

CITY OF BLUE ASH, OHIO

Independent Auditors' Report on
Internal Controls and Compliance

December 31, 2007



Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the City of Blue Ash, Hamilton County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 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 Blue Ash is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 1, 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 City Council
City of Blue Ash, Ohio:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Blue Ash, 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 25, 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.

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 entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the 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 or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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 noted certain matters that we reported to management of the City of Blue Ash, Ohio in a separate letter dated June 25, 2008.

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, Hachett & Co.

Cincinnati, Ohio
June 25, 2008

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2007

Prepared by the Finance Department

Sherry L. Poppe, CPA



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HAMILTON COUNTY, OHIO

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***Letter of Transmittal
For the Year Ended December 31, 2007***



CITY OF BLUE ASH

4343 Cooper Road • Blue Ash, Ohio 45242
David M. Waltz, City Manager

phone (513) 745-8500 fax (513)-745-8594
www.blueash.com

June 12, 2007

To The Council and The Citizens of the City of Blue Ash, Ohio:

Submitted for your review is the Comprehensive Annual Financial Report (CAFR) of the City of Blue Ash, (the City) for the year ended December 31, 2007. It represents the City's commitment to conform to nationally recognized standards of excellence in financial reporting. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operation of the City; and that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been presented.

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

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

THE CITY OF BLUE ASH

The City of Blue Ash is a vibrant Ohio community located twelve miles northeast of Cincinnati. Its 7.7 square mile area serves a residential population of 12,513 (2000 Census) and an estimated daytime population of 58,000. In 2007, approximately 2,000 businesses and organizations were located in Blue Ash. Blue Ash is a balanced community with approximately 35% of the area designated for residential use; approximately 35% for industrial and commercial use; and the remaining 30% used for municipal, educational, and agricultural purposes. Blue Ash was settled in 1791, incorporated as a village in 1955 and became a City in 1961. Blue Ash is a home-rule City with a Council/Manager form of government. The City's responsibilities and structure are outlined in the City Charter, which was adopted by residents in 1961 and was last amended in 2006.

***Letter of Transmittal
For the Year Ended December 31, 2007***

The legislative body of Blue Ash consists of a seven-member Council, five of whom are elected by Ward, and two of whom are elected At-Large. Council chooses the Mayor and Vice Mayor among its members. All seven members are elected on a partisan basis for two-year terms, with the terms of current Council members expiring November 30, 2009.

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

ECONOMIC CONDITIONS AND OUTLOOK

Local Economy

Although the economy softened at all levels during the latter part of 2007, the City of Blue Ash's diverse business base and favorable environment moderated any visible impact upon finances or operations. Although a direct comparison of earnings tax collections with 2006 was difficult given the January 2007 increase in the rate from 1% to 1.25%, overall collections remained strong, representing the contribution from between 55,000 and 58,000 daily workers in the business community.

Economic strength within the City of Blue Ash has long been recognized, representing a level second only to the City of Cincinnati in support of the regional economy. The Council and Administration have maintained a historical focus on a balanced community, representing equal components of residential, business, and public / educational or similar uses. That balance contributed to a community environment that was not only favorable for residents, but was also supportive of business presence, expansion, and retention. Even so, City Council recognized several years ago evidence of increased competition for those businesses that maintained operations in the City, and those who were seeking a new location in the region. In response, a full-time Economic Development Director, and supporting staff, was brought on board and the team has worked diligently over the past several years on expanding interaction with existing businesses to assure their satisfaction and remaining presence, as well as an outreach program to actively recruit new businesses.

Blue Ash's Council and Management Team recognize the importance of a regional approach to economic and community development objectives. The City annually commits funding to the Cincinnati USA partnership, and maintains cooperative efforts with the Cincinnati Chamber of Commerce, in recognition of the mutual benefits that flow to Blue Ash through regional economic strength and expansion.

During 2007, the City Council and Management Team carefully monitored the impact of the sub-prime mortgage situation, confirmed the safety and security of the City's investments, and initiated a program to monitor foreclosure activity in both the residential and commercial areas. The local housing market remained reasonably strong, with less than five residential foreclosures evident through the end of 2007. No foreclosures in the commercial or business categories became evident, and the group will continue to monitor the economy and the credit market situation and its impact upon the local economy in 2008.

***Letter of Transmittal
For the Year Ended December 31, 2007***

MAJOR INITIATIVES

Capital Improvements

City Council presented a program in 2006, Issue 15, which sought citizen's approval of an increase in the earnings tax rate from 1% to 1.25%, with the collections targeted for significant "quality of life" improvements for the Blue Ash community. In November of 2006, voters approved Issue 15 by a two thirds majority, amending the Charter and providing for the application of the new tax rate effective January 1, 2007.

Passage of Issue 15 affirmed Council's commitment to the citizens for a number of significant capital improvements, including a major renovation and expansion of the Recreation Center, the acquisition of 130 acres of land owned by the City of Cincinnati as a part of their local airport, the future construction of a "signature" public park upon that acreage, connectivity improvements such as sidewalks and bike paths to improve citizen access to all such facilities, the construction of a new Golf Course Clubhouse, certain golf course improvements, and the use of Issue 15 proceeds for traffic and other capital improvements over the longer term.

The commitment under Issue 15 also included a promise on the part of the City of Blue Ash to cooperatively work with the City of Cincinnati in the reconfiguration of the existing reliever airport onto the residual acreage retained by Cincinnati, so that the airport could be retained and remain operational. The Blue Ash airport represents a regional asset, and both cities have committed to financial contributions and cooperative efforts to assist in its retention and long term operation.

During 2007, phase one of the Recreation Center Expansion and Renovation Project was completed, representing a new gymnasium as well as the design of the second phase to be started in 2008 and to be completed in 2009. Revenues from the Issue 15 rate change were utilized for this project, supplemented by a \$9,975,000 General Obligation Bond issued in 2007. In addition, design work began on the Clubhouse Project, as well as for the course improvements, 130 acre park preliminary design, and cooperative efforts with Cincinnati on airport retention.

Providing an environment that is business friendly and supportive is recognized as a major component in business retention and successful economic development. In support of that effort, significant investments were made during 2007 improving the flow of traffic, and in planning for road improvements in future years. The design was completed for a \$3,000,000 reconstruction of Blue Ash Road, several key intersections were re-configured to improve traffic flow, and cooperative efforts began with the Ohio Department of Transportation relating to the key intersection of Pfeiffer Road in Blue Ash with I-71 in Montgomery.

In addition, Council and the Management Team focused on several other issues in 2007 including the redevelopment of the downtown area and a strengthening of the City's residential housing stock. In anticipation of future infrastructure and other improvements within the downtown area, a streetscaping study was completed and presented, a grant was secured for traffic improvements to reduce congestion and increase safety, and a plan was finalized to provide for a more inviting atmosphere.

***Letter of Transmittal
For the Year Ended December 31, 2007***

The City's ongoing commitment to an one third allocation of space to residential use, and the understanding of the critical importance of a strong housing base, played a role in an increased focus in 2007 on preserving existing housing, providing assistance and incentives for reinvestment and revitalization of existing dwellings, and an education program for the citizens to recognize the value of community reinvestment including rebuilding homes and infill housing.

For The Future

The Blue Ash City Council and Administration look forward to fulfilling the commitment to the business and residential citizens relating to Issue 15. Both phases of the Recreation Center Expansion and Renovation Project will be completed by mid 2009, and design efforts will be finalized during 2009 for the expected reconstruction of the Golf Course Clubhouse. Cooperative efforts with the City of Cincinnati on reconfiguring the Blue Ash Airport will firm up no later than 2010, providing for the creation of a time table for the final design and construction of the 130 acre park to be developed on the adjacent property. Concurrent with these recreation projects will be a focus upon traffic improvements, including a completion of the Blue Ash Road Project, and a focus upon the intersection of I-71 with Pfeiffer Road as well as the Plainfield Road/Hunt Road intersection near Ronald Reagan Highway.

Plans for 2008 include a professional survey to determine the citizen's satisfaction with the City's anticipated pathway, or focus, and to confirm that the City's effort parallels the concerns and interest of the citizens.

Through long term conservative planning, the resources made available through the passage of Issue 15 will be allocated to provide for progress on the capital improvements at a pace that will not over-commit the City or result in an erosion in General Fund or Capital Reserves.

FINANCIAL INFORMATION

Internal and Budgetary Controls

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

Budgetary control is maintained within the personal services, operating expense, contractual services, and capital outlay categories within each department through the encumbering of estimated purchase amounts prior to the release of formal purchase orders to vendors. Purchase order requisitions, which would result in an overrun above appropriated balances, are not approved until additional appropriations are made available via City Council approved ordinances amending the annual appropriations ordinance. Open encumbrances as of December 31, 2007 are reported as reservations of fund balances within this report.

***Letter of Transmittal
For the Year Ended December 31, 2007***

Risk Management

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

Cash Management

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

INDEPENDENT AUDIT

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

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Blue Ash, Ohio for its comprehensive annual financial report for the fiscal year ended December 31, 2006. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government finance reports.

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

A Certificate of Achievement is valid for a period of one year only. The City of Blue Ash has received a Certificate of Achievement for the last twenty consecutive years (fiscal years ended 1987-2006). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

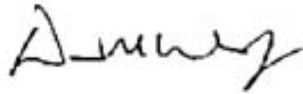
***Letter of Transmittal
For the Year Ended December 31, 2007***

ACKNOWLEDGMENTS

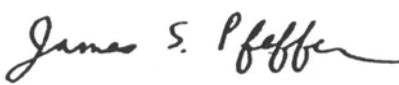
Sincere appreciation is extended to the many individuals who have worked diligently and contributed much time and effort in making this report possible.

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

Respectfully submitted,



David M. Waltz
City Manager



James S. Pfeffer
Treasurer/Administrative
Services Director



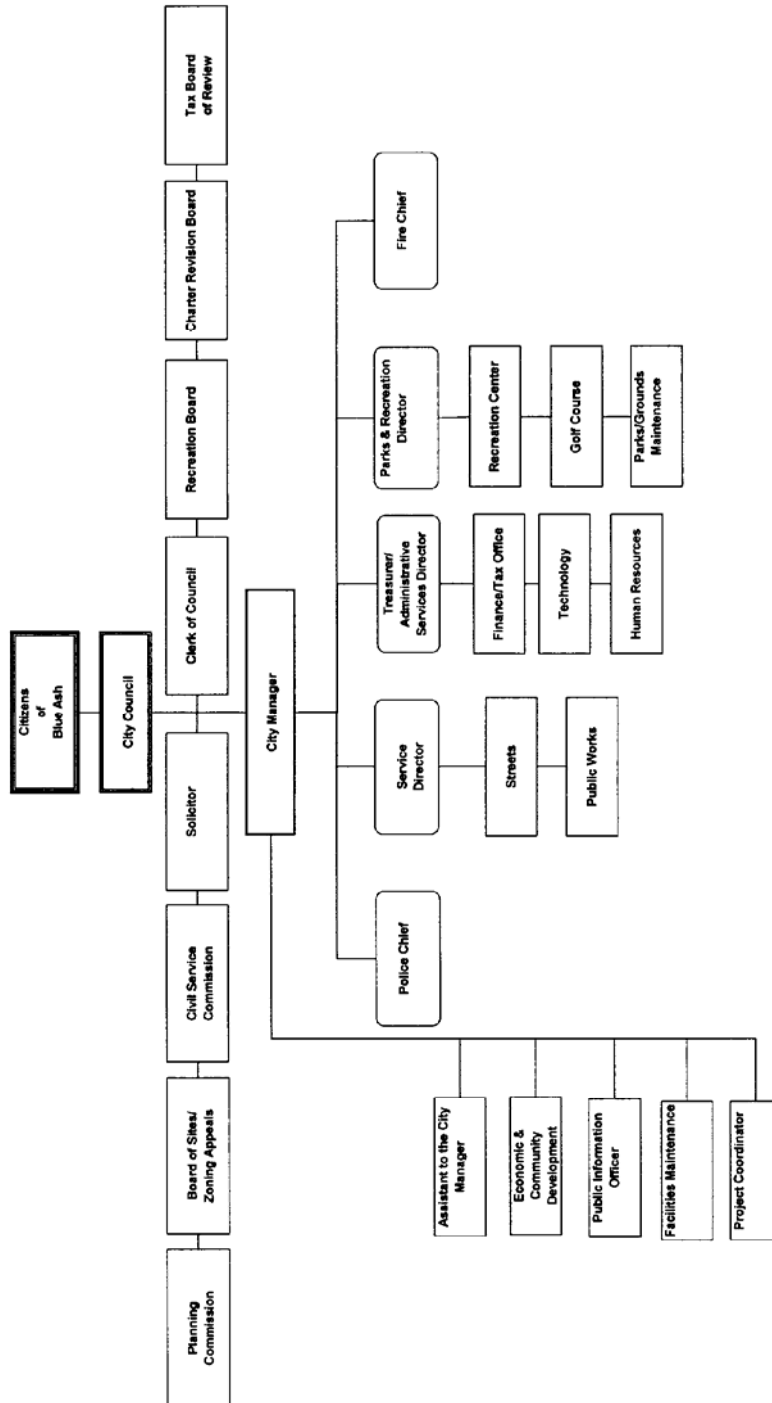
Sherry L. Poppe, CPA
Deputy Treasurer/
Tax Commissioner

CITY OF BLUE ASH, OHIO

***List of Principal Officials
For the Year Ended December 31, 2007***

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

City Organizational Chart
For the Year Ended December 31, 2007



Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Blue Ash
Ohio

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



Charles S. Cox

President

Jeffrey R. Emmer

Executive Director





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

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Blue Ash, Ohio:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Blue Ash, Ohio (the City) as of and for the year ended December 31, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Blue Ash, Ohio as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund and Parks and Recreation Fund, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2008, on our consideration of the City of Blue Ash, Ohio's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Clark, Schaefer, Haskett & Co.

Cincinnati, Ohio
June 25, 2008

The discussion and analysis of the City of Blue Ash's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2007. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2007 are as follows:

- ❑ In total, net assets increased \$7,477,216. Net assets of governmental activities increased \$7,442,866, which represents a 13.8% increase from 2006. Net assets of business-type activities increased \$34,350 from 2006.
- ❑ General revenues accounted for \$35,508,667 in revenue or 91% of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$3,428,294 or 9% of all revenues.
- ❑ The City had \$29,867,702 in expenses related to governmental activities; only \$2,274,545 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$35,508,667 were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$35,350,480 in revenues and \$20,224,383 in expenditures. The balance of the General Fund increased \$4,443,301 to \$15,742,543.
- ❑ Net assets for the enterprise fund increased slightly. This increase resulted from increased transfers from the General Fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are as follows:

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

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

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

**Management's Discussion and Analysis
For the Year Ended December 31, 2007**

Unaudited

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

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a comparison of the City's net assets as of December 31, 2007 and 2006:

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$34,289,697	\$26,646,722	\$140,901	\$152,335	\$34,430,598	\$26,799,057
Capital assets, Net	83,640,287	58,192,943	2,663,732	2,616,516	86,304,019	60,809,459
Total assets	117,929,984	84,839,665	2,804,633	2,768,851	120,734,617	87,608,516
Long-term debt outstanding	51,181,818	25,936,217	78,221	77,285	51,260,039	26,013,502
Other liabilities	5,434,539	5,032,687	89,289	88,793	5,523,828	5,121,480
Total liabilities	56,616,357	30,968,904	167,510	166,078	56,783,867	31,134,982
Net assets						
Invested in capital assets, net of related debt	41,228,022	34,881,463	2,663,732	2,616,516	43,891,754	37,497,979
Restricted	2,657,256	4,839,111	0	0	2,657,256	4,839,111
Unrestricted	17,428,349	14,150,187	(26,609)	(13,743)	17,401,740	14,136,444
Total net assets	\$61,313,627	\$53,870,761	\$2,637,123	\$2,602,773	\$63,950,750	\$56,473,534

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CITY OF BLUE ASH, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2007**

Unaudited

Changes in Net Assets – The following table shows the changes in net assets for fiscal year 2007 and 2006:

	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities	Total	Total
	2007	2006	2007	2006	2007	2006
Revenues						
Program revenues:						
Charges for Services and Sales	\$1,400,914	\$1,568,552	\$1,153,749	\$1,122,849	\$2,554,663	\$2,691,401
Operating Grants and Contributions	823,631	822,921	0	0	823,631	822,921
Capital Grants and Contributions	50,000	0	0	0	50,000	0
General revenues:						
Income Taxes	26,914,805	22,145,729	0	0	26,914,805	22,145,729
Property Taxes	2,447,201	2,392,819	0	0	2,447,201	2,392,819
Other Local Taxes	902,725	869,253	0	0	902,725	869,253
Grants and Entitlements not Restricted to Specific Programs	3,185,974	1,726,738	0	0	3,185,974	1,726,738
Investment Earnings	1,013,428	720,964	0	0	1,013,428	720,964
Miscellaneous	1,044,534	861,002	0	0	1,044,534	861,002
Total revenues	37,783,212	31,107,978	1,153,749	1,122,849	38,936,961	32,230,827
Program Expenses						
Security of Persons and Property	10,583,392	10,330,009	0	0	10,583,392	10,330,009
Leisure Time Activities	4,942,967	4,629,671	0	0	4,942,967	4,629,671
Community Development	864,853	1,128,585	0	0	864,853	1,128,585
Basic Utility Services	2,092,167	1,879,424	0	0	2,092,167	1,879,424
Transportation	2,311,705	1,919,917	0	0	2,311,705	1,919,917
General Government	7,512,638	7,401,144	0	0	7,512,638	7,401,144
Debt Service:						
Interest and Fiscal Charges	1,559,980	842,242	0	0	1,559,980	842,242
Golf Course	0	0	1,592,043	1,482,474	1,592,043	1,482,474
Total expenses	29,867,702	28,130,992	1,592,043	1,482,474	31,459,745	29,613,466
Excess (deficiency) before Transfers	7,915,510	2,976,986	(438,294)	(359,625)	7,477,216	2,617,361
Transfers	(472,644)	(351,622)	472,644	351,622	0	0
Total Change in Net Assets	7,442,866	2,625,364	34,350	(8,003)	7,477,216	2,617,361
Beginning Net Assets	53,870,761	51,245,397	2,602,773	2,610,776	56,473,534	53,856,173
Ending Net Assets	\$61,313,627	\$53,870,761	\$2,637,123	\$2,602,773	\$63,950,750	\$56,473,534

Governmental Activities

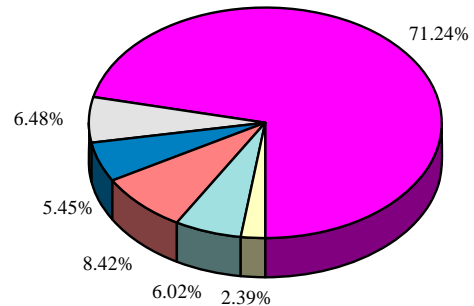
Net assets of the City's governmental activities increased by \$7,442,866. The increase was mainly due to the higher income tax rate that became effective January 1, 2007.

**Management's Discussion and Analysis
For the Year Ended December 31, 2007**

Unaudited

Property taxes and income taxes made up 6.48% and 71.24% respectively of revenues for governmental activities for the City in fiscal year 2007. The City's reliance upon tax revenues is demonstrated by the following graph indicating 77.72% of total revenues from general tax revenues:

Revenue Sources	2007	Percent of Total
Property Taxes	\$2,447,201	6.48%
Income Taxes	26,914,805	71.24%
Other Local Taxes	902,725	2.39%
Program Revenues	2,274,545	6.02%
Grants and Entitlements not Restricted to Specific Programs	3,185,974	8.42%
General Other	2,057,962	5.45%
Total Revenue	\$37,783,212	100.00%



Business-Type Activities

Net assets of the business-type activities increased by \$34,350. This increase resulted from transfers from governmental activities.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$26,042,163, which is an increase from last year's balance of \$18,395,470. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2007 and 2006:

	Fund Balance (Deficit) December 31, 2007	Fund Balance (Deficit) December 31, 2006	Increase (Decrease)
General	\$15,742,543	\$11,299,242	\$4,443,301
Park and Recreation	(6,013)	74,448	(80,461)
TIF Construction	0	5,142,065	(5,142,065)
Airport	58,963	0	58,963
Recreation Center Construction	7,742,483	0	7,742,483
Other Governmental	2,504,187	1,879,715	624,472
Total	\$26,042,163	\$18,395,470	\$7,646,693

Of the City's \$26,042,163 year ended fund balances for governmental activities, 87% is unreserved, which allows it for spending at the government's discretion. The remaining 13% is restricted for several purposes, \$1,625,355 is reserved to pay encumbered amounts still open at year end, \$1,363,513 has been restricted for the retirement of the City's long-term debt, and the remaining \$372,518 is applied to other restricted purposes.

CITY OF BLUE ASH, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2007**

Unaudited

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

	2007 <u>Revenues</u>	2006 <u>Revenues</u>	Increase <u>(Decrease)</u>
Property Taxes	\$2,170,820	\$2,284,018	(\$113,198)
Municipal Income Tax	27,037,678	22,053,892	4,983,786
Other Local Taxes	902,725	869,253	33,472
Intergovernmental Revenues	3,212,096	1,924,333	1,287,763
Charges for Services	712,409	541,329	171,080
Licenses and Permits	430,499	619,684	(189,185)
Investment Earnings	655,206	495,949	159,257
Fines and Forfeitures	128,005	169,862	(41,857)
All Other Revenue	101,042	14,301	86,741
Total	<u>\$35,350,480</u>	<u>\$28,972,621</u>	<u>\$6,377,859</u>

General Fund revenues in 2007 increased 22% compared to revenues in fiscal year 2006. The most significant factor contributing to this increase was the increase in municipal income tax collections and higher intergovernmental receipts in 2007.

	2007 <u>Expenditures</u>	2006 <u>Expenditures</u>	Increase <u>(Decrease)</u>
Security of Persons and Property	\$11,188,825	\$10,139,868	\$1,048,957
Community Development	944,529	1,360,707	(416,178)
Basic Utility Services	2,390,755	1,912,102	478,653
General Government	5,700,274	5,580,307	119,967
Total	<u>\$20,224,383</u>	<u>\$18,992,984</u>	<u>\$1,231,399</u>

General Fund expenditures increased by 6.5% or \$1,231,399 over 2006 expenditures. The increases were attributed to increased salaries and benefit costs.

Park and Recreation Fund – The fund balance of the Park and Recreation Fund, a major governmental fund decreased by \$80,461 during 2007. The decrease was due to increased cost of operations.

TIF Construction Fund – The fund balance of the TIF Construction Fund decreased by \$5,142,065. The decrease was due to the costs associated with the completion of the construction project.

Airport Fund – The airport fund balance increased by \$58,963 due to transfers-in to fund open encumbrances as of December 31, 2007.

Recreation Center Construction Fund – The fund balance increased due to the issuance of a \$9,975,000 general obligation bond to finance construction of the new recreation center.

**Management's Discussion and Analysis
For the Year Ended December 31, 2007**

Unaudited

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

During the course of fiscal year 2007 the City amended its General Fund budget several times, as approved by City Council.

For the General Fund, final budget basis revenue of \$33.5 million did not significantly change over the original budget estimates of \$33.7 million. The General Fund maintained an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2007 the City had \$86,304,019 net of accumulated depreciation invested in land, buildings, infrastructure, equipment and vehicles. Of this total, \$83,640,287 was related to governmental activities and \$2,663,732 to the business-type activities. The following table shows fiscal year 2007 and 2006 balances:

	Governmental Activities		Increase (Decrease)
	2007	2006	
Land	\$39,044,302	\$20,321,922	\$18,722,380
Construction In Progress	3,010,274	281,425	2,728,849
Buildings	34,267,004	29,295,530	4,971,474
Improvements Other than Buildings	6,303,926	6,333,851	(29,925)
Infrastructure	19,288,698	18,827,467	461,231
Machinery and Equipment	10,601,724	11,913,241	(1,311,517)
Less: Accumulated Depreciation	(28,875,641)	(28,780,493)	(95,148)
Totals	\$83,640,287	\$58,192,943	\$25,447,344

	Business-Type Activities		Increase (Decrease)
	2007	2006	
Land	\$1,124,764	\$1,124,764	\$0
Construction In Progress	\$64,026	\$1,376	62,650
Buildings	1,177,190	1,200,860	(23,670)
Improvements Other than Buildings	1,993,581	1,983,017	10,564
Machinery and Equipment	1,211,279	1,287,689	(76,410)
Less: Accumulated Depreciation	(2,907,108)	(2,981,190)	74,082
Totals	\$2,663,732	\$2,616,516	\$47,216

The most significant change in governmental capital assets occurred in land. For future recreational purposes, the City purchased 130 acres of vacant land located at the Blue Ash airport.

***Management's Discussion and Analysis
For the Year Ended December 31, 2007***

Unaudited

As of December 31, 2007, the City has contractual commitments of \$1,798,472 due to Phase I renovation of the Blue Ash Recreation Center and various other projects. Additional information on the City's capital assets can be found in Note 8.

Debt

At December 31, 2007, the City had \$31,645,000 in bonds outstanding, \$2,930,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Governmental Activities:		
General Obligation Bonds	\$31,645,000	\$24,500,000
Property Acquisition Loan	17,913,325	0
Compensated Absences	<u>1,623,493</u>	<u>1,436,217</u>
Total Governmental Activities	<u>\$51,181,818</u>	<u>\$25,936,217</u>
Business-Type Activities:		
Compensated Absences	<u>\$78,221</u>	<u>\$77,285</u>
Total Business-Type Activities	<u>78,221</u>	<u>77,285</u>
Totals	<u>\$51,260,039</u>	<u>\$26,013,502</u>

Under current state statutes, the City's general obligation bonded debt issues are subject to a legal limitation based on 10.5% of the total assessed value of real and personal property. At December 31, 2007, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 11.

ECONOMIC FACTORS

The City's continuing economic development focus during 2007 assisted in maintaining a strong base within the local business community. Blue Ash benefited not only from a reasonably strong regional economy, but from expanded business operations and new 2007 businesses within Blue Ash that contributed to financial results during the year. Examining the City's withholding tax collections on a cash basis would seem to be a reasonable method of evaluating the strength of the local economy. Effective January 1, 2007, issue 15 was approved which increased the City's income tax rate from 1% to 1.25%. Tax withholding collections during 2007 were 32.76% above 2006 collections, representing growth beyond what might be expected from the rate increase alone. Combined income taxes collected during 2007 were 19.2% or \$4,436,000 above combined collections in 2006.

REQUESTS FOR INFORMATION

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

CITY OF BLUE ASH, OHIO

Statement of Net Assets
December 31, 2007

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and Cash Equivalents	\$ 23,620,747	\$ 105,199	\$ 23,725,946
Receivables:			
Taxes	7,943,124	0	7,943,124
Accounts	224,517	12	224,529
Intergovernmental	985,522	442	985,964
Interest	92,705	0	92,705
Inventory of Supplies at Cost	190,948	34,338	225,286
Prepaid Items	181,570	910	182,480
Restricted Assets:			
Investments	677,462	0	677,462
Unamortized Bond Issuance Costs	373,102	0	373,102
Capital Assets:			
Capital Assets Not Being Depreciated	42,054,576	1,188,790	43,243,366
Capital Assets Being Depreciated, Net	<u>41,585,711</u>	<u>1,474,942</u>	<u>43,060,653</u>
Total Assets	<u>117,929,984</u>	<u>2,804,633</u>	<u>120,734,617</u>
Liabilities:			
Accounts Payable	864,627	39,120	903,747
Accrued Wages and Benefits	1,222,178	49,623	1,271,801
Intergovernmental Payable	27,988	546	28,534
Contracts Payable	888,306	0	888,306
Unearned Revenue	1,804,835	0	1,804,835
Accrued Interest Payable	626,605	0	626,605
Long-Term Liabilities:			
Due Within One Year	3,112,754	0	3,112,754
Due in More Than One Year	<u>48,069,064</u>	<u>78,221</u>	<u>48,147,285</u>
Total Liabilities	<u>56,616,357</u>	<u>167,510</u>	<u>56,783,867</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	41,228,022	2,663,732	43,891,754
Restricted For:			
Capital Projects	324,743	0	324,743
Debt Service	1,201,061	0	1,201,061
Streets and Highways	816,980	0	816,980
Security of Persons & Property	314,472	0	314,472
Unrestricted (Deficit)	<u>17,428,349</u>	<u>(26,609)</u>	<u>17,401,740</u>
Total Net Assets	<u>\$ 61,313,627</u>	<u>\$ 2,637,123</u>	<u>\$ 63,950,750</u>

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

**Statement of Activities
For the Year Ended December 31, 2007**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Current:				
Security of Persons and Property	\$ 10,583,392	\$ 93,483	\$ 3,580	\$ 50,000
Leisure Time Activities	4,942,967	704,280	0	0
Community Development	864,853	333,467	0	0
Basic Utility Services	2,092,167	0	0	0
Transportation	2,311,705	900	820,051	0
General Government	7,512,638	268,784	0	0
Interest and Fiscal Charges	1,559,980	0	0	0
Total Governmental Activities	29,867,702	1,400,914	823,631	50,000
Business-Type Activities:				
Golf Course	1,592,043	1,153,749	0	0
Total Business-Type Activities	1,592,043	1,153,749	0	0
Totals	\$ 31,459,745	\$ 2,554,663	\$ 823,631	\$ 50,000

General Revenues

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

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ (10,436,329)	\$ 0	\$ (10,436,329)
(4,238,687)	0	(4,238,687)
(531,386)	0	(531,386)
(2,092,167)	0	(2,092,167)
(1,490,754)	0	(1,490,754)
(7,243,854)	0	(7,243,854)
<u>(1,559,980)</u>	<u>0</u>	<u>(1,559,980)</u>
<u>(27,593,157)</u>	<u>0</u>	<u>(27,593,157)</u>
<u>0</u>	<u>(438,294)</u>	<u>(438,294)</u>
<u>0</u>	<u>(438,294)</u>	<u>(438,294)</u>
<u>\$ (27,593,157)</u>	<u>\$ (438,294)</u>	<u>\$ (28,031,451)</u>
2,170,820	0	2,170,820
276,381	0	276,381
26,914,805	0	26,914,805
902,725	0	902,725
3,185,974	0	3,185,974
1,013,428	0	1,013,428
1,044,534	0	1,044,534
(472,644)	472,644	0
<u>35,036,023</u>	<u>472,644</u>	<u>35,508,667</u>
7,442,866	34,350	7,477,216
<u>53,870,761</u>	<u>2,602,773</u>	<u>56,473,534</u>
<u>\$ 61,313,627</u>	<u>\$ 2,637,123</u>	<u>\$ 63,950,750</u>

CITY OF BLUE ASH, OHIO

**Balance Sheet
Governmental Funds
December 31, 2007**

	General	Park and Recreation	Airport	Recreation Center Construction
Assets:				
Cash and Cash Equivalents	\$ 12,930,019	\$ 96,788	\$ 58,963	\$ 8,549,436
Receivables:				
Taxes	7,861,350	0	0	0
Accounts	224,517	0	0	0
Intergovernmental	606,494	128	0	0
Interest	53,639	0	0	34,070
Inventory of Supplies, at Cost	36,031	20,554	0	0
Prepaid Items	48,498	133,072	0	0
Restricted Assets:				
Investments	0	0	0	0
Total Assets	\$ 21,760,548	\$ 250,542	\$ 58,963	\$ 8,583,506
Liabilities:				
Accounts Payable	\$ 393,120	\$ 153,483	\$ 0	\$ 0
Accrued Wages and Benefits Payable	1,071,518	101,719	0	0
Intergovernmental Payable	26,416	1,353	0	0
Contracts Payable	0	0	0	841,023
Deferred Revenue	4,483,453	0	0	0
Compensated Absences Payable	43,498	0	0	0
Total Liabilities	6,018,005	256,555	0	841,023
Fund Balances:				
Reserved for Encumbrances	800,132	19,238	58,963	567,514
Reserved for Prepaid Items	48,498	133,072	0	0
Reserved for Supplies Inventory	36,031	20,554	0	0
Reserved for Debt Service	0	0	0	0
Undesignated/Unreserved in:				
General Fund	14,857,882	0	0	0
Special Revenue Funds	0	(178,877)	0	0
Capital Projects Funds	0	0	0	7,174,969
Total Fund Balances	15,742,543	(6,013)	58,963	7,742,483
Total Liabilities and Fund Balances	\$ 21,760,548	\$ 250,542	\$ 58,963	\$ 8,583,506

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 1,985,541	\$ 23,620,747
81,774	7,943,124
0	224,517
378,900	985,522
4,996	92,705
134,363	190,948
0	181,570
<u>677,462</u>	<u>677,462</u>
<u>\$ 3,263,036</u>	<u>\$ 33,916,595</u>
\$ 318,024	\$ 864,627
48,941	1,222,178
219	27,988
47,283	888,306
344,382	4,827,835
<u>0</u>	<u>43,498</u>
<u>758,849</u>	<u>7,874,432</u>
179,508	1,625,355
0	181,570
134,363	190,948
1,363,513	1,363,513
0	14,857,882
744,823	565,946
81,980	7,256,949
<u>2,504,187</u>	<u>26,042,163</u>
<u>\$ 3,263,036</u>	<u>\$ 33,916,595</u>

***Reconciliation Of Total Governmental Fund Balances
To Net Assets Of Governmental Activities
December 31, 2007***

Total Governmental Fund Balances \$ 26,042,163

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

Capital Assets used in governmental activities are not
resources and therefore are not reported in the funds. 83,640,287

Other long-term assets are not available to pay for current-
period expenditures and therefore are deferred in the funds. 3,023,000

Long-term liabilities, including bonds payable, are not due
and payable in the current period and therefore are not
reported in the funds.

General Obligation Bonds Payable	(31,645,000)	
Unamortized Bond Issuance Costs	373,102	
Property Acquisition Loan	(17,913,325)	
Compensated Absences Payable	(1,579,995)	
Accrued Interest Payable	(626,605)	(51,391,823)
		<u>(51,391,823)</u>

Net Assets of Governmental Activities \$ 61,313,627

See accompanying notes to the basic financial statements



CITY OF BLUE ASH, OHIO

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2007**

	General	Park and Recreation	TIF Construction	Airport
Revenues:				
Property Taxes	\$ 2,170,820	\$ 0	\$ 0	\$ 0
Municipal Income Tax	27,037,678	0	0	0
Other Local Taxes	902,725	0	0	0
Intergovernmental Revenues	3,212,096	0	0	0
Charges for Services	712,409	704,280	0	0
Licenses and Permits	430,499	0	0	0
Investment Earnings	655,206	0	80,359	0
Fines and Forfeitures	128,005	0	0	0
All Other Revenue	101,042	277,161	0	0
Total Revenue	35,350,480	981,441	80,359	0
Expenditures:				
Current:				
Security of Persons and Property	11,188,825	0	0	0
Leisure Time Activities	0	4,413,957	0	0
Community Development	944,529	0	0	0
Basic Utility Services	2,390,755	0	0	0
Transportation	0	0	0	0
General Government	5,700,274	0	0	0
Capital Outlay	0	0	4,933,571	19,029,248
Debt Service:				
Principal Retirement	0	0	0	1,000,000
Interest & Fiscal Charges	0	0	0	0
Total Expenditures	20,224,383	4,413,957	4,933,571	20,029,248
Excess (Deficiency) of Revenues Over Expenditures	15,126,097	(3,432,516)	(4,853,212)	(20,029,248)
Other Financing Sources (Uses):				
Sale of Capital Assets	261,920	0	0	0
Sale of Bonds	0	0	0	0
Property Acquisition Loan	0	0	0	18,913,325
Premiums on Debt Issuance	0	0	0	0
Transfers In	0	3,343,773	0	1,174,886
Transfers Out	(10,952,491)	0	(288,853)	0
Total Other Financing Sources (Uses)	(10,690,571)	3,343,773	(288,853)	20,088,211
Net Change in Fund Balances	4,435,526	(88,743)	(5,142,065)	58,963
Fund Balances (Deficits) at Beginning of Year	11,299,242	74,448	5,142,065	0
Increase (Decrease) in Inventory Reserve	7,775	8,282	0	0
Fund Balances (Deficits) End of Year	\$ 15,742,543	\$ (6,013)	\$ 0	\$ 58,963

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

Recreation Center Construction	Other Governmental Funds	Total Governmental Funds
\$ 0	\$ 189,154	\$ 2,359,974
0	0	27,037,678
0	0	902,725
0	886,304	4,098,400
0	850	1,417,539
0	50	430,549
182,673	93,382	1,011,620
0	44,994	172,999
3,300	42,858	424,361
<u>185,973</u>	<u>1,257,592</u>	<u>37,855,845</u>
0	71,551	11,260,376
0	0	4,413,957
0	0	944,529
0	0	2,390,755
0	2,167,150	2,167,150
0	0	5,700,274
2,828,490	171,109	26,962,418
0	2,830,000	3,830,000
0	1,185,353	1,185,353
<u>2,828,490</u>	<u>6,425,163</u>	<u>58,854,812</u>
(2,642,517)	(5,167,571)	(20,998,967)
0	0	261,920
9,975,000	0	9,975,000
0	0	18,913,325
0	1,808	1,808
410,000	7,344,310	12,272,969
0	(1,504,269)	(12,745,613)
<u>10,385,000</u>	<u>5,841,849</u>	<u>28,679,409</u>
7,742,483	674,278	7,680,442
0	1,879,715	18,395,470
0	(49,806)	(33,749)
<u>\$ 7,742,483</u>	<u>\$ 2,504,187</u>	<u>\$ 26,042,163</u>

CITY OF BLUE ASH, OHIO

***Reconciliation Of The Statement Of Revenues, Expenditures
And Changes In Fund Balances Of Governmental Funds
To The Statement Of Activities
For the Year Ended December 31, 2007***

Net Change in Fund Balances - Total Governmental Funds \$ 7,680,442

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

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

Capital Outlay	28,716,342	
Depreciation Expense	<u>(2,459,736)</u>	26,256,606

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

The statement of activities reports losses arising from the disposal of capital assets. Conversely, the governmental funds report only proceeds received.	(809,262)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (74,441)

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

Issuance of General Obligation Bonds	(9,975,000)	
Issuance of Property Acquisition Loan	(18,913,325)	
Capitalizing of Bond Issuance Costs	<u>116,771</u>	(28,771,554)

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

General Obligation Bond Principal Payment	2,830,000	
Property Acquisition Loan Principal Payment	1,000,000	
Amortization of Bond Issuance Costs	<u>(9,155)</u>	3,820,845

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (482,243)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Compensated Absences	(143,778)	
Change in Inventory	<u>(33,749)</u>	<u>(177,527)</u>

Change in Net Assets of Governmental Activities \$ 7,442,866

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Year Ended December 31, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 2,162,824	\$ 2,162,824	\$ 2,170,820	\$ 7,996
Municipal Income Tax	26,978,797	26,328,797	26,034,600	(294,197)
Other Local Taxes	850,000	850,000	894,969	44,969
Intergovernmental Revenue	1,900,584	2,360,584	3,258,975	898,391
Charges for Services	599,650	599,650	689,486	89,836
Licenses and Permits	597,000	597,000	428,258	(168,742)
Investment Earnings	450,000	450,000	639,351	189,351
Fines and Forfeitures	197,000	197,000	128,005	(68,995)
All Other Revenues	3,200	3,200	46,170	42,970
Total Revenues	<u>33,739,055</u>	<u>33,549,055</u>	<u>34,290,634</u>	<u>741,579</u>
Expenditures:				
Current:				
Security of Persons and Property	11,059,951	12,213,570	11,415,040	798,530
Community Development	1,615,170	1,847,772	1,111,269	736,503
Basic Utility Services	2,668,900	2,734,351	2,492,296	242,055
General Government	13,579,272	13,840,779	6,146,455	7,694,324
Total Expenditures	<u>28,923,293</u>	<u>30,636,472</u>	<u>21,165,060</u>	<u>9,471,412</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,815,762	2,912,583	13,125,574	10,212,991
Other Financing Sources (Uses):				
Sale of Capital Assets	257,600	257,600	261,920	4,320
Transfers Out	(12,657,177)	(12,344,677)	(10,952,491)	1,392,186
Advances In	100,000	100,000	100,000	0
Advances Out	(100,000)	(100,000)	(100,000)	0
Total Other Financing Sources (Uses):	<u>(12,399,577)</u>	<u>(12,087,077)</u>	<u>(10,690,571)</u>	<u>1,396,506</u>
Net Change in Fund Balance	(7,583,815)	(9,174,494)	2,435,003	11,609,497
Fund Balance at Beginning of Year	7,583,820	7,583,820	7,583,820	0
Prior Year Encumbrances	1,730,803	1,730,803	1,730,803	0
Fund Balance at End of Year	<u>\$ 1,730,808</u>	<u>\$ 140,129</u>	<u>\$ 11,749,626</u>	<u>\$ 11,609,497</u>

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Special Revenue Fund – Park and Recreation Fund
For the Year Ended December 31, 2007**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 676,700	\$ 676,700	\$ 704,280	\$ 27,580
All Other Revenues	340,850	340,850	276,971	(63,879)
Total Revenues	<u>1,017,550</u>	<u>1,017,550</u>	<u>981,251</u>	<u>(36,299)</u>
Expenditures:				
Current:				
Leisure Time Activities	4,539,614	4,620,710	4,410,144	210,566
Total Expenditures	<u>4,539,614</u>	<u>4,620,710</u>	<u>4,410,144</u>	<u>210,566</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,522,064)	(3,603,160)	(3,428,893)	174,267
Other Financing Sources (Uses):				
Transfers In	3,522,065	3,532,065	3,343,773	(188,292)
Total Other Financing Sources (Uses):	<u>3,522,065</u>	<u>3,532,065</u>	<u>3,343,773</u>	<u>(188,292)</u>
Net Change in Fund Balance	1	(71,095)	(85,120)	(14,025)
Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances	85,120	85,120	85,120	0
Fund Balance at End of Year	<u>\$ 85,121</u>	<u>\$ 14,025</u>	<u>\$ 0</u>	<u>\$ (14,025)</u>

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

**Statement of Net Assets
Proprietary Fund
December 31, 2007**

	Business-Type Activities <u>Enterprise Funds</u> <u>Golf Course</u>
Assets:	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$ 105,199
Receivables:	
Accounts	12
Intergovernmental	442
Inventory of Supplies at Cost	34,338
Prepaid Items	910
<i>Total Current Assets</i>	<u>140,901</u>
<i>Non Current Assets:</i>	
Capital Assets:	
Capital Assets Not Being Depreciated	1,188,790
Capital Assets Being Depreciated, Net	<u>1,474,942</u>
Total Assets	<u>2,804,633</u>
Liabilities:	
<i>Current Liabilities:</i>	
Accounts Payable	39,120
Accrued Wages and Benefits	49,623
Intergovernmental Payable	546
<i>Total Current Liabilities</i>	<u>89,289</u>
<i>Long Term Liabilities:</i>	
Compensated Absences Payable	<u>78,221</u>
Total Liabilities	<u>167,510</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	2,663,732
Unrestricted	<u>(26,609)</u>
Total Net Assets	<u>\$ 2,637,123</u>

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund
For the Year Ended December 31, 2007**

	Business-Type Activities Enterprise Funds Golf Course
Operating Revenues:	
Charges for Services	\$ 1,127,138
Other Operating Revenue	1,172
Total Operating Revenues	1,128,310
Operating Expenses:	
Personal Services	888,435
Contractual Services	174,745
Materials and Supplies	285,173
Depreciation	183,188
Total Operating Expenses	1,531,541
Operating Income (Loss)	(403,231)
Nonoperating Revenue (Expenses):	
Loss on Disposal of Capital Assets	(36,764)
Other Nonoperating Revenue	25,439
Other Nonoperating Expense	(23,738)
Total Nonoperating Revenues (Expenses)	(35,063)
Income (Loss) Before Transfers	(438,294)
Transfers In	472,644
Change in Net Assets	34,350
Net Assets Beginning of Year	2,602,773
Net Assets End of Year	\$ 2,637,123

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

**Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2007**

	Business-Type Activities Enterprise Funds Golf Course
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$1,128,316
Cash Payments for Goods and Services	(492,024)
Cash Payments to Employees	(886,589)
Other Operating Cash Receipts	25,566
Net Cash Used by Operating Activities	<u>(224,731)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>	
Transfers In from Other Funds	472,644
Net Cash Provided by Noncapital Financing Activities	<u>472,644</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Acquisition and Construction of Assets	(267,168)
Net Cash Used for Capital and Related Financing Activities	<u>(267,168)</u>
Net Decrease in Cash and Cash Equivalents	(19,255)
Cash and Cash Equivalents at Beginning of Year	124,704
Cash and Cash Equivalents at End of Year	<u>\$105,449</u>
<u>Reconciliation of Operating Loss to Net Cash</u>	
<u>Used by Operating Activities:</u>	
Operating Loss	(\$403,231)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	183,188
Miscellaneous Nonoperating Income	25,566
Miscellaneous Nonoperating Expense	(23,860)
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	6
Decrease in Petty Cash	125
Increase in Inventory	(8,837)
Decrease in Prepaid Items	758
Decrease in Accounts Payable	(292)
Increase in Accrued Wages and Benefits	877
Increase in Intergovernmental Payable	33
Increase in Compensated Absences	936
Total Adjustments	<u>178,500</u>
Net Cash Used by Operating Activities	<u>(\$224,731)</u>

See accompanying notes to the basic financial statements

CITY OF BLUE ASH, OHIO

***Statement of Assets and Liabilities
Fiduciary Funds
December 31, 2007***

	<u>Agency</u>
Assets:	
Cash and Cash Equivalents	\$ 3,075
Restricted Assets:	
Cash and Cash Equivalents with Fiscal Agent	<u>501</u>
Total Assets	<u>3,576</u>
Liabilities:	
Intergovernmental Payable	1,222
Due to Others	<u>2,354</u>
Total Liabilities	<u>\$ 3,576</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2007***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements are presented as of December 31, 2007 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

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

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

B. Basis of Presentation - Fund Accounting

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2007***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

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

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

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

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

Airport Fund - This fund is used to account for financial resources accumulated for the purchase of land at the Blue Ash Airport.

Recreation Center Construction Fund - This fund is used to account for financial resources used for the construction and improvement of recreational facilities.

Proprietary Fund

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2007***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

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

Fiduciary Funds

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

C. Basis of Presentation - Financial Statements

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2007***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2007***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

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

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

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

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

Property taxes measurable as of December 31, 2007 but which are not intended to finance 2007 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue. Property taxes are further described in Note 5.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2007***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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

E. Budgetary Process

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

All funds, other than agency funds, are legally required to be budgeted and appropriated; however, only the general fund and major special revenue funds are required to be reported. The Law Enforcement Fund (special revenue) and the Land Acquisition Fund (capital project) is being reported as part of the statements prepared using generally accepted accounting principles but was not budgeted by the City because it is outside of the appropriated budget and does not maintain separate budgetary financial records. The legal level of budgetary control is by fund at the major object level (personal services, materials and supplies, contractual services, capital outlay, and transfers) by department. Budgetary control is maintained by not permitting expenditures to exceed appropriations at the major object level for each department within each fund without the approval of City Council. Administrative control is maintained through the establishment of more detailed line-item budgets. Budgetary modifications above the major object level by fund may only be made by ordinance of the City Council. During 2007, all appropriations were approved as required and all funds and departments completed the year within their legally authorized appropriations.

1. Tax Budget

By July 15, the City Manager submits an annual tax budget for the following fiscal year to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20th of each year, for the period January 1 to December 31 of the following year.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2007***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

2. Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Budget Commission then certifies its actions to the City by September 1st of each year. By October 1st of each year, the City accepts, by resolution, the tax rate as determined by the Budget Commission. As part of the certification process, the City receives an official certificate of estimated resources which states the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed or fall short of current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2007.

3. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1st of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1st of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund, department and object level, and may only be modified during the year by ordinance of the City Council. Total fund appropriations may not exceed the current estimated resources as certified by the County Budget Commission. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the object level. During the year, several supplemental appropriations were necessary to budget note proceeds, contingency funds and intergovernmental grants. The supplemental appropriations increased year end appropriations by approximately 8.0% over the appropriation ordinance approved in January 2007. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual (Non-GAAP Budgetary Basis)" for the General Fund and Major Special Revenue Funds are provided on the budgetary basis to provide a comparison of actual results with the final budget, including all amendments and modifications.

4. Lapsing of Appropriations

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2007**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

5. Budgetary Basis of Accounting

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

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

	Net Change in Fund Balance	
	General Fund	Park and Recreation Fund
GAAP Basis (as reported)	\$4,435,526	(\$88,743)
Increase (Decrease):		
Accrued Revenues at December 31, 2007 received during 2008	(4,262,547)	(318)
Accrued Revenues at December 31, 2006 received during 2007	3,202,701	125
Accrued Expenditures at December 31, 2007 paid during 2008	1,534,552	256,555
Accrued Expenditures at December 31, 2006 paid during 2007	(1,356,276)	(128,196)
2006 Prepays for 2007	108,483	103,597
2007 Prepays for 2008	(48,498)	(133,072)
Outstanding Encumbrances	(1,178,938)	(95,068)
Budget Basis	<u>\$2,435,003</u>	<u>(\$85,120)</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2007***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

During fiscal year 2007, cash and cash equivalents included amounts in demand deposits and the State Treasury Asset Reserve (STAR Ohio). STAR Ohio is a very liquid investment and is reported as a cash equivalent in the basic financial statements.

The City pools its cash for investment and resource management purposes. Each fund's equity in cash and cash equivalents represents the balance on hand as if each had maintained its own cash and cash investment account. For purposes of the statement of cash flows, the proprietary fund considers its share of equity in STAR Ohio to be cash equivalents. See Note 4, "Cash, Cash Equivalents and Investments."

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution, the Ohio Revised Code, and the City Charter. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the City reports its investments at fair value. The City allocates interest among the various funds based upon applicable legal and administrative requirements. All investment income, including changes in the fair value of investments, are recognized as revenue in the operating statements. Fair value is determined by quoted market prices. See Note 4, "Cash, Cash Equivalents and Investments."

The City invested funds in STAR Ohio during 2007. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2007.

H. Inventory

Inventory is stated at cost (first-in, first-out) in the governmental funds and proprietary fund. The costs of inventory items are recorded as expenditures in governmental funds when purchased and expenses in the proprietary fund when used.

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2007, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2007**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets and Depreciation

Capital assets are defined by the City as assets with an initial, individual cost of more than \$2,500 and an estimated useful life threshold of five or more years.

1. Property, Plant and Equipment - Governmental Activities

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

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

2. Property, Plant and Equipment – Business Type Activities

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

3. Depreciation

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

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2007**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Long-Term Obligations

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

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds	General Obligation Bond Retirement Fund
Property Acquisition Loan	Airport Fund
Tax Increment Financing Bonds	TIF Carver Road Retirement Fund
Compensated Absences	General Fund Street Construction, Maintenance and Repair Fund Park and Recreation Fund Golf Course Fund

L. Compensated Absences

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2007***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Net Assets

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

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

N. Pensions

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

O. Interfund Transactions

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

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

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

P. Intergovernmental Revenues

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

Q. Interfund Assets/Liabilities

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2007***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Reservations of Fund Balance

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

S. Estimates

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

T. Restricted Assets

Investments being held for debt retirements are classified as restricted assets on the statement of net assets and the governmental balance sheet because these funds are being held for specified purposes.

U. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Council and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2007.

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2007**

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

Deferred Tax Revenue	\$2,492,812
Intergovernmental Revenue Receivable	530,188
	<u>\$3,023,000</u>

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

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

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

Loss on Disposal of Capital Asset	(\$547,342)
Sale of Capital Assets	(261,920)
	<u>(\$809,262)</u>

Governmental revenues not reported in the funds:

Decrease in Delinquent Tax Revenue	(\$35,646)
Decrease in Intergovernmental Revenue Receivable	(38,795)
	<u>(\$74,441)</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2007***

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equities - The deficit of \$6,013 in the Park and Recreation Fund (special revenue fund) arose from the recognition of liabilities under the modified accrual basis of accounting. Under the budgetary basis of accounting, liabilities are not recognized as expenditures until they are paid, therefore, a deficit does not exist. A deficit does not exist on a cash basis. Transfers are provided when cash is required, not when accruals occur.

NOTE 4 - CASH AND CASH EQUIVALENTS

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

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

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

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

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2007**

NOTE 4 - CASH AND CASH EQUIVALENTS (Continued)

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

A. Deposits

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

At year end the carrying amount of the City's deposits was \$18,057,746 and the bank balance was \$18,486,257. Federal depository insurance covered \$100,000 of the bank balance and \$18,386,257 was uninsured. Of the remaining uninsured bank balance, the City was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the District's name	<u>\$18,386,257</u>
Total Balance	<u><u>\$18,386,257</u></u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2007**

NOTE 4 - CASH AND CASH EQUIVALENTS (Continued)

B. Investments

The City's investments at December 31, 2007 were as follows:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Investment Maturities (in Years)</u>		
			<u>less than 1</u>	<u>1-3</u>	<u>3-5</u>
STAR Ohio	\$5,671,776	AAAm ¹	\$5,671,776	\$0	\$0
US Federal Treasury Reserve	<u>677,462</u>	AAA ¹	<u>677,462</u>	<u>0</u>	<u>0</u>
Total Investments	<u>\$6,349,238</u>		<u>\$6,349,238</u>	<u>\$0</u>	<u>\$0</u>

¹ Standard & Poor's

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date. The City has no policy on interest rate risk and is governed by Ohio Revised Code.

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

Concentration of Credit Risk – The City places no limit on the amount the City may invest in one issuer. The City placed all of its funds available for investment into STAR Ohio during 2007. The US Federal Treasury Reserve investments were made in escrow for payments on the TIF bonds as stipulated by the bond covenant.

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

C. Reconciliation of Cash, Cash Equivalents and Investments

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

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Per Financial Statements	\$23,729,522	\$677,462
STAR Ohio	<u>(5,671,776)</u>	<u>5,671,776</u>
Per GASB Statement No. 3	<u>\$18,057,746</u>	<u>\$6,349,238</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2007***

NOTE 5 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property which is used in business, located in the City. Real property taxes (other than public utility) collected during 2007 were levied after October 1, 2006 on assessed values as of January 1, 2006, the lien date. Assessed values are established by the county auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments are made in the third year following reappraisal. The last reappraisal was completed in 2005. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Recent changes in Ohio law impact the inclusion of tangible personal property in assessed values. Starting in 2006, the percentage of tangible personal property tax included in assessed values is being reduced. A portion of the lost revenue is being reimbursed by the State. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semi-annually. The first payment is due April 30, with the remainder payable by September 20.

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

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

The full tax rate for all City operations for the year ended December 31, 2007 was \$3.08 per \$1,000 of assessed value. The assessed value upon which the 2007 levy was based was \$744,215,915. This amount constitutes \$693,028,820 in real property assessed value, \$13,181,040 in public utility assessed value and \$38,006,055 in tangible personal property assessed value. The impact of the State of Ohio changes affecting the inclusion of tangible personal property values in assessed values is reflected in the decrease to \$38,006,055 in 2007 from \$53,028,000 in 2006.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2007***

NOTE 5 - TAXES (Continued)

B. Income Tax

The City levies a tax of 1.25% on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100% of the tax paid to another municipality to a maximum of the total amount assessed.

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

NOTE 6 - RECEIVABLES

Receivables at December 31, 2007 consisted of taxes, interest, accounts receivable, and intergovernmental receivables arising from shared revenues. All receivables are considered collectible in full. Those receivables that relate to amounts not intended to finance the current fiscal year are offset by deferred revenue.

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2007**

NOTE 7- TRANSFERS

Following is a summary of transfers in and out for all funds for 2007:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$0	\$10,952,491
Park and Recreation Fund	3,343,773	0
TIF Construction Fund	0	288,853
Airport Fund	1,174,886	0
Recreation Center Construction Fund	410,000	0
Golf Course Fund	472,644	0
Nonmajor Governmental Funds:		
Street Construction, Maintenance and Repair Fund	1,371,131	0
General Bond Retirement Fund	4,404,437	1,039,889
Special Assessment Bond Retirement Fund	288,853	0
Blue Ash Hunt Road Fund	240,000	0
Reed Hartman Highway Improvement Fund	0	464,380
Land Acquisition Fund	<u>1,039,889</u>	<u>0</u>
Total Nonmajor Governmental Funds	<u>7,344,310</u>	<u>1,504,269</u>
Totals	<u>\$12,745,613</u>	<u>\$12,745,613</u>

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

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2007**

NOTE 8 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2007:

Historical Cost:

Class	December 31, 2006	Additions	Deletions	December 31, 2007
<i>Capital assets not being depreciated:</i>				
Land	\$20,321,922	\$18,913,325	(\$190,945)	\$39,044,302
Construction in Progress	281,425	2,884,812	(155,963)	3,010,274
<i>Capital assets being depreciated:</i>				
Buildings	29,295,530	5,123,142	(151,668)	34,267,004
Improvements Other than Buildings	6,333,851	11,300	(41,225)	6,303,926
Infrastructure	18,827,467	461,231	0	19,288,698
Machinery and Equipment	11,913,241	1,476,933	(2,788,450)	10,601,724
Total Cost	<u>\$86,973,436</u>	<u>\$28,870,743</u>	<u>(\$3,328,251)</u>	<u>\$112,515,928</u>

Accumulated Depreciation:

Class	December 31, 2006	Additions	Deletions	December 31, 2007
Buildings	(\$12,051,056)	(\$1,088,395)	\$90,778	(\$13,048,673)
Improvements Other than Buildings	(3,381,010)	(252,362)	20,450	(3,612,922)
Infrastructure	(4,893,502)	(369,107)	0	(5,262,609)
Machinery and Equipment	(8,454,925)	(749,872)	2,253,360	(6,951,437)
Total Depreciation	<u>(\$28,780,493)</u>	<u>(\$2,459,736) *</u>	<u>\$2,364,588</u>	<u>(\$28,875,641)</u>
Net Value:	<u>\$58,192,943</u>			<u>\$83,640,287</u>

* Depreciation expenses were charged to governmental functions as follows:

Leisure Time Activities	\$689,944
Transportation	414,997
General Government	<u>1,354,795</u>
Total Depreciation Expense	<u>\$2,459,736</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2007**

NOTE 8 - CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by Category at December 31, 2007:

Historical Cost:

Class	December 31, 2006	Additions	Deletions	December 31, 2007
Capital assets not being depreciated:				
Land	\$1,124,764	\$0	\$0	\$1,124,764
Construction in Progress	1,376	64,026	(1,376)	64,026
Capital assets being depreciated:				
Buildings	1,200,860	0	(23,670)	1,177,190
Improvements Other than Buildings	1,983,017	16,397	(5,833)	1,993,581
Machinery and Equipment	1,287,689	186,754	(263,164)	1,211,279
Total Cost	\$5,597,706	\$267,177	(\$294,043)	\$5,570,840

Accumulated Depreciation:

Class	December 31, 2006	Additions	Deletions	December 31, 2007
Buildings	(\$898,199)	(\$16,853)	\$7,841	(\$907,211)
Improvements Other than Buildings	(1,228,674)	(41,727)	1,793	(1,268,608)
Machinery and Equipment	(854,317)	(124,608)	247,636	(731,289)
Total Depreciation	(\$2,981,190)	(\$183,188)	\$257,270	(\$2,907,108)
Net Value:	\$2,616,516			\$2,663,732

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2007***

NOTE 9 – DEFINED BENEFIT PENSION PLANS

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

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

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

All employees of the City, except full-time uniformed police officers and full-time firefighters, participate in one of the three pension plans administered by the Ohio PERS: the Traditional Pension Plan (TP), the Member-Directed Plan (MD), and the Combined Plan (CO). The TP Plan is a cost-sharing multiple employer defined benefit pension plan. The MD Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the MD Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon. The CO Plan is a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. Under the CO Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the TP Plan. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

The Ohio PERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits, including postemployment health care benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for the Ohio PERS. Interested parties may obtain a copy by making a written request to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2007, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 9.5%. The 2007 employer contribution rate for local government employer units was 13.85%, of covered payroll. From January 1 through June 30, 2007, 8.85% was allocated to fund the pension and 5.0% to fund health care and from July 1, 2007 through December 31, 2007, 7.85% was allocated to fund the pension and 6.0% to fund health care. The contribution requirements of plan members and the City are established and may be amended by the Public Employees Retirement Board. The City's contributions to the Ohio PERS for the years ending December 31, 2007, 2006, and 2005 were \$881,354, \$899,988 and \$873,706, respectively, which were equal to the required contributions for each year.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2007***

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

The Ohio PERS provides postemployment health care benefits to age and service retirees with ten or more years of qualifying Ohio service credit under the TP and CO plans and to primary survivor recipients of such retirees. Health care coverage for disability recipients is also available. The health care coverage provided by the Ohio PERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the Ohio PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the Ohio PERS. The portion of the 2007 employer contribution rate (identified above) that was used to fund health care was 5.0% from January 1 through June 30, 2007 and 6.0% from July 1 through December 31, 2007, of covered payroll which amounted to \$349,996.

The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the Ohio Public Employees Retirement System's latest actuarial review performed as of December 31, 2006. The individual entry age actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor. The investment assumption rate for 2006 was 6.5%. An annual increase of 4.0% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0% base increase, were assumed to range from 0.5% to 6.3%. Health care costs were assumed to increase 4.0% annually plus an additional factor ranging from .50% to 5% for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase 4% (the projected wage inflation rate).

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants for the TP and CO Plans was 374,979. The actuarial value of the Ohio PERS net assets available for OPEB at December 31, 2006 is \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$30.7 billion and \$18.7 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2007***

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The City's contributions to the OP&F Fund for the years ending December 31, 2007, 2006, and 2005 were \$583,804, \$602,632 and \$581,504 for police and \$517,250, \$514,648 and \$472,684 for firefighters, respectively, which were equal to the required contributions for each year.

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

The portion of the 2007 covered payroll that was used to fund postemployment health care benefits was \$202,086 representing 6.75% of covered payroll for police and \$145,477 representing 6.75% of covered payroll for fire. Health care funding and accounting was on a pay-as-you-go basis. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions. As of December 31, 2006, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 14,120 for police and 10,563 for firefighters. The OP&F Fund does not provide separate data on the funded status and funding progress of postemployment health care benefits. The Fund's total health care expenses for the year ended December 31, 2006 were \$120,373,722, which was net of member contributions of \$58,532,848.

CITY OF BLUE ASH, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2007**

NOTE 10 - NOTES PAYABLE

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

	Issue Date	Balance January 1, 2007	Issued	(Retired)	Balance December 31, 2007
Capital Projects Notes Payable:					
4.00% Land Acquisition	11/14/06	\$1,000,000	\$0	(\$1,000,000)	\$0
Total Capital Projects Notes Payable		<u>\$1,000,000</u>	<u>\$0</u>	<u>(\$1,000,000)</u>	<u>\$0</u>

NOTE 11 - LONG-TERM OBLIGATIONS

Detail of the changes in the bonds and compensated absences of the City for the year ended December 31, 2007 is as follows:

		Balance December 31, 2006	Issued	(Retired)	Balance December 31, 2007	Amount Due Within One Year
Governmental Activities:						
General Obligation Bonds:						
4.63 - 4.75% Kenwood Road Improvement Bonds (\$11,680,000)	2000	\$4,380,000	\$0	(\$1,460,000)	\$2,920,000	\$1,460,000
2.53 - 3.13% Service Garage and Firehouse Bond (\$10,000,000)	2003	7,000,000	0	(1,000,000)	6,000,000	1,000,000
3.00- 3.85% Reed Hartmann Highway Improvement Bonds (\$3,700,000)	2005	3,330,000	0	(370,000)	2,960,000	370,000
5.00% Carver Road Tax Increment Financing Bonds (\$9,790,000)	2006	9,790,000	0	0	9,790,000	100,000
4.00% Recreation Center Construction Bonds (\$9,975,000)	2007	0	9,975,000	0	9,975,000	0
Total General Obligation Bonds		<u>24,500,000</u>	<u>9,975,000</u>	<u>(2,830,000)</u>	<u>31,645,000</u>	<u>2,930,000</u>
5.0% Property Acquisition Loan (\$18,913,325)	2007	0	18,913,325	(1,000,000)	17,913,325	104,334
Compensated Absences		1,436,217	402,709	(215,433)	1,623,493	78,420
Total Governmental Activities		<u>\$25,936,217</u>	<u>\$29,291,034</u>	<u>(\$4,045,433)</u>	<u>\$51,181,818</u>	<u>\$3,112,754</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2007**

NOTE 11 - LONG-TERM OBLIGATIONS (Continued)

	Balance December 31, 2006	Additions	(Reductions)	Balance December 31, 2007	Due Within One Year
Business-Type Activities					
Compensated Absences	\$77,285	\$12,529	(\$11,593)	\$78,221	\$0
Total Business-Type Activities	<u>\$77,285</u>	<u>\$12,529</u>	<u>(\$11,593)</u>	<u>\$78,221</u>	<u>\$0</u>

The Ohio Revised Code provides that the net debt of a municipal corporation, when approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxable value of property. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. The City has no debt within the 5.5% unvoted debt limitation or the 10.5% overall debt limitation. The City's total debt margin at December 31, 2007 was \$78,142,671.

A. Principal and Interest Requirements

Principal and interest requirements to retire long-term debt outstanding at December 31, 2007 are as follows:

Years	General Obligation Bonds		Property Acquisition Loan	
	Principal	Interest	Principal	Interest
2008	\$2,930,000	\$1,164,817	\$104,334	\$895,666
2009	3,645,000	962,766	109,550	890,450
2010	2,275,000	822,236	115,028	884,972
2011	2,280,000	747,551	120,779	879,221
2012	2,290,000	669,154	126,818	873,182
2013-2017	6,875,000	2,354,036	985,788	4,264,212
2018-2022	5,080,000	1,341,313	2,389,552	3,860,448
2023-2027	1,955,000	690,750	3,299,742	3,200,258
2028-2032	2,500,000	420,625	5,342,806	2,457,194
2033-2036	1,815,000	92,250	5,318,928	681,072
Totals	<u>\$31,645,000</u>	<u>\$9,265,498</u>	<u>\$17,913,325</u>	<u>\$18,886,675</u>

B. Conduit Debt

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2007**

NOTE 11 - LONG-TERM OBLIGATIONS (Continued)

B. Conduit Debt(Continued)

As of December 31, 2007, there were four series of Industrial Revenue Bonds outstanding, and one series of Economic Development Revenue Bonds outstanding. The aggregate principal amount payable for the five series issued prior to December 31, 2007, could not be determined; however, their original issue amounts totaled \$11,200,000.

C. Tax Increment Financing Bonds

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

NOTE 12 - CONSTRUCTION COMMITMENTS

As of December 31, 2007, the City had the following commitments with respect to capital projects:

<u>Project</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Various Sidewalk Programs	\$38,344	February 2008
2007 Street Paving Program	35,038	Spring 2008
Recreation Center Improvement Phase I	1,407,090	March 2008
Total	<u>\$1,480,472</u>	

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2007**

NOTE 13 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. In 1992 the City entered into a joint insurance pool, Miami Valley Risk Management Association, Inc. (MVRMA, Inc.) with other local cities. As of December 31, 2007, the pool has twenty members. The pool has been operational since December of 1988 and was formed in accordance with Section 2744 of the Ohio Revised Code. This jointly governed organization provides real and personal property, crime, surety, general liability, boiler and machinery, employment practices liability, police professional and public official liability coverage up to the limits stated below. Membership in MVRMA is intended to provide broad based coverage up to the limits stated below, with increased emphasis on safety and loss prevention and to create an opportunity for other local governments to participate. MVRMA is a non-profit corporation governed by a twenty-member board of trustees, consisting of a representative appointed by each of the member cities. The board of trustees elects the officers of the corporation, with each trustee having a single vote. Management is provided by an Executive Director, who is assisted by a Claims Manager, a full-time Loss Control Manager and professional office staff. The board is responsible for its own financial matters and the corporation maintains its own books of account. Budgeting and financing of MVRMA is subject to the approval of the board, and the organization is covered by policies, procedures, and formally adopted bylaws.

The twenty participating cities and their respective pool contribution factors for the loss year ended December 31, 2007 are:

<u>Entity</u>	<u>Percentage</u>	<u>Entity</u>	<u>Percentage</u>
Beavercreek	5.43 %	Montgomery	2.36 %
Bellbrook	1.27 %	Piqua	6.61 %
Blue Ash	7.34 %	Sidney	6.66 %
Centerville	4.39 %	Springdale	4.07 %
Englewood	3.82 %	Tipp City	3.28 %
Indian Hill	3.82 %	Troy	6.92 %
Kettering	12.18 %	Vandalia	5.18 %
Madeira	2.05 %	West Carrollton	3.06 %
Mason	6.71 %	Wilmington	5.13 %
Miamisburg	7.36 %	Wyoming	2.36 %
Subtotal	<u>54.37 %</u>	Subtotal	<u>45.63 %</u>
		Total	<u>100.00 %</u>

The 2007 pool contribution from the City of Blue Ash was \$324,304, representing 7.34% of the total collected from all members for that year's operating costs and projected loss reserves.

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2007**

NOTE 13 - RISK MANAGEMENT (Continued)

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

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

The member deductible per occurrence for most types of claims is \$2,500. The pool's self insured retention (SIR) for property claims is \$2,501 - \$200,000 per occurrence. The SIR for Boiler and Machinery is \$5,000. The pool's SIR for liability claims is \$1,000,000 per occurrence. Excess insurance coverage, provided by commercial companies and an excess insurance pool is \$9,000,000 to the limits stated above. The City pays an annual premium to MVRMA which is intended to cover administrative expenses and any claims covered by the pool. The MVRMA Board of Trustees has the ability to require the member cities to make supplemental payments in the event reserves are not adequate to cover claims in a particular loss year. The City was not required to make any supplemental payments as of December 31, 2007, because an actuarial opinion issued as of that date reported actual MVRMA loss in excess of the recommended net reserve. MVRMA reported Blue Ash's loss experience for years 2006, 2005 and 2004 as \$23,158, \$121,048, and \$177,075 respectively.

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

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

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

*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Street Construction Maintenance and Repair Fund

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

Municipal Motor Vehicle License Tax Fund

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

State Highway Fund

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

Law Enforcement Assistance Fund

To account for the funds associated with the State mandated police officer annual training. (This fund only exists on a GAAP basis and is not part of the City's appropriated budget, therefore no budgetary schedule is presented)

Law Enforcement and Law Enforcement (DART) Fund

To account for the proceeds from the confiscation of contraband.

Drug Law Enforcement and Drug Law Enforcement (DART) Fund

To account for mandatory fines collected for drug offenses.

Education Enforcement (DUI) Fund

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

Debt Service Fund

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

General Obligation Bond Retirement Fund

To account for payments of principal and interest on the City's general obligation bonds. Revenues for this purpose include ad valorem property taxes, intergovernmental revenues, and investment income.

Tax Increment Financing (TIF) Carver Road Bond Retirement Fund

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

Capital Projects Funds

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

Blue Ash / Hunt Road Construction Fund

To account for financial resources used for the construction and improvement of Blue Ash and Hunt Road.

Land Acquisition Fund

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

Reed Hartman Improvement Fund

This fund is used to account for financial resources used for the improvement of Reed Hartman Highway. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

CITY OF BLUE ASH, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2007**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 1,134,209	\$ 683,178	\$ 168,154	\$ 1,985,541
Receivables (net of allowance for doubtful accounts):				
Taxes	0	81,774	0	81,774
Intergovernmental	376,653	2,247	0	378,900
Interest	2,370	2,626	0	4,996
Inventory of Supplies, at Cost	134,363	0	0	134,363
Restricted Assets:				
Investments	0	677,462	0	677,462
Total Assets	<u>\$ 1,647,595</u>	<u>\$ 1,447,287</u>	<u>\$ 168,154</u>	<u>\$ 3,263,036</u>
Liabilities:				
Accounts Payable	\$ 318,024	\$ 0	\$ 0	\$ 318,024
Accrued Wages and Benefits Payable	48,941	0	0	48,941
Intergovernmental Payable	219	0	0	219
Contracts Payable	0	0	47,283	47,283
Deferred Revenue	260,608	83,774	0	344,382
Total Liabilities	<u>627,792</u>	<u>83,774</u>	<u>47,283</u>	<u>758,849</u>
Fund Balances:				
Reserved for Encumbrances	140,617	0	38,891	179,508
Reserved for Supplies Inventory	134,363	0	0	134,363
Reserved for Debt Service	0	1,363,513	0	1,363,513
Undesignated/Unreserved	744,823	0	81,980	826,803
Total Fund Balances	<u>1,019,803</u>	<u>1,363,513</u>	<u>120,871</u>	<u>2,504,187</u>
Total Liabilities and Fund Balances	<u>\$ 1,647,595</u>	<u>\$ 1,447,287</u>	<u>\$ 168,154</u>	<u>\$ 3,263,036</u>

CITY OF BLUE ASH, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2007**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Property Taxes	\$ 0	\$ 189,154	\$ 0	\$ 189,154
Intergovernmental Revenues	819,587	16,717	50,000	886,304
Charges for Services	850	0	0	850
Licenses and Permits	50	0	0	50
Investment Earnings	22,297	65,389	5,696	93,382
Fines and Forfeitures	44,994	0	0	44,994
All Other Revenue	878	40,000	1,980	42,858
Total Revenue	<u>888,656</u>	<u>311,260</u>	<u>57,676</u>	<u>1,257,592</u>
Expenditures:				
Current:				
Security of Persons and Property	71,551	0	0	71,551
Transportation	2,167,150	0	0	2,167,150
Capital Outlay	0	0	171,109	171,109
Debt Service:				
Principal Retirement	0	2,830,000	0	2,830,000
Interest & Fiscal Charges	0	1,150,797	34,556	1,185,353
Total Expenditures	<u>2,238,701</u>	<u>3,980,797</u>	<u>205,665</u>	<u>6,425,163</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,350,045)	(3,669,537)	(147,989)	(5,167,571)
Other Financing Sources (Uses):				
Premiums on Debt Issuances	0	1,808	0	1,808
Transfers In	1,371,131	4,693,290	1,279,889	7,344,310
Transfers Out	0	(1,039,889)	(464,380)	(1,504,269)
Total Other Financing Sources (Uses)	<u>1,371,131</u>	<u>3,655,209</u>	<u>815,509</u>	<u>5,841,849</u>
Net Change in Fund Balance	21,086	(14,328)	667,520	674,278
Fund Balances at Beginning of Year	1,048,523	1,377,841	(546,649)	1,879,715
Increase (Decrease) in Inventory Reserve	(49,806)	0	0	(49,806)
Fund Balances End of Year	<u>\$ 1,019,803</u>	<u>\$ 1,363,513</u>	<u>\$ 120,871</u>	<u>\$ 2,504,187</u>

CITY OF BLUE ASH, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2007**

	Street Construction, Maintenance and Repair Fund	Municipal Motor Vehicle License Tax Fund	State Highway Fund	Law Enforcement Assistance Fund
Assets:				
Cash and Cash Equivalents	\$ 438,079	\$ 77,858	\$ 293,518	\$ 0
Receivables (net of allowance for doubtful accounts):				
Intergovernmental	306,355	41,638	24,822	3,580
Interest	930	291	1,149	0
Inventory of Supplies, at Cost	134,363	0	0	0
Total Assets	<u>\$ 879,727</u>	<u>\$ 119,787</u>	<u>\$ 319,489</u>	<u>\$ 3,580</u>
Liabilities:				
Accounts Payable	\$ 303,904	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits Payable	48,941	0	0	0
Intergovernmental Payable	219	0	0	0
Deferred Revenue	210,296	33,264	17,048	0
Total Liabilities	<u>563,360</u>	<u>33,264</u>	<u>17,048</u>	<u>0</u>
Fund Balances:				
Reserved for Encumbrances	134,279	0	0	0
Reserved for Supplies Inventory	134,363	0	0	0
Undesignated/Unreserved	47,725	86,523	302,441	3,580
Total Fund Balances	<u>316,367</u>	<u>86,523</u>	<u>302,441</u>	<u>3,580</u>
Total Liabilities and Fund Balances	<u>\$ 879,727</u>	<u>\$ 119,787</u>	<u>\$ 319,489</u>	<u>\$ 3,580</u>

CITY OF BLUE ASH, OHIO

Law Enforcement Fund	Drug Law Enforcement Fund	Education Enforcement (DUI) Fund	Total Nonmajor Special Revenue Funds
\$ 261,267	\$ 48,700	\$ 14,787	\$ 1,134,209
0	36	222	376,653
0	0	0	2,370
0	0	0	134,363
<u>\$ 261,267</u>	<u>\$ 48,736</u>	<u>\$ 15,009</u>	<u>\$ 1,647,595</u>
\$ 14,120	\$ 0	\$ 0	\$ 318,024
0	0	0	48,941
0	0	0	219
0	0	0	260,608
<u>14,120</u>	<u>0</u>	<u>0</u>	<u>627,792</u>
0	0	6,338	140,617
0	0	0	134,363
247,147	48,736	8,671	744,823
<u>247,147</u>	<u>48,736</u>	<u>15,009</u>	<u>1,019,803</u>
<u>\$ 261,267</u>	<u>\$ 48,736</u>	<u>\$ 15,009</u>	<u>\$ 1,647,595</u>

CITY OF BLUE ASH, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007***

	Street Construction, Maintenance and Repair Fund	Municipal Motor Vehicle License Tax Fund	State Highway Fund	Law Enforcement Assistance Fund
Revenues:				
Intergovernmental Revenues	\$ 658,709	\$ 103,887	\$ 53,411	\$ 3,580
Charges for Services	850	0	0	0
Licenses and Permits	50	0	0	0
Investment Earnings	2,876	5,545	13,876	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	878	0	0	0
Total Revenue	663,363	109,432	67,287	3,580
Expenditures:				
Current:				
Security of Persons and Property	0	0	0	0
Transportation	2,064,403	99,995	2,752	0
Total Expenditures	2,064,403	99,995	2,752	0
Excess (Deficiency) of Revenues Over Expenditures	(1,401,040)	9,437	64,535	3,580
Other Financing Sources (Uses):				
Transfers In	1,371,131	0	0	0
Total Other Financing Sources (Uses)	1,371,131	0	0	0
Net Change in Fund Balance	(29,909)	9,437	64,535	3,580
Fund Balances at Beginning of Year	396,082	77,086	237,906	0
Increase (Decrease) in Inventory Reserve	(49,806)	0	0	0
Fund Balances End of Year	\$ 316,367	\$ 86,523	\$ 302,441	\$ 3,580

CITY OF BLUE ASH, OHIO

Law Enforcement Fund	Drug Law Enforcement Fund	Education Enforcement (DUI) Fund	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 819,587
0	0	0	850
0	0	0	50
0	0	0	22,297
38,494	4,189	2,311	44,994
0	0	0	878
<u>38,494</u>	<u>4,189</u>	<u>2,311</u>	<u>888,656</u>
71,264	0	287	71,551
0	0	0	2,167,150
<u>71,264</u>	<u>0</u>	<u>287</u>	<u>2,238,701</u>
(32,770)	4,189	2,024	(1,350,045)
0	0	0	1,371,131
0	0	0	1,371,131
(32,770)	4,189	2,024	21,086
279,917	44,547	12,985	1,048,523
0	0	0	(49,806)
<u>\$ 247,147</u>	<u>\$ 48,736</u>	<u>\$ 15,009</u>	<u>\$ 1,019,803</u>

CITY OF BLUE ASH, OHIO

**Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2007**

	General Obligation Bond Retirement Fund	TIF Carver Road Bond Retirement Fund	Total Nonmajor Debt Service Funds
Assets:			
Cash and Cash Equivalents	\$ 31,338	\$ 651,840	\$ 683,178
Receivables (net of allowance for doubtful accounts):			
Taxes	81,774	0	81,774
Intergovernmental	2,247	0	2,247
Interest	0	2,626	2,626
Restricted Assets:			
Investments	0	677,462	677,462
Total Assets	<u>\$ 115,359</u>	<u>\$ 1,331,928</u>	<u>\$ 1,447,287</u>
Liabilities:			
Deferred Revenue	\$ 83,774	\$ 0	\$ 83,774
Total Liabilities	<u>83,774</u>	<u>0</u>	<u>83,774</u>
Fund Balances:			
Reserved for Debt Service	31,585	1,331,928	1,363,513
Total Fund Balances	<u>31,585</u>	<u>1,331,928</u>	<u>1,363,513</u>
Total Liabilities and Fund Balances	<u>\$ 115,359</u>	<u>\$ 1,331,928</u>	<u>\$ 1,447,287</u>

CITY OF BLUE ASH, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended December 31, 2007***

	General Obligation Bond Retirement Fund	TIF Carver Road Bond Retirement Fund	Total Nonmajor Debt Service Funds
Revenues:			
Property Taxes	\$ 88,005	\$ 101,149	\$ 189,154
Intergovernmental Revenues	16,717	0	16,717
Investment Earnings	0	65,389	65,389
All Other Revenue	0	40,000	40,000
Total Revenue	104,722	206,538	311,260
Expenditures:			
Debt Service:			
Principal Retirement	2,830,000	0	2,830,000
Interest & Fiscal Charges	638,371	512,426	1,150,797
Total Expenditures	3,468,371	512,426	3,980,797
Excess (Deficiency) of Revenues Over Expenditures	(3,363,649)	(305,888)	(3,669,537)
Other Financing Sources (Uses):			
Premiums on Debt Issuances	1,808	0	1,808
Transfers In	4,404,437	288,853	4,693,290
Transfers Out	(1,039,889)	0	(1,039,889)
Total Other Financing Sources (Uses)	3,366,356	288,853	3,655,209
Net Change in Fund Balance	2,707	(17,035)	(14,328)
Fund Balances at Beginning of Year	28,878	1,348,963	1,377,841
Fund Balances End of Year	\$ 31,585	\$ 1,331,928	\$ 1,363,513

CITY OF BLUE ASH, OHIO

***Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2007***

	Blue Ash / Hunt Road Construction Fund
Assets:	
Cash and Cash Equivalents	\$ 168,154
Total Assets	<u>\$ 168,154</u>
Liabilities:	
Contracts Payable	\$ 47,283
Total Liabilities	<u>47,283</u>
Fund Balances:	
Reserved for Encumbrances	38,891
Undesignated/Unreserved	81,980
Total Fund Balances	<u>120,871</u>
Total Liabilities and Fund Balances	<u>\$ 168,154</u>

CITY OF BLUE ASH, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2007**

	Blue Ash / Hunt Road Construction Fund	Land Acquisition Fund	Reed Hartman Improvement Fund	Total Nonmajor Capital Project Funds
Revenues:				
Intergovernmental Revenues	\$ 50,000	\$ 0	\$ 0	\$ 50,000
Investment Earnings	0	0	5,696	5,696
All Other Revenue	1,980	0	0	1,980
Total Revenue	51,980	0	5,696	57,676
Expenditures:				
Current:				
Capital Outlay	171,109	0	0	171,109
Debt Service:				
Interest & Fiscal Charges	0	34,556	0	34,556
Total Expenditures	171,109	34,556	0	205,665
Excess (Deficiency) of Revenues Over Expenditures	(119,129)	(34,556)	5,696	(147,989)
Other Financing Sources (Uses):				
Transfers In	240,000	1,039,889	0	1,279,889
Transfers Out	0	0	(464,380)	(464,380)
Total Other Financing Sources (Uses)	240,000	1,039,889	(464,380)	815,509
Net Change in Fund Balance	120,871	1,005,333	(458,684)	667,520
Fund Balances at Beginning of Year	0	(1,005,333)	458,684	(546,649)
Fund Balances End of Year	\$ 120,871	\$ 0	\$ 0	\$ 120,871

CITY OF BLUE ASH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 2,162,824	\$ 2,162,824	\$ 2,170,820	\$ 7,996
Municipal Income Taxes	26,978,797	26,328,797	26,034,600	(294,197)
Other Local Taxes	850,000	850,000	894,969	44,969
Intergovernmental Revenues	1,900,584	2,360,584	3,258,975	898,391
Charges for Services	599,650	599,650	689,486	89,836
Licenses and Permits	597,000	597,000	428,258	(168,742)
Investment Earnings	450,000	450,000	639,351	189,351
Fines and Forfeitures	197,000	197,000	128,005	(68,995)
All Other Revenues	3,200	3,200	46,170	42,970
Total Revenues	<u>33,739,055</u>	<u>33,549,055</u>	<u>34,290,634</u>	<u>741,579</u>
Expenditures:				
Security of Persons and Property:				
Police Division:				
Personal Services	5,612,300	5,612,300	5,294,576	317,724
Materials and Supplies	146,000	170,347	170,133	214
Contractual Services	464,350	493,928	426,339	67,589
Capital Outlay	321,776	344,276	298,145	46,131
Total Police Division	<u>6,544,426</u>	<u>6,620,851</u>	<u>6,189,193</u>	<u>431,658</u>
Fire Division:				
Personal Services	4,042,125	4,042,125	3,719,053	323,072
Materials and Supplies	102,800	108,491	100,750	7,741
Contractual Services	249,500	308,339	281,517	26,822
Capital Outlay	121,100	1,133,764	1,124,527	9,237
Total Fire Division	<u>4,515,525</u>	<u>5,592,719</u>	<u>5,225,847</u>	<u>366,872</u>
Total Security of Persons and Property	<u>11,059,951</u>	<u>12,213,570</u>	<u>11,415,040</u>	<u>798,530</u>
Community Development:				
Building Division:				
Personal Services	328,570	390,070	373,426	16,644
Materials and Supplies	4,100	4,127	2,520	1,607
Contractual Services	674,500	729,125	539,772	189,353
Capital Outlay	608,000	724,450	195,551	528,899
Total Building Division	<u>1,615,170</u>	<u>1,847,772</u>	<u>1,111,269</u>	<u>736,503</u>
Total Community Development	<u>1,615,170</u>	<u>1,847,772</u>	<u>1,111,269</u>	<u>736,503</u>

(Continued)

CITY OF BLUE ASH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Basic Utility Services:				
Public Services Division:				
Personal Services	1,114,700	1,069,700	974,099	95,601
Materials and Supplies	94,000	96,361	71,709	24,652
Contractual Services	884,400	945,717	905,548	40,169
Capital Outlay	575,800	622,573	540,940	81,633
Total Public Services Division	<u>2,668,900</u>	<u>2,734,351</u>	<u>2,492,296</u>	<u>242,055</u>
Total Basic Utility Services	<u>2,668,900</u>	<u>2,734,351</u>	<u>2,492,296</u>	<u>242,055</u>
General Government:				
Legislative Services:				
Personal Services	131,700	131,700	126,417	5,283
Materials and Supplies	600	600	515	85
Contractual Services	404,750	459,978	440,047	19,931
Total Legislative Services	<u>537,050</u>	<u>592,278</u>	<u>566,979</u>	<u>25,299</u>
Judicial Services:				
Personal Services	160,200	160,200	151,264	8,936
Materials and Supplies	1,600	1,655	961	694
Contractual Services	15,800	16,841	5,348	11,493
Capital Outlay	500	500	0	500
Total Judicial Services	<u>178,100</u>	<u>179,196</u>	<u>157,573</u>	<u>21,623</u>
Tax and Finance Divisions:				
Personal Services	617,600	617,600	604,481	13,119
Materials and Supplies	4,200	4,647	3,104	1,543
Contractual Services	109,000	129,976	114,600	15,376
Capital Outlay	4,000	4,000	4,000	0
Total Tax and Finance Divisions	<u>734,800</u>	<u>756,223</u>	<u>726,185</u>	<u>30,038</u>
Administrative Services Division:				
Personal Services	992,000	992,000	893,841	98,159
Materials and Supplies	7,600	7,750	5,682	2,068
Contractual Services	18,000	18,353	11,789	6,564
Capital Outlay	20,000	20,000	3,716	16,284
Total Administrative Services Division	<u>1,037,600</u>	<u>1,038,103</u>	<u>915,028</u>	<u>123,075</u>

(Continued)

CITY OF BLUE ASH, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2007***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Facilities Maintenance Division:				
Personal Services	902,500	932,500	899,167	33,333
Materials and Supplies	181,600	187,715	187,254	461
Contractual Services	457,700	518,912	469,027	49,885
Capital Outlay	85,000	114,006	96,941	17,065
Total Facilities Maintenance Division	<u>1,626,800</u>	<u>1,753,133</u>	<u>1,652,389</u>	<u>100,744</u>
Insurance Services Division:				
Contractual Services	291,000	298,085	282,215	15,870
Total Insurance Services Division	<u>291,000</u>	<u>298,085</u>	<u>282,215</u>	<u>15,870</u>
General Government Services:				
Personal Services	642,100	644,410	571,003	73,407
Materials and Supplies	40,800	46,569	46,386	183
Contractual Services	8,221,022	8,151,276	870,337	7,280,939
Capital Outlay	270,000	381,506	358,360	23,146
Total General Government Services	<u>9,173,922</u>	<u>9,223,761</u>	<u>1,846,086</u>	<u>7,377,675</u>
Total General Government	<u>13,579,272</u>	<u>13,840,779</u>	<u>6,146,455</u>	<u>7,694,324</u>
Total Expenditures	<u>28,923,293</u>	<u>30,636,472</u>	<u>21,165,060</u>	<u>9,471,412</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,815,762	2,912,583	13,125,574	10,212,991
Other Financing Sources (Uses):				
Sale of Capital Assets	257,600	257,600	261,920	4,320
Transfers Out	(12,657,177)	(12,344,677)	(10,952,491)	1,392,186
Advances In	100,000	100,000	100,000	0
Advances Out	(100,000)	(100,000)	(100,000)	0
Total Other Financing Sources (Uses)	<u>(12,399,577)</u>	<u>(12,087,077)</u>	<u>(10,690,571)</u>	<u>1,396,506</u>
Net Change in Fund Balance	(7,583,815)	(9,174,494)	2,435,003	11,609,497
Fund Balance at Beginning of Year	7,583,820	7,583,820	7,583,820	0
Prior Year Encumbrances	1,730,803	1,730,803	1,730,803	0
Fund Balance at End of Year	<u>\$ 1,730,808</u>	<u>\$ 140,129</u>	<u>\$ 11,749,626</u>	<u>\$ 11,609,497</u>

CITY OF BLUE ASH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Special Revenue Fund
For the Year Ended December 31, 2007**

PARK AND RECREATION FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Charges for Services	\$ 676,700	\$ 676,700	\$ 704,280	\$ 27,580
All Other Revenues	340,850	340,850	276,971	(63,879)
Total Revenues	<u>1,017,550</u>	<u>1,017,550</u>	<u>981,251</u>	<u>(36,299)</u>
Expenditures:				
Leisure Time Activities:				
Recreation Programming Division:				
Personal Services	1,174,500	1,184,500	1,167,372	17,128
Materials and Supplies	165,300	166,468	162,467	4,001
Contractual Services	1,386,899	1,398,897	1,368,078	30,819
Capital Outlay	82,615	91,213	86,110	5,103
Total Recreation Programming Division	<u>2,809,314</u>	<u>2,841,078</u>	<u>2,784,027</u>	<u>57,051</u>
Grounds Maintenance Division:				
Personal Services	896,800	896,800	888,097	8,703
Materials and Supplies	189,604	192,268	191,291	977
Contractual Services	342,996	370,291	319,161	51,130
Capital Outlay	300,900	320,273	227,568	92,705
Total Grounds Maintenance Division	<u>1,730,300</u>	<u>1,779,632</u>	<u>1,626,117</u>	<u>153,515</u>
Total Expenditures	<u>4,539,614</u>	<u>4,620,710</u>	<u>4,410,144</u>	<u>210,566</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,522,064)	(3,603,160)	(3,428,893)	174,267
Other Financing Sources (Uses):				
Transfers In	3,522,065	3,532,065	3,343,773	(188,292)
Total Other Financing Sources (Uses)	<u>3,522,065</u>	<u>3,532,065</u>	<u>3,343,773</u>	<u>(188,292)</u>
Net Change in Fund Balance	1	(71,095)	(85,120)	(14,025)
Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances	85,120	85,120	85,120	0
Fund Balance at End of Year	<u>\$ 85,121</u>	<u>\$ 14,025</u>	<u>\$ 0</u>	<u>\$ (14,025)</u>

CITY OF BLUE ASH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Project Funds
For the Year Ended December 31, 2007**

TIF CONSTRUCTION FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Investment Earnings	\$ 40,000	\$ 100,513	\$ 100,513	\$ 0
Total Revenues	<u>40,000</u>	<u>100,513</u>	<u>100,513</u>	<u>0</u>
Expenditures:				
Capital Outlay	<u>0</u>	<u>4,933,571</u>	<u>4,933,571</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>4,933,571</u>	<u>4,933,571</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	40,000	(4,833,058)	(4,833,058)	0
Other Financing Sources (Uses):				
Transfers Out	<u>0</u>	<u>(288,853)</u>	<u>(288,853)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>(288,853)</u>	<u>(288,853)</u>	<u>0</u>
Net Change in Fund Balance	40,000	(5,121,911)	(5,121,911)	0
Fund Balance at Beginning of Year	176,311	176,311	176,311	0
Prior Year Encumbrances	<u>4,945,600</u>	<u>4,945,600</u>	<u>4,945,600</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 5,161,911</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF BLUE ASH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Project Funds
For the Year Ended December 31, 2007**

	AIRPORT FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:				
Capital Outlay	<u>1,745,000</u>	<u>1,745,000</u>	<u>1,174,886</u>	<u>570,114</u>
Total Expenditures	<u>1,745,000</u>	<u>1,745,000</u>	<u>1,174,886</u>	<u>570,114</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,745,000)	(1,745,000)	(1,174,886)	570,114
Other Financing Sources (Uses):				
Transfers In	<u>1,745,000</u>	<u>1,745,000</u>	<u>1,174,886</u>	<u>(570,114)</u>
Total Other Financing Sources (Uses)	<u>1,745,000</u>	<u>1,745,000</u>	<u>1,174,886</u>	<u>(570,114)</u>
Net Changes in Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF BLUE ASH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Project Funds
For the Year Ended December 31, 2007**

RECREATION CENTER CONSTRUCTION FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 10,000	\$ 10,000	\$ 148,603	\$ 138,603
All Other Revenues	0	0	3,300	3,300
Total Revenues	<u>10,000</u>	<u>10,000</u>	<u>151,903</u>	<u>141,903</u>
Expenditures:				
Capital Outlay	<u>2,670,000</u>	<u>6,170,000</u>	<u>3,396,003</u>	<u>2,773,997</u>
Total Expenditures	<u>2,670,000</u>	<u>6,170,000</u>	<u>3,396,003</u>	<u>2,773,997</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,660,000)	(6,160,000)	(3,244,100)	2,915,900
Other Financing Sources (Uses):				
General Obligation Bonds Issued	0	9,975,000	9,975,000	0
General Obligation Notes Issued	3,500,000	0	0	0
Transfers In	<u>410,000</u>	<u>410,000</u>	<u>410,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>3,910,000</u>	<u>10,385,000</u>	<u>10,385,000</u>	<u>0</u>
Net Change in Fund Balance	1,250,000	4,225,000	7,140,900	2,915,900
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,250,000</u>	<u>\$ 4,225,000</u>	<u>\$ 7,140,900</u>	<u>\$ 2,915,900</u>

CITY OF BLUE ASH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007**

STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 638,000	\$ 638,000	\$ 665,121	\$ 27,121
Charges for Services	150	150	850	700
Licenses and Permits	300	300	50	(250)
Investment Earnings	2,000	2,000	2,392	392
All Other Revenues	900	900	878	(22)
Total Revenues	<u>641,350</u>	<u>641,350</u>	<u>669,291</u>	<u>27,941</u>
Expenditures:				
Transportation:				
Street Division:				
Personal Services	736,400	719,900	689,099	30,801
Materials and Supplies	250,001	249,429	215,067	34,362
Contractual Services	313,800	329,902	304,710	25,192
Capital Outlay	1,074,050	1,228,649	1,020,816	207,833
Total Expenditures	<u>2,374,251</u>	<u>2,527,880</u>	<u>2,229,692</u>	<u>298,188</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,732,901)	(1,886,530)	(1,560,401)	326,129
Other Financing Sources (Uses):				
Transfers In	1,732,900	1,716,400	1,371,131	(345,269)
Total Other Financing Sources (Uses)	<u>1,732,900</u>	<u>1,716,400</u>	<u>1,371,131</u>	<u>(345,269)</u>
Net Changes in Fund Balance	(1)	(170,130)	(189,270)	(19,140)
Fund Balance at Beginning of Year	2	2	2	0
Prior Year Encumbrances	189,268	189,268	189,268	0
Fund Balance at End of Year	<u>\$ 189,269</u>	<u>\$ 19,140</u>	<u>\$ 0</u>	<u>\$ (19,140)</u>

CITY OF BLUE ASH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007**

MUNICIPAL MOTOR VEHICLE LICENSE TAX FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 107,000	\$ 107,000	\$ 113,220	\$ 6,220
Investment Earnings	<u>1,500</u>	<u>1,500</u>	<u>5,555</u>	<u>4,055</u>
Total Revenues	<u>108,500</u>	<u>108,500</u>	<u>118,775</u>	<u>10,275</u>
Expenditures:				
Transportation:				
Street Division:				
Personal Services	<u>100,000</u>	<u>100,000</u>	<u>99,995</u>	<u>5</u>
Total Expenditures	<u>100,000</u>	<u>100,000</u>	<u>99,995</u>	<u>5</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,500	8,500	18,780	10,280
Fund Balance at Beginning of Year	<u>59,078</u>	<u>59,078</u>	<u>59,078</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 67,578</u>	<u>\$ 67,578</u>	<u>\$ 77,858</u>	<u>\$ 10,280</u>

CITY OF BLUE ASH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 49,000	\$ 49,000	\$ 53,930	\$ 4,930
Investment Earnings	5,000	5,000	13,635	8,635
Total Revenues	<u>54,000</u>	<u>54,000</u>	<u>67,565</u>	<u>13,565</u>
Expenditures:				
Transportation:				
Street Division:				
Contractual Services	20,000	20,000	281	19,719
Capital Outlay	<u>0</u>	<u>2,471</u>	<u>2,471</u>	<u>0</u>
Total Expenditures	<u>20,000</u>	<u>22,471</u>	<u>2,752</u>	<u>19,719</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	34,000	31,529	64,813	33,284
Fund Balance at Beginning of Year	224,579	224,579	224,579	0
Prior Year Encumbrances	<u>4,126</u>	<u>4,126</u>	<u>4,126</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 262,705</u>	<u>\$ 260,234</u>	<u>\$ 293,518</u>	<u>\$ 33,284</u>

CITY OF BLUE ASH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007**

LAW ENFORCEMENT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Fines and Forfeitures	\$ 21,700	\$ 21,700	\$ 38,494	\$ 16,794
Total Revenues	<u>21,700</u>	<u>21,700</u>	<u>38,494</u>	<u>16,794</u>
Expenditures:				
Security of Persons and Property:				
Police Division:				
Materials and Supplies	30,000	30,000	3,727	26,273
Contractual Services	107,000	108,109	9,082	99,027
Capital Outlay	<u>150,000</u>	<u>150,000</u>	<u>58,449</u>	<u>91,551</u>
Total Expenditures	<u>287,000</u>	<u>288,109</u>	<u>71,258</u>	<u>216,851</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(265,300)	(266,409)	(32,764)	233,645
Fund Balance at Beginning of Year	278,779	278,779	278,779	0
Prior Year Encumbrances	<u>1,138</u>	<u>1,138</u>	<u>1,138</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 14,617</u>	<u>\$ 13,508</u>	<u>\$ 247,153</u>	<u>\$ 233,645</u>

CITY OF BLUE ASH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007**

LAW ENFORCEMENT (DART) FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Fines and Forfeitures	\$ 100,000	\$ 100,000	\$ 0	\$ (100,000)
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>0</u>	<u>(100,000)</u>
Expenditures:				
Security of Persons and Property:				
Police Division:				
Contractual Services	100,000	100,000	0	100,000
Total Expenditures	<u>100,000</u>	<u>100,000</u>	<u>0</u>	<u>100,000</u>
Net Change in Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

CITY OF BLUE ASH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007**

DRUG LAW ENFORCEMENT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Fines and Forfeitures	\$ 3,000	\$ 3,000	\$ 4,341	\$ 1,341
Total Revenues	<u>3,000</u>	<u>3,000</u>	<u>4,341</u>	<u>1,341</u>
Expenditures:				
Security of Persons and Property:				
Police Division:				
Materials and Supplies	1,000	1,000	0	1,000
Contractual Services	16,000	16,000	0	16,000
Capital Outlay	3,000	3,000	0	3,000
Total Expenditures	<u>20,000</u>	<u>20,000</u>	<u>0</u>	<u>20,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(17,000)	(17,000)	4,341	21,341
Fund Balance at Beginning of Year	44,359	44,359	44,359	0
Fund Balance at End of Year	<u>\$ 27,359</u>	<u>\$ 27,359</u>	<u>\$ 48,700</u>	<u>\$ 21,341</u>

CITY OF BLUE ASH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007**

DRUG LAW ENFORCEMENT (DART) FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Fines and Forfeitures	\$ 30,000	\$ 30,000	\$ 0	\$ (30,000)
Total Revenues	<u>30,000</u>	<u>30,000</u>	<u>0</u>	<u>(30,000)</u>
Expenditures:				
Security of Persons and Property:				
Police Division:				
Contractual Services	30,000	30,000	0	30,000
Total Expenditures	<u>30,000</u>	<u>30,000</u>	<u>0</u>	<u>30,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

CITY OF BLUE ASH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007**

EDUCATION ENFORCEMENT (DUI) FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Fines and Forfeitures	\$ 2,500	\$ 2,500	\$ 2,190	\$ (310)
Total Revenues	<u>2,500</u>	<u>2,500</u>	<u>2,190</u>	<u>(310)</u>
Expenditures:				
Security of Persons and Property:				
Police Division:				
Contractual Services	8,000	8,000	287	7,713
Total Expenditures	<u>8,000</u>	<u>8,000</u>	<u>287</u>	<u>7,713</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,500)	(5,500)	1,903	7,403
Fund Balance at Beginning of Year	<u>12,884</u>	<u>12,884</u>	<u>12,884</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 7,384</u>	<u>\$ 7,384</u>	<u>\$ 14,787</u>	<u>\$ 7,403</u>

CITY OF BLUE ASH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Fund
For the Year Ended December 31, 2007**

GENERAL OBLIGATION BOND RETIREMENT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Property Taxes	\$ 85,604	\$ 85,604	\$ 88,005	\$ 2,401
Intergovernmental Revenues	15,956	15,956	16,470	514
Total Revenues	<u>101,560</u>	<u>101,560</u>	<u>104,475</u>	<u>2,915</u>
Expenditures:				
Debt Service:				
Principal Retirement	3,830,000	3,830,000	3,830,000	0
Interest and Fiscal Charges	594,600	714,600	684,598	30,002
Total Expenditures	<u>4,424,600</u>	<u>4,544,600</u>	<u>4,514,598</u>	<u>30,002</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,323,040)	(4,443,040)	(4,410,123)	32,917
Other Financing Sources (Uses):				
Premiums on Debt Issuances	0	0	1,808	1,808
Transfers In	4,319,162	4,452,542	4,404,437	(48,105)
Total Other Financing Sources (Uses)	<u>4,319,162</u>	<u>4,452,542</u>	<u>4,406,245</u>	<u>(46,297)</u>
Net Change in Fund Balance	(3,878)	9,502	(3,878)	(13,380)
Fund Balance at Beginning of Year	<u>28,878</u>	<u>28,878</u>	<u>28,878</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 25,000</u>	<u>\$ 38,380</u>	<u>\$ 25,000</u>	<u>\$ (13,380)</u>

CITY OF BLUE ASH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Fund
For the Year Ended December 31, 2007**

TIF CARVER ROAD BOND RETIREMENT FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 0	\$ 0	\$ 101,149	\$ 101,149
Investment Earnings	28,000	57,000	74,319	17,319
All Other Revenues	0	0	40,000	40,000
Total Revenues	<u>28,000</u>	<u>57,000</u>	<u>215,468</u>	<u>158,468</u>
Expenditures:				
Debt Service:				
Interest and Fiscal Charges	494,500	523,500	512,426	11,074
Total Expenditures	<u>494,500</u>	<u>523,500</u>	<u>512,426</u>	<u>11,074</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(466,500)	(466,500)	(296,958)	169,542
Other Financing Sources (Uses):				
Transfers In	0	0	288,853	288,853
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>288,853</u>	<u>288,853</u>
Net Change in Fund Balance	(466,500)	(466,500)	(8,105)	458,395
Fund Balance at Beginning of Year	<u>1,337,407</u>	<u>1,337,407</u>	<u>1,337,407</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 870,907</u>	<u>\$ 870,907</u>	<u>\$ 1,329,302</u>	<u>\$ 458,395</u>

CITY OF BLUE ASH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 90,000	\$ 90,000	\$ 50,000	\$ (40,000)
All Other Revenues	0	0	1,980	1,980
Total Revenues	<u>90,000</u>	<u>90,000</u>	<u>51,980</u>	<u>(38,020)</u>
Expenditures:				
Capital Outlay	<u>330,000</u>	<u>330,000</u>	<u>210,000</u>	<u>120,000</u>
Total Expenditures	<u>330,000</u>	<u>330,000</u>	<u>210,000</u>	<u>120,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(240,000)	(240,000)	(158,020)	81,980
Other Financing Sources (Uses):				
Transfers In	<u>240,000</u>	<u>240,000</u>	<u>240,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>240,000</u>	<u>240,000</u>	<u>240,000</u>	<u>0</u>
Net Change in Fund Balance	0	0	81,980	81,980
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 81,980</u>	<u>\$ 81,980</u>

CITY OF BLUE ASH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 0	\$ 7,405	\$ 7,405	\$ 0
Total Revenues	<u>0</u>	<u>7,405</u>	<u>7,405</u>	<u>0</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	7,405	7,405	0
Other Financing Sources (Uses):				
Transfers Out	<u>0</u>	<u>(464,380)</u>	<u>(464,380)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>(464,380)</u>	<u>(464,380)</u>	<u>0</u>
Net Change in Fund Balance	0	(456,975)	(456,975)	0
Fund Balance at Beginning of Year	455,255	455,255	455,255	0
Prior Year Encumbrances	<u>1,720</u>	<u>1,720</u>	<u>1,720</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 456,975</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>



Fiduciary Funds

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

Agency Funds

Mayor's Court Fund

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

Ohio Board of Building Standards Assessment Fund

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

Arson Task Force Fund

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

CITY OF BLUE ASH, OHIO**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2007**

	Balance December 31, 2006	Additions	Deductions	Balance December 31, 2007
<u>Mayor's Court</u>				
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agent	\$705	\$180,232	(\$180,436)	\$501
Total Assets	<u>\$705</u>	<u>\$180,232</u>	<u>(\$180,436)</u>	<u>\$501</u>
Liabilities:				
Due to Others	\$705	\$180,232	(\$180,436)	\$501
Total Liabilities	<u>\$705</u>	<u>\$180,232</u>	<u>(\$180,436)</u>	<u>\$501</u>
<u>Ohio Board of Building Standards Assessments</u>				
Assets:				
Cash and Cash Equivalents	\$1,108	\$9,147	(\$9,033)	\$1,222
Total Assets	<u>\$1,108</u>	<u>\$9,147</u>	<u>(\$9,033)</u>	<u>\$1,222</u>
Liabilities:				
Intergovernmental Payables	\$1,108	\$9,147	(\$9,033)	\$1,222
Total Liabilities	<u>\$1,108</u>	<u>\$9,147</u>	<u>(\$9,033)</u>	<u>\$1,222</u>
<u>Arson Task Force</u>				
Assets:				
Cash and Cash Equivalents	\$2,267	\$4,734	(\$5,148)	\$1,853
Total Assets	<u>\$2,267</u>	<u>\$4,734</u>	<u>(\$5,148)</u>	<u>\$1,853</u>
Liabilities:				
Due to Others	\$2,267	\$4,734	(\$5,148)	\$1,853
Total Liabilities	<u>\$2,267</u>	<u>\$4,734</u>	<u>(\$5,148)</u>	<u>\$1,853</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$3,375	\$13,881	(\$14,181)	\$3,075
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agent	705	180,232	(180,436)	501
Total Assets	<u>\$4,080</u>	<u>\$194,113</u>	<u>(\$194,617)</u>	<u>\$3,576</u>
Liabilities:				
Intergovernmental Payables	\$1,108	\$9,147	(\$9,033)	\$1,222
Due to Others	2,972	184,966	(185,584)	2,354
Total Liabilities	<u>\$4,080</u>	<u>\$194,113</u>	<u>(\$194,617)</u>	<u>\$3,576</u>

*CAPITAL ASSETS USED IN THE
OPERATION OF GOVERNMENTAL FUNDS*

CITY OF BLUE ASH, OHIO

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
December 31, 2007***

Capital Assets:

Land	\$39,044,302
Buildings	34,267,004
Improvements Other than Buildings	6,303,926
Infrastructure	19,288,698
Machinery and Equipment	10,601,724
Construction in Progress	<u>3,010,274</u>
Total Capital Assets	<u><u>\$112,515,928</u></u>

Investment in Capital Assets from:

General Fund	\$22,794,884
Special Revenue Funds	14,468,235
Capital Project Funds	75,239,519
Capital Leases	<u>13,290</u>
Total Investment in Capital Assets	<u><u>\$112,515,928</u></u>

CITY OF BLUE ASH, OHIO**Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
December 31, 2007**

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other Than Buildings</u>	<u>Infrastructure</u>
<u>General Government:</u>				
Administration	\$465,634	\$2,361,028	\$257,209	\$0
Legislative	0	7,375	0	0
Judicial	0	0	0	0
Finance / Tax	0	0	0	0
Facility Maintenance	0	204,412	0	0
Total	465,634	2,572,815	257,209	0
<u>Security of Persons and Property:</u>				
Police	0	773,930	0	0
Fire	0	7,506,998	0	0
Total	0	8,280,928	0	0
<u>Transportation:</u>				
Street	9,344,849	233,500	0	19,288,698
<u>Leisure Time Activities:</u>				
Park	23,402,740	9,137,994	1,818,092	0
Grounds Maintenance	3,008,991	3,585,501	3,702,847	0
Total	26,411,731	12,723,495	5,520,939	0
<u>Basic Utility Services:</u>				
Public Services	1,708,423	2,304,020	383,450	0
<u>Community Development:</u>				
Building	1,113,665	8,152,246	142,328	0
Construction in Progress				
Total Capital Assets	<u>\$39,044,302</u>	<u>\$34,267,004</u>	<u>\$6,303,926</u>	<u>\$19,288,698</u>

CITY OF BLUE ASH, OHIO

<u>Machinery and Equipment</u>	<u>Total</u>
\$1,144,365	\$4,228,236
0	7,375
2,997	2,997
31,877	31,877
110,779	315,191
<u>1,290,018</u>	<u>4,585,676</u>
1,452,328	2,226,258
<u>3,622,628</u>	<u>11,129,626</u>
<u>5,074,956</u>	<u>13,355,884</u>
<u>360,818</u>	<u>29,227,865</u>
666,261	35,025,087
<u>1,222,115</u>	<u>11,519,454</u>
<u>1,888,376</u>	<u>46,544,541</u>
<u>1,971,950</u>	<u>6,367,843</u>
<u>15,606</u>	<u>9,423,845</u>
	<u>3,010,274</u>
<u>\$10,601,724</u>	<u>\$112,515,928</u>

CITY OF BLUE ASH, OHIO**Capital Assets Used in the Operation of Governmental Funds
Schedule Changes by Function and Activity
For Year Ended December 31, 2007**

<u>Function and Activity</u>	<u>December 31, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2007</u>
<u>General Government:</u>				
Administration	\$4,644,466	\$8,611	(\$424,841)	\$4,228,236
Legislative	11,617	0	(4,242)	7,375
Judicial	4,921	0	(1,924)	2,997
Finance / Tax	99,417	6,933	(74,473)	31,877
Facility Maintenance	311,140	32,289	(28,238)	315,191
Total	<u>5,071,561</u>	<u>47,833</u>	<u>(533,718)</u>	<u>4,585,676</u>
<u>Security of Persons and Property:</u>				
Police	2,469,212	227,698	(470,652)	2,226,258
Fire	10,985,404	1,085,153	(940,931)	11,129,626
Total	<u>13,454,616</u>	<u>1,312,851</u>	<u>(1,411,583)</u>	<u>13,355,884</u>
<u>Transportation:</u>				
Street	28,819,720	466,631	(58,486)	29,227,865
<u>Leisure Time Activities:</u>				
Park	16,541,123	18,963,022	(479,058)	35,025,087
Grounds Maintenance	11,721,213	99,624	(301,383)	11,519,454
Total	<u>28,262,336</u>	<u>19,062,646</u>	<u>(780,441)</u>	<u>46,544,541</u>
<u>Basic Utility Services:</u>				
Public Services	6,572,015	8,000	(212,172)	6,367,843
<u>Community Development:</u>				
Building	4,511,763	5,087,970	(175,888)	9,423,845
Construction in Progress	281,425	2,884,812	(155,963)	3,010,274
Total Capital Assets	<u>\$86,973,436</u>	<u>\$28,870,743</u>	<u>(\$3,328,251)</u>	<u>\$112,515,928</u>

STATISTICAL TABLES

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

Contents

Financial Trends	S 2 – S 13
These schedules contain trend information to help the reader understand how the city’s financial position has changed over time.	
Revenue Capacity	S 14 – S 17
These schedules contain information to help the reader understand and assess the factors affecting the city's ability to generate its most significant local revenue source, income tax.	
Debt Capacity	S 18 – S 27
These schedules present information to help the reader assess the affordability of the city’s current levels of outstanding debt and the city's ability to issue additional debt in the future.	
Economic and Demographic Information	S 28 – S 31
These schedules offer economic and demographic indicators to help the reader understand the environment within which the city’s financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	
Operating Information	S 32 – S 37
These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.	
Sources Note:	
Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.	

City of Blue Ash

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

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

Source: Finance Office

City of Blue Ash

<u>2006</u>	<u>2007</u>
\$34,881,463	\$41,228,022
4,839,111	2,657,256
<u>14,150,187</u>	<u>17,428,349</u>
<u>\$53,870,761</u>	<u>\$61,313,627</u>
\$2,616,516	\$2,663,932
0	0
<u>(13,743)</u>	<u>(26,609)</u>
<u>\$2,602,773</u>	<u>\$2,637,323</u>
\$37,497,979	\$43,891,954
4,839,111	2,657,256
<u>14,136,444</u>	<u>17,401,740</u>
<u>\$56,473,534</u>	<u>\$63,950,950</u>

City of Blue Ash

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

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

City of Blue Ash

<u>2006</u>	<u>2007</u>
\$10,330,009	\$10,583,392
4,629,671	4,942,967
1,128,585	864,853
1,879,424	2,092,167
1,919,917	2,311,705
7,401,144	7,512,638
842,242	1,559,980
<u>28,130,992</u>	<u>29,867,702</u>
<u>1,482,474</u>	<u>1,592,043</u>
<u>1,482,474</u>	<u>1,592,043</u>
<u>\$29,613,466</u>	<u>\$31,459,745</u>

\$127,044	\$93,483
705,492	704,280
523,062	333,467
13,183	900
199,771	268,784
822,921	823,631
0	50,000
<u>2,391,473</u>	<u>2,274,545</u>

(continued)

City of Blue Ash

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

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

Source: Finance Office

City of Blue Ash

2006	2007
1,122,849	1,153,749
1,122,849	1,153,749
3,514,322	3,428,294
(25,739,519)	(27,593,157)
(359,625)	(438,294)
(\$26,099,144)	(\$28,031,451)
\$2,284,018	\$2,170,820
108,801	276,381
22,145,729	26,914,805
869,253	902,725
1,726,738	3,185,974
720,964	1,013,428
861,002	1,044,534
(351,622)	(472,644)
0	0
28,364,883	35,036,023
351,622	472,644
0	0
351,622	472,644
\$28,716,505	\$35,508,667
\$2,625,364	\$7,442,866
(8,003)	34,350
\$2,617,361	\$7,477,216

City of Blue Ash

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

	1998	1999	2000	2001	2002
General Fund					
Reserved	\$3,197,934	\$262,124	\$1,239,598	\$1,556,338	\$510,629
Unreserved	7,110,155	7,323,677	10,709,377	9,234,476	5,087,578
<i>Total General Fund</i>	<u>10,308,089</u>	<u>7,585,801</u>	<u>11,948,975</u>	<u>10,790,814</u>	<u>5,598,207</u>
All Other Governmental Funds					
Reserved	2,107,827	2,510,064	4,483,509	2,334,223	5,246,029
Unreserved, Undesignated, Reported in:					
Special Revenue Funds	456	291,626	257,681	275,478	516,883
Capital Projects Funds	(1,386,019)	(1,729,560)	5,789,461	260,591	(9,001,332)
<i>Total All Other Governmental Funds</i>	<u>722,264</u>	<u>1,072,130</u>	<u>10,530,651</u>	<u>2,870,292</u>	<u>(3,238,420)</u>
<i>Total Governmental Funds</i>	<u>\$11,030,353</u>	<u>\$8,657,931</u>	<u>\$22,479,626</u>	<u>\$13,661,106</u>	<u>\$2,359,787</u>

Source: Finance Office

City of Blue Ash

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$392,003	\$336,403	\$510,338	\$1,614,323	\$884,661
<u>7,638,598</u>	<u>7,344,816</u>	<u>9,181,613</u>	<u>9,684,919</u>	<u>14,857,882</u>
<u>8,030,601</u>	<u>7,681,219</u>	<u>9,691,951</u>	<u>11,299,242</u>	<u>15,742,543</u>
1,177,875	6,537,653	4,077,834	6,852,199	2,476,725
675,620	626,637	918,193	595,933	565,946
<u>(2,121,141)</u>	<u>(9,888,439)</u>	<u>(4,282,921)</u>	<u>(351,904)</u>	<u>7,256,949</u>
<u>(267,646)</u>	<u>(2,724,149)</u>	<u>713,106</u>	<u>7,096,228</u>	<u>10,299,620</u>
<u>\$7,762,955</u>	<u>\$4,957,070</u>	<u>\$10,405,057</u>	<u>\$18,395,470</u>	<u>\$26,042,163</u>

City of Blue Ash

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

	1998	1999	2000	2001
Revenues:				
Taxes				
Property	\$1,933,026	\$2,015,780	\$2,146,246	\$2,185,060
Municipal Income	17,426,458	18,142,465	20,436,849	19,509,547
Other Local	689,860	714,981	718,774	619,409
Intergovernmental Revenues	2,766,663	3,174,907	4,235,150	3,172,932
Charges for Services	1,079,718	1,047,157	924,905	898,125
Licenses and Permits	232,938	238,568	229,180	237,053
Investment Earnings	572,716	661,408	1,001,672	771,368
Special Assessments	3,576	1,813	0	0
Fines and Forfeitures	286,429	324,694	327,410	331,997
All Other Revenue	54,781	34,049	14,002	63,686
Total Revenue	<u>25,046,165</u>	<u>26,355,822</u>	<u>30,034,188</u>	<u>27,789,177</u>
Expenditures:				
Current:				
Security of Persons and Property	7,286,579	7,192,329	7,737,772	8,595,712
Leisure Time Activities	3,353,772	4,152,781	3,772,561	3,485,880
Community Environment	583,527	628,447	757,186	737,395
Basic Utility Services	4,034,811	3,833,087	3,000,095	3,053,246
Transportation	2,994,004	5,715,500	4,128,592	3,190,539
General Government	3,137,228	5,154,243	3,380,758	4,956,057
Capital Outlay	1,409,352	415,690	3,003,039	10,599,587
Debt Service:				
Principal Retirement	2,053,000	2,053,000	1,350,000	1,352,497
Interest and Fiscal Charges	341,257	488,539	402,760	700,786
Total Expenditures	<u>25,193,530</u>	<u>29,633,616</u>	<u>27,532,763</u>	<u>36,671,699</u>
Excess (Deficiency) of Revenues Over Expenditures	(147,365)	(3,277,794)	2,501,425	(8,882,522)

City of Blue Ash

2002	2003	2004	2005	2006	2007
\$2,134,376	\$2,262,022	\$2,259,907	\$2,225,710	\$2,376,614	\$2,359,974
16,532,390	20,585,615	19,482,112	21,780,007	22,053,892	27,037,678
682,029	669,641	699,467	782,470	869,253	902,725
3,134,793	3,005,859	3,976,014	3,661,407	2,843,102	4,098,400
834,809	1,228,620	995,850	1,170,430	1,259,704	1,417,539
253,622	258,015	281,498	437,106	619,984	430,549
279,789	182,281	128,697	357,462	648,480	1,011,620
0	0	0	0	0	0
582,167	623,175	378,006	659,328	254,781	172,999
263,332	347,352	343,018	319,332	295,085	424,361
<u>24,697,307</u>	<u>29,162,580</u>	<u>28,544,569</u>	<u>31,393,252</u>	<u>31,220,895</u>	<u>37,855,845</u>
9,243,373	9,205,777	9,972,468	10,111,541	10,595,745	11,260,376
4,115,009	3,793,655	3,837,782	3,885,242	4,310,565	4,413,957
690,755	682,771	657,461	882,499	1,360,707	944,529
3,714,209	3,154,613	2,498,477	2,144,168	1,912,102	2,390,755
3,775,004	2,022,193	1,876,750	1,755,940	2,017,696	2,167,150
4,350,054	4,583,358	5,766,124	5,669,339	5,580,307	5,700,274
7,092,437	8,085,301	3,238,694	1,737,644	3,447,714	26,962,418
2,037,715	2,037,955	2,463,216	2,463,503	2,830,000	3,830,000
794,888	865,931	800,502	850,590	1,065,088	1,185,353
<u>35,813,444</u>	<u>34,431,554</u>	<u>31,111,474</u>	<u>29,500,466</u>	<u>33,119,924</u>	<u>58,854,812</u>
(11,116,137)	(5,268,974)	(2,566,905)	1,892,786	(1,899,029)	(20,998,967)

(continued)

City of Blue Ash

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

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Other Financing Sources (Uses):				
Sale of Capital Assets	0	910,424	19,787	275,000
General Obligation Bonds Issued	0	0	11,680,000	0
Property Acquisition Loan	0	0	0	0
Premium on General Obligation Bonds	0	0	0	0
Other Financing Sources - Capital Leases	0	0	0	14,886
Transfers In	0	11,366,950	13,159,926	9,656,630
Transfers Out	0	(11,366,950)	(13,525,808)	(10,048,890)
Total Other Financing Sources (Uses)	<u>0</u>	<u>910,424</u>	<u>11,333,905</u>	<u>(102,374)</u>
Net Change in Fund Balance	<u>(\$147,365)</u>	<u>(\$2,367,370)</u>	<u>\$13,835,330</u>	<u>(\$8,984,896)</u>
Debt Service as a Percentage of Noncapital Expenditures	12.61%	12.33%	7.69%	6.65%

Source: Finance Office

City of Blue Ash

2002	2003	2004	2005	2006	2007
20	580,524	616	2,520	305,145	261,920
0	10,000,000	0	3,700,000	9,790,000	9,975,000
0	0	0	0	0	18,913,325
0	0	0	0	72,484	1,808
0	0	0	0	0	0
9,829,714	17,052,402	12,040,770	18,233,922	12,067,135	12,272,969
(9,975,098)	(17,243,010)	(12,269,713)	(18,378,965)	(12,418,757)	(12,745,613)
(145,364)	10,389,916	(228,327)	3,557,477	9,816,007	28,679,409
(\$11,261,501)	\$5,120,942	(\$2,795,232)	\$5,450,263	\$7,916,978	\$7,680,442
10.92%	13.80%	13.81%	14.53%	16.13%	19.96%

City of Blue Ash

Income Tax Revenues by Source, Governmental Funds Last Ten Years

Tax year	1998	1999	2000	2001	2002
Income Tax Rate	1.00%	1.00%	1.00%	1.00%	1.00%
Total Tax Collected	\$19,017,794	\$18,635,355	\$21,128,128	\$15,520,201	\$19,657,020
Income Tax Receipts					
Withholding	14,066,294	14,768,703	15,568,770	11,856,624	15,850,948
Percentage	73.96%	79.25%	73.69%	76.39%	80.64%
Corporate	4,128,525	2,941,726	4,476,555	2,956,355	2,875,284
Percentage	21.71%	15.79%	21.19%	19.05%	14.63%
Individuals	822,975	924,926	1,082,803	707,222	930,788
Percentage	4.33%	4.96%	5.12%	4.56%	4.74%

Source: Finance Office

City of Blue Ash

2003	2004	2005	2006	2007
1.00%	1.00%	1.00%	1.00%	1.25%
\$20,595,096	\$20,483,282	\$22,419,840	\$23,127,864	\$27,564,397
16,099,711	16,209,336	16,295,486	16,969,100	22,528,565
78.17%	79.13%	72.68%	73.37%	81.73%
3,542,607	3,308,918	5,061,717	5,124,123	3,747,226
17.20%	16.15%	22.58%	22.16%	13.59%
952,778	965,028	1,062,637	1,034,641	1,288,606
4.63%	4.71%	4.74%	4.47%	4.67%



City of Blue Ash

Income Tax Statistics Current Year and Seven Years Ago

Calendar Year 2007				
<i>Withholding Tax</i>				
<u>Income Tax Filers</u>	<u>Number of Filers</u>	<u>Percent of Total Filers</u>	<u>Income Tax Collections</u>	<u>Percent of Income</u>
Top Ten	10	0.38%	\$7,376,327	32.74%
All Others	2,591	99.62%	15,152,238	67.26%
Total	<u>2,601</u>	<u>100%</u>	<u>\$22,528,565</u>	<u>100.00%</u>
<i>Net Profit Tax</i>				
<u>Income Tax Filers</u>	<u>Number of Filers</u>	<u>Percent of Total Filers</u>	<u>Income Tax Collections</u>	<u>Percent of Income</u>
Top Ten	10	0.16%	\$1,268,093	25.18%
All Others	6,185	99.84%	3,767,738	74.82%
Total	<u>6,195</u>	<u>100.00%</u>	<u>\$5,035,831</u>	<u>100.00%</u>
<i>Total Income Tax Collections</i>			<u>\$27,564,396</u>	
Calendar Year 2000				
<i>Withholding Tax</i>				
<u>Income Tax Filers</u>	<u>Number of Filers</u>	<u>Percent of Total Filers</u>	<u>Income Tax Collections</u>	<u>Percent of Income</u>
Top Ten	10	0.39%	\$4,430,627	28.46%
All Others	2,576	99.61%	11,138,143	71.54%
Total	<u>2,586</u>	<u>100.00%</u>	<u>\$15,568,770</u>	<u>100.00%</u>
<i>Net Profit Tax</i>				
<u>Income Tax Filers</u>	<u>Number of Filers</u>	<u>Percent of Total Filers</u>	<u>Income Tax Collections</u>	<u>Percent of Income</u>
Top Ten	10	0.17%	\$2,685,819	48.31%
All Others	5,824	99.83%	2,873,539	51.69%
Total	<u>5,834</u>	<u>100.00%</u>	<u>\$5,559,358</u>	<u>100.00%</u>
<i>Total Income Tax Collections</i>			<u>\$21,128,128</u>	

Source: City Income Tax Department

Note: This information is not available prior to 2000.

City of Blue Ash

Ratio of Outstanding Debt By Type Last Ten Years

	1998	1999	2000	2001
Governmental Activities ⁽¹⁾				
General Obligation Bonds Payable	\$5,900,000	\$3,850,000	\$14,180,000	\$12,830,000
Tax Increment Financing Bonds	0	0	0	0
Special Assessment Bonds Payable	3,000	0	0	0
Capital Leases	0	0	0	12,389
Property Acquisition Loan	0	0	0	0
Total Primary Government	<u>\$5,903,000</u>	<u>\$3,850,000</u>	<u>\$14,180,000</u>	<u>\$12,842,389</u>
Population ⁽²⁾				
City of Blue Ash	11,923	11,923	12,513	12,513
Outstanding Debt Per Capita	\$495	\$323	\$1,133	\$1,026
Income ⁽³⁾				
Personal (in thousands)	378,102	384,660	420,024	434,727
Percentage of Personal Income	1.56%	1.00%	3.38%	2.95%

Sources:

- (1) Finance Office
- (2) US Bureau of Census, Population Division
- (3) US Department of Commerce, Bureau of Economic Analysis
 - (a) Per Capita Income is only available by County, Total Personal Income is a calculation

City of Blue Ash

2002	2003	2004	2005	2006	2007
\$10,795,000	\$18,760,000	\$16,300,000	\$17,540,000	\$14,710,000	\$21,855,000
0	0	0	0	9,790,000	9,790,000
0	0	0	0	0	0
9,674	6,719	3,503	0	0	0
0	0	0	0	0	17,913,325
<u>\$10,804,674</u>	<u>\$18,766,719</u>	<u>\$16,303,503</u>	<u>\$17,540,000</u>	<u>\$24,500,000</u>	<u>\$49,558,325</u>

12,513	12,513	12,513	12,513	12,513	12,513
\$863	\$1,500	\$1,303	\$1,402	\$1,958	\$3,961

452,420	466,184	493,851	499,732	519,002	519,002
2.39%	4.03%	3.30%	3.51%	4.72%	9.55%

City of Blue Ash

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	1998	1999	2000	2001
Population (1)	11,923	11,923	12,513	12,513
Personal Income (2)	\$378,102	\$384,660	\$420,024	\$434,727
General Bonded Debt (3)				
General Obligation Bonds	\$5,900,000	\$3,850,000	\$14,180,000	\$12,830,000
Resources Available to Pay Principal (4)	\$350,708	\$916,388	\$43,900	\$103,123
Net General Bonded Debt	\$5,549,292	\$2,933,612	\$14,136,100	\$12,726,877
Ratio of Net Bonded Debt to Estimated Personal Income (in thousands)	1.47%	0.76%	3.37%	2.93%
Net Bonded Debt per Capita	\$465.43	\$246.05	\$1,129.71	\$1,017.09

Source:

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

(2) Hamilton County Auditor

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

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

City of Blue Ash

2002	2003	2004	2005	2006	2007
12,513	12,513	12,513	12,513	12,513	12,513
\$452,420	\$466,184	\$493,851	\$499,732	\$519,002	\$519,002
\$10,795,000	\$18,760,000	\$16,300,000	\$17,540,000	\$14,710,000	\$21,855,000
\$48,216	\$80,475	\$5,131,585	\$26,082	\$28,878	\$31,585
\$10,746,784	\$18,679,525	\$11,168,415	\$17,513,918	\$14,681,122	\$21,823,415
2.38%	4.01%	2.26%	3.50%	2.83%	4.20%
\$858.85	\$1,492.81	\$892.54	\$1,399.66	\$1,173.27	\$1,744.06



City of Blue Ash

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2007*

<u>Jurisdiction</u>	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to the City of Blue Ash</u>	<u>Amount Applicable to the City of Blue Ash</u>
Direct:			
City of Blue Ash	\$31,645,000	100.00%	\$31,645,000
Overlapping:			
Sycamore Community School District	34,930,337	45.04%	15,732,624
Princeton City School District	79,070,000	0.80%	632,560
Great Oaks Joint Vocational School District	9,070,000	4.07%	369,149
Hamilton County	109,325,000	3.85%	4,209,013
		Subtotal	<u>20,943,346</u>
		Total	<u><u>\$52,588,346</u></u>

Source: Ohio Municipal Advisory Council

City of Blue Ash

*Debt Limitations
Last Ten Years*

Tax Year	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Total Debt				
Net Assessed Valuation	\$696,751,570	\$769,569,710	\$768,021,050	\$781,039,250
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	73,158,915	80,804,820	80,642,210	82,009,121
City Debt Outstanding (2)	0	0	0	0
Less: Applicable Debt Service Fund Amounts	0	0	0	0
Net Indebtedness Subject to Limitation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Overall Legal Debt Margin	<u><u>\$73,158,915</u></u>	<u><u>\$80,804,820</u></u>	<u><u>\$80,642,210</u></u>	<u><u>\$82,009,121</u></u>
Unvoted Debt				
Net Assessed Valuation	\$696,751,570	\$769,569,710	\$768,021,050	\$781,039,250
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	38,321,336	42,326,334	42,241,158	42,957,159
City Debt Outstanding (2)	0	0	0	0
Less: Applicable Debt Service Fund Amounts	0	0	0	0
Net Indebtedness Subject to Limitation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Overall Legal Debt Margin	<u><u>\$38,321,336</u></u>	<u><u>\$42,326,334</u></u>	<u><u>\$42,241,158</u></u>	<u><u>\$42,957,159</u></u>

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

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

Source: Finance Office

City of Blue Ash

2002	2003	2004	2005	2006	2007
\$829,806,860	\$782,909,360	\$799,130,325	\$803,638,420	\$751,507,450	\$744,215,915
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
87,129,720	82,205,483	83,908,684	84,382,034	78,908,282	78,142,671
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$87,129,720</u>	<u>\$82,205,483</u>	<u>\$83,908,684</u>	<u>\$84,382,034</u>	<u>\$78,908,282</u>	<u>\$78,142,671</u>
\$829,806,860	\$782,909,360	\$799,130,325	\$803,638,420	\$751,507,450	\$744,215,915
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
45,639,377	43,060,015	43,952,168	44,200,113	41,332,910	40,931,875
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$45,639,377</u>	<u>\$43,060,015</u>	<u>\$43,952,168</u>	<u>\$44,200,113</u>	<u>\$41,332,910</u>	<u>\$40,931,875</u>



City of Blue Ash

*Pledged Revenue Coverage
Last Two Years*

	<u>2006</u>	<u>2007</u>
Tax Increment Financing Bonds (1)		
Property Tax Collections	\$0	\$101,149
Debt Service		
Principal	0	0
Interest	0	512,246
Coverage	0.00	0.00

(1) In 2006 the City issued \$9,790,000 of Tax Increment Financing Bonds for the Carver Road Project.

Source: Finance Office

City of Blue Ash

Demographic and Economic Statistics Last Ten Years

Calendar Year	1998	1999	2000	2001	2002
Population (1)					
City of Blue Ash	11,923	11,923	12,513	12,513	12,513
Hamilton County	866,228	866,228	845,303	845,303	845,303
Income (2)(a)					
Total Personal (in thousands)	378,102	384,660	420,024	434,727	452,420
Per Capita	31,712	32,262	33,567	34,742	36,156
Unemployment Rate (3)					
Federal	4.9%	4.5%	4.2%	3.8%	4.8%
State	4.6%	4.3%	4.3%	3.7%	4.3%
Hamilton County	3.3%	3.4%	3.5%	6.3%	4.8%
Civilian Work Force Estimates (3)					
State	5,678,000	5,749,000	5,900,400	5,857,000	5,828,000
Hamilton County	439,400	439,400	436,300	444,100	435,200
Daytime Population (4)	54,000	54,500	54,800	53,700	54,000

Sources:

(1) US Bureau of Census of Population

(2) US Department of Commerce, Bureau of Economic Analysis - information is only available through 2006 for the presentation of 2007 statistics, the City is using the latest information available.

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

(3) State Department of Labor Statistics

(4) Finance Office

City of Blue Ash

2003	2004	2005	2006	2007
12,513	12,513	12,513	12,513	12,513
845,303	845,303	806,652	806,652	806,652
466,184	493,851	499,732	519,002	519,002
37,256	39,467	39,937	41,477	41,477
5.8%	6.0%	5.5%	5.0%	4.6%
5.7%	6.1%	6.0%	5.9%	5.6%
4.5%	5.1%	5.6%	5.0%	5.0%
5,915,000	5,875,300	5,900,400	5,934,000	5,976,500
437,900	422,200	426,800	423,500	431,200
54,000	54,600	55,000	56,700	58,000



City of Blue Ash

Principal Employers Current Year and Nine Years Ago

Employer	Nature of Business	2007		
		Number of Employees	Rank	Percentage of Total Employment
Proctor and Gamble Co.	Technical Center - Home Product Div.	1,650	1	2.8%
Ethicon, Inc.	Surgical Instruments Manufacturer	1,400	2	2.4%
Kroger	Administrative Offices	1,100	3	1.9%
Ingersoll-Rand (Steelcraft)	Steel Products Manufacturer	850	4	1.5%
Warner Cable	Cable Company	650	5	1.1%
Fidelity Investments	Investments	645	6	1.1%
Wornick Co.	Pre-Packaged Food Manufacturer	600	7	1.0%
Belcan Engineering Services	Engineering Services	550	8	0.9%
Mercy Health Systems	Home Health Services	500	9	0.9%
LSI Industries, Inc.	Lighting Manufacturer	400	10	0.7%
Total		8,345		
Total Employment within the City		58,000		

Employer	Nature of Business	1998		
		Number of Employees	Rank	Percentage of Total Employment
Proctor and Gamble Co.	Technical Center - Home Product Div.	2,000	1	3.7%
Ethicon, Inc.	Surgical Instruments Manufacturer	1,400	2	2.6%
Ingersoll-Rand (Steelcraft)	Steel Products Manufacturer	1,000	3	1.9%
Fidelity Investments	Investments	900	4	1.7%
LSI Industries, Inc.	Lighting Manufacturer	500	5	0.9%
Belcan Engineering Services	Engineering Services	500	6	0.9%
Warner Cable	Cable Company	400	7	0.7%
Sycamore Community Schools	School District	300	8	0.6%
Xomox Corp.	Instruments Manufacturer	300	9	0.6%
Fechheimer Bros.	Uniforms Manufacturer	300	10	0.6%
Total		7,600		
Total Employment within the City		54,000		

Sources:

City Manager's Office

City of Blue Ash

Full Time Equivalent Employees by Function Last Ten Years

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

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

Source: Finance Office

City of Blue Ash

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
8.00	9.25	7.50	7.50	7.00
3.00	3.50	3.50	3.50	2.50
12.50	14.75	12.25	12.25	13.50
14.00	14.00	14.00	14.75	15.50
56.25	55.25	52.75	49.00	47.75
36.00	38.00	39.75	41.50	36.00
13.50	11.50	10.50	10.50	9.00
11.50	12.50	12.50	12.00	10.00
50.25	48.00	40.50	41.25	41.50
19.75	18.00	13.50	14.50	16.00
4.50	4.50	3.50	3.50	4.50
<u>28.50</u>	<u>27.50</u>	<u>23.25</u>	<u>23.75</u>	<u>22.50</u>
<u>257.75</u>	<u>256.75</u>	<u>233.50</u>	<u>234.00</u>	<u>225.75</u>

City of Blue Ash

Operating Indicators by Function Last Ten Years

	1998	1999	2000	2001	2002
Governmental Activities					
General Government					
<u>Court</u>					
Number of Citations Heard	2,991	3,159	3,710	3,935	3,707
<u>Community Development</u>					
Number of Residential Building Permits Issued	185	183	157	172	158
Number of Commercial Building Permits Issued	564	451	430	433	405
Security of Persons and Property					
<u>Police</u>					
Number of Offenses	1,903	1,669	1,631	2,014	2,105
Number of Arrests	3,932	3,959	4,757	4,950	4,905
Number of Accidents	756	687	730	592	550
Number of Service Calls/Details	17,309	15,260	20,922	17,506	19,542
<u>Fire</u>					
Number of Fire Runs	847	856	890	793	691
Number of EMS Runs	1,258	1,331	1,357	1,276	1,290
Transportation					
<u>Street</u>					
Miles of Streets Resurfaced	11	14	7	16	11
Feet of Walking/Biking Paths Maintained	971	1,302	686	1,060	1,124
Leisure Time Activities					
<u>Parks</u>					
Number of Active Recreation Center Memberships	3,815	3,834	unavail.	3,664	3,670
Business-Type Activities					
<u>Golf Course</u>					
Number of Golf Rounds	45,336	45,209	40,585	39,437	36,127

Source: Finance Office

City of Blue Ash

2003	2004	2005	2006	2007
3,757	3,866	3,588	2,385	1,929
199	191	108	177	161
420	319	399	435	423
1,834	1,683	1,763	1,744	1,326
5,025	5,270	6,135	4,700	4,091
744	564	636	620	648
18,167	18,710	15,915	16,177	13,840
750	679	739	674	787
1,322	1,283	1,434	1,545	1,561
5	8	15	4	6
185	1,290	580	555	120
3,662	3,612	3,438	3,671	3,677
35,499	38,409	37,237	37,314	37,684

City of Blue Ash

Capital Asset Statistics by Function Last Ten Years

	1998	1999	2000	2001	2002
Governmental Activities					
General Government					
Public Land and Buildings					
Land (acres)	117	119	123	123	123
Buildings	7	7	7	7	7
Security of Persons and Property					
Police					
Stations	1	1	1	1	1
Vehicles	32	32	32	33	34
Fire					
Stations	2	2	2	2	2
Vehicles	13	13	13	13	14
Transportation					
Street					
Streets (lane miles)	147.71	148.3	148.3	153.54	153.54
Street Lights	1,038	1,049	1,049	1,049	1,049
Traffic Signals					
Vehicles	30	30	30	31	31
Leisure Time Activities					
Parks					
Land (acres)	146	146	146	146	146
Buildings	15	15	15	15	15
Parks	7	10	10	10	10
Playgrounds	8	8	8	8	8
Swimming Pools	2	2	2	2	2
Tennis Courts	8	8	8	8	8
Baseball/Softball Diamonds	12	12	12	12	11
Soccer Fields	5	5	5	5	5
Business-Type Activities					
Golf Course					
Land (acres)	151	151	151	151	151
Buildings	6	6	6	7	7
Vehicles	4	4	5	5	5

Source: Finance Office

City of Blue Ash

2003	2004	2005	2006	2007
131 7	131 7	132 7	131 7	131 7
1 33	1 33	1 32	1 31	1 32
2 14	2 14	2 14	2 14	2 14
155.14 1,049	155.14 1,049	160.93 1,049	160.93 1,049	160.93 1,053
31	31	31	31	31
146 15 10 8 2 8 11 5	146 15 10 8 2 8 11 5	146 16 10 8 2 8 11 5	146 17 9 8 2 8 11 5	275 17 9 8 2 8 11 5
151 7 6	151 7 6	151 7 5	151 7 5	151 7 5





Mary Taylor, CPA
Auditor of State

CITY OF BLUE ASH

HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 14, 2008**