

**TRANSPORTATION IMPROVEMENT DISTRICT
BUTLER COUNTY**

Audit Report

Year Ended December 31, 2012





Dave Yost • Auditor of State

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

We have reviewed the *Report of Independent Accountants* of the Transportation Improvement District of Butler County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2012 through December 31, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

July 31, 2013

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**TRANSPORTATION IMPROVEMENT DISTRICT
BUTLER COUNTY, OHIO
AUDIT REPORT
For the Year Ended December 31, 2012**

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

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

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Transportation Improvement District of Butler County, (the District) as of and for the year ended December 31, 2012, and the related notes to the financial statements, and have issued our report thereon dated June 21, 2013.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

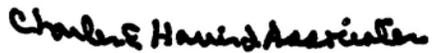
Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Transportation Improvement District of Butler County
Butler County
Independent Auditors' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Charles E. Harris" followed by a stylized flourish.

Charles E. Harris & Associates, Inc.
June 21, 2013

STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS

The prior audit report, for the year ending December 31, 2011, reported no material citations or recommendations.

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Comprehensive Annual Financial Report For the Year Ended December 31, 2012

Preferred Alignment for proposed South Hamilton Crossing



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



**Comprehensive Annual Financial Report
For the Year Ended December 31, 2012**

Prepared by: Sean Fraunfelter, CPA - Finance Department

Transportation Improvement District of Butler County, Ohio

Comprehensive Annual Financial Report

For the Year Ended December 31, 2012

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June 27, 2013

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, 2012. 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 2012.

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 appoints one of its positions to represent the Cities of Middletown, Monroe and Trenton. The Board of Trustees appoints a representative from the City of Oxford as its board appointment. With these changes, the TID Board and local governments are working to broaden the reach of the TID.

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

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

This report presents the financial activity of the 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 Statements No. 34, 54, 63 and 65.

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

MAJOR INITIATIVES - *Butler County getting used to Superstreets*

Bypass State Route 4 Widening/Airport Access

There is a significant amount of history associated with the Bypass widening that anyone from Butler County knows all about. Over the past several years, the amount of traffic on the Bypass has increased, resulting in the need for a new Ohio design concept called a "superstreet." Construction has been completed on the four phases including the three related intersections. The superstreet design at State Route 4 Bypass and Hamilton-Mason Road functions as follows: a driver westbound on Hamilton-Mason -- in order to continue west on that road -- would (1) turn right, or northbound, onto the bypass, (2) proceed to the left to the median crossover, (3) make a left U-turn onto the southbound bypass lanes and (4) then turn right at Hamilton-Mason. Through traffic on Bypass 4 continues to experience reduced wait time at intersection red lights. (See right)



Fiscal year 2009 proved to be a very successful year by receiving American Reinvestment Recovery Act funding that paid for part of the construction on Phase 2 (pictured here) along with funding through Ohio-Kentucky-Indiana Regional Council of Governments program, Ohio Department of Transportation (ODOT) funding, Federal Highway (FHWA) Safety Grant money and other grant funding. The District was responsible for Phase 1 (Hamilton-Mason Road intersection), Phase 2 (Symmes Road intersection), Phase 3 (Tylersville Road intersection), and Phase 5A (bridge over State Route 129). The City of Fairfield completed Phase 4 (south of Symmes to SR4).



The local governments, Butler County, Fairfield Township and the City of Hamilton, pledged future tax dollars from the area to issue a \$7.2 million economic recovery zone bond in December 2009. The savings the District was able to achieve through grants dollars and ODOT waiving certain fees allowed for the local contribution on Phase 5A to be funded in 2011 from this bond issue when the District needed to match the OKI grant received to pay for the remaining costs on Phase 5A. The City of Fairfield paid one hundred percent of its phase at the southern terminus. The local governments' original commitment to fund the local share was significantly reduced with the District's ability to generate grant and low interest bearing bonds for the project.

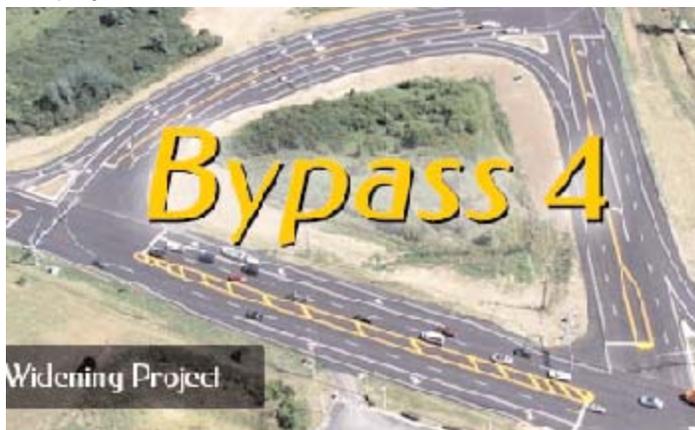
The picture on the left shows the Symmes Road intersection completed with the medians north and south of the intersection where the turn-arounds are located as described above.



One of the aspects in Phase 3 was construction of a roadway stub for the future Bobmeyer Road project. The stub did create some engineering design issues as the roadway comes in just north of the railroad bridge and to the east of the current airport runway with a wetland pond located to the south. The picture on the left shows where the future extension will connect to the State Route 4 Bypass.

The District's four phases were successfully bid to three different contractors, with John R. Jurgensen receiving Phases 1 and 3 (logistically next to each other), Barrett Paving securing Phase 2, and Phase 5A to Complete General Construction Company. If you include the City of Fairfield's phase, you have four different contractors (Sunesis) completing the six-mile construction project.

The City of Fairfield utilizes a new Ohio design concept to help alleviate traffic congestion at the terminus on State Route 4. The design is referred to as the "jug-handle" and allows for the current intersection to be split, providing better signal timing along the State Route 4 corridor. The picture to the right shows finished dual intersection from the City's website.



South Hamilton Crossing

The District and City of Hamilton entered into an intergovernmental agreement during 2011 for the District to oversee the engineering design phase of the project. The District has received grant funding for right of way acquisition and now the funding on the construction phase is being explored. The project will create an overpass over the CSX Railroad in the southern portion of the City and allow for greater access into the City's technology park and Miami University Hamilton. The District has been successful in receiving two \$250,000 grants from the State of Ohio's HB114 program to cover some of the engineering costs. The District also has worked with the railroads and local partners enhancing the awareness of the project purpose and need, including traffic safety and economic development. The District has streamlined the project time line to where construction could start as early as 2015 if the available funding can be obtained. The District is evaluating sources such as the State Infrastructure Bank to leverage other funding and move the project along at the new schedule. The cover of this year's CAFR presents the preferred alignment of the project.

Pioneer Parkway Study Group

The District formed a study group of local governments and other interested parties to put together a development vision for the study area to the west of the Great Miami River along Augspurger Road and Wayne-Madison Road to the south and east of the City of Trenton. The group has been working to identify development potential in the area through various funding mechanisms like Joint Economic Development Districts and Tax Increment Financing Districts. The initial environmental study was completed several years ago by the Butler County Engineer's Office and is being evaluated by the District along with the Ohio Department of Transportation and the Federal Highway Administration for required updates. The group has put together a public information flyer that is located throughout the county via pamphlets and traveling presentations, and is available on the District's website at <http://www.bctid.org/BCTID/Downloads/Documents/PP%20Flyer.pdf>.

ECONOMIC CONDITION AND OUTLOOK

The TID has seen state and federal project government financing on the decline. With recent State of Ohio budget cuts, the local governments have limited resources to allocate for major infrastructure projects, but our partners have continued to step up, locally funding the Liberty Interchange project and a substantial part of the overall Bypass 4 widening project for the past four years. The state has also continued with its restrictions on funding major new projects through its TRAC Program. Funds previously allocated to TID's through ODOT's operating budget were changed by HB114 to a competitive process. Eligible TID's throughout the state may apply for up to \$250,000 annually per project per year subject to others limits per request. The TID was successful in its two applications for the South Hamilton Crossing project. The District had used this funding in prior years to help offset operating cost. This is no longer an eligible expense. The TID is also holding significant land along Liberty Way that will help fund operations for the next decade as potential development starts construction during 2013.

The TID can work with local officials to bring together an infrastructure improvement 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 infrastructure projects that are necessary for either safety improvements or to bring in more development for the area. Tax increment financing areas are being used with other financing options such as joint economic development districts area are special taxing districts considered 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 to complete segregation of duties, but everything is done to the best of the abilities of current staffing to assure that proper internal controls over cash, check writing and authorizations are in place.

SIGNIFICANT FINANCIAL POLICIES

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

FACTORS AFFECTING FINANCIAL CONDITION

The TID operates from three typical financial sources: investment interest revenue, local government contributions and a three percent administration charge on project management services. The TID Board continues working on alternative funding sources for operations and projects. For additional information on the financial condition of the TID, please review the Management Discussion and Analysis starting on page 3 of the report.

From a long term financial planning perspective, the TID Board and staff continue to evaluate future projects that will provide the District with the additional administrative revenue necessary to fund operations. The District's ability to work on future projects such as the South Hamilton Crossing and the Pioneer Parkway is critical for the District and also for the local governments throughout Butler County.

AUDIT

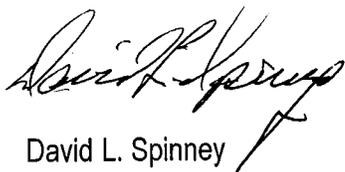
An audit team from Charles E. Harris & Associates, Inc. performed this year's audit. The results of the audit are presented in the Independent Auditors Report.

AWARDS AND ACKNOWLEDGMENTS

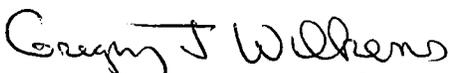
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the TID for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2011. This was the seventeenth consecutive year that the TID has received this award for excellence. In order to be awarded a Certificate of Achievement, the TID published a clear and effective CAFR.

The TID staff works to develop a level of professionalism and sound financial reporting. The preparation and publication of this CAFR serves as a cornerstone for the TID's efforts. A special note of acknowledgment is presented to our Board of Trustees for their knowledge and dedication, serving as volunteers to the TID. The TID also acknowledges our local governments that are critical to the success of the District. Our Board of Trustees organizational chart (page viii) identified which local government each member represents. Without their support to the projects of the District it would not be possible to have successfully completed almost \$300 million in construction projects throughout Butler County. The report demonstrates the level of accountability that we strive to maintain each year. We hope this report increases public confidence in the operation and management of the TID. The report also provides a fair presentation of the financial condition of the TID as of and for the year ended December 31, 2012.

Respectfully submitted,



David L. Spinney
TID 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, 2011

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.



Christopher P. Moynell

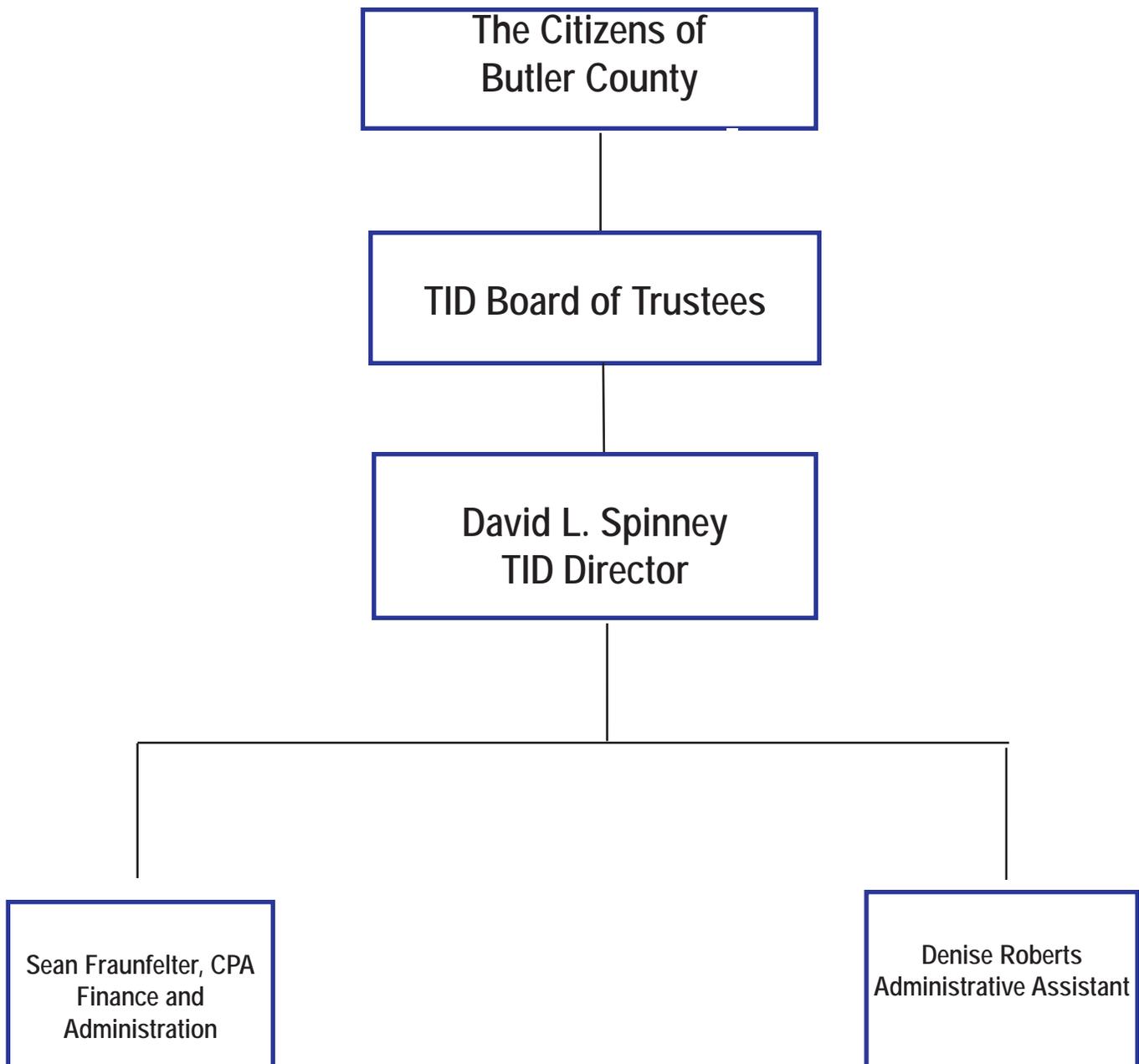
President

Jeffrey R. Emer

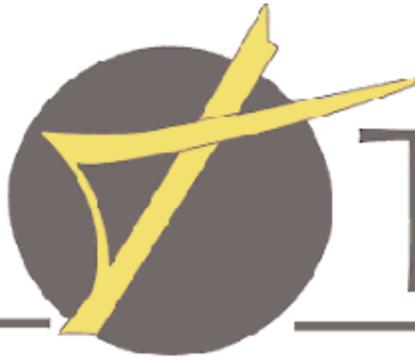
Executive Director



2012 Staff Organizational Chart



BUTLER
COUNTY

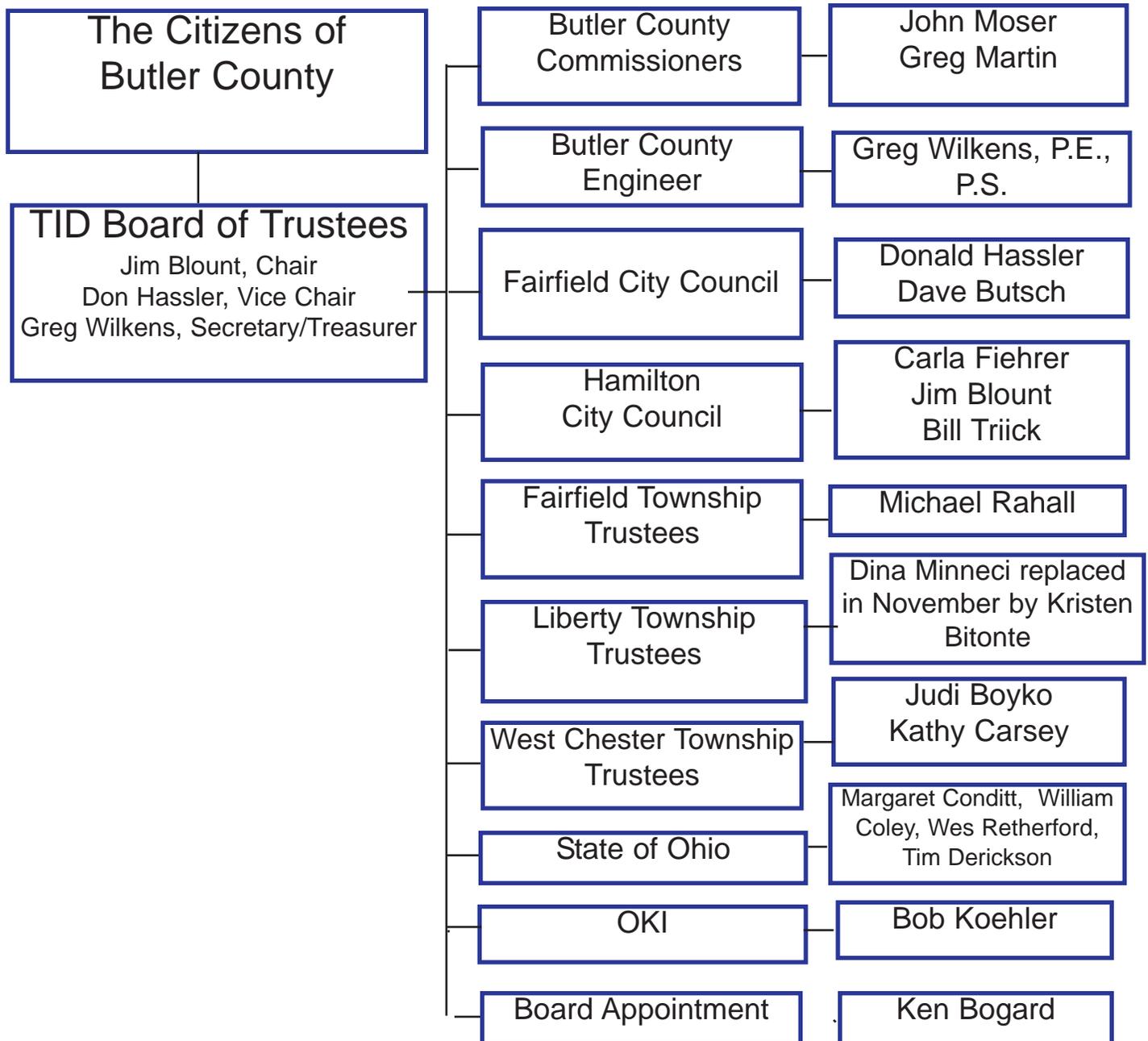


TID

TRANSPORTATION IMPROVEMENT DISTRICT

2012 Board of Trustees

Organizational Chart



FINANCIAL

SECTION



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Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Transportation Improvement District of Butler County, Ohio (the District), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Transportation Improvement District, Butler County, Ohio, as of December 31, 2012, and the respective changes in financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 11 to the financial statements, during 2012, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB No. 65, *Items Previously Reported as Assets and Liabilities*. The implementation of these Standards had no effect on the prior year Net Position. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include Management's discussion and analysis and required budgetary comparison schedules listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplemental and Other Information

Our audit was conducted to opine on the District's basic financial statements taken as a whole. The introductory section, the financial section's combining statements, individual fund statements and schedules, and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The financial section's combining statements, individual fund statements and schedules are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2013 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
June 21, 2013

**TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Our discussion and analysis of the Transportation Improvement District of Butler County, Ohio's financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2012. Please review it in conjunction with the transmittal letter and the District's basic financial statements, which begin on page 12.

FINANCIAL HIGHLIGHTS

- Total net position decreased \$56.91 million, which is mainly from the District's dedication of a significant portion of the construction in progress to other government entities as the roadwork project have been completed. Most of the construction in progress (\$44.89 million) removed relates to the Liberty Interchange related projects..
- General revenues accounted for \$0.08 million in revenues or 0.93 percent of all revenues. Program specific revenues in the form of charges for services and capital grants accounted for \$8.71 million or 99.03 percent of all revenues.
- The District added \$4.05 million in capital assets during the current year from the construction along the State Route Bypass 4 project and engineering work on the South Hamilton Crossing project.
- Among the major funds, the State Route Bypass 4 Widening fund had expenditures of \$4.34 million as the District spent significant dollars on the construction of Phase 5A which was under construction during 2012 and the other District phases were completed during the year. The Liberty Interchange fund saw a \$5.89 million intergovernmental expenditure as the funding agreement between the District, Liberty Township and Butler County requires the return of excess funds if certain requirements are met.
- Since inception, the District has spent approximately \$312 million on construction projects in Butler County proving the District is a vital governmental tool to be used by the local governments to help increase the movement of the Butler County residents and open up valuable acreage for development that will keep Butler County as one of the growing communities in Ohio.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 12-13) 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 Position 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 Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets 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 Position* and changes in it. You can think of the District's Net Position, 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 Position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's 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 Position 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 supplementary information, combining and individual fund statements and schedules and statistical information which can be found on pages 33-65 of this report.

THE DISTRICT AS A WHOLE

The District's total Net Position changed significantly from a year ago resulting from the capital asset removal. Our analysis below focuses on the Net Position (Table 1) and Changes in Net Position (Table 2) of the District's governmental activities.

Table 1
Net Position (in millions)

	Restated			Restated	
	2011	2012		2011	2012
Current and other assets	\$ 14.3	\$ 9.7	Net position:		
Capital assets	87.1	34.2	Investment in capital assets	\$ 38.2	\$ 27.2
Total Assets	101.4	43.9	Restricted	12.7	8.5
			Unrestricted	0.2	(41.5)
Long-term obligations	(49.5)	(49.0)	Total net position	\$ 51.1	\$ (5.8)
Other liabilities	(0.8)	(0.7)			
Total Liabilities	(50.3)	(49.7)			

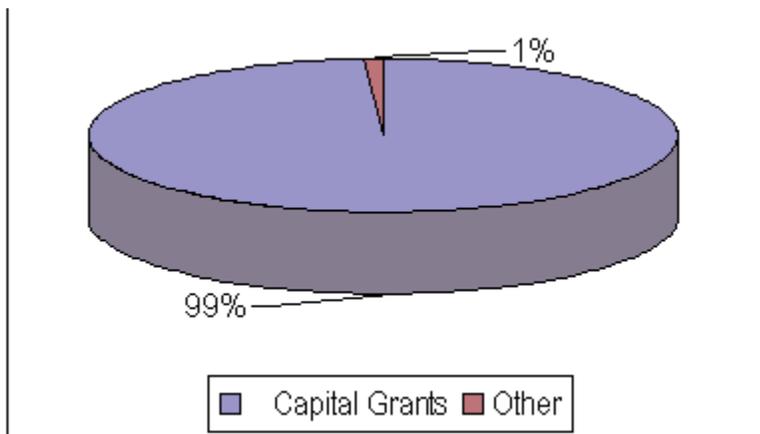
Net Position of the District's activities decreased significantly. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - dropped from 2011 as the District received very little noncapital revenue during the year and the allocation of the Liberty Interchange debt here. There was an decrease in investment in capital assets where the District realized an \$11 million increase as State Route Bypass 4 project construction on phase 5 (Hamilton-Mason Road to Princeton Road) continued but \$56.9 million were officially removed as the projects have been transferred to other governmental entities. Including all phases, the State Route Bypass 4 project's construction bids were over \$37 million. The District has decided the traffic counts on the final portion of roadway do not warrant widening the road presently and have not continued on the engineering work. The District saw the current and other assets decrease as \$5.9 million of restricted cash in the trust accounts were paid back to Liberty Township and Butler County under the Liberty Funding agreement.

Table 2 compares the 2012 change in net position to the 2011 change in net position.

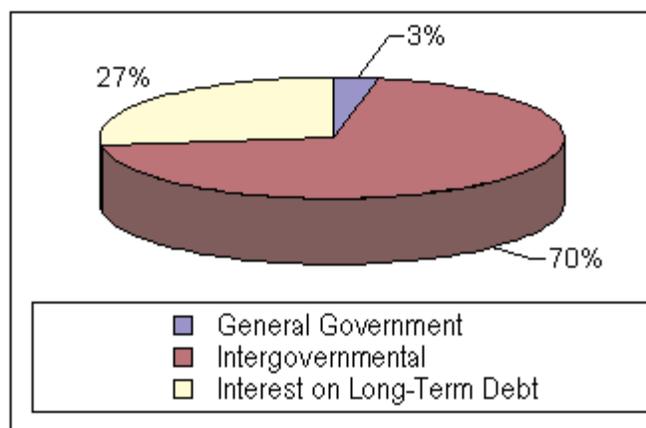
Table 2
Changes in Net Position for 2012
Compared with 2011 activity
(in millions)

	Restated 2011	2012	Change
Program Revenues:			
Charges for Services	\$ -	\$ -	\$ -
Capital Grants	13.1	8.7	(4.4)
General Revenues:			
Other	0.3	0.1	(0.2)
Total Revenues	13.4	8.8	(4.6)
Program Expenses			
General Government	1.8	0.3	(1.5)
Intergovernmental	-	6.1	6.1
Interest of Long-Term Debt	2.4	2.4	-
Total Expenses	4.2	8.8	4.6
Special Item	-	(56.9)	(56.9)
Change in Net Position	9.2	(56.9)	(66.1)
Beginning Net Position	41.9	51.1	9.2
Ending Net Position	\$ 51.1	\$ (5.8)	\$ (56.9)

2012 Governmental Activities Revenues



2012 Governmental Activities Expenses



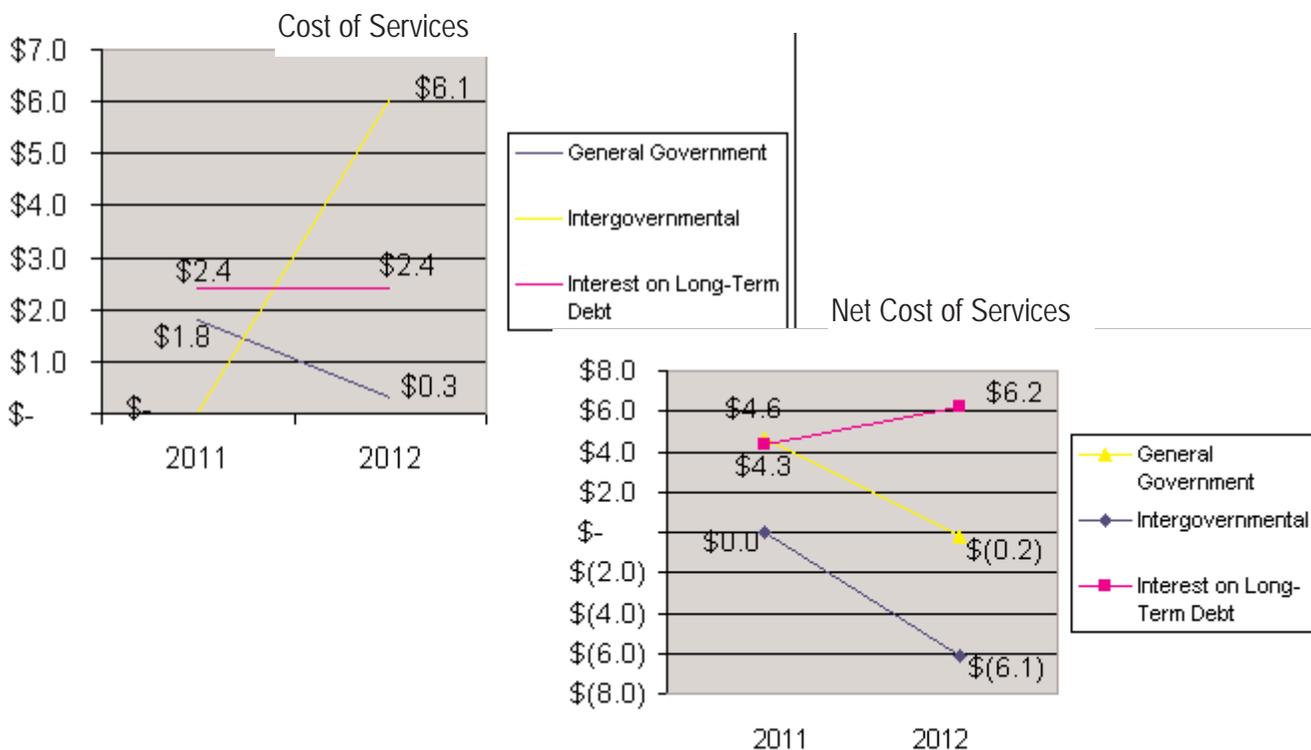
The District saw expenses increase from 2011 to 2012 mainly resulting from the District's return of excess funds under the Liberty Funding Agreement. Liberty Township and Butler County are required to contribute 100% of their net TIF revenue and are eligible to receive a refund if certain requirements are satisfied. The District saw a \$4.4 million decrease in the capital grants and contributions from 2011. The majority of the decrease relates to the District's phases on the State Route 4 Bypass project being completed by fiscal year 2013. The District issued bonds in late 2009 for the local share on the project and made the initial principal payments in 2011 through local contributions from Butler County, Fairfield Township and the City of Hamilton. During 2012, the District expended over \$3.5 million on the project construction.

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	
	2011	2012	2011	2012
General Government	\$ 1.8	\$ 0.3	\$ 4.6	\$ (0.2)
Intergovernmental	-	6.1	-	(6.1)
Interest on Long-Term Debt	2.4	2.4	4.3	6.2
Total Expenses	\$ 4.2	\$ 8.8	\$ 8.9	\$ (0.1)

The graphs below depict the change in cost of services for the program expenses from 2011 to 2012 and also shows the net cost of services for those expenses in the two years. As the net cost shows, after having back to back years where the program revenues exceed the program expenses, the District saw a slight cost for services this year because of the return of excess funds under the Liberty Funding Agreement. The local governments are required to overfund the debt service on the Liberty Interchange project which is a program revenue for interest on long term debt and the federal and state funding on the State Route 4 Bypass project paid for expenses that end up capitalized in the District's construction in progress.



THE DISTRICT'S FUNDS

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

Table 4
Year End Fund Balances
in (Millions)

	2011	2012	% Change
General	\$ 3.4	\$ 3.2	-5.9%
Liberty Interchange	9.9	5.9	-40.4%
State Route 4 Bypass Widening	-	0.4	100.0%
South Hamilton Crossing	-	(0.1)	-100.0%
Nonmajor Funds	(0.1)	(0.2)	-100.0%
Total Governmental Balances	\$ 13.2	\$ 9.2	-30.3%

The **General Fund** realized a decrease of \$0.28 million. The fund received the last operating funding from the roadwork development grant in 2011. The fund will only receive project revenues when the District is successful at financing a project. The District does its best to keep operating expenditures low and only spent about 9% of the fund balance during 2012.

The 40.4% decrease for the **Liberty Interchange Fund** is attributed to the \$5.9 million repayment of revenue fund contributions to Butler County and Liberty Township under funding agreement. The local government partners contributed one hundred percent of their net incremental revenue in the project area until certain funding requirements are met.

The **State Route Bypass 4 Widening Fund** increased by 100% from the prior year as the District had recorded a significant accounts payable in 2011 for the City of Hamilton utility costs associated with Phases 2 and 3 of the project. There were no outstanding payables at the end of 2012.

The **South Hamilton Crossing Fund** is a new major fund for 2012 as a result of outstanding liabilities and deferred inflow of resources at the end of the year. The District has an intergovernmental agreement with the City of Hamilton to complete the engineering work on the project. The District also has received funding through the Ohio-Kentucky-Indiana Regional Council of Governments for the right of way phase of the project.

The **Other Nonmajor Funds** accounts for the funds the District still maintains that have little to no balance in them. These funds account for prior projects the District has worked on and are finished but not officially closed out on the District's books. The District will leave the fund open until all possible phases of the project are completed or other related activity along the project corridor is completed. The District expects to close out several of these nonmajor funds over the next year.

Table 5 presents a summary of governmental fund revenues for the 2012 fiscal year and the amounts and percentages of increases and decreases in relation to the prior year.

Table 5
Total Governmental Fund Revenues

			Increase (Decrease)	Percent Increase (Decrease)
Revenue Source	2012 Amount	Percent of Total	Over 2011	
Intergovernmental	\$ 8,771,638	96.8%	\$ (3,913,720)	-30.9%
Charges for Services	23,625	0.3%	(3,750)	-13.7%
Investment Earnings	16,684	0.2%	15,639	1496.6%
Other	250,540	2.8%	(11,708)	-4.5%
Total	\$ 9,062,487	100.0%	\$ (3,913,539)	-30.2%

The 31% decrease in **intergovernmental revenues** is related to the decrease in revenue contributions from Butler County regarding the Liberty Interchange project. **Investments Earnings** increased during 2012 as several of the yearly investments matured during the year compared to less revenue in 2011. The District's decrease in **other revenues** relates selling miscellaneous parcels that were part of the State Route 129 Extension but all the revenue was used to pay for costs to determine what could be sold during 2011. The District also accounts for the IRS interest rebates on the State Route 4 Bypass bonds in other revenues.

The main difference in governmental fund expenditures from 2011 to 2012 was the reimbursement to the local governments under the Liberty Funding Agreement. If that was excluded, the District saw expenditures dropped almost 20% as there was less money spent along the State Route 4 Bypass project with only the Phase 5A under construction.

Table 6 presents the General Fund budget and the difference between the original budget and final budget for fiscal year 2012. 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:			
Charges for Services	\$ 26,100	\$ 26,100	\$ -
Investment Earnings	100	400	300
Expenditures:			
Current:			
General Government	267,900	291,400	(23,500)

Original versus Final Budget

The District had no significant changes from original to final budget for 2012. The District's revenue budget has changed dramatically over the past year with the elimination of the operating grant. The District will be funded in the future from project fees. The District increased the expenditure budget (8.8%) as the budgeted expenditures for the special assessment needed to be increased during the year. The District was able to decrease the personal services budget by maintaining part time staff members.

Table 7
Final Budget versus Actual Results
General Fund

	Final Budget	Actual	Variance
Revenues:			
Charges for Services	\$ 26,100	\$ 23,625	\$ (2,475)
Investment Earnings	400	608	208
Expenditures:			
Current:			
General Government	291,400	282,454	8,946

Final Budget versus Actual Results

As discussed above, the District worked through 2012 with a very lean operating system. There are two main projects for the District in the development or engineering phases. As the District is able to take these projects through the process, there will be project revenue associated with each. The District did decrease the actual expenditures slightly again related to personnel costs as the staff did not work as much as anticipated during the last quarter of the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At year-end, the District had \$34.2 million invested in land held for resale and construction in progress assets. This amount represents an increase of \$4 million, or 4.6%, over the last year and a reduction of \$56.9 million from the transfer of the completed project to other local governments. The District spent that amount on the State Route 4 Bypass Phase 5A construction. For more information on capital assets, see Note 6 of the financial statements.

Debt Administration

During the year, the District had \$41.1 million in special obligation bonds for construction of the Liberty Interchange related projects outstanding. The debt is backed by intergovernmental agreements with Liberty Township, Butler County and West Chester Township. The project financing would not have occurred without the commitment of those governments. The bonds were issued at a \$1.6 million premium to cover the first seven months of interest expense. The District has not paid any principal for the first five years of the issue but will start in 2013.

During 2009, the District saw the City of Hamilton, Butler County and Fairfield Township agree to support a \$7.3 million special obligation bond for the local share on the District's phases of the State Route 4 Bypass widening project. The bonds were issued under the economic recovery zone bond program so the participating governments received a 45% credit on the interest paid. This is critical for helping reduce the overall burden to these governments. The debt was reduced by \$220,000 during the year.

For more detailed information on this transaction, refer to Note 8 of the basic financial statements.

ECONOMIC FACTORS

The District has operated solely in Southeastern Butler County since its 1994 formation. The District opened the Interchange at Liberty Way during the fall of 2009. Along with the Cox Road Extension and Liberty Way, these projects will open up hundreds of acres for commercial development that will generate additional property and income tax for the area, as well as sales tax. The District has secured over \$21 million in various grant dollars to help pay for the construction of the State Route 4 Bypass widening. With the road widened from the Fairfield terminus to past Princeton Road, it allows for a free flow of traffic and opens up other valuable sites in Fairfield, Hamilton and Fairfield Township for development.

The District has shifted focus now that State Route 4 Bypass project is open to traffic. The District is focusing on the development potential in the St. Clair and Madison Township area near the Great Miami River around Wayne-Madison Road (i.e Pioneer Parkway). The District has started a development plan in connection with many local participants to move the construction project forward. The District also has an agreement with the City of Hamilton for the South Hamilton Crossing project that will open up significant developable acreage within the City of Hamilton. The District entered into a contract for the full engineering on the project and has secured funding for the right of way phase. The District, along with the City, continues to work on securing funding the construction of the project.

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

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 1921 Fairgrove Ave., Hamilton, Ohio 45011

Sean Fraunfelter, CPA
Finance and Administration

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

STATEMENT OF NET POSITION DECEMBER 31, 2012

Assets:	
Cash and Cash Equivalents	\$ 502,055
Cash in Segregated Accounts	123,555
Restricted Cash with Fiscal Agent	8,533,214
Accounts Receivable	2,125
Interest Receivable	12,126
Intergovernmental Receivables	231,871
Prepaid Insurance	297,264
Nondepreciable Capital Assets	34,197,674
Total Assets	<u>43,899,884</u>
Liabilities:	
Current Liabilities:	
Accounts Payable	138,380
Accrued Wages and Benefits	3,205
Intergovernmental Payable	1,334
Accrued Interest Payable	197,380
Special Obligation Bonds Payable - Current	355,000
<i>Total Current Liabilities</i>	<u>695,299</u>
Noncurrent Liabilities:	
Special Obligation Bonds Payable	49,039,663
<i>Total Noncurrent Liabilities</i>	<u>49,039,663</u>
Total Liabilities	<u>49,734,962</u>
Net Position:	
Net investment in capital assets	27,234,348
Restricted for:	
Land option of property	100,000
Debt Service	8,402,463
Unrestricted	(41,571,889)
Total Net Position	<u>\$ (5,835,078)</u>

See accompanying notes to the financial statements

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2012

Functions/Programs	Program Revenues			Net Revenue and
	Expenses	Charges for Services	Capital Grants and Contributions	Change in Net Position Primary Government Governmental Activities
Primary Government:				
Governmental Activities:				
General Government	\$ 331,860	\$ 23,625	\$ 73,555	\$ (234,680)
Intergovernmental	6,065,704	-	-	(6,065,704)
Interest on Long-Term Debt	2,398,076	-	8,612,849	6,214,773
Total Primary Government	\$ 8,795,640	\$ 23,625	\$ 8,686,404	(85,611)
General Revenues:				
Unrestricted Investment Earnings				16,684
Miscellaneous				64,642
Special Item - Disposal of Construction in Progress				(56,901,877)
Total General Revenues and Special Item				(56,820,551)
Change in Net Position				(56,906,162)
Net Position - Beginning (Restated)				51,071,084
Net Position - Ending				\$ (5,835,078)

See accompanying notes to the financial statements

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**BALANCE SHEET -
GOVERNMENTAL FUNDS
DECEMBER 31, 2012**

	<u>General</u>	<u>Liberty Interchange</u>	<u>State Route 4 Bypass Widening</u>	<u>South Hamilton Crossing</u>
Assets:				
Cash and Cash Equivalents	\$ 497,906	\$ -	\$ -	\$ -
Cash in Segregated Accounts	-	123,555	-	-
Receivables:				
Accounts, net	2,125	-	-	-
Intergovernmental	-	-	-	231,871
Interest	-	12,126	-	-
Interfund Loan	2,708,368	-	-	-
Restricted Assets:				
Cash with Fiscal Agent	-	7,696,818	836,396	-
Total Assets	\$ 3,208,399	\$ 7,832,499	\$ 836,396	\$ 231,871
Liabilities, Deferred Inflows of Resources, and Fund Balance				
Liabilities:				
Payable:				
Accounts	\$ 31,790	\$ 45,164	\$ -	\$ 61,426
Accrued Wages and Benefits	3,205	-	-	-
Intergovernmental	1,334	-	-	-
Interfund Loan	-	1,914,076	432,711	195,478
Total Liabilities	36,329	1,959,240	432,711	256,904
Deferred Inflows of Resources				
Unavailable revenue - intergovernmental revenues	-	-	-	61,126
Total Deferred Inflows of Resources	-	-	-	61,126
Fund Balances:				
Restricted:				
Escrow Security Deposit	-	100,000	-	-
Debt Service	-	8,402,463	-	-
Capital Improvements	-	-	836,396	-
Unassigned:				
General	3,172,070	-	-	-
Capital Projects (Deficit)	-	(2,629,204)	(432,711)	(86,159)
Total Fund Balances (Deficit)	3,172,070	5,873,259	403,685	(86,159)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,208,399	\$ 7,832,499	\$ 836,396	\$ 231,871

See accompanying notes to the financial statements

**Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2012**

Other Governmental Funds	Total Governmental Funds		
		Total Governmental Fund Balances	\$ 9,200,901
		Amounts reported in governmental activities in the statement of Net Position are different because:	
\$ 4,149	\$ 502,055	Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds.	34,197,674
-	123,555		
-	2,125	Other long term assets are not available for current period expenditures and therefore are deferred in the funds.	61,126
-	231,871		
-	12,126		
-	2,708,368	Prepaid insurance premiums reported as an expenditures in governmental funds are allocated as an expense over the life of the debt on a full accrual basis.	297,264
-	8,533,214		
<u>\$ 4,149</u>	<u>\$ 12,113,314</u>	Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(49,592,043)</u>
		Net Position of Governmental Activities	<u>\$ (5,835,078)</u>
\$ -	\$ 138,380		
-	3,205		
-	1,334		
166,103	2,708,368		
<u>166,103</u>	<u>2,851,287</u>		
-	61,126		
-	<u>61,126</u>		
-	100,000		
-	8,402,463		
4,149	840,545		
-	3,172,070		
(166,103)	(3,314,177)		
<u>(161,954)</u>	<u>9,200,901</u>		
<u>\$ 4,149</u>	<u>\$ 12,113,314</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, 2012**

	<u>General</u>	<u>Liberty Interchange</u>	<u>State Route 4 Bypass Widening</u>	<u>South Hamilton Crossing</u>
Revenues:				
Intergovernmental	\$ -	\$ 3,815,871	\$ 4,555,616	\$ 400,151
Charges for Services	23,625	-	-	-
Investment Earnings	608	15,991	85	-
All Other	-	73,555	176,985	-
Total Revenues	<u>24,233</u>	<u>3,905,417</u>	<u>4,732,686</u>	<u>400,151</u>
Expenditures:				
Current:				
General Government	306,559	50,659	1,360	-
Intergovernmental	-	5,888,719	176,985	-
Capital Outlay	-	-	3,545,423	474,060
Debt Service:				
Principal Retirement	-	-	220,000	-
Interest and Fiscal Charges	-	1,988,225	396,050	-
Total Expenditures	<u>306,559</u>	<u>7,927,603</u>	<u>4,339,818</u>	<u>474,060</u>
Net Change in Fund Balances	(282,326)	(4,022,186)	392,868	(73,909)
Fund Balances (Deficit) - beginning	3,454,396	9,895,445	10,817	(12,250)
Fund Balances (Deficit) - ending	<u>\$ 3,172,070</u>	<u>\$ 5,873,259</u>	<u>\$ 403,685</u>	<u>\$ (86,159)</u>

See accompanying notes to the financial statements

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended December 31, 2012**

Other Governmental Funds	Total Governmental Funds		
		Net Change in Governmental Fund Balances	\$ (3,985,553)
\$ -	\$ 8,771,638	Amounts reported for the governmental activities in the statement of activities are different because:	
-	23,625		
-	16,684		
-	250,540		
-	9,062,487	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.	4,046,201
		The statement of activities reports the disposition of capital assets.	(56,901,877)
-	358,578	Governmental funds report premiums as other financing sources, whereas these amounts are deferred and amortized on the statement of activities.	64,642
-	6,065,704		
-	4,019,483		
-	220,000	Revenues in the statement of activities that do not provide current financial resources are not reported as such in the funds.	(335,774)
-	2,384,275		
-	13,048,040	In the statement of activities, interest and charges are accrued on outstanding bonds, whereas, in governmental funds, they are reported when due.	435
-	(3,985,553)		
(161,954)	13,186,454	Bonds payable are not due and payable in the current period and therefore are not reported in the funds	220,000
\$ (161,954)	\$ 9,200,901		
		The issuance of long term debt provides current financial resources to governmental funds, then the repayment reduces long-term liabilities in the statement of Net Position. In the current year, this amount relates only to the amortization of prepaid insurance:	(14,236)
		Change in Net Position of Governmental Activities	<u>\$ (56,906,162)</u>

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

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, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the 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, 2012

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.

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

State Route 4 Bypass Widening Capital Projects Fund - To account for the engineering and environmental work to proceed with widening State Route 4 Bypass from the two terminus points on State Route 4. The TID and Butler County Engineer received stimulus funding and other state grants to complete Phases 1, 2, and 3 which started in 2010 and were open to traffic in 2011. The City of Fairfield was under construction for their phase during 2010 and completed it during 2012. The District finished the construction aspect of Phase 5A during 2012.

South Hamilton Crossing Fund - To account for the study and engineering for a railroad overpass along Grand Avenue in the southern portion of the City of Hamilton. The TID has entered into an agreement with the City for overseeing the engineering and environmental process and right-of-way acquisition and will work on construction as funding becomes available.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues - Exchange and Non-Exchange Transactions

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

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

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 position and governmental fund balance sheet by activity or fund. The District utilizes a financial institution management of several trust accounts for the State Route 4 Bypass Widening project. The District utilizes another financial institution for the management of two trust accounts for the Liberty Interchange project. The balances in these accounts are presented on the financial statements as “Restricted Assets: Cash with Fiscal Agent.” The District maintains a “Cash in Segregated Account” for holding the land option deposits on acreage around the Liberty Interchange project.

During fiscal year 2012, investments were limited to money market mutual funds and U.S. Agency securities.

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

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Following Ohio statutes, the Board of Trustees has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2012 amounts to \$608, with no interest assigned to other funds as they operate on a reimbursement basis and do not receive interest. The Liberty Interchange and State Route 4 Bypass Widening capital projects funds also received interest on trust accounts of \$15,991 and \$85 respectively.

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

E. Restricted Assets

Restricted assets are cash and cash equivalents whose use is limited by legal requirements. Restricted cash with fiscal agent represent amounts required by debt covenant to be segregated for construction expenses and future debt service on the outstanding bonds.

F. Interfund Transactions

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

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

G. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life are not. The District maintains the ownership of the asset until a dedication plat is filed with the participating government for recording of the road. The District removed several projects during 2012 including all the related projects associated with the Liberty Interchange project which totaled \$44.90 million in construction in progress. The District also owns several parcels of land at the end of the fiscal year that will be sold in future years to help finance TID operations or projects.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Compensated Absences

The District does not accrue compensatory time on exempt employees. Sick leave is allowed to be carried over to the next fiscal year but cannot be paid out in any case. Vacation time is earned by the District's administrative assistant and can be carried over into the next year with permission of the Director. The accrued balance is accounted for in accrued wages and benefits.

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. Fund Balance

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

- Nonspendable fund balance relates to the value of consumable inventories and prepaids. The District has no balance to report in this category.
- Restricted fund balances related to bond proceeds maintained in segregated accounts for construction and required to be held for purchase of land. The \$100,000 restricted for escrow security deposit is subject to restriction of the purchase agreement. The \$8,402,463 restricted for debt service and \$836,396 restricted for construction are subject to the bond covenants. None of the restricted funds in the Liberty Interchange or State Route 4 Bypass Widening funds are available to offset the unrestricted fund deficits.
- Committed fund balances are balances the District Board has formally allocated. The District has no balance to report in this category.
- Assigned fund balances are balances the District administration have specified the future use. The District has no balance to report in this category.
- Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Net position

Net position presents the difference between assets and liabilities in the statement of net position. Net position – net investment in capital assets is capital assets reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed on their use by District legislation or external restrictions by creditors, grantors, laws or regulations of other governments. The District reports a large unrestricted net position deficit as the Liberty Interchange bonds are still outstanding but the related capital assets were dedicated over to the responsible party to maintain the infrastructure.

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. Reconciliation of government-wide and fund financial statements

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

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this (\$49,592,043) difference are as follows:

Special Obligation Bonds Payable	(\$48,000,000)
Special Obligation Bonds – Premium	(1,394,663)
Accrued Interest Payable	(197,380)
Net Adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	(\$49,592,043)
	(\$49,592,043)

NOTE 2 – ACCOUNTABILITY

Fund Deficits

As of December 31, 2012, South Hamilton Crossing, State Route 747, and State Route 129 Extension Capital Projects Funds had deficit fund balances of \$86,159, \$126,458, and \$39,645 respectively. The deficits were created through the reimbursement process of the District’s intergovernmental agreements with the participating local governments. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 2 – ACCOUNTABILITY (Continued)

Compliance

The State Route 4 Bypass Widening fund had expenditures in excess of appropriations by \$624,845 as the District had a utility relocation invoice greater than anticipated. The South Hamilton Crossing fund had expenditures in excess of appropriations by \$46,834 due to timing of invoices. The State Route 129 Extension and State Route 747 funds had negative beginning balances of \$39,645 and \$126,458. The funds operated on a reimbursement basis with the estimated revenues budgeted across multiple fiscal years.

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,

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

- Under limited circumstances, corporate debt obligations rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

A. Deposits

Custodial Credit Risk

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

At year-end the carrying amount of the District's deposits was \$625,600 and the bank balance was \$625,065. \$250,000 of bank balances were covered by federal depository insurance coverage with \$375,065 being uninsured under federal depository coverage.

B. Investments

Custodial Credit Risk

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

Interest Rate Risk

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

Credit Risk

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

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

During 2012, the District limited investments to securities in Federal Government Agencies, long term certificates of deposit and money market mutual funds. Below are the credit ratings of the District’s investments:

Security	Rating Agency	
	Moody’s	Standard & Poor’s
Federal Home Loan Bank Notes	Aaa/AA+	P-1/A-1
Dreyfus Government Prime Cash Management Fund	Aaa	AAAm
Fidelity Government Fund	Aaa	AAAm

Concentration of Credit Risk

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

The District’s investments at December 31, 2012 are summarized below:

Investment	Average Maturity	<1 Year Before Maturity	>1 Year Before Maturity	Concentration Risk
Federal Home Loan Bank Notes	0.52 years	\$1,000,040	\$0	11.72%
Long Term Certificates of Deposit	1.22 years	0	2,000,000	23.44%
Dreyfus Government Prime Cash Management Fund	<60 days	4,696,788	0	55.04%
Fidelity Government Fund	<60 days	836,396	0	9.80%
Total		<u>\$6,533,224</u>	<u>\$2,000,000</u>	

NOTE 4 – INTERFUND BALANCES

Interfund balances at December 31, 2012, consist of the following individual receivables and payables in the governmental fund balance sheet (such amounts are removed in the statement of net position):

Fund	Interfund Loan Receivable	Interfund Loan Payable
General Fund	\$2,708,368	\$0
Capital Projects Funds:		
Liberty Interchange	0	1,914,076
State Route 4 Bypass Widening	0	432,711
South Hamilton Crossing	0	195,478
Nonmajor Funds	0	166,103
Total Capital Projects Funds	<u>0</u>	<u>2,708,368</u>
Totals	<u>\$2,708,368</u>	<u>\$2,708,368</u>

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 4 – INTERFUND BALANCES (Continued)

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 interfund in the State Route 4 Bypass Widening fund relates to the payments made advance the fifth phase A on the widening project where the District advanced the engineering funds. The District is evaluating sources to recover those costs. The General Fund will be repaid within one year or less once the reimbursements are received.

NOTE 5 – INTERGOVERNMENTAL REVENUES AND CHARGES FOR SERVICES

The following entities, which are a part of the District, have contributed the following funds during 2012:

Member Name	Contribution
Ohio Department of Transportation	\$4,192,323
Butler County	1,817,700
Liberty Township	2,903,382
Fairfield Township	252,379
City of Hamilton	372,171
West Chester Township	43,683
Totals	\$8,771,638

Charges for services recorded in the General Fund, represents the District's contract with the Montgomery County TID for providing monthly financial services.

NOTE 6 – CAPITAL ASSETS

Summary by category of changes in capital assets:

Category	December 31, 2011	Additions	Deletions	December 31, 2012
Land	\$1,775,789	\$0	\$0	\$1,775,789
Construction in Progress	85,277,561	4,046,201	56,901,877	32,421,885
Totals	\$87,053,350	\$4,046,201	\$56,901,877	\$34,197,674

For 2012, the District spent a significant amount on the State Route 4 Bypass Widening project as the fifth phase of widening the bridge over State Route 129 was under construction. The engineering project started on the South Hamilton Crossing project also contributed to the increase in capital assets. The District also transferred several projects to other local governments including the related Liberty Way Interchange projects of \$44.90 million. The District still has the special obligation bonds recorded the Statement of Position which results in the Net Position – Unrestricted being reported as large deficit.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 7 – DEFINED BENEFIT PENSION AND POSTEMPLOYMENT BENEFITS PLANS

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

OPERS administers three separate pension plans as described below:

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

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 10%. The employer contribution rate was 14% with 10% used to fund the pension allocation. The contribution requirements of plan members and the District are established and may be amended by the Ohio Public Employees Retirement Board. The District's contributions to the OPERS of Ohio for the years ending December 31, 2012, 2011, and 2010 were \$6,575, \$6,589, and \$5,357, respectively, 81 percent has been contributed for fiscal year 2012 and 100 percent has been contributed for fiscal years 2011 and 2010.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

Employer contributions rates are expressed as a percentage of the covered payroll of active members. In 2012, state and local employers contributed at a rate of 14.00% of covered payroll. The Ohio Revised Code currently limits the employer contribution rate to a rate not to exceed 14.0% of the covered payroll for state and local employer. Active members do not make contributions to the OPEB plan.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

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

OPERS’ Post Employment Health Care Plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members in the TP was 4% during calendar year 2012. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The District’s actual contributions that were used to fund post employment benefits in 2012, 2011, and 2010 were \$2,630, \$2,515, and \$2,944, respectively, 81 percent has been contributed for fiscal year 2012 and 100 percent has been contributed for fiscal years 2011 and 2010.

The Health Care Preservation Plan (HCCP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 each year from 2006 to 2008, which allowed funds to be allocated to the health care plan.

NOTE 8 – LONG-TERM OBLIGATIONS

	Balance December 31, 2011	Issued	Retired	Balance December 31, 2012	Due Within One Year
Governmental Activities:					
Special Obligation Bonds:					
4.00%-5.00% 2007	\$41,130,000	\$0	\$0	\$41,130,000	115,000
Premium	1,360,489	0	59,152	1,301,337	0
Special Obligation Bonds					
1.875%-6.50% 2009	7,090,000	0	220,000	6,870,000	240,000
Premium	98,816	0	5,490	93,326	0
Governmental Activity					
Long-Term Liabilities	\$49,679,305	\$0	\$284,642	\$49,394,663	\$355,000

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

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 8 – LONG-TERM OBLIGATIONS (Continued)

The District has pledged all future revenues from the intergovernmental agreements to repay the \$41,130,000 in special obligation bonds to finance the Liberty Interchange project. The bonds are paid from tax increment financing revenue received from Liberty Township, Butler County and West Chester Township’s applicable properties located around the project. Total principal and interest remaining on the bonds is \$80,858,675 payable through December 2034. For the current year, only interest was paid in the amount of \$1,980,575 while total tax increment financing revenue was \$3,815,871.

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

The principal and interest requirements for outstanding bonds as of December 31, 2012 are as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total	Rate
2013	\$355,000	\$2,368,550	\$2,723,550	3.00-4.00%
2014	565,000	2,356,749	2,921,749	3.875-4.00
2015	780,000	2,335,551	3,115,551	3.875-4.00
2016	1,005,000	2,304,705	3,309,705	3.875-4.00
2017	1,200,000	2,256,331	3,456,331	3.875-4.00
2018-2022	8,680,000	10,283,069	18,963,069	4.00-5.125
2023-2027	15,605,000	7,466,045	23,071,045	4.25-5.875
2028- 2032	18,110,000	2,758,826	20,868,826	4.75-6.50
2033-2034	1,700,000	115,650	1,815,650	4.50-5.00
Totals	<u>\$48,000,000</u>	<u>\$32,245,476</u>	<u>\$80,245,476</u>	

NOTE 9 – CONSTRUCTION COMMITMENTS

The District has several major outstanding contracts for services. The following amounts remain on these contracts as of December 31, 2012.

Project and Contractor	Outstanding Balance
South Hamilton Crossing – Burgress and Niple	\$667,114

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 10 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; damage to, and theft or destruction of assets; errors and omissions; injuries to employees and natural disaster. During 2012, the District contracted with Cincinnati Financial Insurance Co. for liability, property, and crime damage and RSUI Indemnity Company for public officials insurance. Coverage provided by the companies 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 ten years.

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

NOTE 11 – CHANGE IN ACCOUNTING PRINCIPLES

The District implemented Governmental Accounting Standards Board (GASB) Statement No. 63 "*Financing Reporting of Deferred Outflows of Resources, Deferred Inflows or Resources, and Net Position*" and GASB Statement No. 65 "*Items Previously Reported as Assets and Liabilities*" during fiscal year 2012. The statements required the recognition of previously reported deferred charges as current expenses. Since these charges occurred in prior years it required a restatement of beginning net position. The following table presents the impact the implementation had on beginning net position.

	<u>Net Position</u>
Net Position at 12/31/11	\$51,859,131
Restatement	<u>(788,047)</u>
Restated Net Position at 12/31/11	<u>\$51,071,084</u>

**REQUIRED SUPPLEMENTARY
INFORMATION SECTION**

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Charges for Services	\$ 26,100	\$ 26,100	\$ 23,625	\$ (2,475)
Investment Earnings	100	400	608	208
Total Revenues	<u>26,200</u>	<u>26,500</u>	<u>24,233</u>	<u>(2,267)</u>
Expenditures:				
Current:				
General Government				
Personal Services	104,600	81,600	75,128	6,472
Contractual Services	125,500	151,100	147,182	3,918
Materials and Supplies	12,500	11,500	12,611	(1,111)
Other	25,300	47,200	47,533	(333)
Total General Government	<u>267,900</u>	<u>291,400</u>	<u>282,454</u>	<u>8,946</u>
Net Change in Fund Balance	(241,700)	(264,900)	(258,221)	6,679
Fund Balance Beginning of Year	3,458,670	3,458,670	3,458,670	-
Fund Balance End of Year	<u>\$ 3,216,970</u>	<u>\$ 3,193,770</u>	<u>\$ 3,200,449</u>	<u>\$ 6,679</u>
		Budget Basis	\$ (258,221)	
		Expenditure Accruals	<u>(24,105)</u>	
		GAAP Basis	<u>\$ (282,326)</u>	

See accompanying notes to the required supplementary information

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO SUPPLEMENTARY INFORMATION
DECEMBER 31, 2012

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 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 2012.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO SUPPLEMENTARY INFORMATION
DECEMBER 31, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Appropriations

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

3. Lapsing of Appropriations

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

4. Budgetary Basis of Accounting

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



NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUND

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

Union Centre Extension Fund

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

State Route 747 Capital Projects Fund

This fund accounts for the widening of State Route 747 from Tylersville Road to the State Route 129 Extension, also known as phase three of the widening project. The District completed the first phase in 2000 with the County Engineer completing the second phase during 2005. The District has completed actual construction during 2007 with closeout in 2009. This fund was 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.

State Route 129 Extension Fund – The fund accounted for the TID's construction of a 10.7 mile divided above grade interstate like roadway from the City of Hamilton to Interstate 75. The District is working on transferred all the right of way for the project to ODOT. The bonds were defeased.

Muhlhauser Road Fund

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



TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2012

CAPITAL PROJECTS

	Union Centre Extension	State Route 747	State Route 129 Extension	Muhlhauser Road	Total Nonmajor Governmental Funds
Assets:					
Assets:					
Cash and Cash Equivalents	\$ 325	\$ -	\$ -	\$ 3,824	\$ 4,149
Total Assets	<u>325</u>	<u>-</u>	<u>-</u>	<u>3,824</u>	<u>4,149</u>
Liabilities:					
Interfund Loan Payable	\$ -	\$ 126,458	\$ 39,645	\$ -	\$ 166,103
Total Liabilities	<u>-</u>	<u>126,458</u>	<u>39,645</u>	<u>-</u>	<u>166,103</u>
Fund Balances:					
Restricted for Capital Purposes	325	-	-	3,824	4,149
Unassigned	-	(126,458)	(39,645)	-	(166,103)
Total Fund Balances	<u>325</u>	<u>(126,458)</u>	<u>(39,645)</u>	<u>3,824</u>	<u>(161,954)</u>
Total Liabilities and Fund Balances	<u>\$ 325</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,824</u>	<u>\$ 4,149</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, 2012**

		CAPITAL PROJECTS				Total Nonmajor Governmental Funds
Union Centre Extension	State Route 747	State Route 129 Extension	Muhlhauser Road			
\$ -	\$ -	\$ -	\$ -	\$ -		
-	-	-	-	-		
Revenues:						
Intergovernmental						
Total Revenues						
-	-	-	-	-		
Expenditures:						
Total Expenditures						
-	-	-	-	-		
Change in Fund Balance						
-	-	-	-	-		
325	(126,458)	(39,645)	3,824	(161,954)		
\$ 325	\$ (126,458)	\$ (39,645)	\$ 3,824	\$ (161,954)		

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, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental Revenue	\$ 5,000,000	\$ 3,815,000	\$ 3,815,871	\$ 871
Investment Earnings	12,500	8,000	8,219	219
All Other Revenue	-	100,055	100,055	-
Total Revenues	<u>5,012,500</u>	<u>3,923,055</u>	<u>3,924,145</u>	<u>1,090</u>
Expenditures:				
Current:				
General Government	10,200	10,200	6,136	4,064
Intergovernmental	5,900,000	5,900,000	5,888,719	11,281
Debt Service:				
Interest and Fiscal Charges	1,991,225	1,991,225	1,988,225	3,000
Total Expenditures	<u>7,901,425</u>	<u>7,901,425</u>	<u>7,883,080</u>	<u>18,345</u>
Net Change in Fund Balance	(2,888,925)	(3,978,370)	(3,958,935)	19,435
Fund Balance Beginning of Year	9,847,406	9,847,406	9,847,406	-
Fund Balance End of Year	<u>\$ 6,958,481</u>	<u>\$ 5,869,036</u>	<u>\$ 5,888,471</u>	<u>\$ 19,435</u>

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STATE ROUTE 4 BYPASS WIDENING
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental Revenue	\$ 3,933,373	\$ 3,933,373	\$ 4,555,616	\$ 622,243
Investment Earnings	100	100	85	(15)
All Other Revenue	216,000	177,000	176,985	(15)
Total Revenues	<u>4,149,473</u>	<u>4,110,473</u>	<u>4,732,686</u>	<u>622,213</u>
Expenditures:				
Current:				
General Government	1,500	1,500	1,360	140
Capital Outlay	3,320,073	3,320,073	3,942,323	(622,250)
Intergovernmental	216,000	177,000	176,985	15
Debt Service:				
Principal Retirement	220,000	220,000	220,000	-
Interest and Fiscal Charges	393,300	393,300	396,050	(2,750)
Total Expenditures	<u>4,150,873</u>	<u>4,111,873</u>	<u>4,736,718</u>	<u>(624,845)</u>
Net Change in Fund Balance	(1,400)	(1,400)	(4,032)	(2,632)
Fund Balance Beginning of Year	1,402,712	1,402,712	1,402,712	-
Fund Balance End of Year	<u>\$ 1,401,312</u>	<u>\$ 1,401,312</u>	<u>\$ 1,398,680</u>	<u>\$ (2,632)</u>

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SOUTH HAMILTON CROSSING
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental Revenue	\$ 1,162,000	\$ 350,000	\$ 229,406	\$ (120,594)
Total Revenues	1,162,000	350,000	229,406	(120,594)
Expenditures:				
Capital Outlay	1,164,000	370,000	416,834	(46,834)
Total Expenditures	1,164,000	370,000	416,834	(46,834)
Net Change in Fund Balance	(2,000)	(20,000)	(187,428)	(167,428)
Fund Balance (Deficit) Beginning of Year	(8,050)	(8,050)	(8,050)	-
Fund Balance (Deficit) End of Year	\$ (10,050)	\$ (28,050)	\$ (195,478)	\$ (167,428)

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, 2012**

UNION CENTRE EXTENSION FUND

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Total Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Total Expenditures	-	-	-	-
Change in Fund Balance	-	-	-	-
Fund Balance Beginning of Year	325	325	325	-
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, 2012**

STATE ROUTE 129 EXTENSION FUND

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Total Revenues	-	-	-	-
Expenditures:				
Total Expenditures	-	-	-	-
Change in Fund Balance	-	-	-	-
Fund Balance (Deficit) Beginning of Year	(39,645)	(39,645)	(39,645)	-
Fund Balance (Deficit) End of Year	<u>\$ (39,645)</u>	<u>\$ (39,645)</u>	<u>\$ (39,645)</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, 2012**

	STATE ROUTE 747 FUND			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Total Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Total Expenditures	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance (Deficit) Beginning of Year	(126,458)	(126,458)	(126,458)	-
Fund Balance (Deficit) End of Year	\$ (126,458)	\$ (126,458)	\$ (126,458)	\$ -

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, 2012**

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



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STATISTICAL

SECTION



Above - Liberty Interchange Area in August 2004
Below - Liberty Interchange Area in October 2009



The Liberty Interchange was open to traffic at the end of 2009.

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**Transportation Improvement District of
Butler County, Ohio
Statistical Section Descriptions
December 31, 2012**

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

<u>Contents</u>	<u>Pages</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and situation have changed over time.	51-57
Revenue Capacity (The District has no specific revenue source that generates year over year for the District; therefore, there are no tables presenting this information)	
Debt Capacity This schedule presents information to help the reader assess the affordability of the District's current levels of outstanding debt. The District has no ability to issue additional debt in the future without an agreement through one of the participating governments.	58-60
Operating Information These schedules contain operational data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	61
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within in which the District's financial activities take place.	62-66



TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

NET POSITION BY COMPONENT

LAST TEN YEARS (accrual basis of accounting)

	2012	2011	2010	2009	2008
Governmental Activities:					
Net investment in capital assets	\$ 27,234,348	\$ 38,210,364	\$ 30,424,084	\$ 20,005,940	\$ 18,504,670
Restricted	8,502,463	11,790,879	10,320,050	5,560,411	6,869,668
Unrestricted	(41,571,889)	1,857,888	1,919,013	1,871,650	646,935
Total Governmental Activities Net Position	\$ (5,835,078)	\$ 51,859,131	\$ 42,663,147	\$ 27,438,001	\$ 26,021,273
Governmental Activities:					
Net investment in capital assets	\$ 16,543,620	\$ 15,034,816	\$ 13,732,805	\$ 10,982,235	\$ 17,546,423
Restricted	1,650,174	374,477	15,195,076	14,850,389	14,522,631
Unrestricted	1,731,632	1,148,080	(1,096,692)	1,552,732	1,847,313
Total Governmental Activities Net Position	\$ 19,925,426	\$ 16,557,373	\$ 27,831,189	\$ 27,385,356	\$ 33,916,367

Source: District financial records

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

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

CHANGE IN NET POSITION

LAST TEN YEARS (accrual basis of accounting)

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Expenses:			
Governmental Activities			
General Government	\$ 331,860	\$ 1,827,060	\$ 402,366
Intergovernmental	6,065,704	-	-
Fiscal Charges	-	-	-
Interest on Long Term Debt	2,398,076	2,414,524	2,467,505
<i>Total Governmental Activities Expenses</i>	<u>8,795,640</u>	<u>4,241,584</u>	<u>2,869,871</u>
Program Revenues:			
Charges for Services			
General Government	97,180	27,669	35,407
Operating Grants and Contributions			
General Government	-	6,419,127	12,861,985
Interest on Long Term Debt	8,612,849	6,713,131	5,859,116
<i>Total Governmental Activities Program Revenues</i>	<u>8,710,029</u>	<u>13,159,927</u>	<u>18,756,508</u>
Net (Expense)/Revenue	<u>(85,611)</u>	<u>8,918,343</u>	<u>15,886,637</u>
General Revenues			
Grants and Contributions Unrestricted	-	-	-
Unrestricted Investment Earnings	16,684	179,297	198,866
Change in Fair Value of Investments	-	-	-
Miscellaneous	64,642	98,344	73,227
Special Item - Disposal of Land	(56,901,877)	-	(933,584)
<i>Total Governmental Activities General Revenues</i>	<u>(56,820,551)</u>	<u>277,641</u>	<u>(661,491)</u>
Change in Net Position	<u>\$ (56,906,162)</u>	<u>\$ 9,195,984</u>	<u>\$ 15,225,146</u>

Source: District financial records.

2009	2008	2007	2006	2005	2004	2003
\$ 715,520	\$ 454,730	\$ 2,338,236	\$ 1,702,925	\$ 460,218	\$ 9,277,438	\$ 26,962,585
-	327,044	-	6,516,155	159,666	100,089	163,647
2,181,640	1,751,628	1,585,006	6,152,002	6,074,683	6,289,655	4,809,798
2,897,160	2,533,402	3,923,242	14,371,082	6,694,567	15,667,182	31,936,030
203,329	619,864	24,172	94,991	48,898	79,354	45,973
1,345,354	7,232,136	5,611,078	1,946,633	657,450	404,160	370,358
2,367,815	-	-	-	5,245,955	6,365,905	5,736,408
3,916,498	7,852,000	5,635,250	2,041,624	5,952,303	6,849,419	6,152,739
1,019,338	5,318,598	1,712,008	(12,329,458)	(742,264)	(8,817,763)	(25,783,291)
-	-	-	500,000	-	250,000	250,000
77,411	877,121	1,486,437	510,536	980,903	940,632	957,963
-	(164,276)	164,276	(1,375)	(4,111)	(1,509)	(4,629)
319,979	64,404	5,332	46,481	211,305	1,097,629	106,550
-	-	-	-	-	-	-
397,390	777,249	1,656,045	1,055,642	1,188,097	2,286,752	1,309,884
\$ 1,416,728	\$ 6,095,847	\$ 3,368,053	\$ (11,273,816)	\$ 445,833	\$ (6,531,011)	\$ (24,473,407)



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

LAST TEN YEARS (modified accrual basis of accounting)

	2012	2011	2010	2009	2008
General Fund					
Unassigned	\$ 3,172,070	\$ 3,454,396	NA	NA	NA
Reserved	-	-	-	-	154
Unreserved	-	-	3,415,701	3,523,834	3,229,925
Total General Fund	3,172,070	3,454,396	3,415,701	3,523,834	3,230,079
All other governmental funds					
Restricted	9,343,008	13,642,716	NA	NA	NA
Unassigned	(3,314,177)	(3,910,658)	NA	NA	NA
Reserved	-	-	11,009,788	13,526,176	15,319,008
Unreserved, reported in:					
Debt Service	-	-	-	-	-
Capital Projects	-	-	(2,450,556)	(3,675,770)	(3,421,084)
Total All other governmental funds	6,028,831	-	9,850,406	11,897,924	26,435,940
Total Governmental Funds	\$ 9,200,901	\$ 3,454,396	\$ 13,374,240	\$ 15,128,003	\$ 29,251,085
	2007	2006	2005	2004	2003
General Fund					
Reserved	\$ -	\$ 6,652	\$ 11,034	\$ -	\$ 4,487
Unreserved	2,815,145	3,302,479	2,705,563	2,874,839	3,603,343
Total General Fund	3,309,131	3,309,131	2,716,597	2,874,839	3,607,830
All other governmental funds					
Reserved	30,608,670	2,282,459	14,848,697	14,942,523	14,309,528
Unreserved, reported in:					
Debt Service	-	-	(39,645)	223,328	9,556
Capital Projects	(4,172,730)	(4,343,901)	(1,775,709)	(365,300)	29,929
Total All other governmental funds	(2,061,442)	(2,061,442)	13,033,343	14,800,551	14,349,013
Total Governmental Funds	\$ 1,247,689	\$ 1,247,689	\$ 15,749,940	\$ 17,675,390	\$ 17,956,843

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

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

CHANGE IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN YEARS (modified accrual basis of accounting)

	2012	2011	2010	2009
Revenues				
Intergovernmental	\$ 8,771,638	\$ 12,685,358	\$ 18,610,388	\$ 4,182,486
Charges for Services	23,625	27,375	35,407	203,329
Investment Earnings	16,684	1,045	198,866	77,411
Change in Fair Value of Investments	-	-	-	-
All Other	250,540	262,248	241,144	433,769
Total Revenues	9,062,487	12,976,026	19,085,805	4,896,995
Expenditures				
Current				
General Government	358,578	1,747,494	395,934	471,659
Intergovernmental	6,065,704	-	-	-
Capital Outlay	4,019,483	7,451,767	17,700,816	11,376,352
Debt Service:				
Principal	220,000	185,000	-	-
Interest and Fiscal Charges	2,384,275	2,380,244	2,388,362	2,187,543
Total Expenditures	13,048,040	11,764,505	20,485,112	14,035,554
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,985,553)	1,211,521	(1,399,307)	(9,138,559)
Other Financing Sources (Uses)				
Face Value of Debt	-	-	-	7,275,000
Premium from Sale of Bonds	-	-	-	109,796
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	7,384,796
Net Change in Fund Balances	\$ (3,985,553)	\$ 1,211,521	\$ (1,399,307)	\$ (1,753,763)
Debt Service as a percentage of noncapital expenditures	29%	58%	84%	77%

Notes:

For 2010-2007, the District is making interest only payments on two special obligation bonds.
 For 2006, the District had the highway improvement bond repaid through the ODOT lease agreement.
 For 2005-2003, the debt service obligation was paid through an operating lease with ODOT.

2008	2007	2006	2005	2004	2003
\$ 7,232,136	\$ 5,552,956	\$ 105,260,360	\$ 12,731,782	\$ 12,785,339	\$ 12,086,808
619,525	24,172	86,743	41,347	65,611	22,771
877,121	1,486,437	510,536	987,083	940,632	957,963
(164,276)	164,276	(1,375)	(4,111)	(1,509)	(4,629)
3,761	5,332	46,481	7,487	1,107,629	130,973
<u>8,568,267</u>	<u>7,233,173</u>	<u>105,902,745</u>	<u>13,763,588</u>	<u>14,897,702</u>	<u>13,193,886</u>
457,808	566,846	573,356	2,200,915	995,739	2,005,237
-	-	-	-	-	-
20,159,154	18,352,385	2,481,580	2,679,873	1,717,511	414,195
-	-	109,725,000	6,405,000	6,100,000	5,810,000
2,074,387	3,096,795	7,625,060	6,053,250	6,365,905	6,663,625
<u>22,691,349</u>	<u>22,016,026</u>	<u>120,404,996</u>	<u>17,339,038</u>	<u>15,179,155</u>	<u>14,893,057</u>
(14,123,082)	(14,782,853)	(14,502,251)	(3,575,450)	(281,453)	(1,699,171)
-	41,130,000	-	1,650,000	-	-
-	1,656,249	-	-	-	-
79	14,415,206	14,415,206	13,874,479	13,727,822	13,669,557
(79)	(14,415,206)	(14,415,206)	(13,874,479)	(13,727,822)	(13,669,557)
-	42,786,249	-	1,650,000	-	-
<u>\$ (14,123,082)</u>	<u>\$ 28,003,396</u>	<u>\$ (14,502,251)</u>	<u>\$ (1,925,450)</u>	<u>\$ (281,453)</u>	<u>\$ (1,699,171)</u>
82%	57%	99%	85%	92%	86%

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

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

<u>Year</u>	<u>Gross Revenue (1)</u>	<u>Debt Service Requirement (2)</u>	<u>Coverage(3)</u>
2007	\$ 1,489,072	\$ 1,573,377	94.64%
2008	3,766,336	1,983,575	189.88%
2009	2,308,664	1,983,475	116.39%
2010	5,859,116	1,983,475	295.40%
2011	5,181,373	1,983,475	261.23%
2012	3,815,871	1,983,475	192.38%
Total	<u>\$ 22,420,432</u>	<u>\$ 11,490,852</u>	<u>195.12%</u>

Source: District's records

(1) The District receives intergovernmental revenue from Liberty Township, Butler County and West Chester Township for payment of debt service.

(2) The 2007 debt service payment was funded through the \$1,656,249 premium on the sale.

(3) Full receipt of gross revenues from entities is required until 150% of next two years debt service is maintained in the trust account.

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

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

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

<u>Year</u>	<u>Gross Revenue (1)</u>	<u>Debt Service Requirement (2)</u>	<u>Coverage</u>
2009	\$ 117,084	\$ 204,068	57.37%
2010	380,237	404,887	93.91%
2011	581,766	584,769	99.49%
2012	613,292	613,050	100.04%
Total	<u>\$ 1,692,379</u>	<u>\$ 1,806,774</u>	<u>93.67%</u>

Source: District's records

(1) The District will receive intergovernmental revenue from Fairfield Township, Butler County and the City of Hamilton for payment of debt service.

(2) The 2009 debt service payment was funded through the \$109,796 premium on the sale and Butler County's initial contribution of \$117,084. The 2010-2012 debt service was offset with an IRS tax credit which repaid in proportion to the respective debt service amounts under (1).

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

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**Ratio of Special Obligation Bonds per Capita
Last Six Fiscal Years**

Fiscal Year	Special Obligation Bonds		All Outstanding Debt of District	Butler County Per Capita (1)	Net Debt Per Capita
	Liberty Interchange	State Route 4 Bypass			
2007	\$ 41,130,000	\$ -	41,130,000	358,116	\$ 114.85
2008	41,130,000	-	41,130,000	360,775	114.00
2009	41,130,000	7,275,000	48,405,000	363,184	133.28
2010	41,130,000	7,275,000	48,405,000	368,130	131.49
2011	41,130,000	7,090,000	48,220,000	369,999	130.32
2012	41,130,000	6,870,000	48,000,000	370,589	129.52

Source: District records

(1) The county's population is estimated by the Bureau of Economic Analysis for the years 2007-2009. The 2010 population reflects data collected by the United States Census Bureau. 2011 and 2012 are based on estimates from the United States Census Bureau Butler County Quickfacts.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

FULL TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION

LAST TEN YEARS

<u>Year</u>	<u>General Government Employees</u>
2012*	1
2011*	1
2010*	1
2009	2
2008	2.5
2007	3
2006	3
2005	3
2004	2
2003	3

Note: District's financial records

* The District has two employees that work part time.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
TOP TEN TAX PAYERS
REAL PROPERTY

CURRENT AND NINE YEARS AGO

Name of Taxpayer	2011				2003			
	Assessed Valuation	Rank	% of Total Assessed Valuation	Assessed Valuation	Rank	% of Total Assessed Valuation	Assessed Valuation	% of Total Assessed Valuation
Duke Realty Ohio	\$ 16,684,760	1	0.21%	\$ 12,791,250	9	0.18%		
MillerCoors LLC	15,987,310	2	0.20%	25,539,850	3	0.36%		
AK Steel Corporation	13,324,160	3	0.17%	22,455,780	4	0.32%		
Meijer Stores LTD PRT	12,955,110	4	0.16%	14,336,250	5	0.20%		
First Industrial L P	11,300,840	5	0.14%					
US Industrial REIT III Midwest	10,780,000	6	0.14%					
Boymel Sam TR	10,353,640	7	0.13%					
DCT Port Union LLC	9,311,450	8	0.12%	44,197,930	1	0.63%		
Dugan Financial LLC	9,146,580	9	0.12%					
Cincinnati Lesaint Industrial	9,100,000	10	0.12%					
Cincinnati Financial Corporation				29,611,470	2	0.42%		
Security Capital				13,106,870	6	0.19%		
Centerpoint Realty				13,105,870	7	0.19%		
Distribution Funding Services				12,963,830	8	0.18%		
Smart Papers				12,782,920	10	0.18%		
Total	\$ 118,943,850		1.51%	\$ 200,892,020		2.86%		
Total Assessed Valuation	\$ 7,865,867,680			\$ 7,026,539,577				

Source: Butler County Auditor's Office
Information for 2002 was not available

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

PRINCIPAL EMPLOYERS

TWO YEARS AGO (MOST RECENT) AND TEN YEARS AGO

Name of Employer	2010			2002		
	Number of Employees	Rank	% of Total Employment	Number of Employees	Rank	% of Total Employment
Miami University	3,400	1	2.00%	4,200	1	3.08%
Cincinnati Financial Corp.	2,900	2	1.70%	2,861	3	2.10%
AK Steel	2,400	3	1.41%	4,072	2	2.99%
Butler County Government	2,000	4	1.18%	2,500	4	1.83%
Lakota School District	1,688	5	0.99%	1,600	6	1.17%
GE Aviation	1,675	6	0.98%	-	-	0.00%
Mercy Fairfield Hospital	1,200	7	0.71%	1,407	8	1.03%
Hamilton City School District	1,114	8	0.65%	-	-	0.00%
Fort Hamilton Hospital	1,036	9	0.61%	1,250	10	0.92%
Fairfield City Schools	994	10	0.58%	1,740	5	1.28%
Ohio Casualty Insurance	-	-	0.00%	1,356	9	0.99%
Middletown Regional Hospital	-	-	0.00%	1,470	7	1.08%
Total	18,407		10.82%	22,456		16.46%
Total Employed within the County	170,100			136,387		

Source: 2011 Butler County Comprehensive Annual Financial Report
 Note: The employment information was not available for 2011 or 2012.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

DEMOGRAPHIC INFORMATION

LAST TEN YEARS

<u>Year</u>	<u>Population (1)</u>	<u>Total Personal Income (1)</u>	<u>Per Capita Personal Income (1)</u>	<u>Unemployment Rate (2)</u>
2003	341,766	\$ 10,677,111,606	\$ 31,241	5.4%
2004	344,914	11,050,699,646	32,039	5.4%
2005	348,425	11,491,404,925	32,981	5.3%
2006	353,888	12,034,315,328	34,006	5.6%
2007	358,116	12,561,634,932	35,077	5.1%
2008	360,775	12,811,481,025	35,511	5.9%
2009	363,184	12,585,778,336	34,654	9.3%
2010	368,130	12,975,478,110	35,247	9.6%
2011	369,999	12,585,955,000	34,016	7.6%
2012	370,589	NA	NA	6.0%

Source: (1) The information is provided from the Butler County, Ohio annual report. NA means the information was not available for that particular fiscal year. The information for 2012 will not be available until late 2012.

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

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

MISCELLANEOUS STATISTICS

DECEMBER 31, 2012

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





Dave Yost • Auditor of State

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY

BUTLER COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 13, 2013**