

BUTLER COUNTY TRANSPORTATION IMPROVEMENT DISTRICT, OHIO

Independent Auditors' Report on
Internal Controls and Compliance

December 31, 2006



Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Transportation Improvement District of Butler County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2006 through December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 5, 2007

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Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

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

Board of Trustees
Butler County Transportation Improvement District, Ohio:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Butler County Transportation Improvement District, Ohio (District) as of and for the year ended December 31, 2006, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 2, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Butler County Transportation Improvement District, Ohio in a separate letter dated May 2, 2007.

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

Clark, Schaefer, Hachett & Co.

Cincinnati, Ohio
May 2, 2007



Comprehensive Annual Financial Report For the Year Ended December 31, 2006



Liberty Interchange local government work group

Gregory Wilkens - Butler County Engineer/BCTID Secretary-Treasurer
Timothy Williams - Butler County Commission Assistant Administrator/Director of Finance
Dina Minneci - Liberty Township Administrator
Christine Maticic - Liberty Township Trustees - President
George Lang - West Chester Township Trustees - President
Judi Boyko - West Chester Township Administrator
John Fonner - Butler County TID Executive Director

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



Comprehensive Annual Financial Report
For the Year Ended December 31, 2006

Prepared by: Sean Fraunfelter, CPA - Finance Department

Transportation Improvement District of Butler County, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2006
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INTRODUCTORY

SECTION



Hamilton-Mason Road overpass at
Interstate 75 where the Liberty Interchange
will be constructed to allow eastern access
from State Route 129.



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

May 15, 2007

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

We are pleased to present the Butler County Transportation Improvement District (TID) Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2006. This report contains basic financial statements and other financial and statistical information — providing complete and full disclosure of all financial aspects of the TID for 2006.

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

FORM OF GOVERNMENT AND REPORTING ENTITY

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

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

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

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

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

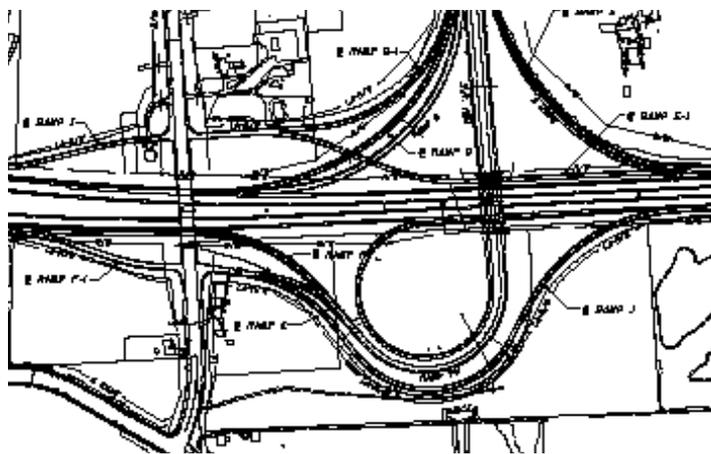
MAJOR INITIATIVES - *TID finalizes financing of Interchange*

Liberty Interchange

Liberty Township has experienced substantial economic development from the State Route 129 Extension at Cincinnati-Dayton Road over the past year as Kroger opened a larger store in the area, Cincinnati Children's Hospital has started constructing a full service facility just to northwest of the Interchange and University Physicians was preparing additional ground on their existing site for a new hospital structure.

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

In October 2003, the preferred alternative was submitted to the stakeholders for approval and the **Collector/Distributor to Hamilton-Mason Road with a Cox Road Extension** was selected (current design on right). The TID is nearing approval from the Federal Highway Administration for approval. The engineering work was started in 2004 on both Hamilton-Mason Road and Cox Road to start construction of the Cox Road extension north in late 2007 and Hamilton-Mason Road in mid 2007.



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

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

State Route 747 Phase III Widening

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

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

The TID received funding through OKI for phase three of the project, from Tylersville Road to State Route 129. The funding for construction related expense in July 2005. Upon receiving word the TID was successful in construction funding, the two Townships - Liberty and West Chester - agreed to pay for the engineering work on the third phase of the project. During 2006, the TID purchased all the right-of-way necessary to widen the road. Over the winter, the related utilities were in the project area to relocate their necessary pieces. The TID successfully bid the project in the February 2007 and expects construction to start on roadway in late April. The project is a one season construction project that should be completed by the end of November 2007.



Bypass State Route 4 Widening/Airport Access

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

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

The TID has entered into local governmental agreements with the City of Hamilton and Fairfield Township to complete the first phase of engineering on the project. The City of Fairfield has proceeded with their portion of the engineering project as a separate project but is still involved with the workgroup to make sure both projects do work together.

The TID has safety money available starting in July 2008 for improvements to the Symmes Road intersection. The TID wanted to move forward with the full engineering contract which enables the TID to complete the construction of the Symmes Road intersection once that safety money becomes available. The TID is still looking at other sources of revenue to complete the project. The two local governments working with the TID have committed millions of dollars to the construction with the City of Fairfield making the commitment to fund their portion of the widening through local sources.

ECONOMIC CONDITION AND OUTLOOK

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

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

TID INTERNAL CONTROLS

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

FACTORS AFFECTING FINANCIAL CONDITION

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

From a long term financial planning perspective, the TID board asked for a special presentation in October to address the finances for the TID under several different scenarios. The board realized that maintaining the state grant is critical but also is looking at other revenue generating options. The TID is expected to continue working on projects within the county for many years to come.

CASH MANAGEMENT

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

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

RISK MANAGEMENT

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

AUDIT

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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the TID for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2005. This was the eleventh consecutive year that the TID has received this award for excellence and the seventh year reporting under the guidelines of GASB Statement No. 34. In order to be awarded a Certificate of Achievement, the TID published a clear and effective CAFR.

The TID staff works to develop a level of professionalism and sound financial reporting. The preparation and publication of this CAFR serves as a cornerstone for the TID's efforts. A special note of acknowledgment is presented to Fraunfelder Accounting Service for his work in the completion of this report. The report demonstrates a level of accountability that we continue to maintain. We hope this report increases public confidence in the operation and management of the TID. The report also provides a fair presentation of the financial condition of the TID as of and for the year ended December 31, 2006.

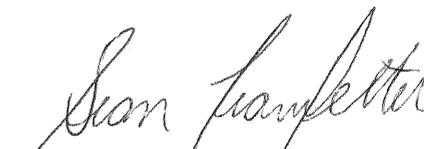
Respectfully submitted,



John E. Fonner
Executive Director



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



Sean Fraunfelder, CPA
Finance and Administration

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Butler County Transportation Improvement District, Ohio

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

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

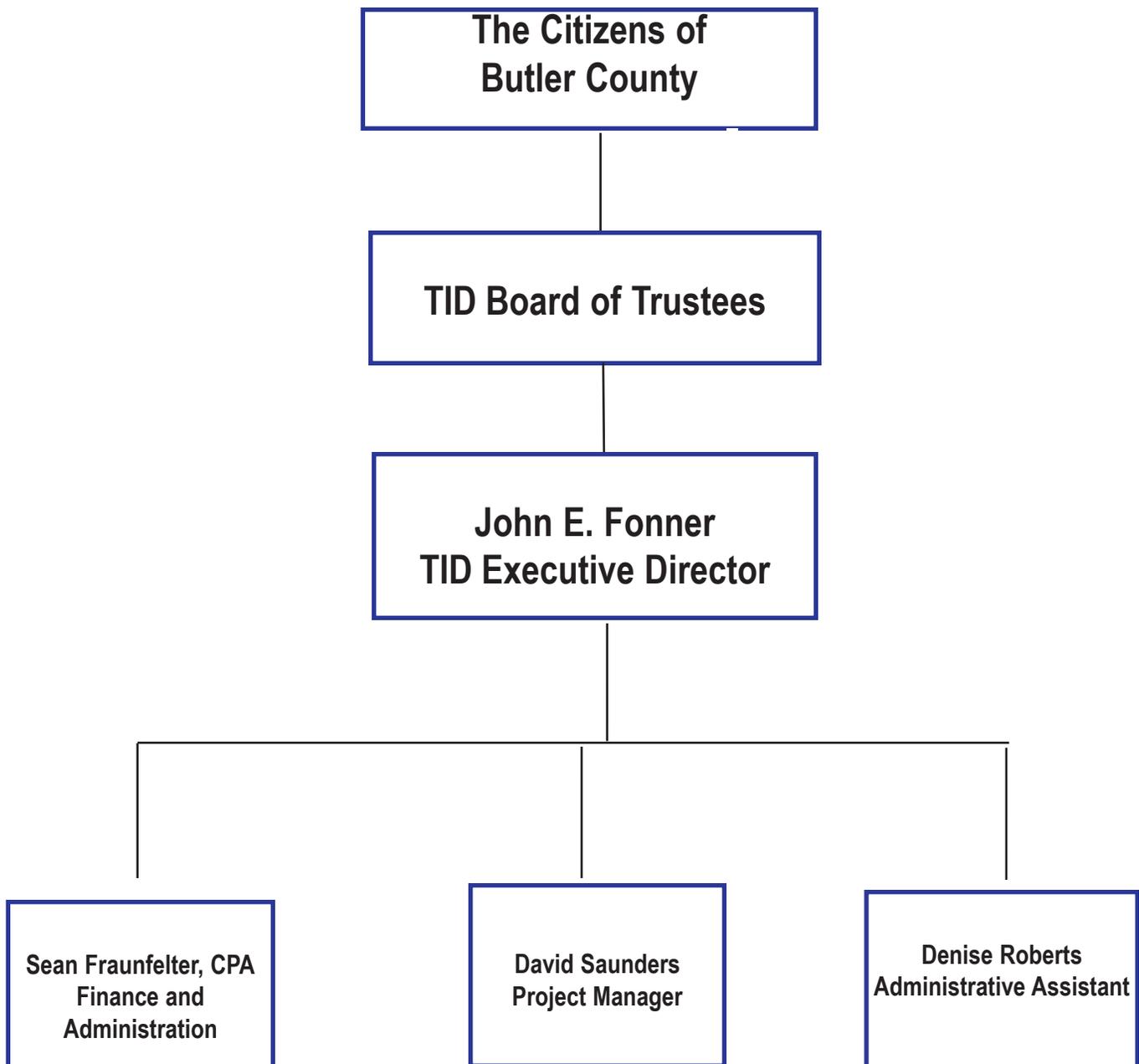


President

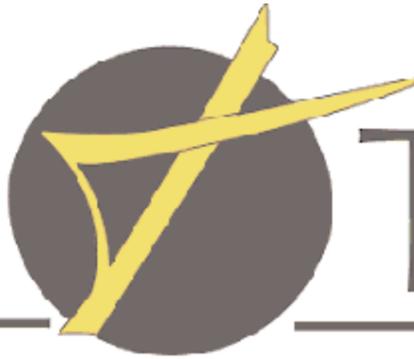
Executive Director



2006 Staff Organizational Chart



BUTLER
COUNTY

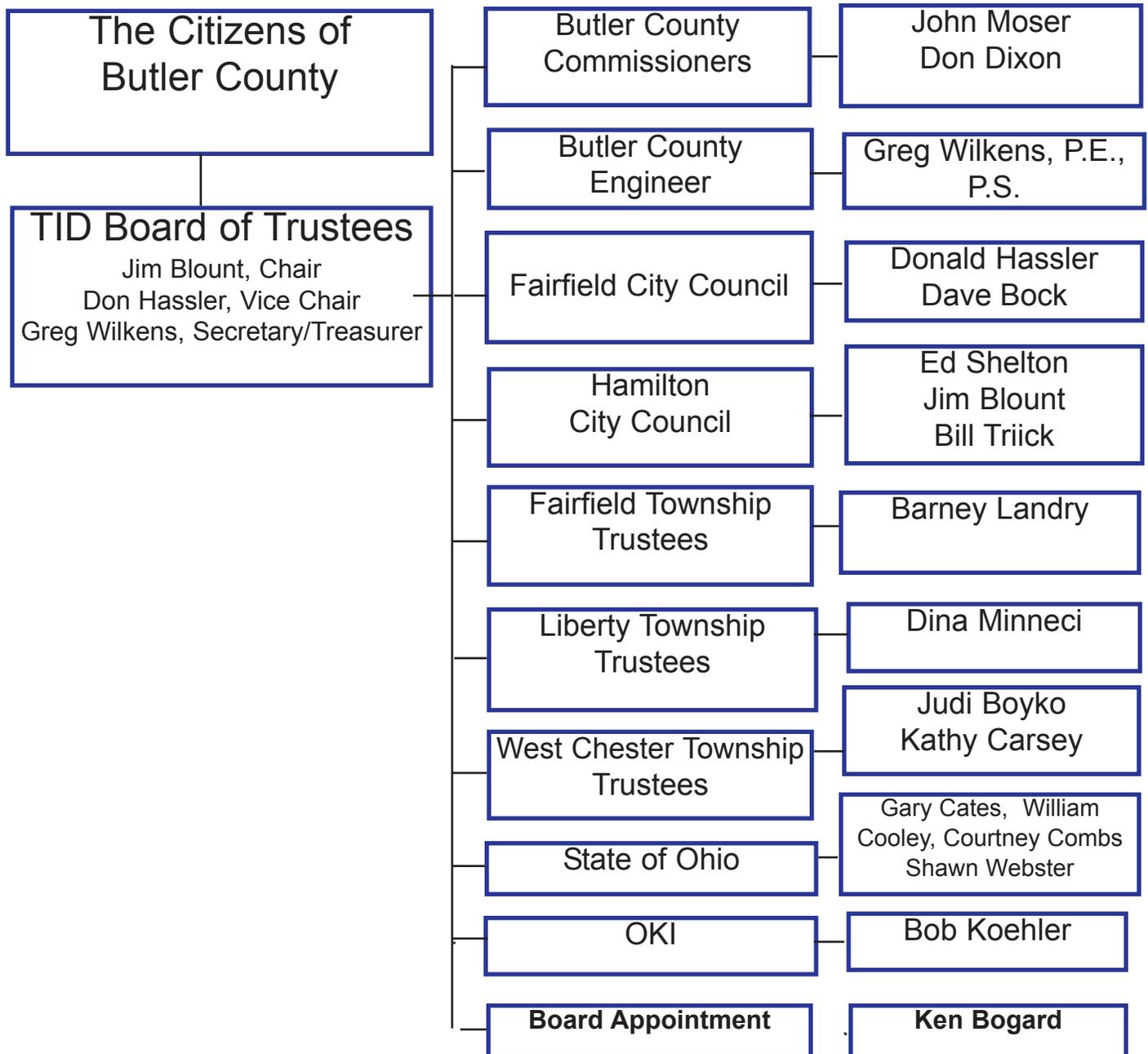


TID

TRANSPORTATION IMPROVEMENT DISTRICT

2006 Board of Trustees

Organizational Chart



FINANCIAL

SECTION



Cincinnati Children's Hospital currently under construction at the Liberty Interchange Site.



Current commercial development located at the Liberty Interchange that now holds several banks, a Kroger Marketplace and other significant retail available space.



Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Butler County Transportation Improvement District, Ohio:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Butler County Transportation Improvement District, Ohio (the District) as of and for the year ended December 31, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Butler County Transportation Improvement District, Ohio as of December 31, 2006, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2007, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Clark, Schaefer, Harknett & Co.

Cincinnati, Ohio
May 2, 2007

**TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006**

Our discussion and analysis of the Butler County Transportation Improvement District's financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2006. Please review it in conjunction with the transmittal letter and the District's basic financial statements, which begin on page 11.

FINANCIAL HIGHLIGHTS

- Total net assets decreased \$11.3 million which represents a 40.5 percent decrease from 2005 as the District's special bond obligation was retired during the year and the restricted cash balance was used to retire the debt obligation.
- General revenues accounted for \$1.1 million in revenues or 34.1 percent of all revenues. Program specific revenues in the form of charges for services and capital grants accounted for \$2.0 million or 65.9 percent of all revenues.
- The District added \$1.9 million in capital assets during the current year to continue preparing our priority projects for the construction phase.
- The District had \$14.4 million in expenses related to governmental activities with \$2.0 million in program revenues to cover the cost of those programs. Of the \$14.4 million, \$1.7 million related to operating and project activity for the District as the remaining costs were associated with the special obligation bond repayment.
- Among the major funds, the Liberty Interchange fund had expenses of \$1.11 million as the District continued with engineering design to create another connector along Interstate 75 with developable land in Butler County.

USING THIS ANNUAL REPORT

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

Reporting the District as a Whole

The Statement of Net Assets and the Statement of Activities

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

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

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

Other information: In addition to the basic financial statements and accompanying notes, this report also presents combining and individual fund statements and schedules which can be found on pages 33-56 of this report.

THE DISTRICT AS A WHOLE

The District's total net assets changed from a year ago, decreasing from \$27.8 million to \$16.5 million. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the District's governmental activities.

Table 1
Net Assets (in millions)

	2005	2006
Current and other assets	\$ 125.8	\$ 2.1
Capital assets	13.7	15.0
Total Assets	139.5	17.1
Long-term obligations	(0.4)	(0.5)
Other liabilities	(111.3)	(0.1)
Total Liabilities	(111.7)	(0.6)

	2005	2006
Net assets:		
Invested in capital assets	\$ 13.7	\$ 15.0
Restricted	15.2	-
Unrestricted	(1.1)	1.5
Total net assets	\$ 27.8	\$ 16.5

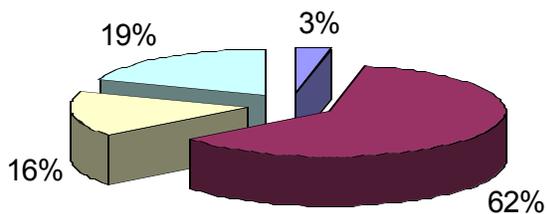
Net assets of the District's activities decreased 40.5 percent or \$11.3 million. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased from (\$1.1) million to \$1.6 million at the end of 2006. The increase can be attributed to the District no longer having an accrued interest liability related to the special obligation bonds retired during 2006. The District also received more reimbursements for outstanding expenses related to the capital projects worked on during the year.

Table 2 compares the 2006 change in net assets to the 2005 change in net assets.

Table 2
Changes in Net Assets for 2006
Compared with 2005 activity
(in millions)

	2005	2006	Change
Program Revenues:			
Charges for Services	\$ -	\$ 0.1	\$ 0.1
Capital Grants	5.9	1.9	(4.0)
General Revenues:			
Operating Grants	-	0.5	0.5
Other	1.2	0.6	(0.6)
Total Revenues	7.1	3.1	(4.0)
Program Expenses			
General Government	0.4	1.7	1.3
Fiscal Charges	0.2	12.2	12.0
Interest of Long-Term Debt	6.1	0.5	(5.6)
Total Expenses	6.7	14.4	7.7
Change in Net Assets	0.4	(11.3)	(11.7)
Beginning Net Assets	27.4	27.8	0.4
Ending Net Assets	\$ 27.8	\$ 16.5	\$ (11.3)

2006 Governmental Activities Revenues



2006 Governmental Activities Expenses

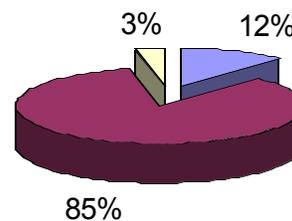


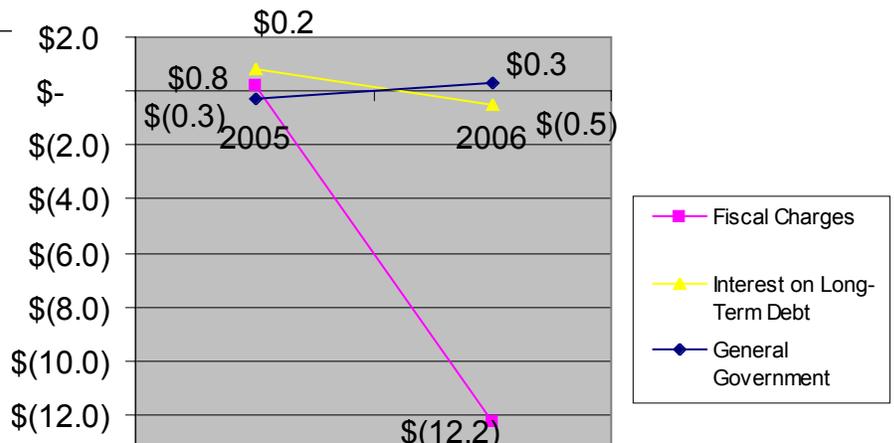
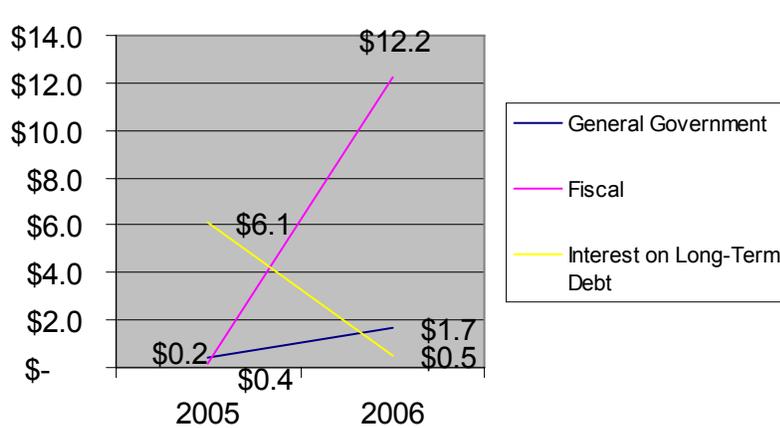
Table 3 presents the cost of each of the District's programs as well as each program's net cost (total cost less revenues generated by activities). The net cost shows the financial burden that was placed on the District by each of these functions.

Table 3
Governmental Activities
(in millions)

	Total Cost of Services		Net Cost of Services	
	2005	2006	2005	2006
General Government	\$ 0.4	\$ 1.7	\$ (0.3)	\$ 0.3
Fiscal Charges	0.2	12.2	0.2	(12.2)
Interest on Long-Term Debt	6.1	0.5	0.8	(0.5)
Total Expenses	\$ 6.7	\$ 14.4	\$ 0.7	\$ (12.4)

The increase in general government from 2005 to 2006 of \$1.3 million can be attributed partially to the capital assets removed with the completion of certain projects and the remaining increase is from noncapitalized project costs. The District monitors the operating costs very closely as the District is funded through a very limited revenue sources and does not expect the local governments to fund operations other than through fees associated with a specific project. The increase in fiscal charges relates to the additional costs to retire the special obligations bonds in the ODOT early payment. The transaction is explained in more detail in note 10 to the basic financial statements.

The graphs below depict the change in cost of services for the program expenses from 2005 to 2006 and also shows the net cost of services for those expenses in the two years.



THE DISTRICT'S FUNDS

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

Table 4
Year End Fund Balances
in (Millions)

	2005	2006	% Change
General	\$ 2.7	\$ 3.3	22.2%
Debt Service	0.4	0.4	0.0%
State Route 129 Extension	13.7	0.0	-100.0%
State Route 747	(0.2)	(0.2)	0.0%
Liberty Interchange	(1.9)	(2.2)	-15.8%
Nonmajor Funds	1.1	(0.1)	-109.1%
Total Governmental Balances	\$ 15.8	\$ 1.2	-92.3%

The 22.2% increase in the **General Fund** can be credited to the District receiving two years of the ODOD grant in fiscal year 2006 as the prior year amount was delayed. The District also removed the self-imposed restriction of \$500,000 for State Route 63 towards the end of the year to better manage cash flow. The District continues to monitor operational expenses while increasing construction project activity.

The 100% decrease in the **State Route 129 Extension Fund** is attributed to ODOT retiring the lease obligation with the District during the year. The fund has a minimal balance that is expected to be completely closed out during 2007.

The 15.8% decrease for the **Liberty Interchange Fund** is attributed to the additional work our consultant was doing on the engineering for the project. The District incurred additional expenses that are going to be reimbursed through the highway improvement bonds to be issued in 2007.

The 109.1% decrease in the **Nonmajor Funds** is attributed to the expenses in the State Route Bypass 4 widening project. These amounts are reimbursable but are deferred for the current year.

The District has no limitations or restrictions on the **General Fund** balance but the balance in the **Debt Service Fund** is restricted for debt service or arbitrage payable expenses in the future.

Table 5 presents a summary of governmental fund revenues for the 2006 fiscal year and the amounts and percentages of increases and decreases in relation to the prior year.

Table 5
Total Governmental Fund Revenues

Revenue Source	2006	Percent	Increase	Percent
	Amount	of Total	(Decrease) Over 2005	Increase (Decrease)
Intergovernmental	\$ 2,035,817	76.0%	\$ (10,695,965)	-84.0%
Charges for Services	86,743	3.2%	45,396	109.8%
Investment Earnings	510,536	19.1%	(476,547)	-48.3%
Change in Fair Value	(1,375)	-0.1%	2,736	67.4%
Other	46,481	7.5%	38,994	520.8%
Total	\$ 2,678,202	100.0%	\$ (11,085,386)	-80.5%

The 84% decrease in **intergovernmental revenues** is related to ODOT retiring the lease obligation as described in note 9 of the financial statements early compared with a full payment in 2004. The 109.8% increase in **charges for services** can be related to the District's increased project activity during 2006. The District receives reimbursements from local governments and administration fees for four different projects during the year.

The 48.3% decrease in **investment earnings** is attributed to less available funds for the District to invest and moving to more liquid high yield bank accounts for cash flow purposes. The 520.8% increase in **other revenues** is related to the reimbursements the District received for out of pocket lease termination costs in the financing with ODOT.

Table 6 presents the General Fund budget and the difference between the original budget and final budget for fiscal year 2006. Table 7 discusses the variance between the final budget and the actual results for the fiscal year.

Table 6
Original and Final Budget - General Fund

	Original	Final	Variance
Revenues:			
Intergovernmental	\$ 250,000	\$ 250,000	\$ -
Charges for Services	231,000	52,500	(178,500)
Investment Earnings	60,000	40,000	(20,000)
Other	-	40,000	40,000
Expenditures:			
Current:			
General Government	(614,798)	(638,298)	23,500
Other Financing Uses			
Transfers Out	-	(1,675,000)	(1,675,000)

Table 7
Final Budget versus Actual Results
General Fund

	Final Budget	Actual	Variance
Revenues:			
Intergovernmental	\$ 250,000	\$ 250,000	\$ -
Charges for Services	52,500	83,340	30,840
Investment Earnings	40,000	34,041	(5,959)
Change in Fair Value of Investments	-	(1,375)	(1,375)
All Other	40,000	37,331	(2,669)
Expenditures:			
Current:			
General Government	(638,298)	(603,316)	34,982
Other Financing Sources/Uses			
Transfers In		500,000	500,000
Transfers Out	(1,675,000)	-	1,675,000

Original versus Final Budget

The District had significant changes from original to final budget for 2006. First, the District had anticipated one of the components of the Liberty Interchange project would be under construction during 2006 and would generate additional fees (**Charges for Services**) for the District. The District decided to push the construction back into 2007 so agreements could be in place before that was started. The District also reduced the budget for **Investment Earnings** as it became apparent that less funds were available to invest during the year.

The increase in **Transfers Out** can be attributed to the District anticipating the need to fund capital projects at the end of the year. The District anticipated covering the cash fund deficits at year end for those capital projects funds.

Final Budget versus Actual Results

The variance in **Charges for Service** can be attributed to the expediting engineering projects for the Liberty Interchange during 2006. The variance in **Transfers** relates to the District eliminating the self-imposed State Route 63 restriction and the decision to not actually transfer operating cash to cover capital project deficits at year end.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At year-end, the District had \$15.0 million invested in construction in progress assets. This amount represents a net increase (including additions and deletions) of \$1.3 million, or 9.5%, over the last year. The additions can be charged to the local governments continued use of the District's ability to process and related to environmental or engineering cost. For more information on capital assets, see Note 7 of the financial statements.

Debt Administration

During the year, the District retired the special obligation highway bonds through the additional lease revenue received from ODOT. The District was able to retire the bonds through the payment and eliminate the debt obligation for the District's responsibility. For more detailed information on this transaction refer to Note 10 of the basic financial statements.

ECONOMIC FACTORS

The District has operated solely in Southeastern Butler County since its 1994 formation. The District is working on engineering for the State Route 129 Extension eastward into Liberty Township with Cox Road being a parallel connector running with Interstate 75 from the State Route 129 Extension to State Route 63. The District is also working with the local governments to proceed with the engineering to widen State Route Bypass 4. The District also expects to start construction on the third phase of SR747 widening in the spring of 2007.

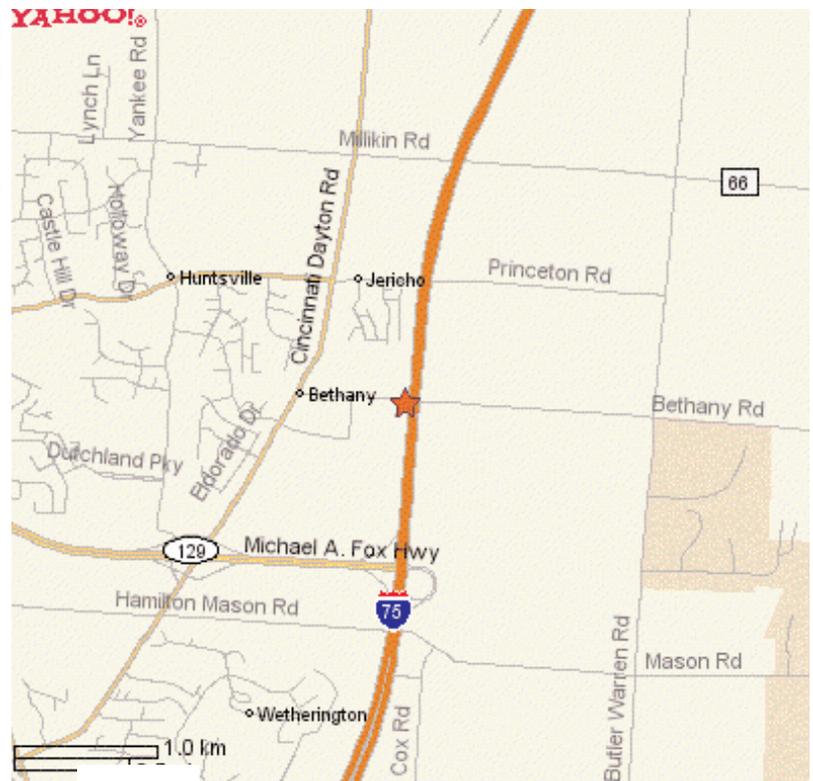
It is important that the District is able to succeed in the development of these projects not only for Butler County and its residents, but also for the longevity of the District. The District has no continuing revenue source except an administration fee charged on the various projects that it conducts.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

REQUEST FOR INFORMATION

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



Sean Fraunfelter, CPA
Finance and Administration



TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

STATEMENT OF NET ASSETS **DECEMBER 31, 2006**

Assets:

Current Assets:

Cash and Cash Equivalents	\$	298,250
Restricted Cash with Fiscal Agent		438,336
Accounts Receivable (net)		752,974
Loans Receivable		70,000
Intergovernmental Receivables		535,246
<i>Total Current Assets</i>		<u>2,094,806</u>

Noncurrent Assets:

Nondepreciable Capital Assets		15,034,816
<i>Total Noncurrent Assets</i>		<u>15,034,816</u>
Total Assets		<u>17,129,622</u>

Liabilities:

Current Liabilities:

Accounts Payable		28,779
Contracts Payable		95,367
Accrued Wages and Benefits		4,801
Intergovernmental Payable		4,202
<i>Total Current Liabilities</i>		<u>133,149</u>

Noncurrent Liabilities:

Accrued Liabilities		439,100
Total Liabilities		<u>572,249</u>

Net Assets:

Invested in Capital Assets		15,034,816
Unrestricted		1,522,557
Total Net Assets	\$	<u>16,557,373</u>

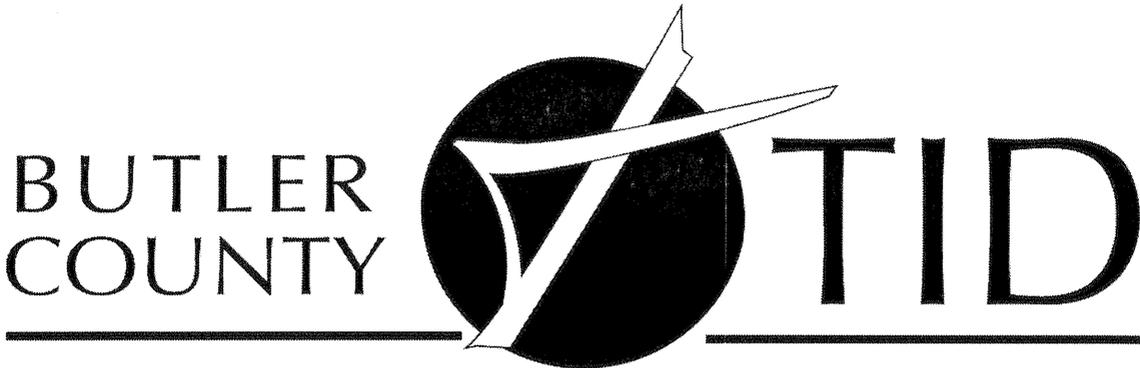
See accompanying notes to the financial statements

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006**

Functions/Programs	Expenses	Program Revenues		Net Revenue and Change in Net Assets Primary Government Governmental Activities
		Charges for Services	Capital Grants and Contributions	
Primary Government:				
Governmental Activities:				
General Government	\$ 1,702,925	\$ 94,991	\$ 1,946,633	\$ 338,699
Fiscal Charges	12,176,840	-	-	(12,176,840)
Interest on Long-Term Debt	491,317	-	-	(491,317)
Total Primary Government	\$ 14,371,082	\$ 94,991	\$ 1,946,633	(12,329,458)
General Revenues:				
Grants and Contributions not Restricted to Specific Programs				500,000
Unrestricted Investment Earnings				510,536
Change in Fair Value of Investments				(1,375)
Miscellaneous				46,481
Total General Revenues				1,055,642
Change in Net Assets				(11,273,816)
Net Assets - Beginning				27,831,189
Net Assets - Ending				\$ 16,557,373

See accompanying notes to the financial statements



TRANSPORTATION IMPROVEMENT DISTRICT

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**BALANCE SHEET -
GOVERNMENTAL FUNDS
DECEMBER 31, 2006**

	<u>General</u>	<u>Debt Service</u>	<u>State Route 129 Extension</u>	<u>State Route 747</u>
Assets:				
Cash and Cash Equivalents	\$ 294,101	\$ -	\$ -	\$ -
Receivables:				
Accounts, net	13,955	-	-	-
Loans	70,000	-	-	-
Intergovernmental	257,691	-	-	42,050
Interfund Loan	2,780,312	-	-	-
Restricted Assets:				
Cash with Fiscal Agent	-	438,225	111	-
Total Assets	\$ 3,416,059	\$ 438,225	\$ 111	\$ 42,050
Liabilities and Fund Balances				
Liabilities:				
Payable:				
Accounts	\$ 12,861	\$ -	\$ -	\$ 4,703
Contracts	-	-	-	5,103
Accrued Wages and Benefits	4,801	-	-	-
Intergovernmental	4,202	-	-	-
Interfund Loan	-	-	39,645	173,249
Deferred Revenue	85,064	-	-	42,050
Total Liabilities	<u>106,928</u>	<u>-</u>	<u>39,645</u>	<u>225,105</u>
Fund Balances:				
Reserved for:				
Encumbrances	6,652	-	-	174,981
Debt Service	-	438,225	-	-
Unreserved, reported in:				
General	3,302,479	-	-	-
Capital Projects (Deficit)	-	-	(39,534)	(358,036)
Total Fund Balances (Deficit)	<u>3,309,131</u>	<u>438,225</u>	<u>(39,534)</u>	<u>(183,055)</u>
Total Liabilities and Fund Balances	\$ 3,416,059	\$ 438,225	\$ 111	\$ 42,050

See accompanying notes to the financial statements

**Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
December 31, 2006**

Liberty Interchange	Other Governmental Funds	Total Governmental Funds		
			Total Governmental Fund Balances	\$ 1,247,689
			Amounts reported in governmental activities in the statement of net assets are different because:	
\$ -	\$ 4,149	\$ 298,250	Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds.	15,034,816
739,019	-	752,974		
-	-	70,000		
-	235,505	535,246	Other assets are not available to pay for current period expenditures and therefore are deferred in the funds.	713,968
-	-	2,780,312		
-	-	438,336		
<u>\$ 739,019</u>	<u>\$ 239,654</u>	<u>\$ 4,875,118</u>	Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(439,100)</u>
			Net Assets of Governmental Activities	<u>\$ 16,557,373</u>
\$ 8,377	\$ 2,838	\$ 28,779		
53,309	36,955	95,367		
-	-	4,801		
-	-	4,202		
2,342,519	224,899	2,780,312		
549,899	36,955	713,968		
<u>2,954,104</u>	<u>301,647</u>	<u>3,627,429</u>		
42,671	1,690,330	1,914,634		
-	-	438,225		
-	-	3,302,479		
<u>(2,257,756)</u>	<u>(1,752,323)</u>	<u>(4,407,649)</u>		
<u>(2,215,085)</u>	<u>(61,993)</u>	<u>1,247,689</u>		
<u>\$ 739,019</u>	<u>\$ 239,654</u>	<u>\$ 4,875,118</u>		

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>General</u>	<u>Debt Service</u>	<u>State Route 129 Extension</u>	<u>State Route 747</u>
Revenues:				
Intergovernmental	\$ 500,000	\$ -	\$ -	\$ 471,456
Charges for Services	86,743	-	-	-
Investment Earnings	34,041	206,318	270,177	-
Change in Fair Value of Investments	(1,375)	-	-	-
All Other	46,481	-	-	-
Total Revenues	665,890	206,318	270,177	471,456
Expenditures:				
Current:				
General Government	573,356	-	-	-
Capital Outlay	-	-	-	475,489
Debt Service:				
Interest and Fiscal Charges	-	1,964,375	-	-
Total Expenditures	573,356	1,964,375	-	475,489
Excess (Deficiency) of Revenues Over (Under) Expenditures	92,534	(1,758,057)	270,177	(4,033)
Other Financing Sources (Uses):				
Payment to Escrow Agent	-	(115,385,685)	-	-
Transfers In	500,000	13,978,954	-	-
Transfers Out	-	-	(13,978,954)	-
Total Other Financing Sources (Uses)	500,000	(101,406,731)	(13,978,954)	-
Special Item	-	103,224,543	-	-
Net Change in Fund Balances	592,534	59,755	(13,708,777)	(4,033)
Fund Balances (Deficit) - beginning	2,716,597	378,470	13,669,243	(179,022)
Fund Balances (Deficit) - ending	\$ 3,309,131	\$ 438,225	\$ (39,534)	\$ (183,055)

See accompanying notes to the financial statements

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended December 31, 2006**

Liberty Interchange	Other Governmental Funds	Total Governmental Funds		
			Net Change in Governmental Fund Balances	\$(14,502,251)
\$ 799,963	\$ 264,398	\$ 2,035,817	Amounts reported for the governmental activities in the statement of activities are different because:	
-	-	86,743	Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated to the projects as construction in progress.	1,850,748
-	-	510,536		
-	-	(1,375)	The statement of activities reflects removal of construction in progress as a special item, however; the governmental funds do not recognize the extinguishment of those assets	(548,737)
-	-	46,481	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	469,064
799,963	264,398	2,678,202	Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the funds.	(15,698)
-	-	573,356	In the statement of activities, interest and charges are accrued on outstanding bonds, whereas, in governmental funds, they are reported when due.	1,473,058
1,115,342	890,749	2,481,580	Change in Net Assets of Governmental Activities	<u>\$(11,273,816)</u>
-	-	1,964,375		
1,115,342	890,749	5,019,311		
(315,379)	(626,351)	(2,341,109)		
-	-	(115,385,685)		
-	-	14,478,954		
-	(500,000)	(14,478,954)		
-	(500,000)	(115,385,685)		
-	-	103,224,543		
(315,379)	(1,126,351)	(14,502,251)		
(1,899,706)	1,064,358	15,749,940		
<u>\$ (2,215,085)</u>	<u>\$ (61,993)</u>	<u>\$ 1,247,689</u>		

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

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

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and fund financial statements

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

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

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

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

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

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

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting

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

Governmental Funds

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

The District reports the following major governmental funds:

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

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

State Route 129 Extension Capital Projects Fund – The fund accounts for the TID's construction of a 10.7 mile divided above grade interstate like roadway from the City of Hamilton to Interstate 75. The District is in process of transferring all the right of way for the project to ODOT.

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

Liberty Interchange Capital Projects Fund – This project involves the reconfiguration of the current terminus of the State Route 129 Extension at Interstate 75. The interchange is being reconstructed to allow an eastward movement through a collector-distributor connection with the Hamilton-Mason Road Bridge. This fund also accounts for the auxiliary road improvements around the interchange. The TID completed financing for the project in 2007 (See Note 13) and started right of way acquisition in 2006. The project is expected to be under construction in 2007.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues - Exchange and Non-Exchange Transactions

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

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

Expenses/Expenditures

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

D. Cash and Cash Equivalents

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

During fiscal year 2006, investments were limited to Money Market Mutual Funds and Guaranteed Investment Contracts. Investments for the District are valued at fair value.

Following Ohio statutes, the Board of Trustees has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2006 amounts to \$34,041. The Debt Service and State Route 129 Extension capital projects fund also received interest on trust accounts of \$206,318 and \$270,177, respectively.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

E. Restricted Assets

Restricted assets are cash and cash equivalents whose use is limited by legal requirements. Restricted cash with fiscal agent represents amounts required by debt covenant to be segregated for final year debt payment and accrued interest on the bonds.

F. Interfund Transactions

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

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

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

G. Capital Assets

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

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

H. Compensated Absences

The District does not accrue compensatory time on exempt employees. Sick and vacation time must be used in the year earned or all unused time expires unless the Executive Director grants remaining vacation balances to be carried over to the next year on an individual basis. The District has no compensated absence liability.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Intergovernmental Revenues

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

J. Reservations of Fund Balance

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

K. Net Assets

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

L. Estimates

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

M. Deferred Revenues

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

N. Accrued Liabilities

The District reports accrued liabilities on the statement of net assets. The District reports a \$439,100 accrued liability for federal arbitrage earnings that are considered rebatable earnings. The District is required to pay ninety percent of the arbitrage every five years with the remaining ten- percent paid at maturity of the bonds.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Special Item

In January 2006, the TID and the Ohio Department of Transportation (ODOT) agreed to terminate the leasing relationship for the State Route 129 Extension and ODOT was required to pay the remaining balance on the lease receivable. Based on the payment, the District was able to payoff the special obligation bonds. The bonds were advanced refunded through an ODOT financing. The revenue received by the District was used to make the payment to the escrow agent along with the remaining balance in the debt service reserve account. The transaction has been reported on the budgetary and GAAP basis statements as a special item.

NOTE 2 – ACCOUNTABILITY AND COMPLIANCE

Fund Deficits

As of December 31, 2006, State Route 129, Extension, State Route 747, Liberty Interchange and State Route 4 Bypass Widening Capital Projects Funds had deficit fund balances of \$39,534; \$183,055; \$2,215,085 and \$66,142 respectively. The deficits were created through the reimbursement process of the District's intergovernmental agreements with the participating local governments. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Compliance

The following funds had appropriations that exceeded available balances:

State Route 129 Extension	\$1,984
State Route 747	142,401
State Route 4 Bypass Widening	76,046

The fund's appropriations plus negative beginning balance was larger than the anticipated revenues as the District anticipated advancing monies to the fund to cover the year end deficit; however, the estimates were less than what was needed to eliminate the deficit.

The State Route Bypass 4 widening fund had expenditures plus encumbrance in excess of appropriations by \$1,676,891. The District encumbered the entire amount of a two year contract with the engineering firm. The reimbursement will be received in the next year; therefore, the estimated revenue was not recorded.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 3 – DEPOSITS AND INVESTMENTS

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

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

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

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

A. Deposits

Custodial Credit Risk

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

At year-end the carrying amount of the District's deposits was \$297,486 and the bank balance was \$368,908. \$200,000 of bank balances were covered by federal depository insurance coverage, with \$34,720 having specific pledged collateral and \$134,188 being uninsured under federal depository coverage.

B. Investments

During the year, the District had investments of \$13,708,888 in a Guaranteed Investment Contract (GIC), with an insurance company, MBIA Inc. The GIC was terminated in January 2006 when the District's special obligation bond was repaid.

Custodial Credit Risk

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

Interest Rate Risk

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

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk

The District places no limit on the amount it may invest in any one issuer. The District only has one investment and therefore is above the five percent threshold as described below.

The District's investments at December 31, 2006 are summarized below:

Investment	Maturity Year	0-1 Years Before Maturity	Credit Rating	Agency
US Bank Money Market	2006	\$439,100	AAA/V-1+	S&P/Moody's

NOTE 4 – INTERFUND BALANCES

Interfund balances at December 31, 2006, consist of the following individual receivables and payables in the governmental fund balance sheet (such amounts are removed in the statement of net assets):

Fund	Interfund Loan Receivable	Interfund Loan Payable
General Fund	\$2,780,312	\$0
Capital Projects Funds:		
State Route 129 Extension	0	39,645
State Route 747	0	173,249
Liberty Interchange	0	2,342,519
Nonmajor Funds	0	224,899
Total Capital Projects Funds	0	2,780,312
Totals	\$2,780,312	\$2,780,312

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

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 5 – TRANSFERS

The following is a summary of transfers in and out for all funds for 2006:

Fund	Transfer In	Transfer Out
General Fund	\$500,000	\$0
Debt Service Fund	13,978,954	0
Capital Projects Funds		
State Route 129 Extension Fund	0	13,978,954
Nonmajor Funds	0	500,000
Totals	<u>\$14,478,954</u>	<u>\$14,478,954</u>

The transfer-in for the Debt Service Fund relates to the Ohio Department of Transportation's (ODOT) lease payment recognized into the State Route 129 Extension Capital Projects Fund and then moved into the Debt Service Fund for principal and interest payment. The other transfer relates to the District removing the self imposed right of way balance for future State Route 63 purchases.

NOTE 6 – INTERGOVERNMENTAL REVENUES AND CHARGES FOR SERVICES

The following entities, which are a part of the District, have contributed the following funds during 2006:

Member Name	Contribution	Charge for Service
Ohio Department of Transportation	\$937,822	\$33,520
Liberty Township	775,724	21,529
City of Hamilton	143,380	6,839
Fairfield Township	121,018	6,001
Butler County	44,588	99
West Chester Township	13,285	398
Montgomery County TID	0	18,375
Totals	<u>\$2,035,817</u>	<u>\$86,743</u>

Charges for service recorded in the General Fund, represent the administrative project cost related to the engineering and design projects the District had active during 2006. The District also contracted with the Montgomery County TID for providing monthly financial services.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 7 – CAPITAL ASSETS

Summary by category of changes in capital assets:

Category	December 31, 2005	Additions	Deletions	December 31, 2006
Land Held For Resale	\$2,704,955	\$4,418	\$0	\$2,709,373
Construction in Progress	11,027,850	1,846,330	548,737	12,325,443
Totals	<u>\$13,732,805</u>	<u>\$1,850,748</u>	<u>\$548,737</u>	<u>\$15,034,816</u>

For 2006, the District increased the cost basis in the land held for resale based on additional costs the District incurred for property taxes that will be recouped when the property is sold. In January 2006, the District's obligations and rights for the State Route 129 Extension and other related projects were eliminated when ODOT refunded the District's special obligation bonds payable. The deleted capital assets are in direct connection with that the transaction.

NOTE 8 – DEFINED BENEFIT PENSION AND POSTEMPLOYMENT BENEFITS PLANS

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

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 9.0%. The employer contribution rate was 13.70%, 9.20% to fund the pension and 4.50% to fund health care. The contribution requirements of plan members and the District are established and may be amended by the Public Employees Retirement Board. The District's contributions to the OPERS of Ohio for the years ending December 31, 2006, 2005, and 2004, were \$19,149, \$17,614, and \$12,276, respectively, 88 percent has been contributed for fiscal year 2006 and 100 percent has been contributed for fiscal years 2005 and 2004.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 8 – DEFINED BENEFIT PENSION AND POSTEMPLOYMENT BENEFITS PLANS (Continued)

The OPERS of Ohio provides postemployment health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is also available. The health care coverage to be provided by the retirement system is considered Other Postemployment Benefits as described in GASB Statement No. 12. A portion of each employer's contribution to the OPERS of Ohio is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the OPERS of Ohio. The portion of the 2006 employer contribution rate (identified above) that was used to fund health care for the year 2006 was 4.50% of covered payroll, which amounted to \$9,323.

Other Postemployment Benefits (OPEB) are advanced-funded on an actuarially determined basis. The assumption and calculation below were based on the System's latest actuarial review performed as of December 31, 2005. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. As of December 31, 2005, the actuarial value of net assets available for future OPEB payments was \$11.1 billion. The actuarially accrued liability and the unfunded actuarially accrued liability based on the actuarial cost method used, were \$31.3 billion and \$20.7 billion, respectively. The number of active contributing participants for OPEB at December 31, 2006 was 369,214.

NOTE 9 – LEASE

In 1996, the District entered into a Master Lease Agreement with the Ohio Department of Transportation (ODOT). The District received lease payments equal to the debt service requirements on the 1997 Highway Improvement Bonds from 1997 through 2005. The District leased the State Route 129 Extension to ODOT. ODOT refinanced the bonds in January 2006 and contributed moneys to the District to terminate the lease agreement between them and the District. ODOT also took ownership of the State Route 129 extension when the lease was terminated.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 10 – LONG-TERM OBLIGATIONS

	Balance December 31, 2005	Issued	Retired	Balance December 31, 2006	Due Within One Year
Governmental Activities:					
Accrued Liabilities	\$423,402	\$15,698	\$0	\$439,100	\$0
Special Obligation Bonds:					
4.75-6.00% 1997					
Highway Improvement	109,725,000	0	109,725,000	0	0
Governmental Activity					
Long-Term Liabilities	<u>\$110,148,402</u>	<u>\$15,698</u>	<u>\$109,725,000</u>	<u>\$439,100</u>	<u>\$0</u>

On January 5, 2006, the District's special obligation bonds were refunded through the Ohio Department of Transportation (ODOT) lease agreement. ODOT had the right in the lease agreement to refinance the District's revenue bonds as long as notice was provided. ODOT provided such notice and advance refunded the bonds of \$109,725,000. The District received additional moneys from ODOT under the lease agreement in order to advance refund the special obligation bonds.

The District is not a party to the newly issued debt obligation by ODOT nor did the District receive any financial benefit from the resulting advanced refunding. A calculation of the net present value savings and economic impact is not disclosed as those calculations have no impact on the District's financial statements. The District's sole benefit was the ability to remove the District's name from the State Route 129 Extension debt. The amounts on deposit for arbitrage payable will remain until the call date for the original debt on April 1, 2008. The refunded bonds are still subject to federal arbitrage regulations with the first five-year installment being paid on January 7, 2003 from the Debt Service fund. The District recognized the five-percent final portion on the statement of net assets.

NOTE 11 – CONSTRUCTION COMMITMENTS

The District has several major outstanding contracts for services. The following amounts remain on these contracts as of December 31, 2006:

<u>Project and Contractor</u>	<u>Outstanding Balance</u>
Resource International – Environmental	\$87,282
Resource International – Steps 8 – 12 IJS	33,604
ME Companies – Bypass 4 Widening	1,727,288
ME Companies – State Route 747	174,981

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 12 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; damage to, and theft or destruction of assets; errors and omissions; injuries to employees and natural disaster. During 2006, the District contracted with Cincinnati Financial Insurance Co. for liability, property, and crime damage. Coverages provided by the company are as follows:

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

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

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

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

NOTE 13 – SUBSEQUENT EVENTS

On February 15, 2007, the District's issued bonds in connection with the Liberty Interchange project for all costs associated with the project, except those for the extension of Cox Road north. The District issued \$41,130,000 in highway improvement bonds with the final maturity of December 1, 2034 at an interest rate of 4% to 5% over the life of the debt. The bonds will be repaid from revenues generated through intergovernmental agreements with Liberty Township, Butler County and West Chester Township.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 250,000	\$ 250,000	\$ 250,000	\$ -
Charges for Services	231,000	52,500	83,340	30,840
Investment Earnings	60,000	40,000	34,041	(5,959)
Change in Fair Value of Investments	-	-	(1,375)	(1,375)
All Other	-	40,000	37,331	(2,669)
Total Revenues	<u>541,000</u>	<u>382,500</u>	<u>403,337</u>	<u>20,837</u>
Expenditures:				
Current:				
General Government				
Personal Services	263,298	263,298	275,528	(12,230)
Contractual Services	283,500	280,000	294,511	(14,511)
Materials and Supplies	18,000	95,000	22,999	72,001
Other	50,000	-	10,278	(10,278)
Total General Government	<u>614,798</u>	<u>638,298</u>	<u>603,316</u>	<u>34,982</u>
Deficiency of Revenues Under Expenditures	<u>(73,798)</u>	<u>(255,798)</u>	<u>(199,979)</u>	<u>55,819</u>
Other Financing Sources (Uses):				
Transfers In	-	-	500,000	500,000
Transfers Out	-	(1,675,000)	-	1,675,000
Total Other Financing Uses	<u>-</u>	<u>(1,675,000)</u>	<u>500,000</u>	<u>2,175,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(73,798)</u>	<u>(1,930,798)</u>	<u>300,021</u>	<u>2,230,819</u>
Fund Balance Beginning of Year	2,714,505	2,714,505	2,714,505	-
Prior Year Encumbrances	3,112	3,112	3,112	-
Fund Balance End of Year	<u>\$ 2,643,819</u>	<u>\$ 786,819</u>	<u>\$ 3,017,638</u>	<u>\$ 2,230,819</u>
		Budget Basis	\$ 300,021	
		Revenue Accruals	262,553	
		Expenditure Accruals	21,577	
		Encumbrances	<u>8,383</u>	
		GAAP Basis	<u>\$ 592,534</u>	

See accompanying notes to the required supplementary information

*TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2006*

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Budgetary Process

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

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

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

1. Estimated Resources

As part of the District's budgetary process, the Board approves the budgetary document. The budgetary document states the projected revenue of each fund. Prior to December 31, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the budgetary document. The revised budget then serves as the basis for the annual appropriation measure. On or about January 1, the budgetary document is amended to include any unencumbered balances from the preceding year. The budgetary document may be further amended during the year if the Board determines that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the final budgetary document issued during 2006.

*TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2006*

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Appropriations

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

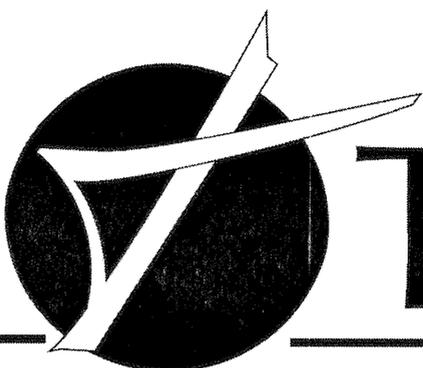
3. Lapsing of Appropriations

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

4. Budgetary Basis of Accounting

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

BUTLER
COUNTY



TID

TRANSPORTATION IMPROVEMENT DISTRICT

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUND

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

Union Centre Extension Fund

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

Muhlhauser Road Fund

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

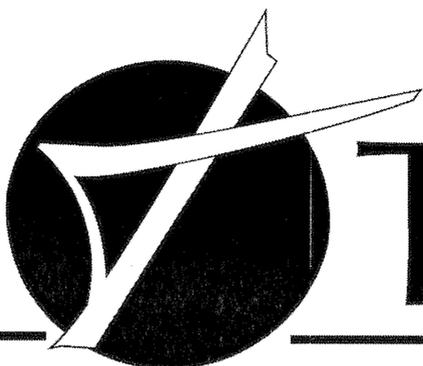
State Route 4 Bypass Widening Fund

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

State Route 63 Support Fund

The TID created this fund to show ODOT the County's desire to move forward with the State Route 63 Extension project. This fund was closed during the year as the TID needed the original amount set aside to aid in right-of-way purchases back in the General Fund for operations.

BUTLER
COUNTY



TID

TRANSPORTATION IMPROVEMENT DISTRICT

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2006

	CAPITAL PROJECTS				Total Nonmajor Governmental Funds
	Union Centre Extension	Muhlhauser Road	State Route 4 Bypass Widening	State Route 63 Support	
Assets:					
Cash and Cash Equivalents	\$ 325	\$ 3,824	\$ -	\$ -	\$ 4,149
Receivables from Other Governments	-	-	235,505	-	235,505
Total Assets	<u>\$ 325</u>	<u>\$ 3,824</u>	<u>\$ 235,505</u>	<u>\$ -</u>	<u>\$ 239,654</u>
Liabilities:					
Accounts Payable	\$ -	\$ -	\$ 2,838	\$ -	\$ 2,838
Contracts Payable	-	-	36,955	-	36,955
Interfund Loan Payable	-	-	224,899	-	224,899
Deferred Revenue	-	-	36,955	-	36,955
Total Liabilities	<u>-</u>	<u>-</u>	<u>301,647</u>	<u>-</u>	<u>301,647</u>
Fund Balances:					
Fund Balances:					
Reserved for Encumbrances	-	-	1,690,330	-	1,690,330
Unreserved -(Deficit)	325	3,824	(1,756,472)	-	(1,752,323)
Total Fund Balances	<u>325</u>	<u>3,824</u>	<u>(66,142)</u>	<u>-</u>	<u>(61,993)</u>
Total Liabilities and Fund Balances	<u>\$ 325</u>	<u>\$ 3,824</u>	<u>\$ 235,505</u>	<u>\$ -</u>	<u>\$ 239,654</u>

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	CAPITAL PROJECTS				Total Nonmajor Governmental Funds
	Union Centre Extension	Muhlhauser Road	State Route 4 Bypass Widening	State Route 63 Support	
Revenues:					
Intergovernmental	\$ -	\$ -	\$ 264,398	\$ -	\$ 264,398
Total Revenues	-	-	264,398	-	264,398
Expenditures:					
Capital Outlay	-	603,894	286,855	-	890,749
Deficiency of Revenue Under Expenditures	-	(603,894)	(22,457)	-	(626,351)
Other Financing Uses					
Transfers Out	-	-	-	(500,000)	(500,000)
Total Other Financing Uses	-	-	-	(500,000)	(500,000)
Deficiency of Revenues Under Expenditures and Other Financing Uses	-	(603,894)	(22,457)	(500,000)	(1,126,351)
Fund Balance - Beginning of Year	325	607,718	(43,685)	500,000	1,064,358
Fund Balance (Deficit) - End of Year	\$ 325	\$ 3,824	\$ (66,142)	\$ -	\$ (61,993)

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Investment Earnings	\$ 200	\$ 200	\$ 206,318	\$ 206,118
Total Revenues	200	200	206,318	206,118
Expenditures:				
Debt Service:				
Principal Retirement	6,725,000	-	-	-
Interest and Fiscal Charges	5,893,125	1,964,375	1,964,375	-
Total Expenditures	12,618,125	1,964,375	1,964,375	-
Deficiency of Revenues Under Expenditures	(12,617,925)	(1,964,175)	(1,758,057)	206,118
Other Financing Sources (Uses):				
Payment to Escrow Agent	-	(115,385,685)	(115,385,685)	-
Transfers In	12,618,125	13,915,206	13,915,206	-
Transfers Out	(2,500)	(2,500)	-	2,500
Total Other Financing Sources (Uses)	12,615,625	(101,472,979)	(101,470,479)	2,500
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,300)	(103,437,154)	(103,228,536)	208,618
Special Item	-	103,430,850	103,224,543	(206,307)
Fund Balance Beginning of Year	442,218	442,218	442,218	-
Fund Balance End of Year	\$ 439,918	\$ 435,914	\$ 438,225	\$ 2,311

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STATE ROUTE 129 EXTENSION CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 11,915,625	\$ -	\$ -	\$ -
Investment Earnings	703,500	270,000	270,177	177
Total Revenues	<u>12,619,125</u>	<u>270,000</u>	<u>270,177</u>	<u>177</u>
Expenditures:				
Current:				
General Government	1,000	-	-	-
Total Expenditures	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	<u>12,618,125</u>	<u>270,000</u>	<u>270,177</u>	<u>177</u>
Other Financing Uses:				
Transfers Out	(12,618,125)	(13,915,206)	(13,915,206)	-
Total Other Financing Sources Uses	<u>(12,618,125)</u>	<u>(13,915,206)</u>	<u>(13,915,206)</u>	<u>-</u>
Deficiency of Revenues Under Expenditures and Other Financing Uses	-	(13,645,206)	(13,645,029)	177
Fund Balance Beginning of Year	13,643,222	13,643,222	13,643,222	-
Fund Balance (Deficit) End of Year	<u>\$ 13,643,222</u>	<u>\$ (1,984)</u>	<u>\$ (1,807)</u>	<u>\$ 177</u>

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
LIBERTY INTERCHANGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental Revenue	\$ 1,000,000	\$ 1,693,000	\$ 677,010	\$ (1,015,990)
Total Revenues	1,000,000	1,693,000	677,010	(1,015,990)
Expenditures:				
Capital Outlay	1,025,000	1,465,000	1,203,195	261,805
Total Expenditures	1,025,000	1,465,000	1,203,195	261,805
Excess (Deficiency) of Revenues Over (Under) Expenditures	(25,000)	228,000	(526,185)	(754,185)
Other Financing Sources:				
Transfers In	-	1,675,000	-	(1,675,000)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(25,000)	1,903,000	(526,185)	(2,429,185)
Fund Balance (Deficit) Beginning of Year	(1,937,074)	(1,937,074)	(1,937,074)	-
Prior Year Encumbrances	34,344	34,344	34,344	-
Fund Balance (Deficit) End of Year	\$ (1,927,730)	\$ 270	\$ (2,428,915)	\$ (2,429,185)

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

SCHEDULE OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

STATE ROUTE 747 FUND

FOR THE YEAR ENDED DECEMBER 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 5,380,300	\$ 1,370,500	\$ 471,456	\$ (899,044)
Total Revenues	5,380,300	1,370,500	471,456	(899,044)
Expenditures:				
Capital Outlay	5,380,300	1,370,500	682,388	688,112
Total Expenditures	5,380,300	1,370,500	682,388	688,112
Deficiency of Revenues Under Expenditures	-	-	(210,932)	(210,932)
Fund Balance (Deficit) Beginning of Year	(142,401)	(142,401)	(142,401)	-
Fund Balance (Deficit) End of Year	\$ (142,401)	\$ (142,401)	\$ (353,333)	\$ (210,932)

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

UNION CENTRE EXTENSION FUND

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

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	MUHLHAUSER ROAD FUND			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
Revenues:				
Total Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Capital Outlay	-	607,718	603,894	3,824
Total Expenditures	-	607,718	603,894	3,824
Deficiency of Revenues Under Expenditures	-	(607,718)	(603,894)	3,824
Fund Balance Beginning of Year	607,718	607,718	607,718	-
Fund Balance End of Year	<u>\$ 607,718</u>	<u>\$ -</u>	<u>\$ 3,824</u>	<u>\$ 3,824</u>

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

STATE ROUTE 4 BYPASS WIDENING

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental Revenue	\$ 300,000	\$ 300,000	\$ 105,753	\$ (194,247)
Total Revenues	<u>300,000</u>	<u>300,000</u>	<u>105,753</u>	<u>(194,247)</u>
Expenditures:				
Capital Outlay	300,000	300,000	1,976,891	(1,676,891)
Total Expenditures	<u>300,000</u>	<u>300,000</u>	<u>1,976,891</u>	<u>(1,676,891)</u>
Excess of Revenues Over Expenditures	-	-	(1,871,138)	(1,871,138)
Fund Balance (Deficit) Beginning of Year	(76,046)	(76,046)	(76,046)	-
Prior Year Encumbrances	2,544	2,544	2,544	-
Fund Balance (Deficit) End of Year	<u>\$ (73,502)</u>	<u>\$ (73,502)</u>	<u>\$ (1,944,640)</u>	<u>\$ (1,871,138)</u>

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	STATE ROUTE 63 SUPPORT FUND			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Total Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Total Expenditures	-	-	-	-
Excess of Revenues Over Expenditures	-	-	-	-
Other Financing Sources:				
Transfers Out	-	-	(500,000)	500,000
Total Other Financing Uses	-	-	(500,000)	500,000
Deficiency of Revenues Under Expenditures and Other Financing Uses	-	-	(500,000)	(500,000)
Fund Balance Beginning of Year	500,000	500,000	500,000	-
Fund Balance End of Year	\$ 500,000	\$ 500,000	\$ -	\$ (500,000)

STATISTICAL

SECTION



State Route 747 looking south from middle of the project. This picture is before full construction was started.



Liberty Interchange western portion where several connecting ramps will be located.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

NET ASSETS BY COMPONENT

LAST SEVEN YEARS (accrual basis of accounting)

	2006	2005	2004	2003	2002	2001	2000
Governmental Activities:							
Invested in Capital Assets	\$ 15,034,816	\$ 13,732,805	\$ 10,982,235	\$ 17,546,423	\$ 42,089,576	\$ 54,652,188	\$ 43,783,628
Restricted	374,477	15,195,076	14,850,389	14,522,631	14,318,505	14,690,286	15,990,278
Unrestricted	1,148,080	(1,096,692)	1,552,732	1,847,313	1,981,693	1,772,609	4,481,297
Total Governmental Activities Net Assets	\$ 16,557,373	\$ 27,831,189	\$ 27,385,356	\$ 33,916,367	\$ 58,389,774	\$ 71,115,083	\$ 64,255,203

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

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

CHANGE IN NET ASSETS

LAST SEVEN YEARS (accrual basis of accounting)

	2006	2005	2004	2003	2002	2001	2000
Expenses:							
Governmental Activities							
General Government	\$ 1,702,925	\$ 460,218	\$ 9,277,438	\$ 26,962,585	\$ 15,022,973	\$ 3,005,859	\$ 6,510,583
Fiscal Charges	6,516,155	159,666	100,089	163,647	515,492	-	-
Interest on Long Term Debt	6,152,002	6,074,883	6,289,655	4,809,798	6,893,265	7,132,810	7,428,450
Total Governmental Activities Expenses	14,371,082	6,694,567	15,667,182	31,936,030	22,431,730	10,138,669	13,939,033
Program Revenues:							
Charges for Services							
General Government	94,991	48,898	79,354	45,973	185,882	370,668	191,612
Operating Grants and Contributions							
General Government	1,946,633	657,450	404,160	370,358	1,598,492	7,902,350	8,912,869
Interest on Long Term Debt	-	5,245,955	6,365,905	5,736,408	6,405,255	7,132,810	7,428,450
Total Governmental Activities Program Revenues	2,041,624	5,952,303	6,849,419	6,152,739	8,189,629	15,405,828	16,532,931
Net (Expense)/Revenue	(12,329,458)	(742,264)	(8,817,763)	(25,783,291)	(14,242,101)	5,267,159	2,593,898
General Revenues							
Grants and Contributions Unrestricted	500,000	-	250,000	250,000	250,000	250,000	7,929,894
Unrestricted Investment Earnings	510,536	980,903	940,632	957,963	947,606	1,201,655	1,811,459
Change in Fair Value of Investments	(1,375)	(4,111)	(1,509)	(4,629)	20,580	23,909	16,673
Miscellaneous	46,481	211,305	1,097,629	106,550	298,606	117,157	576,523
Total Governmental Activities General Revenues	1,055,642	1,188,097	2,286,752	1,309,884	1,516,792	1,592,721	10,334,549
Change in Net Assets	\$ (11,273,816)	\$ 445,833	\$ (6,531,011)	\$ (24,473,407)	\$ (12,725,309)	\$ 6,859,880	\$ 12,928,447

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

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

LAST EIGHT YEARS (modified accrual basis of accounting)

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

Note: The information for the District's fund balance were not available for 1997 and 1998.

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

LAST EIGHT YEARS (modified accrual basis of accounting)

	2006	2005	2004	2003	2002	2001	2000	1999
Revenues								
Intergovernmental	\$ 105,260,360	\$ 12,731,782	\$ 12,785,339	\$ 12,086,808	\$ 14,682,529	\$ 19,793,111	\$ 29,311,213	\$ 25,544,670
Charges for Services	86,743	41,347	65,611	22,771	50,369	86,202	191,612	1,686,630
Investment Earnings	510,536	987,083	940,632	957,963	947,606	1,201,655	1,811,459	2,782,484
Change in Fair Value of Investments	(1,375)	(4,111)	(1,509)	(4,629)	20,580	23,909	16,673	-
All Other	46,481	7,487	1,107,629	130,973	429,320	253,803	576,523	434,061
Total Revenues	105,902,745	13,763,588	14,897,702	13,193,886	16,130,404	21,358,680	31,907,480	30,447,845
Expenditures								
Current								
General Government	573,356	2,200,915	995,739	2,005,237	406,635	389,346	557,999	1,019,865
Capital Outlay	2,481,580	2,679,873	1,717,511	414,195	2,053,726	11,857,139	13,860,237	63,420,783
Debt Service:								
Principal	109,725,000	6,405,000	6,100,000	5,810,000	5,530,000	5,280,000	5,040,000	5,080,000
Interest and Fiscal Charges	7,625,060	6,063,250	6,365,905	6,663,625	7,411,068	7,210,775	7,455,875	7,696,225
Total Expenditures	120,404,996	17,339,038	15,179,155	14,893,057	15,401,429	24,737,260	26,914,111	77,216,873
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,502,251)	(3,575,450)	(281,453)	(1,699,171)	728,975	(3,378,580)	4,993,369	(46,769,028)
Other Financing Sources (Uses)								
Face Value of Debt	-	1,650,000	-	-	-	-	-	-
Transfers In	14,415,206	13,874,479	13,727,822	13,669,557	15,113,369	17,753,723	13,060,217	20,556,553
Transfers Out	(14,415,206)	(13,874,479)	(13,727,822)	(13,669,557)	(15,113,369)	(17,753,723)	(13,060,217)	(20,556,553)
Total Other Financing Sources (Uses)	-	1,650,000	-	-	-	-	-	-
Net Change in Fund Balances	\$ (14,502,251)	\$ (1,925,450)	\$ (281,453)	\$ (1,699,171)	\$ 728,975	\$ (3,378,580)	\$ 4,993,369	\$ (46,769,028)
Debt Service as a percentage of noncapital expenditures	20467%	566%	1252%	622%	3182%	3208%	2239%	1253%

Notes:

For 2006, the District has the highway improvement bond repaid through the ODOT lease agreement

All other years - the debt service obligation is paid through an operating lease with ODOT.

The information for the District's fund balance were not available for 1997 and 1998.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

FULL TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION

DECEMBER 31, 2006

<u>Year</u>	<u>General Government Employees</u>
2006	3
2005	3
2004	2
2003	3
2002	3
2001	3
2000	3
1999	5
1998	5
1997	5

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

ASSESSED VALUE AND BANK DEPOSITS

LAST TEN YEARS

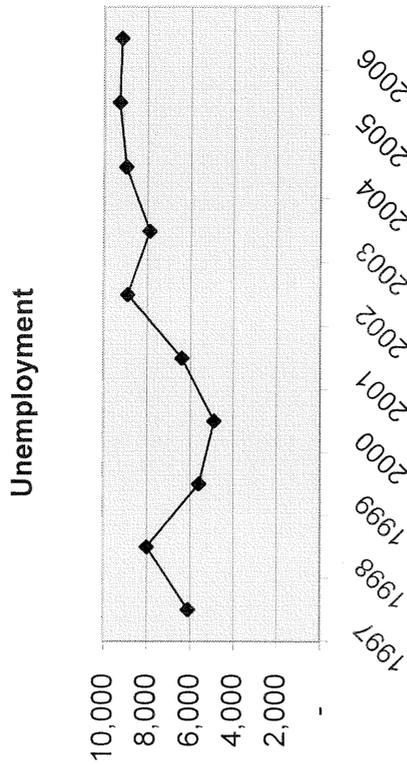
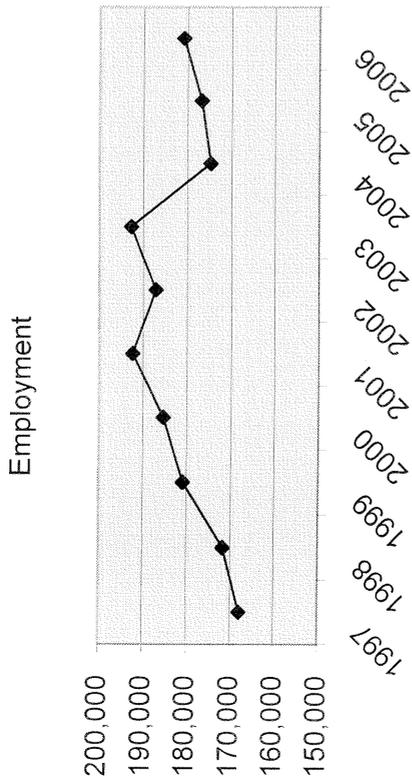
<u>Year</u>	<u>Real Property (1)</u>	<u>Bank Deposits (2)</u>
1997	\$ 3,939,072,770	\$ 815,435,000
1998	4,068,350,540	864,105,000
1999	4,199,464,910	913,169,000
2000	4,764,719,420	1,152,810,000
2001	4,990,028,970	1,136,994,000
2002	5,144,613,220	1,257,078,000
2003	6,043,237,390	1,355,739,000
2004	6,175,495,560	10,267,537,000
2005	6,362,721,810	3,053,270,000
2006	6,935,887,900	2,909,045,000

(1) Source: Butler County Auditor

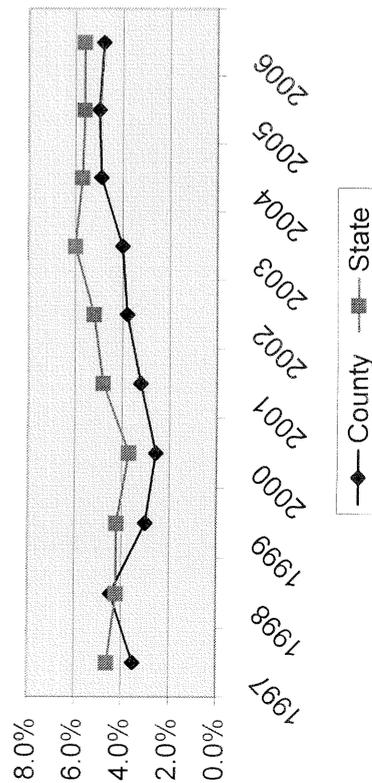
(2) Source: Department of Data Services, Federal Reserve Bank of Cleveland

**TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
 DEMOGRAPHIC STATISTICS
 DECEMBER 31, 2006**

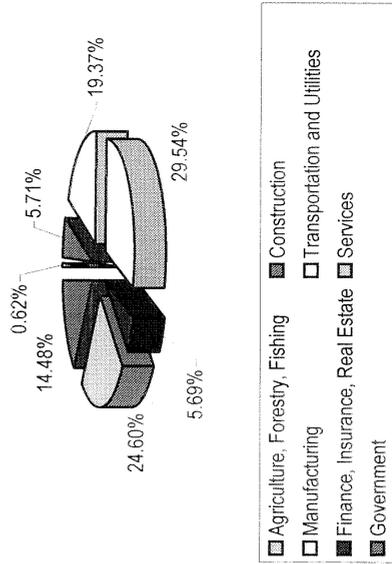
Labor Force Statistics



Unemployment Rates



Employment by Industrial Sector as of 12/31/02



TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

MISCELLANEOUS STATISTICS

DECEMBER 31, 2006

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

County: Butler

County Seat: City of Hamilton, Ohio

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

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

Source: Transportation Improvement District



Mary Taylor, CPA
Auditor of State

BUTLER COUNTY TRANSPORTATION IMPROVEMENT DISTRICT

BUTLER COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 19, 2007**