



CITY OF HILLIARD, OHIO

**Independent Auditor's Report on Internal Control
Over Financial Reporting and Compliance**

Year Ended December 31, 2016



Dave Yost • Auditor of State

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

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, 2016 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

June 9, 2017

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AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS****INDEPENDENT AUDITORS' REPORT**

To the City Council
City of Hilliard, Ohio:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Hilliard, Ohio (the "City") as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 17, 2017.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
May 17, 2017

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CITY OF HILLIARD, OHIO

FRANKLIN COUNTY

Comprehensive Annual Financial Report

For the Year Ended December 31, 2016

Prepared by:
Department of Finance

David D. Delande
Director

Greg A. Tantari
Deputy Director

CITY OF HILLIARD, OHIO
Comprehensive Annual Financial Report
For The Year Ended December 31, 2016
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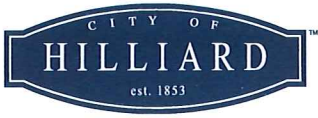
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INTRODUCTORY SECTION

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May 17, 2017

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, 2016. This CAFR is prepared in accordance with generally accepted accounting principles (GAAP) and in conformance with standards of financial reporting established by the Governmental Accounting Standards Board (GASB) using guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

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

Clark, Schaefer, Hackett & Co. has issued an unmodified (“clean”) opinion on the City’s financial statements for the year ended December 31, 2016. 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 29,331 for 2016.

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

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

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

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

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

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

This annual budget serves as the foundation for the City of Hilliard's financial planning and control. The 2016 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 2016 of 4.1 percent while the State of Ohio was at an annual average 4.9 percent unemployment rate at the end of 2016 according to the Ohio Labor Market Information site for the Ohio Department of Jobs and Family Services. Our employment mix insulates us somewhat from what is happening elsewhere in the state. One of our largest employers is the Hilliard City School District which is the ninth largest district in the state according to the Ohio Department of Education. The list of our ten largest employers can be found in our statistical section and includes telecommunications, financial services, technology, marketing, insurance and manufacturing businesses.

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

Relevant financial policies

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

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

During 2014, Council adopted a General Fund balance policy that targets the fund reserve to be twenty five percent of annual operating expenditures on a budget basis.

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

Major initiatives

Development

In 2016, construction commenced on the Mount Carmel Health and Rehabilitation Facility on the Southeast Corner of Britton Parkway and Davidson Road. The facility, which is expected to be completed in 2017, will include limited surgical facilities as well as an extensive rehabilitation facility. Upon completion, the hospital and rehab center will add 70 jobs to the City's economy.

Nanofiber Solutions, a new tech company that provides electrospun fiber multiwell plates, which are tools for growing cells, moved into space on Weaver Court. The company has committed to bringing seven new jobs to the community over the next three years, not including the meaningful internships for Ohio State and high school students who are trained on projects, taught safety procedures, and given stand-alone projects to complete. The company is on the forefront of innovative technology providing custom designed and engineered 3D nanofiber scaffolds for regenerative medicine, including tracheal scaffolds, intestinal scaffolds, vascular grafts and skin and wound healing.

The City is expecting the unique development of a significant property in Old Hilliard which broke ground in 2016 to be completed by the fall of 2017. Landmark Lofts is a mixed-use development projected to have 204 apartments, a 6,000 square foot clubhouse and 14,000 square feet of retail and commercial on 6.2 acres. The \$15.5 million project will include public and private infrastructure improvements, along with the refurbishing of an inoperable grain elevator located on the property.

Another significant development which began in 2016 is the long-anticipated Hickory Chase project. Hickory Chase will include the construction of 492 apartments, dedicated parkland and a new location for the Hilliard branch of the Columbus Metropolitan Library.

The extension of Trueman Boulevard north to Edwards Farms Drive was completed in 2016, opening up a 27-acre commercial development site along I-270. This extension completed a vital north/south arterial roadway link. The site has already been certified to be used for a data center, based upon the availability of redundant electrical supply and a fiber-optic network.

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, 2015. This was the twenty-fifth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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


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

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

Respectfully submitted,



David D. Delande
Finance Director



Don Schonhardt
Mayor



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Hilliard
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

Executive Director/CEO

City of Hilliard, Ohio
Principal Officials
 December 31, 2016

Elected Officials

Name	Title	Term Expires	Service	Surety
Don Schonhardt	Mayor	12/31/2019	15	A
Nathan Painter	President of Council	12/31/2019	5	A
Les Carrier	Council	12/31/2017	3	A
Tom Baker	Council	12/31/2017	3	A
Albert J. Iosue	Council	12/31/2019	9	A
Kelly McGivern	Council	12/31/2017	9	A
Bill Utley	Council	12/31/2017	16	A
Joseph Erb	Council	12/31/2019	5	A

Appointed Officials

Name	Title	Term Expires	Service	Surety
David D. Delande	Director of Finance	Indefinite	22	A & B
Tracy Bradford	Director of Law	Indefinite	12	A
Don Schonhardt	Director of Safety	Indefinite	15	A
Clyde R. Seidle	Director of Service	Indefinite	13	A
Steven B. Mazer	Director of Parks and Recreation	Indefinite	9	A
David Meeks - Resigned 9/30/16	Director of Economic Development	Indefinite	13.5	A
Gerry Edwards	Director of Human Resource	Indefinite	12	A
John F. Hall, III	Director of Land & Bldgs.	Indefinite	12	A
J. Douglas Francis	Director of Communications and Information Technology	Indefinite	8	A
Robert Fisher	Chief of Police	Indefinite	5	A
Lynn Fasone	Clerk of Council	Indefinite	12	A

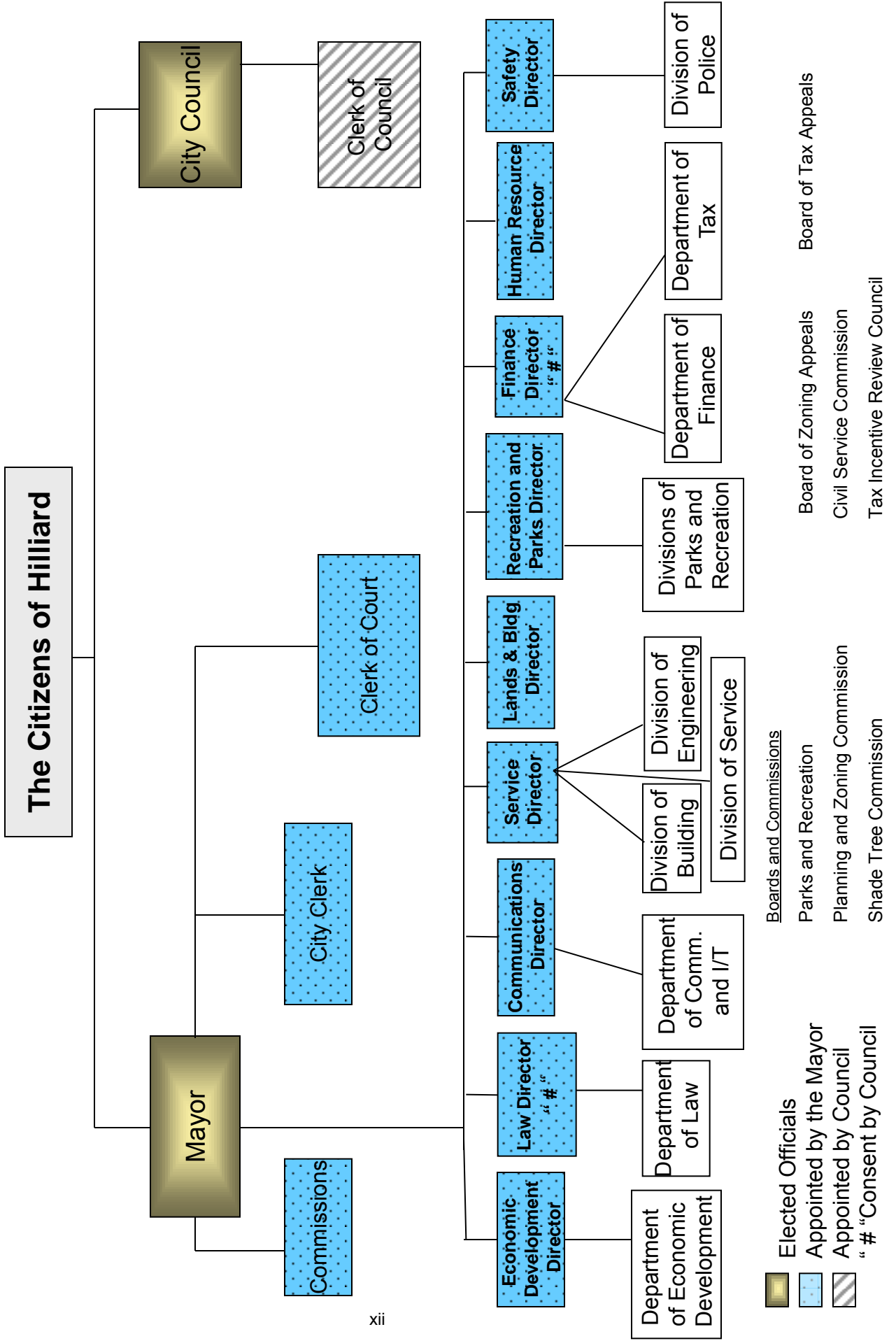
(A) National Casualty Insurance Company, \$1,000,000/\$1,000,000.

(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



**FINANCIAL
SECTION**

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INDEPENDENT AUDITORS' REPORT

To City Council
City of Hilliard, Ohio:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Hilliard, Ohio (the "City") as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Hilliard, Ohio, as of December 31, 2016, and the respective changes in financial position and, where applicable cash flows and the respective budgetary comparisons for the General Fund, Street Maintenance and Repair Fund, Street Improvement Municipal Tax Fund, Water and Sewer Revenue Fund and TIF Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hilliard's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2017 on our consideration of the City of Hilliard's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Hilliard's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
May 17, 2017

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CITY OF HILLIARD, OHIO
Management's Discussion and Analysis
Year Ended December 31, 2016
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, 2016.

FINANCIAL HIGHLIGHTS

- The City's total net position increased \$7,901,381 in 2016.
- General revenues accounted for \$36,778,522 or 63% of total revenue. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$21,958,150 or 37% of total revenues of \$58,736,672.
- The City had \$50,835,291 in expenses related to governmental activities. Program revenues of \$21,958,150 reduced the net cost of the City's functions to be financed from the City's general revenues to \$28,877,141.
- The City's unassigned fund balance of the General Fund totaled \$14,144,814 at year end, or 67% of General Fund expenditures.

USING THIS ANNUAL FINANCIAL REPORT

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

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

REPORTING THE CITY AS A WHOLE

Statement of Net Position and the Statement of Activities

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

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

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

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

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

THE CITY AS A WHOLE

As stated previously, the Statement of Net Position looks at the City as a whole. Table 1 provides a summary of the City's net position for 2016 compared to 2015.

Table 1
Net Position

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
Assets		
Current and other assets	\$ 49,785,675	\$ 46,430,324
Capital assets	250,228,500	243,041,104
<i>Total Assets</i>	<u>300,014,175</u>	<u>289,471,428</u>
Deferred Outflows of Resources	<u>9,082,924</u>	<u>4,375,112</u>
Liabilities		
Long-term liabilities:		
Net pension liabilities	22,074,243	15,998,129
Other long-term amounts	70,586,098	71,048,725
Other liabilities	2,870,358	2,703,210
<i>Total Liabilities</i>	<u>95,530,699</u>	<u>89,750,064</u>
Deferred Inflows of Resources	<u>7,421,013</u>	<u>5,852,470</u>
Net Position		
Net investment in capital assets	185,589,498	177,988,978
Restricted	16,230,358	18,372,505
Unrestricted	4,325,531	1,882,523
<i>Total Net Postion</i>	<u>\$ 206,145,387</u>	<u>\$ 198,244,006</u>

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

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

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

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

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

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

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

The largest portion of the City's net position (90%) reflects its investment in capital assets, less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$4,325,531 is unrestricted and may be used to meet the City's ongoing obligations to its citizens and creditors.

At the end of the current year, the City is able to report positive balances in all reported categories of net position. The same situation held true for the prior year. The City's overall net position increased \$7,901,381 from the prior year. The reasons for this overall are discussed in the following section.

Table 2 shows the changes in net position for the years ended December 31, 2016 and 2015.

**Table 2
Changes in Net Position**

	Governmental Activities	
	2016	2015
Revenues		
Program revenues:		
Charges for services	\$ 11,048,412	\$ 8,805,267
Operating grants and contributions	2,195,900	2,383,121
Capital grants and contributions	8,713,838	4,500,410
<i>Total program revenues</i>	<i>21,958,150</i>	<i>15,688,798</i>
General revenues:		
Property and other local taxes	1,429,888	1,440,683
Municipal income taxes	27,870,739	23,617,597
Payments in lieu of taxes	6,238,064	5,319,823
Grants and entitlements not restricted to specific programs	706,750	806,642
Investment earnings	199,018	48,070
Miscellaneous	334,063	150,846
<i>Total general revenues</i>	<i>36,778,522</i>	<i>31,383,661</i>
<i>Total revenues</i>	<i>58,736,672</i>	<i>47,072,459</i>
Expenses		
General government	12,247,477	6,852,537
Security of persons and property	10,955,413	9,746,509
Public health	237,546	225,000
Leisure time activities	4,442,567	3,706,740
Community environment	3,856,330	3,846,005
Basic utility services	8,242,381	8,337,911
Transportation	8,759,098	9,961,126
Interest and fiscal charges	2,094,479	1,861,659
<i>Total expenses</i>	<i>50,835,291</i>	<i>44,537,487</i>
<i>Change in net position</i>	<i>7,901,381</i>	<i>2,534,972</i>
<i>Net position, beginning of year</i>	<i>198,244,006</i>	<i>195,709,034</i>
<i>Net position, end of year</i>	<i>\$ 206,145,387</i>	<i>\$ 198,244,006</i>

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

The City's employment picture remains stable. The majority of the top ten employers for 2016 were included in the top ten listing for 2015. The largest employer spot was maintained by Verizon Wireless during the year.

In 2016, total revenue increased \$11,664,213 as compared to 2015. The increase in total General Revenues was \$5,394,861, while total Program Revenues increased \$6,269,352.

Under program revenues, the City experienced increases in charges for services and capital grants and contributions during 2016. Impact fees and permit revenue, under charges for services, increased due to more major projects during 2016 (22 projects compared to 15 in 2015). The increase in capital grants and contributions was attributable to infrastructure donated by developers as part of two large roadway extension projects.

Overall, general revenues increased compared to the prior year. Municipal income taxes grew by 18% during 2016 due to growth in the local economy and increased employment (Verizon Wireless added over 250 jobs in 2015). Payments in lieu of taxes increased due to having refunds in 2015, not in 2016, and having a full year of collections from the Hill Trec Development TIF, compared to half a year during 2015.

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

Table 3

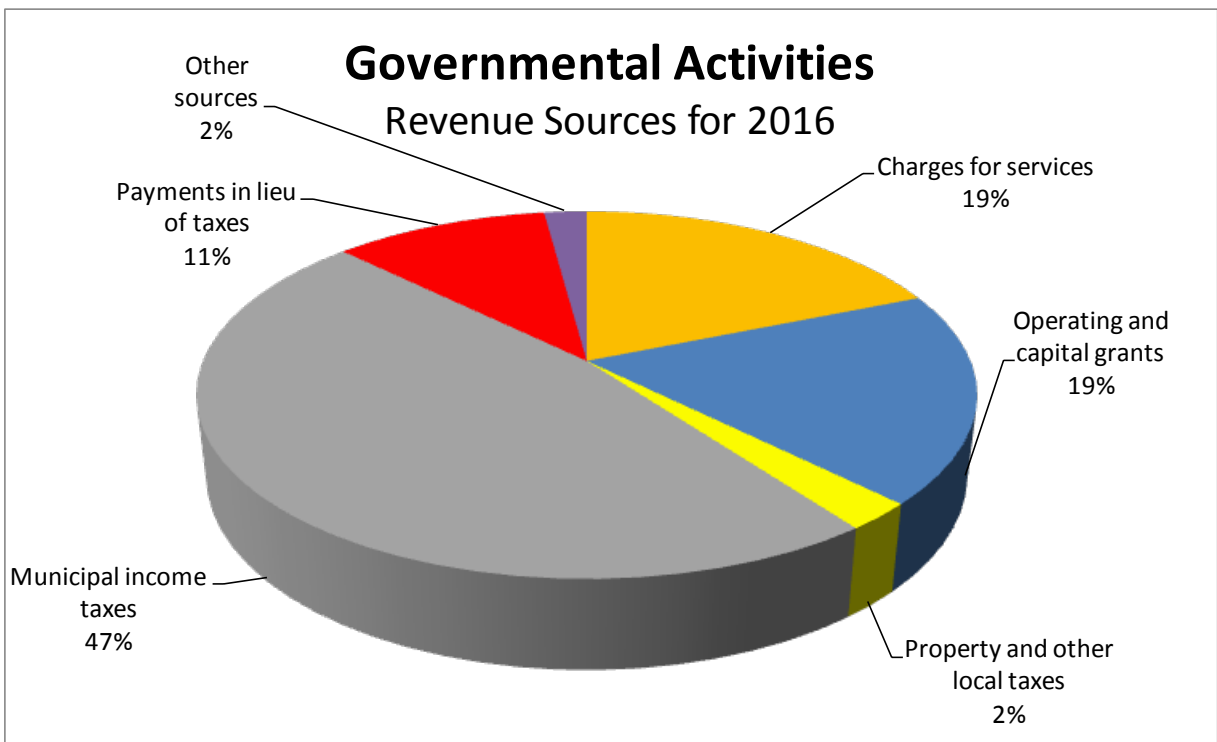
	Total Cost of Services 2016	Net Cost of Services 2016	Total Cost of Services 2015	Net Cost of Services 2015
General government	\$ 12,247,477	\$ 11,367,182	\$ 6,852,537	\$ 5,517,217
Security of persons and property	10,955,413	9,943,142	9,746,509	8,773,664
Public health	237,546	237,546	225,000	225,000
Leisure time activities	4,442,567	2,949,537	3,706,740	2,451,689
Community environment	3,856,330	751,152	3,846,005	1,061,339
Basic utility services	8,242,381	(2,277,607)	8,337,911	751,700
Transportation	8,759,098	3,811,710	9,961,126	8,206,421
Interest and fiscal charges	2,094,479	2,094,479	1,861,659	1,861,659
	<u>\$ 50,835,291</u>	<u>\$ 28,877,141</u>	<u>\$ 44,537,487</u>	<u>\$ 28,848,689</u>

It should be noted that 43% of the costs of services for governmental activities are paid by program revenues, including charges for services, operating grants, capital grants and other contributions. As shown by the total net costs of \$28,877,141, the majority of the City programs are funded by general revenues. A significant portion of the total general revenues consists of income taxes, property taxes and payments in lieu of taxes.

The City experienced a 14% increase in expenses during the year. The increase was driven by increases in general government expenses, attributable to a \$6 million contribution to the Columbus Metropolitan Library to build a new library branch within the City, and in security of persons and property expenses, due to increases in the dispatching contract costs.

The Administration and City Council base spending decisions on how they will improve the quality of life for the citizens and business in Hilliard. The Administration and City Council committed to maintain and improve the City's investments by providing appropriations for capital assets, equipment and repairs. Overall the City had more capital improvement projects in 2016 than in 2015 and focused on preserving existing assets. These assets include street resurfacing, sidewalk replacements, safety and street maintenance equipment and vehicles, as well as park and recreation equipment.

When looking at the sources of income to support governmental activities, it should be noted that charges for services are only 19% 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 19% of total revenues. The remaining revenues are primarily generated locally through income taxes. City Council relies on these taxes to furnish the quality of life to businesses and citizens to which they and previous Councils have always been committed.



THE CITY'S GOVERNMENTAL FUNDS

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

At December 31, 2016, the City's governmental funds reported combined fund balances of \$37,043,023, an increase of \$1,276,509 in comparison with the prior year. Approximately 36% of this amount (\$13,507,171) constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form (\$40,542), 2) restricted for particular purposes (\$17,168,002), 3) committed for particular purposes (\$4,914,811), or 4) assigned for particular purposes (\$1,412,497).

The General Fund ended the current year with a fund balance of \$15,748,150. Of this amount, \$14,144,814 is considered unassigned, which represents 67% of current year expenditures. The General Fund continues to rely heavily on the City's income tax as its primary source of revenue for operations. The fund balance increased \$3,338,189 in 2016, which was \$1.7 million more than the prior year's increase in fund balance. Total revenue increased by about 6%, driven by a 5% increase in income taxes as discussed earlier, while total expenditures increased by about only 1%.

The increase of \$288,668 in the Street Maintenance and Repair Special Revenue Fund was due to lower fuel prices and a mild winter requiring less salt.

The Street Improvement Municipal Tax Special Revenue Fund decreased by \$74,145. This decrease was \$1,143 less than the prior year's decrease, due primarily to increases in income taxes, previously discussed.

The Water and Sewer Revenue Special Revenue Fund's charges for services were adequate to cover its operations, with fund balance increasing by \$364,573. The increase is similar to the increase in the prior year.

The TIF Special Revenue Fund decreased by \$4,062,145. The decrease was driven by the City's \$6 million library contribution, partially offset by the increases payments in lieu of taxes, as both previously discussed.

The Capital Improvement Municipal Tax Capital Projects Fund increased by \$1,636,236, primarily due to the increase in income tax revenue, \$3.9 million in new bonds issued to finance various capital improvements, and completion of several projects resulting in lower expenditures. The ending fund balance for the Capital Improvement Municipal Tax Fund was \$11,492,746.

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 2016, the total amount of the General Fund budget increased from \$23.8 million to \$25.4 million, a difference of \$1.6 million, due to park improvements that were contemplated after passage of the original budget. Actual expenditures were \$1.4 million less than budgeted, due to lower than expected insurance premiums, radio maintenance, and consulting expenditures, as well as loss of an IT employee.

General Fund final budgeted revenues were \$23.5 million and actual revenues were \$25.7 million, a difference of \$2.3 million, due to better than expected income tax collections, with increases in employment within the City, and permit revenue, with continued construction activity within the City.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2016, the City's capital assets increased \$7,187,396 to \$250,228,500.

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

	Governmental Activities	
	2016	2015
Land	\$ 9,653,868	\$ 6,996,225
Construction in progress	7,845,887	9,895,141
Buildings	6,626,101	6,807,643
Improvements other than buildings	10,927,685	6,368,839
Machinery and equipment	1,844,299	1,529,649
Furniture and fixtures	168,470	189,536
Vehicles	996,241	1,072,717
Infrastructure	<u>212,165,949</u>	<u>210,181,354</u>
Totals	<u>\$ 250,228,500</u>	<u>\$ 243,041,104</u>

Capital Assets increased primarily due to continued work on projects like Hilliard Station and road extension projects. See Note 7 of the Notes to the Basic Financial Statements for more detailed information.

Debt

At December 31, 2016, the City of Hilliard had \$68,830,582 in debt outstanding.

Table 5
Outstanding Debt

	Governmental Activities	
	2016	2015
OWDA loan payable	\$ 974,279	\$ 1,200,250
OPWC loan payable	2,348,164	2,402,772
General obligation bonds	49,190,000	49,135,000
General obligation notes	6,500,000	7,275,000
Capital leases	5,500,769	5,631,739
Premiums on bonds issued	4,317,370	3,544,797
Totals	<u>\$ 68,830,582</u>	<u>\$ 69,189,558</u>

The decrease in outstanding debt is primarily due to the City making its scheduled debt service payments, while issuing less in general obligation notes. During the year, the City issued \$3,855,000 in new bonds for various capital improvements. In addition, the City issued \$8,205,000 in refunding bonds to refund \$2,880,000 in Series 2005 bonds and refund \$5,415,000 in Series 2009 bonds, both of which were initially issued to fund capital improvements.

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

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

The City's overall 10.5 percent legal debt margin was \$98,930,683 as of December 31, 2016. The more restrictive unvoted legal debt margin within 5.5 percent was \$51,647,024 as of the same date.

See Note 14 of the Notes to the Basic Financial Statements for more detailed information about the City's debt.

CONTACTING THE CITY'S FINANCE DEPARTMENT

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

CITY OF HILLIARD, OHIO

Statement of Net Position

December 31, 2016

	Governmental Activities
Assets	
Equity in pooled cash and investments	\$ 36,518,215
Cash and cash equivalents with fiscal agent	239,034
Accounts receivable	196,383
Municipal income tax receivable	4,313,621
Due from other governments	1,212,953
Payments in lieu of taxes receivable	5,915,728
Prepaid items	40,542
Property and other local taxes receivable	1,349,199
Nondepreciable capital assets	17,499,755
Depreciable capital assets, net	<u>232,728,745</u>
Total assets	<u>300,014,175</u>
Deferred Outflows of Resources	
Deferred charges on refunding	2,160,771
Pensions	<u>6,922,153</u>
Total deferred outflows of resources	<u>9,082,924</u>
Liabilities	
Accounts payable	1,188,827
Accrued liabilities	270,000
Accrued wages payable	222,778
Matured compensated absences	298,297
Due to other governments	200,309
Accrued interest payable	222,167
Claims payable	128,000
Unearned revenue	339,980
Long-term liabilities:	
Due within one year	11,749,142
Due in more than one year:	
Net pension liabilities	22,074,243
Other amounts due more than one year	<u>58,836,956</u>
Total liabilities	<u>95,530,699</u>
Deferred Inflow of Resources	
Property taxes levied for next year	1,311,763
Payments in lieu of taxes levied for next year	5,915,728
Pensions	<u>193,522</u>
Total deferred inflows of resources	<u>7,421,013</u>
Net Position	
Net investment in capital assets	185,589,498
Restricted for:	
Streets and transportation	5,753,327
Capital outlay	10,401,617
Other purposes	75,414
Unrestricted	<u>4,325,531</u>
Total net position	<u>\$ 206,145,387</u>

See accompanying notes to the basic financial statements.

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CITY OF HILLIARD, OHIO
Statement of Activities
Year Ended December 31, 2016

	Program Revenues			Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
Functions/Programs			Capital Grants and Contributions	Total Governmental Activities
Governmental activities:				
General government	\$ 12,247,477	\$ 880,295	\$ -	\$ (11,367,182)
Security of persons and property	10,955,413	922,948	89,323	(9,943,142)
Public health	237,546	-	-	(237,546)
Leisure time activities	4,442,567	1,309,531	183,499	(2,949,537)
Community environment	3,856,330	3,105,178	-	(751,152)
Basic utility services	8,242,381	4,830,460	-	2,277,607
Transportation	8,759,098	-	1,923,078	(3,811,710)
Interest and fiscal charges	2,094,479	-	-	(2,094,479)
Total governmental activities	<u>50,835,291</u>	<u>11,048,412</u>	<u>2,195,900</u>	<u>8,713,838</u>
General revenues:				
Property taxes levied for general purposes				1,429,888
Municipal income taxes levied for:				
General purposes				18,445,021
Transportation				2,458,263
Capital outlay				6,967,455
Payments in lieu of taxes				6,238,064
Grants and contributions not restricted to specific programs				706,750
Investment earnings				199,018
Miscellaneous				334,063
Total general revenues				<u>36,778,522</u>
Change in net position				7,901,381
Net position beginning of year				<u>198,244,006</u>
Net position end of year				<u>\$ 206,145,387</u>

See accompanying notes to the basic financial statements.

CITY OF HILLIARD, OHIO

Balance Sheet
 Governmental Funds
 December 31, 2016

	<u>General</u>	<u>Street Maintenance and Repair</u>	<u>Street Improvement Municipal Tax</u>
Assets			
Equity in pooled cash and cash equivalents	\$ 14,957,016	\$ 1,366,115	\$ 2,359,023
Cash and cash equivalents with fiscal agent	-	-	-
Receivables:			
Property and other local taxes	1,349,199	-	-
Payments in lieu of taxes	-	-	-
Municipal income taxes	3,105,807	-	129,409
Accounts	113,240	688	-
Due from other funds	43,624	-	-
Due from other governments	265,207	720,277	-
Prepaid items	40,542	-	-
Interfund receivable	637,643	-	-
Total assets	<u>\$ 20,512,278</u>	<u>\$ 2,087,080</u>	<u>\$ 2,488,432</u>
Liabilities			
Accounts payable	\$ 552,194	\$ 198,095	\$ 53,601
Accrued liabilities	270,000	-	-
Due to other funds	109,177	16,016	-
Interfund payable	-	-	-
Accrued wages payable	196,510	6,568	-
Matured compensated absences	283,270	3,756	-
Due to other governments	176,932	5,858	-
Unearned revenue	339,980	-	-
Total liabilities	<u>1,928,063</u>	<u>230,293</u>	<u>53,601</u>
Deferred Inflows of Resources			
Property taxes levied for next year	1,311,763	-	-
Payments in lieu of taxes levied for next year	-	-	-
Unavailable revenue	1,524,302	484,875	50,422
Total deferred inflows of resources	<u>2,836,065</u>	<u>484,875</u>	<u>50,422</u>
Fund balances			
Nonspendable	40,542	-	-
Restricted	-	1,371,912	-
Committed	150,297	-	2,384,409
Assigned	1,412,497	-	-
Unassigned (deficit)	14,144,814	-	-
Total fund balances	<u>15,748,150</u>	<u>1,371,912</u>	<u>2,384,409</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 20,512,278</u>	<u>\$ 2,087,080</u>	<u>\$ 2,488,432</u>

See accompanying notes to the basic financial statements.

Water and Sewer Revenue	TIF	Capital Improvement Municipal Tax	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,968,528	\$ 2,994,601	\$ 11,075,660	\$ 1,597,885	\$ 36,318,828
-	-	-	239,034	239,034
-	-	-	-	1,349,199
-	5,915,728	-	-	5,915,728
-	-	1,078,405	-	4,313,621
41,049	-	-	41,406	196,383
-	-	-	-	43,624
-	103,374	-	124,095	1,212,953
-	-	-	-	40,542
-	-	-	-	637,643
<u>\$ 2,009,577</u>	<u>\$ 9,013,703</u>	<u>\$ 12,154,065</u>	<u>\$ 2,002,420</u>	<u>\$ 50,267,555</u>
\$ 45,754	\$ -	\$ 241,139	\$ 98,044	\$ 1,188,827
-	-	-	-	270,000
30,750	-	-	15,375	171,318
-	-	-	637,643	637,643
13,136	-	-	6,564	222,778
7,514	-	-	3,757	298,297
11,702	-	-	5,817	200,309
-	-	-	-	339,980
<u>108,856</u>	<u>-</u>	<u>241,139</u>	<u>767,200</u>	<u>3,329,152</u>
-	-	-	-	1,311,763
-	5,915,728	-	-	5,915,728
-	103,374	420,180	84,736	2,667,889
-	<u>6,019,102</u>	<u>420,180</u>	<u>84,736</u>	<u>9,895,380</u>
-	-	-	-	40,542
17,500	2,994,601	11,492,746	1,291,243	17,168,002
1,883,221	-	-	496,884	4,914,811
-	-	-	-	1,412,497
-	-	-	(637,643)	13,507,171
<u>1,900,721</u>	<u>2,994,601</u>	<u>11,492,746</u>	<u>1,150,484</u>	<u>37,043,023</u>
<u>\$ 2,009,577</u>	<u>\$ 9,013,703</u>	<u>\$ 12,154,065</u>	<u>\$ 2,002,420</u>	<u>\$ 50,267,555</u>

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CITY OF HILLIARD, OHIO
 Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 December 31, 2016

Total governmental fund balances \$ 37,043,023

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 250,228,500

Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds. 2,667,889

Internal service funds are used to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. 199,081

Long-term liabilities, including bonds and loans payable, are not due and payable in the current period and therefore are not reported in the funds:

Bonds payable	(53,507,370)	
Notes payable	(6,500,000)	
OWDA loans payable	(974,279)	
OPWC loans payable	(2,348,164)	
Capital lease payable	(5,500,769)	
Compensated absences payable	<u>(1,755,516)</u>	(70,586,098)

Accrued interest on long-term debt is not reported in the funds. (222,167)

Deferred outflows of resources from losses on refunding are amortized over the life of the bonds and are not reported in the funds. 2,160,771

The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the governmental funds:

Deferred outflows - pensions	6,922,153	
Deferred inflows - pensions	(193,522)	
Net pension liability	<u>(22,074,243)</u>	<u>(15,345,612)</u>

Net position of governmental activities \$ 206,145,387

See accompanying notes to the basic financial statements.

CITY OF HILLIARD, OHIO
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2016

	General	Street Maintenance and Repair	Street Improvement Municipal Tax
Revenues			
Property and other local taxes	\$ 1,429,658	\$ -	\$ -
Municipal income taxes	18,260,999	-	2,450,595
Payment in lieu of taxes	-	-	-
Intergovernmental	533,796	1,492,451	-
Charges for services	4,103,132	-	-
Licenses and permits	1,342,990	-	-
Fines and forfeitures	211,051	-	-
Investment income	196,489	1,884	-
Miscellaneous	243,965	18,503	-
Total revenues	<u>26,322,080</u>	<u>1,512,838</u>	<u>2,450,595</u>
Expenditures			
Current:			
General government	5,152,743	-	62,398
Security of persons and property	9,117,235	-	-
Public health	237,546	-	-
Leisure time activities	3,038,622	-	-
Community environment	3,563,638	-	-
Basic utility services	-	-	-
Transportation	-	1,224,170	2,162,698
Debt Service:			
Principal retirement	-	-	210,500
Interest and fiscal charges	-	-	89,144
Issuance costs	-	-	-
Total expenditures	<u>21,109,784</u>	<u>1,224,170</u>	<u>2,524,740</u>
Excess of revenues over (under) expenditures	<u>5,212,296</u>	<u>288,668</u>	<u>(74,145)</u>
Other Financing Sources (Uses)			
Sale of capital assets	5,893	-	-
General obligation bonds issued	-	-	-
Refunding general obligation bonds issued	-	-	-
Refunding notes issued	-	-	-
Premium on bonds and notes issued	-	-	-
Payment to refunded bond escrow agent	-	-	-
Inception of capital lease	-	-	-
Transfers in	-	-	-
Transfers out	(1,880,000)	-	-
Total other financing sources (uses)	<u>(1,874,107)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	3,338,189	288,668	(74,145)
Fund balance, beginning of year	<u>12,409,961</u>	<u>1,083,244</u>	<u>2,458,554</u>
Fund balance, end of year	<u>\$ 15,748,150</u>	<u>\$ 1,371,912</u>	<u>\$ 2,384,409</u>

See accompanying notes to the basic financial statements.

Water and Sewer Revenue	TIF	Capital Improvement Municipal Tax	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 1,429,658
-	-	6,903,559	-	27,615,153
-	6,238,064	-	-	6,238,064
-	206,747	578,626	659,382	3,471,002
2,350,360	-	-	1,214,075	7,667,567
-	-	1,519,500	255,854	3,118,344
-	-	-	50,347	261,398
-	-	-	645	199,018
32,316	-	24,035	-	318,819
<u>2,382,676</u>	<u>6,444,811</u>	<u>9,025,720</u>	<u>2,180,303</u>	<u>50,319,023</u>
-	6,849,039	2,541,983	17,638	14,623,801
-	-	901,018	129,385	10,147,638
-	-	-	-	237,546
-	-	2,119,257	1,232,280	6,390,159
-	-	113,944	-	3,677,582
1,728,276	-	1,430,418	888,002	4,046,696
-	2,200,331	1,847,173	127,865	7,562,237
217,000	1,003,000	10,075,952	-	11,506,452
72,827	454,586	1,433,063	-	2,049,620
-	-	247,705	-	247,705
<u>2,018,103</u>	<u>10,506,956</u>	<u>20,710,513</u>	<u>2,395,170</u>	<u>60,489,436</u>
<u>364,573</u>	<u>(4,062,145)</u>	<u>(11,684,793)</u>	<u>(214,867)</u>	<u>(10,170,413)</u>
-	-	292,500	-	298,393
-	-	3,855,000	-	3,855,000
-	-	8,205,000	-	8,205,000
-	-	6,500,000	-	6,500,000
-	-	1,609,604	-	1,609,604
-	-	(9,130,978)	-	(9,130,978)
-	-	109,903	-	109,903
-	-	1,880,000	-	1,880,000
-	-	-	-	(1,880,000)
-	-	13,321,029	-	11,446,922
364,573	(4,062,145)	1,636,236	(214,867)	1,276,509
1,536,148	7,056,746	9,856,510	1,365,351	35,766,514
<u>\$ 1,900,721</u>	<u>\$ 2,994,601</u>	<u>\$ 11,492,746</u>	<u>\$ 1,150,484</u>	<u>\$ 37,043,023</u>

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CITY OF HILLIARD, OHIO
 Reconciliation of the Statement of Revenues, Expenditures and Changes
 in Fund Balances of Governmental Funds to the Statement of Activities
 Year Ended December 31, 2016

Net change in fund balances - total governmental funds	\$	1,276,509
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:		
Capital asset additions		11,902,288
Depreciation expense		(12,355,368)
Governmental funds do not report the revenue from the contribution of capital assets since they do not represent current financial resources. However, the revenue is reported in the Statement of Activities as capital contributions.		
		8,165,212
In the statement of activities, loss on disposal of capital assets is reported, whereas only proceeds from sales are reported in the funds.		
		(524,736)
Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
		252,437
Internal service funds are used to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.		
		149,224
Some expenses reported in the statement of activities do not require the use current financial resources and therefore are not reported as expenditures in governmental funds:		
Compensated absences		103,651
Interest on long-term debt		42,011
Amortization of bond premiums		382,975
Net change in deferred loss on refunding		159,782
Repayment of long-term obligations is reported as an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the statement of net position. In the current year, these amounts consisted of general obligations bonds, OWDA and OPWC loans, and capital leases.		
		11,506,452
The issuance and refunding of general obligations bonds and notes and inception of capital leases are recorded as other financing sources and uses in the governmental funds, but are used to adjust bonds, notes, and capital lease payables on the statement of net position.		
		(11,530,451)
Contractually required contributions are reported as expenditures in governmental funds; however the statement of net position reports these amounts as deferred outflows.		
		1,608,577
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		<u>(3,237,182)</u>
Change in net position of governmental activities	\$	<u>7,901,381</u>

See accompanying notes to the basic financial statements.

CITY OF HILLIARD, OHIO

Statement of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual - Budget (Non-GAAP) Basis
General Fund
Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>From Final Budget</u>
Revenues:				
Property and other local taxes	\$ 1,541,768	\$ 1,541,768	\$ 1,434,495	\$ (107,273)
Municipal income taxes	16,036,261	16,036,261	18,383,041	2,346,780
Intergovernmental	594,734	594,734	537,138	(57,596)
Charges for services	3,838,368	3,838,368	3,429,826	(408,542)
Licenses and permits	970,100	971,100	1,440,561	469,461
Fines and forfeitures	350,000	350,000	195,943	(154,057)
Investment income	65,000	65,000	196,489	131,489
Miscellaneous	61,500	61,500	119,089	57,589
Total revenues	<u>23,457,731</u>	<u>23,458,731</u>	<u>25,736,582</u>	<u>2,277,851</u>
Expenditures:				
Current:				
General government	7,213,614	7,213,614	6,481,779	731,835
Security of persons and property	9,838,437	9,838,437	9,398,611	439,826
Public health	242,000	242,000	242,000	-
Leisure time activities	3,218,112	3,218,112	3,137,842	80,270
Community environment	3,306,310	3,306,310	3,131,680	174,630
Capital outlay	-	1,605,600	1,605,600	-
Total expenditures	<u>23,818,473</u>	<u>25,424,073</u>	<u>23,997,512</u>	<u>1,426,561</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(360,742)</u>	<u>(1,965,342)</u>	<u>1,739,070</u>	<u>3,704,412</u>
Other financing sources (uses):				
Transfers in	-	309,031	309,031	-
Transfers out	-	(2,189,031)	(2,189,031)	-
Total other financing sources (uses)	<u>-</u>	<u>(1,880,000)</u>	<u>(1,880,000)</u>	<u>-</u>
Net change in fund balance	(360,742)	(3,845,342)	(140,930)	3,704,412
Fund balance, beginning of year	10,965,664	10,965,664	10,965,664	
Prior year encumbrances appropriated	630,542	630,542	630,542	
Fund balance, end of year	<u>\$ 11,235,464</u>	<u>\$ 7,750,864</u>	<u>\$ 11,455,276</u>	

See accompanying notes to the basic financial statements.

CITY OF HILLIARD, OHIO

Statement of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual - Budget (Non-GAAP) Basis
Street Maintenance and Repair Fund
Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance From Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 1,350,500	\$ 1,350,500	\$ 1,475,891	\$ 125,391
Investment income	600	600	1,884	1,284
Miscellaneous	40,000	40,000	18,148	(21,852)
Total revenues	<u>1,391,100</u>	<u>1,391,100</u>	<u>1,495,923</u>	<u>104,823</u>
Expenditures:				
Current:				
Transportation	<u>1,822,087</u>	<u>1,822,087</u>	<u>1,661,118</u>	<u>160,969</u>
Total expenditures	<u>1,822,087</u>	<u>1,822,087</u>	<u>1,661,118</u>	<u>160,969</u>
Net change in fund balance	(430,987)	(430,987)	(165,195)	265,792
Fund balance, beginning of year	606,881	606,881	606,881	
Prior year encumbrances appropriated	<u>305,051</u>	<u>305,051</u>	<u>305,051</u>	
Fund balance, end of year	<u>\$ 480,945</u>	<u>\$ 480,945</u>	<u>\$ 746,737</u>	

See accompanying notes to the basic financial statements.

CITY OF HILLIARD, OHIO

Statement of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual - Budget (Non-GAAP) Basis
Street Improvement Municipal Tax Fund
Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance From Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Municipal income taxes	\$ 2,186,763	\$ 2,186,763	\$ 2,506,650	\$ 319,887
Total revenues	<u>2,186,763</u>	<u>2,186,763</u>	<u>2,506,650</u>	<u>319,887</u>
Expenditures:				
Current:				
General government	195,000	195,000	140,782	54,218
Transportation	2,932,189	2,932,189	2,658,438	273,751
Debt Service	<u>300,000</u>	<u>300,000</u>	<u>299,644</u>	<u>356</u>
Total expenditures	<u>3,427,189</u>	<u>3,427,189</u>	<u>3,098,864</u>	<u>328,325</u>
Deficiency of revenues under expenditures	<u>(1,240,426)</u>	<u>(1,240,426)</u>	<u>(592,214)</u>	<u>648,212</u>
Other financing sources:				
Issuance of debt	<u>341,900</u>	<u>341,900</u>	<u>-</u>	<u>(341,900)</u>
Net change in fund balance	(898,526)	(898,526)	(592,214)	306,312
Fund balance, beginning of year	1,846,675	1,846,675	1,846,675	
Prior year encumbrances appropriated	<u>575,289</u>	<u>575,289</u>	<u>575,289</u>	
Fund balance, end of year	<u>\$ 1,523,438</u>	<u>\$ 1,523,438</u>	<u>\$ 1,829,750</u>	

See accompanying notes to the basic financial statements.

CITY OF HILLIARD, OHIO

Statement of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual - Budget (Non-GAAP) Basis
Water and Sewer Revenue Fund
Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance From Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 1,990,000	\$ 1,990,000	\$ 2,368,142	\$ 378,142
Miscellaneous	107,000	107,000	10,734	(96,266)
Total revenues	<u>2,097,000</u>	<u>2,097,000</u>	<u>2,378,876</u>	<u>281,876</u>
Expenditures:				
Current:				
Basic utility services	3,126,142	3,126,142	2,353,988	772,154
Debt Service	290,000	290,000	289,828	172
Total expenditures	<u>3,416,142</u>	<u>3,416,142</u>	<u>2,643,816</u>	<u>772,326</u>
Net change in fund balance	(1,319,142)	(1,319,142)	(264,940)	1,054,202
Fund balance, beginning of year	1,260,973	1,260,973	1,260,973	
Prior year encumbrances appropriated	374,280	374,280	374,280	
Fund balance, end of year	<u>\$ 316,111</u>	<u>\$ 316,111</u>	<u>\$ 1,370,313</u>	

See accompanying notes to the basic financial statements.

CITY OF HILLIARD, OHIO

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

TIF Fund

Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance From Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Payment in lieu of taxes	\$ -	\$ 6,308,000	\$ 6,238,065	\$ (69,935)
Intergovernmental	-	208,000	206,748	(1,252)
Total revenues	<u>-</u>	<u>6,516,000</u>	<u>6,444,813</u>	<u>(71,187)</u>
Expenditures:				
Current:				
General Government	113,142	6,887,542	6,849,039	38,503
Transportation	16,455	2,221,455	2,204,449	17,006
Debt Service	<u>1,407,700</u>	<u>1,457,700</u>	<u>1,457,586</u>	<u>114</u>
Total expenditures	<u>1,537,297</u>	<u>10,566,697</u>	<u>10,511,074</u>	<u>55,623</u>
Net change in fund balance	(1,537,297)	(4,050,697)	(4,066,261)	(15,564)
Fund balance, beginning of year	7,019,448	7,019,448	7,019,448	
Prior year encumbrances appropriated	<u>37,297</u>	<u>37,297</u>	<u>37,297</u>	
Fund balance, end of year	<u>\$ 5,519,448</u>	<u>\$ 3,006,048</u>	<u>\$ 2,990,484</u>	

See accompanying notes to the basic financial statements.

CITY OF HILLIARD, OHIO
Statement of Net Position
Internal Service Fund
December 31, 2016

	<u>Insurance Trust</u>
Assets	
Current assets:	
Equity in pooled cash and cash equivalents	\$ 199,387
Due from other funds	<u>127,694</u>
Total assets	<u>327,081</u>
Liabilities	
Current liabilities:	
Claims payable	<u>128,000</u>
Total liabilities	<u>128,000</u>
Net Position	
Unrestricted	<u>199,081</u>
Total net position	<u>\$ 199,081</u>

See accompanying notes to the basic financial statements.

CITY OF HILLIARD, OHIO

Statement of Revenues, Expenses and Change in Net Position

Internal Service Fund

Year Ended December 31, 2016

	<u>Insurance Trust</u>
<i>Operating Revenues</i>	
Charges for services	<u>\$ 2,210,582</u>
<i>Operating Expenses</i>	
Claims	<u>2,061,358</u>
Change in net position	149,224
Net position beginning of year	<u>49,857</u>
Net position end of year	<u>\$ 199,081</u>

See accompanying notes to the basic financial statements.

CITY OF HILLIARD, OHIO
Statement of Cash Flows
Internal Service Fund
Year Ended December 31, 2016

	<u>Insurance Trust</u>
<i>Cash Flows from Operating Activities</i>	
Cash received from customers	\$ 2,336,419
Cash payments for claims	<u>(2,187,358)</u>
<i>Net cash from operating activities</i>	149,061
Cash and cash equivalents beginning of year	<u>50,326</u>
Cash and cash equivalents end of year	<u>\$ 199,387</u>
Reconciliation of operating income to net cash from operating activities:	
Operating income	\$ 149,224
Adjustments to reconcile operating income to net cash from operating activities:	
Change in due from other funds	125,837
Change in claims payable	<u>(126,000)</u>
Net cash from operating activities	<u>\$ 149,061</u>

See accompanying notes to the basic financial statements.

CITY OF HILLIARD, OHIO
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2016

Assets

Equity in pooled cash and cash equivalents	\$ 535,550
Cash and cash equivalents in segregated accounts	69,960
Accounts receivable	<u>12,981</u>
Total assets	<u>\$ 618,491</u>

Liabilities

Due to other governments	\$ 508,935
Deposits held and due to others	<u>109,556</u>
Total liabilities	<u>\$ 618,491</u>

See accompanying notes to the basic financial statements.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements
Year Ended December 31, 2016

NOTE 1 – DESCRIPTION OF THE CITY AND REPORTING ENTITY

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

Reporting Entity

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

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

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

The City is associated with the Hilliard Arts Council Corporation which is defined as a related organization. In addition, in 2007 the City entered into agreement with Norwich Township, a legally separate organization, to construct and operate a facility to house the police protection services of the City and the fire protection services of Norwich Township. Finally, the City entered into an agreement to become a member of the Central Ohio Interoperable Radio System, a jointly governed organization. Information about the related organization, the joint venture, and the jointly governed organization is presented in Note 19 to the basic financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Hilliard have been prepared in conformity with 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*
Year Ended December 31, 2016

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

A. Basis of Presentation

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

B. Fund Accounting

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

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2016

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

B. Fund Accounting - *continued*

Governmental Funds

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

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

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

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

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

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

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

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

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2016

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

B. Fund Accounting - *continued*

Proprietary Fund

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

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

Fiduciary Funds

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

C. Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2016

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

C. Measurement Focus - *continued*

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

D. Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions

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

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

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

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2016

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

D. Basis of Accounting - *continued*

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

Expenses/Expenditures

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

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

E. Cash and Cash Equivalents

To improve cash management, cash received by the City, except cash held by a fiscal or escrow agent and cash held in a segregated account, is pooled. Individual fund integrity is maintained through City records. Interest in the pool is presented as “Equity in Pooled Cash and Investments” on the financial statements. 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 2016, the City invested in negotiable certificates of deposit, a money market account, and the State Treasury Assets Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer’s Office that allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at the net asset value per share provided by STAR Ohio on an amortized cost basis at December 31, 2016, which approximates fair value.

For 2016, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Interest income is distributed to the funds according to Ohio constitutional and statutory requirements. Interest revenue credited to the General Fund during 2016 amounted to \$196,489, which includes \$121,499 assigned from other funds.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2016

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

E. Cash and Cash Equivalents - *continued*

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

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2016, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and expenditure is reported in the year in which services are consumed.

G. Bond Premium, Deferred Charges on Refunding, and Debt Issuance Costs

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

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

Debt issuance costs are expensed when incurred.

H. Capital Assets

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

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

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

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2016

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

H. Capital Assets - *continued*

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

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

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

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide statement of net position for deferred charge on refunding and pensions. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pensions are explained in Note 9.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time. For the City, deferred inflows of resources include property taxes, payment in lieu of taxes, unavailable revenue and pensions. Receivables from property taxes and payment in lieu of taxes represent amounts that were levied and measurable as of December 31, 2016, but are intended to finance 2017 operations. These amounts have been recorded as deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental fund financial statements and represent receivables that will not be collected within the available period (sixty days after year-end). The deferred inflows of resources related to pensions are explained in Note 9.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2016

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

J. Pensions

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

K. 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.

L. Accrued Liabilities and Long-Term Obligations

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

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

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2016

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

M. 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.

N. Net Position

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

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

The government-wide Statement of Net Position reports \$16,230,358 of restricted net position, of which none was restricted by enabling legislation.

O. 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.

P. 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.

Q. 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.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2016

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

R. Budgetary Process

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

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

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

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

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

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

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2016

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING - *continued*

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

	General	Street Maintenance and Repair	Street Improvement Municipal Tax	Water and Sewer Revenue	TIF
GAAP Basis	\$ 3,338,189	\$ 288,668	\$ (74,145)	\$ 364,573	\$(4,062,145)
Funds reclassified	(206,858)	-	-	-	-
Revenue accruals	218,926	(16,915)	56,055	(3,800)	2
Expenditure accruals	(1,796,612)	182,430	(46,381)	(27,498)	-
Encumbrances	(1,688,682)	(619,378)	(527,743)	(598,215)	(4,118)
Other financing sources (uses)	(5,893)	-	-	-	-
Budget Basis	<u>\$ (140,930)</u>	<u>\$ (165,195)</u>	<u>\$ (592,214)</u>	<u>\$ (264,940)</u>	<u>\$(4,066,261)</u>

NOTE 4 – DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2016

NOTE 4 – DEPOSITS AND INVESTMENTS - *continued*

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

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

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

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure; the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end \$11,774,409 of the City's bank balance of \$12,274,409 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.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2016

NOTE 4 – DEPOSITS AND INVESTMENTS - *continued*

Investments

As of December 31, 2016, the City had the following investments. All investments are in an internal investment pool.

	Balance at	Investment Maturities	
	12/31/16	0 to 6 mos	7 to 12 mos
5/3rd Government Money Market	\$ 2,079,896	\$ 2,079,896	\$ -
Negotiable Certificates of Deposit	8,547,070	1,972,218	6,574,852
STAR Ohio	14,757,125	14,757,125	-
Total	<u>\$ 25,384,091</u>	<u>\$ 18,809,239</u>	<u>\$ 6,574,852</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 –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 8%, 34% and 58%, respectively, of the City’s total investments.

Fair Value Measurement – The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City’s negotiable certificates of deposit of \$8.5 million were valued using pricing sources as provided by the investment manager (Level 2 inputs). Investments in money market and STAR Ohio funds are excluded from fair value measurement requirements under generally accepted accounting principles, and instead are reported at amortized cost.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2016

NOTE 5 – PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2016 for real and public utility property taxes represents collections of 2015 taxes.

2016 real property taxes are levied after October 1, 2016, on the assessed value as of January 1, 2016, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2016 real property taxes are collected in and intended to finance 2017.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2016 public utility property taxes became a lien December 31, 2015, are levied after October 1, 2016, and are collected in 2016 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, 2016, and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been included in deferred inflows of resources, since the current taxes were not levied to finance 2016 operations and the outstanding delinquencies were unavailable. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is reported as deferred inflows of resources since the current taxes were levied to finance a future period.

The full tax rate for all City operations for the year ended December 31, 2016, was \$1.60 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2016 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property	\$ 923,490,650
Public Utility Property	<u>22,182,520</u>
Totals	<u>\$ 945,673,170</u>

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

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, continued
Year Ended December 31, 2016

NOTE 6 – MUNICIPAL INCOME TAX

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

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

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

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 6,996,225	\$ 2,657,643	\$ -	\$ 9,653,868
Construction in progress	9,895,141	4,628,191	(6,677,445)	7,845,887
Total capital assets not being depreciated	<u>16,891,366</u>	<u>7,285,834</u>	<u>(6,677,445)</u>	<u>17,499,755</u>
Capital assets being depreciated:				
Buildings	11,563,400	157,901	-	11,721,301
Improvements other than buildings	10,451,488	5,151,403	(19,961)	15,582,930
Machinery and equipment	5,799,072	784,774	(194,349)	6,389,497
Furniture and fixtures	677,040	22,210	-	699,250
Vehicles	3,387,952	334,606	(212,659)	3,509,899
Infrastructure	406,581,074	13,008,217	(451,056)	419,138,235
Total capital assets being depreciated	<u>438,460,026</u>	<u>19,459,111</u>	<u>(878,025)</u>	<u>457,041,112</u>
Less accumulated depreciation:				
Buildings	(4,755,757)	(339,443)	-	(5,095,200)
Improvements other than buildings	(4,082,649)	(579,084)	6,488	(4,655,245)
Machinery and equipment	(4,269,423)	(466,554)	190,779	(4,545,198)
Furniture and fixtures	(487,504)	(43,276)	-	(530,780)
Vehicles	(2,315,235)	(343,169)	144,746	(2,513,658)
Infrastructure	(196,399,720)	(10,583,842)	11,276	(206,972,286)
Total accumulated depreciation	<u>(212,310,288)</u>	<u>(12,355,368)</u>	<u>353,289</u>	<u>(224,312,367)</u>
Total capital assets being depreciated, net	<u>226,149,738</u>	<u>7,103,743</u>	<u>(524,736)</u>	<u>232,728,745</u>
Capital assets, net	<u>\$ 243,041,104</u>	<u>\$ 14,389,577</u>	<u>\$ (7,202,181)</u>	<u>\$ 250,228,500</u>

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2016

NOTE 7 – CAPITAL ASSETS- *continued*

For the year ended December 31, 2016, the value of the assets donated to the City was \$8,165,212.

Depreciation expense was charged to the governmental programs as follows:

General government	\$ 217,963
Security of persons and property	580,547
Leisure time activities	618,275
Community environment	195,984
Basic utility services	5,538,816
Transportation	<u>5,203,783</u>
Total depreciation expense	<u>\$12,355,368</u>

NOTE 8 – RECEIVABLES

Receivables at December 31, 2016, consisted of property and other local taxes, payments in lieu of taxes, municipal income taxes, accounts, intergovernmental receivables arising from grants, entitlements and shared revenues, and interfund receivables. All receivables are considered fully collectible.

NOTE 9 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2016

NOTE 9 – DEFINED BENEFIT PENSION PLANS - *continued*

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2016

NOTE 9 – DEFINED BENEFIT PENSION PLANS - *continued*

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

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

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

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

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

	State and Local
2016 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2016 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0 %
Total Employer	14.0 %
Employee:	10.0 %

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2016

NOTE 9 – DEFINED BENEFIT PENSION PLANS - *continued*

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$744,385 for 2016. Of this amount, \$92,324 is reported as due to other governments.

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

City full-time police participate in the Ohio Police & Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code (ORC). OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, OH 43215-5164.

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

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

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

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

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

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2016

NOTE 9 – DEFINED BENEFIT PENSION PLANS - *continued*

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

	Police		
2016 Statutory Maximum Contribution Rates			
Employer	19.50	%	
Employee	12.25	%	
 2016 Actual Contribution Rates			
Employer:			
Pension	19.00	%	
Post-employment Health Care Benefits	0.50	%	
Total Employer	19.50	%	
Employee	12.25	%	

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$864,192 for 2016. Of this amount, \$102,570 is reported as due to other governments.

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

The net pension liability for OPERS was measured as of December 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2015, and was determined by rolling forward the total pension liability as of January 1, 2015, to December 31, 2015. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	OPERS	OP&F	Total
Proportionate Share of Net Pension Liability	\$ 8,206,216	\$ 13,868,027	\$ 22,074,243
Proportion of Net Pension Liability	0.047377%	0.2155740%	
Change in Proportionate Share	0.003486%	0.0089423%	
Pension Expense	\$ 1,281,058	\$ 1,956,124	\$ 3,237,182

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2016

NOTE 9 – DEFINED BENEFIT PENSION PLANS - *continued*

At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS	OP&F	Total
<u>Deferred Outflows of Resources</u>			
Net differences between projected and actual investment earnings	\$ 2,395,291	\$ 2,242,209	\$ 4,637,500
Change in City's proportionate share	287,666	388,410	676,076
City contributions subsequent to the measurement date	744,385	864,192	1,608,577
	\$ 3,427,342	\$ 3,494,811	\$ 6,922,153
 <u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$ 154,581	\$ 38,941	\$ 193,522

\$1,608,577 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2017	\$ 658,083	\$ 656,721	\$ 1,314,804
2018	693,816	656,721	1,350,537
2019	630,615	656,722	1,287,337
2020	545,862	541,385	1,087,247
2021	-	67,335	67,335
Thereafter	-	12,794	12,794
	\$ 2,528,376	\$ 2,591,678	\$ 5,120,054

Actuarial Assumptions – OPERS

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

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2016

NOTE 9 – DEFINED BENEFIT PENSION PLANS - *continued*

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage inflation	3.75%
Future salary increases, including inflation COLA or Ad Hoc COLA	4.25% to 10.05%, including wage inflation Pre-1/7/13 retirees: 3% simple; Post-1/7/13 retirees: 3.00% simple through 2018, then 2.80% simple
Investment rate of return	8%
Actuarial cost method	Individual entry age

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105% of the combined healthy male mortality rates were used. For females, 100% of the combined health female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males, 120% of the disabled female mortality rates were used set forward two years. For females, 100% of the disabled female mortality rates were used.

The most recent experience study was completed for the five-year period ended December 31, 2010.

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

During 2015, OPERS managed investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. During 2016, OPERS consolidated the health care portfolios (see Note 10). The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.4% for 2015.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2015 and the long-term expected real rates of return:

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, continued
Year Ended December 31, 2016

NOTE 9 – DEFINED BENEFIT PENSION PLANS - continued

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00%	2.31%
Domestic Equities	20.70%	5.84%
Real Estate	10.00%	4.25%
Private Equity	10.00%	9.25%
International Equities	18.30%	7.40%
Other Investments	<u>18.00%</u>	<u>4.59%</u>
Total	<u>100.00%</u>	<u>5.27%</u>

Discount Rate. The discount rate used to measure the total pension liability was 8%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following table represents the City’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 8%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower (7%) and one-percentage point higher (9%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate of 8.00%	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$ 13,074,506	\$ 8,206,216	\$ 4,099,966

Actuarial Assumptions – OP&F

OP&F’s total pension liability as of December 31, 2015 is based on the results of an actuarial valuation date of January 1, 2015, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past experiences and new estimates are made about the future.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2016

NOTE 9 – DEFINED BENEFIT PENSION PLANS - *continued*

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2015, are presented below:

Actuarial cost method	Entry age normal
Investment rate of return	8.25%
Projected salary increases	4.25% to 11.00%
Payroll increases	3.75%
Inflation assumptions	3.25%
Cost of living adjustments	2.60% and 3.00% simple

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

The most recent experience study was completed January 1, 2012.

The long-term expected rate of return on pension plan investments was determine using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2015 are summarized below:

Asset Class	Target Allocation	10 Year Expected Rate of Return**	30 Year Expected Rate of Return**
Cash and Cash Equivalent	0.0%		
Domestic Equity	16.0%	4.47%	7.80%
Non-U.S. Equity	16.0%	4.47%	8.00%
Core Fixed Income*	20.0%	1.62%	5.35%
Global Inflation Protected Securities*	20.0%	1.33%	4.73%
High Yield	15.0%	3.39%	7.21%
Real Estate	12.0%	3.93%	7.43%
Private Markets	8.0%	6.98%	10.73%
Timber	5.0%	4.92%	7.35%
Master Limited Partnerships	<u>8.0%</u>	7.03%	10.75%
	<u>120.0%</u>		

Note: Assumptions are geometric. * Levered 2x; ** Numbers include inflation.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2016

NOTE 9 – DEFINED BENEFIT PENSION PLANS - *continued*

OP&F’s Board of Trustees has incorporated the “risk parity” concept into OP&F’s asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

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

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

	1% Decrease (7.25%)	Current Discount Rate of 8.25%	1% Increase (9.25%)
City's proportionate share of the net pension liability	\$ 18,290,069	\$ 13,868,027	\$ 10,122,121

NOTE 10 – POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

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

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2016

NOTE 10 – POSTEMPLOYMENT BENEFITS - *continued*

In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed July 1, 2016. As of December 31, 2016, OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. Please see the Plan Statement in the OPERS 2015 CAFR for details.

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2016, state and local employers contributed at a rate of 14.0% of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members' contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2016. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2017 decreased to 1.0% for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2016 was 4.0%.

Actual employer contributions for 2016, 2015 and 2014 which were used to fund post-employment benefits were \$125,806, \$123,733 and \$104,945, respectively.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2016

NOTE 10 – POSTEMPLOYMENT BENEFITS - *continued*

Ohio Police and Fire Pension Fund

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

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

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

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164 or on OP&F's website at www.op-f.org.

The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% of covered payroll for police employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5% of covered payroll for police employer units. Active members do not make contributions to the OPEB Plan.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. The portion of employer contributions allocated to health care was 0.5% of covered payroll throughout 2016. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2016

NOTE 10 – POSTEMPLOYMENT BENEFITS - *continued*

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. The City's actual contributions for 2016, 2015 and 2014 that were used to fund post-employment benefits were \$24,779, \$24,624 and \$23,147, respectively.

NOTE 11 – OTHER EMPLOYEE BENEFITS

Compensated Absences

Accumulated Unpaid Vacation

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

Accumulated Unpaid Sick Leave

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

Deferred Compensation

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

NOTE 12 – CAPITAL LEASES - LESSEE DISCLOSURE

The City has leases for a building, vehicles and equipment, including a new lease in 2016 for a wheel loader. The building lease meets the criteria of a capital lease as the present value of the minimum lease payments at the beginning of the lease equals the fair value of the leased property. While the vehicle and equipment leases meet the criteria which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the Basic Financial Statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2016

NOTE 12 – CAPITAL LEASES - LESSEE DISCLOSURE - *continued*

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

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2016 were as follows:

Year Ending December 31,	Safety Building and Equipment Leases
2017	\$ 413,312
2018	413,312
2019	413,312
2020	413,312
2021	395,588
2022-2026	1,948,398
2027-2031	1,948,397
2032-2036	1,948,399
2037-2038	779,359
Total	\$ 8,673,389
Less: amount representing interest	(3,172,620)
Present value of net minimum lease payments	\$ 5,500,769

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, continued
Year Ended December 31, 2016

NOTE 13 – RISK MANAGEMENT

Property and Liability Insurance

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2016, 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 2016 were \$2,210,582. The claims liability of \$128,000 reported in the Insurance Trust Fund at December 31, 2016, 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 2014, 2015, and 2016 were:

Year	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2014	\$ 142,000	\$ 2,141,434	\$(2,057,434)	\$ 226,000
2015	226,000	2,292,975	(2,264,975)	254,000
2016	254,000	2,061,358	(2,187,358)	128,000

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, continued
Year Ended December 31, 2016

NOTE 14 – LONG -TERM OBLIGATIONS

Changes in governmental activities long-term obligations during 2016 were as follows:

Type/Issues	Beginning Balance	Issued	Retired	Refunded	Ending Balance	Due Within One Year
<u>Notes & Loans Payable:</u>						
2005 OWDA Loan 3% \$2,234,466	\$ 1,200,250	\$ -	\$ (225,971)	\$ -	\$ 974,279	\$ 232,801
2012 OPWC Loan \$2,730,423	2,402,772	-	(54,608)	-	2,348,164	109,217
2015 Taxable Notes 1% \$4,275,000	4,275,000	-	-	(4,275,000)	-	-
2015 Taxable Notes 1% \$3,000,000	3,000,000	-	-	(3,000,000)	-	-
2016 Taxable Notes 1.375% \$6,500,000	-	<u>6,500,000</u>	-	-	<u>6,500,000</u>	<u>6,500,000</u>
Total Notes & Loans Payable	10,878,022	6,500,000	(280,579)	(7,275,000)	9,822,443	6,842,018
<u>Unvoted General Obligation Bonds:</u>						
2005 Various Purpose and Refunding 3.0 - 5.0% \$20,175,000	2,880,000	-	-	(2,880,000)	-	-
2007 Various Purpose & Refunding 4.0 - 5.0% \$7,975,000	710,000	-	(345,000)	-	365,000	365,000
2009 Various Purpose 2.25 - 5.0% \$15,540,000	8,220,000	-	(675,000)	(5,415,000)	2,130,000	700,000
2011 Various Purpose 2.0 - 4.25% \$8,020,000	6,135,000	-	(340,000)	-	5,795,000	350,000
2012 Various Purpose 2.0 - 5.0% \$11,085,000	9,310,000	-	(850,000)	-	8,460,000	875,000
2013 Refunding 1.0 - 3.5% \$8,905,000	8,465,000	-	(910,000)	-	7,555,000	875,000
2014 Refunding 2.0 - 4.0%, \$5,160,000	4,990,000	-	(50,000)	-	4,940,000	50,000
2015 Various Purpose & Refunding 4.0%, \$8,745,000	8,425,000	-	(195,000)	-	8,230,000	200,000
2016A Various Purpose & Refunding 2.0%-4.0%, \$8,205,000	-	8,205,000	(345,000)	-	7,860,000	245,000
2016B Various Purpose 2.0%-4.0%, \$3,855,000	-	<u>3,855,000</u>	-	-	<u>3,855,000</u>	<u>135,000</u>
Total General Obligation Bonds	49,135,000	12,060,000	(3,710,000)	(8,295,000)	49,190,000	3,795,000
<u>Other Long-Term Obligations:</u>						
Compensated Absences	1,859,167	934,751	(1,038,402)	-	1,755,516	940,451
Premium on GO Bonds Issued	3,544,797	1,609,604	(382,975)	(454,056)	4,317,370	-
Capital Leases	5,631,739	109,903	(240,873)	-	5,500,769	171,673
<u>Net Pension Liabilities:</u>						
OPERS	5,293,745	2,912,471	-	-	8,206,216	-
OP&F	10,704,384	3,163,643	-	-	13,868,027	-
Total Other Long-Term Obligations	<u>27,033,832</u>	<u>8,730,372</u>	<u>(1,662,250)</u>	<u>(454,056)</u>	<u>33,647,898</u>	<u>1,112,124</u>
Total Long-Term Obligations	<u>\$ 87,046,854</u>	<u>\$ 27,290,372</u>	<u>\$ (5,652,829)</u>	<u>\$ (16,024,056)</u>	<u>\$ 92,660,341</u>	<u>\$ 11,749,142</u>

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2016

NOTE 14 – LONG -TERM OBLIGATIONS - *continued*

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

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

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

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

In April 2016, the City issued \$8,205,000 in Series 2016A General Obligation Various Purpose Bonds to currently refund the Series 2005 General Obligation Various Purpose Bonds and advance refund a portion of the Series 2009 Various Purpose Bonds. The bonds bear interest between 2% - 4% and mature on December 1, 2029. The current and advance refunding reduced the City's total debt service payments over 14 years by \$906,494 to obtain an economic gain (difference between the present values of the debt service payments on the old and new bonds) of \$824,091.

In April 2016, the City issued \$6,500,000 Series 2016 Various Purpose Notes to refinance various capital projects for the City and currently refund the Series 2015C Various Purpose Notes originally issued for construction, improvements and acquisition and equipment. The notes bear interest of 1.375% and mature on April 20, 2017.

In April 2016, the City issued \$3,855,000 Series 2016B Various Purpose Bonds to retire the Series 2015B Various Purpose Notes originally issued for construction and improvements to infrastructure and utility systems. The bonds bear interest between 2% - 4% and mature on December 1, 2036.

As of December 31, 2016, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$98,930,683 with an unvoted debt margin of \$51,647,024.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, continued
Year Ended December 31, 2016

NOTE 14 – LONG -TERM OBLIGATIONS - continued

Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2016, are:

Year	OWDA Loans		General Obligation Bonds		OPWC Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 232,801	\$ 27,495	\$ 3,795,000	\$ -	\$ 109,217	\$ -
2018	239,837	20,459	3,865,000	2,380,354	109,217	-
2019	247,086	13,210	3,910,000	2,031,329	109,217	-
2020	254,555	5,741	4,065,000	1,915,629	109,217	-
2021	-	-	4,135,000	1,399,029	109,217	-
2022-2026	-	-	18,910,000	4,943,534	546,085	-
2027-2031	-	-	7,765,000	1,686,101	546,085	-
2032-2036	-	-	2,745,000	-	546,085	-
2037-2038	-	-	-	-	163,824	-
Totals	<u>\$ 974,279</u>	<u>\$ 66,905</u>	<u>\$ 49,190,000</u>	<u>\$ 14,355,976</u>	<u>\$ 2,348,164</u>	<u>\$ -</u>

NOTE 15 – INTERFUND TRANSACTIONS

Amounts due to/due from other funds at December 31, 2016 were as follows:

	Due From	Due To
Governmental Funds:		
General Fund	\$ 43,624	\$ 109,177
Street Maintenance and Repair Fund	-	16,016
Water and Sewer Revenue Fund	-	30,750
Nonmajor Governmental Funds	-	15,375
	<u>43,624</u>	<u>171,318</u>
Internal Service Fund	<u>127,694</u>	<u>-</u>
	<u>\$ 171,318</u>	<u>\$ 171,318</u>

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

The Nonmajor General Government Grant Fund borrowed \$637,643 from the General Fund to provide operating capital. This interfund loan is expected to be repaid within one year.

Transfers are used to move revenues from one fund that statute or budget requires to collect them to the fund that statute or budget required to expend them or move unrestricted revenues collected in the General Fund to finance various programs and projects accounted for in other funds in accordance with budgetary authorizations. During 2016, the City transferred \$1,880,000 from the General Fund to the Capital Improvement Municipal Tax Fund to finance various capital projects. Transfers between governmental funds are eliminated for reporting on the statement of activities.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, continued
Year Ended December 31, 2016

NOTE 16 – FUND BALANCES

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is “bound to honor constraints on the specific purposes for which amounts in the fund can be spent” in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The components for reporting the City’s fund balance are nonspendable, restricted, committed, assigned and unassigned. Restricted fund balance includes those amounts that are restricted by parties outside of the City and pursuant to enabling legislation. Committed fund balance describes the portion of fund balance that has been limited by use by approval of City Council. City Council is the City’s highest level of decision making. Fund balance commitments are established, modified, or rescinded by City Council action through passage of an ordinance. Assigned fund balance includes amounts that have an intended use by City, but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amounts that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the City Council. The City Council has authorized the Finance Director to assign fund balance for purchases on order provided those amounts have been lawfully appropriated. The unassigned fund balance represents the residual net resources.

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

Fund Balances	General	Street Maintenance and Repair	Street Improvement Municipal Tax	Water and Sewer Revenue	TIF	Capital Improvement Municipal Tax	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:								
Prepays	\$ 40,542	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,542
Restricted for:								
Infrastructure improvements	-	1,371,912	-	-	2,994,601	-	713,829	5,080,342
Public safety programs	-	-	-	-	-	-	75,414	75,414
Capital outlay	-	-	-	-	-	11,492,746	502,000	11,994,746
Utility improvements	-	-	-	17,500	-	-	-	17,500
Total Restricted	-	1,371,912	-	17,500	2,994,601	11,492,746	1,291,243	17,168,002
Committed to:								
Engineering	143,204	-	-	-	-	-	-	143,204
Utility operations	-	-	-	1,883,221	-	-	300,364	2,183,585
HR study	7,093	-	-	-	-	-	-	7,093
Infrastructure improvements	-	-	2,384,409	-	-	-	-	2,384,409
Park maintenance	-	-	-	-	-	-	196,520	196,520
Total committed	150,297	-	2,384,409	1,883,221	-	-	496,884	4,914,811
Assigned to:								
Budgetary resource	149,034	-	-	-	-	-	-	149,034
Purchases on order	1,263,463	-	-	-	-	-	-	1,263,463
Total assigned	1,412,497	-	-	-	-	-	-	1,412,497
Unassigned (deficit)	14,144,814	-	-	-	-	-	(637,643)	13,507,171
Total Fund Balance	\$ 15,748,150	\$ 1,371,912	\$ 2,384,409	\$ 1,900,721	\$ 2,994,601	\$ 11,492,746	\$ 1,150,484	\$ 37,043,023

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2016

NOTE 16 – FUND BALANCES - *continued*

Minimum Fund Balance Policy

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

NOTE 17 – CONDUIT DEBT OBLIGATIONS

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

As of December 31, 2016, there were two series of industrial revenue development bonds outstanding with an aggregate principal amount payable of \$955,000.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2016

NOTE 18 – CONTRACTUAL COMMITMENTS

As of December 31, 2016, the City had contractual purchase commitments as follows:

Vendor	Contract Amount	Amount Expended	Balance 12/31/16
2K General Company	\$ 5,005,006	\$ 4,512,178	\$ 492,828
Advanced Civil Design	140,000	30,891	109,109
Burgess & Niple	326,380	188,701	137,679
DLZ Ohio, Inc.	193,776	127,231	66,545
Evans, Mechwart, Hambleton & Tilton	268,614	175,800	92,814
Facemyer Company	949,212	91,713	857,499
GPD Group	240,000	8,916	231,084
Insight Pipe Contracting, LLC	167,700	-	167,700
John Eramo & Sons, Inc.	531,000	309,034	221,966
MS Consultants, Inc.	561,031	436,778	124,253
S&ME, Inc.	205,200	150,624	54,576
Stantec Consulting Services, Inc.	575,000	455,317	119,683
Strawser Construction, Inc.	164,742	92,089	72,653
Strawser Paving Co., Inc.	4,219,347	3,657,905	561,442
Thompson Building Associates	116,231	63,622	52,609
URS Corporation	409,825	70,910	338,915
Woolpert	225,000	106,278	118,722
	<u>\$ 14,298,064</u>	<u>\$ 10,477,987</u>	<u>\$ 3,820,077</u>

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed in all funds. On the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities. There were outstanding encumbrances in the six major governmental funds and in the nonmajor funds at December 31, 2016: \$1,688,682 in the General Fund, \$619,378 in the Street Maintenance and Repair Fund, \$527,743 in the Street Improvement Municipal Tax Fund, \$598,215 in the Water and Sewer Revenue Fund, \$4,118 in the TIF Fund, \$3,321,223 in the Capital Improvement Municipal Tax Fund and \$2,608,493 in the Nonmajor Funds.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2016

NOTE 19 – RELATED ORGANIZATIONS

Hilliard Arts Council Corporation

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

Norwich Township

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

Central Ohio Interoperable Radio System

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

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2016

NOTE 20 – TAX ABATEMENTS

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

For the year ended December 31, 2016, the City abated income taxes totaling \$1,019,747 under the Program as follows:

- An annual incentive of 50% of actual local payroll withholding taxes paid to the City in excess of \$1,440,000 each year, from 2014 to 2023 with Verizon Wireless for a commitment to create jobs and make leasehold improvements. The abatement amounted to \$700,357;
- An annual incentive of 36% of actual local payroll withholding taxes paid to the City from 2006 to 2017 with BMW Financial Services for a commitment to create jobs. The abatement amounted to \$319,390.

NOTE 21 – CONTINGENT LIABILITIES

Federal and State Grants

For the year ended December 31, 2016, the City received federal and state grants for specific purposes that are subject to review and audit by grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

Litigation

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

NOTE 22 – SUBSEQUENT EVENTS

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

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Required Supplementary Information

CITY OF HILLIARD, OHIO

Required Supplementary Information

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

Ohio Public Employees Retirement System - Traditional Pension Plan

Last Three Measurement Periods (1)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
City's Proportion of the Net Pension Liability	0.047377%	0.043891%	0.043891%
City's Proportionate Share of the Net Pension Liability	\$ 8,206,216	\$ 5,293,745	\$ 5,174,177
City's Covered-Employee Payroll	\$ 5,895,875	\$ 5,381,025	\$ 5,221,423
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	139.19%	98.38%	99.10%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.08%	86.45%	86.36%

(1) Information prior to 2013 is not available.

CITY OF HILLIARD, OHIO

Required Supplementary Information
Schedule of City's Proportionate Share of the Net Pension Liability
Ohio Police and Fire Pension Fund (1)
Last Three Measurement Periods (2)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
City's Proportion of the Net Pension Liability	0.2155740%	0.2066317%	0.2066317%
City's Proportionate Share of the Net Pension Liability	\$ 13,868,027	\$ 10,704,384	\$ 10,063,612
City's Covered-Employee Payroll	\$ 4,856,900	\$ 4,551,263	\$ 4,248,693
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	285.53%	235.20%	236.86%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.77%	72.20%	73.00%

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

(2) Information prior to 2013 is not available.

CITY OF HILLIARD, OHIO

Required Supplementary Information

Schedule of City Contributions

Ohio Public Employees Retirement System - Traditional Pension Plan

Last Six Years (1)

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

(1) Information prior to 2011 is not available.

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually Required Contributions	\$ 864,192	\$ 922,811	\$ 864,740	\$ 674,834	\$ 544,150
Contributions in Relation to the Contractually Required Contributions	<u>(864,192)</u>	<u>(922,811)</u>	<u>(864,740)</u>	<u>(674,834)</u>	<u>(544,150)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City Covered-Employee Payroll	\$ 4,548,379	\$ 4,856,900	\$ 4,551,263	\$ 4,248,693	\$ 4,267,843
Contributions as a Percentage of Covered-Employee Payroll	19.00%	19.00%	19.00%	15.88%	12.75%
	<u>2011</u>				
Contractually Required Contributions	\$ 511,223				
Contributions in Relation to the Contractually Required Contributions	<u>(511,223)</u>				
Contribution Deficiency (Excess)	<u>\$ -</u>				
City Covered-Employee Payroll	\$ 4,009,592				
Contributions as a Percentage of Covered-Employee Payroll	12.75%				

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

(2) Information prior to 2011 is not available.

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Supplementary Information

Combining Statements And Individual Fund Schedules

CITY OF HILLIARD, OHIO

Major Fund Descriptions

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

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

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

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

Major Special Revenue Funds:

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

The **Street Improvement Municipal Tax Fund** accounts for a portion of the City's income tax collections to be used for repair and improvement of streets and highways. In 2016, 3% of income tax collections were deposited into the fund.

The **Water and Sewer Revenue Fund** is used to account for water and sewer tap fees and water and sewer surcharge revenues collected by the City of Columbus for the City of Hilliard. These revenues are used for upgrading and making minor repairs to water and sewer lines.

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

Major Capital Project Fund:

The **Capital Improvement Municipal Tax Fund** accounts for 25 percent of the City's income tax collections and impact fees which are used for various capital improvements.

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

General Fund

Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		From Final Budget
Revenues				
Property and other local taxes	\$ 1,541,768	\$ 1,541,768	\$ 1,434,495	\$ (107,273)
Municipal income taxes	16,036,261	16,036,261	18,383,041	2,346,780
Intergovernmental	594,734	594,734	537,138	(57,596)
Charges for services	3,838,368	3,838,368	3,429,826	(408,542)
Licenses and permits	970,100	971,100	1,440,561	469,461
Fines and forfeitures	350,000	350,000	195,943	(154,057)
Investment income	65,000	65,000	196,489	131,489
Miscellaneous	61,500	61,500	119,089	57,589
Total revenues	<u>23,457,731</u>	<u>23,458,731</u>	<u>25,736,582</u>	<u>2,277,851</u>
Expenditures				
Current:				
General Government:				
Mayor:				
Personal services	209,977	209,977	204,340	5,637
Contractual services	7,400	7,400	-	7,400
Materials and supplies	<u>2,000</u>	<u>2,000</u>	<u>1,833</u>	<u>167</u>
Total Mayor	<u>219,377</u>	<u>219,377</u>	<u>206,173</u>	<u>13,204</u>
City Council:				
Personal services	310,481	310,481	300,061	10,420
Contractual services	41,471	41,471	39,525	1,946
Materials and supplies	<u>97,764</u>	<u>97,764</u>	<u>85,765</u>	<u>11,999</u>
Total City Council	<u>449,716</u>	<u>449,716</u>	<u>425,351</u>	<u>24,365</u>
Clerk of Courts:				
Personal services	265,179	265,179	206,870	58,309
Contractual services	123,790	123,790	118,016	5,774
Materials and supplies	<u>16,016</u>	<u>16,016</u>	<u>8,875</u>	<u>7,141</u>
Total Clerk of Courts	<u>404,985</u>	<u>404,985</u>	<u>333,761</u>	<u>71,224</u>
Law:				
Personal services	271,488	271,488	223,609	47,879
Contractual services	125,321	125,321	121,275	4,046
Materials and supplies	<u>7,482</u>	<u>7,482</u>	<u>5,406</u>	<u>2,076</u>
Total Law	<u>404,291</u>	<u>404,291</u>	<u>350,290</u>	<u>54,001</u>

(continued)

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

General Fund

Year Ended December 31, 2016

(continued)

	Budgeted Amounts		Actual Amounts	Variance From Final Budget
	Original	Final		
Finance:				
Personal services	759,420	759,420	696,090	63,330
Contractual services	89,590	89,590	74,234	15,356
Materials and supplies	49,909	49,909	44,832	5,077
Other	81,717	81,717	69,299	12,418
Total Finance	980,636	980,636	884,455	96,181
Economic Development:				
Personal services	189,637	189,637	179,787	9,850
Contractual services	31,300	31,300	30,520	780
Materials and supplies	19,032	19,032	14,493	4,539
Total Economic Development	239,969	239,969	224,800	15,169
City Clerk:				
Personal services	300	300	-	300
Contractual services	2,500	2,500	1,282	1,218
Materials and supplies	13,060	13,060	10,221	2,839
Total City Clerk	15,860	15,860	11,503	4,357
Human Resources:				
Personal services	388,770	388,770	384,959	3,811
Contractual services	109,369	109,369	101,051	8,318
Materials and supplies	13,777	13,777	12,005	1,772
Total Human Resources	511,916	511,916	498,015	13,901
Public Building and Land:				
Personal services	343,000	343,000	332,181	10,819
Contractual services	96,725	96,725	94,581	2,144
Materials and supplies	47,030	47,030	39,031	7,999
Utilities	679,162	679,162	542,120	137,042
Total Public Building and Land	1,165,917	1,165,917	1,007,913	158,004
Information Technology:				
Personal services	242,564	242,564	209,728	32,836
Contractual services	547,638	547,638	477,560	70,078
Materials and supplies	24,824	24,824	21,392	3,432
Total Information Technology	815,026	815,026	708,680	106,346
Civil Service Commission:				
Personal services	22	22	-	22
Contractual services	13,000	13,000	3,250	9,750
Materials and supplies	8,500	8,500	8,071	429
Total Civil Service Commission	21,522	21,522	11,321	10,201

(continued)

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

General Fund

Year Ended December 31, 2016

(continued)

	Budgeted Amounts		Actual Amounts	Variance From Final Budget
	Original	Final		
Boards and Commissions:				
Personal services	78,377	78,377	73,685	4,692
Materials and supplies	3,500	3,500	1,148	2,352
Total Boards and Commissions	81,877	81,877	74,833	7,044
General Administrative:				
Personal services	152,628	152,628	122,561	30,067
Contractual services	724,103	724,103	661,529	62,574
Materials and supplies	35,526	35,526	19,386	16,140
Other	990,265	990,265	941,208	49,057
Total General Administrative	1,902,522	1,902,522	1,744,684	157,838
Total General Government	7,213,614	7,213,614	6,481,779	731,835
Security of Persons and Property:				
Police:				
Personal services	8,665,425	8,665,425	8,248,086	417,339
Contractual services	932,154	932,154	913,192	18,962
Materials and supplies	240,558	240,558	237,287	3,271
Other	300	300	46	254
Total Police	9,838,437	9,838,437	9,398,611	439,826
Total Security of Persons and Property	9,838,437	9,838,437	9,398,611	439,826
Public Health:				
County Health District:				
Contractual services	242,000	242,000	242,000	-
Total County Health District	242,000	242,000	242,000	-
Total Public Health	242,000	242,000	242,000	-
Leisure Time Activities:				
Recreation:				
Personal services	2,248,945	2,248,945	2,192,438	56,507
Contractual services	274,329	274,329	272,674	1,655
Materials and supplies	380,692	380,692	371,774	8,918
Utilities	285,393	285,393	275,156	10,237
Other	28,753	28,753	25,800	2,953
Total Recreation	3,218,112	3,218,112	3,137,842	80,270
Total Leisure Time Activities	3,218,112	3,218,112	3,137,842	80,270

(continued)

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

General Fund

Year Ended December 31, 2016

(concluded)

	Budgeted Amounts		Actual Amounts	Variance From Final Budget
	Original	Final		
Community Environment:				
Service/Engineer:				
Personal services	688,750	688,750	672,637	16,113
Contractual services	1,860,737	1,860,737	1,855,253	5,484
Materials and supplies	43,852	43,852	33,598	10,254
Total Service/Engineer	<u>2,593,339</u>	<u>2,593,339</u>	<u>2,561,488</u>	<u>31,851</u>
Building Inspection:				
Personal services	581,912	581,912	534,448	47,464
Contractual services	90,000	90,000	8,000	82,000
Materials and supplies	29,334	29,334	20,744	8,590
Other	11,725	11,725	7,000	4,725
Total Building Inspection	<u>712,971</u>	<u>712,971</u>	<u>570,192</u>	<u>142,779</u>
Total Community Environment	<u>3,306,310</u>	<u>3,306,310</u>	<u>3,131,680</u>	<u>174,630</u>
Capital outlay	<u>-</u>	<u>1,605,600</u>	<u>1,605,600</u>	<u>-</u>
Total Expenditures	<u>23,818,473</u>	<u>25,424,073</u>	<u>23,997,512</u>	<u>1,426,561</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(360,742)</u>	<u>(1,965,342)</u>	<u>1,739,070</u>	<u>3,704,412</u>
Other financing sources (uses)				
Transfers in	-	309,031	309,031	-
Transfers out	-	(2,189,031)	(2,189,031)	-
Total other financing sources (uses)	<u>-</u>	<u>(1,880,000)</u>	<u>(1,880,000)</u>	<u>-</u>
Net change in fund balance	(360,742)	(3,845,342)	(140,930)	3,704,412
Fund balance, beginning of year	10,965,664	10,965,664	10,965,664	
Prior year encumbrances appropriated	<u>630,542</u>	<u>630,542</u>	<u>630,542</u>	
Fund balance, end of year	<u>\$ 11,235,464</u>	<u>\$ 7,750,864</u>	<u>\$ 11,455,276</u>	

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

Construction Inspection Fund⁽¹⁾

Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance From Final Budget
	Original	Final		
Revenues				
Charges for services	\$ 375,000	\$ 375,000	\$ 671,741	\$ 296,741
Miscellaneous	5,000	5,000	106,857	101,857
Total revenues	<u>380,000</u>	<u>380,000</u>	<u>778,598</u>	<u>398,598</u>
Expenditures				
Current:				
Community Environment:				
Personal services	310,287	310,287	307,411	2,876
Contractual services	385,910	385,910	385,910	-
Materials and supplies	18,600	18,600	15,147	3,453
Other	<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Total expenditures	<u>729,797</u>	<u>729,797</u>	<u>708,468</u>	<u>21,329</u>
Net change in fund balance	(349,797)	(349,797)	70,130	419,927
Fund balance, beginning of year	453,813	453,813	453,813	
Prior year encumbrances appropriated	<u>94,133</u>	<u>94,133</u>	<u>94,133</u>	
Fund balance, end of year	<u>\$ 198,149</u>	<u>\$ 198,149</u>	<u>\$ 618,076</u>	

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

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

Police Benevolent Fund⁽¹⁾

Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance From Final Budget
	Original	Final		
Revenues				
Charges for services	\$ 10,000	\$ 10,000	\$ 11,500	\$ 1,500
Miscellaneous	5,000	16,000	14,126	(1,874)
Total revenues	<u>15,000</u>	<u>26,000</u>	<u>25,626</u>	<u>(374)</u>
Expenditures				
Current:				
Security of Persons and Property:				
Contractual services	12,750	12,750	9,746	3,004
Materials and supplies	12,829	25,329	21,092	4,237
Other	<u>1,909</u>	<u>1,909</u>	<u>1,500</u>	<u>409</u>
Total expenditures	<u>27,488</u>	<u>39,988</u>	<u>32,338</u>	<u>7,650</u>
Net change in fund balance	(12,488)	(13,988)	(6,712)	7,276
Fund balance, beginning of year	29,771	29,771	29,771	
Prior year encumbrances appropriated	<u>5,988</u>	<u>5,988</u>	<u>5,988</u>	
Fund balance, end of year	<u>\$ 23,271</u>	<u>\$ 21,771</u>	<u>\$ 29,047</u>	

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

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

Street Maintenance and Repair Fund

Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance From Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 1,350,500	\$ 1,350,500	\$ 1,475,891	\$ 125,391
Investment income	600	600	1,884	1,284
Miscellaneous	40,000	40,000	18,148	(21,852)
Total revenues	<u>1,391,100</u>	<u>1,391,100</u>	<u>1,495,923</u>	<u>104,823</u>
Expenditures				
Current:				
Transportation:				
Personal services	698,208	698,208	630,125	68,083
Contractual services	266,616	266,616	252,238	14,378
Materials and supplies	<u>857,263</u>	<u>857,263</u>	<u>778,755</u>	<u>78,508</u>
Total expenditures	<u>1,822,087</u>	<u>1,822,087</u>	<u>1,661,118</u>	<u>160,969</u>
Net change in fund balance	(430,987)	(430,987)	(165,195)	265,792
Fund balance, beginning of year	606,881	606,881	606,881	
Prior year encumbrances appropriated	<u>305,051</u>	<u>305,051</u>	<u>305,051</u>	
Fund balance, end of year	<u>\$ 480,945</u>	<u>\$ 480,945</u>	<u>\$ 746,737</u>	

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

Street Improvement Municipal Tax Fund

Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance From Final Budget
	Original	Final		
Revenues				
Municipal income taxes	\$ 2,186,763	\$ 2,186,763	\$ 2,506,650	\$ 319,887
Total revenues	<u>2,186,763</u>	<u>2,186,763</u>	<u>2,506,650</u>	<u>319,887</u>
Expenditures				
Current:				
General Government:				
Contractual services	100,000	100,000	68,490	31,510
Other	<u>95,000</u>	<u>95,000</u>	<u>72,292</u>	<u>22,708</u>
Total General Government	<u>195,000</u>	<u>195,000</u>	<u>140,782</u>	<u>54,218</u>
Transportation:				
Contractual services	957,156	957,156	722,236	234,920
Capital outlay	<u>1,975,033</u>	<u>1,975,033</u>	<u>1,936,202</u>	<u>38,831</u>
Total Transportation	<u>2,932,189</u>	<u>2,932,189</u>	<u>2,658,438</u>	<u>273,751</u>
Debt Service	<u>300,000</u>	<u>300,000</u>	<u>299,644</u>	<u>356</u>
Total expenditures	<u>3,427,189</u>	<u>3,427,189</u>	<u>3,098,864</u>	<u>328,325</u>
Deficiency of revenues under expenditures	<u>(1,240,426)</u>	<u>(1,240,426)</u>	<u>(592,214)</u>	<u>648,212</u>
Other financing sources:				
Issuance of debt	<u>341,900</u>	<u>341,900</u>	<u>-</u>	<u>(341,900)</u>
Net change in fund balance	(898,526)	(898,526)	(592,214)	306,312
Fund balance, beginning of year	1,846,675	1,846,675	1,846,675	
Prior year encumbrances appropriated	<u>575,289</u>	<u>575,289</u>	<u>575,289</u>	
Fund balance, end of year	<u>\$ 1,523,438</u>	<u>\$ 1,523,438</u>	<u>\$ 1,829,750</u>	

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

Water and Sewer Revenue Fund

Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance From Final Budget
	Original	Final		
Revenues				
Charges for services	\$ 1,990,000	\$ 1,990,000	\$ 2,368,142	\$ 378,142
Miscellaneous	107,000	107,000	10,734	(96,266)
Total revenues	<u>2,097,000</u>	<u>2,097,000</u>	<u>2,378,876</u>	<u>281,876</u>
Expenditures				
Current:				
Basic Utility Services:				
Personal services	1,134,106	1,134,106	1,096,511	37,595
Contractual services	638,009	473,009	540,012	(67,003)
Materials and supplies	127,122	292,122	119,085	173,037
Capital outlay	1,093,330	1,093,330	497,855	595,475
Utilities	123,575	123,575	98,390	25,185
Other	10,000	10,000	2,135	7,865
Total Basic Utility Services	<u>3,126,142</u>	<u>3,126,142</u>	<u>2,353,988</u>	<u>772,154</u>
Debt Service	<u>290,000</u>	<u>290,000</u>	<u>289,828</u>	<u>172</u>
Total expenditures	<u>3,416,142</u>	<u>3,416,142</u>	<u>2,643,816</u>	<u>772,326</u>
Net change in fund balance	(1,319,142)	(1,319,142)	(264,940)	1,054,202
Fund balance, beginning of year	1,260,973	1,260,973	1,260,973	
Prior year encumbrances appropriated	<u>374,280</u>	<u>374,280</u>	<u>374,280</u>	
Fund balance, end of year	<u>\$ 316,111</u>	<u>\$ 316,111</u>	<u>\$ 1,370,313</u>	

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

TIF Fund

Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance From Final Budget
	Original	Final		
Revenues				
Payment in lieu of taxes	\$ -	\$ 6,308,000	\$ 6,238,065	\$ (69,935)
Intergovernmental	-	208,000	206,748	(1,252)
Total revenues	-	6,516,000	6,444,813	(71,187)
Expenditures				
Current:				
General Government:				
Other	113,142	6,887,542	6,849,039	38,503
Total General Government	113,142	6,887,542	6,849,039	38,503
Transportation:				
Contractual services	4,118	4,118	4,118	-
Other	12,337	2,217,337	2,200,331	17,006
Total Transportation	16,455	2,221,455	2,204,449	17,006
Debt Service	1,407,700	1,457,700	1,457,586	114
Total expenditures	1,537,297	10,566,697	10,511,074	55,623
Net change in fund balance	(1,537,297)	(4,050,697)	(4,066,261)	(15,564)
Fund balance, beginning of year	7,019,448	7,019,448	7,019,448	
Prior year encumbrances appropriated	37,297	37,297	37,297	
Fund balance, end of year	\$ 5,519,448	\$ 3,006,048	\$ 2,990,484	

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

Capital Improvement Municipal Tax Fund

Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance From Final Budget
	Original	Final		
Revenues				
Municipal income taxes	\$ 6,074,341	\$ 6,074,341	\$ 6,962,917	\$ 888,576
Intergovernmental	4,330,000	4,330,000	601,402	(3,728,598)
Licenses and permits	-	-	1,519,500	1,519,500
Miscellaneous	12,000	12,000	316,535	304,535
Total revenues	<u>10,416,341</u>	<u>10,416,341</u>	<u>9,400,354</u>	<u>(1,015,987)</u>
Expenditures				
Current:				
General Government:				
Contractual services	325,586	336,586	311,602	24,984
Capital outlay	2,817,066	2,806,066	2,572,841	233,225
Other	676,561	676,561	620,826	55,735
Total General Government	<u>3,819,213</u>	<u>3,819,213</u>	<u>3,505,269</u>	<u>313,944</u>
Security of Persons and Property:				
Capital outlay	929,105	929,105	919,566	9,539
Total Security of Persons and Property	<u>929,105</u>	<u>929,105</u>	<u>919,566</u>	<u>9,539</u>
Leisure Time Activities:				
Contractual services	779	19,579	19,490	89
Capital outlay	2,262,510	2,243,710	1,948,320	295,390
Total Leisure Time Activities	<u>2,263,289</u>	<u>2,263,289</u>	<u>1,967,810</u>	<u>295,479</u>
Community Environment:				
Capital outlay	2,625,000	525,000	525,000	-
Total Community Environment	<u>2,625,000</u>	<u>525,000</u>	<u>525,000</u>	<u>-</u>
Basic Utility Services:				
Contractual services	582,300	832,300	817,270	15,030
Capital outlay	1,655,862	2,063,051	1,692,835	370,216
Total Basic Utility Services	<u>2,238,162</u>	<u>2,895,351</u>	<u>2,510,105</u>	<u>385,246</u>
Transportation:				
Contractual services	75,145	292,145	289,173	2,972
Capital outlay	5,931,836	5,777,363	3,228,138	2,549,225
Total Transportation	<u>6,006,981</u>	<u>6,069,508</u>	<u>3,517,311</u>	<u>2,552,197</u>

(continued)

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

Capital Improvement Municipal Tax Fund

Year Ended December 31, 2016

(concluded)

	Budgeted Amounts		Actual Amounts	Variance From Final Budget
	Original	Final		
Debt Service	<u>3,750,000</u>	<u>20,408,741</u>	<u>20,393,733</u>	<u>15,008</u>
Total expenditures	<u>21,631,750</u>	<u>36,910,207</u>	<u>33,338,794</u>	<u>3,571,413</u>
Deficiency of revenues under expenditures	<u>(11,215,409)</u>	<u>(26,493,866)</u>	<u>(23,938,440)</u>	<u>2,555,426</u>
Other financing sources				
Issuance of notes	2,922,000	6,500,000	6,500,000	-
Issuance of bonds	-	12,060,000	12,060,000	-
Premiums	-	1,609,604	1,609,604	-
Tranfers in	-	1,880,000	1,880,000	-
Total other financing sources	<u>2,922,000</u>	<u>22,049,604</u>	<u>22,049,604</u>	<u>-</u>
Net change in fund balance	(8,293,409)	(4,444,262)	(1,888,836)	2,555,426
Fund balance, beginning of year	5,389,341	5,389,341	5,389,341	
Prior year encumbrances appropriated	<u>4,246,286</u>	<u>4,246,286</u>	<u>4,246,286</u>	
Fund balance, end of year	<u>\$ 1,342,218</u>	<u>\$ 5,191,365</u>	<u>\$ 7,746,791</u>	

CITY OF HILLIARD, OHIO

Nonmajor Fund Descriptions

SPECIAL REVENUE FUNDS

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

The **County Municipal Motor Vehicle Tax Fund** accounts for funds received from the City's permissive motor vehicle license tax and from the County's permissive motor vehicle license tax restricted for use of maintaining certain roadways within the City.

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

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

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

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

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

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

CITY OF HILLIARD, OHIO

Nonmajor Fund Descriptions

AGENCY FUNDS

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

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

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

CITY OF HILLIARD, OHIO
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2016

	Special Revenue Funds							Total Nonmajor Governmental Funds
	County Municipal Motor Vehicle Tax	Park Maintenance	Police	Mayor's Court Computer	General Government Grants	Heritage Trail Dog Park	Storm Water Utility	
Assets								
Equity in pooled cash and cash equivalents	\$ 445,624	\$ 714,737	\$ 59,503	\$ 61,112	\$ -	\$ 100	\$ 316,809	\$ 1,597,885
Cash and cash equivalents with fiscal agents	239,034	-	-	-	-	-	-	239,034
Receivables:								
Accounts	-	-	-	-	-	-	41,406	41,406
Due from other governments	124,095	-	-	-	-	-	-	124,095
Total assets	\$ 808,753	\$ 714,737	\$ 59,503	\$ 61,112	\$ -	\$ 100	\$ 358,215	\$ 2,002,420
Liabilities								
Accounts payable	\$ 10,188	\$ 16,317	\$ 41,333	\$ 3,868	\$ -	\$ -	\$ 26,338	\$ 98,044
Due to other funds	-	-	-	-	-	-	15,375	15,375
Interfund payable	-	-	-	-	637,643	-	-	637,643
Accrued wages payable	-	-	-	-	-	-	6,564	6,564
Matured compensated absences	-	-	-	-	-	-	3,757	3,757
Due to other governments	-	-	-	-	-	-	5,817	5,817
Total liabilities	10,188	16,317	41,333	3,868	637,643	-	57,851	767,200
Deferred Inflows of Resources								
Unavailable revenue	84,736	-	-	-	-	-	-	84,736
Total deferred inflows of resources	84,736	-	-	-	-	-	-	84,736
Fund balances								
Restricted	713,829	502,000	18,170	57,244	-	-	-	1,291,243
Committed	-	196,420	-	-	-	100	300,364	496,884
Unassigned (deficit)	-	-	-	-	(637,643)	-	-	(637,643)
Total fund balances	713,829	698,420	18,170	57,244	(637,643)	100	300,364	1,150,484
Total liabilities, deferred inflows of resources and fund balances	\$ 808,753	\$ 714,737	\$ 59,503	\$ 61,112	\$ -	\$ 100	\$ 358,215	\$ 2,002,420

CITY OF HILLIARD, OHIO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended December 31, 2016

	Special Revenue Funds						Total Nonmajor Governmental Funds	
	County Municipal Motor Vehicle Tax	Park Maintenance	Police	Mayor's Court Computer	General Government Grants	Heritage Trail Dog Park		Storm Water Utility
Revenues								
Intergovernmental	\$ 400,686	\$ 183,499	\$ -	\$ -	\$ 75,197	\$ -	\$ -	\$ 659,382
Charges for services	-	254,105	-	-	-	-	959,970	1,214,075
Licenses and permits	-	255,854	-	-	-	-	-	255,854
Fines and forfeitures	-	-	34,062	16,285	-	-	-	50,347
Investment income	645	-	-	-	-	-	-	645
Total Revenues	401,331	693,458	34,062	16,285	75,197	-	959,970	2,180,303
Expenditures								
Current:								
General government	-	-	-	17,638	-	-	-	17,638
Security of persons and property	-	-	62,115	-	67,270	-	-	129,385
Leisure time activities	-	802,417	-	-	429,863	-	-	1,232,280
Basic utility services	-	-	-	-	211,546	-	676,456	888,002
Transportation	127,865	-	-	-	-	-	-	127,865
Total expenditures	127,865	802,417	62,115	17,638	708,679	-	676,456	2,395,170
Net change in fund balances	273,466	(108,959)	(28,053)	(1,353)	(633,482)	-	283,514	(214,867)
Fund balance, beginning of year	440,363	807,379	46,223	58,597	(4,161)	100	16,850	1,365,351
Fund balance, end of year	\$ 713,829	\$ 698,420	\$ 18,170	\$ 57,244	\$ (637,643)	\$ 100	\$ 300,364	\$ 1,150,484

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual - Budget (Non-GAAP) Basis
County Municipal Motor Vehicle Tax Fund
Year Ended December 31, 2016

	Final Budgeted Amounts	Actual Amounts	Variance From Final Budget
Revenues			
Intergovernmental	\$ 2,330,000	\$ 399,667	\$ (1,930,333)
Investment income	200	645	445
Total revenues	<u>2,330,200</u>	<u>400,312</u>	<u>(1,929,888)</u>
Expenditures			
Current:			
Transportation:			
Contractual services	127,513	119,286	8,227
Materials and supplies	147,064	137,830	9,234
Capital outlay	2,100,000	-	2,100,000
Total expenditures	<u>2,374,577</u>	<u>257,116</u>	<u>2,117,461</u>
Net change in fund balance	(44,377)	143,196	187,573
Fund balance, beginning of year	382,312	382,312	
Prior year encumbrances appropriated	44,577	44,577	
Fund balance, end of year	<u>\$ 382,512</u>	<u>\$ 570,085</u>	

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

Park Maintenance Fund

Year Ended December 31, 2016

	Final Budgeted Amounts	Actual Amounts	Variance From Final Budget
Revenues			
Intergovernmental	\$ 183,000	\$ 183,499	\$ 499
Charges for services	150,000	254,106	104,106
Licences and permits	352,000	255,854	(96,146)
Miscellaneous	215,000	-	(215,000)
Total revenues	<u>900,000</u>	<u>693,459</u>	<u>(206,541)</u>
Expenditures			
Current:			
Leisure Time Activities:			
Contractual services	39,421	27,015	12,406
Materials and supplies	10,932	-	10,932
Capital outlay	516,120	453,337	62,783
Transportation:			
Capital outlay	<u>1,232,785</u>	<u>660,658</u>	<u>572,127</u>
Total expenditures	<u>1,799,258</u>	<u>1,141,010</u>	<u>658,248</u>
Excess of revenues over expenditures	<u>(899,258)</u>	<u>(447,551)</u>	<u>451,707</u>
Other financing sources			
Issuance of debt	<u>234,250</u>	-	<u>(234,250)</u>
Total other financing sources	<u>234,250</u>	-	<u>(234,250)</u>
Net change in fund balance	(665,008)	(447,551)	217,457
Fund balance, beginning of year	465,593	465,593	
Prior year encumbrances appropriated	<u>396,400</u>	<u>396,400</u>	
Fund balance, end of year	<u>\$ 196,985</u>	<u>\$ 414,442</u>	

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

Police Fund

Year Ended December 31, 2016

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance From Final Budget</u>
Revenues			
Fines and forfeitures	\$ 41,550	\$ 34,112	\$ (7,438)
Total revenues	<u>41,550</u>	<u>34,112</u>	<u>(7,438)</u>
Expenditures			
Current:			
Security of Persons and Property:			
Materials and supplies	6,767	6,764	3
Other	<u>57,864</u>	<u>56,689</u>	<u>1,175</u>
Total expenditures	<u>64,631</u>	<u>63,453</u>	<u>1,178</u>
Net change in fund balance	(23,081)	(29,341)	(6,260)
Fund balance, beginning of year	45,733	45,733	
Prior year encumbrances appropriated	<u>364</u>	<u>364</u>	
Fund balance, end of year	<u><u>\$ 23,016</u></u>	<u><u>\$ 16,756</u></u>	

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

Mayor's Court Computer Fund

Year Ended December 31, 2016

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance From Final Budget</u>
Revenues			
Fines and forfeitures	\$ 20,000	\$ 15,272	\$ (4,728)
Expenditures			
Current:			
General Government:			
Contractual services	10,000	-	10,000
Materials and supplies	28,092	28,024	68
Capital outlay	<u>24,585</u>	<u>4,585</u>	<u>20,000</u>
Total expenditures	<u>62,677</u>	<u>32,609</u>	<u>30,068</u>
 Net change in fund balance	 (42,677)	 (17,337)	 25,340
 Fund balance, beginning of year	 50,159	 50,159	
Prior year encumbrances appropriated	<u>11,677</u>	<u>11,677</u>	
Fund balance, end of year	<u>\$ 19,159</u>	<u>\$ 44,499</u>	

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

General Government Grants Fund

Year Ended December 31, 2016

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance From Final Budget</u>
Revenues			
Intergovernmental	\$ 1,025,105	\$ 75,197	\$ (949,908)
Expenditures			
Current:			
Security of Persons and Property:			
Contractual services	<u>91,600</u>	<u>76,943</u>	<u>14,657</u>
Total Security of Persons and Property	<u>91,600</u>	<u>76,943</u>	<u>14,657</u>
Leisure Time Activities:			
Capital outlay	<u>492,827</u>	<u>492,827</u>	<u>-</u>
Total Leisure Time Activities	<u>492,827</u>	<u>492,827</u>	<u>-</u>
Basic Utility Services:			
Capital outlay	<u>350,000</u>	<u>211,546</u>	<u>138,454</u>
Total Basic Utility Services	<u>350,000</u>	<u>211,546</u>	<u>138,454</u>
Transportation:			
Contractual services	<u>43,850</u>	<u>43,850</u>	<u>-</u>
Total Transportation:	<u>43,850</u>	<u>43,850</u>	<u>-</u>
Total expenditures	<u>978,277</u>	<u>825,166</u>	<u>153,111</u>
Net change in fund balance	46,828	(749,969)	(796,797)
Fund balance, beginning of year	(891,529)	(891,529)	
Prior year encumbrances appropriated	<u>893,278</u>	<u>893,278</u>	
Fund balance, end of year	<u>\$ 48,577</u>	<u>\$ (748,220)</u>	

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

Heritage Trail Dog Park Fund

Year Ended December 31, 2016

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

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

Storm Water Utility Fund

Year Ended December 31, 2016

	Final Budgeted Amounts	Actual Amounts	Variance From Final Budget
Revenues			
Charges of services	\$ 909,600	\$ 948,096	\$ 38,496
Miscellaneous	100,000	-	(100,000)
Total revenues	<u>1,009,600</u>	<u>948,096</u>	<u>(61,504)</u>
Expenditures			
Current:			
Basic Utility Services:			
Personal services	561,681	545,208	16,473
Contractual services	376,180	368,158	8,022
Materials and supplies	18,785	16,929	1,856
Capital outlay	7,533	-	7,533
Total expenditures	<u>964,179</u>	<u>930,295</u>	<u>33,884</u>
Net change in fund balance	45,421	17,801	(27,620)
Fund balance, beginning of year	1,713	1,713	
Prior year encumbrances appropriated	22,136	22,136	
Fund balance, end of year	<u>\$ 69,270</u>	<u>\$ 41,650</u>	

CITY OF HILLIARD, OHIO

Combining Statement of Fiduciary Assets and Liabilities

Agency Funds

December 31, 2016

	<u>Mayor's Court</u>	<u>Escrow</u>	<u>Total</u>
Assets			
Equity in pooled cash and cash equivalents	\$ -	\$ 535,550	\$ 535,550
Cash and cash equivalents in segregated accounts	69,960	-	69,960
Accounts receivable	-	12,981	12,981
Total assets	<u>\$ 69,960</u>	<u>\$ 548,531</u>	<u>\$ 618,491</u>
Liabilities			
Due to other governments	\$ -	\$ 508,935	\$ 508,935
Deposits held and due to others	69,960	39,596	109,556
Total liabilities	<u>\$ 69,960</u>	<u>\$ 548,531</u>	<u>\$ 618,491</u>

CITY OF HILLIARD, OHIO

Combining Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds

Year Ended December 31, 2016

	Balance January 1, 2016	Additions	Deductions	Balance December 31, 2016
<u>Mayor's Court</u>				
Assets				
Cash and cash equivalents in segregated accounts	\$ 54,685	\$ 327,612	\$ 312,337	\$ 69,960
Liabilities				
Deposits held and due to others	\$ 54,685	\$ 327,612	\$ 312,337	\$ 69,960
<u>Escrow</u>				
Assets				
Equity in pooled cash and cash equivalents	\$ 574,806	\$ 2,552,265	\$ 2,591,521	\$ 535,550
Accounts receivable	8,764	12,981	8,764	12,981
Total assets	<u>\$ 583,570</u>	<u>\$ 2,565,246</u>	<u>\$ 2,600,285</u>	<u>\$ 548,531</u>
Liabilities				
Due to other governments	\$ 543,974	\$ 2,050,185	\$ 2,085,224	\$ 508,935
Deposits held and due to others	39,596	515,061	515,061	39,596
Total liabilities	<u>\$ 583,570</u>	<u>\$ 2,565,246</u>	<u>\$ 2,600,285</u>	<u>\$ 548,531</u>
<u>Total - All Agency Funds</u>				
Assets				
Equity in pooled cash and cash equivalents	\$ 574,806	\$ 2,552,265	\$ 2,591,521	\$ 535,550
Cash and cash equivalents in segregated accounts	54,685	327,612	312,337	69,960
Accounts receivable	8,764	12,981	8,764	12,981
Total assets	<u>\$ 638,255</u>	<u>\$ 2,892,858</u>	<u>\$ 2,912,622</u>	<u>\$ 618,491</u>
Liabilities				
Due to other governments	\$ 543,974	\$ 2,050,185	\$ 2,085,224	\$ 508,935
Deposits held and due to others	94,281	842,673	827,398	109,556
Total liabilities	<u>\$ 638,255</u>	<u>\$ 2,892,858</u>	<u>\$ 2,912,622</u>	<u>\$ 618,491</u>

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STATISTICAL SECTION

Statistical Section

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

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial position has changed over time. 111-116

Revenue Capacity

These schedules contain information to help the reader understand and assess the factors affecting the City's ability to generate its most significant local revenue sources, the income and property taxes. 117-123

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. 124-127

Economic and Demographic Information

These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments. 128-129

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. 130-132

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

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

	2006	2007	2009	2010	2011 (restated) ¹	2012	2013	2014 (restated) ²	2015	2016
Governmental Activities:										
Net investment in capital assets	\$ 194,266,629	\$ 194,544,533	\$ 197,699,834	\$ 193,490,449	\$ 191,936,312	\$ 184,681,665	\$ 178,545,386	\$ 174,263,501	\$ 177,988,978	\$ 185,589,498
Restricted	10,403,551	11,216,411	14,573,975	14,458,902	9,067,789	8,746,450	13,239,396	19,459,624	18,372,505	16,230,358
Unrestricted	3,576,842	3,990,110	3,388,558	2,940,978	6,906,732	10,226,730	13,720,226	1,985,909	1,882,523	4,325,531
<i>Total Governmental Activities Net Position</i>	<u>\$ 208,247,022</u>	<u>\$ 209,751,054</u>	<u>\$ 215,662,367</u>	<u>\$ 210,890,329</u>	<u>\$ 207,910,833</u>	<u>\$ 203,654,845</u>	<u>\$ 205,505,008</u>	<u>\$ 195,709,034</u>	<u>\$ 198,244,006</u>	<u>\$ 206,145,387</u>

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

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

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Program Revenues:										
Governmental Activities:										
Charges for Services:										
General Government	\$ 634,187	\$ 1,375,717	\$ 1,451,333	\$ 698,795	\$ 718,663	\$ 779,745	\$ 817,496	\$ 743,059	\$ 913,842	\$ 880,295
Security of Persons and Property	548,501	475,615	620,598	1,032,105	974,688	1,009,245	978,586	895,958	900,810	922,948
Leisure Time Activities	947,124	912,731	933,107	942,536	1,033,362	1,109,563	1,453,629	1,037,505	1,046,213	1,309,531
Community Environment	1,651,109	1,008,345	596,596	1,540,679	1,459,453	1,920,796	2,901,063	2,797,942	2,784,666	3,105,178
Basic Utility Services	627,636	1,491,249	1,018,487	1,466,740	2,069,699	1,954,915	2,951,504	3,421,040	3,159,736	4,830,460
Transportation	565,459	-	-	-	-	-	-	-	-	-
Operating Grants, Contributions, and Interest	1,444,572	2,090,172	1,422,622	1,312,293	1,287,341	1,483,970	1,782,427	2,246,982	2,383,121	2,195,900
Capital Grants, Contributions and Interest	6,141,117	2,586,835	20,966,177	4,106,822	6,544,552	415,449	2,120,629	6,087,335	4,500,410	8,713,838
<i>Total Governmental Activities Program Revenues</i>	12,559,705	9,940,664	27,008,920	11,099,970	14,087,758	8,673,683	13,005,334	17,229,821	15,688,798	21,958,150
Expenses:										
Governmental Activities:										
Current:										
General Government	4,217,469	4,778,348	4,346,672	4,820,699	5,889,987	5,881,654	4,396,977	6,234,614	6,449,722	12,247,477
Security of Persons and Property	7,625,286	8,131,423	8,483,744	8,553,689	8,440,519	8,228,460	8,377,988	11,406,237	9,746,509	10,955,413
Public Health	146,530	157,065	169,063	171,913	165,311	182,270	186,809	194,357	225,000	237,546
Leisure Time Activities	2,700,744	3,256,451	3,069,040	2,911,718	3,272,969	3,252,501	3,282,870	3,347,217	3,706,740	4,442,567
Community Environment	4,800,863	7,370,811	4,704,774	3,091,413	2,621,951	3,491,170	3,571,243	3,437,303	3,846,005	3,856,330
Basic Utility Services	6,487,321	5,990,167	6,812,986	7,254,778	6,604,081	7,407,870	8,804,498	7,407,729	8,337,911	8,242,381
Transportation	4,650,580	4,500,438	8,596,950	8,404,994	7,940,453	7,490,224	8,523,821	11,946,188	10,363,941	8,759,098
Interest and Fiscal Charges	1,808,435	1,966,780	2,516,290	2,599,540	2,639,621	2,775,651	2,326,249	1,774,916	1,861,659	2,094,479
<i>Total Governmental Activities Expenses</i>	\$ 32,437,228	\$ 36,151,483	\$ 38,699,519	\$ 37,808,744	\$ 37,574,892	\$ 38,709,800	\$ 39,470,455	\$ 45,748,561	\$ 44,537,487	\$ 50,835,291
<i>Net Expenses</i>	\$ (19,877,523)	\$ (26,210,819)	\$ (11,690,599)	\$ (26,708,774)	\$ (23,487,134)	\$ (30,036,117)	\$ (26,465,121)	\$ (28,518,740)	\$ (28,848,689)	\$ (28,877,141)

(continued)

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues:										
Governmental Activities:										
Property Taxes Levied for General Purposes	\$ 1,732,640	\$ 1,902,363	\$ 1,939,885	\$ 1,682,554	\$ 1,924,647	\$ 1,978,442	\$ 1,490,038	\$ 1,483,891	\$ 1,418,846	\$ 1,429,888
Other Local Taxes	15,127	-	-	-	-	-	-	-	-	-
Municipal Income Tax Levied for General Purposes	9,353,451	8,720,561	10,808,397	11,470,507	10,996,978	12,292,843	14,350,910	14,337,297	15,172,841	18,445,021
Municipal Income Tax Levied for Transportation	1,821,584	1,744,110	2,161,680	747,888	384,371	885,947	466,492	1,212,529	1,536,470	2,458,263
Municipal Income Tax Levied for Capital Outlay	3,389,484	3,488,226	4,323,358	4,072,798	3,946,978	4,392,930	4,939,135	5,160,611	5,585,976	6,967,455
Payments in Lieu of Taxes	173,881	2,769,280	1,375,625	1,846,750	2,391,513	1,243,970	3,008,635	5,038,316	7,383,674	6,238,064
Grants and Entitlements not Restricted to Specific Programs	1,463,590	1,413,857	1,209,800	1,099,064	1,695,078	2,301,949	1,105,845	693,035	770,008	706,750
Unrestricted Investment Earnings	773,438	820,603	355,084	156,648	141,361	60,420	57,494	33,531	73,377	199,018
Miscellaneous	480,829	522,555	186,099	376,594	455,810	581,217	361,580	356,074	508,900	334,063
<i>Total Governmental Activities</i>	<u>\$ 19,204,024</u>	<u>\$ 21,381,555</u>	<u>\$ 22,359,928</u>	<u>\$ 21,452,803</u>	<u>\$ 21,936,736</u>	<u>\$ 23,737,718</u>	<u>\$ 25,780,129</u>	<u>\$ 28,315,284</u>	<u>\$ 32,450,092</u>	<u>\$ 36,778,522</u>
<i>Change in Net Position</i>	<u>\$ (673,499)</u>	<u>\$ (4,829,264)</u>	<u>\$ 10,669,329</u>	<u>\$ (5,255,971)</u>	<u>\$ (1,550,398)</u>	<u>\$ (6,298,399)</u>	<u>\$ (684,992)</u>	<u>\$ (203,456)</u>	<u>\$ 3,601,403</u>	<u>\$ 7,901,381</u>

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

Function / Program:	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
General Government	\$ 634,187	\$ 1,376,705	\$ 1,543,528	\$ 698,795	\$ 718,663	\$ 990,070	\$ 828,746	\$ 747,058	\$ 932,505	\$ 880,295
Security of Persons and Property	600,843	588,599	620,598	1,052,600	974,688	1,009,245	1,006,477	967,899	972,845	1,012,271
Leisure Time Activities	947,124	913,231	933,107	992,536	1,053,018	1,109,563	1,483,629	1,037,505	1,255,051	1,493,030
Community Environment	1,651,109	1,327,813	596,596	1,540,679	1,459,453	2,089,648	2,901,063	2,797,942	2,784,666	3,105,178
Basic Utility Services	774,748	1,870,366	8,633,325	2,436,329	5,214,730	2,036,875	4,053,801	7,738,258	7,586,211	10,519,988
Transportation	7,951,694	3,863,950	14,681,766	4,379,031	4,667,206	1,438,282	2,731,618	3,941,159	2,157,520	4,947,388
<i>Total Governmental Activities Program Revenues</i>	<u>\$ 12,559,705</u>	<u>\$ 9,940,664</u>	<u>\$ 27,008,920</u>	<u>\$ 11,099,970</u>	<u>\$ 14,087,758</u>	<u>\$ 8,673,683</u>	<u>\$ 13,005,334</u>	<u>\$ 17,229,821</u>	<u>\$ 15,688,798</u>	<u>\$ 21,958,150</u>

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Nondisposable	\$ -	\$ -	\$ -	\$ -	\$ 28,179	\$ 26,723	\$ 25,268	\$ 26,774	\$ 40,817	\$ 40,542
Committed	-	-	-	-	204,888	186,706	224,637	221,970	86,232	150,297
Assigned	-	-	-	-	520,519	300,101	113,892	189,754	344,930	1,412,497
Unassigned	-	-	-	-	3,055,755	5,132,224	9,146,578	10,340,785	11,937,982	14,144,814
Reserved	239,375	116,547	139,582	188,231	-	-	-	-	-	-
Unreserved	3,521,255	3,183,859	3,073,796	3,161,504	-	-	-	-	-	-
Total General Fund	3,760,630	3,300,406	3,213,378	3,349,735	3,809,341	5,645,754	9,510,375	10,779,283	12,409,961	15,748,150
All Other Governmental Funds										
Restricted	-	-	-	-	8,287,493	10,453,741	16,177,842	20,434,858	19,509,382	17,168,002
Committed	-	-	-	-	5,773,016	4,961,934	4,566,178	4,157,852	3,851,332	4,764,514
Unassigned (deficit)	-	-	-	-	(12,904)	(12,904)	-	(14,663)	(4,161)	(637,643)
Reserved	4,502,398	5,032,205	3,245,086	6,622,551	-	-	-	-	-	-
Unreserved, Reported in:										
Special Revenue Funds	5,518,127	7,388,881	6,240,285	6,615,484	-	-	-	-	-	-
Debt Service Funds	264	264	(13,717)	(12,904)	-	-	-	-	-	-
Capital Projects Funds	856,293	(7,260,811)	3,150,492	434,163	-	-	-	-	-	-
Total All Other Governmental Funds	10,877,082	5,160,539	12,622,146	13,659,294	-	15,402,771	20,744,020	24,578,047	23,356,553	21,294,873
Total Governmental Funds	\$ 14,637,712	\$ 8,460,945	\$ 15,835,524	\$ 17,009,029	\$ 3,809,341	\$ 21,048,525	\$ 30,254,395	\$ 35,357,330	\$ 35,766,514	\$ 37,043,023

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

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
Property and Other Local Taxes	\$ 1,905,010	\$ 1,938,359	\$ 1,719,684	\$ 1,936,497	\$ 1,981,224	\$ 1,489,345	\$ 1,559,706	\$ 1,441,796	\$ 1,462,509	\$ 1,429,658
Municipal Income Taxes	15,780,108	16,639,707	15,912,550	16,050,554	17,436,327	18,739,268	20,843,443	20,227,766	25,790,575	27,615,153
Payment in Lieu of Taxes	2,769,280	599,118	1,529,580	2,331,405	2,333,600	3,008,635	5,038,316	7,383,674	5,319,823	6,238,064
Intergovernmental	3,189,358	6,242,515	3,264,109	7,464,964	7,103,146	2,765,621	3,021,748	4,550,308	3,198,900	3,471,002
Charges for Services	3,610,180	4,387,135	3,466,922	4,278,597	4,741,570	5,474,971	6,372,169	6,755,577	6,878,488	7,667,567
Licenses and Permits	1,011,571	871,346	968,911	1,745,589	1,183,422	827,486	2,174,933	1,968,205	1,529,826	3,118,344
Fines and Forfeitures	286,805	367,636	320,788	292,669	330,873	397,752	389,424	337,475	307,757	261,398
Investment Income	841,297	381,963	156,648	141,361	60,420	57,494	33,531	73,377	48,070	199,018
Special Assessments	91,765	98,734	28,981	813	-	-	-	-	-	-
Other	590,831	124,153	377,758	390,760	552,819	358,221	355,886	882,453	217,020	318,819
Total Revenues	30,076,205	31,650,666	27,745,931	34,633,209	35,723,401	33,118,793	39,789,156	43,620,631	44,752,968	50,319,023
Expenditures:										
Current:										
General Government	4,105,156	5,092,918	4,375,856	4,857,636	5,821,506	5,922,196	4,828,215	6,881,917	9,293,320	14,623,801
Security of Persons and Property	7,507,956	8,152,818	15,107,209	8,282,776	7,943,336	8,022,112	8,436,061	11,635,540	9,198,922	10,147,638
Public Health	146,530	157,065	169,063	171,913	165,311	182,270	186,809	194,357	225,000	237,546
Leisure Time Activities	4,855,085	4,656,844	3,103,714	4,456,087	2,803,019	2,852,567	3,256,275	4,412,240	7,723,557	6,390,159
Community Environment	5,565,363	9,413,956	5,833,755	5,357,924	3,301,309	3,373,556	3,444,028	3,326,671	4,247,432	3,677,582
Basic Utility Services	1,599,361	1,195,029	2,544,706	1,937,183	1,697,650	2,362,492	3,264,874	2,480,971	3,482,900	4,046,696
Transportation	5,389,484	4,852,648	6,746,273	8,544,315	10,472,973	3,893,437	5,171,459	10,158,186	6,919,067	7,562,237
Debt Service:										
Principal Retirement	2,471,327	2,398,986	2,357,284	2,629,411	2,945,653	3,580,068	4,016,158	8,515,167	15,269,704	11,506,452
Interest and Fiscal Charges	2,062,148	1,907,169	2,939,932	2,637,382	2,899,735	2,870,941	2,275,495	1,660,868	1,786,954	2,049,620
Issuance Costs	-	-	-	-	-	-	153,222	147,271	182,912	247,705
Total Expenditures	33,702,410	37,827,433	43,177,792	38,874,627	38,050,492	33,059,639	35,032,596	49,413,188	58,329,768	60,489,436
<i>Excess of Revenues Over</i> <i>(Under) Expenditures</i>	<u>(3,626,205)</u>	<u>(6,176,767)</u>	<u>(15,431,861)</u>	<u>(4,241,418)</u>	<u>(2,327,091)</u>	<u>59,154</u>	<u>4,756,560</u>	<u>(5,792,557)</u>	<u>(13,576,800)</u>	<u>(10,170,413)</u>
Other Financing Sources (Uses):										
Proceeds from Sale of Capital Assets	343,739	-	-	65,050	28,398	3,359	18,785	1,848	1,500	298,393
Issuance of General Obligation Bonds	7,975,000	-	15,540,000	-	8,020,000	2,480,000	8,905,000	-	8,745,000	3,855,000
Issuance of Bond Anticipation Notes	-	-	-	5,300,000	-	-	4,285,000	10,785,000	7,275,000	6,500,000
OWDA and OPWC Loans Issued	-	-	-	-	17,689	413,790	-	-	-	-
Premium on Debt	475,595	-	849,054	49,873	15,982	1,364,417	484,152	435,398	1,260,402	1,609,604
Refunding Bonds Issued	-	-	-	-	-	8,605,000	-	5,160,000	-	8,205,000
Payment on Refunded Bonds or Notes	(3,970,000)	-	-	-	(5,300,000)	(9,734,141)	(9,243,627)	(5,486,754)	(3,295,918)	(9,130,978)
Inception of Capital Lease	-	-	6,417,386	-	392,939	-	-	-	-	109,903
Transfers - In	-	-	441,137	-	-	-	-	-	2,308,880	1,880,000
Transfers - Out	-	-	(441,137)	-	-	-	-	-	(2,308,880)	(1,880,000)
Total Other Financing Sources (Uses)	4,824,334	-	22,806,440	5,414,923	3,175,008	3,132,425	4,449,310	10,895,492	13,985,984	11,446,922
Net Change in Fund Balances	<u>\$ 1,198,129</u>	<u>\$ (6,176,767)</u>	<u>\$ 7,374,579</u>	<u>\$ 1,173,505</u>	<u>\$ 847,917</u>	<u>\$ 3,191,579</u>	<u>\$ 9,205,870</u>	<u>\$ 5,102,935</u>	<u>\$ 409,184</u>	<u>\$ 1,276,509</u>
<i>Debt Service as a Percentage</i> <i>of Noncapital Expenditures</i>	17.5%	14.9%	17.1%	17.7%	19.6%	21.0%	19.8%	23.9%	35.5%	27.9%

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

Year	Individual				Business Accounts				Total
	Withholding	Percentage of Total	Non-withholding	Percentage of Total	Total Individual	Percentage of Total	Business Accounts	Percentage of Total	
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	89%	1,771,029	11%	17,179,421
2010	13,465,563	77%	1,847,800	11%	15,313,363	88%	2,090,483	12%	17,403,846
2011	14,006,015	79%	2,066,913	12%	16,072,928	91%	1,665,297	9%	17,738,225
2012	14,755,373	77%	2,041,808	11%	16,797,181	88%	2,286,614	12%	19,083,795
2013	15,349,860	74%	2,234,458	11%	17,584,318	85%	3,257,488	15%	20,841,806
2014	16,261,933	71%	2,343,605	10%	18,605,538	81%	4,188,367	19%	22,793,905
2015	18,483,631	66%	2,494,808	9%	20,978,439	75%	4,845,020	25%	25,823,459
2016	19,960,118	72%	2,747,844	10%	22,707,962	82%	5,140,096	18%	27,848,058

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)
2007	\$ 9,092,540	\$ 3,637,017	\$ 1,818,507	\$ 14,548,064	5.39%
2008	10,204,465	4,081,786	2,040,893	16,327,144	12.23%
2009	11,496,626	4,083,246	753,112	16,332,984	0.04%
2010	12,165,853	4,014,340	527,842	16,708,035	2.30%
2011	12,184,246	4,341,568	840,456	17,366,270	3.94%
2012	13,395,426	4,633,040	503,694	18,532,160	6.71%
2013	14,040,629	5,057,600	1,200,169	20,298,398	9.53%
2014	15,151,065	5,578,415	1,535,563	22,265,043	9.69%
2015	16,996,835	6,326,264	1,981,958	25,305,057	13.65%
2016	18,061,105	6,834,152	2,442,267	27,337,524	8.03%

Source: City Income Tax Department

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

City of Hilliard, Ohio
Principal Income Taxpayers - Withholding Accounts
Current Year and Nine Years Prior

<u>Range of Withholding Amount</u>	<u>2016</u>		<u>2007</u>	
	<u>Number of Withholding Accounts</u>	<u>Percentage of Total Withholding Revenue</u>	<u>Number of Withholding Accounts</u>	<u>Percentage of Total Withholding Revenue</u>
\$500,001 and higher	3	26.66%	3	23.11%
\$300,001 - 500,000	3	5.70%	0	0.00%
\$100,001 - 300,000	19	16.20%	9	13.46%
\$55,001 - 100,000	26	9.59%	18	11.87%
Total		58.15%		48.44%
All Others		41.85%		51.56%
Total Withholding Accounts		<u>100.00%</u>		<u>100.00%</u>

Source: City Income Tax Department

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

Tax Year	Real Property (1)						Personal Property (2)			Total		Estimated Actual Value of Taxable Property	Total Direct Tax Rate
	Residential	Agricultural	Commercial	Industrial	Public Utility	Total	Public Utility	General	Total	Valuation	% Growth		
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	0.38%	\$ 2,459,963,447	\$ 1.60
2008	686,405,600	1,426,860	113,450,470	50,466,490	80,650	851,830,070	10,072,070	2,691,967	12,764,037	864,594,107	1.53%	2,484,856,348	1.60
2009	684,289,450	1,460,720	138,984,940	50,031,110	90,590	874,856,810	10,394,370	1,345,983	11,740,353	886,597,163	2.54%	2,546,552,298	1.60
2010	685,969,370	1,508,590	126,497,550	51,110,680	90,260	865,176,450	11,735,180	-	11,735,180	876,911,630	-1.09%	2,518,873,434	1.60
2011	648,863,550	220,850	133,992,270	49,254,890	95,680	832,427,240	12,894,340	-	12,894,340	845,321,580	-3.60%	2,429,940,903	1.60
2012	650,106,670	202,650	132,537,670	48,868,730	102,050	831,817,770	12,999,270	-	12,999,270	844,817,040	-0.06%	2,428,619,280	1.60
2013	653,620,850	202,650	125,794,790	48,969,180	108,720	828,696,190	13,663,980	-	13,663,980	842,360,170	-0.29%	2,422,359,320	1.60
2014	676,482,330	334,970	130,957,970	45,693,090	113,600	853,581,960	13,802,040	-	13,802,040	867,384,000	2.97%	2,494,013,760	1.60
2015	686,255,690	334,970	143,948,700	45,300,260	109,640	875,949,260	17,439,680	-	17,439,680	893,388,940	3.00%	2,572,470,891	1.60
2016	706,508,020	476,840	159,045,970	57,459,820	99,510	923,590,160	22,083,010	-	22,083,010	945,673,170	5.85%	2,727,161,069	1.60

Source: Franklin County Auditor

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

(2) Prior to 2006, the assessed valuation for personal property was based on varying percentages of true value (25 percent was used in the assessed values above). House Bill 66 (the State's biennial budget for fiscal years 2006-2007) phased out the tax on the tangible personal property of general businesses, telephone and telecommunications, and railroads. The tax on general business and railroad property (which is public utility property) will be eliminated in 2009, and the tax on telephone and telecommunications property will be eliminated by 2011. The tax is phased out by reducing the assessment rate on the property each year. At the same time, the bill replaces the revenue lost due to phasing out the tax. In the first five years, local governments are reimbursed fully for the lost revenue (based on 2004 values); in the following seven years, the reimbursements are phased out.

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

<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>
2007	\$ 1.60	\$ 75.89	\$ 18.49	\$ 2.20	\$ 17.50	\$ 1.30	\$ 116.98
2008	1.60	82.79	18.02	2.20	17.50	1.30	123.41
2009	1.60	82.85	18.07	2.20	17.50	1.30	123.52
2010	1.60	82.95	18.07	2.80	17.50	1.30	124.22
2011	1.60	89.35	18.07	2.80	17.50	1.60	130.92
2012	1.60	89.45	18.47	2.80	17.50	1.60	131.42
2013	1.60	89.45	18.47	2.80	21.62	1.60	135.54
2014	1.60	89.55	18.47	2.80	21.62	1.60	135.64
2015	1.60	89.55	18.47	2.80	21.62	1.60	135.64
2016	1.60	94.35	18.47	2.80	21.62	1.60	140.44

Source: Franklin County Auditor

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

Taxpayer	2016			2007		
	Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Villages at Britton Ltd	\$ 15,855,010	1	1.72%			
MCI International Inc.	9,201,930	2	1.00%			
Hilliard Grand Apartments	8,575,000	3	0.93%			
LSREF3 Bravo Ohio LLC	7,385,000	4	0.80%			
One Mill Run LP	6,300,010	5	0.68%			
PPOS 17 LLC	5,105,240	6	0.55%			
National Retail Properties LP	4,417,020	7	0.48%			
Crystal Lake Apartments	3,162,320	8	0.34%	\$ 3,160,620	5	0.38%
Vadata, Inc.	3,058,340	9	0.33%			
Columbia Gas of Ohio, Inc.	2,611,990	10	0.28%			
United Dominion Realty LP				6,580,000	1	0.79%
Trueman LP				4,016,250	2	0.49%
Talcott III Mill Run LLC				3,964,780	3	0.48%
CSE Hilliard LLC				3,436,090	4	0.41%
Cadlerocks Hilliard				2,975,000	6	0.36%
First Industrial LP				2,887,510	7	0.35%
Compuserve, Inc.				2,237,310	8	0.27%
Clearview Hilliard LP				2,173,790	9	0.26%
Tremont Club LLC				2,001,060	10	0.24%
Total Top 10 Real Property	65,671,860		7.11%	33,432,410		4.03%
All Others	857,918,300		92.89%	794,573,640		95.97%
Total Real Property Assessed Valuation	<u>\$ 923,590,160</u>		<u>100.00%</u>	<u>\$ 828,006,050</u>		<u>100.00%</u>

Source: Franklin County Auditor

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

Collection Year	Total Tax Levy (1) (2)	Current Tax Collections (1) (3)	Percent of Current Levy Collected (3)	Delinquent Tax Collections	Total Tax Collections
2007	\$ 1,416,496	\$ 1,363,825	96.28%	\$ 30,971	\$ 1,394,796
2008	1,458,263	1,307,442	89.66%	32,214	1,339,656
2009	1,431,361	1,365,022	95.37%	65,393	1,430,415
2010	1,473,382	1,456,360	98.84%	51,583	1,507,943
2011	1,463,918	1,443,836	98.63%	26,067	1,469,903
2012	1,417,184	1,401,052	98.86%	23,016	1,424,068
2013	1,449,224	1,199,654	82.78%	36,053	1,235,707
2014	1,365,550	1,466,149	107.37%	27,364	1,493,513
2015	1,387,814	1,295,817	93.37%	29,743	1,325,560
2016	1,429,422	1,523,391	106.57%	31,900	1,555,291

Source: Franklin County Auditor

- (1) State reimbursement of rollback and homestead exemptions are included
- (2) Amounts listed include penalties and interest
- (3) The County does not identify delinquent collections by the year for which the tax was levied.

City of Hilliard, Ohio
Computation of All Direct and Overlapping Governmental Debt
 December 31, 2016

Jurisdiction	Debt Outstanding	Percentage Applicable to the City of Hilliard (1)	Amount Applicable to the City of Hilliard
Direct			
City of Hilliard			
Loans Payable	\$ 3,322,443		\$ 3,322,443
General Obligation Bonds	53,507,370		53,507,370
General Obligation Notes	6,500,000		6,500,000
Capital Leases	<u>5,500,769</u>		<u>5,500,769</u>
Total Direct Debt	<u>68,830,582</u>	100.00%	<u>68,830,582</u>
Overlapping Subdivisions			
Hilliard City School District	117,820,435	36.43%	42,921,984
Dublin City School District	126,335,939	0.07%	88,435
Franklin County	212,975,000	3.35%	7,134,663
Tolles Career & Technical Center	<u>710,000</u>	12.86%	<u>91,306</u>
Total Overlapping Debt	<u>457,841,374</u>		<u>50,236,388</u>
Total Direct and Overlapping Debt	<u>\$ 526,671,956</u>		<u>\$ 119,066,970</u>

Source: Franklin County Auditor

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

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

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

Collection Year	Net Bonded Debt	Estimated Actual Value of Taxable Property (2)	Population (1)	Ratio of Net Bonded Debt to Estimated Actual Value	Net Bonded Debt Per Capita
2007	\$ 40,915,361	\$ 2,459,963,447	28,730	1.66%	\$ 1,424
2008	38,994,698	2,484,856,348	28,850	1.57%	1,352
2009	53,372,658	2,546,552,298	28,927	2.10%	1,845
2010	50,786,564	2,518,873,434	28,935	2.02%	1,755
2011	55,994,999	2,429,940,903	29,250	2.30%	1,914
2012	55,859,717	2,428,619,280	28,524	2.30%	1,958
2013	53,129,330	2,422,359,320	28,595	2.19%	1,858
2014	49,772,640	2,494,013,760	28,723	2.00%	1,733
2015	52,679,797	2,572,470,891	28,952	2.05%	1,820
2016	53,507,370	2,727,161,069	29,331	1.96%	1,824

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

(2) Source: Franklin County Auditor

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

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

Year	Notes Payable	Loans Payable	General Obligation Bonds	Special Assessment Bonds	Capital Leases	Total Outstanding Debt	Population(1)	Personal Income(2)	Debt Per Capita	Percentage of Personal Income
2007	\$ 2,300,000	\$ 2,216,777	\$ 40,915,361	\$ 70,000	\$ 811,978	\$ 46,314,116	28,730	\$ 1,082,087	\$ 1,612	4.28%
2008	11,390,000	2,216,777	38,994,698	-	342,992	52,944,467	28,850	1,100,022	1,835	4.81%
2009	-	2,216,777	53,372,658	-	6,313,094	61,902,529	28,927	1,106,226	2,140	5.60%
2010	5,300,000	2,216,777	50,786,564	-	6,168,683	64,472,024	28,935	1,112,464	2,228	5.80%
2011	-	2,127,163	55,994,999	-	6,448,272	64,570,434	29,250	1,175,499	2,208	5.49%
2012	-	4,569,580	55,859,717	-	6,256,210	66,685,507	28,524	1,218,773	2,338	5.47%
2013	4,285,000	4,308,312	53,129,330	-	6,056,320	67,778,962	28,595	1,254,377	2,370	5.40%
2014	10,785,000	3,986,189	49,772,640	-	5,848,276	70,392,105	28,723	1,289,720	2,451	5.46%
2015	7,275,000	3,603,022	52,679,797	-	5,631,739	69,189,558	28,952	1,348,295	2,390	5.13%
2016	6,500,000	3,322,443	53,507,370	-	5,500,769	68,830,582	29,331	N/A	2,347	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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Assessed Valuation	\$ 945,673,170	\$ 893,388,940	\$ 867,384,000	\$ 842,360,170	\$ 844,817,040	\$ 845,321,580	\$ 876,911,630	\$ 886,597,163	\$ 864,594,107	\$ 851,564,019
Overall debt limitation - 10.5% of assessed valuation	99,295,683	93,805,839	91,075,320	88,447,818	88,705,789	88,758,766	92,075,721	93,092,702	90,782,381	89,414,222
Total Indebtedness as of 12/31	55,690,000	56,410,000	57,835,000	50,370,000	53,130,000	54,320,000	54,325,000	51,510,000	49,270,000	42,110,000
Less Exempt Debt:										
Self Supporting										
Special Assessment	-	-	-	-	-	-	-	-	-	70,000
1982 Water	-	-	-	-	-	-	-	-	-	20,000
1999A Various Purpose-Water portion(28%)	-	-	-	-	-	-	-	-	51,800	100,800
2002 Various Purpose-Water portion(39%)	-	-	-	-	-	62,400	120,900	177,450	232,050	284,700
2005 Various Purpose-Water portion(39%)	-	1,123,200	1,567,800	1,994,850	5,569,200	5,904,600	6,228,300	6,542,250	6,862,050	7,174,050
Total Self Supporting	-	1,123,200	1,567,800	1,994,850	5,569,200	5,967,000	6,349,200	6,719,700	7,145,900	7,649,550
Income Tax Supported										
1999 Various Purpose(72%)	-	-	-	-	-	-	-	-	133,200	259,200
2002 Various Purpose(61%)	-	-	-	-	-	97,600	189,100	277,550	362,950	445,300
2003 Various Purpose	-	-	-	-	245,000	3,655,000	3,880,000	4,100,000	4,310,000	4,510,000
2009 Various Purpose	2,130,000	8,220,000	11,645,000	12,470,000	13,270,000	14,055,000	14,810,000	15,540,000	-	-
2011 Various Purpose	5,795,000	6,135,000	6,585,000	7,020,000	7,445,000	7,865,000	-	-	-	-
2012 Various Purpose	8,460,000	9,310,000	10,135,000	10,920,000	7,445,000	-	-	-	-	-
2013 Various Purpose	7,555,000	8,465,000	8,585,000	8,705,000	-	-	-	-	-	-
2014 Various Purpose	4,940,000	4,990,000	5,040,000	-	-	-	-	-	-	-
2015 Various Purpose	8,230,000	8,425,000	-	-	-	-	-	-	-	-
2016 Various Purpose	11,715,000	-	-	-	-	-	-	-	-	-
Notes	6,500,000	7,275,000	10,785,000	4,285,000	-	-	5,300,000	-	11,390,000	2,300,000
Total Income Tax Supported	55,325,000	52,820,000	52,775,000	43,400,000	28,405,000	25,672,600	24,179,100	19,917,550	16,196,150	7,514,500
Amount available in the debt service fund	-	-	-	-	-	-	-	-	-	-
Total Exempt Debt	55,325,000	53,943,200	54,342,800	45,394,850	33,974,200	31,639,600	30,528,300	26,637,250	23,342,050	15,164,050
Net Debt Subject to Limitation	365,000	2,466,800	3,492,200	4,975,150	19,155,800	22,680,400	23,796,700	24,872,750	25,927,950	26,945,950
Legal debt margin within 10.5% limitation	\$ 98,930,683	\$ 91,339,039	\$ 87,583,120	\$ 83,472,668	\$ 69,549,989	\$ 66,078,366	\$ 68,279,021	\$ 68,219,952	\$ 64,854,431	\$ 62,468,272
Percentage of Net Debt to Assessed Value	0.04%	0.28%	0.40%	0.59%	2.27%	2.68%	2.71%	2.81%	3.00%	3.16%
Percentage of Legal Debt Limit	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
Percentage of Legal Debt Margin	10.46%	10.22%	10.10%	9.91%	8.23%	7.82%	7.79%	7.69%	7.50%	7.34%
Unvoted debt limitation 5.5% of assessed valuation	\$ 52,012,024	\$ 49,136,392	\$ 47,706,120	\$ 46,329,809	\$ 46,464,937	\$ 46,492,687	\$ 48,230,140	\$ 48,762,844	\$ 47,552,676	\$ 46,836,021
Total Indebtedness as of 12/31	55,690,000	56,410,000	57,835,000	50,370,000	53,130,000	54,320,000	54,325,000	51,510,000	49,270,000	42,110,000
Less Total Exempt Debt	55,325,000	53,943,200	54,342,800	45,394,850	33,974,200	31,639,600	30,528,300	26,637,250	23,342,050	15,164,050
Net Debt Subject to Limitation	365,000	2,466,800	3,492,200	4,975,150	19,155,800	22,680,400	23,796,700	24,872,750	25,927,950	26,945,950
Legal debt margin within 5.5% limitation	\$ 51,647,024	\$ 46,669,592	\$ 44,213,920	\$ 41,354,659	\$ 27,309,137	\$ 23,812,287	\$ 24,433,440	\$ 23,890,094	\$ 21,624,726	\$ 19,890,071
Percentage of Net Debt to Assessed Value	0.04%	0.28%	0.40%	0.59%	2.27%	2.68%	2.71%	2.81%	3.00%	3.16%
Percentage of Legal Debt Limit	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Percentage of Legal Debt Margin	5.46%	5.22%	5.10%	4.91%	3.23%	2.82%	2.79%	2.69%	2.50%	2.34%

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

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

Year	Population (1)	Total Personal Income (2)	Per Capita Income (5)	School Enrollment (6)	Unemployment Rate (3)	Total Assessed Property Value (4)
2007	28,730	\$ 1,082,087	\$ 37,664	15,173	4.7%	\$ 851,564,019
2008	28,850	1,100,022	38,129	15,136	6.1%	864,594,107
2009	28,927	1,106,226	38,242	15,523	8.8%	886,597,163
2010	28,935	1,112,464	38,447	15,634	7.6%	876,911,630
2011	29,250	1,175,499	40,188	15,689	6.3%	845,321,580
2012	28,524	1,218,773	42,728	15,726	5.4%	844,817,040
2013	28,595	1,254,377	43,867	15,758	5.2%	842,360,170
2014	28,723	1,289,720	44,902	15,864	3.7%	867,384,000
2015	28,952	1,348,295	46,570	16,045	3.4%	893,388,940
2016	29,331	N/A	N/A	16,059	3.4%	945,673,170

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

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

Employer	2016			2007		
	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Cellco Partnership dba Verizon	1,926	1	7.66%			
Hilliard City Schools	1,546	2	6.15%	2,672	1	15.17%
BMW Financial Services	610	3	2.43%	560	2	3.18%
Echosphere LLC	541	4	2.15%	162	9	0.92%
Sedgwick Claims Mgmt Inc.	402	5	1.60%			
Micro Center Inc.	336	6	1.34%	412	3	2.34%
R. E. Rich Family Holding Corp.	258	7	1.03%	165	8	0.94%
Verizon Business Network Services	214	8	0.85%	219	7	1.24%
Advanced Drainage Systems	170	9	0.68%			
City of Hilliard	135	10	0.54%	327	5	1.86%
Redemtech, Inc.				411	4	2.33%
Norwich Township				327	6	1.86%
Cellucom Outlet, Inc.				155	10	0.88%
Total Employees	6,138		24.43%	5,410		30.72%
All Other Employers	19,015		75.57%	12,202		69.28%
Total Employment within the City	<u>25,153</u>		<u>100.00%</u>	<u>17,612</u>		<u>100.00%</u>

Source: City Income Tax Department

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

Function/Program	2007		2008		2009		2010		2011		2012		2013		2014		2015		2016	
	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All
General Government	48	48	49	49	47	47	45	45	47	47	45	45	44	44	44	44	43	35	41	41
Security of Persons and Property	50	50	49	50	49	49	48	48	48	48	47	47	40	40	40	40	51	50	49	50
Leisure Time Activities	23	35	23	35	21	32	19	29	18	28	18	28	18	28	18	28	19	28	19	48
Basic Utility Services	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Transportation	21	21	21	21	21	21	21	21	21	21	21	21	20	20	20	20	21	21	19	19
<i>Total Number of Employees</i>	<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>	<u>132</u>	<u>142</u>	<u>123</u>	<u>133</u>	<u>123</u>	<u>133</u>	<u>135</u>	<u>135</u>	<u>129</u>	<u>159</u>

Source: City Payroll Records

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

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

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
Government Center	1	1	1	1	1	1	1	1	1	1
Security of Persons and Property:										
Number of Police Stations	1	1	1	1	1	1	1	1	1	1
Number of Fire/EMS Stations (1)	3	3	3	3	3	3	3	3	3	3
Leisure Time Activities:										
Number of Parks	21	21	21	22	23	23	24	24	25	26
Park Area (acres)	285.0	285.0	285.0	285.5	316	316	324	324	531	531
Number of Playgrounds	11	11	11	11	11	10	10	10	10	10
Number of Swimming Pools	2	2	2	2	2	2	2	2	2	2
Number of Community Centers	1	1	1	1	1	1	1	1	1	1
Number of Senior Centers	1	1	1	1	1	1	1	1	1	1
Basic Utility Services:										
Miles of Water Mains	128	128	129.3	130.1	131.9	131.9	132.4	133.5	135.1	137.7
Miles of Sanitary Sewers	140	140	142	142.7	144.7	145.3	146	147.5	150.7	154.4
Miles of Storm Sewers	118	118	122.4	123.4	126.7	126.8	127.56	128.56	130.46	133
Transportation										
Miles of Streets	107	107	110.3	111.4	112.9	112.9	114	115	117.1	118.6
Number of Street Lights	1,536	1,536	1,705	1,739	1,805	1,805	1,897	1,917	1,940	1,954
Number of Traffic Signal Systems	32	34	33	34	36	36	36	36	36	36

(1) Fire Protection provided by Norwich Township

Source: City capital asset records

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government:										
Active Income Tax Accounts										
Individual	11,841	14,765	15,536	16,654	16,901	18,397	17,734	17,788	16,923	17,816
Business	2,766	2,829	1,389	1,425	3,007	1,664	3,650	1,866	1,887	1,935
Withholding	2,883	3,050	1,662	1,708	4,427	2,546	5,339	2,842	3,057	3,228
Clerk of Courts:										
Traffic Court Cases	2,085	3,114	2,018	1,879	2,440	2,153	2,962	2,472	2,816	1,862
Security of Persons and Property:										
Police Calls	55,204	54,606	47,473	46,017	46,048	47,798	51,864	50,934	48,064	40,512
Physical Arrests	1,938	1,901	932	874	1,017	1,570	1,662	1,051	1,062	785
Citations	3,660	4,649	3,446	3,005	3,779	3,352	4,076	4,118	3,778	2,353
Parking Violations	108	51	20	65	44	38	207	374	66	179
Leisure Time Activities:										
Swimming Pool Revenue	423,731	512,572	548,545	611,778	656,037	724,922	709,491	608,941	561,749	554,069
Community Center Revenue	227,528	206,194	209,620	233,181	236,675	244,395	263,564	274,665	305,013	29,890
Senior Center Revenue	81,938	93,851	92,555	86,919	69,882	81,937	91,734	80,191	77,149	84,457

Source: Department annual reports

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



Dave Yost • Auditor of State

CITY OF HILLIARD

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JUNE 22, 2017