



**Auditor of State
Betty Montgomery**

CITY OF BLUE ASH
HAMILTON COUNTY

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CITY OF BLUE ASH
HAMILTON COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2002

<u>Federal Grantor/ Pass Through Grantor Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Disbursements</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<i>Passed Through Ohio Department of Criminal Justice Services</i>			
Drug Control and Systems Improvement-Formula Grant	01-DG-A01-7353	16.579	\$547,277
Total U.S. Department of Justice			<u>547,277</u>
Total			<u><u>\$547,277</u></u>

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

**CITY OF BLUE ASH
HAMILTON COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 2002**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Award Expenditures (the Schedule) is a summary of the activity of the City's federal awards programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B – MATCHING REQUIREMENTS

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



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

City of Blue Ash
Hamilton County
4343 Cooper Road
Blue Ash, Ohio 45242

To the City Council:

We have audited the financial statements of the City of Blue Ash, Hamilton County, Ohio (the City), as of and for the fiscal year ended December 31, 2002, and have issued our report thereon dated August 22, 2003. 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.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the City in a separate letter dated August 22, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the City in a separate letter dated August 22, 2003.

This report is intended for the information and use of the management, City Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

August 22, 2003



**Auditor of State
Betty Montgomery**

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

City of Blue Ash
Hamilton County
4343 Cooper Road
Blue Ash, Ohio 45242

To the City Council:

Compliance

We have audited the compliance of the City of Blue Ash, Hamilton County, Ohio (the City), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2002. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2002.

Internal Control Over Compliance

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

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

Schedule of Federal Award Expenditures

We have audited the financial statements of the City of Blue Ash, Hamilton County, Ohio (the City), as of and for the fiscal year ended December 31, 2002, and have issued our report thereon dated August 22, 2003. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information and use of the management, City Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Betty Montgomery
Auditor of State

August 22, 2003

**CITY OF BLUE ASH
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505
DECEMBER 31, 2002**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Byrne Formula Grant Program (Drug Control & System Improvement) - CFDA #16.579
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A > \$300,000
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

Hamilton County, Ohio



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2002

THE CITY OF BLUE ASH, OHIO

HAMILTON COUNTY

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2002

Prepared by:
Department of Finance
Sherry L. Poppe, CPA

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HAMILTON COUNTY, OHIO

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INTRODUCTORY SECTION





CITY OF BLUE ASH

4343 Cooper Road • Blue Ash, Ohio 45242
Marvin D. Thompson, City Manager

phone (513) 745-8513

fax (513)-745-8594

August 22, 2003

To The Council and The Citizens of the City of Blue Ash, Ohio:

Submitted for your review is the Comprehensive Annual Financial Report (CAFR) of the City of Blue Ash, (the City) for the year ended December 31, 2002. While there is no legal requirement for the preparation of this report, it represents a commitment by the City of Blue Ash to conform to nationally recognized standards of excellence in financial reporting. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operation of the City; and that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been presented.

This CAFR was prepared in accordance with generally accepted accounting principles established by statements of the Governmental Accounting Standards Board (GASB) and other authoritative pronouncements, and incorporates the new reporting model as required by GASB Statement No. 34.

This letter should be read in conjunction with the Management Discussion and Analysis (MD&A) that can be found immediately following the Independent Accountants' Report.

This report is comprised of three major sections:

1. The Introductory Section includes this Letter of Transmittal that addresses the organization, accomplishments and operational structure of the City, a list of the Principal City Officials, and an Organizational Chart;
2. The Financial Section contains the Independent Accountants' Report, Management's Discussion and Analysis, the Basic Financial Statements and Notes to the Basic Financial Statements;
3. The Statistical Section presents social, economic, and historical data, which can be used to identify financial trends, and data relative to the fiscal capacity of the City.

THE CITY OF BLUE ASH

The City of Blue Ash is a vibrant Ohio community located twelve miles northeast of Cincinnati. Its 7.7 square mile area serves an estimated residential population of 12,513 (2000 Census) and an estimated daytime population of 75,000. In 2002, approximately 2,190 businesses and organizations were located in Blue Ash. Blue Ash is a balanced community with approximately 35% of the area designated for residential use; approximately 35% for industrial and commercial use; and the remaining 30% used for municipal, educational, and agricultural purposes. Blue Ash was settled in 1791, incorporated as a village in 1955 and became a City in 1961. Blue Ash is a home-rule City with a Council/Manager form of government. The City's responsibilities and structure are outlined in the City Charter, which was adopted by residents in 1961 and was last amended in 1989.

The legislative body of Blue Ash consists of a seven-member Council, five of whom are elected by Ward, and two of whom are elected At-Large. Council chooses the Mayor and Vice Mayor among its members. All seven members are elected on a partisan basis for two-year terms, with the terms of current Council members expiring November 30, 2003.

The City Council appoints a City Manager, a Solicitor, and a Clerk of Council. The City Manager is responsible for appointing the Treasurer and an administrative staff. The City provides the following municipal services: police and fire emergency services, street construction and maintenance, planning and zoning services, pool and recreational facilities, championship golf course and a 37 acre sports complex.

ECONOMIC CONDITIONS AND OUTLOOK

Local Economy

Blue Ash is fortunate to have a diverse business base, with no dominant single industry. With that strong and diverse business base and the City's relatively low earnings tax rate of 1%, the City continues to be a major economic factor in the Greater Cincinnati region. The City's estimated daytime population is 75,000, representing the workforce of approximately 2,190 businesses and organizations.

Blue Ash continues to maintain strong local and national business leaders as a part of its corporate citizenry, including nationally and internationally recognized companies such as Procter & Gamble, Johnson & Johnson's Ethicon Endo-Surgery, Sara Lee Foods, Sears, Lighting Systems, Inc., Time Warner, and Fidelity Investments. In addition, several of the City's larger employers have corporate headquarters in Blue Ash, such as Ethicon, Sara Lee, and Lighting Systems, Inc. Blue Ash's largest employer is Procter & Gamble, which, in addition to its Sharon Woods Technical Center, continues to operate several offices and building sites throughout Blue Ash. Ethicon Endo-Surgery, the City's second largest employer, also has multiple Blue Ash office locations.

Blue Ash's economic development success continues to be a major factor in promoting the interests of the Sycamore and Princeton School Districts, highlighting the City's policy to not offer any form of tax abatement. The Blue Ash Council and Administration believe that in the long run, this pro-education position will contribute towards a better community, stronger school districts, and a sound relationship with its corporate citizens.

MAJOR INITIATIVES

Capital Improvements

- A highlight for the City in 2002 was the relocation of the City's Service Department to a 3.75 acre, 60,000 square foot facility located at 6131 Interstate Circle. This new facility provides ample office and storage space, a 6100 square foot mechanics bay, a large truck wash (enough capacity for emergency vehicles), automated fuel management system and a warehouse area to house all service vehicles. Negotiations for an adjacent parcel began in 2002 for a future site of additional facilities and construction of a new salt dome.
- The City's largest current capital improvement project involves the construction of a new fire station at 10647 Kenwood Road, the former location of the Service Department. This new station will provide approximately 36,000 square feet of state-of-the-art facilities for the City's fire and rescue department. The basement will include an emergency operations center to provide an equipped command area to manage unforeseen emergencies. Estimated completion is early fall 2003.
- Plainfield Road Phase I improvements were essentially complete in 2002. Planning continued in 2002 for Phase II of the improvements. This project will widen Plainfield Road from Locust Lane to Cooper Road and significantly improve the intersection of Plainfield Road and Cooper Road. Estimated completion in late 2003.
- In 2002, the City continued its major commitment to address storm drainage issues within several areas throughout Blue Ash.

For The Future

- In late 2002, Council authorized the purchase of approximately 8.5 acres of vacant property at 4420 Cooper Road across from the City's Recreation Center. The City's Administration believes this property may be appropriate for future recreational purposes.
- I-275/Reed Hartman improvements – In 2002, the State began construction on the long-awaited improvements at this major intersection. In addition to the improvements underway at the interchange and nearby stretches of I-275, the City plans to expand on this road improvement. The City's improvements will provide six lanes on Reed Hartman Highway south of where the State's improvements began. Estimated completion dates are late 2003 for the State's portion and late in 2004 for the City's portion.

FINANCIAL INFORMATION

Internal and Budgetary Controls

It is the belief of the administrative and financial management personnel that the City's financial controls adequately safeguard existing assets and provide reasonable assurance of the proper recording of financial transactions.

CITY OF BLUE ASH, OHIO

Letter of Transmittal

For the Year Ended December 31, 2002

Budgetary control is maintained within the personal services, operating expense, contractual services, and capital outlay categories within each department through the encumbering of estimated purchase amounts prior to the release of formal purchase orders to vendors. Purchase order requisitions, which would result in an overrun above appropriated balances, are not approved until additional appropriations are made available via amendments to the annual appropriations ordinance. Open encumbrances as of December 31, 2002 are reported as reservations of fund balances within this report.

Risk Management

In May of 1992, as a result of a public bid and a thorough review of all proposals, the administration recommended to Council that the City join a local joint self-insurance pool in lieu of reliance upon conventional insurance. Effective July 1, 1992, the City of Blue Ash became the eleventh member of the Miami Valley Risk Management Association, Inc. (MVRMA), headquartered in Kettering, Ohio. This pool currently has 17 members.

Cash Management

The investment program for interim funds of the City of Blue Ash conforms to the requirements of Chapter 135 of the Ohio Revised Code (The Uniform Depository Act). Although Blue Ash as a Charter City could establish its own investment policies, management has determined that the requirements of the Ohio Revised Code provide a safe, conservative framework for investment of the City's funds. Authorized investments are described in detail in Note 5 of the notes to the basic financial statements included within the financial section of this comprehensive annual financial report.

INDEPENDENT AUDIT

The Auditor of the State of Ohio audited the basic financial statements of the City of Blue Ash. The independent auditor's unqualified opinion has been included in this report.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Blue Ash, Ohio for its comprehensive annual financial report for the fiscal year ended December 31, 2001. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government finance reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

CITY OF BLUE ASH, OHIO

**Letter of Transmittal
For the Year Ended December 31, 2002**

A Certificate of Achievement is valid for a period of one year only. The City of Blue Ash has received a Certificate of Achievement for the last fifteen consecutive years (fiscal years ended 1987-2001). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

ACKNOWLEDGMENTS

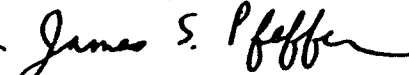
Sincere appreciation is extended to the many individuals who have worked diligently and contributed much time and effort in making this report possible.

Finally, special thanks to the members of City Council and the City Administration whose support is necessary for the City of Blue Ash to conform to reporting requirements established for municipal governments and to maintain the sound financial position that the City has enjoyed for many years.

Respectfully submitted,



Marvin D. Thompson
City Manager



James S. Pfeffer
Treasurer/Administrative
Services Director



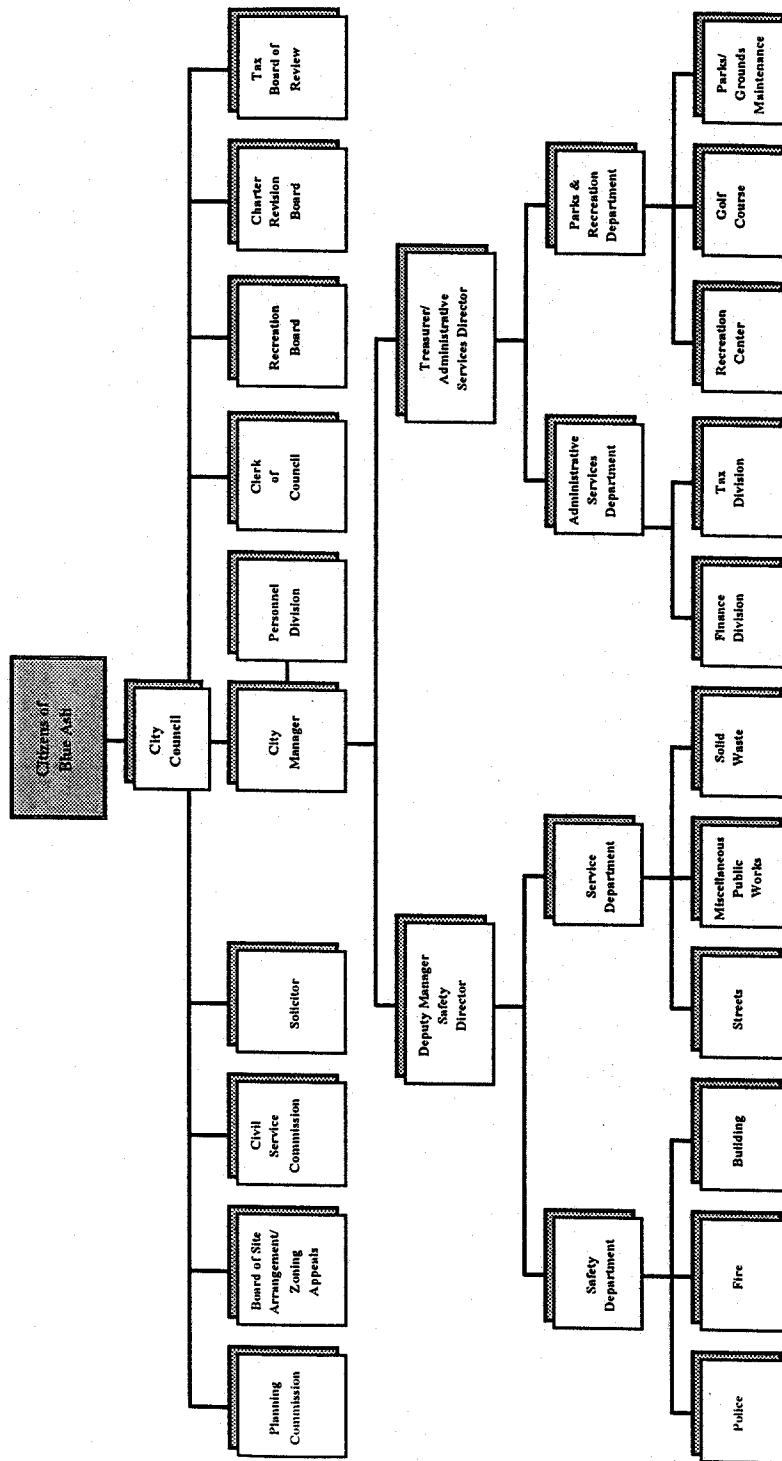
Sherry L. Poppe, CPA
Finance Officer/
Deputy Treasurer

CITY OF BLUE ASH, OHIO

**List of Principal Officials
For the Year Ended December 31, 2002**

OFFICE HELD	NAME OF OFFICIAL
Administration:	
City Manager	Marvin D. Thompson
Deputy Manager/Safety Director	Bruce E. Henry
Treasurer/Administrative Services Director	James S. Pfeffer
Parks and Recreation Director	Charles D. Funk
Service Director	Dennis E. Albrinck
Tax and Finance:	
Tax Officer	Sharry K. Long
Finance Officer/Deputy Treasurer	Sherry L. Poppe
Personnel:	
Personnel Officer	Julia E. Prickett
Public Safety:	
Community Development Director	Lois A. McKnight
Fire Chief	James W. Fehr
Police Chief	Chris Wallace
Parks and Recreation:	
Golf Superintendent	Daniel J. Walter
Parks and Grounds Superintendent	Rodney Clark
Golf Pro	William F. Mayer
Recreation/Sports Superintendent	Kathy Swensen
Service:	
Service Supervisor	Dennis Cunningham
Service Coordinator	Michael Melampy
City Council:	
Mayor, Ward 3	Rick Bryan
Vice Mayor, Ward 4	Robert Buckman, Jr.
Ward 1	James W. Sumner
Ward 2	Stephanie Stoller
Ward 5	Mark F. Weber
At Large	Raymond L. MacNab
At Large	Vacant
Solicitor	Mark A. Vander Laan
Clerk of Council	Susan K. Bennett

City Organizational Chart
For the Year Ended December 31, 2002



*Government Finance Officers Association of the United States and Canada
Certificate of Achievement for Excellence in Financial Reporting*

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Blue Ash,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2001

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



William Patrick Voth

President

Jeffrey R. Emmer

Executive Director

FINANCIAL SECTION





**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

City of Blue Ash
Hamilton County
4343 Cooper Road
Blue Ash, Ohio 45242

To the City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Blue Ash, Hamilton County, Ohio (the City), as of and for the year ended December 31, 2002, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2002, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General, Street Construction Maintenance and Repair Fund, and Park and Recreation Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended December 31, 2002, the City implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2003 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

Betty Montgomery
Auditor of State

August 22, 2003

The discussion and analysis of the City of Blue Ash's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2002. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2002 are as follows:

- ❑ In total, net assets decreased \$3,526,480. Net assets of governmental activities decreased \$3,390,614, which represents an 8% decrease from 2001. Net assets of business-type activities declined \$135,866 from 2001.
- ❑ General revenues accounted for \$22,329,571 in revenue or 83% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$4,502,842 or 17% of total revenues of \$26,832,413.
- ❑ The City had \$29,075,544 in expenses related to governmental activities; only \$3,488,402 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$22,196,528 were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$21,687,396 in revenues and \$26,880,003 in expenditures. The general fund's fund balance declined \$5,192,607 to \$5,598,207.
- ❑ Net assets for enterprise funds declined slightly. This decline resulted from operating expenses of \$1,265,601 exceeding operating revenues of \$996,689.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – *management's discussion and analysis*, the *basic financial statements*, *required supplementary information*, and an optional section that presents *combining statements* for nonmajor governmental funds and internal service funds. The basic financial statements include two kinds of statements that present different views of the City:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the City's overall financial status.
2. *The Fund Financial Statements* – These statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net assets and how they have changed. Net-assets (the difference between the City's assets and liabilities) is one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional nonfinancial factors such as the City's tax base and the condition of the City's capital assets

The government-wide financial statements of the City are divided into two categories:

- Governmental Activities – Most of the City's program's and services are reported here including security of persons and property, public health and welfare services, leisure time activities, community environment, transportation and general government.
- Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The City's golf course is reported as a business activity.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

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

Proprietary Funds – Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

**Management's Discussion and Analysis
For the Year Ended December 31, 2002**

Unaudited

Fiduciary Funds – 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 statement because the resources of those funds are *not* available to support the City's own programs. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

This is the first year for government-wide financial statements using the full accrual basis of accounting, therefore a comparison with prior year's information is not available. A comparative analysis will be provided in future years when prior year's information is available.

	Governmental Activities	Business-type Activities	Total
	2002	2002	2002
Current and other assets	\$19,819,745	\$45,332	\$19,865,077
Capital assets, Net	45,854,530	2,825,114	48,679,644
Total assets	65,674,275	2,870,446	68,544,721
Long-term debt outstanding	11,921,955	34,945	11,956,900
Other liabilities	14,703,103	36,392	14,739,495
Total liabilities	26,625,058	71,337	26,696,395
Net assets			
Invested in capital assets, net of related debt	45,844,856	2,825,114	48,669,970
Restricted	1,830,218	0	1,830,218
Unrestricted	(8,625,857)	(26,005)	(8,651,862)
Total net assets	\$39,049,217	\$2,799,109	\$41,848,326

CITY OF BLUE ASH, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2002**

Unaudited

Changes in Net Assets – The following table shows the changes in net assets for the fiscal year 2002:

	Governmental Activities	Business-type Activities	Total
	2002	2002	2002
Revenues			
Program revenues:			
Charges for Services and Sales	\$1,488,163	\$1,014,440	\$2,502,603
Operating Grants and Contributions	1,012,192	0	1,012,192
Capital Grants and Contributions	988,047	0	988,047
General revenues:			
Income Taxes	16,636,788	0	16,636,788
Property Taxes	2,134,376	0	2,134,376
Other Local Taxes	682,029	0	682,029
Grants and Entitlements not Restricted to Specific Programs	2,368,203	0	2,368,203
Investment Earnings	277,000	0	277,000
Miscellaneous	445,767	0	445,767
Transfers	(145,384)	145,384	0
Loss on Disposal of Fixed Assets	(202,251)	(12,341)	(214,592)
Total revenues	<u>25,684,930</u>	<u>1,147,483</u>	<u>26,832,413</u>
Program Expenses			
Security of Persons and Property	9,409,353	0	9,409,353
Leisure Time Activities	5,085,560	0	5,085,560
Community Development	698,927	0	698,927
Basic Utility Services	3,771,878	0	3,771,878
Transportation	3,721,127	0	3,721,127
General Government	5,519,943	0	5,519,943
Debt Service:			
Interest and Fiscal Charges	868,756	0	868,756
Golf Course	0	1,283,349	1,283,349
Total expenses	<u>29,075,544</u>	<u>1,283,349</u>	<u>30,358,893</u>
Total Change in Net Assets	(3,390,614)	(135,866)	(3,526,480)
Beginning Net Assets	<u>42,439,831</u>	<u>2,934,975</u>	<u>45,374,806</u>
Ending Net Assets	<u>\$39,049,217</u>	<u>\$2,799,109</u>	<u>\$41,848,326</u>

CITY OF BLUE ASH, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2002**

Unaudited

Governmental Activities

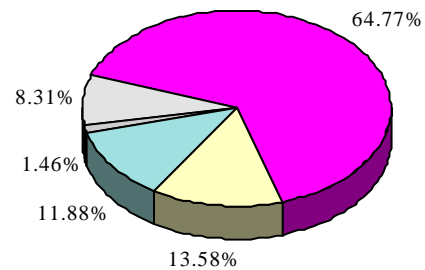
Net assets of the City's governmental activities decreased by \$3,390,614. This was due to a combination of factors including an unusually large income tax refund due to a business filing error and a decline in the economy as a whole.

The City also receives an income tax, which is based on 1.00% of all salaries, wages, commissions and other compensation and on net profits earned from businesses and residents living within the City.

Property taxes and income taxes made up 8.31% and 64.77% respectively of revenues for governmental activities for the City in fiscal year 2002. The City's reliance upon tax revenues is demonstrated by the following graph indicating 73.08% of total revenues from general tax revenues:

<u>Revenue Sources</u>	<u>2002</u>	<u>Percent of Total</u>
Property Taxes	\$2,134,376	8.31%
Income Taxes	16,636,788	64.77%
Program Revenues	3,488,402	13.58%
Shared Revenues	3,050,232	11.88%
General Other	375,132	1.46%
Total Revenue	\$25,684,930	100.00%

2002



Business-Type Activities

Net assets of the business-type activities decreased by \$135,866. This decrease was the result of an increase in capital expenditures from 2001 to 2002.

CITY OF BLUE ASH, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2002**

Unaudited

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$2,359,787, which is a decrease from last year's balance of \$13,661,106. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2002 and 2001:

	Fund Balance December 31, 2002	Fund Balance December 31, 2001	Increase (Decrease)
General	\$5,598,207	\$10,790,814	(\$5,192,607)
Street Construction,			
Maintenance and Repair	448,901	620,360	(171,459)
Park and Recreation	271,894	178,340	93,554
Debt Service	48,216	103,123	(54,907)
Fire House Construction			
Capital Projects	(1,111,276)	927,392	(2,038,668)
Service Garage Construction			
Capital Projects	(3,629,407)	(1,112,173)	(2,517,234)
Other Governmental	733,252	2,153,250	(1,419,998)
Total	\$2,359,787	\$13,661,106	(\$11,301,319)

General Fund – The City's General Fund balance decrease is due to many factors. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2002 Revenues	2001 Revenues	Increase (Decrease)
Property Taxes	\$2,058,148	\$2,107,022	(\$48,874)
Municipal Income Tax	16,532,390	19,509,547	(2,977,157)
Other Local Taxes	682,029	619,409	62,620
Intergovernmental Revenues	1,655,017	1,790,871	(135,854)
Charges for Services	142,240	209,334	(67,094)
Licenses and Permits	252,972	234,753	18,219
Investment Earnings	158,851	429,303	(270,452)
Fines and Forfeitures	205,339	229,325	(23,986)
All Other Revenue	390	1,236	(846)
Total	\$21,687,376	\$25,130,800	(\$3,443,424)

General Fund revenues in 2002 decreased approximately 13.7% compared to revenues in fiscal year 2001. The most significant factor contributing to this decrease was a decline in the economy effecting income tax revenue and the corresponding decrease in the rate of return on investments. Additionally, tax revenue decreased by 13.3% in 2002.

CITY OF BLUE ASH, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2002**

Unaudited

	2002 <u>Expenditures</u>	2001 <u>Expenditures</u>	Increase <u>(Decrease)</u>
Security of Persons and Property	\$8,562,545	\$7,889,570	\$672,975
Community Development	690,755	737,395	(46,640)
Basic Utility Services	3,714,209	3,053,246	660,963
General Government	4,350,054	4,956,057	(606,003)
Debt Service:			
Principal Retirement	2,715	2,497	218
Interest and Fiscal Charges	1,101	1,319	(218)
Total	<u>\$17,321,379</u>	<u>\$16,640,084</u>	<u>\$681,295</u>

General Fund expenditures increased by \$681,295 over the prior year mostly due to increases in salary and wages, retirement contributions, and health insurance premiums for the City's employees and additional staffing needs of the City.

The City'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 fiscal year 2002 the City amended its General Fund budget several times, none significant.

For the General Fund, final budget basis revenue of \$23,733,578 did not significantly change over the original budget estimates of \$25,159,693. The General Fund had an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2002 the City had \$48,679,644 net of accumulated depreciation invested in land, buildings, infrastructure, equipment and vehicles. Of this total, \$45,854,530 was related to governmental activities and \$2,825,114 to the business-type activities. The following table shows fiscal year 2002 and 2001 balances:

	Governmental Activities		Increase (Decrease)
	2002	2001	
Land and Land Improvements	\$12,096,397	\$12,078,397	\$18,000
Buildings	15,471,777	15,390,272	81,505
Improvements Other than Buildings	5,871,816	5,938,033	(66,217)
Infrastructure	17,368,466	16,980,139	388,327
Machinery and Equipment	11,277,399	10,345,873	931,526
Construction In Progress	5,068,475	424,348	4,644,127
Less: Accumulated Depreciation	(21,299,800)	(20,063,813)	(1,235,987)
Totals	<u>\$45,854,530</u>	<u>\$41,093,249</u>	<u>\$4,761,281</u>

	Business-Type Activities		Increase (Decrease)
	2002	2001	
Land	\$1,124,764	\$1,124,764	\$0
Buildings	1,190,908	1,193,044	(2,136)
Improvements Other than Buildings	1,940,715	1,905,980	34,735
Machinery and Equipment	1,086,807	1,060,751	26,056
Less: Accumulated Depreciation	(2,518,080)	(2,327,957)	(190,123)
Totals	<u>\$2,825,114</u>	<u>\$2,956,582</u>	<u>(\$131,468)</u>

The primary increases occurred in machinery and equipment and construction in progress. The increase in construction in progress during 2002 resulted from work on the service garage and firehouse facilities.

As of December 31, 2002, the City has contractual commitments of \$5,450,400 for the construction of a firehouse and service garage, and improvements to the Glendale/Milford turn lane. Additional information on the City's capital assets can be found in Note 10.

CITY OF BLUE ASH, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2002**

Unaudited

Debt

At December 31, 2002, the City had \$10,795,000 million in bonds outstanding, \$2,035,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2002 and 2001:

	<u>2002</u>	<u>2001</u>
Governmental Activities:		
General Obligation Bonds	\$10,795,000	\$12,830,000
Compensated Absences	1,117,281	967,600
Capital Leases Payable	<u>9,674</u>	<u>12,389</u>
Total Governmental Activities	<u><u>11,921,955</u></u>	<u><u>13,809,989</u></u>

Under current state statutes, the City's general obligation bonded debt issues are subject to a legal limitation based on 10.5% of the total assessed value of real and personal property. At December 31, 2002, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 13.

ECONOMIC FACTORS

The City has accepted two major grants to finance the Reed Hartman Highway improvements. The City was awarded a \$1,000,000 grant from the Ohio Public Works Commission and a \$100,000 grant from Hamilton County to assist it in completing the highway improvements. The City's budget for 2003 is very conservative. In an effort to control spending, City Council adopted a budget that held expenditure appropriations at fiscal year 2002 levels, with only a few adjustments for inflation.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact Sherry Poppe, Finance Officer of the City of Blue Ash.



CITY OF BLUE ASH, OHIO

**Statement of Net Assets
December 31, 2002**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and Cash Equivalents	\$ 12,084,071	\$ 32,283	\$ 12,116,354
Receivables:			
Taxes	5,074,337	0	5,074,337
Accounts	50,025	16	50,041
Intergovernmental	2,441,841	748	2,442,589
Interest	13,969	0	13,969
Special Assessments	5,190	0	5,190
Inventory of Supplies at Cost	52,550	11,668	64,218
Prepaid Items	97,762	617	98,379
Capital Assets, Net	45,854,530	2,825,114	48,679,644
Total Assets	<u>65,674,275</u>	<u>2,870,446</u>	<u>68,544,721</u>
Liabilities:			
Accounts Payable	1,938,006	2,928	1,940,934
Accrued Wages and Benefits	816,966	33,070	850,036
Intergovernmental Payable	17,676	394	18,070
Deferred Revenue	2,327,090	0	2,327,090
Accrued Interest Payable	103,365	0	103,365
General Obligation Notes Payable	9,500,000	0	9,500,000
Long-Term Liabilities:			
Due Within One Year	2,037,955	0	2,037,955
Due in More Than One Year	9,884,000	34,945	9,918,945
Total Liabilities	<u>26,625,058</u>	<u>71,337</u>	<u>26,696,395</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	45,844,856	2,825,114	48,669,970
Restricted For:			
Other Purposes	1,830,218	0	1,830,218
Unrestricted (Deficit)	(8,625,857)	(26,005)	(8,651,862)
Total Net Assets	<u>\$ 39,049,217</u>	<u>\$ 2,799,109</u>	<u>\$ 41,848,326</u>

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

**Statement of Activities
For the Year Ended December 31, 2002**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Current:				
Security of Persons and Property	\$ 9,409,353	\$ 407,291	\$ 1,012,192	\$ 0
Leisure Time Activities	5,085,560	680,730	0	0
Community Development	698,927	179,487	0	0
Basic Utility Services	3,771,878	0	0	0
Transportation	3,721,127	12,189	0	988,047
General Government	5,519,943	208,466	0	0
Debt Service:				
Interest and Fiscal Charges	868,756	0	0	0
Total Governmental Activities	29,075,544	1,488,163	1,012,192	988,047
Business-Type Activities:				
Golf Course	1,283,349	1,014,440	0	0
Total Business-Type Activities	1,283,349	1,014,440	0	0
Totals	\$ 30,358,893	\$ 2,502,603	\$ 1,012,192	\$ 988,047

General Revenues

Property Taxes Levied for:

General Purposes

Debt Service

Municipal Income Taxes

Other Local Taxes

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Miscellaneous

Transfers

Loss on Disposal of Fixed Assets

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ (7,989,870)	\$ 0	\$ (7,989,870)
(4,404,830)	0	(4,404,830)
(519,440)	0	(519,440)
(3,771,878)	0	(3,771,878)
(2,720,891)	0	(2,720,891)
(5,311,477)	0	(5,311,477)
<u>(868,756)</u>	<u>0</u>	<u>(868,756)</u>
<u>(25,587,142)</u>	<u>0</u>	<u>(25,587,142)</u>
<u>0</u>	<u>(268,909)</u>	<u>(268,909)</u>
<u>0</u>	<u>(268,909)</u>	<u>(268,909)</u>
<u>(25,587,142)</u>	<u>(268,909)</u>	<u>(25,856,051)</u>
2,058,148	0	2,058,148
76,228	0	76,228
16,636,788	0	16,636,788
682,029	0	682,029
2,368,203	0	2,368,203
277,000	0	277,000
445,767	0	445,767
(145,384)	145,384	0
<u>(202,251)</u>	<u>(12,341)</u>	<u>(214,592)</u>
<u>22,196,528</u>	<u>133,043</u>	<u>22,329,571</u>
(3,390,614)	(135,866)	(3,526,480)
<u>42,439,831</u>	<u>2,934,975</u>	<u>45,374,806</u>
<u>\$ 39,049,217</u>	<u>\$ 2,799,109</u>	<u>\$ 41,848,326</u>

CITY OF BLUE ASH, OHIO

**Balance Sheet
Governmental Funds
December 31, 2002**

	General	Street Construction, Maintenance and Repair	Park and Recreation	General Obligation Bond Retirement
Assets:				
Cash and Cash Equivalents	\$ 4,203,884	\$ 1,362,445	\$ 416,313	\$ 48,216
Taxes	4,991,411	0	0	82,926
Accounts	42,865	0	0	0
Intergovernmental	684,844	194,963	442	3,300
Interest	6,224	810	0	0
Special Assessments	0	0	0	0
Due from Other Funds	461	0	0	0
Inventory of Supplies, at Cost	17,650	25,264	9,636	0
Prepaid Items	29,393	602	50,632	0
Total Assets	\$ 9,976,732	\$ 1,584,084	\$ 477,023	\$ 134,442
Liabilities:				
Accounts Payable	276,210	960,762	108,678	0
Accrued Wages and Benefits Payable	659,100	44,530	95,609	0
Intergovernmental Payable	16,590	143	842	0
Due to Other Funds	0	0	0	0
Deferred Revenue	3,426,625	129,748	0	86,226
Accrued Interest Payable	0	0	0	0
General Obligation Notes Payable	0	0	0	0
Total Liabilities	4,378,525	1,135,183	205,129	86,226
Fund Balances:				
Reserved for Encumbrances	463,586	401,803	315,277	4,996
Reserved for Prepaid Items	29,393	602	50,632	0
Reserved for Supplies Inventory	17,650	25,264	9,636	0
Reserved for Debt Service	0	0	0	43,220
Undesignated/Unreserved	5,087,578	21,232	(103,651)	0
Total Fund Balances	5,598,207	448,901	271,894	48,216
Total Liabilities and Funds Balances	\$ 9,976,732	\$ 1,584,084	\$ 477,023	\$ 134,442

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

Firehouse Construction Capital Projects	Service Garage Construction Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 3,688,748	\$ 1,504,377	\$ 860,088	\$ 12,084,071
0	0	0	5,074,337
0	0	7,160	50,025
0	0	1,558,292	2,441,841
4,596	1,876	463	13,969
0	0	5,190	5,190
0	0	0	461
0	0	0	52,550
0	0	17,135	97,762
<u>\$ 3,693,344</u>	<u>\$ 1,506,253</u>	<u>\$ 2,448,328</u>	<u>\$ 19,820,206</u>
394,898	24,392	173,066	1,938,006
0	0	17,727	816,966
0	0	101	17,676
0	0	461	461
0	0	1,523,721	5,166,320
9,722	11,268	0	20,990
4,400,000	5,100,000	0	9,500,000
<u>4,804,620</u>	<u>5,135,660</u>	<u>1,715,076</u>	<u>17,460,419</u>
2,893,196	1,329,458	154,810	5,563,126
0	0	17,135	97,762
0	0	0	52,550
0	0	0	43,220
(4,004,472)	(4,958,865)	561,307	(3,396,871)
<u>(1,111,276)</u>	<u>(3,629,407)</u>	<u>733,252</u>	<u>2,359,787</u>
<u>\$ 3,693,344</u>	<u>\$ 1,506,253</u>	<u>\$ 2,448,328</u>	<u>\$ 19,820,206</u>

CITY OF BLUE ASH, OHIO

***Reconciliation Of Total Governmental Fund Balances
To Net Assets Of Governmental Activities
December 31, 2002***

Total Governmental Fund Balances	\$ 2,359,787
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.	45,854,530
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	2,839,230
Long-term liabilities, including bonds payable, pension fund payables and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(12,004,330)</u>
 <i>Net Assets of Governmental Funds</i>	 <u><u>\$ 39,049,217</u></u>

See accompanying notes to the basic financial statements



CITY OF BLUE ASH, OHIO

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2002**

	General	Street Construction, Maintenance and Repair	Park and Recreation	General Obligation Bond Retirement
Revenues:				
Property Taxes	\$ 2,058,148	\$ 0	\$ 0	\$ 76,228
Municipal Income Tax	16,532,390	0	0	0
Other Local Taxes	682,029	0	0	0
Intergovernmental Revenues	1,655,017	438,377	0	8,163
Charges for Services	142,240	11,839	680,730	0
Licenses and Permits	252,972	350	0	0
Investment Earnings	158,851	4,541	68	29
Fines and Forfeitures	205,339	0	0	0
All Other Revenue	390	896	2,908	0
Total Revenue	21,687,376	456,003	683,706	84,420
Expenditures:				
Current:				
Security of Persons and Property	8,562,545	0	0	0
Leisure Time Activities	0	0	4,115,009	0
Community Development	690,755	0	0	0
Basic Utility Services	3,714,209	0	0	0
Transportation	0	3,644,049	0	0
General Government	4,350,054	0	0	0
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	2,715	0	0	2,035,000
Interest & Fiscal Charges	1,101	0	0	629,665
Total Expenditures	17,321,379	3,644,049	4,115,009	2,664,665
Excess (Deficiency) of Revenues Over Expenditures	4,365,997	(3,188,046)	(3,431,303)	(2,580,245)
Other Financing Sources (Uses):				
Proceeds from the Sale of Fixed Assets	20	0	0	0
Operating Transfers In	0	3,055,992	3,523,156	2,671,426
Operating Transfers Out	(9,556,510)	0	0	(146,088)
Total Other Financing Sources (Uses)	(9,556,490)	3,055,992	3,523,156	2,525,338
Net Change in Fund Balances	(5,190,493)	(132,054)	91,853	(54,907)
Fund Balances at Beginning of Year	10,790,814	620,360	178,340	103,123
Increase (Decrease) in Inventory Reserve	(2,114)	(39,405)	1,701	0
Fund Balances End of Year	\$ 5,598,207	\$ 448,901	\$ 271,894	\$ 48,216

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

Firehouse Construction Capital Projects	Service Garage Construction Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 0	\$ 0	\$ 0	\$ 2,134,376
0	0	0	16,532,390
0	0	0	682,029
0	0	1,033,236	3,134,793
0	0	0	834,809
0	0	300	253,622
53,192	42,517	20,591	279,789
0	0	376,828	582,167
0	0	259,138	263,332
<u>53,192</u>	<u>42,517</u>	<u>1,690,093</u>	<u>24,697,307</u>
0	0	680,828	9,243,373
0	0	0	4,115,009
0	0	0	690,755
0	0	0	3,714,209
0	0	130,955	3,775,004
0	0	0	4,350,054
2,082,138	2,551,439	2,458,860	7,092,437
0	0	0	2,037,715
<u>9,722</u>	<u>154,400</u>	<u>0</u>	<u>794,888</u>
<u>2,091,860</u>	<u>2,705,839</u>	<u>3,270,643</u>	<u>35,813,444</u>
(2,038,668)	(2,663,322)	(1,580,550)	(11,116,137)
0	0	0	20
0	146,088	433,052	9,829,714
<u>0</u>	<u>0</u>	<u>(272,500)</u>	<u>(9,975,098)</u>
<u>0</u>	<u>146,088</u>	<u>160,552</u>	<u>(145,364)</u>
(2,038,668)	(2,517,234)	(1,419,998)	(11,261,501)
927,392	(1,112,173)	2,153,250	13,661,106
<u>0</u>	<u>0</u>	<u>0</u>	<u>(39,818)</u>
<u>\$ (1,111,276)</u>	<u>\$ (3,629,407)</u>	<u>\$ 733,252</u>	<u>\$ 2,359,787</u>

***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, 2002***

Net Change in Fund Balances - Total Governmental Funds \$ (11,261,501)

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

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. 4,963,552

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of fixed assets net of proceeds received. (202,271)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 1,335,258

Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 2,037,715

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (73,868)

Some expenses reported in the statement of activities, such as intergovernmental payables which represent contractually required pension contributions, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. (189,499)

Change in Net Assets of Governmental Activities \$ (3,390,614)

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Year Ended December 31, 2002**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Property Taxes	\$ 1,994,150	\$ 1,994,150	\$ 2,058,148	\$ 63,998
Municipal Income Tax	20,180,000	18,930,000	16,518,921	(2,411,079)
Other Local Taxes	625,000	625,000	654,931	29,931
Intergovernmental Revenue	1,542,543	1,506,428	1,536,257	29,829
Charges for Services	121,100	121,100	141,706	20,606
Licenses and Permits	182,100	182,100	247,198	65,098
Investment Earnings	300,000	160,000	171,292	11,292
Fines and Forfeitures	212,800	212,800	205,339	(7,461)
All Other Revenues	2,000	2,000	1,032	(968)
Total Revenues	25,159,693	23,733,578	21,534,824	(2,198,754)
Expenditures:				
Current:				
Security of Persons and Property	9,047,786	9,077,733	8,670,056	407,677
Community Development	739,433	768,824	741,362	27,462
Basic Utility Services	4,632,348	4,539,109	4,200,135	338,974
General Government	8,700,515	8,393,339	4,551,356	3,841,983
Total Expenditures	23,120,082	22,779,005	18,162,909	4,616,096
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,039,611	954,573	3,371,915	2,417,342
Other Financing Sources (Uses):				
Proceeds from the Sale of Fixed Assets	0	0	20	20
Operating Transfers Out	(11,690,144)	(10,583,684)	(9,556,510)	1,027,174
Advances In	175,000	175,000	150,000	(25,000)
Advances Out	(175,000)	(175,000)	(150,000)	25,000
Total Other Financing Sources (Uses):	(11,690,144)	(10,583,684)	(9,556,490)	1,027,194
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(9,650,533)	(9,629,111)	(6,184,575)	3,444,536
Fund Balance at Beginning of Year	7,788,505	7,788,505	7,788,505	0
Prior Year Encumbrances	1,862,026	1,862,026	1,862,026	0
Fund Balance at End of Year	\$ (2)	\$ 21,420	\$ 3,465,956	\$ 3,444,536

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Special Revenue Fund – Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2002**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenue	\$ 395,000	\$ 395,000	\$ 427,992	\$ 32,992
Charges for Services	6,000	6,000	11,839	5,839
Licenses and Permits	500	500	350	(150)
Investment Earnings	4,000	4,000	4,240	240
All Other Revenues	600	600	896	296
Total Revenues	<u>406,100</u>	<u>406,100</u>	<u>445,317</u>	<u>39,217</u>
Expenditures:				
Current:				
Transportation	<u>4,853,567</u>	<u>4,627,601</u>	<u>4,223,136</u>	<u>404,465</u>
Total Expenditures	<u>4,853,567</u>	<u>4,627,601</u>	<u>4,223,136</u>	<u>404,465</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,447,467)	(4,221,501)	(3,777,819)	443,682
Other Financing Sources (Uses):				
Operating Transfers In	<u>3,725,640</u>	<u>3,514,288</u>	<u>3,055,992</u>	<u>(458,296)</u>
Total Other Financing Sources (Uses):	<u>3,725,640</u>	<u>3,514,288</u>	<u>3,055,992</u>	<u>(458,296)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(721,827)	(707,213)	(721,827)	(14,614)
Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances	<u>721,827</u>	<u>721,827</u>	<u>721,827</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 14,614</u>	<u>\$ 0</u>	<u>\$ (14,614)</u>

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Special Revenue Fund – Parks and Recreation Fund
For the Year Ended December 31, 2002**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Charges for Services	\$ 652,101	\$ 652,100	\$ 680,730	\$ 28,630
All Other Revenues	5,700	5,700	2,908	(2,792)
Total Revenues	<u>657,801</u>	<u>657,800</u>	<u>683,638</u>	<u>25,838</u>
Expenditures:				
Current:				
Leisure Time Activities	<u>5,478,353</u>	<u>4,847,668</u>	<u>4,449,614</u>	<u>398,054</u>
Total Expenditures	<u>5,478,353</u>	<u>4,847,668</u>	<u>4,449,614</u>	<u>398,054</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,820,552)	(4,189,868)	(3,765,976)	423,892
Other Financing Sources (Uses):				
Operating Transfers In	<u>4,577,733</u>	<u>3,954,573</u>	<u>3,523,156</u>	<u>(431,417)</u>
Total Other Financing Sources (Uses):	<u>4,577,733</u>	<u>3,954,573</u>	<u>3,523,156</u>	<u>(431,417)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(242,819)	(235,295)	(242,820)	(7,525)
Fund Balance at Beginning of Year	1,666	1,666	1,666	0
Prior Year Encumbrances	<u>241,154</u>	<u>241,154</u>	<u>241,154</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1</u>	<u>\$ 7,525</u>	<u>\$ 0</u>	<u>\$ (7,525)</u>

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

***Statement of Net Assets
Proprietary Fund
December 31, 2002***

	Business-Type Activities Enterprise Fund
	<u>Golf Course</u>
Assets:	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$32,283
Receivables:	
Accounts	16
Intergovernmental	748
Inventory of Supplies at Cost	11,668
Prepaid Items	<u>617</u>
<i>Total Current Assets</i>	45,332
<i>Non Current Assets:</i>	
Capital Assets, Net	<u>2,825,114</u>
Total Assets	<u>2,870,446</u>
Liabilities:	
<i>Current Liabilities:</i>	
Accounts Payable	2,928
Accrued Wages and Benefits	33,070
Intergovernmental Payable	<u>394</u>
<i>Total Current Liabilities</i>	36,392
<i>Long Term Liabilities:</i>	
Compensated Absences Payable	<u>34,945</u>
Total Liabilities	<u>71,337</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	2,825,114
Unrestricted	<u>(26,005)</u>
Total Net Assets	<u>\$2,799,109</u>

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund
For the Year Ended December 31, 2002**

	Business-Type Activities Enterprise Fund
	<u>Golf Course</u>
Operating Revenues:	
Charges for Services	\$994,758
Other Operating Revenue	<u>1,931</u>
Total Operating Revenues	<u>996,689</u>
Operating Expenses:	
Personal Services	704,534
Contractual Services	127,690
Materials and Supplies	205,139
Depreciation	<u>228,238</u>
Total Operating Expenses	<u>1,265,601</u>
Operating Loss	(268,912)
Nonoperating Revenue (Expenses):	
Loss on the Sale of Fixed Assets	(12,341)
Other Nonoperating Revenue	17,751
Other Nonoperating Expense	<u>(17,748)</u>
Total Nonoperating Revenues (Expenses)	<u>(12,338)</u>
Loss Before Operating Transfers	(281,250)
Operating Transfers in	<u>145,384</u>
Change in Net Assets	(135,866)
Net Assets Beginning of Year	<u>2,934,975</u>
Net Assets End of Year	<u><u>\$2,799,109</u></u>

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

***Statement of Cash Flows
Proprietary Fund
December 31, 2002***

<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$994,914
Cash Payments for Goods and Services	(350,695)
Cash Payments to Employees	(696,590)
Other Operating Cash Receipts	19,682
Net Cash Used by Operating Activities	<u>(32,689)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>	
Transfers In from Other Funds	145,384
Advances In from Other Funds	100,000
Advances Out to Other Funds	(100,000)
Net Cash Provided by Noncapital Financing Activities	<u>145,384</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Acquisition and Construction of Assets	(168,332)
Proceeds from the Sale of Fixed Assets	21,221
Net Cash Used for Capital and Related Financing Activities	<u>(147,111)</u>
Net Decrease in Cash and Cash Equivalents	(34,416)
Cash and Cash Equivalents at Beginning of Year	66,699
Cash and Cash Equivalents at End of Year	<u><u>\$32,283</u></u>
<u>Reconciliation of Operating Loss to Net Cash</u>	
<u>Used by Operating Activities:</u>	
Operating Loss	(\$268,912)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	228,238
Miscellaneous Nonoperating Income	17,751
Miscellaneous Nonoperating Expense	(17,667)
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	156
Decrease in Intergovernmental Receivables	185
Decrease in Inventory	2,587
Decrease in Prepaid Items	556
Decrease in Accounts Payable	(3,527)
Increase in Accrued Wages and Benefits	2,563
Increase in Intergovernmental Payable	3
Increase in Compensated Absences	5,378
Total Adjustments	<u>236,223</u>
Net Cash Used by Operating Activities	<u><u>(\$32,689)</u></u>

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

***Statement of Net Assets
Fiduciary Funds
December 31, 2002***

	<u>Agency</u>
Assets:	
Cash and Cash Equivalents	\$5,665
Cash and Cash Equivalents with Fiscal Agent	<u>500</u>
Total Assets	<u>6,165</u>
Liabilities:	
Intergovernmental Payable	1,095
Due to Others	<u>5,070</u>
Total Liabilities	<u>6,165</u>
Total Net Assets	<u>\$0</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Blue Ash, Ohio (the City) is a home-rule municipal corporation created under the laws of the State of Ohio. The City operates under its own Charter. The current Charter, which provides for a Council/Manager form of government, was adopted in 1961 and has been amended five times (1967, 1976, 1980, 1988 and 1989).

The financial statements are presented as of December 31, 2002 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

The accompanying basic financial statements comply with the provisions of GASB Statement No. 14, *"The Financial Reporting Entity,"* in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City.

Based on the foregoing, the City's financial reporting entity has no component units but includes all funds, account groups, agencies, boards and commissions that are part of the primary government, which includes the following services: police and fire protection, emergency medical response, parks and recreation, planning, zoning, street maintenance, refuse collection (on a contractual basis) and other governmental services. The City does serve as the fiscal agent for the Special County Arson Taskforce Unit (reported as an agency fund) for the purpose of receiving, allocating, and expending funds from federal, state, and local sources or from private contributions. The City has no administrative responsibility for the fund. In addition, the City owns and operates a golf course and associated restaurant which is reported as an enterprise fund.

B. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures (expenses). The various funds are summarized by type in the general purpose financial statements. The following fund types and account groups are used by the City:

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Governmental Funds - Those funds through which most governmental functions typically are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in the proprietary fund) are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the City's major governmental fund types:

General Fund - This fund is used to account for all financial resources except those accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio, and the limitations of the City Charter.

Street Construction, Maintenance and Repair Fund - This fund is used to account for state levied and controlled gasoline tax and motor vehicle registration fees designated for street maintenance and repair.

Park and Recreation Fund - This fund is used to account for the operation and maintenance of public recreational facilities.

General Obligation Bond Retirement Fund - This fund is used to account for payments of principal and interest on the City's general obligation bonds. Revenues for this purpose include ad valorem property taxes, intergovernmental revenues and investment income.

Firehouse Construction Fund - This fund is used to account for financial resources used for the construction of a new firehouse.

Service Garage Construction Fund - This fund is used to account for financial resources used for the construction of a new service garage facility.

Proprietary Fund

All proprietary funds are accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Enterprise Fund - This fund is used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's major enterprise fund is the Golf Course fund which accounts for the City's operation of a golf course and a restaurant.

Fiduciary Funds

Agency Funds - These funds are used to account for assets held by a government unit as an agent for individuals, private organizations, other governmental units, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. Basis of Presentation - Financial Statements

Government-wide Financial Statements - The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

Interfund receivables and payables between governmental and business-type activities have been eliminated in the government-wide Statement of Net Assets. These eliminations minimize the duplicating effect on assets and liabilities within the governmental and business-type activities total column.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund 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.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function or program of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, 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 City.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

Fund Financial Statements – Fund financial statements report detailed information about the City. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

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

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses in the accounts and reported in the financial statements and relates to the timing of the measurements made. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds and agency funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the City is considered to be 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. 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 City must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

Revenue considered susceptible to accrual at year end includes income taxes withheld by employers, interest on investments, and state levied locally shared taxes (including motor vehicle license fees, gasoline tax, and local government assistance). Other revenue, including licenses, permits, certain charges for services, income taxes other than those withheld by employers and miscellaneous revenue, is recorded as revenue when received in cash because it is generally not measurable until actually received.

Special assessment installments, including related accrued interest, which are measurable but not available at December 31 are recorded as deferred revenue. Property taxes measurable as of December 31, 2002 but which are not intended to finance 2002 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue as further described in Note 6.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

Pursuant to GASB Statement No. 20, *"Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting,"* the City follows GASB guidance as applicable to proprietary funds, as included in business-type activities and proprietary fund statements, and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

E. Budgetary Process

The annual budgetary process is prescribed by Charter and by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

All funds, other than agency funds, are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The legal level of budgetary control is by fund at the major object level (personal services, materials and supplies, contractual services, capital outlay, and transfers) by department. Budgetary control is maintained by not permitting expenditures to exceed appropriations at the major object level for each department within each fund without the approval of City Council. Administrative control is maintained through the establishment of more detailed line-item budgets. Budgetary modifications above the major object level by fund may only be made by ordinance of the City Council. During 2002, all appropriations were approved as required and all funds and departments completed the year within their legally authorized appropriations.

1. Tax Budget

By July 15, the City Manager submits an annual tax budget for the following fiscal year to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20th of each year, for the period January 1 to December 31 of the following year.

2. Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Budget Commission then certifies its actions to the City by September 1st of each year. By October 1st of each year, the City accepts, by resolution, the tax rate as determined by the Budget Commission. As part of the certification process, the City receives an official certificate of estimated resources which states the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed or fall short of current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2002.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1st of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1st of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund, department and object level, and may only be modified during the year by ordinance of the City Council. Total fund appropriations may not exceed the current estimated resources as certified by the County Budget Commission. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the object level. During the year, several supplemental appropriations were necessary to budget note proceeds, contingency funds and intergovernmental grants. The supplemental appropriations decreased year end appropriations by approximately 0.3% over the appropriation ordinance approved in January 2002. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual (Non-GAAP Budgetary Basis)" for the General Fund and Major Special Revenue Funds are provided on the budgetary basis to provide a comparison of actual results with the final budget, including all amendments and modifications.

4. Lapsing of Appropriations

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

5. Budgetary Basis of Accounting

The City's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on the cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Also under the budgetary basis, encumbrances are recognized as expenditures and note proceeds are recognized as an other financing source. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2002**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

5. Budgetary Basis of Accounting (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund and Major Special Revenue Funds:

	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses		
	General Fund	Street Construction, Maintenance and Repair Fund	Park and Recreation Fund
GAAP Basis (as reported)	(\$5,190,493)	(\$132,054)	\$91,853
Increase (Decrease):			
Accrued Revenues at December 31, 2002 received during 2003	(2,299,180)	(66,025)	(442)
Accrued Revenues at December 31, 2001 received during 2002	2,146,775	55,492	434
Accrued Expenditures at December 31, 2002 paid during 2003	951,900	1,005,435	205,129
Accrued Expenditures at December 31, 2001 paid during 2002	(1,049,340)	(221,755)	(98,776)
2001 Prepays for 2002	22,058	127	24,762
2002 Prepays for 2003	(29,393)	(602)	(50,632)
Outstanding Encumbrances	(736,902)	(1,362,445)	(415,148)
Budget Basis	<u>(\$6,184,575)</u>	<u>(\$721,827)</u>	<u>(\$242,820)</u>

F. Cash and Cash Equivalents

During fiscal year 2002, cash and cash equivalents included amounts in demand deposits, repurchase agreements and the State Treasury Asset Reserve (STAR Ohio). STAR Ohio is a very liquid investment and is reported as a cash equivalent in the general purpose financial statements.

The City pools its cash for investment and resource management purposes. Each fund's equity in cash and cash equivalents represents the balance on hand as if each had maintained its own cash and cash investment account. For purposes of the statement of cash flows, the proprietary fund considers its share of equity in pooled repurchase agreements and STAR Ohio to be cash equivalents. See Note 5, "Cash, Cash Equivalents and Investments."

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution, the Ohio Revised Code, and the City Charter. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the City reports its investments at fair value. The City allocates interest among the various funds based upon applicable legal and administrative requirements. All investment income, including changes in the fair value of investments, are recognized as revenue in the operating statements. Fair value is determined by quoted market prices. See Note 5, "Cash, Cash Equivalents and Investments."

The City has invested funds in the STAR Ohio during 2002. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio 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 STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2002.

H. Inventory

Inventory is stated at cost (first-in, first-out) in the governmental funds, and at the lower of cost (first-in, first-out) or market in the proprietary fund. The costs of inventory items are recorded as expenditures in governmental funds and when purchased and expenses in the proprietary fund when used.

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2002, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

J. Capital Assets and Depreciation

Capital assets are defined by the City as assets with an initial, individual cost of more than \$500 and an estimated useful life threshold of three or more years.

1. Property, Plant and Equipment - Governmental Activities

Governmental activities capital assets are those not directly related to the business type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Assets, but they are not reported in the Fund Financial Statements.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets and Depreciation (Continued)

1. Property, Plant and Equipment - Governmental Activities (Continued)

Contributed capital assets are recorded at fair market value at the date received. Capital assets include land, improvements to land, buildings, building improvements, machinery, equipment and infrastructure. Infrastructure is defined as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significant number of years. Examples of infrastructure include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems. Estimated historical costs for governmental activities capital asset values were initially determined at December 31, 1985 by identifying historical costs when such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

2. Property, Plant and Equipment - Business Type Activities

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost), including interest capitalized during construction and architectural and engineering fees where applicable. Contributed capital assets are recorded at fair market value at the date received. These assets are reported in both the Business-Type Activities column of the Government-wide Statement of Net Assets and in the respective funds.

3. Depreciation

All capital assets are depreciated, excluding land. Depreciation on newly acquired/constructed streets begins in the year following acquisition. Depreciation has been provided using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Governmental and Business-Type Activities Estimated Lives (in years)</u>
Buildings	15 - 25
Improvements other than Buildings	25
Machinery, Equipment, Furniture and Fixtures	3 - 10

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Long-Term Obligations

Long-term liabilities are being repaid from the following funds:

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds	Debt Service Funds (General Obligation Bond Retirement Fund)
Compensated Absences	General Fund Special Revenue Funds (Street Construction, Maintenance and Repair Fund and Park and Recreation Fund) Enterprise Fund (Golf Course Fund)

L. Compensated Absences

All full-time City employees earn vacation at varying rates based upon length of service. An employee's vacation must be used during the period in which it is earned unless the City Manager allows the balance to be carried over to the following year. Upon separation from the City, the employee (or his estate) is paid for his accumulated unused vacation leave balance.

All full-time City employees earn sick leave at the rate of 1.25 days per calendar month of active service. Upon separation from the City, other than retirement under the PERS of Ohio or the OP&F Fund, an employee shall receive one hour of monetary compensation for each day of unused sick leave; the monetary compensation shall be at the hourly rate of compensation of the employee at the time of resignation if the employee is not given credit at his next place of employment.

Upon retirement from the City's service, an employee shall receive three hours of monetary compensation for each day of unused sick leave. The monetary compensation shall be at the hourly rate of compensation of the employee at the time of retirement.

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," the City records a liability for vacation time and sick leave when the obligation is attributable to services previously rendered, to rights that vest or accumulate, and where payment of the obligation is probable and can be reasonably determined. For governmental funds, that portion of unpaid compensated absences for payments that come due each period upon the occurrence of the relevant event is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." In the government wide statement of net assets, "Compensated Absences Payable" is recorded within the "Due within one year" account and the long-term portion of the liability is recorded within the "Due in more than one year" account. Compensated absences are expensed in the proprietary funds when earned and the related liability is reported within the fund.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction of improvement 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 City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

N. Pensions

The provision for pension costs is recorded when the related payroll is accrued and the obligation is incurred.

O. Interfund Transactions

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

- Operating transfers are reported as "Other Financing Sources and Uses" in the governmental funds, as "Operating Transfers In" by the recipient fund, and "Operating Transfers Out" by the disbursing fund.
- Residual equity transfers are nonroutine or nonrecurring transfers between funds and are reported as additions to or deductions from the fund equity balance. The City did not perform any residual equity transfers in 2002.

Transactions that would be treated as revenues and expenditures/expenses if they involved organizations external to the City are similarly treated when involving other funds of the City. The City also advances cash from one fund to another as necessary to meet current obligations.

P. Reservations of Fund Balance

Reserves indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for inventories of supplies and materials, prepaid items, debt service and encumbered amounts that have not been accrued at year end.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2002**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. 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.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Council and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2002.

NOTE 2 – RECONCILITATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets of governmental funds as reported in the government-wide statement of net assets. The following is a detailed listing of those reconciling items that are net adjustments or a combination of several transactions:

Other long-term assets not available to pay for current-period expenditures:

Deferred Tax Revenue	\$1,374,315
Grants Receivable	<u>1,464,915</u>
	\$2,839,230

Long-Term liabilities not reported in the funds:

Accrued Interest Payable on G.O. Bond	\$82,375
G.O. Bonds Payable	10,795,000
Capital Leases Payable	9,674
Compensated Absences Payable	<u>1,117,281</u>
	\$12,004,330

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government – wide statement of activities. The following is a detailed listing of those reconciling items that are net adjustments or a combination of several transactions:

Amount by which capital outlay exceeded depreciation in the current period:

Capital Outlay	\$7,039,125
Depreciation Expense	(2,075,573)
	<u>\$4,963,552</u>

Amount of loss on disposal of capital assets net of proceeds received:

Loss on Disposal of Capital Asset	(\$202,271)
Proceeds Received	<u>0</u>
	<u>(\$202,271)</u>

Governmental revenues not reported in the funds:

Increase in Delinquent Tax Revenue	\$214,379
Increase in Grants Receivable	1,123,668
Decrease in Interest Receivable	<u>(2,789)</u>
	<u>\$1,335,258</u>

Net amount of long-term debt issuance and bond and lease principal payments:

G.O. Bond Principal Payments	\$2,035,000
Capital Lease Payments	<u>2,715</u>
	<u>\$2,037,715</u>

Expenses not requiring the use of current financial resources:

Increase in Compensated Absences Payable	(\$149,681)
Increase in Inventory	<u>(39,818)</u>
	<u>(\$189,499)</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF FUND BALANCE

A. Changes in Accounting Principles

For fiscal year 2002, the City has implemented GASB Statement No. 34, “*Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*”; GASB Statement No. 37, “*Basic Financial Statements for State and Local Governments: Omnibus*”; GASB Statement No. 38, “*Certain Financial Statement Note Disclosures*”; and GASB Interpretation No. 6, “*Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statement.*” At December 31, 2001, there was no effect on fund balance as a result of implementing GASB Statements 36, 37 and 38, or Interpretation No. 6.

GASB 34 creates new basic financial statements for reporting on the City’s financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statements split the City’s programs between business-type and governmental activities. Except for the restatement explained below, the beginning net asset amount for the business-type activities equals fund equity of the enterprise funds from last year. The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at December 31, 2001, caused by the conversion to the accrual basis of accounting.

B. Restatement of Fund Balance

The changes to the beginning fund balance, as well as the transition from fund balance to net assets of the governmental activities are as follows:

	<u>Governmental Activities</u>
Fund Balance December 31, 2001	\$13,445,628
GASB 34 Adjustments:	
Capital Assets	41,308,727
Accrued Interest Payable	(8,507)
Long-Term Liabilities	(13,809,989)
Long-Term (Deferred) Assets	<u>1,503,972</u>
Net Assets, December 31, 2001	<u><u>\$42,439,831</u></u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 4 - COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equities - The fund deficits at December 31, 2002 of \$18,202 in the Task Force Grant Fund (special revenue fund) and \$84,374 in the Kenwood Road Construction Fund (capital projects fund) arose from the recognition of expenditures on the modified accrual basis of accounting which are greater than expenditures recognized on the cash basis. The deficits of \$1,111,276 in the Firehouse Construction Fund and \$3,629,407 in the Service Garage Construction Fund (capital projects funds) arose from the recognition of general obligation notes payable under the modified accrual basis of accounting. Under the budgetary basis of accounting, proceeds from the sale of notes are recognized as revenue and expenditures are recognized when paid, therefore, a deficit does not exist. Deficits do not exist on a cash basis. Operating transfers are provided when cash is required, not when accruals occur.

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of a majority of individual funds are combined to form a pool of cash and investments. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Cash Equivalents." Ohio law requires the classification of funds held by the City into three categories.

Category 1 consists of "active" funds - those funds required to be kept in a "cash" or "cash equivalent" status for immediate use by the City. Such funds must be maintained either as cash in the City treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 consists of "interim" funds - those funds which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state or any instrumentality of such county, municipal corporation or other authority. Based upon criteria described in GASB Statement No. 3 "*Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements,*" collateral held in single financial collateral pools with securities being held by the pledging financial institutions' agent in the pool's name are classified as Category 3.

The Governmental Accounting Standards Board has established risk categories for deposits and investments as follows:

Deposits:

- Category 1 Insured or collateralized with securities held by the City or by its agent in the City's name.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.
- Category 3 Uncollateralized or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

Investments:

- Category 1 Insured or registered, or securities held by the City or its agent in the City's name.
- Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2002**

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

A. Deposits

At year end the carrying amount of the City's deposits was an overdraft of \$2,281,156 and the bank balance was \$2,724,503. Federal depository insurance covered \$100,000 of the bank balance, and all remaining deposits were classified as Category 3.

B. Investments

The City's investments at December 31, 2002 are summarized below:

<u>Non-Categorized Investments</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
STAR Ohio	\$9,841,363	\$9,841,363
Total Investments	<u>\$9,841,363</u>	<u>\$9,841,363</u>

C. Reconciliation of Cash, Cash Equivalents and Investments

The classification of cash, cash equivalents and investments on the statement of net assets is based on criteria set forth in GASB Statement No. 9. Repurchase agreements and STAR Ohio are treated as cash and cash equivalents. The classification of cash and cash equivalents (deposits) for purposes of this note is based on criteria set forth in GASB Statement No. 3.

A reconciliation between classifications of cash and investments on the combined financial statements and the classifications per items A and B of this note are as follows:

	<u>Cash and Cash Equivalents *</u>	<u>Investments</u>
Per GASB Statement No. 9	\$12,122,519	\$0
Investments:		
STAR Ohio	<u>(9,841,363)</u>	<u>9,841,363</u>
Per GASB Statement No. 3	<u>\$2,281,156</u>	<u>\$9,841,363</u>

* Includes Cash with Fiscal Agent.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 6 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property which is used in business, located in the City. Real property taxes (other than public utility) collected during 2002 were levied after October 1, 2001 on assessed values as of January 1, 2001, the lien date. Assessed values are established by the county auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments are made in the third year following reappraisal. The last reappraisal was completed in 1999. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semi-annually. The first payment is due April 30, with the remainder payable by September 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 100 percent of its true value. Public utility property taxes are payable on the same dates as real property described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Blue Ash. The County Auditor remits in February and August of each year the City's portion of the taxes collected.

The full tax rate for all City operations for the year ended December 31, 2002 was \$3.08 per \$1,000 of assessed value. The assessed value upon which the 2002 levy was based was \$829,806,860. This amount constitutes \$616,983,960 in real property assessed value, \$15,621,300 in public utility assessed value and \$197,201,600 in tangible personal property assessed value.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is .308% (3.08 mills) of assessed value.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2002**

NOTE 6 - TAXES (Continued)

B. Income Tax

The City levies a tax of 1% on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100% of the tax paid to another municipality to a maximum of the total amount assessed.

Employers within the City are required to withhold income tax on employees' compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. All income tax proceeds are received by the General Fund.

NOTE 7 - RECEIVABLES

Receivables at December 31, 2002 consisted of taxes, interest, accounts receivable, special assessments, interfund receivables and intergovernmental receivables arising from shared revenues. All receivables are considered collectible in full. Those receivables that relate to amounts not intended to finance the current fiscal year are offset by deferred revenue.

NOTE 8 - INTERFUND BALANCES

Individual interfund balances at December 31, 2002 are as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$461	\$0
Special Revenue Fund:		
Task Force Grant Fund	0	461
Totals	<u>\$461</u>	<u>\$461</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2002**

NOTE 9 - OPERATING TRANSFERS

Following is a summary of operating transfers in and out for all funds for 2002:

Fund	Transfer In	Transfer Out
General Fund	\$0	\$9,556,510
Special Revenue Funds:		
Street Construction, Maintenance and Repair Fund	3,055,992	0
Park and Recreation Fund	3,523,156	0
Total Special Revenue Funds	6,579,148	0
Debt Service Fund:		
General Obligation Bond Retirement Fund	2,671,426	146,088
Capital Projects Funds:		
Service Garage Construction Fund	146,088	0
Kenwood Road Construction Fund	150,000	0
Hartman Highway and Carver Road Improvement Fund	0	272,500
Reed Hartman Highway Improvement Fund	283,052	0
Total Capital Projects Funds	579,140	272,500
Enterprise Fund:		
Golf Course Fund	145,384	0
Totals	\$9,975,098	\$9,975,098

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2002**

NOTE 10 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2002:

<i>Historical Cost:</i>	Restated December 31, 2001	Additions	Deletions	December 31, 2002
Class				
<i>Capital assets not being depreciated:</i>				
Land	\$12,078,397	\$18,000	\$0	\$12,096,397
Construction in Progress	424,348	4,811,517	(167,390)	5,068,475
<i>Capital assets being depreciated:</i>				
Buildings	15,390,272	283,129	(201,624)	15,471,777
Improvements Other than Buildings	5,938,033	34,703	(100,920)	5,871,816
Infrastructure	16,980,139	388,327	0	17,368,466
Machinery and Equipment	10,345,873	1,670,840	(739,314)	11,277,399
Total Cost	<u>\$61,157,062</u>	<u>\$7,206,516</u>	<u>(\$1,209,248)</u>	<u>\$67,154,330</u>
<i>Accumulated Depreciation:</i>	Restated December 31, 2001	Additions	Deletions	December 31, 2002
Class				
Buildings	(\$8,360,601)	(\$639,662)	\$154,363	(\$8,845,900)
Improvements Other than Buildings	(2,192,953)	(236,197)	30,198	(2,398,952)
Infrastructure	(3,363,013)	(210,868)	0	(3,573,881)
Machinery and Equipment	(6,147,246)	(988,846)	655,025	(6,481,067)
Total Depreciation	<u>(\$20,063,813)</u>	<u>(\$2,075,573) *</u>	<u>\$839,586</u>	<u>(\$21,299,800)</u>
<i>Net Value:</i>	<u>\$41,093,249</u>			<u>\$45,854,530</u>

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$71,650
Leisure Time Activities	961,528
Community Development	6,928
Basic Utility Services	50,593
Transportation	283,431
General Government	701,443
Total Depreciation Expense	<u>\$2,075,573</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2002**

NOTE 10 - CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by Category at June 30, 2002:

Historical Cost:

Class	December 31, 2001	Additions	Deletions	December 31, 2002
<i>Capital assets not being depreciated:</i>				
Land	\$1,124,764	\$0	\$0	\$1,124,764
<i>Capital assets being depreciated:</i>				
Buildings	1,193,044	0	(2,136)	1,190,908
Improvements Other than Buildings	1,905,980	39,120	(4,385)	1,940,715
Machinery and Equipment	1,060,751	91,212	(65,156)	1,086,807
Total Cost	\$5,284,539	\$130,332	(\$71,677)	\$5,343,194

Accumulated Depreciation:

Class	December 31, 2001	Additions	Deletions	December 31, 2002
Buildings	(\$765,162)	(\$48,495)	\$1,402	(\$812,255)
Improvements Other than Buildings	(970,826)	(76,656)	1,605	(1,045,877)
Machinery and Equipment	(591,969)	(103,087)	35,108	(659,948)
Total Depreciation	(\$2,327,957)	(\$228,238)	\$38,115	(\$2,518,080)
<i>Net Value:</i>	\$2,956,582	(\$97,906)	(\$33,562)	\$2,825,114

NOTE 11 – DEFINED BENEFIT PENSION PLANS

All of the City's full-time employees participate in one of two separate retirement systems which are cost-sharing multiple employer defined benefit pension plans.

A. Ohio Public Employees Retirement System (the "Ohio PERS")

The following information was provided by the Ohio PERS to assist the City in complying with GASB Statement No. 27, "Accounting for Pensions by State and Local Government Employers."

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

A. Ohio Public Employees Retirement System (the “Ohio PERS”) (Continued)

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.5%. The 2002 employer contribution rate for local government employer units was 13.55%, of covered payroll, 8.55% to fund the pension and 5.0% to fund health care. The contribution requirements of plan members and the City are established and may be amended by the Public Employees Retirement Board. The City's contributions to the Ohio PERS for the years ending December 31, 2002, 2001 and 2000 were \$840,296, \$763,951 and \$562,560, respectively, which were equal to the required contributions for each year.

The Ohio PERS provides postemployment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. The health care coverage provided by the Ohio PERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the Ohio PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the Ohio PERS. The portion of the 2002 employer contribution rate (identified above) that was used to fund health care for the year 2002 was 5.0% of covered payroll which amounted to \$310,072.

The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the Ohio Public Employees Retirement System's latest actuarial review performed as of December 31, 2001. 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 2001 was 8.0%. An annual increase of 4.0% 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 4.0% base increase, were assumed to range from 0.5% to 6.3%. Health care costs were assumed to increase 4.0% annually.

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 402,041. The actuarial value of the Ohio PERS net assets available for OPEB at December 31, 2001 is \$11.6 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$16.4 billion and \$4.8 billion, respectively.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

B. Ohio Police and Fire Pension Fund (the “OP&F Fund”)

All City full-time police officers and full-time firefighters participate in the OP&F Fund, a cost-sharing multiple-employer defined benefit pension plan. The OP&F Fund provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Contribution requirements and benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The Ohio Police and Fire Pension Fund issues a stand-alone financial report that includes financial statements and required supplementary information for the OP&F Fund. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164 or by calling (614) 228-2975.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The City's contributions to the OP&F Fund for the years ending December 31, 2002, 2001 and 2000 were \$519,667, \$512,020 and \$472,435 for police and \$405,094, \$399,240 and \$332,164 for firefighters, respectively, which were equal to the required contributions for each year.

The OP&F Fund provides postemployment health care coverage to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school on a full-time or two-thirds basis. The health care coverage provided by the OP&F Fund is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that health care costs paid from the funds of the OP&F Fund shall be included in the employer's contribution rate. The Ohio Revised Code also provides statutory authority allowing the Fund's Board of Trustees to provide postemployment health care coverage to all eligible individuals from the employer's contributions to the OP&F Fund.

The portion of the 2002 covered payroll that was used to fund postemployment health care benefits was \$206,534 representing 7.75% of covered payroll for police and \$130,812 representing 7.75% of covered payroll for fire. Health care funding and accounting was on a pay-as-you-go basis. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. As of December 31, 2001, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 13,174 for police and 10,239 for firefighters. The OP&F Fund does not provide separate data on the funded status and funding progress of postemployment health care benefits. The Fund's total health care expenses for the year ended December 31, 2001 were \$122,298,771, which was net of member contributions of \$6,874,699.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2002**

NOTE 12 - NOTES PAYABLE

The Ohio Revised Code provides that notes including renewal notes issued in anticipation of the issuance of general obligation bonds may be issued and outstanding from time to time up to a maximum period of 20 years from the date of issuance of the original notes. The maximum maturity for notes anticipating general obligation bonds payable from special assessments 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 notes outstanding for more than five years must be retired in amounts at least equal to and payable no later than those principal maturities that would have been required if the bonds had been issued at the expiration of the initial five year period.

	Issue Date	Balance January 1, 2002	Issued (Retired)	Balance December 31, 2002
Capital Projects Notes Payable:				
2.15% Service Garage Construction	12/20/01	\$4,500,000	(\$4,500,000)	\$0
1.94% Service Garage Construction	11/20/02	0	5,100,000	5,100,000
2.40% Firehouse Construction	05/20/02	0	4,200,000	
			(4,200,000)	0
1.94% Firehouse Construction	11/20/02	0	4,400,000	4,400,000
Total Capital Projects Notes Payable		<u>4,500,000</u>	<u>5,000,000</u>	<u>9,500,000</u>

NOTE 13 - LONG-TERM OBLIGATIONS

Detail of the changes in the bonds, compensated absences, and capital leases of the City for the year ended December 31, 2002 is as follows:

	Balance December 31, 2001	Issued	(Retired)	Balance December 31, 2002	Amount Due Within One Year
Governmental Activities:					
General Obligation Bonds:					
4.45 - 4.50% Cornell Road Improvement Bonds 1995	\$1,150,000	\$0	(\$575,000)	\$575,000	\$575,000
4.63 - 4.75% Kenwood Road Improvement Bonds 2000	11,680,000	0	(1,460,000)	10,220,000	1,460,000
Total General Obligation Bonds	<u>12,830,000</u>	<u>0</u>	<u>(2,035,000)</u>	<u>10,795,000</u>	<u>2,035,000</u>
Compensated Absences	967,600	280,821	(131,140)	1,117,281	0
Capital Leases Payable	12,389	0	(2,715)	9,674	2,955
Total Governmental Activities	<u>\$13,809,989</u>	<u>\$280,821</u>	<u>(\$2,168,855)</u>	<u>\$11,921,955</u>	<u>\$2,037,955</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2002**

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

	Balance December 31, 2001	Additions	(Reductions)	Balance December 31, 2002	Due Within One Year
Business-Type Activities					
Compensated Absences	29,567	5,378	0	34,945	0
Total Business-Type Activities	<u>\$29,567</u>	<u>\$5,378</u>	<u>\$0</u>	<u>\$34,945</u>	<u>\$0</u>

The Ohio Revised Code provides that the net debt of a municipal corporation, when approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxable value of property. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. The City has no debt within the 5.5% unvoted debt limitation or the 10.5% overall debt limitation. The City's total debt margin at December 31, 2002 was approximately \$87,129,720.

A. Principal and Interest Requirements

Principal and interest requirements to retire long-term debt outstanding at December 31, 2002 are as follows:

Years	General Obligation Bonds		
	Principal	Interest	Total
2003	\$2,035,000	\$506,945	\$2,541,945
2004	1,460,000	413,180	1,873,180
2005	1,460,000	344,560	1,804,560
2006	1,460,000	275,940	1,735,940
2007	1,460,000	207,320	1,667,320
2008-2009	2,920,000	208,050	3,128,050
Totals	<u>\$10,795,000</u>	<u>\$1,955,995</u>	<u>\$12,750,995</u>

B. Conduit Debt

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2002, there were six series of Industrial Revenue Bonds outstanding. The aggregate principal amount payable for the six series issued prior to December 31, 2002, could not be determined; however, their original issue amounts totaled \$6,480,000.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 14 - CAPITAL LEASE COMMITMENTS

Under capital leases the City leases a mail machine and collating equipment. The cost of the leased assets is accounted for in the General Fixed Assets Account Group and the related liability in the General Long-Term Obligations Account Group. The original cost of the assets under capital lease is \$14,886.

The following is a schedule of the future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of December 31, 2002:

<u>Year Ending December 31,</u>	<u>Capital Leases</u>
2003	\$3,816
2004	3,816
2005	<u>3,816</u>
Minimum Lease Payments	11,448
Less: Amount representing interest at the City's incremental borrowing rate of interest	<u>(1,774)</u>
Present value of minimum lease payments	<u><u>\$9,674</u></u>

NOTE 15 - CONSTRUCTION COMMITMENTS

As of December 31, 2002, the City had the following commitments with respect to capital projects:

<u>Project</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Service Garage Construction Project	\$1,362,187	January 2003
Firehouse Construction Project	3,924,739	June 2003
Glendale/Milford Turn Lane Improvement	<u>163,474</u>	September 2003
Total	<u><u>\$5,450,400</u></u>	

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2002**

NOTE 16 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. In 1992 the City entered into a joint insurance pool, Miami Valley Risk Management Association, Inc. (MVRMA, Inc.) with other local cities. As of December 31, 2002, the pool has seventeen members. The pool has been operational since December of 1988 and was formed in accordance with Section 2744 of the Ohio Revised Code. This jointly governed organization provides real and personal property, crime, surety, general liability, boiler and machinery, employment practices liability, police professional and public official liability coverage up to the limits stated below. Membership in MVRMA is intended to provide broad based coverage up to the limits stated below, with increased emphasis on safety and loss prevention and to create an opportunity for other local governments to participate. MVRMA is a non-profit corporation governed by a seventeen member board of trustees, consisting of a representative appointed by each of the member cities. The board of trustees elects the officers of the corporation, with each trustee having a single vote. Management is provided by an Executive Director, who is assisted by a Claims Manager, a full-time Loss Control Manager and office staff. The board is responsible for its own financial matters and the corporation maintains its own books of account. Budgeting and financing of MVRMA is subject to the approval of the board, and the organization is covered by policies, procedures, and formally adopted bylaws.

The seventeen participating cities and their respective pool contribution factors for the loss year ended December 31, 2002 are:

<u>Entity</u>	<u>Percentage</u>	<u>Entity</u>	<u>Percentage</u>
Beavercreek	8.14 %	Sidney	7.35 %
Blue Ash	7.96 %	Springdale	4.69 %
Indian Hill	2.54 %	Tipp City	2.49 %
Kettering	16.13 %	Troy	7.46 %
Madeira	1.22 %	Vandalia	4.63 %
Mason	8.20 %	West Carrollton	3.77 %
Miamisburg	8.19 %	Wilmington	5.95 %
Montgomery	2.82 %	Wyoming	2.51 %
Piqua	5.95 %	Subtotal	<u>38.85 %</u>
Subtotal	<u>61.15 %</u>	Total	<u>100.00 %</u>

The 2002 pool contribution of the City of Blue Ash was \$223,921 representing 7.96% of the total collected from all members for that year's operating costs and projected loss reserves.

The individual MVRMA, Inc. members are not considered "participants having equity interest" as defined by GASB Statement No. 14 since members have no rights to any assets of MVRMA, Inc. other than possible residual claims upon dissolution. The risk of loss is transferred from the City to the pool. Therefore, MVRMA, Inc. is a multi-jurisdictional arrangement that has the characteristics of a joint venture but has additional features that distinguish it, for financial reporting purposes, from the traditional joint venture defined in GASB Statement No. 14.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 16 - RISK MANAGEMENT (Continued)

The following is a summary of insurance coverages at year end:

Property	\$490,155,494	per occurrence
Crime / Employee Theft	1,000,000	per occurrence
Liability	11,000,000	per occurrence
Flood (Property in Zone C)	25,000,000	Aggregate
Flood (Property in Zone B)	500,000	Aggregate
Earthquake (Property)	25,000,000	Aggregate
Extra Expense	5,000,000	per occurrence

The member deductible per occurrence for most types of claims is \$2,500. The pool's self insured retention (SIR) for property claims is \$2,501 - \$250,000 per occurrence except Boiler and Machinery which is \$2,500 - \$5,000. The pool's SIR for liability claims is \$500,000 per occurrence. Excess insurance coverage, provided by commercial companies and an excess insurance pool is \$500,001 to the limits stated above. The City pays an annual premium to MVRMA which is intended to cover administrative expenses and any claims covered by the pool. The MVRMA Board of Trustees has the ability to require the member cities to make supplemental payments in the event reserves are not adequate to cover claims in a particular loss year. The City was not required to make any supplemental payments as of December 31, 2002, because an actuarial opinion issued as of that date reported actual MVRMA loss reserves of \$5,461,135 an amount in excess of the recommended net reserve of \$3,196,928. MVRMA reported Blue Ash's loss experience for years 2001, 2000 and 1999 as \$16,375, \$31,432, and \$72,524 respectively.

MVRMA issues a stand-alone financial report that includes financial statements and required supplementary information for MVRMA, Inc. Interested parties may obtain a copy by making a written request to 4625 Presidential Way, Kettering, Ohio 45429-5706.

Workers' Compensation claims are covered under the State of Ohio Bureau of Workers' Compensation. The City participates in the Ohio Municipal League's Workers' Compensation Group Rating Program to benefit from the shared risk of a pooled group. The City pays the State Workers' Compensation System a premium based upon a rate per \$100 of payroll. The rate is determined based on the group's accident history and administrative costs. The City also pays unemployment claims to the State of Ohio as incurred.

The City continues to carry commercial insurance for other risks of loss, including employee health and life insurance. Other than a reduction in aggregate coverage limits of \$1,000,000 in Flood Zone C (from \$100,000,000 in 2001), and a corresponding reduction in Earthquake coverage, there has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.



*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

*THE FOLLOWING COMBINING STATEMENTS AND SCHEDULES INCLUDE
THE MAJOR AND NONMAJOR GOVERNMENTAL FUNDS, AND
FIDUCIARY FUNDS.*

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Municipal Motor Vehicle License Tax Fund

To account for county-levied motor vehicle registration fees designated for street construction, maintenance and repair.

State Highway Improvement Fund

To account for the portion of the state gasoline tax and motor vehicle registration fees designated for street maintenance and repair of state highways within the City.

Task Force Grant Fund

To account for grant funds received from the state to coordinate the operations of the local Drug Task Force.

Law Enforcement and Law Enforcement (DART) Fund

To account for the proceeds from the confiscation of contraband.

Drug Law Enforcement and Drug Law Enforcement (DART) Fund

To account for mandatory fines collected for drug offenses.

Education Enforcement (DUI) Fund

To account for financial resources used to educate and treat persons with alcohol related problems and to enhance law enforcement activities as a deterrent to the operation of motor vehicles while under the influence of alcohol.

Debt Service Fund

The Debt Service Funds are used to account for retirement of the City's general obligation and special assessment bonds.

Special Assessment Bond Retirement Fund

To account for payments of principal and interest on the City's special assessment bonds. Revenues for this purpose include special assessment collections and investment income.

Capital Projects Funds

The Capital Projects Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

Kenwood Road Improvement Phase II Fund

To account for financial resources used for Phase II of the improvement of Kenwood Road.

Kenwood Road Construction Fund

To account for financial resources used for the construction of Kenwood Road.

Reed Hartman Highway and Carver Road Improvement Fund

To account for financial resources used for the improvement of the intersection.

Reed Hartman Improvement Fund

To account for financial resources used for the improvement of Reed Hartman Highway.

Land Purchase Fund

To account for financial resources used for the acquisition and improvement of recreational facilities.

CITY OF BLUE ASH, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2002**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Cash and Cash Equivalents for doubtful accounts):	\$ 602,512	\$ 0	\$ 257,576	\$ 860,088
Accounts	0	0	7,160	7,160
Intergovernmental	545,488	0	1,012,804	1,558,292
Interest	254	0	209	463
Special Assessments	0	5,190	0	5,190
Prepaid Items	17,135	0	0	17,135
Total Assets	\$ 1,165,389	\$ 5,190	\$ 1,277,749	\$ 2,448,328
Liabilities:				
Accounts Payable	1,315	0	171,751	173,066
Accrued Wages and Benefits Payable	17,727	0	0	17,727
Intergovernmental Payable	101	0	0	101
Due to Other Funds	461	0	0	461
Deferred Revenue	518,531	5,190	1,000,000	1,523,721
Total Liabilities	538,135	5,190	1,171,751	1,715,076
Fund Balances:				
Reserved for Encumbrances	10,817	0	143,993	154,810
Reserved for Prepaid Items	17,135	0	0	17,135
Unreserved, Undesignated in:				
Special Revenue Funds	599,302	0	0	599,302
Capital Projects Funds	0	0	(37,995)	(37,995)
Total Fund Balances	627,254	0	105,998	733,252
Total Liabilities and Funds Balances	\$ 1,165,389	\$ 5,190	\$ 1,277,749	\$ 2,448,328

CITY OF BLUE ASH, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2002***

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Intergovernmental Revenues	\$ 703,942	\$ 329,294	\$ 1,033,236
Licenses and Permits	0	300	300
Investment Earnings	4,179	16,412	20,591
Fines and Forfeitures	376,828	0	376,828
All Other Revenue	0	259,138	259,138
Total Revenue	1,084,949	605,144	1,690,093
Expenditures:			
Current:			
Security of Persons and Property	680,828	0	680,828
Transportation	130,955	0	130,955
Capital Outlay	0	2,458,860	2,458,860
Total Expenditures	811,783	2,458,860	3,270,643
Excess (Deficiency) of Revenues			
Over Expenditures	273,166	(1,853,716)	(1,580,550)
Other Financing Sources (Uses):			
Operating Transfers In	0	433,052	433,052
Operating Transfers Out	0	(272,500)	(272,500)
Total Other Financing Sources (Uses)	0	160,552	160,552
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	273,166	(1,693,164)	(1,419,998)
Fund Balances at Beginning of Year	354,088	1,799,162	2,153,250
Fund Balances End of Year	\$ 627,254	\$ 105,998	\$ 733,252

CITY OF BLUE ASH, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2002**

	Municipal Motor Vehicle License Tax Fund	State Highway Fund	Task Force Grant Fund
Assets:			
Cash and Cash Equivalents for doubtful accounts):	\$ 138,840	\$ 58,966	\$ 0
Intergovernmental	64,643	15,780	464,915
Interest	186	68	0
Prepaid Items	<u>0</u>	<u>0</u>	<u>87</u>
Total Assets	<u><u>\$ 203,669</u></u>	<u><u>\$ 74,814</u></u>	<u><u>\$ 465,002</u></u>
Liabilities:			
Accounts Payable	0	0	0
Accrued Wages and Benefits Payable	0	0	17,727
Intergovernmental Payable	0	0	101
Due to Other Funds	0	0	461
Deferred Revenue	<u>43,096</u>	<u>10,520</u>	<u>464,915</u>
Total Liabilities	<u>43,096</u>	<u>10,520</u>	<u>483,204</u>
Fund Balances:			
Reserved for Encumbrances	0	0	0
Reserved for Prepaid Items	0	0	87
Unreserved, Undesignated in: Special Revenue Funds	<u>160,573</u>	<u>64,294</u>	<u>(18,289)</u>
Total Fund Balances	<u>160,573</u>	<u>64,294</u>	<u>(18,202)</u>
Total Liabilities and Funds Balances	<u><u>\$ 203,669</u></u>	<u><u>\$ 74,814</u></u>	<u><u>\$ 465,002</u></u>

CITY OF BLUE ASH, OHIO

Law Enforcement Fund	Law Enforcement (DART) Fund	Drug Law Enforcement Fund	Drug Law Enforcement (DART) Fund	Education Enforcement (DUI) Fund	Total Nonmajor Special Revenue Funds
\$ 307,328	\$ 49,955	\$ 29,650	\$ 10,788	\$ 6,985	\$ 602,512
0	0	0	0	150	545,488
0	0	0	0	0	254
0	3,608	0	13,440	0	17,135
<u>\$ 307,328</u>	<u>\$ 53,563</u>	<u>\$ 29,650</u>	<u>\$ 24,228</u>	<u>\$ 7,135</u>	<u>\$ 1,165,389</u>
1,072	0	243	0	0	1,315
0	0	0	0	0	17,727
0	0	0	0	0	101
0	0	0	0	0	461
0	0	0	0	0	518,531
<u>1,072</u>	<u>0</u>	<u>243</u>	<u>0</u>	<u>0</u>	<u>538,135</u>
546	10,271	0	0	0	10,817
0	3,608	0	13,440	0	17,135
<u>305,710</u>	<u>39,684</u>	<u>29,407</u>	<u>10,788</u>	<u>7,135</u>	<u>599,302</u>
<u>306,256</u>	<u>53,563</u>	<u>29,407</u>	<u>24,228</u>	<u>7,135</u>	<u>627,254</u>
<u>\$ 307,328</u>	<u>\$ 53,563</u>	<u>\$ 29,650</u>	<u>\$ 24,228</u>	<u>\$ 7,135</u>	<u>\$ 1,165,389</u>

CITY OF BLUE ASH, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2002***

	Municipal Motor Vehicle License Tax Fund	State Highway Fund	Task Force Grant Fund
Revenues:			
Intergovernmental Revenues	\$ 120,970	\$ 35,545	\$ 547,277
Investment Earnings	3,225	940	0
Fines and Forfeitures	0	0	0
Total Revenue	124,195	36,485	547,277
Expenditures:			
Current:			
Security of Persons and Property	0	0	549,027
Transportation	105,460	25,495	0
Total Expenditures	105,460	25,495	549,027
Excess (Deficiency) of Revenues Over Expenditures	18,735	10,990	(1,750)
Other Financing Sources (Uses):			
Total Other Financing Sources (Uses)	0	0	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	18,735	10,990	(1,750)
Fund Balances at Beginning of Year	141,838	53,304	(16,452)
Fund Balances End of Year	\$ 160,573	\$ 64,294	\$ (18,202)

CITY OF BLUE ASH, OHIO

Law Enforcement Fund	Law Enforcement (DART) Fund	Drug Law Enforcement Fund	Drug Law Enforcement (DART) Fund	Education Enforcement (DUI) Fund	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 150	\$ 703,942
0	14	0	0	0	4,179
<u>303,235</u>	<u>64,714</u>	<u>2,620</u>	<u>4,473</u>	<u>1,786</u>	<u>376,828</u>
<u>303,235</u>	<u>64,728</u>	<u>2,620</u>	<u>4,473</u>	<u>1,936</u>	<u>1,084,949</u>
42,480	75,055	5,295	8,869	102	680,828
0	0	0	0	0	130,955
<u>42,480</u>	<u>75,055</u>	<u>5,295</u>	<u>8,869</u>	<u>102</u>	<u>811,783</u>
260,755	(10,327)	(2,675)	(4,396)	1,834	273,166
0	0	0	0	0	0
260,755	(10,327)	(2,675)	(4,396)	1,834	273,166
45,501	63,890	32,082	28,624	5,301	354,088
<u>\$ 306,256</u>	<u>\$ 53,563</u>	<u>\$ 29,407</u>	<u>\$ 24,228</u>	<u>\$ 7,135</u>	<u>\$ 627,254</u>

CITY OF BLUE ASH, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2002**

	Kenwood Road Improvement Phase II Fund	Kenwood Road Construction Fund	Reed Hartman Highway and Carver Road Improvement Fund
Assets:			
Cash and Cash Equivalents for doubtful accounts):	\$ 136,588	\$ 35,820	\$ 69,945
Accounts	0	7,160	0
Intergovernmental	0	12,804	0
Interest	162	47	0
Total Assets	<u>\$ 136,750</u>	<u>\$ 55,831</u>	<u>\$ 69,945</u>
Liabilities:			
Accounts Payable	0	140,205	31,546
Deferred Revenue	0	0	0
Total Liabilities	<u>0</u>	<u>140,205</u>	<u>31,546</u>
Fund Balances:			
Reserved for Encumbrances	130,496	8,589	0
Unreserved, Undesignated in:			
Capital Projects Funds	6,254	(92,963)	38,399
Total Fund Balances	<u>136,750</u>	<u>(84,374)</u>	<u>38,399</u>
Total Liabilities and Funds Balances	<u>\$ 136,750</u>	<u>\$ 55,831</u>	<u>\$ 69,945</u>

CITY OF BLUE ASH, OHIO

<u>Reed Hartman Improvement Fund</u>	<u>Land Purchase Fund</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$ 4,908	\$ 10,315	\$ 257,576
0	0	7,160
1,000,000	0	1,012,804
<u>0</u>	<u>0</u>	<u>209</u>
<u>\$ 1,004,908</u>	<u>\$ 10,315</u>	<u>\$ 1,277,749</u>
0	0	171,751
<u>1,000,000</u>	<u>0</u>	<u>1,000,000</u>
<u>1,000,000</u>	<u>0</u>	<u>1,171,751</u>
4,908	0	143,993
<u>0</u>	<u>10,315</u>	<u>(37,995)</u>
<u>4,908</u>	<u>10,315</u>	<u>105,998</u>
<u>\$ 1,004,908</u>	<u>\$ 10,315</u>	<u>\$ 1,277,749</u>

CITY OF BLUE ASH, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2002***

	Kenwood Road Improvement Phase II Fund	Kenwood Road Construction Fund	Reed Hartman Highway and Carver Road Improvement Fund
Revenues:			
Intergovernmental Revenues	\$ 0	\$ 119,438	\$ 209,856
Licenses and Permits	0	0	0
Investment Earnings	4,664	11,748	0
All Other Revenue	0	259,138	0
Total Revenue	4,664	390,324	209,856
Expenditures:			
Current:			
Capital Outlay	220,245	1,635,030	325,441
Total Expenditures	220,245	1,635,030	325,441
Excess (Deficiency) of Revenues Over Expenditures	(215,581)	(1,244,706)	(115,585)
Other Financing Sources (Uses):			
Operating Transfers In	0	150,000	0
Operating Transfers Out	0	0	(272,500)
Total Other Financing Sources (Uses)	0	150,000	(272,500)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(215,581)	(1,094,706)	(388,085)
Fund Balances at Beginning of Year	352,331	1,010,332	426,484
Fund Balances End of Year	\$ 136,750	\$ (84,374)	\$ 38,399

CITY OF BLUE ASH, OHIO

<u>Reed Hartman Improvement Fund</u>	<u>Land Purchase Fund</u>	<u>Total Nonmajor Capital Project Funds</u>
\$ 0	\$ 0	\$ 329,294
0	300	300
0	0	16,412
0	0	259,138
<u>0</u>	<u>300</u>	<u>605,144</u>
<u>278,144</u>	<u>0</u>	<u>2,458,860</u>
<u>278,144</u>	<u>0</u>	<u>2,458,860</u>
(278,144)	300	(1,853,716)
283,052	0	433,052
0	0	(272,500)
<u>283,052</u>	<u>0</u>	<u>160,552</u>
4,908	300	(1,693,164)
<u>0</u>	<u>10,015</u>	<u>1,799,162</u>
<u>\$ 4,908</u>	<u>\$ 10,315</u>	<u>\$ 105,998</u>

CITY OF BLUE ASH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2002**

GENERAL FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Property Taxes	\$ 1,994,150	\$ 1,994,150	\$ 2,058,148	\$ 63,998
Municipal Income Taxes	20,180,000	18,930,000	16,518,921	(2,411,079)
Other Local Taxes	625,000	625,000	654,931	29,931
Intergovernmental Revenues	1,542,543	1,506,428	1,536,257	29,829
Charges for Services	121,100	121,100	141,706	20,606
Licenses and Permits	182,100	182,100	247,198	65,098
Investment Earnings	300,000	160,000	171,292	11,292
Fines and Forfeitures	212,800	212,800	205,339	(7,461)
All Other Revenues	2,000	2,000	1,032	(968)
Total Revenues	<u>25,159,693</u>	<u>23,733,578</u>	<u>21,534,824</u>	<u>(2,198,754)</u>
Expenditures:				
Security of Persons and Property:				
Police Division:				
Personal Services	4,454,800	4,454,800	4,305,758	149,042
Materials and Supplies	91,405	92,986	92,290	696
Contractual Services	420,066	442,294	398,697	43,597
Capital Outlay	231,109	230,989	229,325	1,664
Total Police Division	<u>5,197,380</u>	<u>5,221,069</u>	<u>5,026,070</u>	<u>194,999</u>
Fire Division:				
Personal Services	2,871,899	2,871,899	2,685,491	186,408
Materials and Supplies	70,547	77,016	65,226	11,790
Contractual Services	228,545	225,764	218,328	7,436
Capital Outlay	679,415	681,985	674,941	7,044
Total Fire Division	<u>3,850,406</u>	<u>3,856,664</u>	<u>3,643,986</u>	<u>212,678</u>
Total Security of Persons and Property	<u>9,047,786</u>	<u>9,077,733</u>	<u>8,670,056</u>	<u>407,677</u>
Community Development:				
Building Division:				
Personal Services	395,140	405,140	391,603	13,537
Materials and Supplies	4,174	4,056	2,511	1,545
Contractual Services	338,364	357,873	345,527	12,346
Capital Outlay	1,755	1,755	1,721	34
Total Building Division	<u>739,433</u>	<u>768,824</u>	<u>741,362</u>	<u>27,462</u>
Total Community Development	<u>739,433</u>	<u>768,824</u>	<u>741,362</u>	<u>27,462</u>

(Continued)

CITY OF BLUE ASH, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2002***

	GENERAL FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Basic Utility Services:				
Public Services Division:				
Personal Services	987,146	987,146	949,684	37,462
Materials and Supplies	71,799	70,770	65,354	5,416
Contractual Services	2,194,443	2,185,558	2,019,995	165,563
Capital Outlay	<u>1,378,960</u>	<u>1,295,635</u>	<u>1,165,102</u>	<u>130,533</u>
Total Public Services Division	<u>4,632,348</u>	<u>4,539,109</u>	<u>4,200,135</u>	<u>338,974</u>
Total Basic Utility Services	<u>4,632,348</u>	<u>4,539,109</u>	<u>4,200,135</u>	<u>338,974</u>
General Government:				
Legislative Services:				
Personal Services	66,800	66,800	59,916	6,884
Materials and Supplies	750	750	348	402
Contractual Services	282,783	283,410	243,144	40,266
Capital Outlay	<u>1,000</u>	<u>1,000</u>	<u>0</u>	<u>1,000</u>
Total Legislative Services	351,333	351,960	303,408	48,552
Judicial Services:				
Personal Services	172,000	172,000	146,827	25,173
Materials and Supplies	950	950	839	111
Contractual Services	10,000	10,000	6,839	3,161
Capital Outlay	<u>500</u>	<u>500</u>	<u>424</u>	<u>76</u>
Total Judicial Services	183,450	183,450	154,929	28,521
Tax and Finance Divisions:				
Personal Services	497,500	512,500	501,525	10,975
Materials and Supplies	3,640	3,640	2,857	783
Contractual Services	3,579,998	3,599,535	129,422	3,470,113
Capital Outlay	<u>4,000</u>	<u>4,000</u>	<u>1,392</u>	<u>2,608</u>
Total Tax and Finance Divisions	4,085,138	4,119,675	635,196	3,484,479
Administrative Services Division:				
Personal Services	550,390	550,390	529,687	20,703
Materials and Supplies	5,033	5,004	2,549	2,455
Contractual Services	9,625	9,625	7,577	2,048
Capital Outlay	<u>3,000</u>	<u>3,000</u>	<u>1,911</u>	<u>1,089</u>
Total Administrative Services Division	568,048	568,019	541,724	26,295

(Continued)

CITY OF BLUE ASH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2002**

	GENERAL FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Facilities Maintenance Division:				
Personal Services	609,060	649,060	638,259	10,801
Materials and Supplies	133,064	136,177	123,791	12,386
Contractual Services	261,973	252,150	242,208	9,942
Capital Outlay	<u>243,756</u>	<u>242,004</u>	<u>233,535</u>	<u>8,469</u>
Total Facilities Maintenance Division	<u>1,247,853</u>	<u>1,279,391</u>	<u>1,237,793</u>	<u>41,598</u>
Insurance Services Division:				
Contractual Services	<u>296,380</u>	<u>243,155</u>	<u>211,969</u>	<u>31,186</u>
Total Insurance Services Division	296,380	243,155	211,969	31,186
General Government Services:				
Personal Services	402,800	402,800	374,760	28,040
Materials and Supplies	38,583	45,910	37,807	8,103
Contractual Services	950,490	671,942	605,022	66,920
Capital Outlay	<u>576,440</u>	<u>527,037</u>	<u>448,748</u>	<u>78,289</u>
Total General Government Services	<u>1,968,313</u>	<u>1,647,689</u>	<u>1,466,337</u>	<u>181,352</u>
Total General Government	<u>8,700,515</u>	<u>8,393,339</u>	<u>4,551,356</u>	<u>3,841,983</u>
Total Expenditures	<u>23,120,082</u>	<u>22,779,005</u>	<u>18,162,909</u>	<u>4,616,096</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,039,611	954,573	3,371,915	2,417,342
Other Financing Sources (Uses):				
Proceeds from the Sale of Fixed Assets	0	0	20	20
Operating Transfers Out	(11,690,144)	(10,583,684)	(9,556,510)	1,027,174
Advances In	175,000	175,000	150,000	(25,000)
Advances Out	<u>(175,000)</u>	<u>(175,000)</u>	<u>(150,000)</u>	<u>25,000</u>
Total Other Financing Sources (Uses)	<u>(11,690,144)</u>	<u>(10,583,684)</u>	<u>(9,556,490)</u>	<u>1,027,194</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(9,650,533)	(9,629,111)	(6,184,575)	3,444,536
Fund Balance at Beginning of Year	7,788,505	7,788,505	7,788,505	0
Prior Year Encumbrances	<u>1,862,026</u>	<u>1,862,026</u>	<u>1,862,026</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (2)</u>	<u>\$ 21,420</u>	<u>\$ 3,465,956</u>	<u>\$ 3,444,536</u>

CITY OF BLUE ASH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Special Revenue Funds
For the Year Ended December 31, 2002**

STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 395,000	\$ 395,000	\$ 427,992	\$ 32,992
Charges for Services	6,000	6,000	11,839	5,839
Licenses and Permits	500	500	350	(150)
Investment Earnings	4,000	4,000	4,240	240
All Other Revenues	<u>600</u>	<u>600</u>	<u>896</u>	<u>296</u>
Total Revenues	<u>406,100</u>	<u>406,100</u>	<u>445,317</u>	<u>39,217</u>
Expenditures:				
Transportation:				
Street Division:				
Personal Services	551,340	551,340	535,458	15,882
Materials and Supplies	240,754	239,548	191,919	47,629
Contractual Services	313,773	302,173	291,672	10,501
Capital Outlay	<u>3,747,700</u>	<u>3,534,540</u>	<u>3,204,087</u>	<u>330,453</u>
Total Expenditures	<u>4,853,567</u>	<u>4,627,601</u>	<u>4,223,136</u>	<u>404,465</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,447,467)	(4,221,501)	(3,777,819)	443,682
Other Financing Sources (Uses):				
Operating Transfers In	<u>3,725,640</u>	<u>3,514,288</u>	<u>3,055,992</u>	<u>(458,296)</u>
Total Other Financing Sources (Uses)	<u>3,725,640</u>	<u>3,514,288</u>	<u>3,055,992</u>	<u>(458,296)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(721,827)	(707,213)	(721,827)	(14,614)
Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances	<u>721,827</u>	<u>721,827</u>	<u>721,827</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 14,614</u>	<u>\$ 0</u>	<u>\$ (14,614)</u>

CITY OF BLUE ASH, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Special Revenue Funds
For the Year Ended December 31, 2002***

PARK AND RECREATION FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Charges for Services	\$ 652,101	\$ 652,100	\$ 680,730	\$ 28,630
All Other Revenues	5,700	5,700	2,908	(2,792)
Total Revenues	<u>657,801</u>	<u>657,800</u>	<u>683,638</u>	<u>25,838</u>
Expenditures:				
Leisure Time Activities:				
Recreation Programming Division:				
Personal Services	1,059,700	1,113,700	1,104,410	9,290
Materials and Supplies	176,192	178,257	159,803	18,454
Contractual Services	853,387	856,074	844,484	11,590
Capital Outlay	58,100	92,000	79,853	12,147
Total Recreation Programming Division	<u>2,147,379</u>	<u>2,240,031</u>	<u>2,188,550</u>	<u>51,481</u>
Blue Ash Sports Center Division:				
Personal Services	324,450	349,450	342,879	6,571
Materials and Supplies	118,139	117,179	108,017	9,162
Contractual Services	60,459	76,877	57,230	19,647
Capital Outlay	132,122	131,958	130,674	1,284
Total Blue Ash Sports Center Division	<u>635,170</u>	<u>675,464</u>	<u>638,800</u>	<u>36,664</u>
Grounds Maintenance Division:				
Personal Services	558,750	588,750	574,717	14,033
Materials and Supplies	109,540	107,983	102,017	5,966
Contractual Services	234,684	330,549	297,899	32,650
Capital Outlay	1,792,830	904,891	647,631	257,260
Total Grounds Maintenance Division	<u>2,695,804</u>	<u>1,932,173</u>	<u>1,622,264</u>	<u>309,909</u>
Total Expenditures	<u>5,478,353</u>	<u>4,847,668</u>	<u>4,449,614</u>	<u>398,054</u>

(Continued)

CITY OF BLUE ASH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Special Revenue Funds
For the Year Ended December 31, 2002**

PARK AND RECREATION FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,820,552)	(4,189,868)	(3,765,976)	423,892
Other Financing Sources (Uses):				
Operating Transfers In	<u>4,577,733</u>	<u>3,954,573</u>	<u>3,523,156</u>	<u>(431,417)</u>
Total Other Financing Sources (Uses)	<u>4,577,733</u>	<u>3,954,573</u>	<u>3,523,156</u>	<u>(431,417)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(242,819)	(235,295)	(242,820)	(7,525)
Fund Balance at Beginning of Year	1,666	1,666	1,666	0
Prior Year Encumbrances	<u>241,154</u>	<u>241,154</u>	<u>241,154</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1</u>	<u>\$ 7,525</u>	<u>\$ 0</u>	<u>\$ (7,525)</u>

CITY OF BLUE ASH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Debt Service Fund
For the Year Ended December 31, 2002**

GENERAL OBLIGATION BOND RETIREMENT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 73,841	\$ 73,841	\$ 76,228	\$ 2,387
Intergovernmental Revenues	7,190	7,190	8,163	973
Total Revenues	<u>81,031</u>	<u>81,031</u>	<u>84,391</u>	<u>3,360</u>
Expenditures:				
Debt Service:				
Principal Retirement	10,735,000	10,735,000	10,735,000	0
Interest and Fiscal Charges	866,143	866,143	780,749	85,394
Total Expenditures	<u>11,601,143</u>	<u>11,601,143</u>	<u>11,515,749</u>	<u>85,394</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,520,112)	(11,520,112)	(11,431,358)	88,754
Other Financing Sources (Uses):				
Proceeds from General Obligation Notes	8,700,000	8,700,000	8,700,000	0
Operating Transfers In	2,731,960	2,731,960	2,671,426	(60,534)
Total Other Financing Sources (Uses)	<u>11,431,960</u>	<u>11,431,960</u>	<u>11,371,426</u>	<u>(60,534)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(88,152)	(88,152)	(59,932)	28,220
Fund Balance at Beginning of Year	99,355	99,355	99,355	0
Prior Year Encumbrances	3,797	3,797	3,797	0
Fund Balance at End of Year	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 43,220</u>	<u>\$ 28,220</u>

CITY OF BLUE ASH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Project Funds
For the Year Ended December 31, 2002**

FIREHOUSE CONSTRUCTION FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Investment Earnings	\$ 38,000	\$ 38,000	\$ 48,319	\$ 10,319
Total Revenues	<u>38,000</u>	<u>38,000</u>	<u>48,319</u>	<u>10,319</u>
Expenditures:				
Capital Outlay	4,439,050	5,433,251	5,042,915	390,336
Total Expenditures	<u>4,439,050</u>	<u>5,433,251</u>	<u>5,042,915</u>	<u>390,336</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,401,050)	(5,395,251)	(4,994,596)	400,655
Other Financing Sources (Uses):				
Proceeds from General Obligation Notes	4,200,000	4,400,000	4,400,000	0
Total Other Financing Sources (Uses)	<u>4,200,000</u>	<u>4,400,000</u>	<u>4,400,000</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(201,050)	(995,251)	(594,596)	400,655
Fund Balance at Beginning of Year	932,259	932,259	932,259	0
Prior Year Encumbrances	62,991	62,991	62,991	0
Fund Balance at End of Year	<u>\$ 794,200</u>	<u>\$ (1)</u>	<u>\$ 400,654</u>	<u>\$ 400,655</u>

CITY OF BLUE ASH, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Project Funds
For the Year Ended December 31, 2002***

SERVICE GARAGE CONSTRUCTION FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 25,000	\$ 39,917	\$ 43,029	\$ 3,112
All Other Revenues	0	1,520	0	(1,520)
Total Revenues	<u>25,000</u>	<u>41,437</u>	<u>43,029</u>	<u>1,592</u>
Expenditures:				
Capital Outlay	3,415,894	4,032,321	3,883,396	148,925
Total Expenditures	<u>3,415,894</u>	<u>4,032,321</u>	<u>3,883,396</u>	<u>148,925</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,390,894)	(3,990,884)	(3,840,367)	150,517
Other Financing Sources (Uses):				
Proceeds from General Obligation Notes	0	600,000	600,000	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>600,000</u>	<u>600,000</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(3,390,894)	(3,390,884)	(3,240,367)	150,517
Fund Balance at Beginning of Year	3,361,289	3,361,289	3,361,289	0
Prior Year Encumbrances	29,605	29,605	29,605	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 10</u>	<u>\$ 150,527</u>	<u>\$ 150,517</u>

CITY OF BLUE ASH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2002**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 114,000	\$ 114,000	\$ 118,556	\$ 4,556
Investment Earnings	1,000	1,000	3,275	2,275
Total Revenues	<u>115,000</u>	<u>115,000</u>	<u>121,831</u>	<u>6,831</u>
Expenditures:				
Transportation:				
Street Division:				
Personal Services	<u>100,000</u>	<u>120,000</u>	<u>105,460</u>	<u>14,540</u>
Total Expenditures	<u>100,000</u>	<u>120,000</u>	<u>105,460</u>	<u>14,540</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,000	(5,000)	16,371	21,371
Fund Balance at Beginning of Year	<u>122,469</u>	<u>122,469</u>	<u>122,469</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 137,469</u>	<u>\$ 117,469</u>	<u>\$ 138,840</u>	<u>\$ 21,371</u>

CITY OF BLUE ASH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2002**

STATE HIGHWAY FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 32,000	\$ 32,000	\$ 34,702	\$ 2,702
Investment Earnings	1,000	1,000	1,007	7
Total Revenues	<u>33,000</u>	<u>33,000</u>	<u>35,709</u>	<u>2,709</u>
Expenditures:				
Transportation:				
Street Division:				
Contractual Services	28,811	24,912	5,476	19,436
Capital Outlay	<u>40,000</u>	<u>40,000</u>	<u>20,019</u>	<u>19,981</u>
Total Expenditures	<u>68,811</u>	<u>64,912</u>	<u>25,495</u>	<u>39,417</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(35,811)	(31,912)	10,214	42,126
Fund Balance at Beginning of Year	39,941	39,941	39,941	0
Prior Year Encumbrances	<u>8,811</u>	<u>8,811</u>	<u>8,811</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 12,941</u>	<u>\$ 16,840</u>	<u>\$ 58,966</u>	<u>\$ 42,126</u>

CITY OF BLUE ASH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2002**

TASK FORCE GRANT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Intergovernmental Revenues	\$ 678,171	\$ 547,277	\$ 547,277	\$ 0
Total Revenues	<u>678,171</u>	<u>547,277</u>	<u>547,277</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Police Division:				
Personal Services	344,274	295,466	295,466	0
Materials and Supplies	16,600	4,800	4,800	0
Contractual Services	<u>317,297</u>	<u>247,011</u>	<u>247,011</u>	<u>0</u>
Total Expenditures	<u>678,171</u>	<u>547,277</u>	<u>547,277</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Other Financing Sources (Uses):				
Advances In	75,000	75,000	50,000	(25,000)
Advances Out	<u>(75,000)</u>	<u>(75,000)</u>	<u>(50,000)</u>	<u>25,000</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF BLUE ASH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2002**

LAW ENFORCEMENT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Fines and Forfeitures	\$ 16,500	\$ 299,198	\$ 303,235	\$ 4,037
Total Revenues	<u>16,500</u>	<u>299,198</u>	<u>303,235</u>	<u>4,037</u>
Expenditures:				
Security of Persons and Property:				
Police Division:				
Personal Services	3,000	30,075	10,075	20,000
Materials and Supplies	6,608	58,392	7,752	50,640
Contractual Services	40,036	204,234	10,167	194,067
Capital Outlay	4,000	52,000	15,032	36,968
Total Expenditures	<u>53,644</u>	<u>344,701</u>	<u>43,026</u>	<u>301,675</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(37,144)	(45,503)	260,209	305,712
Fund Balance at Beginning of Year	44,393	44,393	44,393	0
Prior Year Encumbrances	1,108	1,108	1,108	0
Fund Balance at End of Year	<u>\$ 8,357</u>	<u>\$ (2)</u>	<u>\$ 305,710</u>	<u>\$ 305,712</u>

CITY OF BLUE ASH, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2002***

LAW ENFORCEMENT (DART) FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Fines and Forfeitures	\$ 38,400	\$ 62,972	\$ 65,077	\$ 2,105
All Other Revenues	100	100	0	(100)
Total Revenues	<u>38,500</u>	<u>63,072</u>	<u>65,077</u>	<u>2,005</u>
Expenditures:				
Security of Persons and Property:				
Police Division:				
Personal Services	2,000	4,000	183	3,817
Materials and Supplies	1,000	1,000	234	766
Contractual Services	60,430	90,002	76,418	13,584
Capital Outlay	10,000	3,000	0	3,000
Total Expenditures	<u>73,430</u>	<u>98,002</u>	<u>76,835</u>	<u>21,167</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(34,930)	(34,930)	(11,758)	23,172
Fund Balance at Beginning of Year	51,364	51,364	51,364	0
Prior Year Encumbrances	78	78	78	0
Fund Balance at End of Year	<u>\$ 16,512</u>	<u>\$ 16,512</u>	<u>\$ 39,684</u>	<u>\$ 23,172</u>

CITY OF BLUE ASH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2002**

DRUG LAW ENFORCEMENT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Fines and Forfeitures	\$ 2,000	\$ 2,000	\$ 2,620	\$ 620
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>2,620</u>	<u>620</u>
Expenditures:				
Security of Persons and Property:				
Police Division:				
Materials and Supplies	1,000	1,000	267	733
Contractual Services	24,101	23,779	3,227	20,552
Capital Outlay	<u>4,000</u>	<u>4,000</u>	<u>1,801</u>	<u>2,199</u>
Total Expenditures	<u>29,101</u>	<u>28,779</u>	<u>5,295</u>	<u>23,484</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(27,101)	(26,779)	(2,675)	24,104
Fund Balance at Beginning of Year	31,481	31,481	31,481	0
Prior Year Encumbrances	<u>601</u>	<u>601</u>	<u>601</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 4,981</u>	<u>\$ 5,303</u>	<u>\$ 29,407</u>	<u>\$ 24,104</u>

CITY OF BLUE ASH, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2002***

DRUG LAW ENFORCEMENT (DART) FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Fines and Forfeitures	\$ 5,300	\$ 7,279	\$ 7,279	\$ 0
Total Revenues	<u>5,300</u>	<u>7,279</u>	<u>7,279</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Police Division:				
Materials and Supplies	500	500	0	500
Contractual Services	27,463	29,442	20,919	8,523
Capital Outlay	<u>3,000</u>	<u>3,000</u>	<u>1,236</u>	<u>1,764</u>
Total Expenditures	<u>30,963</u>	<u>32,942</u>	<u>22,155</u>	<u>10,787</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(25,663)	(25,663)	(14,876)	10,787
Fund Balance at Beginning of Year	<u>25,664</u>	<u>25,664</u>	<u>25,664</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 10,788</u>	<u>\$ 10,787</u>

CITY OF BLUE ASH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2002**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	<u>\$ 1,500</u>	<u>\$ 1,500</u>	<u>\$ 1,961</u>	<u>\$ 461</u>
Total Revenues	<u>1,500</u>	<u>1,500</u>	<u>1,961</u>	<u>461</u>
Expenditures:				
Security of Persons and Property:				
Police Division:				
Contractual Services	<u>1,800</u>	<u>1,800</u>	<u>102</u>	<u>1,698</u>
Total Expenditures	<u>1,800</u>	<u>1,800</u>	<u>102</u>	<u>1,698</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(300)	(300)	1,859	2,159
Fund Balance at Beginning of Year	<u>5,126</u>	<u>5,126</u>	<u>5,126</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 4,826</u>	<u>\$ 4,826</u>	<u>\$ 6,985</u>	<u>\$ 2,159</u>

CITY OF BLUE ASH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2002**

KENWOOD ROAD IMPROVEMENT PHASE II FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 4,000	\$ 4,000	\$ 5,734	\$ 1,734
Total Revenues	<u>4,000</u>	<u>4,000</u>	<u>5,734</u>	<u>1,734</u>
Expenditures:				
Capital Outlay	<u>654,643</u>	<u>650,283</u>	<u>650,284</u>	<u>(1)</u>
Total Expenditures	<u>654,643</u>	<u>650,283</u>	<u>650,284</u>	<u>(1)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(650,643)	(646,283)	(644,550)	1,733
Fund Balance at Beginning of Year	78,704	78,704	78,704	0
Prior Year Encumbrances	<u>571,938</u>	<u>571,938</u>	<u>571,938</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (1)</u>	<u>\$ 4,359</u>	<u>\$ 6,092</u>	<u>\$ 1,733</u>

CITY OF BLUE ASH, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2002***

KENWOOD ROAD CONSTRUCTION FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 170,800	\$ 170,800	\$ 167,157	\$ (3,643)
Investment Earnings	20,000	14,000	14,362	362
All Other Revenues	18,000	243,000	259,138	16,138
Total Revenues	<u>208,800</u>	<u>427,800</u>	<u>440,657</u>	<u>12,857</u>
Expenditures:				
Capital Outlay	1,739,459	2,108,459	2,095,206	13,253
Total Expenditures	<u>1,739,459</u>	<u>2,108,459</u>	<u>2,095,206</u>	<u>13,253</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,530,659)	(1,680,659)	(1,654,549)	26,110
Other Financing Sources (Uses):				
Operating Transfers In	0	150,000	150,000	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>150,000</u>	<u>150,000</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,530,659)	(1,530,659)	(1,504,549)	26,110
Fund Balance at Beginning of Year	178,252	178,252	178,252	0
Prior Year Encumbrances	1,352,408	1,352,408	1,352,408	0
Fund Balance at End of Year	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 26,111</u>	<u>\$ 26,110</u>

CITY OF BLUE ASH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2002**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REED HARTMAN HIGHWAY AND CARVER ROAD IMPROVEMENT FUND				
Revenues:				
Intergovernmental Revenues	\$ 220,000	\$ 220,000	\$ 240,000	\$ 20,000
Total Revenues	<u>220,000</u>	<u>220,000</u>	<u>240,000</u>	<u>20,000</u>
Expenditures:				
Capital Outlay	525,619	525,619	507,220	18,399
Total Expenditures	<u>525,619</u>	<u>525,619</u>	<u>507,220</u>	<u>18,399</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(305,619)	(305,619)	(267,220)	38,399
Other Financing Sources (Uses):				
Operating Transfers Out	(272,500)	(272,500)	(272,500)	0
Total Other Financing Sources (Uses)	<u>(272,500)</u>	<u>(272,500)</u>	<u>(272,500)</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(578,119)	(578,119)	(539,720)	38,399
Fund Balance at Beginning of Year	103,787	103,787	103,787	0
Prior Year Encumbrances	474,332	474,332	474,332	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 38,399</u>	<u>\$ 38,399</u>

CITY OF BLUE ASH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2002**

REED HARTMAN IMPROVEMENT FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Capital Outlay	750,000	283,052	283,052	0
Total Expenditures	<u>750,000</u>	<u>283,052</u>	<u>283,052</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(750,000)	(283,052)	(283,052)	0
Other Financing Sources (Uses):				
Operating Transfers In	750,000	283,052	283,052	0
Total Other Financing Sources (Uses)	<u>750,000</u>	<u>283,052</u>	<u>283,052</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF BLUE ASH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2002**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Licenses and Permits	\$ 1,000	\$ 1,000	\$ 300	\$ (700)
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>300</u>	<u>(700)</u>
Expenditures:				
Capital Outlay	<u>7,000</u>	<u>7,000</u>	<u>0</u>	<u>7,000</u>
Total Expenditures	<u>7,000</u>	<u>7,000</u>	<u>0</u>	<u>7,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,000)	(6,000)	300	6,300
Fund Balance at Beginning of Year	<u>10,015</u>	<u>10,015</u>	<u>10,015</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 4,015</u>	<u>\$ 4,015</u>	<u>\$ 10,315</u>	<u>\$ 6,300</u>

Fiduciary Funds

Fiduciary fund types are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

Agency Funds

Mayor's Court Fund

To account for funds that flow through the Mayor's Court.

Ohio Board of Building Standards Assessment Fund

To account for funds from the three percent (3%) fees as required by Ohio Revised Code.

Arson Task Force Fund

To account for the collection and disbursement of funds related to the Arson Task Force.

CITY OF BLUE ASH, OHIO

***Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2002***

	Balance December 31, 2001	Additions	Deductions	Balance December 31, 2002
<u>Mayor's Court</u>				
Assets:				
Cash and Cash Equivalents with Fiscal Agent	\$500	\$280,408	(\$280,408)	\$500
Total Assets	<u>\$500</u>	<u>\$280,408</u>	<u>(\$280,408)</u>	<u>\$500</u>
Liabilities:				
Due to Others	\$500	\$280,408	(\$280,408)	\$500
Total Liabilities	<u>\$500</u>	<u>\$280,408</u>	<u>(\$280,408)</u>	<u>\$500</u>
<u>Ohio Board of Building Standards Assessments</u>				
Assets:				
Cash and Cash Equivalents	\$422	\$4,424	(\$3,751)	\$1,095
Total Assets	<u>\$422</u>	<u>\$4,424</u>	<u>(\$3,751)</u>	<u>\$1,095</u>
Liabilities:				
Intergovernmental Payables	\$422	\$4,424	(\$3,751)	\$1,095
Total Liabilities	<u>\$422</u>	<u>\$4,424</u>	<u>(\$3,751)</u>	<u>\$1,095</u>
<u>Arson Task Force</u>				
Assets:				
Cash and Cash Equivalents	\$4,267	\$3,973	(\$3,670)	\$4,570
Total Assets	<u>\$4,267</u>	<u>\$3,973</u>	<u>(\$3,670)</u>	<u>\$4,570</u>
Liabilities:				
Due to Others	\$4,267	\$3,973	(\$3,670)	\$4,570
Total Liabilities	<u>\$4,267</u>	<u>\$3,973</u>	<u>(\$3,670)</u>	<u>\$4,570</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$4,689	\$8,397	(\$7,421)	\$5,665
Cash and Cash Equivalents with Fiscal Agent	500	280,408	(280,408)	500
Total Assets	<u>\$5,189</u>	<u>\$288,805</u>	<u>(\$287,829)</u>	<u>\$6,165</u>
Liabilities:				
Intergovernmental Payables	\$422	\$4,424	(\$3,751)	\$1,095
Due to Others	4,767	284,381	(284,078)	5,070
Total Liabilities	<u>\$5,189</u>	<u>\$288,805</u>	<u>(\$287,829)</u>	<u>\$6,165</u>

*CAPITAL ASSETS USED IN THE
OPERATION OF GOVERNMENTAL FUNDS*

CITY OF BLUE ASH, OHIO

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
December 31, 2002***

General Fixed Assets:

Land	\$12,096,397
Buildings	15,471,777
Improvements Other than Buildings	5,871,816
Infrastructure	17,368,466
Machinery and Equipment	11,277,399
Construction in Progress	5,068,475
	<hr/>
Total General Fixed Assets	<u>\$67,154,330</u>

Investment in General Fixed Assets from:

General Fund	\$15,741,236
Special Revenue Funds	13,856,902
Capital Project Funds	37,441,880
Enterprise Fund	5,500
Capital Leases	108,812
	<hr/>
Total Investment in General Fixed Assets	<u>\$67,154,330</u>

CITY OF BLUE ASH, OHIO

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
December 31, 2002***

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other Than Buildings</u>
<u>General Government:</u>			
Administration	\$331,208	\$1,918,283	\$257,209
Legislative	0	7,375	0
Judicial	0	0	0
Finance / Tax	0	44,030	0
Total	<u>331,208</u>	<u>1,969,688</u>	<u>257,209</u>
<u>Security of Persons and Property:</u>			
Police	0	548,963	0
Fire	0	917,302	1,900
Total	<u>0</u>	<u>1,466,265</u>	<u>1,900</u>
<u>Transportation:</u>			
Street	<u>4,433,732</u>	<u>0</u>	<u>0</u>
<u>Leisure Time Activities:</u>			
Park	2,065,036	8,502,424	1,816,094
Grounds Maintenance	2,380,333	3,112,211	3,654,285
Total	<u>4,445,369</u>	<u>11,614,635</u>	<u>5,470,379</u>
<u>Basic Utility Services:</u>			
Public Services	<u>985,159</u>	<u>256,914</u>	<u>0</u>
<u>Community Development:</u>			
Building	<u>1,900,929</u>	<u>164,275</u>	<u>142,328</u>
Construction in Progress			
Total General Fixed Assets	<u>\$12,096,397</u>	<u>\$15,471,777</u>	<u>\$5,871,816</u>

CITY OF BLUE ASH, OHIO

<u>Infrastructure</u>	<u>Machinery and Equipment</u>	<u>Total</u>
\$0	\$1,574,152	\$4,080,852
0	4,242	11,617
0	5,715	5,715
0	73,185	117,215
<u>0</u>	<u>1,657,294</u>	<u>4,215,399</u>
0	1,728,074	2,277,037
0	3,129,621	4,048,823
<u>0</u>	<u>4,857,695</u>	<u>6,325,860</u>
<u>17,368,466</u>	<u>292,411</u>	<u>22,094,609</u>
0	904,111	13,287,665
0	1,437,752	10,584,581
<u>0</u>	<u>2,341,863</u>	<u>23,872,246</u>
<u>0</u>	<u>2,080,291</u>	<u>3,322,364</u>
<u>0</u>	<u>47,845</u>	<u>2,255,377</u>
		<u>5,068,475</u>
<u>\$17,368,466</u>	<u>\$11,277,399</u>	<u>\$67,154,330</u>

CITY OF BLUE ASH, OHIO

***Capital Assets Used in the Operation of Governmental Funds
Schedule Changes by Function and Activity
For Year Ended December 31, 2002***

Function and Activity	Restated December 31, 2001	Additions	Deletions	December 31, 2002
<u>General Government:</u>				
Administration	\$3,996,328	\$186,642	(\$102,118)	\$4,080,852
Legislative	11,617	0	0	11,617
Judicial	5,715	0	0	5,715
Finance / Tax	115,395	16,591	(14,771)	117,215
Total	<u>4,129,055</u>	<u>203,233</u>	<u>(116,889)</u>	<u>4,215,399</u>
<u>Security of Persons and Property:</u>				
Police	2,194,804	242,674	(160,441)	2,277,037
Fire	3,582,855	717,143	(251,175)	4,048,823
Total	<u>5,777,659</u>	<u>959,817</u>	<u>(411,616)</u>	<u>6,325,860</u>
<u>Transportation:</u>				
Street	21,711,305	390,227	(6,923)	22,094,609
<u>Leisure Time Activities:</u>				
Park	13,370,335	68,132	(150,802)	13,287,665
Grounds Maintenance	10,358,033	435,458	(208,910)	10,584,581
Total	<u>23,728,368</u>	<u>503,590</u>	<u>(359,712)</u>	<u>23,872,246</u>
<u>Basic Utility Services:</u>				
Public Services	3,116,439	338,132	(132,207)	3,322,364
<u>Community Development:</u>				
Building	2,269,888	0	(14,511)	2,255,377
Construction in Progress	424,348	4,811,517	(167,390)	5,068,475
Total General Fixed Assets	<u>\$61,157,062</u>	<u>\$7,206,516</u>	<u>(\$1,209,248)</u>	<u>\$67,154,330</u>

STATISTICAL SECTION



STATISTICAL TABLES

***T**HE FOLLOWING UNAUDITED STATISTICAL TABLES REFLECT SOCIAL AND ECONOMIC DATA, FINANCIAL TRENDS AND FISCAL CAPACITY OF THE CITY.*

CITY OF BLUE ASH, OHIO

**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
LAST TEN YEARS**

Year	Security of Persons and Property	Public Health and Welfare Services	Leisure Time Activities	Community Development	Basic Utility Services	Trans- portation	General Government	Capital Outlay	Debt Service	Total
1993	5,152,218	0	1,874,691	422,779	2,109,417	841,730	1,973,176	2,557,422	1,680,636	\$16,612,069
1994	5,468,384	0	2,029,496	449,421	2,288,764	781,061	2,120,087	2,916,587	2,056,584	18,110,384
1995	5,865,231	0	2,248,390	466,267	2,460,579	830,549	2,176,341	3,811,853	1,999,432	19,858,642
1996	6,306,607	0	2,360,714	550,319	2,435,148	859,185	2,275,129	3,256,844	2,653,414	20,697,360
1997	6,408,047	0	2,474,481	488,379	2,495,505	705,137	2,248,447	5,319,196	2,505,615	22,644,807
1998	7,286,579	0	3,353,772	583,527	4,034,811	2,994,004	3,137,228	0 (2)	2,394,257	23,784,178
1999	7,192,329	0	4,152,781	628,447	3,833,087	5,715,500	5,154,243	0 (2)	2,305,270	28,981,657
2000	7,737,772	0	3,772,561	757,186	3,000,095	4,128,592	3,380,758	0 (2)	1,560,466	24,337,430
2001	8,595,712	0	3,485,880	737,395	3,053,246	3,190,539	4,956,057	0 (2)	2,050,327	26,069,156
2002	9,243,373	0	4,115,009	690,755	3,714,209	3,775,004	4,350,054	7,092,437 (2)	2,832,603	35,813,444

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- (1) Includes General Fund, Special Revenue Funds and Debt Service Funds.
Beginning in 2002, includes all Governmental Funds
- (2) Amounts previously reported as Capital Outlay are now reported within the various functions.

CITY OF BLUE ASH, OHIO

**GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
LAST TEN YEARS**

Year	Taxes	Inter-Governmental Revenue	Charges for Service	Licenses and Permits	Investment Earnings	Fines and Forfeitures	(2) All Other	Total
1993	\$13,872,643	\$1,899,658	\$613,247	\$174,193	\$109,661	\$345,769	\$43,287	\$17,058,458
1994	14,937,317	2,355,264	689,017	236,250	159,220	436,489	40,544	18,854,101
1995	16,442,205	2,257,040	784,297	179,478	215,892	312,078	51,034	20,242,024
1996	17,410,034	2,924,107	895,093	218,661	225,036	273,332	51,179	21,997,442
1997	22,856,328	2,813,726	811,921	253,230	375,305	318,255	55,372	27,484,137
1998	20,049,344	2,696,007	1,079,718	230,138	493,621	286,429	40,402	24,875,659
1999	20,873,226	3,174,907	1,047,157	236,468	502,374	324,694	35,862	26,194,688
2000	23,301,869	2,747,822	924,905	226,880	705,262	327,410	13,118	28,247,266
2001	22,314,016	2,966,510	898,125	235,053	462,478	331,997	5,744	27,213,923
2002	19,348,795	3,134,793	834,809	253,622	279,789	582,167	263,332	24,697,307

- (1) Includes General Fund, Special Revenue Funds and Debt Service Funds
Beginning in 2002, includes all Governmental Funds
- (2) Special Assessments are included in All Other.

CITY OF BLUE ASH, OHIO

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS**

Collection Year	Total Tax Levy	Current Tax Collections	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections To Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Accumulated Delinquent Taxes To Total Tax Levy
1993	\$1,933,378	\$1,740,122	\$53,207	\$1,793,329	92.76%	\$75,186	3.89%
1994	2,143,137	1,916,189	84,031	2,000,220	93.33%	143,216	6.68%
1995	2,030,708	1,874,719	65,606	1,940,325	95.55%	90,671	4.46%
1996	2,106,380	2,012,203	71,425	2,083,628	98.92%	94,918	4.51%
1997	2,057,949	1,999,539	89,083	2,088,622	101.49%	98,427	4.78%
1998	2,114,767	2,070,720	91,897	2,162,617	102.26%	94,583	4.47%
1999	2,181,588	2,139,288	67,045	2,206,333	101.13%	83,881	3.84%
2000	2,336,051	2,286,424	60,817	2,347,241	100.48%	109,832	4.70%
2001	2,516,171	2,344,188	72,818	2,417,006	96.06%	101,837	4.05%
2002	2,519,618	2,318,799	45,121	2,363,920	93.82%	153,234	6.08%

CITY OF BLUE ASH, OHIO

**ASSESSED VALUATIONS AND ESTIMATED TRUE VALUES
OF TAXABLE PROPERTY
LAST TEN YEARS**

Tax Year	Real Property		Public Utility Personal		Tangible Personal Property		Total		Assessed Value as a Percent of Actual Value
	Assessed	Actual	Assessed	Actual	Assessed	Actual	Assessed	Actual	
1993	\$437,257,810	\$1,249,308,029	\$23,891,510	\$23,891,510	\$175,156,050	\$700,624,200	\$636,305,370	\$1,973,823,739	32.24%
1994	441,847,770	1,262,422,200	25,212,500	25,212,500	177,464,250	709,857,000	644,524,520	1,997,491,700	32.27%
1995	439,080,970	1,254,517,057	23,274,300	23,274,300	159,456,930	637,827,720	621,812,200	1,915,619,077	32.46%
1996	449,177,860	1,283,365,314	25,208,720	25,208,720	181,990,970	727,963,880	656,377,550	2,036,537,914	32.23%
1997	458,131,740	1,308,947,829	26,622,970	26,622,970	192,107,880	768,431,520	676,862,590	2,104,002,319	32.17%
1998	468,557,320	1,338,735,200	27,082,230	27,082,230	201,112,020	804,448,080	696,751,570	2,170,265,510	32.10%
1999	530,995,970	1,517,131,343	26,288,200	26,288,200	212,285,540	849,142,160	769,569,710	2,392,561,703	32.17%
2000	542,886,730	1,551,104,943	23,990,460	23,990,460	201,143,860	804,575,440	768,021,050	2,379,670,843	32.27%
2001	560,081,250	1,600,232,143	17,946,800	17,946,800	203,011,200	812,044,800	781,039,250	2,430,223,743	32.14%
2002	616,983,960	1,762,811,314	15,621,300	15,621,300	197,201,600	788,806,400	829,806,860	2,567,239,014	32.32%

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Source: Hamilton County, Ohio: County Auditor

CITY OF BLUE ASH, OHIO

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUATIONS)
LAST TEN YEARS

Collection Year	City of Blue Ash		Total	Princeton *	Hamilton County	Special Taxing Districts	Total
	General Fund	Debt Service Fund		Sycamore ** School District			
1993	2.97	0.11	3.08	42.24 *	18.33	2.70	66.35 *
				54.14 **			78.25 **
1994	2.97	0.11	3.08	42.24 *	18.30	2.70	66.32 *
				54.14 **			78.22 **
1995	2.97	0.11	3.08	42.24 *	18.30	2.70	66.32 *
				54.14 **			78.22 **
1996	2.97	0.11	3.08	42.24 *	19.44	2.70	67.46 *
				54.14 **			79.36 **
1997	2.97	0.11	3.08	42.24 *	19.44	2.70	67.46 *
				54.14 **			79.36 **
1998	2.97	0.11	3.08	42.24 *	19.01	2.70	67.03 *
				54.14 **			78.93 **
1999	2.97	0.11	3.08	42.24 *	19.54	2.70	67.56 *
				61.53 **			86.85 **
2000	2.97	0.11	3.08	46.19 *	20.83	2.70	72.80 *
				60.84 **			87.45 **
2001	2.97	0.11	3.08	46.19 *	19.92	2.70	71.89 *
				60.84 **			86.54 **
2002	2.97	0.11	3.08	46.19 *	21.47	2.70	73.44 *
				60.84 **			88.09 **

Source: Hamilton County, Ohio: County Auditor

CITY OF BLUE ASH, OHIO

SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS LAST TEN YEARS

<u>Collection Year</u>	<u>Amount Billed</u>	<u>Amount Collected</u>	<u>Percent Collected</u>
1993	\$27,076	\$17,845	65.91%
1994	12,127	3,013	24.85%
1995	13,020	4,828	37.08%
1996	9,175	1,946	21.21%
1997	11,305	3,470	30.69%
1998	11,944	3,576	29.94%
1999	10,884	1,813	16.66%
2000	9,811	0	0.00%
2001	0	0	0.00%
2002	0	0	0.00%

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These figures represent amounts certified to and collected by the Hamilton County Auditor.

Source: Hamilton County, Ohio: County Auditor

CITY OF BLUE ASH, OHIO

**COMPUTATION OF 5-1/2 % LEGAL DEBT MARGIN
DECEMBER 31, 2002**

Assessed Value		<u>\$829,806,860</u>
Unvoted Debt Limit 5-1/2% Assessed Value		\$45,639,377
Total Unvoted Debt Outstanding at December 31, 2002	10,795,000	
Unvoted General Obligation Bonds Issued in Anticipation of the Collection of Lawfully available Municipal Income Tax to be Applied to Debt Service	<u>(10,795,000)</u>	
Subtotal	0	
Less: Bond Retirement Fund Balance	<u>(48,216)</u>	
Net Subject to 5-1/2% Limitation		<u>0</u>
Legal Debt Margin within 5-1/2% Limitation		<u>\$45,639,377</u>

CITY OF BLUE ASH, OHIO

**COMPUTATION OF 10-1/2 % LEGAL DEBT MARGIN
DECEMBER 31, 2002**

Assessed Value		<u>\$829,806,860</u>
Voted and Unvoted Debt Limit 10-1/2% Assessed Value		\$87,129,720
Total Voted and Unvoted Debt Outstanding at December 31, 2002	10,795,000	
Unvoted General Obligation Bonds Issued in Anticipation of the Collection of Lawfully available Municipal Income Tax to be Applied to Debt Service	<u>(10,795,000)</u>	
Subtotal	0	
Less: Bond Retirement Fund Balance	<u>(48,216)</u>	
Net Subject to 10-1/2% Limitation		<u>0</u>
Legal Debt Margin within 10-1/2% Limitation		<u>\$87,129,720</u>

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CITY OF BLUE ASH, OHIO

**RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED
VALUE AND GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN YEARS**

<u>Year</u>	<u>Population (1)</u>	<u>Assessed Value (2)</u>	<u>Gross Bonded Debt (3)</u>	<u>Debt Service Funds Available</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Valuation</u>	<u>Net Bonded Debt Per Capita</u>
1993	11,923 (a)	\$636,305,000	\$0	\$20,924	\$0	0.00%	\$0
1994	11,923 (a)	644,524,520	0	17,302	0	0.00%	0
1995	11,923 (a)	621,812,200	0	32,161	0	0.00%	0
1996	11,923 (a)	656,377,550	0	118,934	0	0.00%	0
1997	11,923 (a)	676,862,590	0	106,719	0	0.00%	0
1998	11,923 (a)	696,751,570	0	350,708	0	0.00%	0
1999	11,923 (a)	769,569,710	0	916,388	0	0.00%	0
2000	12,513 (b)	768,021,050	0	43,900	0	0.00%	0
2001	12,513 (b)	781,039,250	0	103,123	0	0.00%	0
2002	12,513 (b)	829,806,860	0	48,216	0	0.00%	0

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(1) Source: U.S. Bureau of Census of Population - (a) U.S. Bureau of Census Revision, March 18, 1992
(b) U.S. Bureau of Census - Federal 2000 Census

(2) Source: Hamilton County, Ohio: County Auditor

(3) Annual debt charges are covenanted to be appropriated annually from lawfully available municipal income taxes.

CITY OF BLUE ASH, OHIO

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN YEARS**

<u>Year</u>	<u>Debt Principal</u>	<u>Interest and Fiscal Charges</u>	<u>Total Bonded Debt Service (1)</u>	<u>General Governmental Expenditures (2)</u>	<u>Debt Service to General Governmental Expenditures</u>
1993	\$1,120,000	\$525,827	\$1,645,827	\$16,612,069	9.91%
1994	1,475,000	557,231	2,032,231	18,110,384	11.22%
1995	1,475,000	496,958	1,971,958	19,858,642	9.93%
1996	2,050,000	585,197	2,635,197	20,697,360	12.73%
1997	2,050,000	451,926	2,501,926	22,644,807	11.05%
1998	2,050,000	340,756	2,390,756	23,784,178	10.05%
1999	2,050,000	252,022	2,302,022	28,981,533	7.94%
2000	1,350,000	210,466	1,560,466	24,337,430	6.41%
2001	1,350,000	689,574	2,039,574	26,069,156	7.82%
2002	2,035,000	600,345	2,635,345	35,813,444	7.36%

(1) Includes Debt Principal, Interest and Fiscal Charges.

(2) Excludes Operating Transfers-Out.

Beginning in 2002, includes all Governmental Funds

CITY OF BLUE ASH, OHIO

**COMPUTATION OF ALL DIRECT AND OVERLAPPING
GENERAL OBLIGATION DEBT
DECEMBER 31, 2002**

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Blue Ash (2)</u>	<u>Amount Applicable to City of Blue Ash</u>
Direct			
City of Blue Ash (1)	\$10,795,000	100.00%	\$10,795,000
Overlapping Subdivisions			
Sycamore Community School District	42,373,599	49.69%	21,055,441
Princeton City School District	0	1.95%	0
Great Oaks Joint Vocational School District	7,130,000	5.03%	358,639
Hamilton County	130,790,000	4.50%	5,885,550
		Subtotal	<u>27,299,630</u>
		Total	<u><u>\$38,094,630</u></u>

The percentage of gross indebtedness of the city's overlapping political subdivisions was determined by dividing each overlapping subdivision's assessed value within the City by its total assessed value.

(1) Annual debt charges are covenanted to be appropriated annually from lawfully available municipal income taxes.

(2) Decimal places have been rounded to the nearest hundredth for presentation.

Source: Ohio Municipal Advisory Council.

**DEMOGRAPHIC STATISTICS
LAST TEN YEARS**

<u>Year</u>	<u>Population (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate Cincinnati Metropolitan Area (3)</u>
1993	11,923 (a)	5,933	5.4%
1994	11,923 (a)	6,073	4.4%
1995	11,923 (a)	5,705	4.2%
1996	11,923 (a)	6,240	4.5%
1997	11,923 (a)	6,118	3.6%
1998	11,923 (a)	6,192	3.4%
1999	11,923 (a)	6,079	3.4%
2000	12,513 (b)	5,891	3.8%
2001	12,513 (b)	5,677	3.8%
2002	12,513 (b)	5,628	4.7%

(1) Source: U.S. Bureau of Census of Population - (a) U.S. Bureau of Census Revision, March 18, 1992

(b) U.S. Bureau of Census - Federal 2000 Census

(2) Source: Sycamore Community School District, Board of Education

Includes total Sycamore Community School District, a portion of which is located outside the City of Blue Ash.

(3) Source: Greater Cincinnati Chamber of Commerce.

CITY OF BLUE ASH, OHIO

**PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
LAST TEN YEARS**

Year	Residential (1)		Commercial (1)		Bank Deposits (2) (in Thousands)
	Number of Permits	Property Value	Number of Permits	Property Value	
1993	183	\$3,966,094	585	\$15,598,216	\$15,290,052
1994	213	8,344,727	658	24,367,109	17,301,493
1995	205	3,511,468	569	13,255,821	18,661,138
1996	175	4,637,008	588	22,089,526	21,598,936
1997	180	5,566,446	692	26,184,190	18,070,437
1998	185	6,024,905	564	27,970,404	24,305,322
1999	183	6,344,046	451	33,417,090	41,302,569
2000	157	5,024,456	430	53,781,171	76,137,192
2001	172	5,401,293	433	29,705,662	133,025,841
2002	158	4,281,071	405	14,552,239	145,359,134

(1) Source: City of Blue Ash Building Department.

(2) Source: Federal Reserve Bank of Cleveland - amounts are for Hamilton County.

CITY OF BLUE ASH, OHIO

**PRINCIPAL TAXPAYERS (PROPERTY TAX)
DECEMBER 31, 2002**

<u>Taxpayer</u>	<u>2002 Assessed Valuation (Tax Duplicate)</u>	<u>Percentage of Total Assessed Valuation</u>
1. Duke Realty Ltd Partnership	\$41,839,870	5.04%
2. The Procter and Gamble Company	16,145,410	1.95%
3. Ethicon, Inc.	9,684,300	1.17%
4. Harold R. Silverman LLC	8,638,440	1.04%
5. Cinergy	8,294,640	1.00%
6. Hills Real Estate Group	6,315,080	0.76%
7. Charleston at Blue Ash	6,170,860	0.74%
8. Knickerbocker Properties	5,610,910	0.68%
9. Blue Ash Embassy Associates	5,526,080	0.67%
10. Blue Ash Oxford & Associates Ltd	5,424,300	0.65%
Sub-Total	<u>113,649,890</u>	<u>13.70%</u>
All Others	<u>716,156,970</u>	<u>86.30%</u>
Total	<u><u>\$829,806,860</u></u>	<u><u>100.00%</u></u>

Source: Hamilton County, Ohio: County Auditor.

**PRINCIPAL EMPLOYERS
DECEMBER 31, 2002**

<u>Employer</u>	<u>Number of Employees *</u>
1. The Procter and Gamble Company	3,025
2. Ethicon, Inc.	1,479
3. Fidelity Investments	1,114
4. Ingersoll-Rand (Steelcraft)	976
5. Belcan Engineering Services	477
6. Time Warner	452
7. LSI Industries, Inc.	451
8. Xerox	444
9. Wornick Company	438
10. Sara Lee	375

* Full-time Equivalents.

Source: City of Blue Ash City Tax Office.

CITY OF BLUE ASH, OHIO

MISCELLANEOUS STATISTICS
DECEMBER 31, 2002

	Date of Incorporation	1955 (Village)	1961 (City)
	Form of Government	Charter (adopted 1961, last amended 1989)	
Area	7.7 Square Miles	Building Permits Issued in 2002	563
Miles of Streets	62.60 (154.45 Lane Miles)	Recreation and Culture:	
Number of Street Lights (per Light bill)	1,049	Golf Course	18 Holes
		Number of Parks	10
Police Protection:		Number of Libraries	1
Number of Stations	1	(Operated by Hamilton County)	
Number of Policemen and Officers	37	Employees:	
Fire/Emergency Medical Services:		Full-time	149
Number of Stations	2	Variable Part-Time	
Number of Full-time Officers and Firefighter/Paramedics	28	Education (K-12) (Public Only) *	
Number of Part-time Firefighter/Paramedics	18	Number of Schools	7
		Number of Classrooms	315
		Number of Teachers	518
		Number of Students	5,628

* Total School District data provided by the Sycamore Community School District.





**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

CITY OF BLUE ASH

HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 30, 2003**