



**Auditor of State
Betty Montgomery**

CITY OF BLUE ASH
HAMILTON COUNTY

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CITY OF BLUE ASH
HAMILTON COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2003

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<i>Passed Through Ohio Department of Criminal Justice Services</i>			
Drug Control and Systems Improvement-Formula Grant	2002-DG-A01-7353	16.579	<u>\$464,915</u>
Total U.S. Department of Justice			<u>464,915</u>
Total			<u>\$464,915</u>

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

**CITY OF BLUE ASH
HAMILTON COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 2003**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – MATCHING REQUIREMENTS

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



**Auditor of State
Betty Montgomery**

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

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

To the City Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Blue Ash, Hamilton County, Ohio (the City), as of and for the fiscal year ended December 31, 2003, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 8, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated July 8, 2004.

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

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

Betty Montgomery
Auditor of State

July 8, 2004



**Auditor of State
Betty Montgomery**

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

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

To the City Council:

Compliance

We have audited the compliance of the City of Blue Ash, Hamilton County, Ohio (the City), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2003. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2003.

Internal Control Over Compliance

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

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

Schedule of Federal Award Expenditures

We have audited the financial statements of the City of Blue Ash, Hamilton County, Ohio (the City), as of and for the fiscal year ended December 31, 2003, and have issued our report thereon dated July 8, 2004. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



Betty Montgomery
Auditor of State

July 8, 2004

**CITY OF BLUE ASH
HAMILTON COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

Hamilton County, Ohio



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2003



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COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2003

Prepared by the Finance Department

Sherry L. Poppe, CPA



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HAMILTON COUNTY, OHIO

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INTRODUCTORY SECTION





CITY OF BLUE ASH

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

phone (513) 745-8513

fax (513)-745-8594

July 8, 2004

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, 2003. While there is no legal requirement for the preparation of this report, it represents a commitment by the City of Blue Ash to conform to nationally recognized standards of excellence in financial reporting. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operation of the City; and that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been presented.

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

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

This report is comprised of three major sections:

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

THE CITY OF BLUE ASH

The City of Blue Ash is a vibrant Ohio community located twelve miles northeast of Cincinnati. Its 7.7 square mile area serves an estimated residential population of 12,513 (2000 Census) and an estimated daytime population of 75,000. In 2003, approximately 2,190 businesses and organizations were located in Blue Ash. Blue Ash is a balanced community with approximately 35% of the area designated for residential use; approximately 35% for industrial and commercial use; and the remaining 30% used for municipal, educational, and agricultural purposes. Blue Ash was settled in 1791, incorporated as a village in 1955 and became a City in 1961. Blue Ash is a home-rule City with a Council/Manager form of government. The City's responsibilities and structure are outlined in the City Charter, which was adopted by residents in 1961 and was last amended in 1989.

The legislative body of Blue Ash consists of a seven-member Council, five of whom are elected by Ward, and two of whom are elected At-Large. Council chooses the Mayor and Vice Mayor among its members. All seven members are elected on a partisan basis for two-year terms, with the terms of current Council members expiring November 30, 2005.

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

ECONOMIC CONDITIONS AND OUTLOOK

Local Economy

Blue Ash is fortunate to possess a diverse business base, with no dominant single industry or economic cluster. The City is recognized as an economic factor within the Greater Cincinnati region, driven, in part, by the City's relatively low earnings tax rate of 1% and the strong and diverse business base. Although the City's residential population is less than 13,000, during the daytime working hours the population swells to approximately 75,000, representing a workforce of approximately 2,200 businesses and organizations.

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

Letter of Transmittal

For the Year Ended December 31, 2003

Economic conditions, both nationally and regionally, have an impact upon the City of Blue Ash financial operations, given the reliance upon a local earnings tax. Although office vacancy rates increased somewhat in recent years, economic activity seemed to be improving as reflected in the overall increase in tax collections. City Council and the Administration started working in 2003 with the Greater Cincinnati Chamber of Commerce toward a more regional focus on growth and development. Blue Ash serves as one of the primary partners in that effort, trusting that the results will be beneficial to Blue Ash and to the region as a whole.

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

MAJOR INITIATIVES

Capital Improvements

- The Blue Ash North Fire Station was almost completed by the end of 2003, representing a multi-year effort to construct an approximately 36,000 square foot Fire Station in the central portion of the City. The new facility, located at 10647 Kenwood Road, represented an investment of approximately \$6.5 million, providing a state-of-the-art facility for the City's Fire and EMS Department. The new station provides a centralized location and a more balanced response time capability to all sectors of the City of Blue Ash.
- Additional property at 6171 Interstate Circle was purchased to supplement the operation of the new Blue Ash Service Facility at 6131 Interstate Circle. The rear of this property was converted into an outside storage facility, complete with the installation of a 4,000-ton salt barn for winter snow and ice removal materials. The building located on the southern portion of that property will be available in early 2005 for further utilization by the City's Service, Facility Maintenance, and Grounds Maintenance functions.
- In early 2002, the State of Ohio, working cooperatively with the Cities of Sharonville and Blue Ash, began construction of long-awaited improvements to the intersection of I-275 and Reed Hartman Highway. This interchange enhancement, coupled with related lane and highway improvements for several miles east and west, was essentially completed by December of 2003. This improvement will provide a significant enhancement to traffic flows to and from the City of Blue Ash via the critical Reed Hartman Highway connector.
- During 2003, the City completed the Miller/Conklin project which provided improved storm water management capability and benefited a number of residential neighborhoods near the downtown area.
- In early 2003, the City acquired an 8.5-acre parcel of vacant property at 4420 Cooper Road, a location directly across the street from the existing Recreation Center. This land was purchased utilizing a Bond Anticipation Note of \$2.1 million. This property was acquired by the City for possible future expansion of the Municipal & Safety Center/Recreation Center complex.

***Letter of Transmittal
For the Year Ended December 31, 2003***

For The Future

- While the Ohio Department of Transportation was working on the I-275/Reed Hartman Highway interchange improvements mentioned above, the City of Blue Ash Engineers were working on a Phase II plan which would continue the Reed Hartman Highway improvements and widening southward on Reed Hartman Highway to Osborne Boulevard. This project, initially financed with Bond Anticipation Notes, is expected to begin construction in late Spring 2004 with a completion date in early 2005. These improvements will provide six lanes on Reed Hartman Highway south of the I-275 interchange, representing the City's ongoing commitment to provide the infrastructure necessary to support business growth and operations.
- Contracts were finalized in late 2003 representing the City's purchase of a historic farmhouse and property located on Hunt Road. City Council and the Administration has been working very closely with the owner of this property, in hopes that it might be acquired by the City, in its original form, for use as a museum and historical focus. The Hunt family represented one of the earliest settlers to what is today the City of Blue Ash, and this property represents the homestead that has remained in the Hunt family's name since the mid 1850s. The City, working with a descendant of the original Hunt family and the Blue Ash Historical Society, looks forward to acquiring the property, and overseeing its conversion into a museum. It is anticipated that the 2005 Budget will reflect funding to begin this conversion effort.

FINANCIAL INFORMATION

Internal and Budgetary Controls

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

Budgetary control is maintained within the personal services, operating expense, contractual services, and capital outlay categories within each department through the encumbering of estimated purchase amounts prior to the release of formal purchase orders to vendors. Purchase order requisitions, which would result in an overrun above appropriated balances, are not approved until additional appropriations are made available via amendments to the annual appropriations ordinance. Open encumbrances as of December 31, 2003 are reported as reservations of fund balances within this report.

Risk Management

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

***Letter of Transmittal
For the Year Ended December 31, 2003***

Cash Management

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

INDEPENDENT AUDIT

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

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Blue Ash, Ohio for its comprehensive annual financial report for the fiscal year ended December 31, 2002. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government finance reports.

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

A Certificate of Achievement is valid for a period of one year only. The City of Blue Ash has received a Certificate of Achievement for the last sixteen consecutive years (fiscal years ended 1987-2002). 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, 2003*

ACKNOWLEDGMENTS

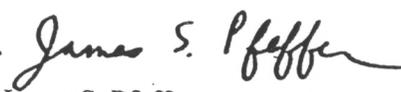
Sincere appreciation is extended to the many individuals who have worked diligently and contributed much time and effort in making this report possible.

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

Respectfully submitted,



Marvin D. Thompson
City Manager



James S. Pfeffer
Treasurer/Administrative
Services Director



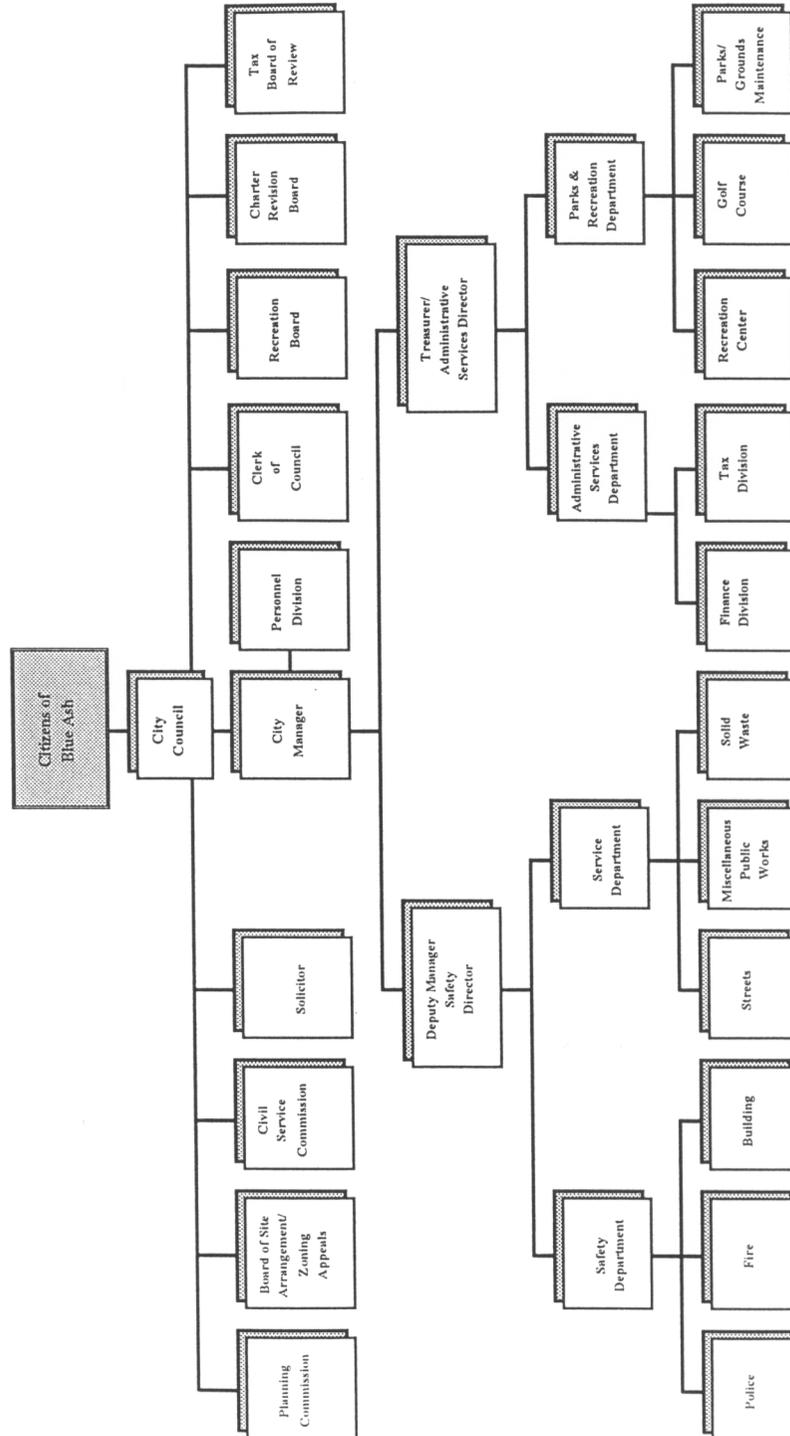
Sherry L. Poppe, CPA
Finance Officer/
Deputy Treasurer

CITY OF BLUE ASH, OHIO

**List of Principal Officials
For the Year Ended December 31, 2003**

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

City Organizational Chart
For the Year Ended December 31, 2003



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

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Blue Ash,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2002

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



President

Executive Director



FINANCIAL SECTION





**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To the City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Blue Ash, Hamilton County, Ohio (the City), as of and for the year ended December 31, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Blue Ash, Hamilton County, Ohio, as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General and Park and Recreation Funds thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 8, 2004, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

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

Betty Montgomery
Auditor of State

July 8, 2004

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, 2003. 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 2003 are as follows:

- ❑ In total, net assets increased \$4,155,842. Net assets of governmental activities increased \$4,283,588, which represents an 11% increase from 2002. Net assets of business-type activities declined \$127,746 from 2002.
- ❑ General revenues accounted for \$26,250,002 in revenue or 89% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$3,348,258 or 11% of all revenues.
- ❑ The City had \$24,142,582 in expenses related to governmental activities; only \$2,366,776 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$26,250,002 were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$26,241,079 in revenues and \$16,857,793 in expenditures. The general fund's fund balance increased \$2,432,394 to \$8,030,601.
- ❑ Net assets for the enterprise fund decreased slightly. This decline resulted from operating expenses of \$1,282,646 exceeding operating revenues of \$962,430.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are as follows:

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

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

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

CITY OF BLUE ASH, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2003**

Unaudited

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a comparison of the City's net assets as of December 31, 2003 and 2002:

	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities	Total	Total
	2003	2002	2003	2002	2003	2002
Current and other assets	\$15,806,591	\$18,819,745	\$61,042	\$45,332	\$15,867,633	\$18,865,077
Capital assets, Net	54,018,811	45,854,530	2,694,683	2,825,114	56,713,494	48,679,644
Total assets	69,825,402	64,674,275	2,755,725	2,870,446	72,581,127	67,544,721
Long-term debt outstanding	19,882,238	11,921,955	41,458	34,945	19,923,696	11,956,900
Other liabilities	7,439,774	14,532,518	42,904	36,392	7,482,678	14,568,910
Total liabilities	27,322,012	26,454,473	84,362	71,337	27,406,374	26,525,810
Net assets						
Invested in capital assets, net of related debt	32,823,175	45,844,856	2,694,683	2,825,114	35,517,858	48,669,970
Restricted	1,889,933	1,830,218	0	0	1,889,933	1,830,218
Unrestricted	7,790,282	(9,455,272)	(23,320)	(26,005)	7,766,962	(9,481,277)
Total net assets	\$42,503,390	\$38,219,802	\$2,671,363	\$2,799,109	\$45,174,753	\$41,018,911

CITY OF BLUE ASH, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2003**

Unaudited

Changes in Net Assets – The following table shows the changes in net assets for fiscal year 2003 and 2002:

	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities	Total	Total
	2003	2002	2003	2002	2003	2002
Revenues						
Program revenues:						
Charges for Services and Sales	\$1,684,085	\$1,488,163	\$981,482	\$1,014,440	\$2,665,567	\$2,502,603
Operating Grants and Contributions	569,887	12,192	0	0	569,887	12,192
Capital Grants and Contributions	112,804	988,047	0	0	112,804	988,047
General revenues:						
Income Taxes	19,780,105	16,636,788	0	0	19,780,105	16,636,788
Property Taxes	2,423,326	2,134,376	0	0	2,423,326	2,134,376
Other Local Taxes	669,641	682,029	0	0	669,641	682,029
Grants and Entitlements not Restricted to Specific Programs	1,841,048	2,368,203	0	0	1,841,048	2,368,203
Investment Earnings	182,281	277,000	0	0	182,281	277,000
Miscellaneous	1,353,601	445,767	0	0	1,353,601	445,767
Total revenues	28,616,778	25,032,565	981,482	1,014,440	29,598,260	26,047,005
Program Expenses						
Security of Persons and Property	9,189,983	9,409,353	0	0	9,189,983	9,409,353
Leisure Time Activities	4,698,832	5,085,560	0	0	4,698,832	5,085,560
Community Development	684,192	698,927	0	0	684,192	698,927
Basic Utility Services	3,143,907	3,771,878	0	0	3,143,907	3,771,878
Transportation	2,287,035	3,721,127	0	0	2,287,035	3,721,127
General Government	3,246,035	5,349,358	0	0	3,246,035	5,349,358
Debt Service:						
Interest and Fiscal Charges	892,598	868,756	0	0	892,598	868,756
Golf Course	0	0	1,299,456	1,283,349	1,299,456	1,283,349
Loss on Disposal of Capital Assets	0	202,251	380	12,341	380	214,592
Total expenses	24,142,582	29,107,210	1,299,836	1,295,690	25,442,418	30,402,900
Excess (deficiency) before Transfers	4,474,196	(4,074,645)	(318,354)	(281,250)	4,155,842	(4,355,895)
Transfers	(190,608)	(145,384)	190,608	145,384	0	0
Total Change in Net Assets	4,283,588	(4,220,029)	(127,746)	(135,866)	4,155,842	(4,355,895)
Beginning Net Assets	38,219,802	42,439,831	2,799,109	2,934,975	41,018,911	45,374,806
Ending Net Assets	\$42,503,390	\$38,219,802	\$2,671,363	\$2,799,109	\$45,174,753	\$41,018,911

Governmental Activities

Net assets of the City's governmental activities increased by \$4,283,588 due to a combination of factors. During 2003, the City received funds from Cincinnati Water Works for waterline construction cost reimbursements and a grant related to Phase II of the Reed Hartman Highway Widening Project. In addition, municipal income tax collections increased from 2002 to 2003.

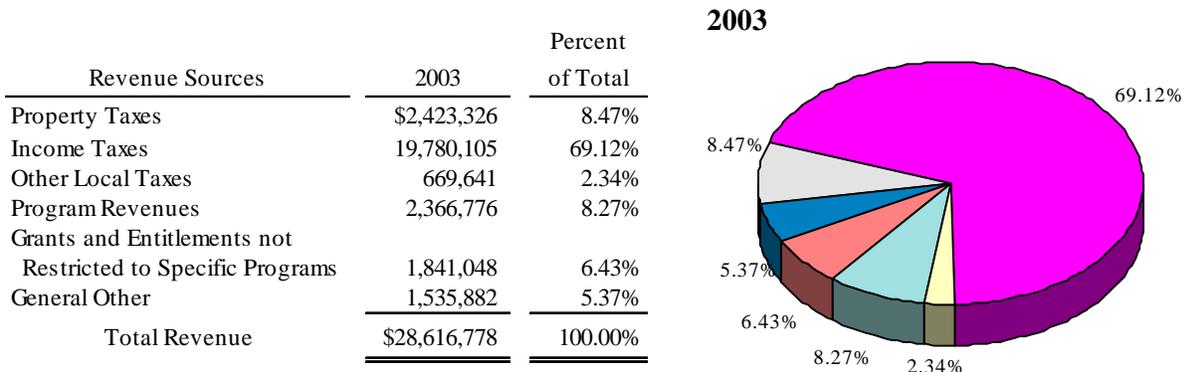
The City receives an income tax, which is based on 1.00% of all salaries, wages, commissions and other compensation and on net profits earned from businesses and residents living within the City.

CITY OF BLUE ASH, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2003**

Unaudited

Property taxes and income taxes made up 8.47% and 69.12% respectively of revenues for governmental activities for the City in fiscal year 2003. The City's reliance upon tax revenues is demonstrated by the following graph indicating 79.93% of total revenues from general tax revenues:



Business-Type Activities

Net assets of the business-type activities decreased by \$127,746. This decrease was the result of operating expenses exceeding operating revenues during 2003.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$7,762,955, which is an increase from last year's balance of \$2,530,372. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2003 and 2002:

	Fund Balance (Deficit) December 31, 2003	Fund Balance (Deficit) December 31, 2002	Increase (Decrease)
General	\$8,030,601	\$5,598,207	\$2,432,394
Park and Recreation	105,424	271,894	(166,470)
General Obligation			
Bond Retirement	80,475	48,216	32,259
Firehouse Construction	358,022	(1,111,276)	1,469,298
Reed Hartman Improvement	(22,607)	4,908	(27,515)
Land Acquisition	(2,125,830)	0	(2,125,830)
Other Governmental	1,336,870	(2,281,577)	3,618,447
Total	\$7,762,955	\$2,530,372	\$5,232,583

CITY OF BLUE ASH, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2003**

Unaudited

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

	2003 Revenues	2002 Revenues	Increase (Decrease)
Property Taxes	\$2,181,235	\$2,058,148	\$123,087
Municipal Income Tax	20,585,615	16,532,390	4,053,225
Other Local Taxes	669,641	682,029	(12,388)
Intergovernmental Revenues	1,697,774	1,655,017	42,757
Charges for Services	575,762	142,240	433,522
Licenses and Permits	257,215	252,972	4,243
Investment Earnings	61,726	158,851	(97,125)
Fines and Forfeitures	209,849	205,339	4,510
All Other Revenue	2,262	390	1,872
Total	<u>\$26,241,079</u>	<u>\$21,687,376</u>	<u>\$4,553,703</u>

General Fund revenues in 2003 increased 21.0% compared to revenues in fiscal year 2002. The most significant factor contributing to this increase was the 24.52% increase in municipal income tax collections. Charges for Services also rose from 2002 to 2003 as a result of the City beginning to collect impound fees for towed vehicles, rental income from property the City acquired in early 2003, and the receipt of funds from the Metropolitan Sewer District for accumulated sewer tap credits.

	2003 Expenditures	2002 Expenditures	Increase (Decrease)
Security of Persons and Property	\$8,433,235	\$8,562,545	(\$129,310)
Community Development	682,771	690,755	(7,984)
Basic Utility Services	3,154,613	3,714,209	(559,596)
General Government	4,583,358	4,350,054	233,304
Debt Service:			
Principal Retirement	2,955	2,715	240
Interest and Fiscal Charges	861	1,101	(240)
Total	<u>\$16,857,793</u>	<u>\$17,321,379</u>	<u>(\$463,586)</u>

General Fund expenditures decreased by \$463,586 over the prior year mostly due to a reduction in expenditures associated with capital projects. Sanitary sewer upgrades and the Miller/Conklin Storm Drainage Improvement Project were completed during 2002, which led to the decrease in expenditures reported as basic utility services.

Firehouse Construction Fund - The fund balance of the Firehouse Construction Fund, a major governmental fund, increased by \$1,469,298. The increase in fund balance resulted from the issuance of a general obligation bond and an increase in transfers received from other funds.

Land Acquisition Fund - The fund balance of the Land Acquisition Fund, a major governmental fund, decreased by over \$2 million during 2003 due to property acquisitions during the year.

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 2003 the City amended its General Fund budget several times, none significant.

For the General Fund, final budget basis revenue of \$23,774,778 did not significantly change over the original budget estimates of \$23,150,778. The General Fund had an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2003 the City had \$56,713,494 net of accumulated depreciation invested in land, buildings, infrastructure, equipment and vehicles. Of this total, \$54,018,811 was related to governmental activities and \$2,694,683 to the business-type activities. The following table shows fiscal year 2003 and 2002 balances:

	Governmental Activities		Increase (Decrease)
	2003	2002	
Land	\$15,571,386	\$12,096,397	\$3,474,989
Construction In Progress	6,561,988	5,068,475	1,493,513
Buildings	18,000,836	15,471,777	2,529,059
Improvements Other than Buildings	6,265,162	5,871,816	393,346
Infrastructure	19,120,366	17,368,466	1,751,900
Machinery and Equipment	11,621,606	11,277,399	344,207
Less: Accumulated Depreciation	(23,122,533)	(21,299,800)	(1,822,733)
Totals	<u>\$54,018,811</u>	<u>\$45,854,530</u>	<u>\$8,164,281</u>

	Business-Type Activities		Increase (Decrease)
	2003	2002	
Land	\$1,124,764	\$1,124,764	\$0
Buildings	1,193,998	1,190,908	3,090
Improvements Other than Buildings	1,962,493	1,940,715	21,778
Machinery and Equipment	1,115,658	1,086,807	28,851
Less: Accumulated Depreciation	(2,702,230)	(2,518,080)	(184,150)
Totals	<u>\$2,694,683</u>	<u>\$2,825,114</u>	<u>(\$130,431)</u>

The primary increases occurred in land, buildings and infrastructure. These increases resulted from the acquisition of property to allow for expansion of the Municipal and Safety Center/Recreation Center complex, continued construction of a service garage and firehouse, as well as site preparation work, road surfacing and the construction of storm sewers.

As of December 31, 2003, the City has contractual commitments of \$1,022,775 for the construction of a firehouse and improvements to Plainfield Road. Additional information on the City's capital assets can be found in Note 10.

Debt

At December 31, 2003, the City had \$18,760,000 in bonds outstanding, \$2,460,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2003 and 2002:

	<u>2003</u>	<u>2002</u>
Governmental Activities:		
General Obligation Bonds	\$18,760,000	\$10,795,000
Compensated Absences	1,115,519	1,117,281
Capital Leases Payable	6,719	9,674
Total Governmental Activities	<u>\$19,882,238</u>	<u>\$11,921,955</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, 2003, 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

During 2003, City Council expressed a need for an enhanced economic development focus to better assure the City's long-term financial outlook. The Administration has partnered with the Greater Cincinnati Chamber of Commerce in a more regional approach to economic development and growth, yet continues to work on relationships with local businesses and industries.

REQUESTS FOR INFORMATION

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

CITY OF BLUE ASH, OHIO**Statement of Net Assets
December 31, 2003**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 9,048,403	\$ 42,151	\$ 9,090,554
Receivables:			
Taxes	5,512,828	0	5,512,828
Accounts	52,603	28	52,631
Intergovernmental	913,025	355	913,380
Interest	7,344	0	7,344
Special Assessments	5,190	0	5,190
Inventory of Supplies at Cost	164,191	17,812	182,003
Prepaid Items	103,007	696	103,703
Capital Assets:			
Capital Assets Not Being Depreciated	22,133,374	1,124,764	23,258,138
Capital Assets Being Depreciated, Net	31,885,437	1,569,919	33,455,356
Total Assets	69,825,402	2,755,725	72,581,127
Liabilities:			
Accounts Payable	968,427	14,265	982,692
Accrued Wages and Benefits	885,514	28,569	914,083
Intergovernmental Payable	22,819	70	22,889
Unearned Revenue	2,315,842	0	2,315,842
Accrued Interest Payable	147,172	0	147,172
General Obligation Notes Payable	3,100,000	0	3,100,000
Long-Term Liabilities:			
Due Within One Year	2,519,216	0	2,519,216
Due in More Than One Year	17,363,022	41,458	17,404,480
Total Liabilities	27,322,012	84,362	27,406,374
Net Assets:			
Invested in Capital Assets, Net of Related Debt	32,823,175	2,694,683	35,517,858
Restricted For:			
Capital Projects	658,392	0	658,392
Other Purposes	1,231,541	0	1,231,541
Unrestricted (Deficit)	7,790,282	(23,320)	7,766,962
Total Net Assets	\$ 42,503,390	\$ 2,671,363	\$ 45,174,753

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

**Statement of Activities
For the Year Ended December 31, 2003**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 9,189,983	\$ 483,282	\$ 569,887	\$ 0
Leisure Time Activities	4,698,832	652,338	0	0
Community Development	684,192	180,035	0	0
Basic Utility Services	3,143,907	0	0	0
Transportation	2,287,035	820	0	112,804
General Government	3,246,035	367,610	0	0
Interest and Fiscal Charges	892,598	0	0	0
Total Governmental Activities	24,142,582	1,684,085	569,887	112,804
Business-Type Activities:				
Golf Course	1,299,836	981,482	0	0
Total Business-Type Activities	1,299,836	981,482	0	0
Totals	\$ 25,442,418	\$ 2,665,567	\$ 569,887	\$ 112,804

General Revenues

Property Taxes Levied for:
 General Purposes
 Debt Service
 Municipal Income Taxes
 Other Local Taxes
 Grants and Entitlements not Restricted to Specific Programs
 Investment Earnings
 Miscellaneous
 Transfers
 Total General Revenues and Transfers
 Change in Net Assets
 Net Assets Beginning of Year
 Net Assets End of Year

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (8,136,814)	\$ 0	\$ (8,136,814)
(4,046,494)	0	(4,046,494)
(504,157)	0	(504,157)
(3,143,907)	0	(3,143,907)
(2,173,411)	0	(2,173,411)
(2,878,425)	0	(2,878,425)
(892,598)	0	(892,598)
<u>(21,775,806)</u>	<u>0</u>	<u>(21,775,806)</u>
0	(318,354)	(318,354)
<u>0</u>	<u>(318,354)</u>	<u>(318,354)</u>
<u>\$ (21,775,806)</u>	<u>\$ (318,354)</u>	<u>\$ (22,094,160)</u>
2,181,235	0	2,181,235
242,091	0	242,091
19,780,105	0	19,780,105
669,641	0	669,641
1,841,048	0	1,841,048
182,281	0	182,281
1,353,601	0	1,353,601
(190,608)	190,608	0
<u>26,059,394</u>	<u>190,608</u>	<u>26,250,002</u>
4,283,588	(127,746)	4,155,842
<u>38,219,802</u>	<u>2,799,109</u>	<u>41,018,911</u>
<u>\$ 42,503,390</u>	<u>\$ 2,671,363</u>	<u>\$ 45,174,753</u>

CITY OF BLUE ASH, OHIO

**Balance Sheet
Governmental Funds
December 31, 2003**

	General	Park and Recreation	General Obligation Bond Retirement	Firehouse Construction
Assets:				
Cash and Cash Equivalents	\$ 5,705,390	\$ 168,889	\$ 79,813	\$ 663,849
Receivables:				
Taxes	5,424,543	0	88,285	0
Accounts	45,443	0	0	0
Intergovernmental	648,847	86	4,462	0
Interest	5,322	0	0	711
Special Assessments	0	0	0	0
Due from Other Funds	433	0	0	0
Inventory of Supplies, at Cost	22,283	13,942	0	0
Prepaid Items	36,997	43,960	0	0
Total Assets	\$ 11,889,258	\$ 226,877	\$ 172,560	\$ 664,560
Liabilities:				
Accounts Payable	\$ 311,698	\$ 51,820	\$ 0	\$ 306,538
Accrued Wages and Benefits Payable	768,386	67,625	0	0
Intergovernmental Payable	20,030	2,008	0	0
Due to Other Funds	0	0	0	0
Deferred Revenue	2,758,543	0	92,085	0
Accrued Interest Payable	0	0	0	0
General Obligation Notes Payable	0	0	0	0
Total Liabilities	3,858,657	121,453	92,085	306,538
Fund Balances:				
Reserved for Encumbrances	332,723	116,758	0	334,150
Reserved for Prepaid Items	36,997	43,960	0	0
Reserved for Supplies Inventory	22,283	13,942	0	0
Reserved for Debt Service	0	0	80,475	0
Undesignated/Unreserved	7,638,598	(69,236)	0	23,872
Total Fund Balances	8,030,601	105,424	80,475	358,022
Total Liabilities and Funds Balances	\$ 11,889,258	\$ 226,877	\$ 172,560	\$ 664,560

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

Reed Hartman Improvement	Land Acquisition	Other Governmental Funds	Total Governmental Funds
\$ 1,009,984	\$ 0	\$ 1,420,478	\$ 9,048,403
0	0	0	5,512,828
0	0	7,160	52,603
0	0	259,630	913,025
881	0	430	7,344
0	0	5,190	5,190
0	0	0	433
0	0	127,966	164,191
0	0	22,050	103,007
<u>\$ 1,010,865</u>	<u>\$ 0</u>	<u>\$ 1,842,904</u>	<u>\$ 15,807,024</u>
\$ 21,172	\$ 0	\$ 277,199	\$ 968,427
0	0	49,503	885,514
0	0	781	22,819
0	0	433	433
0	0	178,118	3,028,746
12,300	25,830	0	38,130
<u>1,000,000</u>	<u>2,100,000</u>	<u>0</u>	<u>3,100,000</u>
<u>1,033,472</u>	<u>2,125,830</u>	<u>506,034</u>	<u>8,044,069</u>
16,466	0	422,108	1,222,205
0	0	22,050	103,007
0	0	127,966	164,191
0	0	0	80,475
<u>(39,073)</u>	<u>(2,125,830)</u>	<u>764,746</u>	<u>6,193,077</u>
<u>(22,607)</u>	<u>(2,125,830)</u>	<u>1,336,870</u>	<u>7,762,955</u>
<u>\$ 1,010,865</u>	<u>\$ 0</u>	<u>\$ 1,842,904</u>	<u>\$ 15,807,024</u>

CITY OF BLUE ASH, OHIO

***Reconciliation Of Total Governmental Fund Balances
To Net Assets Of Governmental Activities
December 31, 2003***

Total Governmental Fund Balances	\$	7,762,955
<i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.		54,018,811
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.		712,904
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	(18,760,000)	
Capital Leases Payable	(6,719)	
Compensated Absences Payable	(1,115,519)	
Accrued Interest Payable	(109,042)	
	<hr/>	(19,991,280)
<i>Net Assets of Governmental Activities</i>	\$	<u>42,503,390</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, 2003**

	General	Park and Recreation	General Obligation Bond Retirement	Firehouse Construction
Revenues:				
Property Taxes	\$ 2,181,235	\$ 0	\$ 80,787	\$ 0
Municipal Income Tax	20,585,615	0	0	0
Other Local Taxes	669,641	0	0	0
Intergovernmental Revenues	1,697,774	0	8,701	0
Charges for Services	575,762	652,338	0	0
Licenses and Permits	257,215	0	0	0
Investment Earnings	61,726	0	74,841	24,946
Fines and Forfeitures	209,849	0	0	0
All Other Revenue	2,262	783	0	0
Total Revenue	26,241,079	653,121	164,329	24,946
Expenditures:				
Current:				
Security of Persons and Property	8,433,235	0	0	0
Leisure Time Activities	0	3,793,655	0	0
Community Development	682,771	0	0	0
Basic Utility Services	3,154,613	0	0	0
Transportation	0	0	0	0
General Government	4,583,358	0	0	0
Capital Outlay	0	0	0	4,015,370
Debt Service:				
Principal Retirement	2,955	0	2,035,000	0
Interest & Fiscal Charges	861	0	753,220	34,144
Total Expenditures	16,857,793	3,793,655	2,788,220	4,049,514
Excess (Deficiency) of Revenues Over Expenditures	9,383,286	(3,140,534)	(2,623,891)	(4,024,568)
Other Financing Sources (Uses):				
Proceeds from the Sale of Capital Assets	580,524	0	0	0
Proceeds from the Sale of Bonds	0	0	9,500,000	500,000
Transfers In	0	2,969,758	2,750,860	4,993,866
Transfers Out	(7,536,049)	0	(9,594,710)	0
Total Other Financing Sources (Uses)	(6,955,525)	2,969,758	2,656,150	5,493,866
Net Change in Fund Balances	2,427,761	(170,776)	32,259	1,469,298
Fund Balances (Deficits) at Beginning of Year	5,598,207	271,894	48,216	(1,111,276)
Increase (Decrease) in Inventory Reserve	4,633	4,306	0	0
Fund Balances (Deficits) End of Year	\$ 8,030,601	\$ 105,424	\$ 80,475	\$ 358,022

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

<u>Reed Hartman Improvement</u>	<u>Land Acquisition</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 0	\$ 0	\$ 0	\$ 2,262,022
0	0	0	20,585,615
0	0	0	669,641
100,000	0	1,199,384	3,005,859
0	0	520	1,228,620
0	0	800	258,015
8,627	0	12,141	182,281
0	0	413,326	623,175
0	0	344,307	347,352
<u>108,627</u>	<u>0</u>	<u>1,970,478</u>	<u>29,162,580</u>
0	0	772,542	9,205,777
0	0	0	3,793,655
0	0	0	682,771
0	0	0	3,154,613
0	0	2,022,193	2,022,193
0	0	0	4,583,358
123,842	2,100,000	1,846,089	8,085,301
0	0	0	2,037,955
<u>12,300</u>	<u>25,830</u>	<u>39,576</u>	<u>865,931</u>
<u>136,142</u>	<u>2,125,830</u>	<u>4,680,400</u>	<u>34,431,554</u>
(27,515)	(2,125,830)	(2,709,922)	(5,268,974)
0	0	0	580,524
0	0	0	10,000,000
0	0	6,337,918	17,052,402
<u>0</u>	<u>0</u>	<u>(112,251)</u>	<u>(17,243,010)</u>
<u>0</u>	<u>0</u>	<u>6,225,667</u>	<u>10,389,916</u>
(27,515)	(2,125,830)	3,515,745	5,120,942
4,908	0	(2,281,577)	2,530,372
<u>0</u>	<u>0</u>	<u>102,702</u>	<u>111,641</u>
<u>\$ (22,607)</u>	<u>\$ (2,125,830)</u>	<u>\$ 1,336,870</u>	<u>\$ 7,762,955</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, 2003***

Net Change in Fund Balances - Total Governmental Funds \$ 5,120,942

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 depreciation exceeded capital outlays in the current period.

Capital Outlay	10,491,792	
Depreciation Expense	<u>(2,293,777)</u>	
		8,198,015

The statement of activities reports losses arising from the disposal of capital assets. Conversely, the governmental funds do not report any loss on the disposal of capital assets.

	<u>(33,734)</u>	(33,734)
--	-----------------	----------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (1,126,326)

The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net assets. (10,000,000)

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

General Obligation Bond Principal Payment	2,035,000	
Capital Leases Payable	<u>2,955</u>	
		2,037,955

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (26,667)

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	1,762	
Change in Inventory	<u>111,641</u>	
		113,403

Change in Net Assets of Governmental Activities \$ 4,283,588

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, 2003**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 2,091,213	\$ 2,231,213	\$ 2,181,235	\$ (49,978)
Municipal Income Tax	17,909,607	18,219,607	19,477,090	1,257,483
Other Local Taxes	650,000	650,000	684,221	34,221
Intergovernmental Revenue	1,477,958	1,715,958	1,726,828	10,870
Charges for Services	459,900	475,900	576,111	100,211
Licenses and Permits	198,900	198,900	255,363	56,463
Investment Earnings	150,000	70,000	62,628	(7,372)
Fines and Forfeitures	212,200	212,200	209,849	(2,351)
All Other Revenues	1,000	1,000	1,215	215
Total Revenues	<u>23,150,778</u>	<u>23,774,778</u>	<u>25,174,540</u>	<u>1,399,762</u>
Expenditures:				
Current:				
Security of Persons and Property	9,023,100	9,296,178	8,454,021	842,157
Community Development	719,200	789,726	706,166	83,560
Basic Utility Services	3,335,000	3,643,619	3,359,301	284,318
General Government	5,184,001	5,231,705	4,787,032	444,673
Total Expenditures	<u>18,261,301</u>	<u>18,961,228</u>	<u>17,306,520</u>	<u>1,654,708</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,889,477	4,813,550	7,868,020	3,054,470
Other Financing Sources (Uses):				
Proceeds from the Sale of Capital Assets	0	0	580,524	580,524
Transfers Out	(8,355,436)	(8,903,936)	(7,536,049)	1,367,887
Advances In	675,000	675,000	675,000	0
Advances Out	(675,000)	(675,000)	(675,000)	0
Total Other Financing Sources (Uses):	<u>(8,355,436)</u>	<u>(8,903,936)</u>	<u>(6,955,525)</u>	<u>1,948,411</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(3,465,959)	(4,090,386)	912,495	5,002,881
Fund Balance at Beginning of Year	3,465,956	3,465,956	3,465,956	0
Prior Year Encumbrances	736,902	736,902	736,902	0
Fund Balance at End of Year	<u>\$ 736,899</u>	<u>\$ 112,472</u>	<u>\$ 5,115,353</u>	<u>\$ 5,002,881</u>

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Special Revenue Fund – Parks and Recreation Fund
For the Year Ended December 31, 2003**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 668,500	\$ 668,500	\$ 652,338	\$ (16,162)
All Other Revenues	2,700	2,700	1,225	(1,475)
Total Revenues	<u>671,200</u>	<u>671,200</u>	<u>653,563</u>	<u>(17,637)</u>
Expenditures:				
Current:				
Leisure Time Activities	4,361,399	4,761,587	4,038,469	723,118
Total Expenditures	<u>4,361,399</u>	<u>4,761,587</u>	<u>4,038,469</u>	<u>723,118</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,690,199)	(4,090,387)	(3,384,906)	705,481
Other Financing Sources (Uses):				
Transfers In	3,690,200	3,762,700	2,969,758	(792,942)
Total Other Financing Sources (Uses):	<u>3,690,200</u>	<u>3,762,700</u>	<u>2,969,758</u>	<u>(792,942)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1	(327,687)	(415,148)	(87,461)
Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances	415,148	415,148	415,148	0
Fund Balance at End of Year	<u>\$ 415,149</u>	<u>\$ 87,461</u>	<u>\$ 0</u>	<u>\$ (87,461)</u>

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

**Statement of Net Assets
Proprietary Fund
December 31, 2003**

	Business-Type Activities
	<u>Enterprise Funds</u>
	<u>Golf Course</u>
Assets:	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$ 42,151
Receivables:	
Accounts	28
Intergovernmental	355
Inventory of Supplies at Cost	17,812
Prepaid Items	<u>696</u>
<i>Total Current Assets</i>	61,042
<i>Non Current Assets:</i>	
Capital Assets:	
Capital Assets Not Being Depreciated	1,124,764
Capital Assets Being Depreciated, Net	<u>1,569,919</u>
Total Assets	<u>2,755,725</u>
Liabilities:	
<i>Current Liabilities:</i>	
Accounts Payable	14,265
Accrued Wages and Benefits	28,569
Intergovernmental Payable	<u>70</u>
<i>Total Current Liabilities</i>	42,904
<i>Long Term Liabilities:</i>	
Compensated Absences Payable	<u>41,458</u>
Total Liabilities	<u>84,362</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	2,694,683
Unrestricted	<u>(23,320)</u>
Total Net Assets	<u>\$ 2,671,363</u>

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund
For the Year Ended December 31, 2003**

	Business-Type Activities
	<u>Enterprise Funds</u>
	<u>Golf Course</u>
Operating Revenues:	
Charges for Services	\$ 961,350
Other Operating Revenue	1,080
Total Operating Revenues	<u>962,430</u>
Operating Expenses:	
Personal Services	772,342
Contractual Services	113,511
Materials and Supplies	211,923
Depreciation	184,870
Total Operating Expenses	<u>1,282,646</u>
Operating Income (Loss)	(320,216)
Nonoperating Revenue (Expenses):	
Loss on Disposal of Capital Assets	(380)
Other Nonoperating Revenue	19,052
Other Nonoperating Expense	(16,810)
Total Nonoperating Revenues (Expenses)	<u>1,862</u>
Income (Loss) Before Transfers	(318,354)
Transfers In	190,608
Change in Net Assets	(127,746)
Net Assets Beginning of Year	<u>2,799,109</u>
Net Assets End of Year	<u>\$ 2,671,363</u>

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2003

<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$962,418
Cash Payments for Goods and Services	(344,345)
Cash Payments to Employees	(770,398)
Other Operating Cash Receipts	19,052
Net Cash Used by Operating Activities	<u>(133,273)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>	
Transfers In from Other Funds	190,608
Advances In from Other Funds	100,000
Advances Out to Other Funds	(100,000)
Net Cash Provided by Noncapital Financing Activities	<u>190,608</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Acquisition and Construction of Assets	(47,567)
Proceeds from the Sale of Capital Assets	100
Net Cash Used for Capital and Related Financing Activities	<u>(47,467)</u>
Net Increase in Cash and Cash Equivalents	9,868
Cash and Cash Equivalents at Beginning of Year	<u>32,283</u>
Cash and Cash Equivalents at End of Year	<u><u>\$42,151</u></u>
<u>Reconciliation of Operating Loss to Net Cash</u>	
<u>Used by Operating Activities:</u>	
Operating Loss	(\$320,216)
Adjustments to Reconcile Operating Loss to	
Net Cash Used by Operating Activities:	
Depreciation Expense	184,870
Miscellaneous Nonoperating Income	19,052
Miscellaneous Nonoperating Expense	(16,810)
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(12)
Decrease in Intergovernmental Receivables	393
Increase in Inventory	(6,144)
Increase in Prepaid Items	(79)
Increase in Accounts Payable	3,985
Decrease in Accrued Wages and Benefits	(4,501)
Decrease in Intergovernmental Payable	(324)
Increase in Compensated Absences	6,513
Total Adjustments	<u>186,943</u>
Net Cash Used by Operating Activities	<u><u>(\$133,273)</u></u>

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

**Statement of Net Assets
Fiduciary Funds
December 31, 2003**

	<u>Agency</u>
Assets:	
Cash and Cash Equivalents	\$ 5,078
Receivables:	
Restricted Assets:	
Cash and Cash Equivalents with Fiscal Agent	<u>1,207</u>
Total Assets	<u>6,285</u>
Liabilities:	
Intergovernmental Payable	523
Due to Others	<u>5,762</u>
Total Liabilities	<u>6,285</u>
Total Net Assets	<u><u>\$ 0</u></u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements are presented as of December 31, 2003 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

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

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

B. Basis of Presentation - Fund Accounting

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

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

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

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

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

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

Reed Hartman Improvement Fund - This fund is used to account for financial resources used for the improvement of Reed Hartman Highway.

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

Proprietary Fund

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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.

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

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Fiduciary funds are used to account for assets the City holds in a trustee capacity or as an agent for individuals, private organizations, other governments, and other funds. The City's only fiduciary funds are agency funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

C. Basis of Presentation – Financial Statements

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

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

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

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

Fiduciary funds are reported using the economic resources measurement focus.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

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.

Special assessment installments, including related accrued interest, which are measurable but not available at December 31 are recorded as deferred revenue. Property taxes measurable as of December 31, 2003 but which are not intended to finance 2003 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue. Property taxes are further described in Note 6.

The accrual basis of accounting is utilized for reporting purposes by the 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, 2003***

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, as included in business-type activities and proprietary fund statements, and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

E. Budgetary Process

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

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 2003, 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, 2003***

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 2003.

3. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1st of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1st of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund, department and object level, and may only be modified during the year by ordinance of the City Council. Total fund appropriations may not exceed the current estimated resources as certified by the County Budget Commission. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the object level. During the year, several supplemental appropriations were necessary to budget note proceeds, contingency funds and intergovernmental grants. The supplemental appropriations increased year end appropriations by approximately 14.6% over the appropriation ordinance approved in January 2003. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual (Non-GAAP Budgetary Basis)" for the General Fund and Major Special Revenue Funds are provided on the budgetary basis to provide a comparison of actual results with the final budget, including all amendments and modifications.

4. Lapsing of Appropriations

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2003**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

5. Budgetary Basis of Accounting

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

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

	Net Change in Fund Balance	
	General Fund	Park and Recreation Fund
GAAP Basis (as reported)	\$2,427,761	(\$170,776)
Increase (Decrease):		
Accrued Revenues at December 31, 2003 received during 2004	(3,366,045)	0
Accrued Revenues at December 31, 2002 received during 2003	2,299,180	442
Accrued Expenditures at December 31, 2003 paid during 2004	1,100,114	121,367
Accrued Expenditures at December 31, 2002 paid during 2003	(951,900)	(205,129)
2002 Prepays for 2003	29,393	50,632
2003 Prepays for 2004	(36,997)	(43,960)
Outstanding Encumbrances	(589,011)	(167,724)
Budget Basis	<u>\$912,495</u>	<u>(\$415,148)</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

During fiscal year 2003, cash and cash equivalents included amounts in demand deposits and the State Treasury Asset Reserve (STAR Ohio). STAR Ohio is a very liquid investment and is reported as a cash equivalent in the basic financial statements.

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

G. Investments

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

The City has invested funds in the STAR Ohio during 2003. 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, 2003.

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, 2003, 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, 2003***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets and Depreciation

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

1. Property, Plant and Equipment - Governmental Activities

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

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

2. Property, Plant and Equipment – Business Type Activities

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

3. Depreciation

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

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
Compensated Absences	General Fund Street Construction, Maintenance and Repair Fund and Park and Recreation Fund Golf Course Fund

L. Compensated Absences

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction of improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

N. Pensions

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

O. Interfund Transactions

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

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

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

P. Intergovernmental Revenues

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

Q. Interfund Assets/Liabilities

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Reservations of Fund Balance

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

S. Estimates

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

T. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Council and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2003.

NOTE 2 – RESTATEMENT OF FUND BALANCE/NET ASSETS

The fund balance of the Other Governmental Funds was restated from amounts previously reported to correct an error in the accounting for accounts payable. This error also affected the net asset balance of the Governmental Activities. Additionally, the net asset balance of the Governmental Activities was restated to correct an error in the accounting for an accounts receivable. The corrections resulted in changes to balances reported at December 31, 2002 as follows:

	Other Governmental Funds	Governmental Activities
	<u> </u>	<u> </u>
Fund Balance (Deficit)/Net Assets		
December 31, 2002 (as reported)	(\$2,452,162)	\$39,049,217
Correction of accounting error - Accounts Payable	170,585	170,585
Correction of accounting error - Accounts Receivable	0	(1,000,000)
	<u> </u>	<u> </u>
Fund Balance (Deficit)/Net Assets		
December 31, 2002 (as restated)	<u>(\$2,281,577)</u>	<u>\$38,219,802</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2003**

NOTE 3 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

Deferred Tax Revenue	\$200,042
Intergovernmental Revenue Receivable	512,862
	<u>712,904</u>

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

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

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

Loss on Disposal of Capital Asset	(\$33,734)
Proceeds Received	0
	<u>(\$33,734)</u>

Governmental revenues not reported in the funds:

Decrease in Delinquent Tax Revenue	(\$1,174,273)
Increase in Intergovernmental Revenue Receivable	47,947
	<u>(\$1,126,326)</u>

Expenses not requiring the use of current financial resources:

Decrease in Compensated Absences Payable	\$1,762
Increase in Inventory	111,641
	<u>\$113,403</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 4 - COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equities - The fund deficits at December 31, 2003 of \$15,027 in the Task Force Grant Fund (special revenue fund) and \$22,607 in the Reed Hartman Improvement Fund (capital projects fund) arose from the recognition of expenditures on the modified accrual basis of accounting which are greater than expenditures recognized on the cash basis. The deficit of \$2,125,830 in the Land Acquisition Fund (capital projects fund) arose from the recognition of general obligation notes payable under the modified accrual basis of accounting. Under the budgetary basis of accounting, proceeds from the sale of notes are recognized as revenue and expenditures are recognized when paid, therefore, a deficit does not exist. Deficits do not exist on a cash basis. Transfers are provided when cash is required, not when accruals occur.

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

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

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

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

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

Deposits:

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

Investments:

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2003**

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

A. Deposits

At year end the carrying amount of the City's deposits was \$4,163,295 and the bank balance was \$9,545,187. Federal depository insurance covered \$100,000 of the bank balance, and all remaining deposits were classified as Category 3.

B. Investments

The City's investments at December 31, 2003 are summarized below:

<u>Non-Categorized Investments</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
STAR Ohio	<u>\$4,933,544</u>	<u>\$4,933,544</u>
Total Investments	<u><u>\$4,933,544</u></u>	<u><u>\$4,933,544</u></u>

C. Reconciliation of Cash, Cash Equivalents and Investments

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

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

	<u>Cash and Cash Equivalents *</u>	<u>Investments</u>
Per GASB Statement No. 9	\$9,096,839	\$0
Investments:		
STAR Ohio	<u>(4,933,544)</u>	<u>4,933,544</u>
Per GASB Statement No. 3	<u><u>\$4,163,295</u></u>	<u><u>\$4,933,544</u></u>

* Includes Cash with Fiscal Agent.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 6 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property which is used in business, located in the City. Real property taxes (other than public utility) collected during 2003 were levied after October 1, 2002 on assessed values as of January 1, 2002, the lien date. Assessed values are established by the county auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments are made in the third year following reappraisal. The last reappraisal was completed in 1999. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

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

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

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

The full tax rate for all City operations for the year ended December 31, 2003 was \$3.08 per \$1,000 of assessed value. The assessed value upon which the 2003 levy was based was \$782,909,360. This amount constitutes \$612,552,270 in real property assessed value, \$15,044,850 in public utility assessed value and \$155,312,240 in tangible personal property assessed value.

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2003**

NOTE 6 - TAXES (Continued)

B. Income Tax

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

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

NOTE 7 - RECEIVABLES

Receivables at December 31, 2003 consisted of taxes, interest, accounts receivable, special assessments, interfund receivables and intergovernmental receivables arising from shared revenues. All receivables are considered collectible in full. Those receivables that relate to amounts not intended to finance the current fiscal year are offset by deferred revenue.

NOTE 8 - INTERFUND BALANCES

Individual interfund balances at December 31, 2003 are as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$433	\$0
Nonmajor Governmental Fund:		
Task Force Grant Fund	<u>0</u>	<u>433</u>
Totals	<u>\$433</u>	<u>\$433</u>

CITY OF BLUE ASH, OHIO

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 9 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2003:

Fund	Transfer In	Transfer Out
General Fund	\$0	\$7,536,049
Park and Recreation Fund	2,969,758	0
General Obligation Bond Retirement Fund	2,750,860	9,594,710
Firehouse Construction Fund	4,993,866	0
Golf Course Fund	190,608	0
Nonmajor Governmental Funds:		
Street Construction, Maintenance and Repair Fund	972,074	0
Service Garage Construction Fund	5,365,844	0
Kenwood Road Improvement Phase II Fund	0	22,900
Kenwood Road Construction Fund	0	40,503
Hartman Highway and Carver Road Improvement Fund	0	48,848
Total Nonmajor Governmental Funds	<u>6,337,918</u>	<u>112,251</u>
Totals	<u>\$17,243,010</u>	<u>\$17,243,010</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2003**

NOTE 10 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2003:

Historical Cost:

Class	December 31, 2002	Additions	Deletions	December 31, 2003
Capital assets not being depreciated:				
Land	\$12,096,397	\$3,474,989	\$0	\$15,571,386
Construction in Progress	5,068,475	4,132,739	(2,639,226)	6,561,988
Capital assets being depreciated:				
Buildings	15,471,777	2,587,463	(58,404)	18,000,836
Improvements Other than Buildings	5,871,816	393,346	0	6,265,162
Infrastructure	17,368,466	1,774,749	(22,849)	19,120,366
Machinery and Equipment	11,277,399	767,732	(423,525)	11,621,606
Total Cost	<u>\$67,154,330</u>	<u>\$13,131,018</u>	<u>(\$3,144,004)</u>	<u>\$77,141,344</u>

Accumulated Depreciation:

Class	December 31, 2002	Additions	Deletions	December 31, 2003
Buildings	(\$8,845,900)	(\$666,469)	\$47,690	(\$9,464,679)
Improvements Other than Buildings	(2,398,952)	(242,739)	0	(2,641,691)
Infrastructure	(3,573,881)	(331,592)	22,849	(3,882,624)
Machinery and Equipment	(6,481,067)	(1,052,977)	400,505	(7,133,539)
Total Depreciation	<u>(\$21,299,800)</u>	<u>(\$2,293,777) *</u>	<u>\$471,044</u>	<u>(\$23,122,533)</u>
Net Value:	<u>\$45,854,530</u>			<u>\$54,018,811</u>

* Depreciation expenses were charged to governmental functions as follows:

Leisure Time Activities	\$927,575
Transportation	362,194
General Government	1,004,008
Total Depreciation Expense	<u>\$2,293,777</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2003**

NOTE 10 - CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by Category at December 31, 2003:

Historical Cost:

Class	December 31, 2002	Additions	Deletions	December 31, 2003
<i>Capital assets not being depreciated:</i>				
Land	\$1,124,764	\$0	\$0	\$1,124,764
<i>Capital assets being depreciated:</i>				
Buildings	1,190,908	3,090	0	1,193,998
Improvements Other than Buildings	1,940,715	21,778	0	1,962,493
Machinery and Equipment	1,086,807	30,051	(1,200)	1,115,658
Total Cost	\$5,343,194	\$54,919	(\$1,200)	\$5,396,913

Accumulated Depreciation:

Class	December 31, 2002	Additions	Deletions	December 31, 2003
Buildings	(\$812,255)	(\$33,011)	\$0	(\$845,266)
Improvements Other than Buildings	(1,045,877)	(59,081)	0	(1,104,958)
Machinery and Equipment	(659,948)	(92,778)	720	(752,006)
Total Depreciation	(\$2,518,080)	(\$184,870)	\$720	(\$2,702,230)
<i>Net Value:</i>	\$2,825,114			\$2,694,683

NOTE 11 – DEFINED BENEFIT PENSION PLANS

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

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

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

All employees of the City, except full-time uniformed police officers and full-time firefighters, participate in one of the three pension plans administered by the Ohio PERS: the Traditional Pension Plan (TP), the Member-Directed Plan (MD), and the Combined Plan (CO). The TP Plan is a cost-sharing multiple employer defined benefit pension plan. The MD Plan is a defined contribution plan in which the member invests both member and employer contributions

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

The Ohio PERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for the Ohio PERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2003, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 8.5%. The 2003 employer contribution rate for local government employer units was 13.55%, of covered payroll, 8.55% to fund the pension and 5.0% to fund health care. The contribution requirements of plan members and the City are established and may be amended by the Public Employees Retirement Board. The City's contributions to the Ohio PERS for the years ending December 31, 2003, 2002 and 2001 were \$870,304, \$840,296 and \$763,951, respectively, which were equal to the required contributions for each year.

The Ohio PERS provides postemployment health care benefits to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is also available. The health care coverage provided by the Ohio PERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the Ohio PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the Ohio PERS. The portion of the 2003 employer contribution rate (identified above) that was used to fund health care for the year 2003 was 5.0% of covered payroll which amounted to \$321,145.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the Ohio Public Employees Retirement System’s latest actuarial review performed as of December 31, 2002. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2002 was 8.0%. An annual increase of 4.0% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0% base increase, were assumed to range from 0.5% to 6.3%. Health care costs were assumed to increase 4.0% annually.

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 364,881. The actuarial value of the Ohio PERS net assets available for OPEB at December 31, 2002 is \$10.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$18.7 billion and \$8.7 billion, respectively.

In December 2001, the Board adopted the Health Care “Choices” Plan. The Choices plan will be offered to all persons hired in an OPERS covered position after January 1, 2003, with not prior service credit accumulated toward health care coverage. Choices will incorporate a cafeteria approach, offering a broader range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year “cliff” eligibility standard for the present Plan.

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The City's contributions to the OP&F Fund for the years ending December 31, 2003, 2002 and 2001 were \$535,749, \$519,667 and \$512,020 for police and \$415,962, \$405,094 and \$399,240 for firefighters, respectively, which were equal to the required contributions for each year.

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

The portion of the 2003 covered payroll that was used to fund postemployment health care benefits was \$212,926 representing 7.75% of covered payroll for police and \$134,321 representing 7.75% of covered payroll for fire. Health care funding and accounting was on a pay-as-you-go basis. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions. As of December 31, 2002, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 13,527 for police and 10,396 for firefighters. The OP&F Fund does not provide separate data on the funded status and funding progress of postemployment health care benefits. The Fund's total health care expenses for the year ended December 31, 2002 were \$141,028,006, which was net of member contributions of \$12,623,875.

NOTE 12 - NOTES PAYABLE

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

CITY OF BLUE ASH, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2003**

NOTE 12 - NOTES PAYABLE (Continued)

	Issue Date	Balance January 1, 2003	Issued (Retired)	Balance December 31, 2003
Capital Projects Notes Payable:				
1.94% Service Garage Construction	11/20/02	\$5,100,000	(\$5,100,000)	\$0
1.94% Firehouse Construction	11/20/02	4,400,000	(4,400,000)	0
1.35% Reed Hartman Highway Improvement	02/06/03	0	1,000,000	1,000,000
1.35% Land Acquisition	02/06/03	0	2,100,000	2,100,000
Total Capital Projects Notes Payable		<u>9,500,000</u>	<u>(6,400,000)</u>	<u>3,100,000</u>

NOTE 13 - LONG-TERM OBLIGATIONS

Detail of the changes in the bonds, compensated absences, and capital leases of the City for the year ended December 31, 2003 is as follows:

	Balance December 31, 2002	Issued	(Retired)	Balance December 31, 2003	Amount Due Within One Year
Governmental Activities:					
General Obligation Bonds:					
4.45 - 4.50% Cornell Road Improvement Bonds 1995	\$575,000	\$0	(\$575,000)	\$0	\$0
4.63 - 4.75% Kenwood Road Improvement Bonds 2000	10,220,000	0	(1,460,000)	8,760,000	1,460,000
2.53 - 3.13% Service Garage and Firehouse Bond 2003	0	10,000,000	0	10,000,000	1,000,000
Total General Obligation Bonds	<u>10,795,000</u>	<u>10,000,000</u>	<u>(2,035,000)</u>	<u>18,760,000</u>	<u>2,460,000</u>
Compensated Absences	1,117,281	188,537	(190,299)	1,115,519	56,000
Capital Leases Payable	9,674	0	(2,955)	6,719	3,216
Total Governmental Activities	<u>\$11,921,955</u>	<u>\$10,188,537</u>	<u>(\$2,228,254)</u>	<u>\$19,882,238</u>	<u>\$2,519,216</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2003**

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

	Balance December 31, 2002	Additions	(Reductions)	Balance December 31, 2003	Due Within One Year
Business-Type Activities					
Compensated Absences	\$34,945	\$6,513	\$0	\$41,458	\$0
Total Business-Type Activities	<u>\$34,945</u>	<u>\$6,513</u>	<u>\$0</u>	<u>\$41,458</u>	<u>\$0</u>

The Ohio Revised Code provides that the net debt of a municipal corporation, when approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxable value of property. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. The City has no debt within the 5.5% unvoted debt limitation or the 10.5% overall debt limitation. The City's total debt margin at December 31, 2003 was \$82,205,483.

A. Principal and Interest Requirements

Principal and interest requirements to retire long-term debt outstanding at December 31, 2003 are as follows:

Years	General Obligation Bonds		
	Principal	Interest	Total
2004	\$2,460,000	\$669,430	\$3,129,430
2005	2,460,000	580,810	3,040,810
2006	2,460,000	492,190	2,952,190
2007	2,460,000	403,570	2,863,570
2008	2,460,000	312,450	2,772,450
2009-2013	6,460,000	523,100	6,983,100
Totals	<u>\$18,760,000</u>	<u>\$2,981,550</u>	<u>\$21,741,550</u>

B. Conduit Debt

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

As of December 31, 2003, there were five series of Industrial Revenue Bonds outstanding. The aggregate principal amount payable for the five series issued prior to December 31, 2003, could not be determined; however, their original issue amounts totaled \$5,980,000.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2003**

NOTE 14 - CAPITAL LEASE COMMITMENTS

Under capital leases the City leases a mail machine and collating equipment. The original cost of the assets under capital lease is \$14,886.

The following is a schedule of the future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of December 31, 2003:

<u>Year Ending December 31,</u>	<u>Capital Leases</u>
2004	\$3,816
2005	3,816
Minimum Lease Payments	7,632
Less: Amount representing interest at the City's incremental borrowing rate of interest	(913)
Present value of minimum lease payments	<u>\$6,719</u>

NOTE 15 - CONSTRUCTION COMMITMENTS

As of December 31, 2003, the City had the following commitments with respect to capital projects:

<u>Project</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Firehouse Construction Project	595,215	April 2004
Plainfield Road Improvement Phase I & II	427,560	June 2004
Total	<u>\$1,022,775</u>	

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, 2003, the pool has seventeen members. The pool has been operational since December of 1988 and was formed in accordance with Section 2744 of the Ohio Revised Code. This jointly governed organization provides real and personal property, crime, surety, general liability, boiler and machinery, employment practices liability, police professional and public official liability coverage up to the limits stated below. Membership in MVRMA is intended to provide broad based coverage up to the limits stated below, with increased emphasis on safety and loss prevention and to create an opportunity for other local governments to participate. MVRMA is a non-profit corporation governed by a seventeen member board of trustees, consisting of a representative appointed by each of the member

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2003**

NOTE 16 - RISK MANAGEMENT (Continued)

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

The seventeen participating cities and their respective pool contribution factors for the loss year ended December 31, 2003 are:

<u>Entity</u>	<u>Percentage</u>	<u>Entity</u>	<u>Percentage</u>
Beavercreek	7.34 %	Sidney	7.19 %
Blue Ash	6.46 %	Springdale	4.68 %
Indian Hill	2.67 %	Tipp City	2.55 %
Kettering	16.80 %	Troy	6.83 %
Madeira	1.79 %	Vandalia	5.07 %
Mason	10.56 %	West Carrollton	3.55 %
Miamisburg	6.27 %	Wilmington	5.96 %
Montgomery	3.01 %	Wyoming	3.41 %
Piqua	5.86 %	Subtotal	39.24 %
Subtotal	60.76 %	Total	100.00 %

The 2003 pool contribution of the City of Blue Ash was \$253,117 representing 6.46% of the total collected from all members for that year's operating costs and projected loss reserves.

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

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

Property	\$505,138,727	per occurrence
Crime / Employee Theft	1,000,000	per occurrence
Liability	12,000,000	per occurrence
Flood (Property in Zone C)	25,000,000	Aggregate
Flood (Property in Zone B)	1,000,000	Aggregate
Earthquake (Property)	25,000,000	Aggregate
Extra Expense	5,000,000	per occurrence

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 16 - RISK MANAGEMENT (Continued)

The member deductible per occurrence for most types of claims is \$2,500. The pool's self insured retention (SIR) for property claims is \$2,501 - \$1,000,000 per occurrence except Boiler and Machinery which is \$2,500 - \$1,000,000. The pool's SIR for liability claims is \$1,000,000 per occurrence. Excess insurance coverage, provided by commercial companies and an excess insurance pool is \$1,000,000 to the limits stated above. The City pays an annual premium to MVRMA which is intended to cover administrative expenses and any claims covered by the pool. The MVRMA Board of Trustees has the ability to require the member cities to make supplemental payments in the event reserves are not adequate to cover claims in a particular loss year. The City was not required to make any supplemental payments as of December 31, 2003, because an actuarial opinion issued as of that date reported actual MVRMA loss reserves of \$5,514,783 an amount in excess of the recommended net reserve of \$3,690,583. MVRMA reported Blue Ash's loss experience for years 2002, 2001 and 2000 as \$86,352, \$16,375, and \$33,398 respectively.

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

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

The City continues to carry commercial insurance for other risks of loss, including employee health and life insurance. There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

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

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or 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 Improvement Fund

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

Task Force Grant Fund

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

Law Enforcement and Law Enforcement (DART) Fund

To account for the proceeds from the confiscation of contraband.

Drug Law Enforcement and Drug Law Enforcement (DART) Fund

To account for mandatory fines collected for drug offenses.

Education Enforcement (DUI) Fund

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

Debt Service Fund

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

Special Assessment Bond Retirement Fund

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

Capital Projects Funds

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

Service Garage Construction Fund

To account for financial resources used for the construction of a new service garage facility.

Kenwood Road Improvement Phase II Fund

To account for financial resources used for Phase II of the improvement of Kenwood Road. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

Kenwood Road Construction Fund

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

Reed Hartman Highway and Carver Road Improvement Fund

To account for financial resources used for the improvement of the intersection. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

Land Purchase Fund

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

CITY OF BLUE ASH, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2003**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 1,402,429	\$ 0	\$ 18,049	\$ 1,420,478
Receivables (net of allowance for doubtful accounts):				
Accounts	0	0	7,160	7,160
Intergovernmental	259,630	0	0	259,630
Interest	421	0	9	430
Special Assessments	0	5,190	0	5,190
Inventory of Supplies, at Cost	127,966	0	0	127,966
Prepaid Items	22,050	0	0	22,050
Total Assets	\$ 1,812,496	\$ 5,190	\$ 25,218	\$ 1,842,904
Liabilities:				
Accounts Payable	\$ 271,871	\$ 0	\$ 5,328	\$ 277,199
Accrued Wages and Benefits Payable	49,503	0	0	49,503
Intergovernmental Payable	781	0	0	781
Due to Other Funds	433	0	0	433
Deferred Revenue	172,928	5,190	0	178,118
Total Liabilities	495,516	5,190	5,328	506,034
Fund Balances:				
Reserved for Encumbrances	422,108	0	0	422,108
Reserved for Prepaid Items	22,050	0	0	22,050
Reserved for Supplies Inventory	127,966	0	0	127,966
Undesignated/Unreserved	744,856	0	19,890	764,746
Total Fund Balances	1,316,980	0	19,890	1,336,870
Total Liabilities and Funds Balances	\$ 1,812,496	\$ 5,190	\$ 25,218	\$ 1,842,904

CITY OF BLUE ASH, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2003**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Intergovernmental Revenues	\$ 1,199,384	\$ 0	\$ 1,199,384
Charges for Services	520	0	520
Licenses and Permits	300	500	800
Investment Earnings	5,902	6,239	12,141
Fines and Forfeitures	413,326	0	413,326
All Other Revenue	341,352	2,955	344,307
Total Revenue	1,960,784	9,694	1,970,478
Expenditures:			
Current:			
Security of Persons and Property	772,542	0	772,542
Transportation	2,022,193	0	2,022,193
Capital Outlay	0	1,846,089	1,846,089
Debt Service:			
Interest & Fiscal Charges	0	39,576	39,576
Total Expenditures	2,794,735	1,885,665	4,680,400
Excess (Deficiency) of Revenues Over Expenditures	(833,951)	(1,875,971)	(2,709,922)
Other Financing Sources (Uses):			
Transfers In	972,074	5,365,844	6,337,918
Transfers Out	0	(112,251)	(112,251)
Total Other Financing Sources (Uses)	972,074	5,253,593	6,225,667
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	138,123	3,377,622	3,515,745
Fund Balances at Beginning of Year	1,076,155	(3,357,732)	(2,281,577)
Increase (Decrease) in Inventory Reserve	102,702	0	102,702
Fund Balances End of Year	\$ 1,316,980	\$ 19,890	\$ 1,336,870

CITY OF BLUE ASH, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2003**

	Street Construction, Maintenance and Repair Fund	Municipal Motor Vehicle License Tax Fund	State Highway Fund	Task Force Grant Fund
Assets:				
Cash and Cash Equivalents	\$ 636,932	\$ 51,634	\$ 96,489	\$ 0
Receivables (net of allowance for doubtful accounts):				
Intergovernmental	205,535	37,224	16,661	0
Interest	279	61	81	0
Inventory of Supplies, at Cost	127,966	0	0	0
Prepaid Items	90	0	0	0
Total Assets	<u>\$ 970,802</u>	<u>\$ 88,919</u>	<u>\$ 113,231</u>	<u>\$ 0</u>
Liabilities:				
Accounts Payable	\$ 259,851	\$ 0	\$ 0	\$ 561
Accrued Wages and Benefits Payable	35,561	0	0	13,942
Intergovernmental Payable	690	0	0	91
Due to Other Funds	0	0	0	433
Deferred Revenue	137,004	24,816	11,108	0
Total Liabilities	<u>433,106</u>	<u>24,816</u>	<u>11,108</u>	<u>15,027</u>
Fund Balances:				
Reserved for Encumbrances	377,103	0	1,175	0
Reserved for Prepaid Items	90	0	0	0
Reserved for Supplies Inventory	127,966	0	0	0
Undesignated/Unreserved	32,537	64,103	100,948	(15,027)
Total Fund Balances	<u>537,696</u>	<u>64,103</u>	<u>102,123</u>	<u>(15,027)</u>
Total Liabilities and Funds Balances	<u>\$ 970,802</u>	<u>\$ 88,919</u>	<u>\$ 113,231</u>	<u>\$ 0</u>

CITY OF BLUE ASH, OHIO

Law Enforcement Fund	Law Enforcement (DART) Fund	Drug Law Enforcement Fund	Drug Law Enforcement (DART) Fund	Education Enforcement (DUI) Fund	Total Nonmajor Special Revenue Funds
\$ 449,128	\$ 113,079	\$ 32,169	\$ 13,483	\$ 9,515	\$ 1,402,429
0	0	0	0	210	259,630
0	0	0	0	0	421
0	0	0	0	0	127,966
0	21,720	0	240	0	22,050
<u>\$ 449,128</u>	<u>\$ 134,799</u>	<u>\$ 32,169</u>	<u>\$ 13,723</u>	<u>\$ 9,725</u>	<u>\$ 1,812,496</u>
\$ 10,159	\$ 1,300	\$ 0	\$ 0	\$ 0	\$ 271,871
0	0	0	0	0	49,503
0	0	0	0	0	781
0	0	0	0	0	433
0	0	0	0	0	172,928
<u>10,159</u>	<u>1,300</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>495,516</u>
38,000	5,830	0	0	0	422,108
0	21,720	0	240	0	22,050
0	0	0	0	0	127,966
400,969	105,949	32,169	13,483	9,725	744,856
<u>438,969</u>	<u>133,499</u>	<u>32,169</u>	<u>13,723</u>	<u>9,725</u>	<u>1,316,980</u>
<u>\$ 449,128</u>	<u>\$ 134,799</u>	<u>\$ 32,169</u>	<u>\$ 13,723</u>	<u>\$ 9,725</u>	<u>\$ 1,812,496</u>

CITY OF BLUE ASH, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003**

	Street Construction, Maintenance and Repair Fund	Municipal Motor Vehicle License Tax Fund	State Highway Fund	Task Force Grant Fund
Revenues:				
Intergovernmental Revenues	\$ 478,808	\$ 111,824	\$ 38,865	\$ 569,887
Charges for Services	520	0	0	0
Licenses and Permits	300	0	0	0
Investment Earnings	3,408	1,706	788	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	341,352	0	0	0
Total Revenue	824,388	113,530	39,653	569,887
Expenditures:				
Current:				
Security of Persons and Property	0	0	0	566,712
Transportation	1,810,369	210,000	1,824	0
Total Expenditures	1,810,369	210,000	1,824	566,712
Excess (Deficiency) of Revenues Over Expenditures	(985,981)	(96,470)	37,829	3,175
Other Financing Sources (Uses):				
Transfers In	972,074	0	0	0
Total Other Financing Sources (Uses)	972,074	0	0	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(13,907)	(96,470)	37,829	3,175
Fund Balances (Deficits) at Beginning of Year	448,901	160,573	64,294	(18,202)
Increase (Decrease) in Inventory Reserve	102,702	0	0	0
Fund Balances (Deficits) End of Year	\$ 537,696	\$ 64,103	\$ 102,123	\$ (15,027)

CITY OF BLUE ASH, OHIO

Law Enforcement Fund	Law Enforcement (DART) Fund	Drug Law Enforcement Fund	Drug Law Enforcement (DART) Fund	Education Enforcement (DUI) Fund	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,199,384
0	0	0	0	0	520
0	0	0	0	0	300
0	0	0	0	0	5,902
222,711	174,582	3,413	10,030	2,590	413,326
0	0	0	0	0	341,352
<u>222,711</u>	<u>174,582</u>	<u>3,413</u>	<u>10,030</u>	<u>2,590</u>	<u>1,960,784</u>
89,998	94,646	651	20,535	0	772,542
0	0	0	0	0	2,022,193
<u>89,998</u>	<u>94,646</u>	<u>651</u>	<u>20,535</u>	<u>0</u>	<u>2,794,735</u>
132,713	79,936	2,762	(10,505)	2,590	(833,951)
0	0	0	0	0	972,074
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>972,074</u>
132,713	79,936	2,762	(10,505)	2,590	138,123
306,256	53,563	29,407	24,228	7,135	1,076,155
0	0	0	0	0	102,702
<u>\$ 438,969</u>	<u>\$ 133,499</u>	<u>\$ 32,169</u>	<u>\$ 13,723</u>	<u>\$ 9,725</u>	<u>\$ 1,316,980</u>

CITY OF BLUE ASH, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2003**

	Service Garage Construction Fund	Kenwood Road Construction Fund	Land Purchase Fund	Total Nonmajor Capital Projects Funds
Assets:				
Cash and Cash Equivalents	\$ 7,234	\$ 0	\$ 10,815	\$ 18,049
Receivables (net of allowance for doubtful accounts):				
Accounts	0	7,160	0	7,160
Interest	9	0	0	9
Total Assets	<u>\$ 7,243</u>	<u>\$ 7,160</u>	<u>\$ 10,815</u>	<u>\$ 25,218</u>
Liabilities:				
Accounts Payable	\$ 5,328	\$ 0	\$ 0	\$ 5,328
Total Liabilities	<u>5,328</u>	<u>0</u>	<u>0</u>	<u>5,328</u>
Fund Balances:				
Undesignated/Unreserved	<u>1,915</u>	<u>7,160</u>	<u>10,815</u>	<u>19,890</u>
Total Fund Balances	<u>1,915</u>	<u>7,160</u>	<u>10,815</u>	<u>19,890</u>
Total Liabilities and Funds Balances	<u>\$ 7,243</u>	<u>\$ 7,160</u>	<u>\$ 10,815</u>	<u>\$ 25,218</u>

CITY OF BLUE ASH, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2003**

	Service Garage Construction Fund	Kenwood Road Improvement Phase II Fund	Kenwood Road Construction Fund	Reed Hartman Highway and Carver Road Improvement Fund	Land Purchase Fund	Total Nonmajor Capital Project Funds
Revenues:						
Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 500	\$ 500
Investment Earnings	5,282	394	563	0	0	6,239
All Other Revenue	2,955	0	0	0	0	2,955
Total Revenue	8,237	394	563	0	500	9,694
Expenditures:						
Current:						
Capital Outlay	1,703,183	114,244	7,611	21,051	0	1,846,089
Debt Service:						
Interest & Fiscal Charges	39,576	0	0	0	0	39,576
Total Expenditures	1,742,759	114,244	7,611	21,051	0	1,885,665
Excess (Deficiency) of Revenues Over Expenditures	(1,734,522)	(113,850)	(7,048)	(21,051)	500	(1,875,971)
Other Financing Sources (Uses):						
Transfers In	5,365,844	0	0	0	0	5,365,844
Transfers Out	0	(22,900)	(40,503)	(48,848)	0	(112,251)
Total Other Financing Sources (Uses)	5,365,844	(22,900)	(40,503)	(48,848)	0	5,253,593
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	3,631,322	(136,750)	(47,551)	(69,899)	500	3,377,622
Fund Balances at Beginning of Year	(3,629,407)	136,750	54,711	69,899	10,315	(3,357,732)
Fund Balances End of Year	\$ 1,915	\$ 0	\$ 7,160	\$ 0	\$ 10,815	\$ 19,890

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, 2003**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 2,091,213	\$ 2,231,213	\$ 2,181,235	\$ (49,978)
Municipal Income Taxes	17,909,607	18,219,607	19,477,090	1,257,483
Other Local Taxes	650,000	650,000	684,221	34,221
Intergovernmental Revenues	1,477,958	1,715,958	1,726,828	10,870
Charges for Services	459,900	475,900	576,111	100,211
Licenses and Permits	198,900	198,900	255,363	56,463
Investment Earnings	150,000	70,000	62,628	(7,372)
Fines and Forfeitures	212,200	212,200	209,849	(2,351)
All Other Revenues	1,000	1,000	1,215	215
Total Revenues	<u>23,150,778</u>	<u>23,774,778</u>	<u>25,174,540</u>	<u>1,399,762</u>
Expenditures:				
Security of Persons and Property:				
Police Division:				
Personal Services	4,805,000	4,857,600	4,484,790	372,810
Materials and Supplies	86,500	105,317	93,395	11,922
Contractual Services	427,000	514,858	439,440	75,418
Capital Outlay	137,000	188,419	171,440	16,979
Total Police Division	<u>5,455,500</u>	<u>5,666,194</u>	<u>5,189,065</u>	<u>477,129</u>
Fire Division:				
Personal Services	3,172,000	3,188,500	2,872,399	316,101
Materials and Supplies	81,300	91,323	83,865	7,458
Contractual Services	214,300	233,301	192,946	40,355
Capital Outlay	100,000	116,860	115,746	1,114
Total Fire Division	<u>3,567,600</u>	<u>3,629,984</u>	<u>3,264,956</u>	<u>365,028</u>
Total Security of Persons and Property	<u>9,023,100</u>	<u>9,296,178</u>	<u>8,454,021</u>	<u>842,157</u>
Community Development:				
Building Division:				
Personal Services	440,600	451,600	408,405	43,195
Materials and Supplies	4,100	4,231	2,420	1,811
Contractual Services	272,000	331,395	294,172	37,223
Capital Outlay	2,500	2,500	1,169	1,331
Total Building Division	<u>719,200</u>	<u>789,726</u>	<u>706,166</u>	<u>83,560</u>
Total Community Development	<u>719,200</u>	<u>789,726</u>	<u>706,166</u>	<u>83,560</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, 2003**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Basic Utility Services:				
Public Services Division:				
Personal Services	1,104,500	1,104,500	1,012,611	91,889
Materials and Supplies	77,000	79,233	71,676	7,557
Contractual Services	2,067,500	2,173,118	2,018,178	154,940
Capital Outlay	86,000	286,768	256,836	29,932
Total Public Services Division	<u>3,335,000</u>	<u>3,643,619</u>	<u>3,359,301</u>	<u>284,318</u>
Total Basic Utility Services	<u>3,335,000</u>	<u>3,643,619</u>	<u>3,359,301</u>	<u>284,318</u>
General Government:				
Legislative Services:				
Personal Services	68,900	78,900	70,691	8,209
Materials and Supplies	600	600	54	546
Contractual Services	222,300	248,411	240,439	7,972
Capital Outlay	500	500	78	422
Total Legislative Services	<u>292,300</u>	<u>328,411</u>	<u>311,262</u>	<u>17,149</u>
Judicial Services:				
Personal Services	217,600	217,600	193,395	24,205
Materials and Supplies	1,100	1,100	898	202
Contractual Services	10,700	10,706	9,160	1,546
Capital Outlay	2,500	2,500	2,143	357
Total Judicial Services	<u>231,900</u>	<u>231,906</u>	<u>205,596</u>	<u>26,310</u>
Tax and Finance Divisions:				
Personal Services	563,700	563,700	550,295	13,405
Materials and Supplies	3,100	3,100	2,592	508
Contractual Services	120,000	148,283	137,661	10,622
Capital Outlay	4,000	4,000	1,829	2,171
Total Tax and Finance Divisions	<u>690,800</u>	<u>719,083</u>	<u>692,377</u>	<u>26,706</u>
Administrative Services Division:				
Personal Services	606,100	606,100	574,195	31,905
Materials and Supplies	3,400	3,574	2,629	945
Contractual Services	16,200	16,200	7,850	8,350
Capital Outlay	22,000	22,000	18,850	3,150
Total Administrative Services Division	<u>647,700</u>	<u>647,874</u>	<u>603,524</u>	<u>44,350</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, 2003**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Facilities Maintenance Division:				
Personal Services	711,000	741,000	732,564	8,436
Materials and Supplies	136,300	142,975	126,778	16,197
Contractual Services	131,401	169,161	156,453	12,708
Capital Outlay	50,000	86,436	61,776	24,660
Total Facilities Maintenance Division	<u>1,028,701</u>	<u>1,139,572</u>	<u>1,077,571</u>	<u>62,001</u>
Insurance Services Division:				
Contractual Services	269,000	285,102	273,276	11,826
Total Insurance Services Division	<u>269,000</u>	<u>285,102</u>	<u>273,276</u>	<u>11,826</u>
General Government Services:				
Personal Services	475,800	475,800	465,889	9,911
Materials and Supplies	33,800	47,308	42,307	5,001
Contractual Services	1,034,000	898,191	747,989	150,202
Capital Outlay	480,000	458,458	367,241	91,217
Total General Government Services	<u>2,023,600</u>	<u>1,879,757</u>	<u>1,623,426</u>	<u>256,331</u>
Total General Government	<u>5,184,001</u>	<u>5,231,705</u>	<u>4,787,032</u>	<u>444,673</u>
Total Expenditures	<u>18,261,301</u>	<u>18,961,228</u>	<u>17,306,520</u>	<u>1,654,708</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	4,889,477	4,813,550	7,868,020	3,054,470
Other Financing Sources (Uses):				
Proceeds from the Sale of Capital Assets	0	0	580,524	580,524
Transfers Out	(8,355,436)	(8,903,936)	(7,536,049)	1,367,887
Advances In	675,000	675,000	675,000	0
Advances Out	(675,000)	(675,000)	(675,000)	0
Total Other Financing Sources (Uses)	<u>(8,355,436)</u>	<u>(8,903,936)</u>	<u>(6,955,525)</u>	<u>1,948,411</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses				
	(3,465,959)	(4,090,386)	912,495	5,002,881
Fund Balance at Beginning of Year	3,465,956	3,465,956	3,465,956	0
Prior Year Encumbrances	736,902	736,902	736,902	0
Fund Balance at End of Year	<u>\$ 736,899</u>	<u>\$ 112,472</u>	<u>\$ 5,115,353</u>	<u>\$ 5,002,881</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, 2003**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive Negative
PARK AND RECREATION FUND				
Revenues:				
Charges for Services	\$ 668,500	\$ 668,500	\$ 652,338	\$ (16,162)
All Other Revenues	2,700	2,700	1,225	(1,475)
Total Revenues	671,200	671,200	653,563	(17,637)
Expenditures:				
Leisure Time Activities:				
Recreation Programming Division:				
Personal Services	1,206,000	1,206,000	1,092,285	113,715
Materials and Supplies	163,000	165,217	146,943	18,274
Contractual Services	870,199	957,063	804,437	152,626
Capital Outlay	50,000	59,747	58,819	928
Total Recreation Programming Division	2,289,199	2,388,027	2,102,484	285,543
Blue Ash Sports Center Division:				
Personal Services	399,200	419,200	403,956	15,244
Materials and Supplies	92,000	114,771	91,101	23,670
Contractual Services	67,450	67,792	47,699	20,093
Capital Outlay	55,000	62,045	38,895	23,150
Total Blue Ash Sports Center Division	613,650	663,808	581,651	82,157
Grounds Maintenance Division:				
Personal Services	660,500	640,500	499,105	141,395
Materials and Supplies	98,650	103,204	85,999	17,205
Contractual Services	349,400	362,243	308,864	53,379
Capital Outlay	350,000	603,805	460,366	143,439
Total Grounds Maintenance Division	1,458,550	1,709,752	1,354,334	355,418
Total Expenditures	4,361,399	4,761,587	4,038,469	723,118
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,690,199)	(4,090,387)	(3,384,906)	705,481
Other Financing Sources (Uses):				
Transfers In	3,690,200	3,762,700	2,969,758	(792,942)
Total Other Financing Sources (Uses)	3,690,200	3,762,700	2,969,758	(792,942)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1	(327,687)	(415,148)	(87,461)
Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances	415,148	415,148	415,148	0
Fund Balance at End of Year	\$ 415,149	\$ 87,461	\$ 0	\$ (87,461)

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, 2003**

GENERAL OBLIGATION BOND RETIREMENT FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive Negative
Revenues:				
Property Taxes	\$ 77,452	\$ 77,452	\$ 80,787	\$ 3,335
Intergovernmental Revenues	9,337	9,337	8,039	(1,298)
Investment Earnings	0	74,841	74,841	0
Total Revenues	<u>86,789</u>	<u>161,630</u>	<u>163,667</u>	<u>2,037</u>
Expenditures:				
Debt Service:				
Principal Retirement	11,535,000	11,535,000	11,535,000	0
Interest and Fiscal Charges	<u>671,945</u>	<u>859,015</u>	<u>847,930</u>	<u>11,085</u>
Total Expenditures	<u>12,206,945</u>	<u>12,394,015</u>	<u>12,382,930</u>	<u>11,085</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,120,156)	(12,232,385)	(12,219,263)	13,122
Other Financing Sources (Uses):				
Proceeds from General Obligation Bonds	9,500,000	9,500,000	9,500,000	0
Transfers In	<u>2,601,935</u>	<u>2,802,787</u>	<u>2,750,860</u>	<u>(51,927)</u>
Total Other Financing Sources (Uses)	<u>12,101,935</u>	<u>12,302,787</u>	<u>12,250,860</u>	<u>(51,927)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(18,221)	70,402	31,597	(38,805)
Fund Balance at Beginning of Year	43,220	43,220	43,220	0
Prior Year Encumbrances	<u>4,996</u>	<u>4,996</u>	<u>4,996</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 29,995</u>	<u>\$ 118,618</u>	<u>\$ 79,813</u>	<u>\$ (38,805)</u>

CITY OF BLUE ASH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Project Funds
For the Year Ended December 31, 2003**

FIREHOUSE CONSTRUCTION FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$20,000	\$24,974	\$28,831	\$3,857
Total Revenues	<u>20,000</u>	<u>24,974</u>	<u>28,831</u>	<u>3,857</u>
Expenditures:				
Capital Outlay	920,654	4,763,722	4,743,643	20,079
Total Expenditures	<u>920,654</u>	<u>4,763,722</u>	<u>4,743,643</u>	<u>20,079</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(900,654)	(4,738,748)	(4,714,812)	23,936
Other Financing Sources (Uses):				
Proceeds from General Obligation Bonds	500,000	500,000	500,000	0
Transfers In	0	550,000	550,000	0
Advances In	500,000	500,000	500,000	0
Advances Out	(500,000)	(500,000)	(500,000)	0
Total Other Financing Sources (Uses)	<u>500,000</u>	<u>1,050,000</u>	<u>1,050,000</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(400,654)	(3,688,748)	(3,664,812)	23,936
Fund Balance at Beginning of Year	400,654	400,654	400,654	0
Prior Year Encumbrances	3,288,094	3,288,094	3,288,094	0
Fund Balance at End of Year	<u>\$ 3,288,094</u>	<u>\$ 0</u>	<u>\$ 23,936</u>	<u>\$ 23,936</u>

CITY OF BLUE ASH, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Project Funds
For the Year Ended December 31, 2003***

REED HARTMAN IMPROVEMENT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Intergovernmental Revenues	\$ 100,000	\$ 100,000	\$ 100,000	\$ 0
Investment Earnings	10,000	10,000	7,746	(2,254)
Total Revenues	<u>110,000</u>	<u>110,000</u>	<u>107,746</u>	<u>(2,254)</u>
Expenditures:				
Capital Outlay	1,110,000	1,114,908	125,058	989,850
Total Expenditures	<u>1,110,000</u>	<u>1,114,908</u>	<u>125,058</u>	<u>989,850</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,000,000)	(1,004,908)	(17,312)	987,596
Other Financing Sources (Uses):				
Proceeds from General Obligation Notes	1,000,000	1,000,000	1,000,000	0
Total Other Financing Sources (Uses)	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	(4,908)	982,688	987,596
Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances	4,908	4,908	4,908	0
Fund Balance at End of Year	<u>\$ 4,908</u>	<u>\$ 0</u>	<u>\$ 987,596</u>	<u>\$ 987,596</u>

CITY OF BLUE ASH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Project Funds
For the Year Ended December 31, 2003**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Capital Outlay	2,100,000	2,100,000	2,100,000	0
Total Expenditures	2,100,000	2,100,000	2,100,000	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,100,000)	(2,100,000)	(2,100,000)	0
Other Financing Sources (Uses):				
General Obligation Notes Issued	2,100,000	2,100,000	2,100,000	0
Total Other Financing Sources (Uses)	2,100,000	2,100,000	2,100,000	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	0	0	0
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	\$ 0	\$ 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 Special Revenue Funds
For the Year Ended December 31, 2003**

STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive Negative
Revenues:				
Intergovernmental Revenues	\$ 390,000	\$ 390,000	\$ 475,723	\$ 85,723
Charges for Services	6,000	6,000	520	(5,480)
Licenses and Permits	300	300	300	0
Investment Earnings	4,000	4,000	3,939	(61)
All Other Revenues	<u>318,700</u>	<u>318,700</u>	<u>341,352</u>	<u>22,652</u>
Total Revenues	<u>719,000</u>	<u>719,000</u>	<u>821,834</u>	<u>102,834</u>
Expenditures:				
Transportation:				
Street Division:				
Personal Services	568,500	568,500	560,984	7,516
Materials and Supplies	213,001	389,193	357,864	31,329
Contractual Services	254,501	285,576	261,820	23,756
Capital Outlay	<u>1,492,000</u>	<u>2,052,670</u>	<u>1,975,685</u>	<u>76,985</u>
Total Expenditures	<u>2,528,002</u>	<u>3,295,939</u>	<u>3,156,353</u>	<u>139,586</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,809,002)	(2,576,939)	(2,334,519)	242,420
Other Financing Sources (Uses):				
Transfers In	<u>1,809,000</u>	<u>1,393,000</u>	<u>972,074</u>	<u>(420,926)</u>
Total Other Financing Sources (Uses)	<u>1,809,000</u>	<u>1,393,000</u>	<u>972,074</u>	<u>(420,926)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2)	(1,183,939)	(1,362,445)	(178,506)
Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances	<u>1,362,445</u>	<u>1,362,445</u>	<u>1,362,445</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,362,443</u>	<u>\$ 178,506</u>	<u>\$ 0</u>	<u>\$ (178,506)</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, 2003**

MUNICIPAL MOTOR VEHICLE LICENSE TAX FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 111,000	\$ 111,000	\$ 120,963	\$ 9,963
Investment Earnings	1,200	1,200	1,831	631
Total Revenues	<u>112,200</u>	<u>112,200</u>	<u>122,794</u>	<u>10,594</u>
Expenditures:				
Transportation:				
Street Division:				
Personal Services	<u>150,000</u>	<u>210,000</u>	<u>210,000</u>	<u>0</u>
Total Expenditures	<u>150,000</u>	<u>210,000</u>	<u>210,000</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(37,800)	(97,800)	(87,206)	10,594
Fund Balance at Beginning of Year	<u>138,840</u>	<u>138,840</u>	<u>138,840</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 101,040</u>	<u>\$ 41,040</u>	<u>\$ 51,634</u>	<u>\$ 10,594</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, 2003**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 32,000	\$ 32,000	\$ 38,572	\$ 6,572
Investment Earnings	1,000	1,000	775	(225)
Total Revenues	<u>33,000</u>	<u>33,000</u>	<u>39,347</u>	<u>6,347</u>
Expenditures:				
Transportation:				
Street Division:				
Contractual Services	20,000	20,000	2,999	17,001
Capital Outlay	<u>25,000</u>	<u>25,000</u>	<u>0</u>	<u>25,000</u>
Total Expenditures	<u>45,000</u>	<u>45,000</u>	<u>2,999</u>	<u>42,001</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,000)	(12,000)	36,348	48,348
Fund Balance at Beginning of Year	<u>58,966</u>	<u>58,966</u>	<u>58,966</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 46,966</u>	<u>\$ 46,966</u>	<u>\$ 95,314</u>	<u>\$ 48,348</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, 2003***

TASK FORCE GRANT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Intergovernmental Revenues	\$ 569,887	\$ 569,887	\$ 569,887	\$ -
Total Revenues	<u>569,887</u>	<u>569,887</u>	<u>569,887</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Police Division:				
Personal Services	308,127	309,565	309,565	0
Materials and Supplies	16,400	16,400	16,400	0
Contractual Services	245,360	243,922	243,922	0
Total Expenditures	<u>569,887</u>	<u>569,887</u>	<u>569,887</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Other Financing Sources (Uses):				
Advances In	75,000	75,000	75,000	0
Advances Out	(75,000)	(75,000)	(75,000)	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF BLUE ASH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003**

LAW ENFORCEMENT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Fines and Forfeitures	\$ 26,000	\$ 163,421	\$ 222,711	\$ 59,290
Total Revenues	<u>26,000</u>	<u>163,421</u>	<u>222,711</u>	<u>59,290</u>
Expenditures:				
Security of Persons and Property:				
Police Division:				
Personal Services	20,000	20,000	14,959	5,041
Materials and Supplies	51,000	61,000	8,715	52,285
Contractual Services	173,000	179,176	17,995	161,181
Capital Outlay	56,000	178,855	87,401	91,454
Total Expenditures	<u>300,000</u>	<u>439,031</u>	<u>129,070</u>	<u>309,961</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(274,000)	(275,610)	93,641	369,251
Fund Balance at Beginning of Year	305,710	305,710	305,710	0
Prior Year Encumbrances	1,618	1,618	1,618	0
Fund Balance at End of Year	<u>\$ 33,328</u>	<u>\$ 31,718</u>	<u>\$ 400,969</u>	<u>\$ 369,251</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, 2003**

LAW ENFORCEMENT (DART) FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Fines and Forfeitures	\$ 44,400	\$ 130,400	\$ 174,582	\$ 44,182
All Other Revenues	100	100	0	(100)
Total Revenues	<u>44,500</u>	<u>130,500</u>	<u>174,582</u>	<u>44,082</u>
Expenditures:				
Security of Persons and Property:				
Police Division:				
Personal Services	0	10,000	4,107	5,893
Materials and Supplies	1,000	2,000	240	1,760
Contractual Services	65,000	143,027	112,687	30,340
Capital Outlay	10,000	10,000	1,554	8,446
Total Expenditures	<u>76,000</u>	<u>165,027</u>	<u>118,588</u>	<u>46,439</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(31,500)	(34,527)	55,994	90,521
Fund Balance at Beginning of Year	39,684	39,684	39,684	0
Prior Year Encumbrances	10,271	10,271	10,271	0
Fund Balance at End of Year	<u>\$ 18,455</u>	<u>\$ 15,428</u>	<u>\$ 105,949</u>	<u>\$ 90,521</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, 2003**

DRUG LAW ENFORCEMENT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Fines and Forfeitures	\$ 2,400	\$ 2,400	\$ 3,413	\$ 1,013
Total Revenues	<u>2,400</u>	<u>2,400</u>	<u>3,413</u>	<u>1,013</u>
Expenditures:				
Security of Persons and Property:				
Police Division:				
Materials and Supplies	1,000	1,000	0	1,000
Contractual Services	21,400	21,643	894	20,749
Capital Outlay	4,000	4,000	0	4,000
Total Expenditures	<u>26,400</u>	<u>26,643</u>	<u>894</u>	<u>25,749</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(24,000)	(24,243)	2,519	26,762
Fund Balance at Beginning of Year	29,407	29,407	29,407	0
Prior Year Encumbrances	243	243	243	0
Fund Balance at End of Year	<u>\$ 5,650</u>	<u>\$ 5,407</u>	<u>\$ 32,169</u>	<u>\$ 26,762</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, 2003**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 6,000	\$ 6,000	\$ 10,030	\$ 4,030
Total Revenues	<u>6,000</u>	<u>6,000</u>	<u>10,030</u>	<u>4,030</u>
Expenditures:				
Security of Persons and Property:				
Police Division:				
Materials and Supplies	500	500	169	331
Contractual Services	7,500	7,500	4,166	3,334
Capital Outlay	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>0</u>
Total Expenditures	<u>11,000</u>	<u>11,000</u>	<u>7,335</u>	<u>3,665</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,000)	(5,000)	2,695	7,695
Fund Balance at Beginning of Year	<u>10,788</u>	<u>10,788</u>	<u>10,788</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 5,788</u>	<u>\$ 5,788</u>	<u>\$ 13,483</u>	<u>\$ 7,695</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, 2003**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	<u>\$ 1,500</u>	<u>\$ 1,500</u>	<u>\$ 2,530</u>	<u>\$ 1,030</u>
Total Revenues	<u>1,500</u>	<u>1,500</u>	<u>2,530</u>	<u>1,030</u>
Expenditures:				
Security of Persons and Property:				
Police Division:				
Contractual Services	<u>1,500</u>	<u>1,500</u>	<u>0</u>	<u>1,500</u>
Total Expenditures	<u>1,500</u>	<u>1,500</u>	<u>0</u>	<u>1,500</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	2,530	2,530
Fund Balance at Beginning of Year	<u>6,985</u>	<u>6,985</u>	<u>6,985</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 6,985</u>	<u>\$ 6,985</u>	<u>\$ 9,515</u>	<u>\$ 2,530</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, 2003**

	SERVICE GARAGE CONSTRUCTION FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Investment Earnings	\$ 8,000	\$ 8,000	\$ 7,149	\$ (851)
All Other Revenues	0	2,850	2,955	105
Total Revenues	<u>8,000</u>	<u>10,850</u>	<u>10,104</u>	<u>(746)</u>
Expenditures:				
Capital Outlay	158,527	1,730,227	1,727,575	2,652
Total Expenditures	<u>158,527</u>	<u>1,730,227</u>	<u>1,727,575</u>	<u>2,652</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(150,527)	(1,719,377)	(1,717,471)	1,906
Other Financing Sources (Uses):				
Transfers In	0	215,000	215,000	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>215,000</u>	<u>215,000</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(150,527)	(1,504,377)	(1,502,471)	1,906
Fund Balance at Beginning of Year	150,527	150,527	150,527	0
Prior Year Encumbrances	1,353,850	1,353,850	1,353,850	0
Fund Balance at End of Year	<u>\$ 1,353,850</u>	<u>\$ 0</u>	<u>\$ 1,906</u>	<u>\$ 1,906</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, 2003***

KENWOOD ROAD IMPROVEMENT PHASE II FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 0	\$ 556	\$ 556	\$ 0
Total Revenues	<u>0</u>	<u>556</u>	<u>556</u>	<u>0</u>
Expenditures:				
Capital Outlay	<u>6,094</u>	<u>114,244</u>	<u>114,244</u>	<u>0</u>
Total Expenditures	<u>6,094</u>	<u>114,244</u>	<u>114,244</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,094)	(113,688)	(113,688)	0
Other Financing Sources (Uses):				
Transfers Out	<u>0</u>	<u>(22,900)</u>	<u>(22,900)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>(22,900)</u>	<u>(22,900)</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(6,094)	(136,588)	(136,588)	0
Fund Balance at Beginning of Year	6,092	6,092	6,092	0
Prior Year Encumbrances	<u>130,496</u>	<u>130,496</u>	<u>130,496</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 130,494</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF BLUE ASH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2003**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 11,921	\$ 12,804	\$ 12,804	\$ 0
Investment Earnings	0	610	610	0
Total Revenues	<u>11,921</u>	<u>13,414</u>	<u>13,414</u>	<u>0</u>
Expenditures:				
Capital Outlay	<u>38,031</u>	<u>8,731</u>	<u>8,731</u>	<u>0</u>
Total Expenditures	<u>38,031</u>	<u>8,731</u>	<u>8,731</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(26,110)	4,683	4,683	0
Other Financing Sources (Uses):				
Transfers Out	<u>0</u>	<u>(40,503)</u>	<u>(40,503)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>(40,503)</u>	<u>(40,503)</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(26,110)	(35,820)	(35,820)	0
Fund Balance at Beginning of Year	26,111	26,111	26,111	0
Prior Year Encumbrances	<u>9,709</u>	<u>9,709</u>	<u>9,709</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 9,710</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF BLUE ASH, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2003***

REED HARTMAN HIGHWAY & CARVER ROAD IMPROVEMENT FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Capital Outlay	0	21,097	21,097	0
Total Expenditures	0	21,097	21,097	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(21,097)	(21,097)	0
Other Financing Sources (Uses):				
Transfers Out	(38,399)	(48,848)	(48,848)	0
Total Other Financing Sources (Uses)	(38,399)	(48,848)	(48,848)	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(38,399)	(69,945)	(69,945)	0
Fund Balance at Beginning of Year	38,399	38,399	38,399	0
Prior Year Encumbrances	31,546	31,546	31,546	0
Fund Balance at End of Year	<u>\$ 31,546</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF BLUE ASH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2003**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Licenses and Permits	\$ 3,000	\$ 3,000	\$ 500	\$ (2,500)
Total Revenues	<u>3,000</u>	<u>3,000</u>	<u>500</u>	<u>(2,500)</u>
Expenditures:				
Capital Outlay	<u>4,000</u>	<u>4,000</u>	<u>0</u>	<u>4,000</u>
Total Expenditures	<u>4,000</u>	<u>4,000</u>	<u>0</u>	<u>4,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,000)	(1,000)	500	1,500
Fund Balance at Beginning of Year	<u>10,315</u>	<u>10,315</u>	<u>10,315</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 9,315</u>	<u>\$ 9,315</u>	<u>\$ 10,815</u>	<u>\$ 1,500</u>

Fiduciary Funds

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

Agency Funds

Mayor's Court Fund

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

Ohio Board of Building Standards Assessment Fund

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

Arson Task Force Fund

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

CITY OF BLUE ASH, OHIO

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2003**

	Balance December 31, 2002	Additions	Deductions	Balance December 31, 2003
<u>Mayor's Court</u>				
Assets:				
Cash and Cash Equivalents with Fiscal Agent	\$500	\$315,737	(\$315,030)	\$1,207
Total Assets	<u>\$500</u>	<u>\$315,737</u>	<u>(\$315,030)</u>	<u>\$1,207</u>
Liabilities:				
Due to Others	\$500	\$315,737	(\$315,030)	\$1,207
Total Liabilities	<u>\$500</u>	<u>\$315,737</u>	<u>(\$315,030)</u>	<u>\$1,207</u>
<u>Ohio Board of Building Standards Assessments</u>				
Assets:				
Cash and Cash Equivalents	\$1,095	\$4,631	(\$5,203)	\$523
Total Assets	<u>\$1,095</u>	<u>\$4,631</u>	<u>(\$5,203)</u>	<u>\$523</u>
Liabilities:				
Intergovernmental Payables	\$1,095	\$4,631	(\$5,203)	\$523
Total Liabilities	<u>\$1,095</u>	<u>\$4,631</u>	<u>(\$5,203)</u>	<u>\$523</u>
<u>Arson Task Force</u>				
Assets:				
Cash and Cash Equivalents	\$4,570	\$49	(\$64)	\$4,555
Total Assets	<u>\$4,570</u>	<u>\$49</u>	<u>(\$64)</u>	<u>\$4,555</u>
Liabilities:				
Due to Others	\$4,570	\$49	(\$64)	\$4,555
Total Liabilities	<u>\$4,570</u>	<u>\$49</u>	<u>(\$64)</u>	<u>\$4,555</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$5,665	\$4,680	(\$5,267)	\$5,078
Cash and Cash Equivalents with Fiscal Agent	500	315,737	(315,030)	1,207
Total Assets	<u>\$6,165</u>	<u>\$320,417</u>	<u>(\$320,297)</u>	<u>\$6,285</u>
Liabilities:				
Intergovernmental Payables	\$1,095	\$4,631	(\$5,203)	\$523
Due to Others	5,070	315,786	(315,094)	5,762
Total Liabilities	<u>\$6,165</u>	<u>\$320,417</u>	<u>(\$320,297)</u>	<u>\$6,285</u>

*CAPITAL ASSETS USED IN THE
OPERATION OF GOVERNMENTAL FUNDS*

CITY OF BLUE ASH, OHIO

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
December 31, 2003***

Capital Assets:

Land	\$15,571,386
Buildings	18,000,836
Improvements Other than Buildings	6,265,162
Infrastructure	19,120,366
Machinery and Equipment	11,621,606
Construction in Progress	<u>6,561,988</u>
Total Capital Assets	<u><u>\$77,141,344</u></u>

Investment in Capital Assets from:

General Fund	\$15,978,835
Special Revenue Funds	14,163,588
Capital Project Funds	46,884,609
Enterprise Fund	5,500
Capital Leases	<u>108,812</u>
Total Investment in Capital Assets	<u><u>\$77,141,344</u></u>

CITY OF BLUE ASH, OHIO

**Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
December 31, 2003**

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other Than Buildings</u>
<u>General Government:</u>			
Administration	\$331,208	\$1,930,388	\$257,209
Legislative	0	7,375	0
Judicial	0	0	0
Finance / Tax	0	44,030	0
Total	<u>331,208</u>	<u>1,981,793</u>	<u>257,209</u>
<u>Security of Persons and Property:</u>			
Police	0	750,635	0
Fire	0	917,302	1,900
Total	<u>0</u>	<u>1,667,937</u>	<u>1,900</u>
<u>Transportation:</u>			
Street	<u>4,433,733</u>	<u>233,500</u>	<u>0</u>
<u>Leisure Time Activities:</u>			
Park	4,184,348	8,516,318	1,816,094
Grounds Maintenance	3,012,745	3,128,557	3,664,181
Total	<u>7,197,093</u>	<u>11,644,875</u>	<u>5,480,275</u>
<u>Basic Utility Services:</u>			
Public Services	<u>1,708,423</u>	<u>2,308,456</u>	<u>383,450</u>
<u>Community Development:</u>			
Building	<u>1,900,929</u>	<u>164,275</u>	<u>142,328</u>
Construction in Progress			
Total Capital Assets	<u>\$15,571,386</u>	<u>\$18,000,836</u>	<u>\$6,265,162</u>

CITY OF BLUE ASH, OHIO

Infrastructure	Machinery and Equipment	Total
\$0	\$1,708,966	\$4,227,771
0	4,242	11,617
0	5,715	5,715
0	73,685	117,715
0	1,792,608	4,362,818
0	1,661,188	2,411,823
0	3,239,771	4,158,973
0	4,900,959	6,570,796
19,120,366	341,360	24,128,959
0	949,520	15,466,280
0	1,475,603	11,281,086
0	2,425,123	26,747,366
0	2,112,226	6,512,555
0	49,330	2,256,862
		6,561,988
<u>\$19,120,366</u>	<u>\$11,621,606</u>	<u>\$77,141,344</u>

CITY OF BLUE ASH, OHIO

**Capital Assets Used in the Operation of Governmental Funds
Schedule Changes by Function and Activity
For Year Ended December 31, 2003**

<u>Function and Activity</u>	<u>December 31, 2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2003</u>
<u>General Government:</u>				
Administration	\$4,080,852	\$212,306	(\$65,387)	\$4,227,771
Legislative	11,617	0	0	11,617
Judicial	5,715	0	0	5,715
Finance / Tax	117,215	500	0	117,715
Total	<u>4,215,399</u>	<u>212,806</u>	<u>(65,387)</u>	<u>4,362,818</u>
<u>Security of Persons and Property:</u>				
Police	2,277,037	390,909	(256,123)	2,411,823
Fire	4,048,823	184,977	(74,827)	4,158,973
Total	<u>6,325,860</u>	<u>575,886</u>	<u>(330,950)</u>	<u>6,570,796</u>
<u>Transportation:</u>				
Street	22,094,609	2,057,199	(22,849)	24,128,959
<u>Leisure Time Activities:</u>				
Park	13,287,665	2,188,493	(9,878)	15,466,280
Grounds Maintenance	10,584,581	720,731	(24,226)	11,281,086
Total	<u>23,872,246</u>	<u>2,909,224</u>	<u>(34,104)</u>	<u>26,747,366</u>
<u>Basic Utility Services:</u>				
Public Services	3,322,364	3,240,929	(50,738)	6,512,555
<u>Community Development:</u>				
Building	2,255,377	2,235	(750)	2,256,862
Construction in Progress	5,068,475	4,132,739	(2,639,226)	6,561,988
Total Capital Assets	<u>\$67,154,330</u>	<u>\$13,131,018</u>	<u>(\$3,144,004)</u>	<u>\$77,141,344</u>

STATISTICAL SECTION



STATISTICAL TABLES

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

CITY OF BLUE ASH, OHIO

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

Year	Security of Persons and Property	Leisure Time Activities	Community Development	Basic Utility Services	Trans- portation	General Government	Capital Outlay	Debt Service	Total
1994	\$5,468,384	\$2,029,496	\$449,421	\$2,288,764	\$781,061	\$2,120,087	\$2,916,587	\$2,056,584	\$18,110,384
1995	5,865,231	2,248,390	466,267	2,460,579	830,549	2,176,341	3,811,853	1,999,432	19,858,642
1996	6,306,607	2,360,714	550,319	2,435,148	859,185	2,275,129	3,256,844	2,653,414	20,697,360
1997	6,408,047	2,474,481	488,379	2,495,505	705,137	2,248,447	5,319,196	2,505,615	22,644,807
1998	7,286,579	3,353,772	583,527	4,034,811	2,994,004	3,137,228	0 (2)	2,394,257	23,784,178
1999	7,192,329	4,152,781	628,447	3,833,087	5,715,500	5,154,243	0 (2)	2,305,270	28,981,657
2000	7,737,772	3,772,561	757,186	3,000,095	4,128,592	3,380,758	0 (2)	1,560,466	24,337,430
2001	8,595,712	3,485,880	737,395	3,053,246	3,190,539	4,956,057	0 (2)	2,050,327	26,069,156
2002	9,243,373	4,115,009	690,755	3,714,209	3,775,004	4,350,054	7,092,437	2,832,603	35,813,444
2003	9,205,777	3,793,655	682,771	3,154,613	2,022,193	4,583,358	8,085,301	2,903,886	34,431,554

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

CITY OF BLUE ASH, OHIO

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

Year	Taxes	Inter-Governmental Revenue	Charges for Service	Licenses and Permits	Investment Earnings	Fines and Forfeitures	(2) All Other	Total
1994	\$14,937,317	\$2,355,264	\$689,017	\$236,250	\$159,220	\$436,489	\$40,544	\$18,854,101
1995	16,442,205	2,257,040	784,297	179,478	215,892	312,078	51,034	20,242,024
1996	17,410,034	2,924,107	895,093	218,661	225,036	273,332	51,179	21,997,442
1997	22,856,328	2,813,726	811,921	253,230	375,305	318,255	55,372	27,484,137
1998	20,049,344	2,696,007	1,079,718	230,138	493,621	286,429	40,402	24,875,659
1999	20,873,226	3,174,907	1,047,157	236,468	502,374	324,694	35,862	26,194,688
2000	23,301,869	2,747,822	924,905	226,880	705,262	327,410	13,118	28,247,266
2001	22,314,016	2,966,510	898,125	235,053	462,478	331,997	5,744	27,213,923
2002	19,348,795	3,134,793	834,809	253,622	279,789	582,167	263,332	24,697,307
2003	23,517,278	3,005,859	1,228,620	258,015	182,281	623,175	347,352	29,162,580

(1) Includes General Fund, Special Revenue Funds and Debt Service Funds
Beginning in 2002, includes all Governmental Funds

(2) Special Assessments are included in All Other.

CITY OF BLUE ASH, OHIO

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

Collection Year	Total Tax Levy	Current Tax Collections	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections To Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Accumulated Delinquent Taxes To Total Tax Levy
1994	\$2,143,137	\$1,916,189	\$84,031	\$2,000,220	93.33%	\$143,216	6.68%
1995	2,030,708	1,874,719	65,606	1,940,325	95.55%	90,671	4.46%
1996	2,106,380	2,012,203	71,425	2,083,628	98.92%	94,918	4.51%
1997	2,057,949	1,999,539	89,083	2,088,622	101.49%	98,427	4.78%
1998	2,114,767	2,070,720	91,897	2,162,617	102.26%	94,583	4.47%
1999	2,181,588	2,139,288	67,045	2,206,333	101.13%	83,881	3.84%
2000	2,336,051	2,286,424	60,817	2,347,241	100.48%	109,832	4.70%
2001	2,516,171	2,344,188	72,818	2,417,006	96.06%	101,837	4.05%
2002	2,519,618	2,318,799	45,121	2,363,920	93.82%	153,234	6.08%
2003	2,656,366	2,382,266	95,206	2,477,472	93.27%	161,304	6.07%

Source: Hamilton County, Ohio: County Auditor

CITY OF BLUE ASH, OHIO

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

Tax Year	Real Property		Public Utility Personal		Tangible Personal Property		Total		Assessed Value as a Percent of Actual Value
	Assessed	Actual	Assessed	Actual	Assessed	Actual	Assessed	Actual	
1994	\$441,847,770	\$1,262,422,200	\$25,212,500	\$25,212,500	\$177,464,250	\$709,857,000	\$644,524,520	\$1,997,491,700	32.27%
1995	439,080,970	1,254,517,057	23,274,300	23,274,300	159,456,930	637,827,720	621,812,200	1,915,619,077	32.46%
1996	449,177,860	1,283,365,314	25,208,720	25,208,720	181,990,970	727,963,880	656,377,550	2,036,537,914	32.23%
1997	458,131,740	1,308,947,829	26,622,970	26,622,970	192,107,880	768,431,520	676,862,590	2,104,002,319	32.17%
1998	468,557,320	1,338,735,200	27,082,230	27,082,230	201,112,020	804,448,080	696,751,570	2,170,265,510	32.10%
1999	530,995,970	1,517,131,343	26,288,200	26,288,200	212,285,540	849,142,160	769,569,710	2,392,561,703	32.17%
2000	542,886,730	1,551,104,943	23,990,460	23,990,460	201,143,860	804,575,440	768,021,050	2,379,670,843	32.27%
2001	560,081,250	1,600,232,143	17,946,800	17,946,800	203,011,200	812,044,800	781,039,250	2,430,223,743	32.14%
2002	616,983,960	1,762,811,314	15,621,300	15,621,300	197,201,600	788,806,400	829,806,860	2,567,239,014	32.32%
2003	612,552,270	1,750,149,343	15,044,850	15,044,850	155,312,240	621,248,960	782,909,360	2,386,443,153	32.81%

Source: Hamilton County, Ohio: County Auditor

CITY OF BLUE ASH, OHIO

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

Collection Year	City of Blue Ash		Total	Princeton *	Hamilton County	Special Taxing Districts	Total
	General Fund	Debt Service Fund		Sycamore ** School District			
1994	2.97	0.11	3.08	42.24 *	18.30	2.70	66.32 *
				54.14 **			78.22 **
1995	2.97	0.11	3.08	42.24 *	18.30	2.70	66.32 *
				54.14 **			78.22 **
1996	2.97	0.11	3.08	42.24 *	19.44	2.70	67.46 *
				54.14 **			79.36 **
1997	2.97	0.11	3.08	42.24 *	19.44	2.70	67.46 *
				54.14 **			79.36 **
1998	2.97	0.11	3.08	42.24 *	19.01	2.70	67.03 *
				54.14 **			78.93 **
1999	2.97	0.11	3.08	42.24 *	19.54	2.70	67.56 *
				61.53 **			86.85 **
2000	2.97	0.11	3.08	46.19 *	20.83	2.70	72.80 *
				60.84 **			87.45 **
2001	2.97	0.11	3.08	46.19 *	19.92	2.70	71.89 *
				60.84 **			86.54 **
2002	2.97	0.11	3.08	46.19 *	21.47	2.70	73.44 *
				60.84 **			88.09 **
2003	2.97	0.11	3.08	45.79 *	21.87	2.70	73.44 *
				60.49 **			88.14 **

Source: Hamilton County, Ohio: County Auditor

**SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
LAST TEN YEARS**

Collection Year	Amount Billed	Amount Collected	Percent Collected
1994	\$12,127	\$3,013	24.85%
1995	13,020	4,828	37.08%
1996	9,175	1,946	21.21%
1997	11,305	3,470	30.69%
1998	11,944	3,576	29.94%
1999	10,884	1,813	16.66%
2000	9,811	0	0.00%
2001	0	0	0.00%
2002	0	0	0.00%
2003	0	0	0.00%

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

Source: Hamilton County, Ohio: County Auditor

CITY OF BLUE ASH, OHIO

**COMPUTATION OF 5-1/2 % LEGAL DEBT MARGIN
DECEMBER 31, 2003**

Assessed Value		<u>\$782,909,360</u>
Unvoted Debt Limit 5-1/2% Assessed Value		\$43,060,015
Total Unvoted Debt Outstanding at December 31, 2003	18,760,000	
Unvoted General Obligation Bonds Issued in Anticipation of the Collection of Lawfully available Municipal Income Tax to be Applied to Debt Service	<u>(18,760,000)</u>	
Subtotal	0	
Less: Bond Retirement Fund Balance	<u>(80,475)</u>	
Net Subject to 5-1/2% Limitation		<u>0</u>
Legal Debt Margin within 5-1/2% Limitation		<u>\$43,060,015</u>

CITY OF BLUE ASH, OHIO

**COMPUTATION OF 10-1/2 % LEGAL DEBT MARGIN
DECEMBER 31, 2003**

Assessed Value		<u>\$782,909,360</u>
Voted and Unvoted Debt Limit 10-1/2% Assessed Value		\$82,205,483
Total Voted and Unvoted Debt Outstanding at December 31, 2002	18,760,000	
Unvoted General Obligation Bonds Issued in Anticipation of the Collection of Lawfully available Municipal Income Tax to be Applied to Debt Service	<u>(18,760,000)</u>	
Subtotal	0	
Less: Bond Retirement Fund Balance	<u>(80,475)</u>	
Net Subject to 10-1/2% Limitation		<u>0</u>
Legal Debt Margin within 10-1/2% Limitation		<u>\$82,205,483</u>

CITY OF BLUE ASH, OHIO

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

<u>Year</u>	<u>Population (1)</u>	<u>Assessed Value (2)</u>	<u>Gross Bonded Debt (3)</u>	<u>Debt Service Funds Available</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Valuation</u>	<u>Net Bonded Debt Per Capita</u>
1994	11,923 (a)	\$644,524,520	\$0	\$17,302	0	0.00%	\$0
1995	11,923 (a)	621,812,200	0	32,161	0	0.00%	0
1996	11,923 (a)	656,377,550	0	118,934	0	0.00%	0
1997	11,923 (a)	676,862,590	0	106,719	0	0.00%	0
1998	11,923 (a)	696,751,570	0	350,708	0	0.00%	0
1999	11,923 (a)	769,569,710	0	916,388	0	0.00%	0
2000	12,513 (b)	768,021,050	0	43,900	0	0.00%	0
2001	12,513 (b)	781,039,250	0	103,123	0	0.00%	0
2002	12,513 (b)	829,806,860	0	48,216	0	0.00%	0
2003	12,513 (b)	782,909,360	0	80,475	0	0.00%	0

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

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

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

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

CITY OF BLUE ASH, OHIO

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

Year	Debt Principal	Interest and Fiscal Charges	Total Bonded Debt Service (1)	General Governmental Expenditures (2)	Debt Service to General Governmental Expenditures
1994	\$1,475,000	\$557,231	\$2,032,231	\$18,110,384	11.22%
1995	1,475,000	496,958	1,971,958	19,858,642	9.93%
1996	2,050,000	585,197	2,635,197	20,697,360	12.73%
1997	2,050,000	451,926	2,501,926	22,644,807	11.05%
1998	2,050,000	340,756	2,390,756	23,784,178	10.05%
1999	2,050,000	252,022	2,302,022	28,981,533	7.94%
2000	1,350,000	210,466	1,560,466	24,337,430	6.41%
2001	1,350,000	689,574	2,039,574	26,069,156	7.82%
2002	2,035,000	600,345	2,635,345	35,813,444	7.36%
2003	2,035,000	635,070	2,670,070	34,431,554	7.75%

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

(2) Excludes Transfers-Out.

Beginning in 2002, includes all Governmental Funds

CITY OF BLUE ASH, OHIO

**COMPUTATION OF ALL DIRECT AND OVERLAPPING
GENERAL OBLIGATION DEBT
DECEMBER 31, 2003**

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Blue Ash (2)</u>	<u>Amount Applicable to City of Blue Ash</u>
Direct			
City of Blue Ash (1)	\$18,760,000	100.00%	\$18,760,000
Overlapping Subdivisions			
Sycamore Community School District	40,903,599	48.44%	19,813,703
Princeton City School District	85,000,000	2.17%	1,844,500
Great Oaks Joint Vocational School District	6,240,000	4.89%	305,136
Hamilton County	121,095,000	4.39%	5,316,071
		Subtotal	<u>27,279,410</u>
		Total	<u><u>\$46,039,410</u></u>

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

- (1) Annual debt charges are covenanted to be appropriated annually from lawfully available municipal income taxes.
- (2) Decimal places have been rounded to the nearest hundredth for presentation.

Source: Ohio Municipal Advisory Council.

CITY OF BLUE ASH, OHIO

**DEMOGRAPHIC STATISTICS
LAST TEN YEARS**

<u>Year</u>	<u>Population (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate Cincinnati Metropolitan Area (3)</u>
1994	11,923 (a)	6,073	4.4%
1995	11,923 (a)	5,705	4.2%
1996	11,923 (a)	6,240	4.5%
1997	11,923 (a)	6,118	3.6%
1998	11,923 (a)	6,192	3.4%
1999	11,923 (a)	6,079	3.4%
2000	12,513 (b)	5,891	3.8%
2001	12,513 (b)	5,677	3.8%
2002	12,513 (b)	5,628	4.7%
2003	12,513 (b)	5,702	5.0%

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

(2) Source: Sycamore Community School District, Board of Education
Includes total Sycamore Community School District, a portion of which is located outside the City of Blue Ash.

(3) Source: Greater Cincinnati Chamber of Commerce.

CITY OF BLUE ASH, OHIO

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

Year	Residential (1)		Commercial (1)		Bank Deposits (2) (in Thousands)
	Number of Permits	Property Value	Number of Permits	Property Value	
1994	213	\$8,344,727	658	\$24,367,109	\$17,301,493
1995	205	3,511,468	569	13,255,821	18,661,138
1996	175	4,637,008	588	22,089,526	21,598,936
1997	180	5,566,446	692	26,184,190	18,070,437
1998	185	6,024,905	564	27,970,404	24,305,322
1999	183	6,344,046	451	33,417,090	41,302,569
2000	157	5,024,456	430	53,781,171	76,137,192
2001	172	5,401,293	433	29,705,662	133,025,841
2002	158	4,281,071	405	14,552,239	145,359,134
2003	199	6,172,144	420	14,470,118	147,868,600

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

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

CITY OF BLUE ASH, OHIO

**PRINCIPAL TAXPAYERS (PROPERTY TAX)
DECEMBER 31, 2003**

<u>Taxpayer</u>	<u>2003 Assessed Valuation (Tax Duplicate)</u>	<u>Percentage of Total Assessed Valuation</u>
1. Duke Realty Ltd Partnership	\$41,839,870	5.34%
2. The Procter and Gamble Company	16,145,410	2.06%
3. Ethicon, Inc.	9,684,300	1.24%
4. Harold R. Silverman LLC	8,638,440	1.10%
5. Cinergy	8,294,640	1.06%
6. Hills Real Estate Group	6,315,080	0.81%
7. Charleston at Blue Ash	6,170,860	0.79%
8. Knickerbocker Properties	5,610,910	0.72%
9. Blue Ash Embassy Associates	5,526,080	0.71%
10. Blue Ash Oxford & Associates Ltd	<u>5,424,300</u>	<u>0.69%</u>
Sub-Total	113,649,890	14.52%
All Others	<u>669,259,470</u>	<u>85.48%</u>
Total	<u><u>\$782,909,360</u></u>	<u><u>100.00%</u></u>

Source: Hamilton County, Ohio: County Auditor.

CITY OF BLUE ASH, OHIO

***PRINCIPAL EMPLOYERS
DECEMBER 31, 2003***

<u>Employer</u>	<u>Number of Employees *</u>
1. The Procter and Gamble Company	3,002
2. Ethicon, Inc.	1,431
3. Fidelity Investments	1,003
4. Ingersoll-Rand (Steelcraft)	907
5. Sara Lee Foods	627
6. Wornick Company	572
7. Belcan Engineering Services	508
8. LSI Industries, Inc.	462
9. Time Warner	427
10. Sara Lee Foods	399

* Full-time Equivalents.
Source: City of Blue Ash City Tax Office.

CITY OF BLUE ASH, OHIO

**MISCELLANEOUS STATISTICS
DECEMBER 31, 2003**

	Date of Incorporation	1955 (Village)	1961 (City)	
	Form of Government	Charter (adopted 1961, last amended 1989)		
Area	7.7 Square Miles			Building Permits Issued in 2003
Miles of Streets	62.60 (155.14 Lane Miles)			619
Number of Street Lights (per Light bill)	1,049			Recreation and Culture:
				Golf Course
				Number of Parks
Police Protection:				18 Holes
Number of Stations	1			10
Number of Authorized Sworn Officers	37			Number of Libraries
				(Operated by Hamilton County)
Fire/Emergency Medical Services:				1
Number of Stations	2			Employees:
Number of Full-time Officers and Firefighter/Paramedics	30			Authorized Full-time
				Variable Part-Time
				150
				Education (K-12) (Public Only) *
				Number of Schools
				7
				Number of Teachers
				542
				Number of Students
				5,702

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





**Auditor of State
Betty Montgomery**

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800-282-0370

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CITY OF BLUE ASH

HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 9, 2004**