



COMPREHENSIVE ANNUAL FINANCIAL REPORT



**City of Blue Ash, Ohio
Fiscal Year Ended
December 31, 2012**







Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the City of Blue Ash, Hamilton County, prepared by Julian & Grube, Inc., for the audit period January 1, 2012 through December 31, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

August 2, 2013

This page intentionally left blank.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2012

Prepared by the Finance Department

Amy Moore
Finance Officer



TABLE OF CONTENTS

CITY OF BLUE ASH
HAMILTON COUNTY, OHIO

I INTRODUCTORY SECTION

A Letter of Transmittalv
B List of Principal Officialsxi
C City Organizational Chartxii
D Certificate of Achievement for Excellence in Financial Reporting.....xiii

II FINANCIAL SECTION

A Independent Auditor’s Report..... 1
B Management’s Discussion and Analysis.....3
C Basic Financial Statements:
 Government-wide Financial Statements:
 Statement of Net Position11
 Statement of Activities 12
 Fund Financial Statements:
 Governmental Funds:
 Balance Sheet14
 Reconciliation of Total Governmental Fund Balances to Net Position of
 Governmental Activities.....16
 Statement of Revenues, Expenditures and Changes in Fund Balances 18
 Reconciliation of the Statement of Revenues, Expenditures and Changes
 in Fund Balances to the Statement of Activities.....20
 Statement of Revenues, Expenditures and Changes in Fund Balance-
 Budget and Actual (Non-GAAP Budgetary Basis):
 General Fund21
 Park and Recreation Fund.....22
 Proprietary Funds:
 Statement of Net Position23
 Statement of Revenues, Expenses and Changes in Fund Net Position.....24
 Statement of Cash Flows25
 Fiduciary Funds:
 Statement of Assets and Liabilities.....26
Notes to the Basic Financial Statements.....27

D Combining and Individual Fund Statements and Schedules:

Nonmajor Governmental Financial Statements:

Combining Balance Sheet.....	64
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	65
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	66
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds.....	68
Combining Balance Sheet – Nonmajor Capital Projects Funds.....	70
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds.....	72

Individual Schedules of Revenues, Expenditures and Changes in Fund Balance- Budget and Actual (Non-GAAP Budgetary Basis):

Major Governmental Funds:

<i>General Fund</i>	74
---------------------------	----

Special Revenue Fund:

Park and Recreation Fund.....	77
-------------------------------	----

Debt Service Funds:

General Obligation Bond Retirement Fund.....	78
Tax Increment Financing (TIF) Carver Road Bond Retirement Fund.....	79

Nonmajor Governmental Funds:

Special Revenue Funds:

Street Construction Maintenance and Repair Fund.....	80
Municipal Motor Vehicle License Tax Fund.....	81
State Highway Fund.....	82
Plainfield Road TIF Fund.....	83
Law Enforcement Assistance Fund.....	84
Law Enforcement Fund.....	85
Operating a Vehicle Intoxicated (OVI) Task Force Fund.....	86
Drug Law Enforcement Fund.....	87
Education Enforcement (DUI) Fund.....	88
FEMA Grant Fund.....	89
Law Enforcement Liaison Fund.....	90

Capital Projects Funds:

Energy Saving Facility Improvement Fund.....	91
Downtown Improvement Fund.....	92
Plainfield Bikepath Construction Fund	93
Summit Park Fund.....	94
Golf Course Construction Fund.....	95
Reed Hartman Improvement Fund	96
Cooper Road Sidewalk Construction Fund	97

Fiduciary Funds – Agency Fund:

Combining Statement of Changes in Assets and Liabilities	100
--	-----

III

STATISTICAL SECTION

Net Position by Component - Last Ten Years	S 2
Changes in Net Position - Last Ten Years	S 4
Fund Balances, Governmental Funds - Last Ten Years.....	S 8
Changes in Fund Balances, Governmental Funds - Last Ten Years.....	S 10
Income Tax Revenues by Source, Governmental Funds - Last Ten Years	S 14
Income Tax Statistics - Current Year and Nine Years Ago	S 17
Ratio of Outstanding Debt By Type - Last Ten Years.....	S 18
Ratios of General Bonded Debt Outstanding - Last Ten Years	S 20
Computation of Direct and Overlapping Debt Attributable to Governmental Activities - Current Year	S 23
Debt Limitations - Last Ten Years.....	S 24
Pledged Revenue Coverage – Last Seven Years	S 26
Demographic and Economic Statistics - Last Ten Years.....	S 28
Principal Employers - Current Year and Nine Years Ago.....	S 31
Full Time Equivalent Employees by Function - Last Ten Years.....	S 32
Operating Indicators by Function - Last Ten Years.....	S 34
Capital Asset Statistics by Function - Last Ten Years.....	S 36



Introductory Section







CITY OF BLUE ASH

4343 Cooper Road • Blue Ash, Ohio 45242

David M. Waltz, City Manager

phone (513) 745-8500

fax (513)-745-8594

www.blueash.com

June 19, 2013

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, 2012. It represents the City's commitment 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 accounting principles generally accepted in the United States of America as set forth by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources.

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

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 12,114 (2012 Census) and an estimated daytime population of nearly 53,000. In 2012, approximately 2,000 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 limited 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 2006 for the passage of an earnings tax rate increase intended for major capital improvements.

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, 2013.

***Letter of Transmittal
For the Year Ended December 31, 2012***

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, fire and emergency services, street construction and maintenance, planning and zoning services, economic development, storm water management, residential waste collection, pool and recreational facilities, championship golf course and events center, parks and a 37 acre sports complex.

ECONOMIC CONDITIONS AND OUTLOOK

Since the City's earliest days, citizens and City council recognized, and respected, the role played by a stable and growing business presence in the town. Business contributes to a significant market valuation that supports the local school district via property tax payments.

Such awareness is reflected in Blue Ash's past and current posture regarding business retention and attraction. Council and the administration are strong supporters of investing in economic development and continuing to provide a broad array of governmental services which makes Blue Ash a good location in which to own or operate a business. The City's long term focus on making the town business-friendly, with strong safety services, an aggressive program of investing in traffic flow improvements and quality recreational options, all contribute to a solid and diverse business base. Such an approach was successful even during the tough economic times in recent years.

Perhaps the most useful measure of the economic climate or status of Blue Ash lies in a review or recap of earnings tax collections-the City's primary source of recurring annual revenue. Total gross cash-basis earnings tax collections are shown below:

2008	\$30,119,007
2009	28,314,411
2011	28,704,462
2012	30,833,751
2012	32,679,637
2013	32,375,800 (expected)

Such an outcome, given economic conditions, reflects well on the strength of Blue Ash's business base and confirms that the City still remains a strong complement to the economic resources within Hamilton County, Ohio.

The administration and Council remain focused on monitoring the impact of the economy upon the maintenance of general fund reserves, the provision of quality services and in planning for the possibility of continuing economic weakness. Accomplishing this objective will entail ongoing review of the services offered, further efficiency and monitoring/reductions in operating costs, ranking of capital purchases and projects, and further investment in economic development.

***Letter of Transmittal
For the Year Ended December 31, 2012***

MAJOR INITIATIVES

The City's primary objective or initiative in 2012 was focused around the efforts by the Council and the administration to adapt to the economic conditions, close monitoring of operational outcomes, and careful planning to continue to offer essentially the same array of governmental services as in the past. Planning for major projects and capital acquisitions was completed with full awareness of the need to preserve, and not absorb, general fund reserve balances. Those major projects or investments accomplished during 2012 included:

- Continued investment in sidewalk and bike path construction, enhancing connectivity between neighborhoods and the City's primary destinations. The City completed 7,070 lineal feet of path construction along Reed Hartman Highway and Ilmenau Way.
- Continued investment in improving roadway, curb, and gutter maintenance and replacement on many City streets and highways.
- Investment in energy improvements to City facilities through an energy audit that identified energy management recommendations and building related capital improvements to reduce utility and operating costs. The project will be finished in 2013.

The second area of 2012 major projects related to the "Issue 15" commitments made to the citizenry in 2006. In mid - 2006, Council presented to its citizens a proposal called Issue 15, which included a change in the Charter-defined earnings tax rate from 1.0% to 1.25%, with a commitment that the revenues generated from the change would be dedicated to certain major "quality of life" projects benefitting the entire community. Passage by voters of Issue 15 affirmed the Council's path to address the following projects:

- Recreation Center - Full renovation and expansion of the Recreation Center on Cooper Road. This project was completed in 2009 and has been well received by the residents and businesses alike.
- Cooper Creek Events Center and Golf Course - Construction of a 30,000 sq. ft. multi-purpose events center and golf course clubhouse. The upper level serves as a conference and banquet facility with nearly 16,500 sq. ft. of rentable space well suited for business meetings, trainings, exhibitions, tradeshow, and receptions. The lower level offers a golf merchandise shop as well as a full service restaurant.
- Summit Park - Development of 130 acres of land for a new multi-use public park. Progress on the Master Plan for the park in 2012 included significant planning, design, and engineering efforts. With construction of several rustic trails throughout the park completed, the Park was officially open to the public in October 2012. Phase I of this multi-phase park construction is expected to begin in mid-2013 and consist of earthwork, utility infrastructure, water management, walking paths and landscaping.

***Letter of Transmittal
For the Year Ended December 31, 2012***

THE FUTURE

The resources derived from the earnings tax change under Issue 15 provide the City of Blue Ash with the opportunity to continue to invest in major recreational projects, such as the 130-acre Summit Park. Those resources also permit the repayment of bonds issued to partially pay for both the Recreation Center Expansion and the Cooper Creek Events Center and Golf Course improvements. All of the Issue 15 projects have been well received by the citizens, and many are looking forward to construction to start on the Summit Park.

The outlook for the future for the City, external to the Issue 15 projects, remains favorable as well. Although the economy remains uncertain, earnings tax collections are rebounding, and investment continues in economic development in both business retention and incoming operations. Council is kept abreast of the City's operational performance, and the administration continues to work toward fiscal sustainability by reviewing costs, searching for efficiencies, succession planning and the prioritization of capital projects and purchases.

The foundation upon which the City of Blue Ash was based, and under which it has grown and flourished, will remain the framework around which the City's future will be built. While the City will respond to, adjust to, and react to, the economic challenges and changes in the business environment, Council and the Management Team will remain true to those core values that have served this community well for so many years.

FINANCIAL INFORMATION

Internal and Budgetary Controls

Development of the City's accounting system included substantial consideration of the adequacy of the internal accounting controls. Internal accounting controls are designed to provide reasonable but not absolute assurance of the following:

1. The City's assets are protected against loss and unauthorized use or disposition.
2. Reliable financial reports for preparing financial statements and providing accountability for assets are maintained.

The concept of reasonable assurance states that internal controls should be evaluated applying the following criteria:

1. The expense associated with providing the internal controls should not exceed the benefits likely to be derived from their implementation.
2. The evaluation of the offsetting costs and benefits involves estimates and judgment by the City administration and the Finance Department.

***Letter of Transmittal
For the Year Ended December 31, 2012***

All internal control evaluations occur within this framework. 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 ordinances amending the annual appropriations ordinance. Open encumbrances as of December 31, 2012 are reported as assigned fund balance in the General Fund.

INDEPENDENT AUDIT

The Auditor of the State of Ohio contracted with Julian and Grube, Inc. to audit the basic financial statements of the City of Blue Ash. Their unmodified opinion has been included in this report.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Blue Ash, Ohio for its comprehensive annual financial report for the fiscal year ended December 31, 2011. 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 accounting principles generally accepted in the United States of America 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 twenty-five consecutive years (fiscal years ended 1987-2011). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

***Letter of Transmittal
For the Year Ended December 31, 2012***

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.

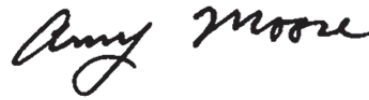
Respectfully submitted,



David M. Waltz
City Manager



Sherry L. Poppe, CPA
Treasurer/Administrative
Services Director



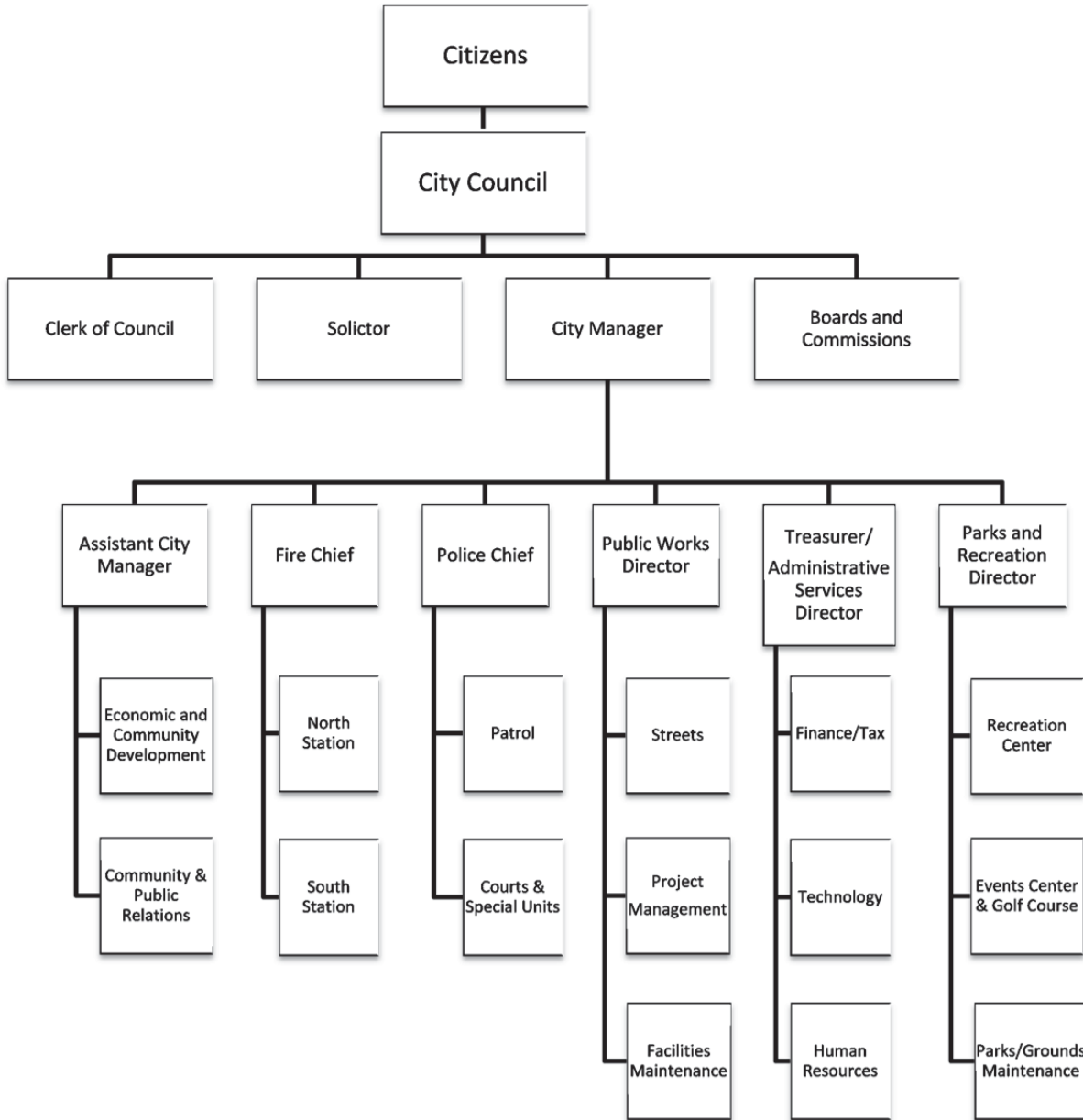
Amy Moore
Finance Officer

CITY OF BLUE ASH, OHIO

***List of Principal Officials
For the Year Ended December 31, 2012***

OFFICE HELD	NAME OF OFFICIAL
Administration:	
City Manager	David M. Waltz
Treasurer/Administrative Services Director	Sherry L. Poppe
Parks and Recreation Director	Charles D. Funk
Public Works Director	Gordon M. Perry
Fire Chief	Richard R. Brown
Police Chief	Chris D. Wallace
City Council:	
Mayor, Ward 5	Mark F. Weber
Vice Mayor, At Large	Lee Czerwonka
Ward 1	James W. Sumner
Ward 2	Stephanie Stoller
Ward 3	Rick Bryan
Ward 4	Robert J. Buckman, Jr.
At Large	Thomas C. Adamec
Solicitor	Mark A. Vander Laan
Clerk of Council	Jamie K. Eifert

**City Organizational Chart
For the Year Ended December 31, 2012**



Boards and Commissions

- | | |
|-------------------------------|--------------------------|
| Charter Revision Board | Civil Service Commission |
| Board of Sites/Zoning Appeals | Planning Commission |
| Recreation Board | |
| Tax Board of Review | |

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, 2011

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



Christopher P. Morill

President

Jeffrey R. Enen

Executive Director



Financial Section







Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Blue Ash, Hamilton County, Ohio, as of and for the year ended December 31, 2012 and the related notes to the financial statements, which collectively comprise the City of Blue Ash's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Blue Ash, Hamilton County, Ohio, as of December 31, 2012, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General Fund and Park and Recreation major special revenue fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during 2012, the City of Blue Ash adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2013, on our consideration of the City of Blue Ash's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Blue Ash's internal control over financial reporting and compliance.



Julian & Grube, Inc.
June 19, 2013

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, 2012. 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 2012 are as follows:

- ❑ In total, net position increased \$11,551,074. Net position of governmental activities increased \$10,517,277, which represents a 13.7% increase from 2011. Net position of business-type activities increased \$1,033,797 from 2011.
- ❑ General revenues accounted for \$39,310,394 in revenue or 78.2% of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$10,981,977 or 21.8% of all revenues.
- ❑ The City had \$35,515,316 in expenses related to governmental activities; only \$7,311,737 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$39,310,394 were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$38,750,016 in revenues and other financing sources and \$32,163,614 in expenditures and other financing uses. The balance of the General Fund increased \$6,578,665 to \$33,056,403.
- ❑ Net position for the enterprise fund increased. The increase was directly related to the capital contributions in the form of Construction in Progress from the Golf Course Construction capital projects fund to the golf course fund. The new Golf Clubhouse and Events Center is undergoing finishing touches and will officially be transferred from Construction in Progress in 2013.

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 position 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 position and how they have changed. Net-position (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 position 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 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, clubhouse and banquet center is reported as a business type 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 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 Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**Management's Discussion and Analysis
For the Year Ended December 31, 2012**

Unaudited

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

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 a separate Statement of Fiduciary Assets and Liabilities.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a comparison of the City's net position as of December 31, 2012 and 2011:

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$48,064,738	\$44,065,545	\$370,152	\$276,056	\$48,434,890	\$44,341,601
Capital assets, Net	96,862,813	92,672,233	12,869,854	11,749,406	109,732,667	104,421,639
Total assets	144,927,551	136,737,778	13,240,006	12,025,462	158,167,557	148,763,240
Long-term debt outstanding	52,071,339	54,126,631	96,049	64,018	52,167,388	54,190,649
Other liabilities	2,815,155	3,087,245	210,286	124,930	3,025,441	3,212,175
Total liabilities	54,886,494	57,213,876	306,335	188,948	55,192,829	57,402,824
Deferred Inflows of Resources	2,947,927	2,948,049	63,360	0	3,011,287	2,948,049
Net position						
Net investment in capital assets	56,238,601	49,870,997	12,869,854	11,749,406	69,108,455	61,620,403
Restricted	4,147,964	8,010,630	0	0	4,147,964	8,010,630
Unrestricted	26,706,565	18,694,226	457	87,108	26,707,022	18,781,334
Total net position	\$87,093,130	\$76,575,853	\$12,870,311	\$11,836,514	\$99,963,441	\$88,412,367

This space intentionally left blank.

CITY OF BLUE ASH, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2012**

Unaudited

Changes in Net position – The following table shows the changes in net position for fiscal year 2012 and 2011:

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program revenues:						
Charges for Services and Sales	\$1,679,975	\$1,473,013	\$2,624,062	\$911,220	\$4,304,037	\$2,384,233
Operating Grants and Contributions	1,676,731	965,315	0	0	1,676,731	965,315
Capital Grants and Contributions	3,955,031	668,490	1,046,178	7,371,069	5,001,209	8,039,559
General revenues:						
Income Taxes	32,063,469	30,159,819	0	0	32,063,469	30,159,819
Property Taxes	3,249,328	3,132,621	0	0	3,249,328	3,132,621
Other Local Taxes	977,428	927,172	0	0	977,428	927,172
Grants and Entitlements not Restricted to Specific Programs	1,947,792	1,451,654	0	0	1,947,792	1,451,654
Investment Earnings	20,212	18,069	0	0	20,212	18,069
Miscellaneous	1,052,165	948,821	0	0	1,052,165	948,821
Total revenues	46,622,131	39,744,974	3,670,240	8,282,289	50,292,371	48,027,263
Program Expenses						
Security of Persons and Property	11,006,802	10,106,451	0	0	11,006,802	10,106,451
Leisure Time Activities	6,478,840	12,798,189	0	0	6,478,840	12,798,189
Community Development	1,464,789	1,228,985	0	0	1,464,789	1,228,985
Transportation	4,518,985	4,916,322	0	0	4,518,985	4,916,322
General Government	9,628,004	9,061,273	0	0	9,628,004	9,061,273
Debt Service:						
Interest and Fiscal Charges	2,417,896	2,216,492	0	0	2,417,896	2,216,492
Golf Course	0	0	3,225,981	1,678,250	3,225,981	1,678,250
Total expenses	35,515,316	40,327,712	3,225,981	1,678,250	38,741,297	42,005,962
Excess (deficiency) before Transfers	11,106,815	(582,738)	444,259	6,604,039	11,551,074	6,021,301
Transfers	(589,538)	(928,903)	589,538	928,903	0	0
Total Change in Net Position	10,517,277	(1,511,641)	1,033,797	7,532,942	11,551,074	6,021,301
Beginning Net Position	76,575,853	78,087,494	11,836,514	4,303,572	88,412,367	82,391,066
Ending Net Position	\$87,093,130	\$76,575,853	\$12,870,311	\$11,836,514	\$99,963,441	\$88,412,367

Governmental Activities

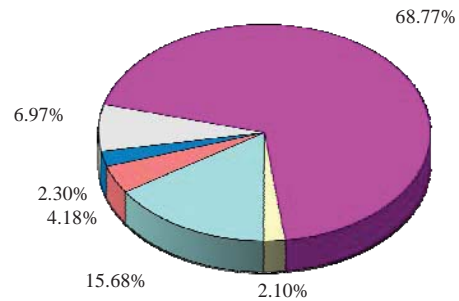
Net position of the City's governmental activities increased by \$10,517,277. Revenues increased by \$6.9 million and expenses decreased \$4.8 million. The golf course construction fund (capital projects) accounted for \$6.2 of decreased costs related to leisure time activities. The clubhouse capital asset is accounted for within the golf course fund (enterprise).

***Management's Discussion and Analysis
For the Year Ended December 31, 2012***

Unaudited

Property taxes and income taxes made up 6.97% and 68.77% respectively of revenues for governmental activities for the City in fiscal year 2012. The City's reliance upon tax revenues is demonstrated by the following graph indicating 75.74% of total revenues from general tax revenues:

Revenue Sources	2012	Percent of Total
Property Taxes	\$3,249,328	6.97%
Income Taxes	32,063,469	68.77%
Other Local Taxes	977,428	2.10%
Program Revenues	7,311,737	15.68%
Grants and Entitlements not Restricted to Specific Programs	1,947,792	4.18%
General Other	1,072,377	2.30%
Total Revenue	\$46,622,131	100.00%



Business-Type Activities

Net position of the business-type activities increased by \$1,033,797. Capital contributions from the Golf Course Construction capital projects fund to the Golf Course Fund accounted for the increase in net position for 2012.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$39,244,124, which is an increase from last year's balance of \$34,977,153. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2012 and 2011:

	Fund Balance December 31, 2012	Fund Balance December 31, 2011	Increase (Decrease)
General	\$33,056,403	\$26,477,738	\$6,578,665
Park and Recreation	416,207	(74,242)	490,449
General Bond Retirement	64,762	500,000	(435,238)
TIF Carver Road			
Bond Retirement	925,072	699,522	225,550
Other Governmental	4,781,680	7,374,135	(2,592,455)
Total	\$39,244,124	\$34,977,153	\$4,266,971

Of the City's \$39,244,124 year ended fund balances for governmental activities, 82.7% is unassigned, which allows it for spending at the government's discretion. Of the remaining 17.3%, \$5.6 million is restricted by sources outside of the City primarily for grants and debt. \$313,703 is in nonspendable form (prepaid items and supplies inventory), \$389,934 is committed to parks and recreation and the balance of \$490,568 is assigned by City management to cover outstanding purchase orders as of December 31, 2012.

CITY OF BLUE ASH, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2012**

Unaudited

General Fund – The City's General Fund balance increase is due mainly to increased income tax collections. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2012	2011	Increase
	<u>Revenues</u>	<u>Revenues</u>	<u>(Decrease)</u>
Property Taxes	\$1,951,949	\$2,090,590	(\$138,641)
Municipal Income Tax	32,056,490	29,937,730	2,118,760
Other Local Taxes	977,428	927,172	50,256
Intergovernmental Revenues	1,852,010	1,467,619	384,391
Charges for Services	698,632	641,709	56,923
Licenses and Permits	479,189	425,185	54,004
Investment Earnings	17,492	12,337	5,155
Fines and Forfeitures	140,271	124,845	15,426
All Other Revenue	76,070	20,020	56,050
Total	<u>\$38,249,531</u>	<u>\$35,647,207</u>	<u>\$2,602,324</u>

General Fund revenues in 2012 increased in comparison to fiscal year 2011. Income tax collections increased due to a rebounding economy. Intergovernmental revenues mainly increased because of a large 2012 refund of property taxes previously paid.

	2012	2011	Increase
	<u>Expenditures</u>	<u>Expenditures</u>	<u>(Decrease)</u>
Security of Persons and Property	\$10,648,855	\$9,778,841	\$870,014
Community Development	1,464,165	1,220,875	243,290
General Government	8,116,216	6,490,050	1,626,166
Total	<u>\$20,229,236</u>	<u>\$17,489,766</u>	<u>\$2,739,470</u>

General Fund expenditures increased by 15.7% or \$2,739,470 over 2011 expenditures. Primarily the increase was due to a 2012 property purchase and increased costs in the administrative functions of the City.

Park and Recreation Fund – The fund increased in 2012 due primarily to larger transferred monies into the fund to cover a project to convert a soccer field to artificial turf.

General Bond Retirement Fund – The fund decreased due to capitalized interest that was part of the 2011 fund balance used for 2012 debt payments.

TIF Carver Road Bond Retirement Fund - The fund balance increased by \$225,550. In 2012 the TIF receipts were higher than anticipated.

**Management's Discussion and Analysis
For the Year Ended December 31, 2012**

Unaudited

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 2012 the City amended its General Fund budget several times, as approved by City Council.

For the General Fund, final budget basis revenue of \$35.1 million did not significantly change from the original budget estimates of \$34.6 million. Actual expenditures of \$33.1 million were below the final budgeted number of \$38.3 million because of a combination of cost saving measures and lower than anticipated transfers out to other funds. The General Fund maintained an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2012 the City had \$109,732,667 net of accumulated depreciation invested in land, construction in progress, buildings, improvements other than buildings, infrastructure and machinery and equipment. Of this total, \$96,862,813 was related to governmental activities and \$12,869,854 to the business-type activities. The following table shows fiscal year 2012 and 2011 balances:

	Governmental Activities		Increase (Decrease)
	2012	2011	
Land	\$40,512,226	\$39,370,292	\$1,141,934
Construction In Progress	1,433,190	958,353	474,837
Buildings	45,735,748	44,684,118	1,051,630
Improvements Other than Buildings	6,459,651	6,459,651	0
Infrastructure	26,932,071	23,656,868	3,275,203
Machinery and Equipment	11,907,085	11,427,477	479,608
Less: Accumulated Depreciation	(36,117,158)	(33,884,526)	(2,232,632)
Totals	\$96,862,813	\$92,672,233	\$4,190,580

	Business-Type Activities		Increase (Decrease)
	2012	2011	
Land	\$1,124,764	\$1,124,764	\$0
Construction In Progress	8,881,643	9,486,127	(604,484)
Buildings	691,751	691,751	0
Improvements Other than Buildings	3,671,737	1,909,736	1,762,001
Machinery and Equipment	1,322,083	1,312,258	9,825
Less: Accumulated Depreciation	(2,822,124)	(2,775,230)	(46,894)
Totals	\$12,869,854	\$11,749,406	\$1,120,448

The most significant change in capital assets occurred in infrastructure, mostly resulting from the construction of a new roadway and related utility work (a governmental activity) and to improvements other than buildings in the form of cart paths and irrigation systems (a business-type activity).

***Management's Discussion and Analysis
For the Year Ended December 31, 2012***

Unaudited

As of December 31, 2012, the City has contractual commitments of \$2,120,000 due to the energy savings facility improvement project and the project to convert a soccer field to artificial turf. Additional information on the City's capital assets can be found in Note 10.

Debt

At December 31, 2012, the City had \$29,744,462 in bonds outstanding, \$3,190,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Governmental Activities:		
General Obligation Bonds	\$29,744,462	\$32,968,847
Property Acquisition Loan	17,336,816	17,463,634
OPWC Loan	1,750,307	2,002,948
Capital Lease	1,500,000	0
Compensated Absences	1,739,754	1,691,202
Total Governmental Activities	<u>\$52,071,339</u>	<u>\$54,126,631</u>
Business-Type Activities:		
Compensated Absences	\$96,049	\$64,018
Total Business-Type Activities	<u>96,049</u>	<u>64,018</u>
Totals	<u>\$52,167,388</u>	<u>\$54,190,649</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, 2012, 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 Blue Ash City Council and Administration have been monitoring reserves, operational revenues and costs, and capital planning very closely since the economic downturn. They targeted controlling costs, defining priorities, long term planning and encouraging economic development. The commitment of maintaining and improving a solid business base is evident with the renewed interest and investments made by companies in the underutilized properties located on Osborne Boulevard which is situated between two major access roads in the City.

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 Amy Moore, Finance Officer.

CITY OF BLUE ASH, OHIO

**Statement of Net Position
December 31, 2012**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 36,062,842	\$ 282,190	\$ 36,345,032
Receivables:			
Taxes	9,841,959	0	9,841,959
Accounts	199,454	71	199,525
Intergovernmental	974,555	1,017	975,572
Interest	2,225	0	2,225
Inventory of Supplies at Cost	255,744	83,492	339,236
Prepaid Items	57,959	3,382	61,341
Restricted Assets:			
Cash and Cash Equivalents	670,000	0	670,000
Capital Assets:			
Capital Assets Not Being Depreciated	41,945,416	10,006,407	51,951,823
Capital Assets Being Depreciated, Net	54,917,397	2,863,447	57,780,844
Total Assets	144,927,551	13,240,006	158,167,557
Liabilities:			
Accounts Payable	755,373	150,780	906,153
Accrued Wages and Benefits	1,193,622	53,040	1,246,662
Intergovernmental Payable	27,021	6,466	33,487
Contracts Payable	274,361	0	274,361
Accrued Interest Payable	564,778	0	564,778
Long-Term Liabilities:			
Due Within One Year	4,343,390	25,933	4,369,323
Due in More Than One Year	47,727,949	70,116	47,798,065
Total Liabilities	54,886,494	306,335	55,192,829
Deferred Inflows of Resources:			
Unavailable Amounts	0	63,360	63,360
Property Tax Levy for Next Fiscal Year	2,947,927	0	2,947,927
Total Deferred Inflows of Resources	2,947,927	63,360	3,011,287
Net Position:			
Net Investment in Capital Assets	56,238,601	12,869,854	69,108,455
Restricted For:			
Capital Projects	1,804,495	0	1,804,495
Debt Service	867,311	0	867,311
Streets and Highways	1,141,908	0	1,141,908
Security of Persons & Property	334,250	0	334,250
Unrestricted	26,706,565	457	26,707,022
Total Net Position	\$ 87,093,130	\$ 12,870,311	\$ 99,963,441

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

**Statement of Activities
For the Year Ended December 31, 2012**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 11,006,802	\$ 20,494	\$ 255,507	\$ 0
Leisure Time Activities	6,478,840	1,015,236	0	0
Community Development	1,464,789	373,982	0	0
Transportation	4,518,985	4,553	1,421,224	3,676,031
General Government	9,628,004	265,710	0	279,000
Interest and Fiscal Charges	2,417,896	0	0	0
Total Governmental Activities	35,515,316	1,679,975	1,676,731	3,955,031
Business-Type Activities:				
Golf Course and Events Center	3,225,981	2,624,062	0	1,046,178
Total Business-Type Activities	3,225,981	2,624,062	0	1,046,178
Totals	\$ 38,741,297	\$ 4,304,037	\$ 1,676,731	\$ 5,001,209

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 Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (10,730,801)	\$ 0	\$ (10,730,801)
(5,463,604)	0	(5,463,604)
(1,090,807)	0	(1,090,807)
582,823	0	582,823
(9,083,294)	0	(9,083,294)
(2,417,896)	0	(2,417,896)
<u>(28,203,579)</u>	<u>0</u>	<u>(28,203,579)</u>
0	444,259	444,259
0	444,259	444,259
<u>(28,203,579)</u>	<u>444,259</u>	<u>(27,759,320)</u>
1,951,949	0	1,951,949
1,297,379	0	1,297,379
32,063,469	0	32,063,469
977,428	0	977,428
1,947,792	0	1,947,792
20,212	0	20,212
1,052,165	0	1,052,165
<u>(589,538)</u>	<u>589,538</u>	<u>0</u>
<u>38,720,856</u>	<u>589,538</u>	<u>39,310,394</u>
10,517,277	1,033,797	11,551,074
<u>76,575,853</u>	<u>11,836,514</u>	<u>88,412,367</u>
<u>\$ 87,093,130</u>	<u>\$ 12,870,311</u>	<u>\$ 99,963,441</u>

CITY OF BLUE ASH, OHIO

**Balance Sheet
Governmental Funds
December 31, 2012**

	General	Park and Recreation	General Bond Retirement	TIF Carver Road Bond Retirement
Assets:				
Cash and Cash Equivalents	\$ 29,555,708	\$ 661,618	\$ 64,762	\$ 255,048
Receivables:				
Taxes	8,763,294	0	78,665	1,000,000
Accounts	119,983	79,458	0	0
Intergovernmental	441,261	496	2,500	0
Interest	1,867	0	0	24
Interfund Loans Receivables	556,412	0	0	0
Inventory of Supplies, at Cost	16,017	21,679	0	0
Prepaid Items	53,185	4,594	0	0
Restricted Assets:				
Cash and Cash Equivalents	0	0	0	670,000
Total Assets	\$ 39,507,727	\$ 767,845	\$ 145,927	\$ 1,925,072
Liabilities:				
Accounts Payable	\$ 317,116	\$ 267,192	\$ 0	\$ 0
Accrued Wages and Benefits Payable	991,696	83,112	0	0
Intergovernmental Payable	19,639	1,334	0	0
Contracts Payable	0	0	0	0
Interfund Loans Payable	0	0	0	0
Compensated Absences Payable	146,998	0	0	0
Total Liabilities	1,475,449	351,638	0	0
Deferred Inflows of Resources:				
Unavailable Amounts	3,103,841	0	5,272	0
Property Tax Levy for Next Fiscal Year	1,872,034	0	75,893	1,000,000
Total Deferred Inflows of Resources	4,975,875	0	81,165	1,000,000
Fund Balances:				
Nonspendable	69,202	26,273	0	0
Restricted	0	0	64,762	925,072
Committed	0	389,934	0	0
Assigned	490,568	0	0	0
Unassigned	32,496,633	0	0	0
Total Fund Balances	33,056,403	416,207	64,762	925,072
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 39,507,727	\$ 767,845	\$ 145,927	\$ 1,925,072

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 5,525,706	\$ 36,062,842
0	9,841,959
13	199,454
530,298	974,555
334	2,225
0	556,412
218,048	255,744
180	57,959
0	670,000
<u>\$ 6,274,579</u>	<u>\$ 48,621,150</u>
\$ 171,065	\$ 755,373
118,814	1,193,622
6,048	27,021
274,361	274,361
556,412	556,412
73,444	220,442
<u>1,200,144</u>	<u>3,027,231</u>
292,755	3,401,868
0	2,947,927
<u>292,755</u>	<u>6,349,795</u>
218,228	313,703
4,594,634	5,584,468
0	389,934
0	490,568
(31,182)	32,465,451
<u>4,781,680</u>	<u>39,244,124</u>
<u>\$ 6,274,579</u>	<u>\$ 48,621,150</u>

CITY OF BLUE ASH, OHIO

***Reconciliation Of Total Governmental Fund Balances
To Net Position Of Governmental Activities
December 31, 2012***

Total Governmental Fund Balances		\$	39,244,124
<i>Amounts reported for governmental activities in the statement of net position are different because</i>			
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.			96,862,813
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the funds.			3,401,868
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	(29,744,462)		
Capital Lease Payable	(1,500,000)		
Property Acquisition Loan	(17,336,816)		
OPWC Loans	(1,750,307)		
Compensated Absences Payable	(1,519,312)		
Accrued Interest Payable	(564,778)		
			<u>(52,415,675)</u>
<i>Net Position of Governmental Activities</i>		\$	<u>87,093,130</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, 2012**

	General	Park and Recreation	General Bond Retirement
Revenues:			
Property Taxes	\$ 1,951,949	\$ 0	\$ 78,514
Municipal Income Tax	32,056,490	0	0
Other Local Taxes	977,428	0	0
Intergovernmental Revenues	1,852,010	0	25,704
Charges for Services	698,632	1,087,180	0
Licenses and Permits	479,189	0	0
Investment Earnings	17,492	0	0
Fines and Forfeitures	140,271	0	0
All Other Revenue	76,070	207,377	0
Total Revenue	38,249,531	1,294,557	104,218
Expenditures:			
Current:			
Security of Persons and Property	10,648,855	0	0
Leisure Time Activities	0	4,199,137	0
Community Development	1,464,165	0	0
Transportation	0	0	0
General Government	8,116,216	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	3,227,641
Interest & Fiscal Charges	0	0	835,230
Total Expenditures	20,229,236	4,199,137	4,062,871
Excess (Deficiency) of Revenues Over Expenditures	18,020,295	(2,904,580)	(3,958,653)
Other Financing Sources (Uses):			
Capital Lease Initiated	0	0	0
Transfers In	500,485	3,386,880	3,523,415
Transfers Out	(11,934,378)	0	0
Total Other Financing Sources (Uses)	(11,433,893)	3,386,880	3,523,415
Net Change in Fund Balances	6,586,402	482,300	(435,238)
Fund Balances (Deficits) at Beginning of Year	26,477,738	(74,242)	500,000
Increase (Decrease) in Inventory Reserve	(7,737)	8,149	0
Fund Balances End of Year	\$ 33,056,403	\$ 416,207	\$ 64,762

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

TIF Carver Road Bond Retirement	Other Governmental Funds	Total Governmental Funds
\$ 1,160,277	\$ 122,169	\$ 3,312,909
0	0	32,056,490
0	0	977,428
0	1,866,332	3,744,046
0	4,558	1,790,370
0	0	479,189
306	2,414	20,212
0	17,887	158,158
0	20,976	304,423
<u>1,160,583</u>	<u>2,034,336</u>	<u>42,843,225</u>
0	296,170	10,945,025
0	0	4,199,137
0	0	1,464,165
0	3,833,354	3,833,354
269,783	79,304	8,465,303
0	4,895,275	4,895,275
205,000	126,818	3,559,459
460,250	873,182	2,168,662
<u>935,033</u>	<u>10,104,103</u>	<u>39,530,380</u>
225,550	(8,069,767)	3,312,845
0	1,500,000	1,500,000
0	4,442,521	11,853,301
0	(508,461)	(12,442,839)
<u>0</u>	<u>5,434,060</u>	<u>910,462</u>
225,550	(2,635,707)	4,223,307
699,522	7,374,135	34,977,153
0	43,252	43,664
<u>\$ 925,072</u>	<u>\$ 4,781,680</u>	<u>\$ 39,244,124</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, 2012***

Net Change in Fund Balances - Total Governmental Funds \$ 4,223,307

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	7,426,045	
Depreciation Expense	(3,188,582)	4,237,463

The statement of activities reports losses arising from the disposal of capital assets. (46,883)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 102,875

The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net position.
Capital Lease Initiated (1,500,000)

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 position.

General Obligation Bond Principal Payment	3,180,000	
Property Acquisition Loan Principal Payment	126,818	
OPWC Loans Payment	252,641	
Amortization of Bond Issuance Costs	(305,346)	
Amortization of Bond Premium	44,385	3,298,498

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 11,727

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	146,626	
Change in Inventory	43,664	190,290

Change in Net Position of Governmental Activities **\$ 10,517,277**

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, 2012**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 2,000,000	\$ 2,000,000	\$ 1,951,949	\$ (48,051)
Municipal Income Tax	28,980,000	28,980,000	31,692,337	2,712,337
Other Local Taxes	900,000	900,000	962,677	62,677
Intergovernmental Revenue	1,329,350	1,381,850	1,772,795	390,945
Charges for Services	623,550	623,550	704,219	80,669
Licenses and Permits	435,500	435,500	478,518	43,018
Investment Earnings	15,000	15,000	16,195	1,195
Fines and Forfeitures	121,000	121,000	133,287	12,287
All Other Revenues	300	300	185	(115)
Total Revenues	<u>34,404,700</u>	<u>34,457,200</u>	<u>37,712,162</u>	<u>3,254,962</u>
Expenditures:				
Current:				
Security of Persons and Property	11,784,512	11,787,012	10,933,333	853,679
Community Development	2,339,422	2,339,422	1,524,090	815,332
General Government	8,462,910	9,617,910	8,246,208	1,371,702
Total Expenditures	<u>22,586,844</u>	<u>23,744,344</u>	<u>20,703,631</u>	<u>3,040,713</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,817,856	10,712,856	17,008,531	6,295,675
Other Financing Sources (Uses):				
Sale of Capital Assets	100,000	100,000	69,420	(30,580)
Transfers In	0	502,957	502,957	0
Transfers Out	(13,480,888)	(13,976,888)	(11,934,378)	2,042,510
Advances In	69,558	85,258	84,858	(400)
Advances Out	0	(544,650)	(544,650)	0
Total Other Financing Sources (Uses):	<u>(13,311,330)</u>	<u>(13,833,323)</u>	<u>(11,821,793)</u>	<u>2,011,530</u>
Net Change in Fund Balance	(1,493,474)	(3,120,467)	5,186,738	8,307,205
Fund Balance at Beginning of Year	22,693,010	22,693,010	22,693,010	0
Prior Year Encumbrances	947,044	947,044	947,044	0
Fund Balance at End of Year	<u>\$ 22,146,580</u>	<u>\$ 20,519,587</u>	<u>\$ 28,826,792</u>	<u>\$ 8,307,205</u>

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Special Revenue Fund - Park and Recreation Fund
For the Year Ended December 31, 2012**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 836,000	\$ 836,000	\$ 1,015,236	\$ 179,236
All Other Revenues	211,500	211,500	204,827	(6,673)
Total Revenues	<u>1,047,500</u>	<u>1,047,500</u>	<u>1,220,063</u>	<u>172,563</u>
Expenditures:				
Current:				
Leisure Time Activities	4,567,938	5,125,937	4,684,680	441,257
Total Expenditures	<u>4,567,938</u>	<u>5,125,937</u>	<u>4,684,680</u>	<u>441,257</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,520,438)	(4,078,437)	(3,464,617)	613,820
Other Financing Sources (Uses):				
Transfers In	3,442,700	4,000,700	3,386,880	(613,820)
Total Other Financing Sources (Uses):	<u>3,442,700</u>	<u>4,000,700</u>	<u>3,386,880</u>	<u>(613,820)</u>
Net Change in Fund Balance	(77,738)	(77,737)	(77,737)	0
Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances	77,737	77,737	77,737	0
Fund Balance at End of Year	<u>\$ (1)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

**Statement of Net Position
Proprietary Fund
December 31, 2012**

	Business-Type Activities Enterprise Fund Golf Course and Events Center
Assets:	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$ 282,190
Receivables:	
Accounts	71
Intergovernmental	1,017
Inventory of Supplies at Cost	83,492
Prepaid Items	3,382
<i>Total Current Assets</i>	<u>370,152</u>
<i>Non Current Assets:</i>	
Capital Assets:	
Capital Assets Not Being Depreciated	10,006,407
Capital Assets Being Depreciated, Net	2,863,447
Total Assets	<u>13,240,006</u>
Liabilities:	
<i>Current Liabilities:</i>	
Accounts Payable	150,780
Accrued Wages and Benefits	53,040
Intergovernmental Payable	6,466
Compensated Absences - Current	25,933
<i>Total Current Liabilities</i>	<u>236,219</u>
<i>Long Term Liabilities:</i>	
Compensated Absences Payable	70,116
Total Liabilities	<u>306,335</u>
Deferred Inflows of Resources:	
Unavailable Amounts	63,360
Net Position:	
Net Investment in Capital Assets	12,869,854
Unrestricted	457
Total Net Position	<u>\$ 12,870,311</u>

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Year Ended December 31, 2012**

	Business-Type Activities Enterprise Fund Golf Course and Events Center
Operating Revenues:	
Charges for Services	\$ 2,515,691
Other Operating Revenue	3,683
Total Operating Revenues	<u>2,519,374</u>
Operating Expenses:	
Personal Services	1,300,546
Contractual Services	1,086,365
Materials and Supplies	521,746
Depreciation	212,524
Total Operating Expenses	<u>3,121,181</u>
Operating Loss	(601,807)
Nonoperating Revenue (Expenses):	
Loss on Disposal of Capital Assets	(8,355)
Other Nonoperating Revenue	104,688
Other Nonoperating Expense	(96,445)
Total Nonoperating Revenues (Expenses)	<u>(112)</u>
Loss Before Transfers and Contributions	(601,919)
Transfers In	589,538
Capital Contributions	1,046,178
Change in Net Position	1,033,797
Net Position Beginning of Year	11,836,514
Net Position End of Year	<u>\$ 12,870,311</u>

See accompanying notes to the basic financial statements

***Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2012***

	Business-Type Activities Enterprise Fund
	<u>Golf Course and Events Center</u>
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$2,579,944
Cash Payments for Goods and Services	(1,547,456)
Cash Payments to Employees	(1,259,250)
Other Operating Cash Receipts	3,612
Net Cash Used by Operating Activities	<u>(223,150)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>	
Transfers In from Other Funds	<u>589,538</u>
Net Cash Provided by Noncapital Financing Activities	<u>589,538</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Acquisition and Construction of Assets	<u>(297,447)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(297,447)</u>
Net Increase in Cash and Cash Equivalents	68,941
Cash and Cash Equivalents at Beginning of Year	<u>213,249</u>
Cash and Cash Equivalents at End of Year	<u>\$282,190</u>
<u>Reconciliation of Operating Loss to Net Cash</u>	
<u>Used by Operating Activities:</u>	
Operating Loss	(\$601,807)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	212,524
Miscellaneous Nonoperating Income	104,688
Miscellaneous Nonoperating Expense	(96,445)
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	822
Increase in Intergovernmental Receivables	(639)
Increase in Inventory	(24,376)
Increase in Prepaid Items	(962)
Increase in Accounts Payable	72,069
Increase in Accrued Wages and Benefits	9,248
Increase in Deferred Inflows of Resources	63,360
Increase in Intergovernmental Payable	6,337
Increase in Compensated Absences	32,031
Total Adjustments	<u>378,657</u>
Net Cash Used by Operating Activities	<u>(\$223,150)</u>

Schedule of Noncash Investing, Capital and Financing Activities:

For the year ended December 31, 2012, the Golf Course Fund received \$1,046,178 in contributed capital from the Golf Course Construction Fund. The Golf Course Fund had outstanding liabilities of \$7,866 for the purchase of certain capital assets at December 31, 2012.

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

***Statement of Assets and Liabilities
Fiduciary Funds
December 31, 2012***

	<u>Agency</u>
Assets:	
Cash and Cash Equivalents	<u>\$ 77,804</u>
Total Assets	<u>77,804</u>
Liabilities:	
Intergovernmental Payable	1,021
Due to Others	<u>76,783</u>
Total Liabilities	<u>\$ 77,804</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

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 six times (1967, 1976, 1980, 1988, 1989 and 2006).

The financial statements are presented as of December 31, 2012 and for the year then ended and have been prepared in conformity with accounting principles generally accepted in the United States of America 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 the GASB Statement No. 14, *"The Financial Reporting Entity,"* as amended by GASB Statement No. 39, *"Determining Whether Certain Organizations are Component Units"* 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, residential 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 an event center, public 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, 2012***

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 Bond Retirement Fund - This fund is used to account for payments of principal and interest on the City's general obligation bonds.

TIF Carver Road Bond Retirement Fund - This fund is used to account for payments of principal and interest on the City's tax increment financing bonds issued in 2006. Revenues for this purpose include payments in lieu of taxes and investment income.

Proprietary Funds

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. 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. The City's agency funds account for funds flowing through the Mayor's Court, building standards assessments, Arson Task Force, and employee benefits plan monies.

C. Basis of Presentation - Financial Statements

Government-wide Financial Statements - The statement of net position 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 Position. 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. Interfund services provided and used are not eliminated in the process of consolidation.

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, 2012***

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 position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. 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, 2012***

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, 2012 but which are not intended to finance 2012 operations and delinquent property taxes, whose availability is indeterminate, are recorded as a deferred inflow of resources. Property taxes are further described in Note 7.

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, 2012***

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 guidance, 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 guidance 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 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 2012, 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, 2012***

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 2012.

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 contingency funds, bond proceeds and intergovernmental grants. 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 the Park and Recreation Fund 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, 2012**

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 accounting principles generally accepted in the United States of America. 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 debt 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 the Park and Recreation Fund:

	<u>Net Change in Fund Balance</u>	
	<u>General Fund</u>	<u>Park and Recreation Fund</u>
GAAP Basis (as reported)	\$6,586,402	\$482,300
Increase (Decrease):		
Accrued Revenues at December 31, 2012 received during 2013	(4,813,530)	(79,954)
Accrued Revenues at December 31, 2011 received during 2012	3,888,261	5,460
Accrued Expenditures at December 31, 2012 paid during 2013	1,475,449	351,638
Accrued Expenditures at December 31, 2011 paid during 2012	(1,122,643)	(175,211)
2012 Prepays for 2013	(53,185)	(4,594)
2011 Prepays for 2012	46,907	1,772
Outstanding Encumbrances	(820,923)	(659,148)
Budget Basis	<u>\$5,186,738</u>	<u>(\$77,737)</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

During fiscal year 2012, 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 6, "Cash and Cash Equivalents."

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 6, "Cash and Cash Equivalents."

The City invested funds in STAR Ohio during 2012. 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, 2012.

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, 2012, 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, 2012**

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 \$2,500 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 Position, but they are not reported in the Fund Financial Statements.

Contributed capital assets are recorded at fair value at the date received. Capital assets include land, construction in progress, buildings, improvements other than buildings, infrastructure and machinery and equipment. 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 or construction.

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 value at the date received. These assets are reported in both the Business-Type Activities column of the Government-wide Statement of Net Position 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, 2012***

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
Property Acquisition Loan	Summit Park Fund
OPWC Loan	General Obligation Bond Retirement Fund
Tax Increment Financing Bonds	TIF Carver Road Retirement Fund
Capital Lease	General Obligation Bond Retirement Fund
Compensated Absences	General Fund Street Construction, Maintenance and Repair Fund Park and Recreation Fund Golf Course and Events Center 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 policies 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 position, "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, 2012***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Net Position

Net position represents the difference between assets and liabilities. Net invested in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position 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 position is available.

N. Pensions

The provision for pension costs are 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 Loan Receivables/Payables," while long-term interfund loans are classified as "Advances to/from Other Funds."

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Fund Balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally contractually required to be maintained intact.

Restricted – Restricted fund balance consists of amounts that have constraints placed on them either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

Committed – Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City’s highest level of decision making authority. For the City, these constraints consist of ordinances and resolutions passed by City Council. Committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action (ordinance, resolution) it employed previously to commit those amounts.

Assigned – Assigned fund balance consists of amounts that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. The City Charter authorizes the Finance Director to assign fund balance. Assigned balances consist of encumbrances.

Unassigned – Unassigned fund balance consists of amounts that have not been restricted, committed or assigned to specific purposes within the General Fund as well as negative fund balances in all other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed.

S. Estimates

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

T. Restricted Assets

Cash and cash equivalents being held for debt retirements are classified as restricted assets on the statement of net position and the governmental balance sheet because these funds are being held for specified purposes.

U. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows. On the government-wide statement of net position and the proprietary statement of net position, unearned banquet deposits, that will be earned upon completion of the scheduled event, are reported as unavailable amounts. The governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. The governmental funds report unavailable amounts for delinquent property taxes, income taxes, special assessments, and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE

For 2012 the City implemented GASB Statement No. 62, “*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*,” GASB Statement No. 63, “*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*” and GASB Statement No. 65, “*Items Previously Reported as Assets and Liabilities*”.

Statement No. 62 incorporated into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants’ (AICPA) Committee on Accounting Procedure issued on or before November 30, 1989 which does not conflict with or contradict GASB pronouncements.

Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. GASB 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government’s net position.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE (Continued)

Statement No. 65 provides guidance on how to properly classify items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources. In addition, guidance is provided on recognizing certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues).

The implementation of these GASB Statements had no impact on beginning of year fund balance/net position.

NOTE 3 – FUND BALANCE CLASSIFICATION

Fund balance is classified as nonspendable, restricted, committed, assigned and unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Park and Recreation	General Bond Retirement	TIF Carver Road Bond Retirement	Other Governmental Funds	Total Governmental Funds
Nonspendable:						
Prepaid Items	\$53,185	\$4,594	\$0	\$0	\$180	\$57,959
Supplies Inventory	16,017	21,679	0	0	218,048	255,744
Total Nonspendable	<u>69,202</u>	<u>26,273</u>	<u>0</u>	<u>0</u>	<u>218,228</u>	<u>313,703</u>
Restricted:						
Transportation Projects	0	0	0	0	754,747	754,747
Debt Service	0	0	64,762	0	0	64,762
Law Enforcement	0	0	0	0	285,498	285,498
Capital Improvements	0	0	0	925,072	3,554,389	4,479,461
Total Restricted	<u>0</u>	<u>0</u>	<u>64,762</u>	<u>925,072</u>	<u>4,594,634</u>	<u>5,584,468</u>
Committed:						
Leisure Time Activities	0	389,934	0	0	0	389,934
Assigned:						
Encumbrances	490,568	0	0	0	0	490,568
Unassigned	<u>32,496,633</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(31,182)</u>	<u>32,465,451</u>
Total Fund Balances	<u>\$33,056,403</u>	<u>\$416,207</u>	<u>\$64,762</u>	<u>\$925,072</u>	<u>\$4,781,680</u>	<u>\$39,244,124</u>

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2012*

NOTE 4 – 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 position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position of governmental activities as reported in the government-wide statement of net position. 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	\$2,868,882
Intergovernmental Revenue Receivable	<u>532,986</u>
	\$3,401,868

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 position 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:

Governmental revenues not reported in the funds:

Decrease in Tax Revenue	(\$56,602)
Increase in Intergovernmental Revenue Receivable	<u>159,477</u>
	\$102,875

NOTE 5 - COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equity - The fund deficit of \$31,182 in the OVI Task Force Fund (special revenue fund) arose from the recognition of liabilities under the modified accrual basis of accounting. Transfers are provided when cash is required, not when accruals occur.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 6 - 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 fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

NOTE 6 - CASH AND CASH EQUIVALENTS (Continued)

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

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. The City has no policy on custodial credit risk and is governed by Ohio Revised Code. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate fair 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 \$25,961,623 and the bank balance was \$26,264,170. Federal depository insurance covered \$500,000 of the bank balance and \$25,764,170 was uninsured. Of the remaining uninsured bank balance, the City was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the City's name	<u>\$25,764,170</u>
Total Balance	<u><u>\$25,764,170</u></u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

NOTE 6 - CASH AND CASH EQUIVALENTS (Continued)

B. Investments

The City's investments at December 31, 2012 were as follows:

	<u>Fair Value</u>	Credit <u>Rating</u>	<u>Investment Maturities (In Years)</u> less than 1
STAR Ohio	\$11,131,213	AAAm ¹	\$11,131,213
Total Investments	<u>\$11,131,213</u>		<u>\$11,131,213</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. The City has no policy on interest rate risk and is governed by Ohio Revised Code.

Investment Credit Risk – The City has no investment policy that limits its investment choices other than the limitation of State statute for “interim” funds described previously.

Concentration of Credit Risk – The City places no limit on the amount the City may invest in one issuer. The City placed all of its funds available for investment into STAR Ohio during 2012.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover. The City has no policy on custodial credit risk and is governed by Ohio Revised Code as described under Deposits.

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	\$37,092,836	\$0
STAR Ohio	<u>(11,131,213)</u>	<u>11,131,213</u>
Per GASB Statement No. 3	<u>\$25,961,623</u>	<u>\$11,131,213</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 7 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2012 were levied after October 1, 2011 on assessed values as of January 1, 2011, the lien date. Assessed values were established by the County Auditor at 35 percent of appraised fair value. All property is required to be reappraised every six years and equalization adjustments made in the third year following reappraisal. The last reappraisal was completed in 2007. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 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 88 percent of its true value. Public utility property taxes are payable on the same dates as the real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Blue Ash. The County Auditor periodically remits to the City its portion of the taxes collected.

The full tax rate for all City operations for the year ended December 31, 2012 was \$3.08 per \$1,000 of assessed value. The assessed value upon which the 2012 levy was based was \$704,468,110. This amount constitutes \$685,141,230 in real property assessed value and \$19,326,880 in public utility 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.

B. Income Tax

The City levies a tax of 1.25% 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 full credit for taxes paid to another municipality up to 1.25% of those wages actually taxed by the other municipality.

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. Taxpayers are required to pay their estimated tax quarterly and file a declaration annually. All income tax proceeds are received by the General Fund.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

NOTE 8 - RECEIVABLES

Receivables at December 31, 2012 consisted of taxes, interest, accounts receivable, 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 inflows of resources.

NOTE 9 - TRANSFERS AND INTERFUND BALANCES

A. Transfers

Following is a summary of transfers in and out for all funds for 2012:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds:		
General Fund	\$500,485	\$11,934,378
Park and Recreation Fund	3,386,880	0
General Bond Retirement Fund	3,523,415	0
Other Governmental Funds	4,442,521	508,461
Total Governmental Funds	<u>11,853,301</u>	<u>12,442,839</u>
Proprietary Funds:		
Golf Course Fund	589,538	0
Total All Funds	<u>\$12,442,839</u>	<u>\$12,442,839</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, or to debt service if required, once a project is completed.

B. Interfund Balances

Individual interfund balances at December 31, 2012 are as follows:

<u>Fund</u>	<u>Interfund Loan Receivable</u>	<u>Interfund Loan Payable</u>
General Fund	\$556,412	\$0
Other Governmental Funds	0	556,412
Totals	<u>\$556,412</u>	<u>\$556,412</u>

The interfund loan receivable/payable on the Governmental Balance Sheet is a loan to the OVI Fund from the General Fund to assist with cash flow issues and a loan to the Energy Saving Facilities Improvement Fund for start-up costs.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

NOTE 10 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2012:

Historical Cost:

Class	December 31, 2011	Additions	Deletions	December 31, 2012
Capital assets not being depreciated:				
Land	\$39,370,292	\$1,141,934	\$0	\$40,512,226
Construction in Progress	958,353	843,541	(368,704)	1,433,190
Subtotal	40,328,645	1,985,475	(368,704)	41,945,416
Capital assets being depreciated:				
Buildings	44,684,118	1,051,630	0	45,735,748
Improvements Other than Buildings	6,459,651	0	0	6,459,651
Infrastructure	23,656,868	3,275,203	0	26,932,071
Machinery and Equipment	11,427,477	1,482,441	(1,002,833)	11,907,085
Subtotal	86,228,114	5,809,274	(1,002,833)	91,034,555
Total Cost	\$126,556,759	\$7,794,749	(\$1,371,537)	\$132,979,971

Accumulated Depreciation:

Class	December 31, 2011	Additions	Deletions	December 31, 2012
Buildings	(\$13,927,156)	(\$1,688,603)	\$0	(\$15,615,759)
Improvements Other than Buildings	(4,561,328)	(205,689)	0	(4,767,017)
Infrastructure	(6,836,461)	(609,425)	0	(7,445,886)
Machinery and Equipment	(8,559,581)	(684,865)	955,950	(8,288,496)
Total Depreciation	(\$33,884,526)	(\$3,188,582)	\$955,950	(\$36,117,158)

Net Value:

	\$92,672,233	\$96,862,813
--	--------------	--------------

* Depreciation expenses were charged to governmental functions as follows:

Leisure Time Activities	\$1,110,392
Transportation	829,715
General Government	1,248,475
Total Depreciation Expense	\$3,188,582

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

NOTE 10 - CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by Category at December 31, 2012:

Historical Cost:

Class	December 31, 2011	Additions	Deletions	December 31, 2012
Capital assets not being depreciated:				
Land	\$1,124,764	\$0	\$0	\$1,124,764
Construction in Progress	9,486,127	948,397	(1,552,881)	8,881,643
Subtotal	10,610,891	948,397	(1,552,881)	10,006,407
Capital assets being depreciated:				
Buildings	691,751	0	0	691,751
Improvements Other than Buildings	1,909,736	1,762,001	0	3,671,737
Machinery and Equipment	1,312,258	183,810	(173,985)	1,322,083
Subtotal	3,913,745	1,945,811	(173,985)	5,685,571
Total Cost	\$14,524,636	\$2,894,208	(\$1,726,866)	\$15,691,978

Accumulated Depreciation:

Class	December 31, 2011	Additions	Deletions	December 31, 2012
Buildings	(\$461,007)	(\$18,427)	\$0	(\$479,434)
Improvements Other than Buildings	(1,330,565)	(73,940)	0	(1,404,505)
Machinery and Equipment	(983,658)	(120,157)	165,630	(938,185)
Total Depreciation	(\$2,775,230)	(\$212,524)	\$165,630	(\$2,822,124)
Net Value:	\$11,749,406			\$12,869,854

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

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 (“OPERS”)

The following information was provided by OPERS 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 OPERS: 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 (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.

OPERS 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, including postemployment health care 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 OPERS. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by making a written request to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The ORC provides statutory authority for employee and employer contributions. For 2012, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2012 employer contribution rate for local government employer units was 14.00%, of covered payroll which is the maximum contribution rate set by State statutes. Employer contribution rates are actuarially determined. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits. The portion of employer contributions allocated to pension obligations for members in the Traditional Plan was 10.0% for calendar year 2012. The portion of employer contributions allocated to pension obligations for members in the Combined Plan was 7.95% for calendar year 2012. The contribution requirements of plan members and the City are established and may be amended by the OPERS Board. The City’s contributions for pension obligations to OPERS for the years ending December 31, 2012, 2011, and 2010 were \$712,976, \$675,984 and \$596,358, respectively, which were equal to the required contributions for each year.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

All City full-time police officers and full-time firefighters participate in OP&F, a cost-sharing multiple-employer defined benefit pension plan. OP&F 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 ORC. The Ohio Police and Fire Pension Fund issues a stand-alone financial report that includes financial statements and required supplementary information for the plan. 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. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for 2012, 12.75% of annual covered salary for police and 17.25% of annual covered salary for firefighters, respectively, were the portions used to fund pension obligations. The City’s contributions for pension obligations to the OP&F Fund for the years ending December 31, 2012, 2011, and 2010 were \$398,020, \$402,932 and \$414,767 for police and \$368,690, \$380,837 and \$407,804 for firefighters, respectively, which were equal to the required contributions for each year.

NOTE 12 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System (“OPERS”)

Plan Description – OPERS administers three separate pension plans: the Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B Premium reimbursement, to qualifying member of both the Traditional Pension and the Combined Plans. Members of the Member Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

The ORC permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the ORC.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by making a written request to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012, local government employers contributed at a rate of 14.00% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers. Active members do not make contributions to the OPEB plan.

The OPERS Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% for calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% for calendar year 2012. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OPERS for the years ending December 31, 2012, 2011, and 2010 were \$285,190, \$270,393 and \$339,980, respectively, which were equal to the required contributions for each year.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

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

Plan Description – The City contributes to the OP&F sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

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

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

The ORC permits, but does not mandate, OP&F to provide OPEB benefits. Authority to establish and amend benefits is provided in Chapter 742 of the ORC.

OP&F issues a stand-alone financial report that includes financial information and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The ORC provides for contribution requirements of the participating employers and of plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% and 24.0% of covered payroll for police and fire employers, respectively. The ORC states that the employer contribution may not exceed 19.5% of covered payroll for police employer units and 24.0% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2012, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees’ primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h). The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OP&F for the years ending December 31, 2012, 2011, and 2010 were \$210,717, \$213,317 and \$219,582 for police and \$154,957, \$145,982 and \$159,576 for firefighters, respectively, which were equal to the required contributions for each year.

CITY OF BLUE ASH, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

NOTE 13 - LONG-TERM OBLIGATIONS

Detail of the changes in the long-term obligations of the City for the year ended December 31, 2012 is as follows:

		Balance December 31, 2011	Issued	(Retired)	Balance December 31, 2012	Amount Due Within One Year
Governmental Activities:						
General Obligation Bonds:						
2.53 - 3.13% Service Garage and Firehouse Bond (\$10,000,000)	2003	\$2,000,000	\$0	(\$1,000,000)	\$1,000,000	\$1,000,000
3.00- 3.85% Reed Hartmann Highway Improvement Bonds (\$3,700,000)	2005	1,480,000	0	(370,000)	1,110,000	370,000
5.00% Carver Road Tax Increment Financing Bonds (\$9,790,000)	2006	9,205,000	0	(205,000)	9,000,000	215,000
4.00% Recreation Center Construction Bonds (\$9,975,000)	2007	7,830,000	0	(715,000)	7,115,000	715,000
2.00 - 4.00% Golf Clubhouse Construction Bonds (\$9,775,000)	2010	8,885,000	0	(890,000)	7,995,000	890,000
Premium on Golf Clubhouse Bonds		443,847	0	(44,385)	399,462	0
1.00 - 4.00% Osborne/Access Road Bonds (\$3,125,000)	2011	3,125,000	0	0	3,125,000	0
Total General Obligation Bonds		<u>32,968,847</u>	<u>0</u>	<u>(3,224,385)</u>	<u>29,744,462</u>	<u>3,190,000</u>
5.0% Property Acquisition Loan (\$18,913,325)	2007	17,463,634	0	(126,818)	17,336,816	133,159
0.0% OPWC Loan (\$1,445,000)	2008	1,083,750	0	(144,500)	939,250	144,500
0.0% OPWC Loan (\$1,027,339)	2009	919,198	0	(108,141)	811,057	108,141
Total OPWC Loans		<u>2,002,948</u>	<u>0</u>	<u>(252,641)</u>	<u>1,750,307</u>	<u>252,641</u>
Capital Lease (\$1,500,000)	2012	0	1,500,000	0	1,500,000	136,933
Compensated Absences		1,691,202	1,739,754	(1,691,202)	1,739,754	630,657
Total Governmental Activities		<u>\$54,126,631</u>	<u>\$3,239,754</u>	<u>(\$5,295,046)</u>	<u>\$52,071,339</u>	<u>\$4,343,390</u>

This space intentionally left blank.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

	Balance December 31, 2011	Additions	(Reductions)	Balance December 31, 2012	Due Within One Year
Business-Type Activities					
Compensated Absences	\$64,018	\$96,049	(\$64,018)	\$96,049	\$25,933
Total Business-Type Activities	<u>\$64,018</u>	<u>\$96,049</u>	<u>(\$64,018)</u>	<u>\$96,049</u>	<u>\$25,933</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, 2012 was \$73,969,152.

A. Principal and Interest Requirements

Principal and interest requirements to retire long-term debt outstanding at December 31, 2012 are as follows:

Years	General Obligation Bonds		Property Acquisition Loan		OPWC Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	3,190,000	1,168,408	133,159	866,841	252,641	\$0
2014	2,330,000	1,057,234	139,817	860,183	252,641	0
2015	2,365,000	975,123	146,808	853,192	252,641	0
2016	2,000,000	890,810	154,148	845,852	252,641	0
2017	2,015,000	819,322	411,856	838,144	252,641	0
2018-2022	9,395,000	2,911,948	2,389,552	3,860,448	487,102	0
2023-2027	2,870,000	1,649,062	3,299,742	3,200,258	0	0
2028-2032	3,365,000	928,552	5,342,806	2,457,194	0	0
2033-2036	1,815,000	184,500	5,318,928	681,072	0	0
Totals	<u>\$29,345,000</u>	<u>\$10,584,959</u>	<u>\$17,336,816</u>	<u>\$14,463,184</u>	<u>\$1,750,307</u>	<u>\$0</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

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.

As of December 31, 2012, there was one Industrial Revenue Bonds outstanding, with an original issue amount of \$15,475,000.

C. Tax Increment Financing Bonds

To encourage economic development, an agreement was crafted between the City, Duke Realty Ohio (the Developer), and the Sycamore Community School District to utilize Tax Increment Financing to construct two public parking garages associated with the 22 acre Landings Development on Carver Road. During 2006, Carver Road Tax Increment Financing Bonds in the principal amount of \$9,790,000 were issued to retire a construction related Bond Anticipation Note, to fund the project's completion, and also to provide funding for the cost of bond issuance, a debt reserve, and capitalized interest expense. The long term obligation of the Tax Increment Financing Bonds do not represent a claim against the full faith and credit of the issuer, the City of Blue Ash. The agreements in place, supported as required by Ordinances passed by City Council, provide for the Developer to make payments in lieu of property taxes (P.I.L.O.T.S.) over the life of the 30 year tax exemption, with those payments to be utilized as the primary source of funds for the retirement of the debt. The Developer is contractually obligated to make minimum service payments so that principal and interest are retired on a timely basis. Any surplus derived through payments in lieu of taxes not required for retirement of the TIF debt are to be paid to the Sycamore Community School District as defined in the Agreement. Upon completion of the two public parking garages, the TIF Construction Fund was closed, any remaining fund balance was deposited into the TIF Carver Road Bond Retirement Fund. All payments and disbursements relating to the retirement of debt will be via the TIF Carver Road Bond Retirement Fund.

D. Property Acquisition Loan

In 2006 the City of Blue Ash entered into an agreement with the City of Cincinnati to purchase 130 acres of property located at the Blue Ash Airport which was owned and operated by the City of Cincinnati. Supported by the voter approved income tax increase of .25%, the City embarked on a journey to complete several capital improvements including the construction of a world-class park on this property. Blue Ash council approved an amendment to the original 2006 agreement that finalized the transactions and allowed Blue Ash to take possession of the property in 2012. The City of Cincinnati formally closed the airport in August 2012 which allowed Blue Ash to proceed with its plans to construct a park.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

NOTE 14 - CONSTRUCTION COMMITMENTS

As of December 31, 2012, the City had the following commitments with respect to capital projects:

Project	Remaining Construction Commitment	Expected Date of Completion
Energy Saving Facility Improvement Project	\$1,582,000	Summer 2013
Soccer Field Conversion to Artificial Turf	538,000	Spring 2013
Total	\$2,120,000	

NOTE 15 - CAPITAL LEASES

The City entered into a capital lease agreement with Fifth Third Bank in 2012 to finance energy saving facility improvements. The cost of the equipment obtained under the lease agreements (\$1,500,000) in the Governmental Activities is not capitalized and is expensed as repair and maintenance costs. The liability for this lease is recorded on the Statement of Net Position as due within one year and due in more than one year. The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of December 31, 2012:

Year Ending December 31,	Capital Leases
2013	\$168,995
2014	168,995
2015	168,995
2016	168,995
2017	168,995
2018-2022	844,975
Minimum Lease Payments	1,689,950
Less amount representing interest at the at the City's incremental borrow rate	(189,950)
Present value of minimum lease payments	\$1,500,000

This Space Intentionally Left Blank

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 16 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. In 1992 the City entered into a joint insurance pool, Miami Valley Risk Management Association, Inc. (MVRMA, Inc.) with other local cities. As of December 31, 2012, the pool has twenty one 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 one member board of trustees, consisting of a representative appointed by each of the member cities. The board of trustees elects the officers of the corporation, with each trustee having a single vote.

Management is provided by an Executive Director, who is assisted by a Claims Manager, a full-time Loss Control Manager and office staff. The board is responsible for its own financial matters and the corporation maintains its own books of account. Budgeting and financing of MVRMA is subject to the approval of the board, and the organization is covered by policies, procedures, and formally adopted bylaws.

The twenty one participating entities and their respective pool contribution factors for the loss year ended December 31, 2012 are:

<u>Entity</u>	<u>Percentage</u>	<u>Entity</u>	<u>Percentage</u>
Beavercreek	6.24 %	Montgomery	3.13 %
Bellbrook	1.32 %	NAWA	0.61 %
Blue Ash	6.07 %	Piqua	7.91 %
Centerville	4.90 %	Sidney	6.94 %
Englewood	3.67 %	Springdale	3.38 %
Indian Hill	2.95 %	Tipp City	2.86 %
Kettering	12.32 %	Troy	6.40 %
Madeira	1.27 %	Vandalia	5.30 %
Mason	8.00 %	West Carrollton	2.20 %
Miamisburg	5.16 %	Wilmington	5.80 %
Subtotal	<u>51.90 %</u>	Wyoming	<u>3.57 %</u>
		Subtotal	<u>48.10 %</u>
		Total	<u><u>100.00 %</u></u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 16 - RISK MANAGEMENT (Continued)

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, as amended by GASB Statement No. 39.

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

General/Automobile Liability	\$10,000,000	per occurrence
Public Officials Liability	10,000,000	per occurrence
Property	1,000,000,000	per occurrence
Boiler and Machinery	100,000,000	per occurrence
Flood (Property in Zone A &B)	25,000,000	aggregate
Earthquake (Property)	25,000,000	aggregate

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 except Boiler and Machinery which 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 \$9,000,000 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, 2011, because an actuarial opinion issued as of that date (the latest information available) reported actual MVRMA loss reserves of \$4,242,820, which is a reasonable provision for all repaid losses and loss adjustment expenses as delivered by the actuarial.

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 group 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 17 - CONTINGENCIES

The City is a party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The City's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

For the period January 1, 2012 to December 31, 2012, the City received federal and state grants for specific purposes that are subject to reviews and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

*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.

Plainfield Road TIF Fund

To account for resources related to the Tax Increment Financing District established along Plainfield Road.

Law Enforcement Assistance Fund

To account for the funds associated with the State mandated police officer annual training.

Law Enforcement Fund

To account for the proceeds from the confiscation of contraband.

Operating a Vehicle Intoxicated (OVI) Task Force Fund

To account for resources associated with administering the regional OVI task force.

Drug Law Enforcement 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.

FEMA Grant Fund

To account for proper distribution of FEMA grant proceeds. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

Law Enforcement Liaison Fund

To account for resources associated with administering the State's Law Enforcement Liaison Program.

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.

Energy Saving Facility Improvement Fund

To account for financial resources used to improve the energy efficiency of all City owned facilities.

Downtown Improvement Fund

This fund is used to account the revitalization and improvement of the City's downtown area. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

Plainfield Bikepath Construction Fund

To account for financial resources used to improve connectivity with the construction of a bike path between Cooper Road and Glendale-Milford Road.

Summit Park Fund

This fund is used to account for financial resources accumulated for the purchase of land at the Blue Ash Airport and the eventual development of a public park.

Golf Course Construction Fund

This fund is used to account for financial resources used for the construction and improvement of the golf course clubhouse, upgraded irrigation and banquet facility.

Reed Hartman Improvement Fund

This fund is used to account for financial resources used to construct a connector road from Reed Hartman Highway to Osborne Boulevard.

Cooper Road Sidewalk Construction Fund

This fund is used to account for financial resources used to construct sidewalks along Cooper Road.

CITY OF BLUE ASH, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2012**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Cash and Cash Equivalents	\$ 1,265,244	\$ 4,260,462	\$ 5,525,706
Receivables:			
Accounts	13	0	13
Intergovernmental	499,298	31,000	530,298
Interest	46	288	334
Inventory of Supplies, at Cost	218,048	0	218,048
Prepaid Items	180	0	180
Total Assets	\$ 1,982,829	\$ 4,291,750	\$ 6,274,579
Liabilities:			
Accounts Payable	\$ 171,065	\$ 0	\$ 171,065
Accrued Wages and Benefits Payable	118,814	0	118,814
Intergovernmental Payable	6,048	0	6,048
Contracts Payable	0	274,361	274,361
Interfund Loans Payable	93,412	463,000	556,412
Compensated Absences Payable	73,444	0	73,444
Total Liabilities	462,783	737,361	1,200,144
Deferred Inflows of Resources:			
Unavailable Amounts	292,755	0	292,755
Total Deferred Inflows of Resources	292,755	0	292,755
Fund Balances:			
Nonspendable	218,228	0	218,228
Restricted	1,040,245	3,554,389	4,594,634
Unassigned	(31,182)	0	(31,182)
Total Fund Balances	1,227,291	3,554,389	4,781,680
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,982,829	\$ 4,291,750	\$ 6,274,579

CITY OF BLUE ASH, OHIO

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

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Property Taxes	\$ 122,169	\$ 0	\$ 122,169
Intergovernmental Revenues	1,587,332	279,000	1,866,332
Charges for Services	4,558	0	4,558
Investment Earnings	299	2,115	2,414
Fines and Forfeitures	17,887	0	17,887
All Other Revenue	2,414	18,562	20,976
Total Revenue	1,734,659	299,677	2,034,336
Expenditures:			
Current:			
Security of Persons and Property	296,170	0	296,170
Transportation	3,833,354	0	3,833,354
General Government	79,304	0	79,304
Capital Outlay	0	4,895,275	4,895,275
Debt Service:			
Principal Retirement	0	126,818	126,818
Interest & Fiscal Charges	0	873,182	873,182
Total Expenditures	4,208,828	5,895,275	10,104,103
Excess (Deficiency) of Revenues Over Expenditures	(2,474,169)	(5,595,598)	(8,069,767)
Other Financing Sources (Uses):			
Capital Lease Initiated	0	1,500,000	1,500,000
Transfers In	2,320,858	2,121,663	4,442,521
Transfers Out	(7,976)	(500,485)	(508,461)
Total Other Financing Sources (Uses)	2,312,882	3,121,178	5,434,060
Net Change in Fund Balance	(161,287)	(2,474,420)	(2,635,707)
Fund Balances at Beginning of Year	1,345,326	6,028,809	7,374,135
Increase in Inventory Reserve	43,252	0	43,252
Fund Balances End of Year	\$ 1,227,291	\$ 3,554,389	\$ 4,781,680

CITY OF BLUE ASH, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2012**

	Street Construction, Maintenance and Repair Fund	Municipal Motor Vehicle License Tax Fund	State Highway Fund	Plainfield Road TIF Fund
Assets:				
Cash and Cash Equivalents	\$ 567,339	\$ 132,351	\$ 235,888	\$ 42,865
Receivables:				
Accounts	13	0	0	0
Intergovernmental	311,148	57,063	25,149	0
Interest	24	8	14	0
Inventory of Supplies, at Cost	218,048	0	0	0
Prepaid Items	180	0	0	0
Total Assets	\$ 1,096,752	\$ 189,422	\$ 261,051	\$ 42,865
Liabilities:				
Accounts Payable	\$ 162,981	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits Payable	118,814	0	0	0
Intergovernmental Payable	304	0	0	0
Interfund Loans Payable	0	0	0	0
Compensated Absences Payable	73,444	0	0	0
Total Liabilities	355,543	0	0	0
Deferred Inflows of Resources:				
Unavailable Amounts	206,764	38,042	16,766	0
Total Deferred Inflows of Resources:	206,764	38,042	16,766	0
Fund Balances:				
Nonspendable	218,228	0	0	0
Restricted	316,217	151,380	244,285	42,865
Unassigned	0	0	0	0
Total Fund Balances	534,445	151,380	244,285	42,865
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,096,752	\$ 189,422	\$ 261,051	\$ 42,865

CITY OF BLUE ASH, OHIO

Law Enforcement Assistance Fund	Law Enforcement Fund	OVI Task Force Fund	Drug Law Enforcement Fund	Education Enforcement (DUI) Fund	Law Enforcement Liaison Fund	Total Nonmajor Special Revenue Funds
\$ 6,850	\$ 200,676	\$ 0	\$ 63,610	\$ 15,665	\$ 0	\$ 1,265,244
0	0	0	0	0	0	13
0	0	84,627	0	35	21,276	499,298
0	0	0	0	0	0	46
0	0	0	0	0	0	218,048
0	0	0	0	0	0	180
<u>\$ 6,850</u>	<u>\$ 200,676</u>	<u>\$ 84,627</u>	<u>\$ 63,610</u>	<u>\$ 15,700</u>	<u>\$ 21,276</u>	<u>\$ 1,982,829</u>
\$ 0	\$ 1,338	\$ 0	\$ 0	\$ 0	\$ 6,746	\$ 171,065
0	0	0	0	0	0	118,814
0	0	4,922	0	0	822	6,048
0	0	79,704	0	0	13,708	93,412
0	0	0	0	0	0	73,444
0	1,338	84,626	0	0	21,276	462,783
0	0	31,183	0	0	0	292,755
0	0	31,183	0	0	0	292,755
0	0	0	0	0	0	218,228
6,850	199,338	0	63,610	15,700	0	1,040,245
0	0	(31,182)	0	0	0	(31,182)
6,850	199,338	(31,182)	63,610	15,700	0	1,227,291
<u>\$ 6,850</u>	<u>\$ 200,676</u>	<u>\$ 84,627</u>	<u>\$ 63,610</u>	<u>\$ 15,700</u>	<u>\$ 21,276</u>	<u>\$ 1,982,829</u>

CITY OF BLUE ASH, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2012**

	Street Construction, Maintenance and Repair Fund	Municipal Motor Vehicle License Tax Fund	State Highway Fund	Plainfield Road TIF Fund
Revenues:				
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 122,169
Intergovernmental Revenues	1,184,544	111,185	54,095	0
Charges for Services	4,558	0	0	0
Investment Earnings	60	114	125	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	2,414	0	0	0
Total Revenue	1,191,576	111,299	54,220	122,169
Expenditures:				
Current:				
Security of Persons and Property	0	0	0	0
Transportation	3,732,346	100,000	1,008	0
General Government	0	0	0	79,304
Total Expenditures	3,732,346	100,000	1,008	79,304
Excess (Deficiency) of Revenues Over Expenditures	(2,540,770)	11,299	53,212	42,865
Other Financing Sources (Uses):				
Transfers In	2,320,858	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	2,320,858	0	0	0
Net Change in Fund Balance	(219,912)	11,299	53,212	42,865
Fund Balances at Beginning of Year	711,105	140,081	191,073	0
Increase in Inventory Reserve	43,252	0	0	0
Fund Balances End of Year	\$ 534,445	\$ 151,380	\$ 244,285	\$ 42,865

CITY OF BLUE ASH, OHIO

Law Enforcement Assistance Fund	Law Enforcement Fund	OVI Task Force Fund	Drug Law Enforcement Fund	Education Enforcement (DUI) Fund	FEMA Grant	Law Enforcement Liaison Fund	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 122,169
0	0	141,485	0	0	7,976	88,047	1,587,332
0	0	0	0	0	0	0	4,558
0	0	0	0	0	0	0	299
0	4,100	0	13,222	565	0	0	17,887
0	0	0	0	0	0	0	2,414
0	4,100	141,485	13,222	565	7,976	88,047	1,734,659
0	19,641	185,250	2,400	0	0	88,879	296,170
0	0	0	0	0	0	0	3,833,354
0	0	0	0	0	0	0	79,304
0	19,641	185,250	2,400	0	0	88,879	4,208,828
0	(15,541)	(43,765)	10,822	565	7,976	(832)	(2,474,169)
0	0	0	0	0	0	0	2,320,858
0	0	0	0	0	(7,976)	0	(7,976)
0	0	0	0	0	(7,976)	0	2,312,882
0	(15,541)	(43,765)	10,822	565	0	(832)	(161,287)
6,850	214,879	12,583	52,788	15,135	0	832	1,345,326
0	0	0	0	0	0	0	43,252
<u>\$ 6,850</u>	<u>\$ 199,338</u>	<u>\$ (31,182)</u>	<u>\$ 63,610</u>	<u>\$ 15,700</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,227,291</u>

CITY OF BLUE ASH, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2012**

	Energy Saving Facilities Improvement Fund	Plainfield Bikepath Construction Fund	Summit Park Fund	Golf Course Construction Fund
Assets:				
Cash and Cash Equivalents	\$ 1,827,295	\$ 110,635	\$ 569,502	\$ 1,298,816
Receivables:				
Intergovernmental	31,000	0	0	0
Interest	182	0	0	81
Total Assets	<u>\$ 1,858,477</u>	<u>\$ 110,635</u>	<u>\$ 569,502</u>	<u>\$ 1,298,897</u>
Liabilities:				
Contracts Payable	\$ 85,954	\$ 0	\$ 170,872	\$ 13,343
Interfund Loans Payable	463,000	0	0	0
Total Liabilities	<u>548,954</u>	<u>0</u>	<u>170,872</u>	<u>13,343</u>
Fund Balances:				
Restricted	1,309,523	110,635	398,630	1,285,554
Total Fund Balances	<u>1,309,523</u>	<u>110,635</u>	<u>398,630</u>	<u>1,285,554</u>
Total Liabilities and Fund Balances	<u>\$ 1,858,477</u>	<u>\$ 110,635</u>	<u>\$ 569,502</u>	<u>\$ 1,298,897</u>

CITY OF BLUE ASH, OHIO

Reed Hartman Improvement Fund	Cooper Road Sidewalk Construction Fund	Total Nonmajor Capital Projects Funds
\$ 396,004	\$ 58,210	\$ 4,260,462
0	0	31,000
25	0	288
<u>\$ 396,029</u>	<u>\$ 58,210</u>	<u>\$ 4,291,750</u>
\$ 676	\$ 3,516	\$ 274,361
0	0	463,000
<u>676</u>	<u>3,516</u>	<u>737,361</u>
<u>395,353</u>	<u>54,694</u>	<u>3,554,389</u>
<u>395,353</u>	<u>54,694</u>	<u>3,554,389</u>
<u>\$ 396,029</u>	<u>\$ 58,210</u>	<u>\$ 4,291,750</u>

CITY OF BLUE ASH, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2012**

	Energy Saving Facilities Improvement Fund	Downtown Improvement Fund	Plainfield Bikepath Construction Fund	Summit Park Fund
Revenues:				
Intergovernmental Revenues	\$ 279,000	\$ 0	\$ 0	\$ 0
Investment Earnings	334	0	0	0
All Other Revenue	0	0	0	0
Total Revenue	<u>279,334</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures:				
Current:				
Capital Outlay	469,811	49,249	39,365	521,858
Debt Service:				
Principal Retirement	0	0	0	126,818
Interest & Fiscal Charges	0	0	0	873,182
Total Expenditures	<u>469,811</u>	<u>49,249</u>	<u>39,365</u>	<u>1,521,858</u>
Excess (Deficiency) of Revenues Over Expenditures	(190,477)	(49,249)	(39,365)	(1,521,858)
Other Financing Sources (Uses):				
Capital Lease Initiated	1,500,000	0	0	0
Transfers In	0	0	100,000	1,921,663
Transfers Out	0	(500,485)	0	0
Total Other Financing Sources (Uses)	<u>1,500,000</u>	<u>(500,485)</u>	<u>100,000</u>	<u>1,921,663</u>
Net Change in Fund Balance	1,309,523	(549,734)	60,635	399,805
Fund Balances at Beginning of Year	<u>0</u>	<u>549,734</u>	<u>50,000</u>	<u>(1,175)</u>
Fund Balances End of Year	<u>\$ 1,309,523</u>	<u>\$ 0</u>	<u>\$ 110,635</u>	<u>\$ 398,630</u>

CITY OF BLUE ASH, OHIO

Golf Course Construction Fund	Reed Hartman Improvement Fund	Cooper Road Sidewalk Construction Fund	Total Nonmajor Capital Project Funds
\$ 0	\$ 0	\$ 0	\$ 279,000
1,050	731	0	2,115
18,562	0	0	18,562
19,612	731	0	299,677
1,145,261	2,624,425	45,306	4,895,275
0	0	0	126,818
0	0	0	873,182
1,145,261	2,624,425	45,306	5,895,275
(1,125,649)	(2,623,694)	(45,306)	(5,595,598)
0	0	0	1,500,000
0	0	100,000	2,121,663
0	0	0	(500,485)
0	0	100,000	3,121,178
(1,125,649)	(2,623,694)	54,694	(2,474,420)
2,411,203	3,019,047	0	6,028,809
\$ 1,285,554	\$ 395,353	\$ 54,694	\$ 3,554,389

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, 2012**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 2,000,000	\$ 2,000,000	\$ 1,951,949	\$ (48,051)
Municipal Income Taxes	28,980,000	28,980,000	31,692,337	2,712,337
Other Local Taxes	900,000	900,000	962,677	62,677
Intergovernmental Revenues	1,329,350	1,381,850	1,772,795	390,945
Charges for Services	623,550	623,550	704,219	80,669
Licenses and Permits	435,500	435,500	478,518	43,018
Investment Earnings	15,000	15,000	16,195	1,195
Fines and Forfeitures	121,000	121,000	133,287	12,287
All Other Revenues	300	300	185	(115)
Total Revenues	<u>34,404,700</u>	<u>34,457,200</u>	<u>37,712,162</u>	<u>3,254,962</u>
Expenditures:				
Security of Persons and Property:				
Police Division:				
Personal Services	5,645,000	5,645,000	5,316,872	328,128
Materials and Supplies	185,269	185,269	157,724	27,545
Contractual Services	408,416	408,416	361,335	47,081
Capital Outlay	242,800	242,800	239,365	3,435
Total Police Division	<u>6,481,485</u>	<u>6,481,485</u>	<u>6,075,296</u>	<u>406,189</u>
Fire Division:				
Personal Services	4,065,000	4,065,000	3,664,787	400,213
Materials and Supplies	116,419	122,419	113,940	8,479
Contractual Services	314,668	308,879	271,820	37,059
Capital Outlay	806,940	809,229	807,490	1,739
Total Fire Division	<u>5,303,027</u>	<u>5,305,527</u>	<u>4,858,037</u>	<u>447,490</u>
Total Security of Persons and Property	<u>11,784,512</u>	<u>11,787,012</u>	<u>10,933,333</u>	<u>853,679</u>
Community Development:				
Building Division:				
Personal Services	470,000	470,000	397,687	72,313
Materials and Supplies	1,505	1,705	1,399	306
Contractual Services	684,471	684,271	480,147	204,124
Capital Outlay	1,183,446	1,183,446	644,857	538,589
Total Community Development	<u>2,339,422</u>	<u>2,339,422</u>	<u>1,524,090</u>	<u>815,332</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, 2012**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
General Government:				
Legislative Services:				
Personal Services	142,000	142,000	123,527	18,473
Materials and Supplies	516	516	242	274
Contractual Services	560,423	660,423	516,839	143,584
Total Legislative Services	702,939	802,939	640,608	162,331
Judicial Services:				
Personal Services	140,500	140,500	99,851	40,649
Materials and Supplies	500	500	324	176
Contractual Services	13,985	13,985	7,458	6,527
Total Judicial Services	154,985	154,985	107,633	47,352
Tax and Finance Divisions:				
Personal Services	616,000	616,000	516,541	99,459
Materials and Supplies	4,692	4,692	4,277	415
Contractual Services	122,413	122,413	89,224	33,189
Capital Outlay	1,000	1,000	795	205
Total Tax and Finance Divisions	744,105	744,105	610,837	133,268
Administrative Services Division:				
Personal Services	1,347,000	1,347,000	1,217,284	129,716
Materials and Supplies	9,729	8,729	7,653	1,076
Contractual Services	33,134	34,134	30,861	3,273
Capital Outlay	5,000	5,000	3,117	1,883
Total Administrative Services Division	1,394,863	1,394,863	1,258,915	135,948
Facilities Maintenance Division:				
Personal Services	1,072,000	1,107,000	1,058,412	48,588
Materials and Supplies	233,803	293,803	254,986	38,817
Contractual Services	369,691	389,691	339,258	50,433
Capital Outlay	122,170	122,170	59,505	62,665
Total Facilities Maintenance Division	1,797,664	1,912,664	1,712,161	200,503
Insurance Services Division:				
Contractual Services	293,784	293,784	269,491	24,293
Total Insurance Services Division	293,784	293,784	269,491	24,293

(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, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
General Government Services:				
Personal Services	633,773	633,773	509,071	124,702
Materials and Supplies	48,814	48,814	45,920	2,894
Contractual Services	2,402,646	2,187,646	1,768,703	418,943
Capital Outlay	289,337	1,444,337	1,322,869	121,468
Total General Government Services	<u>3,374,570</u>	<u>4,314,570</u>	<u>3,646,563</u>	<u>668,007</u>
Total General Government	<u>8,462,910</u>	<u>9,617,910</u>	<u>8,246,208</u>	<u>1,371,702</u>
Total Expenditures	<u>22,586,844</u>	<u>23,744,344</u>	<u>20,703,631</u>	<u>3,040,713</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,817,856	10,712,856	17,008,531	6,295,675
Other Financing Sources (Uses):				
Sale of Capital Assets	100,000	100,000	69,420	(30,580)
Transfers In	0	502,957	502,957	0
Transfers Out	(13,480,888)	(13,976,888)	(11,934,378)	2,042,510
Advances In	69,558	85,258	84,858	(400)
Advances Out	0	(544,650)	(544,650)	0
Total Other Financing Sources (Uses)	<u>(13,311,330)</u>	<u>(13,833,323)</u>	<u>(11,821,793)</u>	<u>2,011,530</u>
Net Change in Fund Balance	(1,493,474)	(3,120,467)	5,186,738	8,307,205
Fund Balance at Beginning of Year	22,693,010	22,693,010	22,693,010	0
Prior Year Encumbrances	947,044	947,044	947,044	0
Fund Balance at End of Year	<u>\$ 22,146,580</u>	<u>\$ 20,519,587</u>	<u>\$ 28,826,792</u>	<u>\$ 8,307,205</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, 2012**

PARK AND RECREATION FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 836,000	\$ 836,000	\$ 1,015,236	\$ 179,236
All Other Revenues	211,500	211,500	204,827	(6,673)
Total Revenues	<u>1,047,500</u>	<u>1,047,500</u>	<u>1,220,063</u>	<u>172,563</u>
Expenditures:				
Leisure Time Activities:				
Recreation Programming Division:				
Personal Services	1,229,000	1,229,000	1,180,715	48,285
Materials and Supplies	188,129	188,129	177,893	10,236
Contractual Services	1,334,813	1,334,812	1,174,863	159,949
Capital Outlay	65,000	65,000	64,792	208
Total Recreation Programming Division	<u>2,816,942</u>	<u>2,816,941</u>	<u>2,598,263</u>	<u>218,678</u>
Grounds Maintenance Division:				
Personal Services	977,000	977,000	870,550	106,450
Materials and Supplies	230,952	230,952	201,522	29,430
Contractual Services	376,344	376,344	307,303	69,041
Capital Outlay	166,700	724,700	707,042	17,658
Total Grounds Maintenance Division	<u>1,750,996</u>	<u>2,308,996</u>	<u>2,086,417</u>	<u>222,579</u>
Total Expenditures	<u>4,567,938</u>	<u>5,125,937</u>	<u>4,684,680</u>	<u>441,257</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,520,438)	(4,078,437)	(3,464,617)	613,820
Other Financing Sources (Uses):				
Transfers In	3,442,700	4,000,700	3,386,880	(613,820)
Total Other Financing Sources (Uses)	<u>3,442,700</u>	<u>4,000,700</u>	<u>3,386,880</u>	<u>(613,820)</u>
Net Change in Fund Balance	(77,738)	(77,737)	(77,737)	0
Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances	77,737	77,737	77,737	0
Fund Balance at End of Year	<u>\$ (1)</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)
Major Funds – Debt Service Fund
For the Year Ended December 31, 2012***

GENERAL OBLIGATION BOND RETIREMENT FUND			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Property Taxes	\$ 80,000	\$ 78,514	\$ (1,486)
Intergovernmental Revenues	<u>25,710</u>	<u>25,704</u>	<u>(6)</u>
Total Revenues	<u>105,710</u>	<u>104,218</u>	<u>(1,492)</u>
Expenditures:			
Debt Service:			
Principal Retirement	3,227,641	3,227,641	0
Interest and Fiscal Charges	<u>839,007</u>	<u>835,230</u>	<u>3,777</u>
Total Expenditures	<u>4,066,648</u>	<u>4,062,871</u>	<u>3,777</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,960,938)	(3,958,653)	2,285
Other Financing Sources (Uses):			
Transfers In	<u>3,560,938</u>	<u>3,523,415</u>	<u>(37,523)</u>
Total Other Financing Sources (Uses)	<u>3,560,938</u>	<u>3,523,415</u>	<u>(37,523)</u>
Net Change in Fund Balance	(400,000)	(435,238)	(35,238)
Fund Balance at Beginning of Year	<u>500,000</u>	<u>500,000</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 100,000</u>	<u>\$ 64,762</u>	<u>\$ (35,238)</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, 2012**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Property Taxes	\$ 1,000,000	\$ 1,160,277	\$ 160,277
Investment Earnings	200	296	96
Total Revenues	<u>1,000,200</u>	<u>1,160,573</u>	<u>160,373</u>
Expenditures:			
General Government:			
Contractual Services	<u>365,000</u>	<u>269,783</u>	<u>95,217</u>
Total General Government	<u>365,000</u>	<u>269,783</u>	<u>95,217</u>
Debt Service:			
Principal Retirement	205,000	205,000	0
Interest and Fiscal Charges	<u>460,250</u>	<u>460,250</u>	<u>0</u>
Total Expenditures	<u>1,030,250</u>	<u>935,033</u>	<u>95,217</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(30,050)	225,540	255,590
Fund Balance at Beginning of Year	<u>699,508</u>	<u>699,508</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 669,458</u>	<u>\$ 925,048</u>	<u>\$ 255,590</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, 2012**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 689,000	\$ 1,153,882	\$ 464,882
Charges for Services	2,000	4,553	2,553
Investment Earnings	100	44	(56)
All Other Revenues	1,550	1,412	(138)
Total Revenues	<u>692,650</u>	<u>1,159,891</u>	<u>467,241</u>
Expenditures:			
Transportation:			
Street Division:			
Personal Services	1,544,000	1,446,759	97,241
Materials and Supplies	512,598	495,622	16,976
Contractual Services	569,202	464,464	104,738
Capital Outlay	2,058,972	1,705,477	353,495
Total Expenditures	<u>4,684,772</u>	<u>4,112,322</u>	<u>572,450</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,992,122)	(2,952,431)	1,039,691
Other Financing Sources (Uses):			
Transfers In	3,368,526	2,320,858	(1,047,668)
Total Other Financing Sources (Uses)	<u>3,368,526</u>	<u>2,320,858</u>	<u>(1,047,668)</u>
Net Changes in Fund Balance	(623,596)	(631,573)	(7,977)
Fund Balance at Beginning of Year	0	0	0
Prior Year Encumbrances	631,573	631,573	0
Fund Balance at End of Year	<u>\$ 7,977</u>	<u>\$ 0</u>	<u>\$ (7,977)</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, 2012**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 106,000	\$ 109,772	\$ 3,772
Investment Earnings	150	109	(41)
Total Revenues	<u>106,150</u>	<u>109,881</u>	<u>3,731</u>
Expenditures:			
Transportation:			
Street Division:			
Personal Services	<u>100,000</u>	<u>100,000</u>	<u>0</u>
Total Expenditures	<u>100,000</u>	<u>100,000</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,150	9,881	3,731
Fund Balance at Beginning of Year	<u>122,470</u>	<u>122,470</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 128,620</u>	<u>\$ 132,351</u>	<u>\$ 3,731</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, 2012**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 52,000	\$ 51,576	\$ (424)
Investment Earnings	150	115	(35)
Total Revenues	<u>52,150</u>	<u>51,691</u>	<u>(459)</u>
Expenditures:			
Transportation:			
Street Division:			
Capital Outlay	<u>1,008</u>	<u>1,008</u>	<u>0</u>
Total Expenditures	<u>1,008</u>	<u>1,008</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	51,142	50,683	(459)
Fund Balance at Beginning of Year	184,197	184,197	0
Prior Year Encumbrances	1,008	1,008	0
Fund Balance at End of Year	<u>\$ 236,347</u>	<u>\$ 235,888</u>	<u>\$ (459)</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, 2012***

PLAINFIELD ROAD TIF FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Property Taxes	\$ 122,000	\$ 122,169	\$ 169
Total Revenues	<u>122,000</u>	<u>122,169</u>	<u>169</u>
Expenditures:			
General Government:			
General Government Services:			
Contractual Services	<u>86,900</u>	<u>79,304</u>	<u>7,596</u>
Total Expenditures	<u>86,900</u>	<u>79,304</u>	<u>7,596</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	35,100	42,865	7,765
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 35,100</u>	<u>\$ 42,865</u>	<u>\$ 7,765</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, 2012***

	<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:			
Security of Persons and Property:			
Police Division:			
Contractual Services	<u> 5,000</u>	<u> 0</u>	<u> 5,000</u>
Total Expenditures	<u> 5,000</u>	<u> 0</u>	<u> 5,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u> (5,000)</u>	<u> 0</u>	<u> 5,000</u>
Fund Balance at Beginning of Year	<u> 6,850</u>	<u> 6,850</u>	<u> 0</u>
Fund Balance at End of Year	<u>\$ 1,850</u>	<u>\$ 6,850</u>	<u>\$ 5,000</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, 2012***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$ 8,000	\$ 4,100	\$ (3,900)
Total Revenues	<u>8,000</u>	<u>4,100</u>	<u>(3,900)</u>
Expenditures:			
Security of Persons and Property:			
Police Division:			
Materials and Supplies	30,000	469	29,531
Contractual Services	56,285	14,329	41,956
Capital Outlay	<u>120,000</u>	<u>7,516</u>	<u>112,484</u>
Total Expenditures	<u>206,285</u>	<u>22,314</u>	<u>183,971</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(198,285)	(18,214)	180,071
Fund Balance at Beginning of Year	214,594	214,594	0
Prior Year Encumbrances	285	285	0
Fund Balance at End of Year	<u>\$ 16,594</u>	<u>\$ 196,665</u>	<u>\$ 180,071</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, 2012***

	OVI TASK FORCE FUND		
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 222,689	\$ 112,354	\$ (110,335)
Total Revenues	<u>222,689</u>	<u>112,354</u>	<u>(110,335)</u>
Expenditures:			
Security of Persons and Property:			
Police Division:			
Contractual Services	211,949	181,668	30,281
Total Expenditures	<u>211,949</u>	<u>181,668</u>	<u>30,281</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,740	(69,314)	(80,054)
Fund Balance at Beginning of Year	<u>(10,740)</u>	<u>(10,740)</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ (80,054)</u>	<u>\$ (80,054)</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, 2012***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$ 500	\$ 13,222	\$ 12,722
Total Revenues	<u>500</u>	<u>13,222</u>	<u>12,722</u>
Expenditures:			
Security of Persons and Property:			
Police Division:			
Materials and Supplies	10,000	0	10,000
Contractual Services	26,000	2,400	23,600
Capital Outlay	<u>16,000</u>	<u>0</u>	<u>16,000</u>
Total Expenditures	<u>52,000</u>	<u>2,400</u>	<u>49,600</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(51,500)	10,822	62,322
Fund Balance at Beginning of Year	<u>52,788</u>	<u>52,788</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,288</u>	<u>\$ 63,610</u>	<u>\$ 62,322</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, 2012**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$ 1,000	\$ 655	\$ (345)
Total Revenues	<u>1,000</u>	<u>655</u>	<u>(345)</u>
Expenditures:			
Security of Persons and Property:			
Police Division:			
Contractual Services	<u>14,000</u>	<u>0</u>	<u>14,000</u>
Total Expenditures	<u>14,000</u>	<u>0</u>	<u>14,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,000)	655	13,655
Fund Balance at Beginning of Year	<u>15,010</u>	<u>15,010</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 2,010</u>	<u>\$ 15,665</u>	<u>\$ 13,655</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, 2012**

	FEMA GRANT FUND		Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
Revenues:			
Intergovernmental Revenues	\$ 7,976	\$ 7,976	\$ 0
Total Revenues	<u>7,976</u>	<u>7,976</u>	<u>0</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,976	7,976	0
Other Financing Sources (Uses):			
Transfers Out	<u>(7,976)</u>	<u>(7,976)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(7,976)</u>	<u>(7,976)</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 Special Revenue Funds
For the Year Ended December 31, 2012***

LAW ENFORCEMENT LIAISON FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 110,263	\$ 74,863	\$ (35,400)
Total Revenues	<u>110,263</u>	<u>74,863</u>	<u>(35,400)</u>
Expenditures:			
Security of Persons and Property:			
Police Division:			
Contractual Services	110,263	88,571	21,692
Total Expenditures	<u>110,263</u>	<u>88,571</u>	<u>21,692</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(13,708)	(13,708)
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ (13,708)</u>	<u>\$ (13,708)</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 Fund
For the Year Ended December 31, 2012**

ENERGY SAVING FACILITY IMPROVEMENT FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 448,000	\$ 248,000	\$ (200,000)
Investment Earnings	0	152	152
All Other Revenues	15,000	0	(15,000)
Total Revenues	<u>463,000</u>	<u>248,152</u>	<u>(214,848)</u>
Expenditures:			
Capital Outlay	1,966,155	1,966,155	0
Total Expenditures	<u>1,966,155</u>	<u>1,966,155</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,503,155)	(1,718,003)	(214,848)
Other Financing Sources (Uses):			
Capital Lease Initiated	1,503,155	1,500,000	(3,155)
Advances In	463,000	463,000	0
Total Other Financing Sources (Uses)	<u>1,966,155</u>	<u>1,963,000</u>	<u>(3,155)</u>
Net Change in Fund Balance	463,000	244,997	(218,003)
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	<u>\$ 463,000</u>	<u>\$ 244,997</u>	<u>\$ (218,003)</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, 2012**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	\$ 0	\$ 0	\$ 0
Expenditures:			
Capital Outlay	49,249	49,249	0
Total Expenditures	49,249	49,249	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(49,249)	(49,249)	0
Other Financing Sources (Uses):			
Transfers Out	(500,485)	(500,485)	0
Total Other Financing Sources (Uses)	(500,485)	(500,485)	0
Net Change in Fund Balance	(549,734)	(549,734)	0
Fund Balance at Beginning of Year	372,377	372,377	0
Prior Year Encumbrances	177,357	177,357	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 0

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, 2012***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	\$ 0	\$ 0	\$ 0
Expenditures:			
Capital Outlay	100,000	39,365	60,635
Total Expenditures	100,000	39,365	60,635
Excess (Deficiency) of Revenues Over (Under) Expenditures	(100,000)	(39,365)	60,635
Other Financing Sources (Uses):			
Transfers In	100,000	100,000	0
Total Other Financing Sources (Uses)	100,000	100,000	0
Net Change in Fund Balance	0	60,635	60,635
Fund Balance at Beginning of Year	50,000	50,000	0
Fund Balance at End of Year	\$ 50,000	\$ 110,635	\$ 60,635

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, 2012**

	SUMMIT PARK FUND		Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
Revenues:			
Total Revenues	\$ 0	\$ 0	\$ 0
Expenditures:			
Capital Outlay	1,975,829	1,922,492	53,337
Total Expenditures	1,975,829	1,922,492	53,337
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,975,829)	(1,922,492)	53,337
Other Financing Sources (Uses):			
Transfers In	1,975,000	1,921,663	(53,337)
Total Other Financing Sources (Uses)	1,975,000	1,921,663	(53,337)
Net Changes in Fund Balance	(829)	(829)	0
Fund Balance at Beginning of Year	0	0	0
Prior Year Encumbrances	829	829	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 0

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, 2012***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment Earnings	\$ 0	\$ 1,049	\$ 1,049
All Other Revenues	0	18,562	18,562
Total Revenues	0	19,611	19,611
Expenditures:			
Capital Outlay	2,086,133	2,032,737	53,396
Total Expenditures	2,086,133	2,032,737	53,396
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,086,133)	(2,013,126)	73,007
Fund Balance at Beginning of Year	1,330,333	1,330,333	0
Prior Year Encumbrances	1,836,133	1,836,133	0
Fund Balance at End of Year	\$ 1,080,333	\$ 1,153,340	\$ 73,007

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, 2012**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 250,000	\$ 250,000	\$ 0
Investment Earnings	0	778	778
Total Revenues	<u>250,000</u>	<u>250,778</u>	<u>778</u>
Expenditures:			
Capital Outlay	<u>3,320,527</u>	<u>2,967,119</u>	<u>353,408</u>
Total Expenditures	<u>3,320,527</u>	<u>2,967,119</u>	<u>353,408</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,070,527)	(2,716,341)	354,186
Fund Balance at Beginning of Year	158,397	158,397	0
Prior Year Encumbrances	<u>2,912,131</u>	<u>2,912,131</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1</u>	<u>\$ 354,187</u>	<u>\$ 354,186</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, 2012**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	\$ 0	\$ 0	\$ 0
Expenditures:			
Capital Outlay	100,000	65,618	34,382
Total Expenditures	100,000	65,618	34,382
Excess (Deficiency) of Revenues Over (Under) Expenditures	(100,000)	(65,618)	34,382
Other Financing Sources (Uses):			
Transfers In	100,000	100,000	0
Total Other Financing Sources (Uses)	100,000	100,000	0
Net Change in Fund Balance	0	34,382	34,382
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$ 0	\$ 34,382	\$ 34,382



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.

Flex Spending Fund

To account for funds related to the IRS 125 Employee Benefits Plan.

CITY OF BLUE ASH, OHIO

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2012**

	Balance December 31, 2011	Additions	Deductions	Balance December 31, 2012
Mayor's Court				
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agent	\$0	\$200,854	(\$200,854)	\$0
Total Assets	<u>\$0</u>	<u>\$200,854</u>	<u>(\$200,854)</u>	<u>\$0</u>
Liabilities:				
Due to Others	\$0	\$200,854	(\$200,854)	\$0
Total Liabilities	<u>\$0</u>	<u>\$200,854</u>	<u>(\$200,854)</u>	<u>\$0</u>
Ohio Board of Building Standards Assessments				
Assets:				
Cash and Cash Equivalents	\$782	\$10,584	(\$10,345)	\$1,021
Total Assets	<u>\$782</u>	<u>\$10,584</u>	<u>(\$10,345)</u>	<u>\$1,021</u>
Liabilities:				
Intergovernmental Payables	\$782	\$10,584	(\$10,345)	\$1,021
Total Liabilities	<u>\$782</u>	<u>\$10,584</u>	<u>(\$10,345)</u>	<u>\$1,021</u>
Arson Task Force				
Assets:				
Cash and Cash Equivalents	\$3,912	\$2	(\$409)	\$3,505
Total Assets	<u>\$3,912</u>	<u>\$2</u>	<u>(\$409)</u>	<u>\$3,505</u>
Liabilities:				
Due to Others	\$3,912	\$2	(\$409)	\$3,505
Total Liabilities	<u>\$3,912</u>	<u>\$2</u>	<u>(\$409)</u>	<u>\$3,505</u>
Flex Spending Fund				
Assets:				
Cash and Cash Equivalents	\$74,998	\$174,848	(\$176,568)	\$73,278
Total Assets	<u>\$74,998</u>	<u>\$174,848</u>	<u>(\$176,568)</u>	<u>\$73,278</u>
Liabilities:				
Due to Others	\$74,998	\$174,848	(\$176,568)	\$73,278
Total Liabilities	<u>\$74,998</u>	<u>\$174,848</u>	<u>(\$176,568)</u>	<u>\$73,278</u>

(Continued)

CITY OF BLUE ASH, OHIO

	Balance December 31, 2011	Additions	Deductions	Balance December 31, 2012
Totals - All Agency Funds				
Assets:				
Cash and Cash Equivalents	\$79,692	\$185,434	(\$187,322)	\$77,804
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agent	0	200,854	(200,854)	0
Total Assets	<u>\$79,692</u>	<u>\$386,288</u>	<u>(\$388,176)</u>	<u>\$77,804</u>
Liabilities:				
Intergovernmental Payables	\$782	\$10,584	(\$10,345)	\$1,021
Due to Others	78,910	375,704	(377,831)	76,783
Total Liabilities	<u>\$79,692</u>	<u>\$386,288</u>	<u>(\$388,176)</u>	<u>\$77,804</u>



Statistical Section





STATISTICAL TABLES

This part of the City’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city’s overall financial health.

Contents

Financial Trends	S 2 – S 13
These schedules contain trend information to help the reader understand how the city’s financial position has changed over time.	
Revenue Capacity	S 14 – S 17
These schedules contain information to help the reader understand and assess the factors affecting the city's ability to generate its most significant local revenue source, income tax.	
Debt Capacity	S 18 – S 27
These schedules present information to help the reader assess the affordability of the city’s current levels of outstanding debt and the city's ability to issue additional debt in the future.	
Economic and Demographic Information	S 28 – S 31
These schedules offer economic and demographic indicators to help the reader understand the environment within which the city’s financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	
Operating Information	S 32 – S 37
These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.	

Sources Note:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

City of Blue Ash

*Net Position by Component
Last Ten Years
(accrual basis of accounting)*

	<u>2003</u>	<u>2004</u>	<u>2005</u>
Governmental Activities:			
Net Investment in Capital Assets	\$32,823,175	\$28,207,806	\$34,426,061
Restricted	1,889,933	9,637,231	5,465,764
Unrestricted	7,790,282	7,349,937	11,353,572
Total Governmental Activities Net Position	<u>\$42,503,390</u>	<u>\$45,194,974</u>	<u>\$51,245,397</u>
Business-type Activities:			
Net Investment in Capital Assets	\$2,694,683	\$2,712,921	\$2,640,807
Unrestricted (Deficit)	(23,320)	(21,594)	(30,031)
Total Business-type Activities Net Position	<u>\$2,671,363</u>	<u>\$2,691,327</u>	<u>\$2,610,776</u>
Primary Government:			
Net Investment in Capital Assets	\$35,517,858	\$30,920,727	\$37,066,868
Restricted	1,889,933	9,637,231	5,465,764
Unrestricted	7,766,962	7,328,343	11,323,541
Total Primary Government Net Position	<u>\$45,174,753</u>	<u>\$47,886,301</u>	<u>\$53,856,173</u>

Source: Finance Office

City of Blue Ash

2006	2007	2008	2009	2010	2011	2012
\$34,881,463	\$41,228,022	\$46,397,044	\$51,850,887	\$52,322,247	\$49,870,997	\$56,238,601
4,839,111	2,657,256	6,177,078	3,617,547	3,887,408	8,010,630	4,147,964
14,150,187	17,428,349	17,007,777	18,716,037	21,877,839	18,694,226	26,706,565
<u>\$53,870,761</u>	<u>\$61,313,627</u>	<u>\$69,581,899</u>	<u>\$74,184,471</u>	<u>\$78,087,494</u>	<u>\$76,575,853</u>	<u>\$87,093,130</u>
\$2,616,516	\$2,663,932	\$2,529,047	\$2,523,039	\$4,363,628	\$11,749,406	\$12,869,854
(13,743)	(26,609)	(37,114)	(77,742)	(60,056)	87,108	457
<u>\$2,602,773</u>	<u>\$2,637,323</u>	<u>\$2,491,933</u>	<u>\$2,445,297</u>	<u>\$4,303,572</u>	<u>\$11,836,514</u>	<u>\$12,870,311</u>
\$37,497,979	\$43,891,954	\$48,926,091	\$54,373,926	\$56,685,875	\$61,620,403	\$69,108,455
4,839,111	2,657,256	6,177,078	3,617,547	3,887,408	8,010,630	4,147,964
14,136,444	17,401,740	16,970,663	18,638,295	21,817,783	18,781,334	26,707,022
<u>\$56,473,534</u>	<u>\$63,950,950</u>	<u>\$72,073,832</u>	<u>\$76,629,768</u>	<u>\$82,391,066</u>	<u>\$88,412,367</u>	<u>\$99,963,441</u>

City of Blue Ash

Changes in Net Position Last Ten Years (accrual basis of accounting)

	2003	2004	2005	2006
Expenses				
Governmental Activities:				
Security of Persons and Property	\$9,189,983	\$10,022,125	\$10,165,886	\$10,330,009
Leisure Time Activities	4,698,832	4,695,425	4,159,503	4,629,671
Community Development	684,192	627,530	880,545	1,128,585
Basic Utility Services	3,143,907	2,497,941	2,156,876	1,879,424
Transportation	2,287,035	2,248,461	1,855,044	1,919,917
General Government	3,246,035	6,132,078	6,306,580	7,401,144
Interest and Fiscal Charges	892,598	785,134	858,638	842,242
<i>Total Governmental Activities Expenses</i>	<u>24,142,582</u>	<u>27,008,694</u>	<u>26,383,072</u>	<u>28,130,992</u>
Business-type Activities:				
Golf Course and Events Center	1,299,836	1,314,862	1,318,708	1,482,474
<i>Total Business-type Activities Expenses</i>	<u>1,299,836</u>	<u>1,314,862</u>	<u>1,318,708</u>	<u>1,482,474</u>
<i>Total Primary Government Expenses</i>	<u>\$25,442,418</u>	<u>\$28,323,556</u>	<u>\$27,701,780</u>	<u>\$29,613,466</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
Security of Persons and Property	\$483,282	\$218,704	\$415,652	\$127,044
Leisure Time Activities	652,338	641,986	667,712	705,492
Community Development	180,035	195,256	346,095	523,062
Transportation	820	2,584	725	13,183
General Government	367,610	390,473	287,798	199,771
Operating Grants and Contributions	569,887	1,801,713	998,262	822,921
Capital Grants and Contributions	112,804	1,717,293	0	0
<i>Total Governmental Activities Program Revenues</i>	<u>2,366,776</u>	<u>4,968,009</u>	<u>2,716,244</u>	<u>2,391,473</u>

City of Blue Ash

2007	2008	2009	2010	2011	2012
\$10,583,392	\$10,808,527	\$10,971,088	\$10,200,445	\$10,106,451	\$11,006,802
4,942,967	5,463,869	5,262,217	3,965,278	12,798,189	6,478,840
864,853	809,377	784,808	1,602,342	1,228,985	1,464,789
2,092,167	1,864,013	2,401,524	79,730	0	0
2,311,705	2,024,089	2,415,412	4,058,682	4,916,322	4,518,985
7,512,638	8,133,593	8,351,370	10,227,100	9,061,273	9,628,004
1,559,980	2,299,658	2,099,365	1,999,212	2,216,492	2,417,896
<u>29,867,702</u>	<u>31,403,126</u>	<u>32,285,784</u>	<u>32,132,789</u>	<u>40,327,712</u>	<u>35,515,316</u>
<u>1,592,043</u>	<u>1,612,555</u>	<u>1,523,894</u>	<u>1,461,696</u>	<u>1,678,250</u>	<u>3,225,981</u>
<u>1,592,043</u>	<u>1,612,555</u>	<u>1,523,894</u>	<u>1,461,696</u>	<u>1,678,250</u>	<u>3,225,981</u>
<u>\$31,459,745</u>	<u>\$33,015,681</u>	<u>\$33,809,678</u>	<u>\$33,594,485</u>	<u>\$42,005,962</u>	<u>\$38,741,297</u>
\$93,483	\$96,637	\$46,524	\$39,045	\$30,966	\$20,494
704,280	633,303	773,855	844,815	903,915	1,015,236
333,467	236,921	153,767	266,574	320,669	373,982
900	7,117	1,977	1,977	9,669	4,553
268,784	276,842	305,634	188,747	207,794	265,710
823,631	875,492	1,183,899	1,037,723	965,315	1,676,731
50,000	1,011,720	639,330	65,390	668,490	3,955,031
<u>2,274,545</u>	<u>3,138,032</u>	<u>3,104,986</u>	<u>2,444,271</u>	<u>3,106,818</u>	<u>7,311,737</u>

(continued)

City of Blue Ash

Changes in Net Position Last Ten Years (accrual basis of accounting)

	2003	2004	2005	2006
Business-type Activities:				
Charges for Services				
Golf Course and Events Center	981,482	1,105,883	1,093,114	1,122,849
Capital Grants and Contributions	0	0	0	0
<i>Total Business-type Activities Program Revenues</i>	981,482	1,105,883	1,093,114	1,122,849
<i>Total Primary Government Program Revenues</i>	3,348,258	6,073,892	3,809,358	3,514,322
Net (Expense)/Revenue				
Governmental Activities	(21,775,806)	(22,040,685)	(23,666,828)	(25,739,519)
Business-type Activities	(318,354)	(208,979)	(225,594)	(359,625)
<i>Total Primary Government Net (Expense)/Revenue</i>	(\$22,094,160)	(\$22,249,664)	(\$23,892,422)	(\$26,099,144)
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes Levied for:				
General Purposes	\$2,181,235	\$2,179,195	\$2,138,994	\$2,284,018
Debt Service	242,091	69,076	106,688	108,801
Municipal Income Taxes	19,780,105	19,644,642	22,628,464	22,145,729
Other Local Taxes	669,641	699,467	782,470	869,253
Grants and Entitlements not				
Restricted to Specific Programs	1,841,048	1,690,766	1,778,951	1,726,738
Investment Earnings	182,281	128,697	357,462	720,964
Miscellaneous	1,353,601	549,369	868,214	861,002
Transfers	(190,608)	(228,943)	(145,043)	(351,622)
<i>Total Governmental Activities</i>	26,059,394	24,732,269	28,516,200	28,364,883
Business-type Activities:				
Transfers	190,608	228,943	145,043	351,622
<i>Total Business-type Activities</i>	190,608	228,943	145,043	351,622
<i>Total Primary Government</i>	\$26,250,002	\$24,961,212	\$28,661,243	\$28,716,505
Change in Net Position				
Governmental Activities	\$4,283,588	\$2,691,584	\$4,849,372	\$2,625,364
Business-type Activities	(127,746)	19,964	(80,551)	(8,003)
<i>Total Primary Government Change in Net Position</i>	\$4,155,842	\$2,711,548	\$4,768,821	\$2,617,361

Source: Finance Office

City of Blue Ash

2007	2008	2009	2010	2011	2012
1,153,749	1,084,768	1,076,427	1,001,624	911,220	2,624,062
0	0	0	0	7,371,069	1,046,178
<u>1,153,749</u>	<u>1,084,768</u>	<u>1,076,427</u>	<u>1,001,624</u>	<u>8,282,289</u>	<u>3,670,240</u>
<u>3,428,294</u>	<u>4,222,800</u>	<u>4,181,413</u>	<u>3,445,895</u>	<u>11,389,107</u>	<u>10,981,977</u>
(27,593,157)	(28,265,094)	(29,180,798)	(29,688,518)	(37,220,894)	(28,203,579)
(438,294)	(527,787)	(447,467)	(460,072)	6,604,039	444,259
<u>(\$28,031,451)</u>	<u>(\$28,792,881)</u>	<u>(\$29,628,265)</u>	<u>(\$30,148,590)</u>	<u>(\$30,616,855)</u>	<u>(\$27,759,320)</u>
\$2,170,820	\$2,113,553	\$2,169,222	\$2,122,642	\$2,090,590	\$1,951,949
276,381	727,746	984,447	1,172,283	1,042,031	1,297,379
26,914,805	29,147,868	27,251,070	27,380,888	30,159,819	32,063,469
902,725	966,974	891,104	875,608	927,172	977,428
3,185,974	2,288,739	1,936,325	3,201,037	1,451,654	1,947,792
1,013,428	642,916	61,302	28,331	18,069	20,212
1,044,534	1,028,167	890,731	1,129,099	948,821	1,052,165
(472,644)	(382,597)	(400,831)	(2,318,347)	(928,903)	(589,538)
<u>35,036,023</u>	<u>36,533,366</u>	<u>33,783,370</u>	<u>33,591,541</u>	<u>35,709,253</u>	<u>38,720,856</u>
472,644	382,597	400,831	2,318,347	928,903	589,538
<u>472,644</u>	<u>382,597</u>	<u>400,831</u>	<u>2,318,347</u>	<u>928,903</u>	<u>589,538</u>
<u>\$35,508,667</u>	<u>\$36,915,963</u>	<u>\$34,184,201</u>	<u>\$35,909,888</u>	<u>\$36,638,156</u>	<u>\$39,310,394</u>
\$7,442,866	\$8,268,272	\$4,602,572	\$3,903,023	(\$1,511,641)	\$10,517,277
34,350	(145,190)	(46,636)	1,858,275	7,532,942	1,033,797
<u>\$7,477,216</u>	<u>\$8,123,082</u>	<u>\$4,555,936</u>	<u>\$5,761,298</u>	<u>\$6,021,301</u>	<u>\$11,551,074</u>

City of Blue Ash

*Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	2003	2004	2005	2006	2007
General Fund					
Nonspendable	\$0	\$0	\$0	\$0	\$0
Assigned	0	0	0	0	0
Unassigned	0	0	0	0	0
Reserved	392,003	336,403	510,338	1,614,323	884,661
Unreserved	7,638,598	7,344,816	9,181,613	9,684,919	14,857,882
<i>Total General Fund</i>	<u>8,030,601</u>	<u>7,681,219</u>	<u>9,691,951</u>	<u>11,299,242</u>	<u>15,742,543</u>
All Other Governmental Funds					
Nonspendable	0	0	0	0	0
Restricted	0	0	0	0	0
Committed	0	0	0	0	0
Unassigned	0	0	0	0	0
Reserved	1,177,875	6,537,653	4,077,834	6,852,199	2,476,725
Unreserved, Undesignated, Reported in:					
Special Revenue Funds	675,620	626,637	918,193	595,933	565,946
Capital Projects Funds	<u>(2,121,141)</u>	<u>(9,888,439)</u>	<u>(4,282,921)</u>	<u>(351,904)</u>	<u>7,256,949</u>
<i>Total All Other Governmental Funds</i>	<u>(267,646)</u>	<u>(2,724,149)</u>	<u>713,106</u>	<u>7,096,228</u>	<u>10,299,620</u>
<i>Total Governmental Funds</i>	<u><u>\$7,762,955</u></u>	<u><u>\$4,957,070</u></u>	<u><u>\$10,405,057</u></u>	<u><u>\$18,395,470</u></u>	<u><u>\$26,042,163</u></u>

Source: Finance Office

Note: The City implemented GASB 54 in 2011 which established new fund balance classifications for governmental funds.

City of Blue Ash

2008	2009	2010	2011	2012
\$0	\$0	\$0	\$70,661	\$69,202
0	0	0	692,613	490,568
0	0	0	25,714,464	32,496,633
916,799	855,501	374,763	0	0
<u>14,893,882</u>	<u>16,039,039</u>	<u>20,394,371</u>	<u>0</u>	<u>0</u>
<u>15,810,681</u>	<u>16,894,540</u>	<u>20,769,134</u>	<u>26,477,738</u>	<u>33,056,403</u>
0	0	0	193,098	244,501
0	0	0	8,397,036	5,584,468
0	0	0	0	389,934
0	0	0	(90,719)	(31,182)
7,846,136	3,479,656	10,338,361	0	0
538,976	634,742	502,130	0	0
<u>(1,149,195)</u>	<u>2,194</u>	<u>3,366,817</u>	<u>0</u>	<u>0</u>
<u>7,235,917</u>	<u>4,116,592</u>	<u>14,207,308</u>	<u>8,499,415</u>	<u>6,187,721</u>
<u>\$23,046,598</u>	<u>\$21,011,132</u>	<u>\$34,976,442</u>	<u>\$34,977,153</u>	<u>\$39,244,124</u>

City of Blue Ash

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	2003	2004	2005	2006
Revenues:				
Taxes				
Property	\$2,262,022	\$2,259,907	\$2,225,710	\$2,376,614
Municipal Income	20,585,615	19,482,112	21,780,007	22,053,892
Other Local	669,641	699,467	782,470	869,253
Intergovernmental Revenues	3,005,859	3,976,014	3,661,407	2,843,102
Charges for Services	1,228,620	995,850	1,170,430	1,259,704
Licenses and Permits	258,015	281,498	437,106	619,984
Investment Earnings	182,281	128,697	357,462	648,480
Fines and Forfeitures	623,175	378,006	659,328	254,781
All Other Revenue	347,352	343,018	319,332	295,085
Total Revenue	<u>29,162,580</u>	<u>28,544,569</u>	<u>31,393,252</u>	<u>31,220,895</u>
Expenditures:				
Current:				
Security of Persons and Property	9,205,777	9,972,468	10,111,541	10,595,745
Leisure Time Activities	3,793,655	3,837,782	3,885,242	4,310,565
Community Environment	682,771	657,461	882,499	1,360,707
Basic Utility Services	3,154,613	2,498,477	2,144,168	1,912,102
Transportation	2,022,193	1,876,750	1,755,940	2,017,696
General Government	4,583,358	5,766,124	5,669,339	5,580,307
Capital Outlay	8,085,301	3,238,694	1,737,644	3,447,714
Debt Service:				
Principal Retirement	2,037,955	2,463,216	2,463,503	2,830,000
Interest and Fiscal Charges	865,931	800,502	850,590	1,065,088
Total Expenditures	<u>34,431,554</u>	<u>31,111,474</u>	<u>29,500,466</u>	<u>33,119,924</u>
Excess (Deficiency) of Revenues Over Expenditures	(5,268,974)	(2,566,905)	1,892,786	(1,899,029)

City of Blue Ash

2007	2008	2009	2010	2011	2012
\$2,359,974	\$2,896,080	\$3,239,625	\$3,210,343	\$3,214,814	\$3,312,909
27,037,678	28,934,385	27,084,620	27,411,890	29,937,730	32,056,490
902,725	966,974	891,104	875,608	927,172	977,428
4,098,400	4,181,614	3,806,303	4,296,177	3,196,489	3,744,046
1,417,539	1,355,985	1,450,662	1,568,165	1,560,635	1,790,370
430,549	335,746	252,611	367,608	425,185	479,189
1,011,620	642,916	61,302	28,331	18,069	20,212
172,999	174,305	133,095	114,812	144,371	158,158
424,361	412,951	336,120	419,672	292,853	304,423
<u>37,855,845</u>	<u>39,900,956</u>	<u>37,255,442</u>	<u>38,292,606</u>	<u>39,717,318</u>	<u>42,843,225</u>
11,260,376	11,064,811	10,873,558	10,230,976	10,014,242	10,945,025
4,413,957	5,034,298	4,248,364	3,823,146	4,081,680	4,199,137
944,529	910,816	782,176	1,601,674	1,220,875	1,464,165
2,390,755	1,958,071	2,406,148	114,224	0	0
2,167,150	2,323,589	2,073,586	3,500,677	4,443,374	3,833,354
5,700,274	7,860,934	6,566,020	7,846,087	7,639,034	8,465,303
26,962,418	9,059,084	7,325,932	2,689,388	8,709,260	4,895,275
3,830,000	3,034,334	3,826,800	2,588,598	3,543,420	3,559,459
1,185,353	2,303,704	2,108,322	1,955,738	2,273,692	2,168,662
<u>58,854,812</u>	<u>43,549,641</u>	<u>40,210,906</u>	<u>34,350,508</u>	<u>41,925,577</u>	<u>39,530,380</u>
(20,998,967)	(3,648,685)	(2,955,464)	3,942,098	(2,208,259)	3,312,845

(continued)

City of Blue Ash

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Other Financing Sources (Uses):				
Sale of Capital Assets	580,524	616	2,520	305,145
Ohio Public Works Commission Loan	0	0	0	0
General Obligation Bonds Issued	10,000,000	0	3,700,000	9,790,000
Property Acquisition Loan	0	0	0	0
Premium on General Obligation Bonds	0	0	0	72,484
Capital Lease Initiated	0	0	0	0
Transfers In	17,052,402	12,040,770	18,233,922	12,067,135
Transfers Out	(17,243,010)	(12,269,713)	(18,378,965)	(12,418,757)
Total Other Financing Sources (Uses)	<u>10,389,916</u>	<u>(228,327)</u>	<u>3,557,477</u>	<u>9,816,007</u>
Net Change in Fund Balance	<u>\$5,120,942</u>	<u>(\$2,795,232)</u>	<u>\$5,450,263</u>	<u>\$7,916,978</u>
Debt Service as a Percentage of Noncapital Expenditures	12.13%	12.13%	12.69%	13.89%

Source: Finance Office

City of Blue Ash

2007	2008	2009	2010	2011	2012
261,920	72,728	17,521	13,134	0	0
0	1,147,701	1,218,401	160,307	0	0
9,975,000	0	0	9,775,000	3,125,000	0
18,913,325	0	0	0	0	0
1,808	0	0	488,232	0	0
0	0	0	0	0	1,500,000
12,272,969	13,558,928	11,508,399	11,997,678	11,553,238	11,853,301
(12,745,613)	(14,118,625)	(11,909,230)	(12,342,103)	(12,482,141)	(12,442,839)
28,679,409	660,732	835,091	10,092,248	2,196,097	910,462
<u>\$7,680,442</u>	<u>(\$2,987,953)</u>	<u>(\$2,120,373)</u>	<u>\$14,034,346</u>	<u>(\$12,162)</u>	<u>\$4,223,307</u>
16.64%	16.99%	17.76%	13.86%	14.26%	17.84%

City of Blue Ash

Income Tax Revenues by Source, Governmental Funds Last Ten Years

Tax year	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Income Tax Rate	1.00%	1.00%	1.00%	1.00%	1.25%
Total Tax Collected	\$20,595,096	\$20,483,282	\$22,419,840	\$23,127,864	\$27,564,397
Income Tax Receipts					
Withholding	16,099,711	16,209,336	16,295,486	16,969,100	22,528,565
Percentage	78.17%	79.14%	72.68%	73.37%	81.74%
Corporate	3,542,607	3,308,918	5,061,717	5,124,123	3,747,226
Percentage	17.20%	16.15%	22.58%	22.16%	13.59%
Individuals	952,778	965,028	1,062,637	1,034,641	1,288,606
Percentage	4.63%	4.71%	4.74%	4.47%	4.67%

Source: Finance Office

City of Blue Ash

2008	2009	2010	2011	2012
1.25%	1.25%	1.25%	1.25%	1.25%
\$30,119,007	\$28,314,411	\$28,704,462	\$30,833,752	\$32,679,637
23,432,765	22,543,295	22,849,499	24,030,052	26,054,663
77.80%	79.62%	79.60%	77.93%	79.73%
5,334,812	4,471,944	4,672,903	5,518,811	5,352,319
17.71%	15.79%	16.28%	17.90%	16.38%
1,351,430	1,299,172	1,182,060	1,284,889	1,272,655
4.49%	4.59%	4.12%	4.17%	3.89%



City of Blue Ash

Income Tax Statistics Current Year and Nine Years Ago

Calendar Year 2012				
<i>Withholding Tax</i>				
Income Tax Filers	Number of Filers	Percent of Total Filers	Income Tax Collections	Percent of Income
Top Ten	10	0.40%	\$8,289,208	31.81%
All Others	2,495	99.60%	17,765,455	68.19%
Total	<u>2,505</u>	<u>100.00%</u>	<u>\$26,054,663</u>	<u>100.00%</u>
<i>Net Profit Tax</i>				
Income Tax Filers	Number of Filers	Percent of Total Filers	Income Tax Collections	Percent of Income
Top Ten	10	0.15%	\$2,360,377	35.63%
All Others	6,604	99.85%	4,264,597	64.37%
Total	<u>6,614</u>	<u>100.00%</u>	<u>\$6,624,974</u>	<u>100.00%</u>
<i>Total Income Tax Collections</i>			<u>\$32,679,637</u>	

Calendar Year 2003				
<i>Withholding Tax</i>				
Income Tax Filers	Number of Filers	Percent of Total Filers	Income Tax Collections	Percent of Income
Top Ten	10	0.41%	\$5,208,425	32.35%
All Others	2,459	99.59%	10,891,286	67.65%
Total	<u>2,469</u>	<u>100.00%</u>	<u>\$16,099,711</u>	<u>100.00%</u>
<i>Net Profit Tax</i>				
Income Tax Filers	Number of Filers	Percent of Total Filers	Income Tax Collections	Percent of Income
Top Ten	10	0.17%	\$1,889,134	42.02%
All Others	5,738	99.83%	2,606,251	57.98%
Total	<u>5,748</u>	<u>100.00%</u>	<u>\$4,495,385</u>	<u>100.00%</u>
<i>Total Income Tax Collections</i>			<u>\$20,595,096</u>	

Source: City Income Tax Department

City of Blue Ash

Ratio of Outstanding Debt By Type Last Ten Years

	2003	2004	2005	2006
Governmental Activities ⁽¹⁾				
General Obligation Bonds Payable	\$18,760,000	\$16,300,000	\$17,540,000	\$14,710,000
Tax Increment Financing Bonds	0	0	0	9,790,000
Capital Leases	6,719	3,503	0	0
Property Acquisition Loan	0	0	0	0
Ohio Public Works Commission Loan	0	0	0	0
Total Primary Government	<u>\$18,766,719</u>	<u>\$16,303,503</u>	<u>\$17,540,000</u>	<u>\$24,500,000</u>
Population ⁽²⁾				
City of Blue Ash	12,513	12,513	12,513	12,513
Outstanding Debt Per Capita	\$1,500	\$1,303	\$1,402	\$1,958
Income ⁽³⁾				
Personal (in thousands)	466,184	493,851	499,732	519,002
Percentage of Personal Income	4.03%	3.30%	3.51%	4.72%

Sources:

- (1) Finance Office
- (2) US Bureau of Census, Population Division
- (3) US Department of Commerce, Bureau of Economic Analysis
 - (a) Per Capita Income is only available by County, Total Personal Income is a calculation

City of Blue Ash

2007	2008	2009	2010	2011	2012
\$21,855,000	\$19,025,000	\$15,480,000	\$23,658,232	\$23,763,847	\$20,744,462
9,790,000	9,690,000	9,590,000	9,400,000	9,205,000	9,000,000
0	0	0	0	0	1,500,000
17,913,325	17,808,991	17,699,441	17,584,413	17,463,634	17,336,816
0	1,147,701	2,293,852	2,255,589	2,002,948	1,750,307
<u>\$49,558,325</u>	<u>\$47,671,692</u>	<u>\$45,063,293</u>	<u>\$52,898,234</u>	<u>\$52,435,429</u>	<u>\$50,331,585</u>
12,513	12,513	12,513	12,114	12,114	12,114
\$3,961	\$3,810	\$3,601	\$4,367	\$4,328	\$4,155
519,002	534,680	534,680	532,023	555,451	567,916
9.55%	8.92%	8.43%	9.94%	9.44%	8.86%

City of Blue Ash

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	2003	2004	2005	2006
Population ⁽¹⁾	12,513	12,513	12,513	12,513
Personal Income ⁽²⁾	\$466,184	\$493,851	\$499,732	\$519,002
General Bonded Debt ⁽³⁾				
General Obligation Bonds	\$18,760,000	\$16,300,000	\$17,540,000	\$14,710,000
Resources Available to Pay Principal ⁽⁴⁾	\$80,475	\$5,131,585	\$26,082	\$28,878
Net General Bonded Debt	\$18,679,525	\$11,168,415	\$17,513,918	\$14,681,122
Ratio of Net Bonded Debt to Estimated Personal Income (in thousands)	4.01%	2.26%	3.50%	2.83%
Net Bonded Debt per Capita	\$1,492.81	\$892.54	\$1,399.66	\$1,173.27

Source:

(1) U.S. Bureau of Census of Population

(2) Hamilton County Auditor

(3) Includes all general obligation bonded debt supported by income taxes

(4) Includes only Debt Service funds available for general obligation bonded debt supported by property taxes.

City of Blue Ash

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
12,513	12,513	12,513	12,114	12,114	12,114
\$519,002	\$534,680	\$534,680	\$532,023	\$555,451	\$567,916
\$21,855,000	\$19,025,000	\$15,480,000	\$23,658,232	\$23,763,847	\$20,744,462
\$31,585	\$25,123	\$25,000	\$550,658	\$500,000	\$64,762
\$21,823,415	\$18,999,877	\$15,455,000	\$23,107,574	\$23,263,847	\$20,679,700
4.20%	3.55%	2.89%	4.34%	4.19%	3.64%
\$1,744.06	\$1,518.41	\$1,235.12	\$1,907.51	\$1,920.41	\$1,707.09



City of Blue Ash

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2012*

<u>Jurisdiction</u>	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to the City of Blue Ash</u>	<u>Amount Applicable to the City of Blue Ash</u>
Direct:			
City of Blue Ash	\$29,744,462	100.00%	\$29,744,462
Overlapping:			
Sycamore Community School District	56,699,985	42.84%	24,290,274
Princeton City School District	191,639,930	0.74%	1,418,135
Great Oaks Joint Vocational School District	16,170,000	3.96%	640,332
Hamilton County	75,970,000	3.88%	<u>2,947,636</u>
		Subtotal	<u>29,296,377</u>
		Total	<u><u>\$59,040,839</u></u>

Source: Ohio Municipal Advisory Council

Percentages determined by dividing each overlapping subdivisions' assessed valuation within the City

City of Blue Ash

Debt Limitations Last Ten Years

Tax Year	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Total Debt				
Net Assessed Valuation	\$782,909,360	\$799,130,325	\$803,638,420	\$751,507,450
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	82,205,483	83,908,684	84,382,034	78,908,282
City Debt Outstanding (2)	0	0	0	0
Less: Applicable Debt Service Fund Amounts	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Indebtedness Subject to Limitation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Overall Legal Debt Margin	<u><u>\$82,205,483</u></u>	<u><u>\$83,908,684</u></u>	<u><u>\$84,382,034</u></u>	<u><u>\$78,908,282</u></u>
Unvoted Debt				
Net Assessed Valuation	\$782,909,360	\$799,130,325	\$803,638,420	\$751,507,450
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	43,060,015	43,952,168	44,200,113	41,332,910
City Debt Outstanding (2)	0	0	0	0
Less: Applicable Debt Service Fund Amounts	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Indebtedness Subject to Limitation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Overall Legal Debt Margin	<u><u>\$43,060,015</u></u>	<u><u>\$43,952,168</u></u>	<u><u>\$44,200,113</u></u>	<u><u>\$41,332,910</u></u>

(1) Direct Debt Limitation based upon Section 133, The Uniform Bond Act of the Ohio Revised Code.

(2) Debt Service payments on General Obligation Bonds are appropriated annually from lawfully available municipal income taxes.

Source: Finance Office

City of Blue Ash

2007	2008	2009	2010	2011	2012
\$744,215,915	\$769,438,003	\$774,127,710	\$758,327,730	\$706,449,050	\$704,468,110
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
78,142,671	80,790,990	81,283,410	79,624,412	74,177,150	73,969,152
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$78,142,671</u>	<u>\$80,790,990</u>	<u>\$81,283,410</u>	<u>\$79,624,412</u>	<u>\$74,177,150</u>	<u>\$73,969,152</u>
\$744,215,915	\$769,438,003	\$774,127,710	\$758,327,730	\$706,449,050	\$704,468,110
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
40,931,875	42,319,090	42,577,024	41,708,025	38,854,698	38,745,746
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$40,931,875</u>	<u>\$42,319,090</u>	<u>\$42,577,024</u>	<u>\$41,708,025</u>	<u>\$38,854,698</u>	<u>\$38,745,746</u>

City of Blue Ash

*Pledged Revenue Coverage
Last Seven Years*

	2006	2007	2008	2009
Tax Increment Financing Bonds (1)				
Property Tax Collections	\$0	\$101,149	\$696,843	\$982,462
Debt Service				
Principal	0	0	100,000	100,000
Interest	0	512,246	489,500	484,500
Coverage	0.00	0.20	1.18	1.68

(1) In 2006 the City issued \$9,790,000 of Tax Increment Financing Bonds for the Carver Road Project.

Source: Finance Office

City of Blue Ash

<u>2010</u>	<u>2011</u>	<u>2012</u>
\$1,001,648	\$1,039,471	\$1,160,277
190,000	195,000	205,000
486,963	470,000	460,250
1.48	1.56	1.74

City of Blue Ash

Demographic and Economic Statistics Last Ten Years

Calendar Year	2003	2004	2005	2006	2007
Population (1)					
City of Blue Ash	12,513	12,513	12,513	12,513	12,513
Hamilton County	845,303	845,303	806,652	806,652	806,652
Income (2) (a)					
Total Personal (in thousands)	466,184	493,851	499,732	519,002	519,002
Per Capita	37,256	39,467	39,937	41,477	41,477
Unemployment Rate (3)					
Federal	5.8%	6.0%	5.5%	5.0%	4.6%
State	5.7%	6.1%	6.0%	5.9%	5.6%
Hamilton County	4.5%	5.1%	5.6%	5.0%	5.0%
Civilian Work Force Estimates (3)					
State	5,915,000	5,875,300	5,900,400	5,934,000	5,976,500
Hamilton County	437,900	422,200	426,800	423,500	431,200
Daytime Population (4)	54,000	54,600	55,000	56,700	58,000

Sources:

- (1) US Bureau of Census of Population
- (2) US Department of Commerce, Bureau of Economic Analysis
 - (a) Per Capita Income is only available by County, Total Personal Income is a calculation
- (3) State Department of Labor Statistics
- (4) Finance Office

City of Blue Ash

2008	2009	2010	2011	2012
12,513	12,513	12,114	12,114	12,114
806,652	806,652	802,374	802,374	802,374
534,680	534,680	532,023	555,451	567,916
42,730	42,730	43,918	45,852	46,881
5.8%	10.0%	9.4%	8.9%	8.1%
6.6%	10.8%	9.6%	8.6%	7.2%
5.6%	10.4%	8.5%	8.6%	7.0%
5,986,400	5,986,400	5,906,000	5,806,000	5,747,900
432,400	432,400	434,700	406,900	400,000
58,000	55,000	53,000	53,000	53,000



City of Blue Ash

Principal Employers Current Year and Nine Years Ago

Employer	Nature of Business	Rank (1)	
		2012	2003
Procter and Gamble	Technical Center - Home Product Division	1	1
Ethicon	Surgical Instruments Manufacturer	2	2
Kroger	Administrative Offices	3	10
Warner Cable	Cable Company	4	6
Citigroup	Financial Services	5	
Ingersoll-Rand (Steelcraft)	Steel Products Manufacturer	6	5
Belcan Engineering Services	Engineering Services	7	8
Wornick	Pre-Packaged Food Manufacturer	8	9
Mercy Health Systems	Home Health Services	9	7
University of Cincinnati - Blue Ash	Education - Branch of University of Cincinnati	10	
Sara Lee	Headquarters		3
Fidelity Investments	Investments		4

Employer	Nature of Business	2012 Number of Employees (2)	Percentage of Total Employment
Kroger	Administrative Offices	1,549	3.23%
Procter and Gamble	Technical Center - Home Product Division	1,357	2.83%
Ethicon	Surgical Instruments Manufacturer	919	1.91%
University of Cincinnati - Blue Ash	Education - Branch of University of Cincinnati	785	1.64%
Wornick	Pre-Packaged Food Manufacturer	622	1.30%
Citigroup	Financial Services	605	1.26%
Warner Cable	Cable Company	597	1.24%
Ingersoll-Rand (Steelcraft)	Steel Products Manufacturer	564	1.18%
Mercy Health Systems	Home Health Services	475	0.99%
Belcan Engineering Services	Engineering Services	395	0.82%
Total Top Ten Employers		7,868	
Estimated Total Employment within the City		48,000	

Sources:

(1) Rankings provided by City Income Tax Department

(2) Estimated number of current employees provided by Economic Development Department

City of Blue Ash

Full Time Equivalent Employees by Function Last Ten Years

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental Activities						
General Government						
Finance/Tax	8.00	9.25	7.50	7.50	7.00	7.00
Judicial	3.00	3.50	3.50	3.50	2.50	2.50
Administration/General Gov't	12.50	14.75	12.25	12.25	13.50	13.50
Facilities Maintenance	14.00	14.00	14.00	14.75	15.50	16.00
Security of Persons and Property						
Police	56.25	55.25	52.75	49.00	47.75	47.75
Fire	36.00	38.00	39.75	41.50	36.00	41.75
Basic Utility Services						
Public Service	13.50	11.50	10.50	10.50	9.00	7.25
Transportation						
Street	11.50	12.50	12.50	12.00	10.00	9.00
Leisure Time Activities						
Recreation	50.25	48.00	40.50	41.25	41.50	42.00
Parks and Grounds	19.75	18.00	13.50	14.50	16.00	17.75
Community Environment						
Community Development	4.50	4.50	3.50	3.50	4.50	4.25
Business-Type Activities						
Golf Course and Events Center	<u>28.50</u>	<u>27.50</u>	<u>23.25</u>	<u>23.75</u>	<u>22.50</u>	<u>24.25</u>
<i>Total Employees</i>	<u><u>257.75</u></u>	<u><u>256.75</u></u>	<u><u>233.50</u></u>	<u><u>234.00</u></u>	<u><u>225.75</u></u>	<u><u>233.00</u></u>

Method: 1.00 for each full-time, 0.50 for each part-time (≥ 700 hours), 0.25 for each seasonal employee (< 700 hours) and 0.0 for each seasonal employee (< 100 hours)

Source: Finance Office

(A) In 2010 Basic Utility Service employees were combined and reported with Transportation employees

City of Blue Ash

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
8.00	7.00	7.00	6.50
2.50	2.50	1.50	1.50
14.50	14.50	14.00	15.00
17.00	17.50	17.00	19.50
47.25	46.75	45.25	43.00
42.25	38.75	36.75	36.25
10.50	(A) 0.00	0.00	0.00
9.25	17.00	17.50	16.50
42.00	40.50	40.00	43.25
15.75	15.00	16.00	16.00
4.50	4.50	4.25	4.00
<u>22.75</u>	<u>22.25</u>	<u>24.25</u>	<u>33.25</u>
<u>236.25</u>	<u>226.25</u>	<u>223.50</u>	<u>234.75</u>

City of Blue Ash

Operating Indicators by Function Last Ten Years

	2003	2004	2005	2006	2007
Governmental Activities					
General Government					
<u>Court</u>					
Number of Citations Heard	3,757	3,866	3,588	2,385	1,929
<u>Community Development</u>					
Number of Residential Building Permits Issued	199	191	108	177	161
Number of Commercial Building Permits Issued	420	319	399	435	423
Security of Persons and Property					
<u>Police</u>					
Number of Offenses	1,834	1,683	1,763	1,744	1,326
Number of Arrests	5,025	5,270	6,135	4,700	4,091
Number of Accidents	744	564	636	620	648
Number of Service Calls/Details	18,167	18,710	15,915	16,177	13,840
<u>Fire</u>					
Number of Fire Runs	750	679	739	674	787
Number of EMS Runs	1,322	1,283	1,434	1,545	1,561
Transportation					
<u>Street</u>					
Miles of Streets Resurfaced	5	8	15	4	6
Feet of Walking/Biking Paths Maintained	185	1,290	580	555	120
Leisure Time Activities					
<u>Parks</u>					
Number of Active Recreation Center Memberships	3,662	3,612	3,438	3,671	3,677
Business-Type Activities					
<u>Golf Course</u>					
Number of Golf Rounds	35,499	38,409	37,237	37,314	37,684
<u>Events Center</u>					
Number of Events	n/a	n/a	n/a	n/a	n/a

Source: Finance Office

City of Blue Ash

2008	2009	2010	2011	2012
1,960	1,439	1,942	2,148	1,962
126	182	200	163	198
384	302	398	438	474
1,340	1,171	1,298	1,333	1,163
3,869	3,660	4,045	3,863	3,320
655	620	579	697	709
15,210	19,183	17,440	17,588	19,762
1,001	917	887	766	838
1,675	1,507	1,594	1,628	1,779
10	15	3	8	2
209	178	755	570	516
3,511	4,543	4,944	4,970	4,629
35,600	35,532	32,328	31,799	39,940
n/a	n/a	n/a	n/a	207

City of Blue Ash

Capital Asset Statistics by Function Last Ten Years

	2003	2004	2005	2006	2007
Governmental Activities					
General Government					
Public Land and Buildings					
Land (acres)	131	131	132	131	131
Buildings	7	7	7	7	7
Security of Persons and Property					
Police					
Stations	1	1	1	1	1
Vehicles	33	33	32	31	32
Fire					
Stations	2	2	2	2	2
Vehicles	14	14	14	14	14
Transportation					
Street					
Streets (lane miles)	155.1	155.1	160.9	160.9	160.9
Street Lights	1,049	1,049	1,049	1,049	1,053
Vehicles	31	31	31	31	31
Leisure Time Activities					
Parks					
Land (acres)	146	146	146	146	275
Buildings	15	15	16	17	17
Parks	10	10	10	9	9
Playgrounds	8	8	8	8	8
Swimming Pools	2	2	2	2	2
Tennis Courts	8	8	8	8	8
Baseball/Softball Diamonds	11	11	11	11	11
Soccer Fields	5	5	5	5	5
Business-Type Activities					
Golf Course					
Land (acres)	151	151	151	151	151
Buildings	7	7	7	7	7
Vehicles	6	6	5	5	5

Source: Finance Office

City of Blue Ash

2008	2009	2010	2011	2012
132	132	132	132	132
8	8	8	8	8
1	1	1	1	1
32	34	33	31	35
2	2	2	2	2
14	14	14	13	14
163.4	167.3	167.3	167.3	167.3
1,055	1,055	1,055	1,055	1,055
31	29	28	29	30
275	275	275	275	275
17	17	17	17	17
9	9	9	9	10
8	8	8	8	8
2	2	2	2	2
8	8	8	8	8
11	11	11	11	11
5	5	5	5	5
151	151	151	151	151
7	7	6	7	7
4	6	5	6	6





This page intentionally left blank.

**CITY OF BLUE ASH
HAMILTON COUNTY, OHIO**

SUPPLEMENTAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2012

**AMY MOORE, FINANCE OFFICER/TAX COMMISSIONER
SHERRY POPPE, TREASURER/ADMINISTRATIVE SERVICES DIRECTOR**

**CITY OF BLUE ASH
HAMILTON COUNTY, OHIO**

TABLE OF CONTENTS

PAGES

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	1 - 2
--	-------



Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Auditor's Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Required by *Government Auditing Standards***

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

To the Members of Council and Mayor:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Blue Ash, Hamilton County, Ohio as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City of Blue Ash's basic financial statements and have issued our report thereon dated June 19, 2013, wherein we noted as discussed in Note 2, the City of Blue Ash adopted Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*.

Internal Control Over Financial Reporting

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

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

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

Members of Council and Mayor
City of Blue Ash

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
June 19, 2013



Dave Yost • Auditor of State

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 15, 2013