

CITY OF HILLIARD
FRANKLIN COUNTY
REGULAR AUDIT
JANUARY 1, 2017 – DECEMBER 31, 2017



OHIO AUDITOR OF STATE KEITH FABER



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

We have reviewed the *Independent Auditor's Report* of the City of Hilliard, Franklin County, prepared by Wilson, Shannon & Snow, Inc., for the audit period January 1, 2017 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

FINDING FOR RECOVERY REPAID UNDER AUDIT

City Council Ordinance No. 05-65 (as amended) Section 4, states, in part, that the compensation for Council Members shall be \$7,500 per year. Section 5 further states that if any such member elects health insurance coverage, then the annual compensation amounts paid to that member as set forth above shall be reduced by \$1,000, and such member shall make a monthly contribution toward health care coverage in the same amounts as required from the non-union, non-contract personnel.

During 2017, three Council Members enrolled in the City's health insurance coverage did not have their salaries reduced as prescribed above, resulting in Thomas Baker, Frank Carrier Jr., and John Uttley III each being overpaid by \$1,000 for the year ended December 31, 2017.

In accordance with the forgoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended in favor of the City's Insurance Trust Fund was issued against Thomas Baker, Frank Carrier Jr., and John Uttley III, individually, in the amount of \$1,000 each. On April 30, 2018 John Uttley III repaid \$1,000, on May 14, 2018 Thomas Baker repaid \$1,000, and on June 20, 2018 Frank Carrier Jr. repaid \$1,000, which were all posted to the City's Insurance Trust Fund.

FINDING FOR RECOVERY PARTIALLY REPAID UNDER AUDIT

Former Deputy Director of the Recreation and Parks Department, Heather Ernst, was responsible for receiving daily gate admission receipts and making daily cash deposits for the City's two pools. Ms. Ernst had been the Deputy Director since 2012 until she resigned on November 1, 2017.

The City of Hilliard Police Department was informed that Ms. Ernst was making excessive cash deposits into her personal bank account during the summer months of June, July, and August. As a result, the Police Department opened an investigation to determine whether the daily gate admission receipts from the City's two pools were deposited in a City account.

On March 8, 2018, Ms. Ernst was indicted on one count of Theft in Office, one count of Theft, two counts of Tampering with Records, and four counts of Filing Incomplete, False, and Fraudulent Tax Returns in Franklin County Common Pleas Court Case No. 18CR 000052.

On October 3, 2018, Ms. Ernst entered a plea of guilty to one count of Theft in Office, a felony of the third degree, as well as one count of Attempted Tampering with Records, a felony of the fourth degree, before the Honorable David E. Cain of Franklin County Court of Common Pleas in the above cited case.

On November 16, 2018, at sentencing for the conviction, Judge Cain entered an Order of restitution in the amount of \$271,898 against Ms. Ernst and in favor of the City of Hilliard.

In accordance with the foregoing court Order and pursuant to Ohio Revised Code Section 117.28, a finding for recovery for public property which has been converted or misappropriated is hereby issued against Heather Ernst for \$271,898 in favor of the City's General Fund.

On December 6, 2018, a restitution payment of \$162,081.59 was issued to the City by the Franklin County Court of Common Pleas. Accordingly, we considered this a partial repayment of the finding and a balance of \$109,816.41 remains unpaid.

On March 15, 2018, the City of Hilliard filed a Complaint against Ms. Ernst in Franklin County Common Pleas Court Case No. 18 CV 002320, alleging Fraud, Conversion, Civil Conspiracy, Theft/Embezzlement, Breach of Fiduciary Duty, Accounting, and Fraudulent Transfer as a result of the conduct which resulted in the above criminal conviction and restitution Order. The pending civil suit between the City of Hilliard and Ms. Ernst could result in an additional finding for recovery against Ms. Ernst and in favor of the City of Hilliard.

City Council
City of Hilliard
3800 Municipal Way
Hilliard, Ohio 43026
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Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Hilliard is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive style with a large initial "K".

Keith Faber
Auditor of State
Columbus, Ohio

March 14, 2019

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**CITY OF HILLIARD
FRANKLIN COUNTY**

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

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

To the City Council and Management:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Hilliard, Franklin County, (the City) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 22, 2018.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the City's internal control. Accordingly, we have not opined on it

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. We consider findings 2017-001, 2017-002, and 2017-004 described in the accompanying schedule of findings to be material weaknesses.

City of Hilliard
Franklin County
Independent Auditor's Report on Internal Control
Over Financial Reporting and on Compliance and Other Matters
Required By *Government Auditing Standards*

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2017-003 and 2017-005 described in the accompanying schedule of findings to be significant deficiencies.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2017-004.

City's Response to Findings

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wilson, Shuman & Snow, Inc.

Newark, Ohio
June 22, 2018

**CITY OF HILLIARD
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2017-001
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Internal Controls – Parks and Recreation – General Cash Receipt Procedures – Material Weakness

Establishing consistent internal controls to account for swimming pool cash receipts will help reduce the risk of uncollected revenues or misappropriation of money collected. Current receipt procedures include the reconciliation of cash received and recorded by cash registers, completion of daily cash reports, preparation of deposit tickets and depositing of funds, and providing all documentation to the Finance Department for review and posting to the accounting system.

Based on testing performed we noted the following items which may increase monitoring and reduce the risk of funds being lost, misappropriated, or used for an improper purpose:

- The City has not implemented proper segregation of duties as it relates to collecting cash, preparing daily reports, and depositing money collected with the bank. Money is placed in a locked safe prior to deposit with the bank. The City should develop a policy as it relates segregation of duties to collect funds, deposit funds and provide explanations for any variances and determine that all funds are properly accounted for. Consideration should be given to rotating personnel working at the cash register hourly or daily which may add to a level of segregation.
- The City should research and determine if it would be cost beneficial to purchase security cameras to review daily transactions which occur at the swimming pool. This may increase the level of control over cash collections and decrease the likelihood of theft or misappropriation of funds.
- The City has not developed procedures to identify and account for voided or “No-Sale” transactions on cash register tapes or memorandum adjustments to RecTrac reports for corrections made during the business day. Procedures should be developed to identify and resolve “No-Sale” transactions or memorandum adjustments to RecTrac reports. Individuals independent of the employee who has entered transactions should review and determine on irregularities exist evidenced by the applicable supervisor/employee signature.
- Management should consider incorporating other items into the daily review process to determine the reasonableness and accuracy of swimming pool sales for the day. This would include identifying the total number of swimming pool walk-ins, memberships, discounts, or free-pass residents that have used the swimming pool.

We recommend the City consider the above items concerning general cash receipt collection procedures in order to enhance and improve upon current operating procedures.

**CITY OF HILLIARD
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2017-002
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Internal Controls – Parks and Recreation – Financial Reporting Procedures – Material Weakness

The Parks and Recreation Department utilizes the RecTrac Accounting System to account for recreation center transactions (which includes purchasing of pool memberships but not daily pool gate admissions). The Parks and Recreation Department will generate daily reports supporting cash receipts which are then provided to the Finance Department for subsequent posting to the accounting system. Based on testing performed we noted the following items the City should consider implementing:

- The Parks and Recreation Department currently does not reconcile monthly cash collections recorded within the RecTrac Accounting System to the monthly financial reports generated by the Finance Department to determine if any discrepancies exist. It is the Parks and Recreation Department’s responsibility to verify that no discrepancies exist based on amounts posted by the Finance Department.
- The City should consider implementing RecTrac software at the two pool locations to improve tracking of daily activity (including gate admission sales) as well as provide for an improved daily reconciliation process.
- The Parks and Recreation Department should provide training to all users of the RecTrac Accounting System on an annual basis. Providing this training may benefit management of the City by ensuring that information generated on a daily and monthly basis is consistent and that refunds, credits, overpayments, and variances are consistently processed and explained. Furthermore, this may provide management the means to identify unusual fluctuations in revenues based on attendance and revenues collected.

We recommend the City review its current procedures governing Parks and Recreation financial reporting to ensure information generated is accurate, properly reported, and collections agree to City ledgers. We also recommend the City implement RecTrac or other POS system at the pool locations to improve tracking, reporting, and reconciliation procedures over daily activity at those locations.

Finding Number	2017-003
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Internal Controls – Swimming Pool Memberships – Significant Deficiency

Swimming Pool memberships may be purchased through the City’s website or at the City and rates are assigned based on the applicant’s residency status. The Recreation Department will review applications purchased on-line or at the City to determine the proper rate to be applied based on residency status and is determined by 1) Pay City of Hilliard property taxes which can be verified on the Franklin County Auditor’s website or 2) Pay \$150 in income taxes to the City of Hilliard between January and July of that current year which can be verified by current pay stubs or with the City’s Income Tax Administrator.

**CITY OF HILLIARD
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2017-003 (Continued)
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Internal Controls – Swimming Pool Memberships – Significant Deficiency – (Continued)

We noted five instances in which improper rates were charged. Three of the instances relate to improper residency status applied; one instance related to early bird discount being applied after the deadline with no explanation provided; and one had improper rate applied with no explanation.

As noted, there were three instances in which residency status was improperly indicated on the member’s account (i.e. per the Franklin County Auditor’s website, property were not in the City of Hilliard taxing district).

We recommend procedures are developed to review the identification and assignment of residency/non-residency rates to determine rates assigned are consistent with City fee schedules.

Finding Number	2017-004
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Timeliness of Deposits – Material Weakness/Noncompliance

Ohio Revised Code Section 9.38 states public money must be deposited with the treasurer of the public office *or* to a designated depository on the business day following the day of receipt. Public money collected for other public offices must be deposited by the first business day following the date of receipt.

For example, a City employee, other than the City Finance Director, collecting funds and issuing a receipt, must deposit the funds with the City Finance Department on the business day following the day of receipt. As an alternative to depositing the funds with the City Finance Director, the employee instead may deposit funds with the government’s designated depository on the business day following the day of receipt.

If the amount of daily receipts does not exceed \$1,000 and the receipts can be safeguarded, public offices may adopt a policy permitting their officials who receive this money to hold it past the next business day, but the deposit must be made no later than three business days after receiving it. If the public office is governed by a legislative authority (counties, municipalities, townships, and school districts), only the legislative authority may adopt the policy. The policy must include provisions and procedures to safeguard the money during the intervening period. If the amount exceeds \$1,000 or a lesser amount cannot be safeguarded, the public official must then deposit the money on the first business day following the date of receipt.

The Ohio Revised Code does not require the public official to deposit receipts with the designated depository on the business day following the day of receipt, or any other specific time. However, if the public official is holding significant amounts of cash and checks for an unreasonable period, the City should address the internal controls related to timely deposits of public funds.

**CITY OF HILLIARD
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2017-004 (Continued)
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Timeliness of Deposits – Material Weakness/Noncompliance – (Continued)

Specific to calendar year 2017, we noted swimming pool deposits were not made timely to the City’s financial institution (variances ranged from two to seven days) and a formal policy has not been adopted. Our testing also identified a swimming pool gate deposit of \$3,688.25 made in November 2017 for which we were unable to determine the original collection date. Finally, it was brought to our attention that in prior years swimming pool collections were not timely deposited or may never deposited with the City’s financial institution.

We recommend the City solidify procedures governing the deposit of public money so as to ensure monies are not being deposited at the City Parks and Recreation or swimming pool offices.

Finding Number	2017-005
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Financial Reporting – Significant Deficiency

The compilation and presentation of the financial statements and the related footnotes is the responsibility of management. This responsibility remains intact if management decides to outsource this function for efficiency purposes or any other reason. Based on our audit we identified the following audit adjustments:

- Resolution 17-R-102 requires income taxes received to be allocated sixty-five percent and twenty-five percent to the General and Street Improvement Municipal Tax Funds. When calculating income taxes receivable, unavailable revenue, accounts payable and income taxes revenue within the General and Street Improvement Municipal Tax Funds, the City applied percentages contrary to Resolution 17-R-102. This resulted in audit adjustments to decrease the General Fund and increase the Street Improvement Municipal Tax Fund by \$400,599, \$205,585, \$184,991, \$5,851, and \$10,023 to income taxes receivable, unavailable revenue, income tax revenue, accounts payable and due to others, respectively.
- We identified an unrecorded accounts payable within the Street Municipal tax Capital Improvement Fund of \$468,083.
- Original budget receipts within the General Fund and Capital Improvement Fund did not agree to the first amended certificate certified by the Franklin County Budget Commission. An audit adjustment was necessary to decrease estimated receipts by \$3,500,000 within the General Fund and an increase estimated receipts by \$3,500,000 within the Capital Improvements Fund.

The accompanying basic financial statements and schedules have been adjusted to reflect these adjustments.

We recommend the City develop procedures related to the preparation of the basic financial statements which may assist in reducing the potential for errors and omissions.



Real People. Real Possibilities:

DON SCHONHARDT, MAYOR

**CITY OF HILLIARD
FRANKLIN COUNTY**

**CORRECTIVE ACTION PLAN
DECEMBER 31, 2017**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2017-001	The City corrected and strengthened the internal controls and took extreme action to establish written policies and procedures.	December 31, 2018	Dave Delande, Finance Director
2017-002	The City corrected with policies and procedures with the accounting software (RecTrac) to safeguard assets per the Parks and Recreation activities.	December 31, 2018	Dave Delande, Finance Director
2017-003	The City corrected and established procedures for the membership assignment of residency/non-residency rates.	December 31, 2018	Dave Delande, Finance Director
2017-004	The City corrected by establishing new procedures regarding depositing and safeguarding deposits timely.	December 31, 2018	Dave Delande, Finance Director
2017-005	The City corrected the CAFR to reflect the adjustments and will monitor these areas for future elimination.	December 31, 2018	Dave Delande, Finance Director

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CITY OF HILLIARD, OHIO

FRANKLIN COUNTY

Comprehensive Annual Financial Report

For the Year Ended December 31, 2017

Prepared by:
Department of Finance

David D. Delande
Director

Greg A. Tantari
Deputy Director

INTRODUCTORY SECTION



Real People. Real Possibilities.

CITY OF HILLIARD, OHIO
Comprehensive Annual Financial Report
For The Year Ended December 31, 2017
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INTRODUCTORY SECTION

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DON SCHONHARDT, MAYOR

June 22, 2018

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, 2017. This CAFR is prepared in accordance with accounting principles generally accepted in the United States of America (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.

Wilson, Shannon & Snow, Inc. has issued an unmodified (“clean”) opinion on the City’s financial statements for the year ended December 31, 2017. The Independent Auditor’s Report is located at the front of the financial section of this report.

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

Profile of the Government

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

The Hilliard area was settled in the early 1800's and was incorporated as a village in 1869. The Village of Hilliard remained primarily agricultural in character until the 1950's when residential growth boomed. By December 12, 1960 the population had reached 5,000 and the Village of Hilliard became a City. The Mid-Ohio Regional Planning Commission estimates the population for the City to be 34,631 for 2017.

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 39.48 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 2017 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 2017 of 3.7 percent while the State of Ohio was at an annual average 4.7 percent unemployment rate at the end of 2017 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. One of our largest employers 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.

During 2014, 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.

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

2017 was a strong year for new development and company expansions in the City of Hilliard. Six companies proposed projects that will create 348 new jobs and retain 533 existing jobs. Low vacancy rates for office, industrial and retail properties led to more than \$45.7 million in new commercial building permits.

Two significant projects in the healthcare industry were substantially completed 2017. Mount Carmel Health constructed a medical office facility on the southeast corner of Britton Parkway and Davidson Road. This facility will include limited surgical facilities as well as an extensive rehabilitation services. Upon occupancy, 70 jobs will be added in the City of Hilliard. OhioHealth opened a stand-alone emergency room at the corner of Fishinger Boulevard and Ridge Mill Drive. This project is expected to bring 15 new jobs.

Several companies commenced or continued construction activity in the community. A \$300 million data center complex is under construction along Britton Parkway. This project has already added 50 new jobs to the City. Ten Pin Alley invested \$5.5 million in the renovation and expansion of a bowling alley and entertainment center. Landmark Lofts is a 204-unit apartment and 14,000 square foot commercial mixed-use project nearing completion in Old Hilliard. This \$15.5 million redevelopment project commenced leasing.

Businesses continue to see the benefit of locating to or expanding in the City of Hilliard. Dish Network celebrated their 10-year anniversary and will add 50 new employees to their facility. Battelle for Kids relocated to a property on Trueman Boulevard which will bring 48 jobs to the community. PharmaForce commenced a \$34 million expansion of the Lyman Drive facility and will hire 8 new employees. Envoy committed to investing \$8.2 million and creating 150 new jobs as part of the construction of a 36,000 square foot office suites project and coworking space.

Construction commenced on three new developments that have significant community benefit. The Columbus Public Library started \$15.7 million in renovations to the former Hickory Chase community center building. This facility will be the largest suburban branch of the library. Rock City Church broke ground on a new 45,448 square foot church and performing arts center. A

1,300 seat auditorium will be made available to the public. The Ashford at Sturbridge broke ground on a \$10.8 million, 124-unit affordable senior living facility.

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 year ended December 31, 2016. This was the twenty-fifth 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 accounting principles generally accepted in the United States of America 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 Schorhardt
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, 2016

Christopher P. Morill

Executive Director/CEO

City of Hilliard, Ohio
Principal Officials
 December 31, 2017

Elected Officials

Name	Title	Term Expires	Service	Surety
Don Schonhardt	Mayor	12/31/2019	16	A
Nathan Painter	President of Council	12/31/2019	6	A
Les Carrier	Council	12/31/2017	4	A
Tom Baker	Council	12/31/2017	4	A
Albert J. Iosue	Council	12/31/2019	10	A
Kelly McGivern	Council	12/31/2017	10	A
Bill Utley	Council	12/31/2017	17	A
Joseph Erb	Council	12/31/2019	6	A

Appointed Officials

Name	Title	Term Expires	Service	Surety
David D. Delande	Director of Finance	Indefinite	23	A & B
Tracy Bradford	Director of Law	Indefinite	13	A
Don Schonhardt	Director of Safety	Indefinite	16	A
Clyde R. Seidle	Director of Service	Indefinite	14	A
Steven B. Mazer	Director of Parks and Recreation	Indefinite	10	A
David Meadows	Director of Economic Development	Indefinite	1	A
Julia Baxter	Director of Human Resource	Indefinite	1	A
John F. Hall, III	Director of Land & Bldgs.	Indefinite	13	A
J. Douglas Francis	Director of Communications and Information Technology	Indefinite	9	A
Robert Fisher	Chief of Police	Indefinite	6	A
Lynn Fasone	Clerk of Council	Indefinite	13	A

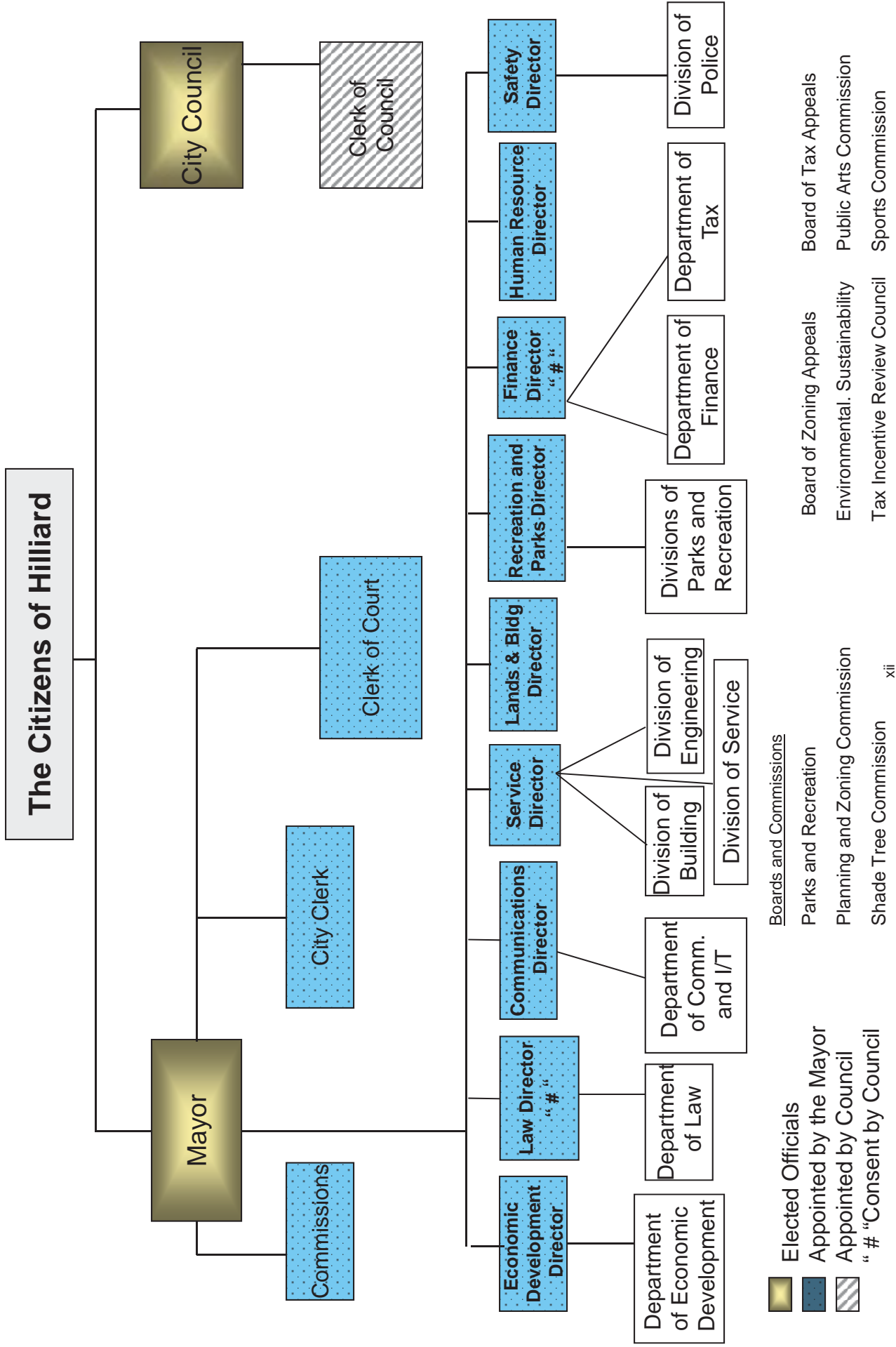
(A) National Casualty Insurance Company, \$1,000,000/\$1,000,000.

(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

Boards and Commissions

- Parks and Recreation
- Planning and Zoning Commission
- Shade Tree Commission
- Board of Zoning Appeals
- Environmental Sustainability
- Tax Incentive Review Council
- Board of Tax Appeals
- Public Arts Commission
- Sports Commission

**FINANCIAL
SECTION**



Real People. Real Possibilities.

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

INDEPENDENT AUDITOR'S REPORT

To the City Council and Management:

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, Franklin County, Ohio (the City), as of and for the year ended December 31, 2017, 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 preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

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, Franklin County, thereof and the respective budgetary comparisons for the General, Street Maintenance and Repair, Street Improvement Municipal Tax, Water and Sewer Revenue and TIF Funds thereof for the year then ended in accordance with the 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 this presentation to include *Management's discussion and analysis* and schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the City's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling statements and schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2018 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine 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 the City's internal control over financial reporting and compliance.

Wilson, Shuman & Snow, Inc.

Newark, Ohio
June 22, 2018



Real People. Real Possibilities.

CITY OF HILLIARD, OHIO
Management's Discussion and Analysis
Year Ended December 31, 2017
Unaudited

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Hilliard's ("the City") discussion and analysis of the annual financial report provides an overview of the City's financial activities for the year ended December 31, 2017.

FINANCIAL HIGHLIGHTS

- The City's total net position increased \$2,514,959 in 2017.
- General revenues accounted for \$39,244,835 or 67% of total revenue. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$19,293,863 or 33% of total revenues of \$58,538,698.
- The City had \$56,023,739 in expenses related to governmental activities. Program revenues of \$19,293,863 reduced the net cost of the City's functions to be financed from the City's general revenues to \$36,729,876.
- The City's unassigned fund balance of the General Fund totaled \$9,023,648 at year end, or 41% 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 because 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 considered 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 consider 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, 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 2017 compared to 2016.

Table 1
Net Position

	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2016</u>
Assets		
Current and other assets	\$ 50,630,255	\$ 49,785,675
Capital assets	<u>248,018,982</u>	<u>250,228,500</u>
<i>Total Assets</i>	<u>298,649,237</u>	<u>300,014,175</u>
Deferred Outflows of Resources	<u>8,884,770</u>	<u>9,082,924</u>
Liabilities		
Long-term liabilities:		
Net pension liabilities	23,907,285	22,074,243
Other long-term amounts	64,369,842	70,586,098
Other liabilities	<u>3,785,653</u>	<u>2,870,358</u>
<i>Total Liabilities</i>	<u>92,062,780</u>	<u>95,530,699</u>
Deferred Inflows of Resources	<u>6,810,881</u>	<u>7,421,013</u>
Net Position		
Net investment in capital assets	187,490,079	185,589,498
Restricted	16,913,151	16,230,358
Unrestricted	<u>4,257,116</u>	<u>4,325,531</u>
<i>Total Net Position</i>	<u>\$ 208,660,346</u>	<u>\$ 206,145,387</u>

During 2015, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27*, which significantly revised accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB Statement No. 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB Statement No. 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation to properly understand the information presented in these statements.

Under GASB Statement No. 68, the net pension liability equals the City's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract, but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e., sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. If contributions, investment returns, and other changes are insufficient to keep up with the required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB Statement No. 68, the City's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

The largest portion of the City's net position (90%) 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 (8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$4,257,116 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 was 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 \$2,514,959 from the prior year. The reasons for this overall are discussed in the following section.

Table 2 shows the changes in net position for the years ended December 31, 2017 and 2016.

Table 2
Changes in Net Position

	Governmental Activities	
	2017	2016
Revenues		
Program revenues:		
Charges for services	\$ 9,512,631	\$ 11,048,412
Operating grants and contributions	2,538,885	2,195,900
Capital grants and contributions	7,242,347	8,713,838
<i>Total program revenues</i>	<i>19,293,863</i>	<i>21,958,150</i>
General revenues:		
Property and other local taxes	1,526,373	1,429,888
Municipal income taxes	29,197,481	27,870,739
Payments in lieu of taxes	7,201,942	6,238,064
Grants and entitlements not restricted to specific programs	731,344	706,750
Investment earnings	332,676	199,018
Miscellaneous	255,019	334,063
<i>Total general revenues</i>	<i>39,244,835</i>	<i>36,778,522</i>
<i>Total revenues</i>	<i>58,538,698</i>	<i>58,736,672</i>
Expenses		
General government	11,597,782	12,247,477
Security of persons and property	10,957,889	10,955,413
Public health	256,406	237,546
Leisure time activities	6,421,668	4,442,567
Community environment	4,365,272	3,856,330
Basic utility services	8,563,635	8,242,381
Transportation	11,985,105	8,759,098
Interest and fiscal charges	1,875,982	2,094,479
<i>Total expenses</i>	<i>56,023,739</i>	<i>50,835,291</i>
<i>Change in net position</i>	<i>2,514,959</i>	<i>7,901,381</i>
<i>Net position, beginning of year</i>	<i>206,145,387</i>	<i>198,244,006</i>
<i>Net position, end of year</i>	<i>\$ 208,660,346</i>	<i>\$ 206,145,387</i>

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. With new businesses, increasing personal income trend and decreasing unemployment (as can be seen in the statistical section), the City has seen its income tax revenue increase 5% over the prior year.

In 2017, total revenue decreased \$197,974 as compared to 2016. The increase in total General Revenues was \$2,466,313, while total Program Revenues decreased \$2,664,287.

Under program revenues, the City experienced decreases in charges for services and capital grants and contributions during 2017. Impact fees, utility tap and capacity fees, and permit revenue, under charges for services, decreased due to completion of a major apartment project in the prior year. The decrease in capital grants and contributions was attributable to infrastructure donated by developers as part of two large roadway extension projects that were donated in 2016.

Overall, general revenues increased compared to the prior year, primarily driven by the growth in income taxes, as discussed above, and growth in property taxes and payments in lieu of taxes, as the City's property valuations continue to grow.

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

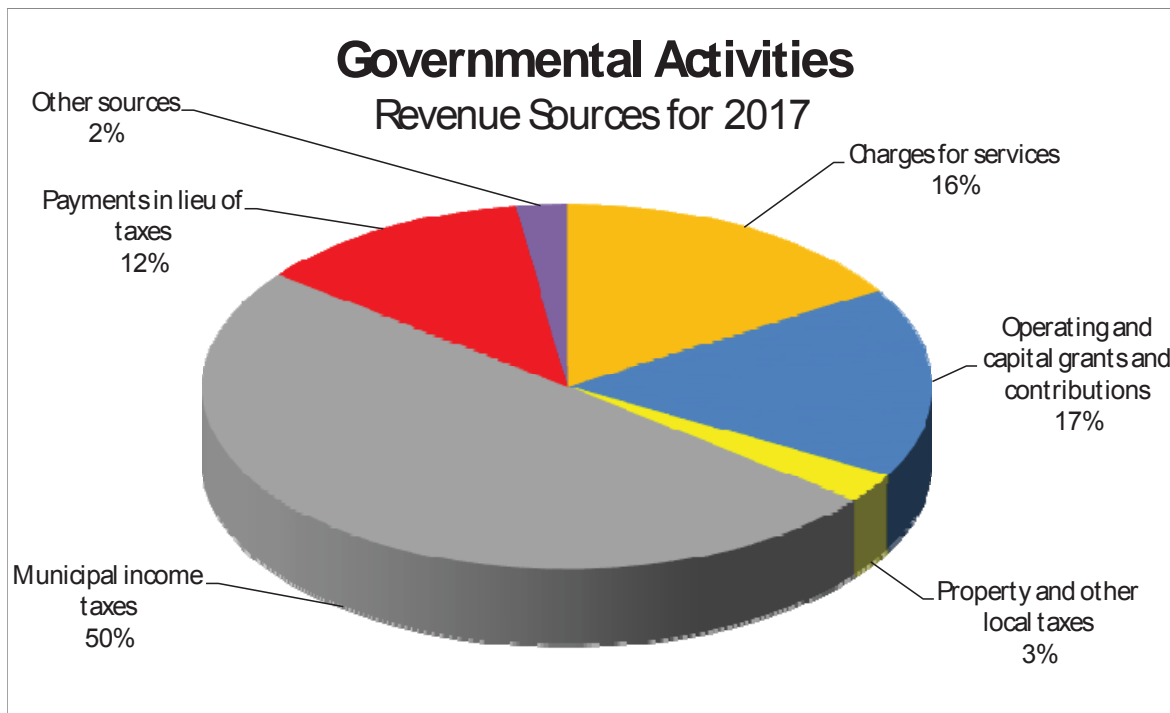
	Total Cost of Services 2017	Net Cost of Services 2017	Total Cost of Services 2016	Net Cost of Services 2016
General government	\$ 11,597,782	\$ 10,257,649	\$ 12,247,477	\$ 11,367,182
Security of persons and property	10,957,889	9,805,230	10,955,413	9,943,142
Public health	256,406	256,406	237,546	237,546
Leisure time activities	6,421,668	5,267,620	4,442,567	2,949,537
Community environment	4,365,272	1,200,123	3,856,330	751,152
Basic utility services	8,563,635	412,089	8,242,381	(2,277,607)
Transportation	11,985,105	7,654,777	8,759,098	3,811,710
Interest and fiscal charges	1,875,982	1,875,982	2,094,479	2,094,479
	<u>\$ 56,023,739</u>	<u>\$ 36,729,876</u>	<u>\$ 50,835,291</u>	<u>\$ 28,877,141</u>

It should be noted that 34% of the costs of services for governmental activities are paid by program revenues, including charges for services, operating grants, capital grants and other contributions. As shown by the total net costs of \$36,729,876, 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 payments in lieu of taxes.

The City experienced a 10% increase in expenses during the year. The increase was driven by increased leisure time activities, due to increased pension expenses and repairs and maintenance at many of the City’s recreation facilities, and transportation expenses, due to a \$2.1 million reimbursement payment to Franklin County for the City’s share on a road project and road maintenance and repairs.

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 several active capital improvement projects during 2017 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 16% of total revenues. Revenues provided by sources other than City residents in the form of operating and capital grants and contributions restricted to a certain program comprise another 17% of total revenues. The remaining revenues are primarily generated locally through 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, 2017, the City's governmental funds reported combined fund balances of \$36,410,379, a decrease of \$632,644 in comparison with the prior year. Approximately 24% of this amount (\$8,823,935) 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 (\$71,894), 2) restricted for particular purposes (\$15,310,227), 3) committed for particular purposes (\$5,157,370), or 4) assigned for particular purposes (\$7,046,953).

The General Fund ended the current year with a fund balance of \$16,226,284. Of this amount, \$9,023,648 is considered unassigned, which represents 41% 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 \$478,134 in 2017, which was \$2.9 million less than the prior year's increase in fund balance. This is attributable to an increase in net-profit refunds, including \$684,000 to one major employer, and an increase of \$1.6 million in transfers to the Capital Improvement Municipal Tax Capital Projects Fund to fund various capital improvements.

The increase of \$430,878 in the Street Maintenance and Repair Special Revenue Fund was due to lower fuel prices and a mild winter requiring less salt.

The Street Improvement Municipal Tax Special Revenue Fund increased by \$258,268. This increase was \$332,413 more than the prior year's decrease, due primarily to increases in income taxes, previously discussed.

The Water and Sewer Revenue Special Revenue Fund's fund balance decreased by \$308,378. This fund was impacted by the decrease in utility tap and capacity fees previously discussed.

The TIF Special Revenue Fund increased by \$1,175,152. The increase was driven by increases in assessed property valuations, upon which the payments in lieu of taxes are based on.

The Capital Improvement Municipal Tax Capital Projects Fund decreased by \$2,795,670, primarily due to lower impact fees, previously discussed and less new debt issued compared to prior years.

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 2017, the total amount of the General Fund budgeted expenditures and transfers increased from \$27.7 million to \$32.4 million, a difference of \$4.7 million, to account for wage increases in the FOP contract and Council-approved transfer to fund capital improvements. Actual expenditures were \$3.8 million less than budgeted, due to conservative budgeting and not needing to add funds to the Reserve Fund.

General Fund final budgeted revenues were \$3.5 million higher than the original budgeted revenues to account for the income tax revenue growth. Actual revenues were \$26.7 million, a difference of \$2.3 million, primarily due to better than expected income tax collections, with increases in employment within the City.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2017, the City's capital assets decreased \$2,209,518 to \$248,018,982.

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

	Governmental Activities	
	2017	2016
Land	\$ 10,851,868	\$ 9,653,868
Construction in progress	8,157,733	7,845,887
Buildings	6,272,648	6,626,101
Improvements other than buildings	10,575,697	10,927,685
Machinery and equipment	1,690,490	1,844,299
Furniture and fixtures	179,332	168,470
Vehicles	1,144,918	996,241
Infrastructure	<u>209,146,296</u>	<u>212,165,949</u>
Totals	<u>\$ 248,018,982</u>	<u>\$ 250,228,500</u>

Capital Assets decreased primarily due to completion of infrastructure projects, including Riggins Road, Main Street and Center Road projects, and \$12.4 million in depreciation expense. See Note 7 of the Notes to the Basic Financial Statements for more detailed information.

Debt

At December 31, 2017, the City of Hilliard had \$62,467,538 in debt outstanding.

**Table 5
Outstanding Debt**

	Governmental Activities	
	2017	2016
OWDA loan payable	\$ 741,478	\$ 974,279
OPWC loan payable	2,238,947	2,348,164
General obligation bonds	49,830,000	49,190,000
General obligation notes	-	6,500,000
Capital leases	5,331,545	5,500,769
Premiums on bonds issued	4,325,568	4,317,370
Totals	<u>\$ 62,467,538</u>	<u>\$ 68,830,582</u>

The decrease in outstanding debt is primarily due to not issuing general obligation notes in 2017 as had been done in prior years. During the year, the City new debt activity was limited to issuing \$4,655,000 in new bonds for various capital improvements.

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 \$108,274,872 as of December 31, 2017. The more restrictive unvoted legal debt margin within 5.5 percent was \$56,715,409 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, 2017

	Governmental Activities
Assets	
Equity in pooled cash and investments	\$ 36,885,093
Accounts receivable	325,858
Municipal income tax receivable	5,722,845
Due from other governments	1,204,488
Payments in lieu of taxes receivable	4,908,184
Prepaid items	71,894
Property and other local taxes receivable	1,511,893
Nondepreciable capital assets	19,009,601
Depreciable capital assets, net	<u>229,009,381</u>
Total assets	<u>298,649,237</u>
Deferred Outflows of Resources	
Deferred charges on refunding	1,938,635
Pensions	<u>6,946,135</u>
Total deferred outflows of resources	<u>8,884,770</u>
Liabilities	
Accounts payable	1,743,035
Accrued liabilities	290,000
Accrued wages payable	292,551
Matured compensated absences	294,851
Due to other governments	215,769
Accrued interest payable	145,807
Claims payable	452,000
Unearned revenue	351,640
Long-term liabilities:	
Due within one year	5,568,895
Due in more than one year:	
Net pension liabilities	23,907,285
Other amounts due more than one year	<u>58,800,947</u>
Total liabilities	<u>92,062,780</u>
Deferred Inflow of Resources	
Property taxes levied for next year	1,480,961
Payments in lieu of taxes levied for next year	4,908,184
Pensions	<u>421,736</u>
Total deferred inflows of resources	<u>6,810,881</u>
Net Position	
Net investment in capital assets	187,490,079
Restricted for:	
Streets and transportation	7,100,656
Capital outlay	9,431,309
Other purposes	381,186
Unrestricted	<u>4,257,116</u>
Total net position	<u>\$ 208,660,346</u>

See accompanying notes to the basic financial statements.



Real People. Real Possibilities.

CITY OF HILLIARD, OHIO
Statement of Activities
Year Ended December 31, 2017

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental activities:				
General government	\$ 11,597,782	\$ 847,633	\$ 492,500	\$ (10,257,649)
Security of persons and property	10,957,889	1,068,701	83,958	(9,805,230)
Public health	256,406	-	-	(256,406)
Leisure time activities	6,421,668	1,152,698	1,350	(5,267,620)
Community environment	4,365,272	3,165,149	-	(1,200,123)
Basic utility services	8,563,635	3,278,450	-	(412,089)
Transportation	11,985,105	-	1,961,077	(7,654,777)
Interest and fiscal charges	1,875,982	-	-	(1,875,982)
Total governmental activities	<u>\$ 56,023,739</u>	<u>\$ 9,512,631</u>	<u>\$ 2,538,885</u>	<u>\$ (36,729,876)</u>

General revenues:	1,526,373
Property taxes levied for general purposes	18,729,749
Municipal income taxes levied for:	3,170,538
General purposes	7,297,194
Transportation	7,201,942
Capital outlay	731,344
Payments in lieu of taxes	332,676
Grants and contributions not restricted to specific programs	255,019
Investment earnings	<u>39,244,835</u>
Miscellaneous	
Total general revenues	
Change in net position	2,514,959
Net position beginning of year	206,145,387
Net position end of year	<u>\$ 208,660,346</u>

See accompanying notes to the basic financial statements.

CITY OF HILLIARD, OHIO

Balance Sheet
 Governmental Funds
 December 31, 2017

	<u>General</u>	<u>Street Maintenance and Repair</u>	<u>Street Improvement Municipal Tax</u>
Assets			
Equity in pooled cash and cash equivalents	\$ 16,224,113	\$ 1,652,380	\$ 2,886,127
Receivables:			
Property and other local taxes	1,511,893	-	-
Payments in lieu of taxes	-	-	-
Municipal income taxes	3,719,849	-	572,285
Accounts	140,974	1,842	-
Due from other funds	48,152	-	-
Due from other governments	251,869	728,406	-
Prepaid items	71,894	-	-
Interfund receivable	188,885	-	-
Total assets	<u>\$ 22,157,629</u>	<u>\$ 2,382,628</u>	<u>\$ 3,458,412</u>
Liabilities			
Accounts payable	\$ 492,800	\$ 40,933	\$ 522,041
Accrued liabilities	290,000	-	-
Due to other funds	386,491	30,122	-
Interfund payable	-	-	-
Accrued wages payable	251,288	10,410	-
Matured compensated absences	275,883	4,742	-
Due to other governments	185,448	7,658	-
Unearned revenue	351,640	-	-
Total liabilities	<u>2,233,550</u>	<u>93,865</u>	<u>522,041</u>
Deferred Inflows of Resources			
Property taxes levied for next year	1,480,961	-	-
Payments in lieu of taxes levied for next year	-	-	-
Unavailable revenue	2,216,834	485,973	293,694
Total deferred inflows of resources	<u>3,697,795</u>	<u>485,973</u>	<u>293,694</u>
Fund balances			
Nonspendable	71,894	-	-
Restricted	-	1,802,790	-
Committed	83,789	-	2,642,677
Assigned	7,046,953	-	-
Unassigned (deficit)	9,023,648	-	-
Total fund balances	<u>16,226,284</u>	<u>1,802,790</u>	<u>2,642,677</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 22,157,629</u>	<u>\$ 2,382,628</u>	<u>\$ 3,458,412</u>

See accompanying notes to the basic financial statements.

<u>Water and Sewer Revenue</u>	<u>TIF</u>	<u>Capital Improvement Municipal Tax</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,719,340	\$ 4,169,753	\$ 8,325,182	\$ 1,631,090	\$ 36,607,985
-	-	-	-	1,511,893
-	4,908,184	-	-	4,908,184
-	-	1,430,711	-	5,722,845
46,715	-	-	136,327	325,858
-	-	-	-	48,152
-	103,495	-	120,718	1,204,488
-	-	-	-	71,894
-	-	-	-	188,885
<u>\$ 1,766,055</u>	<u>\$ 9,181,432</u>	<u>\$ 9,755,893</u>	<u>\$ 1,888,135</u>	<u>\$ 50,590,184</u>
\$ 72,374	\$ -	\$ 324,584	\$ 290,303	\$ 1,743,035
-	-	-	-	290,000
55,718	-	-	27,859	500,190
-	-	-	188,885	188,885
20,820	-	-	10,033	292,551
9,484	-	-	4,742	294,851
15,316	-	-	7,347	215,769
-	-	-	-	351,640
<u>173,712</u>	<u>-</u>	<u>324,584</u>	<u>529,169</u>	<u>3,876,921</u>
-	-	-	-	1,480,961
-	4,908,184	-	-	4,908,184
-	103,495	734,233	79,510	3,913,739
<u>-</u>	<u>5,011,679</u>	<u>734,233</u>	<u>79,510</u>	<u>10,302,884</u>
-	-	-	-	71,894
-	4,169,753	8,697,076	640,608	15,310,227
1,592,343	-	-	838,561	5,157,370
-	-	-	-	7,046,953
-	-	-	(199,713)	8,823,935
<u>1,592,343</u>	<u>4,169,753</u>	<u>8,697,076</u>	<u>1,279,456</u>	<u>36,410,379</u>
<u>\$ 1,766,055</u>	<u>\$ 9,181,432</u>	<u>\$ 9,755,893</u>	<u>\$ 1,888,135</u>	<u>\$ 50,590,184</u>



Real People. Real Possibilities.

CITY OF HILLIARD, OHIO
 Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 December 31, 2017

Total governmental fund balances		\$ 36,410,379
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		248,018,982
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds.		3,913,739
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.		277,146
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	(54,155,568)	
OWDA loans payable	(741,478)	
OPWC loans payable	(2,238,947)	
Capital lease payable	(5,331,545)	
Compensated absences payable	<u>(1,902,304)</u>	(64,369,842)
Accrued interest on long-term debt is not reported in the funds.		(145,807)
Deferred outflows of resources from losses on refunding are amortized over the life of the bonds and are not reported in the funds.		1,938,635
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the governmental funds:		
Deferred outflows - pensions	6,946,135	
Deferred inflows - pensions	(421,736)	
Net pension liability	<u>(23,907,285)</u>	<u>(17,382,886)</u>
Net position of governmental activities		\$ <u>208,660,346</u>

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, 2017

	General	Street Maintenance and Repair	Street Improvement Municipal Tax
Revenues			
Property and other local taxes	\$ 1,528,261	\$ -	\$ -
Municipal income taxes	18,030,859	-	2,927,266
Payment in lieu of taxes	-	-	-
Intergovernmental	519,026	1,523,310	-
Charges for services	4,062,353	-	-
Licenses and permits	1,378,191	-	-
Fines and forfeitures	261,207	-	-
Investment income	319,892	9,415	-
Miscellaneous	127,292	48,325	2,480
Total revenues	<u>26,227,081</u>	<u>1,581,050</u>	<u>2,929,746</u>
Expenditures			
Current:			
General government	5,537,966	-	57,725
Security of persons and property	9,522,527	-	-
Public health	256,406	-	-
Leisure time activities	3,247,217	-	-
Community environment	3,695,283	-	-
Basic utility services	-	-	-
Transportation	-	1,150,172	2,313,803
Debt Service:			
Principal retirement	-	-	171,400
Interest and fiscal charges	-	-	128,550
Issuance costs	-	-	-
Total expenditures	<u>22,259,399</u>	<u>1,150,172</u>	<u>2,671,478</u>
Excess of revenues over (under) expenditures	<u>3,967,682</u>	<u>430,878</u>	<u>258,268</u>
Other Financing Sources (Uses)			
Sale of capital assets	10,452	-	-
General obligation bonds issued	-	-	-
Premium on bonds issued	-	-	-
Transfers in	-	-	-
Transfers out	(3,500,000)	-	-
Total other financing sources (uses)	<u>(3,489,548)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	478,134	430,878	258,268
Fund balance, beginning of year	<u>15,748,150</u>	<u>1,371,912</u>	<u>2,384,409</u>
Fund balance, end of year	<u>\$ 16,226,284</u>	<u>\$ 1,802,790</u>	<u>\$ 2,642,677</u>

See accompanying notes to the basic financial statements.

Water and Sewer Revenue	TIF	Capital Improvement Municipal Tax	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 1,528,261
-	-	6,983,141	-	27,941,266
-	7,201,942	-	-	7,201,942
-	220,072	23,123	3,115,846	5,401,377
1,799,729	-	-	1,330,124	7,192,206
-	-	422,000	112,930	1,913,121
-	-	-	142,692	403,899
-	-	-	3,369	332,676
10,557	-	35,800	23,970	248,424
<u>1,810,286</u>	<u>7,422,014</u>	<u>7,464,064</u>	<u>4,728,931</u>	<u>52,163,172</u>
-	2,738,422	1,988,049	20,963	10,343,125
-	-	275,249	95,993	9,893,769
-	-	-	-	256,406
-	-	2,880,330	983,022	7,110,569
-	-	181,400	-	3,876,683
1,828,847	-	957,726	707,289	3,493,862
-	1,570,172	1,912,465	2,792,692	9,739,304
221,000	1,507,000	9,126,842	-	11,026,242
68,817	431,268	1,442,289	-	2,070,924
-	-	104,753	-	104,753
<u>2,118,664</u>	<u>6,246,862</u>	<u>18,869,103</u>	<u>4,599,959</u>	<u>57,915,637</u>
<u>(308,378)</u>	<u>1,175,152</u>	<u>(11,405,039)</u>	<u>128,972</u>	<u>(5,752,465)</u>
-	-	700	-	11,152
-	-	4,655,000	-	4,655,000
-	-	453,669	-	453,669
-	-	3,500,000	-	3,500,000
-	-	-	-	(3,500,000)
-	-	8,609,369	-	5,119,821
<u>(308,378)</u>	<u>1,175,152</u>	<u>(2,795,670)</u>	<u>128,972</u>	<u>(632,644)</u>
<u>1,900,721</u>	<u>2,994,601</u>	<u>11,492,746</u>	<u>1,150,484</u>	<u>37,043,023</u>
<u>\$ 1,592,343</u>	<u>\$ 4,169,753</u>	<u>\$ 8,697,076</u>	<u>\$ 1,279,456</u>	<u>\$ 36,410,379</u>



Real People. Real Possibilities.

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, 2017

Net change in fund balances - total governmental funds	\$	(632,644)
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
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 asset additions		5,984,270
Depreciation expense		(12,405,090)
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 capital contributions.		
		5,119,224
In the statement of activities, loss on disposal of capital assets is reported, whereas only proceeds from sales are reported in the funds.		
		(907,922)
Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
		1,245,850
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.		
		78,065
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		(146,788)
Interest on long-term debt		76,360
Amortization of bond premiums		445,471
Net change in deferred loss on refunding		(222,136)
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.		
		11,026,242
The issuance of general obligations bonds and premiums are recorded as other financing sources in the governmental funds, but are used to increase bonds payable on the statement of net position.		
		(5,108,669)
Contractually required contributions are reported as expenditures in governmental funds; however the statement of net position reports these amounts as deferred outflows.		
		1,850,510
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		<u>(3,887,784)</u>
Change in net position of governmental activities	\$	<u>2,514,959</u>

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, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final		From Final Budget
Revenues:				
Property and other local taxes	\$ 1,551,818	\$ 1,551,818	\$ 1,532,877	\$ (18,941)
Municipal income taxes	13,277,951	16,777,951	19,207,845	2,429,894
Intergovernmental	579,656	579,656	524,489	(55,167)
Charges for services	4,033,766	4,033,766	3,427,944	(605,822)
Licenses and permits	951,100	951,100	1,353,816	402,716
Fines and forfeitures	350,000	350,000	261,207	(88,793)
Investment income	78,000	78,000	319,892	241,892
Miscellaneous	79,000	79,000	115,173	36,173
Total revenues	<u>20,901,291</u>	<u>24,401,291</u>	<u>26,743,243</u>	<u>2,341,952</u>
Expenditures:				
Current:				
General government	9,862,887	10,547,262	8,000,499	2,546,763
Security of persons and property	10,360,906	10,563,906	9,806,340	757,566
Public health	260,876	260,876	257,183	3,693
Leisure time activities	3,561,582	3,561,582	3,352,400	209,182
Community environment	3,644,156	3,644,156	3,401,954	242,202
Total expenditures	<u>27,690,407</u>	<u>28,577,782</u>	<u>24,818,376</u>	<u>3,759,406</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,789,116)</u>	<u>(4,176,491)</u>	<u>1,924,867</u>	<u>6,101,358</u>
Other financing sources (uses):				
Sale of assets	6,000	6,000	10,452	4,452
Transfers in	309,031	309,031	302,049	(6,982)
Transfers out	-	(3,802,049)	(3,802,049)	-
Total other financing sources (uses)	<u>315,031</u>	<u>(3,487,018)</u>	<u>(3,489,548)</u>	<u>(2,530)</u>
Net change in fund balance	(6,474,085)	(7,663,509)	(1,564,681)	\$ 6,098,828
Fund balance, beginning of year	11,455,276	11,455,276	11,455,276	
Prior year encumbrances appropriated*	3,294,282	3,294,282	3,294,282	
Fund balance, end of year	<u>\$ 8,275,473</u>	<u>\$ 7,086,049</u>	<u>\$ 13,184,877</u>	

* restated

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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance From Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 1,350,500	\$ 1,350,500	\$ 1,516,279	\$ 165,779
Investment income	600	600	9,415	8,815
Miscellaneous	40,000	40,000	47,171	7,171
Total revenues	<u>1,391,100</u>	<u>1,391,100</u>	<u>1,572,865</u>	<u>181,765</u>
Expenditures:				
Current:				
Transportation	<u>2,312,577</u>	<u>2,312,577</u>	<u>1,716,325</u>	<u>596,252</u>
Total expenditures	<u>2,312,577</u>	<u>2,312,577</u>	<u>1,716,325</u>	<u>596,252</u>
Net change in fund balance	(921,477)	(921,477)	(143,460)	\$ 778,017
Fund balance, beginning of year	746,737	746,737	746,737	
Prior year encumbrances appropriated	<u>619,378</u>	<u>619,378</u>	<u>619,378</u>	
Fund balance, end of year	<u>\$ 444,638</u>	<u>\$ 444,638</u>	<u>\$ 1,222,655</u>	

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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance From Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Municipal income taxes	\$ 2,581,223	\$ 2,581,223	\$ 2,953,714	\$ 372,491
Miscellaneous	-	-	2,480	2,480
Total revenues	<u>2,581,223</u>	<u>2,581,223</u>	<u>2,956,194</u>	<u>374,971</u>
Expenditures:				
Current:				
General government	174,000	310,875	282,595	28,280
Transportation	3,208,743	3,208,743	3,108,729	100,014
Debt Service	<u>300,000</u>	<u>300,000</u>	<u>299,950</u>	<u>50</u>
Total expenditures	<u>3,682,743</u>	<u>3,819,618</u>	<u>3,691,274</u>	<u>128,344</u>
Net change in fund balance	(1,101,520)	(1,238,395)	(735,080)	\$ 503,315
Fund balance, beginning of year	1,829,750	1,829,750	1,829,750	
Prior year encumbrances appropriated	<u>527,743</u>	<u>527,743</u>	<u>527,743</u>	
Fund balance, end of year	<u>\$ 1,255,973</u>	<u>\$ 1,119,098</u>	<u>\$ 1,622,413</u>	

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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance From Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 1,920,000	\$ 1,920,000	\$ 1,794,864	\$ (125,136)
Miscellaneous	150,000	150,000	9,756	(140,244)
Total revenues	<u>2,070,000</u>	<u>2,070,000</u>	<u>1,804,620</u>	<u>(265,380)</u>
Expenditures:				
Current:				
Basic utility services	3,106,341	3,106,341	2,298,202	808,139
Debt Service	<u>290,000</u>	<u>290,000</u>	<u>289,817</u>	<u>183</u>
Total expenditures	<u>3,396,341</u>	<u>3,396,341</u>	<u>2,588,019</u>	<u>808,322</u>
Net change in fund balance	(1,326,341)	(1,326,341)	(783,399)	\$ 542,942
Fund balance, beginning of year	1,370,313	1,370,313	1,370,313	
Prior year encumbrances appropriated	<u>598,215</u>	<u>598,215</u>	<u>598,215</u>	
Fund balance, end of year	<u>\$ 642,187</u>	<u>\$ 642,187</u>	<u>\$ 1,185,129</u>	

See accompanying notes to the basic financial statements.

CITY OF HILLIARD, OHIOStatement of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual - Budget (Non-GAAP) Basis

TIF Fund

Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance From Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Payment in lieu of taxes	\$ -	\$ 4,460,000	\$ 7,201,942	\$ 2,741,942
Intergovernmental	-	227,000	220,072	(6,928)
Total revenues	<u>-</u>	<u>4,687,000</u>	<u>7,422,014</u>	<u>2,735,014</u>
Expenditures:				
Current:				
General Government	-	1,638,300	1,633,351	4,949
Transportation	4,118	2,680,618	2,679,361	1,257
Debt Service	1,500,000	1,939,000	1,938,269	731
Total expenditures	<u>1,504,118</u>	<u>6,257,918</u>	<u>6,250,981</u>	<u>6,937</u>
Net change in fund balance	(1,504,118)	(1,570,918)	1,171,033	\$ 2,741,951
Fund balance, beginning of year	2,990,484	2,990,484	2,990,484	
Prior year encumbrances appropriated	4,118	4,118	4,118	
Fund balance, end of year	<u>\$ 1,490,484</u>	<u>\$ 1,423,684</u>	<u>\$ 4,165,635</u>	

See accompanying notes to the basic financial statements.

CITY OF HILLIARD, OHIO
Statement of Net Position
Internal Service Fund
December 31, 2017

	<u>Insurance Trust</u>
Assets	
Current assets:	
Equity in pooled cash and cash equivalents	\$ 277,108
Due from other funds	<u>452,038</u>
Total assets	<u>729,146</u>
Liabilities	
Current liabilities:	
Claims payable	<u>452,000</u>
Total liabilities	<u>452,000</u>
Net Position	
Unrestricted	<u>277,146</u>
Total net position	<u><u>\$ 277,146</u></u>

See accompanying notes to the basic financial statements.

CITY OF HILLIARD, OHIO

Statement of Revenues, Expenses and Change in Fund Net Position

Internal Service Fund

Year Ended December 31, 2017

	<u>Insurance Trust</u>
<i>Operating Revenues</i>	
Charges for services	<u>\$ 2,431,646</u>
<i>Operating Expenses</i>	
Claims	<u>2,353,581</u>
Change in net position	78,065
Net position beginning of year	<u>199,081</u>
Net position end of year	<u>\$ 277,146</u>

See accompanying notes to the basic financial statements.

CITY OF HILLIARD, OHIO
Statement of Cash Flows
Internal Service Fund
Year Ended December 31, 2017

	<u>Insurance Trust</u>
<i>Cash Flows from Operating Activities</i>	
Cash received from customers	\$ 2,107,302
Cash payments for claims	<u>(2,029,581)</u>
<i>Net cash from operating activities</i>	77,721
Cash and cash equivalents beginning of year	<u>199,387</u>
Cash and cash equivalents end of year	<u>\$ 277,108</u>
Reconciliation of operating income to net cash from operating activities:	
Operating income	\$ 78,065
Adjustments to reconcile operating income to net cash from operating activities:	
Change in due from other funds	(324,344)
Change in claims payable	<u>324,000</u>
Net cash from operating activities	<u>\$ 77,721</u>

See accompanying notes to the basic financial statements.

CITY OF HILLIARD, OHIO
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2017

Assets

Equity in pooled cash and cash equivalents	\$ 420,420
Cash and cash equivalents in segregated accounts	24,732
Accounts receivable	<u>23,753</u>
Total assets	<u>\$ 468,905</u>

Liabilities

Due to other governments	\$ 404,577
Deposits held and due to others	<u>64,328</u>
Total liabilities	<u>\$ 468,905</u>

See accompanying notes to the basic financial statements.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements
Year Ended December 31, 2017

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. Finally, the City entered into an agreement to become a member of the Central Ohio Interoperable Radio System, a jointly governed organization. Information about the related organization, the joint venture, and the jointly governed organization 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 accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The most significant of the City's accounting policies are described below.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2017

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.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2017

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.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2017

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.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2017

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 and payments in lieu of taxes are 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.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2017

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 Investments” on the financial statements. 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 2017, the City invested in negotiable certificates of deposit, a money market account, and the State Treasury Assets Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer’s Office that allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted GASB Statement No 79, *Certain External Investment Pools and Pool Participants*. Investments in STAR Ohio are valued at the net asset value per share provided by STAR Ohio on an amortized cost basis at December 31, 2017, which approximates fair value.

For 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Interest income is distributed to the funds according to Ohio constitutional and statutory requirements. Interest revenue credited to the General Fund during 2017 amounted to \$319,892, which includes \$179,033 assigned from other funds.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2017

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

E. Cash and Cash Equivalents - *continued*

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.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2017, 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 acquisition cost on the date received. The City maintains a capitalization threshold of one thousand dollars, except for infrastructure which has a threshold of five thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

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

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2017

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:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	20-40 years
Improvements Other Than Buildings	15-30 years
Machinery and Equipment	5-20 years
Furniture and Fixtures	7-20 years
Vehicles	5-20 years
Infrastructure	10-60 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. Deferred outflows of resources represent 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. For the City, deferred outflows of resources are reported on the government-wide statement of net position for deferred charge on refunding and pensions. 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. The deferred outflows of resources related to pensions are explained in Note 9.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time. For the City, deferred inflows of resources include property taxes, payment in lieu of taxes, unavailable revenue and pensions. Receivables from property taxes and payment in lieu of taxes represent amounts that were levied and measurable as of December 31, 2017, but are intended to finance 2018 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). The deferred inflows of resources related to pensions are explained in Note 9.

J. Unearned Revenue

Unearned revenue recorded in the General Fund represents resources that have been received, but not yet earned as of December 31, 2017.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2017

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

K. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

L. Compensated Absences

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

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

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

M. 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.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2017

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

N. 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.

O. 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.

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 \$16,913,151 of restricted net position, of which none was restricted by enabling legislation.

P. 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.

Q. 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.

R. Accounting Estimates

The preparation of financial statements in conformity with GAAP 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.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2017

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

S. 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 within each department.

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).
5. Funds budgeted separately.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2017

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	\$ 478,134	\$ 430,878	\$ 258,268	\$ (308,378)	\$ 1,175,152
Funds reclassified	(4,892)	-	-	-	-
Revenue accruals	1,174,557	(8,185)	26,448	(5,666)	-
Expenditure accruals	(816,248)	(136,429)	242,389	64,857	(2)
Encumbrances	<u>(2,396,232)</u>	<u>(429,724)</u>	<u>(1,262,185)</u>	<u>(534,212)</u>	<u>(4,117)</u>
Budget Basis	<u><u>\$ (1,564,681)</u></u>	<u><u>\$ (143,460)</u></u>	<u><u>\$ (735,080)</u></u>	<u><u>\$ (783,399)</u></u>	<u><u>\$ 1,171,033</u></u>

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;

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2017

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 \$11,869,247 of the City's bank balance of \$12,369,247 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, unless the financial institution participates in the Ohio Treasurer of State's Ohio Collateral Pool System, which reduces the market value to one hundred two percent of the deposits being secured.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2017

NOTE 4 – DEPOSITS AND INVESTMENTS - *continued*

Investments

As of December 31, 2017, the City had the following investments. All investments are in an internal investment pool.

	Measurement Value at 12/31/17	Investment Maturities			
		0 to 6 mos	7 to 12 mos	13 to 18 mos	19 to 24 mos
5/3rd Government Money Market	\$ 7,485,544	\$ 7,485,544	\$ -	\$ -	\$ -
Negotiable Certificates of Deposit	3,215,168	495,668	990,979	494,532	1,233,989
STAR Ohio	14,915,345	14,915,345	-	-	-
Total	\$ 25,616,057	\$ 22,896,557	\$ 990,979	\$ 494,532	\$ 1,233,989

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, negotiable certificates of deposit and STAR Ohio represent 29%, 13% and 58%, respectively, of the City’s total investments.

Fair Value Measurement – The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City’s negotiable certificates of deposit of \$3.2 million were valued using pricing sources as provided by the investment manager (Level 2 inputs). Investments in money market and STAR Ohio funds are excluded from fair value measurement requirements under generally accepted accounting principles, and instead are reported at amortized cost.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2017

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 2017 for real and public utility property taxes represents collections of 2016 taxes.

2017 real property taxes are levied after October 1, 2017, on the assessed value as of January 1, 2017, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2017 real property taxes are collected in and intended to finance 2017.

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. 2017 public utility property taxes became a lien December 31, 2016, are levied after October 1, 2017, and are collected in 2017 with real property taxes.

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

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the City of Hilliard. The County Auditor periodically remits to the City its portion of the taxes. Property taxes receivable represents real property taxes, public utility taxes, and outstanding delinquencies which are measurable as of December 31, 2017, 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 2017 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, 2017, was \$1.60 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2017 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property	\$ 1,001,547,240
Public Utility Property	<u>29,642,020</u>
Totals	<u>\$ 1,031,189,260</u>

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

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, continued
Year Ended December 31, 2017

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, 2017, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 9,653,868	\$ 1,198,000	\$ -	\$ 10,851,868
Construction in progress	7,845,887	4,337,537	(4,025,691)	8,157,733
Total capital assets not being depreciated	<u>17,499,755</u>	<u>5,535,537</u>	<u>(4,025,691)</u>	<u>19,009,601</u>
Capital assets being depreciated:				
Buildings	11,721,301	15,130	(35,566)	11,700,865
Improvements other than buildings	15,582,930	207,085	-	15,790,015
Machinery and equipment	6,389,497	368,517	(267,663)	6,490,351
Furniture and fixtures	699,250	53,774	-	753,024
Vehicles	3,509,899	493,631	(273,275)	3,730,255
Infrastructure	419,138,235	8,455,511	(3,413,209)	424,180,537
Total capital assets being depreciated	<u>457,041,112</u>	<u>9,593,648</u>	<u>(3,989,713)</u>	<u>462,645,047</u>
Less accumulated depreciation:				
Buildings	(5,095,200)	(342,205)	9,188	(5,428,217)
Improvements other than buildings	(4,655,245)	(559,073)	-	(5,214,318)
Machinery and equipment	(4,545,198)	(506,057)	251,394	(4,799,861)
Furniture and fixtures	(530,780)	(42,912)	-	(573,692)
Vehicles	(2,513,658)	(325,556)	253,877	(2,585,337)
Infrastructure	(206,972,286)	(10,629,287)	2,567,332	(215,034,241)
Total accumulated depreciation	<u>(224,312,367)</u>	<u>(12,405,090)</u>	<u>3,081,791</u>	<u>(233,635,666)</u>
Total capital assets being depreciated, net	<u>232,728,745</u>	<u>(2,811,442)</u>	<u>(907,922)</u>	<u>229,009,381</u>
Capital assets, net	<u>\$ 250,228,500</u>	<u>\$ 2,724,095</u>	<u>\$ (4,933,613)</u>	<u>\$ 248,018,982</u>

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2017

NOTE 7 – CAPITAL ASSETS- *continued*

For the year ended December 31, 2017, the value of the assets donated to the City was \$5,119,224.

Depreciation expense was charged to the governmental programs as follows:

General government	\$ 195,623
Security of persons and property	580,856
Leisure time activities	623,932
Community environment	252,939
Basic utility services	5,648,692
Transportation	<u>5,103,048</u>
Total depreciation expense	<u>\$ 12,405,090</u>

NOTE 8 – RECEIVABLES

Receivables at December 31, 2017, 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

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the City's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the City's obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions are financed; however, the City does receive the benefit of employees' services in exchange for compensation including pension.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2017

NOTE 9 – DEFINED BENEFIT PENSION PLANS - *continued*

GASB Statement No. 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in due to other governments on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

City employees, other than full-time police, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g., City employees) may elect the Member-Directed Plan and the Combined Plan, the majority of employee members are in OPERS' Traditional Plan; therefore, the following disclosures focus on the Traditional Pension Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional Plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code (ORC). OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to Ohio Public Employees Retirement System, 277 East Town Street, Columbus, OH 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three-member groups under the Traditional Pension Plan as per the reduced benefits adopted by SB 343 (see OPERS' CAFR referenced above for additional information):

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2017

NOTE 9 – DEFINED BENEFIT PENSION PLANS - *continued*

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of Service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by year of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3%.

Funding Policy—The ORC provides statutory authority for member and employer contributions as follows:

	State and Local
2017 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2017 Actual Contribution Rates	
Employer:	
Pension	13.0 %
Post-employment Health Care Benefits	1.0 %
Total Employer	14.0 %
Employee:	10.0 %

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2017

NOTE 9 – DEFINED BENEFIT PENSION PLANS - *continued*

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$866,257 for 2017. Of this amount, \$103,493 is reported as due to other governments.

Plan Description – Ohio Police & Fire Pension Fund (OP&F)

City full-time police participate in the Ohio Police & Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension 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 (ORC). OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, OH 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5% for each of the first 20 years of service credit, 2.0% for each of the next five years of service credit and 1.5% for each year of service credit in excess of 25 years. The maximum pension of 72% of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living adjustment (COLA). The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either 3% or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to 3% of their base pension or disability benefit.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2017

NOTE 9 – DEFINED BENEFIT PENSION PLANS - *continued*

Funding Policy—The ORC provides statutory authority for member and employer contributions as follows:

	Police	
2017 Statutory Maximum Contribution Rates		
Employer	19.50	%
Employee	12.25	%
 2017 Actual Contribution Rates		
Employer:		
Pension	19.00	%
Post-employment Health Care Benefits	0.50	%
Total Employer	19.50	%
Employee	12.25	%

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$984,253 for 2017. Of this amount, \$105,941 is reported as due to other governments.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for OPERS was measured as of December 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2016, and was determined by rolling forward the total pension liability as of January 1, 2016, to December 31, 2016. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	OPERS	OP&F	Total
Proportionate Share of Net Pension Liability	\$ 10,802,655	\$ 13,104,630	\$ 23,907,285
Proportion of Net Pension Liability	0.04757%	0.20690%	
Change in Proportionate Share	0.00019%	-0.00868%	
Pension Expense	\$ 2,429,513	\$ 1,458,271	\$ 3,887,784

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, continued
Year Ended December 31, 2017

NOTE 9 – DEFINED BENEFIT PENSION PLANS - continued

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$ 14,643	\$ 3,708	\$ 18,351
Net differences between projected and actual investment earnings	1,608,765	1,274,366	2,883,131
Change in assumptions	1,713,433	-	1,713,433
Change in City's proportionate share and difference in employer contributions	167,138	313,572	480,710
City contributions subsequent to the measurement date	866,257	984,253	1,850,510
	<u>\$ 4,370,236</u>	<u>\$ 2,575,899</u>	<u>\$ 6,946,135</u>
 <u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$ 64,292	\$ 30,172	\$ 94,464
Change in City's proportionate share and difference in employer contributions	-	327,272	327,272
	<u>\$ 64,292</u>	<u>\$ 357,444</u>	<u>\$ 421,736</u>

\$1,850,510 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Year Ending December 31:			
2018	\$ 1,488,447	\$ 494,269	\$ 1,982,716
2019	1,426,015	494,269	1,920,284
2020	572,382	378,784	951,166
2021	(47,157)	(76,184)	(123,341)
2022	-	(50,592)	(50,592)
Thereafter	-	(6,344)	(6,344)
	<u>\$ 3,439,687</u>	<u>\$ 1,234,202</u>	<u>\$ 4,673,889</u>

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2017

NOTE 9 – DEFINED BENEFIT PENSION PLANS - *continued*

Actuarial Assumptions – OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Assumptions	December 31, 2016 Valuation	December 31, 2015 Valuation
Wage inflation	3.25%	3.75%
Future salary increases, Including inflation	3.25% to 10.75%	4.25% to 10.05%
COLA or Ad Hoc COLA	Pre 1/7/2013 retirees: 3%; Post 1/7/2013 retirees: 3% simple through 2018, then 2.15% simple	Pre 1/7/2013 retirees: 3%; Post 1/7/2013 retirees: 3% simple through 2018, then 2.80% simple
Investment rate of return	7.50%	8.00%
Actuarial cost method	Individual entry age	Individual entry age
Mortality tables	RP-2014	RP-2000

Mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2015.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2017

NOTE 9 – DEFINED BENEFIT PENSION PLANS - *continued*

During 2016, OPERS managed investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3% for 2016.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00%	2.75%
Domestic Equities	20.70%	6.34%
Real Estate	10.00%	4.75%
Private Equity	10.00%	8.97%
International Equities	18.30%	7.95%
Other Investments	<u>18.00%</u>	<u>4.92%</u>
Total	<u>100.00%</u>	<u>5.66%</u>

Discount Rate. The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2017

NOTE 9 – DEFINED BENEFIT PENSION PLANS - *continued*

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following table represents the City’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.50%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower (6.50%) and one-percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate of 7.50%	1% Increase (8.50%)
City’s proportionate share of the net pension liability	\$ 16,503,686	\$ 10,802,655	\$ 6,052,113

Actuarial Assumptions – OP&F

OP&F’s total pension liability as of December 31, 2016 is based on the results of an actuarial valuation date of January 1, 2016, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determine amounts are subject to continual review and potential modifications, as actual results are compared with past experiences and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2016, are presented below:

Valuation date	January 1, 2016 with actuarial liabilities rolled forward to December 31, 2016
Actuarial cost method	Entry age normal
Investment rate of return	8.25%
Projected salary increases	4.25% to 11.00%
Payroll increases	3.75%
Inflation assumptions	3.25%
Cost of living adjustments	2.60% and 3.00% simple

Rates of death are based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed for the five-year period ended December 31, 2011.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2017

NOTE 9 – DEFINED BENEFIT PENSION PLANS - *continued*

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2016 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalent	0.0%	0.0%
Domestic Equity	16.0%	5.21%
Non-U.S. Equity	16.0%	5.40%
Core Fixed Income*	20.0%	2.37%
Global Inflation Protected Securities*	20.0%	2.33%
High Yield	15.0%	4.48%
Real Estate	12.0%	5.65%
Private Markets	8.0%	7.99%
Timber	5.0%	6.87%
Master Limited Partnerships	8.0%	7.36%

Note: Assumptions are geometric. * Levered 2x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.20 times due to the application of leverage in certain fixed income asset classes.

Discount Rate. The total pension liability was calculated using the discount rate of 8.25%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 8.25%. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2017

NOTE 9 – DEFINED BENEFIT PENSION PLANS - *continued*

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower (7.25%) or one-percentage point higher (9.25%) than the current rate.

	1% Decrease (7.25%)	Current Discount Rate of 8.25%	1% Increase (9.25%)
City's proportionate share of the net pension liability	\$ 17,453,814	\$ 13,104,630	\$ 9,418,637

Changes Between Measurement Date and Report Date. In 2017, the OP&F Board of Trustees adopted certain assumption changes which will impact their annual actuarial valuation prepared as of January 1, 2017. The most significant change is a reduction in the discount rate from 8.25% to 8.00%. Although the exact amount of these changes is not known, the impact to the City’s net pension liability is expected to be significant.

NOTE 10 – POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and Combined plans. This trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 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 45. Please see the Plan Statement in the OPERS 2016 CAFR for details.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2017

NOTE 10 – POSTEMPLOYMENT BENEFITS—*continued*

The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible benefit recipients. Authority to establish and amend health care coverage is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides the statutory authority requiring public employers to fund health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2017, state and local employers contributed at a rate of 14.0% of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members' contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0% during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0.0% for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2017 was 4.0%.

Actual employer contributions for 2017, 2016 and 2015 which were used to fund post-employment benefits were \$68,314, \$125,806, and \$123,733, respectively.

Ohio Police and Fire Pension Fund

The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for 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 Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2017

NOTE 10 – POSTEMPLOYMENT BENEFITS—*continued*

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 OP&F, 140 East Town Street, Columbus, Ohio 43215-5164 or on OP&F's website at www.op-f.org.

The Ohio Revised Code provides for contribution 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 members, currently, 19.5% of covered payroll for police employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5% 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.

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 0.5% of covered payroll throughout 2017. 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 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 the coverage selected. The City's actual contributions for 2017, 2016 and 2015 that were used to fund post-employment benefits were \$25,591, \$24,779, and \$24,624, 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.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2017

NOTE 11 – OTHER EMPLOYEE BENEFITS—*continued*

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, including a new lease in 2016 for a wheel loader. 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, 2017 were as follows:

Year Ending December 31,	Safety Building and Equipment Leases
2018	\$ 413,312
2019	413,312
2020	413,312
2021	395,588
2022	389,680
2023-2027	1,948,397
2028-2032	1,948,398
2033-2037	1,948,398
2038	389,680
Total	\$ 8,260,077
Less: amount representing interest	(2,928,532)
Present value of net minimum lease payments	\$ 5,331,545

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2017

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 2017, 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 2017 were \$2,431,646. The claims liability of \$452,000 reported in the Insurance Trust Fund at December 31, 2017, 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 2015, 2016, and 2017 were:

Year	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2015	\$ 226,000	\$ 2,292,975	\$(2,264,975)	\$ 254,000
2016	254,000	2,061,358	(2,187,358)	128,000
2017	128,000	2,353,581	(2,029,581)	452,000

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, continued
Year Ended December 31, 2017

NOTE 14 – LONG -TERM OBLIGATIONS

Changes in governmental activities long-term obligations during 2017 were as follows:

Type/Issues	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Notes & Loans Payable:					
2005 OWDA Loan 3% \$2,234,466	\$ 974,279	\$ -	\$ (232,801)	\$ 741,478	\$ 239,837
2012 OPWC Loan \$2,730,423	2,348,164	-	(109,217)	2,238,947	109,217
2016 Taxable Notes 1.375% \$6,500,000	6,500,000	-	(6,500,000)	-	-
Total Notes & Loans Payable	9,822,443	-	(6,842,018)	2,980,425	349,054
Unvoted General Obligation Bonds:					
2007 Various Purpose & Refunding					
4.0 - 5.0% \$7,975,000	365,000	-	(365,000)	-	-
2009 Various Purpose					
2.25 - 5.0% \$15,540,000	2,130,000	-	(700,000)	1,430,000	720,000
2011 Various Purpose					
2.0 - 4.25% \$8,020,000	5,795,000	-	(350,000)	5,445,000	360,000
2012 Various Purpose					
2.0 - 5.0% \$11,085,000	8,460,000	-	(875,000)	7,585,000	900,000
2013 Refunding					
1.0 - 3.5% \$8,905,000	7,555,000	-	(875,000)	6,680,000	855,000
2014 Refunding					
2.0 - 4.0%, \$5,160,000	4,940,000	-	(50,000)	4,890,000	430,000
2015 Various Purpose & Refunding					
4.0%, \$8,745,000	8,230,000	-	(200,000)	8,030,000	210,000
2016A Various Purpose & Refunding					
2.0%-4.0%, \$8,205,000	7,860,000	-	(245,000)	7,615,000	250,000
2016B Various Purpose					
2.0%-4.0%, \$3,855,000	3,855,000	-	(135,000)	3,720,000	140,000
2017 Various Purpose					
2.0%-4.0%, \$4,655,000	-	4,655,000	(220,000)	4,435,000	165,000
Total General Obligation Bonds	49,190,000	4,655,000	(4,015,000)	49,830,000	4,030,000
Other Long-Term Obligations:					
Compensated Absences	1,755,516	1,087,239	(940,451)	1,902,304	1,013,260
Premium on GO Bonds Issued	4,317,370	453,669	(445,471)	4,325,568	-
Capital Leases	5,500,769	-	(169,224)	5,331,545	176,581
Net Pension Liabilities:					
OPERS	8,206,216	2,596,439	-	10,802,655	-
OP&F	13,868,027	-	(763,397)	13,104,630	-
Total Other Long-Term Obligations	33,647,898	4,137,347	(2,318,543)	35,466,702	1,189,841
Total Long-Term Obligations	\$ 92,660,341	\$ 8,792,347	\$ (13,175,561)	\$ 88,277,127	\$ 5,568,895

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2017

NOTE 14 – LONG -TERM OBLIGATIONS—*continued*

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.

Capital leases were paid from the Capital Improvement Municipal Tax Capital Projects Fund.

Compensated absences and employer pension contributions, one of many components that impact net pension liabilities, are generally paid from the General, the Street Maintenance and Repair, and the Water and Sewer Special Revenue Funds.

In April 2017, the City issued \$4,655,000 in Series 2017 General Obligation Various Purpose Bonds to refinance a portion of the Series 2016 Various Purpose Notes. The bonds bear interest between 2% - 4% and mature on December 1, 2036.

In July 2017, the City was approved to receive \$1,750,000 in grant funding and \$5,407,500 in a zero-interest, 20-year loan from the Ohio Public Works Commission for Scioto Darby and Leppert road improvements. As of December 31, 2017, the City hadn't spent any grant funds or received any loan proceeds.

As of December 31, 2017, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$108,274,872 with an unvoted debt margin of \$56,715,409.

Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2017, are:

Year	OWDA Loans		General Obligation Bonds		OPWC Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 239,837	\$ 20,459	\$ 4,030,000	\$ 2,201,829	\$ 109,217	\$ -
2019	247,086	13,210	4,080,000	2,081,179	109,217	-
2020	254,555	5,741	4,240,000	1,559,479	109,217	-
2021	-	-	4,315,000	1,446,391	109,217	-
2022	-	-	4,470,000	1,300,751	109,217	-
2023-2027	-	-	18,365,000	4,085,542	546,085	-
2028-2032	-	-	6,945,000	1,376,751	546,085	-
2033-2037	-	-	3,385,000	321,200	546,084	-
2038	-	-	-	-	54,608	-
Totals	<u>\$ 741,478</u>	<u>\$ 39,410</u>	<u>\$ 49,830,000</u>	<u>\$ 14,373,122</u>	<u>\$ 2,238,947</u>	<u>\$ -</u>

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2017

NOTE 15 – INTERFUND TRANSACTIONS

Amounts due to/due from other funds at December 31, 2017 were as follows:

	Due From	Due To
Governmental Funds:		
General Fund	\$ 48,152	\$ 386,491
Street Maintenance and Repair Fund	-	30,122
Water and Sewer Revenue Fund	-	55,718
Nonmajor Governmental Funds	-	27,859
	48,152	500,190
 Internal Service Fund	 452,038	 -
	\$ 500,190	\$ 500,190

The outstanding balances between funds result mainly from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur.

The Nonmajor General Government Grant Fund borrowed \$188,885 from the General Fund to provide operating capital. This interfund loan is expected to be repaid within one year.

Transfers are used to move revenues from one fund that statute or budget requires to collect them to the fund that statute or budget required to expend them or move unrestricted revenues collected in the General Fund to finance various programs and projects accounted for in other funds in accordance with budgetary authorizations. During 2017, the City transferred \$3,500,000 from the General Fund to the Capital Improvement Municipal Tax Fund to finance various capital projects. Transfers between governmental funds are eliminated for reporting on the statement of activities.

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.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, continued
Year Ended December 31, 2017

NOTE 16 – FUND BALANCES—continued

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.

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:								
Prepays	\$ 71,894	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 71,894
Restricted for:								
Infrastructure improvements	-	1,802,790	-	-	4,169,753	-	459,135	6,431,678
Public safety programs	-	-	-	-	-	-	181,473	181,473
Capital outlay	-	-	-	-	-	8,697,076	-	8,697,076
Total Restricted	-	1,802,790	-	-	4,169,753	8,697,076	640,608	15,310,227
Committed to:								
Engineering	83,789	-	-	-	-	-	-	83,789
Utility operations	-	-	-	1,592,343	-	-	673,448	2,265,791
Infrastructure improvements	-	-	2,642,677	-	-	-	-	2,642,677
Park maintenance	-	-	-	-	-	-	165,113	165,113
Total committed	83,789	-	2,642,677	1,592,343	-	-	838,561	5,157,370
Assigned to:								
Budgetary resource	4,890,707	-	-	-	-	-	-	4,890,707
Purchases on order	2,156,246	-	-	-	-	-	-	2,156,246
Total assigned	7,046,953	-	-	-	-	-	-	7,046,953
Unassigned (deficit)	9,023,648	-	-	-	-	-	(199,713)	8,823,935
Total Fund Balance	\$ 16,226,284	\$ 1,802,790	\$ 2,642,677	\$ 1,592,343	\$ 4,169,753	\$ 8,697,076	\$ 1,279,456	\$ 36,410,379

Minimum Fund Balance Policy

On December 16, 2013, the City adopted an ordinance establishing a reserve fund to maintain a target fund balance of 25% of the City's annual budgeted expenditures in the General Fund for that budget year. This amount is intended to minimize volatility in providing City programs, projects, and levels of service to its citizens. Use of funds must be authorized by passage of an ordinance by City Council and be replenished no later than December 31st of the following year.

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.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2017

NOTE 17 – CONDUIT DEBT OBLIGATIONS—*continued*

As of December 31, 2017, there were two series of industrial revenue development bonds outstanding with an aggregate principal amount payable of \$405,000.

NOTE 18 – CONTRACTUAL COMMITMENTS

As of December 31, 2017, the City had contractual purchase commitments as follows:

Vendor	Contract Amount	Amount Expended	Balance 12/31/17
American Structurepoint	\$ 168,000	\$ -	\$ 168,000
Arcadis	60,000	-	60,000
Burgess & Niple	210,000	106,284	103,716
Columbus Asphalt Paving	439,685	250,410	189,275
FCEO/Transystems	100,000	-	100,000
Insight Pipe Contracting, LLC	167,700	-	167,700
John Eramo & Sons, Inc.	802,233	785,743	16,490
Layton, Inc.	439,227	352,482	86,745
MS Consultants, Inc.	982,527	36,100	946,427
Trucco Construction	1,977,488	592,170	1,385,318
URS Corporation	142,300	31,211	111,089
Woolpert	175,000	62,193	112,807
	<u>\$ 5,664,160</u>	<u>\$ 2,216,593</u>	<u>\$ 3,447,567</u>

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, 2017: \$2,396,232 in the General Fund, \$429,724 in the Street Maintenance and Repair Fund, \$1,262,185 in the Street Improvement Municipal Tax Fund, \$534,212 in the Water and Sewer Revenue Fund, \$4,118 in the TIF Fund, \$6,001,106 in the Capital Improvement Municipal Tax Fund and \$737,898 in the Nonmajor Funds.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2017

NOTE 19 – RELATED ORGANIZATIONS

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.

Central Ohio Interoperable Radio System

The Central Ohio Interoperable Radio System (COIRS) is a jointly governed organization between the City of Dublin, City of Worthington and Delaware County (the "members"). The intent of the COIRS is for the members to share in providing the financial resources and infrastructure needed to operate a digital 800MHZ public safety radio system used for dispatching emergency response and law enforcement services across the member jurisdictions. The COIRS is contracted by a Governing Board consisting of the County Administrator and the city managers for each city, or their representative. Each member's ability to influence the operations of COIRS is limited to its representation on the Governing Board. Appropriations are adopted by the Governing Board who exercised control over the operation and maintenance of COIRS. Each member initially contributed radio system infrastructure assets, and annually, are assessed a required contribution based on its utilization of the system and related operating costs. In April 2014, the City of Hilliard made a one-time, lump sum cash contribution of \$2,006,865 to become a member of COIRS. The City of Dublin serves as the fiscal agent. Financial information may be obtained from the City of Dublin, 5200 Emerald Parkway, Dublin, Ohio 43017.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2017

NOTE 20 – TAX ABATEMENTS

The City uses income tax abatement agreements with local businesses under the Jobs Creation Tax Incentive Program, structured in accordance with Ohio Revised Code Section 718.15. Under the Program, the City may grant income tax incentives on local payroll withholding taxes paid to the City for the purpose of attracting or retaining businesses within its jurisdiction.

For the year ended December 31, 2017, the City abated income taxes totaling \$1,027,343 under the Program as follows:

- An annual incentive of 50% of actual local payroll withholding taxes paid to the City in excess of \$1,440,000 each year, from 2014 to 2023 with Verizon Wireless for a commitment to create jobs and make leasehold improvements. The abatement amounted to \$674,478;
- An annual incentive of 36% of actual local payroll withholding taxes paid to the City from 2006 to 2017 with BMW Financial Services for a commitment to create jobs. The abatement amounted to \$352,865.

NOTE 21 – CONTINGENT LIABILITIES

Federal and State Grants

For the year ended December 31, 2017, 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.

Litigation

The City is party to legal proceedings. The City is of the opinion that the ultimate disposition of claims will not have a material effect, if any, on the financial condition of the City.

NOTE 22 – DEFICT FUND BALANCE

The Nonmajor General Government Grants Fund had a fund balance deficit of \$199,713 at December 31, 2017. The General Fund is liability for any deficits in fund balances and provides transfers when cash is required, not when accruals occur. The deficit fund balance resulted from adjustments from accrual of liabilities.

Required Supplementary Information



Real People. Real Possibilities.

CITY OF HILLIARD, OHIO

Required Supplementary Information

Schedule of City's Proportionate Share of the Net Pension Liability

Ohio Public Employees Retirement System - Traditional Pension Plan

Last Four Years (1) (2)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's Proportion of the Net Pension Liability	0.04757%	0.04738%	0.04389%	0.04389%
City's Proportionate Share of the Net Pension Liability	\$ 10,802,655	\$ 8,206,216	\$ 5,293,745	\$ 5,174,177
City's Covered Payroll	\$ 6,203,208	\$ 5,895,875	\$ 5,381,025	\$ 5,221,423
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	174.15%	139.19%	98.38%	99.10%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.25%	81.08%	86.45%	86.36%

(1) Information prior to 2014 is not available. The City will continue to present information for years available until a full ten-year trend is compiled.

(2) Amounts presented for each year were determined as of the City's measurement date, which is the prior year-end.

Notes to Schedule:

Change in assumptions. In 2016, a five-year experience study was completed on the period January 1, 2011 through December 31, 2015. The OPERS Board adopted changes to both the demographic and economic assumptions as a result of the study. The most notable change in demographic assumptions is an increase in life expectancy of the members and the most notable change in economic assumptions is a reduction in the actuarially assumed rate of return from 8.0% down to 7.5% for the defined benefit investments. The new assumptions are included in the 2016 actuarial valuation.

CITY OF HILLIARD, OHIO

Required Supplementary Information

Schedule of City's Proportionate Share of the Net Pension Liability

Ohio Police and Fire Pension Fund (1)

Last Four Years (2)(3)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's Proportion of the Net Pension Liability	0.2069%	0.2156%	0.2066%	0.2066%
City's Proportionate Share of the Net Pension Liability	\$ 13,104,630	\$ 13,868,027	\$ 10,704,384	\$ 10,063,612
City's Covered Payroll	\$ 4,974,232	\$ 4,856,900	\$ 4,551,263	\$ 4,248,693
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	263.45%	285.53%	235.20%	236.86%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.36%	66.77%	72.20%	73.00%

(1) Only the City's police force participates in the fund.

(2) Information prior to 2014 is not available. The City will continue to present information for years available until a full ten-year trend is compiled.

(3) Amounts presented for each year were determined as of the City's measurement date, which is the prior year-end.

CITY OF HILLIARD, OHIO

Required Supplementary Information

Schedule of City Contributions

Ohio Public Employees Retirement System - Traditional Pension Plan

Last Seven Years (1)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contributions	\$ 866,257	\$ 744,385	\$ 707,505	\$ 645,723	\$ 678,785
Contributions in Relation to the Contractually Required Contributions	<u>\$ (866,257)</u>	<u>\$ (744,385)</u>	<u>\$ (707,505)</u>	<u>\$ (645,723)</u>	<u>\$ (678,785)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City Covered Payroll	\$ 6,663,515	\$ 6,203,208	\$ 5,895,875	\$ 5,381,025	\$ 5,221,423
Contributions as a Percentage of Covered Payroll	13.00%	12.00%	12.00%	12.00%	13.00%
	<u>2012</u>	<u>2011</u>			
Contractually Required Contributions	\$ 678,683	\$ 577,815			
Contributions in Relation to the Contractually Required Contributions	<u>\$ (678,683)</u>	<u>\$ (577,815)</u>			
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>			
City Covered Payroll	\$ 6,786,830	\$ 5,778,150			
Contributions as a Percentage of Covered Payroll	10.00%	10.00%			

(1) Information prior to 2011 is not available.

CITY OF HILLIARD, OHIO
 Required Supplementary Information
 Schedule of City Contributions
 Ohio Police and Fire Pension Fund (1)
 Last Seven Years (2)

	<u>2017</u>	<u>2016*</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contributions	\$ 984,253	\$ 945,104	\$ 922,811	\$ 864,740	\$ 674,834
Contributions in Relation to the Contractually Required Contributions	<u>(984,253)</u>	<u>(945,104)</u>	<u>(922,811)</u>	<u>(864,740)</u>	<u>(674,834)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City Covered Payroll	\$ 5,180,279	\$ 4,974,232	\$ 4,856,900	\$ 4,551,263	\$ 4,248,693
Contributions as a Percentage of Covered Payroll	19.00%	19.00%	19.00%	19.00%	15.88%
	<u>2012</u>	<u>2011</u>			
Contractually Required Contributions	\$ 544,150	\$ 511,223			
Contributions in Relation to the Contractually Required Contributions	<u>(544,150)</u>	<u>(511,223)</u>			
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>			
City Covered Payroll	\$ 4,267,843	\$ 4,009,592			
Contributions as a Percentage of Covered Payroll	12.75%	12.75%			

(1) Only the City's police force participates in the fund.

(2) Information prior to 2011 is not available.

* Amounts restated based on revised information.

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

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.

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 2017, 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, 2017

	Budgeted Amounts		Actual Amounts	Variance From Final Budget
	Original	Final		
Revenues				
Property and other local taxes	\$ 1,551,818	\$ 1,551,818	\$ 1,532,877	\$ (18,941)
Municipal income taxes	13,277,951	16,777,951	19,207,845	2,429,894
Intergovernmental	579,656	579,656	524,489	(55,167)
Charges for services	4,033,766	4,033,766	3,427,944	(605,822)
Licenses and permits	951,100	951,100	1,353,816	402,716
Fines and forfeitures	350,000	350,000	261,207	(88,793)
Investment income	78,000	78,000	319,892	241,892
Miscellaneous	79,000	79,000	115,173	36,173
Total revenues	<u>20,901,291</u>	<u>24,401,291</u>	<u>26,743,243</u>	<u>2,341,952</u>
Expenditures				
Current:				
General Government:				
Mayor:				
Personal services	212,108	212,108	205,361	6,747
Contractual services	7,400	7,400	-	7,400
Materials and supplies	2,093	2,093	994	1,099
Total Mayor	<u>221,601</u>	<u>221,601</u>	<u>206,355</u>	<u>15,246</u>
City Council:				
Personal services	322,587	322,587	271,420	51,167
Contractual services	41,394	41,394	24,533	16,861
Materials and supplies	142,405	142,405	101,575	40,830
Total City Council	<u>506,386</u>	<u>506,386</u>	<u>397,528</u>	<u>108,858</u>
Clerk of Courts:				
Personal services	245,199	245,199	223,256	21,943
Contractual services	133,795	133,795	131,488	2,307
Materials and supplies	14,877	14,877	13,787	1,090
Total Clerk of Courts	<u>393,871</u>	<u>393,871</u>	<u>368,531</u>	<u>25,340</u>
Law:				
Personal services	338,328	338,328	312,457	25,871
Contractual services	121,718	121,718	67,163	54,555
Materials and supplies	8,699	8,699	7,682	1,017
Total Law	<u>\$ 468,745</u>	<u>\$ 468,745</u>	<u>\$ 387,302</u>	<u>\$ 81,443</u>

(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, 2017

(continued)

	Budgeted Amounts		Actual Amounts	Variance From Final Budget
	Original	Final		
Finance:				
Personal services	\$ 741,828	\$ 741,828	\$ 704,088	\$ 37,740
Contractual services	97,500	97,500	84,961	12,539
Materials and supplies	59,717	59,717	36,038	23,679
Other	110,709	110,709	58,079	52,630
Total Finance	1,009,754	1,009,754	883,166	126,588
Economic Development:				
Personal services	194,651	194,651	110,070	84,581
Contractual services	42,120	42,120	-	42,120
Materials and supplies	19,017	19,017	14,171	4,846
Total Economic Development	255,788	255,788	124,241	131,547
City Clerk:				
Personal services	300	300	-	300
Contractual services	3,100	3,100	1,329	1,771
Materials and supplies	13,332	13,332	12,947	385
Total City Clerk	16,732	16,732	14,276	2,456
Human Resources:				
Personal services	408,008	408,008	366,396	41,612
Contractual services	124,085	124,085	100,163	23,922
Materials and supplies	14,650	14,650	14,239	411
Total Human Resources	546,743	546,743	480,798	65,945
Public Building and Land:				
Personal services	360,245	360,245	355,399	4,846
Contractual services	101,674	101,674	95,811	5,863
Materials and supplies	49,714	49,714	39,374	10,340
Utilities	607,705	607,705	605,365	2,340
Total Public Building and Land	1,119,338	1,119,338	1,095,949	23,389
Information Technology:				
Personal services	403,417	403,417	280,344	123,073
Contractual services	724,484	724,484	686,459	38,025
Materials and supplies	27,798	27,798	23,939	3,859
Total Information Technology	\$ 1,155,699	\$ 1,155,699	\$ 990,742	\$ 164,957

(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, 2017

(continued)

	Budgeted Amounts		Actual Amounts	Variance From Final Budget
	Original	Final		
Boards and Commissions:				
Personal services	\$ 111,710	\$ 111,710	\$ 103,766	\$ 7,944
Materials and supplies	57,000	57,000	30,874	26,126
Total Boards and Commissions	168,710	168,710	134,640	34,070
General Administrative:				
Personal services	122,218	122,218	73,218	49,000
Contractual services	840,582	840,583	767,286	73,297
Materials and supplies	35,950	35,950	27,329	8,621
Other	3,000,770	3,685,144	2,049,138	1,636,006
Total General Administrative	3,999,520	4,683,895	2,916,971	1,766,924
Total General Government	9,862,887	10,547,262	8,000,499	2,546,763
Security of Persons and Property:				
Police:				
Personal services	9,112,100	9,315,100	8,602,444	712,656
Contractual services	977,436	977,436	951,893	25,543
Materials and supplies	271,070	271,070	251,703	19,367
Other	300	300	300	-
Total Police	10,360,906	10,563,906	9,806,340	757,566
Total Security of Persons and Property	10,360,906	10,563,906	9,806,340	757,566
Public Health:				
County Health District:				
Contractual services	260,876	260,876	257,183	3,693
Total County Health District	260,876	260,876	257,183	3,693
Total Public Health	260,876	260,876	257,183	3,693
Leisure Time Activities:				
Recreation:				
Personal services	2,478,752	2,478,752	2,322,865	155,887
Contractual services	323,210	323,210	299,917	23,293
Materials and supplies	435,230	435,230	407,544	27,686
Utilities	286,897	286,897	285,911	986
Other	37,493	37,493	36,163	1,330
Total Recreation	3,561,582	3,561,582	3,352,400	209,182
Total Leisure Time Activities	\$ 3,561,582	\$ 3,561,582	\$ 3,352,400	\$ 209,182

(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, 2017

(concluded)

	Budgeted Amounts		Actual Amounts	Variance From Final Budget
	Original	Final		
Community Environment:				
Service/Engineer:				
Personal services	\$ 755,367	\$ 755,367	\$ 707,852	\$ 47,515
Contractual services	2,143,633	2,143,633	2,051,141	92,492
Materials and supplies	68,179	68,179	38,736	29,443
Total Service/Engineer	<u>2,967,179</u>	<u>2,967,179</u>	<u>2,797,729</u>	<u>169,450</u>
Building Inspection:				
Personal services	606,421	606,421	563,824	42,597
Contractual services	19,133	19,133	8,000	11,133
Materials and supplies	37,423	37,423	32,401	5,022
Other	14,000	14,000	-	14,000
Total Building Inspection	<u>676,977</u>	<u>676,977</u>	<u>604,225</u>	<u>72,752</u>
Total Community Environment	<u>3,644,156</u>	<u>3,644,156</u>	<u>3,401,954</u>	<u>242,202</u>
Total Expenditures	<u>27,690,407</u>	<u>28,577,782</u>	<u>24,818,376</u>	<u>3,759,406</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,789,116)</u>	<u>(4,176,491)</u>	<u>1,924,867</u>	<u>6,101,358</u>
Other financing sources (uses)				
Sale of assets	6,000	6,000	10,452	4,452
Transfers in	309,031	309,031	302,049	(6,982)
Transfers out	-	(3,802,049)	(3,802,049)	-
Total other financing sources (uses)	<u>315,031</u>	<u>(3,487,018)</u>	<u>(3,489,548)</u>	<u>(2,530)</u>
Net change in fund balance	(6,474,085)	(7,663,509)	(1,564,681)	\$ 6,098,828
Fund balance, beginning of year	11,455,276	11,455,276	11,455,276	
Prior year encumbrances appropriated	<u>3,294,282</u>	<u>3,294,282</u>	<u>3,294,282</u>	
Fund balance, end of year	<u>\$ 8,275,473</u>	<u>\$ 7,086,049</u>	<u>\$ 13,184,877</u>	

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, 2017

	Budgeted Amounts		Actual Amounts	Variance From Final Budget
	Original	Final		
Revenues				
Charges for services	\$ 440,000	\$ 440,000	\$ 634,389	\$ 194,389
Miscellaneous	5,000	5,000	1,864	(3,136)
Total revenues	<u>445,000</u>	<u>445,000</u>	<u>636,253</u>	<u>191,253</u>
Expenditures				
Current:				
Community Environment:				
Personal services	345,618	345,618	321,757	23,861
Contractual services	537,759	537,759	472,558	65,201
Materials and supplies	31,805	31,805	4,265	27,540
Other	15,000	15,000	-	15,000
Total expenditures	<u>930,182</u>	<u>930,182</u>	<u>798,580</u>	<u>131,602</u>
Net change in fund balance	(485,182)	(485,182)	(162,327)	\$ 322,855
Fund balance, beginning of year	618,076	618,076	618,076	
Prior year encumbrances appropriated	<u>140,103</u>	<u>140,103</u>	<u>140,103</u>	
Fund balance, end of year	<u>\$ 272,997</u>	<u>\$ 272,997</u>	<u>\$ 595,852</u>	

⁽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, 2017

	Budgeted Amounts		Actual Amounts	Variance From Final Budget
	Original	Final		
Revenues				
Charges for services	\$ 5,000	\$ 12,000	\$ 11,374	\$ (626)
Miscellaneous	10,000	10,000	10,606	606
Total revenues	<u>15,000</u>	<u>22,000</u>	<u>21,980</u>	<u>(20)</u>
Expenditures				
Current:				
Security of Persons and Property:				
Contractual services	1,329	31,329	24,929	6,400
Materials and supplies	3,610	24,210	23,412	798
Other	74	74	-	74
Total expenditures	<u>5,013</u>	<u>55,613</u>	<u>48,341</u>	<u>7,272</u>
Net change in fund balance	9,987	(33,613)	(26,361)	\$ 7,252
Fund balance, beginning of year	29,047	29,047	29,047	
Prior year encumbrances appropriated	<u>5,013</u>	<u>5,013</u>	<u>5,013</u>	
Fund balance, end of year	<u>\$ 44,047</u>	<u>\$ 447</u>	<u>\$ 7,699</u>	

⁽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, 2017

	Budgeted Amounts		Actual Amounts	Variance From Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 1,350,500	\$ 1,350,500	\$ 1,516,279	\$ 165,779
Investment income	600	600	9,415	8,815
Miscellaneous	<u>40,000</u>	<u>40,000</u>	<u>47,171</u>	<u>7,171</u>
Total revenues	<u>1,391,100</u>	<u>1,391,100</u>	<u>1,572,865</u>	<u>181,765</u>
Expenditures				
Current:				
Transportation:				
Personal services	798,175	798,175	672,735	125,440
Contractual services	379,004	379,004	331,525	47,479
Materials and supplies	<u>1,135,398</u>	<u>1,135,398</u>	<u>712,065</u>	<u>423,333</u>
Total expenditures	<u>2,312,577</u>	<u>2,312,577</u>	<u>1,716,325</u>	<u>596,252</u>
Net change in fund balance	(921,477)	(921,477)	(143,460)	\$ 778,017
Fund balance, beginning of year	746,737	746,737	746,737	
Prior year encumbrances appropriated	<u>619,378</u>	<u>619,378</u>	<u>619,378</u>	
Fund balance, end of year	<u>\$ 444,638</u>	<u>\$ 444,638</u>	<u>\$ 1,222,655</u>	

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, 2017

	Budgeted Amounts		Actual Amounts	Variance From Final Budget
	Original	Final		
Revenues				
Municipal income taxes	\$ 2,581,223	\$ 2,581,223	\$ 2,953,714	\$ 372,491
Miscellaneous	-	-	2,480	2,480
Total revenues	<u>2,581,223</u>	<u>2,581,223</u>	<u>2,956,194</u>	<u>374,971</u>
Expenditures				
Current:				
General Government:				
Contractual services	74,000	74,000	59,188	14,812
Other	100,000	236,875	223,407	13,468
Total General Government	<u>174,000</u>	<u>310,875</u>	<u>282,595</u>	<u>28,280</u>
Transportation:				
Contractual services	979,973	979,973	920,276	59,697
Capital outlay	<u>2,228,770</u>	<u>2,228,770</u>	<u>2,188,453</u>	<u>40,317</u>
Total Transportation	<u>3,208,743</u>	<u>3,208,743</u>	<u>3,108,729</u>	<u>100,014</u>
Debt Service	<u>300,000</u>	<u>300,000</u>	<u>299,950</u>	<u>50</u>
Total expenditures	<u>3,682,743</u>	<u>3,819,618</u>	<u>3,691,274</u>	<u>128,344</u>
Net change in fund balance	(1,101,520)	(1,238,395)	(735,080)	\$ 503,315
Fund balance, beginning of year	1,829,750	1,829,750	1,829,750	
Prior year encumbrances appropriated	<u>527,743</u>	<u>527,743</u>	<u>527,743</u>	
Fund balance, end of year	<u>\$ 1,255,973</u>	<u>\$ 1,119,098</u>	<u>\$ 1,622,413</u>	

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, 2017

	Budgeted Amounts		Actual Amounts	Variance From Final Budget
	Original	Final		
Revenues				
Charges for services	\$ 1,920,000	\$ 1,920,000	\$ 1,794,864	\$ (125,136)
Miscellaneous	150,000	150,000	9,756	(140,244)
Total revenues	<u>2,070,000</u>	<u>2,070,000</u>	<u>1,804,620</u>	<u>(265,380)</u>
Expenditures				
Current:				
Basic Utility Services:				
Personal services	1,327,723	1,327,723	1,167,881	159,842
Contractual services	651,126	651,126	402,926	248,200
Materials and supplies	192,335	192,335	130,622	61,713
Capital outlay	808,587	808,587	489,963	318,624
Utilities	116,570	116,570	106,810	9,760
Other	10,000	10,000	-	10,000
Total Basic Utility Services	<u>3,106,341</u>	<u>3,106,341</u>	<u>2,298,202</u>	<u>808,139</u>
Debt Service	<u>290,000</u>	<u>290,000</u>	<u>289,817</u>	<u>183</u>
Total expenditures	<u>3,396,341</u>	<u>3,396,341</u>	<u>2,588,019</u>	<u>808,322</u>
Net change in fund balance	(1,326,341)	(1,326,341)	(783,399)	\$ 542,942
Fund balance, beginning of year	1,370,313	1,370,313	1,370,313	
Prior year encumbrances appropriated	598,215	598,215	598,215	
Fund balance, end of year	<u>\$ 642,187</u>	<u>\$ 642,187</u>	<u>\$ 1,185,129</u>	

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, 2017

	Budgeted Amounts		Actual Amounts	Variance From Final Budget
	Original	Final		
Revenues				
Payment in lieu of taxes	\$ -	\$ 4,460,000	\$ 7,201,942	\$ 2,741,942
Intergovernmental	-	227,000	220,072	(6,928)
Total revenues	-	4,687,000	7,422,014	2,735,014
Expenditures				
Current:				
General Government:				
Other	-	1,638,300	1,633,350	4,950
Total General Government	-	1,638,300	1,633,350	4,950
Transportation:				
Contractual services	4,118	4,118	4,118	-
Other	-	2,676,500	2,675,242	1,258
Total Transportation	4,118	2,680,618	2,679,360	1,258
Debt Service	1,500,000	1,939,000	1,938,269	731
Total expenditures	1,504,118	6,257,918	6,250,979	6,939
Net change in fund balance	(1,504,118)	(1,570,918)	1,171,035	\$ 2,741,953
Fund balance, beginning of year	2,990,484	2,990,484	2,990,484	
Prior year encumbrances appropriated	4,117	4,117	4,117	
Fund balance, end of year	<u>\$ 1,490,483</u>	<u>\$ 1,423,683</u>	<u>\$ 4,165,636</u>	

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, 2017

	Budgeted Amounts		Actual Amounts	Variance From Final Budget
	Original	Final		
Revenues				
Municipal income taxes	\$ 6,328,058	\$ 6,328,058	\$ 7,384,285	\$ 1,056,227
Intergovernmental	-	2,000,000	23,123	(1,976,877)
Licenses and permits	-	936,000	422,000	(514,000)
Miscellaneous	12,000	12,000	35,800	23,800
Total revenues	<u>6,340,058</u>	<u>9,276,058</u>	<u>7,865,208</u>	<u>(1,410,850)</u>
Expenditures				
Current:				
General Government:				
Contractual services	478,348	379,998	290,102	89,896
Capital outlay	1,115,529	1,213,879	1,016,338	197,541
Other	200,000	1,409,750	1,389,013	20,737
Total General Government	<u>1,793,877</u>	<u>3,003,627</u>	<u>2,695,453</u>	<u>308,174</u>
Security of Persons and Property:				
Capital outlay	<u>339,901</u>	<u>339,901</u>	<u>312,550</u>	<u>27,351</u>
Total Security of Persons and Property	<u>339,901</u>	<u>339,901</u>	<u>312,550</u>	<u>27,351</u>
Leisure Time Activities:				
Capital outlay	<u>3,781,220</u>	<u>4,211,820</u>	<u>3,378,503</u>	<u>833,317</u>
Total Leisure Time Activities	<u>3,781,220</u>	<u>4,211,820</u>	<u>3,378,503</u>	<u>833,317</u>
Community Environment:				
Capital outlay	<u>2,856,056</u>	<u>756,056</u>	<u>584,207</u>	<u>171,849</u>
Total Community Environment	<u>2,856,056</u>	<u>756,056</u>	<u>584,207</u>	<u>171,849</u>
Basic Utility Services:				
Contractual services	394,503	394,503	124,035	270,468
Capital outlay	<u>2,838,911</u>	<u>2,838,911</u>	<u>1,565,394</u>	<u>1,273,517</u>
Total Basic Utility Services	<u>3,233,414</u>	<u>3,233,414</u>	<u>1,689,429</u>	<u>1,543,985</u>
Transportation:				
Contractual services	634,191	634,191	75,972	558,219
Capital outlay	<u>3,739,873</u>	<u>5,739,873</u>	<u>5,686,014</u>	<u>53,859</u>
Total Transportation	<u>\$ 4,374,064</u>	<u>\$ 6,374,064</u>	<u>\$ 5,761,986</u>	<u>\$ 612,078</u>

(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, 2017

(concluded)

	Budgeted Amounts		Actual Amounts	Variance From Final Budget
	Original	Final		
Debt Service	\$ 4,200,000	\$ 10,809,000	\$ 10,804,033	\$ 4,967
Total expenditures	<u>20,578,532</u>	<u>28,727,882</u>	<u>25,226,161</u>	<u>3,501,721</u>
Deficiency of revenues under expenditures	<u>(14,238,474)</u>	<u>(19,451,824)</u>	<u>(17,360,953)</u>	<u>2,090,871</u>
Other financing sources				
Sale of assets	-	-	700	700
Issuance of bonds	-	4,655,000	4,655,000	-
Premiums	-	453,700	453,669	(31)
Transfers in	<u>3,500,000</u>	<u>3,500,000</u>	<u>3,500,000</u>	<u>-</u>
Total other financing sources	<u>3,500,000</u>	<u>8,608,700</u>	<u>8,609,369</u>	<u>669</u>
Net change in fund balance	(10,738,474)	(10,843,124)	(8,751,584)	\$ 2,091,540
Fund balance, beginning of year	7,746,791	7,746,791	7,746,791	
Prior year encumbrances appropriated	<u>3,321,223</u>	<u>3,321,223</u>	<u>3,321,223</u>	
Fund balance, end of year	<u>\$ 329,540</u>	<u>\$ 224,890</u>	<u>\$ 2,316,430</u>	

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.

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, 2017

	Special Revenue Funds							Total Nonmajor Governmental Funds
	County Municipal Motor Vehicle Tax	Park Maintenance	Police	Mayor's Court Computer	General Government Grants	Heritage Trail Dog Park	Storm Water Utility	
Assets								
Equity in pooled cash and cash equivalents	\$ 541,771	\$ 316,217	\$ 41,673	\$ 51,862	\$ -	\$ 100	\$ 679,467	\$ 1,631,090
Receivables:								
Accounts	-	-	87,938	-	-	-	48,389	136,327
Due from other governments	120,718	-	-	-	-	-	-	120,718
Total assets	\$ 662,489	\$ 316,217	\$ 129,611	\$ 51,862	\$ -	\$ 100	\$ 727,856	\$ 1,888,135
Liabilities								
Accounts payable	\$ 123,844	\$ 151,204	\$ -	\$ -	\$ 10,828	\$ -	\$ 4,427	\$ 290,303
Due to other funds	-	-	-	-	-	-	27,859	27,859
Interfund payable	-	-	-	-	188,885	-	-	188,885
Accrued wages payable	-	-	-	-	-	-	10,033	10,033
Matured compensated absences	-	-	-	-	-	-	4,742	4,742
Due to other governments	-	-	-	-	-	-	7,347	7,347
Total liabilities	123,844	151,204	-	-	199,713	-	54,408	529,169
Deferred Inflows of Resources								
Unavailable revenue	79,510	-	-	-	-	-	-	79,510
Total deferred inflows of resources	79,510	-	-	-	-	-	-	79,510
Fund balances								
Restricted	459,135	-	129,611	51,862	-	-	-	640,608
Committed	-	165,013	-	-	-	100	673,448	838,561
Unassigned (deficit)	-	-	-	-	(199,713)	-	-	(199,713)
Total fund balances	459,135	165,013	129,611	51,862	(199,713)	100	673,448	1,279,456
Total liabilities, deferred inflows of resources and fund balances	\$ 662,489	\$ 316,217	\$ 129,611	\$ 51,862	\$ -	\$ 100	\$ 727,856	\$ 1,888,135

CITY OF HILLIARD, OHIO
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended December 31, 2017

	Special Revenue Funds										Total Nonmajor Governmental Funds	
	County Municipal Motor Vehicle Tax	Park Maintenance	Police	Mayor's Court Computer	General Government Grants	Heritage Trail Dog Park	Storm Water Utility					
Revenues												
Intergovernmental	\$ 2,494,732	\$ -	\$ -	\$ -	\$ 621,114	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,115,846
Charges for services	-	273,403	-	-	-	-	1,056,721	-	-	-	-	1,330,124
Licenses and permits	-	112,930	-	-	-	-	-	-	-	-	-	112,930
Fines and forfeitures	-	-	127,111	15,581	-	-	-	-	-	-	-	142,692
Investment income	3,266	-	103	-	-	-	-	-	-	-	-	3,369
Miscellaneous	-	318	-	-	-	-	23,652	-	-	-	-	23,970
Total Revenues	2,497,998	386,651	127,214	15,581	621,114	-	1,080,373	-	-	-	-	4,728,931
Expenditures												
Current:												
General government	-	-	-	20,963	-	-	-	-	-	-	-	20,963
Security of persons and property	-	-	15,773	-	80,220	-	-	-	-	-	-	95,993
Leisure time activities	-	920,058	-	-	62,964	-	-	-	-	-	-	983,022
Basic utility services	-	-	-	-	-	-	707,289	-	-	-	-	707,289
Transportation	2,752,692	-	-	-	40,000	-	-	-	-	-	-	2,792,692
Total expenditures	2,752,692	920,058	15,773	20,963	183,184	-	707,289	-	-	-	-	4,599,959
Net change in fund balances	(254,694)	(533,407)	111,441	(5,382)	437,930	-	373,084	-	-	-	-	128,972
Fund balance, beginning of year	713,829	698,420	18,170	57,244	(637,643)	100	300,364	-	-	-	-	1,150,484
Fund balance, end of year	\$ 459,135	\$ 165,013	\$ 129,611	\$ 51,862	\$ (199,713)	\$ 100	\$ 673,448	\$ -	\$ -	\$ -	\$ -	\$ 1,279,456

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, 2017

	Final Budgeted Amounts	Actual Amounts	Variance From Final Budget
Revenues			
Intergovernmental	\$ 2,330,000	\$ 2,492,883	\$ 162,883
Investment income	200	3,266	3,066
Total revenues	<u>2,330,200</u>	<u>2,496,149</u>	<u>165,949</u>
Expenditures			
Current:			
Transportation:			
Contractual services	223,917	193,222	30,695
Materials and supplies	130,657	61,409	69,248
Capital outlay	<u>2,600,000</u>	<u>2,600,000</u>	<u>-</u>
Total expenditures	<u>2,954,574</u>	<u>2,854,631</u>	<u>99,943</u>
Net change in fund balance	(624,374)	(358,482)	\$ 265,892
Fund balance, beginning of year	570,085	570,085	
Prior year encumbrances appropriated	<u>114,573</u>	<u>114,573</u>	
Fund balance, end of year	<u>\$ 60,284</u>	<u>\$ 326,176</u>	

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, 2017

	Final Budgeted Amounts	Actual Amounts	Variance From Final Budget
Revenues			
Intergovernmental	\$ 398,000	\$ -	\$ (398,000)
Charges for services	402,000	273,403	(128,597)
Licenses and permits	100,000	112,930	12,930
Miscellaneous	-	318	318
Total revenues	<u>900,000</u>	<u>386,651</u>	<u>(513,349)</u>
Expenditures			
Current:			
Leisure Time Activities:			
Contractual services	25,300	25,300	-
Materials and supplies	10,000	9,042	958
Capital outlay	258,975	237,928	21,047
Transportation:			
Capital outlay	<u>785,620</u>	<u>785,620</u>	<u>-</u>
Total expenditures	<u>1,079,895</u>	<u>1,057,890</u>	<u>22,005</u>
Deficiencies of revenues under expenditures	<u>(179,895)</u>	<u>(671,239)</u>	<u>(491,344)</u>
Other financing sources			
Issuance of debt	<u>234,250</u>	<u>-</u>	<u>(234,250)</u>
Total other financing sources	<u>234,250</u>	<u>-</u>	<u>(234,250)</u>
Net change in fund balance	54,355	(671,239)	\$ (725,594)
Fund balance, beginning of year	414,442	414,442	
Prior year encumbrances appropriated	<u>300,295</u>	<u>300,295</u>	
Fund balance, end of year	<u>\$ 769,092</u>	<u>\$ 43,498</u>	

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, 2017

	Final Budgeted Amounts	Actual Amounts	Variance From Final Budget
Revenues			
Fines and forfeitures	\$ 20,050	\$ 39,173	\$ 19,123
Investment income	-	103	103
Total revenues	<u>20,050</u>	<u>39,276</u>	<u>19,226</u>
Expenditures			
Current:			
Security of Persons and Property:			
Contractual services	2,000	2,000	-
Materials and supplies	379	-	379
Other	<u>57,593</u>	<u>56,786</u>	<u>807</u>
Total expenditures	<u>59,972</u>	<u>58,786</u>	<u>1,186</u>
Net change in fund balance	(39,922)	(19,510)	\$ 20,412
Fund balance, beginning of year	16,756	16,756	
Prior year encumbrances appropriated	<u>42,672</u>	<u>42,672</u>	
Fund balance, end of year	<u>\$ 19,506</u>	<u>\$ 39,918</u>	

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, 2017

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance From Final Budget</u>
Revenues			
Fines and forfeitures	\$ 20,000	\$ 15,581	\$ (4,419)
Expenditures			
Current:			
General Government:			
Contractual services	15,000	10,000	5,000
Materials and supplies	27,915	22,660	5,255
Capital outlay	<u>24,585</u>	<u>4,586</u>	<u>19,999</u>
Total expenditures	<u>67,500</u>	<u>37,246</u>	<u>30,254</u>
 Net change in fund balance	 (47,500)	 (21,665)	 \$ 25,835
 Fund balance, beginning of year	 44,499	 44,499	
Prior year encumbrances appropriated	<u>14,501</u>	<u>14,501</u>	
Fund balance, end of year	<u>\$ 11,500</u>	<u>\$ 37,335</u>	

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, 2017

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance From Final Budget</u>
Revenues			
Intergovernmental	\$ 830,000	\$ 621,114	\$ (208,886)
Expenditures			
Current:			
Security of Persons and Property:			
Contractual services	<u>84,263</u>	<u>80,220</u>	<u>4,043</u>
Total Security of Persons and Property	<u>84,263</u>	<u>80,220</u>	<u>4,043</u>
Leisure Time Activities:			
Capital outlay	<u>62,964</u>	<u>62,964</u>	<u>-</u>
Total Leisure Time Activities	<u>62,964</u>	<u>62,964</u>	<u>-</u>
Transportation:			
Contractual services	<u>43,850</u>	<u>40,000</u>	<u>3,850</u>
Total Transportation:	<u>43,850</u>	<u>40,000</u>	<u>3,850</u>
Total expenditures	<u>191,077</u>	<u>183,184</u>	<u>7,893</u>
Net change in fund balance	638,923	437,930	\$ (200,993)
Fund balance, beginning of year	(748,220)	(748,220)	
Prior year encumbrances appropriated	<u>110,577</u>	<u>110,577</u>	
Fund balance, end of year	<u>\$ 1,280</u>	<u>\$ (199,713)</u>	

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, 2017

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance From Final Budget</u>
Revenues			
Miscellaneous	\$ 1,000	\$ -	\$ (1,000)
Net change in fund balance	1,000	-	\$ (1,000)
Fund balance, beginning of year	<u>100</u>	<u>100</u>	
Fund balance, end of year	<u>\$ 1,100</u>	<u>\$ 100</u>	

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, 2017

	Final Budgeted Amounts	Actual Amounts	Variance From Final Budget
Revenues			
Charges of services	\$ 1,018,800	\$ 1,049,738	\$ 30,938
Miscellaneous	100,000	23,652	(76,348)
Total revenues	<u>1,118,800</u>	<u>1,073,390</u>	<u>(45,410)</u>
Expenditures			
Current:			
Basic Utility Services:			
Personal services	655,023	569,241	85,782
Contractual services	565,271	271,272	293,999
Materials and supplies	24,391	19,589	4,802
Total expenditures	<u>1,244,685</u>	<u>860,102</u>	<u>384,583</u>
Net change in fund balance	(125,885)	213,288	\$ 339,173
Fund balance, beginning of year	41,650	41,650	
Prior year encumbrances appropriated	275,159	275,159	
Fund balance, end of year	<u>\$ 190,924</u>	<u>\$ 530,097</u>	

CITY OF HILLIARD, OHIO

Combining Statement of Fiduciary Assets and Liabilities

Agency Funds

December 31, 2017

	<u>Mayor's Court</u>	<u>Escrow</u>	<u>Total</u>
Assets			
Equity in pooled cash and cash equivalents	\$ -	\$ 420,420	\$ 420,420
Cash and cash equivalents in segregated accounts	24,732	-	24,732
Accounts receivable	<u>-</u>	<u>23,753</u>	<u>23,753</u>
Total assets	<u>\$ 24,732</u>	<u>\$ 444,173</u>	<u>\$ 468,905</u>
Liabilities			
Due to other governments	\$ -	\$ 404,577	\$ 404,577
Deposits held and due to others	<u>24,732</u>	<u>39,596</u>	<u>64,328</u>
Total liabilities	<u>\$ 24,732</u>	<u>\$ 444,173</u>	<u>\$ 468,905</u>

CITY OF HILLIARD, OHIO

Combining Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds

Year Ended December 31, 2017

	Balance January 1, 2017	Additions	Deductions	Balance December 31, 2017
<u>Mayor's Court</u>				
Assets				
Cash and cash equivalents in segregated accounts	\$ 69,960	\$ 323,347	\$ 368,575	\$ 24,732
Liabilities				
Deposits held and due to others	\$ 69,960	\$ 323,347	\$ 368,575	\$ 24,732
<u>Escrow</u>				
Assets				
Equity in pooled cash and cash equivalents	\$ 535,550	\$ 3,208,084	\$ 3,323,214	\$ 420,420
Accounts receivable	12,981	23,753	12,981	23,753
Total assets	<u>\$ 548,531</u>	<u>\$ 3,231,837</u>	<u>\$ 3,336,195</u>	<u>\$ 444,173</u>
Liabilities				
Due to other governments	\$ 508,935	\$ 1,512,868	\$ 1,617,226	\$ 404,577
Deposits held and due to others	39,596	1,718,969	1,718,969	39,596
Total liabilities	<u>\$ 548,531</u>	<u>\$ 3,231,837</u>	<u>\$ 3,336,195</u>	<u>\$ 444,173</u>
<u>Total - All Agency Funds</u>				
Assets				
Equity in pooled cash and cash equivalents	\$ 535,550	\$ 3,208,084	\$ 3,323,214	\$ 420,420
Cash and cash equivalents in segregated accounts	69,960	323,347	368,575	24,732
Accounts receivable	12,981	23,753	12,981	23,753
Total assets	<u>\$ 618,491</u>	<u>\$ 3,555,184</u>	<u>\$ 3,704,770</u>	<u>\$ 468,905</u>
Liabilities				
Due to other governments	\$ 508,935	\$ 1,512,868	\$ 1,617,226	\$ 404,577
Deposits held and due to others	109,556	2,042,316	2,087,544	64,328
Total liabilities	<u>\$ 618,491</u>	<u>\$ 3,555,184</u>	<u>\$ 3,704,770</u>	<u>\$ 468,905</u>



Real People. Real Possibilities.

**STATISTICAL
SECTION**



Real People. Real Possibilities.

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. 109-114

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. 115-121

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. 122-125

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. 126-127

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. 128-130

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



Real People. Real Possibilities.

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

	2007	2009	2010	2011 (restated) ¹	2012	2013	2014 (restated) ²	2015	2016	2017
Governmental Activities:										
Net investment in capital assets	\$ 194,544,533	\$ 197,699,834	\$ 193,490,449	\$ 191,936,312	\$ 184,681,665	\$ 178,545,386	\$ 174,263,501	\$ 177,988,978	\$ 185,589,498	\$ 187,490,079
Restricted	11,216,411	14,573,975	14,458,902	9,067,789	8,746,450	13,239,396	19,459,624	18,372,505	16,230,358	16,913,151
Unrestricted	3,990,110	3,388,558	2,940,978	6,906,732	10,226,730	13,720,226	1,985,909	1,882,523	4,325,531	4,257,116
Total Governmental Activities Net Position	\$ 209,751,054	\$ 215,662,367	\$ 210,890,329	\$ 207,910,833	\$ 203,654,845	\$ 205,505,008	\$ 195,709,034	\$ 198,244,006	\$ 206,145,387	\$ 208,660,346

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

² Net Position at December 31, 2014 has been restated for adoption of GASB Statement No. 68.

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Program Revenues:										
Governmental Activities:										
Charges for Services:										
General Government	\$ 1,375,717	\$ 1,451,333	\$ 698,795	\$ 718,663	\$ 779,745	\$ 817,496	\$ 743,059	\$ 913,842	\$ 880,295	\$ 847,633
Security of Persons and Property	475,615	620,598	1,032,105	974,688	1,009,245	978,586	895,958	900,810	922,948	1,068,701
Leisure Time Activities	912,731	933,107	942,536	1,033,362	1,109,563	1,453,629	1,037,505	1,046,213	1,309,531	1,152,698
Community Environment	1,008,345	596,596	1,540,679	1,459,453	1,920,796	2,901,063	2,797,942	2,784,666	3,105,178	3,165,149
Basic Utility Services	1,491,249	1,018,487	1,466,740	2,069,699	1,954,915	2,951,504	3,421,040	3,159,736	4,830,460	2,378,450
Operating Grants, Contributions, and Interest	2,090,172	1,422,622	1,312,293	1,287,341	1,483,970	1,782,427	2,246,982	2,383,121	2,195,900	2,538,885
Capital Grants, Contributions and Interest	2,586,835	20,966,177	4,106,822	6,544,552	415,449	2,120,629	6,087,335	4,500,410	8,713,838	7,242,347
Total Governmental Activities Program Revenues	9,940,664	27,008,920	11,099,970	14,087,758	8,673,683	13,005,334	17,229,821	15,688,798	21,958,150	19,293,863
Expenses:										
Governmental Activities:										
Current:										
General Government	4,778,348	4,346,672	4,820,699	5,889,987	5,881,654	4,396,977	6,234,614	6,449,722	12,247,477	11,597,782
Security of Persons and Property	8,131,423	8,483,744	8,553,689	8,440,519	8,228,460	8,377,988	11,406,237	9,746,509	10,955,413	10,957,889
Public Health	157,065	169,063	171,913	165,311	182,270	186,809	194,357	225,000	237,546	256,406
Leisure Time Activities	3,256,451	3,069,040	2,911,718	3,272,969	3,252,501	3,282,870	3,347,217	3,706,740	4,442,567	6,421,668
Community Environment	7,370,811	4,704,774	3,091,413	2,621,951	3,491,170	3,571,243	3,437,303	3,846,005	3,856,330	4,365,272
Basic Utility Services	5,990,167	6,812,986	7,254,778	6,604,081	7,407,870	8,804,498	7,407,729	8,337,911	8,242,381	8,563,635
Transportation	4,500,438	8,596,950	8,404,994	7,940,453	7,490,224	8,523,821	11,946,188	10,363,941	8,759,098	11,985,105
Interest and Fiscal Charges	1,966,780	2,516,290	2,599,540	2,639,621	2,775,651	2,326,249	1,774,916	1,861,659	2,094,479	1,875,982
Total Governmental Activities Expenses	\$ 36,151,483	\$ 38,699,519	\$ 37,808,744	\$ 37,574,892	\$ 38,709,800	\$ 39,470,455	\$ 45,748,561	\$ 44,537,487	\$ 50,835,291	\$ 56,023,739
Net Expenses	\$ (26,210,819)	\$ (11,690,599)	\$ (26,708,774)	\$ (23,487,134)	\$ (30,036,117)	\$ (26,465,121)	\$ (28,518,740)	\$ (28,848,689)	\$ (28,877,141)	\$ (36,729,876)

(continued)

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues:										
Governmental Activities:										
Property Taxes Levied for General Purposes	\$ 1,902,363	\$ 1,939,885	\$ 1,682,554	\$ 1,924,647	\$ 1,978,442	\$ 1,490,038	\$ 1,483,891	\$ 1,418,846	\$ 1,429,888	\$ 1,526,373
Municipal Income Tax Levied for General Purposes	8,720,561	10,808,397	11,470,507	10,996,978	12,292,843	14,350,910	14,337,297	15,172,841	18,445,021	18,729,749
Municipal Income Tax Levied for Transportation	1,744,110	2,161,680	747,888	384,371	885,947	466,492	1,212,529	1,536,470	2,458,263	3,170,538
Municipal Income Tax Levied for Capital Outlay	3,488,226	4,323,358	4,072,798	3,946,978	4,392,930	4,939,135	5,160,611	5,585,976	6,967,455	7,297,194
Payments in Lieu of Taxes	2,769,280	1,375,625	1,846,750	2,391,513	1,243,970	3,008,635	5,038,316	7,383,674	6,238,064	7,201,942
Grants and Entitlements not Restricted to Specific Programs	1,413,857	1,209,800	1,099,064	1,695,078	2,301,949	1,105,845	693,035	770,008	706,750	731,344
Unrestricted Investment Earnings	820,603	355,084	156,648	141,361	60,420	57,494	33,531	73,377	199,018	332,676
Miscellaneous	522,555	186,099	376,594	455,810	581,217	361,580	356,074	508,900	334,063	255,019
Total Governmental Activities	\$ 21,381,555	\$ 22,359,928	\$ 21,452,803	\$ 21,936,736	\$ 23,737,718	\$ 25,780,129	\$ 28,315,284	\$ 32,450,092	\$ 36,778,522	\$ 39,244,835
Change in Net Position	\$ (4,829,264)	\$ 10,669,329	\$ (5,255,971)	\$ (1,550,398)	\$ (6,298,399)	\$ (684,992)	\$ (203,456)	\$ 3,601,403	\$ 7,901,381	\$ 2,514,959

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Function / Program:										
Governmental Activities										
General Government	\$ 1,376,705	\$ 1,543,528	\$ 698,795	\$ 718,663	\$ 990,070	\$ 828,746	\$ 747,058	\$ 932,505	\$ 880,295	\$ 1,340,133
Security of Persons and Property	588,599	620,598	1,052,600	974,688	1,009,245	1,006,477	967,899	972,845	1,012,271	1,152,659
Leisure Time Activities	913,231	933,107	992,536	1,053,018	1,109,563	1,483,629	1,037,505	1,255,051	1,493,030	1,154,048
Community Environment	1,327,813	596,596	1,540,679	1,459,453	2,089,648	2,901,063	2,797,942	2,784,666	3,105,178	3,165,149
Basic Utility Services	1,870,366	8,633,325	2,436,329	5,214,730	2,036,875	4,053,801	7,738,258	7,586,211	10,519,988	8,151,546
Transportation	3,863,950	14,681,766	4,379,031	4,667,206	1,438,282	2,731,618	3,941,159	2,157,520	4,947,388	4,330,328
Total Governmental Activities Program Revenues	\$ 9,940,664	\$ 27,008,920	\$ 11,099,970	\$ 14,087,758	\$ 8,673,683	\$ 13,005,334	\$ 17,229,821	\$ 15,688,798	\$ 21,958,150	\$ 19,293,863

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ 28,179	\$ 26,723	\$ 25,268	\$ 26,774	\$ 40,817	\$ 40,542	\$ 71,894
Committed	-	-	-	204,888	186,706	224,637	221,970	86,232	150,297	83,789
Assigned	-	-	-	520,519	300,101	113,892	189,764	344,930	1,412,497	7,046,953
Unassigned	-	-	-	3,055,755	5,132,224	9,146,578	10,340,785	11,937,982	14,144,814	9,023,648
Reserved	116,547	139,582	188,231	-	-	-	-	-	-	-
Unreserved	3,183,859	3,073,796	3,161,504	-	-	-	-	-	-	-
Total General Fund	3,300,406	3,213,378	3,349,735	3,809,341	5,645,754	9,510,375	10,779,283	12,409,961	15,748,150	16,226,284
All Other Governmental Funds										
Restricted	-	-	-	8,287,493	10,453,741	16,177,842	20,434,858	19,509,382	17,168,002	15,310,227
Committed	-	-	-	5,773,016	4,961,934	4,566,178	4,157,852	3,851,332	4,764,514	5,073,581
Unassigned (deficit)	-	-	-	(12,904)	(12,904)	-	(14,663)	(4,161)	(637,643)	(199,713)
Reserved	5,032,205	3,245,086	6,622,551	-	-	-	-	-	-	-
Unreserved, Reported in:										
Special Revenue Funds	7,388,881	6,240,285	6,615,484	-	-	-	-	-	-	-
Debt Service Funds	264	(13,717)	(12,904)	-	-	-	-	-	-	-
Capital Projects Funds	(7,260,811)	3,150,492	434,163	-	-	-	-	-	-	-
Total All Other Governmental Funds	5,160,539	12,622,146	13,659,294	-	15,402,771	20,744,020	24,578,047	23,356,553	21,294,873	20,184,095
Total Governmental Funds	\$ 8,460,945	\$ 15,835,524	\$ 17,009,029	\$ 3,809,341	\$ 21,048,525	\$ 30,254,395	\$ 35,357,330	\$ 35,766,514	\$ 37,043,023	\$ 36,410,379

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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
Property and Other Local Taxes	\$ 1,938,359	\$ 1,719,684	\$ 1,936,497	\$ 1,981,224	\$ 1,489,345	\$ 1,559,706	\$ 1,441,796	\$ 1,462,509	\$ 1,429,658	\$ 1,528,261
Municipal Income Taxes	16,639,707	15,912,550	16,050,554	17,436,327	18,739,268	20,843,443	20,227,766	25,790,575	27,615,153	27,941,266
Payment in Lieu of Taxes	599,118	1,529,580	2,331,405	2,333,600	3,008,635	5,038,316	7,383,674	5,319,823	6,238,064	7,201,942
Intergovernmental	6,242,515	3,264,109	7,464,964	7,103,146	2,765,621	3,021,748	4,550,308	3,198,900	3,471,002	5,401,377
Charges for Services	4,387,135	3,466,922	4,278,597	4,741,570	5,474,971	6,372,169	6,755,577	6,878,488	7,667,567	7,192,206
Licenses and Permits	871,346	968,911	1,745,589	1,183,422	827,486	2,174,933	1,968,205	1,529,826	3,118,344	1,913,121
Fines and Forfeitures	367,636	320,788	292,669	330,873	397,752	389,424	337,475	307,757	261,398	403,899
Investment Income	381,963	156,648	141,361	60,420	57,494	33,531	73,377	48,070	199,018	332,676
Special Assessments	98,734	28,981	813	-	-	-	-	-	-	-
Other	124,153	377,758	390,760	552,819	358,221	355,886	882,453	217,020	318,819	248,424
Total Revenues	31,650,666	27,745,931	34,633,209	35,723,401	33,118,793	39,789,156	43,620,631	44,752,968	50,319,023	52,163,172
Expenditures:										
Current:										
General Government	5,092,918	4,375,856	4,857,636	5,821,506	5,922,196	4,828,215	6,881,917	9,293,320	14,623,801	10,343,125
Security of Persons and Property	8,152,818	15,107,209	8,282,776	7,943,336	8,022,112	8,436,061	11,635,540	9,198,922	10,147,638	9,893,769
Public Health	157,065	169,063	171,913	165,311	182,270	186,809	194,357	225,000	237,546	256,406
Leisure Time Activities	4,656,844	3,103,714	4,456,087	2,803,019	2,852,567	3,256,275	4,412,240	7,723,557	6,390,159	7,110,569
Community Environment	9,413,956	5,833,755	5,357,924	3,301,309	3,373,556	3,444,028	3,326,671	4,247,432	3,677,582	3,876,683
Basic Utility Services	1,195,029	2,544,706	1,937,183	1,697,650	2,362,492	3,264,874	2,480,971	3,482,900	4,046,696	3,493,862
Transportation	4,852,648	6,746,273	8,544,315	10,472,973	3,893,437	5,171,459	10,158,186	6,919,067	7,562,237	9,739,304
Debt Service:										
Principal Retirement	2,398,986	2,357,284	2,629,411	2,945,653	3,580,068	4,016,158	8,515,167	15,269,704	11,506,452	11,026,242
Interest and Fiscal Charges	1,907,169	2,939,932	2,637,382	2,899,735	2,870,941	2,275,495	1,660,868	1,786,954	2,049,620	2,070,924
Issuance Costs	-	-	-	-	-	153,222	147,271	182,912	247,705	104,753
Total Expenditures	37,827,433	43,177,792	38,874,627	38,050,492	33,059,639	35,032,596	49,413,188	58,329,768	60,489,436	57,915,637
Excess of Revenues Over (Under) Expenditures	(6,176,767)	(15,431,861)	(4,241,418)	(2,327,091)	59,154	4,756,560	(5,792,557)	(13,576,800)	(10,170,413)	(5,752,465)
Other Financing Sources (Uses):										
Proceeds from Sale of Capital Assets	-	-	65,050	28,398	3,359	18,785	1,848	1,500	298,393	11,152
Issuance of General Obligation Bonds	-	15,540,000	-	8,020,000	2,480,000	8,905,000	-	8,745,000	3,855,000	4,655,000
Issuance of Bond Anticipation Notes	-	-	5,300,000	-	-	4,285,000	10,785,000	7,275,000	6,500,000	-
OWDA and OPWC Loans Issued	-	-	-	17,689	413,790	-	-	-	-	-
Premium on Debt	-	849,054	49,873	15,982	1,364,417	484,152	435,398	1,260,402	1,609,604	-
Refunding Bonds Issued	-	-	-	-	8,605,000	-	5,160,000	-	8,205,000	453,669
Payment on Refunded Bonds or Notes	-	-	-	(5,300,000)	(9,734,141)	(9,243,627)	(5,486,754)	(3,295,918)	(9,130,978)	-
Inception of Capital Lease	-	6,417,386	-	392,939	-	-	-	-	109,903	-
Transfers - In	-	441,137	-	-	-	-	-	2,308,880	1,880,000	3,500,000
Transfers - Out	-	(441,137)	-	-	-	-	-	(2,308,880)	(1,880,000)	(3,500,000)
Total Other Financing Sources (Uses)	-	22,806,440	5,414,923	3,175,008	3,132,425	4,449,310	10,895,492	13,985,994	11,446,922	5,119,821
Net Change in Fund Balances	(6,176,767)	7,374,579	1,173,505	847,917	3,191,579	9,205,870	5,102,935	409,184	1,276,509	(632,644)
Debt Service as a Percentage of Noncapital Expenditures	14.9%	17.1%	17.7%	19.6%	21.0%	19.8%	23.9%	35.5%	27.9%	28.0%

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

Year	Individual			Business Accounts					
	Withholding	Percentage of Total	Non-withholding	Percentage of Total	Total Individual	Percentage of Total	Business Accounts	Percentage of Total	Total
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	89%	1,771,029	11%	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	11%	17,584,318	85%	3,257,488	15%	20,841,806
2014	16,261,933	71%	2,343,605	10%	18,605,538	81%	4,188,367	19%	22,793,905
2015	18,483,631	72%	2,494,808	10%	20,978,439	82%	4,845,020	18%	25,823,459
2016	19,960,118	72%	2,747,844	10%	22,707,962	82%	5,140,096	18%	27,848,058
2017	20,891,108	71%	2,822,321	10%	23,713,429	81%	5,823,710	19%	29,537,139

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)
2008	10,204,465	4,081,786	2,040,893	16,327,144	18.28%
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%
2014	15,151,065	5,578,415	1,535,563	22,265,043	9.69%
2015	16,996,835	6,326,264	1,981,958	25,305,057	13.65%
2016	18,061,105	6,834,152	2,442,267	27,337,524	8.03%
2017	18,133,490	6,954,543	2,738,843	27,826,876	1.79%

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
Current Year and Nine Years Prior

<u>Range of Withholding Amount</u>	<u>2017</u>		<u>2008</u>	
	Number of Withholding Accounts	Percentage of Total Withholding Revenue	Number of Withholding Accounts	Percentage of Total Withholding Revenue
\$500,001 and higher	6	32.69%	3	24.38%
\$300,001 - 500,000	3	5.28%	3	7.64%
\$100,001 - 300,000	16	12.20%	9	7.89%
\$55,001 - 100,000	35	12.59%	22	12.86%
Total		62.76%		52.77%
All Others		37.24%		47.23%
Total Withholding Accounts		<u>100.00%</u>		<u>100.00%</u>

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
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	1.92%	\$ 2,484,856,348	\$ 2
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	685,989,370	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
2014	676,482,330	334,970	130,957,970	45,693,090	113,600	853,581,960	13,802,040	-	13,802,040	867,384,000	2.97%	2,494,013,760	1.60
2015	686,255,690	334,970	143,948,700	45,300,260	109,640	875,949,260	17,439,680	-	17,439,680	893,388,940	3.00%	2,572,470,891	1.60
2016	706,508,020	476,840	159,045,970	57,459,820	99,510	923,590,160	22,083,010	-	22,083,010	945,673,170	5.85%	2,727,161,069	1.60
2017	769,568,760	748,160	180,804,500	50,425,820	95,820	1,001,643,060	29,546,200	-	29,546,200	1,031,189,260	9.04%	2,980,022,114	1.60

Source: Franklin County Auditor

(1) Assessed valuation for real property is based upon 35 percent of estimated true value set by county appraisal.
(2) Prior to 2006, the assessed valuation for personal property was based on varying percentages of true value (25 percent was used in the assessed values above). House Bill 66 (the State's biennial budget for fiscal years 2006-2007) phased out the tax on the tangible personal property of general businesses, telephone and telecommunications, and railroads. The tax on general business and railroad property (which is public utility property) will be eliminated in 2009, and the tax on telephone and 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
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
2014	1.60	89.55	18.47	2.80	21.62	1.60	135.64
2015	1.60	89.55	18.47	2.80	21.62	1.60	135.64
2016	1.60	94.35	18.47	2.80	21.62	1.60	140.44
2017	1.60	93.75	18.92	2.80	21.60	1.60	140.27

Source: Franklin County Auditor

City of Hilliard, Ohio
Principal Property Tax Payers - Real Property
Current Year and Nine Years Prior

Taxpayer	2017			2008		
	Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Villages at Britton Ltd	\$ 16,450,010	1	1.64%			
MCI International Inc.	10,902,930	2	1.09%			
LSREF3 Bravo Ohio LLC	9,975,000	3	1.00%			
M-BM LLC	8,664,670	4	0.87%			
One Mill Run LP	6,215,450	5	0.62%			
PPOS 17 LLC	5,670,010	6	0.57%			
Riggins Road LLC	5,215,000	7	0.52%			
AEP Ohio Transmission Company Inc.	4,755,750	8	0.47%			
National Retail Properties LP	4,550,010	9	0.45%			
Crystal Lake Apartments	3,830,300	10	0.38%	\$ 3,160,620	6	0.37%
G&I VI Heritage Green LLC				7,238,000	1	0.85%
Trueman LP				4,151,560	2	0.49%
Talcott III Mill Run LLC				3,964,780	3	0.47%
CSE Hilliard LLC				3,436,090	4	0.40%
Tremont Club LLC				3,350,020	5	0.39%
Cadlerocks Hilliard				2,975,000	7	0.35%
First Industrial LP				2,529,180	8	0.30%
Compuserve, Inc.				2,237,310	9	0.26%
Clearview Hilliard LP				2,173,790	10	0.26%
Total Top 10 Real Property	76,229,130		7.61%	35,216,350		4.14%
All Others	925,413,930		92.39%	816,613,720		95.86%
Total Real Property Assessed Valuation	<u>\$ 1,001,643,060</u>		<u>100.00%</u>	<u>\$ 851,830,070</u>		<u>100.00%</u>

Source: Franklin County Auditor

City of Hilliard, Ohio
Property Tax Levies and Collections
Last Ten Years

Collection Year	Total Tax Levy (1) (2)	Current Tax Collections (1) (3)	Percent of Current Levy Collected (3)	Delinquent Tax Collections	Total Tax Collections
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
2014	1,365,550	1,466,149	107.37%	27,364	1,493,513
2015	1,387,814	1,295,817	93.37%	29,743	1,325,560
2016	1,429,422	1,523,391	106.57%	31,900	1,555,291
2017	1,481,320	1,433,243	96.75%	29,816	1,463,059

Source: Franklin County Auditor

- (1) State reimbursement of rollback and homestead exemptions are included
- (2) Amounts listed include penalties and interest
- (3) 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, 2017

Jurisdiction	Debt Outstanding	Percentage Applicable to the City of Hilliard (1)	Amount Applicable to the City of Hilliard
Direct			
City of Hilliard			
Loans Payable	\$ 2,980,425		\$ 2,980,425
General Obligation Bonds	54,155,568		54,155,568
Capital Leases	<u>5,331,545</u>		<u>5,331,545</u>
Total Direct Debt	<u>62,467,538</u>	100.00%	<u>62,467,538</u>
Overlapping Subdivisions			
Hilliard City School District	147,555,006	37.42%	55,215,083
Dublin City School District	124,286,104	0.07%	87,000
Franklin County	221,125,000	3.49%	7,717,263
Solid Waste Authority of Central Ohio	<u>49,545,000</u>	3.33%	<u>1,649,849</u>
Total Overlapping Debt	<u>542,511,110</u>		<u>64,669,195</u>
Total Direct and Overlapping Debt	<u>\$ 604,978,648</u>		<u>\$ 127,136,733</u>

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
2008	\$ 38,994,698	\$ 2,484,856,348	28,850	1.57%	\$ 1,352
2009	53,372,658	2,546,552,298	28,927	2.10%	1,845
2010	50,786,564	2,518,873,434	28,935	2.02%	1,755
2011	55,994,999	2,429,940,903	29,250	2.30%	1,914
2012	55,859,717	2,428,619,280	28,524	2.30%	1,958
2013	53,129,330	2,422,359,320	28,595	2.19%	1,858
2014	49,772,640	2,494,013,760	28,723	2.00%	1,733
2015	52,679,797	2,572,470,891	28,952	2.05%	1,820
2016	53,507,370	2,727,161,069	29,331	1.96%	1,824
2017	54,155,568	2,980,022,114	34,631	1.82%	1,564

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

(2) Source: Franklin County Auditor

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
2008	\$ 11,390,000	\$ 2,216,777	\$ 38,994,698	\$ -	\$ 342,992	\$ 52,944,467	28,850	\$ 1,100,022	\$ 1,835	4.81%
2009	-	2,216,777	53,372,658	-	6,313,094	61,902,529	28,927	1,106,226	2,140	5.60%
2010	5,300,000	2,216,777	50,786,564	-	6,168,683	64,472,024	28,935	1,112,464	2,228	5.80%
2011	-	2,127,163	55,994,999	-	6,448,272	64,570,434	29,250	1,175,499	2,208	5.49%
2012	-	4,569,580	55,859,717	-	6,256,210	66,685,507	28,524	1,218,773	2,338	5.47%
2013	4,285,000	4,308,312	53,129,330	-	6,056,320	67,778,962	28,595	1,254,377	2,370	5.40%
2014	10,785,000	3,986,189	49,772,640	-	5,848,276	70,392,105	28,723	1,289,720	2,451	5.46%
2015	7,275,000	3,603,022	52,679,797	-	5,631,739	69,189,558	28,952	1,348,295	2,390	5.13%
2016	6,500,000	3,322,443	53,507,370	-	5,500,769	68,830,582	29,331	1,399,822	2,347	4.92%
2017	-	2,980,425	54,155,568	-	5,331,545	62,467,538	34,631	N/A	1,804	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

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

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Assessed Valuation	\$ 1,031,189,260	\$ 945,673,170	\$ 893,388,940	\$ 867,384,000	\$ 842,360,170	\$ 844,817,040	\$ 845,321,580	\$ 876,911,630	\$ 886,597,163	\$ 864,594,107
Overall debt limitation - 10.5% of assessed valuation	108,274,872	99,295,683	93,805,839	91,075,320	88,447,818	88,705,789	88,758,766	92,075,721	93,092,702	90,782,381
Total Indebtedness as of 12/31	49,830,000	55,690,000	56,410,000	57,835,000	50,370,000	53,130,000	54,320,000	54,325,000	51,510,000	49,270,000
Less Exempt Debt:										
Self Supporting	-	-	-	-	-	-	-	-	-	-
1999A Various Purpose-Water portion(28%)	-	-	-	-	-	-	62,400	120,900	177,450	51,800
2002 Various Purpose-Water portion(39%)	-	-	1,123,200	1,567,800	1,994,850	5,569,200	5,904,600	6,228,300	6,542,250	232,050
2005 Various Purpose-Water portion(39%)	-	-	1,123,200	1,567,800	1,994,850	5,569,200	5,967,000	6,349,200	6,719,700	6,862,050
Total Self Supporting	-	-	1,123,200	1,567,800	1,994,850	5,569,200	5,967,000	6,349,200	6,719,700	7,145,900
Income Tax Supported										
1999 Various Purpose(72%)	-	-	-	-	-	-	-	-	-	133,200
2002 Various Purpose(61%)	-	-	-	-	-	-	97,600	189,100	277,550	362,950
2003 Various Purpose	-	-	-	-	-	245,000	3,655,000	3,880,000	4,100,000	4,310,000
2009 Various Purpose	1,430,000	2,130,000	8,220,000	11,645,000	12,470,000	13,270,000	14,055,000	14,810,000	15,540,000	-
2011 Various Purpose	5,445,000	5,795,000	6,135,000	6,585,000	7,020,000	7,445,000	7,865,000	-	-	-
2012 Various Purpose	7,585,000	8,460,000	9,310,000	10,135,000	10,920,000	7,445,000	-	-	-	-
2013 Various Purpose	6,680,000	7,555,000	8,465,000	8,585,000	8,705,000	-	-	-	-	-
2014 Various Purpose	4,890,000	4,940,000	4,990,000	5,040,000	-	-	-	-	-	-
2015 Various Purpose	8,030,000	8,230,000	8,425,000	-	-	-	-	-	-	-
2016 Various Purpose	11,335,000	11,715,000	-	-	-	-	-	-	-	-
2017 Various Purpose	4,435,000	-	-	-	-	-	-	-	-	-
Notes	-	6,500,000	7,275,000	10,785,000	4,285,000	-	-	5,300,000	-	11,390,000
Total Income Tax Supported	49,830,000	55,325,000	52,820,000	52,775,000	43,400,000	28,405,000	25,672,600	24,179,100	19,917,550	16,196,150
Amount available in the debt service fund	-	-	-	-	-	-	-	-	-	-
Total Exempt Debt	49,830,000	55,325,000	53,943,200	54,342,800	45,394,850	33,974,200	31,639,600	30,528,300	26,637,250	23,342,050
Net Debt Subject to Limitation	-	365,000	2,466,800	3,492,200	4,975,150	19,155,800	22,680,400	23,796,700	24,872,750	25,927,950
Legal debt margin within 10.5% limitation	\$ 108,274,872	\$ 98,930,683	\$ 91,339,039	\$ 87,583,120	\$ 83,472,668	\$ 69,549,989	\$ 66,078,366	\$ 68,279,021	\$ 68,219,952	\$ 64,854,431
Percentage of Net Debt to Assessed Value	0.00%	0.04%	0.28%	0.40%	0.59%	2.27%	2.68%	2.71%	2.81%	3.00%
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	10.50%	10.46%	10.22%	10.10%	9.91%	8.23%	7.82%	7.79%	7.69%	7.50%
Unvoted debt limitation 5.5% of assessed valuation	\$ 56,715,409	\$ 52,012,024	\$ 49,136,392	\$ 47,706,120	\$ 46,329,809	\$ 46,464,937	\$ 46,492,687	\$ 48,230,140	\$ 48,762,844	\$ 47,552,676
Total Indebtedness as of 12/31	49,830,000	55,690,000	56,410,000	57,835,000	50,370,000	53,130,000	54,320,000	54,325,000	51,510,000	49,270,000
Less Total Exempt Debt	49,830,000	55,325,000	53,943,200	54,342,800	45,394,850	33,974,200	31,639,600	30,528,300	26,637,250	23,342,050
Net Debt Subject to Limitation	-	365,000	2,466,800	3,492,200	4,975,150	19,155,800	22,680,400	23,796,700	24,872,750	25,927,950
Legal debt margin within 5.5% limitation	\$ 56,715,409	\$ 51,647,024	\$ 46,669,592	\$ 44,213,920	\$ 41,354,659	\$ 27,309,137	\$ 23,812,287	\$ 24,433,440	\$ 23,890,094	\$ 21,624,726
Percentage of Net Debt to Assessed Value	0.00%	0.04%	0.28%	0.40%	0.59%	2.27%	2.68%	2.71%	2.81%	3.00%
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	5.50%	5.46%	5.22%	5.10%	4.91%	3.23%	2.82%	2.79%	2.69%	2.50%

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)
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	1,254,377	43,867	15,758	5.2%	842,360,170
2014	28,723	1,289,720	44,902	15,864	3.7%	867,384,000
2015	28,952	1,348,295	46,570	16,045	3.4%	893,388,940
2016	29,331	1,399,822	47,725	16,059	3.4%	945,673,170
2017	34,631	N/A	N/A	16,290	3.3%	1,031,189,260

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

N/A - Information not available

City of Hilliard, Ohio
Principal Employers
Current Year and Nine Years Prior

Employer	2017			2008		
	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Hilliard City Schools	1,635	1	6.41%	1,792	1	9.70%
Cellco Partnership dba Verizon	1,553	2	6.09%			
Sedgwick Claims Mgmt Inc.	871	3	3.41%			
BMW Financial Services	680	4	2.66%	522	2	2.83%
Echosphere LLC	501	5	1.96%	448	3	2.43%
Micro Center Inc.	325	6	1.27%	335	5	1.81%
R. E. Rich Family Holding Corp.	272	7	1.07%	246	6	1.33%
Verizon Business Network Services	253	8	0.99%	416	4	2.25%
Advanced Drainage Systems	175	9	0.69%	97	10	0.53%
City of Hilliard	155	10	0.61%			
Baesman Painting Corp				142	8	0.77%
TALX UCM Services				242	7	1.31%
Norwich Township				98	9	0.53%
Total Employees	6,420		25.16%	4,338		23.49%
All Other Employers	19,101		74.84%	14,131		76.51%
Total Employment within the City	<u>25,521</u>		<u>100.00%</u>	<u>18,469</u>		<u>100.00%</u>

Source: City Income Tax Department

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

Function/Program	2008		2009		2010		2011		2012		2013		2014		2015		2016		2017	
	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	49	49	47	47	45	45	47	47	45	45	44	44	44	44	43	35	41	41	43	35
Security of Persons and Property	49	50	49	49	48	48	48	48	47	47	40	40	40	40	51	50	49	50	51	50
Leisure Time Activities	23	35	21	32	19	29	18	28	18	18	18	28	18	19	19	28	19	19	48	19
Basic Utility Services	1	1	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	20	20	20	20	21	21	19	19	21	21
Total Number of Employees	143	156	139	150	134	144	135	145	132	142	123	133	123	133	135	135	129	159	135	155

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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government	1	1	1	1	1	1	1	1	1	1
Government Center										
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	22	23	23	24	24	25	26	26
Park Area (acres)	285.0	285.0	285.5	316	316	324	324	531	531	531
Number of Playgrounds	11	11	11	11	10	10	10	10	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	128	129.3	130.1	131.9	131.9	132.4	133.5	135.1	137.7	140.1
Miles of Sanitary Sewers	140	142	142.7	144.7	145.3	146	147.5	150.7	154.4	155.6
Miles of Storm Sewers	118	122.4	123.4	126.7	126.8	127.56	128.56	130.46	133	134.8
Transportation										
Miles of Streets	107	110.3	111.4	112.9	112.9	114	115	117.1	118.6	120.1
Number of Street Lights	1,536	1,705	1,739	1,805	1,805	1,897	1,917	1,940	1,954	1,955
Number of Traffic Signal Systems	34	33	34	36	36	36	36	36	36	36

(1) Fire Protection provided by Norwich Township

Source: City capital asset records

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government:										
Active Income Tax Accounts										
Individual	14,765	15,536	16,654	16,901	18,397	17,734	17,788	16,923	17,816	17,584
Business	2,829	1,389	1,425	3,007	1,664	3,650	1,866	1,887	1,935	1,750
Withholding	3,050	1,662	1,708	4,427	2,546	5,339	2,842	3,057	3,228	3,237
Clerk of Courts:										
Traffic Court Cases	3,114	2,018	1,879	2,440	2,153	2,962	2,472	2,816	1,862	1,915
Security of Persons and Property:										
Police Calls	54,606	47,473	46,017	46,048	47,798	51,864	50,934	48,064	40,512	36,478
Physical Arrests	1,901	932	874	1,017	1,570	1,662	1,051	1,062	785	856
Citations	4,649	3,446	3,005	3,779	3,352	4,076	4,118	3,778	2,353	2,402
Parking Violations	51	20	65	44	38	207	374	66	179	369
Leisure Time Activities:										
Swimming Pool Revenue	512,572	548,545	611,778	656,037	724,922	709,491	608,941	561,749	554,069	565,007
Community Center Revenue	206,194	209,620	233,181	236,675	244,395	263,564	274,665	305,013	298,890	218,572
Senior Center Revenue	93,851	92,555	86,919	69,882	81,937	91,734	80,191	77,149	84,457	81,497

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.

OHIO AUDITOR OF STATE
KEITH FABER



CITY OF HILLIARD

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 26, 2019**