



**CITY OF HILLIARD
FRANKLIN COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2006



Mary Taylor, CPA
Auditor of State

**CITY OF HILLIARD
FRANKLIN COUNTY**

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Mary Taylor, CPA

Auditor of State

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

City of Hilliard
Franklin County
3800 Municipal Way
Hilliard, Ohio 43026

To the Members of Council:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Hilliard, Franklin County, 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 August 16, 2007, wherein we noted January 1, 2006 net assets were restated to account for the retroactive inclusion of infrastructure assets as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the City's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operating of a control does not allow management or employees, in 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 reliability in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the City's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2006-001 through 2006-007.

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A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the City's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the 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 the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies described above, we believe finding numbers 2006-004 through 2006-006 are also material weaknesses.

We also noted certain internal control matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated August 16, 2007.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2006-001 through 2006-003.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated August 16, 2007.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the City's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of management and the City Council. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

August 16, 2007

**CITY OF HILLIARD
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006**

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

FINDING NUMBER 2006-001

Noncompliance Citation and Significant Deficiency

Advances

Ohio Revised Code § 5705.10 requires all revenue derived from a specific source to be credited to a special fund for the purpose for which the monies were received. Although inter-fund cash advances may be a desirable method of resolving cash flow problems without the necessity of incurring additional interest expense for short-term loans, the intent of this type of cash advance is to require repayment within the current or succeeding year and cash advances are subject to the following requirements:

- Any advance must be clearly labeled as such, and must be distinguished from a transfer;
- In order to advance cash from one fund to another, there must be statutory authority to use the money in the fund advancing the cash (the "creditor" fund) for the same purpose for which the fund receiving the cash (the "debtor" fund) was established;
- The reimbursement from the debtor fund to the creditor fund must not violate any restrictions on use of the money to be used to make the reimbursement; and
- Advances must be approved by a formal resolution of the taxing authority of the subdivision (City Council) which must include both a specific statement that the transaction is an advance of cash and an indication of the money (fund) from which it is expected that repayment will be made.

The existence of a deficit fund balance indicates money from another fund or funds was used to pay obligations of funds that carry the deficit fund balance. The City had negative fund balances throughout the year as follows:

<u>Fund #</u>	<u>Fund Name</u>	<u>Month End</u>	<u>Fund Balance</u>
206	Street Improvement Municipal Tax Fund	January 2006	\$ (182,460)
206	Street Improvement Municipal Tax Fund	February 2006	(72,045)
267	Sewer Revenue Fund	June 2006	(17,592)
267	Sewer Revenue Fund	July 2006	(44,957)

All City fund cash balances at December 31, 2006 were in a positive position.

The City should ensure that expenditures are made within appropriated levels of available funds and if negative fund balances are anticipated, the Council should make an approved transfer or advance of funds to cover the necessary expenditure.

OFFICIAL'S RESPONSE:

The project in Fund 206 that caused a negative cash fund balance at the end of January and February 2006 is reimbursed by ODOT at 80 percent and the City of Columbus at 100 percent of their costs. The funds that were spent were for right of way acquisition. Reimbursement was received in September however other cash was deposited into the fund throughout the year resulting in no further negative cash balances. This is a timing difference based on the reimbursement aspect of the project. The negative cash balances for Fund 267 are due to timing of our surcharge payments from the City of Columbus.

CITY OF HILLIARD
FRANKLIN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2006
(Continued)

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

FINDING NUMBER 2006-002

Noncompliance Citation and Significant Deficiency

Estimated vs. Actual Revenue Deficiency

Ohio Revised Code § 5705.36(A)(4) states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

The City overestimated revenues in the Street Improvement Municipal Tax Fund by \$1,594,239 at December 31, 2006. As a result, the City should have amended its certificate of estimated resources and reduced the related appropriations in the fund.

<u>Fund #</u>	<u>Fund Name</u>	<u>Estimated Revenue</u>	<u>Actual Revenue</u>	<u>Variance</u>
206	Street Improvement Municipal Tax Fund	\$ 4,668,000	\$ 3,073,761	\$ (1,594,239)

Failure to appropriately amend estimated resources and appropriations as a result of known revenue deficiencies could result in deficit spending in the affected funds.

We recommend the City implement procedures to monitor estimated and actual revenues and request an amended certificate of estimated resources and reduce appropriations, when necessary, when it becomes evident that estimated sources of revenue will be below projections for the year.

OFFICIAL'S RESPONSE:

We did not receive a response from Officials to this finding.

FINDING NUMBER 2006-003

Noncompliance Citation and Significant Deficiency

Appropriations Exceeding Estimated Resources

Ohio Revised Code § 5705.39 states in part that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there from, as certified by the budget commission, or in the case of appeal, by the board of tax appeals.

The Street Improvement Municipal Tax Fund had appropriations in excess of estimated resources at June 30, 2006 by \$617,407 and at December 31, 2006 by \$95,964.

<u>Fund #</u>	<u>Fund Name</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
206	Street Improvement Municipal Tax Fund	\$ 3,327,593	\$ 3,945,000	\$ (617,407)
206	Street Improvement Municipal Tax Fund	3,049,036	3,145,000	(95,964)

**CITY OF HILLIARD
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006
(Continued)**

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2006-003 (Continued)

Noncompliance Citation and Significant Deficiency (Continued)

Appropriations Exceeding Estimated Resources (Continued)

This could result in the City expending more money than it receives and possibly a negative fund balance. A lack of funds may result in the City being unable to meet its current obligations.

We recommend the City ensure that estimated resources are sufficient to cover appropriations at the time of certification or amendment.

OFFICIAL'S RESPONSE:

We amended the budget with Ordinance 06-68 by decreasing Fund 206 by \$750,000 and increasing Fund 304 by \$790,000 to cover debt service. Originally some debt service was budgeted in 206 and it should have been in 304.

FINDING NUMBER 2006-004

Significant Deficiency/Material Weakness

Bank Reconciliations, Capital Lease Proceeds and Interest Receipts

Monthly, the City should prepare a bank to book reconciliation for each of its deposit and investment accounts. The reconciliations should be reviewed by an individual other than the preparer to check for accuracy of the reconciliations and to investigate items such as unexplained reconciling amounts. In addition, capital lease proceeds and the related capital outlay expenditures should be recorded on the City's ledgers. Furthermore, investments should be carried on the City's ledgers on a cost basis. The monthly interest received on each bank account should be posted as interest revenue and allocated in accordance with applicable statutory and grant requirements.

Monthly reconciliations were not performed for the payroll account for 2006 until May, 2007. Although the payroll account is a clearing account, at December 31, 2006 it had an unreconciled difference of \$370 between the bank and the City's ledgers.

Additionally, capital lease proceeds held in an escrow account and interest earned on those proceeds were not recorded on the City's ledgers. This resulted in audit adjustments to properly record the capital lease activity during 2006. The proceeds of the capital lease totaled \$990,000 and the interest earned during 2006 totaled \$35,222 on a cash basis. These have been recorded in the accompanying financial statements.

Finally, investments in the Fifth Third Securities, Inc. account are recorded on the City's books at amounts other than cost basis of \$1,500,000, but should be recorded at actual cost, which was \$1,601,536 as of December 31, 2006. Additionally, interest earned on those investments, which totaled \$66,349 for 2006, was not posted to the City's ledgers. These have been recorded in the accompanying financial statements.

**CITY OF HILLIARD
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006
(Continued)**

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2006-004 (Continued)

Significant Deficiency/Material Weakness (Continued)

Bank Reconciliations, Capital Lease Proceeds and Interest Receipts (Continued)

We recommend bank to book reconciliations be prepared monthly for all of the City's deposit and investment accounts. Someone independent of the daily accounting function should be assigned to monitor the accuracy and completeness of the monthly reconciliations and sign off indicating his or her review. Any unexplained reconciling items should be investigated further to resolve them. We also recommend investments be carried on the City's ledgers on a cost basis and interest earned on all accounts be posted to the ledgers in the proper accounting period and allocated in accordance with applicable statutory and grant requirements.

OFFICIAL'S RESPONSE:

The unreconciled difference of \$370 between the bank and the City's ledgers occurred at year end 2005. Staff worked on the reconciliation several times throughout the year and finally reconciled in May of this year (2007). The City recognizes the importance of monthly reconciliations and does so without fail with our non-clearing accounts. In the future, monthly reconciliations will be done with the clearing account also.

FINDING NUMBER 2006-005

Significant Deficiency/Material Weakness

Financial Reporting

Sound financial reporting is the responsibility of the City's Finance Department and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following items were noted during the audit of the financial statements for the year ended December 31, 2006:

- Instances where the underlying calculations were correct, however, when taken to the financial statements the amounts were transposed between revenue and deferred revenue. This affected the following accounts:
 - When going from modified accrual basis of accounting to full accrual basis, the incorrect amount of deferred revenue was taken to intergovernmental revenue which resulted in deferred revenue being understated and intergovernmental revenue being overstated by \$27,086.
 - On a modified accrual basis of accounting, \$257,548 was posted to intergovernmental revenue when the amount should have been posted to deferred revenue.
 - On a modified accrual basis of accounting, \$153,158 was posted to income tax revenue when the amount should have been posted to deferred revenue.
 - The journal entry for property taxes receivable properly had a credit to deferred revenue, however, the credit was posted to the trial balance as property and other local taxes revenue in the amount of \$1,353,502.

**CITY OF HILLIARD
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006
(Continued)**

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2006-005 (Continued)

Significant Deficiency/Material Weakness (Continued)

Financial Reporting (Continued)

- The following accounts were not adjusted for receivable amounts and liability amounts due at December 31, 2006:
 - Special Assessments Receivable in the amount of \$220,644
 - Payment in Lieu of Taxes Receivable in the amount of \$241,576
 - Retainage Payable in the amount of \$205,829
- Reclassifications of liability amounts, which affected the following accounts:
 - Contracts Payable was improperly classified as Accounts Payable in the amount of \$499,005
 - The long term liability for the Bond Anticipation Notes was improperly posted to Due within One Year instead of Due in More than One Year in the amount of \$1,900,000.
 - A portion of the long term liability amount for the OWDA loan was improperly posted to Due within One Year instead of Due in More than One Year in the amount of \$711,765.
- Variances between estimated and actual amounts for the following assets and liabilities:
 - Due from Other Governments was overstated by \$15,417
 - Long term liability-Due within One Year related to Compensated Absences was understated by \$237,054
- A lack of application of the GAAP principle that Reserved for Encumbrances needed to be reduced by the amount recorded as GAAP expenditures since they related to payables at December 31, 2006. This resulted in reclassification of several fund balances for a total amount of \$748,943.
- Additions and deductions in the Mayor's Court Agency Fund were understated by \$429,907.
- Reclassifications between line items were noted for the following: Estimated revenues for \$75,635; appropriations for \$5,943,986; and budgetary expenditures for \$5,639,234. Of these, \$1,888,369 of the budgetary expenditure reclassifications affected the expenditures on the modified accrual financial statements. This was primarily due to reclassifications of expenditures in the Capital Improvement Municipal Income Tax Fund, which is used to account for most of the City's capital projects.
- Original appropriations were overstated by a total of \$1,490,000 on the budget basis statements for various funds. This was primarily due to the appropriation amendments approved early in 2006 being included in the original appropriation amounts. Final appropriations in the General Fund were understated by \$58,500 due to a typographical error.

We recommend the City develop policies and procedures to enhance its controls over financial reporting. The items identified above should be reviewed by the City's Finance Department staff to ensure that similar errors are not reported on financial statements in subsequent years.

OFFICIAL'S RESPONSE:

We did not receive a response from Officials to this finding.

**CITY OF HILLIARD
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006
(Continued)**

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2006-006

Significant Deficiency/Material Weakness

Capital Assets

Accurate reporting of the City's capital assets is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following overstatements and understatements were noted during the review of capital assets, which resulted in an audit adjustment for capital assets, net of accumulated depreciation of \$53,706,485:

- Water, storm sewer, and sanitary sewer inventories: All non-subdivision lines were assigned the construction year of 1996 on the original file submitted to the auditors. The database was subsequently updated to include the years of construction for the non-subdivision lines. Non-subdivision lines account for approximately 54% of the total lines, so this significantly contributed to the overstatement of infrastructure.
- Water, storm sewer, and sanitary sewer inventories had incorrect acquisition years assigned to them for 13 of the City's subdivisions and three of the City's non-subdivision projects.
- Water, storm sewer, and sanitary sewer inventories were incomplete and had 15,035 feet of lines missing from the unaudited file submitted to auditors. This resulted in capital assets, net of accumulated depreciation being understated by \$2,299,508. Also, the inventories included 71,072 feet of lines that related to subdivisions for which construction was not complete and donated to the City as of December 31, 2006 or for which the lines were privately maintained. Therefore, they were removed from the audited 2006 capital asset listing. This resulted in capital assets, net of accumulated depreciation being overstated by \$5,828,564 at December 31, 2006.
- Other items noted that contributed to the audit adjustment were: Formula errors on the streets and bridges inventory listings; two streets and 6,666.2 feet of sanitary sewer lines that were included in the unaudited inventory listings, but were not located within the City limits; and allocation of current year depreciation expense that was not consistent with the functions that the infrastructure assets were serving.
- The streets inventory listing originally submitted to auditors did not include 10 streets which were either constructed in 2006 or given to the City in 2006 as capital contributions.
- All of the 2006 infrastructure additions were recorded as though they had been paid for with City funds. However, the City received \$8,957,359 of the additions from capital contributions from subdivisions constructed by developers.

All of the items listed above have been corrected via audit adjustment on the City's financial statements for the year ending December 31, 2006. The items identified above should be reviewed by the City's Finance Department staff to ensure that similar errors are not reported on financial statements in subsequent years. The City has adjusted its accounting records to reflect these adjustments.

OFFICIAL'S RESPONSE:

We did not receive a response from Officials to this finding.

CITY OF HILLIARD
FRANKLIN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2006
(Continued)

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

FINDING NUMBER 2006-007

Significant Deficiency

SAS 70 Report – Local Refuse Services

The City has delegated the billing and collection of fees for residential refuse services, which are significant accounting functions, to a third-party administrator. The City has not established procedures to determine whether this service organization has sufficient controls in place and operating effectively to reduce the risk that the collection and billing of fees have not been completely and accurately processed in accordance with the contract.

The City should assure the completeness and accuracy of the amount of fees billed and collected by its third party administrator. Statement on Auditing Standards (SAS) No. 70, as amended, prescribes standards for reporting on service organizations. An unqualified Type Two *Report on Policies and Procedures Placed in Operation and Tests of Operating Effectiveness* in accordance with SAS No. 70 should provide the City with reasonable assurance that the amount of fees billed and collected conform to the contract. As an alternative, the City may request an independent auditor perform agreed-upon procedures at the service organization to gain assurance over the billing and collection of fees. Failure to obtain assurance through a Type Two SAS No. 70 report or agreed-upon procedures will presumably result in a qualified opinion.

We recommend the City specify in its contract with the third-party administrator that an annual Type Two SAS 70 Report be obtained or agreed-upon procedures be performed. The City should be provided a copy of the respective report timely and should review the report's content. The SAS 70 report or agreed-upon procedures should be conducted in accordance with the American Institute of Certified Public Accountants' (AICPA) standards by a firm registered and considered in "good standing" with the Accountancy Board of the respective State. If the third-party administrator refuses to provide a Type Two SAS 70 report or agreed-upon procedures, we recommend the City only contract with a third-party administrator that will provide such a report.

OFFICIAL'S RESPONSE:

The City has used Local Waste to collect a portion of the refuse fees since 2001. Originally, Local Waste kept the fees they collected and billed the City for the remaining amount i.e. if Local Waste charged \$10 per month per resident for trash collection, the resident was billed \$4 and the City was billed \$6. As of 2005, Local Waste is still billing the resident in the same manner but sending the amount received from the resident to the City and the City is paying local waste the full amount.

During 2006 City staff compared the billing data base from Local Waste to the billing data base from the City of Columbus Water and Sewer billing for Hilliard Residents and the data base from the Franklin County Auditor. The comparison was done to give the City comfort that all addresses were captured for billing. The number of residences calculated by the City based on the Franklin County information is 8,694. The number of customers in the Local Waste data base is 8,666 or a difference of 28 accounts which is less than one percent of the City's total estimated customers. Collections are in line with the number of customers identified by Local Waste.

As long as the variance stays within a reasonable percentage and the City continues to reconcile with an outside source such as Franklin County, the City sees no benefit to be derived from a SAS 70 for this procedure.

**CITY OF HILLIARD
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2005-001	Lack of a SAS 70 Report-Health and Dental Claims Processing	Yes	
2005-002	Lack of a SAS 70 Report-Local Refuse Services	No	Not Corrected-Reissued as Finding Number 2006-007

CITY OF HILLIARD, OHIO

FRANKLIN COUNTY

Comprehensive Annual Financial Report

For the Year Ended December 31, 2006

Prepared by:
Department of Finance

Michelle Kelly-Underwood
Director

David D. Delande
Deputy Director

City of Hilliard, Ohio
Comprehensive Annual Financial Report
For The Year Ended December 31, 2006
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Comprehensive Annual Financial Report
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Don Schonhardt, Mayor

City of Hilliard

3800 Municipal Way • Hilliard, Ohio 43026-1696 • Municipal Offices (614) 876-7361

August 16, 2007

To The Council and The Citizens of the City of Hilliard, Ohio

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Hilliard (the City) for the year ended December 31, 2006. This CAFR is prepared in accordance with generally accepted accounting principles (GAAP) and in conformance with standards of financial reporting established by the Governmental Accounting Standards Board (GASB) using guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The Auditor of State of Ohio has issued an unqualified (“clean”) opinion on the City’s financial statements for the year ended December 31, 2006. The Independent Accountants’ Report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the Independent Accountants’ Report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City lies in the western half of Franklin County in portions of Norwich, Washington and Brown Townships and is located approximately ten miles northwest of downtown Columbus, the capital of the State of Ohio. The City encompasses an area of approximately eleven square miles. Rail service is provided by CSX and private air service is available five miles to the north and south by Don Scott Field and Bolton Field, respectively. The City is twenty miles from Port Columbus International Airport and offers immediate access to interstate highways I-70 and I-270 via three major interchanges. The City is situated 833 feet above sea level and experiences mean temperatures of 72 degrees during the summer and 30 degrees during the winter.

The Hilliard area was settled in the early 1800's and was incorporated as a village in 1869. The Village of Hilliard remained primarily agricultural in character until the 1950's when residential growth boomed. By December 12, 1960 the population had reached 5,000 and the Village of Hilliard became a City. The Mid-Ohio Regional Planning Commission estimates the population for the City to be 28,557 for 2006.

The City is serviced by the Hilliard City School District, which is an independent political subdivision not under the control or supervision of the City in any respect. The geographic boundaries of the School District are much larger than the City, encompassing some 60 square miles, and portions of several other municipalities (including the City of Columbus) as well as unincorporated areas of Franklin County. The School District estimates that 36 percent of its students reside in the City.

The City operates under a Charter first adopted by the voters in 1963 and last amended by the voters in 1993, which provides for a Mayor-Council form of government. The laws of the State of Ohio prevail when conflicts exist between Charter and State Constitution and in matters where the Charter is silent. The legislative body of the City consists of a seven-member Council, all elected at-large for four year overlapping terms. The Mayor is elected for a four-year term and serves as the Chief Executive Officer of the City. The Council fixes compensation levels of City officials and employees and enacts ordinances and resolutions relating to City services, tax levies, appropriations, indebtedness, licensing of regulated business and trades and other municipal purposes. Voters approved a two-term limit for all elected officials at the November 1993 general election.

The Mayor serves full-time and appoints the following directors: Finance, Law, Public Safety, Economic Development, Public Service, Human Resources, Parks and Recreation and Public Lands and Buildings. The Directors serve as department heads and report directly to the Mayor. The Director of Finance is the Chief Fiscal and Accounting Officer of the City. The responsibilities of this office include preparation and management of the capital and operating budgets and debt and treasury programs of the City.

The reporting entity is comprised of the primary government. The primary government consists of all the funds and departments which provide various services including police, recreation and parks, engineering, water services, sewer services, street maintenance and repair, zoning, municipal court, income tax collection and support services (i.e. payroll processing and accounts payable). The Mayor has direct responsibility for these activities.

Component units are organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organizations resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City approves their budget, the issuance of their debt or the levying of their taxes. Currently, the City does not have any component units.

The City's charter requires the Mayor to submit to Council on or before December 15th of each year a budget for the following year. Council sets the date and place of a public hearing on the budget and gives notice of the meeting time and place in a newspaper of general circulation at least seven days prior to the hearing date. The budget is on file with the City Clerk and available for inspection prior to the hearing date. Council adopts the budget either as submitted or amended after the public hearing but no later than January 31. This budget serves as the appropriation ordinance and is filed with the Franklin County Auditor's office.

This annual budget serves as the foundation for the City of Hilliard's financial planning and control. The 2006 budget was prepared by fund and department and is approved at the object level. Department heads may transfer resources within the object as they see fit. Transfers between objects, however, need approval from Council.

Local Economy and Long-term Financial Planning

The City is included in the Columbus Metropolitan Statistical Area which is ranked 32nd in the nation by population. A strong residential, commercial, and industrial tax base, a very diverse labor force, and an unemployment rate below the state and national averages have resulted in strong growth throughout the metropolitan area as well as the City since 1970. According to the U.S. Census Bureau, central Ohio remains the state's fastest growing region.

The City's ability to provide opportunities for expansion of its residential, commercial, and industrial tax base is greatly influenced by its aggressive development strategy, excellent school system, recreational programs, police department, city services, and probably, most importantly, the annual five year Capital Improvement Program. The Capital Improvement Program provides the City with the framework to upgrade the infrastructure to make it possible to handle a growing and prosperous city. The Capital Improvement Program is a comprehensive five-year plan that is updated every year to prioritize projects and provide improvements to everything from streets and sewer and waterlines to ball fields, traffic signals, and the municipal complex.

Relevant financial policies

Income tax remains the primary source of revenue for the City and supports the five-year Capital Improvement Program. Income tax revenue is divided among the General Fund, Street Improvement Municipal Tax Special Revenue Fund, and Capital Improvement Municipal Tax Capital Projects Fund. The Street Improvement Municipal Tax Special Revenue Fund and the Capital Improvement Municipal Tax Capital Projects Fund provide funding for the City's capital need by paying debt service or cash funding projects. The City issues debt for capital projects only.

The City uses historical revenue and expenditure trends in the budget process and provides monthly revenue and expenditure reports, income tax collections and projections reports and detailed quarterly reviews that include budget to actual year-to-date information to Council.

Council adopted a General Fund balance policy that targets the fund reserve to be twenty five percent of annual operating expenditures on a budget basis. In 2006 the City's revenues exceeded expenditures therefore increasing fund balance. The City's General Fund cash balance was fifteen percent of expenditures. The City continues to work toward the twenty five percent target.

The City adheres to the Uniform Depository Act of the State of Ohio to determine eligible investments for City funds. The City further limits investments to maturities of a maximum of two years. Cash flow forecasting and the use of short-term investments, such as repurchase agreements and the State Treasurer's Asset Reserve account (STAROhio), allow the City to earn interest on all funds.

Major initiatives

The City substantially completed Britton Parkway (section 3) in 2006 which allowed for the opening of BMW Financial Services' 220,000 square foot office complex. BMW has met employment projections thus far and continues to add staff. Future plans for the area include either an 89,000 square foot office building or a full service hotel. The Credit Union of Ohio located their corporate office in the development and condominiums projected to be valued at \$35 million are under construction. The development will have a mix of office, retail and residential at completion.

The widening of Hilliard Rome Road which is a major north/south artery continues. This project is done in conjunction with the City of Columbus with eighty percent of the funding provided by the State Department of Transportation. Right of way acquisition is complete and construction is scheduled to begin late 2007.

The Trueman Boulevard corridor continues to add businesses. An orthopedic facility, urgent care facility and sports medicine facility opened in June of 2007. A nursing home has submitted building plans to the City to locate in the northern section of the corridor.

The City started a major renovation of Norwich Street which is our gateway to our downtown area. The street and water and sewer lines will be replaced and sidewalks will be added. Construction is underway.

Awards and Acknowledgements

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 Hilliard, Ohio for its comprehensive annual financial report (CAFR) for the fiscal year ended

December 31, 2005. This was the fifteenth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

We wish to convey our appreciation to the City Administration and to the City Council for their support and for providing the necessary funds to prepare and publish this report.

The entire Finance Department played a part in preparing this report; they worked with extreme dedication to the project. Special thanks to David D. Delande, Deputy Finance Director, for his special attention to the project.

Respectfully submitted,


Michelle Kelly-Underwood
Finance Director


Don Schonhardt
Mayor

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Hilliard
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

City of Hilliard, Ohio

Principal Officials

December 31, 2006

Elected Officials

Name	Title	Term Expires	Service	Surety
Don Schonhardt	Mayor	12/31/2007	5	A
Bill Uttley	President of Council	12/31/2009	5	A
Kim Allison	Council	12/31/2009	2	A
Brett Sciotto	Council	12/31/2009	5	A
Dana Peacock	Council	12/31/2007	9	A
Michael Cope	Council	12/31/2009	9	A
Scott Brown	Council	12/31/2007	3	A
Tim Roberts	Council	12/31/2007	3	A

Appointed Officials

Name	Title	Term Expires	Service	Surety
Michelle Kelly-Underwood	Director of Finance	Indefinite	3	A & B
Pamela A DeDent	Director of Law	Indefinite	3	A
Pamela A DeDent	Director of Safety	Indefinite	3	A
Clyde R. Seidle	Director of Service	Indefinite	3	A
John M. Brennan	Director of Parks and Recreation	Indefinite	7	A
David Meeks	Director of Economic Development	Indefinite	4	A
Gerry Edwards	Director of Human Resource	Indefinite	2	A
John F. Hall, III	Director of Land & Bldgs.	Indefinite	2	A
Rodney D. Garnett	Chief of Police	Indefinite	19.5	A
Lynn Greenler	Clerk of Council	Indefinite	2	A

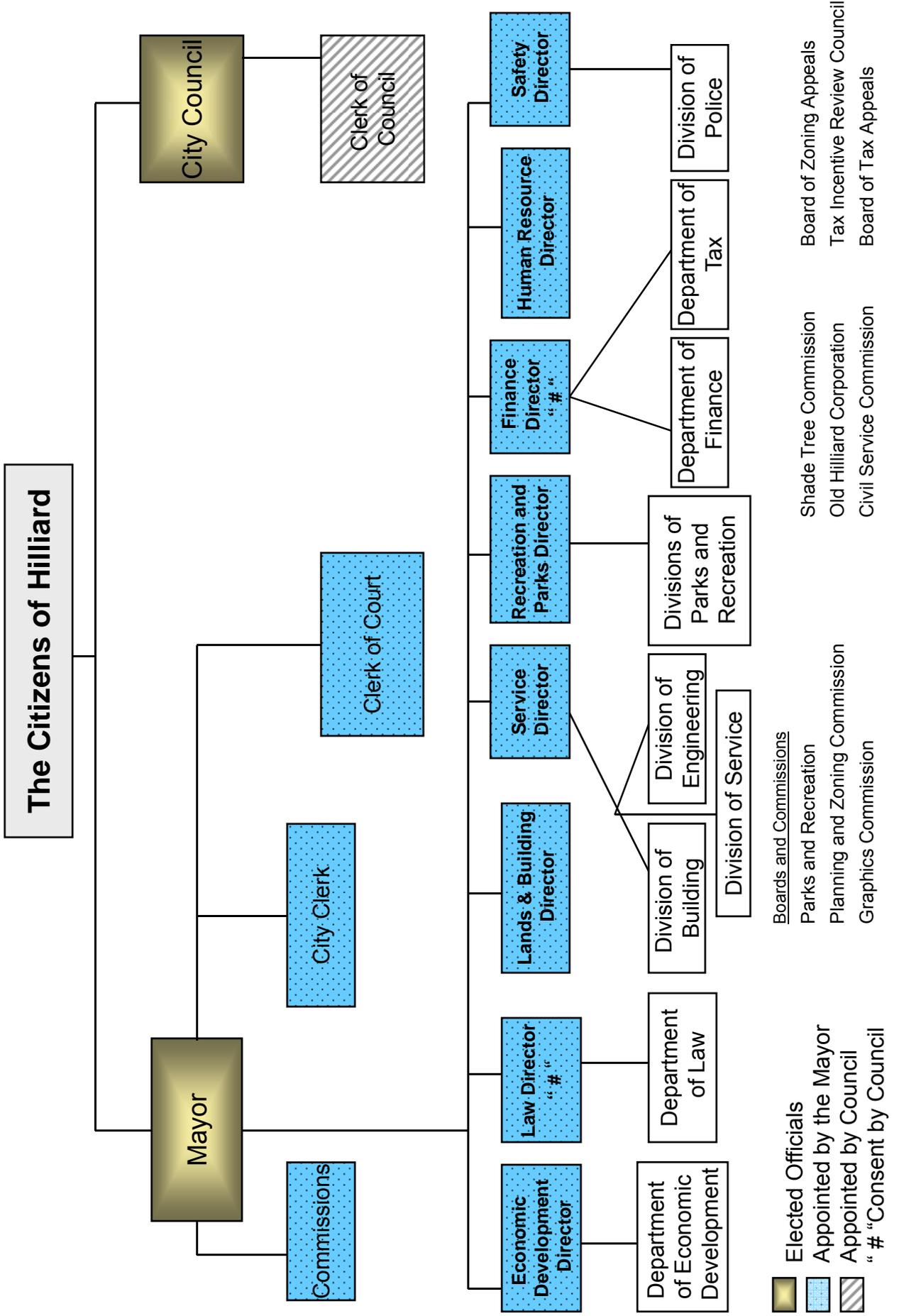
(A) National Casualty Insurance Company, \$1,000,000/\$1,000,000.

(B) US Fidelity Insurance Company, \$1,000,000 Bond.

City Address:

City of Hilliard
3800 Municipal Way
Hilliard, OH 43026

The City of Hilliard, Ohio Organizational Chart





Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

City of Hilliard
Franklin County
3800 Municipal Way
Hilliard, Ohio 43026

To the Members of Council:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Hilliard, Franklin County, 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of City of Hilliard, Franklin County, Ohio, as of December 31, 2006, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General, Street Maintenance and Repair, Street Improvement Municipal Tax, and Water Revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, January 1, 2006 net assets were restated to account for the retroactive inclusion of infrastructure assets as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2007, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining nonmajor fund statements and schedules and statistical tables provide additional information and are not a required part of the basic financial statements. We subjected the combining nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical sections to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

August 16, 2007

City of Hilliard, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2006
Unaudited

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Hilliard's discussion and analysis of the annual financial report provides an overview of the City's financial activities for the year ended December 31, 2006.

FINANCIAL HIGHLIGHTS

- The City's total net assets increased \$5,833,479 during 2006.
- General revenues accounted for \$19,204,024 or 54% of total revenue. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$16,388,992 or 46% of total revenues of \$35,593,016.
- The City had \$29,759,537 in expenses related to governmental activities, while only \$16,388,992 of these expenses were offset by program specific charges for services, grants, contributions, and interest. General revenues (primarily property and income taxes) of \$19,204,024 were adequate to provide for the remaining cost of these programs.

USING THIS ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements. These statements are presented so that the reader can understand the City of Hilliard's financial situation as a whole and also give a detailed view of the City's fiscal condition.

The Statement of Net Assets and Statement of Activities provide information about the activities of the City as a whole and present a long-term view of the City's finances. The fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term, as well as the amount of funds available for future spending. The fund financial statements focus on the City's most significant funds, with all other nonmajor funds presented in total in one column.

REPORTING THE CITY AS A WHOLE

Statement of Net Assets and the Statement of Activities

The analysis of the City as a whole begins with the Statement of Net Assets and the Statement of Activities. These statements provide information that will help the reader to determine if the City of Hilliard is financially better off or worse off as a result of the year's activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes to those assets. These changes inform the reader whether the City's financial position, as a whole, has improved or diminished. In evaluating the overall financial health, the reader of these financial statements needs to take into account non-financial factors that also impact the City's financial well-being. Some of these factors include the City's tax base and the condition of capital assets.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the City's major funds begins on page 7. Fund financial statements provide detailed information about the City's major funds – not the City as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the Finance Director, with the approval of the City Council, to help control, manage, and report money received for a particular purpose or to show that the City is meeting legal responsibilities for the use of grants. The City of Hilliard's major funds are the General Fund, the Street Maintenance and Repair, Street Improvement Municipal Tax, and Water Revenue Special Revenue Funds, and the Capital Improvement Municipal Tax Capital Projects Fund.

Governmental Funds – Most of the City's services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. 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 to determine whether there are more or less financial resources that can be spent in the near future on services provided to our residents. 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 basic financial statements.

Proprietary Fund – Proprietary funds use the same measurement focus and basis of accounting as the Government-Wide Financial Statements. The internal service fund is used to report activities that provide services to the City's other funds and departments; therefore it has been included in the governmental activities in the Government-Wide Financial Statements.

Fiduciary Funds – The City's fiduciary funds are agency funds. All of the City's fiduciary funds are reported in a separate Statement of Fiduciary Assets and Liabilities – Agency Funds. We exclude these activities from the City's other financial statements, because the City cannot use these assets to finance its own operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds use the accrual basis of accounting.

THE CITY AS A WHOLE

As stated previously, the Statement of Net Assets looks at the City as a whole. Table 1 provides a summary of the City's net assets for 2006 compared to 2005.

Table 1
Net Assets
Governmental Activities

	2006	2005
Assets		
Current and Other Assets	\$ 21,025,658	\$ 23,881,961
Capital Assets	234,691,803	224,781,307
<i>Total Assets</i>	<i>255,717,461</i>	<i>248,663,268</i>
Liabilities		
Long-Term Liabilities	43,220,831	41,886,968
Other Liabilities	4,249,608	4,362,757
<i>Total Liabilities</i>	<i>47,470,439</i>	<i>46,249,725</i>
Net Assets		
Invested in Capital Assets, Net of Related Debt	194,266,629	191,791,297
Restricted for:		
Other Purposes	4,937,276	4,912,322
Debt Service	230,498	357,079
Capital Outlay	5,235,977	2,374,811
Unrestricted	3,576,842	2,978,034
<i>Total Net Assets</i>	<i>\$ 208,247,222</i>	<i>\$ 202,413,543</i>

Net assets of the City's governmental activities increased \$5,833,479 during 2006. Net Capital Assets increased \$9,910,496 due to capital asset additions being greater than depreciation expense for 2006. Long-term liabilities increased due to the issuance of Bond Anticipation Notes for renovations of the West Municipal Swimming Pool.

Table 2, on the following page, shows the highlights of the City's revenues and expenses. These two main components are subtracted to yield the change in net assets. This table uses the full accrual method of accounting.

Revenue is further divided into two major components: Program revenues and general revenues. Program revenues are defined as charges for services, grants, contributions, and interest restricted to be used for a specific program. General revenues include taxes, unrestricted grants, and unrestricted investment earnings.

Table 2 shows the changes in net assets for the years ended December 31, 2006 and 2005.

Table 2
Change in Net Assets
Governmental Activities

	<u>2006</u>	<u>2005</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 4,824,128	\$ 5,300,398
Operating Grants and Contributions	1,361,193	1,498,612
Capital Grants, Contributions, and Interest	<u>10,203,671</u>	<u>2,383,238</u>
<i>Total Program Revenues</i>	<u>16,388,992</u>	<u>9,182,248</u>
General Revenues:		
Property and Other Local Taxes	1,747,767	1,720,631
Municipal Income Taxes	14,564,519	14,349,334
Payments in Lieu of Taxes	173,881	372,122
Grant and Entitlements not Restricted to Specific Programs	1,463,590	1,168,131
Unrestricted Investment Earnings	773,438	572,014
Unrestricted Contributions	-	1,500
Miscellaneous	<u>480,829</u>	<u>179,397</u>
<i>Total General Revenues</i>	<u>19,204,024</u>	<u>18,363,129</u>
<i>Total Revenues</i>	<u>35,593,016</u>	<u>27,545,377</u>
Program Expense		
General Government	4,210,860	3,984,242
Security of Persons and Property	7,212,982	6,783,077
Public Health	139,691	121,642
Leisure Time Activities	2,539,900	2,589,446
Community Environment	2,552,865	2,861,784
Basic Utility Services	5,999,457	2,590,791
Transportation	5,305,089	2,295,447
Interest and Fiscal Charges	<u>1,798,693</u>	<u>1,265,446</u>
<i>Total Expenses</i>	<u>29,759,537</u>	<u>22,491,875</u>
<i>Increase in Net Assets</i>	<u>5,833,479</u>	<u>5,053,502</u>
<i>Net Assets at Beginning of Year, as restated</i>	<u>202,413,543</u>	<u>197,360,041</u>
<i>Net Assets at End of Year</i>	<u><u>208,247,022</u></u>	<u><u>202,413,543</u></u>

Governmental Activities

The 2.0 percent income tax is the largest source of revenue for the City of Hilliard. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either bimonthly, monthly, or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. The City allows a

credit for income taxes paid to another municipality up to 100 percent of the City's current tax rate.

Since 1997, local income tax revenue has increased annually an average of 4.6%. During 2006, the City's vision continued to focus on economic expansion and to promote the economic base.

Total revenues increased 29.2% in 2006 primarily due to an increase in capital contributions of streets, water lines, and sewer lines from developers.

Total expenses increased due to the retroactive inclusion of infrastructure in capital assets in 2006 and the related depreciation expense related to those assets.

Administration and City Council have a quality of life commitment to the citizens and businesses located in Hilliard. With this in mind, City Council's commitment is to maintain and improve the City's investments through appropriations for capital assets, equipment, and repairs. These assets included street resurfacing, sidewalk replacements, safety and street maintenance equipment and vehicles, as well as park and recreation equipment.

Governmental program expenses for 2006 were as follows:

General Government	14.15%
Security of Persons and Property	24.24%
Public Health	0.47%
Leisure Time Activities	8.53%
Community Environment	8.58%
Basic Utility Services	20.16%
Transportation	17.83%
Interest and Fiscal Charges	<u>6.04%</u>
	<u>100.00%</u>

As indicated above, citizen safety and well-being is emphasized.

When looking at the sources of income to support governmental activities, it should be noted that charges for services are only 13.55% of total revenues. Revenues provided by sources other than City residents in the form of operating and capital grants restricted to a certain program comprise another 32.49%. The remaining revenues are primarily generated locally through property and income taxes. City Council relies on these taxes to furnish the quality of life to businesses and citizens to which they and previous Councils have always been committed.

THE CITY'S FUNDS

Information about the City's major governmental funds begins on page 16. These funds are reported using the modified accrual basis of accounting. All governmental funds had total revenues of \$26,052,213 and expenditures of \$32,555,741. As of the end of the current year, the City's governmental funds reported combined ending fund balances of \$13,439,583, a decrease of \$2,960,785 in comparison with the prior year. Unreserved fund balance equals \$7,564,180. The remaining fund balance of \$5,875,403 is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior year. While the bulk of the governmental fund balances are not reserved in the governmental fund statements, they lead to restricted net assets on the Statement of Net Assets due to expenditure restrictions mandated by the source of the resource, such as the State or Federal government.

The General Fund balance of \$3,185,731 continues to rely heavily on the City's income tax as its primary source of revenue for operations, which kept the balance and activity of the fund consistent to prior years. The slight increase during the year of \$238,124 was due to the increase in income and property tax revenue in 2006.

The decrease of \$109,569 in the Street Maintenance and Repair Special Revenue Fund was primarily due to a decrease in the gasoline excise tax revenue received during the year.

The Street Improvement Municipal Tax Special Revenue Fund increased by \$625,134 due primarily to an increase in income taxes and intergovernmental revenues and a decrease in debt services expenses in 2006.

The Water Revenue Special Revenue Fund decreased by \$466,793 due to one-time fees received from developers being greater in 2005 than in 2006.

The Capital Improvement Municipal Tax Capital Projects Fund decreased by \$3,266,668 mainly due to the 2005 issuance of general obligation bonds which had a significant amount of unspent proceeds for the Trueman Boulevard project and other capital projects as of December 31, 2005. Most of the unspent proceeds from 2005 were expended during 2006.

General Fund Budgeting Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of receipts, disbursements and encumbrances. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the major object level within each department and fund.

During 2006, there were various revisions to the General Fund budget, which resulted in final appropriations increasing \$100,000 from original appropriations. The increase was due to higher health insurance claims during the first half of the year.

General Fund original and final budgeted revenues were \$15,078,273. Actual revenues were \$15,510,952, a difference of \$432,679 compared to final budget revenues. The most significant increase was in investment income for the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets (Net of Depreciation) Governmental Activities

	2006	2005
Land	\$ 3,654,127	\$ 3,656,627
Road Right-of-Way	1,519,774	931,343
Construction in Progress	5,790,901	11,007,023
Buildings	2,773,477	2,862,847
Improvement Other Than Buildings	1,413,671	1,287,150
Machinery and Equipment	987,021	835,860
Furniture and Fixtures	197,516	177,928
Vehicles	1,103,235	607,059
Infrastructure	217,252,081	203,415,470
Totals	<u>\$ 234,691,803</u>	<u>\$ 224,781,307</u>

A decrease of \$5,216,122 occurred in construction in progress primarily due to the completion of the following infrastructure projects during 2006: Britton Parkway (section 3) water and sewer lines, the Hilliard Storm Project, and Trueman Boulevard (North) Project. The street and bridges for Britton Parkway (section 3) opened at the end of 2006, but remained in construction in progress at December 31, 2006 since the final construction and inspection work totaling \$407,989 was completed during 2007. Infrastructure also increased during 2006 due to the City receiving capital contributions of streets, water lines, and sewer lines from developers totaling \$8,957,359. See Note 10 of the Notes to the Basic Financial Statements for more detailed information.

Debt

At December 31, 2006, the City of Hilliard had \$41,604,984 in debt outstanding.

Outstanding Debt at Year End Governmental Activities

	2006	2005
Notes Payable	\$ 3,970,000	\$ 2,156,000
OWDA Loan Payable	2,216,777	1,893,334
General Obligation Bonds	33,259,473	34,897,543
Special Assessment Bonds	135,000	195,000
Capital Leases	1,263,305	403,267
Premium on Bonds Issued	760,429	798,444
Totals	<u>\$ 41,604,984</u>	<u>\$ 40,343,588</u>

Generally, all general obligation bond issues and the notes payable will be paid through the Water Revenue and Street Improvement Municipal Tax Special Revenue Funds, and the Capital Improvements Municipal Tax Capital Projects Fund. The former 1989 Hilliard Technology Park Special Assessment Bonds (which were refunded with a portion of the 2005 Refunding Bond proceeds), and the 1998 Lyman Drive Extension Special Assessment Bonds will be paid from the Special Assessment Bond Retirement Fund.

The OWDA loans will be paid from the Capital Improvements Municipal Tax Capital Projects Fund.

The City's overall 10.5 percent legal debt margin was \$53,793,797 as of December 31, 2006. The more restrictive unvoted legal debt margin within 5.5 percent was \$10,230,084 as of the same date.

On March 15, 2007, the City issued \$7,975,000 Various Purpose Bonds, Series 2007 General Obligation Limited Tax to fund various capital improvements, refund the bond anticipation notes issued September 6, 2006 and refund Ohio Municipal Bond Pool (OMBP) loan. The issue generated \$475,595 in premium and was used to redeem bond anticipation note principal of \$1,900,000 plus \$46,930 in interest; refund the OMBP loan principal of \$2,070,000 plus \$7,000 in interest, will be used to fund \$4,250, 000 in new capital projects and paid issuance costs of \$176,665. The OMBP refunding portion resulted in an economic gain of \$113,004 (present value) and a reduction in future debt service of \$146,915.

See Note 17 of the Notes to the Basic Financial Statements for more detailed information about the City's debt.

CONTACTING THE CITY'S FINANCE DEPARTMENT

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Michelle Kelly-Underwood, Director of Finance, City of Hilliard, 3800 Municipal Way, Hilliard, Ohio 43026.

BASIC FINANCIAL STATEMENTS

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City of Hilliard, Ohio
Statement of Net Assets
December 31, 2006

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 13,207,234
Cash and Cash Equivalents with Fiscal Agents	212,047
Accrued Interest Receivable	9,137
Accounts Receivable	187,954
Municipal Income Tax Receivable	3,441,935
Due from Other Governments	1,476,407
Payments in Lieu of Taxes Receivable	241,576
Prepaid Items	33,941
Property and Other Local Taxes Receivable	1,386,307
Deferred Charges	406,974
Special Assessments Receivable	220,644
Cash and Cash Equivalents with Escrow Agent	201,502
Nondepreciable Capital Assets	10,964,802
Depreciable Capital Assets	343,574,954
Accumulated Depreciation	<u>(119,847,953)</u>
<i>Total Assets</i>	<u>255,717,461</u>
Liabilities	
Accounts Payable	205,561
Contracts Payable	474,676
Retainage Payable	205,829
Accrued Wages Payable	215,029
Matured Compensated Absences	193,468
Due to Other Governments	526,446
Accrued Interest Payable	242,066
Claims Payable	383,300
Unearned Revenue	1,803,233
Long-Term Liabilities:	
Due Within One Year	3,120,207
Due in More Than One Year	<u>40,100,624</u>
<i>Total Liabilities</i>	<u>47,470,439</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	194,266,629
Restricted for:	
Streets and Transportation	3,255,197
Basic Utility Services	876,723
Other Purposes	805,356
Debt Service	230,498
Capital Outlay	5,235,777
Unrestricted	<u>3,576,842</u>
<i>Total Net Assets</i>	<u>\$ 208,247,022</u>

The notes to the basic financial statements are an integral part of this statement.

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City of Hilliard, Ohio
Statement of Activities
December 31, 2006

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants, Contributions and Interest	Total Governmental Activities
				Interest	
Governmental Activities					
General Government	\$ 4,210,860	\$ 373,983	\$ -	\$ -	\$ (3,836,877)
Security of Persons and Property	7,212,982	329,690	125,829	-	(6,757,463)
Public Health	139,691	-	-	-	(139,691)
Leisure Time Activities	2,539,900	807,415	-	-	(1,732,485)
Community Environment	2,552,865	1,581,760	-	-	(971,105)
Basic Utility Services	5,999,457	1,089,731	-	6,189,941	1,280,215
Transportation	5,305,089	641,549	1,235,364	4,013,730	585,554
Interest and Fiscal Charges	1,798,693	-	-	-	(1,798,693)
<i>Total Governmental Activities</i>	<u>\$ 29,759,537</u>	<u>\$ 4,824,128</u>	<u>\$ 1,361,193</u>	<u>\$ 10,203,671</u>	<u>(13,370,545)</u>
		General Revenues			
		Property Taxes Levied for General Purposes			1,732,640
		Other Local Taxes			15,127
		Municipal Income Taxes Levied for:			
		General Purposes			9,353,451
		Transportation			1,821,584
		Capital Outlay			3,389,484
		Payments in Lieu of Taxes			173,881
		Grants and Entitlements not Restricted to Specific Purposes			1,463,590
		Unrestricted Investment Earnings			773,438
		Gain on Sale of Land			329,300
		Miscellaneous			151,529
		<i>Total General Revenues</i>			<u>19,204,024</u>
		<i>Change in Net Assets</i>			5,833,479
		<i>Net Assets at Beginning of Year, as Restated</i>			<u>202,413,543</u>
		<i>Net Assets at End of Year</i>			<u>\$ 208,247,022</u>

The notes to the basic financial statements are an integral part of this statement.

City of Hilliard, Ohio
Balance Sheet
Governmental Funds
December 31, 2006

	General	Street Maintenance and Repair	Street Improvement Municipal Tax
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 2,960,343	102,987	1,385,163
Cash and Cash Equivalents with Fiscal Agents	-	-	-
Cash and Cash Equivalents with Escrow Agent	-	-	-
Receivables:			
Property and Other Local Taxes Receivable	1,371,180	-	-
Payments in Lieu of Taxes Receivable	-	-	-
Municipal Income Tax Receivable	2,151,209	-	430,242
Accounts	187,954	-	-
Special Assessments Receivable	-	-	-
Accrued Interest	-	-	-
Due from Other Governments	702,554	516,305	257,548
Prepaid Items	33,941	-	-
Interfund Receivable	67,350	-	-
<i>Total Assets</i>	<u>\$ 7,474,531</u>	<u>619,292</u>	<u>2,072,953</u>
Liabilities			
Accounts Payable	82,903	8,854	8,939
Contracts Payable	-	-	-
Retainage Payable	-	-	-
Due to Other Fund	108,056	1,163	-
Interfund Payable	-	-	-
Accrued Wages Payable	185,529	12,640	-
Matured Compensated Absences	185,337	6,040	-
Due to Other Governments	460,135	29,040	-
Unearned Revenue	3,266,840	354,108	511,048
<i>Total Liabilities</i>	<u>4,288,800</u>	<u>411,845</u>	<u>519,987</u>
Fund Balances			
Reserve for Encumbrances	580,680	50,752	2,340,207
Unreserved (Deficit), Reported in:			
General Fund	2,605,051	-	-
Special Revenue Funds	-	156,695	(787,241)
Debt Service Funds	-	-	-
Capital Project Funds	-	-	-
<i>Total Fund Balance</i>	<u>3,185,731</u>	<u>207,447</u>	<u>1,552,966</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 7,474,531</u>	<u>619,292</u>	<u>2,072,953</u>

See accompanying notes to the basic financial statements.

Water Revenue	Capital Improvement Municipal Tax	Nonmajor Funds	Total Governmental Funds
412,599	5,826,632	2,379,606	\$ 13,067,330
-	-	212,047	212,047
-	201,502	-	201,502
-	-	15,127	1,386,307
-	-	241,576	241,576
-	860,484	-	3,441,935
-	-	-	187,954
-	-	220,644	220,644
-	9,137	-	9,137
-	-	-	1,476,407
-	-	-	33,941
-	-	-	67,350
<u>412,599</u>	<u>6,897,755</u>	<u>3,069,000</u>	<u>\$ 20,546,130</u>
7,932	31,219	65,714	205,561
-	474,676	-	474,676
-	205,829	-	205,829
1,357	-	3,295	113,871
-	-	67,350	67,350
5,119	-	11,741	215,029
626	-	1,465	193,468
10,519	-	26,752	526,446
-	510,101	462,220	5,104,317
<u>25,553</u>	<u>1,221,825</u>	<u>638,537</u>	<u>7,106,547</u>
94,950	2,564,041	244,773	5,875,403
-	-	-	2,605,051
292,096	-	2,108,088	1,769,638
-	-	9,854	9,854
-	3,111,889	67,748	3,179,637
<u>387,046</u>	<u>5,675,930</u>	<u>2,430,463</u>	<u>13,439,583</u>
<u>412,599</u>	<u>6,897,755</u>	<u>3,069,000</u>	<u>\$ 20,546,130</u>

City of Hilliard, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2006*

Total Governmental Fund Balances 13,439,583

*Amount reported for governmental activities in the Statement of
 Net Assets are different because:*

Capital assets used in governmental activities are not financial resources
 and therefore are not reported in the funds. These assets consist of:

Land	3,654,127
Road Right-of-Way	1,519,774
Construction in Progress	5,790,901
Buildings	5,017,860
Improvements Other Than Buildings	2,508,938
Machinery and Equipment	3,260,347
Furniture and Fixtures	530,754
Vehicles	2,523,606
Infrastructure	329,733,449
Accumulated Depreciation	<u>(119,847,953)</u>

Total 234,691,803

Bond issuance costs, reported as an expenditure in governmental funds,
 are allocated as an expense over the life of the debt on the full accrual basis. 406,974

An internal service fund is used by management to charge the costs of
 insurance to individual funds. The assets and liabilities of the internal
 service fund are included in governmental activities in the Statement
 of Net Assets. (129,525)

Other long-term assets are not available to pay for current-period
 expenditures and therefore are deferred in the funds:

Property and Other Local Taxes	55,474
Municipal Income Taxes	2,028,002
Intergovernmental	993,864
Special Assessments	220,644
Accrued Interest	<u>3,100</u>

Total 3,301,084

Some liabilities are not due and payable in the current period and therefore
 are not reported in the funds. Those liabilities consist of:

Accrued Interest	(242,066)
Premium on Debt Issued	(760,429)
Bond Anticipation Notes and Notes Payable	(3,970,000)
General Obligation Bonds	(33,259,473)
Special Assessment Bonds	(135,000)
OWDA Loans	(2,216,777)
Capital Lease	(1,263,305)
Compensated Absences	<u>(1,615,847)</u>

Total (43,462,897)

Net Assets of Governmental Activities \$ 208,247,022

See accompanying notes to the basic financial statements.

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City of Hilliard, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
December 31, 2006

	<u>General</u>	<u>Street Maintenance and Repair</u>	<u>Street Improvement Municipal Tax</u>
Revenues			
Property and Other Local Taxes	\$ 1,718,599	-	-
Municipal Income Taxes	9,223,406	-	1,795,576
Payments in Lieu of Taxes	-	-	-
Intergovernmental	1,175,259	1,023,317	1,142,663
Charges for Services	1,365,268	-	-
Licenses and Permits	809,642	-	-
Fines and Forfeitures	267,612	-	-
Investment Income	698,531	7,918	-
Special Assessments	-	-	-
Miscellaneous	114,133	3,984	-
<i>Total Revenues</i>	<u>15,372,450</u>	<u>1,035,219</u>	<u>2,938,239</u>
Expenditures			
Current:			
General Government	3,834,904	-	-
Security of Persons and Property	6,757,340	-	-
Public Health	139,691	-	-
Leisure Time Activities	2,376,834	-	-
Community Environment	2,209,257	-	-
Basic Utility Services	-	-	-
Transportation	-	1,144,788	1,711,471
Debt Service:			
Principal Retirement	-	-	408,100
Interest and Fiscal Charges	-	-	193,534
<i>Total Expenditures</i>	<u>15,318,026</u>	<u>1,144,788</u>	<u>2,313,105</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>54,424</u>	<u>(109,569)</u>	<u>625,134</u>
Other Financing Sources (Uses)			
Proceeds from Sale of Land	183,700	-	-
Proceeds of Bond Anticipation Notes	-	-	-
Proceeds of OWDA Loans	-	-	-
Inception of Capital Lease	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>183,700</u>	<u>-</u>	<u>-</u>
<i>Net Changes in Fund Balances</i>	238,124	(109,569)	625,134
<i>Fund Balances at Beginning of Year</i>	<u>2,947,607</u>	<u>317,016</u>	<u>927,832</u>
<i>Fund Balances at End of Year</i>	<u>\$ 3,185,731</u>	<u>207,447</u>	<u>1,552,966</u>

See accompanying notes to the basic financial statements.

<u>Water Revenue</u>	<u>Capital Improvement Municipal Tax</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
-	-	15,127	\$ 1,733,726
-	3,337,466	-	14,356,448
-	-	173,881	173,881
-	-	294,816	3,636,055
466,137	-	1,827,551	3,658,956
-	168,000	160,746	1,138,388
-	-	40,327	307,939
-	45,586	57,968	810,003
-	-	85,288	85,288
-	-	33,412	151,529
<u>466,137</u>	<u>3,551,052</u>	<u>2,689,116</u>	<u>26,052,213</u>
-	474,769	6,133	4,315,806
-	289,238	65,074	7,111,652
-	-	-	139,691
-	1,015,912	116,304	3,509,050
-	3,609,872	429,464	6,248,593
658,190	66,915	552,073	1,277,178
-	2,338,671	1,130,443	6,325,373
119,400	1,024,162	384,300	1,935,962
<u>155,340</u>	<u>1,211,624</u>	<u>131,938</u>	<u>1,692,436</u>
<u>932,930</u>	<u>10,031,163</u>	<u>2,815,729</u>	<u>32,555,741</u>
<u>(466,793)</u>	<u>(6,480,111)</u>	<u>(126,613)</u>	<u>(6,503,528)</u>
-	-	145,600	329,300
-	1,900,000	-	1,900,000
-	323,443	-	323,443
-	990,000	-	990,000
-	<u>3,213,443</u>	<u>145,600</u>	<u>3,542,743</u>
(466,793)	(3,266,668)	18,987	(2,960,785)
<u>853,839</u>	<u>8,942,598</u>	<u>2,411,476</u>	<u>16,400,368</u>
<u>387,046</u>	<u>5,675,930</u>	<u>2,430,463</u>	<u>\$ 13,439,583</u>

City of Hilliard, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
December 31, 2006*

Net Change in Fund Balances - Total Governmental Funds		(2,960,785)
<i>Amount reported for governmental activities in the Statement of Activities are different because:</i>		
Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital Outlay	9,727,765	
Depreciation	(8,771,615)	
Excess of Depreciation Expense over Capital Outlay		956,150
Governmental funds do not report the revenue from the contribution of capital assets since they do not represent current financial resources. However, the revenue is reported in the Statement of Activities.		
Contributed Capital		8,957,359
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each sale.		
Loss on Disposal of Capital Assets		(3,013)
Some capital additions were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the Statement of Net Assets, the lease obligation is reported as a liability.		
		(990,000)
The internal service fund used by management to charge the cost of insurance to individual funds is reported in the entity-wide Statement of Activities.		
		85,829
Repayment of long-term obligations is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities on the Statement of Net Assets. In the current year, these amounts consist of:		
General Obligation Bond Principal Payments	1,660,000	
Note Principal Payments	86,000	
Special Assessment Bond Principal Payments	60,000	
Capital Lease Principal Payments	129,962	
		1,935,962
Some revenues that will not be collected for several months after the City's year-end are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues changed by these amounts this year:		
Property and Other Taxes	14,041	
Municipal Income Taxes	208,071	
Intergovernmental	153,885	
Special Assessments	(85,288)	
Investment Income	(36,565)	
		254,144
The issuance of long-term debt provides current financial resources to governmental funds, but in the Statement of Net Assets, the debt is reported as a liability.		
Bond Anticipation Notes	(1,900,000)	
OWDA Loans	(323,443)	
		(2,223,443)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and bond issuance costs are recognized as expenditures when incurred, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as interest accrues, regardless of when it is due and bond issuance costs are deferred and amortized. The additional amount of interest and fiscal charges on the Statement of Activities is the result of the following:		
Increase in Accrued Interest	(101,583)	
Amortization of Loss on Refunding Bonds	(21,930)	
Amortization of Premium on General Obligation Bonds	38,015	
Amortization of Bond Issuance Costs (Deferred Charges)	(20,759)	
		(106,257)
Some items 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. These activities consist of:		
Increase in Compensated Absences		(72,467)
<i>Changes in Net Assets of Governmental Activities</i>	<u>\$</u>	<u>5,833,479</u>

See accompanying notes to the basic financial statements.

City of Hilliard, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property and Other Local Taxes	\$ 1,645,894	\$ 1,645,894	\$ 1,790,364	\$ 144,470
Municipal Income Taxes	9,310,000	9,310,000	9,176,483	(133,517)
Intergovernmental	1,168,479	1,168,479	1,222,636	54,157
Charges for Services	1,573,950	1,573,950	1,543,334	(30,616)
Licenses and Permits	642,300	642,300	758,685	116,385
Fines and Forfeitures	325,000	325,000	274,166	(50,834)
Investment Income	200,250	200,250	632,826	432,576
Miscellaneous	212,400	212,400	112,458	(99,942)
<i>Total Revenues</i>	<u>15,078,273</u>	<u>15,078,273</u>	<u>15,510,952</u>	<u>432,679</u>
Expenditures				
Current:				
General Government	4,124,915	4,274,715	4,069,152	205,563
Security of Persons and Property	6,775,923	6,760,923	6,738,515	22,408
Public Health	139,689	139,889	139,691	198
Leisure Time Activities	2,449,689	2,464,689	2,452,540	12,149
Community Environment	2,445,623	2,395,623	2,273,381	122,242
<i>Total Expenditures</i>	<u>15,935,839</u>	<u>16,035,839</u>	<u>15,673,279</u>	<u>362,560</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(857,566)</u>	<u>(957,566)</u>	<u>(162,327)</u>	<u>795,239</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Land	-	-	183,700	183,700
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>183,700</u>	<u>183,700</u>
<i>Net Change in Fund Balance</i>	(857,566)	(957,566)	21,373	978,939
<i>Fund Balance at Beginning of Year</i>	1,911,595	1,911,595	1,911,595	-
Prior Year Encumbrances Appropriated	264,081	264,081	264,081	-
<i>Fund Balance at End of Year</i>	<u>\$ 1,318,110</u>	<u>\$ 1,218,110</u>	<u>\$ 2,197,049</u>	<u>\$ 978,939</u>

The notes to the basic financial statements are an integral part of this statement.

City of Hilliard, Ohio
*Statement of Revenues, Expenditures and Changes
 In Fund Balances - Budget (Non-GAAP Basis) and Actual
 Street Maintenance and Repair Fund
 For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$ 1,145,000	\$ 1,145,000	\$ 1,082,143	\$ (62,857)
Investment Income	3,500	3,500	7,918	4,418
Miscellaneous	10,000	10,000	3,984	(6,016)
<i>Total Revenues</i>	<u>1,158,500</u>	<u>1,158,500</u>	<u>1,094,045</u>	<u>(64,455)</u>
Expenditures				
Current:				
Transportation	1,289,718	1,199,718	1,188,134	11,584
<i>Total Expenditures</i>	<u>1,289,718</u>	<u>1,199,718</u>	<u>1,188,134</u>	<u>11,584</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(131,218)</u>	<u>(41,218)</u>	<u>(94,089)</u>	<u>(52,871)</u>
<i>Net Change in Fund Balance</i>	(131,218)	(41,218)	(94,089)	(52,871)
<i>Fund Balance at Beginning of Year</i>	133,889	133,889	133,889	-
Prior Year Encumbrances Appropriated	11,822	11,822	11,822	-
<i>Fund Balance at End of Year</i>	<u>\$ 14,493</u>	<u>\$ 104,493</u>	<u>\$ 51,622</u>	<u>\$ (52,871)</u>

The notes to the basic financial statements are an integral part of this statement.

City of Hilliard, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
Street Improvement Municipal Tax Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Municipal Income Taxes	\$ 1,822,000	\$ 1,812,000	\$ 1,786,190	\$ (25,810)
Intergovernmental	<u>1,400,000</u>	<u>2,856,000</u>	<u>1,287,571</u>	<u>(1,568,429)</u>
<i>Total Revenues</i>	<u>3,222,000</u>	<u>4,668,000</u>	<u>3,073,761</u>	<u>(1,594,239)</u>
Expenditures				
Current:				
Transportation	2,532,642	4,377,642	4,290,304	87,338
Debt Service:				
Principal Retirement	1,790,000	1,040,000	408,100	631,900
Interest and Fiscal Charges	<u>200,000</u>	<u>200,000</u>	<u>193,534</u>	<u>6,466</u>
<i>Total Expenditures</i>	<u>4,522,642</u>	<u>5,617,642</u>	<u>4,891,938</u>	<u>725,704</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,300,642)</u>	<u>(949,642)</u>	<u>(1,818,177)</u>	<u>(868,535)</u>
<i>Net Change in Fund Balance</i>	(1,300,642)	(949,642)	(1,818,177)	(868,535)
<i>Fund Balance (Deficit) at Beginning of Year</i>	(1,618,964)	(1,618,964)	(1,618,964)	-
Prior Year Encumbrances Appropriated	<u>2,472,642</u>	<u>2,472,642</u>	<u>2,472,642</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ (446,964)</u>	<u>\$ (95,964)</u>	<u>\$ (964,499)</u>	<u>\$ (868,535)</u>

The notes to the basic financial statements are an integral part of this statement.

City of Hilliard, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
Water Revenue Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charges for Services	\$ 430,000	\$ 430,000	\$ 466,137	\$ 36,137
Miscellaneous	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>(20,000)</u>
<i>Total Revenues</i>	<u>450,000</u>	<u>450,000</u>	<u>466,137</u>	<u>16,137</u>
Expenditures				
Current:				
Basic Utility Services	455,913	973,813	885,128	88,685
Debt Service:				
Principal Retirement	120,000	119,400	119,400	-
Interest and Fiscal Charges	<u>130,000</u>	<u>155,600</u>	<u>155,340</u>	<u>260</u>
<i>Total Expenditures</i>	<u>705,913</u>	<u>1,248,813</u>	<u>1,159,868</u>	<u>88,945</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(255,913)</u>	<u>(798,813)</u>	<u>(693,731)</u>	<u>105,082</u>
<i>Net Change in Fund Balance</i>	(255,913)	(798,813)	(693,731)	105,082
<i>Fund Balance (Deficit) at Beginning of Year</i>	993,637	993,637	993,637	-
Prior Year Encumbrances Appropriated	<u>16,838</u>	<u>16,838</u>	<u>16,838</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 754,562</u>	<u>\$ 211,662</u>	<u>\$ 316,744</u>	<u>\$ 105,082</u>

The notes to the basic financial statements are an integral part of this statement.

City of Hilliard, Ohio
Statement of Fund Net Assets
Internal Service Fund
December 31, 2006

	Insurance Trust
Assets	
Current Assets;	
Equity in Pooled Cash and Cash Equivalents	\$ 139,904
Due from Other Funds	<u>113,871</u>
<i>Total Assets</i>	<u>\$ 253,775</u>
Liabilities	
Current Liabilities:	
Claims Payable	<u>\$ 383,300</u>
<i>Total Liabilities</i>	<u>383,300</u>
Net Assets	
Unrestricted Deficit	<u>\$ (129,525)</u>

See accompanying notes to the basic financial statements.

City of Hilliard, Ohio
*Statement of Revenues,
 Expenses and Changes in Fund Net Assets
 Internal Service Fund
 For the Year Ended December 31, 2006*

	Insurance Trust
Operating Revenues	
Charges for Services	\$ 1,886,616
Operating Expenses	
Contractual Services	22,302
Claims	1,626,819
Other	151,666
<i>Total Operating Expenses</i>	1,800,787
<i>Change in Net Assets</i>	85,829
<i>Net Assets (Deficit) at Beginning of Year</i>	(215,354)
<i>Net Assets (Deficit) at End of Year</i>	\$ (129,525)

See accompanying notes to the basic financial statements.

City of Hilliard, Ohio
Statement of Cash Flows
Internal Service Fund
For the Year Ended December 31, 2006

	Insurance Trust
Increase (Decrease) in Cash and Cash Equivalents:	
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 1,772,745
Cash Payments for Services	(173,968)
Cash Payments for Claims	(1,490,488)
<i>Net Cash Provided by Operating Activities</i>	108,289
<i>Cash and Cash Equivalents Beginning of Year</i>	31,615
<i>Cash and Cash Equivalents End of Year</i>	\$ 139,904
 Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 85,829
 Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Increase in Due from Other Funds	(113,871)
Increase in Claims Payable	136,331
<i>Net Cash Provided by Operating Activities</i>	\$ 108,289

See accompanying notes to the basic financial statements.

City of Hilliard, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2006

Assets

Equity in Pooled Cash and Cash Equivalents	\$ 206,556
Cash and Cash Equivalents in Segregated Accounts	<u>16,638</u>

Total Assets \$ 223,194

Liabilities

Due to Other Governments	\$ 206,556
Deposits Held and Due to Others	<u>16,638</u>

Total Liabilities \$ 223,194

See accompanying notes to the basic financial statements.

City of Hilliard, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

NOTE 1 – DESCRIPTION OF THE CITY AND REPORTING ENTITY

The City of Hilliard (the “City”) is a home rule municipal corporation organized under the laws of the State of Ohio. The City operates under its own Charter. The current Charter, which provides for a Mayor-Council form of government, was adopted January 1, 1963, and was amended June 2, 1993.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds and departments which comprise the legal entity of the City. The City provides various services including police protection, parks and recreation, planning, zoning, engineering, street maintenance, snow removal, refuse collection, and other governmental services. Water and sewer services are provided by the City of Columbus, although the City of Hilliard maintains the water and sewer lines. Norwich Township provides fire protection.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the organization's budget, the levying of its taxes or the issuance of its debt. The City has no component units.

The City of Hilliard Mayor's Court has been included in the City's financial statements as an agency fund. The Mayor is an elected City official who has a fiduciary responsibility for the collection and distribution of court fees and fines.

The City is associated with the Hilliard Arts Council Corporation which is defined as a Related Organization. This organization is presented in Note 21 to the basic financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Hilliard have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities and to its proprietary fund provided they do not conflict with or contradict GASB pronouncements. The most significant of the City's accounting policies are described below.

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2006

Basis Of Presentation

The City's basic financial statements consist of government-wide statements, including a Statement of Net Assets and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

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 activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. Interfund services provided and used are not eliminated in the process of consolidation. The statements usually distinguish between those activities of the City that are governmental in nature and those that are considered business-type activities; however, the City has no activities which are reported as business-type.

The Statement of Net Assets presents the financial condition of the governmental activities of the City at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support 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 governmental program is self financing or draws from the general revenues of the City.

Fund Financial Statements

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented on the face of the proprietary fund statements. Fiduciary funds are reported by type.

Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds utilized by the City: governmental, proprietary, and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions of the City typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the City's major governmental funds:

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2006

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

Street Maintenance and Repair Fund - This fund is used to account for that portion of the state gasoline tax and motor vehicle registration fees restricted for maintenance and repair of streets within the City.

Street Improvement Municipal Tax Fund - This fund is used to account for 12.5 percent of the City's income tax collections to be used for repair and improvement of streets and highways.

Water Revenue Fund - This fund is used to account for water tap fees and water surcharge revenues collected by the City of Columbus for the City of Hilliard. These revenues are used for upgrading and making minor repairs to waterlines.

Capital Improvement Municipal Tax Fund - This fund is used to account for 25 percent of the City's income tax collections and impact fees which are used for various capital improvements.

The other governmental funds of the City account for grants and other resources whose use is restricted for a particular purpose.

Proprietary Fund

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. The City's proprietary fund is an internal service fund.

Internal Service Fund - The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis. The City's internal service fund accounts for the payment of all City employees' medical, dental, and vision claims.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The City's only fiduciary funds are agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City has two agency funds which are used to account for the collection and distribution of court fines and forfeitures and for the collection and distribution of charges for inspections provided by other governments and entities along with capacity charges for another city.

Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the City are included on the Statement of Net Assets. The Statement of Activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets.

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2006

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide 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.

Like the government-wide statements, the proprietary fund type is accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the Statement of Fund Net Assets. The Statement of Revenues, Expenses, and Changes in Fund Net Assets presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets. The Statement of Cash Flows provides information about how the City finances and meets the cash flow needs of its proprietary activity.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the financial statements of the internal service and agency funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined and "Available" means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within sixty days of year-end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, municipal income taxes, payments in lieu of taxes, grants, entitlements, shared revenues, and donations. On the accrual basis, revenue from property taxes/payments in lieu of taxes is recognized in the year for which the taxes are levied (See Note 7). Revenue from municipal income taxes is recognized in the year in which the income is earned. Revenue from grants, entitlements, shared revenues, and donations is recognized in the year in which all eligibility requirements have been satisfied. 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 specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2006

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: municipal income taxes, charges for services, interest on investments, intergovernmental revenues (including motor vehicle license tax, gasoline tax, and local government assistance), and grants.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2006, but were levied to finance 2007 operations, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met have also been recorded as unearned revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Cash and Cash Equivalents

To improve cash management, cash received by the City, except cash held by a fiscal or escrow agent and cash held in a segregated account, is pooled. Individual fund integrity is maintained through City records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements. Monies held by the Franklin County Engineer are presented in the financial statements as "Cash and Cash Equivalents with Fiscal Agent". Deposits held in trust by LaSalle Bank National Association for unspent lease proceeds are presented on the financial statements as "Cash and Cash Equivalents with Escrow Agent." Cash and cash equivalents that are held separately for Mayor's Court and not held in the City treasury are recorded on the financial statements as "Cash and Cash Equivalents in Segregated Accounts."

During 2006, the City invested in Federal Home Loan Mortgage Company Notes, Federal National Mortgage Association Notes, Federal Home Loan Bank Bonds, negotiable certificates of deposit, repurchase agreements, and STAROhio. All of the City's negotiable certificates of deposit matured during 2006. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2006. Investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts, such as repurchase agreements, are reported at cost.

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2006

Interest income is distributed to the funds according to Ohio constitutional and statutory requirements. Interest revenue credited to the General Fund during 2006 amounted to \$698,531, which includes \$574,961 assigned from other funds.

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are reported on the financial statements as cash equivalents.

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 purchase and an expenditure is reported in the year in which services are consumed.

Bond Premium/Unamortized Bond Issuance Costs/Loss

Bond premiums and issuance costs are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. Bond premiums are presented as an addition of the face amount of the bonds payable whereas issuance costs are recorded as deferred charges.

The accounting loss on refunded bonds (difference between the reacquisition price and the net carrying amount of the old debt) is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.

Capital Assets

The City's only capital assets are general capital assets and contributions of capital assets from developers. General capital assets usually result from expenditures in governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and deletions during the year. Donated capital assets are recorded at their fair market values on the date received. The City maintains a capitalization threshold of one thousand dollars, except for infrastructure which has a threshold of five thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

All capital assets except for land, road right of way, and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacements. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	20-40 years
Improvements Other Than Buildings	15-30 years
Machinery and Equipment	5-20 years
Furniture and Fixtures	7-20 years
Vehicles	5-20 years
Infrastructure	10-50 years

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2006

The City's infrastructure consists of curbs, streets, bridges, traffic signals, sidewalks, water lines, sewer lines, and storm sewers.

Compensated Absences

Vacation and compensatory time 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 City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation and compensatory time for all employees.

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 the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year-end, taking into consideration any limits specified in the City's termination policy.

The entire compensated absences liability is reported on the government-wide financial statements. On governmental fund financial statements, compensated absences are reported 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 "Matured Compensated Absences Payable" in the funds from which the employees will be paid.

Interfund Balances

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as "Interfund Receivables" and "Interfund Payables." Interfund balances are eliminated on the government-wide Statement of Net Assets.

Accrued Liabilities And Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from the proprietary fund are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Long-term notes, loans, bonds, and capital leases are recognized as liabilities on the governmental fund financial statements when due.

Reservations Of Fund Balance

The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditure. As a result, encumbrances are recorded as a reservation of fund balance.

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2006

Contributions of Capital

Contributions of capital arise from outside contributions of capital assets, grants or outside contributions of resources restricted to capital acquisitions and construction.

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 or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include funds for the operation of recreational activities, improving the living environment of the City, and the operation of police programs.

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

The government-wide Statement of Net Assets reports \$10,403,551 of restricted net assets, of which \$321,021 is restricted by enabling legislation.

Interfund Transaction

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in the proprietary fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the internal service fund. For the City, these revenues are charges for services for employees' health claims. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the fund. Revenues and expenses that do not meet these definitions are reported as nonoperating.

Accounting 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.

Budgetary Process

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2006

need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the major object level within each department and fund.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts set forth in the budgetary statements and schedules as final budgeted amounts represent estimates from the amended certificate in force at the time final appropriations were passed by Council.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriations resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year, including all supplemental appropriations.

NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF PRIOR YEAR NET ASSETS

Changes in Accounting Principles

The accounting policies and financial reporting practices of the City conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. In June 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other Than Pension Plans*. The provisions of the statement are effective for fiscal periods beginning after December 15, 2006. The City has determined that adoption of this statement will not have an impact on the City's financial statements; however, it will modify the note disclosures related to postemployment benefit plans other than pension plans.

GASB Statement No. 47 establishes accounting and financial reporting standards for termination benefits. This statement clarifies and establishes reporting requirements for those benefits provided by employers to employees as an incentive or settlement for voluntary early termination or as a consequence of the involuntary early termination of services. The implementation of this statement had no effect on the City's financial statements for 2006.

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2006

Restatement of Net Assets

It was necessary to restate prior year net assets for the retroactive inclusion of infrastructure assets in capital assets.

	Governmental Activities
Net Assets, January 1, 2006	\$ 18,089,385
Restatement of Capital Assets	184,324,158
Net Assets, January 1, 2006, as Restated	\$ 202,413,543

NOTE 4 – COMPLIANCE AND ACCOUNTABILITY

Compliance

The Street Improvement Municipal Tax Fund had estimated receipts greater than actual receipts by \$1,594,239 and a deficit fund balance on a budgetary basis of \$964,499 at December 31, 2006. The fund also had a negative cash fund balance in January and February of 2006 for \$182,460 and \$72,045, respectively, and appropriations exceeding estimated resources by \$617,407 at June 30, 2006 and by \$95,964 at December 31, 2006. This is due to appropriations and resources being estimated for an entire road project and the project not being completed at year end. This will be remedied in the following year upon completion of the project. The full amount of the deficit budgetary fund balance will be covered by contractual amounts to be received from the City of Columbus and ODOT when the project is completed.

Accountability

At December 31, 2006, the Insurance Trust Fund had deficit net assets of \$129,525. The General Fund is liable for any deficits and will provide operating transfers when cash is required, not when accruals occur.

NOTE 5 – BUDGETARY BASIS OF ACCOUNTING

While reporting financial position and results of operations on the basis of generally accepted accounting principles (GAAP), the budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statements of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual, are presented for the General Fund and the Street Maintenance and Repair, Street Improvement Municipal Tax, and Water Revenue Special Revenue Funds to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2006

4. Advances-In and Advances-Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Unrecorded cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statements.

The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis are as follows:

	General	Street Maintenance and Repair	Street Improvement Municipal Tax	Water Revenue
GAAP Basis	\$ 238,124	\$ (109,569)	\$ 625,134	\$ (466,793)
Revenue Accruals	201,018	50,908	136,108	-
Expenditure Accruals	274,035	8,019	(231,666)	(131,081)
Encumbrances	(629,288)	(51,365)	(2,347,167)	(95,857)
Unrecorded Cash - 2005	71,488	-	1,909	-
Unrecorded Cash - 2006	(134,004)	7,918	(2,495)	-
Budget Basis	<u>\$ 21,373</u>	<u>\$ (94,089)</u>	<u>\$ (1,818,177)</u>	<u>\$ (693,731)</u>

NOTE 6 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the City into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts.

Interim monies are permitted to be deposited or invested in the following securities:

1. 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 and interest by the United States;

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2006

2. Bond, 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;
3. 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;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) 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,
6. The State Treasurer's investment pool (STAROhio).

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and
3. Obligations of the City.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure; the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end, \$324,129 of the City's bank balance of \$688,349 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution.

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the City or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2006

Investments

As of December 31, 2006, the City had the following investments. All investments are in an internal investment pool.

	Fair Value	Investment Maturities (in Years)	
		Less than 1	1 - 2
FHLMC Notes	\$ 314,934	\$ 314,934	\$ -
FNMA Notes	398,689	99,625	299,064
FHLB Bonds	603,350	603,350	-
Repurchase Agreement	11,419,000	11,419,000	-
STAROhio	1,108,830	1,108,830	-
Totals	<u>\$ 13,844,803</u>	<u>\$ 13,545,739</u>	<u>\$ 299,064</u>

Interest Rate Risk – The City’s investment policy requires that an investment mature within two years from the date of purchase, unless matched to a specific obligation or debt of the City, and that an investment must be purchased with the expectation that it will be held to maturity. The City’s policy states that all investments should be sufficiently liquid to meet all operating requirements that can be reasonably anticipated.

Credit Risk – Federal Home Loan Mortgage Company Notes, Federal National Mortgage Association Notes, and Federal Home Loan Bank Bonds and the underlying securities of the repurchase agreement carry a rating of Aaa by Moody’s. STAROhio carries a rating of AAAM by Standard and Poor’s. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The City’s investment policy limits investments to those authorized by State statute.

Concentration of Credit Risk – The City places no limit on the amount it may invest in any one issuer; however, investments are limited to low risk securities with the expectation of earning market rate of return. The City’s investments in the Federal Home Loan Mortgage Company Notes, Federal National Mortgage Association Notes, and Federal Home Loan Bank Bonds, and repurchase agreements, represents 2.27 percent, 2.88 percent, 4.36 percent, and 82.48 percent, respectively, of the City’s total investments.

NOTE 7 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible personal property located in the City. Property tax revenue received during 2006 for real and public utility property taxes represents collections of 2005 taxes. Property tax payments received during 2006 for tangible personal property (other than public utility property) are for 2006 taxes.

2006 real property taxes are levied after October 1, 2006, on the assessed value as of January 1, 2006, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2006 real property taxes are collected in and intended to finance 2007.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2006 public utility property taxes became a

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2006

lien December 31, 2005, are levied after October 1, 2006, and are collected in 2007 with real property taxes.

2006 tangible personal property taxes are levied after October 1, 2005, on the value as of December 31, 2005. Collections are made in 2006. Tangible personal property assessments are 25 percent of true value for capital assets and 23 percent of true value for inventory.

Real property taxes are payable annually or semi-annually. If paid annually, the payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30; with the remainder payable by September 20.

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the City of Hilliard. The County Auditor periodically remits to the City its portion of the taxes. Property taxes receivable represents real and tangible personal property taxes, public utility, taxes, and outstanding delinquencies which are measurable as of December 31, 2006, and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been offset by unearned revenue since the current taxes were not levied to finance 2006 operations, and the collections of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is unearned.

The full tax rate for all City operations for the year ended December 31, 2006, was \$1.60 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2006 property tax receipts were based are as follows:

Category	Assessed Value
Real Property	\$ 832,498,730
Tangible Personal Property	22,239,765
Public Utility Property	16,535,760
Totals	\$ 871,274,255

Public Utility Property consists of both real property and tangible personal property.

NOTE 8 – MUNICIPAL INCOME TAX

The City levies a municipal income tax of 2.0 percent on all salaries, wages, commissions, other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. However, the City allows a credit for income taxes paid to another municipality up to 100 percent of the City's current tax rate.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2006

Income tax proceeds are distributed to the General Fund, Street Improvement Municipal Tax Special Revenue Fund, and the Capital Improvements Municipal Tax Capital Projects Fund as required by City Administrative Code.

NOTE 9 - RECEIVABLES

Receivables at December 31, 2006, consisted of property and other local taxes, payments in lieu of taxes, municipal income taxes, accounts, special assessments, accrued interest, intergovernmental receivables arising from grants, entitlements and shared revenues, and interfund receivables. All receivables are considered fully collectible. Special assessments expected to be collected in more than one year for the City amount to \$128,879. Delinquent special assessments at December 31, 2006 was \$1,164.

A summary of intergovernmental receivables follows:

<u>Governmental Activities</u>	<u>Amounts</u>
Local Government Assistance	\$ 38,690
Local Government	529,003
Estate Tax	54,174
Homestead, Rollback and Exemption	65,687
Gas Tax	345,038
Motor Vehicle Tax	171,267
City of Columbus	181,009
COPS Grant	15,000
ODOT Grant	<u>76,539</u>
Total Intergovernmental Receivables	<u>\$ 1,476,407</u>

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2006

NOTE 10 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2006, was as follows:

	Balance at 1/1/2006	Additions	Deletions	Balance at 12/31/2006
Governmental Activities				
Capital Assets, not being depreciated:				
Land	\$ 3,656,627	-	(2,500)	3,654,127
Road Right-of-Way	931,343	588,431	-	1,519,774
Construction in Progress	<u>11,007,023</u>	<u>2,840,380</u>	<u>(8,056,502)</u>	<u>5,790,901</u>
Total Capital Assets, not being depreciated	<u>15,594,993</u>	<u>3,428,811</u>	<u>(8,059,002)</u>	<u>10,964,802</u>
Depreciable Capital Assets:				
Buildings	4,982,294	35,566	-	5,017,860
Improvements Other Than Buildings	2,277,782	231,156	-	2,508,938
Machinery and Equipment	2,856,328	461,438	(57,419)	3,260,347
Furniture and Fixtures	495,616	38,900	(3,762)	530,754
Vehicle	1,867,925	731,894	(76,213)	2,523,606
Infrastructure	<u>307,919,588</u>	<u>21,813,861</u>	<u>-</u>	<u>329,733,449</u>
Total Depreciable Capital Assets	<u>320,399,533</u>	<u>23,312,815</u>	<u>(137,394)</u>	<u>343,574,954</u>
Less Accumulated Depreciation:				
Buildings	(2,119,447)	(124,936)	-	(2,244,383)
Improvements Other Than Buildings	(990,632)	(104,635)	-	(1,095,267)
Machinery and Equipment	(2,020,468)	(309,764)	56,906	(2,273,326)
Furniture and Fixtures	(317,688)	(19,312)	3,762	(333,238)
Vehicle	(1,260,866)	(235,718)	76,213	(1,420,371)
Infrastructure	<u>(104,504,118)</u>	<u>(7,977,250)</u>	<u>-</u>	<u>(112,481,368)</u>
Total Accumulated Depreciation	<u>(111,213,219)</u>	<u>(8,771,615)</u>	<u>136,881</u>	<u>(119,847,953)</u>
Depreciable Capital Assets, Net	209,186,314	14,541,200	(513)	223,727,001
Governmental Activities Capital Assets, Net	<u>\$ 224,781,307</u>	<u>17,970,011</u>	<u>(8,059,515)</u>	<u>234,691,803</u>

For the year ended December 31, 2006, the City received water and sewer lines and streets that were donated by developers. The values of the water and sewer lines were \$1,855,719 and \$4,334,222, respectively, and the value of the streets was \$2,767,418, as donated by developers.

Depreciation expense was charged to the governmental programs as follows:

General Government	\$ 75,589
Security of Persons and Property	306,551
Leisure Time Activities	196,451
Community Environment	22,360
Basic Utility Services	4,886,796
Transportation	<u>3,283,868</u>
Total Depreciation Expense	<u>\$ 8,771,615</u>

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2006

NOTE 11 - DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions, plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6701 or (800) 222-7377.

For the year ended December 31, 2006, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9 percent of their annual covered salaries. The City required employees to contribute .5 percent, and the City paid the remaining 8.5 percent of participants' gross salaries, along with the required employer portion. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The employer contribution rate for pension benefits for 2006 was 13.7 percent, except for those plan members in law enforcement or public safety. For those classifications, the employer's pension contributions were 16.93 percent of covered payroll (4.5 percent of covered payroll was the portion used to fund health care). The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$469,885, \$465,366, and \$509,503 respectively; 72.04 percent has been contributed for 2006 and 100 percent for 2005 and 2004. Contributions to the member-directed plan for 2006 were \$17,994 made by the City and \$11,821 made by the plan members.

Ohio Police and Fire Pension Fund

The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
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Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the City is required to contribute 19.5 percent for police officers. The City required employees to contribute .5 percent, and the City paid the remaining 9.5 percent of participants' gross salaries, along with the required employer portion (7.75 percent of covered payroll was the portion that was used to fund health care). The City has no firefighters. Contributions are authorized by State statute. The City's required contributions to the OP&F for the years ended December 31, 2006, 2005, and 2004 were \$398,034, \$359,166, and \$394,748, respectively. The full amount has been contributed for 2004 and 2003. 74.03 percent has been contributed for 2006.

NOTE 12 - POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.7 percent of covered payroll (16.93 percent for public safety and law enforcement); 4.5 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between 0.50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .5 to 6 percent annually for the next eight years and 4 percent annually after eight years.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,214. Actual City contributions for 2006 which were used to fund postemployment benefits were \$229,835. The actual contribution and the actuarially required contribution amounts are the same. The actuarial value of OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) was \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

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

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
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employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. 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 fulltime or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2006 and 2005. In addition, since July 1, 1992, most retirees and survivors 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.

The City's actual contributions for 2006 that were used to fund postemployment health care benefits were \$262,533 for police. The OP&F's total health care expense for the year ended December 31, 2005, (the latest information available) was \$108,039,449, which was net of member contributions of \$55,271,881. The number of OP&F participants eligible to receive health care benefits as of December 31, 2005, was 13,922 for police and 10,537 for firefighters.

NOTE 13 - OTHER EMPLOYEE BENEFITS

Compensated Absences

Accumulated Unpaid Vacation

City employees earn vacation leave at varying rates based upon length of service. Vacation can accumulate to a maximum of two years worth of accruals. When an employee terminates employment, he/she is paid for 100 percent of their unused vacation leave. City employees can also earn compensatory time. Compensatory time is paid at one and one-half times an employee's regular rate. Employees with time remaining upon termination of their employment will be paid for any unused compensatory time.

Accumulated Unpaid Sick Leave

City employees earn sick leave at the rate of four and six tenths hours per eighty hours of service. Sick leave is cumulative without limit. In the case of death or retirement, an employee (or his/her estate) is paid 50 percent of accumulated sick leave up to a maximum payment of 500 hours.

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2006

Deferred Compensation

City employees may participate in AIM, Mass Mutual, ING or Ohio Public Employees Deferred Compensation Plans. These plans were created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plans permit deferral of compensation until future years. According to the plans, the deferred compensation is not available until termination, retirement, death, or an unforeseeable emergency.

NOTE 14 - OPERATING LEASE - LESSEE DISCLOSURE

The City leases a vactor under a noncancelable operating lease. Operating lease payments are reported as program expenditures in financial statements. Total operating lease payments in 2006 totaled \$27,363 in the Sewer Capacity and Benefit Special Revenue Fund.

The following is a schedule of the future minimum lease payments:

<u>Year Ending December 31,</u>	<u>Total Payments</u>
2007	\$ 27,363
2008	<u>27,363</u>
Total	<u>\$ 54,726</u>

NOTE 15 - CAPITAL LEASES - LESSEE DISCLOSURE

In a prior period, the City entered into a lease agreement for the purchase of a copier. During 2005 and 2006, the City entered into lease agreements for the purchase of vehicles and equipment. Each lease meets the criteria of a capital lease as defined by *Statement of Financial Accounting Standards No. 13, "Accounting for Leases"*, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the Basic Financial Statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis. At year-end, the City had \$201,502 in unspent proceeds held with an escrow agent for leased assets not yet delivered.

Capital assets acquired by lease have been capitalized in the Statement of Net Assets for governmental activities in the amount of \$1,293,492, which is equal to the present value of the future minimum lease payments at the time of acquisition. Capital assets acquired through capital lease are less than the capital lease payable amount due to cash received from a lease purchase agreement that is held in a separate bank account for the purchase of various equipment and vehicles in the amount of \$201,502, which is recorded as "Cash and Cash Equivalents with Escrow Agents" on the financial statements. A corresponding liability was recorded on the Statement of Net Assets for governmental activities. Principal payments in 2006 totaled \$129,962.

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2006

The assets acquired through capital leases are as follows:

	Governmental Activities
Buildings	\$ 35,566
Machinery and Equipment	363,822
Vehicles	894,104
Less: Accumulated Depreciation	(88,129)
Total	\$ 1,205,363

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2006.

Year Ending December 31,	Total Payments
2007	\$ 501,022
2008	501,022
2009	356,678
Total	1,358,722
Less: Amount Representing Interest	(95,417)
Present Value of Minimum Lease Payments	\$ 1,263,305

NOTE 16 - RISK MANAGEMENT

Property and Liability Insurance

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. During 2006, the City contracted with several different insurance providers for property, liability, and automobile insurance.

Settled claims have not exceeded this commercial coverage in any of the past three years. There was no significant reduction in the level of coverage from the prior year.

Workers' Compensation

The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated on accident history and administrative cost.

Health Insurance

The City maintains a self-funded health insurance program with claims processed by Polaris Benefits on behalf of the City. The Insurance Trust Fund (an internal service fund) was created in 1989 to account for and finance the health insurance program. As an integral part of the health insurance program, stop loss coverage has been purchased covering claims in excess of \$10,000 per individual and \$1,000,000 per occurrence.

All funds of the City from which employee salaries are paid participate in the health insurance programs and make payments to the Insurance Trust Fund based on the amounts needed to make claim payments.

City of Hilliard, Ohio
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Total contributions to the program during 2006 were \$1,886,616. The claims liability of \$383,300 reported in the Insurance Trust Fund at December 31, 2006, is based on the requirements of *GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues,"* as amended by *GASB Statement No. 30 "Risk Management Omnibus,"* which requires that a liability for claims be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Estimates were calculated by using actual claims reports for several months following the balance sheet date. This estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the Insurance Trust Fund's claims liability amount for 2004, 2005 and 2006 were:

Year	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2004	\$ 165,467	\$ 1,385,661	\$ (1,369,311)	\$ 181,817
2005	181,817	1,603,600	(1,538,448)	246,969
2006	246,969	1,626,819	(1,490,488)	383,300

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
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NOTE 17 - LONG-TERM OBLIGATIONS

Changes in long-term obligations during 2006, were as follows:

Types/Issues	Balance at 1/1/2006	Issued	Retired	Balance at 12/31/2006	Due Within One Year
<u>Notes Payable:</u>					
2006 Swimming Pool Renovation Bond Anticipation Notes \$1,900,000	\$ -	\$ 1,900,000	\$ -	\$ 1,900,000	\$ -
2004 Various Purpose Improvements Variable \$2,227,000	2,156,000	-	86,000	2,070,000	88,000
Total Notes Payable	<u>2,156,000</u>	<u>1,900,000</u>	<u>86,000</u>	<u>3,970,000</u>	<u>88,000</u>
<u>Loans Payable:</u>					
2005 OWDA Loan 3% \$1,893,334	1,893,334	323,443	-	2,216,777	-
<u>Voted General Obligation Bonds:</u>					
1999 Cemetery Road Refunding 5.1 - 5.15% \$2,235,000	195,000	-	195,000	-	-
<u>Unvoted General Obligation Bonds:</u>					
1982 Water Improvement 12.125% \$560,000	65,000	-	20,000	45,000	25,000
1992 Various Purpose Improvement 12.125% \$2,280,000	420,000	-	205,000	215,000	215,000
1999 Various Purpose Improvement 5.1 - 5.15% \$1,500,000	690,000	-	160,000	530,000	170,000
2002 Various Purpose Improvement 3.0 - 5.375% \$4,950,000	990,000	-	130,000	860,000	130,000
2003 Various Purpose Improvement 3.0 - 4.25% \$5,280,000	4,910,000	-	200,000	4,710,000	200,000
2005 Various Purpose and Refunding 3.0 - 5.0% \$20,175,000	19,825,000	-	650,000	19,175,000	780,000
Unamortized Loss	(482,457)	-	(21,930)	(460,527)	-
2005 Trueman Boulevard Project 3.0 - 5.0% \$8,285,000	8,285,000	-	100,000	8,185,000	270,000
Total Unvoted General Obligation Bonds	<u>34,702,543</u>	<u>-</u>	<u>1,443,070</u>	<u>33,259,473</u>	<u>1,790,000</u>
Total General Obligation Bonds	<u>\$ 34,897,543</u>	<u>\$ -</u>	<u>\$ 1,638,070</u>	<u>\$ 33,259,473</u>	<u>\$ 1,790,000</u>

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2006

Types/Issues	Balance at 1/1/2006	Issued	Retired	Balance at 12/31/2006	Due Within One Year
<u>Special Assessment Bonds with Governmental Commitment:</u>					
1998 Lyman Drive Extension 7.35% \$780,000	195,000	-	60,000	135,000	65,000
<u>Other Long-Term Obligations:</u>					
Compensated Absences	1,543,380	774,742	702,275	1,615,847	725,880
Premium General Obligation Bonds Issued	798,444	-	38,015	760,429	-
Capital Leases	403,267	990,000	129,962	1,263,305	451,327
Total Other Long-Term Obligations	<u>2,745,091</u>	<u>1,764,742</u>	<u>870,252</u>	<u>3,639,581</u>	<u>1,177,207</u>
Total General Long-Term Obligations	<u>\$41,886,968</u>	<u>\$ 3,988,185</u>	<u>\$ 2,654,322</u>	<u>\$ 43,220,831</u>	<u>\$ 3,120,207</u>

The City received \$323,443 in OWDA loan proceeds in 2006 for the purpose of a sewer system expansion. The OWDA loans will be paid from the Capital Improvements Municipal Tax Capital Projects Fund.

The City issued series 2006 Bond Anticipation Notes in September 2006 in the amount of \$1,900,000. Note proceeds were used for the renovation of the City's municipal west swimming pool and issuance costs. The coupon rate was 3.8 percent and the notes were callable with 30 days notice. The Bond Anticipation Notes will be paid from the Capital Improvements Municipal Tax Capital Projects Fund.

Generally, all voted and unvoted general obligation bond issues and notes payable will be paid through the Street Improvement Municipal Tax and Water Revenue Special Revenue Funds and the Capital Improvements Municipal Tax Capital Projects Fund. The former 1989 Hilliard Technology Park Special Assessment Bonds (which were refunded with a portion of the 2005 Refunding Bond proceeds) and the 1998 Lyman Drive Extension Special Assessment Bonds will be paid from the Special Assessment Bond Retirement Fund.

The special assessment bonds are backed by the full faith and credit of the City. In the event that an assessed property owner fails to make payments, the City will be required to pay the related debt.

Capital leases will be paid from the Capital Improvement Municipal Tax Capital Projects Fund.

Compensated absences will be paid from the General Fund, and the Street Maintenance and Repair, Fleet, and Construction Inspection Special Revenue Funds.

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2006

As of December 31, 2006, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$53,793,797 with an unvoted debt margin of \$10,230,084. Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2006, are:

Year	Notes Payable		OWDA Loans		General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 88,000	\$ 81,040	\$ -	\$ 74,437	\$ 1,790,000	\$ 1,416,046
2008	151,812	77,460	-	74,437	1,610,000	1,349,290
2009	157,244	73,760	-	74,437	1,650,000	1,292,815
2010	163,893	69,940	-	74,437	1,480,000	1,235,805
2011	168,325	66,020	107,303	74,437	1,530,000	1,184,829
2012-2016	931,978	267,080	1,165,657	279,554	8,500,000	5,043,381
2017-2021	1,118,953	149,820	943,817	92,419	9,270,000	3,184,887
2022-2026	1,046,279	25,880	-	-	7,550,000	915,870
2027	143,516	-	-	-	340,000	14,875
Totals	<u>\$ 3,970,000</u>	<u>\$ 811,000</u>	<u>\$ 2,216,777</u>	<u>\$ 744,158</u>	<u>\$ 33,720,000</u>	<u>\$ 15,637,798</u>

Year	Special Assessment Bonds With Governmental Commitments	
	Principal	Interest
2007	\$ 65,000	\$ 9,956
2008	70,000	5,162
Totals	<u>\$ 135,000</u>	<u>\$ 15,118</u>

NOTE 18 – CONDUIT DEBT OBLIGATIONS

From time to time, the City has issued industrial revenue development 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 the payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2006, there were five series of industrial revenue development bonds outstanding with an aggregate principal amount payable of \$9,142,000.

NOTE 19 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At December 31, 2006, the General Fund had an interfund receivable and the Nonmajor Governmental Funds had an interfund payable of \$67,350. General Fund advances are made to move unrestricted balances to support programs and projects accounted for in other funds. Restricted monies are used to reimburse the General Fund for advancing monies to other funds due to timing differences in the

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2006

receiving of grant monies. When the monies are finally received, the grant fund reimburses the General Fund for the initial advance.

NOTE 20 - CONTRACTUAL COMMITMENTS

As of December 31, 2006, the City had contractual purchase commitments as follows:

Vendor	Contract Amount	Amount Expended	Balance 12/31/2006
Complete General	\$ 8,553,903	\$ 7,562,361	\$ 991,542
DLZ	1,867,664	1,812,531	55,133
RD Zande	1,579,724	1,577,904	1,820
Burgess & Niple	750,000	567,810	182,190
ME Turnkey	429,674	399,668	30,006
E.P. Ferris	80,000	27,264	52,736
CF Bird & Bull	30,000	21,146	8,854
Thomas and Marker Construction	2,131,000	657,524	1,473,476
Columbia Gas of Ohio	1,683,514	-	1,683,514
Totals	\$ 17,105,479	\$ 12,626,208	\$ 4,479,271

NOTE 21 - RELATED ORGANIZATION

Hilliard Arts Council Corporation

The Hilliard Arts Council Corporation is statutorily created as a separate and distinct political subdivision of the State. The authority is governed by an eleven member Board of Trustees appointed as follows: four members appointed by the Hilliard City Council, one member appointed by the Hilliard Area Chamber of Commerce, one member appointed by the Hilliard Recreation and Parks Director, one member appointed by the Hilliard City School District, and four members appointed by the Mayor of the City of Hilliard. The Trustees adopt their own appropriations, hire and fire their own staff, authorize expenditures, and do not rely on the City to finance deficits. The City cannot influence the Corporation's operations, nor does the Corporation represent a potential financial benefit or burden to the City.

NOTE 22 - CONTINGENT LIABILITIES

Federal and State Grants

For the period January 1, 2006, to December 31, 2006, the City received federal and state grants for specific purposes that are subject to review and audit by grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2006

NOTE 23 – SUBSEQUENT EVENTS

On March 15, 2007, the City issued \$7,975,000 Various Purpose Bonds, Series 2007 General Obligation Limited Tax to fund various capital improvements, refund the bond anticipation notes issued September 6, 2006 and refund Ohio Municipal Bond Pool (OMBP) loan. The issue generated \$475,595 in premium and was used to redeem bond anticipation note principal of \$1,900,000 plus \$46,930 in interest; refund the OMBP loan principal of \$2,070,000 plus \$7,000 in interest, will be used to fund \$4,250,000 in new capital projects and paid issuance costs of \$176,665. The OMBP refunding portion resulted in an economic gain of \$113,004 (present value) and a reduction in future debt service of \$146,915.

City of Hilliard, Ohio
Nonmajor Governmental Fund Descriptions

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than trusts for individuals, private organization, or other governments, or major capital projects) that are legally restricted to expenditures for specified purposes.

County Municipal Motor Vehicle Tax Fund

To account for funds received from the City's permissive motor vehicle license tax and from the County's permissive motor vehicle license tax restricted for use of maintaining certain roadways within the City.

Fleet Fund

To account for charges for services provided and used for expenditures related to gasoline, repair and maintenance of vehicles and fleet equipment.

Community Development Block Grant Fund (CDBG)

To account for federal grant monies to be used for storm sewer improvements.

Tax Increment Financing Fund (TIF)

To account for real estate taxes received from various business owners to be used for City-owned infrastructure improvements that will benefit the business owners' property.

Park Maintenance Fund

To account for public use fees collected on all lots developed in the City and the expenditures for all park maintenance, repair, and upkeep.

Police Fund

To account for financial resources used to educate and treat persons with alcohol related problems, to enhance law enforcement activities as a deterrent to the operation of motor vehicles while under the influence of alcohol, to account for mandatory drug fines, and to account for proceeds received from the sale of property received as a result of the Safety Department's participation in drug investigations or confiscated during drug related arrests.

Mayor's Court Computer Fund

To account for court fees to be used to maintain and upgrade the computer system in the Mayor's court.

Sewer Revenue Fund

To account for sewer surcharge revenues collected by the City of Columbus for Hilliard and 20 percent of sewer tap fees which are to be used for upgrading and repairing sewer lines.

Sewer Capacity and Benefit Fund

To account for system capacity charges and 80 percent of sewer tap fees which are to be used to maintain sewer lift stations.

(continued)

City of Hilliard, Ohio
Nonmajor Governmental Fund Descriptions
(continued)

Construction Inspection Fund

To account for the construction inspection fees and landscape deposits made by developers. Expenditures are payments to the inspectors and refunds of landscape deposits.

Debt Service Funds

Debt service funds are used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment levies when the government is obligated in some manner for the payment.

Special Assessment Bond Retirement Fund

To account for resources that are used for payment of principal, interest and fiscal charges on special assessment debt.

Capital Projects Funds

Capital projects funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities.

Britton Road Improvement Fund

To account for debt proceeds used to finance major repairs to Britton Road.

City of Hilliard, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2006

	County Municipal Motor Vehicle Tax	Fleet	CDBG	TIF
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 476,550	77,683	335,877	94,353
Cash and Cash Equivalents with Fiscal Agents	212,047	-	-	-
Receivables:		-	-	-
Property and Other Local Taxes Receivable	15,127	-	-	-
Payments in Lieu of Taxes Receivable	-	-	-	241,576
Special Assessments Receivable	-	-	-	-
<i>Total Assets</i>	<u>\$ 703,724</u>	<u>77,683</u>	<u>335,877</u>	<u>335,929</u>
Liabilities				
Accounts Payable	4,703	22,867	-	-
Due to Other Fund	-	969	-	-
Interfund Payable	-	-	-	-
Accrued Wages Payable	-	5,263	-	-
Matured Compensated Absences	-	-	-	-
Due to Other Governments	-	10,567	-	-
Unearned Revenue	-	-	-	241,576
<i>Total Liabilities</i>	<u>4,703</u>	<u>39,666</u>	<u>-</u>	<u>241,576</u>
Fund Balances				
Reserve for Encumbrances	60,836	23,196	-	-
Unreserved, Reported in:				
Special Revenue Funds	638,185	14,821	335,877	94,353
Debt Service Funds	-	-	-	-
Capital Project Funds	-	-	-	-
<i>Total Fund Balance</i>	<u>699,021</u>	<u>38,017</u>	<u>335,877</u>	<u>94,353</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 703,724</u>	<u>77,683</u>	<u>335,877</u>	<u>335,929</u>

Special Revenue						Total Nonmajor Special Revenue Funds
Park Maintenance	Police	Mayor's Court Computer	Sewer Revenue	Sewer Capacity and Benefit	Construction Inspection	
192,284	97,912	44,909	125,380	391,487	465,569	2,302,004
-	-	-	-	-	-	212,047
-	-	-	-	-	-	-
-	-	-	-	-	-	15,127
-	-	-	-	-	-	241,576
-	-	-	-	-	-	-
<u>192,284</u>	<u>97,912</u>	<u>44,909</u>	<u>125,380</u>	<u>391,487</u>	<u>465,569</u>	<u>2,770,754</u>
494	4,890	-	7,446	48	25,266	65,714
-	-	-	388	-	1,938	3,295
-	67,350	-	-	-	-	67,350
-	-	-	3,998	-	2,480	11,741
-	-	-	-	693	772	1,465
-	-	-	8,953	-	7,232	26,752
-	-	-	-	-	-	241,576
<u>494</u>	<u>72,240</u>	<u>-</u>	<u>20,785</u>	<u>741</u>	<u>37,688</u>	<u>417,893</u>
14,739	3,867	349	31,624	49,134	61,028	244,773
177,051	21,805	44,560	72,971	341,612	366,853	2,108,088
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>191,790</u>	<u>25,672</u>	<u>44,909</u>	<u>104,595</u>	<u>390,746</u>	<u>427,881</u>	<u>2,352,861</u>
<u>192,284</u>	<u>97,912</u>	<u>44,909</u>	<u>125,380</u>	<u>391,487</u>	<u>465,569</u>	<u>2,770,754</u>

(continued)

City of Hilliard, Ohio
Combining Balance Sheet, continued
Nonmajor Governmental Funds
December 31, 2006

	Debt Service	Capital Projects	Total
	Special Assessment Bond Retirement	Britton Road Improvement Fund	Nonmajor Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 9,854	67,748	2,379,606
Cash and Cash Equivalents with Fiscal Agents	-	-	212,047
Receivables:			
Property and Other Local Taxes Receivable	-	-	15,127
Payments in Lieu of Taxes Receivable	-	-	241,576
Special Assessments Receivable	220,644	-	220,644
Total Assets	\$ 230,498	67,748	3,069,000
Liabilities			
Accounts Payable	-	-	65,714
Due to Other Fund	-	-	3,295
Interfund Payable	-	-	67,350
Accrued Wages Payable	-	-	11,741
Matured Compensated Absences	-	-	1,465
Due to Other Governments	-	-	26,752
Unearned Revenue	220,644	-	462,220
Total Liabilities	220,644	-	638,537
Fund Balances			
Reserve for Encumbrances	-	-	244,773
Unreserved, Reported in:			
Special Revenue Funds	-	-	2,108,088
Debt Service Funds	9,854	-	9,854
Capital Project Funds	-	67,748	67,748
Total Fund Balance	9,854	67,748	2,430,463
Total Liabilities and Fund Balance	\$ 230,498	67,748	3,069,000

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City of Hilliard, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
December 31, 2006

	County			
	Municipal Motor Vehicle Tax	Fleet	CDBG	TIF
Revenues				
Property and Other Local Taxes	\$ 15,127	-	-	-
Payments in Lieu of Taxes	-	-	-	173,881
Intergovernmental	294,816	-	-	-
Charges for Services	-	641,549	-	-
Licenses and Permits	-	-	-	-
Fines and Forfeitures	-	-	-	-
Investment Income	32,625	-	-	-
Special Assessments	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total Revenues</i>	<u>342,568</u>	<u>641,549</u>	<u>-</u>	<u>173,881</u>
Expenditures				
Current:				
General Government	-	-	-	-
Security of Persons and Property	-	-	-	-
Leisure Time Activities	-	-	-	-
Community Environment	-	-	-	-
Basic Utility Services	-	-	-	-
Transportation	508,765	621,678	-	-
Debt Service:				
Principal Retirement	-	-	-	279,300
Interest and Fiscal Charges	-	-	-	112,244
<i>Total Expenditures</i>	<u>508,765</u>	<u>621,678</u>	<u>-</u>	<u>391,544</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(166,197)</u>	<u>19,871</u>	<u>-</u>	<u>(217,663)</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Land	-	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Changes in Fund Balances</i>	(166,197)	19,871	-	(217,663)
<i>Fund Balances at Beginning of Year</i>	<u>865,218</u>	<u>18,146</u>	<u>335,877</u>	<u>312,016</u>
<i>Fund Balances at End of Year</i>	<u>\$ 699,021</u>	<u>\$ 38,017</u>	<u>\$ 335,877</u>	<u>\$ 94,353</u>

Special Revenue						Total Nonmajor Special Revenue Funds
Park Maintenance	Police	Mayor's Court Computer	Sewer Revenue	Sewer Capacity and Benefit	Construction Inspection	
-	-	-	-	-	-	15,127
-	-	-	-	-	-	173,881
-	-	-	-	-	-	294,816
-	-	-	408,312	215,282	562,408	1,827,551
160,746	-	-	-	-	-	160,746
-	20,887	19,440	-	-	-	40,327
-	-	-	-	-	-	32,625
-	-	-	-	-	-	-
-	33,412	-	-	-	-	33,412
<u>160,746</u>	<u>54,299</u>	<u>19,440</u>	<u>408,312</u>	<u>215,282</u>	<u>562,408</u>	<u>2,578,485</u>
-	-	6,057	-	-	-	6,057
-	65,074	-	-	-	-	65,074
116,304	-	-	-	-	-	116,304
-	-	-	-	-	429,464	429,464
-	-	-	532,503	19,570	-	552,073
-	-	-	-	-	-	1,130,443
-	-	-	-	-	-	279,300
-	-	-	-	-	-	112,244
<u>116,304</u>	<u>65,074</u>	<u>6,057</u>	<u>532,503</u>	<u>19,570</u>	<u>429,464</u>	<u>2,690,959</u>
<u>44,442</u>	<u>(10,775)</u>	<u>13,383</u>	<u>(124,191)</u>	<u>195,712</u>	<u>132,944</u>	<u>(112,474)</u>
-	-	-	145,600	-	-	145,600
-	-	-	145,600	-	-	145,600
44,442	(10,775)	13,383	21,409	195,712	132,944	33,126
<u>147,348</u>	<u>36,447</u>	<u>31,526</u>	<u>83,186</u>	<u>195,034</u>	<u>294,937</u>	<u>2,319,735</u>
<u>\$ 191,790</u>	<u>\$ 25,672</u>	<u>\$ 44,909</u>	<u>\$ 104,595</u>	<u>\$ 390,746</u>	<u>\$ 427,881</u>	<u>\$ 2,352,861</u>

(continued)

City of Hilliard, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances, continued
Nonmajor Governmental Funds
December 31, 2006

	Debt Service	Capital Projects	Total
	Special Assessment Bond Retirement	Britton Road Improvement Fund	Nonmajor Governmental Funds
Revenues			
Property and Other Local Taxes	-	-	15,127
Payments in Lieu of Taxes	-	-	173,881
Intergovernmental	-	-	294,816
Charges for Services	-	-	1,827,551
Licenses and Permits	-	-	160,746
Fines and Forfeitures	-	-	40,327
Investment Income	25,343	-	57,968
Special Assessments	85,288	-	85,288
Miscellaneous	-	-	33,412
<i>Total Revenues</i>	<u>110,631</u>	<u>-</u>	<u>2,689,116</u>
Expenditures			
Current:			
General Government	76	-	6,133
Security of Persons and Property	-	-	65,074
Leisure Time Activities	-	-	116,304
Community Environment	-	-	429,464
Basic Utility Services	-	-	552,073
Transportation	-	-	1,130,443
Debt Service:			
Principal Retirement	105,000	-	384,300
Interest and Fiscal Charges	19,694	-	131,938
<i>Total Expenditures</i>	<u>124,770</u>	<u>-</u>	<u>2,815,729</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(14,139)</u>	<u>-</u>	<u>(126,613)</u>
Other Financing Sources (Uses)			
Proceeds from Sale of Land	-	-	145,600
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>145,600</u>
<i>Net Changes in Fund Balances</i>	(14,139)	-	18,987
<i>Fund Balances at Beginning of Year</i>	<u>23,993</u>	<u>67,748</u>	<u>2,411,476</u>
<i>Fund Balances at End of Year</i>	<u>\$ 9,854</u>	<u>\$ 67,748</u>	<u>\$ 2,430,463</u>

City of Hilliard, Ohio
Agency Fund Descriptions

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, and other governmental units.

Mayor's Court Fund

To account for the collection and distribution of court fines and forfeitures.

Columbus Escrow Fund

To account for the collection and distribution of charges for plumbing and electrical inspections provided by the City of Columbus, Franklin County Board of Health, and electrical contractors. This fund also accounts for the collection and remittance of sewer capacity charges to the City of Columbus.

City of Hilliard, Ohio
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2006

Assets	Mayor's Court	Columbus Escrow	Total
Equity in Pooled Cash and Cash Equivalents	\$ -	\$ 206,556	\$ 206,556
Cash and Cash Equivalents in Segregated Accounts	16,638	-	16,638
<i>Total Assets</i>	<u>\$ 16,638</u>	<u>\$ 206,556</u>	<u>\$ 223,194</u>
Liabilities			
Due to Other Governments	\$ -	\$ 206,556	\$ 206,556
Deposits Held and Due to Others	16,638	-	16,638
<i>Total Liabilities</i>	<u>\$ 16,638</u>	<u>\$ 206,556</u>	<u>\$ 223,194</u>

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

	Balance January 1, 2006	Additions	Deductions	Balance December 31, 2006
<u>Mayor's Court</u>				
Assets				
Cash and Cash Equivalents in Segregated Accounts	\$ 22,538	\$ 446,545	\$ 452,445	\$ 16,638
Liabilities				
Deposits Held and Due to Others	\$ 22,538	\$ 446,545	\$ 452,445	\$ 16,638
<u>Columbus Escrow</u>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 123,590	\$ 569,766	\$ 486,800	\$ 206,556
Liabilities				
Due to Other Governments	\$ 123,590	\$ 569,766	\$ 486,800	\$ 206,556
<u>Total - All Agency Funds</u>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 123,590	\$ 569,766	\$ 486,800	\$ 206,556
Cash and Cash Equivalents in Segregated Accounts	22,538	446,545	452,445	16,638
	<u>\$ 146,128</u>	<u>\$ 1,016,311</u>	<u>\$ 939,245</u>	<u>\$ 223,194</u>
Liabilities				
Due to Other Governments	\$ 123,590	\$ 569,766	\$ 486,800	\$ 206,556
Deposits Held and Due to Others	22,538	446,545	452,445	16,638
	<u>\$ 146,128</u>	<u>\$ 1,016,311</u>	<u>\$ 939,245</u>	<u>\$ 223,194</u>

City of Hilliard, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property and Other Local Taxes	\$ 1,645,894	\$ 1,645,894	\$ 1,790,364	\$ 144,470
Municipal Income Taxes	9,310,000	9,310,000	9,176,483	(133,517)
Intergovernmental	1,168,479	1,168,479	1,222,636	54,157
Charges for Services	1,573,950	1,573,950	1,543,334	(30,616)
Licenses and Permits	642,300	642,300	758,685	116,385
Fines and Forfeitures	325,000	325,000	274,166	(50,834)
Investment Income	200,250	200,250	632,826	432,576
Miscellaneous	212,400	212,400	112,458	(99,942)
<i>Total Revenues</i>	<u>15,078,273</u>	<u>15,078,273</u>	<u>15,510,952</u>	<u>432,679</u>
Expenditures				
Current:				
General Government				
Hilliard Convention				
Other	70,000	70,000	56,250	13,750
Total Hilliard Convention	<u>70,000</u>	<u>70,000</u>	<u>56,250</u>	<u>13,750</u>
Mayor				
Personal Services	150,010	125,010	109,377	15,633
Contractual Services	10,088	10,088	10,051	37
Materials and Supplies	25,200	22,200	16,089	6,111
Total Mayor	<u>185,298</u>	<u>157,298</u>	<u>135,517</u>	<u>21,781</u>
City Council				
Personal Services	108,370	108,370	102,493	5,877
Contractual Services	2,500	2,500	2,500	-
Materials and Supplies	48,128	48,128	31,833	16,295
Total City Council	<u>158,998</u>	<u>158,998</u>	<u>136,826</u>	<u>22,172</u>
Clerk of Courts				
Personal Services	126,381	126,381	124,198	2,183
Contractual Services	94,938	100,938	100,686	252
Materials and Supplies	18,179	18,179	10,177	8,002
Other	5,000	5,000	-	5,000
Total Clerk of Courts	<u>244,498</u>	<u>250,498</u>	<u>235,061</u>	<u>15,437</u>
Law				
Personal Services	198,851	198,851	197,578	1,273
Contractual Services	71,419	71,419	70,221	1,198
Materials and Supplies	7,221	7,221	4,625	2,596
Total Law	<u>277,491</u>	<u>277,491</u>	<u>272,424</u>	<u>5,067</u>

(continued)

City of Hilliard, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2006
(continued)

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Finance				
Personal Services	576,123	589,123	588,685	438
Contractual Services	113,343	132,843	127,752	5,091
Materials and Supplies	58,163	58,163	54,523	3,640
Other	<u>27,051</u>	<u>32,051</u>	<u>29,545</u>	<u>2,506</u>
Total Finance	<u>774,680</u>	<u>812,180</u>	<u>800,505</u>	<u>11,675</u>
Economic Development				
Personal Services	102,864	110,364	106,191	4,173
Contractual Services	5,000	5,000	3,885	1,115
Materials and Supplies	<u>6,521</u>	<u>6,521</u>	<u>1,047</u>	<u>5,474</u>
Total Economic Development	<u>114,385</u>	<u>121,885</u>	<u>111,123</u>	<u>10,762</u>
City Clerk				
Personal Services	69,579	72,579	70,563	2,016
Contractual Services	-	500	-	500
Materials and Supplies	<u>12,865</u>	<u>12,865</u>	<u>7,149</u>	<u>5,716</u>
Total City Clerk	<u>82,444</u>	<u>85,944</u>	<u>77,712</u>	<u>8,232</u>
Human Resources				
Personal Services	212,832	222,832	221,190	1,642
Contractual Services	4,500	9,500	5,702	3,798
Materials and Supplies	<u>8,034</u>	<u>8,034</u>	<u>5,590</u>	<u>2,444</u>
Total Human Resources	<u>225,366</u>	<u>240,366</u>	<u>232,482</u>	<u>7,884</u>
Public Building and Land				
Personal Services	319,503	314,503	309,692	4,811
Contractual Services	197,785	177,785	163,517	14,268
Materials and Supplies	<u>421,760</u>	<u>401,760</u>	<u>372,330</u>	<u>29,430</u>
Total Public Building and Land	<u>939,048</u>	<u>894,048</u>	<u>845,539</u>	<u>48,509</u>
Information Technology				
Personal Services	77,276	77,276	76,741	535
Contractual Services	137,582	163,582	159,662	3,920
Materials and Supplies	<u>22,361</u>	<u>35,361</u>	<u>35,091</u>	<u>270</u>
Total Information Technology	<u>237,219</u>	<u>276,219</u>	<u>271,494</u>	<u>4,725</u>
Boards and Commissions				
Personal Services	38,000	56,000	54,317	1,683
Contractual Services	5,000	5,000	65	4,935
Materials and Supplies	<u>9,500</u>	<u>12,500</u>	<u>8,929</u>	<u>3,571</u>
Total Boards and Commissions	<u>52,500</u>	<u>73,500</u>	<u>63,311</u>	<u>10,189</u>

(continued)

City of Hilliard, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2006
(continued)

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
General Administrative				
Personal Services	25,787	126,187	118,830	7,357
Contractual Services	362,347	372,347	368,225	4,122
Materials and Supplies	10,000	10,000	7,500	2,500
Capital Outlay	34,854	37,754	36,847	907
Other	330,000	310,000	299,506	10,494
Total General Administrative	<u>762,988</u>	<u>856,288</u>	<u>830,908</u>	<u>25,380</u>
Total General Government	<u>4,124,915</u>	<u>4,274,715</u>	<u>4,069,152</u>	<u>205,563</u>
Security of Persons and Property				
Police				
Personal Services	6,407,890	6,392,890	6,392,408	482
Contractual Services	242,885	245,885	234,755	11,130
Materials and Supplies	124,948	121,948	111,218	10,730
Other	200	200	134	66
Total Police	<u>6,775,923</u>	<u>6,760,923</u>	<u>6,738,515</u>	<u>22,408</u>
Total Security of Persons and Property	<u>6,775,923</u>	<u>6,760,923</u>	<u>6,738,515</u>	<u>22,408</u>
Public Health				
County Health District				
Contractual Services	139,689	139,889	139,691	198
Total County Health District	<u>139,689</u>	<u>139,889</u>	<u>139,691</u>	<u>198</u>
Total Public Health	<u>139,689</u>	<u>139,889</u>	<u>139,691</u>	<u>198</u>
Leisure Time Activities				
Recreation				
Personal Services	1,761,960	1,765,960	1,765,514	446
Contractual Services	146,822	155,822	150,554	5,268
Materials and Supplies	502,743	504,743	501,758	2,985
Other	38,164	38,164	34,714	3,450
Total Recreation	<u>2,449,689</u>	<u>2,464,689</u>	<u>2,452,540</u>	<u>12,149</u>
Total Leisure Time Activities	<u>2,449,689</u>	<u>2,464,689</u>	<u>2,452,540</u>	<u>12,149</u>

(continued)

City of Hilliard, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2006
(continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Community Environment				
Service/Engineer				
Personal Services	603,635	562,635	546,625	16,010
Contractual Services	1,255,150	1,256,150	1,223,627	32,523
Materials and Supplies	37,820	32,820	17,303	15,517
Other	15,000	5,000	-	5,000
Total Service/Engineer	<u>1,911,605</u>	<u>1,856,605</u>	<u>1,787,555</u>	<u>69,050</u>
Building Inspection				
Personal Services	391,618	391,618	391,356	262
Contractual Services	95,842	95,842	79,628	16,214
Materials and Supplies	11,558	16,558	13,842	2,716
Other	35,000	35,000	1,000	34,000
Total Building Inspection	<u>534,018</u>	<u>539,018</u>	<u>485,826</u>	<u>53,192</u>
Total Community Environment	<u>2,445,623</u>	<u>2,395,623</u>	<u>2,273,381</u>	<u>122,242</u>
<i>Total Expenditures</i>	<u>15,935,839</u>	<u>16,035,839</u>	<u>15,673,279</u>	<u>362,560</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(857,566)</u>	<u>(957,566)</u>	<u>(162,327)</u>	<u>795,239</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Land	-	-	183,700	183,700
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>183,700</u>	<u>183,700</u>
<i>Net Change in Fund Balance</i>	(857,566)	(957,566)	21,373	978,939
<i>Fund Balance at Beginning of Year</i>	1,911,595	1,911,595	1,911,595	-
Prior Year Encumbrances Appropriated	<u>264,081</u>	<u>264,081</u>	<u>264,081</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 1,318,110</u>	<u>\$ 1,218,110</u>	<u>\$ 2,197,049</u>	<u>\$ 978,939</u>

City of Hilliard, Ohio
*Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
Street Maintenance and Repair Fund
For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$ 1,145,000	\$ 1,145,000	\$ 1,082,143	\$ (62,857)
Investment Income	3,500	3,500	7,918	4,418
Miscellaneous	10,000	10,000	3,984	(6,016)
<i>Total Revenues</i>	<u>1,158,500</u>	<u>1,158,500</u>	<u>1,094,045</u>	<u>(64,455)</u>
Expenditures				
Current:				
Transportation				
Personal Services	941,921	860,921	858,703	2,218
Contractual Services	281,612	267,612	264,340	3,272
Materials and Supplies	66,185	71,185	65,091	6,094
Total Transportation	<u>1,289,718</u>	<u>1,199,718</u>	<u>1,188,134</u>	<u>11,584</u>
<i>Total Expenditures</i>	<u>1,289,718</u>	<u>1,199,718</u>	<u>1,188,134</u>	<u>11,584</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(131,218)</u>	<u>(41,218)</u>	<u>(94,089)</u>	<u>(52,871)</u>
<i>Net Change in Fund Balance</i>	(131,218)	(41,218)	(94,089)	(52,871)
<i>Fund Balance at Beginning of Year</i>	133,889	133,889	133,889	-
Prior Year Encumbrances Appropriated	11,822	11,822	11,822	-
<i>Fund Balance at End of Year</i>	<u>\$ 14,493</u>	<u>\$ 104,493</u>	<u>\$ 51,622</u>	<u>\$ (52,871)</u>

City of Hilliard, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balances - Budget (Non-GAAP Basis) and Actual
 Street Improvement Municipal Tax Fund
 For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Municipal Income Taxes	\$ 1,822,000	\$ 1,812,000	\$ 1,786,190	\$ (25,810)
Intergovernmental	<u>1,400,000</u>	<u>2,856,000</u>	<u>1,287,571</u>	<u>(1,568,429)</u>
<i>Total Revenues</i>	<u>3,222,000</u>	<u>4,668,000</u>	<u>3,073,761</u>	<u>(1,594,239)</u>
Expenditures				
Current:				
Transportation				
Capital Outlay	2,472,642	4,317,642	4,238,796	78,846
Other	<u>60,000</u>	<u>60,000</u>	<u>51,508</u>	<u>8,492</u>
Total Transportation	<u>2,532,642</u>	<u>4,377,642</u>	<u>4,290,304</u>	<u>87,338</u>
Debt Service				
Principal Retirement	1,790,000	1,040,000	408,100	631,900
Interest and Fiscal Charges	<u>200,000</u>	<u>200,000</u>	<u>193,534</u>	<u>6,466</u>
Total Debt Service	<u>1,990,000</u>	<u>1,240,000</u>	<u>601,634</u>	<u>638,366</u>
<i>Total Expenditures</i>	<u>4,522,642</u>	<u>5,617,642</u>	<u>4,891,938</u>	<u>725,704</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,300,642)</u>	<u>(949,642)</u>	<u>(1,818,177)</u>	<u>(868,535)</u>
<i>Net Change in Fund Balance</i>	(1,300,642)	(949,642)	(1,818,177)	(868,535)
<i>Fund Balance (Deficit) at Beginning of Year</i>	(1,618,964)	(1,618,964)	(1,618,964)	-
Prior Year Encumbrances Appropriated	<u>2,472,642</u>	<u>2,472,642</u>	<u>2,472,642</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ (446,964)</u>	<u>\$ (95,964)</u>	<u>\$ (964,499)</u>	<u>\$ (868,535)</u>

City of Hilliard, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
Water Revenue Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charges for Services	\$ 430,000	\$ 430,000	\$ 466,137	\$ 36,137
Miscellaneous	20,000	20,000	-	(20,000)
<i>Total Revenues</i>	<u>450,000</u>	<u>450,000</u>	<u>466,137</u>	<u>16,137</u>
Expenditures				
Current:				
Basic Utility Services				
Personal Services	252,575	298,575	293,870	4,705
Contractual Services	124,500	149,500	145,378	4,122
Materials and Supplies	23,442	23,442	23,094	348
Capital Outlay	50,000	356,770	291,320	65,450
Other	5,396	145,526	131,466	14,060
Total Basic Utility Services	<u>455,913</u>	<u>973,813</u>	<u>885,128</u>	<u>88,685</u>
Debt Service				
Principal Retirement	120,000	119,400	119,400	-
Interest and Fiscal Charges	130,000	155,600	155,340	260
Total Debt Service	<u>250,000</u>	<u>275,000</u>	<u>274,740</u>	<u>260</u>
<i>Total Expenditures</i>	<u>705,913</u>	<u>1,248,813</u>	<u>1,159,868</u>	<u>88,945</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(255,913)</u>	<u>(798,813)</u>	<u>(693,731)</u>	<u>105,082</u>
<i>Net Change in Fund Balance</i>	(255,913)	(798,813)	(693,731)	105,082
<i>Fund Balance (Deficit) at Beginning of Year</i>	993,637	993,637	993,637	-
Prior Year Encumbrances Appropriated	<u>16,838</u>	<u>16,838</u>	<u>16,838</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 754,562</u>	<u>\$ 211,662</u>	<u>\$ 316,744</u>	<u>\$ 105,082</u>

City of Hilliard, Ohio
*Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
Capital Improvement Municipal Tax Fund
For the Year Ended December 31, 2006*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Municipal Income Taxes	\$ 3,394,000	\$ 3,354,000	\$ 3,318,697	\$ (35,303)
Licenses and Permits	100,000	100,000	168,000	68,000
Investment Income	-	39,549	39,549	-
Miscellaneous	15,000	15,000	-	(15,000)
<i>Total Revenues</i>	<u>3,509,000</u>	<u>3,508,549</u>	<u>3,526,246</u>	<u>17,697</u>
Expenditures				
Current:				
General Government				
Capital Outlay	353,095	519,667	515,010	4,657
Other	-	213,782	200,000	13,782
Total General Government	<u>353,095</u>	<u>733,449</u>	<u>715,010</u>	<u>18,439</u>
Security of Persons and Property				
Capital Outlay	105,518	429,639	417,277	12,362
Total Security of Persons and Property	<u>105,518</u>	<u>429,639</u>	<u>417,277</u>	<u>12,362</u>
Leisure Time Activities				
Capital Outlay	724	1,913,737	1,913,737	-
Total Leisure Time Activities	<u>724</u>	<u>1,913,737</u>	<u>1,913,737</u>	<u>-</u>
Community Environment				
Capital Outlay	4,283,574	4,309,834	4,309,834	-
Other	130,000	130,000	103,019	26,981
Total Community Environment	<u>4,413,574</u>	<u>4,439,834</u>	<u>4,412,853</u>	<u>26,981</u>
Basic Utility Services				
Contractual Services	2,292	2,292	2,292	-
Materials and Supplies	63,370	-	-	-
Capital Outlay	100,006	163,376	163,376	-
Total Basic Utility Services	<u>165,668</u>	<u>165,668</u>	<u>165,668</u>	<u>-</u>
Transportation				
Contractual Services	461,655	268,174	156,976	111,198
Capital Outlay	1,656,982	3,675,934	3,431,037	244,897
Total Transportation	<u>2,118,637</u>	<u>3,944,108</u>	<u>3,588,013</u>	<u>356,095</u>
Debt Service				
Principal Retirement	894,200	1,024,162	1,024,162	-
Interest and Fiscal Charges	435,800	1,211,698	1,211,624	74
Total Debt Service	<u>1,330,000</u>	<u>2,235,860</u>	<u>2,235,786</u>	<u>74</u>
<i>Total Expenditures</i>	<u>8,487,216</u>	<u>13,862,295</u>	<u>13,448,344</u>	<u>413,951</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(4,978,216)</u>	<u>(10,353,746)</u>	<u>(9,922,098)</u>	<u>431,648</u>
Other Financing Sources (Uses)				
Proceeds from Equipment Lease	-	1,019,602	990,000	(29,602)
Proceeds from Bond Anticipation Notes	-	-	1,900,000	1,900,000
Proceeds from OWDA Loans	-	-	323,443	323,443
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>1,019,602</u>	<u>3,213,443</u>	<u>2,193,841</u>
<i>Net Change in Fund Balance</i>	<u>(4,978,216)</u>	<u>(9,334,144)</u>	<u>(6,708,655)</u>	<u>2,625,489</u>
<i>Fund Balance at Beginning of Year</i>	<u>2,699,147</u>	<u>2,699,147</u>	<u>2,699,147</u>	<u>-</u>
<i>Prior Year Encumbrances Appropriated</i>	<u>6,828,037</u>	<u>6,828,037</u>	<u>6,828,037</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 4,548,968</u>	<u>\$ 193,040</u>	<u>\$ 2,818,529</u>	<u>\$ 2,625,489</u>

City of Hilliard, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balances - Budget (Non-GAAP Basis) and Actual
 Insurance Trust Fund
 For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charges for Services	\$ 1,950,000	\$ 1,950,000	\$ 1,772,745	\$ (177,255)
<i>Total Revenues</i>	<u>1,950,000</u>	<u>1,950,000</u>	<u>1,772,745</u>	<u>(177,255)</u>
Expenditures				
Contractual Services	24,054	25,389	22,302	3,087
Claims	1,613,712	1,703,296	1,496,148	207,148
Other	163,584	172,665	151,666	20,999
<i>Total Expenditures</i>	<u>1,801,350</u>	<u>1,901,350</u>	<u>1,670,116</u>	<u>231,234</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>148,650</u>	<u>48,650</u>	<u>102,629</u>	<u>53,979</u>
<i>Net Change in Fund Balance</i>	148,650	48,650	102,629	53,979
<i>Fund Balance at Beginning of Year</i>	31,615	31,615	31,615	-
Prior Year Encumbrances Appropriated	<u>5,660</u>	<u>5,660</u>	<u>5,660</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 185,925</u>	<u>\$ 85,925</u>	<u>\$ 139,904</u>	<u>\$ 53,979</u>

City of Hilliard, Ohio
*Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
County Municipal Motor Vehicle Tax Fund
For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$ 145,000	\$ 145,000	\$ 409,104	\$ 264,104
Investment Income	<u>25,000</u>	<u>25,000</u>	<u>32,625</u>	<u>7,625</u>
<i>Total Revenues</i>	<u>170,000</u>	<u>170,000</u>	<u>441,729</u>	<u>271,729</u>
Expenditures				
Current:				
Transportation				
Contractual Services	600,157	600,157	479,970	120,187
Materials and Supplies	<u>135,000</u>	<u>135,000</u>	<u>86,138</u>	<u>48,862</u>
<i>Total Expenditures</i>	<u>735,157</u>	<u>735,157</u>	<u>566,108</u>	<u>169,049</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(565,157)</u>	<u>(565,157)</u>	<u>(124,379)</u>	<u>440,778</u>
<i>Net Change in Fund Balance</i>	(565,157)	(565,157)	(124,379)	440,778
<i>Fund Balance at Beginning of Year</i>	750,904	750,904	750,904	-
Prior Year Encumbrances Appropriated	<u>157</u>	<u>157</u>	<u>157</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 185,904</u>	<u>\$ 185,904</u>	<u>\$ 626,682</u>	<u>\$ 440,778</u>

City of Hilliard, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
Fleet Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charges for Services	\$ 575,000	\$ 658,000	\$ 641,549	\$ (16,451)
<i>Total Revenues</i>	<u>575,000</u>	<u>658,000</u>	<u>641,549</u>	<u>(16,451)</u>
Expenditures				
Current:				
Transportation				
Personal Services	215,332	298,332	288,401	9,931
Contractual Services	22,500	22,500	22,444	56
Materials and Supplies	366,193	366,193	335,715	30,478
Capital Outlay	10,000	10,000	-	10,000
<i>Total Expenditures</i>	<u>614,025</u>	<u>697,025</u>	<u>646,560</u>	<u>50,465</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(39,025)</u>	<u>(39,025)</u>	<u>(5,011)</u>	<u>34,014</u>
<i>Net Change in Fund Balance</i>	(39,025)	(39,025)	(5,011)	34,014
<i>Fund Balance at Beginning of Year</i>	41	41	41	-
Prior Year Encumbrances Appropriated	<u>40,193</u>	<u>40,193</u>	<u>40,193</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 1,209</u>	<u>\$ 1,209</u>	<u>\$ 35,223</u>	<u>\$ 34,014</u>

City of Hilliard, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balances - Budget (Non-GAAP Basis) and Actual
 CDBG Fund
 For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$ 350,000	\$ 350,000	\$ -	\$ (350,000)
<i>Total Revenues</i>	<u>350,000</u>	<u>350,000</u>	<u>-</u>	<u>(350,000)</u>
Expenditures				
<i>Total Expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>350,000</u>	<u>350,000</u>	<u>-</u>	<u>(350,000)</u>
<i>Net Change in Fund Balance</i>	350,000	350,000	-	(350,000)
<i>Fund Balance at Beginning of Year</i>	<u>335,877</u>	<u>335,877</u>	<u>335,877</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 685,877</u>	<u>\$ 685,877</u>	<u>\$ 335,877</u>	<u>\$ (350,000)</u>

City of Hilliard, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balances - Budget (Non-GAAP Basis) and Actual
 TIF Fund
 For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Payment in Lieu of Taxes	\$ 90,000	\$ 157,000	\$ 237,140	\$ 80,140
<i>Total Revenues</i>	<u>90,000</u>	<u>157,000</u>	<u>237,140</u>	<u>80,140</u>
Expenditures				
Debt Service				
Principal Retirement	280,000	279,300	279,300	-
Interest and Fiscal Charges	45,000	112,700	112,244	456
Total Debt Service	<u>325,000</u>	<u>392,000</u>	<u>391,544</u>	<u>456</u>
<i>Total Expenditures</i>	<u>325,000</u>	<u>392,000</u>	<u>391,544</u>	<u>456</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(235,000)</u>	<u>(235,000)</u>	<u>(154,404)</u>	<u>80,596</u>
<i>Net Change in Fund Balance</i>	(235,000)	(235,000)	(154,404)	80,596
<i>Fund Balance at Beginning of Year</i>	<u>248,757</u>	<u>248,757</u>	<u>248,757</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 13,757</u>	<u>\$ 13,757</u>	<u>\$ 94,353</u>	<u>\$ 80,596</u>

City of Hilliard, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balances - Budget (Non-GAAP Basis) and Actual
 Park Maintenance Fund
 For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Licenses and Permits	\$ 30,000	\$ 30,000	\$ 160,746	\$ 130,746
Donations	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>
<i>Total Revenues</i>	<u>130,000</u>	<u>130,000</u>	<u>160,746</u>	<u>30,746</u>
Expenditures				
Current:				
Leisure Time Activities				
Capital Outlay	<u>103,964</u>	<u>183,964</u>	<u>131,464</u>	<u>52,500</u>
<i>Total Expenditures</i>	<u>103,964</u>	<u>183,964</u>	<u>131,464</u>	<u>52,500</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>26,036</u>	<u>(53,964)</u>	<u>29,282</u>	<u>83,246</u>
<i>Net Change in Fund Balance</i>	26,036	(53,964)	29,282	83,246
<i>Fund Balance at Beginning of Year</i>	143,821	143,821	143,821	-
Prior Year Encumbrances Appropriated	<u>3,964</u>	<u>3,964</u>	<u>3,964</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 173,821</u>	<u>\$ 93,821</u>	<u>\$ 177,067</u>	<u>\$ 83,246</u>

City of Hilliard, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
Police Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Fines and Forfeitures	\$ 3,500	\$ 24,300	\$ 20,887	\$ (3,413)
Contributions and Donations	<u>50,000</u>	<u>50,000</u>	<u>33,412</u>	<u>(16,588)</u>
<i>Total Revenues</i>	<u>53,500</u>	<u>74,300</u>	<u>54,299</u>	<u>(20,001)</u>
Expenditures				
Current:				
Security of Persons and Property				
Capital Outlay	-	5,000	4,699	301
Other	<u>62,262</u>	<u>78,162</u>	<u>63,732</u>	<u>14,430</u>
<i>Total Expenditures</i>	<u>62,262</u>	<u>83,162</u>	<u>68,431</u>	<u>14,731</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(8,762)</u>	<u>(8,862)</u>	<u>(14,132)</u>	<u>(5,270)</u>
<i>Net Change in Fund Balance</i>	(8,762)	(8,862)	(14,132)	(5,270)
<i>Fund Balance at Beginning of Year</i>	103,535	103,535	103,535	-
Prior Year Encumbrances Appropriated	<u>262</u>	<u>262</u>	<u>262</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 95,035</u>	<u>\$ 94,935</u>	<u>\$ 89,665</u>	<u>\$ (5,270)</u>

City of Hilliard, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balances - Budget (Non-GAAP Basis) and Actual
 Mayor's Court Computer Fund
 For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and Forfeitures	\$ 25,000	\$ 25,000	\$ 19,927	\$ (5,073)
<i>Total Revenues</i>	<u>25,000</u>	<u>25,000</u>	<u>19,927</u>	<u>(5,073)</u>
Expenditures				
Current:				
General Government				
Materials and Supplies	15,000	5,000	4,435	565
Capital Outlay	-	40,600	1,972	38,628
<i>Total Expenditures</i>	<u>15,000</u>	<u>45,600</u>	<u>6,407</u>	<u>39,193</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>10,000</u>	<u>(20,600)</u>	<u>13,520</u>	<u>34,120</u>
<i>Net Change in Fund Balance</i>	10,000	(20,600)	13,520	34,120
<i>Fund Balance at Beginning of Year</i>	<u>29,690</u>	<u>29,690</u>	<u>29,690</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 39,690</u>	<u>\$ 9,090</u>	<u>\$ 43,210</u>	<u>\$ 34,120</u>

City of Hilliard, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
Sewer Revenue Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charges for Services	\$ 590,000	\$ 590,000	\$ 415,477	\$ (174,523)
<i>Total Revenues</i>	<u>590,000</u>	<u>590,000</u>	<u>415,477</u>	<u>(174,523)</u>
Expenditures				
Current:				
Basic Utility Services				
Personal Services	248,915	268,915	261,747	7,168
Contractual Services	301,464	161,464	158,324	3,140
Materials and Supplies	54,820	104,820	102,951	1,869
Capital Outlay	106,250	91,250	78,394	12,856
Other	5,000	-	-	-
<i>Total Expenditures</i>	<u>716,449</u>	<u>626,449</u>	<u>601,416</u>	<u>25,033</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(126,449)</u>	<u>(36,449)</u>	<u>(185,939)</u>	<u>(149,490)</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Land	-	-	145,600	145,600
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>145,600</u>	<u>145,600</u>
<i>Net Change in Fund Balance</i>	(126,449)	(36,449)	(40,339)	(3,890)
<i>Fund Balance at Beginning of Year</i>	80,787	80,787	80,787	-
Prior Year Encumbrances Appropriated	52,534	52,534	52,534	-
<i>Fund Balance at End of Year</i>	<u>\$ 6,872</u>	<u>\$ 96,872</u>	<u>\$ 92,982</u>	<u>\$ (3,890)</u>

City of Hilliard, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balances - Budget (Non-GAAP Basis) and Actual
 Sewer Capacity and Benefit Fund
 For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charges for Services	\$ 395,000	\$ 395,000	\$ 215,282	\$ (179,718)
<i>Total Revenues</i>	<u>395,000</u>	<u>395,000</u>	<u>215,282</u>	<u>(179,718)</u>
Expenditures				
Current:				
Basic Utility Services				
Capital Outlay	461,323	495,915	81,490	414,425
Other	3,500	143,500	134,565	8,935
<i>Total Expenditures</i>	<u>464,823</u>	<u>639,415</u>	<u>216,055</u>	<u>423,360</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(69,823)</u>	<u>(244,415)</u>	<u>(773)</u>	<u>243,642</u>
<i>Net Change in Fund Balance</i>	(69,823)	(244,415)	(773)	243,642
<i>Fund Balance at Beginning of Year</i>	278,233	278,233	278,233	-
Prior Year Encumbrances Appropriated	64,823	64,823	64,823	-
<i>Fund Balance at End of Year</i>	<u>\$ 273,233</u>	<u>\$ 98,641</u>	<u>\$ 342,283</u>	<u>\$ 243,642</u>

City of Hilliard, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
Construction Inspection Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charges for Services	\$ 550,000	\$ 550,000	\$ 562,408	\$ 12,408
<i>Total Revenues</i>	<u>550,000</u>	<u>550,000</u>	<u>562,408</u>	<u>12,408</u>
Expenditures				
Current:				
Community Environment				
Personal Services	229,762	219,762	198,994	20,768
Contractual Services	82,000	147,000	137,813	9,187
Materials and Supplies	13,318	23,318	5,828	17,490
Capital Outlay	4,500	104,500	92,958	11,542
Other	65,000	450,000	446,211	3,789
<i>Total Expenditures</i>	<u>394,580</u>	<u>944,580</u>	<u>881,804</u>	<u>62,776</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>155,420</u>	<u>(394,580)</u>	<u>(319,396)</u>	<u>75,184</u>
<i>Net Change in Fund Balance</i>	155,420	(394,580)	(319,396)	75,184
<i>Fund Balance at Beginning of Year</i>	693,191	693,191	693,191	-
Prior Year Encumbrances Appropriated	<u>5,520</u>	<u>5,520</u>	<u>5,520</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 854,131</u>	<u>\$ 304,131</u>	<u>\$ 379,315</u>	<u>\$ 75,184</u>

City of Hilliard, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balances - Budget (Non-GAAP Basis) and Actual
 Special Assessment Bond Retirement Fund
 For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Special Assessments	\$ 96,365	\$ 96,365	\$ 85,288	\$ (11,077)
Investment Income	28,635	28,635	25,343	(3,292)
<i>Total Revenues</i>	<u>125,000</u>	<u>125,000</u>	<u>110,631</u>	<u>(14,369)</u>
Expenditures				
Current:				
General Government				
Materials and Supplies	1,000	1,000	76	924
Total General Government	<u>1,000</u>	<u>1,000</u>	<u>76</u>	<u>924</u>
Debt Service				
Principal Retirement	105,000	105,000	105,000	-
Interest and Fiscal Charges	19,500	19,700	19,694	6
Total Debt Service	<u>124,500</u>	<u>124,700</u>	<u>124,694</u>	<u>6</u>
<i>Total Expenditures</i>	<u>125,500</u>	<u>125,700</u>	<u>124,770</u>	<u>930</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(500)</u>	<u>(700)</u>	<u>(14,139)</u>	<u>(13,439)</u>
<i>Net Change in Fund Balance</i>	(500)	(700)	(14,139)	(13,439)
<i>Fund Balance at Beginning of Year</i>	<u>23,993</u>	<u>23,993</u>	<u>23,993</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 23,493</u>	<u>\$ 23,293</u>	<u>\$ 9,854</u>	<u>\$ (13,439)</u>

City of Hilliard, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balances - Budget (Non-GAAP Basis) and Actual
 Britton Road Improvement Fund
 For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
<i>Total Revenues</i>	\$ -	\$ -	\$ -	\$ -
Expenditures				
<i>Total Expenditures</i>	-	-	-	-
<i>Net Change in Fund Balance</i>	-	-	-	-
<i>Fund Balance at Beginning of Year</i>	<u>67,748</u>	<u>67,748</u>	<u>67,748</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 67,748</u>	<u>\$ 67,748</u>	<u>\$ 67,748</u>	<u>\$ -</u>

STATISTICAL TABLES

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

<u>CONTENTS</u>	PAGES
Financial Trends	92-99
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	100-106
These schedules contain information to help the reader assess the City's most significant local revenue sources.	
Debt Capacity	107-111
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.	
Demographic and Economic Information	112-113
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating information	114-119
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: 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 No. 34* in fiscal year 2003.

City of Hilliard, Ohio
Net Assets by Component
Last Four Years
(accrual basis of accounting)

	<u>2003</u>	<u>2004</u>	<u>2005 (1)</u>	<u>2006</u>
Governmental Activities:				
Invested in Capital Assets, Net of Related Debt	\$ 199,152	\$ 2,607,404	\$ 191,791,297	\$ 194,266,629
Restricted	7,793,770	7,951,025	7,644,212	10,403,551
Unrestricted	<u>2,868,518</u>	<u>2,477,454</u>	<u>2,978,034</u>	<u>3,576,842</u>
<i>Total Governmental Activities Net Assets</i>	<u>\$ 10,861,440</u>	<u>\$ 13,035,883</u>	<u>\$ 202,413,543</u>	<u>\$ 208,247,022</u>

(1) As restated in fiscal year 2006 for the retroactive inclusion of infrastructure assets in capital assets.

City of Hilliard, Ohio
Changes in Net Assets
Last Four Years
(accrual basis of accounting)

	2003	2004	2005	2006
Program Revenues:				
Governmental Activities:				
Charges for Services:				
General Government	\$446,690	\$292,407	\$283,480	\$373,983
Security of Persons and Property	369,528	21,355	485,887	329,690
Public Health	7,549	0	0	0
Leisure Time Activities	311,797	1,073,092	762,776	807,415
Community Environment	697,261	861,651	984,579	1,581,760
Basic Utility Services	2,066,611	1,600,842	2,260,677	1,089,731
Transportation	400	243	522,999	641,549
Operating Grants, Contributions, and Interest	1,671,998	1,349,952	1,498,612	1,361,193
Capital Grants, Contributions, and Interest	42,085	343,049	2,383,238	10,203,671
<i>Total Governmental Activities Program Revenues</i>	<u>5,613,919</u>	<u>5,542,591</u>	<u>9,182,248</u>	<u>16,388,992</u>
Expenses:				
Governmental Activities:				
Current:				
General Government	3,294,036	3,412,918	3,984,242	4,210,860
Security of Persons and Property	5,466,993	7,028,605	6,783,077	7,212,982
Public Health	119,086	119,086	121,642	139,691
Leisure Time Activities	2,853,827	2,714,029	2,589,446	2,539,900
Community Environment	1,699,270	1,403,235	2,861,784	2,552,865
Basic Utility Services	2,866,382	2,105,383	2,590,791	5,999,457
Transportation	871,604	2,552,428	2,295,447	5,305,089
Interest and Fiscal Charges	799,779	817,887	1,265,446	1,798,693
<i>Total Governmental Activities Expenses</i>	<u>\$17,970,977</u>	<u>\$20,153,571</u>	<u>\$22,491,875</u>	<u>\$29,759,537</u>
<i>Net Expenses</i>	<u>(\$12,357,058)</u>	<u>(\$14,610,980)</u>	<u>(\$13,309,627)</u>	<u>(\$13,370,545)</u>

(continued)

City of Hilliard, Ohio
Changes in Net Assets (Continued)
Last Four Years
(accrual basis of accounting)

	2003	2004	2005	2006
General Revenues:				
Governmental Activities:				
Property Taxes Levied for General Purposes	\$ 1,350,028	\$ 1,371,968	\$ 1,569,065	\$ 1,732,640
Other Local Taxes	188,743	208,544	151,566	15,127
Municipal Income Tax Levied for General Purposes	7,919,613	8,500,614	9,047,632	9,353,451
Municipal Income Tax Levied for Transportation	1,587,233	1,700,792	1,739,073	1,821,584
Municipal Income Tax Levied for Capital Outlay	3,164,966	3,404,679	3,562,629	3,389,484
Payments in Lieu of Taxes	128,918	101,508	372,122	173,881
Grants and Entitlements not Restricted to Specific Programs	1,823,489	1,220,891	1,168,131	1,463,590
Unrestricted Contributions	0	0	1,500	0
Unrestricted Investment Earnings	108,125	100,411	572,014	773,438
Miscellaneous	163,714	176,016	179,397	480,829
<i>Total Governmental Activities</i>	<u>16,434,829</u>	<u>16,785,423</u>	<u>18,363,129</u>	<u>19,204,024</u>
<i>Change in Net Assets</i>	<u>\$ 4,077,771</u>	<u>\$ 2,174,443</u>	<u>\$ 5,053,502</u>	<u>\$ 5,833,479</u>

City of Hilliard, Ohio
Program Revenues by Function/Program
Last Four Years
(accrual basis of accounting)

Function / Program:	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental Activities				
General Government	\$ 488,775	\$ 356,580	\$ 308,753	\$ 373,983
Security of Persons and Property	414,850	275,581	675,137	455,519
Public Health	7,549	0	0	0
Leisure Time Activities	311,797	1,073,092	762,776	807,415
Community Environment	924,675	1,142,997	1,205,739	1,581,760
Basic Utility Services	2,066,611	1,600,842	2,260,677	7,279,672
Transportation	1,399,662	1,093,499	3,969,166	5,890,643
<i>Total Governmental Activities Program Revenues</i>	<u>\$ 5,613,919</u>	<u>\$ 5,542,591</u>	<u>\$ 9,182,248</u>	<u>\$ 16,388,992</u>

City of Hilliard, Ohio
Fund Balances - Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
General Fund				
Reserved	\$ 316,079	\$ 292,048	\$ 376,216	\$ 442,849
Unreserved	<u>3,286,604</u>	<u>4,698,081</u>	<u>3,780,785</u>	<u>2,644,057</u>
<i>Total General Fund</i>	<u>3,602,683</u>	<u>4,990,129</u>	<u>4,157,001</u>	<u>3,086,906</u>
All Other Governmental Funds				
Reserved	2,035,795	1,913,021	5,074,879	6,049,060
Unreserved, Reported in:				
Special Revenue Funds	2,045,986	1,566,430	1,664,230	2,278,017
Debt Service Funds	54,094	51,329	28,087	247,012
Capital Projects Funds	<u>(4,633,591)</u>	<u>(3,851,165)</u>	<u>(4,086,992)</u>	<u>(6,190,574)</u>
<i>Total All Other Governmental Funds</i>	<u>(497,716)</u>	<u>(320,385)</u>	<u>2,680,204</u>	<u>2,383,515</u>
<i>Total Governmental Funds</i>	<u>\$ 3,104,967</u>	<u>\$ 4,669,744</u>	<u>\$ 6,837,205</u>	<u>\$ 5,470,421</u>

2001	2002	2003	2004	2005	2006
\$ 282,109	\$ 128,159	\$ 85,739	\$ 295,376	\$ 192,489	\$ 580,680
2,459,691	3,383,257	2,880,514	2,454,282	2,755,118	2,605,051
2,741,800	3,511,416	2,966,253	2,749,658	2,947,607	3,185,731
2,511,091	2,638,898	1,189,946	3,047,955	8,249,125	5,294,723
4,016,547	5,048,777	4,769,321	3,188,558	2,073,997	1,769,638
65,144	70,044	95,211	115,574	23,993	9,854
(7,224,981)	1,074,214	538,776	1,656,802	3,105,646	3,179,637
(632,199)	8,831,933	6,593,254	8,008,889	13,452,761	10,253,852
<u>\$ 2,109,601</u>	<u>\$ 12,343,349</u>	<u>\$ 9,559,507</u>	<u>\$ 10,758,547</u>	<u>\$ 16,400,368</u>	<u>\$ 13,439,583</u>

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

	1997	1998	1999	2000	2001
Revenues:					
Property and Other Local Taxes (1)	\$11,199,907	\$13,498,773	\$13,661,200	\$15,468,124	\$14,391,477
Municipal Income Taxes (1)	0	0	0	0	0
Payment in Lieu of Taxes	0	0	0	0	0
Intergovernmental	2,025,852	2,199,226	2,510,280	2,414,608	2,388,382
Charges for Services	1,325,672	1,783,013	1,666,570	2,130,192	2,923,646
Licenses and Permits	346,811	387,125	351,828	312,497	532,984
Fines and Forfeitures	217,496	227,632	228,963	232,035	188,598
Contributions and Donations	30,443	39,915	36,228	52,678	45,155
Investment Income	467,983	389,020	546,231	827,150	804,385
Special Assessments	193,399	171,474	167,103	158,117	124,586
Rent	0	0	0	0	0
Other	171,141	125,789	58,354	101,306	588,720
<i>Total Revenues</i>	<u>15,978,704</u>	<u>18,821,967</u>	<u>19,226,757</u>	<u>21,696,707</u>	<u>21,987,933</u>
Expenditures:					
Current:					
General Government	2,680,336	2,540,230	4,396,185	4,665,711	4,188,601
Security of Persons and Property	3,994,781	4,395,104	4,760,546	5,253,978	4,984,686
Public Health	61,979	64,784	77,937	86,423	102,506
Leisure Time Activities	1,706,528	1,988,345	2,304,495	2,468,887	2,457,256
Community Environment	617,115	861,126	1,052,595	1,293,415	1,310,297
Basic Utility Services	1,198,919	1,378,198	1,422,919	1,385,469	1,611,830
Transportation	1,284,805	1,975,372	1,614,934	2,225,509	2,517,213
Capital Outlay (2)	4,968,489	2,430,611	1,357,045	3,848,416	6,108,413
Debt Service:					
Principal Retirement	812,063	819,612	856,155	927,000	937,000
Interest and Fiscal Charges	848,804	803,808	794,500	912,958	1,130,951
Issuance Costs	0	0	0	0	0
<i>Total Expenditures</i>	<u>18,173,819</u>	<u>17,257,190</u>	<u>18,637,311</u>	<u>23,067,766</u>	<u>25,348,753</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(2,195,115)</u>	<u>1,564,777</u>	<u>589,446</u>	<u>(1,371,059)</u>	<u>(3,360,820)</u>
Other Financing Sources (Uses):					
Proceeds from Sale of Capital Assets	0	0	0	0	0
General Obligation Bonds Issued	0	0	1,594,957	0	0
Bond Anticipation Notes Issued	0	0	0	0	0
OWDA Loans Issued	0	0	0	0	0
Premium on Debt	0	0	0	0	0
Refunding Bonds Issued	0	0	2,348,603	0	0
Payment to Refunded Bond Escrow	0	0	(2,365,545)	0	0
Notes Issued	0	0	0	4,275	0
Inception of Capital Lease	0	0	0	0	0
Transfers - In	1,777,507	1,695,001	1,489,098	2,003,942	2,037,569
Transfers - Out	(1,777,507)	(1,695,001)	(1,489,098)	(2,003,942)	(2,037,569)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>1,578,015</u>	<u>4,275</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(\$2,195,115)</u>	<u>\$1,564,777</u>	<u>\$2,167,461</u>	<u>(\$1,366,784)</u>	<u>(\$3,360,820)</u>
<i>Debt Service as a Percentage of Noncapital Expenditures (2)</i>	12.6%	10.9%	9.6%	9.6%	10.7%

(1) Prior to 2002, the City did not separately report property and income taxes.

(2) Beginning in 2003, the City began reporting capital outlay in the function for which the related items were acquired.

The capital expenditures within the various functions can be obtained from the Reconciliation of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities.

2002	2003	2004	2005	2006
\$1,399,359	\$1,526,743	\$1,665,011	\$1,713,495	\$1,733,726
12,730,316	12,661,195	13,247,597	13,936,390	14,356,448
0	128,918	101,508	372,122	173,881
3,385,935	3,243,655	2,827,540	5,179,408	3,636,055
3,403,048	3,058,344	3,042,601	4,152,126	3,658,956
408,948	546,158	474,459	800,580	1,138,388
251,060	251,034	296,966	310,490	307,939
43,318	45,147	53,377	53,282	0
139,298	166,204	164,584	585,975	810,003
167,246	83,025	79,579	22,755	85,288
47,197	44,300	35,564	37,202	0
193,247	163,714	176,016	179,397	151,529
<u>22,168,972</u>	<u>21,918,437</u>	<u>22,164,802</u>	<u>27,343,222</u>	<u>26,052,213</u>
3,363,543	3,545,179	3,303,940	3,987,625	4,315,806
5,119,813	6,234,905	6,623,283	6,496,423	7,111,652
116,275	119,086	119,086	121,642	139,691
2,394,556	2,800,886	2,528,337	2,417,118	3,509,050
1,377,966	1,640,914	1,285,139	5,861,294	6,248,593
1,639,017	3,419,312	2,618,772	2,582,123	1,277,178
2,359,052	4,668,718	4,700,834	22,013,004	6,325,373
5,029,990	0	0	0	0
800,000	9,185,000	1,215,608	1,661,573	1,935,962
660,269	903,981	799,579	1,209,943	1,692,436
0	85,690	0	371,372	0
<u>22,860,481</u>	<u>32,603,671</u>	<u>23,194,578</u>	<u>46,722,117</u>	<u>32,555,741</u>
<u>(691,509)</u>	<u>(10,685,234)</u>	<u>(1,029,776)</u>	<u>(19,378,895)</u>	<u>(6,503,528)</u>
257,705	0	0	0	329,300
4,950,000	5,280,000	0	22,020,000	0
0	0	0	0	1,900,000
0	0	0	1,893,334	323,443
17,552	121,392	0	727,207	0
0	0	0	6,440,000	0
0	0	0	(6,462,457)	0
5,700,000	2,500,000	2,227,000	0	0
0	0	1,816	402,632	990,000
2,904,195	2,829,026	1,884,495	37,871	0
(2,904,195)	(2,829,026)	(1,884,495)	(37,871)	0
<u>10,925,257</u>	<u>7,901,392</u>	<u>2,228,816</u>	<u>25,020,716</u>	<u>3,542,743</u>
<u>\$10,233,748</u>	<u>(\$2,783,842)</u>	<u>\$1,199,040</u>	<u>\$5,641,821</u>	<u>(\$2,960,785)</u>
8.2%	37.7%	10.0%	14.0%	15.9%

City of Hilliard, Ohio
Income Tax Revenue by Payer Type (1)
Last Ten Years
(cash basis of accounting)

Year	Percentage of Total		Individual		Business Accounts		Total
	Withholding		Non-withholding	Percentage of Total	Business Accounts	Percentage of Total	
1997	8,541,264	78%	1,112,440	10%	9,653,705	1,367,218	11,020,923
1998	9,299,486	76%	1,238,775	10%	10,538,262	1,699,101	12,237,362
1999	10,295,176	80%	1,258,417	10%	11,553,592	1,336,983	12,890,575
2000	10,930,764	80%	1,311,397	10%	12,242,161	1,429,268	13,671,429
2001	10,999,661	81%	1,402,541	10%	12,402,201	1,130,850	13,533,051
2002	10,549,918	80%	1,414,197	11%	11,964,115	1,143,743	13,107,857
2003	10,429,573	80%	1,408,464	11%	11,838,038	1,198,322	13,036,360
2004	10,373,704	76%	1,520,520	11%	11,894,224	1,684,780	13,579,004
2005	10,567,780	75%	1,463,816	10%	12,031,596	2,025,941	14,057,537
2006	11,093,880	75%	1,603,193	11%	12,697,073	2,046,361	14,743,434

(1) These amounts are reported gross and do not take into account tax refunds. The City levies a municipal income tax of 2.0 percent. This rate has been the same for all ten years presented.

Source: City Income Tax Department

City of Hilliard, Ohio
Income Tax Revenue Fund Distribution (1)
Last Ten Years
(cash basis of accounting)

Year	General Fund	Capital Improvement Municipal Tax Fund	Street Improvement Municipal Tax Fund	Total	Percentage Increase/ (Decrease)
1997	\$6,382,390	\$2,552,956	\$1,276,478	\$10,211,824	15.57%
1998	7,452,634	2,981,053	1,490,527	11,924,214	16.77%
1999	7,740,086	3,096,034	1,548,017	12,384,137	3.86%
2000	8,247,479	3,298,992	1,649,496	13,195,967	6.56%
2001	8,088,592	3,235,437	1,617,718	12,941,747	-1.93%
2002	7,839,814	3,135,925	1,567,963	12,543,702	-3.08%
2003	7,900,013	3,150,135	1,579,817	12,629,965	0.69%
2004	8,261,454	3,316,006	1,656,457	13,233,917	4.78%
2005	8,574,750	3,514,384	1,714,950	13,804,084	4.31%
2006	9,176,483	3,318,697	1,786,190	14,281,370	3.46%

Source: City Income Tax Department

(1) Net of refunds. The City levies a municipal income tax of 2.0 percent. This rate has been the same for all ten years presented.

City of Hilliard, Ohio
Principal Income Taxpayers - Withholding Accounts
 2006 and 1997

Range of Withholding Amount	2006		1997	
	Number of Withholding Accounts	Percentage of Total Withholding Revenue	Number of Withholding Accounts	Percentage of Total Withholding Revenue
\$500,001 and higher	2	20.11%	2	17.16%
\$300,001 - 500,000	3	9.52%	4	16.56%
\$100,001 - 300,000	8	10.77%	5	7.72%
\$55,001 - 100,000	22	14.12%	11	9.75%
Total		54.52%		51.19%
All Others		45.48%		48.81%
Total Withholding Accounts		100.00%		100.00%

Source: City Income Tax Department

City of Hilliard, Ohio
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Years

Tax Year	Real Property (1)				Personal Property (2)			Total		Estimated Actual Value of Taxable Property	Total Direct Tax Rate		
	Residential	Agricultural	Commercial	Industrial	Public Utility	Total	Public Utility (2)	General (2)	Total			Valuation	% Growth
1997	296,342,800	975,490	64,715,610	34,833,240	35,060	396,902,200	20,296,580	62,190,825	82,487,405	479,389,605	-	1,463,955,906	1.60
1998	313,871,130	1,000,020	70,983,000	35,122,070	36,530	421,012,750	20,399,890	60,902,842	81,302,732	502,315,482	4.78%	1,528,104,499	1.60
1999	371,372,080	1,119,690	83,044,640	35,204,130	48,320	490,788,860	20,593,850	70,229,428	90,823,278	581,612,138	15.79%	1,765,546,998	1.60
2000	393,648,240	1,669,110	88,096,320	37,196,450	96,300	520,706,420	19,792,520	76,476,995	96,269,515	616,975,935	6.08%	1,872,810,689	1.60
2001	409,871,750	1,581,760	91,896,500	38,612,920	47,340	542,010,270	15,138,450	68,687,135	83,825,585	625,835,855	1.44%	1,883,903,111	1.60
2002	477,491,550	753,640	103,148,400	43,682,320	43,450	625,119,360	19,971,850	73,219,911	93,191,761	718,311,121	14.78%	2,158,822,358	1.60
2003	505,573,330	627,670	105,337,610	43,824,420	46,960	655,409,990	17,714,230	57,686,187	75,400,417	730,810,407	1.74%	2,174,201,639	1.60
2004	538,044,700	553,600	108,180,720	44,851,070	46,870	691,676,960	17,401,820	49,482,834	66,884,654	758,561,614	3.80%	2,243,758,502	1.60
2005	640,343,800	974,340	113,505,210	47,059,140	46,920	801,929,410	17,946,440	28,462,274	46,408,714	848,338,124	11.84%	2,476,861,742	1.60
2006	662,229,120	1,064,560	120,462,930	48,742,120	64,150	832,562,880	16,471,610	22,239,765	38,711,375	871,274,255	2.70%	2,533,596,586	1.60

Source: Franklin County Auditor and Ohio Department of Taxation.

(1) Assessed valuation for real property is based upon 35 percent of estimated true value set by county appraisal.

(2) Prior to 2006, the assessed valuation for personal property was based on varying percentages of true value (25 percent was used in the assessed values above). House Bill 66 (the State's biennial budget for fiscal years 2006-2007) phased out the tax on the tangible personal property of general businesses, telephone and telecommunications, and railroads. The tax on general business and railroad property (which is public utility property) will be eliminated in 2009, and the tax on telephone and telecommunication property will be eliminated by 2011. The tax is phased out by reducing the assessment rate on the property each year. At the same time, the bill replaces the revenue lost due to phasing out the tax. In the first five years, local governments are reimbursed fully for the lost revenue (based on 2004 values); in the following seven years, the reimbursements are phased out.

To reflect the phase out for tangible personal property of general businesses, the 2006 assessed valuation shown above is 67% of what the 2006 actual assessed value would have been in the absence of HB 66.

To reflect this phase out for tangible personal property of public utilities, the assessment rate on telephone company legacy property was reduced from 67% in 2005 to 46% in 2006. Also, the assessment rate on railroad tangible property was reduced from 25% to 18.75%.

City of Hilliard, Ohio
Direct and Overlapping Property Tax Rates
Last Ten Years
(Per \$1,000 of Assessed Valuation)

Tax Year	City of Hilliard General Fund	Hilliard City School District	Franklin County	Metropolitan Library	Norwich Township	Vocational School	Total
1997	\$ 1.60	\$ 60.28	\$ 15.12	\$ 2.20	\$ 11.50	\$ 1.60	\$ 92.30
1998	1.60	59.71	17.54	2.20	17.50	1.60	100.15
1999	1.60	59.71	17.64	2.20	17.50	1.60	100.25
2000	1.60	65.61	17.64	2.20	17.50	1.10	105.65
2001	1.60	65.61	17.64	2.20	17.50	1.10	105.65
2002	1.60	64.44	17.64	2.20	17.50	0.50	103.88
2003	1.60	64.44	17.64	2.20	17.50	0.50	103.88
2004	1.60	64.44	17.64	2.20	17.50	0.50	103.88
2005	1.60	73.14	18.44	2.20	17.50	0.50	113.38
2006	1.60	75.89	18.44	2.20	17.50	1.30	116.93

Source: Franklin County Auditor

City of Hilliard, Ohio
Principal Property Tax Payers - Real Property
2006 and 1997

Taxpayer	2006			1997		
	Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Realty Ohio	\$ 7,455,000	1	0.90%			
United Dominion Realty	6,580,000	2	0.79			
Target Corporation	4,375,010	3	0.53			
First Industrial LP	3,990,010	4	0.48	\$ 1,617,000	9	0.41%
Talcott III Mill Run LLC	3,850,010	5	0.46			
Crystal Lake Apartments	3,160,620	6	0.38			
HD Development	3,115,000	7	0.37			
Cadlerocks Hilliard	2,975,000	8	0.36			
Cincinnati SMSA LP	2,439,040	9	0.29			
Armstrong World	2,240,010	10	0.27	1,985,060	7	0.50
Compuserve Inc						
One Mill LLC				4,370,720	1	1.10
Ohio Bell Telephone Company						
Hilliard Square Apartments Partnership				1,598,580	10	0.40
Pier Set, Inc.				3,575,880	2	0.90
Heritage Golf Club, LP				2,948,110	3	0.74
Real Estate Finance Trust 1995-K-4				2,792,810	4	0.70
TR Properties, Inc. & TR Development V Inc.				2,757,820	5	0.69
Red Roof Inns, Inc.				2,350,370	6	0.59
Tri-Columbus Associates				1,920,200	8	0.48
Total Real and Personal Property	40,179,700		4.83	25,916,550		6.51
All Others	792,383,180		95.17	370,985,650		93.49
Total Assessed Valuation	<u>832,562,880</u>		<u>100.00%</u>	<u>396,902,200</u>		<u>100.00%</u>

Source: Franklin County Auditor

City of Hilliard, Ohio
Property Tax Levies and Collections (1) (2)
Last Ten Years

Collection Year	Total Tax Levy (1) (2)	Current Tax Collections (1)	Percent of Current Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
1997	636,876	606,399	95.21	15,227	621,626	97.61
1998	764,962	749,963	98.04	27,096	777,059	101.58
1999	818,899	809,787	98.89	19,134	828,921	101.22
2000	951,953	927,709	97.45	19,405	947,114	99.49
2001	983,178	962,455	97.89	27,112	989,567	100.65
2002	1,008,998	951,977	94.35	59,665	1,011,642	100.26
2003	1,131,059	1,159,650	102.53	29,381	1,189,031	105.13
2004	1,167,957	1,223,735	104.78	102,181	1,325,916	113.52
2005	1,211,106	1,187,941	98.09	19,395	1,207,336	99.69
2006	1,379,069	1,336,249	96.90	34,813	1,371,062	99.42

Source: Franklin County Auditor

- (1) State reimbursement of rollback and homestead exemptions are included
(2) Amounts listed include penalties and interest. Allocations of delinquent collections to prior periods are not available.

City of Hilliard, Ohio
Computation of All Direct and Overlapping Governmental Debt
 December 31, 2006

Jurisdiction	Debt Outstanding	Percentage Applicable to the City of Hilliard (1)	Amount Applicable to the City of Hilliard
Direct			
City of Hilliard			
Notes Payable	\$3,970,000		3,970,000
Loans Payable	2,216,777		2,216,777
General Obligation Bonds	33,720,000		33,720,000
Special Assessment Bonds	135,000		135,000
Capital Leases	1,263,305		1,263,305
	<u>41,305,082</u>	100.00%	<u>41,305,082</u>
Overlapping Subdivisions			
Hilliard City School District	177,105,885	36.17	64,059,199
Dublin City School District	194,223,830	0.08	155,379
Franklin County	149,431,221	3.08	4,602,482
Washington Township	2,710,000	0.02	542
Total Overlapping Debt	<u>523,470,936</u>	.	<u>68,817,601</u>
Grand Total	<u>\$564,776,018</u>		<u>110,122,683</u>

Source: Franklin County Auditor and Fiscal Officers of Subdivision

(1) Percentages determined by dividing each overlapping subdivision's assessed valuation within the City by the subdivision's total assessed valuation.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden be borne by the residents and businesses should be taken into account.

City of Hilliard, Ohio
*Ratio of Net General Obligation Bonded Debt to Estimated
 Actual Value and General Obligation Bonded Debt Per Capita
 Last Ten Years*

Collection Year	Net Bonded Debt (3)	Estimated Actual Value of Taxable Property (2)	Population (1)	Ratio of Net Bonded Debt to Estimated Actual Value	Net Bonded Debt Per Capita
1997	\$9,393,691	\$1,463,955,906	18,774	0.64%	500.36
1998	8,618,667	1,528,104,499	20,908	0.56	412.22
1999	9,285,913	1,765,546,998	22,058	0.53	420.98
2000	8,089,966	1,872,810,689	24,230	0.43	333.88
2001	7,389,856	1,883,903,111	24,969	0.39	295.96
2002	11,585,172	2,158,822,358	25,555	0.54	453.34
2003	15,862,129	2,174,201,639	25,996	0.73	610.18
2004	16,874,129	2,243,758,502	26,844	0.75	628.60
2005	35,575,000	2,476,861,742	28,158	1.44	1,263.41
2006	33,855,000	2,533,596,586	28,557	1.34	1,185.52

(1) Source: "Population Estimates," published by the Mid Ohio Regional Planning Commission

(2) Source: Franklin County Auditor

(3) Includes all general obligation debt financed with general governmental resources less balance available in General Obligation Bond Retirement Fund. The City no longer used the General Obligation Bond Retirement Fund after 2005.

City of Hilliard, Ohio
Ratios of Outstanding Debt by Type
Governmental Activities
Last Ten Years

Year	Notes Payable	Loans Payable	General Obligation Bonds	Special Assessment Bonds	Capital Leases	Total Outstanding Debt	Population(1)	Personal Income(2)	Debt Per Capita	Percentage of Personal Income
1997	\$ 5,160,000	\$ -	\$ 8,380,000	\$ 1,048,000	\$ 63,035	\$ 14,651,035	18,774	\$ 490,640	\$ 780	2.99%
1998	4,700,000	-	7,715,000	946,000	10,423	13,371,423	20,908	577,374	640	2.32
1999	6,050,000	-	8,475,000	839,000	1,268	15,365,268	22,058	636,395	697	2.41
2000	8,750,000	-	7,660,000	732,000	-	17,142,000	24,230	744,903	707	2.30
2001	8,250,000	-	6,795,000	660,000	-	15,705,000	24,969	784,826	629	2.00
2002	5,700,000	-	11,015,000	590,000	-	17,305,000	25,555	824,864	677	2.10
2003	-	-	15,385,000	515,000	-	15,900,000	25,996	852,513	612	1.87
2004	2,227,000	-	14,255,000	430,000	1,208	16,913,208	26,844	916,132	630	1.85
2005	2,156,000	1,893,334	35,380,000	195,000	403,267	40,027,601	28,158	991,894	1,422	4.04
2006	3,970,000	2,216,777	33,720,000	135,000	1,263,305	41,305,082	28,557	N/A	1,446	N/A

(1) "Population Estimates," published by the Mid-Ohio Regional Planning Commission

(2) Computation of per capita personal income multiplied by population (in thousands)

N/A - Information not available

City of Hilliard, Ohio
Legal Debt Margin Information
Last Ten Years

	2006	2005	2004	2003
Total Assessed Valuation	\$871,274,255	\$848,338,124	\$758,561,614	\$730,810,407
Overall debt limitation - 10.5% of assessed valuation	91,483,797	89,075,503	79,648,969	76,735,093
Net Debt Subject to Limitation	37,690,000	37,536,000	15,947,000	15,385,000
Less amount available in the debt service fund	-	-	37,871	37,871
Total Net Debt Subject to Limitation	37,690,000	37,536,000	15,909,129	15,347,129
Legal debt margin within 10.5% limitation	<u>\$53,793,797</u>	<u>\$51,539,503</u>	<u>\$63,739,840</u>	<u>\$61,387,964</u>
Legal Debt Margin as a Percentage of the Debt Limit	58.8%	57.9%	80.0%	80.0%
Unvoted debt limitation 5.5% of assessed valuation	\$47,920,084	\$46,658,597	\$41,720,889	\$40,194,572
Net Debt Subject to Limitation	37,690,000	37,536,000	15,947,000	15,385,000
Less amount available in the debt service fund	-	-	37,871	37,871
Total Net Debt Subject to Limitation	37,690,000	37,536,000	15,909,129	15,347,129
Legal debt margin within 10% limitation	<u>\$10,230,084</u>	<u>\$9,122,597</u>	<u>\$25,811,760</u>	<u>\$24,847,443</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	21.3%	19.6%	61.9%	61.8%

Ohio Bond Law sets a limit of 10.5% for voted debt and 5.5% for unvoted debt.

2002	2001	2000	1999	1998	1997
\$718,311,121	\$625,835,855	\$616,975,935	\$581,612,138	\$502,315,482	\$479,389,605
75,422,668	65,712,765	64,782,473	61,069,274	52,743,126	50,335,909
16,715,000	15,045,000	16,410,000	14,525,000	12,415,000	13,540,000
19,828	65,144	302,034	28,087	42,333	34,309
16,695,172	14,979,856	16,107,966	14,496,913	12,372,667	13,505,691
<u>\$58,727,496</u>	<u>\$50,732,909</u>	<u>\$48,674,507</u>	<u>\$46,572,361</u>	<u>\$40,370,459</u>	<u>\$36,830,218</u>
77.9%	77.2%	75.1%	76.3%	76.5%	73.2%
\$39,507,112	\$34,420,972	\$33,933,676	\$31,988,668	\$27,627,352	\$26,366,428
15,415,000	15,045,000	16,410,000	14,525,000	12,415,000	13,540,000
19,828	65,144	302,034	28,087	42,333	34,309
15,395,172	14,979,856	16,107,966	14,496,913	12,372,667	13,505,691
<u>\$24,111,940</u>	<u>\$19,441,116</u>	<u>\$17,825,710</u>	<u>\$17,491,755</u>	<u>\$15,254,685</u>	<u>\$12,860,737</u>
61.0%	56.5%	52.5%	54.7%	55.2%	48.8%

City of Hilliard, Ohio
Demographic and Economic Statistics
Last Ten Years

<u>Year</u>	<u>Population (1)</u>	<u>Total Personal Income (2)</u>	<u>Per Capita Income (5)</u>	<u>School Enrollment (6)</u>	<u>Unemployment Rate Franklin County Area (3)</u>	<u>Total Assessed Property Value (4)</u>
1997	18,774	490,640	26,134	11,224	2.7%	479,389,605
1998	20,908	577,374	27,615	12,003	2.5%	502,315,482
1999	22,058	636,395	28,851	12,492	2.5%	581,612,138
2000	24,230	744,903	30,743	12,873	2.4%	616,975,935
2001	24,969	784,826	31,432	13,252	2.8%	625,835,855
2002	25,555	824,864	32,278	13,674	4.4%	718,311,121
2003	25,996	852,513	32,794	14,220	4.9%	730,810,407
2004	26,844	916,132	34,128	14,529	5.4%	758,561,614
2005	28,158	991,894	35,226	14,760	5.2%	848,338,124
2006	28,557	N/A	N/A	14,949	4.5%	871,274,255

Source: (1) "Population Estimates," published by the Mid Ohio Regional Planning Commission
(2) Computation of per capita personal income multiplied by population(in thousands)
(3) Ohio Labor Market Information
(4) Franklin County Auditor
(5) U.S. Department of Commerce, Bureau of Economic Analysis, Columbus MSA
(6) Hilliard City School District

N/A - Information not available

City of Hilliard, Ohio

Principal Employers

2006 and 1997

Employer	2006			1997		
	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Hilliard City Schools	2,289	1	13.31%	1,696	1	10.03%
BMW Financial Services	572	2	3.33%			
Verizon Business Network	553	3	3.22%	1,049	2	6.20%
Micro Center Inc	284	4	1.65%	658	4	3.89%
Discover Financial Services	272	5	1.58%	440	6	2.60%
Redemtech, Inc.	212	6	1.23%			
Baesian Printing Corp	195	7	1.13%			
Rich Products Mfg. Corp.	189	8	1.10%			
Fedex Freight East Inc.	149	9	0.87%			
Guardian Enterprises Group Inc.	142	10	0.83%			
Artic Express				277	9	1.64%
City of Hilliard				287	8	1.70%
Red Roof Inns, Inc.				664	3	3.93%
Gates McDonald & Co.				534	5	3.16%
Medex, Inc.				407	7	2.41%
ITW-Nifco, Inc.				236	10	1.40%
Total Employees	4,857		28.24%	6,248		36.96%
All Other Employers	12,339		71.76%	10,658		63.04%
Total Employment within the City	<u>17,196</u>		<u>100.00%</u>	<u>16,906</u>		<u>100.00%</u>

Source: City Income Tax Department

Note: Number of employees includes seasonal employees for the City of Hilliard.

City of Hilliard, Ohio
City Government Employees by Function/Program
Last Ten Years

Function/Program	1997		1998		1999		2000		2001	
	Full-Time	All								
General Government	40	40	45	50	42	52	54	61	60	66
Security of Persons and Property	41	41	42	42	43	43	44	44	46	46
Leisure Time Activities	18	36	17	32	17	28	19	32	21	34
Basic Utility Services	12	13	9	9	8	8	10	11	9	9
Transportation	17	17	20	20	23	23	22	22	20	20
<i>Total Number of Employees</i>	<u>128</u>	<u>147</u>	<u>133</u>	<u>153</u>	<u>133</u>	<u>154</u>	<u>149</u>	<u>170</u>	<u>156</u>	<u>175</u>

Source: City Payroll Records

Note: Total number of employees does not include seasonal employees.

2002		2003		2004		2005		2006	
Full-Time	All								
62	67	35	35	48	48	49	49	47	47
45	45	50	50	50	50	50	50	49	49
19	33	23	35	20	32	22	32	23	35
11	11	14	14	4	4	1	1	1	1
19	19	21	21	21	21	21	21	21	21
<u>156</u>	<u>175</u>	<u>143</u>	<u>155</u>	<u>143</u>	<u>155</u>	<u>143</u>	<u>153</u>	<u>141</u>	<u>153</u>

City of Hilliard, Ohio
Capital Assets Statistics by Function/Program
Last Ten Years

Function/Program	1997	1998	1999	2000	2001
General Government					
Government Center	1	1	1	1	1
Security of Persons and Property:					
Number of Police Stations	1	1	1	1	1
Number of Fire/EMS Stations (1)	1	1	1	2	2
Leisure Time Activities:					
Number of Parks	18	18	18	18	18
Park Area (acres)	227.0	227.0	227.0	239.9	239.9
Number of Playgrounds	10	10	10	11	11
Number of Swimming Pools	2	2	2	2	2
Number of Ball Fields	28	28	28	28	28
Number of Tennis Courts	6	6	6	6	4
Number of Community Centers	1	1	1	1	1
Number of Senior Centers	1	1	1	1	1
Basic Utility Services:					
Miles of Water Mains	75	75	97	97	105
Miles of Sanitary Sewers	65	65	118	118	120
Miles of Storm Sewers	66	66	85	85	96
Transportation					
Miles of Streets	N/A	N/A	N/A	N/A	N/A
Number of Traffic Signal Systems	N/A	N/A	N/A	N/A	N/A

(1) Fire Protection provided by Norwich Township

N/A - Information not available

Source: City capital asset records

2002	2003	2004	2005	2006
1	1	1	1	1
1	1	1	1	1
2	3	3	3	3
18	18	21	21	21
239.9	256.9	285.0	285.0	285.0
11	11	11	11	11
2	2	2	2	2
28	28	28	28	28
4	4	4	4	4
1	1	1	1	1
1	1	1	1	1
105	126	114	121	127
120	151	130	131	135
96	98	100	101	107
N/A	N/A	N/A	102	103
N/A	N/A	N/A	N/A	31

City of Hilliard, Ohio
Operating Indicators by Function/Program
Last Ten Years

Function/Program	1997	1998	1999	2000	2001	2002
General Government:						
Active Income Tax Accounts						
Individual	N/A	8,500	8,625	8,932	9,200	9,360
Business	N/A	1,900	2,020	2,390	2,100	2,296
Withholding	N/A	2,200	2,300	2,630	3,024	3,075
Clerk of Courts:						
Traffic Court Cases	2,716	2,974	2,284	2,322	2,405	2,865
Security of Persons and Property:						
Police Calls	40,600	40,595	40,170	42,926	42,370	48,807
Physical Arrests	1,752	2,034	1,842	1,957	1,760	1,853
Citations	3,194	3,838	3,088	3,282	3,202	3,966
Parking Violations	111	94	65	74	78	74
Leisure Time Activities:						
Swimming Pool Revenue	\$332,075	\$374,012	\$427,427	\$428,918	\$458,228	\$479,925
Community Center Revenue	187,946	205,085	209,157	217,005	233,949	254,261
Senior Center Revenue	62,236	73,078	84,730	54,471	94,933	106,500

Source: Department annual reports

N/A-Information not available

2003	2004	2005	2006
9,253	9,368	10,007	10,343
2,303	2,378	2,457	2,539
3,290	3,152	3,097	3,243
2,469	2,754	2,922	2,177
48,001	56,286	57,170	55,017
1,805	2,061	1,771	1,782
3,686	4,470	4,699	3,579
80	80	93	91
\$471,468	\$401,414	\$388,633	\$328,198
273,369	225,431	207,862	230,356
89,219	86,209	87,730	88,115

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Mary Taylor, CPA
Auditor of State

CITY OF HILLIARD

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 20, 2007**