

## **City of Hilliard, Ohio**

Independent Auditors' Report on Internal Control  
Over Financial Reporting and Compliance

Year Ended December 31, 2012





# Dave Yost • Auditor of State

Members of Council  
City of Hilliard  
3800 Municipal Way  
Hilliard, Ohio 430026

We have reviewed the *Independent Auditors' Report* of the City of Hilliard, Franklin County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2012 through December 31, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

June 3, 2013

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## **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**

### **INDEPENDENT AUDITORS' REPORT**

To the City Council  
City of Hilliard, Ohio:

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Hilliard, Ohio (the "City") as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 7, 2013.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of City's internal control.

*A deficiency in internal control* 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 and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as finding 2012-1 that we consider to be a significant deficiency.

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## **Compliance and Other Matters**

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

## **City's Response to Findings**

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Clark, Schaefer, Hackett & Co.*

Cincinnati, Ohio

May 7, 2013

**CITY OF HILLIARD, OHIO**  
**Schedule of Findings and Responses**  
**Year Ended December 31, 2012**

**2012-1      Audit Adjustments**

During the course of our audit, we identified three misstatements in the financial statements for the year under audit that were not initially identified by the City's internal control over financial reporting. A deficiency in internal control exists when the design of operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A deficiency in operation exists when a properly designed control does not operate as designed. In this case, the internal controls over the preparation and review of the City's financial statements did not operate as designed and we consider this a significant deficiency.

Throughout the year, the City maintains its books and records on the cash-basis of accounting and converts its financial statements at year-end to generally accepted accounting principles. The first audit adjustment was necessary to properly record payments in lieu of taxes receivable, which the City had understated by \$1,798,701. The second adjustment was to correct journal entries totaling \$1,256,342 that were posted to incorrect accounts on the trial balance during the conversion process. Lastly, an adjustment was necessary to increase claims payable in the internal service fund by \$98,000 in order to match the estimate of claims incurred but not reported by the 3<sup>rd</sup> party claims processor.

We recommend the City enhance its internal controls over financial reporting with steps such as management analysis of the financials compared to prior years and improved communication with its hired consultant to ensure the preparation of reliable financial statements in conformity with generally accepted accounting principles.

**Management response:** *Management concurs and will enhance its review of the financial statements with its hired consultant in the future.*



# CITY OF HILLIARD, OHIO

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FRANKLIN COUNTY

## *Comprehensive Annual Financial Report*

For the Year Ended December 31, 2012

Prepared by:  
**Department of Finance**

David D. Delande  
**Director**

Gregory A. Tantari  
**Deputy Director**



**City of Hilliard, Ohio**  
*Comprehensive Annual Financial Report*  
*For The Year Ended December 31, 2012*  
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*Comprehensive Annual Financial Report*  
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Real People. Real Possibilities:

DON SCHONHARDT, MAYOR

May 7, 2013

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

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Hilliard (the City) for the year ended December 31, 2012. This CAFR is prepared in accordance with generally accepted accounting principles (GAAP) and in conformance with standards of financial reporting established by the Governmental Accounting Standards Board (GASB) using guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

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

Clark, Schaefer, Hackett & Co. has issued an unqualified (“clean”) opinion on the City’s financial statements for the year ended December 31, 2012. The Independent Auditors’ Report is located at the front of the financial section of this report.

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

### ***Profile of the Government***

The City lies in the western half of Franklin County in portions of Norwich, Washington and Brown Townships and is located approximately ten miles northwest of downtown Columbus, the capital of the State of Ohio. The City encompasses an area of approximately 13 square miles. Rail service is provided by CSX and private air service is available five miles to the north and south by Don Scott Field and Bolton Field, respectively. The City is 20 miles from Port Columbus International Airport and has direct access to interstate highways I-70 and I-270 via three major interchanges. The City is situated 833 feet above sea level and experiences mean temperatures of 72 degrees during the summer and 30 degrees during the winter.

The Hilliard area was settled in the early 1800’s and was incorporated as a village in 1869. The Village of Hilliard remained primarily agricultural in character until the 1950’s when residential

growth boomed. By December 12, 1960 the population had reached 5,000 and the Village of Hilliard became a City. The Mid-Ohio Regional Planning Commission estimates the population for the City to be 28,524 for 2012.

The City is serviced by the Hilliard City School District, which is an independent political subdivision not under the control or supervision of the City in any respect. The geographic boundaries of the School District are much larger than the City, encompassing some 60 square miles, and portions of several other municipalities (including the City of Columbus) as well as unincorporated areas of Franklin County. The School District estimates that 38.8 percent of its students reside in the City.

The City operates under a Charter first adopted by the voters in 1963 and most recently changed by voter approval November 3, 2009 effective January 1, 2010. The most notable changes eliminated term limits and provided for Council to utilize Executive Session to discuss employment issues, real estate purchases, pending court action, and employee contract negotiations. The laws of the State of Ohio prevail when conflicts exist between Charter and State Constitution and in matters where the Charter is silent. The Charter provides for a Mayor-Council form of government. The legislative body of the City consists of a seven-member Council, all elected at-large for four year overlapping terms. The Mayor is elected for a four-year term and serves as the Chief Executive Officer of the City. The Council fixes compensation levels of City officials and employees and enacts ordinances and resolutions relating to City services, tax levies, appropriations, indebtedness, licensing of regulated business and trades and other municipal purposes.

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

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

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



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

This annual budget serves as the foundation for the City of Hilliard's financial planning and control. The 2012 budget was prepared by fund and department and object level. Department heads may transfer resources within the object as they see fit. The budget was approved by Council as required by the City's Charter.

### ***Local Economy and Long-term Financial Planning***

The City is included in the Columbus Metropolitan Statistical Area (MSA) which is ranked 32<sup>nd</sup> in the nation by population. This MSA had an annual average unemployment rate at the end of 2012 of 6.2 percent while the State of Ohio was at an annual average 7.2 percent unemployment rate at the end of 2012 according to the Ohio Labor Market Information site for the Ohio Department of Jobs and Family Services. Our employment mix insulates us somewhat from what is happening elsewhere in the state. Our largest employer is the Hilliard City School District which is the ninth largest district in the state according to the Ohio Department of Education. The list of our ten largest employers can be found in our statistical section and includes telecommunications, financial services, technology, marketing, insurance and manufacturing businesses.

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

### ***Relevant financial policies***

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

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

Council adopted a General Fund balance policy that targets the fund reserve to be twenty five percent of annual operating expenditures on a budget basis. In 2012 the City's General Fund cash balance was 23.96 percent of current year expenditures, up from 18.9 percent in 2011. The City continues to work toward the twenty five percent target.

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

## ***Major initiatives***

### **Development**

The City has adopted a proactive development strategy that combines successful public-private partnerships with a robust complement of development incentives. In 2012, these efforts resulted in 487 jobs being retained, over 2,800 jobs attracted, and \$2,000,000 annually in new income tax revenue by 2015.

The City will have continued economic growth in 2013 due to new development as well as the relocation of Verizon Wireless from Dublin to Hilliard. This relocation will bring 1,500 jobs to the City with 500 additional jobs expected within the next five years. The City plans to open Bo Jackson's Elite Sports, which is a 129,000 square foot domed training facility for expanded sports-tourism efforts. The Hilliard Dana Manufacturing Site Development project is also being developed in 2013. This consists of 90,000 square feet of new offices in two buildings; 89,000 square foot Giant Eagle grocery with a GET-GO gas station, car wash and convenience store; 13,000 square feet of additional retail; two restaurants; and a 420 unit Lifestyle Communities development.

### ***Awards and Acknowledgements***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Hilliard, Ohio for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2011. This was the twenty-first consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement

Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

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

The entire Finance Department played a part in preparing this report; they worked with extreme dedication to the project. Special thanks to Gregory A. Tantari, Deputy Finance Director and Karrie M. Martin, Fiscal Officer, for their special attention to the project.

Respectfully submitted,



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David D. Delande  
Finance Director



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Don Schonhardt  
Mayor

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Hilliard  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2011

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.



*Christopher P. Moynell*  
President

*Jeffrey R. Egan*  
Executive Director

# City of Hilliard, Ohio

## Principal Officials

December 31, 2012

### Elected Officials

Name	Title	Term Expires	Service	Surety
Don Schonhardt	Mayor	12/31/2015	11	A
Brett Sciotto	President of Council	12/31/2013	11	A
James Ashenhurst	Council	12/31/2013	3	A
Stephanie Kune	Council	12/31/2013	3	A
Albert J. Iosue	Council	12/31/2015	5	A
Kelly McGivern	Council	12/31/2013	5	A
Nathan Painter	Council	12/31/2015	1	A
Joseph Erb	Council	12/31/2015	1	A

### Appointed Officials

Name	Title	Term Expires	Service	Surety
David D. Delande	Director of Finance	Indefinite	18	A & B
Tracy Bradford	Director of Law	Indefinite	8	A
Don Schonhardt	Director of Safety	Indefinite	11	A
Clyde R. Seidle	Director of Service	Indefinite	9	A
Steven B. Mazer	Director of Parks and Recreation	Indefinite	5	A
David Meeks	Director of Economic Development	Indefinite	10	A
Gerry Edwards	Director of Human Resource	Indefinite	8	A
John F. Hall, III	Director of Land & Bldgs.	Indefinite	8	A
J. Douglas Francis	Chief of Police	Indefinite	4	A
Lynn Fasone	Clerk of Council	Indefinite	8	A

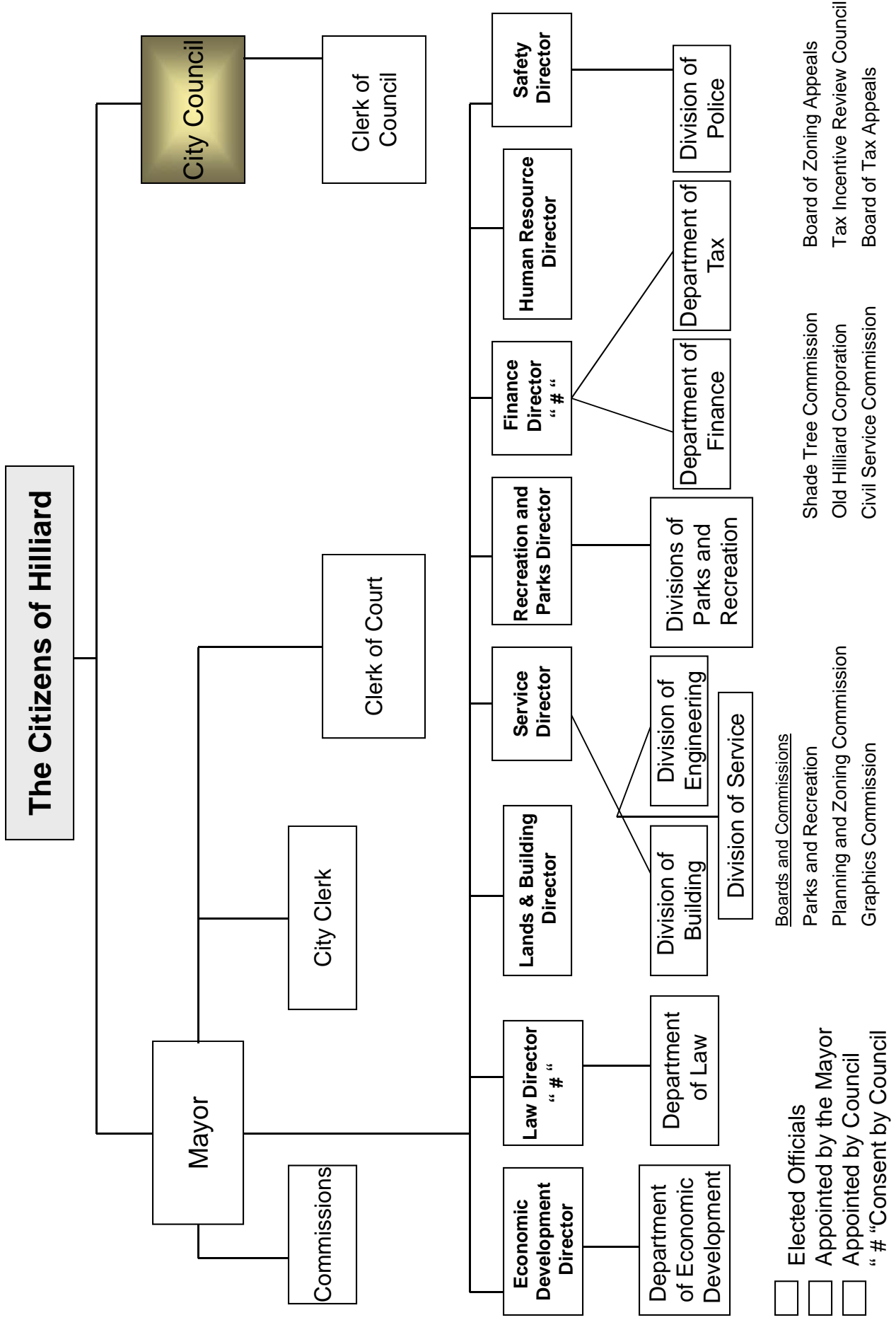
(A) National Casualty Insurance Company, \$1,000,000/\$1,000,000.

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

#### City Address:

City of Hilliard  
3800 Municipal Way  
Hilliard, OH 43026

# The City of Hilliard, Ohio Organizational Chart



## INDEPENDENT AUDITORS' REPORT

To City Council  
City of Hilliard, Ohio:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Hilliard, Ohio (the "City") as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Hilliard, Ohio, as of December 31, 2012, and the respective changes in financial position and, where applicable cash flows and the respective budgetary comparisons for the General Fund, Street Maintenance and Repair Fund, Street Improvement Municipal Tax Fund, Water and Sewer Revenue Fund and TIF Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Effect of Adopting New Accounting Standards**

As discussed in Note 3, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and Statement No. 65, *Items Previously Recognized as Assets and Liabilities*.

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## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hilliard's basic financial statements. The combining and individual nonmajor fund financial statements 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2013 on our consideration of the City of Hilliard's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Hilliard's internal control over financial reporting and compliance.

*Clark, Schaefer, Hackett & Co.*

Cincinnati, Ohio  
May 7, 2013



**City of Hilliard, Ohio**  
*Management's Discussion and Analysis*  
*For The Year Ended December 31, 2012*  
*Unaudited*

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

The City of Hilliard's discussion and analysis of the annual financial report provides an overview of the City's financial activities for the year ended December 31, 2012.

**FINANCIAL HIGHLIGHTS**

- The City's total net position decreased \$4,255,988 in 2012.
- General revenues accounted for \$25,780,129 or 75% of total revenue. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$8,673,683 or 25% of total revenues of \$34,453,812.
- The City had \$38,709,800 in expenses related to governmental activities, while only \$8,673,683 of these expenses were offset by program specific charges for services, grants, contributions, and interest. In 2012, contributions to the City included donated assets of \$286,192, while the 2011 donated assets totaled \$3,296,040. The 2011 donated assets were primarily related to the completion of the Main Street, Cemetery Road, Scioto Darby Triangle Project.

**USING THIS ANNUAL FINANCIAL REPORT**

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

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

Certain prior year amounts in this management's discussion and analysis have been reclassified for consistency. See Note 3 of Notes to the Financial Statements for 2011 amounts that have been restated.

**REPORTING THE CITY AS A WHOLE**

*Statement of Net Position and the Statement of Activities*

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

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

## **REPORTING THE CITY'S MOST SIGNIFICANT FUNDS**

### *Fund Financial Statements*

The analysis of the City's major funds begins on page 8. Fund financial statements provide detailed information about the City's major funds – not the City as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the Finance Director, with the approval of the City Council, to help control, manage, and report money received for a particular purpose or to show that the City is meeting legal responsibilities for the use of grants. The City of Hilliard's major funds are the General Fund, the Street Maintenance and Repair, Street Improvement Municipal Tax, Water and Sewer Revenue, and TIF Special Revenue Funds, and the Capital Improvement Municipal Tax Capital Projects Fund.

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

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

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

## THE CITY AS A WHOLE

As stated previously, the Statement of Net Position looks at the City as a whole. Table 1 provides a summary of the City's net position for 2012 compared to 2011.

**Table 1**  
**Net Position**  
**Governmental Activities**

	2012	2011 (restated)
<b>Assets</b>		
Current and Other Assets	\$ 32,096,869	\$ 27,760,623
Capital Assets	248,082,516	256,962,359
<i>Total Assets</i>	<u>280,179,385</u>	<u>284,722,982</u>
<b>Deferred Outflows of Resources</b>	<u>737,154</u>	<u>350,877</u>
<b>Liabilities</b>		
Long-Term Liabilities	68,618,889	68,730,262
Other Liabilities	3,223,907	3,741,999
<i>Total Liabilities</i>	<u>71,842,796</u>	<u>72,472,261</u>
<b>Deferred Inflows of Resources</b>	<u>5,418,898</u>	<u>4,690,765</u>
<b>Net Position</b>		
Net Investment in Capital Assets	184,681,665	191,936,312
Restricted	8,746,450	9,067,789
Unrestricted	10,226,730	6,906,732
<i>Total Net Position</i>	<u>\$ 203,654,845</u>	<u>\$ 207,910,833</u>

Net position of the City's governmental activities decreased by \$4,255,988 in 2012. Expenses in 2012 as compared to 2011 increased by \$994,791, while revenues decreased by \$1,055,031. In 2012, contributions to the City included donated assets of \$286,192, while the 2011 donated assets totaled \$3,296,040. The 2011 donated assets were primarily related to the completion of the Main Street, Cemetery Road, Scioto Darby Triangle Project.

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

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

Table 2 shows the changes in net position for the years ended December 31, 2012 and 2011.

**Table 2**  
**Change in Net Position**  
**Governmental Activities**

	2012	2011 (restated)
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 6,774,264	\$ 6,255,865
Operating Grants and Contributions	1,483,970	1,287,341
Capital Grants, Contributions, and Interest	415,449	4,227,919
<i>Total Program Revenues</i>	8,673,683	11,771,125
General Revenues:		
Property and Other Local Taxes	1,490,038	1,978,442
Municipal Income Taxes	19,756,537	17,571,720
Payments in Lieu of Taxes	3,008,635	1,243,970
Grant and Entitlements not Restricted to Specific Programs	1,105,845	2,301,949
Unrestricted Investment Earnings	57,494	60,420
Miscellaneous	361,580	581,217
<i>Total General Revenues</i>	25,780,129	23,737,718
<i>Total Revenues</i>	34,453,812	35,508,843
 <b>Program Expense</b>		
General Government	5,881,654	5,889,987
Security of Persons and Property	8,228,460	8,440,519
Public Health	182,270	165,311
Leisure Time Activities	3,252,501	3,272,969
Community Environment	3,491,170	2,621,951
Basic Utility Services	7,407,870	6,604,081
Transportation	7,490,224	7,940,453
Interest and Fiscal Charges	2,775,651	2,779,738
<i>Total Expenses</i>	38,709,800	37,715,009
<i>Change in Net Position</i>	(4,255,988)	(2,206,166)
<i>Net Position at Beginning of Year, restated</i>	207,910,833	210,116,999
<i>Net Position at End of Year</i>	\$ 203,654,845	\$ 207,910,833

## Governmental Activities

The 2.0 percent income tax is generally the largest source of revenue for the City of Hilliard. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City bimonthly, monthly, or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. The City allows a credit for income taxes paid to another municipality up to 100 percent of the City's current tax rate.

The City's employment picture remains stable. Nine of the top ten employers for 2012 were included in the top ten listing for 2011. The largest employer remains the Hilliard City School District.

In 2012, total revenues decreased \$1,055,031 as compared to 2011. The increase in total General Revenues was \$2,042,411, while total Program Revenues decreased \$3,097,442

The Municipal Income Tax as reported in the Change in Net Position increased \$2,184,817 from 2011 primarily due to an increase in taxable income. Withholdings from employers in the City increased almost 5 percent and income tax refunds paid to businesses in 2012 compared to 2011.

Capital Grants, Contributions and Interest decreased by \$3,812,470 primarily due to the donation of capital assets in 2011 of \$3,296,040 related to the completion of the Main Street, Cemetery Road, Scioto Darby Road Triangle project. Donated assets in 2012 were \$286,192.

Governmental program expenses for 2012 were as follows:

General Government	15.19%
Security of Persons and Property	21.26%
Public Health	0.47%
Leisure Time Activities	8.40%
Community Environment	9.02%
Basic Utility Services	19.14%
Transportation	19.35%
Interest and Fiscal Charges	7.17%
	<u>100.00%</u>

Program expenses increased 2.64 percent from 2011 to 2012. The City spent more on contractual services in the Basic Utility Services category.

The Administration and City Council base spending decisions on how they will improve the quality of life for the citizens and business in Hilliard. The Administration and City Council committed to maintain and improve the City's investments by providing appropriations for capital assets, equipment and repairs. Overall the City had fewer capital improvement projects in 2012 than in 2011 and focused on preserving existing assets. These assets include street resurfacing, sidewalk replacements, safety and street maintenance equipment and vehicles, as well as park and recreation equipment.

When looking at the sources of income to support governmental activities, it should be noted that charges for services are only 19.7 percent of total revenues. Revenues provided by sources other than City residents in the form of operating and capital grants restricted to a certain program comprise another 5.3 percent of total revenues. The remaining revenues are primarily generated locally through property and income taxes. City Council relies on these taxes to furnish the

quality of life to businesses and citizens to which they and previous Councils have always been committed.

## **THE CITY'S FUNDS**

Information about the City's major governmental funds begins on page 16. These funds are reported using the modified accrual basis of accounting. All governmental funds had total revenues of \$33,118,793 and expenditures of \$33,059,639. As of the end of the current year, the City's governmental funds reported combined ending fund balances of \$21,048,525, an increase of \$3,191,579 in comparison with the prior year. At December 31, 2012, nonspendable and restricted fund balance totaled \$10,480,464. The remaining unrestricted fund balance was comprised of \$5,148,640 of committed fund balance (amounts committed by City Council on contracts), \$300,101 of assigned fund balance (amounts assigned through outstanding encumbrances at year end) and \$5,119,320 of unassigned fund balance.

The General Fund balance of \$5,645,754 continues to rely heavily on the City's income tax as its primary source of revenue for operations. The fund balance increased \$1,836,413 in 2012, primarily as a result of an increase in income tax revenue of \$1,402,372.

The increase of \$245,997 in the Street Maintenance and Repair Special Revenue Fund was primarily due to a decrease in expenditures during 2012.

The Street Improvement Municipal Tax Special Revenue Fund decreased by \$465,143 due primarily to a decrease in municipal income tax revenues in 2012. The decrease is the result of a change in the allocation of income tax to this fund from 5 percent in 2011 to 3 percent in 2012.

The Water and Sewer Revenue Special Revenue Fund decreased by \$198,596 as charges for services were not sufficient to cover the required debt service related to water and sewer in 2012.

The TIF Special Revenue Fund increased by \$1,243,594 due to an increase in TIF service payments received in 2012. The fund balance of the TIF fund was \$2,639,001 at December 31, 2012.

The Capital Improvement Municipal Tax Capital Projects Fund increased by \$414,383 primarily due to proceeds from bonds issued in 2012. The fund balance of the Capital Improvement Municipal Tax Fund was \$6,644,118 at December 31, 2012.

### ***General Fund Budgeting Highlights***

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, cash disbursements and encumbrances. The appropriations ordinance is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council as provided for in the City's charter. The legal level of control has been established by Council at the object level.

During 2012, the total amount of the General Fund budget was increased from \$19,544,984 to \$19,782,389, an adjustment of only \$237,405 or 1.2 percent of the original budget. In addition, appropriations were reallocated by ordinance among departments and objects.

General Fund original and final budgeted revenues were \$19,294,417. Actual revenues were \$19,748,791, a difference of \$454,374 compared to final budget revenues.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets (Net of Depreciation) Governmental Activities

	<u>2012</u>	<u>2011</u>
Land	\$ 4,600,492	\$ 4,450,717
Construction in Progress	17,532	-
Buildings	7,817,107	8,100,693
Improvement Other Than Buildings	7,276,913	7,643,593
Machinery and Equipment	1,574,100	1,529,130
Furniture and Fixtures	247,725	282,663
Vehicles	882,271	902,006
Infrastructure	225,666,376	234,053,557
Totals	<u>\$ 248,082,516</u>	<u>\$ 256,962,359</u>

Capital Assets decreased \$8,879,843 primarily due to the annual depreciation of capital assets of \$11,316,937, partially offset by additions various City assets of \$2,444,552. See Note 10 of the Notes to the Basic Financial Statements for more detailed information.

### *Debt*

At December 31, 2012, the City of Hilliard had \$66,685,507 in debt outstanding.

### Outstanding Debt at Year End Governmental Activities

	<u>2012</u>	<u>(Restated) 2011</u>
OWDA Loan Payable	\$ 1,839,157	\$ 2,127,163
OPWC Loan Payable	2,730,423	2,316,633
General Obligation Bonds	53,130,000	54,320,000
Capital Leases	6,256,210	6,448,272
Premium on Bonds Issued	2,729,717	1,674,999
Totals	<u>\$ 66,685,507</u>	<u>\$ 66,887,067</u>

The decrease in outstanding debt is primarily due to 2012 scheduled debt service payments. In 2012, the City issued \$11,085,000 of Various Purpose General Obligation bonds to fund new projects of \$2,480,000 and to refund bonds totaling \$9,175,000.

Generally, all general obligation bond issues will be paid through the Water and Sewer Revenue, Street Improvement Municipal Tax, and TIF Special Revenue Funds, and the Capital Improvements Municipal Tax Capital Projects Fund.

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

The City's overall 10.5 percent legal debt margin was \$62,104,989 as of December 31, 2012. The more restrictive unvoted legal debt margin within 5.5 percent was \$19,864,137 as of the same date.

See Note 16 of the Notes to the Basic Financial Statements for more detailed information about the City's debt.

### **CONTACTING THE CITY'S FINANCE DEPARTMENT**

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



## **BASIC FINANCIAL STATEMENTS**

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**City of Hilliard, Ohio**  
*Statement of Net Position*  
*December 31, 2012*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 19,354,796
Cash and Cash Equivalents with Fiscal Agents	258,784
Accounts Receivable	330,714
Municipal Income Tax Receivable	4,953,634
Due from Other Governments	1,739,830
Payments in Lieu of Taxes Receivable	4,137,909
Prepaid Items	26,723
Property and Other Local Taxes Receivable	1,294,479
Nondepreciable Capital Assets	4,618,024
Depreciable Capital Assets	421,804,912
Accumulated Depreciation	<u>(178,340,420)</u>
<i>Total Assets</i>	<u>280,179,385</u>
<b>Deferred Outflows of Resources</b>	
Deferred Charges on Refundings	<u>737,154</u>
<i>Total Deferred Outflows of Resources</i>	<u>737,154</u>
<b>Liabilities</b>	
Accounts Payable	1,673,094
Accrued Liabilities	240,000
Accrued Wages Payable	359,546
Matured Compensated Absences	243,496
Due to Other Governments	234,103
Accrued Interest Payable	240,668
Claims Payable	233,000
Long-Term Liabilities:	
Due Within One Year	4,866,338
Due in More Than One Year	<u>63,752,551</u>
<i>Total Liabilities</i>	<u>71,842,796</u>
<b>Deferred Inflows of Resources</b>	
Property Taxes	1,280,989
Payment in Lieu of Taxes	<u>4,137,909</u>
<i>Total Deferred Inflows of Resources</i>	<u>5,418,898</u>
<b>Net Position</b>	
Net investment in capital assets	184,681,665
Restricted for:	
Streets and Transportation	4,099,011
Other Purposes	134,923
Capital Outlay	4,512,516
Unrestricted	<u>10,226,730</u>
<i>Total Net Position</i>	<u>\$ 203,654,845</u>

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

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**City of Hilliard, Ohio**  
*Balance Sheet*  
*Governmental Funds*  
*December 31, 2012*

	General	Street Maintenance and Repair	Street Improvement Municipal Tax
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 5,034,406	\$ 448,434	\$ 3,179,251
Cash and Cash Equivalents with Fiscal Agents	-	-	-
Receivables:			
Property and Other Local Taxes Receivable	1,294,479	-	-
Payments in Lieu of Taxes Receivable	-	-	-
Municipal Income Tax Receivable	3,566,616	-	148,609
Accounts	322,539	6,430	-
Due from Other Funds	34,476	-	-
Due from Other Governments	559,670	644,195	-
Prepaid Items	26,723	-	-
Interfund Receivable	12,904	-	-
<i>Total Assets</i>	<u>\$ 10,851,813</u>	<u>\$ 1,099,059</u>	<u>\$ 3,327,860</u>
<b>Liabilities</b>			
Accounts Payable	1,139,411	42,582	74,041
Accrued Liabilities	240,000	-	-
Due to Other Funds	123,347	14,216	-
Interfund Payable	-	-	-
Accrued Wages Payable	306,811	13,351	-
Matured Compensated Absences	236,062	3,717	-
Due to Other Governments	214,334	5,281	-
<i>Total Liabilities</i>	<u>2,259,965</u>	<u>79,147</u>	<u>74,041</u>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue - property taxes	1,284,273	-	-
Unavailable revenue - payment in lieu of taxes	-	-	-
Unavailable revenue - municipal income tax	1,197,789	-	49,908
Unavailable revenue - intergovernmental revenue	464,032	434,814	-
<i>Total Deferred Inflows of Resources</i>	<u>2,946,094</u>	<u>434,814</u>	<u>49,908</u>
<b>Fund Balances</b>			
Nonspendable	26,723	-	-
Restricted	-	585,098	-
Committed	186,706	-	3,203,911
Assigned	300,101	-	-
Unassigned	5,132,224	-	-
<i>Total Fund Balance</i>	<u>5,645,754</u>	<u>585,098</u>	<u>3,203,911</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</i>	<u>\$ 10,851,813</u>	<u>\$ 1,099,059</u>	<u>\$ 3,327,860</u>

See accompanying notes to the basic financial statements.

Water and Sewer Revenue	TIF	Capital Improvement Municipal Tax	Nonmajor Funds	Total Governmental Funds
\$ 972,595	\$ 2,639,001	\$ 5,872,262	\$ 1,195,205	\$ 19,341,154
-	-	-	258,784	258,784
-	-	-	-	1,294,479
-	4,137,909	-	-	4,137,909
-	-	1,238,409	-	4,953,634
1,745	-	-	-	330,714
-	-	-	-	34,476
4,062	79,950	270,674	181,279	1,739,830
-	-	-	-	26,723
-	-	-	-	12,904
<u>\$ 978,402</u>	<u>\$ 6,856,860</u>	<u>\$ 7,381,345</u>	<u>\$ 1,635,268</u>	<u>\$ 32,130,607</u>
9,312	-	321,327	86,421	1,673,094
-	-	-	-	240,000
27,478	-	-	13,739	178,780
-	-	-	12,904	12,904
26,256	-	-	13,128	359,546
-	-	-	3,717	243,496
9,662	-	-	4,826	234,103
<u>72,708</u>	<u>-</u>	<u>321,327</u>	<u>134,735</u>	<u>2,941,923</u>
-	-	-	-	1,284,273
-	4,137,909	-	-	4,137,909
-	-	415,900	-	1,663,597
-	79,950	-	75,584	1,054,380
<u>-</u>	<u>4,217,859</u>	<u>415,900</u>	<u>75,584</u>	<u>8,140,159</u>
-	-	-	-	26,723
-	2,639,001	6,644,118	585,524	10,453,741
905,694	-	-	852,329	5,148,640
-	-	-	-	300,101
-	-	-	(12,904)	5,119,320
<u>905,694</u>	<u>2,639,001</u>	<u>6,644,118</u>	<u>1,424,949</u>	<u>21,048,525</u>
<u>\$ 978,402</u>	<u>\$ 6,856,860</u>	<u>\$ 7,381,345</u>	<u>\$ 1,635,268</u>	<u>\$ 32,130,607</u>

**City of Hilliard, Ohio**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Position of Governmental Activities  
 December 31, 2012*

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**Total Governmental Fund Balances** \$ 21,048,525

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

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

Land	4,600,492
Construction in Progress	17,532
Buildings	11,557,905
Improvements Other Than Buildings	10,119,049
Machinery and Equipment	5,187,443
Furniture and Fixtures	609,913
Vehicles	2,805,110
Infrastructure	391,525,492
Accumulated Depreciation	<u>(178,340,420)</u>

Total 248,082,516

Deferred charges on refunding, reported as other financing uses in governmental  
 funds, are allocated as an expense over the life of the debt on the full accrual basis. 737,154

An internal service fund is used by management to charge the costs of  
 insurance to individual funds. The assets and liabilities of the internal  
 service fund are included in governmental activities in the Statement  
 of Net Position. (75,054)

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

Property and Other Local Taxes	3,284
Municipal Income Taxes	1,663,597
Intergovernmental	<u>1,054,380</u>

Total 2,721,261

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

Accrued Interest	(240,668)
Premium on Debt Issued	(2,729,717)
General Obligation Bonds	(53,130,000)
OWDA and OPWC Loans	(4,569,580)
Capital Lease	(6,256,210)
Compensated Absences	<u>(1,933,382)</u>

Total (68,859,557)

*Net Position of Governmental Activities* \$ 203,654,845

See accompanying notes to the basic financial statements.



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**City of Hilliard, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2012*

	General	Street Maintenance and Repair	Street Improvement Municipal Tax
<b>Revenues</b>			
Property and Other Local Taxes	\$ 1,489,345	\$ -	\$ -
Municipal Income Taxes	13,605,550	-	448,901
Payments in Lieu of Taxes	-	-	-
Intergovernmental	666,747	1,309,025	-
Charges for Services	3,524,538	-	-
Licenses and Permits	749,701	-	-
Fines and Forfeitures	378,953	-	-
Investment Income	56,637	602	-
Miscellaneous	243,525	17,149	685
<i>Total Revenues</i>	<u>20,714,996</u>	<u>1,326,776</u>	<u>449,586</u>
<b>Expenditures</b>			
Current:			
General Government	5,100,928	-	145,021
Security of Persons and Property	7,749,192	-	-
Public Health	182,270	-	-
Leisure Time Activities	2,744,104	-	-
Community Environment	3,105,448	-	-
Basic Utility Services	-	-	-
Transportation	-	1,080,779	1,339,394
Debt Service:			
Principal Retirement	-	-	48,450
Interest and Fiscal Charges	-	-	327,864
<i>Total Expenditures</i>	<u>18,881,942</u>	<u>1,080,779</u>	<u>1,860,729</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,833,054</u>	<u>245,997</u>	<u>(1,411,143)</u>
<b>Other Financing Sources (Uses)</b>			
Sale of Capital Assets	3,359	-	-
Refunding Bonds Issued	-	-	-
Issuance of Debt	-	-	946,000
Premium on Bonds Issued	-	-	-
Issuance of OPWC Loans	-	-	-
Payment to Bond Escrow Agent	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>3,359</u>	<u>-</u>	<u>946,000</u>
<i>Net Changes in Fund Balances</i>	1,836,413	245,997	(465,143)
<i>Fund Balances at Beginning of Year</i>	<u>3,809,341</u>	<u>339,101</u>	<u>3,669,054</u>
<i>Fund Balances at End of Year</i>	<u>\$ 5,645,754</u>	<u>\$ 585,098</u>	<u>\$ 3,203,911</u>

See accompanying notes to the basic financial statements.

Water and Sewer Revenue	TIF	Capital Improvement Municipal Tax	Nonmajor Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 1,489,345
-	-	4,684,817	-	18,739,268
-	3,008,635	-	-	3,008,635
4,062	135,364	49,307	601,116	2,765,621
1,272,304	-	-	678,129	5,474,971
-	-	74,075	3,710	827,486
-	-	-	18,799	397,752
-	-	-	255	57,494
18,342	-	75,470	3,050	358,221
<u>1,294,708</u>	<u>3,143,999</u>	<u>4,883,669</u>	<u>1,305,059</u>	<u>33,118,793</u>
-	-	668,118	8,129	5,922,196
-	-	266,171	6,749	8,022,112
-	-	-	-	182,270
-	-	11,107	97,356	2,852,567
-	-	84,061	184,047	3,373,556
1,205,014	-	380,917	776,561	2,362,492
-	370,939	985,039	117,286	3,893,437
137,250	858,750	2,535,618	-	3,580,068
196,040	670,716	1,676,321	-	2,870,941
<u>1,538,304</u>	<u>1,900,405</u>	<u>6,607,352</u>	<u>1,190,128</u>	<u>33,059,639</u>
<u>(243,596)</u>	<u>1,243,594</u>	<u>(1,723,683)</u>	<u>114,931</u>	<u>59,154</u>
-	-	-	-	3,359
-	-	8,605,000	-	8,605,000
45,000	-	1,489,000	-	2,480,000
-	-	1,364,417	-	1,364,417
-	-	413,790	-	413,790
-	-	(9,734,141)	-	(9,734,141)
<u>45,000</u>	<u>-</u>	<u>2,138,066</u>	<u>-</u>	<u>3,132,425</u>
(198,596)	1,243,594	414,383	114,931	3,191,579
<u>1,104,290</u>	<u>1,395,407</u>	<u>6,229,735</u>	<u>1,310,018</u>	<u>17,856,946</u>
<u>\$ 905,694</u>	<u>\$ 2,639,001</u>	<u>\$ 6,644,118</u>	<u>\$ 1,424,949</u>	<u>\$ 21,048,525</u>

**City of Hilliard, Ohio**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2012*

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$</b>	<b>3,191,579</b>
<i>Amount reported for governmental activities in the Statement of Activities are different because:</i>		
Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital Outlay	2,158,360	
Depreciation	<u>(11,316,937)</u>	
Excess of Depreciation Expense over Capital Outlay		(9,158,577)
Governmental funds do not report the revenue from the contribution of capital assets since they do not represent current financial resources. However, the revenue is reported in the Statement of Activities.		
Contributed Capital		286,192
In the Statement of Activities, only the loss on sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the capital assets sold.		
		(7,458)
The internal service fund used by management to charge the cost of insurance to individual funds is reported in the entity-wide Statement of Activities.		
		(69,297)
Repayment of long-term obligations is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities on the Statement of Net Position. In the current year, these amounts consist of:		
General Obligation Bond Principal Payments	3,100,000	
General Obligation Bond Principal Refunded	9,175,000	
OWDA Loans Principal Payments	288,006	
Capital Lease Principal Payments	<u>192,062</u>	
		12,755,068
Some revenues that will not be collected for several months after the City's year-end are not considered "available" revenues and are unavailable in the governmental funds. Unavailable revenues changed by these amounts this year:		
Property and Other Taxes	693	
Municipal Income Taxes	1,017,269	
Intergovernmental	<u>27,506</u>	
		1,045,468
The issuance of long-term debt provides current financial resources to governmental funds, but in the Statement of Net Position, the debt is reported as a liability:		
General Obligation Bonds	(11,085,000)	
OPWC Loans	(413,790)	
Premium on Debt Issued	(1,364,417)	
Deferred charges on refunding	<u>439,608</u>	
		(12,423,599)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as interest accrues, regardless of when it is due. The additional amounts of interest and fiscal charges on the Statement of Activities is the result of the following:		
Decrease in Accrued Interest	(41,545)	
Amortization of Deferred Charges on Refunding Bonds	(53,331)	
Amortization of Premium on General Obligation Bonds	<u>309,699</u>	
		214,823
Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. These activities consist of:		
Increase in Compensated Absences		<u>(90,187)</u>
<b>Changes in Net Position of Governmental Activities</b>	<b>\$</b>	<b><u>(4,255,988)</u></b>

See accompanying notes to the basic financial statements.

**City of Hilliard, Ohio**  
*Statement of Revenues, Expenditures and Changes  
 In Fund Balances - Budget (Non-GAAP Basis) and Actual  
 General Fund  
 For the Year Ended December 31, 2012*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Property and Other Local Taxes	\$ 1,663,351	\$ 1,663,351	\$ 1,488,133	(175,218)
Municipal Income Taxes	12,919,862	12,919,862	13,395,426	475,564
Intergovernmental	638,569	638,569	715,787	77,218
Charges for Services	2,785,085	2,785,085	2,889,097	104,012
Licenses and Permits	802,050	802,050	854,734	52,684
Fines and Forfeitures	350,000	350,000	278,054	(71,946)
Investment Income	63,000	63,000	56,637	(6,363)
Miscellaneous	72,500	72,500	70,923	(1,577)
<i>Total Revenues</i>	<u>19,294,417</u>	<u>19,294,417</u>	<u>19,748,791</u>	<u>454,374</u>
<b>Expenditures</b>				
Current:				
General Government	5,025,913	5,528,513	4,994,909	533,604
Security of Persons and Property	8,230,540	7,980,540	7,786,321	194,219
Public Health	215,310	215,310	182,270	33,040
Leisure Time Activities	2,897,090	2,897,090	2,769,201	127,889
Community Environment	3,176,131	3,160,936	3,004,587	156,349
<i>Total Expenditures</i>	<u>19,544,984</u>	<u>19,782,389</u>	<u>18,737,288</u>	<u>1,045,101</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(250,567)</u>	<u>(487,972)</u>	<u>1,011,503</u>	<u>1,499,475</u>
<b>Other Financing Sources</b>				
Proceeds from Sale of City Assets	-	-	3,359	3,359
<i>Total Other Financing Sources</i>	<u>-</u>	<u>-</u>	<u>3,359</u>	<u>3,359</u>
<i>Net Change in Fund Balance</i>	(250,567)	(487,972)	1,014,862	1,502,834
<i>Fund Balance at Beginning of Year</i>	2,808,864	2,808,864	2,808,864	-
Prior Year Encumbrances Appropriated	652,376	652,376	652,376	-
<i>Fund Balance at End of Year</i>	<u>\$ 3,210,673</u>	<u>\$ 2,973,268</u>	<u>\$ 4,476,102</u>	<u>\$ 1,502,834</u>

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

**City of Hilliard, Ohio**  
*Statement of Revenues, Expenditures and Changes  
 In Fund Balances - Budget (Non-GAAP Basis) and Actual  
 Street Maintenance and Repair Fund  
 For the Year Ended December 31, 2012*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Intergovernmental	\$ 1,285,500	\$ 1,285,500	\$ 1,302,629	\$ 17,129
Investment Income	-	-	602	602
Miscellaneous	<u>34,500</u>	<u>34,500</u>	<u>10,719</u>	<u>(23,781)</u>
<i>Total Revenues</i>	<u>1,320,000</u>	<u>1,320,000</u>	<u>1,313,950</u>	<u>(6,050)</u>
<b>Expenditures</b>				
Current:				
Transportation	<u>1,389,380</u>	<u>1,376,162</u>	<u>1,160,372</u>	<u>215,790</u>
<i>Total Expenditures</i>	<u>1,389,380</u>	<u>1,376,162</u>	<u>1,160,372</u>	<u>215,790</u>
<i>Net Change in Fund Balance</i>	(69,380)	(56,162)	153,578	209,740
<i>Fund Balance at Beginning of Year</i>	124,287	124,287	124,287	-
Prior Year Encumbrances Appropriated	<u>70,446</u>	<u>70,446</u>	<u>70,446</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 125,353</u>	<u>\$ 138,571</u>	<u>\$ 348,311</u>	<u>\$ 209,740</u>

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

**City of Hilliard, Ohio**  
*Statement of Revenues, Expenditures and Changes  
 In Fund Balances - Budget (Non-GAAP Basis) and Actual  
 Street Improvement Municipal Tax Fund  
 For the Year Ended December 31, 2012*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Municipal Income Taxes	\$ 502,703	\$ 482,703	\$ 503,694	\$ 20,991
Other	-	-	685	685
<i>Total Revenues</i>	<u>502,703</u>	<u>482,703</u>	<u>504,379</u>	<u>21,676</u>
<b>Expenditures</b>				
Current:				
Transportation	1,089,491	2,205,491	1,649,868	555,623
Debt Service:				
Principal Retirement	50,000	50,000	48,450	1,550
Interest and Fiscal Charges	<u>330,000</u>	<u>330,000</u>	<u>327,864</u>	<u>2,136</u>
<i>Total Expenditures</i>	<u>1,469,491</u>	<u>2,585,491</u>	<u>2,026,182</u>	<u>559,309</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(966,788)</u>	<u>(2,102,788)</u>	<u>(1,521,803)</u>	<u>580,985</u>
<b>Other Financing Sources</b>				
Issuance of Debt	-	<u>946,000</u>	<u>946,000</u>	-
<i>Total Other Financing Sources</i>	-	<u>946,000</u>	<u>946,000</u>	-
<i>Net Change in Fund Balance</i>	(966,788)	(1,156,788)	(575,803)	580,985
<i>Fund Balance at Beginning of Year</i>	3,239,828	3,239,828	3,239,828	-
Prior Year Encumbrances Appropriated	<u>366,788</u>	<u>366,788</u>	<u>366,788</u>	-
<i>Fund Balance at End of Year</i>	<u>\$ 2,639,828</u>	<u>\$ 2,449,828</u>	<u>\$ 3,030,813</u>	<u>\$ 580,985</u>

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

**City of Hilliard, Ohio**  
*Statement of Revenues, Expenditures and Changes  
 In Fund Balances - Budget (Non-GAAP Basis) and Actual  
 Water and Sewer Revenue Fund  
 For the Year Ended December 31, 2012*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for Services	\$ 1,175,000	\$ 1,220,000	\$ 1,275,198	\$ 55,198
Miscellaneous	70,000	390,000	16,597	(373,403)
<i>Total Revenues</i>	<u>1,245,000</u>	<u>1,610,000</u>	<u>1,291,795</u>	<u>(318,205)</u>
<b>Expenditures</b>				
Current:				
Basic Utility Services	1,561,884	1,995,948	1,248,433	747,515
Debt Service:				
Principal Retirement	138,500	138,500	137,250	1,250
Interest and Fiscal Charges	198,500	198,500	196,040	2,460
<i>Total Expenditures</i>	<u>1,898,884</u>	<u>2,332,948</u>	<u>1,581,723</u>	<u>751,225</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(653,884)</u>	<u>(722,948)</u>	<u>(289,928)</u>	<u>433,020</u>
<b>Other Financing Sources</b>				
Issuance of Debt	-	-	45,000	45,000
<i>Total Other Financing Sources</i>	<u>-</u>	<u>-</u>	<u>45,000</u>	<u>45,000</u>
<i>Net Change in Fund Balance</i>	(653,884)	(722,948)	(244,928)	478,020
<i>Fund Balance at Beginning of Year</i>	999,790	999,790	999,790	-
Prior Year Encumbrances Appropriated	172,815	172,815	172,815	-
<i>Fund Balance at End of Year</i>	<u>\$ 518,721</u>	<u>\$ 449,657</u>	<u>\$ 927,677</u>	<u>\$ 478,020</u>

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



**City of Hilliard, Ohio**  
*Statement of Revenues, Expenditures and Changes  
 In Fund Balances - Budget (Non-GAAP Basis) and Actual  
 TIF Fund  
 For the Year Ended December 31, 2012*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Payment in Lieu of Taxes	\$ 2,235,000	\$ 2,995,000	\$ 3,008,635	\$ 13,635
Intergovernmental	<u>155,000</u>	<u>155,000</u>	<u>135,364</u>	<u>(19,636)</u>
<i>Total Revenues</i>	<u>2,390,000</u>	<u>3,150,000</u>	<u>3,143,999</u>	<u>(6,001)</u>
<b>Expenditures</b>				
Current:				
Transportation	500,586	512,886	424,702	88,184
Debt Service:				
Principal Retirement	995,000	1,700,000	858,750	841,250
Interest and Fiscal Charges	<u>505,000</u>	<u>890,000</u>	<u>670,716</u>	<u>219,284</u>
<i>Total Expenditures</i>	<u>2,000,586</u>	<u>3,102,886</u>	<u>1,954,168</u>	<u>1,148,718</u>
<i>Net Change in Fund Balance</i>	389,414	47,114	1,189,831	1,142,717
<i>Fund Balance at Beginning of Year</i>	1,374,820	1,374,820	1,374,820	-
Prior Year Encumbrances Appropriated	<u>20,586</u>	<u>20,586</u>	<u>20,586</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 1,784,820</u>	<u>\$ 1,442,520</u>	<u>\$ 2,585,237</u>	<u>\$ 1,142,717</u>

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

**City of Hilliard, Ohio**  
*Statement of Fund Net Position*  
*Internal Service Fund*  
*December 31, 2012*

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	Insurance Trust
<b>Assets</b>	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 13,642
Due from Other Funds	<u>144,304</u>
<i>Total Assets</i>	<u>\$ 157,946</u>
<b>Liabilities</b>	
Current Liabilities:	
Claims Payable	<u>\$ 233,000</u>
<i>Total Liabilities</i>	<u>233,000</u>
<b>Net Position</b>	
Unrestricted Net Position	<u>\$ (75,054)</u>

See accompanying notes to the basic financial statements.

**City of Hilliard, Ohio**  
*Statement of Revenues,  
 Expenses and Changes in Fund Net Position  
 Internal Service Fund  
 For the Year Ended December 31, 2012*

	Insurance Trust
<b>Operating Revenues</b>	
Charges for Services	\$ 1,953,493
<b>Operating Expenses</b>	
Contractual Services	179,629
Claims	1,843,161
<i>Total Operating Expenses</i>	2,022,790
<i>Change in Net Position</i>	(69,297)
<i>Net Position at Beginning of Year</i>	(5,757)
<i>Net Position at End of Year</i>	\$ (75,054)

See accompanying notes to the basic financial statements.

**City of Hilliard, Ohio**  
*Statement of Cash Flows*  
*Internal Service Fund*  
For the Year Ended December 31, 2012

	Insurance Trust
<b>Decrease in Cash and Cash Equivalents:</b>	
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$ 1,923,314
Cash Payments for Services	(179,629)
Cash Payments for Claims	(1,784,161)
<i>Net Cash Used in Operating Activities</i>	(40,476)
<i>Cash and Cash Equivalents Beginning of Year</i>	54,118
<i>Cash and Cash Equivalents End of Year</i>	\$ 13,642
 <b>Reconciliation of Operating Loss to Net Cash Used in Operating Activities:</b>	
Operating Loss	\$ (69,297)
 <b>Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:</b>	
Increase in Due from Other Funds	(30,179)
Increase in Claims Payable	59,000
<i>Net Cash Used in Operating Activities</i>	\$ (40,476)

See accompanying notes to the basic financial statements.

**City of Hilliard, Ohio**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Funds*  
*December 31, 2012*

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**Assets**

Equity in Pooled Cash and Cash Equivalents	\$ 277,037
Cash and Cash Equivalents in Segregated Accounts	30,717
Accounts Receivable	<u>10,206</u>

*Total Assets* \$ 317,960

**Liabilities**

Due to Other Governments	\$ 247,647
Deposits Held and Due to Others	<u>70,313</u>

*Total Liabilities* \$ 317,960

See accompanying notes to the basic financial statements.

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**City of Hilliard, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2012*

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**NOTE 1 – DESCRIPTION OF THE CITY AND REPORTING ENTITY**

The City of Hilliard (the “City”) is a home rule municipal corporation organized under the laws of the State of Ohio. The City operates under its own Charter. The current Charter, which provides for a Mayor-Council form of government, was adopted January 1, 1963, and was most recently amended November 3, 2009, effective January 1, 2010.

**Reporting Entity**

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

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

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

The City is associated with the Hilliard Arts Council Corporation which is defined as a related organization. In addition, in 2007 the City entered into agreement with Norwich Township, a legally separate organization, to construct and operate a facility to house the police protection services of the City and the fire protection services of Norwich Township. Information about the related organization and the joint venture is presented in Note 21 to the basic financial statements.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Hilliard have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The most significant of the City's accounting policies are described below.

**City of Hilliard, Ohio**  
*Notes to the Basic Financial Statements, continued*  
*For the Year Ended December 31, 2012*

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**Basis Of Presentation**

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

*Government-Wide Financial Statements*

The Statement of Net Position and the Statement of Activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. Interfund services provided and used are not eliminated in the process of consolidation. The statements usually distinguish between those activities of the City that are governmental in nature and those that are considered business-type activities; however, the City has no activities which are reported as business-type.

The Statement of Net Position presents the financial condition of the governmental activities of the City at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program is self financing or draws from the general revenues of the City.

*Fund Financial Statements*

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

**Fund Accounting**

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

*Governmental Funds*

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



**City of Hilliard, Ohio**  
*Notes to the Basic Financial Statements, continued*  
*For the Year Ended December 31, 2012*

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

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

*Street Improvement Municipal Tax Fund* – This fund is used to account for a portion of the City's income tax collections to be used for repair and improvement of streets and highways. In 2012, 3% of income tax collections were deposited into the fund.

*Water and Sewer Revenue Fund* – This fund is used to account for water and sewer tap fees and water and sewer surcharge revenues collected by the City of Columbus for the City of Hilliard. These revenues are used for upgrading and making minor repairs to water and sewer lines and paying debt related to these projects.

*Tax Increment Financing (TIF) Fund* – This fund is used to account for payments in lieu of taxes received from various business owners to be used for City-owned infrastructure improvements that will benefit the business owners' property.

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

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

*Proprietary Fund*

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

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

*Fiduciary Funds*

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

**City of Hilliard, Ohio**  
*Notes to the Basic Financial Statements, continued*  
*For the Year Ended December 31, 2012*

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**Measurement Focus**

*Government-Wide Financial Statements*

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

*Fund Financial Statements*

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current liabilities and deferred inflows of resources generally are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

**Basis of Accounting**

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

*Revenues - Exchange and Non-exchange Transactions*

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, municipal income taxes, payments in lieu of taxes, grants, entitlements, shared revenues, and donations. On the accrual basis, revenue from property taxes/payments in lieu of taxes is recognized in the year for which the taxes are levied (See Note 7). Revenue from municipal income taxes is recognized in the year in which the income is earned. Revenue from grants, entitlements, shared

**City of Hilliard, Ohio**  
*Notes to the Basic Financial Statements, continued*  
*For the Year Ended December 31, 2012*

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revenues, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

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

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

*Expenses/Expenditures*

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

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

**Cash and Cash Equivalents**

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

During 2012, the City invested in negotiable certificates of deposit, a money market account, and STAROhio. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2012. Investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts, such as repurchase agreements, are reported at cost.

Interest income is distributed to the funds according to Ohio constitutional and statutory requirements. Interest revenue credited to the General Fund during 2012 amounted to \$56,637 which includes \$44,361 assigned from other funds.

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

**City of Hilliard, Ohio**  
*Notes to the Basic Financial Statements, continued*  
*For the Year Ended December 31, 2012*

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**Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2012, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and expenditure is reported in the year in which services are consumed.

**Bond Premium, Deferred Charges on Refunding, and Debt Issuance Costs**

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

The deferred charges on refunding bonds (difference between the reacquisition price and the net carrying amount of the old debt) is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. It is reported as deferred outflows of resources.

Debt issuance costs are expensed when incurred.

**Capital Assets**

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

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

All capital assets except for land, road right of way, and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacements.

**City of Hilliard, Ohio**  
*Notes to the Basic Financial Statements, continued*  
*For the Year Ended December 31, 2012*

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Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings	20-40 years
Improvements Other Than Buildings	15-30 years
Machinery and Equipment	5-20 years
Furniture and Fixtures	7-20 years
Vehicles	5-20 years
Infrastructure	10-60 years

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

**Deferred outflows/inflows of resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has nonexchange revenue transactions where a receivable has been recorded because property taxes and payment in lieu of taxes were levied, but the resources cannot be used until a future period. This item has been reported as deferred inflows of resources. On a modified accrual basis of accounting, the City has recorded certain receivables where the related revenue is unavailable. Unavailable revenues have been reported as deferred inflows of resources on the governmental balance sheet for: property taxes, payments in lieu of taxes, municipal income tax and intergovernmental revenue. These amounts will be recognized as an inflow of resources in the period that the amounts become available.

**Compensated Absences**

Vacation and compensatory time benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation and compensatory time for all employees.

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

**City of Hilliard, Ohio**  
*Notes to the Basic Financial Statements, continued*  
*For the Year Ended December 31, 2012*

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The entire compensated absences liability is reported on the government-wide financial statements. On governmental fund financial statements, compensated absences are reported as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the funds from which the employees will be paid.

**Accrued Liabilities And Long-Term Obligations**

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

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

**Contributions of Capital**

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

**Net Position**

Net position represent the difference between assets and deferred outflow of resources and liabilities and deferred inflow of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include funds for the operation of recreational activities, improving the living environment of the City, and the operation of police programs.

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

The government-wide Statement of Net Position reports \$8,746,450 of restricted net position, of which \$66,759 is restricted by enabling legislation.

**Interfund Transaction**

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

**City of Hilliard, Ohio**  
*Notes to the Basic Financial Statements, continued*  
*For the Year Ended December 31, 2012*

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**Operating Revenues and Expenses**

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

**Accounting Estimates**

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

**Budgetary Process**

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations ordinance is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the object level.

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

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

**Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed in all funds. On the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities. There were outstanding encumbrances in six of the major governmental funds at December 31, 2012: \$475,688 in the General Fund, \$100,122 in the Street Maintenance and Repair Fund, \$146,909 in the Street Improvement Municipal Tax Fund, \$44,918 in the Water and Sewer Revenue Fund, \$53,763 in the TIF Fund, \$2,215,410 in the Capital Improvement Municipal Tax Fund and \$71,587 in the Nonmajor Funds.

**City of Hilliard, Ohio**  
*Notes to the Basic Financial Statements, continued*  
For the Year Ended December 31, 2012

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**NOTE 3 – RESTATEMENT FOR PRIOR PERIOD ADJUSTMENT AND CHANGE IN ACCOUNTING PRINCIPLES**

**Prior Period Adjustment**

Subsequent to the issuance of the December 31, 2011 financial statement, the City was notified that an OPWC receipt of \$2,316,633 that was reported as grant revenue was, in fact, a loan payable. As such, the City restated its outstanding long term debt and governmental activities net position at December 31, 2011.

**Change in Accounting Principles**

The City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and Statement No. 65, *Items Previously Recognized as Assets and Liabilities*. The objective of these statements is to establish guidance for identifying and reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. As a result of implementing GASB Statement No. 65, the following assets and liabilities have been reclassified as indicated:

Item	New classification
Deferred charges on refunding (previously included in bonds payable, net)	Deferred outflow of resources
Bond issuance costs (the unamortized portion was previously reported as an asset)	Outflow of resources
Revenue in governmental funds not collected within 60 days of year end (previously reported as a liability)	Deferred inflow of resources
Property tax and payments in lieu of taxes billed, but levied for the next year's budget (previously reported as a liability)	Deferred inflow of resources

The effect of the prior period adjustment and the change in accounting principles has been applied retroactively; as a result, the beginning of the year net position has been changed reflect expensing of bond issuance costs:

	<u>Governmental</u>
	<u>Activities</u>
Net Position at December 31, 2011	\$211,140,913
Effect of change in accounting related to bond issuance costs	(913,447)
Effect of prior period adjustment	<u>(2,316,633)</u>
Net Position at December 31, 2011, as restated	<u>\$207,910,833</u>



**City of Hilliard, Ohio**  
*Notes to the Basic Financial Statements, continued*  
*For the Year Ended December 31, 2012*

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**NOTE 4 – COMPLIANCE AND ACCOUNTABILITY**

**Accountability**

At December 31, 2012, the Special Assessment Bond Retirement Debt Service Fund had a deficit fund balance of \$12,904. The General Fund is liable for any deficits and will provide transfers when cash is required, not when accruals occur.

**NOTE 5 – BUDGETARY BASIS OF ACCOUNTING**

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a restriction, commitment, or assignment of fund balance (GAAP basis).
4. Advances-In and Advances-Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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

	General	Street Maintenance and Repair	Street Improvement Municipal Tax	Water and Sewer Revenue	TIF
GAAP Basis	\$ 1,836,413	\$ 245,997	\$ (465,143)	\$ (198,596)	\$ 1,243,594
Revenue Accruals	(731,898)	(12,826)	54,793	(2,913)	-
Expenditure Accruals	283,719	20,529	(18,544)	1,499	-
Encumbrances	(475,688)	(100,122)	(146,909)	(44,918)	(53,763)
Funds reclassified	102,316	-	-	-	-
Budget Basis	<u>\$ 1,014,862</u>	<u>\$ 153,578</u>	<u>\$ (575,803)</u>	<u>\$ (244,928)</u>	<u>\$ 1,189,831</u>

**City of Hilliard, Ohio**  
*Notes to the Basic Financial Statements, continued*  
*For the Year Ended December 31, 2012*

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**NOTE 6 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and,
6. The State Treasurer's investment pool (STAROhio).

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

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

**City of Hilliard, Ohio**  
*Notes to the Basic Financial Statements, continued*  
*For the Year Ended December 31, 2012*

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

**Deposits**

Custodial credit risk for deposits is the risk that in the event of bank failure; the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end, \$4,560,557 of the City's bank balance of \$7,440,479 was exposed to custodial credit risk because it was uninsured, and collateralized with securities held by the pledging financial institution.

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

**Investments**

As of December 31, 2012, the City had the following investments. All investments are in an internal investment pool.

	Fair Value	Investment Maturities		
		0 to 6 mos	7 to 12 mos	13 to 18 mos
5/3rd Government Money Market	\$ 3,513,335	\$ 3,513,335	\$ -	\$ -
Negotiable Certificates of Deposit	3,586,087	900,540	2,008,100	677,447
STAROhio	<u>5,828,352</u>	<u>5,828,352</u>	<u>-</u>	<u>-</u>
Totals	<u>\$12,927,774</u>	<u>\$10,242,227</u>	<u>\$2,008,100</u>	<u>\$ 677,447</u>

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

*Credit Risk* – STAROhio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. Under normal circumstances, the 5/3<sup>rd</sup> Government Money Market Fund invests at least 80 percent of its assets in U.S. Government securities, repurchase agreements collateralized by these securities, and shares of money market investment companies that invest exclusively in these securities. The City's investment policy limits investments to those authorized by State statute.

*Concentration of Credit Risk* – The City places no limit on the amount it may invest in any one issuer; however, investments are limited to low risk securities with the expectation of earning market rate of return. The City's investments in 5/3<sup>rd</sup> Government Money Market, negotiable Certificates of Deposit, and STAR Ohio represent 27.2 percent, 27.7 percent, and 45.1 percent, respectively, of the City's total investments.

**City of Hilliard, Ohio**  
*Notes to the Basic Financial Statements, continued*  
*For the Year Ended December 31, 2012*

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**NOTE 7 - PROPERTY TAXES**

Property taxes include amounts levied against all real, public utility and tangible personal property located in the City. Property tax revenue received during 2012 for real and public utility property taxes represents collections of 2011 taxes.

2012 real property taxes are levied after October 1, 2012, on the assessed value as of January 1, 2012, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2012 real property taxes are collected in and intended to finance 2013.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2012 public utility property taxes became a lien December 31, 2011, are levied after October 1, 2012, and are collected in 2012 with real property taxes.

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

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the City of Hilliard. The County Auditor periodically remits to the City its portion of the taxes. Property taxes receivable represents real property taxes, public utility taxes, and outstanding delinquencies which are measurable as of December 31, 2012, and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been included in deferred inflows of resources, since the current taxes were not levied to finance 2012 operations and the outstanding delinquencies were unavailable. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is reported as deferred inflows of resources since the current taxes were levied to finance a future period.

The full tax rate for all City operations for the year ended December 31, 2012, was \$1.60 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2012 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property	\$ 831,817,770
Public Utility Property	<u>12,999,270</u>
Totals	<u><u>\$ 844,817,040</u></u>

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

**City of Hilliard, Ohio**  
*Notes to the Basic Financial Statements, continued*  
*For the Year Ended December 31, 2012*

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**NOTE 8 – MUNICIPAL INCOME TAX**

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

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

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

**NOTE 9 - RECEIVABLES**

Receivables at December 31, 2012, consisted of property and other local taxes, payments in lieu of taxes, municipal income taxes, accounts, special assessments, accrued interest, intergovernmental receivables arising from grants, entitlements and shared revenues, and interfund receivables. All receivables are considered fully collectible.

A summary of intergovernmental receivables follows:

<u>Governmental Activities</u>	<u>Amounts</u>
Local Government	\$ 322,577
Estate Tax	149,897
Homestead, Rollback and Exemption	151,341
Gas Tax	496,105
Motor Vehicle Tax	257,240
Franklin County	79,965
FEMA - June 2012 Storm	68,067
State Share - June 2012 Storm	10,691
ODOT Grant	6,753
OPWC Grant	183,956
Other	<u>13,238</u>
Total Intergovernmental Receivables	<u>\$ 1,739,830</u>

**City of Hilliard, Ohio**  
*Notes to the Basic Financial Statements, continued*  
*For the Year Ended December 31, 2012*

**NOTE 10 – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2012, was as follows:

	Balance at 1/1/2012	Additions	Deletions	Balance at 12/31/2012
Governmental Activities				
Capital Assets, not being depreciated:				
Land	\$ 4,450,717	149,775	-	4,600,492
Construction in Progress	-	17,532	-	17,532
Total Capital Assets, not being depreciated	<u>4,450,717</u>	<u>167,307</u>	<u>-</u>	<u>4,618,024</u>
Depreciable Capital Assets:				
Buildings	11,504,105	53,800	-	11,557,905
Improvements Other Than Buildings	10,078,356	40,693	-	10,119,049
Machinery and Equipment	4,989,418	444,184	(246,159)	5,187,443
Furniture and Fixtures	726,452	7,209	(123,748)	609,913
Vehicle	2,714,211	276,211	(185,312)	2,805,110
Infrastructure	<u>390,070,344</u>	<u>1,455,148</u>	<u>-</u>	<u>391,525,492</u>
Total Depreciable Capital Assets	<u>420,082,886</u>	<u>2,277,245</u>	<u>(555,219)</u>	<u>421,804,912</u>
Less Accumulated Depreciation:				
Buildings	(3,403,412)	(337,386)	-	(3,740,798)
Improvements Other Than Buildings	(2,434,763)	(407,373)	-	(2,842,136)
Machinery and Equipment	(3,460,288)	(394,274)	241,218	(3,613,344)
Furniture and Fixtures	(443,789)	(39,629)	121,231	(362,187)
Vehicle	(1,812,205)	(295,946)	185,312	(1,922,839)
Infrastructure	<u>(156,016,787)</u>	<u>(9,842,329)</u>	<u>-</u>	<u>(165,859,116)</u>
Total Accumulated Depreciation	<u>(167,571,244)</u>	<u>(11,316,937)</u>	<u>547,761</u>	<u>(178,340,420)</u>
Depreciable Capital Assets, Net	<u>252,511,642</u>	<u>(9,039,692)</u>	<u>(7,458)</u>	<u>243,464,492</u>
Governmental Activities Capital Assets, Net	<u>\$ 256,962,359</u>	<u>(8,872,385)</u>	<u>(7,458)</u>	<u>248,082,516</u>

For the year ended December 31, 2012, the value of the assets donated to the City was \$286,192.

Depreciation expense was charged to the governmental programs as follows:

General Government	\$ 288,172
Security of Persons and Property	403,007
Leisure Time Activities	458,732
Community Environment	109,048
Basic Utility Services	5,340,046
Transportation	<u>4,717,932</u>
Total Depreciation Expense	<u>\$ 11,316,937</u>

**City of Hilliard, Ohio**  
*Notes to the Basic Financial Statements, continued*  
*For the Year Ended December 31, 2012*

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**NOTE 11 - DEFINED BENEFIT PENSION PLANS**

**Ohio Public Employees Retirement System**

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

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

For the year ended December 31, 2012, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 10.0 percent of their annual covered salaries. Members participating in the traditional plan that were in law enforcement and public safety contributed 11.5 percent and 12.1 percent of their annual covered salary, respectively. The employer contribution rate for pension benefits for 2012 was 14 percent, except for those plan members in law enforcement or public safety. For those classifications, the employer's pension contributions were 18.1 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2012, 2011, and 2010 were \$830,769, \$707,298, and \$869,056, respectively; 100 percent has been contributed for 2012, 2011 and 2010. Contributions to the member-directed plan for 2012 were \$27,224 made by the City and \$19,446 made by the plan members.

**Ohio Police and Fire Pension Fund**

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

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the City is required to contribute 19.5 percent for police officers. In 2012, the City required employees to contribute 6.5 percent, and the City paid the remaining 3.5 percent of participants'

**City of Hilliard, Ohio**  
*Notes to the Basic Financial Statements, continued*  
*For the Year Ended December 31, 2012*

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gross salaries, along with the required employer portion. The City has no firefighters. Contributions are authorized by State statute. The City's required contributions to the OP&F for the years ended December 31, 2012, 2011, and 2010 were \$832,229, \$781,870, and \$906,562, respectively. The full amount has been contributed for 2012, 2011, and 2010.

**NOTE 12 - POSTEMPLOYMENT BENEFITS**

**Ohio Public Employees Retirement System**

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

A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postemployment health care based on authority granted by State statute. OPERS Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent during calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent during calendar year 2012. Effective January 1, 2013, the portion of employer contributions allocated to health care was lowered by 1 percent for both plans, as recommended by the OPERS actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree, or their surviving beneficiaries, to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual City contributions for 2012, 2011, and 2010 which were used to fund postemployment benefits were \$239,570, \$202,075, and \$313,792, respectively.

**Ohio Police and Fire Pension Fund**

The Ohio Police and Fire Pension Fund (OP&F) provides postemployment health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Postemployment Benefit (OPEB) as described in *GASB Statement No.45*.

The Ohio Revised Code allows, but does not mandate OP&F to provided OPEB benefits. Authority for the OP&F board of trustees to provide health care coverage to eligible participants and to establish and amend benefits are codified in Chapter 742 of the Ohio Revised Code. The Ohio Revised Code provides for contributions requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan member, currently, 19.5 percent of covered payroll for police. The Ohio Revised Code states that the employer contributions may not exceed 19.5 percent of covered payroll for police employer units. Active members do not make contributions to the OPEB plan.



**City of Hilliard, Ohio**  
*Notes to the Basic Financial Statements, continued*  
*For the Year Ended December 31, 2012*

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OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F board of trustees.

The board of trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2012, the employer contributions allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Sections 115 and 401(h).

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

The City's actual contributions for 2012, 2011 and 2010 that were allocated to fund the health care plan for police were \$288,079, \$270,527, and \$313,670, respectively.

***NOTE 13 - OTHER EMPLOYEE BENEFITS***

**Compensated Absences**

*Accumulated Unpaid Vacation*

City employees earn vacation leave at varying rates based upon length of service. Vacation can accumulate to a maximum of 400 hours. When an employee terminates employment, he/she is paid for 100 percent of their unused vacation leave. City employees can also earn compensatory time. Compensatory time is paid at one and one-half times an employee's regular rate. Employees with time remaining upon termination of their employment will be paid for any unused compensatory time.

*Accumulated Unpaid Sick Leave*

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

**Deferred Compensation**

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

**City of Hilliard, Ohio**  
*Notes to the Basic Financial Statements, continued*  
*For the Year Ended December 31, 2012*

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**NOTE 14 - CAPITAL LEASES - LESSEE DISCLOSURE**

The City has leases for a building, vehicles and equipment. The building lease meets the criteria of a capital lease as the present value of the minimum lease payments at the beginning of the lease equals the fair value of the leased property. While the vehicle and equipment leases meet the criteria which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the Basic Financial Statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis

On June 25, 2007, the City entered into an agreement with Norwich Township (the "Township"), a separate legal entity, for the joint construction and management of a public safety building. The building was constructed and is owned managed by the Township. Initially the Township paid the entire cost of the building construction. The City entered into a 30 year lease agreement with the Township under which the City will pay its allocated portion of the construction cost which totaled \$6,417,386. The lease agreement began upon completion of the building and the first lease payment was made on June 1, 2009. The present value of the minimum lease payments equals the cost of construction allocated to the City and has been included as a capital asset and a long term liability in the Statement of Net Position.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2012 were as follows:

Year ending December 31,	Safety Building and Equipment Leases
2013	\$ 476,240
2014	476,240
2015	476,240
2016	476,240
2017	389,679
2018-2022	1,948,397
2023-2027	1,948,397
2028-2032	1,948,397
2033-2037	1,948,397
2038	389,685
Total minimum lease payments	10,477,912
Less: amount representing interest	(4,221,702)
	\$ 6,256,210

**City of Hilliard, Ohio**  
*Notes to the Basic Financial Statements, continued*  
*For the Year Ended December 31, 2012*

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**NOTE 15 - RISK MANAGEMENT**

**Property and Liability Insurance**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2012, the City contracted with several different insurance providers for property, liability, and automobile insurance.

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

**Health Insurance**

The City maintains a self-funded health insurance program with claims processed by Central Benefits on behalf of the City. The Insurance Trust Fund (an internal service fund) was created in 1989 to account for and finance the health insurance program. As an integral part of the health insurance program, stop loss coverage has been purchased covering claims in excess of \$75,000 per individual and \$1,000,000 per occurrence.

All funds of the City from which employee salaries are paid participate in the health insurance programs and make payments to the Insurance Trust Fund based on the amounts needed to make claim payments. Total contributions to the program during 2012 were \$1,953,493. The claims liability of \$233,000 reported in the Insurance Trust Fund at December 31, 2012, is based on the requirements of *GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues,"* as amended by *GASB Statement No. 30 "Risk Management Omnibus,"* which requires that a liability for claims be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Estimates were calculated by using actual claims reports for several months following the balance sheet date. This estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the Insurance Trust Fund's claims liability amount for 2010, 2011, and 2012 were:

Year	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2010	\$ 111,000	\$ 1,540,128	\$ (1,479,128)	\$ 172,000
2011	172,000	1,694,917	(1,692,917)	174,000
2012	174,000	1,843,161	(1,784,161)	233,000

**City of Hilliard, Ohio**  
*Notes to the Basic Financial Statements, continued*  
*For the Year Ended December 31, 2012*

**NOTE 16 - LONG-TERM OBLIGATIONS**

Changes in long-term obligations during 2012 were as follows:

Types/Issues	Restated Balance at 1/1/2012	Issued	Retired	Refunded	Balance at 12/31/2012	Due Within One Year
<b>Loans Payable:</b>						
2005 OWDA Loan 3% \$2,472,265	\$ 2,127,163	\$ -	\$ 288,006	\$ -	\$ 1,839,157	\$ 206,660
2012 OPWC Loan \$2,730,423	<u>2,316,633</u>	<u>413,790</u>	<u>-</u>	<u>-</u>	<u>2,730,423</u>	<u>109,217</u>
	<u>4,443,796</u>	<u>413,790</u>	<u>288,006</u>	<u>-</u>	<u>4,569,580</u>	<u>315,877</u>
<b>Unvoted General Obligation Bonds:</b>						
2002 Various Purpose Improvement 3.0 - 5.375% \$4,950,000	160,000	-	160,000	-	-	-
2003 Various Purpose Improvement 3.0 - 4.25% \$5,280,000	3,655,000	-	235,000	3,175,000	245,000	245,000
2005 Various Purpose and Refunding 3.0 - 5.0% \$20,175,000	15,140,000	-	860,000	-	14,280,000	1,055,000
2005 Trueman Boulevard Project 3.0 - 5.0% \$8,285,000	6,705,000	-	345,000	6,000,000	360,000	360,000
2007 Various Purpose & Refunding 4.0 - 5.0% \$7,975,000	6,740,000	-	295,000	-	6,445,000	305,000
2009 Various Purpose 2.25 - 5.0% \$15,540,000	14,055,000	-	785,000	-	13,270,000	800,000
2011 Various Purpose 2.0 - 4.25% \$8,020,000	7,865,000	-	420,000	-	7,445,000	425,000
2012 Various Purpose 2.0 - 5.0% \$11,085,000	<u>-</u>	<u>11,085,000</u>	<u>-</u>	<u>-</u>	<u>11,085,000</u>	<u>165,000</u>
<b>Total General Obligation Bonds</b>	<u>54,320,000</u>	<u>11,085,000</u>	<u>3,100,000</u>	<u>9,175,000</u>	<u>53,130,000</u>	<u>3,355,000</u>
<b>Other Long-Term Obligations:</b>						
Compensated Absences	1,843,195	971,440	881,253	-	1,933,382	1,003,398
Premium GO Bonds Issued	1,674,999	1,364,417	190,166	119,533	2,729,717	-
Capital Leases	<u>6,448,272</u>	<u>-</u>	<u>192,062</u>	<u>-</u>	<u>6,256,210</u>	<u>192,063</u>
<b>Total Other Long-Term Obligations</b>	<u>9,966,466</u>	<u>2,335,857</u>	<u>1,263,481</u>	<u>119,533</u>	<u>10,919,309</u>	<u>1,195,461</u>
<b>Total General Long-Term Obligations</b>	<u>\$ 68,730,262</u>	<u>\$ 13,834,647</u>	<u>\$ 4,651,487</u>	<u>\$ 9,294,533</u>	<u>\$ 68,618,889</u>	<u>\$ 4,866,338</u>

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

Generally, all voted and unvoted general obligation bond issues and notes payable will be paid through the Street Improvement Municipal Tax, Water and Sewer Revenue and Tax Increment Financing Special Revenue Funds and the Capital Improvements Municipal Tax Capital Projects Fund.

**City of Hilliard, Ohio**  
*Notes to the Basic Financial Statements, continued*  
*For the Year Ended December 31, 2012*

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Capital leases were paid from the Capital Improvement Municipal Tax Capital Projects Fund. Compensated absences will be paid from the General Fund, the Street Maintenance and Repair, and the Water and Sewer Special Revenue Funds.

On June 28, 2012 the City issued \$11,085,000 of Unvoted General Obligation Various Purpose Bonds, Series 2012. The bonds were issued to: fund \$2,480,000 various transportation projects, equipment purchases and infrastructure improvements; and \$8,605,000 to advance refund \$3,175,000 of 2003 Various Purpose Improvement Bonds and \$6,000,000 of 2005 Trueman Boulevard Project Bonds. The premium on the bonds totaled \$1,364,417 and the issuance costs totaled \$241,276. The bonds will mature December 1, 2030 and have a true interest cost of 2.43%. The average coupon is 4.04% and average life of 7.977 years. Further information regarding the advanced refunding portion of the bonds issue follows:

	<u>Amount</u>
Amount paid to escrow agent	\$ 9,734,141
Net carrying amount of old bonds:	
Old bonds outstanding	9,175,000
Unamortized bond premium	<u>119,533</u>
Net carrying amount of old bonds	<u>9,294,533</u>
Deferred amount on refunding	<u>\$ 439,608</u>
Refunded (old) bonds	
Principal	\$ 9,175,000
Interest	<u>3,248,501</u>
Total refunded	<u>12,423,501</u>
Refunding (new) bonds	
Principal	8,605,000
Interest	<u>2,767,163</u>
Total refunding	<u>11,372,163</u>
Unadjusted reduction in aggregate debt service	<u>\$ 1,051,338</u>
Economic gain - present value of adjusted reduction in aggregate debt service	\$ 894,930
Plus: refunding bonds issued	8,605,000
Plus: premium received	1,063,488
Less: payment to Escrow Agent	(9,734,141)
Less: cost of issuance	<u>(188,337)</u>
Net present value savings	<u>\$ 640,940</u>
Present value rate - true interest cost of new bonds	2.43%
Interest rate borne by old bonds	3.5% - 5%

**City of Hilliard, Ohio**  
*Notes to the Basic Financial Statements, continued*  
For the Year Ended December 31, 2012

As of December 31, 2012, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$62,104,989 with an unvoted debt margin of \$19,864,137.

Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2012, are:

Year	OWDA Loans		General Obligation Bonds		OPWC Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 206,660	\$ 53,636	\$ 3,355,000	\$ 2,226,910	\$ 109,217	\$ -
2014	212,907	47,390	3,460,000	2,120,948	109,217	-
2015	219,341	40,955	3,395,000	2,006,948	109,217	-
2016	225,971	34,326	3,210,000	1,896,648	109,217	-
2017	232,801	27,495	3,290,000	1,775,148	109,217	-
2018-2022	741,477	39,411	18,055,000	6,783,521	546,085	-
2023-2027	-	-	15,360,000	2,628,798	546,085	-
2028-2032	-	-	3,005,000	233,700	546,085	-
2032-2037	-	-	-	-	546,083	-
Totals	<u>\$1,839,157</u>	<u>\$243,213</u>	<u>\$53,130,000</u>	<u>\$19,672,621</u>	<u>\$2,730,423</u>	<u>\$ -</u>

**NOTE 17 – DUE TO / DUE FROM OTHER FUNDS**

Amounts due to/due from other funds at December 31, 2012 were as follows:

	<u>Due From</u>	<u>Due To</u>
Governmental Funds:		
General Fund	\$ 34,476	123,347
Street Maintenance and Repair Fund	-	14,216
Water and Sewer Revenue Fund	-	27,478
Nonmajor Funds	-	<u>13,739</u>
	34,476	178,780
Internal Service Fund	<u>144,304</u>	-
Total	<u>178,780</u>	<u>178,780</u>

**NOTE 18 – FUND BALANCES**

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is “bound to honor constraints on the specific purposes for which amounts in the fund can be spent” in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The components for reporting the City’s fund balance are nonspendable, restricted, committed, assigned and unassigned. Restricted fund balance includes those amounts that are restricted by parties outside of the City and pursuant to enabling legislation. Committed fund balance describes the portion of fund balance that has been limited by use by approval of City Council. City Council is the City’s highest level of decision making. Fund balance commitments are established, modified, or rescinded by City Council action through passage of an

**City of Hilliard, Ohio**  
*Notes to the Basic Financial Statements, continued*  
*For the Year Ended December 31, 2012*

ordinance. Assigned fund balance includes amounts that have an intended use by City Council. City Council demonstrates its intent for use of assigned amounts through passage of appropriation legislation. The unassigned fund balance represents the residual net resources.

The City considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The City does not have a formal policy for its use of unrestricted fund balance amounts; therefore, it considers committed amounts used first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

	General	Street Maintenance and Repair	Street Improvement Municipal Tax	Water and Sewer Revenue	TIF	Capital Improvement Municipal Tax	Nonmajor Funds	Total
<b>Fund Balances</b>								
Nonspendable:								
Prepaid items	\$ 26,723	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,723
Total Nonspendable	<u>26,723</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,723</u>
Restricted for:								
Transportation	-	585,098	-	-	2,639,001	-	456,242	3,680,341
Police programs	-	-	-	-	-	-	30,361	30,361
Capital outlay	-	-	-	-	-	6,644,118	-	6,644,118
Other	-	-	-	-	-	-	98,921	98,921
Total Restricted	<u>-</u>	<u>585,098</u>	<u>-</u>	<u>-</u>	<u>2,639,001</u>	<u>6,644,118</u>	<u>585,524</u>	<u>10,453,741</u>
Committed to:								
General Government	3,720	-	-	-	-	-	-	3,720
Basic Utility Services	-	-	-	905,694	-	-	460,843	1,366,537
Community Environmen	182,986	-	-	-	-	-	-	182,986
Transportation	-	-	3,203,911	-	-	-	-	3,203,911
Park Maintenance	-	-	-	-	-	-	391,486	391,486
Total Committed	<u>186,706</u>	<u>-</u>	<u>3,203,911</u>	<u>905,694</u>	<u>-</u>	<u>-</u>	<u>852,329</u>	<u>5,148,640</u>
Assigned to:								
General Government	290,366	-	-	-	-	-	-	290,366
Police programs	9,735	-	-	-	-	-	-	9,735
Total Assigned	<u>300,101</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,101</u>
Unassigned	5,132,224	-	-	-	-	-	(12,904)	5,119,320
Total Fund Balances	<u>\$ 5,645,754</u>	<u>\$ 585,098</u>	<u>\$ 3,203,911</u>	<u>\$ 905,694</u>	<u>\$ 2,639,001</u>	<u>\$ 6,644,118</u>	<u>\$ 1,424,949</u>	<u>\$ 21,048,525</u>

**NOTE 19 – CONDUIT DEBT OBLIGATIONS**

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

As of December 31, 2012, there were four series of industrial revenue development bonds outstanding with an aggregate principal amount payable of \$2,005,000.

**City of Hilliard, Ohio**  
*Notes to the Basic Financial Statements, continued*  
*For the Year Ended December 31, 2012*

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**NOTE 20 - CONTRACTUAL COMMITMENTS**

As of December 31, 2012, the City had contractual purchase commitments as follows:

Vendor	Contract Amount	Amount Expended	Balance 12/31/2012
Bird Houk	\$ 570,789	\$ 564,293	\$ 6,496
Burgess & Niple	213,500	208,976	4,524
City Of Hilliard	50,000	-	50,000
Complete General Construction	7,042,379	7,035,974	6,405
Decker Construction	994,554	985,615	8,939
Elite Excavating	348,548	303,257	45,291
EMHT	311,476	203,121	108,355
EP Ferris & Associates, Inc.	114,900	27,802	87,098
Flowline, L.L.C.	109,719	-	109,719
George J. Igel Co., Inc.	338,050	-	338,050
Ice Miller	50,000	48,595	1,405
Lusk Group	160,585	84,466	76,119
M-E Companies	30,000	29,300	700
Nickolas Savko And Sons	568,000	-	568,000
Site Maintenance	10,000	5,720	4,280
Stantec Consulting Svcs. Inc.	296,000	182,661	113,339
URS Corporation	226,750	219,646	7,104
Various Utility Companies	920,000	588,664	331,336
WE Stilson Consulting Group	36,200	34,484	1,716
	<u>\$ 12,391,450</u>	<u>\$ 10,522,574</u>	<u>\$ 1,868,876</u>

**NOTE 21 – RELATED ORGANIZATION AND JOINT VENTURE**

**Hilliard Arts Council Corporation**

The Hilliard Arts Council Corporation (the Corporation) is a separately created nonprofit (501(c)(3)) organization. The Corporation is governed by an eleven member Board of Trustees appointed as follows: four members appointed by the Hilliard City Council, one member appointed by the Hilliard Area Chamber of Commerce, one member appointed by the Hilliard Recreation and Parks Director, one member appointed by the Hilliard City School District, and four members appointed by the Mayor of the City of Hilliard. The Trustees adopt their own budget, hire and fire their own staff, authorize expenditures, and do not rely on the City to finance deficits. The City cannot influence the Corporation's operations, nor does the Corporation represent a potential financial benefit or burden to the City.



**City of Hilliard, Ohio**  
*Notes to the Basic Financial Statements, continued*  
*For the Year Ended December 31, 2012*

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**Norwich Township**

The City and Norwich Township entered into a Joint Construction and Management Agreement which provides for the renovation, construction, management and use of a combined fire and police facility. Renovation was completed in December of 2008 and the City moved to the new facility in early 2009. The facility houses Township administration offices, City of Hilliard Mayor's Court, City of Hilliard Police Department, City of Hilliard Communications and Norwich Township Fire Department. In addition to the joint agreement, the City provides police services to the unincorporated areas of the Township through a separate agreement and dispatching services for the fire department under a separate agreement. The Township provides fire protection and emergency medical services to the incorporated and unincorporated areas of the Township.

***NOTE 22 - CONTINGENT LIABILITIES***

**Federal and State Grants**

For the period January 1, 2012, to December 31, 2012, the City received federal and state grants for specific purposes that are subject to review and audit by grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

***NOTE 23 - SUBSEQUENT EVENT***

On April 16, 2013 the City issued \$8,905,000 of Refunding Tax Exempt Bonds, Series 2013 and \$4,285,000 of Various Purpose Taxable Notes, Series 2013 both dated April 30, 2013. The bonds are unvoted obligations of the City that will refund \$8,110,000 of Various Purpose Bonds, Series 2005. The bonds will mature on December 1, 2024 and were issued with a premium of \$484,152 and issuance costs of \$79,442. The average coupon is 2.385% and an average life of 7.515 years. The notes are unvoted obligations of the City issued for the purpose of capital improvements throughout the City. The notes, which were issued with a premium of \$25,496 and issuance costs of \$4,640, mature on April 29, 2014 and have an interest rate of 1.00% per annum.

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## **SUPPLEMENTARY INFORMATION**

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**City of Hilliard, Ohio**  
*Major Governmental Fund Descriptions*

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**General Fund**

The General Fund is the operating fund and is used to account for all financial resources except those required to be 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.

With the implementation of GASB Statement No. 54, certain funds that the City prepares legally adopted budgets for no longer meet the definition to be reported as Special Revenue Funds and have been included with the General Fund in the governmental fund financial statements. Therefore, the City has only presented the budgetary schedules for these funds:

**Police Benevolent Fund**

To account for various donations and fees received by the City for police related programs that include Safety Town, DARE, and Police K-9.

**Construction Inspection Fund**

This fund is used to account for the construction inspection fees paid by developers. Expenditures are payments to the inspectors.

**Street Maintenance and Repair Fund**

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

**Street Improvement Municipal Tax Fund**

This fund is used to account for a portion of the City's income tax collections to be used for repair and improvement of streets and highways. In 2012, 3% of income tax collections were deposited into the fund.

**Water and Sewer Revenue Fund**

This fund is used to account for water and sewer tap fees and water and sewer surcharge revenues collected by the City of Columbus for the City of Hilliard. These revenues are used for upgrading and making minor repairs to water and sewer lines.

**Tax Increment Financing Fund**

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

**Capital Improvement Municipal Tax Fund**

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

**City of Hilliard, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balances - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Year Ended December 31, 2012*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Property and Other Local Taxes	\$ 1,663,351	\$ 1,663,351	\$ 1,488,133	\$ (175,218)
Municipal Income Taxes	12,919,862	12,919,862	13,395,426	475,564
Intergovernmental	638,569	638,569	715,787	77,218
Charges for Services	2,785,085	2,785,085	2,889,097	104,012
Licenses and Permits	802,050	802,050	854,734	52,684
Fines and Forfeitures	350,000	350,000	278,054	(71,946)
Investment Income	63,000	63,000	56,637	(6,363)
Miscellaneous	72,500	72,500	70,923	(1,577)
	<u>19,294,417</u>	<u>19,294,417</u>	<u>19,748,791</u>	<u>454,374</u>
<b>Expenditures</b>				
Current:				
General Government				
Mayor				
Personal Services	162,828	162,828	158,014	4,814
Contractual Services	12,000	12,000	-	12,000
Materials and Supplies	5,055	5,055	3,876	1,179
Total Mayor	<u>179,883</u>	<u>179,883</u>	<u>161,890</u>	<u>17,993</u>
City Council				
Personal Services	222,063	222,063	219,778	2,285
Contractual Services	25,000	25,000	24,523	477
Materials and Supplies	72,525	72,525	63,673	8,852
Total City Council	<u>319,588</u>	<u>319,588</u>	<u>307,974</u>	<u>11,614</u>
Clerk of Courts				
Personal Services	160,718	160,718	149,166	11,552
Contractual Services	90,728	90,728	90,728	-
Materials and Supplies	10,845	10,845	7,524	3,321
Total Clerk of Courts	<u>262,291</u>	<u>262,291</u>	<u>247,418</u>	<u>14,873</u>
Law				
Personal Services	234,738	234,738	233,095	1,643
Contractual Services	93,014	93,014	59,080	33,934
Materials and Supplies	7,688	7,688	5,212	2,476
Total Law	<u>335,440</u>	<u>335,440</u>	<u>297,387</u>	<u>38,053</u>
Finance				
Personal Services	696,864	696,864	674,521	22,343
Contractual Services	111,142	106,142	87,418	18,724
Materials and Supplies	52,954	52,954	39,490	13,464
Other	63,275	68,275	66,036	2,239
Total Finance	<u>924,235</u>	<u>924,235</u>	<u>867,465</u>	<u>56,770</u>

(continued)

**City of Hilliard, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balances - Budget (Non-GAAP Basis) and Actual*  
**General Fund**  
*For the Year Ended December 31, 2012*  
*(continued)*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Economic Development				
Personal Services	230,119	230,119	222,066	8,053
Contractual Services	3,699	3,699	189	3,510
Materials and Supplies	<u>12,021</u>	<u>12,021</u>	<u>11,529</u>	<u>492</u>
Total Economic Development	<u>245,839</u>	<u>245,839</u>	<u>233,784</u>	<u>12,055</u>
City Clerk				
Personal Services	300	300	-	300
Contractual Services	2,500	2,500	696	1,804
Materials and Supplies	<u>19,405</u>	<u>19,405</u>	<u>12,919</u>	<u>6,486</u>
Total City Clerk	<u>22,205</u>	<u>22,205</u>	<u>13,615</u>	<u>8,590</u>
Human Resources				
Personal Services	212,800	212,800	210,437	2,363
Contractual Services	40,482	40,482	26,038	14,444
Materials and Supplies	<u>13,785</u>	<u>13,785</u>	<u>6,237</u>	<u>7,548</u>
Total Human Resources	<u>267,067</u>	<u>267,067</u>	<u>242,712</u>	<u>24,355</u>
Public Building and Land				
Personal Services	286,366	286,366	282,259	4,107
Contractual Services	110,022	110,022	103,309	6,713
Materials and Supplies	51,716	51,716	33,598	18,118
Utilities	<u>545,518</u>	<u>545,518</u>	<u>532,426</u>	<u>13,092</u>
Total Public Building and Land	<u>993,622</u>	<u>993,622</u>	<u>951,592</u>	<u>42,030</u>
Information Technology				
Personal Services	80,240	80,240	75,030	5,210
Contractual Services	401,661	401,661	346,280	55,381
Materials and Supplies	<u>24,115</u>	<u>24,115</u>	<u>14,523</u>	<u>9,592</u>
Total Information Technology	<u>506,016</u>	<u>506,016</u>	<u>435,833</u>	<u>70,183</u>
Civil Service Commission				
Personal Services	6,494	6,494	6,467	27
Contractual Services	12,000	12,000	12,000	-
Materials and Supplies	<u>11,191</u>	<u>11,191</u>	<u>8,552</u>	<u>2,639</u>
Total Civil Service Commission	<u>29,685</u>	<u>29,685</u>	<u>27,019</u>	<u>2,666</u>
Boards and Commissions				
Personal Services	36,771	36,771	31,077	5,694
Materials and Supplies	<u>696</u>	<u>696</u>	<u>196</u>	<u>500</u>
Total Boards and Commissions	<u>37,467</u>	<u>37,467</u>	<u>31,273</u>	<u>6,194</u>

(continued)

**City of Hilliard, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balances - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Year Ended December 31, 2012*  
*(continued)*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
General Administrative				
Personal Services	116,058	116,058	115,349	709
Contractual Services	510,226	510,226	344,480	165,746
Materials and Supplies	24,291	24,291	23,285	1,006
Other	252,000	754,600	693,833	60,767
Total General Administrative	<u>902,575</u>	<u>1,405,175</u>	<u>1,176,947</u>	<u>228,228</u>
Total General Government	<u>5,025,913</u>	<u>5,528,513</u>	<u>4,994,909</u>	<u>533,604</u>
Security of Persons and Property				
Police				
Personal Services	7,852,544	7,602,544	7,439,425	163,119
Contractual Services	191,631	191,631	165,637	25,994
Materials and Supplies	185,941	185,941	180,939	5,002
Other	424	424	320	104
Total Police	<u>8,230,540</u>	<u>7,980,540</u>	<u>7,786,321</u>	<u>194,219</u>
Total Security of Persons and Property	<u>8,230,540</u>	<u>7,980,540</u>	<u>7,786,321</u>	<u>194,219</u>
Public Health				
County Health District				
Contractual Services	215,310	215,310	182,270	33,040
Total County Health District	<u>215,310</u>	<u>215,310</u>	<u>182,270</u>	<u>33,040</u>
Total Public Health	<u>215,310</u>	<u>215,310</u>	<u>182,270</u>	<u>33,040</u>
Leisure Time Activities				
Recreation				
Personal Services	2,011,935	2,011,935	1,946,025	65,910
Contractual Services	260,133	255,133	230,364	24,769
Materials and Supplies	348,121	335,121	307,111	28,010
Utilities	241,667	261,667	259,738	1,929
Other	35,234	33,234	25,963	7,271
Total Recreation	<u>2,897,090</u>	<u>2,897,090</u>	<u>2,769,201</u>	<u>127,889</u>
Total Leisure Time Activities	<u>2,897,090</u>	<u>2,897,090</u>	<u>2,769,201</u>	<u>127,889</u>

(continued)



**City of Hilliard, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balances - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Year Ended December 31, 2012*  
*(continued)*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Community Environment				
Service/Engineer				
Personal Services	550,009	546,614	533,614	13,000
Contractual Services	1,941,980	1,981,980	1,947,433	34,547
Materials and Supplies	32,837	21,037	1,628	19,409
Total Service/Engineer	<u>2,524,826</u>	<u>2,549,631</u>	<u>2,482,675</u>	<u>66,956</u>
Building Inspection				
Personal Services	500,944	500,944	457,268	43,676
Contractual Services	124,058	84,058	46,843	37,215
Materials and Supplies	15,703	15,703	10,801	4,902
Other	10,600	10,600	7,000	3,600
Total Building Inspection	<u>651,305</u>	<u>611,305</u>	<u>521,912</u>	<u>89,393</u>
Total Community Environment	<u>3,176,131</u>	<u>3,160,936</u>	<u>3,004,587</u>	<u>156,349</u>
<i>Total Expenditures</i>	<u>19,544,984</u>	<u>19,782,389</u>	<u>18,737,288</u>	<u>1,045,101</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(250,567)</u>	<u>(487,972)</u>	<u>1,011,503</u>	<u>1,499,475</u>
<b>Other Financing Sources</b>				
Proceeds from Sale of City Assets	-	-	3,359	3,359
<i>Total Other Financing Sources</i>	<u>-</u>	<u>-</u>	<u>3,359</u>	<u>3,359</u>
<i>Net Change in Fund Balance</i>	<u>(250,567)</u>	<u>(487,972)</u>	<u>1,014,862</u>	<u>1,502,834</u>
<i>Fund Balance at Beginning of Year</i>	2,808,864	2,808,864	2,808,864	-
Prior Year Encumbrances Appropriated	<u>652,376</u>	<u>652,376</u>	<u>652,376</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 3,210,673</u>	<u>\$ 2,973,268</u>	<u>\$ 4,476,102</u>	<u>\$ 1,502,834</u>

**City of Hilliard, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
 In Fund Balances - Budget (Non-GAAP Basis) and Actual  
 Construction Inspection Fund<sup>1</sup>  
 For the Year Ended December 31, 2012*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Charges for Services	\$ 525,000	\$ 525,000	\$ 65,570	\$ (459,430)
Other	-	-	149,124	149,124
<i>Total Revenues</i>	<u>525,000</u>	<u>525,000</u>	<u>214,694</u>	<u>(310,306)</u>
<b>Expenditures</b>				
Current:				
Community Environment				
Personal Services	275,762	275,762	254,952	20,810
Contractual Services	92,594	92,594	44,295	48,299
Materials and Supplies	19,436	19,436	2,871	16,565
Capital Outlay	51,560	51,560	-	51,560
Other	5,000	5,000	5,000	-
<i>Total Expenditures</i>	<u>444,352</u>	<u>444,352</u>	<u>307,118</u>	<u>137,234</u>
<i>Net Change in Fund Balance</i>	80,648	80,648	(92,424)	(173,072)
<i>Fund Balance at Beginning of Year</i>	44,637	44,637	44,637	-
Prior Year Encumbrances Appropriated	<u>68,396</u>	<u>68,396</u>	<u>68,396</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 193,681</u>	<u>\$ 193,681</u>	<u>\$ 20,609</u>	<u>\$ (173,072)</u>

<sup>1</sup> For GAAP reporting, this fund is combined with the General Fund.

**City of Hilliard, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
 In Fund Balances - Budget (Non-GAAP Basis) and Actual  
 Police Benevolent Fund<sup>1</sup>  
 For the Year Ended December 31, 2012*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Charges for Services	\$ -	\$ 9,400	\$ 9,478	\$ 78
Contributions and Donations	-	10,000	10,115	115
Other	-	-	20	20
<i>Total Revenues</i>	<u>-</u>	<u>19,400</u>	<u>19,613</u>	<u>213</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Contractual Services	21,124	14,424	8,689	5,735
Materials and Supplies	20,401	23,101	16,053	7,048
Capital Outlay	-	6,700	6,692	8
Other	3,111	10,111	9,191	920
<i>Total Expenditures</i>	<u>44,636</u>	<u>54,336</u>	<u>40,625</u>	<u>13,711</u>
<i>Net Change in Fund Balance</i>	(44,636)	(34,936)	(21,012)	13,924
<i>Fund Balance at Beginning of Year</i>	44,240	44,240	44,240	-
Prior Year Encumbrances Appropriated	<u>4,636</u>	<u>4,636</u>	<u>4,636</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 4,240</u>	<u>\$ 13,940</u>	<u>\$ 27,864</u>	<u>\$ 13,924</u>

<sup>1</sup> For GAAP reporting, this fund is combined with the General Fund.

**City of Hilliard, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
In Fund Balances - Budget (Non-GAAP Basis) and Actual  
Street Maintenance and Repair Fund  
For the Year Ended December 31, 2012*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Intergovernmental	\$ 1,285,500	\$ 1,285,500	\$ 1,302,629	\$ 17,129
Investment Income	-	-	602	602
Miscellaneous	<u>34,500</u>	<u>34,500</u>	<u>10,719</u>	<u>(23,781)</u>
<i>Total Revenues</i>	<u>1,320,000</u>	<u>1,320,000</u>	<u>1,313,950</u>	<u>(6,050)</u>
<b>Expenditures</b>				
Current:				
Transportation				
Personal Services	607,026	604,846	566,887	37,959
Contractual Services	214,089	214,089	107,833	106,256
Materials and Supplies	<u>568,265</u>	<u>557,227</u>	<u>485,652</u>	<u>71,575</u>
Total Transportation	<u>1,389,380</u>	<u>1,376,162</u>	<u>1,160,372</u>	<u>215,790</u>
<i>Total Expenditures</i>	<u>1,389,380</u>	<u>1,376,162</u>	<u>1,160,372</u>	<u>215,790</u>
<i>Net Change in Fund Balance</i>	(69,380)	(56,162)	153,578	209,740
<i>Fund Balance at Beginning of Year</i>	124,287	124,287	124,287	-
Prior Year Encumbrances Appropriated	<u>70,446</u>	<u>70,446</u>	<u>70,446</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 125,353</u>	<u>\$ 138,571</u>	<u>\$ 348,311</u>	<u>\$ 209,740</u>

**City of Hilliard, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
 In Fund Balances - Budget (Non-GAAP Basis) and Actual  
 Street Improvement Municipal Tax Fund  
 For the Year Ended December 31, 2012*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Municipal Income Taxes	\$ 502,703	\$ 482,703	\$ 503,694	\$ 20,991
Other	-	-	685	685
<i>Total Revenues</i>	<u>502,703</u>	<u>482,703</u>	<u>504,379</u>	<u>21,676</u>
<b>Expenditures</b>				
Current:				
Transportation				
Contractual Services	724,048	704,048	440,606	263,442
Capital Outlay	315,443	1,451,443	1,175,833	275,610
Other	50,000	50,000	33,429	16,571
Total Transportation	<u>1,089,491</u>	<u>2,205,491</u>	<u>1,649,868</u>	<u>555,623</u>
Debt Service				
Principal Retirement	50,000	50,000	48,450	1,550
Interest and Fiscal Charges	330,000	330,000	327,864	2,136
Total Debt Service	<u>380,000</u>	<u>380,000</u>	<u>376,314</u>	<u>3,686</u>
<i>Total Expenditures</i>	<u>1,469,491</u>	<u>2,585,491</u>	<u>2,026,182</u>	<u>559,309</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(966,788)</u>	<u>(2,102,788)</u>	<u>(1,521,803)</u>	<u>580,985</u>
<b>Other Financing Sources</b>				
Issuance of Debt	-	946,000	946,000	-
<i>Total Other Financing Sources</i>	<u>-</u>	<u>946,000</u>	<u>946,000</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(966,788)	(1,156,788)	(575,803)	580,985
<i>Fund Balance at Beginning of Year</i>	3,239,828	3,239,828	3,239,828	-
Prior Year Encumbrances Appropriated	366,788	366,788	366,788	-
<i>Fund Balance at End of Year</i>	<u>\$ 2,639,828</u>	<u>\$ 2,449,828</u>	<u>\$ 3,030,813</u>	<u>\$ 580,985</u>

**City of Hilliard, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balances - Budget (Non-GAAP Basis) and Actual*  
*Water and Sewer Revenue Fund*  
*For the Year Ended December 31, 2012*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Charges for Services	\$ 1,175,000	\$ 1,220,000	\$ 1,275,198	\$ 55,198
Other	70,000	390,000	16,597	(373,403)
<i>Total Revenues</i>	<u>1,245,000</u>	<u>1,610,000</u>	<u>1,291,795</u>	<u>(318,205)</u>
<b>Expenditures</b>				
Current:				
Basic Utility Services				
Personal Services	967,829	963,469	930,396	33,073
Contractual Services	354,251	439,751	184,879	254,872
Materials and Supplies	138,442	116,366	21,323	95,043
Capital Outlay	-	375,000	15,140	359,860
Utilities	91,362	91,362	91,335	27
Other	10,000	10,000	5,360	4,640
Total Basic Utility Services	<u>1,561,884</u>	<u>1,995,948</u>	<u>1,248,433</u>	<u>747,515</u>
Debt Service				
Principal Retirement	138,500	138,500	137,250	1,250
Interest and Fiscal Charges	198,500	198,500	196,040	2,460
Total Debt Service	<u>337,000</u>	<u>337,000</u>	<u>333,290</u>	<u>3,710</u>
<i>Total Expenditures</i>	<u>1,898,884</u>	<u>2,332,948</u>	<u>1,581,723</u>	<u>751,225</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(653,884)</u>	<u>(722,948)</u>	<u>(289,928)</u>	<u>433,020</u>
<b>Other Financing Sources (Uses)</b>				
Issuance of Debt	-	-	45,000	45,000
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>45,000</u>	<u>45,000</u>
<i>Net Change in Fund Balance</i>	(653,884)	(722,948)	(244,928)	478,020
<i>Fund Balance (Deficit) at Beginning of Year</i>	999,790	999,790	999,790	-
Prior Year Encumbrances Appropriated	172,815	172,815	172,815	-
<i>Fund Balance at End of Year</i>	<u>\$ 518,721</u>	<u>\$ 449,657</u>	<u>\$ 927,677</u>	<u>\$ 478,020</u>

**City of Hilliard, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balances - Budget (Non-GAAP Basis) and Actual*  
*TIF Fund*  
*For the Year Ended December 31, 2012*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Payment in Lieu of Taxes	\$ 2,235,000	\$ 2,995,000	\$ 3,008,635	\$ 13,635
Intergovernmental	<u>155,000</u>	<u>155,000</u>	<u>135,364</u>	<u>(19,636)</u>
<i>Total Revenues</i>	<u>2,390,000</u>	<u>3,150,000</u>	<u>3,143,999</u>	<u>(6,001)</u>
<b>Expenditures</b>				
Current:				
Transportation				
Other	<u>500,586</u>	<u>512,886</u>	<u>424,702</u>	<u>88,184</u>
Total Transportation	<u>500,586</u>	<u>512,886</u>	<u>424,702</u>	<u>88,184</u>
Debt Service				
Principal Retirement	995,000	1,700,000	858,750	841,250
Interest and Fiscal Charges	<u>505,000</u>	<u>890,000</u>	<u>670,716</u>	<u>219,284</u>
Total Debt Service	<u>1,500,000</u>	<u>2,590,000</u>	<u>1,529,466</u>	<u>1,060,534</u>
<i>Total Expenditures</i>	<u>2,000,586</u>	<u>3,102,886</u>	<u>1,954,168</u>	<u>1,148,718</u>
<i>Net Change in Fund Balance</i>	389,414	47,114	1,189,831	1,142,717
<i>Fund Balance at Beginning of Year</i>	1,374,820	1,374,820	1,374,820	-
Prior Year Encumbrances Appropriated	<u>20,586</u>	<u>20,586</u>	<u>20,586</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 1,784,820</u>	<u>\$ 1,442,520</u>	<u>\$ 2,585,237</u>	<u>\$ 1,142,717</u>

**City of Hilliard, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
In Fund Balances - Budget (Non-GAAP Basis) and Actual  
Capital Improvement Municipal Tax Fund  
For the Year Ended December 31, 2012*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Municipal Income Taxes	\$ 4,405,855	\$ 4,407,855	\$ 4,633,040	\$ 225,185
Intergovernmental	-	-	-	-
Licenses and Permits	200,000	200,000	74,075	(125,925)
Donations and Contributions	-	-	5,500	5,500
Miscellaneous	20,000	20,000	69,970	49,970
<i>Total Revenues</i>	<u>4,625,855</u>	<u>4,627,855</u>	<u>4,782,585</u>	<u>154,730</u>
<b>Expenditures</b>				
Current:				
General Government				
Contractual Services	341,122	346,522	289,526	56,996
Capital Outlay	265,616	923,364	574,570	348,794
Other	100,000	100,000	66,859	33,141
Total General Government	<u>706,738</u>	<u>1,369,886</u>	<u>930,955</u>	<u>438,931</u>
Security of Persons and Property				
Capital Outlay	170,779	452,779	452,242	537
Total Security of Persons and Property	<u>170,779</u>	<u>452,779</u>	<u>452,242</u>	<u>537</u>
Leisure Time Activities				
Contractual Services	-	5,645	5,645	-
Capital Outlay	8,128	120,283	98,128	22,155
Total Leisure Time Activities	<u>8,128</u>	<u>125,928</u>	<u>103,773</u>	<u>22,155</u>
Community Environment				
Contractual Services	19,060	136,788	19,059	117,729
Capital Outlay	1,716	1,716	1,716	-
Total Community Environment	<u>20,776</u>	<u>138,504</u>	<u>20,775</u>	<u>117,729</u>
Basic Utility Services				
Contractual Services	57,192	1,929,446	1,102,564	826,882
Capital Outlay	1,241	538,763	537,137	1,626
Total Basic Utility Services	<u>58,433</u>	<u>2,468,209</u>	<u>1,639,701</u>	<u>828,508</u>
Transportation				
Contractual Services	43,944	77,944	77,944	-
Capital Outlay	2,102,882	3,234,568	2,313,145	921,423
Total Transportation	<u>2,146,826</u>	<u>3,312,512</u>	<u>2,391,089</u>	<u>921,423</u>
Debt Service				
Principal Retirement	2,000,000	2,535,618	2,535,618	-
Interest and Fiscal Charges	1,973,570	1,439,952	1,439,727	225
Total Debt Service	<u>3,973,570</u>	<u>3,975,570</u>	<u>3,975,345</u>	<u>225</u>
<i>Total Expenditures</i>	<u>7,085,250</u>	<u>11,843,388</u>	<u>9,513,880</u>	<u>2,329,508</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(2,459,395)</u>	<u>(7,215,533)</u>	<u>(4,731,295)</u>	<u>2,484,238</u>
<b>Other Financing Sources</b>				
Issuance of Debt	-	2,613,000	2,652,484	39,484
Premium on Bonds Issued	-	-	4,682	4,682
<i>Total Other Financing Sources</i>	<u>-</u>	<u>2,613,000</u>	<u>2,657,166</u>	<u>44,166</u>
<i>Net Change in Fund Balance</i>	<u>(2,459,395)</u>	<u>(4,602,533)</u>	<u>(2,074,129)</u>	<u>2,528,404</u>
<i>Fund Balance at Beginning of Year</i>	<u>3,043,940</u>	<u>3,043,940</u>	<u>3,043,940</u>	<u>-</u>
Prior Year Encumbrances Appropriated	2,679,395	2,679,395	2,679,395	-
<i>Fund Balance at End of Year</i>	<u>\$ 3,263,940</u>	<u>\$ 1,120,802</u>	<u>\$ 3,649,206</u>	<u>\$ 2,528,404</u>



**City of Hilliard, Ohio**  
*Nonmajor Governmental Fund Descriptions*

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**Special Revenue Funds**

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

**County Municipal Motor Vehicle Tax Fund**

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

**Community Development Block Grant Fund (CDBG)**

To account for federal grant monies received through the Community Development Block Grant for Community Environment improvements.

**Park Maintenance Fund**

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

**Police Fund**

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

**Mayor's Court Computer Fund**

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

**General Government Grants**

To account for revenue and expenditures related to grants received from various sources.

**Heritage Trail Dog Park**

To account for the receipt and expenditures of donations for the construction of the Heritage Trail Dog Park.

**Storm Water Utility Fund**

To account for storm water utility fees which are used to maintain and upgrade the storm water drainage systems.

**Debt Service Funds**

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

**Special Assessment Bond Retirement Fund**

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

**City of Hilliard, Ohio**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**December 31, 2012**

	County Municipal Motor Vehicle Tax	CDBG	Park Maintenance	Police
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 163,130	\$ -	\$ 395,496	\$ 30,361
Cash and Cash Equivalents with Fiscal Agents	258,784	-	-	-
Due from Other Governments	111,181	-	-	-
<i>Total Assets</i>	<u>\$ 533,095</u>	<u>\$ -</u>	<u>\$ 395,496</u>	<u>\$ 30,361</u>
<b>Liabilities</b>				
Accounts Payable	1,269	-	6,060	-
Due to Other Fund	-	-	-	-
Interfund Payable	-	-	-	-
Accrued Wages Payable	-	-	-	-
Matured Compensated Absences	-	-	-	-
Due to Other Governments	-	-	-	-
<i>Total Liabilities</i>	<u>1,269</u>	<u>-</u>	<u>6,060</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - intergovernmental revenue	75,584	-	-	-
<i>Total Deferred Inflows of Resources</i>	<u>75,584</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>				
Restricted	456,242	-	-	30,361
Committed	-	-	389,436	-
Unassigned	-	-	-	-
<i>Total Fund Balance</i>	<u>456,242</u>	<u>-</u>	<u>389,436</u>	<u>30,361</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</i>	<u>\$ 533,095</u>	<u>\$ -</u>	<u>\$ 395,496</u>	<u>\$ 30,361</u>

Mayor's Court Computer	General Government Grants	Heritage Trail Dog Park	Storm Water Utility	<b>Total Nonmajor Special Revenue Funds</b>	<b>Debt Service Special Assessment Bond Retirement</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 103,339	\$ -	\$ 2,050	\$ 500,829	\$ 1,195,205	\$ -	\$ 1,195,205
-	-	-	-	258,784	-	258,784
-	68,067	-	2,031	181,279	-	181,279
<u>\$ 103,339</u>	<u>\$ 68,067</u>	<u>\$ 2,050</u>	<u>\$ 502,860</u>	<u>\$ 1,635,268</u>	<u>\$ -</u>	<u>\$ 1,635,268</u>
4,418	68,067	-	6,607	86,421	-	86,421
-	-	-	13,739	13,739	-	13,739
-	-	-	-	-	12,904	12,904
-	-	-	13,128	13,128	-	13,128
-	-	-	3,717	3,717	-	3,717
-	-	-	4,826	4,826	-	4,826
<u>4,418</u>	<u>68,067</u>	<u>-</u>	<u>42,017</u>	<u>121,831</u>	<u>12,904</u>	<u>134,735</u>
-	-	-	-	75,584	-	75,584
-	-	-	-	75,584	-	75,584
98,921	-	-	-	585,524	-	585,524
-	-	2,050	460,843	852,329	-	852,329
-	-	-	-	-	(12,904)	(12,904)
<u>98,921</u>	<u>-</u>	<u>2,050</u>	<u>460,843</u>	<u>1,437,853</u>	<u>(12,904)</u>	<u>1,424,949</u>
<u>\$ 103,339</u>	<u>\$ 68,067</u>	<u>\$ 2,050</u>	<u>\$ 502,860</u>	<u>\$ 1,635,268</u>	<u>\$ -</u>	<u>\$ 1,635,268</u>

**City of Hilliard, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Governmental Funds*  
*For the Year Ended December 31, 2012*

	County Municipal Motor Vehicle Tax	CDBG	Park Maintenance	Police
<b>Revenues</b>				
Intergovernmental	\$ 356,178	\$ 168,852	\$ -	\$ -
Charges for Services	-	-	69,593	-
Licenses and Permits	-	-	3,710	-
Fines and Forfeitures	-	-	-	2,172
Investment Income	210	-	-	45
Miscellaneous	-	-	-	-
<i>Total Revenues</i>	<u>356,388</u>	<u>168,852</u>	<u>73,303</u>	<u>2,217</u>
<b>Expenditures</b>				
Current:				
General Government	-	-	-	-
Security of Persons and Property	-	-	-	761
Leisure Time Activities	-	-	97,356	-
Community Environment	-	168,852	-	-
Basic Utility Services	-	-	-	-
Transportation	104,068	-	-	-
<i>Total Expenditures</i>	<u>104,068</u>	<u>168,852</u>	<u>97,356</u>	<u>761</u>
<i>Net Changes in Fund Balances</i>	252,320	-	(24,053)	1,456
<i>Fund Balances at Beginning of Year</i>	<u>203,922</u>	-	<u>413,489</u>	<u>28,905</u>
<i>Fund Balances at End of Year</i>	<u>\$ 456,242</u>	<u>\$ -</u>	<u>\$ 389,436</u>	<u>\$ 30,361</u>

Mayor's Court Computer	General Government Grants	Heritage Trail Dog Park	Storm Water Utility	<b>Total Nonmajor Special Revenue Funds</b>	<b>Debt Service Special Assessment Bond Retirement</b>	<b>Total Nonmajor Governmental Funds</b>
\$ -	\$ 74,055	\$ -	\$ 2,031	\$ 601,116	\$ -	\$ 601,116
-	-	-	608,536	678,129	-	678,129
-	-	-	-	3,710	-	3,710
16,627	-	-	-	18,799	-	18,799
-	-	-	-	255	-	255
-	-	2,050	1,000	3,050	-	3,050
<u>16,627</u>	<u>74,055</u>	<u>2,050</u>	<u>611,567</u>	<u>1,305,059</u>	<u>-</u>	<u>1,305,059</u>
8,129	-	-	-	8,129	-	8,129
-	5,988	-	-	6,749	-	6,749
-	-	-	-	97,356	-	97,356
-	15,195	-	-	184,047	-	184,047
-	39,654	-	736,907	776,561	-	776,561
-	13,218	-	-	117,286	-	117,286
<u>8,129</u>	<u>74,055</u>	<u>-</u>	<u>736,907</u>	<u>1,190,128</u>	<u>-</u>	<u>1,190,128</u>
8,498	-	2,050	(125,340)	114,931	-	114,931
90,423	-	-	586,183	1,322,922	(12,904)	1,310,018
<u>\$ 98,921</u>	<u>\$ -</u>	<u>\$ 2,050</u>	<u>\$ 460,843</u>	<u>\$ 1,437,853</u>	<u>\$ (12,904)</u>	<u>\$ 1,424,949</u>

**City of Hilliard, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
In Fund Balances - Budget (Non-GAAP Basis) and Actual  
County Municipal Motor Vehicle Tax Fund  
For the Year Ended December 31, 2012*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 200,000	\$ 200,000	\$ 354,986	\$ 154,986
Investment Income	-	-	210	210
<i>Total Revenues</i>	<u>200,000</u>	<u>200,000</u>	<u>355,196</u>	<u>155,196</u>
<b>Expenditures</b>				
Current:				
Transportation				
Contractual Services	110,223	110,223	26,688	83,535
Materials and Supplies	119,223	119,223	79,984	39,239
<i>Total Expenditures</i>	<u>229,446</u>	<u>229,446</u>	<u>106,672</u>	<u>122,774</u>
<i>Net Change in Fund Balance</i>	(29,446)	(29,446)	248,524	277,970
<i>Fund Balance at Beginning of Year</i>	160,071	160,071	160,071	-
Prior Year Encumbrances Appropriated	9,446	9,446	9,446	-
<i>Fund Balance at End of Year</i>	<u>\$ 140,071</u>	<u>\$ 140,071</u>	<u>\$ 418,041</u>	<u>\$ 277,970</u>

**City of Hilliard, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
 In Fund Balances - Budget (Non-GAAP Basis) and Actual  
 CDBG Fund  
 For the Year Ended December 31, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ -	\$ 169,000	\$ 168,852	\$ (148)
<i>Total Revenues</i>	-	169,000	168,852	(148)
<b>Expenditures</b>				
Current:				
Community Environment				
Capital Outlay	-	168,852	168,852	-
<i>Total Expenditures</i>	-	168,852	168,852	-
<i>Net Change in Fund Balance</i>	-	148	-	(148)
<i>Fund Balance at Beginning of Year</i>	-	-	-	-
<i>Fund Balance at End of Year</i>	<u>\$ -</u>	<u>\$ 148</u>	<u>\$ -</u>	<u>\$ (148)</u>

**City of Hilliard, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
In Fund Balances - Budget (Non-GAAP Basis) and Actual  
Park Maintenance Fund  
For the Year Ended December 31, 2012*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Charges for Services	\$ 40,000	\$ 40,000	\$ 69,593	\$ 29,593
Licenses and Permits	10,000	10,000	3,710	(6,290)
<i>Total Revenues</i>	<u>50,000</u>	<u>50,000</u>	<u>73,303</u>	<u>23,303</u>
<b>Expenditures</b>				
Current:				
Leisure Time Activities				
Contractual Services	75,613	77,613	73,941	3,672
Materials and Supplies	20,000	20,000	-	20,000
Capital Outlay	83,000	122,600	31,713	90,887
<i>Total Expenditures</i>	<u>178,613</u>	<u>220,213</u>	<u>105,654</u>	<u>114,559</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(128,613)</u>	<u>(170,213)</u>	<u>(32,351)</u>	<u>137,862</u>
<b>Other Financing Sources</b>				
Issuance of Debt	-	30,000	-	(30,000)
<i>Total Other Financing Sources</i>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>(30,000)</u>
<i>Net Change in Fund Balance</i>	(128,613)	(140,213)	(32,351)	107,862
<i>Fund Balance at Beginning of Year</i>	410,957	410,957	410,957	-
Prior Year Encumbrances Appropriated	8,613	8,613	8,613	-
<i>Fund Balance at End of Year</i>	<u>\$ 290,957</u>	<u>\$ 279,357</u>	<u>\$ 387,219</u>	<u>\$ 107,862</u>



**City of Hilliard, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balances - Budget (Non-GAAP Basis) and Actual*  
*Police Fund*  
*For the Year Ended December 31, 2012*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Fines and Forfeitures	\$ -	\$ 2,275	\$ 2,272	\$ (3)
Investment Income	-	-	45	45
<i>Total Revenues</i>	<u>-</u>	<u>2,275</u>	<u>2,317</u>	<u>42</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Materials and Supplies	27,550	27,050	-	27,050
Other	-	1,500	761	739
<i>Total Expenditures</i>	<u>27,550</u>	<u>28,550</u>	<u>761</u>	<u>27,789</u>
<i>Net Change in Fund Balance</i>	(27,550)	(26,275)	1,556	27,831
<i>Fund Balance at Beginning of Year</i>	28,806	28,806	28,806	-
Prior Year Encumbrances Appropriated	-	-	-	-
<i>Fund Balance at End of Year</i>	<u>\$ 1,256</u>	<u>\$ 2,531</u>	<u>\$ 30,362</u>	<u>\$ 27,831</u>

**City of Hilliard, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balances - Budget (Non-GAAP Basis) and Actual*  
*Mayor's Court Computer Fund*  
*For the Year Ended December 31, 2012*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Fines and Forfeitures	\$ 20,000	\$ 20,000	\$ 16,987	\$ (3,013)
<i>Total Revenues</i>	<u>20,000</u>	<u>20,000</u>	<u>16,987</u>	<u>(3,013)</u>
<b>Expenditures</b>				
Current:				
General Government				
Contractual Services	20,000	20,000	149	19,851
Materials and Supplies	10,650	10,650	4,896	5,754
Capital Outlay	<u>20,000</u>	<u>20,000</u>	<u>4,000</u>	<u>16,000</u>
<i>Total Expenditures</i>	<u>50,650</u>	<u>50,650</u>	<u>9,045</u>	<u>41,605</u>
<i>Net Change in Fund Balance</i>	(30,650)	(30,650)	7,942	38,592
<i>Fund Balance at Beginning of Year</i>	88,469	88,469	88,469	-
Prior Year Encumbrances Appropriated	<u>650</u>	<u>650</u>	<u>650</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 58,469</u>	<u>\$ 58,469</u>	<u>\$ 97,061</u>	<u>\$ 38,592</u>

**City of Hilliard, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
 In Fund Balances - Budget (Non-GAAP Basis) and Actual  
 Heritage Trail Dog Park Fund  
 For the Year Ended December 31, 2012*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Donations	\$ -	\$ -	\$ 2,050	\$ 2,050
<i>Total Revenues</i>	<u>-</u>	<u>-</u>	<u>2,050</u>	<u>2,050</u>
<i>Net Change in Fund Balance</i>	-	-	2,050	2,050
<i>Fund Balance at Beginning of Year</i>	-	-	-	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,050</u>	<u>\$ 2,050</u>

**City of Hilliard, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balances - Budget (Non-GAAP Basis) and Actual*  
*General Government Grant Fund*  
*For the Year Ended December 31, 2012*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Intergovernmental	\$ -	\$ 6,000	\$ 5,988	(12)
<i>Total Revenues</i>	<u>-</u>	<u>6,000</u>	<u>5,988</u>	<u>(12)</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Capital Outlay	-	6,000	5,988	12
Total Security of Persons and Property	<u>-</u>	<u>6,000</u>	<u>5,988</u>	<u>12</u>
Community Environment				
Personal Services	-	3,395	3,395	-
Materials and Supplies	-	11,800	11,800	-
Total Community Environment	<u>-</u>	<u>15,195</u>	<u>15,195</u>	<u>-</u>
Basic Utility Services				
Personal Services	-	6,540	6,540	-
Materials and Supplies	-	33,114	33,114	-
Total Basic Utility Services	<u>-</u>	<u>39,654</u>	<u>39,654</u>	<u>-</u>
Transportation				
Personal Services	-	2,180	2,180	-
Materials and Supplies	-	11,038	11,038	-
Total Transportation	<u>-</u>	<u>13,218</u>	<u>13,218</u>	<u>-</u>
<i>Total Expenditures</i>	<u>-</u>	<u>74,067</u>	<u>74,055</u>	<u>12</u>
<i>Net Change in Fund Balance</i>	-	(68,067)	(68,067)	-
<i>Fund Balance at Beginning of Year</i>	-	-	-	-
Prior Year Encumbrances Appropriated	-	-	-	-
<i>Fund Balance at End of Year</i>	<u>\$ -</u>	<u>\$ (68,067)</u>	<u>\$ (68,067)</u>	<u>\$ -</u>

**City of Hilliard, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
 In Fund Balances - Budget (Non-GAAP Basis) and Actual  
 Storm Water Utility Fund  
 For the Year Ended December 31, 2012*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Charges for Services	\$ 565,000	\$ 565,000	\$ 608,536	\$ 43,536
Other	-	-	1,000	1,000
<i>Total Revenues</i>	<u>565,000</u>	<u>565,000</u>	<u>609,536</u>	<u>44,536</u>
<b>Expenditures</b>				
Current:				
Basic Utility Services				
Personal Services	487,959	485,779	465,214	20,565
Contractual Services	153,474	153,474	127,731	25,743
Materials and Supplies	21,365	10,327	1,639	8,688
Capital Outlay	<u>149,346</u>	<u>210,000</u>	<u>172,663</u>	<u>37,337</u>
<i>Total Expenditures</i>	<u>812,144</u>	<u>859,580</u>	<u>767,247</u>	<u>92,333</u>
<i>Net Change in Fund Balance</i>	(247,144)	(294,580)	(157,711)	136,869
<i>Fund Balance at Beginning of Year</i>	395,026	395,026	395,026	-
Prior Year Encumbrances Appropriated	<u>222,629</u>	<u>222,629</u>	<u>222,629</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 370,511</u>	<u>\$ 323,075</u>	<u>\$ 459,944</u>	<u>\$ 136,869</u>

**City of Hilliard, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
 In Fund Balances - Budget (Non-GAAP Basis) and Actual  
 Special Assessment Bond Retirement Fund  
 For the Year Ended December 31, 2012*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Special Assessments	\$ -	\$ -	\$ -	\$ -
<i>Total Revenues</i>	-	-	-	-
<b>Expenditures</b>				
Current:				
<i>Total Expenditures</i>	-	-	-	-
<i>Excess of Revenues Over (Under) Expenditures</i>	-	-	-	-
<b>Other Financing Sources (Uses)</b>				
Transfers - In	13,000	13,000	-	(13,000)
<i>Total Other Financing Sources (Uses)</i>	13,000	13,000	-	(13,000)
<i>Net Change in Fund Balance</i>	13,000	13,000	-	(13,000)
<i>Fund Balance at Beginning of Year</i>	(12,904)	(12,904)	(12,904)	-
<i>Fund Balance at End of Year</i>	<u>\$ 96</u>	<u>\$ 96</u>	<u>\$ (12,904)</u>	<u>\$ (13,000)</u>

**City of Hilliard, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
 In Fund Balances - Budget (Non-GAAP Basis) and Actual  
 Insurance Trust Fund  
 For the Year Ended December 31, 2012*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for Services	\$ 2,400,000	\$ 2,400,000	\$ 1,923,314	\$ (476,686)
<i>Total Revenues</i>	<u>2,400,000</u>	<u>2,400,000</u>	<u>1,923,314</u>	<u>(476,686)</u>
<b>Expenditures</b>				
Contractual Services	2,400,000	2,400,000	1,963,790	436,210
<i>Total Expenditures</i>	<u>2,400,000</u>	<u>2,400,000</u>	<u>1,963,790</u>	<u>436,210</u>
<i>Net Change in Fund Balance</i>	-	-	(40,476)	(40,476)
<i>Fund Balance at Beginning of Year</i>	54,118	54,118	54,118	-
Prior Year Encumbrances Appropriated	-	-	-	-
<i>Fund Balance at End of Year</i>	<u>\$ 54,118</u>	<u>\$ 54,118</u>	<u>\$ 13,642</u>	<u>\$ (40,476)</u>

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**City of Hilliard, Ohio**  
*Agency Fund Descriptions*

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

**Mayor's Court Fund**

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

**Escrow Fund**

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

**City of Hilliard, Ohio**  
*Combining Statement of Fiduciary Assets and Liabilities*  
*Agency Funds*  
*December 31, 2012*

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<b>Assets</b>	<u>Mayor's Court</u>	<u>Escrow</u>	<u>Total</u>
Equity in Pooled Cash and Cash Equivalents	\$ -	\$ 277,037	\$ 277,037
Cash and Cash Equivalents in Segregated Accounts	30,717	-	30,717
Accounts Receivable	<u>-</u>	<u>10,206</u>	<u>10,206</u>
<i>Total Assets</i>	<u>\$ 30,717</u>	<u>\$ 287,243</u>	<u>\$ 317,960</u>
<b>Liabilities</b>			
Due to Other Governments	\$ -	\$ 247,647	\$ 247,647
Deposits Held and Due to Others	<u>30,717</u>	<u>39,596</u>	<u>70,313</u>
<i>Total Liabilities</i>	<u>\$ 30,717</u>	<u>\$ 287,243</u>	<u>\$ 317,960</u>

**City of Hilliard, Ohio**  
*Combining Statement of Changes in Assets and Liabilities*  
*Agency Funds*  
*For the Year Ended December 31, 2012*

	Balance January 1, 2012	Additions	Deductions	Balance December 31, 2012
<b>Mayor's Court</b>				
<b>Assets</b>				
Cash and Cash Equivalents in Segregated Accounts	\$ 24,170	\$ 428,302	\$ 421,755	\$ 30,717
<b>Liabilities</b>				
Deposits Held and Due to Others	\$ 24,170	\$ 428,302	\$ 421,755	\$ 30,717
<b>Escrow</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 318,920	\$ 951,213	\$ 993,096	\$ 277,037
Accounts Receivable	8,994	10,206	8,994	10,206
<i>Total Assets</i>	<u>\$ 327,914</u>	<u>\$ 961,419</u>	<u>\$ 1,002,090</u>	<u>\$ 287,243</u>
<b>Liabilities</b>				
Due to Other Governments	\$ 288,318	\$ 961,419	\$ 1,002,090	\$ 247,647
Deposits Held and Due to Others	39,596	-	-	39,596
<i>Total Assets</i>	<u>\$ 327,914</u>	<u>\$ 961,419</u>	<u>\$ 1,002,090</u>	<u>\$ 287,243</u>
<b>Total - All Agency Funds</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 318,920	\$ 951,213	\$ 993,096	\$ 277,037
Cash and Cash Equivalents in Segregated Accounts	24,170	428,302	421,755	30,717
Accounts Receivable	8,994	10,206	8,994	10,206
	<u>\$ 352,084</u>	<u>\$ 1,389,721</u>	<u>\$ 1,423,845</u>	<u>\$ 317,960</u>
<b>Liabilities</b>				
Due to Other Governments	\$ 288,318	\$ 961,419	\$ 1,002,090	\$ 247,647
Deposits Held and Due to Others	63,766	428,302	421,755	70,313
	<u>\$ 352,084</u>	<u>\$ 1,389,721</u>	<u>\$ 1,423,845</u>	<u>\$ 317,960</u>

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## *STATISTICAL TABLES*

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

<b><u>CONTENTS</u></b>	<b>PAGES</b>
<b>Financial Trends</b>	96-103
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	104-110
These schedules contain information to help the reader assess the City's most significant local revenue sources.	
<b>Debt Capacity</b>	111-115
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.	
<b>Demographic and Economic Information</b>	116-117
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
<b>Operating information</b>	118-123
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented *GASB Statement No. 34* in fiscal year 2003.

**City of Hilliard, Ohio**  
*Net Position by Component*  
*Last Ten Years*  
*(accrual basis of accounting)*

	2003	2004	2005	2006	2007	2008	2009	2010	2011 (restated) <sup>1</sup>	2012
<b>Governmental Activities:</b>										
Net investment in capital assets	\$ 199,152	\$ 2,607,404	\$ 191,791,297	\$ 194,266,629	\$ 194,544,533	\$ 196,643,631	\$ 197,699,834	\$ 193,490,449	\$ 191,936,312	\$ 184,681,665
Restricted	7,793,770	7,951,025	7,644,212	10,403,551	11,216,411	8,542,365	14,573,975	14,458,902	9,067,789	8,746,450
Unrestricted	2,868,518	2,477,454	2,978,034	3,576,842	3,990,110	714,167	3,388,558	2,940,978	6,906,732	10,226,730
<b>Total Governmental Activities Net Assets</b>	<b>\$ 10,861,440</b>	<b>\$ 13,035,883</b>	<b>\$ 202,413,543</b>	<b>\$ 208,247,022</b>	<b>\$ 209,751,054</b>	<b>\$ 205,900,163</b>	<b>\$ 215,662,367</b>	<b>\$ 210,890,329</b>	<b>\$ 207,910,833</b>	<b>\$ 203,654,845</b>

<sup>1</sup> Net Position at December 31, 2011 has been restated for a prior period adjustment and adoption of GASB Statement No. 65.

**City of Hilliard, Ohio**  
*Changes in Net Position*  
*Last Ten Years*  
*(accrual basis of accounting)*

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Program Revenues:</b>										
Governmental Activities:										
Charges for Services:										
General Government	\$ 446,690	\$ 292,407	\$ 283,480	\$ 373,983	\$ 634,187	\$ 1,375,717	\$ 1,451,333	\$ 698,795	\$ 718,663	\$ 779,745
Security of Persons and Property	369,528	21,355	485,887	329,690	548,501	475,615	620,598	1,032,105	974,688	1,009,245
Public Health	7,549	-	-	-	-	-	-	-	-	-
Leisure Time Activities	311,797	1,073,092	762,776	807,415	947,124	912,731	933,107	942,536	1,033,362	1,109,563
Community Environment	697,261	861,651	984,579	1,581,760	1,651,109	1,008,345	596,596	1,540,679	1,459,453	1,920,796
Basic Utility Services	2,066,611	1,600,842	2,260,677	1,089,731	627,636	1,491,249	1,018,487	1,466,740	2,069,699	1,954,915
Transportation	400	243	522,999	641,549	565,459	-	-	-	-	-
Operating Grants, Contributions, and Interest	1,671,998	1,628,828	2,791,933	1,361,193	1,444,572	2,090,172	1,422,622	1,312,293	1,287,341	1,483,970
Capital Grants, Contributions and Interest	42,085	64,173	1,089,917	10,203,671	6,141,117	2,586,835	20,966,177	4,106,822	6,544,552	415,449
<i>Total Governmental Activities Program Revenues</i>	5,613,919	5,542,591	9,182,248	16,388,992	12,559,705	9,940,664	27,008,920	11,099,970	14,087,758	8,673,683
<b>Expenses:</b>										
Governmental Activities:										
Current:										
General Government	3,294,036	3,412,918	3,984,242	4,210,860	4,217,469	4,778,348	4,346,672	4,820,699	5,889,987	5,881,654
Security of Persons and Property	5,466,993	7,028,605	6,783,077	7,212,982	7,625,286	8,131,423	8,483,744	8,553,689	8,440,519	8,228,460
Public Health	119,086	119,086	121,642	139,691	146,530	157,065	169,063	171,913	165,311	182,270
Leisure Time Activities	2,853,827	2,714,029	2,589,446	2,539,900	2,700,744	3,256,451	3,069,040	2,911,718	3,272,969	3,252,501
Community Environment	1,699,270	1,403,235	2,861,784	2,552,865	4,800,863	7,370,811	4,704,774	3,091,413	2,621,951	3,491,170
Basic Utility Services	2,866,382	2,105,383	2,590,791	5,999,457	6,487,321	5,990,167	6,812,986	7,254,778	6,604,081	7,407,870
Transportation	871,604	2,552,428	2,295,447	5,305,089	4,650,580	4,500,438	8,596,950	8,404,994	7,940,453	7,490,224
Interest and Fiscal Charges	799,779	817,887	1,265,446	1,798,693	1,808,435	1,966,780	2,516,290	2,599,540	2,639,621	2,775,651
<i>Total Governmental Activities Expenses</i>	\$ 17,970,977	\$ 20,153,571	\$ 22,491,875	\$ 29,759,537	\$ 32,437,228	\$ 36,151,483	\$ 38,699,519	\$ 37,808,744	\$ 37,574,892	\$ 38,709,800
<i>Net Expenses</i>	\$ (12,357,058)	\$ (14,610,980)	\$ (13,309,627)	\$ (13,370,545)	\$ (19,877,523)	\$ (26,210,819)	\$ (11,690,599)	\$ (26,708,774)	\$ (23,487,134)	\$ (30,036,117)

(continued)

**City of Hilliard, Ohio**  
*Changes in Net Position (Continued)*  
*Last Ten Years*  
*(accrual basis of accounting)*

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General Revenues:</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes	\$ 1,350,028	\$ 1,371,968	\$ 1,569,065	\$ 1,732,640	\$ 1,902,363	1,939,885	1,682,554	1,924,647	1,978,442	1,490,038
Other Local Taxes	188,743	208,544	151,566	15,127	-	-	-	-	-	-
Municipal Income Tax Levied for General Purposes	7,919,613	8,500,614	9,047,632	9,353,451	8,720,561	10,808,397	11,470,507	10,996,978	12,292,843	14,350,910
Municipal Income Tax Levied for Transportation	1,587,233	1,700,792	1,739,073	1,821,584	1,744,110	2,161,680	747,888	384,371	885,947	466,492
Municipal Income Tax Levied for Capital Outlay	3,164,966	3,404,679	3,562,629	3,389,484	3,488,226	4,323,358	4,072,798	3,946,978	4,392,930	4,939,135
Payments in Lieu of Taxes	128,918	101,508	372,122	173,881	2,769,280	1,375,625	1,846,750	2,391,513	1,243,970	3,008,635
Grants and Entitlements not Restricted to Specific Programs	1,823,489	1,220,891	1,168,131	1,463,590	1,413,857	1,209,800	1,099,064	1,695,078	2,301,949	1,105,845
Unrestricted Contributions	-	-	1,500	-	-	-	-	-	-	-
Unrestricted Investment Earnings	108,125	100,411	572,014	773,438	820,603	355,084	156,648	141,361	60,420	57,494
Miscellaneous	163,714	176,016	179,397	480,829	522,555	186,099	376,594	455,810	581,217	361,580
<i>Total Governmental Activities</i>	\$ 16,434,829	\$ 16,785,423	\$ 18,363,129	\$ 19,204,024	\$ 21,381,555	\$ 22,359,928	\$ 21,452,803	\$ 21,936,736	\$ 23,737,718	\$ 25,780,129
<i>Change in Net Position</i>	\$ 4,077,771	\$ 2,174,443	\$ 5,053,502	\$ 5,833,479	\$ 1,504,032	\$ (3,850,891)	\$ 9,762,204	\$ (4,772,038)	\$ 250,584	\$ (4,255,988)



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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Function / Program:</b>										
Governmental Activities										
General Government	\$ 488,775	\$ 356,580	\$ 308,753	\$ 373,983	\$ 634,187	\$ 1,376,705	\$ 1,543,528	\$ 698,795	\$ 718,663	\$ 990,070
Security of Persons and Property	414,850	275,581	675,137	455,519	600,843	588,599	620,598	1,052,600	974,688	1,009,245
Public Health	7,549	1,073,092	-	-	-	-	-	-	-	-
Leisure Time Activities	311,797	-	762,776	807,415	947,124	913,231	933,107	992,536	1,053,018	1,109,563
Community Environment	924,675	1,142,997	1,205,739	1,581,760	1,651,109	1,327,813	596,596	1,540,679	1,459,453	2,089,648
Basic Utility Services	2,066,611	1,600,842	2,260,677	7,279,672	774,748	1,870,366	8,633,325	2,436,329	5,214,730	2,036,875
Transportation	1,399,662	1,093,499	3,969,166	5,890,643	7,951,694	3,863,950	14,681,766	4,379,031	4,667,206	1,438,282
<b>Total Governmental Activities Program Revenues</b>	<b>\$ 5,613,919</b>	<b>\$ 5,542,591</b>	<b>\$ 9,182,248</b>	<b>\$ 16,388,992</b>	<b>\$ 12,559,705</b>	<b>\$ 9,940,664</b>	<b>\$ 27,008,920</b>	<b>\$ 11,099,970</b>	<b>\$ 14,087,758</b>	<b>\$ 8,673,683</b>

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	85,739	295,376	2,755,118	580,680
Unreserved	<u>2,880,514</u>	<u>2,454,282</u>	<u>192,489</u>	<u>2,605,051</u>
<i>Total General Fund</i>	<u>2,966,253</u>	<u>2,749,658</u>	<u>2,947,607</u>	<u>3,185,731</u>
All Other Governmental Funds				
Restricted	-	-	-	-
Committed	-	-	-	-
Unassigned	-	-	-	-
Reserved	1,189,946	3,047,955	8,249,125	5,294,723
Unreserved, Reported in:				
Special Revenue Funds	4,769,321	3,188,558	2,073,997	1,769,638
Debt Service Funds	95,211	115,574	23,993	9,854
Capital Projects Funds	<u>538,776</u>	<u>1,656,802</u>	<u>3,105,646</u>	<u>3,179,637</u>
<i>Total All Other Governmental Funds</i>	<u>6,593,254</u>	<u>8,008,889</u>	<u>13,452,761</u>	<u>10,253,852</u>
<i>Total Governmental Funds</i>	<u>\$ 9,559,507</u>	<u>\$ 10,758,547</u>	<u>\$ 16,400,368</u>	<u>\$ 13,439,583</u>

Note: On January 1, 2011, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Fund balances for years prior to 2011 have not been reclassified.

2007	2008	2009	2010	2011	2012
\$ -	\$ -	\$ -	\$ -	\$ 28,179	\$ 26,723
-	-	-	-	204,888	186,706
-	-	-	-	520,519	300,101
-	-	-	-	3,055,755	5,132,224
239,375	116,547	139,582	188,231	-	-
3,521,255	3,183,859	3,073,796	3,161,504	-	-
<u>3,760,630</u>	<u>3,300,406</u>	<u>3,213,378</u>	<u>3,349,735</u>	<u>3,809,341</u>	<u>5,645,754</u>
-	-	-	-	8,287,493	10,453,741
-	-	-	-	5,773,016	4,961,934
-	-	-	-	(12,904)	(12,904)
4,502,398	5,032,205	3,245,086	6,622,551	-	-
5,518,127	7,388,881	6,240,285	6,615,484	-	-
264	264	(13,717)	(12,904)	-	-
856,293	(7,260,811)	3,150,492	434,163	-	-
<u>10,877,082</u>	<u>5,160,539</u>	<u>12,622,146</u>	<u>13,659,294</u>	<u>14,047,605</u>	<u>15,402,771</u>
<u>\$ 14,637,712</u>	<u>\$ 8,460,945</u>	<u>\$ 15,835,524</u>	<u>\$ 17,009,029</u>	<u>\$ 17,856,946</u>	<u>\$ 21,048,525</u>

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

	2003	2004	2005	2006	2007
<b>Revenues:</b>					
Property and Other Local Taxes	\$ 1,526,743	\$ 1,665,011	\$ 1,713,495	\$ 1,733,726	\$ 1,905,010
Municipal Income Taxes	12,661,195	13,247,597	13,936,390	14,356,448	15,780,108
Payment in Lieu of Taxes	128,918	101,508	372,122	173,881	2,769,280
Intergovernmental	3,243,655	2,827,540	5,179,408	3,636,055	3,189,358
Charges for Services	3,058,344	3,042,601	4,152,126	3,658,956	3,610,180
Licenses and Permits	546,158	474,459	800,580	1,138,388	1,011,571
Fines and Forfeitures	251,034	296,966	310,490	307,939	286,805
Contributions and Donations	45,147	53,377	53,282	-	-
Investment Income	166,204	164,584	585,975	810,003	841,297
Special Assessments	83,025	79,579	22,755	85,288	91,765
Rent	44,300	35,564	37,202	-	-
Other	163,714	176,016	179,397	151,529	590,831
<i>Total Revenues</i>	<u>21,918,437</u>	<u>22,164,802</u>	<u>27,343,222</u>	<u>26,052,213</u>	<u>30,076,205</u>
<b>Expenditures:</b>					
Current:					
General Government	3,545,179	3,303,940	3,987,625	4,315,806	4,105,156
Security of Persons and Property	6,234,905	6,623,283	6,496,423	7,111,652	7,507,956
Public Health	119,086	119,086	121,642	139,691	146,530
Leisure Time Activities	2,800,886	2,528,337	2,417,118	3,509,050	4,855,085
Community Environment	1,640,914	1,285,139	5,861,294	6,248,593	5,565,363
Basic Utility Services	3,419,312	2,618,772	2,582,123	1,277,178	1,599,361
Transportation	4,668,718	4,700,834	22,013,004	6,325,373	5,389,484
Debt Service:					
Principal Retirement	9,185,000	1,215,608	1,661,573	1,935,962	2,471,327
Interest and Fiscal Charges	989,671	799,579	1,581,315	1,692,436	2,062,148
<i>Total Expenditures</i>	<u>32,603,671</u>	<u>23,194,578</u>	<u>46,722,117</u>	<u>32,555,741</u>	<u>33,702,410</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(10,685,234)</u>	<u>(1,029,776)</u>	<u>(19,378,895)</u>	<u>(6,503,528)</u>	<u>(3,626,205)</u>
<b>Other Financing Sources (Uses):</b>					
Proceeds from Sale of Fixed Assets	-	-	-	329,300	343,739
Issuance of General Obligation Bonds	5,280,000	-	21,997,543	-	7,975,000
Issuance of Bond Anticipation Notes	-	2,227,000	-	1,900,000	-
OWDA and OPWC Loans Issued	-	-	1,893,334	323,443	-
Premium on Debt	121,392	-	727,207	-	475,595
Refunding Bonds Issued	-	-	6,462,457	-	-
Payment on Refunded Bonds or Notes	-	-	(6,462,457)	-	(3,970,000)
Notes Issued	2,500,000	-	-	-	-
Inception of Capital Lease	-	1,816	402,632	990,000	-
Transfers - In	2,829,026	1,884,495	37,871	-	-
Transfers - Out	(2,829,026)	(1,884,495)	(37,871)	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>7,901,392</u>	<u>2,228,816</u>	<u>25,020,716</u>	<u>3,542,743</u>	<u>4,824,334</u>
<i>Net Change in Fund Balances</i>	<u>\$ (2,783,842)</u>	<u>\$ 1,199,040</u>	<u>\$ 5,641,821</u>	<u>\$ (2,960,785)</u>	<u>\$ 1,198,129</u>
<i>Debt Service as a Percentage of Noncapital Expenditures</i>	37.7%	10.0%	14.0%	15.9%	17.5%

2008	2009	2010	2011	2012
\$ 1,938,359	\$ 1,719,684	\$ 1,936,497	\$ 1,981,224	\$ 1,489,345
16,639,707	15,912,550	16,050,554	17,436,327	18,739,268
599,118	1,529,580	2,331,405	2,333,600	3,008,635
6,242,515	3,264,109	7,464,964	7,103,146	2,765,621
4,387,135	3,466,922	4,278,597	4,741,570	5,474,971
871,346	968,911	1,745,589	1,183,422	827,486
367,636	320,788	292,669	330,873	397,752
-	-	-	-	-
381,963	156,648	141,361	60,420	57,494
98,734	28,981	813	-	-
-	-	-	-	-
124,153	377,758	390,760	552,819	358,221
<u>31,650,666</u>	<u>27,745,931</u>	<u>34,633,209</u>	<u>35,723,401</u>	<u>33,118,793</u>
5,092,918	4,375,856	4,857,636	5,821,506	5,922,196
8,152,818	15,107,209	8,282,776	7,943,336	8,022,112
157,065	169,063	171,913	165,311	182,270
4,656,844	3,103,714	4,456,087	2,803,019	2,852,567
9,413,956	5,833,755	5,357,924	3,301,309	3,373,556
1,195,029	2,544,706	1,937,183	1,697,650	2,362,492
4,852,648	6,746,273	8,544,315	10,472,973	3,893,437
2,398,986	2,357,284	2,629,411	2,945,653	3,580,068
1,907,169	2,939,932	2,637,382	2,899,735	2,870,941
<u>37,827,433</u>	<u>43,177,792</u>	<u>38,874,627</u>	<u>38,050,492</u>	<u>33,059,639</u>
<u>(6,176,767)</u>	<u>(15,431,861)</u>	<u>(4,241,418)</u>	<u>(2,327,091)</u>	<u>59,154</u>
-	-	65,050	28,398	3,359
-	15,540,000	-	8,020,000	2,480,000
-	-	5,300,000	-	-
-	-	-	17,689	413,790
-	849,054	49,873	15,982	1,364,417
-	-	-	-	8,605,000
-	-	-	(5,300,000)	(9,734,141)
-	-	-	-	-
-	6,417,386	-	392,939	-
-	441,137	-	-	-
-	(441,137)	-	-	-
<u>-</u>	<u>22,806,440</u>	<u>5,414,923</u>	<u>3,175,008</u>	<u>3,132,425</u>
<u>\$ (6,176,767)</u>	<u>\$ 7,374,579</u>	<u>\$ 1,173,505</u>	<u>\$ 847,917</u>	<u>\$ 3,191,579</u>

14.9%

17.1%

17.7%

19.6%

21.0%



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

Year	General Fund	Capital Improvement Municipal Tax Fund	Street Improvement Municipal Tax Fund	Total	Percentage Increase/ (Decrease)
2003	7,900,013	3,150,135	1,579,817	12,629,965	0.69%
2004	8,261,454	3,316,006	1,656,457	13,233,917	4.78%
2005	8,574,750	3,514,384	1,714,950	13,804,084	4.31%
2006	9,176,483	3,318,697	1,786,190	14,281,370	3.46%
2007	9,092,540	3,637,017	1,818,507	14,548,064	1.87%
2008	10,204,465	4,081,786	2,040,893	16,327,144	12.23%
2009	11,496,626	4,083,246	753,112	16,332,984	0.04%
2010	12,165,853	4,014,340	527,842	16,708,035	2.30%
2011	12,184,246	4,341,568	840,456	17,366,270	3.94%
2012	13,395,426	4,633,040	503,694	18,532,160	6.71%

Source: City Income Tax Department

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

**City of Hilliard, Ohio**  
*Principal Income Taxpayers - Withholding Accounts*  
 2012 and 2003

Range of Withholding Amount	2012		2003	
	Number of Withholding Accounts	Percentage of Total Withholding Revenue	Number of Withholding Accounts	Percentage of Total Withholding Revenue
\$500,001 and higher	4	25.42%	2	23.36%
\$300,001 - 500,000	1	2.08%	2	6.23%
\$100,001 - 300,000	12	14.26%	9	8.57%
\$55,001 - 100,000	25	12.02%	20	14.28%
Total		53.78%		52.44%
All Others		46.22%		47.56%
Total Withholding Accounts		100.00%		100.00%

Source: City Income Tax Department



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

Tax Year	Real Property (1)					Personal Property (2)			Total		Estimated Actual Value of Taxable Property	Total Direct Tax Rate	
	Residential	Agricultural	Commercial	Industrial	Public Utility	Total	Public Utility	General	Total	Valuation			% Growth
2003	505,573,330	627,670	105,337,610	43,824,420	46,960	655,409,990	17,714,230	57,686,187	75,400,417	730,810,407	1.74%	2,174,201,639	1.60
2004	538,044,700	553,600	108,180,720	44,851,070	46,870	691,676,960	17,401,820	49,482,834	66,884,654	758,561,614	3.80%	2,243,758,502	1.60
2005	640,343,800	974,340	113,505,210	47,059,140	46,920	801,929,410	17,946,440	28,462,274	46,408,714	848,338,124	11.84%	2,476,861,742	1.60
2006	662,229,120	1,064,560	120,462,930	48,742,120	64,150	832,562,880	16,471,610	22,239,765	38,711,375	871,274,255	2.70%	2,533,596,586	1.60
2007	672,823,870	1,312,410	106,999,610	46,780,960	89,200	828,006,050	9,627,660	13,930,309	23,557,969	851,564,019	-2.26%	2,459,963,447	1.60
2008	686,405,600	1,426,860	113,450,470	50,466,490	80,650	851,830,070	10,072,070	2,691,967	12,764,037	864,594,107	1.53%	2,484,856,348	1.60
2009	684,289,450	1,460,720	138,984,940	50,031,110	90,590	874,856,810	10,394,370	1,345,983	11,740,353	886,597,163	2.54%	2,546,552,298	1.60
2010	685,969,370	1,508,590	126,497,550	51,110,680	90,260	865,176,450	11,735,180	-	11,735,180	876,911,630	-1.09%	2,518,873,434	1.60
2011	648,863,550	220,850	133,992,270	49,254,890	95,680	832,427,240	12,894,340	-	12,894,340	845,321,580	-3.60%	2,429,940,903	1.60
2012	650,106,670	202,650	132,537,670	48,868,730	102,050	831,817,770	12,999,270	-	12,999,270	844,817,040	-0.06%	2,428,619,280	1.60

Source: Franklin County Auditor

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

(2) Prior to 2006, the assessed valuation for personal property was based on varying percentages of true value (25 percent was used in the assessed values above). House Bill 66 (the State's biennial budget for fiscal

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

<u>Tax Year</u>	<u>City of Hilliard General Fund</u>	<u>Hilliard City School District</u>	<u>Franklin County</u>	<u>Metropolitan Library</u>	<u>Norwich Township</u>	<u>Vocational School</u>	<u>Total</u>
2003	1.60	64.44	17.64	2.20	17.50	0.50	103.88
2004	1.60	74.40	18.44	2.20	17.50	0.50	114.64
2005	1.60	73.14	18.44	2.20	17.50	0.50	113.38
2006	1.60	75.89	18.44	2.20	17.50	1.30	116.93
2007	1.60	75.89	18.49	2.20	17.50	1.30	116.98
2008	1.60	82.79	18.02	2.20	17.50	1.30	123.41
2009	1.60	82.85	18.07	2.20	17.50	1.30	123.52
2010	1.60	82.95	18.07	2.80	17.50	1.30	124.22
2011	1.60	89.35	18.07	2.80	17.50	1.60	130.92
2012	1.60	89.45	18.47	2.80	17.50	1.60	131.42

Source: Franklin County Auditor

**City of Hilliard, Ohio**  
*Principal Property Tax Payers - Real Property*  
2012 and 2003

Taxpayer	2012			2003		
	Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation
MCI International Inc.	13,687,530	1	1.65			
G&I VI Heritage Green LLC	7,385,000	2	0.89			
Columbus Campus LLC	6,877,970	3	0.83			
Trueman LP	5,265,400	4	0.63			
Ansmil LLC	4,384,220	5	0.53			
Homewood Corp	4,265,810	6	0.51			
Talcott III Mill Run LLC	3,850,010	7	0.46			
Crystal Lake Apartments	3,161,730	8	0.38	2,844,390	6	0.43
Clearview Hilliard LP	2,303,150	9	0.28	4,647,310	3	0.71
AVC Berkeley LLC	2,285,510	10	0.27			
United Dominion Realty LP				6,930,010	1	1.06
Armstrong World Industries, Inc.				2,179,110	9	0.33
Garden Ridge Hilliard				2,998,660	5	0.46
One Mill LLC				5,635,010	2	0.86
Dominion Homes, Inc.				2,774,790	7	0.42
Real Estate Finance Trust 1995-K-4				3,220,010	4	0.49
Red Roof Inns, Inc.				2,142,040	10	0.33
Nationwide Health Insurance				2,310,000	8	0.35
Total Top 10 Real Property	53,466,330		6.42	35,681,330		5.44
All Others	778,351,440		93.58	619,728,660		94.56
Total Real Property Assessed Valuation	831,817,770		100.00%	655,409,990		100.00%

Source: Franklin County Auditor

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

Collection Year	Total Tax Levy (1) (2)	Current Tax Collections (1)	Percent of Current Levy Collected	Delinquent Tax Collections	Total Tax Collections
2003	1,131,059	1,083,281	95.78%	29,381	1,112,662
2004	1,167,957	1,131,837	96.91%	102,181	1,234,018
2005	1,211,106	1,187,941	98.09%	19,395	1,207,336
2006	1,379,069	1,336,249	96.90%	34,813	1,371,062
2007	1,416,496	1,363,825	96.28%	30,971	1,394,796
2008	1,458,263	1,307,442	89.66%	32,214	1,339,656
2009	1,431,361	1,365,022	95.37%	65,393	1,430,415
2010	1,473,382	1,456,360	98.84%	51,583	1,507,943
2011	1,463,918	1,443,836	98.63%	26,067	1,469,903
2012	1,417,184	1,401,052	98.86%	23,016	1,424,068

Source: Franklin County Auditor

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

(2) Amounts listed include penalties and interest

Note: The county does not identify delinquent collections by the year for which the tax was levied.

**City of Hilliard, Ohio**  
*Computation of All Direct and Overlapping Governmental Debt*  
 December 31, 2012

Jurisdiction	Debt Outstanding	Percentage Applicable to the City of Hilliard (1)	Amount Applicable to the City of Hilliard
<b>Direct</b>			
City of Hilliard			
Loans Payable	\$ 4,569,580		\$ 4,569,580
General Obligation Bonds	53,130,000		53,130,000
Special Assessment Bonds	-		-
Capital Leases	<u>6,256,210</u>		<u>6,256,210</u>
Total Direct Debt	<u>63,955,790</u>	<u>100.00%</u>	<u>63,955,790</u>
<b>Overlapping Subdivisions</b>			
Dublin City School District	156,465,449	.0700295	109,572
Franklin County	257,170,000	3.2338685	8,316,540
Washington Township	1,629,999	.0593	967
Tolles Career & Technical Center	3,485,000	18.0513	629,088
Solid Waste Authority of Central Ohio	<u>118,535,000</u>	3.135548	<u>3,716,722</u>
Total Overlapping Debt	<u>537,285,448</u>		<u>12,772,889</u>
Total Direct and Overlapping Debt	<u><u>\$601,241,238</u></u>		<u><u>76,728,679</u></u>

Source: Franklin County Auditor and Fiscal Officers of Subdivision

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

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

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

Collection Year	Net Bonded Debt (3)	Estimated Actual Value of Taxable Property (2)	Population (1)	Ratio of Net Bonded Debt to Estimated Actual Value	Net Bonded Debt Per Capita
2003	15,862,129	2,174,201,639	25,996	0.73	610.18
2004	16,874,129	2,243,758,502	26,844	0.75	628.60
2005	35,575,000	2,476,861,742	28,158	1.44	1,263.41
2006	33,855,000	2,533,596,586	28,557	1.34	1,185.52
2007	39,810,000	2,459,963,447	28,730	1.62	1,385.66
2008	37,880,000	2,484,856,348	28,850	1.52	1,313.00
2009	51,510,000	2,546,552,298	28,927	2.02	1,780.69
2010	49,025,000	2,518,873,434	28,935	1.95	1,694.31
2011	54,320,000	2,429,940,903	29,250	2.24	1,857.09
2012	53,130,000	2,428,619,280	28,524	2.19	1,862.64

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

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

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

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

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

Year	Notes Payable	Loans Payable	General Obligation Bonds	Special Assessment Bonds	Capital Leases	Total Outstanding Debt	Population(1)	Personal Income(2)	Debt Per Capita	Percentage of Personal Income
2003	-	-	15,385,000	515,000	-	15,900,000	25,996	852,513	612	1.87
2004	2,227,000	-	14,255,000	430,000	1,208	16,913,208	26,844	916,132	630	1.85
2005	2,156,000	1,893,334	35,380,000	195,000	403,267	40,027,601	28,158	991,894	1,422	4.04
2006	3,970,000	2,216,777	33,720,000	135,000	1,263,305	41,305,082	28,557	1,037,619	1,446	3.98
2007	2,300,000	2,216,777	39,740,000	70,000	811,978	45,138,755	28,730	1,082,087	1,571	4.17
2008	11,390,000	2,216,777	37,880,000	-	342,992	51,829,769	28,850	1,100,022	1,797	4.71
2009	-	2,216,777	51,510,000	-	6,313,094	60,039,871	28,927	1,106,226	2,076	5.43
2010	5,300,000	2,216,777	49,025,000	-	6,168,683	62,710,460	28,935	1,112,464	2,167	5.64
2011	-	2,127,163	54,320,000	-	6,448,272	62,895,435	29,250	1,175,499	2,150	5.35
2012	-	4,569,580	53,130,000	-	6,256,210	63,955,790	28,524	N/A	2,242	N/A

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

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

N/A - Information not available

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

	2012	2011	2010	2009	2008	2007
Total Assessed Valuation	844,817,040	845,321,580	876,911,630	886,597,163	864,594,107	851,564,019
Overall debt limitation - 10.5% of assessed valuation	88,705,789	88,758,766	92,075,721	93,092,702	90,782,381	89,414,222
Total Indebtedness as of 12/31	53,130,000	54,320,000	54,325,000	51,510,000	49,270,000	42,110,000
Less Exempt Debt:						
Self Supporting						
Special Assessment	-	-	-	-	-	70,000
1999 Cemetery Road Refunding-Voted	-	-	-	-	-	-
1982 Water	-	-	-	-	-	20,000
1999A Various Purpose-Water portion(28%)	-	-	-	-	51,800	100,800
2002 Various Purpose-Water portion(39%)	-	62,400	120,900	177,450	232,050	284,700
2005 Various Purpose-Water portion(39%)	5,569,200	5,904,600	6,228,300	6,542,250	6,862,050	7,174,050
Total Self Supporting	5,569,200	5,967,000	6,349,200	6,719,700	7,145,900	7,649,550
Income Tax Supported						
1975 Grade Separation	-	-	-	-	-	-
1991 Various Purpose	-	-	-	-	-	-
1992 Various Purpose	-	-	-	-	-	-
1995 Various Purpose	-	-	-	-	-	-
1999 Various Purpose(72%)	-	-	-	-	133,200	259,200
2002 Various Purpose(61%)	-	97,600	189,100	277,550	362,950	445,300
2003 Various Purpose	245,000	3,655,000	3,880,000	4,100,000	4,310,000	4,510,000
2009 Various Purpose	13,270,000	14,055,000	14,810,000	15,540,000	-	-
2011 Various Purpose	7,445,000	7,865,000	-	-	-	-
Notes	-	-	5,300,000	-	11,390,000	2,300,000
Total Income Tax Supported	20,960,000	25,672,600	24,179,100	19,917,550	16,196,150	7,514,500
Amount available in the debt service fund	-	-	-	-	-	-
Total Exempt Debt	26,529,200	31,639,600	30,528,300	26,637,250	23,342,050	15,164,050
Net Debt Subject to Limitation	26,600,800	22,680,400	23,796,700	24,872,750	25,927,950	26,945,950
Legal debt margin within 10.5% limitation	62,104,989	66,078,366	68,279,021	68,219,952	64,854,431	62,468,272
Percentage of Net Debt to Assessed Value	3.15%	2.68%	2.71%	2.81%	3.00%	3.16%
Percentage of Legal Debt Limit	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
Percentage of Legal Debt Margin	7.35%	7.82%	7.79%	7.69%	7.50%	7.34%
Unvoted debt limitation 5.5% of assessed valuation	46,464,937	46,492,687	48,230,140	48,762,844	47,552,676	46,836,021
Total Indebtedness as of 12/31	53,130,000	54,320,000	54,325,000	51,510,000	49,270,000	42,110,000
Less Total Exempt Debt	26,529,200	31,639,600	30,528,300	26,637,250	23,342,050	15,164,050
Net Debt Subject to Limitation	26,600,800	22,680,400	23,796,700	24,872,750	25,927,950	26,945,950
Legal debt margin within 5.5% limitation	19,864,137	23,812,287	24,433,440	23,890,094	21,624,726	19,890,071
Percentage of Net Debt to Assessed Value	3.15%	2.68%	2.71%	2.81%	3.00%	3.16%
Percentage of Legal Debt Limit	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Percentage of Legal Debt Margin	2.35%	2.82%	2.79%	2.69%	2.50%	2.34%

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



2006	2005	2004	2003
871,274,255	848,338,124	758,561,614	730,810,407
91,483,797	89,075,503	79,648,969	76,735,093
37,825,000	37,731,000	16,912,000	15,900,000
135,000	195,000	430,000	515,000
-	195,000	535,000	860,000
45,000	65,000	90,000	110,000
148,400	193,200	235,200	275,800
335,400	386,100	1,838,850	1,885,650
7,478,250	7,731,750	-	-
8,142,050	8,766,050	3,129,050	3,646,450
-	-	-	-
-	-	-	-
215,000	420,000	615,000	800,000
-	-	2,360,000	2,515,000
381,600	496,800	604,800	709,200
524,600	603,900	2,876,150	2,949,350
4,710,000	4,910,000	5,100,000	5,280,000
-	-	-	-
-	-	-	-
3,970,000	2,156,000	2,227,000	-
9,801,200	8,586,700	13,782,950	12,253,550
-	-	37,871	37,871
17,943,250	17,352,750	16,949,871	15,937,871
19,881,750	20,378,250	(37,871)	(37,871)
71,602,047	68,697,253	79,686,840	76,772,964
2.28%	2.40%	0.00%	-0.01%
10.50%	10.50%	10.50%	10.50%
8.22%	8.10%	10.50%	10.51%
47,920,084	46,658,597	41,720,889	40,194,572
37,825,000	37,731,000	16,912,000	15,900,000
17,943,250	17,352,750	16,949,871	15,937,871
19,881,750	20,378,250	(37,871)	(37,871)
28,038,334	26,280,347	41,758,760	40,232,443
2.28%	2.40%	0.00%	-0.01%
5.50%	5.50%	5.50%	5.50%
3.22%	3.10%	5.50%	5.51%

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

<u>Year</u>	<u>Population (1)</u>	<u>Total Personal Income (2)</u>	<u>Per Capita Income (5)</u>	<u>School Enrollment (6)</u>	<u>Unemployment Rate Franklin County Area (3)</u>	<u>Total Assessed Property Value (4)</u>
2003	25,996	852,513	32,794	14,220	4.9%	730,810,407
2004	26,844	916,132	34,128	14,529	5.4%	758,561,614
2005	28,158	991,894	35,226	14,760	5.2%	848,338,124
2006	28,557	1,037,619	36,335	14,949	4.5%	871,274,255
2007	28,730	1,082,087	37,664	15,173	4.7%	851,564,019
2008	28,850	1,100,022	38,129	15,136	6.1%	864,594,107
2009	28,927	1,106,226	38,242	15,523	8.8%	886,597,163
2010	28,935	1,112,464	38,447	15,634	7.6%	876,911,630
2011	29,250	1,175,499	40,188	15,689	6.3%	845,321,580
2012	28,524	N/A	N/A	15,726	5.4%	844,817,040

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

**City of Hilliard, Ohio**  
*Principal Employers*  
2012 and 2003

Employer	2012			2003		
	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Hilliard City Schools	1,710	1	7.36%	2,368	1	14.03%
BMW Financial Services	538	2	2.32%			
Echosphere LLC	499	3	2.15%			
R. E. Rich Family Holding Corp.	292	4	1.26%			
Micro Center Inc.	256	5	1.10%	294	7	1.74%
Verizon Business Network Service	253	6	1.09%			
City of Hilliard	142	7	0.61%	365	5	2.16%
Advanced Drainage Systems	104	8	0.45%			
Sedgwick Claims Mgmt Inc.	103	9	0.44%			
Redemtech Inc.	95	10	0.41%			
MCI Telecommunications				1,048	2	6.21%
Gates McDonald & Co.				384	3	2.28%
Arctic Express				327	6	1.94%
Novus/Discover Card Services, Inc.				374	4	2.22%
Honda of America MFG, Inc.				230	8	1.36%
Gates McDonald Health Plus Inc.				217	9	1.29%
Rich Products Mfg. Corp.				173	10	1.03%
Total Employees	3,992		17.19%	5,780		34.26%
All Other Employers	19,238		82.81%	11,096		65.74%
Total Employment within the City	<u>23,230</u>		<u>100.00%</u>	<u>16,876</u>		<u>100.00%</u>

Source: City Income Tax Department

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

Function/Program	2003		2004		2005		2006		2007	
	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All
General Government	35	35	48	48	49	49	47	47	48	48
Security of Persons and Property	50	50	50	50	50	50	49	49	50	50
Leisure Time Activities	23	35	20	32	22	32	23	35	23	35
Basic Utility Services	14	14	4	4	1	1	1	1	1	1
Transportation	21	21	21	21	21	21	21	21	21	21
<i>Total Number of Employees</i>	<u>143</u>	<u>155</u>	<u>143</u>	<u>155</u>	<u>143</u>	<u>153</u>	<u>141</u>	<u>153</u>	<u>143</u>	<u>155</u>

Source: City Payroll Records

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

2008		2009		2010		2011		2012	
Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All
49	49	47	47	45	45	47	47	45	45
49	50	49	49	48	48	48	48	47	47
23	35	21	32	19	29	18	28	18	28
1	1	1	1	1	1	1	1	1	1
21	21	21	21	21	21	21	21	21	21
<u>143</u>	<u>156</u>	<u>139</u>	<u>150</u>	<u>134</u>	<u>144</u>	<u>135</u>	<u>145</u>	<u>132</u>	<u>142</u>

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

Function/Program	2003	2004	2005	2006	2007
General Government					
Government Center	1	1	1	1	1
Security of Persons and Property:					
Number of Police Stations	1	1	1	1	1
Number of Fire/EMS Stations (1)	3	3	3	3	3
Leisure Time Activities:					
Number of Parks	18	21	21	21	21
Park Area (acres)	256.9	285.0	285.0	285.0	285.0
Number of Playgrounds	11	11	11	11	11
Number of Swimming Pools	2	2	2	2	2
Number of Community Centers	1	1	1	1	1
Number of Senior Centers	1	1	1	1	1
Basic Utility Services:					
Miles of Water Mains	126	114	113	127	128
Miles of Sanitary Sewers	151	130	117	135	140
Miles of Storm Sewers	141	108	122	107	118
Transportation					
Miles of Streets	N/A	N/A	102	103	107
Number of Street Lights	1,636	1,405	1,445	1,458	1,536
Number of Traffic Signal Systems	N/A	N/A	N/A	31	32

(1) Fire Protection provided by Norwich Township

N/A - Information not available

Source: City capital asset records

2008	2009	2010	2011	2012
1	1	1	1	1
1	1	1	1	1
3	3	3	3	3
21	21	22	23	23
285.0	285.0	285.5	316	316
11	11	11	11	10
2	2	2	2	2
1	1	1	1	1
1	1	1	1	1
128	129.3	130.1	131.9	131.9
140	142	142.7	144.7	145.3
118	122.4	123.4	126.7	126.8
107	110.3	111.4	112.9	112.9
1,536	1,705	1,739	1,805	1,805
34	33	34	36	36

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

	2003	2004	2005	2006	2007
<b>General Government:</b>					
Active Income Tax Accounts					
Individual	9,253	9,368	10,007	10,343	11,841
Business	2,303	2,378	2,457	2,539	2,766
Withholding	3,290	3,152	3,097	3,243	2,883
<b>Clerk of Courts:</b>					
Traffic Court Cases	2,469	2,754	2,922	2,177	2,085
<b>Security of Persons and Property:</b>					
Police Calls	48,001	56,286	57,170	55,017	55,204
Physical Arrests	1,805	2,061	1,771	1,782	1,938
Citations	3,686	4,470	4,699	3,579	3,660
Parking Violations	80	80	93	91	108
<b>Leisure Time Activities:</b>					
Swimming Pool Revenue	471,468	401,414	388,633	328,198	423,731
Community Center Revenue	273,369	225,431	207,862	230,356	227,528
Senior Center Revenue	89,219	86,209	87,730	88,115	81,938

Source: Department annual reports

1 The Regional Income Tax Agency (RITA) changed how they reported the number of active income tax accounts for the business and withholding categories in 2011. The City joined RITA in July 2007. In 2009 and 2010 RITA counted businesses that were located in various cities in the city that had the largest amount of withholding and/or the highest amount of tax paid by the business. In 2011, every city that received a return from a business is included in the appropriate category.



2008	2009	2010	2011	2012
14,765	15,536	16,654	16,901	18,397
2,829	1,389	1,425	3,007 <sup>1</sup>	1,664
3,050	1,662	1,708	4,427 <sup>1</sup>	2,546
3,114	2,018	1,879	2,440	2,153
54,606	47,473	46,017	46,048	47,798
1,901	932	874	1,017	1,570
4,649	3,446	3,005	3,779	3,352
51	20	65	44	38
512,572	548,545	611,778	656,037	724,922
206,194	209,620	233,181	236,675	244,395
93,851	92,555	86,919	69,882	81,937

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# Dave Yost • Auditor of State

CITY OF HILLIARD

FRANKLIN COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
JUNE 18, 2013