

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

Independent Auditors' Report on
Internal Controls and Compliance

Year Ended December 31, 2010



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Transportation Improvement District of Butler County, Butler County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2010 through December 31, 2010. 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

June 20, 2011

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Transportation Improvement District of Butler County, Ohio (the District) as of and for the year ended December 31, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 24, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance And Other Matters

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

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We noted certain matters that we reported to management of the District in a separate letter dated May 24, 2011.

This report is intended solely for the information and use of management, the Board of Trustees, others within the entity, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than those specified parties.

Clark, Schaefer, Hachett & Co.

Cincinnati, Ohio
May 24, 2011

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
Schedule of Prior Year Audit Findings
Year Ended December 31, 2010

Financial Statement Findings

Finding 2009-1 – Audit Adjustments

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

- **Net Assets.** An audit adjustment was necessary to correct the District's reporting of net assets. The District miscalculated net assets invested in capital assets, net of related debt by \$6,968,239 and net assets restricted for capital projects by \$6,896,095.
- **Accounts Payable.** An audit adjustment was necessary to correct accounts payables in the financial statements. Accounts payables reported at December 31, 2009 in the State Route 4 Bypass Widening Fund was understated by \$48,635 as the District omitted a certain item when capturing liabilities owed at year-end

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

Status: Corrected

Comprehensive Annual Financial Report For the Year Ended December 31, 2010

State Route Bypass 4 Superstreet construction shaping up



Tylersville at State Route Bypass 4 (going left to right). The turn points identified are where the east-west movement from Tylersville will turn to continue the east-west direction as a method to improve traffic flow on the limited access State Route Bypass 4.

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



Comprehensive Annual Financial Report
For the Year Ended December 31, 2010

Prepared by: Sean Fraunfelter, CPA - Finance Department

Transportation Improvement District of Butler County, Ohio

Comprehensive Annual Financial Report

For the Year Ended December 31, 2010

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INTRODUCTORY

SECTION



Pictured is the Great Miami River Valley including Madison and St. Clair Townships with the City of Trenton near the upper right corner. The District is working with a study group, including the local governments listed above, to determine the best approach to improving the traffic movement in this portion of the County and open up hundreds of acres for economic development.

May 25, 2011

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, 2010. 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 2010.

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

FORM OF GOVERNMENT AND REPORTING ENTITY

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

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

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

MAJOR INITIATIVES - *Construction barrels a welcome sign on State Route Bypass 4?*

Bypass State Route 4 Widening/Airport Access

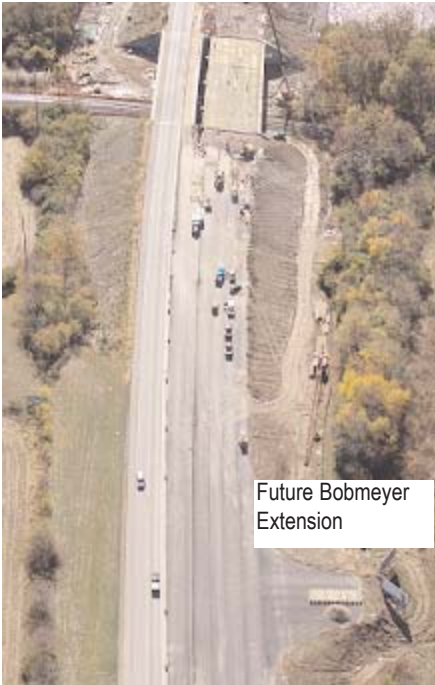
There is a significant amount of history associated with the Bypass widening that anyone from Butler County knows all about. Today, the amount of traffic on the Bypass has called for a new design concept called a "superstreet" that is under construction at three of the intersections. For example, the superstreet design at State Route 4 Bypass and Hamilton-Mason Road, a driver westbound on Hamilton-Mason -- in order to continue west on that road -- would (1) turn right, or northbound, onto the bypass, (2) proceed to the left to the median crossover, (3) make a left U-turn onto the southbound bypass lanes and (4) then turn right at Hamilton-Mason. Through traffic on the bypass would continue without turns. (See right)

Fiscal year 2009 proved to be a very successful year in receiving American Reinvestment Recovery Act funding that is paying for part of the construction on Phase 2 (picture 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 is responsible for Phase 2 (Symmes Road intersection) and Phase 3 (Tylersville Road intersection). The Butler County Engineer is the lead on Phase 1 (Hamilton-Mason Road intersection) and the City of Fairfield is handling 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 City of Fairfield is paying one hundred percent of their phase. 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.

During 2010 the orange barrels showed up from the terminus in the City of Fairfield to just north of Hamilton-Mason Road. Normally people are not excited to see them but the District, ODOT and community partners saw those barrels as the culmination of decades of work to widen the roadway. Construction on the District's three phases, as described above, all began between April and May, with the work on the intersections occurring first. Hamilton-Mason Road was the first project to complete the expansion of the thru traffic roadway and move traffic over to the new road to work on the existing pavement.



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

The District's three phases were successfully bid to two different contractors, with John R. Jurgensen receiving phases one and three (logistically next to each other) and Barrett Paving completed phase two. If you include the City of Fairfield's phase, you have three different contractors (Sunesis) working on the six-mile construction project.

The City of Fairfield has another new construction concept to help alleviate traffic congestion at the terminus on State Route 4. The design is referred 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 that project. The large area of dirt is where the new roadway will be constructed between the two roadways.



All the partners look for construction to continue through 2011 and are hopeful to expedite the final construction date of 2013, so that those orange barrels we all love to see are back in storage somewhere.

State Route 63 Extension 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 Great Miami 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 group has been working on a name for the project. The initial environmental study was completed several years ago by the Butler County Engineer's Office and would need updated along with an eventual preferred alignment selected through the required process.

South Hamilton Crossing

The District and City of Hamilton entered into an intergovernmental agreement for the District to oversee the current design phase of the project. The project would then progress to right of way acquisition and then construction. The City of Hamilton has a request in for grant funding on project but there is still a significant portion of local funding needed. The project would 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.

ECONOMIC CONDITION AND OUTLOOK

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

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

TID INTERNAL CONTROLS

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

SIGNIFICANT FINANCIAL POLICIES

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

FACTORS AFFECTING FINANCIAL CONDITION

The TID operates from four financial sources: a state annual operating grant (no longer available after 2010), 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 State Route 63 extension is critical for the District and also for the local governments throughout Butler County.

AUDIT

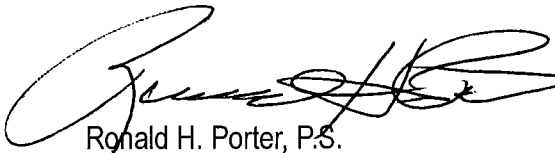
An audit team from Clark Schaefer Hackett & Company has performed this year's audit. The results of the audit are presented in the Independent Auditors Report.

AWARDS AND ACKNOWLEDGMENTS

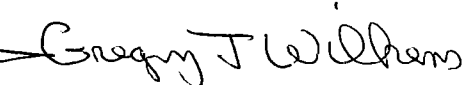
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the TID for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2009. This was the fifteenth consecutive year that the TID has received this award for excellence and the eleventh year reporting under the guidelines of GASB Statement No. 34. In order to be awarded a Certificate of Achievement, the TID published a clear and effective CAFR.

The TID staff works to develop a level of professionalism and sound financial reporting. The preparation and publication of this CAFR serves as a cornerstone for the TID's efforts. A special note of acknowledgment is presented to our Board of Trustees for their knowledge and dedication serving as volunteers to the TID. The report demonstrates a level of accountability that we 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, 2010

Respectfully submitted,



Ronald H. Porter, P.S.
Executive Director



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



Sean Fraunfelter, 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, 2009

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

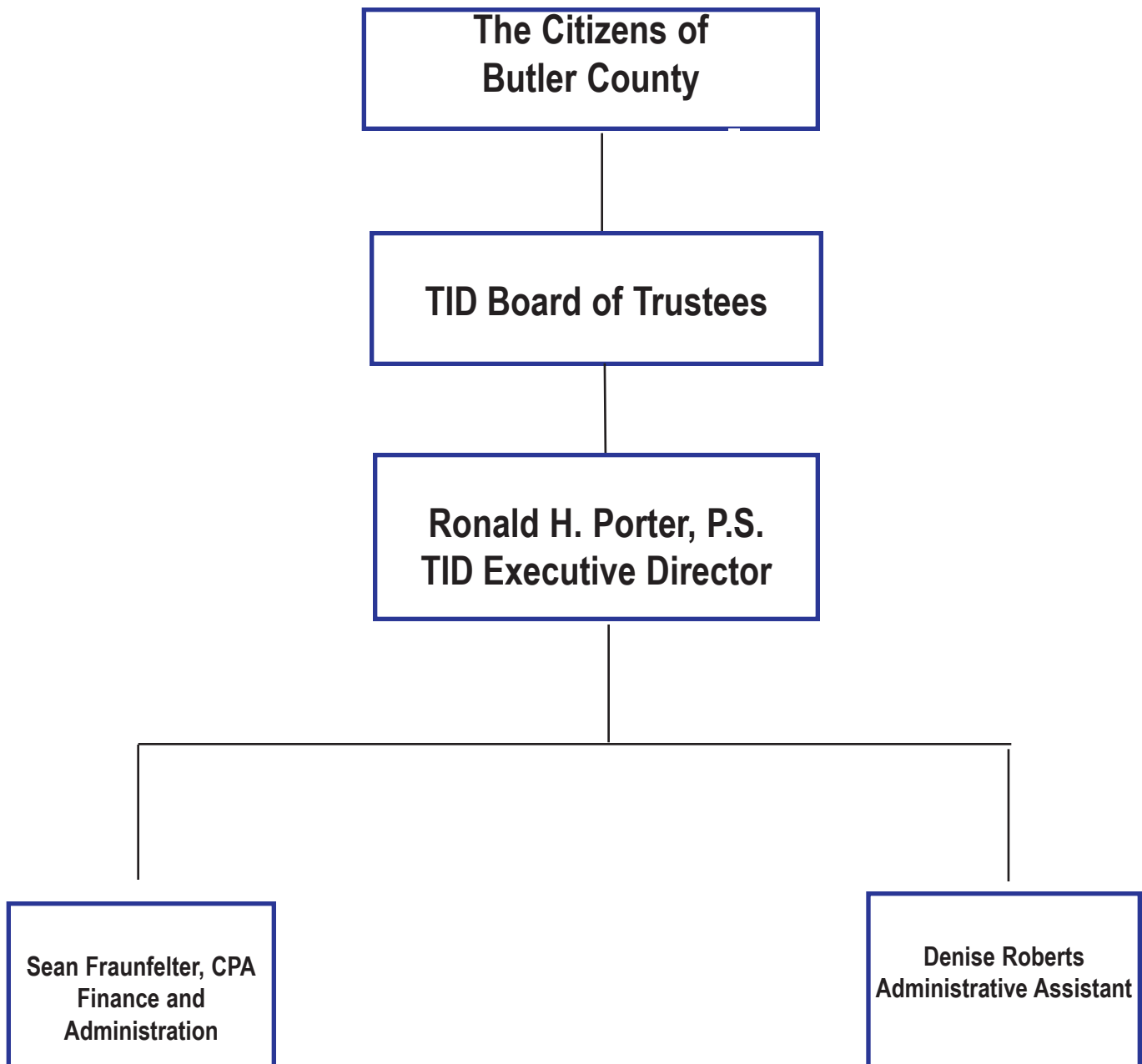


President

Executive Director



2010 Staff Organizational Chart



BUTLER
COUNTY

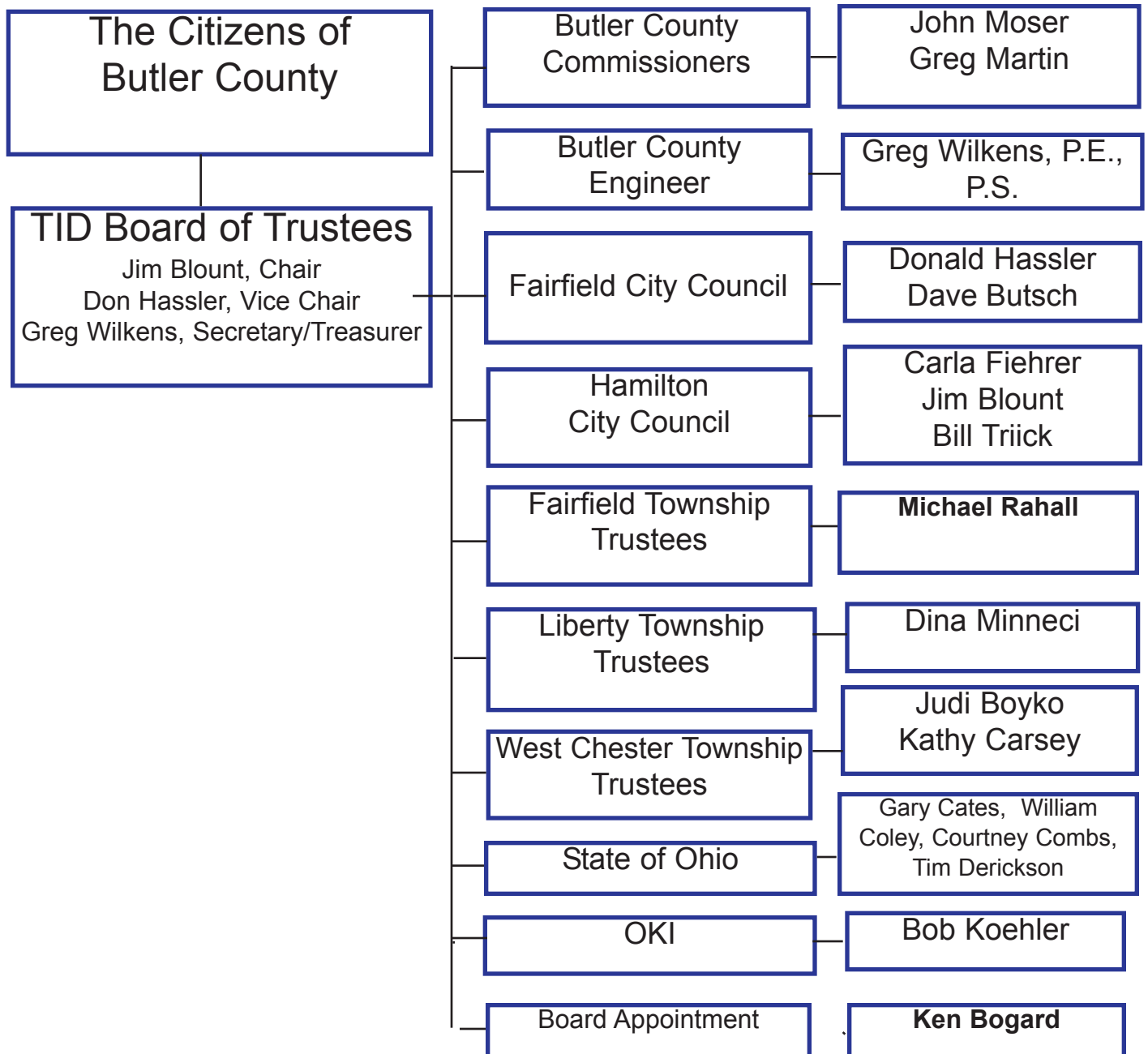


TID

TRANSPORTATION IMPROVEMENT DISTRICT

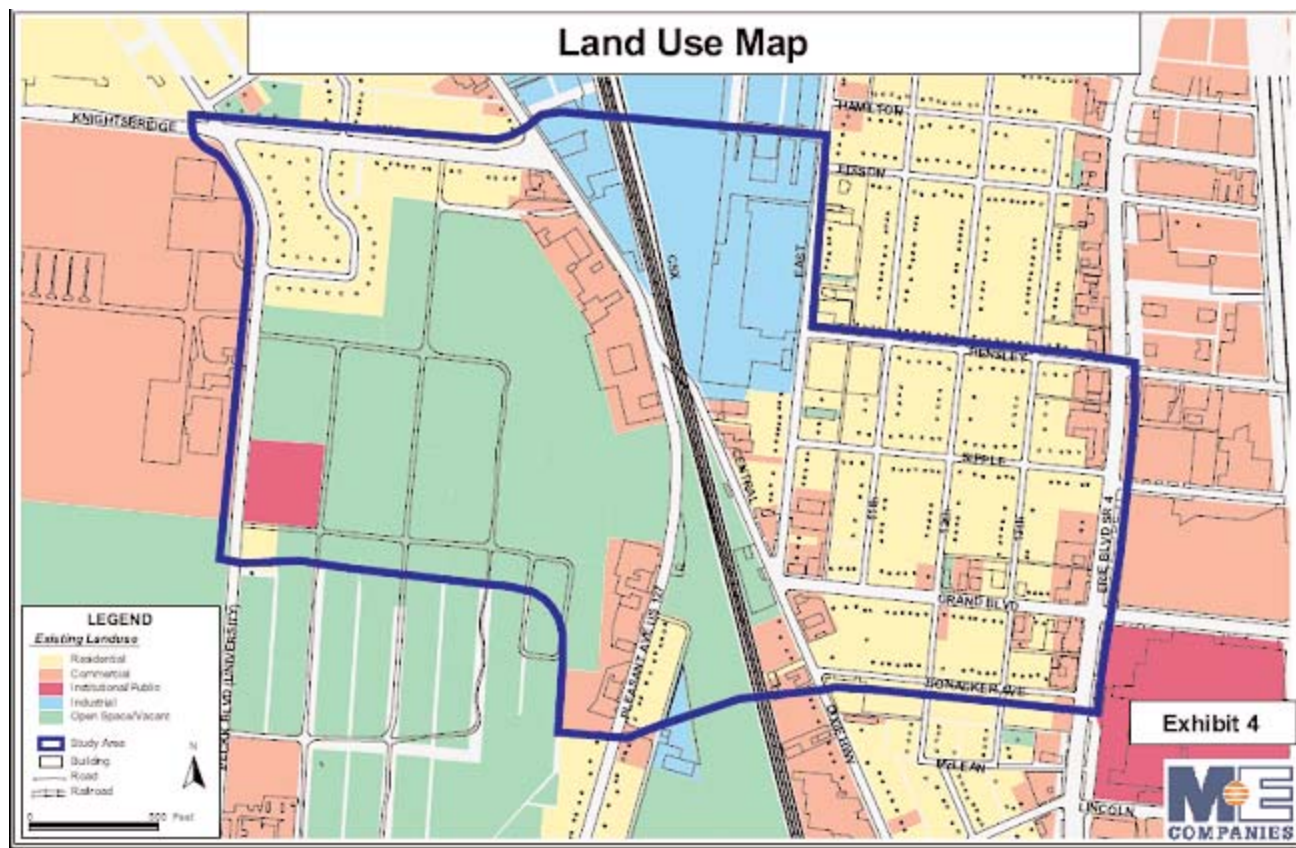
2010 Board of Trustees

Organizational Chart



FINANCIAL

SECTION



During 2010, the District entered into an agreement with the City of Hamilton to assist them in the project development for the South Hamilton Crossing. The engineering for the project is in the initial phases but the picture above shows the land uses that will help provide for the future economic development in the study area.

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Transportation Improvement District of Butler County, Ohio (the District) as of and for the year ended December 31, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Transportation Improvement District of Butler County, Ohio as of December 31, 2010, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2011, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Transportation Improvement District of Butler County, Ohio's basic financial statements. The introductory section, the budgetary comparison information on pages 33 through 35, the combining and individual nonmajor fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budgetary comparison information on pages 33 through 35 and the combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
May 24, 2011

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2010

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, 2010. Please review it in conjunction with the transmittal letter and the District's basic financial statements, which begin on page 11.

FINANCIAL HIGHLIGHTS

- Total net assets increased \$15.2 million, which represents a 55.49 percent increase from 2009 as the participating governments paid in a significant amount of pledged revenues from the Liberty Interchange financing. The District was also successful in receiving a significant amount of capital grant funding for the State Route Bypass 4 funding.
- General revenues accounted for \$0.3 million in revenues or 1.6 percent of all revenues. Program specific revenues in the form of charges for services and capital grants accounted for \$18.8 million or 98.4 percent of all revenues.
- The District added \$17.6 million in capital assets during the current year mainly from the related construction along the State Route Bypass 4 project.
- Among the major funds, the State Route Bypass 4 fund had expenditures of \$18.09 million as the District spent significant dollars as the construction of the three phases started during 2010.
- Since inception, the District has spent just under \$300 million on construction projects in Butler County proving the District is a vital governmental tool to be used by the local governments to help increase the movement of the Butler County residents and open up valuable acreage for development that will keep Butler County as one of the growing communities in Ohio.

USING THIS ANNUAL REPORT

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

Reporting the District as a Whole

The Statement of Net Assets and the Statement of Activities

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

Major Funds

- General
- Liberty Interchange
- State Route 4 Bypass Widening

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

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

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

Other information: In addition to the basic financial statements and accompanying notes, this report also presents 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 assets changed significantly from a year ago, increasing from \$27.4 million to \$42.7 million. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the District's governmental activities.

Table 1
Net Assets (in millions)

	2009	2010		2009	2010
Current and other assets	\$ 15.1	\$ 13.2	Net assets:		
Capital assets	62.9	79.7	Invested in capital assets	\$ 20.0	\$ 30.4
Total Assets	78.0	92.9	Restricted	5.5	10.4
			Unrestricted	1.9	1.9
Long-term obligations	(50.0)	(49.7)	Total net assets	\$ 27.4	\$ 42.7
Other liabilities	(0.6)	(0.5)			
Total Liabilities	(50.6)	(50.2)			

Net assets of the District's activities increased 55.49 percent or \$15.2 million. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - remaining consistent with 2009 as expended operating funds on projects but used District revenue sources until reimbursement can be secured. The largest increase was in invested capital assets, net of related debt where the District realized a \$10.4 million increase as State Route Bypass 4 project construction began. This project is the one remaining project on the original list of projects when the District was created in 1993. Including in the City of Fairfield's phase, the project's construction bids were over \$32 million. The District is finalizing engineering on a portion of the fifth phase that will widening the bridge over State Route 129 along reduced congestion moving north along the State Route 4 Bypass. The District is also working on engineering for the final portion of phase five that will widened the roadway completed to the terminus.

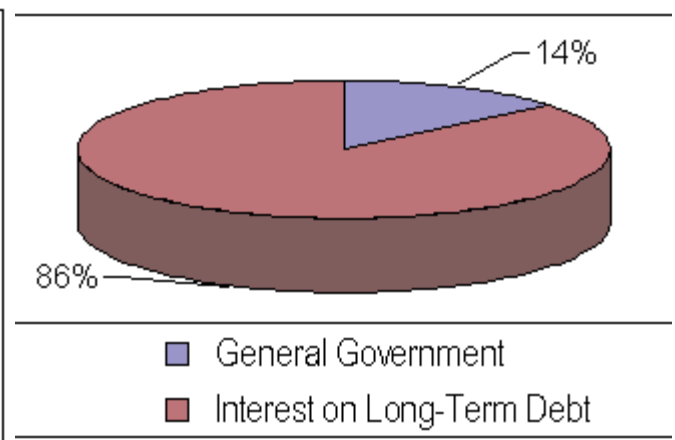
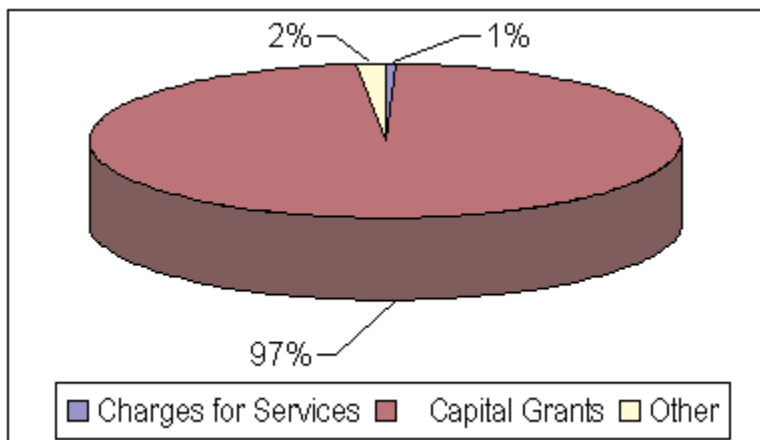
Table 2 compares the 2010 change in net assets to the 2009 change in net assets.

Table 2
Changes in Net Assets for 2010
Compared with 2009 activity
(in millions)

	2009	2010	Change
Program Revenues:			
Charges for Services	\$ 0.2	\$ 0.1	\$ (0.1)
Capital Grants	3.7	18.7	15.0
General Revenues:			
Other	0.4	0.3	(0.1)
Total Revenues	4.3	19.1	14.8
Program Expenses			
General Government	0.7	0.4	(0.3)
Interest of Long-Term Debt	2.2	2.5	0.3
Total Expenses	2.9	2.9	-
Special Item	-	(0.9)	(0.9)
Change in Net Assets	1.4	15.3	13.9
Beginning Net Assets	26.0	27.4	1.4
Ending Net Assets	\$ 27.4	\$ 42.7	\$ 15.3

2010 Governmental Activities Revenues

2010 Governmental Activities Expenses



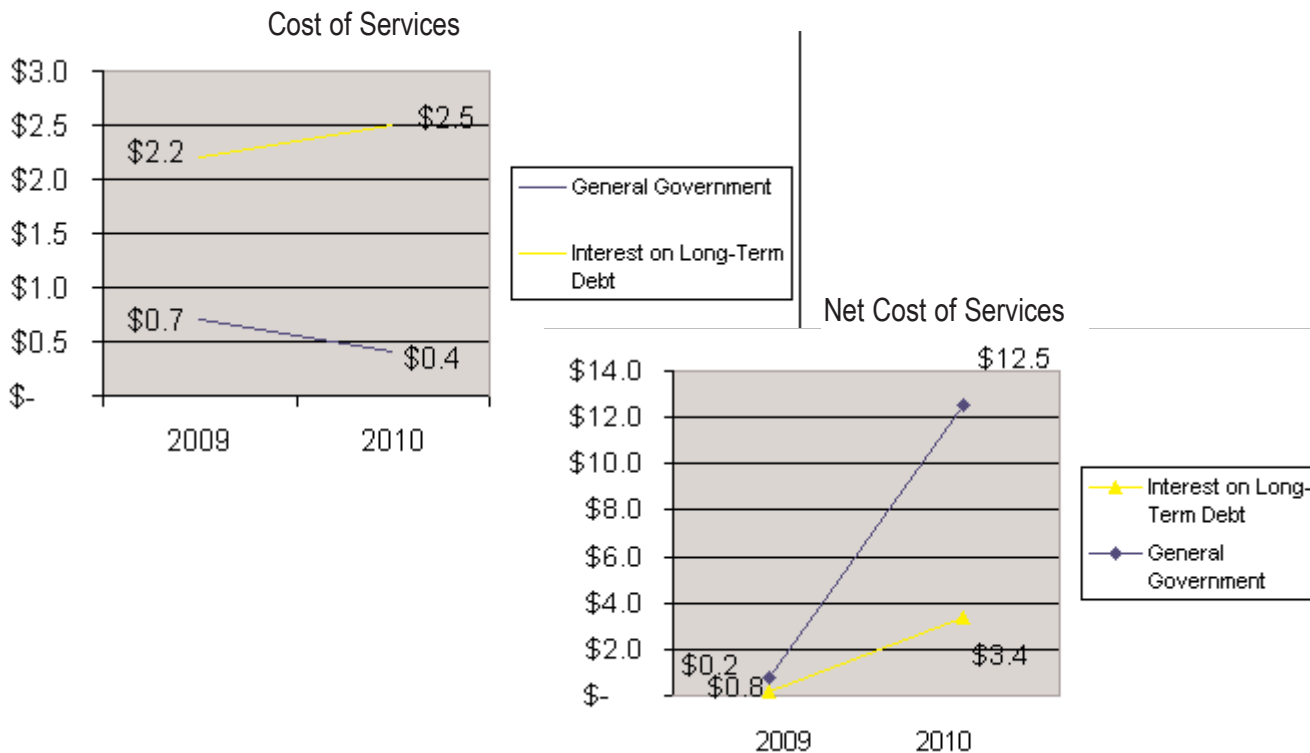
The District saw expenses remain consistent from 2009 to 2010 although the distribution was different. The District saw a significant \$15 million increase in the capital grants and contributions from 2009. The majority of the increase relates to stimulus and other federal or state funding the District received as part of the State Route 4 Bypass project. The District issued bonds in late 2009 for the local share on the project. The District was required to make the local deposit on the three phases (Hamilton-Mason Road, Tylersville Road and Symmes Road) directly to the Ohio Department of Transportation (ODOT). ODOT has used the District's deposit and the other available funds to pay the contractors on the phases directly. During 2010, the District had expended almost \$17 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	
	2009	2010	2009	2010
General Government	\$ 0.7	\$ 0.4	\$ 0.8	\$ 12.5
Interest on Long-Term Debt	2.2	2.5	0.2	3.4
Total Expenses	\$ 2.9	\$ 2.9	\$ 1.0	\$ 15.9

The graphs below depict the change in cost of services for the program expenses from 2009 to 2010 and also shows the net cost of services for those expenses in the two years. As the net cost shows, the District has had back to back years where the program revenues exceed the program expenses. 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)

	2009	2010	% Change
General	\$ 3.5	\$ 3.4	-2.9%
State Route 747	(0.1)	-	0.0%
Liberty Interchange	3.2	7.3	128.1%
State Route 4 Bypass Widening	6.8	1.4	-79.4%
Nonmajor Funds	-	(0.1)	-100.0%
Total Governmental Balances	\$ 13.4	\$ 12.0	-10.3%

The 2.9% decrease in the **General Fund** can be credited to the District receiving an additional administrative fee from the Liberty Interchange right of way and construction management during 2009 as well as granted an easement on the District's property for the Duke Energy substation. The District's administrative fee for 2010 was significantly reduced.

The **State Route 747 Fund** is no longer a major fund for 2010 and is the majority of the (\$0.1) million balance in non-major funds. The project was completed during 2008 and had carryover expenditures during the first part of 2009. The District still maintains the fund for future phases of the widening project.

The 128.1% increase for the **Liberty Interchange Fund** is attributed to \$5.9 million in local government debt service contributions to the trust account. 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** decreased by 79.4% from the prior year as the District spent down \$5.2 million of the special obligations bonds during 2010. These funds are being used as the local share for three phases of the project. The project participants were also successful in applications for stimulus funds on two phases of the project with a significant amount of other funding being provided by various grants. The use of these alternatives have helped reduced the overall local impact from about \$40 million to less than \$20 million.

The **Other Nonmajor Fund** now accounts for the State Route 747 fund and South Hamilton Crossing fund, which is a new fund for the District during 2010. The District and City of Hamilton are working on an engineering study to provide the City with a southern railway overpass. The District also account for several other construction funds that have minimal amounts either negative or positive but are still open on the District's books.

Table 5 presents a summary of governmental fund revenues for the 2010 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	2010 Amount	Percent of Total	Over 2009	
Intergovernmental	\$ 18,610,388	97.5%	\$ 14,427,902	345.0%
Charges for Services	35,407	0.2%	(167,922)	-82.6%
Investment Earnings	198,866	1.0%	121,455	156.9%
Other	241,144	1.3%	(192,625)	-44.4%
Total	\$ 19,085,805	100.0%	\$ 14,188,810	289.7%

The 345% increase in **intergovernmental revenues** is related to the federal and state funding on the State Route 4 Bypass project discussed earlier. The 82.6% decrease in **charges for services** can be related to the District drawing down only \$9,000 versus \$0.2 million in fees (2009) on the Liberty Interchange in 2010. **Interest** actually increased during 2010 but 98.5% of those earnings were related to the trust balances on the construction projects and not available to the District for operating expenses. The District's decrease in **other revenues** relates to the Duke Energy easement as well as developer payments on properties in the Liberty Interchange project area during 2009.

The main difference in governmental fund expenditures from 2009 to 2010 were the additional capital outlay costs on the State Route 4 Bypass project. Capital outlay accounts for 86.4% of all governmental fund expenditures.

Table 6 presents the General Fund budget and the difference between the original budget and final budget for fiscal year 2010. Table 7 discusses the variance between the final budget and the actual results for the fiscal year.

Table 6
Original and Final Budget - General Fund

	Original	Final	Variance
Revenues:			
Intergovernmental	\$ 250,000	\$ 250,000	\$ -
Charges for Services	25,500	46,500	21,000
Investment Earnings	10,000	900	(9,100)
Expenditures:			
Current:			
General Government	405,200	439,550	(34,350)

Original versus Final Budget

The District had no significant changes from original to final budget for 2010. The District did increase charges for services as it was anticipated there would be a fee on a new project but that did not happen. The interest revenue was also significantly reduced from the initial amount so the final budget was amended. The expenditures were increased to allow for marketing and public relations effort on the TID's property in the Liberty Interchange area and also the State Route 63 project that is in the development phase.

Table 7
Final Budget versus Actual Results
General Fund

	Final Budget	Actual	Variance
Revenues:			
Intergovernmental	\$ 250,000	\$ 250,000	\$ -
Charges for Services	46,500	23,375	(23,125)
Investment Earnings	900	3,067	2,167
Expenditures:			
Current:			
General Government	439,550	374,191	65,359

Final Budget versus Actual Results

As discussed above, the additional administrative fee did not materialize during the year, which explains the variance in charges for services. The District did not spend the entire budgeted public relations amounts for the two projects referenced above so that amount was carried forward to the next fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At year-end, the District had \$79.7 million invested in land held for resale and construction in progress assets. This amount represents an increase of \$16.7 million, or 27%, over the last year. The District spent that amount on the State Route 4 Bypass construction. For more information on capital assets, see Note 6 of the financial statements.

Debt Administration

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

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 three phases of the State Route 4 Bypass widening project. The bonds were issued under the economic recovery zone bond program so the participating governments will receive a 45% credit on the interest paid. This is critical for helping reduce the overall burden to these governments.

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 secured over \$15.8 million in various grant dollars to help pay for the construction of the State Route 4 Bypass widening. When the road is widened from the Fairfield terminus to the State Route 129 extension it will allow for a free flow of traffic and open up other valuable sites in Fairfield, Hamilton and Fairfield Township for development.

The District has shifted focus now that State Route 4 Bypass project is under construction to finishing the northern portion, at State Route 129, of the Bypass as well as focusing on the development potential in the St. Clair and Madison Township area near the Great Miami River around Wayne-Madison Road. The District has started a development plan in connection with many local participants to move the construction project forward. The District is also working with the City of Hamilton on an overpass project (South Hamilton Crossing) that could potentially open up significant acreage for development within the City of Hamilton.

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



October aerial photograph of the Liberty Way interchange and development potential immediately adjacent to the interchange and the Cox Road extension.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**STATEMENT OF NET ASSETS
DECEMBER 31, 2010**

Assets:	
Current Assets:	
Cash and Cash Equivalents	\$ 1,367,695
Restricted Cash with Fiscal Agent	10,636,575
Accounts Receivable	13,234
Interest Receivable	13,329
<i>Total Current Assets</i>	<u>12,030,833</u>
Noncurrent Assets:	
Deferred Charges	1,148,087
Nondepreciable Capital Assets	79,681,149
<i>Total Noncurrent Assets</i>	<u>80,829,236</u>
Total Assets	<u><u>92,860,069</u></u>
Liabilities:	
Current Liabilities:	
Accounts Payable	50,039
Contracts Payable	724
Accrued Wages and Benefits	3,810
Intergovernmental Payable	1,327
Accrued Interest Payable	212,075
Special Obligation Bonds Payable - Current	185,000
<i>Total Current Liabilities</i>	<u>452,975</u>
Noncurrent Liabilities:	
Special Obligation Bonds Payable	49,743,947
<i>Total Noncurrent Liabilities</i>	<u>49,743,947</u>
Total Liabilities	<u><u>50,196,922</u></u>
Net Assets:	
Invested in Capital Assets, net of related debt	30,424,084
Restricted for:	
Capital Improvements	2,737,872
Debt Service	7,582,178
Unrestricted	1,919,013
Total Net Assets	<u><u>\$ 42,663,147</u></u>

See accompanying notes to the financial statements

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010**

Functions/Programs	Expenses	Program Revenues		Net Revenue and Change in Net Assets
		Charges for Services	Capital Grants and Contributions	Primary Government Governmental Activities
Primary Government:				
Governmental Activities:				
General Government	\$ 402,366	\$ 35,407	\$ 12,861,985	\$ 12,495,026
Interest on Long-Term Debt	2,467,505	-	5,859,116	3,391,611
Total Primary Government	\$ 2,869,871	\$ 35,407	\$ 18,721,101	15,886,637
General Revenues:				
Unrestricted Investment Earnings				198,866
Miscellaneous				73,227
Special Item - Disposal of Land				(933,584)
Total General Revenues and Special Items				(661,491)
Change in Net Assets				15,225,146
Net Assets - Beginning				27,438,001
Net Assets - Ending				\$ 42,663,147

See accompanying notes to the financial statements



TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**BALANCE SHEET -
GOVERNMENTAL FUNDS
DECEMBER 31, 2010**

	<u>General</u>	<u>Liberty Interchange</u>	<u>State Route 4 Bypass Widening</u>
Assets:			
Cash and Cash Equivalents	\$ 1,363,546	\$ -	\$ -
Receivables:			
Accounts, net	13,234	-	-
Interest	-	13,329	-
Interfund Loan	2,094,097	-	-
Restricted Assets:			
Cash with Fiscal Agent	-	8,780,475	1,856,100
Total Assets	<u><u>\$ 3,470,877</u></u>	<u><u>\$ 8,793,804</u></u>	<u><u>\$ 1,856,100</u></u>
Liabilities and Fund Balances			
Liabilities:			
Payable:			
Accounts	\$ 50,039	\$ -	\$ -
Contracts	-	-	724
Accrued Wages and Benefits	3,810	-	-
Intergovernmental	1,327	-	-
Interfund Loan	-	1,488,486	434,808
Total Liabilities	<u>55,176</u>	<u>1,488,486</u>	<u>435,532</u>
Fund Balances:			
Reserved for:			
Encumbrances	-	-	17,856
Debt Service	-	7,582,178	-
Capital Improvements	-	1,562,066	1,847,688
Unreserved, reported in:			
General	3,415,701	-	-
Capital Projects (Deficit)	-	(1,838,926)	(444,976)
Total Fund Balances (Deficit)	<u>3,415,701</u>	<u>7,305,318</u>	<u>1,420,568</u>
Total Liabilities and Fund Balances	<u><u>\$ 3,470,877</u></u>	<u><u>\$ 8,793,804</u></u>	<u><u>\$ 1,856,100</u></u>

See accompanying notes to the financial statements

**Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
December 31, 2010**

Other Governmental Funds	Total Governmental Funds		
		Total Governmental Fund Balances	\$ 11,974,933
		<i>Amounts reported in governmental activities in the statement of net assets are different because:</i>	
\$ 4,149	\$ 1,367,695	Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds.	79,681,149
-	13,234		
-	13,329		
-	2,094,097	Bond issuance costs reported as an expenditure in governmental funds are allocated as an expense over the life of the debt on a full accrual basis.	1,148,087
-	10,636,575		
\$ 4,149	\$ 14,124,930	Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(50,141,022)
		Net Assets of Governmental Activities	\$ 42,663,147
\$ -	\$ 50,039		
-	724		
-	3,810		
-	1,327		
170,803	2,094,097		
170,803	2,149,997		
-	17,856		
-	7,582,178		
-	3,409,754		
-	3,415,701		
(166,654)	(2,450,556)		
(166,654)	11,974,933		
\$ 4,149	\$ 14,124,930		

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>General</u>	<u>Liberty Interchange</u>	<u>State Route 4 Bypass Widening</u>
Revenues:			
Intergovernmental	\$ 250,000	\$ 5,859,116	\$ 12,491,234
Charges for Services	32,995	-	2,412
Investment Earnings	3,067	17,943	177,856
All Other	1,739	239,405	-
	<hr/>	<hr/>	<hr/>
Total Revenues	287,801	6,116,464	12,671,502
Expenditures:			
Current:			
General Government	395,934	-	-
Capital Outlay	-	5,574	17,690,085
Debt Service:			
Interest and Fiscal Charges	-	1,983,475	404,887
	<hr/>	<hr/>	<hr/>
Total Expenditures	395,934	1,989,049	18,094,972
Net Change in Fund Balances	(108,133)	4,127,415	(5,423,470)
Fund Balances (Deficit) - beginning	3,523,834	3,177,903	6,844,038
Fund Balances (Deficit) - ending	<u>\$ 3,415,701</u>	<u>\$ 7,305,318</u>	<u>\$ 1,420,568</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, 2010**

Other Governmental Funds	Total Governmental Funds		
		Net Change in Governmental Fund Balances	\$ (1,399,307)
\$ 10,038	\$ 18,610,388	Amounts reported for the governmental activities in the statement of activities are different because:	
-	35,407		
-	198,866		
-	241,144		
<u>10,038</u>	<u>19,085,805</u>	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.	17,634,199
-	395,934	In the statement of activities, the loss on the disposal of land is reported. Conversely, government funds do not report any gain or losses on the disposal of land.	(933,584)
5,157	17,700,816		
-	2,388,362	Governmental funds report premiums as other financing sources, whereas these amounts are deferred and amortized on the statement of activities.	64,642
<u>5,157</u>	<u>20,485,112</u>		
4,881	(1,399,307)	Revenues in the statement of activities that do not provide current financial resources are not reported as such in the funds.	(61,661)
(171,535)	13,374,240		
<u>\$ (166,654)</u>	<u>\$ 11,974,933</u>	In the statement of activities, interest and charges are accrued on outstanding bonds, whereas, in governmental funds, they are reported when due.	(30,603)
		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 assets. In the current year, this amount relates only to the amortization of issuance costs:	<u>(48,540)</u>
		Change in Net Assets of Governmental Activities	<u>\$ 15,225,146</u>

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

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, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of 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, 2010

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 involves the reconfiguration of the current terminus 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 Hamilton-Mason Road Bridge. This fund also accounts for the auxiliary road improvements around the interchange. The TID completed financing for the project during 2007 and started right of way acquisition in 2006. The ground breaking for the project was done in the fourth quarter of 2007. All of the project was completed and open to traffic in October 2009.

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 one, two and three which started in 2010. The City of Fairfield was under construction for their phase during 2010 also.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

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 assets and governmental fund balance sheet by activity or fund. The District utilizes a financial institution management of several trusts accounts for the State Route 4 Bypass Widening project. The District utilizes another financial institution for the management of several trusts accounts for the Liberty Interchange project. The balances in these accounts are presented on the financial statements as “Restricted Assets: Cash with Fiscal Agent.”

During fiscal year 2010, 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, 2010

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 2010 amounts to \$3,067, 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 \$17,943 and \$177,856 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 assets.

G. Capital Assets

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

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

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

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 must be used in the year earned or all unused time expires unless the Executive Director grants remaining vacation balances to be carried over to the next year on an individual basis. The District has no compensated absence liability.

I. Intergovernmental Revenues

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

J. Reservations of Fund Balance

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore, are not available for appropriations or expenditure in the governmental fund balance sheet. Unreserved fund balance indicates that portion of fund equity, which is available for appropriations, in future periods. Fund equity reserves have been established for encumbrances in the capital project funds, and for future debt service and capital improvements in the Liberty Interchange and State Route 4 Bypass Widening Funds.

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

K. Net Assets

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

L. Estimates

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

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 asset:

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this (\$50,141,022) difference are as follows:

Special Obligation Bonds Payable	(\$48,405,000)
Special Obligation Bonds - Premium	(1,523,947)
Accrued Interest Payable	(212,075)
Net Adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i> ,	(\$50,141,022)

NOTE 2 – ACCOUNTABILITY

Fund Deficits

As of December 31, 2010, State Route 747, State Route 129 Extension and South Hamilton Crossing Capital Projects Funds had deficit fund balances of \$126,458, \$39,645 and \$4,700 respectively. The deficits were created through the reimbursement process of the District’s intergovernmental agreements with the participating local governments. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Compliance

The State Route 747 had appropriations in excess of estimated revenues and available fund balance by \$126,459 and the State Route 129 Extension fund had a negative beginning balance of \$39,645. 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;

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

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

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.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

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 \$1,017,452 and the bank balance was \$1,018,112. \$250,000 of bank balances were covered by federal depository insurance coverage with \$768,112 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.

During 2010, the District limited investments to securities in Federal Government Agencies and Money Market Mutual Funds. Below are the credit ratings of the District’s investments:

Security	Rating Agency	
	Moody’s	Standard & Poor’s
Federal National Mortgage Association Notes	Aaa./AAA	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.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

The District's investments at December 31, 2010 are summarized below:

Investment	Average Maturity	<1 Year Before Maturity	Concentration Risk
Federal National Mortgage Association Notes	0.90 year	\$2,212,496	20.14%
Dreyfus Government Prime Cash Management Fund	<60 days	6,926,633	63.04%
Fidelity Government Fund	<60 days	1,847,689	16.82%
Total		<u>\$10,986,818</u>	

NOTE 4 – INTERFUND BALANCES

Interfund balances at December 31, 2010, consist of the following individual receivables and payables in the governmental fund balance sheet (such amounts are removed in the statement of net assets):

Fund	Interfund Loan Receivable	Interfund Loan Payable
General Fund	\$2,094,097	\$0
Capital Projects Funds:		
Liberty Interchange	0	1,488,486
State Route 4 Bypass Widening		434,808
Nonmajor Funds	0	170,803
Total Capital Projects Funds	<u>0</u>	<u>2,094,097</u>
Totals	<u>\$2,094,097</u>	<u>\$2,094,097</u>

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 747 fund relates to the payments made advance the third and fourth phases of the widening project to meet construction schedules. The General Fund will be repaid within one year or less once the reimbursements are received.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 5 – INTERGOVERNMENTAL REVENUES AND CHARGES FOR SERVICES

The following entities, which are a part of the District, have contributed the following funds during 2010:

Member Name	Contribution
Butler County	\$3,064,771
Ohio Department of Transportation	12,368,573
Liberty Township	2,759,287
Fairfield Township	147,829
City of Hamilton	128,051
West Chester Township	141,877
Totals	\$18,610,388

Charges for service recorded in the General Fund, represent the administrative project cost related to the engineering and design projects the District had active during 2010. The District also took a \$9,370 administrative fee related to the Liberty Interchange project that was drawn from the trust account. The District also contracted with the Montgomery County TID for providing monthly financial services that is also included in charges for services.

NOTE 6 – CAPITAL ASSETS

Summary by category of changes in capital assets:

Category	December 31, 2009	Additions	Deletions	December 31, 2010
Land	\$2,709,373	\$0	(\$933,584)	\$1,775,789
Construction in Progress	60,271,161	17,634,199	0	77,905,360
Totals	\$62,980,534	\$17,634,199	(\$933,584)	\$79,681,149

For 2010, the District’s construction portion of the Liberty Way West phase of the Liberty Interchange Project was completed with project coordination continuing into 2011. The District spent a significant amount on the State Route 4 Bypass Widening project as the three phases from Hamilton-Mason Road to Symmes Road were under construction.

NOTE 7 – DEFINED BENEFIT PENSION AND POSTEMPLOYMENT BENEFITS PLANS

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

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

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

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

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

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 10%. The employer contribution rate was 14%, from January 1 to February 28, 2010 5.5% was used to fund the pension and then from March 1 to December 31, 2010 5% was used to fund the pension. The contribution requirements of plan members and the District are established and may be amended by the Public Employees Retirement Board. The District's contributions to the OPERS of Ohio for the years ending December 31, 2010, 2009, and 2008, were \$5,357, \$12,105, and \$9,033, respectively, 78 percent has been contributed for fiscal year 2010 and 100 percent has been contributed for fiscal years 2009 and 2008.

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 2010, 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, 2010

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 was 5.5% from January 1 through February 28, 2010 and 5% from March 1 through December 31, 2010. 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 2010, 2009 and 2008 were \$2,944, \$7,545, and \$10,563, respectively.

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, 2009	Issued	Retired	Balance December 31, 2010	Due Within One Year
Governmental Activities:					
Special Obligation Bonds:					
4.00%-5.00% 2007	\$41,130,000	\$0	\$0	\$41,130,000	\$0
Premium	1,478,793	0	59,152	1,419,641	0
Special Obligation Bonds					
1.875%-6.50% 2009	7,275,000	0	0	7,275,000	185,000
Premium	109,796	0	5,490	104,306	0
Governmental Activity					
Long-Term Liabilities	\$49,993,589	\$0	\$64,642	\$49,928,947	\$185,000

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, 2010

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 \$73,018,066 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 \$5,845,788.

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.

The principal and interest requirements for outstanding bonds as of December 31, 2010 are as follows:

Ending December 31,	Fiscal Year			
	Principal	Interest	Total	Rate
2011	\$185,000	\$2,377,242	\$2,562,242	1.875-4.00%
2012	220,000	2,373,774	2,593,774	2.375-4.00
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
2016-2020	6,770,000	10,977,325	17,747,325	4.00-5.125
2021-2025	12,385,000	8,800,109	21,185,109	4.25-5.875
2026- 2030	20,125,000	4,840,742	24,965,742	4.75-6.50
2031-2034	7,020,000	566,450	7,586,450	4.50-5.00
Totals	\$48,405,000	\$36,996,492	\$85,401,492	

NOTE 9 – CONSTRUCTION COMMITMENTS

The District has several major outstanding contracts for services. The following amounts remain on these contracts as of December 31, 2010.

Project and Contractor	Outstanding Balance
Bypass 4 Widening Phase 1 – John R. Jurgensen Company	\$2,498,293
Bypass 4 Widening Phase 2 – Barrett Paving Company	2,629,779
Bypass 4 Widening Phase 3 – John R. Jurgensen Company	4,229,593

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

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 2010, 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.

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

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

**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, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 250,000	\$ 250,000	\$ 250,000	\$ -
Charges for Services	25,500	46,500	23,375	(23,125)
Investment Earnings	10,000	900	3,067	2,167
Total Revenues	<u>285,500</u>	<u>297,400</u>	<u>276,442</u>	<u>(20,958)</u>
Expenditures:				
Current:				
General Government				
Personal Services	186,700	104,600	100,339	4,261
Contractual Services	211,000	290,850	268,616	22,234
Materials and Supplies	4,500	4,500	2,542	1,958
Other	3,000	39,600	2,694	36,906
Total General Government	<u>405,200</u>	<u>439,550</u>	<u>374,191</u>	<u>65,359</u>
Net Change in Fund Balance	(119,700)	(142,150)	(97,749)	44,401
Fund Balance Beginning of Year	3,554,480	3,554,480	3,554,480	-
Prior Year Encumbrances	5	5	5	-
Fund Balance End of Year	<u>\$ 3,434,785</u>	<u>\$ 3,412,335</u>	<u>\$ 3,456,736</u>	<u>\$ 44,401</u>
		Budget Basis	\$ (97,749)	
		Revenue Accruals	11,359	
		Expenditure Accruals	<u>(21,743)</u>	
		GAAP Basis	<u>\$ (108,133)</u>	

See accompanying notes to the supplementary information

*TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO SUPPLEMENTARY INFORMATION
DECEMBER 31, 2010*

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Budgetary Process

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

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

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

1. **Estimated Resources**

As part of the District's budgetary process, the Board approves the budgetary document. The budgetary document states the projected revenue of each fund. Prior to December 31, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the budgetary document. The revised budget then serves as the basis for the annual appropriation measure. On or about January 1, the budgetary document is amended to include any unencumbered balances from the preceding year. The budgetary document may be further amended during the year if the Board determines that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the final budgetary document issued during 2010.

*TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
NOTES TO SUPPLEMENTARY INFORMATION
DECEMBER 31, 2010*

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 has 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.

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 process and is working towards right-of-way acquisition and construction if funding becomes available.



TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2010

CAPITAL PROJECTS							Total Nonmajor Governmental Funds
	Union Centre Extension	State Route 747	State Route 129 Extension	Muhlhauser Road	South Hamilton Crossing		
Assets:							
Cash and Cash Equivalents	\$ 325	\$ -	\$ -	\$ 3,824	\$ -	\$ -	\$ 4,149
Total Assets	<u>325</u>	<u>-</u>	<u>-</u>	<u>3,824</u>	<u>-</u>	<u>-</u>	<u>4,149</u>
Liabilities:							
Interfund Loan Payable	-	126,458	39,645	-	4,700		170,803
Total Liabilities	<u>-</u>	<u>126,458</u>	<u>39,645</u>	<u>-</u>	<u>4,700</u>	<u>-</u>	<u>170,803</u>
Fund Balances:							
Fund Balances:							
Unreserved Capital Projects -(Deficit)	325	(126,458)	(39,645)	3,824	(4,700)		(166,654)
Total Fund Balances	<u>325</u>	<u>(126,458)</u>	<u>(39,645)</u>	<u>3,824</u>	<u>(4,700)</u>	<u>-</u>	<u>(166,654)</u>
Total Liabilities and Fund Balances	<u>\$ 325</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,824</u>	<u>\$ -</u>	<u>\$ -</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, 2010**

		CAPITAL PROJECTS						Total Nonmajor Governmental Funds
	Union Centre Extension	State Route 747	State Route 129 Extension	Muhlhauser Road	South Hamilton Crossing			
Revenues:								
Intergovernmental	-	\$ 10,038	-	-	-	\$	10,038	
Total Revenues	-	10,038	-	-	-		10,038	
Expenditures:								
Capital Outlay	-	457	-	-	4,700		5,157	
Total Expenditures	-	457	-	-	4,700		5,157	
Change in Fund Balance	-	9,581	-	-	(4,700)		4,881	
Fund Balance (Deficit) - Beginning of Year	325	(136,039)	(39,645)	3,824	-		(171,535)	
Fund Balance (Deficit) - End of Year	\$ 325	\$ (126,458)	\$ (39,645)	\$ 3,824	\$ (4,700)	\$	\$ (166,654)	

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, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental Revenue	\$ 2,308,000	\$ 4,000,000	\$ 5,859,116	\$ 1,859,116
Investment Earnings	1,000	-	9,728	9,728
All Other Revenue	163,000	183,511	239,405	(55,894)
Total Revenues	<u>2,472,000</u>	<u>4,183,511</u>	<u>6,108,249</u>	<u>1,812,950</u>
Expenditures:				
Capital Outlay	1,663,841	1,781,459	358,655	1,422,804
Debt Service:				
Interest and Fiscal Charges	1,983,475	1,983,475	1,983,475	-
Total Expenditures	<u>3,647,316</u>	<u>3,764,934</u>	<u>2,342,130</u>	<u>1,422,804</u>
Net Change in Fund Balance	(1,175,316)	418,577	3,766,119	3,347,542
Fund Balance Beginning of Year	2,480,725	2,480,725	2,480,725	-
Prior Year Encumbrances	1,050,259	1,050,259	1,050,259	-
Fund Balance End of Year	<u>\$ 2,355,668</u>	<u>\$ 3,949,561</u>	<u>\$ 7,297,103</u>	<u>\$ 3,347,542</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, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental Revenue	\$ 16,612,920	\$ 18,749,129	\$ 12,491,234	\$ (6,257,895)
Investment Earnings	-	2,000	2,412	412
All Other Revenue	-	81,833	177,856	96,023
Total Revenues	<u>16,612,920</u>	<u>18,832,962</u>	<u>12,671,502</u>	<u>(6,161,460)</u>
Expenditures:				
Capital Outlay	22,109,000	20,663,270	17,600,045	3,063,225
Other	-	81,833	171,856	(90,023)
Debt Service:				
Interest and Fiscal Charges	<u>380,000</u>	<u>210,000</u>	<u>404,887</u>	<u>(194,887)</u>
Total Expenditures	<u>22,489,000</u>	<u>20,955,103</u>	<u>18,176,788</u>	<u>2,778,315</u>
Net Change in Fund Balance	(5,876,080)	(2,122,141)	(5,505,286)	(3,383,145)
Fund Balance Beginning of Year	6,598,895	6,598,895	6,598,895	-
Prior Year Encumbrances	<u>309,103</u>	<u>309,103</u>	<u>309,103</u>	-
Fund Balance End of Year	<u>\$ 1,031,918</u>	<u>\$ 4,785,857</u>	<u>\$ 1,402,712</u>	<u>\$ (3,383,145)</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, 2010**

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, 2010**

	STATE ROUTE 747 FUND			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Intergovernmental	\$ 513,002	\$ 513,002	\$ 513,002	\$ -
Total Revenues	518,002	513,002	513,002	-
Expenditures:				
Capital Outlay	-	4,218	4,217	1
Total Expenditures	-	4,218	4,217	1
Net Change in Fund Balance	518,002	508,784	508,785	1
Fund Balance (Deficit) Beginning of Year	(635,243)	(635,243)	(635,243)	-
Fund Balance (Deficit) End of Year	\$ (117,241)	\$ (126,459)	\$ (126,458)	\$ 1

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, 2010**

STATE ROUTE 129 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 (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, 2010**

	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	\$ 3,824	\$ 3,824	\$ 3,824	\$ -

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	SOUTH HAMILTON CROSSING FUND			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Intergovernmental Revenue	\$ -	\$ 6,000	\$ -	\$ (6,000)
Total Revenues	-	6,000	-	(6,000)
Expenditures:				
Capital Outlay		6,000	4,700	1,300
Total Expenditures	-	6,000	4,700	1,300
Net Change in Fund Balance	-	-	(4,700)	(4,700)
Fund Balance Beginning of Year	-	-	-	-
Fund Balance End of Year	\$ -	\$ -	\$ (4,700)	\$ (4,700)



STATISTICAL

SECTION



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



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

**Transportation Improvement District of
Butler County, Ohio
Statistical Section Descriptions
December 31, 2010**

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 on the participating governments.	58-59
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.	60
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 takes place.	61-65



TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

NET ASSETS BY COMPONENT

LAST TEN YEARS (accrual basis of accounting)

	2010	2009	2008	2007	2006
Governmental Activities:					
Invested in capital assets, net of related debt	\$ 30,424,084	\$ 20,005,940	\$ 18,504,670	\$ 16,543,620	\$ 15,034,816
Restricted	10,320,050	5,560,411	6,869,668	1,650,174	374,477
Unrestricted	1,919,013	1,871,650	646,935	1,731,632	1,148,080
Total Governmental Activities Net Assets	\$ 42,663,147	\$ 27,438,001	\$ 26,021,273	\$ 19,925,426	\$ 16,557,373
Governmental Activities:					
Invested in capital assets, net of related debt	\$ 13,732,805	\$ 10,982,235	\$ 17,546,423	\$ 42,089,576	\$ 54,652,188
Restricted	15,195,076	14,850,389	14,522,631	14,318,505	14,690,286
Unrestricted	(1,096,692)	1,552,732	1,847,313	1,981,693	1,772,609
Total Governmental Activities Net Assets	\$ 27,831,189	\$ 27,385,356	\$ 33,916,367	\$ 58,389,774	\$ 71,115,083

Source: District financial records

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

CHANGE IN NET ASSETS

LAST TEN YEARS (accrual basis of accounting)

	2010	2009	2008
Expenses:			
Governmental Activities			
General Government	\$ 402,366	\$ 715,520	\$ 454,730
Fiscal Charges	-	-	327,044
Interest on Long Term Debt	2,467,505	2,181,640	1,751,628
<i>Total Governmental Activities Expenses</i>	<u>2,869,871</u>	<u>2,897,160</u>	<u>2,533,402</u>
Program Revenues:			
Charges for Services			
General Government	35,407	203,329	619,864
Operating Grants and Contributions			
General Government	12,861,985	1,345,354	7,232,136
Interest on Long Term Debt	5,859,116	2,367,815	-
<i>Total Governmental Activities Program Revenues</i>	<u>18,756,508</u>	<u>3,916,498</u>	<u>7,852,000</u>
Net (Expense)/Revenue	<u>15,886,637</u>	<u>1,019,338</u>	<u>5,318,598</u>
General Revenues			
Grants and Contributions Unrestricted	-	-	-
Unrestricted Investment Earnings	198,866	77,411	877,121
Change in Fair Value of Investments	-	-	(164,276)
Miscellaneous	73,227	319,979	64,404
Special Item - Disposal of Land	(933,584)	-	-
<i>Total Governmental Activities General Revenues</i>	<u>(661,491)</u>	<u>397,390</u>	<u>777,249</u>
Change in Net Assets	<u>\$ 15,225,146</u>	<u>\$ 1,416,728</u>	<u>\$ 6,095,847</u>

Source: District financial records.

2007	2006	2005	2004	2003	2002	2001
\$ 2,338,236	\$ 1,702,925	\$ 460,218	\$ 9,277,438	\$ 26,962,585	\$ 15,022,973	\$ 3,005,859
-	6,516,155	159,666	100,089	163,647	515,492	-
1,585,006	6,152,002	6,074,683	6,289,655	4,809,798	6,893,265	7,132,810
3,923,242	14,371,082	6,694,567	15,667,182	31,936,030	22,431,730	10,138,669
24,172	94,991	48,898	79,354	45,973	185,882	370,668
5,611,078	1,946,633	657,450	404,160	370,358	1,598,492	7,902,350
-	-	5,245,955	6,365,905	5,736,408	6,405,255	7,132,810
5,635,250	2,041,624	5,952,303	6,849,419	6,152,739	8,189,629	15,405,828
1,712,008	(12,329,458)	(742,264)	(8,817,763)	(25,783,291)	(14,242,101)	5,267,159
-	500,000	-	250,000	250,000	250,000	250,000
1,486,437	510,536	980,903	940,632	957,963	947,606	1,201,655
164,276	(1,375)	(4,111)	(1,509)	(4,629)	20,580	23,909
5,332	46,481	211,305	1,097,629	106,550	298,606	117,157
-	-	-	-	-	-	-
1,656,045	1,055,642	1,188,097	2,286,752	1,309,884	1,516,792	1,592,721
\$ 3,368,053	\$ (11,273,816)	\$ 445,833	\$ (6,531,011)	\$ (24,473,407)	\$ (12,725,309)	\$ 6,859,880



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

LAST TEN YEARS (modified accrual basis of accounting)

	2010	2009	2008	2007	2006
General Fund					
Reserved	\$ -	\$ -	\$ 154	\$ -	\$ 6,652
Unreserved	3,415,701	3,523,834	3,229,925	2,815,145	3,302,479
Total General Fund	3,415,701	3,523,834	3,230,079	2,815,145	3,309,131
All other governmental funds					
Reserved	11,009,788	13,526,176	15,319,008	30,608,670	2,282,459
Unreserved, reported in:					
Debt Service	-	-	-	-	-
Capital Projects	(2,450,556)	(3,675,770)	(3,421,084)	(4,172,730)	(4,343,901)
Total All other governmental funds	8,559,232	9,850,406	11,897,924	26,435,940	(2,061,442)
Total Governmental Funds	\$ 11,974,933	\$ 13,374,240	\$ 15,128,003	\$ 29,251,085	\$ 1,247,689
General Fund					
Reserved	\$ 11,034	\$ -	\$ 4,487	\$ 286	\$ 14,189
Unreserved	2,705,563	2,874,839	3,603,343	6,352,696	3,927,884
Total General Fund	2,716,597	2,874,839	3,607,830	6,352,982	3,942,073
All other governmental funds					
Reserved	14,848,697	14,942,523	14,309,528	13,762,757	13,798,560
Unreserved, reported in:					
Debt Service	(39,645)	223,328	9,556	(412,901)	-
Capital Projects	(1,775,709)	(365,300)	29,929	(46,824)	1,186,406
Total All other governmental funds	13,033,343	14,800,551	14,349,013	13,303,032	14,984,966
Total Governmental Funds	\$ 15,749,940	\$ 17,675,390	\$ 17,956,843	\$ 19,656,014	\$ 18,927,039

Source: District financial records

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

CHANGE IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN YEARS (modified accrual basis of accounting)

	2010	2009	2008	2007
Revenues				
Intergovernmental	\$ 18,610,388	\$ 4,182,486	\$ 7,232,136	\$ 5,552,956
Charges for Services	35,407	203,329	619,525	24,172
Investment Earnings	198,866	77,411	877,121	1,486,437
Change in Fair Value of Investments	-	-	(164,276)	164,276
All Other	241,144	433,769	3,761	5,332
Total Revenues	19,085,805	4,896,995	8,568,267	7,233,173
Expenditures				
Current				
General Government	395,934	471,659	457,808	566,846
Capital Outlay	17,700,816	11,376,352	20,159,154	18,352,385
Debt Service:				
Principal	-	-	-	-
Interest and Fiscal Charges	2,388,362	2,187,543	2,074,387	3,096,795
Total Expenditures	20,485,112	14,035,554	22,691,349	22,016,026
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,399,307)	(9,138,559)	(14,123,082)	(14,782,853)
Other Financing Sources (Uses)				
Face Value of Debt	-	7,275,000	-	41,130,000
Premium from Sale of Bonds	-	109,796	-	1,656,249
Transfers In	-	-	79	14,415,206
Transfers Out	-	-	(79)	(14,415,206)
Total Other Financing Sources (Uses)	-	7,384,796	-	42,786,249
Net Change in Fund Balances	\$ (1,399,307)	\$ (1,753,763)	\$ (14,123,082)	\$ 28,003,396
Debt Service as a percentage of noncapital expenditures	84%	77%	82%	57%

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 2005-2001, the debt service obligation was paid through an operating lease with ODOT.

2006	2005	2004	2003	2002	2001
\$ 105,260,360	\$ 12,731,782	\$ 12,785,339	\$ 12,086,808	\$ 14,682,529	\$ 19,793,111
86,743	41,347	65,611	22,771	50,369	86,202
510,536	987,083	940,632	957,963	947,606	1,201,655
(1,375)	(4,111)	(1,509)	(4,629)	20,580	23,909
46,481	7,487	1,107,629	130,973	429,320	253,803
<u>105,902,745</u>	<u>13,763,588</u>	<u>14,897,702</u>	<u>13,193,886</u>	<u>16,130,404</u>	<u>21,358,680</u>
573,356	2,200,915	995,739	2,005,237	406,635	389,346
2,481,580	2,679,873	1,717,511	414,195	2,053,726	11,857,139
109,725,000	6,405,000	6,100,000	5,810,000	5,530,000	5,280,000
7,625,060	6,053,250	6,365,905	6,663,625	7,411,068	7,210,775
<u>120,404,996</u>	<u>17,339,038</u>	<u>15,179,155</u>	<u>14,893,057</u>	<u>15,401,429</u>	<u>24,737,260</u>
(14,502,251)	(3,575,450)	(281,453)	(1,699,171)	728,975	(3,378,580)
-	1,650,000	-	-	-	-
-	-	-	-	-	-
14,415,206	13,874,479	13,727,822	13,669,557	15,113,369	17,753,723
<u>(14,415,206)</u>	<u>(13,874,479)</u>	<u>(13,727,822)</u>	<u>(13,669,557)</u>	<u>(15,113,369)</u>	<u>(17,753,723)</u>
-	1,650,000	-	-	-	-
<u>\$ (14,502,251)</u>	<u>\$ (1,925,450)</u>	<u>\$ (281,453)</u>	<u>\$ (1,699,171)</u>	<u>\$ 728,975</u>	<u>\$ (3,378,580)</u>
99%	85%	92%	86%	98%	90%

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

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

<u>Year</u>	<u>Gross Revenue (1)</u>	<u>Debt Service Requirement (2)</u>	<u>Coverage</u>
2007	\$ 1,489,072	\$ 1,573,377	94.64%
2008	3,766,336	1,983,575	189.88%
2009	2,308,664	1,983,475	116.39%
2010	5,859,116	1,983,475	295.40%
Total	<u>\$ 13,423,188</u>	<u>\$ 7,523,902</u>	<u>178.41%</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 TWO 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%

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 debt service was offset with a IRS tax credit.

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

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>
2010*	1
2009	2
2008	2.5
2007	3
2006	3
2005	3
2004	2
2003	3
2002	3
2001	3

Note: District's financial records

* The District has two employees that work part time.

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

**TOP TEN TAXPAYERS
REAL AND PERSONAL PROPERTY
CURRENT AND EIGHT YEARS AGO**

Name of Taxpayer	2010			2002		
	Assessed Valuation	Rank	% of Total Assessed Valuation	Assessed Valuation	Rank	% of Total Assessed Valuation
West Chester Medical Center LLC	31,054,470	1	0.40%			
Duke Realty Ohio	21,222,580	2	0.27%	25,539,850	5	0.43%
MillerCoors LLC	16,687,310	3	0.21%	\$ 73,319,670	2	1.22%
AK Steel Corporation	13,722,860	4	0.18%	107,605,470	1	1.79%
Meijer Stores LTD PRT	13,217,610	5	0.17%	14,336,250	6	
First Industrial L P	12,780,390	6	0.16%			
US Industrial REIT III Midwest	12,775,000	7	0.16%			
Boymel Sam TR	12,535,510	8	0.16%	44,197,930	3	0.00%
Dugan Financial LLC	11,063,600	9	0.14%			0.74%
DCT Port Union LLC	10,956,720	10	0.14%			
Cincinnati Financial Corporation				29,611,470	4	0.49%
Security Capital				13,106,870	7	0.22%
Centerpoint Realty				13,105,870	8	0.22%
Distribution Funding Services				12,963,830	9	0.22%
Champion International Corp.				27,124,630	10	0.45%
Total	\$ 156,016,050		2.00%	\$ 360,911,840		5.78%
Total Assessed Valuation	\$ 7,812,287,370			\$ 6,001,216,262		

Source: Butler County Auditor's Office

Note: 2002 is first year this information was made available

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

PRINCIPAL EMPLOYERS

CURRENT AND TEN YEARS AGO

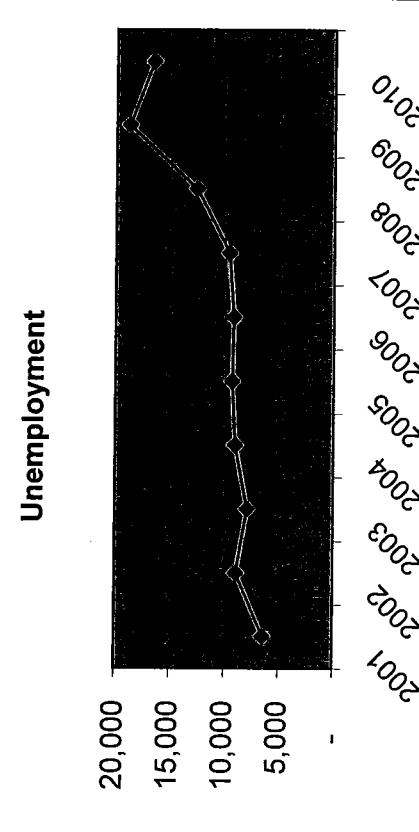
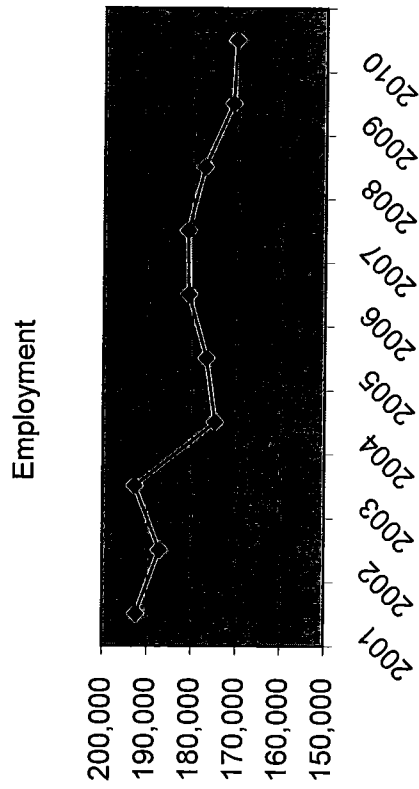
Name of Employer	2009			2000		
	Number of Employees	Rank	% of Total Employment	Number of Employees	Rank	% of Total Employment
Miami University	4,250	1	2.45%	3,600	2	1.99%
AK Steel	3,100	2	1.79%	4,500	1	2.49%
Cincinnati Financial Corp.	2,900	3	1.67%	1,800	4	1.00%
Butler County Government	2,000	4	1.15%	2,500	3	1.38%
Lakota School District	1,969	5	1.13%	1,600	5	0.88%
Middletown Regional Hospital	1,800	6	1.04%	1,369	8	0.76%
BEA Systems	1,726	7	0.99%			
GE Aviation	1,400	8	0.81%			
Ohio Casualty Insurance	1,340	9	0.77%	1,400	7	0.77%
Fort Hamilton Hospital	1,250	10	0.72%	1,100	9	0.61%
Cincinnati Insurance			0.00%	1,400	6	
Hamilton City School District				1,100	10	0.61%
Total	21,735		12.52%	20,369		10.49%
Total Employed within the County	173,600			180,900		

Source: July 2009 Butler County Economic Development and 2000 Butler County Comprehensive Annual Financial Report

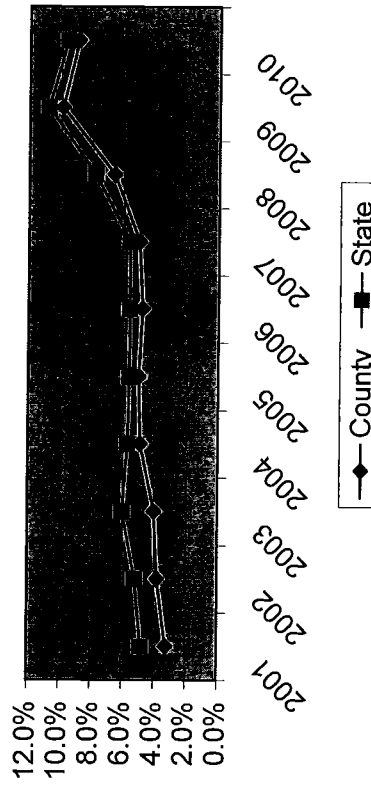
Note: The information was not available for 2010

**TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
 DEMOGRAPHIC STATISTICS
 DECEMBER 31, 2010**

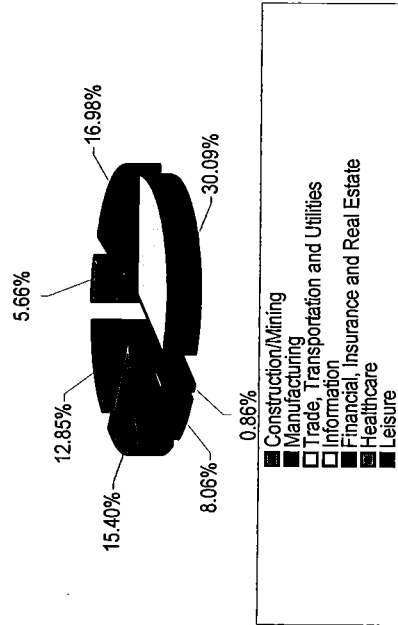
Labor Force Statistics



Unemployment Rates



**Employment by Industrial Sector as of 9/30/10
 Butler County (Latest Information Available)**



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

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO
ASSESSED VALUE AND BANK DEPOSITS

LAST TEN YEARS

<u>Year</u>	<u>Real Property (1)</u>	<u>Bank Deposits (2)</u>
2001	\$ 4,990,028,970	\$ 1,136,994,000
2002	5,144,613,220	1,257,078,000
2003	6,043,237,390	1,355,739,000
2004	6,175,495,560	10,267,537,000
2005	6,362,721,810	3,053,270,000
2006	6,935,887,900	2,909,045,000
2007	7,268,499,020	3,017,034,000
2008	8,021,402,180	2,978,691,000
2009	7,812,287,370	5,548,981,000
2010	7,563,640,350	5,393,455,000

(1) Source: Butler County Auditor

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

TRANSPORTATION IMPROVEMENT DISTRICT OF BUTLER COUNTY, OHIO

MISCELLANEOUS STATISTICS

DECEMBER 31, 2010

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

County: Butler

County Seat: City of Hamilton, Ohio

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

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

Source: Transportation Improvement District

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Dave Yost • Auditor of State

BUTLER COUNTY TRANSPORTATION IMPROVEMENT DISTRICT

HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 30, 2011**