

CITY OF BLUE ASH, OHIO

Independent Auditors' Report on
Internal Controls and Compliance

December 31, 2006



Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the City of Blue Ash, Hamilton County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2006 through December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 18, 2007

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

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

To the City Council
City of Blue Ash, Ohio:

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of City of Blue Ash, Ohio (the City) as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 12, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance And Other Matters

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

We noted certain matters that we reported to management of the City in a separate letter dated June 12, 2007.

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

A handwritten signature in cursive script that reads "Clark, Schaefer, Hachett & Co.".

Cincinnati, Ohio
June 12, 2007

***Comprehensive Annual
Financial Report***



Blue Ash, Ohio

***FOR THE YEAR ENDED
DECEMBER 31, 2006***



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2006

Prepared by the Finance Department

Sherry L. Poppe, CPA



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INTRODUCTORY SECTION





CITY OF BLUE ASH

4343 Cooper Road • Blue Ash, Ohio 45242

David M. Waltz, City Manager

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fax (513)-745-8594

www.blueash.com

June 12, 2007

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, 2006. While there is no legal requirement for the preparation of this report, it represents a commitment by the City of Blue Ash to conform to nationally recognized standards of excellence in financial reporting. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operation of the City; and that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been presented.

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

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

THE CITY OF BLUE ASH

The City of Blue Ash is a vibrant Ohio community located twelve miles northeast of Cincinnati. Its 7.7 square mile area serves a residential population of 12,513 (2000 Census) and an estimated daytime population of 55,000. In 2006, approximately 2,000 businesses and organizations were located in Blue Ash. Blue Ash is a balanced community with approximately 35% of the area designated for residential use; approximately 35% for industrial and commercial use; and the remaining 30% used for municipal, educational, and agricultural purposes. Blue Ash was settled in 1791, incorporated as a village in 1955 and became a City in 1961. Blue Ash is a home-rule City with a Council/Manager form of government. The City's responsibilities and structure are outlined in the City Charter, which was adopted by residents in 1961 and was last amended in 2006.

***Letter of Transmittal
For the Year Ended December 31, 2006***

The legislative body of Blue Ash consists of a seven-member Council, five of whom are elected by Ward, and two of whom are elected At-Large. Council chooses the Mayor and Vice Mayor among its members. All seven members are elected on a partisan basis for two-year terms, with the terms of current Council members expiring November 30, 2007.

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

ECONOMIC CONDITIONS AND OUTLOOK

Local Economy

Even though the City of Blue Ash's economic capacity has been widely recognized, it became evident in recent years that the competitive environment has shifted and the need existed for a focused economic development investment. New programs were initiated several years ago in conjunction with the hiring of the City's first Economic Development Director, which proved successful in enhanced business retention and in the attraction of new businesses. Improved city/business communications and relationships, an outreach program, and other business-friendly initiatives have proved beneficial in the Economic Development area. Blue Ash's local activities coupled with the regional efforts of the Greater Cincinnati Chamber of Commerce, have proved very helpful in the attraction of new business to the city. As an example, during 2006, the TIF-assisted, Landings Project on Carver Road was successful in leasing an entire multi story office building to Citigroup, providing up to 1,000 new jobs for Blue Ash and the regional economy.

MAJOR INITIATIVES

Capital Improvements

The composition of the Blue Ash community (involving equally balanced residential, business, and other components), is also reflected in the significant 2006 achievements.

The focused efforts of the Economic and Community Development office on maintaining, and enhancing, the economic strength of the Blue Ash business community was evident in 2006. Using Tax Increment Financing to provide for the construction of a public parking garage, Duke's Landings Project on Carver Road was finalized resulting in the placement of Citigroup's Technology Center within the first building of that development. Cincinnati Eye Institute moved its 300 employees from a nearby city into their fully renovated Northmark building during 2006, representing the largest ophthalmic practice in the country. Additionally, significant expansions of existing businesses occurred within the Wornick Company, Camargo Pharmaceuticals, and the Toyota Motor Sales Division as well. A new Hilton Garden Hotel was targeted for construction, and the Kroger Company moved approximately 500 employees into a new facility acquired on Grooms Road. These successes, coupled with the efforts to improve business retention, continue to strengthen the local community and enhance earnings tax collection levels.

***Letter of Transmittal
For the Year Ended December 31, 2006***

The Administration is committed to maintaining and improving the residential housing stock within the City, through utilization of the city funded Home Repair Assistance Program, via careful attention to infill and replacement housing, and through construction of new dwellings wherever possible. During 2006, work began on the Park Manor residential project adjacent to downtown providing 42 upscale landominiums in an excellent location. The City assisted this project through the subsidized sale of surplus land to the developer and welcomed this project as a step toward the new downtown theme being envisioned for the district.

Citizens overwhelmingly approved and supported “Issue 15” at the November 2006 election, assuring a broad range of “quality of life” and recreational improvements for 2007 and beyond. The citizens agreed to a Charter amendment to increase the earnings tax rate from 1% to 1.25% beginning in 2007. The proceeds will be utilized for the acquisition of 130 acres of park property (along with the relocation of the current Blue Ash Airport for a public park), a significant renovation and expansion of the City’s Recreation Center, Golf Course improvements including the relocation of two holes onto the Airport Park property as well as the construction of a new club house and banquet facility, and finally to provide resources for significant roadway and traffic improvements in coming years. The citizen’s support of this concept demonstrated the value placed upon a balanced community that respects green space and assures a high quality of life for the residents throughout the City.

For The Future

The City Council and Administration envision a continued focus on economic development issues, including the attraction of new businesses wherever possible, support through Tax Increment Financing to the 29 acre Osborne Boulevard property targeted for office development, and continued relationships with our diverse existing business base.

The implementation of the “Issue 15” components mentioned above will begin in 2007 and will likely not be completed until 2012. The first major component is the renovation and expansion of the Cooper Road Recreation Center, with the expected start date to be August 15, 2007. That project, envisioned to cost in the \$10,000,000 range, will take 18 months to complete. Although preliminary design work may begin on the Golf Course Clubhouse and Airport Park components of Issue 15, no significant work will take place until the Blue Ash Airport (currently owned by the City of Cincinnati) is relocated onto smaller acreage adjacent to the 130-acre park property.

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.

***Letter of Transmittal
For the Year Ended December 31, 2006***

Budgetary control is maintained within the personal services, operating expense, contractual services, and capital outlay categories within each department through the encumbering of estimated purchase amounts prior to the release of formal purchase orders to vendors. Purchase order requisitions, which would result in an overrun above appropriated balances, are not approved until additional appropriations are made available via City Council approved ordinances amending the annual appropriations ordinance. Open encumbrances as of December 31, 2006 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. Further information about MVRMA is available at www.mvrma.com.

Cash Management

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

INDEPENDENT AUDIT

The Auditor of the State of Ohio contracted with Clark, Schaefer, Hackett & Co. to audit the basic financial statements of the City of Blue Ash. Their unqualified opinion has been included in this report.

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, 2005. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government finance reports.

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

***Letter of Transmittal
For the Year Ended December 31, 2006***

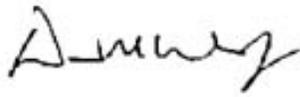
A Certificate of Achievement is valid for a period of one year only. The City of Blue Ash has received a Certificate of Achievement for the last nineteen consecutive years (fiscal years ended 1987-2005). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

ACKNOWLEDGMENTS

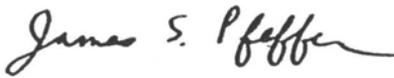
Sincere appreciation is extended to the many individuals who have worked diligently and contributed much time and effort in making this report possible.

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,



David M. Waltz
City Manager



James S. Pfeffer
Treasurer/Administrative
Services Director



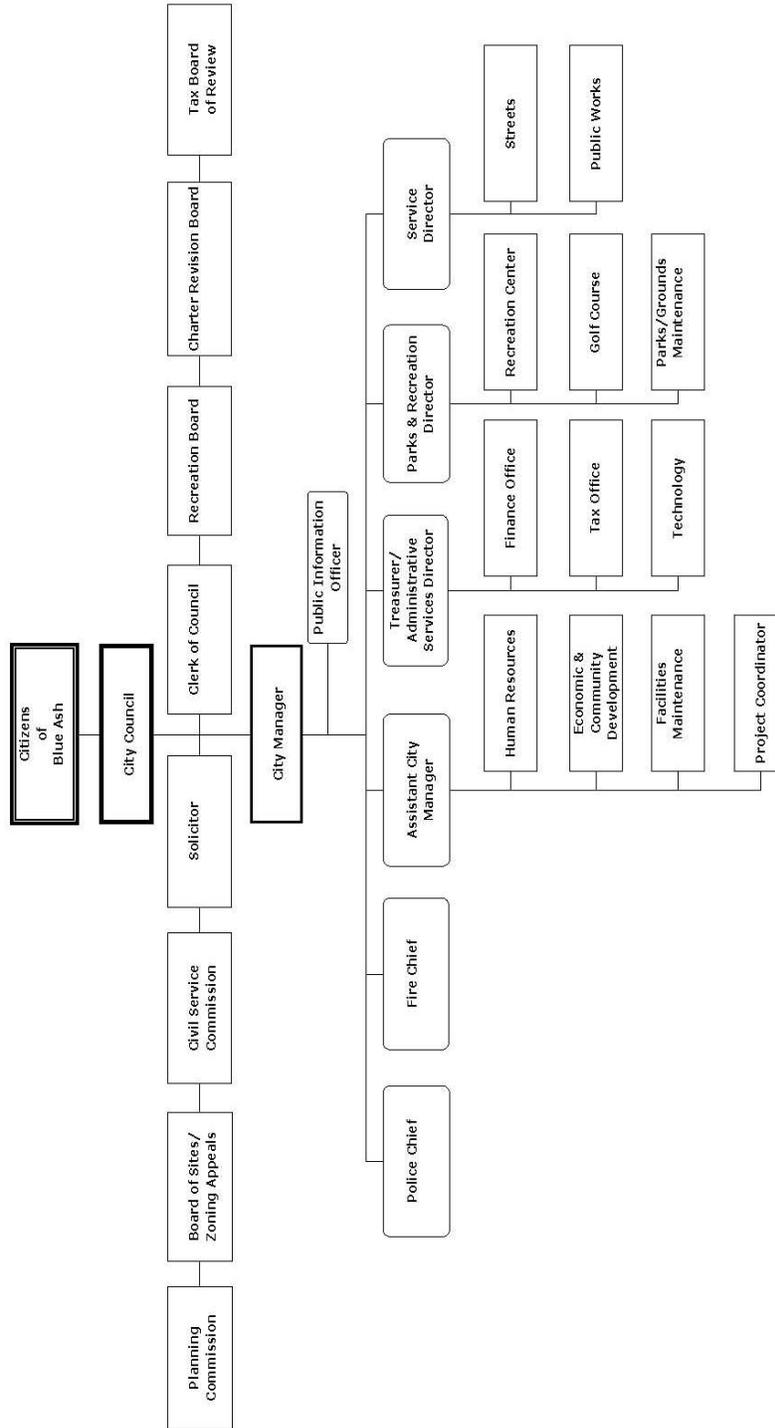
Sherry L. Poppe, CPA
Deputy Treasurer/
Tax Commissioner

CITY OF BLUE ASH, OHIO

***List of Principal Officials
For the Year Ended December 31, 2006***

OFFICE HELD	NAME OF OFFICIAL
Administration:	
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 D. Wallace
City Council:	
Mayor, Ward 4	Robert J. Buckman, Jr.
Vice Mayor, Ward 5	Mark F. Weber
Ward 1	James W. Sumner
Ward 2	Stephanie Stoller
Ward 3	Rick Bryan
At Large	Lee Czerwonka
At Large	Henry S. Stacey
Solicitor	Mark A. Vander Laan
Clerk of Council	Jamie K. Eifert
Deputy Clerk of Council	Susan K. Bennett

**City Organizational Chart
For the Year Ended December 31, 2006**



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, 2005

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



President



Executive Director

FINANCIAL SECTION





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

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Blue Ash, Ohio:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Blue Ash, Ohio (the City) as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Blue Ash, Ohio as of December 31, 2006, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund and Parks and Recreation Fund, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2007, on our consideration of the City of Blue Ash, Ohio'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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Clark, Schaefer, Haskett & Co.

Cincinnati, Ohio
June 12, 2007

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, 2006. 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 2006 are as follows:

- ❑ In total, net assets increased \$2,617,361. Net assets of governmental activities increased \$2,625,364, which represents a 5.1% increase from 2005. Net assets of business-type activities decreased \$8,003 from 2005.
- ❑ General revenues accounted for \$28,716,505 in revenue or 89.1% of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$3,514,322 or 10.9% of all revenues.
- ❑ The City had \$28,130,992 in expenses related to governmental activities; only \$2,391,473 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$28,364,883 were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$28,972,621 in revenues and \$18,992,984 in expenditures. The balance of the General Fund increased \$1,607,291 to \$11,299,242.
- ❑ Net assets for the enterprise fund decreased slightly. This decrease resulted from increased costs related to salaries and benefits.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are as follows:

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

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

**Management's Discussion and Analysis
For the Year Ended December 31, 2006**

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, 2006 and 2005:

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$26,646,722	\$22,401,380	\$152,335	\$67,369	\$26,799,057	\$22,468,749
Capital assets, Net	58,192,943	56,516,061	2,616,516	2,640,807	60,809,459	59,156,868
Total assets	84,839,665	78,917,441	2,768,851	2,708,176	87,608,516	81,625,617
Long-term debt outstanding	25,936,217	18,884,793	77,285	46,860	26,013,502	18,931,653
Other liabilities	5,032,687	8,787,251	88,793	50,540	5,121,480	8,837,791
Total liabilities	30,968,904	27,672,044	166,078	97,400	31,134,982	27,769,444
Net assets						
Invested in capital assets, net of related debt	34,881,463	34,426,061	2,616,516	2,640,807	37,497,979	37,066,868
Restricted	4,839,111	5,465,764	0	0	4,839,111	5,465,764
Unrestricted	14,150,187	11,353,572	(13,743)	(30,031)	14,136,444	11,323,541
Total net assets	\$53,870,761	\$51,245,397	\$2,602,773	\$2,610,776	\$56,473,534	\$53,856,173

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**Management's Discussion and Analysis
For the Year Ended December 31, 2006**

Unaudited

Changes in Net Assets – The following table shows the changes in net assets for fiscal year 2006 and 2005:

	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities	Total	Total
	2006	2005	2006	2005	2006	2005
Revenues						
Program revenues:						
Charges for Services and Sales	\$1,568,552	\$1,717,982	\$1,122,849	\$1,093,114	\$2,691,401	\$2,811,096
Operating Grants and Contributions	822,921	998,262	0	0	822,921	998,262
General revenues:						
Income Taxes	22,145,729	22,628,464	0	0	22,145,729	22,628,464
Property Taxes	2,392,819	2,245,682	0	0	2,392,819	2,245,682
Other Local Taxes	869,253	782,470	0	0	869,253	782,470
Grants and Entitlements not Restricted to Specific Programs	1,726,738	1,778,951	0	0	1,726,738	1,778,951
Investment Earnings	720,964	357,462	0	0	720,964	357,462
Miscellaneous	861,002	868,214	0	0	861,002	868,214
Total revenues	31,107,978	31,377,487	1,122,849	1,093,114	32,230,827	32,470,601
Program Expenses						
Security of Persons and Property	10,330,009	10,165,886	0	0	10,330,009	10,165,886
Leisure Time Activities	4,629,671	4,159,503	0	0	4,629,671	4,159,503
Community Development	1,128,585	880,545	0	0	1,128,585	880,545
Basic Utility Services	1,879,424	2,156,876	0	0	1,879,424	2,156,876
Transportation	1,919,917	1,855,044	0	0	1,919,917	1,855,044
General Government	7,401,144	6,306,580	0	0	7,401,144	6,306,580
Debt Service:						
Interest and Fiscal Charges	842,242	858,638	0	0	842,242	858,638
Golf Course	0	0	1,482,474	1,318,708	1,482,474	1,318,708
Total expenses	28,130,992	26,383,072	1,482,474	1,318,708	29,613,466	27,701,780
Excess (deficiency) before Transfers	2,976,986	4,994,415	(359,625)	(225,594)	2,617,361	4,768,821
Transfers	(351,622)	(145,043)	351,622	145,043	0	0
Total Change in Net Assets	2,625,364	4,849,372	(8,003)	(80,551)	2,617,361	4,768,821
Beginning Net Assets	51,245,397	46,396,025	2,610,776	2,691,327	53,856,173	49,087,352
Ending Net Assets	\$53,870,761	\$51,245,397	\$2,602,773	\$2,610,776	\$56,473,534	\$53,856,173

Governmental Activities

Net assets of the City's governmental activities increased by \$2,625,364. Despite slightly decreased revenues of governmental activities and increased expenditures, revenues still exceeded expenditures due to the City's ability to control costs of the governmental activities.

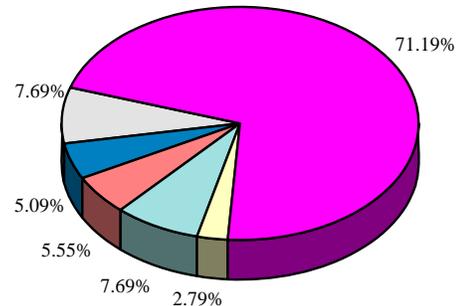
The City receives an income tax, which is based on 1.00% of all salaries, wages, commissions and other compensation and on net profits earned from businesses and residents operating or living within the City. Per City Ordinance 2006-70, the City's income tax rate will increase to 1.25%, effective January 1, 2007.

**Management's Discussion and Analysis
For the Year Ended December 31, 2006**

Unaudited

Property taxes and income taxes made up 7.69% and 71.19% respectively of revenues for governmental activities for the City in fiscal year 2006. The City's reliance upon tax revenues is demonstrated by the following graph indicating 78.88% of total revenues from general tax revenues:

Revenue Sources	2006	Percent of Total
Property Taxes	\$2,392,819	7.69%
Income Taxes	22,145,729	71.19%
Other Local Taxes	869,253	2.79%
Program Revenues	2,391,473	7.69%
Grants and Entitlements not Restricted to Specific Programs	1,726,738	5.55%
General Other	1,581,966	5.09%
Total Revenue	\$31,107,978	100.00%



Business-Type Activities

Net assets of the business-type activities decreased by \$8,003. This decrease resulted from increased costs related to salaries and benefits, and a level of depreciation expense greater than the acquisition of capital assets during 2006.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$18,395,470, which is an increase from last year's balance of \$10,405,057. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2006 and 2005:

	Fund Balance (Deficit) December 31, 2006	Fund Balance (Deficit) December 31, 2005	Increase (Decrease)
General	\$11,299,242	\$9,691,951	\$1,607,291
Park and Recreation	74,448	113,742	(39,294)
General Obligation			
Bond Retirement	28,878	26,082	2,796
TIF Construction	5,142,065	(322,120)	5,464,185
Land Acquisition	(1,005,333)	(1,506,421)	501,088
Other Governmental	2,856,170	2,401,823	454,347
Total	\$18,395,470	\$10,405,057	\$7,990,413

Of the City's \$18,395,470 year ended fund balances for governmental activities, 54% is unreserved, which allows it for spending at the government's discretion. The remaining 46% is restricted for several purposes, \$6,651,776 is reserved to pay encumbered amounts still open at year end, \$1,377,841 has been restricted for the retirement of the City's long-term debt, and the remaining \$436,905 is applied to other restricted purposes.

CITY OF BLUE ASH, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2006**

Unaudited

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

	2006	2005	Increase
	<u>Revenues</u>	<u>Revenues</u>	<u>(Decrease)</u>
Property Taxes	\$2,284,018	\$2,138,994	\$145,024
Municipal Income Tax	22,053,892	21,780,007	273,885
Other Local Taxes	869,253	782,470	86,783
Intergovernmental Revenues	1,924,333	1,788,434	135,899
Charges for Services	541,329	502,543	38,786
Licenses and Permits	619,684	436,556	183,128
Investment Earnings	495,949	271,298	224,651
Fines and Forfeitures	169,862	280,866	(111,004)
All Other Revenue	14,301	16,980	(2,679)
Total	<u>\$28,972,621</u>	<u>\$27,998,148</u>	<u>\$974,473</u>

General Fund revenues in 2006 increased 3.5% compared to revenues in fiscal year 2005. The most significant factor contributing to this increase was the increase in municipal income tax collections and a higher rate of return on City investments in 2006.

	2006	2005	Increase
	<u>Expenditures</u>	<u>Expenditures</u>	<u>(Decrease)</u>
Security of Persons and Property	\$10,139,868	\$9,331,470	\$808,398
Leisure Time Activities	0	3,036	(3,036)
Community Development	1,360,707	882,499	478,208
Basic Utility Services	1,912,102	2,144,168	(232,066)
General Government	5,580,307	5,669,339	(89,032)
Debt Service:			
Principal Retirement	0	3,503	(3,503)
Interest and Fiscal Charges	0	313	(313)
Total	<u>\$18,992,984</u>	<u>\$18,034,328</u>	<u>\$958,656</u>

General Fund expenditures increased by 5.3% or \$958,656 over 2005 expenditures. The increases were attributed to increased salaries and benefit costs, and the expanded investment in economic development projects.

Park and Recreation Fund – The fund balance of the Park and Recreation Fund, a major governmental fund decreased by \$39,294 during 2006. The decrease was due to increased cost of operations.

General Obligation Bond Retirement Fund – The fund balance of the General Obligation Bond Retirement Fund, a major governmental fund, increased by \$2,796. The increase was due to a premium received on debt issuances in 2006.

Land Acquisition Fund - The fund balance of the Land Acquisition Fund, a major governmental fund, increased by over \$500,000 during 2006 due to the receipt of transfers that were used to reduce note obligations.

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2006 the City amended its General Fund budget several times, as approved by City Council.

For the General Fund, final budget basis revenue of \$27.1 million did not significantly change over the original budget estimates of \$26.6 million. However, actual results in the General Fund in 2006 were significantly better than reflected in the final budget basis. This variance of approximately \$2.1 million, was due to improved income tax collections. The General Fund maintained an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2006 the City had \$60,809,459 net of accumulated depreciation invested in land, buildings, infrastructure, equipment and vehicles. Of this total, \$58,192,943 was related to governmental activities and \$2,616,516 to the business-type activities. The following table shows fiscal year 2006 and 2005 balances:

	Governmental Activities		Increase (Decrease)
	2006	2005	
Land	\$20,321,922	\$20,403,406	(\$81,484)
Construction In Progress	281,425	4,135,893	(3,854,468)
Buildings	29,295,530	25,648,469	3,647,061
Improvements Other than Buildings	6,333,851	6,328,254	5,597
Infrastructure	18,827,467	15,167,443	3,660,024
Machinery and Equipment	11,913,241	11,482,380	430,861
Less: Accumulated Depreciation	(28,780,493)	(26,649,784)	(2,130,709)
Totals	\$58,192,943	\$56,516,061	\$1,676,882

	Business-Type Activities		Increase (Decrease)
	2006	2005	
Land	\$1,124,764	\$1,124,764	\$0
Construction In Progress	\$1,376	\$6,862	(5,486)
Buildings	1,200,860	1,193,998	6,862
Improvements Other than Buildings	1,983,017	1,977,861	5,156
Machinery and Equipment	1,287,689	1,223,940	63,749
Less: Accumulated Depreciation	(2,981,190)	(2,886,618)	(94,572)
Totals	\$2,616,516	\$2,640,807	(\$24,291)

The most significant change in governmental capital assets occurred in infrastructure. The \$3.6 million increase is primarily attributed to completion of the Reed Hartman Highway Phase II widening project. The increase in buildings was due to the completion of the first public parking garage relating to the Carver Road TIF project. There were no significant changes in business-type capital assets for 2006.

**Management's Discussion and Analysis
For the Year Ended December 31, 2006**

Unaudited

As of December 31, 2006, the City has contractual commitments of \$4,987,205 due to the planned construction of a second public parking garage for the Carver Road TIF Project. Additional information on the City's capital assets can be found in Note 8.

Debt

At December 31, 2006, the City had \$24,500,000 in bonds outstanding, \$2,830,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2006 and 2005:

	<u>2006</u>	<u>2005</u>
Governmental Activities:		
General Obligation Bonds	\$24,500,000	\$17,540,000
Compensated Absences	<u>1,436,217</u>	<u>1,344,793</u>
Total Governmental Activities	<u>\$25,936,217</u>	<u>\$18,884,793</u>
Business-Type Activities:		
Compensated Absences	<u>\$77,285</u>	<u>\$46,860</u>
Total Business-Type Activities	<u>77,285</u>	<u>46,860</u>
Totals	<u>\$26,013,502</u>	<u>\$18,931,653</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, 2006, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 11.

ECONOMIC FACTORS

The City's continuing economic development focus during 2006 assisted in maintaining a strong base within the local business community. Blue Ash benefited not only from a reasonably strong regional economy, but from expanded business operations and new 2006 businesses within Blue Ash that contributed to financial results during the year. Examining the City's earnings tax collections on a cash basis, in both the net profit and withholding categories, would seem to be a reasonable method of evaluating the strength of the local economy. On a cash basis Net Profit earnings tax collections at the 1% rate during 2006 were just slightly above the previous year's level (2005), which was 43% ahead of 2004. 2006 Withholding tax collections were 4.13% ahead of 2005, representing growth beyond what might be expected through inflation alone. Combined, earnings tax collections were \$23,127,863 or 3.1% ahead of the previous year. The City's economic development efforts, coupled with the focus on "quality of life" issues and a business friendly approach, have proven successful in maintaining the City's economic strength and indicate that the City is on the right path for 2007 and beyond.

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, Deputy Treasurer of the City of Blue Ash.

CITY OF BLUE ASH, OHIO

**Statement of Net Assets
December 31, 2006**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 16,226,153	\$ 124,704	\$ 16,350,857
Receivables:			
Taxes	7,481,139	0	7,481,139
Accounts	144,481	18	144,499
Intergovernmental	1,083,741	444	1,084,185
Interest	72,858	0	72,858
Inventory of Supplies at Cost	224,697	25,501	250,198
Prepaid Items	212,208	1,668	213,876
Restricted Assets:			
Investments	935,959	0	935,959
Unamortized Bond Issuance Costs	265,486	0	265,486
Capital Assets:			
Capital Assets Not Being Depreciated	20,603,347	1,126,140	21,729,487
Capital Assets Being Depreciated, Net	37,589,596	1,490,376	39,079,972
Total Assets	84,839,665	2,768,851	87,608,516
Liabilities:			
Accounts Payable	317,770	39,412	357,182
Accrued Wages and Benefits	1,217,863	48,746	1,266,609
Intergovernmental Payable	29,321	635	29,956
Unearned Revenue	2,318,038	0	2,318,038
Accrued Interest Payable	149,695	0	149,695
General Obligation Notes Payable	1,000,000	0	1,000,000
Long-Term Liabilities:			
Due Within One Year	2,864,922	0	2,864,922
Due in More Than One Year	23,071,295	77,285	23,148,580
Total Liabilities	30,968,904	166,078	31,134,982
Net Assets:			
Invested in Capital Assets, Net of Related Debt	34,881,463	2,616,516	37,497,979
Restricted For:			
Capital Projects	2,406,896	0	2,406,896
Debt Service	1,242,720	0	1,242,720
Streets and Highways	852,046	0	852,046
Security of Persons & Property	337,449	0	337,449
Unrestricted (Deficit)	14,150,187	(13,743)	14,136,444
Total Net Assets	\$ 53,870,761	\$ 2,602,773	\$ 56,473,534

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

**Statement of Activities
For the Year Ended December 31, 2006**

	Expenses	Program Revenues	
		Charges for Services and Sales	Operating Grants and Contributions
Governmental Activities:			
Security of Persons and Property	\$ 10,330,009	\$ 127,044	\$ 0
Leisure Time Activities	4,629,671	705,492	0
Community Development	1,128,585	523,062	0
Basic Utility Services	1,879,424	0	0
Transportation	1,919,917	13,183	822,921
General Government	7,401,144	199,771	0
Interest and Fiscal Charges	842,242	0	0
Total Governmental Activities	28,130,992	1,568,552	822,921
Business-Type Activities:			
Golf Course	1,482,474	1,122,849	0
Total Business-Type Activities	1,482,474	1,122,849	0
Totals	\$ 29,613,466	\$ 2,691,401	\$ 822,921

General Revenues

Property Taxes Levied for:

General Purposes

Debt Service

Municipal Income Taxes

Other Local Taxes

Grants and Entitlements not Restricted to Specific

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
\$ (10,202,965)	\$ 0	\$ (10,202,965)
(3,924,179)	0	(3,924,179)
(605,523)	0	(605,523)
(1,879,424)	0	(1,879,424)
(1,083,813)	0	(1,083,813)
(7,201,373)	0	(7,201,373)
(842,242)	0	(842,242)
<u>(25,739,519)</u>	<u>0</u>	<u>(25,739,519)</u>
<u>0</u>	<u>(359,625)</u>	<u>(359,625)</u>
<u>0</u>	<u>(359,625)</u>	<u>(359,625)</u>
<u>(25,739,519)</u>	<u>(359,625)</u>	<u>(26,099,144)</u>
2,284,018	0	2,284,018
108,801	0	108,801
22,145,729	0	22,145,729
869,253	0	869,253
1,726,738	0	1,726,738
720,964	0	720,964
861,002	0	861,002
(351,622)	351,622	0
<u>28,364,883</u>	<u>351,622</u>	<u>28,716,505</u>
2,625,364	(8,003)	2,617,361
<u>51,245,397</u>	<u>2,610,776</u>	<u>53,856,173</u>
<u>\$ 53,870,761</u>	<u>\$ 2,602,773</u>	<u>\$ 56,473,534</u>

CITY OF BLUE ASH, OHIO

**Balance Sheet
Governmental Funds
December 31, 2006**

	General	Park and Recreation	General Obligation Bond Retirement	TIF Construction
Assets:				
Cash and Cash Equivalents	\$ 9,316,078	\$ 86,650	\$ 28,878	\$ 5,121,911
Receivables:				
Taxes	7,383,585	0	97,554	0
Accounts	144,481	0	0	0
Intergovernmental	696,212	125	2,000	0
Interest	37,784	0	0	20,154
Inventory of Supplies, at Cost	28,256	12,272	0	0
Prepaid Items	108,483	103,597	0	0
Restricted Assets:				
Investments	0	0	0	0
Total Assets	\$ 17,714,879	\$ 202,644	\$ 128,432	\$ 5,142,065
Liabilities:				
Accounts Payable	\$ 263,339	\$ 26,478	\$ 0	\$ 0
Accrued Wages and Benefits Payable	1,066,861	98,667	0	0
Intergovernmental Payable	26,076	3,051	0	0
Deferred Revenue	5,059,361	0	99,554	0
Accrued Interest Payable	0	0	0	0
General Obligation Notes Payable	0	0	0	0
Total Liabilities	6,415,637	128,196	99,554	0
Fund Balances:				
Reserved for Encumbrances	1,477,584	59,291	0	4,945,600
Reserved for Prepaid Items	108,483	103,597	0	0
Reserved for Supplies Inventory	28,256	12,272	0	0
Reserved for Debt Service	0	0	28,878	0
Undesignated/Unreserved in:				
General Fund	9,684,919	0	0	0
Special Revenue Funds	0	(100,712)	0	0
Capital Projects Funds	0	0	0	196,465
Total Fund Balances	11,299,242	74,448	28,878	5,142,065
Total Liabilities and Fund Balances	\$ 17,714,879	\$ 202,644	\$ 128,432	\$ 5,142,065

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

Land Acquisition	Other Governmental Funds	Total Governmental Funds
\$ 0	\$ 1,672,636	\$ 16,226,153
0	0	7,481,139
0	0	144,481
0	385,404	1,083,741
0	14,920	72,858
0	184,169	224,697
0	128	212,208
<u>0</u>	<u>935,959</u>	<u>935,959</u>
<u>\$ 0</u>	<u>\$ 3,193,216</u>	<u>\$ 26,381,236</u>
\$ 0	\$ 27,953	\$ 317,770
0	52,335	1,217,863
0	194	29,321
0	256,564	5,415,479
5,333	0	5,333
<u>1,000,000</u>	<u>0</u>	<u>1,000,000</u>
<u>1,005,333</u>	<u>337,046</u>	<u>7,985,766</u>
0	169,301	6,651,776
0	128	212,208
0	184,169	224,697
0	1,348,963	1,377,841
0	0	9,684,919
0	696,645	595,933
<u>(1,005,333)</u>	<u>456,964</u>	<u>(351,904)</u>
<u>(1,005,333)</u>	<u>2,856,170</u>	<u>18,395,470</u>
<u>\$ 0</u>	<u>\$ 3,193,216</u>	<u>\$ 26,381,236</u>

CITY OF BLUE ASH, OHIO

***Reconciliation Of Total Governmental Fund Balances
To Net Assets Of Governmental Activities
December 31, 2006***

Total Governmental Fund Balances \$ 18,395,470

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

Capital Assets used in governmental activities are not resources and therefore are not reported in the funds. 58,192,943

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. 3,097,441

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	(24,500,000)	
Unamortized Bond Issuance Costs	265,486	
Compensated Absences Payable	(1,436,217)	
Accrued Interest Payable	(144,362)	(25,815,093)
	<u>(144,362)</u>	<u>(25,815,093)</u>

Net Assets of Governmental Activities \$ 53,870,761

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, 2006**

	General	Park and Recreation	General Obligation Bond Retirement	TIF Construction
Revenues:				
Property Taxes	\$ 2,284,018	\$ 0	\$ 92,596	\$ 0
Municipal Income Tax	22,053,892	0	0	0
Other Local Taxes	869,253	0	0	0
Intergovernmental Revenues	1,924,333	0	11,227	0
Charges for Services	541,329	705,492	0	0
Licenses and Permits	619,684	0	0	0
Investment Earnings	495,949	0	0	73,789
Fines and Forfeitures	169,862	0	0	0
All Other Revenue	14,301	280,133	0	0
Total Revenue	28,972,621	985,625	103,823	73,789
Expenditures:				
Current:				
Security of Persons and Property	10,139,868	0	0	0
Leisure Time Activities	0	4,310,565	0	0
Community Development	1,360,707	0	0	0
Basic Utility Services	1,912,102	0	0	0
Transportation	0	0	0	0
General Government	5,580,307	0	0	0
Capital Outlay	0	0	0	2,884,869
Debt Service:				
Principal Retirement	0	0	2,830,000	0
Interest & Fiscal Charges	0	0	633,235	116,578
Total Expenditures	18,992,984	4,310,565	3,463,235	3,001,447
Excess (Deficiency) of Revenues Over Expenditures	9,979,637	(3,324,940)	(3,359,412)	(2,927,658)
Other Financing Sources (Uses):				
Sale of Capital Assets	305,145	0	0	0
Sale of Bonds	0	0	0	5,220,182
Premiums on Debt Issuance	0	0	3,360	0
Transfers In	0	3,285,603	3,908,958	3,171,661
Transfers Out	(8,677,382)	0	(550,110)	0
Total Other Financing Sources (Uses)	(8,372,237)	3,285,603	3,362,208	8,391,843
Net Change in Fund Balances	1,607,400	(39,337)	2,796	5,464,185
Fund Balances (Deficits) at Beginning of Year	9,691,951	113,742	26,082	(322,120)
Increase (Decrease) in Inventory Reserve	(109)	43	0	0
Fund Balances (Deficits) End of Year	\$ 11,299,242	\$ 74,448	\$ 28,878	\$ 5,142,065

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

Land Acquisition	Other Governmental Funds	Total Governmental Funds
\$ 0	\$ 0	\$ 2,376,614
0	0	22,053,892
0	0	869,253
0	907,542	2,843,102
0	12,883	1,259,704
0	300	619,984
0	78,742	648,480
0	84,919	254,781
0	651	295,085
<u>0</u>	<u>1,085,037</u>	<u>31,220,895</u>
0	455,877	10,595,745
0	0	4,310,565
0	0	1,360,707
0	0	1,912,102
0	2,017,696	2,017,696
0	0	5,580,307
0	562,845	3,447,714
0	0	2,830,000
<u>49,022</u>	<u>266,253</u>	<u>1,065,088</u>
<u>49,022</u>	<u>3,302,671</u>	<u>33,119,924</u>
(49,022)	(2,217,634)	(1,899,029)
0	0	305,145
0	4,569,818	9,790,000
0	69,124	72,484
550,110	1,150,803	12,067,135
0	(3,191,265)	(12,418,757)
<u>550,110</u>	<u>2,598,480</u>	<u>9,816,007</u>
501,088	380,846	7,916,978
(1,506,421)	2,401,823	10,405,057
0	73,501	73,435
<u>\$ (1,005,333)</u>	<u>\$ 2,856,170</u>	<u>\$ 18,395,470</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, 2006***

Net Change in Fund Balances - Total Governmental Funds **\$ 7,916,978**

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital Outlay	5,069,265	
Depreciation Expense	<u>(2,497,043)</u>	2,572,222

The net effect of various miscellaneous transactions involving capital assets (i.e. disposals and donations) is to increase net assets.

The statement of activities reports losses arising from the disposal of capital assets. Conversely, the governmental funds report only proceeds received.	(895,340)
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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.	(185,401)
--	-----------

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

Issuance of General Obligation Bonds	(9,790,000)	
Capitalizing of Bond Issuance Costs	<u>274,641</u>	<u>(9,515,359)</u>

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	2,830,000	
Amortization of Bond Issuance Costs	<u>(9,155)</u>	<u>2,820,845</u>

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(42,640)
--	----------

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	(119,376)	
Change in Inventory	<u>73,435</u>	<u>(45,941)</u>

<i>Change in Net Assets of Governmental Activities</i>	<u><u>\$ 2,625,364</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, 2006**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 2,190,600	\$ 2,287,600	\$ 2,284,018	\$ (3,582)
Municipal Income Tax	20,699,199	20,699,199	22,341,866	1,642,667
Other Local Taxes	740,000	740,000	851,405	111,405
Intergovernmental Revenue	1,636,576	1,886,276	1,944,546	58,270
Charges for Services	429,825	429,825	519,845	90,020
Licenses and Permits	360,750	460,750	618,753	158,003
Investment Earnings	258,000	342,500	488,039	145,539
Fines and Forfeitures	277,700	277,700	169,862	(107,838)
All Other Revenues	3,400	3,400	1,630	(1,770)
Total Revenues	<u>26,596,050</u>	<u>27,127,250</u>	<u>29,219,964</u>	<u>2,092,714</u>
Expenditures:				
Current:				
Security of Persons and Property	11,188,978	11,378,478	11,170,168	208,310
Community Development	1,485,792	1,842,792	1,537,438	305,354
Basic Utility Services	2,435,993	2,435,993	2,024,307	411,686
General Government	10,170,490	9,930,489	6,120,268	3,810,221
Total Expenditures	<u>25,281,253</u>	<u>25,587,752</u>	<u>20,852,181</u>	<u>4,735,571</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,314,797	1,539,498	8,367,783	6,828,285
Other Financing Sources (Uses):				
Sale of Capital Assets	630,000	630,000	305,145	(324,855)
Transfers Out	(9,533,071)	(9,757,771)	(8,677,381)	1,080,390
Advances In	120,087	120,086	120,086	0
Advances Out	(100,000)	(100,000)	(100,000)	0
Total Other Financing Sources (Uses):	<u>(8,882,984)</u>	<u>(9,107,685)</u>	<u>(8,352,150)</u>	<u>755,535</u>
Net Change in Fund Balance	(7,568,187)	(7,568,187)	15,633	7,583,820
Fund Balance at Beginning of Year	6,756,743	6,756,743	6,756,743	0
Prior Year Encumbrances	811,444	811,444	811,444	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,583,820</u>	<u>\$ 7,583,820</u>

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Special Revenue Fund – Park and Recreation Fund
For the Year Ended December 31, 2006**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 662,200	\$ 662,200	\$ 705,492	\$ 43,292
All Other Revenues	280,850	280,850	280,093	(757)
Total Revenues	<u>943,050</u>	<u>943,050</u>	<u>985,585</u>	<u>42,535</u>
Expenditures:				
Current:				
Leisure Time Activities	4,780,541	4,930,241	4,417,571	512,670
Total Expenditures	<u>4,780,541</u>	<u>4,930,241</u>	<u>4,417,571</u>	<u>512,670</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,837,491)	(3,987,191)	(3,431,986)	555,205
Other Financing Sources (Uses):				
Transfers In	3,691,110	3,840,810	3,285,603	(555,207)
Total Other Financing Sources (Uses):	<u>3,691,110</u>	<u>3,840,810</u>	<u>3,285,603</u>	<u>(555,207)</u>
Net Change in Fund Balance	(146,381)	(146,381)	(146,383)	(2)
Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances	146,383	146,383	146,383	0
Fund Balance at End of Year	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 0</u>	<u>\$ (2)</u>

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

**Statement of Net Assets
Proprietary Fund
December 31, 2006**

	Business-Type Activities Enterprise Funds Golf Course
Assets:	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$ 124,704
Receivables:	
Accounts	18
Intergovernmental	444
Inventory of Supplies at Cost	25,501
Prepaid Items	1,668
<i>Total Current Assets</i>	<u>152,335</u>
<i>Non Current Assets:</i>	
Capital Assets:	
Capital Assets Not Being Depreciated	1,126,140
Capital Assets Being Depreciated, Net	1,490,376
Total Assets	<u>2,768,851</u>
Liabilities:	
<i>Current Liabilities:</i>	
Accounts Payable	39,412
Accrued Wages and Benefits	48,746
Intergovernmental Payable	635
<i>Total Current Liabilities</i>	<u>88,793</u>
<i>Long Term Liabilities:</i>	
Compensated Absences Payable	77,285
Total Liabilities	<u>166,078</u>
Net Assets:	
Invested in Capital Assets	2,616,516
Unrestricted	(13,743)
Total Net Assets	<u>\$ 2,602,773</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, 2006**

	Business-Type Activities Enterprise Funds Golf Course
Operating Revenues:	
Charges for Services	\$ 1,097,382
Other Operating Revenue	1,076
Total Operating Revenues	1,098,458
Operating Expenses:	
Personal Services	878,368
Contractual Services	116,596
Materials and Supplies	297,591
Depreciation	166,920
Total Operating Expenses	1,459,475
Operating Income (Loss)	(361,017)
Nonoperating Revenue (Expenses):	
Other Nonoperating Revenue	24,391
Other Nonoperating Expense	(22,999)
Total Nonoperating Revenues (Expenses)	1,392
Income (Loss) Before Transfers	(359,625)
Transfers In	351,622
Change in Net Assets	(8,003)
Net Assets Beginning of Year	2,610,776
Net Assets End of Year	\$ 2,602,773

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, 2006**

	Business-Type Activities Enterprise Funds <u>Golf Course</u>
Cash Flows from Operating Activities:	
Cash Received from Customers	\$1,097,364
Cash Payments for Goods and Services	(419,937)
Cash Payments to Employees	(837,476)
Other Operating Cash Receipts	<u>25,421</u>
Net Cash Used by Operating Activities	<u>(134,628)</u>
Cash Flows from Noncapital Financing Activities:	
Transfers In from Other Funds	351,622
Advances In from Other Funds	100,000
Advances Out to Other Funds	<u>(100,000)</u>
Net Cash Provided by Noncapital Financing Activities	<u>351,622</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition and Construction of Assets	<u>(142,629)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(142,629)</u>
Net Increase in Cash and Cash Equivalents	74,365
Cash and Cash Equivalents at Beginning of Year	<u>50,339</u>
Cash and Cash Equivalents at End of Year	<u><u>\$124,704</u></u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating Loss	(\$361,017)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	166,920
Miscellaneous Nonoperating Income	24,391
Miscellaneous Nonoperating Expense	(22,999)
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(18)
Increase in Intergovernmental Receivables	(46)
Increase in Inventory	(10,970)
Decrease in Prepaid Items	433
Increase in Accounts Payable	27,333
Increase in Accrued Wages and Benefits	10,415
Increase in Intergovernmental Payable	505
Increase in Compensated Absences	<u>30,425</u>
Total Adjustments	<u>226,389</u>
Net Cash Used by Operating Activities	<u><u>(\$134,628)</u></u>

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

***Statement of Assets and Liabilities
Fiduciary Funds
December 31, 2006***

	<u>Agency</u>
Assets:	
Cash and Cash Equivalents	\$ 3,375
Restricted Assets:	
Cash and Cash Equivalents with Fiscal Agent	<u>705</u>
Total Assets	<u><u>\$ 4,080</u></u>
Liabilities:	
Intergovernmental Payable	\$ 1,108
Due to Others	<u>2,972</u>
Total Liabilities	<u><u>\$ 4,080</u></u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2006***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Blue Ash, Ohio (the City) is a home-rule municipal corporation created under the laws of the State of Ohio. The City operates under its own Charter. The current Charter, which provides for a Council/Manager form of government, was adopted in 1961 and has been amended six times (1967, 1976, 1980, 1988, 1989 and 2006).

The financial statements are presented as of December 31, 2006 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, residential refuse collection (on a contractual basis) and other governmental services. The City does serve as the fiscal agent for the Special County Arson Taskforce Unit (reported as an agency fund) for the purpose of receiving, allocating, and expending funds from federal, state, and local sources or from private contributions. The City has no administrative responsibility for the fund. In addition, the City owns and operates a public golf course and associated restaurant which is reported as an enterprise fund.

B. Basis of Presentation - Fund Accounting

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2006***

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.

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

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.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2006***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

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

Fiduciary Funds

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

C. Basis of Presentation - Financial Statements

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2006***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

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

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

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

Fiduciary funds are reported using the economic resources measurement focus; agency funds however do not have a measurement focus.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2006***

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, 2006 but which are not intended to finance 2006 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, 2006***

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 Fund (capital project) is being reported as part of the statements prepared using generally accepted accounting principles but was not budgeted by the City because it is outside of the appropriated budget and does not maintain separate budgetary financial records. The legal level of budgetary control is by fund at the major object level (personal services, materials and supplies, contractual services, capital outlay, and transfers) by department. Budgetary control is maintained by not permitting expenditures to exceed appropriations at the major object level for each department within each fund without the approval of City Council. Administrative control is maintained through the establishment of more detailed line-item budgets. Budgetary modifications above the major object level by fund may only be made by ordinance of the City Council. During 2006, 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, 2006***

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 2006.

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 2006. 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, 2006**

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)	\$1,607,400	(\$39,337)
Increase (Decrease):		
Accrued Revenues at December 31, 2006 received during 2007	(3,202,701)	(165)
Accrued Revenues at December 31, 2005 received during 2006	3,470,449	87
Accrued Expenditures at December 31, 2006 paid during 2007	1,356,276	128,196
Accrued Expenditures at December 31, 2005 paid during 2006	(1,473,759)	(158,241)
2005 Prepays for 2006	97,254	111,794
2006 Prepays for 2007	(108,483)	(103,597)
Outstanding Encumbrances	(1,730,803)	(85,120)
Budget Basis	<u>\$15,633</u>	<u>(\$146,383)</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2006***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

During fiscal year 2006, 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 invested funds in STAR Ohio during 2006. 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, 2006.

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, 2006, 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, 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets and Depreciation

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

1. Property, Plant and Equipment - Governmental Activities

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

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

2. Property, Plant and Equipment – Business Type Activities

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

3. Depreciation

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2006***

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
Tax Increment Financing Bonds	TIF Carver Road Retirement Fund
Compensated Absences	General Fund Street Construction, Maintenance and Repair Fund and Park and Recreation Fund Golf Course Fund

L. Compensated Absences

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2006***

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 are recorded when the related payroll is accrued and the obligation is incurred.

O. Interfund Transactions

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

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

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

P. Intergovernmental Revenues

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

Q. Interfund Assets/Liabilities

Receivables and payables arising between funds for goods provided or services rendered are classified as "Due From/To Other Funds" on the balance sheet. Short-term interfund loans are classified as "Interfund 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, 2006***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Reservations of Fund Balance

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

S. Estimates

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

T. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Council and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2006.

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2006**

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 activities as reported in the government-wide statement of net assets. The following is a detailed listing of those reconciling items that are net adjustments or a combination of several transactions:

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

Deferred Tax Revenue	\$2,528,458
Intergovernmental Revenue Receivable	568,983
	<u>\$3,097,441</u>

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

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

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

Loss on Disposal of Capital Asset	(\$590,195)
Sale of Capital Assets	<u>(305,145)</u>
	(\$895,340)

Governmental revenues not reported in the funds:

Increase in Delinquent Tax Revenue	\$108,042
Decrease in Intergovernmental Revenue Receivable	<u>(293,443)</u>
	(\$185,401)

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2006***

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equities - The deficit of \$1,005,333 in the Land Acquisition Fund (capital projects fund) arose from the recognition of general obligation notes payable under the modified accrual basis of accounting. Under the budgetary basis of accounting, proceeds from the sale of notes are recognized as revenue and expenditures are recognized when paid, therefore, a deficit does not exist. A deficit does not exist on a cash basis. Transfers are provided when cash is required, not when accruals occur.

NOTE 4 - CASH AND CASH EQUIVALENTS

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

Statutes require the classification of funds held by the City into three categories. Category 1 consists of “active” funds - those funds required to be kept in a “cash” or “near cash” status for immediate use by the City. Such funds must be maintained either as cash in the City Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

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

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

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2006**

NOTE 4 - CASH AND CASH EQUIVALENTS (Continued)

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

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned. Protection of City cash and deposits is provided by the Federal Deposit Insurance Corporation as well as qualified securities pledged by the institution holding the assets. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. The City has no policy on custodial credit risk and is governed by Ohio Revised Code. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At year end the carrying amount of the City's deposits was \$10,964,565 and the bank balance was \$11,434,068. Federal depository insurance covered \$112,502 of the bank balance and \$11,321,566 was uninsured. Of the remaining uninsured bank balance, the City was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the District's name	<u>\$11,321,566</u>
Total Balance	<u><u>\$11,321,566</u></u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2006**

NOTE 4 - CASH AND CASH EQUIVALENTS (Continued)

B. Investments

The City's investments at December 31, 2006 were as follows:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Investment Maturities (in Years)</u>		
			<u>less than 1</u>	<u>1-3</u>	<u>3-5</u>
STAR Ohio	\$5,390,372	AAAm ¹	\$5,390,372	\$0	\$0
US Federal Treasury Reserve	935,959	AAA ¹	935,959	0	0
Total Investments	<u>\$6,326,331</u>		<u>\$6,326,331</u>	<u>\$0</u>	<u>\$0</u>

¹ Standard & Poor's

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

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

Concentration of Credit Risk – The City places no limit on the amount the City may invest in one issuer. The City placed all of its funds available for investment into STAR Ohio during 2006. The US Federal Treasury Reserve investments were made in escrow for payments on the TIF bonds as stipulated by the bond covenant.

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

C. Reconciliation of Cash, Cash Equivalents and Investments

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

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Per Financial Statements	\$16,354,937	\$935,959
STAR Ohio	(5,390,372)	5,390,372
Per GASB Statement No. 3	<u>\$10,964,565</u>	<u>\$6,326,331</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2006***

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 2006 were levied after October 1, 2005 on assessed values as of January 1, 2005, 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 2005. 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. Recent changes in Ohio law impact the inclusion of tangible personal property in assessed values. Starting in 2006, the percentage of tangible personal property tax included in assessed values is being reduced. A portion of the lost revenue is being reimbursed by the State. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semi-annually. The first payment is due April 30, with the remainder payable by September 20.

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

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

The full tax rate for all City operations for the year ended December 31, 2006 was \$3.08 per \$1,000 of assessed value. The assessed value upon which the 2006 levy was based was \$751,507,450. This amount constitutes \$681,191,210 in real property assessed value, \$17,288,240 in public utility assessed value and \$53,028,000 in tangible personal property assessed value. The impact of the State of Ohio changes affecting the inclusion of tangible personal property values in assessed values is reflected in the decrease to \$53,028,000 in 2006 from \$107,899,770 in 2005.

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, 2006***

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.

On December 14, 2006 the City passed Ordinance No. 2006-70, which effectively increased the income tax rate on January 1, 2007. The ordinance will increase the income tax rate by .25%, taking it to 1.25% of all salaries, wages, commissions and other compensations and on net profits earned within the City as well as on incomes of residents earned outside the City.

NOTE 6 - RECEIVABLES

Receivables at December 31, 2006 consisted of taxes, interest, accounts receivable, and intergovernmental receivables arising from shared revenues. All receivables are considered collectible in full. Those receivables that relate to amounts not intended to finance the current fiscal year are offset by deferred revenue.

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2006**

NOTE 7- TRANSFERS

Following is a summary of transfers in and out for all funds for 2006:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$0	\$8,677,382
Park and Recreation Fund	3,285,603	0
General Obligation Bond Retirement Fund	3,908,958	550,110
TIF Construction Fund	3,171,661	0
Land Acquisition Fund	550,110	0
Golf Course Fund	351,622	0
Nonmajor Governmental Funds:		
Street Construction, Maintenance and Repair Fund	1,150,803	0
TIF Carver Road Bond Retirement Fund	0	3,171,661
Firehouse Construction Fund	0	19,604
Total Nonmajor Governmental Funds	<u>1,150,803</u>	<u>3,191,265</u>
Totals	<u>\$12,418,757</u>	<u>\$12,418,757</u>

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

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2006**

NOTE 8 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2006:

Historical Cost:

Class	December 31, 2005	Additions	Deletions	December 31, 2006
<i>Capital assets not being depreciated:</i>				
Land	\$20,403,406	\$689,013	(\$770,497)	\$20,321,922
Construction in Progress	4,135,893	196,875	(4,051,343)	281,425
<i>Capital assets being depreciated:</i>				
Buildings	25,648,469	3,669,796	(22,735)	29,295,530
Improvements Other than Buildings	6,328,254	73,396	(67,799)	6,333,851
Infrastructure	15,167,443	3,660,024	0	18,827,467
Machinery and Equipment	11,482,380	831,504	(400,643)	11,913,241
Total Cost	\$83,165,845	\$9,120,608	(\$5,313,017)	\$86,973,436

Accumulated Depreciation:

Class	December 31, 2005	Additions	Deletions	December 31, 2006
Buildings	(\$11,122,267)	(\$950,636)	\$21,847	(\$12,051,056)
Improvements Other than Buildings	(3,144,781)	(253,243)	17,014	(3,381,010)
Infrastructure	(4,532,142)	(361,360)	0	(4,893,502)
Machinery and Equipment	(7,850,594)	(931,804)	327,473	(8,454,925)
Total Depreciation	(\$26,649,784)	(\$2,497,043) *	\$366,334	(\$28,780,493)
Net Value:	\$56,516,061			\$58,192,943

* Depreciation expenses were charged to governmental functions as follows:

Leisure Time Activities	\$748,007
Transportation	411,127
General Government	1,337,909
Total Depreciation Expense	\$2,497,043

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2006**

NOTE 8 - CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by Category at December 31, 2006:

Historical Cost:

Class	December 31, 2005	Additions	Deletions	December 31, 2006
<i>Capital assets not being depreciated:</i>				
Land	\$1,124,764	\$0	\$0	\$1,124,764
Construction in Progress	6,862	1,376	(6,862)	1,376
<i>Capital assets being depreciated:</i>				
Buildings	1,193,998	6,862	0	1,200,860
Improvements Other than Buildings	1,977,861	5,156	0	1,983,017
Machinery and Equipment	1,223,939	136,097	(72,347)	1,287,689
Total Cost	\$5,527,424	\$149,491	(\$79,209)	\$5,597,706

Accumulated Depreciation:

Class	December 31, 2005	Additions	Deletions	December 31, 2006
Buildings	(\$880,402)	(\$17,797)	\$0	(\$898,199)
Improvements Other than Buildings	(1,187,145)	(41,529)	0	(1,228,674)
Machinery and Equipment	(819,070)	(107,594)	72,347	(854,317)
Total Depreciation	(\$2,886,617)	(\$166,920)	\$72,347	(\$2,981,190)

Net Value:

\$2,640,807	\$2,616,516
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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2006***

NOTE 9 – DEFINED BENEFIT PENSION PLANS

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

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

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

All employees of the City, except full-time uniformed police officers and full-time firefighters, participate in one of the three pension plans administered by the Ohio PERS: the Traditional Pension Plan (TP), the Member-Directed Plan (MD), and the Combined Plan (CO). The TP Plan is a cost-sharing multiple employer defined benefit pension plan. The MD Plan is a defined contribution plan in which the member invests both member and employer contributions (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, including postemployment health care benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for the Ohio PERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6701 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2006, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 9.0%. The 2006 employer contribution rate for local government employer units was 13.70%, of covered payroll, 9.20% to fund the pension and 4.5% 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, 2006, 2005, and 2004 were \$899,988, \$873,706 and \$914,489, respectively, which were equal to the required contributions for each year.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2006***

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

The Ohio PERS provides postemployment health care benefits to age and service retirees with ten or more years of qualifying Ohio service credit under the TP and CO plans and to primary survivor recipients of such retirees. Health care coverage for disability recipients is also available. The health care coverage provided by the Ohio PERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the Ohio PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the Ohio PERS. The portion of the 2006 employer contribution rate (identified above) that was used to fund health care for the year 2006 was 4.5% of covered payroll which amounted to \$295,616.

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, 2005. 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 2005 was 6.5%. 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 .50% to 6% for the next 9 years. In subsequent years (10 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 for the TP and CO Plans was 358,804. The actuarial value of the Ohio PERS net assets available for OPEB at December 31, 2005 is \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$31.3 billion and \$20.2 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, will be effective January 1, 2007. In addition to the HCPP, Ohio PERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. As an additional component of the HCPP, member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2006***

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The City's contributions to the OP&F Fund for the years ending December 31, 2006, 2005, and 2004 were \$602,632, \$581,504 and \$542,945 for police and \$514,648, \$472,684 and \$459,010 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 2006 covered payroll that was used to fund postemployment health care benefits was \$239,508 representing 7.75% of covered payroll for police and \$166,188 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, 2005, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 13,922 for police and 10,537 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, 2005 were \$108,039,449, which was net of member contributions of \$55,271,881.

CITY OF BLUE ASH, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2006**

NOTE 10 - NOTES PAYABLE

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

	Issue Date	Balance January 1, 2006	Issued	(Retired)	Balance December 31, 2006
Capital Projects Notes Payable:					
3.35% Land Acquisition	11/15/05	\$1,500,000	\$0	(\$1,500,000)	\$0
4.00% Carver Road TIF	12/15/05	3,050,000	0	(3,050,000)	0
4.00% Land Acquisition	11/14/06	0	1,000,000	0	1,000,000
Total Capital Projects Notes Payable		<u>\$4,550,000</u>	<u>\$1,000,000</u>	<u>(\$4,550,000)</u>	<u>\$1,000,000</u>

NOTE 11 - LONG-TERM OBLIGATIONS

Detail of the changes in the bonds and compensated absences of the City for the year ended December 31, 2006 is as follows:

		Balance December 31, 2005	Issued	(Retired)	Balance December 31, 2006	Amount Due Within One Year
Governmental Activities:						
General Obligation Bonds:						
4.63 - 4.75% Kenwood Road Improvement Bonds (\$11,680,000)	2000	\$5,840,000	\$0	(\$1,460,000)	\$4,380,000	\$1,460,000
2.53 - 3.13% Service Garage and Firehouse Bond (\$10,000,000)	2003	8,000,000	0	(1,000,000)	7,000,000	1,000,000
3.00- 3.85% Reed Hartmann Highway Improvement Bonds (\$3,700,000)	2005	3,700,000	0	(370,000)	3,330,000	0
5.00% Carver Road Tax Increment Financing Bonds (\$9,790,000)	2006	0	9,790,000	0	9,790,000	0
Total General Obligation Bonds		<u>17,540,000</u>	<u>9,790,000</u>	<u>(2,830,000)</u>	<u>24,500,000</u>	<u>2,830,000</u>
Compensated Absences		<u>1,344,793</u>	<u>293,143</u>	<u>(201,719)</u>	<u>1,436,217</u>	<u>34,922</u>
Total Governmental Activities		<u>\$18,884,793</u>	<u>\$10,083,143</u>	<u>(\$3,031,719)</u>	<u>\$25,936,217</u>	<u>\$2,864,922</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2006**

NOTE 11 - LONG-TERM OBLIGATIONS (Continued)

	Balance December 31, 2005	Additions	(Reductions)	Balance December 31, 2006	Due Within One Year
Business-Type Activities					
Compensated Absences	\$46,860	\$37,454	(\$7,029)	\$77,285	\$0
Total Business-Type Activities	<u>\$46,860</u>	<u>\$37,454</u>	<u>(\$7,029)</u>	<u>\$77,285</u>	<u>\$0</u>

The Ohio Revised Code provides that the net debt of a municipal corporation, when approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxable value of property. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. The City has no debt within the 5.5% unvoted debt limitation or the 10.5% overall debt limitation. The City's total debt margin at December 31, 2006 was \$55,786,123.

A. Principal and Interest Requirements

Principal and interest requirements to retire long-term debt outstanding at December 31, 2006 are as follows:

Years	General Obligation Bonds		
	Principal	Interest	Total
2007	\$2,830,000	\$1,031,495	\$3,861,495
2008	2,930,000	908,325	3,838,325
2009	2,930,000	796,765	3,726,765
2010	1,560,000	682,335	2,242,335
2011	1,565,000	630,070	2,195,070
2012-2016	4,620,000	2,425,915	7,045,915
2017-2021	1,460,000	1,877,000	3,337,000
2022-2026	1,860,000	1,474,500	3,334,500
2027-2031	2,380,000	960,250	3,340,250
2032-2035	2,365,000	302,750	2,667,750
Totals	<u>\$24,500,000</u>	<u>\$11,089,405</u>	<u>\$35,589,405</u>

B. Conduit Debt

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2006**

NOTE 11 - LONG-TERM OBLIGATIONS (Continued)

B. Conduit Debt(Continued)

As of December 31, 2006, there were four series of Industrial Revenue Bonds outstanding, and one series of Economic Development Revenue Bonds outstanding. The aggregate principal amount payable for the five series issued prior to December 31, 2006, could not be determined; however, their original issue amounts totaled \$16,580,000.

C. Tax Increment Financing Bonds

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

NOTE 12 - CONSTRUCTION COMMITMENTS

As of December 31, 2006, 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>
TIF - Construction	\$4,945,600	2008
Street Paving Program	41,605	February 2007
Total	<u>\$4,987,205</u>	

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2006**

NOTE 13 - 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, 2006, the pool has twenty members. The pool has been operational since December of 1988 and was formed in accordance with Section 2744 of the Ohio Revised Code. This jointly governed organization provides real and personal property, crime, surety, general liability, boiler and machinery, employment practices liability, police professional and public official liability coverage up to the limits stated below. Membership in MVRMA is intended to provide broad based coverage up to the limits stated below, with increased emphasis on safety and loss prevention and to create an opportunity for other local governments to participate. MVRMA is a non-profit corporation governed by a twenty-member board of trustees, consisting of a representative appointed by each of the member cities. The board of trustees elects the officers of the corporation, with each trustee having a single vote. Management is provided by an Executive Director, who is assisted by a Claims Manager, a full-time Loss Control Manager and professional office staff. The board is responsible for its own financial matters and the corporation maintains its own books of account. Budgeting and financing of MVRMA is subject to the approval of the board, and the organization is covered by policies, procedures, and formally adopted bylaws.

The twenty participating cities and their respective pool contribution factors for the loss year ended December 31, 2006 are:

<u>Entity</u>	<u>Percentage</u>	<u>Entity</u>	<u>Percentage</u>
Beavercreek	4.98 %	Montgomery	3.24 %
Bellbrook	1.31 %	Piqua	7.17 %
Blue Ash	7.60 %	Sidney	6.96 %
Centerville	4.28 %	Springdale	3.95 %
Englewood	3.28 %	Tipp City	3.31 %
Indian Hill	3.68 %	Troy	7.39 %
Kettering	12.15 %	Vandalia	4.32 %
Madeira	2.68 %	West Carrollton	2.85 %
Mason	6.38 %	Wilmington	4.47 %
Miamisburg	8.10 %	Wyoming	1.90 %
Subtotal	<u>54.44 %</u>	Subtotal	<u>45.56 %</u>
		Total	<u>100.00 %</u>

The 2006 pool contribution from the City of Blue Ash was \$251,714 representing 7.60% of the total collected from all members for that year's operating costs and projected loss reserves.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2006***

NOTE 13 - RISK MANAGEMENT (Continued)

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

General Liability	\$ 10,000,000	per occurrence
Automobile	10,000,000	per occurrence
Police Professional Liability	10,000,000	per occurrence
Employment Practices & Public Officials Liability	10,000,000	Aggregate
Crime / Employee Theft	1,000,000	Aggregate
Property	350,000,000	Aggregate
Flood (Zone specific)	20,000,000	per occurrence
Earthquake	25,000,000	per occurrence
Boiler & Machinery	100,000,000	per occurrence

The member deductible per occurrence for most types of claims is \$2,500. The pool's self insured retention (SIR) for property claims is \$2,501 - \$200,000 per occurrence. The SIR for Boiler and Machinery is \$5,000. The pool's SIR for liability claims is \$1,000,000 per occurrence. Excess insurance coverage, provided by commercial companies and an excess insurance pool is \$9,000,000 to the limits stated above. The City pays an annual premium to MVRMA which is intended to cover administrative expenses and any claims covered by the pool. The MVRMA Board of Trustees has the ability to require the member cities to make supplemental payments in the event reserves are not adequate to cover claims in a particular loss year. The City was not required to make any supplemental payments as of December 31, 2006, because an actuarial opinion issued as of that date reported actual MVRMA loss reserves of \$10,162,500 an amount in excess of the recommended net reserve of \$4,060,226. MVRMA reported Blue Ash's loss experience for years 2005, 2004 and 2003 as \$75,886, \$68,981, and \$79,409 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, or by viewing it www.mvrma.com.

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. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because there are no assets or liabilities and there was no activity during the year.)

Law Enforcement and Law Enforcement (DART) Fund

To account for the proceeds from the confiscation of contraband.

Drug Law Enforcement and Drug Law Enforcement (DART) Fund

To account for mandatory fines collected for drug offenses.

Education Enforcement (DUI) Fund

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

Debt Service Fund

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

Tax Increment Financing (TIF) Carver Road Bond Retirement Fund

To account for payments of principal and interest on the City's tax increment financing bonds issued in 2006. Revenues for this purpose include payments in lieu of taxes and investment income.

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. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

Reed Hartman Improvement Fund

This fund is used to account for financial resources used for the improvement of Reed Hartman Highway

Land Purchase Fund

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

CITY OF BLUE ASH, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2006**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 814,213	\$ 401,448	\$ 456,975	\$ 1,672,636
Receivables (net of allowance for doubtful accounts):				
Intergovernmental	385,404	0	0	385,404
Interest	1,655	11,556	1,709	14,920
Inventory of Supplies, at Cost	184,169	0	0	184,169
Prepaid Items	128	0	0	128
Restricted Assets:				
Investments	0	935,959	0	935,959
Total Assets	\$ 1,385,569	\$ 1,348,963	\$ 458,684	\$ 3,193,216
Liabilities:				
Accounts Payable	\$ 27,953	\$ 0	\$ 0	\$ 27,953
Accrued Wages and Benefits Payable	52,335	0	0	52,335
Intergovernmental Payable	194	0	0	194
Deferred Revenue	256,564	0	0	256,564
Total Liabilities	337,046	0	0	337,046
Fund Balances:				
Reserved for Encumbrances	167,581	0	1,720	169,301
Reserved for Prepaid Items	128	0	0	128
Reserved for Supplies Inventory	184,169	0	0	184,169
Reserved for Debt Service	0	1,348,963	0	1,348,963
Undesignated/Unreserved	696,645	0	456,964	1,153,609
Total Fund Balances	1,048,523	1,348,963	458,684	2,856,170
Total Liabilities and Fund Balances	\$ 1,385,569	\$ 1,348,963	\$ 458,684	\$ 3,193,216

CITY OF BLUE ASH, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2006**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Intergovernmental Revenues	\$ 823,462	\$ 0	\$ 84,080	\$ 907,542
Charges for Services	12,883	0	0	12,883
Licenses and Permits	300	0	0	300
Investment Earnings	17,538	26,362	34,842	78,742
Fines and Forfeitures	84,919	0	0	84,919
All Other Revenue	651	0	0	651
Total Revenue	939,753	26,362	118,922	1,085,037
Expenditures:				
Current:				
Security of Persons and Property	455,877	0	0	455,877
Transportation	2,017,696	0	0	2,017,696
Capital Outlay	0	0	562,845	562,845
Debt Service:				
Interest & Fiscal Charges	0	266,253	0	266,253
Total Expenditures	2,473,573	266,253	562,845	3,302,671
Excess (Deficiency) of Revenues Over Expenditures	(1,533,820)	(239,891)	(443,923)	(2,217,634)
Other Financing Sources (Uses):				
Sale of Bonds	0	4,569,818	0	4,569,818
Premiums on Debt Issuances	0	69,124	0	69,124
Transfers In	1,150,803	0	0	1,150,803
Transfers Out	0	(3,171,661)	(19,604)	(3,191,265)
Total Other Financing Sources (Uses)	1,150,803	1,467,281	(19,604)	2,598,480
Net Change in Fund Balance	(383,017)	1,227,390	(463,527)	380,846
Fund Balances at Beginning of Year	1,358,039	121,573	922,211	2,401,823
Increase (Decrease) in Inventory Reserve	73,501	0	0	73,501
Fund Balances End of Year	\$ 1,048,523	\$ 1,348,963	\$ 458,684	\$ 2,856,170

CITY OF BLUE ASH, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2006**

	Street Construction, Maintenance and Repair Fund	Municipal Motor Vehicle License Tax Fund	State Highway Fund	Law Enforcement Fund
Assets:				
Cash and Cash Equivalents	\$ 189,270	\$ 59,078	\$ 228,705	\$ 279,917
Receivables (net of allowance for doubtful accounts):				
Intergovernmental	307,115	53,119	24,881	0
Interest	446	301	908	0
Inventory of Supplies, at Cost	184,169	0	0	0
Prepaid Items	128	0	0	0
Total Assets	\$ 681,128	\$ 112,498	\$ 254,494	\$ 279,917
Liabilities:				
Accounts Payable	\$ 27,953	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits Payable	52,335	0	0	0
Intergovernmental Payable	194	0	0	0
Deferred Revenue	204,564	35,412	16,588	0
Total Liabilities	285,046	35,412	16,588	0
Fund Balances:				
Reserved for Encumbrances	162,317	0	4,126	1,138
Reserved for Prepaid Items	128	0	0	0
Reserved for Supplies Inventory	184,169	0	0	0
Undesignated/Unreserved	49,468	77,086	233,780	278,779
Total Fund Balances	396,082	77,086	237,906	279,917
Total Liabilities and Fund Balances	\$ 681,128	\$ 112,498	\$ 254,494	\$ 279,917

CITY OF BLUE ASH, OHIO

Drug Law Enforcement Fund	Education Enforcement (DUI) Fund	Total Nonmajor Special Revenue Funds
\$ 44,359	\$ 12,884	\$ 814,213
188	101	385,404
0	0	1,655
0	0	184,169
0	0	128
<u>\$ 44,547</u>	<u>\$ 12,985</u>	<u>\$ 1,385,569</u>
\$ 0	\$ 0	\$ 27,953
0	0	52,335
0	0	194
0	0	256,564
<u>0</u>	<u>0</u>	<u>337,046</u>
0	0	167,581
0	0	128
0	0	184,169
<u>44,547</u>	<u>12,985</u>	<u>696,645</u>
<u>44,547</u>	<u>12,985</u>	<u>1,048,523</u>
<u>\$ 44,547</u>	<u>\$ 12,985</u>	<u>\$ 1,385,569</u>

CITY OF BLUE ASH, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2006***

	Street Construction, Maintenance and Repair Fund	Municipal Motor Vehicle License Tax Fund	State Highway Fund	Law Enforcement Fund
Revenues:				
Intergovernmental Revenues	\$ 654,080	\$ 117,356	\$ 51,737	\$ 0
Charges for Services	12,883	0	0	0
Licenses and Permits	300	0	0	0
Investment Earnings	2,417	4,443	10,678	0
Fines and Forfeitures	0	0	0	30,765
All Other Revenue	959	0	0	0
Total Revenue	670,639	121,799	62,415	30,765
Expenditures:				
Current:				
Security of Persons and Property	0	0	0	84,807
Transportation	1,907,137	89,996	20,563	0
Total Expenditures	1,907,137	89,996	20,563	84,807
Excess (Deficiency) of Revenues Over Expenditures	(1,236,498)	31,803	41,852	(54,042)
Other Financing Sources (Uses):				
Transfers In	1,150,803	0	0	0
Total Other Financing Sources (Uses)	1,150,803	0	0	0
Net Change in Fund Balance	(85,695)	31,803	41,852	(54,042)
Fund Balances at Beginning of Year	408,276	45,283	196,054	333,959
Increase (Decrease) in Inventory Reserve	73,501	0	0	0
Fund Balances End of Year	\$ 396,082	\$ 77,086	\$ 237,906	\$ 279,917

CITY OF BLUE ASH, OHIO

<u>Law Enforcement (DART) Fund</u>	<u>Drug Law Enforcement Fund</u>	<u>Drug Law Enforcement (DART) Fund</u>	<u>Education Enforcement (DUI) Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 0	\$ 188	\$ 0	\$ 101	\$ 823,462
0	0	0	0	12,883
0	0	0	0	300
0	0	0	0	17,538
46,212	5,496	0	2,446	84,919
0	0	0	(308)	651
<u>46,212</u>	<u>5,684</u>	<u>0</u>	<u>2,239</u>	<u>939,753</u>
355,409	0	15,661	0	455,877
0	0	0	0	2,017,696
<u>355,409</u>	<u>0</u>	<u>15,661</u>	<u>0</u>	<u>2,473,573</u>
(309,197)	5,684	(15,661)	2,239	(1,533,820)
0	0	0	0	1,150,803
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,150,803</u>
(309,197)	5,684	(15,661)	2,239	(383,017)
309,197	38,863	15,661	10,746	1,358,039
0	0	0	0	73,501
<u>\$ 0</u>	<u>\$ 44,547</u>	<u>\$ 0</u>	<u>\$ 12,985</u>	<u>\$ 1,048,523</u>

CITY OF BLUE ASH, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2006**

	Reed Hartman Improvement Fund	Total Nonmajor Capital Projects Funds
Assets:		
Cash and Cash Equivalents	\$ 456,975	\$ 456,975
Receivables (net of allowance for doubtful accounts):		
Interest	1,709	1,709
Total Assets	<u>\$ 458,684</u>	<u>\$ 458,684</u>
Liabilities:		
Fund Balances:		
Reserved for Encumbrances	\$ 1,720	\$ 1,720
Undesignated/Unreserved	456,964	456,964
Total Fund Balances	<u>458,684</u>	<u>458,684</u>
Total Liabilities and Fund Balances	<u>\$ 458,684</u>	<u>\$ 458,684</u>

CITY OF BLUE ASH, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2006**

	Firehouse Construction Fund	Reed Hartman Improvement Fund	Land Purchase Fund	Total Nonmajor Capital Project Funds
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 84,080	\$ 0	\$ 84,080
Investment Earnings	695	34,147	0	34,842
Total Revenue	<u>695</u>	<u>118,227</u>	<u>0</u>	<u>118,922</u>
Expenditures:				
Current:				
Capital Outlay	0	552,030	10,815	562,845
Total Expenditures	<u>0</u>	<u>552,030</u>	<u>10,815</u>	<u>562,845</u>
Excess (Deficiency) of Revenues Over Expenditures	695	(433,803)	(10,815)	(443,923)
Other Financing Sources (Uses):				
Transfers Out	(19,604)	0	0	(19,604)
Total Other Financing Sources (Uses)	<u>(19,604)</u>	<u>0</u>	<u>0</u>	<u>(19,604)</u>
Net Change in Fund Balance	(18,909)	(433,803)	(10,815)	(463,527)
Fund Balances at Beginning of Year	<u>18,909</u>	<u>892,487</u>	<u>10,815</u>	<u>922,211</u>
Fund Balances End of Year	<u>\$ 0</u>	<u>\$ 458,684</u>	<u>\$ 0</u>	<u>\$ 458,684</u>

CITY OF BLUE ASH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2006**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 2,190,600	\$ 2,287,600	\$ 2,284,018	\$ (3,582)
Municipal Income Taxes	20,699,199	20,699,199	22,341,866	1,642,667
Other Local Taxes	740,000	740,000	851,405	111,405
Intergovernmental Revenues	1,636,576	1,886,276	1,944,546	58,270
Charges for Services	429,825	429,825	519,845	90,020
Licenses and Permits	360,750	460,750	618,753	158,003
Investment Earnings	258,000	342,500	488,039	145,539
Fines and Forfeitures	277,700	277,700	169,862	(107,838)
All Other Revenues	3,400	3,400	1,630	(1,770)
Total Revenues	<u>26,596,050</u>	<u>27,127,250</u>	<u>29,219,964</u>	<u>2,092,714</u>
Expenditures:				
Security of Persons and Property:				
Police Division:				
Personal Services	5,193,000	5,234,000	5,201,006	32,994
Materials and Supplies	148,393	155,393	144,898	10,495
Contractual Services	488,196	488,196	416,909	71,287
Capital Outlay	171,196	245,196	243,180	2,016
Total Police Division	<u>6,000,785</u>	<u>6,122,785</u>	<u>6,005,993</u>	<u>116,792</u>
Fire Division:				
Personal Services	3,611,000	3,676,000	3,615,854	60,146
Materials and Supplies	102,028	102,028	88,807	13,221
Contractual Services	265,621	285,121	268,328	16,793
Capital Outlay	1,209,544	1,192,544	1,191,186	1,358
Total Fire Division	<u>5,188,193</u>	<u>5,255,693</u>	<u>5,164,175</u>	<u>91,518</u>
Total Security of Persons and Property	<u>11,188,978</u>	<u>11,378,478</u>	<u>11,170,168</u>	<u>208,310</u>
Community Development:				
Building Division:				
Personal Services	299,700	299,700	287,148	12,552
Materials and Supplies	3,696	3,696	1,123	2,573
Contractual Services	569,945	926,945	745,784	181,161
Capital Outlay	612,451	612,451	503,383	109,068
Total Building Division	<u>1,485,792</u>	<u>1,842,792</u>	<u>1,537,438</u>	<u>305,354</u>
Total Community Development	<u>1,485,792</u>	<u>1,842,792</u>	<u>1,537,438</u>	<u>305,354</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, 2006***

	<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	1,043,300	1,043,300	974,067	69,233
Materials and Supplies	110,258	110,258	77,650	32,608
Contractual Services	993,835	993,835	883,880	109,955
Capital Outlay	288,600	288,600	88,710	199,890
Total Public Services Division	<u>2,435,993</u>	<u>2,435,993</u>	<u>2,024,307</u>	<u>411,686</u>
Total Basic Utility Services	<u>2,435,993</u>	<u>2,435,993</u>	<u>2,024,307</u>	<u>411,686</u>
General Government:				
Legislative Services:				
Personal Services	124,700	124,700	122,440	2,260
Materials and Supplies	600	600	106	494
Contractual Services	343,370	433,370	426,443	6,927
Total Legislative Services	<u>468,670</u>	<u>558,670</u>	<u>548,989</u>	<u>9,681</u>
Judicial Services:				
Personal Services	162,200	162,200	140,979	21,221
Materials and Supplies	1,760	1,760	1,106	654
Contractual Services	20,948	20,948	9,676	11,272
Capital Outlay	1,100	1,100	835	265
Total Judicial Services	<u>186,008</u>	<u>186,008</u>	<u>152,596</u>	<u>33,412</u>
Tax and Finance Divisions:				
Personal Services	585,200	585,200	567,443	17,757
Materials and Supplies	4,770	4,907	3,059	1,848
Contractual Services	137,531	137,531	104,512	33,019
Capital Outlay	6,500	6,500	1,765	4,735
Total Tax and Finance Divisions	<u>734,001</u>	<u>734,138</u>	<u>676,779</u>	<u>57,359</u>
Administrative Services Division:				
Personal Services	966,100	966,100	933,969	32,131
Materials and Supplies	8,309	8,309	6,411	1,898
Contractual Services	18,176	18,176	11,639	6,537
Capital Outlay	2,000	2,000	0	2,000
Total Administrative Services Division	<u>994,585</u>	<u>994,585</u>	<u>952,019</u>	<u>42,566</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, 2006**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Facilities Maintenance Division:				
Personal Services	825,600	850,600	828,250	22,350
Materials and Supplies	165,824	190,824	169,671	21,153
Contractual Services	547,314	534,314	495,320	38,994
Capital Outlay	77,146	77,146	53,299	23,847
Total Facilities Maintenance Division	<u>1,615,884</u>	<u>1,652,884</u>	<u>1,546,540</u>	<u>106,344</u>
Insurance Services Division:				
Contractual Services	308,157	308,157	291,548	16,609
Total Insurance Services Division	<u>308,157</u>	<u>308,157</u>	<u>291,548</u>	<u>16,609</u>
General Government Services:				
Personal Services	528,950	528,950	519,665	9,285
Materials and Supplies	38,125	53,988	31,485	22,503
Contractual Services	4,927,107	4,544,106	1,074,383	3,469,723
Capital Outlay	369,003	369,003	326,264	42,739
Total General Government Services	<u>5,863,185</u>	<u>5,496,047</u>	<u>1,951,797</u>	<u>3,544,250</u>
Total General Government	<u>10,170,490</u>	<u>9,930,489</u>	<u>6,120,268</u>	<u>3,810,221</u>
Total Expenditures	<u>25,281,253</u>	<u>25,587,752</u>	<u>20,852,181</u>	<u>4,735,571</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,314,797	1,539,498	8,367,783	6,828,285
Other Financing Sources (Uses):				
Sale of Capital Assets	630,000	630,000	305,145	(324,855)
Transfers Out	(9,533,071)	(9,757,771)	(8,677,381)	1,080,390
Advances In	120,087	120,086	120,086	0
Advances Out	(100,000)	(100,000)	(100,000)	0
Total Other Financing Sources (Uses)	<u>(8,882,984)</u>	<u>(9,107,685)</u>	<u>(8,352,150)</u>	<u>755,535</u>
Net Change in Fund Balance	(7,568,187)	(7,568,187)	15,633	7,583,820
Fund Balance at Beginning of Year	6,756,743	6,756,743	6,756,743	0
Prior Year Encumbrances	811,444	811,444	811,444	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,583,820</u>	<u>\$ 7,583,820</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, 2006**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
PARK AND RECREATION FUND				
Revenues:				
Charges for Services	\$ 662,200	\$ 662,200	\$ 705,492	\$ 43,292
All Other Revenues	280,850	280,850	280,093	(757)
Total Revenues	<u>943,050</u>	<u>943,050</u>	<u>985,585</u>	<u>42,535</u>
Expenditures:				
Leisure Time Activities:				
Recreation Programming Division:				
Personal Services	1,122,600	1,122,600	1,058,953	63,647
Materials and Supplies	162,151	169,150	155,703	13,447
Contractual Services	1,303,823	1,329,524	1,188,815	140,709
Capital Outlay	435,780	435,780	378,483	57,297
Total Recreation Programming Division	<u>3,024,354</u>	<u>3,057,054</u>	<u>2,781,954</u>	<u>275,100</u>
Grounds Maintenance Division:				
Personal Services	827,100	827,100	793,832	33,268
Materials and Supplies	181,516	181,516	149,969	31,547
Contractual Services	445,406	445,406	320,684	124,722
Capital Outlay	302,165	419,165	371,132	48,033
Total Grounds Maintenance Division	<u>1,756,187</u>	<u>1,873,187</u>	<u>1,635,617</u>	<u>237,570</u>
Total Expenditures	<u>4,780,541</u>	<u>4,930,241</u>	<u>4,417,571</u>	<u>512,670</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,837,491)	(3,987,191)	(3,431,986)	555,205
Other Financing Sources (Uses):				
Transfers In	3,691,110	3,840,810	3,285,603	(555,207)
Total Other Financing Sources (Uses)	<u>3,691,110</u>	<u>3,840,810</u>	<u>3,285,603</u>	<u>(555,207)</u>
Net Change in Fund Balance	(146,381)	(146,381)	(146,383)	(2)
Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances	146,383	146,383	146,383	0
Fund Balance at End of Year	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 0</u>	<u>\$ (2)</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, 2006**

GENERAL OBLIGATION BOND RETIREMENT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Property Taxes	\$ 88,809	\$ 88,809	\$ 92,596	\$ 3,787
Intergovernmental Revenues	9,940	9,940	11,715	1,775
Total Revenues	<u>98,749</u>	<u>98,749</u>	<u>104,311</u>	<u>5,562</u>
Expenditures:				
Debt Service:				
Principal Retirement	4,330,000	4,330,000	4,330,000	0
Interest and Fiscal Charges	687,503	687,502	683,684	3,818
Total Expenditures	<u>5,017,503</u>	<u>5,017,502</u>	<u>5,013,684</u>	<u>3,818</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,918,754)	(4,918,753)	(4,909,373)	9,380
Other Financing Sources (Uses):				
General Obligation Notes Issued	1,000,000	1,000,000	1,000,000	0
Premiums on Debt Issuances	0	0	3,360	3,360
Transfers In	3,917,821	3,937,425	3,908,958	(28,467)
Total Other Financing Sources (Uses)	<u>4,917,821</u>	<u>4,937,425</u>	<u>4,912,318</u>	<u>(25,107)</u>
Net Change in Fund Balance	(933)	18,672	2,945	(15,727)
Fund Balance at Beginning of Year	25,000	25,000	25,000	0
Prior Year Encumbrances	933	933	933	0
Fund Balance at End of Year	<u>\$ 25,000</u>	<u>\$ 44,605</u>	<u>\$ 28,878</u>	<u>\$ (15,727)</u>

CITY OF BLUE ASH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Project Funds
For the Year Ended December 31, 2006**

TIF CONSTRUCTION FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Investment Earnings	\$ 25,000	\$ 25,000	\$ 56,128	\$ 31,128
Total Revenues	<u>25,000</u>	<u>25,000</u>	<u>56,128</u>	<u>31,128</u>
Expenditures:				
Capital Outlay	2,902,263	8,002,262	7,977,262	25,000
Total Expenditures	<u>2,902,263</u>	<u>8,002,262</u>	<u>7,977,262</u>	<u>25,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,877,263)	(7,977,262)	(7,921,134)	56,128
Other Financing Sources (Uses):				
General Obligation Bonds Issued	0	5,100,000	5,220,182	120,182
Total Other Financing Sources (Uses)	<u>0</u>	<u>5,100,000</u>	<u>5,220,182</u>	<u>120,182</u>
Net Change in Fund Balance	(2,877,263)	(2,877,262)	(2,700,952)	176,310
Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances	2,877,263	2,877,263	2,877,263	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 1</u>	<u>\$ 176,311</u>	<u>\$ 176,310</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, 2006**

STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 590,000	\$ 590,000	\$ 658,990	\$ 68,990
Charges for Services	150	150	12,883	12,733
Licenses and Permits	400	400	300	(100)
Investment Earnings	2,000	2,000	2,520	520
All Other Revenues	900	900	959	59
Total Revenues	<u>593,450</u>	<u>593,450</u>	<u>675,652</u>	<u>82,202</u>
Expenditures:				
Transportation:				
Street Division:				
Personal Services	699,160	699,160	669,556	29,604
Materials and Supplies	249,209	249,210	197,599	51,611
Contractual Services	379,578	379,578	311,089	68,489
Capital Outlay	1,062,275	1,062,274	913,573	148,701
Total Expenditures	<u>2,390,222</u>	<u>2,390,222</u>	<u>2,091,817</u>	<u>298,405</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,796,772)	(1,796,772)	(1,416,165)	380,607
Other Financing Sources (Uses):				
Transfers In	1,531,410	1,531,410	1,150,803	(380,607)
Total Other Financing Sources (Uses)	<u>1,531,410</u>	<u>1,531,410</u>	<u>1,150,803</u>	<u>(380,607)</u>
Net Changes in Fund Balance	(265,362)	(265,362)	(265,362)	0
Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances	265,364	265,364	265,364	0
Fund Balance at End of Year	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 2</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, 2006**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 105,000	\$ 105,000	\$ 112,174	\$ 7,174
Investment Earnings	1,000	1,000	4,299	3,299
Total Revenues	<u>106,000</u>	<u>106,000</u>	<u>116,473</u>	<u>10,473</u>
Expenditures:				
Transportation:				
Street Division:				
Personal Services	100,000	100,000	89,996	10,004
Total Expenditures	<u>100,000</u>	<u>100,000</u>	<u>89,996</u>	<u>10,004</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,000	6,000	26,477	20,477
Fund Balance at Beginning of Year	<u>32,601</u>	<u>32,601</u>	<u>32,601</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 38,601</u>	<u>\$ 38,601</u>	<u>\$ 59,078</u>	<u>\$ 20,477</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, 2006**

STATE HIGHWAY FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Intergovernmental Revenues	\$ 47,000	\$ 47,000	\$ 52,134	\$ 5,134
Investment Earnings	3,300	3,300	10,462	7,162
Total Revenues	<u>50,300</u>	<u>50,300</u>	<u>62,596</u>	<u>12,296</u>
Expenditures:				
Transportation:				
Street Division:				
Contractual Services	10,000	10,000	6,316	3,684
Capital Outlay	<u>67,368</u>	<u>67,368</u>	<u>18,373</u>	<u>48,995</u>
Total Expenditures	<u>77,368</u>	<u>77,368</u>	<u>24,689</u>	<u>52,679</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(27,068)	(27,068)	37,907	64,975
Fund Balance at Beginning of Year	184,304	184,304	184,304	0
Prior Year Encumbrances	<u>2,368</u>	<u>2,368</u>	<u>2,368</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 159,604</u>	<u>\$ 159,604</u>	<u>\$ 224,579</u>	<u>\$ 64,975</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, 2006**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 32,035	\$ 32,035	\$ 32,035	\$ 0
Total Revenues	<u>32,035</u>	<u>32,035</u>	<u>32,035</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Police Division:				
Personal Services	<u>11,949</u>	<u>11,949</u>	<u>11,949</u>	<u>0</u>
Total Expenditures	<u>11,949</u>	<u>11,949</u>	<u>11,949</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	20,086	20,086	20,086	0
Other Financing Sources (Uses):				
Advances Out	<u>0</u>	<u>(20,086)</u>	<u>(20,086)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>(20,086)</u>	<u>(20,086)</u>	<u>0</u>
Net Change in Fund Balance	20,086	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 20,086</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF BLUE ASH, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2006***

LAW ENFORCEMENT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Fines and Forfeitures	\$ 30,200	\$ 30,200	\$ 30,765	\$ 565
Total Revenues	<u>30,200</u>	<u>30,200</u>	<u>30,765</u>	<u>565</u>
Expenditures:				
Security of Persons and Property:				
Police Division:				
Materials and Supplies	30,000	30,000	6,071	23,929
Contractual Services	107,000	107,000	47,961	59,039
Capital Outlay	<u>205,913</u>	<u>205,913</u>	<u>32,054</u>	<u>173,859</u>
Total Expenditures	<u>342,913</u>	<u>342,913</u>	<u>86,086</u>	<u>256,827</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(312,713)	(312,713)	(55,321)	257,392
Fund Balance at Beginning of Year	328,187	328,187	328,187	0
Prior Year Encumbrances	<u>5,913</u>	<u>5,913</u>	<u>5,913</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 21,387</u>	<u>\$ 21,387</u>	<u>\$ 278,779</u>	<u>\$ 257,392</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, 2006**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 64,000	\$ 64,000	\$ 46,212	\$ (17,788)
Total Revenues	<u>64,000</u>	<u>64,000</u>	<u>46,212</u>	<u>(17,788)</u>
Expenditures:				
Security of Persons and Property:				
Police Division:				
Contractual Services	319,778	355,200	355,200	0
Capital Outlay	<u>209</u>	<u>209</u>	<u>209</u>	<u>0</u>
Total Expenditures	<u>319,987</u>	<u>355,409</u>	<u>355,409</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(255,987)	(291,409)	(309,197)	(17,788)
Fund Balance at Beginning of Year	301,154	301,154	301,154	0
Prior Year Encumbrances	<u>8,043</u>	<u>8,043</u>	<u>8,043</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 53,210</u>	<u>\$ 17,788</u>	<u>\$ 0</u>	<u>\$ (17,788)</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, 2006**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 2,400	\$ 2,400	\$ 5,496	\$ 3,096
Total Revenues	<u>2,400</u>	<u>2,400</u>	<u>5,496</u>	<u>3,096</u>
Expenditures:				
Security of Persons and Property:				
Police Division:				
Materials and Supplies	1,000	1,000	0	1,000
Contractual Services	16,000	16,000	0	16,000
Capital Outlay	<u>3,000</u>	<u>3,000</u>	<u>0</u>	<u>3,000</u>
Total Expenditures	<u>20,000</u>	<u>20,000</u>	<u>0</u>	<u>20,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(17,600)	(17,600)	5,496	23,096
Fund Balance at Beginning of Year	<u>38,863</u>	<u>38,863</u>	<u>38,863</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 21,263</u>	<u>\$ 21,263</u>	<u>\$ 44,359</u>	<u>\$ 23,096</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, 2006**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 4,000	\$ 4,000	\$ 0	\$ (4,000)
Total Revenues	<u>4,000</u>	<u>4,000</u>	<u>0</u>	<u>(4,000)</u>
Expenditures:				
Security of Persons and Property:				
Police Division:				
Contractual Services	<u>15,661</u>	<u>15,661</u>	<u>15,661</u>	<u>0</u>
Total Expenditures	<u>15,661</u>	<u>15,661</u>	<u>15,661</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,661)	(11,661)	(15,661)	(4,000)
Fund Balance at Beginning of Year	<u>15,661</u>	<u>15,661</u>	<u>15,661</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 4,000</u>	<u>\$ 4,000</u>	<u>\$ 0</u>	<u>\$ (4,000)</u>

CITY OF BLUE ASH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2006**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 2,500	\$ 2,500	\$ 2,446	\$ (54)
Total Revenues	<u>2,500</u>	<u>2,500</u>	<u>2,446</u>	<u>(54)</u>
Expenditures:				
Security of Persons and Property:				
Police Division:				
Contractual Services	<u>8,000</u>	<u>8,000</u>	<u>0</u>	<u>8,000</u>
Total Expenditures	<u>8,000</u>	<u>8,000</u>	<u>0</u>	<u>8,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,500)	(5,500)	2,446	7,946
Fund Balance at Beginning of Year	<u>10,438</u>	<u>10,438</u>	<u>10,438</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 4,938</u>	<u>\$ 4,938</u>	<u>\$ 12,884</u>	<u>\$ 7,946</u>

CITY OF BLUE ASH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Fund
For the Year Ended December 31, 2006**

TIF CARVER ROAD BOND RETIREMENT FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 4,000	\$ 4,000	\$ 14,919	\$ 10,919
Total Revenues	<u>4,000</u>	<u>4,000</u>	<u>14,919</u>	<u>10,919</u>
Expenditures:				
Debt Service:				
Principal Retirement	3,050,000	3,050,000	3,050,000	0
Interest and Fiscal Charges	160,000	540,000	249,452	290,548
Total Expenditures	<u>3,210,000</u>	<u>3,590,000</u>	<u>3,299,452</u>	<u>290,548</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,206,000)	(3,586,000)	(3,284,533)	301,467
Other Financing Sources (Uses):				
General Obligation Notes Issued	3,250,000	0	0	0
General Obligation Bonds Issued	0	4,900,000	4,422,968	(477,032)
Premiums on Debt Issuances	0	0	69,124	69,124
Total Other Financing Sources (Uses)	<u>3,250,000</u>	<u>4,900,000</u>	<u>4,492,092</u>	<u>(407,908)</u>
Net Change in Fund Balance	44,000	1,314,000	1,207,559	(106,441)
Fund Balance at Beginning of Year	120,248	120,248	120,248	0
Prior Year Encumbrances	9,600	9,600	9,600	0
Fund Balance at End of Year	<u>\$ 173,848</u>	<u>\$ 1,443,848</u>	<u>\$ 1,337,407</u>	<u>\$ (106,441)</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, 2006**

FIREHOUSE CONSTRUCTION FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Investment Earnings	\$ 200	\$ 766	\$ 766	\$ 0
Total Revenues	<u>200</u>	<u>766</u>	<u>766</u>	<u>0</u>
Expenditures:				
Capital Outlay	18,838	0	0	0
Total Expenditures	<u>18,838</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(18,638)	766	766	0
Other Financing Sources (Uses):				
Transfers Out	0	(19,604)	(19,604)	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>(19,604)</u>	<u>(19,604)</u>	<u>0</u>
Net Change in Fund Balance	(18,638)	(18,838)	(18,838)	0
Fund Balance at Beginning of Year	12,178	12,178	12,178	0
Prior Year Encumbrances	6,660	6,660	6,660	0
Fund Balance at End of Year	<u>\$ 200</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF BLUE ASH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2006**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 60,900	\$ 60,900	\$ 84,080	\$ 23,180
Investment Earnings	1,000	1,000	35,807	34,807
Total Revenues	<u>61,900</u>	<u>61,900</u>	<u>119,887</u>	<u>57,987</u>
Expenditures:				
Capital Outlay	<u>891,655</u>	<u>891,655</u>	<u>555,944</u>	<u>335,711</u>
Total Expenditures	<u>891,655</u>	<u>891,655</u>	<u>555,944</u>	<u>335,711</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(829,755)	(829,755)	(436,057)	393,698
Fund Balance at Beginning of Year	249,657	249,657	249,657	0
Prior Year Encumbrances	<u>641,655</u>	<u>641,655</u>	<u>641,655</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 61,557</u>	<u>\$ 61,557</u>	<u>\$ 455,255</u>	<u>\$ 393,698</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, 2006***

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



Fiduciary Funds

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

Agency Funds

Mayor's Court Fund

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

Ohio Board of Building Standards Assessment Fund

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

Arson Task Force Fund

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

CITY OF BLUE ASH, OHIO

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2006**

	Balance December 31, 2005	Additions	Deductions	Balance December 31, 2006
<u>Mayor's Court</u>				
Assets:				
Cash and Cash Equivalents with Fiscal Agent	\$638	\$222,241	(\$222,174)	\$705
Total Assets	<u>\$638</u>	<u>\$222,241</u>	<u>(\$222,174)</u>	<u>\$705</u>
Liabilities:				
Due to Others	\$638	\$222,241	(\$222,174)	\$705
Total Liabilities	<u>\$638</u>	<u>\$222,241</u>	<u>(\$222,174)</u>	<u>\$705</u>
<u>Ohio Board of Building Standards Assessments</u>				
Assets:				
Cash and Cash Equivalents	\$1,293	\$14,103	(\$14,288)	\$1,108
Total Assets	<u>\$1,293</u>	<u>\$14,103</u>	<u>(\$14,288)</u>	<u>\$1,108</u>
Liabilities:				
Intergovernmental Payables	\$1,293	\$14,103	(\$14,288)	\$1,108
Total Liabilities	<u>\$1,293</u>	<u>\$14,103</u>	<u>(\$14,288)</u>	<u>\$1,108</u>
<u>Arson Task Force</u>				
Assets:				
Cash and Cash Equivalents	\$4,278	\$205	(\$2,216)	\$2,267
Total Assets	<u>\$4,278</u>	<u>\$205</u>	<u>(\$2,216)</u>	<u>\$2,267</u>
Liabilities:				
Due to Others	\$4,278	\$205	(\$2,216)	\$2,267
Total Liabilities	<u>\$4,278</u>	<u>\$205</u>	<u>(\$2,216)</u>	<u>\$2,267</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$5,571	\$14,308	(\$16,504)	\$3,375
Cash and Cash Equivalents with Fiscal Agent	638	222,241	(222,174)	705
Total Assets	<u>\$6,209</u>	<u>\$236,549</u>	<u>(\$238,678)</u>	<u>\$4,080</u>
Liabilities:				
Intergovernmental Payables	\$1,293	\$14,103	(\$14,288)	\$1,108
Due to Others	4,916	222,446	(224,390)	2,972
Total Liabilities	<u>\$6,209</u>	<u>\$236,549</u>	<u>(\$238,678)</u>	<u>\$4,080</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, 2006***

Capital Assets:

Land	\$20,321,922
Buildings	29,295,530
Improvements Other than Buildings	6,333,851
Infrastructure	18,827,467
Machinery and Equipment	11,913,241
Construction in Progress	281,425
Total Capital Assets	<u>\$86,973,436</u>

Investment in Capital Assets from:

General Fund	\$16,953,851
Special Revenue Funds	15,050,067
Capital Project Funds	54,949,132
Enterprise Fund	5,500
Capital Leases	14,886
Total Investment in Capital Assets	<u>\$86,973,436</u>

CITY OF BLUE ASH, OHIO

**Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
December 31, 2006**

Function and Activity	Land	Buildings	Improvements Other Than Buildings	Infrastructure
<u>General Government:</u>				
Administration	\$465,634	\$2,402,853	\$257,209	\$0
Legislative	0	7,375	0	0
Judicial	0	0	0	0
Finance / Tax	0	44,030	0	0
Facility Maintenance	0	188,700	0	0
Total	<u>465,634</u>	<u>2,642,958</u>	<u>257,209</u>	<u>0</u>
<u>Security of Persons and Property:</u>				
Police	0	774,430	0	0
Fire	0	7,510,929	1,900	0
Total	<u>0</u>	<u>8,285,359</u>	<u>1,900</u>	<u>0</u>
<u>Transportation:</u>				
Street	9,383,823	233,500	0	18,827,467
<u>Leisure Time Activities:</u>				
Park	4,489,415	9,170,476	1,838,659	0
Grounds Maintenance	3,012,745	3,590,506	3,710,305	0
Total	<u>7,502,160</u>	<u>12,760,982</u>	<u>5,548,964</u>	<u>0</u>
<u>Basic Utility Services:</u>				
Public Services	1,708,423	2,308,456	383,450	0
<u>Community Development:</u>				
Building	1,261,882	3,064,275	142,328	0
Construction in Progress				
Total Capital Assets	<u><u>\$20,321,922</u></u>	<u><u>\$29,295,530</u></u>	<u><u>\$6,333,851</u></u>	<u><u>\$18,827,467</u></u>

CITY OF BLUE ASH, OHIO

<u>Machinery and Equipment</u>	<u>Total</u>
\$1,518,770	\$4,644,466
4,242	11,617
4,921	4,921
55,387	99,417
<u>122,440</u>	<u>311,140</u>
<u>1,705,760</u>	<u>5,071,561</u>
1,694,782	2,469,212
<u>3,472,575</u>	<u>10,985,404</u>
<u>5,167,357</u>	<u>13,454,616</u>
<u>374,930</u>	<u>28,819,720</u>
1,042,573	16,541,123
<u>1,407,657</u>	<u>11,721,213</u>
<u>2,450,230</u>	<u>28,262,336</u>
<u>2,171,686</u>	<u>6,572,015</u>
<u>43,278</u>	<u>4,511,763</u>
	<u>281,425</u>
<u>\$11,913,241</u>	<u>\$86,973,436</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, 2006**

<u>Function and Activity</u>	<u>December 31, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2006</u>
<u>General Government:</u>				
Administration	\$4,638,523	\$212,600	(\$206,657)	\$4,644,466
Legislative	11,617	0	0	11,617
Judicial	4,921	0	0	4,921
Finance / Tax	107,540	0	(8,123)	99,417
Facility Maintenance	152,514	159,214	(588)	311,140
Total	<u>4,915,115</u>	<u>371,814</u>	<u>(215,368)</u>	<u>5,071,561</u>
<u>Security of Persons and Property:</u>				
Police	2,351,987	253,153	(135,928)	2,469,212
Fire	10,780,685	235,003	(30,284)	10,985,404
Total	<u>13,132,672</u>	<u>488,156</u>	<u>(166,212)</u>	<u>13,454,616</u>
<u>Transportation:</u>				
Street	24,585,898	4,233,822	0	28,819,720
<u>Leisure Time Activities:</u>				
Park	16,167,617	412,046	(38,540)	16,541,123
Grounds Maintenance	11,413,926	464,222	(156,935)	11,721,213
Total	<u>27,581,543</u>	<u>876,268</u>	<u>(195,475)</u>	<u>28,262,336</u>
<u>Basic Utility Services:</u>				
Public Services	6,566,888	53,673	(48,546)	6,572,015
<u>Community Development:</u>				
Building	2,247,836	2,900,000	(636,073)	4,511,763
Construction in Progress	4,135,893	196,875	(4,051,343)	281,425
Total Capital Assets	<u>\$83,165,845</u>	<u>\$9,120,608</u>	<u>(\$5,313,017)</u>	<u>\$86,973,436</u>

STATISTICAL SECTION



STATISTICAL TABLES

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

Contents

Financial Trends	S 2 – S 13
These schedules contain trend information to help the reader understand how the city's financial position has changed over time.	
Revenue Capacity	S 14 – S 17
These schedules contain information to help the reader understand and assess the factors affecting the city's ability to generate its most significant local revenue source, income tax.	
Debt Capacity	S 18 – S 25
These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.	
Economic and Demographic Information	S 26 – S 29
These schedules offer economic and demographic indicators to help the reader understand the environment within which the district's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	
Operating Information	S 30 – S 35
These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.	
Sources Note:	
Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.	

City of Blue Ash

*Net Assets by Component
Last Five Years
(accrual basis of accounting)*

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Governmental Activities:				
Invested in Capital Assets, Net of Related Debt	\$45,844,856	\$32,823,175	\$28,207,806	\$34,426,061
Restricted	1,830,218	1,889,933	9,637,231	5,465,764
Unrestricted	<u>(8,625,857)</u>	<u>7,790,282</u>	<u>7,349,937</u>	<u>11,353,572</u>
Total Governmental Activities Net Assets	<u><u>\$39,049,217</u></u>	<u><u>\$42,503,390</u></u>	<u><u>\$45,194,974</u></u>	<u><u>\$51,245,397</u></u>
Business-type Activities:				
Invested in Capital Assets, Net of Related Debt	\$2,825,114	\$2,694,683	\$2,712,921	\$2,640,807
Restricted	0	0	0	0
Unrestricted (Deficit)	<u>(26,005)</u>	<u>(23,320)</u>	<u>(21,594)</u>	<u>(30,031)</u>
Total Business-type Activities Net Assets	<u><u>\$2,799,109</u></u>	<u><u>\$2,671,363</u></u>	<u><u>\$2,691,327</u></u>	<u><u>\$2,610,776</u></u>
Primary Government:				
Invested in Capital Assets, Net of Related Debt	\$48,669,970	\$35,517,858	\$30,920,727	\$37,066,868
Restricted	1,830,218	1,889,933	9,637,231	5,465,764
Unrestricted	<u>(8,651,862)</u>	<u>7,766,962</u>	<u>7,328,343</u>	<u>11,323,541</u>
Total Primary Government Net Assets	<u><u>\$41,848,326</u></u>	<u><u>\$45,174,753</u></u>	<u><u>\$47,886,301</u></u>	<u><u>\$53,856,173</u></u>

Source: Finance Office

City of Blue Ash

2006

\$34,881,463
4,839,111
14,150,187
\$53,870,761

\$2,616,516
0
(13,743)
\$2,602,773

\$37,497,979
4,839,111
14,136,444
\$56,473,534

City of Blue Ash

Changes in Net Assets
Last Five Years
(accrual basis of accounting)

	2002	2003	2004	2005
Expenses				
Governmental Activities:				
Security of Persons and Property	\$9,409,353	\$9,189,983	\$10,022,125	\$10,165,886
Leisure Time Activities	5,085,560	4,698,832	4,695,425	4,159,503
Community Development	698,927	684,192	627,530	880,545
Basic Utility Services	3,771,878	3,143,907	2,497,941	2,156,876
Transportation	3,721,127	2,287,035	2,248,461	1,855,044
General Government	5,519,943	3,246,035	6,132,078	6,306,580
Interest and Fiscal Charges	868,756	892,598	785,134	858,638
<i>Total Governmental Activities Expenses</i>	<u>29,075,544</u>	<u>24,142,582</u>	<u>27,008,694</u>	<u>26,383,072</u>
Business-type Activities:				
Golf Course	1,283,349	1,299,836	1,314,862	1,318,708
<i>Total Business-type Activities Expenses</i>	<u>1,283,349</u>	<u>1,299,836</u>	<u>1,314,862</u>	<u>1,318,708</u>
<i>Total Primary Government Expenses</i>	<u>\$30,358,893</u>	<u>\$25,442,418</u>	<u>\$28,323,556</u>	<u>\$27,701,780</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
Security of Persons and Property	\$407,291	\$483,282	\$218,704	\$415,652
Leisure Time Activities	680,730	652,338	641,986	667,712
Community Development	179,487	180,035	195,256	346,095
Transportation	12,189	820	2,584	725
General Government	208,466	367,610	390,473	287,798
Operating Grants and Contributions	1,012,192	569,887	1,801,713	998,262
Capital Grants and Contributions	988,047	112,804	1,717,293	0
<i>Total Governmental Activities Program Revenues</i>	<u>3,488,402</u>	<u>2,366,776</u>	<u>4,968,009</u>	<u>2,716,244</u>

City of Blue Ash

2006

\$10,330,009
4,629,671
1,128,585
1,879,424
1,919,917
7,401,144
842,242
28,130,992

1,482,474
1,482,474
\$29,613,466

\$127,044
705,492
523,062
13,183
199,771
822,921
0
2,391,473

(continued)

City of Blue Ash

Changes in Net Assets Last Five Years (accrual basis of accounting)

	2002	2003	2004	2005
Business-type Activities:				
Charges for Services				
Golf Course	1,014,440	981,482	1,105,883	1,093,114
<i>Total Business-type Activities Program Revenues</i>	1,014,440	981,482	1,105,883	1,093,114
<i>Total Primary Government Program Revenues</i>	4,502,842	3,348,258	6,073,892	3,809,358
Net (Expense)/Revenue				
Governmental Activities	(25,587,142)	(21,775,806)	(22,040,685)	(23,666,828)
Business-type Activities	(268,909)	(318,354)	(208,979)	(225,594)
<i>Total Primary Government Net (Expense)/Revenue</i>	(\$25,856,051)	(\$22,094,160)	(\$22,249,664)	(\$23,892,422)
General Revenues and Other Changes in Net Assets				
Governmental Activities:				
Property Taxes Levied for:				
General Purposes	\$2,058,148	\$2,181,235	\$2,179,195	\$2,138,994
Debt Service	76,228	242,091	69,076	106,688
Municipal Income Taxes	16,636,788	19,780,105	19,644,642	22,628,464
Other Local Taxes	682,029	669,641	699,467	782,470
Grants and Entitlements not				
Restricted to Specific Programs	2,368,203	1,841,048	1,690,766	1,778,951
Investment Earnings	277,000	182,281	128,697	357,462
Miscellaneous	445,767	1,353,601	549,369	868,214
Transfers	(145,384)	(190,608)	(228,943)	(145,043)
Loss on Disposal of Capital Assets	(202,251)	0	0	0
<i>Total Governmental Activities</i>	22,196,528	26,059,394	24,732,269	28,516,200
Business-type Activities:				
Transfers	145,384	190,608	228,943	145,043
Loss on Disposal of Capital Assets	(12,341)	0	0	0
<i>Total Business-type Activities</i>	133,043	190,608	228,943	145,043
<i>Total Primary Government</i>	\$22,329,571	\$26,250,002	\$24,961,212	\$28,661,243
Change in Net Assets				
Governmental Activities	(\$3,390,614)	\$4,283,588	\$2,691,584	\$4,849,372
Business-type Activities	(135,866)	(127,746)	19,964	(80,551)
<i>Total Primary Government Change in Net Assets</i>	(\$3,526,480)	\$4,155,842	\$2,711,548	\$4,768,821

Source: Finance Office

City of Blue Ash

2006

1,122,849

1,122,849

3,514,322

(25,739,519)

(359,625)

(\$26,099,144)

\$2,284,018

108,801

22,145,729

869,253

1,726,738

720,964

861,002

(351,622)

0

28,364,883

351,622

0

351,622

\$28,716,505

\$2,625,364

(8,003)

\$2,617,361

City of Blue Ash

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

	1997	1998	1999	2000	2001
General Fund					
Reserved	\$130,272	\$3,197,934	\$262,124	\$1,239,598	\$1,556,338
Unreserved	9,768,217	7,110,155	7,323,677	10,709,377	9,234,476
<i>Total General Fund</i>	<u>9,898,489</u>	<u>10,308,089</u>	<u>7,585,801</u>	<u>11,948,975</u>	<u>10,790,814</u>
All Other Governmental Funds					
Reserved	1,192,607	2,107,827	2,510,064	4,483,509	2,334,223
Unreserved, Undesignated, Reported in:					
Special Revenue Funds	(43,734)	456	291,626	257,681	275,478
Debt Service Funds	0	0	0	0	0
Capital Projects Funds	110,168	(1,386,019)	(1,729,560)	5,789,461	260,591
<i>Total All Other Governmental Funds</i>	<u>1,259,041</u>	<u>722,264</u>	<u>1,072,130</u>	<u>10,530,651</u>	<u>2,870,292</u>
<i>Total Governmental Funds</i>	<u>\$11,157,530</u>	<u>\$11,030,353</u>	<u>\$8,657,931</u>	<u>\$22,479,626</u>	<u>\$13,661,106</u>

Source: Finance Office

City of Blue Ash

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$510,629	\$392,003	\$336,403	\$510,338	\$1,614,323
<u>5,087,578</u>	<u>7,638,598</u>	<u>7,344,816</u>	<u>9,181,613</u>	<u>9,684,919</u>
<u>5,598,207</u>	<u>8,030,601</u>	<u>7,681,219</u>	<u>9,691,951</u>	<u>11,299,242</u>
5,246,029	1,097,400	6,537,653	4,077,834	5,474,358
516,883	675,620	626,637	918,193	595,933
0	80,475	0	0	1,377,841
<u>(9,001,332)</u>	<u>(2,121,141)</u>	<u>(9,888,439)</u>	<u>(4,282,921)</u>	<u>(351,904)</u>
<u>(3,238,420)</u>	<u>(267,646)</u>	<u>(2,724,149)</u>	<u>713,106</u>	<u>7,096,228</u>
<u>\$2,359,787</u>	<u>\$7,762,955</u>	<u>\$4,957,070</u>	<u>\$10,405,057</u>	<u>\$18,395,470</u>

City of Blue Ash

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

	1997	1998	1999	2000
Revenues:				
Taxes				
Property	\$1,868,418	\$1,933,026	\$2,015,780	\$2,146,246
Municipal Income	20,385,694	17,426,458	18,142,465	20,436,849
Other Local	602,216	689,860	714,981	718,774
Intergovernmental Revenues	2,823,585	2,766,663	3,174,907	4,235,150
Charges for Services	811,921	1,079,718	1,047,157	924,905
Licenses and Permits	255,930	232,938	238,568	229,180
Investment Earnings	424,635	572,716	661,408	1,001,672
Special Assessments	1,739	3,576	1,813	0
Fines and Forfeitures	318,255	286,429	324,694	327,410
All Other Revenue	53,633	54,781	34,049	14,002
Total Revenue	<u>27,546,026</u>	<u>25,046,165</u>	<u>26,355,822</u>	<u>30,034,188</u>
Expenditures:				
Current:				
Security of Persons and Property	6,408,047	7,286,579	7,192,329	7,737,772
Leisure Time Activities	2,474,481	3,353,772	4,152,781	3,772,561
Community Environment	488,379	583,527	628,447	757,186
Basic Utility Services	2,495,505	4,034,811	3,833,087	3,000,095
Transportation	705,137	2,994,004	5,715,500	4,128,592
General Government	2,248,447	3,137,228	5,154,243	3,380,758
Capital Outlay	5,794,260	1,409,352	415,690	3,003,039
Debt Service:				
Principal Retirement	2,053,000	2,053,000	2,053,000	1,350,000
Interest and Fiscal Charges	452,615	341,257	488,539	402,760
Total Expenditures	<u>23,119,871</u>	<u>25,193,530</u>	<u>29,633,616</u>	<u>27,532,763</u>
Excess (Deficiency) of Revenues Over Expenditures	4,426,155	(147,365)	(3,277,794)	2,501,425

City of Blue Ash

2001	2002	2003	2004	2005	2006
\$2,185,060	\$2,134,376	\$2,262,022	\$2,259,907	\$2,225,710	\$2,376,614
19,509,547	16,532,390	20,585,615	19,482,112	21,780,007	22,053,892
619,409	682,029	669,641	699,467	782,470	869,253
3,172,932	3,134,793	3,005,859	3,976,014	3,661,407	2,843,102
898,125	834,809	1,228,620	995,850	1,170,430	1,259,704
237,053	253,622	258,015	281,498	437,106	619,984
771,368	279,789	182,281	128,697	357,462	648,480
0	0	0	0	0	0
331,997	582,167	623,175	378,006	659,328	254,781
63,686	263,332	347,352	343,018	319,332	295,085
<u>27,789,177</u>	<u>24,697,307</u>	<u>29,162,580</u>	<u>28,544,569</u>	<u>31,393,252</u>	<u>31,220,895</u>
8,595,712	9,243,373	9,205,777	9,972,468	10,111,541	10,595,745
3,485,880	4,115,009	3,793,655	3,837,782	3,885,242	4,310,565
737,395	690,755	682,771	657,461	882,499	1,360,707
3,053,246	3,714,209	3,154,613	2,498,477	2,144,168	1,912,102
3,190,539	3,775,004	2,022,193	1,876,750	1,755,940	2,017,696
4,956,057	4,350,054	4,583,358	5,766,124	5,669,339	5,580,307
10,599,587	7,092,437	8,085,301	3,238,694	1,737,644	3,447,714
1,352,497	2,037,715	2,037,955	2,463,216	2,463,503	2,830,000
700,786	794,888	865,931	800,502	850,590	1,065,088
<u>36,671,699</u>	<u>35,813,444</u>	<u>34,431,554</u>	<u>31,111,474</u>	<u>29,500,466</u>	<u>33,119,924</u>
(8,882,522)	(11,116,137)	(5,268,974)	(2,566,905)	1,892,786	(1,899,029)

(continued)

City of Blue Ash

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

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Other Financing Sources (Uses):				
Sale of Capital Assets	5,341	0	910,424	19,787
General Obligation Bonds Issued	0	0	0	11,680,000
Premium on General Obligation Bonds	0	0	0	0
Other Financing Sources - Capital Leases	0	0	0	0
Transfers In	7,226,762	0	11,366,950	13,159,926
Transfers Out	<u>(7,226,762)</u>	<u>0</u>	<u>(11,366,950)</u>	<u>(13,525,808)</u>
Total Other Financing Sources (Uses)	<u>5,341</u>	<u>0</u>	<u>910,424</u>	<u>11,333,905</u>
Net Change in Fund Balance	<u>\$4,431,496</u>	<u>(\$147,365)</u>	<u>(\$2,367,370)</u>	<u>\$13,835,330</u>
 Debt Service as a Percentage of Noncapital Expenditures	 13.72%	 12.61%	 12.33%	 7.69%

Source: Finance Office

City of Blue Ash

2001	2002	2003	2004	2005	2006
275,000	20	580,524	616	2,520	305,145
0	0	10,000,000	0	3,700,000	9,790,000
0	0	0	0	0	72,484
14,886	0	0	0	0	0
9,656,630	9,829,714	17,052,402	12,040,770	18,233,922	12,067,135
<u>(10,048,890)</u>	<u>(9,975,098)</u>	<u>(17,243,010)</u>	<u>(12,269,713)</u>	<u>(18,378,965)</u>	<u>(12,418,757)</u>
<u>(102,374)</u>	<u>(145,364)</u>	<u>10,389,916</u>	<u>(228,327)</u>	<u>3,557,477</u>	<u>9,816,007</u>
<u>(\$8,984,896)</u>	<u>(\$11,261,501)</u>	<u>\$5,120,942</u>	<u>(\$2,795,232)</u>	<u>\$5,450,263</u>	<u>\$7,916,978</u>
6.65%	10.92%	13.80%	13.81%	14.53%	16.13%

City of Blue Ash

*Income Tax Revenues by Source, Governmental Funds
Last Ten Years*

Tax year	1997	1998	1999	2000	2001
Income Tax Rate	1.00%	1.00%	1.00%	1.00%	1.00%
Total Tax Collected	\$19,471,447	\$19,017,794	\$18,635,355	\$21,128,128	\$15,520,201
Income Tax Receipts					
Withholding	12,440,054	14,066,294	14,768,703	15,568,770	11,856,624
Percentage	63.89%	73.96%	79.25%	73.69%	76.39%
Corporate	6,248,511	4,128,525	2,941,726	4,476,555	2,956,355
Percentage	32.09%	21.71%	15.79%	21.19%	19.05%
Individuals	782,882	822,975	924,926	1,082,803	707,222
Percentage	4.02%	4.33%	4.96%	5.12%	4.56%

Source: Finance Office

City of Blue Ash

2002	2003	2004	2005	2006
1.00%	1.00%	1.00%	1.00%	1.00%
\$19,657,020	\$20,595,096	\$20,483,282	\$22,419,840	\$23,127,864
15,850,948	16,099,711	16,209,336	16,295,486	16,969,100
80.64%	78.17%	79.13%	72.68%	73.37%
2,875,284	3,542,607	3,308,918	5,061,717	5,124,123
14.63%	17.20%	16.15%	22.58%	22.16%
930,788	952,778	965,028	1,062,637	1,034,641
4.74%	4.63%	4.71%	4.74%	4.47%



City of Blue Ash

Income Tax Statistics Current Year and Six Years Ago

Calendar Year 2006				
<i>Withholding Tax</i>	Number	Percent of	Income Tax	Percent of
Income Tax Filers	of Filers	Total Filers	Collections	Income
Top Ten	10	0.38%	\$5,105,721	30.09%
All Others	2,602	99.62%	11,863,379	69.91%
Total	2,612	100%	\$16,969,100	100.00%
<i>Net Profit Tax</i>				
Income Tax Filers	Number of Filers	Percent of Total Filers	Income Tax Collections	Percent of Income
Top Ten	10	0.17%	\$3,076,967	49.96%
All Others	5,921	99.83%	3,081,796	50.04%
Total	5,931	100.00%	\$6,158,764	100.00%
<i>Total Income Tax Collections</i>			\$23,127,863	

Calendar Year 2000				
<i>Withholding Tax</i>	Number	Percent of	Income Tax	Percent of
Income Tax Filers	of Filers	Total Filers	Collections	Income
Top Ten	10	0.39%	\$4,430,627	28.46%
All Others	2,576	99.61%	11,138,143	71.54%
Total	2,586	100.00%	\$15,568,770	100.00%
<i>Net Profit Tax</i>				
Income Tax Filers	Number of Filers	Percent of Total Filers	Income Tax Collections	Percent of Income
Top Ten	10	0.17%	\$2,685,819	48.31%
All Others	5,824	99.83%	2,873,539	51.69%
Total	5,834	100.00%	\$5,559,358	100.00%
<i>Total Income Tax Collections</i>			\$21,128,128	

Source: City Income Tax Department

Note: This information is not available prior to 2000.

City of Blue Ash

Ratio of Outstanding Debt By Type Last Ten Years

	1997	1998	1999	2000
Governmental Activities ⁽¹⁾				
General Obligation Bonds Payable	\$7,950,000	\$5,900,000	\$3,850,000	\$14,180,000
Tax Increment Financing Bonds	0	0	0	0
Special Assessment Bonds Payable	6,000	3,000	0	0
Capital Leases	0	0	0	0
Total Primary Government	<u>\$7,956,000</u>	<u>\$5,903,000</u>	<u>\$3,850,000</u>	<u>\$14,180,000</u>
 Population ⁽²⁾				
City of Blue Ash	11,923	11,923	11,923	12,513
Outstanding Debt Per Capita	\$667	\$495	\$323	\$1,133
 Income ⁽³⁾				
Personal (in thousands)	350,477	378,102	384,660	420,024
Percentage of Personal Income	2.27%	1.56%	1.00%	3.38%

Sources:

(1) Finance Office

(2) US Bureau of Census, Population Division

(3) US Department of Commerce, Bureau of Economic Analysis

(a) Per Capita Income is only available by County, Total Personal Income is a calculation

City of Blue Ash

2001	2002	2003	2004	2005	2006
\$12,830,000	\$10,795,000	\$18,760,000	\$16,300,000	\$17,540,000	\$14,710,000
0	0	0	0	0	9,790,000
0	0	0	0	0	0
12,389	9,674	6,719	3,503	0	0
<u>\$12,842,389</u>	<u>\$10,804,674</u>	<u>\$18,766,719</u>	<u>\$16,303,503</u>	<u>\$17,540,000</u>	<u>\$24,500,000</u>
12,513	12,513	12,513	12,513	12,513	12,513
\$1,026	\$863	\$1,500	\$1,303	\$1,402	\$1,958
434,727	452,420	466,184	493,851	499,732	499,732
2.95%	2.39%	4.03%	3.30%	3.51%	4.90%

City of Blue Ash

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	1997	1998	1999	2000
Population (1)	11,923	11,923	11,923	12,513
Personal Income (2)	\$350,477	\$378,102	\$384,660	\$420,024
General Bonded Debt (3)				
General Obligation Bonds	\$7,950,000	\$5,900,000	\$3,850,000	\$14,180,000
Resources Available to Pay Principal (4)	\$106,719	\$350,708	\$916,388	\$43,900
Net General Bonded Debt	\$7,843,281	\$5,549,292	\$2,933,612	\$14,136,100
Ratio of Net Bonded Debt to Estimated Personal Income (in thousands)	2.24%	1.47%	0.76%	3.37%
Net Bonded Debt per Capita	\$657.83	\$465.43	\$246.05	\$1,129.71

Source:

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

(2) Hamilton County Auditor

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

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

City of Blue Ash

2001	2002	2003	2004	2005	2006
12,513	12,513	12,513	12,513	12,513	12,513
\$434,727	\$452,420	\$466,184	\$493,851	\$499,732	\$499,732
\$12,830,000	\$10,795,000	\$18,760,000	\$16,300,000	\$17,540,000	\$14,710,000
\$103,123	\$48,216	\$80,475	\$5,131,585	\$26,082	\$28,878
\$12,726,877	\$10,746,784	\$18,679,525	\$11,168,415	\$17,513,918	\$14,681,122
2.93%	2.38%	4.01%	2.26%	3.50%	2.94%
\$1,017.09	\$858.85	\$1,492.81	\$892.54	\$1,399.66	\$1,173.27



City of Blue Ash

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2006*

<u>Jurisdiction</u>	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to the City of Blue Ash</u>	<u>Amount Applicable to the City of Blue Ash</u>
Direct:			
City of Blue Ash	\$24,500,000	100.00%	\$24,500,000
Overlapping:			
Sycamore Community School District	36,718,584	46.22%	16,971,330
Princeton City School District	80,960,000	1.06%	858,176
Great Oaks Joint Vocational School District	13,325,000	4.29%	571,643
Hamilton County	119,515,000	3.95%	4,720,843
		Subtotal	<u>23,121,992</u>
		Total	<u><u>\$47,621,992</u></u>

Source: Ohio Municipal Advisory Council

City of Blue Ash

*Debt Limitations
Last Ten Years*

Tax Year	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Total Debt				
Net Assessed Valuation	\$676,862,590	\$696,751,570	\$769,569,710	\$768,021,050
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	71,070,572	73,158,915	80,804,820	80,642,210
City Debt Outstanding (2)	0	0	0	0
Less: Applicable Debt Service Fund Amounts	0	0	0	0
Net Indebtedness Subject to Limitation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Overall Legal Debt Margin	<u><u>\$71,070,572</u></u>	<u><u>\$73,158,915</u></u>	<u><u>\$80,804,820</u></u>	<u><u>\$80,642,210</u></u>
Unvoted Debt				
Net Assessed Valuation	\$676,862,590	\$696,751,570	\$769,569,710	\$768,021,050
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	37,227,442	38,321,336	42,326,334	42,241,158
City Debt Outstanding (2)	0	0	0	0
Less: Applicable Debt Service Fund Amounts	0	0	0	0
Net Indebtedness Subject to Limitation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Overall Legal Debt Margin	<u><u>\$37,227,442</u></u>	<u><u>\$38,321,336</u></u>	<u><u>\$42,326,334</u></u>	<u><u>\$42,241,158</u></u>

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

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

Source: Finance Office

City of Blue Ash

2001	2002	2003	2004	2005	2006
\$781,039,250	\$829,806,860	\$782,909,360	\$799,130,325	\$803,638,420	\$751,507,450
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
82,009,121	87,129,720	82,205,483	83,908,684	84,382,034	78,908,282
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$82,009,121</u>	<u>\$87,129,720</u>	<u>\$82,205,483</u>	<u>\$83,908,684</u>	<u>\$84,382,034</u>	<u>\$78,908,282</u>
\$781,039,250	\$829,806,860	\$782,909,360	\$799,130,325	\$803,638,420	\$751,507,450
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
42,957,159	45,639,377	43,060,015	43,952,168	44,200,113	41,332,910
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$42,957,159</u>	<u>\$45,639,377</u>	<u>\$43,060,015</u>	<u>\$43,952,168</u>	<u>\$44,200,113</u>	<u>\$41,332,910</u>

City of Blue Ash

Demographic and Economic Statistics Last Ten Years

Calendar Year	1997	1998	1999	2000	2001
Population (1)					
City of Blue Ash	11,923	11,923	11,923	12,513	12,513
Hamilton County	866,228	866,228	866,228	845,303	845,303
Income (2)(a)					
Total Personal (in thousands)	350,477	378,102	384,660	420,024	434,727
Per Capita	29,395	31,712	32,262	33,567	34,742
Unemployment Rate (3)					
Federal	5.4%	4.9%	4.5%	4.2%	3.8%
State	4.8%	4.6%	4.3%	4.3%	3.7%
Hamilton County	3.5%	3.3%	3.4%	3.5%	6.3%
Civilian Work Force Estimates (3)					
State	5,710,000	5,678,000	5,749,000	5,900,400	5,857,000
Hamilton County	444,300	439,400	439,400	436,300	444,100
Daytime Population (4)	55,000	54,000	54,500	54,800	53,700

Sources:

(1) US Bureau of Census of Population

(2) US Department of Commerce, Bureau of Economic Analysis - information is only available through 2005 for the presentation of 2006 statistics, the City is using the latest information available.

(a) Per Capita Income is only available by County, Total Personal Income is a calculation

(3) State Department of Labor Statistics

(4) Finance Office

City of Blue Ash

2002	2003	2004	2005	2006
12,513	12,513	12,513	12,513	12,513
845,303	845,303	845,303	806,652	806,652
452,420	466,184	493,851	499,732	499,732
36,156	37,256	39,467	39,937	39,937
4.8%	5.8%	6.0%	5.5%	5.0%
4.3%	5.7%	6.1%	6.0%	5.9%
4.8%	4.5%	5.1%	5.6%	5.0%
5,828,000	5,915,000	5,875,300	5,900,400	5,934,000
435,200	437,900	422,200	426,800	423,500
54,000	54,000	54,600	55,000	56,700



City of Blue Ash

Principal Employers Current Year and Nine Years Ago

Employer	Nature of Business	2006		
		Number of Employees	Rank	Percentage of Total Employment
Proctor and Gamble Co.	Technical Center - Home Product Div.	1,650	1	2.9%
Ethicon Endo-Surgery, Inc.	Surgical Instruments Manufacturer	1,500	2	2.6%
Ingersoll-Rand (Steelcraft)	Steel Products Manufacturer	936	3	1.7%
Warner Cable	Cable Company	650	4	1.1%
Fidelity Investments	Investments	645	5	1.1%
Wornick Co.	Pre-Packaged Food Manufacturer	578	6	1.0%
LSI Industries, Inc.	Lighting Manufacturer	572	7	1.0%
Kroger	Administrative Offices	531	8	0.9%
Mercy Health Systems	Home Health Services	505	9	0.9%
Belcan Engineering Services	Engineering Services	503	10	0.9%
Total		<u>8,070</u>		
Total Employment within the City		<u>56,700</u>		
		1997		
Employer	Nature of Business	Number of Employees	Rank	Percentage of Total Employment
Proctor and Gamble Co.	Technical Center - Home Product Div.	2,850	1	5.2%
Ethicon, Inc.	Surgical Instruments Manufacturer	1,341	2	2.4%
Ingersoll-Rand (Steelcraft)	Steel Products Manufacturer	981	3	1.8%
Fidelity Investments	Investments	545	4	1.0%
LSI Industries, Inc.	Lighting Manufacturer	495	5	0.9%
Warner Cable	Cable Company	417	6	0.8%
Belcan Engineering Services	Engineering Services	385	7	0.7%
Sycamore Community Schools	School District	351	8	0.6%
Xomox Corp.	Instruments Manufacturer	326	9	0.6%
Fechheimer Bros.	Uniforms Manufacturer	292	10	0.5%
Total		<u>7,983</u>		
Total Employment within the City		<u>55,000</u>		

Sources:

City Manager's Office

City of Blue Ash

Full Time Equivalent Employees by Function Last Nine Years

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Governmental Activities					
General Government					
Finance/Tax	8.00	8.00	8.25	8.00	8.00
Judicial	3.00	3.25	3.00	3.00	2.50
Administration/General Gov't	10.50	9.75	10.75	10.50	11.25
Facilities Maintenance	3.25	3.25	9.25	12.50	13.50
Security of Persons and Property					
Police	51.75	52.25	52.00	53.75	55.25
Fire	29.50	30.00	32.00	31.75	33.00
Basic Utility Services					
Public Service	13.50	13.75	12.75	13.00	13.50
Transportation					
Street	12.00	10.75	11.00	12.50	11.00
Leisure Time Activities					
Recreation	55.25	56.50	48.25	52.25	54.00
Parks and Grounds	12.50	12.00	11.00	20.50	20.25
Community Environment					
Community Development	4.00	4.00	4.50	4.50	4.50
Business-Type Activities					
Golf Course	33.50	31.75	32.50	27.00	27.50
<i>Total Employees</i>	<u>236.75</u>	<u>235.25</u>	<u>235.25</u>	<u>249.25</u>	<u>254.25</u>

Method: 1.00 for each full-time, 0.50 for each part-time (>/=700 hours) and 0.25 for each seasonal employee (<700 hours)

Source: Finance Office

City of Blue Ash

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
8.00	9.25	7.50	7.50
3.00	3.50	3.50	3.50
12.50	14.75	12.25	12.25
14.00	14.00	14.00	14.75
56.25	55.25	52.75	49.00
36.00	38.00	39.75	41.50
13.50	11.50	10.50	10.50
11.50	12.50	12.50	12.00
50.25	48.00	40.50	41.25
19.75	18.00	13.50	14.50
4.50	4.50	3.50	3.50
<u>28.50</u>	<u>27.50</u>	<u>23.25</u>	<u>23.75</u>
<u>257.75</u>	<u>256.75</u>	<u>233.50</u>	<u>234.00</u>

City of Blue Ash

Operating Indicators by Function Last Ten Years

	1997	1998	1999	2000	2001
Governmental Activities					
General Government					
<u>Court</u>					
Number of Citations Heard	3,437	2,991	3,159	3,710	3,935
<u>Community Development</u>					
Number of Residential Building					
Permits Issued	180	185	183	157	172
Number of Commercial Building					
Permits Issued	692	564	451	430	433
Security of Persons and Property					
<u>Police</u>					
Number of Offenses	1,939	1,903	1,669	1,631	2,014
Number of Arrests	4,761	3,932	3,959	4,757	4,950
Number of Accidents	642	756	687	730	592
Number of Service Calls/Details	16,218	17,309	15,260	20,922	17,506
<u>Fire</u>					
Number of Fire Runs	703	847	856	890	793
Number of EMS Runs	1,209	1,258	1,331	1,357	1,276
Transportation					
<u>Street</u>					
Miles of Streets Resurfaced	37	11	14	7	16
Feet of Walking/Biking Paths Maintained	485	971	1,302	686	1,060
Leisure Time Activities					
<u>Parks</u>					
Number of Active Recreation Center Memberships	3,831	3,815	3,834	unavail.	3,664
Business-Type Activities					
<u>Golf Course</u>					
Number of Golf Rounds	45,339	45,336	45,209	40,585	39,437

Source: Finance Office

City of Blue Ash

2002	2003	2004	2005	2006
3,707	3,757	3,866	3,588	2,385
158	199	191	108	177
405	420	319	399	435
2,105	1,834	1,683	1,763	1,744
4,905	5,025	5,270	6,135	4,700
550	744	564	636	620
19,542	18,167	18,710	15,915	16,177
691	750	679	739	674
1,290	1,322	1,283	1,434	1,545
11	5	8	15	4
1,124	185	1,290	580	555
3,670	3,662	3,612	3,438	3,671
36,127	35,499	38,409	37,237	37,314

City of Blue Ash

Capital Asset Statistics by Function Last Ten Years

	1997	1998	1999	2000	2001
Governmental Activities					
General Government					
Public Land and Buildings					
Land (acres)	117	117	119	123	123
Buildings	7	7	7	7	7
Security of Persons and Property					
Police					
Stations	1	1	1	1	1
Vehicles	32	32	32	32	33
Fire					
Stations	2	2	2	2	2
Vehicles	12	13	13	13	13
Transportation					
Street					
Streets (lane miles)	147.71	147.71	148.3	148.3	153.54
Street Lights	1,036	1,038	1,049	1,049	1,049
Traffic Signals					
Vehicles	30	30	30	30	31
Leisure Time Activities					
Parks					
Land (acres)	146	146	146	146	146
Buildings	13	15	15	15	15
Parks	7	7	10	10	10
Playgrounds	7	8	8	8	8
Swimming Pools	2	2	2	2	2
Tennis Courts	8	8	8	8	8
Baseball/Softball Diamonds	12	12	12	12	12
Soccer Fields	5	5	5	5	5
Business-Type Activities					
Golf Course					
Land (acres)	151	151	151	151	151
Buildings	5	6	6	6	7
Vehicles	4	4	4	5	5

Source: Finance Office

City of Blue Ash

2002	2003	2004	2005	2006
123 7	131 7	131 7	132 7	131 7
1 34	1 33	1 33	1 32	1 31
2 14	2 14	2 14	2 14	2 14
153.54 1,049	155.14 1,049	155.14 1,049	160.93 1,049	160.93 1,049
31	31	31	31	31
146 15 10 8 2 8 11 5	146 15 10 8 2 8 11 5	146 15 10 8 2 8 11 5	146 16 10 8 2 8 11 5	146 17 9 8 2 8 11 5
151 7 5	151 7 6	151 7 6	151 7 5	151 7 5





Mary Taylor, CPA
Auditor of State

CITY OF BLUE ASH

HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JUNE 28, 2007