

City of Hilliard, Ohio

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

Year Ended December 31, 2011



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the City of Hilliard, Franklin County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2011 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

June 19, 2012

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TABLE OF CONTENTS

Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards*..... 1 – 2

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the City Council
City of Hilliard, Ohio:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Hilliard, Ohio (the "City") as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 17, 2012, wherein we noted the City implemented Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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Compliance And Other Matters

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

We noted certain matters that we reported to management of the City, in a separate letter May 17, 2012.

This report is intended solely for the information and use of management, City Council, others within the City and the Ohio Auditor of State and is not intended to be and should not be used by anyone other than these specified parties.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
May 17, 2012

CITY OF HILLIARD, OHIO

FRANKLIN COUNTY

Comprehensive Annual Financial Report

For the Year Ended December 31, 2011

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, 2011
Table of Contents

INTRODUCTORY SECTION

Table of Contents.....	i
Letter of Transmittal.....	v
GFOA Certificate of Achievement	x
Principal Officials	xi
City Organizational Chart.....	xii

FINANCIAL SECTION

Independent Auditors' Report.....	1
Management's Discussion and Analysis.....	3

Basic Financial Statements:

Government-Wide Financial Statements:

Statement of Net Assets.....	13
Statement of Activities.....	15

Fund Financial Statements:

Balance Sheet – Governmental Funds.....	16
Reconciliation of Total Governmental Fund Balances To Net Assets of Governmental Activities.....	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - General Fund.....	23
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - Street Maintenance and Repair Fund	24
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - Street Improvement Municipal Tax Fund.....	25
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - Water and Sewer Revenue Fund.....	26

City of Hilliard, Ohio
Comprehensive Annual Financial Report
For The Year Ended December 31, 2011
Table of Contents, continued

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - TIF Fund.....	27
Statement of Fund Net Assets - Internal Service Fund	28
Statement of Revenues, Expenses and Changes in Fund Net Assets – Internal Service Fund.....	29
Statement of Cash Flows – Internal Service Fund.....	30
Statement of Fiduciary Assets and Liabilities – Agency Funds.....	31
Notes to the Basic Financial Statements	33
Supplementary Information.....	59
Major Governmental Funds – Description.....	61
Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual:	
General Fund.....	62
Construction Inspection.....	66
Police Benevolent Fund.....	67
Street Maintenance and Repair Fund	68
Street Improvement Municipal Tax Fund.....	69
Water and Sewer Revenue Fund.....	70
TIF Fund	71
Capital Improvement Municipal Tax Fund.....	72
Combining Financial Statements:	
Combining Financial Statements – Nonmajor Governmental Funds:	
Nonmajor Governmental Fund Descriptions.....	73
Combining Balance Sheet – Nonmajor Governmental Funds	74
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	76
Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual:	
Nonmajor Funds:	
County Municipal Motor Vehicle Tax Fund.....	78
Park Maintenance Fund	79
Police Fund	80
Mayor’s Court Computer Fund.....	81
Storm Water Utility Fund.....	82

City of Hilliard, Ohio
Comprehensive Annual Financial Report
For The Year Ended December 31, 2011
Table of Contents, continued

Special Assessment Bond Retirement Fund	83
Insurance Trust Fund	84

Combining Statements – Agency Funds:

Agency Fund Descriptions.....	85
Combining Statement of Fiduciary Assets and Liabilities – Agency Funds.....	86
Combining Statement of Changes in Assets and Liabilities – Agency Funds	87

STATISTICAL SECTION

Statistical Tables Description.....	89
Net Assets by Component – Last Nine Years	90
Changes in Net Assets – Last Nine Years	91
Program Revenues by Function/Program – Last Nine Years.....	93
Fund Balances – Governmental Funds – Last Ten Years	94
Changes in Fund Balances – Governmental Funds – Last Ten Years	96
Income Tax Revenue by Payer Type – Last Ten Years.....	98
Income Tax Revenue Fund Distribution – Last Ten Years.....	99
Principal Income Tax Payers – Withholding Accounts – 2011 and 2002	100
Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Years	101
Direct and Overlapping Property Tax Rates – Last Ten Years.....	102
Principal Property Tax Payers – Real Property – 2011 and 2002.....	103
Property Tax Levies and Collections – Last Ten Years.....	104
Computation of All Direct and Overlapping Governmental Debt – December 31, 2011	105
Ratio of Net General Obligation Bonded Debt to Estimated Actual Value And Net General Obligation Bonded Debt Per Capita – Last Ten Years	106
Ratios of Outstanding Debt by Type – Governmental Activities – Last Ten Years.....	107
Legal Debt Margin Information – Last Ten Years.....	108
Demographic and Economic Statistics – Last Ten Years	110
Principal Employers – 2011 and 2002	111
City Government Employees by Function/Program – Last Ten Years	112
Capital Assets Statistics by Function/Program – Last Ten Years.....	114
Operating Indicators by Function/Program – Last Ten Years	116

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City of Hilliard

Don Schonhardt, Mayor

3800 Municipal Way • Hilliard, Ohio 43026-1696 • Municipal Offices (614) 876-7361

May 17, 2012

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

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Hilliard (the City) for the year ended December 31, 2011. This CAFR is prepared in accordance with generally accepted accounting principles (GAAP) and in conformance with standards of financial reporting established by the Governmental Accounting Standards Board (GASB) using guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

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

Clark, Schaefer, Hackett & Co. has issued an unqualified (“clean”) opinion on the City’s financial statements for the year ended December 31, 2011. The Independent Auditors’ Report is located at the front of the financial section of this report.

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

Profile of the Government

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

The Hilliard area was settled in the early 1800's and was incorporated as a village in 1869. The Village of Hilliard remained primarily agricultural in character until the 1950's when residential growth boomed. By December 12, 1960 the population had reached 5,000 and the Village of Hilliard became a City. The Mid-Ohio Regional Planning Commission estimates the population for the City to be 29,250 for 2011.

The City is serviced by the Hilliard City School District, which is an independent political subdivision not under the control or supervision of the City in any respect. The geographic boundaries of the School District are much larger than the City, encompassing some 60 square miles, and portions of several other municipalities (including the City of Columbus) as well as unincorporated areas of Franklin County. The School District estimates that 38.26 percent of its students reside in the City.

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

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

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

Component units are organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organizations resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also

include organizations for which the City approves their budget, the issuance of their debt or the levying of their taxes. Currently, the City does not have any component units.

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

This annual budget serves as the foundation for the City of Hilliard's financial planning and control. The 2011 budget was prepared by fund and department and object level. Department heads may transfer resources within the object as they see fit. The budget was approved by Council as required by the City's Charter.

Local Economy and Long-term Financial Planning

The City is included in the Columbus Metropolitan Statistical Area (MSA) which is ranked 32nd in the nation by population. This MSA had an annual average unemployment rate at the end of 2011 of 7.5 percent while the State of Ohio was at an annual average 8.6 percent unemployment rate at the end of 2011 according to the Ohio Labor Market Information site for the Ohio Department of Jobs and Family Services. Our employment mix insulates us somewhat from what is happening elsewhere in the state. Our largest employer is the Hilliard City School District which is the ninth largest district in the state according to the Ohio Department of Education. The list of our ten largest employers can be found in our statistical section and includes telecommunications, financial services, technology, marketing, insurance and manufacturing businesses.

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

Relevant financial policies

Income tax remains the primary source of revenue for the City and supports the five-year Capital Improvement Program. Income tax revenue is divided among the General Fund, Street Improvement Municipal Tax Special Revenue Fund, and Capital Improvement Municipal Tax Capital Projects Fund. The Street Improvement Municipal Tax Special Revenue Fund and the Capital Improvement Municipal Tax Capital Projects Fund provide funding for the City's capital

needs by paying debt service or cash funding projects. The City issues debt for capital projects only.

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

Council adopted a General Fund balance policy that targets the fund reserve to be twenty five percent of annual operating expenditures on a budget basis. In 2011 the City's General Fund cash balance was 18.9 percent of current year expenditures, up from 13.7 percent in 2010. The City continues to work toward the twenty five percent target.

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

Major initiatives

Labor agreements

The City concluded negotiations with the Fraternal Order of Police-Capital City Lodge 9. Both parties agreed to a three year contract that includes an increased contribution from the members for health insurance benefits and a phase out of employee pension contributions paid by the City. The membership agreed to pay the pension contribution in exchange for an equal percentage increase in wages. The City had paid eight and one half percent of the employees' ten percent pension contribution. Over the three year contract the employees' wages will increase by the same percentage increase they will pay in pension contributions. The swap in wages for pension contribution, combined with the increased health insurance contributions, nets to a zero increase for the duration of the contract. The FOP is the largest bargaining unit in the City and personnel cost for this group are 59 percent of our General Fund personnel budget.

The City's two other bargaining units, United Steel Workers of America, AFL-CIO representing public service workers and the Fraternal Order of Police-Ohio Labor Council, representing police dispatchers and clerks have agreed to similar terms resulting in no net increases in wages. These two groups elected to swap the eight and one half percent wage increase for the eight and one half pension contribution in the first year of each of their contracts.

The City's non-bargaining unit employees also had wages swapped for pension contribution. The result of this structural change in how our employees are paid keeps personnel cost flat for the duration of the contracts and allows us to maintain services.

Development

Construction started on a 50 acre development that includes 208 multi-family units and 76 single family units in the southwest quadrant of the City. The developer agreed to construct public roadway improvements and receive reimbursement for the infrastructure expense through a tax increment financing agreement with the City.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Hilliard, Ohio for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2010. This was the twentieth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.


A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

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

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

Respectfully submitted,


Michelle Kelly-Underwood
Finance Director


Don Schonhardt
Mayor

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Hilliard
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Sandison

President

Jeffrey R. Emer

Executive Director

City of Hilliard, Ohio

Principal Officials

December 31, 2011

Elected Officials

Name	Title	Term Expires	Service	Surety
Don Schonhardt	Mayor	12/31/2011	10	A
Brett Sciotto	President of Council	12/31/2013	10	A
James Ashenhurst	Council	12/31/2013	2	A
Stephanie Kunze	Council	12/31/2013	2	A
Albert J. Iosue	Council	12/31/2011	4	A
Kelly McGivern	Council	12/31/2011	4	A
Bill Uttley	Council	12/31/2011	2	A
Tim Roberts	Council	12/31/2011	8	A

Appointed Officials

Name	Title	Term Expires	Service	Surety
Michelle Kelly-Underwood	Director of Finance	Indefinite	8	A & B
Pamela A. Fox	Director of Law	Indefinite	8	A
Pamela A. Fox	Director of Safety	Indefinite	8	A
Clyde R. Seidle	Director of Service	Indefinite	8	A
Steven B. Mazer	Director of Parks and Recreation	Indefinite	4	A
David Meeks	Director of Economic Development	Indefinite	9	A
Gerry Edwards	Director of Human Resource	Indefinite	7	A
John F. Hall, III	Director of Land & Bldgs.	Indefinite	7	A
J. Douglas Francis	Chief of Police	Indefinite	3	A
Lynn Fasone	Clerk of Council	Indefinite	7	A

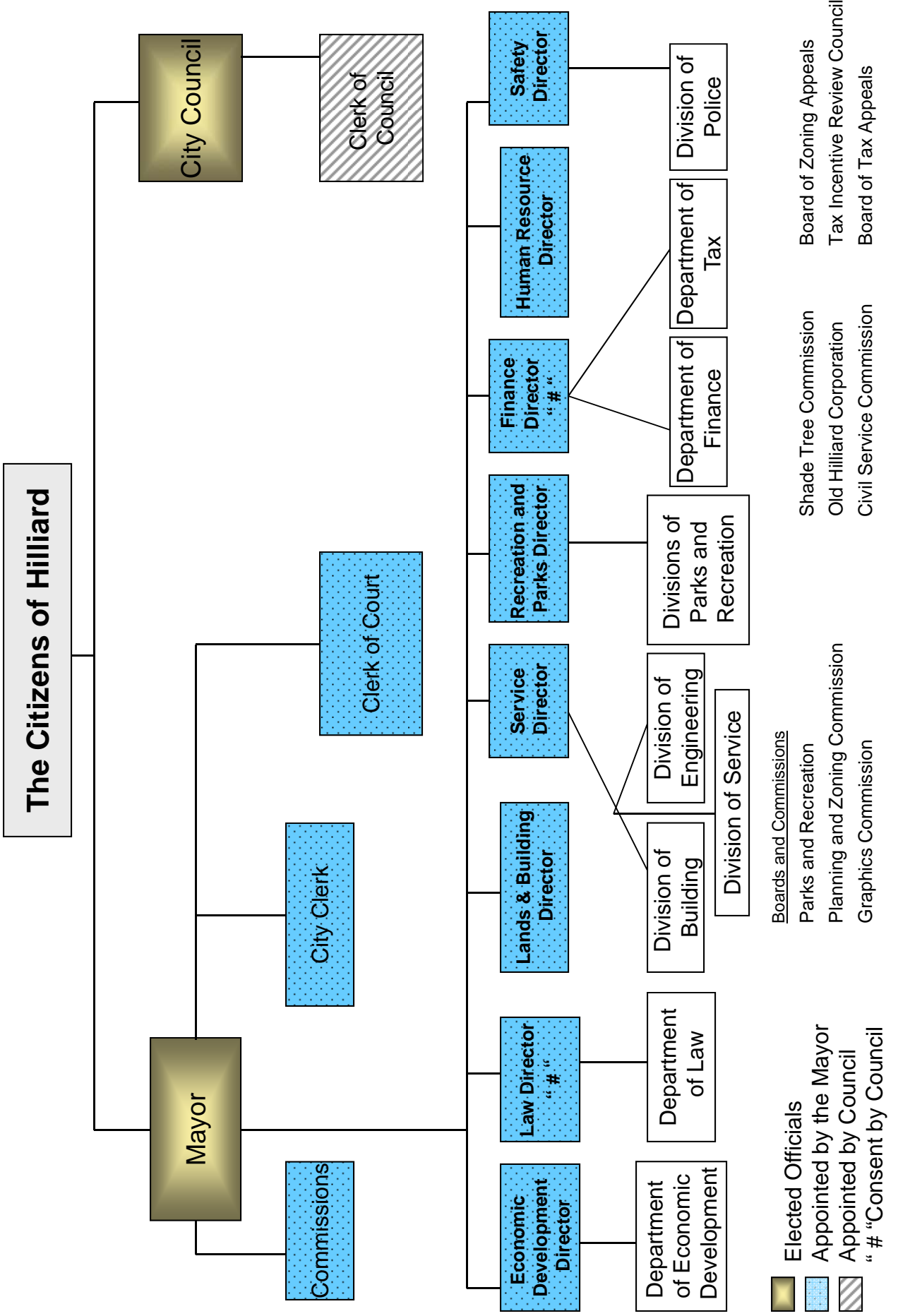
(A) National Casualty Insurance Company, \$1,000,000/\$1,000,000.

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

City Address:

City of Hilliard
3800 Municipal Way
Hilliard, OH 43026

The City of Hilliard, Ohio Organizational Chart



INDEPENDENT AUDITORS' REPORT

To City Council
City of Hilliard, Ohio:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Hilliard, Ohio (the City) as of and for the year ended December 31, 2011, 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 the 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 as of December 31, 2011, and the respective changes in financial position and, where applicable, cash flows and the respective budgetary comparisons for the General Fund, Street Maintenance and Repair Fund, Street Improvement Municipal Tax Fund, Water and Sewer Revenue Fund and TIF Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended December 31, 2011, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2012, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
May 17, 2012

City of Hilliard, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2011
Unaudited

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Hilliard's discussion and analysis of the annual financial report provides an overview of the City's financial activities for the year ended December 31, 2011.

FINANCIAL HIGHLIGHTS

- The City's total net assets increased \$250,584 in 2011.
- General revenues accounted for \$23,737,718 or 63% of total revenue. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$14,087,758 or 37% of total revenues of \$37,825,476.
- The City had \$37,574,892 in expenses related to governmental activities, while only \$14,087,758 of these expenses were offset by program specific charges for services, grants, contributions, and interest. In 2011, contributions to the City included donated assets of \$3,296,040, while the 2010 donated assets totaled \$918,662. The 2011 donated assets were primarily related to the completion of the Main Street, Cemetery Road, Scioto Darby Triangle Project.

USING THIS ANNUAL FINANCIAL REPORT

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

The Statement of Net 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.

Certain prior year amounts in this management's discussion and analysis have been reclassified for consistency.

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, has improved or diminished.

In evaluating the overall financial health, the reader of these financial statements needs to take into account non-financial factors that also impact the City's financial well-being. Some of these factors include the City's tax base and the condition of capital assets.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

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

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

THE CITY AS A WHOLE

As stated previously, the Statement of Net Assets looks at the City as a whole. Table 1 provides a summary of the City's net assets for 2011 compared to 2010.

Table 1
Net Assets
Governmental Activities

	<u>2011</u>	<u>2010</u>
Assets		
Current and Other Assets	\$ 28,674,070	\$ 25,210,932
Capital Assets	<u>256,962,359</u>	<u>256,354,642</u>
<i>Total Assets</i>	<u>285,636,429</u>	<u>281,565,574</u>
Liabilities		
Long-Term Liabilities	66,062,752	65,912,243
Other Liabilities	<u>8,432,764</u>	<u>4,763,002</u>
<i>Total Liabilities</i>	<u>74,495,516</u>	<u>70,675,245</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	194,252,945	193,490,449
Restricted for:		
Other Purposes	4,186,615	9,209,095
Capital Outlay	4,881,174	5,249,807
Unrestricted	<u>7,820,179</u>	<u>2,940,978</u>
<i>Total Net Assets</i>	<u>\$ 211,140,913</u>	<u>\$ 210,890,329</u>

Net assets of the City's governmental activities increased \$250,584 in 2011. Capital Assets increased \$607,717 primarily due to capital assets donated in 2011 related to the Main Street, Cemetery Road, Scioto Darby Triangle Project. Long-term liabilities increased \$150,509 primarily due to issuance of bonds in the amount of \$8,020,000 which was offset by the 2011 repayment of \$5,300,000 in bond anticipation notes issued in 2010 and principal payments on long-term debt during 2011.

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.

Table 2 shows the changes in net assets for the years ended December 31, 2011 and 2010.

Table 2
Change in Net Assets
Governmental Activities

	2011	2010
Revenues		
Program Revenues:		
Charges for Services	\$ 6,255,865	\$ 5,680,855
Operating Grants and Contributions	1,287,341	1,312,293
Capital Grants, Contributions, and Interest	6,544,552	4,106,822
<i>Total Program Revenues</i>	14,087,758	11,099,970
General Revenues:		
Property and Other Local Taxes	1,978,442	1,924,647
Municipal Income Taxes	17,571,720	16,438,586
Payments in Lieu of Taxes	1,243,970	2,391,513
Grant and Entitlements not Restricted to Specific Programs	2,301,949	1,695,078
Unrestricted Investment Earnings	60,420	141,361
Miscellaneous	581,217	455,810
<i>Total General Revenues</i>	23,737,718	23,046,995
<i>Total Revenues</i>	37,825,476	34,146,965
Program Expense		
General Government	5,889,987	5,930,958
Security of Persons and Property	8,440,519	8,553,689
Public Health	165,311	171,913
Leisure Time Activities	3,272,969	2,911,718
Community Environment	2,621,951	3,091,413
Basic Utility Services	6,604,081	7,254,778
Transportation	7,940,453	8,404,994
Interest and Fiscal Charges	2,639,621	2,599,540
<i>Total Expenses</i>	37,574,892	38,919,003
<i>Change in Net Assets</i>	250,584	(4,772,038)
<i>Net Assets at Beginning of Year</i>	210,890,329	215,662,367
<i>Net Assets at End of Year</i>	\$ 211,140,913	\$ 210,890,329

Governmental Activities

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

The City's employment picture remains stable. Nine of the top ten employers for 2011 were included in the top ten listing for 2010. The largest employer remains the Hilliard City School District.

In 2011, total revenues increased \$3,678,511 as compared to 2010. The increase in total General Revenues was \$690,723, while the increase in total Program Revenues was \$2,987,788.

The Municipal Income Tax as reported in the Change in Net Assets increased \$1,133,134 from 2010 primarily due to an increase in taxable income in 2011. Withholdings from employers in the City increased almost 4 percent and income tax refunds paid to businesses in 2011 were approximately half of those paid in 2010.

Capital Grants, Contributions and Interest increased by \$2,437,730 primarily due to the donation of capital assets of \$3,296,040 related to the completion of the Main Street, Cemetery Road, Scioto Darby Road Triangle project.

Governmental program expenses for 2011 were as follows:

General Government	15.68%
Security of Persons and Property	22.46%
Public Health	0.44%
Leisure Time Activities	8.71%
Community Environment	6.98%
Basic Utility Services	17.58%
Transportation	21.13%
Interest and Fiscal Charges	7.02%
	<u>100.00%</u>

Program expenses were down 3.5 percent from 2010 to 2011. The City spent less on personnel and contractual services in the Security of Persons and Property category in 2011 than the previous year. The City spent less on contractual services in the Basic Utility Services category also.

The Administration and City Council base spending decisions on how they will improve the quality of life for the citizens and business in Hilliard. The Administration and City Council committed to maintain and improve the City's investments by providing appropriations for capital assets, equipment and repairs. Overall the City had fewer capital improvement projects in 2011 than in 2010 and focused on preserving existing assets. These assets include street resurfacing, sidewalk replacements, safety and street maintenance equipment and vehicles, as well as park and recreation equipment.

When looking at the sources of income to support governmental activities, it should be noted that charges for services are only 16.5 percent of total revenues. Revenues provided by sources other

than City residents in the form of operating and capital grants restricted to a certain program comprise another 20.7 percent of total revenues. The remaining revenues are primarily generated locally through property and income taxes. City Council relies on these taxes to furnish the quality of life to businesses and citizens to which they and previous Councils have always been committed.

THE CITY'S FUNDS

Information about the City's major governmental funds begins on page 16. These funds are reported using the modified accrual basis of accounting. All governmental funds had total revenues of \$35,723,401 and expenditures of \$38,050,492. As of the end of the current year, the City's governmental funds reported combined ending fund balances of \$17,856,946, an increase of \$847,917 in comparison with the prior year. At December 31, 2011, nonspendable and restricted fund balance totaled \$8,315,672. The remaining unrestricted fund balance was comprised of \$5,977,904 of committed fund balance (amounts committed by City Council on contracts), \$520,519 of assigned fund balance (amounts assigned through outstanding encumbrances at year end) and \$3,042,851 of unassigned fund balance.

The General Fund balance of \$3,809,341 continues to rely heavily on the City's income tax as its primary source of revenue for operations, which kept the balance and activity of the fund consistent to prior years. The fund balance increased \$236,821 in 2011.

The increase of \$92,862 in the Street Maintenance and Repair Special Revenue Fund was primarily due to a decrease in expenditures during 2011.

The Street Improvement Municipal Tax Special Revenue Fund increased by \$446,722 due primarily to an increase in municipal income tax revenues in 2011. The increase is the result of a change in the allocation of income tax to this fund from 4 percent in 2010 to 5 percent in 2011.

The Water and Sewer Revenue Special Revenue Fund decreased by \$368,053 due to an increase in expenditures in 2011 for debt service.

The TIF Special Revenue Fund increased by \$546,834 due to a decrease in expenditures in 2011. The fund balance of the TIF fund was \$1,395,407 at December 31, 2011.

The Capital Improvement Municipal Tax Capital Projects Fund decreased by \$20,671 mainly due to a decrease in intergovernmental revenues in 2011. The fund balance of the Capital Improvement Municipal Tax Fund was \$6,229,735 at December 31, 2011.

General Fund Budgeting Highlights

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

During 2011, the total amount of the General Fund budget was decreased from \$19,719,977 to \$19,694,977, an adjustment of only \$25,000. In addition, appropriations were reallocated by ordinance among departments and objects.

General Fund original and final budgeted revenues were \$19,430,951. Actual revenues were \$19,143,760, a difference of \$287,191 compared to final budget revenues.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets (Net of Depreciation) Governmental Activities

	2011	2010
Land	\$ 4,450,717	\$ 4,504,717
Construction in Progress	-	7,395,758
Buildings	8,100,693	8,433,003
Improvement Other Than Buildings	7,643,593	7,990,515
Machinery and Equipment	1,529,130	1,015,845
Furniture and Fixtures	282,663	336,702
Vehicles	902,006	1,266,133
Infrastructure	<u>234,053,557</u>	<u>225,411,969</u>
Totals	<u>\$ 256,962,359</u>	<u>\$ 256,354,642</u>

Capital Assets increased \$607,717 primarily due to capital assets donated in 2011 related to the Main Street, Cemetery Road, Scioto Darby Triangle Project. See Note 10 of the Notes to the Basic Financial Statements for more detailed information.

Debt

At December 31, 2011, the City of Hilliard had \$64,219,557 in debt outstanding.

Outstanding Debt at Year End Governmental Activities

	2011	2010
Notes Payable	\$ -	\$ 5,300,000
OWDA Loan Payable	2,127,163	2,216,777
General Obligation Bonds	53,969,123	48,652,193
Capital Leases	6,448,272	6,168,683
Premium on Bonds Issued	<u>1,674,999</u>	<u>1,761,564</u>
Totals	<u>\$ 64,219,557</u>	<u>\$ 64,099,217</u>

The increase in outstanding debt is due to the issuance of \$8,020,000 bonds to repay bond anticipation notes issued in 2010 and to fund additional capital projects, offset by 2011 scheduled debt service payments. Generally, all general obligation bond issues will be paid through the Water and Sewer Revenue, Street Improvement Municipal Tax, and TIF Special Revenue Funds, and the Capital Improvements Municipal Tax Capital Projects Fund.

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

The City's overall 10.5 percent legal debt margin was \$66,078,366 as of December 31, 2011. The more restrictive unvoted legal debt margin within 5.5 percent was \$23,812,287 as of the same date.

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

CONTACTING THE CITY'S FINANCE DEPARTMENT

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

BASIC FINANCIAL STATEMENTS

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City of Hilliard, Ohio
Statement of Net Assets
December 31, 2011

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 17,009,339
Cash and Cash Equivalents with Fiscal Agents	127,590
Accounts Receivable	133,786
Municipal Income Tax Receivable	3,760,029
Due from Other Governments	2,349,151
Payments in Lieu of Taxes Receivable	3,053,250
Prepaid Items	28,179
Property and Other Local Taxes Receivable	1,299,299
Deferred Charges	913,447
Nondepreciable Capital Assets	4,450,717
Depreciable Capital Assets	420,082,886
Accumulated Depreciation	<u>(167,571,244)</u>
<i>Total Assets</i>	<u>285,636,429</u>
Liabilities	
Accounts Payable	2,224,078
Accrued Liabilities	240,000
Accrued Wages Payable	331,511
Matured Compensated Absences	229,687
Due to Other Governments	343,600
Accrued Interest Payable	199,123
Claims Payable	174,000
Unearned Revenue	4,690,765
Long-Term Liabilities:	
Due Within One Year	4,360,277
Due in More Than One Year	<u>61,702,475</u>
<i>Total Liabilities</i>	<u>74,495,516</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	194,252,945
Restricted for:	
Streets and Transportation	4,060,190
Other Purposes	126,425
Capital Outlay	4,881,174
Unrestricted	<u>7,820,179</u>
<i>Total Net Assets</i>	<u>\$ 211,140,913</u>

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

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City of Hilliard, Ohio
Statement of Activities
For the Year Ended December 31, 2011

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants, Contributions and Interest	Total Governmental Activities
Governmental Activities					
General Government	\$ 5,889,987	\$ 718,663	\$ -	\$ -	\$ (5,171,324)
Security of Persons and Property	8,440,519	974,688	-	-	(7,465,831)
Public Health	165,311	-	-	-	(165,311)
Leisure Time Activities	3,272,969	1,033,362	19,656	-	(2,219,951)
Community Environment	2,621,951	1,459,453	-	-	(1,162,498)
Basic Utility Services	6,604,081	2,069,699	-	3,145,031	(1,389,351)
Transportation	7,940,453	-	1,267,685	3,399,521	(3,273,247)
Interest and Fiscal Charges	2,639,621	-	-	-	(2,639,621)
<i>Total Governmental Activities</i>	<u>\$ 37,574,892</u>	<u>\$ 6,255,865</u>	<u>\$ 1,287,341</u>	<u>\$ 6,544,552</u>	<u>(23,487,134)</u>
		General Revenues			
		Property Taxes Levied for General Purposes			1,978,442
		Municipal Income Taxes Levied for:			
		General Purposes			12,292,843
		Transportation			885,947
		Capital Outlay			4,392,930
		Payments in Lieu of Taxes			1,243,970
		Grants and Entitlements not Restricted to Specific Purposes			2,301,949
		Unrestricted Investment Earnings			60,420
		Miscellaneous			581,217
		<i>Total General Revenues</i>			<u>23,737,718</u>
		<i>Change in Net Assets</i>			250,584
		<i>Net Assets at Beginning of Year</i>			<u>210,890,329</u>
		<i>Net Assets at End of Year</i>			<u>\$ 211,140,913</u>

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

City of Hilliard, Ohio
Balance Sheet
Governmental Funds
December 31, 2011

	<u>General</u>	<u>Street Maintenance and Repair</u>	<u>Street Improvement Municipal Tax</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 3,654,869	\$ 194,734	\$ 3,608,145
Cash and Cash Equivalents with Fiscal Agents	-	-	-
Receivables:			
Property and Other Local Taxes Receivable	1,299,299	-	-
Payments in Lieu of Taxes Receivable	-	-	-
Municipal Income Tax Receivable	2,632,020	-	188,002
Accounts	133,786	-	-
Due from Other Funds	33,846	-	-
Due from Other Governments	563,865	637,033	-
Prepaid Items	28,179	-	-
Interfund Receivable	12,904	-	-
<i>Total Assets</i>	<u>\$ 8,358,768</u>	<u>\$ 831,767</u>	<u>\$ 3,796,147</u>
Liabilities			
Accounts Payable	833,107	10,360	94,776
Accrued Liabilities	240,000	-	-
Due to Other Fund	99,217	18,207	-
Interfund Payable	-	-	-
Accrued Wages Payable	288,540	11,682	-
Matured Compensated Absences	217,974	11,713	-
Due to Other Governments	319,121	6,656	-
Deferred Revenue	2,551,468	434,048	32,317
<i>Total Liabilities</i>	<u>4,549,427</u>	<u>492,666</u>	<u>127,093</u>
Fund Balances			
Nonspendable	28,179	-	-
Restricted	-	339,101	-
Committed	204,888	-	3,669,054
Assigned	520,519	-	-
Unassigned	3,055,755	-	-
<i>Total Fund Balance</i>	<u>3,809,341</u>	<u>339,101</u>	<u>3,669,054</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 8,358,768</u>	<u>\$ 831,767</u>	<u>\$ 3,796,147</u>

See accompanying notes to the basic financial statements.

Water and Sewer Revenue	TIF	Capital Improvement Municipal Tax	Nonmajor Funds	Total Governmental Funds
\$ 1,172,605	\$ 1,395,407	\$ 5,730,981	\$ 1,198,480	\$ 16,955,221
-	-	-	127,590	127,590
-	-	-	-	1,299,299
-	3,053,250	-	-	3,053,250
-	-	940,007	-	3,760,029
-	-	-	-	133,786
-	-	-	-	33,846
2,894	64,155	977,061	104,143	2,349,151
-	-	-	-	28,179
-	-	-	-	12,904
<u>\$ 1,175,499</u>	<u>\$ 4,512,812</u>	<u>\$ 7,648,049</u>	<u>\$ 1,430,213</u>	<u>\$ 27,753,255</u>
10,636	-	1,256,732	18,467	2,224,078
-	-	-	-	240,000
27,092	-	-	3,455	147,971
-	-	-	12,904	12,904
21,330	-	-	9,959	331,511
-	-	-	-	229,687
12,151	-	-	5,672	343,600
-	3,117,405	161,582	69,738	6,366,558
<u>71,209</u>	<u>3,117,405</u>	<u>1,418,314</u>	<u>120,195</u>	<u>9,896,309</u>
-	-	-	-	28,179
-	1,395,407	6,229,735	323,250	8,287,493
1,104,290	-	-	999,672	5,977,904
-	-	-	-	520,519
-	-	-	(12,904)	3,042,851
<u>1,104,290</u>	<u>1,395,407</u>	<u>6,229,735</u>	<u>1,310,018</u>	<u>17,856,946</u>
<u>\$ 1,175,499</u>	<u>\$ 4,512,812</u>	<u>\$ 7,648,049</u>	<u>\$ 1,430,213</u>	<u>\$ 27,753,255</u>

City of Hilliard, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2011*

Total Governmental Fund Balances \$ 17,856,946

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

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

Land	4,450,717
Buildings	11,504,105
Improvements Other Than Buildings	10,078,356
Machinery and Equipment	4,989,418
Furniture and Fixtures	726,452
Vehicles	2,714,211
Infrastructure	390,070,344
Accumulated Depreciation	<u>(167,571,244)</u>

Total 256,962,359

Bond issuance costs, reported as an expenditure in governmental funds,
 are allocated as an expense over the life of the debt on the full accrual basis. 913,447

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. (5,757)

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

Property and Other Local Taxes	2,591
Municipal Income Taxes	646,328
Intergovernmental	<u>1,026,874</u>

Total 1,675,793

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

Accrued Interest	(199,123)
Premium on Debt Issued	(1,674,999)
General Obligation Bonds and Notes	(53,969,123)
OWDA Loans	(2,127,163)
Capital Lease	(6,448,272)
Compensated Absences	<u>(1,843,195)</u>

Total (66,261,875)

Net Assets of Governmental Activities \$ 211,140,913

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, 2011

	General	Street Maintenance and Repair	Street Improvement Municipal Tax
Revenues			
Property and Other Local Taxes	\$ 1,981,224	\$ -	\$ -
Municipal Income Taxes	12,203,178	-	874,067
Payments in Lieu of Taxes	-	-	-
Intergovernmental	654,106	1,267,685	-
Charges for Services	2,932,107	-	-
Licenses and Permits	852,418	-	-
Fines and Forfeitures	302,385	-	-
Investment Income	59,599	344	-
Miscellaneous	130,543	2,976	332,692
<i>Total Revenues</i>	<u>19,115,560</u>	<u>1,271,005</u>	<u>1,206,759</u>
Expenditures			
Current:			
General Government	5,101,175	-	82,213
Security of Persons and Property	7,864,929	-	-
Public Health	165,311	-	-
Leisure Time Activities	2,696,078	-	-
Community Environment	3,079,644	-	-
Basic Utility Services	-	-	-
Transportation	-	1,178,143	1,205,187
Debt Service:			
Principal Retirement	-	-	146,369
Interest and Fiscal Charges	-	-	29,268
<i>Total Expenditures</i>	<u>18,907,137</u>	<u>1,178,143</u>	<u>1,463,037</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>208,423</u>	<u>92,862</u>	<u>(256,278)</u>
Other Financing Sources (Uses)			
Sale of Capital Assets	28,398	-	-
Proceeds of General Obligation Bonds	-	-	703,000
Premium on Debt Issued	-	-	-
Proceeds of OWDA Loans	-	-	-
Capital Lease	-	-	-
Refunding of Bond Anticipation Notes	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>28,398</u>	<u>-</u>	<u>703,000</u>
<i>Net Changes in Fund Balances</i>	236,821	92,862	446,722
<i>Fund Balances at Beginning of Year, as restated</i>	<u>3,572,520</u>	<u>246,239</u>	<u>3,222,332</u>
<i>Fund Balances at End of Year</i>	<u>\$ 3,809,341</u>	<u>\$ 339,101</u>	<u>\$ 3,669,054</u>

See accompanying notes to the basic financial statements.

Water and Sewer Revenue	TIF	Capital Improvement Municipal Tax	Nonmajor Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 1,981,224
-	-	4,359,082	-	17,436,327
-	2,333,600	-	-	2,333,600
2,894	14,499	3,632,167	1,531,795	7,103,146
1,188,157	-	-	621,306	4,741,570
-	-	323,000	8,004	1,183,422
-	-	-	28,488	330,873
-	-	-	477	60,420
35,243	-	51,365	-	552,819
<u>1,226,294</u>	<u>2,348,099</u>	<u>8,365,614</u>	<u>2,190,070</u>	<u>35,723,401</u>
-	-	626,066	12,052	5,821,506
-	-	78,002	405	7,943,336
-	-	-	-	165,311
-	-	62,697	44,244	2,803,019
-	-	221,665	-	3,301,309
1,346,847	-	161,296	189,507	1,697,650
-	380,195	5,658,388	2,051,060	10,472,973
247,500	610,151	1,941,633	-	2,945,653
-	810,919	2,059,548	-	2,899,735
<u>1,594,347</u>	<u>1,801,265</u>	<u>10,809,295</u>	<u>2,297,268</u>	<u>38,050,492</u>
<u>(368,053)</u>	<u>546,834</u>	<u>(2,443,681)</u>	<u>(107,198)</u>	<u>(2,327,091)</u>
-	-	-	-	28,398
-	-	7,296,400	20,600	8,020,000
-	-	15,982	-	15,982
-	-	17,689	-	17,689
-	-	392,939	-	392,939
-	-	(5,300,000)	-	(5,300,000)
-	-	2,423,010	20,600	3,175,008
(368,053)	546,834	(20,671)	(86,598)	847,917
<u>1,472,343</u>	<u>848,573</u>	<u>6,250,406</u>	<u>1,396,616</u>	<u>17,009,029</u>
<u>\$ 1,104,290</u>	<u>\$ 1,395,407</u>	<u>\$ 6,229,735</u>	<u>\$ 1,310,018</u>	<u>\$ 17,856,946</u>

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, 2011*

Net Change in Fund Balances - Total Governmental Funds	\$	847,917
<i>Amount reported for governmental activities in the Statement of Activities are different because:</i>		
Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital Outlay	8,292,025	
Depreciation	<u>(10,649,221)</u>	
Excess of Depreciation Expense over Capital Outlay		(2,357,196)
Governmental funds do not report the revenue from the contribution of capital assets since they do not represent current financial resources. However, the revenue is reported in the Statement of Activities.		
Contributed Capital		3,296,040
In the Statement of Activities, only the loss on sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the book value of the capital assets sold.		
		(331,127)
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.		
		(11,675)
Repayment of long-term obligations is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities on the Statement of Net Assets. In the current year, these amounts consist of:		
General Obligation Bond Principal Payments	2,725,000	
OWDA Loans Principal Payments	107,303	
Note Principal Payments	5,300,000	
Capital Lease Principal Payments	<u>113,350</u>	
		8,245,653
Some revenues that will not be collected for several months after the City'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	(2,782)	
Municipal Income Taxes	135,393	
Intergovernmental	<u>(1,354,974)</u>	
		(1,222,363)
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 Bonds	(8,020,000)	
OWDA Loans	(17,689)	
Premium on Debt Issued	(15,982)	
Capital Lease	(392,939)	
Current Year Bond Issuance Costs	<u>203,954</u>	
		(8,242,656)
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 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	39,380	
Amortization of Loss on Refunding Bonds	(21,930)	
Amortization of Premium on General Obligation Bonds	102,547	
Amortization of Bond Issuance Costs (Deferred Charges)	<u>(63,837)</u>	
		56,160
Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. These activities consist of:		
Increase in Compensated Absences		<u>(30,169)</u>
<i>Changes in Net Assets of Governmental Activities</i>	\$	250,584

See accompanying notes to the basic financial statements.

City of Hilliard, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Local Taxes	\$ 1,825,500	\$ 1,825,500	\$ 1,985,267	159,767
Municipal Income Taxes	12,448,314	12,448,314	12,184,246	(264,068)
Intergovernmental	1,144,637	1,144,637	992,545	(152,092)
Charges for Services	2,631,500	2,631,500	2,729,196	97,696
Licenses and Permits	881,500	881,500	842,431	(39,069)
Fines and Forfeitures	300,000	300,000	297,373	(2,627)
Investment Income	130,500	130,500	59,599	(70,901)
Miscellaneous	69,000	69,000	53,103	(15,897)
<i>Total Revenues</i>	<u>19,430,951</u>	<u>19,430,951</u>	<u>19,143,760</u>	<u>(287,191)</u>
Expenditures				
Current:				
General Government	5,302,812	5,468,312	4,895,854	572,458
Security of Persons and Property	8,336,347	8,185,847	8,041,486	144,361
Public Health	165,311	165,311	165,311	-
Leisure Time Activities	2,851,658	2,851,658	2,805,468	46,190
Community Environment	3,063,849	3,023,849	2,962,027	61,822
<i>Total Expenditures</i>	<u>19,719,977</u>	<u>19,694,977</u>	<u>18,870,146</u>	<u>824,831</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(289,026)</u>	<u>(264,026)</u>	<u>273,614</u>	<u>537,640</u>
Other Financing Sources (Uses)				
Proceeds from Sale of City Assets	-	-	28,398	28,398
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>28,398</u>	<u>28,398</u>
<i>Net Change in Fund Balance</i>	(289,026)	(264,026)	302,012	566,038
<i>Fund Balance at Beginning of Year</i>	2,039,663	2,039,663	2,039,663	-
Prior Year Encumbrances Appropriated	467,189	467,189	467,189	-
<i>Fund Balance at End of Year</i>	<u>\$ 2,217,826</u>	<u>\$ 2,242,826</u>	<u>\$ 2,808,864</u>	<u>\$ 566,038</u>

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

City of Hilliard, Ohio
*Statement of Revenues, Expenditures and Changes
 In Fund Balances - Budget (Non-GAAP Basis) and Actual
 Street Maintenance and Repair Fund
 For the Year Ended December 31, 2011*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$ 1,367,500	\$ 1,367,500	\$ 1,269,079	\$ (98,421)
Investment Income	8,000	8,000	344	(7,656)
Miscellaneous	<u>26,160</u>	<u>26,160</u>	<u>3,306</u>	<u>(22,854)</u>
<i>Total Revenues</i>	<u>1,401,660</u>	<u>1,401,660</u>	<u>1,272,729</u>	<u>(128,931)</u>
Expenditures				
Current:				
Transportation	<u>1,448,294</u>	<u>1,449,294</u>	<u>1,274,215</u>	<u>175,079</u>
<i>Total Expenditures</i>	<u>1,448,294</u>	<u>1,449,294</u>	<u>1,274,215</u>	<u>175,079</u>
<i>Net Change in Fund Balance</i>	(46,634)	(47,634)	(1,486)	46,148
<i>Fund Balance at Beginning of Year</i>	65,715	65,715	65,715	-
Prior Year Encumbrances Appropriated	<u>60,058</u>	<u>60,058</u>	<u>60,058</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 79,139</u>	<u>\$ 78,139</u>	<u>\$ 124,287</u>	<u>\$ 46,148</u>

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

City of Hilliard, Ohio
*Statement of Revenues, Expenditures and Changes
 In Fund Balances - Budget (Non-GAAP Basis) and Actual
 Street Improvement Municipal Tax Fund
 For the Year Ended December 31, 2011*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Municipal Income Taxes	\$ 782,584	\$ 847,584	\$ 840,456	\$ (7,128)
Other	-	-	332,692	332,692
<i>Total Revenues</i>	<u>782,584</u>	<u>847,584</u>	<u>1,173,148</u>	<u>325,564</u>
Expenditures				
Current:				
Transportation	1,015,859	1,745,859	1,730,972	14,887
Debt Service:				
Principal Retirement	125,000	150,000	146,369	3,631
Interest and Fiscal Charges	45,000	65,000	29,268	35,732
<i>Total Expenditures</i>	<u>1,185,859</u>	<u>1,960,859</u>	<u>1,906,609</u>	<u>54,250</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(403,275)</u>	<u>(1,113,275)</u>	<u>(733,461)</u>	<u>379,814</u>
Other Financing Sources (Uses)				
Issuance of Debt	-	703,000	703,000	-
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>703,000</u>	<u>703,000</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(403,275)	(410,275)	(30,461)	379,814
<i>Fund Balance at Beginning of Year</i>	2,864,430	2,864,430	2,864,430	-
Prior Year Encumbrances Appropriated	405,859	405,859	405,859	-
<i>Fund Balance at End of Year</i>	<u>\$ 2,867,014</u>	<u>\$ 2,860,014</u>	<u>\$ 3,239,828</u>	<u>\$ 379,814</u>

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

City of Hilliard, Ohio
*Statement of Revenues, Expenditures and Changes
 In Fund Balances - Budget (Non-GAAP Basis) and Actual
 Water and Sewer Revenue Fund
 For the Year Ended December 31, 2011*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$ 1,005,000	\$ 1,005,000	\$ 1,188,157	\$ 183,157
Miscellaneous	-	-	35,243	35,243
<i>Total Revenues</i>	<u>1,005,000</u>	<u>1,005,000</u>	<u>1,223,400</u>	<u>218,400</u>
Expenditures				
Current:				
Basic Utility Services	1,639,422	1,973,672	1,563,153	410,519
Debt Service:				
Principal Retirement	-	247,500	247,500	-
<i>Total Expenditures</i>	<u>1,639,422</u>	<u>2,221,172</u>	<u>1,810,653</u>	<u>410,519</u>
<i>Net Change in Fund Balance</i>	(634,422)	(1,216,172)	(587,253)	628,919
<i>Fund Balance at Beginning of Year, as restated</i>	1,391,880	1,391,880	1,391,880	-
Prior Year Encumbrances Appropriated	<u>195,163</u>	<u>195,163</u>	<u>195,163</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 952,621</u>	<u>\$ 370,871</u>	<u>\$ 999,790</u>	<u>\$ 628,919</u>

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

City of Hilliard, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
TIF Fund
For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Payment in Lieu of Taxes	\$ 1,500,000	\$ 2,400,000	\$ 2,263,214	\$ (136,786)
Intergovernmental	-	-	84,885	84,885
<i>Total Revenues</i>	<u>1,500,000</u>	<u>2,400,000</u>	<u>2,348,099</u>	<u>(51,901)</u>
Expenditures				
Current:				
Transportation	791,386	747,333	566,265	181,068
Debt Service:				
Principal Retirement	806,500	1,300,000	610,151	689,849
Interest and Fiscal Charges	<u>843,500</u>	<u>948,600</u>	<u>810,919</u>	<u>137,681</u>
<i>Total Expenditures</i>	<u>2,441,386</u>	<u>2,995,933</u>	<u>1,987,335</u>	<u>1,008,598</u>
<i>Net Change in Fund Balance</i>	(941,386)	(595,933)	360,764	956,697
<i>Fund Balance at Beginning of Year</i>	915,670	915,670	915,670	-
Prior Year Encumbrances Appropriated	<u>98,386</u>	<u>98,386</u>	<u>98,386</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 72,670</u>	<u>\$ 418,123</u>	<u>\$ 1,374,820</u>	<u>\$ 956,697</u>

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

City of Hilliard, Ohio
Statement of Fund Net Assets
Internal Service Fund
December 31, 2011

	Insurance Trust
Assets	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 54,118
Due from Other Funds	<u>114,125</u>
<i>Total Assets</i>	<u>\$ 168,243</u>
Liabilities	
Current Liabilities:	
Claims Payable	<u>\$ 174,000</u>
<i>Total Liabilities</i>	<u>174,000</u>
Net Assets	
Unrestricted Net Assets	<u>\$ (5,757)</u>

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, 2011*

	Insurance Trust
Operating Revenues	
Charges for Services	\$ 1,876,912
Operating Expenses	
Contractual Services	193,670
Claims	1,694,917
<i>Total Operating Expenses</i>	1,888,587
<i>Change in Net Assets</i>	(11,675)
<i>Net Assets at Beginning of Year</i>	5,918
<i>Net Assets at End of Year</i>	\$ (5,757)

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, 2011

	Insurance Trust
Decrease in Cash and Cash Equivalents:	
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 1,880,527
Cash Payments for Services	(193,670)
Cash Payments for Claims	(1,692,917)
<i>Net Cash Used in Operating Activities</i>	(6,060)
<i>Cash and Cash Equivalents Beginning of Year</i>	60,178
<i>Cash and Cash Equivalents End of Year</i>	\$ 54,118
 Reconciliation of Operating Loss to Net Cash Used in Operating Activities:	
Operating Loss	\$ (11,675)
 Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:	
Decrease in Due from Other Funds	3,615
Increase in Claims Payable	2,000
<i>Net Cash Used in Operating Activities</i>	\$ (6,060)

See accompanying notes to the basic financial statements.

City of Hilliard, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2011

Assets

Equity in Pooled Cash and Cash Equivalents	\$ 318,920
Cash and Cash Equivalents in Segregated Accounts	24,170
Accounts Receivable	<u>8,994</u>

Total Assets \$ 352,084

Liabilities

Due to Other Governments	\$ 288,318
Deposits Held and Due to Others	<u>63,766</u>

Total Liabilities \$ 352,084

See accompanying notes to the basic financial statements.

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City of Hilliard, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 1 – DESCRIPTION OF THE CITY AND REPORTING ENTITY

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

Reporting Entity

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

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2011

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.

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. Interfund services provided and used are not eliminated in the process of consolidation. The statements usually distinguish between those activities of the City that are governmental in nature and those that are considered business-type activities; however, the City has no activities which are reported as business-type.

The Statement of Net 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 are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program is self financing or draws from the general revenues of the City.

Fund Financial Statements

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

Fund Accounting

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

Governmental Funds

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

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2011

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

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

Street Improvement Municipal Tax Fund – This fund is used to account for a portion of the City's income tax collections to be used for repair and improvement of streets and highways. In 2011 5% of income tax collections were deposited into the fund.

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

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

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

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

Proprietary Fund

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

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

Fiduciary Funds

Fiduciary fund reporting focuses on 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 City's only fiduciary funds are agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City has two agency funds which are used to account for the collection and distribution of court fines and forfeitures and for the collection and distribution of charges for inspections provided by other governments and entities along with capacity charges for another city.

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2011

Measurement Focus

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, the proprietary fund type is accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the Statement of Fund Net 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 activity.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the financial statements of the internal service and agency funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred 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. "Measurable" means the amount of the transaction can be determined and "Available" means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within sixty days of year-end.

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

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2011

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.

Unearned Revenue

Unearned 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, 2011, but were levied to finance 2012 operations, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met have also been recorded as unearned 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

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

During 2011, the City invested in negotiable certificates of deposit, a money market account, and STAROhio. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2011. Investments are reported at fair

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2011

value which is based on quoted market prices. Nonparticipating investment contracts, such as repurchase agreements, are reported at cost.

Interest income is distributed to the funds according to Ohio constitutional and statutory requirements. Interest revenue credited to the General Fund during 2011 amounted to \$59,599, which includes \$49,416 assigned from other funds.

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2011, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and expenditure is reported in the year in which services are consumed.

Bond Premium/Unamortized Bond Issuance Costs/Loss

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.

The accounting loss on refunded bonds (difference between the reacquisition price and the net carrying amount of the old debt) is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.

Capital Assets

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

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

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

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2011

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

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

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

Compensated Absences

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

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

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

Accrued Liabilities And Long-Term Obligations

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

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

Contributions of Capital

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

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2011

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 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.

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

The government-wide Statement of Net Assets reports \$9,067,789 of restricted net assets, of which \$186,512 is restricted by enabling legislation.

Interfund Transaction

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

Operating Revenues and Expenses

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

Accounting Estimates

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

Budgetary Process

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

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2011

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

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

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed in all funds. On the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities. There were outstanding encumbrances in six of the major governmental funds at December 31, 2011: \$725,407 in the General Fund, \$70,446 in the Street Maintenance and Repair Fund, \$366,788 in the Street Improvement Municipal Tax Fund, \$172,816 in the Water and Sewer Revenue Fund, \$20,586 in the TIF Fund, \$2,679,395 in the Capital Improvement Municipal Tax Fund and \$241,338 in the Nonmajor Funds.

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT

The City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB Statement No. 54 enhances the usefulness of fund balance by providing clarified fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.

This statement establishes fund balance classification that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of Statement No. 54 resulted in the reclassification of certain funds and restatement of beginning fund balance:

	<u>General</u>	<u>Water and Sewer Revenue</u>	<u>Nonmajor Funds</u>
Fund balance at December 31, 2010	\$ 3,349,735	\$ 525,592	\$ 2,566,152
Change in fund classification	<u>222,785</u>	<u>946,751</u>	<u>(1,169,536)</u>
Fund balance at December 31, 2010, as restated	<u>\$ 3,572,520</u>	<u>\$ 1,472,343</u>	<u>\$ 1,396,616</u>

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2011

NOTE 4 – COMPLIANCE AND ACCOUNTABILITY

Accountability

At December 31, 2011, the Special Assessment Bond Retirement Debt Service Fund had a deficit fund balance of \$12,904. The General Fund is liable for any deficits and will provide transfers when cash is required, not when accruals occur.

NOTE 5 – BUDGETARY BASIS OF ACCOUNTING

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

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

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

	<u>General</u>	<u>Street Maintenance and Repair</u>	<u>Street Improvement Municipal Tax</u>	<u>Water and Sewer Revenue</u>	<u>TIF</u>
GAAP Basis	\$ 236,821	\$ 92,862	\$ 446,722	\$ (368,053)	\$ 546,834
Revenue Accruals	272,248	1,724	(33,611)	(2,894)	-
Expenditure Accruals	290,712	(25,626)	(76,784)	(43,490)	(165,484)
Encumbrances	(652,376)	(70,446)	(366,788)	(172,816)	(20,586)
Funds reclassified	<u>154,607</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Budget Basis	<u>\$ 302,012</u>	<u>\$ (1,486)</u>	<u>\$ (30,461)</u>	<u>\$ (587,253)</u>	<u>\$ 360,764</u>

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2011

NOTE 6 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

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

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

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2011

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure; the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end, \$1,588,723 of the City's bank balance of \$4,713,667 was exposed to custodial credit risk because it was uninsured, and collateralized with securities held by the pledging financial institution.

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

Investments

As of December 31, 2011, the City had the following investments. All investments are in an internal investment pool.

	Fair Value	Investment Maturities			
		0 to 6 mos	7 to 12 mos	13 to 18 mos	19 to 24 mos
5/3rd Government Money Market	\$ 925,525	\$ 925,525	\$ -	\$ -	\$ -
Negotiable Certificates of Deposit	6,123,932	1,873,345	1,489,694	901,724	1,859,169
STAROhio	5,823,913	5,823,913	-	-	-
Totals	<u>\$ 12,873,370</u>	<u>\$ 8,622,783</u>	<u>\$ 1,489,694</u>	<u>\$ 901,724</u>	<u>\$ 1,859,169</u>

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

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

Concentration of Credit Risk – The City places no limit on the amount it may invest in any one issuer; however, investments are limited to low risk securities with the expectation of earning market rate of return. The City's investments in 5/3rd Government Money Market, negotiable Certificates of Deposit, and STAR Ohio represent 7.2 percent, 47.6 percent, and 45.2 percent, respectively, of the City's total investments.

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2011

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 2011 for real and public utility property taxes represents collections of 2010 taxes.

2011 real property taxes are levied after October 1, 2011, on the assessed value as of January 1, 2011, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2011 real property taxes are collected in and intended to finance 2012.

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. 2011 public utility property taxes became a lien December 31, 2010, are levied after October 1, 2011, and are collected in 2011 with real property taxes.

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

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the City of Hilliard. The County Auditor periodically remits to the City its portion of the taxes. Property taxes receivable represents real property taxes, public utility taxes, and outstanding delinquencies which are measurable as of December 31, 2011, and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been offset by unearned revenue since the current taxes were not levied to finance 2011 operations, and the collections 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 unearned.

The full tax rate for all City operations for the year ended December 31, 2011, was \$1.60 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2011 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property	\$ 832,427,240
Public Utility Property	<u>12,894,340</u>
Totals	<u>\$ 845,321,580</u>

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

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, continued
For the Year Ended December 31, 2011

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

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

NOTE 9 - RECEIVABLES

Receivables at December 31, 2011, consisted of property and other local taxes, payments in lieu of taxes, municipal income taxes, accounts, special assessments, accrued interest, intergovernmental receivables arising from grants, entitlements and shared revenues, and interfund receivables. All receivables are considered fully collectible.

A summary of intergovernmental receivables follows:

Governmental Activities	Amounts
Local Government	\$ 429,429
Estate Tax	23,805
Homestead, Rollback and Exemption	134,886
Gas Tax	490,233
Motor Vehicle Tax	250,943
CDBG Sewer	40,305
OPWC Grant	939,650
Other	<u>39,900</u>
Total Intergovernmental Receivables	<u>\$ 2,349,151</u>

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2011

NOTE 10 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011, was as follows:

	Balance at 1/1/2011	Additions	Deletions	Balance at 12/31/2011
Governmental Activities				
Capital Assets, not being depreciated:				
Land	\$ 4,504,717	-	(54,000)	4,450,717
Construction in Progress	7,395,758	-	(7,395,758)	-
Total Capital Assets, not being depreciated	<u>11,900,475</u>	<u>-</u>	<u>(7,449,758)</u>	<u>4,450,717</u>
Depreciable Capital Assets:				
Buildings	11,500,688	4,517	(1,100)	11,504,105
Improvements Other Than Buildings	10,032,083	84,804	(38,531)	10,078,356
Machinery and Equipment	4,303,648	878,487	(192,717)	4,989,418
Furniture and Fixtures	779,338	-	(52,886)	726,452
Vehicle	3,208,293	32,173	(526,255)	2,714,211
Infrastructure	372,511,733	17,983,842	(425,231)	390,070,344
Total Depreciable Capital Assets	<u>402,335,783</u>	<u>18,983,823</u>	<u>(1,236,720)</u>	<u>420,082,886</u>
Less Accumulated Depreciation:				
Buildings	(3,067,685)	(336,827)	1,100	(3,403,412)
Improvements Other Than Buildings	(2,041,568)	(405,590)	12,395	(2,434,763)
Machinery and Equipment	(3,287,803)	(357,809)	185,324	(3,460,288)
Furniture and Fixtures	(442,636)	(41,865)	40,712	(443,789)
Vehicle	(1,942,160)	(322,394)	452,349	(1,812,205)
Infrastructure	(147,099,764)	(9,184,736)	267,713	(156,016,787)
Total Accumulated Depreciation	<u>(157,881,616)</u>	<u>(10,649,221)</u>	<u>959,593</u>	<u>(167,571,244)</u>
Depreciable Capital Assets, Net	<u>244,454,167</u>	<u>8,334,602</u>	<u>(277,127)</u>	<u>252,511,642</u>
Governmental Activities Capital Assets, Net	<u>\$ 256,354,642</u>	<u>8,334,602</u>	<u>(7,726,885)</u>	<u>256,962,359</u>

For the year ended December 31, 2011, the value of the assets donated to the City was \$3,296,040.

Depreciation expense was charged to the governmental programs as follows:

General Government	\$ 156,273
Security of Persons and Property	532,356
Leisure Time Activities	465,174
Community Environment	85,738
Basic Utility Services	4,919,427
Transportation	<u>4,490,253</u>
Total Depreciation Expense	<u>\$ 10,649,221</u>

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2011

NOTE 11 - DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

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

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

For the year ended December 31, 2011, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 10.0 percent of their annual covered salaries. The City required employees to contribute 1.5 percent, and the City paid the remaining 8.5 percent of participants' gross salaries, along with the required employer portion. Members participating in the traditional plan that were in law enforcement and public safety contributed 10.5 percent of their annual covered salary. The employer contribution rate for pension benefits for 2011 was 14 percent, except for those plan members in law enforcement or public safety. For those classifications, the employer's pension contributions were 17.87 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, 2011, 2010, and 2009 were \$707,298, \$869,056, and \$819,552, respectively; 100 percent has been contributed for 2011, 2010 and 2009. Contributions to the member-directed plan for 2011 were \$27,063 made by the City and \$19,331 made by the plan members.

Ohio Police and Fire Pension Fund

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

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the City is required to contribute 19.5 percent for police officers. From January 1, 2011

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2011

through June 30, 2011, the City required employees to contribute .5 percent, and the City paid the remaining 9.5 percent of participants' gross salaries, along with the required employer portion. From July 1, 2011 through December 31, 2011 the City required employees to contribute 3.5 percent and the City paid the remaining 6.5 percent of the participants' gross salaries, along with the required employer portion. The City has no firefighters. Contributions are authorized by State statute. The City's required contributions to the OP&F for the years ended December 31, 2011, 2010, and 2009 were \$781,870, \$906,562, and \$766,793, respectively. The full amount has been contributed for 2011, 2010, and 2009.

NOTE 12 - POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

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

A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postemployment health care based on authority granted by State statute. OPERS Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent during calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent during calendar year 2011. The portion of employer contributions allocated to health care for the calendar year beginning January 1, 2012 remained the same, but they are subject to change based on Board action. Employers will be notified if the portion allocated to health care changes during calendar year 2012. The OPERS Board of Trustees is also authorized to establish rules for the retiree, or their surviving beneficiaries, to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual City contributions for 2011, 2010, and 2009 which were used to fund postemployment benefits were \$202,075, \$313,792, and \$298,764, respectively.

Ohio Police and Fire Pension Fund

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

The Ohio Revised Code allows, but does not mandate OP&F to provided OPEB benefits. Authority for the OP&F board of trustees to provide health care coverage to eligible participants and to establish and amend benefits are codified in Chapter 742 of the Ohio Revised Code. The Ohio Revised Code provides for contributions requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2011

expressed as percentages of the payroll of active pension plan member, currently, 19.5 percent of covered payroll for police. The Ohio Revised Code states that the employer contributions may not exceed 19.5 percent of covered payroll for police employer units. Active members do not make contributions to the OPEB plan.

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

The board of trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2011, the employer contributions allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Sections 115 and 401(h).

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

The City's actual contributions for 2011, 2010 and 2009 that were allocated to fund the health care plan for police were \$270,527, \$313,670, and \$258,409, respectively.

NOTE 13 - OTHER EMPLOYEE BENEFITS

Compensated Absences

Accumulated Unpaid Vacation

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

Accumulated Unpaid Sick Leave

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

Deferred Compensation

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

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2011

NOTE 14 - CAPITAL LEASES - LESSEE DISCLOSURE

The City has leases for a building, vehicles and equipment. The building lease meets the criteria of a capital lease as defined by *Statement of Financial Accounting Standards No. 13, "Accounting for Leases"*, as the present value of the minimum lease payments at the beginning of the lease equals the fair value of the leased property. While the vehicle and equipment leases meet the criteria which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the Basic Financial Statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis

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

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2011 were as follows:

Year ending December 31,	Safety Building and Equipment Leases
2012	\$ 476,240
2013	476,240
2014	476,240
2015	476,240
2016	476,240
2017-2021	1,948,397
2022-2026	1,948,397
2027-2031	1,948,397
2032-2036	1,948,397
2037-2038	779,363
Total minimum lease payments	10,954,151
Less: amount representing interest	(4,505,879)
	\$ 6,448,272

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2011

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 2011, the City contracted with several different insurance providers for property, liability, and automobile insurance.

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

Health Insurance

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

All funds of the City from which employee salaries are paid participate in the health insurance programs and make payments to the Insurance Trust Fund based on the amounts needed to make claim payments. Total contributions to the program during 2011 were \$1,876,912. The claims liability of \$174,000 reported in the Insurance Trust Fund at December 31, 2011, is based on the requirements of *GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues,"* as amended by *GASB Statement No. 30 "Risk Management Omnibus,"* which requires that a liability for claims be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Estimates were calculated by using actual claims reports for several months following the balance sheet date. This estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the Insurance Trust Fund's claims liability amount for 2009, 2010, and 2011 were:

Year	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2009	\$ 267,000	\$ 1,633,115	\$ (1,789,115)	\$ 111,000
2010	111,000	1,540,128	(1,479,128)	172,000
2011	172,000	1,694,917	(1,692,917)	174,000

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2011

NOTE 16 - LONG-TERM OBLIGATIONS

Changes in long-term obligations during 2011 were as follows:

Types/Issues	Balance at 1/1/2011	Issued	Retired	Balance at 12/31/2011	Due Within One Year
<u>Notes Payable:</u>					
2010 Various Purpose Improvements Bond Anticipation Notes \$5,300,000	\$ 5,300,000	\$ -	\$ 5,300,000	\$ -	\$ -
Total Notes Payable	<u>5,300,000</u>	<u>-</u>	<u>5,300,000</u>	<u>-</u>	<u>-</u>
<u>Loans Payable:</u>					
2005 OWDA Loan 3% \$2,472,265	<u>2,216,777</u>	<u>17,689</u>	<u>107,303</u>	<u>2,127,163</u>	<u>186,961</u>
<u>Unvoted General Obligation Bonds:</u>					
2002 Various Purpose Improvement 3.0 - 5.375% \$4,950,000	310,000	-	150,000	160,000	160,000
2003 Various Purpose Improvement 3.0 - 4.25% \$5,280,000	3,880,000	-	225,000	3,655,000	235,000
2005 Various Purpose and Refunding 3.0 - 5.0% \$20,175,000	15,970,000	-	830,000	15,140,000	860,000
Unamortized Loss	(372,807)	-	(21,930)	(350,877)	-
2005 Trueman Boulevard Project 3.0 - 5.0% \$8,285,000	7,030,000	-	325,000	6,705,000	345,000
2007 Various Purpose & Refunding 4.0 - 5.0% \$7,975,000	7,025,000	-	285,000	6,740,000	295,000
2009 Various Purpose 2.25 - 5.0% \$15,540,000	14,810,000	-	755,000	14,055,000	785,000
2011 Various Purpose 2.0 - 4.25% \$8,020,000	<u>-</u>	<u>8,020,000</u>	<u>155,000</u>	<u>7,865,000</u>	<u>420,000</u>
Total General Obligation Bonds	<u>48,652,193</u>	<u>8,020,000</u>	<u>2,703,070</u>	<u>53,969,123</u>	<u>3,100,000</u>
<u>Other Long-Term Obligations:</u>					
Compensated Absences	1,813,026	898,759	868,590	1,843,195	881,253
Premium General Obligation Bonds Issued	1,761,564	15,982	102,547	1,674,999	-
Capital Leases	<u>6,168,683</u>	<u>392,939</u>	<u>113,350</u>	<u>6,448,272</u>	<u>192,063</u>
Total Other Long-Term Obligations	<u>9,743,273</u>	<u>1,307,680</u>	<u>1,084,487</u>	<u>9,966,466</u>	<u>1,073,316</u>
Total General Long-Term Obligations	<u>\$ 65,912,243</u>	<u>\$ 9,345,369</u>	<u>\$ 9,194,860</u>	<u>\$ 66,062,752</u>	<u>\$ 4,360,277</u>

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

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

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

Compensated absences will be paid from the General Fund, the Street Maintenance and Repair, and the Water and Sewer Special Revenue Funds.

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2011

As of December 31, 2011, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$66,078,366 with an unvoted debt margin of \$23,812,287.

Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2011, are:

Year	OWDA Loans		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2012	\$ 186,961	\$ 21,948	\$ 3,100,000	\$ 2,321,528
2013	203,606	56,690	3,190,000	2,215,198
2014	209,760	50,536	3,300,000	2,112,535
2015	216,100	44,196	3,245,000	1,991,135
2016	222,631	37,665	3,065,000	1,870,335
2017-2021	1,088,105	83,228	16,785,000	7,339,513
2022-2026	-	-	16,360,000	3,317,444
2027-2031	-	-	5,275,000	480,998
Totals	<u>\$ 2,127,163</u>	<u>\$ 294,263</u>	<u>\$ 54,320,000</u>	<u>\$ 21,648,686</u>

On May 11, 2010 the City issued series 2010 Bond Anticipation Notes in the amount of \$5,300,000. The proceeds were used for various City improvements. The coupon rate was 1.55%. The notes matured on May 10, 2011.

On April 27, 2011 the City issued \$8,020,000 of Various Purpose Bonds, Series 2011 dated May 5, 2011. The bonds are unvoted general obligations of the City and funded various transportation projects, equipment purchases and infrastructure improvements and retired the 2010 Bond Anticipation Notes in the amount of \$5,300,000. The premium on the bonds was \$15,982 and the issuance costs totaled \$203,954. The bonds will mature December 1, 2030 and have a true interest cost of 3.75%. The average coupon is 3.65% and average life of 10.681 years.

NOTE 17 – DUE TO / DUE FROM OTHER FUNDS

Amounts due to/due from other funds at December 31, 2011 were as follows:

	Due From	Due To
Governmental Funds:		
General Fund	\$ 33,846	99,217
Street Maintenance and Repair Fund	-	18,207
Water and Sewer Revenue Fund	-	27,092
Nonmajor Funds	-	3,455
	<u>33,846</u>	<u>147,971</u>
Internal Service Fund	<u>114,125</u>	-
Total	<u><u>147,971</u></u>	<u><u>147,971</u></u>

NOTE 18 – FUND BALANCES

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is "bound to honor constraints on the specific purposes for which amounts in the fund can be spent" in accordance with GASB Statement No. 54, *Fund Balance*

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2011

Reporting and Governmental Fund Type Definitions. The components for reporting the City's fund balance are nonspendable, restricted, committed, assigned and unassigned. Restricted fund balance includes those amounts that are restricted by parties outside of the City and pursuant to enabling legislation. Committed fund balance describes the portion of fund balance that has been limited by use by approval of City Council. City Council is the City's highest level of decision making. Fund balance commitments are established, modified, or rescinded by City Council action through passage of an ordinance. Assigned fund balance includes amounts that have an intended use by City Council. City Council demonstrates its intent for use of assigned amounts through passage of appropriation legislation. The unassigned fund balance represents the residual net resources.

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

	General	Street Maintenance and Repair	Street Improvement Municipal Tax	Water and Sewer Revenue	TIF	Capital Improvement Municipal Tax	Nonmajor Funds	Total
Fund Balances								
Nonspendable:								
Prepaid items	\$ 28,179	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,179
Total Nonspendable	<u>28,179</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,179</u>
Restricted for:								
Transportation	-	339,101	-	-	1,395,407	-	203,922	1,938,430
Police programs	-	-	-	-	-	-	28,905	28,905
Capital outlay	-	-	-	-	-	6,229,735	-	6,229,735
Other	-	-	-	-	-	-	90,423	90,423
Total Restricted	<u>-</u>	<u>339,101</u>	<u>-</u>	<u>-</u>	<u>1,395,407</u>	<u>6,229,735</u>	<u>323,250</u>	<u>8,287,493</u>
Committed to:								
Basic Utility Services	-	-	-	1,104,290	-	-	586,183	1,690,473
Community Environment	204,888	-	-	-	-	-	-	204,888
Transportation	-	-	3,669,054	-	-	-	-	3,669,054
Park Maintenance	-	-	-	-	-	-	413,489	413,489
Total Committed	<u>204,888</u>	<u>-</u>	<u>3,669,054</u>	<u>1,104,290</u>	<u>-</u>	<u>-</u>	<u>999,672</u>	<u>5,977,904</u>
Assigned to:								
Community Environment	16,836	-	-	-	-	-	-	16,836
General Government	499,047	-	-	-	-	-	-	499,047
Police programs	4,636	-	-	-	-	-	-	4,636
Total Assigned	<u>520,519</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>520,519</u>
Unassigned	3,055,755	-	-	-	-	-	(12,904)	3,042,851
Total Fund Balances	<u>\$ 3,809,341</u>	<u>\$ 339,101</u>	<u>\$ 3,669,054</u>	<u>\$ 1,104,290</u>	<u>\$ 1,395,407</u>	<u>\$ 6,229,735</u>	<u>\$ 1,310,018</u>	<u>\$ 17,856,946</u>

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2011

NOTE 19 – CONDUIT DEBT OBLIGATIONS

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

As of December 31, 2011, there were four series of industrial revenue development bonds outstanding with an aggregate principal amount payable of \$5,935,000.

NOTE 20 - CONTRACTUAL COMMITMENTS

As of December 31, 2011, the City had contractual purchase commitments as follows:

Vendor	Contract Amount	Amount Expended	Balance 12/31/2011
Bird Houk Collaborative	\$ 570,789	\$ 544,283	\$ 26,506
Burgess & Niple	213,500	198,854	14,646
Complete General Construction	7,042,379	6,604,410	437,969
CSX Trans., Property Services	15,000	3,500	11,500
Danbert Contractors	104,346	-	104,346
E.P. Ferris & Associates, Inc.	24,900	24,000	900
EMHT	49,920	34,944	14,976
Evans, Mechwart, Hambleton	139,900	110,024	29,876
HR Gray	118,000	66,440	51,560
Ice Miller	50,000	48,595	1,405
M-E Companies	30,000	29,300	700
S&ME, Inc.	14,000	1,313	12,687
Stantec Consulting Svcs. Inc.	220,000	103,193	116,807
Strawser Paving	1,051,776	1,013,871	37,905
URS Corporation	220,750	213,024	7,726
Various Utility Companies	920,000	364,770	555,230
W.E. Stilson Consulting Group	36,200	34,484	1,716
Other	50,000	-	50,000
	<u>\$ 10,871,460</u>	<u>\$ 9,395,005</u>	<u>\$ 1,476,455</u>

NOTE 21 – RELATED ORGANIZATION AND JOINT VENTURE

Hilliard Arts Council Corporation

The Hilliard Arts Council Corporation (the Corporation) is a separately created nonprofit (501(c)(3)) organization. The Corporation is governed by an eleven member Board of Trustees appointed as follows: four members appointed by the Hilliard City Council, one member appointed by the Hilliard Area

City of Hilliard, Ohio
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2011

Chamber of Commerce, one member appointed by the Hilliard Recreation and Parks Director, one member appointed by the Hilliard City School District, and four members appointed by the Mayor of the City of Hilliard. The Trustees adopt their own budget, hire and fire their own staff, authorize expenditures, and do not rely on the City to finance deficits. The City cannot influence the Corporation's operations, nor does the Corporation represent a potential financial benefit or burden to the City.

Norwich Township

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

NOTE 22 - CONTINGENT LIABILITIES

Federal and State Grants

For the period January 1, 2011, to December 31, 2011, 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.

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SUPPLEMENTARY INFORMATION

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City of Hilliard, Ohio
Major Governmental Fund Descriptions

General Fund

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

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

Police Benevolent Fund

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

Construction Inspection Fund

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

Street Maintenance and Repair Fund

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

Street Improvement Municipal Tax Fund

This fund is used to account for a portion of the City's income tax collections to be used for repair and improvement of streets and highways. In 2011, 5% of income tax collections were deposited into the fund.

Water and Sewer Revenue Fund

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

Tax Increment Financing Fund

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

Capital Improvement Municipal Tax Fund

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

City of Hilliard, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property and Other Local Taxes	\$ 1,825,500	\$ 1,825,500	\$ 1,985,267	\$ 159,767
Municipal Income Taxes	12,448,314	12,448,314	12,184,246	(264,068)
Intergovernmental	1,144,637	1,144,637	992,545	(152,092)
Charges for Services	2,631,500	2,631,500	2,729,196	97,696
Licenses and Permits	881,500	881,500	842,431	(39,069)
Fines and Forfeitures	300,000	300,000	297,373	(2,627)
Investment Income	130,500	130,500	59,599	(70,901)
Miscellaneous	69,000	69,000	53,103	(15,897)
	<u>19,430,951</u>	<u>19,430,951</u>	<u>19,143,760</u>	<u>(287,191)</u>
Expenditures				
Current:				
General Government				
Mayor				
Personal Services	160,887	160,887	155,805	5,082
Contractual Services	12,000	12,000	2,650	9,350
Materials and Supplies	5,059	5,059	1,935	3,124
Total Mayor	<u>177,946</u>	<u>177,946</u>	<u>160,390</u>	<u>17,556</u>
City Council				
Personal Services	217,570	218,570	214,658	3,912
Contractual Services	30,900	30,900	22,281	8,619
Materials and Supplies	77,154	76,154	49,976	26,178
Total City Council	<u>325,624</u>	<u>325,624</u>	<u>286,915</u>	<u>38,709</u>
Clerk of Courts				
Personal Services	160,374	160,374	155,806	4,568
Contractual Services	94,284	94,284	90,702	3,582
Materials and Supplies	12,473	12,473	7,640	4,833
Total Clerk of Courts	<u>267,131</u>	<u>267,131</u>	<u>254,148</u>	<u>12,983</u>
Law				
Personal Services	237,274	237,274	237,220	54
Contractual Services	79,746	79,746	72,890	6,856
Materials and Supplies	7,012	7,012	6,670	342
Total Law	<u>324,032</u>	<u>324,032</u>	<u>316,780</u>	<u>7,252</u>

(continued)

City of Hilliard, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2011
(continued)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Finance				
Personal Services	688,844	673,844	673,324	520
Contractual Services	108,642	108,642	98,121	10,521
Materials and Supplies	52,406	52,406	36,015	16,391
Other	61,505	61,505	45,444	16,061
Total Finance	911,397	896,397	852,904	43,493
Economic Development				
Personal Services	227,566	227,566	222,473	5,093
Contractual Services	3,500	3,500	3,500	-
Materials and Supplies	12,467	12,467	11,581	886
Total Economic Development	243,533	243,533	237,554	5,979
City Clerk				
Personal Services	300	300	-	300
Contractual Services	2,500	2,500	814	1,686
Materials and Supplies	16,069	16,069	13,200	2,869
Total City Clerk	18,869	18,869	14,014	4,855
Human Resources				
Personal Services	210,605	210,605	207,833	2,772
Contractual Services	40,846	40,846	27,181	13,665
Materials and Supplies	13,053	13,053	7,422	5,631
Total Human Resources	264,504	264,504	242,436	22,068
Public Building and Land				
Personal Services	292,283	308,283	307,859	424
Contractual Services	131,806	131,806	111,183	20,623
Materials and Supplies	48,013	48,013	21,819	26,194
Utilities	509,783	551,783	541,609	10,174
Total Public Building and Land	981,885	1,039,885	982,470	57,415
Information Technology				
Personal Services	169,984	119,984	113,540	6,444
Contractual Services	278,880	266,880	249,241	17,639
Materials and Supplies	19,413	31,413	30,651	762
Total Information Technology	468,277	418,277	393,432	24,845
Civil Service Commission				
Personal Services	6,494	6,994	6,600	394
Contractual Services	12,000	12,000	12,000	-
Materials and Supplies	11,978	11,978	3,133	8,845
Total Civil Service Commission	30,472	30,972	21,733	9,239

(continued)

City of Hilliard, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2011
(continued)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Boards and Commissions				
Personal Services	36,309	38,309	36,471	1,838
Materials and Supplies	1,670	1,670	204	1,466
Total Boards and Commissions	37,979	39,979	36,675	3,304
General Administrative				
Personal Services	119,504	119,504	118,504	1,000
Contractual Services	342,653	427,653	360,336	67,317
Materials and Supplies	30,000	30,000	20,809	9,191
Other	759,006	844,006	596,754	247,252
Total General Administrative	1,251,163	1,421,163	1,096,403	324,760
Total General Government	5,302,812	5,468,312	4,895,854	572,458
Security of Persons and Property				
Police				
Personal Services	7,972,434	7,821,934	7,722,871	99,063
Contractual Services	188,107	188,107	155,311	32,796
Materials and Supplies	175,506	175,506	163,004	12,502
Other	300	300	300	-
Total Police	8,336,347	8,185,847	8,041,486	144,361
Total Security of Persons and Property	8,336,347	8,185,847	8,041,486	144,361
Public Health				
County Health District				
Contractual Services	165,311	165,311	165,311	-
Total County Health District	165,311	165,311	165,311	-
Total Public Health	165,311	165,311	165,311	-
Leisure Time Activities				
Recreation				
Personal Services	1,979,933	1,979,933	1,972,588	7,345
Contractual Services	237,563	237,563	222,980	14,583
Materials and Supplies	324,616	324,616	315,442	9,174
Utilities	258,028	258,028	256,410	1,618
Other	51,518	51,518	38,048	13,470
Total Recreation	2,851,658	2,851,658	2,805,468	46,190
Total Leisure Time Activities	2,851,658	2,851,658	2,805,468	46,190

(continued)

City of Hilliard, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2011
(continued)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Community Environment				
Service/Engineer				
Personal Services	589,371	554,371	549,581	4,790
Contractual Services	1,832,643	1,832,643	1,831,884	759
Materials and Supplies	31,219	31,219	8,670	22,549
Total Service/Engineer	<u>2,453,233</u>	<u>2,418,233</u>	<u>2,390,135</u>	<u>28,098</u>
Building Inspection				
Personal Services	491,052	491,052	481,494	9,558
Contractual Services	101,258	96,258	75,715	20,543
Materials and Supplies	11,306	11,306	7,683	3,623
Other	7,000	7,000	7,000	-
Total Building Inspection	<u>610,616</u>	<u>605,616</u>	<u>571,892</u>	<u>33,724</u>
Total Community Environment	<u>3,063,849</u>	<u>3,023,849</u>	<u>2,962,027</u>	<u>61,822</u>
<i>Total Expenditures</i>	<u>19,719,977</u>	<u>19,694,977</u>	<u>18,870,146</u>	<u>824,831</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(289,026)</u>	<u>(264,026)</u>	<u>273,614</u>	<u>537,640</u>
Other Financing Sources (Uses)				
Proceeds from Sale of City Assets	-	-	28,398	28,398
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>28,398</u>	<u>28,398</u>
<i>Net Change in Fund Balance</i>	(289,026)	(264,026)	302,012	566,038
<i>Fund Balance at Beginning of Year</i>	2,039,663	2,039,663	2,039,663	-
Prior Year Encumbrances Appropriated	<u>467,189</u>	<u>467,189</u>	<u>467,189</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 2,217,826</u>	<u>\$ 2,242,826</u>	<u>\$ 2,808,864</u>	<u>\$ 566,038</u>

City of Hilliard, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balances - Budget (Non-GAAP Basis) and Actual
 Construction Inspection Fund¹
 For the Year Ended December 31, 2011*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charges for Services	\$ 370,000	\$ 370,000	\$ 225,450	\$ (144,550)
Other	-	-	36,975	36,975
<i>Total Revenues</i>	<u>370,000</u>	<u>370,000</u>	<u>262,425</u>	<u>(107,575)</u>
Expenditures				
Current:				
Community Environment				
Personal Services	273,261	273,261	249,270	23,991
Contractual Services	82,327	82,327	58,586	23,741
Materials and Supplies	29,770	29,770	18,600	11,170
Capital Outlay	78,776	78,776	78,776	-
Other	7,000	7,000	-	7,000
<i>Total Expenditures</i>	<u>471,134</u>	<u>471,134</u>	<u>405,232</u>	<u>65,902</u>
<i>Net Change in Fund Balance</i>	(101,134)	(101,134)	(142,807)	(41,673)
<i>Fund Balance at Beginning of Year</i>	78,746	78,746	78,746	-
Prior Year Encumbrances Appropriated	108,698	108,698	108,698	-
<i>Fund Balance at End of Year</i>	<u>\$ 86,310</u>	<u>\$ 86,310</u>	<u>\$ 44,637</u>	<u>\$ (41,673)</u>

¹ For GAAP reporting, this fund is combined with the General Fund.

City of Hilliard, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balances - Budget (Non-GAAP Basis) and Actual
 Police Benevolent Fund¹
 For the Year Ended December 31, 2011*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charges for Services	\$ -	\$ -	\$ 9,080	\$ 9,080
Licenses and Permits	-	-	960	960
Contributions and Donations	40,000	40,000	41,949	1,949
Other	-	-	20	20
<i>Total Revenues</i>	<u>40,000</u>	<u>40,000</u>	<u>52,009</u>	<u>12,009</u>
Expenditures				
Current:				
Security of Persons and Property				
Contractual Services	11,124	3,124	1,503	1,621
Materials and Supplies	10,545	49,195	47,920	1,275
Capital Outlay	-	1,300	1,254	46
Other	1,755	20,155	15,778	4,377
<i>Total Expenditures</i>	<u>23,424</u>	<u>73,774</u>	<u>66,455</u>	<u>7,319</u>
<i>Net Change in Fund Balance</i>	16,576	(33,774)	(14,446)	19,328
<i>Fund Balance at Beginning of Year</i>	55,262	55,262	55,262	-
Prior Year Encumbrances Appropriated	<u>3,424</u>	<u>3,424</u>	<u>3,424</u>	-
<i>Fund Balance at End of Year</i>	<u>\$ 75,262</u>	<u>\$ 24,912</u>	<u>\$ 44,240</u>	<u>\$ 19,328</u>

¹ For GAAP reporting, this fund is combined with the General Fund.

City of Hilliard, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balances - Budget (Non-GAAP Basis) and Actual
 Street Maintenance and Repair Fund
 For the Year Ended December 31, 2011*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$ 1,367,500	\$ 1,367,500	\$ 1,269,079	\$ (98,421)
Investment Income	8,000	8,000	344	(7,656)
Miscellaneous	26,160	26,160	3,306	(22,854)
<i>Total Revenues</i>	<u>1,401,660</u>	<u>1,401,660</u>	<u>1,272,729</u>	<u>(128,931)</u>
Expenditures				
Current:				
Transportation				
Personal Services	1,073,770	1,073,770	921,795	151,975
Contractual Services	61,348	62,348	61,628	720
Materials and Supplies	313,176	313,176	290,792	22,384
Total Transportation	<u>1,448,294</u>	<u>1,449,294</u>	<u>1,274,215</u>	<u>175,079</u>
<i>Total Expenditures</i>	<u>1,448,294</u>	<u>1,449,294</u>	<u>1,274,215</u>	<u>175,079</u>
<i>Net Change in Fund Balance</i>	(46,634)	(47,634)	(1,486)	46,148
<i>Fund Balance at Beginning of Year</i>	65,715	65,715	65,715	-
Prior Year Encumbrances Appropriated	60,058	60,058	60,058	-
<i>Fund Balance at End of Year</i>	<u>\$ 79,139</u>	<u>\$ 78,139</u>	<u>\$ 124,287</u>	<u>\$ 46,148</u>

City of Hilliard, Ohio
*Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
Street Improvement Municipal Tax Fund
For the Year Ended December 31, 2011*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Municipal Income Taxes	\$ 782,584	\$ 847,584	\$ 840,456	\$ (7,128)
Other	-	-	332,692	332,692
<i>Total Revenues</i>	<u>782,584</u>	<u>847,584</u>	<u>1,173,148</u>	<u>325,564</u>
Expenditures				
Current:				
Transportation				
Contractual Services	563,293	663,386	649,136	14,250
Capital Outlay	432,566	1,042,473	1,042,473	-
Other	20,000	40,000	39,363	637
Total Transportation	<u>1,015,859</u>	<u>1,745,859</u>	<u>1,730,972</u>	<u>14,887</u>
Debt Service				
Principal Retirement	125,000	150,000	146,369	3,631
Interest and Fiscal Charges	45,000	65,000	29,268	35,732
Total Debt Service	<u>170,000</u>	<u>215,000</u>	<u>175,637</u>	<u>39,363</u>
<i>Total Expenditures</i>	<u>1,185,859</u>	<u>1,960,859</u>	<u>1,906,609</u>	<u>54,250</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(403,275)</u>	<u>(1,113,275)</u>	<u>(733,461)</u>	<u>379,814</u>
Other Financing Sources (Uses)				
Issuance of Debt	-	703,000	703,000	-
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>703,000</u>	<u>703,000</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(403,275)	(410,275)	(30,461)	379,814
<i>Fund Balance at Beginning of Year</i>	2,864,430	2,864,430	2,864,430	-
Prior Year Encumbrances Appropriated	405,859	405,859	405,859	-
<i>Fund Balance at End of Year</i>	<u>\$ 2,867,014</u>	<u>\$ 2,860,014</u>	<u>\$ 3,239,828</u>	<u>\$ 379,814</u>

City of Hilliard, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
Water and Sewer Revenue Fund
For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charges for Services	\$ 1,005,000	\$ 1,005,000	\$ 1,188,157	\$ 183,157
Miscellaneous	-	-	35,243	35,243
<i>Total Revenues</i>	<u>1,005,000</u>	<u>1,005,000</u>	<u>1,223,400</u>	<u>218,400</u>
Expenditures				
Current:				
Basic Utility Services				
Personal Services	1,054,095	1,066,595	1,046,931	19,664
Contractual Services	374,123	675,373	338,454	336,919
Materials and Supplies	127,525	127,525	87,390	40,135
Capital Outlay	-	3,500	-	3,500
Utilities	73,679	90,679	90,378	301
Other	10,000	10,000	-	10,000
Total Basic Utility Services	<u>1,639,422</u>	<u>1,973,672</u>	<u>1,563,153</u>	<u>410,519</u>
Debt Service				
Principal Retirement	-	247,500	247,500	-
Total Debt Service	<u>-</u>	<u>247,500</u>	<u>247,500</u>	<u>-</u>
<i>Total Expenditures</i>	<u>1,639,422</u>	<u>2,221,172</u>	<u>1,810,653</u>	<u>410,519</u>
<i>Net Change in Fund Balance</i>	(634,422)	(1,216,172)	(587,253)	628,919
<i>Fund Balance at Beginning of Year, as restated</i>	1,391,880	1,391,880	1,391,880	-
Prior Year Encumbrances Appropriated	<u>195,163</u>	<u>195,163</u>	<u>195,163</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 952,621</u>	<u>\$ 370,871</u>	<u>\$ 999,790</u>	<u>\$ 628,919</u>

City of Hilliard, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
TIF Fund
For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Payment in Lieu of Taxes	\$ 1,500,000	\$ 2,400,000	\$ 2,263,214	\$ (136,786)
Intergovernmental	-	-	84,885	84,885
<i>Total Revenues</i>	<u>1,500,000</u>	<u>2,400,000</u>	<u>2,348,099</u>	<u>(51,901)</u>
Expenditures				
Current:				
Transportation				
Other	791,386	747,333	566,265	181,068
Total Transportation	<u>791,386</u>	<u>747,333</u>	<u>566,265</u>	<u>181,068</u>
Debt Service				
Principal Retirement	806,500	1,300,000	610,151	689,849
Interest and Fiscal Charges	843,500	948,600	810,919	137,681
Total Debt Service	<u>1,650,000</u>	<u>2,248,600</u>	<u>1,421,070</u>	<u>827,530</u>
<i>Total Expenditures</i>	<u>2,441,386</u>	<u>2,995,933</u>	<u>1,987,335</u>	<u>1,008,598</u>
<i>Net Change in Fund Balance</i>	(941,386)	(595,933)	360,764	956,697
<i>Fund Balance at Beginning of Year</i>	915,670	915,670	915,670	-
Prior Year Encumbrances Appropriated	<u>98,386</u>	<u>98,386</u>	<u>98,386</u>	-
<i>Fund Balance at End of Year</i>	<u>\$ 72,670</u>	<u>\$ 418,123</u>	<u>\$ 1,374,820</u>	<u>\$ 956,697</u>

City of Hilliard, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
Capital Improvement Municipal Tax Fund
For the Year Ended December 31, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Municipal Income Taxes	\$ 4,212,920	\$ 4,212,920	\$ 4,341,568	\$ 128,648
Intergovernmental	-	5,000,000	2,901,544	(2,098,456)
Licenses and Permits	200,000	200,000	323,000	123,000
Donations and Contributions	-	-	31,900	31,900
Miscellaneous	105,000	105,000	19,465	(85,535)
Total Revenues	4,517,920	9,517,920	7,617,477	(1,900,443)
Expenditures				
Current:				
General Government				
Contractual Services	457,646	523,446	452,717	70,729
Capital Outlay	185,403	477,082	298,534	178,548
Total General Government	643,049	1,000,528	751,251	249,277
Security of Persons and Property				
Contractual Services	-	1,000	1,000	-
Capital Outlay	97,317	286,317	277,567	8,750
Total Security of Persons and Property	97,317	287,317	278,567	8,750
Leisure Time Activities				
Contractual Services	-	10,000	9,885	115
Capital Outlay	42,251	308,769	64,961	243,808
Total Leisure Time Activities	42,251	318,769	74,846	243,923
Community Environment				
Contractual Services	196,887	196,887	29,060	167,827
Capital Outlay	387,462	754,080	400,017	354,063
Other	100,000	100,000	78,725	21,275
Total Community Environment	684,349	1,050,967	507,802	543,165
Basic Utility Services				
Contractual Services	128,402	1,951,855	232,771	1,719,084
Capital Outlay	-	55,500	18,930	36,570
Total Basic Utility Services	128,402	2,007,355	251,701	1,755,654
Transportation				
Contractual Services	39,350	111,275	111,261	14
Capital Outlay	4,968,067	8,215,158	6,871,740	1,343,418
Total Transportation	5,007,417	8,326,433	6,983,001	1,343,432
Debt Service				
Principal Retirement	1,069,145	1,941,633	1,941,633	-
Interest and Fiscal Charges	2,700,000	2,063,494	2,059,548	3,946
Total Debt Service	3,769,145	4,005,127	4,001,181	3,946
Total Expenditures	10,371,930	16,996,496	12,848,349	4,148,147
Excess of Revenues Over (Under) Expenditures	(5,854,010)	(7,478,576)	(5,230,872)	2,247,704
Other Financing Sources (Uses)				
Issuance of Debt	-	7,296,400	7,314,089	17,689
Premium on Bonds Issued	-	15,982	15,982	-
Equipment Lease - LaSalle Bank	-	-	392,939	392,939
Sale of City Assets	25,000	25,000	-	(25,000)
Paying off Bond Anticipation Note	-	(5,300,000)	(5,300,000)	-
Total Other Financing Sources (Uses)	25,000	2,037,382	2,423,010	385,628
Net Change in Fund Balance	(5,829,010)	(5,441,194)	(2,807,862)	2,633,332
Fund Balance at Beginning of Year	(321,920)	(321,920)	(321,920)	-
Prior Year Encumbrances Appropriated	6,173,722	6,173,722	6,173,722	-
Fund Balance at End of Year	\$ 22,792	\$ 410,608	\$ 3,043,940	\$ 2,633,332

City of Hilliard, Ohio
Nonmajor Governmental 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 organization, or other governments, or major capital projects) that are legally restricted to expenditures for specified purposes.

County Municipal Motor Vehicle Tax Fund

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

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.

Storm Water Utility Fund

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

Debt Service Funds

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

Special Assessment Bond Retirement Fund

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

City of Hilliard, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2011

	County Municipal Motor Vehicle Tax	Park Maintenance	Police	Mayor's Court Computer
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 41,927	\$ 419,570	\$ 28,905	\$ 90,423
Cash and Cash Equivalents with Fiscal Agents	127,590	-	-	-
Due from Other Governments	104,143	-	-	-
<i>Total Assets</i>	<u>\$ 273,660</u>	<u>\$ 419,570</u>	<u>\$ 28,905</u>	<u>\$ 90,423</u>
Liabilities				
Accounts Payable	-	6,081	-	-
Due to Other Fund	-	-	-	-
Interfund Payable	-	-	-	-
Accrued Wages Payable	-	-	-	-
Due to Other Governments	-	-	-	-
Deferred Revenue	69,738	-	-	-
<i>Total Liabilities</i>	<u>69,738</u>	<u>6,081</u>	<u>-</u>	<u>-</u>
Fund Balances				
Restricted	203,922	-	28,905	90,423
Committed	-	413,489	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<i>Total Fund Balance</i>	<u>203,922</u>	<u>413,489</u>	<u>28,905</u>	<u>90,423</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 273,660</u>	<u>\$ 419,570</u>	<u>\$ 28,905</u>	<u>\$ 90,423</u>

Storm Water Utility	Total Nonmajor Special Revenue Funds	Debt Service Special Assessment Bond Retirement	Total Nonmajor Governmental Funds
\$ 617,655	\$ 1,198,480	\$ -	\$ 1,198,480
-	127,590	-	127,590
-	104,143	-	104,143
<u>\$ 617,655</u>	<u>\$ 1,430,213</u>	<u>\$ -</u>	<u>\$ 1,430,213</u>
12,386	18,467	-	18,467
3,455	3,455	-	3,455
-	-	12,904	12,904
9,959	9,959	-	9,959
5,672	5,672	-	5,672
-	69,738	-	69,738
<u>31,472</u>	<u>107,291</u>	<u>12,904</u>	<u>120,195</u>
-	323,250	-	323,250
586,183	999,672	-	999,672
-	-	-	-
-	-	(12,904)	(12,904)
<u>586,183</u>	<u>1,322,922</u>	<u>(12,904)</u>	<u>1,310,018</u>
<u>\$ 617,655</u>	<u>\$ 1,430,213</u>	<u>\$ -</u>	<u>\$ 1,430,213</u>

City of Hilliard, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2011

	County Municipal Motor Vehicle Tax	Park Maintenance	Police	Mayor's Court Computer
Revenues				
Intergovernmental	\$ 1,531,795	\$ -	\$ -	\$ -
Charges for Services	-	62,764	-	-
Licenses and Permits	-	8,004	-	-
Fines and Forfeitures	-	-	10,249	18,239
Investment Income	477	-	-	-
<i>Total Revenues</i>	<u>1,532,272</u>	<u>70,768</u>	<u>10,249</u>	<u>18,239</u>
Expenditures				
Current:				
General Government	-	-	-	12,052
Security of Persons and Property	-	-	405	-
Leisure Time Activities	-	44,244	-	-
Basic Utility Services	-	-	-	-
Transportation	2,051,060	-	-	-
<i>Total Expenditures</i>	<u>2,051,060</u>	<u>44,244</u>	<u>405</u>	<u>12,052</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(518,788)</u>	<u>26,524</u>	<u>9,844</u>	<u>6,187</u>
Other Financing Sources (Uses)				
General Obligation Bonds Issued	-	20,600	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>20,600</u>	<u>-</u>	<u>-</u>
<i>Net Changes in Fund Balances</i>	(518,788)	47,124	9,844	6,187
<i>Fund Balances at Beginning of Year, as restated</i>	<u>722,710</u>	<u>366,365</u>	<u>19,061</u>	<u>84,236</u>
<i>Fund Balances at End of Year</i>	<u>\$ 203,922</u>	<u>\$ 413,489</u>	<u>\$ 28,905</u>	<u>\$ 90,423</u>

	Total Nonmajor Special Revenue Funds	Debt Service Special Assessment Bond Retirement	Total Nonmajor Governmental Funds
Storm			
Water			
Utility			
\$ -	\$ 1,531,795	\$ -	\$ 1,531,795
558,542	621,306	-	621,306
-	8,004	-	8,004
-	28,488	-	28,488
-	477	-	477
<u>558,542</u>	<u>2,190,070</u>	<u>-</u>	<u>2,190,070</u>
-	12,052	-	12,052
-	405	-	405
-	44,244	-	44,244
189,507	189,507	-	189,507
-	2,051,060	-	2,051,060
<u>189,507</u>	<u>2,297,268</u>	<u>-</u>	<u>2,297,268</u>
<u>369,035</u>	<u>(107,198)</u>	<u>-</u>	<u>(107,198)</u>
-	20,600	-	20,600
-	20,600	-	20,600
369,035	(86,598)	-	(86,598)
<u>217,148</u>	<u>1,409,520</u>	<u>(12,904)</u>	<u>1,396,616</u>
<u>\$ 586,183</u>	<u>\$ 1,322,922</u>	<u>\$ (12,904)</u>	<u>\$ 1,310,018</u>

City of Hilliard, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balances - Budget (Non-GAAP Basis) and Actual
 County Municipal Motor Vehicle Tax Fund
 For the Year Ended December 31, 2011*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 250,000	\$ 1,450,000	\$ 1,530,001	\$ 80,001
Investment Income	10,000	10,000	477	(9,523)
<i>Total Revenues</i>	<u>260,000</u>	<u>1,460,000</u>	<u>1,530,478</u>	<u>70,478</u>
Expenditures				
Current:				
Transportation				
Contractual Services	31,250	631,250	614,061	17,189
Materials and Supplies	260,000	260,000	247,490	12,510
Capital Outlay	-	1,200,000	1,200,000	-
<i>Total Expenditures</i>	<u>291,250</u>	<u>2,091,250</u>	<u>2,061,551</u>	<u>29,699</u>
<i>Net Change in Fund Balance</i>	(31,250)	(631,250)	(531,073)	100,177
<i>Fund Balance at Beginning of Year</i>	659,894	659,894	659,894	-
Prior Year Encumbrances Appropriated	31,250	31,250	31,250	-
<i>Fund Balance at End of Year</i>	<u>\$ 659,894</u>	<u>\$ 59,894</u>	<u>\$ 160,071</u>	<u>\$ 100,177</u>

City of Hilliard, Ohio
*Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
Park Maintenance Fund
For the Year Ended December 31, 2011*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charges for Services	\$ 50,000	\$ 50,000	\$ 62,764	\$ 12,764
Licenses and Permits	<u>60,000</u>	<u>60,000</u>	<u>8,004</u>	<u>(51,996)</u>
<i>Total Revenues</i>	<u>110,000</u>	<u>110,000</u>	<u>70,768</u>	<u>(39,232)</u>
Expenditures				
Current:				
Leisure Time Activities				
Contractual Services	31,806	33,506	15,000	18,506
Capital Outlay	<u>250,124</u>	<u>285,124</u>	<u>31,776</u>	<u>253,348</u>
<i>Total Expenditures</i>	<u>281,930</u>	<u>318,630</u>	<u>46,776</u>	<u>271,854</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(171,930)</u>	<u>(208,630)</u>	<u>23,992</u>	<u>232,622</u>
Other Financing Sources (Uses)				
Issuance of Debt	<u>-</u>	<u>20,600</u>	<u>20,600</u>	<u>-</u>
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>20,600</u>	<u>20,600</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(171,930)	(188,030)	44,592	232,622
<i>Fund Balance at Beginning of Year</i>	364,435	364,435	364,435	-
Prior Year Encumbrances Appropriated	<u>1,930</u>	<u>1,930</u>	<u>1,930</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 194,435</u>	<u>\$ 178,335</u>	<u>\$ 410,957</u>	<u>\$ 232,622</u>

City of Hilliard, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
Police Fund
For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Fines and Forfeitures	\$ 18,562	\$ 18,562	\$ 10,224	\$ (8,338)
<i>Total Revenues</i>	<u>18,562</u>	<u>18,562</u>	<u>10,224</u>	<u>(8,338)</u>
Expenditures				
Current:				
Security of Persons and Property				
Other	17,401	17,401	404	16,997
<i>Total Expenditures</i>	<u>17,401</u>	<u>17,401</u>	<u>404</u>	<u>16,997</u>
<i>Net Change in Fund Balance</i>	1,161	1,161	9,820	8,659
<i>Fund Balance at Beginning of Year, as restated</i>	18,635	18,635	18,635	-
Prior Year Encumbrances Appropriated	351	351	351	-
<i>Fund Balance at End of Year</i>	<u>\$ 20,147</u>	<u>\$ 20,147</u>	<u>\$ 28,806</u>	<u>\$ 8,659</u>

City of Hilliard, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balances - Budget (Non-GAAP Basis) and Actual
 Mayor's Court Computer Fund
 For the Year Ended December 31, 2011*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Fines and Forfeitures	\$ 25,000	\$ 25,000	\$ 18,023	\$ (6,977)
<i>Total Revenues</i>	<u>25,000</u>	<u>25,000</u>	<u>18,023</u>	<u>(6,977)</u>
Expenditures				
Current:				
General Government				
Contractual Services	20,000	20,000	8,700	11,300
Materials and Supplies	20,070	20,070	4,000	16,070
Capital Outlay	<u>40,000</u>	<u>40,000</u>	<u>-</u>	<u>40,000</u>
<i>Total Expenditures</i>	<u>80,070</u>	<u>80,070</u>	<u>12,700</u>	<u>67,370</u>
<i>Net Change in Fund Balance</i>	(55,070)	(55,070)	5,323	60,393
<i>Fund Balance at Beginning of Year</i>	83,076	83,076	83,076	-
Prior Year Encumbrances Appropriated	<u>70</u>	<u>70</u>	<u>70</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 28,076</u>	<u>\$ 28,076</u>	<u>\$ 88,469</u>	<u>\$ 60,393</u>

City of Hilliard, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balances - Budget (Non-GAAP Basis) and Actual
 Storm Water Utility Fund
 For the Year Ended December 31, 2011*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charges for Services	\$ 250,000	\$ 750,000	\$ 770,895	\$ 20,895
<i>Total Revenues</i>	<u>250,000</u>	<u>750,000</u>	<u>770,895</u>	<u>20,895</u>
Expenditures				
Current:				
Basic Utility Services				
Personal Services	-	12,000	11,592	408
Contractual Services	195,000	195,000	186,327	8,673
Materials and Supplies	35,200	35,200	34,503	697
Capital Outlay	-	210,000	149,346	60,654
<i>Total Expenditures</i>	<u>230,200</u>	<u>452,200</u>	<u>381,768</u>	<u>70,432</u>
<i>Net Change in Fund Balance</i>	19,800	297,800	389,127	91,327
<i>Fund Balance at Beginning of Year</i>	111	111	111	-
Prior Year Encumbrances Appropriated	<u>5,788</u>	<u>5,788</u>	<u>5,788</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 25,699</u>	<u>\$ 303,699</u>	<u>\$ 395,026</u>	<u>\$ 91,327</u>

City of Hilliard, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balances - Budget (Non-GAAP Basis) and Actual
 Special Assessment Bond Retirement Fund
 For the Year Ended December 31, 2011*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Special Assessments	\$ 13,000	\$ 13,000	\$ -	\$ (13,000)
<i>Total Revenues</i>	<u>13,000</u>	<u>13,000</u>	<u>-</u>	<u>(13,000)</u>
Expenditures				
Current:				
Debt Service				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Debt Service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	13,000	13,000	-	(13,000)
<i>Fund Balance at Beginning of Year</i>	<u>(12,904)</u>	<u>(12,904)</u>	<u>(12,904)</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 96</u>	<u>\$ 96</u>	<u>\$ (12,904)</u>	<u>\$ (13,000)</u>

City of Hilliard, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balances - Budget (Non-GAAP Basis) and Actual
 Insurance Trust Fund
 For the Year Ended December 31, 2011*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$ 2,400,000	\$ 2,400,000	\$ 1,880,526	\$ (519,474)
<i>Total Revenues</i>	<u>2,400,000</u>	<u>2,400,000</u>	<u>1,880,526</u>	<u>(519,474)</u>
Expenditures				
Contractual Services	2,400,000	2,400,000	1,886,586	513,414
<i>Total Expenditures</i>	<u>2,400,000</u>	<u>2,400,000</u>	<u>1,886,586</u>	<u>513,414</u>
<i>Net Change in Fund Balance</i>	-	-	(6,060)	(6,060)
<i>Fund Balance at Beginning of Year</i>	60,178	60,178	60,178	-
Prior Year Encumbrances Appropriated	-	-	-	-
<i>Fund Balance at End of Year</i>	<u>\$ 60,178</u>	<u>\$ 60,178</u>	<u>\$ 54,118</u>	<u>\$ (6,060)</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, and other governmental units.

Mayor's Court Fund

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

Escrow Fund

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

City of Hilliard, Ohio
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2011

Assets	Mayor's Court	Escrow	Total
Equity in Pooled Cash and Cash Equivalents	\$ -	\$ 318,920	\$ 318,920
Cash and Cash Equivalents in Segregated Accounts	24,170	-	24,170
Accounts Receivable	-	8,994	8,994
<i>Total Assets</i>	\$ 24,170	\$ 327,914	\$ 352,084
Liabilities			
Due to Other Governments	\$ -	\$ 288,318	\$ 288,318
Deposits Held and Due to Others	24,170	39,596	63,766
<i>Total Liabilities</i>	\$ 24,170	\$ 327,914	\$ 352,084

City of Hilliard, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2011

	Balance January 1, 2011	Additions	Deductions	Balance December 31, 2011
<u>Mayor's Court</u>				
Assets				
Cash and Cash Equivalents in Segregated Accounts	\$ 21,635	\$ 426,353	\$ 423,818	\$ 24,170
Liabilities				
Deposits Held and Due to Others	\$ 21,635	\$ 426,353	\$ 423,818	\$ 24,170
<u>Escrow</u>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 286,473	\$ 1,112,139	\$ 1,079,692	\$ 318,920
Accounts Receivable	4,346	8,994	4,346	8,994
<i>Total Assets</i>	<u>\$ 290,819</u>	<u>\$ 1,121,133</u>	<u>\$ 1,084,038</u>	<u>\$ 327,914</u>
Liabilities				
Due to Other Governments	\$ 251,223	\$ 749,704	\$ 712,609	\$ 288,318
Deposits Held and Due to Others	39,596	371,429	371,429	39,596
<i>Total Assets</i>	<u>\$ 290,819</u>	<u>\$ 1,121,133</u>	<u>\$ 1,084,038</u>	<u>\$ 327,914</u>
<u>Total - All Agency Funds</u>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 286,473	\$ 1,112,139	\$ 1,079,692	\$ 318,920
Cash and Cash Equivalents in Segregated Accounts	21,635	426,353	423,818	24,170
Accounts Receivable	4,346	8,994	4,346	8,994
	<u>\$ 312,454</u>	<u>\$ 1,547,486</u>	<u>\$ 1,507,856</u>	<u>\$ 352,084</u>
Liabilities				
Due to Other Governments	\$ 251,223	\$ 749,704	\$ 712,609	\$ 288,318
Deposits Held and Due to Others	61,231	797,782	795,247	63,766
	<u>\$ 312,454</u>	<u>\$ 1,547,486</u>	<u>\$ 1,507,856</u>	<u>\$ 352,084</u>

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STATISTICAL TABLES

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

<u>CONTENTS</u>	PAGES
Financial Trends	90-97
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	98-104
These schedules contain information to help the reader assess the City's most significant local revenue sources.	
Debt Capacity	105-109
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	110-111
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating information	112-117
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

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

City of Hilliard, Ohio
Net Assets by Component
Last Nine Years
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental Activities:									
Invested in Capital Assets, Net of Related Debt	\$ 199,152	\$ 2,607,404	\$ 191,791,297	\$ 194,266,629	\$ 194,544,533	\$ 196,643,631	\$ 197,699,834	\$ 193,490,449	\$ 194,252,945
Restricted	7,793,770	7,951,025	7,644,212	10,403,551	11,216,411	8,542,365	14,573,975	14,458,902	9,067,789
Unrestricted	2,868,518	2,477,454	2,978,034	3,576,842	3,990,110	714,167	3,388,558	2,940,978	7,820,179
Total Governmental Activities Net Assets	\$ 10,861,440	\$ 13,035,883	\$ 202,413,543	\$ 208,247,022	\$ 209,751,054	\$ 205,900,163	\$ 215,662,367	\$ 210,890,329	\$ 211,140,913

City of Hilliard, Ohio
Changes in Net Assets
Last Nine Years
(accrual basis of accounting)

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

(continued)

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

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

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

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

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

	2002	2003	2004	2005
General Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	128,159	85,739	295,376	2,755,118
Unreserved	3,383,257	2,880,514	2,454,282	192,489
<i>Total General Fund</i>	<u>3,511,416</u>	<u>2,966,253</u>	<u>2,749,658</u>	<u>2,947,607</u>
All Other Governmental Funds				
Restricted	-	-	-	-
Committed	-	-	-	-
Unassigned	-	-	-	-
Reserved	2,638,898	1,189,946	3,047,955	8,249,125
Unreserved, Reported in:				
Special Revenue Funds	5,048,777	4,769,321	3,188,558	2,073,997
Debt Service Funds	70,044	95,211	115,574	23,993
Capital Projects Funds	1,074,214	538,776	1,656,802	3,105,646
<i>Total All Other Governmental Funds</i>	<u>8,831,933</u>	<u>6,593,254</u>	<u>8,008,889</u>	<u>13,452,761</u>
<i>Total Governmental Funds</i>	<u>\$ 12,343,349</u>	<u>\$ 9,559,507</u>	<u>\$ 10,758,547</u>	<u>\$ 16,400,368</u>

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

2006	2007	2008	2009	2010	2011
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,179
-	-	-	-	-	204,888
-	-	-	-	-	520,519
-	-	-	-	-	3,055,755
580,680	239,375	116,547	139,582	188,231	-
2,605,051	3,521,255	3,183,859	3,073,796	3,161,504	-
<u>3,185,731</u>	<u>3,760,630</u>	<u>3,300,406</u>	<u>3,213,378</u>	<u>3,349,735</u>	<u>3,809,341</u>
-	-	-	-	-	8,287,493
-	-	-	-	-	5,773,016
-	-	-	-	-	(12,904)
5,294,723	4,502,398	5,032,205	3,245,086	6,622,551	-
1,769,638	5,518,127	7,388,881	6,240,285	6,615,484	-
9,854	264	264	(13,717)	(12,904)	-
3,179,637	856,293	(7,260,811)	3,150,492	434,163	-
<u>10,253,852</u>	<u>10,877,082</u>	<u>5,160,539</u>	<u>12,622,146</u>	<u>13,659,294</u>	<u>14,047,605</u>
<u>\$ 13,439,583</u>	<u>\$ 14,637,712</u>	<u>\$ 8,460,945</u>	<u>\$ 15,835,524</u>	<u>\$ 17,009,029</u>	<u>\$ 17,856,946</u>

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

	2002	2003	2004	2005	2006	2007
Revenues:						
Property and Other Local Taxes	\$ 1,399,359	\$ 1,526,743	\$ 1,665,011	\$ 1,713,495	\$ 1,733,726	\$ 1,905,010
Municipal Income Taxes	12,730,316	12,661,195	13,247,597	13,936,390	14,356,448	15,780,108
Payment in Lieu of Taxes	-	128,918	101,508	372,122	173,881	2,769,280
Intergovernmental	3,385,935	3,243,655	2,827,540	5,179,408	3,636,055	3,189,358
Charges for Services	3,403,048	3,058,344	3,042,601	4,152,126	3,658,956	3,610,180
Licenses and Permits	408,948	546,158	474,459	800,580	1,138,388	1,011,571
Fines and Forfeitures	251,060	251,034	296,966	310,490	307,939	286,805
Contributions and Donations	43,318	45,147	53,377	53,282	-	-
Investment Income	139,298	166,204	164,584	585,975	810,003	841,297
Special Assessments	167,246	83,025	79,579	22,755	85,288	91,765
Rent	47,197	44,300	35,564	37,202	-	-
Other	193,247	163,714	176,016	179,397	151,529	590,831
<i>Total Revenues</i>	<u>22,168,972</u>	<u>21,918,437</u>	<u>22,164,802</u>	<u>27,343,222</u>	<u>26,052,213</u>	<u>30,076,205</u>
Expenditures:						
Current:						
General Government	3,363,543	3,545,179	3,303,940	3,987,625	4,315,806	4,105,156
Security of Persons and Property	5,119,813	6,234,905	6,623,283	6,496,423	7,111,652	7,507,956
Public Health	116,275	119,086	119,086	121,642	139,691	146,530
Leisure Time Activities	2,394,556	2,800,886	2,528,337	2,417,118	3,509,050	4,855,085
Community Environment	1,377,966	1,640,914	1,285,139	5,861,294	6,248,593	5,565,363
Basic Utility Services	1,639,017	3,419,312	2,618,772	2,582,123	1,277,178	1,599,361
Transportation	2,359,052	4,668,718	4,700,834	22,013,004	6,325,373	5,389,484
Capital Outlay	5,029,990	-	-	-	-	-
Debt Service:						
Principal Retirement	800,000	9,185,000	1,215,608	1,661,573	1,935,962	2,471,327
Interest and Fiscal Charges	660,269	989,671	799,579	1,581,315	1,692,436	2,062,148
<i>Total Expenditures</i>	<u>22,860,481</u>	<u>32,603,671</u>	<u>23,194,578</u>	<u>46,722,117</u>	<u>32,555,741</u>	<u>33,702,410</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(691,509)</u>	<u>(10,685,234)</u>	<u>(1,029,776)</u>	<u>(19,378,895)</u>	<u>(6,503,528)</u>	<u>(3,626,205)</u>
Other Financing Sources (Uses):						
Sale of Capital Assets	257,705	-	-	-	329,300	343,739
Issuance of General Obligation Bonds	4,950,000	5,280,000	-	21,997,543	-	7,975,000
Issuance of Bond Anticipation Notes	-	-	2,227,000	-	1,900,000	-
OWDA Loans Issued	-	-	-	1,893,334	323,443	-
Premium on Debt	17,552	121,392	-	727,207	-	475,595
Refunding Bonds Issued	-	-	-	6,462,457	-	-
Payment to Refunded Bonds or Notes	-	-	-	(6,462,457)	-	(3,970,000)
Notes Issued	5,700,000	2,500,000	-	-	-	-
Inception of Capital Lease	-	-	1,816	402,632	990,000	-
Transfers - In	2,904,195	2,829,026	1,884,495	37,871	-	-
Transfers - Out	(2,904,195)	(2,829,026)	(1,884,495)	(37,871)	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>10,925,257</u>	<u>7,901,392</u>	<u>2,228,816</u>	<u>25,020,716</u>	<u>3,542,743</u>	<u>4,824,334</u>
<i>Net Change in Fund Balances</i>	<u>\$ 10,233,748</u>	<u>\$ (2,783,842)</u>	<u>\$ 1,199,040</u>	<u>\$ 5,641,821</u>	<u>\$ (2,960,785)</u>	<u>\$ 1,198,129</u>
<i>Debt Service as a Percentage of Noncapital Expenditures</i>	8.2%	37.7%	10.0%	14.0%	15.9%	17.5%

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

14.9% 17.1% 17.7% 19.6%

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

Year	Individual			Business Accounts					
	Withholding	Percentage of Total	Non-withholding	Percentage of Total	Total Individual	Percentage of Total	Business Accounts	Percentage of Total	Total
2002	\$ 10,549,918	80%	\$ 1,414,197	11%	\$ 11,964,115	91%	\$ 1,143,743	9%	\$ 13,107,857
2003	10,429,573	80%	1,408,464	11%	11,838,038	91%	1,198,322	9%	13,036,360
2004	10,373,704	76%	1,520,520	11%	11,894,224	88%	1,684,780	12%	13,579,004
2005	10,567,780	75%	1,463,816	10%	12,031,596	86%	2,025,941	14%	14,057,537
2006	11,093,880	75%	1,603,193	11%	12,697,073	86%	2,046,361	14%	14,743,434
2007	10,939,771	73%	1,879,695	13%	12,819,466	86%	2,070,616	14%	14,890,082
2008	13,152,852	78%	2,071,126	12%	15,223,978	90%	1,649,651	10%	16,873,629
2009	13,448,644	78%	1,959,748	11%	15,408,392	90%	1,771,029	10%	17,179,421
2010	13,465,563	77%	1,847,800	11%	15,313,363	88%	2,090,483	12%	17,403,846
2011	14,006,015	79%	2,066,913	12%	16,072,928	91%	1,665,297	9%	17,738,225

Source: City Income Tax Division

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

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

Year	General Fund	Capital Improvement Municipal Tax Fund	Street Improvement Municipal Tax Fund	Total	Percentage Increase/ (Decrease)
2002	\$ 7,839,814	\$ 3,135,925	\$ 1,567,963	\$ 12,543,702	-3.08%
2003	7,900,013	3,150,135	1,579,817	12,629,965	0.69%
2004	8,261,454	3,316,006	1,656,457	13,233,917	4.78%
2005	8,574,750	3,514,384	1,714,950	13,804,084	4.31%
2006	9,176,483	3,318,697	1,786,190	14,281,370	3.46%
2007	9,092,540	3,637,017	1,818,507	14,548,064	1.87%
2008	10,204,465	4,081,786	2,040,893	16,327,144	12.23%
2009	11,496,626	4,083,246	753,112	16,332,984	0.04%
2010	12,165,853	4,014,340	527,842	16,708,035	2.30%
2011	12,184,246	4,341,568	840,456	17,366,270	3.94%

Source: City Income Tax Department

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

City of Hilliard, Ohio
Principal Income Taxpayers - Withholding Accounts
 2011 and 2002

Range of Withholding Amount	2011		2002	
	Number of Withholding Accounts	Percentage of Total Withholding Revenue	Number of Withholding Accounts	Percentage of Total Withholding Revenue
\$500,001 and higher	3	23.76%	2	25.09%
\$300,001 - 500,000	1	3.04%	2	6.66%
\$100,001 - 300,000	11	13.12%	10	14.33%
\$55,001 - 100,000	26	13.77%	15	10.96%
Total		53.69%		57.04%
All Others		46.31%		42.96%
Total Withholding Accounts		100.00%		100.00%

Source: City Income Tax Department

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

Tax Year	Real Property (1)					Personal Property (2)			Total		Estimated Actual Value of Taxable Property	Total Direct Tax Rate	
	Residential	Agricultural	Commercial	Industrial	Public Utility	Total	Public Utility	General	Total	Valuation			% Growth
2002	\$ 477,491,550	\$ 753,640	\$ 103,148,400	\$ 43,682,320	\$ 43,450	\$ 625,119,360	\$ 19,971,850	\$ 73,219,911	\$ 93,191,761	\$ 718,311,121	14.78%	\$ 2,158,822,358	1.60
2003	505,573,330	627,670	105,337,610	43,824,420	46,960	655,409,990	17,714,230	57,686,187	75,400,417	730,810,407	1.74%	2,174,201,639	1.60
2004	538,044,700	553,600	108,180,720	44,851,070	46,870	691,676,960	17,401,820	49,482,834	66,884,654	758,561,614	3.80%	2,243,758,502	1.60
2005	640,343,800	974,340	113,505,210	47,059,140	46,920	801,929,410	17,946,440	28,462,274	46,408,714	848,338,124	11.84%	2,476,861,742	1.60
2006	662,229,120	1,064,560	120,462,930	48,742,120	64,150	832,562,880	16,471,610	22,239,765	38,711,375	871,274,255	2.70%	2,533,596,586	1.60
2007	672,823,870	1,312,410	106,999,610	46,780,960	89,200	828,006,050	9,627,660	13,930,309	23,557,969	851,564,019	-2.26%	2,459,963,447	1.60
2008	686,405,600	1,426,860	113,450,470	50,466,490	80,650	851,830,070	10,072,070	2,691,967	12,764,037	864,594,107	1.53%	2,484,856,348	1.60
2009	684,289,450	1,460,720	138,984,940	50,031,110	90,590	874,856,810	10,394,370	1,345,983	11,740,353	886,597,163	2.54%	2,546,552,298	1.60
2010	685,969,370	1,508,590	126,497,550	51,110,680	90,260	865,176,450	11,735,180	0	11,735,180	876,911,630	-1.09%	2,518,873,434	1.60
2011	648,863,550	220,850	133,992,270	49,254,890	95,680	832,427,240	12,894,340	0	12,894,340	845,321,580	-3.60%	2,429,940,903	1.60

Source: Franklin County Auditor

- (1) Assessed valuation for real property is based upon 35 percent of estimated true value set by county appraisal.
- (2) Prior to 2006, the assessed valuation for personal property was based on varying percentages of true value (2.5 percent was used in the assessed values above). House Bill 66 (the State's biennial budget for fiscal

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

<u>Tax Year</u>	<u>City of Hilliard General Fund</u>	<u>Hilliard City School District</u>	<u>Franklin County</u>	<u>Metropolitan Library</u>	<u>Norwich Township</u>	<u>Vocational School</u>	<u>Total</u>
2002	1.60	64.44	17.64	2.20	17.50	0.50	103.88
2003	1.60	64.44	17.64	2.20	17.50	0.50	103.88
2004	1.60	74.40	18.44	2.20	17.50	0.50	114.64
2005	1.60	73.14	18.44	2.20	17.50	0.50	113.38
2006	1.60	75.89	18.44	2.20	17.50	1.30	116.93
2007	1.60	75.89	18.49	2.20	17.50	1.30	116.98
2008	1.60	82.79	18.02	2.20	17.50	1.30	123.41
2009	1.60	82.85	18.07	2.20	17.50	1.30	123.52
2010	1.60	82.85	18.07	2.20	17.50	1.30	123.52
2011	1.60	89.35	18.07	2.80	17.50	1.60	130.92

Source: Franklin County Auditor

City of Hilliard, Ohio
Principal Property Tax Payers - Real Property
 2011 and 2002

Taxpayer	2011			2002		
	Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation
MCI International Inc.	\$ 13,687,530	1	1.64			
G&I VI Heritage Green LLC	7,385,000	2	0.89			
Columbus Campus LLC	6,877,970	3	0.83			
Trueman LP	5,265,400	4	0.63			
Homewood Corp	4,469,330	5	0.54			
Ansmil LLC	4,384,220	6	0.53			
Talcott III Mill Run LLC	3,850,010	7	0.46			
Crystal Lake Apartments	3,161,730	8	0.38	\$ 2,844,390	7	0.46
First Industrial LP	2,774,450	9	0.33	4,647,310	3	0.74
Clearview Hilliard LP	2,303,150	10	0.28			
United Dominion Realty LP				6,930,010	1	1.11
Armstrong World Industries, Inc.				2,179,110	9	0.35
Garden Ridge Hilliard				2,998,660	5	0.48
One Mill LLC				6,723,760	2	1.08
Dominion Homes, Inc.				2,874,850	6	0.46
Real Estate Finance Trust 1995-K-4				3,220,010	4	0.52
Red Roof Inns, Inc.				2,142,040	10	0.34
Nationwide Health Insurance				2,310,000	8	0.37
Total Top 10 Real Property	54,158,790		6.50	36,870,140		5.90
All Others	778,268,450		93.50	588,249,220		94.10
Total Real Property Assessed Valuation	<u>\$ 832,427,240</u>		<u>100.00%</u>	<u>\$ 625,119,360</u>		<u>100.00%</u>

Source: Franklin County Auditor

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

Collection Year	Total Tax Levy (1) (2)	Current Tax Collections (1)	Percent of Current Levy Collected	Delinquent Tax Collections	Total Tax Collections
2002	\$ 1,008,998	\$ 951,977	94.35%	\$ 59,665	\$ 1,011,642
2003	1,131,059	1,083,281	95.78%	29,381	1,112,662
2004	1,167,957	1,131,837	96.91%	102,181	1,234,018
2005	1,211,106	1,187,941	98.09%	19,395	1,207,336
2006	1,379,069	1,336,249	96.90%	34,813	1,371,062
2007	1,416,496	1,363,825	96.28%	30,971	1,394,796
2008	1,458,263	1,307,442	89.66%	32,214	1,339,656
2009	1,431,361	1,365,022	95.37%	65,393	1,430,415
2010	1,473,382	1,456,360	98.84%	51,583	1,507,943
2011	1,463,918	1,443,836	98.63%	26,067	1,469,903

Source: Franklin County Auditor

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

(2) Amounts listed include penalties and interest

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

City of Hilliard, Ohio
Computation of All Direct and Overlapping Governmental Debt
 December 31, 2011

Jurisdiction	Debt Outstanding	Percentage Applicable to the City of Hilliard (1)	Amount Applicable to the City of Hilliard
Direct			
City of Hilliard			
Loans Payable	\$ 2,127,163		\$ 2,127,163
General Obligation Bonds	54,320,000		54,320,000
Capital Leases	<u>6,448,272</u>		<u>6,448,272</u>
Total Direct Debt	<u>62,895,435</u>	<u>100.00%</u>	<u>62,895,435</u>
Overlapping Subdivisions			
Dublin City School District	168,425,858	.0702693	118,352
Franklin County	248,940,000	3.213783	8,000,391
Washington Township	1,754,999	.05925	1,040
Tolles Career & Technical Center	4,165,000	18.09738	753,756
Solid Waste Authority of Central Ohio	<u>111,030,000</u>	3.11776	<u>3,461,649</u>
Total Overlapping Debt	<u>534,315,857</u>		<u>12,335,188</u>
Total Direct and Overlapping Debt	<u><u>\$597,211,292</u></u>		<u><u>75,230,623</u></u>

Source: Franklin County Auditor and Fiscal Officers of Subdivision

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

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

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

Collection Year	Net Bonded Debt (3)	Estimated Actual Value of Taxable Property (2)	Population (1)	Ratio of Net Bonded Debt to Estimated Actual Value	Net Bonded Debt Per Capita
2002	\$ 11,585,172	\$ 2,158,822,358	25,555	0.54	\$ 453.34
2003	15,862,129	2,174,201,639	25,996	0.73	610.18
2004	16,874,129	2,243,758,502	26,844	0.75	628.60
2005	35,575,000	2,476,861,742	28,158	1.44	1,263.41
2006	33,855,000	2,533,596,586	28,557	1.34	1,185.52
2007	39,810,000	2,459,963,447	28,730	1.62	1,385.66
2008	37,880,000	2,484,856,348	28,850	1.52	1,313.00
2009	51,510,000	2,546,552,298	28,927	2.02	1,780.69
2010	49,025,000	2,518,873,434	28,935	1.95	1,694.31
2011	54,320,000	2,429,940,903	29,250	2.24	1,857.09

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

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

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

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

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

Year	Notes Payable	Loans Payable	General Obligation Bonds	Special Assessment Bonds	Capital Leases	Total Outstanding Debt	Population(1)	Personal Income(2)	Debt Per Capita	Percentage of Personal Income
2002	\$ 5,700,000	-	\$ 11,015,000	\$ 590,000	\$ -	\$ 17,305,000	25,555	\$ 824,864	\$ 677	2.10
2003	-	-	15,385,000	515,000	-	15,900,000	25,996	852,513	612	1.87
2004	2,227,000	-	14,255,000	430,000	1,208	16,913,208	26,844	916,132	630	1.85
2005	2,156,000	1,893,334	35,380,000	195,000	403,267	40,027,601	28,158	991,894	1,422	4.04
2006	3,970,000	2,216,777	33,720,000	135,000	1,263,305	41,305,082	28,557	1,037,619	1,446	3.98
2007	2,300,000	2,216,777	39,740,000	70,000	811,978	45,138,755	28,730	1,082,087	1,571	4.17
2008	11,390,000	2,216,777	37,880,000	-	342,992	51,829,769	28,850	1,100,022	1,797	4.71
2009	-	2,216,777	51,510,000	-	6,313,094	60,039,871	28,927	1,106,226	2,076	5.43
2010	5,300,000	2,216,777	49,025,000	-	6,168,683	62,710,460	28,935	1,112,464	2,167	5.64
2011	-	2,127,163	54,320,000	-	6,448,272	62,895,435	29,250	N/A	2,150	N/A

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

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

N/A - Information not available

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

	2011	2010	2009	2008	2007	2006
Total Assessed Valuation	\$ 845,321,580	\$ 876,911,630	\$ 886,597,163	\$ 864,594,107	\$ 851,564,019	\$ 871,274,255
Overall debt limitation - 10.5% of assessed valuation	88,758,766	92,075,721	93,092,702	90,782,381	89,414,222	91,483,797
Total Indebtedness as of 12/31	54,320,000	54,325,000	51,510,000	49,270,000	42,110,000	37,825,000
Less Exempt Debt:						
Self Supporting						
Special Assessment	-	-	-	-	70,000	135,000
1999 Cemetery Road Refunding-Voted	-	-	-	-	-	-
1982 Water	-	-	-	-	20,000	45,000
1999A Various Purpose-Water portion(28%)	-	-	-	51,800	100,800	148,400
2002 Various Purpose-Water portion(39%)	62,400	120,900	177,450	232,050	284,700	335,400
2005 Various Purpose-Water portion(39%)	5,904,600	6,228,300	6,542,250	6,862,050	7,174,050	7,478,250
Total Self Supporting	5,967,000	6,349,200	6,719,700	7,145,900	7,649,550	8,142,050
Income Tax Supported						
1992 Various Purpose	-	-	-	-	-	215,000
1995 Various Purpose	-	-	-	-	-	-
1999 Various Purpose(72%)	-	-	-	133,200	259,200	381,600
2002 Various Purpose(61%)	97,600	189,100	277,550	362,950	445,300	524,600
2003 Various Purpose	3,655,000	3,880,000	4,100,000	4,310,000	4,510,000	4,710,000
2009 Various Purpose	14,055,000	14,810,000	15,540,000	-	-	-
2011 Various Purpose	7,865,000	-	-	-	-	-
Notes	-	5,300,000	-	11,390,000	2,300,000	3,970,000
Total Income Tax Supported	25,672,600	24,179,100	19,917,550	16,196,150	7,514,500	9,801,200
Amount available in the debt service fund	-	-	-	-	-	-
Total Exempt Debt	31,639,600	30,528,300	26,637,250	23,342,050	15,164,050	17,943,250
Net Debt Subject to Limitation	22,680,400	23,796,700	24,872,750	25,927,950	26,945,950	19,881,750
Legal debt margin within 10.5% limitation	66,078,366	68,279,021	68,219,952	64,854,431	62,468,272	71,602,047
Percentage of Net Debt to Assessed Value	2.68%	2.71%	2.81%	3.00%	3.16%	2.28%
Percentage of Legal Debt Limit	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
Percentage of Legal Debt Margin	7.82%	7.79%	7.69%	7.50%	7.34%	8.22%
Unvoted debt limitation 5.5% of assessed valuation	46,492,687	48,230,140	48,762,844	47,552,676	46,836,021	47,920,084
Total Indebtedness as of 12/31	54,320,000	54,325,000	51,510,000	49,270,000	42,110,000	37,825,000
Less Total Exempt Debt	31,639,600	30,528,300	26,637,250	23,342,050	15,164,050	17,943,250
Net Debt Subject to Limitation	22,680,400	23,796,700	24,872,750	25,927,950	26,945,950	19,881,750
Legal debt margin within 5.5% limitation	23,812,287	24,433,440	23,890,094	21,624,726	19,890,071	28,038,334
Percentage of Net Debt to Assessed Value	2.68%	2.71%	2.81%	3.00%	3.16%	2.28%
Percentage of Legal Debt Limit	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Percentage of Legal Debt Margin	2.82%	2.79%	2.69%	2.50%	2.34%	3.22%

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

2005	2004	2003	2002
\$ 848,338,124	\$ 758,561,614	\$ 730,810,407	\$ 718,311,121
89,075,503	79,648,969	76,735,093	75,422,668
37,731,000	16,912,000	15,900,000	17,305,000
195,000	430,000	515,000	590,000
195,000	535,000	860,000	1,300,000
65,000	90,000	110,000	135,000
193,200	235,200	275,800	278,600
386,100	1,838,850	1,885,650	1,930,500
7,731,750	-	-	-
8,766,050	3,129,050	3,646,450	4,234,100
420,000	615,000	800,000	975,000
-	2,360,000	2,515,000	2,660,000
496,800	604,800	709,200	716,400
603,900	2,876,150	2,949,350	3,019,500
4,910,000	5,100,000	5,280,000	-
-	-	-	-
-	-	-	-
2,156,000	2,227,000	-	5,700,000
8,586,700	13,782,950	12,253,550	13,070,900
-	37,871	37,871	19,828
17,352,750	16,949,871	15,937,871	17,324,828
20,378,250	(37,871)	(37,871)	(19,828)
68,697,253	79,686,840	76,772,964	75,442,496
2.40%	0.00%	-0.01%	0.00%
10.50%	10.50%	10.50%	10.50%
8.10%	10.50%	10.51%	10.50%
46,658,597	41,720,889	40,194,572	39,507,112
37,731,000	16,912,000	15,900,000	17,305,000
17,352,750	16,949,871	15,937,871	17,324,828
20,378,250	(37,871)	(37,871)	(19,828)
26,280,347	41,758,760	40,232,443	39,526,940
2.40%	0.00%	-0.01%	0.00%
5.50%	5.50%	5.50%	5.50%
3.10%	5.50%	5.51%	5.50%

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

<u>Year</u>	<u>Population (1)</u>	<u>Total Personal Income (2)</u>	<u>Per Capita Income (5)</u>	<u>School Enrollment (6)</u>	<u>Unemployment Rate Franklin County Area (3)</u>	<u>Total Assessed Property Value (4)</u>
2002	25,555	\$ 824,864	\$ 32,278	13,674	4.4%	\$ 718,311,121
2003	25,996	852,513	32,794	14,220	4.9%	730,810,407
2004	26,844	916,132	34,128	14,529	5.4%	758,561,614
2005	28,158	991,894	35,226	14,760	5.2%	848,338,124
2006	28,557	1,037,619	36,335	14,949	4.5%	871,274,255
2007	28,730	1,082,087	37,664	15,173	4.7%	851,564,019
2008	28,850	1,100,022	38,129	15,136	6.1%	864,594,107
2009	28,927	1,106,226	38,242	15,523	8.8%	886,597,163
2010	28,935	1,112,464	38,447	15,634	7.6%	876,911,630
2011	29,250	N/A	N/A	15,689	6.3%	845,321,580

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

City of Hilliard, Ohio

Principal Employers

2011 and 2002

Employer	2011			2002		
	Number of Employees ¹	Rank	Percentage of Total Employment	Number of Employees ¹	Rank	Percentage of Total Employment
Hilliard City Schools	1,746	1	7.61%	2,734	1	15.53%
BMW Financial Services	522	2	2.28%			
Echosphere LLC	446	3	1.94%			
Micro Center Inc.	391	4	1.70%	316	7	1.79%
R. E. Rich Family Holding Corp.	278	5	1.21%			
Verizon Business Network Service	253	6	1.10%	1,389	2	7.89%
City of Hilliard	227	7	0.99%	371	5	2.11%
Armstrong World Industry	131	8	0.57%			
Redemtech Inc.	121	9	0.53%			
Advanced Drainage Systems	100	10	0.44%	92	10	0.52%
Baesman Group Inc.				139	9	0.79%
Gates McDonald & Co.				666	3	3.78%
Dana Corp.				230	8	1.31%
Discover Financial Services				359	6	2.04%
Arctic Express				389	4	2.21%
Gates McDonald Health Plus Inc.						
Total Employees	4,215		18.37%	6,685		37.98%
All Other Employers	18,724		81.63%	10,922		62.02%
Total Employment within the City	22,939		100.00%	17,607		100.00%

Source: City Income Tax Department

¹ Note: The City joined the Regional Income Tax Agency (RITA) in July 2007. Prior to 2007, the City obtained the number of employees from its internal annual report which recorded the count of employers' W-2s issued for a year. Subsequent to 2007, the City contacts each of the top employers for a number of employees at year end.

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

Function/Program	2002		2003		2004		2005		2006	
	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All
General Government	62	67	35	35	48	48	49	49	47	47
Security of Persons and Property	45	45	50	50	50	50	50	50	49	49
Leisure Time Activities	19	33	23	35	20	32	22	32	23	35
Basic Utility Services	11	11	14	14	4	4	1	1	1	1
Transportation	19	19	21	21	21	21	21	21	21	21
<i>Total Number of Employees</i>	<u>156</u>	<u>175</u>	<u>143</u>	<u>155</u>	<u>143</u>	<u>155</u>	<u>143</u>	<u>153</u>	<u>141</u>	<u>153</u>

Source: City Payroll Records

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

2007		2008		2009		2010		2011	
Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All
48	48	49	49	47	47	45	45	47	47
50	50	49	50	49	49	48	48	48	48
23	35	23	35	21	32	19	29	18	28
1	1	1	1	1	1	1	1	1	1
21	21	21	21	21	21	21	21	21	21
<u>143</u>	<u>155</u>	<u>143</u>	<u>156</u>	<u>139</u>	<u>150</u>	<u>134</u>	<u>144</u>	<u>135</u>	<u>145</u>

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

Function/Program	2002	2003	2004	2005	2006
General Government					
Government Center	1	1	1	1	1
Security of Persons and Property:					
Number of Police Stations	1	1	1	1	1
Number of Fire/EMS Stations (1)	2	3	3	3	3
Leisure Time Activities:					
Number of Parks	18	18	21	21	21
Park Area (acres)	239.9	256.9	285.0	285.0	285.0
Number of Playgrounds	11	11	11	11	11
Number of Swimming Pools	2	2	2	2	2
Number of Community Centers	1	1	1	1	1
Number of Senior Centers	1	1	1	1	1
Basic Utility Services:					
Miles of Water Mains	105	126	114	113	127
Miles of Sanitary Sewers	120	151	130	117	135
Miles of Storm Sewers	96	141	108	122	107
Transportation					
Miles of Streets	N/A	N/A	N/A	102	103
Number of Street Lights	480	1,636	1,405	1,445	1,458
Number of Traffic Signal Systems	N/A	N/A	N/A	N/A	31

(1) Fire Protection provided by Norwich Township

N/A - Information not available

Source: City capital asset records

2007	2008	2009	2010	2011
1	1	1	1	1
1	1	1	1	1
3	3	3	3	3
21	21	21	22	23
285.0	285.0	285.0	285.5	316
11	11	11	11	11
2	2	2	2	2
1	1	1	1	1
1	1	1	1	1
128	128	129.3	130.1	131.9
140	140	142	142.7	144.7
118	118	122.4	123.4	126.7
107	107	110.3	111.4	112.9
1,536	1,536	1,705	1,739	1,805
32	34	33	34	36

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

	2002	2003	2004	2005	2006	2007
General Government:						
Active Income Tax Accounts						
Individual	9,360	9,253	9,368	10,007	10,343	11,841
Business	2,296	2,303	2,378	2,457	2,539	2,766
Withholding	3,075	3,290	3,152	3,097	3,243	2,883
Clerk of Courts:						
Traffic Court Cases	2,865	2,469	2,754	2,922	2,177	2,085
Security of Persons and Property:						
Police Calls	48,807	48,001	56,286	57,170	55,017	55,204
Physical Arrests	1,853	1,805	2,061	1,771	1,782	1,938
Citations	3,966	3,686	4,470	4,699	3,579	3,660
Parking Violations	74	80	80	93	91	108
Leisure Time Activities:						
Swimming Pool Revenue	479,925	471,468	401,414	388,633	328,198	423,731
Community Center Revenue	254,261	273,369	225,431	207,862	230,356	227,528
Senior Center Revenue	106,500	89,219	86,209	87,730	88,115	81,938

Source: Department annual reports

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

2008	2009	2010	2011
14,765	15,536	16,654	16,901
2,829	1,389	1,425	3,007 ¹
3,050	1,662	1,708	4,427 ¹
3,114	2,018	1,879	2,440
54,606	47,473	46,017	46,048
1,901	932	874	1,017
4,649	3,446	3,005	3,779
51	20	65	44
512,572	548,545	611,778	656,037
206,194	209,620	233,181	236,675
93,851	92,555	86,919	69,882

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Dave Yost • Auditor of State

CITY OF HILLIARD

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 03, 2012**