This Preliminary Official Statement and information contained herein are subject to change, completion or amendment without notice. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

"BOOK-ENTRY ONLY" **RATINGS: Moody's: "Aa3"**

NEW ISSUE **(See "RATINGS" herein)**

In the opinion of Squire, Sanders & Dempsey L.L.P., Bond Counsel, under existing law, (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Series 2007 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and the Series 2007 Bonds are qualified tax-exempt obligations as defined in Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, and (ii) interest on and any profit made on the sale, exchange or other disposition of the Series 2007 Bonds are exempt from the Ohio personal income tax, the Ohio commercial activity tax the net income base of the Ohio corporate franchise tax, and municipal and school district income taxes in Ohio. Interest on the Series 2007 Bonds may be subject to certain federal taxes imposed only on certain corporations, including the corporate alternative minimum tax on a portion of that interest. For a more complete discussion of the tax aspects, see "TAX MATTERS."

$5,000,000*
CLERMONT COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
ROADWAY IMPROVEMENT REVENUE BONDS, SERIES 2007

Dated: Date of Delivery Due December 1, as shown below

Interest on the captioned bonds (herein, the "Series 2007 Bonds"), will be payable from their date of delivery, on June 1 and December 1, commencing June 1, 2008, and the Series 2007 Bonds mature on December 1, as shown below:

MATURITY SCHEDULE

Due December 1	Amount*	Interest Rate	Yield	Due December 1	Amount*	Interest Rate	Yield
2008	$_____	%	%	2013	$_____	%	%
2009				2014			
2010				2015			
2011				2016			
2012				2017			

The Series 2007 Bonds have been designated "bank qualified".

The Clermont County Transportation Improvement District has deemed this Preliminary Official Statement to be near final for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), except for certain information which has been omitted in accordance with such Rule and which will be supplied with the final Official Statement.

The Series 2007 Bonds will be issuable only as fully registered bonds in the denominations of $5,000 or any integral multiple thereof as provided in the Trust Agreement (as hereinafter defined). Principal of the Series 2007 Bonds will be payable to the record owner thereof (at the principal corporate trust office of The Huntington National Bank, Cincinnati, Ohio, as trustee, together with any such successor trustee, the "Trustee"). Interest on the Series 2007 Bonds will be payable by check mailed by the Trustee. Interest is payable June 1 and December 1 (each an "Interest Payment Date"), commencing June 1, 2008.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Series 2007 Bonds are offered when, as and if issued and received by the Underwriter, subject to the unqualified approving legal opinion of Squire, Sanders & Dempsey L.L.P., Cincinnati, Ohio. It is expected that delivery of the Series 2007 Bonds will be made through The Depository Trust Company in New York, New York, on or about [Closing Date], 2007.

ROBERT W. BAIRD & CO. INCORPORATED

This Official Statement dated _____, 2007

*Preliminary; subject to change.

$5,000,000
CLERMONT COUNTY TRANSPORTATION IMPROVEMENT DISTRICT
Roadway Improvement Revenue Bonds, Series 2007

Board of Trustees

David L. Spinney
Chairman

Pat Manger
Vice-Chairman

Steve Wharton
Secretary/Treasurer

Dave Duckworth
Member

Doug Walker
Member

Tom Niehaus
Non-Voting Member

Joe Uecker
Non-Voting Member

Professional Services

Robert W. Baird & Co. Incorporated
Underwriter

Fifth Third Securities, Inc.
Financial Advisor

Squire, Sanders & Dempsey L.L.P.
Bond Counsel

The Huntington National Bank
Trustee

BOND ISSUE SUMMARY

The information contained in this Bond Issue Summary is qualified in its entirety by the entire Official Statement, which should be reviewed in its entirety by potential investors.

District:	Clermont County Transportation Improvement District
Issue:	$5,000,000 Roadway Improvement Revenue Bonds, Series 2007
Dated Date:	Date of Delivery
Interest Payment Dates:	Interest on the Series 2007 Bonds will be paid June 1 and December 1, beginning June 1, 2008.
Principal Payments Dates:	December 1, 2008 through December 1, 2017, inclusive.
Redemption:	The Series 2007 Bonds are not subject to redemption prior to maturity.
Purpose:	The Series 2007 Bonds are issued for the purpose of financing a portion of the District's Regional Transportation Improvement Program. See "PURPOSE AND NEED STATEMENT OF THE DISTRICT'S REGIONAL TRANSPORTATION IMPROVEMENT PROGRAM" herein.
Security:	The Series 2007 Bonds will be special obligations of the District and are secured by a pledge of the Pledged Receipts and money in certain funds and accounts. The Series 2007 Bonds are not general obligations of the District, the State of Ohio, or any political subdivision thereof, and are not secured by the full faith and credit of the District, the State, or any political subdivision thereof.
Credit Ratings:	The District has applied for a rating of the Series 2007 Bonds from Moody's Investors Service ("Moody's"), which has rated the Series 2007 Bonds Aa3. See "RATINGS" herein.
TAX MATTERS:	In the opinion of Bond Counsel, under existing law and assuming compliance with certain covenants, interest on the Series 2007 Bonds is excluded from gross income for federal income tax purposes, is not treated as an item of tax preference for purposes of the alternative minimum income tax imposed on individuals and corporations, under the Internal Revenue Code of 1986, as amended (the "Code"), the Series 2007 Bonds are qualified tax-exempt obligations under Section 265(b)(3) of the Code, and the interest on the Series 2007 Bonds is exempt from certain taxes imposed by the State of Ohio. The Series 2007 Bonds are not "private activity bonds" within the meaning of the Code. Interest on the Series 2007 Bonds may be subject to certain federal income taxes imposed on certain corporations, and certain taxpayers may have certain other adverse federal income tax consequences as a result of owning the Series 2007 Bonds. See "TAX MATTERS" herein.
Underwriter:	Robert W. Baird & Co. Incorporated, Columbus, Ohio
Financial Advisor:	Fifth Third Securities, Inc.
Legal Opinion:	Squire, Sanders & Dempsey L.L.P., Cincinnati, Ohio
Trustee:	The Huntington National Bank, Cincinnati, Ohio

Book-Entry Only System: The Series 2007 Bonds are being issued as fully registered Series 2007 Bonds in book entry form only and book-entry interests therein will be available for purchase in amounts of $5,000 and integral multiples thereof. Owners of book entry interests will not receive physical delivery of bond certificates. The Depository Trust Company ("DTC") or its nominee will receive all payments with respect to the Series 2007 Bonds from the Trustee, Paying Agent and Registrar. DTC is required by its rules and procedures to remit such payments to its participants for subsequent disbursement to owners of the book entry interests.

Delivery and Payment: It is expected that delivery of the Series 2007 Bonds in definitive form will be made through DTC on or about [Closing Date], 2007. The Series 2007 Bonds will be released to the Underwriter against payment in federal funds.

District Contact Information: Questions concerning the Official Statement should be directed to Steve Wharton, Secretary/Treasurer, Clermont County Transportation Improvement District, 101 East Main Street, Batavia, Ohio 45103. Telephone: (513) 289-9051.

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REGARDING THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the original offering of the bonds (the "Series 2007 Bonds") of the Clermont County Transportation Improvement District (the "District") identified on the cover hereof. No person has been authorized by the Board of Trustees of the District to give any information or to make any representation, other than that contained in this Official Statement, and if given or made, such other information or representation not so authorized must not be relied upon as having been given or authorized by the District. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Series 2007 Bonds by any person, in any jurisdiction in which it is unlawful to make such offer, solicitation or sale.

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made under the Trust Agreement shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof.

The Series 2007 Bonds will not be registered by the District under the Securities Act of 1933, as amended, or any state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency will have at the request of the District passed upon the accuracy or adequacy of this Official Statement or approved the Series 2007 Bonds for sale.

All financial and other information presented herein has been provided by the District from its records, except for information expressly attributed to other sources, is intended to show recent historic information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the District. No representation is made that past experience, as might be shown by such financial and other information, will necessarily continue or be repeated in the future.

References herein to provisions of Ohio law, whether codified in the Ohio Revised Code (the "Revised Code") or uncodified, or of the Ohio Constitution, are references to such provisions as they presently exist. Any of those provisions may from time to time be amended, repealed or supplemented.

As used in this Official Statement "debt service" means principal of and interest on the obligations referred to and "State" or "Ohio" means the State of Ohio.

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and exhibits hereto, is to provide certain information with respect to the issuance of the Series 2007 Bonds of the Clermont County Transportation Improvement District.

Terms used herein in the initial capitalization without definition have the meanings given them in "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT".

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and exhibits hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of Series 2007 Bonds to potential investors is made only by means of the entire Official Statement.

The Issuer

The Series 2007 Bonds are being issued by the District, a body corporate and politic created pursuant to the provisions of Chapter 5540, Ohio Revised Code (the "Act"). The District was created by the Board of County Commissioners ("County Commissioners") of the County of Clermont, Ohio (the "County") on June 21, 2006 and had its initial organizational meetings on July 20, 2006. The District serves the territory and political subdivisions within the boundaries of the County.

Sources of Payment for the Series 2007 Bonds

The Series 2007 Bonds are equally and ratably secured by a pledge of and assignment of the Pledged Receipts. "Pledged Receipts" means (a) the Project Funding, Future Project Funding, and the Net RID Revenues; (b) all amounts standing to the credit of the Bond Service Account, the 2007 Bond Service Reserve Account, the Revenue Fund and the Project Fund (each as hereafter defined); (c) any gifts, grants, appropriations, donations and pledges, and receipts therefrom, received by the District for or relating to the Transportation Program (all as hereafter defined), to the extent not heretofore pledged and to the extent not prohibited by the terms of such gifts, grants, appropriations, donations and pledges; and (d) any other pledged revenues, as defined in Section 5540.04(N) of the Ohio Revised Code. Pledged Receipts does not include any money or investment in the Rebate Fund.

The Project Funding is the money pledged to the District in the Funding Agreement. In the Funding Agreement, the County Commissioners and the County Engineer each agreed to pay the District $1,000,000/year for 10 years.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT, THE COUNTY OF CLERMONT OR THE STATE OF OHIO OR ANY OF ITS POLITICAL SUBDIVISIONS IS PLEDGED TO THE PAYMENT OF THE SERIES 2007 BONDS. THE SERIES 2007 BONDS DO NOT CONSTITUTE A GENERAL OBLIGATION, GENERAL DEBT OR GENERAL BONDED INDEBTEDNESS OF THE DISTRICT, THE COUNTY OR THE STATE OF OHIO, OR ANY OF ITS POLITICAL SUBDIVISIONS.

Purpose of the Series 2007 Bonds

The Series 2007 Bonds are being issued to (i) finance Phase I of the District's Regional Transportation Improvement Program, (ii) fund the 2007 Bond Service Reserve Account, (iii) capitalize interest, and (iv) pay costs of issuance.

Phase I of the Transportation Program (as defined herein) consists of the preliminary engineering, design, acquisition of right of way, and other related expenditures.

Description of the Series 2007 Bonds

Redemption. The Series 2007 Bonds are not subject to redemption prior to maturity.

Denominations. The Series 2007 Bonds will be issued in the denomination of $5,000 or any integral multiple thereof.

Book-Entry Only Method. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2007 Bonds. The Series 2007 Bonds will be issued as fully-registered securities registered in the name of CEDE & Co (DTC's partnership nominee).

The Series 2007 Bonds will be issuable under a book-entry system, registered in the name of DTC or its nominee. There will be no distribution of Series 2007 Bonds to the ultimate purchasers (see "BOOK-ENTRY ONLY METHOD" herein).

Projected Debt Service Coverage on Series 2007 Bonds

Projected Debt Service Coverage (see "Description of the Series 2007 Bonds" herein) on the Series 2007 Bonds based on anticipated Pledged Receipts for the years 2008 through 2012, as prepared by Fifth Third Securities, Inc., is as follows:

2008	2009	2010	2011	2012
1.37	1.64	2.06	2.62	3.08

Debt Service Reserve

The Trust Agreement (hereafter defined) requires that the 2007 Bond Service Reserve Account held for the Series 2007 Bonds be funded in an amount equal to the "Required Reserve", which means, at the time the calculation is made, the amount equal to the least of (i) maximum annual debt service on the Series 2007 Bonds, (ii) ten percent (10%) of the face amount of the Series 2007 Bonds, or (iii) one hundred twenty-five (125%) of the aggregate amount of debt service on the Series 2007 Bonds.

Upon the issuance of the Series 2007 Bonds, Series 2007 Bond proceeds shall be used to fund the 2007 Bonds Service Reserve Account for the Series 2007 Bonds (the "2007 Reserve Account") in the amount of $_____,. The 2007 Reserve Account shall be held by the Trustee and may be used only for the payment of principal and interest on the Series 2007 Bonds and not any Additional Bonds.

Additional Bonds

The District may issue Additional Bonds on a parity with the Series 2007 Bonds payable from the Pledged Receipts for the purpose only of providing additional funds, if necessary, for the Transportation Program and/or refunding or advance refunding for any lawful purpose any of the outstanding Series 2007 Bonds, subject to certain conditions of the Trust Agreement (see "Additional Bonds" herein).

Tax Matters

In the opinion of Bond Counsel for the Series 2007 Bonds, under existing law, (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Series 2007 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and the Series 2007 Bonds are qualified tax-exempt obligations as defined in Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on and any profit made on the sale, exchange or other disposition of the Series 2007 Bonds are exempt from the Ohio personal income tax, the Ohio commercial activity tax the net income base of the Ohio corporate franchise tax, and municipal and school district income taxes in Ohio. Interest on the Series 2007 Bonds may be subject to certain federal taxes imposed only on certain corporations, including the corporate alternative minimum tax on a portion of that interest.

See Exhibit D hereto for the form of the opinion Bond Counsel proposes to deliver in connection with the Series 2007 Bonds.

Parties to the Issuance of the Series 2007 Bonds

The Trustee, Registrar and Paying Agent for the Series 2007 Bonds is The Huntington National Bank, Cincinnati, Ohio. Legal matters incident to the issuance of the Series 2007 Bonds and with regard to the tax-exempt status of the interest thereon are subject to the approving legal opinion of Squire, Sanders & Dempsey L.L.P., Bond Counsel (see Exhibit D hereto). The underwriter for the Series 2007 Bonds is Robert W. Baird & Co. Incorporated, Columbus, Ohio. The Financial Advisor to the District is Fifth Third Securities, Inc.

Authority for Issuance

The Series 2007 Bonds are being issued pursuant to the general laws of the State of Ohio, specifically Chapter 5540 of the Ohio Revised Code, a resolution of the Board of Trustees of the District (the "Board") duly passed on May 11, 2007 (the "Bond Legislation") and the Trust Agreement dated as of September 1, 2007 (the "Trust Agreement").

District Investment Policy

The District invests its funds strictly in accordance with Chapter 135, Ohio Revised Code, The Uniform Depository Act. The District has never owned any derivative type investments, interest only investments or principal only investments. The District's Investment Policy is attached as Exhibit E.

Disclosure Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. This Official Statement and continuing disclosure documents of the District are intended to be made available through one or more repositories. Copies of the basic documentation relating to the Series 2007 Bonds, including the authorizing resolutions and the bond forms, are available from the District.

The District has deemed this Preliminary Official Statement to be near final for the purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), except for certain information which has been omitted in accordance with such rule and which will be supplied with the final Official Statement.

Additional Information

Additional information concerning this Official Statement, as well as copies of the basic documentation relating to the Series 2007 Bonds, is available from Steve Wharton, Secretary/Treasurer, Clermont County Transportation Improvement District, 101 East Main Street, Batavia, Ohio 45103, (513) 289-9051.

DESCRIPTION OF THE SERIES 2007 BONDS

The Series 2007 Bonds shall be dated their date of delivery and shall bear interest from such date payable at the rates set forth below on June 1 and December 1 of each year, commencing June 1, 2008, until maturity or redemption. The Series 2007 Bonds are being issued as fully registered bonds, without coupons, in the denomination of $5,000 or any integral multiple thereof.

The Series 2007 Bonds mature on December 1 of each year as follows:

Year	Amount*	Interest Rate	Year	Amount*	Interest Rate
2008	$	%	2013	$	%
2009			2014		
2010			2015		
2011			2016		
2012			2017		

Redemption Provisions

The Series 2007 Bonds are not subject to redemption prior to maturity.

Payment of Principal and Interest

All interest on the Series 2007 Bonds shall be calculated on a 30-day month, 360-day year basis and shall be payable by check or draft mailed on that Interest Payment Date to the Holder hereof at the close of business on the 15th day of the calendar month next preceding that Interest Payment Date (the "Regular Record Date"), at the address shown on the registration records kept by the Trustee and Registrar. At the written request of the registered owner of at least $100,000 aggregate principal amount of the Series 2007 Bonds received by the Trustee at least one business day prior to the corresponding record date, interest accrued on the Series 2007 Bonds will be payable by wire transfer

within the continental United States in immediately available funds to the bank account number of such owner specified in such request and entered by the Trustee on the registration records. If any interest is not timely paid or duly provided for, the Trustee and Registrar are required to establish a Special Record Date for the payment of that overdue interest to the Holders as of that Special Record Date. Notice of the Special Record Date shall be mailed to Holders not less than ten days prior thereto.

Debt Service Requirements on the Series 2007 Bonds

The following table sets forth for each year the debt service on the Series 2007 Bonds:

Year (December 1)	Principal	Interest	Total
2008	$	$	$
2009			
2010			
2011			
2012			
2013			
2014			
2015			
2016			
2017			
TOTAL:	$_____	$_____	$_____

The Series 2007 Bonds are special limited obligations of the District.

NEITHER THE GENERAL CREDIT OF THE DISTRICT NOR THAT OF THE COUNTY OF CLERMONT, OHIO, THE STATE OF OHIO OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2007 BONDS, AND THE OWNERS AND HOLDERS THEREOF ARE GIVEN NO RIGHT TO HAVE ANY EXCISES OR TAXES LEVIED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO OR THE TAXING AUTHORITY OF ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE DISTRICT, FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2007 BONDS.

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PURPOSE AND NEED STATEMENT OF THE DISTRICT'S REGIONAL TRANSPORTATION IMPROVEMENT PROGRAM

Transportation Program Description

The District was created by the County Board of Commissioners in 2006 to foster increased collaboration with local partner jurisdictions and other county, regional, and state agencies to advance the work on the Eastern Corridor Multi-Modal Transportation Projects ("Eastern Corridor") and County commitments to the Ohio Department of Transportation ("ODOT") and its Transportation Review Advisory Committee ("TRAC") regarding improvements to the State Route ("SR") 28 and SR32 corridors, and to implement and effect a regional approach to transportation improvements in support of economic development in Clermont County.

The District was formed pursuant to Chapter 5540 O.R.C to (1) to finance, construct, maintain, repair, and operate street, highway, and other transportation projects (including, but not limited to, air and rail projects) and (2) to construct, reconstruct, improve, alter, and repair roads, highways, public places, buildings, and other infrastructure, and to implement and effect a regional approach to transportation improvements in support of economic development in Clermont County.

The District Board of Trustees established on July 20, 2006 an initial regional transportation improvement program (the "Transportation Program") consisting of corridor-level projects and supporting program-level implementation strategies and activities, including:

- Eastern Corridor Multi-Modal Projects Tier 2 development, including Tier 2 project management and Joint agreement with Hamilton County Transportation Improvement District ("HCTID"), City of Cincinnati, Hamilton County, ODOT, Ohio-Kentucky-Indiana Regional Council of Governments ("OKI"), and Southwest Ohio Regional Transit Authority ("SORTA").

- SR28 Corridor, including access management and joint economic development.

- SR32 Corridor, including access management and joint economic development.

- Financial Implementation Strategy, including ODOT Implementation Proposal, Local Match Credit Program, Green Infrastructure and Advanced Mitigation Development, State Infrastructure Bank ("SIB") Application, and ODOT/Federal Highway Administration ("FHWA")/Transportation Infrastructure Finance and Innovation Act ("TIFIA") Applications.

The District is being structured to provide combined technical, legal and financial capability to link transportation improvements and foster economic development in Clermont County. The District will perform a strategic capital investment and management function and serve as "bank" for pooled revenues and joint funding to manage the development of Clermont County's corridor improvement strategy.

A key element of the Transportation Program is to pool funds and resources available to the County and local jurisdictions to leverage available non-federal (local) match for federal funding purposes. This approach will allow local funding jurisdictions to contribute to a pooled local match based on the timing and availability of their local funds and resources. The range of sources of funds include: motor vehicle & gasoline tax revenues, general tax revenues, permissive license plate taxes, local government pledges, tax increment financing/residential incentive districts ("TIF/RID"), assessments, grants, loans and other revenues as may be available to and as may be pledged by District partners. The Transportation Program is to be developed in coordination with ODOT/FHWA.

The District intends to use bond proceeds to fund a portion of the Transportation Program, which comprises only those purposes authorized under Chapter 5540 of the Ohio Revised Code, including project development, preliminary engineering and environmental studies, purchase of property, easements and rights-of-way, and construction, maintenance or operation of a project.

General Transportation Program Area Characteristics

Transportation Program Area. See Exhibit F.

Political and Planning Jurisdictions. The District's projects occur within the County portion of the Eastern Corridor and within the jurisdiction of County, one metropolitan planning organization (OKI), one transit authority (SORTA/Metro) and one state transportation agency (ODOT). In addition, several cities, villages and townships are located within or immediately adjacent to the boundaries of the project area, including: the City of Cincinnati, Hamilton County, and within the County the municipalities of Amelia, Batavia, Milford, and Williamsburg, and the townships of Batavia, Jackson, Miami, Pierce, Stonelick, Union and Williamsburg.

Hamilton County, the County, OKI, SORTA/Metro, ODOT and the City of Cincinnati are the supporting partners in the Eastern Corridor study. OKI administers the region's long range and short range transportation plans.

Population and Employment. Population in the 165-square mile Eastern Corridor study area was about 221,000 persons in 1995, a majority of which resided in Hamilton County. Corridor population is expected to increase by about 7% to approximately 236,000 persons by the year 2030. The County's population during the same period is expected to increase from the current 188,614 to 245,003 by 2030, a 30% increase.

Major employment centers in the Eastern Corridor include: commercialized areas along Beechmont Avenue in the west portion of study area and in the vicinity of Eastgate Mall at the east end of study area, industrial areas in Newtown at the center of study area, and the rapidly developing commercial and office park areas on SR32 east of I-275, in the Batavia area, and in parts of Cincinnati, Fairfax and Milford. Approximately 103,000 people were employed in the Eastern Corridor study area in 1995, and that total is expected to grow by about 19% to 122,000 by the year 2030.

Environmental Conditions. The project area contains a mix of urban/suburban development, including residential, commercial and industrial areas, agricultural and scattered natural environmental features. Variable topography, high quality streams, agriculture and natural resources, and developed communities all contribute to the aesthetic and environmentally important context of this part of the Cincinnati metropolitan area.

Environmentally sensitive resources occurring in the area require special consideration and protection during project development and are being included in the project development planning and cost structure. Important environmental features/considerations include: the East Fork of the Little Miami River and other surface streams, wetlands, plant and wildlife resources, threatened and endangered species habitat, cultural historic and archaeological resources, air quality and noise.

Existing Transportation Infrastructure

Highway Network. The existing transportation infrastructure in the Eastern Corridor is predominantly highway based, and consists of a combination of interstate systems, federal routes, state routes, county roads, municipal streets and township roads. This highway-based system was established in the 1960's through the early 1980's, and has not been substantially upgraded since then.

Two interstate highways serve the area, including I-71/I-471 along the west side in Hamilton County, and I-275 along the east side in Clermont County. Access to the Cincinnati Business District and surrounding communities in Hamilton County and portions of northern Kentucky is provided by I-71, while interstate access to the US 50 corridor to Milford, the SR32 corridor to Eastgate, and the SR 125/Beechmont corridor is provided by I-275 in Clermont County. SR32, SR28, SR125, and US50 comprise the major east-west arteries connecting I-275 with I-71/I-471 and the Cincinnati Business District. Other major highway arterials include Aicholtz Road, Clough Pike, Old SR74, Bach-Buxton Road, Wolfpen Pleasant Hill Road, and Amelia Olive Branch Rd.

Transit System. Bus Transit: Fixed route bus transit service in the area is currently provided by SORTA/Metro. The area is currently served by four park-and-ride facilities and eighteen bus routes, including service along Wooster Pike and Columbia Parkway (US 50), Beechmont Avenue (SR 125), Eastern Avenue (US 52) and I-275/I-471, most of which connect to the Cincinnati Business District. No Metro bus transit service, however, is currently available in much of the central part of the area, including SR28 and SR32. Except for service along Beechmont Avenue to the Amelia area, there is no Metro service east of I-275. Also occurring in the area is the Clermont Transportation Connection, which is a demand responsive bus transit system, with several limited service routes.

Rail Transit. There is currently no rail transit service in area.

Railroad System. Two railroad freight lines traverse the area, including the Norfolk Southern ("NS") railroad and the Cincinnati Terminal Railway line ("CTER"), described below:

Norfolk Southern - The NS main line, also known as the Wasson Line, is the major east-west route in the study area, extending from Cincinnati to Portsmouth. , The eastern section of this line from Peebles to Portsmouth has been embargoed. NS is not currently providing service. The western section from Cincinnati to Peebles through Newtown continues to provide freight services generally east towards Milford and through Batavia. At Portsmouth, the NS line connects with mainlines to West Virginia and the Tidewater area of Virginia, and north to Columbus and the Great Lakes.

Cincinnati Terminal Railway - The CTER line, also known as the Oasis line, begins near the Cincinnati Central Business District, extends east, paralleling the Ohio River, Eastern Avenue (US 52) and Columbia Parkway (US 50), then turns north near Lunken Airport and continues generally northwest before leaving the Eastern Corridor in Norwood. SORTA/Metro owns the real estate for this rail line, but the active main track is owned by the Indiana and Ohio Railway System, which operates limited freight trains on the route. The CTER railroad connects with the NS line in Evendale. In general, primary traffic on the CTER line is the continuation of the NS line, providing freight service to local industries in the area.

Airports. Clermont County Airport, located in the SR32 corridor west of Batavia is a general aviation airport owned by the County and operated by contract with a private company. The airport provides general aviation, private charter services, corporate air services, houses about 30 businesses and supports nearly 800 jobs.

Freight and Movement of Goods and Services

The eastern sector of the Cincinnati metropolitan area is an important pathway for movement of goods and services. Within the Eastern Corridor, the primary land-based freight pathways all involve rubber-tired vehicles (trucks as opposes to trains) on these routes: SR 32, SR 125, US Route 50, US Route 52, and I-275 and I-471.

These routes, in total, describe the only significant available major pathways for the regional, intrastate and interstate movement of goods and services in the eastern sector of the OKI region. Relative to freight movement and related economic activities, lack of good routes and connections in the eastern sector is cause for inefficient routing, ineffective penetration of urban commerce areas, increased pressure on other congested high-volume routes, and diminished linkage to larger markets and economies. These shortcomings affect not only Clermont and Hamilton counties, the City of Cincinnati, and the OKI region, but also the state of Ohio, which relies in part on effective and efficient interstate trade relative to goods and services to achieve real economic gains. The available freight and commerce routes in the Eastern Corridor are lacking in ability to support the larger economic goals of the County, the region and the State.

With a high degree of commercial and office development, most goods and services movement on SR 125 has to do with retail functions, expedited deliveries and convenience services. Through movement of freight is not a major component of the goods and services network in this part of the Eastern Corridor.

US 50 has limited freight and goods and services function that is hindered by capacity, routing and geometric limitations. Critical parts of US 50 within the Eastern Corridor are posted against heavy trucks, or are physically configured within jurisdictions to prohibit or severely limit freight movement.

US 52, with connections to older industrial activities along the Ohio River eastward to Portsmouth and beyond, has some limited value in the movement of goods and services, particularly inboard of the I-275 outerbelt. In this area, US 52 is routed along Kellogg and Eastern avenues and provides an important direct route for trucks wishing to access the downtown business district from the east.

I-275 and I-471 both carry significant goods and services traffic, not just from the eastern portion of the OKI region, but from all points, linking the region to the state and national economy. For many destinations within the urban area of the OKI region, the available interstate routes do not provide good, efficient access consistent with state, regional or local economic development goals.

In the Clermont County area, the most important roadway element relative to movement of goods and services between the OKI region and eastern markets is SR32. SR32 is a designated part of the national Appalachian Development Highway System ("ADHS") network, which connects the Appalachian Region to important eastern seaboard export markets. The ADHS funding is targeted at support of economic development and commerce. Freight volumes on the Ohio portion of the ADHS are significant.

Compared to other major Ohio roadway elements in the OKI Region, SR32 corridor carries proportionately significant volumes of commodities via heavy truck (based on 1998 Reebie Associates data; ODOT/FHWA, 2002):

Route	Commodity Movement as Total Heavy Truck Volume (daily range)
SR32	1,501 to 5,000
I-275	1,501 to 5,000
I-74	5,001 to 10,000
I-75	5,001 to 10,000
I-71	15,001 to 30,000

Based on these data, from a commodities volume standpoint (all types and all destinations, whether local or national), SR32 and I-275 are in the same range of importance in the OKI region, one tier below the major interstates I-75 and I-74. By far the most important commodities volume route in the region is I-71. It is likely that commodities volumes seen on I-71 and I-275 are, in part, an outcome of existing routing and connectivity deficiencies in the Eastern Corridor.

In addition to basic commodity volume, actual freight tonnage that is linked to the global economy, usually represented as interstate or international movement, exports or equivalents, is also an important measure (ODOT/FHWA, 2002):

Route	Linkage to Global Economy as Total Through Truck Tons (daily range)
SR32	10,000,001 to 20,000,000
I-275	10,000,001 to 20,000,000
I-74	20,000,001 to 50,000,000
I-75	2,000,001 to 10,000,000
I-71	20,000,001 to 50,000,000

Ability to accommodate efficient and effective movement of freight and goods and services in the Eastern Corridor, in support of regional and state commerce and economic development goals, is an important part of the project purpose and need.

Transportation System Management ("TSM")

In addition to capacity and congestion problems, many of the existing roads in the program area exhibit physical and geometric deficiencies such as inadequate intersections, steep grades and poor sight distances, narrow pavement widths, restricted turning radii, poor alignment, restrictive topography, narrow shoulder and steep ditches, substandard interchange geometry, pedestrian conflicts, and access conflicts.

The Transportation Program is a continuation of the TSM strategy for the Eastern Corridor and is aimed at enhancing the efficiency, capacity and service quality of the existing transportation network using low capital measures consisting of operational strategies such as improved signal timing, moderate existing roadway corridor improvements, intersection improvements, as well as use of transportation demand management ("TDM") strategies. Specific TSM purpose and need elements include the following:

- *Fit with Land Use* - need to respond to specific land use objectives and action items identified in the land use vision plan, with an emphasis on neighborhood connectivity and community to coordinate multi-modal access and mobility improvements throughout the corridor.

- *Augment Other Travel Modes* - augment and support other components of the multi-modal transportation plan recommended by the Eastern Corridor MIS, including bus, bike, rail and/or proposed highway improvements.

- *Demand Shift or Reduction* - provide demand shift or reduction within the Eastern Corridor through TDM strategies such as ride share programs (park-and-ride, car/van pools,) trip length reductions, promotion of High Occupancy Vehicle ("HOV") travel, and/or facilitation of proximate destinations.

- *System Level Improvements* - provide measurable travel benefits on a regional or system-level scale, such as operational improvements, travel time reductions, connectivity provisions between modes of travel, and/or incident response time improvements.

- *Safety* - include provision for reducing the risk or potential for accidents, including components such as access management to reduce points of conflict, increased lighting and signs for pedestrian/bike movement, pedestrian and bike friendly corridor and intersection improvements through use of bike lanes, sidewalks and defined crossing movements, and/or roadway geometric improvements such as center turn lanes additions, shoulder widening, horizontal curve improvements and sight distance improvements.

Relationship to State and Regional Transportation Plans

State Transportation Plans

The State's Long Range Multi-Modal Transportation Plan, titled *Access Ohio*, established the mission, goals, policies and actions for guiding ODOT's efforts to develop an efficient, intermodal transportation network for Ohio through the year 2020. One of the key components of *Access Ohio* is the identification of major transportation corridors with statewide significance and importance to the state's economic vitality, referred to as Macro-Corridors. In *Access Ohio*, I-275 and SR32 in the Eastern Corridor study area are both identified as Macro-Corridor highways.

Overall, the Transportation Program is consistent with initiatives identified in *Access Ohio* in that the projects are based on a multi-modal transportation improvement framework, as identified from the MIS Recommended Plan, and key components of the projects include improvements to both I-275 and SR32 and SR28, which are identified macro-corridors.

The Eastern Corridor improvement in Clermont County is listed as a Tier II priority project by Ohio's Transportation Review Advisory Council (TRAC), and the I-275/SR32 interchange upgrade in Clermont County, which is included in the Eastern Corridor project, is listed as a Tier I priority project for 2011 construction. Tier I indicates a project has been selected for construction within the designated fiscal years, and Tier II status indicates that the project is funded for some level of continued development.

Regional Transportation Plans

All federally funded transit and highway projects in the Ohio Counties of Butler, Clermont, Hamilton and Warren, the Kentucky Counties of Boone, Campbell and Kenton and the Indiana County of Dearborn must be included in the OKI Regional Transportation Plan and Transportation Improvement Program prior to the expenditure of federal funds.

The Transportation Program has been included in the OKI 2030 Regional Transportation Plan and Transportation Improvement Program.

State Route 32 is part of the national Appalachian Development Highway System (ADHS) network, which connects the multi-state Appalachian Region to important eastern seaboard export markets. The ADHS was established in 1965 by the Appalachian Development Act, and is targeted at support of economic development and commerce.

The Major Investment Study Recommended Plan for the Eastern Corridor was adopted in September 2001 and incorporated into the OKI's 2030 Regional Transportation Plan and is included in the current Transportation Improvement Program.

Purpose and Need

The purpose of the Transportation Program is to improve the operational characteristics of traffic on key economic corridors in the County and improve accessibility and safety on local roads and local and through traffic on SR28, SR32, and I-275. The projected increases in traffic volumes, uncontrolled access to mainline highways by businesses and service roads in the vicinity of the interchanges, and increased development in the region are characteristics of the area that contribute to delays, declining level of service, and unsafe travel conditions on these key corridors as well as I-275.

Based on the existing operational characteristics of the roadways in the study area (as described below) and input from stakeholders, the goals of the Transportation Program are to:

- Better meet travel demand
- Provide more efficient travel patterns and destination linkages
- Augment capacity and provide congestion relief
- Reduce travel time and delays
- Improve motorist safety
- Improve movement of freight, goods and services
- Improve regional connectivity
- Configure to link to land use plans and support economic development
- Support and facilitate bus, rail and TSM investments
- Implement state and regional long range plans

Improve Traffic Flow and Level of Service ("LOS")

Commercial and residential development in and around the SR28 and SR32 interchanges has reduced the level of service along both state routes. The decreased capacity of SR28 and SR32 has affected other collector roads connecting to both. Without improving operational characteristics of these roadways, future development will likely aggravate the existing capacity problem, as the growth potential for western Clermont County is high. One of the goals of the Transportation Program is to reduce the congestion and restore the roadways in the area to a more acceptable level of operation.

Traffic Analysis: In order to evaluate the impact of the traffic currently and in the future, traffic counts were obtained at various locations in the project area. The Average Daily Traffic ("ADT") volumes for various sections of roadways and ramps were determined and the corresponding LOS established.

The existing and future traffic volumes are used to measure the quality of the operation of a roadway section or intersection by assigning a LOS. The LOS takes into account such elements as mobility, accessibility, speed, and physical characteristics of the roadway. All of these factors are then related by percent of time delay with the smaller time delay being the most desirable. Each LOS is assigned a "grade" ranging from "A" which is the best to "F" which is the worst. The LOS grades are defined as:

- A: Free flow condition
- B: Reasonably free flow conditions
- C: Stable, but small changes cause substantial deterioration.
- D: Borderline unstable flow.
- E: Extremely unstable.
- F: Forced or breakdown of flow.

The maximum capacity of a roadway is generally reached between LOS D and E. The data for this study is based on counts and LOS determinations at intersections. The LOS of the roadway between the intersections is assumed to be the same as the intersections. For intersections in an urban setting such as this, the desirable LOS is C with a LOS of D being acceptable in highly congested areas. Capacity analysis was conducted for each of the intersections for both the existing and future traffic volumes.

The traffic data from the counts along with existing traffic data from the North/South Transportation Initiative and other projections were combined to create the current ADT. This data combined with projected land uses and traffic volume forecasts for the area from OKI were used to determine the future traffic volumes for the year 2030.

Travel Demand

Regional travel demand modeling ("RTDM") was conducted for the project using the OKI/Miami Valley Regional Planning Commission RTDM Version 6.0. Modeling results to date are described below.

Existing and Projected Traffic: Many key roads in the existing Eastern Corridor roadway network have current traffic volumes in excess of capacity, resulting in below-standard LOS and safety problems. RTDM results indicate that No Build average daily traffic volumes on interstates I-71, I-275 and I-471, and many of the main roadways in the area will increase over current conditions by the planning Year 2030, as summarized in the following Table:

Projected Changes in Average Daily Traffic (ADT)
At Key Locations [1]

Key Location	ADT		Percent Change
	Existing / 1995	No Build / 2030	
Existing SR32			
W of Newtown Road	12,200	16,700	37%
E of Newtown Road	13,400	16,200	21%
W of GlenEste-Withamsville Road	48,200	71,400	48%
I-275			

S of US 50	62,500	92,300	48%
N of SR 125	63,800	88,800	39%
On Ohio River bridge	74,700	109,700	47%

[1] Source: OKI RTDM preliminary output; 2030 No Build consists of the Year 2030 Existing + Committed (E + C) network of facilities and service, i.e., the existing roadway and transit network, plus committed regional & state improvements.

Truck Traffic: In addition, truck traffic is expected to increase by 30 to 90 percent on major roads in the Eastern Corridor by the Year 2030. Heavy truck traffic is the highest on I-275, with trucks currently comprising about 20 percent of the roadway volume. A majority of this traffic is through traffic heading to connecting points via I-275. Local truck freight comprises approximately 19 percent of all traffic in the area with most of these vehicles making deliveries in the County and to businesses located along the intersecting roads.

Existing Commute Patterns: Job-related commuting patterns in the OKI Metropolitan Region, based on U.S. Census data, indicate that the second largest commute in the Cincinnati metropolitan area is from Clermont County in the Eastern Corridor to jobs located in Hamilton County and downtown Cincinnati. Existing travel patterns in the Eastern Corridor, based on 1995 origin-destination survey results reported in the Eastern Corridor MIS, showed that: a) there is significant travel in the Eastern Corridor in both the north-south and east-west directions, and b) about 50 percent of trips in the Eastern Corridor during peak periods were local, with both origin and destination within the corridor, while the other 50 percent of trips were external, with either the origin or destination within the Eastern Corridor. These travel patterns result in a crossing configuration, in which traffic through the Eastern Corridor is in conflict with heavy local travel within the corridor.

Future Travel: Projected 2030 travel demand, depicted as a percentage and general direction of all trips beginning or ending in the Eastern Corridor area regardless of mode or route. In general, internal, local travel is expected to comprise the greatest percentage - about 36 percent - of total trips beginning or ending in the Eastern Corridor by 2030, with trips into Hamilton County and downtown Cincinnati expected to comprise the second greatest percentage - about 33 percent - of total travel in and through the area. Overall, more than 1 million trips will begin or end every day in the Eastern Corridor area by 2030. This distribution does not include trips that begin and end outside the corridor, but that travel through the corridor. The overall projections reported as traffic volumes or transit ridership do, however, account for these external trips.

Transit Use: Less than 1 percent of travel is currently made by transit in the Eastern Corridor, with more than 99 percent made by car or truck. This small share of transit use contributes to the overall capacity and congestion problems in the area, and increased transit use would serve to address peak travel demand in the area more effectively.

Capacity and Congestion

Capacity: LOS is a qualitative measure of traffic conditions taking into account the effect of a number of factors such as traffic volumes (including trucks), speed (design and actual), travel time, traffic interruptions, freedom to maneuver, safety, driving comfort, convenience and operating costs.

Many of the key highways in the Eastern Corridor currently have high traffic volumes and are operating at or below acceptable LOS. LOS analyses conducted for the Year 2020 planning horizon (reported in the Eastern Corridor MIS) indicate that much of the key roadway network in the Eastern Corridor will be operating at a LOS below C under a No Build scenario, with many segments operating at

a LOS of E or F. Road segments in the Eastern corridor with expected LOS of E or F (below acceptable standard) under a Year 2020 No Build scenario are listed in Table below:

Year 2020 No Build
Below-Standard Level of Service (LOS) Segments [1]

Highway Segment with LOS of E or F (Below-Standard)
SR32: SR 125 (Beechmont Avenue) to of north Clough Pike
SR32: Newtown Road to east project terminus
SR 125: I-275 to Bach-Buxton Road
Newtown Road: US 50 to SR32
Red Bank Road: I-71 to US 50
US 50 (Wooster Pike): LMR bridge (Milford) to Main Street
I-275: SR 28 (Milford) to SR32
I-275: US 52 (Kellogg Road) to Five Mile Road
Cough Pike: Mt. Carmel-Tobasco Road to I-275

[1] Source: Eastern Corridor Major Investment Study (April 2000) and OKI RDTM preliminary output; preliminary RDTM output confirms that the LOS data presented in Table 2.2 will be similar or worse by 2030.

Congestion: Since many of direct arterial routes through the Eastern Corridor area have limited capacity, most trips through the corridor (including trips to the Cincinnati Central Business District) are increasingly being carried by the two interstate highways in the area. As a result, these interstates are reaching or exceeding capacity and experiencing congestion during peak hours. Congested conditions along I-275 and I-471 in turn result in a predictable trickle-down effect on local routes within the Eastern Corridor, including SR 125, SR32, SR28, US 50 and Clough Pike.

Currently, portions of these key roads exhibit stop-and-go or bumper-to-bumper conditions during peak travel periods, such as SR32 and SR28. In general, these routes are expected to be operating at less than an acceptable LOS. As traffic volumes continue to increase as projected, i.e., by the 2030 planning horizon year, LOS conditions will continue to worsen. Overall, the duration of congestion, the severity of congestion and the extent of congestion are all increasing in the Eastern Corridor. Key constraints within the Eastern Corridor that contribute to the congestion problem include ineffective routing and connectivity for current travel patterns, existing commercial and residential development along existing key routes in the study area, and the limited existing river crossings in the area.

In general, most of the main routes in the area either are not oriented toward efficient travel (general direction or connections), or are constrained in capacity and effectiveness. The resultant long travel routes that dominate the eastern part of the Cincinnati metropolitan area contribute to increases in Vehicle Miles Traveled ("VMT") and related actions such as increased fuel consumption, travel time and emissions.

Travel Times/Delays

Despite Clermont County's relatively close location to downtown Cincinnati, it generally takes longer to travel to western Clermont County (through the Eastern Corridor) than many parts of Butler and Warren counties or several counties in northern Kentucky. Existing and projected No Build travel performance for the Eastern Corridor area and the overall OKI region (including the Eastern Corridor) from RTDM results are presented in the following table:

RTDM Existing and Projected No Build Travel Performance [1]

	Eastern Corridor		OKI Region	
	1995	**2030**	**1995**	**2030**
Person Trips	463,283	507,995	5,400,523	6,668,683
Car Person Trips	451,582	496,642	5,331,545	6,597,573
Transit Trips	11,701	11,353	65,267	71,110
Transit Share	2.5%	2.2%	1.2%	1.1%
Vehicle Hours of Travel	166,543	310,211	1,017,691	1,776,566
Change from 1995 Base (VHT)	--	86%	--	74%
Vehicle Hours of Delay	21,706	132,904	143,571	507,265
Change from 1995 Base (VHD)	--	512%	--	253%
Vehicle Miles of Travel	6,494,357	8,110,810	38,742,002	57,150,298
Change from 1995 Base (VMT)	--	25%	--	47%

[1] 2030 No Build consists of the Year 2030 Existing + Committed (E + C) network of facilities and service, i.e., the existing roadway and transit network, plus committed regional & state improvements.

Overall, time spent in existing and future expected traffic delays are expected to increase by over 500 percent within the Eastern Corridor and 250 percent in the OKI region by the Year 2030 planning horizon. This reduces the productivity of both individuals and business, decreases work time, and increases delivery time for goods and services. Additionally, traffic delays increase operating and maintenance costs for automobiles, trucks and heavy equipment (increased fuel costs, repair costs from start-and-stop driving). Furthermore, employment opportunities, particularly for low-income families in the Eastern Corridor, are lessened as affordable and practical transportation to potential jobs outside the immediate area are reduced.

Reduce Travel Times between Project Termini

The posted speed limits on the roads in the study area range from 35 miles per hour ("mph") to 55 mph on the local road network and 65 mph on I-275. These speeds are not frequently attainable during the normal peak times of the day. Speeds are reduced on I-275 in the area of the interchanges due to the back up of traffic on the exit ramps. Traffic on surface streets is slowed by a number of factors including the inability of the traffic signal timing to be adequate to keep all traffic moving through the intersections efficiently.

Other roads in the area experience problems with development that has exceeded the physical capacity of the road. Some of the other factors that hinder the movement of traffic in the area include:

- at-grade intersections with local roadways
- increasing through traffic, including trucks
- narrow pavements and shoulders on local roads
- use of mainline by local residents for local trips
- numerous access points, including business drives and residential driveways
- overloading of the interchanges with peak traffic from origins in all directions
- Traffic signal phases that cannot handle changes in volume
- Accidents

Improve Roadway Safety

Accident data by major intersections: Accident data for the roadway intersections in the study area were gathered from local and state data banks and compiled for the years 1998-2000. The accident data is summarized below and is compared to the Statewide accident rates for roadway intersections with similar functional classifications using the accident rate per million vehicle miles traveled ("MVMT"). The figures below show that accident rates on several of the roadways in the study area are above Statewide averages for comparable Ohio roadways. While accidents tend to occur at identifiable locations because of many different causes, including geometry, high traffic volumes are one potentially contributing cause.

Accident Data by Major Intersections (1998-2000)

Rank	Roadway	Property	Injuries	Fatalities	Total
1	SR32 and Eastgate Boulevard	59	37	0	96
2	I-275 and SR125 Interchange	64	42	0	88
3	SR32 and GlenEste-Withamsville Road	43	42	0	85
4	I-275 and SR28 Interchange	53	22	0	75
5	SR32 and Elick Lane	32	30	0	62

Current Trends in Accident Data: Since completion of the June 2002 traffic accident study, the most recent available traffic accident data (years 2001 and 2002) for major roadways presented in the Eastern Corridor Traffic Accident Data Summary Report (Balke American, June 2002) were analyzed. This level of effort allowed for comparison with accident data from the previous years 1998 through 2000, and identifies trends that might be evident over the five-year period from 1998 through 2002. The following table is a summary of the total number of accidents on each of the nine major roadways for the five-year period from 1998 through 2002.

Current Trends in Accident Data (1998 – 2002)

Roadway	Accidents Per Year					
	1998	1999	2000	2001	2002	Total
SR32 (S of US 50 to Batavia Corp Limits)	539	508	490	582	612	2731
I-275 (All Clermont Co to S Hamilton Co)	477	506	454	504	584	2525
US50 (Downtown Cincinnati to I-275	486	470	447	556	502	2461
Clough Pike (SR32 to SR 132)	265	240	269	266	246	1286
Old SR 74 (Clermont Co Line to Old SR 74)	181	128	184	212	238	943

Over the five-year period from 1998 to 2002, the five major roadways studied above had an increase in number of accidents. Overall, the largest five-year increase in accident numbers occurred on Old SR 74 (six percent increase), followed by I-275 (a four percent increase) and SR32 (a three percent increase). In 2001, US 50 had a considerable spike in the number of accidents compared to the other years studied, particularly compared to 1998 through 2000. Similarly, I-275 experienced considerably more accidents in 2002 compared to other years studied. The highest single-year accident total occurred on SR32 in 2002 with 612 accidents reported. Accidents involving fatalities occurred most frequently on US 50 and I-275. Four fatal accidents were reported in 1999 and again in 2001 on US 50. Four fatal accidents were also reported on I-275 in 2001.

Enhance the Transportation Network in the Study Area

I-275 is a major access route connecting Clermont County to the federal interstate system. The study area is a vital and growing community situated east of the major metropolitan area of Cincinnati. The local roadway network must serve the dual functions of providing access to these major transportation routes while at the same time affording access to the local business and services in the area. It is of vital importance that the needs of the commuting public and the needs of the local traveler are met to the greatest extent possible. This can only be accomplished by providing free and easy access to the interstates as well as safe access to the business and services in the area. An increase in the mobility in and around the SR32 and SR28 interchanges will help reduce the accident rates on the local roadways by redistributing traffic and lowering peak volumes by offering alternative means of access to I-275.

System Linkage and Regional Connectivity

Transportation improvements are needed in the Eastern Corridor to provide better linkage between the area's economic centers and developing residential areas. One of the primary ways of improving linkage and connectivity is by improving connections to the interstate system. Clermont County is currently the only Cincinnati suburb area that is not directly connected by interstate highway to the employment and economic core of Cincinnati and Hamilton County. Subsequently, the commuter traffic west towards Cincinnati and the reverse commuter traffic east towards Clermont County, as well as the transport of goods and services between the Cincinnati, Hamilton County and Clermont County areas, are forced to use the substandard local roadway network or to use local road connections to limited interstate access points along I-275. Since alternative transportation options are not readily available in the area, the result is a breakdown in the existing local road and highway system linkage, regional connectivity and the effective movement of goods and services both locally and regionally

Accommodate Future Economic Growth in the Study Area

The economic future of the study area is heavily dependent on the ability of the local transportation system to move people and goods into and out of the area in a safe and efficient manner. The western portion of Clermont County is open for an influx of medical and technical facilities, high end commercial and residential development. Continued development is expected east of I-275 along the SR32 and SR28 corridors.

Projects

The District has identified specific projects to be constructed to implement the Transportation Program and will determine the priority of the roadwork projects. District projects include Preliminary Engineering ("PE")/Environmental Impact Studies ("EIS") and related activities to further develop projects consistent with appropriate ODOT Project Development Process ("PDP") requirements and include the following roadwork projects:

I-275/SR32 Interchange Improvements (Eastgate Area Local Network Improvements)

The following projects are being initiated through the District to provide for (a) maintenance of traffic during construction of the TRAC Tier I Project Upgrade to I-275-SR32 Interchange project, Clermont ("CLE")-275-10.40 (Project Identification ["PID"] Nos. 22972 and 76289), (b) access to and from the commercial and residential districts, and (c) transportation system management actions ("TSM") for improvement of the local road network in the Eastgate area in support of the Eastern Corridor Multi-Modal Transportation Projects Tier 2 (PID NO. 22970):

Aicholtz Road Extension (ODOT PID No. 82558)

Project Description: A new road network connection will be created via the extension of Aicholtz Road from the existing intersection of Glen Este–Withamsville Road and the Glen Este High School entrance to Bach-Buxton Road. The project involves improvements to approximately 6300 lineal feet of roadway with right-of-way needs varying from 70 to 100 feet in width. Typical roadway sections include the installation of curb and gutter storm drainage, two through lanes with a center turn lane as needed, landscaped medians, lighting, potential bike/pedestrian paths, and traffic signals at the new Glen Este–Withamsville Road/Aicholtz Road/High School, Aicholtz/Glen Este-Withamsville/High School Campus Entrance, and the Aicholtz Road/Bach-Buxton Road intersections.

- **PDP process**: Minor
- **National Environmental Policy Act ("NEPA") process**: Categorical Exclusion ("CE")
- **Estimated Cost**: $11,000,000
- **Construction Year**: 2009

Aicholtz Road Connector (ODOT PID No. 82553)

Project Description: A new local network connection will be accommodated with the construction of underpass structures on I-275, as a part of the I-275/SR32 Interchange project that will facilitate re-connection of Aicholtz Road under I-275. The project will begin five hundred feet east of Mt. Carmel-Tabasco Road on Old SR 74 and continue east for approximately 4000 feet to Eastgate Boulevard. The project will include the addition of curb and gutter storm drainage, 4 foot paved shoulders, street lighting, and landscaped medians where applicable. The project will require right-of-way widths varying from 60 to 70 feet and is a critical maintenance of traffic element for the I-275/SR32 Interchange project.

- **PDP process**: Minor
- **NEPA process**: CE
- **Estimated Cost**: $6,000,000
- **Construction Year**: 2011

Aicholtz Road Widening (ODOT PID No. 82554)

Project Description: This project consists of improvements to approximately 4200 feet of existing Aicholtz Road, including 1400 feet along new alignment. The project will correct existing horizontal alignment and vertical profile deficiencies and provide curb and gutter storm drainage, turn lanes, landscaped medians, street lighting, and two (2) signalized intersections at Eastgate Square Drive and Glen Este-Withamsville Road. The project will require right-of-way varying from 70 to100 feet.

- **PDP process**: Minor
- **NEPA process**: CE
- **Estimated Cost**: $6,500,000
- **Construction Year**: 2010

Eastgate North Frontage Road (ODOT PID No. 82555)

Project Description: This project is required due to the relocation of the SR32 westbound exit/entrance ramps and the Eastgate Boulevard westbound entrance ramp onto SR32 at the Eastgate Boulevard interchange with SR32. The project is approximately 2000 feet in length and will include curb and gutter storm drainage, street lighting, a 3-lane boulevard section with 60 foot right-of-way width, landscaping, and a signal at the ramp intersection.

- **PDP process**: Minor
- **NEPA process**: CE
- **Estimated Cost**: $5,000,000
- **Construction Year**: 2009

Old SR 74 Improvements - Phase 1 (ODOT PID No. 82557)

Project Description: The project will consist of improvements to approximately 5000 feet of existing Old SR 74 providing a safety and capacity upgrade. The project will include the construction of curb and gutter storm drainage, 4 paved shoulders, a minimum of 3 lanes, with possible additional lanes at major intersections, street lighting, and landscaping where applicable. The right-of-way width is expected to be 80 feet in width. These improvements are also needed as a part of the local network improvements associated with the proposed Bach-Buxton Road Interchange, Eastern Corridor – Tier 2, Segment IV(a) (PID NO. 22970).

- **PDP process**: Minor
- **NEPA process**: CE
- **Estimated Cost**: $7,000,000
- **Construction Year**: 2011
-

Tina Drive Extension (ODOT PID No. 82558)

Project Description: The Tina Drive Extension is required to provide access for the surrounding residential neighborhoods to Old SR 74, which is being constructed as a part of the I-275/SR32 interchange. The connection must be made before access can be closed at existing Bell's Lane and allow for the construction of the new intersection. The project is approximately 1000 feet in length, with a 2 lane road section and a turn lane at Old SR 74. The project will include curb and gutter drainage with 4 foot paved shoulders and will require a minimum of 50 feet of right-of-way width.

- **PDP process**: Minor
- **NEPA process**: CE
- **Estimated Cost**: $1,600,000
- **Construction Year**: 2010

Eastern Corridor Improvements (ODOT PID 22970)

The Record of Decision ("ROD") for Hamilton ("HAM")-SR32-0.00, Eastern Corridor Multi-Modal Projects – Tier 1 (PID # 22970) was approved in June 2006 by FHWA. The Tier 1 action consisted of the identification of generalized sets of feasible alternatives for various modal investments within the corridor and development of supporting TSM actions that meet purpose, need and requirements of NEPA. The District will provide local (non-federal) matching funds for these projects:

Segment IV(a) – SR-32 from Glen Este-Withamsville Road to Olive Branch-Stonelick Road

Project Description: Tier 2 NEPA analyses will be conducted as a part of the Eastern Corridor – Part B work for the SR32 corridor from Glen Este-Withamsville Road to the Olive Branch-Stonelick Road interchange (Segment IV(a)) that will identify final roadway locations and impacts of corridor development and supporting TSM actions. In general, this work will include the completion of Steps 6-8 of the ODOT Project Development Process for Segment IV(a) of the Highway component of the Eastern Corridor – Part B work to consolidate and manage access points to establish SR-32 as a limited

access arterial roadway, including elimination of at-grade access at Glen Este-Withamsville Road, and Old SR-74, including a new interchange near Bach-Buxton Road.

- **PDP process**: Minor
- **NEPA documentation**: CE4
- **Estimated Cost**: $2,000,000
- **Construction Year**: 2012

Bach-Buxton Road Interchange (ODOT PID NO. 22970)

Project Description: A new interchange is proposed approximately 1/2 mile east of Glen Este-Withamsville Road on SR32. The interchange would eliminate the existing at-grade, signalized, intersections at Glen Este-Withamsville Road and Elick Lane, and would require the extension of Bach-Buxton Road, from its current intersection with Elick Lane on the south side of SR32, across SR32 (via structure) to connect with Old SR 74. This project would reduce current and future congestion levels and improve levels of service on mainline SR32, while providing access to the Eastgate area and a north-south connection between SR 125 and SR32.

- **PDP process**: Minor
- **NEPA documentation**: CE4
- **Estimated Cost**: $25,000,000
- **Construction Year**: 2012

Glen Este-Withamsville Road Overpass at SR32 (ODOT PID NO. 22970)

Project Description: Preliminary engineering for a proposed overpass at the existing Glen Este-Withamsville intersection with SR32 will be performed as a component of the Eastern Corridor – Part B, Segment IV(a) work described previously. The project consists of development of preferred alternative, environmental clearance, final engineering design and right-of-way plan preparation and acquisition. The overpass would provide a needed local network connection and access to the Eastgate area commercial district without using SR32.

- **PDP process**: Minor
- **NEPA documentation**: CE4
- **Estimated Cost**: $6,000,000
- **Construction Year**: 2012

Eastgate South Drive (ODOT PID NO. 22970)

Project Description: Project consists of approximately 4400 lineal feet improvements to existing Eastgate South Drive extending from Eastgate Boulevard to Glen Este-Withamsville, providing access to the existing development on the south side of SR-32. It will become a critical part of the local road network upon the closing of the existing at grade intersection at SR-32 and Glen Este-Withamsville Road following completion of the proposed SR-32/Bach Buxton Road interchange.

- **PDP process**: Minor
- **NEPA process**: CE
- **Estimated Cost**: $2,500,000
- **Construction Year**: 2009

Heitman Lane Extension (ODOT PID NO. 22970)

Project Description: Provide a connection from the current Old SR 74 intersection with Heitman Lane to the Olive Branch-Stonelick interchange on the north side of SR32. The project will be approximately 5600 feet in length and consist of a 3 lane typical section with paved shoulders where appropriate. This connection would allow for the elimination of the existing SR-32/Old SR-74 at grade intersection.

- **PDP process**: Minor
- **NEPA process**: CE
- **Estimated Cost**: $5,000,000
- **Construction Year**: 2013

Amelia-Olive Branch Relocation (ODOT PID No. 82581)

Project Description: Project involves relocating approximately 9100 feet of Amelia-Olive Branch Road from just north of the existing Clough Pike intersection to the current Old SR-74 intersection with Olive Branch-Stonelick Road, providing a direct connection from SR-125 north to the recently constructed Olive Branch-Stonelick Road interchange with SR-32. Project replaces existing Amelia-Olive Branch Road (which will be left in place for residential access) with a 3 lane, access controlled facility, providing a north–south connector through Batavia Township, diverting traffic from I-275.

- **PDP process**: Minor
- **NEPA process**: CE
- **Estimated Cost**: $4,450,000
- **Construction Year**: 2010

Widening of Old SR 74 (ODOT PID No. 82582)

Project Description: Project includes widening of Old SR-74 from the existing Old SR-74/Olive Branch-Stonelick Road intersection to Armstrong Boulevard, providing a 3 lane section with paved shoulders and curb and gutter drainage. Industrial traffic will be able to use Armstrong Boulevard and Old SR-74 to access the Olive Branch-Stonelick Interchange. Improvements extend approximately 3500 feet from the existing Olive Branch-Stonelick Road intersection with Old SR 74 to Armstrong Boulevard.

- **PDP process**: Minor
- **NEPA process**: CE
- **Estimated Cost**: $3,100,000
- **Construction Year**: 2012

SR32 Corridor Improvements

ODOT and the County support a strategy of improvements to the SR-32 corridor east of the Olive Branch-Stonelick interchange that will preserve the limited access intent of the original design to the Brown County line. The concept strategy proposes elimination of at grade intersections at Dela Palma and McKeever Roads, construction of service and connector roads, and replacement with grade separated interchanges. Additionally, consolidation of access points, and a grade separated interchange serving the current at grade intersections at Herold Road and Bauer Road, a SR-32 frontage road north of SR-32 connecting Bauer Road, the proposed Herold Road interchange, the Batavia Road interchange and the Half Acre Road interchange, and completion of the existing SR-32 Batavia Road interchange are contemplated.

Bauer Road/SR32 Intersection (ODOT PID No. 82590)

Project Description: The construction of the Herold Road / SR32 interchange, described previously, will allow for modifications to the current at-grade access at Bauer Road on SR32. Options will be examined relative to the closure of the intersection pending completion of the Herold Road interchange and a proposed frontage road from Bauer Road to Half Acre Road on the north side of SR32. Environmental "red flag" analysis and identification of preliminary mitigation opportunities has been completed for this area.

- **PDP process**: Minor
- **NEPA process**: CE
- **Estimated Cost**: $7,000,000
- **Construction Year**: 2015

Herold Road/SR32 Interchange (ODOT PID No. 82587)

Project Description: Due to safety, access, and congestion concerns, the at-grade crossing of SR32 at Herold Road will be replaced by an interchange 1000 feet west of existing Herold Road. Herold Road will be relocated on the north and south sides of SR32 to provide local network connectivity. Environmental "red flag" analysis and identification of preliminary mitigation opportunities has been completed for this area.

- **PDP process**: Minor
- **NEPA process**: CE
- **Estimated Cost**: $13,000,000
- **Construction Year**: 2014

SR32 Frontage Road – Bauer Road to Half Acre Road (ODOT PID No. 82586)

Project Description: A critical element to the future conversion of SR32 to a limited access facility from the Village of Batavia to the Brown County Line will be the construction of frontage roads that will provide access to residential and commercial development to and from the existing and proposed interchanges. As a result of the *2002 SR32 Corridor Land Use Vision Plan*, adopted by the County Board of Commissioners in November of 2002, a frontage road has been planned for the north side of SR32 that would connect Bauer Road, the Herold Road interchange, the Batavia Road interchange, and the Half Acre Road interchange. The planned roadway would require a minimum of 3 lanes, curb and gutter drainage, lighting, and traffic control at predetermined access locations. The estimated length of the project is 18,000 feet or 3.4 miles. Environmental "red flag" analysis and identification of preliminary mitigation opportunities has been completed.

- **PDP process**: Minor
- **NEPA process**: CE
- **Estimated Cost**: $12,000,000
- **Construction Year**: 2013

Batavia Road/SR32 Interchange Improvements (ODOT PID No. 82588)

Project Description: This project involves the completion of the existing interchange at Batavia Road and SR32, which include a westbound entrance lane and eastbound exit lane, both lanes being on the west side of the Batavia Road bridge over SR32. Also, provisions will be made for the connections of the SR32 Frontage, described previously, on the north side and Front Wheel Drive on the south side. This project consists of preliminary engineering to identify right-of-way preservation needs and early

project development activities, incorporating future land use and related impact mitigation considerations. Environmental "red flag" analysis and identification of preliminary mitigation opportunities has been completed for this area.

- **PDP process**: Minor
- **NEPA process**: CE
- **Estimated Cost**: $6,500,000
- **Construction Year**: 2015

McKeever Pike to Dela Palma Road at SR32 (ODOT PID No. 82589)

Project Description: Project consists of development of access management strategy to eliminate safety and congestion issues. The concept strategy proposes elimination of the at grade intersections at Dela Palma and McKeever Roads, construction of service and connector roads, and replacement with grade separated interchanges. This project consists of preliminary engineering to identify right-of-way preservation needs and early project development activities, incorporating future land use and related impact mitigation considerations. Environmental "red flag" analysis and identification of preliminary mitigation opportunities has been completed for this study area.

- **PDP process**: Minor
- **NEPA process**: CE
- **Estimated Cost**: $16,000,000
- **Construction Year**: 2016
-

SR 28 Corridor Improvements

The County and the State completed a roadway facility exchange in 2004 involving the SR 28 By-Pass and existing SR 28 in Miami Township, Clermont County, Ohio (*Clermont County Board of Commissioners/ODOT Agreement CLE-SR28 BYPASS PID No. 79111*). ODOT assumed ownership and responsibility for the SR 28 By-Pass (now SR 28) and Clermont County assumed ownership and maintenance responsibility for SR 28 from the western terminus of the SR 28 By-Pass to the eastern terminus of the SR 28 By-Pass (now Business 28).

The District has developed a work program to implement the County obligations to ODOT as identified in that agreement and to further undertake TSM actions, access management and safety improvements within the SR28 Corridor, including Business 28/Phase 1 and Phase 2, Wolfpen-Pleasant Hill Improvements, SR 28 Improvements from Castleberry Court to I-275, and SR 28 Corridor Improvements from Branch Hill-Guinea Pike as identified in the project descriptions as follows:

Business 28 – Phase 1 (PID No. 79111)

Project Description: Improvements include widening of existing Business 28 to 5 lanes and consolidation of access points, from the western intersection with SR-28 to 400 feet east of Cook Road for a total length of 3700 lineal feet. In addition to lane widening, the project involves access management along Business 28, curb and gutter drainage installation, street lighting, and concrete walk construction. This project has received $ 4,000,000 federal funding from OKI.

- **PDP process**: Minor
- **NEPA process**: CE
- **Estimated Cost**: $8,400,000
- **Construction Year**: 2009

Business 28 – Phase 2 (PID No. 79111)

Project Description: Improvements include the widening of existing SR 28 to 5 lanes and consolidation and management of access of Business 28 from Cook Road to the eastern intersection with SR-28 for a total length of 3000 feet. In addition to the widening of the existing road, the project will include curb and gutter drainage, access management through curbed medians, street lighting and landscaping, and sidewalks.

- **PDP process**: Minor
- **NEPA process**: CE
- **Estimated Cost**: $6,000,000
- **Construction Year**: 2012

Wolfpen-Pleasant Hill Improvements (PID No. 82139)

Project Description: Provide a minimum of 3 lanes from just south of Allen Drive (500 feet south of By-Pass 28) to SR 131, and additional turn lanes at major intersections and access points, facilitating north-south travel between SR-28 and SR-131, diverting traffic from I-275. The addition of a turn lane will also accommodate access to and from Wolfpen-Pleasant Hill Road from the existing curb cuts created by residential construction. Additionally, a right-hand turn lane will be provided for access to Milford High School. The project will include the construction of curb and gutter drainage and sidewalk(s). The project has received $2,000,000 federal funding for fiscal year 2010 from OKI.

- **PDP process**: Minor
- **NEPA process**: CE
- **Estimated Cost**: $4,400,000
- **Construction Year**: 2010

SR 28 Improvements – Castleberry Court to I-275 (PID No. 82140)

Project Description: Improvements to SR 28 in Milford, Miami Township, Clermont County, Ohio from east of Castleberry Court 2500 feet to the interchange at I-275 by widening to five lanes to relieve congestion and the installation of a traffic signal at Castleberry Court which serves US Post Office facility. The project will coordinate and compliments a planned ODOT safety project at the SR 28/I-275 interchange. The project has received $2,000,000 federal funding for fiscal year 2011 from OKI.

- **PDP process**: Minor
- **NEPA process**: CE
- **Estimated Cost**: $3,000,000
- **Construction Year**: 2011

SR 28 Corridor Improvements – Branch Hill-Guinea Pike (ODOT PID No. 82563)

Project Description: Examine land use, zoning, capacity and develop access management strategy for the SR 28 corridor from Branch Hill-Guinea Pike to SR 48 for development of safety, capacity and access management improvements for the corridor incorporating future land use and related impact mitigation considerations.

- **PDP process**: Minor
- **NEPA process**: CE
- **Estimated Cost**: $9,000,000
- **Construction Year**: 2013

Conclusion

The growth of western Clermont County has resulted in increased traffic volumes on the local road network and an increased demand for access to I-275. The existing development has already burdened the main access points to I-275, including SR28 and SR32. These corridors currently serve most of the traffic from points east of I-275 and are operating at substandard levels of service presently. Accident rates on both SR28 and SR32 are well above the statewide averages for similar roadways and will not improve without improving the roadways to meet the increased volume of traffic.

There is still a large amount of undeveloped land east of I-275, and, as demand for housing and jobs increases in the Cincinnati area, this land will undergo development into residential, commercial, and industrial sites. It will be difficult to attract new residents and businesses to the area if the current road system is unable to handle the present day loading, let alone the future loading from additional development.

The improvements planned by the District will add improve accessibility to important economic and employment centers. These roadway improvements will accommodate increasing traffic volumes, improve the levels of service, and decrease the accident rates along the key corridors linking Clermont County to I-275. These improvements will address stakeholder concerns about the safety and mobility on I-275 and SR32 while providing the additional capacity to handle traffic from the ongoing development of western Clermont County.

[End of Purpose and Need Statement]

ESTIMATED TRANSPORTATION PROGRAM COSTS

The estimated design and construction costs of Phase I of the Transportation Program are as follows:

Planning and Design	Right of Way and Utility Easement Acquisition	Construction
$15,125,000	$27,200,000	$129,450,000

The District anticipates that Phase I of the Transportation Program will be completed by July, 2010.

ESTIMATED SOURCES AND USES OF FUNDS**

The following are the estimated sources and uses of funds by the District in connection with the issuance of the Series 2007 Bonds:

Sources:	
Par Amount of Series 2007 Bonds	$5,000,000.00
Earnings on Project Fund*	_____.00
TOTAL SOURCES:	$ _____.00

Uses:	
Project Fund	$_____.00
Bond Insurance, Underwriter's Discount and Costs of Issuance	_____.00
2007 Bond Service Reserve Account	_____.00
Original Issue Discount	_____.00
TOTAL USES:	$_____.00

* Estimated at ___% over a period of ____ years. Source: Fifth Third Securities, Inc.
** Preliminary; subject to change.

SECURITY FOR THE SERIES 2007 BONDS

General

The Series 2007 Bonds are special obligations of the District issued under and pursuant to the Trust Agreement and the Act.

The Series 2007 Bonds are equally and ratably secured by a pledge of and assignment of the Pledged Receipts. "Pledged Receipts" means (a) the Project Funding, Future Project Funding and the Net RID Revenues; (b) all amounts standing to the credit of the Bond Service Account, the 2007 Bond Service Reserve Account, the Revenue Fund and the Project Fund (each as hereafter defined); (c) any gifts, grants, appropriations, donations and pledges, and receipts therefrom, received by the District for or relating to the Project, to the extent not heretofore pledged and to the extent not prohibited by the terms of such gifts, grants, appropriations, donations and pledges; and (d) any other pledged revenues, as defined in Section 5540.04(N) of the Ohio Revised Code. Pledged Receipts do not include any money or investment in the Rebate Fund.

The three primary components of the Pledged Receipts are (i) all amounts received by the District pursuant to the Funding Agreement, (ii) the Net RID Revenues, and (iii) all amounts in the Bond Service Account, 2007 Bond Service Reserve Account, Revenue Fund and Project Fund, each of which fund or account is created under the Trust Agreement and held by the Trustee.

Under certain circumstances, hereafter defined, if the amounts received by the District pursuant to the Funding Agreement reach certain levels for a stated period of time, the amounts above that level shall no longer be pledged as security for the Series 2007 Bonds.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT, THE COUNTY OF CLERMONT OR THE STATE OF OHIO OR ANY OF ITS POLITICAL SUBDIVISIONS IS PLEDGED TO THE PAYMENT OF THE SERIES 2007 BONDS. THE SERIES 2007 BONDS DO NOT CONSTITUTE A GENERAL OBLIGATION, GENERAL DEBT OR GENERAL BONDED INDEBTEDNESS OF THE DISTRICT, THE COUNTY OR THE STATE OF OHIO, OR ANY OF ITS POLITICAL SUBDIVISIONS.

THE CLERMONT COUNTY TRANSPORTATION IMPROVEMENT DISTRICT

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 created pursuant to the Chapter 5540 of the Ohio Revised Code, as amended. The District was created by action of the Board of County Commissioners of Clermont County on June 21, 2006.

The Board of Trustees of the District is the authoritative and legislative body governing the entity. The Board is comprised of seven board members of which five are voting and two are non-voting. Each Board member serves a term of two years and there are no term limits for reappointment. The Board members are appointed by the County Board of County Commissioners. None of the Board members receive compensation for serving on the Board.

The District's Board of Trustees appoints the Chairman of the Board from the existing Board members annually. The Chairman's responsibility 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 or commission and 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 also appoints a Secretary/Treasurer of the District.

Management and Employees

The current District officials are:

Board of Trustees	Name	Occupation
Chairman	David L. Spinney	Clermont County Administrator
Vice-Chairman	Pat Manger	Clermont County Engineer
Secretary/Treasurer	Steve Wharton	Executive Director, Economic Development Corporation of Clermont County
Member	David Duckworth	Miami Township Administrator
Member	Doug Walker	Union Township Administrator
Non-voting Member	Tom Niehaus	State Senator
Non-voting Member	Joe Uecker	State Representative

Method of Accounting

The District's fiscal year corresponds with the calendar year, and financial statements will be maintained on an accrual basis in accordance with generally accepted accounting principles. No financial statements will be delivered for the partial year of 2006, but the District will provide an audited financial statement for its first full year of operation, 2007.

The District maintains its accounts and other fiscal records on a cash basis for all fund types, except for year end financial reporting, which is on a modified accrual basis of accounting, in accordance with the procedures established and prescribed by the Department of Audit in the office of the Auditor of State. At year end, adjusting entries are prepared for the various funds to convert the cash basis records to the modified accrual basis of accounting. Modified accrual accounting requires that revenue be recognized when both measurable and available. Expenditures, other than interest and principal on long-term debt, are recorded when liabilities are incurred. The Department of Audit is

charged by Ohio law with the responsibility of inspecting and supervising the accounts and reports of the District. The Department of Audit oversees the single audit of the entire District annually.

Except for examination by the Department of Audit, and the federal government's review of the County's records regarding use and application of certain federal grants and funds, no other examination or audit of the District's records is made.

The District will prepare its financial statements based on generally accepted accounting principals (GAAP), as applied to government units. Financial reports prepared annually by the District will be filed with the Department of Audit pursuant to Ohio law. Such reports are required to be submitted to the Department of Audit within 150 days after the close of each year, and have been filed by the required time. The Department of Audit has indicated its intention to incorporate the District's financial statements into the County's Comprehensive Audited Financial Report. See EXHIBIT A, page 44.

Outstanding Debt

The District has no outstanding debt.

Future Financings

The District anticipates issuance of a second series of bonds in the amount of $8,000,000 for design of a second group of projects in 2008. The District then anticipates a third series of bonds in 2010 in an approximate amount of $4,000,000 for the construction of the projects designed with the proceeds of the first two series.

Regulatory Compliance

The Transportation Program is currently in compliance with all Ohio Department of Transportation and Federal Highway Administration requirements.

SUMMARY OF CERTAIN PROVISIONS OF THE BOND LEGISLATION AND THE TRUST AGREEMENT

What follows in this Official Statement are descriptions of certain provisions of the Trust Agreement. A copy of the Trust Agreement is available from the Underwriter or may be inspected at the principal corporate trust office of the Trustee.

The following defined words and terms are used in the Summary of the Trust Agreement:

Definitions

"Act" means Chapter 5540 of the Ohio Revised Code.

"Additional Bonds" means the bonds issued for the purposes and under the terms and conditions set forth in Section 5 of the Bond Legislation.

"Authorized Newspaper" means at least one newspaper or financial journal of national circulation (by regional edition or otherwise). If, because of temporary or permanent suspension of

publication or circulation, or for any other reason, it is impossible or impractical to publish a required notice in a timely fashion in an Authorized Newspaper as so defined, then such publication in lieu thereof as is made with the approval of the Trustee shall for that purpose constitute a sufficient publication of that notice.

"Authorized Officer" means any officer, member or employee of the District authorized by or pursuant to a certificate of the District signed by its Chairman, Vice-Chairman or Secretary/Treasurer to perform the act or sign the document in question, and, if there is not such authorization means the Chairman, the Vice-Chairman or Secretary/Treasurer of the District.

"Board" means the Board of Trustees of the District, or such similar legislative body which governs the District or its successors.

"Bond" or "Bonds" means, as the case may be in the context of the use of the word, the Series 2007 Bonds, issued by the District pursuant to the Bond Legislation, including, without limitation, Series 2007 Bonds held by or on behalf of Financial Institutions or their designees and any Additional Bonds.

"Bondholder" or "holder" or "holder of Series 2007 Bonds" or any similar term, means any person in whose name a Series 2007 Bond is registered on the Register.

"Bond Counsel" means Squire, Sanders & Dempsey L.L.P. or any other nationally recognized law firm which practices in the area of municipal finance.

"Bond proceedings" means the Bond Legislation, the Trust Agreement, and Supplemental Trust Agreements, and other resolutions, leases and agreements, and amendments thereof and supplements thereto, or any combination thereof, authorizing or providing for the terms and conditions applicable to, or providing for the security for or sale or award of Series 2007 Bonds, and the provisions contained in the Series 2007 Bonds.

"Bond Purchase Agreement" means the Bond Purchase Agreement entered into by the Original Purchaser and the District in connection with the issuance and sale of the Series 2007 Bonds.

"Bond Registrar" means the keeper or keepers of the Register for the applicable series of Series 2007 Bonds, which in each case shall be the Trustee, except as may otherwise be provided by or pursuant to the applicable Series Resolution, and any bank, trust company or other person designated as a Bond Registrar for that series of Series 2007 Bonds by or in accordance with Section 6.08 of the Trust Agreement, each of which shall be a transfer agent registered in accordance with Section 17A(c) of the Securities Exchange Act of 1934.

"Bond Resolution" or "the Bond Legislation" means the Bond Legislation, as the same may be amended from time to time in accordance with its provisions or the provisions of the Trust Agreement.

"Bond service charges" means the principal, including any mandatory sinking fund requirement and interest and any redemption premium required to be paid on the Series 2007 Bonds, and when used in reference to Bond service charges on unissued Series 2007 Bonds in anticipation of the issuance of which Notes are or are to be issued, means the estimated Bond service charges on those Series 2007 Bonds set forth in the proceedings for those Notes.

"Bond Service Fund" means the Clermont County Transportation Improvement District Bond Service Fund established pursuant to the Bond Legislation, held by the Trustee, including the

accounts and special subaccounts therein provided for in the Bond Legislation, and including all moneys and investments, and earnings from investments, credited and to be credited thereto.

"Bond Service Account" means the Bond Service Account in the Bond Service Fund established pursuant to the Bond Legislation for the payment of Bond service charges.

"Bond Service Reserve Account" means the Bond Service Reserve Account established in the Bond Service Fund, established as a reserve to further secure the payment of Series 2007 Bond service charges on the Series 2007 Bonds of one or more series to which the respective accounts pertains.

"Capitalized Interest" means all or a portion of the interest payable on the Series 2007 Bonds of a series from their date to be a date stated to be paid from the proceeds of that series of Series 2007 Bonds.

"Certificate of Award means the Certificate of Award authorized in the Bond Legislation, executed by an Authorized Officer.

"Costs of Issuance Fund" means the Clermont County Transportation Improvement District Costs of Issuance Fund established by the District in the custody of the Trustee for the payment of those expenses of the District identified in the Bond Legislation.

"Eligible Investments" means any of the following securities, as permitted by the Ohio Revised Code:

(i) direct obligations of the United States of America or any obligation guaranteed as to principal and interest by the United States of America for which the faith of the United States of America is pledged for the payment of principal and interest thereon;

(ii) obligations issued by any agency of the government of the United States of America or by the Export-Import Bank of the United States;

(iii) obligations of the State;

(iv) certificates of deposit, whether negotiable or nonnegotiable, issued by a bank, trust company or savings association eligible for the deposit of interim deposits as provided in Section 135.08 of the Ohio Revised Code and organized under the laws of any state of the United States or any national banking association (including the Trustee and its affiliated banks), any of which institutions must have a combined capital and surplus of at least $100,000,000 in dollars of the United States of America; provided, that such certificates of deposit shall be either (1) continuously and fully insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, or (2) continuously and fully secured by such securities (the "Pledged Securities") as are described in clauses (i) through (iii), inclusive, above which shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit and shall be lodged with the Trustee or its agents, as custodian, by the bank, trust company, savings association or national banking association issuing each such certificate of deposit required to be so secured shall furnish the Trustee with an undertaking satisfactory to it that the aggregate market value of all such obligations securing each such certificate of deposit will at all times be an amount at least equal to the principal amount of each such certificate of deposit and the Trustee shall be entitled to rely on each such undertaking;

(v) any repurchase agreement for a period of not to exceed thirty (30) days with any eligible institution, which shall have long-term debt ratings of at least "A" from both Moody's and S&P, having capital and surplus of at least $100,000,000 that is collateralized in an amount of not less than one

hundred three percent (103%) of the amount of such repurchase agreement by interest bearing obligations ("Collateral Securities") described in clauses (i) and (ii) above based upon the market value of such securities;

(vi) obligations of any state or political subdivision thereof or any agency or instrumentality of such state or political subdivision, the interest on which is exempt from federal income taxation and which are rated at least "A" by both Moody's and S&P;

provided that for the purposes of clauses (iv) and (v), the Pledged Securities and Collateral Securities are to be in the possession of the Trustee or its agent and are to be free and clear of all liens or rights of any third party, and in which obligations the Trustee is to have a validly perfected first security interest;

(vii) Investment Agreements, including guaranteed investment contracts acceptable to the Trustee which satisfy the following criteria:

Investment Agreements must be only with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at least "AA" by Standard & Poor's Rating Group, A Division of The McGraw Hill Companies ("S&P") and Moody's Investors Service, Inc. ("Moody's"); provided that, by the terms of the investment agreement:

(a) Interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service (or, if the Investment Agreement is for the Project Fund, construction draws) on the Series 2007 Bonds;

(b) The invested funds are available for withdrawal without penalty or premium, at any time upon no more than seven days' prior notice; the District and the Trustee hereby agree to give or cause to be given notice in accordance with the terms of the Investment Agreement so as to receive funds thereunder with no penalty or premium paid;

(c) The Investment Agreement shall state that is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel shall state that the obligation of the provider to make payments thereunder ranks pari passu with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;

(d) The District or the Trustee receives the opinion of domestic counsel (which opinion shall be addressed to the District) that such Investment Agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and of foreign counsel (if applicable) in form and substance acceptable, and addressed to, the Insurer;

(e) The Investment Agreement shall provide that if during the term:

(1) the provider rating by either S&P or Moody's falls below "AA-" or "Aa3", respectively, the provider shall, at its option, within 10 days of receipt of publication of such downgrade, either (A) collateralize the Investment Agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the providers books) to the

District, the Trustee or a third party acting solely as agent therefor (the "Holder of the Collateral") collateral free and clear of any third-party liens or claims the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to S&P and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach); or (B) repay the principal of and accrued buy unpaid interest on the investment; and

(2) the provider rating by either S&P or Moody's is withdrawn or suspended or falls below "A-" or "A3", respectively, the provider must, at the direction of the District or the Trustee (who shall give such direction if so directed by the Insurer), within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the District or the Trustee; and

(f) The Investment Agreement shall state and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the Investment Agreement, at the time such collateral is delivered, that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

(g) The Investment Agreement must provide that if during its term:

(1) the provider shall default in its payment obligations, the provider's obligations under the Investment Agreement shall, at the direction of the District or the Trustee (who shall give such direction if so directed by the Insurer), be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the District or the Trustee, as appropriate; and

(2) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. ("event of insolvency"), the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repair to the District or the Trustee, as appropriate;

(viii) Money market mutual funds, provided that such funds shall be invested solely in obligations or securities described in clauses (i) and (ii) above.

"Escrow Account" means an account into which moneys are deposited for the purpose of paying any Bond service charge on any Series 2007 Bonds to be refunded or advance refunded.

"Escrow Agent" means the bank or trust company which holds, in a fiduciary capacity, any Escrow Account.

"Financial Institution" means any financial institution or institutions providing a letter of credit or a policy of municipal bond insurance in connection with one or more series of Series 2007 Bonds then outstanding.

"Fiscal Year" means, with respect to the District, a period of twelve consecutive months commencing on the first day of January of any year and ending on the last day of December of the same year, or such other period of twelve consecutive months as may be law be designated as the fiscal year for general State fiscal purposes.

"Fully registered Bonds" or "fully registered form" as applied to Series 2007 Bonds means Series 2007 Bonds without coupons registered as to both principal and interest in the name of the registered holder thereof.

"Funding Agreement" means the Amended and Restated Intergovernmental Agreement among the County Commissioners, the County Engineer and the District.

"Future Funding Agreement" means any agreement between or among the District and any state or local government(s) and cooperative entities formed by states or local governments.

"Future Project Funding" means any moneys pledged to the District under any Future Funding Agreement.

"Interest Payment Date" means with respect to the Series 2007 Bonds, June 1 and December 1 of each year and with respect to any Additional Bonds, such dates set forth as Interest Payment Dates in the resolution authorizing such Additional Bonds.

"Letter of Credit" means a letter of credit, line of credit, insurance, surety bond, purchase agreement, collateralized purchase agreement or similar credit or liquidity support device.

"Letter of Instruction" means the District's Letter of Instruction delivered to the Trustee on the date of initial delivery of the Series 2007 Bonds.

"mail" or "mailed" or "mailing" means sending by first class mail, postage prepaid.

"mandatory sinking fund requirements" means amounts required to be deposited in the Bond Service Fund and credited to the Bond Service Account in any year for the purpose of retiring principal amounts of Series 2007 Bonds which would have been due and payable, except for such prior mandatory redemption requirements or retirements in any subsequent year.

"Net Interest" means, at any date of calculation, the aggregate amount of net interest or other investment income (calculated net of that which represents a return of accrued interest paid in connection with the purchase of any investments or any loss resulting from the liquidation of investments) received on moneys (including the net interest paid into the Bond Service Account) in the Bond Service Account and held (either in the form of cash or investments) on such date.

"Net RID Revenues" means the payments received by the County from the RIDs net of amounts paid to the School Districts and the Township.

"Notes" means notes issued by the District in anticipation of the issuance of Series 2007 Bonds to pay costs of the Project, or to pay costs of refunding or retiring of Notes previously issued pursuant to the Act.

"Note service charges" means the principal and interest and any redemption premium required to be paid by the District on the Notes.

"office" means, as used with reference to the Trustee, Paying Agent or Bond Registrar, the principal corporate trust office, or other office if specified, in the applicable bond proceedings.

"Original Purchaser" as to the Series 2007 Bonds means the Original Purchaser set forth in the Certificate of Award, and with respect to any Additional Bonds, the person or persons expressly

named in the applicable bond proceedings as the original purchaser of that series of Series 2007 Bonds from the District.

"Outstanding Bonds" or "Bonds outstanding" or "outstanding" as applied to Series 2007 Bonds, means, as of the applicable date, all Series 2007 Bonds which have been authenticated and delivered, or are then being delivered, by the Trustee under the Trust Agreement, except:

(a) Series 2007 Bonds cancelled on surrender, exchange or transfer or cancelled because of payment or redemption at or prior to such date.

(b) Series 2007 Bonds for the payment, redemption or purchase for cancellation of which sufficient moneys have been deposited and credited for the purpose on or prior to that date in the Bond Service Account, or other Special Fund or Account or with the Trustee or Paying Agents (whether upon or prior to maturity or redemption date of those Series 2007 Bonds); provided that if any of those Series 2007 Bonds are to be redeemed prior to their maturity, notice of that redemption shall have been given or arrangement satisfactory to the Trustee shall have been made for giving notice of that redemption, or waiver by the affected bondholders of that notice satisfactory in form to the Trustee shall have been filed with the Trustee, and provided further that if any of those Series 2007 Bonds are to be purchased for cancellation a firm offer for sale stating the price has been received and accepted;

(c) Series 2007 Bonds which are deemed to have been paid pursuant to the provisions of Article IX of the Trust Agreement; and

(d) Series 2007 Bonds in lieu of which other have been authenticated under Section 2.04 of the Trust Agreement.

"Paying Agent" means the Trustee.

"Person" or "person" or words importing persons means firms, associations, partnerships (including, without limitation, general and limited partnerships), joint ventures, societies, estates, trusts, corporations, public or governmental bodies, other legal entities and natural persons.

"Pledged Receipts" means (a) the Project Funding, Future Project Funding, and the Net RID Revenues; (b) all amounts standing to the credit of the Bond Service Account, the 2007 Bond Service Reserve Account, the Revenue Fund and the Project Fund; (c) any gifts, grants, appropriations, donations and pledges and receipts therefrom, received by the District for or relating to the Project, to the extent not heretofore pledged and to the extent not prohibited by the terms of such gifts, grants, appropriations, donations and pledges; (d) any other pledged revenues, as defined in Section 5540.01(N) of the Ohio Revised Code, which are hereafter pledged to the payment of Bond service charges. Pledged Receipts specifically does <u>not</u> include any money or investment in the Rebate Fund.

"Predecessor Bond" means every previous Series 2007 Bond evidencing all or a portion of the same obligation as that evidenced by the particular Series 2007 Bond. For the purposes of this definition, any Series 2007 Bond authenticated and delivered under Section 2.04 of the Trust Agreement in lieu of a lost, wrongfully taken or destroyed Series 2007 Bond shall be deemed to evidence the same obligation as the lost, wrongfully taken or destroyed Series 2007 Bond.

"Project" means the projects described in the District's Transportation Program.

"Project costs" or "cost" means the "cost" as defined in Section 5540.01(D) of the Ohio Revised Code, as such relate to the Project.

"Project Engineer" means any person which is a professional engineer licensed to do business in the State and designated as the "Project Engineer" for the Project by an Authorized Officer of the District.

"Project Fund" means the Clermont County Transportation Improvement District Project Fund established pursuant to the Bond Legislation and any accounts established therein for the payment of Project costs.

"Project Funding" means the money pledged to the District in the Funding Agreement.

"Rebate Fund" means the Rebate Fund established pursuant to Section 7A of the Trust Agreement.

"Register" means the books kept and maintained by the Bond Registrar for requisition and transfer of Series 2007 Bonds pursuant to Section 2.03 of the Trust Agreement.

"Regular Record Date" means, with respect to any Series 2007 Bond and unless otherwise provided in the Series Resolution authorizing the particular series of Series 2007 Bonds, the 15th day of the calendar month next preceding an Interest Payment Date applicable to the Series 2007 Bonds.

"Required Reserve" in the 2007 Bond Service Reserve Account means, at the time the calculation is being made, the amount equal to the least of (i) maximum annual debt service on the Series 2007 Bonds, (ii) ten percent (10%) of the face amount of the Series 2007 Bonds, or (iii) one hundred twenty-five percent (125%) of aggregate amount of debt service on the Series 2007 Bonds. In any computation of Bond service charges for purposes of computing the amount of the Required Reserve, any principal maturities for which mandatory sinking fund requirements or related mandatory redemption requirements are provided shall be considered to be principal maturities in the years and amounts stated for principal of those mandatory sinking fund requirements. The Required Reserve may be funded, if funded with anything other than cash or Eligible Investments, with property and investments acceptable to Bond Counsel.

"Revenue Fund" means the Clermont County Transportation Improvement District Revenue Fund established pursuant to the Bond Legislation to be held by the Trustee and any or all accounts and subaccounts therein, including all moneys and investments and earnings from investments, credited and to be credited thereto.

"RIDs" means the residential incentive districts within the County described and set forth in Appendix B to the Trust Agreement.

"Series 2007 Bonds" means the District's Roadway Improvement Revenue Bonds, Series 2007 Bonds in accordance with the Bond Legislation, and particularly Section 4 of the Trust Agreement.

"Special Funds" or "Special Funds and Accounts" means the Bond Service Account, the 2007 Bond Service Reserve Account and the accounts and special subaccounts therein, the Project Fund, and any other funds or accounts permitted by and established under, and identified as a "Special Fund" or "Special Account", in the Trust Agreement.

"Special Record Date" means, with respect to any Series 2007 Bond, the date established by the Trustee in connection with the payment of overdue interest on that Series 2007 Bond pursuant to Section 6(e) of the Bond Legislation.

"State" means the State of Ohio.

"Supplemental Trust Agreement" means any one or more Supplemental Trust Agreements, as the same may be amended, modified or supplemented, entered into pursuant to Article VIII of the Trust Agreement.

"Trust Agreement" means the Trust Agreement provided for in Section 17 of the Bond Legislation to be entered into between the District and the Trustee, including the Bond Legislation as part thereof.

"Trustee" means the Trustee at the time serving under the Trust Agreement, initially The Huntington National Bank, and any successor Trustee as determined or designated under or pursuant to the Trust Agreement.

"2007 Bond Service Reserve Account" means the account in the Bond Service Reserve Account established as a reserve to further secure the payment of Bond service charges on the Series 2007 Bonds.

"Year" means the calendar year.

General Authorization of and Security for Series 2007 Bonds

The Series 2007 Bonds shall be issued pursuant to the Act, the Bond Legislation and the Trust Agreement, for the purposes of providing moneys (a) to pay the cost of Phase I of the Transportation Program, (b) to fund the 2007 Bond Service Reserve Account, (c) to fund Capitalized Interest, and (d) to pay costs of issuance.

The District pledges the Pledged Receipts to the payment of the debt service on the Series 2007 Bonds. Except as otherwise permitted by the Bond Legislation, the payment of Bond service charges on Series 2007 Bonds shall be equally and ratably secured by a pledge of the Pledged Receipts without priority by reason of series designation, form, number, date of authorization, issuance, sale, execution, authentication or delivery, or date of the Series 2007 Bonds or of maturity, except that each subaccount of the Bond Service Reserve Account shall secure only that series of Series 2007 Bonds for which it was established.

The Series 2007 Bonds shall be special obligations of the District. Nothing in the Bond Legislation, the Trust Agreement or other bond proceedings gives the holders of Series 2007 Bonds the right to have the Board levy any excises or taxes for the payment of Bond service charges and the Series 2007 Bonds shall not constitute a debt, or a pledge of the faith and credit of the State or any political subdivision of the State. The right of those holders to the payment of Bond service charges shall be limited to the payment thereof from the Pledged Receipts (except that the 2007 Bond Service Reserve Account established for the Series 2007 Bonds shall secure only the Series 2007 Bonds) as provided in the Bond Legislation, and each Series 2007 Bond shall bear on its face a statement to that effect. However, nothing in the Bond Legislation or in the other bond proceedings shall be deemed to prohibit the District or the State of its own volition, from using to the extent lawfully authorized to do so any other resources for the fulfillment of the terms, conditions or obligations of the Bond Legislation, the Trust Agreement and the Series 2007 Bonds.

Conditions for Issuing Series 2007 Bonds

No Series 2007 Bonds shall be initially issued unless each of the following conditions, determined as provided in this Section, exists at the time of authentication of those Series 2007 Bonds.

(1) The District is not in default of any covenants or obligations of the District contained in the Trust Agreement or in the Series 2007 Bonds, and the authentication and delivery of those Series 2007 Bonds will not result in any such default.

(2) Upon the issuance and delivery of the Series 2007 Bonds, the amount in the 2007 Bond Service Reserve Account shall not be less than the Required Reserve therefor.

(3) The Funding Agreement shall be in full force and the District shall have received an opinion of counsel to the County that the Funding Agreement is a valid, legal and binding obligations of the County in accordance with its terms.

(4) A copy, certified by the Secretary/Treasurer of the District, of the Bond Legislation.

(5) An original executed counterpart of the Trust Agreement.

(6) A certified counterpart of the Funding Agreement.

(7) A request and authorization to the Trustee on behalf of the District, signed by an Authorized Officer, to authenticate and deliver the Series 2007 Bonds to, or on the order of, the Original Purchaser thereof, upon payment of a sum specified in that request and authorization.

(8) An original executed counterpart of the Letter of Instruction.

(9) The written opinion of legal counsel retained or designated by the District, or other legal counsel satisfactory to the Trustee, to the effect that documents submitted to the Trustee in connection with the application then being made comply with the requirements of the Trust Agreement, and that in that counsel's opinion all conditions precedent to the issuance of those Series 2007 Bonds as provided in the Trust Agreement have been complied with, and a written opinion of bond counsel retained or designated by the District, that the Series 2007 Bonds the authentication of which is then applied for, when duly executed and authenticated and delivered by or on behalf of the Trustee, will be valid and legal obligations of the District, in accordance with their terms and will be secured by the Trust Agreement with all Series 2007 Bonds then outstanding under the Trust Agreement.

(10) Such other items, including letters of credit, municipal bond insurance policies, evidences of insurance or other security devices for the benefit of the holders of those Series 2007 Bonds required to be delivered by the terms of the Trust Agreement or Supplemental Trust Agreement in connection with the issuance of those Series 2007 Bonds and certificates of authorized representatives of State agencies evidencing the authorization for the proposed use of the proceeds of those Series 2007 Bonds as may be required by bond counsel satisfactory to the Trustee.

Additional Bonds

The District shall have the right from time to time to issue Additional Bonds (hereinabove and hereinafter called the "Additional Bonds") for the purpose only of (a) providing additional funds, if necessary, for the completion of the Transportation Program; and/or (b) refunding for any lawful purpose any outstanding Series 2007 Bonds, which such Additional Bonds shall be payable from the Bond Service Fund (provided that the 2007 Bond Service Reserve Account shall secure only the Series 2007 Bonds and not the Additional Bonds) and shall be secured by a lien upon the Pledged Receipts on a parity with the Series 2007 Bonds. If the Additional Bonds to be issued are for the purpose of completing the Transportation Program the Trustee shall have received a certificate of the District's Secretary/Treasurer that the amounts to be received by the District pursuant to the Funding Agreement at least 1.15 times the maximum annual debt service on the Series 2007 Bonds and the Additional Bonds, and the Trustee shall authenticate and deliver such Additional Bonds; provided that, when any such Additional Bonds are issued, the District shall have furnished to the Trustee the following:

(a) A certificate of the Chairman or Vice-Chairman of the District and that of counsel to the District certifying that, to the best of their knowledge, the District is not, on the date of issuance of such Additional Bonds, in default in the performance of any of its covenants provided in the Bond Legislation, in the Trust Agreement or in the Series 2007 Bonds.

(b) A certificate of an engineer, selected by the District, showing that, if issued for such purpose, the Additional Bonds are necessary for the Transportation Program and will provide sufficient funds to effect such completion; a certified copy of the resolution authorizing the issuance of the Additional Bonds; and in the case of Additional Bonds to be issued for the purpose of refunding any outstanding Series 2007 Bonds, evidence satisfactory to the Trustee (1) that provision has been made to assure that moneys sufficient to retire the Series 2007 Bonds to be refunded will be available in the possession of the Trustee at the time provided for retirement thereof under the plan for refunding and are committed to such purpose, and (2) that moneys sufficient to pay interest accrued and to accrue and principal, if any, payable on such Additional Bonds prior to such retirement of the Bonds thereby to be refunded have been deposited in the Bond Service Fund without impairment of any provision or covenant of the Bond Legislation and from sources other than the Bond Service Reserve Account, the transfer of which excess moneys for such purpose is hereby authorized, or will be deposited directly in the Bond Service Fund from appropriate portions of the proceeds from the sale of such Additional Bonds pursuant to the resolution described above.

Additional Covenants and Agreements

In addition to the covenants elsewhere contained in the Bond Legislation and the Trust Agreement, the District further covenants, as authorized by the Act, as follows:

(a) Payment. The District will, from the sources provided in the Trust Agreement, pay or cause to be paid the Bond service charges and any obligations of the District to Financial Institutions on the dates, at the places and in the manner provided in the Bond Legislation, and in the Bonds, according to the true intent and meaning thereof.

(b) Maintenance of Pledge. The District will not make any pledge or assignment of or create or suffer any lien or encumbrance upon the Bond Service Fund, the Revenue Fund, the Project Fund or Pledged Receipts prior to or on a parity with the pledge thereof under the Trust Agreement, except for the payment of any obligations due to a Financial Institution providing a letter of credit or bond insurance policy in connection with the Bonds and except as authorized or permitted in connection with the issuance of Additional Bonds.

(c) Maintenance of the Funding Agreement. The District will take all necessary and lawful actions to comply with obligations, duties and responsibilities on its part under the Funding Agreement or any agreements the revenues or receipts from which constitute Pledged Receipts, and will take all actions within its authority to maintain the Funding Agreement in effect and to enforce the rights of the District thereunder, including actions at law and in equity, as may be appropriate.

The District shall not amend, modify, alter or change, or waive, any term or provision of the Funding Agreement if such action would have the effect of (i) reducing the payments payable thereunder to amounts less than required by this subsection (c) or changing the times and manner of payment thereof so that such payments would not be available when needed for payments to be made from the Fund established under the Trust Agreement, (ii) surrendering or limiting any remedies of the District under the Trust Agreement, (iii) being adverse to the interests of the bondholders, or (iv) being adverse to the interests of any Financial Institution, which determination shall be made following consultation with such Financial Institution.

(d) Observance of Covenants. The District will at all times faithfully observe and perform all agreements, covenants, undertakings, stipulations and provisions contained in the Bond Legislation and the Trust Agreement, and in the Bonds executed, authenticated and delivered under the Trust Agreement, and in all other bond proceedings.

(e) Duties Binding; Enforcement by Mandamus. Each duty of the District and the District's members, officers and employees, undertaken or required pursuant to the bond proceedings or any related agreement made under authority of the Act and in every related agreement made with the District (including, without limitation, any agreement with Financial Institutions), is established as a duty of the District, and of each such officer, members or employee having authority to perform such duty, specifically enjoined by law resulting from an office, trust or station within the meaning of Section 2731.01 of the Ohio Revised Code providing for enforcement by writ of mandamus.

(f) Accounts and Reports. The District shall keep proper books of record and account in accordance with generally accepted accounting principles, which shall include complete and correct entries of its transactions relating to the Transportation Program. The District shall annually, within 30 days after receipt by the District from the Auditor of State or the annual report certified by the Auditor of State, file with the Trustee, and otherwise as provided by law, a copy of an annual report for such Fiscal Year, accompanied by a certificate of certified public accountants or certified municipal accountants of the State, setting forth financial statements which present fairly the financial position of the District and its projects (including the Transportation Program) as of the end of the preceding Fiscal Year and the results of the operations and the changes in the financial position of the District and its projects (including the Transportation Program) for the Fiscal Year then ended, all in conformity with generally accepted accounting principles applied (except as notes in such certificate) on a basis consistent with the Prior Fiscal Year.

Together with each delivery of that annual report, the District shall furnish to the Trustee a certificate of such certified public accountants or certified municipal accountants reporting thereon (a) stating that such accountant has examined such annual report in accordance with generally accepted auditing procedures as such accountant considered necessary in the circumstances (b) stating that such examination has included a review of the terms of the Trust Agreement as they relate to matters susceptible of accounting determinations and that such review is sufficient to enable them to give such certificates, and (c) stating whether or not such examination has disclosed the existence, at the end of the Fiscal Year covered by such annual report (and existing at the date of such certificate), of any event of default under the Trust Agreement or any other event which, after notice or lapse of time or both, would become an event of default and, if such examination has disclosed such an event of default or such an

event, specifying the same and the nature and status thereof.

(g) Further Assurance. The District will at any and all times issue, make, do, execute and deliver such further resolutions, acts, instruments and assurances as may be necessary or desirable to carry out the purposes of the Bond Legislation and the Trust Agreement.

(h) Waiver of Laws. To the extent permitted by law, the District will not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law at any time in force which may affect the covenants and agreements contained in the Bond Legislation, the Trust Agreement or in the Bonds.

(i) Tax Provisions. The District covenants that it will take, or cause to be taken, all actions that may be required of the District for the interest on the Series 2007 Bonds to be and remain excludible from gross income for federal income tax purposes, and will not take, or permit to be taken, any actions which would adversely affect such excludability, and will, or persons acting for the District will, among other acts of compliance, apply and require the application of the proceeds of the Series 2007 Bonds, restrict the yield on investments of, or on obligations acquired with, such proceeds, make timely payments of any Required Rebate to the United States of America, maintain books and records and make calculations and reports, and refrain from certain uses of proceeds, all in such manner and if and to the extent necessary for the interest on the Series 2007 Bonds to be and remain excludible from gross income for federal income tax purposes. The Chairman and Vice-Chairman of the District are hereby authorized and directed to take any and all actions, make such calculations and payments of any Required Rebate and make or give such reports and certifications as may be appropriate to assure such excludability of the interest on the Series 2007 Bonds. The Chairman and Vice-Chairman of the District, alone or in conjunction with any other officer or employee of, or consultant to the District, will give appropriate certificates of the District for inclusion in the transcript of proceedings for the Series 2007 Bonds setting forth the reasonable expectations of the District regarding the amount and use of all those proceeds and the facts and estimates on which they are based, all as of the date of original delivery of and payment for the Series 2007 Bonds.

Bond Service Fund; Accounts Therein. There has been created by the District and ordered maintained as a separate deposit account (except when invested as provided in the Trust Agreement) in the custody of the Trustee the "Clermont County Transportation Improvement District Bond Service Fund", which Fund and the accounts therein are pledged to the payment of Bond service charges and any obligation of the District to Financial Institutions that such obligation is with respect to the Bonds.

The Bond Service Account and the Bond Service Reserve Account have been established and maintained in the Bond Service Fund or otherwise for the purposes of and pledged to the payment of Bond service charges in the manner provided in the Bond Legislation, but subject to other applicable provisions of the Trust Agreement.

Within the Bond Service Reserve Account there has been established the 2007 Bond Service Reserve Account pledged to the payment of Bond service charges on the Series 2007 Bonds.

Rebate Fund. There has been created by the District and ordered maintained as a separate deposit account (except when invested as provided in the Trust Agreement) in the custody of the Trustee the "Clermont County Transportation Improvement District Rebate Fund", which Fund and accounts therein are not pledged to the payment of Bond service charges, but are held for the benefit of the United States of America.

Bond Service Account. The Bond Service Account in the Bond Service Fund is pledged

to and shall be used solely for the payment of Bond service charges as they fall due at maturity or by operation of redemption requirements pursuant to mandatory sinking fund requirements, or for the payment of any amounts due to a Financial Institution in reimbursement of draws on a letter of credit or payments under a bond insurance policy, except as excess amounts in the Bond Service Account may be transferred or applied pursuant to this Section.

Without necessity for any further order of the District, not more than five days and not less than one day prior to a date when Bond service charges are due and payable the Trustee shall transmit from moneys in the Bond Service Account to any other Paying Agents, as appropriate, amounts sufficient to meet payments to be made by them of Bond service charges then due and payable.

Any amounts in the Bond Service Account in excess of the aggregate of the amounts, payable from that Account (i) of Bond service charges theretofore due but not yet paid, (ii) of Bond service charges to become due in the following 12 month period and (iii) reimbursement of draws on a letter of credit or for payment under a municipal bond insurance policy shall be transferred by the Trustee to the credit of the Bond Service Reserve Account if the Required Reserve is not fully funded or, if the Required Reserve is fully funded then such excess shall be transferred to the credit of the Revenue Fund.

Bond Service Reserve Account. There has been ordered created by the District as a separate deposit account (except when invested as provided in the Trust Agreement) in the custody of the Trustee the "Clermont County Transportation Improvement District Bond Service Reserve Account". The Bond Service Reserve Account shall be an account in the Bond Service Fund in the custody of the Trustee. There has been created a separate account within the Bond Service Reserve Account entitled the "2007 Bond Service Reserve Account". The 2007 Bond Service Reserve Account is a trust fund and is pledged to and shall be used for the payment of Bond service charges on the Series 2007 Bonds or for the payment of any amounts due as reimbursement or draws under a letter of credit to a Financial Institution providing a letter of credit in connection with the Series 2007 Bonds. The 2007 Bond Service Reserve Account may be funded with cash or Eligible Investments or by any other means acceptable to the Bond Counsel.

If by 10:00 a.m. (Ohio time) of the day upon which Bond service charges on the Series 2007 Bonds fall due, the amount in the Bond Service Account (after taking into account any draws made on a letter of credit) is insufficient to pay the Bond service charges to be paid therefrom on that date, the Trustee, without necessity for any further order of the District, shall immediately transfer to the Paying Agent for the Series 2007 Bonds from 2007 Bond Service Reserve Account an amount sufficient to make up that insufficiency in the Bond Service Account allocable to the Series 2007 Bonds, by a pro rata allocation of amounts then in the Bond Service Account to amounts that should have been deposited to that Account by that date with respect to the Series 2007 Bonds. If by 10:30 a.m. (Ohio time) of the day upon which amounts are due to a Financial Institution in reimbursement for draws made on a letter of credit, the amount in the Bond Service Account (other than from any draws made on a letter of credit) is insufficient to pay such amounts to such Financial Institution on that date, the Trustee, without necessity for any further order of the District shall make available for such reimbursement any amounts in the 2007 Bond Service Reserve Account for the series of Bonds to which the letter of credit applied necessary to make up that insufficiency. The amount so transferred shall be applied only to the payment of Bond service charges on the Series 2007 Bonds pertains or for the payment of any amounts due as reimbursement of draws under a letter of credit to a Financial Institution providing a letter of credit in connection with the Series 2007 Bonds.

Subject to the foregoing, and if all Bond service charges due on the Series 2007 Bonds and all amounts due to any Financial Institution providing a letter of credit or Bond Insurer in connection with such Series 2007 Bonds have been paid, any amount in the 2007 Bond Service Reserve Account in excess of the Required Reserve shall, upon order of the District, be transferred to the credit of (1) the

Bond Service Account for the payment of Bond service charges on the next succeeding Interest Payment Dates if such account is not fully funded, or (2) the Revenue Fund. That excess amount shall be determined by calculating the Required Reserve with reference to the outstanding Series 2007 Bonds only, which outstanding Series 2007 Bonds shall exclude any outstanding Series 2007 Bonds for the payment, redemption or purchase of which that excess amount if being transferred to the credit of the Bond Service Account. Any excess amount in a 2007 Bond Service Reserve Account shall be transferred as set forth above no later than one year after the date such excess first exists.

Revenue Fund. There has been created by the District and ordered maintained as a separate deposit account (except when invested as hereinafter provided) in the custody of the trustee the "Clermont County Transportation Improvement District Revenue Fund", which Fund and the accounts therein are pledged to the payment of Bond Service Charges and any obligation of the District to Financial Institutions. The Trustee shall create a separate account within the Revenue Fund for each source of revenue.

Deposits to Bond Service Fund and Credits to Revenue Fund and Bond Service Account and Bond Service Reserve Account; Return of Money in Revenue Fund.

(a) From Bond Proceeds. As more fully set forth in the Letter of Instruction, amounts from the proceeds of sale of Series 2007 Bonds: (i) representing accrued interest and any capitalized interest shall be deposited in the Bond Service Fund to the credit of the Bond Service Account, and (ii) representing the full or partial funding of a 2007 Bond Service Reserve Account shall be deposited to the credit of that Account.

(b) From the Funding Agreement. All moneys received by or on account of the District pursuant to the Funding Agreement shall be deposited immediately to the Revenue Fund. The Trustee shall immediately transfer funds (to the extent that funds are available) from the Revenue Fund to the Bond Service Fund for deposit in the Bond Service Account at any time the Bond Service Account is not funded in an amount equal to (a) the amount of interest due on the Bonds on the next Interest Payment Date, and (b) the amount of principal due on the Bonds on the next maturity date or mandatory sinking fund redemption date.

(c) From Other Sources. Any moneys from grants, gifts, donations and pledges, and the receipts therefrom, constituting Pledged Receipts and received by the District for the purposes of the Bond Service Account or the 2007 Bond Service Reserve Account, and any other moneys transferred or allocated to or received for the purposes of those Accounts, shall, subject to any restrictions pertaining thereto, be credited to the 2007 Bond Service Account and the 2007 Bond Service Reserve Account or subaccounts therein in accordance with any governing provisions or restrictions pertaining to those moneys, and in the absence of such provisions or restrictions shall be credited to the Revenue Fund. Any other receipts of the District which are hereafter authorized by law to be, and are included in Pledged Receipts pledged to the payment of Bond service charges, shall be deposited and credited as provided in the Revenue Fund. As further described in the Section entitled Project Fund, the Trustee may deposit in the Bond Service Fund moneys from the appropriate account in the Project Fund remaining after receipt of a certificate of completion relating to the Transportation Program.

(d) Return of Money from Revenue Fund The Trustee shall not return any amounts in the Revenue Fund to the County unless all Bonds have been fully retired.

Costs of Issuance Fund. There has been created by the District and ordered maintained as a separate deposit account (except when invested as hereinafter provided) in the custody of the Trustee the "Clermont County Transportation Improvement District Costs of Issuance Fund", which Fund is to be used for the purposes set forth below. There shall be paid into the Costs of Issuance Fund a portion of the

proceeds from the sale of the Series 2007 Bonds as set forth in the Letter of Instruction equal to the amounts deemed by the District to be necessary for (i) the payment of underwriters' commission, and initial fees and expenses of the Trustee, Paying Agents, depositories, financial advisors, consultants, remarketing agents, indexing agents, attorneys, accountants and others providing services, including credit enhancement such as a letter of credit or municipal bond insurance policy, with respect to the authorization, sale, issuance and delivery of that series of Bonds issued by the District, and (ii) the payment of financing charges, costs of printing, engraving, advertising and other expenses in connection with the authorization, sale, issuance and delivery of that series of Bonds. Under or pursuant to the written order of an Authorized Officer of the District, those fees and payment or reimbursement of expenses shall be paid by the Trustee out of the Costs of Issuance Fund. Upon the payment of all fees and expenses relating to the authorization, sale, issuance and delivery of the Series 2007 Bonds, all moneys remaining in the Costs of Issuance Fund shall be transferred by the Trustee to the Bond Service Account upon certification by an Authorized Officer that all those fees and expenses payable out of the Costs of Issuance Fund have been paid and discharged.

Project Fund. There has been created by the District and ordered maintained as a separate deposit account (except when invested as hereinafter provided) in the custody of the Trustee the "Clermont County Transportation Improvement District Project Fund", which Fund is to be used for the purposes described below. There shall be deposited into the Project Fund (a) the proceeds of any Bonds, other than proceeds required to be deposited in other funds in accordance with the authorizing resolution or Letter of Instruction therefor, and (b) any gift, grant, appropriation or donation delivered to the Trustee with specific instructions for deposit into the Project Fund or to pay a portion of the cost of the Transportation Program.

The District has authorized and directed the Trustee to use and expend moneys in the Project Fund (including moneys earned by investment of moneys in the Project Fund) by disbursing such moneys through the disbursement account for the Transportation Program for the payment or reimbursement of all costs for the Transportation Program incurred for and in connection with the Transportation Program, including, but not limited to, those for preliminary planning and studies, acquisition of real estate and interests in real estate needed for the Transportation Program, architectural, legal, insurance, engineering and supervisory services and labor, services and materials utilized in the acquisition, construction, rehabilitation, renovation and improvement of the projects within the Transportation Program and including any refinancing of any short-term or interim borrowing for a Project. Moneys in the Project Fund shall be disbursed by the Trustee upon receipt by the Trustee of a request for disbursement signed by the Project Engineer and an Authorized Officer.

The Trustee shall cause to be maintained adequate statements and records pertaining to the Project Fund and all disbursements therefrom. If requested by the District, the Trustee shall file copies of the statements pertaining to the Project Fund and disbursements therefrom with the District. This Section shall apply to the disbursement of the proceeds of any issue of Additional Bonds.

All excess moneys in the Project Fund (including moneys earned thereon by investment thereof) remaining after receipt by the Trustee of a certification of completion described in the succeeding paragraph and after payment, or provision for payment, in full of the project costs provided in the first sentence of this paragraph then due and payable and after payment of all Bond service charges then due and payable and all obligations of the District to Financial Institutions then due and payable shall, at the direction of the Authorized Officer, either be transferred by the Trustee to (a) the Bond Service Fund with directions from the Authorized Officer that it shall be used either (i) to pay at the earliest possible time the principal on any Bonds when due, whether at stated maturity or upon redemption, or (ii) to purchase Bonds in the open market, or (b) disbursed through one or more specified other disbursement account of the Project Fund to pay costs associated with a portion of the Transportation Program. Any Bonds purchased pursuant to (a)(ii) above shall be purchased by the Trustee at a public or private sale at a price

not exceeding the then current fair market price, but in no event at a price which shall exceed one hundred percent (100%) of the principal amount of the Bonds plus accrued interest, and shall be cancelled.

The completion of the Transportation Program and the payment of all costs and expenses incidental thereto shall be evidenced by the filing with the Trustee of a certification in writing signed by an Authorized Officer, which certification shall state that all costs and expenses incurred in connection with the Transportation Program and payable out of the Project Fund have been paid and discharged, except for such costs and expenses which an Authorized Officer certify are not then due and payable. Upon delivery of such certificates, there shall be transferred to the Bond Service Fund or disbursed through another account or accounts of the Project Fund all excess amounts in the Project Fund remaining after such completion, as certified to the Trustee by an Authorized Officer, except amounts necessary to pay when due costs and expenses in connection with the Transportation Program not then due and payable.

Transfer, Exchange and Registration of Series 2007 Bonds

So long as any of the Series 2007 Bonds remain outstanding, the District will cause to be maintained and kept, at the designated office of the Bond Registrar, a Register for the registration and transfer of Series 2007 Bonds provided for in the Trust Agreement.

Any fully registered Bond may be transferred only upon the Register, upon surrender thereof at the designated office of an Trustee for the series, together with an assignment duly executed by the registered holder or its duly authorized attorney in such form as shall be satisfactory to the Trustee. Upon the transfer of any fully registered Bond and on request of the Trustee, the District shall cause to be executed in the name of the transferee, and the Trustee shall authenticate and deliver, a new fully registered Bond or Bonds of the same series, of any denomination or denominations permitted by the applicable Series Resolution, in aggregate principal amount equal to the unmatured and unredeemed principal amount of the predecessor Bond, and bearing interest at the same rate (or determined in the same manner) and maturing on the same date or dates.

In all cases in which fully registered Bonds shall be exchanged or transferred under the Trust Agreement, the District shall cause to be executed and the Trustee shall authenticate and deliver a new Bond or Bonds, in accordance with the provisions of the Trust Agreement. The District and each Trustee, except as permitted in a Supplemental Trust Agreement with respect to a series of Bonds:

(a) Shall not be required to make any exchange or transfer of a Bond during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Bonds and ending at the close of business on the day of mailing thereof or to make any transfer or exchange of Bonds selected for redemption, in whole or in part, within the next 90 days.

(b) Shall make the exchange or transfer without charge, except that the District or Trustee may make a charge for every exchange or transfer of Bonds sufficient to reimburse them for any tax or excise required to be paid with respect to the exchange or transfer, which charge shall be paid before a new Bond is delivered.

In case any fully registered bond is redeemed in part only, on or after the redemption date and upon surrender of that Bond the District shall cause to be executed and the Trustee shall authenticate and deliver, without any charge to the bondholder, a new Bond or Bonds in authorized denominations and form and in aggregate principal amount equal to the unmatured and unredeemed portion of that Bond and bearing interest at the same rate (or determined in the same manner) and maturing on the same date or dates as that predecessor Bond.

All Bonds issued upon any transfer or exchange or partial redemption of Bonds shall be the valid obligations of the District, evidencing the same obligation, and entitled to the same benefits under the Trust Agreement, as the predecessor Bonds surrendered upon transfer or exchange or partial redemption.

The "designated office" of the Trustees for purposes of this Section shall be established by the Trustee.

Mutilated, Lost, Wrongfully Taken or Destroyed Bonds

In the event any Bond is mutilated, lost, wrongfully taken or destroyed, in the absence of written notice to the District or the Trustee that a lost, wrongfully taken or destroyed Bond has been acquired by a bona fide purchaser, the District shall cause to be executed and the Trustee shall authenticate a new Bond of like date, maturity and denomination as that mutilated, lost, wrongfully taken or destroyed.

In case of a mutilated Bond, the mutilated Bond shall first be surrendered to the Trustee. In the case of any lost, wrongfully taken or destroyed Bond, there first shall be furnished to the District and the Trustee evidence of the loss, wrongful taking or destruction satisfactory to an Authorized Officer and the Trustee, together with indemnity satisfactory to them.

If any mutilated, lost, wrongfully taken or destroyed Bond shall have matured, instead of issuing a new Bond, the District, by an Authorized Officer, may pay, or direct the Trustee to pay, the same without surrender thereof or issuance of a new Bond, upon, in the case of a lost, wrongfully taken or destroyed Bonds, the furnishing of the evidence and satisfactory indemnity as in the case of issuance of a new Bond.

The District and the Trustee may charge the holder of the applicable Bond their reasonable fees and expenses in connection with their actions pursuant to the above provisions of this Section.

Every new Bond issued pursuant to this Section with respect to such Bond shall constitute, to the extent of the outstanding principal amount of the predecessor Bond, an additional contractual obligation of the District, whether or not the lost, wrongfully taken or destroyed Bond shall be found at any time, and shall be entitled to all the benefits of the Trust Agreement equally and proportionately with any and all other Bonds duly issued and outstanding hereunder. Any new Bond issued pursuant to this Section may contain a statement to the effect, or a symbol indicating, that it is issued to replace a mutilated, lost, wrongfully taken or destroyed Bond.

All Bonds shall be held and owned on the express condition that the foregoing provisions of this Section are exclusive with respect to the replacement or payment of mutilated, lost, wrongfully taken or destroyed Bonds and to the extent permitted by law shall preclude any and all rights or remedies, with respect to the replacement or payment of negotiable instruments or other investment securities without their surrender, notwithstanding any law to the contrary now in effect or hereafter enacted.

The Trustee shall promptly advise in writing any other Bond Registrar and the Payment Agents of the applicable series of the issuance pursuant to this Section of new Bonds and of the payment pursuant to this Section of any matured Bonds.

Non-presentment of Bonds

In any Bond is not presented for payment when its principal becomes due in whole or in part, either at stated maturity, by redemption or otherwise, or a check or draft for interest is uncashed, and if moneys for the purpose of paying and sufficient to pay that principal or if that check or draft shall have been made available by the Trustee for the benefit of the bondholder, all liability of the District to that holder for the payment shall thereupon cease and be discharged completely, and it shall thereupon be the duty of the Paying Agent to hold those moneys in trust, without liability for interest thereon, for the exclusive benefit of that holder, who shall thereafter be restricted exclusively to those moneys for any claim of whatever nature on its part under the Trust Agreement or on or with respect to that principal then due on that Bond or that check or draft.

Any moneys so held by the Paying Agent and which remain unclaimed by the holder of the Bond or payee of a check or draft not cashed, for a period of four years after the due date of that payment shall upon request in writing by the District be paid to the Secretary/Treasurer and thereafter the holder of that Bond or payee of that check or draft shall look only to the Secretary/Treasurer for payment and then only to the amounts so received by the Secretary/Treasurer without any interest thereon, and the Paying Agent shall have no further responsibility with respect to those moneys. Those moneys paid to the Secretary/Treasurer shall be credited to a special account held by the Secretary/Treasurer, and the Secretary/Treasurer shall keep a record of the amounts with respect to each series of Bonds so deposited in that special account and shall pay to the Trustee investment income from investment of those amounts to be credited to the Bond Service Account.

Moneys to be Held in Trust

All moneys required or permitted to be deposited with or paid to the Trustee or the Paying Agent under any provision of the Trust Agreement, and any investments of that money, shall be held by the Trustee or the Paying Agent in trust for the purposes intended.

Accounts and Reports

The District shall keep or cause to be kept proper books of record and account in which complete and correct entries shall be made of the transactions relating to the Trust Agreement and Special Funds and Accounts, which records shall be at all reasonable times be subject to inspection in accordance with the Trust Agreement.

Defaults; Events of Default

Except as modified or supplemented by a Supplemental Trust Agreement with respect to a particular series of Bonds, the occurrence of any of the following, subject to the provisions of the Trust Agreement, is defined as and declared to be and to constitute an Event of Default under the Trust Agreement:

(a) Default in the payment of any interest on any Bond when and as the same shall have become due and payable;

(b) Default in the payment of the principal of or any redemption premium on any Bond when and as the same becomes due and payable, whether at stated maturity or by mandatory redemption or mandatory purchase;

(c) Any other default, and the continuance thereof for a period of 60 days after

written notice thereof to the District given by the Trustee or the holders of not less than twenty-five percent (25%) in aggregate amount of affected Bonds then outstanding.

The term "default" as used above shall means default by the District in the performance or observance of any of the covenants, agreements or conditions on its part contained in the Trust Agreement or in the Bonds, exclusive of any period of grace required to constitute a default or Event of Default as provided above.

Except as modified or supplemented by a Supplemental Trust Agreement with respect to a particular series of Bonds, the Trustee shall not be required to take notice, and shall not be deemed to have notice or knowledge, of any default or Event of Default hereunder, except Events of Default described in subparagraphs (a) and (b) above, unless the Trustee shall be notified specifically of the default or Event of Default in a written instrument delivered to it by the District or by the holders of not less than ten percent (10%) in aggregate principal amount of Bonds then outstanding or a Financial Institution. In the absence of delivery of a notice satisfying those requirements, the Trustee may assume conclusively that there is no default or Event of Default, except as to Events of Default described in subparagraphs (a) and (b) above.

Notice of Events of Default

If an Event of Default occurs, the Trustee shall, within five days after having received actual knowledge of that Event of Default, give written notice thereof to the District and each Financial Institution.

The Trustee shall give to the Original Purchaser of each series of Bonds then outstanding, and to the bondholders, the Bond Registrar, the Paying Agent and the Trustees notice of each Event of Default known to the Trustee within 90 days after having knowledge of the occurrence thereof, unless the Event of Default shall have been remedied or cured before the giving of that notice or except as otherwise provided in a Supplemental Trust Agreement with respect to a particular series of Bonds. Except in the case of an Event of Default as defined in subparagraphs (a) and (b) above, the Trustee shall be protected in withholding that notice if and so long as the board of directors, the executive committee or a trust committee of directors or responsible officers of the Trustee in good faith determines that the withholding of that notice is in the interests of the bondholders. Notice to the bondholders shall be given by mailing notice to all holders of fully registered Bonds as their names and addresses appear on the Register at the close of business 15 days prior to the mailing of that notice.

Remedies

Except as modified or supplemented by a Supplemental Trust Agreement with respect to a particular series of Bonds, upon the occurrence of any Event of default as defined in subparagraphs (a) and (b) above, the Trustee shall, and upon the occurrence of any Event of Default as defined in subparagraph (c) of above, the Trustee may and upon the written request of the holders of not less than 25 percent in aggregate principal amount of the affected Bonds then outstanding or a Financial Institution providing a letter of credit or municipal bond insurance policy in connection with the affected Bonds shall, subject to the provisions of Section 6.01 of the Trust Agreement and particularly subparagraph (j) of that Section, proceed in its own name to protect and enforce its rights and the rights of the bondholders under the Trust Agreement by such of the following remedies as the Trustee, being advised by counsel, shall consider most effective to protect and enforce those rights:

(a) By mandamus or other suit, action or proceeding at law or in equity enforce all the rights of bondholders, including the compelling of the performance of all duties of the District under

the bond proceedings and the enforcement of the payment of Bond service charges on the Bonds then outstanding;

(b) Bring suit upon the Bonds;

(c) Enjoin unlawful activities or activities in violation of the rights of the bondholders or Financial Institutions under the Trust Agreement;

(d) In the event of the occurrence of an Event of Default as defined in subparagraph (a) or (b) above:

(i) Apply to a court having jurisdiction of the cause to appoint a receiver, who may be the Trustee, to receive and administer the Pledged Receipts, with full power to pay and to provide for payment of Bond service charges, and with such powers, subject to the discretion of the court, as are accorded receivers in general equity cases, excluding any power to pledge additional revenues or receipts or other income or moneys of the District to the payment of Bond service charges, and excluding the power to take possession of, mortgage or cause the sale or otherwise dispose of the Transportation Program.

(ii) By notice in writing delivered to the District and to each member of the District, declare the principal of all Bonds then outstanding and the interest accrued on those Bonds immediately due and payable and thereupon that principal and interest shall become and be immediately due and payable. If at any time after that declaration and prior to the entry of judgment in a court of low or equity for enforcement or the appointment of a receiver hereunder, all sums payable under the Trust Agreement (except the principal and interest on Bonds which have not reached their stated maturity dates and which are due and payable solely by reason of that declaration of acceleration), plus interest (to the extent permitted by law) on any overdue installments of interest at the rate borne by the Bonds in respect of which such Event of Default shall have occurred, shall have been duly paid or provided for by deposit with the trustee or Paying Agents and all existing defaults shall have been made good, then and in every such case the Trustee shall waive that Event of Default and its consequences and shall rescind and annul that declaration, but no such waiver and rescission shall extend to or affect or impair any rights consequent on any subsequent Event of Default.

Remedies Generally

No remedy by the terms of the Trust Agreement conferred upon or reserved to the Trustee (or to the holders of the Bonds) is intended to be exclusive of any other remedy. Each and every remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the holders of the Bonds hereunder or now or hereafter existing.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein. Every such right and power may be exercised from time to time and as often as may be deemed expedient.

Right of Bondholders to Direct Proceedings

Anything in the Trust Agreement to the contrary notwithstanding, the holders of not less than a majority in aggregate principal amount of Bonds then outstanding shall have the right, with the consent of each Financial Institution not then in default on its obligations with respect to the Bonds or the letter of credit or municipal bond insurance policy provided in connection therewith, at any time, by instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Trust Agreement, or for the appointment of a receiver or any other proceedings under the Trust Agreement; provided that (i) such direction shall not be otherwise than in accordance with the provisions of law and of the Trust Agreement, (ii) the Trustee shall be indemnified as provided in Section 6.01 of the Trust Agreement, and (iii) a Financial Institution shall have no rights with respect to the enforcement of remedies against itself.

Waiver of Rights

On the occurrence of an Event of Default, and to the extent those rights may then lawfully be waived, the District, or anyone claiming through or under it, shall not set up, claim or seek to take advantage of any laws now or hereafter in force, in order to prevent or hinder the enforcement of the Trust Agreement, but the District waives, to the extent the District may lawfully do so, the benefit of all such laws to which it may be entitled.

Application of Moneys

Subject to any provisions made pursuant to certain sections of the Bond Legislation and except as otherwise provided with respect to a particular series of Bonds, and after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the fees, expenses, liabilities and advances incurred or made by the Trustee or Financial Institution in enforcing obligations or rights under the Trust Agreement, all moneys received by the District, Trustee or receiver pursuant to any right given or action taken under the provisions of the article in the Trust Agreement concerning default (except any money in or for deposit in the Rebate Fund) shall be applied as follows:

(a) Unless the principal of all the Bonds has become or has been declared due and payable, all such moneys shall be applied:

FIRST: To the payment, to the person entitled thereto, of all installments of interest then due on the Bonds and to reimbursement of Financial Institutions for unpaid amounts equal to interest paid from draws on any letter of credit securing the Bonds. The moneys to be so applied shall be applied ratably, according to the amounts due respectively as Financial Institutions and for installments of interest then due in the Bonds, other than Bonds held by a Financial Institution or its designee. With respect to the portion of such amounts to be applied to the reimbursement of Financial Institutions, such portion shall be applied thereto in the order of such draws and if the amount available shall not be sufficient to pay in full such draws for any particular date, then to the payment thereof ratably according to the amounts due each Financial Institution for draws with respect thereto. With respect to the portion of such amounts to be applied to the payment of interest, such portion shall be applied thereto in the order of the dates of maturity of the installments of that interest and beginning with the earliest such date, and if the amount available

shall not be sufficient to pay in full any particular installment then to the payment thereof ratably according to the amounts due on that installment, without any discrimination or privilege except as to any difference in the respective rates of interest specified in the Bonds;

SECOND: To the payment, to the person entitled thereto, of the unpaid principal of any of the Bonds which shall have become due (other than Bonds previously called for redemption for the payment of which moneys are held pursuant to the provisions of the Trust Agreement), whether at stated maturity, by redemption or pursuant to any mandatory sinking fund requirements and to the payment of all other obligations of the District to Financial Institutions. The money to be so applied shall be applied ratably, according to the amounts due respectively to Financial Institutions and for unpaid principal of the Bonds, other than Bonds held by a Financial Institution or its designee. With respect to the portion of such amounts to be applied to the payment of obligations owing to Financial Institutions, such portion shall be applied thereto in the order such obligations were incurred by the District With respect to the portion of such amounts to be applied to the payment of unpaid principal of the Bonds, other than Bonds held by a Financial Institution or its designee, such portion shall be applied thereto in the order of their due dates and beginning with the earliest due date, with interest on those Bonds from the respective dates upon which they become due, and if the amount available shall not be sufficient to pay in full all Bonds due on any particular date, together with such interest, then to the payment thereof ratably according to the amount of principal due on that date, without discrimination or privilege.

(b) If the principal of all the Bonds has become due or has been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, except with respect to Bonds held by a Financial Institution or its designee, and to the payment of all obligations of the District to Financial Institutions, ratably, according to the amounts due respectively for such principal and interest and to Financial Institutions, to the persons entitled thereto without any discrimination or privilege except as to any difference in the respective rates of interest specified in the Bonds.

(c) If the principal of all the Bonds has been declared due and payable above, and if that declaration thereafter has been rescinded and annulled under the provisions of the Trust Agreement then, subject to the provisions of subsection (b) above in the event that the principal of all the Bonds shall later become due and payable, the moneys shall be deposited in the Bond Service Account and applied in accordance with the provisions of the Bond Legislation.

(d) Whenever moneys are to be applied pursuant to the provisions of this Section, those moneys shall be applied as provided in this Section at the times, and from time to time, as the Trustee shall determine, having due regard to the amount of those moneys available for application and the likelihood of additional moneys becoming available for that application in the future; provided, the Trustee must use the money and/or liquidate investments in the various funds and accounts created herein, other than the Rebate Fund, in order to pay the principal of, premium, if any, and interest on the Bonds on Interest Payment Dates, dates principal becomes due and on redemption dates. Whenever the Trustee directs the application of those moneys, it shall fix the date (which shall be an Interest Payment Date

unless the Trustee shall deem another date more suitable) upon which the application is to be made and upon that date interest on the amounts of principal to be paid on that date, and for which moneys are available, shall cease to accrue. The Trustee shall give notice as it may deem appropriate of the deposit of any such moneys and of the fixing of any such date, all consistent with the requirements of the Bond Legislation for the establishment of, and for giving notice of, a Special Record Date for the payment of overdue interest. The Trustee shall not be required to direct payment of principal or premium to the holder of any Bond until that Bond is presented to the Trustee for appropriate notation of partial payment or for cancellation if fully paid. The provisions of this Section are in all respects subject to the provisions of the Trust Agreement.

Whenever all Bonds and interest thereon and all obligations of the District and Financial Institutions have been paid under the provisions of this Section, and all expenses and charges of the Trustee, the Bond Registrar, the Paying Agent and all other agents appointed pursuant to the Trust Agreement have been paid, any balance remaining in the Bond Service Fund shall be paid as provided in a Supplemental Trust Agreement or as the Board may hereafter direct or provide, and otherwise to the general revenue fund of the State.

Remedies Vest in Trustee

All rights of action (including the right to file proof of claims) under the Trust Agreement or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding related thereto. Any suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any holders of the Bonds. Any recovery of judgment shall be for the benefit of the holders of the then outstanding Bonds, subject to the provisions of the Trust Agreement.

Rights and Remedies of Bondholders

No holder of any Bond shall have any right to institute any suit, action or proceeding for the enforcement of the Trust Agreement or for the execution of any trust thereof or for the appointment of a receiver or any other remedy hereunder unless (i) an Event of Default has occurred and is continuing, (ii) that holder shall previously have given to the Trustee written notice of that Event of Default, (iii) the holders of at least twenty-five percent (25%) in aggregate principal amount of Bonds then outstanding shall have made written request to the Trustee and shall have afforded the Trustee reasonable opportunity either to proceed to exercise the powers granted herein or to institute such action, suit or proceeding in its own name and shall have also offered to the Trustee indemnity as provided in the Trust Agreement, and (iv) the Trustee shall thereafter fail or refuse to exercise the powers granted herein or to institute such action, suit or proceeding in its own name. That notification, request and offer of indemnity are declared in every case to be, at the option of the Trustee, conditions precedent to the institutions by it of any suit, action or proceeding described above.

It is understood and intended that no one or more holders of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the security or benefit of the Trust Agreement by its or their action or to enforce any right under the Trust Agreement except in the manner herein provided, and that proceedings shall be instituted, had and maintained in the manner herein provided and for the benefit of the holders of all Bonds then outstanding. Nothing in the Trust Agreement, however, shall affect or impair the right of any holder of Bonds to enforce the payment of the principal of any interest on any Bond owned by that holder at and after the due date thereof at the place, from the sources and in the manner expressed in that Bond.

Termination of Proceedings

In case the Trustee shall have proceeded to enforce any remedy, right or power under the Trust Agreement by any suit, action or other proceedings, and those proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then the District, the Trustee, the Financial Institutions and the bondholders shall be restored to their former positions and rights under the Trust Agreement and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Waiver of Events of Default

Except as may otherwise be provided in any Supplemental Trust Agreement with respect to Events of Default provided in such Supplemental Trust Agreement, the Trustee may at any time in its discretion waive any Event of Default under the Trust Agreement and its consequences, and rescind any declaration of maturity of principal, and shall do so upon the written request of the holders of not less than a majority in aggregate principal amount of all the Bonds then outstanding in respect of which the Event of Default exists. However, there shall not be so waived any Event of Default described in subparagraph (a) or (b) above, or such declaration in connection therewith rescinded, unless at the time of that waiver or rescission payments of the amounts as provided in the Trust Agreement for waiver and automatic rescission in connection with acceleration of maturity have been made or provided for. In case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such Event of Default shall have been discontinued or abandoned or determined adversely, then and in every such case the District, the Trustee, any Financial Institutions and the bondholders shall be restored to their respective positions and rights hereunder. No such waiver or rescission shall extent to any subsequent or other default or Event of Default, or impair any right consequent thereon.

Supplemental Trust Agreements Generally

The District and the Trustee may enter into agreements supplemental to the Trust Agreement as provided in the Trust Agreement and pursuant to the other provisions therefor in the Trust Agreement.

Supplemental Trust Agreements Not Requiring Consent of Bondholders

Except as otherwise provided in a Supplemental Trust Agreement, the District and the Trustee, without the consent of or notice to any of the bondholders, may enter into agreements supplemental to the Trust Agreement as will not, in the opinion of the District and the Trustee, be inconsistent with the terms and provisions thereof for any one or more of the following purposes:

(a) To cure any ambiguity, inconsistency or formal defect or omission in the Trust Agreement;

(b) To grant to or confer upon the Trustee for the benefit of the bondholders or any Financial Institutions any additional rights, remedies, powers, or authority that may lawfully be granted to or conferred upon the bondholders or any Financial Institutions (to the extent not contrary to the interests of bondholders) or the Trustee;

(c) To subject additional revenues or receipts to the pledge of the Trust Agreement;

(d) To add to the covenants and agreements of the District contained in the Trust Agreement other covenants and agreements thereafter to be observed for the protection of the

bondholders or Financial Institutions (to the extent not contrary to the interests of bondholders), or to surrender or limit any right, power or authority reserved to or conferred upon the District in the Trust Agreement, including, without limitation, the limitation of rights of redemption so that in certain instances Bonds of different series will be redeemed in some prescribed relation to one another.

(e) To evidence any succession to the District and the assumption by the successor of the covenants and agreements of the District contained in the Trust Agreement and the Bonds;

(f) In connection with the issuance of the Bonds in accordance with Section 5 of the Bond Legislation, including provisions for Bonds in forms other than fully Registered Bonds and for amendments of the Trust Agreement relating to the Bonds and the rights of the holders of the Bonds issued in those forms not inconsistent with the provisions of the Trust Agreement applying to the rights of owners of fully registered Bonds and Financial Institutions, if in the opinion of nationally recognized bond counsel selected by the District those provisions would not result in the interest on any of the Bonds outstanding becoming subject to federal income taxation;

(g) To permit the exchange of Bonds, at the option of the holder, for coupon Bonds of the same series payable to bearer, in an aggregate principal amount not exceeding the unmatured and unredeemed principal amount of the predecessor Bonds, bearing interest at the same rate or rates (or determined in the same manner) and maturing on the same date or dates, with coupons attached representing all unpaid interest due or to become due thereon if, in the opinion of nationally recognized bond counsel selected by the District, that exchange would not result in the interest on any of the Bonds outstanding becoming subject to federal income taxation;

(h) To permit the use of a book-entry system to identify the owner of an interest in an Obligation, whether that Obligation was formerly, or could be, evidenced by a physical security;

(i) To permit the Trustee to comply with any obligations imposed upon it by law;

(j) To specify further the duties and responsibilities of, and to define further the relationship among, the Trustee, the Bond Registrar and any Trustees or Paying Agents;

(k) To achieve compliance of the Trust Agreement with any applicable federal securities or tax law; and

(l) To permit any other amendment which, in the judgment of the Trustee, is not to the prejudice of the Trustee or the holders.

The provisions of subparagraphs (i) and (k) above shall not be deemed to constitute a waiver by the Trustee, the Bond Registrar, the District, the Financial Institutions or any holder of any right which it may have in the absence of those provisions to contest the application of any change in law to the Trust Agreement or the Bonds.

Release of Agreement

If the District shall pay or cause to be paid, or there shall otherwise be paid, to the holders of the outstanding Bonds, all Bond service charges due or to become due thereon and all obligations of the District to Financial Institutions, and provision shall also be made for paying all other sums payable under the Trust Agreement by the District, then and in that event the Trust Agreement shall cease, determine and become null and void, and the covenants, agreements and other obligations of the District under the Trust Agreement shall be discharged, released and satisfied, and thereupon the Trustee shall

execute and deliver to the District instruments to evidence that discharge, release and satisfaction as may be reasonably required by the District and the Trustee and Paying Agents shall assign and deliver to the Secretary/Treasurer of the District, or as otherwise provided in any Supplemental Trust Agreement, any funds at the time subject to the pledge of the Trust Agreement which may then be in their possession except for any funds held by the Trustee and Paying Agents for the payment of Bond service charges or as otherwise provided in any Supplemental Trust Agreement.

Payment of Bonds

Subject to any additional requirements imposed by any Supplemental Trust Agreement, (a) Bonds shall be deemed to have been paid or caused to be paid within the meaning of the Trust Agreement if:

(i) the Trustee, as Escrow Agent, holds, in a trust for and irrevocable committed thereto, sufficient moneys, or

(ii) the Trustee, as Escrow Agent, holds, in an Escrow Account, in trust for and irrevocably committed thereto, direct obligations of the United States certified by an independent public accounting firm of national reputation to be of such maturities and interest payment dates and to bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (likewise to be held in trust and committed, except as provided below), be sufficient together with any moneys referred to in clause (i) above,

for the payment, at their maturity or redemption date, of all Bond service charges thereon to the date of maturity or redemption, as the case may be, or if default in that payment shall have occurred on that date then to the date of the tender of that payment; provided that if any Bonds are to be redeemed prior to their maturity, notice of that redemption shall have been duly given or provision satisfactory to the Trustee shall have been duly given or provision satisfactory to the Trustee shall have been duly made for the giving of that notice. Any moneys held by the Trustee, as Escrow Agent, in any Escrow Account, in accordance with the provisions of this paragraph shall be invested only in direct obligations of the United States the maturities or redemption dates of which, at the option of the holder, shall be not later than the time or times at which moneys will be required for the purposes. Any income or interest earned by, or increment in, the investments held in an Escrow Account under this paragraph shall to the extent not required for the purposes of this subsection (a) be transferred to the general revenue fund of the State.

(b) Any Bonds shall be deemed to have been paid or caused to be paid within the meaning of the Trust Agreement if the same are deemed to have been paid or caused to be paid under the provisions, if any, of the Series Resolution or Supplemental Trust Agreement under which the same were issued and so long as any pledge of and lien on the Pledged Receipts and Special Funds and Accounts hereby granted other than any Escrow Account held by the Trustee created in connection with the refunding of such Bonds) for the benefit of the holders of such Bonds is either extinguished or subordinated to the pledge and lien thereon granted in the Trust Agreement or in any Series Resolution or Supplemental Trust Agreement for the benefit of holders of outstanding Bonds.

(c) If any Bonds shall be deemed paid or caused to be paid pursuant to the Trust Agreement, then within 15 days after those Bonds are so deemed paid or caused to be paid the Trustee shall cause written notice to be given by mail to each holder at the name and address shown on the Register on the date on which those Bonds are deemed paid or caused to be paid. That notice shall state the numbers of the Bonds deemed paid or caused to be paid or state that all Bonds or all Bonds of a particular series are deemed paid or caused to be paid, set forth a description of the obligations initially

held in any Escrow Account relating thereto and specify the date or dates on which any of the Bonds are to be called for redemption pursuant to notice of redemption given or irrevocable provisions made for such notice pursuant to the Trust Agreement.

Survival of Certain Provisions

The provisions of the Trust Agreement which relate to the maturity of Bonds, interest payments and Interest Payment Dates, optional and mandatory redemption provisions, credit against mandatory sinking fund or mandatory redemption and purchase requirements, exchange, transfer and registration of Bonds, replacement of mutilated, destroyed, lost or wrongfully taken Bonds, the safekeeping and cancellation of Bonds, non-presentment of Bonds and unclaimed moneys, the holding of moneys in trust, obligations of the District to Financial Institutions and the duties of the Trustee, the Bond Registrar, the Paying Agent, the Trustees or other agents appointed pursuant to Supplemental Trust Agreements in connection with all of the foregoing, shall remain in effect and be binding upon the Trustee, the Bond Registrar, the Trustees, the Paying Agent, such other agents and the holders notwithstanding the release and discharge of the Trust Agreement. The provisions of Article IX of the Trust Agreement shall survive the release, discharge and satisfaction of the Trust Agreement.

Instruments from and Proof of Ownership by Bondholders

Any consent, request, direction, approval, objection or other instrument required by the Trust Agreement to be signed and executed by the bondholders may be in any number of concurrent writings of similar tenor and may be signed or executed by the bondholders in person or by agent appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent shall be sufficient for any of the purposes of the Trust Agreement and shall be conclusive in favor of the Trustee with regard to any action taken under such instrument, if the fact and date of the execution by any person of any such writing is proved by the certificate of any officer in any jurisdiction, who by law has power to take acknowledgments within that jurisdiction, that the person signing the writing acknowledged before him the execution thereof, or by affidavit of any witness to such execution.

Nothing contained above in the Trust Agreement shall be construed as limiting the Trustee to the proof there referred to. It is intended that the Trustee may accept or require any other or additional evidence of the matters herein stated which it deems to be sufficient.

The fact of ownership of registered Bonds shall be proved by the Register.

Any request or consent of the holder of any Bond shall bind every future holder of the same Bond in respect to anything done or suffered to be done by the District, the Trustee or any Paying Agent in pursuance of that request or consent.

Limitation of Rights

With the exception of rights expressly conferred in the Trust Agreement nothing expressed or mentioned in or to be implied from the Trust Agreement or the Bonds is intended or shall be construed to give to any person other than the parties hereto and the holders of the Bonds any legal or equitable right, remedy or claim under or in respect to the Trust Agreement or any covenants, conditions and provisions contained in the Trust Agreement. The Trust Agreement and all of those covenants, conditions and provisions are intended to be and are for the sole and exclusive benefit of the parties hereto and the holders of the Bonds as therein provided and Financial Institutions.

Payments Due on Saturdays, Sundays and Holidays

Except as otherwise provided in a Supplemental Trust Agreement, if any Interest Payment Date, date of maturity of the principal of any Bonds, or date fixed for redemption of any Bonds (each referred to in the Trust Agreement as "the applicable date") is a Saturday, Sunday or a day on which:

(i) the Trustee is required, or authorized or not prohibited, by law (including without limitation, executive orders) to close and is closed, then payment of interest, principal and any redemption premium (each referred to in the Trust Agreement as "the applicable payment") need not be made by the Trustee or any Paying Agent on the applicable date, and the applicable payment may be made on the next succeeding business day on which the Trustee and the Paying Agent are open for business with the same force and effect as if the applicable payment were made on the applicable date, and no interest shall accrue for the period after that date, or

(ii) a Paying Agent is required, or authorized or not prohibited, by law (including without limitation executive orders) to close and is closed, then the applicable payment need not be made by that Paying Agent on the applicable date, and the applicable payment may be made on the next succeeding business day on which that Paying Agent is open for business with the same force and effect as if the applicable payment were made on the applicable date, and no interest shall accrue for the period after that date.

If, however, the Trustee is open for business on the applicable date, it shall make any applicable payment required under the Trust Agreement with respect to interest on outstanding Bonds and principal of and premium on Bonds presented to it for payment, regardless of whether any other Paying Agent shall be open for business or closed on the applicable date.

No Right for Levy of Taxes or Excises

Nothing in the Trust Agreement shall be construed as giving the holder of any of the Bonds or the Trustee the right to have excises or taxes levied by the State or any political subdivision thereof for the payment of Bond service charges.

Extent of Covenants; No Personal Liability

All covenants, stipulations, obligations and agreements of the District contained in the Trust Agreement are and shall be deemed to be covenants, stipulations, obligations and agreements of the District to the full extent authorized by the Act. No covenant, stipulation, obligation or agreement contained herein is or shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, officer, agent or employee of the District in his individual capacity and the members of the District and any official executing the Bonds shall not be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

INVESTMENT POLICY OF THE DISTRICT

Chapter 135 of the Ohio Revised Code sets forth the requirements and limitations for investments of the state's political subdivisions, including the District, for moneys which such political subdivisions hold in their treasuries. Chapter 135 does not apply to funds held by a corporate trustee such as the Trustee and such funds may be invested as described in "Permitted Investments" under "SUMMARY OF CERTAIN PROVISIONS OF THE BOND LEGLISLATION AND THE TRUST

AGREEMENT" herein. Under Section 135.14 of the Revised Code, the District may invest its funds provided that such investments must mature or be redeemable within five years from the date of purchase. The only classifications of obligations which are eligible for such investment by the District are as follows:

(A) United States Treasury bills, notes, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

(B) 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;

(C) Interim deposits in the eligible institutions applying for interim moneys as provided in Section 135.08 of the Revised Code. The award of interim deposits shall be made in accordance with Section 135.09 of the Revised Code and the treasurer or the governing board shall determine the periods for which such interim deposits are to be made and shall award such interim deposits for such periods, provided that any eligible institution receiving an interim deposit award may, upon notification that the award has been made, decline to accept the interim deposit in which event the award shall be made as though such institution had not applied for such interim deposit;

(D) Bonds and other obligations of this state;

(E) No-load money market mutual funds consisting exclusively of obligations described in division (A) or (B) 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 mentioned in Section 135.03 of the Revised Code; and

(F) The Ohio Subdivision's Fund as provided in Section 135.45 of the Revised Code.

Nothing in the classification of eligible obligations set forth in Division (A) of this section or in the classifications of eligible obligations set forth in Divisions (B) to (F) of this section shall be construed to authorize any investment in stripped principal or interest obligations of such eligible obligations.

The treasurer or governing board may also enter into a written repurchase agreement with any eligible institution mentioned in Section 135.03 of the Revised Code or any eligible dealer pursuant to Division (M) of Section 135.14 of the Ohio Revised Code, under the terms of which agreement the treasurer or governing board purchases, and such institution or dealer agrees unconditionally to repurchase any of the securities listed in Division (A) or (B) of this section.

The District invests its interim funds in compliance with Section 135.14 of the Ohio Revised Code. The District has never owned any derivative investments, interest only investments or reverse repurchase agreements. The Treasurer will attend special training in all of the investment areas to assure compliance with the strictly conservative philosophy of the District. All investments are transacted

with reputable banks or other financial institutions operating in the State of Ohio that are well versed in the statutory restrictions Ohio political subdivisions operate under and also have an understanding of the District's investment requirements.

The District values safety, liquidity and return, in that order. Nondebt related interest earned by the District in 2006 totaled $1,038.09.

The investment policy of the District, as adopted by the District and filed with the State Auditor's Office, is attached hereto as Exhibit E.

All brokers, dealers, and financial institutions who give advice or make investment recommendations to the District shall sign the District's Investment Policy thereby acknowledging their agreement to abide by the Policy's contents; those who execute transactions for the District shall read and sign the Policy thereby acknowledging their comprehension and receipt of the Policy.

BOOK-ENTRY ONLY METHOD

The following information concerning DTC and DTC's book-entry system has been obtained from DTC and contains statements that are believed to describe accurately DTC, the method of effecting book-entry transfers of securities distributed through DTC and certain related matters, but neither the District nor the Trustee takes any responsibility for the accuracy of such statements.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17 A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation , Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners; in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede &. Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the District or Trustee on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and

dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Remarketing Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Remarketing Agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Remarketing Agent DTC account.

10. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

11. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

LITIGATION

To the knowledge of the District, no litigation or administrative action or proceeding is pending or threatened restraining or enjoining, or seeking to restrain or enjoin, the issuance and delivery of the Series 2007 Bonds or the execution and delivery of the Trust Agreement securing the Series 2007 Bonds, or contesting or questioning the proceedings and authority under which the Series 2007 Bonds and the Trust Agreement have been authorized and are to be issued, sold, executed or delivered, or the validity of the Series 2007 Bonds and Trust Agreement. A certificate to such effect will be delivered by the District to the Underwriter as the original purchaser of the Series 2007 Bonds at the time of the original delivery of the Series 2007 Bonds to the Underwriter.

UNDERWRITING

The Underwriter has agreed, subject to the terms and provisions of the Bond Purchase Agreement (the "Agreement") between the District and the Underwriter, to purchase the Series 2007 Bonds from the District at an aggregate price of $_____,. The Underwriter has sold the Series 2007 Bonds to the public for $_____. The Underwriter will pay certain costs of issuance. The obligation of the Underwriter to accept delivery of the Series 2007 Bonds is subject to various conditions set forth in the Agreement, but all of the Series 2007 Bonds offered hereby must be purchased by the Underwriter if any are so purchased.

LEGAL MATTERS

Legal Matters incident to the issuance of the Series 2007 Bonds and with regard to the tax-exempt status thereof (see "TAX MATTERS" below) are subject to the approving legal opinion of Squire, Sanders & Dempsey L.L.P., Bond Counsel. A signed copy of the opinion of Squire, Sanders & Dempsey L.L.P., dated and speaking as of the date of original delivery of the Series 2007 Bonds to the Underwriter, will be delivered to the Underwriter at the time of such original delivery and a certified copy of such opinion will be printed on the back of the Series 2007 Bonds. A draft of such opinion is included as Exhibit D hereto.

Said firm as Bond Counsel has performed certain functions to assist the District in the preparation by the District of this Official Statement. However, said firm has not been engaged to confirm, and assumes no responsibility of, and expresses and will express no opinion as to the accuracy, completeness or fairness of any of the statements in this Official Statement or in any reports, financial information, offering or disclosure documents or other information relating to the District or the Series 2007 Bonds that may be prepared or made available by the District or others to the holders of the Series 2007 Bonds or others.

The engagement of said firm as Bond Counsel is limited generally to the preparation of certain of the documents contained in the transcript of proceedings, an examination of such transcript of proceedings and the law incident to rendering the approving legal opinion referred to above, and the rendering of such approving legal opinion. In its capacity as Bond Counsel said firm has reviewed the information in this Official Statement under this caption and the caption "TAX MATTERS". Said firm has also reviewed the description of legal matters (which do not include any financial statements and other financial and statistical data included therein) in the discussion of the Series 2007 Bonds and the security therefor.

Squire, Sanders & Dempsey L.L.P. also serves and has served in a bond counsel capacity for one or more of the political subdivisions that territorially overlap the District

Certain legal matters will be passed upon for the District by Kegler, Brown, Hill & Ritter Co., L.P.A.

TAX MATTERS

In the opinion of Squire, Sanders & Dempsey L.L.P., Bond Counsel, under existing law, interest on the Series 2007 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and is not an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations. Furthermore, Bond Counsel is of the opinion that interest on the Series 2007 Bonds is exempt from taxes levied by the State of Ohio and its subdivisions, including the Ohio personal income tax, and is excludible from the net income base used in calculating the Ohio corporate franchise tax.

A copy of the opinion of Bond Counsel is set forth in Exhibit D, attached hereto.

The opinion on federal tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants of the Board to be contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Bonds are and will remain obligations the interest on which is excluded from gross

income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of those certifications and representations.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations in order for the interest to be and to continue to be so excluded from the date of issuance. Noncompliance with these requirements by the Board may cause the interest on the Bonds to be included in gross income for federal income tax purposes and thus be subject to federal income tax retroactively to the date of issuance of the Bonds. The Board has covenanted to take the actions required of it for the interest on the Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or the market prices of the Bonds.

A portion of the interest on the Bonds earned by certain corporations may be subject to a federal corporate alternative minimum tax. In addition, interest on the Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations.

Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these or other tax consequences will depend upon the particular tax status or other tax items of the owner of the Bonds. Bond Counsel will express no opinion regarding those consequences.

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress. There can be no assurance that legislation enacted or proposed, or clarification of the Code, after the date of issuance of the Bonds, will not have an adverse effect on the tax status of interest on the Bonds or the market prices of the Bonds.

Prospective purchasers of the Bonds should consult their own tax advisors regarding pending or proposed federal tax legislation, and prospective purchasers of the Bonds at other than their original issuance at the respective prices indicated on the inside cover of this Official Statement should also consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Board or the beneficial owners regarding the tax status of interest on the Bonds in the event of an audit examination by the IRS. The IRS

has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Bonds, under current IRS procedures, the IRS will treat the Board as the taxpayer and the beneficial owners of the Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market prices for the Bonds.

Original Issue Discount and Original Issue Premium

Certain of the Bonds ("Discount Bonds") as indicated on the inside cover of this Official Statement were offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Bond. The issue price of a Discount Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excluded from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond. A purchaser of a Discount Bond in the initial public offering at the price for that Discount Bond stated on the cover of this Official Statement who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond.

Certain of the Bonds ("Premium Bonds") as indicated on the inside cover of this Official Statement were offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity. That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that accrues during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering at the price for that Premium Bond stated on the cover of this Official Statement who holds that Premium Bond to maturity (or, in the case of a callable Premium Bond, to its earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond.

Owners of Discount and Premium Bonds should consult their own tax advisers as to the determination for federal income tax purposes of the amount of OID or bond premium properly accruable in any period with respect to the Discount or Premium Bonds and as to other federal tax consequences and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

RATING

As noted on the cover page of this Official Statement, Moody's Investors Service has assigned its municipal bond rating of "Aa3" to the Series 2007 Bonds.

Such ratings reflect only the view of said organization. Any explanation of the significance of such ratings may only be obtained from the rating agency. The District has furnished to such rating agency certain information and materials, some of which may not have been included in this Official Statement, relating to the Series 2007 Bonds and the District. Generally, rating agencies base their ratings on such information and materials and investigation, studies and assumptions by the rating agencies. There can be no assurance that such rating when assigned will continue for any given period of time or that it will not be lowered or withdrawn entirely by the rating agency, if in its judgment circumstances so warrant. Any such downward change in or withdrawal of such rating may have an adverse effect on the marketability and/or market price of the Series 2007 Bonds.

The District presently intends to furnish such rating agency with requested information and materials. However, the District assumes no obligation to furnish such requested information and materials, and may issue debt for which a rating is not requested; either such event may result in the suspension or withdrawal of the rating agency's rating on the Series 2007 Bonds.

CONTINUING DISCLOSURE

In accordance with the Securities and Exchange Commission Rule 15c2-12 (the "Rule") and so long as the Series 2007 Bonds are outstanding the District (the "Obligated Persons") have agreed pursuant to a Continuing Disclosure Agreement dated as of _____, 2007, with The Huntington National Bank, as disclosure agent (the "Disclosure Agent"), to be delivered on the date of delivery of the Series 2007 Bonds, to cause the following information to be provided through the Disclosure Agent:

(i) to each nationally recognized municipal securities information repository ("NRMSIR") and, if one is established for the State, to its state information depository ("SID") certain annual financial information and operating data, including audited financial statements, generally consistent with the information contained in Exhibits A and B ("annual financial information"); such information shall be provided not later than September 1 beginning with the fiscal year ending in 2007;

(ii) to each NRMSIR or to the Municipal Securities Rulemaking Board ("MSRB") and to the SID, if any, notice of the occurrence of the following events, if material, with respect to the Series 2007 Bonds;

(a) Principal and interest payment delinquencies;

(b) Non-payment related defaults;

(c) Unscheduled draws on bond service reserves reflecting financial difficulties;

(d) Unscheduled draws on credit enhancements reflecting financial difficulties;

(e) Substitution of credit or liquidity providers, or their failure to perform;

(f) Adverse tax opinions or events affecting the tax-exempt status of the security;

(g) Modifications to rights of security holders;

(h) Bond calls, except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event;

(i) Defeasances;

(j) Release, substitution or sale of property securing repayment of the securities;

(k) Rating changes;

(l) The cure, in the manner provided under the Trust Agreement, of any payment or nonpayment related default under the Trust Agreement; and

(m) The issuance of any Additional Bonds or other indebtedness on a parity with the Series 2007 Bonds.

(iii) to each NRMSIR or to the MSRB and to the SID, if any, notice of a failure (of which the Obligated Person or Disclosure Agent has knowledge) of an Obligated Person to provide the required annual financial information on or before the date specified in its written continuing disclosure undertaking.

The Continuing Disclosure Agreement provides bondholders with certain enforcement rights in the event of a failure by the Obligated Person to comply with the terms thereof; however, a default under the Continuing Disclosure Agreement does not constitute a default under the Trust Agreement. The Continuing Disclosure Agreement may be amended or terminated under certain circumstances in accordance with the Rule as more fully described therein. Bondholders are advised that the Continuing Disclosure Agreement, copies of which are available at the office of the Trustee, should be read in its entirety for more complete information regarding its contents.

For purposes of this transaction with respect to events as set forth in the Rule:

(a) there are no liquidity providers applicable to the Series 2007 Bonds; and

(b) there is no property securing the repayment of the Series 2007 Bonds.

TRANSCRIPT AND CLOSING DOCUMENTS

A complete transcript of proceedings and a no-litigation certificate (described under "LITIGATION" above) will be delivered by the District when the Series 2007 Bonds are delivered by the District to the Underwriter, as the original purchaser of the Series 2007 Bonds. The District will also provide the Underwriter, at the time of such delivery, a certificate of the Board addressed to the Underwriter relating to the accuracy and completeness of this Official Statement.

MISCELLANEOUS

The foregoing summaries or descriptions of the Series 2007 Bonds and the provisions in the Trust Agreement and all references to other materials not purporting to be quoted in full, are only brief summaries of certain provisions thereof and do not constitute complete statements of such documents or provisions. Reference is hereby made to the complete documents for further information.

Copies of all of the documents are available upon request from the District, 101 East Main Street on the 3rd Floor, Batavia, Ohio 45103. Telephone: (513) 732-7300.

The Secretary/Treasurer of the Board of Trustees will certify that all formal actions relative to the passage of the Trust Agreement were taken in an open meeting of the Board, and that all deliberations of the Board and its committees which resulted in formal action were taken in meetings open to the public, in full compliance with applicable legal requirements.

To the extent that any statements made in this Official Statement involve matters of the opinion or estimates, whether or not expressly stated to be such, such statements are made as such and not as representations of fact or certainty, and no representation is made that any of such statements will be realized. Information herein has been derived by the District from official and other sources and is believed by the District to be reliable, but such information other than that obtained from official records of the District has not been independently confirmed or verified by the District and its accuracy is not guaranteed.

To the extent that any statements in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, those statements are made as such and not as representations of fact or certainty, and no representation is made that any of those statements will be realized. Information in this Official Statement has been derived by the District from official and other sources and is believed by the District to be reliable, but information other than that obtained from official records of the State has not been independently confirmed or verified by the State, the District or ODOT and its accuracy is not guaranteed. This Official Statement is not to be construed as a contract or agreement between the District and the Underwriter or subsequent holders of any of the Series 2007 Bonds or owners of any interests therein.

The Underwriter have furnished the information in this Official Statement with respect to the public offering prices of the Series 2007 Bonds and the information in "UNDERWRITING". Neither the District nor Bond Counsel can guarantee the accuracy or completeness of any such information.

This Official Statement has been duly prepared and delivered by the District, and executed for and on behalf of the District by the Chairman of its Board of Trustees and by the Secretary/Treasurer of the District.

CLERMONT COUNTY TRANSPORTATION IMPROVEMENT DISTRICT

By: _____
Name: David L. Spinney
Title: Chairman

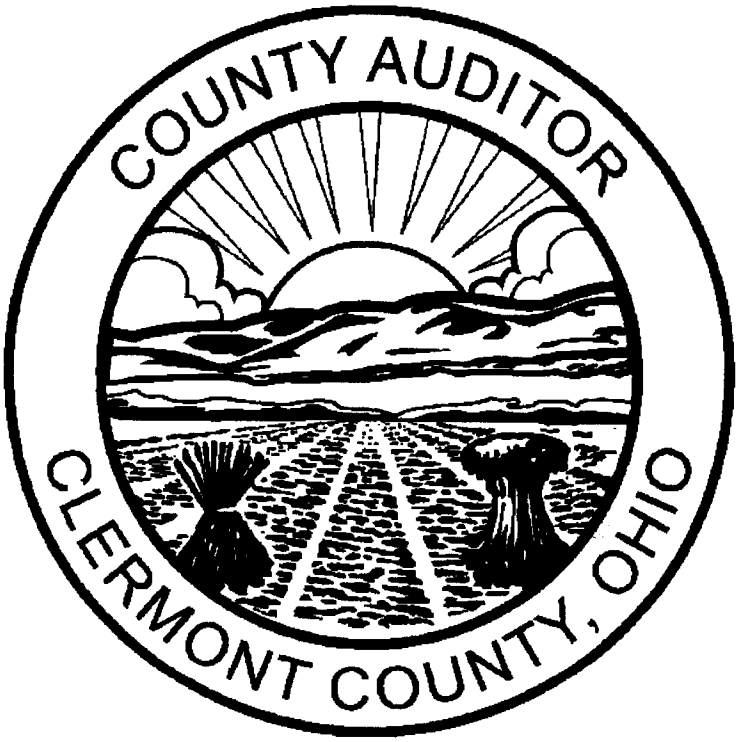
By: _____
Name: Steve Wharton
Title: Secretary/Treasurer

Dated: _____, 2007

EXHIBIT A

SELECTED PORTION OF THE 2006 CLERMONT COUNTY COMPREHENSIVE AUDITED FINANCIAL REPORT

CLERMONT COUNTY, OHIO



LINDA L. FRALEY, AUDITOR

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2006

CLERMONT COUNTY,

OHIO

COMPREHENSIVE ANNUAL

FINANCIAL

REPORT

FOR THE YEAR ENDED

DECEMBER 31, 2006

Linda L. Fraley
Clermont County Auditor

Prepared by the Clermont County Auditor's Office

Charles F. Tilbury, Jr.
Chief Deputy Auditor

Christopher T. Mehlman
Deputy Auditor – Financial Operations

Jennifer A. Hartley
Deputy Auditor – Special Projects

FINANCIAL SECTION

Mary Taylor, CPA
Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Clermont County
101 East Main Street
Batavia, Ohio 45103

To the Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Clermont County, Ohio (the County), as of and for the year ended December 31, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Clermont County Water District and the Clermont County Sewer District which are both major enterprise funds for the business-type activities and represents all the assets, net assets, and revenues of the business-type activities. Other auditors audited those financial statements. They have furnished their report thereon to us and we base our opinion, insofar as it relates to the amounts included for the business-type activities and the Water Fund and Sewer Fund major enterprise funds on the report of the other auditors.

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 reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Clermont County, Ohio, as of December 31, 2006, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparison for the General and Social Services, and Motor Vehicle and Gas Tax funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2007, on our consideration of the Government's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Corporate Centre of Blue Ash / 11117 Kenwood Rd. / Blue Ash, OH 45242
Telephone: (513) 361-8550 (800) 368-7419 Fax: (513) 361-8577
www.auditor.state.oh.us

The Management Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 1, 2007

The discussion and analysis of Clermont County's financial performance provides an overall review of the County's financial activities for the year ended December 31, 2006. The intent of this discussion and analysis is to look at the County's financial performance as a whole; readers should also review the transmittal letter, and the basic financial statements to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2006 are as follows:

- The assets of the County exceeded its liabilities at the close of the year ended December 31, 2006, by $469.3 million (net assets). Of this amount, $34.3 million (unrestricted net assets) may be used to meet the County's ongoing obligations to citizens and creditors of governmental activities, and $65.2 million is classified as unrestricted in the Water and Sewer activities.

- The County's total net assets increased by $20.7 million, which represents a 4.6% increase from 2005.

- At the end of the current year, the County's governmental funds reported a combined ending fund balance of $55.4 million, a decrease of $4.4 million from the prior year. Of this amount, $47.8 million is available for spending (unreserved fund balance) on behalf of its citizens.

- At the end of the current fiscal year, unreserved fund balance for the general fund was $18.9 million, or 31.7% of total general fund expenditures and other financing uses.

- Clermont County's total debt decreased by $4.7 million which represents a 7.5% decrease in debt related to governmental activities and a 2.9% decrease in debt related to business-type activities.

- During 2006, the County purchased 100 acres of land for $8.2 million related to economic development initiatives in western Clermont County.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Clermont County as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial conditions.

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole County, presenting both an aggregate view of the County's finances and a longer-term view of those assets. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what dollars remain for future spending. The fund financial statements also look at the County's most significant funds with all other non-major funds presented in total in one column.

Reporting Clermont County as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains information about the funds used by the County to provide services to our citizens, the view of the County as a whole looks at all financial transactions and asks the question, "How did we do financially during 2006?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by the private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

These two statements report the County's net assets and the change in those assets. This change in net assets is important because it tells the reader whether, for the County as a whole, the financial position of the County has improved or diminished. However, in evaluating the overall position of the County, nonfinancial information such as changes in the County's tax base and the condition of County capital assets will also need to be evaluated.

In the Statement of Net Assets and the Statement of Activities, the County is divided into three kinds of activities:

- Governmental Activities-Most of the County's services are reported here including public safety, social services programs, administration, and all departments with the exception of our Water and Sewer funds.

- Business-Type Activities- These services have a charge based upon the amount of usage. The County charges fees to recoup the cost of the entire operation of our Water and Sewer Plants as well as provide for capital expenditures associated with these facilities.

- Component Units-The County includes financial data of the County Board of Mental Retardation and Developmental Disabilities (MRDD), the Mental Health and Recovery Board (MHRB), and the Clermont County Community Improvement Corporation (CIC) in its report. The component units are separate and may buy, sell, lease and mortgage property in their own name and can sue or be sued in their own name.

Reporting Clermont County's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objects. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Fund financial reports provide detailed information about the County's major funds.

Based on restrictions on the use of monies, the County has established many funds which account for the multitude of services provided to our residents. However, these fund financial statements focus on the County's most significant funds. In the case of Clermont County, our major funds are the General, Social Services, Motor Vehicle and Gas, Special Assessment Debt Service, and County Capital Improvements. The analysis of the County's major funds begins on page 22.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

It is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains a multitude of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The nonmajor governmental fund financial statements can be found on pages 78-84 of this report.

Proprietary Funds: The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its Water and Sewer operations. Internal Service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its self-insurance, fleet maintenance, telephone company and worker's compensation programs. The proprietary fund financial statements can be found on pages 35-38 of this report.

Fiduciary Funds: Are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that of the proprietary funds. The fiduciary fund financial statement can be found on page 39 of this report.

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 begin on page 43 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents combining and individual fund statements and schedules which begin on page 78 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by $469.4 million ($205.2 million in governmental activities and $264.1 million in business-type activities) as of December 31, 2006. The largest portion of the County's net assets (66.9%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of

related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1 provides a summary of the County's net assets for 2006 compared to 2005.

Table 1
Net Assets
(In Millions)

	Governmental Activities (Restated)		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Assets						
Current & Other Assets	$ 118.7	$ 118.0	$ 85.1	$ 92.8	$ 203.8	$ 210.8
Capital Assets, Net	149.1	144.8	261.3	239.3	410.4	384.1
Total Assets	267.8	262.8	346.4	332.1	614.2	594.9
Liabilities						
Current & Other Liabilities	(28.0)	(27.8)	(8.0)	(5.0)	(36.0)	(32.8)
Long-Term Liabilities						
Due Within One Year	(6.8)	(6.5)	(4.4)	(4.1)	(11.2)	(10.6)
Due in More Than One Year	(27.8)	(30.5)	(69.9)	(72.4)	(97.7)	(102.9)
Total Liabilities	(62.6)	(64.8)	(82.3)	(81.5)	(144.9)	(146.3)
Net Assets						
Invested in Capital Assets Net of Debt	124.5	117.5	189.5	165.5	314.0	283.0
Restricted:						
Capital Projects	15.8	17.0	0.0	0.0	15.8	17.0
Debt Service	8.5	14.4	9.4	9.2	17.9	23.6
Public Works	6.9	7.8	0.0	0.0	6.9	7.8
Real Estate	3.8	3.6	0.0	0.0	3.8	3.6
Judicial	2.1	2.2	0.0	0.0	2.1	2.2
Grants	9.3	13.1	0.0	0.0	9.3	13.1
Unrestricted	34.3	22.4	65.2	75.9	99.5	98.3
Total Net Assets	$ 205.2	$ 198.0	$ 264.1	$ 250.6	$ 469.3	$ 448.6

An additional portion of the County's net assets represents resources that are subject to external restrictions on how they may be used. In the current year, this represented $55.8 million or 11.9% of net assets. $99.5 million or 21.2% of net assets may be used to meet the County's ongoing obligations to its citizens and creditors and for Water and Sewer activities.

As of December 31, 2006, the County is able to report positive balances in all three categories of net assets, both for the County as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior year. Total assets increased $19.4 million overall. A $26.3 million increase in net capital assets made up the majority of this change combined with a $7.0 million decrease in other assets. Total liabilities decreased $1.4 million which can be attributed to the decrease in long term liabilities.

Table 2 below provides a summary of the changes in net assets for 2006 compared to 2005.

Table 2
Changes in Net Assets
(In Millions)

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Program Revenues:						
Charges for Services	$ 25.9	$ 25.0	$ 24.7	$ 25.5	$ 50.6	$ 50.5
Operating Grants, Contributions and Interest	33.6	33.7	0.0	0.0	33.6	33.7
Capital Grants and Contributions	6.5	12.5	12.3	13.2	18.8	25.7
General Revenues:						
Property Taxes	18.3	16.8	0.0	0.0	18.3	16.8
Sales Taxes	23.1	22.8	0.0	0.0	23.1	22.8
Other Taxes	0.5	0.4	0.0	0.0	0.5	0.4
Unrestricted Grants	6.1	5.9	0.0	0.0	6.1	5.9
Other	5.0	3.1	0.0	0.0	5.0	3.1
Water and Sewer	0.0	0.0	3.3	2.3	3.3	2.3
Total Revenues	119.0	120.2	40.3	41.0	159.3	161.2
Program Expenses						
General Government:						
Legislative and Executive	20.5	22.7	0.0	0.0	20.5	22.7
Judicial System	10.2	9.8	0.0	0.0	10.2	9.8
Public Safety	26.8	27.4	0.0	0.0	26.8	27.4
Public Works	10.0	7.6	0.0	0.0	10.0	7.6
Health	0.9	0.6	0.0	0.0	0.9	0.6
Human Services	36.2	30.2	0.0	0.0	36.2	30.2
Community Development	2.1	3.4	0.0	0.0	2.1	3.4
Economic Development	0.9	0.4	0.0	0.0	0.9	0.4
Transportation	2.2	1.6	0.0	0.0	2.2	1.6
Interest and Fiscal Charges	1.3	1.4	0.0	0.0	1.3	1.4
Water and Sewer	0.0	0.0	27.5	27.1	27.5	27.1
Total Expenses	111.1	106.1	27.5	27.1	138.6	132.2
Increase in Net Assets before Transfers	7.9	15.1	12.8	13.9	20.7	29.0
Transfers	(0.7)	(1.8)	0.7	1.8	0.0	0.0
Increase in Net Assets	$ 7.2	$ 13.3	$ 13.5	$ 15.7	$ 20.7	$ 29.0

Governmental Activities

The legislative and executive programs of the County represent the activities related to the governing body and other elected officials in the performance of their primary duties and subsidiary activities. These activities directly support other programs of the County and service its citizens. In 2006, this represented 18.5% of the County's total expenses. The County's elected officials and department heads worked with the County Commissioners to maintain effective programs for its citizens. The $2.2 million decrease is due to a decrease in liability insurance paid and a decrease in noncapital equipment purchased in 2006.

The County's public work programs continue to monitor and maintain the infrastructure of the County. Public Work programs increased spending by $2.4 million for bridge and road maintenance.

The County's human service programs provide children services, child support, assistance for the needy, and job development services. The County had increased its spending by $6.0 million because of an increase in foster care services provided. The increase in spending is also due to a change in the disbursement of state funds to the County where money had to be returned to the State for prior year revenue to provide for the new disbursement of state funds.

The County received $1.5 million more in property tax revenue in 2006 due to the 2005 triennial update. Capital grants and contributions decreased by $6.0 million due to the grant proceeds received in 2005 for the new jail addition.

The County's strategy to secure the maximum amount of grants and contributions that are provided by the state and federal governments continues to be productive. The County continues to explore and acquire new intergovernmental revenue streams while maximizing its current intergovernmental allocations to better address program needs. Grants and state revenue related to human services programs included TANF, Workforce Development, and Children Services programs which comprise 60.4% of the County's intergovernmental revenue. Grants and state revenue related to the County's public works program included OPWC grants, highway construction and planning, Motor Vehicle License Tax, and Motor Vehicle Gas Tax accounted for 22.2% of the County's intergovernmental revenue.

Business-Type Activities

In 2006, the County's Water and Sewer Systems program revenue decreased by $1.7 million due to a decrease in charges for services and contributions. General revenue increased by $1.0 million due to an increase in investment income. The County's Water and Sewer expenses increased by $.4 million due to an increase in personnel costs and contractual services. This resulted in a $1.1 decrease in net assets before transfers.

Financial Analysis of the County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of $55.4 million. Approximately $47.8 million of this amount constitutes unreserved fund balance, which is available for spending for its citizens. $2.3 million of the unreserved fund balance is designated for budget stabilization. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders at year end ($6.0 million), and to account for the reservation of loans, advances, and prepaid items ($1.6 million). While the bulk of the governmental fund balances are not reserved in the governmental fund statements, they lead to restricted net assets on the Statement of Net Assets due to their being restricted for use for a particular purpose mandated by the source of the resources such as the state and federal governments or a tax levy.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the general fund was $18.9 million, while the total fund balance reached $20.9 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents

approximately 31.7% of the total general fund expenditures and other financing uses, while total fund balance represents 35.1% of that same amount.

The fund balance of the County's General Fund decreased by $4.0 million during the current fiscal year with expenditures exceeding revenues by $1.1 million. Key factors are as follows:

- The County's General Fund economic development program incurred expenditures of $9.0 million. $8.2 million is due to the 100 acres purchased in western Clermont County for economic development initiatives.
- The County saw an increase in property taxes due to the 2005 triennial update.
- The County had an increase in interest income due to a higher return on investments.
- Transfers were $4.0 million. Transfers were made for debt service payments, capital projects, and matching requirements for grants.

In 2006, the Motor Vehicle and Gas fund continued its construction and improvement of County roads and bridges. The timing of receiving the Highway Planning and Construction grant money for these projects resulted in a $1.2 million increase in intergovernmental revenue. The Motor Vehicle and Gas fund received $1.0 million in OPWC loan proceeds for road and bridge projects.

The Social Services fund saw a $3.0 million increase in intergovernmental revenue in the assistance for needy family programs and in the Workforce Development programs. Expenditures increased $6.1 million because of an increase in day care and foster care costs and $3.5 million returned to the state of prior year revenue as part of new procedures implemented by the state to disburse money to the County's Social Services fund.

In 2006, the County's Water and Sewer Systems funds' operating revenue decreased by $1.0 million and operating expenses increased by $.4 million. The County's Water and Sewer operations recorded a decrease of $1.4 million in operating income from 2006. Capital contributions decreased by $.8 million as a result of a decrease in donated capital. Of the $12.4 million capital contribution, $6.7 million represented non-cash or donated assets.

General Fund Budgeting Highlights

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of 2006, the County amended its general fund budget numerous times, the most significant noted below. All recommendations for the budget came to the Office of Management and Budget for review. A modification to the original budget for Personal Services and Capital Outlay object levels requires the approval of the Board of County Commissioners. With the General Fund supporting many of our major activities such as our public safety programs, as well as most legislative and executive activities, the General Fund is monitored closely looking for possible revenue shortfalls or over spending by individual departments. A summary of noted differences and explanations:

- The County spent $1.0 million less than appropriated in public safety because of a reduction in personal services.

- Proceeds from the sale of capital assets is $1.0 million less than budgeted. This is due to the 30 acres transferred to the Clermont County Community Improvement Corporation that is contracted to be sold, only 12.5 acres was sold in 2006.

Capital Assets and Debt Administration

Capital Assets: The County's investment in capital assets for its governmental and business-type activities as of December 31, 2006, amounts to $410.4 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, equipment and machinery, roads, highways, and bridges.

Note H (Capital Assets) provides capital asset activity during 2006.

Major capital asset events during the current year included the following:

- During 2006, the Clermont County Engineer's Office continued its replacement and improvement capital plan by replacing several deficient bridges and completing several roadway improvement projects. The overall cost for these projects was $5.7 million. Various funding sources were used including Ohio Public Works Commission (OPWC), Ohio Department of Transportation (ODOT), Board of Clermont County Commissioners, and the County Engineer's funds.

- In 2006, the adult detention expansion project was completed at a cost of $11.2 million.

- Received $1.5 million of waterlines from developers.

- Received $5.2 million of sewer lines from developers.

- 2006 also saw the completion of the Clough/GlenEste 2MG Storage Tank ($2.8 million), the Loveland-Miamiville 2MG storage tank ($2.6 million), the Tealtown/Schoolhouse/Elick Water Main ($1.9 million), the Sewer SCADA System ($1.5 million), and the SR131/Dry Run/Melody Sewer Line ($1.4 million). These improvement projects are for the continuing operation and maintenance of the water and sewer systems.

Long-term Debt: At the end of 2006, the County had general obligation debt outstanding of $30.0 million. Of this amount, $21.8 million comprises debt backed by the full faith and credit of the County, $1.2 million comprises of OPWC commitments to by repaid from the Motor Vehicle and Gas fund and $7.0 million is special assessment debt for which the County is liable in the event of default by the property owner subject to the assessment.

The County's long-term general obligation debt decreased by $2.4 million or 7.5% during the 2006 fiscal year, and the County's Water and Sewer debt decreased $2.3 million or 2.9%.

The County maintains an Aa2 rating from Moody's for general obligation debt. State statute limits the total amount of debt a governmental entity may issue. The current unvoted debt margin for the County is $31.7 million. In addition to the bonded debt, the County's long-term obligations includes compensated absences. Additional information on the County's long-term debt can be found in Note I of this report. Interest and fiscal charges for 2006 for the county, were $1.3 million for governmental activities and $3.3 million for business type activities.

Economic Factors and Next Year's Budgets and Rates

The County has experienced residential growth and an increase in property valuation over the past decade, and as a result sales and property tax collections on which the County is reliant are roughly 53% of its operating budget. The increase in housing values and the County's population growth means an expanding revenue base. Additionally with the increase in the number of new businesses in the County, the overall revenue stream from residential and commercial sources should continue to rise.

Although the County has experienced growth in key economic development factors, the County maintains a conservative approach to spending while maximizing its local revenues. Current economic indicators show that the current economy should remain at its current pace. Given these conditions and the upgrade and expansion of the retail base in the County, we anticipate over the next year a moderate increase in sales tax revenue. However, the County will continue to review alternative methods of intergovernmental funding, since the State of Ohio's fiscal condition continues to remain uncertain and the County's portion of state-based program revenue will be affected by the fiscal year 2008 State budget bill.

Recent expenditures related to major capital improvements and economic development and an increase in revenue from property taxes, charges for services, and investment earnings has maintained the General Fund balance. The County had maintained its Budget Stabilization fund to safeguard against future economic factors. The $18.9 million unreserved fund balance on the modified accrual basis of accounting at December 31, 2006 represents 31.7% of 2006 General Fund expenditures and other financing uses.

All of these factors were considered in the preparation of the County's 2006 budget. In conjunction with current economic factors, the County has increased its 2007 budget for the County to continue providing public safety services, to continue improving its technology, and for the economic development of the County.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Linda L. Fraley, Clermont County Auditor, 101 East Main Street, Batavia, Ohio 45103, (513)732-7150, (email at lfraley@co.clermont.oh.us.) or visit the County website at www.co.clermont.oh.us.

Clermont County, Ohio
Statement of Net Assets
December 31, 2006

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
Assets				
Equity in Pooled Cash and Cash Equivalents	$ 62,785,015	$ 6,741,811	$ 69,526,826	$ 14,281,085
Cash and Cash Equivalents in Segregated Accounts	0	3,655,061	3,655,061	317,521
Cash and Cash Equivalents with Fiscal & Escrow Agent	4,765	0	4,765	0
Investments in Segregated Accounts	0	49,316,100	49,316,100	0
Accounts Receivable	578,572	4,184,487	4,763,059	822,638
Accrued Interest Receivable	901,802	0	901,802	0
Intergovernmental Receivable	8,633,037	0	8,633,037	8,008,696
Taxes Receivable	24,804,990	0	24,804,990	9,025,411
Due from Component Unit	1,547,093	0	1,547,093	0
Internal Balances	(86,353)	86,353	0	0
Prepaid Items	128,795	0	128,795	12,543
Inventory of Supplies at Cost	0	347,475	347,475	4,920
Restricted Assets:				
Cash and Cash Equivalents in Segregated Accounts	0	3,110,150	3,110,150	40,087
Investments in Segregated Accounts	0	6,910,143	6,910,143	0
Retainage Accounts	0	1,369,309	1,369,309	0
Accrued Interest	0	600,692	600,692	0
Grants Receivable	0	1,912,242	1,912,242	0
Loans Receivable	73,014	4,120,300	4,193,314	0
Unamortized Financing Costs	0	2,405,367	2,405,367	0
Special Assessments Receivable	13,669,555	0	13,669,555	0
Other Non-Current Receivables	0	313,626	313,626	0
Land Held for Resale	5,679,125	0	5,679,125	1,547,093
Land and Construction in Progress	13,645,724	49,738,003	63,383,727	458,517
Depreciable Capital Assets, Net	135,488,373	211,609,478	347,097,851	5,552,904
Total Assets	267,853,507	346,420,597	614,274,104	40,071,415
Liabilities				
Accounts Payable	4,247,390	4,716,223	8,963,613	452,156
Contracts Payable	786,113	0	786,113	0
Accrued Wages and Benefits	1,686,587	586,667	2,273,254	308,747
Matured Compensated Absences Payable	10,664	0	10,664	0
Intergovernmental Payable	328,866	0	328,866	208,332
Due to Primary Government	0	0	0	1,547,093
Unearned Revenue	20,312,462	0	20,312,462	8,502,288
Matured Interest Payable	8,863	0	8,863	0
Accrued Interest Payable	108,240	0	108,240	556
Maintenance Bond Payable	0	148,410	148,410	0
Claims Payable	489,591	0	489,591	0
Current portion of Long-Term Debt	0	607,333	607,333	0
Payable from Restricted Assets:				
Accrued Interest Payable	0	1,173,094	1,173,094	0
Retainage Payable	0	1,369,309	1,369,309	0
Current Portion of Long-Term Debt	0	3,796,435	3,796,435	0
Long-Term Liabilities:				
Due Within One Year	6,822,325	0	6,822,325	419,097
Due In More Than One Year	27,827,141	69,875,663	97,702,804	909,876
Total Liabilities	62,628,242	82,273,134	144,901,376	12,347,927
Net Assets				
Invested in Capital Assets, Net of Related Debt (See Note E)	124,560,778	189,473,417	314,034,195	5,475,023
Restricted for:				
Capital Projects	15,824,923	0	15,824,923	1,099,507
Debt Service	8,469,962	9,447,891	17,917,853	324
Public Works	6,867,048	0	6,867,048	0
Real Estate Assessment	3,773,089	0	3,773,089	0
Judicial	2,141,828	0	2,141,828	0
Grants	9,313,675	0	9,313,675	327,451
Component Unit	0	0	0	375,978
Unrestricted	34,273,962	65,226,155	99,500,117	20,445,205
Total Net Assets	$ 205,225,265	$ 264,147,463	$ 469,372,728	$ 27,723,488

See accompanying notes to the basic financial statements

Clermont County, Ohio
Statement of Activities
For the Year Ended December 31, 2006

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
					Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Units
Primary Government								
Governmental Activities								
General Government								
Legislative and Executive	$ 20,523,819	$ 11,492,082	$ 401,950	$ 0	$ (8,629,787)	$ 0	$ (8,629,787)	$ 0
Judicial	10,207,694	3,627,500	324,546	0	(6,255,648)	0	(6,255,648)	0
Public Safety	26,776,170	4,143,176	2,157,799	0	(20,475,195)	0	(20,475,195)	0
Public Works	10,029,854	612,467	5,392,714	3,475,133	(549,540)	0	(549,540)	0
Health	938,943	690,248	14,033	0	(234,662)	0	(234,662)	0
Human Services	36,186,303	2,512,327	24,225,597	0	(9,428,379)	0	(9,428,379)	0
Community Development	2,070,800	86,085	0	3,042,910	1,058,195	0	1,058,195	0
Economic Development	926,510	1,182,951	1,022	0	257,463	0	257,463	0
Transportation	2,193,540	1,502,818	1,079,257	0	388,535	0	388,535	0
Interest and Fiscal Charges	1,296,080	0	0	0	(1,298,080)	0	(1,298,080)	0
Total Governmental Activities	111,131,713	25,849,654	33,596,918	6,518,043	(45,167,098)	0	(45,167,098)	0
Business-Type Activities								
Water	11,673,731	11,135,109	0	3,146,032	0	2,607,410	2,607,410	0
Sewer	15,828,213	13,560,374	0	9,204,505	0	6,936,666	6,936,666	0
Total Business-Type Activities	27,501,944	24,695,483	0	12,350,537	0	9,544,076	9,544,076	0
Total Primary Government	$ 138,633,657	$ 50,545,137	$ 33,596,918	$ 18,868,580	(45,167,098)	9,544,076	(35,623,022)	0
Component Units								
MRDD	$ 14,216,608	$ 3,194,837	$ 4,075,382	$ 41,544				$ (6,904,845)
MHRB	12,239,878	491,005	12,068,063	0				319,190
CIC	27,777	4,000	0	0				(23,777)
Total Component Units	$ 26,484,263	$ 3,689,842	$ 16,143,445	$ 41,544				(6,609,432)
		General Revenues						
		Property Taxes Levied for:						
		General Purposes			8,175,916	0	8,175,916	0
		Social Services			6,247,859	0	6,247,859	0
		MRDD			0	0	0	6,462,353
		MHRB			0	0	0	1,644,174
		Capital Outlay			3,885,926	0	3,885,926	0
		Lodging Tax			494,703	0	494,703	0
		Sales Tax			23,125,953	0	23,125,953	0
		Grants not Restricted to Specific Programs			6,158,505	0	6,158,505	2,077,101
		Investment Earnings			4,842,197	3,020,287	7,862,484	8,074
		Other Revenue			138,597	303,461	442,058	0
		Transfers (See Note Q)			(871,872)	871,872	0	0
		Total General Revenues and Transfers			52,397,784	3,995,620	56,393,404	10,191,702
		Change in Net Assets			7,230,686	13,539,696	20,770,382	3,582,270
		Restated Net Assets Beginning of Year			197,994,579	250,607,767	448,602,346	24,141,218
		Net Assets End of Year			$ 205,225,265	$ 264,147,463	$ 469,372,728	$ 27,723,488

See accompanying notes to the basic financial statements

Clermont County, Ohio
Balance Sheet
Governmental Funds
December 31, 2006

	General	Social Services	MV&G	Special Assessment Debt Service	County Capital Improvement
Assets					
Equity in Pooled Cash and Cash Equivalents	$ 19,408,177	$ 5,959,507	$ 3,657,285	$ 283,319	$ 5,106,503
Cash and Cash Equivalents with Fiscal & Escrow Agent	0	0	0	2,786	0
Receivables:					
Taxes	8,600,293	8,618,644	224,393	0	4,178,969
Sales Taxes	3,182,671	0	0	0	0
Accounts	87,407	74,190	8,508	0	0
Special Assessments	0	0	0	9,735,574	0
Accrued Interest	867,066	0	32,438	0	0
Due from Component Unit	1,547,093	0	0	0	0
Interfund	1,374,008	0	0	0	0
Intergovernmental	2,020,916	492,879	4,530,392	0	189,708
Prepaid Items	88,618	2,427	1,744	0	0
Loans Receivable	0	0	0	0	0
Total Assets	$ 37,176,249	$ 15,147,647	$ 8,454,760	$ 10,021,679	$ 9,475,200
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	$ 748,066	$ 1,991,355	$ 490,795	$ 0	$ 0
Contracts Payable	0	0	0	0	82,214
Accrued Wages and Benefits	1,073,000	319,111	114,604	0	0
Compensated Absences Payable	7,827	2,837	0	0	0
Intergovernmental Payable	219,701	62,812	17,029	0	0
Interfund Payable	0	500,000	0	95,671	0
Deferred Revenue	14,243,827	9,100,191	3,428,124	9,734,209	4,361,637
Matured Interest Payable	0	0	0	8,863	0
Total Liabilities	16,292,423	11,976,306	4,050,552	9,838,743	4,443,851
Fund Balances					
Reserved for Encumbrances	539,993	327,822	1,836,061	0	259,496
Reserved for Loans	0	0	0	0	0
Reserved for Advances	1,364,690	0	0	0	0
Reserved for Prepaid items	88,618	2,427	1,744	0	0
Unreserved:					
Designated for Budget Stabilization	2,300,000	0	0	0	0
Undesignated, Reported in:				0	0
General Fund	16,590,525	0	0	0	0
Special Revenue Funds	0	2,841,092	2,566,403	0	0
Debt Service Funds	0	0	0	182,936	0
Capital Projects Funds	0	0	0	0	4,771,853
Total Fund Balances	20,883,826	3,171,341	4,404,208	182,936	5,031,349
Total Liabilities and Fund Balances	$ 37,176,249	$ 15,147,647	$ 8,454,760	$ 10,021,679	$ 9,475,200

See accompanying notes to the basic financial statements

Clermont County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
December 31, 2006

Other Governmental Funds	Total Governmental Funds			
		Total Governmental Fund Balances		$ 55,382,588
		Amounts reported for governmental activities in the statement of net assets are different because		
$ 23,399,507	$ 57,814,298			
1,979	4,765			
		Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		154,753,303
0	21,622,319			
0	3,182,671			
79,637	249,742			
3,933,981	13,669,555	Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
2,298	901,802	Special Assessments	13,667,324	
0	1,547,093	Investment Earnings	538,510	
0	1,374,008	Intergovernmental Revenues	6,587,032	
1,399,142	8,633,037	Property Taxes	1,052,215	
30,931	123,720	Sales Tax	1,895,905	
73,014	73,014	Charges for Services	20,433	
$ 28,920,489	$ 109,196,024	Proceeds from the Sale of Capital Assets	1,547,093	
		Total		25,308,512
$ 698,340	$ 3,928,558	Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds.		
703,899	786,113			
164,603	1,671,318	General Obligation Bonds	(21,815,000)	
0	10,664	Special Assessment Bonds	(6,997,000)	
27,043	326,585	OPWC Loans	(1,228,319)	
864,690	1,460,361	Accrued Interest	(108,240)	
4,752,986	45,620,974	Compensated Absences	(4,572,788)	
0	8,863	Total		(34,721,347)
7,211,561	53,813,436			
		Internal service funds are used by management to charge the costs of insurance and other services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		4,502,209
3,012,826	5,976,198			
73,014	73,014			
0	1,364,690			
30,931	123,720	*Net Assets of Governmental Activities*		$ 205,225,265
0	2,300,000			
0	16,590,525			
9,619,661	15,027,156			
194,942	377,878			
8,777,554	13,549,407			
21,708,928	55,382,588			
$ 28,920,489	$ 109,196,024			

Clermont County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	General	Social Services	MV & G	Special Assessment Debt Service	County Capital Improvement
Revenues					
Property and Other Taxes	$ 28,924,946	$ 6,219,446	$ 2,302,862	$ 0	$ 3,854,665
Charges for Services	12,393,356	928,681	251,682	0	1,193
Licenses and Permits	1,294,805	47,427	26,982	0	0
Fines and Forfeitures	1,314,974	0	183,122	0	0
Intergovernmental	4,633,658	25,376,975	8,507,489	0	738,783
Special Assessments	0	0	21,864	773,620	0
Investment Earnings	4,260,816	0	167,850	2,778	0
Net Increase in Fair Value of Investments	260,798	0	9,757	0	0
Other	1,436,322	178,771	1,132,426	0	449,795
Total Revenues	54,519,677	32,751,300	12,604,034	776,398	5,044,436
Expenditures					
Current:					
General Government					
Legislative and Executive	15,320,506	0	0	0	0
Judicial	8,520,496	0	0	0	0
Public Safety	21,037,827	0	0	0	0
Public Works	0	0	11,872,322	0	0
Health	244,383	0	0	0	0
Human Services	1,162,812	35,036,326	0	0	0
Community Development	311,152	0	0	0	0
Economic Development	8,986,345	0	0	0	0
Transportation	0	0	0	0	0
Capital Outlay	0	0	0	0	610,100
Intergovernmental	0	0	0	0	0
Debt Service:					
Principal Retirement	0	0	0	521,000	0
Interest and Fiscal Charges	0	0	0	314,703	0
Total Expenditures	55,583,521	35,036,326	11,872,322	835,703	610,100
Excess of Revenues Over (Under) Expenditures	(1,063,844)	(2,285,026)	731,712	(59,305)	4,434,336
Other Financing Sources (Uses)					
Transfers In	50,165	893,746	0	1,328	272,450
Transfers Out	(3,958,137)	0	(67,941)	0	(3,663,735)
Proceeds from the Sale of Capital Assets	1,020,429	8		0	0
Proceeds of OPWC Loans Issued	0	0	1,001,305	0	0
Special Assessment Bonds Issued	0	0	0	0	0
Other Financing (Uses) - Discount	0	0	0	0	0
Total Other Financing Sources (Uses)	(2,887,543)	893,754	933,364	1,328	(3,391,285)
Net Change in Fund Balances	(3,951,387)	(1,391,272)	1,665,076	(57,977)	1,043,051
Fund Balances at Beginning of Year	24,835,213	4,562,613	2,739,132	240,913	3,988,298
Fund Balances End of Year	$ 20,883,826	$ 3,171,341	$ 4,404,208	$ 182,936	$ 5,031,349

See accompanying notes to the basic financial statements

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

Other Governmental Funds	Total Governmental Funds			
		Net Change in Fund Balances - Total Governmental Funds		$ (4,435,499)
		Amounts reported for governmental activities in the statement of activities are different because		
$ 494,703	$ 41,796,624			
5,634,052	19,208,964			
299,864	1,669,078	Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
219,700	1,717,796			
8,462,468	47,719,373			
447,031	1,242,515			
51,736	4,483,180			
691	271,246	Capital asset additions	20,857,343	
574,951	3,772,265	Depreciation expense	(8,159,627)	
16,185,196	121,881,041	Excess of capital outlay over depreciations		12,697,716
		In the statement of activities, the loss on the disposal of capital assets is reported. Conversely, governmental funds do not report any gain or loss on the disposal of capital assets.		(57,867)
3,767,233	19,087,739			
1,169,729	9,690,225	A due from component unit is established for proceeds of capital assets for the repayment of land transferred to the Community Improvement Corporation. The repayment is reflected for governmental funds and is not reflected on the statement of activities.		(1,020,540)
4,243,447	25,281,274			
395,112	12,267,434			
668,382	912,765			
0	36,199,138			
87,724	398,876	Because some property taxes will not be collected for several months after the County's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Similarly, certain licenses and other revenues that do not provide current financial resources are not reported as revenues in the fund.		
0	8,986,345			
2,127,801	2,127,801			
6,100,560	6,710,660			
1,296,354	1,296,354			
		Taxes	133,733	
3,802,941	4,123,941	Intergovernmental revenue	(2,513,087)	
1,001,502	1,316,205	Special Assessments	(153,468)	
24,460,785	128,398,757	Charges for services	(80,601)	
		Investment earnings	87,771	
(8,275,589)	(6,517,716)	All other revenue	(1,493,041)	
		Total revenue		(4,018,693)
6,582,661	7,800,350			
(723,365)	(8,413,178)	The issuance of long-term debt provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.		
103	1,020,540			
0	1,001,305			
680,000	680,000			
(6,800)	(6,800)	Neither transaction, however, has any effect on net assets.		
6,532,599	2,082,217	Repayment of Bond Principal		4,123,941
(1,742,990)	(4,435,499)	Proceeds from sale of Bonds		(1,681,305)
23,451,918	59,818,087	In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest is expensed when due.		24,925
$ 21,708,928	$ 55,382,588			
		Some expenses reported in the statement of activities do not require as expenditures in governmental funds.		
		Compensated Absences Payable		(104,424)
		The internal service funds are used by management to charge the costs of insurance and other services to individual funds. The net revenue (expense) of the internal service funds are reported with governmental activities.		1,702,432
		Change in Net Assets of Governmental Activities		$ 7,230,686

Clermont County, Ohio
Statement of Revenues
Expenditures and Changes in
Fund Balance - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2006

General Fund

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive(Negative)
Revenues:				
Taxes	$ 29,405,200	$ 29,405,200	$ 29,028,092	$ (377,108)
Charges for services	11,881,968	11,922,239	11,981,288	59,049
Licenses and permits	1,361,800	1,361,800	1,295,016	(66,784)
Fines and forfeitures	1,466,000	1,466,000	1,315,082	(150,918)
Intergovernmental	4,222,519	4,222,519	4,694,227	471,708
Investment earnings	3,285,523	3,285,523	4,155,904	870,381
Other revenues	905,457	918,468	1,940,778	1,022,310
Total revenues	52,528,467	52,581,749	54,410,387	1,828,638
Expenditures:				
Current:				
General Government				
Legislative and executive	16,279,901	16,169,202	15,547,785	621,417
Judicial	8,776,266	8,895,681	8,679,021	216,660
Public safety	22,776,675	22,686,669	21,628,604	1,058,065
Health	506,350	364,351	349,542	14,809
Human services	1,165,624	1,164,124	1,157,589	6,535
Community development	381,165	341,966	315,211	26,755
Economic development	8,749,539	9,069,626	9,031,167	38,459
Total expenditures	58,635,520	58,691,619	56,708,919	1,982,700
(Deficiency) of revenues (under) expenditures	(6,107,053)	(6,109,870)	(2,298,532)	3,811,338
Other financing sources (uses):				
Operating transfers in	0	0	50,165	50,165
Operating transfers (out)	(5,060,001)	(5,048,833)	(4,085,439)	963,394
Advances in	400,000	400,000	155,155	(244,845)
Advances (out)	(420,000)	(420,000)	(393,718)	26,282
Proceeds from the sale of capital assets	2,045,500	2,045,500	1,020,429	(1,025,071)
Total other financing sources (uses)	(3,034,501)	(3,023,333)	(3,253,408)	(230,075)
Net Change in Fund Balance	(9,141,554)	(9,133,203)	(5,551,940)	3,581,263
Fund balance at beginning of year	15,134,846	15,134,846	15,134,846	0
Prior year encumbrances appropriated	9,247,514	9,247,514	9,247,514	0
Fund balance at end of year	$ 15,240,806	$ 15,249,157	$ 18,830,420	$ 3,581,263

See accompanying notes to the basic financial statements

Clermont County, Ohio
Statement of Revenues
Expenditures and Changes in
Fund Balance - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2006

Social Services - Special Revenue Fund

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive(Negative)
Revenues:				
Taxes	$ 6,240,880	$ 6,240,880	$ 6,216,687	$ (24,193)
Charges for services	930,350	930,350	931,922	1,572
Licenses and permits	56,000	56,000	47,427	(8,573)
Intergovernmental	24,587,296	24,987,296	24,260,460	(726,836)
Other revenues	5,702,940	6,639,641	6,455,004	(184,637)
Total revenues	37,517,466	38,854,167	37,911,500	(942,667)
Expenditures:				
Current:				
Human services	39,498,095	45,202,431	42,642,978	2,559,453
(Deficiency) of revenues (under) expenditures	(1,980,629)	(6,348,264)	(4,731,478)	1,616,786
Other financing sources (uses):				
Operating transfers in	1,171,620	524,229	893,745	369,516
Proceeds from sale of capital assets	1,000	1,000	8	(992)
Total other financing sources (uses)	1,172,620	525,229	893,753	368,524
Net change in fund balance	(808,009)	(5,823,035)	(3,837,725)	1,985,310
Fund balance at beginning of year	6,770,723	6,770,723	6,770,723	0
Prior year encumbrances appropriated	796,182	796,182	796,182	0
Fund balance at end of year	$ 6,758,896	$ 1,743,870	$ 3,729,180	$ 1,985,310

See accompanying notes to the basic financial statements

Clermont County, Ohio
Statement of Revenues
Expenditures and Changes in
Fund Balance - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2006

Motor Vehicle and Gas Tax - Special Revenue Fund

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive(Negative)
Revenues:				
Taxes	$ 2,125,000	$ 2,125,000	$ 2,299,456	$ 174,456
Charges for services	260,200	260,200	263,820	3,620
Licenses and permits	43,000	43,000	32,730	(10,270)
Fines and forfeitures	190,000	190,000	183,279	(6,721)
Intergovernmental	6,765,000	8,549,783	7,756,361	(793,422)
Special assessments	20,000	20,000	21,864	1,864
Investment earnings	90,000	90,000	158,085	68,085
Other revenues	40,200	1,081,170	1,272,327	191,157
Total revenues	9,533,400	12,359,153	11,987,922	(371,231)
Expenditures:				
Current:				
Public works	11,693,129	14,869,356	14,466,456	402,900
(Deficiency) of revenues (under) expenditures	(2,159,729)	(2,510,203)	(2,478,534)	31,669
Other financing sources(uses):				
Operating transfer in	1,000	1,000	0	(1,000)
Operating transfers (out)	(18,000)	(70,565)	(67,941)	2,624
Proceeds from OPWC loan	0	1,001,305	1,001,305	0
Proceeds from the sale of capital assets	5,000	5,000	0	(5,000)
Total other financing sources (uses)	(12,000)	936,740	933,364	(3,376)
Net change in fund balance	(2,171,729)	(1,573,463)	(1,545,170)	28,293
Fund balance at beginning of year	1,431,004	1,431,004	1,431,004	0
Prior year encumbrances appropriated	1,257,952	1,257,952	1,257,952	0
Fund balance at end of year	$ 517,227	$ 1,115,493	$ 1,143,786	$ 28,293

See accompanying notes to the basic financial statements

Clermont County, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2006

	Business-Type Activities-Enterprise Funds			
	Water Fund	Sewer Fund	Total	Governmental Activities-Internal Service Funds
Assets				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	$ 3,408,907	$ 3,332,904	$ 6,741,811	$ 4,970,717
Cash and Cash Equivalents in Segregated Accounts	1,999,472	1,855,589	3,855,061	0
Investments in Segregated Accounts	13,953,925	35,362,175	49,316,100	0
Receivables:				
Accounts	1,735,761	2,448,726	4,184,487	328,830
Prepaid items	0	0	0	5,075
Inventory of Supplies at Cost	265,182	82,293	347,475	0
Total Current Assets	21,363,247	42,881,687	64,244,934	5,304,622
Noncurrent Assets:				
Restricted Assets:				
Cash and Cash Equivalents in Segregated Accounts	1,604,659	1,505,491	3,110,150	0
Investments in Segregated Accounts	3,143,968	3,766,175	6,910,143	0
Retainage Accounts	298,711	1,070,598	1,369,309	0
Accrued Interest	180,464	420,228	600,692	0
Other Noncurrent Assets:				
Grants Receivable	38,711	1,873,531	1,912,242	0
Loans Receivable	0	4,120,300	4,120,300	0
Unamortized financing costs	664,378	1,740,989	2,405,367	0
Interfund receivable	0	86,353	86,353	0
Other noncurrent receivables	313,626	0	313,626	0
Capital Assets, Net	108,192,604	153,154,877	261,347,481	59,919
Total Noncurrent Assets	114,437,121	167,738,542	282,175,663	59,919
Total Assets	135,800,368	210,620,229	346,420,597	5,364,541
Liabilities				
Current Liabilities:				
Accounts Payable	1,791,539	2,924,684	4,716,223	318,832
Accrued Wages and Benefits	258,811	327,856	586,667	15,269
Maintenance Bond Payable	74,205	74,205	148,410	0
Current portion of OWDA notes payable	0	165,011	165,011	0
Current portion of OPWC loans payable	0	442,322	442,322	0
Intergovernmental Payable	0	0	0	2,281
Claims Payable	0	0	0	489,591
Total Current Liabilities	2,124,555	3,934,078	6,058,633	825,973
Noncurrent Liabilities:				
Payable from Restricted Assets:				
Accrued Interest Payable	582,815	590,279	1,173,094	0
Retainage Payable	298,711	1,070,598	1,369,309	0
Current Portion of Long-Term Obligations	2,098,435	1,700,000	3,798,435	0
Long-Term Liabilities:				
OWDA Notes Payable	0	982,892	982,892	0
OPWC Loans Payable	449,392	6,943,379	7,392,771	0
Revenue Bonds Payable	28,940,000	32,560,000	61,500,000	0
Compensated Absences Due Within One Year	0	0	0	11,631
Compensated Absences Due In More than One Year	0	0	0	24,728
Total Noncurrent Liabilities	32,367,353	43,847,148	76,214,501	36,359
Total Liabilities	34,491,908	47,781,226	82,273,134	862,332
Net Assets				
Invested in Capital Assets, Net of Related Debt	77,371,155	112,102,262	189,473,417	59,919
Restricted for Debt Service	4,346,276	5,101,515	9,447,891	0
Unrestricted	19,591,029	45,635,126	65,226,155	4,442,290
Total Net Assets	$ 101,308,460	$ 162,839,003	$ 264,147,463	$ 4,502,209

See accompanying notes to the basic financial statements

Clermont County, Ohio
Statement of Revenues,
Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2006

	Business-Type Activities-Enterprise Funds			
	Water Fund	Sewer Fund	Total	Governmental Activities-Internal Service Funds
Operating Revenues				
Charges for Services	$ 10,592,620	$ 13,405,796	$ 23,998,416	$ 12,215,086
New meters, services and reviews	542,489	154,578	697,067	0
Other Revenues	253,150	50,311	303,461	530,771
Total Operating Revenues	11,388,259	13,610,685	24,998,944	12,745,857
Operating Expenses				
Personal Services	2,627,514	2,870,915	5,498,429	1,321,647
Materials and Supplies	1,613,267	1,140,093	2,753,360	1,308,348
Contractual Services	545,080	1,532,651	2,077,731	87,868
Maintenance and Repair	643,240	292,539	935,779	212,537
Utilities	1,212,060	1,732,258	2,944,318	547,480
Claims	0	0	0	7,467,783
Depreciation	3,495,807	6,535,506	10,031,313	16,784
Other	2,027	0	2,027	21,934
Total Operating Expenses	10,138,995	14,103,962	24,242,957	10,984,381
Operating Income/(Loss)	1,249,264	(493,277)	755,987	1,761,476
Non-Operating Revenues (Expenses)				
Investment Income	811,232	1,877,058	2,688,290	0
Net Increase (Decrease) in Fair Value of Investments	104,107	227,890	331,997	0
Interest and Fiscal Charges	(1,534,736)	(1,724,251)	(3,258,987)	0
Total Non-Operating Revenues (Expenses)	(619,397)	380,697	(238,700)	0
Income (Loss) Before Contributions and Transfers	629,867	(112,580)	517,287	1,761,476
Capital Contributions	3,146,032	9,204,505	12,350,537	0
Transfers In	636,224	36,976	673,200	30,956
Transfers Out	(664)	(664)	(1,328)	(90,000)
Change in Net Assets	4,411,459	9,128,237	13,539,696	1,702,432
Net Assets Beginning of Year	96,897,001	153,710,766	250,607,767	2,799,777
Net Assets End of Year	$ 101,308,460	$ 162,839,003	$ 264,147,463	$ 4,502,209

See accompanying notes to the basic financial statements

Clermont County, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2006

	Business-Type Activities-Enterprise Funds			Governmental Activities-Internal Service Funds
	Water Fund	Sewer Fund	Total	
Cash Flows From Operating Activities:				
Receipts from Customers and Users	$ 11,087,970	$ 14,032,256	$ 25,120,226	$ 0
Cash received from Interfund Services Provided	0	0	0	12,172,931
Payments to Suppliers	(4,102,225)	(4,701,034)	(8,803,259)	(2,126,851)
Payments to Employees	(2,603,469)	(2,838,886)	(5,442,355)	(494,975)
Claims	0	0	0	(7,817,045)
Payments for Interfund Services Provided	0	0	0	(813,559)
Other Receipts	253,150	50,311	303,461	523,346
Net Cash Provided by Operating Activities	4,635,426	6,542,647	11,178,073	1,443,847
Cash Flows from Noncapital Financing Activities:				
Transfer to Other Funds	0	0	0	(59,044)
Net Cash (Used for) Noncapital and Related Financing Activities	0	0	0	(59,044)
Cash Flows From Capital and Related Financing Activities:				
Principal and Interest Paid on Long-Term Debt	(3,490,338)	(3,586,154)	(7,076,492)	0
Construction/Acquisition of Capital Assets	(4,282,724)	(18,833,224)	(23,115,948)	0
Retainage Receipts	123,764	988,038	1,111,802	0
Retainage Payments	(284,595)	(70,260)	(354,855)	0
Maintenance Bond Receipts	36,025	36,025	72,050	0
Maintenance Bond Payments	(12,360)	(12,360)	(24,720)	0
Proceeds from Assessments	116,165	27,176	143,341	0
Cash Contributions from Developers	0	83,524	83,524	0
System Capacity Charges	1,528,292	2,082,230	3,610,522	0
Proceeds from Capital Related Interfund Receivables	36,830	71,573	108,403	0
Proceeds from Capital Grants	0	278,364	278,364	0
Advances to Other Funds, related to capital	0	(42,263)	(42,263)	0
Transfers in from Other Funds, related to capital	635,560	36,312	671,872	0
Net Cash (Used for) Capital and Related Financing Activities	(5,593,381)	(18,941,019)	(24,534,400)	0
Cash Flows From Investing Activities:				
Investment Purchases	(12,565,040)	(27,080,119)	(39,645,159)	0
Investment Sales	13,470,323	40,277,118	53,747,441	0
Interest Received on Investments	698,105	1,749,905	2,448,010	0
Net Cash Provided by Investing Activities	1,603,388	14,946,904	16,550,292	0
Net Increase in Cash and Cash Equivalents	645,433	2,548,532	3,193,965	1,384,803
Cash and Cash Equivalents January 1(including $1,131,331 and $889,380 for the Water and Sewer Funds, respectively held in restricted accounts)	6,666,316	5,016,050	11,682,366	3,585,914
Cash and Cash Equivalents December 31(including $1,903,370 and $2,576,089 for the Water and Sewer Funds, respectively held in restricted accounts)	$ 7,311,749	$ 7,564,582	$ 14,876,331	$ 4,970,717

Continued

Clermont County, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2006- Continued

	Business-Type Activities-Enterprise Funds			Governmental Activities- Internal Service Funds
	Water Fund	Sewer Fund	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating Income (Loss)	$ 1,249,264	$ (493,277)	$ 755,987	$ 1,761,476
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	3,495,807	6,535,506	10,031,313	16,784
Change in Assets and Liabilities				
(Increase) Decrease in Accounts Receivable	(47,139)	471,882	424,743	(49,580)
(Increase) in Prepaid Items	0	0	0	(205)
(Increase) Decrease in Inventory	(51,060)	20,329	(30,731)	0
Increase (Decrease) in Accounts Payable	(35,491)	(23,822)	(59,313)	51,520
Increase (Decrease) in Accrued Wages and Related Expense	24,045	32,029	56,074	2,972
Increase in Claims Payable	0	0	0	(349,262)
(Decrease) in Intergovernmental Payable	0	0	0	450
(Decrease) in Compensated Absences	0	0	0	9,692
Net Cash Provided by Operating Activities	$ 4,635,426	$ 6,542,647	$ 11,178,073	$ 1,443,847
Non-Cash Transactions:				
Contributions	$ 1,517,864	$ 5,215,193	$ 6,733,057	$ 0
OPWC loans receivable	0	1,833,700	1,833,700	0
Net Increase in the Fair Value of Investments	104,107	227,890	331,997	0
Total Non-Cash Transactions	$ 1,621,971	$ 7,276,783	$ 8,898,754	$ 0

See accompanying notes to the basic financial statements

Clermont County, Ohio
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
December 31, 2006

	Agency
Assets	
Equity in Pooled Cash and Cash Equivalents	$ 12,769,416
Cash and Cash Equivalents in Segregated Accounts	804,923
Cash with Fiscal and Escrow Agents	250,564
Taxes Receivable	206,247,085
Intergovernmental Receivable	763,820
Total Assets	$ 220,835,808
Liabilities	
Intergovernmental Payable	$ 216,344,892
Other Liabilities	4,490,916
Total Liabilities	$ 220,835,808

See accompanying notes to the basic financial statements

Clermont County, Ohio
Statement of Net Assets
Component Units
December 31, 2006

	MRDD	Mental Health Board	CIC	Component Unit Total
Assets				
Equity in Pooled Cash and Cash Equivalents	$ 8,124,069	$ 6,157,016	$ 0	$ 14,281,085
Cash and Cash Equivalents in Segregated Accounts	314,306	0	3,215	317,521
Receivables:				
Accounts	667,585	155,053	0	822,638
Intergovernmental	1,394,797	6,613,899	0	8,008,696
Taxes	6,950,930	2,074,481	0	9,025,411
Prepaid Items	10,920	1,167	456	12,543
Inventory of supplies at cost	4,920	0	0	4,920
Restricted Assets:				
Cash and Cash Equivalents in Segregated Accounts	40,087	0	0	40,087
Land Held for Resale	0	0	1,547,093	1,547,093
Land and Land Improvements	281,189	177,328	0	458,517
Depreciable Capital Assets, Net	3,525,879	2,027,025	0	5,552,904
Total Assets	21,314,682	17,205,969	1,550,764	40,071,415
Liabilities				
Accounts Payable	284,008	168,148	0	452,156
Accrued Wages and Benefits	289,257	19,490	0	308,747
Intergovernmental Payable	205,425	2,907	0	208,332
Due to Primary Government	0	0	1,547,093	1,547,093
Deferred Revenue	6,526,950	1,975,318	0	8,502,268
Accrued Interest Payable	0	556	0	556
Long-Term Liabilities:				0
Due Within One Year	369,687	49,410	0	419,097
Due In More Than One Year	353,703	555,975	0	909,678
Total Liabilities	8,029,030	2,771,804	1,547,093	12,347,927
Net Assets				
Invested in Capital Assets, Net of Related Debt	3,807,068	1,667,955	0	5,475,023
Restricted for:				
Capital Projects	1,099,507	0	0	1,099,507
Debt Service	0	324	0	324
Other Purposes	327,451	0	0	327,451
Clerco	375,978	0	0	375,978
Unrestricted	7,675,648	12,765,886	3,671	20,445,205
Total Net Assets	$ 13,285,652	$ 14,434,165	$ 3,671	$ 27,723,488

See accompanying notes to the basic financial statements

Clermont County, Ohio
Statement of Activities
Component Units
For the Year Ended December 31, 2006

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	MRDD	MHRB	CIC	Total
MRDD Component Unit								
Governmental Activities								
Human Services	$ 14,216,608	$ 3,194,837	$ 4,075,382	$ 41,544	$ (6,904,845)	$ 0	$ 0	$ (6,904,845)
MHRB Component Unit								
Governmental Activities								
Health	12,206,052	491,005	12,068,063	0	0	353,016	0	353,016
Interest and Fiscal Charges	33,826	0	0	0	0	(33,826)	0	(33,826)
Total MHRB Component Unit	12,239,878	491,005	12,068,063	0	0	319,190	0	319,190
CIC Component Unit								
Business-Type Activities								
Economic Development	27,777	4,000	0	0	0	0	(23,777)	(23,777)
Total Component Units	$ 26,484,263	$ 3,689,842	$ 16,143,445	$ 41,544	(6,904,845)	319,190	(23,777)	(6,609,432)
		General Revenues						
		Property Taxes			6,462,353	1,644,174	0	8,106,527
		Grants not Restricted to Specific Programs			1,721,687	355,414	0	2,077,101
		Investment Earnings			0	0	8,074	8,074
		Total General Revenues			8,184,040	1,999,588	8,074	10,191,702
		Change in Net Assets			1,279,195	2,318,778	(15,703)	3,582,270
		Net Assets Beginning of Year			12,006,457	12,115,387	19,374	24,141,218
		Net Assets End of Year			$ 13,285,652	$ 14,434,165	$ 3,671	$ 27,723,488

See accompanying notes to the basic financial statements

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Note A: Description of the County and Reporting Entity

Clermont County is a political subdivision of the State of Ohio. The County was formed by action of Arthur St. Clair, the first governor of the Northwest Territory in 1800. The three member Board of County Commissioners is the legislative and executive body of the County. The County Auditor is the chief fiscal officer. In addition, there are eight other elected administrative officials, each of whom is independent, as set forth in Ohio law. These officials are the Clerk of Common Pleas Court, Clerk of Municipal Court, Coroner, Engineer, Prosecuting Attorney, Recorder, Sheriff and Treasurer. There are also six Common Pleas Court Judges, (one of whom is Domestic Relations Court Judge, and one whom is Judge of the Probate and Juvenile Courts) and three Municipal Court Judges elected on a County-wide basis to oversee the County's justice system.

Reporting Entity

As required by generally accepted accounting principles, the financial statements present Clermont County (the primary government) and its component units. The primary government includes all funds, departments, boards and agencies for which the County elected officials are financially accountable and are not legally separate from the County. The component units (discussed below) are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Discretely Presented Component Units

The component units' column in the government-wide financial statements includes the financial data of the County's component units. They are reported in a separate column to emphasize that they are legally separate from the County. The following boards are included as legally separate, discretely presented components of the County:

County Board of Mental Retardation and Developmental Disabilities (MRDD Board): The MRDD Board (including Clerco, Inc.) is responsible for providing educational and vocational services to mentally retarded and developmentally disabled children and adults. The County Commissioners appoint five members of the seven member MRDD Board. The remaining two members are appointed by the County Probate Court Judge. The County Commissioners approve the annual appropriations of the MRDD Board. The MRDD Board can sue or be sued in its own name. Clerco, Inc. is a program of rehabilitation for individuals whose capacity has been impaired because of mental retardation. The MRDD Board pays many of the expenses of Clerco, Inc. and the administrative and supervisory staff of Clerco, Inc. are considered employees of the MRDD Board.

Community Mental Health and Recovery Board (MHRB): The MHRB is responsible for a wide range of planning and coordination of various types of mental health services for residents of Clermont County. The Board is authorized to have eighteen members under the Ohio Revised Code, with ten appointed by the Board of County Commissioners, four appointed by the Ohio Department of Mental Health, and four appointed by the Ohio Department of Alcohol and Drug Addiction Services. The MHRB can buy, sell, lease and mortgage property in its own name and can sue or be sued in its own name. The County Commissioners approve the annual appropriation of the MHRB.

Clermont County Community Improvement Corporation (CIC): The CIC is responsible for advancing, encouraging, and promoting the industrial, economic, commercial, and civic development of Clermont County. The Board of County Commissioners and the County Administrator are four of the thirteen board members.

Note A: Description of the County and Reporting Entity (Continued)

Clermont County Transportation Improvement District (the District): The District provides the opportunity to finance, construct, maintain, repair, and operate roads, highways, and other transportation improvements within the County. The Clermont County Board of County Commissioners appoints the board members to the District. The District's financial activity is not material to the County as a whole and has not been included in the component units' column of the government-wide financial statements.

Copies of the MRDD and MHRB financial reports are on file at the Clermont County Auditor's Office, 101 E. Main Street, Batavia, Ohio 45103-2961. Copies of the CIC financial report are on file at the Clermont County's Department of Economic Development, 2379 Clermont Center Drive, Batavia, Ohio 45103-2961. Copies of the District's financial report are on file at the Clermont County Board of County Commissioner's Office, 101 East Main Street, Third Floor, Batavia, Ohio, 45103.

Related Organizations:

Clermont County officials are also responsible for appointing the members and/or act as members on the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointments or representing the following organizations:

Clermont County Law Library: The six member board of trustees are appointed by the Common Pleas Court Judge.

Public Library Board: The seven member board of library trustees are appointed by County officials. Three trustees are appointed by Judges of the Court of Common Pleas, and four trustees are appointed by the Board of County Commissioners.

Metropolitan Housing Authority: Three of the five board members are appointed by County officials. The Probate Court, Common Pleas Court and Board of County Commissioners appoint one board member each.

Clermont County Visitors' Bureau: The Board of County Commissioners appoint six of the nine directors.

Family and Children First Council: The operation of the Council is controlled by an advisory committee and the Clermont County Community Mental Health and Recovery Board. County Commissioners and the County Administrator are members of the committee.

As the custodian of public funds, the County Treasurer invests all public monies held on deposit in the County Treasury. In the case of the separate agencies, boards and commissions listed below, the County serves as fiscal agent, but is not financially accountable for their operations. Accordingly, the activity of the following districts are presented as agency funds within the County's financial statements.

- Soil and Water Conservation District
- Park District
- Clermont County Health District

Note B: Summary of Significant Accounting Policies

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

Basis of Presentation

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

Fund Accounting

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

Note B: Summary of Significant Accounting Policies (Continued)

Governmental Funds

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

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

Social Service Special Revenue Fund
This fund administers human service programs under state and federal regulations. These programs include Aid to Dependent Children (ADC), Medicaid, Food Stamps, investigation of all reports of child abuse, neglect or dependency, foster care programs, adoption services, senior service programs, and job training services to economically disadvantaged residents.

Motor Vehicle and Gas Tax Fund
This fund accounts for monies received from state gasoline tax and motor vehicle registration fees designated for maintenance and repair of roads and bridges.

Special Assessment Debt Service Fund
This fund accounts for assessments collected from property owners to be used for the payment of principal and interest of the County's special assessment bonds.

County Capital Improvement Capital Projects Fund
This fund accounts for financial resources to be used for major capital improvement to existing County facilities.

Proprietary Funds

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

Enterprise Funds
Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods and services. The County maintains two Enterprise Funds which provide sanitary sewer and water distribution.

Internal Service Funds
Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the County on a cost-reimbursement basis. The County's internal service funds report on self-insurance programs for employee medical benefits, worker's compensation, vehicle maintenance, and telephone services.

Note B: Summary of Significant Accounting Policies (Continued)

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Agency funds are used to report resources held by the County in a purely custodial capacity. The county only fiduciary funds are agency funds. Agency funds typically involve only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations, or other governments. The County maintains five Agency Funds for undivided taxes, political subdivisions, court system outside accounts and other money being held in a custodial capacity.

Component Units

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

Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

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

Basis of Accounting

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

Note B: Summary of Significant Accounting Policies (Continued)

Revenues - Exchange and Non-Exchange Transactions

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

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the sale occurs. Revenue from property taxes are recognized in the fiscal year for which the taxes are levied (See Note G). Revenue from grants, entitlements 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 year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: delinquent taxes, sales tax, grants, interest, fees and charges for services.

Deferred Revenue/Unearned Revenue

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

Property taxes for which there is an enforceable legal claim as of December 31, 2006 but which were levied to finance fiscal year 2007 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures

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

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

Cash and Cash Equivalents

Cash resources of the majority of individual funds are combined to form a pool of cash and investments which is managed by the County Treasurer. Interest earned on investments is accrued as earned and distributed to the General Fund and other qualifying funds utilizing a formula based on the average month end balance of cash and cash equivalents of all funds. During fiscal year 2006, investments were limited to treasury bills, treasury notes, federal agency notes, money market funds and STAR Ohio. Investments are reported at fair value which is based on quoted market prices. Note F provides a detailed disclosure regarding cash, cash equivalents and investments held by the County. STAROhio is an investment pool

Note B: Summary of Significant Accounting Policies (Continued)

managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2006.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during 2006 amounted to $4,260,816, which includes $3,416,820 assigned from other County funds.

Cash and Investments in Segregated Accounts

The County has segregated bank accounts for monies held separate from the County's central bank account. These depository accounts are presented in the Statement of Net Assets as "Cash and Cash Equivalents in Segregated Accounts" or "Investments in Segregated Accounts".

Cash with Fiscal Agent

The County has escrow bank accounts used for the payment of debt and for the collection of bond proceeds. These accounts are presented on the Balance Sheet and the Statement of Net Assets as "Cash and Cash Equivalents with Fiscal and Escrow Agent".

Statement of Cash Flows

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

Cash and Investments Held by Trustee

Certain monies for the Water and Sewer District are held and invested by trustees. Certain component units also maintain separate bank accounts. These bank accounts and investments are represented by the "Cash and Cash Equivalents in Segregated Accounts", and "Investments in Segregated Accounts" restricted asset accounts.

Inventories and Prepaid Items

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

Inventory is reported in enterprise funds and component units and is valued at cost using the first-in, first-out (FIFO) method. Inventory is expensed when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method.

Interfund Transactions

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Note B: Summary of Significant Accounting Policies (Continued)

Restricted Assets

Restricted assets consist of certain trust accounts held by the Water and Sewer District which include a bond account, bond reserve account, replacement and improvement account, and a construction account. Cash and investments in the accounts are held by trustee financial institutions. The bond account is used to accumulate periodic principal and interest payments. The bond reserve account is to be funded in an amount equal to the maximum annual bond principal and interest requirement. The replacement and improvement account is to be maintained with a balance equal to the greater of five percent of the amount of bonds outstanding or $2,000,000. The construction account is established to pay for project costs.

Capital Assets

Capital assets, which include property, plant equipment, and infrastructure assets (e.g., roads, bridges and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost based on the consumer price index. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as the projects are constructed. Interest incurred during the construction phase of proprietary capital assets is included as part of the capitalized value of the assets constructed.

All reported capital assets except for land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the County's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Assets	Years
Buildings	50
Building Improvements	10-35
Infrastructure	20-50
Vehicles	5-10
Furniture & Equipment	5-10

Loans Receivable

Loans receivable represent Ohio Public Works Commission (OPWC) loans where the Water and Sewer District has entered into a loan agreement but has not drawn down all loan proceeds due to the interim status of the related construction project. The loan terms require the Water and Sewer District to initiate loan payments even though the project is not completed and all loan proceeds have not been drawn down.

In addition, loans receivable represent low-interest loans for septic system development projects granted to eligible County residents under the Septic System Rehabilitation program.

Note B: Summary of Significant Accounting Policies (Continued)

Compensated Absences

Vacation, personal and compensatory benefits are accrued as a liability as the benefits are earned if the employees' right to receive compensation are attributable to services already rendered and it is probable that the employer will compensate employees for the benefits through time off or some other means. Sick leave benefits are accrued using the vesting method. The liability is based on sick leave accumulated at December 31 by those employees who are currently eligible to receive termination payments and by those employees for whom it is probable they will become eligible to receive termination benefits in the future.

Ohio law requires that vacation time not be accumulated for more than three years plus current year accrual. Employees with a minimum of one year of service become vested in accumulated unpaid vacation time. Unused vacation is payable upon termination of employment. Unused sick time may be accumulated until retirement. Employees eligible to retire under a County recognized retirement plan, with a minimum of ten years of service, are paid one-fourth of accumulated sick time upon retirement. Such payment may not exceed the value of thirty days of accrued but unused sick leave. However, if employees earned sick leave prior to January 23, 1984, they are eligible for 100% conversion of this amount. All sick, vacation, personal and compensation payments are made at employees' current wage rates.

Self Insurance

The County is self-insured for employee health care benefits. The program is administered by Humana, which provides claims review and processing services. Each County department is charged for its proportionate share of covered employees. The County has recorded a liability for incurred but not paid and for incurred but unreported claims at year end based on an actuarial estimate by Humana.

Accrued Liabilities and Long-term Obligations

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

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

Fund Balance Reserves

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

Note B: Summary of Significant Accounting Policies (Continued)

Net Assets

Net Assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. The County applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services for water distribution, waste water treatment, vehicle maintenance, telephone service and self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. Revenues and expenses which do not meet these criteria are considered non-operating and reported as such. All revenue of the Water and Sewer District are used as security for revenue bonds issued.

Capital Contributions

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

Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. On the accrual and modified accrual basis of accounting, repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Note B: Summary of Significant Accounting Policies (Continued)

Budgets

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

The certificate may be amended during the year if the County Auditor determines, and the Budget Commission agrees, that an estimate in revenue needs to be either increased or decreased. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budget amounts in the budgetary statements reflect the amounts in the final amended certificate issued during 2006.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts in the budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

NOTE C: Budgetary Basis of Accounting

While the County is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) presented for the general and each major special revenue fund is presented in the Basic Financial Statements to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).

2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).

3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).

4. Advances in and advances out are operating transactions (Budget) as opposed to balance sheets transactions (GAAP).

5. Reimbursements from funds responsible for particular expenditures to the funds that initially paid for them are presented for budgetary purposes and removed on the GAAP financial statements.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and for the major special revenue funds.

NOTE C: Budgetary Basis of Accounting (Continued)

Net Change in Fund Balance
General and Major Special Revenue Funds

	General	Social Service	MV & G
GAAP Basis	($3,951,387)	($1,391,272)	$1,665,076
Net Adjustment for Revenue Accruals*	(214,617)	5,160,200	(616,112)
Net Adjustment for Expenditure Accruals*	127,444	(6,096,331)	(105,091)
Net Adjustment for Transfers Out	(127,302)	0	0
Net Adjustment for Advances	(238,583)	0	0
Excess of Revenue over Expenditures of Non-Budgeted Fund	(112,702)	0	0
Encumbrances	(1,034,813)	(1,510,322)	(2,489,043)
Budget Basis	($5,551,940)	($3,837,725)	($1,545,170)

*The revenue accruals and expenditure accruals include $5,973,241 in reimbursements in the Social Services Fund budgetary basis "other revenues" and "Human Services – purchased services" expenditures.

NOTE D: Fund Deficits

The Storm Water Fund had a deficit fund balance at December 31, 2006 of $659,739. The deficit in this fund was due to adjustments for advances made to the Storm Water Fund from the General Fund.

NOTE E: Restatement of Prior Year Net Assets Invested in Capital Assets, net of Related Debt

In 2001, the County issued general obligation bonds for several projects. These projects did not begin until 2003. The debt was never included in the calculation of Net Assets Invested in Capital Assets, net of Related Debt and should have been included in 2003. In addition, a right of way land acquisition was omitted from previous statements. The issued debt and right of way had the following effect on Net Assets Invested in Capital Assets, net of Related Debt and on unrestricted net assets.

	Governmental Activities		Governmental Activities
Capital Assets, net of Related Debt at December 31, 2005	$ 130,589,734	Previously stated Unrestricted Net Assets at December 31, 2005	$ 8,828,795
2001 General Obligation Bonds	(13,635,000)	2001 General Obligation Bonds	13,635,000
Right of Way Land Acquisition	$ 543,100		
Restated Net Assets Invested in Capital Assets, net of Related Debt at December 31, 2005	$ 117,497,834	Restated Unrestricted Net Assets at December 31, 2005	$ 22,463,795

NOTE F: Deposits and Investments

The County maintains a cash and investment pool used by all funds and component units except the trustee held monies in Water and Sewer Funds and monies held by certain County departments in outside accounts. It is displayed on the statement of net assets as "Equity in pooled cash and cash equivalents".

Monies held by the County are classified by State Statute into two categories:

NOTE F: Deposits and Investments (Continued)

Active monies are public monies determined to be necessary to meet current demand upon the County Treasury. Active monies must be maintained either as cash in the County treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the County identified as not required for use within the current four-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to passbook accounts.

Ohio Law permits inactive monies to be deposited or invested in the following:

1. 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;

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bond and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;

5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;

6. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

7. The State Treasurer's investment pool (STAR Ohio);

8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in (1) or (2) above or cash or both securities and cash, equal value for equal value;

9. High grade commercial paper in an amount not to exceed twenty five percent of the County's total average portfolio;

10. Bankers acceptances for a period not to exceed 180 days and in an amount not to exceed twenty five percent of the County's total average portfolio.

NOTE F: Deposits and Investments (Continued)

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

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 County, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At fiscal year end, the County had $5,000 in un-deposited cash on hand which is included on the balance sheet of the County as part of "equity in pooled cash and cash equivalents".

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 40, "Deposits and Investments Risk Disclosures".

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County's policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institutions with pledged securities. As of December 31, 2006, $21,030,030 of the County's bank balance of $23,745,317 including $14,595,391 from the MRDD and MHRB component units was exposed to custodial risk because it was uninsured and collateralized with securities pledged by the depository bank with the Federal Reserve Bank in the County's name.

Investments

As of December 31, 2006, the County had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
Treasury Bills	$ 10,079,262	0.47
Treasury Notes	82,815,631	2.41
Federal Agency Notes	41,994,341	4.74
Money Market Funds	6,765,211	N/A
STAR Ohio	200,000	N/A
Total Fair Value	$ 141,854,445	
Portfolio Weighted Average Maturity		1.52

Interest rate risk – The County's investment policy limits its weighted average maturity of its investment portfolio to three years.

Credit Risk – It is the County's policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have a credit quality rating of the top 2 ratings issued by nationally recognized statistical rating organizations.

NOTE F: Deposits and Investments (Continued)

The County's investments in Federal Agencies and in the Money Market Funds were rated AAA by Standard & Poor's and Fitch Ratings and Aaa by Moody's Investors Service. Investments in STAR Ohio were rated AAA by Standard& Poor's.

Concentration of credit risk – The County's investment policy allows investments in Federal Agencies or Instrumentalities to be limited to 20 percent of the total investments in obligations of any one issuer. The County has invested more than 5 percent of the County's investments in securities issued by the Federal Farm Credit Bank (5.7%). Federal Home Loan Bank (16.0%), the Federal Home Loan Mortgage (11.6%), and the Federal National Mortgage Association (8.9%).

NOTE G: Receivables

Receivables at December 31, 2006, consisted of sales taxes, special assessments, accrued interest, accounts (billings for user charged services, including unbilled utility services, and rental payments), interfund and intergovernmental receivables arising from grants, entitlements and shared revenues. Delinquent accounts receivable may be certified and collected as a special assessment, subject to foreclosure for nonpayment. No allowances for doubtful accounts have been recorded because uncollectible amounts are expected to be insignificant.

Property Taxes

Property taxes include amounts levied against real, public utility and tangible personal (business) property. The assessed value, by property classification, upon which taxes collected in 2006 were based, are as follows:

Real Property	$3,770,595,080
Public Utility and Tangible Personal Property	451,863,284
Total Assessed Property Value	$4,222,458,364

Real property taxes collected in 2006 were levied after October 1, 2005 on the assessed values of the preceding January 1, the lien date. Assessed values are established by the County Auditor at 35% of appraised market value. A revaluation of real property is required to be completed no less than every six years, with a statistical update every third year. The most recent revaluation was completed in tax year 2005. Tangible personal property tax is assessed on equipment and inventory held by businesses. Tangible property is assessed at 18.75% of true value. In 2006, each eligible business was eligible to receive a $10,000 exemption in assessed value which was reimbursed by the State at 40%. Real property taxes are payable annually or semi-annually. In 2006, if paid annually, payment was due by February 10, 2006. If paid semi-annually, the first payment (at least ½ of amount billed) was due February 10, 2006 with the remainder due July 7, 2006.

The County Auditor distributes portions of the taxes collected to all taxing districts with periodic settlements of Real and Public Utility property taxes in February and August and Tangible Personal Property taxes in June and October for the first and second halves of the year, respectively. The County accrues billed but uncollected property taxes as receivables at their estimated net realizable value. On the modified accrual basis the delinquent taxes outstanding and available to the County within the first 30 days of 2007 were recorded as 2006 revenue, the remaining taxes receivable are offset by a credit to deferred revenue. Ohio law prohibits taxation of property from all taxing authorities in excess of 10 mills without a vote of the people. For 2006 collections, the County levied 2.10 mills of the 10 mill limit for the General Fund, and levied 1.0 mill for the County Capital Fund. In addition to the 3.10 mills, 1.90 mills have been levied for voted millage, and 3.75 has been levied as voted millage for Board of Mental Retardation and Developmental Disabilities and the Mental Health and Recovery Board.

NOTE G: Receivables (Continued)

A summary of voted millage follows:

	Voter Authorized Rate (a)	Rate Levied for Current Yr Collection (b) Res/Agr	Rate Levied for Current Yr Collection (b) Other	Final Collection
Senior Citizens	1.10	1.00	1.00	2008
Children Services	0.80	0.80	0.80	2008
County Entities	1.90	1.80	1.80	
MRDD (Component Unit)	2.50	0.77	1.10	Continuing
MRDD (Component Unit)	0.75	0.75	0.75	2008
MHRB (Component Unit)	0.50	0.50	0.50	2008
Component Units	3.75	2.02	2.35	

(a) dollars per $1,000 of assessed valuation.
(b) Ohio law provides for a reduction of certain voted levies to offset inflation in the value of real property. The levies are subject to this credit.

Permissive Sales and Use Tax

The County is currently collecting 1% on retail sales made in the County. Vendor collections of the tax are paid to the State Treasurer by the twenty-fifth day of the month following collection. The State Tax Commissioner certifies to the State Auditor the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The State Auditor then has five days in which to draw the warrant payable to the County.

Intergovernmental

A summary of the items of intergovernmental receivables follows:

Governmental Activities	Amount
Local Government	$ 987,090
Local Government Revenue Assistance	373,311
Homestead and Rollback	986,140
Motor Vehicle License Tax	2,182,614
Motor Vehicle Gas Tax	1,066,138
Public Defender Assistance	167,041
OPWC Grants	346,570
Community Development Block Grants	167,329
Highway Planning & Construction Grants	935,070
Drug Prevention Grants	28,906
Juvenile Grants	19,353
Miscellaneous Judicial Grants	84,003
DUI Court Grants	55,420
Municipal Court Adult Probation Grants	75,258
Common Pleas Adult Probation Grants	97,379
Reclaim Ohio Grant	788,985
Recycle Ohio Grant	13,071
TASC Grant	156,450
Hazard Mitigation Grants	10,075
Public Assistance Grants	94,834
Total Governmental Activities	$ 8,633,037

NOTE H: Capital Assets

Primary Government capital asset activity for the year ended December 31, 2006, was as follows:

	Restated Balance 12/31/2005	Additions	Reductions	Balance 12/31/2006
Governmental Activities				
Capital Assets not being depreciated:				
Land	$ 4,712,553	$ 186,120	$ (25,131)	$ 4,873,542
Construction in Progress	15,543,723	9,102,894	(15,874,435)	8,772,182
Total Capital Assets at Historical Cost not being depreciated	20,256,276	9,289,014	(15,899,566)	13,645,724
Capital Assets being depreciated:				
Building and Improvements	59,923,530	11,990,488	(2,614)	71,911,404
Furniture, Fixtures, and Equipment	37,116,827	1,461,741	(29,852)	38,548,716
Infrastructure	127,795,772	5,769,305	(224,510)	133,340,567
Total Capital Assets at Historical cost being depreciated	224,836,129	19,221,534	(256,976)	243,800,687
Less Accumulated Depreciation:				
Building and Improvements	(15,098,963)	(1,742,585)	0	(16,841,548)
Furniture, Fixtures, and Equipment	(20,158,230)	(2,826,807)	29,852	(22,955,185)
Infrastructure	(65,077,423)	(3,607,019)	168,861	(68,515,581)
Total Accumulated Depreciation	(100,334,616)	(8,176,411)	198,713	(108,312,314)
Total Capital Assets, being depreciated, net	124,501,513	11,045,123	(58,263)	135,488,373
Governmental Activities Capital Assets, Net	$ 144,757,789	$ 20,334,137	$ (15,957,829)	$ 149,134,097

	Balance 12/31/2005	Additions	Reductions	Balance 12/31/2006
Business-Type Activities				
Capital Assets not being depreciated:				
Land	$ 5,010,927	$ 342,497	$ 0	$ 5,353,424
Construction in Progress	32,361,637	25,462,719	(13,439,777)	44,384,579
Total Capital Assets at Historical Cost not being depreciated	37,372,564	25,805,216	(13,439,777)	49,738,003
Capital Assets being depreciated:				
Structures	147,079,249	5,967,107	0	153,046,356
Machinery and Equipment	17,963,691	2,121,644	0	20,085,335
Distributions Systems	80,174,717	4,521,009	0	84,695,726
Collections Systems	119,019,046	6,978,194	0	125,997,240
Autos and Trucks	2,210,223	123,847	0	2,334,070
Total Capital Assets at Historical cost being depreciated	366,446,926	19,711,801	0	386,158,727

NOTE H: Capital Assets (Continued)

	Balance 12/31/2005	Additions	Reductions	Balance 12/31/2006
Less Accumulated Depreciation:				
Structures	(78,792,064)	(4,948,417)	0	(83,740,481)
Machinery and Equipment	(13,992,021)	(599,970)	0	(14,591,991)
Distributions Systems	(24,582,976)	(1,640,067)	0	(26,223,043)
Collections Systems	(45,436,947)	(2,754,688)	0	(48,191,635)
Autos and Trucks	(1,713,928)	(88,171)	0	(1,802,099)
Total Accumulated Depreciation	(164,517,936)	(10,031,313)	0	(174,549,249)
Total Capital Assets, being depreciated, net	201,928,990	9,680,488	0	211,609,478
Business-Type Activities Capital Assets, Net	$ 239,301,554	$ 35,485,704	$ (13,439,777)	$ 261,347,481

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities	
General Government:	
Legislative and Executive	$ 1,145,033
Judicial	509,335
Public Safety	2,087,972
Public Works	3,589,912
Health	44,816
Human Services	254,439
Community Development	443,941
Transportation	100,963
Total Depreciation Expense Governmental Activities	$ 8,176,411

Component Units' capital asset activity for the year ended December 31, 2006 was as follows:

	Balance 12/31/2005	Additions	Reductions	Balance 12/31/2006
Capital Assets not being depreciated:				
Land	$ 458,517	$ 0	$ 0	$ 458,517
Total Capital Assets at Historical Cost not being depreciated	458,517	0	0	458,517
Capital Assets being depreciated:				
Building and Improvements	10,945,548	119,899	0	11,065,447
Furniture, Fixtures, and Equipment	1,556,581	67,475	0	1,624,056
Total Capital Assets at Historical cost being depreciated	12,502,129	187,374	0	12,689,503
Less Accumulated Depreciation:				
Building and Improvements	(5,426,908)	(267,232)	0	(5,694,140)
Furniture, Fixtures, and Equipment	(1,376,567)	(65,892)	0	(1,442,459)
Total Accumulated Depreciation	(6,803,475)	(333,124)	0	(7,136,599)
Total Capital Assets, being depreciated, net	5,698,654	(145,750)	0	5,552,904
Capital Assets, Net	$ 6,157,171	$ (145,750)	$ 0	$ 6,011,421

NOTE H: Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the component units as follows:

Health	$ 87,766
Human Services	245,358
Total Depreciation Expense Component unit activities	$ 333,124

NOTE I: Long-Term Debt and Obligations

Long-term debt and other obligations of the County at December 31, 2006 were as follows:

Governmental Activities

	Interest Rate %	Maturity	Balance 12/31/2005	Additions	Deletions	Balance 12/31/2006	Amounts Due in One Year
General Obligation Bonds							
1992 Correctional Facilities-$7,310,000	3.0-6.0%	2009	$ 930,000	$ 0	$ 210,000	$ 720,000	$ 225,000
1999 Communications Center-$6,500,000	4.0-5.13%	2009	2,990,000	0	690,000	2,300,000	730,000
2001 Refunding Correctional Facilities-$2,695,000	2.15-4.0%	2009	1,425,000	0	345,000	1,080,000	350,000
2001 Various Purposes - $17,300,000	2.15-4.1%	2011	15,740,000	0	1,785,000	13,955,000	1,870,000
2003 Road Improvement & Refunding-$14,950,000	1.15-4.375%	2023	4,265,000	0	505,000	3,760,000	515,000
Total General Obligation Bonds			$ 25,350,000	$ 0	$ 3,535,000	$ 21,815,000	$ 3,690,000
Ohio Public Works Commission							
2002 Gibson Road Bridge Replacement-$357,521		2022	$ 294,955	$ 0	$ 17,876	$ 277,079	$ 17,876
2006 OPWC-$501,305		2025	0	501,305	25,065	476,240	25,065
2006 OPWC Loan - $500,000		2025	0	500,000	25,000	475,000	25,000
Total Ohio Public Works Commission			$ 294,955	$ 1,001,305	$ 67,941	$ 1,228,319	$ 67,941
Special Assessment Bonds with Governmental Commitment							
1989 Water Line Extension - $88,000	7.25-7.37%	2009	$ 20,000	$ 0	$ 5,000	$ 15,000	$ 5,000
1990 Water Line Extension - $167,700	7.25%	2010	65,000	0	10,000	55,000	10,000
1990 Peggy Drive - $85,000	7.12%	2010	33,000	0	6,000	27,000	6,000
1992 Waterline - $97,300	5.875%	2012	35,000	0	5,000	30,000	5,000
1993 Murle Lane Sewer - $93,000	5.50%	2013	40,000	0	5,000	35,000	5,000

NOTE I: Long-Term Debt and Obligations (Continued)

Governmental Activities

	Interest Rate %	Maturity	Balance 12/31/2005	Additions	Deletions	Balance 12/31/2006	Amounts Due in One Year
Special Assessment Bonds with Governmental Commitment							
1996 Mt. Zion Rd. Water Main - $110,000	4.50%	2016	65,000	0	5,000	60,000	5,000
1998 Middle East Fork Sewer - $1,165,000	4.75-5.25%	2017	605,000	0	85,000	520,000	85,000
1998 Bells Lane - $405,000	4.50%	2008	140,000	0	45,000	95,000	45,000
1998 Ohio Water Project - $185,000	4.90%	2018	145,000	0	10,000	135,000	10,000
1999 Woods Point - $690,000	4.05-5.20%	2009	315,000	0	75,000	240,000	75,000
2000 Gibson Water - $235,000	5.00-5.50%	2020	195,000	0	10,000	185,000	10,000
2000 State Route 125 Sewer - $885,000	5.00-5.50%	2020	740,000	0	35,000	705,000	35,000
2001 Miamiville Road & Wards Corner Road - $40,000	5.00%	2021	35,000	0	2,000	33,000	1,000
2002 Waterline Project - $60,000	4.00-5.00%	2020	54,000	0	2,000	52,000	2,000
2002 Sanitary Sewer Project - $260,000	4.00-5.00%	2020	228,000	0	12,000	216,000	12,000
2003 Various Purpose - $240,000	2.00-4.75%	2023	223,000	0	9,000	214,000	9,000
2004 Olive Branch-Stonelick Widening - $1,700,000	3.96%	2024	1,615,000	0	85,000	1,530,000	85,000
2004 North Afton Sewer - $460,000	3.86%	2024	435,000	0	25,000	410,000	25,000
2005 Various Purpose - $1,850,000	2.90-4.10%	2025	1,850,000	0	90,000	1,760,000	95,000
2006 Various Purpose - $680,000	3.60-4.50%	2026	0	680,000	0	680,000	30,000
Total Special Assessment Bonds			$ 6,838,000	$ 680,000	$ 521,000	$ 6,997,000	$ 555,000
Compensated Absences			$ 4,495,031	$ 2,499,624	$ 2,385,508	4,609,147	$ 2,509,384
Total Governmental Activities Long-Term Liabilities			$ 36,977,986	$ 4,180,929	$ 6,509,449	$ 34,649,466	$ 6,822,325

Business-Type Activities

Sewer	Interest Rate %	Maturity	Balance 12/31/2005	Additions	Deletions	Balance 12/31/2006	Amounts Due in One Year
2003 Sewer System Refunding Revenue Bonds - $39,345,000	2.0-4.9%	2024	$ 35,925,000	$ 0	$ 1,665,000	$ 34,260,000	$ 1,700,000
Total Sewer Revenue Bonds			35,925,000	0	1,665,000	34,260,000	1,700,000
Ohio Water Development Authority Notes - $2,900,437	5.2-6.5%	2014	1,304,402	0	156,499	1,147,903	165,011
OPWC Loans - $9,269,910	0.0-2.0%	2023	5,787,162	1,833,700	235,161	7,385,701	442,322
Total Sewer			$ 43,016,564	$ 1,833,700	$ 2,056,660	$ 42,793,604	$ 2,307,333

NOTE I: Long-Term Debt and Obligations (Continued)

Business-Type Activities

Water	Interest Rate %	Maturity	Balance 12/31/2005	Additions	Deletions	Balance 12/31/2006	Amounts Due in One Year
2003 Water System Refunding Revenue Bonds - $37,020,000	1.2-5.25%	2018	$ 33,015,000	$ 0	$ 2,005,000	$ 31,010,000	$ 2,070,000
OPWC Loans - $528,696	0.00%	2026	502,261	0	26,434	475,827	26,435
Total Water			$ 33,517,261	$ 0	$ 2,031,434	$ 31,485,827	$ 2,096,435
Total Business-Type Activities			$ 76,533,825	$ 1,833,700	$ 4,088,094	$ 74,279,431	$ 4,403,768

Annual debt service requirements for the County's long-term debt are as follows:

Year	GENERAL OBLIGATION BONDS Principal	GENERAL OBLIGATION BONDS Interest	SPECIAL ASSESSMENT BONDS Principal	SPECIAL ASSESSMENT BONDS Interest
2007	$ 3,690,000	$ 863,983	$ 555,000	$ 309,811
2008	3,910,000	724,246	518,000	280,103
2009	4,065,000	568,067	483,000	258,583
2010	4,260,000	405,566	394,000	237,998
2011	4,425,000	236,764	385,000	221,719
2012-2016	950,000	182,944	1,967,000	865,808
2017-2021	350,000	82,356	1,754,000	431,834
2022-2026	165,000	10,938	941,000	98,248
TOTAL	$ 21,815,000	$ 3,074,864	$ 6,997,000	$ 2,704,104

OPWC LOANS

Year	Principal	Interest
2007	$ 67,941	$ 0
2008	67,941	0
2009	67,941	0
2010	67,941	0
2011	67,941	0
2012-2016	339,705	0
2017-2021	339,705	0
2022-2026	209,204	0
TOTAL	$ 1,228,319	$ 0

NOTE I: Long-Term Debt and Obligations (Continued)

	SEWER REVENUE BONDS		WATER REVENUE BONDS	
Year	**Principal**	**Interest**	**Principal**	**Interest**
2007	$ 1,700,000	$ 1,416,670	$ 2,070,000	$ 1,398,755
2008	1,750,000	1,365,670	2,125,000	1,343,900
2009	1,805,000	1,313,170	2,195,000	1,271,650
2010	1,875,000	1,240,970	2,285,000	1,183,850
2011	1,950,000	1,165,970	2,375,000	1,092,450
2012-2016	10,995,000	4,594,450	13,535,000	3,808,538
2017-2021	13,505,000	2,073,737	6,425,000	510,300
2022-2026	680,000	67,865	0	0
TOTAL	$ 34,260,000	$ 13,238,502	$ 31,010,000	$ 10,609,443

	OWDA LOANS		OPWC LOANS	
Year	**Principal**	**Interest**	**Principal**	**Interest**
2007	$ 165,011	$ 60,161	$ 468,757	$ 9,705
2008	173,988	51,184	469,927	8,535
2009	183,456	41,715	471,121	7,342
2010	193,443	31,728	472,338	6,124
2011	204,134	21,037	473,580	4,882
2012-2016	227,871	11,361	2,249,553	0
2017-2021	0	0	1,808,820	0
2022-2026	0	0	1,447,432	0
TOTAL	$ 1,147,903	$ 217,186	$ 7,861,528	$ 36,588

Compensated Absences

Internal Service Funds predominately serve the governmental funds. Accordingly compensated absences for them are included as part of the compensated absences totals for governmental activities. Compensated absences are generally liquidated by the general fund.

Special Assessment Debt

During 2006, the County issued $680,000 in special assessment bonds. The bonds were consolidated into one special assessment issue for the Klondyke Road, Bailey Drive, Overlook Drive, and U.S. Route 50 Water Project; Baldwin Road and Baldwin Woods Trail Water Project; and the Behymer Road Sewer Project.

OPWC Loans

The County received two OPWC loans in 2006. One for the Hill Station & Blue Sky Park Bridge Projects in the amount of $501,305 and the second loan is for the Branch Hill Guinea Pike Intersection Project in the amount of $500,000. These non-interest bearing loans have payments of principal paid semi-annually through 2026 and will be paid with Motor Vehicle and Gas money from governmental activities.

NOTE I: Long-Term Debt and Obligations (Continued)

OPWC loans payable at December 31, 2006, consist of various individual loans totaling $7,861,528 due to the Ohio Public Works Commission for specified sewer system construction costs and specified water system construction costs. During 2006, the County received a non-interest bearing loan totaling $1,833,700 for sewer system construction. Payments of principal and interest are payable semi-annually through 2026.

Long-Term Bonds and Loans

All long-term debt issued for governmental purposes of the County and self-supporting, special assessment bonds with governmental commitment are retired from a Debt Service Fund. Revenue bonds are retired from the related Enterprise fund. However, each appropriate bond indenture provides for principal and interest to be paid from user charges. General obligation bonds and notes are secured by the County's ability to levy a voted or unvoted property tax within limitations of Ohio law. Special assessment debt is paid from the proceeds of assessments levied against benefited property owners. In the event that an assessed property owner fails to make payments, the County will be required to pay the related debt. Delinquent special assessments receivable is $56,346 at December 31, 2006. The Ohio Water Development Authority (OWDA) and the Ohio Public Works Commission (OPWC) loans will be paid from revenues derived by the County from the operation of the water and sewer systems. Under the Uniform Bond Act of the Ohio Revised Code, the County has the capacity to issue $31,674,683 of additional unvoted general obligation debt.

Defeased Debt

In prior years, the County defeased certain general obligation and revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. On December 31, 2006, $8,475,000 general obligation bonds and $205,000 of revenue bonds are considered defeased.

Leases: The County had no material capital or operating leases for the year ended December 31, 2006.

Revenue Bond Coverage: The County Water and Sewer funds are required under Revenue Bond Trust Indentures to maintain minimum debt service coverage ratios. For the 2006 fiscal year, the Water Fund and Sewer Fund were required to maintain 110% coverage ratios. The coverage ratios for 2006, based on operating income, system capacity charges and investment income and excluding depreciation for the Water Fund and Sewer Fund, were 207% and 329% respectively, which both met their legal requirements.

Component Units: The Community Mental Health and Recovery Board (MHRB) and Board of Mental Retardation and Developmental Disabilities (MRDD, including Clerco Inc.) are liable for the following long-term obligations. The MHRB loans are payable from debt service funds included in the component unit financial statements.

NOTE I: Long-Term Debt and Obligations (Continued)

Long-term debt and other obligations of the component units at December 31, 2006 were as follows:

	Interest Rate %	Maturity	Balance 12/31/2005	Additions	Deletions	Balance 12/31/2006	Amounts Due in One Year
1991 MHRB FHA Loan-$244,000	7.00%	2018	$ 168,002	$ 0	$ 8,219	$ 159,783	$ 8,806
1996 MHRB FHA Loan-$624,000	5.75%	2018	398,609	0	21,994	376,615	23,288
Compensated Absences			788,760	397,952	394,335	792,377	387,003
Total Long-term Obligations			$ 1,355,371	$ 397,952	$ 424,548	$ 1,328,775	$ 419,097

Debt service requirements for component unit long-term debt are as follows:

MHRB LOANS

Year	Principal	Interest
2007	$ 32,094	$ 31,955
2008	34,113	29,943
2009	36,252	27,804
2010	38,527	25,529
2011	40,945	23,111
2012-2016	246,722	73,558
2017-2018	107,745	6,405
TOTAL	$ 536,398	$ 218,305

NOTE J: Conduit Debt Obligation

The County periodically has issued Hospital Facility, Economic Development, Industrial Development and Multi-Family Housing revenue bonds. The proceeds of these issues are used to acquire, construct, improve, expand and equip facilities associated with private-sector entities. Trustees make the principal and interest payments on the outstanding bonds. The issued bonds do not constitute a general obligation, debt or bonded indebtedness of the County nor is the full faith and credit or taxing power of the County pledged to make repayment. As of December 31, 2006, it is estimated that $123,301,000 was still outstanding of previously issued bonds.

NOTE K: Defined Benefit Pension Plans

Public Employees Retirement System:

All full-time employees, other than teachers, participate in the Ohio Public Employees Retirement System (OPERS) which is a public employee retirement system created by the State of Ohio OPERS administers three separate pension plans as described below:

- The Traditional Pension Plan - a cost sharing multiple-employer defined benefit pension plan;

NOTE K: Defined Benefit Pension Plans (Continued)

- The Member-Directed Plan - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent 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.

- The Combined Plan - a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension 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.

OPERS, provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed plan do not qualify for ancillary benefits. The authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS, issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614-222-6701 or 800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2005, member and employer contribution rates were consistent across all three plans. Separate divisions for law enforcement and public safety exist only within the Traditional Pension Plan. The employee contribution rate for 2006 was 9.0% for employees other than law enforcement. The law enforcement classification consists of sheriffs, deputy sheriffs, and township police with an employee contribution rate of 10.1%. Public safety division members contribute at 9%. The 2006 employer contribution rate was 13.70% of covered payroll. The 2006 employer contribution rate for both the law enforcement and public safety divisions was 16.93% of covered payroll. The County's contributions to PERS for the years ended December 31, 2006, 2005 and 2004 were $7,946,504, $7,638,660, and $7,304,304 respectively, 100% has been contributed for the years 2006, 2005, and 2004.

State Teachers Retirement System

Certified teachers employed by the school for the Mental Retarded/Developmentally Disabled participate in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The employee contribution rate for 2006 was 10% for employees. The employer contribution rate for 2006 was 14% of covered payroll. The County's contributions to STRS for the years ended December 31, 2006, 2005, and 2004 were $149,172, $146,308, and $163,836 respectively, 100% has been contributed for the years 2006, 2005 and 2004.

NOTE L: Post-Employment Benefits Other Than Pension Benefits

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to qualifying members of both the Traditional and the Combined Plans. Members of the Member-Directed Plan do not qualify for post-employment health care coverage. In order to qualify for post-retirement health care coverage, age and service retirees must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12.

A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care based on authority granted by state statute. The OPERS law enforcement program is separated into two divisions, law enforcement and public safety, with separate employee contribution rates and benefits. The 2006 employer contribution rate was 13.70% of covered payroll for employees not engaged in law enforcement, 4.50 % was the portion that was used to fund health care. For law enforcement employees, the employer contribution rate was 16.93% of which 4.50% was used to fund health care.

Assumptions and calculations were based on the System's latest Actuarial Review performed as of December 31, 2005. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25.00% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2005 was 6.50%. An annual increase of 4.00% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.00% base increase were assumed to range from .50% to 6.30%. Health care costs were assumed to increase at the project wage inflation rate plus an additional factor ranging from .50% to 6.00% for the next 9 years. In subsequent years health care costs were assumed to increase at 4.00%.

At December 31, 2006, the total number of active contributing participants in the Traditional Pension and the Combined Plans was 369,214. The 2006 rate of 4.50% was the actuarially determined contribution requirements for OPERS. As of December 31, 2005, the net assets available for future OPEB were $11.1 billion. The County's actual contributions for 2006 which were used to fund OPEB were $2,262,642 for employees other than law enforcement and $222,398 for law enforcement employees. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were $31.3 billion and $20.2 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, is effective on January 1, 2007. OPERS took additional actions to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

The State Teachers Retirement System (STRS) requires all benefit recipients to pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contributions, currently 14% of covered payroll. The Board currently allocates employer contributions equal to 1% of covered payroll to the Health Care Stabilization Fund for which payments for health care benefits are paid. The County's contribution for 2006 was $10,655. As of June 30, 2006, eligible benefits recipients totaled 119,000. For the year ended June 30, 2006, net health care costs paid by STRS were $254.8 million.

NOTE M: Other Employee Benefits

County employees have the option of participating in four state-wide deferred compensation plans created in accordance with the Internal Revenue Code Section 457. Under this program, employees elect to have a portion of their pay deferred until a future time. According to this plan, the deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The deferred pay and any income earned thereon is not subject to income tax until actually received by the employee. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights (until paid or made available to the employee or other beneficiary) must be held in a trust, custodial account, or annuity contract for the exclusive benefit of plan participants and their beneficiaries. Deferred amounts from the plan are not considered "made available" just because a trust, custodial account or annuity contract holds these amounts. The Plan Agreement states that the County and the plan administrators have no liability for losses under the plan with the exception of fraud or wrongful taking.

NOTE N: Contingencies and Commitments

Consent Order Dated November 7, 1989:

The Office of the Ohio Attorney General has brought suit on behalf of the Environmental Protection Agency relating to violations of the National Pollutant Discharge Elimination System (NPDES) permits issued to the County. A consent order was placed on record on November 7, 1989 establishing certain time frames for construction of improvements to the facilities and establishing certain landmark dates for the completion of interim work. Management believes that the County is currently in compliance with the consent order.

Other Civil Claims:

The County is a defendant in a number of claims and lawsuits which may be classified as routine litigation in which minimal nonmaterial damages are being sought. In addition, the County is a defendant in numerous other claims and lawsuits in which the County believes either they will prevail in the litigation or the amounts claimed are overstated and not fair estimates of the ultimate settlements, if any. Amounts paid by the County in 2006 for litigation settled were not material. There are no liabilities associated with any contingencies carried in the accompanying financial statements based upon the information disclosed in the above paragraph.

Construction Commitments:

As of December 31, 2006, the County had contractual commitments for significant construction projects as follows:

Project	Fund	Total Contracts	Completed to Date	Commitment Remaining
Road & Bridge Construction	M V & G	$ 3,413,661	$ 1,831,934	$ 1,581,727
Road Improvement	Planning & Development Capital	2,288,080	1,435,710	852,370
Medical Social Services Building	Social Services Capital	58,268	40,152	18,116
Justice Buildings Construction	Justice Capital	279,921	219,316	60,605
Water	Water District	9,559,027	5,990,555	3,568,472
Sewer	Sewer District	23,869,347	15,829,014	8,040,333
Total		$ 39,468,304	$ 25,346,681	$ 14,121,623

NOTE O: Federal and State Grants

The County participates in a number of Federal and State assisted grant programs. The significant programs are: Workforce Investment Act Grants, Community Development Block grants, Highway Planning and Construction grants, Transportation grants, Mental Health and Mental Disability grants. These programs are subject to financial and compliance audits by the Auditor of State under the Single Audit Act of 1984, Single Audit Act as amended in 1996 and OMB Circular A-133. At June 1, 2007, the audits of certain programs have been completed. Accordingly, the County's compliance with applicable grant regulations does not have a material adverse effect on the County's financial position.

NOTE P: Amendments to Original Appropriations Budget

Amendments to the County's original appropriation beyond the object level must be approved by the Board of County Commissioners. In 2006, the original appropriation measure was increased and decreased by the Commissioners with the net effect as follows: General Fund, $44,931; Special Revenue Funds, $10,969,083; Capital Project Funds, $1,127,995; and Debt Service Funds, $50,065.

NOTE Q: Interfund Transactions

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

A summary of transfers is as follows:

	Transfer From							
Transfer To	General	M V & G	County Capital	Nonmajor Governmental	Internal Service	Water	Sewer	Total
General	$ 0	$ 0	$ 0	$ 50,165	$ 0	$ 0	$ 0	$ 50,165
Social Services	893,746	0	0	0	0	0	0	893,746
Special Assessment	0	0	0	0	0	664	664	1,328
County Capital	182,450	0	0	0	90,000	0	0	272,450
Nonmajor Governmental	2,850,985	67,941	3,663,735	0	0	0	0	6,582,661
Internal Service	30,956	0	0	0	0	0	0	30,956
Water	0	0	0	636,224	0	0	0	636,224
Sewer	0	0	0	36,976	0	0	0	36,976
TOTALS	$ 3,958,137	$ 67,941	$ 3,663,735	$ 723,365	$ 90,000	$ 664	$ 664	$ 8,504,506

The County's Capital Improvement Fund transferred $430,000 to the Communication Center Projects Fund and $3,233,735 to the Debt Service Funds for the payment of debt. The County's MV & G Fund transferred $67,941 to the Debt Service funds for the payment of debt.

The County issued and sold $680,000 of bonds in anticipation of special assessments levied for the purpose of construction of various water and sewer projects during 2006. The Water and Sewer Funds administrate the construction and maintenance of these projects. Consequently, the County's Community Development Projects Fund contributed $673,200 to the Water and Sewer Funds via transfers. The Water and Sewer Funds transferred $1,328 of the bond proceeds back to the Special Assessment Debt Service Fund for payment of the debt.

NOTE R: Interfund Receivables/Payables

Individual fund interfund assets/liabilities balances as of December 31, 2006, related to the primary government were as follows:

GOVERNMENTAL ACTIVITIES	ASSET Interfund Receivable	LIABILITY Interfund Payable
General	$ 1,374,008	$ 0
Social Service	0	500,000
Special Assessment Debt Service	0	95,671
Nonmajor Governmental Funds	0	864,690
BUSINESS-TYPE ACTIVITIES		
Water	0	0
Sewer	86,353	0
TOTAL	$ 1,460,361	$ 1,460,361

During 2006, the County General Fund made advances to Special Assessment Debt Service Fund and nonmajor governmental funds in the amount of $262,718 in anticipation of intergovernmental grant revenue, special assessments and charges for services revenue. In 2005 and 2006, the Sewer Fund advanced $44,090 and $42,263, respectively to the Special Assessment Debt Service Fund for principal and interest payments. $1,364,690 is not scheduled to be collected in the subsequent year.

Due to/from Primary Government and Component Units as of December 31, 2006, were as follows:

	ASSET Due from Component Unit	LIABILITY Due to Primary Government
Primary Government - General Fund	$ 1,547,093	$ 0
Component Unit - CIC	0	1,547,093

In March 2006, the Board of County Commissioners transferred 30.6 acres (cost of land was $2,542,105) to the CIC for consideration of one dollar with an arrangement that the CIC repay the County the cost of the land when it is sold by the CIC. The CIC provided repayment of $1,020,143 on December 22, 2006 to the County per their agreement with the County. In addition, in December 2006, the County transferred 0.832 acres to the CIC for consideration of one dollar with the arrangement that the CIC will repay the County the value of the land when sold. As of December 31, 2006, the land had a historical value of $25,131. A liability is due to the County for $1,547,093 for the land not sold as of December 31, 2006.

NOTE S: Risk Management

The County is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Arthur J. Gallagher & Co. administers all County real and personal property coverage, comprehensive general liability including law enforcement liability, blanket crime coverage, public officials' liability insurance, fleet insurance, and comprehensive boiler and machinery coverage.

NOTE S: Risk Management (Continued)

St. Paul Fire & Marine Insurance Company provides an $10,000,000 per occurrence limit Liability Package for general liability, automobile liability, law enforcement liability, public entity management liability and a $2,000,000 limit for Employment Practices Liability. Travelers Indemnity Company provides a $100,000,000 per occurrence limit for real and personal property coverage. Coverage in the protected self-insurance program is subject to the following per occurrence retentions/deductibles: Property - $50,000 deductible; Automobile - $25,000 retention; All Other Liability $100,000 retention; Combined Maximum (Liability) - $100,000 retention; Maximum per Year (Liability) - $500,000 retention.

Travelers Property Casualty Company of America provides the County's boiler & machinery coverage with limits up to $50,000,0000 subject to a $10,000 deductible. Travelers Casualty and Surety Company of America provides the County's crime insurance with limits up to $250,000 for dishonest acts of employees and limits up to $75,000 for theft, disappearance or destruction of money and securities subject to respective deductibles of $5,000 and $1,000 deductible. Landmark America Insurance Company provides coroner's professional liability with a limit of $1,000,000 subject to a $10,000 deductible. Settled claims have not exceeded this commercial coverage in any of the past five years.

The County pays the State Workers' Compensation System a premium based on a rate per $100 of salaries. This rate is calculated based on accident history and administrative costs.

The County has elected to provide employees major medical, vision and hospitalization through a self-insured program. The County maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss in this program. A third party administrator, Humana and Dental Care Plus Insurance Companies, reviews all claims which are then paid by the County. The County purchases stop-loss coverage of $100,000 per employee and an aggregate limit of $1,000,000. The County pays into the self-insurance internal service fund $761.76 for family coverage and $350.66 for individual coverage per employee per month which represents a 75% of the entire premium required (employees pay in 25% of the premium). The premium is paid by the fund that pays the salary for the employee and is based on historic cost information. The claims liability of $489,591 reported in the Health Insurance fund at December 31, 2006, is estimated by the third party administrator and is based on the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the fund's claims liability amount in 2006 were:

	Claims Balance Beginning of Year	Current Year Claims and Changes in Claims Estimate	Claims Payments	Claims Balance at Year End
2005	$ 764,372	$ 8,088,497	$ (8,014,016)	$ 838,853
2006	838,853	7,467,783	(7,817,045)	489,591

NOTE T: LAND PURCHASE AND SALE/RELATED PARTY TRANSACTION/SUBSEQUENT EVENTS

Land Purchase and Sale
In December 2005, the County entered into contracts to purchase 100 acres of land. In January 2006 and in April 2006, the County purchased the 100 acres located in Union Township in the amount of $8,221,230 for economic development. In March 2006, the Board of County Commissioners transferred 30.6 acres, cost of the land was $2,542,105, to the Clermont County Community Improvement Corporation, Inc. (CIC) for the consideration of one dollar with the CIC repaying the County the cost of the land when sold. The remaining 69.4 acres is shown on the Statement of Net Assets at a cost of $5,679,125 as Land Held for Resale.

In 2006, the CIC sold 12.5 acres. The County received repayment of $1,020,143 in 2006 for repayment of the land as required in Ohio Revised Code Section 1724.10(C). In December 2006, the County transferred .832 acres located in Union Township to the CIC for the consideration of one dollar with the CIC repaying the County the cost of the land when sold. The historical value of the land as of December 31, 2006 was $25,131. As a result, the County shows a due from component unit and unearned revenue in the amount of $1,547,093 for the remaining land not sold.

Related Party Transaction
At the time of the 2005 contract, the 2006 purchase and transfer, a member of the Clermont County Community Improvement Corporation, Inc. was the husband of a member of the Board of County Commissioners.

Subsequent Event
In March 2007, the County transferred .877 acres of the remaining 69.4 acres that is Land Held for Resale. The value of the .877 acres transferred is $70,378.

NOTE U: CLERMONT COUNTY CIC, INC.

Nature of Operations
The Clermont County CIC, Inc., (CIC) is a not-for-profit organization which derives the major source of its revenues from Clermont County (County), application fees and interest income. The CIC was established in November 2003 for the economic development of Clermont County. The CIC works with the County in many aspects of the overall adopted economic development strategy, but its current efforts are focused on facilitating industrial and office park development which will lead to new industrial and commercial investment.

The CIC is also providing financing assistance to companies through the use of Industrial Revenue Bonds (IRBs).

The CIC's management believes the financial statements present all activities for which the Corporation is financially accountable.

The CIC has no component units or other organizations to be included in the financial statements. The CIC is however a discretely presented component unit of Clermont County.

Summary of Significant Accounting Policies
The financial statements consist of a single-purpose business-type activity which is reported on the accrual basis of accounting using the economic resources measurement focus.

Cash Equivalents: During the calendar year 2006, the corporation's funds were in an interest bearing account.

NOTE U: CLERMONT COUNTY CIC, INC. (Continued)

Significant Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Capital Assets: Capital Assets are stated at historical cost. The only assets capitalized by the Corporation are land held for resale.

Income Taxes: The CIC has applied to be a not-for-profit tax exempt organization under the Internal Revenue Code Section 501(c) (3). Accordingly, there is no provision for income taxes in these financial statements.

Land Held for Resale and Due to Primary Government:
Land Held for Resale for the fiscal year ended December 31, 2006 is as follows:

Class	1/1/2006 Beginning Balance	Additions	Deletions	12/31/2006 Ending Balance
Land Held for Resale/Due to Primary Government	0	2,567,236	1,020,143	1,547,093

In March 2006, the Board of County Commissioners transferred 30.6 acres (cost of land was $2,542,105) to the CIC for consideration of one dollar with arrangement that the CIC repay the County the cost of the land when it is sold by the CIC.

In May 2006, the Corporation sold 12.5 acres. The CIC provided repayment of $1,020,143 on December 22, 2006 to the County per their agreement with the County. In addition, in December 2006, the County transferred 0.832 acres located on the Northwest side of Eastgate Boulevard South of State Route 32 to the CIC for consideration of one dollar with the arrangement that the CIC will repay the County the market value of the land when sold. As of December 31, 2006, the land had a historical value of $25,131.

A liability is due to the County in the amount of $1,547,093 for the land not sold as of December 31, 2006. The CIC is reporting the asset as land held for resale and an amount due to Clermont County on the statement of net assets representing the remaining land not sold.

Subsequent Event
In March 2007, the Board of County Commissioners approved to transfer two parcels to the CIC from the 69.4 acres held by the County as Land Held for Resale. 0.419 and 0.458 acres were transferred with the values of $33,624 and $36,754, respectively.

In May 2007, the CIC sold 8.84 acres of the 30.6 acres transferred to the CIC from the County in March 2006, for consideration of $701,479.

EXHIBIT B

SELECTED PORTIONS OF THE COUNTY OF CLERMONT, OHIO
2007 ANNUAL INFORMATION STATEMENT

County of Clermont, Ohio

2007

Annual Information Statement

in connection with Bonds, Notes and
Certificates of Indebtedness of the County

This Annual Information Statement pertains to the operations of the County of Clermont for the calendar year 2006.

In addition to providing information on an annual basis, the County of Clermont intends that this Statement will be used, together with information to be specifically provided by the County for that purpose, in connection with the original offering and issuance by the County of its bonds, notes and certificates of indebtedness.

Questions regarding information contained in this Annual Information Statement should be directed to Charles F. Tilbury, Jr., Chief Deputy Auditor, Clermont County, 101 East Main Street, Batavia, Ohio 45103.

The date of this Annual Information Statement is September 1, 2007

INTRODUCTORY STATEMENT

The "Annual Information Statement in connection with Bonds, Notes and Certificates of Indebtedness of the County of Clermont, Ohio" (the "Annual Statement"), including the Appendices hereto, has been prepared by the County of Clermont (the "County") to provide, as of its date, financial and other information relating to the County. The County intends that this Annual Statement be used in conjunction with specific information to be provided by the County which, taken together, will serve as the Official Statement for the original offering and issuance by the County of specific issues of bonds, notes or certificates of indebtedness. Following the distribution of this Annual Statement and concurrently with the original offering by the County of each particular issue of its bonds, notes or certificates of indebtedness, the County will distribute or make available the specific information relating to that offering along with material to update what is contained in this Annual Statement.

The County has not bound itself contractually to furnish current information, in the form of a statement such as this or otherwise, on a continuing or regular basis and does not covenant to do so, except for specific Continuing Disclosure Agreements entered into for specific transactions (see "Continuing Disclosure" herein). From time to time the County may elect to provide such information to parties named on a mailing list maintained by the County for such purpose. Names may be added to the mailing list by writing to Charles F. Tilbury, Jr., Chief Deputy Auditor, Clermont County, 101 East Main Street, Batavia, Ohio 45103. (See *"Continuing Disclosure"* herein.)

All financial and other information presented herein has been provided by the County from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historical information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the County. No representation is made that past experience as might be shown by such financial and other information will necessarily continue in the future.

References herein to provisions of Ohio law, whether or not codified in the Ohio Revised Code (the "Revised Code"), or the Ohio Constitution, are references to such provisions as they presently exist. Any of those provisions may from time to time be amended, repealed or supplemented.

As used in this Annual Statement, "debt service" means principal (including mandatory redemptions) of and interest on the obligations referred to, and "State" or "Ohio" means the State of Ohio.

THE COUNTY

Clermont County was named for a French city, Claremont, meaning "clear mountains and hills", by Arthur St. Clair, the first governor of the Northwest Territory in 1800. It is the eighth oldest county in the State of Ohio and is the birthplace and former home of Ulysses S. Grant. The first village and the first Clermont County seat, was the Village of Williamsburg, established in 1796. In 1823, New Richmond became the county seat, and in 1824, it moved to Batavia, which

remains the county seat today. This 459 square mile County lies along 26 miles of the Ohio River in Southwestern Ohio and is an average of 22 miles east of the City of Cincinnati. The Cincinnati-Middletown Metropolitan Statistical Area (hereinafter the "Metropolitan Area") includes Brown, Butler, Clermont, Hamilton, and Warren, counties in Ohio, Dearborn, Franklin, and Ohio counties in Indiana, and Boone, Bracken, Campbell, Gallatin, Grant, Kenton, and Pendleton counties across the Ohio River in Kentucky.

County Government

The County has only those powers specifically conferred upon it by Ohio statutes. A three-member Board of County Commissioners (the "Commissioners"), elected at large in even-numbered years for four-year overlapping terms, is the primary legislative and executive body of the County.

In addition to three Commissioners, the nine other administrative officials of the County are listed below. Each of these administrative officials is independent within the limits of state law affecting their particular offices. With the exception of the Clerk of Municipal Court, they are elected for terms of four years each, with the County Auditor and a County Commissioner elected at two year intervals before and after a presidential election year and the other County Commissioners and other County officers elected in each presidential election year. The Clerk of Municipal Court is elected for a term of six years.

BOARD OF COUNTY COMMISSIONERS

	Assumed Office	Present Term Expires
Robert L. Proud, President	01/89	01/02/09
Mary C. Walker, Vice President	01/01	01/01/09
R. Scott Croswell, III, Member	01/03	12/31/10

COUNTY OFFICIALS

		Assumed Office	Present Term Expires
County Auditor	Linda L. Fraley	03/95	03/13/11
County Treasurer	J. Robert True	06/88	09/04/09
Clerk of Common Pleas Court	Barbara Wiedenbein	01/05	01/04/09
Clerk of Municipal Court	Timothy R. Rudd	01/04	12/31/09
County Engineer	Patrick J. Manger	06/03	01/04/09
County Recorder	Carolyn Green	01/89	01/04/09
County Sheriff	A.J. "Tim" Rodenberg, Jr.	04/96	01/04/09
County Coroner	Brian Treon	07/02	01/02/09
County Prosecutor	Donald W. White	01/89	01/04/09

General Government Of the offices that can be grouped under the category of general government, in addition to the Commissioners, are five elective offices.

The County Auditor has the task of assessing real property for taxation purposes. A complete on-site inspection and reappraisal must be conducted every six years in addition to a triennial update. The Auditor is also the fiscal officer of the County. It is her responsibility to account for the millions of dollars received each year and to issue warrants in payment of all County obligations, including the distribution of tax dollars to the townships, villages, cities, school districts and library systems as well as other county agencies.

The County Treasurer is required by state law to collect certain taxes, which are then distributed by the Auditor to various governmental units. All County monies are invested by the Treasurer to gain the best return in accordance with Ohio Revised Code and the County Investment Policy. The Treasurer is the disbursing agent for expenditures authorized by the Commissioners. All monies collected by other County departments are received by the Treasurer. The Treasurer prepares reports daily showing receipts, payments and balances of all funds. The Treasurer's and Auditor's account books must always balance.

The County Engineer is required by law to be a registered professional engineer and surveyor, and serves as the civil engineer for the County and its officials. Primary responsibilities are the construction, maintenance, and repair of the County's roads, bridges, and drainage facilities. The Commissioners take bids on and award contracts for the projects recommended and approved by the Engineer. The County Engineer prepares tax maps with the County Auditor. In 2006, the County Commissioners entered into an agreement with the County Engineer to provide consulting services related to the County Stormwater and Surface Water Management Program.

The County Recorder is required to make a complete, accurate and permanent record of every document pertaining to the conveyance and encumbrance of land within the County. The Recorder maintains permanent land records, retains them in archival form, and makes those records constantly accessible to the public.

The County Coroner is charged by law with the responsibility of determining the cause, mode, and manner of death. A licensed physician, the Coroner has broad authority to investigate causes of death resulting from crimes or violent acts, suicide, or any death of a suspicious nature. In fatal automobile crashes, the Coroner determines the blood alcohol content of those who die. The Coroner works closely with law enforcement agencies and the Prosecuting Attorney in preparing cases for trial.

In addition to these elected officials, the County Administrator is appointed by the Board of County Commissioners and serves under the direction and supervision and at the pleasure of the Board. The County Administrator is the administrative head of the County and is responsible for implementing policies of the Board, supervising County affairs, preparing and submitting the fiscal budget, and keeping the Board fully advised on the financial obligations of the County.

Administration of Justice System As a part of the administration of the justice system in the County, the County maintains a three judge Municipal Court and a six judge Common

Pleas Court, which includes the Domestic Relations, Probate and Juvenile Divisions. Clermont County is also served by the 12th District Court of Appeals which supports the following counties: Brown, Butler, Clermont, Clinton, Fayette, Madison, Preble and Warren.

The Clerk of the Common Pleas Court keeps all official records of the Common Pleas Court and serves as Clerk of the Court of Appeals. The Clerk of the Common Pleas Court charges fees for services and collects all fees, fines and funds assigned by the Common Pleas Courts.

The Clerk of the Municipal Court keeps all official records of the Municipal Court. The Clerk of the Municipal Court may administer oaths, take affidavits, and issue executions upon any judgment rendered in the court. The Clerk of the Municipal Court charges fees for services and collects all fees, fines and funds assigned by the Municipal Court.

The Prosecuting Attorney's office is maintained by the County. The Prosecuting Attorney is designated by Ohio law as the chief legal counsel for all County officers, boards, and agencies.

The County Sheriff is the chief law enforcement officer of the County and provides certain specialized services that include maintaining a special staff of deputies to assist local law enforcement officers upon their request, enforcing the law in unincorporated areas of the County and providing Court Security to the County courts. The Sheriff is responsible for the County Jail and its inmates, including persons detained for trial or transfer to other institutions. As an officer of the County courts, the Sheriff is charged with preparing and serving documents.

Financial Management The Commissioners are responsible for establishing financial policies and practices that align the County resources to best meet the needs and requirements of the citizens, office holders and stakeholders of the County. The Commissioners exercise their legislative powers by budgeting, appropriating, levying taxes, issuing bonds, and executing all contracts for public works, construction and county services.

Permissive Taxes Permissive sales tax was the largest source of revenue in the General Fund of the County in 2006. The County has six tax revenue sources available to it, commonly known as the "permissive" taxes. State law authorizes counties to levy such permissive taxes without a vote of the people but subject to referendum or repeal by initiative.

A permissive taxing authority granted to the County includes sales and use, utility service, motor vehicle registration, real estate transfer, lodging, and liquor and cigarette taxes. All of these taxes, except motor vehicle registration, are to be used for General Fund purposes and for the administration of the tax. The motor vehicle registration tax is only to be used for road and bridge purposes.

A summary of County permissive taxes follows:

A county is permitted to levy up to a one percent (1%) sales tax on retail sales in the County, subject to certain exceptions. The sales tax may be levied for the purpose of providing additional revenue for County General Fund purposes or to support criminal and administrative justice services in the County or both. This County sales tax may be authorized by the Board of

County Commissioners at any time in increments of one-quarter percent (1/4%) up to the maximum of one percent (1%), but the authorization of this sales tax is subject to referendum and a vote of the voters. The County is currently levying a one percent (1%) sales tax.

The Ohio Revised Code permits a county of Clermont's size to levy up to an additional one-half of one percent (1/2%) sales tax on retail sales in a county, subject to certain exceptions, for the following purposes: financing a convention center, providing additional revenue for county transit authority, for General Fund purposes, or for permanent improvements under the jurisdiction of the Community Improvement Board. This additional one-half of one percent (1/2) sales tax can be levied in one-quarter percent (1/4%) increments and is subject to voter approval, except when it is levied solely to provide additional General Fund revenues, and is in addition to the 1% county sales tax that may be levied without voter approval but subject to referendum, described above. The County is not currently levying the additional one-half of one percent (1/2%) sales tax.

A permissive tax which has not yet been utilized is the utility service tax at a rate not to exceed two percent of the utility service charges.

The Revised Code allows a potential total local auto license tax of $15 if all authorized motor vehicle license taxes are levied by local governments, which includes the $5 presently permitted to be levied by municipalities. Counties may enact up to an additional $10. If a county did not levy the tax by April 1, 1989 for the first new $5 authorized or by April 1, 1991 for the second $5 authorized, then any municipality may enact the tax. The County may still enact the tax after a municipality does, but the County tax will not apply in municipalities that have enacted the tax. The County enacted this tax in the amount of $10, effective for all license plates purchased, beginning in 1988. In addition, on April 25, 2001, the County enacted an additional annual tax in the amount of $5 effective January 1, 2002 for the purpose of repair and replacement of County bridges.

The County may levy and collect a permissive real property transfer tax on each deed conveying real property or any interest in property located in the County (Section 322.02 Revised Code). The rate may not exceed three mills (three dollars per thousand dollars of valuation) and must be levied at a uniform rate. This permissive tax is in addition to the one mill mandatory transfer fee. The County currently levies the maximum permitted. Two mills permissive tax was added on June 1, 1992, and the final one mill permissive tax was added September 30, 2005 to provide revenue necessary to fund the County's economic development activities and related infrastructure improvements.

The County also levies a three percent hotel lodging surcharge based on gross room rental revenues (Ohio Revised Code 5739.09). In the cases where a township or municipality does not have a lodging tax levied, one-third of the hotel lodging surcharge revenues are allocated to the township or municipality in which the hotel is located. The remaining two-thirds is allocated to the Clermont County Convention & Visitor's Bureau. Where a township or municipality has levied a lodging tax, the full three percent is allocated to the Clermont County Convention & Visitor's Bureau.

Counties are permitted to levy certain liquor and cigarette taxes for the purpose of financing a sports facility. The use of these taxes is subject to the approval of county voters. The liquor tax, $3 per gallon of liquor sold to or purchased by liquor permit holders for resale in a county, may be levied for a maximum of 20 years for the purpose of financing a sports facility. The cigarette tax, up to 2¼ mills per cigarette sold for resale at retail in a county, may be levied for a maximum of 20 years for the purpose of financing a sports center. The County has not utilized these taxes.

Management of County Facilities The Commissioners are responsible for the management of most County facilities, including various courts, correctional, administrative and general County government facilities.

County Boards and Commissions There are a number of independent boards, commissions and affiliated organizations that administer a large variety of services within the County. Some of these boards and commissions are appointed by the Commissioners and are subject to the complete fiscal control of the Commissioners; others are independent of fiscal control by the Commissioners. There are also instances in which the Commissioners do not have appointment powers but do have fiscal responsibility.

Fiscal control including appropriations and accounting or fiscal agent which are provided to the Automatic Data Processing Board, Board of Revision, Budget Commission, Planning Commission, Records Commission, Veterans Service Commission, Mental Health & Recovery Board, Board of Mental Retardation & Developmental Disabilities, Board of Health, Soil & Water Conservation District, Park District, and the Adams-Clermont Solid Waste District.

Other county boards, commissions and affiliated organizations providing services but are independent of County fiscal control are Clerco, Inc., Metropolitan Housing Authority, Family & Children First Council, Agricultural Society, Child Focus, Law Library, Convention & Visitors Bureau, Community Services, Board of Education, Senior Services, Public Defender Commission, Public Library Board, Community Improvement Corporation, Capitol Investors, Transportation Improvement District and the Economic Development Corporation.

The Commissioners have financing, funding, budgeting and accounting responsibilities for the Board of Elections but do not make appointments to the Board of Elections.

On June 21, 2006, the Board of County Commissioners approved the creation of a Transportation Improvement District (TID). The TID will work collaboratively with county, regional, and state agencies in the financing, construction, repair, and maintenance of transportation projects (including air and rail projects). It will take advantage of opportunities and benefits made available only through a TID, to plan, construct, and improve highways, roads, bridges, interchanges, and accompanying capital improvements and developments throughout Clermont and surrounding counties.

Employee Relations As of December 31, 2006, Clermont County employed approximately 1,296 full-time and 119 part time employees in various job classifications; the County had a 2006 payroll of $57,316,079.

Under the "Collective Bargaining Law," public employees of the State and many local subdivisions (including the County) have the right to organize, bargain collectively and have union representation. The employer must recognize and grant exclusive representation rights to a representative approved by the State Employment Relations Board ("SERB"). SERB approval may be granted either after fulfillment of the requirements listed in its regulations or by majority approval of the employees at a SERB supervised election. The employer has the right to insist on an election. Any agreements under the Collective Bargaining law must be in writing; must specify a grievance procedure; and cannot exceed three years in duration.

The Collective Bargaining Law designates those actions which constitute unfair labor practices and prescribes procedures for their remedy. It also sets forth dispute resolution procedures for contract negotiation impasses including arbitration or other mutually agreeable methods. If the impasse persists after conciliation procedures, then police, fire, correctional officers, and other public safety employees must take the dispute to binding arbitration and do not have the right to strike. All other employees have the right to strike after 10 days written notice. The County currently has labor agreements with the following employee unions:

Union	Type of Personnel Covered	Number of Employees Covered (as of December 2006)	Date Commenced	Date Expires
AFSCME	Dept. of Job & Family Services	157	1/1/06	12/31/08
FOP	Sheriff's Department and Corrections	64 Deputies 15 Sergeants/Corporals 76 Correction Officers	3/1/07 3/1/07 3/1/06	12/31/09 12/31/09 2/28/09
FOP	Communications	13	1/1/06	12/31/08
Ohio Education Association	Mental Retardation and Developmental Disabilities	129	7/1/06	12/31/09

In an election on March 28, 2006, the Water & Sewer employees denied the AFSCME union the right to represent them.

The County has experienced no employee strikes or work stoppages within the last five years and the County considers labor relations with its employees to be good. The Public Employees Collective Bargaining Act of 1983 expressly recognizes the rights of collective bargaining for most government employees, including such employees' right to strike, and permit agreements requiring binding arbitration of unresolved grievances, agency shops and dues check-off provisions.

The County has a sick leave policy in force that allows employees to accumulate unused sick leave during the course of their employment with the County and obtain partial reimbursement upon retirement, based on the most recent rate of pay.

Human Services and Public Assistance The County Department of Job & Family Services (DJFS) administers a broad range of social programs and protective services. The DJFS is organized by program areas and administrative support units including Child Support Enforcement, Children's Protective Services, Employment Services, Administration and Fiscal divisions. The Department is headed by a Director who is appointed by and responsible to the County Commissioners. The Human Services Planning Committee advises the Director and is comprised of 13 members representing various community organizations and is also appointed by the Commissioners. An Ombudsman was placed under contract in 2006 to review identified complaints that have exhausted all the other complaint processes in the Children's Protective Services Division.

The DJFS is one of the largest of the county's departments with a total of 212 full-time employees as of December 31, 2006. The 2006 payroll was $8,160,518. The County General Fund provides a limited portion of the DJFS' funding for its activities and programs; however, over 80% of funding for DJFS responsibilities and programs is derived from state and federal funds. Much of the state and federal funding flows directly from those governments to public assistance recipients in programs for which the DJFS performs various administrative tasks such as eligibility determination. In addition to the General Fund contribution, other local funds used for DJFS operations are derived from the Children's Services Levy and charges for services.

The Children's Protective Services Division (CPS) provides a comprehensive system of assessing risk of alleged abused, neglected, and dependent children and their families. Preventative efforts and supportive services are provided in order to promote family stability and self-sufficiency. The Child Support Division locates non-custodial parents to establish and/or enforce child support orders. Additional services include paternity establishment and pursuit of medical insurance.

The Employment Services Division deals primarily with financial, medical, nutrition and employment assistance programs for low income families within the County. Examples of these programs are Ohio Works First program, Medicaid, Food Stamps, Child Care and Disability Medical Assistance. Additional services include HealthChek, Pregnancy Related Services and Enhanced Medicaid Transportation. The DJFS' role in these programs is primarily one of eligibility determination and benefit issuance. Funding for these services is derived from various state and federal sources with a mandated contribution (percentage) from the County General Fund.

The DJFS also administers workforce development programs in a regional One Stop system with Butler and Warren counties. The system known as **Workforce One** provides an array of support services and resources to businesses and job seekers. In Clermont County services are administered by the Business and Workforce Resource Center (BWRC).

The Clermont County Board of Mental Retardation and Developmental Disabilities (MRDD Board) provides public assistance in the form of contracted home services for severely impaired children and adults. It operates one school for children, two resident homes and one adult workshop. It is staffed by 194 employees and is funded with a 2.50 mill continuous levy and a 0.75 mill 5-year levy that expires in 2008, Federal and State funds as well as charges for services and payments from schools. It had 2006 expenditures of $13,600,939.

In 1886, the Ohio legislature passed an act establishing the soldier's relief commission. Each of the 88 counties in Ohio has a board of five honorably discharged veterans appointed to administer veteran programs in their respective county. Operating expenses are provided through county real estate taxes. In 1986, the Soldiers Relief Commission was renamed the Veterans' Service Commission. The Commission provides temporary relief for indigent veterans of war and assists veterans and their dependents in securing materials and information needed to obtain assistance under programs administered by the Veterans Administration. The 2006 operating expenditures of the Clermont County Veterans' Service Commission were $1,151,531.

The Clermont County Mental Health and Recovery Board (CCMH&RB) plans, monitors, evaluates and funds mental health and alcohol/drug services. It is prohibited from providing direct services, so the Board assures access to services by contracting with private, non-profit agencies. Its primary provider agencies are Child Focus, Clermont Counseling Center and Clermont Recovery Center. The CCMH&RB also is the administrative and fiscal agent for the Clermont County Family and Children's First Council. It is staffed by 10 employees, including the Director, and is funded through State and Federal dollars, and a 0.5 mill local levy. It had 2006 operating expenditures of $14,119,446. The Board was established pursuant to and operates under Chapter 340 of the Ohio Revised Code. It is governed by an 18-member board, with 10 members appointed by the County Commissioners, 4 members appointed by the Ohio Department of Mental Health and 4 members appointed by the Ohio Department of Alcohol and Drug Addiction Services.

County-Owned Utilities The Clermont County Sewer District was created in 1950 pursuant to Chapter 6117 of the Ohio Revised Code and operates the waterworks and sewer systems of the County. It is divided into three units: the sewer system; the waterworks system; and combined services that provide administrative and support functions for both water and sewer systems. As of December 31, 2006 the District had 96 full-time or shared employees with a 2006 payroll of $4,244,206 (exclusive of benefits). It operates 10 sewage treatment plants, 4 major sewer service areas and 3 water treatment plants serving a common distribution system. The District's 2006 expenditures were $55,032,124, which is comprised of the water operations of $13,184,175; $4,434,884 for water construction; sewer operations of $16,035,768; $19,048,599 for sewer construction; and combined services of $2,328,698 (see "Utilities" herein).

For additional information on the county-owned utilities, see the section entitled "The Sewer District" beginning on page 44.

Health There is one acute care hospital facility in the County and 33 hospitals in the Metropolitan Area. In addition, the Metropolitan Area has a state mental hospital and the renowned Children's Hospital and Shriner's Burns Institute.

The Clermont County General Health District is run by a 5-member board and directed by the Health Commissioner. The members are elected by the District Advisory Council which consists of the highest official from each municipality in the County, the chairman of the board of township trustees of each township in the County and one county commissioner. The department consists of three divisions: nursing, administrative records and environmental health. It is not controlled by the County Commissioners, but rather operates as a separate district pursuant to Chapter 3709 of the Ohio Revised Code.

The Health District had 60 employees as of December 31, 2006 and expended $3,774,586. Most of its revenue comes from licenses, permits, federal grants and fees to contracting municipalities and townships. There is no tax levy currently supporting the department.

Demographic Information

Population

	Census 1970	Census 1980	Census 1990	Census 2000
Clermont County	95,725	128,483	150,187	177,977
Cincinnati - Hamilton CMSA	1,611,057	1,660,278	1,744,124	1,979,202

Source: US Census Bureau, Population Division

Incorporated Areas
Clermont County, total population (2000) – 177,977

Amelia	2,752	Moscow	244
Batavia	1,617	Neville	127
Bethel	2,637	New Richmond	2,219
Chilo	97	Newtonsville	492
Felicity	922	Owensville	816
Loveland*	1,835	Williamsburg	2,358
Milford*	6,284		

Total population in incorporated areas	22,400
Total population in unincorporated areas	155,577

*The figure includes only the population in Clermont County.

Source: U.S. Census Bureau, Population Division

ECONOMIC INFORMATION

General Description

County Economic Development Agencies Clermont County has several organizations working together to foster economic development in the County. The Office of Economic Development, under the Board of County Commissioners, works with local communities to retain existing businesses and attract new companies to the area. It administers the tax incentive, financing, and grant programs available to growing companies. It also actively promotes the County through various marketing efforts. Finally, The Office of Economic Development works with other County departments to ensure that infrastructure investments are made in ways that will maximize the economic benefit to the community.

The Clermont County Community Improvement Corporation ("CIC") is a nonprofit organization that aids in the implementation of several aspects of the County's development strategy. The work of the CIC is directed by a public/private board. The CIC has most recently focused on facilitating office and industrial park development that will stimulate new industrial and commercial investment. It has played a significant role in development of Class "A" office space in the Ivy Pointe Commerce Park. The CIC is also able to issue tax-exempt industrial development bonds for manufacturers acquiring or constructing new facilities.

The Economic Development Council of Clermont County ("ED3C") is a private, nonprofit organization that provides strategic vision and long-range planning for the County's economic development efforts. ED3C has a contract through January 31, 2008, to provide planning, implementation, and management of the strategic development plan. ED3C also works to ensure that County development priorities are promoted at the state and federal level.

Economic Environment Clermont County has experienced dramatic growth over the last two decades with the completion of Greater Cincinnati's I-275 beltway and the opening of I-471, which connects eastern I-275 to downtown Cincinnati through Kentucky. Both of these developments increased the accessibility between Clermont County and the rest of the metropolitan area, promoting business growth. Strong residential and commercial growth is expected to continue in Clermont County throughout the next decade as well.

Over the past decade, Clermont County has consistently been one of the fastest growing counties in Ohio, with the July 1, 2006 US Census estimating the population at 192,706. Between 2000 and 2006, Clermont County's population grew by 8.2%. That increase followed an 18.5% population increase between 1990 and 2000.

Clermont County is strategically located near the population center of the United States. Clermont County is home to several corporate headquarters but also has a strong manufacturing sector. Diversification is an important component of the County's economic development strategy. Clermont County's business base includes banking, insurance, and finance firms; wholesaling and distribution firms; machine tooling, manufacturing and R&D companies; and medical services.

Regional Business and Industry The Cincinnati Metropolitan Area, which includes Clermont County, has been a transportation and industrial center since the early development of

the territory west of the Appalachians. It has become a major center for financial services companies; wholesale and retail establishments; government installation, medical services, and service industries as well as a wide variety of manufacturing activities. A central location is one of the region's strengths with 43% of the US population and 44% of the nation's manufacturing within 600 miles of the area.

Among the Metropolitan Area's more prominent manufacturing groups are transportation equipment, including aircraft engines and motor vehicle parts; food and personal care products; metal working and general industrial machinery; chemicals and plastics; fabricated metal products; and printing and publishing. This diverse economic base has generally been a source of stability for the area, protecting it from severe peaks and valleys in the business cycle. Seasonally adjusted unemployment was estimated at 4.9 % in Hamilton County and 4.7 % in Clermont County in May, 2007 by the Ohio Department of Job and Family Services. Unemployment for the same period was 5.3% in the State of Ohio and 4.3 % in the United States. The corporate headquarters of numerous firms are located in the Metropolitan Area. Ten Fortune 500 corporations are headquartered in the Metropolitan Area, including Procter & Gamble, The Kroger Company, American Financial Corporation, Federated Department Stores, Ashland, Inc., Fifth Third Bancorp, and AK Steel. More than 370 Fortune 500 firms have operations in the Metropolitan Area.

The Metropolitan Area is a growing center for international business with thousands of firms engaged in international trade. Metropolitan Area companies generate sales of approximately $6.7 billion to customers outside the U.S. each year. Major export products include jet engines, plastics, machinery, computer software, paper and consumer goods. Over 300 Greater Cincinnati firms are also owned by foreign firms from Japan, England, Western Europe and Canada. Foreign Trade Zone status is also available in Greater Cincinnati to assist firms engaged in international trade to lower import duty and tariff expenses. Clermont County has the largest Foreign Trade Zone in the region, with nearly 600 acres available for development.

Local Business and Industry As Clermont County's economy and population have grown, the retail, service and industrial sectors have also grown. According to Dun and Bradstreet April 2007 data, there are currently over 6,398 businesses located in Clermont County including 2,522 service businesses; 1,003 retail and wholesale enterprises; 968 construction related businesses and 344 manufacturing companies. Companies expanding in or relocating to Clermont County in 2006 invested almost $26 million in new real and personal property, constructed 269,320 square feet of new buildings, created 744 new jobs with a payroll of $26.2 million. Details of each company expansion are listed below.

Company Name	New Jobs	Investment	New Construction(sq ft)
AW Industries	0	$1,300,000	45,000
Cutting Edge Services	2	$450,000	7,200
Federal Aviation Administration	50	N/A	N/A
Gardner Rigging	4	$192,500	5,000
Glenny Glass	39	$2,600,000	48,400
Hawks Tag	6	$535,000	15,000
Orbit Manufacturing	7	$400,998	9,000
Record Express	6	$1,000,000	7,000

Spindles Plus	0	$1,250,000	12,500
TQL	600	$15,000,000	100,000
Victory Industrial	25	$3,200,000	12,000
Wright Tuning	5	$321,000	8,220
Total	**744**	**$ 26,249,498**	**269,320**

The Ohio Enterprise Zone program offers local communities a unique opportunity to work directly with the corporate community to provide incentives to encourage the retention and expansion of businesses. Since the inception of the Rural Enterprise Zone Program, Clermont County has granted 161 tax abatements to attract new employment and capital investments. These 161 transactions have generated more than 7,478 new jobs, retained more than 16,747 jobs within the community and have resulted in just over $2.15 billion in investments in Clermont County. The application and use of the Rural Enterprise Zone will be a continuing strategy for the County in maximizing job creation, job retention, business investments, diversification and employment opportunities.

The largest employers in Clermont County include Batavia Transmissions LLC, a Ford automotive transmissions plant; The Midland Company, a major provider of specialty insurance; Total Quality Logistics, a third-party freight logistics provider; International Paper, which operates a paper products research and development center; Siemens UGS PLM, a provider of product lifecycle management software; Mercy Hospital Clermont, a regional medical service provider; and Cincinnati Milacron, a plastics production machine manufacturer. (See the table on page 21 for a list of the County's 10 largest employers and number of employees.) As with many regions in the country, Clermont County is seeing the professional service sector become an increasingly larger part of the economy as manufacturing employment is stable or declines. This is evidenced by the announced idling of the Ford Motor Company's Batavia Transmissions plant planned for 2008. Although the loss of such an employer is significant to any community the impact to affected taxing districts is mitigated because of existing tax abatements for the facility and modifications of the personal property tax laws in Ohio. The community is also seeing strong growth of other businesses, such as Midland, an insurance firm, and Total Quality Logistics, a third-party logistics provider.

As part of its development strategy, Clermont County is working to ensure it has sufficient office and industrial property available to accommodate growth in both sectors. Office growth has generally concentrated around the I-275 beltway while industrial development is more dispersed throughout the County.

The County's main office areas are concentrated around three exits off I-275: (1) the Ward's Corner exit in Miami Township near Loveland, (2) the US 50 exit in Miami Township near Milford, and (3) State Route 32 in Union Township. The Wards Corner Business Park located in the northeast part of the County along I-275 covers 77 acres, including 46 acres for International Paper's research and development center. An additional 15 acres was developed with a 150,000 square foot executive building for Indiana Insurance. Six other buildings at this location include Class A office space and flex buildings housing office, light manufacturing, sales and distribution firms. Further south, the Park 50 TechneCenter consists of more than 1.5 million square feet of office and research space housed in 33 buildings. The development is located on a 455-acre campus located at the intersection of I-275 and U.S. 50. Since the first

building in the park was occupied in 1978, it has grown to house more than 145 companies. Many of these are high-tech companies including Siemens UGS PLM and CIMX.

The County's most recent office park development is Ivy Pointe Commerce Park at the I-275 and State Route 32 interchange. In 2006, The Board of County Commissioners acquired 100 acres for development of a Class A office park in Union Township. The first 30 acres of property have been sold for the construction of Total Quality Logistics' headquarters. The company began construction of a 100,000 square foot, five-story office building in 2006 and occupied the facility in early 2007. The site plan for those thirty acres will allow for the construction of two similar additional buildings. The other 70 acres still owned by the Board of County Commissioners are planned to be transferred to the CIC for office park development. As the CIC sells the land, the County is to be reimbursed for the adjusted basis of the cost of the land.

In addition to employers concentrated in office parks, a mix of Clermont County office and industrial employers can be found in the Bach-Buxton-McMann-Clough Pike business corridor. Large employers in this area include the Midland Company, KDI Precision Products, Sun Chemical, and QC Industries. Employers have also begun to cluster around the Clermont County Airport. The Clermont County Industrial Park has 22 firms with over 1,500 employees. The airport area has approximately 200 industrial acres with all utilities available for development and the County has received funding from the State of Ohio through the Industrial Site Improvement Fund to extend road access and utilities to 83 of the developable acres. Another area of significant industrial activity is concentrated in Batavia and Williamsburg Townships near State Route 32 in the east-central part of the county. Major employers in this area include Batavia Transmissions, Cincinnati Milacron, Georgia Pacific, and Dualite. This area also includes the County's largest tracts of developable, industrial property. There are several hundred developable acres on the north side of State Route 32 between Batavia and Half Acre Roads. Similarly, there are several hundred developable acres with rail access on the south side of State Route 32 in the vicinity of Half Acre Road.

Retail Development Major retailers have located throughout Clermont County to take advantage of strong population growth, housing starts, and community demographics. Much of the large retail development has concentrated in three areas around State Route 28 in Miami Township, River's Edge in Milford, and State Route 32 in Union Township. These developments begin at I-275, which provides ready access to the rest of the Greater Cincinnati region and major regional arterial highways as well as the Greater Cincinnati/Northern Kentucky International Airport. These established centers also have access to all major utilities and infrastructure necessary to support larger development projects. The sales tax generated by the retail establishments in these areas comprises a significant portion of Clermont County's General Fund revenues.

In the County's northern Miami Township area, a retail corridor has developed along State Route 28 at the interchange of I-275. Numerous restaurants, hotels, and consumer retail stores operate in this area. Miami Township, in conjunction with the County, has hired a consultant to determine the market for a possible mixed use redevelopment of an underperforming retail plaza in the area. There is also approximately 200,000 square feet of office space in this area as well.

A 250-acre mixed business development called River's Edge has developed in the City of Milford along the US 50 and I-275 interchange. The development has office and light industrial development, including businesses such as Tri-State Juice Company and New Creative Enterprises. Closer to the interstate highway, a retail and entertainment sector has developed that includes a 16-screen cinema, Target and Wal-Mart department stores, and multiple restaurants.

One of the longest-established retail corridors in the County is located in the Eastgate area at the intersection of I-275 and State Route 32. The Eastgate Mall contains four large anchors—Dillard's, JC Penny, Kohl's, and Sears—as well as 60 smaller shops. It completed an $18 million renovation in 2004. Eastgate Mall is located within a larger retail development that includes several grocery stores, consumer electronics and appliance stores, furniture stores, restaurants and service providers. Economic Research Associates completed a study in March 2007 that examined how the infrastructure improvements planned for the area could best be leveraged to improve the Eastgate retail environment.

Transportation In June 2006, the Board of County Commissioners created a Transportation Improvement District (TID) to manage county-wide resources for transportation network improvements. The Board of County Commissioners and County Engineer pledged $20 million to the TID for ten years. The TID also anticipated additional commitments from Miami and Union Township to manage road construction projects in the State Route 28 and State Route 32 corridors.

The Metropolitan Area has developed a strong transportation network to serve its central location. This network includes four rail systems, barge facilities serving the inland waterway system, and a major international airport.

The Metropolitan Area is an important rail freight center fed by four railroad systems with 175 miles of mainline trackage. Amtrak and CSX serve most of the region while Norfolk Southern provides service to Southwest Ohio and Southeast Indiana. The CSX Transportation System (formerly Chessie) serves the northern part of the County, running through the City of Loveland. The Norfolk Southern Railroad is the primary rail service available in Clermont County. The track enters the County in the West near Milford, travels diagonally to Batavia and then heads east parallel to State Route 32, where it serves a few large manufacturers. The TID has undertaken a study of how to ensure the ongoing vitality of the rail line after the closure of its major client, Ford's Batavia Transmission plant.

The Metropolitan area is on the 15,000-mile Great Mississippi River inland waterway and intracoastal canal system. As a major Ohio River, Cincinnati handles 14.6 million tons of freight annually and is the fifth largest inland port in the United States. Towboats also handle coal, petroleum, iron, steel, grain, chemicals, fertilizer and automobiles. There are eight barge lines based in the area with approximately 50 barges to serve the area. Clermont County lacks a major public barge facility, in part due to the hilly topography of the area near the river.

Four commercial airports serve the Metropolitan Area. DHL, FedEx and UPS courier hubs are also located within 100 miles. The Greater Cincinnati/Northern Kentucky International Airport (CVG) is the main commercial airport facility for the region. It is located approximately 26 miles from Clermont County and serves 20 million passengers per year. The airport is served by eight major international, national and commuter airlines. Fifty-four percent of the nation's population is within a one-hour flight of the airport. There are nearly 500 daily nonstop flights to over 120 cities including non-stop service to five European, two Canadian and two Mexican cities.

The Clermont County Airport, a County-owned facility, is located approximately two miles west of Batavia. The airport is operated by Eastern Cincinnati Aviation and handles both corporate and general aviation traffic. The airport facility includes a 3,568-foot runway that is 75 feet wide and a full-length 30-foot wide taxiway. Privately owned t-hangars, conventional hangars, paved aircraft tie-downs, itinerant aircraft parking facilities, aircraft fueling, aircraft maintenance and miscellaneous support facilities are also available. With published instrument approach facilities, the airport is suitable for twin-engine corporate aircraft including small jets. There are currently 120 aircraft based at the field, including one jet, five helicopters, and eight multi-engine planes. The University of Cincinnati's branch campus, Clermont College, operates its professional pilot training program from Clermont County Airport. A $145,000 taxiway extension project was completed in 2000 with the assistance of a $100,000 ODOT grant.

In addition to these facilities, the metropolitan region features two airports owned by the City of Cincinnati. Lunken Airport is a 2000-acre facility located approximately 20 miles west of Batavia, the Clermont County seat. Lunken Airport handles both corporate and general aviation traffic. The 226-acre general aviation Blue Ash Airport, which is located approximately 45 minutes from Batavia, has a single, 3500-foot runway with no control tower.

Interstates and Roads Interstate 275, which encircles Cincinnati, links Clermont County to four additional interstate highways serving the Metropolitan area—I-71, I-74, I-75 and I-471 as well as seven U.S. highways—US 22, US 25, US 27, US 42, US 50, US 52 and US 127. Within the County, State Routes 28, 32 (also known as the Appalachian Highway), and 125 serve as major East-West connectors.

In January 1997, the Board of County Commissioners accepted Clermont County's Thoroughfare Plan update, Access Clermont. A 2006 amendment to the plan was approved by the Planning Commission in April, 2006. The amended plan recognizes the demands that population growth are placing on the County's road network. It projects that between 2000 and 2025 the number of daily vehicle trips made will increase by 29% to 930,000.

To address growing infrastructure demands created by new residents and businesses, the County created fifteen residential incentive districts in 2005 that will allow tax revenue from new residential developments to be utilized for infrastructure improvements and alleviate the demand they will place on local roadways. Creation of the districts will allow the County to invest approximately $115 million over the next 30 years toward improving public infrastructure. These funds will be matched to state and federal funding that will invest nearly $250 million in the county's roads. In conjunction with the Federal Highway Administration, the Ohio Department of Transportation is planning major upgrades to the interchanges of I-275 at State

Route 28 and State Route 32. State Route 28 will be widened to improve traffic flow through Miami and Goshen Townships. State Route 32 will become a limited access highway as traffic signals are eliminated and replaced with interchanges in Union and Batavia Township. The intersection of State Route 32 and I-275 will be redesigned and rebuilt. The County also plans to build local roads parallel to State Route 32 to provide internal access for local traffic. In addition to the County created incentive districts, certain townships have also established incentive districts to handle the local infrastructure demands of development. See page 32 for the valuations and revenues derived from all incentive districts.

The western part of the County is served by an extensive public bus transportation system, provided through Metro, the operating arm of the Southwest Ohio Regional Transit Authority. The Clermont County Transportation Connection ("CTC") provides bus transportation in Clermont County on a demand basis. Four interstate lines serve the area, including Greyhound and Southeastern Trailways. Croswell Bus Lines, Inc., headquartered in Williamsburg, offers tours to points nationwide as well as in Canada.

Clermont County is also a partner in the Eastern Corridor Project, a public infrastructure study that is evaluating various transportation solutions in eastern Hamilton and western Clermont counties. The plan calls for new highways, rail transit, bike paths, extended bus routes and more. In June 2006, the Federal Highway Administration issued a record of decision permitting the engineering and design studies necessary to connect State Route 32, the County's central East-West artery, with I-71. The project is being administered by the Hamilton County Transportation Improvement District on behalf of local partners.

Utilities Clermont County is supplied with gas and electricity by Duke Energy. The Cincinnati Metropolitan Area is near the center of one of the nation's largest concentrations of electrical power. Duke Energy's plants connect to those of other utility companies in the Ohio River Valley and a regional network of high voltage lines, which provides a reservoir of reserve capacity. Nine power plants in the Tri-State region can generate 11,000 megawatts of capacity. The William Zimmer Power Plant is located in the Village of Moscow and Washington Township. The plant has capacity to produce more than 1,300 megawatts of power. The plant went into service in 1991. The Zimmer Plant is 46.5% owned by Duke Energy, 25.4% by American Electric and 28.1% by Dayton Power and Light. Duke Energy's Walter Beckjord Station is also on the Ohio River in Clermont County's Pierce Township.

About 58% of the County's current population is served by centralized sewer and wastewater treatment facilities. The remaining 42% of the population rely on individual home sewage disposal systems, also known as on-site systems.

Centralized wastewater collection and treatment systems serve only about 20% of the land area of the County. These centralized systems include 10 treatment plants operated by the Clermont County Sewer District, 6 municipal systems and about 40 semi-public systems serving mobile home parks, schools and other facilities. Soils throughout the County are generally limited in their ability to support individual wastewater disposal systems which rely on soil absorption for wastewater disposal. Approximately 13,612,000 gallons of wastewater are generated daily in residences, businesses and manufacturing facilities in Clermont County. By

2010, the volume of wastewater generated each day is projected to increase to 16,000,000 gallons.

Responsibility for permitting and operation of wastewater management systems in Clermont County is distributed between the Clermont County Sewer District (CCSD), the Clermont County General Health District (CCGHD), municipal officials and the Ohio Environmental Protection Agency (OEPA). However, a number of other entities such as the Board of Commissioners, the County Engineer and Township Trustees share responsibility for planning and policy decisions that impact on water quality and wastewater management County-wide.

The sources of drinking water for the citizens of Clermont County come from groundwater resources and the East Fork of the Little Miami River that is impounded to form Lake Harsha, a 2,200 acre reservoir. Central water is supplied through the systems operated by Clermont County, 3 rural systems and 7 municipal systems. Clermont County has three (3) water treatment plants with a total combined capacity of 27.2 million gallons per day (MGD). The PUB (Pierce-Union-Batavia) and MGS (Miami-Goshen-Stonelick) Plants treat ground water drawn from well fields; and the Bob McEwen Water Treatment Plant, which has design flow of 10 MGD, draws water from Harsha Lake at East Fork State Park.

In an effort to streamline, simplify and accelerate permitting processes, the County has established a Permit Central operation. This one-stop shop is another strategy to assist and promote growth, development and investment. The centralization of some operations of the Building Inspections Department, Clermont County Water & Sewer District, Clermont County Engineer and Clermont County General Health District makes application and inspection functions of development easier, more cost effective and more efficient.

Residential and business telephone, internet and cable services are provided by Cincinnati Bell Telephone Company which serves most of the County. The exception to this is Franklin Township, which is served by GTE.

Fire and Police Services Fire and emergency medical services are provided by 16 departments. Several of these departments have mutual aid response agreements with other nearby departments.

Police Services in the County are provided by 2 city police departments, the County Sheriff's Department, 4 township police departments and 7 village departments.

The County Sheriff's department currently consists of the Sheriff, 79 corporals, sergeants and deputies, 79 full-time correction officers and 40.5 non-bargaining employees. Programs offered at the department geared toward community service include: senior visitation programs, safety tours and events, drug abuse resistance education, crime prevention, junior police summer camp, last chance teen driver classes, Halloween candy screenings, color guard and bagpipe teams, website information access, and school liaison program. The County Sheriff has a contractual agreement with 5 townships, 1 village to provide police service and 2 schools for the provision of school resource officers.

Print and Broadcast Media The Metropolitan Area has two daily newspapers of general circulation as well as over 25 weekly papers. Seven television stations including the nation's oldest educational station are available in addition to cable and satellite television. Over forty radio stations complement the area's communication capabilities.

Culture, Recreation and Education A stimulating cultural life is available in the Metropolitan Area. The Cincinnati Symphony Orchestra, Cincinnati Opera and Cincinnati Ballet call the century-old Music Hall home. The Aronoff Center for the Arts hosts a wide range of productions including the Broadway Series. Also available are the Playhouse in the Park, College Conservatory of Music, the Showboat Majestic, Ensemble Theater of Cincinnati, the Taft Theater and the Corbett Center for the Performing Arts. Riverbend, on the Ohio River, is the summer home of the Cincinnati Symphony Orchestra and also the location of many other concerts. Museums include the Cincinnati Art Museum, Contemporary Arts Center, Taft Museum, the Krohn Conservatory, the Cincinnati Fire Museum, the John Hauck House, and the Cincinnati Museum Center which includes the Museum of Natural History and Science, the Cincinnati Historical Museum and the Children's Museum. Cincinnati is also well known for its festivals, including the famous Oktoberfest Zinzinnati, Summerfair, Riverfest, A Taste of Cincinnati and Chilifest. Cincinnati is also home of some of the finest dining in the country. Pigall's and the Palace Restaurant top the list.

A mixed-use development known as The Banks is also being planned for the Cincinnati side of the Ohio River. This pedestrian-friendly urban neighborhood is planned around four main anchors: Paul Brown Stadium, home to the Cincinnati Bengals; Great American Ballpark, home to the Cincinnati Reds; the National Underground Railroad Freedom Center; and U.S. Bank Arena, a sports and entertainment venue. The Banks is expected to feature residential housing, specialty retail, restaurants, entertainment, office, boutique hotel space, public green space and parking. On the Northern Kentucky riverfront opposite The Banks, is Newport on the Levee, a $200 million entertainment district. Anchored by the Newport Aquarium, the entertainment district includes movie theaters, restaurants and retail shopping.

Locally, there are a number of museums within the county including the Chilo Lock & Dam operating by the County Park District, as well as, the Harmony Hill Museum, the Promont House Museum, the U.S. Grant Birthplace Museum. The Clermont County Ohio Freedom Trail provides a self-guided tour of 33 Underground Railroad sites throughout the county.

The quality of life in Clermont County is enhanced by a County public library system that began in 1955. Opening of the Owensville branch library in 1997 fulfilled the library trustees' longtime goal of having a library within a 15-minute drive of every resident. The system has 10 branches, an administrative office and 500,000 books, publications and other items. Hamilton County, next door, has a 42-branch public library system, with 9.5 million items in annual circulation.

Within 45 miles of downtown Cincinnati reside six universities, seventeen colleges and academies and institutes that offer associate, bachelor or graduate degrees with a combined enrollment of over 106,500. The University of Cincinnati Clermont College serves over 2,815 students. UC Clermont College has been expanding rapidly and offering new programs to

accommodate rising enrollment. In 2005, it launched a satellite campus at Park 50 in Miami Township where it offers a Bachelor degree in Business. UC Clermont also began offering a BS in Nursing in 2005 and is considering adding several other bachelor degrees.

UC Clermont College is part of the University of Cincinnati system, which serves more than 35,000 students. The University of Cincinnati is noted for its nationally prominent College of Medicine; School of Engineering; College of Design, Art, Architecture and Planning; and College Conservatory of Music. Among other regional universities, Miami University at Oxford, Hamilton and Middletown has over 20,000 students and is noted for its business programs. Xavier University, with over 6,600 students, is a Jesuit school. Northern Kentucky University has an enrollment of approximately 14,000. Other colleges in the area include Hebrew Union College-Jewish Institute of Religion, a graduate seminary for rabbinical studies, Thomas More College, the College of Mount St. Joseph, the Cincinnati Art Academy and the Union Institute. Wilmington College offers Bachelor's degree programs for adult students at its Clermont County branch. In addition there are many specialized institutions for vocational and technical training in the region, including Cincinnati State College.

The Clermont County Park District contains five parks and two nature preserves with a total land area of 336 acres. Chilo Lock #34 Park, Crooked Run Nature Preserve, Pattison Park, Kelly Nature Preserve, Hartman Log Cabin, Sycamore Park and RT 222 Roadside Park are all open from dawn to dusk year round. Features include areas for picnicking, fishing, hiking, playgrounds, shelters and building rentals. Chilo Lock #34 Park includes a Visitor Center and an Ohio River History Museum. Clermont County is also home to East Fork Lake State Park and Stonelick Lake State Park. East Fork contains 10,000 acres of diverse landscape and a 2,160-acre lake with boating and a swimming beach. East Fork has one of the largest camping areas in the state with 420 camping sites including seasonal sites, rental units, and a horsemen's camp. The 200-acre Stonelick Lake features a boating and swimming beach. Stonelick Park also offers 115 camping sites and cabins and 7 miles of hiking trails. The Cincinnati Nature Center offers two locations in Clermont County providing 22 miles of hiking trails on 1,607 acres of land. Clermont County has 10 public golf courses located throughout the County.

The Clermont Philharmonic performs locally at Clermont College and at outdoor amphitheaters located in Miami and Union Townships. In addition to county and states parks, a number of townships provide a network of community parks with numerous athletic facilities and opportunities for hiking and biking.

Public Sector In 2006, the addition to the County jail began operations. This $11.6 million project, funded from Ohio Department of Rehabilitation and Corrections, a County general obligation bond issue and general funds of the County, provides 192 beds that can be operated in a more efficient manner. A $1,300,000 renovation to the Old Courthouse was also completed in 2006 creating an additional courtroom for the added Common Pleas judge that took the bench in January 2007. The Auto Title/Bureau of Motor Vehicles/Drivers License Exam facility opened in Batavia in December, 2005. This $1.4 million project provides citizens with one location to handle all their motor vehicle licensing needs. The new Clermont County Municipal Court, which opened in December, 2004, provides citizens with a one-stop approach to doing business with the court by housing offices of the Municipal Court, including

Community Service and Adult Probation, the Municipal Clerk of Court, and the municipal divisions of the Prosecutor and Public Defender. A new Juvenile Detention Center opened in September, 2004 increasing the capacity to 36 beds

Employment

The following table lists the average annual unemployment rates for Clermont County, the State of Ohio and the United States for the past 5 years and the most recent month of the current year. The figures, which are not seasonally adjusted, are expressed in percentages and represent the ratio of the total unemployed to the total labor force.

Year	United States	State of Ohio	County
2002	5.8	5.7	5.4
2003	6.0	6.2	5.5
2004	5.5	6.2	5.4
2005	5.1	5.9	5.3
2006	4.6	5.5	5.1
May, 2007	4.3	5.3	4.7

Source: Department of Job and Family Services, State of Ohio

Federal and State Numbers not seasonally adjusted

The chart below provides employment data for Clermont County:

Year	Total Labor Force	Total Employment	Unemployment	Percent Unemployed
2002	98,800	93,500	5,300	5.4
2003	100,700	95,100	5,600	5.5
2004	102,800	97,200	5,600	5.4
2005	104,300	98,700	5,600	5.3
2006	105,600	100,300	5,400	5.1
May, 2007	107,100	102,000	5,100	4.7

Source: Department of Job and Family Services, State of Ohio

TEN LARGEST EMPLOYERS IN CLERMONT COUNTY

	Name of Employer	Approximate Number of Employees
1.	Clermont County	1,470
2.	Batavia Transmissions**	1,335
3.	The Midland Company	1,200
4.	West Clermont Local School District	1,119
5.	Milford Exempted Village School District	832
6.	UGS Corp.	656
7.	Mercy Hospital Clermont	636
8.	Total Quality Logistics	627
9.	International Paper	627
10.	Milacron, Inc.	600

Source: Clermont County Chamber of Commerce, Clermont County Auditor 2006 CAFR

** Scheduled to close in 2008. See "Local Business and Industry"

In addition, many Clermont County residents work for employers in the adjoining Cincinnati Metropolitan Area, the largest of which are listed below:

LARGEST EMPLOYERS IN THE METROPOLITAN AREA

Name of Employer	Nature of Business	Approximate Number of Employees
University of Cincinnati	Education	15,400
The Kroger Company	Grocery chain HQ	15,093
Health Alliance of Greater Cincinnati	Healthcare	13,745
The Procter and Gamble Company	Consumer products HQ	12,256
Tri-Health	Healthcare	8,912
Cincinnati Children's Medical Center	Healthcare	8,874
Fifth Third Bank	Financial Services	8,834
Walmart Stores	Discount Retailer	7,122
GE Aviation	Aerospace (R&D, Manuf.)	7,100
Mercy Health Partners	Healthcare	6,743

Source: Greater Cincinnati Chamber of Commerce/Business Courier April 2006

May 2007 Cincinnati-Middletown Primary Metropolitan Statistical Area

Non-Agricultural Employment and Wage

(Includes Clermont County)

	Employment (in thousands) *	Average Weekly Earnings **
Natural Resources, Mining & Construction	51.8	N/A
Manufacturing	120.7	802.99
Durable Goods	71.7	868.99
Transportation Equipment	18.7	1087.31
Nondurable Goods	49.0	656.85
Service Industries	875.1	N/A
Trade, Transportation, Utilities	208.6	482.74
Wholesale Trade	59.4	684.54
Retail Trade	108.2	327.89
Transportation, Warehousing & Utilities	41.0	718.90
Information	15.4	
Financial Activities	64.9	684.11
Finance and Insurance	51.3	738.76
Insurance, Carriers and Related Activities	23.3	752.72
Professional and Business Services	155.6	N/A
Educational & Health Services	142.3	N/A
Leisure & Hospitality	109.2	N/A
Other	43.0	N/A
Government	136.1	N/A
Total	**1047.6**	**N/A**

Source: Ohio Job and Family Services, Labor Market Review. Estimated in cooperation with U.S. Bureau of Labor Statistics

* May, 2007, Cincinnati-Middletown MSA

** April 2007 State of Ohio Averages

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Income and Housing Data The following shows the Median Household, Per Capita Income and the Median Value of Owner-Occupied Housing Units for Clermont County in comparison to the State of Ohio and the Nation:

	Clermont County	State of Ohio	United States
Median Household Income	$50,845	$43,493	$46,242
Per Capital Income	24,992	23,322	25,035
Median Home Value, Owner Occupied Housing Units	147,200	129,600	167,500

Source: U.S. Census Bureau. 2005 American Communities Survey

Building Permits, Home Construction and Housing Valuation The County issues building permits for the unincorporated areas as well as eleven municipalities, who contract with the County for this service. Two municipalities, Milford and Loveland, issue their own permits or contract with other counties. Clermont County entered into a contract for building services inspection for commercial properties in 14 townships and 7 villages within Brown County. These figures are not included in the totals below. The following chart shows the number of permits and their estimated value for the County and its contracting municipalities for the years indicated.

	Residential		Commercial		Total	
Year	Number	Value	Number	Value	Number	Value
2002	3,200	191,180,114	1,632	97,350,296	4,832	288,530,410
2003	2,923	211,869,425	1,257	132,546,161	4,180	344,415,586
2004	2,976	223,630,715	1,691	61,228,835	4,667	284,859,550
2005	3,232	220,545,576	1,627	62,535,591	4,859	283,081,167
2006	2,821	153,475,620	1,922	110,741,895	4,743	264,217,515

Source: County Building Department

FINANCIAL MATTERS

The County's fiscal year corresponds with the calendar year.

The administrative functions of the County are performed by or under the supervision of the following:

1. Overall planning and development, the Board of County Commissioners.
2. Assessment of real and personal property, as well as financial control functions, the County Auditor.

3. Inspection and supervision of the accounts and reports of the County as required by law, State of Ohio Office of the Auditor.
4. Public utility property assessment by the State of Ohio.

Budgeting, Tax Levy and Appropriations Procedures

Detailed provisions for county budgeting, tax levies and appropriations are made in the Revised Code. The procedures involve collective review by County officials at several stages.

County budgeting for a fiscal year formally begins in the spring of the prior year with the preparation and adoption, after a public hearing, of a tax budget for the fiscal year. With respect to payment of debt service in the fiscal year, the tax budget must show the amounts required, the estimated receipts for payment from sources other than property taxes, the net amount for which a property tax levy must be made, and the portions of that levy that are inside and outside the ten mill tax rate limitation (see "Indirect Debt Limitations" herein). The tax budget is then presented for review by the County Budget Commission, comprised of the Auditor, Treasurer and Prosecuting Attorney of the County.

The County Budget Commission reviews the budget and with respect to debt service determines and approves levies for debt service inside and outside the ten-mill rate limitation. The law expressly provides that "if any debt charge is omitted from the budget, the commission shall include it therein." Upon approval of the tax budget, the County Budget Commission certifies the estimate by the County Auditor of the tax rates inside and outside the ten-mill tax limitation. Thereafter and before the end of the then calendar year, the Commissioner of the Department of Tax Equalization calculates the tax reduction factor and certifies them to the County Auditor. The tax rates are then reflected in the tax bills sent to property owners. Real property taxes are payable in two installments, the first usually in February and the second in July.

The Ohio Revised Code allows for the Commissioners to adopt a temporary appropriation measure on or about the first day of January if they desire to postpone passage of the annual appropriation measure for the fiscal year. If a temporary appropriation measure is passed at the beginning of the year, then the annual appropriation measure must be adopted no later than April 1. The County has chosen to adopt its annual appropriation measure prior to the first day of January. Annual appropriations should not exceed the County Budget Commission's official estimates of resources; and appropriation measures are to be certified by the County Auditor as not exceeding the Official Estimate of Resources.

Financial Reports and Examinations of Accounts

Beginning with the fiscal year ended December 31, 1992, the accounting procedures prescribed by the State Auditor, applicable to all counties in Ohio, are the generally accepted accounting principles as presented and recommended by the Governmental Accounting Standards Board (GASB) and the National Council on Governmental Accounting. These standards and other publications provide for an accrual basis of accounting for the County as a whole and a modified accrual basis for the County's governmental funds. The standards further provide for the preparation of a statement of net assets and a statement of activities for the

County's governmental activities and for its business-type activities and a balance sheet and a statement of revenues, expenditures, and changes in fund balances for the County's major governmental funds.

The County utilizes an automated accounting and financial management information system that enables them to prepare automated financial statements on a cash basis in accordance with statutory requirements. The County recently prepared its Comprehensive Annual Financial Report (CAFR) based on Generally Accepted Accounting Principles ("GAAP") for governments for the fiscal year ended December 31, 2006 as set forth by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources. The State Auditor's Office is charged by Ohio law with responsibility for inspecting and supervising the accounts and reports of the County. The State Auditor's Office performs a consolidated audit of all the County's funds and accounts.

Proprietary Funds' financial transactions are recorded on the accrual basis of accounting: revenues are recognized when earned and measurable, and expenses are recognized as incurred. Unbilled service charges receivable are recognized as revenue at year-end.

The Auditor's Finance Department is responsible for the auditing analysis of all purchase orders and vouchers of the County. As these documents are received, they are carefully examined to ensure their legal nature, their use of proper accounts and the availability of funds prior to payment.

Except for examination by the State Auditor's Office and the State Job and Family Services Audit Division audit of welfare expenditures, no other examination or audit of the County's records is made.

The most recent examination by the State Auditor's Office of the accounts and records of the County Auditor, County Treasurer and County Commissioners was completed through December 31, 2006

Financial reports are prepared annually by the County and filed with the State Auditor's Office pursuant to Ohio law. Such reports are required to be submitted to the State Auditor's Office within 150 days after the close of each year, and have been filed by the required time.

Audit reports issued on the County by the State Auditor are available for public inspection following the completion of the audit and post-audit activities.

Appendix A presents portions of the County's Comprehensive Annual Financial Report for the years ending December 31, 2005 and 2006. Appendix B presents a summary of the County's 2007 Budget Appropriations.

INSURANCE

Arthur J. Gallagher Risk Management Services, Inc., insurance brokers, administers all County real and personal property, comprehensive general liability including law enforcement liability, blanket crime coverage, public official's liability insurance, fleet insurance, and a comprehensive boiler and machinery coverage.

Other than blanket crime, coroner's professional liability and boiler and machinery, all coverage falls under the County's protected self-insurance program. St. Paul Fire & Marine Insurance Company provides an $11,000,000 per occurrence limit Liability Package for General Liability, Automobile Liability, Law Enforcement Liability, Public Entity Management Liability and a $2,000,000 limit for Employment Practices Liability. Travelers Indemnity Company provides a $100,000,000 per occurrence limit for real and personal property coverage. Coverage in the protected self-insurance program is subject to the following per occurrence retentions/deductibles: Property - $50,000 deductible; Automobile - $25,000 retention; All Other Liability $100,000 retention; Combined Maximum (Liability) - $100,000 retention; Maximum per Year (Liability) - $500,000 retention.

Travelers Property Casualty Company of America provides the County's Boiler and Machinery coverage with limits up to $50,000,000 subject to a $10,000 deductible. The Travelers Casualty and Surety Company of America provides the County's crime insurance. The County is insured up to $250,000 for dishonest acts of employees, theft or destruction of liquid assets, and $75,000 for theft, disappearance or destruction of money and securities. Deductibles are $5,000 employee dishonesty and $1,000 money and securities. Landmark American Insurance Company provides Professional Liability coverage related to the Coroner with a limit of $1,000,000 subject to a $10,000 deductible. Settled claims have not exceeded this commercial coverage in any of the past five years.

As a general rule, Ohio law provides that political subdivisions such as the County have immunity from liability in damages for injury, death, or loss to persons or property allegedly caused by an act or omission of such political subdivisions or their employees in connection with governmental and proprietary functions, as defined in the Ohio statutes. This law has no effect on actions based on contract and any liability imposed by federal law or other federal cause of action. Pursuant to Ohio law, there are, however, 5 areas in which a County may be held liable for such loss. These include the negligent operation of a motor vehicle; negligent performance of proprietary functions; negligent failure to remove obstructions from public roads or to keep public roads, highways, streets, sidewalks, bridges or public grounds open, in repair, and free from nuisance; negligence of employees within or upon the grounds of buildings used in the performance of governmental functions which buildings have physical defects within or upon the grounds thereof, but excluding jails, juvenile detention workhouses and other detention facilities; and liability specifically imposed by law. Ohio law imposes a 2-year statute of limitations, prohibits the garnishment or judicial sale of assets and funds of political subdivisions, and puts limits on the damages which may be recovered from such political subdivisions. The political subdivision is also required to indemnify and defend its officers and employees when the officer or employee was acting in good faith and within the scope of duties. No punitive or exemplary damages can be recovered, and any insurance benefits are deducted from any award against a political subdivision. Although there is no limitation with respect to compensatory damages representing a person's economic loss, there is a $250,000 per person ceiling on the compensatory damage that represents a person's non-economic loss in cases other than wrongful death, in which case there is no maximum limitation.

INVESTMENT POLICIES OF THE COUNTY

Chapter 135 of the Ohio Revised Code sets forth the requirements and limitations for investments of the state's political subdivisions, including the County. Under Section 135.35 of the Revised Code, the County may invest its inactive funds as follows:

(A) United States Treasury bills, notes, 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, or any book entry, zero-coupon United States treasury security that is a direct obligation of the United States.

(B) 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.

(C) Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts, in any eligible institution mentioned in section 135.32 of the Revised Code.

(D) Bonds and other obligations of this state or the political subdivisions of this state provided that such political subdivisions are located wholly or partly within the same county as the investing authority.

(E) No-load money market mutual funds consisting exclusively of obligations described in (A) or (B) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions mentioned in section 135.32 of the Revised Code.

(F) The Ohio subdivision's fund as provided in section 135.45 of the Revised Code.

(G) Securities lending agreements with any eligible institution mentioned in section 135.32 of the Revised Code that is a member of the Federal Reserve System, Federal Home Loan Bank, or with any recognized United States government securities dealer meeting the description in Section 135.35 of the Revised Code, under the terms of which agreements the investing authority lends securities and the eligible institution or dealer agrees to simultaneously exchange either securities described in (A) or (B) above or cash or both securities and cash, equal value for equal value.

(H) Up to twenty-five percent of the County's total average portfolio in either of the following investments:

Commercial paper notes issued by an entity as defined in Section 1705.01 of the Revised Code and that has assets exceeding five hundred million dollars, to which notes all of the following apply:

(1) At least two nationally recognized rating agencies rank the commercial paper in either of their highest category;

(2) The aggregate value of the notes does not exceed ten percent of the aggregate value of the outstanding commercial paper of the issuing corporation; and

(3) The notes mature not later than 270 days after purchase.

Bankers' acceptances of banks that are insured by the federal deposit insurance corporation and to which both of the following apply:

(1) The obligations mature not later than 180 days after purchase; and

(2) The obligations are eligible for purchase by the Federal Reserve System.

(I) Up to fifteen percent of the County's total average portfolio in notes issued by corporations that are incorporated under the laws of the United States and that are operating within the United States, or by depository institutions that are doing business under authority granted by the United States or any state and that are operating within the United States, provided both of the following apply:

(1) at least two nationally recognized rating agencies rank the commercial paper in either of their second highest or higher categories; and

(2) The obligations mature not later than two years after purchase.

(J) No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service and consisting exclusively of obligations described in division (A)(1), (2), or (6) of section 135.143 of the Revised Code

(K) No more than one percent of a county's total average portfolio shall be in Debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government in which all of the following apply:

(1) All interest and principal shall be denominated and payable in United States funds; and

(2) The debt interest is backed by the full faith and credit of that foreign nation and there is no prior history of default; and

(3) The debt interest matures not later than five years after purchase.

(L) Written repurchase agreements with any eligible institution mentioned in Section 135.32 of the Revised Code or any eligible securities dealer pursuant to Section 135.35 of the Revised Code, under the terms of which agreement the investing authority purchases

and the eligible institution or dealer agrees unconditionally to repurchase any of the securities listed in (A) or (B) above. The market value of securities subject to an overnight repurchase agreement must exceed the principal value of the overnight repurchase agreement by at least two percent.

Nothing in the classification of eligible securities and obligations set forth in (A) through (K) of this section shall be construed to authorize any investment in stripped principal or interest obligations of such eligible securities and obligations.

All brokers, dealers and financial institutions who give advice or make investment recommendations to the County shall sign the County's Investment Policy thereby acknowledging their agreement to abide by the Policy's contents; those who execute transactions for the County shall read and sign the Policy thereby acknowledging their comprehension and receipt of the Policy.

The County is currently authorized to invest in the following types of obligations and securities: 1) obligations issued or guaranteed by the United States; 2) obligations issued by federal government agency or instrumentality; 3) certificates of deposit or savings or deposit accounts in eligible institutions mentioned Section 135.32 of the Revised Code; 4) the Ohio subdivisions fund known as Star Ohio Fund; 5) Money Market funds operated by a commercial bank which funds limit their investments to obligations of United States or an agency or instrumentality of the United States and 6) written repurchase agreements with public depositories having offices in Clermont County in accordance with section (L) above. The County does not currently own and does not intend to own any derivative type investments.

The County values safety, liquidity and return, in that order. General government investment interest earned by the County in 2006 totaled $6,692,033 as reported by the County Treasurer.

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AD VALOREM TAXES

Following is the assessed valuation, for the past five years, of property subject to ad valorem taxes levied by the County.

Tax Year	Collection Year	Real Estate(a)	Public Utility Property(b)	Tangible Personal Property(c) Other Than Public Utility	Total	Increase Over Previous Year
2002*	2003	$3,136,913,680	$276,544,690	$201,346,003	$3,614,804,373	12.53%
2003	2004	3,239,816,030	276,812,180	192,936,810	3,709,565,020	2.62
2004	2005	3,339,934,710	274,686,180	198,398,156	3,813,019,046	2.71
2005*	2006	3,770,595,080	282,270,320	169,592,964	4,222,458,364	10.74
2006	2007	3,842,034,790	282,286,450	130,652,836	4,254,974,076	0.77

The values presented here reflect the values from the County tax duplicates which may vary from the values presented in the County's Comprehensive Annual Financial Report which reflect revisions made by the Board of Revisions.

*Triennial/ reappraisal.

(a) Real property taxes collected in a calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year.

(b) Public utility property taxes collected in a calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year.

(c) Tangible personal property taxes collected in a calendar year are levied in the same calendar year, on assessed values during and at the close of the most recent fiscal year of the taxpayer (ending on or before March 31 of said calendar year) at tax rates determined in the preceding year.

(d) Effective January 1, 2001, the assessment rates on all gas utility property and all electric utility property except property used for the transmission and distribution of electricity were reduced to 24% of true value.

Source: Clermont County Auditor

The Tax Year 2006 (Collection Year 2007) assessed valuation of $4,254,974,076 is comprised of the following types of property in the indicated amounts:

ALLOCATION OF ASSESSED VALUATION REAL ESTATE

Type	Assessed Valuation	Percent of Total
Commercial	$ 675,799,590	15.88 %
Industrial	117,355,620	2.76
Residential	2,959,008,280	69.54
Agricultural	89,557,260	2.11
Mineral Rights	0	0.00
Public Utility & PU Railroad	282,600,490	6.64
General Personal	130,652,836	3.07
Total	$4,254,974,076	100.00 %

Source: Clermont County Auditor

The ten largest ad valorem property taxpayers with respect to property for 2006 are:

TEN LARGEST AD VALOREM PROPERTY TAXPAYERS

	Taxpayers	Real Estate Assessed Valuation	Personal Property Assessed Valuation	Total Assessed Valuation	Percentage of Total Assessed Valuation
1.	Duke Energy	$40,218,690	$177,676,690	$217,895,380	5.12%
2.	Columbus & Southern	13,658,280	30,730,930	44,389,210	1.04%
3.	Dayton Power	16,883,850	33,678,190	50,562,040	1.19%
4.	Batavia Transmissions LLC*	13,683,180	14,487,760	28,170,940	0.66%
5.	CBL Eastgate Mall LLC	18,811,380	0	18,811,380	0.44%
6.	Cincinnati Bell Telephone	0	17,430,280	17,430,280	0.41%
7.	Meijer Stores	12,820,870	3,277,540	16,098,410	0.38%
8.	KRG Eastgate Pavilion LLC	9,621,390	0	9,621,390	0.23%
9.	Midland Company	7,845,270	89,740	7,935,010	0.19%
10.	Amerishop Biggs Place	7,231,350	0	7,231,350	0.17%
	Total	$140,774,260	$277,371,130	$418,145,390	9.83%

Source: Clermont County Auditor, 2006 CAFR Table 8

* Scheduled to close in 2008. See "Economic Information – Local Business and Industry".

In addition to the assessed valuation, the County is collecting payments in lieu of taxes based on specific Tax Incentive Districts established within the County by the taxing districts pursuant to Revised Code as discussed on page 16. Each District generates funds to be utilized by the taxing district for specific purposes outlined by the applicable legislation. The following summarizes the recent collections:

Township or City	Exempted Assessed Valuation of TIF Districts for Tax Year 2005	2006 Collections of Payments in Lieu of Taxes
Union Township	$11,886,960	$628,847
Pierce Township	41,647,080	1,750,940
Miami Township	6,309,000	400,552
City of Milford	449,980	27,487
Goshen Township	0	0
Total	$60,293,020	$2,807,826

Source: Clermont County Auditor

In 2002 Clermont County experienced the statutory sexennial on-site reappraisal of real property, whereby the true value of real property was adjusted to reflect current market values as of January 1, 2002. The laws of the State of Ohio presently require that the County Auditor reassess real property at any time she finds that the true or taxable value thereof has changed, and in the third calendar year following the year in which a sexennial reappraisal is completed (a triennial update) if ordered by the State Commissioner of Tax Equalization (the "Commissioner"). During 2005 Clermont County experienced a triennial update of market values of real property, as ordered by the State Commissioner of Tax Equalization, whereby the true value of real property was adjusted to reflect current market values as of January 1, 2005.

The "assessed valuation" of real property is fixed at 35% of true value and is determined pursuant to rules of the State Tax Commissioner. An exception is that real property devoted exclusively to agricultural use is to be assessed at not more than 35% of its current agricultural use value. Real property devoted exclusively to forestry or timber growing is taxed at 50% of the local tax rate upon its assessed value.

The State biennial budget bill (namely, Am. Sub. H.B. 66, passed by the General Assembly and signed by the Governor in June 2005, portions of which take effect at various times) phases out the taxation of all tangible personal property used in business (except for certain public utility tangible personal property) over four years, from tax year 2006 to tax year 2009. Currently, machinery and equipment, and furniture and fixtures, are generally taxed at 25% of true value, and inventory is taxed at 23%. These percentages will be decreased as follows:

Tax Year	Percentage
2006	18.75
2007	12.50
2008	6.25
2009	0.00

Certain new tangible personal property not previously used in business in Ohio is not subject to tangible personal property taxation.

To compensate for foregone revenue as the tangible personal property tax is phased out, the State will make distributions to taxing subdivisions (such as the County) from revenue generated by a newly enacted commercial activity tax. Generally, these distributions will fully compensate taxing subdivisions for such tax revenue losses through 2010, with gradual reductions in the reimbursement amount from 2011 through 2017.

Public utility tangible personal property (with some exceptions) is currently assessed (depending on the type of property) from 25% to 88% of true value. Effective for collection year 2002, the assessed valuation of electric utility production equipment was reduced from 100% and natural gas utility property from 88% of true value, both to 25% of true value; makeup payments in varying and declining amounts are to be made through 2016 to taxing subdivisions such as the County by the State from State resources.

The 2005 State biennial budget bill included a reduction in the 88% assessment rate for electric utility transmission and distribution equipment to 85%, and a reduction in the 25% assessment rate for all electric company taxable property to 24%, commencing in tax year 2006. That legislation also provides for the phase-out of taxation of all personal property used by telephone companies, telegraph companies, or interchange telecommunications companies by tax year 2011, with State reimbursement payments to be made in declining amounts through 2018.

The first $10,000 of taxable value of tangible personal property has been exempted from taxation; reimbursement of resulting reduced local collections has been made in the past from State sources, as referred to under **Collection of Ad Valorem Property Taxes and Special Assessments**. Under recently enacted legislation, the State reimbursement for its 2004 fiscal year was 90% of the fiscal year 2003 reimbursement amount, and the reimbursement for its 2005 fiscal year was 80% of the fiscal year 2003 reimbursement amount. This reimbursement was then to continue to be reduced in 10% increments in each successive fiscal year until the reimbursement was phased out entirely. The 2005 State biennial budget bill, however, accelerated the phase-out of this reimbursement such that no reimbursement payments are to be made after fiscal year 2009.

As described herein, the General Assembly has from time to time exercised its power to revise the laws applicable to the determination of assessed valuation of taxable property and the

amount of receipts to be produced by ad valorem taxes levied on that property, and may continue to make similar revisions.

Ohio law grants tax credits to offset increases in taxes resulting from increases in the true value of real property. Legislation classifies real property as between residential and agricultural property and all other real property, and provides for tax reduction factors to be separately computed for and applied to each class.

These tax credits apply only to certain voted levies on real property, and do not apply to unvoted levies or voted levies to pay debt charges on general obligation debt. None of the county's tax levies are affected by these credits.

See Appendix E for the County Tax Rate Table for all county subdivisions for tax year 2006 (collection year 2007).

Tax Table A sets forth the rates for tax year 2006, in dollars per $1,000.00 of assessed valuation, at which the County levied ad valorem property taxes for the general categories of purposes with proper Reduction Factors.

Tax Table A

Unvoted Levies Within 10 Mill Limitation		Voted Levies Outside 10 Mill Limitation	
General Fund	2.10	Mental Health	.50
County Capital Construction	1.00	Mental Retardation	3.25
Park	.10	Senior Services	1.30
		Children Services	.80
		Library*	.50
Total	3.20		6.35

Source: County Budget Commission

* The Library levy is countywide and is collected by the County for the Library District, a separate political subdivision. The County does not retain any of the funds collected from this levy.

The voted tax levies for voted bond retirement continue for the life of the bonds authorized by the electors, in the annual amounts sufficient to pay debt service on such bonds as the same becomes due.

For a discussion of the ten mill unvoted tax limitation, and the priority of claim thereon for debt service on unvoted general obligation debt of the County and all underlying taxing subdivisions, see the discussion herein of "Indirect Debt Limitations."

The following table presents certain information for tax year 2006 concerning the County's voted and ad valorem tax levies stated in dollars per $1,000.00 of assessed valuation (except such levies for voted bond issues):

Tax Table B

Authorized	Millage Rate Levied For Current Year Collection	Purpose	First Collection Year	Last Collection Year
*	2.50	Mental Retardation	Continuing	
11/03	.75	Mental Retardation	2004	2008
N/A	2.10	General Fund	Continuing	
N/A	1.00	Building Construction	Continuing	
11/06	0.50	Mental Health	2007	2011
05/06	1.30**	Senior Services	2007	2011
05/06	0.80	Children Services	2007	2011

* The mental retardation millage consists of a 0.2 mill continuing levy authorized in November, 1977; a 0.4 mill continuing levy authorized in November, 1979; a 1.0 mill continuing levy authorized in November, 1980; a 0.9 mill continuing levy authorized in November, 1982.

**In May, 2006, the Senior Services levy was replaced by a 1.10 mill levy with a 0.2 mill addition to run for 5 years, last collection year 2011.

Collection of Ad Valorem Property Taxes and Special Assessments

The following are the amounts billed and collected for County ad valorem taxes, on the tax duplicates, and the special assessments billed and collected for the indicated tax collection years.

Real Estate, Public Utility, and Tangible Property

Collection Year	Current Billed	Current Collected	%	Delinquent Collected	Total Taxes Collected	% of Total Collections To Current Tax Levy
2002	21,833,074	21,075,908	96.53	602,250	21,678,158	99.29
2003	21,763,491	21,097,568	96.94	1,059,047	22,156,615	101.81
2004	25,077,636	24,407,795	97.33	713,996	25,121,791	100.18
2005	25,749,568	25,063,417	97.34	687,505	25,750,922	100.01
2006	27,579,784	26,655,288	96.65	717,477	27,372,765	99.25

Special Assessments

Collection Year	Total Assessments Levied	Total Assessments Collected	% Collected
2002	622,577	553,517	88.90
2003	663,194	551,197	83.11
2004	1,185,058	1,218,024	102.78
2005	1,156,760	1,112,242	96.15
2006	1,278,771	1,173,224	91.75

Source: Clermont County Auditor

Included in the above figures for ad valorem property taxes "Billed" and "Collected" are certain real property tax relief payments made by Ohio from State revenue sources. Such payments are not made with respect to special assessments. "Homestead" exemptions are made available for the elderly and handicapped. Ohio law provides for the payment to taxing subdivisions from State funds of an amount equaling approximately 10% (12½% with respect to owner-occupied residential property) of residential ad valorem real property taxes levied, to reduce (or "rollback") the tax obligation of any real property owner in any given year by an equivalent percentage. As an indication of the extent of such State assistance as applied to the County's tax collections, the elderly/handicapped homestead payment and the rollback payment made by the State in 2006 totaled $2,455,131.96 These figures represent only the County's share of said payments. Similar payments are also made to underlying subdivisions within the County. In 2005, the 10% rollback for commercial real property was discontinued.

No one taxpayer accounts for any significant percentage of any of the delinquencies identified above.

The following table indicates the property tax revenues of the County's General Fund (including homestead, rollback and personal property tax exemption payments reimbursed by the State of Ohio), exclusive of any other County Fund:

Year	Real Property	% Change Over Prior Year	Personal Property	% Change Over Prior Year	Total	% Change Over Prior Year
2001	$6,654,589	2.62	$439,445	10.96	$7,094,034	3.10
2002	6,949,266	4.43	434,917	(1.03)	7,384,183	4.09
2003	7,329,816	5.48	400,493	(7.92)	7,730,309	4.69
2004	7,401,348	.98	417,258	4.19	7,818,606	1.14
2005	7,636,415	3.18	415,609	(0.40)	8,052,024	2.99
2006	8,455,543	10.73	356,208	(14.29)	8,811,751	9.44

Source: Clermont County Auditor

Delinquency Procedures

Taxes for real, utility and personal property for the fiscal year 2006 became a lien on January 1, 2007.

The time for payment of taxes may be, and usually is, extended by the Tax Commissioner for thirty days. Further extensions may be granted by the Department of Taxation of Ohio. When such extensions are made taxes become delinquent at the expiration of the extended period. Tangible personal property returned as of January 1, 2007, largely represents machinery and equipment, and average inventories held during the year 2006. This and other tangible personal property held on January 1, 2007 bears the real estate tax rate of 2006.

As provided in Section 323.17 of the Revised Code, the time for payment of real estate taxes may be extended by law in cases of emergency. When such extensions are made, taxes become delinquent at the expiration of the extended period.

Discounts are not given for prepayment. Penalties and interest for delinquency on real property are as follows:

1. 10% penalty on current taxes if first half current taxes are not received by first half due date.

2. 10% penalty on all current taxes unpaid as of the final date for payment of second half.

3. If the full amount of taxes due at either of the due dates is paid within ten days after such time, the County Treasurer shall waive the collection of and the County Auditor shall remit one-half of the 10% penalty.

4. On the first day of the month following the last day the second half taxes are due, interest in the amount determined by the Tax Commissioner of the State of Ohio shall be charged against all delinquent taxes other than the current year's taxes. The charge shall be for interest that accrued during the period that began on the preceding first day of December and ended on the last day of the month that included the last date such second half could be paid without penalty.

5. On the first day of December, the interest shall be charged against all delinquent taxes. The charge shall be for interest that accrued during the period that began on the first day of the month following the last date prescribed for the payment of the second installment of taxes in the current year and ended on the immediately preceding last day of November.

The penalty for delinquency on tangible personal property is as follows:

1) Loss of 50% of exemption applied to listed value when a return is filed after the due date.

2) A petition for abatement of the penalty may be filed with the Tax Commissioner within 60 days of the assessment.

3) Taxes paid after September 30 are subject to a 10% penalty.

4) In all cases where the above provisions are applicable, an additional interest charge per month shall be added for each full month.

The following is a general description of delinquency procedures under Ohio law. The implementation of these procedures may vary in practice among Ohio counties.

If real estate taxes and special assessments are not paid in the year in which they are due, then they are certified delinquent by the County Auditor's office. A list of delinquent properties is then published in a newspaper of general circulation in the County. If the delinquent taxes and special assessments are not paid within one year after such certification, then the properties are certified as delinquent to the County Prosecuting Attorney. A property owner may establish a

payment plan though the County Treasurer's office. If such payment plan is not adhered to or if none is arranged, then foreclosure proceedings may be initiated by the County.

The County Treasurer's office employs a notification procedure and proceedings in common pleas court to collect delinquent tangible personal property taxes.

Proceeds from the foreclosure sales of delinquent property become part of the current collection and are distributed as current collections to the taxing subdivisions in the County, or, if applicable to special assessments, are remitted to the subdivisions that levied such assessments.

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OTHER MAJOR COUNTY GENERAL FUND REVENUE SOURCES

Described under this caption are major sources of revenue for the County's General Fund in addition to ad valorem taxes. See Appendix A for further information regarding other sources of revenue for the General Fund and other funds.

Sales Tax

Under Ohio Law the County may levy a one per cent (1%) piggyback sales tax on permissible types of sales made within the County. The County is currently levying a one percent (1%) sales tax; 1/2% of the sales tax is being used for the construction, operation and debt service on the county correctional facility. The following table shows sales tax receipts for the years indicated:

Year	Rate	Receipts	% Increase/Decrease
2002	1.0	19,739,148	5.45
2003	1.0	19,664,035	(.38)
2004	1.0	21,037,969	6.99
2005	1.0	20,640,172	(1.89)
2006	1.0	20,943,625	1.47

Source: Clermont County Auditor

Local Government Fund

The Ohio local government fund was created by statute and is comprised of designated State revenues that are distributed to each county and then allocated among the county and cities, villages and townships located in the County on the basis of an alternative formula approved by the Board of County Commissioners, the largest city in the County, and a majority of the townships and other municipal corporations in the County. Local government fund receipts by the County in recent years are outlined below:

Year	Total Received for Distribution	Portion Retained By the County	Percent Retained By the County
2001	$3,846,421	$1,925,520	50
2002	3,672,663	1,838,308	50
2003	3,623,605	1,811,803	50
2004	3,637,580	1,818,790	50
2005	3,630,722	1,815,361	50
2006	3,644,430	1,822,215	50

Source: Clermont County Auditor

Local Government Revenue Assistance Fund

The State legislature created an additional fund to designate additional State revenues for distribution to each County, to be allocated in a similar fashion as the Local Government Fund.

The following table shows the receipts and amounts retained by the County in recent years under this program:

Year	Total Received for Distribution	Portion Retained By the County	Percent Retained By the County
2001	$1,592,152	$718,671	45
2002	1,513,964	683,462	45
2003	1,495,101	672,796	45
2004	1,495,101	672,796	45
2005	1,495,101	672,796	45
2006	1,495,101	672,796	45

Source: Clermont County Auditor

Revenues from County Properties

The County received the following amounts in rental payments from the leasing of County land and space in various County buildings during the last five years:

	Rental Receipts
2002	15,009
2003	24,527
2004	61,454
2005	76,665
2006	256,699

Source: Clermont County Auditor

County General Fund

The following table shows the County's General Fund budgetary balance at year end for the last five years:

Year	General Fund Balance
2002	23,677,271
2003	24,859,979
2004	22,077,705
2005	15,134,846
2006	18,830,420

Source: Clermont County Auditor

SECURITY AND SOURCES OF PAYMENT FOR THE OBLIGATIONS

Ad Valorem Property Tax Security

The basic security for the unvoted general obligation debt of the County is the County's ability to levy, and its pledge to levy, an ad valorem tax on all the taxable property in the County within the ten-mill limitation, imposed by the Ohio Constitution and laws, for the County and overlapping political subdivisions (described in detail under "Indirect Debt Limitations"), in sufficient amount to pay, as the same becomes due, the principal of and interest on the outstanding unvoted general obligation bonds, bond anticipation notes and certificates of indebtedness of the County and the overlapping subdivisions. The laws of the State of Ohio require that the levy for debt service has priority over any levy for current expenses within such ten-mill limitation.

Chapter 9 of the Federal Bankruptcy Code contains provisions relating to the adjustment of debts of a state's political subdivisions, public agencies and instrumentalities ("eligible entity"), such as the County. Under the Bankruptcy Code, and in certain circumstances described therein, an eligible entity may be authorized to initiate Chapter 9 proceedings without prior notice or consent of its creditors, which proceedings may result in material and adverse modification or alteration of the rights of its secured and unsecured creditors, including holders of its bonds and notes.

The Bankruptcy Code protects holders of municipal revenue bonds by providing that special revenues acquired by the eligible entity after the commencement of bankruptcy proceedings remain subject to any lien resulting from any security agreement entered into by the eligible entity before commencement of the proceedings.

Section 133.36 of the Ohio Revised Code permits a political subdivision, such as the County, for the purpose of enabling such subdivision to take advantage of the provisions of the Bankruptcy Code, and for that purpose only, and upon approval of the State Tax Commissioner, to file a petition stating that the subdivision is insolvent or unable to meet its debts as they mature, and that it desires to effect a plan for the composition or readjustment of its debts, and to take such further proceedings as are set forth in the Bankruptcy Code as they relate to such subdivision. The taxing authority of such subdivision may, upon like approval of the State Tax Commissioner, refund its outstanding securities, whether matured or unmatured, and exchange refunding bonds for the securities being refunded. In its order approving such refunding, the State Tax Commissioner shall fix the maturities of the bonds to be issued, which shall not exceed thirty years. No taxing subdivision is permitted, in availing itself of the provisions of the Bankruptcy Code, to scale down, cut down or reduce the principal sum of its securities except that interest thereon may be reduced in whole or in part.

The basic security for the voted general obligation debt of the County is the authorization of County electors to levy ad valorem taxes on all County real and personal property subject to ad valorem taxation by the County. The tax is to be in sufficient amount to pay (to the extent not paid from other sources), as it becomes due the debt service on the voted bonds, subject to the 3%, 1½%, 2½% limitation discussed in "County Debt and Other Long-Term Obligations" below affecting creditors' rights.

Ohio law requires the levy during the period in which general obligation bond anticipation notes run of ad valorem property taxes in an amount not less than that which would have been levied if bonds had been issued without the prior issue of the notes. Such levy need not actually be collected if payment in fact is to be provided from other sources (see "Bond Anticipation Notes" herein).

Sources of Payment

In addition to the basic ad valorem property tax security described above, each resolution authorizing the issuance of the County's general obligation bonds or notes issued in anticipation thereof provides further security by making a pledge of the full faith, credit and revenues of the County for the payment of debt service on such bonds or notes as the same becomes due. Included in such general pledge are all funds of the County, except those specifically limited to another use or prohibited from use for such debt service by the Ohio Constitution, or Ohio or federal law, or revenue bond trust agreements, such as tax levies voted for specific purposes, taxes levied for debt service on voted general obligation bond issues, and certain utility revenues. As discussed herein, only voted general obligations are payable from unlimited ad valorem property taxes.

The County expects that the debt service on certain unvoted general obligation debt of the County will in fact be paid from sources other than the ad valorem property tax, such as utility revenues and special assessments. Should these other revenues for any reason become insufficient to pay debt service on the bonds described above, and on any notes issued in anticipation thereof, then the County is required by Ohio law to levy and collect the above-described ad valorem taxes to pay such debt service.

In addition, pursuant to Section 133.08 of the Revised Code, the County may issue Revenue Bonds payable solely from the revenues of the given utility, airport, stadium, or other project permitted by the statute for which the bonds were issued. These bonds are not supported by the underlying taxing power of the County.

INVESTMENT CONSIDERATIONS

All obligations of the County are subject to changes in value due to changes in the condition of the tax-exempt bond market and/or changes in the financial position of the County.

Prospective purchasers of the County's obligations may need to consult their own tax advisors prior to any purchase as to the impact of the Internal Revenue Code of 1986, as amended, upon their acquisition, holding or disposition.

With regard to the risk involved in a lowering of the County's bond rating, see the section on RATINGS herein.

For a further description of the risks associated with the purchase of particular issues of bonds, notes or certificates of indebtedness of the County please refer to the *INVESTMENT CONSIDERATIONS OR RISK FACTORS* section in the Official Statement for the particular issue of bonds, notes or certificates of indebtedness of the County.

In general, where the County expects to refund a note issue or certificates of indebtedness with an issue of bonds or renewal notes or certificates, and where unfavorable market conditions are combined with an interest ceiling, the County could experience difficulty in receiving any bids for the refunding or renewal issue.

Local Fiscal Emergency Legislation

Chapter 118 of the Revised Code of Ohio (hereinafter in this section of this Annual Statement the "Act") provides methods for dealing with fiscal emergencies of municipal corporations, counties and townships in Ohio. The Act applies only to those municipal corporations, counties and townships which are determined to have circumstances that constitute the existence of a fiscal watch or a fiscal emergency condition and therefore a fiscal watch or a fiscal emergency pursuant to Sections 118.021, 118.022, 118.03 and 118.04 of the Revised Code, as set forth in the Act.

Section 118.022 of the Ohio Revised Code sets forth a series of conditions that constitute grounds for a fiscal watch. If a fiscal watch is determined to exist, the municipality, county or township is provided technical and support services by the State Auditor's Office to restore financial stability. If the fiscal watch conditions are not remedied, the municipality, county or township will remain under fiscal watch or be reclassified to a fiscal emergency.

Section 118.03 of the Ohio Revised Code sets forth a series of circumstances that are defined "fiscal emergency conditions." If a fiscal emergency condition is determined to exist, the municipality, county or township is subjected to state oversight through a seven-member Financial Planning and Supervision Commission (hereinafter in this section of this Annual Statement the "Commission"). The Commission is assisted by certified public accountants designated as the Financial Supervisor to be engaged by the Commission. The Auditor of State may also be required to assist the Commission.

A municipal corporation, county or township subject to the Act because of the existence of a fiscal emergency must develop and submit a detailed financial plan for the approval or rejection of the Commission. Among other matters, the financial plan must show the actions to be taken by such a municipal corporation, county or township to eliminate existing fiscal emergency conditions, avoid future fiscal emergency conditions, and to restore such a municipality's, county's or township's ability to market long-term debt obligations under state laws generally applicable to Ohio political subdivisions.

The Commission must approve the amount and purpose of any issue of debt obligations. The Commission, or when authorized by the Commission, the Financial Supervisor, among other powers, shall require the municipal corporation, county or township to establish monthly levels of expenditures and encumbrances consistent with the financial plan and shall monitor such monthly levels and require justification to substantiate any departure from an approved level. The Commission must disapprove the issuance of debt obligations if the issuance would impede the purposes of the financial plan or be inconsistent with the financial plan or the Act; debt limits would be exceeded; the ability of overlapping subdivisions to issue unvoted faith and credit debt obligations would be impaired; and their issuance would be likely to lead to the reallocation of minimum levies of other political subdivisions. Expenditures may not be made contrary to an

approved financial plan. Expenditures may not be made contrary to a proposed financial plan after it is submitted to the Commission and before it is approved or disapproved; and if it is disapproved, no expenditures may be made which are inconsistent with the reasons given for disapproval.

The Act provides, among other requirements and provisions, that a municipality, county or township subject to such Act must develop an effective financial accounting and reporting system; budgets, appropriations and expenditures are to be consistent with the purposes of the financial plan; permits the issuance of Local Government Fund Notes, payable solely from such a municipal corporation's, county's or township's share of the local government fund pursuant to restrictions imposed by such Act; such a municipal corporation, county or township may include certain covenants in its debt obligations, including a state pledge not to repeal such Act; and permits the municipality to issue current revenue notes and advanced tax payment notes pursuant to the authorization and subject to the restrictions of such Act.

The County Auditor has reviewed applicable portions of the Act and has reviewed records pertaining to the County's circumstances with respect to the Act. The County Auditor, based upon her understanding of the Act, is of the opinion that, with respect to the County, no circumstances or conditions exist that will cause a fiscal emergency condition to be determined to exist under the Act.

COUNTY DEBT AND OTHER LONG TERM OBLIGATIONS

The following describes statutory and constitutional debt and ad valorem property tax limitations applying to the County and presently outstanding and projected bond and note indebtedness and certain other long-term financial obligations of the County.

In recent years the County has issued a number of industrial revenue bond issues. No schedule for these bonds is provided because such bonds do not represent an obligation of the County. These bonds are payable solely from rentals and other revenues derived from the lease, sale or other disposition of the projects financed thereby.

No bonds have been authorized by the electors that have not yet been issued.

The County is not and has never been in default on any of its debt obligations.

Statutory Direct Debt Limitations

The Revised Code provides that the aggregate principal amount of unvoted "net indebtedness" of a county, such as the County, may not exceed one percent of the total value of all property in such county as listed and assessed for taxation, and that the aggregate principal amount of voted and unvoted "net indebtedness" of such county may not exceed a sum equal to three percent of the first $100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of $100,000,000 and not in excess of $300,000,000, plus two and one-half percent of such valuation in excess of $300,000,000.

In calculating "net indebtedness," the Revised Code provides that certain obligations of a county are not to be considered in the calculation, including self-supporting obligations, revenue

bonds, and special assessment debt. (For a complete list of exempt debt see the Financial Statement attached as Appendix C.)

Other infrequently-issued types of obligations are also excluded from the calculation of net indebtedness; the County has such obligations outstanding. Notes issued in anticipation of bonds excluded from the calculation of net indebtedness are also excluded from such calculation. In calculating net indebtedness, amounts in a county's bond retirement fund allocable to the principal amount of bonds otherwise included in the amount of net indebtedness are deducted from the total net indebtedness of such county.

Appendix C of this Annual Statement is a Financial Statement for the County, certified by the County Auditor, calculating the amount of the outstanding obligations of the County which are subject to the total direct debt limit (3%, 1½%, 2½% limit) and the unvoted direct debt limit (1% limit). The total principal amount of voted and unvoted general obligation debt that could be issued by the County, subject to the total direct debt limitation is $104,874,352 and the County's net debt subject to such limitation presently outstanding is $8,620,081 leaving a balance of approximately $96,254,271 borrowing capacity issuable within such limitation on combined voted and unvoted non-exempt debt. The County has no voted debt outstanding that is subject to such limitation.

The total unvoted County general obligation debt that could be issued subject to the one percent unvoted direct debt limitation is $42,549,741. The net County debt subject to such limitation presently outstanding is $8,620,081 leaving a balance of approximately $33,929,660 debt that could be issued by the County under such one percent limitation.

However, as described below, the County's ability to incur debt in these amounts is restricted by the indirect debt limitation. In the case of unvoted general obligation debt, both the direct and the indirect debt limitations must be met.

The Financial Statement attached as Appendix C lists the County's outstanding debt as of July 1, 2007, represented by bonds, notes and certificates of indebtedness, characterized according to its exempt or non-exempt status.

Indirect Debt Limitations

Pursuant to Ohio law, a maximum tax levy of ten mills per dollar of assessed valuation (tax list) can be levied on any property without a vote of the people. The first charge against these ten mills is the debt service requirements on all limited tax general obligation bond and note issues of all overlapping political subdivisions. These ten mills are available for the debt service requirements of both limited tax bonds and notes for which tax levies are actually made to pay principal and interest, and limited tax bonds and notes supported by revenues or municipal income taxes and not actually levied unless such other sources become insufficient. Calculations with respect to compliance with the ten-mill limitation are made for the year in which pledged millage for unvoted general obligation bonds (or notes) of all overlapping political subdivisions is the highest. When notes are involved, theoretical debt service requirements for the bonds in anticipation of which such notes are issued are used in calculating aggregate pledged millage

within the ten-mill limitation, and an assumed rate of interest for the bonds whose issuance is so anticipated is employed. A ten-mill statement dated June 1, 2007, is attached as Appendix D.

Because bonded indebtedness in Ohio cannot be incurred or renewed unless provision is made for levying taxes to pay debt service on the indebtedness (except in the case of indebtedness payable solely from revenues or special restricted-purpose tax levies), the ten-mill tax limitation represents an indirect limitation on a political subdivision's capacity to incur debt within applicable direct debt limitations. Capacity within the ten-mill limitation is available to be pledged for debt service by overlapping political subdivisions having unvoted debt capacity on a first-come, first-served basis, and because of the disparity in the sizes of the tax lists or duplicates, a political subdivision with a relatively small tax list whose territory overlaps that of a political subdivision with a relatively large tax list can use up indirect debt capacity available to both through the issuance of a given principal amount of debt much more quickly than could the latter subdivisions issuing the same amount of debt.

At the present time, the City of Loveland is the taxing subdivision in the County with the highest potential millage requirements for debt service on its own unvoted general obligation debt; the amount theoretically required being approximately 3.9108 mills. The County is using 1.2631 mills of that total, Loveland is using 2.4071 mills, and Great Oaks Joint Vocational School District is using 0.2406 mills. This amount leaves 6.0892 mills free to be used by the County for additional unvoted general obligation bonds. The ten-mill limitation is such that a relatively small issue by some other overlapping taxing subdivision with a small tax duplicate can encumber a significant amount of millage, thereby dramatically reducing the amount of unvoted general obligation debt that the County could issue.

Overlapping Debt

The boundaries of the County include 2 cities, 11 villages, 14 townships, 1 city school district, 2 exempted village school districts, 11 local school districts, 4 vocational school districts and 1 special district, all of which are separate political subdivisions with operating and debt service funding independent from that of the County. Various contractual and other arrangements not material except as may be noted elsewhere herein are in effect between the County and certain of the other political subdivisions.

Boards of Education of the school districts cannot incur more than one-tenth of one percent of their respective tax lists as general obligation debt without majority approval by the voters of the respective school districts (Section 133.06, Revised Code). Such Boards of Education may request voter approval of general obligation debt not in excess of nine per cent of the tax list of the school district. Under State law, before seeking voter approval, a Board of Education is required where applicable to receive the consent of the Ohio Department of Taxation and the State Superintendent of Public Instruction in accordance with policies adopted by the State Board of Education.

Cities and villages within the County are subject to the direct debt limitation imposed by Section 133.05 of the Ohio Revised Code, which provides that a municipal corporation's voted and unvoted debt may not exceed ten and one-half per cent of its tax list, and that its unvoted debt may not exceed five and one-half per cent of its tax list.

Certain classes of debt are exempt from these limitations, chief among which are special assessment debt; notes issued in anticipation of current revenues or taxes or for certain emergency purposes; revenue bonds for various purposes; self-supporting debt for utility and quasi-utility purposes; voted urban redevelopment bonds not exceeding two per cent of the issuer's tax list; self-supporting debt for recreational facilities; and debt covenanted to be paid from lawfully available municipal income taxes.

Under Ohio Revised Code Section 133.09, the net indebtedness of a non home-rule township, exclusive of special assessment debt, bonds issued in anticipation of the levy or collection of township tax levies, notes issued in anticipation of the levy or collection of township tax levies, notes issued in anticipation of current revenues or taxes or for certain emergency purposes, inheritance tax refund bonds (with the approval of the State Auditor's Office), and other debt not here material, shall never exceed five per cent of the township's tax list, and, with the exceptions noted, no such indebtedness shall be incurred unless authorized by vote of the electors of the township.

Debt Table A

CLERMONT COUNTY
OVERLAPPING DEBT EXCLUDING SELF SUPPORTING DEBT
July 1, 2007*

1.	Population (July 1, 2006)	192,706
2.	Assessed Valuation (2006)	$4,254,974,076
3.	Net Debt of County	$10,620,000
4.	Per Capita County Debt	$55
5.	County Debt as a Percentage of Tax Valuation	0.25%
6.	Net Overlapping Debt (All political subdivisions)	$183,476,650
7.	Per Capita Overlapping Debt	$952
8.	Overlapping Debt as a Percentage of Tax Valuation	4.31%

Source: Clermont County Auditor (financial statement & overlapping debt summary)

At July 1, 2007 the net city debt in the County is $3,732,199; village debt is $1,241,000 the township debt is $23,791,424; city school district debt is $12,699,169; local school district debt is $32,695,703, exempted village school debt is $38,923,236, and joint vocational school district debt is $2,145,149.

Source: Ohio Municipal Advisory Council
Clermont County Auditor

Bond Anticipation Notes

Under Ohio law applicable to the County, notes, including renewal notes, issued in anticipation of the issuance of general obligation bonds may be issued from time to time up to a maximum maturity of 20 years from the date of issuance of the original notes (except for notes issued in anticipation of special assessments, for which the maximum maturity is five years). Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated, and portions of the principal amount of such notes must be retired in

amounts at least equal to and payable not later than principal maturities that would have been required if the bonds had been issued at the expiration of the initial five year period.

Currently the County has no outstanding Bond Anticipation Notes.

O.W.D.A. Contracts

Since 1970, the Sewer District has entered into four contracts with Ohio Water Development Authority (OWDA) for various sewer projects. All four are currently outstanding with original terms of 40 years for 3 of the loans and 20 years for the 4th loan, and interest rates varying from 5.2% to 6.5%. The original principal amount of the outstanding contracts was $2,879,386 and a total of $1,066,244 remained outstanding on July 1, 2007. The remaining 2007 payments due for principal and interest are $112,586. These contracts are not debts of the County and are not subject to either the direct or indirect debt limitations. They are obligations of the Sewer District, however, and are considered by the Sewer District in establishing rates sufficient to cover its operation and maintenance and debt service costs.

Dated	Original Amount	Interest Rate	Final Payment Date	7/1/07 Amount Outstanding
June 1970	$296,910	6.25%	2014	$108,694
Oct. 1970	231,785	6.50	2012	64,569
Dec. 1971	164,704	5.25	2014	55,166
Oct. 1991	2,185,987	5.20	2013	837,815
	$2,879,386			$1,066,244

These contracts are not bonded debt obligations of the County under Chapter 133 of the Ohio Revised Code, and are therefore not considered to count against the debt limitations.

O.P.W.C. Contracts

Since 1993, the Sewer District has entered into 11 loan agreements with the Ohio Public Works Commission (OPWC) for various sewer projects, and the County has entered into 3 loan agreement for road and bridge improvements. All 14 are currently outstanding with terms of 20 years and interest rates of 0-2%. The original principal amount of the outstanding loans was $11,506,966 which was revised later to $10,638,943 and a total of $8,958,620 remains outstanding on July 1, 2007. The remaining 2007 payments due for principal and interest are $199,457. The sewer project debts are not debts of the County, but rather are obligations of the Sewer District and are considered by the Sewer District in establishing rates sufficient to cover its operation and maintenance and debt service costs. The road improvement loans are an obligation of the County with motor vehicle and gasoline tax funds used to pay debt service costs.

Dated	Original Amount	Revised Amount	Interest Rate	Final Payment Date	7/1/07 Amount Outstanding
February 1993	$1,436,080	$1,069,013	2%	2015	$470,767
July 1996	1,436,000	1,394,033	0	2018	766,718

October 1999	990,760	908,166	0	2025	794,646
August 2000	300,000	300,000	0	2025	270,000
August 2000	111,000	111,000	0	2025	99,900
July 2001	196,000	102,639	0	2025	92,375
July 2002	357,521	357,521	0	2022	277,079
August 2002	970,000	746,270	0	2025	652,986
August 2002	588,000	528,696	0	2025	462,609
July 2003	1,000,000	1,000,000	0	2027	1,000,000
July 2004	1,286,600	1,286,600	0	2027	1,286,600
March 2006	501,305	501,305	0	2026	476,240
March 2006	500,000	500,000	0	2026	475,000
July 2005	1,833,700	1,833,700	0	2027	1,833,700
Total	$11,506,966	$10,638,943			$8,958,620

Debt Currently Outstanding

Debt Table B lists the current outstanding indebtedness of the County in the form of bonds, notes, and certificates of indebtedness:

Debt Table B

PRINCIPAL AMOUNT OF DEBT OUTSTANDING
July 1, 2007
GENERAL OBLIGATION BONDS

Date of Issue	Purpose	Original Amount of Issue	Interest Rate	Coupon Maturity	Final Bond	Amount Outstanding
10/01/92	Correctional Facilities	$7,310,000	3.00-6.00%	M15-N15	05/15/09	$ 495,000*
10/06/99	Communication System	6,500,000	4.00-5.125	J1-D1	12/01/09	2,300,000
11/01/01	Various Purpose Ref. & Imp.	19,995,000	2.15-4.10	J1-D1	12/01/11	15,035,000
07/01/03	Various Purpose Ref. & Imp.	14,950,000	1.15-4.375	J1-D1	12/01/23	3,760,000**
		$48,755,000				$21,590,000

* $2,560,000 was defeased with a portion of the 11/01/01 Various Purpose Bonds

** $9,045,000 was defeased with money received from an agreement with the Ohio Department of Transportation

SEWER AND WATER REVENUE BONDS -- R.C. SECTION 133.08

Date of Issue	Purpose	Original Amount of Issue	Interest Rate	Coupon Maturity	Final Bond	Amount Outstanding
09/15/03	Sewer Refunding	$39,345,000	2.00-4.90%	F1-A1	08/11/24	$34,260,000
09/01/03	Water Refunding	37,020,000	1.20-5.25	F1-A1	08/11/18	31,010,000
		$76,365,000				$65,270,000

SPECIAL ASSESSMENT BONDS

Date of	Original	Interest	Coupon	Final	Amount

Issue	Purpose	Amount of Issue	Rate	Maturity	Bond	Outstanding
09/01/89	Water Line Extension	$88,000	7.25-7.375%	J1-D1	12/01/09	$ 15,000
08/15/90	Peggy Drive Road Impr.	85,000	6.10-7.125	J1-D1	12/01/10	27,000
09/15/90	Water Line Extension	167,000	7.25	J1-D1	12/01/10	55,000
09/01/92	Water Line Extension	97,300	5.875	J1-D1	12/01/12	30,000
09/01/93	Murle Lane Sewer	93,000	5.50	J1-D1	12/01/13	35,000
10/15/96	Mt. Zion Water Main Extension	110,000	5.875	J1-D1	12/01/16	60,000
12/01/97	Middle East Fork Sewer	695,000	5.25	J1-D1	12/01/17	465,000
12/01/97	Middle East Fork Sewer	470,000	4.75-5.25	J1-D1	12/01/07	55,000
12/01/98	Bell's Lane	405,000	4.50	J1-D1	12/01/07	95,000
12/01/98	98 Water Projects	185,000	4.90	J1-D1	12/01/16	135,000
12/01/99	Woodspoint Drive	690,000	4.05-5.20	J1-D1	12/01/09	240,000
12/01/00	Gibson Road Water Main	235,000	5.00-5.50	J1-D1	12/01/20	185,000
12/01/00	Various Sewer Assessments	885,000	5.00-5.50	J1-D1	12/01/20	705,000
09/01/01	Loveland-Miamiville/Wards Corner	40,000	5.00	J1-D1	12/01/21	33,000
11/01/02	Waterline Improvement	60,000	4.00-5.00	J1-D1	12/01/22	52,000
11/01/02	Owensville North	260,000	4.00-5.00	J1-D1	12/01/22	216,000
11/01/03	Various Purpose Assessments	240,000	2.00-4.75	J1-D1	12/01/23	214,000
09/01/04	Olive Branch Stonelick	1,700,000	2.00-4.45	J1-D1	12/01/24	1,530,000
09/15/04	North Afton Sewer Project	460,000	2.00-4.50	J1-D1	12/01/24	410,000
09/01/05	Various Purpose Assessments	1,850,000	2.90-4.10	J1-D1	12/01/25	1,760,000
09/01/06	Various Purpose Assessments	680,000	3.60-4.50	J1-D1	12/01/26	680,000
	Total	$9,495,300				$6,997,000

Debt Table C-1

SUMMARY OF DEBT SERVICE DUE ON OUTSTANDING OBLIGATIONS AS OF JULY 1, 2007 BY PRINCIPAL ONLY

DATE	BANs to BONDS	GENERAL OBLIGATION BONDS	SEWER & WATER REVENUE BONDS	SPECIAL ASSESSMENT BONDS	OPWC/ OWDA	TOTAL	% OF DEBT SERVICE REMAINING
2007	0	3,465,000	3,770,000	555,000	385,816	8,175,816	92.1
2008	0	3,910,000	3,875,000	518,000	711,856	9,014,856	83.5
2009	0	4,065,000	4,000,000	483,000	722,518	9,270,518	74.5
2010	0	4,260,000	4,160,000	394,000	733,722	9,547,722	65.3
2011	0	4,425,000	4,325,000	385,000	745,655	9,880,655	55.8
2012	0	375,000	4,500,000	382,000	740,883	5,997,883	50.1
2013	0	390,000	4,690,000	392,000	573,855	6,045,855	44.2
2014	0	60,000	4,880,000	382,000	545,398	5,867,398	38.6
2015	0	60,000	5,110,000	406,000	478,496	6,054,496	32.8
2016	0	65,000	5,350,000	405,000	478,496	6,298,496	26.7
2017	0	65,000	5,600,000	412,000	478,496	6,555,496	20.4
2018	0	65,000	5,875,000	355,000	443,645	6,738,645	13.9
2019	0	70,000	2,695,000	351,000	408,795	3,524,795	10.5
2020	0	75,000	2,815,000	357,000	408,795	3,655,795	7.0
2021	0	75,000	2,945,000	279,000	408,795	3,707,795	3.4
2022	0	80,000	215,000	273,000	399,857	967,857	2.5
2023	0	85,000	225,000	258,000	390,919	958,919	1.6
2024	0	0	240,000	235,000	390,919	865,919	0.7
2025	0	0	0	135,000	268,925	403,925	0.3
2026	0	0	0	40,000	206,015	246,015	0.1
2027	0	0	0	0	103,008	103,008	0.0
TOTALS	$ 0	$21,590,000	$65,270,000	$6,997,000	$10,024,864	$103,881,864	

Debt Table C-2

SUMMARY OF DEBT SERVICE DUE ON OUTSTANDING OBLIGATIONS AS OF JULY 1, 2007 BY TOTAL DEBT SERVICE

DATE	BANs to BONDS	GENERAL OBLIGATION BONDS	SEWER & WATER REVENUE BONDS	SPECIAL ASSESSMENT BONDS	OPWC/ OWDA	TOTAL	% OF DEBT SERVICE REMAINING
2007	0	3,893,618	5,177,713	709,915	419,758	10,201,004	92.3
2008	0	4,634,246	6,584,570	798,103	771,575	12,788,494	82.5
2009	0	4,633,067	6,584,820	741,583	771,575	12,731,045	72.9
2010	0	4,665,566	6,584,820	631,998	771,575	12,653,959	63.3
2011	0	4,661,764	6,583,420	606,719	771,575	12,623,478	53.7
2012	0	433,399	6,585,420	588,084	754,573	8,361,476	47.3
2013	0	433,399	6,589,245	582,234	577,464	8,182,342	41.1
2014	0	89,359	6,585,207	555,580	546,403	7,776,549	35.2
2015	0	87,079	6,586,445	562,986	478,496	7,715,006	29.4
2016	0	89,709	6,586,670	543,924	478,496	7,698,799	23.5
2017	0	87,076	6,579,545	532,664	478,496	7,677,781	17.7
2018	0	84,411	6,585,245	456,941	443,645	7,570,242	12.0
2019	0	86,681	3,116,158	436,866	408,795	4,048,500	8.9
2020	0	88,706	3,114,883	426,911	408,795	4,039,295	5.8
2021	0	85,481	3,118,207	332,451	408,795	3,944,934	2.8
2022	0	87,219	248,320	314,328	399,857	1,049,724	2.0
2023	0	88,719	247,785	287,398	390,919	1,014,821	1.3
2024	0	0	251,760	253,038	390,919	895,717	0.6
2025	0	0	0	142,685	268,925	411,610	0.3
2026	0	0	0	41,800	206,015	247,815	0.1
2027	0	0	0	0	103,008	103,008	0.0
TOTALS	$0	$24,229,499	$87,710,233	$9,546,208	$10,249,659	$131,735,599	

Grant Anticipation Obligations

The County currently has no grant anticipation obligations outstanding.

FUTURE FINANCINGS

The County's capital improvement planning and increased emphasis on economic development may necessitate the issuance of future tax-exempt bonds or notes in anticipation of bonds. See the Interstate and Road section on page 16 for Tax Incentive Districts and related infrastructure projects.

Other possible future estimated construction costs that may result in financing activities are as follows:

Project	Estimated Cost
800 MHz System Replacement & Expansion	$10,000,000
Facilities Renovations/Replacements	$22,700,000

A portion of these projects may be financed through the issuance of tax-exempt bonds or notes in anticipation of issuance of bonds. No decisions have been made as to the specific financing of these projects.

LONG TERM OBLIGATIONS OTHER THAN BONDS AND NOTES

The County has no other significant long-term obligations other than its lease and pension obligations discussed below.

LEASES AND CONTRACTS

The County has entered into various contracts and leases for the rental of property and office space throughout the County. The following data represents the amounts expended as of December 31 for the years indicated.

Year	Total Lease Payments
2001	$267,242
2002	272,404
2003	229,430
2004	165,694
2005	138,562
2006	199,146

Source: Clermont County Auditor

PENSION OBLIGATIONS

All full-time employees, other than teachers, participate in the Ohio Public Employees Retirement System (OPERS) which is a public employee retirement system created by the State of Ohio OPERS administers three separate pension plans as described below:

- The Traditional Pension Plan - a cost sharing multiple-employer defined benefit pension plan;

- The Member-Directed Plan - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent 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.

- The Combined Plan - a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension 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.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed plan do not qualify for ancillary benefits. The authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS, issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614-222-6701 or 800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2006, member and employer contribution rates were consistent across all three plans. Separate divisions for law enforcement and public safety exist only within the Traditional Pension Plan. The employee contribution rate for 2006 was 9.0% for employees other than law enforcement. The law enforcement classification consists of sheriffs, deputy sheriffs, and township police with an employee contribution rate of 10.1%. Public safety division members contribute at 9%. The 2006 employer contribution rate was 13.7% of covered payroll. The 2006 employer contribution rate for both the law enforcement and public safety divisions was 16.93% of covered payroll.

EMPLOYERS CONTRIBUTION TO
PUBLIC EMPLOYEES RETIREMENT SYSTEM

Year	Contribution*	Employer's Contribution
2001	13.55	$4,947,282
2002	13.55	5,636,520
2003	13.55	6,885,599
2004	13.55	7,304,304
2005	13.55	7,638,660
2006	13.70	7,946,504

* The contribution rate for the County Sheriff's Department's 2001-2005 was 16.93% employer, 10.1% employee.

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to qualifying members of both the Traditional and the Combined Plans. Members of the Member-Directed Plan do not qualify for post-employment health care coverage. In order to qualify for post-retirement health care coverage, age and service retirees must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement

system is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12.

A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care based on authority granted by state statute. The OPERS law enforcement program is separated into two divisions, law enforcement and public safety, with separate employee contribution rates and benefits. The 2006 employer contribution rate was 13.7 % of covered payroll for employees not engaged in law enforcement, 4.50 % was the portion that was used to fund health care. For law enforcement employees, the employer contribution rate was 16.93% of which 4.50% was used to fund health care.

Assumptions and calculations were based on the System's latest Actuarial Review performed as of December 31, 2005. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 20054 was 6.50%. An annual increase of 4.00% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.00% base increase were assumed to range from .50% to 6.30%. Health care costs were assumed to increase at the project wage inflation rate plus an additional factor ranging from 0.5% to 6% for the next nine years. In subsequent years health care costs were assumed to increase at 4%.

At December 31, 2006, the total number of active contributing participants was 369,214. The 2006 rate of 4.50% was the actuarially determined contribution requirements for OPERS. As of December 31, 2005, the net assets available for future OPEB were $11.1 billion. The County's actual contributions for 2006 which were used to fund OPEB were $2,262,642 for employees other than law enforcement and $222,698 for law enforcement employees. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were $31.3 billion and $20.2 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, is effective January 1, 2007. OPERS took additional actions to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006 and January 1, 2007 which will allow additional funds to be allocated to the health care plan.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The HCPP incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

LEGAL MATTERS

Litigation

The County is a party to various legal proceedings seeking damages or injunctive relief and generally incidental to its operations but unrelated to any outstanding County debt or the security therefore. The ultimate disposition of these proceedings is not presently determinable but will not, in the opinion of the County Prosecuting Attorney (the legal advisor to the Board of County Commissioners), have a material adverse effect on any outstanding County debt or the security therefore.

Bond Counsel

The County retains the legal services of Squire, Sanders & Dempsey L.L.P, Cincinnati, Ohio as Bond Counsel in connection with the issuance of the bonds and notes of the County.

Squire, Sanders & Dempsey L.L.P. also serves and has served in a bond counsel capacity for one or more of the political subdivisions that territorially overlap the County.

RATINGS

The County has a rating from Moody's Investors Service for its outstanding general obligation bonds and for its outstanding uninsured revenue bonds. That rating reflects only the views of such rating agency. Any explanation of the significance of the rating may only be obtained from the rating agency. The County furnished to the rating agency certain information and materials, some of which may not have been included in this Annual Statement, relating to the outstanding general obligation bond issues and the County. Generally, rating agencies base their ratings on such information and materials and investigation, studies and assumptions by the rating agency. There can be no assurance that a rating when assigned will continue for any given period of time or that it will not be lowered or withdrawn entirely by the rating agency if in its judgment circumstances so warrant. Any such downward change in or withdrawal of a rating may have an adverse effect on the marketability and/or market price of the County's outstanding obligations.

The County presently expects to furnish such rating agency with information and material that it may request on future general obligation bond issues. However, the County assumes no obligation to furnish requested information and materials, and may issue debt for which a rating is not requested. Failure to furnish requested information and materials, or the issuance of debt for which a rating is not requested, may result in the suspension or withdrawal of the rating agency's ratings on outstanding general obligation bonds.

At the present time, the County's general obligation bond issues are rated Aa2 by Moody's Investors Service. The 2003 Water and Sewer Revenue Bonds are rated Aaa based on municipal bond insurance policies provided by AMBAC Indemnity Corporation.

CONTINUING DISCLOSURE

The County plans to meet all of the continuing disclosure requirements to be in compliance with Securities and Exchange Commission Rule 15c2-12, as amended (the "Rule"). The County enters into a separate Continuing Disclosure Agreement or Certificate for each transaction that is subject to the provisions of the Rule. Currently under the terms of those agreements, most annual financial information will be available by September 1, after the end of each fiscal year.

See future Official Statements circulated for specific issues for the exact continuing disclosure covenants of each issue.

CONCLUDING STATEMENT

To the extent that any statements made in this Annual Statement involve matters of opinion or estimates, whether or not expressly stated, these statements are made as such and not as representations of fact or certainty, and no representations are made that any opinions or estimates in these statements will be realized. Information herein has been derived by the County from official and other sources and is believed by the County to be reliable, but such information other than that obtained from official records of the County has not been independently confirmed or verified by the County and its accuracy is not guaranteed.

This Annual Statement has been prepared by Clermont County under the direction of the Clermont County Board of Commissioners with the assistance of the Clermont County Auditor.

COUNTY OF CLERMONT, OHIO

By /s/ Robert L. Proud
President, County Commissioner

By /s/ Mary C. Walker
Vice President, County Commissioner

By /s/ R. Scott Croswell, III
County Commissioner

By /s/ Linda L. Fraley
County Auditor

EXHIBIT C

FUNDING AGREEMENT

INTERGOVERNMENTAL AGREEMENT

by and between

CLERMONT COUNTY, OHIO,

acting through its

BOARD OF COUNTY COMMISSIONERS,

the CLERMONT COUNTY ENGINEER,

and

THE CLERMONT COUNTY TRANSPORTATION IMPROVEMENT DISTRICT

Dated as of October 11, 2006

AMENDED AND RESTATED INTERGOVERNMENTAL AGREEMENT

This Amended and Restated Intergovernmental Agreement (this "*Agreement*") is made and entered into as of October 11, 2006 (the "*Effective Date*"), by and between ***Clermont County***, a political subdivision of the State of Ohio (the "*County*"), acting through its Board of County Commissioners (the "*Board*") pursuant to Ohio Revised Code ("*ORC*") Chapters 305 and 307, the ***Clermont County Engineer***, a duly elected official of the County acting pursuant to ORC Chapter 315 (the "*Engineer*"), and ***The Clermont County Transportation Improvement District***, a transportation improvement district and a body both corporate and politic created pursuant to ORC Chapter 5540 (the "*TID*").

Recitals:

A. The Board and the TID have heretofore entered into an Intergovernmental Agreement, dated as of August 15, 2006 (the "*Original IGA*").

B. The Board has heretofore created the TID, which is authorized by ORC Chapter 5540 (1) to finance, construct, maintain, repair, and operate street, highway, and other transportation projects (including, but not limited to, air and rail projects) and (2) to construct, reconstruct, improve, alter, and repair roads, highways, public places, buildings, and other infrastructure, and to implement and effect a regional approach to transportation improvements.

C. The transportation projects undertaken by the TID pursuant to ORC Chapter 5540 are essential and will contribute to the improvement of the prosperity, health, safety, and welfare of the people of the County and of the State and are essential governmental functions; and the exercise by the TID of the authority granted by ORC Chapter 5540 is necessary for the prosperity, health, safety, and welfare of the County and the State and their people and is consistent with and will promote industry, commerce, distribution, and research activity in the County and the State.

D. The Board has established pursuant to ORC § 307.07 the Office of Economic Development of the County ("*OED*"), which is responsible, among other things, for promoting the economic vitality of the County by attracting new business and retaining existing businesses in the community and for administering and implementing various capital improvements projects.

E. The Board has heretofore created The Clermont County CIC Inc. ("*CIC*"), which is authorized by ORC § 1724 to own, lease, or otherwise control or finance real or personal property, or any combination thereof, related to, useful for, or in furtherance of, activities that are for the sole purpose of promoting, advancing and encouraging the industrial, economic, commercial and civic development within the County.

F. The Board, the Engineer, and the TID have determined that it is essential to the welfare of the people of the County that the Board, the Engineer, and the TID recognize it is essential to engage in, and to cooperate to the greatest extent practical in, endeavors designed to contribute to the improvement of the prosperity, health, safety, and welfare of all of the people of the County and to promote industry, commerce, distribution, and research activity throughout the County and to consult and coordinate with other affected political entities, governmental agencies, and the CIC wherever possible.

G. The Board, the Engineer, and the TID desire to amend and restate the Original IGA in its entirety, as hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and the mutual representations and agreements in this Agreement, the Board, the Engineer, and the TID agree as follows:

Article 1. Definitions; Construction

Section 1.01. Definitions. As used in this Agreement, the following terms shall have the following meanings, unless the context or use clearly indicates another meaning or intent:

"*Aggrieved Party*" has the meaning given to such term in Section 4.02(b).

"*Agreement*" means this Amended and Restated Intergovernmental Agreement, as the same may be amended from time to time.

"*Board*" means the Board of County Commissioners of the County.

"*Breaching Party*" has the meaning given to such term in Section 4.02(b).

"*Business Day*" means any day other than a Saturday, Sunday, or legal holiday.

"*CIC*" means The Clermont County CIC Inc., a community improvement corporation and a body both corporate and politic created by the County pursuant to ORC § 1724.

"*County*" means the County of Clermont, a political subdivision of the State.

" County's Share" is the County's funding commitment from available revenue sources in the amount of One Million Dollars ($1,000,000) per year for a period of ten (10) years, as set forth in the Revenue Summary attached hereto as Exhibit A.

"*Day*" means a calendar day, unless specifically designated as a Business Day.

"*Effective Date*" has the meaning given to such term in the introductory paragraph of this Agreement.

"*Engineer*" means the duly elected county engineer of the County.

"Engineer's Share" means the funding commitment of moneys derived from the registration, operation, or use of vehicles on public highways and from fuels to propel such vehicles (commonly referred to a "MVG Funds"), in the amount of One Million Dollars ($1,000,000) per year for a period of ten (10) years, as set forth in the Revenue Summary attached hereto as Exhibit A.

"*Executive Director*" means the Executive Director employed by the TID.

"*Initial Term*" has the meaning given to such term in Section 4.01.

"*ITS*" means Intelligent Transportation System, a surveillance system designed to monitor traffic flows on major freeways and to inform motorists or problem areas. ITS applications include the integration of traffic control and transportation management systems, traffic signals that adapt to traffic and change control each cycle, highway advisory radio systems, changeable message signs, vehicle detectors, closed-circuit television, and Global Positioning Systems and route guidance (currently used in some trucks, buses, and automobiles).

"*ODOT*" means the Ohio Department of Transportation, an agency of the State.

"*OED*" means the Office of Economic Development of the County, established by the County pursuant to ORC § 307.07.

"*OKI*" means the Ohio Kentucky Indiana Regional Council of Governments, a council of local governments, business organizations, and community groups committed to developing collaborative strategies, plans, and programs that will improve the quality of life and the economic development potential of the tri-state area.

"*ORC*" means the Ohio Revised Code, as the same may be amended from time to time.

"*Original IGA*" has the meaning given to such term in Recital A.

"*Party*" means, individually, either the Board, the Engineer, or the TID; and "*Parties*" means, collectively, the Board, the Engineer, and the TID.

"*Project*" means any street, highway, or other transportation projects and any project for the construction, reconstruction, improvement, alteration, or repair of any roads, highways, public places, buildings, or other infrastructure constructed or improved under this chapter, and includes all bridges, tunnels, overpasses,

underpasses, interchanges, approaches, those portions of connecting streets or highways that serve interchanges and are determined by the TID to be necessary for the safe merging of traffic between the project and those streets or highways, service facilities, and administration, storage, and other buildings, property, and facilities, that the district considers necessary for the operation of the project, together with all property and rights that must be acquired by the TID for the construction, maintenance, or operation of the projects as from time to time undertaken by the TID pursuant to the authority granted by ORC Chapter 5540 and duly authorized by a resolution of its Trustees.

" Project Funding" means the County's Share and the Engineer's Share committed for funding the TID Projects, including but not limited to, the debt service on any loans obtained by the TID to finance the development and construction of the TID Projects as further set forth herein.

"*Regional Transportation Improvement Program*" means the Projects envisioned by Section 2.01 and consistent with the goals and policies set forth in Section 2.02.

"Revenue Summary" means the projected revenue sources and funding commitments for facilitating funding of the TID Projects, as set forth on the Revenue Summary attached hereto as Exhibit A.

"*State*" means the State of Ohio.

"*TID*" means The Clermont County Transportation Improvement District, a transportation improvement district and a body both corporate and politic created by the Board created pursuant to ORC § 5540.02.

"TID Projects" those Projects undertaken by the TID as set forth on the TID Projects List attached hereto as Exhibit B.

"*Transportation Demand Management*" means strategies that result in more efficient use of transportation resources, including, but not limited to, strategies that tend to be particularly effective at reducing traffic congestion, strategies for reducing vehicle energy consumption and pollution emissions, solutions to parking problems, strategies to help make a community a desirable place to live, work, and visit, strategies for achieving an equitable distribution of transportation costs and benefits, strategies that improve public health and fitness through physical activity, strategies that can help improve transportation in low-density, rural areas, strategies for improving traffic safety and public health, and strategies that help increase transportation affordability.

"*Transportation System*" means the streets, highways, airways, waterways, and related infrastructure on, by, and over which people and freight are moved from place to place by various modes of private and public vehicles, including

automobiles, motorcycles, bicycles, trucks, buses, railroads and railways (including commuter rail), aircraft, ships, and barges.

"*Trustees*" means the Board of Trustees of the TID.

Section 1.02. References to Parties. Any reference in this Agreement to the Board, the Engineer, or the TID or to any officers of the Board or the TID includes those entities or officials succeeding to their functions, duties, or responsibilities pursuant to or by operation of law or lawfully performing their functions.

Section 1.03. Statutory References. Any reference in this Agreement to a section or provision of the Constitution of the State, or to a section, provision, or chapter of the ORC shall include such section, provision, or chapter as modified, revised, supplemented, or superseded from time to time; *provided, however*, that no amendment, modification, revision, supplement, or superseding section, provision, or chapter shall be applicable solely by reason of this Section if it constitutes in any way an impairment of the rights or obligations of any Party under this Agreement.

Section 1.04. Adverbs; Other References. Unless the context indicates otherwise, the terms "hereof," "hereby," "herein," "hereto," "hereunder," and similar terms used in this Agreement refer to this Agreement; and, unless otherwise indicated, references in this Agreement to articles, sections, subsections, clauses, exhibits, or appendices are references to articles, sections, subsections, clauses, exhibits, or appendices of this Agreement.

Section 1.05. Number and Gender. All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number (singular or plural) and any other gender (masculine, feminine, or neuter) as the context or sense of this Agreement or any article, section, subsection, or clause herein may require, the same as if such words had been fully and properly written in the appropriate number and gender.

Section 1.06. Captions. The captions or headings at the beginning of each article and section of this Agreement are merely guides or labels for the convenience of the parties to assist in identifying those articles and sections, are not intended to be a part of the context of this Agreement, and shall not be deemed to modify, to explain, to enlarge, or to restrict any of the provisions hereof.

Section 1.07. Ambiguity. The Parties have participated jointly in the negotiation and drafting of this Agreement. Should any ambiguity or question of intent or interpretation arise with respect to any provision of this Agreement, including any exhibit hereto, this Agreement shall be construed as if drafted jointly by the Parties, and no presumption or burden of proof shall arise favoring or disfavoring any Party hereto by virtue of the authorship of any of the provisions of this Agreement.

Section 1.09. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law; but, if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

Article 2. Scope of Agreement

Section 2.01. Regional Transportation Improvement Program. The Parties have acknowledged and agreed that it is essential to the welfare of the people of the County that the Parties cooperate to the greatest extent practical in endeavors designed to contribute to the improvement of the prosperity, health, safety, and welfare of all of the people of the County and to promote industry, commerce, distribution, and research activity in all of the County. The Parties therefore agree to cooperate in the development, coordination, and implementation of short-range and long-range Projects throughout the County as identified in the Regional Transportation Program established by the TID that are consistent with the goals and policies set forth in Section 2.02. The Parties acknowledge and reaffirm their mutual belief that a collaborative process that balances viewpoints, interests, and regulatory requirements will, among other benefits, achieve the following results:

(a) improvement in the efficiency and modal options of the Transportation System for all its users;

(b) improvement in the movement of through traffic;

(c) enhancement and protection of the public health and safety of travelers and of communities that transportation facilities traverse;

(d) improvement in the economy, social fabric, and overall livability of the County; and

(e) satisfaction of applicable federal, state and local plans, policies, and regulations.

Section 2.02. Goals and Policies of Regional Transportation Improvement Program. The goals of the Regional Transportation Improvement Program envisioned by Section 2.01, and the policies and related action strategies to implement and attain those goals, include, but are not limited to, the following:

- the preparation and implementation of a long-range plan, in collaboration with the OKI, ODOT, and other affected political subdivisions and governmental agencies, and with positive citizen engagement, that identifies transportation-related deficiencies and problems, identifies all potential sources of funding, provides clear direction, and seeks

comprehensive, efficient, and cost-effective solutions for the Transportation System in the County and adjoining counties;

- the inclusion, integration, coordination, and utilization of the resources of all County political subdivisions and County offices, including the County Engineer, to the fullest extent possible;

- a Transportation System that is integrated with and supports economic development strategies developed by the County and other political subdivisions in the County;

- a Transportation System that is integrated with and supports local land use policies;

- a Transportation System that, where reasonable and practicable, provides efficient and cost-effective alternatives to expanding capacity, such as vanpool/carpool, Transportation Demand Management, bicycling, and walking;

- a multi-modal Transportation System, including mass transit, railways, and airways, that provides access (balancing needs and access rights) for goods, services, and people and intermodal connections for both passengers and freight;

- a Transportation System that provides access and mobility for all citizens, regardless of age, race, or handicap;

- a Transportation System that promotes safety for both users and non-users, *e.g.*, by increased capacity, design improvements, ITS technology, etc.;

- a Transportation System that minimizes energy consumption and vehicle emissions, *e.g.*, by reducing single occupant vehicles through such alternatives as vanpool/carpool and mass transit and by increasing efficiency, as by reducing travel time or vehicle miles traveled, managing demand to ease congestion, etc.;

- a Transportation System that minimizes and mitigates environmental impacts;

- a Transportation System that supports and meets the needs of sustained economic growth, including development, employment, housing, and tourism;

- a Transportation System that is consistent with local, regional, state and federal policies; and

- a Transportation System that assures that improvements are consistent with and support the values of communities and neighborhood structures, that maintains, enhances, and supports livability, and that fosters aesthetics.

Section 2.03. Additional Responsibilities of the TID. As long as this Agreement remains in effect, the TID may contribute to the Board and/or the Engineer the following:

(a) such funds as the Parties may mutually agree, at any time and from time to time, shall be necessary to the planning, coordination, and implementation of one or more Projects; and

(b) such services of the TID and/or the staff as the Parties may mutually agree, at any time and from time to time, shall be necessary (1) for the planning, development, coordination, and implementation of one or more Projects and/or (2) to support the related administrative, economic development, and project management endeavors of the County, other affected political entities, governmental agencies and CIC.

Section 2.04. Additional Responsibilities of the Board. As long as this Agreement remains in effect, the Board may contribute to the TID and/or the Engineer the following:

(a) such loans and grants as the Parties may mutually agree, at any time and from time to time, shall be necessary for or in aid of the planning, development, design, construction, maintenance, or repair of one or more Projects; and

(b) such other aid or contributions of money, property, labor, or other things of value as the Parties may mutually agree, at any time and from time to time; *provided, however*, that any such loans, grants, and contributions to the TID shall be held, used, and applied by the TID only for the purposes for which such loans, grants, and contributions are made.

The Board further agrees to contribute to the TID funding for the TID Projects in accordance with and in the amounts set forth in the Revenue Summary attached hereto and incorporated herein and made part of this Agreement. The TID will apply the County's Share for the sole purpose of paying costs and expenses related to the TID Projects, including but not limited to, the debt service on any loans obtained by the TID to finance the development and construction of the TID Projects. The Project Funding shall be deposited and maintained by the TID in such designated accounts and accounted for and reported as mutually agreed upon, specified and authorized by the Parties, in accordance with all applicable laws, regulations, agreements, covenants and accepted accounting standards. The Parties further acknowledge and agree that this a long term commitment of Project Funding by the County and the TID is relying upon the Project Funding commitment in securing and servicing a loan from the State Infrastructure Bank (the "SIB"), or similar financings, and will utilize the loan or bond proceeds to pay for

the planning, design, management, engineering, construction, reconstruction, maintenance and/or repair of public highways and bridges and other statutory highway purposes relating to or in connection with the TID Projects, and costs directly related thereto, which includes the TID Projects.

Section 2.05. Additional Responsibilities of the Engineer. As long as this Agreement remains in effect, the Engineer may contribute to the TID and/or the Board the following:

(a) such loans and grants as the Parties may mutually agree, at any time and from time to time, shall be necessary for or in aid of the planning, development, design, construction, maintenance, or repair of one or more Projects; and

(b) such other aid or contributions of money, property, labor, or other things of value as the Parties may mutually agree, at any time and from time to time; *provided, however*, that any such loans, grants, and contributions to the TID shall be held, used, and applied by the TID only for the purposes for which such loans, grants, and contributions are made.

The Engineer agrees to contribute to the TID funding for the TID Projects in accordance with and in the amounts set forth in the Revenue Summary attached hereto and incorporated herein and made part of this Agreement. The TID will apply, to the extent permitted by law, the Engineer's Share for the sole purpose of paying costs and expenses related to the TID Projects, including but not limited to, the debt service on any loans obtained by the TID to finance the development and construction of the Projects. The Project Funding shall be deposited and maintained by the TID in such accounts and accounted for as mutually agreed upon and authorized by the Parties and in accordance with all applicable laws, regulations, agreements, covenants and accepted accounting standards. The Parties further acknowledge and agree that this a long term commitment of Project Funding by the County and the TID is relying upon the Project Funding commitment in securing and servicing a loan from the State Infrastructure Bank (the "SIB"), or similar financings, and will utilize the loan or bond proceeds to pay for the planning, design, engineering, management, construction, reconstruction, maintenance and/or repair of public highways and bridges and other statutory highway purposes relating to or in connection with the TID Projects, and costs directly related thereto, which includes the TID Projects.

Section 2.06. Relationship of the Parties.

(a) Neither this Agreement nor the relationship between or among the Parties established pursuant to this Agreement shall constitute or be deemed to be that of a partnership, joint venture, employment, master and servant, or principal and agent. No Party shall have any authority to make, and no Party shall make, any representations, warranties, or statements on behalf of the other, and no Party hereto shall bind, or be liable for the debts or obligations of, any other Party. In the performance of their

respective services hereunder, each Party is and shall at all times remain an independent contractor, free and clear of any dominion or control by the other Parties, except as specifically provided herein. The number of employees or consultants used by the TID in the performance of its obligations hereunder, their selection, and the hours of labor and the compensation for services performed shall be determined by the TID. Each Party shall pay, and shall be solely responsible for, its operating expenses, including, but not limited to, the wages of its employees and any and all taxes, licenses, and fees levied or assessed on such Party in connection with or incident to the performance of this Agreement by any governmental agency for unemployment compensation insurance, old age benefits, social security, or any other taxes on the wages of such Party, its agents, its employees, and its representatives.

(b) The Parties do not intend that this Agreement be, and this Agreement shall not be construed as, an agreement or contract whereby (1) either the Board, the Engineer, or the CIC is authorized by the TID and undertakes to exercise any power, to perform any function, or to render any service, on behalf of the TID, that the TID is authorized to exercise, perform, or render, or (2) the TID is authorized by either the Board, the CIC, or the Engineer and undertakes to exercise any power, to perform any function, or to render any service, on behalf of either the Board, the CIC, or the Engineer, that either the Board, the CIC, or the Engineer is authorized to exercise, perform, or render.

(c) Except to the extent that this Agreement amends and restates the Original IGA, nothing in this Agreement is intended to modify, alter, or impair in any way any pre-existing contractual arrangement or agreement between or among any one or more of the Parties or between or among any one or more of the Parties and the CIC.

(d) The TID is without authority to engage in discussions or analysis (1) that commit, could commit, or suggest the Board is committed to project funding or financing without the knowledge, participation, and consent of the Board or (2) that commit, could commit, or suggest the Engineer is committed to project funding or financing without the knowledge, participation, and consent of the Engineer.

Section 2.07. Extent of Covenants; No Personal Liability. All covenants, obligations, and agreements of the Parties contained in this Agreement shall be effective to the extent authorized and permitted by applicable law. No such covenant, obligation, or agreement shall be deemed to be a covenant, obligation, or agreement of any present or future member, trustee, officer, agent, or employee of a Party in other than his official capacity; and neither the members of the Board, nor the Trustees of the TID, the Engineer, nor any official executing this Agreement shall be liable personally under this Agreement or be subject to any personal liability or accountability by reason of the execution of this Agreement or by reason of the covenants, obligations, or agreements of the Parties contained in this Agreement

Section 2.08. No Third-Party Beneficiary. Only the Parties shall have any rights under this Agreement. No other persons or entities, including, but not limited to, the CIC

and the OED, shall have any rights under this Agreement or be deemed to be third-party beneficiaries of this Agreement.

Article 3. Further Agreements

Section 3.01. Challenge to Agreement. In the event of a court action by a third party challenging the validity or enforceability of this Agreement or any of its provisions, all Parties shall fully cooperate to defend the Agreement. If fewer than all Parties are named as a party to the action, the other Parties shall seek to intervene, and the named Party or Parties shall support such intervention.

Section 3.02. Notices. The Parties acknowledge and agree that the performance of certain of the agreements contained herein is to be undertaken in a mutual and cooperative fashion, and, to ensure such cooperative effort, each Party agrees promptly to notify the other Parties of disagreements arising hereunder and to act in good faith to promptly resolve such disagreements.

Section 3.03. Assignment. No Party may assign this Agreement, in whole or in part, voluntarily or involuntarily, by operation of law, or otherwise, without the prior written consent of the other Parties, which consent shall not unreasonably be withheld.

Section 3.04. Amendment; Waiver. This Agreement may not be modified, altered, amended, or discharged, or any rights hereunder waived, except by an instrument in writing executed by the Party to be charged with such modification, alteration, amendment, discharge, or waiver. No waiver of any term, provision, or condition of this Agreement, in any one or more instances, shall be deemed to be, or construed as, a further or continuing waiver of any such term, provision, or condition or as a waiver of any other term, provision, or condition of this Agreement.

Section 4. Term; Remedies

Section 4.01. Term. This Agreement shall become effective on the Effective Date. Unless sooner terminated pursuant to the other provisions of this Agreement, (a) the initial term of this Agreement shall be ten (10) years (the "*Initial Term*"), and (b) such Initial Term shall automatically be extended for successive additional terms of ten (10) years each.

Section 4.02. Termination.

(a) Any Party may terminate this Agreement, without cause, by written notice of termination to the other Parties no less than ninety (90) Days prior to the date upon which termination is to be effective.

(b) Any Party (the "*Aggrieved Party*") may, at its option, terminate this Agreement, effective immediately upon written notice to that effect, upon the occurrence of any of the following events with respect to any other Party (the "*Breaching Party*"):

(1) default shall occur or be made in the performance of any of the terms, covenants, or agreements of the Breaching Party contained in this Agreement, and such default shall be willful or shall continue for a period of thirty (30) Days after (A) it shall have become known to the Breaching Party, or (B) the Aggrieved Party shall have given written notice thereof to the Breaching Party, whichever is earlier; or

(2) any representation or warranty made in this Agreement, or any certificate or statement furnished or made by the Breaching Party to the Aggrieved Party pursuant to or in connection with this Agreement or any other instrument executed in connection herewith, shall prove to be untrue in any respect as of the date on which such representation or warranty is made; or

(3) the Breaching Party shall become insolvent or shall generally fail to pay, or shall admit in writing its inability to pay, debts as they become due; or the Breaching Party shall apply for, consent to, or acquiesce in the appointment of a trustee, receiver, or other custodian for the Breaching Party or for any property of the Breaching Party, or shall make a general assignment for the benefit of creditors; or, in the absence of such application, consent, or acquiescence, a trustee, receiver, or other custodian shall be appointed for the Breaching Party, or for a substantial part of the property of the Breaching Party, and shall not be discharged within thirty (30) Days; or any bankruptcy, reorganization, debt arrangement, or other case or proceeding under any bankruptcy or insolvency law, or any dissolution or liquidation proceeding, shall be commenced in respect of the Breaching Party, and, if such case or proceeding is not commenced by the Breaching Party, it shall have been consented to or acquiesced in by the Breaching Party or shall have continued for thirty (30) Days undismissed; or the Breaching Party shall take any action to authorize, or in furtherance of, any of the foregoing.

(c) Notwithstanding any other provision of this Agreement and while not abandoning the defense of prior action under this Agreement, any Party may terminate this Agreement immediately and without cause upon a challenge to the validity of this Agreement or action taken pursuant to this Agreement.

Section 4.03. Remedies. In the event of a breach of this Agreement, the Aggrieved Party may seek specific performance of this Agreement by the Breaching Party in addition to any other remedies now or hereafter existing at law or in equity; and the Breaching Party shall pay the attorney fees reasonably incurred by the Aggrieved Party in seeking remedies for the breach.

Section 4.04. Remedies Not Exclusive. No remedy conferred upon or reserved to any Party in this Agreement is intended to be exclusive of any other remedy provided or permitted in this Agreement or by applicable law, but each shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. Every power or remedy given by this Agreement to any Party or to which any Party may be otherwise entitled may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by such Party, and any Party may pursue inconsistent remedies.

Section 4.04. Mediation. If the Parties are unable to resolve a dispute as to the meaning or application of this Agreement, or if any Party believes there has been a breach by any other Party, the Parties shall participate in mediation of the dispute. The mediator shall be an impartial individual chosen jointly by the Parties. The Parties shall attempt in good faith to avoid the need for litigation of disputes through mediation for a period of not more than sixty (60) Days. This Section 4.04 does not, however, preclude any Party from instituting litigation if necessary, in the opinion of that Party, for the protection of that Party's interests.

Section 4.06. Waiver of Breach. No waiver by any Party will be effective unless it is in writing and then only to the extent specifically stated. No failure on the part of any Party to exercise, and no delay in exercising, any right, power, or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right, power, or remedy by any Party preclude any other or further exercise thereof or the exercise of any other right, power, or remedy. Failure of any Party to demand strict performance of the provisions of this Agreement by any other Party, or any forbearance by any Party in exercising any right or remedy hereunder or otherwise afforded by law, shall not constitute a waiver by such Party of any provision of this Agreement. Any condition, term, or covenant in this Agreement that is not complied with will be considered a breach.

Article 5. Miscellaneous

Section 5.01. Notices.

(a) Except as otherwise provided herein, any notice provided for in this Agreement shall be in writing and shall be deemed to have been duly given as follows:

(1) upon receipt, when delivered personally to a Party at its address as hereinafter set forth; or

(2) one Business Day after being delivered to a reputable overnight courier service, prepaid, marked for next-day delivery to a Party at its address as hereinafter set forth; or

(3) on the third Business Day after being mailed by United States mail, registered or certified, return receipt requested, postage prepaid, addressed to a Party at its address as hereinafter set forth; or

(4) upon confirmation of receipt by telephone at the number specified for confirmation, if sent by facsimile transmission.

(b) All notices to be given to the TID pursuant to this Agreement shall be sent to the TID at the following address:

The Clermont County Transportation Improvement District
Attention: A. Steven Wharton, Secretary-Treasurer
175 E. Main Street, Suite 150
Batavia, OH 45103

(c) All notices to be given to the Board pursuant to this Agreement shall be sent to the Board at the following address:

The Clermont County Board of Commissioners
Attention: Judith Kocica, Clerk of the Board
101 E. Main Street
Batavia, OH 45103

(d) All notices to be given to the Engineer pursuant to this Agreement shall be sent to the Engineer at the following address:

Clermont County Engineer's Office
Attention: Patrick J. Manger, P.E., P.S., Clermont County Engineer
2381 Clermont Center Drive
Batavia, OH 45103-1959

(e) Any Party may at any time change its address for such notices, requests, demands, or statements by giving the other Parties written notice thereof in accordance Section 5.01(a).

Section 5.02. Governing Law; Jurisdiction and Venue. This Agreement shall be deemed to be made under and shall be governed by the laws of the State of Ohio in all respects, including matters of construction, validity, and performance. The Parties agree that any action relating to or arising out of this Agreement may be brought against any other Party only in the Clermont County, Ohio, Court of Common Pleas, and the United States District Court for the Southern District of Ohio, Western Division; and each Party consents to the jurisdiction of such courts (and of the appropriate appellate courts), waives any objection to venue laid therein, and agrees that process may be served on it anywhere in the world.

Section 5.03. Entire Agreement. This Agreement (including the recitals and exhibits hereto, which are by this reference incorporated herein and made a part hereof) sets forth all understandings between the Parties respecting the subject matter of this transaction, and all prior agreements, understandings, and representations, whether oral or written, representing this subject matter are merged into and superseded by this written Agreement. No course of prior dealings between the parties and no usage of trade shall be relevant or admissible to supplement, to explain, or to vary any of the terms of this Agreement.

Section 5.04. Binding Effect. This Agreement, and the terms, covenants, and conditions hereof, shall be binding upon and inure to the benefit of the Parties and, subject to the prohibitions on assignment set forth herein, their respective administrators, successors, and assigns.

Section 5.05. Counterparts; Facsimile Signatures. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. It shall not be necessary in proving this Agreement to produce or account for more than one of those counterparts. The Parties further agree that facsimile signatures by the Parties shall be binding to the same extent as original signatures.

IN WITNESS WHEREOF, this Amended and Restated Intergovernmental Agreement has been duly executed and delivered for, in the name of, and on behalf of the Board and the TID by their duly authorized officers, and by the Engineer, all as of the Effective Date.

TID:

THE CLERMONT COUNTY TRANSPORTATION IMPROVEMENT DISTRICT

THE CLERMONT COUNTY TRANSPORTATION IMPROVEMENT DISTRICT

By: A. Steven Wharton
A. Steven Wharton, Secretary-Treasurer

Board:

THE BOARD OF COUNTY COMMISSIONERS OF CLERMONT COUNTY, OHIO

THE BOARD OF COUNTY COMMISSIONERS OF CLERMONT COUNTY, OHIO

By: Mary C. Walker
Mary C. Walker, Commissioner

By: Robert L. Proud
Robert L. Proud, Commissioner

By: R Scott Croswell
R. Scott Croswell III,
Commissioner

Engineer:

CLERMONT COUNTY ENGINEER

By: Patrick J. Manger
Patrick J. Manger, P.E., P.S.
Clermont County Engineer

APPROVED AS TO FORM:
DONALD W. WHITE, PROSECUTOR
CLERMONT COUNTY, OHIO

BY: Oct. 05, 2006
ASST. PROSECUTOR DATE

Clermont County TID Revenue Summary
EXHIBIT A

Clermont County TID SIB Loan
$16,500,0000 Financing Alternatives

September 11, 2006

BOND Year	Repayment Year	SIB Draw Amount	Outstanding SIB Loan	SIB Loan Repayment 3.00%	Clermont County MVG Funds Pledge	Clermont County Revenue Pledge	Union/Miami Township Revenue Pledge	Total Funds	Interest Income Earned @ 4.50%	Accumulated Pledged Funds Less Interest Expense	SIB Loan Coverage Repayment Coverage Factor
		A	B	C	D	E	F	G	H	(G-C)	
1	2007	$ 7,500,000	$ 7,500,000	$ -	$ 1,000,000	$ 1,000,000	$ 200,000	$ 2,200,000	$ ~~103,665~~	$ 2,303,665	-
2	2008	5,000,000	11,500,000	1,345,000	1,000,000	1,000,000	200,000	2,200,000	148,838	3,307,503	2.46
3	2009	4,000,000	14,500,000	1,435,000	1,000,000	1,000,000	200,000	2,200,000	191,898	4,264,401	2.30
4	2010	-	13,500,000	1,405,000	1,000,000	1,000,000	200,000	2,200,000	238,401	5,297,802	3.04
5	2011	-	12,500,000	1,375,000	1,000,000	1,000,000	200,000	2,200,000	288,509	6,411,311	3.85
6	2012	-	11,500,000	1,345,000	1,000,000	1,000,000	200,000	2,200,000	342,392	7,608,702	4.77
7	2013	-	10,500,000	1,315,000	1,000,000	1,000,000	200,000	2,200,000	400,227	8,893,929	5.79
8	2014	-	9,500,000	1,285,000	1,000,000	1,000,000	200,000	2,200,000	462,201	10,271,130	6.92
9	2015	-	8,500,000	1,255,000	1,000,000	1,000,000	200,000	2,200,000	528,509	11,744,639	8.18
10	2016	-	8,500,000	9,755,000	1,000,000	1,000,000	200,000	2,200,000	197,418	4,387,056	1.20
		$ 16,500,000		$ 20,515,000	$ 10,000,000	$ 10,000,000	$ 2,000,000	$ 22,000,000	$ 2,902,056		
Net Present Value 3%				$ 16,445,943	$ 8,530,203	$ 8,530,203	$ 1,706,041	$ 18,766,446	$ 2,406,229		

CLERMONT COUNTY TID PROJECTS
EXHIBIT B

CAPITAL IMPROVEMENT PROJECTS	PID NOS.	PROJECT COSTS				SIB LOAN FUNDING REQUEST	CONST. YEAR
		ENG.	R/W and Utilities	CONST.	TOTAL		
I-275/SR 32 INTERCHANGE							
Maintenance of Traffic	76289		$40,000,000	$50,000,000	$90,000,000		2010
Aicholtz Road Extension		$500,000	$6,000,000	$4,500,000	$11,000,000	$500,000	2008
Eastgate North Frontage Road		$300,000	$2,000,000	$2,700,000	$5,000,000	$300,000	2009
Aicholtz Road Widening		$500,000	$2,000,000	$4,000,000	$6,500,000	$500,000	2010
Tina Drive Extension		$200,000	$200,000	$1,200,000	$1,600,000	$200,000	2010
Aicholtz Connector		$500,000	$1,000,000	$4,500,000	$6,000,000	$500,000	2011
Old SR 74 - Phase 1 (Eastgate to Bach-Buxton North)		$500,000	$1,000,000	$5,500,000	$7,000,000	$500,000	2011
Sub-Totals		$2,500,000	$12,200,000	$22,400,000	$37,100,000	**$2,500,000**	
EASTERN CORRIDOR - PART B	22970						
Eastern Corridor - Part B (Segment 4A)	22972	$2,500,000			$2,500,000	$2,500,000	2007
Eastgate South Improvements		$200,000	$300,000	$2,000,000	$2,500,000	$200,000	2009
Glen Este-Withamsville Overpass		$500,000	$1,500,000	$4,000,000	$6,000,000	$750,000	2013
Bach-Buxton Interchange		$2,000,000	$3,000,000	$20,000,000	$25,000,000	$2,000,000	2013
Olive Branch-Stonelick Extension		$300,000	$150,000	$4,000,000	$4,450,000	$300,000	2012
Heitman Lane Extension to OBS		$350,000	$850,000	$3,800,000	$5,000,000	$350,000	TBD
Sub-Totals		$5,850,000	$5,800,000	$33,800,000	$45,450,000	**$6,100,000**	
SR 32 CORRIDOR							
Old 74 Widening from OBS Extension to Armstrong Blvd.		$200,000	$400,000	$2,500,000	$3,100,000	$200,000	2012
Bauer/SR 32 Intersection (EB Ramp and Overpass)		$500,000	$200,000	$6,300,000	$7,000,000	$150,000	TBD
Herold Road/SR 32 Interchange		$750,000	$250,000	$12,000,000	$13,000,000	$400,000	TBD
Batavia Road/SR 32 Interchange Improvements		$500,000	$250,000	$5,750,000	$6,500,000	$250,000	TBD
SR 32 Frontage Road - Bauer to Half Acre		$1,000,000	$1,000,000	$10,000,000	$12,000,000	$500,000	TBD
DeLaPalma/McKeever at SR 32		$1,000,000	$500,000	$14,500,000	$16,000,000	$100,000	TBD
Sub-Totals		$3,950,000	$2,600,000	$51,050,000	$57,600,000	**$1,600,000**	
SR 28 CORRIDOR							
Business 28 - Phase 1	79111	$1,000,000	$1,400,000	$6,000,000	$8,400,000	$4,700,000	2009
Business 28 - Phase 2		$500,000	$1,500,000	$4,000,000	$6,000,000	$500,000	2012
Wolfpen - Pleasant Hill Improvements	See 'A' Below	$400,000	$500,000	$3,500,000	$4,400,000	$400,000	2010
SR 28 Improvements - I-275 to Castleberry	See 'A' Below	$500,000	$500,000	$2,000,000	$3,000,000	$500,000	2011
SR 28 Corridor Improvements (Branch Hill-Guinea Pike to SR 48)		$750,000	$750,000	$7,500,000	$9,000,000	$200,000	2013
Sub-Totals		$3,150,000	$4,650,000	$23,000,000	$30,800,000	**$6,300,000**	

A - Project has received OKI funding for the construction years shown and will be given an ODOT PID number in 2006

TOTAL SIB LOAN APPLICATION **$16,500,000**

EXHIBIT D

FORM OF BOND COUNSEL OPINION

_____, 2007

To: R. W. Baird & Co., Incorporated.
Columbus, Ohio

We have examined the transcript of proceedings relating to the issuance by the Clermont County Transportation Improvement District (the "*District*"), of its Roadway Improvement Revenue Bonds, Series 2007 (the "*Series 2007 Bonds*") dated as of _____, 2007 and issued for the purpose of paying the costs design, acquisition of right of way, and construction of the District's Transportation Improvement Program, all as more particularly described in the Trust Agreement dated as of _____, 2007 (the "*Trust Agreement*") by and between the District and The Huntington National Bank, in Cincinnati, Ohio, as trustee (the "*Trustee*"). The documents in the transcript examined include a signed counterpart of the Trust Agreement. We have also examined a copy of a signed and authenticated Series 2007 Bond.

Based on this examination we are of the opinion that, under existing law:

1. The Series 2007 Bonds and the Trust Agreement are valid, legal, binding and enforceable in accordance with their respective terms, subject to bankruptcy laws and other laws affecting creditors' rights and to the exercise of judicial discretion.

2. The Series 2007 Bonds constitute special obligations of the District, and the principal of and interest (collectively, "debt service") payable on the Series 2007 Bonds, together with debt service on additional bonds issuable under the Trust Agreement on a parity with the Series 2007 Bonds, are payable, subject to bankruptcy laws and other laws affecting creditors' rights and to the exercise of judicial discretion, solely from the Pledged Receipts as defined and provided in the Trust Agreement, and are secured by the Trust Agreement and by a pledge and assignment of and a lien on the Special Funds and the Pledge Receipts. The Series 2007 Bonds and the payment of Bond Service Charges are not secured by an obligation or pledge of any money raised by taxation and the Series 2007 Bonds do not represent or constitute a general obligation debt or pledge of the full faith and credit of the District.

3. The interest on the Series 2007 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "*Code*"), and is not an item of tax preference under Section 57 of the Code for purposes of the alternative minimum tax imposed on individuals and corporations. The interest on the Series 2007 Bonds, and any profit made on their sale, exchange or other disposition, are exempt from the Ohio personal income tax, the Ohio commercial activity tax, the net income base of the Ohio corporate franchise tax, and municipal and school district income taxes in Ohio. We express no opinion as to any other tax consequences regarding the Series 2007 Bonds.

In giving the foregoing opinion with respect to the treatment of the interest on the Series 2007 Bonds and the status of the Series 2007 Bonds under the federal tax laws, we have assumed and relied upon continuing compliance with the District's covenants and the accuracy, which we have not independently verified, of the District's representations and certifications, all as contained in the transcript. The accuracy of those representations and certifications, and continuing compliance by the District with those covenants, may be necessary for the interest to be and to remain excluded from gross income for federal income tax purposes and for the other federal tax effects stated above. Failure to comply with certain of those covenants subsequent to issuance could cause the interest on the Series 2007 Bonds to be included in gross

income for federal income tax purposes retroactively to their date of issuance.

Under the Code, portions of the interest on the Series 2007 Bonds earned by certain corporations may be subject to the corporate alternative minimum tax, and interest on the Series 2007 Bonds may be subject to a branch profits tax imposed on certain foreign corporations doing business in the United States and to a tax imposed on excess net passive income of certain S corporations.

The Series 2007 Bonds are "qualified tax exempt obligations" as defined in Section 265 (b)(3) of the Code.

We have further assumed the due authorization, signing and delivery by, and the binding effect upon and enforceability against, the Trustee of the Trust Agreement.

Respectfully submitted,

EXHIBIT E

DISTRICT INVESTMENT POLICY

Clermont County Transportation Improvement District

Investment Policy

September 14, 2007

The Board of Trustees (Board) authorizes the Secretary-Treasurer to make investments of available monies from the funds of the Clermont County Transportation Improvement District (CCTID) in securities authorized by State law. These shall include:

A. Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for payment of principal and interest thereon but does not include stripped principal or interest obligations of such obligations;

B. Bonds, notes, debentures, or any other obligations or securities directly issued by a Federal government agency or instrumentality;

C. Interim deposits in Board-approved depositories;

D. Bonds and other obligations of the State;

F. No-load money market mutual funds consisting exclusively of obligations described in A. and B. above or repurchase agreements secured by such obligations, provided such investments are made only through banks and savings and loan institutions authorized by R.C. 135.03;

F. The Ohio Subdivision Fund (STAR Ohio).

Under no circumstances may the Secretary-Treasurer invest in a derivative as defined by the Revised Code, reverse repurchase agreements, or other funds prohibited by law. The Treasurer shall also not make investments that s/he does not reasonably believe can be held until the maturity date or leverage any investment.

Provided the Secretary-Treasurer has completed additional training as may be required by applicable law, the Secretary-Treasurer, upon consultation with the CCTID Financial Advisor and the Board, is authorized to invest to a maximum of twenty-five percent (25%) of the CCTID interim funds in either or a combined total of:

A. Commercial paper notes issued by a for-profit corporation, business trust or association, real estate investment trust, common-law trust, unincorporated business, or general or limited partnership that has assets exceeding $500,000,000. Such notes must:

   1. Be rated at the time of purchase in the highest classification established by at least two (2) rating services;
   2. Have an aggregate value that does not exceed ten percent (10%) of the outstanding commercial paper of the issuing entity;
   3. Mature within 180 days after purchase.

B. Bankers acceptances of banks that are members of the FDIC and whose obligations:

   1. Are eligible for purchase by the Federal Reserve System;
   2. Mature no later than 180 days after purchase.

Investments made by the Secretary-Treasurer must mature within five (5) years, unless they are matched to a specific obligation or debt of the CCTID.

The Secretary-Treasurer is also authorized to enter into written repurchase agreements in accordance with 135.14(E) of the Revised Code. Such agreements may be either overnight or within a time not to exceed thirty (30) days and may only involve securities listed in A-E above.

The purpose of the investments is to maximize the returns on the CCTID excess cash balances that are consistent with safety of those monies and with the desired liquidity of the investments.

In making investments authorized by Section 135.14 of the Revised Code, the Secretary-Treasurer may retain the services of an investment advisor, provided the advisor is licensed by the Division of Securities under Section 1707.141 of the Revised Code, or is registered with the Securities and Exchange Commission, or is an eligible institution.

Earnings on an investment may become a part of the fund from which the investment was made, unless otherwise specified by law.

The Secretary-Treasurer, acting in accordance with applicable law, may withdraw funds from approved public depositories or sell negotiable instruments prior to maturity.

The Secretary-Treasurer, if required, must place on file with the Auditor of State a written investment policy that has been approved by the Board and signed by all entities conducting investment business with the Board.

Approved at a regularly scheduled meeting of the Board of Trustees of the Clermont County Transportation Improvement District, Clermont County, Ohio, this 14 day of September 2007.

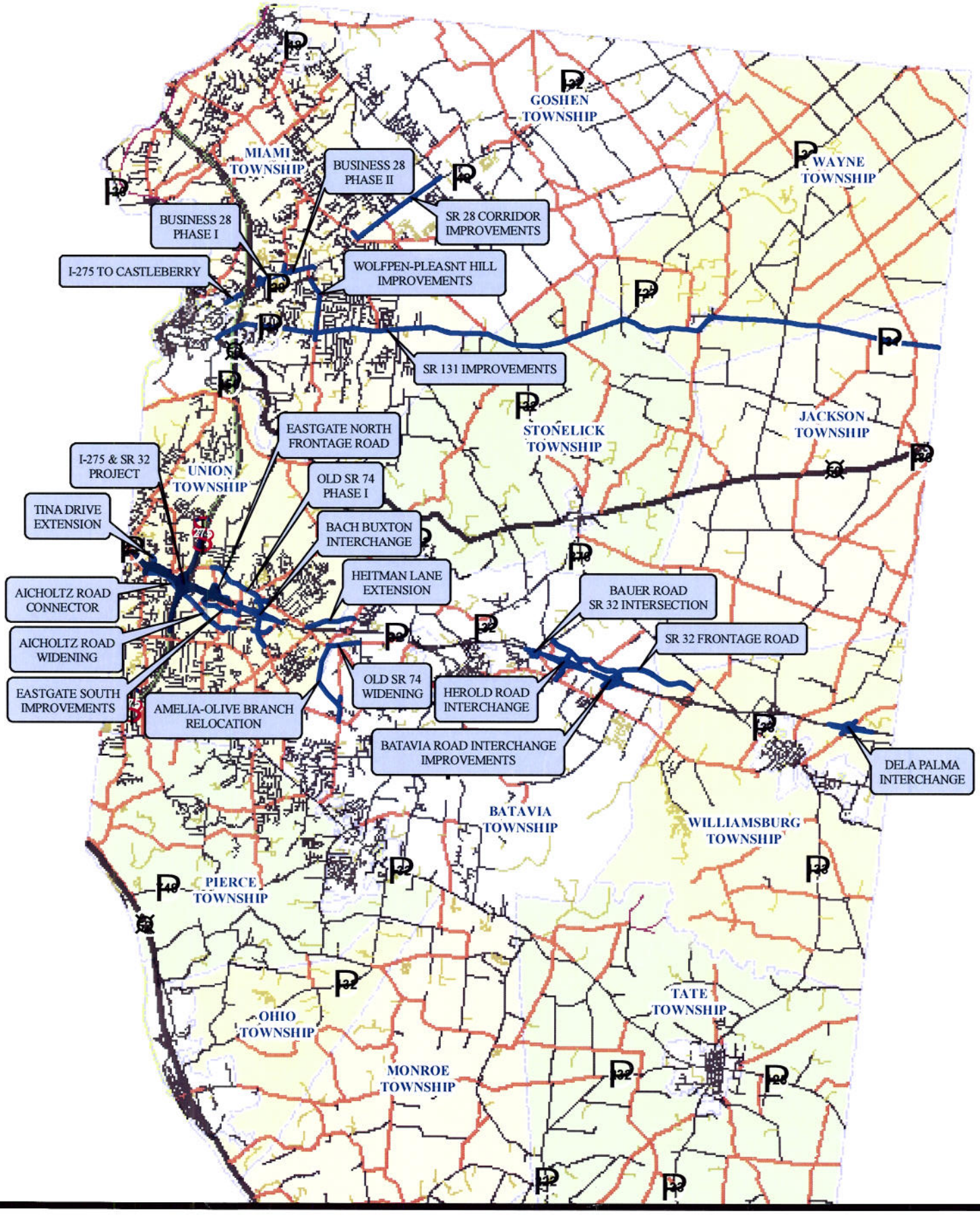
Clermont County Transportation Improvement District
Chairman

Attest:

Clermont County Transportation Improvement District
Secretary-Treasurer

Motion to Pass Resolution: Walker
Seconded by: Duckworth

EXHIBIT F

MAP OF PROGRAM AREA

CLERMONT COUNTY TID RTIP