City of Hilliard

CITY OF HILLIARD, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDING DECEMBER 31, 2013

CITY OF HILLIARD, OHIO

FRANKLIN COUNTY

Comprehensive Annual Financial Report

For the Year Ended December 31, 2013

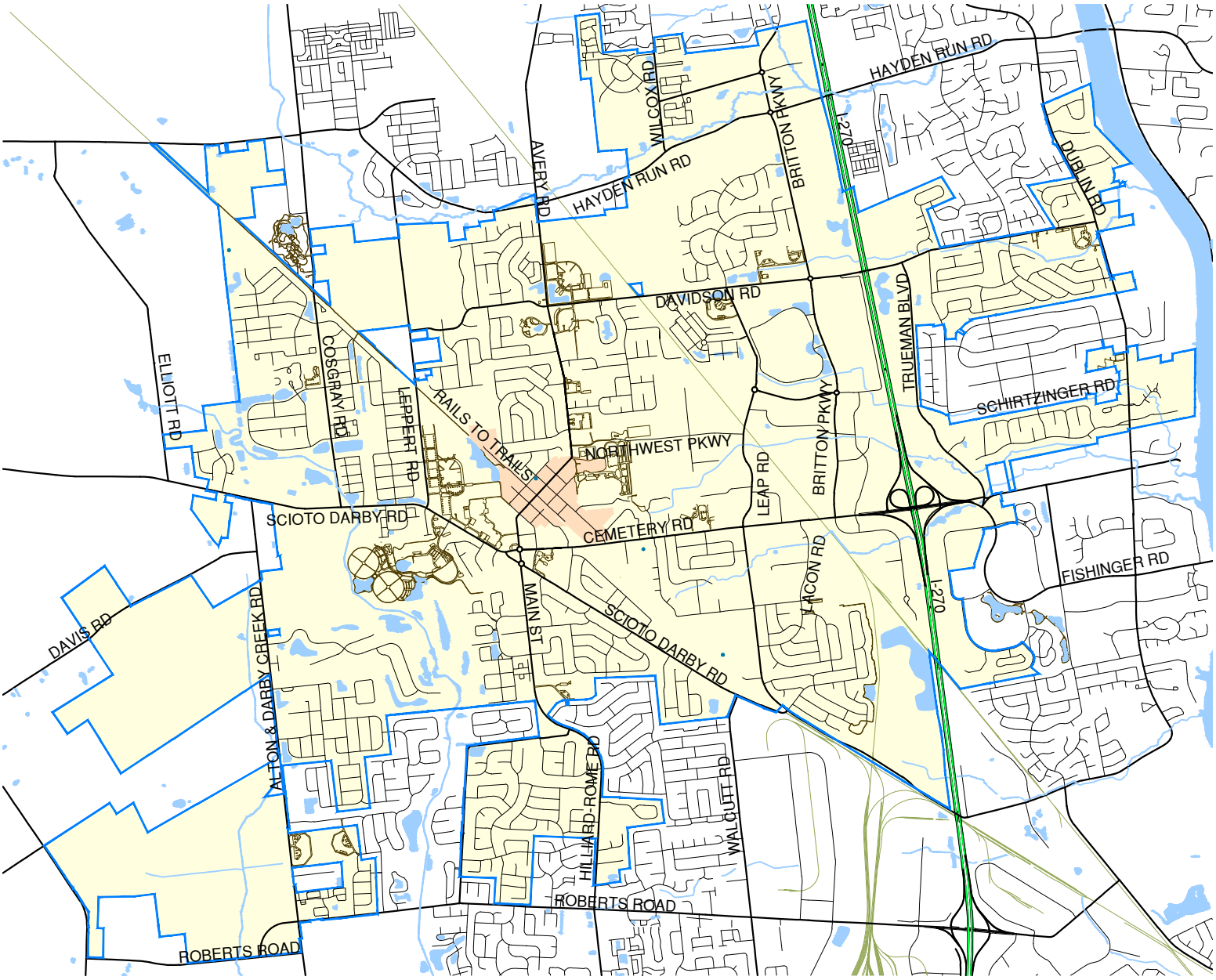
Prepared by:
Department of Finance

David D. Delande
Director

Gregory A. Tantari
Deputy Director

COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF HILLIARD, OHIO FOR THE YEAR ENDED DECEMBER 31, 2013

Introductory Section



ISSUED BY: DEPARTMENT OF FINANCE
David D. Delande , DIRECTOR
3800 MUNICIPAL WAY - HILLIARD, OHIO 43026

CITY OF HILLIARD, OHIO
Comprehensive Annual Financial Report
For The Year Ended December 31, 2013
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CITY OF HILLIARD est. 1853

Finance Department

Real People. Real Possibilities.

DON SCHONHARDT, MAYOR

May 28, 2014

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, 2013. 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 unmodified ("clean") opinion on the City's financial statements for the year ended December 31, 2013. 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.

3800 Municipal Way, Hilliard, Ohio 43026 Phone 614.876.7361 Fax 614.876.0381 hilliardohio.gov

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 28,595 for 2013.

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 15th of each year a budget for the following year. Council sets the date and place of a public hearing on the budget and gives notice of the meeting time and place in a newspaper of general circulation at least 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 2013 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 32nd in the nation by population. This MSA had an annual average unemployment rate at the end of 2013 of 5.2 percent while the State of Ohio was at an annual average 7.1 percent unemployment rate at the end of 2013 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 2013, the City's General Fund cash balance was 39.29 percent of current year expenditures, up from 23.96 percent in 2012, exceeding its 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 2013, these efforts resulted in 487 jobs being retained, over 2,100 jobs attracted, and $2,000,000 annually in new income tax revenue by 2015.

The City will have continued economic growth in 2014 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 Hilliard Dana Manufacturing Site Development project started development in 2013. This consists of 90,000 square feet of new offices in two buildings (tenants – Ohio Health and Nationwide Children's Hospital); 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, 2012. This was the twenty-second 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,

David D. Delande
Finance Director

Don Schonhardt
Mayor

Government Finance Officers Association

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, 2012

Jeffrey R. Ernst

Executive Director/CEO

City of Hilliard, Ohio
Principal Officials
December 31, 2013

Elected Officials

Name	Title	Term Expires	Service	Surety
Don Schonhardt	Mayor	12/31/2015	12	A
Brett Sciotto	President of Council	12/31/2013	12	A
James Ashenhurst	Council	12/31/2013	4	A
Tom Baker	Council	12/31/2013	0	A
Albert J. Iosue	Council	12/31/2015	6	A
Kelly McGivern	Council	12/31/2013	6	A
Nathan Painter	Council	12/31/2015	2	A
Joseph Erb	Council	12/31/2015	2	A

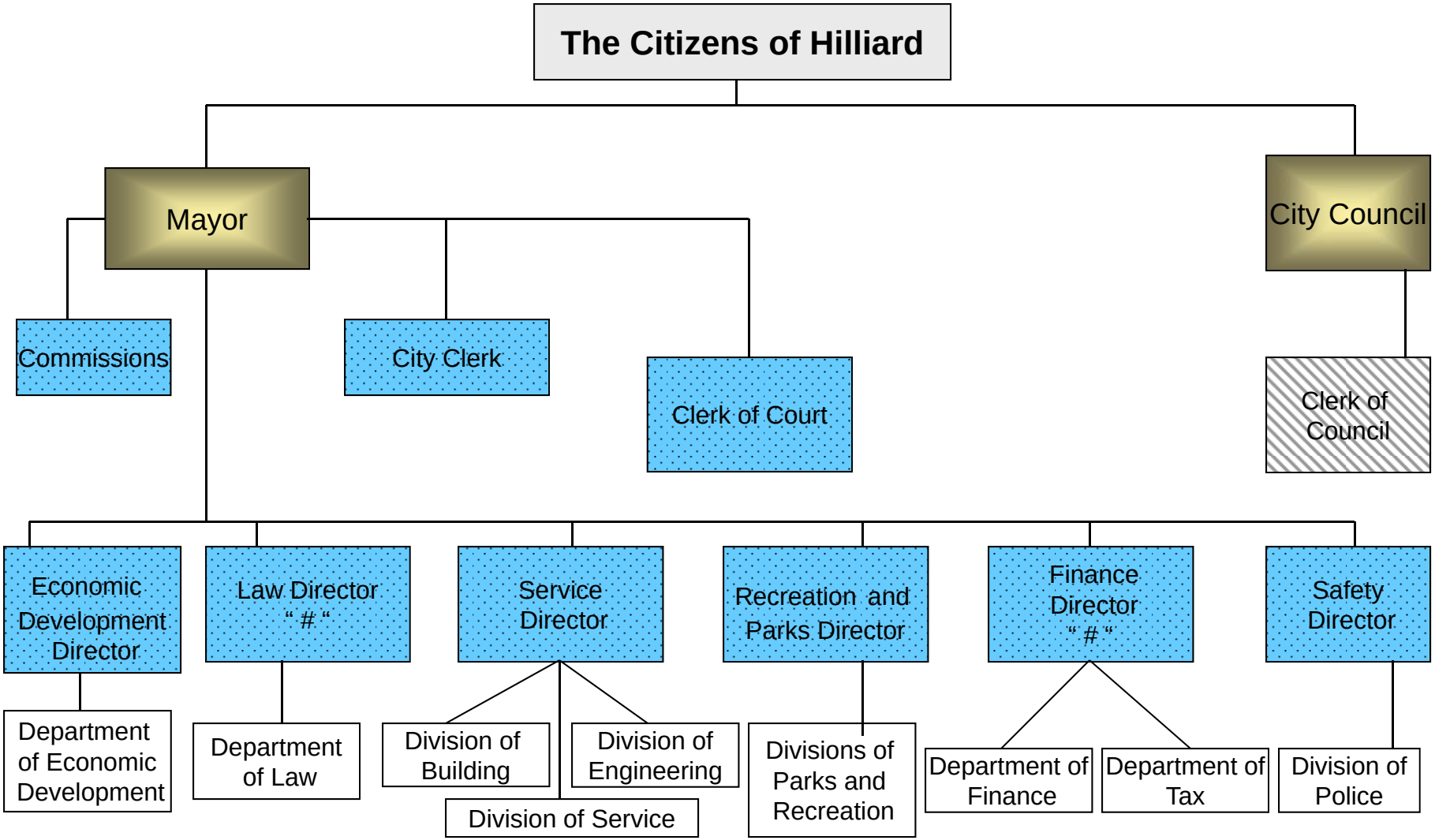
Appointed Officials

Name	Title	Term Expires	Service	Surety
David D. Delande	Director of Finance	Indefinite	19	A & B
Tracy Bradford	Director of Law	Indefinite	9	A
Don Schonhardt	Director of Safety	Indefinite	12	A
Clyde R. Seidle	Director of Service	Indefinite	10	A
Steven B. Mazer	Director of Parks and Recreation	Indefinite	6	A
David Meeks	Director of Economic Development	Indefinite	11	A
Gerry Edwards	Director of Human Resource	Indefinite	9	A
John F. Hall, III	Director of Land & Bldgs.	Indefinite	9	A
J. Douglas Francis	Chief of Police	Indefinite	5	A
Lynn Fasone	Clerk of Council	Indefinite	9	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



Elected Officials
Appointed by the Mayor
Appointed by Council
" # "Consent by Council

<u>Boards and Commissions</u>

Parks and Recreation
Planning and Zoning Commission
Records Commission
Hilliard Housing Council for Community Reinvestment
Shade Tree Commission
Tax Incentive Review Council
Civil Service Commission
Board of Zoning Appeals
Board of Tax Appeals
Environmental Sustainability

Financial Section

City of Hilliard, Ohio

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, 2013, 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.

Auditors' 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 auditors' 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, 2013, 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.

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 5-12 be presented to supplement the basic financial statements. Such information, although not a party 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 and schedules and introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules 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 28, 2014 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 28, 2014

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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, 2013.

FINANCIAL HIGHLIGHTS

- The City's total net position increased $1,850,163 in 2013.
- General revenues accounted for $28,315,284 or 69% of total revenue. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for $13,005,334 or 31% of total revenues of $41,320,618
- The City had $39,470,455 in expenses related to governmental activities. Program revenues of $13,005,334 reduced the net cost of the City's functions to be financed from the City's general revenues to $26,465,121.
- The City's unassigned fund balance of the General Fund totaled $9,146,578 at year end, or 50% of General Fund expenditures.

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.

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

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 2013 compared to 2012.

Table 1
Net Position

	Governmental Activities	
	2013	2012
Assets		
Current and other assets	$ 45,263,033	$ 32,096,869
Capital assets	240,860,545	248,082,516
Total Assets	286,123,578	280,179,385
Deferred Outflows of Resources	1,499,841	737,154
Liabilities		
Long-term liabilities	69,767,796	68,618,889
Other liabilities	2,174,039	3,223,907
Total Liabilities	71,941,835	71,842,796
Deferred Inflows of Resources	10,176,576	5,418,898
Net Position		
Net investment in capital assets	178,545,386	184,681,665
Restricted	13,239,396	8,746,450
Unrestricted	13,720,226	10,226,730
Total Net Postion	$ 205,505,008	$ 203,654,845

The largest portion of the City's net position (87%) reflects its investment in capital assets, less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of $13,720,226 is unrestricted and may be used to meet the City's ongoing obligations to its citizens and creditors.

At the end of the current year, the City is able to report positive balances in all reported categories of net position. The same situation held true for the prior year. The City's overall net position increased $1,850,163 from the prior year. The reasons for this overall increase are discussed in the following section.

Table 2 shows the changes in net position for the years ended December 31, 2013 and 2012.

Table 2
Changes in Net Position

	Governmental Activities	
	2013	2012
Revenues		
Program revenues:		
Charges for services	$ 9,102,278	$ 6,774,264
Operating grants and contributions	1,782,427	1,483,970
Capital grants and contributions	2,120,629	415,449
Total program revenues	13,005,334	8,673,683
General revenues:		
Property and other local taxes	1,483,891	1,490,038
Municipal income taxes	20,710,437	19,756,537
Payments in lieu of taxes	5,038,316	3,008,635
Grants and entitlements not restricted to specific programs	693,035	1,105,845
Investment earnings	33,531	57,494
Miscellaneous	356,074	361,580
Total general revenues	28,315,284	25,780,129
Total revenues	41,320,618	34,453,812
Expenses		
General government	4,396,977	5,881,654
Security of persons and property	8,377,988	8,228,460
Public health	186,809	182,270
Leisure time activities	3,282,870	3,252,501
Community environment	3,571,243	3,491,170
Basic utility services	8,804,498	7,407,870
Transportation	8,523,821	7,490,224
Interest and fiscal charges	2,326,249	2,775,651
Total expenses	39,470,455	38,709,800
Change in net position	1,850,163	(4,255,988)
Net position, beginning of year	203,654,845	207,910,833
Net position, end of year	$ 205,505,008	$ 203,654,845

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 2013 were included in the top ten listing for 2012. The largest employer remains the Hilliard City School District.

In 2013, total revenue increased $6,866,806 as compared to 2012. The increase in total General Revenues was $2,535,155, while total Program Revenues increased $4,331,651.

Under program revenues, the City experienced increases in charges for services. Beginning on July 1, 2012, the City increased the amount it was charging customers from 50% to 100% of the cost of actual monthly cost of solid waste services; 2013 represented the first full year under the new rate schedule. The increase capital grants and contributions was primarily attributable to the donation of $1.6 million in infrastructure from developers, as the City experienced growth in new developments.

Under general revenues, the most significant change occurred in payments lieu of taxes, where the City began receiving catch up payments on delinquent payments from prior tax years.

Table 3 for governmental activities, indicates the total cost of services and the net cost of services. The statement of activities reflects the cost of program services and the charges of services and sales, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by general revenues.

Table 3

	Total Cost of Services 2013	Total Cost of Services 2013	Total Cost of Services 2012	Total Cost of Services 2012
General government	$ 4,396,977	$ (3,568,231)	$ 5,881,654	$ (4,891,584)
Security of persons and property	8,377,988	(7,371,511)	8,228,460	(7,219,215)
Public health	186,809	(186,809)	182,270	(182,270)
Leisure time activities	3,282,870	(1,799,241)	3,252,501	(2,142,938)
Community environment	3,571,243	(670,180)	3,491,170	(1,401,522)
Basic utility services	8,804,498	(4,750,697)	7,407,870	(5,370,995)
Transportation	8,523,821	(5,792,203)	7,490,224	(6,051,942)
Interest and fiscal charges	2,326,249	(2,326,249)	2,775,651	(2,775,651)
	$ 39,470,455	$(26,465,121)	$ 38,709,800	$(30,036,117)

It should be noted that 33% of the costs of services for governmental activities are derived from program revenues, including charges for services, operating grants, capital grants and other contributions. As shown by the total net costs of $26,465,121, the majority of the City programs are funded by general revenues. A significant portion of the total general revenues consists of income taxes, property taxes and unrestricted intergovernmental revenue.

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 more

capital improvement projects in 2013 than in 2012 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 22% 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 9% 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 GOVERNMENTAL FUNDS

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements.

At December 31, 2013, the City's governmental funds reported combined fund balances of $30,254,395, an increase of $9,205,870 in comparison with the prior year. Approximately 30% of this amount ($9,146,578) constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form ($25,268), 2) restricted for particular purposes ($16,177,842), 3) committed for particular purposes ($4,790,815), or 4) assigned for particular purposes ($113,892).

The General Fund ended the current year with a fund balance of $9,510,375. Of this amount, $9,146,578 is considered unassigned, which represents 50% of current year expenditures. The General Fund continues to rely heavily on the City's income tax as its primary source of revenue for operations. The fund balance increased $3,864,621 in 2013, primarily as a result of increased income tax collections from new jobs from Verizon Wireless' relocation to the City and increased business profits as the economy recovered from the recession.

The increase of $225,480 in the Street Maintenance and Repair Special Revenue Fund was consistent with prior year's increase.

The Street Improvement Municipal Tax Special Revenue Fund decreased by $214,666 This decrease was $250,477 less than the prior year's decrease, due primarily to an increase in municipal income tax revenues in 2013. The increase is the result of a change in the allocation of income tax to this fund from 3% in 2012 to 6% in 2013.

The Water and Sewer Revenue Special Revenue Fund's charges for services were adequate to cover its operations, with fund balance only increasing by $6,483

The TIF Special Revenue Fund increased by $1,580,554 due to the City beginning to receive catch up payments on delinquent payments from prior tax years.

The Capital Improvement Municipal Tax Capital Projects Fund increased by $3,132,792 primarily due to increases in impact fees with the growth in developments, previously discussed, and proceeds from notes issued in 2013. The fund balance of the Capital Improvement Municipal Tax Fund was $9,776,910 at December 31, 2013.

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 2013, the total amount of the General Fund budget was decreased from $20,844,353 to $20,776,558, an adjustment of only $67,795, or less than 1% of the original budget. In addition, appropriations were reallocated by ordinance among departments and objects.

General Fund original and final budgeted revenues were $20,390,194. Actual revenues were $21,502,358, a difference of $1,112,164 compared to final budget revenues, due to better than expected income tax collections as the region showed signs of recovery from the recession.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2013, the City's capital assets decreased $7,221,971 to $240,860,545.

Table 4
Capital Assets at Year-End
(Net of Depreciation)

	Governmental Activities	
	2013	2012
Land	$ 4,726,587	$ 4,600,492
Construction in progress	-	17,532
Buildings	7,478,841	7,817,107
Improvements other than buildings	6,998,166	7,276,913
Machinery and equipment	1,478,039	1,574,100
Furniture and fixtures	220,773	247,725
Vehicles	1,011,830	882,271
Infrastructure	218,946,309	225,666,376
Totals	$ 240,860,545	$248,082,516

Capital Assets decreased primarily due to the annual depreciation of capital assets of $12,073,506; partially offset by additions various City assets of $4,867,895. See Note 7 of the Notes to the Basic Financial Statements for more detailed information.

Debt

At December 31, 2013, the City of Hilliard had $67,778,962 in debt outstanding.

Table 5
Outstanding Debt

	Governmental Activities	
	2013	2012
OWDA loan payable	$ 1,632,497	$ 1,839,157
OPWC loan payable	2,675,815	2,730,423
General obligation bonds	50,370,000	53,130,000
General obligation notes	4,285,000	-
Capital leases	6,056,320	6,256,210
Premiums on bonds issued	2,759,330	2,729,717
Totals	$ 67,778,962	$ 66,685,507

The increase in outstanding debt is primarily due to the issuance of general obligation notes. In 2013, the City issued $8,905,000 of refunding bonds to partially refund $8,110,000 in Series 2005 bonds and $4,285,000 in notes to fund new projects.

Generally, all general obligation bond and note 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 $83,472,668 as of December 31, 2013. The more restrictive unvoted legal debt margin within 5.5 percent was $41,354,659 as of the same date.

See Note 14 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.

CITY OF HILLIARD, OHIO
Statement of Net Position
December 31, 2013

	Governmental Activities
Assets	
Equity in pooled cash and investments	$ 27,409,094
Cash and cash equivalents with fiscal agent	387,020
Accounts receivable	307,927
Municipal income tax receivable	5,365,411
Due from other governments	1,502,131
Payments in lieu of taxes receivable	8,971,579
Prepaid items	25,268
Property and other local taxes receivable	1,294,603
Nondepreciable capital assets	4,726,587
Depreciable capital assets, net	236,133,958
Total assets	286,123,578
Deferred Outflows of Resources	
Deferred charges on refundings	1,499,841
Liabilities	
Accounts payable	753,862
Accrued liabilities	240,000
Accrued wages payable	348,729
Matured compensated absences	255,861
Due to other governments	211,788
Accrued interest payable	221,799
Claims payable	142,000
Long-term liabilities:	
Due within one year	9,499,144
Due in more than one year	60,268,652
Total liabilities	71,941,835
Deferred Inflow of Resources	
Property taxes	1,204,997
Payments in lieu of taxes	8,971,579
Total deferred inflows of resources	10,176,576
Net Position	
Net investment in capital assets	178,545,386
Restricted for:	
Streets and transportation	6,302,256
Capital outlay	6,763,518
Other purposes	173,622
Unrestricted	13,720,226
Total net position	$ 205,505,008

See accompanying notes to the basic financial statements.

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CITY OF HILLIARD, OHIO
Statement of Activities
Year Ended December 31, 2013

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Functions/Programs					
Governmental activities:					
General government	$ 4,396,977	$ 817,496	$ 11,250	$ -	$ (3,568,231)
Security of persons and property	8,377,988	978,586	17,802	10,089	(7,371,511)
Public health	186,809	-	-	-	(186,809)
Leisure time activities	3,282,870	1,453,629	30,000	-	(1,799,241)
Community environment	3,571,243	2,901,063	-	-	(670,180)
Basic utility services	8,804,498	2,951,504	-	1,102,297	(4,750,697)
Transportation	8,523,821	-	1,723,375	1,008,243	(5,792,203)
Interest and fiscal charges	2,326,249	-	-	-	(2,326,249)
Total governmental activities	39,470,455	9,102,278	1,782,427	2,120,629	(26,465,121)

General revenues:	
Property taxes levied for general purposes	1,483,891
Municipal income taxes levied for:	
General purposes	14,337,297
Transportation	1,212,529
Capital outlay	5,160,611
Payments in lieu of taxes	5,038,316
Grants and contributions not restricted to specific programs	693,035
Investment earnings	33,531
Miscellaneous	356,074
Total general revenues	28,315,284
Change in net position	1,850,163
Net position beginning of year	203,654,845
Net position end of year	205,505,008

See accompanying notes to the basic financial statements.

CITY OF HILLIARD, OHIO
Balance Sheet
Governmental Funds
December 31, 2013

	General	Street Maintenance and Repair	Street Improvement Municipal Tax
Assets			
Equity in pooled cash and cash equivalents	$ 8,002,991	$ 633,486	$ 2,941,155
Cash and cash equivalents with fiscal agent	-	-	-
Receivables:			
Property and other local taxes	1,294,603	-	-
Payments in lieu of taxes	-	-	-
Municipal income taxes	3,863,096	-	160,962
Accounts	300,040	3,671	-
Due from other funds	34,476	-	-
Due from other governments	306,236	665,500	-
Prepaid items	25,268	-	-
Interfund receivable	2,968	-	-
Total assets	$ 13,829,678	$ 1,302,657	$ 3,102,117
Liabilities			
Accounts payable	$ 483,795	$ 10,449	$ 66,955
Accrued liabilities	240,000	-	-
Due to other funds	105,967	13,577	-
Interfund payable	-	-	-
Accrued wages payable	297,653	12,769	-
Matured compensated absences	239,601	4,065	-
Due to other governments	180,867	7,748	-
Total liabilities	1,547,883	48,608	66,955
Deferred Inflows of Resources			
Property taxes	1,243,486	-	-
Payments in lieu of taxes	-	-	-
Unavailable revenue	1,527,934	443,471	45,917
Total deferred inflows of resources	2,771,420	443,471	45,917
Fund balances			
Nonspendable	25,268	-	-
Restricted	-	810,578	-
Committed	224,637	-	2,989,245
Assigned	113,892	-	-
Unassigned	9,146,578	-	-
Total fund balances	9,510,375	810,578	2,989,245
Total liabilities, deferred inflows of resources and fund balances	$ 13,829,678	$ 1,302,657	$ 3,102,117

See accompanying notes to the basic financial statements.

Water and Sewer Revenue	TIF	Capital Improvement Municipal Tax	Nonmajor Governmental Funds	Total Governmental Funds
$ 1,012,751	$ 4,219,555	$ 8,647,962	$ 1,691,167	$ 27,149,067
-	-	-	387,020	387,020
-	-	-	-	1,294,603
-	8,971,579	-	-	8,971,579
-	-	1,341,353	-	5,365,411
-	-	-	4,216	307,927
-	-	-	-	34,476
-	126,418	278,284	125,693	1,502,131
-	-	-	-	25,268
-	-	-	-	2,968
$ 1,012,751	$ 13,317,552	$ 10,267,599	$ 2,208,096	$ 45,040,450
$ 25,540	$ -	$ 108,041	$ 59,082	$ 753,862
-	-	-	-	240,000
25,914	-	-	12,957	158,415
-	-	-	2,968	2,968
25,538	-	-	12,769	348,729
8,130	-	-	4,065	255,861
15,452	-	-	7,721	211,788
100,574	-	108,041	99,562	1,971,623
-	-	-	-	1,243,486
-	8,971,579	-	-	8,971,579
-	126,418	382,648	72,979	2,599,367
-	9,097,997	382,648	72,979	12,814,432
-	-	-	-	25,268
-	4,219,555	9,776,910	1,370,799	16,177,842
912,177	-	-	664,756	4,790,815
-	-	-	-	113,892
-	-	-	-	9,146,578
912,177	4,219,555	9,776,910	2,035,555	30,254,395
$ 1,012,751	$ 13,317,552	$ 10,267,599	$ 2,208,096	$ 45,040,450

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CITY OF HILLIARD, OHIO
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2013

Total governmental fund balances		$ 30,254,395
Amounts 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.		240,860,545
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds.		2,637,856
Internal service funds are used to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		241,966
Long-term liabilities, including bonds and loans payable, are not due and payable in the current period and therefore are not reported in the funds:		
Bonds payable	53,129,330	
Notes payable	4,285,000	
OWDA loans payable	1,632,497	
OPWC loans payable	2,675,815	
Capital lease payable	6,056,320	
Compensated absences payable	1,988,834	(69,767,796)
Accrued interest on long-term debt is not reported in the funds.		(221,799)
Deferred outflows of resources from losses on refunding are amortized over the life of the bonds and are not reported in the funds.		1,499,841
Net position of governmental activities		$ 205,505,008

See accompanying notes to the basic financial statements.

CITY OF HILLIARD, OHIO
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2013

	General	Street Maintenance and Repair	Street Improvement Municipal Tax
Revenues			
Property and other local taxes	$ 1,546,802	$ -	$ -
Municipal income taxes	14,433,061	-	1,216,520
Payment in lieu of taxes	-	-	-
Intergovernmental	572,820	1,366,726	-
Charges for services	4,101,196	-	-
Licenses and permits	1,002,274	-	-
Fines and forfeitures	334,063	-	-
Investment income	32,586	669	-
Miscellaneous	134,748	84,776	1,460
Total revenues	22,157,550	1,452,171	1,217,980
Expenditures			
Current:			
General government	4,119,584	-	72,932
Security of persons and property	7,970,104	-	-
Public health	186,809	-	-
Leisure time activities	2,760,748	-	-
Community environment	3,269,028	-	-
Basic utility services	-	-	-
Transportation	-	1,226,691	983,220
Debt Service:			
Principal retirement	-	-	370,350
Interest and fiscal charges	-	-	6,144
Issuance costs	-	-	-
Total expenditures	18,306,273	1,226,691	1,432,646
Excess of revenues over (under) expenditures	3,851,277	225,480	(214,666)
Other Financing Sources (Uses)			
Sale of capital assets	13,344	-	-
Refunding bonds issued	-	-	-
Premium on issuance of bonds	-	-	-
Notes issued	-	-	-
Payment to escrow	-	-	-
Total other financing sources (uses)	13,344	-	-
Net change in fund balances	3,864,621	225,480	(214,666)
Fund balance, beginning of year	5,645,754	585,098	3,203,911
Fund balance, end of year	$ 9,510,375	$ 810,578	$ 2,989,245

See accompanying notes to the basic financial statements.

Water and Sewer Revenue	TIF	Capital Improvement Municipal Tax	Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ -	$ -	$ 12,904	$ 1,559,706
-	-	5,193,862	-	20,843,443
-	5,038,316	-	-	5,038,316
-	166,753	498,098	417,351	3,021,748
1,552,722	-	-	718,251	6,372,169
-	-	761,243	411,416	2,174,933
-	-	-	55,361	389,424
-	-	-	276	33,531
11,317	-	119,979	3,606	355,886
1,564,039	5,205,069	6,573,182	1,619,165	39,789,156
-	-	622,271	13,428	4,828,215
-	-	431,610	34,347	8,436,061
-	-	-	-	186,809
-	-	365,863	129,664	3,256,275
-	-	175,000	-	3,444,028
1,279,576	-	1,332,038	653,260	3,264,874
-	1,719,741	1,063,947	177,860	5,171,459
171,200	1,345,800	2,128,808	-	4,016,158
106,780	558,974	1,603,597	-	2,275,495
-	-	153,222	-	153,222
1,557,556	3,624,515	7,876,356	1,008,559	35,032,596
6,483	1,580,554	(1,303,174)	610,606	4,756,560
-	-	5,441	-	18,785
-	-	8,905,000	-	8,905,000
-	-	484,152	-	484,152
-	-	4,285,000	-	4,285,000
-	-	(9,243,627)	-	(9,243,627)
-	-	4,435,966	-	4,449,310
6,483	1,580,554	3,132,792	610,606	9,205,870
905,694	2,639,001	6,644,118	1,424,949	21,048,525
$ 912,177	$ 4,219,555	$ 9,776,910	$ 2,035,555	$ 30,254,395

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CITY OF HILLIARD, OHIO
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended December 31, 2013

Net change in fund balances - total governmental funds	$	9,205,870
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:		
Capital outlay		3,255,453
Depreciation expense		(12,073,506)
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 as contributed capital.		1,612,442
In the statement of activities, loss on disposal of capital assets is reported, whereas only proceeds from sales are reported in the funds.		(16,360)
Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(83,405)
Internal service funds are used to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.		317,020
Some expenses reported in the statement of activities do not require the use current financial resources and therefore are not reported as expenditures in governmental funds:		
Compensated absences		(55,452)
Interest on long-term debt		18,869
Amortization of bond premiums		214,510
Net change in deferred loss on refunding		762,687
Repayment of long-term obligations is reported as an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the statement of net position. In the current year, these amounts consisted of general obligations bonds, OWDA and OPWC loans, and capital leases.		4,016,158
The issuance and refunding of general obligations bonds and notes are recorded as other financing sources and uses in the governmental funds, but are used to adjust bonds and notes payables on the statement of net position.		(5,324,123)
Change in net position of governmental activities	$	1,850,163

See accompanying notes to the basic financial statements.

CITY OF HILLIARD, OHIO
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budget (Non-GAAP) Basis
General Fund
Year Ended December 31, 2013

	Budgeted Amounts			Variance From Final
	Original	Final	Actual	Budget
Revenues:				
Property and other local taxes	$ 1,506,266	$ 1,506,266	$ 1,544,768	$ 38,502
Municipal income taxes	13,259,843	13,259,843	14,374,613	1,114,770
Intergovernmental	591,968	591,968	585,594	(6,374)
Charges for services	3,654,567	3,704,567	3,577,782	(126,785)
Licenses and permits	842,050	842,050	1,001,984	159,934
Fines and forfeitures	350,000	350,000	327,446	(22,554)
Investment income	63,000	63,000	32,586	(30,414)
Miscellaneous	122,500	72,500	57,585	(14,915)
Total revenues	20,390,194	20,390,194	21,502,358	1,112,164
Expenditures:				
Current:				
General government	6,062,784	6,049,191	5,383,378	665,813
Security of persons and property	8,369,309	8,328,018	8,192,269	135,749
Public health	190,000	190,000	189,148	852
Leisure time activities	2,885,251	2,877,700	2,789,452	88,248
Community environment	3,337,009	3,331,649	3,078,758	252,891
Total expenditures	20,844,353	20,776,558	19,633,005	1,143,553
Excess of revenues over (under) expenditures	(454,159)	(386,364)	1,869,353	2,255,717
Other financing sources:				
Sale of assets	-	-	13,344	13,344
Net change in fund balance	(454,159)	(386,364)	1,882,697	2,269,061
Fund balance, beginning of year	4,476,102	4,476,102	4,476,102	
Prior year encumbrances appropriated	475,688	475,688	475,688	
Fund balance, end of year	$ 4,497,631	$ 4,565,426	$ 6,834,487	

See accompanying notes to the basic financial statements.

CITY OF HILLIARD, OHIO
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budget (Non-GAAP) Basis
Street Maintenance and Repair Fund
Year Ended December 31, 2013

	Budgeted Amounts			Variance From Final
	Original	Final	Actual	Budget
Revenues:				
Intergovernmental	$ 1,298,500	$ 1,298,500	$ 1,354,079	$ 55,579
Investment income	-	-	669	669
Miscellaneous	34,500	34,500	74,316	39,816
Total revenues	1,333,000	1,333,000	1,429,064	96,064
Expenditures:				
Current:				
Transportation	1,442,721	1,436,688	1,350,265	86,423
Total expenditures	1,442,721	1,436,688	1,350,265	86,423
Net change in fund balance	(109,721)	(103,688)	78,799	182,487
Fund balance, beginning of year	348,311	348,311	348,311	
Prior year encumbrances appropriated	100,123	100,123	100,123	
Fund balance, end of year	$ 338,713	$ 344,746	$ 527,233	

See accompanying notes to the basic financial statements.

CITY OF HILLIARD, OHIO
Statement of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual - Budget (Non-GAAP) Basis
Street Improvement Municipal Tax Fund
Year Ended December 31, 2013

	Budgeted Amounts			Variance From Final
	Original	Final	Actual	Budget
Revenues:				
Municipal income taxes	$ 1,153,030	$ 1,153,030	$ 1,249,966	$ 96,936
Miscellaneous	-	-	1,460	1,460
Total revenues	1,153,030	1,153,030	1,251,426	98,396
Expenditures:				
Current:				
General government	150,000	150,000	125,693	24,307
Transportation	1,499,909	1,644,638	1,576,811	67,827
Debt Service:				
Principal retirement	370,350	370,350	370,350	-
Interest and fiscal charges	9,650	9,650	6,144	3,506
Total expenditures	2,029,909	2,174,638	2,078,998	95,640
Net change in fund balance	(876,879)	(1,021,608)	(827,572)	194,036
Fund balance, beginning of year	3,030,813	3,030,813	3,030,813	
Prior year encumbrances appropriated	146,909	146,909	146,909	
Fund balance, end of year	$ 2,300,843	$ 2,156,114	$ 2,350,150	

See accompanying notes to the basic financial statements.

CITY OF HILLIARD, OHIO
Statement of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual - Budget (Non-GAAP) Basis
Water and Sewer Revenue Fund
Year Ended December 31, 2013

	Budgeted Amounts			Variance From Final
	Original	Final	Actual	Budget
Revenues:				
Charges for services	$ 1,445,000	$ 1,895,000	$ 1,556,498	$ (338,502)
Miscellaneous	-	-	13,348	13,348
Total revenues	1,445,000	1,895,000	1,569,846	(325,154)
Expenditures:				
Current:				
Basic utility services	1,767,490	2,233,886	1,447,930	785,956
Debt Service:				
Principal retirement	171,200	171,200	171,200	-
Interest and fiscal charges	115,800	115,800	106,780	9,020
Total expenditures	2,054,490	2,520,886	1,725,910	794,976
Net change in fund balance	(609,490)	(625,886)	(156,064)	469,822
Fund balance, beginning of year	927,677	927,677	927,677	
Prior year encumbrances appropriated	44,918	44,918	44,918	
Fund balance, end of year	$ 363,105	$ 346,709	$ 816,531	

See accompanying notes to the basic financial statements.

CITY OF HILLIARD, OHIO
Statement of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual - Budget (Non-GAAP) Basis
TIF Fund
Year Ended December 31, 2013

	Budgeted Amounts			Variance From Final
	Original	Final	Actual	Budget
Revenues:				
Payment in lieu of taxes	$ 2,235,000	$ 2,235,000	$ 5,038,316	$ 2,803,316
Intergovernmental	155,000	155,000	166,753	11,753
Total revenues	2,390,000	2,390,000	5,205,069	2,815,069
Expenditures:				
Current:				
Transportation	533,765	1,798,765	1,773,507	25,258
Debt Service:				
Principal retirement	1,500,000	1,545,800	1,345,800	200,000
Interest and fiscal charges	-	564,200	558,974	5,226
Total expenditures	2,033,765	3,908,765	3,678,281	230,484
Net change in fund balance	356,235	(1,518,765)	1,526,788	3,045,553
Fund balance, beginning of year	2,585,237	2,585,237	2,585,237	
Prior year encumbrances appropriated	53,765	53,765	53,765	
Fund balance, end of year	$ 2,995,237	$ 1,120,237	$ 4,165,790	

See accompanying notes to the basic financial statements.

CITY OF HILLIARD, OHIO
Statement of Net Position
Internal Service Fund
December 31, 2013

	Insurance Trust
Assets	
Current assets:	
Equity in pooled cash and cash equivalents	$ 260,027
Due from other funds	123,939
Total assets	383,966
Liabilities	
Current liabilities:	
Claims payable	142,000
Total liabilities	142,000
Net Position	
Unrestricted	241,966
Total net position	$ 241,966

See accompanying notes to the basic financial statements.

CITY OF HILLIARD, OHIO
Statement of Revenues, Expenses and Change in Net Position
Internal Service Fund
December 31, 2013

	Insurance Trust
Operating Revenues	
Charges for services	$ 2,038,234
Operating Expenses	
Claims	1,721,214
Total operating expenses	1,721,214
Change in net position	317,020
Net position beginning of year	(75,054)
Net position end of year	$ 241,966

See accompanying notes to the basic financial statements.

CITY OF HILLIARD, OHIO
Statement of Cash Flows
Internal Service Fund
December 31, 2013

	Insurance Trust
Cash Flows from Operating Activities	
Cash received from customers	$ 2,058,599
Cash payments for claims	(1,812,214)
Net cash provided by operating activities	246,385
Cash and cash equivalents beginning of year	13,642
Cash and cash equivalents end of year	$ 260,027

Reconciliation of operating income to net cash provided by operating activities:

Operating income	$ 317,020
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in due from other funds	20,365
Change in claims payable	(91,000)
Net cash provided by operating activities	$ 246,385

See accompanying notes to the basic financial statements.

CITY OF HILLIARD, OHIO
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2013

Assets	
Equity in pooled cash and cash equivalents	$ 267,507
Cash and cash equivalents in segregated accounts	31,298
Accounts receivable	12,240
Total assets	$ 311,045
Liabilities	
Due to other governments	$ 240,151
Deposits held and due to others	70,894
Total liabilities	$ 311,045

See accompanying notes to the basic financial statements.

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 19 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.

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

A. 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.

B. 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.

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

B. Fund Accounting - *continued*

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 governmental fund deferred inflows of resources and liabilities is reported as fund balance. The following are the City's major governmental funds:

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.

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 or committed for a particular purpose.

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

B. Fund Accounting - *continued*

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.

C. 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.

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

C. Measurement Focus - *continued*

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 Net Position. The Statement of Revenues, Expenses, and Changes in 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.

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

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

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

D. Basis of Accounting - *continued*

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.

E. 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 2013, the City invested in negotiable certificates of deposit, a money market account, and STAR Plus. STAR Plus is a cash management program that provides Ohio political subdivisions with access to hundreds of FDIC insured banks. 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 2013 amounted to $32,586 which includes $23,365 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.

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

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2013, 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.

G. 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.

H. 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.

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

H. Capital Assets - *continued*

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.

I. 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. For the City, deferred inflows of resources include property taxes, payment in lieu of taxes, and unavailable revenue. Receivables from property taxes and payment in lieu of taxes represent amounts that were levied and measurable as of December 31, 2013, but are intended to finance 2014 operations. These amounts have been recorded as deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental fund financial statements and represent receivables that will not be collected within the available period (sixty days after year-end).

J. 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.

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

J. Compensated Absences - *continued*

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

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

K. 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.

L. 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.

M. Net Position

Net position represents the difference of assets and deferred outflow of resources, less 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.

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

M. Net Position - *continued*

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 $13,239,396 of restricted net position, of which none was restricted by enabling legislation.

N. 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.

O. 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.

P. 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.

Q. 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.

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

Q. Budgetary Process - *continued*

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

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

NOTE 3 – 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 and Actual – Budget (Non-GAAP) Basis, are presented for the General Fund and the Street Maintenance and Repair, Street Improvement Municipal Tax, Water and Sewer Revenue, and TIF Major 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, when applicable, are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING - *continued*

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	$ 3,864,621	$ 225,480	$ (214,666)	$ 6,483	$ 1,580,554
Funds reclassified	(429,789)	-	-	-	-
Revenue accruals	131,924	(23,107)	33,446	5,807	-
Expenditure accruals	(1,057,465)	(17,321)	(56,879)	27,867	-
Encumbrances	(626,594)	(106,253)	(589,473)	(196,221)	(53,766)
Budget Basis	$ 1,882,697	$ 78,799	$ (827,572)	$ (156,064)	$ 1,526,788

NOTE 4 – 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;

NOTE 4 – DEPOSITS AND INVESTMENTS - *continued*

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

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

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

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure; the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end, $9,244,117 of the City's bank balance of $18,837,854 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.

NOTE 4 – DEPOSITS AND INVESTMENTS - *continued*

Investments

As of December 31, 2013, 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	19 to 24 mos
5/3rd Government Money Market	$ 2,217,529	$ 2,217,529	$ -	$ -	$ -
Negotiable Certificates of Deposit	6,890,725	1,424,814	1,748,156	2,221,438	1,496,317
Total	$ 9,108,254	$ 3,642,343	$ 1,748,156	$ 2,221,438	$ 1,496,317

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 –Under normal circumstances, the 5/3rd 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 5/3rd Government Money Market and negotiable Certificates of Deposit represent 24% and 76%, respectively, of the City's total investments.

NOTE 5 – PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2013 for real and public utility property taxes represents collections of 2012 taxes.

2013 real property taxes are levied after October 1, 2013, on the assessed value as of January 1, 2013, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2013 real property taxes are collected in and intended to finance 2014.

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. 2013 public utility property taxes became a lien December 31, 2012, are levied after October 1, 2013, and are collected in 2013 with real property taxes.

NOTE 5 – PROPERTY TAXES - *continued*

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, 2013, 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 2013 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, 2013, was $1.60 per $1,000 of assessed value. The assessed values of real and public utility property upon which 2013 property tax receipts were based are as follows:

Category	Assessed Value
Real Property	$ 828,696,190
Public Utility Property	13,663,980
Totals	$ 842,360,170

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

NOTE 6 – 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 7 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	$ 4,600,492	$ 126,095	$ -	$ 4,726,587
Construction in progress	17,532	-	(17,532)	-
Total capital assets not being depreciated	4,618,024	126,095	(17,532)	4,726,587
Capital assets being depreciated:				
Buildings	11,557,905	-	-	11,557,905
Improvements other than buildings	10,119,049	129,960	-	10,249,009
Machinery and equipment	5,187,443	317,438	(5,400)	5,499,481
Furniture and fixtures	609,913	14,214	-	624,127
Vehicles	2,805,110	438,083	(204,506)	3,038,687
Infrastructure	391,525,492	3,859,637	(34,698)	395,350,431
Total capital assets being depreciated	421,804,912	4,759,332	(244,604)	426,319,640
Less accumulated depreciation:				
Buildings	(3,740,798)	(338,266)	-	(4,079,064)
Improvements other than buildings	(2,842,136)	(408,707)	-	(3,250,843)
Machinery and equipment	(3,613,344)	(413,498)	5,400	(4,021,442)
Furniture and fixtures	(362,187)	(41,167)	-	(403,354)
Vehicles	(1,922,839)	(302,976)	198,958	(2,026,857)
Infrastructure	(165,859,116)	(10,568,892)	23,886	(176,404,122)
Total accumulated depreciation	(178,340,420)	(12,073,506)	228,244	(190,185,682)
Total capital assets being depreciated, net	243,464,492	(7,314,174)	(16,360)	236,133,958
Capital assets, net	$ 248,082,516	$(7,188,079)	$ (33,892)	$ 240,860,545

For the year ended December 31, 2013, the value of the assets donated to the City was $1,612,442.

Depreciation expense was charged to the governmental programs as follows:

General government	$ 306,572
Security of persons and property	425,310
Leisure time activities	442,653
Community environment	99,775
Basic utility services	5,833,425
Transportation	4,965,771
Total depreciation expense	$12,073,506

NOTE 8 – RECEIVABLES

Receivables at December 31, 2013, consisted of property and other local taxes, payments in lieu of taxes, municipal income taxes, accounts, intergovernmental receivables arising from grants, entitlements and shared revenues, and interfund receivables. All receivables are considered fully collectible.

NOTE 9 – 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, 2013, 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 12.0 percent and 12.6 percent of their annual covered salary, respectively. The employer contribution rate for pension benefits for 2013 was 14.0 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, 2013, 2012, and 2011 were $800,370, $830,769, and $707,298, respectively; 100 percent has been contributed for all three years. Contributions to the member-directed plan for 2013 were $27,477 made by the City and $19,627 made by the plan members.

NOTE 9 – DEFINED BENEFIT PENSION PLANS - *continued*

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 or on OP&F's website at www.op-f.org.

From January 1, 2013 thru July 1, 2013, plan member were required to contribution 10 percent of their annual covered salary. From July 2, 2013 thru December 31, 2013, plan members were required to contribute 10.75 percent of their annual covered salary. Throughout 2013, the City was required to contribute 19.5 percent for police officers. In 2013, the City required employees to contribute 6.5 percent, and the City paid the remaining 3.5 percent of participants' gross salaries, along with the required employer portion. The City has no firefighters. Contributions are authorized by State statute. The City's required contributions to the OP&F for the years ended December 31, 2013, 2012, and 2011 were $828,496, $832,229, and $781,870, respectively. The full amount has been contributed for all three years.

NOTE 10 – POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) maintains a cost-sharing multiple employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including post-employment health care coverage. In order to qualify for post-employment health care coverage, age-and-service retirees under the traditional pension and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB *Statement No. 45*. The Ohio Revised Code permits, but does not mandate, OPERS to provide the OPEB Plan to its eligible members and beneficiaries. Authority to establish and amend the OPEB Plan is provided in Chapter 145 of the Ohio Revised Code.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care coverage. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, state and local employers contributed at a rate of 14.0 percent of covered payroll, the maximum employer contribution rate permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

NOTE 10 – POSTEMPLOYMENT BENEFITS - *continued*

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 1.0 percent during calendar year 2013. The portion of employer contributions allocated to health care for members in the Combined Plan was 1.0 percent during calendar year 2013. Effective January 1, 2014, the portion of employer contributions allocated to health care was raised by 2 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 2013, 2012, and 2011 which were used to fund postemployment benefits were $57,146, $239,570, and $202,075, 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 statutory survivor benefit 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.

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.

NOTE 10 – POSTEMPLOYMENT BENEFITS - *continued*

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. The portion of employer contributions allocated to health care was 4.69 percent of covered payroll from January 1, 2013 thru May 31, 2013 and 2.85 percent of covered payroll from June 1, 2013 thru December 31, 2013. 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 2013, 2012 and 2011 that were allocated to fund the health care plan for police were $154,100, $288,079, and $270,527, respectively.

NOTE 11 – 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.

NOTE 12 – 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 and 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, 2013 were as follows:

Year Ending December 31,	Safety Building and Equipment Leases
2014	$ 476,240
2015	476,240
2016	476,240
2017	389,679
2018	389,679
2019-2023	1,948,395
2024-2028	1,948,396
2029-2033	1,948,400
2034-2038	1,948,400
Total	$ 10,001,669
Less: amount representing interest	(3,945,349)
Present value of net minimum lease payments	$ 6,056,320

NOTE 13 – 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 2013, 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 2013 were $2,038,234. The claims liability of $142,000 reported in the Insurance Trust Fund at December 31, 2013, 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 2011, 2012, and 2013 were:

Year	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2011	$ 172,000	$ 1,694,917	$ (1,692,917)	$ 174,000
2012	174,000	1,843,161	(1,784,161)	233,000
2013	233,000	1,721,214	(1,812,214)	142,000

NOTE 14 – LONG -TERM OBLIGATIONS

Changes in governmental activities long-term obligations during 2013 were as follows:

Type/Issues	Beginning Balance	Issued	Retired	Refunded	Ending Balance	Due Within One Year
Notes & Loans Payable:						
2005 OWDA Loan 3% $2,234,466	$ 1,839,157	$ -	$ (206,660)	$ -	$ 1,632,497	$ 212,907
2012 OPWC Loan $2,730,423	2,730,423	-	(54,608)	-	2,675,815	109,217
2013 Taxable Notes 1% $4,285,000	-	4,285,000	-	-	4,285,000	4,285,000
Total Notes & Loans Payable	4,569,580	4,285,000	(261,268)	-	8,593,312	4,607,124
Unvoted General Obligation Bonds:						
2003 Various Purpose Improvement						
3.0 - 4.25% $5,280,000	245,000	-	(245,000)	-	-	-
2005 Various Purpose and Refunding						
3.0 - 5.0% $20,175,000	14,280,000	-	(1,055,000)	(8,110,000)	5,115,000	1,095,000
2005 Trueman Boulevard Project						
3.0 - 5.0% $8,285,000	360,000	-	(360,000)	-	-	-
2007 Various Purpose & Refunding						
4.0 - 5.0% $7,975,000	6,445,000	-	(305,000)	-	6,140,000	320,000
2009 Various Purpose						
2.25 - 5.0% $15,540,000	13,270,000	-	(800,000)	-	12,470,000	825,000
2011 Various Purpose						
2.0 - 4.25% $8,020,000	7,445,000	-	(425,000)	-	7,020,000	435,000
2012 Various Purpose						
2.0 - 5.0% $11,085,000	11,085,000	-	(165,000)	-	10,920,000	785,000
2013 Refunding						
1.0 - 3.5% $8,905,000	-	8,905,000	(200,000)	-	8,705,000	120,000
Total General Obligation Bonds	53,130,000	8,905,000	(3,555,000)	(8,110,000)	50,370,000	3,580,000
Other Long-Term Obligations:						
Compensated Absences	1,933,382	1,058,850	(1,003,398)	-	1,988,834	1,103,976
Premium on GO Bonds Issued	2,729,717	484,152	(214,510)	(240,029)	2,759,330	-
Capital Leases	6,256,210	-	(199,890)	-	6,056,320	208,044
Total Other Long-Term Obligations	10,919,309	1,543,002	(1,417,798)	(240,029)	10,804,484	1,312,020
Total Long-Term Obligations	$ 68,618,889	$14,733,002	$ (5,234,066)	$ (8,350,029)	$ 69,767,796	$ 9,499,144

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.

NOTE 14 – LONG -TERM OBLIGATIONS - *continued*

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.

In April 2013, the City issued $4,285,000 in Series 2013 Various Purpose Taxable Notes to finance construction and improvements to infrastructure and utility systems. The notes bear interest of 1.0% and mature on April 29, 2014.

In April 2013, the City issued $8,905,000 of Refunding Bonds, Series 2013. The bonds were issued to advance refund $8,110,000 of 2005 Various Purpose Improvement Bonds. The bonds will mature December 1, 2024 and bear interest rates of 1.0% to 3.5%. The advance refunding reduced the City's total debt service payments over 12 years by $989,183 to obtain an economic gain (difference between the present values of the debt service payments on the old and new bonds) of $908,545.

As of December 31, 2013, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was $83,472,668 with an unvoted debt margin of $41,354,659.

Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2013, are:

	OWDA Loans		General Obligation Bonds		OPWC Loan	
Year	Principal	Interest	Principal	Interest	Principal	Interest
2014	$ 212,907	$ 47,390	$ 3,580,000	$ 2,318,779	$ 109,217	$ -
2015	219,341	40,955	3,515,000	2,202,379	109,217	-
2016	225,971	34,326	3,335,000	2,089,679	109,217	-
2017	232,801	27,495	3,390,000	1,949,979	109,217	-
2018	239,837	20,459	3,450,000	1,815,554	109,217	-
2019-2023	501,640	18,951	18,880,000	6,520,626	546,085	-
2024-2028	-	-	12,610,000	1,923,673	546,085	-
2029-2033	-	-	1,610,000	94,363	546,085	-
2034-2038	-	-	-	-	491,475	-
Totals	$ 1,632,497	$ 189,576	$ 50,370,000	$ 18,915,032	$ 2,675,815	$ -

NOTE 15 – DUE TO / DUE FROM OTHER FUNDS

Amounts due to/due from other funds at December 31, 2013 were as follows:

	Due From	Due To
Governmental Funds:		
General Fund	$ 34,476	$ 105,967
Street Maintenance and Repair Fund	-	13,577
Water and Sewer Revenue Fund	-	25,914
Nonmajor Governmental Funds	-	12,957
	34,476	158,415
Internal Service Fund	123,939	-
	$ 158,415	$ 158,415

NOTE 16 – 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 ordinance. Assigned fund balance includes amounts that have an intended use by City, but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amounts that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the City Council. The City Council has authorized the Finance Director to assign fund balance for purchases on order provided those amounts have been lawfully appropriated. 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.

NOTE 16 – FUND BALANCES - *continued*

Fund Balances	General	Street Maintenance and Repair	Street Improvement Municipal Tax	Water and Sewer Revenue	TIF	Capital Improvement Municipal Tax	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:								
Prepaids	$ 25,268	$ -	$ -	$ -	$ -	$ -	$ -	$ 25,268
Restricted for:								
Transportation	-	810,578	-	-	4,219,555	-	629,255	5,659,388
Police programs	-	-	-	-	-	-	169,522	169,522
Capital outlay	-	-	-	-	-	9,776,910	567,922	10,344,832
Other	-	-	-	-	-	-	4,100	4,100
Total Restricted	-	810,578	-	-	4,219,555	9,776,910	1,370,799	16,177,842
Committed to:								
General government	184,839	-	-	-	-	-	-	184,839
Basic utility services	-	-	-	912,177	-	-	447,278	1,359,455
Community environment	39,798	-	-	-	-	-	-	39,798
Transportation	-	-	2,989,245	-	-	-	-	2,989,245
Park maintenance	-	-	-	-	-	-	217,478	217,478
Total committed	224,637	-	2,989,245	912,177	-	-	664,756	4,790,815
Assigned to:								
General government	71,149	-	-	-	-	-	-	71,149
Community environment	40,850	-	-	-	-	-	-	40,850
Police programs	1,893	-	-	-	-	-	-	1,893
Total assigned	113,892	-	-	-	-	-	-	113,892
Unassigned (deficit)	9,146,578	-	-	-	-	-	-	9,146,578
Total Fund Balance	$ 9,510,375	$ 810,578	$ 2,989,245	$ 912,177	$ 4,219,555	$ 9,776,910	$ 2,035,555	$ 30,254,395

NOTE 17 – 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, 2013, there were two series of industrial revenue development bonds outstanding with an aggregate principal amount payable of $1,665,000.

NOTE 18 – CONTRACTUAL COMMITMENTS

As of December 31, 2013, the City had contractual purchase commitments as follows:

Vendor	Contract Amount	Amount Expended	Balance 12/31/13
Burgess & Niple	$ 688,500	$ 406,293	$ 282,207
Dave Kerr	24,400	10,450	13,950
EMHT	229,006	35,213	193,793
EP Ferris & Associates, Inc.	195,500	3,802	191,698
Flowline, L.L.C.	109,720	-	109,720
George J. Igel Co., Inc.	338,050	-	338,050
George Thomas Contracting, Inc.	31,808	7,881	23,927
Hach Company	25,600	17,350	8,250
LJB Engineering, Inc.	17,000	-	17,000
Lusk Group	228,073	148,179	79,894
MS Consultants, Inc.	498,504	179,922	318,582
Nickolas Savko and Sons	568,000	-	568,000
OHM Advisors	51,000	15,000	36,000
Poggemeyer Design Group, Inc.	75,810	64,598	11,212
S&ME, Inc.	45,000	1,654	43,346
Site Maintenance	10,000	9,889	111
Stantec Consulting Svcs., Inc.	399,250	221,709	177,541
Strawser Paving Co., Inc.	1,012,827	627,753	385,074
URS Corporation	205,800	27,693	178,107
Various Utility Companies	470,000	354,353	115,647
WE Stilson Consulting Group	65,000	20,238	44,762
	$ 5,288,848	$ 2,151,977	$ 3,136,871

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 the six major governmental funds and in the nonmajor funds at December 31, 2013: $626,594 in the General Fund, $106,253 in the Street Maintenance and Repair Fund, $589,473 in the Street Improvement Municipal Tax Fund, $196,221 in the Water and Sewer Revenue Fund, $53,766 in the TIF Fund, $1,943,264 in the Capital Improvement Municipal Tax Fund and $557,039 in the Nonmajor Funds.

NOTE 19 – 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.

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 20 – CONTINGENT LIABILITIES

Federal and State Grants

For the year ended December 31, 2013, 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 21 – SUBSEQUENT EVENT

In April 2014, the City issued $5,160,000 in Series 2014A General Obligation Refunding Bonds to advance refund $4,780,000 of the Series 2007 General Obligation Various Purpose Bonds; $4,285,000 in Series 2014B Various Purpose Taxable Notes to refinance the Series 2013 Various Purpose Taxable Notes; and $6,500,000 in 2014C Various Purpose Notes to finance construction, improvements, and acquisition of equipment. The bonds bear interest between 2% - 4% and mature on December 1, 2027. Both notes bear interest of 1% and mature on April 27, 2015.

Supplementary Information

Combining Statements And Individual Fund Schedules

CITY OF HILLIARD, OHIO
Major Fund Descriptions

The **General Fund** is the operating fund and is used to account for all financial resources except for 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. The City has only presented the budget schedules for these funds:

The **Police Benevolent Fund** accounts for various donations and fees received by the City for police-related programs that include Safety Town, DARE, and Police K-9.

The **Construction Inspection Fund** accounts for the construction inspection fees paid by developers. Expenditures are payments to the inspectors.

Major Special Revenue Funds:

The **Street Maintenance and Repair Fund** accounts for the portion of the state gasoline tax and motor vehicle registration fees restricted for maintenance and repair of streets within the City.

The **Street Improvement Municipal Tax Fund** accounts for a portion of the City's income tax collections to be used for repair and improvement of streets and highways. In 2013, 3% of income tax collections were deposited into the fund.

The **Water and Sewer Revenue 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.

The **Tax Increment Financing Fund** accounts for real estate taxes received from various business owners to be used for City-owned infrastructure improvements that will benefit the business owners' property.

Major Capital Project Fund:

The **Capital Improvement Municipal Tax Fund** accounts 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 and Actual - Budget (Non-GAAP) Basis

General Fund

Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance From Final
	Original	Final	Amounts	Budget
Revenues				
Property and other local taxes	$ 1,506,266	$ 1,506,266	$ 1,544,768	$ 38,502
Municipal income taxes	13,259,843	13,259,843	14,374,613	1,114,770
Intergovernmental	591,968	591,968	585,594	(6,374)
Charges for services	3,654,567	3,704,567	3,577,782	(126,785)
Licenses and permits	842,050	842,050	1,001,984	159,934
Fines and forfeitures	350,000	350,000	327,446	(22,554)
Investment income	63,000	63,000	32,586	(30,414)
Miscellaneous	122,500	72,500	57,585	(14,915)
Total revenues	20,390,194	20,390,194	21,502,358	1,112,164
Expenditures				
Current:				
General Government:				
Mayor:				
Personal services	164,405	163,578	160,058	3,520
Contractual services	5,474	5,474	1,025	4,449
Materials and supplies	49,500	49,500	38,000	11,500
Total Mayor	219,379	218,552	199,083	19,469
City Council:				
Personal services	221,003	220,633	203,144	17,489
Contractual services	95,353	95,353	57,609	37,744
Materials and supplies	52,500	52,500	52,500	-
Total City Council	368,856	368,486	313,253	55,233
Clerk of Courts:				
Personal services	160,826	159,870	151,594	8,276
Contractual services	12,408	12,408	10,380	2,028
Materials and supplies	94,634	94,634	92,497	2,137
Total Clerk of Corts	267,868	266,912	254,471	12,441
Law:				
Personal services	249,627	248,378	149,553	98,825
Contractual services	8,117	8,117	5,950	2,167
Materials and supplies	98,311	98,311	81,172	17,139
Total Law	356,055	354,806	236,675	118,131

(continued)

CITY OF HILLIARD, OHIO
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual - Budget (Non-GAAP) Basis
General Fund
Year Ended December 31, 2013
(continued)

	Budgeted Amounts		Actual	Variance From Final
	Original	Final	Amounts	Budget
Finance:				
Personal services	653,833	650,713	566,895	83,818
Contractual services	50,237	50,237	36,316	13,921
Materials and supplies	111,418	111,417	74,487	36,930
Other	60,400	60,400	41,497	18,903
Total Finance	875,888	872,767	719,195	153,572
Economic Development:				
Personal services	158,951	157,913	155,234	2,679
Contractual services	13,600	13,600	12,711	889
Materials and supplies	500	500	500	-
Total Economic Development	173,051	172,013	168,445	3,568
City Clerk:				
Personal services	300	300	-	300
Contractual services	15,547	15,547	10,058	5,489
Materials and supplies	2,500	2,500	2,468	32
Total City Clerk	18,347	18,347	12,526	5,821
Human Resources:				
Personal services	308,817	307,668	305,918	1,750
Contractual services	15,361	15,361	7,786	7,575
Materials and supplies	48,160	48,160	40,216	7,944
Total Human Resources	372,338	371,189	353,920	17,269
Public Building and Land:				
Personal services	310,530	308,523	308,438	85
Contractual services	50,988	50,988	37,182	13,806
Materials and supplies	122,962	122,962	96,559	26,403
Utilities	539,264	539,264	527,539	11,725
Total Public Building and Land	1,023,744	1,021,737	969,718	52,019
Information Technology:				
Personal services	41,118	40,855	12,557	28,298
Contractual services	25,942	25,942	21,849	4,093
Materials and supplies	502,265	502,265	434,063	68,202
Total Information Technology	569,325	569,062	468,469	100,593
Civil Service Commission:				
Personal services	6,888	6,494	4,048	2,446
Contractual services	11,337	11,337	3,902	7,435
Materials and supplies	13,000	13,000	13,000	-
Total Civil Service Commission	31,225	30,831	20,950	9,881

(continued)

CITY OF HILLIARD, OHIO
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual - Budget (Non-GAAP) Basis
General Fund
Year Ended December 31, 2013
(continued)

	Budgeted Amounts		Actual	Variance From Final
	Original	Final	Amounts	Budget
Boards and Commissions:				
Personal services	38,486	36,771	20,185	16,586
Contractual services	500	500	-	500
Total Boards and Commissions	38,986	37,271	20,185	17,086
General Administrative:				
Personal services	118,427	117,923	117,570	353
Contractual services	29,541	29,541	26,775	2,766
Materials and supplies	499,754	499,754	414,766	84,988
Other	1,100,000	1,100,000	1,087,377	12,623
Total General Administrative	1,747,722	1,747,218	1,646,488	100,730
Total General Government	6,062,784	6,049,191	5,383,378	665,813
Security of Persons and Property:				
Police:				
Personal services	7,962,249	7,921,982	7,808,573	113,409
Contractual services	204,351	204,109	190,798	13,311
Materials and supplies	196,164	195,416	186,898	8,518
Other	6,545	6,511	6,000	511
Total Police	8,369,309	8,328,018	8,192,269	135,749
Total Security of Persons and Property	8,369,309	8,328,018	8,192,269	135,749
Public Health:				
County Health District:				
Contractual services	190,000	190,000	189,148	852
Total County Health District	190,000	190,000	189,148	852
Total Public Health	190,000	190,000	189,148	852
Lesiure Time Activities:				
Recreation:				
Personal services	2,025,161	2,017,609	1,951,908	65,701
Contractual services	330,898	330,898	326,443	4,455
Materials and supplies	233,606	233,606	229,241	4,365
Utilities	262,586	262,587	254,860	7,727
Other	33,000	33,000	27,000	6,000
Total Recreation	2,885,251	2,877,700	2,789,452	88,248
Total Leisure Time Activities	2,885,251	2,877,700	2,789,452	88,248

(continued)

CITY OF HILLIARD, OHIO
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budget (Non-GAAP) Basis
General Fund
Year Ended December 31, 2013
(concluded)

	Budgeted Amounts		Actual	Variance From Final
	Original	Final	Amounts	Budget
Community Environment:				
Service/Engineer:				
Personal services	563,606	560,531	547,015	13,516
Contractual services	32,331	32,332	12,913	19,419
Materials and supplies	2,081,455	2,081,455	2,031,908	49,547
Total Service/Engineer	2,677,392	2,674,318	2,591,836	82,482
Building Inspection:				
Personal services	512,470	510,184	395,797	114,387
Contractual services	14,833	14,833	6,845	7,988
Materials and supplies	125,314	125,314	77,280	48,034
Other	7,000	7,000	7,000	-
Total Building Inspection	659,617	657,331	486,922	170,409
Total Community Environment	3,337,009	3,331,649	3,078,758	252,891
Total Expenditures	20,844,353	20,776,558	19,633,005	1,143,553
Excess of Revenues Over (Under) Expenditures	(454,159)	(386,364)	1,869,353	2,255,717
Other financing sources				
Sale of assets	-	-	13,344	13,344
Net change in fund balance	(454,159)	(386,364)	1,882,697	2,269,061
Fund balance, beginning of year	4,476,102	4,476,102	4,476,102	
Prior year encumbrances appropriated	475,688	475,688	475,688	
Fund balance, end of year	$ 4,497,631	$ 4,565,426	$ 6,834,487	

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budget (Non-GAAP) Basis

Construction Inspection Fund[1]

Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance From Final
	Original	Final	Amounts	Budget
Revenues				
Charges for services	$ 487,220	$ 497,220	$ 689,310	$ 192,090
Miscellaneous	-	-	85,153	85,153
Total revenues	487,220	497,220	774,463	277,243
Expenditures				
Current:				
Community Environment:				
Personal services	264,267	262,883	258,358	4,525
Contractual services	18,000	18,000	798	17,202
Materials and supplies	80,000	230,000	150,000	80,000
Other	5,000	5,000	-	5,000
Total expenditures	367,267	515,883	409,156	106,727
Net change in fund balance	119,953	(18,663)	365,307	383,970
Fund balance, beginning of year	20,609	20,609	20,609	
Prior year encumbrances appropriated	1,384	1,384	1,384	
Fund balance, end of year	$ 141,946	$ 3,330	$ 387,300	

[1] 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 and Actual - Budget (Non-GAAP) Basis

Police Benevolent Fund[1]

Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance From Final
	Original	Final	Amounts	Budget
Revenues				
Charges for services	$ 10,000	$ 10,000	$ 10,175	$ 175
Donations	10,000	10,000	2,387	(7,613)
Total revenues	20,000	20,000	12,562	(7,438)
Expenditures				
Current:				
Security of Persons and Property:				
Contractual services	10,177	15,177	12,834	2,343
Materials and supplies	12,478	7,478	5,240	2,238
Capital outlay	5,192	5,192	5,192	-
Other	1,888	1,870	1,465	405
Total expenditures	29,735	29,717	24,731	4,986
Net change in fund balance	(9,735)	(9,717)	(12,169)	(2,452)
Fund balance, beginning of year	27,864	27,864	27,864	
Prior year encumbrances appropriated	9,735	9,735	9,735	
Fund balance, end of year	$ 27,864	$ 27,882	$ 25,430	

[1] 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 and Actual - Budget (Non-GAAP) Basis

Street Maintenance and Repair Fund

Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance From Final
	Original	Final	Amounts	Budget
Revenues				
Intergovernmental	$ 1,298,500	$ 1,298,500	$ 1,354,079	$ 55,579
Investment income	-	-	669	669
Miscellaneous	34,500	34,500	74,316	39,816
Total revenues	1,333,000	1,333,000	1,429,064	96,064
Expenditures				
Current:				
Transportation:				
Personal services	622,047	615,998	579,916	36,082
Contractual services	602,780	602,780	584,861	17,919
Materials and supplies	217,894	217,910	185,488	32,422
Total expenditures	1,442,721	1,436,688	1,350,265	86,423
Net change in fund balance	(109,721)	(103,688)	78,799	182,487
Fund balance, beginning of year	348,311	348,311	348,311	
Prior year encumbrances appropriated	100,123	100,123	100,123	
Fund balance, end of year	$ 338,713	$ 344,746	$ 527,233	

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budget (Non-GAAP) Basis

Street Improvement Municipal Tax Fund

Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance From Final
	Original	Final	Amounts	Budget
Revenues				
Municipal income taxes	$ 1,153,030	$ 1,153,030	$ 1,249,966	$ 96,936
Miscellaneous	-	-	1,460	1,460
Total revenues	1,153,030	1,153,030	1,251,426	98,396
Expenditures				
Current:				
General Government:				
Materials and supplies	50,000	50,000	47,501	2,499
Other	100,000	100,000	78,192	21,808
Total General Government	150,000	150,000	125,693	24,307
Transportation:				
Materials and supplies	475,892	475,892	450,822	25,070
Capital outlay	1,024,017	1,168,746	1,125,989	42,757
Total Transportation	1,499,909	1,644,638	1,576,811	67,827
Debt Service:				
Principal retirement	370,350	370,350	370,350	-
Interest and fiscal charges	9,650	9,650	6,144	3,506
Total Debt Service	380,000	380,000	376,494	3,506
Total expenditures	2,029,909	2,174,638	2,078,998	95,640
Net change in fund balance	(876,879)	(1,021,608)	(827,572)	194,036
Fund balance, beginning of year	3,030,813	3,030,813	3,030,813	
Prior year encumbrances appropriated	146,909	146,909	146,909	
Fund balance, end of year	$ 2,300,843	$ 2,156,114	$ 2,350,150	

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budget (Non-GAAP) Basis

Water and Sewer Revenue Fund

Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance From Final
	Original	Final	Amounts	Budget
Revenues				
Charges for services	$ 1,445,000	$ 1,895,000	$ 1,556,498	$ (338,502)
Miscellaneous	-	-	13,348	13,348
Total revenues	1,445,000	1,895,000	1,569,846	(325,154)
Expenditures				
Current:				
Basic Utility Services:				
Personal services	989,750	986,572	954,787	31,785
Contractual services	117,350	117,351	83,803	33,548
Materials and supplies	353,390	433,391	253,158	180,233
Capital outlay	205,000	594,572	64,250	530,322
Utilities	92,000	92,000	91,932	68
Other	10,000	10,000	-	10,000
Total Basic Utility Services	1,767,490	2,233,886	1,447,930	785,956
Debt Service:				
Principal retirement	171,200	171,200	171,200	-
Interest and fiscal charges	115,800	115,800	106,780	9,020
Total Debt Service	287,000	287,000	277,980	9,020
Total expenditures	2,054,490	2,520,886	1,725,910	794,976
Net change in fund balance	(609,490)	(625,886)	(156,064)	469,822
Fund balance, beginning of year	927,677	927,677	927,677	
Prior year encumbrances appropriated	44,918	44,918	44,918	
Fund balance, end of year	$ 363,105	$ 346,709	$ 816,531	

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budget (Non-GAAP) Basis

TIF Fund

Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance From Final
	Original	Final	Amounts	Budget
Revenues				
Payment in lieu of taxes	$ 2,235,000	$ 2,235,000	$ 5,038,316	$ 2,803,316
Intergovernmental	155,000	155,000	166,753	11,753
Total revenues	2,390,000	2,390,000	5,205,069	2,815,069
Expenditures				
Current:				
Transportation:				
Other	533,765	1,798,765	1,773,507	25,258
Total Transportation	533,765	1,798,765	1,773,507	25,258
Debt Service:				
Principal retirement	1,500,000	1,545,800	1,345,800	200,000
Interest and fiscal charges	-	564,200	558,974	5,226
Total Debt Service	1,500,000	2,110,000	1,904,774	205,226
Total expenditures	2,033,765	3,908,765	3,678,281	230,484
Net change in fund balance	356,235	(1,518,765)	1,526,788	3,045,553
Fund balance, beginning of year	2,585,237	2,585,237	2,585,237	
Prior year encumbrances appropriated	53,765	53,765	53,765	
Fund balance, end of year	$ 2,995,237	$ 1,120,237	$ 4,165,790	

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budget (Non-GAAP) Basis

Capital Improvement Municipal Tax Fund

Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance From Final
	Original	Final	Amounts	Budget
Revenues				
Municipal income taxes	$ 4,804,291	$ 4,804,291	$ 5,208,193	$ 403,902
Intergovernmental	-	2,300,000	490,488	(1,809,512)
Licenses and permits	200,000	800,000	761,243	(38,757)
Miscellaneous	20,000	120,000	119,979	(21)
Total revenues	5,024,291	8,024,291	6,579,903	(1,444,388)
Expenditures				
Current:				
General Government:				
Contractual services	280,680	324,000	287,948	36,052
Capital outlay	1,496,736	556,508	528,196	28,312
Other	300,000	300,000	207,380	92,620
Total General Government	2,077,416	1,180,508	1,023,524	156,984
Security of Persons and Property:				
Capital outlay	187,547	532,547	528,083	4,464
Total Security of Persons and Property	187,547	532,547	528,083	4,464
Leisure Time Activities:				
Capital outlay	93,642	2,979,397	389,589	2,589,808
Total Leisure Time Activities	93,642	2,979,397	389,589	2,589,808
Community Environment:				
Contractual services	-	175,000	175,000	-
Capital outlay	1,716	1,716	1,716	-
Total Community Environment	1,716	176,716	176,716	-
Basic Utility Services:				
Contractual services	886,942	2,811,542	1,380,323	1,431,219
Capital outlay	361,671	2,417,671	411,279	2,006,392
Total Basic Utility Services	1,248,613	5,229,213	1,791,602	3,437,611
Transportation:				
Contractual services	3,367	298,367	309,681	(11,314)
Capital outlay	451,781	2,973,867	2,078,611	895,256
Total Transportation	455,148	3,272,234	2,388,292	883,942

(continued)

CITY OF HILLIARD, OHIO
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual - Budget (Non-GAAP) Basis
Capital Improvement Municipal Tax Fund
Year Ended December 31, 2013
(concluded)

	Budgeted Amounts		Actual	Variance From Final
	Original	Final	Amounts	Budget
Debt Service:				
Principal retirement	1,928,918	2,128,808	2,128,808	-
Interest and fiscal charges	1,859,528	1,659,711	1,603,597	56,114
Issuance costs	-	154,000	153,222	778
Total Debt Service	3,788,446	3,942,519	3,885,627	56,892
Total expenditures	7,852,528	17,313,134	10,183,433	7,129,701
Excess of revenues over/(under) expenditures	(2,828,237)	(9,288,843)	(3,603,530)	5,685,313
Other financing sources (uses)				
Sale of assets	-	-	5,441	5,441
Issuance of notes	-	4,285,000	4,285,000	-
Issuance of bonds	-	8,905,000	8,905,000	-
Premiums	-	600,000	484,152	(115,848)
Payment to escrow	-	(9,243,627)	(9,243,627)	-
Total other financing sources (uses)	-	4,546,373	4,435,966	(110,407)
Net change in fund balance	(2,828,237)	(4,742,470)	832,436	5,574,906
Fund balance, beginning of year	3,649,206	3,649,206	3,649,206	
Prior year encumbrances appropriated	2,215,410	2,215,410	2,215,410	
Fund balance, end of year	$ 3,036,379	$ 1,122,146	$ 6,697,052	

CITY OF HILLIARD, OHIO
Nonmajor Fund Descriptions

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes. The following are descriptions of each Special Revenue Fund:

The **County Municipal Motor Vehicle Tax Fund** accounts 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.

The **Park Maintenance Fund** accounts for public use fees collected on all lots developed in the City and the expenditures for all park maintenance, repair, and upkeep.

The **Police Fund** accounts 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.

The **Mayor's Court Computer Fund** accounts for court fees to be used to maintain and upgrade the computer system in the Mayor's Court.

The **General Government Grants Fund** accounts for revenue and expenditures related to grants received from various sources.

The **Heritage Trail Dog Park Fund** accounts for the receipt and expenditure of donations for the construction of the Heritage Trail Dog Park.

The **Storm Water Utility Fund** accounts for storm water utility fees which are used to maintain and upgrade the storm water drainage systems.

DEBT SERVICE FUND

The 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.

Nonmajor Debt Service Fund:

The **Special Assessment Bond Retirement Fund** accounts for resources that are used for payment of principal, interest and fiscal charges on special assessment debt.

CITY OF HILLIARD, OHIO
Nonmajor Fund Descriptions

AGENCY FUNDS

Agency funds are used to account for assets held in a custodial capacity for individuals, private organizations, and other governmental units.

The **Mayor's Court Fund** accounts for the collection and distribution of court fines and forfeitures.

The **Escrow Fund** accounts 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 Balance Sheet
Nonmajor Governmental Funds
December 31, 2013

	Special Revenue Funds							Debt Service	Total
	County Municipal Motor Vehicle Tax	Park Maintenance	Police	Mayor's Court Computer	General Government Grants	Heritage Trail Dog Park	Storm Water Utility	Special Assessment Bond Retirement	Nonmajor Governmental Funds
Assets									
Equity in pooled cash and cash equivalents	$ 231,862	$ 785,300	$ 55,303	$ 114,219	$ -	$ 100	$ 504,383	$ -	$ 1,691,167
Cash and cash equivalents with fiscal agents	387,020	-	-	-	-	-	-	-	387,020
Receivables:									
Accounts	-	-	-	-	-	-	4,216	-	4,216
Due from other governments	112,877	-	-	-	12,816	-	-	-	125,693
Total assets	$ 731,759	$ 785,300	$ 55,303	$ 114,219	$ 12,816	$ 100	$ 508,599	$ -	$ 2,208,096
Liabilities									
Accounts payable	$ 29,525	$ -	$ -	$ -	$ 5,748	$ -	$ 23,809	$ -	$ 59,082
Due to other funds	-	-	-	-	-	-	12,957	-	12,957
Interfund payable	-	-	-	-	2,968	-	-	-	2,968
Accrued wages payable	-	-	-	-	-	-	12,769	-	12,769
Matured compensated absences	-	-	-	-	-	-	4,065	-	4,065
Due to other governments	-	-	-	-	-	-	7,721	-	7,721
Total liabilities	29,525	-	-	-	8,716	-	61,321	-	99,562
Deferred Inflows of Resources									
Unavailable revenue	72,979	-	-	-	-	-	-	-	72,979
Total deferred inflows of resources	72,979	-	-	-	-	-	-	-	72,979
Fund balances									
Restricted	629,255	567,922	55,303	114,219	4,100	-	-	-	1,370,799
Committed	-	217,378	-	-	-	100	447,278	-	664,756
Total fund balances	629,255	785,300	55,303	114,219	4,100	100	447,278	-	2,035,555
Total liabilities, deferred inflows of resources and fund balances	$ 731,759	$ 785,300	$ 55,303	$ 114,219	$ 12,816	$ 100	$ 508,599	$ -	$ 2,208,096

CITY OF HILLIARD, OHIO
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2013

	Special Revenue Funds							Debt Service	Total
	County Municipal Motor Vehicle Tax	Park Maintenance	Police	Mayor's Court Computer	General Government Grants	Heritage Trail Dog Park	Storm Water Utility	Special Assessment Bond Retirement	Nonmajor Governmental Funds
Revenues									
Property and other local taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 12,904	$ 12,904
Intergovernmental	350,597	30,000	10,089	-	26,665	-	-	-	417,351
Charges for services	-	80,562	-	-	-	150	637,539	-	718,251
Licenses and permits	-	411,416	-	-	-	-	-	-	411,416
Fines and forfeitures	-	-	33,785	21,576	-	-	-	-	55,361
Investment income	276	-	-	-	-	-	-	-	276
Miscellaneous	-	1,450	-	-	-	-	2,156	-	3,606
Total Revenues	350,873	523,428	43,874	21,576	26,665	150	639,695	12,904	1,619,165
Expenditures									
Current:									
General government	-	-	-	6,278	7,150	-	-	-	13,428
Security of persons and property	-	-	18,932	-	15,415	-	-	-	34,347
Leisure time activities	-	127,564	-	-	-	2,100	-	-	129,664
Basic utility services	-	-	-	-	-	-	653,260	-	653,260
Transportation	177,860	-	-	-	-	-	-	-	177,860
Total expenditures	177,860	127,564	18,932	6,278	22,565	2,100	653,260	-	1,008,559
Net change in fund balances	173,013	395,864	24,942	15,298	4,100	(1,950)	(13,565)	12,904	610,606
Fund balance, beginning of year	456,242	389,436	30,361	98,921	-	2,050	460,843	(12,904)	1,424,949
Fund balance, end of year	$ 629,255	$ 785,300	$ 55,303	$ 114,219	$ 4,100	$ 100	$ 447,278	$ -	$ 2,035,555

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budget (Non-GAAP) Basis

County Municipal Motor Vehicle Tax Fund

Year Ended December 31, 2013

	Final Budgeted Amounts	Actual Amounts	Variance From Final Budget
Revenues			
Intergovernmental	$ 220,000	$ 346,296	$ 126,296
Investment income	-	276	276
Total revenues	220,000	346,572	126,572
Expenditures			
Current:			
Transportation:			
Contractual services	110,000	91,670	18,330
Materials and supplies	113,873	110,317	3,556
Total expenditures	223,873	201,987	21,886
Net change in fund balance	(3,873)	144,585	148,458
Fund balance, beginning of year	418,041	418,041	
Prior year encumbrances appropriated	3,873	3,873	
Fund balance, end of year	$ 418,041	$ 566,499	

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budget (Non-GAAP) Basis

Park Maintenance Fund

Year Ended December 31, 2013

	Final Budgeted Amounts	Actual Amounts	Variance From Final Budget
Revenues			
Intergovernmental	$ -	$ 30,000	$ 30,000
Charges for services	40,000	80,562	40,562
Licences and permits	260,000	411,416	151,416
Miscellaneous	-	1,450	1,450
Total revenues	300,000	523,428	223,428
Expenditures			
Current:			
Leisure Time Activities:			
Contractual services	19,800	19,754	46
Materials and supplies	57,662	41,916	15,746
Capital outlay	581,782	95,198	486,584
Total expenditures	659,244	156,868	502,376
Net change in fund balance	(359,244)	366,560	725,804
Fund balance, beginning of year	387,219	387,219	
Prior year encumbrances appropriated	8,277	8,277	
Fund balance, end of year	$ 36,252	$ 762,056	

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budget (Non-GAAP) Basis

Police Fund

Year Ended December 31, 2013

	Final Budgeted Amounts	Actual Amounts	Variance From Final Budget
Revenues			
Intergovernmental	$ 11,000	$ 10,089	$ (911)
Fines and forfeitures	-	33,760	33,760
Total revenues	11,000	43,849	32,849
Expenditures			
Current:			
Security of Persons and Property:			
Contractual services	15,500	3,508	11,992
Capital outlay	11,000	10,089	911
Other	8,200	7,789	411
Total expenditures	34,700	21,386	13,314
Net change in fund balance	(23,700)	22,463	46,163
Fund balance, beginning of year	30,362	30,362	
Prior year encumbrances appropriated	-	-	
Fund balance, end of year	$ 6,662	$ 52,825	

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budget (Non-GAAP) Basis

Mayor's Court Computer Fund

Year Ended December 31, 2013

	Final Budgeted Amounts	Actual Amounts	Variance From Final Budget
Revenues			
Fines and forfeitures	$ 20,000	$ 21,256	$ 1,256
Expenditures			
Current:			
General Government:			
Contractual services	14,896	10,588	4,308
Materials and supplies	20,149	-	20,149
Capital outlay	50,289	1,296	48,993
Total expenditures	85,334	11,884	73,450
Net change in fund balance	(65,334)	9,372	74,706
Fund balance, beginning of year	97,061	97,061	
Prior year encumbrances appropriated	5,334	5,334	
Fund balance, end of year	$ 37,061	$ 111,767	

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budget (Non-GAAP) Basis
General Government Grants Fund
Year Ended December 31, 2013

	Final Budgeted Amounts	Actual Amounts	Variance From Final Budget
Revenues			
Intergovernmental	$ 270,000	$ 81,916	$ (188,084)
Expenditures			
Current:			
Security of Persons and Property:			
Materials and supplies	95,000	95,000	-
Capital outlay	2,600	2,599	1
Total Security of Persons and Property	97,600	97,599	1
General Government:			
Contractual services	7,150	7,150	-
Total General Government	7,150	7,150	-
Total expenditures	104,750	104,749	1
Net change in fund balance	165,250	(22,833)	(188,083)
Fund balance, beginning of year	(68,067)	(68,067)	
Prior year encumbrances appropriated	-	-	
Fund balance, end of year	$ 97,183	$ (90,900)	

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budget (Non-GAAP) Basis

Heritage Trail Dog Park Fund

Year Ended December 31, 2013

	Final Budgeted Amounts	Actual Amounts	Variance From Final Budget
Revenues			
Charges of services	$ 100	$ 150	$ 50
Expenditures			
Current:			
Leisure Time Activities:			
Contractual services	2,100	2,100	-
Total expenditures	2,100	2,100	-
Net change in fund balance	(2,000)	(1,950)	50
Fund balance, beginning of year	2,050	2,050	
Prior year encumbrances appropriated	-	-	
Fund balance, end of year	$ 50	$ 100	

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budget (Non-GAAP) Basis

Storm Water Utility Fund

Year Ended December 31, 2013

	Final Budgeted Amounts	Actual Amounts	Variance From Final Budget
Revenues			
Charges of services	$ 610,000	$ 635,354	$ 25,354
Miscellaneous	-	2,156	2,156
Total revenues	610,000	637,510	27,510
Expenditures			
Current:			
Basic Utility Services:			
Personal services	491,287	477,172	14,115
Contractual services	18,300	16,553	1,747
Materials and supplies	516,653	443,698	72,955
Capital outlay	9,986	9,986	-
Total expenditures	1,036,226	947,409	88,817
Net change in fund balance	(426,226)	(309,899)	116,327
Fund balance, beginning of year	459,944	459,944	
Prior year encumbrances appropriated	54,103	54,103	
Fund balance, end of year	$ 87,821	$ 204,148	

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budget (Non-GAAP) Basis
Special Assessment Bond Retirement Fund
Year Ended December 31, 2013

	Final Budgeted Amounts	Actual Amounts	Variance From Final Budget
Revenues			
Property and other local taxes	$ -	$ 12,904	$ 12,904
Net change in fund balance	-	12,904	12,904
Fund balance, beginning of year	(12,904)	(12,904)	
Prior year encumbrances appropriated	-	-	
Fund balance, end of year	$ (12,904)	$ -	

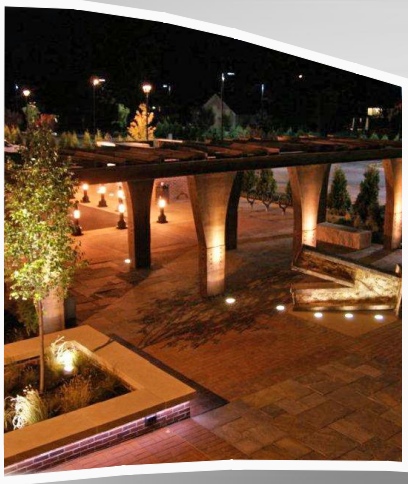
CITY OF HILLIARD, OHIO
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2013

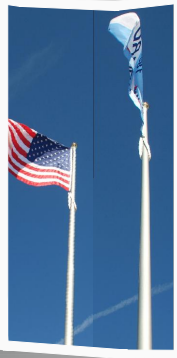
	Mayor's Court	Escrow	Total
Assets			
Equity in pooled cash and cash equivalents	$ -	$ 267,507	$ 267,507
Cash and cash equivalents in segregated accounts	31,298	-	31,298
Accounts receivable	-	12,240	12,240
Total assets	$ 31,298	$ 279,747	$ 311,045
Liabilities			
Due to other governments	$ -	$ 240,151	$ 240,151
Deposits held and due to others	31,298	39,596	70,894
Total liabilities	$ 31,298	$ 279,747	$ 311,045

CITY OF HILLIARD, OHIO
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended December 31, 2013

	Balance January 1, 2013	Additions	Deductions	Balance December 31, 2013
Mayor's Court				
Assets				
Cash and cash equivalents in segregated accounts	$ 30,717	$ 485,834	$ 485,253	$ 31,298
Liabilities				
Deposits held and due to others	$ 30,717	$ 485,834	$ 485,253	$ 31,298
Escrow				
Assets				
Equity in pooled cash and cash equivalents	$ 277,037	$ 676,668	$ 686,198	$ 267,507
Accounts receivable	10,206	12,240	10,206	12,240
Total assets	$ 287,243	$ 688,908	$ 696,404	$ 279,747
Liabilities				
Due to other governments	$ 247,647	$ 688,908	$ 696,404	$ 240,151
Deposits held and due to others	39,596	-	-	39,596
Total liabilities	$ 287,243	$ 688,908	$ 696,404	$ 279,747
Total - All Agency Funds				
Assets				
Equity in pooled cash and cash equivalents	$ 277,037	$ 676,668	$ 686,198	$ 267,507
Cash and cash equivalents in segregated accounts	30,717	485,834	485,253	31,298
Accounts receivable	10,206	12,240	10,206	12,240
Total assets	$ 317,960	$ 1,174,742	$ 1,181,657	$ 311,045
Liabilities				
Due to other governments	$ 247,647	$ 688,908	$ 696,404	$ 240,151
Deposits held and due to others	70,313	485,834	485,253	70,894
Total liabilities	$ 317,960	$ 1,174,742	$ 1,181,657	$ 311,045

Statistical Section





City of Hilliard, Ohio

Statistical Section

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

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial position has changed over time. 90 - 95

Revenue Capacity

These schedules contain information to help the reader understand and assess the factors affecting the City's ability to generate its most significant local revenue sources, the income and property taxes. 96 - 102

Debt Capacity

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. 103 - 106

Economic and Demographic Information

These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments. 107 - 108

Operating Information

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. 109 - 111

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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

	2004	2005	2006	2007	2008	2009	2010	2011 (restated)[1]	2012	2013
Governmental Activities:										
Net investment in capital assets	$ 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	$ 178,545,386
Restricted	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	13,239,396
Unrestricted	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	13,720,226
Total Governmental Activities Net Position	$13,035,883	$ 202,413,543	$ 208,247,022	$ 209,751,054	$ 205,900,163	$ 215,662,367	$ 210,890,329	$ 207,910,833	$ 203,654,845	$ 205,505,008

[1] 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)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Program Revenues:										
Governmental Activities:										
Charges for Services:										
General Government	$ 292,407	$ 283,480	$ 373,983	$ 634,187	$ 1,375,717	$ 1,451,333	$ 698,795	$ 718,663	$ 779,745	$ 817,496
Security of Persons and Property	21,355	485,887	329,690	548,501	475,615	620,598	1,032,105	974,688	1,009,245	978,586
Leisure Time Activities	1,073,092	762,776	807,415	947,124	912,731	933,107	942,536	1,033,362	1,109,563	1,453,629
Community Environment	861,651	984,579	1,581,760	1,651,109	1,008,345	596,596	1,540,679	1,459,453	1,920,796	2,901,063
Basic Utility Services	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	2,951,504
Transportation	243	522,999	641,549	565,459	-	-	-	-	-	-
Operating Grants, Contributions, and Interest	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	1,782,427
Capital Grants, Contributions and Interest	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	2,120,629
Total Governmental Activities Program Revenues	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	13,005,334
Expenses:										
Governmental Activities:										
Current:										
General Government	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	4,396,977
Security of Persons and Property	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	8,377,988
Public Health	119,086	121,642	139,691	146,530	157,065	169,063	171,913	165,311	182,270	186,809
Leisure Time Activities	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	3,282,870
Community Environment	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	3,571,243
Basic Utility Services	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	8,804,498
Transportation	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	8,523,821
Interest and Fiscal Charges	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	2,326,249
Total Governmental Activities Expenses	$ 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	$ 39,470,455
Net Expenses	$ (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)	$ (26,465,121)

(continued)

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Revenues:										
Governmental Activities:										
Property Taxes Levied for General Purposes	$ 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	1,483,891
Other Local Taxes	208,544	151,566	15,127	-	-	-	-	-	-	-
Municipal Income Tax Levied for General Purposes	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	14,337,297
Municipal Income Tax Levied for Transportation	1,700,792	1,739,073	1,821,584	1,744,110	2,161,680	747,888	384,371	885,947	466,492	1,212,529
Municipal Income Tax Levied for Capital Outlay	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	5,160,611
Payments in Lieu of Taxes	101,508	372,122	173,881	2,769,280	1,375,625	1,846,750	2,391,513	1,243,970	3,008,635	5,038,316
Grants and Entitlements not Restricted to Specific Programs	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	693,035
Unrestricted Contributions	-	1,500	-	-	-	-	-	-	-	-
Unrestricted Investment Earnings	100,411	572,014	773,438	820,603	355,084	156,648	141,361	60,420	57,494	33,531
Miscellaneous	176,016	179,397	480,829	522,555	186,099	376,594	455,810	581,217	361,580	356,074
Total Governmental Activities	$ 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	$ 28,315,284
Change in Net Position	$ 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)	$ 1,850,163

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Function / Program:										
Governmental Activities										
General Government	$ 356,580	$ 308,753	$ 373,983	$ 634,187	$ 1,376,705	$ 1,543,528	$ 698,795	$ 718,663	$ 990,070	$ 828,746
Security of Persons and Property	275,581	675,137	455,519	600,843	588,599	620,598	1,052,600	974,688	1,009,245	1,006,477
Public Health	1,073,092	-	-	-	-	-	-	-	-	-
Leisure Time Activities	-	762,776	807,415	947,124	913,231	933,107	992,536	1,053,018	1,109,563	1,483,629
Community Environment	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	2,901,063
Basic Utility Services	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	4,053,801
Transportation	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	2,731,618
Total Governmental Activities Program Revenues	$ 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	$ 13,005,334

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Nonspendable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 28,179	$ 26,723	$ 25,268
Committed	-	-	-	-	-	-	-	204,888	186,706	224,637
Assigned	-	-	-	-	-	-	-	520,519	300,101	113,892
Unassigned	-	-	-	-	-	-	-	3,055,755	5,132,224	9,146,578
Reserved	295,376	2,755,118	580,680	239,375	116,547	139,582	188,231	-	-	-
Unreserved	2,454,282	192,489	2,605,051	3,521,255	3,183,859	3,073,796	3,161,504	-	-	-
Total General Fund	2,749,658	2,947,607	3,185,731	3,760,630	3,300,406	3,213,378	3,349,735	3,809,341	5,645,754	9,510,375
All Other Governmental Funds										
Restricted	-	-	-	-	-	-	-	8,287,493	10,453,741	16,177,842
Committed	-	-	-	-	-	-	-	5,773,016	4,961,934	4,566,178
Unassigned	-	-	-	-	-	-	-	(12,904)	(12,904)	-
Reserved	3,047,955	8,249,125	5,294,723	4,502,398	5,032,205	3,245,086	6,622,551	-	-	-
Unreserved, Reported in:										
Special Revenue Funds	3,188,558	2,073,997	1,769,638	5,518,127	7,388,881	6,240,285	6,615,484	-	-	-
Debt Service Funds	115,574	23,993	9,854	264	264	(13,717)	(12,904)	-	-	-
Capital Projects Funds	1,656,802	3,105,646	3,179,637	856,293	(7,260,811)	3,150,492	434,163	-	-	-
Total All Other Governmental Funds	8,008,889	13,452,761	10,253,852	10,877,082	5,160,539	12,622,146	13,659,294	14,047,605	15,402,771	20,744,020
Total Governmental Funds	$ 10,758,547	$ 16,400,368	$ 13,439,583	$ 14,637,712	$ 8,460,945	$ 15,835,524	$ 17,009,029	$ 17,856,946	$ 21,048,525	$ 30,254,395

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.

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues:										
Property and Other Local Taxes	$ 1,665,011	$ 1,713,495	$ 1,733,726	$ 1,905,010	$ 1,938,359	$ 1,719,684	$ 1,936,497	$ 1,981,224	$ 1,489,345	$ 1,559,706
Municipal Income Taxes	13,247,597	13,936,390	14,356,448	15,780,108	16,639,707	15,912,550	16,050,554	17,436,327	18,739,268	20,843,443
Payment in Lieu of Taxes	101,508	372,122	173,881	2,769,280	599,118	1,529,580	2,331,405	2,333,600	3,008,635	5,038,316
Intergovernmental	2,827,540	5,179,408	3,636,055	3,189,358	6,242,515	3,264,109	7,464,964	7,103,146	2,765,621	3,021,748
Charges for Services	3,042,601	4,152,126	3,658,956	3,610,180	4,387,135	3,466,922	4,278,597	4,741,570	5,474,971	6,372,169
Licenses and Permits	474,459	800,580	1,138,388	1,011,571	871,346	968,911	1,745,589	1,183,422	827,486	2,174,933
Fines and Forfeitures	296,966	310,490	307,939	286,805	367,636	320,788	292,669	330,873	397,752	389,424
Contributions and Donations	53,377	53,282	-	-	-	-	-	-	-	-
Investment Income	164,584	585,975	810,003	841,297	381,963	156,648	141,361	60,420	57,494	33,531
Special Assessments	79,579	22,755	85,288	91,765	98,734	28,981	813	-	-	-
Rent	35,564	37,202	-	-	-	-	-	-	-	-
Other	176,016	179,397	151,529	590,831	124,153	377,758	390,760	552,819	358,221	355,886
Total Revenues	22,164,802	27,343,222	26,052,213	30,076,205	31,650,666	27,745,931	34,633,209	35,723,401	33,118,793	39,789,156
Expenditures:										
Current:										
General Government	3,303,940	3,987,625	4,315,806	4,105,156	5,092,918	4,375,856	4,857,636	5,821,506	5,922,196	4,828,215
Security of Persons and Property	6,623,283	6,496,423	7,111,652	7,507,956	8,152,818	15,107,209	8,282,776	7,943,336	8,022,112	8,436,061
Public Health	119,086	121,642	139,691	146,530	157,065	169,063	171,913	165,311	182,270	186,809
Leisure Time Activities	2,528,337	2,417,118	3,509,050	4,855,085	4,656,844	3,103,714	4,456,087	2,803,019	2,852,567	3,256,275
Community Environment	1,285,139	5,861,294	6,248,593	5,565,363	9,413,956	5,833,755	5,357,924	3,301,309	3,373,556	3,444,028
Basic Utility Services	2,618,772	2,582,123	1,277,178	1,599,361	1,195,029	2,544,706	1,937,183	1,697,650	2,362,492	3,264,874
Transportation	4,700,834	22,013,004	6,325,373	5,389,484	4,852,648	6,746,273	8,544,315	10,472,973	3,893,437	5,171,459
Debt Service:										
Principal Retirement	1,215,608	1,661,573	1,935,962	2,471,327	2,398,986	2,357,284	2,629,411	2,945,653	3,580,068	4,016,158
Interest and Fiscal Charges	799,579	1,581,315	1,692,436	2,062,148	1,907,169	2,939,932	2,637,382	2,899,735	2,870,941	2,275,495
Issuance Costs	-	-	-	-	-	-	-	-	-	153,222
Total Expenditures	23,194,578	46,722,117	32,555,741	33,702,410	37,827,433	43,177,792	38,874,627	38,050,492	33,059,639	35,032,596
Excess of Revenues Over (Under) Expenditures	(1,029,776)	(19,378,895)	(6,503,528)	(3,626,205)	(6,176,767)	(15,431,861)	(4,241,418)	(2,327,091)	59,154	4,756,560
Other Financing Sources (Uses):										
Proceeds from Sale of Fixed Assets	-	-	329,300	343,739	-	-	65,050	28,398	3,359	18,785
Issuance of General Obligation Bonds	-	21,997,543	-	7,975,000	-	15,540,000	-	8,020,000	2,480,000	8,905,000
Issuance of Bond Anticipation Notes	2,227,000	-	1,900,000	-	-	-	5,300,000	-	-	4,285,000
OWDA and OPWC Loans Issued	-	1,893,334	323,443	-	-	-	-	17,689	413,790	-
Premium on Debt	-	727,207	-	475,595	-	849,054	49,873	15,982	1,364,417	484,152
Refunding Bonds Issued	-	6,462,457	-	-	-	-	-	-	8,605,000	-
Payment on Refunded Bonds or Notes	-	(6,462,457)	-	(3,970,000)	-	-	-	(5,300,000)	(9,734,141)	(9,243,627)
Inception of Capital Lease	1,816	402,632	990,000	-	-	6,417,386	-	392,939	-	-
Transfers - In	1,884,495	37,871	-	-	-	441,137	-	-	-	-
Transfers - Out	(1,884,495)	(37,871)	-	-	-	(441,137)	-	-	-	-
Total Other Financing Sources (Uses)	2,228,816	25,020,716	3,542,743	4,824,334	-	22,806,440	5,414,923	3,175,008	3,132,425	4,449,310
Net Change in Fund Balances	$ 1,199,040	$ 5,641,821	$ (2,960,785)	$ 1,198,129	$ (6,176,767)	$ 7,374,579	$ 1,173,505	$ 847,917	$ 3,191,579	$ 9,205,870
Debt Service as a Percentage of Noncapital Expenditures	10.0%	14.0%	15.9%	17.5%	14.9%	17.1%	17.7%	19.6%	21.0%	19.8%

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

	Individual						Business Accounts		
Year	Withholding	Percentage of Total	Non-withholding	Percentage of Total	Total Individual	Percentage of Total	Business Accounts	Percentage of Total	Total
2004	$ 10,373,704	76%	$ 1,520,520	11%	$ 11,894,224	88%	$ 1,684,780	12%	$ 13,579,004
2005	10,567,780	75%	1,463,816	10%	12,031,596	86%	2,025,941	14%	14,057,537
2006	11,093,880	75%	1,603,193	11%	12,697,073	86%	2,046,361	14%	14,743,434
2007	10,939,771	73%	1,879,695	13%	12,819,466	86%	2,070,616	14%	14,890,082
2008	13,152,852	78%	2,071,126	12%	15,223,978	90%	1,649,651	10%	16,873,629
2009	13,448,644	78%	1,959,748	11%	15,408,392	90%	1,771,029	10%	17,179,421
2010	13,465,563	77%	1,847,800	11%	15,313,363	88%	2,090,483	12%	17,403,846
2011	14,006,015	79%	2,066,913	12%	16,072,928	91%	1,665,297	9%	17,738,225
2012	14,755,373	77%	2,041,808	11%	16,797,181	88%	2,286,614	12%	19,083,795
2013	15,349,860	74%	2,234,458	10%	17,584,318	84%	3,257,488	16%	20,841,806

Source: City Income Tax Division

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

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)
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%
2013	14,040,629	5,057,600	1,200,169	20,298,398	9.53%

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

2013 and 2004

	2013		2004	
Range of Withholding Amount	Number of Withholding Accounts	Percentage of Total Withholding Revenue	Number of Withholding Accounts	Percentage of Total Withholding Revenue
$500,001 and higher	3	22.34%	2	22.07%
$300,001 - 500,000	4	10.29%	1	3.39%
$100,001 - 300,000	11	11.89%	10	15.57%
$55,001 - 100,000	31	14.49%	4	3.30%
Total		59.01%		44.33%
All Others		40.99%		55.67%
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		
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
2013	653,620,850	202,650	125,794,790	48,969,180	108,720	828,696,190	13,663,980	-	13,663,980	842,360,170	-0.29%	2,422,359,320	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 budger for fiscal years 2006-2007) phased out the tax on the tangible personal property of general businesses, telephone and telecommunications, and railroads. The tax on general business and railroad property (which is public utility property) bill be eliminated in 2009, and the tax on telephone and telecommunications property will be eliminated by 2011. The tax is phased out by reducing the assessment rate on the property each year. At the same time, the bill replaces the revenue lost due to phasing out the tax. In the first five years, local governments are reimbursed fully for the lost revenue (based on 2004 values); in the following seven years, the reimbursements are phased out.

City of Hilliard, Ohio

Direct and Overlapping Property Tax Rates

Last Ten Years

(Per $1,000 of Assessed Valuation)

Tax Year	City of Hilliard General Fund	Hilliard City School District	Franklin County	Metropolitan Library	Norwich Township	Vocational School	Total
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
2013	1.60	89.45	18.47	2.80	21.62	1.60	135.54

Source: Franklin County Auditor

City of Hilliard, Ohio

Principal Property Tax Payers - Real Property

2013 and 2004

	2013			2004		
Taxpayer	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			
Trueman LP	5,265,400	3	0.64			
Ansmil LLC	4,384,220	4	0.53	$ 2,025,400	10	0.29
Homewood Corp	4,265,810	5	0.51			
Talcott III Mill Run LLC	3,850,010	6	0.46			
Crystal Lake Apartments	3,161,730	7	0.38	2,844,390	6	0.41
Clearview Hilliard LP	2,303,150	8	0.28			
AVC Berkeley LLC	2,285,510	9	0.28			
Rich Products Corp.	2,220,270	10	0.27			
United Dominion Realty LP				6,930,010	1	1.00
One Mill LLC				5,635,010	2	0.81
First Industrial LP				4,647,310	3	0.67
Real Estate Finance Trust 1995-k-4				3,220,010	4	0.47
Garden Ridge Hilliard				2,998,660	5	0.43
Nationwide Health Insurance				2,310,000	7	0.33
Armstrong World Industries, Inc.				2,179,110	8	0.32
CompuServe Inc.				2,111,340	9	0.31
Total Top 10 Real Property	48,808,630		5.89	34,901,240		5.04
All Others	779,887,560		94.11	656,775,720		94.96
Total Real Property Assessed Valuation	$ 828,696,190		100.00%	$ 691,676,960		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
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
2013	1,449,224	1,199,654	82.78%	36,053	1,235,707

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, 2013

Jurisdiction	Debt Outstanding	Percentage Applicable to the City of Hilliard (1)	Amount Applicable to the City of Hilliard
Direct			
City of Hilliard			
Loans Payable	$ 4,308,312		$ 4,308,312
General Obligation Bonds	50,370,000		50,370,000
General Obligation Notes	4,285,000		4,285,000
Capital Leases	6,056,320		6,056,320
Total Direct Debt	65,019,632	100.00%	65,019,632
Overlapping Subdivisions			
Hilliard City School District	134,400,711	35.97%	48,343,936
Dublin City School District	155,343,617	0.07%	108,741
Franklin County	246,395,000	3.22%	7,933,919
Washington Township	1,587,566	0.06%	953
Tolles Career & Technical Center	2,780,000	18.13%	504,014
Solid Waste Authority of Central Ohio	112,760,000	3.08%	3,473,008
Total Overlapping Debt	653,266,894		60,364,571
Total Direct and Overlapping Debt	$ 718,286,526		$ 125,384,203

Source: Franklin County Auditor

(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	Estimated Actual Value of Taxable Property (2)	Population (1)	Ratio of Net Bonded Debt to Estimated Actual Value	Net Bonded Debt Per Capita
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
2013	50,370,000	2,422,359,320	28,595	2.08	1,761.50

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

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

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
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	1,218,773	2,242	5.25
2013	4,285,000	4,308,312	50,370,000	-	6,056,320	65,019,632	28,595	N/A	2,274	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

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Total Assessed Valuation	$ 842,360,170	$ 844,817,040	$ 845,321,580	$ 876,911,630	$ 886,597,163	$ 864,594,107	$ 851,564,019	$ 871,274,255	$ 848,338,124	$ 758,561,614
Overall debt limitation - 10.5% of assessed valuation	88,447,818	88,705,789	88,758,766	92,075,721	93,092,702	90,782,381	89,414,222	91,483,797	89,075,503	79,648,969
Total Indebtedness as of 12/31	50,370,000	53,130,000	54,320,000	54,325,000	51,510,000	49,270,000	42,110,000	37,825,000	37,731,000	16,912,000
Less Exempt Debt:										
Self Supporting										
Special Assessment	-	-	-	-	-	-	70,000	135,000	195,000	430,000
1999 Cemetery Road Refunding-Voted	-	-	-	-	-	-	-	-	195,000	535,000
1982 Water	-	-	-	-	-	-	20,000	45,000	65,000	90,000
1999A Various Purpose-Water portion(28%)	-	-	-	-	-	51,800	100,800	148,400	193,200	235,200
2002 Various Purpose-Water portion(39%)	-	-	62,400	120,900	177,450	232,050	284,700	335,400	386,100	1,838,850
2005 Various Purpose-Water portion(39%)	1,994,850	5,569,200	5,904,600	6,228,300	6,542,250	6,862,050	7,174,050	7,478,250	7,731,750	-
Total Self Supporting	1,994,850	5,569,200	5,967,000	6,349,200	6,719,700	7,145,900	7,649,550	8,142,050	8,766,050	3,129,050
Income Tax Supported										
1975 Grade Separation	-	-	-	-	-	-	-	-	-	-
1991 Various Purpose	-	-	-	-	-	-	-	-	-	-
1992 Various Purpose	-	-	-	-	-	-	-	215,000	420,000	615,000
1995 Various Purpose	-	-	-	-	-	-	-	-	-	2,360,000
1999 Various Purpose(72%)	-	-	-	-	-	133,200	259,200	381,600	496,800	604,800
2002 Various Purpose(61%)	-	-	97,600	189,100	277,550	362,950	445,300	524,600	603,900	2,876,150
2003 Various Purpose	-	245,000	3,655,000	3,880,000	4,100,000	4,310,000	4,510,000	4,710,000	4,910,000	5,100,000
2009 Various Purpose	12,470,000	13,270,000	14,055,000	14,810,000	15,540,000	-	-	-	-	-
2011 Various Purpose	7,020,000	7,445,000	7,865,000	-	-	-	-	-	-	-
2012 Various Purpose	10,920,000	7,445,000	7,865,000	-	-	-	-	-	-	-
2013 Various Purpose	8,705,000	7,445,000	7,865,000	-	-	-	-	-	-	-
Notes	4,285,000	-	-	5,300,000	-	11,390,000	2,300,000	3,970,000	2,156,000	2,227,000
Total Income Tax Supported	43,400,000	35,850,000	41,402,600	24,179,100	19,917,550	16,196,150	7,514,500	9,801,200	8,586,700	13,782,950
Amount available in the debt service fund	-	-	-	-	-	-	-	-	-	37,871
Total Exempt Debt	45,394,850	41,419,200	47,369,600	30,528,300	26,637,250	23,342,050	15,164,050	17,943,250	17,352,750	16,949,871
Net Debt Subject to Limitation	4,975,150	11,710,800	6,950,400	23,796,700	24,872,750	25,927,950	26,945,950	19,881,750	20,378,250	(37,871)
Legal debt margin within 10.5% limitation	$ 83,472,668	$ 76,994,989	$ 81,808,366	$ 68,279,021	$ 68,219,952	$ 64,854,431	$ 62,468,272	$ 71,602,047	$ 68,697,253	$ 79,686,840
Percentage of Net Debt to Assessed Value	0.59%	1.39%	0.82%	2.71%	2.81%	3.00%	3.16%	2.28%	2.40%	0.00%
Percentage of Legal Debt Limit	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
Percentage of Legal Debt Margin	9.91%	9.11%	9.68%	7.79%	7.69%	7.50%	7.34%	8.22%	8.10%	10.50%
Unvoted debt limitation 5.5% of assessed valuation	$ 46,329,809	$ 46,464,937	$ 46,492,687	$ 48,230,140	$ 48,762,844	$ 47,552,676	$ 46,836,021	$ 47,920,084	$ 46,658,597	$ 41,720,889
Total Indebtedness as of 12/31	50,370,000	53,130,000	54,320,000	54,325,000	51,510,000	49,270,000	42,110,000	37,825,000	37,731,000	16,912,000
Less Total Exempt Debt	45,394,850	41,419,200	47,369,600	30,528,300	26,637,250	23,342,050	15,164,050	17,943,250	17,352,750	16,949,871
Net Debt Subject to Limitation	4,975,150	11,710,800	6,950,400	23,796,700	24,872,750	25,927,950	26,945,950	19,881,750	20,378,250	(37,871)
Legal debt margin within 5.5% limitation	$ 41,354,659	$ 34,754,137	$ 39,542,287	$ 24,433,440	$ 23,890,094	$ 21,624,726	$ 19,890,071	$ 28,038,334	$ 26,280,347	$ 41,758,760
Percentage of Net Debt to Assessed Value	0.59%	1.39%	0.82%	2.71%	2.81%	3.00%	3.16%	2.28%	2.40%	0.00%
Percentage of Legal Debt Limit	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Percentage of Legal Debt Margin	4.91%	4.11%	4.68%	2.79%	2.69%	2.50%	2.34%	3.22%	3.10%	5.50%

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

City of Hilliard, Ohio

Demographic and Economic Statistics

Last Ten Years

Year	Population (1)	Total Personal Income (2)	Per Capita Income (5)	School Enrollment (6)	Unemployment Rate (3)	Total Assessed Property Value (4)
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	1,218,773	42,728	15,726	5.4%	844,817,040
2013	28,595	N/A	N/A	15,758	5.2%	842,360,170

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
2013 and 2004

	2013			2004		
Employer	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Hilliard City Schools	1,440	1	6.22%	3,024	1	18.07%
BMW Financial Services	546	2	2.36%			
Echosphere LLC	489	3	2.11%			
Verizon Business Network Service	312	4	1.35%			
R. E. Rich Family Holding Corp.	286	5	1.24%			
Micro Center Inc.	260	6	1.12%	285	6	1.70%
MCI Telecommunications	151	7	0.65%	784	2	4.69%
City of Hilliard	133	8	0.57%	355	5	2.12%
Sedgwick Claims Mgmt Inc.	105	9	0.45%			
Advanced Drainage Systems	104	10	0.45%			
Gates McDonald & Co.				360	3	2.15%
Arctic Express				266	7	1.59%
Novus/Discover Card Services, Inc.				348	4	2.08%
Honda of America MFG, Inc.				229	8	1.37%
Gates McDonald Health Plus Inc.				194	9	1.16%
Rich Products Mfg. Corp.				161	10	0.96%
Total Employees	3,826		16.54%	6,006		35.90%
All Other Employers	19,318		83.46%	10,728		64.10%
Total Employment within the City	23,144		100.00%	16,734		100.00%

Source: City Income Tax Department

City of Hilliard, Ohio

City Government Employees by Function/Program

Last Ten Years

	2004		2005		2006		2007		2008		2009		2010		2011		2012		2013	
Function/Program	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All
General Government	48	48	49	49	47	47	48	48	49	49	47	47	45	45	47	47	45	45	44	44
Security of Persons and Property	50	50	50	50	49	49	50	50	49	50	49	49	48	48	48	48	47	47	40	40
Leisure Time Activities	20	32	22	32	23	35	23	35	23	35	21	32	19	29	18	28	18	28	18	28
Basic Utility Services	4	4	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Transportation	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	20	20
Total Number of Employees	143	155	143	153	141	153	143	155	143	156	139	150	134	144	135	145	132	142	123	133

Source: City Payroll Records

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

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

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
Government Center	1	1	1	1	1	1	1	1	1	1
Security of Persons and Property:										
Number of Police Stations	1	1	1	1	1	1	1	1	1	1
Number of Fire/EMS Stations (1)	3	3	3	3	3	3	3	3	3	3
Leisure Time Activities:										
Number of Parks	21	21	21	21	21	21	22	23	23	24
Park Area (acres)	285.0	285.0	285.0	285.0	285.0	285.0	285.5	316	316	324
Number of Playgrounds	11	11	11	11	11	11	11	11	10	10
Number of Swimming Pools	2	2	2	2	2	2	2	2	2	2
Number of Community Centers	1	1	1	1	1	1	1	1	1	1
Number of Senior Centers	1	1	1	1	1	1	1	1	1	1
Basic Utility Services:										
Miles of Water Mains	114	113	127	128	128	129.3	130.1	131.9	131.9	132.4
Miles of Sanitary Sewers	130	117	135	140	140	142	142.7	144.7	145.3	146
Miles of Storm Sewers	108	122	107	118	118	122.4	123.4	126.7	126.8	127.56
Transportation										
Miles of Streets	N/A	102	103	107	107	110.3	111.4	112.9	112.9	114
Number of Street Lights	1,405	1,445	1,458	1,536	1,536	1,705	1,739	1,805	1,805	1,897
Number of Traffic Signal Systems	N/A	N/A	31	32	34	33	34	36	36	36

(1) Fire Protection provided by Norwich Township

N/A - Information not available

Source: City capital asset records

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government:										
Active Income Tax Accounts										
Individual	9,368	10,007	10,343	11,841	14,765	15,536	16,654	16,901	18,397	17,734
Business	2,378	2,457	2,539	2,766	2,829	1,389	1,425	3,007 [1]	1,664	3,650
Withholding	3,152	3,097	3,243	2,883	3,050	1,662	1,708	4,427 [1]	2,546	5,339
Clerk of Courts:										
Traffic Court Cases	2,754	2,922	2,177	2,085	3,114	2,018	1,879	2,440	2,153	2,962
Security of Persons and Property:										
Police Calls	56,286	57,170	55,017	55,204	54,606	47,473	46,017	46,048	47,798	51,864
Physical Arrests	2,061	1,771	1,782	1,938	1,901	932	874	1,017	1,570	1,662
Citations	4,470	4,699	3,579	3,660	4,649	3,446	3,005	3,779	3,352	4,076
Parking Violations	80	93	91	108	51	20	65	44	38	207
Leisure Time Activities:										
Swimming Pool Revenue	$ 401,414	388,633	328,198	423,731	512,572	548,545	611,778	656,037	724,922	709,491
Community Center Revenue	$ 225,431	207,862	230,356	227,528	206,194	209,620	233,181	236,675	244,395	263,564
Senior Center Revenue	$ 86,209	87,730	88,115	81,938	93,851	92,555	86,919	69,882	81,937	91,734

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.