



**Auditor of State
Betty Montgomery**

CITY OF HILLIARD
FRANKLIN COUNTY

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

City of Hilliard
Franklin County
3800 Municipal Way
Hilliard, Ohio

To the Members of Council:

We have audited the 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, 2004, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 17, 2004, wherein we noted the City implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2003-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated August 17, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City's ability to record, process, summarize and report financial data consistent with management's assertions in the financial statements. A reportable condition is described in the accompanying schedule of finding as item 2003-002.

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A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the City's management in a separate letter dated August 17, 2004.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

August 17, 2004

**CITY OF HILLIARD
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2003-001
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Proper Public Purpose- Unsupported Expenditures, Finding for Recovery- Repaid Under Audit

Auditor of State Bulletin 2003-005 discusses the expenditure of public funds/proper public purpose and states "the determination of what constitutes a public purpose is primarily a legislative function. As such, the decision to expend public funds "...must be made in accordance with procedural formalities governing the exercise of legislative power. Specifically, the decision must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only." 1982 Op. Atty. Gen. No.82-006.

Expenditures totaling \$377 were made over the course of the 2003 fiscal year to the former Finance Director with only a "Request for Reimbursement" form. Each form had attached a notation as to whether the reimbursement request was for "mileage" or "business expenses" incurred. No mileage logs, detail receipts, or other evidence, however, were presented to support the expenditure of the funds to the former Finance Director or to provide for a determination of whether expenditures constituted a proper public purpose of the City, as explained in Auditor of State Bulletin 2003-005 and 1982 Op. Atty. Gen No. 82-006. No ordinance or resolution indicating that such expenditures met a proper public purpose was passed by the legislative authority, in this case the City Council.

The expenditures were made pursuant to authorization from Lynn Skeel, former City Finance Director.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is strictly liable for the amount of such expenditure. Seward v. National Surety Co., 120 Ohio St. 47(1929); 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex.rel. Village of Linndale v. Masten, 18 Oio st.3d 228 (1985).

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegal expended is hereby issued against Lynn Skeels, the former Finance Director, and Ohio Farmer's Insurance Company, the bonding company, jointly and severally, in the amount of three hundred seventy seven dollars (\$377), and in favor of the General Fund.

We recommend the City make no expenditure of monies unless evidence is presented to ensure the expenditure meets proper public purpose assessment as developed and legislated by the City Council.

The amount of \$377 was repaid by Lynn Skeels on November 22, 2004.

Finding Number	2003-002
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Health and Dental Claims Processing – SAS 70 Report

The City has delegated the health and dental claim processing function of its self insurance, which is a significant accounting function, to a third-party administrator. The City has not established procedures to determine whether the service organization has sufficient controls in place and which are operating effectively to reduce the risk that claims have not been completely and accurately processed and paid.

We recommend the City implement procedures to assure the completeness and accuracy of the health and dental claims processed and paid by its third-party administrator. Statement on Auditing Standards (SAS) No. 70, as amended, prescribes standards for reporting on the processing (e.g. control design and operating) of transactions by service organizations.

**CITY OF HILLIARD
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number (Continued)	2003-002
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Health and Dental Claims Processing – SAS 70 Report (Continued)

An unqualified Tier II “Report on Policies and Procedures Placed in Operation and Tests of Operating Effectiveness” in accordance with SAS No. 70 should provide the City with an appropriate level of assurance that the claims are being processed and paid in conformance with the contract provisions and applicable coverage rates.

We recommend the City, in the service agreement with the third-party administrator, request that an annual Tier II SAS 70 audit report be performed. The City should be provided a copy of the SAS 70 report timely and should review the report’s contents. A SAS 70 audit report should be conducted in accordance with American Institute of Certified Public Accountants’ (AICPA) standards by a firm registered and considered in “good standing” with the Accountancy Board.

In the absence of a Tier II SAS 70, the City should select a sample of claims processed by the service organization, periodically. The City should manually re-calculate the payout based on the service provided and the contract provisions and coverage rates. A comparison of the results of the manual re-calculation to the corresponding claim processed by the service organization should be made and any discrepancies should be noted. The City should follow-up on discrepancies found with the service organization. Also, the City should review the claims logs (listing of paid claims) for non-City or otherwise ineligible participants, large and unusual amounts which could be in excess of allowable/expected coverage rates, and for reasonableness between the payment periods. These procedures should be documented. Such procedures will help ensure the third-party administrator is properly processing claims using the City’s most current, applicable coverage rates and abiding by the contract provisions.

CITY OF HILLIARD
FRANKLIN COUNTY

SCHEDULE OF PRIOR AUDIT FINDING
DECEMBER 31, 2003

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2002-001	Lack of a SAS 70 Report	No	Not Corrected – Reissued as Finding Number 2003-002

CITY OF HILLIARD, OHIO

FRANKLIN COUNTY

Comprehensive Annual Financial Report

For the Year Ended December 31, 2003

Prepared by:
Department of Finance

Michelle Kelly-Underwood
Director

David D. Delande
Deputy Director

CITY OF HILLIARD, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2003
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August 17, 2004

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

Submitted for your review is the Comprehensive Annual Financial Report (CAFR) of the City of Hilliard, (the City) for the year ended December 31, 2003. The report has been prepared in accordance with accounting principles generally accepted in the United States of America established by the Governmental Accounting Standards Board (GASB).

INTRODUCTION

While there is no legal requirement for the preparation of this report, it represents a commitment by the City of Hilliard to conform to nationally recognized standards of excellence in financial reporting. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. I believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operation of the City; and that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been presented.

The Report

This report is comprised of three major sections:

1. *The Introductory Section* includes the table of contents, this Letter of Transmittal which addresses the organization, accomplishments and operational structure of the City, a list of the principal City Officials, an Organization Chart, and a Certificate of Achievement for Excellence in Financial Reporting.
2. *The Financial Section* contains the Independent Accountants' Report, the basic financial statements, which include explanatory notes and provide an overview of the City's financial position and operating results, and the combining and individual fund statements and schedules that provide detailed information to the basic financial statements and Management's Discussion and Analysis, that is an addition to this report under GASB 34.

3. *The Statistical Section* presents social, economic, and historical data, which can be used to identify financial trends, and data relative to the fiscal capacity of the City.

The Reporting Entity

The accompanying basic financial statements comply with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*, in that the financial statements include all the organizations, activities, functions and component units for which the City (the reporting entity) is financially accountable. Financial accountability is defined as the appointment by the City of a voting majority of the component unit's board, and either (1) the City has the ability to impose its will over the component unit, or (2) the component unit provides a financial benefit to or imposes a financial burden on the City.

Based on the foregoing, the reporting entity of the City has no component units but includes the following services as authorized by its charter: police protection, parks and recreation, planning, zoning, engineering, street maintenance, refuse collection (on a contractual basis) and other governmental services.

Early History

In 1852, John Reed Hilliard bought ten acres of land on the broad, flat plain of western Franklin County from Hoseah High and Abram Wendell. The land, located near the proposed route of the Columbus, Piqua & Indiana Railroad would become known as Hilliard's Station. Hilliard's Station served as an ideal shipping point for agricultural products going to market and supplies coming to the farmers in the area. He laid out about two hundred lots and recorded his plat on September 1, 1853. In 1854, a post office was established in Hilliard's Station and the word Station was dropped from the town's name. The Village of Hilliard became incorporated on July 13, 1869 with a population of approximately two hundred eighty residents. In 1886 the first railroad station was located on the north side of the tracks, west of Main Street, and remained there until 1962 when all services (passenger and freight) in and out of Hilliard ceased. The original train station has been restored in our historical Weaver Park. Today the City of Hilliard remains close to all major railroad traffic in central Ohio. The Conrail Buckeye Yard, located just south of town, is an immense complex for assembling, switching and routing regional rail traffic.

Location

Hilliard is located ten miles northwest of downtown Columbus and comprises the western edge of the Columbus metropolitan area. Encompassing approximately eleven square miles, the City lies near the geographic center of the State and is easily accessible from all areas in Ohio. Rail service is provided by CSX and private air service is available five miles to the north and south by Don Scott Field and Bolton Field, respectively. The City is twenty miles from Port Columbus International Airport and offers immediate access to interstate highways I-70 and I-270 via three major interchanges. Hilliard is situated 833

feet above sea level and experiences mean temperatures of 71.97 degrees during the summer and 29.8 degrees during the winter.

Form of Government

The City operates under a Charter first adopted by the voters in 1963 and last amended by the voters in 1982, which provides for a Mayor-Council form of government. The laws of the State of Ohio prevail when conflicts exist between the Charter and the State Constitution and in matters where the Charter is silent. The legislative body of Hilliard consists of a seven-member Council, all elected at-large for four year overlapping terms. The Mayor is elected for a four-year term and serves as the Chief Executive Officer of the City. The Council fixes compensation levels of City officials and employees and enacts ordinances and resolutions relating to City services, tax levies, appropriations, indebtedness, licensing of regulated business and trades and other municipal purposes. Voters approved a two-term limit for all elected officials at the November 1993 general election.

The Mayor serves full-time and appoints the following directors: Finance, Law, Public Safety, Economic Development, Public Service, and Parks and Recreation. The Directors serve as department heads and report directly to the Mayor. The Director of Finance is the Chief Fiscal and Accounting Officer of the City. The responsibilities of this office include preparation and management of the capital and operating budgets and debt and treasury programs of the City.

The City has 143 full-time and 12 part-time employees. A statewide public employee collective bargaining law applies generally to public employee relations and collective bargaining.

The designated bargaining units represent the following full-time employees:

<u>Employees</u>	<u>Bargaining Unit</u>	<u>Number of Employees</u>
Police Officers, Sergeants, and Lieutenants	Fraternal Order of Police	50
Radio Technicians and Clerks	State Fraternal Order of Police	13
Service/Maintenance Workers and Custodians	United Steelworkers of America	26

All current contracts will expire December 31, 2004. All remaining full time employees have elected not to join a bargaining unit.

City Council establishes salaries, wages and other economic benefits for City employees. Ordinances affecting salaries, wages, and economic benefits generally have been the

product of negotiations with representatives of the employees or bargaining units. Increases in economic benefits have been provided on an annual basis. The City is of the belief that employee relations have been and will continue to be excellent.

ECONOMIC CONDITIONS AND OUTLOOK

The Columbus Metropolitan Area has been recognized as one of the emerging metropolitan areas of the 1990's. A strong residential, commercial, and industrial tax base, a very diverse labor force, and an unemployment rate below the state and national averages have resulted in phenomenal growth for Hilliard since 1970. Hilliard has also continued to prosper during this period of growth in the Columbus Metropolitan Area; not only has the population doubled, but the growth in the commercial and industrial tax base has been unparalleled in Franklin County.

Unemployment Rates

The great diversity of job opportunities in the Central Ohio area has helped the unemployment rate remain consistently lower than state and national averages. A large percentage of Hilliard residents work in Columbus and the surrounding area. The City's rate of unemployment is influenced to a great extent by that of the metropolitan area. For 2003, Franklin County had a rate of unemployment at 4.9%.

Local Economy

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 that provide improvement to everything from streets and sewer and waterlines to ball fields, traffic signals, and the municipal complex expansion. Input is gathered from a large committee comprised of civic, school, business, City, and residential leaders with direction from the City Administration and City Council. This five year plan was the first adopted in Franklin County and has been used as a model numerous times since.

Hilliard encompasses approximately eleven square miles of area and includes 103 lane miles of streets. The City has 9,537 residential units approved comprised of 7,529 single family and 2,008 twin single/condominiums. We currently have six subdivisions under construction that will result in approximately 465 lots available.

The 2003 population estimate is 26,974 with a growth of 3.7 per cent over 2002. The number of jobs within the City is 17,358 with an estimated annual payroll of \$509,564,468. The per capita income is \$29,357.

Building permits have slowed over the last year in the residential area. Commercial development picked up in 2003 with a 20 million plus increase over the prior year in commercial construction value.

Our prestigious residential developments Heritage Lakes, Estates of Hoffman Farms and Lakewood Estates continue to flourish with beautiful homes in the \$300,000 to \$500,000 price range.

The City's assessed value increased from \$718 million to \$731 million in 2003. Currently 69.18% of the tax base is comprised of residential property with the balance commercial property.

Income tax remains the primary source of revenue for the City; this revenue supports our five-year Capital Improvement Program. Income tax revenue is divided between three funds including General Fund, Street Improvement Municipal Tax Special Revenue Fund, and Capital Improvement Municipal Tax Capital Projects Fund. Some of the City's largest employers include MCI Telecommunications, Hilliard City Schools, Gates McDonald & Co., Artic Express, Inc., Novus/Discovered Card Services, Inc., and Micro Electronics, Inc.

MAJOR INITIATIVES

For the year

During 2003 the City had many capital improvements that enhanced the lives of our residents. The construction of Britton Parkway, Section One and Truman Boulevard, Section One will open the gates to future commercial growth that will benefit both the City and our residents.

The City had a street program in excess of \$700,000 which improved some traffic problems and replaced approximately 100 curb ramps to meet the requirements of the American's With Disabilities Act.

Hilliard maintains a recreational program to service all our residents which include: Senior Center, Community Center, a 100 acre Municipal Park with eight lighted ball fields, soccer fields, and two heated pools. After school and summer programs are provided for all ages.

The Police Department continued 911 dispatching for themselves and the Norwich Township Fire Department using the upgraded 800 megahertz dispatching system. Our

overall major crime rate decreased 3.7% in 2003. We continue our Safety Town, DARE Programs, and School Resource Officers in both of our high schools.

Municipal Service

Council adopted our Economic Development Master Plan, which enables us to review our zoning, land usage, density, and other factors.

The City provides the following services to our residents:

1. Police Protection
2. Parks and Recreation
3. Planning, Zoning, and Engineering
4. Street Maintenance
5. Water, Sewer, Snow Removal, and Refuse Pick-Up by an outside contractor

The City continues to annex land that is available. There are currently 333 acres along the west and east sides of I – 270, which when developed will be 70% commercial with the balance being multifamily homes, resulting in an increase of tax revenues to the City.

Hilliard continues to update and expand our infrastructure as required for growth and development. The following are some of our major goals for the future:

Hilliard is participating in the I-270/US 33 Major Investment Study with representatives from ODOT, MORPC, the cities of Columbus and Dublin, and the Franklin and Union County Engineer’s offices. The goal of this study is to evaluate the I-270 and US Route 33 highway corridors’ traffic volumes in order to determine freeway-related projects to be undertaken for design and construction in the future.

Engineering and right of way acquisition is under way on Hilliard Rome Road. Construction has been delayed due to environmental testing. This project is being planned and performed in conjunction with the City of Columbus with a tentative start date in the year 2008.

FINANCIAL INFORMATION

Financial Condition

The City has prepared financial statements following GASB Statement No. 34, “ Basic Financial Statements – and Management’s Discussion an Analysis – for the State and Local Governments.” GASB 34 creates new basic financial statements for reports as follows:

Governments-Wide Financial Statements – These statements are prepared on an accrual basis of accounting which is similar to the basis of accounting followed by many businesses.

Fund Financial Statements – These statements present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include a reconciliation to the governmental activities accrual information presented in the Governmental-Wide Financial Statements. Proprietary funds use accrual basis of accounting.

Statements of budgetary comparisons – These statements present comparisons of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

As part of this new reporting model, management is responsible for preparing Management's Discussion and Analysis of the City. This discussion follows the Independent Accountants' Report, providing an assessment of the City finances for 2003.

Accounting Controls

The City's budgetary accounting system was designed to provide reasonable assurance that:

1. The City's assets are protected against loss and unauthorized use or disposition;
2. Reliable financial reports for preparing financial statements and providing accountability for assets are maintained.

The concept of reasonable assurance states that internal controls should be evaluated using the following criteria:

1. The expense associated with providing the internal controls should not exceed the benefits likely to be derived from their implementation; and
2. The evaluation of the offsetting costs and benefits involves estimates and judgment by the City administration and members of finance office.

All internal control evaluations occur within this framework. It is the belief of the administrative and financial management personal that the City's financial controls adequately safeguard existing assets and provide reasonable assurance of the proper recording of financial transactions.

Budgetary Controls

Detailed provisions for the City's budget, tax levies, and appropriations are set forth in the Ohio Revised Code and the City Charter. The Mayor, with the assistance of the Finance Director, is required to submit to Council a tax budget of estimated revenues and expenditures for all funds, except agency funds, for the succeeding year by the first council meeting in July. The budget is required to be adopted by the legislative body by July 15 and to be submitted to the County Budget Commission by July 20 of each year.

The Mayor, with the assistance of the Finance Director, is required by Charter to submit to Council, on or before December 15 of each year, an appropriation ordinance, based on the tax budget, for the next succeeding year. Council is required to adopt the appropriation ordinance (the budget) in its original form or with revisions as it may find proper, within thirty days of the beginning of the year covered by such ordinance.

The City maintains budgetary control on a non-GAAP basis at the major object level within each department and fund, which include personal services, contractual services, supplies and materials, other expenditures, capital outlay, debt service, and operating transfers. For management purposes, the major object level is further defined with budgeted amounts not to exceed the aggregate appropriated by Council.

Budgetary control is maintained by an encumbrance of purchase commitment amounts prior to the release of purchase orders to vendors. Requisitions for the expenditure of monies are submitted to the Finance Director for approval, preparation of a purchase order, and certification, after approval by the appropriate Department Director. The purchase is reviewed for the availability of funds and the estimated expenditure is encumbered against the available appropriation. Encumbrances which would exceed the available appropriation are not approved or recorded until City Council authorizes additional appropriations. Unencumbered appropriations lapse at the end of each year.

The City's accounting system provides interim financial reports which detail year-to-date expenditures plus encumbrances versus the original appropriations plus any additional appropriations made to date. The reports permit the Finance Director and other City officials to ascertain the status of each department's appropriations at any time during the year.

CASH MANAGEMENT

Cash management is an integral component of the City's overall financial plan. The City attempts to earn a market rate of return consistent with providing the liquidity needed to pay obligations on a timely basis. Cash flow forecasting and the use of short-term investments, such as repurchase agreements and the State Treasurer's Asset Reserve account (STAROhio), allows the City to earn interest on all funds.

The City's investments comply with Section 135.14 of the Ohio Revised Code, and the maximum maturity is limited to two years. Most investments mature within the current fiscal year. Interest earnings are allocated to funds based on the requirements of the Ohio Constitution and State Statutes. As required by law, all deposits and repurchase agreements are covered by eligible collateral, while investment securities (treasuries and agency/instrumentality issued) are specifically permitted by the Ohio Revised Code and the City's investment policy.

The primary objectives of the City's investment program in order of priority are as follows:

1. Safety – The safety of principal balances is the City's foremost objective and all investments are undertaken in a manner to insure the preservation of capital.
2. Liquidity – All investments should be sufficiently liquid to meet all operating requirements that can be reasonably anticipated. Since all possible cash demands cannot be anticipated, the investment portfolio should consist of securities with active resale markets.
3. Yield – Return on investment is of least importance compared to the safety and liquidity objectives described above. Investments are limited to low risk securities with the expectation of earning market value.

All eligible financial institutions must meet the requirements of the Uniform Depository Act and have a current Agreement for Deposit of Interim Funds with the City.

RISK MANAGEMENT

The City maintains comprehensive insurance coverage with private carriers for real property, building contents, fleet, and general liability coverage. The City also carries police professional and public officials liability insurance.

The proactive approach that the administration employs in addressing its ongoing operation is reflected in the composition of the City's insurance protection package.

OTHER INFORMATION

Independent Audit

Included in this report is an unqualified audit opinion rendered on the City's financial statements for the year ended December 31, 2003, by the Auditor of State. City management plans to continue to subject the financial statements to an annual independent audit as part of the preparation of a Comprehensive Annual Financial Report. An annual audit serves to maintain and strengthen the City's accounting and budgetary controls.

Awards

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 for the year ended December 31, 2002. This was the twelfth consecutive year (1991-2002) that the City received this award.

The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards in state and local government financial reporting. To be awarded a Certificate of Achievement, a governmental unit must prepare an easily readable and efficiently organized Comprehensive Annual Financial Report with contents conforming to all program standards. The report must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements respective to the reporting entity.

A Certificate of Achievement is valid for a period of one year. The City of Hilliard received its first Certificate of Achievement for the year ended December 31, 1991. I believe this current report continues to conform to the Certificate of Achievement program requirements, and I am submitting the report to the GFOA.

Public Disclosure

The publication of this Comprehensive Annual Financial Report is indicative of the City's commitment to provide significantly enhanced financial information and accountability to its citizens. In addition to the citizens of Hilliard, the recipients of the report include city, state, and federal officials, schools, libraries, newspapers, investment banking firms, banks, and rating agencies. The report is made available to any person or organization requesting it. The extensive effort to prepare and distribute this report is indicative of the continued efforts of the City to improve its overall financial accounting, management, and reporting capabilities.

Acknowledgements

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

The entire Finance Department played a part in preparing this report; they worked with extreme dedication to the project. Special thanks to David D. Delande, Deputy Finance Director, for his special attention to the project.

Respectfully submitted,

Michelle Kelly-Underwood
Finance Director

CITY OF HILLIARD, OHIO

Principal Officials

December 31, 2003

Elected Officials

Name	Title	Term Expires	Service	Surety
Timothy A. Ward (1)	Mayor	12/31/2003	4	A
Don Schonhardt	President of Council	12/31/2003	4	A
Susan Bogan	Council	12/31/2005	3	A
Kirk Herath	Council	12/31/2005	3	A
Bill Uttley	Council	12/31/2005	3	A
Michael Cope	Council	12/31/2005	4	A
Dana Peacock	Council	12/31/2003	4	A
Tom Katzenmeyer	Council	12/31/2003	3	A

Appointed Officials

Name	Title	Term Expires	Service	Surety
Lynn A. Skeels (2)	Director of Finance	Indefinite	29	A & B
D. Michael Crites	Acting Director of Law	Indefinite	0.5	A
Douglas Browell	Director of Safety	Indefinite	3	A
Wayne Murphy	Director of Service	Indefinite	3	A
John M. Brennan	Director of Parks and Recreation	Indefinite	4	A
David Meeks	Director of Economic Development	Indefinite	2	A
Rodney D. Garnett	Chief of Police	Indefinite	16.5	A
Brandy Harris	Clerk of Council	Indefinite	2.5	A

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

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

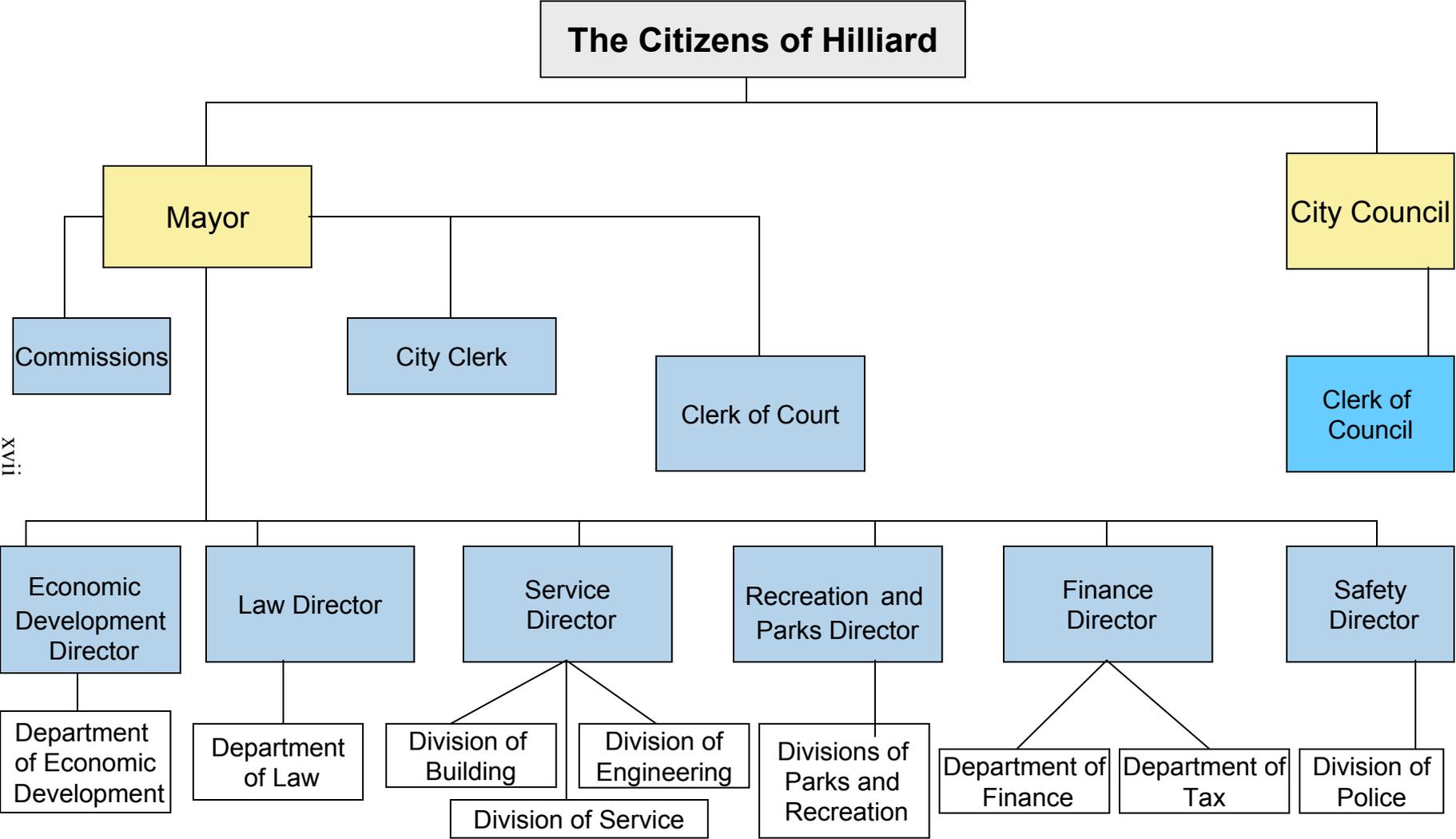
(1) As of 1/1/04, Donald Schonhardt has served as the Mayor. His term expires 12/31/07.

(2) As of 1/12/04, Michelle Kelly-Underwood has served as the Director of Finance.

City Address:

City of Hilliard
3800 Municipal Way
Hilliard, OH 43026

The City of Hilliard, Ohio Organizational Chart



XVII:

- Elected Officials
- Appointed by the Mayor
- Appointed by Council

- Boards and Commissions
- Shade Tree Commission
- Board of Zoning Appeals
- Parks and Recreation
- Old Hilliard Corporation
- Tax Incentive Review Council
- Planning and Zoning Commission
- Civil Service Commission
- Board of Tax Appeals
- Graphics Commission



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Members of Council:

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, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Hilliard, Franklin County, Ohio, as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparisons for the General Fund, Street Maintenance and Repair Fund, Street Improvement Municipal Tax Fund, Water Revenue Fund, and Sewer Capacity and Benefit Fund, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended December 31, 2003, the City implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 2004, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to form opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund statements and schedules, and statistical tables are presented for additional analysis and are not a required part of the basic financial statements. We subjected the combining and individual fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory and statistical sections to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

August 17, 2004

City of Hilliard, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2003

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Hilliard's discussion and analysis of the annual financial report provides an overview of the City's financial activities for the year ended December 31, 2003.

FINANCIAL HIGHLIGHTS

The City's total net assets increased \$4,077,771 during 2003 due primarily to an increase in Invested in Capital Assets, Net of Related Debt. This increase was a result of an increase in Capital Assets due primarily to the addition of current year infrastructure assets combined with a reduction in related debt.

General revenues accounted for \$16,434,829 or 75% of total revenue. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$5,613,919 or 25% of total revenue of \$22,048,748.

The City had \$17,970,977 in expenses related to governmental activities, while only \$5,613,919 of these expenses were offset by program specific charges for services, grants, contributions, and interest. General revenues (primarily property and income taxes) of \$16,434,829 were adequate to provide for the remaining cost of these programs.

USING THIS ANNUAL FINANCIAL REPORT

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

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

REPORTING THE CITY AS A WHOLE

Statement of Net Assets and the Statement of Activities

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

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

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the City's major funds begins on page 7. Fund financial statements provide detailed information about the City's major funds – not the City as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the Finance Director, with the approval of the City Council, to help control, manage, and report money received for a particular purpose or to show that the City is meeting legal responsibilities for the use of grants. The City of Hilliard's major funds are the General, Street Maintenance and Repair, Street Improvement Municipal Tax, Water Revenue, Sewer Capacity and Benefit, General Obligation Bond Retirement, and Capital Improvement Municipal Tax Funds.

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

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

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

THE CITY AS A WHOLE

As stated previously, the Statement of Net Assets looks at the City as a whole. Table 1 provides a summary of the City's net assets for 2003 compared to 2002.

(Table 1)
Net Assets
 Governmental Activities

	<u>2003</u>	<u>2002</u>
Assets		
Current and Other Assets	\$15,437,773	\$16,908,758
Capital Assets	<u>16,133,069</u>	<u>11,473,920</u>
Total Assets	<u>31,570,842</u>	<u>28,382,678</u>
Liabilities		
Long-Term Liabilities	17,388,411	18,732,161
Other Liabilities	<u>3,320,991</u>	<u>2,866,848</u>
Total Liabilities	<u>20,709,402</u>	<u>21,599,009</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	199,152	(4,556,077)
Restricted for:		
Other Purposes	5,798,795	5,822,560
Debt Service	484,199	439,640
Capital Outlay	1,510,776	2,299,297
Unrestricted	<u>2,868,518</u>	<u>2,778,249</u>
Total Net Assets	<u><u>\$10,861,440</u></u>	<u><u>\$6,783,669</u></u>

Net assets of the City's governmental activities increased \$4,077,771. Equity in pooled cash and cash equivalents decreased \$1,848,708 due primarily to cash expenditures being considerably more than the cash receipts, thus decreasing the current year balance. Current liabilities increased \$454,143 due primarily to an increase in accounts payable. Net Capital Assets increased \$4,659,149 due primarily to the inclusion of infrastructure additions.

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

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

Since this is the first year the City has prepared financial statements following GASB Statement No. 34, revenue and expense comparisons to 2002 are not available. This table will present two years in side-by-side comparisons in successive reporting years.

Table 2 shows the changes in net assets for the year ended December 31, 2003.

(Table 2)
Change in Net Assets
 Governmental Activities

	2003
Revenues	
Program Revenues:	
Charges for Services	\$3,899,836
Operating Grants, Contributions, and Interest	1,671,998
Capital Grants and Contributions	42,085
Total Program Revenues	5,613,919
General Revenues:	
Property and Other Local Taxes	1,538,771
Income Taxes	12,671,812
Payment in Lieu of Tax	128,918
Grants and Entitlements not Restricted to Specific Programs	1,823,489
Investment Earnings	108,125
Miscellaneous	163,714
Total General Revenues	16,434,829
Total Revenues	22,048,748
Program Expenses	
General Government	3,294,036
Security of Persons and Property	5,466,993
Public Health	119,086
Leisure Time Services	2,853,827
Community Environment	1,699,270
Basic Utility Services	2,866,382
Transportation	871,604
Interest and Fiscal Charges	799,779
Total Expenses	17,970,977
Increase in Net Assets	\$4,077,771

Governmental Activities

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

Since 1994, local income tax revenue has increased annually an average of 8.2%. During 2003, a few of Hilliard's employers went through reorganization and downsizing. However, other companies expanded and new businesses were added to the economic base.

Administration and City Council have a quality of life commitment to the citizens and businesses located in Hilliard. With this in mind, City Council committed through appropriations over \$6.5 million for capital assets, equipment, and repairs. These assets included street resurfacing, sidewalk replacements, safety and street maintenance equipment and vehicles, as well as park and recreation equipment.

Governmental program expenses for 2003 were as follows:

General Government	18.33%
Security of Persons and Property	30.42%
Public Health	0.66%
Leisure Time Services	15.88%
Community Environment	9.46%
Basic Utility Services	15.95%
Transportation	4.85%
Interest and Fiscal Charges	4.45%
	100.00%

As indicated above, citizen safety and well-being is emphasized.

When looking at the sources of income to support governmental activities, it should be noted that charges for services are only 17.69% of total revenue. Revenues provided by sources other than City residents in the form of operating and capital grants comprise another 7.77%. The remaining revenues are primarily generated locally through property and income taxes. City Council relies on these taxes to furnish the quality of life to businesses and citizens to which they and previous Councils have always been committed.

THE CITY'S FUNDS

Information about the City's major governmental funds begins on page 12. These funds are reported using the modified accrual basis of accounting. All governmental funds had total revenues of \$21,918,437 and expenditures of \$32,231,212. As of the end of the current year, the City's governmental funds reported combined ending fund balances of \$9,931,966, a decrease of \$2,411,383 in comparison with the prior year. Unreserved undesignated fund balance equals \$8,656,281, which is available for spending at the City's discretion. The remaining fund balance of \$1,275,685 is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior year or a variety of other restricted purposes. While the bulk of the governmental fund balances are not reserved in the governmental fund statements, they lead to restricted net assets on the Statement of Net Assets due to expenditure restrictions mandated by the source of the resource, such as the State or federal government.

The General Fund balance of \$3,285,851 continues to rely heavily on the City's income tax as its primary source of revenue for operations.

The Street Maintenance and Repair Fund maintained a steady flow of revenues and expenditures as compared to prior years with only a decrease in fund balance of \$4,229.

The Street Improvement Municipal Tax Fund increased by \$52,309 due to a decrease in transportation expenditures.

The Water Revenue Fund increased by \$158,838 which is down as compared to prior years. There was a slight decrease in revenues combined with an increase in expenditures for the current year.

The Sewer Capacity and Benefit Fund decreased by \$503,452 due to the payment of a negotiated agreement for the development of oversized sewer lines to allow for increased capacity in the future.

The General Obligation Bond Retirement Fund increased \$18,403 due to the issuance of a \$5,280,000 various purpose general obligation bond.

The Capital Improvement Municipal Tax Fund decreased by \$470,353 due to an increase in transfers – out to the General Obligation Bond Retirement Fund to help pay off bonds.

Total transfers during the year were equal to \$2,829,026. The bulk of these transfers were used for debt payments for general obligation bonds.

General Fund Budgeting Highlights

The City’s budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of receipts, disbursements and encumbrances. The appropriations resolution 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 major object level within each department and fund.

During 2003, there were fourteen revisions to the General fund budget. The net effect of the revisions was an increase in the appropriations of \$546,006.

Original General Fund budgeted revenues were \$12,900,827. The final budgeted amount was \$13,049,557 and the actual revenue amount was \$12,772,317. The increase of \$148,730 was due primarily to an anticipated increase in income tax revenue.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Table 3
Capital Assets
(Net of Depreciation)
 Governmental Activities

	2003	2002
Land	\$3,181,627	\$3,181,627
Construction in Progress	5,139,079	1,724,997
Buildings	3,112,127	3,236,767
Improvements Other Than Buildings	1,483,212	1,565,844
Machinery and Equipment	1,168,804	609,170
Furniture and Fixtures	220,466	215,323
Vehicles	918,200	940,192
Infrastructure	909,554	0
Totals	<u>\$16,133,069</u>	<u>\$11,473,920</u>

The primary increase occurred in construction in progress due to ongoing construction. There was also an increase in infrastructure because the City has chosen to only bring on current year additions to infrastructure and will phase in prior year amounts over the next four years. See Note 10 of the Notes to the Basic Financial Statements for more detailed information.

Debt

At December 31, 2003, the City of Hilliard had \$16,015,322 in debt outstanding.

Table 4
Outstanding Debt at Year End
Governmental Activities

	<u>2003</u>	<u>2002</u>
General Obligation Bonds	\$15,385,000	\$11,015,000
General Obligation Notes	\$0	\$5,700,000
Premium on Bonds Issued	115,322	0
Special Assessment Bonds	515,000	590,000
Totals	<u>\$16,015,322</u>	<u>\$17,305,000</u>

Special assessment bonds will be paid with special assessment revenue.

All general obligation bond issues will be paid through the General Obligation Bond Retirement Debt Service Fund, the Street Improvement Municipal Tax Special Revenue Fund, and the Capital Improvements Municipal Tax Capital Projects Fund.

The City's overall 10.5 percent legal debt margin was \$61,387,964 as of December 31, 2003. The more restrictive unvoted legal debt margin within 5.5 percent was \$24,847,443 as of the same date. See Note 16 of the Notes to the Basic Financial Statements for more detailed information.

CONTACTING THE CITY'S FINANCE DEPARTMENT

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

City of Hilliard, Ohio
Statement of Net Assets
December 31, 2003

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$9,606,992
Cash and Cash Equivalents with Fiscal Agents	164,466
Accrued Interest Receivable	142
Accounts Receivable	1,115
Municipal Income Taxes Receivable	2,250,837
Due from Other Governments	1,530,012
Revenue in Lieu of Taxes Receivable	53,416
Prepaid Items	34,207
Property and Other Local Taxes Receivable	1,217,018
Deferred Charges	81,405
Special Assessments Receivable	498,163
Nondepreciable Capital Assets	8,320,706
Depreciable Capital Assets	13,219,029
Accumulated Depreciation	(5,406,666)
<i>Total Assets</i>	<i>31,570,842</i>
Liabilities	
Accounts Payable	781,571
Contracts Payable	144,519
Retainage Payable	103,318
Accrued Wages Payable	391,463
Matured Compensated Absences	70,049
Due to Other Governments	574,140
Accrued Interest Payable	47,631
Claims Payable	165,467
Deferred Revenue	1,042,833
Long-Term Liabilities:	
Due Within One Year	1,816,743
Due in More Than One Year	15,571,668
	15,571,668
<i>Total Liabilities</i>	<i>20,709,402</i>
Net Assets	
Invested in Capital Assets, Net of Related Debt	199,152
Restricted for:	
Other Purposes	5,798,795
Debt Service	484,199
Capital Outlay	1,510,776
Unrestricted	2,868,518
	2,868,518
<i>Total Net Assets</i>	<i>\$10,861,440</i>

See accompanying notes to the basic financial statements

City of Hilliard, Ohio
Statement of Activities
For the Year Ended December 31, 2003

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Total Governmental Activities
Governmental Activities:					
General Government	\$3,294,036	\$446,690	\$0	\$42,085	(\$2,805,261)
Security of Persons and Property	5,466,993	369,528	45,322	0	(5,052,143)
Public Health	119,086	7,549	0	0	(111,537)
Leisure Time Activities	2,853,827	311,797	0	0	(2,542,030)
Community Environment	1,699,270	697,261	227,414	0	(774,595)
Basic Utility Services	2,866,382	2,066,611	0	0	(799,771)
Transportation	871,604	400	1,399,262	0	528,058
Interest and Fiscal Charges	799,779	0	0	0	(799,779)
<i>Total Governmental Activities</i>	<u>\$17,970,977</u>	<u>\$3,899,836</u>	<u>\$1,671,998</u>	<u>\$42,085</u>	<u>(12,357,058)</u>

General Revenues

Property Taxes	1,350,028
Other Local Taxes	188,743
Income Taxes Levied for:	
General Purposes	7,919,613
Transportation	1,587,233
Capital Outlay	3,164,966
Payments in Lieu of Taxes	128,918
Grants and Entitlements not Restricted to Specific Programs	1,823,489
Unrestricted Investment Earnings	108,125
Miscellaneous	163,714
<i>Total General Revenues</i>	<u>16,434,829</u>
Change in Net Assets	4,077,771
<i>Net Assets Beginning of Year - See Note 3</i>	<u>6,783,669</u>
<i>Net Assets End of Year</i>	<u><u>\$10,861,440</u></u>

See accompanying notes to the basic financial statements

City of Hilliard, Ohio
Balance Sheet
Governmental Funds
December 31, 2003

	General	Street Maintenance and Repair	Street Improvement Municipal Tax	Water Revenue
Assets				
Equity in Pooled Cash and Cash Equivalents	\$2,786,134	\$110,909	\$1,733,914	\$1,774,178
Cash and Cash Equivalents with Fiscal Agents	0	0	0	0
Receivables:				
Property and Other Local Taxes	1,208,316	0	0	0
Revenue in Lieu of Taxes	0	0	0	0
Municipal Income Taxes	1,406,773	0	281,355	0
Accounts	115	0	0	0
Special Assessments	0	0	0	0
Accrued Interest Receivable	142	0	0	0
Due from Other Governments	796,982	705,894	0	3,259
Prepaid Items	27,795	180	566	0
Interfund Receivable	25,507	0	0	0
<i>Total Assets</i>	<u>\$6,251,764</u>	<u>\$816,983</u>	<u>\$2,015,835</u>	<u>\$1,777,437</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$69,566	\$9,834	\$40,795	\$0
Contracts Payable	0	0	21,995	0
Retainage Payable	0	0	29,106	0
Interfund Payable	0	0	0	0
Accrued Wages Payable	330,596	20,667	0	15,754
Matured Compensated Absences	65,400	783	0	1,406
Due to Other Governments	170,529	13,673	0	5,667
Deferred Revenue	2,329,822	564,778	131,062	0
<i>Total Liabilities</i>	<u>2,965,913</u>	<u>609,735</u>	<u>222,958</u>	<u>22,827</u>
Fund Balances				
Reserved for Encumbrances	85,739	17,576	418,452	0
Unreserved, Undesignated, Reported in:				
General Fund	3,200,112	0	0	0
Special Revenue Funds	0	189,672	1,374,425	1,754,610
Debt Service Funds	0	0	0	0
Capital Projects Funds	0	0	0	0
<i>Total Fund Balances</i>	<u>3,285,851</u>	<u>207,248</u>	<u>1,792,877</u>	<u>1,754,610</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$6,251,764</u>	<u>\$816,983</u>	<u>\$2,015,835</u>	<u>\$1,777,437</u>

See accompanying notes to the basic financial statements

Sewer Capacity and Benefit	General Obligation Bond Retirement	Capital Improvement Municipal Tax	Nonmajor Funds	Total Governmental Funds
\$976,766	\$37,871	\$631,228	\$1,548,597	\$9,599,597
0	0	0	164,466	164,466
0	0	0	8,702	1,217,018
0	0	0	53,416	53,416
0	0	562,709	0	2,250,837
0	0	0	1,000	1,115
0	0	0	498,163	498,163
0	0	0	0	142
0	0	0	23,877	1,530,012
0	0	4,230	1,436	34,207
0	0	0	0	25,507
<u>\$976,766</u>	<u>\$37,871</u>	<u>\$1,198,167</u>	<u>\$2,299,657</u>	<u>\$15,374,480</u>
\$544,640	\$0	\$102,882	\$13,854	\$781,571
109,647	0	4,996	7,881	144,519
34,386	0	0	39,826	103,318
0	0	0	25,507	25,507
10,132	0	0	14,314	391,463
457	0	0	2,003	70,049
3,076	0	0	8,736	201,681
0	0	262,125	436,619	3,724,406
<u>702,338</u>	<u>0</u>	<u>370,003</u>	<u>548,740</u>	<u>5,442,514</u>
20,773	0	605,834	127,311	1,275,685
0	0	0	0	3,200,112
253,655	0	0	1,248,820	4,821,182
0	37,871	0	57,340	95,211
0	0	222,330	317,446	539,776
<u>274,428</u>	<u>37,871</u>	<u>828,164</u>	<u>1,750,917</u>	<u>9,931,966</u>
<u>\$976,766</u>	<u>\$37,871</u>	<u>\$1,198,167</u>	<u>\$2,299,657</u>	<u>\$15,374,480</u>

City of Hilliard, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2003*

Total Governmental Fund Balances	\$9,931,966
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:	
Land	3,181,627
Construction in Progress	5,139,079
Buildings	4,982,294
Improvements Other Than Buildings	2,277,782
Machinery and Equipment	2,593,390
Furniture and Fixtures	495,616
Vehicles	1,858,331
Infrastructure	1,011,616
Accumulated Depreciation	<u>(5,406,666)</u>
Total	16,133,069
Bond issuance costs reported as an expenditure in governmental funds are allocated as an expense over the life of the debt on a full accrual basis.	
	81,405
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	
	(158,072)
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Municipal Income Taxes	1,048,499
Property and Other Local Taxes	118,796
Intergovernmental	1,077,659
Special Assessments	<u>436,619</u>
Total	2,681,573
Due to other governments includes contractually required pension contributions not expected to be paid with expendable available financial resources and therefore not reported in the funds.	
	(372,459)
Some liabilities, including bonds payable and accrued interest payable are not due and payable in the current period and therefore are not reported in the funds:	
Accrued Interest	(47,631)
Premium on Bonds	(115,322)
General Obligation Bonds	(15,385,000)
Special Assessment Bonds	(515,000)
Compensated Absences	<u>(1,373,089)</u>
Total	<u>(17,436,042)</u>
<i>Net Assets of Governmental Activities</i>	<u><u>\$10,861,440</u></u>

See accompanying notes to the basic financial statements

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City of Hilliard, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2003

	General	Street Maintenance and Repair	Street Improvement Municipal Tax	Water Revenue
Revenues				
Property and Other Local Taxes	\$1,338,000	\$0	\$0	\$0
Municipal Income Taxes	7,912,977	0	1,585,906	0
Payments in Lieu of Taxes	0	0	0	0
Intergovernmental	1,804,494	1,015,259	0	0
Charges for Services	820,269	0	400	1,149,710
Licenses and Permits	457,058	0	0	0
Fines and Forfeitures	232,233	0	0	0
Rent	44,300	0	0	0
Contributions and Donations	0	0	0	0
Investment Income	123,944	0	0	0
Special Assessments	0	0	0	0
Other	116,007	0	0	0
<i>Total Revenues</i>	<u>12,849,282</u>	<u>1,015,259</u>	<u>1,586,306</u>	<u>1,149,710</u>
Expenditures				
Current:				
General Government	3,184,456	0	0	0
Security of Persons and Property	5,850,795	0	0	0
Public Health	119,086	0	0	0
Leisure Time Activities	2,252,464	0	0	0
Community Environment	890,035	0	0	0
Basic Utility Services	766,297	0	0	525,934
Transportation	0	1,019,488	955,791	0
Capital Outlay	0	0	51,101	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Issuance Costs	0	0	0	0
<i>Total Expenditures</i>	<u>13,063,133</u>	<u>1,019,488</u>	<u>1,006,892</u>	<u>525,934</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(213,851)</u>	<u>(4,229)</u>	<u>579,414</u>	<u>623,776</u>
Other Financing Sources (Uses)				
Bonds Issued	0	0	0	0
Notes Issued	0	0	0	0
Premium on Debt Issued	0	0	0	0
Transfers - In	0	0	0	0
Transfers - Out	(11,714)	0	(527,105)	(464,938)
<i>Total Other Financing Sources (Uses)</i>	<u>(11,714)</u>	<u>0</u>	<u>(527,105)</u>	<u>(464,938)</u>
<i>Net Change in Fund Balances</i>	<u>(225,565)</u>	<u>(4,229)</u>	<u>52,309</u>	<u>158,838</u>
<i>Fund Balances at Beginning of Year - Restated (See Note 3)</i>	<u>3,511,416</u>	<u>211,477</u>	<u>1,740,568</u>	<u>1,595,772</u>
<i>Fund Balances at End of Year</i>	<u>\$3,285,851</u>	<u>\$207,248</u>	<u>\$1,792,877</u>	<u>\$1,754,610</u>

See accompanying notes to the basic financial statements

Sewer Capacity and Benefit	General Obligation Bond Retirement	Capital Improvement Municipal Tax	Nonmajor Funds	Total Governmental Funds
\$0	\$0	\$0	\$188,743	\$1,526,743
0	0	3,162,312	0	12,661,195
0	0	0	128,918	128,918
0	0	0	423,902	3,243,655
403,356	0	0	684,609	3,058,344
0	0	0	89,100	546,158
0	0	0	18,801	251,034
0	0	0	0	44,300
0	0	0	45,147	45,147
0	0	0	42,260	166,204
0	0	0	83,025	83,025
34,207	0	0	13,500	163,714
437,563	0	3,162,312	1,718,005	21,918,437
0	0	273,559	46,563	3,504,578
0	0	133,364	40,375	6,024,534
0	0	0	0	119,086
0	0	355,312	142,703	2,750,479
0	0	141,509	586,858	1,618,402
1,351,672	0	407,346	345,679	3,396,928
0	0	590,770	1,825,766	4,391,815
144,033	0	7,878	47,707	250,719
0	9,110,000	0	75,000	9,185,000
0	861,995	0	41,986	903,981
0	85,690	0	0	85,690
1,495,705	10,057,685	1,909,738	3,152,637	32,231,212
(1,058,142)	(10,057,685)	1,252,574	(1,434,632)	(10,312,775)
0	5,280,000	0	0	5,280,000
0	2,500,000	0	0	2,500,000
0	121,392	0	0	121,392
554,690	2,174,336	100,000	0	2,829,026
0	0	(1,822,927)	(2,342)	(2,829,026)
554,690	10,075,728	(1,722,927)	(2,342)	7,901,392
(503,452)	18,043	(470,353)	(1,436,974)	(2,411,383)
777,880	19,828	1,298,517	3,187,891	12,343,349
\$274,428	\$37,871	\$828,164	\$1,750,917	\$9,931,966

City of Hilliard, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2003*

Net Change in Fund Balances - Total Governmental Funds (\$2,411,383)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital Asset Additions	5,626,199	
Depreciation	<u>(870,749)</u>	
Excess of Capital Outlay over Depreciation Expense		4,755,450

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each sale.

Loss on Assets Sold		(96,301)
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The internal service fund used by management to charge the cost of insurance to individual funds is reported in the entity wide statement of activities

183,858

Repayment of long-term obligations is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. In the current year, these amounts consist of:

General Obligation Bond Principal Payments	910,000	
Special Assessment Bond Principal Payments	75,000	
General Obligation Long-Term Note Principal Payments	<u>8,200,000</u>	
		9,185,000

Some revenues that will not be collected for several months after the County's year end are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues changed by these amounts this year:

Property and Other Taxes	12,028	
Municipal Income Taxes	10,617	
Intergovernmental	206,510	
Special Assessments	(83,025)	
Investment Income	<u>(15,819)</u>	
		130,311

The issuance of long-term debt provides current financial resources to governmental funds, but in the statement of net assets, the debt is reported as a liability.

General Obligation Bond	(5,280,000)	
Premium on Debt Issued	(121,392)	
General Obligation Long-Term Note	(2,500,000)	
Current Year Bond Issuance Costs	<u>85,690</u>	
		(7,815,702)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and bond issuance costs are recognized as expenditures when incurred, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due and bond issuance costs are deferred and amortized. The additional amount of interest and fiscal charges on the statement of activities is the result of the following:

Decrease in Accrued Interest	102,417	
Amortization of Premium on General Obligation Bond	6,070	
Net Amortization of Bond Issuance Costs (Deferred Charges)	<u>(4,285)</u>	
		104,202

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

Decrease in Compensated Absences	54,072	
Increase in Due to Other Governments	<u>(11,736)</u>	
		42,336

Change in Net Assets of Governmental Activities \$4,077,771

See accompanying notes to the basic financial statements

City of Hilliard, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Local Taxes	\$1,385,007	\$1,400,578	\$1,337,298	(\$63,280)
Municipal Income Taxes	7,989,053	8,082,562	7,900,013	(182,549)
Intergovernmental	1,459,869	1,476,282	1,748,346	272,064
Charges for Services	832,950	841,826	820,269	(21,557)
Licenses and Permits	349,939	353,873	457,058	103,185
Fines and Forfeitures	199,367	201,608	223,904	22,296
Rent	41,867	42,338	44,300	1,962
Contributions and Donations	1,994	2,016	0	(2,016)
Investment Income	174,795	176,760	123,572	(53,188)
Other	465,986	471,714	117,557	(354,157)
<i>Total Revenues</i>	<u>12,900,827</u>	<u>13,049,557</u>	<u>12,772,317</u>	<u>(277,240)</u>
Expenditures				
Current:				
General Government	3,075,075	3,260,567	3,198,921	61,646
Security of Persons and Property	5,620,237	5,902,086	5,812,250	89,836
Public Health and Welfare	119,087	119,087	119,086	1
Leisure Time Activities	2,234,930	2,294,808	2,236,177	58,631
Community Environment	910,656	919,356	909,693	9,663
Basic Utility Services	777,919	788,006	761,731	26,275
<i>Total Expenditures</i>	<u>12,737,904</u>	<u>13,283,910</u>	<u>13,037,858</u>	<u>246,052</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	162,923	(234,353)	(265,541)	(31,188)
Other Financing Uses				
Transfers - Out	(11,714)	(11,714)	(11,714)	0
<i>Net Change in Fund Balance</i>	151,209	(246,067)	(277,255)	(31,188)
<i>Fund Balance Beginning of Year</i>	2,813,873	2,813,873	2,813,873	0
Prior Year Encumbrances Appropriated	143,753	143,753	143,753	0
<i>Fund Balance End of Year</i>	<u>\$3,108,835</u>	<u>\$2,711,559</u>	<u>\$2,680,371</u>	<u>(\$31,188)</u>

See accompanying notes to the basic financial statements

City of Hilliard, Ohio
*Statement of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Street Maintenance and Repair Special Revenue Fund
 For the Year Ended December 31, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$760,000	\$760,000	\$983,320	\$223,320
Expenditures				
Current:				
Transportation	903,580	1,140,086	1,064,601	75,485
<i>Net Change in Fund Balance</i>	(143,580)	(380,086)	(81,281)	298,805
<i>Fund Balance at Beginning of Year</i>	147,542	147,542	147,542	0
Prior Year Encumbrances Appropriated	21,687	21,687	21,687	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$25,649</u>	<u>(\$210,857)</u>	<u>\$87,948</u>	<u>\$298,805</u>

See accompanying notes to the basic financial statements

City of Hilliard, Ohio
*Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Improvement Municipal Tax Special Revenue Fund
For the Year Ended December 31, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Municipal Income Taxes	\$1,593,750	\$1,593,750	\$1,579,817	(\$13,933)
Charges for Services	0	0	400	400
<i>Total Revenues</i>	1,593,750	1,593,750	1,580,217	(13,533)
Expenditures				
Current:				
Transportation	1,847,310	1,847,310	1,549,328	297,982
<i>Excess of Revenues Over (Under) Expenditures</i>	(253,560)	(253,560)	30,889	284,449
Other Financing Uses				
Transfers - Out	(527,105)	(527,105)	(527,105)	0
<i>Net Change in Fund Balance</i>	(780,665)	(780,665)	(496,216)	284,449
<i>Fund Balance at Beginning of Year</i>	1,260,445	1,260,445	1,260,445	0
Prior Year Encumbrances Appropriated	455,841	455,841	455,841	0
<i>Fund Balance at End of Year</i>	<u>\$935,621</u>	<u>\$935,621</u>	<u>\$1,220,070</u>	<u>\$284,449</u>

See accompanying notes to the basic financial statements

City of Hilliard, Ohio
*Statement of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Water Revenue Special Revenue Fund
 For the Year Ended December 31, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$1,117,000	\$1,117,000	\$1,150,756	\$33,756
Expenditures				
Current:				
Basic Utility Services	584,243	588,715	516,946	71,769
<i>Excess of Revenues Over Expenditures</i>	532,757	528,285	633,810	105,525
Other Financing Uses				
Transfers - Out	(464,938)	(464,938)	(464,938)	0
<i>Net Change in Fund Balance</i>	67,819	63,347	168,872	105,525
<i>Fund Balance at Beginning of Year</i>	1,602,308	1,602,308	1,602,308	0
Prior Year Encumbrances Appropriated	3,000	3,000	3,000	0
<i>Fund Balance at End of Year</i>	<u>\$1,673,127</u>	<u>\$1,668,655</u>	<u>\$1,774,180</u>	<u>\$105,525</u>

See accompanying notes to the basic financial statements

City of Hilliard, Ohio
*Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Sewer Capacity and Benefit Special Revenue Fund
For the Year Ended December 31, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$492,586	\$492,586	\$403,356	(\$89,230)
Other	0	0	34,207	34,207
<i>Total Revenues</i>	492,586	492,586	437,563	(55,023)
Expenditures				
Current:				
Basic Utility Services	399,447	1,606,863	1,528,731	78,132
<i>Excess of Revenues Over (Under) Expenditures</i>	93,139	(1,114,277)	(1,091,168)	23,109
Other Financing Sources				
Transfers - In	0	0	554,690	554,690
<i>Net Change in Fund Balance</i>	93,139	(1,114,277)	(536,478)	577,799
<i>Fund Balance at Beginning of Year</i>	803,798	803,798	803,798	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$896,937</u>	<u>(\$310,479)</u>	<u>\$267,320</u>	<u>\$577,799</u>

See accompanying notes to the basic financial statements

City of Hilliard, Ohio
Statement of Fund Net Assets
Internal Service Fund
December 31, 2003

	Insurance Trust
Assets	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	\$7,395
Liabilities	
<i>Current Liabilities:</i>	
Claims Payable	165,467
Net Assets	
Unrestricted (Deficit)	(\$158,072)

See accompanying notes to the basic financial statements

City of Hilliard, Ohio
*Statement of Revenues,
 Expenses and Changes in Fund Net Assets
 Internal Service Fund
 For the Year Ended December 31, 2003*

	Insurance Trust
Operating Revenues	
Charges for Services	\$1,703,675
Operating Expenses	
Contractual Services	37,646
Claims	1,278,316
Other	203,855
<i>Total Operating Expenses</i>	1,519,817
<i>Change in Net Assets</i>	183,858
<i>Net Assets (Deficit) Beginning of Year</i>	(341,930)
<i>Net Assets (Deficit) End of Year</i>	(\$158,072)

See accompanying notes to the basic financial statements

City of Hilliard, Ohio
Statement of Cash Flows
Internal Service Fund
For the Year Ended December 31, 2003

Increase (Decrease) in Cash and Cash Equivalents:

Cash Flows from Operating Activities

Cash Received from Customers	\$1,703,675
Cash Payments for Services	(241,501)
Cash Payments for Claims	<u>(1,458,672)</u>
<i>Net Cash Provided by Operating Activities</i>	<u>3,502</u>
<i>Net Increase in Cash and Cash Equivalents</i>	3,502
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>3,893</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$7,395</u></u>

**Reconciliation of Operating Income to Net Cash
Provided by Operating Activities:**

Operating Income	\$183,858
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:	
Decrease in Claims Payable	<u>(180,356)</u>
<i>Net Cash Provided by Operating Activities</i>	<u><u>\$3,502</u></u>

See accompanying notes to the basic financial statements

City of Hilliard, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2003

Assets	
Equity in Pooled Cash and Cash Equivalents	\$179,034
Cash and Cash Equivalents in Segregated Accounts	<u>16,192</u>
<i>Total Assets</i>	<u><u>\$195,226</u></u>
 Liabilities	
Due to Other Governments	\$179,034
Deposits Held and Due to Others	<u>16,192</u>
<i>Total Liabilities</i>	<u><u>\$195,226</u></u>

See accompanying notes to the basic financial statements

City of Hilliard, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION

The City of Hilliard (the “City”) is a home rule municipal corporation organized under the laws of the State of Ohio. The City operates under its own charter. The current Charter, which provides for a Mayor-Council form of government, was adopted January 1, 1963, and was amended June 2, 1982.

The 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, water, sewer, snow removal and refuse collections (on a contractual basis), and other governmental services.

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 an organization that is defined as a Related Organization. This organization is presented in Note 20 to the basic financial statements.

The financial statements of the City of Hilliard have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities and proprietary fund provided they do not conflict with or contradict GASB pronouncements. The most significant of the City's accounting policies are described below.

Basis Of Presentation

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

City of Hilliard, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION (continued)

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid “doubling up” revenues and expenses.

The Statement of Net Assets presents the financial condition of the governmental activities of the City at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the City’s governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore 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 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 statement. Fiduciary funds are reported by type.

Fund Accounting

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

Governmental Funds

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

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.

City of Hilliard, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION (continued)

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

Street Improvement Municipal Tax Fund – This fund is used to account for 12.5 percent of the City's income tax collections to be used for repair and improvement of streets and highways.

Water Revenue Fund – This fund is used to account for water tap fees and water surcharge revenues collected by the City of Columbus for Hilliard. These revenues are used for upgrading and making minor repairs to waterlines.

Sewer Capacity and Benefit Fund – This fund is used to account for system capacity charges and 80 percent of sewer tap fees which are to be used to maintain sewer lift stations.

General Obligation Bond Retirement Fund – This fund is used to account for resources that are used for payment of principal, interest, and fiscal charges on general obligation debt.

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

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

Proprietary Fund

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as enterprise or internal service; the City has no enterprise funds.

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 claims.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The three types of trust funds should be used to report resources held and administered by the reporting government when it is acting in a fiduciary capacity for individuals, private organizations, or other governments. These funds are distinguished by the existence of a trust agreement that affects the degree of management involvement and the length of time that the resources are held. 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 money held for other governments, individuals, and organizations for collection and distribution of court fines and forfeitures, and for collection and distribution of charges for inspections provided by other governments and entities along with capacity charges for another city.

City of Hilliard, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-wide Financial Statements

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

Fund Financial Statements

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

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

Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. 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.

City of Hilliard, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, municipal income taxes, grants, entitlements, shared revenues, and donations. On the accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied (See Note 7). Revenue from municipal income taxes is recognized in the year in which the income is earned. Revenue from grants, entitlements, shared revenues, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2003, but were levied to finance 2004 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met have also been recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures

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

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

Cash and Cash Equivalents

Cash balances of the City's funds, except cash held by a trustee or fiscal agent, and cash held in a segregated account, are pooled and invested in short-term investments in order to provide improved cash management. Individual fund integrity is maintained through City records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" in the financial statements. Monies held by the Franklin County Engineer are presented in the financial statements as "Cash and Cash Equivalents with Fiscal Agent".

City of Hilliard, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

During 2003, the CDBG Fund and Special Assessment Bond Retirement Debt Service Fund expended more than their share of pooled cash and cash equivalents. Their funds had a negative cash balance at year end that was eliminated by a short term loan from the General Fund. The loans are classified as "Interfund Receivables" and "Interfund Payables" on the fund financial statements.

During fiscal year 2003, investments were limited to repurchase agreements and STAROhio. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2003.

Except for repurchase agreements which are reported at cost, investments are reported at fair value which is based on quoted market prices.

Interest income is distributed to the funds according to Ohio constitutional and statutory requirements. Interest revenue credited to the General Fund during 2003 amounted to \$123,944, which includes \$91,510 assigned from other funds.

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2003, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which services are consumed.

Capital Assets

The City's only capital assets are general capital assets. General capital assets are capital assets that are associated with and generally rise from governmental activities. They generally result from expenditures in governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deletions during the year. Donated capital assets are recorded at their fair market values on the date donated. The City maintains a capitalization threshold of one 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.

City of Hilliard, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

All capital assets except for land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacements. Depreciation is computed using the straight-line method over the following useful lives:

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

The City's infrastructure consists of curbs and streets and sidewalks. For 2003, the City reported infrastructure for the first time. The City only reports the amounts acquired after 2002. The City plans to report prior years' amounts in future years.

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the 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 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.

Interfund Balances

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as "interfund receivables/payables." Interfund balances are eliminated on the government-wide Statements of Net Assets.

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 fund financial statements.

City of Hilliard, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, contractually required pension contributions and 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 bonds are recognized as liabilities on the governmental fund financial statements when due.

Unamortized Bond Issuance Costs

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

Reservations Of Fund Balance

Reservations of fund balances are established to identify the existence of assets that do not represent available expendable financial resources or the portion of fund balance that is legally segregated for a specific future use and therefore are not available for expenditure. Fund balance reserves have been established for encumbrances.

Net Assets

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

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the internal service fund. 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.

City of Hilliard, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 resolution 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 major object level within each department and fund.

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 appropriation resolution 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 appropriation 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.

Accounting Estimates

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

NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF PRIOR YEAR FUND BALANCE

Changes in Accounting Principles

For 2003, the City has implemented GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments", GASB Statement No. 37, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus", Statement No. 38, "Certain Financial Statement Note Disclosures", GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements, and GASB Statement No. 41, "Budgetary Comparison Schedules - Perspective Differences.

City of Hilliard, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF PRIOR YEAR FUND BALANCE (continued)

GASB 34 creates new basic financial statements for reporting on the City's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column. Fiduciary funds are reported by type.

The beginning net asset amount for governmental activities reflects the change in fund balance for governmental funds at December 31, 2002, caused by the conversion to the accrual basis of accounting.

GASB Statement No. 37 clarifies certain provisions of Statement No. 34, including the required content of the Management's Discussion and Analysis, the classification of program revenues, and the criteria for determining major funds.

GASB Statement No. 38 modifies, establishes, and rescinds certain financial statement note disclosures.

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice.

GASB Statement No. 41 only applies when there are significant perspective differences that prevent an entity from associating the estimated revenues and appropriations from its legally adopted budget to the major revenue sources and functional expenditures that are reported in the general and major special revenue funds. The implementation of this statement did not apply to the presentation of budgetary statements by the City for 2003.

The City has also implemented a new capital asset policy which increases the capitalization threshold for capital assets from \$500 to \$1,000. The reason for the change was to reduce the cost of maintaining capital asset information by significantly reducing the number of items tracked. Prior to the implementation of GASB 34, construction in progress for infrastructure assets was not recorded, but was restated accordingly. For general capital assets, the balance at December 31, 2002 before depreciation, changed by \$1,445,949, from \$14,897,354 to \$11,473,920.

Restatements were also necessary for the allocation of agency fund cash associated with City activities and the reclassification of the Police Benevolent Trust Fund as part of the Police Special Revenue Fund.

City of Hilliard, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF PRIOR YEAR FUND BALANCE (continued)

Restatement of Fund Balance

The implementation of these changes had the following effects on fund balance of the major and nonmajor funds of the City as they were previously reported. The transition from governmental fund balance to net assets of the governmental activities is also presented.

	General	Street Maintenance And Repair	Street Improvement Municipal Tax	Water Revenue	Sewer Capacity and Benefit
Fund Balances, December 31, 2002	\$3,404,324	\$204,478	\$1,737,596	\$1,593,278	\$776,863
GASB Interpretation No. 6	81,706	6,999	0	2,494	1,017
Change in Fund Structure	0	0	0	0	0
Agency Fund Cash Allocation	25,386	0	2,972	0	0
Adjusted Fund Balance, December 31, 2002	<u>\$3,511,416</u>	<u>\$211,477</u>	<u>\$1,740,568</u>	<u>\$1,595,772</u>	<u>\$777,880</u>

	General Obligation Bond Retirement	Capital Improvement Municipal Tax	Nonmajor	Total
Fund Balances, December 31, 2002	\$19,828	\$1,292,574	\$3,161,109	\$12,190,050
GASB Interpretation No. 6	0	0	4,070	96,286
Change in Fund Structure	0	0	21,542	21,542
Agency Fund Cash Allocation	0	5,943	1,170	35,471
Adjusted Fund Balance, December 31, 2002	<u>\$19,828</u>	<u>\$1,298,517</u>	<u>\$3,187,891</u>	12,343,349

GASB 34 Adjustments:

Capital Assets	11,473,920
Due to Other Governments	(360,723)
Accrued Interest Payable	(150,048)
Long-Term Liabilities	(18,732,161)
Long-Term (Deferred) Assets:	
Delinquent Property Taxes	106,768
Municipal Income Taxes	1,037,882
Due from Other Governments	871,149
Accrued Interest Receivable	15,819
Special Assessments Receivable	519,644
Internal Service Fund Balance	<u>(341,930)</u>
Governmental Activities, Net Assets December 31, 2002	<u>\$6,783,669</u>

City of Hilliard, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 4 - COMPLIANCE

The following accounts had expenditures plus encumbrances in excess of appropriations at the major object level, the legal level of control, at December 31, 2003:

Fund	Expenditures and Encumbrances	Appropriations	Excess
General Fund			
General Government			
Mayor			
Personal Services	\$268,143	\$267,534	(\$609)
Finance			
Materials and Supplies	43,072	41,334	(1,738)
Construction Inspection Fund			
Community and Economic Development			
Materials and Supplies	130,414	91,405	(39,009)
General Obligation Bond Retirement Fund			
Debt Service			
Interest and Fiscal Charges	861,995	743,780	(118,215)
Capital Improvement Municipal Tax Fund			
Leisure Time Activity			
Capital Outlay	293,957	260,753	(33,204)
Transfers - Out	1,822,927	1,169,849	(653,078)
Water Tower Fund			
Transfers - Out	2,342	0	(2,342)
Insurance Trust Fund			
Contractual Services	37,646	28,785	(8,861)
Claims	1,458,672	1,115,342	(343,330)
Other	203,855	155,873	(47,982)

The following funds had appropriations in excess of estimated resources and available balances for the year ended December 31, 2003, as follows:

Fund	Estimated Resources and Available Balances	Appropriations	Excess
Special Revenue Funds:			
Street Maintenance and Repair	\$929,229	\$1,140,086	(\$210,857)
Sewer Capacity and Benefit	1,296,384	1,606,863	(310,479)
	<u>\$2,225,613</u>	<u>\$2,746,949</u>	<u>(\$521,336)</u>

The City will monitor budgetary control more closely to ensure that all adjustments are filed with the County Auditor.

City of Hilliard, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 5 – BUDGETARY BASIS OF ACCOUNTING

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

The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year-end encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance.
4. Expenditures for prepaid items are recorded when paid (budget basis) as opposed to when consumed (GAAP basis).
5. Unrecorded cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statements.

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

Net Change in Fund Balances

	General	Street Maintenance and Repair	Street Improvement Municipal Tax	Water Revenue	Sewer Capacity and Benefit
GAAP Basis	(\$225,565)	(\$4,229)	\$52,309	\$158,838	(\$503,452)
Revenue Accruals	(73,632)	(31,939)	(2,593)	1,046	0
Expenditure Accruals	133,240	(21,972)	(31,522)	8,988	676,420
Encumbrances	(98,731)	(22,961)	(510,348)	0	(709,446)
Prepays	(9,234)	(180)	(566)	0	0
Unrecorded Cash - 2002	20	0	0	0	0
Unrecorded Cash - 2003	(3,353)	0	(3,496)	0	0
Budget Basis	<u>(\$277,255)</u>	<u>(\$81,281)</u>	<u>(\$496,216)</u>	<u>\$168,872</u>	<u>(\$536,478)</u>

City of Hilliard, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 6 - DEPOSITS AND INVESTMENTS

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

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

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

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

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

The City may deposit or invest interim monies in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bond, 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,

City of Hilliard, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

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. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Finance Director or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At December 31, 2003, the City had "Cash and Cash Equivalents with Fiscal Agents" in the special revenue funds of \$164,466. The money is held by the Franklin County Auditor, which is the fiscal agent of several other cities and cannot be classified by risk under GASB Statement No. 3.

The following information classifies the City's deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements."

Deposits

At year end, the carrying amount of the City's deposits was \$1,582,910 and the bank balance was \$3,525,567. Of the bank balance, \$345,846 was covered by federal deposit insurance and \$3,179,721 was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

City of Hilliard, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

Investments

The City's investments are required to be categorized to give an indication of the level of risk assumed by the Finance Director at year-end. Category 1 includes investments that are insured or registered for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name. Star Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Category 3	Unclassified	Carrying Value
Repurchase Agreements	\$7,208,000	\$0	\$7,208,000
STAR Ohio	0	1,011,308	1,011,308
Total	\$7,208,000	\$1,011,308	\$8,219,308

The classification of cash and cash equivalents, and investments on the general purpose financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between classifications of cash and cash equivalents and investments on the general purpose financial statements and the classifications per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$9,966,684	\$0
Cash with Fiscal Agent	(164,466)	0
Investments:		
Repurchase Agreement	(7,208,000)	7,208,000
STAR Ohio	(1,011,308)	1,011,308
GASB Statement No. 3	\$1,582,910	\$8,219,308

NOTE 7 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2003 for real and public utility property taxes represents collections of 2002 taxes. Property tax payments received during 2003 for tangible personal property (other than public utility property) are for 2003 taxes.

2003 real property taxes are levied after October 1, 2003 on the assessed value as of January 1, 2003, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2003 real property taxes are collected in and intended to finance 2004.

City of Hilliard, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 7 - PROPERTY TAXES (continued)

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. 2003 public utility property taxes became a lien December 31, 2002, are levied after October 1, 2003, and are collected in 2004 with real property taxes.

2003 tangible personal property taxes are levied after October 1, 2002, on the value as of December 31, 2002. Collections are made in 2003. Tangible personal property assessments are 25 percent of true value for capital assets and 23 percent of true value for inventory.

The full tax rate for all City operations for the year ended December 31, 2003, was \$1.60 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2003 property tax receipts were based are as follows:

Category	Assessed Value
Real Property	\$655,409,990
Tangible Personal Property	57,686,187
Public Utility Property	17,714,230
Totals	<u>\$730,810,407</u>

Real property taxes are payable annually or semi-annually. If paid annually, 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 alternate payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable at September 20.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Hilliard. The County Auditor periodically remits to the City its portion of the taxes. Property taxes receivable represents real and tangible personal property taxes, public utility taxes, and outstanding delinquencies which are measurable as of December 31, 2003, and for which there is an enforceable legal claim. In the funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2003 operations, and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

NOTE 8 - MUNICIPAL INCOME TAX

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

City of Hilliard, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 8 – MUNICIPAL INCOME TAX (continued)

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. Income tax revenue for 2003 was \$7,912,977, \$1,585,906 and \$3,162,312, respectively.

NOTE 9 - RECEIVABLES

Receivables at December 31, 2003, consisted of property and other local taxes, revenue in lieu of taxes, municipal income taxes, accounts, special assessments, accrued interest, intergovernmental receivables arising from grants, entitlements and shared revenues, and interfund receivables. All receivables are considered fully collectible. Special assessments expected to be collected in more than one year for the City amount to \$418,323. The City has \$801 delinquent special assessments at December 31, 2003.

A summary of intergovernmental receivables follows:

	Amount
<u>Governmental Activities</u>	
Local Government Assistance	\$39,715
Local Government	639,508
Estate Tax	52,911
Personal Property Tax Exemption	3,748
Homestead, Rollback and Exemption	61,100
Gas Tax	345,843
Excess IRP	3,950
Motor Vehicle Tax	356,101
Water Surcharge	3,259
Sewer Surcharge	2,574
CDBG Grant	21,303
Total Intergovernmental Receivable	\$1,530,012

City of Hilliard, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 10 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2003, was as follows:

	Restated Balance At 12/31/2002	Additions	Deletions	Balance At 12/31/2003
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$3,181,627	\$0	\$0	\$3,181,627
Construction in Progress	1,724,997	3,414,082	0	5,139,079
Total Capital Assets Not Being Depreciated	4,906,624	3,414,082	0	8,320,706
Depreciable Capital Assets:				
Buildings	4,982,294	0	0	4,982,294
Improvements Other Than Buildings	2,262,689	15,093	0	2,277,782
Machinery and Equipment	1,812,657	918,504	137,771	2,593,390
Furniture and Fixtures	565,180	31,656	101,220	495,616
Vehicles	1,813,859	235,248	190,776	1,858,331
Infrastructure	0	1,011,616	0	1,011,616
Total Depreciable Capital Assets	11,436,679	2,212,117	429,767	13,219,029
Less Accumulated Depreciation:				
Buildings	(1,745,527)	(124,640)	0	(1,870,167)
Improvements Other Than Buildings	(696,845)	(97,725)	0	(794,570)
Machinery and Equipment	(1,203,487)	(312,878)	(91,779)	(1,424,586)
Furniture and Fixtures	(349,857)	(25,469)	(100,176)	(275,150)
Vehicles	(873,667)	(207,975)	(141,511)	(940,131)
Infrastructure	0	(102,062)	0	(102,062)
Total Accumulated Depreciation	(4,869,383)	(870,749)	(333,466)	(5,406,666)
Depreciable Capital Assets, Net	6,567,296	1,341,368	96,301	7,812,363
Governmental Activities Capital Assets, Net	\$11,473,920	\$4,755,450	\$96,301	\$16,133,069

Depreciation expense was charged to governmental programs as follows:

General Government	\$73,554
Security of Person And Property	316,419
Leisure Time Activity	206,325
Community Environment	36,794
Basic Utility Services	3,337
Transportation	234,320
Total Depreciation Expense	<u>\$870,749</u>

City of Hilliard, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 11 - DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

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

OPERS provides retirement, disability, survivor, and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-6705.

For the year ended December 31, 2003, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The City's contribution rate for pension benefits for 2003 was 8.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the City's pension contributions were 11.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2003, 2002, and 2001 were \$439,272, \$450,533, and \$455,230 respectively; 71.21 percent has been contributed for 2003 and 100 percent for 2002 and 2001. Contributions to the member-directed plan for 2003 were \$9,116 made by the City and \$5,719 made by the plan members.

City of Hilliard, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

Ohio Police and Fire Pension Fund

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

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the City is required to contribute 11.75 percent for police officers. The City has no firefighters. Contributions are authorized by State statute. The City's required contributions to the Fund for the years ended December 31, 2003, 2002, and 2001 were \$347,352 \$319,586, and \$312,684 respectively, equal to the required contributions for each year. The full amount has been contributed for 2002 and 2001. 70.16 percent has been contributed for 2003 with the remainder being reported as a liability.

NOTE 12 - POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2003 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 5.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2002, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.00 percent annually.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

City of Hilliard, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 12 - POSTEMPLOYMENT BENEFITS (continued)

The number of active contributing participants in the traditional and combined plans was 364,881. Actual employer contributions for 2003 which were used to fund postemployment benefits were \$256,884. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2002, (the latest information available) were \$10.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$18.7 billion and \$8.7 billion, respectively.

In December 2001, the Board adopted the Health Care "Choices" Plan. The Choices Plan will be offered to all persons newly hired in an OPERS covered position after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices will incorporate a cafeteria approach, offering a broader range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year "cliff" eligibility standard for the present Plan.

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The Plan will also offer a spending account feature, enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a Medical Spending Account.

Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2003. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

City of Hilliard, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 12 - POSTEMPLOYMENT BENEFITS (continued)

The City's actual contributions for 2003 that were used to fund postemployment benefits were \$229,104 for police. The OP&F's total health care expense for the year ended December 31, 2002, (the latest information available) was \$141,028,006, which was net of member contributions of \$12,623,875. The number of OP&F participants eligible to receive health care benefits as of December 31, 2002, was 13,527 for police and 10,396 for firefighters.

NOTE 13 - OTHER EMPLOYEE BENEFITS

Compensated Absences

Accumulated Unpaid Vacation

City employees earn vacation leave at varying rates based upon length of service. Vacation can accumulate to a maximum of two years worth of accruals. When an employee terminates employment, he/she is paid for 100% of their unused vacation leave.

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 their estate) is paid 50% of accumulated sick leave up to 500 hours.

Deferred Compensation

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

NOTE 14 - OPERATING LEASE - LESSEE DISCLOSURE

The City leases a vactor under a noncancelable operating lease. Operating lease payments are reported as program expenditures in financial statements. Total operating lease payments in 2003 totaled \$35,307 in the Sewer Capacity and Benefit Fund.

City of Hilliard, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 14 - OPERATING LEASE - LESSEE DISCLOSURE (continued)

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

<u>Year Ending December 31,</u>	<u>Total Payments</u>
2004	\$27,363
2005	27,363
2006	27,363
2007	27,363
2008	27,363
Total	<u>\$136,815</u>

NOTE 15 - RISK MANAGEMENT

Property and Liability Insurance

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2003, the City contracted with several different insurance providers for property, liability, and automobile insurance.

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

Workers Compensation

The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated on accident history and administrative cost.

Health Insurance

The City maintains a self-funded health insurance program with claims processed by Polaris 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 \$10,000 per individual and \$1,000,000 per occurrence.

City of Hilliard, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 15 - RISK MANAGEMENT (continued)

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 2003 were \$1,703,675. The claims liability of \$165,467 reported in the Insurance Trust Fund at December 31, 2003, 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 finance 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 2002 and 2003 were:

Year	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2002	\$132,031	\$1,699,324	(\$1,485,532)	\$345,823
2003	345,823	1,278,316	(1,458,672)	165,467

NOTE 16 - LONG-TERM OBLIGATIONS

Changes in long-term obligations at December 31, 2003, were as follows:

Types / Issues	Balance 12/31/02	Issued	Retired	Balance 12/31/03	Due Within One Year
<u>General Obligation Notes Payable:</u>					
2003 Leap Road - 3.04%	\$0	\$2,500,000	\$2,500,000	\$0	\$0
2002 Leap Road - 2.25%	2,700,000	0	2,700,000	0	0
2002 Britton Road - 2.47%	3,000,000	0	3,000,000	0	0
Total General Obligation Notes	5,700,000	2,500,000	8,200,000	0	0
<u>Voted General Obligation Bonds:</u>					
1999 Cemetery Road Refunding 5.1 - 5.15% \$2,235,000	\$1,170,000	\$0	\$310,000	\$860,000	\$325,000

City of Hilliard, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 16 - LONG-TERM OBLIGATIONS (continued)

Types / Issues	Balance 12/31/02	Issued	Retired	Balance 12/31/03	Due Within One Year
<u>Unvoted General Obligation</u>					
<u>Bonds Payable:</u>					
1982 Water Improvement - 12.125%					
12.125% \$560,000	\$135,000	\$0	\$25,000	\$110,000	\$20,000
1992 Various Purpose Improvements					
12.125% \$2,280,000	975,000	0	175,000	800,000	185,000
1995 Various Purpose Improvements					
3.9 - 5.75% \$3,510,000	2,660,000	0	145,000	2,515,000	155,000
1999 Various Purpose Improvements					
5.1- 5.15% \$1,500,000	1,125,000	0	140,000	985,000	145,000
2002 Various Purpose Improvements					
3.0 - 5.375% \$4,950,000	4,950,000	0	115,000	4,835,000	120,000
2003 Various Purpose Improvements					
3.0 - 4.25% \$5,280,000	0	5,280,000	0	5,280,000	180,000
Total Unvoted General Obligation Bonds Payable	<u>9,845,000</u>	<u>5,280,000</u>	<u>600,000</u>	<u>14,525,000</u>	<u>805,000</u>
 Total General Obligation Bonds Payable	 <u>11,015,000</u>	 <u>5,280,000</u>	 <u>910,000</u>	 <u>15,385,000</u>	 <u>1,130,000</u>
 <u>Special Assessment Bonds</u>					
<u>Payable:</u>					
1998 Lyman Drive Extension					
7.35% \$780,000	355,000	0	50,000	305,000	55,000
1989 Hilliard Technology Park					
7.199% \$463,000	235,000	0	25,000	210,000	30,000
Total Special Assessment Bonds Payable	<u>590,000</u>	<u>0</u>	<u>75,000</u>	<u>515,000</u>	<u>85,000</u>
 <u>Other Long-Term Obligations:</u>					
Compensated Absences Payable	1,427,161	433,965	488,037	1,373,089	601,743
Premium on General Obligation Bonds Issued	0	121,392	6,070	115,322	0
Total Other Long-Term Obligations	<u>1,427,161</u>	<u>555,357</u>	<u>494,107</u>	<u>1,488,411</u>	<u>601,743</u>
 Total - General Long-Term Obligations	 <u>\$18,732,161</u>	 <u>\$8,335,357</u>	 <u>\$9,679,107</u>	 <u>\$17,388,411</u>	 <u>\$1,816,743</u>

City of Hilliard, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 16 - LONG-TERM OBLIGATIONS (continued)

The notes outstanding at December 31, 2002, were general obligation notes which were paid off when the 2003 general obligation notes and general obligation bonds were issued. The notes were backed by the full faith and credit of the City.

All voted and unvoted general obligation bond issues will be paid through the General Obligation Bond Retirement Debt Service Fund with transfers from the special revenue funds (Street Improvement Municipal Tax Fund) and capital projects funds (Capital Improvements Municipal Tax Fund).

The special assessment bonds are backed by the full faith and credit of the City. In the event that an assessed property owner fails to make payments, the City will be required to pay the related debt.

Compensated absences will be paid from the General Fund, Street Maintenance and Repair Fund, Water Revenue Fund, Sewer Revenue Fund, Sewer Capacity and Benefit Fund, and the Construction Inspection Fund.

As of December 31, 2003, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$61,387,964 with an unvoted debt margin of \$24,847,443. Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2003, are:

Year	General Obligation Bonds		Special Assessment Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$1,130,000	\$743,474	\$85,000	\$38,348	\$1,215,000	\$781,822
2005	1,185,000	689,368	85,000	32,026	1,270,000	721,394
2006	1,080,000	631,857	95,000	25,708	1,175,000	657,565
2007	920,000	579,503	100,000	18,638	1,020,000	598,141
2008	720,000	534,348	110,000	11,202	830,000	545,550
2009-2013	3,195,000	2,214,674	40,000	3,020	3,235,000	2,217,694
2014-2018	2,920,000	1,464,501	0	0	2,920,000	1,464,501
2019-2023	2,985,000	789,305	0	0	2,985,000	789,305
2024-2027	1,250,000	167,999	0	0	1,250,000	167,999
Totals	<u>\$15,385,000</u>	<u>\$7,815,029</u>	<u>\$515,000</u>	<u>\$128,942</u>	<u>\$15,900,000</u>	<u>\$7,943,971</u>

NOTE 17 – CONDUIT DEBT OLBIGATIONS

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
For the Year Ended December 31, 2003

NOTE 17 – CONDUIT DEBT OLBIGATIONS (continued)

As of December 31, 2003, there were five series of industrial revenue development bonds outstanding with an aggregate principal amount payable of \$8,802,000.

NOTE 18 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At December 31, 2003, the General Fund had an interfund receivable and nonmajor governmental funds had an interfund payable of \$25,507. These interfund transactions were made to cover deficit fund balances and are expected to be repaid within one year.

Transfers made during the year ended December 31, 2003 were as follows:

		Transfers To			
		General Obligation Bond Retirement	Capital Improvement Municipal Tax	Nonmajor Governmental Funds	Total
Transfers From	General	\$11,714	\$0	\$0	\$11,714
	Street Maintenance and Repair	527,105	0	0	527,105
	Water Revenue	354,888	100,000	10,050	464,938
	Capital Improvement Municipal Tax	1,278,287	0	544,640	1,822,927
	Nonmajor Governmental Funds	2,342	0	0	2,342
	Total	\$2,174,336	\$100,000	\$554,690	\$2,829,026

Transfers from the Water Revenue Fund to the Capital Improvement Municipal Tax Fund and other nonmajor governmental funds and from the Capital Improvement Municipal Tax Fund to other nonmajor governmental funds were made to move available balances of restricted funds to support programs and projects accounted for in other funds. The funds receiving these transfers expended the money in a manner consistent with the nature of the transferring fund.

City of Hilliard, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 19 - CONTRACTUAL COMMITMENTS

As of December 31, 2003, the City had contractual purchase commitments as follows:

<u>Vendor</u>	<u>Contract Amount</u>	<u>Amount Expended</u>	<u>Balance At 12/31/03</u>
M-E Companies.	\$16,500	\$10,800	\$5,700
DLZ	1,578,845	1,371,247	207,598
RE Holland Excavating	284,267	249,765	43,502
Trucco Construction	3,006,574	2,986,699	19,875
Complete General Construction	575,365	529,569	45,796
	<u>\$5,461,551</u>	<u>\$5,139,080</u>	<u>\$322,471</u>

NOTE 20 – RELATED ORGANIZATION

Hilliard Arts Council Corporation

The Hilliard Arts Council Corporation is statutorily created as a separate and distinct political subdivision of the State. The authority is governed by an eleven member Board of Trustees appointed as follows: four members appointed by the Hilliard City Council, one member appointed by the Hilliard Area Chamber of Commerce, one member appointed by the Hilliard Recreation and Parks Director, one member appointed by the Hilliard City School District, and four members appointed by the Mayor of the City of Hilliard. The Trustees adopt their own appropriations, hire and fire their own staff, authorize expenditures, and do not rely on the City to finance deficits.

NOTE 21 - CONTINGENT LIABILITIES

Litigation

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

Federal and State Grants

For the period January 1, 2003, to December 31, 2003, 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.

Combining Financial Statements

City of Hilliard, Ohio
Nonmajor Fund Descriptions

Special Revenue Funds

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

Nonmajor Special Revenue Funds

County Municipal Motor Vehicle Tax Fund

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

Community Development Block Grant Fund (CDBG)

To account for state grant monies to be used for storm sewer improvements.

Tax Increment Financing Fund (TIF)

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

Park Maintenance Fund

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

Police Fund

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

Mayor's Court Computer Fund

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

Sewer Revenue Fund

To account for sewer surcharge revenues collected by the City of Columbus for Hilliard and 20 percent of sewer tap fees which are to be used for upgrading and repairing sewer lines.

Construction Inspection Fund

To account for the construction inspection fees and landscape deposits made by developers. Expenditures are payment to the inspectors and refunds of landscape deposits.

(continued)

City of Hilliard, Ohio
Nonmajor Fund Descriptions
(continued)

Debt Service Funds

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

Nonmajor Debt Service Fund

Special Assessment Bond Retirement Fund

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

Capital Projects Funds

Capital projects funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities.

Nonmajor Capital Projects Funds

Britton Road Improvement Fund

To account for debt proceeds used to finance major repairs to Britton Road.

Water Tower Fund

To account for debt proceeds used to finance the construction of a new water tower.

City of Hilliard, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2003

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,083,298	\$0	\$465,299	\$1,548,597
Cash and Cash Equivalents with Fiscal Agents	164,466	0	0	\$164,466
Receivables:				
Property and Other Local Taxes	8,702	0	0	8,702
Revenue in Lieu of Taxes	53,416	0	0	53,416
Accounts	0	0	1,000	1,000
Special Assessments Receivable	0	498,163	0	498,163
Due from Other Governments	23,877	0	0	23,877
Prepaid Items	1,436	0	0	1,436
<i>Total Assets</i>	<u>\$1,335,195</u>	<u>\$498,163</u>	<u>\$466,299</u>	<u>\$2,299,657</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$13,854	\$0	\$0	\$13,854
Contracts Payable	1,895	0	5,986	7,881
Retainage Payable	0	0	39,826	39,826
Interfund Payable	21,303	4,204	0	25,507
Accrued Wages Payable	14,314	0	0	14,314
Matured Compensated Absences	2,003	0	0	2,003
Due to Other Governments	8,736	0	0	8,736
Deferred Revenue	0	436,619	0	436,619
<i>Total Liabilities</i>	<u>62,105</u>	<u>440,823</u>	<u>45,812</u>	<u>548,740</u>
Fund Balances				
Reserved for Encumbrances	24,270	0	103,041	127,311
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	1,248,820	0	0	1,248,820
Debt Service Funds	0	57,340	0	57,340
Capital Projects Funds	0	0	317,446	317,446
<i>Total Fund Balances</i>	<u>1,273,090</u>	<u>57,340</u>	<u>420,487</u>	<u>1,750,917</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,335,195</u>	<u>\$498,163</u>	<u>\$466,299</u>	<u>\$2,299,657</u>

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City of Hilliard, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2003

	County Municipal Motor Vehicle Tax	CDBG	TIF	Park Maintenance
Assets				
Equity in Pooled Cash and Cash Equivalents	\$435,055	\$0	\$75,502	\$117,443
Cash and Cash Equivalents with Fiscal Agents	164,466	0	0	0
Receivables:				
Property and Other Local Taxes	8,702	0	0	0
Revenue in Lieu of Taxes	0	0	53,416	0
Due from Other Governments	0	21,303	0	0
Prepaid Items	0	0	0	1,436
<i>Total Assets</i>	<u>\$608,223</u>	<u>\$21,303</u>	<u>\$128,918</u>	<u>\$118,879</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$4,410	\$0	\$0	\$2,503
Contracts Payable	1,895	0	0	0
Retainage Payable	0	0	0	0
Interfund Payable	0	21,303	0	0
Accrued Wages Payable	0	0	0	0
Matured Compensated Absences	0	0	0	0
Due to Other Governments	0	0	0	0
<i>Total Liabilities</i>	<u>6,305</u>	<u>21,303</u>	<u>0</u>	<u>2,503</u>
Fund Balances				
Reserved for Encumbrances	14,569	0	0	8,651
Unreserved, Undesignated (Deficit)	587,349	0	128,918	107,725
<i>Total Fund Balances</i>	<u>601,918</u>	<u>0</u>	<u>128,918</u>	<u>116,376</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$608,223</u>	<u>\$21,303</u>	<u>\$128,918</u>	<u>\$118,879</u>

Police	Mayor's Court Computer	Sewer Revenue	Construction Inspection	Total Nonmajor Special Revenue Funds
\$39,183	\$8,928	\$184,025	\$223,162	\$1,083,298
0	0	0	0	164,466
0	0	0	0	8,702
0	0	0	0	53,416
0	0	2,574	0	23,877
0	0	0	0	1,436
<u>\$39,183</u>	<u>\$8,928</u>	<u>\$186,599</u>	<u>\$223,162</u>	<u>\$1,335,195</u>
\$0	\$95	\$2,686	\$4,160	\$13,854
0	0	0	0	1,895
0	0	0	0	0
0	0	0	0	21,303
0	0	9,898	4,416	14,314
0	0	658	1,345	2,003
0	0	6,170	2,566	8,736
<u>0</u>	<u>95</u>	<u>19,412</u>	<u>12,487</u>	<u>62,105</u>
0	517	343	190	24,270
<u>39,183</u>	<u>8,316</u>	<u>166,844</u>	<u>210,485</u>	<u>1,248,820</u>
<u>39,183</u>	<u>8,833</u>	<u>167,187</u>	<u>210,675</u>	<u>1,273,090</u>
<u>\$39,183</u>	<u>\$8,928</u>	<u>\$186,599</u>	<u>\$223,162</u>	<u>\$1,335,195</u>

City of Hilliard, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2003

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Property and Other Local Taxes	\$188,743	\$0	\$0	\$188,743
Payments in Lieu of Taxes	128,918	0	0	128,918
Intergovernmental	369,144	0	54,758	423,902
Charges for Services	684,609	0	0	684,609
Licenses and Permits	89,100	0	0	89,100
Fines and Forfeitures	18,801	0	0	18,801
Contributions and Donations	45,147	0	0	45,147
Investment Income	175	42,085	0	42,260
Special Assessments	0	83,025	0	83,025
Other	3,500	0	10,000	13,500
<i>Total Revenues</i>	<u>1,528,137</u>	<u>125,110</u>	<u>64,758</u>	<u>1,718,005</u>
Expenditures				
Current:				
General Government	45,563	1,000	0	46,563
Security of Persons and Property	40,375	0	0	40,375
Leisure Time Activities	142,703	0	0	142,703
Community Environment	586,858	0	0	586,858
Basic Utility Services	345,679	0	0	345,679
Transportation	268,095	0	1,557,671	1,825,766
Capital Outlay	1,895	0	45,812	47,707
Debt Service:				
Principal Retirement	0	75,000	0	75,000
Interest and Fiscal Charges	0	41,986	0	41,986
<i>Total Expenditures</i>	<u>1,431,168</u>	<u>117,986</u>	<u>1,603,483</u>	<u>3,152,637</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>96,969</u>	<u>7,124</u>	<u>(1,538,725)</u>	<u>(1,434,632)</u>
Other Financing Sources (Uses)				
Transfers - In	0	0	0	0
Transfers - Out	0	0	(2,342)	(2,342)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>(2,342)</u>	<u>(2,342)</u>
<i>Net Change in Fund Balances</i>	96,969	7,124	(1,541,067)	(1,436,974)
<i>Fund Balances Beginning of Year</i>	<u>1,176,121</u>	<u>50,216</u>	<u>1,961,554</u>	<u>3,187,891</u>
<i>Fund Balances End of Year</i>	<u>\$1,273,090</u>	<u>\$57,340</u>	<u>\$420,487</u>	<u>\$1,750,917</u>

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City of Hilliard, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003

	County Municipal			Park Maintenance
	Motor Vehicle Tax	CDBG	TIF	
Revenues				
Property and Other Local Taxes	\$188,743	\$0	\$0	\$0
Payment in Lieu of Taxes	0	0	128,918	0
Intergovernmental	141,730	227,414	0	0
Charges for Services	0	0	0	36,820
Licenses and Permits	0	0	0	89,100
Fines and Forfeitures	0	0	0	0
Contributions Donations	0	0	0	0
Investment Income	0	0	0	0
Other	0	0	0	0
<i>Total Revenues</i>	<u>330,473</u>	<u>227,414</u>	<u>128,918</u>	<u>125,920</u>
Expenditures				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	0	0	0
Leisure Time Activities	0	0	0	142,703
Community Environment	0	227,414	0	0
Basic Utility Services	0	0	0	0
Transportation	268,095	0	0	0
Capital Outlay	1,895	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
<i>Total Expenditures</i>	<u>269,990</u>	<u>227,414</u>	<u>0</u>	<u>142,703</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>60,483</u>	<u>0</u>	<u>128,918</u>	<u>(16,783)</u>
Other Financing Sources				
Inception of Capital Lease	0	0	0	0
Transfers - In	0	0	0	0
<i>Total Other Financing Sources</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	60,483	0	128,918	(16,783)
<i>Fund Balances Beginning of Year</i>	<u>541,435</u>	<u>0</u>	<u>0</u>	<u>133,159</u>
<i>Fund Balances at End of Year</i>	<u><u>\$601,918</u></u>	<u><u>\$0</u></u>	<u><u>\$128,918</u></u>	<u><u>\$116,376</u></u>

Police	Mayor's Court Computer	Sewer Revenue	Construction Inspection	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$188,743
0	0	0	0	128,918
0	0	0	0	369,144
0	0	465,255	182,534	684,609
0	0	0	0	89,100
2,827	15,974	0	0	18,801
45,147	0	0	0	45,147
175	0	0	0	175
0	0	0	3,500	3,500
<u>48,149</u>	<u>15,974</u>	<u>465,255</u>	<u>186,034</u>	<u>1,528,137</u>
0	45,563	0	0	45,563
40,375	0	0	0	40,375
0	0	0	0	142,703
0	0	0	359,444	586,858
0	0	345,679	0	345,679
0	0	0	0	268,095
0	0	0	0	1,895
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>40,375</u>	<u>45,563</u>	<u>345,679</u>	<u>359,444</u>	<u>1,431,168</u>
<u>7,774</u>	<u>(29,589)</u>	<u>119,576</u>	<u>(173,410)</u>	<u>96,969</u>
0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	0	0
<u>7,774</u>	<u>(29,589)</u>	<u>119,576</u>	<u>(173,410)</u>	<u>96,969</u>
<u>31,409</u>	<u>38,422</u>	<u>47,611</u>	<u>384,085</u>	<u>1,176,121</u>
<u>\$39,183</u>	<u>\$8,833</u>	<u>\$167,187</u>	<u>\$210,675</u>	<u>\$1,273,090</u>

City of Hilliard, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2003

	Britton Road Improvement	Water Tower	Total Nonmajor Capital Projects Funds
Revenues			
Intergovernmental	\$54,758	\$0	\$54,758
Other	10,000	0	10,000
<i>Total Revenues</i>	<u>64,758</u>	<u>0</u>	<u>64,758</u>
Expenditures			
Current:			
Transportation	1,557,671	0	1,557,671
Capital Outlay	45,812	0	45,812
<i>Total Expenditures</i>	<u>1,603,483</u>	<u>0</u>	<u>1,603,483</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,538,725)	0	(1,538,725)
Other Financing Uses			
Transfers - Out	<u>0</u>	<u>(2,342)</u>	<u>(2,342)</u>
<i>Net Change in Fund Balances</i>	(1,538,725)	(2,342)	(1,541,067)
<i>Fund Balances Beginning of Year</i>	<u>1,959,212</u>	<u>2,342</u>	<u>1,961,554</u>
<i>Fund Balances End of Year</i>	<u><u>\$420,487</u></u>	<u><u>\$0</u></u>	<u><u>\$420,487</u></u>

City of Hilliard, Ohio
Agency Fund Descriptions

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

Mayor's Court Fund

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

Columbus Escrow Fund

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

City of Hilliard, Ohio
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2003

	Mayor's Court	Columbus Escrow	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$0	\$179,034	\$179,034
Cash and Cash Equivalents in Segregated Accounts	16,192	0	16,192
<i>Total Assets</i>	<u>\$16,192</u>	<u>\$179,034</u>	<u>\$195,226</u>
Liabilities			
Due to Other Governments	\$0	\$179,034	\$179,034
Deposits Held and Due to Others	16,192	0	16,192
<i>Total Liabilities</i>	<u>\$16,192</u>	<u>\$179,034</u>	<u>\$195,226</u>

City of Hilliard, Ohio
Combining Statement of Changes In Assets And Liabilities
Agency Funds
For The Year Ended December 31, 2003

	Balance January 1, 2003	Additions	Deductions	Balance December 31, 2003
<u>Mayor's Court</u>				
<u>Assets:</u>				
Cash And Cash Equivalents in Segregated Accounts	\$10,335	\$16,192	\$10,335	\$16,192
<u>Liabilities:</u>				
Deposits Held And Due To Others	\$10,335	\$16,192	\$10,335	\$16,192
<u>Columbus Escrow</u>				
<u>Assets:</u>				
Equity In Pooled Cash And Cash Equivalents	\$115,465	\$608,569	\$545,000	\$179,034
<u>Liabilities:</u>				
Due To Other Governments	\$115,465	\$608,569	\$545,000	\$179,034
<u>Total - All Agency Funds</u>				
<u>Assets:</u>				
Cash And Cash Equivalents in Segregated Accounts	\$10,335	\$16,192	\$10,335	\$16,192
Equity In Pooled Cash And Cash Equivalents	115,465	608,569	545,000	179,034
<i>Total Assets</i>	<u>\$125,800</u>	<u>\$624,761</u>	<u>\$555,335</u>	<u>\$195,226</u>
<u>Liabilities:</u>				
Deposits Held And Due To Others	\$10,335	\$16,192	\$10,335	\$16,192
Due to Other Governments	115,465	608,569	545,000	179,034
<i>Total Liabilities</i>	<u>\$125,800</u>	<u>\$624,761</u>	<u>\$555,335</u>	<u>\$195,226</u>

**Individual Fund Schedules of Revenues,
Expenditures/Expenses, and Changes in Fund
Balance/Equity – Budget (Budget Basis) and Actual**

City of Hilliard, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Local Taxes	\$1,385,007	\$1,400,578	\$1,337,298	(\$63,280)
Municipal Income Taxes	7,989,053	8,082,562	7,900,013	(182,549)
Intergovernmental	1,459,869	1,476,282	1,748,346	272,064
Charges for Services	832,950	841,826	820,269	(21,557)
Licenses and Permits	349,939	353,873	457,058	103,185
Fines and Forfeitures	199,367	201,608	223,904	22,296
Rent	41,867	42,338	44,300	1,962
Contributions and Donations	1,994	2,016	0	(2,016)
Interest	174,795	176,760	123,572	(53,188)
Other	465,986	471,714	117,557	(354,157)
<i>Total Revenues</i>	<u>12,900,827</u>	<u>13,049,557</u>	<u>12,772,317</u>	<u>(277,240)</u>
Expenditures				
Current:				
General Government:				
Hilliard Convention				
Other	50,000	50,000	50,000	0
Mayor				
Personal Services	266,947	267,534	268,143	(609)
Materials and Supplies	3,690	3,690	3,116	574
Total Mayor	<u>270,637</u>	<u>271,224</u>	<u>271,259</u>	<u>(35)</u>
City Council				
Personal Services	90,333	90,557	90,501	56
Materials and Supplies	23,000	23,000	18,664	4,336
Total City Council	<u>113,333</u>	<u>113,557</u>	<u>109,165</u>	<u>4,392</u>
City Clerk				
Personal Services	107,314	107,516	106,846	670
Contractual Services	8,000	8,000	7,951	49
Materials and Supplies	52,500	52,500	45,323	7,177
Total City Clerk	<u>167,814</u>	<u>168,016</u>	<u>160,120</u>	<u>7,896</u>
Law				
Personal Services	22,900	22,901	22,901	0
Contractual Services	48,414	158,414	135,603	22,811
Materials and Supplies	1,000	1,000	1,000	0
Total Law	<u>72,314</u>	<u>182,315</u>	<u>159,504</u>	<u>22,811</u>
Finance				
Personal Services	614,348	616,373	615,222	1,151
Contractual Services	230,200	300,200	299,275	925
Materials and Supplies	41,334	41,334	43,072	(1,738)
Other	7,000	7,000	7,000	0
Total Finance	<u>892,882</u>	<u>964,907</u>	<u>964,569</u>	<u>338</u>
Economic Development				
Personal Services	91,728	92,029	91,946	83
Materials and Supplies	5,000	5,996	4,999	997
Total Economic Development	<u>96,728</u>	<u>98,025</u>	<u>96,945</u>	<u>1,080</u>
Clerk				
Personal Services	60,555	61,642	60,543	1,099
Contractual Services	5,620	5,620	4,788	832
Total Clerk	<u>\$66,175</u>	<u>\$67,262</u>	<u>\$65,331</u>	<u>\$1,931</u>

(continued)

City of Hilliard, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2003
(continued)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Building and Land				
Personal Services	\$268,830	\$268,898	\$268,697	\$201
Contractual services	389,211	389,211	385,119	4,092
Materials and Supplies	25,040	25,040	24,638	402
Total Public Building and Land	683,081	683,149	678,454	4,695
Civil Service Commission				
Personal Services	3,600	3,600	3,600	0
Materials and Supplies	16,653	16,653	14,117	2,536
Total Civil Service Commission	20,253	20,253	17,717	2,536
Boards and Commissions				
Personal Services	26,325	27,726	21,918	5,808
Contractual services	6,401	5,001	4,992	9
Total Boards and Commissions	32,726	32,727	26,910	5,817
General Administrative				
Personal Services	212,799	212,799	207,069	5,730
Contractual services	15,000	15,000	15,000	0
Materials and Supplies	42,000	42,000	39,787	2,213
Capital Outlay	34,854	34,854	34,854	0
Other	304,479	304,479	302,237	2,242
Total General Administrative	609,132	609,132	598,947	10,185
Total General Government	3,075,075	3,260,567	3,198,921	61,646
Security of Persons and Property:				
Police				
Personal Services	5,199,800	5,416,649	5,377,070	39,579
Contractual services	224,412	274,412	243,027	31,385
Materials and Supplies	196,025	211,025	192,153	18,872
Total Security of Persons and Property	5,620,237	5,902,086	5,812,250	89,836
Public Health:				
County Health District				
Contractual services	119,087	119,087	119,086	1
Total Public Health	119,087	119,087	119,086	1
Leisure Time Activities:				
Recreation				
Personal Services	1,555,347	1,615,225	1,615,028	197
Contractual services	210,789	210,789	205,528	5,261
Materials and Supplies	415,794	415,794	372,245	43,549
Capital Outlay	53,000	53,000	43,376	9,624
Total Leisure Time Activities	2,234,930	2,294,808	2,236,177	58,631
Community Environment				
Service/Engineer				
Personal Services	521,442	525,598	524,700	898
Contractual services	11,895	11,895	9,020	2,875
Materials and Supplies	15,247	15,247	15,070	177
Total Service/Engineer	\$548,584	\$552,740	\$548,790	\$3,950

(continued)

City of Hilliard, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2003
(continued)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Building Inspection				
Personal Services	\$321,702	\$326,246	\$323,724	\$2,522
Materials and Supplies	40,370	40,370	37,179	3,191
Total Building Inspection	362,072	366,616	360,903	5,713
Total Community Environmen	910,656	919,356	909,693	9,663
Basic Utility Services:				
General Refuse				
Personal Services	123,519	133,606	133,606	0
Contractual Services	635,000	635,000	617,352	17,648
Materials and Supplies	19,400	19,400	10,773	8,627
Total Basic Utility Services	777,919	788,006	761,731	26,275
<i>Total Expenditures</i>	12,737,904	13,283,910	13,037,858	246,052
<i>Excess of Revenues Over (Under) Expenditures</i>	162,923	(234,353)	(265,541)	(31,188)
Other Financing Uses				
Transfers - Out	(11,714)	(11,714)	(11,714)	0
<i>Net Change in Fund Balance</i>	151,209	(246,067)	(277,255)	(31,188)
<i>Fund Balance Beginning of Year</i>	2,813,873	2,813,873	2,813,873	0
Prior Year Encumbrances Appropriated	143,753	143,753	143,753	0
<i>Fund Balance End of Year</i>	\$3,108,835	\$2,711,559	\$2,680,371	(\$31,188)

City of Hilliard, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Street Maintenance and Repair Special Revenue Fund
 For the Year Ended December 31, 2003*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$760,000	\$760,000	\$983,320	\$223,320
Expenditures				
Current:				
Transportation				
Personal Services	676,893	913,399	859,647	53,752
Contractual Services	25,000	25,000	24,726	274
Materials and Supplies	201,687	201,687	180,228	21,459
<i>Total Expenditures</i>	<u>903,580</u>	<u>1,140,086</u>	<u>1,064,601</u>	<u>75,485</u>
<i>Net Change in Fund Balance</i>	(143,580)	(380,086)	(81,281)	298,805
<i>Fund Balance Beginning of Year</i>	147,542	147,542	147,542	0
Prior Year Encumbrances Appropriated	<u>21,687</u>	<u>21,687</u>	<u>21,687</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>\$25,649</u>	<u>(\$210,857)</u>	<u>\$87,948</u>	<u>\$298,805</u>

City of Hilliard, Ohio
*Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Improvement Municipal Tax Special Revenue Fund
For the Year Ended December 31, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Municipal Income Taxes	\$1,593,750	\$1,593,750	\$1,579,817	(\$13,933)
Charges for Services	0	0	400	400
<i>Total Revenues</i>	<u>1,593,750</u>	<u>1,593,750</u>	<u>1,580,217</u>	<u>(13,533)</u>
Expenditures				
Current:				
Transportation				
Personal Services	20,000	20,000	3,293	16,707
Contractual Services	420,000	420,000	367,885	52,115
Capital Outlay	1,346,841	1,346,841	1,118,158	228,683
Other	60,469	60,469	59,992	477
<i>Total Expenditures</i>	<u>1,847,310</u>	<u>1,847,310</u>	<u>1,549,328</u>	<u>297,982</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(253,560)</u>	<u>(253,560)</u>	30,889	284,449
Other Financing Uses				
Transfers - Out	(527,105)	(527,105)	(527,105)	0
<i>Net Change in Fund Balance</i>	<u>(780,665)</u>	<u>(780,665)</u>	<u>(496,216)</u>	<u>284,449</u>
<i>Fund Balance at Beginning of Year</i>	1,260,445	1,260,445	1,260,445	0
Prior Year Encumbrances Appropriated	455,841	455,841	455,841	0
<i>Fund Balance at End of Year</i>	<u>\$935,621</u>	<u>\$935,621</u>	<u>\$1,220,070</u>	<u>\$284,449</u>

City of Hilliard, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Water Revenue Special Revenue Fund
For the Year Ended December 31, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$1,117,000	\$1,117,000	\$1,150,756	\$33,756
Expenditures				
Current:				
Basic Utility Services				
Personal Services	369,293	373,765	359,721	14,044
Contractual Services	189,950	189,950	140,771	49,179
Materials and Supplies	10,000	10,000	8,341	1,659
Other	15,000	15,000	8,113	6,887
<i>Total Expenditures</i>	584,243	588,715	516,946	71,769
<i>Excess of Revenues Over Expenditures</i>	532,757	528,285	633,810	105,525
Other Financing Uses				
Transfers - Out	(464,938)	(464,938)	(464,938)	0
<i>Net Change in Fund Balance</i>	67,819	63,347	168,872	105,525
<i>Fund Balance at Beginning of Year</i>	1,602,308	1,602,308	1,602,308	0
Prior Year Encumbrances Appropriated	3,000	3,000	3,000	0
<i>Fund Balance at End of Year</i>	\$1,673,127	\$1,668,655	\$1,774,180	\$105,525

City of Hilliard, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Sewer Capacity and Benefit Special Revenue Fund
For the Year Ended December 31, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$492,586	\$492,586	\$403,356	(\$89,230)
Other	0	0	34,207	34,207
<i>Total Revenues</i>	492,586	492,586	437,563	(55,023)
Expenditures				
Current:				
Basic Utility Services				
Personal Services	274,447	276,329	271,042	5,287
Contractual Services	15,000	15,000	14,980	20
Materials and Supplies	25,000	25,000	23,281	1,719
Capital Outlay	85,000	1,290,534	1,219,428	71,106
<i>Total Expenditures</i>	399,447	1,606,863	1,528,731	78,132
<i>Excess of Revenues Over (Under) Expenditures</i>	93,139	(1,114,277)	(1,091,168)	23,109
Other Financing Sources				
Transfers - In	0	0	554,690	554,690
<i>Net Change in Fund Balance</i>	93,139	(1,114,277)	(536,478)	577,799
<i>Fund Balance at Beginning of Year</i>	803,798	803,798	803,798	0
<i>Fund Balance (Deficit) at End of Year</i>	\$896,937	(\$310,479)	\$267,320	\$577,799

City of Hilliard, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Obligation Bond Retirement Debt Service Fund
For the Year Ended December 31, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Debt Service:				
Principal Retirement	1,310,000	9,125,701	9,110,000	15,701
Interest and Fiscal Charges	743,780	743,780	861,995	(118,215)
Bond Issuance Costs	85,690	85,690	85,690	0
<i>Total Expenditures</i>	<u>2,139,470</u>	<u>9,955,171</u>	<u>10,057,685</u>	<u>(102,514)</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(2,139,470)</u>	<u>(9,955,171)</u>	<u>(10,057,685)</u>	<u>(102,514)</u>
Other Financing Sources				
Bonds Issued	(35,702)	5,280,000	5,280,000	0
Notes Issued	0	2,500,000	2,500,000	0
Premium on Debt Issued	121,392	121,392	121,392	0
Transfers In	2,051,842	2,051,842	2,174,336	122,494
<i>Total Other Financing Sources</i>	<u>2,137,532</u>	<u>9,953,234</u>	<u>10,075,728</u>	<u>122,494</u>
<i>Net Change in Fund Balance</i>	(1,938)	(1,937)	18,043	19,980
<i>Fund Balance at Beginning of Year</i>	<u>19,828</u>	<u>19,828</u>	<u>19,828</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$17,890</u></u>	<u><u>\$17,891</u></u>	<u><u>\$37,871</u></u>	<u><u>\$19,980</u></u>

City of Hilliard, Ohio
*Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Capital Improvement Municipal Tax Capital Projects Fund
For the Year Ended December 31, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Municipal Income Taxes	\$3,187,500	\$3,187,500	\$3,150,135	(\$37,365)
Expenditures				
Current:				
General Government:				
Capital Outlay	248,095	335,480	323,360	12,120
Security of Persons and Property				
Capital Outlay	144,716	144,716	140,057	4,659
Leisure Time Activities				
Personal Services	10,970	0	0	0
Materials and Supplies	150,000	160,970	160,372	598
Capital Outlay	212,150	260,753	293,957	(33,204)
Other	10,000	10,000	9,964	36
Total Leisure Time Activities	383,120	431,723	464,293	(32,570)
Community Environment				
Capital Outlay	30,000	30,000	25,457	4,543
Other	120,939	120,939	120,748	191
Total Community Environment	150,939	150,939	146,205	4,734
Basic Utility Services				
Capital Outlay	280,171	320,973	298,294	22,679
Materials and Supplies	315,000	378,230	273,985	104,245
Total Basic Utility Services	595,171	699,203	572,279	126,924
Transportation				
Contractual Services	326,959	1,000,012	804,688	195,324
Capital Outlay	120,750	121,345	53,330	68,015
Total Transportation	447,709	1,121,357	858,018	263,339
<i>Total Expenditures</i>	1,969,750	2,883,418	2,504,212	379,206
<i>Excess of Revenues Over Expenditures</i>	1,217,750	304,082	645,923	341,841
Other Financing Sources (Uses)				
Transfers - In	0	0	100,000	100,000
Transfers - Out	(1,169,849)	(1,169,849)	(1,822,927)	(653,078)
<i>Total Other Financing Sources (Uses)</i>	(1,169,849)	(1,169,849)	(1,722,927)	(553,078)
<i>Net Change in Fund Balance</i>	47,901	(865,767)	(1,077,004)	(211,237)
<i>Fund Balance Beginning of Year</i>	409,749	409,749	409,749	0
<i>Prior Year Encumbrances Appropriated</i>	677,779	677,779	677,779	0
<i>Fund Balance End of Year</i>	\$1,135,429	\$221,761	\$10,524	(\$211,237)

City of Hilliard, Ohio
*Schedule of Revenues, Expenses and Changes
 In Fund Equity - Budget (Non-GAAP Basis) and Actual
 Insurance Trust Internal Service Fund
 For the Year Ended December 31, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$1,300,000	\$1,300,000	\$1,703,675	\$403,675
Expenses				
Current:				
Contractual Services	28,785	28,785	37,646	(8,861)
Claims	1,115,342	1,115,342	1,458,672	(343,330)
Other	155,873	155,873	203,855	(47,982)
<i>Total Expenses</i>	1,300,000	1,300,000	1,700,173	(400,173)
<i>Net Change in Fund Equity</i>	0	0	3,502	3,502
<i>Fund Equity at Beginning of Year</i>	3,893	3,893	3,893	0
<i>Fund Equity at End of Year</i>	\$3,893	\$3,893	\$7,395	\$3,502

City of Hilliard, Ohio
*Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
County Municipal Motor Vehicle Tax Special Revenue Fund
For the Year Ended December 31, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Local Taxes	\$203,977	\$205,000	\$197,074	(\$7,926)
Intergovernmental	141,023	141,730	141,730	0
<i>Total Revenues</i>	<u>345,000</u>	<u>346,730</u>	<u>338,804</u>	<u>(7,926)</u>
Expenditures				
Current:				
Transportation				
Personal Services	50,000	50,000	38,630	11,370
Contractual Services	234,566	234,566	224,566	10,000
Materials and Supplies	30,000	30,000	19,811	10,189
<i>Total Expenditures</i>	<u>314,566</u>	<u>314,566</u>	<u>283,007</u>	<u>31,559</u>
<i>Net Change in Fund Balance</i>	30,434	32,164	55,797	23,633
<i>Fund Balance at Beginning of Year</i>	291,118	291,118	291,118	0
Prior Year Encumbrances Appropriated	69,566	69,566	69,566	0
<i>Fund Balance at End of Year</i>	<u><u>\$391,118</u></u>	<u><u>\$392,848</u></u>	<u><u>\$416,481</u></u>	<u><u>\$23,633</u></u>

City of Hilliard, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
CDBG Special Revenue Fund
For the Year Ended December 31, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$227,414	\$227,414	\$206,111	(\$21,303)
Expenditures				
Current:				
Community Environment				0
Capital Outlay	0	227,414	227,414	0
<i>Net Change in Fund Balance</i>	227,414	0	(21,303)	(21,303)
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance (Deficit) End of Year</i>	<u>\$227,414</u>	<u>\$0</u>	<u>(\$21,303)</u>	<u>(\$21,303)</u>

City of Hilliard, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
TIF Special Revenue Fund
For the Year Ended December 31, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Payment in Lieu of Taxes	\$75,502	\$75,502	\$75,502	\$0
Expenditures				
Current:				
Transportation				0
Materials and Supplies	75,502	75,502	0	75,502
<i>Net Change in Fund Balance</i>	0	0	75,502	75,502
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$75,502</u>	<u>\$75,502</u>

City of Hilliard, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Park Maintenance Special Revenue Fund
For the Year Ended December 31, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$38,000	\$38,000	\$36,820	(\$1,180)
Licenses and Permits	65,000	65,000	89,100	24,100
<i>Total Revenues</i>	<u>103,000</u>	<u>103,000</u>	<u>125,920</u>	<u>22,920</u>
Expenditures				
Current:				
Leisure Time Activities				
Materials and Supplies	40,000	40,000	35,665	4,335
Capital Outlay	142,500	142,500	115,755	26,745
<i>Total Expenditures</i>	<u>182,500</u>	<u>182,500</u>	<u>151,420</u>	<u>31,080</u>
<i>Net Change in Fund Balance</i>	(79,500)	(79,500)	(25,500)	54,000
<i>Fund Balance at Beginning of Year</i>	<u>131,790</u>	<u>131,790</u>	<u>131,790</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$52,290</u>	<u>\$52,290</u>	<u>\$106,290</u>	<u>\$54,000</u>

City of Hilliard, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Special Revenue Fund
For the Year Ended December 31, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$11,000	\$11,000	\$2,923	(\$8,077)
Contributions and Donations	46,700	46,700	45,147	(1,553)
Interest	500	500	175	(325)
<i>Total Revenues</i>	<u>58,200</u>	<u>58,200</u>	<u>48,245</u>	<u>(9,955)</u>
Expenditures				
Current:				
Security of Persons and Property				
Contractual Services	18,811	18,811	16,878	1,933
Materials and Supplies	26,189	26,189	23,497	2,692
Other	11,000	11,000	0	11,000
<i>Total Expenditures</i>	<u>56,000</u>	<u>56,000</u>	<u>40,375</u>	<u>15,625</u>
<i>Net Change in Fund Balance</i>	2,200	2,200	7,870	5,670
<i>Fund Balance at Beginning of Year</i>	<u>30,886</u>	<u>30,886</u>	<u>30,886</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$33,086</u></u>	<u><u>\$33,086</u></u>	<u><u>\$38,756</u></u>	<u><u>\$5,670</u></u>

City of Hilliard, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Mayor's Court Computer Special Revenue Fund
 For the Year Ended December 31, 2003*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and Forfeitures	\$18,400	\$18,400	\$16,994	(\$1,406)
Expenditures				
Current:				
General Government				
Contractual Services	37,000	37,000	36,387	613
Materials and Supplies	4,000	4,000	4,000	0
<i>Total Expenditures</i>	41,000	41,000	40,387	613
<i>Net Change in Fund Balance</i>	(22,600)	(22,600)	(23,393)	(793)
<i>Fund Balance at Beginning of Year</i>	23,543	23,543	23,543	0
Prior Year Encumbrances Appropriated	7,000	7,000	7,000	0
<i>Fund Balance at End of Year</i>	<u>\$7,943</u>	<u>\$7,943</u>	<u>\$7,150</u>	<u>(\$793)</u>

City of Hilliard, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Sewer Revenue Special Revenue Fund
For the Year Ended December 31, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$390,000	\$390,000	\$466,198	\$76,198
Expenditures				
Current:				
General Government				
Personal Services	267,800	274,237	272,943	1,294
Contractual Services	37,000	37,000	35,891	1,109
Materials and Supplies	36,340	36,340	32,114	4,226
<i>Total Expenditures</i>	341,140	347,577	340,948	6,629
<i>Net Change in Fund Balance</i>	48,860	42,423	125,250	82,827
<i>Fund Balance at Beginning of Year</i>	52,693	52,693	52,693	0
Prior Year Encumbrances Appropriated	3,940	3,940	3,940	0
<i>Fund Balance at End of Year</i>	\$105,493	\$99,056	\$181,883	\$82,827

City of Hilliard, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Construction Inspection Special Revenue Fund
 For the Year Ended December 31, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$325,000	\$325,000	\$224,390	(\$100,610)
Other	0	0	3,500	3,500
<i>Total Revenues</i>	325,000	325,000	227,890	(97,110)
Expenditures				
Current:				
Community Environment				
Personal Services	247,779	248,483	230,302	18,181
Materials and Supplies	91,405	91,405	130,414	(39,009)
<i>Total Expenditures</i>	339,184	339,888	360,716	(20,828)
<i>Net Change in Fund Balance</i>	(14,184)	(14,888)	(132,826)	(117,938)
<i>Fund Balance at Beginning of Year</i>	354,393	354,393	354,393	0
Prior Year Encumbrances Appropriated	1,405	1,405	1,405	0
<i>Fund Balance at End of Year</i>	\$341,614	\$340,910	\$222,972	(\$117,938)

City of Hilliard, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Special Assessment Bond Retirement Debt Service Fund
For the Year Ended December 31, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Special Assessments	\$73,635	\$77,915	\$73,635	(\$4,280)
Interest	46,365	42,085	42,085	0
<i>Total Revenues</i>	<u>120,000</u>	<u>120,000</u>	<u>115,720</u>	<u>(4,280)</u>
Expenditures				
Current:				
General Government	1,000	1,000	1,000	0
Debt Service:				
Principal Retirement	75,000	75,000	75,000	0
Interest and Fiscal Charges	41,986	41,986	41,986	0
<i>Total Expenditures</i>	<u>117,986</u>	<u>117,986</u>	<u>117,986</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	2,014	2,014	(2,266)	(4,280)
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>(1,938)</u>	<u>(1,938)</u>	<u>(1,938)</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$76</u>	<u>\$76</u>	<u>(\$4,204)</u>	<u>(\$4,280)</u>

City of Hilliard, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Britton Road Improvement Capital Projects Fund
 For the Year Ended December 31, 2003*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$120,000	\$185,000	\$54,758	(\$130,242)
Other	0	0	9,000	9,000
<i>Total Revenues</i>	120,000	185,000	63,758	(121,242)
Expenditures				
Current:				
Transportation				
Capital Outlay	2,204,389	2,204,389	1,837,289	367,100
<i>Net Change in Fund Balance</i>	(2,084,389)	(2,019,389)	(1,773,531)	245,858
<i>Fund Balance at Beginning of Year</i>	435,588	435,588	435,588	0
Prior Year Encumbrances Appropriated	1,654,389	1,654,389	1,654,389	0
<i>Fund Balance at End of Year</i>	<u>\$5,588</u>	<u>\$70,588</u>	<u>\$316,446</u>	<u>\$245,858</u>

City of Hilliard, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Water Tower Capital Projects Fund
 For the Year Ended December 31, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures	0	0	0	0
Other Financing Uses				
Transfers - Out	\$0	\$0	(\$2,342)	(\$2,342)
<i>Net Change in Fund Balance</i>	0	0	(2,342)	(2,342)
<i>Fund Balance at Beginning of Year</i>	2,342	2,342	2,342	0
<i>Fund Balance at End of Year</i>	<u>\$2,342</u>	<u>\$2,342</u>	<u>\$0</u>	<u>(\$2,342)</u>

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STATISTICAL TABLES

The following unaudited statistical tables reflect social and economic data, financial trends and fiscal capacity of the City.

City of Hilliard, Ohio
General Governmental Expenditures By Function (1) (2)
Last Ten Years

Year	General Government	Security of Persons and Property	Public Health and Welfare	Transportation	Leisure Time Activities
1994	\$1,440,121	\$2,959,027	\$48,599	\$2,189,727	\$1,196,784
1995	1,841,205	3,217,552	51,850	1,790,372	1,289,407
1996	3,093,689	3,489,649	55,924	1,724,518	1,447,065
1997	2,680,336	3,955,924	61,979	1,284,805	1,706,528
1998	2,540,230	4,354,550	64,784	1,975,372	1,988,345
1999	4,396,185	4,709,597	77,937	1,614,934	2,304,495
2000	4,665,711	5,213,032	86,423	2,225,509	2,468,887
2001	4,188,601	4,929,570	102,506	2,517,213	2,457,256
2002	3,383,152	5,129,133	116,275	2,366,050	2,404,361
2003	3,231,019	5,891,170	119,086	2,243,374	2,395,167

(1) Includes General Fund, Special Revenue Funds and Debt Service Funds

(2) The City will present a statistical table for expenses for Governmental Activities when there is adequate data for comparison.

Community Environment	Basic Utility Services	Capital Outlay	Debt Service	Total
\$517,153	\$1,093,653	\$0	\$1,131,742	\$10,576,806
617,201	1,282,733	0	1,187,724	11,278,044
699,920	1,209,784	0	1,461,772	13,182,321
617,115	1,198,919	0	1,384,440	12,890,046
861,126	1,378,198	0	1,364,496	14,527,101
1,052,595	1,422,919	0	1,434,159	17,012,821
1,293,415	1,385,469	0	1,487,235	18,825,681
1,310,297	1,611,830	0	1,465,592	18,582,865
1,378,857	1,645,707	0	1,361,843	17,785,378
1,476,893	2,989,582	197,029	10,174,671	28,717,991

City of Hilliard, Ohio
General Governmental Revenues By Source (1)
Last Ten Years

<u>Year</u>	<u>Taxes (2)</u>	<u>Inter-Governmental Revenue</u>	<u>Charges for Services</u>	<u>License and Permits</u>	<u>Investment Earnings</u>
1994	\$6,007,460	\$1,660,355	\$1,751,644	\$375,603	\$160,564
1995	7,364,844	1,728,826	1,436,738	478,486	426,417
1996	8,079,880	1,840,503	1,739,484	491,935	418,249
1997	8,652,085	2,025,852	1,321,832	346,811	467,456
1998	10,399,120	2,199,226	1,777,254	387,125	389,020
1999	10,536,133	2,510,280	1,661,365	351,828	545,081
2000	12,207,528	1,664,608	2,130,192	312,497	827,150
2001	11,853,434	2,371,628	2,923,646	532,984	517,618
2002	10,996,339	2,479,572	3,403,048	408,948	138,885
2003	11,025,626	3,188,897	3,058,344	546,158	166,204

(1) Includes General Fund, Special Revenue Funds and Debt Service Funds

(2) Includes Property and Other Local Taxes and Municipal Income taxes Revenues

(3) The City will present a statistical table for revenues for Governmental Activities when there is adequate data for comparison.

<u>Special Assessments</u>	<u>Fines and Forfeitures</u>	<u>All Other</u>	<u>Total</u>
\$183,010	\$128,386	\$70,880	\$10,337,902
210,307	145,140	101,334	11,892,092
198,456	192,374	194,166	13,155,047
193,399	217,496	146,121	13,371,052
171,474	227,632	124,254	15,675,105
167,103	228,963	46,848	16,047,601
158,117	232,035	101,139	17,633,266
124,586	188,598	516,491	19,028,985
167,246	239,362	238,343	18,071,743
83,025	251,034	372,079	18,691,367

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

<u>Collection Year</u>	<u>Total Tax Levy (1) (2)</u>	<u>Current Tax Collections (1)</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>
1994	\$444,881	\$423,860	\$10,311	\$434,171
1995	488,215	468,380	12,328	480,708
1996	553,325	530,722	7,502	538,224
1997	636,876	606,399	15,227	621,626
1998	764,962	749,963	27,096	777,059
1999	818,899	809,787	19,134	828,921
2000	951,953	927,709	19,405	947,114
2001	983,178	962,455	27,112	989,567
2002	1,008,998	951,977	59,665	1,011,642
2003	1,131,059	1,159,650	29,381	1,189,031

Source: Franklin County Auditor

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

Percent of Total Tax Collections to Tax Levy	Accumulated Outstanding Delinquent Taxes (2)	Percentage of Accumulated Delinquent Taxes to Total Tax Levy
97.59%	\$13,707	3.08%
98.46%	11,067	2.27%
97.27%	21,906	3.96%
97.61%	28,521	4.48%
101.58%	38,650	5.05%
101.22%	31,188	3.81%
99.49%	69,987	7.35%
100.65%	157,152	15.98%
100.26%	106,768	10.58%
105.13%	118,796	10.50%

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

Collection Year	Total Tax Levy	Current Tax Collections	Delinquent Tax Collections	Total Tax Collections
1994	\$65,777	\$61,494	\$2,436	\$63,930
1995	71,529	70,557	2,873	73,430
1996	90,566	85,434	2,172	87,606
1997	94,938	90,394	2,270	92,664
1998	97,445	93,657	17,020	110,677
1999	112,367	109,825	5,590	115,415
2000	122,363	118,312	582	118,894
2001	109,899	80,981	10,608	91,589
2002	117,152	78,632	35,795	114,427
2003	95,898	66,857	4,779	71,636

Source: Franklin County Auditor

(1) Amounts listed include penalties and interest

Percent of Total Tax Collections to Tax Levy	Accumulated Outstanding Delinquent Taxes (1)	Percentage of Accumulated Delinquent Taxes to Total Tax Levy
97.19%	\$4,489	6.82%
102.66%	3,684	5.15%
96.73%	6,143	6.78%
97.60%	4,252	4.48%
113.58%	7,078	7.26%
102.71%	6,828	6.08%
97.16%	40,703	33.26%
83.34%	125,617	114.30%
97.67%	78,292	66.83%
74.70%	82,798	86.34%

City of Hilliard, Ohio
*Assessed Valuations and Estimated True Values
Of Taxable Property
Last Ten Years*

Tax Collection Year	Real Property		Public Utility Personal		Tangible Personal Property	
	Assessed	Actual	Assessed	Actual	Assessed	Actual
1994	\$262,037,980	\$748,679,943	\$16,574,950	\$47,357,000	\$55,128,585	\$220,514,340
1995	322,605,580	921,730,229	16,607,520	47,450,057	41,899,796	167,599,184
1996	375,958,820	1,074,168,057	19,257,710	55,022,029	54,300,913	217,203,652
1997	396,902,200	1,134,006,286	20,296,580	57,990,229	62,190,825	248,763,300
1998	421,012,750	1,202,893,571	20,399,890	58,285,400	60,902,842	243,611,368
1999	490,788,860	1,402,253,886	20,593,850	58,839,571	70,229,428	280,917,712
2000	520,706,420	1,487,732,629	19,792,520	56,550,057	76,476,995	305,907,980
2001	542,010,270	1,548,600,711	15,138,450	43,252,714	68,687,135	274,748,540
2002	625,119,360	1,786,055,314	19,971,850	57,062,429	73,219,911	292,879,644
2003	655,409,990	1,872,599,971	17,714,230	50,612,086	57,686,187	230,744,748

Source: Franklin County Auditor

Total		Assessed Value as a Percent of Actual Value
Assessed	Actual	
\$333,741,515	\$1,016,551,283	32.83%
381,112,896	1,136,779,470	33.53%
449,517,443	1,346,393,738	33.39%
479,389,605	1,440,759,815	33.27%
502,315,482	1,504,790,339	33.38%
581,612,138	1,742,011,169	33.39%
616,975,935	1,850,190,666	33.35%
625,835,855	1,866,601,965	33.53%
718,311,121	2,135,997,387	33.63%
730,810,407	2,153,956,805	33.93%

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

Collection Year	City of Hilliard General Fund	Hilliard City School District	Franklin County	Metropolitan Library
1994	\$1.60	\$50.37	\$14.57	\$2.20
1995	1.60	52.15	14.57	2.20
1996	1.60	60.65	14.82	2.20
1997	1.60	60.28	15.12	2.20
1998	1.60	59.71	17.54	2.20
1999	1.60	59.71	17.64	2.20
2000	1.60	65.61	17.64	2.20
2001	1.60	65.61	17.64	2.20
2002	1.60	64.44	17.64	2.20
2003	1.60	64.44	17.64	2.20

Source: Franklin County Auditor

Norwich Township	Vocational School	Total
\$11.50	\$1.60	\$81.84
11.50	1.60	83.62
11.50	1.60	92.37
11.50	1.60	92.30
17.50	1.60	100.15
17.50	1.60	100.25
17.50	1.10	105.65
17.50	1.10	105.65
17.50	0.50	103.88
17.50	0.50	103.88

City of Hilliard, Ohio
Municipal Income Tax Revenues
Last Ten Years

<u>Year</u>	<u>Amount (1)</u>	<u>Percentage Increase/(Decrease)</u>
1994	\$7,537,820	23.6%
1995	8,843,496	17.3%
1996	9,498,106	7.4%
1997	10,209,272	7.5%
1998	12,313,215	20.6%
1999	12,394,148	0.6%
2000	13,262,472	7.0%
2001	13,533,051	2.0%
2002	13,129,553	(3.1%)
2003	13,036,360	(0.7%)

Source: City Income Tax Department

(1) Cash Basis - This amount is reported gross and does not take into account tax refunds

City of Hilliard, Ohio
Special Assessment Billings and Collections
Last Ten Years

<u>Collection Year</u>	<u>Amount Billed</u>	<u>Amount Collected (1)</u>	<u>Percent Collection</u>
1994	\$194,129	\$183,010	94.27%
1995	203,294	209,564	103.08%
1996	183,670	198,456	108.05%
1997	171,145	193,398	113.00%
1998	166,950	96,648	57.89%
1999	167,290	167,249	99.98%
2000	163,722	158,117	96.58%
2001	124,788	124,586	99.84%
2002	115,844	115,092	99.35%
2003	116,521	115,720	99.31%

Source: Franklin County Auditor

(1) Cash Basis - includes interest

City of Hilliard, Ohio
Computation of Legal Debt Margin
December 31, 2003

	<u>Total Debt</u>	<u>Unvoted Debt</u>
Net Assessed Valuation	\$730,810,407	\$730,810,407
Legal Debt Limitation (%) (1)	10.50%	5.50%
Legal Debt Limitation (\$) (1)	76,735,093	40,194,572
Applicable City Debt Outstanding (2)	15,385,000	15,385,000
Less: Applicable Debt Service Fund Amounts	<u>37,871</u>	<u>37,871</u>
Net Indebtedness Subject to Limitation	<u>15,347,129</u>	<u>15,347,129</u>
Legal Debt Margin	<u><u>\$61,387,964</u></u>	<u><u>\$24,847,443</u></u>

Source: City Finance Department

(1) Direct Debt Limitation Based Upon Chapter 133, The Uniform Bond Act of the Ohio Revised Code

(2) City Debt Outstanding Includes Non Self-Supporting General Obligation Notes and Bonds Only

City of Hilliard, Ohio
*Ratio of Net General Obligation Bonded Debt to Assessed
Value and Net General Obligation Bonded Debt per Capita
Last Ten Years*

Collection Year	Population(1)	Assessed Value (2)	Net Bonded Debt (3)	Ratio of Net Bonded Debt to Assessed Valuation	Net Bonded Debt Per Capita
1994	17,000	\$333,741	\$6,585,640	1.97%	\$387.39
1995	17,903	381,113	9,616,763	2.52%	537.16
1996	18,774	449,517	9,011,628	2.00%	480.01
1997	19,281	479,389	8,345,691	1.74%	432.85
1998	21,065	502,315	7,672,667	1.53%	364.24
1999	22,506	581,612	8,446,913	1.45%	375.32
2000	24,230	616,976	7,357,966	1.19%	303.67
2001	25,555	625,836	6,729,856	1.08%	263.35
2002	25,996	718,311	10,995,172	1.53%	422.96
2003	26,974	730,810	15,347,129	2.10%	568.96

(1) Source: "Population Estimates and Projections," published by the U.S. Department of Commerce, Bureau of Census

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

(3) Includes all general obligation bonded debt supported by property taxes less balance available in General Obligation Bond Retirement Fund

City of Hilliard, Ohio
Ratio of Annual Debt Service Expenditures
For General Obligated Bonded Debt to Total General Governmental Expenditures (1)
Last Ten Years

Year	Debt Principal	Debt Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Tax Debt Service to General Governmental Expenditures
1994	\$435,000	\$486,224	\$921,224	\$10,576,806	8.71%
1995	475,000	444,276	919,276	11,278,044	8.15%
1996	605,000	663,679	1,268,679	13,182,321	9.62%
1997	640,000	551,557	1,191,557	12,890,046	9.24%
1998	665,000	517,233	1,182,233	14,527,101	8.14%
1999	740,000	505,909	1,245,909	17,012,821	7.32%
2000	820,000	473,165	1,293,165	18,825,681	6.87%
2001	865,000	428,127	1,293,127	18,582,865	6.96%
2002	730,000	503,603	1,233,603	17,785,378	6.94%
2003	910,000	722,665	1,632,665	28,717,991	5.69%

(1) Includes General Fund, Special Revenue Funds and Debt Service Funds

City of Hilliard, Ohio
Computation of All Direct and Overlapping Governmental Debt
 December 31, 2003

<u>Jurisdiction</u>	<u>Net Debt Outstanding (1)</u>	<u>Percentage Applicable to the City Hilliard (2)</u>	<u>Amount Applicable to the City of Hilliard</u>
Direct			
City of Hilliard (1)	\$15,347,129	100.00%	\$15,347,129
Overlapping Subdivisions			
Hilliard City School District	126,935,500	35.58%	45,163,651
Dublin City School District	160,427,586	3.00%	4,812,828
Franklin County	86,435,000	2.95%	2,549,833
Washington Township	3,285,000	0.05%	1,643
			<u>52,527,955</u>
			<u><u>\$67,875,084</u></u>

Source: Franklin County Auditor and Fiscal Officers of Subdivision

(1) Net debt outstanding equals the amount of general obligation notes and bonds outstanding less the amount available in the debt service fund.

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

City of Hilliard, Ohio
Demographic Statistics
Last Ten Years

Year	Population (1)	Per Capita Income (2)	Unemployment Rate Franklin County Area (2)	School Enrollment (3)
1994	17,000	\$20,000	3.9%	8,703
1995	17,903	21,100	2.8%	10,030
1996	18,774	21,733	3.2%	10,668
1997	19,281	22,385	2.7%	11,224
1998	21,065	23,057	2.5%	12,003
1999	22,506	23,749	2.5%	12,492
2000	24,230	24,343	2.4%	12,873
2001	25,555	28,496	2.8%	13,252
2002	25,996	28,923	4.4%	13,674
2003	26,974	29,357	4.9%	14,220

(1) Source: "Population Estimates and Projections", published by the U.S. Department of Commerce, Bureau of Census

(2) State Department of Labor

(3) Hilliard City School District, Board of Education

City of Hilliard, Ohio
Property Value and Construction Permits
Last Ten Years

Tax Collection Year	Total Real Property Assessed Value	Residential		Commercial	
		Number of Permits	Construction Value	Number of Permits	Construction Value
1994	\$262,037,980	526	\$82,690,980	64	\$57,255,297
1995	322,605,580	462	63,325,739	67	38,012,919
1996	375,958,820	424	67,308,664	69	6,973,738
1997	396,902,200	232	42,707,408	65	18,760,862
1998	421,012,750	220	48,904,375	15	8,562,908
1999	490,788,860	219	52,180,707	10	4,945,000
2000	520,706,420	181	40,821,072	16	21,201,832
2001	542,010,270	239	59,999,460	20	21,901,278
2002	625,119,360	324	373,214,763	6	6,067,074
2003	655,409,990	275	120,913,769	173	29,502,480

Source: City of Hilliard Building Department

City of Hilliard, Ohio
Principal Taxpayers (Personal Property Tax)
December 31, 2003

<u>Taxpayer</u>	<u>Type of Business</u>
1 Unet Technologies, Inc.	Computer Information Services
2 Rich Products Manufacturing Corp	Manufacturing
3 Armstrong World Industries	Manufacturing
4 Baesman Printing Corporation	Publishing
5 E I Dupont De Nemours & Co.	Actuarial Services
6 Highlights for Children, Inc.	Publishing
7 S & G Manufacturing Group, LLC	Manufacturing
8 Buckeye Nissan, Inc.	Automobile Dealer
9 Dana Corporation	Manufacturing
10 Time Warner Entertainment Company LP	Cable Services

Based on valuation of property taxes levied in 2003.
Source: Franklin County Auditor - Land and Buildings

	2003 Assessed Valuations (Tax Duplicate)	Percentage of Total Assessed Valuation
	\$17,224,140	29.86%
	3,268,630	5.67%
	2,345,950	4.07%
	1,472,940	2.55%
	1,315,170	2.28%
	1,167,120	2.02%
	1,139,500	1.98%
	1,032,060	1.79%
	930,120	1.61%
	910,310	1.58%
Sub-Total	<u>30,805,940</u>	<u>53.40%</u>
All Others	26,880,247	46.60%
Total	<u><u>\$57,686,187</u></u>	<u><u>100.00%</u></u>

City of Hilliard, Ohio
Principal Taxpayers (Real Property Tax)
 December 31, 2003

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2003 Assessed Valuations (Tax Duplicate)</u>	<u>Percentage of Total Assessed Valuation</u>
1 United Dominion Realty LP	Real Estate Holding Company	\$6,930,010	1.06%
2 One Mill L.L.C	Commercial Real Estate	5,635,010	0.86%
3 First Industrial, LP	Commercial Real Estate	4,647,310	0.71%
4 Real Estate Finance Trust 1995-k-4	Commercial Real Estate	3,220,010	0.49%
5 Garden Ridge Hilliard	Retail	2,998,660	0.46%
6 Crystal Lakes Apartments	Rental Real Estate	2,844,390	0.43%
7 Dominion Homes, Inc.	Real Estate Holding Company	2,774,790	0.42%
8 Nationwide Health Insurance	Insurance	2,310,000	0.35%
9 Armstrong World Industries, Inc.	Manufacturing	2,179,110	0.33%
10 Red Roof Inns, Inc	Hospitality - Corporate Headquarter	2,142,040	0.33%
	Sub-Total	35,681,330	5.44%
	All Others	619,728,660	94.56%
	Total	<u>\$655,409,990</u>	<u>100.00%</u>

Based on valuation of property taxes levied in 2003
 Source: Franklin County Auditor - Land and Buildings

City of Hilliard, Ohio
Principal Employers Based on Employee Income Tax Withholdings
December 31, 2003

Taxpayer	Type of Business
1 Hilliard City Schools	Education
2 MCI Telecommunications	Computer Information Services
3 Gates McDonald & Company	Actuarial Services
4 Arctic Express, Inc.	Trucking
5 City of Hilliard	Local Government
6 Novus/Discover Card Services, Inc	Credit Processing Services
7 Micro Electronics, Inc.	Manufacturing
8 Honda of America MFG. Inc	Manufacturing - Automotive Industry
9 Gates McDonald Health Plus, Inc.	Insurance / Actuarial Services
10 Rich Products Mfg. Corp.	Manufacturing - Pastry

Source: Hilliard City Income Tax Department

City of Hilliard, Ohio
Miscellaneous Statistics
December 31, 2003

Date of Incorporation	1869	City Employees:	
Effective Date of Charter	January 1, 1963	Number of Full Time	143
Form of Government	Mayor - Council	Number of Part Time	12
Area (square miles)	11		
		Police Services:	
Facilities and Services:		Number of Stations	1
Miles of Streets	103	Number of Police and Officers	50
Number of Street Lights	1,636		
Miles of Water Mains	126	Fire/Emergency Medical Services:(1)	
Miles of Sanitary Sewers	151	Number of Stations	3
Miles of Storm Sewers	141	Number of Firefighters	84
		Number of Paramedics	73
Building Permits Issued in 2003	448		
Recreation and Culture:			
Number of Parks		18	
Park Area (acres)		256.9	
Number of Playground		11	
Number of Swimming Pools		2	
Number of Ball Fields		28	
Number of Tennis Courts		4	
Number of Community Center		1	
Number of Senior Centers		1	
Education: (2)			
Elementary Schools (K - 6)		15	
Elementary Schools Students		8,038	
Elementary Schools Instructors		480	
Secondary Schools (7 - 12)		5	
Secondary Schools Students		6,182	
Secondary Schools Instructors		440	
Student/Teacher Ratio		1 to 15.46	

(1) Fire Protection provided by Norwich Township

(2) School District data provided by the Hilliard City School District



**Auditor of State
Betty Montgomery**

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800-282-0370

Facsimile 614-466-4490

**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 24, 2005**