

CITY OF BLUE ASH, OHIO

Independent Auditors' Report on
Internal Controls and Compliance

December 31, 2005



**Auditor of State
Betty Montgomery**

Members of City Council
City of Blue Ash
4343 Cooper Road
Blue Ash, Ohio 45242

We have reviewed the *Independent Auditors' Report* of the City of Blue Ash, Hamilton County, prepared by Clark, Schaefer, Hackett & Co. for the audit period January 1, 2005 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

July 19, 2006

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

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

To the City Council
City of Blue Ash, Ohio:

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of City of Blue Ash, Ohio (the City) as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 18, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion 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 that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud 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.

Compliance And Other Matters

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City in a separate letter dated April 18, 2006.

This report is intended solely for the information and use of management and City Council and is not intended to be and should not be used by anyone other than these specified parties.

Clark, Schaefer, Hachett & Co.

Cincinnati, Ohio
April 18, 2006

***Comprehensive Annual
Financial Report***



Blue Ash, Ohio

***FOR THE YEAR ENDED
DECEMBER 31, 2005***



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2005

Prepared by the Finance Department

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

April 18, 2006

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, 2005. 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.

This letter should be read in conjunction with the Management Discussion and Analysis (MD&A) that can be found immediately following the Independent Auditors' 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 Auditors' 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 a residential population of 12,513 (2000 Census) and an estimated daytime population of 55,000. In 2005, approximately 2,018 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, 2007.

The City Council appoints a City Manager, a Solicitor, and a Clerk of Council. The City Manager is responsible for appointing all 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

Visionary planning during the early stages of the City's development contributed to a very strong and diverse business presence today. Over 2,000 businesses and organizations call Blue Ash home, with no single industry or economic cluster representing a dominant influence. Approximately 55,000 workers occupy Blue Ash during working hours, which is quite a contrast compared to the evening or residential population, which is less than 13,000. The City's traditional focus on long-term planning, quality development, a high level of government services, and a relatively low 1% earnings tax rate all contribute to the strength of the local economy.

The City of Blue Ash continues to include strong local and national business leaders as a part of its corporate citizenry, including nationally and internationally recognized companies such as Procter & Gamble, Ethicon Endo Surgery Division of Johnson & Johnson, Ingersoll-Rand (Steelcraft Division), Time Warner, Lighting Systems Inc., and Fidelity Investments. Several of the City's largest employers have their corporate headquarters in Blue Ash, such as Ethicon Endo Surgery, and Lighting Systems Inc. Many of the City's larger employers maintain and operate multiple offices and locations within the City.

Letter of Transmittal

For the Year Ended December 31, 2005

Although the City of Blue Ash experienced substantial growth and development beginning in the early 1980's, it became evident in recent years that the need existed for a refocusing of the City's efforts upon economic development opportunities. During 2004, the City hired its first Economic Development Director, who initiated new programs, including a business outreach approach and a greater focus on nurturing and maintaining our existing business base. Additionally, the City Council and the Administration have an ongoing working relationship with the Greater Cincinnati Chamber of Commerce focusing on regional growth factors and enhancement. Blue Ash, through its annual financial contribution to this program, serves as one of the primary partners in this regional effort.

MAJOR INITIATIVES

Capital Improvements

- The Phase II widening of Reed Hartman Highway was completed, from a construction vantage-point, during 2005. This widening project expanded Reed Hartman Highway from the north corporation line (by Interstate I-275) southward to Osborne Boulevard. That capital improvement project was initially financed with notes and a grant from the Ohio Public Works Commission, and was completed as to its financing through a ten year General Obligation Bond issued in late 2005.
- Renovation efforts continued throughout 2005 on the City's Parks and Grounds Maintenance Facility at 6171 Interstate Circle. This warehouse, adjacent to the City's Service Garage at 6131 Interstate Circle, has been renovated to meet the requirements of the Parks and Grounds Maintenance area for their offices, storage, and machinery/equipment needs. These capital improvements are being financed through the General Fund, without reliance upon debt financing of any kind. This project is expected to be completed in early 2006, with an aggregate cost in the \$440,000 range.
- Planning began in early 2005 for the Phase I renovation and preservation of the historic Hunt family homestead located on Hunt Road. This dwelling, (constructed in 1861), and the surrounding property, has remained in the original owner's family since before the Civil War. The City acquired the property in the spring of 2004 to assure its preservation and restoration. Efforts began in late 2005 on the Phase I renovation of this structure, with this work being overseen by a professional in the historic restoration field. Phase I will continue throughout the first half of 2006 toward an anticipated dedication of this project on Heritage Day in October 2006.

For The Future

- The City anticipates the purchase of a new 100' aerial fire pumper truck in 2006, scheduled to replace the existing 1982 unit. This new truck, equipped with the newest firefighting and safety equipment, is expected to cost approximately \$1,000,000.

Letter of Transmittal

For the Year Ended December 31, 2005

- Utilizing an external consultant and relying upon input from various committees, the City anticipates work will be completed in 2006 on an updated downtown development plan. This area of Blue Ash, comprising of the D-1 zone, was extensively revitalized in the early 1980's, and a new plan has been envisioned to guide such development in the upcoming 20 years. New developments are anticipated in the downtown area following the theme being developed for this concept.

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.

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 City Council approved amendments to the annual appropriations ordinance. Open encumbrances as of December 31, 2005 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 20 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 4 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 contracted with Clark, Schaefer, Hackett & Co. to audit the basic financial statements of the City of Blue Ash. Their unqualified opinion has been included in this report.

**Letter of Transmittal
For the Year Ended December 31, 2005**

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, 2004. 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.

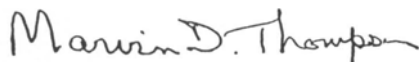
A Certificate of Achievement is valid for a period of one year only. The City of Blue Ash has received a Certificate of Achievement for the last eighteen consecutive years (fiscal years ended 1987-2004). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

ACKNOWLEDGMENTS

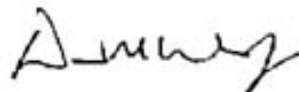
Sincere appreciation is extended to the many individuals who have worked diligently and contributed much time and effort in making this report possible.

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.

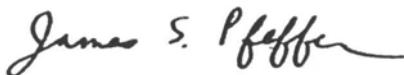
Respectfully submitted,



Marvin D. Thompson
City Manager



David M. Waltz
Assistant City Manager



James S. Pfeffer
Treasurer/Administrative
Services Director



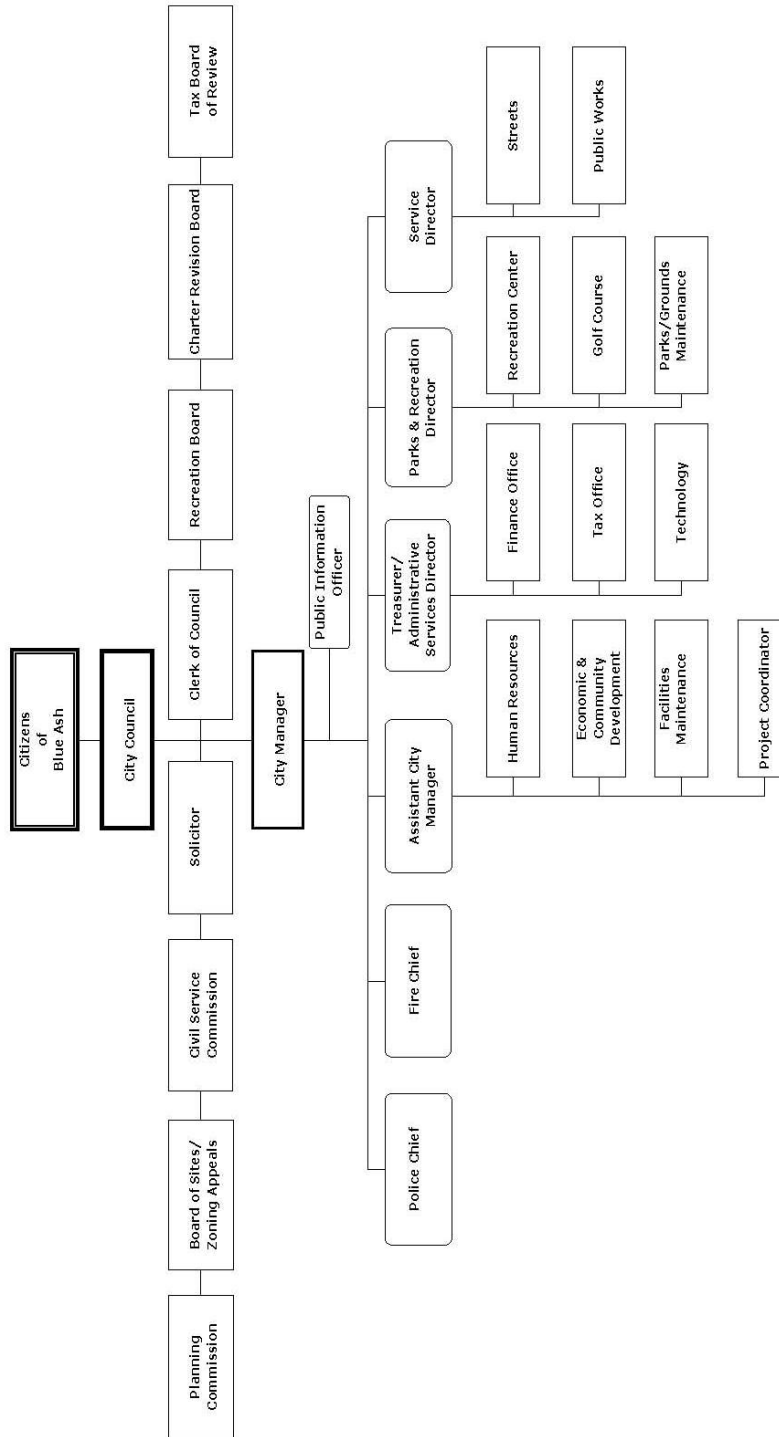
Sherry L. Poppe, CPA
Finance Officer/
Deputy Treasurer

CITY OF BLUE ASH, OHIO

**List of Principal Officials
For the Year Ended December 31, 2005**

| OFFICE HELD | NAME OF OFFICIAL |
|--|-------------------------|
| Administration: | |
| City Manager | Marvin D. Thompson |
| Assistant City Manager | David M. Waltz |
| Treasurer/Administrative Services Director | James S. Pfeffer |
| Parks and Recreation Director | Charles D. Funk |
| Service Director | Dennis E. Albrinck |
| Fire Chief | Richard R. Brown |
| Police Chief | Chris Wallace |
| City Council: | |
| Mayor, Ward 4 | Robert J. Buckman, Jr. |
| Vice Mayor, Ward 5 | Mark F. Weber |
| Ward 1 | James W. Sumner |
| Ward 2 | Stephanie Stoller |
| Ward 3 | Rick Bryan |
| At Large | Lee Czerwonka |
| At Large | Henry S. Stacey |
| Solicitor | Mark A. Vander Laan |
| Clerk of Council | Jamie K. Eifert |
| Deputy Clerk of Council | Susan K. Bennett |

**City Organizational Chart
For the Year Ended December 31, 2005**



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, 2004

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.



Carla E. Perry

President

Jeffrey R. Enos

Executive Director

FINANCIAL SECTION





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

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Blue Ash, Ohio:

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, Ohio (the City), as of and for the year ended December 31, 2005, 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, business-type activities, each major fund, and the aggregate remaining fund information of the City of Blue Ash, Ohio as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund and Parks and Recreation Fund, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2006, on our consideration of City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

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

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

Clark, Schaefer, Hachett & Co.

Cincinnati, Ohio
April 18, 2006

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, 2005. 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 2005 are as follows:

- ❑ In total, net assets increased \$4,768,821. Net assets of governmental activities increased \$4,849,372, which represents a 10.5% increase from 2004. Net assets of business-type activities decreased \$80,551 from 2004.
- ❑ General revenues accounted for \$28,661,243 in revenue or 88.2% of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$3,809,358 or 11.8% of all revenues.
- ❑ The City had \$26,383,072 in expenses related to governmental activities; only \$2,716,244 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$28,661,243 were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$27,998,148 in revenues and \$18,034,328 in expenditures. The balance of the General Fund increased \$2,010,732 to \$9,691,951.
- ❑ Net assets for the enterprise fund decreased slightly. This decrease resulted from the reduction in acquisitions of capital in 2005 relative to 2004 levels.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – *management's discussion and analysis*, the *basic financial statements*, and an optional section that presents *combining statements* for nonmajor governmental 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.

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 the reader needs to consider additional nonfinancial factors such as the City's tax base and the are or 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 programs 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 the City's programs and delivery of services. 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.

CITY OF BLUE ASH, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2005**

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.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a comparison of the City's net assets as of December 31, 2005 and 2004:

| | Governmental Activities | | Business-type Activities | | Total | |
|--|----------------------------|--------------|-----------------------------|-------------|--------------|--------------|
| | Restated | | 2005 | 2004 | 2005 | 2004 |
| | 2005 | 2004 | | | | |
| Current and other assets | \$22,401,380 | \$23,771,196 | \$67,369 | \$57,593 | \$22,468,749 | \$23,828,789 |
| Capital assets, Net | 56,516,061 | 55,711,309 | 2,640,807 | 2,712,921 | 59,156,868 | 58,424,230 |
| Total assets | 78,917,441 | 79,482,505 | 2,708,176 | 2,770,514 | 81,625,617 | 82,253,019 |
| Long-term debt outstanding | 18,884,793 | 17,477,287 | 46,860 | 45,673 | 18,931,653 | 17,522,960 |
| Other liabilities | 8,787,251 | 15,609,193 | 50,540 | 33,514 | 8,837,791 | 15,642,707 |
| Total liabilities | 27,672,044 | 33,086,480 | 97,400 | 79,187 | 27,769,444 | 33,165,667 |
| Net assets | | | | | | |
| Invested in capital assets, net of related debt | 34,426,061 | 28,207,806 | 2,640,807 | 2,712,921 | 37,066,868 | 30,920,727 |
| Restricted | 5,465,764 | 9,637,231 | 0 | 0 | 5,465,764 | 9,637,231 |
| Unrestricted | 11,353,572 | 8,550,988 | (30,031) | (21,594) | 11,323,541 | 8,529,394 |
| Total net assets | \$51,245,397 | \$46,396,025 | \$2,610,776 | \$2,691,327 | \$53,856,173 | \$49,087,352 |

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CITY OF BLUE ASH, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2005**

Unaudited

Changes in Net Assets – The following table shows the changes in net assets for fiscal year 2005 and 2004:

| | Governmental Activities | Governmental Activities Restated | Business-type Activities | Business-type Activities | Total | Total |
|--|----------------------------|--|-----------------------------|-----------------------------|-------------------|-------------------|
| | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for Services and Sales | \$1,717,982 | \$1,449,003 | \$1,093,114 | \$1,105,883 | \$2,811,096 | \$2,554,886 |
| Operating Grants and Contributions | 998,262 | 1,801,713 | 0 | 0 | 998,262 | 1,801,713 |
| Capital Grants and Contributions | 0 | 1,717,293 | 0 | 0 | 0 | 1,717,293 |
| General revenues: | | | | | | |
| Income Taxes | 22,628,464 | 20,845,693 | 0 | 0 | 22,628,464 | 20,845,693 |
| Property Taxes | 2,245,682 | 2,248,271 | 0 | 0 | 2,245,682 | 2,248,271 |
| Other Local Taxes | 782,470 | 699,467 | 0 | 0 | 782,470 | 699,467 |
| Grants and Entitlements not Restricted to Specific Programs | 1,778,951 | 1,690,766 | 0 | 0 | 1,778,951 | 1,690,766 |
| Investment Earnings | 357,462 | 128,697 | 0 | 0 | 357,462 | 128,697 |
| Miscellaneous | 868,214 | 549,369 | 0 | 0 | 868,214 | 549,369 |
| Total revenues | 31,377,487 | 31,130,272 | 1,093,114 | 1,105,883 | 32,470,601 | 32,236,155 |
| Program Expenses | | | | | | |
| Security of Persons and Property | 10,165,886 | 10,022,125 | 0 | 0 | 10,165,886 | 10,022,125 |
| Leisure Time Activities | 4,159,503 | 4,695,425 | 0 | 0 | 4,159,503 | 4,695,425 |
| Community Development | 880,545 | 627,530 | 0 | 0 | 880,545 | 627,530 |
| Basic Utility Services | 2,156,876 | 2,497,941 | 0 | 0 | 2,156,876 | 2,497,941 |
| Transportation | 1,855,044 | 2,248,461 | 0 | 0 | 1,855,044 | 2,248,461 |
| General Government | 6,306,580 | 6,132,078 | 0 | 0 | 6,306,580 | 6,132,078 |
| Debt Service: | | | | | | |
| Interest and Fiscal Charges | 858,638 | 785,134 | 0 | 0 | 858,638 | 785,134 |
| Golf Course | 0 | 0 | 1,318,708 | 1,314,862 | 1,318,708 | 1,314,862 |
| Total expenses | 26,383,072 | 27,008,694 | 1,318,708 | 1,314,862 | 27,701,780 | 28,323,556 |
| Excess (deficiency) before Transfers | 4,994,415 | 4,121,578 | (225,594) | (208,979) | 4,768,821 | 3,912,599 |
| Transfers | (145,043) | (228,943) | 145,043 | 228,943 | 0 | 0 |
| Total Change in Net Assets | 4,849,372 | 3,892,635 | (80,551) | 19,964 | 4,768,821 | 3,912,599 |
| Beginning Net Assets | 46,396,025 | 42,503,390 | 2,691,327 | 2,671,363 | 49,087,352 | 45,174,753 |
| Ending Net Assets | \$51,245,397 | \$46,396,025 | \$2,610,776 | \$2,691,327 | \$53,856,173 | \$49,087,352 |

Governmental Activities

Net assets of the City's governmental activities increased by \$4,849,372, relative to an increase in 2004 of \$3,892,635. The increase is due to a combination of factors. Overall revenue increased, primarily in income taxes, while expenses were lower in 2005, centered in the basic utility services (waste collection), leisure time activities and in the transportation (streets) categories of expenses.

The City 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 operating or living within the City.

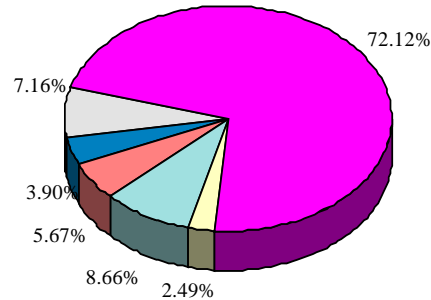
CITY OF BLUE ASH, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2005**

Unaudited

Property taxes and income taxes made up 7.16% and 72.12% respectively of revenues for governmental activities for the City in fiscal year 2005. The City's reliance upon tax revenues is demonstrated by the following graph indicating 79.28% of total revenues from general tax revenues:

| Revenue Sources | 2005 | Percent of Total |
|---|---------------------|------------------|
| Property Taxes | \$2,245,682 | 7.16% |
| Income Taxes | 22,628,464 | 72.12% |
| Other Local Taxes | 782,470 | 2.49% |
| Program Revenues | 2,716,244 | 8.66% |
| Grants and Entitlements not Restricted to Specific Programs | 1,778,951 | 5.67% |
| General Other | 1,225,676 | 3.90% |
| Total Revenue | \$31,377,487 | 100.00% |



Business-Type Activities

Net assets of the business-type activities decreased by \$80,551. This decrease was the result of a lower level of capital acquisition in the enterprise fund during 2005 compared to 2004.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$10,405,057, which is an increase from last year's balance of \$4,957,070. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2005 and 2004:

| | Fund Balance (Deficit) December 31, 2005 | Fund Balance (Deficit) December 31, 2004 | Increase (Decrease) |
|------------------------------------|---|---|------------------------|
| General | \$9,691,951 | \$7,681,219 | \$2,010,732 |
| Park and Recreation | 113,742 | 29,619 | 84,123 |
| General Obligation Bond Retirement | 26,082 | 5,131,585 | (5,105,503) |
| TIF Construction | (322,120) | 0 | (322,120) |
| Land Acquisition | (1,506,421) | (4,228,102) | 2,721,681 |
| Other Governmental | 2,401,823 | (3,657,251) | 6,059,074 |
| Total | \$10,405,057 | \$4,957,070 | \$5,447,987 |

CITY OF BLUE ASH, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2005**

Unaudited

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

| | 2005 <u>Revenues</u> | 2004 <u>Revenues</u> | Increase <u>(Decrease)</u> |
|----------------------------|----------------------------|----------------------------|-------------------------------|
| Property Taxes | \$2,138,994 | \$2,179,195 | (\$40,201) |
| Municipal Income Tax | 21,780,007 | 19,482,112 | 2,297,895 |
| Other Local Taxes | 782,470 | 699,467 | 83,003 |
| Intergovernmental Revenues | 1,788,434 | 1,637,730 | 150,704 |
| Charges for Services | 502,543 | 351,766 | 150,777 |
| Licenses and Permits | 436,556 | 281,098 | 155,458 |
| Investment Earnings | 271,298 | 81,921 | 189,377 |
| Fines and Forfeitures | 280,866 | 237,953 | 42,913 |
| All Other Revenue | 16,980 | 6,759 | 10,221 |
| Total | <u>\$27,998,148</u> | <u>\$24,958,001</u> | <u>\$3,040,147</u> |

General Fund revenues in 2005 increased 12.2% compared to revenues in fiscal year 2004. The most significant factor contributing to this increase was the 11.8% increase in municipal income tax collections. A significant increase in the net profit portion of the municipal income tax was a direct result of a recovering economy.

| | 2005 <u>Expenditures</u> | 2004 <u>Expenditures</u> | Increase <u>(Decrease)</u> |
|----------------------------------|-----------------------------|-----------------------------|-------------------------------|
| Security of Persons and Property | \$9,331,470 | \$9,174,592 | \$156,878 |
| Leisure Time Activities | 3,036 | 0 | 3,036 |
| Community Development | 882,499 | 657,461 | 225,038 |
| Basic Utility Services | 2,144,168 | 2,498,477 | (354,309) |
| General Government | 5,669,339 | 5,766,124 | (96,785) |
| Debt Service: | | | |
| Principal Retirement | 3,503 | 3,216 | 287 |
| Interest and Fiscal Charges | 313 | 600 | (287) |
| Total | <u>\$18,034,328</u> | <u>\$18,100,470</u> | <u>(\$66,142)</u> |

General Fund expenditures remained consistent with 2004 expenditures, decreasing by only \$66,142 compared to the prior year.

Park and Recreation Fund – The fund balance of the Park and Recreation Fund, a major governmental fund increased by \$84,123 during 2005. The increase was mainly due to transfers received from the General Fund during 2005.

General Obligation Bond Retirement Fund – The fund balance of the General Obligation Bond Retirement Fund, a major governmental fund, decreased by \$5,105,503. The decrease was related to the use of fund balance in 2005 to retire notes that were issued in 2004.

CITY OF BLUE ASH, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2005**

Unaudited

Land Acquisition Fund - The fund balance of the Land Acquisition Fund, a major governmental fund, recovered by over \$2.7 million during 2005 due to the receipt of transfers that were used to reduce note obligations.

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 2005 the City amended its General Fund budget several times, as approved by City Council.

For the General Fund, final budget basis revenue of \$26.0 million did significantly change over the original budget estimates of \$24.9 million. The budget was adjusted during 2005 for increased income tax receipts during the year. The General Fund maintained an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2005 the City had \$59,156,868 net of accumulated depreciation invested in land, buildings, infrastructure, equipment and vehicles. Of this total, \$56,516,061 was related to governmental activities and \$2,640,807 to the business-type activities. The following table shows fiscal year 2005 and 2004 balances:

| | Governmental Activities | | Increase (Decrease) |
|-----------------------------------|----------------------------|---------------------|------------------------|
| | 2005 | 2004 | |
| Land | \$20,403,406 | \$20,268,980 | \$134,426 |
| Construction In Progress | 4,135,893 | 2,284,387 | 1,851,506 |
| Buildings | 25,648,469 | 24,992,041 | 656,428 |
| Improvements Other than Buildings | 6,328,254 | 6,332,230 | (3,976) |
| Infrastructure | 15,167,443 | 15,167,443 | 0 |
| Machinery and Equipment | 11,482,380 | 11,703,988 | (221,608) |
| Less: Accumulated Depreciation | (26,649,784) | (25,037,760) | (1,612,024) |
| Totals | <u>\$56,516,061</u> | <u>\$55,711,309</u> | <u>\$804,752</u> |

| | Business-Type Activities | | Increase (Decrease) |
|-----------------------------------|-----------------------------|--------------------|------------------------|
| | 2005 | 2004 | |
| Land | \$1,124,764 | \$1,124,764 | \$0 |
| Construction In Progress | \$6,862 | \$2,293 | 4,569 |
| Buildings | 1,193,998 | 1,193,998 | 0 |
| Improvements Other than Buildings | 1,977,861 | 1,968,930 | 8,931 |
| Machinery and Equipment | 1,223,940 | 1,193,364 | 30,576 |
| Less: Accumulated Depreciation | (2,886,618) | (2,770,428) | (116,190) |
| Totals | <u>\$2,640,807</u> | <u>\$2,712,921</u> | <u>(\$72,114)</u> |

The most significant change in governmental capital assets occurred in construction in progress. The \$1.8 million increase is primarily attributed to 2005 construction activity on the Reed Hartman Highway Phase II widening project. There were no significant changes in business-type capital assets for 2005.

As of December 31, 2005, the City has contractual commitments of \$641,655 for the improvements of the Reed Hartman Highway. Additional information on the City's capital assets can be found in Note 10.

Debt

At December 31, 2005, the City had \$17,540,000 in bonds outstanding, \$2,830,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2005 and 2004:

| | <u>2005</u> | <u>2004</u> |
|--------------------------------|---------------------|---------------------|
| Governmental Activities: | | |
| General Obligation Bonds | \$17,540,000 | \$16,300,000 |
| Compensated Absences | 1,344,793 | 1,173,784 |
| Capital Leases Payable | 0 | 3,503 |
| Total Governmental Activities | <u>\$18,884,793</u> | <u>\$17,477,287</u> |
| Business-Type Activities: | | |
| Compensated Absences | 46,860 | 45,673 |
| Total Business-Type Activities | <u>46,860</u> | <u>45,673</u> |
| Totals | <u>\$18,931,653</u> | <u>\$17,522,960</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, 2005, 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's continuing economic development efforts during 2005 assisted in maintaining a strong business base. The Economic Development Group expanded contacts with local businesses through monthly meetings, and cooperatively worked with the Ohio Department of Development on securing new business expansion and relocation within the City of Blue Ash. Earnings tax collections, which serve as a reliable measure of business strength and presence, showed a 11.8% increase in 2005 over 2004 levels. Most of the improvement was centered in the net profit category, indicating strength within the local economy. The City Administration and the Economic Development Group focused their efforts during 2005 on nurturing business relationships with firms with an existing presence in the City of Blue Ash, as a supplement to encouraging new businesses to consider Blue Ash as a relocation option.

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, 2005**

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|---|------------------------------------|-------------------------------------|----------------------|
| Assets: | | | |
| Cash and Cash Equivalents | \$ 12,864,420 | \$ 50,339 | \$ 12,914,759 |
| Receivables: | | | |
| Taxes | 7,599,545 | 0 | 7,599,545 |
| Accounts | 109,395 | 0 | 109,395 |
| Intergovernmental | 1,430,317 | 398 | 1,430,715 |
| Interest | 37,318 | 0 | 37,318 |
| Inventory of Supplies at Cost | 151,262 | 14,531 | 165,793 |
| Prepaid Items | 209,123 | 2,101 | 211,224 |
| Capital Assets: | | | |
| Capital Assets Not Being Depreciated | 24,539,299 | 1,131,626 | 25,670,925 |
| Capital Assets Being Depreciated, Net | <u>31,976,762</u> | <u>1,509,181</u> | <u>33,485,943</u> |
| Total Assets | <u>78,917,441</u> | <u>2,708,176</u> | <u>81,625,617</u> |
| Liabilities: | | | |
| Accounts Payable | 687,104 | 12,079 | 699,183 |
| Accrued Wages and Benefits | 1,116,230 | 38,331 | 1,154,561 |
| Intergovernmental Payable | 46,331 | 130 | 46,461 |
| Deferred Revenue | 2,274,360 | 0 | 2,274,360 |
| Accrued Interest Payable | 113,226 | 0 | 113,226 |
| General Obligation Notes Payable | 4,550,000 | 0 | 4,550,000 |
| Long-Term Liabilities: | | | |
| Due Within One Year | 2,857,952 | 0 | 2,857,952 |
| Due in More Than One Year | <u>16,026,841</u> | <u>46,860</u> | <u>16,073,701</u> |
| Total Liabilities | <u>27,672,044</u> | <u>97,400</u> | <u>27,769,444</u> |
| Net Assets: | | | |
| Invested in Capital Assets, Net of Related Debt | 34,426,061 | 2,640,807 | 37,066,868 |
| Restricted For: | | | |
| Capital Projects | 3,884,802 | 0 | 3,884,802 |
| Debt Service | 56,442 | 0 | 56,442 |
| Streets and Highways | 812,858 | 0 | 812,858 |
| Security of Persons & Property | 708,426 | 0 | 708,426 |
| Culture and Recreation | 3,236 | 0 | 3,236 |
| Unrestricted (Deficit) | <u>11,353,572</u> | <u>(30,031)</u> | <u>11,323,541</u> |
| Total Net Assets | <u>\$ 51,245,397</u> | <u>\$ 2,610,776</u> | <u>\$ 53,856,173</u> |

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

**Statement of Activities
For the Year Ended December 31, 2005**

| | Expenses | Program Revenues | |
|---------------------------------------|----------------------|--------------------------------|------------------------------------|
| | | Charges for Services and Sales | Operating Grants and Contributions |
| Governmental Activities: | | | |
| Current: | | | |
| Security of Persons and Property | \$ 10,165,886 | \$ 415,652 | \$ 177,391 |
| Leisure Time Activities | 4,159,503 | 667,712 | 0 |
| Community Development | 880,545 | 346,095 | 0 |
| Basic Utility Services | 2,156,876 | 0 | 0 |
| Transportation | 1,855,044 | 725 | 820,871 |
| General Government | 6,306,580 | 287,798 | 0 |
| Debt Service: | | | |
| Interest and Fiscal Charges | 858,638 | 0 | 0 |
| Total Governmental Activities | 26,383,072 | 1,717,982 | 998,262 |
| Business-Type Activities: | | | |
| Golf Course | 1,318,708 | 1,093,114 | 0 |
| Total Business-Type Activities | 1,318,708 | 1,093,114 | 0 |
| Totals | \$ 27,701,780 | \$ 2,811,096 | \$ 998,262 |

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
 Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year, Restated

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 |
|----------------------------|-----------------------------|----------------------|
| \$ (9,572,843) | \$ 0 | \$ (9,572,843) |
| (3,491,791) | 0 | (3,491,791) |
| (534,450) | 0 | (534,450) |
| (2,156,876) | 0 | (2,156,876) |
| (1,033,448) | 0 | (1,033,448) |
| (6,018,782) | 0 | (6,018,782) |
| <u>(858,638)</u> | <u>0</u> | <u>(858,638)</u> |
| <u>(23,666,828)</u> | <u>0</u> | <u>(23,666,828)</u> |
| <u>0</u> | <u>(225,594)</u> | <u>(225,594)</u> |
| <u>0</u> | <u>(225,594)</u> | <u>(225,594)</u> |
| <u>(23,666,828)</u> | <u>(225,594)</u> | <u>(23,892,422)</u> |
| 2,138,994 | 0 | 2,138,994 |
| 106,688 | 0 | 106,688 |
| 22,628,464 | 0 | 22,628,464 |
| 782,470 | 0 | 782,470 |
| 1,778,951 | 0 | 1,778,951 |
| 357,462 | 0 | 357,462 |
| 868,214 | 0 | 868,214 |
| <u>(145,043)</u> | <u>145,043</u> | <u>0</u> |
| <u>28,516,200</u> | <u>145,043</u> | <u>28,661,243</u> |
| 4,849,372 | (80,551) | 4,768,821 |
| <u>46,396,025</u> | <u>2,691,327</u> | <u>49,087,352</u> |
| <u>\$ 51,245,397</u> | <u>\$ 2,610,776</u> | <u>\$ 53,856,173</u> |

CITY OF BLUE ASH, OHIO

**Balance Sheet
Governmental Funds
December 31, 2005**

| | General | Park and Recreation | General Obligation Bond Retirement |
|--|----------------------|------------------------|--|
| Assets: | | | |
| Cash and Cash Equivalents | \$ 7,569,642 | \$ 147,873 | \$ 25,933 |
| Receivables: | | | |
| Taxes | 7,509,193 | 0 | 90,352 |
| Accounts | 109,395 | 0 | 0 |
| Intergovernmental | 766,903 | 87 | 4,388 |
| Interest | 29,874 | 0 | 0 |
| Interfund Loans Receivables | 20,086 | 0 | 0 |
| Inventory of Supplies, at Cost | 28,365 | 12,229 | 0 |
| Prepaid Items | 97,254 | 111,794 | 0 |
| Total Assets | \$ 16,130,712 | \$ 271,983 | \$ 120,673 |
| Liabilities: | | | |
| Accounts Payable | \$ 419,491 | \$ 75,945 | \$ 339 |
| Accrued Wages and Benefits Payable | 980,713 | 81,760 | 0 |
| Intergovernmental Payable | 45,603 | 536 | 0 |
| Interfund Loans Payable | 0 | 0 | 0 |
| Deferred Revenue | 4,965,002 | 0 | 94,252 |
| Compensated Absences Payable | 27,952 | 0 | 0 |
| Accrued Interest Payable | 0 | 0 | 0 |
| General Obligation Notes Payable | 0 | 0 | 0 |
| Total Liabilities | 6,438,761 | 158,241 | 94,591 |
| Fund Balances: | | | |
| Reserved for Encumbrances | 384,719 | 71,087 | 594 |
| Reserved for Prepaid Items | 97,254 | 111,794 | 0 |
| Reserved for Supplies Inventory | 28,365 | 12,229 | 0 |
| Reserved for Debt Service | 0 | 0 | 25,488 |
| General Fund | 9,181,613 | 0 | 0 |
| Special Revenue Funds | | (81,368) | 0 |
| Capital Projects Funds | | 0 | 0 |
| Total Fund Balances | 9,691,951 | 113,742 | 26,082 |
| Total Liabilities and Fund Balances | \$ 16,130,712 | \$ 271,983 | \$ 120,673 |

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

| <u>TIF Construction</u> | <u>Land Acquisition</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|-------------------------|-------------------------|---|---|
| \$ 2,877,263 | \$ 0 | \$ 2,243,709 | \$ 12,864,420 |
| 0 | 0 | 0 | 7,599,545 |
| 0 | 0 | 0 | 109,395 |
| 0 | 0 | 658,939 | 1,430,317 |
| 2,493 | 0 | 4,951 | 37,318 |
| 0 | 0 | 0 | 20,086 |
| 0 | 0 | 110,668 | 151,262 |
| 0 | 0 | 75 | 209,123 |
| <u>\$ 2,879,756</u> | <u>\$ 0</u> | <u>\$ 3,018,342</u> | <u>\$ 22,421,466</u> |
| | | | |
| \$ 146,793 | \$ 0 | \$ 44,536 | \$ 687,104 |
| 0 | 0 | 53,757 | 1,116,230 |
| 0 | 0 | 192 | 46,331 |
| 0 | 0 | 20,086 | 20,086 |
| 0 | 0 | 497,948 | 5,557,202 |
| 0 | 0 | 0 | 27,952 |
| 5,083 | 6,421 | 0 | 11,504 |
| <u>3,050,000</u> | <u>1,500,000</u> | <u>0</u> | <u>4,550,000</u> |
| <u>3,201,876</u> | <u>1,506,421</u> | <u>616,519</u> | <u>12,016,409</u> |
| | | | |
| 2,730,470 | 0 | 895,068 | 4,081,938 |
| 0 | 0 | 75 | 209,123 |
| 0 | 0 | 110,668 | 151,262 |
| 0 | 0 | 120,361 | 145,849 |
| 0 | 0 | 0 | 9,181,613 |
| 0 | 0 | 999,561 | 918,193 |
| <u>(3,052,590)</u> | <u>(1,506,421)</u> | <u>276,090</u> | <u>(4,282,921)</u> |
| <u>(322,120)</u> | <u>(1,506,421)</u> | <u>2,401,823</u> | <u>10,405,057</u> |
| <u>\$ 2,879,756</u> | <u>\$ 0</u> | <u>\$ 3,018,342</u> | <u>\$ 22,421,466</u> |

***Reconciliation Of Total Governmental Fund Balances
To Net Assets Of Governmental Activities
December 31, 2005***

| | | |
|--|--------------|-----------------------------|
| Total Governmental Fund Balances | | \$ 10,405,057 |
| <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. | | 56,516,061 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. | | 3,282,842 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. | | |
| General Obligation Bonds Payable | (17,540,000) | |
| Compensated Absences Payable | (1,316,841) | |
| Accrued Interest Payable | (101,722) | |
| | | <u>(18,958,563)</u> |
| <i>Net Assets of Governmental Activities</i> | | <u><u>\$ 51,245,397</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, 2005**

| | General | Park and Recreation | General Obligation Bond Retirement |
|--|---------------------|------------------------|--|
| Revenues: | | | |
| Property Taxes | \$ 2,138,994 | \$ 0 | \$ 86,716 |
| Municipal Income Tax | 21,780,007 | 0 | 0 |
| Other Local Taxes | 782,470 | 0 | 0 |
| Intergovernmental Revenues | 1,788,434 | 0 | 9,325 |
| Charges for Services | 502,543 | 667,712 | 0 |
| Licenses and Permits | 436,556 | 0 | 0 |
| Investment Earnings | 271,298 | 0 | 13,620 |
| Fines and Forfeitures | 280,866 | 0 | 0 |
| All Other Revenue | 16,980 | 301,415 | 0 |
| Total Revenue | 27,998,148 | 969,127 | 109,661 |
| Expenditures: | | | |
| Current: | | | |
| Security of Persons and Property | 9,331,470 | 0 | 0 |
| Leisure Time Activities | 3,036 | 3,882,206 | 0 |
| Community Development | 882,499 | 0 | 0 |
| Basic Utility Services | 2,144,168 | 0 | 0 |
| Transportation | 0 | 0 | 0 |
| General Government | 5,669,339 | 0 | 0 |
| Capital Outlay | 0 | 0 | 0 |
| Debt Service: | | | |
| Principal Retirement | 3,503 | 0 | 2,460,000 |
| Interest & Fiscal Charges | 313 | 0 | 669,639 |
| Total Expenditures | 18,034,328 | 3,882,206 | 3,129,639 |
| Excess (Deficiency) of Revenues Over Expenditures | 9,963,820 | (2,913,079) | (3,019,978) |
| Other Financing Sources (Uses): | | | |
| Sale of Capital Assets | 2,520 | 0 | 0 |
| Sale of Bonds | 0 | 0 | 3,700,000 |
| Transfers In | 2,165 | 2,999,844 | 4,115,027 |
| Transfers Out | (7,961,871) | 0 | (9,900,552) |
| Total Other Financing Sources (Uses) | (7,957,186) | 2,999,844 | (2,085,525) |
| Net Change in Fund Balances | 2,006,634 | 86,765 | (5,105,503) |
| Fund Balances (Deficits) at Beginning of Year | 7,681,219 | 29,619 | 5,131,585 |
| Increase (Decrease) in Inventory Reserve | 4,098 | (2,642) | 0 |
| Fund Balances (Deficits) End of Year | \$ 9,691,951 | \$ 113,742 | \$ 26,082 |

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

| <u>TIF Construction</u> | <u>Land Acquisition</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|-------------------------|-------------------------|---|---|
| \$ 0 | \$ 0 | \$ 0 | \$ 2,225,710 |
| 0 | 0 | 0 | 21,780,007 |
| 0 | 0 | 0 | 782,470 |
| 0 | 0 | 1,863,648 | 3,661,407 |
| 0 | 0 | 175 | 1,170,430 |
| 0 | 0 | 550 | 437,106 |
| 12,741 | 0 | 59,803 | 357,462 |
| 0 | 0 | 378,462 | 659,328 |
| 0 | 0 | 937 | 319,332 |
| <u>12,741</u> | <u>0</u> | <u>2,303,575</u> | <u>31,393,252</u> |
| 0 | 0 | 780,071 | 10,111,541 |
| 0 | 0 | 0 | 3,885,242 |
| 0 | 0 | 0 | 882,499 |
| 0 | 0 | 0 | 2,144,168 |
| 0 | 0 | 1,755,940 | 1,755,940 |
| 0 | 0 | 0 | 5,669,339 |
| 169,530 | 0 | 1,568,114 | 1,737,644 |
| 0 | 0 | 0 | 2,463,503 |
| <u>5,083</u> | <u>51,653</u> | <u>123,902</u> | <u>850,590</u> |
| <u>174,613</u> | <u>51,653</u> | <u>4,228,027</u> | <u>29,500,466</u> |
| (161,872) | (51,653) | (1,924,452) | 1,892,786 |
| 0 | 0 | 0 | 2,520 |
| 0 | 0 | 0 | 3,700,000 |
| 0 | 2,773,334 | 8,343,552 | 18,233,922 |
| <u>(160,248)</u> | <u>0</u> | <u>(356,294)</u> | <u>(18,378,965)</u> |
| <u>(160,248)</u> | <u>2,773,334</u> | <u>7,987,258</u> | <u>3,557,477</u> |
| (322,120) | 2,721,681 | 6,062,806 | 5,450,263 |
| 0 | (4,228,102) | (3,657,251) | 4,957,070 |
| 0 | 0 | (3,732) | (2,276) |
| <u>\$ (322,120)</u> | <u>\$ (1,506,421)</u> | <u>\$ 2,401,823</u> | <u>\$ 10,405,057</u> |

CITY OF BLUE ASH, OHIO

***Reconciliation Of The Statement Of Revenues, Expenditures
And Changes In Fund Balances Of Governmental Funds
To The Statement Of Activities
For the Year Ended December 31, 2005***

Net Change in Fund Balances - Total Governmental Funds \$ 5,450,263

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 outlay exceeded depreciation in the current period.

| | | |
|----------------------|--------------------|---------|
| Capital Outlay | 3,383,565 | |
| Depreciation Expense | <u>(2,490,215)</u> | 893,350 |

| | |
|--|----------|
| The statement of activities reports losses arising from the disposal of capital assets. Conversely, the governmental funds do not report any loss on the disposal of capital assets. | (88,598) |
|--|----------|

| | |
|--|----------|
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | (15,765) |
|--|----------|

| | |
|---|-------------|
| The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net assets. | (3,700,000) |
|---|-------------|

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

| | | |
|---|--------------|-----------|
| General Obligation Bond Principal Payment | 2,460,000 | |
| Capital Leases Payable | <u>3,503</u> | 2,463,503 |

| | |
|--|---------|
| In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. | (8,048) |
|--|---------|

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

| | | |
|----------------------|----------------|------------------|
| Compensated Absences | (143,057) | |
| Change in Inventory | <u>(2,276)</u> | <u>(145,333)</u> |

| | |
|---|-----------------------------------|
| <i>Change in Net Assets of Governmental Activities</i> | <u><u>\$ 4,849,372</u></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)
General Fund
For the Year Ended December 31, 2005**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|-----------------|--------------|--------------|---|
| Revenues: | | | | |
| Property Taxes | \$ 2,160,000 | \$ 2,160,000 | \$ 2,138,994 | \$ (21,006) |
| Municipal Income Tax | 19,609,041 | 20,377,041 | 21,761,720 | 1,384,679 |
| Other Local Taxes | 680,000 | 680,000 | 769,771 | 89,771 |
| Intergovernmental Revenue | 1,484,281 | 1,659,281 | 1,769,682 | 110,401 |
| Charges for Services | 429,650 | 429,650 | 461,999 | 32,349 |
| Licenses and Permits | 244,050 | 369,050 | 438,522 | 69,472 |
| Investment Earnings | 60,000 | 124,000 | 253,225 | 129,225 |
| Fines and Forfeitures | 244,200 | 244,200 | 280,866 | 36,666 |
| All Other Revenues | 1,200 | 13,200 | 17,262 | 4,062 |
| Total Revenues | 24,912,422 | 26,056,422 | 27,892,041 | 1,835,619 |
| Expenditures: | | | | |
| Current: | | | | |
| Security of Persons and Property | 9,469,450 | 9,869,797 | 9,500,475 | 369,322 |
| Community Development | 904,950 | 1,184,252 | 938,819 | 245,433 |
| Basic Utility Services | 2,506,200 | 2,634,971 | 2,251,769 | 383,202 |
| General Government | 8,194,660 | 8,710,059 | 5,898,858 | 2,811,201 |
| Total Expenditures | 21,075,260 | 22,399,079 | 18,589,921 | 3,809,158 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 3,837,162 | 3,657,343 | 9,302,120 | 5,644,777 |
| Other Financing Sources (Uses): | | | | |
| Sale of Capital Assets | 550,000 | 550,000 | 2,520 | (547,480) |
| Transfers In | 0 | 2,165 | 12,165 | 10,000 |
| Transfers Out | (8,833,874) | (9,148,199) | (7,971,871) | 1,176,328 |
| Advances In | 175,000 | 175,000 | 137,533 | (37,467) |
| Advances Out | (175,000) | (175,000) | (120,086) | 54,914 |
| Total Other Financing Sources (Uses): | (8,283,874) | (8,596,034) | (7,939,739) | 656,295 |
| Net Change in Fund Balance | (4,446,712) | (4,938,691) | 1,362,381 | 6,301,072 |
| Fund Balance at Beginning of Year | 4,900,221 | 4,900,221 | 4,900,221 | 0 |
| Prior Year Encumbrances | 494,141 | 494,141 | 494,141 | 0 |
| Fund Balance at End of Year | \$ 947,650 | \$ 455,671 | \$ 6,756,743 | \$ 6,301,072 |

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, 2005**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|-----------------|--------------|-------------|---|
| Revenues: | | | | |
| Charges for Services | \$ 653,600 | \$ 653,600 | \$ 667,712 | \$ 14,112 |
| All Other Revenues | 257,900 | 257,900 | 301,290 | 43,390 |
| Total Revenues | 911,500 | 911,500 | 969,002 | 57,502 |
| Expenditures: | | | | |
| Current: | | | | |
| Leisure Time Activities | 4,273,887 | 4,622,756 | 4,038,191 | 584,565 |
| Total Expenditures | 4,273,887 | 4,622,756 | 4,038,191 | 584,565 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (3,362,387) | (3,711,256) | (3,069,189) | 642,067 |
| Other Financing Sources (Uses): | | | | |
| Transfers In | 3,362,387 | 3,644,010 | 2,999,844 | (644,166) |
| Total Other Financing Sources (Uses): | 3,362,387 | 3,644,010 | 2,999,844 | (644,166) |
| Net Change in Fund Balance | 0 | (67,246) | (69,345) | (2,099) |
| Fund Balance at Beginning of Year | 0 | 0 | 0 | 0 |
| Prior Year Encumbrances | 69,345 | 69,345 | 69,345 | 0 |
| Fund Balance at End of Year | \$ 69,345 | \$ 2,099 | \$ 0 | \$ (2,099) |

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

**Statement of Net Assets
Proprietary Fund
December 31, 2005**

| | Business-Type Activities Enterprise Funds |
|---|---|
| | <u>Golf Course</u> |
| Assets: | |
| <i>Current Assets:</i> | |
| Cash and Cash Equivalents | \$ 50,339 |
| Receivables: | |
| Intergovernmental | 398 |
| Inventory of Supplies at Cost | 14,531 |
| Prepaid Items | <u>2,101</u> |
| <i>Total Current Assets</i> | 67,369 |
| <i>Non Current Assets:</i> | |
| Capital Assets: | |
| Capital Assets Not Being Depreciated | 1,131,626 |
| Capital Assets Being Depreciated, Net | <u>1,509,181</u> |
| <i>Total NonCurrent Assets</i> | <u>2,640,807</u> |
| Total Assets | <u>2,708,176</u> |
| Liabilities: | |
| <i>Current Liabilities:</i> | |
| Accounts Payable | 12,079 |
| Accrued Wages and Benefits | 38,331 |
| Intergovernmental Payable | <u>130</u> |
| <i>Total Current Liabilities</i> | 50,540 |
| <i>Long Term Liabilities:</i> | |
| Compensated Absences Payable | <u>46,860</u> |
| Total Liabilities | <u>97,400</u> |
| Net Assets: | |
| Invested in Capital Assets, Net of Related Debt | 2,640,807 |
| Unrestricted | <u>(30,031)</u> |
| Total Net Assets | <u>\$ 2,610,776</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, 2005**

| | Business-Type Activities Enterprise Funds |
|---|---|
| | Golf Course |
| Operating Revenues: | |
| Charges for Services | \$ 1,067,209 |
| Other Operating Revenue | 1,192 |
| Total Operating Revenues | 1,068,401 |
| Operating Expenses: | |
| Personal Services | 805,227 |
| Contractual Services | 147,547 |
| Materials and Supplies | 190,500 |
| Depreciation | 152,896 |
| Total Operating Expenses | 1,296,170 |
| Operating Income (Loss) | (227,769) |
| Nonoperating Revenue (Expenses): | |
| Other Nonoperating Revenue | 24,713 |
| Other Nonoperating Expense | (22,538) |
| Total Nonoperating Revenues (Expenses) | 2,175 |
| Income (Loss) Before Transfers | (225,594) |
| Transfers In | 145,043 |
| Change in Net Assets | (80,551) |
| Net Assets Beginning of Year | 2,691,327 |
| Net Assets End of Year | \$ 2,610,776 |

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

**Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2005**

| | Business-Type Activities Enterprise Funds <u>Golf Course</u> |
|--|---|
| <u>Cash Flows from Operating Activities:</u> | |
| Cash Received from Customers | \$1,068,401 |
| Cash Payments for Goods and Services | (351,088) |
| Cash Payments to Employees | (794,030) |
| Other Operating Cash Receipts | 24,588 |
| Net Cash Used by Operating Activities | <u>(52,129)</u> |
| <u>Cash Flows from Noncapital Financing Activities:</u> | |
| Transfers In from Other Funds | 145,043 |
| Advances In from Other Funds | 100,000 |
| Advances Out to Other Funds | (100,000) |
| Net Cash Provided by Noncapital Financing Activities | <u>145,043</u> |
| <u>Cash Flows from Capital and Related Financing Activities:</u> | |
| Acquisition and Construction of Assets | (80,782) |
| Net Cash Used for Capital and Related Financing Activities | <u>(80,782)</u> |
| Net Increase in Cash and Cash Equivalents | 12,132 |
| Cash and Cash Equivalents at Beginning of Year | 38,207 |
| Cash and Cash Equivalents at End of Year | <u>\$50,339</u> |
| <u>Reconciliation of Operating Loss to Net Cash</u> | |
| <u>Used by Operating Activities:</u> | |
| Operating Loss | (\$227,769) |
| Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities: | |
| Depreciation Expense | 152,896 |
| Miscellaneous Nonoperating Income | 24,713 |
| Miscellaneous Nonoperating Expense | (22,538) |
| Changes in Assets and Liabilities: | |
| Increase in Intergovernmental Receivables | (125) |
| Decrease in Inventory | 4,122 |
| Increase in Prepaid Items | (1,641) |
| Increase in Accounts Payable | 7,394 |
| Increase in Accrued Wages and Benefits | 9,989 |
| Decrease in Intergovernmental Payable | (357) |
| Increase in Compensated Absences | 1,187 |
| Total Adjustments | <u>175,640</u> |
| Net Cash Used by Operating Activities | <u>(\$52,129)</u> |

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

***Statement of Assets and Liabilities
Fiduciary Funds
December 31, 2005***

| | <u>Agency</u> |
|---|---------------|
| Assets: | |
| Cash and Cash Equivalents | \$ 5,571 |
| Restricted Assets: | |
| Cash and Cash Equivalents with Fiscal Agent | <u>638</u> |
| Total Assets | <u>6,209</u> |
| Liabilities: | |
| Intergovernmental Payable | 1,293 |
| Due to Others | <u>4,916</u> |
| Total Liabilities | <u>6,209</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, 2005***

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, 2005 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, 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 City uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain City functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

For financial statement presentation purposes, the various funds of the City are grouped into the following generic fund types:

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 funds:

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.

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.

Land Acquisition Fund - This fund is used to account for financial resources used for the acquisition and improvement of recreational facilities.

TIF Construction Fund - This fund is used to account for financial resources accumulated for the Carver Road construction project.

Proprietary Fund

The proprietary fund is 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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.

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

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Fiduciary funds are used to account for assets the City holds in a trustee capacity or as an agent for individuals, private organizations, other governments, and other funds. The City's only fiduciary funds are agency funds. Agency funds are purely custodial (assets equal liabilities) and thus 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. Transfers between governmental funds are eliminated on the government-wide Statement of Activities. These eliminations minimize the duplicating effect on assets, liabilities, revenues, and expenditures 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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.

Fund Financial Statements – Fund financial statements report detailed information about the City. The focus of governmental and proprietary 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; agency funds however do not have a measurement focus.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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.

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.

Property taxes measurable as of December 31, 2005 but which are not intended to finance 2005 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue. Property taxes are further described in Note 6.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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, 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. The City has elected not to apply FASB statements and interpretations issued after November 30, 1989 to its business-type activities and enterprise funds.

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.

All funds, other than agency funds, are legally required to be budgeted and appropriated; however, only the general fund and major special revenue funds are required to be reported. The Land Acquisition (capital project) is being reported as part of the statements prepared using generally accepted accounting principles but was not budgeted by the City because it is outside of the appropriated budget and does not maintain separate budgetary financial records. 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 2005, 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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 2005.

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 increased year end appropriations by approximately 14.6% over the appropriation ordinance approved in January 2005. 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.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2005**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the "Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual" for the General Fund and Major Special Revenue Funds:

| | Net Change in Fund Balance | |
|--|----------------------------|--------------------------------|
| | General Fund | Park and Recreation Fund |
| GAAP Basis (as reported) | \$2,006,634 | \$86,765 |
| Increase (Decrease): | | |
| Accrued Revenues at December 31, 2005 received during 2006 | (3,470,449) | (212) |
| Accrued Revenues at December 31, 2004 received during 2005 | 3,381,805 | 82 |
| Accrued Expenditures at December 31, 2005 paid during 2006 | 1,473,759 | 158,241 |
| Accrued Expenditures at December 31, 2004 paid during 2005 | (1,186,195) | (85,668) |
| 2004 Prepays for 2005 | 65,525 | 29,624 |
| 2005 Prepays for 2006 | (97,254) | (111,794) |
| Outstanding Encumbrances | (811,444) | (146,383) |
| Budget Basis | <u>\$1,362,381</u> | <u>(\$69,345)</u> |

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

During fiscal year 2005, cash and cash equivalents included amounts in demand deposits and the State Treasury Asset Reserve (STAR Ohio). STAR Ohio is a very liquid investment and is reported as a cash equivalent in the basic 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 STAR Ohio to be cash equivalents. See Note 5, "Cash, Cash Equivalents and Investments."

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 2005. 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, 2005.

H. Inventory

Inventory is stated at cost (first-in, first-out) in the governmental funds and proprietary fund. The costs of inventory items are recorded as expenditures in governmental funds 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, 2005, 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 five 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.

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, curbs and gutters, streets and sidewalks, and drainage 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 and construction in progress. Depreciation on newly acquired/constructed streets begins in the year of acquisition. Depreciation has been provided using the straight-line method over the following estimated useful lives:

| <u>Description</u> | <u>Estimated Lives (in years)</u> |
|--|-----------------------------------|
| Buildings | 15 - 25 |
| Improvements other than Buildings | 25 |
| Machinery, Equipment, Furniture and Fixtures | 5 - 10 |
| Infrastructure | 15 - 100 |

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

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 | General Obligation Bond Retirement Fund |
| Capital Leases | General Fund |
| Compensated Absences | General Fund Street Construction, Maintenance and Repair Fund and Park and Recreation Fund Golf Course Fund |

L. Compensated Absences

The City reports compensated absences in accordance with the provisions of GASB No. 16. "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those that the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at fiscal year end taking into consideration any limits specified in the City's personnel manual and ordinances.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental funds, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "compensated absence payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. 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. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

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:

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

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. Intergovernmental Revenues

In governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis, and shared revenues are recorded as intergovernmental receivables and revenues when measurable and available. Reimbursable grants are recorded as intergovernmental receivables and revenues when the related expenditures are made.

Q. Interfund Assets/Liabilities

Receivables and payables arising between funds for goods provided or services rendered are classified as "Due From/To Other Funds" on the balance sheet. Short-term interfund loans are classified as "Interfund Receivables/Payables," while long-term interfund loans are classified as "Interfund Loan Receivable/Payable."

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. 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.

S. 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.

T. 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 2005.

NOTE 2 – RESTATEMENT OF GOVERNMENTAL NET ASSETS

The net assets of the Governmental Activities were restated to correct errors in the recognition of income tax receivables on an entity-wide level. The correction resulted in a change to the net assets of the Governmental Activities of \$1,201,051, from \$45,194,974 to \$46,396,025.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 3 – RECONCILIATION 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 activities 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 | \$2,420,416 |
| Intergovernmental Revenue Receivable | 862,426 |
| | <u>\$3,282,842</u> |

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

| | |
|-----------------------------------|----------------|
| Loss on Disposal of Capital Asset | (\$86,078) |
| Sale of Capital Assets | <u>(2,520)</u> |
| | (\$88,598) |

Governmental revenues not reported in the funds:

| | |
|--|------------------|
| Increase in Delinquent Tax Revenue | \$868,429 |
| Decrease in Intergovernmental Revenue Receivable | <u>(884,194)</u> |
| | (\$15,765) |

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 4 - COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equities - The deficit of \$1,506,421 in the Land Acquisition Fund, and \$322,120 in the TIF 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. Transfers are provided when cash is required, not when accruals occur.

NOTE 5 - CASH AND CASH EQUIVALENTS

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments.

Statutes require 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 “near cash” 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;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 5 - CASH AND CASH EQUIVALENTS (Continued)

- 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).

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned. Protection of City cash and deposits is provided by the Federal Deposit Insurance Corporation as well as qualified securities pledged by the institution holding the assets. 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. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At year end the carrying amount of the City's deposits was \$7,781,890 and the bank balance was \$8,376,808. Federal depository insurance covered \$100,000 of the bank balance and \$8,276,808 was uninsured. Of the remaining uninsured bank balance, the City was exposed to custodial risk as follows:

| | |
|--------------------------------|---------------------------|
| | <u>Balance</u> |
| Uninsured and uncollateralized | \$8,276,808 |
| Total Balance | <u><u>\$8,276,808</u></u> |

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2005**

NOTE 5 - CASH AND CASH EQUIVALENTS (Continued)

B. Investments

The City's investments at December 31, 2005 were as follows:

| | <u>Fair Value</u> | <u>Credit Rating</u> | <u>Investment Maturities (in Years)</u> | | |
|-------------------|--------------------|----------------------|---|------------|------------|
| | | | <u>less than 1</u> | <u>1-3</u> | <u>3-5</u> |
| STAR Ohio | <u>\$5,139,078</u> | AAAm ¹ | <u>\$5,139,078</u> | <u>\$0</u> | <u>\$0</u> |
| Total Investments | <u>\$5,139,078</u> | | <u>\$5,139,078</u> | <u>\$0</u> | <u>\$0</u> |

¹ Standard & Poor's

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date.

Concentration of Credit Risk – The City places no limit on the amount the City may invest in one issuer. All of the City's total investments were placed in STAR Ohio.

C. Reconciliation of Cash, Cash Equivalents and Investments

The classification of cash, cash equivalents and investments on the financial statements is based on criteria set forth in GASB Statement No. 9. Certificates of deposit with an original maturity of three months or less are treated as cash equivalents. The classification of cash and cash equivalents (deposits) for purposes of this note are based on criteria set forth in GASB Statement No. 3.

| | <u>Cash and Cash Equivalents</u> | <u>Investments</u> |
|--------------------------|--------------------------------------|--------------------|
| Per Financial Statements | \$12,920,968 | \$0 |
| STAR Ohio | <u>(5,139,078)</u> | <u>5,139,078</u> |
| Per GASB Statement No. 3 | <u>\$7,781,890</u> | <u>\$5,139,078</u> |

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

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 2005 were levied after October 1, 2004 on assessed values as of January 1, 2004, 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 Cities 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, 2005 was \$3.08 per \$1,000 of assessed value. The assessed value upon which the 2005 levy was based was \$803,638,420. This amount constitutes \$677,515,100 in real property assessed value, \$18,223,550 in public utility assessed value and \$107,899,770 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, 2005**

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, 2005 consisted of taxes, interest, accounts receivable, 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, 2005 are as follows:

| <u>Fund</u> | <u>Interfund Loan Receivable</u> | <u>Interfund Loan Payable</u> |
|-----------------------------|--------------------------------------|-----------------------------------|
| General Fund | \$20,086 | \$0 |
| Nonmajor Governmental Fund: | | |
| Task Force Grant Fund | <u>0</u> | <u>20,086</u> |
| Totals | <u>\$20,086</u> | <u>\$20,086</u> |

The interfund loan receivable and payable account for a short-term loan to cover a temporary cash deficit relating to pending reimbursement from the State of Ohio.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2005**

NOTE 9 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2005:

| <u>Fund</u> | <u>Transfer In</u> | <u>Transfer Out</u> |
|--|---------------------|---------------------|
| General Fund | \$2,165 | \$7,961,871 |
| Park and Recreation Fund | 2,999,844 | 0 |
| General Obligation Bond Retirement Fund | 4,115,027 | 9,900,552 |
| TIF Construction Fund | 0 | 160,248 |
| Land Acquisition Fund | 2,773,334 | 0 |
| Golf Course Fund | 145,043 | 0 |
| Nonmajor Governmental Funds: | | |
| Street Construction, Maintenance and Repair Fund | 1,056,086 | 0 |
| FEMA Grant Fund | 0 | 56,294 |
| Reed Hartman Improvement Fund | 7,127,218 | 300,000 |
| Special Assessment Bond Retirement Fund | 160,248 | 0 |
| Total Nonmajor Governmental Funds | <u>8,343,552</u> | <u>356,294</u> |
| Totals | <u>\$18,378,965</u> | <u>\$18,378,965</u> |

Transfers are used to move revenues from the funds that statute or budget requires to collect them to the funds that statute or budget requires to expend them; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is completed.

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2005**

NOTE 10 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2005:

Historical Cost:

| Class | December 31, 2004 | Additions | Deletions | December 31, 2005 |
|--|----------------------|--------------------|----------------------|----------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$20,268,980 | \$134,426 | \$0 | \$20,403,406 |
| Construction in Progress | 2,284,387 | 1,992,140 | (140,634) | 4,135,893 |
| Capital assets being depreciated: | | | | |
| Buildings | 24,992,041 | 709,447 | (53,019) | 25,648,469 |
| Improvements Other than Buildings | 6,332,230 | 0 | (3,976) | 6,328,254 |
| Infrastructure | 15,167,443 | 0 | 0 | 15,167,443 |
| Machinery and Equipment | 11,703,988 | 688,186 | (909,794) | 11,482,380 |
| Total Cost | <u>\$80,749,069</u> | <u>\$3,524,199</u> | <u>(\$1,107,423)</u> | <u>\$83,165,845</u> |

Accumulated Depreciation:

| Class | December 31, 2004 | Additions | Deletions | December 31, 2005 |
|-----------------------------------|-----------------------|------------------------|------------------|-----------------------|
| Buildings | (\$10,257,468) | (\$897,846) | \$33,047 | (\$11,122,267) |
| Improvements Other than Buildings | (2,893,639) | (253,210) | 2,068 | (3,144,781) |
| Infrastructure | (4,207,383) | (324,759) | 0 | (4,532,142) |
| Machinery and Equipment | (7,679,270) | (1,014,400) | 843,076 | (7,850,594) |
| Total Depreciation | <u>(\$25,037,760)</u> | <u>(\$2,490,215) *</u> | <u>\$878,191</u> | <u>(\$26,649,784)</u> |
| Net Value: | <u>\$55,711,309</u> | | | <u>\$56,516,061</u> |

* Depreciation expenses were charged to governmental functions as follows:

| | |
|----------------------------|--------------------|
| Leisure Time Activities | \$770,362 |
| Transportation | 368,538 |
| General Government | 1,351,315 |
| Total Depreciation Expense | <u>\$2,490,215</u> |

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2005**

NOTE 10 - CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by Category at December 31, 2005:

Historical Cost:

| Class | December 31, 2004 | Additions | Deletions | December 31, 2005 |
|---|----------------------|-----------|------------|----------------------|
| <i>Capital assets not being depreciated:</i> | | | | |
| Land | \$1,124,764 | \$0 | \$0 | \$1,124,764 |
| Construction in Progress | 2,293 | 6,862 | (2,293) | 6,862 |
| <i>Capital assets being depreciated:</i> | | | | |
| Buildings | 1,193,998 | 0 | 0 | 1,193,998 |
| Improvements Other than Buildings | 1,968,930 | 8,931 | 0 | 1,977,861 |
| Machinery and Equipment | 1,193,364 | 67,387 | (36,812) | 1,223,939 |
| Total Cost | \$5,483,349 | \$83,180 | (\$39,105) | \$5,527,424 |

Accumulated Depreciation:

| Class | December 31, 2004 | Additions | Deletions | December 31, 2005 |
|-----------------------------------|----------------------|-------------|-----------|----------------------|
| Buildings | (\$862,834) | (\$17,568) | \$0 | (\$880,402) |
| Improvements Other than Buildings | (1,145,898) | (41,247) | 0 | (1,187,145) |
| Machinery and Equipment | (761,696) | (94,081) | 36,707 | (819,070) |
| Total Depreciation | (\$2,770,428) | (\$152,896) | \$36,707 | (\$2,886,617) |

Net Value:

| | | | | |
|------------|-------------|--|--|-------------|
| Total Cost | \$2,712,921 | | | \$2,640,807 |
|------------|-------------|--|--|-------------|

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 one of the three pension plans administered by the Ohio PERS: the Traditional Pension Plan (TP), the Member-Directed Plan (MD), and the Combined Plan (CO). The TP Plan is a cost-sharing multiple employer defined benefit pension plan. The MD Plan is a defined contribution plan in which the member invests both member and employer contributions

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

The Ohio PERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits. 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) 222-6701 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2005, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 8.5%. The 2005 employer contribution rate for local government employer units was 13.55%, of covered payroll, 9.55% to fund the pension and 4.0% 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, 2005, 2004, and 2003 were \$873,706, \$914,489 and \$870,304, 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 2005 employer contribution rate (identified above) that was used to fund health care for the year 2005 was 4.0% of covered payroll which amounted to \$257,921.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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, 2004. 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 2004 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 plus an additional factor ranging from 1% to 6% for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase 4% (the projected wage inflation rate).

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 376,109. The actuarial value of the Ohio PERS net assets available for OPEB at December 31, 2004 is \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$29.5 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures Ohio PERS’ health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

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, 2005, 2004, and 2003 were \$581,504, \$542,945 and \$535,749 for police and \$472,684, \$459,010 and \$415,962 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 2005 covered payroll that was used to fund postemployment health care benefits was \$231,111 representing 7.75% of covered payroll for police and \$152,638 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. Beginning in 2001, all retirees and survivors have monthly health care contributions. As of December 31, 2004, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 13,812 for police and 10,528 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, 2004 were \$102,173,796, which was net of member contributions of \$55,665,341.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2005**

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, 2005 | Issued | (Retired) | Balance December 31, 2005 |
|--|------------|-------------------------|--------------------|-----------------------|---------------------------|
| Capital Projects Notes Payable: | | | | | |
| 1.25% Reed Hartman Highway Improvement | 02/05/04 | \$3,000,000 | \$0 | (\$3,000,000) | \$0 |
| 2.35% Reed Hartman Highway Improvement | 12/01/04 | 4,000,000 | 0 | (4,000,000) | 0 |
| 1.25% Land Acquisition | 02/05/04 | 2,100,000 | 0 | (2,100,000) | 0 |
| 2.35% Land Acquisition | 12/01/04 | 2,100,000 | 0 | (2,100,000) | 0 |
| 3.35% Land Acquisition | 11/15/05 | 0 | 1,500,000 | 0 | 1,500,000 |
| 4.00% Carver Road TIF | 12/15/05 | 0 | 3,050,000 | 0 | 3,050,000 |
| Total Capital Projects Notes Payable | | <u>\$11,200,000</u> | <u>\$4,550,000</u> | <u>(\$11,200,000)</u> | <u>\$4,550,000</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, 2005 is as follows:

| | Balance December 31, 2004 | Issued | (Retired) | Balance December 31, 2005 | Amount Due Within One Year | |
|---|---------------------------|---------------------|--------------------|---------------------------|----------------------------|--------------------|
| Governmental Activities: | | | | | | |
| General Obligation Bonds: | | | | | | |
| 4.63 - 4.75% Kenwood Road Improvement Bonds (\$11,680,000) | 2000 | \$7,300,000 | \$0 | (\$1,460,000) | \$5,840,000 | \$1,460,000 |
| 2.53 - 3.13% Service Garage and Firehouse Bond (\$10,000,000) | 2003 | 9,000,000 | 0 | (1,000,000) | 8,000,000 | 1,000,000 |
| 3.00- 3.85% Reed Hartmann Highway Improvement Bonds (\$3,700,000) | 2005 | 0 | 3,700,000 | 0 | 3,700,000 | 370,000 |
| Total General Obligation Bonds | | <u>16,300,000</u> | <u>3,700,000</u> | <u>(2,460,000)</u> | <u>17,540,000</u> | <u>2,830,000</u> |
| Compensated Absences | | 1,173,784 | 1,344,793 | (1,173,784) | 1,344,793 | 27,952 |
| Capital Leases Payable | | 3,503 | 0 | (3,503) | 0 | 0 |
| Total Governmental Activities | | <u>\$17,477,287</u> | <u>\$5,044,793</u> | <u>(\$3,637,287)</u> | <u>\$18,884,793</u> | <u>\$2,857,952</u> |

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2005**

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

| | Balance December 31, 2004 | Additions | (Reductions) | Balance December 31, 2005 | Due Within One Year |
|---------------------------------|---------------------------------|-----------------|-------------------|---------------------------------|---------------------------|
| Business-Type Activities | | | | | |
| Compensated Absences | \$45,673 | \$46,860 | (\$45,673) | \$46,860 | \$0 |
| Total Business-Type Activities | <u>\$45,673</u> | <u>\$46,860</u> | <u>(\$45,673)</u> | <u>\$46,860</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, 2005 was \$84,382,034.

A. Principal and Interest Requirements

Principal and interest requirements to retire long-term debt outstanding at December 31, 2005 are as follows:

| Years | General Obligation Bonds | | |
|-----------|--------------------------|--------------------|---------------------|
| | Principal | Interest | Total |
| 2006 | \$2,830,000 | \$621,320 | \$3,451,320 |
| 2007 | 2,830,000 | 521,600 | 3,351,600 |
| 2008 | 2,830,000 | 418,825 | 3,248,825 |
| 2009 | 2,830,000 | 312,265 | 3,142,265 |
| 2010 | 1,370,000 | 202,835 | 1,572,835 |
| 2011-2014 | 4,480,000 | 581,575 | 5,061,575 |
| 2015 | 370,000 | 14,245 | 384,245 |
| Totals | <u>\$17,540,000</u> | <u>\$2,672,665</u> | <u>\$19,828,420</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, the liens are released. 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.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2005**

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

B. Conduit Debt(Continued)

As of December 31, 2005, there were four series of Industrial Revenue Bonds outstanding, and one series of Economic Development Revenue Bonds outstanding. The aggregate principal amount payable for the five series issued prior to December 31, 2005, could not be determined; however, their original issue amounts totaled \$16,580,000.

NOTE 14 - CONSTRUCTION COMMITMENTS

As of December 31, 2005, 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> |
|----------------------------------|--|--|
| Reed Hartman Highway Improvement | <u>\$641,655</u> | March 2006 |
| Total | <u><u>\$641,655</u></u> | |

NOTE 15 - 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, 2005, the pool has twenty 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 twenty-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 professional 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.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2005**

NOTE 15 - RISK MANAGEMENT (Continued)

The twenty participating cities and their respective pool contribution factors for the loss year ended December 31, 2005 are:

| <u>Entity</u> | <u>Percentage</u> | <u>Entity</u> | <u>Percentage</u> |
|---------------|-------------------|-----------------|------------------------|
| Beavercreek | 5.22 % | Montgomery | 2.87 % |
| Bellbrook | 1.93 % | Piqua | 6.22 % |
| Blue Ash | 5.88 % | Sidney | 7.23 % |
| Centerville | 5.51 % | Springdale | 3.95 % |
| Englewood | 2.87 % | Tipp City | 2.52 % |
| Indian Hill | 2.92 % | Troy | 6.94 % |
| Kettering | 13.05 % | Vandalia | 4.54 % |
| Madeira | 2.21 % | West Carrollton | 2.85 % |
| Mason | 8.77 % | Wilmington | 4.41 % |
| Miamisburg | 7.50 % | Wyoming | 2.61 % |
| Subtotal | <u>55.86 %</u> | Subtotal | <u>44.14 %</u> |
| | | Total | <u><u>100.00 %</u></u> |

The 2005 pool contribution from the City of Blue Ash was \$213,787 representing 5.88% 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.

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

| | | |
|---|---------------|----------------|
| General Liability | \$7,000,000 | per occurrence |
| Automobile | 7,000,000 | per occurrence |
| Police Professional Liability | 7,000,000 | per occurrence |
| Employment Practices & Public Officials Liability | 7,000,000 | Aggregate |
| Crime / Employee Theft | 1,000,000 | Aggregate |
| Property | 1,000,000,000 | Aggregate |
| Flood (Zone specific) | 25,000,000 | per occurrence |
| Earthquake | 25,000,000 | per occurrence |
| Boiler & Machinery | 100,000,000 | per occurrence |

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 15 - RISK MANAGEMENT (Continued)

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 - \$200,000 per occurrence. The SIR for Boiler and Machinery is \$5,000. The pool's SIR for liability claims is \$1,000,000 per occurrence. Excess insurance coverage, provided by commercial companies and an excess insurance pool is \$1,000,000 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, 2005, because an actuarial opinion issued as of that date reported actual MVRMA loss reserves of \$8,011,297 an amount in excess of the recommended net reserve of \$4,558,196. MVRMA reported Blue Ash's loss experience for years 2004, 2003 and 2002 as \$9,481, \$82,534, and \$115,352 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. 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 major capital projects) that are legally restricted to expenditures for specified purposes.

Street Construction Maintenance and Repair Fund

To account for state-levied and controlled gasoline tax and motor vehicle registration fees designated for street maintenance and repair.

Municipal Motor Vehicle License Tax Fund

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

State Highway 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.

Federal Emergency Management Agency (FEMA) Grant Snow Emergency Fund

To account for proper distribution of FEMA grant revenues to the departments from which emergency assistance was provide related to a severe snowfall / ice storm in early 2005. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

Debt Service Fund

Debt Service Funds are used to account for retirement of the City's obligations arising from general obligation bonds and tax increment financing.

Tax Increment Financing (TIF) Retirement Fund

To account for payments of principal and interest on the City's tax increment financing. Revenues for this purpose include payments in lieu of taxes 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.

Firehouse Construction Fund

To account for financial resources used for the construction of a new firehouse.

Reed Hartman Improvement Fund

This fund is used 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, 2005**

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Fund | Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|--|--------------------------------------|-------------------------------|---------------------------------------|---|
| Assets: | | | | |
| Cash and Cash Equivalents | \$ 1,192,896 | \$ 129,848 | \$ 920,965 | \$ 2,243,709 |
| Receivables (net of allowance for doubtful accounts): | | | | |
| Intergovernmental | 417,807 | 0 | 241,132 | 658,939 |
| Interest | 1,398 | 113 | 3,440 | 4,951 |
| Inventory of Supplies, at Cost | 110,668 | 0 | 0 | 110,668 |
| Prepaid Items | 75 | 0 | 0 | 75 |
| Total Assets | \$ 1,722,844 | \$ 129,961 | \$ 1,165,537 | \$ 3,018,342 |
| Liabilities: | | | | |
| Accounts Payable | \$ 33,954 | \$ 8,388 | \$ 2,194 | \$ 44,536 |
| Accrued Wages and Benefits Payable | 53,757 | 0 | 0 | 53,757 |
| Intergovernmental Payable | 192 | 0 | 0 | 192 |
| Interfund Loans Payable | 20,086 | 0 | 0 | 20,086 |
| Deferred Revenue | 256,816 | 0 | 241,132 | 497,948 |
| Total Liabilities | 364,805 | 8,388 | 243,326 | 616,519 |
| Fund Balances: | | | | |
| Reserved for Encumbrances | 247,735 | 1,212 | 646,121 | 895,068 |
| Reserved for Prepaid Items | 75 | 0 | 0 | 75 |
| Reserved for Supplies Inventory | 110,668 | 0 | 0 | 110,668 |
| Reserved for Debt Service | 0 | 120,361 | 0 | 120,361 |
| Undesignated/Unreserved | 999,561 | 0 | 276,090 | 1,275,651 |
| Total Fund Balances | 1,358,039 | 121,573 | 922,211 | 2,401,823 |
| Total Liabilities and Fund Balances | \$ 1,722,844 | \$ 129,961 | \$ 1,165,537 | \$ 3,018,342 |

CITY OF BLUE ASH, OHIO**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2005**

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Fund | Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|--|--------------------------------------|-------------------------------|---------------------------------------|---|
| Revenues: | | | | |
| Intergovernmental Revenues | \$ 1,425,589 | \$ 0 | \$ 438,059 | \$ 1,863,648 |
| Charges for Services | 175 | 0 | 0 | 175 |
| Licenses and Permits | 550 | 0 | 0 | 550 |
| Investment Earnings | 9,581 | 113 | 50,109 | 59,803 |
| Fines and Forfeitures | 378,462 | 0 | 0 | 378,462 |
| All Other Revenue | 937 | 0 | 0 | 937 |
| Total Revenue | 1,815,294 | 113 | 488,168 | 2,303,575 |
| Expenditures: | | | | |
| Current: | | | | |
| Security of Persons and Property | 780,071 | 0 | 0 | 780,071 |
| Transportation | 1,755,940 | 0 | 0 | 1,755,940 |
| Capital Outlay | 0 | 0 | 1,568,114 | 1,568,114 |
| Debt Service: | | | | |
| Interest & Fiscal Charges | 0 | 38,788 | 85,114 | 123,902 |
| Total Expenditures | 2,536,011 | 38,788 | 1,653,228 | 4,228,027 |
| Excess (Deficiency) of Revenues Over Expenditures | (720,717) | (38,675) | (1,165,060) | (1,924,452) |
| Other Financing Sources (Uses): | | | | |
| Transfers In | 1,056,086 | 160,248 | 7,127,218 | 8,343,552 |
| Transfers Out | (56,294) | 0 | (300,000) | (356,294) |
| Total Other Financing Sources (Uses) | 999,792 | 160,248 | 6,827,218 | 7,987,258 |
| Net Change in Fund Balance | 279,075 | 121,573 | 5,662,158 | 6,062,806 |
| Fund Balances at Beginning of Year | 1,082,696 | 0 | (4,739,947) | (3,657,251) |
| Increase (Decrease) in Inventory Reserve | (3,732) | 0 | 0 | (3,732) |
| Fund Balances End of Year | \$ 1,358,039 | \$ 121,573 | \$ 922,211 | \$ 2,401,823 |

CITY OF BLUE ASH, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2005**

| | Street Construction, Maintenance and Repair Fund | Municipal Motor Vehicle License Tax Fund | State Highway Fund | Task Force Grant Fund |
|--|---|--|-----------------------|--------------------------|
| Assets: | | | | |
| Cash and Cash Equivalents | \$ 265,364 | \$ 32,601 | \$ 186,672 | \$ 0 |
| Receivables (net of allowance for doubtful accounts): | | | | |
| Intergovernmental | 321,813 | 37,577 | 26,074 | 32,035 |
| Interest | 549 | 157 | 692 | 0 |
| Inventory of Supplies, at Cost | 110,668 | 0 | 0 | 0 |
| Prepaid Items | 75 | 0 | 0 | 0 |
| Total Assets | <u>\$ 698,469</u> | <u>\$ 70,335</u> | <u>\$ 213,438</u> | <u>\$ 32,035</u> |
| Liabilities: | | | | |
| Accounts Payable | \$ 33,813 | \$ 0 | \$ 0 | \$ 0 |
| Accrued Wages and Benefits Payable | 41,808 | 0 | 0 | 11,949 |
| Intergovernmental Payable | 192 | 0 | 0 | 0 |
| Interfund Loans Payable | 0 | 0 | 0 | 20,086 |
| Deferred Revenue | 214,380 | 25,052 | 17,384 | 0 |
| Total Liabilities | <u>290,193</u> | <u>25,052</u> | <u>17,384</u> | <u>32,035</u> |
| Fund Balances: | | | | |
| Reserved for Encumbrances | 231,551 | 0 | 2,368 | 0 |
| Reserved for Prepaid Items | 75 | 0 | 0 | 0 |
| Reserved for Supplies Inventory | 110,668 | 0 | 0 | 0 |
| Undesignated/Unreserved | 65,982 | 45,283 | 193,686 | 0 |
| Total Fund Balances | <u>408,276</u> | <u>45,283</u> | <u>196,054</u> | <u>0</u> |
| Total Liabilities and Fund Balances | <u>\$ 698,469</u> | <u>\$ 70,335</u> | <u>\$ 213,438</u> | <u>\$ 32,035</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 |
|----------------------|-----------------------------|---------------------------|----------------------------------|----------------------------------|--------------------------------------|
| \$ 334,100 | \$ 309,197 | \$ 38,863 | \$ 15,661 | \$ 10,438 | \$ 1,192,896 |
| 0 | 0 | 0 | 0 | 308 | 417,807 |
| 0 | 0 | 0 | 0 | 0 | 1,398 |
| 0 | 0 | 0 | 0 | 0 | 110,668 |
| 0 | 0 | 0 | 0 | 0 | 75 |
| <u>\$ 334,100</u> | <u>\$ 309,197</u> | <u>\$ 38,863</u> | <u>\$ 15,661</u> | <u>\$ 10,746</u> | <u>\$ 1,722,844</u> |
| \$ 141 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 33,954 |
| 0 | 0 | 0 | 0 | 0 | 53,757 |
| 0 | 0 | 0 | 0 | 0 | 192 |
| 0 | 0 | 0 | 0 | 0 | 20,086 |
| 0 | 0 | 0 | 0 | 0 | 256,816 |
| <u>141</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>364,805</u> |
| 5,773 | 8,043 | 0 | 0 | 0 | 247,735 |
| 0 | 0 | 0 | 0 | 0 | 75 |
| 0 | 0 | 0 | 0 | 0 | 110,668 |
| <u>328,186</u> | <u>301,154</u> | <u>38,863</u> | <u>15,661</u> | <u>10,746</u> | <u>999,561</u> |
| <u>333,959</u> | <u>309,197</u> | <u>38,863</u> | <u>15,661</u> | <u>10,746</u> | <u>1,358,039</u> |
| <u>\$ 334,100</u> | <u>\$ 309,197</u> | <u>\$ 38,863</u> | <u>\$ 15,661</u> | <u>\$ 10,746</u> | <u>\$ 1,722,844</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, 2005**

| | Street Construction, Maintenance and Repair Fund | Municipal Motor Vehicle License Tax Fund | State Highway Fund | Task Force Grant Fund |
|--|---|---|-----------------------|--------------------------|
| Revenues: | | | | |
| Intergovernmental Revenues | \$ 628,466 | \$ 105,609 | \$ 48,900 | \$ 569,887 |
| Charges for Services | 175 | 0 | 0 | 0 |
| Licenses and Permits | 550 | 0 | 0 | 0 |
| Investment Earnings | 2,101 | 2,165 | 5,315 | 0 |
| Fines and Forfeitures | 0 | 0 | 0 | 0 |
| All Other Revenue | 937 | 0 | 0 | 0 |
| Total Revenue | <u>632,229</u> | <u>107,774</u> | <u>54,215</u> | <u>569,887</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Security of Persons and Property | 0 | 0 | 0 | 552,593 |
| Transportation | 1,653,248 | 98,287 | 4,405 | 0 |
| Total Expenditures | <u>1,653,248</u> | <u>98,287</u> | <u>4,405</u> | <u>552,593</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (1,021,019) | 9,487 | 49,810 | 17,294 |
| Other Financing Sources (Uses): | | | | |
| Transfers In | 1,056,086 | 0 | 0 | 0 |
| Transfers Out | 0 | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | <u>1,056,086</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Net Change in Fund Balance | 35,067 | 9,487 | 49,810 | 17,294 |
| Fund Balances at Beginning of Year | 376,941 | 35,796 | 146,244 | (17,294) |
| Increase (Decrease) in Inventory Reserve | (3,732) | 0 | 0 | 0 |
| Fund Balances End of Year | <u>\$ 408,276</u> | <u>\$ 45,283</u> | <u>\$ 196,054</u> | <u>\$ 0</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 | FEMA Grant Fund | Total Nonmajor Special Revenue Funds |
|----------------------|-----------------------------|---------------------------|----------------------------------|----------------------------------|-----------------|--------------------------------------|
| \$ 0 | \$ 16,125 | \$ 0 | \$ 0 | \$ 308 | \$ 56,294 | \$ 1,425,589 |
| 0 | 0 | 0 | 0 | 0 | 0 | 175 |
| 0 | 0 | 0 | 0 | 0 | 0 | 550 |
| 0 | 0 | 0 | 0 | 0 | 0 | 9,581 |
| 26,539 | 340,257 | 5,464 | 3,776 | 2,426 | 0 | 378,462 |
| 0 | 0 | 0 | 0 | 0 | 0 | 937 |
| <u>26,539</u> | <u>356,382</u> | <u>5,464</u> | <u>3,776</u> | <u>2,734</u> | <u>56,294</u> | <u>1,815,294</u> |
| 127,822 | 89,808 | 0 | 5,069 | 4,779 | 0 | 780,071 |
| 0 | 0 | 0 | 0 | 0 | 0 | 1,755,940 |
| <u>127,822</u> | <u>89,808</u> | <u>0</u> | <u>5,069</u> | <u>4,779</u> | <u>0</u> | <u>2,536,011</u> |
| (101,283) | 266,574 | 5,464 | (1,293) | (2,045) | 56,294 | (720,717) |
| 0 | 0 | 0 | 0 | 0 | 0 | 1,056,086 |
| 0 | 0 | 0 | 0 | 0 | (56,294) | (56,294) |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>(56,294)</u> | <u>999,792</u> |
| (101,283) | 266,574 | 5,464 | (1,293) | (2,045) | 0 | 279,075 |
| 435,242 | 42,623 | 33,399 | 16,954 | 12,791 | 0 | 1,082,696 |
| 0 | 0 | 0 | 0 | 0 | 0 | (3,732) |
| <u>\$ 333,959</u> | <u>\$ 309,197</u> | <u>\$ 38,863</u> | <u>\$ 15,661</u> | <u>\$ 10,746</u> | <u>\$ 0</u> | <u>\$ 1,358,039</u> |

CITY OF BLUE ASH, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2005**

| | Firehouse Construction Fund | Reed Hartman Improvement Fund | Land Purchase Fund | Total Nonmajor Capital Projects Funds |
|--|-----------------------------------|-------------------------------------|-----------------------|---|
| Assets: | | | | |
| Cash and Cash Equivalents | \$ 18,838 | \$ 891,312 | \$ 10,815 | \$ 920,965 |
| Receivables (net of allowance for doubtful accounts): | | | | |
| Intergovernmental | 0 | 241,132 | 0 | 241,132 |
| Interest | 71 | 3,369 | 0 | 3,440 |
| Total Assets | \$ 18,909 | \$ 1,135,813 | \$ 10,815 | \$ 1,165,537 |
| Liabilities: | | | | |
| Accounts Payable | \$ 0 | \$ 2,194 | \$ 0 | \$ 2,194 |
| Deferred Revenue | 0 | 241,132 | 0 | 241,132 |
| Total Liabilities | 0 | 243,326 | 0 | 243,326 |
| Fund Balances: | | | | |
| Reserved for Encumbrances | 6,660 | 639,461 | 0 | 646,121 |
| Undesignated/Unreserved | 12,249 | 253,026 | 10,815 | 276,090 |
| Total Fund Balances | 18,909 | 892,487 | 10,815 | 922,211 |
| Total Liabilities and Fund Balances | \$ 18,909 | \$ 1,135,813 | \$ 10,815 | \$ 1,165,537 |

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, 2005**

| | Firehouse Construction Fund | Reed Hartman Improvement Fund | Land Purchase Fund | Total Nonmajor Capital Project Funds |
|--|-----------------------------------|-------------------------------------|-----------------------|--|
| Revenues: | | | | |
| Intergovernmental Revenues | \$ 0 | \$ 438,059 | \$ 0 | \$ 438,059 |
| Investment Earnings | 807 | 49,302 | 0 | 50,109 |
| Total Revenue | 807 | 487,361 | 0 | 488,168 |
| Expenditures: | | | | |
| Capital Outlay | 14,672 | 1,553,442 | 0 | 1,568,114 |
| Debt Service: | | | | |
| Interest & Fiscal Charges | 0 | 85,114 | 0 | 85,114 |
| Total Expenditures | 14,672 | 1,638,556 | 0 | 1,653,228 |
| Excess (Deficiency) of Revenues Over Expenditures | (13,865) | (1,151,195) | 0 | (1,165,060) |
| Other Financing Sources (Uses): | | | | |
| Transfers In | 0 | 7,127,218 | 0 | 7,127,218 |
| Transfers Out | 0 | (300,000) | 0 | (300,000) |
| Total Other Financing Sources (Uses) | 0 | 6,827,218 | 0 | 6,827,218 |
| Net Change in Fund Balance | (13,865) | 5,676,023 | 0 | 5,662,158 |
| Fund Balances at Beginning of Year | 32,774 | (4,783,536) | 10,815 | (4,739,947) |
| Fund Balances End of Year | \$ 18,909 | \$ 892,487 | \$ 10,815 | \$ 922,211 |

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, 2005**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|-----------------|--------------|--------------|---|
| Revenues: | | | | |
| Property Taxes | \$ 2,160,000 | \$ 2,160,000 | \$ 2,138,994 | \$ (21,006) |
| Municipal Income Taxes | 19,609,041 | 20,377,041 | 21,761,720 | 1,384,679 |
| Other Local Taxes | 680,000 | 680,000 | 769,771 | 89,771 |
| Intergovernmental Revenues | 1,484,281 | 1,659,281 | 1,769,682 | 110,401 |
| Charges for Services | 429,650 | 429,650 | 461,999 | 32,349 |
| Licenses and Permits | 244,050 | 369,050 | 438,522 | 69,472 |
| Investment Earnings | 60,000 | 124,000 | 253,225 | 129,225 |
| Fines and Forfeitures | 244,200 | 244,200 | 280,866 | 36,666 |
| All Other Revenues | 1,200 | 13,200 | 17,262 | 4,062 |
| Total Revenues | 24,912,422 | 26,056,422 | 27,892,041 | 1,835,619 |
| Expenditures: | | | | |
| Security of Persons and Property: | | | | |
| Police Division: | | | | |
| Personal Services | 4,911,000 | 4,928,000 | 4,838,371 | 89,629 |
| Materials and Supplies | 110,600 | 138,074 | 121,943 | 16,131 |
| Contractual Services | 425,900 | 480,452 | 379,101 | 101,351 |
| Capital Outlay | 90,000 | 190,555 | 186,195 | 4,360 |
| Total Police Division | 5,537,500 | 5,737,081 | 5,525,610 | 211,471 |
| Fire Division: | | | | |
| Personal Services | 3,548,000 | 3,548,000 | 3,417,712 | 130,288 |
| Materials and Supplies | 76,000 | 96,205 | 81,207 | 14,998 |
| Contractual Services | 227,200 | 260,014 | 248,083 | 11,931 |
| Capital Outlay | 80,750 | 228,497 | 227,863 | 634 |
| Total Fire Division | 3,931,950 | 4,132,716 | 3,974,865 | 157,851 |
| Total Security of Persons and Property | 9,469,450 | 9,869,797 | 9,500,475 | 369,322 |
| Community Development: | | | | |
| Building Division: | | | | |
| Personal Services | 272,200 | 272,200 | 261,339 | 10,861 |
| Materials and Supplies | 4,000 | 4,082 | 2,079 | 2,003 |
| Contractual Services | 427,250 | 706,470 | 555,097 | 151,373 |
| Capital Outlay | 201,500 | 201,500 | 120,304 | 81,196 |
| Total Building Division | 904,950 | 1,184,252 | 938,819 | 245,433 |
| Total Community Development | 904,950 | 1,184,252 | 938,819 | 245,433 |

(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, 2005***

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|------------------------|---------------------|------------------|---|
| Basic Utility Services: | | | | |
| Public Services Division: | | | | |
| Personal Services | 973,200 | 998,200 | 973,730 | 24,470 |
| Materials and Supplies | 80,500 | 96,092 | 77,024 | 19,068 |
| Contractual Services | 1,154,000 | 1,225,328 | 1,081,785 | 143,543 |
| Capital Outlay | 298,500 | 315,351 | 119,230 | 196,121 |
| Total Public Services Division | <u>2,506,200</u> | <u>2,634,971</u> | <u>2,251,769</u> | <u>383,202</u> |
| Total Basic Utility Services | <u>2,506,200</u> | <u>2,634,971</u> | <u>2,251,769</u> | <u>383,202</u> |
| General Government: | | | | |
| Legislative Services: | | | | |
| Personal Services | 70,800 | 70,800 | 65,004 | 5,796 |
| Materials and Supplies | 600 | 600 | 475 | 125 |
| Contractual Services | 293,600 | 328,665 | 318,782 | 9,883 |
| Total Legislative Services | <u>365,000</u> | <u>400,065</u> | <u>384,261</u> | <u>15,804</u> |
| Judicial Services: | | | | |
| Personal Services | 206,000 | 206,000 | 187,324 | 18,676 |
| Materials and Supplies | 1,150 | 1,150 | 1,034 | 116 |
| Contractual Services | 15,600 | 16,086 | 9,331 | 6,755 |
| Total Judicial Services | <u>222,750</u> | <u>223,236</u> | <u>197,689</u> | <u>25,547</u> |
| Tax and Finance Divisions: | | | | |
| Personal Services | 680,500 | 680,500 | 565,171 | 115,329 |
| Materials and Supplies | 2,600 | 2,600 | 1,945 | 655 |
| Contractual Services | 126,000 | 126,498 | 101,858 | 24,640 |
| Capital Outlay | 2,400 | 2,400 | 758 | 1,642 |
| Total Tax and Finance Divisions | <u>811,500</u> | <u>811,998</u> | <u>669,732</u> | <u>142,266</u> |
| Administrative Services Division: | | | | |
| Personal Services | 933,000 | 983,000 | 924,241 | 58,759 |
| Materials and Supplies | 3,910 | 8,587 | 7,087 | 1,500 |
| Contractual Services | 17,450 | 17,468 | 11,476 | 5,992 |
| Capital Outlay | 2,000 | 2,000 | 437 | 1,563 |
| Total Administrative Services Division | <u>956,360</u> | <u>1,011,055</u> | <u>943,241</u> | <u>67,814</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, 2005**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|------------------------|---------------------|---------------------|---|
| Facilities Maintenance Division: | | | | |
| Personal Services | 802,500 | 802,500 | 770,812 | 31,688 |
| Materials and Supplies | 129,600 | 158,688 | 140,519 | 18,169 |
| Contractual Services | 266,400 | 286,182 | 205,843 | 80,339 |
| Capital Outlay | 40,000 | 53,930 | 49,204 | 4,726 |
| Total Facilities Maintenance Division | <u>1,238,500</u> | <u>1,301,300</u> | <u>1,166,378</u> | <u>134,922</u> |
| Insurance Services Division: | | | | |
| Contractual Services | 255,000 | 296,885 | 251,657 | 45,228 |
| Total Insurance Services Division | <u>255,000</u> | <u>296,885</u> | <u>251,657</u> | <u>45,228</u> |
| General Government Services: | | | | |
| Personal Services | 509,800 | 524,800 | 480,363 | 44,437 |
| Materials and Supplies | 38,300 | 41,327 | 26,491 | 14,836 |
| Contractual Services | 3,607,450 | 3,239,233 | 961,092 | 2,278,141 |
| Capital Outlay | 190,000 | 860,160 | 817,954 | 42,206 |
| Total General Government Services | <u>4,345,550</u> | <u>4,665,520</u> | <u>2,285,900</u> | <u>2,379,620</u> |
| Total General Government | <u>8,194,660</u> | <u>8,710,059</u> | <u>5,898,858</u> | <u>2,811,201</u> |
| Total Expenditures | <u>21,075,260</u> | <u>22,399,079</u> | <u>18,589,921</u> | <u>3,809,158</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 3,837,162 | 3,657,343 | 9,302,120 | 5,644,777 |
| Other Financing Sources (Uses): | | | | |
| Sale of Capital Assets | 550,000 | 550,000 | 2,520 | (547,480) |
| Transfers In | 0 | 2,165 | 12,165 | 10,000 |
| Transfers Out | (8,833,874) | (9,148,199) | (7,971,871) | 1,176,328 |
| Advances In | 175,000 | 175,000 | 137,533 | (37,467) |
| Advances Out | (175,000) | (175,000) | (120,086) | 54,914 |
| Total Other Financing Sources (Uses) | <u>(8,283,874)</u> | <u>(8,596,034)</u> | <u>(7,939,739)</u> | <u>656,295</u> |
| Net Change in Fund Balance | (4,446,712) | (4,938,691) | 1,362,381 | 6,301,072 |
| Fund Balance at Beginning of Year | 4,900,221 | 4,900,221 | 4,900,221 | 0 |
| Prior Year Encumbrances | 494,141 | 494,141 | 494,141 | 0 |
| Fund Balance at End of Year | <u>\$ 947,650</u> | <u>\$ 455,671</u> | <u>\$ 6,756,743</u> | <u>\$ 6,301,072</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 Fund
For the Year Ended December 31, 2005**

| PARK AND RECREATION FUND | | | | Variance with Final Budget Positive (Negative) |
|--|------------------|------------------|------------------|---|
| | Original Budget | Final Budget | Actual | |
| Revenues: | | | | |
| Charges for Services | \$ 653,600 | \$ 653,600 | \$ 667,712 | \$ 14,112 |
| All Other Revenues | 257,900 | 257,900 | 301,290 | 43,390 |
| Total Revenues | <u>911,500</u> | <u>911,500</u> | <u>969,002</u> | <u>57,502</u> |
| Expenditures: | | | | |
| Leisure Time Activities: | | | | |
| Recreation Programming Division: | | | | |
| Personal Services | 1,123,500 | 1,123,500 | 993,325 | 130,175 |
| Materials and Supplies | 139,200 | 147,737 | 139,473 | 8,264 |
| Contractual Services | 1,194,687 | 1,232,148 | 1,174,744 | 57,404 |
| Capital Outlay | 34,600 | 253,100 | 123,932 | 129,168 |
| Total Recreation Programming Division | <u>2,491,987</u> | <u>2,756,485</u> | <u>2,431,474</u> | <u>325,011</u> |
| Blue Ash Sports Center Division: | | | | |
| Materials and Supplies | 400 | 400 | 0 | 400 |
| Total Blue Ash Sports Center Division | <u>400</u> | <u>400</u> | <u>0</u> | <u>400</u> |
| Grounds Maintenance Division: | | | | |
| Personal Services | 816,700 | 816,700 | 708,722 | 107,978 |
| Materials and Supplies | 153,300 | 180,906 | 150,577 | 30,329 |
| Contractual Services | 385,500 | 395,265 | 282,962 | 112,303 |
| Capital Outlay | 426,000 | 473,000 | 464,456 | 8,544 |
| Total Grounds Maintenance Division | <u>1,781,500</u> | <u>1,865,871</u> | <u>1,606,717</u> | <u>259,154</u> |
| Total Expenditures | <u>4,273,887</u> | <u>4,622,756</u> | <u>4,038,191</u> | <u>584,565</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (3,362,387) | (3,711,256) | (3,069,189) | 642,067 |
| Other Financing Sources (Uses): | | | | |
| Transfers In | 3,362,387 | 3,644,010 | 2,999,844 | (644,166) |
| Total Other Financing Sources (Uses) | <u>3,362,387</u> | <u>3,644,010</u> | <u>2,999,844</u> | <u>(644,166)</u> |
| Net Change in Fund Balance | 0 | (67,246) | (69,345) | (2,099) |
| Fund Balance at Beginning of Year | 0 | 0 | 0 | 0 |
| Prior Year Encumbrances | 69,345 | 69,345 | 69,345 | 0 |
| Fund Balance at End of Year | <u>\$ 69,345</u> | <u>\$ 2,099</u> | <u>\$ 0</u> | <u>\$ (2,099)</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, 2005**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|-----------------|--------------|--------------|---|
| GENERAL OBLIGATION BOND RETIREMENT FUND | | | | |
| Revenues: | | | | |
| Property Taxes | \$ 83,301 | \$ 83,301 | \$ 86,716 | \$ 3,415 |
| Intergovernmental Revenues | 9,370 | 9,370 | 9,429 | 59 |
| Investment Earnings | 11,500 | 11,500 | 18,899 | 7,399 |
| Total Revenues | 104,171 | 104,171 | 115,044 | 10,873 |
| Expenditures: | | | | |
| Debt Service: | | | | |
| Principal Retirement | 13,660,000 | 13,660,000 | 13,660,000 | 0 |
| Interest and Fiscal Charges | 884,560 | 885,274 | 870,785 | 14,489 |
| Total Expenditures | 14,544,560 | 14,545,274 | 14,530,785 | 14,489 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (14,440,389) | (14,441,103) | (14,415,741) | 25,362 |
| Other Financing Sources (Uses): | | | | |
| General Obligation Notes Issued | 1,500,000 | 1,500,000 | 1,500,000 | 0 |
| General Obligation Bonds Issued | 4,000,000 | 3,700,000 | 3,700,000 | 0 |
| Transfers In | 3,840,389 | 4,140,389 | 4,115,027 | (25,362) |
| Total Other Financing Sources (Uses) | 9,340,389 | 9,340,389 | 9,315,027 | (25,362) |
| Net Change in Fund Balance | (5,100,000) | (5,100,714) | (5,100,714) | 0 |
| Fund Balance at Beginning of Year | 5,125,000 | 5,125,000 | 5,125,000 | 0 |
| Prior Year Encumbrances | 714 | 714 | 714 | 0 |
| Fund Balance at End of Year | \$ 25,714 | \$ 25,000 | \$ 25,000 | \$ 0 |

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, 2005**

| | TIF CONSTRUCTION FUND | | | Variance with Final Budget Positive (Negative) |
|--|------------------------|---------------------|------------------|---|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | |
| Revenues: | | | | |
| Total Revenues | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| Expenditures: | | | | |
| Capital Outlay | <u>0</u> | <u>2,900,000</u> | <u>2,900,000</u> | <u>0</u> |
| Total Expenditures | <u>0</u> | <u>2,900,000</u> | <u>2,900,000</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 0 | (2,900,000) | (2,900,000) | 0 |
| Other Financing Sources: | | | | |
| General Obligation Notes Issued | <u>0</u> | <u>2,900,000</u> | <u>2,900,000</u> | <u>0</u> |
| Total Other Financing Sources | <u>0</u> | <u>2,900,000</u> | <u>2,900,000</u> | <u>0</u> |
| Net Change in Fund Balance | 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, 2005***

| STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND | | | Variance with Final Budget Positive (Negative) |
|--|------------------|------------------|---|
| | Final Budget | Actual | |
| Revenues: | | | |
| Intergovernmental Revenues | \$ 604,352 | \$ 607,540 | \$ 3,188 |
| Charges for Services | 2,000 | 175 | (1,825) |
| Licenses and Permits | 300 | 550 | 250 |
| Investment Earnings | 2,000 | 1,882 | (118) |
| All Other Revenues | 850 | 937 | 87 |
| Total Revenues | <u>609,502</u> | <u>611,084</u> | <u>1,582</u> |
| Expenditures: | | | |
| Transportation: | | | |
| Street Division: | | | |
| Personal Services | 716,800 | 646,281 | 70,519 |
| Materials and Supplies | 228,112 | 209,486 | 18,626 |
| Contractual Services | 323,502 | 286,262 | 37,240 |
| Capital Outlay | 1,091,771 | 831,926 | 259,845 |
| Total Expenditures | <u>2,360,185</u> | <u>1,973,955</u> | <u>386,230</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (1,750,683) | (1,362,871) | 387,812 |
| Other Financing Sources (Uses): | | | |
| Transfers In | 1,495,063 | 1,056,086 | (438,977) |
| Total Other Financing Sources (Uses) | <u>1,495,063</u> | <u>1,056,086</u> | <u>(438,977)</u> |
| Net Changes in Fund Balance | (255,620) | (306,785) | (51,165) |
| Fund Balance at Beginning of Year | 0 | 0 | 0 |
| Prior Year Encumbrances | 306,785 | 306,785 | 0 |
| Fund Balance at End of Year | <u>\$ 51,165</u> | <u>\$ 0</u> | <u>\$ (51,165)</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, 2005**

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|------------------|------------------|---|
| Revenues: | | | |
| Intergovernmental Revenues | \$ 118,000 | \$ 109,284 | \$ (8,716) |
| Investment Earnings | 800 | 2,078 | 1,278 |
| Total Revenues | <u>118,800</u> | <u>111,362</u> | <u>(7,438)</u> |
| Expenditures: | | | |
| Transportation: Street Division: | | | |
| Personal Services | 100,000 | 98,287 | 1,713 |
| Total Expenditures | <u>100,000</u> | <u>98,287</u> | <u>1,713</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 18,800 | 13,075 | (5,725) |
| Fund Balance at Beginning of Year | 19,526 | 19,526 | 0 |
| Fund Balance at End of Year | <u>\$ 38,326</u> | <u>\$ 32,601</u> | <u>\$ (5,725)</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, 2005**

| | STATE HIGHWAY FUND | | Variance with Final Budget Positive (Negative) |
|--|--------------------|-------------------|---|
| | Final Budget | Actual | |
| Revenues: | | | |
| Intergovernmental Revenues | \$ 46,800 | \$ 47,204 | \$ 404 |
| Investment Earnings | 700 | 4,896 | 4,196 |
| Total Revenues | <u>47,500</u> | <u>52,100</u> | <u>4,600</u> |
| Expenditures: | | | |
| Transportation: | | | |
| Street Division: | | | |
| Contractual Services | 10,000 | 1,773 | 8,227 |
| Capital Outlay | 65,000 | 5,000 | 60,000 |
| Total Expenditures | <u>75,000</u> | <u>6,773</u> | <u>68,227</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (27,500) | 45,327 | 72,827 |
| Fund Balance at Beginning of Year | <u>138,977</u> | <u>138,977</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 111,477</u> | <u>\$ 184,304</u> | <u>\$ 72,827</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, 2005***

| TASK FORCE GRANT FUND | | | |
|--|---------------------|-----------------|---|
| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
| Revenues: | | | |
| Intergovernmental Revenues | \$ 607,420 | \$ 575,385 | \$ (32,035) |
| Total Revenues | <u>607,420</u> | <u>575,385</u> | <u>(32,035)</u> |
| Expenditures: | | | |
| Security of Persons and Property: | | | |
| Police Division: | | | |
| Personal Services | 299,672 | 287,723 | 11,949 |
| Materials and Supplies | 10,351 | 10,351 | 0 |
| Contractual Services | 259,864 | 259,864 | 0 |
| Total Expenditures | <u>569,887</u> | <u>557,938</u> | <u>11,949</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 37,533 | 17,447 | (20,086) |
| Other Financing Sources (Uses): | | | |
| Advances In | 75,000 | 20,086 | (54,914) |
| Advances Out | (75,000) | (37,533) | 37,467 |
| Total Other Financing Sources (Uses) | <u>0</u> | <u>(17,447)</u> | <u>(17,447)</u> |
| Net Change in Fund Balance | 37,533 | 0 | (37,533) |
| Fund Balance at Beginning of Year | <u>0</u> | <u>0</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 37,533</u> | <u>\$ 0</u> | <u>\$ (37,533)</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, 2005**

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|-------------------|-------------------|---|
| Revenues: | | | |
| Fines and Forfeitures | \$ 53,000 | \$ 26,539 | \$ (26,461) |
| Total Revenues | <u>53,000</u> | <u>26,539</u> | <u>(26,461)</u> |
| Expenditures: | | | |
| Security of Persons and Property: | | | |
| Police Division: | | | |
| Materials and Supplies | 30,000 | 6,343 | 23,657 |
| Contractual Services | 149,000 | 14,917 | 134,083 |
| Capital Outlay | 188,000 | 112,334 | 75,666 |
| Total Expenditures | <u>367,000</u> | <u>133,594</u> | <u>233,406</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (314,000) | (107,055) | 206,945 |
| Fund Balance at Beginning of Year | 397,242 | 397,242 | 0 |
| Prior Year Encumbrances | 38,000 | 38,000 | 0 |
| Fund Balance at End of Year | <u>\$ 121,242</u> | <u>\$ 328,187</u> | <u>\$ 206,945</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, 2005***

| | LAW ENFORCEMENT (DART) FUND | | Variance with Final Budget Positive (Negative) |
|--|-----------------------------|-------------------|---|
| | Final Budget | Actual | |
| Revenues: | | | |
| Intergovernmental Revenues | \$ 5,000 | \$ 16,125 | \$ 11,125 |
| Fines and Forfeitures | 67,000 | 340,257 | 273,257 |
| Total Revenues | <u>72,000</u> | <u>356,382</u> | <u>284,382</u> |
| Expenditures: | | | |
| Security of Persons and Property: | | | |
| Police Division: | | | |
| Personal Services | 7,000 | 256 | 6,744 |
| Materials and Supplies | 2,000 | 2 | 1,998 |
| Contractual Services | 97,500 | 92,587 | 4,913 |
| Capital Outlay | 5,000 | 4,621 | 379 |
| Total Expenditures | <u>111,500</u> | <u>97,466</u> | <u>14,034</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (39,500) | 258,916 | 298,416 |
| Fund Balance at Beginning of Year | <u>42,238</u> | <u>42,238</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 2,738</u> | <u>\$ 301,154</u> | <u>\$ 298,416</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, 2005**

DRUG LAW ENFORCEMENT FUND

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|------------------|------------------|---|
| Revenues: | | | |
| Fines and Forfeitures | \$ 1,600 | \$ 5,636 | \$ 4,036 |
| Total Revenues | <u>1,600</u> | <u>5,636</u> | <u>4,036</u> |
| Expenditures: | | | |
| Security of Persons and Property: | | | |
| Police Division: | | | |
| Materials and Supplies | 1,000 | 0 | 1,000 |
| Contractual Services | 16,000 | 0 | 16,000 |
| Capital Outlay | 3,717 | 717 | 3,000 |
| Total Expenditures | <u>20,717</u> | <u>717</u> | <u>20,000</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (19,117) | 4,919 | 24,036 |
| Fund Balance at Beginning of Year | 33,227 | 33,227 | 0 |
| Prior Year Encumbrances | 717 | 717 | 0 |
| Fund Balance at End of Year | <u>\$ 14,827</u> | <u>\$ 38,863</u> | <u>\$ 24,036</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, 2005**

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|------------------|------------------|---|
| Revenues: | | | |
| Fines and Forfeitures | \$ 7,000 | \$ 3,776 | \$ (3,224) |
| Total Revenues | <u>7,000</u> | <u>3,776</u> | <u>(3,224)</u> |
| Expenditures: | | | |
| Security of Persons and Property: | | | |
| Police Division: | | | |
| Materials and Supplies | 500 | 79 | 421 |
| Contractual Services | 8,000 | 3,331 | 4,669 |
| Capital Outlay | 3,000 | 1,509 | 1,491 |
| Total Expenditures | <u>11,500</u> | <u>4,919</u> | <u>6,581</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (4,500) | (1,143) | 3,357 |
| Fund Balance at Beginning of Year | <u>16,804</u> | <u>16,804</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 12,304</u> | <u>\$ 15,661</u> | <u>\$ 3,357</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, 2005**

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|---------------------|------------------|---|
| Revenues: | | | |
| Fines and Forfeitures | \$ 2,500 | \$ 2,934 | \$ 434 |
| Total Revenues | <u>2,500</u> | <u>2,934</u> | <u>434</u> |
| Expenditures: | | | |
| Security of Persons and Property: Police Division: | | | |
| Contractual Services | <u>6,500</u> | <u>4,779</u> | <u>1,721</u> |
| Total Expenditures | <u>6,500</u> | <u>4,779</u> | <u>1,721</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (4,000) | (1,845) | 2,155 |
| Fund Balance at Beginning of Year | <u>12,283</u> | <u>12,283</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 8,283</u> | <u>\$ 10,438</u> | <u>\$ 2,155</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, 2005**

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|-----------------|-----------------|---|
| Revenues: | | | |
| Intergovernmental Revenues | \$ 56,294 | \$ 56,294 | \$ 0 |
| Total Revenues | <u>56,294</u> | <u>56,294</u> | <u>0</u> |
| Expenditures: | | | |
| Total Expenditures | <u>0</u> | <u>0</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 56,294 | 56,294 | 0 |
| Other Financing Sources (Uses): | | | |
| Transfers Out | <u>(56,294)</u> | <u>(56,294)</u> | <u>0</u> |
| Total Other Financing Sources (Uses) | <u>(56,294)</u> | <u>(56,294)</u> | <u>0</u> |
| Net Change in Fund Balance | 0 | 0 | 0 |
| Fund Balance at Beginning of Year | <u>0</u> | <u>0</u> | <u>0</u> |
| Fund Balance at End of Year | <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 Debt Service Fund
For the Year Ended December 31, 2005**

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|---------------------------------|---------------------------------|---|
| Revenues: | | | |
| Total Revenues | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| Expenditures: | | | |
| Debt Service: | | | |
| Interest and Fiscal Charges | <u> 40,000</u> | <u> 40,000</u> | <u> 0</u> |
| Total Expenditures | <u> 40,000</u> | <u> 40,000</u> | <u> 0</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u> (40,000)</u> | <u> (40,000)</u> | <u> 0</u> |
| Other Financing Sources (Uses): | | | |
| Issue of Notes | <u> 150,000</u> | <u> 160,248</u> | <u> 10,248</u> |
| Total Other Financing Sources (Uses) | <u> 150,000</u> | <u> 160,248</u> | <u> 10,248</u> |
| Net Change in Fund Balance | <u> 110,000</u> | <u> 120,248</u> | <u> 10,248</u> |
| Fund Balance at Beginning of Year | <u> 0</u> | <u> 0</u> | <u> 0</u> |
| Fund Balance at End of Year | <u><u> 110,000</u></u> | <u><u> 120,248</u></u> | <u><u> 10,248</u></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, 2005**

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|---------------|------------------|---|
| Revenues: | | | |
| Investment Earnings | \$ 200 | \$ 829 | \$ 629 |
| Total Revenues | <u>200</u> | <u>829</u> | <u>629</u> |
| Expenditures: | | | |
| Capital Outlay | <u>32,881</u> | <u>21,332</u> | <u>11,549</u> |
| Total Expenditures | <u>32,881</u> | <u>21,332</u> | <u>11,549</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (32,681) | (20,503) | 12,178 |
| Fund Balance at Beginning of Year | 20,451 | 20,451 | 0 |
| Prior Year Encumbrances | <u>12,230</u> | <u>12,230</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 0</u> | <u>\$ 12,178</u> | <u>\$ 12,178</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, 2005**

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|------------------|-------------------|---|
| Revenues: | | | |
| Intergovernmental Revenues | \$ 570,000 | \$ 438,059 | \$ (131,941) |
| Investment Earnings | 2,500 | 50,723 | 48,223 |
| Total Revenues | <u>572,500</u> | <u>488,782</u> | <u>(83,718)</u> |
| Expenditures: | | | |
| Capital Outlay | <u>3,213,439</u> | <u>2,880,064</u> | <u>333,375</u> |
| Total Expenditures | <u>3,213,439</u> | <u>2,880,064</u> | <u>333,375</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (2,640,939) | (2,391,282) | 249,657 |
| Other Financing Uses: | | | |
| Transfers Out | <u>(300,000)</u> | <u>(300,000)</u> | <u>0</u> |
| Total Other Financing Uses | <u>(300,000)</u> | <u>(300,000)</u> | <u>0</u> |
| Net Change in Fund Balance | (2,940,939) | (2,691,282) | 249,657 |
| Fund Balance at Beginning of Year | 1,345,618 | 1,345,618 | 0 |
| Prior Year Encumbrances | <u>1,595,321</u> | <u>1,595,321</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 0</u> | <u>\$ 249,657</u> | <u>\$ 249,657</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, 2005**

| | LAND PURCHASE FUND | | Variance with Final Budget Positive (Negative) |
|--|---------------------------------|----------------------------------|---|
| | Final Budget | Actual | |
| Revenues: | | | |
| Total Revenues | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| Expenditures: | | | |
| Capital Outlay | <u> 8,000</u> | <u> 0</u> | <u> 8,000</u> |
| Total Expenditures | <u> 8,000</u> | <u> 0</u> | <u> 8,000</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u> (8,000)</u> | <u> 0</u> | <u> 8,000</u> |
| Fund Balance at Beginning of Year | <u> 10,815</u> | <u> 10,815</u> | <u> 0</u> |
| Fund Balance at End of Year | <u><u>\$ 2,815</u></u> | <u><u>\$ 10,815</u></u> | <u><u>\$ 8,000</u></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, 2005**

| | Balance December 31, 2004 | Additions | Deductions | Balance December 31, 2005 |
|--|---------------------------------|------------------|--------------------|---------------------------------|
| <u>Mayor's Court</u> | | | | |
| Assets: | | | | |
| Cash and Cash Equivalents with Fiscal Agent | \$1,595 | \$390,306 | (\$391,263) | \$638 |
| Total Assets | <u>\$1,595</u> | <u>\$390,306</u> | <u>(\$391,263)</u> | <u>\$638</u> |
| Liabilities: | | | | |
| Due to Others | \$1,595 | \$390,306 | (\$391,263) | \$638 |
| Total Liabilities | <u>\$1,595</u> | <u>\$390,306</u> | <u>(\$391,263)</u> | <u>\$638</u> |
| <u>Ohio Board of Building Standards Assessments</u> | | | | |
| Assets: | | | | |
| Cash and Cash Equivalents | \$861 | \$9,714 | (\$9,282) | \$1,293 |
| Total Assets | <u>\$861</u> | <u>\$9,714</u> | <u>(\$9,282)</u> | <u>\$1,293</u> |
| Liabilities: | | | | |
| Intergovernmental Payables | \$861 | \$9,714 | (\$9,282) | \$1,293 |
| Total Liabilities | <u>\$861</u> | <u>\$9,714</u> | <u>(\$9,282)</u> | <u>\$1,293</u> |
| <u>Arson Task Force</u> | | | | |
| Assets: | | | | |
| Cash and Cash Equivalents | \$4,317 | \$130 | (\$169) | \$4,278 |
| Total Assets | <u>\$4,317</u> | <u>\$130</u> | <u>(\$169)</u> | <u>\$4,278</u> |
| Liabilities: | | | | |
| Due to Others | \$4,317 | \$130 | (\$169) | \$4,278 |
| Total Liabilities | <u>\$4,317</u> | <u>\$130</u> | <u>(\$169)</u> | <u>\$4,278</u> |
| <u>Totals - All Agency Funds</u> | | | | |
| Assets: | | | | |
| Cash and Cash Equivalents | \$5,178 | \$9,844 | (\$9,451) | \$5,571 |
| Cash and Cash Equivalents with Fiscal Agent | 1,595 | 390,306 | (391,263) | 638 |
| Total Assets | <u>\$6,773</u> | <u>\$400,150</u> | <u>(\$400,714)</u> | <u>\$6,209</u> |
| Liabilities: | | | | |
| Intergovernmental Payables | \$861 | \$9,714 | (\$9,282) | \$1,293 |
| Due to Others | 5,912 | 390,436 | (391,432) | 4,916 |
| Total Liabilities | <u>\$6,773</u> | <u>\$400,150</u> | <u>(\$400,714)</u> | <u>\$6,209</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, 2005***

Capital Assets:

| | |
|-----------------------------------|----------------------------|
| Land | \$20,403,406 |
| Buildings | 25,648,469 |
| Improvements Other than Buildings | 6,328,254 |
| Infrastructure | 15,167,443 |
| Machinery and Equipment | 11,482,380 |
| Construction in Progress | <u>4,135,893</u> |
| Total Capital Assets | <u><u>\$83,165,845</u></u> |

Investment in Capital Assets from:

| | |
|------------------------------------|----------------------------|
| General Fund | \$17,264,031 |
| Special Revenue Funds | 14,349,477 |
| Capital Project Funds | 51,531,951 |
| Enterprise Fund | 5,500 |
| Capital Leases | <u>14,886</u> |
| Total Investment in Capital Assets | <u><u>\$83,165,845</u></u> |

CITY OF BLUE ASH, OHIO

**Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
December 31, 2005**

| <u>Function and Activity</u> | <u>Land</u> | <u>Buildings</u> | <u>Improvements Other Than Buildings</u> |
|--|---------------------|---------------------|--|
| <u>General Government:</u> | | | |
| Administration | \$465,634 | \$2,403,538 | \$257,209 |
| Legislative | 0 | 7,375 | 0 |
| Judicial | 0 | 0 | 0 |
| Finance / Tax | 0 | 44,030 | 0 |
| Facility Maintenance | 0 | 39,370 | 0 |
| Total | <u>465,634</u> | <u>2,494,313</u> | <u>257,209</u> |
| <u>Security of Persons and Property:</u> | | | |
| Police | 0 | 774,430 | 0 |
| Fire | 0 | 7,510,929 | 1,900 |
| Total | <u>0</u> | <u>8,285,359</u> | <u>1,900</u> |
| <u>Transportation:</u> | | | |
| Street | <u>8,829,235</u> | <u>233,500</u> | <u>0</u> |
| <u>Leisure Time Activities:</u> | | | |
| Park | 4,489,415 | 8,885,766 | 1,838,659 |
| Grounds Maintenance | <u>3,012,745</u> | <u>3,276,799</u> | <u>3,704,707</u> |
| Total | <u>7,502,160</u> | <u>12,162,565</u> | <u>5,543,366</u> |
| <u>Basic Utility Services:</u> | | | |
| Public Services | <u>1,708,423</u> | <u>2,308,457</u> | <u>383,450</u> |
| <u>Community Development:</u> | | | |
| Building | <u>1,897,954</u> | <u>164,275</u> | <u>142,329</u> |
| Construction in Progress | | | |
| Total Capital Assets | <u>\$20,403,406</u> | <u>\$25,648,469</u> | <u>\$6,328,254</u> |

CITY OF BLUE ASH, OHIO

| <u>Infrastructure</u> | <u>Machinery and Equipment</u> | <u>Total</u> |
|-----------------------|--|---------------------|
| \$0 | \$1,512,142 | \$4,638,523 |
| 0 | 4,242 | 11,617 |
| 0 | 4,921 | 4,921 |
| 0 | 63,510 | 107,540 |
| 0 | 113,144 | 152,514 |
| <u>0</u> | <u>1,697,959</u> | <u>4,915,115</u> |
| 0 | 1,577,557 | 2,351,987 |
| <u>0</u> | <u>3,267,856</u> | <u>10,780,685</u> |
| <u>0</u> | <u>4,845,413</u> | <u>13,132,672</u> |
| <u>15,167,443</u> | <u>355,720</u> | <u>24,585,898</u> |
| 0 | 953,777 | 16,167,617 |
| <u>0</u> | <u>1,419,675</u> | <u>11,413,926</u> |
| <u>0</u> | <u>2,373,452</u> | <u>27,581,543</u> |
| <u>0</u> | <u>2,166,558</u> | <u>6,566,888</u> |
| <u>0</u> | <u>43,278</u> | <u>2,247,836</u> |
| | | <u>4,135,893</u> |
| <u>\$15,167,443</u> | <u>\$11,482,380</u> | <u>\$83,165,845</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, 2005**

| <u>Function and Activity</u> | <u>December 31, 2004</u> | <u>Additions</u> | <u>Deletions</u> | <u>December 31, 2005</u> |
|--|------------------------------|--------------------|----------------------|------------------------------|
| <u>General Government:</u> | | | | |
| Administration | \$4,072,495 | \$689,803 | (\$123,775) | \$4,638,523 |
| Legislative | 11,617 | 0 | 0 | 11,617 |
| Judicial | 5,421 | 0 | (500) | 4,921 |
| Finance / Tax | 113,688 | 0 | (6,148) | 107,540 |
| Facility Maintenance | 129,389 | 31,635 | (8,510) | 152,514 |
| Total | <u>4,332,610</u> | <u>721,438</u> | <u>(138,933)</u> | <u>4,915,115</u> |
| <u>Security of Persons and Property:</u> | | | | |
| Police | 2,462,144 | 301,007 | (411,164) | 2,351,987 |
| Fire | 10,813,292 | 63,079 | (95,686) | 10,780,685 |
| Total | <u>13,275,436</u> | <u>364,086</u> | <u>(506,850)</u> | <u>13,132,672</u> |
| <u>Transportation:</u> | | | | |
| Street | <u>24,512,456</u> | <u>85,142</u> | <u>(11,700)</u> | <u>24,585,898</u> |
| <u>Leisure Time Activities:</u> | | | | |
| Park | 16,207,474 | 78,181 | (118,038) | 16,167,617 |
| Grounds Maintenance | 11,296,586 | 194,461 | (77,121) | 11,413,926 |
| Total | <u>27,504,060</u> | <u>272,642</u> | <u>(195,159)</u> | <u>27,581,543</u> |
| <u>Basic Utility Services:</u> | | | | |
| Public Services | <u>6,591,225</u> | <u>88,751</u> | <u>(113,088)</u> | <u>6,566,888</u> |
| <u>Community Development:</u> | | | | |
| Building | <u>2,248,895</u> | <u>0</u> | <u>(1,059)</u> | <u>2,247,836</u> |
| Construction in Progress | <u>2,284,387</u> | <u>1,992,140</u> | <u>(140,634)</u> | <u>4,135,893</u> |
| Total Capital Assets | <u>\$80,749,069</u> | <u>\$3,524,199</u> | <u>(\$1,107,423)</u> | <u>\$83,165,845</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 | Leisure Time Activities | Community Development | Basic Utility Services | Trans- portation | General Government | Capital Outlay | Debt Service | Total |
|-------------|---|--|----------------------------------|---------------------------------------|-----------------------------|-------------------------------|---------------------------|-------------------------|--------------|
| 1996 | \$6,306,607 | \$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 | 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 | 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 | 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 | 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 | 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 | 4,115,009 | 690,755 | 3,714,209 | 3,775,004 | 4,350,054 | 7,092,437 | 2,832,603 | 35,813,444 |
| 2003 | 9,205,777 | 3,793,655 | 682,771 | 3,154,613 | 2,022,193 | 4,583,358 | 8,085,301 | 2,903,886 | 34,431,554 |
| 2004 | 9,972,468 | 3,837,782 | 657,461 | 2,498,477 | 1,876,750 | 5,766,124 | 3,238,694 | 3,263,718 | 31,111,474 |
| 2005 | 10,111,541 | 3,885,242 | 882,499 | 2,144,168 | 1,755,940 | 5,669,339 | 1,737,644 | 3,314,093 | 29,500,466 |

- \$2 -

- (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 |
|-------------|--------------|-----------------------------------|----------------------------|-----------------------------|----------------------------|------------------------------|----------------------|--------------|
| 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 |
| 2003 | 23,517,278 | 3,005,859 | 1,228,620 | 258,015 | 182,281 | 623,175 | 347,352 | 29,162,580 |
| 2004 | 22,441,486 | 3,976,014 | 995,850 | 281,498 | 128,697 | 378,006 | 343,018 | 28,544,569 |
| 2005 | 24,788,187 | 3,661,407 | 1,170,430 | 437,106 | 357,462 | 659,328 | 319,332 | 31,393,252 |

- (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***

| <u>Collection Year</u> | <u>Total Tax Levy</u> | <u>Current Tax Collections</u> | <u>Delinquent Tax Collections</u> | <u>Total Tax Collections</u> | <u>Percent of Total Tax Collections To Tax Levy</u> | <u>Accumulated Outstanding Delinquent Taxes</u> | <u>Percentage of Accumulated Delinquent Taxes To Total Tax Levy</u> |
|-------------------------------|------------------------------|---------------------------------------|--|-------------------------------------|--|--|--|
| 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% |
| 2003 | 2,656,366 | 2,382,266 | 95,206 | 2,477,472 | 93.27% | 161,304 | 6.07% |
| 2004 | 2,657,202 | 2,414,955 | 92,579 | 2,507,534 | 94.37% | 149,668 | 5.63% |
| 2005 | 2,630,500 | 2,332,793 | 129,733 | 2,462,526 | 93.61% | 169,640 | 6.45% |

Source: Hamilton County, Ohio: County Auditor

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 | |
| 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% |
| 2003 | 612,552,270 | 1,750,149,343 | 15,044,850 | 15,044,850 | 155,312,240 | 621,248,960 | 782,909,360 | 2,386,443,153 | 32.81% |
| 2004 | 611,271,360 | 1,746,489,600 | 18,995,320 | 18,995,320 | 168,863,645 | 675,454,580 | 799,130,325 | 2,440,939,500 | 32.74% |
| 2005 | 677,515,100 | 1,935,757,429 | 18,223,550 | 18,223,550 | 107,899,770 | 431,599,080 | 803,638,420 | 2,385,580,059 | 33.69% |

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 * Sycamore ** School District | | Hamilton County | Special Taxing Districts | Total |
|-----------------|------------------|-------------------|-------|---|----------|-----------------|--------------------------|---------------------|
| | General Fund | Debt Service Fund | | | | | | |
| 1996 | 2.97 | 0.11 | 3.08 | 42.24 * | 54.14 ** | 19.44 | 2.70 | 67.46 * 79.36 ** |
| 1997 | 2.97 | 0.11 | 3.08 | 42.24 * | 54.14 ** | 19.44 | 2.70 | 67.46 * 79.36 ** |
| 1998 | 2.97 | 0.11 | 3.08 | 42.24 * | 54.14 ** | 19.01 | 2.70 | 67.03 * 78.93 ** |
| 1999 | 2.97 | 0.11 | 3.08 | 42.24 * | 61.53 ** | 19.54 | 2.70 | 67.56 * 86.85 ** |
| 2000 | 2.97 | 0.11 | 3.08 | 46.19 * | 60.84 ** | 20.83 | 2.70 | 72.80 * 87.45 ** |
| 2001 | 2.97 | 0.11 | 3.08 | 46.19 * | 60.84 ** | 19.92 | 2.70 | 71.89 * 86.54 ** |
| 2002 | 2.97 | 0.11 | 3.08 | 46.19 * | 60.84 ** | 21.47 | 2.70 | 73.44 * 88.09 ** |
| 2003 | 2.97 | 0.11 | 3.08 | 45.79 * | 60.49 ** | 21.87 | 2.70 | 73.44 * 88.14 ** |
| 2004 | 2.97 | 0.11 | 3.08 | 49.03 * | 60.40 ** | 21.51 | 2.70 | 76.32 * 87.69 ** |
| 2005 | 2.97 | 0.11 | 3.08 | 49.03 * | 65.80 ** | 20.81 | 2.70 | 75.62 * 92.39 ** |

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> |
|-----------------------------------|---------------------------------|------------------------------------|-------------------------------------|
| 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% |
| 2003 | 0 | 0 | 0.00% |
| 2004 | 0 | 0 | 0.00% |
| 2005 | 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, 2005**

| | | |
|--|---------------------|----------------------|
| Assessed Value | | <u>\$803,638,420</u> |
| Unvoted Debt Limit 5-1/2% Assessed Value | | \$44,200,113 |
| Total Unvoted Debt Outstanding at December 31, 2005 | 17,540,000 | |
| Unvoted General Obligation Bonds Issued in Anticipation of the Collection of Lawfully available Municipal Income Tax to be Applied to Debt Service | <u>(17,540,000)</u> | |
| Subtotal | 0 | |
| Less: Bond Retirement Fund Balance | <u>(26,082)</u> | |
| Net Subject to 5-1/2% Limitation | | <u>0</u> |
| Legal Debt Margin within 5-1/2% Limitation | | <u>\$44,200,113</u> |

CITY OF BLUE ASH, OHIO

**COMPUTATION OF 10-1/2 % LEGAL DEBT MARGIN
DECEMBER 31, 2005**

| | | |
|--|---------------------|----------------------|
| Assessed Value | | <u>\$803,638,420</u> |
| Voted and Unvoted Debt Limit 10-1/2% Assessed Value | | \$84,382,034 |
| Total Voted and Unvoted Debt Outstanding at December 31, 2005 | 17,540,000 | |
| Unvoted General Obligation Bonds Issued in Anticipation of the Collection of Lawfully available Municipal Income Tax to be Applied to Debt Service | <u>(17,540,000)</u> | |
| Subtotal | 0 | |
| Less: Bond Retirement Fund Balance | <u>(26,082)</u> | |
| Net Subject to 10-1/2% Limitation | | <u>0</u> |
| Legal Debt Margin within 10-1/2% Limitation | | <u>\$84,382,034</u> |

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> |
|-------------|-----------------------|-------------------------------|--------------------------------------|---|----------------------------|---|---|
| 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 |
| 2003 | 12,513 (b) | 782,909,360 | 0 | 80,475 | 0 | 0.00% | 0 |
| 2004 | 12,513 (b) | 799,130,325 | 0 | 5,131,585 | 0 | 0.00% | 0 |
| 2005 | 12,513 (b) | 803,638,420 | 0 | 26,082 | 0 | 0.00% | 0 |

(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> |
|-------------|-----------------------|--|--|--|--|
| 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% |
| 2003 | 2,035,000 | 635,070 | 2,670,070 | 34,431,554 | 7.75% |
| 2004 | 2,460,000 | 669,430 | 3,129,430 | 31,111,474 | 10.06% |
| 2005 | 2,460,000 | 669,639 | 3,129,639 | 29,500,466 | 10.61% |

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

(2) Excludes 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, 2005**

| <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) | \$22,090,000 | 100.00% | \$22,090,000 |
| Overlapping Subdivisions | | | |
| Sycamore Community School District | 37,773,599 | 47.54% | 17,957,569 |
| Princeton City School District | 83,430,000 | 1.69% | 1,409,967 |
| Great Oaks Joint Vocational School District | 4,340,000 | 4.59% | 199,206 |
| Hamilton County | 111,605,000 | 4.27% | 4,765,534 |
| | | Subtotal | <u>24,332,275</u> |
| | | Total | <u><u>\$46,422,275</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> |
|-------------|-----------------------|------------------------------|---|
| 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% |
| 2003 | 12,513 (b) | 5,702 | 5.0% |
| 2004 | 12,513 (b) | 5,673 | 5.3% |
| 2005 | 12,513 (b) | 5,530 | 5.4% |

- (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 | |
| 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 |
| 2003 | 199 | 6,172,144 | 420 | 14,470,118 | 147,868,600 |
| 2004 | 191 | 8,379,157 | 319 | 15,131,203 | 149,199,466 |
| 2005 | 108 | 6,347,389 | 399 | 35,858,921 | 144,600,562 |

(1) Source: City of Blue Ash Community Development Department.

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

CITY OF BLUE ASH, OHIO

**PRINCIPAL TAXPAYERS (PROPERTY TAX)
DECEMBER 31, 2005**

| <u>Taxpayer</u> | <u>2005 Assessed Valuation (Tax Duplicate)</u> | <u>Percentage of Total Assessed Valuation</u> |
|-------------------------------------|--|---|
| 1. Duke Realty Ltd Partnership | \$41,624,670 | 5.18% |
| 2. Cincinnati Gas & Electric Co. | 11,934,250 | 1.49% |
| 3. Procter & Gamble Co. | 11,336,010 | 1.41% |
| 4. Ethicon Inc. | 9,630,870 | 1.20% |
| 5. Harold R Silverman LLC. | 9,152,660 | 1.14% |
| 6. Gallenstein Investments LLC. | 5,898,860 | 0.73% |
| 7. Charleston at Blue Ash LLC. | 5,845,010 | 0.73% |
| 8. Blue Ash Oxford & Associates Ltd | 5,702,410 | 0.71% |
| 9. Nesbitt Blue Ash Property LLC. | 5,682,390 | 0.71% |
| 10. Neyer/Carver Road LLC | <u>5,473,940</u> | <u>0.68%</u> |
| Sub-Total | 112,281,070 | 13.98% |
| All Others | <u>691,357,350</u> | <u>86.02%</u> |
| Total | <u><u>\$803,638,420</u></u> | <u><u>100.00%</u></u> |

Source: Hamilton County, Ohio: County Auditor.

***PRINCIPAL EMPLOYERS
DECEMBER 31, 2005***

| <u>Employer</u> | <u>Number of Employees *</u> |
|-----------------------------------|------------------------------|
| 1. The Procter and Gamble Company | 2,159 |
| 2. Ethicon, Inc. | 1,339 |
| 3. Fidelity Investments | 1,007 |
| 4. Ingersoll-Rand (Steelcraft) | 959 |
| 5. Wornick Company | 732 |
| 6. Sara Lee Foods | 529 |
| 7. Mercy Health Systems | 505 |
| 8. Belcan Engineering Services | 492 |
| 9. Time Warner | 452 |
| 10. LSI Industries | 425 |

Source: City of Blue Ash City Tax Office.

**MISCELLANEOUS STATISTICS
DECEMBER 31, 2005**

| | 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 2004 | 520 |
| Miles of Streets | 64.05 (160.93 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 Authorized Sworn Officers | 38 | Employees: | |
| Fire/Emergency Medical Services: | | Authorized Full-time | 150 |
| Number of Stations | 2 | Variable Part-Time | |
| Number of Full-time Officers and Firefighter/Paramedics | 30 | Education (K-12) (Public Only) * | |
| | | Number of Schools | 7 |
| | | Number of Teachers | 486 |
| | | Number of Students | 5,673 |

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





**Auditor of State
Betty Montgomery**

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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
AUGUST 1, 2006**