

CITY OF HILLIARD, OHIO

Independent Auditors' Report on
Internal Controls and Compliance
December 31, 2007



Mary Taylor, CPA
Auditor of State

Members of Council
City of Hilliard
3800 Municipal Way
Hilliard, Ohio 43026

We have reviewed the *Independent Auditors' Report* of the City of Hilliard, Franklin County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2007 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 6, 2008

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

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

To the City Council
City of Hilliard, Ohio:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Hilliard, Ohio (City) as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 23, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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 to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiencies described and labeled as 2007-1 in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

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

We also noted certain matters that we reported to the City's management in a separate letter dated June 23, 2008.

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

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

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 23, 2008

CITY OF HILLIARD, OHIO

Schedule of Findings and Responses

Year Ended December 31, 2007

Finding 2007-1 – Audit Adjustments

During the course of our audit, we identified material misstatements in the financial statements for the year under audit that were not initially identified by the City's internal control over financial reporting. Throughout the year, the City maintains its books and records on the cash-basis of accounting and converts its financial statements at year-end to generally accepted accounting principles. The audit adjustments were necessary to correct errors in the City's conversion process. A description of the adjustments follows:

- **Revenue Recognition.** The City recorded an intergovernmental receivable and revenue of approximately \$1.1 million in the Street Improvement Municipal Tax Fund as of December 31, 2007. However, the grant was not received during the City's available period which is sixty days after year-end and thus, the receivable should have been reported as deferred revenue in the government fund financials rather than recorded as revenue.
- **Major Fund Determinations.** Governmental Accounting Standards Board Statement No. 34 requires significant funds to be presented as major funds in the basic financial statements based upon certain criteria and thresholds. The Tax Increment Financing Fund met these requirements but was not initially identified as a major fund during the conversion process.

Views of Responsible Officials: Management concurs with the finding.

CITY OF HILLIARD, OHIO

Schedule of Prior Audit Findings

Year Ended December 31, 2007

Finding 2006-001 – Advances

Condition: The City had negative cash fund balances for two funds at certain points in time during 2006.

Current Status: Corrected.

Finding 2006-002 – Estimated vs. Actual Revenue Deficiency

Condition: The City overestimated revenue in one fund and should have amended its certificate of estimated resources and reduced the related appropriations in the fund.

Current Status: Corrected.

Finding 2006-003 – Appropriations Exceeding Estimated Resources

Condition: The City had funds in which appropriations exceeded estimated resources.

Current Status: Corrected.

Finding 2006-004 – Bank Reconciliations, Capital Lease Proceeds and Interest Receipts

Condition: Monthly bank reconciliations were not prepared for the payroll account, capital lease proceeds held in an escrow account were not recorded on the City's general ledger, interest earned in certain investment accounts were not posted to the City's general ledger.

Current Status: Corrected.

Finding 2006-005 – Financial Reporting

Condition: Audit adjustments were necessary to correct the City's financial statements.

Current Status: Partially corrected, however this condition still exists and is repeated as finding 2007-1.

Finding 2006-006 – Capital Assets

Condition: Adjustments were necessary to correct the capital assets reported on the City's financial statements.

Current Status: Corrected.

Finding 2006-007 – SAS 70 Report; Local Refuse Services

Condition: The City's third-party administrator for the billing and collection of residential refuse fees does not obtain a SAS 70 report and the City has not evaluated the third-party administrator's controls over billing and collection.

Current Status: No change. However, the comment will not be repeated.

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CITY OF HILLIARD, OHIO

FRANKLIN COUNTY

Comprehensive Annual Financial Report

For the Year Ended December 31, 2007

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, 2007
Table of Contents

INTRODUCTORY SECTION

Table of Contents.....	i
Letter of Transmittal.....	v
GFOA Certificate of Achievement	x
Principal Officials	xi
City Organizational Chart.....	xii

FINANCIAL SECTION

Independent Auditors' Report.....	1
Management's Discussion and Analysis.....	3

Basic Financial Statements:

 Government-Wide Financial Statements:

Statement of Net Assets.....	13
Statement of Activities.....	15

 Fund Financial Statements:

Balance Sheet – Governmental Funds.....	16
Reconciliation of Total Governmental Fund Balances To Net Assets of Governmental Activities.....	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - General Fund.....	23
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - Street Maintenance and Repair Fund	24
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - Street Improvement Municipal Tax Fund.....	25
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - Water Revenue Fund.....	26

City of Hilliard, Ohio
Comprehensive Annual Financial Report
For The Year Ended December 31, 2007
Table of Contents, continued

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - TIF Fund.....	27
Statement of Fund Net Assets - Internal Service Fund	28
Statement of Revenues, Expenses and Changes in Fund Net Assets – Internal Service Fund.....	29
Statement of Cash Flows – Internal Service Fund.....	30
Statement of Fiduciary Assets and Liabilities – Agency Funds.....	31
Notes to the Basic Financial Statements	33
Combining Financial Statements:	
Combining Financial Statements – Nonmajor Governmental Funds:	
Nonmajor Governmental Fund Descriptions.....	57
Combining Balance Sheet – Nonmajor Governmental Funds	60
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	64
Combining Statements – Agency Funds:	
Agency Fund Descriptions.....	67
Combining Statement of Fiduciary Assets and Liabilities – Agency Funds.....	68
Combining Statement of Changes in Assets and Liabilities – Agency Funds	69
Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual:	
Major Funds:	
General Fund.....	70
Street Maintenance and Repair Fund	74
Street Improvement Municipal Tax Fund.....	75
Water Revenue Fund.....	76
TIF Fund	77
Capital Improvement Municipal Tax Fund.....	78
Nonmajor Funds:	
Insurance Trust Fund	79
County Municipal Motor Vehicle Tax Fund.....	80

City of Hilliard, Ohio
Comprehensive Annual Financial Report
For The Year Ended December 31, 2007
Table of Contents, continued

Fleet Fund	81
CDBG Fund	82
Park Maintenance Fund	83
Police Fund	84
Mayor's Court Computer Fund.....	85
Sewer Revenue Fund	86
Sewer Capacity and Benefit Fund.....	87
Construction Inspection Fund	88
Special Assessment Bond Retirement Fund	89
Britton Road Improvement Fund	90

STATISTICAL SECTION

Statistical Tables Description.....	91
Net Assets by Component – Last Five Years	92
Changes in Net Assets – Last Five Years	93
Program Revenues by Function/Program – Last Five Years.....	95
Fund Balances – Governmental Funds – Last Ten Years	96
Changes in Fund Balances – Governmental Funds – Last Ten Years	98
Income Tax Revenue by Payer Type – Last Ten Years.....	100
Income Tax Revenue Fund Distribution – Last Ten Years.....	101
Principal Income Tax Payers – Withholding Accounts – 2007 and 1998	102
Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Years	103
Direct and Overlapping Property Tax Rates – Last Ten Years.....	104
Principal Property Tax Payers – Real Property – 2007 and 1998.....	105
Property Tax Levies and Collections – Last Ten Years.....	106
Computation of All Direct and Overlapping Governmental Debt – December 31, 2007	107
Ratio of Net General Obligation Bonded Debt to Estimated Actual Value And Net General Obligation Bonded Debt Per Capita – Last Ten Years	108
Ratios of Outstanding Debt by Type – Governmental Activities – Last Ten Years.....	109
Legal Debt Margin Information – Last Ten Years.....	110
Demographic and Economic Statistics – Last Ten Years	112
Principal Employers – 2007 and 1998	113
City Government Employees by Function/Program – Last Ten Years	114
Capital Assets Statistics by Function/Program – Last Ten Years.....	116
Operating Indicators by Function/Program – Last Ten Years	118

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City of Hilliard

Don Schonhardt, Mayor

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

June 23, 2008

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, 2007. 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.

Clark, Schaefer, Hackett & Co. has issued an unqualified (“clean”) opinion on the City’s financial statements for the year ended December 31, 2007. The Independent Auditors’ Report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the Independent Auditors’ 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 28,730 for 2007.

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 2007 budget was prepared by fund and department and object level. Department heads may transfer resources within the object as they see fit. The budget was approved by Council at the fund level as required by the City's charter.

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 2007 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 became a member of the Regional Income Tax Agency (RITA), a Regional Council of Government established by Ohio Revised Code Chapter 167 to administer and collect the City's income tax. RITA has 139 municipalities that are members. Each municipality has a delegate that has full voting rights on all issues presented to the board of trustees including election of trustees.

The move to RITA will increase collections by allowing the City to focus on compliance; bill quarterly for estimated payments; match federal tax information to local returns; and pursue delinquent taxpayers. The City switched to RITA July 1, 2007.

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. Construction is scheduled to be completed by the end of 2008.

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 is under construction in the northern section of the corridor.

The City completed the renovation of Norwich Street which is the gateway to the downtown area. The street and water and sewer lines were replaced and sidewalks added.

The Hickory Chase Community District was created in 2007 under Chapter 349 of the Ohio Revised Code to issue debt for infrastructure within the approximately 77 acre district. The district will be developed by Columbus Campus, LLC and will consist of a continuing care retirement community to be known as Hickory Chase. The City has worked with the developer for over two years on this project and has pledged payments in lieu of property taxes to the District to pay for the debt. The City has not and will not issue debt for this project and is not liable for debt service on bonds issued by the District.

Awards and Acknowledgements

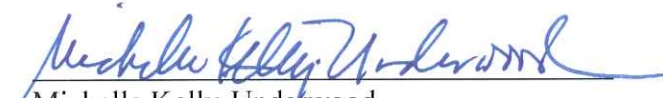
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Hilliard, Ohio for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2006. This was the sixteenth 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, 2006

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.



Oliver S. Cox

President

Jeffrey R. Emer

Executive Director

City of Hilliard, Ohio

Principal Officials

December 31, 2007

Elected Officials

Name	Title	Term Expires	Service	Surety
Don Schonhardt	Mayor	12/31/2007	6	A
J. William Uttley	President of Council	12/31/2009	6	A
Kim Allison	Council	12/31/2009	3	A
Brett A. Sciotto	Council	12/31/2009	6	A
Dana Peacock	Council	12/31/2007	10	A
Michael Cope	Council	12/31/2009	10	A
Scott Brown	Council	12/31/2007	4	A
Timothy A. Roberts	Council	12/31/2007	4	A

Appointed Officials

Name	Title	Term Expires	Service	Surety
Michelle Kelly-Underwood	Director of Finance	Indefinite	4	A & B
Pamela A. DeDent	Director of Law	Indefinite	4	A
Pamela A. DeDent	Director of Safety	Indefinite	4	A
Clyde R. Seidle	Director of Service	Indefinite	4	A
John M. Brennan	Director of Parks and Recreation	Indefinite	8	A
David S. Meeks	Director of Economic Development	Indefinite	5	A
Gerald L. Edwards	Director of Human Resource	Indefinite	3	A
John F. Hall, III	Director of Land & Bldgs.	Indefinite	3	A
Rodney D. Garnett	Chief of Police	Indefinite	20.5	A
Lynn M. Fasone	Clerk of Council	Indefinite	3	A

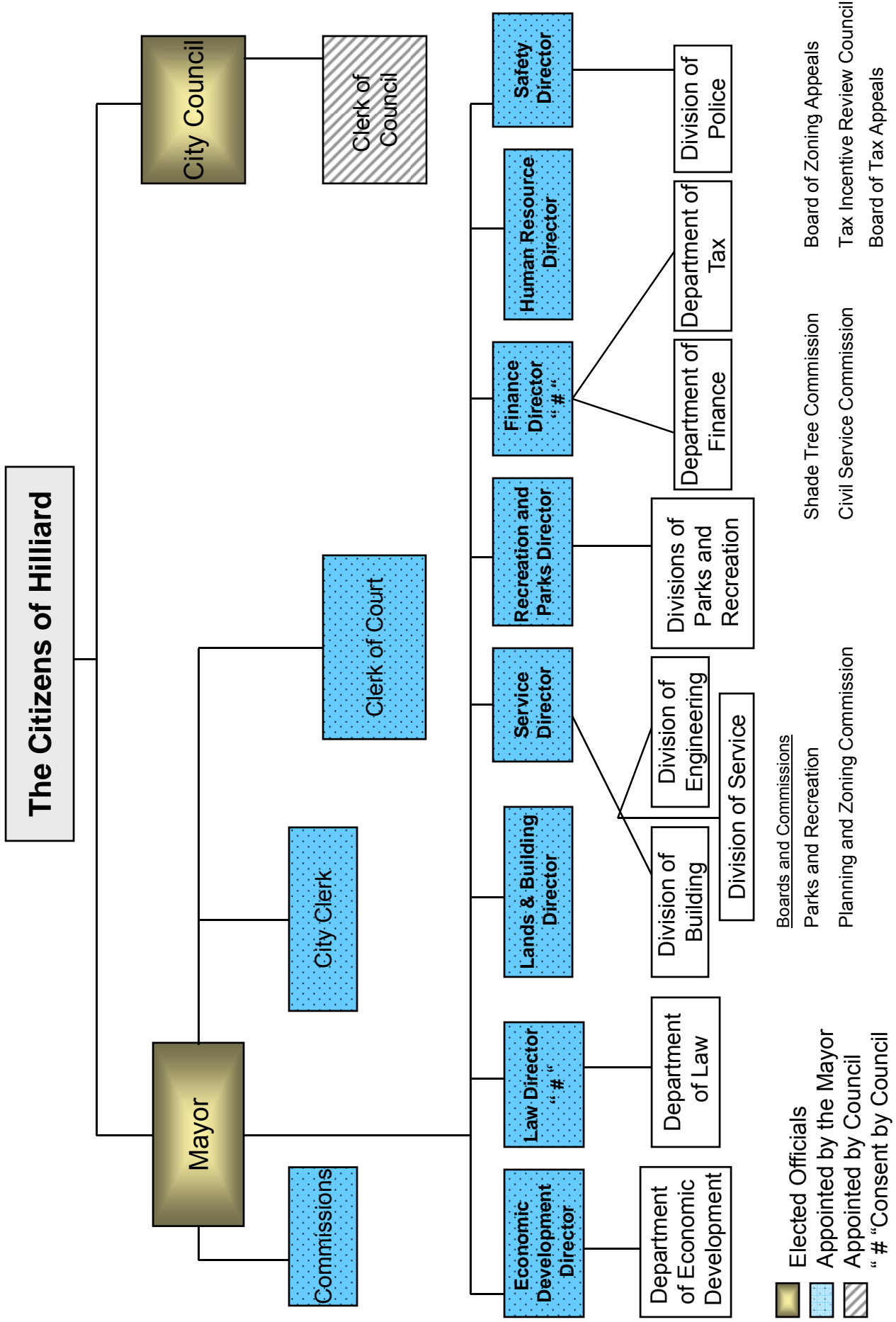
(A) National Casualty Insurance Company, \$1,000,000/\$1,000,000.

(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





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

INDEPENDENT AUDITORS' REPORT

City Council
City of Hilliard, Ohio:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Hilliard, Ohio (the City) as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Hilliard, Ohio as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparisons for the General Fund, Street Maintenance and Repair Fund, Street Improvement Municipal Income Tax Fund, Water Revenue Fund and TIF Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2008, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Clark, Schaefer, Harkett & Co.

Cincinnati, Ohio
June 23, 2008

City of Hilliard, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2007
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, 2007.

FINANCIAL HIGHLIGHTS

- The City's total net assets increased \$1,504,032 during 2007.
- General revenues accounted for \$21,381,555 or 63% of total revenue. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$12,559,705 or 37% of total revenues of \$33,941,260.
- The City had \$32,437,228 in expenses related to governmental activities, while only \$12,559,705 of these expenses were offset by program specific charges for services, grants, contributions, and interest. General revenues (primarily property and income taxes) of \$21,381,555 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, Water Revenue and TIF 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 2007 compared to 2006.

Table 1
Net Assets
Governmental Activities

	<u>2007</u>	<u>2006</u>
Assets		
Current and Other Assets	\$ 24,481,563	\$ 21,025,658
Capital Assets	<u>237,566,014</u>	<u>234,691,803</u>
<i>Total Assets</i>	<u>262,047,577</u>	<u>255,717,461</u>
Liabilities		
Long-Term Liabilities	45,256,386	43,220,831
Other Liabilities	<u>7,040,137</u>	<u>4,249,608</u>
<i>Total Liabilities</i>	<u>52,296,523</u>	<u>47,470,439</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	194,544,533	194,266,629
Restricted for:		
Other Purposes	7,690,430	4,937,276
Debt Service	264	230,498
Capital Outlay	3,525,717	5,235,777
Unrestricted	<u>3,990,110</u>	<u>3,576,842</u>
<i>Total Net Assets</i>	<u>\$ 209,751,054</u>	<u>\$ 208,247,022</u>

Net assets of the City's governmental activities increased \$1,504,032 during 2007. Net Capital Assets increased \$2,874,211 due to capital asset additions being greater than depreciation expense for 2007. Long-term liabilities increased due to the issuance of 2007 Various Purpose and Refunding General Obligation Bonds with a par amount of \$7,975,000.

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, 2007 and 2006.

Table 2
Change in Net Assets
Governmental Activities

	2007	2006
Revenues		
Program Revenues:		
Charges for Services	\$ 4,974,016	\$ 4,824,128
Operating Grants and Contributions	1,444,572	1,361,193
Capital Grants, Contributions, and Interest	6,141,117	10,203,671
<i>Total Program Revenues</i>	12,559,705	16,388,992
General Revenues:		
Property and Other Local Taxes	1,902,363	1,747,767
Municipal Income Taxes	13,952,897	14,564,519
Payments in Lieu of Taxes	2,769,280	173,881
Grant and Entitlements not		
Restricted to Specific Programs	1,413,857	1,463,590
Unrestricted Investment Earnings	820,603	773,438
Miscellaneous	522,555	480,829
<i>Total General Revenues</i>	21,381,555	19,204,024
<i>Total Revenues</i>	33,941,260	35,593,016
Program Expense		
General Government	4,217,469	4,210,860
Security of Persons and Property	7,625,286	7,212,982
Public Health	146,530	139,691
Leisure Time Activities	2,700,744	2,539,900
Community Environment	4,800,863	2,552,865
Basic Utility Services	6,487,321	5,999,457
Transportation	4,650,580	5,305,089
Interest and Fiscal Charges	1,808,435	1,798,693
<i>Total Expenses</i>	32,437,228	29,759,537
<i>Increase in Net Assets</i>	1,504,032	5,833,479
<i>Net Assets at Beginning of Year</i>	208,247,022	202,413,543
<i>Net Assets at End of Year</i>	209,751,054	208,247,022

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 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 1998, local income tax revenue has increased annually an average of 3.7%. During 2007, the City's vision continued to focus on economic expansion and to promote the economic base.

Total revenues decreased 4.64% in 2007 primarily due to a decrease in capital contributions of streets, water lines, and sewer lines from developers from \$8,957,359 in 2006 to \$4,373,261 in 2007. This decrease was partially offset by an increase in Payments in Lieu of Taxes of \$2,595,399.

The increase in total expenses is primarily due to a full year of depreciation on certain infrastructure projects capitalized during 2006.

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 2007 were as follows:

General Government	13.00%
Security of Persons and Property	23.51%
Public Health	0.45%
Leisure Time Activities	8.33%
Community Environment	14.80%
Basic Utility Services	19.99%
Transportation	14.34%
Interest and Fiscal Charges	<u>5.58%</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 14.65% 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 22.35%. 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 \$30,076,205 and expenditures of \$33,702,410. As of the end of the current year, the City's governmental funds reported combined ending fund balances of \$14,637,712, an increase of \$1,198,129 in comparison with the prior year. Unreserved fund balance equals \$9,895,939. The remaining fund balance of \$4,741,773 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 \$3,760,630 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 increase during the year of \$574,899 was due to the increase in income and property tax revenue in 2007.

The increase of \$338,096 in the Street Maintenance and Repair Special Revenue Fund was primarily due to an increase in the gasoline excise tax revenue received during the year.

The Street Improvement Municipal Tax Special Revenue Fund decreased by \$227,006 due primarily to a decrease in intergovernmental revenues in 2007.

The Water Revenue Special Revenue Fund increased by \$17,258 due to proceeds from the issuance of general obligation debt deposited into this fund.

The Tax Increment Financing (TIF) Special Revenue Fund increased by \$2,485,350 due to payments in lieu of taxes due to this fund at year end.

The Capital Improvement Municipal Tax Capital Projects Fund decreased by \$1,761,158 mainly due to the expenditures of bond proceeds on capital improvement projects during 2007.

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 ordinance is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council as provided for in the City's charter. The legal level of control has been established by Council at the fund level.

During 2007, there were various revisions to the General Fund budget, which resulted in final appropriations increasing \$200,000 from original appropriations.

General Fund original and final budgeted revenues were \$15,732,080. Actual revenues were \$15,809,899, a difference of \$77,819 compared to final budget revenues.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets (Net of Depreciation) Governmental Activities

	2007	2006
Land	\$ 3,499,927	\$ 3,654,127
Road Right-of-Way	3,150,011	1,519,774
Construction in Progress	2,148,373	5,790,901
Buildings	2,673,995	2,773,477
Improvement Other Than Buildings	3,499,717	1,413,671
Machinery and Equipment	968,480	987,021
Furniture and Fixtures	185,287	197,516
Vehicles	1,247,642	1,103,235
Infrastructure	<u>220,192,582</u>	<u>217,252,081</u>
Totals	<u>\$ 237,566,014</u>	<u>\$ 234,691,803</u>

A decrease of \$3,642,528 occurred in construction in progress primarily due to the completion of the following projects during 2007: Britton Parkway, Norwich Street and Swimming Pool Renovation Phase I. Infrastructure also increased during 2007 due to the City receiving capital contributions of streets, water lines, and sewer lines from developers totaling \$4,373,261. See Note 10 of the Notes to the Basic Financial Statements for more detailed information.

Debt

At December 31, 2007, the City of Hilliard had \$43,575,519 in debt outstanding.

Outstanding Debt at Year End Governmental Activities

	2007	2006
Notes Payable	\$ -	\$ 3,970,000
OWDA Loan Payable	2,216,777	2,216,777
General Obligation Bonds	39,301,403	33,259,473
Special Assessment Bonds	70,000	135,000
Capital Leases	811,978	1,263,305
Premium on Bonds Issued	<u>1,175,361</u>	<u>760,429</u>
Totals	<u>\$ 43,575,519</u>	<u>\$ 41,604,984</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 \$49,674,222 as of December 31, 2007. The more restrictive unvoted legal debt margin within 5.5 percent was \$7,096,021 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, 2007

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 13,602,891
Cash and Cash Equivalents with Fiscal Agents	330,445
Accounts Receivable	196,021
Municipal Income Tax Receivable	2,927,529
Due from Other Governments	2,614,947
Payments in Lieu of Taxes Receivable	2,579,397
Prepaid Items	27,342
Property and Other Local Taxes Receivable	1,309,615
Deferred Charges	554,038
Special Assessments Receivable	128,879
Cash and Cash Equivalents with Escrow Agent	210,459
Nondepreciable Capital Assets	8,798,311
Depreciable Capital Assets	357,388,536
Accumulated Depreciation	<u>(128,620,833)</u>
<i>Total Assets</i>	<u>262,047,577</u>
Liabilities	
Accounts Payable	1,774,854
Accrued Wages Payable	256,991
Matured Compensated Absences	203,446
Due to Other Governments	632,714
Accrued Interest Payable	174,150
Claims Payable	154,000
Unearned Revenue	1,543,982
Notes Payable	2,300,000
Long-Term Liabilities:	
Due Within One Year	3,178,604
Due in More Than One Year	<u>42,077,782</u>
<i>Total Liabilities</i>	<u>52,296,523</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	194,544,533
Restricted for:	
Streets and Transportation	2,697,852
Basic Utility Services	878,795
Other Purposes	4,113,783
Debt Service	264
Capital Outlay	3,525,717
Unrestricted	<u>3,990,110</u>
<i>Total Net Assets</i>	<u>\$ 209,751,054</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, 2007

	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
Governmental Activities					
General Government	\$ 4,217,469	\$ 634,187	\$ -	\$ -	\$ (3,583,282)
Security of Persons and Property	7,625,286	548,501	52,342	-	(7,024,443)
Public Health	146,530	-	-	-	(146,530)
Leisure Time Activities	2,700,744	947,124	-	-	(1,753,620)
Community Environment	4,800,863	1,651,109	-	-	(3,149,754)
Basic Utility Services	6,487,321	627,636	-	1,267,264	(4,592,421)
Transportation	4,650,580	565,459	1,392,230	4,873,853	2,180,962
Interest and Fiscal Charges	1,808,435	-	-	-	(1,808,435)
<i>Total Governmental Activities</i>	<u>\$ 32,437,228</u>	<u>\$ 4,974,016</u>	<u>\$ 1,444,572</u>	<u>\$ 6,141,117</u>	<u>(19,877,523)</u>
		General Revenues			
		Property Taxes Levied for General Purposes			1,902,363
		Municipal Income Taxes Levied for:			
		General Purposes			8,720,561
		Transportation			1,744,110
		Capital Outlay			3,488,226
		Payments in Lieu of Taxes			2,769,280
		Grants and Entitlements not Restricted to Specific Purposes			1,413,857
		Unrestricted Investment Earnings			820,603
		Miscellaneous			522,555
		<i>Total General Revenues</i>			<u>21,381,555</u>
		<i>Change in Net Assets</i>			1,504,032
		<i>Net Assets at Beginning of Year</i>			<u>208,247,022</u>
		<i>Net Assets at End of Year</i>			<u>\$ 209,751,054</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, 2007

	<u>General</u>	<u>Street Maintenance and Repair</u>	<u>Street Improvement Municipal Tax</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 3,124,480	386,976	2,316,420
Cash and Cash Equivalents with Fiscal Agents	-	-	-
Cash and Cash Equivalents with Escrow Agent	-	-	-
Receivables:			
Property and Other Local Taxes Receivable	1,309,615	-	-
Payments in Lieu of Taxes Receivable	-	-	-
Municipal Income Tax Receivable	1,829,705	-	365,941
Accounts	186,170	9,851	-
Special Assessments Receivable	-	-	-
Due from Other Governments	848,086	626,176	1,108,082
Prepaid Items	<u>27,342</u>	<u>-</u>	<u>-</u>
<i>Total Assets</i>	<u>\$ 7,325,398</u>	<u>1,023,003</u>	<u>3,790,443</u>
Liabilities			
Accounts Payable	217,233	3,000	1,335,998
Due to Other Fund	102,569	933	-
Accrued Wages Payable	221,099	17,978	-
Matured Compensated Absences	199,346	2,178	-
Due to Other Governments	559,506	32,827	-
Unearned Revenue	2,265,015	420,544	1,128,485
Notes Payable	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Liabilities</i>	<u>3,564,768</u>	<u>477,460</u>	<u>2,464,483</u>
Fund Balances			
Reserve for Encumbrances	239,375	28,318	675,042
Unreserved (Deficit), Reported in:			
General Fund	3,521,255	-	-
Special Revenue Funds	-	517,225	650,918
Debt Service Funds	-	-	-
Capital Project Funds	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Fund Balance</i>	<u>3,760,630</u>	<u>545,543</u>	<u>1,325,960</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 7,325,398</u>	<u>1,023,003</u>	<u>3,790,443</u>

See accompanying notes to the basic financial statements.

Water Revenue	TIF	Capital Improvement Municipal Tax	Nonmajor Funds	Total Governmental Funds
424,846	306	5,487,271	1,841,753	\$ 13,582,052
-	-	-	330,445	330,445
-	-	210,459	-	210,459
-	-	-	-	1,309,615
-	2,579,397	-	-	2,579,397
-	-	731,883	-	2,927,529
-	-	-	-	196,021
-	-	-	128,879	128,879
-	-	-	32,603	2,614,947
-	-	-	-	27,342
<u>424,846</u>	<u>2,579,703</u>	<u>6,429,613</u>	<u>2,333,680</u>	<u>\$ 23,906,686</u>
483	-	164,643	53,497	1,774,854
774	-	-	3,572	107,848
5,733	-	-	12,181	256,991
800	-	-	1,122	203,446
12,752	-	-	27,629	632,714
-	-	50,198	128,879	3,993,121
-	-	2,300,000	-	2,300,000
<u>20,542</u>	<u>-</u>	<u>2,514,841</u>	<u>226,880</u>	<u>9,268,974</u>
367,955	-	3,039,973	391,110	4,741,773
-	-	-	-	3,521,255
36,349	2,579,703	-	1,733,932	5,518,127
-	-	-	264	264
-	-	874,799	(18,506)	856,293
<u>404,304</u>	<u>2,579,703</u>	<u>3,914,772</u>	<u>2,106,800</u>	<u>14,637,712</u>
<u>424,846</u>	<u>2,579,703</u>	<u>6,429,613</u>	<u>2,333,680</u>	<u>\$ 23,906,686</u>

City of Hilliard, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2007*

Total Governmental Fund Balances 14,637,712

*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	3,499,927
Road Right-of-Way	3,150,011
Construction in Progress	2,148,373
Buildings	5,044,241
Improvements Other Than Buildings	4,715,306
Machinery and Equipment	3,566,008
Furniture and Fixtures	526,539
Vehicles	2,810,626
Infrastructure	340,725,816
Accumulated Depreciation	<u>(128,620,833)</u>

Total 237,566,014

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. 554,038

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. (25,313)

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	52,827
Municipal Income Taxes	200,791
Intergovernmental	2,066,642
Special Assessments	<u>128,879</u>

Total 2,449,139

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	(174,150)
Premium on Debt Issued	(1,175,361)
General Obligation Bonds	(39,301,403)
Special Assessment Bonds	(70,000)
OWDA Loans	(2,216,777)
Capital Lease	(811,978)
Compensated Absences	<u>(1,680,867)</u>

Total (45,430,536)

Net Assets of Governmental Activities \$ 209,751,054

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, 2007

	General	Street Maintenance and Repair	Street Improvement Municipal Tax
Revenues			
Property and Other Local Taxes	\$ 1,905,010	-	-
Municipal Income Taxes	9,862,568	-	1,972,511
Payments in Lieu of Taxes	-	-	-
Intergovernmental	1,048,604	1,241,229	397,772
Charges for Services	1,824,479	-	-
Licenses and Permits	648,231	-	-
Fines and Forfeitures	263,742	-	-
Investment Income	789,472	12,138	-
Special Assessments	-	-	-
Miscellaneous	79,709	19,668	107
<i>Total Revenues</i>	<u>16,421,815</u>	<u>1,273,035</u>	<u>2,370,390</u>
Expenditures			
Current:			
General Government	3,816,704	-	-
Security of Persons and Property	7,247,894	-	-
Public Health	146,530	-	-
Leisure Time Activities	2,472,857	-	-
Community Environment	2,484,928	-	-
Basic Utility Services	2,000	-	-
Transportation	2,965	934,939	2,188,074
Debt Service:			
Principal Retirement	-	-	245,250
Interest and Fiscal Charges	-	-	164,072
<i>Total Expenditures</i>	<u>16,173,878</u>	<u>934,939</u>	<u>2,597,396</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>247,937</u>	<u>338,096</u>	<u>(227,006)</u>
Other Financing Sources (Uses)			
Proceeds from Sale of Land	326,962	-	-
Proceeds of General Obligation Bonds	-	-	-
Premium on Debt Issued	-	-	-
Refunding of Ohio Municipal Bond Pool Loan	-	-	-
Refunding of Bond Anticipation Notes	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>326,962</u>	<u>-</u>	<u>-</u>
<i>Net Changes in Fund Balances</i>	574,899	338,096	(227,006)
<i>Fund Balances at Beginning of Year</i>	<u>3,185,731</u>	<u>207,447</u>	<u>1,552,966</u>
<i>Fund Balances at End of Year</i>	<u>\$ 3,760,630</u>	<u>545,543</u>	<u>1,325,960</u>

See accompanying notes to the basic financial statements.

Water Revenue	TIF	Capital Improvement Municipal Tax	Nonmajor Funds	Total Governmental Funds
-	-	-	-	\$ 1,905,010
-	-	3,945,029	-	15,780,108
-	2,769,280	-	-	2,769,280
-	-	147,112	354,641	3,189,358
174,310	-	-	1,611,391	3,610,180
-	-	177,000	186,340	1,011,571
-	-	-	23,063	286,805
-	-	2,920	36,767	841,297
-	-	-	91,765	91,765
-	-	381,766	109,581	590,831
<u>174,310</u>	<u>2,769,280</u>	<u>4,653,827</u>	<u>2,413,548</u>	<u>30,076,205</u>
-	-	288,452	-	4,105,156
-	-	224,947	35,115	7,507,956
-	-	-	-	146,530
-	-	2,193,219	189,009	4,855,085
-	-	2,342,504	737,931	5,565,363
1,121,107	-	-	476,254	1,599,361
-	3,151	1,174,725	1,085,630	5,389,484
-	-	-	-	-
-	279,300	1,841,777	105,000	2,471,327
-	1,479	1,882,678	13,919	2,062,148
<u>1,121,107</u>	<u>283,930</u>	<u>9,948,302</u>	<u>2,642,858</u>	<u>33,702,410</u>
<u>(946,797)</u>	<u>2,485,350</u>	<u>(5,294,475)</u>	<u>(229,310)</u>	<u>(3,626,205)</u>
-	-	16,777	-	343,739
964,055	-	7,010,945	-	7,975,000
-	-	475,595	-	475,595
-	-	(2,070,000)	-	(2,070,000)
-	-	(1,900,000)	-	(1,900,000)
<u>964,055</u>	<u>-</u>	<u>3,533,317</u>	<u>-</u>	<u>4,824,334</u>
17,258	2,485,350	(1,761,158)	(229,310)	1,198,129
<u>387,046</u>	<u>94,353</u>	<u>5,675,930</u>	<u>2,336,110</u>	<u>13,439,583</u>
<u>404,304</u>	<u>2,579,703</u>	<u>3,914,772</u>	<u>2,106,800</u>	<u>\$ 14,637,712</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, 2007*

Net Change in Fund Balances - Total Governmental Funds	1,198,129
<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	7,850,089
Depreciation	<u>(9,181,072)</u>
Excess of Depreciation Expense over Capital Outlay	(1,330,983)
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	4,373,261
In the Statement of Activities, only the gain on sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the book value of the capital assets sold	
	(168,067)
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.	
	104,212
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	1,955,000
Note Principal Payments	3,970,000
Special Assessment Bond Principal Payments	65,000
Capital Lease Principal Payments	<u>451,327</u>
	6,441,327
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	(2,647)
Municipal Income Taxes	(1,827,211)
Intergovernmental	1,072,778
Special Assessments	(91,765)
Investment Income	<u>(3,100)</u>
	(851,945)
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.	
General Obligation Bonds	(7,975,000)
Premium on Debt Issued	(475,595)
Current Year Bond Issuance Costs	<u>176,215</u>
	(8,274,380)
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:	
Decrease in Accrued Interest	67,916
Amortization of Loss on Refunding Bonds	(21,930)
Amortization of Premium on General Obligation Bonds	60,663
Amortization of Bond Issuance Costs (Deferred Charges)	<u>(29,151)</u>
	77,498
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	<u>(65,020)</u>
<i>Changes in Net Assets of Governmental Activities</i>	<u><u>\$ 1,504,032</u></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, 2007

	<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	\$ 1,651,794	\$ 1,651,794	\$ 1,908,229	\$ 256,435
Municipal Income Taxes	9,513,705	9,513,705	9,092,540	(421,165)
Intergovernmental	1,277,926	1,277,926	1,090,662	(187,264)
Charges for Services	1,745,045	1,716,245	1,845,062	128,817
Licenses and Permits	548,010	548,010	640,665	92,655
Fines and Forfeitures	345,000	345,000	260,349	(84,651)
Investment Income	540,150	540,150	891,008	350,858
Miscellaneous	110,450	139,250	81,384	(57,866)
<i>Total Revenues</i>	<u>15,732,080</u>	<u>15,732,080</u>	<u>15,809,899</u>	<u>77,819</u>
Expenditures				
Current:				
General Government	4,273,066	4,306,700	3,811,999	494,701
Security of Persons and Property	7,199,477	7,315,620	7,401,311	(85,691)
Public Health	138,300	138,300	146,530	(8,230)
Leisure Time Activities	2,580,100	2,608,800	2,514,763	94,037
Community Environment	2,416,700	2,438,224	2,525,859	(87,635)
<i>Total Expenditures</i>	<u>16,607,643</u>	<u>16,807,644</u>	<u>16,400,462</u>	<u>407,182</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(875,563)</u>	<u>(1,075,564)</u>	<u>(590,563)</u>	<u>485,001</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Land	-	-	326,962	326,962
Transfers - In	100,000	100,000	64,694	(35,306)
<i>Total Other Financing Sources (Uses)</i>	<u>100,000</u>	<u>100,000</u>	<u>391,656</u>	<u>291,656</u>
<i>Net Change in Fund Balance</i>	(775,563)	(975,564)	(198,907)	776,657
<i>Fund Balance at Beginning of Year</i>	2,197,049	2,197,049	2,197,049	-
Prior Year Encumbrances Appropriated	629,300	629,300	629,300	-
<i>Fund Balance at End of Year</i>	<u>\$ 2,050,786</u>	<u>\$ 1,850,785</u>	<u>\$ 2,627,442</u>	<u>\$ 776,657</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, 2007*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$ 1,125,000	\$ 1,125,000	\$ 1,197,794	\$ 72,794
Investment Income	-	-	12,138	12,138
Miscellaneous	5,000	5,000	9,817	4,817
<i>Total Revenues</i>	<u>1,130,000</u>	<u>1,130,000</u>	<u>1,219,749</u>	<u>89,749</u>
Expenditures				
Current:				
Transportation	1,165,520	1,167,672	967,689	199,983
<i>Total Expenditures</i>	<u>1,165,520</u>	<u>1,167,672</u>	<u>967,689</u>	<u>199,983</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(35,520)</u>	<u>(37,672)</u>	<u>252,060</u>	<u>289,732</u>
<i>Net Change in Fund Balance</i>	(35,520)	(37,672)	252,060	289,732
<i>Fund Balance at Beginning of Year</i>	51,622	51,622	51,622	-
Prior Year Encumbrances Appropriated	51,364	51,364	51,364	-
<i>Fund Balance at End of Year</i>	<u>\$ 67,466</u>	<u>\$ 65,314</u>	<u>\$ 355,046</u>	<u>\$ 289,732</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, 2007*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Municipal Income Taxes	\$ 1,865,861	\$ 1,865,861	\$ 1,818,507	\$ (47,354)
Intergovernmental	-	-	393,076	393,076
Other	-	-	107	107
<i>Total Revenues</i>	<u>1,865,861</u>	<u>1,865,861</u>	<u>2,211,690</u>	<u>345,829</u>
Expenditures				
Current:				
Transportation	3,097,167	3,097,167	2,890,419	206,748
Debt Service:				
Principal Retirement	372,000	372,000	245,250	126,750
Interest and Fiscal Charges	<u>248,000</u>	<u>248,000</u>	<u>164,072</u>	<u>83,928</u>
<i>Total Expenditures</i>	<u>3,717,167</u>	<u>3,717,167</u>	<u>3,299,741</u>	<u>417,426</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,851,306)</u>	<u>(1,851,306)</u>	<u>(1,088,051)</u>	<u>763,255</u>
<i>Net Change in Fund Balance</i>	(1,851,306)	(1,851,306)	(1,088,051)	763,255
<i>Fund Balance (Deficit) at Beginning of Year</i>	(964,499)	(964,499)	(964,499)	-
Prior Year Encumbrances Appropriated	<u>2,347,167</u>	<u>2,347,167</u>	<u>2,347,167</u>	-
<i>Fund Balance at End of Year</i>	<u>\$ (468,638)</u>	<u>\$ (468,638)</u>	<u>\$ 294,617</u>	<u>\$ 763,255</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, 2007*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charges for Services	\$ 650,000	\$ 650,000	\$ 174,310	\$ (475,690)
Miscellaneous	-	1,000	-	(1,000)
<i>Total Revenues</i>	<u>650,000</u>	<u>651,000</u>	<u>174,310</u>	<u>(476,690)</u>
Expenditures				
Current:				
Basic Utility Services	775,811	1,742,376	1,495,460	246,916
Debt Service:				
Principal Retirement	131,000	131,000	-	131,000
Interest and Fiscal Charges	149,000	149,000	-	149,000
<i>Total Expenditures</i>	<u>1,055,811</u>	<u>2,022,376</u>	<u>1,495,460</u>	<u>526,916</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(405,811)</u>	<u>(1,371,376)</u>	<u>(1,321,150)</u>	<u>50,226</u>
Other Financing Sources (Uses)				
Bond Proceeds	-	964,055	964,055	-
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>964,055</u>	<u>964,055</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(405,811)	(407,321)	(357,095)	50,226
<i>Fund Balance (Deficit) at Beginning of Year</i>	316,744	316,744	316,744	-
Prior Year Encumbrances Appropriated	95,855	95,855	95,855	-
<i>Fund Balance at End of Year</i>	<u>\$ 6,788</u>	<u>\$ 5,278</u>	<u>\$ 55,504</u>	<u>\$ 50,226</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
 TIF Fund
 For the Year Ended December 31, 2007*

	<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	\$ 250,000	\$ 250,000	\$ 189,883	\$ (60,117)
<i>Total Revenues</i>	<u>250,000</u>	<u>250,000</u>	<u>189,883</u>	<u>(60,117)</u>
Expenditures				
Current:				
Transportation	-	-	3,151	(3,151)
Debt Service				
Principal Retirement	180,000	280,000	279,300	700
Interest and Fiscal Charges	70,000	4,000	1,479	2,521
Total Debt Service	<u>250,000</u>	<u>284,000</u>	<u>280,779</u>	<u>3,221</u>
<i>Total Expenditures</i>	<u>250,000</u>	<u>284,000</u>	<u>283,930</u>	<u>70</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	-	(34,000)	(94,047)	(60,047)
<i>Net Change in Fund Balance</i>	-	(34,000)	(94,047)	(60,047)
<i>Fund Balance at Beginning of Year</i>	<u>94,353</u>	<u>94,353</u>	<u>94,353</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 94,353</u>	<u>\$ 60,353</u>	<u>\$ 306</u>	<u>\$ (60,047)</u>

City of Hilliard, Ohio
Statement of Fund Net Assets
Internal Service Fund
December 31, 2007

	Insurance Trust
Assets	
Current Assets;	
Equity in Pooled Cash and Cash Equivalents	\$ 20,839
Due from Other Funds	<u>107,848</u>
<i>Total Assets</i>	<u>\$ 128,687</u>
Liabilities	
Current Liabilities:	
Claims Payable	<u>\$ 154,000</u>
<i>Total Liabilities</i>	<u>154,000</u>
Net Assets	
Unrestricted Deficit	<u>\$ (25,313)</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, 2007*

	Insurance Trust
Operating Revenues	
Charges for Services	\$ 1,945,855
Operating Expenses	
Contractual Services	175,816
Claims	1,665,827
<i>Total Operating Expenses</i>	1,841,643
<i>Change in Net Assets</i>	104,212
<i>Net Assets (Deficit) at Beginning of Year</i>	(129,525)
<i>Net Assets (Deficit) at End of Year</i>	\$ (25,313)

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, 2007

	Insurance Trust
Increase (Decrease) in Cash and Cash Equivalents:	
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 1,951,878
Cash Payments for Services	(175,816)
Cash Payments for Claims	(1,895,127)
<i>Net Cash Used in Operating Activities</i>	(119,065)
<i>Cash and Cash Equivalents Beginning of Year</i>	139,904
<i>Cash and Cash Equivalents End of Year</i>	\$ 20,839
 Reconciliation of Operating Income to Net Cash Used in Operating Activities:	
Operating Income	\$ 104,212
 Adjustments to Reconcile Operating Income to Net Cash Provided by/Used in Operating Activities:	
Decrease in Due from Other Funds	6,023
Decrease in Claims Payable	(229,300)
<i>Net Cash Used in Operating Activities</i>	\$ (119,065)

See accompanying notes to the basic financial statements.

City of Hilliard, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2007

Assets

Equity in Pooled Cash and Cash Equivalents	\$ 115,600
Cash and Cash Equivalents in Segregated Accounts	<u>22,795</u>

<i>Total Assets</i>	<u>\$ 138,395</u>
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Liabilities

Due to Other Governments	\$ 115,600
Deposits Held and Due to Others	<u>22,795</u>

<i>Total Liabilities</i>	<u>\$ 138,395</u>
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See accompanying notes to the basic financial statements.

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City of Hilliard, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

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, 2007

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, 2007

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.

Tax Increment Financing (TIF) Fund - This fund is used 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.

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

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2007

Net Assets. The Statement of Activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets.

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.

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2007

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

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, 2007, but were levied to finance 2008 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 2007, 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 2007. 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, 2007. 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, 2007

Interest income is distributed to the funds according to Ohio constitutional and statutory requirements. Interest revenue credited to the General Fund during 2007 amounted to \$789,472, which includes \$631,499 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, 2007, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and 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, 2007

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.

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.

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.

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2007

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 \$11,216,411 of restricted net assets, of which \$272,930 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 need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations ordinance 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 fund level.

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2007

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 ordinance 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

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, 2007. The City has determined that adoption of this statement does not have an impact on the City's financial statements; however, the note disclosures related to postemployment benefit plans other than pension plans have been modified in this report.

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 2007.

NOTE 4 - COMPLIANCE AND ACCOUNTABILITY

Compliance

The Street Improvement Municipal Tax Fund had a deficit budgetary fund balance of \$468,638 at December 31, 2007. 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.

Accountability

At December 31, 2007, the Insurance Trust Fund had deficit net assets of \$25,313. The General Fund is liable for any deficits and will provide operating transfers when cash is required, not when accruals occur.

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2007

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, Water Revenue, and TIF 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).
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	TIF
GAAP Basis	\$ 574,899	\$ 338,096	\$ (227,006)	\$ 17,258	\$ 2,485,350
Revenue Accruals	(547,232)	(53,286)	(158,700)	-	(2,579,397)
Expenditure Accruals	230,034	(821)	1,315,655	(5,011)	-
Encumbrances	(456,608)	(31,929)	(2,018,000)	(369,342)	-
Budget Basis	<u>\$ (198,907)</u>	<u>\$ 252,060</u>	<u>\$ (1,088,051)</u>	<u>\$ (357,095)</u>	<u>\$ (94,047)</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.

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2007

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;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
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, \$22,805 of the City's bank balance of \$241,916 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution.

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2007

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.

Investments

As of December 31, 2007, 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
FNMA Notes	\$ 800,000	\$ -	\$ 800,000
FHLB Bonds	799,657	799,657	-
Repurchase Agreement	10,986,000	10,986,000	-
STAROhio	1,166,089	1,166,089	-
Totals	<u>\$ 13,751,746</u>	<u>\$ 12,951,746</u>	<u>\$ 800,000</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 National Mortgage Association Notes, Federal Home Loan Bank Bonds, and repurchase agreements, represents 5.82 percent, 5.81 percent, and 79.89 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 2007 for real and public utility property taxes represents collections of 2006 taxes. Property tax payments received during 2007 for tangible personal property (other than public utility property) are for 2007 taxes.

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2007

2007 real property taxes are levied after October 1, 2007, on the assessed value as of January 1, 2007, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2007 real property taxes are collected in and intended to finance 2008.

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. 2007 public utility property taxes became a lien December 31, 2006, are levied after October 1, 2007, and are collected in 2008 with real property taxes.

2007 tangible personal property taxes are levied after October 1, 2006, on the value as of December 31, 2006. Collections are made in 2007. 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, 2007, 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 2007 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, 2007, was \$1.60 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2007 property tax receipts were based are as follows:

Category	Assessed Value
Real Property	\$ 827,916,850
Tangible Personal Property	13,930,309
Public Utility Property	9,716,860
Totals	\$ 851,564,019

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.

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2007

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.

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, 2007, 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 \$30,146.

A summary of intergovernmental receivables follows:

<u>Governmental Activities</u>	<u>Amounts</u>
Local Government Assistance	\$ 22,089
Local Government	477,249
Estate Tax	169,975
Homestead, Rollback and Exemption	113,313
Gas Tax	455,829
Motor Vehicle Tax	202,950
City of Columbus	50,799
COPS Grant	65,460
ODOT Grant	<u>1,057,283</u>
Total Intergovernmental Receivables	<u>\$ 2,614,947</u>

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2007

NOTE 10 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2007, was as follows:

	Balance at 1/1/2007	Additions	Deletions	Balance at 12/31/2007
Governmental Activities				
Capital Assets, not being depreciated:				
Land	\$ 3,654,127	-	(154,200)	3,499,927
Road Right-of-Way	1,519,774	1,630,237	-	3,150,011
Construction in Progress	5,790,901	1,467,778	(5,110,306)	2,148,373
Total Capital Assets, not being depreciated	<u>10,964,802</u>	<u>3,098,015</u>	<u>(5,264,506)</u>	<u>8,798,311</u>
Depreciable Capital Assets:				
Buildings	5,017,860	26,381	-	5,044,241
Improvements Other Than Buildings	2,508,938	2,206,368	-	4,715,306
Machinery and Equipment	3,260,347	356,760	(51,099)	3,566,008
Furniture and Fixtures	530,754	10,521	(14,736)	526,539
Vehicle	2,523,606	381,922	(94,902)	2,810,626
Infrastructure	329,733,449	11,253,689	(261,322)	340,725,816
Total Depreciable Capital Assets	<u>343,574,954</u>	<u>14,235,641</u>	<u>(422,059)</u>	<u>357,388,536</u>
Less Accumulated Depreciation:				
Buildings	(2,244,383)	(125,863)	-	(2,370,246)
Improvements Other Than Buildings	(1,095,267)	(120,322)	-	(1,215,589)
Machinery and Equipment	(2,273,326)	(368,659)	44,457	(2,597,528)
Furniture and Fixtures	(333,238)	(21,007)	12,993	(341,252)
Vehicle	(1,420,371)	(232,033)	89,420	(1,562,984)
Infrastructure	(112,481,368)	(8,313,188)	261,322	(120,533,234)
Total Accumulated Depreciation	<u>(119,847,953)</u>	<u>(9,181,072)</u>	<u>408,192</u>	<u>(128,620,833)</u>
Depreciable Capital Assets, Net	<u>223,727,001</u>	<u>5,054,569</u>	<u>(13,867)</u>	<u>228,767,703</u>
Governmental Activities Capital Assets, Net	<u>\$ 234,691,803</u>	<u>8,152,584</u>	<u>(5,278,373)</u>	<u>237,566,014</u>

For the year ended December 31, 2007, the City received water and sewer lines and streets that were donated by developers. The values of the water and sewer lines were \$335,679 and \$784,473, respectively, and the value of the streets was \$3,253,109, as donated by developers.

Depreciation expense was charged to the governmental programs as follows:

General Government	\$ 87,860
Security of Persons and Property	309,656
Leisure Time Activities	216,972
Community Environment	34,168
Basic Utility Services	5,191,885
Transportation	3,340,531
Total Depreciation Expense	<u>\$ 9,181,072</u>

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2007

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, 2007, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9.5 percent of their annual covered salaries. The City required employees to contribute 1.0 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 9.75 percent. The employer contribution rate for pension benefits for 2007 was 13.85 percent, except for those plan members in law enforcement or public safety. For those classifications, the employer's pension contributions were 17.17 percent of covered payroll. 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, 2007, 2006, and 2005 were \$383,742, \$469,885, and \$465,366, respectively; 68.65 percent has been contributed for 2007 and 100 percent for 2006 and 2005. Contributions to the member-directed plan for 2007 were \$22,633 made by the City and \$15,524 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.

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

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2007

employees to contribute .5 percent, and the City paid the remaining 9.5 percent of participants' gross salaries, along with the required employer portion. 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, 2007, 2006, and 2005 were \$429,498, \$398,034, and \$359,166, respectively. The full amount has been contributed for 2006 and 2005. 73.56 percent has been contributed for 2007.

NOTE 12 - POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postemployment healthcare coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The cost-sharing multiple employer defined benefit postemployment healthcare plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement to qualifying members. Members of the member-directed plan do not qualify for postemployment healthcare coverage. The healthcare coverage provided by the retirement system meets the definition of an Other Post Employment Benefit (OPEB) as described in *GASB Statement No. 45*.

A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postemployment healthcare based on authority granted by State statute. OPERS Post Employment Healthcare plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment healthcare benefits. The 2007 local government employer contribution rate was 13.85 percent of covered payroll (17.17 percent for public safety and law enforcement). For 2007, the employer contribution allocated to the healthcare plan from January 1 through June 30, 2007 and July 1 through December 31, 2007 was 5.0% and 6.0% of covered payroll, respectively. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the healthcare benefits provide, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual City contributions for 2007 which were used to fund postemployment benefits were \$219,979.

On September 9, 2004, the OPERS Retirement Board adopted Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. Member and employer contribution rates increased as of January 1, 2007, and January 1, 2008, which will allow additional funds to be allocated to the healthcare plan.

Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postemployment healthcare 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. The healthcare coverage provided by OP&F meets the definition of an Other Postemployment Benefit (OPEB) as described in *GASB Statement No.45*.

OP&F's postemployment healthcare plan was established and is administrated as an Internal Revenue Service Code 401(h) account within the defined benefit pension plan; under the authority granted by the Ohio Revised Code to the OP&F board of trustees. The board of trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the 401(h) account as the

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2007

employer contributions for retiree healthcare benefits. 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. For the year ended December 31, 2007, the employer contributions allocated to the healthcare plan was 6.75% of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 401(h).

The OP&F board of trustees also is authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and coverage selected.

The City's actual contributions for 2007 that were used to fund postemployment healthcare benefits were \$261,067 for police.

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 400 hours. 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.

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 2007 totaled \$27,363 in the Sewer Capacity and Benefit Special Revenue Fund.

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2007

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

Year Ending December 31,	Total Payments
2008	\$ 27,363
Total	\$ 27,363

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 \$210,459 in unspent proceeds and interest earned 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 \$210,459, 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 2007 totaled \$451,327.

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	(240,142)
Total	\$ 1,053,350

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, 2007.

Year Ending December 31,	Total Payments
2008	\$ 501,022
2009	356,678
Total	857,700
Less: Amount Representing Interest	(45,722)
Present Value of Minimum Lease Payments	\$ 811,978

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2007

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 2007, 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 Central 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 \$75,000 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. Total contributions to the program during 2007 were \$1,945,855. The claims liability of \$154,000 reported in the Insurance Trust Fund at December 31, 2007, 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 2005, 2006 and 2007 were:

Year	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2005	\$ 181,817	\$ 1,603,600	\$ (1,538,448)	\$ 246,969
2006	246,969	1,626,819	(1,490,488)	383,300
2007	383,300	1,665,827	(1,895,127)	154,000

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2007

NOTE 17 - LONG-TERM OBLIGATIONS

Changes in long-term obligations during 2007 were as follows:

Types/Issues	Balance at 1/1/2007	Issued	Retired	Balance at 12/31/2007	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	2,070,000	-	2,070,000	-	-
Total Notes Payable	3,970,000	-	3,970,000	-	-
<u>Loans Payable:</u>					
2005 OWDA Loan 3% \$2,472,265	2,216,777	-	-	2,216,777	-
<u>Unvoted General Obligation Bonds:</u>					
1982 Water Improvement					
12.125% \$560,000	45,000	-	25,000	20,000	20,000
1992 Various Purpose Improvement					
12.125% \$2,280,000	215,000	-	215,000	-	-
1999 Various Purpose Improvement					
5.1 - 5.15% \$1,500,000	530,000	-	170,000	360,000	175,000
2002 Various Purpose Improvement					
3.0 - 5.375% \$4,950,000	860,000	-	130,000	730,000	135,000
2003 Various Purpose Improvement					
3.0 - 4.25% \$5,280,000	4,710,000	-	200,000	4,510,000	200,000
2005 Various Purpose and Refunding					
3.0 - 5.0% \$20,175,000	19,175,000	-	780,000	18,395,000	800,000
Unamortized Loss	(460,527)	-	(21,930)	(438,597)	-
2005 Trueman Boulevard Project					
3.0 - 5.0% \$8,285,000	8,185,000	-	270,000	7,915,000	280,000
2007 Various Purpose & Refunding					
4.0 - 5.0% \$7,975,000	-	7,975,000	165,000	7,810,000	250,000
Total General Obligation Bonds	33,259,473	7,975,000	1,933,070	39,301,403	1,860,000
Special Assessment Bonds with					
<u>Governmental Commitment:</u>					
1998 Lyman Drive Extension					
7.35% \$780,000	135,000	-	65,000	70,000	70,000
<u>Other Long-Term Obligations:</u>					
Compensated Absences	1,615,847	790,900	725,880	1,680,867	779,618
Premium General Obligation Bonds Issued	760,429	475,595	60,663	1,175,361	-
Capital Leases	1,263,305	-	451,327	811,978	468,986
Total Other Long-Term Obligations	3,639,581	1,266,495	1,237,870	3,668,206	1,248,604
Total General Long-Term Obligations	\$ 43,220,831	\$ 9,241,495	\$ 7,205,940	\$ 45,256,386	\$ 3,178,604

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2007

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.

The OWDA loans 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, Water Revenue and Tax Increment Financing 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, the Street Maintenance and Repair, Fleet, and Construction Inspection Special Revenue Funds.

As of December 31, 2007, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$49,674,222 with an unvoted debt margin of \$7,096,021. Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2007, are:

Year	OWDA Loans		General Obligation Bonds		Special Assessment Bonds With Governmental Commitments	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ -	\$ 74,437	\$ 1,860,000	\$ 1,714,765	\$ 70,000	\$ 5,163
2009	-	74,437	1,910,000	1,648,290	-	-
2010	-	74,437	1,755,000	1,580,880	-	-
2011	216,215	72,827	1,815,000	1,518,904	-	-
2012	222,750	66,292	1,895,000	1,455,692	-	-
2013-2017	1,218,902	226,309	10,300,000	6,129,164	-	-
2018-2022	558,910	43,764	11,750,000	3,756,574	-	-
2023-2027	-	-	8,455,000	973,782	-	-
Totals	<u>\$ 2,216,777</u>	<u>\$ 632,503</u>	<u>\$ 39,740,000</u>	<u>\$ 18,778,051</u>	<u>\$ 70,000</u>	<u>\$ 5,163</u>

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2007

NOTE 18 – SHORT-TERM BOND ANTICIPATION NOTES

On October 4, 2007 the City issued series 2007 Bond Anticipation Notes in the amount of \$2,300,000. The proceeds were used for the swimming pool renovations. The coupon rate was 3.6% and mature on October 3, 2008.

NOTE 19 – 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, 2007, there were five series of industrial revenue development bonds outstanding with an aggregate principal amount payable of \$8,500,000.

NOTE 20 - CONTRACTUAL COMMITMENTS

As of December 31, 2007, the City had contractual purchase commitments as follows:

Vendor	Contract Amount	Amount Expended	Balance 12/31/2007
DLZ	\$ 220,000	\$ 219,516	\$ 484
RD Zande	1,579,724	1,579,187	537
Burgess & Niple	413,000	127,037	285,963
ME Turnkey	454,074	420,616	33,458
E.P. Ferris	280,000	259,978	20,022
CF Bird & Bull	30,000	22,172	7,828
Thomas and Marker Construction	2,929,140	1,605,083	1,324,057
Rectrak	42,373	-	42,373
R.B. Jergens	744,055	404,573	339,482
Resource International	75,000	28,463	46,537
Caldwell Tank, Inc.	97,515	-	97,515
Columbia Gas of Ohio	1,683,514	1,253,441	430,073
Totals	\$ 8,548,395	\$ 5,920,066	\$ 2,628,329

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

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2007

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, 2007, to December 31, 2007, 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
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.

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.

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City of Hilliard, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2007

	County Municipal Motor Vehicle Tax	Fleet	CDBG	Park Maintenance
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 256,994	23,988	335,877	268,971
Cash and Cash Equivalents with Fiscal Agents	330,445	-	-	-
Receivables:				
Payments in Lieu of Taxes Receivable	-	-	-	-
Special Assessments Receivable	-	-	-	-
Due from Other Governments	32,603	-	-	-
<i>Total Assets</i>	<u>\$ 620,042</u>	<u>23,988</u>	<u>335,877</u>	<u>268,971</u>
Liabilities				
Accounts Payable	24,967	4,322	-	2,263
Due to Other Fund	-	-	-	-
Accrued Wages Payable	-	-	-	-
Matured Compensated Absences	-	666	-	-
Due to Other Governments	2,023	7,893	-	-
Unearned Revenue	-	-	-	-
<i>Total Liabilities</i>	<u>26,990</u>	<u>12,881</u>	<u>-</u>	<u>2,263</u>
Fund Balances				
Reserve for Encumbrances	4,053	19,666	49,508	46,767
Unreserved, Reported in:				
Special Revenue Funds	588,999	(8,559)	286,369	219,941
Debt Service Funds	-	-	-	-
Capital Project Funds	-	-	-	-
<i>Total Fund Balance</i>	<u>593,052</u>	<u>11,107</u>	<u>335,877</u>	<u>266,708</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 620,042</u>	<u>23,988</u>	<u>335,877</u>	<u>268,971</u>

Special Revenue					Total Nonmajor Special Revenue Funds
Police	Mayor's Court Computer	Sewer Revenue	Sewer Capacity and Benefit	Construction Inspection	
16,167	62,842	103,178	406,716	299,008	1,773,741
-	-	-	-	-	330,445
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	32,603
<u>16,167</u>	<u>62,842</u>	<u>103,178</u>	<u>406,716</u>	<u>299,008</u>	<u>2,136,789</u>
278	-	5,551	5,141	10,975	53,497
-	-	774	-	2,798	3,572
-	-	5,733	-	6,448	12,181
-	-	-	-	456	1,122
-	-	9,884	-	7,829	27,629
-	-	-	-	-	-
<u>278</u>	<u>-</u>	<u>21,942</u>	<u>5,141</u>	<u>28,506</u>	<u>98,001</u>
14,216	-	31,954	77,051	61,641	304,856
1,673	62,842	49,282	324,524	208,861	1,733,932
-	-	-	-	-	-
-	-	-	-	-	-
<u>15,889</u>	<u>62,842</u>	<u>81,236</u>	<u>401,575</u>	<u>270,502</u>	<u>2,038,788</u>
<u>16,167</u>	<u>62,842</u>	<u>103,178</u>	<u>406,716</u>	<u>299,008</u>	<u>2,136,789</u>

(continued)

City of Hilliard, Ohio
Combining Balance Sheet, continued
Nonmajor Governmental Funds
December 31, 2007

	Debt Service	Capital Projects	Total
	Special Assessment Bond Retirement	Britton Road Improvement Fund	Nonmajor Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 264	67,748	1,841,753
Cash and Cash Equivalents with Fiscal Agents	-	-	330,445
Receivables:			
Payments in Lieu of Taxes Receivable	-	-	-
Special Assessments Receivable	128,879	-	128,879
Due from Other Governments	-	-	32,603
<i>Total Assets</i>	<u>\$ 129,143</u>	<u>67,748</u>	<u>2,333,680</u>
Liabilities			
Accounts Payable	-	-	53,497
Due to Other Fund	-	-	3,572
Accrued Wages Payable	-	-	12,181
Matured Compensated Absences	-	-	1,122
Due to Other Governments	-	-	27,629
Unearned Revenue	128,879	-	128,879
<i>Total Liabilities</i>	<u>128,879</u>	<u>-</u>	<u>226,880</u>
Fund Balances			
Reserve for Encumbrances	-	86,254	391,110
Unreserved, Reported in:			
Special Revenue Funds	-	-	1,733,932
Debt Service Funds	264	-	264
Capital Project Funds	-	(18,506)	(18,506)
<i>Total Fund Balance</i>	<u>264</u>	<u>67,748</u>	<u>2,106,800</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 129,143</u>	<u>67,748</u>	<u>2,333,680</u>

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City of Hilliard, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
December 31, 2007

	County Municipal Motor Vehicle Tax	Fleet	CDBG	Park Maintenance
Revenues				
Payments in Lieu of Taxes	\$ -	-	-	-
Intergovernmental	354,641	-	-	-
Charges for Services	-	565,459	-	27,587
Licenses and Permits	-	-	-	186,340
Fines and Forfeitures	-	-	-	-
Investment Income	19,115	-	-	-
Special Assessments	-	-	-	-
Miscellaneous	-	13,536	-	50,000
<i>Total Revenues</i>	<u>373,756</u>	<u>578,995</u>	<u>-</u>	<u>263,927</u>
Expenditures				
Current:				
Security of Persons and Property	-	-	-	-
Leisure Time Activities	-	-	-	189,009
Community Environment	-	-	-	-
Basic Utility Services	-	-	-	-
Transportation	479,725	605,905	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
<i>Total Expenditures</i>	<u>479,725</u>	<u>605,905</u>	<u>-</u>	<u>189,009</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(105,969)</u>	<u>(26,910)</u>	<u>-</u>	<u>74,918</u>
<i>Net Changes in Fund Balances</i>	(105,969)	(26,910)	-	74,918
<i>Fund Balances at Beginning of Year</i>	<u>699,021</u>	<u>38,017</u>	<u>335,877</u>	<u>191,790</u>
<i>Fund Balances at End of Year</i>	<u>\$ 593,052</u>	<u>\$ 11,107</u>	<u>\$ 335,877</u>	<u>\$ 266,708</u>

Special Revenue					Total Nonmajor Special Revenue Funds
Police	Mayor's Court Computer	Sewer Revenue	Sewer Capacity and Benefit	Construction Inspection	
-	-	-	-	-	-
-	-	-	-	-	354,641
10,150	-	377,891	75,435	554,869	1,611,391
-	-	-	-	-	186,340
5,130	17,933	-	-	-	23,063
88	-	-	-	-	19,203
-	-	-	-	-	-
35,647	-	6,000	4,398	-	109,581
<u>51,015</u>	<u>17,933</u>	<u>383,891</u>	<u>79,833</u>	<u>554,869</u>	<u>2,304,219</u>
35,115	-	-	-	-	35,115
-	-	-	-	-	189,009
25,683	-	-	-	712,248	737,931
-	-	407,250	69,004	-	476,254
-	-	-	-	-	1,085,630
-	-	-	-	-	-
-	-	-	-	-	-
<u>60,798</u>	<u>-</u>	<u>407,250</u>	<u>69,004</u>	<u>712,248</u>	<u>2,523,939</u>
<u>(9,783)</u>	<u>17,933</u>	<u>(23,359)</u>	<u>10,829</u>	<u>(157,379)</u>	<u>(219,720)</u>
(9,783)	17,933	(23,359)	10,829	(157,379)	(219,720)
<u>25,672</u>	<u>44,909</u>	<u>104,595</u>	<u>390,746</u>	<u>427,881</u>	<u>2,258,508</u>
<u>\$ 15,889</u>	<u>\$ 62,842</u>	<u>\$ 81,236</u>	<u>\$ 401,575</u>	<u>\$ 270,502</u>	<u>\$ 2,038,788</u>

(continued)

City of Hilliard, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances, continued
Nonmajor Governmental Funds
December 31, 2007

	<i>Debt Service</i>	<i>Capital Projects</i>	<i>Total</i>
	Special Assessment Bond Retirement	Britton Road Improvement Fund	<i>Nonmajor Governmental Funds</i>
Revenues			
Payments in Lieu of Taxes	-	-	-
Intergovernmental	-	-	354,641
Charges for Services	-	-	1,611,391
Licenses and Permits	-	-	186,340
Fines and Forfeitures	-	-	23,063
Investment Income	17,564	-	36,767
Special Assessments	91,765	-	91,765
Miscellaneous	-	-	109,581
<i>Total Revenues</i>	<u>109,329</u>	<u>-</u>	<u>2,413,548</u>
Expenditures			
Current:			
Security of Persons and Property	-	-	35,115
Leisure Time Activities	-	-	189,009
Community Environment	-	-	737,931
Basic Utility Services	-	-	476,254
Transportation	-	-	1,085,630
Debt Service:			
Principal Retirement	105,000	-	105,000
Interest and Fiscal Charges	13,919	-	13,919
<i>Total Expenditures</i>	<u>118,919</u>	<u>-</u>	<u>2,642,858</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(9,590)</u>	<u>-</u>	<u>(229,310)</u>
<i>Net Changes in Fund Balances</i>	(9,590)	-	(229,310)
<i>Fund Balances at Beginning of Year</i>	<u>9,854</u>	<u>67,748</u>	<u>2,336,110</u>
<i>Fund Balances at End of Year</i>	<u>\$ 264</u>	<u>\$ 67,748</u>	<u>\$ 2,106,800</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, 2007

Assets	Mayor's Court	Columbus Escrow	Total
Equity in Pooled Cash and Cash Equivalents	\$ -	\$ 115,600	\$ 115,600
Cash and Cash Equivalents in Segregated Accounts	<u>22,795</u>	<u>-</u>	<u>22,795</u>
<i>Total Assets</i>	<u>\$ 22,795</u>	<u>\$ 115,600</u>	<u>\$ 138,395</u>
Liabilities			
Due to Other Governments	\$ -	\$ 115,600	\$ 115,600
Deposits Held and Due to Others	<u>22,795</u>	<u>-</u>	<u>22,795</u>
<i>Total Liabilities</i>	<u>\$ 22,795</u>	<u>\$ 115,600</u>	<u>\$ 138,395</u>

City of Hilliard, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2007

	Balance January 1, 2007	Additions	Deductions	Balance December 31, 2007
<u>Mayor's Court</u>				
Assets				
Cash and Cash Equivalents in Segregated Accounts	\$ 16,638	\$ 362,540	\$ 356,383	\$ 22,795
Liabilities				
Deposits Held and Due to Others	\$ 16,638	\$ 362,540	\$ 356,383	\$ 22,795
<u>Columbus Escrow</u>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 206,556	\$ 299,209	\$ 390,165	\$ 115,600
Liabilities				
Due to Other Governments	\$ 206,556	\$ 299,209	\$ 390,165	\$ 115,600
<u>Total - All Agency Funds</u>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 206,556	\$ 299,209	\$ 390,165	\$ 115,600
Cash and Cash Equivalents in Segregated Accounts	16,638	362,540	356,383	22,795
	<u>\$ 223,194</u>	<u>\$ 661,749</u>	<u>\$ 746,548</u>	<u>\$ 138,395</u>
Liabilities				
Due to Other Governments	\$ 206,556	\$ 299,209	\$ 390,165	\$ 115,600
Deposits Held and Due to Others	16,638	362,540	356,383	22,795
	<u>\$ 223,194</u>	<u>\$ 661,749</u>	<u>\$ 746,548</u>	<u>\$ 138,395</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, 2007

	<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	\$ 1,651,794	\$ 1,651,794	\$ 1,908,229	\$ 256,435
Municipal Income Taxes	9,513,705	9,513,705	9,092,540	(421,165)
Intergovernmental	1,277,926	1,277,926	1,090,662	(187,264)
Charges for Services	1,745,045	1,716,245	1,845,062	128,817
Licenses and Permits	548,010	548,010	640,665	92,655
Fines and Forfeitures	345,000	345,000	260,349	(84,651)
Investment Income	540,150	540,150	891,008	350,858
Miscellaneous	110,450	139,250	81,384	(57,866)
<i>Total Revenues</i>	<u>15,732,080</u>	<u>15,732,080</u>	<u>15,809,899</u>	<u>77,819</u>
Expenditures				
Current:				
General Government				
Mayor				
Personal Services	177,995	179,789	110,400	69,389
Contractual Services	15,150	15,150	14,833	317
Materials and Supplies	23,640	23,640	7,462	16,178
Total Mayor	<u>216,785</u>	<u>218,579</u>	<u>132,695</u>	<u>85,884</u>
City Council				
Personal Services	117,920	121,507	125,919	(4,412)
Contractual Services	3,190	3,190	5,961	(2,771)
Materials and Supplies	44,889	44,889	18,080	26,809
Total City Council	<u>165,999</u>	<u>169,586</u>	<u>149,960</u>	<u>19,626</u>
Clerk of Courts				
Personal Services	130,209	133,796	136,429	(2,633)
Contractual Services	89,273	89,273	89,422	(149)
Materials and Supplies	13,131	13,131	8,353	4,778
Other	5,000	5,000	-	5,000
Total Clerk of Courts	<u>237,613</u>	<u>241,200</u>	<u>234,204</u>	<u>6,996</u>
Law				
Personal Services	204,452	205,797	197,695	8,102
Contractual Services	94,926	94,926	78,108	16,818
Materials and Supplies	7,265	7,265	4,175	3,090
Total Law	<u>306,643</u>	<u>307,988</u>	<u>279,978</u>	<u>28,010</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, 2007
(continued)

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Finance				
Personal Services	526,356	540,706	577,859	(37,153)
Contractual Services	266,748	266,748	252,839	13,909
Materials and Supplies	43,452	43,452	47,938	(4,486)
Other	38,900	38,900	38,153	747
Total Finance	<u>875,456</u>	<u>889,806</u>	<u>916,789</u>	<u>(26,983)</u>
Economic Development				
Personal Services	108,027	109,821	130,245	(20,424)
Contractual Services	6,193	6,193	1,193	5,000
Materials and Supplies	6,576	6,576	2,414	4,162
Total Economic Development	<u>120,796</u>	<u>122,590</u>	<u>133,852</u>	<u>(11,262)</u>
City Clerk				
Personal Services	71,548	72,446	55,836	16,610
Contractual Services	(221)	(221)	-	(221)
Materials and Supplies	11,541	11,541	7,295	4,246
Total City Clerk	<u>82,868</u>	<u>83,766</u>	<u>63,131</u>	<u>20,635</u>
Human Resources				
Personal Services	253,488	256,179	212,159	44,020
Contractual Services	3,955	3,955	18,394	(14,439)
Materials and Supplies	9,301	9,301	9,399	(98)
Total Human Resources	<u>266,744</u>	<u>269,435</u>	<u>239,952</u>	<u>29,483</u>
Public Building and Land				
Personal Services	213,669	215,463	256,311	(40,848)
Contractual Services	163,809	163,809	143,404	20,405
Materials and Supplies	424,344	424,344	443,843	(19,499)
Total Public Building and Land	<u>801,822</u>	<u>803,616</u>	<u>843,558</u>	<u>(39,942)</u>
Information Technology				
Personal Services	79,552	81,346	83,826	(2,480)
Contractual Services	166,312	166,312	73,818	92,494
Materials and Supplies	29,360	29,360	21,279	8,081
Total Information Technology	<u>275,224</u>	<u>277,018</u>	<u>178,923</u>	<u>98,095</u>
Civil Service Commission				
Personal Services	4,756	4,756	4,125	631
Contractual Services	12,000	12,000	12,000	-
Materials and Supplies	9,000	9,000	1,675	7,325
Total Civil Service Commission	<u>25,756</u>	<u>25,756</u>	<u>17,800</u>	<u>7,956</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, 2007
(continued)

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Boards and Commissions				
Personal Services	45,428	45,428	48,455	(3,027)
Materials and Supplies	<u>4,342</u>	<u>4,342</u>	<u>540</u>	<u>3,802</u>
Total Boards and Commissions	<u>49,770</u>	<u>49,770</u>	<u>48,995</u>	<u>775</u>
General Administrative				
Personal Services	30,000	30,000	3,500	26,500
Contractual Services	452,436	452,436	339,918	112,518
Materials and Supplies	5,300	5,300	1,798	3,502
Capital Outlay	34,854	34,854	-	34,854
Other	<u>325,000</u>	<u>325,000</u>	<u>226,946</u>	<u>98,054</u>
Total General Administrative	<u>847,590</u>	<u>847,590</u>	<u>572,162</u>	<u>275,428</u>
Total General Government	<u>4,273,066</u>	<u>4,306,700</u>	<u>3,811,999</u>	<u>494,701</u>
Security of Persons and Property				
Police				
Personal Services	6,827,074	6,936,217	7,045,101	(108,884)
Contractual Services	243,392	250,392	230,341	20,051
Materials and Supplies	128,811	128,811	125,669	3,142
Other	<u>200</u>	<u>200</u>	<u>200</u>	<u>-</u>
Total Police	<u>7,199,477</u>	<u>7,315,620</u>	<u>7,401,311</u>	<u>(85,691)</u>
Total Security of Persons and Property	<u>7,199,477</u>	<u>7,315,620</u>	<u>7,401,311</u>	<u>(85,691)</u>
Public Health				
County Health District				
Contractual Services	<u>138,300</u>	<u>138,300</u>	<u>146,530</u>	<u>(8,230)</u>
Total County Health District	<u>138,300</u>	<u>138,300</u>	<u>146,530</u>	<u>(8,230)</u>
Total Public Health	<u>138,300</u>	<u>138,300</u>	<u>146,530</u>	<u>(8,230)</u>
Leisure Time Activities				
Recreation				
Personal Services	1,775,387	1,804,087	1,889,961	(85,874)
Contractual Services	195,058	195,058	134,605	60,453
Materials and Supplies	569,665	569,665	461,836	107,829
Other	<u>39,990</u>	<u>39,990</u>	<u>28,361</u>	<u>11,629</u>
Total Recreation	<u>2,580,100</u>	<u>2,608,800</u>	<u>2,514,763</u>	<u>94,037</u>
Total Leisure Time Activities	<u>2,580,100</u>	<u>2,608,800</u>	<u>2,514,763</u>	<u>94,037</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, 2007
(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	223,716	233,581	560,615	(327,034)
Contractual Services	1,426,522	1,426,522	1,313,014	113,508
Materials and Supplies	25,843	25,843	12,560	13,283
Other	15,000	15,000	-	15,000
Total Service/Engineer	<u>1,691,081</u>	<u>1,700,946</u>	<u>1,886,189</u>	<u>(185,243)</u>
Building Inspection				
Personal Services	484,733	496,392	494,362	2,030
Contractual Services	219,126	219,126	134,636	84,490
Materials and Supplies	16,266	16,266	9,922	6,344
Other	5,494	5,494	750	4,744
Total Building Inspection	<u>725,619</u>	<u>737,278</u>	<u>639,670</u>	<u>97,608</u>
Total Community Environment	<u>2,416,700</u>	<u>2,438,224</u>	<u>2,525,859</u>	<u>(87,635)</u>
<i>Total Expenditures</i>	<u>16,607,643</u>	<u>16,807,644</u>	<u>16,400,462</u>	<u>407,182</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(875,563)</u>	<u>(1,075,564)</u>	<u>(590,563)</u>	<u>485,001</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Land	-	-	326,962	326,962
Transfers - In	100,000	100,000	64,694	(35,306)
<i>Total Other Financing Sources (Uses)</i>	<u>100,000</u>	<u>100,000</u>	<u>391,656</u>	<u>291,656</u>
<i>Net Change in Fund Balance</i>	(775,563)	(975,564)	(198,907)	776,657
<i>Fund Balance at Beginning of Year</i>	2,197,049	2,197,049	2,197,049	-
Prior Year Encumbrances Appropriated	<u>629,300</u>	<u>629,300</u>	<u>629,300</u>	-
<i>Fund Balance at End of Year</i>	<u>\$ 2,050,786</u>	<u>\$ 1,850,785</u>	<u>\$ 2,627,442</u>	<u>\$ 776,657</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, 2007*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$ 1,125,000	\$ 1,125,000	\$ 1,197,794	\$ 72,794
Investment Income	-	-	12,138	12,138
Miscellaneous	5,000	5,000	9,817	4,817
<i>Total Revenues</i>	<u>1,130,000</u>	<u>1,130,000</u>	<u>1,219,749</u>	<u>89,749</u>
Expenditures				
Current:				
Transportation				
Personal Services	993,537	995,689	842,191	153,498
Contractual Services	97,192	97,192	69,391	27,801
Materials and Supplies	74,791	74,791	56,107	18,684
Total Transportation	<u>1,165,520</u>	<u>1,167,672</u>	<u>967,689</u>	<u>199,983</u>
<i>Total Expenditures</i>	<u>1,165,520</u>	<u>1,167,672</u>	<u>967,689</u>	<u>199,983</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(35,520)</u>	<u>(37,672)</u>	<u>252,060</u>	<u>289,732</u>
<i>Net Change in Fund Balance</i>	(35,520)	(37,672)	252,060	289,732
<i>Fund Balance at Beginning of Year</i>	51,622	51,622	51,622	-
Prior Year Encumbrances Appropriated	<u>51,364</u>	<u>51,364</u>	<u>51,364</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 67,466</u>	<u>\$ 65,314</u>	<u>\$ 355,046</u>	<u>\$ 289,732</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, 2007*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Municipal Income Taxes	\$ 1,865,861	\$ 1,865,861	\$ 1,818,507	\$ (47,354)
Intergovernmental	-	-	393,076	393,076
Other	-	-	107	107
<i>Total Revenues</i>	<u>1,865,861</u>	<u>1,865,861</u>	<u>2,211,690</u>	<u>345,829</u>
Expenditures				
Current:				
Transportation				
Contractual Services	630,000	630,000	533,288	96,712
Capital Outlay	2,417,167	2,417,167	2,314,309	102,858
Other	50,000	50,000	42,822	7,178
Total Transportation	<u>3,097,167</u>	<u>3,097,167</u>	<u>2,890,419</u>	<u>206,748</u>
Debt Service				
Principal Retirement	372,000	372,000	245,250	126,750
Interest and Fiscal Charges	248,000	248,000	164,072	83,928
Total Debt Service	<u>620,000</u>	<u>620,000</u>	<u>409,322</u>	<u>210,678</u>
<i>Total Expenditures</i>	<u>3,717,167</u>	<u>3,717,167</u>	<u>3,299,741</u>	<u>417,426</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,851,306)</u>	<u>(1,851,306)</u>	<u>(1,088,051)</u>	<u>763,255</u>
<i>Net Change in Fund Balance</i>	(1,851,306)	(1,851,306)	(1,088,051)	763,255
<i>Fund Balance (Deficit) at Beginning of Year</i>	(964,499)	(964,499)	(964,499)	-
Prior Year Encumbrances Appropriated	<u>2,347,167</u>	<u>2,347,167</u>	<u>2,347,167</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ (468,638)</u>	<u>\$ (468,638)</u>	<u>\$ 294,617</u>	<u>\$ 763,255</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, 2007*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Licenses and Permits	\$ 650,000	\$ 650,000	\$ 174,310	\$ (475,690)
Miscellaneous	-	1,000	-	(1,000)
<i>Total Revenues</i>	<u>650,000</u>	<u>651,000</u>	<u>174,310</u>	<u>(476,690)</u>
Expenditures				
Current:				
Basic Utility Services				
Personal Services	247,592	250,103	353,134	(103,031)
Contractual Services	148,814	148,814	81,210	67,604
Materials and Supplies	23,207	23,207	18,520	4,687
Capital Outlay	350,802	1,314,856	1,042,596	272,260
Other	5,396	5,396	-	5,396
Total Basic Utility Services	<u>775,811</u>	<u>1,742,376</u>	<u>1,495,460</u>	<u>246,916</u>
Debt Service				
Principal Retirement	131,000	131,000	-	131,000
Interest and Fiscal Charges	149,000	149,000	-	149,000
Total Debt Service	<u>280,000</u>	<u>280,000</u>	<u>-</u>	<u>280,000</u>
<i>Total Expenditures</i>	<u>1,055,811</u>	<u>2,022,376</u>	<u>1,495,460</u>	<u>526,916</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(405,811)</u>	<u>(1,371,376)</u>	<u>(1,321,150)</u>	<u>50,226</u>
Other Financing Sources (Uses)				
Bond Proceeds	-	964,055	964,055	-
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>964,055</u>	<u>964,055</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(405,811)	(407,321)	(357,095)	50,226
<i>Fund Balance (Deficit) at Beginning of Year</i>	316,744	316,744	316,744	-
Prior Year Encumbrances Appropriated	95,855	95,855	95,855	-
<i>Fund Balance at End of Year</i>	<u>\$ 6,788</u>	<u>\$ 5,278</u>	<u>\$ 55,504</u>	<u>\$ 50,226</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Payment in Lieu of Taxes	\$ 250,000	\$ 250,000	\$ 189,883	\$ (60,117)
<i>Total Revenues</i>	<u>250,000</u>	<u>250,000</u>	<u>189,883</u>	<u>(60,117)</u>
Expenditures				
Current:				
Transportation				
Other	-	-	3,151	(3,151)
Total Transportation	-	-	3,151	(3,151)
Debt Service				
Principal Retirement	180,000	280,000	279,300	700
Interest and Fiscal Charges	70,000	4,000	1,479	2,521
Total Debt Service	<u>250,000</u>	<u>284,000</u>	<u>280,779</u>	<u>3,221</u>
<i>Total Expenditures</i>	<u>250,000</u>	<u>284,000</u>	<u>283,930</u>	<u>70</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	-	(34,000)	(94,047)	(60,047)
<i>Net Change in Fund Balance</i>	-	(34,000)	(94,047)	(60,047)
<i>Fund Balance at Beginning of Year</i>	<u>94,353</u>	<u>94,353</u>	<u>94,353</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 94,353</u>	<u>\$ 60,353</u>	<u>\$ 306</u>	<u>\$ (60,047)</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, 2007*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Municipal Income Taxes	\$ 3,451,722	\$ 3,451,722	\$ 3,637,017	\$ 185,295
Intergovernmental	-	-	147,112	147,112
Licenses and Permits	200,000	200,000	177,000	(23,000)
Investment Income	-	-	-	-
Miscellaneous	20,000	20,000	381,766	361,766
Total Revenues	3,671,722	3,671,722	4,342,895	671,173
Expenditures				
Current:				
General Government				
Contractual Services	-	185,000	178,579	6,421
Capital Outlay	2,757,498	828,335	207,015	621,320
Total General Government	2,757,498	1,013,335	385,594	627,741
Security of Persons and Property				
Materials and Supplies	-	-	6,631	(6,631)
Capital Outlay	137,617	179,379	333,700	(154,321)
Total Security of Persons and Property	137,617	179,379	340,331	(160,952)
Leisure Time Activities				
Capital Outlay	724	3,784,217	3,784,107	110
Total Leisure Time Activities	724	3,784,217	3,784,107	110
Community Environment				
Contractual Services	-	775,000	769,583	5,417
Capital Outlay	1,024,362	3,056,904	2,395,332	661,572
Other	130,000	130,000	116,257	13,743
Total Community Environment	1,154,362	3,961,904	3,281,172	680,732
Basic Utility Services				
Contractual Services	2,292	99,807	99,807	-
Materials and Supplies	16,240	16,240	16,240	-
Capital Outlay	96,461	96,461	96,461	-
Total Basic Utility Services	114,993	212,508	212,508	-
Transportation				
Contractual Services	156,387	156,387	11,850	144,537
Capital Outlay	273,036	2,405,575	1,662,899	742,676
Total Transportation	429,423	2,561,962	1,674,749	887,213
Debt Service				
Principal Retirement	1,261,500	5,231,500	1,841,777	3,389,723
Interest and Fiscal Charges	1,278,500	1,708,645	1,882,679	(174,034)
Total Debt Service	2,540,000	6,940,145	3,724,456	3,215,689
Total Expenditures	7,134,617	18,653,450	13,402,917	5,250,533
Excess of Revenues Over (Under) Expenditures	(3,462,895)	(14,981,728)	(9,060,022)	5,921,706
Other Financing Sources (Uses)				
Proceeds from Bond Sale	-	7,010,945	7,010,945	-
Proceeds from Bond Anticipation Notes-Pool	4,000,000	4,000,000	2,300,000	(1,700,000)
Payment on Ohio Municipal Bond Pool	-	-	(2,070,000)	(2,070,000)
Payment on Swimming Pool Note	-	-	(1,900,000)	(1,900,000)
Premium on Bonds Issued	-	475,595	475,595	-
Sale of City Assets	-	-	16,777	16,777
Total Other Financing Sources (Uses)	4,000,000	11,486,540	5,833,317	(5,653,223)
Net Change in Fund Balance	537,105	(3,495,188)	(3,226,705)	268,483
Fund Balance at Beginning of Year	2,818,529	2,818,529	2,818,529	-
Prior Year Encumbrances Appropriated	3,204,616	3,204,616	3,204,616	-
Fund Balance at End of Year	\$ 6,560,250	\$ 2,527,957	\$ 2,796,440	\$ 268,483

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, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$ 1,950,000	\$ 1,961,000	\$ 1,951,878	\$ (9,122)
<i>Total Revenues</i>	<u>1,950,000</u>	<u>1,961,000</u>	<u>1,951,878</u>	<u>(9,122)</u>
Expenditures				
Contractual Services	1,800,000	2,100,000	2,070,943	29,057
Claims	-	-	-	-
Other	-	-	-	-
<i>Total Expenditures</i>	<u>1,800,000</u>	<u>2,100,000</u>	<u>2,070,943</u>	<u>29,057</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>150,000</u>	<u>(139,000)</u>	<u>(119,065)</u>	<u>19,935</u>
<i>Net Change in Fund Balance</i>	150,000	(139,000)	(119,065)	19,935
<i>Fund Balance at Beginning of Year</i>	139,904	139,904	139,904	-
Prior Year Encumbrances Appropriated	-	-	-	-
<i>Fund Balance at End of Year</i>	<u>\$ 289,904</u>	<u>\$ 904</u>	<u>\$ 20,839</u>	<u>\$ 19,935</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, 2007*

	<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	\$ -	\$ -	\$ 15,127	\$ 15,127
Intergovernmental	350,000	350,000	322,038	(27,962)
Investment Income	-	-	19,115	19,115
<i>Total Revenues</i>	<u>350,000</u>	<u>350,000</u>	<u>356,280</u>	<u>6,280</u>
Expenditures				
Current:				
Transportation				
Contractual Services	420,470	420,470	363,657	56,813
Materials and Supplies	156,445	156,445	120,701	35,744
Capital Outlay	<u>200,000</u>	<u>200,000</u>	<u>2,100</u>	<u>197,900</u>
<i>Total Expenditures</i>	<u>776,915</u>	<u>776,915</u>	<u>486,458</u>	<u>290,457</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(426,915)</u>	<u>(426,915)</u>	<u>(130,178)</u>	<u>296,737</u>
<i>Net Change in Fund Balance</i>	(426,915)	(426,915)	(130,178)	296,737
<i>Fund Balance at Beginning of Year</i>	626,682	626,682	626,682	-
Prior Year Encumbrances Appropriated	<u>61,915</u>	<u>61,915</u>	<u>61,915</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 261,682</u>	<u>\$ 261,682</u>	<u>\$ 558,419</u>	<u>\$ 296,737</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, 2007*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charges for Services	\$ 660,000	\$ 660,000	\$ 565,459	\$ (94,541)
Miscellaneous	-	-	13,536	13,536
<i>Total Revenues</i>	<u>660,000</u>	<u>660,000</u>	<u>578,995</u>	<u>(81,005)</u>
Expenditures				
Current:				
Transportation				
Personal Services	321,259	323,054	287,266	35,788
Contractual Services	19,104	7,104	1,695	5,409
Materials and Supplies	<u>356,106</u>	<u>368,106</u>	<u>367,717</u>	<u>389</u>
<i>Total Expenditures</i>	<u>696,469</u>	<u>698,264</u>	<u>656,678</u>	<u>41,586</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(36,469)</u>	<u>(38,264)</u>	<u>(77,683)</u>	<u>(39,419)</u>
<i>Net Change in Fund Balance</i>	(36,469)	(38,264)	(77,683)	(39,419)
<i>Fund Balance at Beginning of Year</i>	35,223	35,223	35,223	-
Prior Year Encumbrances Appropriated	<u>42,460</u>	<u>42,460</u>	<u>42,460</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 41,214</u>	<u>\$ 39,419</u>	<u>\$ -</u>	<u>\$ (39,419)</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, 2007*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
<i>Total Revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current:				
Community Environment				
Capital Outlay	335,877	335,877	-	335,877
<i>Total Expenditures</i>	<u>335,877</u>	<u>335,877</u>	<u>-</u>	<u>335,877</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(335,877)</u>	<u>(335,877)</u>	<u>-</u>	<u>335,877</u>
<i>Net Change in Fund Balance</i>	(335,877)	(335,877)	-	335,877
<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>\$ -</u>	<u>\$ -</u>	<u>\$ 335,877</u>	<u>\$ 335,877</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, 2007*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charges for Services	\$ 20,000	\$ 20,000	\$ 27,587	\$ 7,587
Licenses and Permits	120,000	140,000	186,340	46,340
Other	20,000	-	50,000	50,000
<i>Total Revenues</i>	<u>160,000</u>	<u>160,000</u>	<u>263,927</u>	<u>103,927</u>
Expenditures				
Current:				
Leisure Time Activities				
Contractual Services	-	41,000	40,723	277
Capital Outlay	192,284	213,284	185,526	27,758
Other	-	-	10,500	(10,500)
<i>Total Expenditures</i>	<u>192,284</u>	<u>254,284</u>	<u>236,749</u>	<u>17,535</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(32,284)</u>	<u>(94,284)</u>	<u>27,178</u>	<u>121,462</u>
<i>Net Change in Fund Balance</i>	(32,284)	(94,284)	27,178	121,462
<i>Fund Balance at Beginning of Year</i>	177,067	177,067	177,067	-
Prior Year Encumbrances Appropriated	<u>15,217</u>	<u>15,217</u>	<u>15,217</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 160,000</u>	<u>\$ 98,000</u>	<u>\$ 219,462</u>	<u>\$ 121,462</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, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charges for Services	\$ 10,000	\$ 10,000	\$ 10,150	\$ 150
Fines and Forfeitures	-	5,144	5,030	(114)
Contributions and Donations	70,000	70,000	32,342	(37,658)
Investment Income	-	-	88	88
Other	-	-	649	649
<i>Total Revenues</i>	<u>80,000</u>	<u>85,144</u>	<u>48,259</u>	<u>(36,885)</u>
Expenditures				
Current:				
Security of Persons and Property				
Contractual Services	-	400	400	-
Materials and Supplies	-	34,668	34,312	356
Capital Outlay	3,849	3,849	3,474	375
Other	29,369	36,445	30,194	6,251
<i>Total Expenditures</i>	<u>33,218</u>	<u>75,362</u>	<u>68,380</u>	<u>6,982</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>46,782</u>	<u>9,782</u>	<u>(20,121)</u>	<u>(29,903)</u>
Other Financing Sources (Uses)				
Transfers - Out	-	-	(64,694)	(64,694)
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>(64,694)</u>	<u>(64,694)</u>
<i>Net Change in Fund Balance</i>	46,782	9,782	(84,815)	(94,597)
<i>Fund Balance at Beginning of Year</i>	89,665	89,665	89,665	-
Prior Year Encumbrances Appropriated	8,247	8,247	8,247	-
<i>Fund Balance at End of Year</i>	<u>\$ 144,694</u>	<u>\$ 107,694</u>	<u>\$ 13,097</u>	<u>\$ (94,597)</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, 2007*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Fines and Forfeitures	\$ 20,000	\$ 20,000	\$ 17,797	\$ (2,203)
<i>Total Revenues</i>	<u>20,000</u>	<u>20,000</u>	<u>17,797</u>	<u>(2,203)</u>
Expenditures				
Current:				
General Government				
Materials and Supplies	48,349	48,349	-	48,349
<i>Total Expenditures</i>	<u>48,349</u>	<u>48,349</u>	<u>-</u>	<u>48,349</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(28,349)</u>	<u>(28,349)</u>	<u>17,797</u>	<u>46,146</u>
<i>Net Change in Fund Balance</i>	(28,349)	(28,349)	17,797	46,146
<i>Fund Balance at Beginning of Year</i>	43,210	43,210	43,210	-
Prior Year Encumbrances Appropriated	349	349	349	-
<i>Fund Balance at End of Year</i>	<u>\$ 15,210</u>	<u>\$ 15,210</u>	<u>\$ 61,356</u>	<u>\$ 46,146</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, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$ 370,000	\$ 720,000	\$ 377,891	\$ (342,109)
Other	<u>350,000</u>	<u>-</u>	<u>6,000</u>	<u>6,000</u>
<i>Total Revenues</i>	<u>720,000</u>	<u>720,000</u>	<u>383,891</u>	<u>(336,109)</u>
Expenditures				
Current:				
Basic Utility Services				
Personal Services	246,695	247,412	238,306	9,106
Contractual Services	318,375	318,375	183,910	134,465
Materials and Supplies	64,286	64,286	17,549	46,737
Capital Outlay	80,761	80,761	3,833	76,928
Other	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total Basic Utility Services	<u>715,117</u>	<u>715,834</u>	<u>443,598</u>	<u>272,236</u>
Debt Service				
Interest and Fiscal Charges	<u>120,000</u>	<u>120,000</u>	<u>-</u>	<u>120,000</u>
Total Debt Service	<u>120,000</u>	<u>120,000</u>	<u>-</u>	<u>120,000</u>
<i>Total Expenditures</i>	<u>835,117</u>	<u>835,834</u>	<u>443,598</u>	<u>392,236</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(115,117)</u>	<u>(115,834)</u>	<u>(59,707)</u>	<u>56,127</u>
<i>Net Change in Fund Balance</i>	(115,117)	(115,834)	(59,707)	56,127
<i>Fund Balance at Beginning of Year</i>	92,982	92,982	92,982	-
Prior Year Encumbrances Appropriated	<u>32,398</u>	<u>32,398</u>	<u>32,398</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 10,263</u>	<u>\$ 9,546</u>	<u>\$ 65,673</u>	<u>\$ 56,127</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, 2007*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charges for Services	\$ 235,000	\$ 235,000	\$ 75,435	\$ (159,565)
Other	-	-	4,398	4,398
<i>Total Revenues</i>	<u>235,000</u>	<u>235,000</u>	<u>79,833</u>	<u>(155,167)</u>
Expenditures				
Current:				
Basic Utility Services				
Personal Services	-	165	165	-
Contractual Services	-	52,711	52,711	-
Materials and Supplies	-	2,800	-	2,800
Capital Outlay	395,704	342,828	93,227	249,601
Other	3,500	700	693	7
<i>Total Expenditures</i>	<u>399,204</u>	<u>399,204</u>	<u>146,796</u>	<u>252,408</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(164,204)</u>	<u>(164,204)</u>	<u>(66,963)</u>	<u>97,241</u>
<i>Net Change in Fund Balance</i>	(164,204)	(164,204)	(66,963)	97,241
<i>Fund Balance at Beginning of Year</i>	342,283	342,283	342,283	-
Prior Year Encumbrances Appropriated	<u>49,204</u>	<u>49,204</u>	<u>49,204</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 227,283</u>	<u>\$ 227,283</u>	<u>\$ 324,524</u>	<u>\$ 97,241</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, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charges for Services	\$ 820,000	\$ 820,000	\$ 554,869	\$ (265,131)
<i>Total Revenues</i>	<u>820,000</u>	<u>820,000</u>	<u>554,869</u>	<u>(265,131)</u>
Expenditures				
Current:				
Community Environment				
Personal Services	578,895	526,721	166,901	359,820
Contractual Services	188,843	444,843	367,135	77,708
Materials and Supplies	31,149	31,149	14,839	16,310
Capital Outlay	70,350	70,350	60,453	9,897
Other	296,000	185,000	184,717	283
<i>Total Expenditures</i>	<u>1,165,237</u>	<u>1,258,063</u>	<u>794,045</u>	<u>464,018</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(345,237)</u>	<u>(438,063)</u>	<u>(239,176)</u>	<u>198,887</u>
<i>Net Change in Fund Balance</i>	(345,237)	(438,063)	(239,176)	198,887
<i>Fund Balance at Beginning of Year</i>	379,315	379,315	379,315	-
Prior Year Encumbrances Appropriated	<u>86,254</u>	<u>86,254</u>	<u>86,254</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 120,332</u>	<u>\$ 27,506</u>	<u>\$ 226,393</u>	<u>\$ 198,887</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, 2007*

	<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	\$ 91,765	\$ (4,600)
Investment Income	28,635	28,635	17,564	(11,071)
<i>Total Revenues</i>	<u>125,000</u>	<u>125,000</u>	<u>109,329</u>	<u>(15,671)</u>
Expenditures				
Current:				
Debt Service				
Principal Retirement	105,000	105,000	105,000	-
Interest and Fiscal Charges	20,000	20,000	13,919	6,081
Total Debt Service	<u>125,000</u>	<u>125,000</u>	<u>118,919</u>	<u>6,081</u>
<i>Total Expenditures</i>	<u>125,000</u>	<u>125,000</u>	<u>118,919</u>	<u>6,081</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	-	-	(9,590)	(9,590)
<i>Net Change in Fund Balance</i>	-	-	(9,590)	(9,590)
<i>Fund Balance at Beginning of Year</i>	<u>9,854</u>	<u>9,854</u>	<u>9,854</u>	-
<i>Fund Balance at End of Year</i>	<u>\$ 9,854</u>	<u>\$ 9,854</u>	<u>\$ 264</u>	<u>\$ (9,590)</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</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>	67,748	67,748	67,748	-
<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 Five Years
(accrual basis of accounting)

	2003	2004	2005	2006	2007
Governmental Activities:					
Invested in Capital Assets, Net of Related Debt	\$ 199,152	\$ 2,607,404	\$ 191,791,297	\$ 194,266,629	\$ 194,544,533
Restricted	7,793,770	7,951,025	7,644,212	10,403,551	11,216,411
Unrestricted	2,868,518	2,477,454	2,978,034	3,576,842	3,990,110
<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>	<u>\$ 209,751,054</u>

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

	2003	2004	2005	2006	2007
Program Revenues:					
Governmental Activities:					
Charges for Services:					
General Government	\$ 446,690	\$ 292,407	\$ 283,480	\$ 373,983	\$ 634,187
Security of Persons and Property	369,528	21,355	485,887	329,690	548,501
Public Health	7,549	-	-	-	-
Leisure Time Activities	311,797	1,073,092	762,776	807,415	947,124
Community Environment	697,261	861,651	984,579	1,581,760	1,651,109
Basic Utility Services	2,066,611	1,600,842	2,260,677	1,089,731	627,636
Transportation	400	243	522,999	641,549	565,459
Operating Grants, Contributions, and Interest	1,671,998	1,628,828	2,791,933	1,361,193	1,444,572
Capital Grants, Contributions and Interest	42,085	64,173	1,089,917	10,203,671	6,141,117
Total Governmental Activities Program Revenues	5,613,919	5,542,591	9,182,248	16,388,992	12,559,705
Expenses:					
Governmental Activities:					
Current:					
General Government	3,294,036	3,412,918	3,984,242	4,210,860	4,217,469
Security of Persons and Property	5,466,993	7,028,605	6,783,077	7,212,982	7,625,286
Public Health	119,086	119,086	121,642	139,691	146,530
Leisure Time Activities	2,853,827	2,714,029	2,589,446	2,539,900	2,700,744
Community Environment	1,699,270	1,403,235	2,861,784	2,552,865	4,800,863
Basic Utility Services	2,866,382	2,105,383	2,590,791	5,999,457	6,487,321
Transportation	871,604	2,552,428	2,295,447	5,305,089	4,650,580
Interest and Fiscal Charges	799,779	817,887	1,265,446	1,798,693	1,808,435
Total Governmental Activities Expenses	\$ 17,970,977	\$ 20,153,571	\$ 22,491,875	\$ 29,759,537	\$ 32,437,228
Net Expenses	\$ (12,357,058)	\$ (14,610,980)	\$ (13,309,627)	\$ (13,370,545)	\$ (19,877,523)

(continued)

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

	2003	2004	2005	2006	2007
General Revenues:					
Governmental Activities:					
Property Taxes Levied for General Purposes	\$ 1,350,028	\$ 1,371,968	\$ 1,569,065	\$ 1,732,640	\$ 1,902,363
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	8,720,561
Municipal Income Tax Levied for Transportation	1,587,233	1,700,792	1,739,073	1,821,584	1,744,110
Municipal Income Tax Levied for Capital Outlay	3,164,966	3,404,679	3,562,629	3,389,484	3,488,226
Payments in Lieu of Taxes	128,918	101,508	372,122	173,881	2,769,280
Grants and Entitlements not Restricted to Specific Programs	1,823,489	1,220,891	1,168,131	1,463,590	1,413,857
Unrestricted Contributions	-	-	1,500	-	-
Unrestricted Investment Earnings	108,125	100,411	572,014	773,438	820,603
Miscellaneous	163,714	176,016	179,397	480,829	522,555
<i>Total Governmental Activities</i>	<i>\$ 16,434,829</i>	<i>\$ 16,785,423</i>	<i>\$ 18,363,129</i>	<i>\$ 19,204,024</i>	<i>\$ 21,381,555</i>
<i>Change in Net Assets</i>	<i>\$ 4,077,771</i>	<i>\$ 2,174,443</i>	<i>\$ 5,053,502</i>	<i>\$ 5,833,479</i>	<i>\$ 1,504,032</i>

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

	2003	2004	2005	2006	2007
Function / Program:					
Governmental Activities					
General Government	\$ 488,775	\$ 356,580	\$ 308,753	\$ 373,983	\$ 634,187
Security of Persons and Property	414,850	275,581	675,137	455,519	600,843
Public Health	7,549	1,073,092	-	-	-
Leisure Time Activities	311,797	-	762,776	807,415	947,124
Community Environment	924,675	1,142,997	1,205,739	1,581,760	1,651,109
Basic Utility Services	2,066,611	1,600,842	2,260,677	7,279,672	774,748
Transportation	1,399,662	1,093,499	3,969,166	5,890,643	7,951,694
Total Governmental Activities Program Revenues	\$ 5,613,919	\$ 5,542,591	\$ 9,182,248	\$ 16,388,992	\$ 12,559,705

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

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
General Fund						
Reserved	\$ 292,048	\$ 376,216	\$ 442,849	\$ 282,109	\$ 128,159	\$ 85,739
Unreserved	<u>4,698,081</u>	<u>3,780,785</u>	<u>2,644,057</u>	<u>2,459,691</u>	<u>3,383,257</u>	<u>2,880,514</u>
<i>Total General Fund</i>	<u>4,990,129</u>	<u>4,157,001</u>	<u>3,086,906</u>	<u>2,741,800</u>	<u>3,511,416</u>	<u>2,966,253</u>
All Other Governmental Funds						
Reserved	1,913,021	5,074,879	6,049,060	2,511,091	2,638,898	1,189,946
Unreserved, Reported in:						
Special Revenue Funds	1,566,430	1,664,230	2,278,017	4,016,547	5,048,777	4,769,321
Debt Service Funds	51,329	28,087	247,012	65,144	70,044	95,211
Capital Projects Funds	<u>(3,851,165)</u>	<u>(4,086,992)</u>	<u>(6,190,574)</u>	<u>(7,224,981)</u>	<u>1,074,214</u>	<u>538,776</u>
<i>Total All Other Governmental Funds</i>	<u>(320,385)</u>	<u>2,680,204</u>	<u>2,383,515</u>	<u>(632,199)</u>	<u>8,831,933</u>	<u>6,593,254</u>
<i>Total Governmental Funds</i>	<u>\$ 4,669,744</u>	<u>\$ 6,837,205</u>	<u>\$ 5,470,421</u>	<u>\$ 2,109,601</u>	<u>\$ 12,343,349</u>	<u>\$ 9,559,507</u>

2004	2005	2006	2007
\$ 295,376	\$ 2,755,118	\$ 580,680	\$ 239,375
2,454,282	192,489	2,605,051	3,521,255
2,749,658	2,947,607	3,185,731	3,760,630
3,047,955	8,249,125	5,294,723	4,502,398
3,188,558	2,073,997	1,769,638	5,518,127
115,574	23,993	9,854	264
1,656,802	3,105,646	3,179,637	856,293
8,008,889	13,452,761	10,253,852	10,877,082
\$ 10,758,547	\$ 16,400,368	\$ 13,439,583	\$ 14,637,712

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

	1998	1999	2000	2001	2002	2003
Revenues:						
Property and Other Local Taxes	\$ 13,498,773	\$ 13,661,200	\$ 15,468,124	\$ 14,391,477	\$ 1,399,359	\$ 1,526,743
Municipal Income Taxes	-	-	-	-	12,730,316	12,661,195
Payment in Lieu of Taxes	-	-	-	-	-	128,918
Intergovernmental	2,199,226	2,510,280	2,414,608	2,388,382	3,385,935	3,243,655
Charges for Services	1,783,013	1,666,570	2,130,192	2,923,646	3,403,048	3,058,344
Licenses and Permits	387,125	351,828	312,497	532,984	408,948	546,158
Fines and Forfeitures	227,632	228,963	232,035	188,598	251,060	251,034
Contributions and Donations	39,915	36,228	52,678	45,155	43,318	45,147
Investment Income	389,020	546,231	827,150	804,385	139,298	166,204
Special Assessments	171,474	167,103	158,117	124,586	167,246	83,025
Rent	-	-	-	-	47,197	44,300
Other	125,789	58,354	101,306	588,720	193,247	163,714
<i>Total Revenues</i>	<u>18,821,967</u>	<u>19,226,757</u>	<u>21,696,707</u>	<u>21,987,933</u>	<u>22,168,972</u>	<u>21,918,437</u>
Expenditures:						
Current:						
General Government	2,540,230	4,396,185	4,665,711	4,188,601	3,363,543	3,545,179
Security of Persons and Property	4,395,104	4,760,546	5,253,978	4,984,686	5,119,813	6,234,905
Public Health	64,784	77,937	86,423	102,506	116,275	119,086
Leisure Time Activities	1,988,345	2,304,495	2,468,887	2,457,256	2,394,556	2,800,886
Community Environment	861,126	1,052,595	1,293,415	1,310,297	1,377,966	1,640,914
Basic Utility Services	1,378,198	1,422,919	1,385,469	1,611,830	1,639,017	3,419,312
Transportation	1,975,372	1,614,934	2,225,509	2,517,213	2,359,052	4,668,718
Capital Outlay	2,430,611	1,357,045	3,848,416	6,108,413	5,029,990	-
Debt Service:						
Principal Retirement	819,612	856,155	927,000	937,000	800,000	9,185,000
Interest and Fiscal Charges	803,808	794,500	912,958	1,130,951	660,269	989,671
<i>Total Expenditures</i>	<u>17,257,190</u>	<u>18,637,311</u>	<u>23,067,766</u>	<u>25,348,753</u>	<u>22,860,481</u>	<u>32,603,671</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,564,777</u>	<u>589,446</u>	<u>(1,371,059)</u>	<u>(3,360,820)</u>	<u>(691,509)</u>	<u>(10,685,234)</u>
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	-	-	-	-	257,705	-
General Obligation Bonds Issued	-	1,594,957	-	-	4,950,000	5,280,000
Bond Anticipation Notes Issued	-	-	-	-	-	-
OWDA Loans Issued	-	-	-	-	-	-
Premium on Debt	-	-	-	-	17,552	121,392
Refunding Bonds Issued	-	2,348,603	-	-	-	-
Payment to Refunded Bond Escrow	-	(2,365,545)	-	-	-	-
Notes Issued	-	-	4,275	-	5,700,000	2,500,000
Inception of Capital Lease	-	-	-	-	-	-
Transfers - In	1,695,001	1,489,098	2,003,942	2,037,569	2,904,195	2,829,026
Transfers - Out	(1,695,001)	(1,489,098)	(2,003,942)	(2,037,569)	(2,904,195)	(2,829,026)
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>1,578,015</u>	<u>4,275</u>	<u>-</u>	<u>10,925,257</u>	<u>7,901,392</u>
<i>Net Change in Fund Balances</i>	<u>\$ 1,564,777</u>	<u>\$ 2,167,461</u>	<u>\$ (1,366,784)</u>	<u>\$ (3,360,820)</u>	<u>\$ 10,233,748</u>	<u>\$ (2,783,842)</u>
<i>Debt Service as a Percentage of Noncapital Expenditures</i>	10.9%	9.6%	9.6%	10.7%	8.2%	37.7%

2004	2005	2006	2007
\$ 1,665,011	\$ 1,713,495	\$ 1,733,726	\$ 1,905,010
13,247,597	13,936,390	14,356,448	15,780,108
101,508	372,122	173,881	2,769,280
2,827,540	5,179,408	3,636,055	3,189,358
3,042,601	4,152,126	3,658,956	3,610,180
474,459	800,580	1,138,388	1,011,571
296,966	310,490	307,939	286,805
53,377	53,282	-	-
164,584	585,975	810,003	841,297
79,579	22,755	85,288	91,765
35,564	37,202	-	-
176,016	179,397	151,529	590,831
<u>22,164,802</u>	<u>27,343,222</u>	<u>26,052,213</u>	<u>30,076,205</u>
3,303,940	3,987,625	4,315,806	4,105,156
6,623,283	6,496,423	7,111,652	7,507,956
119,086	121,642	139,691	146,530
2,528,337	2,417,118	3,509,050	4,855,085
1,285,139	5,861,294	6,248,593	5,565,363
2,618,772	2,582,123	1,277,178	1,599,361
4,700,834	22,013,004	6,325,373	5,389,484
-	-	-	-
1,215,608	1,661,573	1,935,962	2,471,327
799,579	1,581,315	1,692,436	2,062,148
<u>23,194,578</u>	<u>46,722,117</u>	<u>32,555,741</u>	<u>33,702,410</u>
<u>(1,029,776)</u>	<u>(19,378,895)</u>	<u>(6,503,528)</u>	<u>(3,626,205)</u>
-	-	329,300	343,739
-	21,997,543	-	7,975,000
2,227,000	-	1,900,000	-
-	1,893,334	323,443	-
-	727,207	-	475,595
-	6,462,457	-	-
-	(6,462,457)	-	(3,970,000)
-	-	-	-
1,816	402,632	990,000	-
1,884,495	37,871	-	-
<u>(1,884,495)</u>	<u>(37,871)</u>	<u>-</u>	<u>-</u>
<u>2,228,816</u>	<u>25,020,716</u>	<u>3,542,743</u>	<u>4,824,334</u>
<u>\$ 1,199,040</u>	<u>\$ 5,641,821</u>	<u>\$ (2,960,785)</u>	<u>\$ 1,198,129</u>

10.0%

14.0%

15.9%

17.5%

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)
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%
2007	9,092,540	3,637,017	1,818,507	14,548,064	1.87%

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
 2007 and 1998

Range of Withholding Amount	2007		1998	
	Number of Withholding Accounts	Percentage of Total Withholding Revenue	Number of Withholding Accounts	Percentage of Total Withholding Revenue
\$500,001 and higher	3	23.11%	2	22.99%
\$300,001 - 500,000	0	0.00%	3	11.11%
\$100,001 - 300,000	9	13.46%	7	10.71%
\$55,001 - 100,000	18	11.87%	13	9.69%
Total		48.44%		54.50%
All Others		51.56%		45.50%
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	General	Total	Valuation			% Growth
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
2007	672,823,870	1,312,410	106,999,610	46,780,960	89,200	828,006,050	9,627,660	13,930,309	23,557,969	851,564,019	-2.26%	2,459,963,447	1.60

Source: Franklin County Auditor

- (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.

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
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	74.40	18.44	2.20	17.50	0.50	114.64
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
2007	1.60	75.89	18.49	2.20	17.50	1.30	116.98

Source: Franklin County Auditor

City of Hilliard, Ohio
Principal Property Tax Payers - Real Property
 2007 and 1998

Taxpayer	2007			1998		
	Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation
United Dominion Realty	6,580,000	1	0.79	\$3,730,990	2	0.89%
Trueman LP	4,016,250	2	0.49			
Talcott III Mill Run LLC	3,964,780	3	0.48			
CSE Hilliard LLC	3,436,090	4	0.42			
Crystal Lake Apartments	3,160,620	5	0.38			
Cadlerocks Hilliard	2,975,000	6	0.36			
First Industrial LP	2,887,510	7	0.35	\$ 3,209,640	4	0.76
Compuserve Inc	2,237,310	8	0.27			
Clearview Hilliard LP	2,173,790	9	0.26			
Tremont Club LLC	2,001,060	10	0.24			
Armstrong World				1,985,060	9	0.47
Dave & Busters Inc.				3,238,620	3	0.77
One Mill LLC				4,370,720	1	1.04
Heritage Golf Club, LP				2,958,340	5	0.70
Real Estate Finance Trust 1995-K-4				2,792,810	6	0.66
TR Properties, Inc. & TR Development V Inc.				2,757,820	7	0.65
Red Roof Inns, Inc.				2,350,370	8	0.56
Tri-Columbus Associates				1,920,200	10	0.46
Total Real and Personal Property	33,432,410		4.04	29,314,570		6.96
All Others	794,573,640		95.96	391,698,180		93.04
Total Assessed Valuation	828,006,050		100.00%	421,012,750		100.00%

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
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
2007	1,416,496	1,362,616	96.20	30,971	1,393,587	98.38

Source: Franklin County Auditor

(1) State reimbursement of rollback and homestead exemptions are included

(2) Amounts listed include penalties and interest

City of Hilliard, Ohio
Computation of All Direct and Overlapping Governmental Debt
 December 31, 2007

Jurisdiction	Debt Outstanding	Percentage Applicable to the City of Hilliard (1)	Amount Applicable to the City of Hilliard
Direct			
City of Hilliard			
Notes Payable	\$ 2,300,000		\$ 2,300,000
Loans Payable	2,216,777		2,216,777
General Obligation Bonds	39,740,000		39,740,000
Special Assessment Bonds	70,000		70,000
Capital Leases	<u>811,978</u>		<u>811,978</u>
	<u>45,138,755</u>	100.00%	<u>45,138,755</u>
Overlapping Subdivisions			
Hilliard City School District	166,455,745	35.93	59,807,549
Dublin City School District	182,306,182	0.08	145,845
Franklin County	91,615,000	3.05	2,794,258
Washington Township	2,374,999	0.02	475
Tolles Career & Technical Center	<u>6,590,000</u>	13.68	<u>901,512</u>
Total Overlapping Debt	<u>449,341,926</u>		<u>63,649,639</u>
Grand Total	<u><u>\$494,480,681</u></u>		<u><u>108,788,394</u></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 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
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
2007	39,810,000	2,459,963,447	28,730	1.62	1,385.66

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

(2) Source: Franklin County Auditor (shown in thousands)

(3) Includes all general obligation debt financed with general governmental resources less balance available in General Obligation Bond Retirement Fund

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements

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

Year	Notes Payable	Loans Payable	General		Special Assessment Bonds	Capital Leases	Total		Population(1)	Personal Income(2)	Debt Per Capita	Percentage of Personal Income
			Obligation Bonds				Outstanding Debt					
1998	4,700,000	-	7,715,000	10,423	946,000	13,371,423	20,908	577,374	640	2.32		
1999	6,050,000	-	8,475,000	1,268	839,000	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	1,208	430,000	16,913,208	26,844	916,132	630	1.85		
2005	2,156,000	1,893,334	35,380,000	403,267	195,000	40,027,601	28,158	991,894	1,422	4.04		
2006	3,970,000	2,216,777	33,720,000	1,263,305	135,000	41,305,082	28,557	1,037,619	1,446	3.98		
2007	2,300,000	2,216,777	39,740,000	811,978	70,000	45,138,755	28,730	N/A	1,571	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

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Total Assessed Valuation	\$851,564,019	\$871,274,255	\$848,338,124	\$758,561,614
Overall debt limitation - 10.5% of assessed valuation	<u>89,414,222</u>	<u>91,483,797</u>	<u>89,075,503</u>	<u>79,648,969</u>
Net Debt Subject to Limitation	39,740,000	37,690,000	37,536,000	15,947,000
Less amount available in the debt service fund	-	-	-	<u>37,871</u>
Total Net Debt Subject to Limitation	<u>39,740,000</u>	<u>37,690,000</u>	<u>37,536,000</u>	<u>15,909,129</u>
Legal debt margin within 10.5% limitation	<u>\$49,674,222</u>	<u>\$53,793,797</u>	<u>\$51,539,503</u>	<u>\$63,739,840</u>
Legal Debt Margin as a Percentage of the Debt Limit	55.6%	58.8%	57.9%	80.0%
<hr/>				
Unvoted debt limitation 5.5% of assessed valuation	\$46,836,021	\$47,920,084	\$46,658,597	\$41,720,889
Net Debt Subject to Limitation	<u>39,740,000</u>	<u>37,690,000</u>	<u>37,536,000</u>	<u>15,947,000</u>
Less amount available in the debt service fund	-	-	-	<u>37,871</u>
Total Net Debt Subject to Limitation	<u>39,740,000</u>	<u>37,690,000</u>	<u>37,536,000</u>	<u>15,909,129</u>
Legal debt margin within 10% limitation	<u>\$7,096,021</u>	<u>\$10,230,084</u>	<u>\$9,122,597</u>	<u>\$25,811,760</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	15.2%	21.3%	19.6%	61.9%

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

2003	2002	2001	2000	1999	1998
\$730,810,407	\$718,311,121	\$625,835,855	\$616,975,935	\$581,612,138	\$502,315,482
76,735,093	75,422,668	65,712,765	64,782,473	61,069,274	52,743,126
15,385,000	16,715,000	15,045,000	16,410,000	14,525,000	12,415,000
37,871	19,828	65,144	302,034	28,087	42,333
15,347,129	16,695,172	14,979,856	16,107,966	14,496,913	12,372,667
<u>\$61,387,964</u>	<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>
80.0%	77.9%	77.2%	75.1%	76.3%	76.5%
\$40,194,572	\$39,507,112	\$34,420,972	\$33,933,676	\$31,988,668	\$27,627,352
15,385,000	15,415,000	15,045,000	16,410,000	14,525,000	12,415,000
37,871	19,828	65,144	302,034	28,087	42,333
15,347,129	15,395,172	14,979,856	16,107,966	14,496,913	12,372,667
<u>\$24,847,443</u>	<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>
61.8%	61.0%	56.5%	52.5%	54.7%	55.2%

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

Year	Population (1)	Total Personal Income (2)	Per Capita Income (5)	School Enrollment (6)	Unemployment Rate Franklin County Area (3)	Total Assessed Property Value (4)
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	1,037,619	36,335	14,949	4.5%	871,274,255
2007	28,730	N/A	N/A	15,173	4.7%	851,564,019

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
2007 and 1998

Employer	2007			1998		
	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Hilliard City Schools	2,672	1	15.17%	2,199	1	13.30%
BMW Financial Services	560	2	3.18%			
Micro Center Inc.	412	3	2.34%	353	6	2.13%
Redemtech Inc.	411	4	2.33%			
City of Hilliard	327	(1) 5	1.86%	183	10	1.11%
Norwich Township	327	6	1.86%			
Verizon Business Network Service	219	7	1.24%	1,123	2	6.79%
R. E. Rich Family Holding Corp.	165	8	0.94%	232	9	1.40%
Echosphere LLC	162	9	0.92%			
Cellucom Outlet Inc.	155	10	0.88%			
Gates McDonald & Co.			-	666	3	4.03%
Discover Financial Services			-	420	4	2.54%
Arctic Express			-	410	5	2.48%
Red Roof Inns, Inc.			-	311	7	1.88%
Medex, Inc.			-	268	8	1.62%
Total Employees	5,410		30.72%	6,165		37.28%
All Other Employers	12,202		69.28%	10,371		62.72%
Total Employment within the City	17,612		100.00%	16,536		100.00%

Source: City Income Tax Department

(1) Includes seasonal employees.

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

Function/Program	1998		1999		2000		2001		2002	
	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All
General Government	45	50	42	52	54	61	60	66	62	67
Security of Persons and Property	42	42	43	43	44	44	46	46	45	45
Leisure Time Activities	17	32	17	28	19	32	21	34	19	33
Basic Utility Services	9	9	8	8	10	11	9	9	11	11
Transportation	20	20	23	23	22	22	20	20	19	19
<i>Total Number of Employees</i>	<u>133</u>	<u>153</u>	<u>133</u>	<u>154</u>	<u>149</u>	<u>170</u>	<u>156</u>	<u>175</u>	<u>156</u>	<u>175</u>

Source: City Payroll Records

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

2003		2004		2005		2006		2007	
Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All
35	35	48	48	49	49	47	47	48	48
50	50	50	50	50	50	49	49	50	50
23	35	20	32	22	32	23	35	23	35
14	14	4	4	1	1	1	1	1	1
21	21	21	21	21	21	21	21	21	21
<u>143</u>	<u>155</u>	<u>143</u>	<u>155</u>	<u>143</u>	<u>153</u>	<u>141</u>	<u>153</u>	<u>143</u>	<u>155</u>

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

Function/Program	1998	1999	2000	2001	2002
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	2	2	2
Leisure Time Activities:					
Number of Parks	18	18	18	18	18
Park Area (acres)	227.0	227.0	239.9	239.9	239.9
Number of Playgrounds	10	10	11	11	11
Number of Swimming Pools	2	2	2	2	2
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	97	97	105	105
Miles of Sanitary Sewers	65	118	118	120	120
Miles of Storm Sewers	66	85	85	96	96
Transportation					
Miles of Streets	N/A	N/A	N/A	N/A	N/A
Number of Street Lights	369	419	419	480	480
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

2003	2004	2005	2006	2007
1	1	1	1	1
1	1	1	1	1
3	3	3	3	3
18	21	21	21	21
256.9	285.0	285.0	285.0	285.0
11	11	11	11	11
2	2	2	2	2
1	1	1	1	1
1	1	1	1	1
126	114	113	127	128
151	130	117	135	140
141	108	122	107	118
N/A	N/A	102	103	107
1,636	1,405	1,445	1,458	1,536
N/A	N/A	N/A	31	34

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

	1998	1999	2000	2001	2002	2003
General Government:						
Active Income Tax Accounts						
Individual	8,500	8,625	8,932	9,200	9,360	9,253
Business	1,900	2,020	2,390	2,100	2,296	2,303
Withholding	2,200	2,300	2,630	3,024	3,075	3,290
Clerk of Courts:						
Traffic Court Cases	2,974	2,284	2,322	2,405	2,865	2,469
Security of Persons and Property:						
Police Calls	40,595	40,170	42,926	42,370	48,807	48,001
Physical Arrests	2,034	1,842	1,957	1,760	1,853	1,805
Citations	3,838	3,088	3,282	3,202	3,966	3,686
Parking Violations	94	65	74	78	74	80
Leisure Time Activities:						
Swimming Pool Revenue	\$ 374,012	\$ 427,427	\$ 428,918	\$ 458,228	\$ 479,925	\$ 471,468
Community Center Revenue	\$ 205,085	\$ 209,157	\$ 217,005	\$ 233,949	\$ 254,261	\$ 273,369
Senior Center Revenue	\$ 73,078	\$ 84,730	\$ 54,471	\$ 94,933	\$ 106,500	\$ 89,219

Source: Department annual reports

2004	2005	2006	2007
9,368	10,007	10,343	11,841
2,378	2,457	2,539	2,766
3,152	3,097	3,243	2,883
2,754	2,922	2,177	2,085
56,286	57,170	55,017	55,204
2,061	1,771	1,782	1,938
4,470	4,699	3,579	3,660
80	93	91	108
\$ 401,414	\$ 388,633	\$ 328,198	\$ 423,731
\$ 225,431	\$ 207,862	\$ 230,356	\$ 227,528
\$ 86,209	\$ 87,730	\$ 88,115	\$ 81,938

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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
AUGUST 19, 2008