



**Auditor of State
Betty Montgomery**

**CITY BLUE ASH
HAMILTON COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To 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 year ended December 31, 2004, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 24, 2005. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the City's management dated June 24, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the City's management dated June 24, 2005, we reported other matters related to noncompliance we deemed immaterial.

City of Blue Ash
Hamilton County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of the finance/audit committee, management, and City Council. It is not intended for 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

June 24, 2005

***Comprehensive Annual
Financial Report***



Blue Ash, Ohio

***FOR THE YEAR ENDED
DECEMBER 31, 2004***



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COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2004

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

June 24, 2005

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, 2004. While there is no legal requirement for the preparation of this report, it represents a commitment by the City of Blue Ash to conform to nationally recognized standards of excellence in financial reporting. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operation of the City; and that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been presented.

This CAFR was prepared in accordance with generally accepted accounting principles established by statements of the Governmental Accounting Standards Board (GASB) and other authoritative pronouncements.

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

***Letter of Transmittal
For the Year Ended December 31, 2004***

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 2004, approximately 2,200 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 all administrative staff. The City provides the following municipal services: police and fire emergency services, street construction and maintenance, planning and zoning services, pool and recreational facilities, championship golf course and a 37 acre sports complex.

ECONOMIC CONDITIONS AND OUTLOOK

Local Economy

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 50,000 representing a workforce supporting approximately 2,200 businesses and organizations.

Blue Ash continues to maintain strong local and national business leaders as part of its corporate citizenry, including nationally and intentionally 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 buildings 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, 2004***

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 2004 tax collections remained stable with 2003 collections levels, the City believes economic activity seems to be improving. City Council and the Administration continue to work 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 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 new Blue Ash North Fire Station was dedicated in 2004. Centrally located at 10647 Kenwood Road, this facility represents a multi-year effort to construct an approximate 36,000 square foot state-of-the-art Fire and EMS Station.
- Phase II of the Reed Hartman Highway improvement project continued in 2004. This widening project expands Reed Hartman Highway from the north corporation line southward to Osborne Boulevard. This capital improvement project was initially financed with Bond Anticipation Notes and a grant from the Ohio Public Works Commission, with an expected Bond Issue in late 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.

For The Future

- In the Spring of 2004, the City Acquired a historic farmhouse and related property located on Hunt Road for the Future site of a museum. The Hunt family represented one of the early 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 1850's. The City has been working with a descendant of the original Hunt family and the Blue Ash Historical Society on this project and looks forward to its conversion into a museum. It is anticipated that the 2005 Budget will reflect funding to begin this conversion effort.
- Renovation plans for the property at 6171 Interstate Circle, which was purchases to supplement the operation of the new Blue Ash Service Facility at 6131 Interstate Circle. When finished, the building located on this property is expected to be used by the City's Grounds Maintenance and Facility Maintenance departments. The rear of this property was converted into an outside storage facility, complete with the installation of a 4,000-ton salt barn for storage of winter snow and ice removal materials.

*Letter of Transmittal
For the Year Ended December 31, 2004*

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, 2004 are reported as reservations of fund balances within this report.

Risk Management

In May of 1992, as a result of a public bid and a thorough review of all proposals, the administration recommended to Council that the City join a local joint self-insurance pool in lieu of reliance upon conventional insurance. Effective July 1, 1992, the City of Blue Ash became the eleventh member of the Miami Valley Risk Management Association, Inc. (MVRMA), headquartered in Kettering, Ohio. This pool currently has 20 members.

Cash Management

The investment program for interim funds of the City of Blue Ash conforms to the requirements of Chapter 135 of the Ohio Revised Code (The Uniform Depository Act). Although Blue Ash as a Charter City could establish its own investment policies, management has determined that the requirements of the Ohio Revised Code provide a safe, conservative framework for investment of the City's funds. Authorized investments are described in detail in Note 4 of the notes to the basic financial statements included within the financial section of this comprehensive annual financial report.

INDEPENDENT AUDIT

The Auditor of the State of Ohio 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, 2003. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government finance reports.

***Letter of Transmittal
For the Year Ended December 31, 2004***

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 seventeen consecutive years (fiscal years ended 1987-2003). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

ACKNOWLEDGMENTS

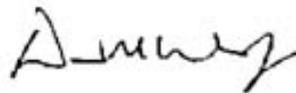
Sincere appreciation is extended to the many individuals who have worked diligently and contributed much time and effort in making this report possible.

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

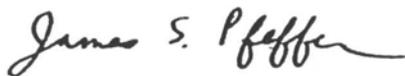
Respectfully submitted,



Marvin D. Thompson
City Manager



David M. Waltz
Assistant City Manager



James S. Pfeffer
Treasurer/Administrative
Services Director



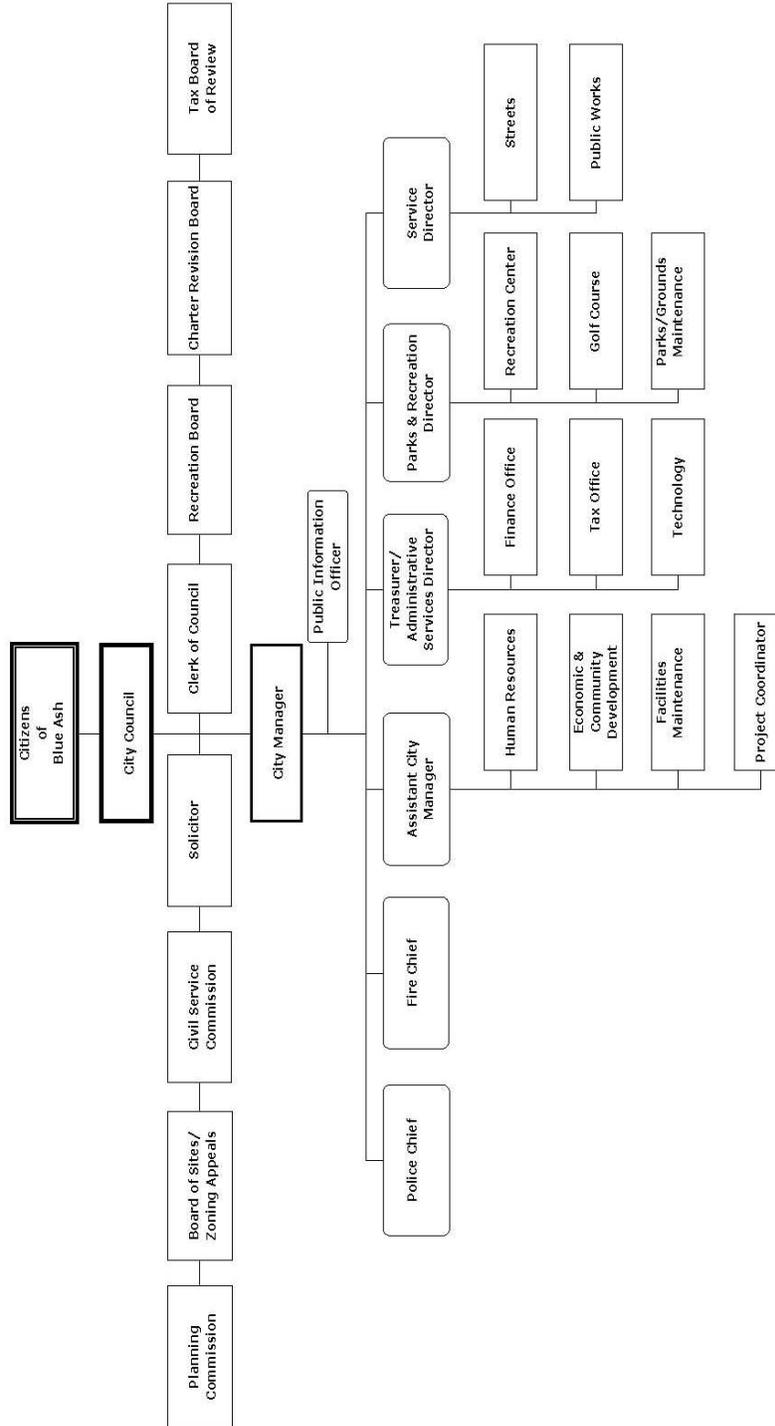
Sherry L. Poppe, CPA
Finance Officer/
Deputy Treasurer

CITY OF BLUE ASH, OHIO

**List of Principal Officials
For the Year Ended December 31, 2004**

OFFICE HELD	NAME OF OFFICIAL
Administration:	
City Manager	Marvin D. Thompson
Assistant City Manager	David M. Waltz
Treasurer/Administrative Services Director	James S. Pfeffer
Parks and Recreation Director	Charles D. Funk
Service Director	Dennis E. Albrinck
Fire Chief	Richard R. Brown
Police Chief	Chris Wallace
City Council:	
Mayor, Ward 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	Lee Czerwonka
At Large	Henry S. Stacey
Solicitor	Mark A. Vander Laan
Clerk of Council	Jamie K. Eifert
Deputy Clerk of Council	Susan K. Bennett

**City Organizational Chart
For the Year Ended December 31, 2004**



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, 2003

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.



Nancy L. Zielke

President

Jeffrey R. Enos

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 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, 2004, 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General and Parks and Recreation funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2005, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements. The introductory and statistical sections, combining and individual fund statements and schedules provide additional information and are not a required part of the basic financial statements. We subjected the combining and individual 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 sections to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

Betty Montgomery
Auditor of State

June 24, 2005

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, 2004. 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 2004 are as follows:

- ❑ In total, net assets increased \$2,711,548. Net assets of governmental activities increased \$2,691,584, which represents a 6.3% increase from 2003. Net assets of business-type activities increased \$19,964 from 2003.
- ❑ General revenues accounted for \$24,961,212 in revenue or 80.4% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$6,073,892 or 19.6% of all revenues.
- ❑ The City had \$27,008,694 in expenses related to governmental activities; only \$4,968,009, of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$24,732,269 were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$24,958,001 in revenues and \$18,100,470 in expenditures. The general fund's fund balance decreased \$349,382 to \$7,681,219.
- ❑ Net assets for the enterprise fund increased slightly. This increase resulted from the acquisitions of several new capital assets in the enterprise fund.

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, 2004**

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, 2004 and 2003:

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$22,570,145	\$15,806,591	\$57,593	\$61,042	\$22,627,738	\$15,867,633
Capital assets, Net	55,711,309	54,018,811	2,712,921	2,694,683	58,424,230	56,713,494
Total assets	78,281,454	69,825,402	2,770,514	2,755,725	81,051,968	72,581,127
Long-term debt outstanding	17,477,287	19,882,238	45,673	41,458	17,522,960	19,923,696
Other liabilities	15,609,193	7,439,774	33,514	42,904	15,642,707	7,482,678
Total liabilities	33,086,480	27,322,012	79,187	84,362	33,165,667	27,406,374
Net assets						
Invested in capital assets, net of related debt	28,207,806	32,823,175	2,712,921	2,694,683	30,920,727	35,517,858
Restricted	9,637,231	1,889,933	0	0	9,637,231	1,889,933
Unrestricted	7,349,937	7,790,282	(21,594)	(23,320)	7,328,343	7,766,962
Total net assets	\$45,194,974	\$42,503,390	\$2,691,327	\$2,671,363	\$47,886,301	\$45,174,753

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CITY OF BLUE ASH, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2004**

Unaudited

Changes in Net Assets – The following table shows the changes in net assets for fiscal year 2004 and 2003:

	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities	Total	Total
	2004	2003	2004	2003	2004	2003
Revenues						
Program revenues:						
Charges for Services and Sales	\$1,449,003	\$1,684,085	\$1,105,883	\$981,482	\$2,554,886	\$2,665,567
Operating Grants and Contributions	1,801,713	1,188,948	0	0	1,801,713	1,188,948
Capital Grants and Contributions	1,717,293	112,804	0	0	1,717,293	112,804
General revenues:						
Income Taxes	19,644,642	19,780,105	0	0	19,644,642	19,780,105
Property Taxes	2,248,271	2,423,326	0	0	2,248,271	2,423,326
Other Local Taxes	699,467	669,641	0	0	699,467	669,641
Grants and Entitlements not Restricted to Specific Programs	1,690,766	1,221,987	0	0	1,690,766	1,221,987
Investment Earnings	128,697	182,281	0	0	128,697	182,281
Miscellaneous	549,369	1,353,601	0	0	549,369	1,353,601
Total revenues	29,929,221	28,616,778	1,105,883	981,482	31,035,104	29,598,260
Program Expenses						
Security of Persons and Property	10,022,125	9,189,983	0	0	10,022,125	9,189,983
Leisure Time Activities	4,695,425	4,698,832	0	0	4,695,425	4,698,832
Community Development	627,530	684,192	0	0	627,530	684,192
Basic Utility Services	2,497,941	3,143,907	0	0	2,497,941	3,143,907
Transportation	2,248,461	2,287,035	0	0	2,248,461	2,287,035
General Government	6,132,078	3,246,035	0	0	6,132,078	3,246,035
Debt Service:						
Interest and Fiscal Charges	785,134	892,598	0	0	785,134	892,598
Golf Course	0	0	1,314,862	1,299,836	1,314,862	1,299,836
Total expenses	27,008,694	24,142,582	1,314,862	1,299,836	28,323,556	25,442,418
Excess (deficiency) before Transfers	2,920,527	4,474,196	(208,979)	(318,354)	2,711,548	4,155,842
Transfers	(228,943)	(190,608)	228,943	190,608	0	0
Total Change in Net Assets	2,691,584	4,283,588	19,964	(127,746)	2,711,548	4,155,842
Beginning Net Assets	42,503,390	38,219,802	2,671,363	2,799,109	45,174,753	41,018,911
Ending Net Assets	\$45,194,974	\$42,503,390	\$2,691,327	\$2,671,363	\$47,886,301	\$45,174,753

Governmental Activities

Net assets of the City's governmental activities increased by \$2,691,584 due to a combination of factors. The most significant factor is the increase in intergovernmental revenues received by the City for the Reed Hartman Highway Improvement Project.

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.

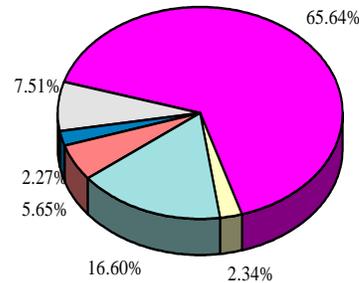
CITY OF BLUE ASH, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2004**

Unaudited

Property taxes and income taxes made up 7.51% and 65.6% respectively of revenues for governmental activities for the City in fiscal year 2004. The City's reliance upon tax revenues is demonstrated by the following graph indicating 75.49% of total revenues from general tax revenues:

Revenue Sources	2004	Percent of Total
Property Taxes	\$2,248,271	7.51%
Income Taxes	19,644,642	65.64%
Other Local Taxes	699,467	2.34%
Program Revenues	4,968,009	16.60%
Grants and Entitlements not Restricted to Specific Programs	1,690,766	5.65%
General Other	678,066	2.27%
Total Revenue	\$29,929,221	100.00%



Business-Type Activities

Net assets of the business-type activities increased by \$19,964. This increase was the result of an increase of \$124,401 in operating revenues and higher transfer amounts from governmental activities during 2004. The acquisition of several new capital assets, mostly machinery and equipment, also contributed to the increase in net assets during 2004.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$4,957,070, which is a decrease from last year's balance of \$7,762,955. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2004 and 2003:

	Fund Balance (Deficit) December 31, 2004	Fund Balance (Deficit) December 31, 2003	Increase (Decrease)
General	\$7,681,219	\$8,030,601	(\$349,382)
Park and Recreation	29,619	105,424	(75,805)
General Obligation			
Bond Retirement	5,131,585	80,475	5,051,110
Reed Hartman Improvement	(4,783,536)	(22,607)	(4,760,929)
Land Acquisition	(4,228,102)	(2,125,830)	(2,102,272)
Other Governmental	1,126,285	1,694,892	(568,607)
Total	\$4,957,070	\$7,762,955	(\$2,805,885)

CITY OF BLUE ASH, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2004**

Unaudited

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

	2004	2003	Increase
	<u>Revenues</u>	<u>Revenues</u>	<u>(Decrease)</u>
Property Taxes	\$2,179,195	\$2,181,235	(\$2,040)
Municipal Income Tax	19,482,112	20,585,615	(1,103,503)
Other Local Taxes	699,467	669,641	29,826
Intergovernmental Revenues	1,637,730	1,697,774	(60,044)
Charges for Services	351,766	575,762	(223,996)
Licenses and Permits	281,098	257,215	23,883
Investment Earnings	81,921	61,726	20,195
Fines and Forfeitures	237,953	209,849	28,104
All Other Revenue	6,759	2,262	4,497
Total	<u>\$24,958,001</u>	<u>\$26,241,079</u>	<u>(\$1,283,078)</u>

General Fund revenues in 2004 decreased 4.9% compared to revenues in fiscal year 2003. The most significant factor contributing to this decrease was the 5.4% decrease in municipal income tax collections. This decrease was caused by lower delinquent tax collections, and an increase in income tax refunds.

	2004	2003	Increase
	<u>Expenditures</u>	<u>Expenditures</u>	<u>(Decrease)</u>
Security of Persons and Property	\$9,174,592	\$8,433,235	\$741,357
Community Development	657,461	682,771	(25,310)
Basic Utility Services	2,498,477	3,154,613	(656,136)
General Government	5,766,124	4,583,358	1,182,766
Debt Service:			
Principal Retirement	3,216	2,955	261
Interest and Fiscal Charges	600	861	(261)
Total	<u>\$18,100,470</u>	<u>\$16,857,793</u>	<u>\$1,242,677</u>

General Fund expenditures increased by \$1,242,677 over the prior year mostly due to increases in costs related to salaries and benefits, and property acquisitions.

Park and Recreation Fund – The fund balance of the Park and Recreation Fund, a major governmental fund decreased by \$76,734 during 2004. The decrease in fund balance was mainly due to lower levels of transfers received from the general fund.

General Obligation Bond Retirement Fund – The fund balance of the General Obligation Bond Retirement Fund, a major governmental fund, increased by \$5,051,110. The increase was created by a large increase in funds transferred from the general fund.

Reed Hartman Improvement Fund - The fund balance of the Reed Hartman Improvement Fund, a major governmental fund, decreased by \$4,760,929. The decrease in fund balance resulted from the retirement of general obligation notes and capital expenditures for the Reed Hartman Highway.

CITY OF BLUE ASH, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2004**

Unaudited

Land Acquisition Fund - The fund balance of the Land Acquisition Fund, a major governmental fund, decreased by over \$2 million during 2004 due to the retirement of general obligation notes issued for property acquisitions in 2003.

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 2004 the City amended its General Fund budget several times, none significant.

For the General Fund, final budget basis revenue of \$25.6 million did not significantly change over the original budget estimates of \$25.6 million. The General Fund had an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2004 the City had \$58,424,230 net of accumulated depreciation invested in land, buildings, infrastructure, equipment and vehicles. Of this total, \$55,711,309 was related to governmental activities and \$2,712,921 to the business-type activities. The following table shows fiscal year 2004 and 2003 balances:

	Governmental Activities		Increase (Decrease)
	2004	2003	
Land	\$20,268,980	\$19,966,888	\$302,092
Construction In Progress	2,284,387	6,561,988	(4,277,601)
Buildings	24,992,041	18,000,836	6,991,205
Improvements Other than Buildings	6,332,230	6,265,162	67,068
Infrastructure	15,167,443	14,724,864	442,579
Machinery and Equipment	11,703,988	11,621,606	82,382
Less: Accumulated Depreciation	(25,037,760)	(23,122,533)	(1,915,227)
Totals	<u>\$55,711,309</u>	<u>\$54,018,811</u>	<u>\$1,692,498</u>
	Business-Type Activities		Increase (Decrease)
	2004	2003	
Land	\$1,124,764	\$1,124,764	\$0
Construction In Progress	\$2,293		
Buildings	1,193,998	1,193,998	0
Improvements Other than Buildings	1,968,930	1,962,493	6,437
Machinery and Equipment	1,193,364	1,115,658	77,706
Less: Accumulated Depreciation	(2,770,428)	(2,702,230)	(68,198)
Totals	<u>\$2,712,921</u>	<u>\$2,694,683</u>	<u>\$15,945</u>

The primary increase in governmental capital assets occurred in buildings. The \$6.9 million increase in buildings is attributable to the completion of the new firehouse in 2004. The business-type activities acquire mainly new machinery and equipment for maintenance and upkeep of the golf course.

As of December 31, 2004, the City has contractual commitments of \$2,838,734 for the improvements of the Reed Hartman Highway. Additional information on the City's capital assets can be found in Note 9.

Debt

At December 31, 2004, the City had \$16,300,000 in bonds outstanding, \$2,460,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2004 and 2003:

	<u>2004</u>	<u>2003</u>
Governmental Activities:		
General Obligation Bonds	\$16,300,000	\$18,760,000
Compensated Absences	1,173,784	1,115,519
Capital Leases Payable	3,503	6,719
Total Governmental Activities	<u>\$17,477,287</u>	<u>\$19,882,238</u>
Business-Type Activities:		
Compensated Absences	45,673	41,458
Total Business-Type Activities	<u>45,673</u>	<u>41,458</u>
Totals	<u>\$17,522,960</u>	<u>\$19,923,696</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, 2004, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 12.

ECONOMIC FACTORS

Blue Ash hired its first Economic Development Director during 2004, confirming City Council's commitment to preserve and maintain existing business, and to promote expansion as well. Working under the direction of the Assistant City Manager within the Community Development Department, this position focused energy in 2004 on an "outreach" program to establish and strengthen contacts with local existing businesses. Efforts were also expended on preliminary "branding" and marketing programs.

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, 2004**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 14,582,475	\$ 38,207	\$ 14,620,682
Receivables:			
Taxes	5,392,416	0	5,392,416
Accounts	71,099	0	71,099
Intergovernmental	2,252,227	273	2,252,500
Interest	22,636	0	22,636
Inventory of Supplies at Cost	153,538	18,653	172,191
Prepaid Items	95,754	460	96,214
Capital Assets:			
Capital Assets Not Being Depreciated	22,553,367	1,127,057	23,680,424
Capital Assets Being Depreciated, Net	33,157,942	1,585,864	34,743,806
Total Assets	78,281,454	2,770,514	81,051,968
Liabilities:			
Accounts Payable	1,058,275	4,685	1,062,960
Accrued Wages and Benefits	987,310	28,342	1,015,652
Intergovernmental Payable	62,618	487	63,105
Deferred Revenue	2,137,110	0	2,137,110
Accrued Interest Payable	163,880	0	163,880
General Obligation Notes Payable	11,200,000	0	11,200,000
Long-Term Liabilities:			
Due Within One Year	2,490,627	0	2,490,627
Due in More Than One Year	14,986,660	45,673	15,032,333
Total Liabilities	33,086,480	79,187	33,165,667
Net Assets:			
Invested in Capital Assets, Net of Related Debt	28,207,806	2,712,921	30,920,727
Restricted For:			
Capital Projects	2,911,142	0	2,911,142
Debt Service	5,046,142	0	5,046,142
Streets and Highways	721,278	0	721,278
Security of Persons & Property	958,669	0	958,669
Unrestricted (Deficit)	7,349,937	(21,594)	7,328,343
Total Net Assets	\$ 45,194,974	\$ 2,691,327	\$ 47,886,301

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

**Statement of Activities
For the Year Ended December 31, 2004**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Current:				
Security of Persons and Property	\$ 10,022,125	\$ 218,704	\$ 1,032,715	\$ 0
Leisure Time Activities	4,695,425	641,986	0	0
Community Development	627,530	195,256	0	0
Basic Utility Services	2,497,941	0	0	0
Transportation	2,248,461	2,584	768,998	1,717,293
General Government	6,104,954	390,473	0	0
Debt Service:				
Interest and Fiscal Charges	785,134	0	0	0
Total Governmental Activities	27,008,694	1,449,003	1,801,713	1,717,293
Business-Type Activities:				
Golf Course	1,314,862	1,105,883	0	0
Total Business-Type Activities	1,314,862	1,105,883	0	0
Totals	\$ 28,323,556	\$ 2,554,886	\$ 1,801,713	\$ 1,717,293

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
\$ (8,770,706)	\$ 0	\$ (8,770,706)
(4,053,439)	0	(4,053,439)
(432,274)	0	(432,274)
(2,497,941)	0	(2,497,941)
240,414	0	240,414
(5,741,605)	0	(5,741,605)
<u>(785,134)</u>	<u>0</u>	<u>(785,134)</u>
<u>(22,040,685)</u>	<u>0</u>	<u>(22,040,685)</u>
<u>0</u>	<u>(208,979)</u>	<u>(208,979)</u>
<u>0</u>	<u>(208,979)</u>	<u>(208,979)</u>
<u>(22,040,685)</u>	<u>(208,979)</u>	<u>(22,249,664)</u>
2,179,195	0	2,179,195
69,076	0	69,076
19,644,642	0	19,644,642
699,467	0	699,467
1,690,766	0	1,690,766
128,697	0	128,697
549,369	0	549,369
<u>(228,943)</u>	<u>228,943</u>	<u>0</u>
<u>24,732,269</u>	<u>228,943</u>	<u>24,961,212</u>
2,691,584	19,964	2,711,548
<u>42,503,390</u>	<u>2,671,363</u>	<u>45,174,753</u>
<u>\$ 45,194,974</u>	<u>\$ 2,691,327</u>	<u>\$ 47,886,301</u>

CITY OF BLUE ASH, OHIO

**Balance Sheet
Governmental Funds
December 31, 2004**

	General	Park and Recreation	General Obligation Bond Retirement
Assets:			
Cash and Cash Equivalents	\$ 5,395,817	\$ 70,710	\$ 5,125,714
Receivables:			
Taxes	5,303,764	0	88,652
Accounts	71,099	0	0
Intergovernmental	736,996	82	4,192
Interest	11,801	0	5,279
Interfund Loans Receivables	37,533	0	0
Inventory of Supplies, at Cost	24,267	14,871	0
Prepaid Items	65,525	29,624	0
Total Assets	\$ 11,646,802	\$ 115,287	\$ 5,223,837
Liabilities:			
Accounts Payable	\$ 278,951	\$ 16,672	\$ 0
Accrued Wages and Benefits Payable	849,294	65,126	0
Intergovernmental Payable	57,950	3,870	0
Interfund Loans Payable	0	0	0
Deferred Revenue	2,779,388	0	92,252
Accrued Interest Payable	0	0	0
General Obligation Notes Payable	0	0	0
Total Liabilities	3,965,583	85,668	92,252
Fund Balances:			
Reserved for Encumbrances	209,078	53,760	714
Reserved for Prepaid Items	65,525	29,624	0
Reserved for Supplies Inventory	24,267	14,871	0
Reserved for Debt Service	0	0	5,130,871
Reserved for Interfund Loans Receivable	37,533	0	0
Undesignated/Unreserved in:			
General Fund	7,344,816	0	0
Special Revenue Funds		(68,636)	0
Capital Projects Funds		0	0
Total Fund Balances	7,681,219	29,619	5,131,585
Total Liabilities and Fund Balances	\$ 11,646,802	\$ 115,287	\$ 5,223,837

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>
\$ 2,940,939	\$ 0	\$ 1,049,295	\$ 14,582,475
0	0	0	5,392,416
0	0	0	71,099
679,191	0	831,766	2,252,227
4,790	0	766	22,636
0	0	0	37,533
0	0	114,400	153,538
0	0	605	95,754
<u>\$ 3,624,920</u>	<u>\$ 0</u>	<u>\$ 1,996,832</u>	<u>\$ 22,607,678</u>
\$ 687,161	\$ 0	\$ 75,491	\$ 1,058,275
0	0	72,890	987,310
0	0	798	62,618
0	0	37,533	37,533
679,191	0	683,835	4,234,666
42,104	28,102	0	70,206
<u>7,000,000</u>	<u>4,200,000</u>	<u>0</u>	<u>11,200,000</u>
<u>8,408,456</u>	<u>4,228,102</u>	<u>870,547</u>	<u>17,650,608</u>
908,160	0	284,648	1,456,360
0	0	605	95,754
0	0	114,400	153,538
0	0	0	5,130,871
0	0	0	37,533
0	0	0	7,344,816
0	0	695,273	626,637
<u>(5,691,696)</u>	<u>(4,228,102)</u>	<u>31,359</u>	<u>(9,888,439)</u>
<u>(4,783,536)</u>	<u>(4,228,102)</u>	<u>1,126,285</u>	<u>4,957,070</u>
<u>\$ 3,624,920</u>	<u>\$ 0</u>	<u>\$ 1,996,832</u>	<u>\$ 22,607,678</u>

CITY OF BLUE ASH, OHIO

***Reconciliation Of Total Governmental Fund Balances
To Net Assets Of Governmental Activities
December 31, 2004***

Total Governmental Fund Balances		\$ 4,957,070
<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.		55,711,309
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.		2,097,556
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	(16,300,000)	
Capital Leases Payable	(3,503)	
Compensated Absences Payable	(1,173,784)	
Accrued Interest Payable	(93,674)	
		<u>(17,570,961)</u>
<i>Net Assets of Governmental Activities</i>		<u>\$ 45,194,974</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, 2004**

	General	Park and Recreation	General Obligation Bond Retirement	Reed Hartman Improvement
Revenues:				
Property Taxes	\$ 2,179,195	\$ 0	\$ 80,712	\$ 0
Municipal Income Tax	19,482,112	0	0	0
Other Local Taxes	699,467	0	0	0
Intergovernmental Revenues	1,637,730	0	8,696	1,038,102
Charges for Services	351,766	641,900	0	0
Licenses and Permits	281,098	0	0	0
Investment Earnings	81,921	0	5,279	33,679
Fines and Forfeitures	237,953	0	0	0
All Other Revenue	6,759	335,061	0	0
Total Revenue	24,958,001	976,961	94,687	1,071,781
Expenditures:				
Current:				
Security of Persons and Property	9,174,592	0	0	0
Leisure Time Activities	0	3,837,782	0	0
Community Development	657,461	0	0	0
Basic Utility Services	2,498,477	0	0	0
Transportation	0	0	0	0
General Government	5,766,124	0	0	0
Capital Outlay	0	0	0	2,802,906
Debt Service:				
Principal Retirement	3,216	0	2,460,000	0
Interest & Fiscal Charges	600	0	726,092	43,266
Total Expenditures	18,100,470	3,837,782	3,186,092	2,846,172
Excess (Deficiency) of Revenues Over Expenditures	6,857,531	(2,860,821)	(3,091,405)	(1,774,391)
Other Financing Sources (Uses):				
Sale of Capital Assets	616	0	0	0
Transfers In	0	2,784,087	8,142,515	0
Transfers Out	(7,209,513)	0	0	(2,986,538)
Total Other Financing Sources (Uses)	(7,208,897)	2,784,087	8,142,515	(2,986,538)
Net Change in Fund Balances	(351,366)	(76,734)	5,051,110	(4,760,929)
Fund Balances (Deficits) at Beginning of Year	8,030,601	105,424	80,475	(22,607)
Increase (Decrease) in Inventory Reserve	1,984	929	0	0
Fund Balances (Deficits) End of Year	\$ 7,681,219	\$ 29,619	\$ 5,131,585	\$ (4,783,536)

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

<u>Land Acquisition</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 0	\$ 0	\$ 2,259,907
0	0	19,482,112
0	0	699,467
0	1,291,486	3,976,014
0	2,184	995,850
0	400	281,498
0	7,818	128,697
0	140,053	378,006
0	1,198	343,018
<u>0</u>	<u>1,443,139</u>	<u>28,544,569</u>
0	797,876	9,972,468
0	0	3,837,782
0	0	657,461
0	0	2,498,477
0	1,876,750	1,876,750
0	0	5,766,124
0	435,788	3,238,694
0	0	2,463,216
<u>30,544</u>	<u>0</u>	<u>800,502</u>
<u>30,544</u>	<u>3,110,414</u>	<u>31,111,474</u>
(30,544)	(1,667,275)	(2,566,905)
0	0	616
0	1,114,168	12,040,770
<u>(2,071,728)</u>	<u>(1,934)</u>	<u>(12,269,713)</u>
<u>(2,071,728)</u>	<u>1,112,234</u>	<u>(228,327)</u>
(2,102,272)	(555,041)	(2,795,232)
(2,125,830)	1,694,892	7,762,955
0	(13,566)	(10,653)
<u>\$ (4,228,102)</u>	<u>\$ 1,126,285</u>	<u>\$ 4,957,070</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, 2004***

Net Change in Fund Balances - Total Governmental Funds \$ (2,795,232)

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	4,212,286	
Depreciation Expense	<u>(2,418,504)</u>	1,793,782

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.	(101,284)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,384,652
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Repayment of bond and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

General Obligation Bond Principal Payment	2,460,000	
Capital Leases Payment	<u>3,216</u>	2,463,216

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	15,368
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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	(58,265)	
Change in Inventory	<u>(10,653)</u>	<u>(68,918)</u>

<i>Change in Net Assets of Governmental Activities</i>	<u><u>\$ 2,691,584</u></u>
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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, 2004**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 2,170,000	\$ 2,170,000	\$ 2,179,195	\$ 9,195
Municipal Income Tax	20,259,083	20,259,083	19,619,222	(639,861)
Other Local Taxes	700,000	700,000	690,708	(9,292)
Intergovernmental Revenue	1,576,844	1,576,844	1,563,189	(13,655)
Charges for Services	361,950	361,950	330,894	(31,056)
Licenses and Permits	232,400	232,400	276,748	44,348
Investment Earnings	65,000	65,000	75,442	10,442
Fines and Forfeitures	214,700	221,700	237,953	16,253
All Other Revenues	1,000	1,000	6,329	5,329
Total Revenues	<u>25,580,977</u>	<u>25,587,977</u>	<u>24,979,680</u>	<u>(608,297)</u>
Expenditures:				
Current:				
Security of Persons and Property	9,245,180	9,519,503	9,272,482	247,021
Community Development	733,551	830,385	686,278	144,107
Basic Utility Services	2,614,725	2,891,894	2,675,345	216,549
General Government	8,778,024	8,647,211	5,903,288	2,743,923
Total Expenditures	<u>21,371,480</u>	<u>21,888,993</u>	<u>18,537,393</u>	<u>3,351,600</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,209,497	3,698,984	6,442,287	2,743,303
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	616	616
Transfers Out	(9,324,852)	(9,324,852)	(7,209,513)	2,115,339
Advances In	175,000	175,000	175,000	0
Advances Out	(175,000)	(175,000)	(212,533)	(37,533)
Total Other Financing Sources (Uses):	<u>(9,324,852)</u>	<u>(9,324,852)</u>	<u>(7,246,430)</u>	<u>2,078,422</u>
Net Change in Fund Balance	(5,115,355)	(5,625,868)	(804,143)	4,821,725
Fund Balance at Beginning of Year	5,115,353	5,115,353	5,115,353	0
Prior Year Encumbrances	589,011	589,011	589,011	0
Fund Balance at End of Year	<u>\$ 589,009</u>	<u>\$ 78,496</u>	<u>\$ 4,900,221</u>	<u>\$ 4,821,725</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, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 672,900	\$ 672,900	\$ 641,986	\$ (30,914)
All Other Revenues	273,800	273,800	334,861	61,061
Total Revenues	<u>946,700</u>	<u>946,700</u>	<u>976,847</u>	<u>30,147</u>
Expenditures:				
Current:				
Leisure Time Activities	4,398,300	4,540,816	3,928,658	612,158
Total Expenditures	<u>4,398,300</u>	<u>4,540,816</u>	<u>3,928,658</u>	<u>612,158</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,451,600)	(3,594,116)	(2,951,811)	642,305
Other Financing Sources (Uses):				
Transfers In	3,451,600	3,451,600	2,784,087	(667,513)
Total Other Financing Sources (Uses):	<u>3,451,600</u>	<u>3,451,600</u>	<u>2,784,087</u>	<u>(667,513)</u>
Net Change in Fund Balance	0	(142,516)	(167,724)	(25,208)
Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances	167,724	167,724	167,724	0
Fund Balance at End of Year	<u>\$ 167,724</u>	<u>\$ 25,208</u>	<u>\$ 0</u>	<u>\$ (25,208)</u>

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

**Statement of Net Assets
Proprietary Fund
December 31, 2004**

	Business-Type Activities Enterprise Fund Golf Course
Assets:	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$ 38,207
Receivables:	
Intergovernmental	273
Inventory of Supplies at Cost	18,653
Prepaid Items	460
<i>Total Current Assets</i>	<u>57,593</u>
<i>Non Current Assets:</i>	
Capital Assets:	
Capital Assets Not Being Depreciated	1,127,057
Capital Assets Being Depreciated, Net	<u>1,585,864</u>
Total Assets	<u>2,770,514</u>
Liabilities:	
<i>Current Liabilities:</i>	
Accounts Payable	4,685
Accrued Wages and Benefits	28,342
Intergovernmental Payable	487
<i>Total Current Liabilities</i>	<u>33,514</u>
<i>Long Term Liabilities:</i>	
Compensated Absences Payable	<u>45,673</u>
Total Liabilities	<u>79,187</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	2,712,921
Unrestricted	(21,594)
Total Net Assets	<u>\$ 2,691,327</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, 2004**

	Business-Type Activities Enterprise Fund Golf Course
Operating Revenues:	
Charges for Services	\$ 1,080,060
Other Operating Revenue	1,109
Total Operating Revenues	1,081,169
Operating Expenses:	
Personal Services	790,030
Contractual Services	117,226
Materials and Supplies	214,106
Depreciation	152,063
Total Operating Expenses	1,273,425
Operating Loss	(192,256)
Nonoperating Revenue (Expenses):	
Loss on Disposal of Capital Assets	(18,481)
Other Nonoperating Revenue	24,714
Other Nonoperating Expense	(22,956)
Total Nonoperating Revenues (Expenses)	(16,723)
Loss Before Transfers	(208,979)
Transfers In	228,943
Change in Net Assets	19,964
Net Assets Beginning of Year	2,671,363
Net Assets End of Year	\$ 2,691,327

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, 2004**

	Business-Type Activities Enterprise Fund Golf Course
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$1,081,197
Cash Payments for Goods and Services	(356,431)
Cash Payments to Employees	(785,960)
Other Operating Cash Receipts	24,441
Net Cash Used by Operating Activities	<u>(36,753)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>	
Transfers In from Other Funds	228,943
Advances In from Other Funds	100,000
Advances Out to Other Funds	(100,000)
Net Cash Provided by Noncapital Financing Activities	<u>228,943</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Acquisition and Construction of Assets	(196,134)
Net Cash Used for Capital and Related Financing Activities	<u>(196,134)</u>
Net Decrease in Cash and Cash Equivalents	(3,944)
Cash and Cash Equivalents at Beginning of Year	42,151
Cash and Cash Equivalents at End of Year	<u>\$38,207</u>
<u>Reconciliation of Operating Loss to Net Cash</u>	
<u>Used by Operating Activities:</u>	
Operating Loss	(\$192,256)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	152,063
Miscellaneous Nonoperating Income	24,714
Miscellaneous Nonoperating Expense	(22,956)
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	28
Decrease in Intergovernmental Receivables	82
Increase in Inventory	(841)
Decrease in Prepaid Items	236
Decrease in Accounts Payable	(2,228)
Decrease in Accrued Wages and Benefits	(227)
Increase in Intergovernmental Payable	417
Increase in Compensated Absences	4,215
Total Adjustments	<u>155,503</u>
Net Cash Used by Operating Activities	<u>(\$36,753)</u>

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

**Statement of Net Assets
Fiduciary Funds
December 31, 2004**

	<u>Agency</u>
Assets:	
Cash and Cash Equivalents	\$ 5,178
Restricted Assets:	
Cash and Cash Equivalents with Fiscal Agent	<u>1,595</u>
Total Assets	<u>6,773</u>
Liabilities:	
Intergovernmental Payable	861
Due to Others	<u>5,912</u>
Total Liabilities	<u>6,773</u>
Total Net Assets	<u>\$ 0</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

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, 2004 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, 2004***

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.

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

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. Transfers between governmental funds are eliminated on the government-wide Statement of Activities. These eliminations minimize the duplicating effect on assets, liabilities, revenues, and expenditures within the governmental and business-type activities total column.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

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, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

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

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

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

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

Property taxes measurable as of December 31, 2004 but which are not intended to finance 2004 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue. Property taxes are further described in Note 5.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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

E. Budgetary Process

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

All funds, other than agency funds, are legally required to be budgeted and appropriated; however, only the general fund and major special revenue funds are required to be reported. The Land Acquisition and Kenwood Road Construction Funds (capital projects) are being reported as part of the statements prepared using generally accepted accounting principles but were not budgeted by the City because they are outside of the appropriated budget and do not maintain separate budgetary financial records. The legal level of budgetary control is by fund at the major object level (personal services, materials and supplies, contractual services, capital outlay, and transfers) by department. Budgetary control is maintained by not permitting expenditures to exceed appropriations at the major object level for each department within each fund without the approval of City Council. Administrative control is maintained through the establishment of more detailed line-item budgets. Budgetary modifications above the major object level by fund may only be made by ordinance of the City Council. During 2004, 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, 2004***

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 2004.

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 2004. 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, 2004**

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)	(\$351,366)	(\$76,734)
Increase (Decrease):		
Accrued Revenues at December 31, 2004 received during 2005	(3,382,234)	(282)
Accrued Revenues at December 31, 2003 received during 2004	3,366,045	0
Accrued Expenditures at December 31, 2004 paid during 2005	1,186,195	85,668
Accrued Expenditures at December 31, 2003 paid during 2004	(1,100,114)	(121,367)
2003 Prepays for 2004	36,997	43,960
2004 Prepays for 2005	(65,525)	(29,624)
Outstanding Encumbrances	(494,141)	(69,345)
Budget Basis	<u>(\$804,143)</u>	<u>(\$167,724)</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

During fiscal year 2004, 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 4, "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 4, "Cash, Cash Equivalents and Investments."

The City has invested funds in the STAR Ohio during 2004. 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, 2004.

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, 2004, 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, 2004***

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

<u>Description</u>	<u>Estimated Lives (in years)</u>
Buildings	15 - 25
Improvements other than Buildings	25
Machinery, Equipment, Furniture and Fixtures	3 - 10
Infrastructure	15 - 100

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Long-Term Obligations

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

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds	General Obligation Bond Retirement Fund
Capital Leases	General Fund
Compensated Absences	General Fund Street Construction, Maintenance and Repair Fund and Park and Recreation Fund Golf Course Fund

L. Compensated Absences

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

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

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

For governmental funds, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "compensated absence payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. In the government wide statement of net assets, "Compensated Absences Payable" is recorded within the "Due within one year" account and the long-term portion of the liability is recorded within the "Due in more than one year" account. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

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, 2004***

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, interfund loan receivables, 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 2004.

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 2 – 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	\$350,936
Intergovernmental Revenue Receivable	<u>1,746,620</u>
	\$2,097,556

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	(\$100,668)
Sale of Capital Assets	<u>(616)</u>
	(\$101,284)

Governmental revenues not reported in the funds:

Increase in Delinquent Tax Revenue	\$165,417
Increase in Intergovernmental Revenue Receivable	<u>1,219,235</u>
	\$1,384,652

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equities - The fund deficits at December 31, 2004 of \$17,294 in the Task Force Grant Fund (special revenue 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 \$4,228,102 in the Land Acquisition Fund and \$4,783,536 in the Reed Hartman Improvement Fund (capital projects funds) arose from the recognition of general obligation notes payable under the modified accrual basis of accounting. Under the budgetary basis of accounting, proceeds from the sale of notes are recognized as revenue and expenditures are recognized when paid, therefore, a deficit does not exist. Deficits do not exist on a cash basis. Transfers are provided when cash is required, not when accruals occur.

NOTE 4 - 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, 2004***

NOTE 4 - 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, 2004**

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

A. Deposits

At year end the carrying amount of the City's deposits was \$9,634,589 and the bank balance was \$10,054,262. The City's deposits include the respective amounts of \$6,773 and \$3,570 in the mayor's court and in petty cash. 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, 2004 are summarized below:

<u>Non-Categorized Investments</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
STAR Ohio	<u>\$4,992,866</u>	<u>\$4,992,866</u>
Total Investments	<u>\$4,992,866</u>	<u>\$4,992,866</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 Financial Statements	\$14,627,455	\$0
Investments:		
STAR Ohio	<u>(4,992,866)</u>	<u>4,992,866</u>
Per GASB Statement No. 3	<u>\$9,634,589</u>	<u>\$4,992,866</u>

* Includes Cash with Fiscal Agent.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 5 - 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 2004 were levied after October 1, 2003 on assessed values as of January 1, 2003, 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, 2004 was \$3.08 per \$1,000 of assessed value. The assessed value upon which the 2004 levy was based was \$799,130,325. This amount constitutes \$611,271,360 in real property assessed value, \$18,995,320 in public utility assessed value and \$168,863,645 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, 2004**

NOTE 5 - 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 6 - RECEIVABLES

Receivables at December 31, 2004 consisted of taxes, interest, accounts receivable, interfund receivables and intergovernmental receivables arising from shared revenues. All receivables are considered collectible in full. Those receivables that relate to amounts not intended to finance the current fiscal year are offset by deferred revenue.

NOTE 7 - INTERFUND BALANCES

Individual interfund balances at December 31, 2004 are as follows:

<u>Fund</u>	<u>Interfund Loan Receivable</u>	<u>Interfund Loan Payable</u>
General Fund	\$37,533	\$0
Nonmajor Governmental Fund:		
Task Force Grant Fund	<u>0</u>	<u>37,533</u>
Totals	<u>\$37,533</u>	<u>\$37,533</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 8 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2004:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$0	\$7,209,513
Park and Recreation Fund	2,784,087	0
General Obligation Bond Retirement Fund	8,142,515	0
Reed Hartman Improvement Fund	0	2,986,538
Land Acquisition Fund	0	2,071,728
Golf Course Fund	228,943	0
Nonmajor Governmental Funds:		
Street Construction, Maintenance and Repair Fund	1,014,168	0
Service Garage Construction Fund	0	1,934
Firehouse Construction Fund	100,000	0
Total Nonmajor Governmental Funds	<u>1,114,168</u>	<u>1,934</u>
Totals	<u>\$12,269,713</u>	<u>\$12,269,713</u>

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 9 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2004:

Historical Cost:

Class	December 31, 2003	Additions	Deletions	December 31, 2004
Capital assets not being depreciated:				
Land	\$19,966,888	\$305,067	(\$2,975)	\$20,268,980
Construction in Progress	6,561,988	2,149,653	(6,427,254)	2,284,387
Capital assets being depreciated:				
Buildings	18,000,836	6,996,235	(5,030)	24,992,041
Improvements Other than Buildings	6,265,162	67,068	0	6,332,230
Infrastructure	14,724,864	442,579	0	15,167,443
Machinery and Equipment	11,621,606	678,938	(596,556)	11,703,988
Total Cost	<u>\$77,141,344</u>	<u>\$10,639,540</u>	<u>(\$7,031,815)</u>	<u>\$80,749,069</u>

Accumulated Depreciation:

Class	December 31, 2003	Additions	Deletions	December 31, 2004
Buildings	(\$9,464,679)	(\$796,187)	\$3,398	(\$10,257,468)
Improvements Other than Buildings	(2,641,691)	(251,948)	0	(2,893,639)
Infrastructure	(3,882,624)	(324,759)	0	(4,207,383)
Machinery and Equipment	(7,133,539)	(1,045,610)	499,879	(7,679,270)
Total Depreciation	<u>(\$23,122,533)</u>	<u>(\$2,418,504) *</u>	<u>\$503,277</u>	<u>(\$25,037,760)</u>
Net Value:	<u>\$54,018,811</u>			<u>\$55,711,309</u>

* Depreciation expenses were charged to governmental functions as follows:

Leisure Time Activities	\$847,066
Transportation	364,964
General Government	1,206,474
Total Depreciation Expense	<u>\$2,418,504</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 9 - CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by Category at December 31, 2004:

Historical Cost:

Class	December 31, 2003	Additions	Deletions	December 31, 2004
<i>Capital assets not being depreciated:</i>				
Land	\$1,124,764	\$0	\$0	\$1,124,764
Construction in Progress	0	2,293	0	2,293
<i>Capital assets being depreciated:</i>				
Buildings	1,193,998	0	0	1,193,998
Improvements Other than Buildings	1,962,493	6,437	0	1,968,930
Machinery and Equipment	1,115,658	180,052	(102,346)	1,193,364
Total Cost	\$5,396,913	\$188,782	(\$102,346)	\$5,483,349

Accumulated Depreciation:

Class	December 31, 2003	Additions	Deletions	December 31, 2004
Buildings	(\$845,266)	(\$17,568)	\$0	(\$862,834)
Improvements Other than Buildings	(1,104,958)	(40,940)	0	(1,145,898)
Machinery and Equipment	(752,006)	(93,555)	83,865	(761,696)
Total Depreciation	(\$2,702,230)	(\$152,063)	\$83,865	(\$2,770,428)

Net Value:

Total	\$2,694,683			\$2,712,921
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NOTE 10 – 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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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 2004, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 8.5%. The 2004 employer contribution rate for local government employer units was 13.55%, of covered payroll, 9.55% to fund the pension and 4.0% to fund health care. The contribution requirements of plan members and the City are established and may be amended by the Public Employees Retirement Board. The City's contributions to the Ohio PERS for the years ending December 31, 2004, 2003 and 2002 were \$914,489, \$870,304 and \$840,296, respectively, which were equal to the required contributions for each year.

The Ohio PERS provides postemployment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. The health care coverage provided by the Ohio PERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the Ohio PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the Ohio PERS. The portion of the 2004 employer contribution rate (identified above) that was used to fund health care for the year 2004 was 4.0% of covered payroll which amounted to \$261,283.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 10 – 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, 2003. 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 2003 was 8.0%. An annual increase of 4.0% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0% base increase, were assumed to range from 0.5% to 6.3%. Health care costs were assumed to increase 4.0% annually plus an additional factor ranging from 1% to 6% for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase 4% (the projected wage inflation rate).

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 369,885. The actuarial value of the Ohio PERS net assets available for OPEB at December 31, 2003 is \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$26.9 billion and \$16.4 billion, respectively.

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

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

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, 2004***

NOTE 10 – 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, 2004, 2003 and 2002 were \$542,945, \$535,749 and \$519,667 for police and \$459,010, \$415,962 and \$405,094 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 2004 covered payroll that was used to fund postemployment health care benefits was \$215,786 representing 7.75% of covered payroll for police and \$148,222 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, 2003, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 13,662 for police and 10,474 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, 2003 were \$150,853,148, which was net of member contributions of \$17,207,506.

NOTE 11 - 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, 2004**

NOTE 11 - NOTES PAYABLE (Continued)

	Issue Date	Balance January 1, 2004	Issued	(Retired)	Balance December 31, 2004
Capital Projects Notes Payable:					
1.35% Reed Hartman Highway Improvement	02/06/03	\$1,000,000	\$0	(\$1,000,000)	\$0
1.25% Reed Hartman Highway Improvement	02/05/04	0	3,000,000	0	3,000,000
2.35% Reed Hartman Highway Improvement	12/01/04	0	4,000,000	0	4,000,000
1.35% Land Acquisition	02/06/03	2,100,000	0	(2,100,000)	0
1.25% Land Acquisition	02/05/04	0	2,100,000	0	2,100,000
2.35% Land Acquisition	12/01/04	0	2,100,000	0	2,100,000
Total Capital Projects Notes Payable		<u>\$3,100,000</u>	<u>\$11,200,000</u>	<u>(\$3,100,000)</u>	<u>\$11,200,000</u>

NOTE 12 - LONG-TERM OBLIGATIONS

Detail of the changes in the bonds, compensated absences, and capital leases of the City for the year ended December 31, 2004 is as follows:

		Balance December 31, 2003	Issued	(Retired)	Balance December 31, 2004	Amount Due Within One Year
Governmental Activities:						
General Obligation Bonds:						
4.63 - 4.75% Kenwood Road Improvement Bonds	2000	\$8,760,000	\$0	(\$1,460,000)	\$7,300,000	\$1,460,000
2.53 - 3.13% Service Garage and Firehouse Bond	2003	10,000,000	0	(1,000,000)	9,000,000	1,000,000
Total General Obligation Bonds		<u>18,760,000</u>	<u>0</u>	<u>(2,460,000)</u>	<u>16,300,000</u>	<u>2,460,000</u>
Compensated Absences		1,115,519	224,717	(166,452)	1,173,784	27,124
Capital Leases Payable		6,719	0	(3,216)	3,503	3,503
Total Governmental Activities		<u>\$19,882,238</u>	<u>\$224,717</u>	<u>(\$2,629,668)</u>	<u>\$17,477,287</u>	<u>\$2,490,627</u>

	Balance December 31, 2003	Additions	(Reductions)	Balance December 31, 2004	Due Within One Year
Business-Type Activities					
Compensated Absences	\$41,458	\$4,215	\$0	\$45,673	\$0
Total Business-Type Activities	<u>\$41,458</u>	<u>\$4,215</u>	<u>\$0</u>	<u>\$45,673</u>	<u>\$0</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 12 - LONG-TERM OBLIGATIONS (Continued)

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, 2004 was \$83,908,684.

A. Principal and Interest Requirements

Principal and interest requirements to retire long-term debt outstanding at December 31, 2004 are as follows:

Years	General Obligation Bonds		
	Principal	Interest	Total
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	2,460,000	218,100	2,678,100
2010-2013	4,000,000	305,000	4,305,000
Totals	<u>\$16,300,000</u>	<u>\$2,312,120</u>	<u>\$18,612,120</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, 2004, there were four series of Industrial Revenue Bonds outstanding. The aggregate principal amount payable for the four series issued prior to December 31, 2004, could not be determined; however, their original issue amounts totaled \$5,380,000.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 13 - 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, 2004:

<u>Year Ending December 31,</u>	<u>Capital Leases</u>
2005	<u>\$3,816</u>
Minimum Lease Payments	3,816
Less: Amount representing interest at the City's incremental borrowing rate of interest	<u>(313)</u>
Present value of minimum lease payments	<u><u>\$3,503</u></u>

NOTE 14 - CONSTRUCTION COMMITMENTS

As of December 31, 2004, the City had the following commitments with respect to capital projects:

<u>Project</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Reed Hartman Highway Improvement	<u>\$2,838,734</u>	June 2005
Total	<u><u>\$2,838,734</u></u>	

NOTE 15 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. In 1992 the City entered into a joint insurance pool, Miami Valley Risk Management Association, Inc. (MVRMA, Inc.) with other local cities. As of December 31, 2004, the pool has twenty members. The pool has been operational since December of 1988 and was formed in accordance with Section 2744 of the Ohio Revised Code. This jointly governed organization provides real and personal property, crime, surety, general liability, boiler and machinery, employment practices liability, police professional and public official liability coverage up to the limits stated below. Membership in MVRMA is intended to provide broad based coverage up to the limits stated below, with increased emphasis on safety and loss prevention and to create an opportunity for other local governments to participate. MVRMA is a non-profit corporation governed by a twenty-member board of trustees, consisting of a representative appointed by each of the member

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 15 - 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 twenty participating cities and their respective pool contribution factors for the loss year ended December 31, 2004 are:

<u>Entity</u>	<u>Percentage</u>	<u>Entity</u>	<u>Percentage</u>
Beavercreek	5.51 %	Montgomery	3.16 %
Bellbrook	1.92 %	Piqua	6.18 %
Blue Ash	6.24 %	Sidney	7.16 %
Centerville	2.04 %	Springdale	4.05 %
Englewood	3.03 %	Tipp City	2.39 %
Indian Hill	2.42 %	Troy	6.65 %
Kettering	16.44 %	Vandalia	4.56 %
Madeira	1.61 %	West Carrollton	3.09 %
Mason	8.69 %	Wilmington	5.65 %
Miamisburg	6.01 %	Wyoming	3.20 %
Subtotal	<u>53.91 %</u>	Subtotal	<u>46.09 %</u>
		Total	<u><u>100.00 %</u></u>

The 2004 pool contribution from the City of Blue Ash was \$226,070 representing 6.27% 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	\$100,000,000	per occurrence
Crime / Employee Theft	1,000,000	per occurrence
Liability	7,000,000	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, 2004***

NOTE 15 - RISK MANAGEMENT (Continued)

The member deductible per occurrence for most types of claims is \$2,500. The pool's self insured retention (SIR) for property claims is \$2,501 - \$250,000 per occurrence. The SIR for Boiler and Machinery is \$2,500 - \$5,000, except for wastewater treatment plants and electrical substations where the SIR is \$2,501-\$10,000. 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, 2004, because an actuarial opinion issued as of that date reported actual MVRMA loss reserves of \$6,735,564 an amount in excess of the recommended net reserve of \$4,664,587. MVRMA reported Blue Ash's loss experience for years 2003, 2002 and 2001 as \$21,889, \$95,852, and \$16,375 respectively.

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

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

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

*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Street Construction Maintenance and Repair Fund

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

Municipal Motor Vehicle License Tax Fund

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

State Highway Fund

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

Task Force Grant Fund

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

Law Enforcement and Law Enforcement (DART) Fund

To account for the proceeds from the confiscation of contraband.

Drug Law Enforcement and Drug Law Enforcement (DART) Fund

To account for mandatory fines collected for drug offenses.

Education Enforcement (DUI) Fund

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

Capital Projects Funds

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

Firehouse Construction Fund

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

Service Garage Construction Fund

To account for financial resources used for the construction of a new service garage facility. (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. (The Balance Sheet is not presented because there are no assets or liabilities at year end. This fund only exists on a GAAP basis and is not part of the City's appropriated budget, therefore no budgetary schedule is presented.)

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, 2004**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Cash and Cash Equivalents	\$ 1,005,799	\$ 43,496	\$ 1,049,295
Receivables (net of allowance for doubtful accounts):			
Intergovernmental	831,766	0	831,766
Interest	673	93	766
Inventory of Supplies, at Cost	114,400	0	114,400
Prepaid Items	605	0	605
Total Assets	\$ 1,953,243	\$ 43,589	\$ 1,996,832
Liabilities:			
Accounts Payable	\$ 75,491	\$ 0	\$ 75,491
Accrued Wages and Benefits Payable	72,890	0	72,890
Intergovernmental Payable	798	0	798
Interfund Loans Payable	37,533	0	37,533
Deferred Revenue	683,835	0	683,835
Total Liabilities	870,547	0	870,547
Fund Balances:			
Reserved for Encumbrances	272,418	12,230	284,648
Reserved for Prepaid Items	605	0	605
Reserved for Supplies Inventory	114,400	0	114,400
Undesignated/Unreserved	695,273	31,359	726,632
Total Fund Balances	1,082,696	43,589	1,126,285
Total Liabilities and Fund Balances	\$ 1,953,243	\$ 43,589	\$ 1,996,832

CITY OF BLUE ASH, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2004**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Intergovernmental Revenues	\$ 1,291,486	\$ 0	\$ 1,291,486
Charges for Services	2,184	0	2,184
Licenses and Permits	400	0	400
Investment Earnings	4,821	2,997	7,818
Fines and Forfeitures	140,053	0	140,053
All Other Revenue	796	402	1,198
Total Revenue	1,439,740	3,399	1,443,139
Expenditures:			
Current:			
Security of Persons and Property	797,876	0	797,876
Transportation	1,876,750	0	1,876,750
Capital Outlay	0	435,788	435,788
Total Expenditures	2,674,626	435,788	3,110,414
Excess (Deficiency) of Revenues Over Expenditures	(1,234,886)	(432,389)	(1,667,275)
Other Financing Sources (Uses):			
Transfers In	1,014,168	100,000	1,114,168
Transfers Out	0	(1,934)	(1,934)
Total Other Financing Sources (Uses)	1,014,168	98,066	1,112,234
Net Change in Fund Balance	(220,718)	(334,323)	(555,041)
Fund Balances at Beginning of Year	1,316,980	377,912	1,694,892
Decrease in Inventory Reserve	(13,566)	0	(13,566)
Fund Balances End of Year	\$ 1,082,696	\$ 43,589	\$ 1,126,285

CITY OF BLUE ASH, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2004**

	Street Construction, Maintenance and Repair Fund	Municipal Motor Vehicle License Tax Fund	State Highway Fund	Task Force Grant Fund
Assets:				
Cash and Cash Equivalents	\$ 306,785	\$ 19,526	\$ 138,977	\$ 0
Receivables (net of allowance for doubtful accounts):				
Intergovernmental	259,056	48,600	20,982	502,448
Interest	330	70	273	0
Inventory of Supplies, at Cost	114,400	0	0	0
Prepaid Items	0	0	0	0
Total Assets	<u>\$ 680,571</u>	<u>\$ 68,196</u>	<u>\$ 160,232</u>	<u>\$ 502,448</u>
Liabilities:				
Accounts Payable	\$ 72,367	\$ 0	\$ 0	\$ 2,337
Accrued Wages and Benefits Payable	58,511	0	0	14,379
Intergovernmental Payable	220	0	0	578
Interfund Loans Payable	0	0	0	37,533
Deferred Revenue	172,532	32,400	13,988	464,915
Total Liabilities	<u>303,630</u>	<u>32,400</u>	<u>13,988</u>	<u>519,742</u>
Fund Balances:				
Reserved for Encumbrances	234,418	0	0	0
Reserved for Prepaid Items	0	0	0	0
Reserved for Supplies Inventory	114,400	0	0	0
Undesignated/Unreserved	28,123	35,796	146,244	(17,294)
Total Fund Balances	<u>376,941</u>	<u>35,796</u>	<u>146,244</u>	<u>(17,294)</u>
Total Liabilities and Fund Balances	<u>\$ 680,571</u>	<u>\$ 68,196</u>	<u>\$ 160,232</u>	<u>\$ 502,448</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
\$ 435,242	\$ 42,238	\$ 33,944	\$ 16,804	\$ 12,283	\$ 1,005,799
0	0	172	0	508	831,766
0	0	0	0	0	673
0	0	0	0	0	114,400
0	455	0	150	0	605
<u>\$ 435,242</u>	<u>\$ 42,693</u>	<u>\$ 34,116</u>	<u>\$ 16,954</u>	<u>\$ 12,791</u>	<u>\$ 1,953,243</u>
\$ 0	\$ 70	\$ 717	\$ 0	\$ 0	\$ 75,491
0	0	0	0	0	72,890
0	0	0	0	0	798
0	0	0	0	0	37,533
0	0	0	0	0	683,835
<u>0</u>	<u>70</u>	<u>717</u>	<u>0</u>	<u>0</u>	<u>870,547</u>
38,000	0	0	0	0	272,418
0	455	0	150	0	605
0	0	0	0	0	114,400
397,242	42,168	33,399	16,804	12,791	695,273
<u>435,242</u>	<u>42,623</u>	<u>33,399</u>	<u>16,954</u>	<u>12,791</u>	<u>1,082,696</u>
<u>\$ 435,242</u>	<u>\$ 42,693</u>	<u>\$ 34,116</u>	<u>\$ 16,954</u>	<u>\$ 12,791</u>	<u>\$ 1,953,243</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, 2004**

	Street Construction, Maintenance and Repair Fund	Municipal Motor Vehicle License Tax Fund	State Highway Fund	Task Force Grant Fund
Revenues:				
Intergovernmental Revenues	\$ 560,153	\$ 118,081	\$ 44,772	\$ 567,800
Charges for Services	2,184	0	0	0
Licenses and Permits	400	0	0	0
Investment Earnings	2,175	1,122	1,524	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	796	0	0	0
Total Revenue	<u>565,708</u>	<u>119,203</u>	<u>46,296</u>	<u>567,800</u>
Expenditures:				
Current:				
Security of Persons and Property	0	0	0	570,067
Transportation	1,727,065	147,510	2,175	0
Total Expenditures	<u>1,727,065</u>	<u>147,510</u>	<u>2,175</u>	<u>570,067</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,161,357)	(28,307)	44,121	(2,267)
Other Financing Sources (Uses):				
Transfers In	1,014,168	0	0	0
Total Other Financing Sources (Uses)	<u>1,014,168</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(147,189)	(28,307)	44,121	(2,267)
Fund Balances (Deficit) at Beginning of Year	537,696	64,103	102,123	(15,027)
Decrease in Inventory Reserve	(13,566)	0	0	0
Fund Balances (Deficit) End of Year	<u>\$ 376,941</u>	<u>\$ 35,796</u>	<u>\$ 146,244</u>	<u>\$ (17,294)</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
\$ 0	\$ 0	\$ 172	\$ 0	\$ 508	\$ 1,291,486
0	0	0	0	0	2,184
0	0	0	0	0	400
0	0	0	0	0	4,821
47,362	81,341	1,775	7,017	2,558	140,053
0	0	0	0	0	796
<u>47,362</u>	<u>81,341</u>	<u>1,947</u>	<u>7,017</u>	<u>3,066</u>	<u>1,439,740</u>
51,089	172,217	717	3,786	0	797,876
0	0	0	0	0	1,876,750
<u>51,089</u>	<u>172,217</u>	<u>717</u>	<u>3,786</u>	<u>0</u>	<u>2,674,626</u>
(3,727)	(90,876)	1,230	3,231	3,066	(1,234,886)
0	0	0	0	0	1,014,168
0	0	0	0	0	1,014,168
(3,727)	(90,876)	1,230	3,231	3,066	(220,718)
438,969	133,499	32,169	13,723	9,725	1,316,980
0	0	0	0	0	(13,566)
<u>\$ 435,242</u>	<u>\$ 42,623</u>	<u>\$ 33,399</u>	<u>\$ 16,954</u>	<u>\$ 12,791</u>	<u>\$ 1,082,696</u>

CITY OF BLUE ASH, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2004**

	Firehouse Construction Fund	Land Purchase Fund	Total Nonmajor Capital Projects Funds
Assets:			
Cash and Cash Equivalents	\$ 32,681	\$ 10,815	\$ 43,496
Receivables (net of allowance for doubtful accounts):			
Interest	93	0	93
Total Assets	<u>\$ 32,774</u>	<u>\$ 10,815</u>	<u>\$ 43,589</u>
Liabilities:			
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Fund Balances:			
Reserved for Encumbrances	12,230	0	12,230
Undesignated/Unreserved	20,544	10,815	31,359
Total Fund Balances	<u>32,774</u>	<u>10,815</u>	<u>43,589</u>
Total Liabilities and Fund Balances	<u>\$ 32,774</u>	<u>\$ 10,815</u>	<u>\$ 43,589</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, 2004**

	Firehouse Construction Fund	Service Garage Construction Fund	Kenwood Road Construction Fund	Land Purchase Fund	Total Nonmajor Capital Project Funds
Revenues:					
Investment Earnings	\$ 2,978	\$ 19	\$ 0	\$ 0	\$ 2,997
All Other Revenue	402	0	0	0	402
Total Revenue	3,380	19	0	0	3,399
Expenditures:					
Capital Outlay	428,628	0	7,160	0	435,788
Total Expenditures	428,628	0	7,160	0	435,788
Excess (Deficiency) of Revenues Over Expenditures	(425,248)	19	(7,160)	0	(432,389)
Other Financing Sources (Uses):					
Transfers In	100,000	0	0	0	100,000
Transfers Out	0	(1,934)	0	0	(1,934)
Total Other Financing Sources (Uses)	100,000	(1,934)	0	0	98,066
Net Change in Fund Balance	(325,248)	(1,915)	(7,160)	0	(334,323)
Fund Balances at Beginning of Year	358,022	1,915	7,160	10,815	377,912
Fund Balances End of Year	\$ 32,774	\$ 0	\$ 0	\$ 10,815	\$ 43,589

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, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 2,170,000	\$ 2,170,000	\$ 2,179,195	\$ 9,195
Municipal Income Taxes	20,259,083	20,259,083	19,619,222	(639,861)
Other Local Taxes	700,000	700,000	690,708	(9,292)
Intergovernmental Revenues	1,576,844	1,576,844	1,563,189	(13,655)
Charges for Services	361,950	361,950	330,894	(31,056)
Licenses and Permits	232,400	232,400	276,748	44,348
Investment Earnings	65,000	65,000	75,442	10,442
Fines and Forfeitures	214,700	221,700	237,953	16,253
All Other Revenues	1,000	1,000	6,329	5,329
Total Revenues	<u>25,580,977</u>	<u>25,587,977</u>	<u>24,979,680</u>	<u>(608,297)</u>
Expenditures:				
Security of Persons and Property:				
Police Division:				
Personal Services	4,852,000	4,852,000	4,724,405	127,595
Materials and Supplies	94,200	118,937	110,973	7,964
Contractual Services	460,500	470,872	403,801	67,071
Capital Outlay	175,245	208,573	207,024	1,549
Total Police Division	<u>5,581,945</u>	<u>5,650,382</u>	<u>5,446,203</u>	<u>204,179</u>
Fire Division:				
Personal Services	3,244,000	3,384,000	3,374,578	9,422
Materials and Supplies	86,800	92,866	78,430	14,436
Contractual Services	231,300	253,838	237,586	16,252
Capital Outlay	101,135	138,417	135,685	2,732
Total Fire Division	<u>3,663,235</u>	<u>3,869,121</u>	<u>3,826,279</u>	<u>42,842</u>
Total Security of Persons and Property	<u>9,245,180</u>	<u>9,519,503</u>	<u>9,272,482</u>	<u>247,021</u>
Community Development:				
Building Division:				
Personal Services	443,800	348,800	313,638	35,162
Materials and Supplies	3,594	3,675	1,984	1,691
Contractual Services	284,157	472,910	366,589	106,321
Capital Outlay	2,000	5,000	4,067	933
Total Building Division	<u>733,551</u>	<u>830,385</u>	<u>686,278</u>	<u>144,107</u>
Total Community Development	<u>733,551</u>	<u>830,385</u>	<u>686,278</u>	<u>144,107</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, 2004***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Basic Utility Services:				
Public Services Division:				
Personal Services	965,200	965,200	922,699	42,501
Materials and Supplies	80,000	85,834	72,456	13,378
Contractual Services	1,388,800	1,500,868	1,370,527	130,341
Capital Outlay	180,725	339,992	309,663	30,329
Total Public Services Division	<u>2,614,725</u>	<u>2,891,894</u>	<u>2,675,345</u>	<u>216,549</u>
Total Basic Utility Services	<u>2,614,725</u>	<u>2,891,894</u>	<u>2,675,345</u>	<u>216,549</u>
General Government:				
Legislative Services:				
Personal Services	69,000	69,000	60,948	8,052
Materials and Supplies	700	700	330	370
Contractual Services	226,300	321,894	308,030	13,864
Capital Outlay	1,000	1,000	0	1,000
Total Legislative Services	<u>297,000</u>	<u>392,594</u>	<u>369,308</u>	<u>23,286</u>
Judicial Services:				
Personal Services	186,600	220,600	175,940	44,660
Materials and Supplies	1,650	1,650	553	1,097
Contractual Services	13,600	17,995	11,683	6,312
Capital Outlay	2,700	3,099	1,462	1,637
Total Judicial Services	<u>204,550</u>	<u>243,344</u>	<u>189,638</u>	<u>53,706</u>
Tax and Finance Divisions:				
Personal Services	583,000	621,000	611,942	9,058
Materials and Supplies	3,400	3,657	2,085	1,572
Contractual Services	150,300	149,912	116,005	33,907
Capital Outlay	3,000	3,000	2,258	742
Total Tax and Finance Divisions	<u>739,700</u>	<u>777,569</u>	<u>732,290</u>	<u>45,279</u>
Administrative Services Division:				
Personal Services	945,000	945,000	941,452	3,548
Materials and Supplies	5,400	5,506	4,076	1,430
Contractual Services	23,400	23,402	12,390	11,012
Capital Outlay	8,000	8,000	98	7,902
Total Administrative Services Division	<u>981,800</u>	<u>981,908</u>	<u>958,016</u>	<u>23,892</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, 2004***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Facilities Maintenance Division:				
Personal Services	785,500	785,500	762,367	23,133
Materials and Supplies	154,450	163,498	138,632	24,866
Contractual Services	266,600	305,605	249,047	56,558
Capital Outlay	56,200	61,953	22,667	39,286
Total Facilities Maintenance Division	<u>1,262,750</u>	<u>1,316,556</u>	<u>1,172,713</u>	<u>143,843</u>
Insurance Services Division:				
Contractual Services	297,000	297,353	253,209	44,144
Total Insurance Services Division	<u>297,000</u>	<u>297,353</u>	<u>253,209</u>	<u>44,144</u>
General Government Services:				
Personal Services	643,000	598,000	498,096	99,904
Materials and Supplies	49,600	49,856	26,319	23,537
Contractual Services	1,161,580	887,263	831,517	55,746
Capital Outlay	3,141,044	3,102,768	872,182	2,230,586
Total General Government Services	<u>4,995,224</u>	<u>4,637,887</u>	<u>2,228,114</u>	<u>2,409,773</u>
Total General Government	<u>8,778,024</u>	<u>8,647,211</u>	<u>5,903,288</u>	<u>2,743,923</u>
Total Expenditures	<u>21,371,480</u>	<u>21,888,993</u>	<u>18,537,393</u>	<u>3,351,600</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	4,209,497	3,698,984	6,442,287	2,743,303
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	616	616
Transfers Out	(9,324,852)	(9,324,852)	(7,209,513)	2,115,339
Advances In	175,000	175,000	175,000	0
Advances Out	(175,000)	(175,000)	(212,533)	(37,533)
Total Other Financing Sources (Uses)	<u>(9,324,852)</u>	<u>(9,324,852)</u>	<u>(7,246,430)</u>	<u>2,078,422</u>
Net Change in Fund Balance	(5,115,355)	(5,625,868)	(804,143)	4,821,725
Fund Balance at Beginning of Year	5,115,353	5,115,353	5,115,353	0
Prior Year Encumbrances	589,011	589,011	589,011	0
Fund Balance at End of Year	<u>\$ 589,009</u>	<u>\$ 78,496</u>	<u>\$ 4,900,221</u>	<u>\$ 4,821,725</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, 2004**

PARK AND RECREATION FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Charges for Services	\$ 672,900	\$ 672,900	\$ 641,986	\$ (30,914)
All Other Revenues	273,800	273,800	334,861	61,061
Total Revenues	<u>946,700</u>	<u>946,700</u>	<u>976,847</u>	<u>30,147</u>
Expenditures:				
Leisure Time Activities:				
Recreation Programming Division:				
Personal Services	1,154,400	1,154,400	1,060,093	94,307
Materials and Supplies	163,200	164,393	130,177	34,216
Contractual Services	1,233,800	1,241,208	1,201,592	39,616
Capital Outlay	48,750	54,296	53,863	433
Total Recreation Programming Division	<u>2,600,150</u>	<u>2,614,297</u>	<u>2,445,725</u>	<u>168,572</u>
Blue Ash Sports Center Division:				
Materials and Supplies	0	20,130	20,130	0
Contractual Services	0	348	348	0
Total Blue Ash Sports Center Division	<u>0</u>	<u>20,478</u>	<u>20,478</u>	<u>0</u>
Grounds Maintenance Division:				
Personal Services	890,100	890,100	723,085	167,015
Materials and Supplies	185,200	193,419	154,068	39,351
Contractual Services	427,950	433,428	338,905	94,523
Capital Outlay	294,900	389,094	246,397	142,697
Total Grounds Maintenance Division	<u>1,798,150</u>	<u>1,906,041</u>	<u>1,462,455</u>	<u>443,586</u>
Total Expenditures	<u>4,398,300</u>	<u>4,540,816</u>	<u>3,928,658</u>	<u>612,158</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(3,451,600)	(3,594,116)	(2,951,811)	642,305
Other Financing Sources (Uses):				
Transfers In	3,451,600	3,451,600	2,784,087	(667,513)
Total Other Financing Sources (Uses)	<u>3,451,600</u>	<u>3,451,600</u>	<u>2,784,087</u>	<u>(667,513)</u>
Net Change in Fund Balance	0	(142,516)	(167,724)	(25,208)
Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances	167,724	167,724	167,724	0
Fund Balance at End of Year	<u>\$ 167,724</u>	<u>\$ 25,208</u>	<u>\$ 0</u>	<u>\$ (25,208)</u>

CITY OF BLUE ASH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Debt Service Fund
For the Year Ended December 31, 2004**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
GENERAL OBLIGATION BOND RETIREMENT FUND				
Revenues:				
Property Taxes	\$ 82,000	\$ 82,000	\$ 80,712	\$ (1,288)
Intergovernmental Revenues	9,890	9,890	8,766	(1,124)
Total Revenues	91,890	91,890	89,478	(2,412)
Expenditures:				
Debt Service:				
Principal Retirement	5,560,000	5,560,000	5,560,000	0
Interest and Fiscal Charges	736,280	771,280	768,540	2,740
Total Expenditures	6,296,280	6,331,280	6,328,540	2,740
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,204,390)	(6,239,390)	(6,239,062)	328
Other Financing Sources (Uses):				
General Obligation Notes Issued	3,100,000	3,100,000	8,200,000	5,100,000
Transfers In	3,049,577	3,086,511	3,084,249	(2,262)
Total Other Financing Sources (Uses)	6,149,577	6,186,511	11,284,249	5,097,738
Net Change in Fund Balance	(54,813)	(52,879)	5,045,187	5,098,066
Fund Balance at Beginning of Year	79,813	79,813	79,813	0
Fund Balance at End of Year	\$ 25,000	\$ 26,934	\$ 5,125,000	\$ 5,098,066

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, 2004**

REED HARTMAN IMPROVEMENT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Intergovernmental Revenues	\$ 822,000	\$ 822,000	\$ 1,038,102	\$ 216,102
Investment Earnings	8,000	8,000	29,770	21,770
Total Revenues	<u>830,000</u>	<u>830,000</u>	<u>1,067,872</u>	<u>237,872</u>
Expenditures:				
Capital Outlay	<u>3,554,000</u>	<u>4,571,480</u>	<u>3,732,238</u>	<u>839,242</u>
Total Expenditures	<u>3,554,000</u>	<u>4,571,480</u>	<u>3,732,238</u>	<u>839,242</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,724,000)	(3,741,480)	(2,664,366)	1,077,114
Other Financing Sources (Uses):				
General Obligation Notes Issued	<u>2,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>2,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>0</u>
Net Change in Fund Balance	(724,000)	(741,480)	335,634	1,077,114
Fund Balance at Beginning of Year	987,596	987,596	987,596	0
Prior Year Encumbrances	22,388	22,388	22,388	0
Fund Balance at End of Year	<u>\$ 285,984</u>	<u>\$ 268,504</u>	<u>\$ 1,345,618</u>	<u>\$ 1,077,114</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, 2004***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND			
Revenues:			
Intergovernmental Revenues	\$ 511,200	\$ 542,419	\$ 31,219
Charges for Services	2,000	2,184	184
Licenses and Permits	300	400	100
Investment Earnings	4,000	2,124	(1,876)
All Other Revenues	800	796	(4)
Total Revenues	<u>518,300</u>	<u>547,923</u>	<u>29,623</u>
Expenditures:			
Transportation:			
Street Division:			
Personal Services	672,000	594,724	77,276
Materials and Supplies	240,246	205,569	34,677
Contractual Services	314,194	260,138	54,056
Capital Outlay	2,129,842	1,138,592	991,250
Total Expenditures	<u>3,356,282</u>	<u>2,199,023</u>	<u>1,157,259</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,837,982)	(1,651,100)	1,186,882
Other Financing Sources (Uses):			
Transfers In	2,228,325	1,014,168	(1,214,157)
Total Other Financing Sources (Uses)	<u>2,228,325</u>	<u>1,014,168</u>	<u>(1,214,157)</u>
Net Changes in Fund Balance	(609,657)	(636,932)	(27,275)
Fund Balance at Beginning of Year	0	0	0
Prior Year Encumbrances	636,932	636,932	0
Fund Balance at End of Year	<u>\$ 27,275</u>	<u>\$ 0</u>	<u>\$ (27,275)</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, 2004***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 118,000	\$ 114,289	\$ (3,711)
Investment Earnings	2,000	1,113	(887)
Total Revenues	<u>120,000</u>	<u>115,402</u>	<u>(4,598)</u>
Expenditures:			
Transportation:			
Street Division:			
Personal Services	<u>150,000</u>	<u>147,510</u>	<u>2,490</u>
Total Expenditures	<u>150,000</u>	<u>147,510</u>	<u>2,490</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(30,000)	(32,108)	(2,108)
Fund Balance at Beginning of Year	<u>51,634</u>	<u>51,634</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 21,634</u>	<u>\$ 19,526</u>	<u>\$ (2,108)</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, 2004**

	STATE HIGHWAY FUND		Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
Revenues:			
Intergovernmental Revenues	\$ 40,500	\$ 43,331	\$ 2,831
Investment Earnings	700	1,332	632
Total Revenues	<u>41,200</u>	<u>44,663</u>	<u>3,463</u>
Expenditures:			
Transportation:			
Street Division:			
Contractual Services	<u>81,175</u>	<u>2,175</u>	<u>79,000</u>
Total Expenditures	<u>81,175</u>	<u>2,175</u>	<u>79,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(39,975)	42,488	82,463
Fund Balance at Beginning of Year	95,314	95,314	0
Prior Year Encumbrances	<u>1,175</u>	<u>1,175</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 56,514</u>	<u>\$ 138,977</u>	<u>\$ 82,463</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, 2004**

	TASK FORCE GRANT FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	
Revenues:			
Intergovernmental Revenues	\$ 569,887	\$ 530,267	\$ (39,620)
Total Revenues	<u>569,887</u>	<u>530,267</u>	<u>(39,620)</u>
Expenditures:			
Security of Persons and Property:			
Police Division:			
Personal Services	300,969	300,969	0
Materials and Supplies	13,558	13,558	0
Contractual Services	<u>255,360</u>	<u>253,273</u>	<u>2,087</u>
Total Expenditures	<u>569,887</u>	<u>567,800</u>	<u>2,087</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	0	(37,533)	(37,533)
Other Financing Sources (Uses):			
Advances In	75,000	112,533	37,533
Advances Out	<u>(75,000)</u>	<u>(75,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>37,533</u>	<u>37,533</u>
Net Change in Fund Balance	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF BLUE ASH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004**

LAW ENFORCEMENT FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$ 56,000	\$ 47,362	\$ (8,638)
Total Revenues	<u>56,000</u>	<u>47,362</u>	<u>(8,638)</u>
Expenditures:			
Security of Persons and Property:			
Police Division:			
Personal Services	8,656	8,656	0
Materials and Supplies	48,000	3,959	44,041
Contractual Services	167,000	19,465	147,535
Capital Outlay	128,159	67,168	60,991
Total Expenditures	<u>351,815</u>	<u>99,248</u>	<u>252,567</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(295,815)	(51,886)	243,929
Fund Balance at Beginning of Year	400,969	400,969	0
Prior Year Encumbrances	48,159	48,159	0
Fund Balance at End of Year	<u>\$ 153,313</u>	<u>\$ 397,242</u>	<u>\$ 243,929</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, 2004**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$ 64,284	\$ 81,341	\$ 17,057
All Other Revenues	100	0	(100)
Total Revenues	<u>64,384</u>	<u>81,341</u>	<u>16,957</u>
Expenditures:			
Security of Persons and Property:			
Police Division:			
Personal Services	4,000	821	3,179
Materials and Supplies	2,000	749	1,251
Contractual Services	161,366	141,036	20,330
Capital Outlay	10,000	9,576	424
Total Expenditures	<u>177,366</u>	<u>152,182</u>	<u>25,184</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(112,982)	(70,841)	42,141
Fund Balance at Beginning of Year	105,949	105,949	0
Prior Year Encumbrances	7,130	7,130	0
Fund Balance at End of Year	<u>\$ 97</u>	<u>\$ 42,238</u>	<u>\$ 42,141</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, 2004**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$ 2,000	\$ 1,775	\$ (225)
Total Revenues	<u>2,000</u>	<u>1,775</u>	<u>(225)</u>
Expenditures:			
Security of Persons and Property:			
Police Division:			
Materials and Supplies	1,000	0	1,000
Contractual Services	16,000	0	16,000
Capital Outlay	3,000	717	2,283
Total Expenditures	<u>20,000</u>	<u>717</u>	<u>19,283</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(18,000)	1,058	19,058
Fund Balance at Beginning of Year	32,169	32,169	0
Fund Balance at End of Year	<u>\$ 14,169</u>	<u>\$ 33,227</u>	<u>\$ 19,058</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, 2004**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$ 6,000	\$ 7,017	\$ 1,017
Total Revenues	<u>6,000</u>	<u>7,017</u>	<u>1,017</u>
Expenditures:			
Security of Persons and Property:			
Police Division:			
Materials and Supplies	500	456	44
Contractual Services	8,000	1,853	6,147
Capital Outlay	<u>3,000</u>	<u>1,387</u>	<u>1,613</u>
Total Expenditures	<u>11,500</u>	<u>3,696</u>	<u>7,804</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,500)	3,321	8,821
Fund Balance at Beginning of Year	<u>13,483</u>	<u>13,483</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 7,983</u>	<u>\$ 16,804</u>	<u>\$ 8,821</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, 2004**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$ 1,500	\$ 2,768	\$ 1,268
Total Revenues	<u>1,500</u>	<u>2,768</u>	<u>1,268</u>
Expenditures:			
Security of Persons and Property:			
Police Division:			
Contractual Services	<u>1,500</u>	<u>0</u>	<u>1,500</u>
Total Expenditures	<u>1,500</u>	<u>0</u>	<u>1,500</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	2,768	2,768
Fund Balance at Beginning of Year	<u>9,515</u>	<u>9,515</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 9,515</u>	<u>\$ 12,283</u>	<u>\$ 2,768</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, 2004**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment Earnings	\$ 3,241	\$ 3,596	\$ 355
All Other Revenues	403	402	(1)
Total Revenues	<u>3,644</u>	<u>3,998</u>	<u>354</u>
Expenditures:			
Capital Outlay	<u>764,536</u>	<u>747,396</u>	<u>17,140</u>
Total Expenditures	<u>764,536</u>	<u>747,396</u>	<u>17,140</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(760,892)	(743,398)	17,494
Other Financing Sources (Uses):			
Transfers In	<u>100,000</u>	<u>100,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>100,000</u>	<u>0</u>
Net Change in Fund Balance	(660,892)	(643,398)	17,494
Fund Balance at Beginning of Year	23,936	23,936	0
Prior Year Encumbrances	<u>639,913</u>	<u>639,913</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 2,957</u>	<u>\$ 20,451</u>	<u>\$ 17,494</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, 2004**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment Earnings	\$ 27	\$ 28	\$ 1
Total Revenues	<u>27</u>	<u>28</u>	<u>1</u>
Expenditures:			
Capital Outlay	<u>5,328</u>	<u>5,328</u>	<u>0</u>
Total Expenditures	<u>5,328</u>	<u>5,328</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,301)	(5,300)	1
Other Financing Sources (Uses):			
Transfers Out	<u>(1,934)</u>	<u>(1,934)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(1,934)</u>	<u>(1,934)</u>	<u>0</u>
Net Change in Fund Balance	(7,235)	(7,234)	1
Fund Balance at Beginning of Year	1,906	1,906	0
Prior Year Encumbrances	<u>5,328</u>	<u>5,328</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (1)</u>	<u>\$ 0</u>	<u>\$ 1</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, 2004***

	LAND PURCHASE FUND		Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
Revenues:			
Licenses and Permits	\$ 600	\$ 0	\$ (600)
Total Revenues	<u>600</u>	<u>0</u>	<u>(600)</u>
Expenditures:			
Capital Outlay	<u>6,500</u>	<u>0</u>	<u>6,500</u>
Total Expenditures	<u>6,500</u>	<u>0</u>	<u>6,500</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,900)	0	5,900
Fund Balance at Beginning of Year	<u>10,815</u>	<u>10,815</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 4,915</u>	<u>\$ 10,815</u>	<u>\$ 5,900</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, 2004**

	Balance December 31, 2003	Additions	Deductions	Balance December 31, 2004
<u>Mayor's Court</u>				
Assets:				
Cash and Cash Equivalents with Fiscal Agent	\$1,207	\$346,037	(\$345,649)	\$1,595
Total Assets	<u>\$1,207</u>	<u>\$346,037</u>	<u>(\$345,649)</u>	<u>\$1,595</u>
Liabilities:				
Due to Others	\$1,207	\$346,037	(\$345,649)	\$1,595
Total Liabilities	<u>\$1,207</u>	<u>\$346,037</u>	<u>(\$345,649)</u>	<u>\$1,595</u>
<u>Ohio Board of Building Standards Assessments</u>				
Assets:				
Cash and Cash Equivalents	\$523	\$4,984	(\$4,646)	\$861
Total Assets	<u>\$523</u>	<u>\$4,984</u>	<u>(\$4,646)</u>	<u>\$861</u>
Liabilities:				
Intergovernmental Payables	\$523	\$4,984	(\$4,646)	\$861
Total Liabilities	<u>\$523</u>	<u>\$4,984</u>	<u>(\$4,646)</u>	<u>\$861</u>
<u>Arson Task Force</u>				
Assets:				
Cash and Cash Equivalents	\$4,555	\$52	(\$290)	\$4,317
Total Assets	<u>\$4,555</u>	<u>\$52</u>	<u>(\$290)</u>	<u>\$4,317</u>
Liabilities:				
Due to Others	\$4,555	\$52	(\$290)	\$4,317
Total Liabilities	<u>\$4,555</u>	<u>\$52</u>	<u>(\$290)</u>	<u>\$4,317</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$5,078	\$5,036	(\$4,936)	\$5,178
Cash and Cash Equivalents with Fiscal Agent	1,207	346,037	(345,649)	1,595
Total Assets	<u>\$6,285</u>	<u>\$351,073</u>	<u>(\$350,585)</u>	<u>\$6,773</u>
Liabilities:				
Intergovernmental Payables	\$523	\$4,984	(\$4,646)	\$861
Due to Others	5,762	346,089	(345,939)	5,912
Total Liabilities	<u>\$6,285</u>	<u>\$351,073</u>	<u>(\$350,585)</u>	<u>\$6,773</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, 2004***

Capital Assets:

Land	\$20,268,980
Buildings	24,992,042
Improvements Other than Buildings	6,332,231
Infrastructure	15,167,441
Machinery and Equipment	11,703,988
Construction in Progress	<u>2,284,387</u>
Total Capital Assets	<u>\$80,749,069</u>

Investment in Capital Assets from:

General Fund	\$16,613,493
Special Revenue Funds	14,257,595
Capital Project Funds	49,857,595
Enterprise Fund	5,500
Capital Leases	<u>14,886</u>
Total Investment in Capital Assets	<u>\$80,749,069</u>

CITY OF BLUE ASH, OHIO

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
December 31, 2004***

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other Than Buildings</u>
<u>General Government:</u>			
Administration	\$331,208	\$1,926,349	\$257,209
Legislative	0	7,375	0
Judicial	0	0	0
Finance / Tax	0	44,030	0
Total	<u>331,208</u>	<u>1,977,754</u>	<u>257,209</u>
<u>Security of Persons and Property:</u>			
Police	0	774,429	0
Fire	0	7,510,930	1,900
Total	<u>0</u>	<u>8,285,359</u>	<u>1,900</u>
<u>Transportation:</u>			
Street	<u>8,829,235</u>	<u>233,500</u>	<u>0</u>
<u>Leisure Time Activities:</u>			
Park	4,489,415	8,894,139	1,838,658
Grounds Maintenance	<u>3,012,745</u>	<u>3,128,557</u>	<u>3,708,685</u>
Total	<u>7,502,160</u>	<u>12,022,696</u>	<u>5,547,343</u>
<u>Basic Utility Services:</u>			
Public Services	<u>1,708,423</u>	<u>2,308,457</u>	<u>383,450</u>
<u>Community Development:</u>			
Building	<u>1,897,954</u>	<u>164,275</u>	<u>142,328</u>
Construction in Progress			
Total Capital Assets	<u>\$20,268,980</u>	<u>\$24,992,041</u>	<u>\$6,332,230</u>

CITY OF BLUE ASH, OHIO

Infrastructure	Machinery and Equipment	Total
\$0	\$1,687,117	\$4,201,883
0	4,241	11,616
0	5,421	5,421
0	69,658	113,688
0	1,766,437	4,332,608
0	1,687,715	2,462,144
0	3,300,463	10,813,293
0	4,988,178	13,275,437
15,167,443	282,279	24,512,457
0	985,262	16,207,474
0	1,446,599	11,296,586
0	2,431,861	27,504,060
0	2,190,895	6,591,225
0	44,338	2,248,895
		2,284,387
<u>\$15,167,443</u>	<u>\$11,703,988</u>	<u>\$80,749,069</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, 2004**

<u>Function and Activity</u>	<u>December 31, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2004</u>
<u>General Government:</u>				
Administration	\$4,227,771	\$189,305	(\$215,193)	\$4,201,883
Legislative	11,617	0	0	11,617
Judicial	5,715	534	(828)	5,421
Finance / Tax	117,715	2,521	(6,548)	113,688
Total	<u>4,362,818</u>	<u>192,360</u>	<u>(222,569)</u>	<u>4,332,609</u>
<u>Security of Persons and Property:</u>				
Police	2,411,823	200,668	(150,347)	2,462,144
Fire	4,158,973	6,693,590	(39,270)	10,813,293
Total	<u>6,570,796</u>	<u>6,894,258</u>	<u>(189,617)</u>	<u>13,275,437</u>
<u>Transportation:</u>				
Street	24,128,959	442,579	(59,082)	24,512,456
<u>Leisure Time Activities:</u>				
Park	15,466,280	747,683	(6,489)	16,207,474
Grounds Maintenance	11,281,086	111,386	(95,886)	11,296,586
Total	<u>26,747,366</u>	<u>859,069</u>	<u>(102,375)</u>	<u>27,504,060</u>
<u>Basic Utility Services:</u>				
Public Services	6,512,555	95,704	(17,034)	6,591,225
<u>Community Development:</u>				
Building	2,256,862	5,916	(13,883)	2,248,895
Construction in Progress	6,561,988	2,149,653	(6,427,254)	2,284,387
Total Capital Assets	<u>\$77,141,344</u>	<u>\$10,639,539</u>	<u>(\$7,031,814)</u>	<u>\$80,749,069</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
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
2004	9,972,468	3,837,782	657,461	2,498,477	1,876,750	5,766,124	3,238,694	3,263,718	31,111,474

(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
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
2004	22,441,486	3,976,014	995,850	281,498	128,697	378,006	343,018	28,544,569

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

CITY OF BLUE ASH, OHIO

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

<u>Collection Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections To Tax Levy</u>	<u>Accumulated Outstanding Delinquent Taxes</u>	<u>Percentage of Accumulated Delinquent Taxes To Total Tax Levy</u>
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%
2004	2,657,202	2,414,955	92,579	2,507,534	94.37%	149,668	5.63%

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	
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%
2004	611,271,360	1,746,489,600	18,995,320	18,995,320	168,863,645	675,454,580	799,130,325	2,440,939,500	32.74%

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	Total
	General Fund	Debt Service Fund		Sycamore ** School District		Taxing Districts	
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 **
2004	2.97	0.11	3.08	49.03 *	21.51	2.70	76.32 *
				60.40 **			87.69 **

Source: Hamilton County, Ohio: County Auditor

CITY OF BLUE ASH, OHIO

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

Collection Year	Amount Billed	Amount Collected	Percent Collected
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%
2004	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, 2004**

Assessed Value		<u>\$799,130,325</u>
Unvoted Debt Limit 5-1/2% Assessed Value		\$43,952,168
Total Unvoted Debt Outstanding at December 31, 2004	16,300,000	
Unvoted General Obligation Bonds Issued in Anticipation of the Collection of Lawfully available Municipal Income Tax to be Applied to Debt Service	<u>(16,300,000)</u>	
Subtotal	0	
Less: Bond Retirement Fund Balance	<u>(5,131,585)</u>	
Net Subject to 5-1/2% Limitation		<u>0</u>
Legal Debt Margin within 5-1/2% Limitation		<u>\$43,952,168</u>

**COMPUTATION OF 10-1/2 % LEGAL DEBT MARGIN
DECEMBER 31, 2004**

Assessed Value		<u>\$799,130,325</u>
Voted and Unvoted Debt Limit 10-1/2% Assessed Value		\$83,908,684
Total Voted and Unvoted Debt Outstanding at December 31, 2004	16,300,000	
Unvoted General Obligation Bonds Issued in Anticipation of the Collection of Lawfully available Municipal Income Tax to be Applied to Debt Service	<u>(16,300,000)</u>	
Subtotal	0	
Less: Bond Retirement Fund Balance	<u>(5,131,585)</u>	
Net Subject to 10-1/2% Limitation		<u>0</u>
Legal Debt Margin within 10-1/2% Limitation		<u>\$83,908,684</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**

Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Debt Service Funds Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Valuation	Net Bonded Debt Per Capita
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
2004	12,513 (b)	799,130,325	0	5,131,585	0	0.00%	0

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

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

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

CITY OF BLUE ASH, OHIO

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

<u>Year</u>	<u>Debt Principal</u>	<u>Interest and Fiscal Charges</u>	<u>Total Bonded Debt Service (1)</u>	<u>General Governmental Expenditures (2)</u>	<u>Debt Service to General Governmental Expenditures</u>
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%
2004	2,460,000	669,430	3,129,430	31,111,474	10.06%

(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, 2004**

<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)	\$27,500,000	100.00%	\$27,500,000
Overlapping Subdivisions			
Sycamore Community School District	39,368,599	47.54%	18,715,832
Princeton City School District	84,755,000	1.65%	1,398,458
Great Oaks Joint Vocational School District	5,310,000	4.60%	244,260
Hamilton County	123,690,000	4.20%	5,194,980
		Subtotal	<u>25,553,529</u>
		Total	<u><u>\$53,053,529</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>
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%
2004	12,513 (b)	5,673	5.3%

(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	
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
2004	191	8,379,157	319	15,131,203	149,199,466

(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, 2004**

<u>Taxpayer</u>	<u>2004 Assessed Valuation (Tax Duplicate)</u>	<u>Percentage of Total Assessed Valuation</u>
1. Duke Realty Ltd Partnership	\$45,236,610	5.66%
2. Cincinnati Gas & Electric Co.	12,216,590	1.53%
3. Procter & Gamble Co.	11,359,990	1.42%
4. Ethicon Inc.	9,684,300	1.21%
5. Harold R Silverman LLC.	8,638,440	1.08%
6. Charleston at Blue Ash	6,170,860	0.77%
7. Blue Ash Oxford & Associates Ltd	5,526,080	0.69%
8. Gallenstein Investments LLC.	5,333,470	0.67%
9. Neyer/Carver Road LLC.	5,189,490	0.65%
10. CLP Industrial Properties LLC.	<u>4,914,280</u>	<u>0.61%</u>
Sub-Total	114,270,110	14.29%
All Others	<u>684,860,215</u>	<u>85.71%</u>
Total	<u><u>\$799,130,325</u></u>	<u><u>100.00%</u></u>

Source: Hamilton County, Ohio: County Auditor.

**PRINCIPAL EMPLOYERS
DECEMBER 31, 2004**

<u>Employer</u>	<u>Number of Employees *</u>
1. The Procter and Gamble Company	3,002
2. Ethicon, Inc.	1,384
3. Fidelity Investments	988
4. Ingersoll-Rand (Steelcraft)	959
5. Sara Lee Foods	818
6. Wornick Company	763
7. Mercy Health Systems	515
8. Belcan Engineering Services	477
9. Time Warner	474
10. LSI Industries	426

* Full-time Equivalents.

Source: City of Blue Ash City Tax Office.

CITY OF BLUE ASH, OHIO

***MISCELLANEOUS STATISTICS
DECEMBER 31, 2004***

	Date of Incorporation	1955 (Village)	1961 (City)	
	Form of Government	Charter (adopted 1961, last amended 1989)		
Area	7.7 Square Miles	Building Permits Issued in 2004		510
Miles of Streets	62.60 (155.14 Lane Miles)	Recreation and Culture:		
Number of Street Lights (per Light bill)	1,049	Golf Course		18 Holes
		Number of Parks		10
Police Protection:		Number of Libraries		1
Number of Stations	1	(Operated by Hamilton County)		
Number of Authorized Sworn Officers	38	Employees:		
Fire/Emergency Medical Services:		Authorized Full-time		150
Number of Stations	2	Variable Part-Time		
Number of Full-time Officers and Firefighter/Paramedics	30	Education (K-12) (Public Only) *		
		Number of Schools		7
		Number of Teachers		542
		Number of Students		5,673

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





**Auditor of State
Betty Montgomery**

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Facsimile 614-466-4490

CITY OF BLUE ASH

HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 12, 2005**