\$ 496,562	\$ 1,145,983	\$ 649,421

See accompanying notes to the Basic Financial Statements.

Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual (Budget Basis)
 Children Services Board Fund
 For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Taxes	\$ 12,788,302	\$ 12,928,302	\$ 12,930,728	\$ 2,426
Charges for Services	-	-	-	-
Licenses and Permits	-	-	-	-
Fines and Forfeitures	-	-	-	-
Intergovernmental	10,574,645	10,069,645	10,169,838	100,193
Interest	-	-	-	-
Payment in Lieu of Taxes	-	-	17,266	17,266
Other	9,180	9,180	4,914	(4,266)
Total Revenues	<u>23,372,127</u>	<u>23,007,127</u>	<u>23,122,746</u>	<u>115,619</u>
Expenditures:				
Current:				
General Government:				
Legislative and Executive	-	-	-	-
Judicial	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Health	-	-	-	-
Human Services	22,320,712	22,420,712	20,663,148	1,757,564
Conservation and Recreation	-	-	-	-
Total Expenditures	<u>22,320,712</u>	<u>22,420,712</u>	<u>20,663,148</u>	<u>1,757,564</u>
Excess of Revenues Over (Under) Expenditures	<u>1,051,415</u>	<u>586,415</u>	<u>2,459,598</u>	<u>1,873,183</u>
Other Financing Sources (Uses):				
Other Financing Sources	3,563	3,563	9,524	5,961
Advances - In	-	-	-	-
Advances - Out	-	(110,242)	(110,242)	-
Transfers - In	-	-	-	-
Transfers - Out	-	-	-	-
Total Other Financing Sources Uses	<u>3,563</u>	<u>(106,679)</u>	<u>(100,718)</u>	<u>5,961</u>
Net Change in Fund Balance	1,054,978	479,736	2,358,880	1,879,144
Fund Balances at Beginning of Year	1,894,406	1,894,406	1,894,406	-
Prior Year Encumbrances Appropriated	163,210	163,210	163,210	-
Fund Balances at End of Year	<u>\$ 3,112,594</u>	<u>\$ 2,537,352</u>	<u>\$ 4,416,496</u>	<u>\$ 1,879,144</u>

See accompanying notes to the Basic Financial Statements.

Butler County, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2004

	Enterprise Funds				Governmental Activities - Internal Service Fund
	Sewer	Water	GSC Parking Facility	Total	
Assets					
Current Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 33,559,890	\$ 15,404,812	\$ 2,049	\$ 48,966,751	\$ 1,954,344
Cash and Cash Equivalents in Segregated Accounts	250	250	100	600	
Cash and Cash Equivalents with Fiscal Agent	-	-	-	-	87,060
Receivables:					
Accounts	1,594,023	1,377,765	-	2,971,788	31,278
Due from Other Funds	33	33	2,144	2,210	904,475
Prepaid Items	343,536	287,385	-	630,921	-
Materials and Supplies Inventory	89,955	184,006	-	273,961	-
Special Assessments Receivable	332,104	737,371	-	1,069,475	-
Restricted Assets:					
Cash and Cash Equivalents with Fiscal Agent	3,878,562	1,423,329	-	5,301,891	-
Total Current Assets	39,798,353	19,414,951	4,293	59,217,597	2,977,157
Noncurrent Assets					
Advances to Other Funds	78,293	60,016	441	138,750	2,606
Deferred Charges	1,989,923	1,294,423	-	3,284,346	-
Deferred Charges for Water Rate Stabilization	-	31,329,625	-	31,329,625	-
Non-Depreciable Capital Assets	25,063,848	7,642,582	-	32,706,430	-
Depreciable Capital Assets	146,873,312	85,571,583	-	232,444,895	-
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	4,000,000	2,091,545	-	6,091,545	-
Cash and Cash Equivalents with Fiscal Agent	1,119,732	1,819,625	-	2,939,357	-
Total Noncurrent Assets	179,125,108	129,809,399	441	308,934,948	2,606
Total Assets	218,923,461	149,224,350	4,734	368,152,545	2,979,763
Liabilities					
Current Liabilities					
Accounts Payable	220,337	126,322	-	346,659	-
Contracts Payable	1,460,424	307,906	-	1,768,330	-
Accrued Wages and Benefits	162,982	97,529	1,530	262,041	7,456
Retainage Payable	435,222	145,014	-	580,236	-
Due to Other Funds	56,159	35,079	489	91,727	-
Due to Other Governments	172,564	661,362	-	833,926	561,264
Matured Compensated Absences Payable	15,403	8,697	-	24,100	-
Accrued Interest Payable	156,736	262,587	-	419,323	-
Notes Payable	9,250,000	-	-	9,250,000	-
Loans Payable	371,750	-	-	371,750	-
General Obligation Bonds Payable	225,000	-	-	225,000	-
Judgement Bonds Payable	-	430,000	-	430,000	-
Claims Payable	-	-	-	-	2,919,316
Compensated Absences Payable	120,210	76,970	951	198,131	7,008
Payable From Restricted Assets:					
Revenue Bonds Payable	3,645,000	1,310,000	-	4,955,000	-
Accrued Interest Payable	233,562	113,329	-	346,891	-
Total Current Liabilities	16,525,349	3,574,795	2,970	20,103,114	3,495,044
Noncurrent Liabilities:					
Advances from Other Funds	-	-	-	-	1,630,697
Compensated Absences Payable	191,748	159,605	2,258	353,611	11,793
Notes Payable	-	8,400,000	-	8,400,000	-
General Obligation Bonds Payable	240,172	-	-	240,172	-
Revenue Bonds Payable	58,374,650	26,285,000	-	84,659,650	-
Judgement Bonds Payable	-	34,768,885	-	34,768,885	-
Payable From Restricted Assets:					
Refundable Deposits	-	91,545	-	91,545	-
Total Noncurrent Liabilities	58,806,570	69,705,035	2,258	128,513,863	1,642,490
Total Liabilities	75,331,919	73,279,830	5,228	148,616,977	5,137,534
Net Assets					
Invested in Capital Assets, Net of Related Debt	113,945,118	60,756,633	-	174,701,751	-
Restricted for:					
Debt Service	4,764,732	3,129,625	-	7,894,357	-
Replacement and Improvement	4,000,000	2,000,000	-	6,000,000	-
Unrestricted	20,881,692	10,058,262	(494)	30,939,460	(2,157,771)
Total Net Assets	\$ 143,591,542	\$ 75,944,520	\$ (494)	\$ 219,535,568	\$ (2,157,771)

See accompanying notes to the basic financial statements

Butler County, Ohio
Statement of Revenues,
Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2004

	Enterprise Funds				Governmental Activities - Internal Service Fund
	Sewer	Water	GSC Parking Facility	Total	
Operating Revenues					
Charges for Services	\$ 17,330,204	\$ 19,243,602	\$ 160,594	\$ 36,734,400	\$ 1,101,851
Other Operating Revenues	447,890	296,366	-	744,256	292,827
Total Operating Revenues	17,778,094	19,539,968	160,594	37,478,656	1,394,678
Operating Expenses					
Personal Services	6,840,287	4,337,597	59,079	11,236,963	285,845
Contractual Services	3,733,262	9,016,818	7,540	12,757,620	637,157
Claims and Judgments	-	-	-	-	894,441
Materials and Supplies	1,393,600	397,220	2,259	1,793,079	-
Other Operating Expenses	1,241,899	686,961	93,627	2,022,487	2,332
Depreciation and Amortization Expense	7,685,935	5,280,632	-	12,966,567	-
Total Operating Expenses	20,894,983	19,719,228	162,505	40,776,716	1,819,775
Operating Loss	(3,116,889)	(179,260)	(1,911)	(3,298,060)	(425,097)
Non-Operating Revenues (Expenses)					
Other Non-Operating Revenues	321,569	383,125	-	704,694	37,552
Interest	177,508	99,081	-	276,589	-
Loss on Sale of Capital Assets	(29,176)	-	-	(29,176)	-
Interest and Fiscal Charges	(3,134,909)	(3,237,868)	-	(6,372,777)	-
Total Non-Operating Revenues (Expenses)	(2,665,008)	(2,755,662)	-	(5,420,670)	37,552
Loss Before Contributions	(5,781,897)	(2,934,922)	(1,911)	(8,718,730)	(387,545)
Capital Contributions	16,926,898	9,941,049	-	26,867,947	-
Change in Net Assets	11,145,001	7,006,127	(1,911)	18,149,217	(387,545)
Net Assets Beginning of Year - (Restated Note 3)	132,446,541	68,938,393	1,417	201,386,351	(1,770,226)
Net Assets End of Year	\$ 143,591,542	\$ 75,944,520	\$ (494)	\$ 219,535,568	\$ (2,157,771)

See accompanying notes to the basic financial statements

Butler County
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2004

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Govt Services Center Parking Facility	Totals	
Increase (Decrease) in Cash and Cash Equivalents:					
Cash Flows from Operating Activities:					
Cash Received from Customers	\$ 17,468,814	\$ 19,225,816	\$ 161,033	\$ 36,855,663	\$ -
Cash Paid to Suppliers	(4,389,411)	(9,764,625)	(103,426)	(14,257,462)	(490,142)
Cash Paid to Employees	(6,918,685)	(4,381,291)	(59,477)	(11,359,453)	(284,350)
Cash Received from Interfund Services Provided	-	-	-	-	1,034,078
Cash Payments for Interfund Services Used	(44,933)	(28,608)	-	(73,541)	-
Deposits	-	(1,914)	-	(1,914)	-
Other Operating Revenues	447,857	296,366	-	744,223	335,495
Other Operating Expenses	(1,268,969)	(720,381)	-	(1,989,350)	-
Other Non-Operating Revenues	321,569	383,125	-	704,694	37,552
Cash Paid for Claims	-	-	-	-	(1,909,422)
Net Cash Provided by (Used for) Operating Activities	5,616,242	5,008,488	(1,870)	10,622,860	(1,276,789)
Cash Flows from Noncapital Financing Activities:					
Grants	1,116,154	268,482	-	1,384,636	-
Interest Paid on Judgement Bonds	-	(1,612,509)	-	(1,612,509)	-
Principal Paid on Judgement Bonds	-	(250,000)	-	(250,000)	-
Short-Term Advances to Other Funds	(78,293)	(60,016)	(441)	(138,750)	(2,606)
Short-Term Advances from Other Funds	-	-	-	-	1,058,595
Net Cash Provided by (Used for) Noncapital Financing Activities	1,037,861	(1,654,043)	(441)	(616,623)	1,055,989
Cash Flows from Capital and Related Financing Activities:					
Premium Received on General Obligation Notes	80,066	52,259	-	132,325	-
Proceeds from Sale of General Obligation Notes	9,250,000	8,400,000	-	17,650,000	-
Net Proceeds from Sale of Revenue Bonds	6,179,837	-	-	6,179,837	-
Payment to Escrow Agent	(1,796,697)	-	-	(1,796,697)	-
Bond Issuance Cost	(118,711)	-	-	(118,711)	-
Interest Paid on General Obligation Bonds and Notes	(89,501)	(96,306)	-	(185,807)	-
Principal Paid on General Obligation Bonds and Notes	(1,975,000)	(4,830,000)	-	(6,805,000)	-
Interest and Fiscal Charges on Revenue Bonds	(2,725,944)	(1,421,566)	-	(4,147,510)	-
Principal Paid on Revenue Bonds	(2,785,000)	(1,260,000)	-	(4,045,000)	-
Acquisition and Construction of Capital Assets	(10,182,933)	(5,442,409)	-	(15,625,342)	-
Capital Contributions by Other Governments	-	1,000,000	-	1,000,000	-
Capital Contributions by Customers	9,014,420	4,153,770	-	13,168,190	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	4,850,537	555,748	-	5,406,285	-
Cash Flows from Investing Activities:					
Interest and Dividends on Investments	97,439	46,822	-	144,261	-
Net Increase (Decrease) in Cash and Cash Equivalents	11,602,079	3,957,015	(2,311)	15,556,783	(220,800)
Cash and Cash Equivalents at Beginning of Year	30,956,355	16,782,546	4,460	47,743,361	2,262,204
Cash and Cash Equivalents at End of Year	\$ 42,558,434	\$ 20,739,561	\$ 2,149	\$ 63,300,144	\$ 2,041,404

(continued)

Butler County
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2004 (Continued)

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Govt Services Center Parking Facility	Totals	
Reconciliation of Operating Loss to Net Income					
<u>Cash Used for Operating Activities:</u>					
Operating Loss	\$ (3,116,889)	\$ (179,260)	\$ (1,911)	\$ (3,298,060)	\$ (425,097)
Adjustments to Reconcile Operating Loss to Net Cash					
<u>Provided by (Used for) Operating Activities:</u>					
Depreciation	7,685,935	5,280,632	-	12,966,567	-
Other Non-Operating Revenues	321,569	383,125	-	704,694	37,552
<u>Changes in Assets and Liabilities:</u>					
(Increase) Decrease in Accounts Receivable	99,171	(72,568)	-	26,603	39,320
Decrease in Special Assessments Receivable	39,042	54,782	-	93,824	-
(Increase) Decrease in Due from Other Funds	394	(33)	439	800	(64,425)
Increase in Supplies Inventory	(8,210)	(162,157)	-	(170,367)	-
Increase in Interfund Receivable	-	-	-	-	(1,028)
Increase (Decrease) in Prepaid Items	(332,255)	(278,334)	-	(610,589)	4,000
Decrease in Accrued Wages and Benefits	(124,524)	(80,809)	(1,265)	(206,598)	(11,134)
Increase (Decrease) in Accounts Payable	(43,716)	19,895	-	(23,821)	(4,902)
Increase (Decrease) in Contracts Payable	806,948	100,130	-	907,078	(49)
Increase in Retainage Payable	164,521	64,602	-	229,123	-
Increase (Decrease) in Compensated Absences Payable	(4,231)	5,814	845	2,428	6,849
Increase (Decrease) in Due to Other Funds	(27,739)	(23,564)	22	(51,281)	-
Increase (Decrease) in Due to Other Governments	156,226	(101,853)	-	54,373	154,249
Decrease in Claims Payable	-	-	-	-	(1,012,124)
Decrease in Refundable Deposits	-	(1,914)	-	(1,914)	-
Total Adjustments	8,733,131	5,187,748	41	13,920,920	(851,692)
Net Cash Provided by (Used for) Operating Activities	\$ 5,616,242	\$ 5,008,488	\$ (1,870)	\$ 10,622,860	\$ (1,276,789)

Non-Cash capital and related financing activities:

Capital assets donated from other governments of \$67,417 for the sewer fund.

Capital assets donated from other governments of \$264,520 for the water fund.

Developers during the year donated \$6,728,907 of sewer lines to the sewer fund.

Developers during the year donated \$4,254,277 of water lines to the water fund.

Cash and cash equivalents at end of year included restricted cash of \$4,998,294 in the sewer fund.

Cash and cash equivalents at end of year included restricted cash of \$3,334,499 in the water fund.

The Sewer Fund issued revenue bonds to refund debt issued in 1996. The \$13,399,807 of proceeds were deposited immediately into either an irrevocable trust or escrow account for defeasance of \$13,815,000 of outstanding revenue bond principal and pay issuance cost. Bond issuance cost of \$277,161 was recorded as a deferred charge and will be amortized over the debt repayment period.

See accompanying notes to the basic financial statements

Butler County, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2004

Assets	
Equity Pooled in Cash and Cash Equivalents	\$ 25,891,031
Cash and Cash Equivalents in Segregated Accounts	3,592,315
Investments in Segregated Accounts	745,025
Due from Other Funds	-
Taxes Receivable	308,764,011
Special Assessments Receivable	22,058,261
Due from Other Governments	15,697,829
	<hr/>
Total Assets	\$ 376,748,472

Liabilities	
Undistributed Monies	\$ 4,010,863
Deposits Held and Due to Others	8,748,143
Due to Other Governments	363,871,921
Loans Payable	117,545
	<hr/>
Total Liabilities	\$376,748,472

See accompanying notes to the basic financial statements

NOTE 1 REPORTING ENTITY AND BASIS OF PRESENTATION

REPORTING ENTITY

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

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

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

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

Discretely Presented Component Unit

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

Miami Valley Industries, Incorporated

Miami Valley Industries, Inc. (The Workshop) is a legally separate entity served by a self-appointing board of trustees. The Workshop, under a contractual agreement with the Butler County Board of Mental Retardation, and Developmental Disabilities, provides a comprehensive program of services, including employment for mentally retarded and developmentally disabled citizens. The Workshop is a non-governmental, non-profit corporation. The Butler County Board of MRDD provides the Workshop with expenses and personnel for operation of the Workshop including staff salaries and benefits and certain supplies and advertising. Based on the significant services and resources provided by the County to the Workshop and the Workshop's sole purpose of providing assistance to the developmentally disabled and handicapped adults of Butler County, the Workshop is reflected as a component unit of Butler County. This is because the nature and significance of the relationship is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Miami Valley Industries operates on a fiscal year ending June 30th. Separately issued financial statements can be obtained from the Miami Valley Industries Workshop of Butler County, Ohio. Complete financial statements can be obtained from Miami Valley Industries, Inc., 449 Patterson Blvd. Hamilton, OH 45011.

REPORTING ENTITY AND BASIS OF PRESENTATION (continued)

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

Butler County Emergency Management Agency
The Butler County Alliance
Transportation Improvement District of Butler County
County Risk Sharing Authority
Regional Transit Authority

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

Butler County General Health District

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

Butler County Soil and Water Conservation District

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

Butler County Solid Waste Planning District

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

Metroparks of Butler County

The District Commissioners are appointed by the Probate Judge of the County. The Commissioners adopt their own budget, authorize expenditures, hire and fire staff, and do not rely on the County to finance deficits. The County is not financially accountable for the District nor is the District financially dependent on the County. The District serves as its own taxing and debt issuance authority and is a related organization of the County. The District did not receive any funding from the County during 2004.

Twelfth District Court of Appeals

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

BASIS OF PRESENTATION

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

Fund Accounting

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Funds

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

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

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

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

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

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

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

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

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

Proprietary Funds

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

Enterprise Funds

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

Sewer

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Water

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

Government Services Center (GSC) Parking Facility

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

Internal Service Funds

Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the County on a cost-reimbursement basis. The County's internal service fund reports on self-insurance program for workers compensation. Prior to January 1, 2004 the County used an internal service fund for employee medical benefits. This fund was operating in 2004 to process outstanding 2003 claims payable liabilities.

Fiduciary Funds

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

Component Units

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

MEASUREMENT FOCUS

Government-Wide Financial Statements

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

Fund Financial Statements

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

BASIS OF ACCOUNTING

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

Revenues – Exchange and Non-Exchange Transactions

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

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

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

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

Deferred Revenue

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

Property taxes for which there is an enforceable legal claim as of December 31, 2004, but which were levied to finance year 2005 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met, are also recorded as deferred revenue.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenses/Expenditures

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

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

Cash and Cash Equivalents

Cash resources of the majority of individual funds are combined to form a pool of cash and investments, which is managed by the County Treasurer. Interest earned on investments is distributed to the General Fund, except as stipulated by the Ohio Constitution or State statute. During fiscal year 2004, investments were limited to Federal Farm Credit Bank Notes, Federal Home Loan Bank Notes, Federal Home Loan Mortgage Corporation Notes, Federal National Mortgage Association Notes, U.S. Bank Money Market Public Mutual Fund, General Electric Capital Corporation Notes, and Student Loan Marketing Association Bonds and STAROhio. Investments are reported at fair value, which is based on quoted market prices, with the exception of certificates of deposit, which are reported at cost. The fair value of the mutual fund is determined by the fund's December 31, 2004, share price. Note 4 provides a detailed disclosure regarding cash, cash equivalents and investments held by the County. STAROhio is an investment pool managed by the State Treasurers Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the Securities and Exchange Commission (SEC) as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2004.

Interest revenue credited to the General Fund during 2004 amounted to \$3,011,875 which includes \$2,868,032 assigned from other County funds.

Cash and Investments in Segregated Accounts

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

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

Statement of Cash Flows

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

Cash and Cash Equivalents Held with Fiscal Agents

Certain trust accounts that are held by the County, which include bond accounts and reserve accounts are used to accumulate periodic principal and interest on bonds. These bank accounts are represented by "Cash and cash equivalents with fiscal agents".

Inventories and Prepaid Items

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Interfund Transactions

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

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

Restricted Assets

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

Replacement and improvement restricted cash in the sewer and water funds were \$4,000,000 and \$2,000,000 respectively. Monies in these accounts may be used for replacement of, or improvements to, the water and sewer system.

Capital Assets

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Infrastructure assets under GASB Statement No. 34, do not need to be depreciated. The County has chosen to apply the modified approach for reporting infrastructure assets. All infrastructure items including roads, bridges and culverts, are reported. Under the modified approach the County has developed an asset management system that:

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

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

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

Compensated Absences

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accrued Liabilities and Long-term Obligations

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

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

Fund Balance Reserves

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

Net Assets

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

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

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

Operating Revenues and Expenses

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

Contributions of Capital

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interfund Activity

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

Bond Discounts/Premiums

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

Estimates

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

Budgets

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

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

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

BUDGETARY BASIS OF ACCOUNTING

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

NET CHANGE IN FUND BALANCE

	General	Mental Retardation	Job and Family Services	Children Services Board
GAAP Basis	\$ (2,845,090)	\$ 1,978,442	\$ 469,825	\$ 4,833,496
Adjustments:				
Revenue Accruals	1,397,219	(396,937)	(1,021,903)	(490,106)
Expenditure Accruals	99,192	(409,955)	(217,572)	35,330
Encumbrances	(259,922)	(725,524)	(1,676,510)	(1,948,895)
Prepays	40,041	(26,211)	53,366	39,297
Principal Retirement	(8,127,173)	-	-	-
Interest on Debt	(2,667,614)	-	-	-
Net Decrease in Fair Value of Investment	413,369	-	-	-
Advances	(358,812)	-	(131,862)	(110,242)
Operating Transfers	3,727,252	-	-	-
Debt Proceeds	6,351,340	-	-	-
Budget Basis	\$ (2,230,198)	\$ 419,815	\$ (2,524,656)	\$ 2,358,880

NOTE 3 ACCOUNTABILITY AND ACCOUNTING CHANGES

ACCOUNTABILITY:

The following funds had deficit fund balances as of December 31, 2004:

CAPITAL PROJECTS FUNDS:

Buildings Construction and Renovations	\$ 3,293,710
Capital Improvement	75,756
Stormwater Management Study	373,003
Road Improvement	1,363,260
Technology	3,335,345

ACCOUNTABILITY AND ACCOUNTING CHANGES (continued)

The deficits occurring in the Capital Improvement Capital Projects Fund occurred due to the recognition of liabilities due to other funds. When grants, transfers or fees are received, and the liability is paid, the deficit will be eliminated.

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

RESTATEMENT OF FUND EQUITY

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

GOVERNMENTAL FUNDS – RESTATEMENT

	<u>BOND RETIREMENT</u>	<u>ROAD IMPROVEMENTS</u>
Fund Balance at December 31, 2003	\$ 867,108	\$ (1,089,567)
Equity in Pooled Cash and Cash Equivalents	228,977	(56,839)
Accounts Receivable	7,803,542	(7,803,542)
Accrued Interest Payable	(7,748)	-
Notes Payable	(1,835,000)	-
Adjusted Fund Balance at December 31, 2003	<u>\$ 7,056,879</u>	<u>\$ (8,949,948)</u>

GOVERNMENTAL ACTIVITIES FUNDS – RESTATEMENT

Net Asset balance at December 31, 2003	\$ 352,229,691
Due from Other Governments	(292,570)
Equity in pooled Cash and Cash Equivalents	(56,839)
Special Assessments Receivable	41,325
Equity in pooled Cash and Cash Equivalents	228,977
Notes Payable	(1,835,000)
Accrued Interest Payable	(7,748)
Non Depreciable Capital Assets	150,070
Liabilities Due in More Than One Year	(284,540)
Adjusted Net Asset Balance at December 31, 2003	<u>\$ 350,173,366</u>

BUSINESS TYPE ACTIVITIES – RESTATEMENT

	<u>SEWER</u>	<u>WATER</u>	<u>GSC PARKING FACILITY</u>	<u>TOTAL BUSINESS TYPE ACTIVITIES</u>
Fund Equity at December 31, 2003	\$ 130,874,095	\$ 68,695,200	\$ 1,417	\$ 199,570,712
Notes Payable	1,835,000	-	-	1,835,000
Accrued Interest Payable	7,748	-	-	7,748
Equity in Pooled Cash and Cash Equiv	(228,977)	-	-	(228,977)
Special Assessments Receivable	(41,325)	-	-	(41,325)
Accounts Receivable	-	243,193	-	243,193
Restated Net Assets at December 31, 2003	<u>\$ 132,446,541</u>	<u>\$ 68,938,393</u>	<u>\$ 1,417</u>	<u>\$ 201,386,351</u>

NOTE 4 DEPOSITS AND INVESTMENTS

CASH

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

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

Monies held by the County which are not considered active, are classified as inactive. Beginning June 15, 2004, inactive monies may be deposited or invested in the following securities provided a written investment policy has been filed with the Ohio Auditor of State:

1. United States Treasury Bills, Bonds, or any other obligations or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States, or any book entry, zero-coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bond and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such obligations, provided that these investments are made only through eligible institutions;
7. The State Treasurer's investment pool (STAROhio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange similar securities or cash, equal value for equal value;
9. Up to twenty-five percent of the County's average portfolio in either of the following:
 - a. commercial paper notes in entities incorporated under the laws of Ohio or any other State that have assets exceeding five hundred million dollars rated at the time of purchase, which are rated in the highest qualification established by two nationally recognized standard rating services, which do not exceed ten percent of the value of the outstanding commercial paper of the issuing corporation and which mature within 270 days after purchase;

DEPOSITS AND INVESTMENTS (continued)

- b. bankers acceptances eligible for purchase by the federal reserve system and which mature within 180 days after purchase.
- 10. Fifteen percent of the County's average portfolio in notes issued by the U.S. corporations or by U.S. corporations or by depository institutions that are doing business under authority granted by the U.S. provided that the notes are rated in the second highest or higher category by at least two nationally recognized standard rating services at the time of purchase and the notes mature within two years from the date of purchase.
- 11. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service consisting exclusively of obligations guaranteed by the United States, securities issued by a federal government agency or instrumentality, and/or highly rated commercial paper.
- 12. One percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government.

Reverse repurchase agreements, investments in derivatives, and investments in stripped principal or interest obligations that are not issued or guaranteed by the United States, are prohibited. The issuance of taxable notes, for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Other than corporate notes, commercial paper, and bankers acceptances, an investment must mature within five years from the date of settlement unless matched to a specific obligation or debt of the County. Investments must be purchased with the expectation that they will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Cash on Hand: At year end, the County had \$11,337 in undeposited cash on hand which is included on the balance sheet of the County as part of "Equity in Pooled Cash and Cash Equivalents."

DEPOSITS

At year end, the carrying amount of the County's deposits was \$54,528,713 and the bank balance was \$63,968,809. Of the bank balance \$1,443,886 was covered by federal depository insurance. The remaining amounts are classified as uninsured and uncollateralized as defined by GASB Statement No. 3 entitled "Deposits with Financial Institutions, Investments and Reserve Repurchase Agreements."

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

DEPOSITS AND INVESTMENTS (continued)

INVESTMENTS

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

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

	Category 3	Fair Value
Federal Farm Credit Bank	\$ 5,944,500	\$ 5,938,120
Federal Home Loan Bank	23,850,014	23,656,982
Federal Home Loan Mortgage Corporation	29,442,715	29,194,652
Federal National Mortgage Association	30,168,149	29,914,705
General Electric Capital Corporation	494,373	495,025
Student Loan Marketing Association	3,000,000	2,984,670
Money Market Mutual Fund	-	12,205,889
STAROhio	-	776,268
Totals	\$ 92,899,751	\$ 105,166,311

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$ 159,706,361	\$ -
Cash on Hand	(11,337)	-
Investments:		
Certificates of Deposit	-	-
Federal Farm Credit Bank	(5,938,120)	5,938,120
Federal Home Loan Bank	(23,656,982)	23,656,982
Federal Home Loan Mortgage Corporation	(29,194,652)	29,194,652
Federal National Mortgage Association	(29,914,705)	29,914,705
General Electric Capital Corporation	(495,025)	495,025
Student Loan Marketing Association	(2,984,670)	2,984,670
Money Market Mutual Fund	(12,205,889)	12,205,889
STAROhio	(776,268)	776,268
GASB Statement No. 3	\$ 54,528,713	\$105,166,311

NOTE 5 PROPERTY TAXES

Property taxes include amounts levied against real, public utility, and tangible personal property. The assessed value by property classification upon which the 2004 collection year was based is as follows:

Real Property	\$ 6,175,495,560
Tangible Personal Property	739,614,001
Public Utility Personal Property	246,408,050
Total	\$ 7,161,517,611

For The Year Ended December 31, 2004PROPERTY TAXES (continued)

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

Purpose	Voter Levy Date	Authorized Rate	Rate Levied for Current Year		Final Levy Year
			R/A	C/I	
Mental Retardation Board I	1994	0.50	0.13	0.22	2003
Mental Retardation Board II	1994	0.50	0.22	0.29	2003
Mental Retardation Board II	2000	2.00	1.69	1.89	Continuing
Mental Health Board	1994	0.50	0.24	0.30	2004
Children Services Board	2003	2.00	1.99	2.00	2008
Miami Conservancy	1976	0.02	.02	.02	Continuing
Senior Citizens	2001	1.30	1.11	1.23	2005
Total		6.82	5.40	5.95	

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

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

Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. The most recent update was completed during 2001 and new values resulting from the county-wide appraisal were effective January 1, 2002 payable in 2003. Real property taxes are payable annually or semiannually. The first payment is due December 31, with the remainder payable June 20, unless extended.

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

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

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

The County Treasurer collects property tax on behalf of all taxing districts within the County. The County Auditor periodically remits to the taxing districts their portions of the taxes collected. Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2004 and for which there is an enforceable legal claim. In the General, Mental Health, Mental Retardation, Elderly Services and Children Services Funds the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2004

Notes to the Basic Financial Statements
(continued)

For The Year Ended December 31, 2004

PROPERTY TAXES (continued)

operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

NOTE 6 PERMISSIVE SALES TAX

In 2004, \$18,047,011 of permissive sales tax was received into the General Fund based upon a permanent one-half percent tax on all retail sales made in the County. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the State Auditor the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The State Auditor then has five days in which to draw the warrant payable to the County.

NOTE 7 RECEIVABLES

Receivables at December 31, 2004, consisted of taxes, unpaid utilities, loans, special assessments, interfund receivables, interest and intergovernmental receivables arising from grants, entitlements, and shared revenues. Loans receivable represent low-interest loans for development projects and home improvements granted to eligible County residents and businesses under the Federal Community Development Block Grant Program. The loans bear interest at annual rates between two and five percent. The loans are to be repaid over periods ranging from two to five years. All receivables are considered collectable in full, including accounts receivable which, if delinquent, may be certified and collected as a special assessment, subject to foreclosure for nonpayment. Special assessments and Tax Incremental Financing receivables expected to be collected in more than one year for the County amount to \$9,741,198. The County had \$183,192 in delinquent Special assessments and Tax Incremental Financing at December 31, 2004.

A summary of intergovernmental receivables follows:

<u>GOVERNMENTAL ACTIVITIES</u>	<u>Amount</u>
Indigent Defense Reimbursement	\$ 328,192
Motor Vehicle License Tax	4,097,937
Local Government	2,956,805
Permissive Sales Tax	3,081,851
Motor Vehicle Permissive Tax	223,360
Boarding of Prisoners	238,550
Gasoline Tax	910,208
Court Fines & Fees	44,902
Election Expenses	66,645
Title IV-E	162,774
Lunch, Milk & Breakfast Grant	29,360
Prison Diversion Grant	362,828
Jail Diversion Grant	53,902
CBCF Subsidy	1,461,518
Community Corrections Grant	784,978
Felony Delinquent Care & Custody Grant	316,682
Victims of Crime	87,140
Core Over/Under Grant	3,945,786
Home Grant	1,010,954
CDBG Grant	1,752,440
LPA Grants	1,518,830
Path Federal Grant	32,786
Medicaid/Medicare	992,670
Drug Court Program	31,850
TASC Program	80,137
Heartland Family Center	234,801
Federal Per Capita	676,393
State Per Capita	462,102
Family Drug Court	78,400
Adolescent Treatment Initiative	130,030

Notes to the Basic Financial Statements
(continued)

For The Year Ended December 31, 2004

NOTE 7 RECEIVABLES (continued)

<u>GOVERNMENTAL ACTIVITIES (continued)</u>	<u>Amount</u>
Prenatal Project	\$ 35,138
Comprehensive Conflict Management	46,875
Community Plan Block Grant	31,195
OMAP Block Grant	60,000
HB 484 Child Welfare Services	60,200
Title XX	103,925
State 505 Subsidy	1,124,011
State 408 Flex Subs	2,513,306
State 401 Subsidiary	86,628
Waiver Administration	27,741
Chaffee Grant	26,701
Title XIX	1,067,580
Talbert House Facility Grant	100,000
Workforce Development	1,695,738
Public Assistance	11,269,660
State Child Allocation	520,858
Tax Incremental Financing	5,965,805
Twelfth District Court Reimbursements	418,911
All Other	<u>219,873</u>
TOTAL GOVERNMENTAL ACTIVITIES	\$ <u>51,528,956</u>
 <u>AGENCY FUND ACTIVITIES</u>	
Local Government	\$ 13,832,146
Motor Vehicle License Tax	1,174,324
Permissive Tax	138,795
Gasoline Tax	542,665
Court Fines and Fees	<u>9,899</u>
TOTAL AGENCY FUND ACTIVITIES	<u>15,697,829</u>
 GRAND TOTAL	 \$ <u>67,226,785</u>

Notes to the Basic Financial Statements
(continued)

For The Year Ended December 31, 2004

NOTE 8 CAPITAL ASSETS

Primary Government Capital asset activity for the year ended December 31, 2004, was as follows:

	Restated Balance 12/31/03	Additions	Deletions	Balance 12/31/04
Governmental Activities				
Nondepreciable Capital Assets:				
Land	\$ 7,531,452	\$ 1,022,147	\$ -	\$ 8,553,599
Infrastructure:				
Roads	153,563,227	2,770,890	-	156,334,117
Bridges	64,796,053	-	(12,722)	64,783,331
Culverts	14,409,881	54,177	-	14,464,058
Construction in Progress	2,392,323	5,646,487	(7,574,898)	463,912
Total Nondepreciable Capital Assets	242,692,936	9,493,701	(7,587,620)	244,599,017
Capital Assets being depreciated:				
Land Improvements	6,820,197	952,384	-	7,772,581
Building and Improvements	121,790,858	2,462,850	-	124,253,708
Furniture, Fixtures and Equipment	23,962,192	1,008,953	(139,668)	24,831,477
Vehicles	8,449,572	176,362	(577,887)	8,048,047
Total Depreciable Capital Assets	161,022,819	4,600,549	(717,555)	164,905,813
Less Accumulated Depreciation for:				
Land Improvements	(1,116,900)	(198,274)	-	(1,315,174)
Building and Improvements	(26,467,874)	(3,653,295)	-	(30,121,169)
Furniture, Fixtures and Equipment	(6,609,081)	(2,068,615)	139,668	(8,538,028)
Vehicles	(5,913,103)	(665,000)	566,265	(6,011,838)
Total Accumulated Depreciation	(40,106,958)	(6,585,184)	705,933	(45,986,209)
Total Depreciable Capital Assets, Net	120,915,861	(1,984,635)	(11,622)	118,919,604
Total Governmental Activities Capital Assets, Net	\$ 363,608,797	\$ 7,509,066	\$ (7,599,242)	\$ 363,518,621
Business-Type Activities				
Nondepreciable Capital Assets:				
Land	\$ 1,109,410	\$ 153,700	\$ -	\$ 1,263,110
Construction in Progress	26,845,301	15,496,702	(10,898,683)	31,443,320
Total Nondepreciable Capital Assets	27,954,711	15,650,402	(10,898,683)	32,706,430
Capital Assets being depreciated:				
Land Improvements	2,852,109	53,000	-	2,905,109
Building and Improvements	57,917,465	3,707,944	-	61,625,409
Furniture, Fixtures and Equipment	42,538,389	1,782,805	(83,359)	44,237,835
Vehicles	1,942,806	128,642	-	2,071,448
Water and Sewer Mains	214,752,922	16,623,583	-	231,376,505
Total Depreciable Capital Assets	320,003,691	22,295,974	(83,359)	342,216,306
Less Accumulated Depreciation for:				
Land Improvements	(823,577)	(125,995)	-	(949,572)
Building and Improvements	(12,698,550)	(2,092,013)	-	(14,790,563)
Furniture, Fixtures and Equipment	(19,306,822)	(3,221,563)	54,183	(22,474,202)
Vehicles	(1,688,831)	(123,352)	-	(1,812,183)
Water and Sewer Mains	(64,081,782)	(5,663,109)	-	(69,744,891)
Total Accumulated Depreciation	(98,599,562)	(11,226,032)	54,183	(109,771,411)
Total Depreciable Capital Assets, Net	221,404,129	11,069,942	(29,176)	232,444,895
Total Business-Type Activities Capital Assets, Net	\$ 249,358,840	\$ 26,720,344	\$ (10,927,859)	\$ 265,151,325

CAPITAL ASSETS (continued)

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
General Government	
Legislative and Executive	\$ 2,223,334
Judicial	411,673
Public Safety	2,288,351
Public Works	630,316
Health	
Mental Health	4,622
Mental Retardation and Developmental Disabilities	720,215
Drug and Alcohol	17,791
Other Health	16,362
Human Services	
Children Services Board	87,867
County Care Facility	73,727
Job and Family Services	48,928
Other Human Services	61,998
Total Depreciation Expense-Governmental Activities	<u>\$ 6,585,184</u>

NOTE 9 RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; damage to, theft of, or destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2004 the County contracted with County Risk Sharing Authority Inc. (CORSA) (a risk sharing pool - see Note 20) for liability, property, and crime damage. Coverage provided by the pool is as follows:

Property

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

Liability

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

Crime

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

Boiler and Machinery

100,000,000

Deductible

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

Settled claims have not exceeded coverage in any of the last three years. The County has had no reduction in coverage in 2004.

RISK MANAGEMENT (continued)

The County has workers' compensation coverage for all employees. The merit-rated premium for workers' compensation for the calendar year 2004 would have been approximately \$1,584,117. Based on that, the minimum premium percentage due would be approximately \$491,115 (21%) with maximum aggregate liability, at the 200% stop-loss level, equal to \$3,168,234. The County's year end liability for unpaid claims costs was \$2,919,316 (based on 12/31/04 MIRA reserves) with approximately \$438,072 payable within one year. The County maintains a retrospective rating plan for workers' compensation insurance. (See Note 2).

The County has a self-insurance internal service fund to account for its workers' compensation self-insured activity. Claims, liabilities and expenses are estimated through a case by case review of all claims. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. The historical changes in claims payable during years December 31, 2003 and 2004 are:

	Beginning of Year Liability	Current Year Claims And Changes in Estimates	Claims Payments	End of Year Liability
2003	2,759,143	10,839,212	9,664,058	3,934,297
2004	3,934,297	894,441	1,909,422	2,919,316

NOTE 10 CAPITAL LEASES

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

General capital assets consisting of buildings and vehicles have been capitalized in the amount of \$159,415. This amount represents the present value of the minimum lease payments at the time of acquisition. Principal payments in 2004 totaled \$29,517 in the governmental funds.

Asset:	Asset Value	Accumulated Depreciation	Net Book Value
Modular Facility	\$ 87,215	\$ 5,627	\$ 81,588
Buses	72,200	10,314	61,886
Totals	\$ 159,415	\$ 15,941	\$143,474

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2004:

Year	Amount
2005	\$ 36,982
2006	36,982
2007	36,982
2008	4,151
TOTAL	\$ 115,097
Less Amount Representing Interest	(10,814)
Present Value of Net Minimum Lease Payments	\$ 104,283

NOTE 11 DEFINED BENEFIT PENSION PLANS

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2004, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The County's contribution rate for pension benefits for 2004 was 9.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the County's pension contributions were 12.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2004, 2003 and 2002 were \$8,103,866, \$6,899,090 and \$6,802,619 respectively; 88 percent has been contributed for 2004 and 100 percent for 2003 and 2002. Contributions to the member-directed plan for 2004 were \$65,354 made by the County and \$58,162 made by the plan members.

STATE TEACHERS RETIREMENT SYSTEM (STRS)

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

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

DEFINED BENEFIT PENSION PLANS (continued)

the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the year ended December 31, 2004 plan members were required to contribute 10 percent of their annual covered salaries. The County was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2003, the portion used to fund pension obligations was 13. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contributions for pension obligations to the DB Plan for the years ended December 31, 2004, 2003, and 2002 were \$270,491, \$252,644, and \$166,726, respectively; 97.37 percent has been contributed for fiscal year 2004 and 100 percent for fiscal years 2003 and 2002. Contributions to the DC and Combined Plans for fiscal year 2004 were \$7,429 made by the County and \$7,620 made by the plan members.

NOTE 12 POSTEMPLOYMENT BENEFITS

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2004 local government employer contribution rate 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2003, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

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

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2004 which were used to fund postemployment benefits were \$3,319,319. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2003, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

POSTEMPLOYMENT BENEFITS (continued)

On September 9, 2004, the OPERS Retirement Board adopted a Health care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

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

STATE TEACHERS RETIREMENT SYSTEM (STRS)

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

All STRS Ohio benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2004, the STRS Ohio allocated employer contributions equal to 1.0 percent of covered payroll to the Health Care Reserve Fund. For the County, this amount equaled \$19,851 for the fiscal year 2004.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2004, (the latest information available) the balance in the Fund was \$3.1 billion. For the year ended June 30, 2004, net health care costs paid by STRS were \$268,739,000 and STRS Ohio had 111,853 eligible benefit recipients.

NOTE 13 OTHER EMPLOYEE BENEFITS

COMPENSATED ABSENCES

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

HEALTH CARE BENEFITS

The County has a group health insurance program for employees. On January 1, 2004, the County entered into a contract with Anthem Blue Cross and Blue Shield to provide a premium based health care insurance plan to employees of the County. The fund allocates the premium paid to Anthem Blue Cross and Blue Shield to different departments and agencies of the County, plus an administrative cost. The monies paid into the Employee Health Benefit special revenue fund are available to pay for premiums and administrative costs of the plan.

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

Notes to the Basic Financial Statements
(continued)

For The Year Ended December 31, 2004

NOTE 14 DEFEASANCE OF REVENUE BONDS
PRIOR YEAR DEFEASANCE OF REVENUE BONDS

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

Name of Revenue Bond Issues	Original Issue	Unmatured and Unpaid at December 31, 2004
Madison-Wayne Township Sewer District-Dated June 1, 1964	\$ 350,000	\$ 10,000
Greater Eastern Union Township Series A-Dated December 1, 1964	250,000	-
Eastern Union Township Sewer District Dated April 1, 1964	900,000	-
Fairfield Liberty Sewer District Number 2-Dated April 1, 1968	525,000	120,000

NOTE 15 LONG-TERM OBLIGATIONS

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

GOVERNMENTAL ACTIVITIES**GENERAL OBLIGATION BONDS**

Year Issued	Description	Interest Rate	Original Issue	Balance 1/01/04	Additions	Reductions	Balance 12/31/04	Amount Due in One Year
1996	Various Purpose	4.000 - 4.800%	\$ 7,795,000	\$ 6,045,000	\$ -	\$(6,045,000)	\$ -	\$ -
1997	Gov't Services Center	4.000 - 5.000%	8,915,000	7,710,000	-	(335,000)	7,375,000	350,000
2002	Adult Detention Facility	1.430 - 5.250%	29,875,000	29,055,000	-	(1,060,000)	27,995,000	1,080,000
2003	Fiber Optic Ring	1.430 - 5.250%	2,745,000	2,670,000	-	(95,000)	2,575,000	100,000
2004	Various Purpose	2.000 - 4.750%	19,255,000	-	19,255,000	(505,000)	18,750,000	730,000
	Sub-total General Obligation Bonds			\$45,480,000	\$19,255,000	\$(8,040,000)	\$56,695,000	\$2,260,000
	Add: Deferred Amounts for Premium Amortization on the 2002 Adult Detention Facility Bond			1,881,891	-	(99,046)	1,782,845	-
	Add: Deferred Amounts for Premium Amortization on the 2002 Fiber Optic Ring Bond			173,398	-	(9,126)	164,272	-
	Subtract Calculated difference between old and new debt for 2004 advanced refunding			-	(616,258)	12,550	(603,708)	-
	Add: Deferred Amounts for Premium amortization on the 2004 Various Purpose Issue			-	372,066	(6,161)	365,905	-
	Total General Obligation Bonds			\$47,535,289	\$ 19,010,808	\$(8,141,783)	\$58,404,314	\$ 2,260,000

SALES TAX BONDS

Year Issued	Description	Interest Rate	Original Issue	Balance 1/01/04	Additions	Reductions	Balance 12/31/04	Amount Due in One Year
1997	Govt. Svcs. Center	4.000 - 5.000%	\$28,730,000	\$24,890,000	\$ -	\$(1,080,000)	\$23,810,000	\$1,125,000
	Total Sales Tax Bonds		\$28,730,000	\$24,890,000	\$ -	\$(1,080,000)	\$23,810,000	\$ 1,125,000

Notes to the Basic Financial Statements
(continued)

For The Year Ended December 31, 2004

LONG-TERM OBLIGATIONS (continued)
SPECIAL ASSESSMENT BONDS

Year Issued	Description	Interest Rate	Original Issue	Balance 1/01/04	Additions	Reductions	Balance 12/31/04	Amount Due in One Year
1984	1984 Sewer	10.000%	\$ 57,681	\$ 3,000	\$ -	\$ (3,000)	\$ -	\$ -
1985	1985 Water and Sewer	9.125%	640,000	65,000	-	(35,000)	30,000	30,000
1986	1986 Water System	8.000%	40,964	6,000	-	(2,000)	4,000	2,000
1988	1988 Water System	7.750%	55,040	14,000	-	(2,000)	12,000	3,000
1989	1989 Water System	7.375%	90,369	35,000	-	(5,000)	30,000	5,000
1992	1992 Cox Road	3.150 - 6.400%	560,000	285,000	-	(285,000)	-	-
1992	1992 Beacon Pt. Sewer	3.150 - 6.400%	435,000	220,000	-	(220,000)	-	-
1992	1992 Greencrest Sewer	3.150 - 6.400%	300,000	155,000	-	(155,000)	-	-
1994	1994 Wetherington Infrastructure	4.000 - 6.250%	2,045,000	1,410,000	-	(1,410,000)	-	-
1995	1995 Tyler's Place Boulevard	3.100 - 4.900%	810,000	195,000	-	(95,000)	100,000	100,000
1996	1996 Union Centre Boulevard	4.000 - 5.800%	300,000	110,000	-	(110,000)	-	-
2000	2000 Mulhauser	4.350 - 5.650%	6,860,000	6,125,000	-	(285,000)	5,840,000	295,000
2000	2000 Lakota Drive	4.350 - 5.650%	355,000	325,000	-	(15,000)	310,000	15,000
2000	2000 Union Centre	4.350 - 5.650%	1,045,000	950,000	-	(35,000)	915,000	40,000
2001	2001 Union Centre Project Phase 1 and 3	2.400 - 5.100%	3,045,000	2,850,000	-	(110,000)	2,740,000	125,000
Total Special Assessment Bonds				\$12,748,000	\$ -	\$ (2,767,000)	\$9,981,000	\$ 615,000

LOANS

Year Issued	Description	Interest Rate	Original Issue	Restated Balance 1/01/04	Additions	Reductions	Balance 12/31/04	Amount Due in One Year	
1998	OPWC Mulhauser Road	2.00%	\$ 1,811,520	\$ 1,024,945	\$ -	\$ (80,110)	\$ 944,835	\$ 81,720	
2003	OPWC Cincinnati Dayton Road	0.00%	789,748	284,540	505,208	-	789,748	39,487	
2004	2004 Oracle Software Loan	3.90%	\$ 263,660	\$ -	\$ 263,660	\$ (25,667)	237,993	49,343	
Total Loans				\$ 2,864,928	\$ 1,309,485	\$ 768,868	\$ (105,777)	\$ 1,972,576	\$ 170,550

LONG TERM NOTES

Year Issued	Description	Interest Rate	Original Issue	Balance 1/01/04	Additions	Reductions	Balance 12/31/04	Amount Due in One Year
2004	2004 CSB Expansion	2.00%		\$ 2,155,000	\$ 2,130,000	\$(2,155,000)	\$ 2,130,000	\$ 2,130,000
2004	2004 Juvenile Detention Expansion A	2.00%		1,480,000	1,465,000	(1,480,000)	1,465,000	1,465,000
2004	2004 Computers / Software	2.00%		3,630,000	3,630,000	(3,630,000)	3,630,000	3,630,000
2004	2004 Airport Construction	2.75%		2,030,000	2,150,000	(2,030,000)	2,150,000	2,150,000
2004	2004 Symmes Road Construction	2.00%		2,090,000	2,090,000	(2,090,000)	2,090,000	2,090,000
2004	2004 Metroparks Construction	2.50%		2,800,000	2,840,000	(2,800,000)	2,840,000	2,840,000
2004	2004 Building Remodel 301 South Third Street	2.50%		300,000	340,000	(300,000)	340,000	340,000
2004	2004 University Pointe Landscaping	2.50%		-	325,000	-	325,000	325,000
2004	2004 State Route 129 Liberty Interchange Eng	2.50%		-	500,000	-	500,000	500,000
Total Long Terms Notes				\$14,485,000	\$15,470,000	\$(14,485,000)	\$15,470,000	\$15,470,000

OTHER PAYABLES

Description	Balance 1/01/04	Additions	Reductions	Balance 12/31/04	Amount Due in One Year
Capital Leases Payable	\$ 133,800	\$ -	\$ (29,517)	\$ 104,283	\$ 31,375
Compensated Absences Payable	5,688,972	5,029,989	(4,777,802)	5,941,159	2,248,752
Total Other Payables	\$ 5,822,772	\$ 5,029,989	\$(4,807,319)	\$ 6,045,442	\$ 2,280,127

TOTAL GOVERNMENTAL ACTIVITIES

Description	Balance 1/01/04	Additions	Reductions	Balance 12/31/04	Amount Due in One Year
Total Governmental Activities	\$106,790,546	\$40,279,665	\$(31,386,879)	\$115,683,332	\$21,920,677

Notes to the Basic Financial Statements
(continued)

For The Year Ended December 31, 2004

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

Year Issued	Description	Interest Rate	Original Issue	Balance 1/01/04	Additions	Reductions	Balance 12/31/04	Amount Due in One Year
1986	Sanitary Sewer	7.13%	\$4,500,000	\$ 687,784	\$ -	\$ (225,000)	\$ 462,784	\$ 225,000
	Add: Deferred Amounts For Premium Amortization on The 1986 Sanitary Sewer			3,986		(1,598)	2,388	-
Total General Obligation Bonds				\$ 691,770	\$ -	\$ (226,598)	\$ 465,172	\$ 225,000

WATER JUDGEMENT BONDS

Year Issued	Description	Interest Rate	Original Issue	Balance 1/01/04	Additions	Reductions	Balance 12/31/04	Amount Due in One Year
2002	Water Judgement Bonds	1.550 - 5.250%	\$35,030,000	\$34,970,000	\$ -	\$ (250,000)	\$34,720,000	\$ 430,000
	Add: Deferred Amounts For Premium Amortization on the 2002 Water Judgement Bond			500,652	-	(21,767)	478,885	-
Total Water Judgement Bonds				\$35,470,652	\$ -	\$ (271,767)	\$35,198,885	\$ 430,000

REVENUE BONDS

Year Issued	Description	Interest Rate	Original Issue	Balance 1/01/04	Additions	Reductions	Balance 12/31/04	Amount Due in One Year
1996	Water	3.60 - 5.45%	\$17,670,000	\$14,590,000	\$ -	\$ (515,000)	\$14,075,000	\$ 540,000
1999	Water	3.00 - 5.00%	17,140,000	14,265,000	-	(745,000)	13,520,000	770,000
Sub-total Water				\$28,855,000	\$ -	\$ (1,260,000)	\$27,595,000	\$1,310,000
1996	Sewer	3.50 - 5.70%	16,645,000	13,815,000	-	(13,815,000)	-	-
1997	Sewer	4.00 - 5.25%	2,380,000	1,895,000	-	(95,000)	1,800,000	100,000
1998	Sewer	4.00 - 5.25%	23,050,000	20,730,000	-	(1,515,000)	19,215,000	1,580,000
1999	Sewer	3.20 - 5.10%	28,160,000	24,225,000	-	(1,075,000)	23,150,000	1,120,000
2004	Sewer	3.20 - 5.10%	19,620,000	-	19,620,000	(100,000)	19,520,000	845,000
Sub-total Sewer				\$60,665,000	\$19,620,000	\$ (16,600,000)	\$63,685,000	\$3,645,000
Subtract: Calculated difference between old and new debt for 2004 advanced refunding					(1,711,481)	23,771	(1,687,710)	-
Add: Deferred Amounts for Premium amortization on the 2004 Sewer Revenue Bonds					22,630	(270)	22,360	-
Total Sewer				\$60,665,000	\$17,931,149	\$ (16,576,499)	\$62,019,650	3,645,000
Total Revenue Bonds				\$89,520,000	\$17,931,149	\$ (17,836,499)	\$89,614,650	\$4,955,000

LONG TERM NOTES

Year Issued	Description	Interest Rate	Original Issue	Balance 1/01/04	Additions	Reductions	Balance 12/31/04	Amount Due in One Year
2004	Water System Improvements	2.00%		\$ 4,830,000	\$ 4,900,000	\$ (4,830,000)	\$ 4,900,000	\$ 4,900,000
2004	Waterworks Improvements	2.50%		-	3,500,000	-	3,500,000	3,500,000
Total Long Terms Notes				\$ 4,830,000	\$ 8,400,000	\$ (4,830,000)	\$ 8,400,000	\$ 8,400,000

OTHER PAYABLES

Description	Balance 1/01/04	Additions	Reductions	Balance 12/31/04	Amount Due in One Year
Compensated Absences Payable	\$ 573,414	\$ 395,556	\$ (417,228)	\$ 551,742	\$ 198,131
Total Other Payables	\$ 573,414	\$ 395,556	\$ (417,228)	\$ 551,742	\$ 198,131

TOTAL BUSINESS TYPE ACTIVITIES

Description	Balance 1/01/04	Additions	Reductions	Balance 12/31/04	Amount Due in One Year
Total Business Type Activities	\$131,085,836	\$26,726,705	\$ (23,582,092)	\$134,230,449	\$14,208,131

LONG-TERM OBLIGATIONS (continued)

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

In September 2004 the County issued a \$19,255,000 General Obligation bond for the purpose of advance refunding \$8,225,000 of existing bonds and to bond \$10,415,000 of short-term bond anticipation notes. The bonds were issued for a twenty-year period, with final maturity in December 2024. The bonds maturing on or after December 1, 2015 are subject to optional redemption as a whole at any time or in part on any interest payment date the option of the County on or after December 1, 2014 at the redemption price of one hundred percent of the principal amount redeemed. Certain bonds maturing between December 1, 2018 and December 1, 2024 are subject to mandatory sinking fund redemption prior to maturity at par plus accrued interest to the date of redemption amount in each following years.

<u>Year</u>	<u>Principal Amount subject To Mandatory Redemption</u>
2017	\$ 605,000
2019	665,000
2021	725,000
2023	775,000

The \$10,350,000 in new bond proceeds along with existing Butler County funds were used to pay bond anticipation notes that included the Voice of America TIF, Road Improvement TID Series A and the Voice of America Sewer TIF. The total notes payable liability of \$10,415,000 was removed from the County's fund financial statements and a new long-term liability of \$10,350,000 was added to the entity wide statements.

The \$8,905,000 portion of the bond proceeds were used to advance refund the 1996 General Obligations issue, 1996 Union Center Special Assessment, 1994 Wetherington Infrastructure Special Assessment, 1992 Cox Road Special Assessment, 1992 Beacon Pt. Sewer Special Assessment and the 1992 Greencrest Sewer Special Assessment.

The Advance refunding resulted in a difference of \$616,258 between the net carrying amount of the debt and the acquisition price. This difference, reported in the accompanying financial statements as a decrease to bonds payable, is being amortized to interest expense over the life of the bonds using the straight-line method. The County's total debt service payments decreased by \$518,995 as the result of the advance refunding. The County also incurred an economic gain (difference between the present values of the old and new debt service payments) of \$460,950.

SALES TAX BONDS

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

SPECIAL ASSESSMENT BONDS

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

LONG-TERM OBLIGATIONS (continued)

LONG TERM LOANS

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

The Oracle Software loan was issued to purchase additional Oracle software. The County entered into a loan agreement with LaSalle National Bank in 2004. This loan will be repaid with general fund revenues.

REVENUE BONDS

Revenue bonds are supported by user charges and are not backed by the full faith and credit of the County. These bonds have been issued to pay for *Water and Sewer projects*.

In September 2004 the County Issued a \$19,620,000 Sewer Revenue bond for the purpose of advance refunding \$13,815,000 of existing 1996 Sewer bonds and to issue a new Sewer bond for \$6,245,000. The bonds were issued for a twenty-year period, with final maturity in December 2024. The bonds maturing on or after December 1, 2015 are subject to optional redemption as a whole at any time or in part on any interest payment date the option of the County on or after December 1, 2014 at the redemption price of one hundred percent of the principal amount redeemed.

The \$6,245,000 in new bonds will be used for Sewer Construction projects.

The \$13,375,000 portion of the bond proceeds along with existing Butler County funds were used to advance refund the 1996 Sewer Bond Issue. The Advance refunding resulted in a difference of \$1,711,481 between the net carrying amount of the debt and the acquisition price. This difference, reported in the accompanying financial statements as a decrease to bonds payable, is being amortized to interest expense over the life of the bonds using the straight-line method. The County's total debt service payments decreased by \$2,878,183 as the result of the advance refunding. The County also incurred an economic gain (difference between the present values of the old and new debt service payments) of \$1,568,828.

WATER JUDGEMENT BONDS

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

LONG TERM NOTES

Long Term Notes have been classified as such because the County has entered into a financing agreement that clearly permits the County to refinance short term notes on a long term basis. All criteria of paragraph B of FASB 6 have been met. Long Term Bond Anticipation notes were issued to finance various building, road and water system construction projects within Butler County. These notes were issued with the backing of the full faith and credit of the County.

OTHER PAYABLES

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

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

Notes to the Basic Financial Statements
(continued)

For The Year Ended December 31, 2004

LONG-TERM OBLIGATIONS (continued)

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

	Special Assessment Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2005	\$ 615,000	\$ 509,519	\$ 2,485,000	\$ 2,493,767
2006	495,000	480,273	2,635,000	2,420,835
2007	513,000	457,564	2,520,000	2,344,272
2008	543,000	433,643	2,670,000	2,252,212
2009	560,000	407,876	2,955,000	2,145,392
2010-2014	3,210,000	1,597,836	16,190,000	8,923,984
2015-2019	3,495,000	6,760,999	16,920,000	5,215,463
2020-2024	550,000	41,610	10,770,000	1,266,563
	<u>\$ 9,981,000</u>	<u>\$ 10,689,320</u>	<u>\$ 57,145,000</u>	<u>\$ 27,062,488</u>

	Sales Tax Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2005	\$ 1,125,000	\$ 1,156,383	\$ 4,955,000	\$ 4,162,681
2006	1,175,000	1,105,758	5,150,000	3,971,991
2007	1,230,000	1,052,295	5,340,000	3,770,794
2008	1,285,000	995,715	5,560,000	3,557,736
2009	1,345,000	935,320	5,790,000	3,327,184
2010-2014	7,765,000	3,650,655	28,400,000	12,641,220
2015-2019	9,885,000	1,530,750	27,775,000	6,129,482
2020-2024	-	-	8,310,000	826,000
	<u>\$ 23,810,000</u>	<u>\$ 10,426,876</u>	<u>\$ 91,280,000</u>	<u>\$ 38,387,088</u>

	Judgement Bonds		Loans	
	Principal	Interest	Principal	Interest
2005	\$ 430,000	\$ 1,608,009	\$ 170,550	\$ 27,084
2006	615,000	1,598,334	174,155	23,483
2007	815,000	1,582,344	177,865	19,769
2008	1,010,000	1,558,709	181,693	16,043
2009	1,165,000	1,523,359	156,528	12,138
2010-2014	6,615,000	6,856,909	667,300	31,189
2015-2019	8,310,000	5,231,231	247,048	496
2020-2024	10,705,000	2,838,900	197,437	-
2025-2026	5,055,000	362,900	-	-
	<u>\$ 34,720,000</u>	<u>\$ 23,160,695</u>	<u>\$ 1,972,576</u>	<u>\$ 130,202</u>

INDUSTRIAL DEVELOPMENT REVENUE BONDS

The County has issued industrial development revenue bonds (in the aggregate outstanding principal amount of \$15,575,000 at December 31, 2004 for facilities used by private corporations or other entities. The County is not obligated in any way to pay debt charges on the bonds from any of its funds, and therefore they have been excluded entirely from the County's debt presentation. There has not been and is not any condition of default under the bonds or the related financing documents.

HOSPITAL REVENUE BONDS

Prior to 1999, the County has served as the issuer of \$76,230,000 in hospital revenue bonds. The proceeds were used to acquire, construct, improve and equip hospital facilities. The hospital revenue bonds do not constitute a general obligation, debt or bonded indebtedness of the County. Neither is the full faith and credit or taxing power of the County pledged to make repayment. The amount of revenue bonds outstanding at December 31, 2004 was \$157,220,000.

LEGAL DEBT MARGIN

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

The effects of the debt limitations described above at December 31, 2004 are an overall debt margin of \$133,237,940 and unvoted debt margin of \$27,315,176.

For The Year Ended December 31, 2004

NOTE 16 SHORT-TERM OBLIGATIONS

A summary of the note transactions for the year ended December 31, 2004 follows:

GOVERNMENTAL ACTIVITIES**SHORT TERM NOTES**

Governmental	Annualized Rate	Balance 1/01/04	Issued	Retired	Balance 12/31/04
General					
Road Improvement TID Series A	2.00%	\$ 355,000	\$ -	\$ 355,000	\$ -
Special Revenue					
Road Improvement	3.00%	675,000	590,000	675,000	590,000
Capital Projects					
Princeton Rd/State Route 747 TIF	2.00%	-	1,000,000	1,000,000	-
Princeton Rd/State Route 747 TIF	2.75%	-	1,010,000	-	1,010,000
Cincinnati Dayton/Interstate 75 TIF	2.00%	-	1,000,000	1,000,000	-
Cincinnati Dayton/Interstate 75 TIF	2.75%	-	1,010,000	-	1,010,000
Cincinnati Dayton Interstate 75 TIF	2.25%	-	2,500,000	-	2,500,000
Cincinnati Dayton/State Route 129	2.75%	1,005,000	1,020,000	1,005,000	1,020,000
Cincinnati Dayton/State Route 129	2.25%	-	400,000	-	400,000
State Route 129 Liberty Interchange	2.25%	-	500,000	-	500,000
State Route 122 Expansion	3.00%	450,000	390,000	450,000	390,000
Highway Construction	3.00%	595,000	510,000	595,000	510,000
Computers/Software	3.00%	353,500	360,500	353,500	360,500
Fiber Optic Ring (2)	3.10%	2,565,000	2,595,000	2,565,000	2,595,000
Fiber Optic Ring (3)	3.10%	505,000	510,000	505,000	510,000
Stormwater Management	3.00%	515,000	525,000	515,000	525,000
County Admin Roof Repair	3.00%	151,500	154,500	151,500	154,500
Old Sheriff Building Repair	3.00%	100,000	105,000	100,000	105,000
Common Pleas Court Renovations	3.10%	-	50,000	-	50,000
Middletown Mall	3.00%	3,050,000	3,050,000	3,050,000	3,050,000
VOA University Pointe TIF	2.00%	8,225,000	-	8,225,000	-
Voice of America TIF	2.00%	1,835,000	-	1,835,000	-
Fairfield Township TIF I	2.75%	3,375,000	3,375,000	3,375,000	3,375,000
Fairfield Township TIF II	2.00%	2,260,000	-	2,260,000	-
Total Governmental Notes		\$ 26,015,000	20,655,000	28,015,000	18,655,000

BUSINESS TYPE ACTIVITIES**SHORT TERM NOTES**

	Annualized Rate	Balance 1/01/04	Issued	Retired	Balance 12/31/04
New Miami Sewer Improvement	2.75%	\$ -	7,500,000	-	7,500,000
Venice Gardens Sewer	2.75%	1,350,000	1,350,000	1,350,000	1,350,000
Venice Gardens Sewer	2.75%	400,000	400,000	400,000	400,000
Total Business Type Notes		\$ 1,750,000	\$ 9,250,000	\$ 1,750,000	\$ 9,250,000

SHORT TERM LOANS

	Annualized Rate	Balance 1/01/04	Issued	Retired	Balance 12/31/04
OWDA Wastewater System Plan	5.56%	\$ -	360,000	-	360,000
OWDA Wastewater Feasibility Study	0.00%	-	11,750	-	11,750
Total Business Type Loans			371,750		371,750
Total Business Type Activities		\$ 1,750,000	\$ 9,621,750	\$ 1,750,000	\$ 9,621,750

Notes to the Basic Financial Statements
(continued)

For The Year Ended December 31, 2004

NOTE 17 INTERFUND BALANCES AND ACTIVITY

Due From/Due To balances at December 31, 2004 consist of the following individual fund receivables and payables:

Due To	Due From							
	General	Children Services Board	Other Govern- Mental	Sewer	Water	Parking Facility	Internal Service	Total
General	\$ -	\$ -	\$ 367,366	\$ -	\$ -	\$ -	\$ 354,373	\$ 721,739
Mental Retardation	143	-	-	-	-	-	116,030	116,173
Job and Family	32,556	63,297	14,560	-	-	2,144	92,354	204,911
Children Services Board	26,118	-	714	-	-	-	63,456	90,288
Road Improvements	30,000	-	8,376	-	-	-	-	38,376
Bond Retirement	540	-	-	-	-	-	-	540
Other Governmental	321,931	-	399,507	33	33	-	196,115	917,619
Sewer	5,802	-	-	-	-	-	50,357	56,159
Water	3,778	-	-	-	-	-	31,301	35,079
GSC Parking Facility	-	-	-	-	-	-	489	489
Total	\$ 420,868	\$ 63,297	\$ 790,523	\$ 33	\$ 33	\$ 2,144	\$ 904,475	\$ 2,181,373

Advances From/Advances To balances at December 31, 2004 consist of the following individual fund receivables and payables:

Advances From	Advances To								
	General	Job and Family Services	Children Services Board	Other Govern- mental Funds	Sewer	Water	Parking Facility	Internal Service	Total
Other Governmental	\$ 464,602	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 464,602
Internal Service	982,102	131,862	110,242	265,135	78,293	60,016	441	2,606	1,630,697
Total	\$ 1,446,704	\$ 131,862	\$ 110,242	\$ 265,135	\$ 78,293	\$ 60,016	\$ 441	\$ 2,606	\$ 2,095,299

Transfers In/Transfers Out activity for 2004, consist of the following:

Transfers In	Transfers Out				
	General	Bond Retirement	Road Improvement	Other Governmental Funds	Total
General	\$ -	\$ -	\$ -	\$ 114,411	\$ 114,411
Job and Family Services	1,373,316	-	-	-	1,373,316
Bond Retirement	3,727,252	-	173,398	-	3,900,650
Road Improvement	-	94,700	-	161,512	256,212
Buildings Construction	118,934	-	-	-	118,934
Other Governmental	336,918	-	-	-	336,918
Total	\$ 5,556,420	\$ 94,700	\$ 173,398	\$ 275,923	\$ 6,100,441

All balances in the Due From/Due To schedule resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The balance of \$464,602 due to the General Fund for advances to other Governmental Funds results from cash flow issues in those funds.

NOTE 17 INTERFUND BALANCES AND ACTIVITY(continued)

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

NOTE 18 WATER RATE AGREEMENT

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

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

The new agreement has also provided the County with a more favorable rate structure for water purchases. The County recorded an asset in 2002 in the amount of \$34,810,695, as "Deferred Charges for Water Rate Stabilization." This amount represents the purchase of future water rights. In 2004 the County amortized \$1,740,535 using the straight line amortization method, leaving \$31,329,625 in the statement of net assets.

NOTE 19 CONTINGENT LIABILITIES

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

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

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

A. BUTLER COUNTY EMERGENCY MANAGEMENT AGENCY

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

The Agency is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the County. In 2004, the County contributed \$39,806 which represents 15% of total contributions. Fifty percent of the operating revenues are contributed by the Federal government. Complete financial statements can be obtained from the Emergency Management Agency, 315 High St. Hamilton, OH 45011.

B. THE BUTLER COUNTY ALLIANCE

The Economic Development Association of Butler County (EDABC) was created by resolution of the County Commissioners and organized as a non-profit corporation under Internal Revenue Code Section 501 C (6).

The EDABC is a joint venture among the County and investors. As of January 1, 2004 the EDABC officially changed its name to the Butler County Alliance. The purpose of the organization is to promote Butler County as the premier location to grow or relocate a business in the Cincinnati/Dayton metro areas. Specific activities include; advertising Butler County as a place to locate a business, meeting with site consultants to help companies make decisions as to where to locate manufacturing and office facilities and to educate local elected officials and business leaders on activities or programs that can make Butler County more attractive to business investment. The mission of the Alliance is to provide value-added services above and beyond the efforts of local community resources to encourage new investment, create jobs and expand the tax base in Butler County. The degree of control exercised by any investor is limited to its representation on the board of trustees, which is limited to one person per organization or political subdivision. The Alliance has no debt outstanding and its continued existence is dependent upon the County's continued participation. However, the County does not have any equity interest in the Association.

The Alliance is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit or burden on the County. In 2004 the County contributed \$37,500 which represents 29% of total contributions. Complete financial statements can be obtained from the Butler County Alliance, 315 High Street, Hamilton, Ohio 45011.

C. TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY

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

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

D. COUNTY RISK SHARING AUTHORITY (CORSA)

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

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. An elected board of not more than nine trustees manages the affairs of the Corporation. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the board of trustees. CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of certificates. The County's payment for insurance to CORSA in 2004 was \$647,692.

E. REGIONAL TRANSIT AUTHORITY (RTA)

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

NOTE 21 RELATED PARTY TRANSACTION

Miami Valley Industries, Inc. (the Workshop, a discretely presented component unit of Butler County), received contributions from the County for facilities, certain equipment, transportation and salaries for administration, implementation and supervision of its programs. In 2004, these contributions were \$766,930.

For The Year Ended December 31, 2004**NOTE 22 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

The County has several outstanding contracts for construction and professional services. The following amounts remain on these contracts as of December 31, 2004.

Project/Vendor	Outstanding Balance
Airport West Terminal-Don S. Cisle Contractor, Inc.	\$ 175,307
Allen Road Supp Trans - Tetra Tech Inc	110,192
Blue Max Water Mains-Adleta, Inc	198,340
Blue Max Water Mains-PLG, Inc.	10,150
Centrifuge @ LeSourdsville - Alpha Laval, Inc	967,500
Centrifuge @ LeSourdsville - Black & Veatch	5,668
Centrifuge @ LeSourdsville - Fryman-Kuck	13,660
Centrifuge @ LeSourdsville - ORE Electric, Inc.	10,033
Cincinnati Dayton Water Main Replacement - JWCI, Inc	1,865
Hamilton Mason Rd to Princeton - Byrnes Inc	552,281
Horseshoe Bend Sewer - Culy Construction	43,934
Lebanon Street Sewer - JGK	33,750
Lemon Twp Water Main Replacement - Miami Western	509,617
Liberty Fairfield Pump Station - Malcom Pirnie	35,992
Monroe-Linn Rd Water Main Replacement - City of Monroe	197,297
New Miami Sewer - Arcadis, Inc.	159,000
New Miami Sewer - Reynolds, Inc.	4,589,321
Port Union Rd To Mul Rd 36 - Ribway Engineering	59,554
Princeton Water Main - RA Consultants	77,333
Queen Acres Water Reclamation Facility Expansion - Ameritcon, Inc	2,743,525
Sands Avenue Lift Station - Culy Construction	124,480
Sands Avenue Lift Station - Lake Erie Construction	13,470
Sewer System Model - MWH Americas, Inc.	243,500
Sharon Creek Lift Station - Quest Engineers Inc	176,996
Sharon Creek Sewer - BBS, Inc.	37,935
Trenton Lift Station - Quest Engineers, Inc.	47,426
Venice Gardens Sewer - Armrel Byrnes Co.	3,026,562
Water and Sewer System Master Plan - Malcolm Pirnie	39,895

NOTE 23 SUBSEQUENT EVENTS**DEBT RELATED ACTIVITY**

In March 2005, the County renewed a variety of bond anticipation notes that were rolled over in their entirety as follows:

Children Services Board Expansion (this issue was paid down by \$155,000)	\$ 1,975,000
Juvenile Detention Center (this issue was paid down by \$100,000)	1,365,000
Computer Hardware/Software	2,110,000
Computer Hardware/Software	510,000
Computer Hardware/Software	1,010,000
Symmes Road Construction	2,090,000
Water System Improvements	4,900,000
Water Works Improvements	3,500,000
Total Proceeds	<u>\$ 17,460,000</u>

DEBT RELATED ACTIVITY (continued)

On March 24, 2005 the County advance refunded the 1996 Water Revenue Bonds. Butler County issued a new Water Revenue bond for \$13,235,000. The proceeds of the new bond plus \$1,270,000 from the 1996 Water debt service reserve escrow account were sent to a trust account at the Bank of New York. The funds deposited, together with interest earned thereon, shall be sufficient to pay annual bond principal and semiannual interest payments on the 1996 Water Bonds.

In June 2005, the County renewed the following bond anticipation notes that were rolled in their entirety:

Butler County Airport	\$ 2,150,000
County Metro Parks	2,840,000
Building Repair	340,000
University Pointe	325,000
Liberty Interchange	500,000
Total Proceeds	<u>\$ 6,155,000</u>

Additional funding was secured in June 2005, to coincide with the renewal of the above issues. The new bond anticipation note issued included the following:

University Pointe	\$ 10,000
Liberty Interchange	10,000
Total New Issues	<u>\$ 20,000</u>
Total Proceeds – June Issue	<u>\$ 6,175,000</u>

On June 1, 2005 the County issued \$29,365,000 in Sales Tax bonds to advance refund the 1997 General Obligation Bond and the 1997 Sales Tax Bond. The new Sales Tax bond proceeds plus \$2,300,000 from the 1997 Sales Tax debt service reserve escrow account were sent to a trust account at the Bank of New York. The funds deposited, together with interest earned thereon, shall be sufficient to pay annual bond principal and semiannual interest on the 1997 Sales Tax bond and the 1997 General Obligation Bonds.

In June 2005 Butler County issued \$14,850,000 in Water Revenue Bonds. The County will use \$8,400,000 of these proceeds to pay off the Waterworks Improvement Note maturing June 30, 2005 and \$6,450,000 for Water Construction projects.

On June 15, 2005 the County issued \$19,575,000 in Sewer Revenue Refunding bonds. These Bonds were issued to refund portions of the 1997, 1998, and 1999 Sewer Revenue bonds.

BLUE MAX SETTLEMENT

In March 2005 the Butler County Commissioners executed a settlement agreement between the County and Shell Oil Company, Orangeburg Industries, and Utility Service and Supply Inc. This settlement was in connection with a lawsuit captioned "Butler County Commissioners vs Utility Service and Supply, Inc Et al. in the Butler County Common Pleas Court. Butler County received \$10,400,000 in funds from the various companies listed above on March 29, 2005.

For The Year Ended December 31, 2004

NOTE 24 MIAMI VALLEY INDUSTRIES, INC.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. **Basis of presentation** – Miami Valley Industries, Inc. (the Organization) was incorporated as a not-for-profit organization under the laws of the State of Ohio. The Organization provides services to individuals with disabilities living in Southwestern Ohio. The Organization considers the Butler County Board of MR/DD a primary partner in providing services to individuals with mental retardation and developmental disabilities in Butler County.

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and reported amounts of the revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

- B. **Accounts Receivable** – Accounts receivable are stated at the amount billed to customers. Accounts receivable are ordinarily due 30 days after the issuance of the invoice. Accounts past due more than 60 days are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.
- C. **Property and Equipment** – These assets are stated at cost and depreciated on the straight-line method over the estimated useful lives of the various assets. Maintenance and repairs are charged against earnings when incurred. Additions and major renewals are capitalized. Capital assets had an original cost of \$1,772,067 and reported net of \$874,319 of accumulated depreciation, yielding a net capital asset cost of \$897,748.
- D. **Income Taxes** – Miami Valley Industries, Inc. is a non-profit corporation and is exempt from Federal Income taxes under Section 501 (c) (3) of the Internal Revenue Code.
- E. **Donated Services** – Donated services of management, direct supervision, rent, etc. have been provided by the Butler County Board of Mental Retardation/Development Disabilities. During the year ended June 30, 2004 the value of these services was estimated to be and is recorded in the financial statements at \$766,930.

CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the organization to credit risk did not exist as of June 30, 2004 since total cash investments and certificates of deposit did not exceed federally insured limits. Miami Valley Industries, Inc. extended unsecured credit to regular customers amounting to \$257,752.

NOTES PAYABLE

A summary of Miami Valley Industries note transactions for the year ended June 30, 2004 follows:

Issue	Balance 7/1/03	Issued	Retired	Balance 6/30/04
Note Payable – Truck	\$ -	16,702	\$ -	\$ 16,702
Note Payable – Building	\$ 413,939	\$ -	\$ 33,348	\$ 380,591

The notes outstanding at June 30, 2004 consisted of the following issues:

Issue	Principal Outstanding	Annualized Rate
Note Payable - Building	\$ 380,591	6.50%
Note Payable – Truck	16,702	5.75%
Total	\$ 397,293	

Butler County, Ohio
 Required Supplementary Information
 Condition Assessment of the County's Infrastructure
 Reported Using the Modified Approach as Outlined in GASB 34
 For The Year Ended December 31, 2004

Butler County reports its infrastructure assets using the modified approach as outlined in Governmental Accounting Standards Board (GASB) Statement No. 34. The following disclosures pertain to the conditional assessment and budgeted versus actual expenditures for the preservation of these assets. Data for the conditional assessment is presented in each of the following three sections for 2004, 2003 and 2002.

County Roads

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

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

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

The following summarizes the physical condition assessment of county roads as of December 31 for 2004, 2003 and 2002:

Road Condition	2004		2003		2002	
	Road Miles	% of Total	Road Miles	% of Total	Road Miles	% of Total
Fair or Better	238	87%	227	83%	234	86%
Less than Fair	35	13%	46	17%	38	14%
Total	273	100%	273	100%	272	100%

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

Year	Budgeted Expenditures	Actual Expenditures	Difference
2004	\$ 2,321,751	\$ 2,219,402	\$ 102,349
2003	\$ 3,048,992	\$ 2,129,994	\$ 918,998
2002	\$ 9,207,636	\$ 5,800,104	\$ 3,407,532
2001	\$ 3,466,030	\$ 593,334	\$ 2,872,696

Butler County, Ohio
 Required Supplementary Information
 Condition Assessment of the County's Infrastructure
 Reported Using the Modified Approach as Outlined in GASB 34
 For The Year Ended December 31, 2004

County Bridges

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

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

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

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

It is the County policy to maintain the bridge system in the County where 85% of the structures have a general appraisal summary of 5 (Fair) condition or higher. The following is a summary of the conditional assessment for bridges as of December 31 for 2004, 2003 and 2002:

Bridge Condition	2004		2003		2002	
	Number of Bridges	% of Total	Number of Bridges	% of Total	Number of Bridges	% of Total
Fair or Better	340	92%	329	89%	324	87%
Less than Fair	31	8%	41	11%	50	13%
Total	371	100%	370	100%	374	100%

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

Year	Budgeted Expenditures	Actual Expenditures	Difference
2004	\$ 2,383,037	\$ 2,297,516	\$ 85,520
2003	\$ 3,674,302	\$ 2,667,956	\$ 1,006,346
2002	\$ 3,365,739	\$ 2,776,965	\$ 588,774
2001	\$ 4,361,594	\$ 2,186,918	\$ 2,174,676

Butler County, Ohio
 Required Supplementary Information
 Condition Assessment of the County's Infrastructure
 Reported Using the Modified Approach as Outlined in GASB 34
 For The Year Ended December 31, 2004

County Culverts

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

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

It is the goal of the Butler County Engineer to maintain 75% of culverts in a condition of 2-Fair or better. The following is a summary of the conditional assessment for culverts as of December 31 for 2004, 2003 and 2002:

Culvert Condition	2004		2003		2002	
	Number of Culverts	% of Total	Number of Culverts	% of Total	Number of Culverts	% of Total
Fair or Better	805	79%	824	78%	938	79%
Less than Fair	214	21%	232	22%	258	21%
Total	1019	100%	1056	100%	1196	100%

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

Year	Budgeted Expenditures	Actual Expenditures	Difference
2004	\$ 896,500	\$ 887,587	\$ 8,913
2003	\$ 100,000	\$ 78,272	\$ 21,728
2002	\$ 100,000	\$ 99,056	\$ 944
2001	\$ 310,017	\$ 298,770	\$ 11,247

**Combining Statements and
Individual Fund Schedules**

Combining Statements – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

Nonmajor Special Revenue Funds (continued)

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

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

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

Nonmajor Capital Projects Funds

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

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

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

Technology – To account for the financing and related cost

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

Butler County, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2004

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 28,787,841	\$ 307,981	\$ 29,095,822
Cash and Cash Equivalents:			
In Segregated Accounts	222,375	-	222,375
With Fiscal Agents	69,849	-	69,849
Receivables:			
Taxes	8,100,927	-	8,100,927
Accounts	191,633	-	191,633
Due from Other Governments	23,579,372	2,812,861	26,392,233
Special Assessments	1,846,630	-	1,846,630
Loans	371,772	-	371,772
Due from Other Funds	342,683	447,840	790,523
Prepaid Items	545,896	-	545,896
Materials and Supplies Inventory	460,357	-	460,357
Advances to Other Funds	265,135	-	265,135
Total Assets	\$ 64,784,470	\$ 3,568,682	\$ 68,353,152
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable	\$ 468,020	\$ -	\$ 468,020
Contracts Payable	3,357,139	-	3,357,139
Retainage Payable	33,803	-	33,803
Accrued Wages and Benefits	670,323	977	671,300
Matured Compensated Absences Payable	23,624	-	23,624
Due to Other Funds	691,646	225,973	917,619
Due to Other Governments	45,029	-	45,029
Deferred Revenue	27,109,005	-	27,109,005
Advances from Other Funds	229,602	235,000	464,602
Accrued Interest Payable	3,737	25,273	29,010
Notes Payable	590,000	3,990,500	4,580,500
Total Liabilities	33,221,928	4,477,723	37,699,651
Fund Balances			
Reserved for Encumbrances	6,517,454	-	6,517,454
Reserved for Loans	371,772	-	371,772
Reserved for Advances	265,135	-	265,135
Unreserved, Undesignated, Reported in:			
Special Revenue Funds	24,408,181	-	24,408,181
Capital Projects Funds	-	(909,041)	(909,041)
Total Fund Balances (Deficit)	31,562,542	(909,041)	30,653,501
Total Liabilities and Fund Balances	\$ 64,784,470	\$ 3,568,682	\$ 68,353,152

Butler County, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2004

	Real Estate Assessment	All Other Legislative and Executive	All Other Judicial	All Other Public Safety	Child Support Enforcement
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 901,671	\$ 2,069,899	\$ 1,886,751	\$ 2,043,171	\$ 268,473
Cash and Cash Equivalents:					
In Segregated Accounts	-	91,123	120,146	195	241
With Fiscal Agents	-	-	-	-	-
Receivables:					
Taxes	-	117,595	-	-	-
Accounts	-	-	-	-	-
Due from Other Governments	-	-	244	2,988,851	3,945,786
Special Assessments	-	202,990	-	-	-
Loans	-	-	-	-	-
Due from Other Funds	-	-	-	18,229	138
Prepaid Items	1,735	11,074	304,025	6,222	6,285
Materials and Supplies Inventory	900	14,970	3,400	18,559	9,600
Advances to Other Funds	28,658	36,721	5,257	43,391	71,787
Total Assets	\$ 932,964	\$ 2,544,372	\$ 2,319,823	\$ 5,118,618	\$ 4,302,310
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable	\$ 14,833	\$ 35,494	\$ 9,039	\$ 76,497	\$ 5,834
Contracts Payable	-	-	-	72,671	-
Retainage Payable	-	-	-	-	-
Accrued Wages and Benefits	62,140	54,492	19,729	98,519	111,373
Matured Compensated Absences Payable	-	-	-	-	-
Due to Other Funds	18,158	16,706	5,665	54,847	312,101
Due to Other Governments	-	640	1,210	3,501	-
Deferred Revenue	-	320,585	-	2,093,620	3,419,709
Advances From Other Funds	-	-	25,002	-	-
Accrued Interest Payable	-	-	-	-	-
Notes Payable	-	-	-	-	-
Total Liabilities	95,131	427,917	60,645	2,399,655	3,849,017
Fund Balances					
Reserved for Encumbrances	39,936	17,155	28,762	31,491	67,453
Reserved for Loans	-	-	-	-	-
Reserved for Advances	28,658	36,721	5,257	43,391	71,787
Unreserved, Undesignated	769,239	2,062,579	2,225,159	2,644,081	314,053
Total Fund Balances (Deficit)	837,833	2,116,455	2,259,178	2,718,963	453,293
Total Liabilities and Fund Balances	\$ 932,964	\$ 2,544,372	\$ 2,319,823	\$ 5,118,618	\$ 4,302,310

<u>Motor Vehicle</u>	<u>All Other Public Works</u>	<u>Alcohol and Drug Addiction</u>	<u>Mental Health</u>	<u>All Other Health</u>
\$ 11,378,306	\$ 3,012,454	\$ 1,152,668	\$ 4,876,106	\$ 63,775
7,533	-	-	-	2,754
69,849	-	-	-	-
-	-	-	1,630,182	-
154,805	-	-	36,828	-
6,759,858	2,773,763	2,093,807	4,510,651	801
28,497	1,615,143	-	-	-
-	371,772	-	-	-
8,376	292,776	-	22,450	714
21,682	1,029	8,615	175,386	280
396,317	-	-	-	-
67,472	1,777	-	10,072	-
<u>\$ 18,892,695</u>	<u>\$ 8,068,714</u>	<u>\$ 3,255,090</u>	<u>\$ 11,261,675</u>	<u>\$ 68,324</u>

\$ 93,483	\$ 60,104	\$ 2,620	\$ 110,832	\$ 3,799
843,385	333,961	48,904	1,423,191	-
-	33,803	-	-	-
125,498	15,729	9,428	16,201	5,956
23,034	-	-	-	-
36,588	153,019	15,997	5,326	26,793
-	31,150	-	34	-
5,311,497	4,293,424	1,373,569	3,824,560	-
-	30,000	158,600	-	-
3,737	-	-	-	-
590,000	-	-	-	-
<u>7,027,222</u>	<u>4,951,190</u>	<u>1,609,118</u>	<u>5,380,144</u>	<u>36,548</u>
4,336,643	2,701	188,188	1,728,432	1,050
-	371,772	-	-	-
67,472	1,777	-	10,072	-
7,461,358	2,741,274	1,457,784	4,143,027	30,726
<u>11,865,473</u>	<u>3,117,524</u>	<u>1,645,972</u>	<u>5,881,531</u>	<u>31,776</u>
<u>\$ 18,892,695</u>	<u>\$ 8,068,714</u>	<u>\$ 3,255,090</u>	<u>\$ 11,261,675</u>	<u>\$ 68,324</u>

(Continued)

Butler County, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)
December 31, 2004

	County Care Facility	Elderly Services Levy	Health Insurance	All Other Human Services	Total Nonmajor Special Revenue Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 184,678	\$ 866,861	\$ 46,959	\$ 36,069	\$ 28,787,841
Cash and Cash Equivalents:					
In Segregated Accounts	383	-	-	-	222,375
With Fiscal Agents	-	-	-	-	69,849
Receivables:					
Taxes	-	6,353,150	-	-	8,100,927
Accounts	-	-	-	-	191,633
Due from Other Governments	410,000	-	-	95,611	23,579,372
Special Assessments	-	-	-	-	1,846,630
Loans	-	-	-	-	371,772
Due from Other Funds	-	-	-	-	342,683
Prepaid Items	9,563	-	-	-	545,896
Materials and Supplies Inventory	16,611	-	-	-	460,357
Advances to Other Funds	-	-	-	-	265,135
Total Assets	\$ 621,235	\$ 7,220,011	\$ 46,959	\$ 131,680	\$ 64,784,470
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable	\$ 55,279	\$ -	\$ -	\$ 206	\$ 468,020
Contracts Payable	5,027	630,000	-	-	3,357,139
Retainage Payable	-	-	-	-	33,803
Accrued Wages and Benefits	141,694	-	3,902	5,662	670,323
Matured Compensated Absences Payable	590	-	-	-	23,624
Due to Other Funds	44,284	-	1,246	916	691,646
Due to Other Governments	8,494	-	-	-	45,029
Deferred Revenue	30,000	6,353,150	-	88,891	27,109,005
Advances From Other Funds	-	-	-	16,000	229,602
Accrued Interest Payable	-	-	-	-	3,737
Notes Payable	-	-	-	-	590,000
Total Liabilities	285,368	6,983,150	5,148	111,675	33,221,928
Fund Balances					
Reserved for Encumbrances	75,386	-	-	257	6,517,454
Reserved for Loans	-	-	-	-	371,772
Reserved for Advances	-	-	-	-	265,135
Unreserved, Undesignated	260,481	236,861	41,811	19,748	24,408,181
Total Fund Balances (Deficit)	335,867	236,861	41,811	20,005	31,562,542
Total Liabilities and Fund Balances	\$ 621,235	\$ 7,220,011	\$ 46,959	\$ 131,680	\$ 64,784,470

Butler County, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2004

	Capital Improvement	Stormwater Management Study	Technology	Other Capital Improvements	Total Nonmajor Capital Projects Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 994	\$ 155,322	\$ 89,463	\$ 62,202	\$ 307,981
Receivables:					
Due from Other Governments	-	-	-	2,812,861	2,812,861
Due from Other Funds	148,250	-	299,590	-	447,840
Total Assets	\$ 149,244	\$ 155,322	\$ 389,053	\$ 2,875,063	\$ 3,568,682
Liabilities and Fund Balances					
Liabilities:					
Accrued Wages and Benefits	\$ -	\$ -	\$ 977	\$ -	\$ 977
Due to Other Funds	225,000	-	973	-	225,973
Advances from Other Funds	-	-	235,000	-	235,000
Accrued Interest Payable	-	3,325	21,948	-	25,273
Notes Payable	-	525,000	3,465,500	-	3,990,500
Total Liabilities	225,000	528,325	3,724,398	-	4,477,723
Fund Balances					
Unreserved, Undesignated	(75,756)	(373,003)	(3,335,345)	2,875,063	(909,041)
Total Fund Balances	(75,756)	(373,003)	(3,335,345)	2,875,063	(909,041)
Total Liabilities and Fund Balances	\$149,244	\$155,322	\$389,053	\$2,875,063	\$3,568,682

Butler County, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2004

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Taxes	\$ 9,599,584	\$ -	\$ 9,599,584
Charges for Services	25,815,633	-	25,815,633
Licenses and Permits	601,167	-	601,167
Fines and Forfeitures	293,507	-	293,507
Intergovernmental	58,405,307	233,000	58,638,307
Special Assessments	1,453,571	-	1,453,571
Payments in Lieu of Taxes	23,205	-	23,205
Interest	45,077	7,432	52,509
Other	363,594	25,556	389,150
Total Revenues	<u>96,600,645</u>	<u>265,988</u>	<u>96,866,633</u>
Expenditures			
Current:			
General Government			
Legislative and Executive	17,131,419	122,722	17,254,141
Judicial	1,655,367	-	1,655,367
Public Safety	7,585,659	-	7,585,659
Public Works	18,846,261	511,093	19,357,354
Health	20,849,607	-	20,849,607
Human Services	22,586,949	-	22,586,949
Capital Outlay	-	119,993	119,993
Debt Service:			
Principal Retirement	2,139,627	6,430,000	8,569,627
Interest and Fiscal Charges	69,357	166,644	236,001
Total Expenditures	<u>90,864,246</u>	<u>7,350,452</u>	<u>98,214,698</u>
Excess of Revenues Over (Under) Expenditures	<u>5,736,399</u>	<u>(7,084,464)</u>	<u>(1,348,065)</u>
Other Financing Sources (Uses)			
Premium on Debt Issued	12,117	42,439	54,556
Proceeds of Notes	2,150,000	6,795,000	8,945,000
Proceeds of Loans	505,208	-	505,208
Transfers - In	180,712	156,206	336,918
Transfers - Out	(275,923)	-	(275,923)
Total Other Financing Sources (Uses)	<u>2,572,114</u>	<u>6,993,645</u>	<u>9,565,759</u>
Net Change in Fund Balance	8,308,513	(90,819)	8,217,694
Fund Balances (Deficit) Beginning of Year	<u>23,254,029</u>	<u>(818,222)</u>	<u>22,435,807</u>
Fund Balances (Deficit) End of Year	<u>\$ 31,562,542</u>	<u>\$ (909,041)</u>	<u>\$ 30,653,501</u>

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Butler County, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004

	Real Estate Assessment	All Other Legislative and Executive	All Other Judicial	All Other Public Safety
Revenues				
Taxes	\$ -	\$ 127,763	\$ -	\$ -
Charges for Services	3,030,150	3,367,189	1,471,873	1,126,324
Licenses and Permits	-	-	-	95,770
Fines and Forfeitures	-	-	29,718	4,532
Intergovernmental	-	14,380	-	7,382,150
Special Assessments	-	171,658	-	-
Payment in Lieu of Taxes	-	434	-	-
Interest	-	9,600	-	-
Other	440	-	-	3,746
Total Revenues	3,030,590	3,691,024	1,501,591	8,612,522
Expenditures				
Current:				
General Government				
Legislative and Executive	2,679,363	3,195,201	-	-
Judicial	-	-	1,655,367	-
Public Safety	-	-	-	7,585,659
Public Works	-	-	-	-
Health	-	-	-	-
Human Services	-	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	2,679,363	3,195,201	1,655,367	7,585,659
Excess of Revenues Over (Under) Expenditures	351,227	495,823	(153,776)	1,026,863
Other Financing Sources (Uses)				
Premium on Debt Issued	-	-	-	-
Proceeds of Notes	-	-	-	-
Proceeds of Loans	-	-	-	-
Transfers - In	-	-	114,411	11,110
Transfers - Out	-	(114,411)	-	-
Total Other Financing Sources (Uses)	-	(114,411)	114,411	11,110
Net Change in Fund Balance	351,227	381,412	(39,365)	1,037,973
Fund Balances Beginning of Year	486,606	1,735,043	2,298,543	1,680,990
Fund Balances End of Year	\$ 837,833	\$ 2,116,455	\$ 2,259,178	\$ 2,718,963

<u>Child Support Enforcement</u>	<u>Motor Vehicle</u>	<u>All Other Public Works</u>	<u>Alcohol and Drug Addiction</u>
\$ -	\$ -	\$ -	\$ -
1,027,246	2,989,230	141,548	91,400
-	-	-	-
-	237,848	-	-
5,194,361	12,786,599	3,351,224	5,452,726
-	-	1,281,913	-
-	-	-	-
-	-	35,477	-
957	232,058	39,485	53,800
<u>6,222,564</u>	<u>16,245,735</u>	<u>4,849,647</u>	<u>5,597,926</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	14,236,219	4,610,042	-
-	-	-	5,431,174
6,210,588	-	-	-
-	80,110	2,030,000	-
-	31,611	30,281	-
<u>6,210,588</u>	<u>14,347,940</u>	<u>6,670,323</u>	<u>5,431,174</u>
<u>11,976</u>	<u>1,897,795</u>	<u>(1,820,676)</u>	<u>166,752</u>
-	-	12,117	-
-	-	2,150,000	-
-	505,208	-	-
-	-	-	-
-	(161,512)	-	-
-	343,696	2,162,117	-
11,976	2,241,491	341,441	166,752
441,317	9,623,982	2,776,083	1,479,220
<u>\$ 453,293</u>	<u>\$ 11,865,473</u>	<u>\$ 3,117,524</u>	<u>\$ 1,645,972</u>

(Continued)

Butler County, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004 (Continued)

	Mental Health	All Other Health	County Care Facility	Elderly Services Levy
Revenues				
Taxes	\$ 1,944,205	\$ -	\$ -	\$ 7,527,616
Charges for Services	360,105	289	918,746	-
Licenses and Permits	-	505,397	-	-
Fines and Forfeitures	-	21,409	-	-
Intergovernmental	16,520,590	-	6,133,112	816,817
Special Assessments	-	-	-	-
Payment in Lieu of Taxes	4,091	-	-	18,680
Interest	-	-	-	-
Other	15,206	28	17,274	-
Total Revenues	<u>18,844,197</u>	<u>527,123</u>	<u>7,069,132</u>	<u>8,363,113</u>
Expenditures				
Current:				
General Government				
Legislative and Executive	-	-	-	-
Judicial	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Health	14,996,408	422,025	-	-
Human Services	-	-	7,166,827	8,438,502
Debt Service:				
Principal Retirement	-	-	29,517	-
Interest and Fiscal Charges	-	-	7,465	-
Total Expenditures	<u>14,996,408</u>	<u>422,025</u>	<u>7,203,809</u>	<u>8,438,502</u>
Excess of Revenues Over (Under) Expenditures	<u>3,847,789</u>	<u>105,098</u>	<u>(134,677)</u>	<u>(75,389)</u>
Other Financing Sources (Uses)				
Premium on Debt Issued	-	-	-	-
Proceeds of Notes	-	-	-	-
Proceeds of Loans	-	-	-	-
Transfers - In	-	-	-	-
Transfers - Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>3,847,789</u>	<u>105,098</u>	<u>(134,677)</u>	<u>(75,389)</u>
Fund Balances Beginning of Year	<u>2,033,742</u>	<u>(73,322)</u>	<u>470,544</u>	<u>312,250</u>
Fund Balances (Deficit) End of Year	<u>\$ 5,881,531</u>	<u>\$ 31,776</u>	<u>\$ 335,867</u>	<u>\$ 236,861</u>

Health Insurance	All Other Human Services	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ 9,599,584
11,291,533	-	25,815,633
-	-	601,167
-	-	293,507
-	753,348	58,405,307
-	-	1,453,571
-	-	23,205
-	-	45,077
-	600	363,594
<u>11,291,533</u>	<u>753,948</u>	<u>96,600,645</u>
11,256,855	-	17,131,419
-	-	1,655,367
-	-	7,585,659
-	-	18,846,261
-	-	20,849,607
-	771,032	22,586,949
-	-	2,139,627
-	-	69,357
<u>11,256,855</u>	<u>771,032</u>	<u>90,864,246</u>
<u>34,678</u>	<u>(17,084)</u>	<u>5,736,399</u>
-	-	12,117
-	-	2,150,000
-	-	505,208
-	55,191	180,712
-	-	(275,923)
-	<u>55,191</u>	<u>2,572,114</u>
34,678	38,107	8,308,513
7,133	(18,102)	23,254,029
<u>\$ 41,811</u>	<u>\$ 20,005</u>	<u>\$ 31,562,542</u>

Butler County, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2004

	Capital Improvement	Stormwater Management Study	Technology	Other Capital Improvements	Total Nonmajor Capital Projects Funds
Revenues					
Intergovernmental	\$ -	\$ -	\$ -	\$ 233,000	\$ 233,000
Interest	-	2,793	1,128	3,511	7,432
Other	-	-	25,556	-	25,556
Total Revenues	-	2,793	26,684	236,511	265,988
Expenditures					
Current:					
General Government					
Legislative and Executive	3,200	80,197	39,325	-	122,722
Public Works	-	-	-	511,093	511,093
Capital Outlay	12,467	-	107,526	-	119,993
Debt Service					
Principal Retirement	-	-	3,630,000	2,800,000	6,430,000
Interest and Fiscal Charges	-	9,611	110,368	46,665	166,644
Total Expenditures	15,667	89,808	3,887,219	3,357,758	7,350,452
Excess of Revenues (Under) Expenditures	(15,667)	(87,015)	(3,860,535)	(3,121,247)	(7,084,464)
Other Financing Sources (Uses)					
Premium from Debt Issued	-	-	24,887	17,552	42,439
Proceeds of Notes	-	-	3,630,000	3,165,000	6,795,000
Transfers In	5,000	-	151,206	-	156,206
Total Other Financing Sources (Uses)	5,000	-	3,806,093	3,182,552	6,993,645
Net Change in Fund Balance	(10,667)	(87,015)	(54,442)	61,305	(90,819)
Fund Balances (Deficit) at Beginning of Year	(65,089)	(285,988)	(3,280,903)	2,813,758	(818,222)
Fund Balances (Deficit) End of Year	\$ (75,756)	\$ (373,003)	\$ (3,335,345)	\$ 2,875,063	\$ (909,041)

INTERNAL SERVICE FUNDS

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

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

Employee Health Insurance – To account for advances received from governmental and proprietary funds and regional governmental agencies to process outstanding 2003 claims payable liabilities.

Butler County, Ohio
Combining Statement of Fund Net Assets
Internal Service Funds
December 31, 2004

	Worker's Compensation	Employee Health Insurance	Total
Assets			
Current Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 1,780,432	\$ 173,912	\$ 1,954,344
Cash and Cash Equivalents with Fiscal Agent	-	87,060	87,060
Receivables:			
Accounts	31,278	-	31,278
Due from Other Funds	904,475	-	904,475
Total Current Assets	2,716,185	260,972	2,977,157
Noncurrent Assets			
Advances to Other Funds	2,606	-	2,606
Total Noncurrent Assets	2,606	-	2,606
Total Assets	2,718,791	260,972	2,979,763
Liabilities			
Accrued Wages and Benefits	7,456	-	7,456
Due to Other Governments	561,264	-	561,264
Claims Payable	2,919,316	-	2,919,316
Compensated Absences Payable	7,008	-	7,008
Total Current Liabilities	3,495,044	0	3,495,044
Long-Term Liabilities:			
Advances from Other Funds	-	1,630,697	1,630,697
Compensated Absences Payable	11,793	-	11,793
Total Long-Term Liabilities	11,793	1,630,697	1,642,490
Total Liabilities	3,506,837	1,630,697	5,137,534
Net Assets			
Unrestricted (Deficit)	(788,046)	(1,369,725)	(2,157,771)
Total Net Assets (Deficit)	\$ (788,046)	\$ (1,369,725)	\$ (2,157,771)

Butler County, Ohio
Combining Statement of Revenues,
Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended December 31, 2004

	Worker's Compensation	Employee Health Insurance	Total
Operating Revenues			
Charges for Services	\$ 929,749	\$ 172,102	\$ 1,101,851
Other Operating Revenues	653	292,174	292,827
Total Operating Revenues	930,402	464,276	1,394,678
Operating Expenses			
Personal Services	285,845	-	285,845
Contractual Services	637,157	-	637,157
Claims and Judgments	648,429	246,012	894,441
Other Operating Expenses	2,332	-	2,332
Total Operating Expenses	1,573,763	246,012	1,819,775
Operating (Loss)	(643,361)	218,264	(425,097)
Non-Operating Revenues			
Other Non-Operating Revenues	-	37,552	37,552
Total Non-Operating Revenues (Expenses)	-	37,552	37,552
Change in Net Assets	(643,361)	255,816	(387,545)
Net Assets Beginning of Year	(144,685)	(1,625,541)	(1,770,226)
Net Assets End of Year	\$ (788,046)	\$ (1,369,725)	\$ (2,157,771)

Butler County
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2004

	Worker's Compensation	Employee Health Insurance	Totals
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>			
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Interfund Services Provided	\$861,976	\$172,102	\$1,034,078
Cash Paid to Suppliers	(490,142)	-	(490,142)
Cash Paid to Employees	(282,760)	(1,590)	(284,350)
Other Operating Revenues	653	334,842	335,495
Other Non-Operating Revenues	-	37,552	37,552
Cash Paid for Claims	(456,294)	(1,453,128)	(1,909,422)
Net Cash Used for Operating Activities	(366,567)	(910,222)	(1,276,789)
<u>Cash Flows from Noncapital Financing Activities:</u>			
Short-Term Advances to Other Funds	(2,606)	-	(2,606)
Short-Term Advances from Other Funds	-	1,058,595	1,058,595
Net Cash Provided by (Used for) Noncapital Financing Activities	(2,606)	1,058,595	1,055,989
Net Increase (Decrease) in Cash and Cash Equivalents	(369,173)	148,373	(220,800)
Cash and Cash Equivalents at Beginning of Year	2,149,605	112,599	2,262,204
Cash and Cash Equivalents at End of Year	\$ 1,780,432	\$ 260,972	\$ 2,041,404
Reconciliation of Operating Income (Loss)			
<u>Cash Used for Operating Activities:</u>			
Operating Income (Loss)	\$ (643,361)	\$ 218,264	\$ (425,097)
Adjustments to Reconcile Operating Income (Loss) to Net Cash			
<u>Provided by (Used for) Operating Activities:</u>			
Other Non-Operating Revenues	-	37,552	37,552
<u>Changes in Assets and Liabilities:</u>			
(Increase) Decrease in Accounts Receivable	(3,348)	42,668	39,320
Increase in Due from Other Funds	(64,425)	-	(64,425)
Increase in Interfund Receivable	-	(1,028)	(1,028)
Decrease in Prepaid Items	-	4,000	4,000
Decrease in Accrued Wages and Benefits	(3,764)	(7,370)	(11,134)
Decrease in Accounts Payable	(4,902)	-	(4,902)
Decrease in Contracts Payable	-	(49)	(49)
Increase in Compensated Absences Payable	6,849	-	6,849
Increase in Due to Other Governments	154,249	-	154,249
Increase (Decrease) in Claims Payable	192,135	(1,204,259)	(1,012,124)
Total Adjustments	276,794	(1,128,486)	(851,692)
Net Cash Used for Operating Activities	\$ (366,567)	\$ (910,222)	\$ (1,276,789)

AGENCY FUNDS

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

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

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

Butler County, Ohio
Combining Statement of Assets and Liabilities
Agency Funds
December 31, 2004

	Undivided Tax	All Other Agency	Total
Assets			
Equity Pooled in Cash and Cash Equivalents	\$ 17,554,332	\$ 8,336,699	\$ 25,891,031
Cash and Cash Equivalents in Segregated Accounts	5,705	3,586,610	3,592,315
Investments in Segregated Accounts	-	745,025	745,025
Due from Other Funds	-	-	-
Taxes Receivable	308,764,011	-	308,764,011
Special Assessments Receivable	22,057,171	1,090	22,058,261
Due from Other Funds	-	-	-
Due from Other Governments	15,392,249	305,580	15,697,829
Total Assets	\$ 363,773,468	\$ 12,975,004	\$ 376,748,472
Liabilities			
Undistributed Monies	\$ -	\$ 4,010,863	\$ 4,010,863
Deposits Held and Due to Others	-	8,748,143	8,748,143
Due to Other Funds	-	-	-
Due to Other Governments	363,773,468	98,453	363,871,921
Loans Payable	-	117,545	117,545
Total Liabilities	\$ 363,773,468	\$ 12,975,004	\$ 376,748,472

Butler County, Ohio
 Combining Statement of Changes in Assets and Liabilities
 All Agency Funds
 For the Year Ended December 31, 2004

	Beginning Balance 01/01/04	Additions	Deductions	Ending Balance 12/31/04
Undivided Tax Funds				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 13,895,144	\$ 686,330,104	\$ 682,670,916	\$ 17,554,332
Cash and Cash Equivalents in Segregated Accounts	7,639	5,705	7,639	5,705
Due from Other Funds	-	13,344	13,344	-
Taxes Receivable	292,802,509	308,764,011	292,802,509	308,764,011
Special Assessments Receivable	21,314,306	22,057,171	21,314,306	22,057,171
Due from Other Governments	15,539,839	15,392,249	15,539,839	15,392,249
Total Assets	\$ 343,559,437	\$ 1,032,562,584	\$ 1,012,348,553	\$ 363,773,468
Liabilities				
Due to Other Governments	\$ 343,559,437	\$ 1,032,549,240	\$ 1,012,335,209	\$ 363,773,468
Total Liabilities	\$ 343,559,437	\$ 1,032,549,240	\$ 1,012,335,209	\$ 363,773,468
All Other Agency Funds				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 6,782,603	\$ 100,086,305	\$ 98,532,209	\$ 8,336,699
Cash and Cash Equivalents in Segregated Accounts	3,205,924	87,190,071	86,809,385	3,586,610
Investments in Segregated Accounts	400,000	745,025	400,000	745,025
Special Assessments Receivable	1,450	1,090	1,450	1,090
Due from Other Governments	309,316	611,612	615,348	305,580
Total Assets	\$ 10,699,293	\$ 188,634,103	\$ 186,358,392	\$ 12,975,004
Liabilities				
Undistributed Monies	\$ 3,259,608	\$ 32,277,250	\$ 31,525,995	\$ 4,010,863
Deposits Held and Due to Others	7,204,555	109,555,637	108,012,049	8,748,143
Due to Other Governments	117,585	13,921,024	13,940,156	98,453
Loans Payable	117,545	-	-	117,545
Total Liabilities	\$ 10,699,293	\$ 155,753,911	\$ 153,478,200	\$ 12,975,004

(Continued)

Butler County, Ohio
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended December 31, 2004 (Continued)

	Beginning Balance 01/01/04	Additions	Deductions	Ending Balance 12/31/04
Total - All Funds				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 20,677,747	\$ 786,416,409	\$ 781,203,125	\$ 25,891,031
Cash and Cash Equivalents in Segregated Accounts	3,213,563	87,195,776	86,817,024	3,592,315
Investments in Segregated Accounts	400,000	745,025	400,000	745,025
Taxes Receivable	292,802,509	308,764,011	292,802,509	308,764,011
Special Assessments Receivable	21,315,756	22,058,261	21,315,756	22,058,261
Due from Other Governments	15,849,155	16,003,861	16,155,187	15,697,829
Total Assets	\$ 354,258,730	\$ 1,221,183,343	\$ 1,198,693,601	\$ 376,748,472
Liabilities				
Undistributed Monies	\$ 3,259,608	\$ 32,277,250	\$ 31,525,995	\$ 4,010,863
Deposits Held and Due to Others	7,204,555	109,555,637	108,012,049	8,748,143
Due to Other Governments	343,677,022	1,046,470,264	1,026,275,365	363,871,921
Loans Payable	117,545	-	-	117,545
Total Liabilities	\$ 354,258,730	\$ 1,188,303,151	\$ 1,165,813,409	\$ 376,748,472

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

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
General Fund
Budget Basis
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Taxes	\$ 12,825,646	\$ 30,361,555	\$ 30,493,063	\$ 131,508
Charges for Services	23,440,200	28,165,042	28,898,134	733,092
Licenses and Permits	25,160	25,160	24,317	(843)
Fines and Forfeitures	1,186,000	1,310,454	1,315,056	4,602
Intergovernmental	26,472,066	7,752,298	7,858,851	106,553
Interest	3,011,910	2,843,910	2,844,420	510
Payment in Lieu of Taxes	-	27,798	27,798	-
Other	4,615,441	481,018	489,141	8,123
Total Revenues	71,576,423	70,967,235	71,950,780	983,545
Expenditures:				
Current:				
General Government :				
Legislative and Executive				
Information Services				
Personal Services	1,337,211	1,385,942	1,377,784	8,158
Materials and Supplies	32,000	32,837	32,835	2
Contractual Services	116,164	109,164	109,159	5
Total Information Services	1,485,375	1,527,943	1,519,778	8,165
Audit Services				
Contractual Services	140,000	147,000	140,000	7,000
Total Audit Services	140,000	147,000	140,000	7,000
Auditor				
Personal Services	1,331,429	1,331,185	1,309,951	21,234
Materials and Supplies	34,476	37,976	36,888	1,088
Contractual Services	120,733	134,233	124,048	10,185
Other	24,952	21,952	20,769	1,183
Total Auditor	1,511,590	1,525,346	1,491,656	33,690
Commissioners				
Personal Services	938,582	931,582	807,360	124,222
Materials and Supplies	32,199	32,199	25,943	6,256
Contractual Services	120,575	124,575	98,276	26,299
Other	47,169	50,169	47,952	2,217
Total Commissioners	1,138,525	1,138,525	979,531	158,994
Department of Development				
Personal Services	1,371,917	1,350,656	1,339,501	11,155
Materials and Supplies	18,596	21,496	20,968	528
Contractual Services	121,550	186,050	175,699	10,351
Other	23,686	24,786	24,437	349
Total Department of Development	1,535,749	1,582,988	1,560,605	22,383

(continued)

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
General Fund (continued)
Budget Basis
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Mailroom				
Personal Services	\$ 85,967	\$ 86,797	\$ 86,011	\$ 786
Materials and Supplies	570,400	769,700	750,160	19,540
Other	597	467	326	141
Total Mailroom	656,964	856,964	836,497	20,467
Maintenance				
Personal Services	274,561	293,531	290,012	3,519
Materials and Supplies	45,719	45,719	45,347	372
Contractual Services	2,816,031	3,141,428	3,003,221	138,207
Other	201,404	171,404	168,003	3,401
Total Maintenance	3,337,715	3,652,082	3,506,583	145,499
Records Center				
Personal Services	325,623	347,993	336,745	11,248
Materials and Supplies	23,154	24,254	23,560	694
Contractual Services	51,710	40,283	34,963	5,320
Other	4,490	3,590	2,905	685
Total Records Center	404,977	416,120	398,173	17,947
Insurance, Pension and Taxes				
Personal Services	95,000	95,000	35,078	59,922
Contractual Services	755,000	755,000	751,333	3,667
Other	256,000	256,000	170,577	85,423
Total Insurance, Pension and Taxes	1,106,000	1,106,000	956,988	149,012
Commissioners-Other				
Contractual Services	533,092	514,092	475,480	38,612
Other	1,000,640	1,030,670	926,465	104,205
Total Commissioners-Other	1,533,732	1,544,762	1,401,945	142,817
Economic Development				
Personal Services	-	108,581	101,051	7,530
Materials and Supplies	-	2,350	2,195	155
Contractual Services	-	2,500	-	2,500
Other	-	9,250	6,798	2,452
Total Economic Development	-	122,681	110,044	12,637
Board of Elections				
Personal Services	1,110,903	1,311,303	1,270,882	40,421
Materials and Supplies	154,392	362,992	361,851	1,141
Contractual Services	322,376	480,976	475,332	5,644
Total Board of Elections	1,587,671	2,155,271	2,108,065	47,206
Prosecuting Attorney				
Personal Services	3,192,172	3,167,525	3,143,348	24,177
Materials and Supplies	32,894	44,619	43,401	1,218
Contractual Services	70,324	98,246	97,513	733
Other	86,501	91,501	90,761	740
Total Prosecuting Attorney	3,381,891	3,401,891	3,375,023	26,868

(continued)

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
General Fund (continued)
Budget Basis
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
CSEA Prosecutor				
Personal Services	\$ 204,437	\$ 207,405	\$ 206,880	\$ 525
Materials and Supplies	3,934	6,479	6,397	82
Contractual Services	25,500	20,089	13,874	6,215
Other	5,500	5,500	4,884	616
Total CSEA Prosecutor	239,371	239,473	232,035	7,438
Prosecutor Gun Control				
Personal Services	63,017	64,464	64,271	193
Total Prosecutor Gun Control	63,017	64,464	64,271	193
Recorder				
Personal Services	810,971	812,197	804,041	8,156
Materials and Supplies	9,000	9,000	8,718	282
Contractual Services	3,097,056	3,097,807	2,855,089	242,718
Other	7,500	7,500	7,289	211
Total Recorder	3,924,527	3,926,504	3,675,137	251,367
Treasurer				
Personal Services	960,114	983,114	971,685	11,429
Materials and Supplies	29,007	29,007	28,872	135
Contractual Services	63,193	82,179	72,103	10,076
Other	146,753	123,753	122,068	1,685
Total Treasurer	1,199,067	1,218,053	1,194,728	23,325
Total General Government:				
Legislative and Executive	23,246,171	24,626,067	23,551,059	1,075,008
General Government:				
Judicial				
Area Courts				
Personal Services	1,056,814	1,059,914	1,037,934	21,980
Materials and Supplies	19,889	22,089	19,313	2,776
Contractual Services	66,134	63,699	42,716	20,983
Other	14,521	14,756	14,191	565
Total Area Courts	1,157,358	1,160,458	1,114,154	46,304
Clerk of Courts				
Personal Services	1,144,177	1,144,177	1,119,680	24,497
Materials and Supplies	40,874	40,874	40,864	10
Contractual Services	17,730	17,730	17,721	9
Other	600	600	597	3
Total Clerk of Courts	1,203,381	1,203,381	1,178,862	24,519
Asbestos Litigation				
Personal Services	-	236	236	-
Total Asbestos Litigation	-	236	236	-

(continued)

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
General Fund (continued)
Budget Basis
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Common Pleas Court				
Personal Services	\$ 1,398,170	\$ 1,394,270	\$ 1,366,863	\$ 27,407
Materials and Supplies	18,479	18,479	17,923	556
Contractual Services	1,063,237	1,295,387	1,218,350	77,037
Other	25,887	22,887	22,887	-
Total Common Pleas Court	2,505,773	2,731,023	2,626,023	105,000
Court Services				
Personal Services	404,770	424,770	415,037	9,733
Materials and Supplies	1,336	1,336	1,071	265
Contractual Services	123,700	126,700	126,680	20
Other	5,000	2,000	1,983	17
Total Court Services	534,806	554,806	544,771	10,035
Domestic Relations Court				
Personal Services	1,596,438	1,586,542	1,551,251	35,291
Materials and Supplies	22,724	22,724	22,647	77
Contractual Services	57,725	84,690	79,462	5,228
Other	35,127	28,162	21,576	6,586
Total Domestic Relations Court	1,712,014	1,722,118	1,674,936	47,182
Parenting Education				
Contractual Services	36,936	39,436	37,962	1,474
Other	7,000	7,000	-	7,000
Total Parenting Education	43,936	46,436	37,962	8,474
Juvenile Court				
Personal Services	2,363,274	2,345,506	2,294,506	51,000
Materials and Supplies	82,480	95,980	85,337	10,643
Contractual Services	1,158,065	1,260,664	1,248,269	12,395
Capital Outlay	21,600	21,269	21,269	-
Other	14,506	16,506	16,486	20
Total Juvenile Court	3,639,925	3,739,925	3,665,867	74,058
Probate Court				
Personal Services	731,924	731,924	731,081	843
Materials and Supplies	29,581	33,081	32,901	180
Contractual Services	28,500	32,800	31,816	984
Other	3,650	3,650	3,650	-
Total Probate Court	793,655	801,455	799,448	2,007
Court of Appeals				
Personal Services	229,665	215,116	209,208	5,908
Materials and Supplies	22,468	25,468	21,360	4,108
Contractual Services	461,772	458,772	439,977	18,795
Other	18,772	18,772	9,779	8,993
Total Court of Appeals	732,677	718,128	680,324	37,804

(continued)

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
General Fund (continued)
Budget Basis
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Municipal Courts				
Personal Services	\$ 343,997	\$ 343,997	\$ 325,470	\$ 18,527
Contractual Services	334,500	373,000	363,085	9,915
Other	7,500	4,000	-	4,000
Total Municipal Courts	685,997	720,997	688,555	32,442
Total General Government:				
Judicial	13,009,522	13,398,963	13,011,138	387,825
Public Safety				
Adult Probation				
Personal Services	1,634,648	1,614,759	1,602,966	11,793
Materials and Supplies	113,500	113,576	113,576	-
Contractual Services	45,690	49,490	49,211	279
Other	8,000	4,200	2,660	1,540
Total Adult Probation	1,801,838	1,782,025	1,768,413	13,612
Butler Clermont Warren Corrections Facility				
Personal Services	-	224	224	-
Total BCW Corrections Facility	-	224	224	-
Criminal Justice Board				
Personal Services	47,331	48,148	47,927	221
Materials and Supplies	200	200	-	200
Contractual Services	1,100	283	77	206
Other	500	500	-	500
Total Criminal Justice Board	49,131	49,131	48,004	1,127
Coroner				
Personal Services	511,220	516,436	516,306	130
Materials and Supplies	6,840	6,840	6,207	633
Contractual Services	6,000	9,912	7,024	2,888
Other	231,125	225,764	218,738	7,026
Total Coroner	755,185	758,952	748,275	10,677
Juvenile Facilities				
Personal Services	1,715,869	1,728,259	1,696,710	31,549
Materials and Supplies	152,770	143,271	137,445	5,826
Contractual Services	75,805	75,805	60,516	15,289
Capital Outlay	24,000	21,110	21,110	
Other	36,063	36,063	36,006	57
Total Juvenile Facilities	2,004,507	2,004,508	1,951,787	52,721
Sheriffs Academy				
Materials and Supplies	4,013	4,013	3,864	149
Contractual Services	10,787	10,787	10,333	454
Other	14,200	14,200	14,055	145
Total Sheriffs Academy	29,000	29,000	28,252	748

(continued)

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
General Fund (continued)
Budget Basis
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Sheriffs Resolutions				
Personal Services	\$ 1,868,996	\$ 1,881,592	\$ 1,879,859	\$ 1,733
Contractual Services	4,256,561	4,248,561	4,248,134	427
Other	4,178	4,178	4,108	70
Total Sheriffs Resolutions	6,129,735	6,134,331	6,132,101	2,230
Sheriff				
Personal Services	14,893,740	15,423,806	15,416,921	6,885
Materials and Supplies	310,727	291,427	290,950	477
Contractual Services	575,570	550,588	547,824	2,764
Other	288,995	251,295	250,946	349
Total Sheriff	16,069,032	16,517,116	16,506,641	10,475
Paramedics				
Personal Services	533,099	522,238	521,828	410
Materials and Supplies	10,285	10,285	7,629	2,656
Contractual Services	641,326	825,261	825,261	-
Total Paramedics	1,184,710	1,357,784	1,354,718	3,066
Total Public Safety	28,023,138	28,633,071	28,538,415	94,656
Public Works				
Solid Waste Landfill				
Contractual Services	53,075	53,075	17,692	35,383
Total Solid Waste Landfill	53,075	53,075	17,692	35,383
Engineers-Plat Room				
Personal Services	170,452	172,966	172,899	67
Total Engineers-Plat Room	170,452	172,966	172,899	67
Total Public Works	223,527	226,041	190,591	35,450
Health				
Other-Health				
Contractual Service	385,604	723,086	723,086	-
Other	11,000	11,000	-	11,000
Total Other-Health	396,604	734,086	723,086	11,000
Registration Vital Statistics				
Other	6,590	6,590	6,338	252
Total Registration Vital Statistics	6,590	6,590	6,338	252
Total Health	403,194	740,676	729,424	11,252
Human Services				
Veterans Memorial				
Contractual Services	15,000	15,000	14,340	660
Other	5,000	7,000	6,924	76
Total Veterans Memorial	20,000	22,000	21,264	736

(continued)

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
General Fund (continued)
Budget Basis
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Veterans Services				
Personal Services	\$ 570,099	\$ 554,188	\$ 554,112	\$ 76
Materials and Supplies	6,000	6,533	6,533	-
Contractual Services	36,000	46,048	45,991	57
Other	365,000	647,830	647,830	-
Total Veterans Services	977,099	1,254,599	1,254,466	133
Total Human Services	997,099	1,276,599	1,275,730	869
Conservation and Recreation				
Agricultural				
Contractual Services	3,000	3,000	2,824	176
Other	446,000	446,000	445,904	96
Total Agricultural	449,000	449,000	448,728	272
Historical Society				
Other	29,100	29,100	29,100	-
Total Historical Society	29,100	29,100	29,100	-
Emergency Management				
Other	53,000	53,000	-	53,000
Total Emergency Management	53,000	53,000	-	53,000
Total Conservation and Recreation	531,100	531,100	477,828	53,272
Other				
Contingency				
Other	646,000	279,500	-	279,500
Total Agricultural	646,000	279,500	-	279,500
Total Other	646,000	279,500	-	279,500
Debt Service:				
Principal Retirement	3,275,000	9,235,000	9,232,840	2,160
Interest and Fiscal Charges	3,353,518	3,906,290	3,892,151	14,139
Total Commissioners-Other	6,628,518	13,141,290	13,124,991	16,299
Total Expenditures	73,708,269	82,853,307	80,899,176	1,954,131
Excess of Revenues Over (Under) Expenditures	(2,131,846)	(11,886,072)	(8,948,396)	2,937,676

(continued)

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
General Fund (continued)
Budget Basis
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Other Financing Sources (Uses):				
Other Financing Sources	\$ 2,225,000	\$ 1,729,000	\$ 1,735,860	\$ 6,860
Other Financing Uses	-	(27,561)	(27,561)	-
Proceeds of Bonds	-	6,947,000	6,945,000	(2,000)
Premium on Debt Issued	-	135,000	134,194	(806)
Accrued Interest on Debt Issued	-	4,000	4,274	274
Advances - In	-	106,188	106,188	-
Advances - Out	-	(1,830,000)	(465,000)	1,365,000
Transfers - In	100,000	100,000	114,411	14,411
Transfers - Out	(1,972,700)	(1,945,139)	(1,829,168)	115,971
Total Other Financing Sources (Uses)	<u>352,300</u>	<u>5,218,488</u>	<u>6,718,198</u>	<u>1,499,710</u>
Net Change in Fund Balance	(1,779,546)	(6,667,584)	(2,230,198)	4,437,386
Fund Balance at Beginning of Year	9,710,655	9,710,655	9,710,655	-
Prior Year Encumbrances Appropriated	387,688	387,688	387,688	-
Fund Balance at End of Year	<u>\$ 8,318,797</u>	<u>\$ 3,430,759</u>	<u>\$ 7,868,145</u>	<u>\$ 4,437,386</u>

See accompanying notes to the Basic Financial Statements.

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
Mental Retardation-Special Revenue Fund
Budget Basis
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Taxes	\$ 15,780,000	\$ 14,724,289	\$ 14,799,773	\$ 75,484
Charges for Services	840,000	395,896	405,579	9,683
Intergovernmental	11,955,000	11,342,846	11,937,318	594,472
Payment in Lieu of Taxes	-	34,335	34,335	-
Other	160,000	10,047	10,055	8
Total Revenues	28,735,000	26,507,413	27,187,060	679,647
Expenditures:				
Current:				
Health				
Mental Retardation				
Personal Services	16,568,000	16,181,999	15,554,405	627,594
Materials and Supplies	1,181,186	1,356,186	882,579	473,607
Contractual Services	8,385,149	8,545,149	7,256,564	1,288,585
Capital Outlay	733,989	519,989	199,182	320,807
Other	3,552,223	4,298,544	2,915,939	1,382,605
Total Expenditures	30,420,547	30,901,867	26,808,669	4,093,198
Excess of Revenues (Under) Expenditures	(1,685,547)	(4,394,454)	378,391	4,772,845
Other Financing Sources:				
Other Financing Sources	-	41,419	41,424	5
Transfers - In	2,000,000	-	-	-
Transfers - Out	(2,000,000)	-	-	-
Total Other Financing Sources	-	41,419	41,424	5
Net Change in Fund Balance	(1,685,547)	(4,353,035)	419,815	4,772,850
Fund Balance at Beginning of Year	6,309,853	6,309,853	6,309,853	-
Prior Year Encumbrances Appropriated	1,057,917	1,057,917	1,057,917	-
Fund Balance at End of Year	\$ 5,682,223	\$ 3,014,735	\$ 7,787,585	\$ 4,772,850

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
Job and Family Services-Special Revenue Fund
Budget Basis
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Intergovernmental	\$ 22,660,180	\$ 24,036,789	\$ 24,061,991	\$ 25,202
Other	2,007,120	1,120,583	1,167,108	46,525
Total Revenues	24,667,300	25,157,372	25,229,099	71,727
Expenditures:				
Current:				
Human Services				
Job and Family Services				
Personal Services	9,105,000	9,384,854	9,284,359	100,495
Materials and Supplies	271,573	512,044	451,764	60,280
Contractual Services	17,208,532	17,944,988	17,585,256	359,732
Capital Outlay	4,216	216	216	-
Other	951,402	1,822,985	1,765,798	57,187
Total Expenditures	27,540,723	29,665,087	29,087,393	577,694
Excess of Revenues (Under) Expenditures	(2,873,423)	(4,507,715)	(3,858,294)	649,421
Other Financing Sources:				
Other Financing Sources	40,000	92,184	92,184	-
Advances - Out	-	(131,862)	(131,862)	-
Transfers - In	1,402,700	1,373,316	1,373,316	-
Total Other Financing Sources	1,442,700	1,333,638	1,333,638	-
Net Change in Fund Balance	(1,430,723)	(3,174,077)	(2,524,656)	649,421
Fund Balance at Beginning of Year	2,239,916	2,239,916	2,239,916	-
Prior Year Encumbrances Appropriated	1,430,723	1,430,723	1,430,723	-
Fund Balance at End of Year	\$ 2,239,916	\$ 496,562	\$ 1,145,983	\$ 649,421

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
Children Services Board-Special Revenue Fund
Budget Basis
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Taxes	\$ 12,788,302	\$ 12,928,302	\$ 12,930,728	\$ 2,426
Intergovernmental	10,574,645	10,069,645	10,169,838	100,193
Payment in Lieu of Taxes	-	-	17,266	17,266
Other	9,180	9,180	4,914	(4,266)
Total Revenues	<u>23,372,127</u>	<u>23,007,127</u>	<u>23,122,746</u>	<u>115,619</u>
Expenditures:				
Current:				
Human Services				
Children Services Board				
Personal Services	8,108,583	8,208,583	8,039,264	169,319
Materials and Supplies	74,210	131,210	117,914	13,296
Contractual Services	13,004,327	12,946,510	11,504,071	1,442,439
Capital Outlay	100,000	68,000	57,944	10,056
Other	1,033,592	1,066,409	943,955	122,454
Total Expenditures	<u>22,320,712</u>	<u>22,420,712</u>	<u>20,663,148</u>	<u>1,757,564</u>
Excess of Revenues (Under) Expenditures	<u>1,051,415</u>	<u>586,415</u>	<u>2,459,598</u>	<u>1,873,183</u>
Other Financing Sources:				
Other Financing Sources	3,563	3,563	9,524	5,961
Advances - Out	-	(110,242)	(110,242)	-
Total Other Financing Sources	<u>3,563</u>	<u>(106,679)</u>	<u>(100,718)</u>	<u>5,961</u>
Net Change in Fund Balance	<u>1,054,978</u>	<u>479,736</u>	<u>2,358,880</u>	<u>1,879,144</u>
Fund Balance at Beginning of Year	1,894,406	1,894,406	1,894,406	-
Prior Year Encumbrances Appropriated	163,210	163,210	163,210	-
Fund Balance at End of Year	<u>\$ 3,112,594</u>	<u>\$ 2,537,352</u>	<u>\$ 4,416,496</u>	<u>\$ 1,879,144</u>

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
Bond Retirement-Debt Service Fund
Budget Basis
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Special Assessments	\$ 1,510,500	\$ 1,886,779	\$ 1,892,671	\$ 5,892
Interest	-	2,143	2,688	545
Other	-	56,839	56,839	-
Total Revenues	<u>1,510,500</u>	<u>1,945,761</u>	<u>1,952,198</u>	<u>6,437</u>
Expenditures:				
Debt Service:				
Principal Retirement	755,000	4,954,762	4,850,000	104,762
Interest and Fiscal Charges	649,465	1,152,632	1,006,333	146,299
Total Expenditures	<u>1,404,465</u>	<u>6,107,394</u>	<u>5,856,333</u>	<u>251,061</u>
Excess of Revenues Over (Under) Expenditures	<u>106,035</u>	<u>(4,161,633)</u>	<u>(3,904,135)</u>	<u>257,498</u>
Other Financing Sources (Uses):				
Other Financing Uses	-	(311,872)	(56,839)	255,033
Proceeds of Bonds	-	4,140,494	4,120,000	(20,494)
Premium on Debt Issued	-	237,872	237,872	-
Accrued Interest on Debt Issued	-	7,577	7,577	-
Transfers - Out	-	(114,651)	(94,700)	19,951
Total Other Financing Sources (Uses)	<u>-</u>	<u>3,959,420</u>	<u>4,213,910</u>	<u>254,490</u>
Net Change in Fund Balance	106,035	(202,213)	309,775	511,988
Fund Balance at Beginning of Year	1,119,728	1,119,728	1,119,728	-
Fund Balance at End of Year	<u>\$ 1,225,763</u>	<u>\$ 917,515</u>	<u>\$ 1,429,503</u>	<u>\$ 511,988</u>

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
Buildings Construction and Renovations-Capital Projects Fund
Budget Basis
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Intergovernmental	\$ -	\$ 73,032	\$ 73,032	\$ -
Interest	-	1,799	1,802	3
Total Revenues	-	74,831	74,834	3
Expenditures:				
Capital Outlay				
Buildings Construction and Renovations				
Contractual Services	65,658	344,076	302,846	41,230
Capital Outlay	40,000	40,000	943	39,057
Debt Service:				
Principal Retirement	7,236,500	7,236,500	7,236,500	-
Interest and Fiscal Charges	140,659	143,475	143,475	-
Total Expenditures	7,482,817	7,764,051	7,683,764	80,287
Excess of Revenues (Under) Expenditures	(7,482,817)	(7,689,220)	(7,608,930)	80,290
Other Financing Sources (Uses):				
Proceeds of Notes	6,987,350	7,294,501	7,294,500	(1)
Premium on Debt Issued	36,600	42,478	42,479	1
Transfers - In	340,600	118,936	118,934	(2)
Total Other Financing Sources (Uses)	7,364,550	7,455,915	7,455,913	(2)
Net Change in Fund Balance	(118,267)	(233,305)	(153,017)	80,288
Fund Balance at Beginning of Year	211,211	211,211	211,211	-
Prior Year Encumbrances Appropriated	30,658	30,658	30,658	-
Fund Balance at End of Year	\$ 123,602	\$ 8,564	\$ 88,852	\$ 80,288

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
Road Improvement -Capital Projects Fund
Budget Basis
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Intergovernmental	\$ 13,000	\$ 3,612,924	\$ 3,612,924	\$ -
Special Assessments	238,000	206,593	206,593	-
Interest	8,000	18,766	18,715	(51)
Other	62,188	21,885	21,885	-
Total Revenues	321,188	3,860,168	3,860,117	(51)
Expenditures:				
Capital Outlay				
Road Improvement				
Contractual Services	488,316	5,788,208	4,108,553	1,679,655
Other	-	364,638	364,638	-
Debt Service:				
Principal Retirement	17,800,000	20,000,000	20,000,000	-
Interest and Fiscal Charges	359,947	378,858	378,838	20
Total Expenditures	18,648,263	26,531,704	24,852,029	1,679,675
Excess of Revenues (Under) Expenditures	(18,327,075)	(22,671,536)	(20,991,912)	1,679,624
Other Financing Sources (Uses):				
Proceeds of Bonds	-	8,190,000	8,190,000	-
Proceeds of Notes	17,873,452	15,303,787	15,305,000	1,213
Advances - In	-	30,000	30,000	-
Advances - Out	(31,188)	(31,188)	(31,188)	-
Premium on Debt Issued	90,100	97,314	96,104	(1,210)
Transfers - In	164,800	256,162	256,212	50
Transfers - Out	(31,000)	-	-	-
Total Other Financing Sources (Uses)	18,066,164	23,846,075	23,846,128	53
Net Change in Fund Balance	(260,911)	1,174,539	2,854,216	1,679,677
Fund Balance at Beginning of Year	813,760	813,760	813,760	-
Prior Year Encumbrances Appropriated	27,316	27,316	27,316	-
Fund Balance at End of Year	\$ 580,165	\$ 2,015,615	\$ 3,695,292	\$ 1,679,677

Butler County, Ohio
Schedule of Revenues, Expenses, and
Changes in Fund Equity-Budget and Actual
Sewer -Enterprise Fund
Budget Basis
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Charges for Services	\$ 17,732,400	\$ 16,928,363	\$ 17,126,797	\$ 198,434
Special Assessments	156,000	44,041	45,916	1,875
Interest Income	99,000	70,080	70,080	-
Grants	-	1,116,154	1,116,154	-
Other Non-Operating Revenues	6,158,600	9,184,609	9,335,989	151,380
Other Operating Revenues	192,000	447,853	447,857	4
Premium on Debt Issued	-	246,147	246,147	-
Proceeds of Bonds	-	6,000,000	6,000,000	-
Proceeds of Notes	10,000,000	9,249,999	9,250,000	1
Total Revenues	34,338,000	43,287,246	43,638,940	351,694
Expenses:				
Personal Services	6,769,510	7,279,038	6,963,618	315,420
Contractual Services	22,100,292	18,895,905	16,767,229	2,128,676
Materials and Supplies	914,817	1,880,948	1,488,687	392,261
Other Operating Expenses	687,270	1,387,157	1,310,276	76,881
Capital Outlay	1,997,535	429,551	370,784	58,767
Debt Service:				
Principal Retirement	3,425,000	5,120,000	5,120,000	-
Interest and Fiscal Charges	3,075,000	3,168,000	3,130,264	37,736
Total Expenses	38,969,424	38,160,599	35,150,858	3,009,741
Excess of Revenues (Under) Expenses	(4,631,424)	5,126,647	8,488,082	3,361,435
Advances - Out	-	(78,294)	(78,293)	1
Transfers - In	2,400,000	-	-	-
Transfers - Out	(2,400,000)	(26,673)	-	26,673
Net Change in Fund Equity	(4,631,424)	5,021,680	8,409,789	3,388,109
Fund Equity at Beginning of Year	22,057,278	22,057,278	22,057,278	-
Prior Year Encumbrances Appropriated	2,707,669	2,707,669	2,707,669	-
Fund Equity at End of Year	\$ 20,133,523	\$ 29,786,627	\$ 33,174,736	\$ 3,388,109

Butler County, Ohio
Schedule of Revenues, Expenses, and
Changes in Fund Equity-Budget and Actual
Water -Enterprise Fund
Budget Basis
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Charges for Services	\$ 18,360,817	\$ 18,772,229	\$ 19,072,632	\$ 300,403
Special Assessments	150,000	192,731	190,036	(2,695)
Interest Income	52,500	11,375	11,375	-
Grants	-	268,482	268,482	-
Other Non-Operating Revenues	4,392,000	4,553,002	4,560,395	7,393
Other Operating Revenues	188,000	1,221,885	1,296,366	74,481
Premium on Debt Issued	-	52,259	52,259	-
Proceeds of Notes	7,000,000	8,400,000	8,400,000	-
Total Revenues	30,143,317	33,471,963	33,851,545	379,582
Expenses:				
Personal Services	4,341,930	4,506,962	4,409,899	97,063
Contractual Services	20,352,962	18,305,822	15,617,894	2,687,928
Materials and Supplies	581,114	689,409	560,946	128,463
Other Operating Expenses	551,790	867,521	748,551	118,970
Capital Outlay	230,923	194,634	176,393	18,241
Debt Service:				
Principal Retirement	1,510,000	6,338,775	6,338,775	-
Interest and Fiscal Charges	3,053,000	3,093,768	3,093,768	-
Total Expenses	30,621,719	33,996,891	30,946,226	3,050,665
Excess of Revenues Over (Under) Expenses	(478,402)	(524,928)	2,905,319	3,430,247
Advances - Out	-	(60,016)	(60,016)	-
Net Change in Fund Equity	(478,402)	(584,944)	2,845,303	3,430,247
Fund Equity at Beginning of Year	11,900,998	11,900,998	11,900,998	-
Prior Year Encumbrances Appropriated	1,585,725	1,585,725	1,585,725	-
Fund Equity at End of Year	\$ 13,008,321	\$ 12,901,779	\$ 16,332,026	\$ 3,430,247

Butler County, Ohio
Schedule of Revenues, Expenses, and
Changes in Fund Equity-Budget and Actual
GSC Parking Facility-Enterprise Fund
Budget Basis
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Charges for Services	\$ 160,000	\$ 159,142	\$ 160,876	\$ 1,734
Total Revenues	<u>160,000</u>	<u>159,142</u>	<u>160,876</u>	<u>1,734</u>
Expenses:				
Personal Services	57,190	59,507	59,477	30
Contractual Services	15,000	7,540	7,540	-
Materials and Supplies	5,059	2,259	2,259	-
Other Operating Expenses	5,000	93,650	93,627	23
Total Expenses	<u>82,249</u>	<u>162,956</u>	<u>162,903</u>	<u>53</u>
Excess of Revenues (Under) Expenses	77,751	(3,814)	(2,027)	1,787
Advances - Out	<u>-</u>	<u>(441)</u>	<u>(441)</u>	<u>-</u>
Net Change in Fund Equity	77,751	(4,255)	(2,468)	1,787
Fund Equity at Beginning of Year	4,196	4,196	4,196	-
Prior Year Encumbrances Appropriated	59	59	59	-
Fund Equity at End of Year	<u>\$ 82,006</u>	<u>\$ -</u>	<u>\$ 1,787</u>	<u>\$ 1,787</u>

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
Real Estate Assessment-Special Revenue Fund
Budget Basis
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Charges for Services	\$ 2,672,000	\$ 3,041,002	\$ 3,041,077	\$ 75
Other	-	423	440	17
Total Revenues	2,672,000	3,041,425	3,041,517	92
Expenditures:				
Current:				
General Government:				
Legislative and Executive				
Real Estate Assessment				
Personal Services	2,030,282	2,394,311	2,291,590	102,721
Materials and Supplies	84,981	137,871	132,971	4,900
Contractual Services	384,583	390,563	384,376	6,187
Capital Outlay	25,004	25,004	-	25,004
Other	15,434	15,434	15,250	184
Total Expenditures	2,540,284	2,963,183	2,824,187	138,996
Excess of Revenues Over (Under) Expenditures	131,716	78,242	217,330	139,088
Other Financing Sources:				
Other Financing Sources	120,000	3,483	3,566	83
Advances - Out	-	(28,658)	(28,658)	-
Total Other Financing Sources	120,000	(25,175)	(25,092)	83
Net Change in Fund Balance	251,716	53,067	192,238	139,171
Fund Balance at Beginning of Year	567,609	567,609	567,609	-
Prior Year Encumbrances Appropriated	95,502	95,502	95,502	-
Fund Balance at End of Year	\$ 914,827	\$ 716,178	\$ 855,349	\$ 139,171

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
All Other Legislative and Executive-Special Revenue Fund
Budget Basis
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Taxes	\$ 325,000	\$ 299,714	\$ 299,722	\$ 8
Charges for Services	2,890,000	3,282,650	3,294,210	11,560
Intergovernmental	-	14,380	14,380	-
Interest	40,000	10,896	10,897	1
Payment in Lieu of Taxes	-	434	434	-
Other	320,000	-	-	-
Total Revenues	<u>3,575,000</u>	<u>3,608,074</u>	<u>3,619,643</u>	<u>11,569</u>
Expenditures:				
Current:				
General Government:				
Legislative and Executive				
Other Legislative and Executive				
Personal Services	2,074,980	2,198,579	2,145,593	52,986
Materials and Supplies	98,726	146,753	124,089	22,664
Contractual Services	256,818	616,889	566,797	50,092
Capital Outlay	414,950	91,428	70,082	21,346
Other	358,213	374,815	348,237	26,578
Total Expenditures	<u>3,203,687</u>	<u>3,428,464</u>	<u>3,254,798</u>	<u>173,666</u>
Excess of Revenues Over (Under) Expenditures	<u>371,313</u>	<u>179,610</u>	<u>364,845</u>	<u>185,235</u>
Other Financing Sources (Uses):				
Other Financing Sources	-	995	995	-
Advances - Out	-	(36,721)	(36,721)	-
Transfers - Out	(90,411)	(114,411)	(114,411)	-
Total Other Financing Sources (Uses)	<u>(90,411)</u>	<u>(150,137)</u>	<u>(150,137)</u>	<u>-</u>
Net Change in Fund Balance	<u>280,902</u>	<u>29,473</u>	<u>214,708</u>	<u>185,235</u>
Fund Balance at Beginning of Year	1,793,106	1,793,106	1,793,106	-
Prior Year Encumbrances Appropriated	31,365	31,365	31,365	-
Fund Balance at End of Year	<u>\$ 2,105,373</u>	<u>\$ 1,853,944</u>	<u>\$ 2,039,179</u>	<u>\$ 185,235</u>

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
All Other Judicial-Special Revenue Fund
Budget Basis
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Charges for Services	\$ 1,195,200	\$ 1,451,425	\$ 1,469,516	\$ 18,091
Fines and Forfeitures	28,000	25,183	27,498	2,315
Total Revenues	<u>1,223,200</u>	<u>1,476,608</u>	<u>1,497,014</u>	<u>20,406</u>
Expenditures:				
Current:				
General Government:				
Judicial				
Other Judicial				
Personal Services	597,785	715,281	695,661	19,620
Materials and Supplies	91,453	573,274	415,143	158,131
Contractual Services	267,469	346,273	292,788	53,485
Capital Outlay	366,163	249,125	90,453	158,672
Other	137,079	553,579	496,459	57,120
Total Expenditures	<u>1,459,949</u>	<u>2,437,532</u>	<u>1,990,504</u>	<u>447,028</u>
Excess of Revenues Over (Under) Expenditures	<u>(236,749)</u>	<u>(960,924)</u>	<u>(493,490)</u>	<u>467,434</u>
Other Financing Sources:				
Advances - Out	-	(5,257)	(5,257)	-
Transfers - In	90,411	110,875	114,411	3,536
Total Other Financing Sources	<u>90,411</u>	<u>105,618</u>	<u>109,154</u>	<u>3,536</u>
Net Change in Fund Balance	(146,338)	(855,306)	(384,336)	470,970
Fund Balance at Beginning of Year	2,228,396	2,228,396	2,228,396	-
Prior Year Encumbrances Appropriated	11,553	11,553	11,553	-
Fund Balance at End of Year	<u>\$ 2,093,611</u>	<u>\$ 1,384,643</u>	<u>\$ 1,855,613</u>	<u>\$ 470,970</u>

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
All Other Public Safety-Special Revenue Fund
Budget Basis
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Charges for Services	\$ 944,000	\$ 1,097,612	\$ 1,108,337	\$ 10,725
Licenses and Permits	-	94,912	95,770	858
Fines and Forfeitures	25,000	4,163	4,519	356
Intergovernmental	6,162,907	6,487,253	6,487,255	2
Other	20,000	3,697	3,698	1
Total Revenues	7,151,907	7,687,637	7,699,579	11,942
Expenditures:				
Current:				
Public Safety				
Other Public Safety				
Personal Services	3,190,065	3,310,561	3,150,399	160,162
Materials and Supplies	1,096,001	1,158,695	1,038,202	120,493
Contractual Services	3,284,252	3,473,006	3,357,457	115,549
Capital outlay	202,032	113,544	46,754	66,790
Other	250,039	260,991	148,999	111,992
Total Expenditures	8,022,389	8,316,797	7,741,811	574,986
Excess of Revenues (Under) Expenditures	(870,482)	(629,160)	(42,232)	586,928
Other Financing Sources (Uses):				
Other Financing Sources	62,800	75,766	76,043	277
Advances - Out	-	(43,391)	(43,391)	-
Transfers - In	-	11,110	11,110	-
Total Other Financing Sources (Uses)	62,800	43,485	43,762	277
Net Change in Fund Balance	(807,682)	(585,675)	1,530	587,205
Fund Balance at Beginning of Year	1,880,316	1,880,316	1,880,316	-
Prior Year Encumbrances Appropriated	79,633	79,633	79,633	-
Fund Balance at End of Year	\$ 1,152,267	\$ 1,374,274	\$ 1,961,479	\$ 587,205

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
Child Support Enforcement-Special Revenue Fund
Budget Basis
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Charges for Services	\$ 980,000	\$ 1,026,177	\$ 1,027,385	\$ 1,208
Intergovernmental	5,962,000	4,761,212	4,759,547	(1,665)
Other	2,000	819	819	-
Total Revenues	6,944,000	5,788,208	5,787,751	(457)
Expenditures:				
Current:				
Human Services				
Child Support Enforcement				
Personal Services	4,379,000	4,305,000	4,296,187	8,813
Materials and Supplies	95,000	115,000	108,651	6,349
Contractual Services	2,172,000	1,846,515	1,715,969	130,546
Capital Outlay	20,000	-	-	-
Other	250,000	338,445	293,612	44,833
Total Expenditures	6,916,000	6,604,960	6,414,419	190,541
Excess of Revenues Over (Under) Expenditures	28,000	(816,752)	(626,668)	190,084
Other Financing Sources:				
Other Financing Sources	6,000	125,801	126,258	457
Advances - Out	-	(71,787)	(71,787)	-
Total Other Financing Sources	6,000	54,014	54,471	457
Net Change in Fund Balance	34,000	(762,738)	(572,197)	190,541
Fund Balance at Beginning of Year	762,738	762,738	762,738	-
Prior Year Encumbrances Appropriated	-	-	-	-
Fund Balance at End of Year	\$ 796,738	\$ -	\$ 190,541	\$ 190,541

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
Motor Vehicle-Special Revenue Fund
Budget Basis
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Taxes	\$ 2,200,000	\$ 2,305,584	\$ 2,306,169	\$ 585
Charges for Services	275,000	587,513	619,691	32,178
Fines and Forfeitures	306,000	232,914	243,526	10,612
Intergovernmental	13,948,000	11,815,648	11,876,205	60,557
Other	150,000	240,662	245,932	5,270
Total Revenues	16,879,000	15,182,321	15,291,523	109,202
Expenditures:				
Current:				
Public Works				
Motor Vehicle				
Personal Services	4,935,448	4,936,847	4,546,578	390,269
Materials and Supplies	1,191,703	1,396,836	880,828	516,008
Contractual Services	5,087,388	16,477,962	12,845,754	3,632,208
Capital Outlay	12,155,403	559,695	358,808	200,887
Other	157,000	157,000	121,786	35,214
Debt Service:				
Principal Retirement	675,000	675,000	675,000	-
Interest and Fiscal Charges	234,423	234,423	13,425	220,998
Total Expenditures	24,436,365	24,437,763	19,442,179	4,995,584
Excess of Revenues (Under) Expenditures	(7,557,365)	(9,255,442)	(4,150,656)	5,104,786
Other Financing Sources (Uses):				
Other Financing Sources	634,000	-	-	-
Proceeds of Notes	-	590,000	590,000	-
Premium on Debt Issued	-	2,801	2,801	-
Advances - Out	-	(67,472)	(67,472)	-
Transfers - In	800,000	-	-	-
Transfers - Out	-	(161,512)	(161,512)	-
Total Other Financing Sources (Uses)	1,434,000	363,817	363,817	-
Net Change in Fund Balance	(6,123,365)	(8,891,625)	(3,786,839)	5,104,786
Fund Balance at Beginning of Year	7,956,642	7,956,642	7,956,642	-
Prior Year Encumbrances Appropriated	1,947,616	1,947,616	1,947,616	-
Fund Balance at End of Year	\$ 3,780,893	\$ 1,012,633	\$ 6,117,419	\$ 5,104,786

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
All Other Public Works-Special Revenue Fund
Budget Basis
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Charges for Services	\$ 267,792	\$ 122,103	\$ 138,560	\$ 16,457
Intergovernmental	2,096,930	3,645,289	3,661,850	16,561
Special Assessments	180,000	1,281,912	1,281,913	1
Interest	60,488	35,758	35,759	1
Other	99,624	281,314	281,315	1
Total Revenues	2,704,834	5,366,376	5,399,397	33,021
Expenditures:				
Current:				
Public Works				
Other Public Works				
Personal Services	412,458	577,192	568,144	9,048
Materials and Supplies	9,128	153,263	34,049	119,214
Contractual Services	1,827,267	2,859,384	2,527,113	332,271
Capital Outlay	236,106	1,143,306	1,075,038	68,268
Other	697,490	657,919	279,232	378,687
Debt Service:				
Principal Retirement	2,030,000	2,030,000	2,030,000	-
Interest and Fiscal Charges	30,281	251,279	30,281	220,998
Total Expenditures	5,242,730	7,672,343	6,543,857	1,128,486
Excess of Revenues (Under) Expenditures	(2,537,896)	(2,305,967)	(1,144,460)	1,161,507
Other Financing Sources (Uses):				
Other Financing Sources	-	792	792	-
Proceeds of Notes	2,030,000	2,150,000	2,150,000	-
Advances - Out	-	(1,777)	(1,777)	-
Premium on Debt Issued	1,900	12,117	12,117	-
Transfers - In	30,962	-	-	-
Total Other Financing Sources (Uses)	2,062,862	2,161,132	2,161,132	-
Net Change in Fund Balance	(475,034)	(144,835)	1,016,672	1,161,507
Fund Balance at Beginning of Year	1,921,326	1,921,326	1,921,326	-
Prior Year Encumbrances Appropriated	40,623	40,623	40,623	-
Fund Balance at End of Year	\$ 1,486,915	\$ 1,817,114	\$ 2,978,621	\$ 1,161,507

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
Alcohol and Drug Addiction-Special Revenue Fund
Budget Basis
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Charges for Services	\$ 87,000	\$ 90,900	\$ 90,900	\$ -
Intergovernmental	5,234,287	4,641,645	4,643,122	1,477
Other	84,796	187,440	204,240	16,800
Total Revenues	5,406,083	4,919,985	4,938,262	18,277
Expenditures:				
Current:				
Health				
Alcohol and Drug Addiction				
Personal Services	359,621	364,721	363,357	1,364
Materials and Supplies	4,246	4,246	3,900	346
Contractual Services	5,296,949	5,448,949	5,218,153	230,796
Other	78,029	78,029	76,724	1,305
Total Expenditures	5,738,845	5,895,945	5,662,134	233,811
Excess of Revenues (Under) Expenditures	(332,762)	(975,960)	(723,872)	252,088
Other Financing Sources:				
Other Financing Sources	110,000	-	-	-
Total Other Financing Sources	110,000	-	-	-
Net Change in Fund Balance	(222,762)	(975,960)	(723,872)	252,088
Fund Balance at Beginning of Year	1,133,757	1,133,757	1,133,757	-
Prior Year Encumbrances Appropriated	222,764	222,764	222,764	-
Fund Balance at End of Year	\$ 1,133,759	\$ 380,561	\$ 632,649	\$ 252,088

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
Mental Health-Special Revenue Fund
Budget Basis
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Taxes	\$ 1,886,656	\$ 1,886,656	\$ 1,948,427	\$ 61,771
Charges for Services	106,041	76,041	79,759	3,718
Intergovernmental	14,810,832	14,558,832	14,550,883	(7,949)
Payment in Lieu of Taxes	-	4,091	4,091	-
Other	180,000	205,909	304,384	98,475
Total Revenues	<u>16,983,529</u>	<u>16,731,529</u>	<u>16,887,544</u>	<u>156,015</u>
Expenditures:				
Current:				
Health				
Mental Health				
Personal Services	620,250	701,182	675,637	25,545
Materials and Supplies	34,248	91,248	78,156	13,092
Contractual Services	19,226,389	18,886,303	17,194,179	1,692,124
Capital Outlay	5,000	-	-	-
Other	60,062	85,062	72,687	12,375
Total Expenditures	<u>19,945,949</u>	<u>19,763,795</u>	<u>18,020,659</u>	<u>1,743,136</u>
Excess of Revenues (Under) Expenditures	<u>(2,962,420)</u>	<u>(3,032,266)</u>	<u>(1,133,115)</u>	<u>1,899,151</u>
Other Financing Sources:				
Other Financing Sources	216,908	216,908	231,173	14,265
Advances - Out	-	(10,072)	(10,072)	-
Total Other Financing Sources	<u>216,908</u>	<u>206,836</u>	<u>221,101</u>	<u>14,265</u>
Net Change in Fund Balance	<u>(2,745,512)</u>	<u>(2,825,430)</u>	<u>(912,014)</u>	<u>1,913,416</u>
Fund Balance at Beginning of Year	679,919	679,919	679,919	-
Prior Year Encumbrances Appropriated	2,145,512	2,145,512	2,145,512	-
Fund Balance at End of Year	<u>\$ 79,919</u>	<u>\$ 1</u>	<u>\$ 1,913,417</u>	<u>\$ 1,913,416</u>

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
All Other Health-Special Revenue Fund
Budget Basis
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Charges for Services	\$ -	\$ 106	\$ 121	\$ 15
Licenses and Permits	440,000	484,922	514,356	29,434
Fines and Forfeitures	20,000	20,029	21,273	1,244
Other	-	28	28	-
Total Revenues	460,000	505,085	535,778	30,693
Expenditures:				
Current:				
Health				
Other Health				
Personal Services	260,850	227,821	226,977	844
Materials and Supplies	10,500	9,940	9,525	415
Contractual Services	500	8,000	7,350	650
Other	194,828	193,488	193,376	112
Total Expenditures	466,678	439,249	437,228	2,021
Excess of Revenues Over (Under) Expenditures	(6,678)	65,836	98,550	32,714
Other Financing Sources:				
Advances-Out	-	(75,000)	(75,000)	-
Total Other Financing Sources	-	(75,000)	(75,000)	-
Net Change in Fund Balance	(6,678)	(9,164)	23,550	32,714
Fund Balance at Beginning of Year	36,631	36,631	36,631	-
Prior Year Encumbrances Appropriated	276	276	276	-
Fund Balance at End of Year	\$ 30,229	\$ 27,743	\$ 60,457	\$ 32,714

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
County Care Facility-Special Revenue Fund
Budget Basis
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Charges for Services	\$ 739,310	\$ 922,118	\$ 927,904	\$ 5,786
Intergovernmental	6,981,120	6,141,711	6,141,349	(362)
Other	-	16,701	16,891	190
Total Revenues	<u>7,720,430</u>	<u>7,080,530</u>	<u>7,086,144</u>	<u>5,614</u>
Expenditures:				
Current:				
Human Services				
County Care Facility				
Personal Services	5,661,586	5,770,016	5,763,383	6,633
Materials and Supplies	1,062,692	928,691	928,427	264
Contractual Services	647,200	534,200	530,836	3,364
Capital Outlay	213,153	139,208	138,141	1,067
Other	174,000	164,000	163,188	812
Total Expenditures	<u>7,758,631</u>	<u>7,536,115</u>	<u>7,523,975</u>	<u>12,140</u>
Net Change in Fund Balance	(38,201)	(455,585)	(437,831)	17,754
Fund Balance at Beginning of Year	421,546	421,546	421,546	-
Prior Year Encumbrances Appropriated	73,045	73,045	73,045	-
Fund Balance at End of Year	<u>\$ 456,390</u>	<u>\$ 39,006</u>	<u>\$ 56,760</u>	<u>\$ 17,754</u>

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
Elderly Services Levy-Special Revenue Fund
Budget Basis
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Taxes	\$ 7,300,000	\$ 7,536,123	\$ 7,536,132	\$ 9
Intergovernmental	400,000	816,817	816,817	-
Payment in Lieu of Taxes	-	18,680	18,680	-
Total Revenues	<u>7,700,000</u>	<u>8,371,620</u>	<u>8,371,629</u>	<u>9</u>
Expenditures:				
Current:				
Human Services				
Elderly Services Levy				
Contractual Services	8,093,163	8,658,720	8,531,608	127,112
Total Expenditures	<u>8,093,163</u>	<u>8,658,720</u>	<u>8,531,608</u>	<u>127,112</u>
Net Change in Fund Balance	(393,163)	(287,100)	(159,979)	127,121
Fund Balance at Beginning of Year	398,005	398,005	398,005	-
Prior Year Encumbrances Appropriated	393,163	393,163	393,163	-
Fund Balance at End of Year	<u>\$ 398,005</u>	<u>\$ 504,068</u>	<u>\$ 631,189</u>	<u>\$ 127,121</u>

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
Health Insurance-Special Revenue Fund
Budget Basis
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Charges for Services	\$ 11,320,000	\$ 11,288,669	\$ 11,291,533	\$ 2,864
Total Revenues	<u>11,320,000</u>	<u>11,288,669</u>	<u>11,291,533</u>	<u>2,864</u>
Expenditures:				
Current:				
General Government:				
Legislative and Executive				
Health Insurance				
Personal Services	148,710	151,093	149,744	1,349
Contractual Services	10,967,600	11,103,600	11,099,504	4,096
Other	-	4,000	2,459	1,541
Total Expenditures	<u>11,116,310</u>	<u>11,258,693</u>	<u>11,251,707</u>	<u>6,986</u>
Net Change in Fund Balance	203,690	29,976	39,826	9,850
Fund Balance at Beginning of Year	7,133	7,133	7,133	-
Prior Year Encumbrances Appropriated	-	-	-	-
Fund Balance at End of Year	<u>\$ 210,823</u>	<u>\$ 37,109</u>	<u>\$ 46,959</u>	<u>\$ 9,850</u>

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
All Other Human Services-Special Revenue Fund
Budget Basis
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Intergovernmental	\$ 792,512	\$ 775,392	\$ 775,237	\$ (155)
Other	3,500	600	600	-
Total Revenues	796,012	775,992	775,837	(155)
Expenditures:				
Current:				
Human Services				
Other Human Services				
Personal Services	227,611	227,793	226,369	1,424
Materials and Supplies	1,640	1,300	1,295	5
Contractual Services	593,002	600,146	600,146	-
Other	23,491	9,765	8,679	1,086
Total Expenditures	845,744	839,004	836,489	2,515
Excess of Revenues (Under) Expenditures	(49,732)	(63,012)	(60,652)	2,360
Other Financing Sources				
Transfers - In	49,865	55,033	55,191	158
Total Other Financing Sources	49,865	55,033	55,191	158
Net Change in Fund Balance	133	(7,979)	(5,461)	2,518
Fund Balance at Beginning of Year	39,371	39,371	39,371	-
Prior Year Encumbrances Appropriated	1,756	1,756	1,756	-
Fund Balance (Deficit) at End of Year	\$ 41,260	\$ 33,148	\$ 35,666	\$ 2,518

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
Capital Improvement-Capital Projects Fund
Budget Basis
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Other	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures:				
Capital Outlay				
Capital Improvement				
Capital Outlay	150,000	16,661	15,667	994
Total Expenditures	150,000	16,661	15,667	994
Excess of Revenues (Under) Expenditures	(150,000)	(16,661)	(15,667)	994
Other Financing Sources (Uses):				
Transfers - In	150,000	5,000	5,000	-
Total Other Financing Sources (Uses)	150,000	5,000	5,000	-
Net Change in Fund Balance	-	(11,661)	(10,667)	994
Fund Balance at Beginning of Year	11,661	11,661	11,661	-
Prior Year Encumbrances Appropriated	-	-	-	-
Fund Balance at End of Year	\$ 11,661	\$ -	\$ 994	\$ 994

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
Stormwater Management Study-Capital Projects Fund
Budget Basis
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Interest	\$ -	\$ 2,994	\$ 2,995	\$ 1
Total Revenues	<u>-</u>	<u>2,994</u>	<u>2,995</u>	<u>1</u>
Expenditures:				
Capital Outlay				
Stormwater Management Study				
Contractual Services	220,000	220,000	101,675	118,325
Debt Service:				
Principal Retirement	515,000	515,000	515,000	-
Interest and Fiscal Charges	10,300	11,009	10,952	57
Total Expenditures	<u>745,300</u>	<u>746,009</u>	<u>627,627</u>	<u>118,382</u>
Excess of Revenues (Under) Expenditures	<u>(745,300)</u>	<u>(743,015)</u>	<u>(624,632)</u>	<u>118,383</u>
Other Financing Sources:				
Proceeds of Notes	525,000	525,000	525,000	-
Premium on Debt Issued	2,000	2,492	2,492	-
Total Other Financing Sources	<u>527,000</u>	<u>527,492</u>	<u>527,492</u>	<u>-</u>
Net Change in Fund Balance	(218,300)	(215,523)	(97,140)	118,383
Fund Balance at Beginning of Year	230,984	230,984	230,984	-
Prior Year Encumbrances Appropriated	-	-	-	-
Fund Balance at End of Year	<u>\$ 12,684</u>	<u>\$ 15,461</u>	<u>\$ 133,844</u>	<u>\$ 118,383</u>

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
Technology-Capital Projects Fund
Budget Basis
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Interest	\$ -	\$ 1,189	\$ 1,190	\$ 1
Other	-	25,556	25,556	-
Total Revenues	-	26,745	26,746	1
Expenditures:				
Capital Outlay				
Technology				
Personal Services	121,230	113,946	112,401	1,545
Contractual Services	35,000	77,900	42,900	35,000
Debt Service:				
Principal Retirement	7,053,500	7,053,500	7,053,500	-
Interest and Fiscal Charges	125,729	127,159	113,622	13,537
Total Expenditures	7,335,459	7,372,505	7,322,423	50,082
Excess of Revenues (Under) Expenditures	(7,335,459)	(7,345,760)	(7,295,677)	50,083
Other Financing Sources:				
Proceeds of Notes	7,102,000	7,095,500	7,095,500	-
Advances - In	-	25,000	25,000	-
Premium on Debt Issued	37,500	41,337	41,337	-
Transfers - In	172,000	151,206	151,206	-
Transfers - Out	(35,000)	(35,000)	-	35,000
Total Other Financing Sources	7,276,500	7,278,043	7,313,043	35,000
Net Change in Fund Balance	(58,959)	(67,717)	17,366	85,083
Fund Balance at Beginning of Year	72,097	72,097	72,097	-
Prior Year Encumbrances Appropriated	-	-	-	-
Fund Balance at End of Year	\$ 13,138	\$ 4,380	\$ 89,463	\$ 85,083

Butler County, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
Other Capital Improvements-Capital Projects Fund
Budget Basis
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Intergovernmental	\$ -	\$ 233,000	\$ 233,000	\$ -
Interest	-	3,803	3,963	160
Total Revenues	-	236,803	236,963	160
Expenditures:				
Capital Outlay				
Other Capital Improvement s				
Contractual Services	502,903	1,080,866	1,031,755	49,111
Debt Service:				
Principal Retirement	2,800,000	2,800,000	2,800,000	-
Interest and Fiscal Charges	41,767	41,767	41,767	-
Total Expenditures	3,344,670	3,922,633	3,873,522	49,111
Excess of Revenues (Under) Expenditures	(3,344,670)	(3,685,830)	(3,636,559)	49,271
Other Financing Sources:				
Proceeds of Notes	2,841,767	3,165,160	3,165,000	(160)
Premium on Debt Issued	5,000	17,552	17,552	-
Total Other Financing Sources	2,846,767	3,182,712	3,182,552	(160)
Net Change in Fund Balance	(497,903)	(503,118)	(454,007)	49,111
Fund Balance at Beginning of Year	13,306	13,306	13,306	-
Prior Year Encumbrances Appropriated	502,903	502,903	502,903	-
Fund Balance at End of Year	\$ 18,306	\$ 13,091	\$ 62,202	\$ 49,111

Butler County, Ohio
Schedule of Revenues, Expenses, and
Changes in Fund Equity-Budget and Actual
Workers Compensation Benefit-Internal Service Fund
Budget Basis
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Charges for Services	\$ 850,000	\$ 861,975	\$ 861,976	\$ 1
Other Operating Revenues	-	653	653	-
Total Revenues	850,000	862,628	862,629	1
Expenses:				
Personal Services	233,860	283,260	282,760	500
Contractual Services	285,000	515,600	482,909	32,691
Claims and Judgments	300,000	500,000	456,294	43,706
Other Operating Expenses	7,500	7,500	7,234	266
Total Expenses	826,360	1,306,360	1,229,197	77,163
Excess of Revenues (Under) Expenses	23,640	(443,732)	(366,568)	77,164
Advances - Out	-	(2,606)	(2,606)	-
Net Change in Fund Equity	23,640	(446,338)	(369,174)	77,164
Fund Equity at Beginning of Year	2,147,105	2,147,105	2,147,105	-
Prior Year Encumbrances Appropriated	2,500	2,500	2,500	-
Fund Equity at End of Year	\$ 2,173,245	\$ 1,703,267	\$ 1,780,431	\$ 77,164

Butler County, Ohio
Schedule of Revenues, Expenses, and
Changes in Fund Equity-Budget and Actual
Employee Health Insurance-Internal Service Fund
Budget Basis
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Charges for Services	\$ -	\$ 172,183	\$ 172,102	\$ (81)
Other Non-Operating Revenues	-	37,552	37,552	-
Other Operating Revenues	-	334,842	334,842	-
Total Revenues	-	544,577	544,496	(81)
Expenses:				
Personal Services	-	1,590	1,590	-
Contractual Services	650,000	1,540,000	1,471,405	68,595
Total Expenses	650,000	1,541,590	1,472,995	68,595
Excess of Revenues (Under) Expenses	(650,000)	(997,013)	(928,499)	68,514
Advances-In	650,000	1,058,514	1,058,595	81
Net Change in Fund Equity	-	61,501	130,096	68,595
Fund Equity at Beginning of Year	43,816	43,816	43,816	-
Fund Equity at End of Year	\$ 43,816	\$ 105,317	\$ 173,912	\$ 68,595

STATISTICAL SECTION

Nursing



Care Facility Resident Howard; Cheri Rice, Registered Nurse (front); Brenda Wells, Nurses Aide



Nancy Carey, Director of Nursing

Therapy



Kimberly Guffy-Ware, Assistant; Butler County Facility resident Georgia; Beth Anderson, Therapy Assistant



Care Facility Therapy Equipment



Restorative therapy patient Melba; Jacqueline Sizemore, Nurses Aide

Adult Day Services



Adult Day Services clients



Adult Day Services display at Butler County Care Facility open house

Activities



Care Facility residents Bill and Elmer



Mothers' Day tea set up in front of the aviary

STATISTICAL TABLES

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

Butler County, Ohio

General Fund Expenditures by Function

Last Ten Years Table #1

Year	General Government										Total Expenditures
	Legislative and Executive	Judicial	Public Safety	Public Works	Health	Human Services	Conservation and Recreation	Capital Outlay	Other governmental and Debt Service		
1995	\$ 9,463,817	\$ 6,431,142	\$ 11,257,948	\$ 60,851	\$ 381,280	\$ 815,905	\$ 178,780	\$ -	\$ 3,001,858	\$ 31,591,581	
1996	9,875,616	7,393,837	12,007,300	89,939	421,404	834,051	331,748	-	8,469,931	39,423,826	
1997	11,405,024	7,970,550	15,032,125	304,231	431,165	697,480	363,291	-	1,194,977	37,398,843	
1998	11,715,040	8,537,836	16,491,138	132,104	465,723	637,902	410,878	-	3,608,423	41,999,044	
1999	15,882,253	9,338,592	18,123,975	560,725	226,008	536,729	446,976	-	1,639,532	46,754,790	
2000	19,656,468	9,432,738	20,042,889	1,363,732	256,306	618,284	460,000	-	2,721,104	54,551,521	
2001	16,677,516	10,127,737	22,079,882	706,687	361,115	773,668	487,768	-	2,498,272	53,712,645	
2002	16,415,210	10,999,926	23,595,889	699,836	405,580	735,596	520,722	-	2,303,932	55,676,691	
2003	21,242,009	11,143,923	26,901,568	182,599	492,938	933,727	531,971	-	2,304,562	63,733,297	
2004	22,127,619	11,944,901	29,126,608	212,184	616,431	1,274,920	477,828	216,115	2,330,204	68,326,810	

Source: Butler County Auditor

Butler County, Ohio

General Fund Revenues by Source

Last Ten Years Table #2

Year	Taxes	Payments in Lieu of Taxes	Charges for Services	Licenses and Permits	Fines and Forfeitures	Inter-Governmental	Interest	Market Value of Investments	Other Revenue	Total Revenue	Net Increase (Decrease) in Fair
											Market Value of Investments
1995	\$ 14,955,329	\$ -	\$ 7,572,720	\$ 31,925	\$ 527,690	\$ 8,216,326	\$ 4,588,684	\$ -	\$ 147,496	\$ 36,040,170	
1996	19,191,677	-	8,633,088	29,345	547,684	8,645,138	4,470,120	-	204,546	41,721,598	
1997	20,576,274	-	9,368,048	30,770	612,973	6,313,690	4,533,974	296,905	196,361	41,928,995	
1998	21,612,489	-	11,456,868	28,660	733,919	7,309,054	6,569,217	58,276	228,643	47,997,126	
1999	23,425,639	-	11,955,350	27,748	705,753	7,789,996	5,856,076	(1,542,196)	95,802	48,314,168	
2000	25,663,966	-	12,597,086	29,286	1,360,883	8,366,906	6,979,162	1,622,284	594,972	57,214,545	
2001	26,511,429	-	13,623,090	22,680	993,498	8,171,414	6,537,455	1,007,475	1,756,965	58,624,006	
2002	25,897,508	-	13,161,903	20,665	1,106,088	10,163,295	4,684,763	(257,478)	1,306,340	56,083,084	
2003	29,542,959	-	25,920,096	27,126	1,236,123	7,800,798	2,707,335	(746,510)	721,160	67,209,087	
2004	30,658,240	27,798	28,187,005	24,317	1,295,416	7,785,697	3,011,875	(1,159,879)	499,600	70,330,069	

Source: Butler County Auditor

Butler County, Ohio

Property Tax Levies and Collections - Real and Public Utility Taxes

Last Ten Years		Table #3									
Tax Year	Collection Year	Current Tax Levy (1)	Current Tax Collections (2)	Percent Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections			Outstanding Delinquent Taxes (3)	Percent of Outstanding Delinquent Taxes To Current Tax Levy
							To Current Tax Levy	To Current Tax Levy	To Current Tax Levy		
1994	1995	\$ 22,563,700	\$ 21,926,704	97.18%	\$ 622,713	\$ 22,549,417	99.94%	\$ 1,326,099	5.88%		
1995	1996	23,218,578	22,571,544	97.21	584,343	23,155,887	99.73	1,388,790	5.98		
1996	1997	28,283,906	27,489,724	97.19	681,121	28,170,845	99.60	1,501,851	5.31		
1997	1998	28,283,906	28,152,592	99.54	686,905	28,839,497	101.96	946,260	3.35		
1998	1999	29,948,107	29,250,458	97.67	851,008	30,101,466	100.51	792,901	2.65		
1999	2000	32,781,175	30,576,335	93.27	708,757	31,285,092	95.44	2,288,984	6.98		
2000	2001	36,710,203	35,296,717	96.15	924,003	36,220,720	98.67	2,778,467	7.57		
2001	2002	39,050,967	37,431,914	95.85	1,166,797	38,598,711	98.84	3,230,723	8.27		
2002	2003	41,908,616	40,079,541	95.64	1,288,439	41,367,980	98.71	3,771,360	9.00		
2003	2004	48,245,395	46,139,554	95.64	1,642,553	47,782,107	99.04	4,234,648	8.78		

(1) Does not include the General Health District, a special district that is not a part of the County entity for reporting purposes.

(2) State Reimbursements of Rollback and Homestead Exemptions are included.

(3) Penalties and interest are included, since by Ohio law they become part of the tax obligation as assessment occurs.

Source: Butler County Auditor

Butler County, Ohio

Tangible Personal Property Tax Collections

Last Ten Years

Table #4

<u>Year</u>	<u>Amount</u>
1995	\$ 4,729,750
1996	5,018,529
1997	6,389,250
1998	6,375,154
1999	6,428,181
2000	6,201,168
2001	7,218,661
2002	7,701,265
2003	7,319,189
2004	7,671,480

Source: Butler County Auditor

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

Table #5

Year	Operating Revenues and Expenses				Capacity Fees	Non-Operating Revenue (Expense) Other	Net Non-Operating Rev (Exp)(2)	Total Available for Debt Service(3)	Debt Service Requirements (4)		
	Operating Revenues	Operating Expenses(1)	Operating Revenue	Net Operating Revenue (Expense) Other					Principal	Interest	Total
1995	\$ 8,380,689	\$ 7,843,979	\$ 536,710	\$ 2,536,676	\$ 484,788	\$ 3,021,464	\$ 3,558,174	\$ 755,000	\$ 1,261,298	\$ 2,016,298	1.76%
1996	9,323,813	7,516,918	1,806,895	3,004,917	393,153	3,398,070	5,204,965	785,000	1,803,006	2,588,006	2.01
1997	10,642,424	7,539,261	3,103,163	3,290,768	411,812	3,702,580	6,805,743	1,175,000	2,055,204	3,230,204	2.11
1998	11,600,404	7,802,955	3,797,449	3,196,443	(178,016)	3,018,427	6,815,876	1,395,000	1,791,187	3,186,187	2.14
1999	12,192,298	8,193,435	3,998,863	4,534,624	1,923,475	6,458,099	10,456,962	1,650,000	3,191,305	4,841,305	2.16
2000	15,181,737	8,864,899	6,316,838	3,360,152	1,547,881	4,908,033	11,224,871	2,660,000	3,448,300	6,108,300	1.84
2001	15,970,470	10,185,500	5,784,970	4,587,703	457,824	5,045,527	10,830,497	2,775,000	3,335,335	6,110,335	1.77
2002	16,854,168	11,070,073	5,784,095	6,762,444	716,403	7,478,847	13,262,942	2,900,000	2,946,367	5,846,367	2.27
2003	16,947,133	11,944,257	5,002,876	7,958,313	612,134	8,570,447	13,573,323	3,040,000	3,077,642	6,117,642	2.22
2004	17,778,094	13,209,048	4,569,046	9,014,420	2,798,802	11,813,222	16,382,268	2,785,000	2,725,944	5,510,944	2.97

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

Source: Butler County Auditor

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

Table #6

Year	Operating Revenues and Expenses				Capacity Fees	Non-Operating Revenue (Expense) Other	Net Non-Operating Rev (Exp)(2)	Total Available for Debt Service(3)	Debt Service Requirements (4)		
	Operating Revenues	Operating Expenses(1)	Operating Revenue	Net					Principal	Interest	Total
1995	\$ 9,349,016	\$ 11,208,340	\$ (1,859,324)	\$ 2,433,793	\$ 17,587	\$ 2,451,380	\$ 592,056	\$ 120,000	\$ 215,763	\$ 335,763	1.76%
1996	10,657,124	10,715,205	(58,081)	2,235,273	305,985	2,541,258	2,483,177	125,000	869,388	994,388	2.50
1997	12,990,411	10,094,113	2,896,298	2,612,401	314,114	2,926,515	5,822,813	525,000	1,081,854	1,606,854	3.62
1998	14,961,586	12,454,508	2,507,078	2,752,163	(1,177,096)	1,575,067	4,082,145	545,000	1,061,064	1,606,064	2.54
1999	16,118,567	16,488,844	(370,277)	3,752,395	(193,335)	3,559,060	3,188,783	565,000	1,417,921	1,982,921	1.61
2000	16,936,905	15,550,143	1,386,762	2,604,217	384,501	2,988,718	4,375,480	1,085,000	1,586,699	2,671,699	1.64
2001	17,900,347	17,594,434	305,913	2,830,333	318,154	3,148,487	3,454,400	1,125,000	1,562,237	2,687,237	1.29
2002	20,300,608	17,442,027	2,858,581	3,232,357	1,239,956	4,472,313	7,330,894	1,170,000	1,367,629	2,537,629	2.89
2003	16,675,326	14,266,723	2,408,603	3,368,055	1,318,859	4,686,914	7,095,517	1,215,000	1,459,589	2,674,589	2.65
2004	19,539,968	14,438,596	5,101,372	4,153,770	2,283,690	6,437,460	11,538,832	1,260,000	1,421,566	2,681,566	4.30

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

Source: Butler County Auditor

Butler County, Ohio

Permissive Sales Tax Cash Collections

Last Ten Years

Table #7

<u>Year</u>	<u>Amount</u>
1995 (1)	6,882,983
1996	11,547,600
1997	12,015,456
1998	12,889,270
1999	14,252,234
2000	15,709,348
2001	16,102,332
2002	16,642,460
2003	17,182,889
2004	18,047,011

(1) In 1994 the Butler County Commissioners by resolution imposed a permanent one-half percent sales tax effective February 1, 1995.

Source: Butler County Auditor

Butler County, Ohio

Assessed Valuation and
Estimated Actual Values of Taxable Property

Last Ten Years

Table #8

Tax Year	Collection Year	Real Property (1)		Tangible Personal Property		Public Utilities Personal		Total		Estimated Actual Value	Ratio (2)
		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
1994	1995	\$3,372,641,010	\$9,636,117,171	\$498,412,670	\$1,993,650,680	\$400,692,850	\$455,332,784	\$4,271,746,530	\$12,085,100,635	35.35 %	
1995	1996	3,547,997,320	10,137,135,200	549,465,585	2,197,862,340	377,164,450	428,595,966	4,474,627,355	12,763,593,506	35.06	
1996	1997	3,939,072,770	11,254,493,629	618,825,072	2,475,300,288	376,357,290	427,678,739	4,934,255,132	14,157,472,656	34.85	
1997	1998	4,068,350,540	11,623,858,686	680,964,144	2,723,856,576	370,135,330	420,608,330	5,119,450,014	14,768,323,592	34.67	
1998	1999	4,199,464,910	11,998,471,171	659,774,662	2,639,098,648	377,009,040	428,419,364	5,236,248,612	15,065,989,183	34.76	
1999	2000	4,764,719,420	13,613,484,057	694,566,748	2,778,266,992	381,459,890	433,477,148	5,840,746,058	16,825,228,197	34.71	
2000	2001	4,990,028,970	14,257,225,629	722,909,820	2,891,639,280	360,025,500	409,119,886	6,072,964,290	17,557,984,795	34.59	
2001	2002	5,144,613,220	14,698,894,914	766,473,543	3,065,894,172	237,777,970	270,202,239	6,148,864,733	18,034,991,325	34.09	
2002	2003	6,043,237,390	17,266,392,543	724,768,577	2,899,074,308	258,533,610	293,788,193	7,026,539,577	20,459,255,044	34.34	
2003	2004	6,175,495,560	17,644,273,029	739,614,001	2,958,456,004	246,408,050	280,009,148	7,161,517,611	20,882,738,181	34.29	

(1) Includes Public Utility Real Property.

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

Source: Butler County Auditor

Butler County, Ohio

Property Tax Rates - Direct and Overlapping Governments (1)

Collection Year	Last Ten Years										Table #9	
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004		
County	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
General Fund	1.92	1.92	1.92	1.92	1.92	1.92	1.92	1.92	1.92	1.92	1.92	1.92
Mental Retardation Levy	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Mental Health Levy	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Miami Conservancy Levy	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03
Children Services Levy	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Senior Citizens	-	-	1.00	1.00	1.00	1.00	1.30	1.30	1.30	1.30	1.30	1.30
Total County	7.45	7.45	8.45	8.45	8.45	8.45	8.45	8.75	8.74	8.74	8.74	8.74
Townships												
Fairfield (2)	-	-	7.19	7.19	7.19	7.19	7.19	7.19	7.19	7.19	7.19	7.19
Fairfield - Fire District	-	-	12.19	12.19	12.19	12.19	12.19	12.19	12.19	12.19	12.19	12.19
Fairfield - Fairfield City	-	-	-	-	-	-	-	-	-	-	-	-
Hanover	2.72	2.72	2.72	2.72	2.72	2.72	2.72	2.72	2.72	2.72	2.72	2.72
Hanover - Millville Village	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42
Lemon	2.92	-	-	-	-	-	-	-	-	-	-	-
Lemon - Monroe Village	0.60	-	-	-	-	-	-	-	-	-	-	-
Liberty	5.59	5.59	7.59	7.59	7.59	9.09	10.59	10.59	10.59	10.59	10.59	10.59
Liberty - Monroe Village	0.59	0.59	0.59	0.59	0.59	0.59	0.59	0.59	0.59	0.59	0.59	0.59
Madison	2.26	2.26	2.26	2.26	2.26	2.26	2.26	2.26	2.26	2.26	2.26	2.26
Milford	5.74	5.74	5.74	5.74	5.74	5.74	5.74	5.74	5.74	5.74	5.74	5.74
Milford - Somerville Village	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80
Morgan	5.22	5.22	5.22	5.22	6.22	6.22	6.22	6.22	6.22	6.22	6.22	6.22
Oxford	5.84	7.84	7.84	7.84	7.84	7.84	7.84	7.84	7.84	7.84	7.84	7.84
Oxford - College Corner Village	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24
Oxford - Oxford City	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24
Relly	5.39	5.39	5.39	5.39	7.39	7.39	7.39	7.39	7.39	7.39	7.39	7.39
Ross	3.72	5.72	5.72	5.72	5.72	5.72	5.72	6.72	6.72	6.72	6.72	6.72
Ross - Millville Village	0.92	0.92	0.92	0.92	0.92	0.92	0.92	0.92	0.92	0.92	0.92	0.92
St. Clair	4.47	4.47	4.47	4.47	4.47	4.47	4.47	4.47	4.47	4.47	4.47	4.47
St. Clair - New Miami Village	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01
St. Clair - Sevenmile Village	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51
Wayne	4.58	4.58	4.58	4.58	3.58	3.58	3.58	3.58	3.58	3.58	3.58	3.58
Wayne - Jacksonburg Village	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51
Wayne - Sevenmile Village	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51
West Chester (3)	9.59	9.59	9.59	9.59	9.59	10.59	10.59	13.09	13.09	13.09	13.09	13.09
West Chester-Fairfield City	-	-	-	-	-	-	-	-	-	-	-	-
West Chester-Sharonville Corp	-	-	-	-	-	-	-	-	-	-	-	-

(continued)

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

Table #9

Collection Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
School Districts										
Fairfield City School District	\$ 55.16	\$ 55.16	\$ 53.56	\$ 53.56	\$ 54.16	\$ 54.16	\$ 54.23	\$ 54.11	\$ 53.82	\$ 53.82
Edgewood City School District	34.61	34.11	33.61	33.61	37.55	37.11	37.11	43.76	43.76	43.76
Lakota Local School District	50.14	56.24	56.14	56.14	56.14	55.14	61.88	61.88	60.84	60.04
Madison Local School District	31.84	31.09	30.94	30.94	30.94	35.94	36.29	36.54	32.14	31.99
Monroe Local School District (4)	-	-	-	-	-	-	34.98	43.36	41.88	40.68
New Miami Local School District	25.09	25.09	25.09	25.09	25.09	29.09	29.39	29.42	29.42	29.42
Ross Local School District	46.43	45.84	45.73	45.73	45.73	45.73	45.73	45.73	51.98	51.98
Talawanda City School District	51.80	46.30	43.80	43.80	43.80	43.80	50.30	50.30	50.30	51.49
Hamilton City School District	43.81	43.81	43.81	43.81	43.81	48.21	48.21	48.21	48.01	48.21
Middletown City School District	38.20	37.03	36.63	36.63	36.56	35.33	34.98	34.78	33.58	38.08
Out-of-County School Districts										
Northwest Local School District	42.98	42.98	50.18	50.18	50.18	50.13	49.80	49.80	49.64	49.64
Southwest Local School District	45.13	44.77	44.74	44.74	48.22	48.22	47.88	47.75	47.44	47.25
Princeton City School District	42.24	42.24	42.24	42.24	42.24	46.19	46.19	46.19	45.79	49.03
College Corner Local School District	40.65	40.10	32.10	32.10	32.10	32.10	32.10	32.10	32.10	32.10
Preble Shawnee Local School District	25.00	24.50	22.50	22.50	25.49	25.49	25.49	25.49	25.49	22.99
Mason Local School District	53.26	62.36	61.95	61.95	61.95	61.95	64.57	71.11	72.61	74.11
Joint Vocational Schools										
Butler County JVS	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93
Great Oaks JVS	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70
Montgomery County JVS	2.58	2.58	2.58	2.58	2.58	2.58	2.58	2.58	2.58	2.58

(continued)

Butler County, Ohio

Property Tax Rates - Direct and Overlapping Governments (1)

(continued)

Last Ten Years

Per \$1,000 of Assessed Value

Table #9

Collection Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Cities										
Fairfield	\$ 4.54	\$ 4.54	\$ 4.54	\$ 4.54	\$ 4.54	\$ 4.54	\$ 5.94	\$ 5.94	\$ 5.94	\$ 5.94
Indian Springs (5)	7.19	7.19	-	-	-	-	-	-	-	-
Oxford	3.65	3.65	3.65	3.65	3.65	3.65	3.65	3.65	3.65	3.65
Trenton	4.99	4.99	4.99	4.99	4.99	4.74	4.74	4.74	4.74	4.74
Hamilton	5.11	5.06	5.06	5.06	5.06	5.06	5.12	5.12	7.12	7.12
Middletown	6.38	6.31	6.31	6.31	6.36	4.14	5.86	5.86	5.86	5.88
Villages										
Millville	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30
Sevenmile	7.92	9.22	7.32	7.32	8.82	8.02	7.62	7.02	6.82	6.72
Monroe	7.85	7.85	7.85	7.85	7.85	7.85	9.85	9.85	9.85	9.85
Jacksonburg	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
New Miami	4.30	4.30	4.30	4.30	4.30	4.30	4.30	8.30	8.30	8.30
Somerville	3.09	3.09	3.09	3.09	3.09	3.09	3.09	3.09	3.09	3.09
College Corner	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40

(1) Property tax rates are determined by a combination of the county-wide tax rate and the applicable tax rates

for the school district, township, municipality or other districts in which a given property is located.

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

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

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

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

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

Butler County, Ohio

Real and Tangible Personal Property
Principal Taxpayers
December 31, 2004

Table #10

Name of Taxpayer	Nature of Business	Real Estate Assessed Valuation	Personal Property Assessed Valuation	Total Assessed Valuation	Percent of Total County Assessed Valuation (2004 Collection Year)
Cincinnati Gas & Electric	Public Utility	\$ 167,654,970	\$ -	\$ 167,654,970	2.32 %
AK Steel	Business	16,322,870	135,996,810	152,319,680	2.11
Miller Brewing Company	Business	25,270,370	47,984,776	73,255,146	1.01
Dugan Financing LLD	Business	36,161,940	-	36,161,940	0.50
Cincinnati Bell	Public Utility	34,245,860	79,190	34,325,050	0.47
Meijer	Business	12,911,500	6,123,760	19,035,260	0.26
Cincinnati Financial Corp	Business	17,813,440	-	17,813,440	0.25
Bay West Paper Corp	Business	1,786,890	13,162,690	14,949,580	0.21
Security Capital	Business	13,106,870	-	13,106,870	0.18
Ohio Casualty Insurance	Business	11,444,850	-	11,444,850	0.16
Totals		\$ 336,719,560	\$ 203,347,226	\$ 540,066,786	7.47 %

Source: Butler County Auditor

Butler County, Ohio

Special Assessments Billed and Collected

Last Ten Years

Table #11

Collection Year	Amount Billed	Amount (1) Collected	Percent Collected
1995	\$ 929,369	\$ 910,785	98.00 %
1996	1,049,245	921,655	87.84
1997	1,271,532	1,118,566	87.97
1998	1,272,282	1,074,099	84.42
1999	1,226,847	1,169,097	95.29
2000	1,699,336	1,540,991	90.68
2001	3,391,594	3,243,508	95.63
2002	2,029,954	1,935,767	95.36
2003	2,318,568	2,069,067	89.24
2004	4,230,689	3,990,829	94.33

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

Source: Butler County Auditor

Computation of Legal Debt Margin

Decmeber 31, 2004

Table #12

	Total Debt Limit (1)	Total Unvoted Debt Limit (2)
Assessed Value of County Collection Year 2004	\$ 7,161,517,611	\$ 7,161,517,611
Debt Limit	\$ 177,537,940	71,615,176
Total Outstanding Debt:		
General Obligation Bonds	\$ 57,157,784	\$ 57,157,784
General Obligation Notes	17,065,000	17,065,000
Judgement Bonds	34,720,000	34,720,000
OPWC Loans	1,972,576	1,972,576
Short Term Loans	371,750	371,750
Revenue Bonds	91,280,000	91,280,000
Sales Tax Bonds	23,810,000	23,810,000
Self Supporting Notes (4)	34,710,000	34,710,000
Special Assessment Debt	9,981,000	9,981,000
Total	\$ 271,068,110	\$ 271,068,110
Exemptions:		
Debt Service Fund Balance (3)		
General Obligation Detention Facility Bonds	\$ 27,995,000	\$ 27,995,000
General Obligation Bonds-Self Supporting (4)	462,784	462,784
Judgement Bonds	34,720,000	34,720,000
Juvenile Detention Expansion Notes	1,465,000	1,465,000
OPWC Loan	1,972,576	1,972,576
Short Term Loans	371,750	371,750
Revenue Bonds	91,280,000	91,280,000
Sales Tax Bonds	23,810,000	23,810,000
Self Supporting Notes (4)	34,710,000	34,710,000
Special Assessment Debt	9,981,000	9,981,000
Total	\$ 226,768,110	\$ 226,768,110
Net Debt	\$ 44,300,000	\$ 44,300,000
Total Legal Debt Margin (Debt Limitation minus Net Debt)	\$ 133,237,940	\$ 27,315,176

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

3% of first \$100,000,000 of assessed value	\$ 3,000,000
1 1/2% of next \$200,000,000 of assessed value	3,000,000
2 1/2% of amount of assessed value in excess of \$300,000,000	171,537,940

Total Debt Limitation	\$ 177,537,940
------------------------------	-----------------------

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

	\$ 71,615,176
--	----------------------

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

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

Note: Does not include capital leases or pension obligations.

Butler County, Ohio

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

Table #13

Year	(3) Population	(1) Assessed Value	(1)&(2) Gross General Bonded Debt	(1) Debt Service Monies Available	Debt Payable from Enterprise Funds	Net General Bonded Debt	Ratio of Net General Bonded Debt to Assessed Value	Net General Bonded Debt Per Capita
1995	316,000	\$ 4,271,746,530	\$ 3,241,770	-	\$ 2,491,770	\$ 750,000	0.01756 %	2.37 %
1996	320,500	4,474,627,355	10,708,368	-	2,268,368	8,440,000	0.18862	26.33
1997	328,263	4,934,255,132	19,224,966	-	2,044,966	17,180,000	0.34818	52.34
1998	331,065	5,119,450,014	18,641,564	-	1,821,564	16,820,000	0.32855	50.81
1999	334,011	5,236,248,612	18,043,162	-	1,598,162	16,445,000	0.31406	49.23
2000	332,807	5,840,746,058	17,136,564	-	1,371,564	15,765,000	0.26991	47.37
2001	333,486	6,072,964,290	16,204,966	-	1,144,966	15,060,000	0.24798	45.16
2002	340,543	6,148,864,733	47,922,784	-	912,784	47,010,000	0.76453	138.04
2003	343,207	7,026,539,577	46,167,784	-	687,784	45,480,000	0.64726	132.51
2004	346,560	7,161,517,611	57,157,784	-	462,784	56,695,000	0.79166	163.59

(1) Butler County Auditor.

(2) Includes all general obligation bonded debt. Does not include Sales Tax Revenue Bonds

(3) Butler County Economic Development Department. The 1994 through 1999 and 2001 through 2004 population is estimated.

Butler County, Ohio

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

Last Ten Years

Table #14

Year	Debt Principal (1)&(2)	Debt Interest (1)&(2)	Total Debt Service	General Fund Expenditures	Ratio of Debt Service to General Fund Expenditures
1995	\$ 110,000	\$ 43,574	153,574	\$ 31,591,581	0.49
1996	105,000	38,085	143,085	39,423,826	0.36
1997	175,000	629,350	804,350	37,398,843	2.15
1998	360,000	2,294,615	2,654,615	41,999,044	6.32
1999	375,000	2,224,962	2,599,962	46,754,790	5.56
2000	1,595,000	2,206,950	3,801,950	54,551,521	6.97
2001	1,655,000	2,139,365	3,794,365	53,712,645	7.06
2002	1,660,000	2,067,293	3,727,293	55,676,691	6.69
2003	2,565,000	3,682,815	6,247,815	63,733,297	9.80
2004	3,075,000	3,326,390	6,401,390	68,253,388	9.38

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

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

Source: Butler County Auditor

Butler County, Ohio

Computation of Direct and Overlapping
General Obligation Bonded Debt
December 31, 2004

Table #15

Name of Government	Amount Of Debt	(2) Percentage Applicable To Butler County	Amount Applicable To Butler County
Butler County	\$ 56,695,000 (1)	100.00 %	\$ 56,695,000
City of Fairfield	14,707,804	100.00	14,707,804
City of Hamilton	32,895,000	100.00	32,895,000
City of Middletown	22,315,000	100.00	22,315,000
City of Monroe	7,170,000	91.11	6,532,306
City of Oxford	3,285,000	100.00	3,285,000
Fairfield Township	1,625,000	100.00	1,625,000
Liberty Township	6,263,540	100.00	6,263,540
Hamilton City School District	41,625,000	100.00	41,625,000
Lakota School District	93,328,988	100.00	93,328,988
Middletown City School District	71,970,000	100.00	71,970,000
Butler County Joint Vocational School	2,000,000	100.00	2,000,000
SubTotal for overalapping	<u>\$ 297,185,332</u>		<u>\$ 296,547,638</u>
Total	<u>\$ 353,880,332</u>		<u>\$ 353,242,638</u>

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

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

Source: Butler County Auditor, Ohio Municipal Advisory Council

Butler County, Ohio

Restricted Cash and Cash Equivalents

December 31, 2004

Table #16

	Beginning Balance 12/31/2003	Increase 2004	Decrease 2004	Interest Income Net of Fees	Ending Balance 12/31/2004
General:					
1997 Sales Tax Bonds:					
Bond + Interest	\$ 3,962	\$ 2,280,675	\$ (2,284,443)	\$ 7,047	\$ 7,241
Reserve Account	2,464,550	-	-	14,881	2,479,431
Total General	\$ 2,468,512	\$ 2,280,675	\$ (2,284,443)	\$ 21,928	\$ 2,486,672
Sewer:					
1992 Revenue Bonds:					
Bond + Interest (1)	\$ 795	\$ 2,016	\$ -	\$ 9	\$ 2,820
Reserve Account (1)	2,022,610	-	(2,016)	6,377	2,026,971
Subtotal 1992 Bonds	2,023,405	2,016	(2,016)	6,386	2,029,791
1996 Revenue Bonds:					
Bond + Interest	1,217	910,280	(911,965)	645	177
Reserve Account	1,216,394	-	(1,217,944)	1,947	397
Subtotal 1996 Bonds	1,217,611	910,280	(2,129,909)	2,592	574
1997 Revenue Bonds:					
Bond + Interest	308	190,897	(191,275)	318	248
Reserve Account	196,550	-	(36)	648	197,162
Subtotal 1997 Bonds	196,858	190,897	(191,311)	966	197,410
1998 Revenue Bonds:					
Bond + Interest	1,652	2,481,500	(2,483,615)	4,510	4,047
Reserve Account	532,725	-	-	1,755	534,480
Subtotal 1998 Bonds	534,377	2,481,500	(2,483,615)	6,265	538,527
1999 Revenue Bonds:					
Bond + Interest (3)	3,454	2,215,065	(2,219,336)	3,649	2,832
Reserve Account	2,222,063	-	(405)	7,321	2,228,979
Subtotal 1999 Bonds	2,225,517	2,215,065	(2,219,741)	10,970	2,231,811
2004 Revenue Bonds:					
Refunding Main	-	21,290,036	(21,290,036)	-	-
Bond + Interest (3)	-	249,386	(249,386)	180	180
Reserve Account	-	1	-	-	1
Subtotal 2004 Bonds	-	21,539,423	(21,539,422)	180	181
Total Escrow - Sewer	\$ 6,197,768	\$ 27,339,181	\$ (28,566,014)	\$ 27,359	\$ 4,998,294
Water:					
1996 Revenue Bonds					
Bond + Interest	\$ 1,642	\$ 1,265,653	\$ (1,267,204)	\$ 3,483	\$ 3,574
Reserve Account	1,671,143	-	-	10,093	1,681,236
Subtotal 1996 Bonds	1,672,785	1,265,653	(1,267,204)	13,576	1,684,810
1999 Revenue Bonds					
Bond + Interest (2)	26,006	1,378,075	(1,403,965)	4,101	4,217
Reserve Account	1,544,599	-	-	9,328	1,553,927
Subtotal 1999 Bonds	1,570,605	1,378,075	(1,403,965)	13,429	1,558,144
Total Escrow - Water	\$ 3,243,390	\$ 2,643,728	\$ (2,671,169)	\$ 27,005	\$ 3,242,954
Total Escrow - Enterprise	\$ 9,441,158	\$ 29,982,909	\$ (31,237,183)	\$ 54,364	\$ 8,241,248
Total Escrow - Trust Cash	\$ 11,909,670	\$ 32,263,584	\$ (33,521,626)	\$ 76,292	\$ 10,727,920

(continued)

Restricted Cash and Cash Equivalents
(continued)
December 31, 2004

Table #16

	<u>Reconciliation of Restricted Cash</u>
General Fund:	
Escrow-Bonds	<u>\$ 2,486,672</u>
Sewer Fund:	
Escrow-Bonds (3)	\$ 4,998,294
Replacement & Improvement Fund (4)	<u>4,000,000</u>
Total Sewer Restricted Cash	<u>\$ 8,998,294</u>
Water Fund:	
Escrow-Bonds (2)	\$ 3,242,954
Replacement & Improvement Fund (4)	2,000,000
Refundable Deposits (4)	91,545
Total Water Restricted Cash	<u>\$ 5,334,499</u>
Enterprise Funds:	
Escrow-Bonds	\$ 8,241,248
Replacement & Improvement Fund (4)	6,000,000
Refundable Deposits (4)	91,545
Total Restricted Cash-Enterprise Funds	<u>\$ 14,332,793</u>
Total Restricted Cash:	
Primary Government	<u>\$ 16,819,465</u>

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

Source: Butler County Auditor

CIVILIAN LABOR FORCE ESTIMATES

Year	Civilian Labor Force	Total Employment	Total Unemployment	Unemployment Rate
1995	162,280	155,400	6,880	4.2 %
1996	172,900	166,700	6,200	3.6
1997	173,900	167,900	6,000	3.5
1998	178,400	172,500	5,900	3.3
1999	185,200	179,200	6,000	3.2
2000	189,300	183,600	5,700	3.0
2001	198,900	192,400	6,500	3.3
2002	197,000	188,400	8,600	4.4
2003	203,700	194,700	9,000	4.4
2004	203,100	195,500	7,700	3.8

Distribution of Households
By Income Bracket

	Number	Percent
Under \$15,000	20,068	15.5 %
15,000-24,999	12,959	10.0
25,000-49,999	29,022	22.5
50,000-99,999	33,865	26.3
100,000-149,999	26,699	20.7
150,000 or over	6,387	5.0
	129,000	100.00

Total Number of Households	129,000
Average Persons per Household	2.57
Total Number of Families	87,789

Source: Butler County Economic Development Department, Ohio Labor Market Information Estimates, Ohio Bureau of Employment Services, through December 2004.

(continued)

Butler County, Ohio

Demographic Statistics
(continued)
December 31, 2004

Table #17

Year	Per Capita Personal Income Per Annum
1995	16,578
1996	16,115
1997	18,051
1998	20,629
1999	21,144
2000	22,076
2003 est.	21,067

Population Growth

Year	Population
1970	226,207
1980	258,787
1990	291,479
2000	332,807
2003 est.	343,207
2004 est.	346,560

Retail Sales by Store Group (2003)
(not seasonally adjusted)

Store Group	Sales (000's)
Food	\$542,480
Restaurants/Bars	389,654
General Merchan	491,702
Furniture/Applia	94,966
Automotive	880,427
Total	\$2,399,229

Source: Butler County Economic Development Department, 2003 Survey of Buying Power

Butler County, Ohio

Property Value, Construction, and Bank Deposits

Last Ten Years

Table #18

Tax Year	NEW CONSTRUCTION (1)				REAL PROPERTY ASSESSED VALUE (3)			
	Agricultural/ Residential	Commercial/ Industrial	Total New Construction	Bank Deposits (2)	Agricultural/ Residential	Commercial/ Industrial	Tax Exempt	
1995	\$ 84,047,720	\$ 14,725,700	\$ 98,773,420	\$ 800,556,000	\$ 2,576,733,360	\$ 795,907,650	\$ 698,721,460	
1996	91,862,030	38,145,360	130,007,390	783,398,000	2,676,567,770	871,429,550	617,545,170	
1997	64,052,280	60,034,910	124,087,190	815,435,000	2,999,305,390	938,677,260	641,813,550	
1998	86,138,060	46,200,480	132,338,540	864,105,000	3,200,230,460	999,234,450	705,273,370	
1999	80,235,690	55,866,050	136,101,740	913,169,000	3,629,217,240	1,135,502,180	814,297,020	
2000	111,540,820	87,998,480	199,539,300	1,152,810,000	3,783,180,290	1,206,848,680	829,429,110	
2001	110,403,460	62,014,040	172,417,500	1,136,994,000	3,922,893,560	1,221,719,660	915,318,160	
2002	102,534,640	74,646,910	177,181,550	1,257,078,000	4,638,038,390	1,405,199,000	978,772,510	
2003	110,188,550	68,803,140	178,991,690	1,355,739,000	4,762,263,590	1,413,231,970	1,011,173,000	
2004	142,650,970	30,665,050	173,316,020	10,267,537,000	4,942,502,150	1,420,219,660	1,039,820,490	

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

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

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

Butler County, Ohio**Fifteen Largest Employers****December 31, 2004****Table #19**

	Employer	Location	Nature of Business	Number of Employees
(1)	Miami University	Oxford	Education	4,250
(2)	AK Steel Corp	Middletown	Steel Manufacturing	3,800
(3)	Cincinnati Financial Corp	Fairfield	Insurance	3,206
(4)	Butler County Government	Hamilton	Governmental	2,500
(5)	Lakota Local School District	West Chester	Education	1,969
(6)	Middletown Regional Hospital	Middletown	Health Care	1,908
(7)	Fairfield City School District	Fairfield	Education	1,743
(8)	Mercy Regional Hospital	Fairfield	Health Care	1,601
(9)	Middletown City School District	Middletown	Education	1,377
(10)	Fort Hamilton Memorial Hospital	Hamilton	Health Care	1,250
(11)	Hamilton City School District	Hamilton	Education	1,250
(12)	Ohio Casualty	Hamilton/Fairfield	Insurance	1,154
(13)	Cornerstone Consolidated Svcs/Frontga	West Chester	Distribution	896
(14)	Pierre Frozen Foods	Fairfield	Distribution	870
(15)	Medco Health Solutions	Fairfield	Health Care	866

Source: Butler County Economic Development Department

Salaries of Principal Officials

December 31, 2004

Table #20

Office	Salary
Elected Officials:	
Board of Commissioners	\$ 69,808
Board of Commissioners	69,808
Board of Commissioners	69,808
Auditor	81,091
Clerk of Courts	61,917
Coroner	104,930
Engineer	109,971
Prosecuting Attorney	104,930
Recorder	59,185
Sheriff	85,872
Treasurer	61,917
Appointed Officials:	
County Administrator, Board of County Commissioners	\$ 126,566
Director - Butler County Department of Environmental Services	95,278
Butler County Department of Job & Family Services Director	98,284
Butler County Care Facility Administrator	85,255
Superintendent of Butler County Board of Mental Retardation	107,977
Executive Director of Butler County Community Mental Health Board	94,548
Executive Director of Butler County Alcohol and Drug Addiction Services Board	77,335
Executive Director of Butler County Childrens Service Board	108,011
Butler County Chief Dog Warden	43,231
Director of Butler County Department of Development	94,436

Source: Butler County Auditor

Butler County, Ohio

Miscellaneous Statistics

December 31, 2004

Table #21

DATE OF INCORPORATION:	1803	WATER DEPARTMENT	
	One of the original eight counties in Ohio	Miles of Water Mains:	648
FORM OF GOVERNMENT:	County	SEWERS	
COUNTY SEAT:	City of Hamilton, Ohio	Miles of Sanitary Sewers:	
AREA:	469 square miles	Sewers:	757
RANK IN SIZE:	3,215	RECREATION and CULTURE	
NUMBER OF POLITICAL SUBDIVISIONS:	56	Number of Art Centers:	2
NUMBER OF INTERSTATE HIGHWAYS:	1 (I-75)	Number of Parks:	23 (county)
		Number of Libraries:	6 (public)
			6 (Post Secondary Education)
VOTER STATISTICS, ELECTION OF NOVEMBER 2004		BUTLER COUNTY EMPLOYEES	2,500
Registered Voters:	238,022	HOSPITALS	4
Number of Voters, Last General Election:	168,900	Beds:	802
Percentage of Registered Voters Voting:	71.0%	Active Licensed Physicians:	720
		EDUCATION (K-12)	
		Number of Buildings:	91
		Number of Teachers:	4,385
		Number of Students:	54,607

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

Butler County, Ohio

Governmental Activities Expenses by Function

Last Three Years

Table # 22

Year	Legislative and Executive	General Government							Conservation and Recreation	Other Intergovernmental and Debt Service	Total Expenses
		Judicial	Public Safety	Public Works	Health	Human Services					
2002	\$ 24,241,162	\$ 12,735,544	\$ 34,599,025	\$ 15,657,130	\$ 47,395,622	\$ 69,442,215	\$ 520,722	\$ 4,905,164	\$ 209,496,584		
2003	30,228,989	12,834,297	36,659,180	16,672,729	46,285,012	69,048,201	531,971	4,787,644	217,048,023		
2004	41,811,607	13,961,424	39,076,252	20,443,207	47,785,590	70,220,434	477,828	4,445,020	238,221,362		

Source: Butler County Auditor

Butler County, Ohio

Governmental Activities Revenues

Last Three Years

Table #23

<u>Program Revenues:</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
PR - Charges for Services	\$ 63,012,448	\$ 40,928,467	\$ 27,540,280
PR - Operating Grants and Contributions	85,877,036	86,762,956	83,874,604
PR - Capital Grants and Contributions	14,115,402	16,038,726	24,079,550
<u>General Revenues:</u>			
Taxes	67,825,046	64,920,008	57,379,485
Intergovernmental	11,232,408	6,266,355	10,072,833
Interest	2,891,968	3,676,735	4,726,714
Net (Decrease) in Fair Market Value	(1,159,879)	(746,510)	(241,646)
Other Revenue	2,412,759	2,771,852	1,061,413
Total Revenues:	<u>\$ 246,207,188</u>	<u>\$ 220,618,589</u>	<u>\$ 208,493,233</u>

Source: Butler County Auditor



**Auditor of State
Betty Montgomery**

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800-282-0370

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FINANCIAL CONDITION

BUTLER COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 30, 2006**