



**CITY OF HILLIARD
FRANKLIN COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDING DECEMBER 31, 2002



**Auditor of State
Betty Montgomery**

CITY OF HILLIARD
FRANKLIN COUNTY

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**Auditor of State
Betty Montgomery**

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

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

To the Members of Council:

We have audited the financial statements of the City of Hilliard, Franklin County, Ohio, (the City) as of and for the year ended December 31, 2002, and have issued our report thereon dated June 23, 2003, wherein we noted the City restated beginning general fund balance due to an error associated with the calculation of property taxes receivable. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated June 23, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting, that, in our judgment, could adversely affect the City's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2002-001.

35 N. Fourth St. / Second Floor / Columbus, OH 43215
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199
www.auditor.state.oh.us

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated June 23, 2003.

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

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

BETTY MONTGOMERY
Auditor of State

June 23, 2003

**CITY OF HILLIARD
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002**

**FINDING RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2002-001

SAS 70 Report

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

We recommend the City specify in its contract with the third-party administrator that an annual Tier II SAS 70 audit be performed. The City should be provided a copy of the SAS 70 audit report timely and should review the report's content. A SAS 70 audit should be conducted in accordance with American Institute of Certified Public Accountants' (AICPA) standards by a firm registered and considered in "good standing" with the Accountancy Board of the respective State. If the third-party administrator refuses to provide you with a Tier II SAS 70 audit report, we recommend you only contract with a third-party administrator that will provide such a report.

**CITY OF HILLIARD
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-20625-001	ORC 5705.36 – Actual Receipts less than Estimated Receipts	No	Not Fully Corrected – Reissued in Management Letter
2001-20625-002	Lack of a SAS 70 Report	No	Not Corrected – Reissued

THE CITY OF HILLIARD, OHIO

FRANKLIN COUNTY

Comprehensive Annual Financial Report

For the Year Ended December 31, 2002

Prepared by:
Department of Finance

Lynn A. Skeels
Director

David D. Delande
Deputy Director

CITY OF HILLIARD, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2002
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INTRODUCTORY SECTION



Timothy A. Ward, Mayor

City of Hilliard

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

June 23, 2003

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

Submitted for your review is the Comprehensive Annual Financial Report (CAFR) of the City of Hilliard, (The City) for the year ended December 31, 2002. The report has been prepared in accordance with accounting principles generally accepted in the United States of America established by the Governmental Accounting Standards Board (GASB).

INTRODUCTION

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

The Report

This report is comprised of three major sections:

1. *The Introductory Section* includes this Letter of Transmittal which addresses the organization, accomplishments and operational structure of the City, a list of the principal City Officials and an Organizational Chart;
2. *The Financial Section* contains the Independent Accountants' Report, the General Purpose Financial Statements, which include explanatory notes and provide an overview of the City's financial position and operating results, and the Combining, Individual Funds and Account Groups Statements and Schedules that provide detailed information to the General Purpose Financial Statements;
3. *The Statistical Section* presents social, economic, and historical data, which can be used to identify financial trends, and data relative to the fiscal capacity of the City.

The Reporting Entity

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

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

Early History

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

Location

Hilliard is located ten miles northwest of downtown Columbus and comprises the western edge of the Columbus Metropolitan Area. Encompassing approximately fourteen square miles, the City lies near the geographic center of the state and is easily accessible from all areas in Ohio. Rail service is provided by CSX and private air service is available five miles to the north and south by Don Scott Field and Bolton Field, respectively. The City is twenty miles from Port Columbus International Airport and offers immediate accessibility to interstate highways I-70 and I-270 via three major interchanges. Hilliard is situated 833 feet above sea level and experiences mean temperatures of 71.97 degrees Fahrenheit during the summer and 29.8 degrees Fahrenheit during the winter.

Form of Government

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

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

The City has one hundred fifty-six full-time and nineteen permanent part-time employees. A statewide public employee collective bargaining law applies generally to public employee relations and collective bargaining.

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

<u>Employees</u>	<u>Bargaining Unit</u>	<u>Agreement Duration</u>	<u>Number of Employees</u>
Police Officers, Sergeants, and Lieutenants	Fraternal Order of Police	12/31/04	45
Radio Technicians and Clerks	State Fraternal Order of Police	12/31/04	13
Service/Maintenance Workers and Custodians	United Steelworkers of America	12/31/04	24

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

City Council establishes salaries, wages and other economic benefits for City employees. Ordinances affecting salaries, wages and economic benefits generally have been the product of negotiations with representatives of the employees or bargaining units. Increases in economic benefits have been provided on an annual basis. The City is of the belief that employee relations have been and will continue to be excellent.

Basis of Accounting

Except for that used for budgetary purposes, the basis of accounting used by the City is in conformity with generally accepted accounting principles (GAAP) as applicable to governmental units and is consistent with GASB Codified Section 1600, *Basis of Accounting*.

All governmental and expendable trust funds are accounted for by using a current financial resources (current assets and current liabilities) measurement focus. The modified accrual basis of accounting is utilized for the governmental, expendable trust and agency funds. Revenues are recognized when they are susceptible to accrual, both measurable and available. Expenditures are recognized when the related liability is incurred, except for interest on long-term debt which is recorded when due.

The measurement focus for the City's proprietary fund is on the flow of total economic resources (all assets and all liabilities). The accrual basis of accounting is utilized which recognizes revenues when earned and expenses when incurred.

The City's basis of accounting for budgetary purposes differs from generally accepted accounting principles in that revenues are recognized when received, rather than when susceptible to accrual (measurable and available), and encumbrances are recorded as expenditures rather than as reservations of fund balances in the governmental and expendable trust funds and as expense rather than being disclosed in the notes for proprietary funds. A reconciliation of the results of these two methods appears in Note 5.

ECONOMIC CONDITIONS AND OUTLOOK

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

Unemployment Rates

The great diversity of job opportunities in the Central Ohio area has helped the unemployment rate remain consistently lower than state and national averages. A large percentage of Hilliard residents work in Columbus and the surrounding area. Therefore, the City's rate of unemployment is influenced to a great extent by that of the metropolitan area. For 2002 Franklin County had a rate of unemployment at 4.4%, and Hilliard had an even lower unemployment rate.

Local Economy

The City's ability to provide opportunities for expansion of its residential, commercial and industrial tax base is greatly influenced by its aggressive development strategy, excellent school system, recreational programs, police department, city services and probably, most importantly, the annual five year Capital Improvement Program. The Capital Improvement Program provides the City with the framework to upgrade the infrastructure to make it possible to handle a growing and prosperous city. The Capital Improvement Program is a comprehensive five-year plan that is updated every year to prioritize projects that provide improvements to everything from streets, sewer and water lines to ball fields, traffic signals and the municipal complex. Input is gathered from a large committee comprised of civic, school, business, City and residential leaders with direction from the City Administration and City Council. This five year plan was the first adopted in Franklin County and has been used as a model numerous times since.

Hilliard encompasses approximately fourteen square miles of area and includes 141 center lane miles of streets. The City has 9,100 residential units comprised of 7,200 single family and 1,900 twin single/condominiums. We currently have six subdivisions under construction that will result in approximately 400 homes. The price range of homes will be \$200,000 to \$500,000.

The 2000 census declared our population to be 24,230 with a growth of 29.06% since 1996. The number of jobs within the city is 20,668 with an estimated annual payroll of \$550,000,000. The per capita income is \$28,823 and of our residents 51.6% are college graduates. In 2002 our estimated population was 25,996, an increase of 1.73% over 2001.

Residential building permits are picking up and commercial is doing well. We have a new Aldi's, Sterling Production, and LaserFlex, a company moving here from Columbus that cuts and bends heavy metal with laser technology.

Our prestigious Heritage Lakes Gold Community continues to flourish with beautiful homes in the \$350,000 to \$500,000 price range.

The City's assessed value increased from \$625 million to \$718 million from tax collection year 2002 to 2003. Currently 60% of the tax base is residential property with the balance being commercial property.

Income tax remains the primary source of revenue for the City; this revenue supports our five-year Capital Improvement Program. In 2002, we received \$13,129,553 (cash basis) which is down approximately 3% from 2001. This is due in part to our sluggish economy. However, we are seeing an upturn in the first quarter of 2003. Income tax revenues are divided between the General Fund, the Street Improvement Municipal Tax Special Revenue Fund, and the Capital Improvement Municipal Tax Capital Projects Fund. Some of the City's largest employers include MCI Telecommunications, Hilliard City Schools, Gates McDonald and Company, Micro Electronics, Inc., and Honda of America Manufacturing Inc.

MAJOR INITIATIVES

For the year

During 2002, the City had many capital improvements, including a major sewer line, water tower, booster station, and major improvements to Britton Road.

The City had a 2002 street program in excess of \$400,000, which included reconstruction of many handicapped ramps to code and the completion of Lead Road construction.

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

The police department continues 911 dispatching for themselves and the Norwich Township Fire Department. Our overall crime rate is down. We continue our Safety Town and DARE Programs and since 2000 we have school resource officers in our two high schools. In 2002, our safety department upgraded to the 800 megahertz dispatching system. This was a joint project with Norwich Township Fire Department.

Municipal Service

Our Master Plan update is almost complete. This enables us to review our zoning, land usage, density, and other factors.

The City provides the following services to our residents:

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

In 2000, an Economic Development Director was appointed to assist the City in bringing in additional commercial business in order to increase our tax revenues.

The City continues to annex land that is available. We currently have 333 acres along the west and east sides of I – 270. When developed, 70% will be commercial and the balance multifamily dwellings, resulting in an increase of tax revenues to the City.

Hilliard continues to update and expand our infrastructure as required for growth and development. Currently, the City's one million gallon enclosed water tank is operational. An additional tower of the same size will be built in 2004. The reconstruction of Hilliard Rome Road has been scheduled for 2008. The timeline was extended due to environmental testing. This is a joint project between the City of Columbus and Hilliard. Due to the extension of actual construction, the City will do an overlay on the section within our City limits.

FINANCIAL INFORMATION

Accounting Controls

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

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

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

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

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

Budgetary Controls

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

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

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

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

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

General Governmental Revenues

Revenues for general governmental functions including general, special revenue, and debt service totaled \$18,071,743, representing a decrease of \$957,242 over 2001. The 5.03% decrease is the result of a declining economy after September 11, 2001, however, we are seeing increased activity in the current year. The following schedule presents a summary of general governmental revenues for the years ended December 31, 2002 and 2001, the percentage of total revenues for 2002, and the amount and percentage of increase/(decrease) in relation to 2001 revenues.

Revenue Source	2002 Total	Percent Of Total	2001 Total	Increase (Decrease) Over 2001	Percent of Increase (Decrease)
1. Taxes	\$10,996,339	60.85%	\$11,853,434	(\$857,095)	(7.23%)
2. Charges for Services	3,403,048	18.83	2,923,646	479,402	16.40
3. Licenses, Permits, and Fees	408,948	2.26	532,984	(124,036)	(23.27)
4. Fines and Forfeitures	239,362	1.32	188,598	50,764	26.92
5. Intergovernmental	2,479,572	13.72	2,371,628	107,944	4.55
6. Special Assessments	167,246	0.93	124,586	42,660	34.24
7. Investment Income	138,885	0.77	517,618	(378,733)	(73.17)
8. Other	238,343	1.32	516,491	(278,148)	(53.85)
Totals	<u>\$18,071,743</u>	<u>100.00%</u>	<u>\$19,028,985</u>	<u>(\$957,242)</u>	

Revenue Narrative

The City's income tax continues to be its primary source of revenue. The tax applies to all wages, salaries, commissions and other compensation paid by employers and/or the net proceeds from the operation of a business, profession or other enterprise activity. The initial tax rate of 1.0% enacted in 1973 was increased to 1.5% in 1980 and increased to its current rate of 2% in July of 1985. Income tax rates of cities within the State of Ohio are limited to a maximum of 1% unless specifically approved by a majority of the resident voters of the City. Income tax revenues decreased in 2002 due to a sluggish economy.

Property taxes are levied and collected at the county level. Hilliard lies entirely within Franklin County. After collection, the County distributes portions of the taxes collected to the various political subdivisions within its geographic boundaries. The property tax rate for the City is 1.60 mills, which represents \$1.60 per \$1,000 of taxable valuation. The tax rate is applied to the assessed value of the property located within the City. Assessed value is approximately 35% of appraised value. Increases in the property tax rate can only occur with the approval of the City's voters. Revenues from property taxes are used for general fund operations.

Total assessed values in the City over the past six years are shown below:

<u>Levy Year</u>	<u>Collection Year</u>	<u>Assessed Value (in Thousands)</u>
1997	1998	\$479,389
1998	1999	502,315
1999	2000	581,612
2000	2001	616,976
2001	2002	625,836
2002	2003	718,311

Charges for services increased from 2001 due primarily to the growth rate in the City. The major source of this increase was related to more subdivision starts in 2002.

The fines and forfeitures revenue source is derived from various fines and forfeitures imposed by the Mayor's Court. Revenues increased from 2001, due in part to an increase in the number of cases heard by the court.

Intergovernmental revenues consist primarily of state income, sales, corporate franchise and public utility taxes collected by the State of Ohio and redistributed to other political subdivisions from the local government fund and local government revenue assistance fund. The State also provides a reimbursement for real and personal property tax reductions, gasoline tax, and state-levied motor vehicle license tax. These revenues are collected by the State or County and partially redistributed to the City and other political subdivisions. The increase in intergovernmental revenues is attributable to increases in the state provided reimbursement for real and personal property tax reductions (rollback, homestead and personal property tax exemption) and additional revenue from estate tax.

The special assessments revenue will vary with the nature and timing of special assessment projects completed by the City of Hilliard. The increase is indicative of these timing differences.

Investment income is a very small part of the City's budget. Investment earnings as a source of revenue do not lend well to year to year comparisons. Percentage increases or decreases in comparison to previous years are not necessarily indicative of future year estimates. Since the City's portfolio is composed of short-term maturity, high quality instruments, earnings are directly related to changes in market rates and investable balances and tend to fluctuate year to year. The City's investment policies are discussed later in more detail under the topic of "Cash Management."

All other revenue is a miscellaneous category, which includes a variety of less significant revenue sources including miscellaneous rental income and donations. As other revenue decreased, this did not affect our budget. Other revenue represents a very minor percentage of total revenue.

General Governmental Expenditures

Expenditures for general governmental purposes, including general, special revenue, and debt service totaled \$17,785,378 a decrease over 2001 by \$797,487. Expenditures for the major functions of the City for the years ended December 31, 2002 and 2001, and the percentage of total for 2002 and the amount and percentage increase/(decrease) over 2001 are shown in the following table:

Revenue Source	2002 Total	Percent Of Total	2001 Total	Increase (Decrease) Over 2001	Percent of Increase (Decrease)
General Government	\$3,383,152	19.02%	\$4,188,601	(\$805,449)	(23.81%)
Security of Persons Property	5,129,133	28.84	4,929,570	199,563	3.89
Public Health and Welfare	116,275	0.65	102,506	13,769	11.84
Transportation	2,366,050	13.30	2,517,213	(151,163)	(16.95)
Leisure Time Activities	2,404,361	13.52	2,457,256	(52,895)	(2.20)
Community Environment	1,378,857	7.75	1,310,297	68,560	4.97
Basic Utility Services	1,645,707	9.25	1,611,830	33,877	2.06
Debt Service	1,361,843	7.67	1,465,592	(103,749)	(44.62%)
Totals	\$17,785,378	100.00%	\$18,582,865	(\$797,487)	

Expenditure Narrative

Expenditures for general government decreased in 2002 due to the economy and our plan to maintain services with less cost.

The increase in expenditures for security of persons and property was due to annual raises and the retirement of two high ranking officers.

Public health and welfare increased due to a large increase in contracts with the Franklin County Board of Health.

The decrease in expenditures for transportation was a result of fewer major road projects.

The decrease in expenditures for leisure time activities was due to a plan to cut costs whenever the City could.

Debt service costs included the payment of principal, interest and related fiscal administration charges for the retirement of the City's outstanding general obligation and special assessment debt. The expenditures vary with the nature and timing of debt service requirements.

General Fund Balance

The fund balance of the General Fund increased by \$662,524 in 2002, primarily due to unspent bond proceeds and the sale of donated land.

Special Revenue Funds

The special revenue funds are used to account for certain revenue sources, which are restricted by law or are used for expenditures for specific purposes. All special revenue funds are subject to an annual budget.

Debt Administration

The General Bond Retirement Fund and Special Assessment Bond Retirement Fund accumulate resources for the payment of principal and interest on long-term general obligation debt of the City and special assessment obligations, respectively. The sources of revenue for the two bond retirement funds are transfers in and special assessments. The City maintains an “Aa3” rating from Moody’s Investors Service on general obligation bond issues. Under the Ohio Revised Code, the City’s debt limitation is 10.5 percent of the total assessed property valuation. As of December 31, 2002, the City’s total general obligation debt outstanding of \$16,715,000 was well below the legal limit of \$58,727,496 and net general obligation bonded per capita payable from property taxes equaled an estimated \$423.

The City had outstanding long-term note liabilities of \$5,700,000 at December 31, 2002.

The City’s general obligation and special assessment bonded indebtedness was \$11,015,000 and \$590,000, respectively, at December 31, 2002. During the year, the City retired \$730,000 in general obligation bonds and \$70,000 in special assessment bonds. General obligation bonds are retired from the General Obligation Bond Retirement Debt Service Fund with transfers from the special revenue funds and capital projects funds and special assessment bonds are retired with assessments levied against specific benefited property owners.

Internal Service Fund

The Insurance Trust Fund is the City’s self-insurance fund to account for employee medical benefits provided to other City funds on a cost reimbursement basis. At December 31, 2002, the fund had an accumulated deficit of \$341,930. The deficit is a result of the accrual of claims incurred in 2002 but not paid until 2003. The City is reviewing the operation of the fund to determine an appropriate course of action to alleviate the deficit.

Fiduciary Operations

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. Hilliard has one expendable trust fund and three agency funds. The expendable trust fund, the Police Benevolent Fund, accounts for donations and contributions to the City’s police department for the D.A.R.E program. The City has three agency funds: the Refund Trust Fund, the Columbus Escrow Fund, and the Mayor’s Court Fund. The Refund Trust Fund is used to account for income tax refunds issued to individuals and corporations. The Columbus Escrow Fund is used to account for the collection and distribution of charges for plumbing and electrical inspections provided by the City of Columbus, the Franklin County Board of Health, and electrical contractors, and for the collection and remittance of sewer capacity charges to the City of Columbus. The Mayor’s Court Fund is used to account for the collection and distribution of court fines and forfeitures.

CASH MANAGEMENT

Cash management is an integral component of the City’s overall financial plan. The City attempts to earn a market rate of return consistent with providing the liquidity needed to pay obligations on a timely basis. Cash flow forecasting and the use of short-term investments, such as repurchase agreements and the State Treasurer’s Asset Reserve account (STAR Ohio), allows the City to earn interest on all funds. The City’s investments comply with Section 135.14 of the Ohio Revised Code, and the maximum maturity is limited to two years. Most investments mature within the year. Interest earnings are allocated to funds based on the requirements of the Ohio Constitution and State Statutes. As required by law, all deposits and repurchase agreements are covered by eligible collateral, while investment securities (treasuries and agency/instrumentality issued) are specifically permitted by the Ohio Revised Code and the City’s investment policy.

The City's cash resources were invested as follows at December 31, 2002:

Cash Resources	2002	%
Cash	\$1,162,450	10.05%
Repurchase Agreements	7,924,000	68.48%
Investments/STAR Ohio	1,496,322	12.93%
Federal National Mortgage Association (FNMA) Notes	488,154	4.22%
Certificate of Deposit	500,000	4.32%
	<u>\$11,570,926</u>	<u>100.00%</u>

The City earned interest on governmental fund investments during 2002 of \$138,885. Interest earned was allocated to the general fund.

At December 31, 2002 the City had bank balances of \$1,679,541 which were collateralized by pooled collateral. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority.

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

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

All eligible financial institutions must meet the requirements of the Uniform Depository act which requires the financial institution to maintain a full service facility located in the City of Hilliard and to have a current Agreement for Deposit of Interim Funds with the City.

Authorized investments are described in detail in Note 6 of the notes to the general purpose financial statements included within the financial section of the Comprehensive Annual Financial Report. The City seeks to utilize those funds not needed for daily obligations most effectively by purchasing marketable, short-term instruments at higher yields. Currently, the City uses agency/instrumentality discount notes and bank certificates of deposit in this program. The yield curve and the yield spreads direct the City toward those instruments providing the highest, short-term yield at the time of the investment. The City uses eligible financial institutions as specified in the Ohio Revised Code for deposit and securities transactions. All depository relationships are based on requirements within the Ohio Revised Code.

RISK MANAGEMENT

The City maintains comprehensive insurance coverage with private carriers for real property, building contents, fleet, and general liability coverage. The City also carries police professional and public official's liability insurance. Employee medical benefits are provided through the City's Insurance Trust Internal Service Fund. See Note 14 to the general purpose financial statements for additional information.

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

The City reduces exposure to risk through several initiatives. They include insurance coverage for vehicles, general liability, inland marine, building and contents and computer insurance with the St. Paul Insurance Company, public official's liability with U.S.F. & G. Insurance, law enforcement liability coverage with National Casualty Company and boiler and machinery coverage with Continental Insurance through Buckeye Union Insurance Company.

Deductible levels have been selected so as not to expose the City to excessive "first dollars" in claims.

Deductibles and coverages for property and liability coverage are:

	Occurrence Limits	Aggregate Limit	Deductible
General Liability	\$2,000,000	\$2,000,000	
Bodily Injury		Included	
Property Damage		Included	
Personal Injury		Included	
Public Officials Liability	1,000,000	1,000,000	\$10,000/occurrence
Law Enforcement Liability	1,000,000	1,000,000	10,000/occurrence
Employee Benefits Liability	100,000	300,000	0
Automobile Liability	1,000,000		500 Comprehensive 1,000 Collision
Property Casualty	5,000,000		1,000/occurrence

OTHER INFORMATION

Independent Audit

Included in this report is an unqualified audit opinion rendered on the City's financial statement for the year ended December 31, 2002, by the Auditor of State. City management plans to continue to subject the financial statements to an annual independent audit as part of the preparation of a Comprehensive Annual Financial Report. An annual audit serves to maintain and strengthen the City's accounting and budgetary controls.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Hilliard, Ohio for its Comprehensive Annual Financial Report for the year ended December 31, 2001. This was the eleventh consecutive year (1991-2001) that the City received this award.

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

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

Public Disclosure

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

Acknowledgements

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

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

Respectfully submitted,



Lynn A. Skeels
Finance Director

CITY OF HILLIARD, OHIO
PRINCIPAL OFFICIALS
December 31, 2002

Elected Officials

Name	Title	Term Expires	Service	Surety
Timothy A. Ward	Mayor	12/31/2003	3	A
Don Schonhardt	President of Council	12/31/2003	3	A
Susan Bogan	Council	12/31/2005	2	A
Kirk Herath	Council	12/31/2005	2	A
Bill Uttley	Council	12/31/2005	2	A
Michael Cope	Council	12/31/2005	3	A
Dana Peacock	Council	12/31/2003	3	A
Tom Katzenmeyer	Council	12/31/2003	2	A

Appointed Officials

Name	Title	Term Expires	Service	Surety
Lynn A. Skeels	Director of Finance	Indefinite	28	A & B
Peter F. J. Beagle	Director of Law	Indefinite	2	A
Douglas Browell	Director of Safety	Indefinite	2	A
Wayne Murphy	Director of Service	Indefinite	2	A
John M. Brennan	Director of Parks and Recreation	Indefinite	3	A
David Meeks	Director of Economic Development	Indefinite	1	A
Rodney D. Garnett	Chief of Police	Indefinite	15.5	A
Brandy Harris	Clerk of Council	Indefinite	1.5	A

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

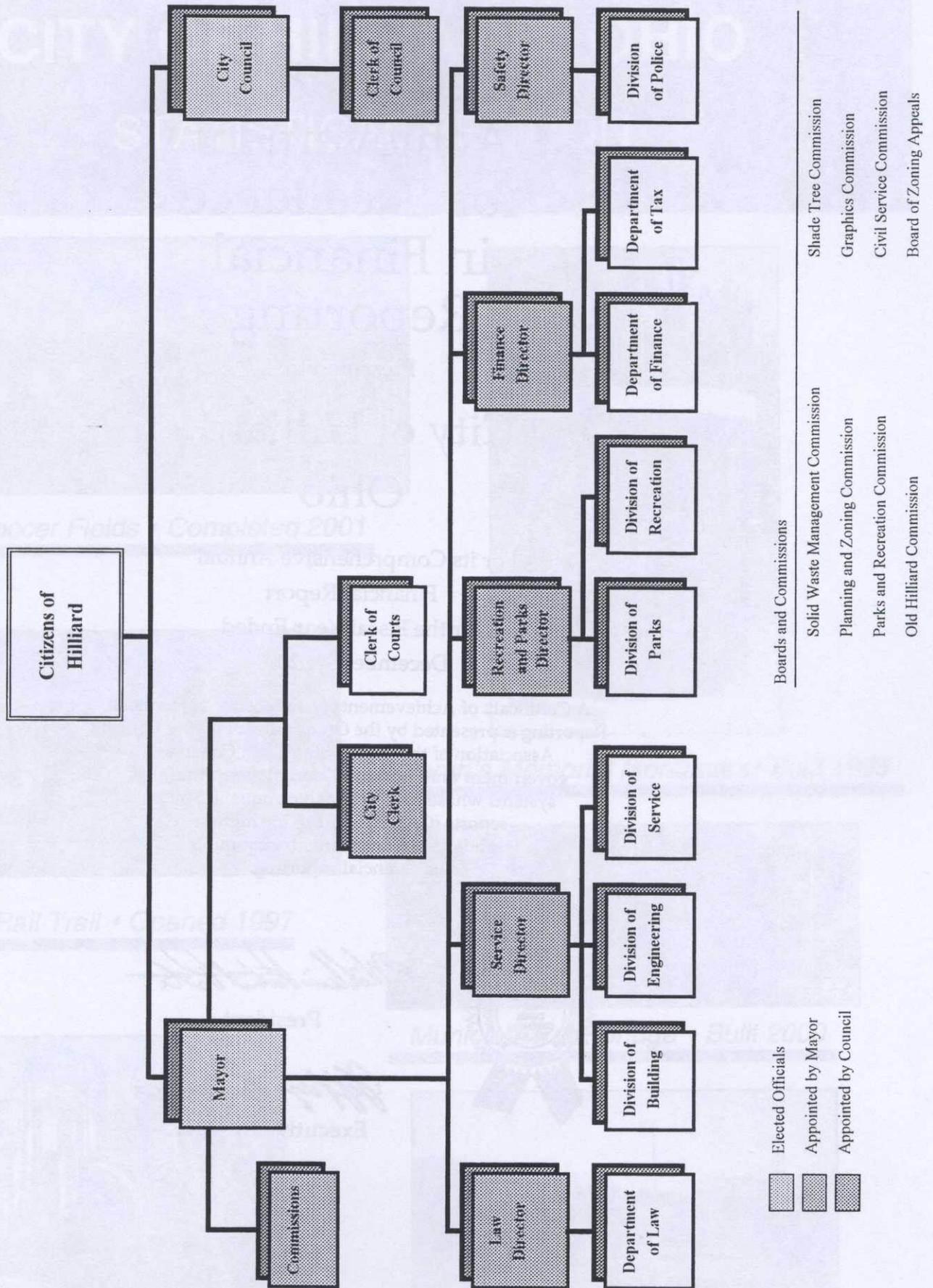
(B) US Fidelity Insurance Company, \$1,000,000 Bond.

City Address:

City of Hilliard
3800 Municipal Way
Hilliard, OH 43026

The City of Hilliard, Ohio

Organizational Chart



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, 2001

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



William Patrick Pate

President

Jeffrey R. Emery

Executive Director

FINANCIAL SECTION



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

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

We have audited the accompanying general-purpose financial statements of the City of Hilliard, Franklin County, Ohio, (the City) as of and for the year ended December 31, 2002, as listed in the table of contents. These general-purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Hilliard, Franklin County, Ohio, as of December 31, 2002, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, the City restated beginning general fund balance due to an error associated with the calculation of property taxes receivable.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2003, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for additional analysis and are not a required part of the general-purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements and in our opinion, it is fairly presented in all material respects, in relation to the general-purpose financial statements taken as a whole.

City of Hilliard
Franklin County
Independent Accountants' Report
Page 2

We did not audit the data included in the introductory and statistical sections of this report and therefore express no opinion thereon.

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

BETTY MONTGOMERY
Auditor of State

June 23, 2003

GENERAL PURPOSE FINANCIAL STATEMENTS

The following general purpose financial statements, along with the notes to the general purpose financial statements, present an overview of the City's financial position at December 31, 2002, and the results of operations and cash flows of its proprietary fund for the year then ended.

**CITY OF HILLIARD, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2002**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$2,955,709	\$5,239,410	\$19,828	\$3,179,847
Cash and Cash Equivalents with Fiscal Agent	0	164,466	0	0
Cash and Cash Equivalents in Segregated Account	0	0	0	0
Receivables:				
Property and Other Local Taxes	1,142,035	17,033	0	0
Municipal Income Tax	1,372,315	274,463	0	548,927
Accounts	47,610	41,856	0	0
Interfund	1,938	0	0	0
Special Assessments	0	0	571,798	0
Accrued Interest	16,036	0	0	0
Due from Other Governments	735,094	441,044	0	54,758
Prepaid Items	18,561	7,062	0	0
Fixed Assets	0	0	0	0
Other Debits				
Amount Available in General Obligation				
Bond Retirement Fund	0	0	0	0
Amount Available in Special Assessment				
Bond Retirement Fund	0	0	0	0
Amount to be Provided From				
Special Assessments	0	0	0	0
Amount to be Provided for Retirement				
of General Long-Term Obligations	0	0	0	0
Total Assets and Other Debits	<u>\$6,289,298</u>	<u>\$6,185,334</u>	<u>\$591,626</u>	<u>\$3,783,532</u>
Liabilities, Fund Equity and Other Credits				
Liabilities				
Accounts Payable	\$65,168	\$138,292	\$0	\$95,349
Retainage Payable	0	0	0	119,826
Interfund Payable	0	0	1,938	0
Accrued Wages Payable	317,033	56,681	0	0
Compensated Absences Payable	132,009	19,905	0	0
Due to Other Governments	70,348	56,662	0	0
Deferred Revenue	2,300,416	452,240	519,644	314,229
Claims Payable	0	0	0	0
Undistributed Monies	0	0	0	0
Deposits Held and Due to Others	0	0	0	0
General Obligation Notes Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Special Assessment Debt with Governmental Commitment	0	0	0	0
Total Liabilities	<u>2,884,974</u>	<u>723,780</u>	<u>521,582</u>	<u>529,404</u>
Fund Equity and Other Credits				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved (Deficit)	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	128,159	453,041	0	2,185,857
Unreserved	3,276,165	5,008,513	70,044	1,068,271
Total Fund Equity (Deficit) and Other Credits	<u>3,404,324</u>	<u>5,461,554</u>	<u>70,044</u>	<u>3,254,128</u>
Total Liabilities, Fund Equity and				
Other Credits	<u>\$6,289,298</u>	<u>\$6,185,334</u>	<u>\$591,626</u>	<u>\$3,783,532</u>

See Accompanying Notes to the General Purpose Financial Statements

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
\$3,893	\$150,206	\$0	\$0	\$11,548,893
0	0	0	0	164,466
0	22,033	0	0	22,033
0	0	0	0	1,159,068
0	0	0	0	2,195,705
0	0	0	0	89,466
0	0	0	0	1,938
0	0	0	0	571,798
0	0	0	0	16,036
0	0	0	0	1,230,896
0	0	0	0	25,623
0	0	14,897,354	0	14,897,354
0	0	0	19,828	19,828
0	0	0	50,216	50,216
0	0	0	539,784	539,784
0	0	0	18,377,902	18,377,902
<u>\$3,893</u>	<u>\$172,239</u>	<u>\$14,897,354</u>	<u>\$18,987,730</u>	<u>\$50,911,006</u>
\$0	\$0	\$0	\$0	\$298,809
0	0	0	0	119,826
0	0	0	0	1,938
0	0	0	0	373,714
0	0	0	1,322,007	1,473,921
0	115,465	0	360,723	603,198
0	0	0	0	3,586,529
345,823	0	0	0	345,823
0	13,199	0	0	13,199
0	22,033	0	0	22,033
0	0	0	5,700,000	5,700,000
0	0	0	11,015,000	11,015,000
0	0	0	590,000	590,000
<u>345,823</u>	<u>150,697</u>	<u>0</u>	<u>18,987,730</u>	<u>24,143,990</u>
0	0	14,897,354	0	14,897,354
(341,930)	0	0	0	(341,930)
0	0	0	0	2,767,057
0	21,542	0	0	9,444,535
<u>(341,930)</u>	<u>21,542</u>	<u>14,897,354</u>	<u>0</u>	<u>26,767,016</u>
<u>\$3,893</u>	<u>\$172,239</u>	<u>\$14,897,354</u>	<u>\$18,987,730</u>	<u>\$50,911,006</u>

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CITY OF HILLIARD, OHIO
COMBINED STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	Governmental Fund Types			Fiduciary	Totals	
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	(Memorandum Only)
Revenues:						
Property and Other Local Taxes	\$1,174,008	\$225,351	\$0	\$0	\$0	\$1,399,359
Municipal Income Taxes	8,003,456	1,593,524	0	3,109,563	0	12,706,543
Charges for Services	965,663	2,437,385	0	0	0	3,403,048
Licenses, Permits and Fees	336,072	72,876	0	0	0	408,948
Fines and Forfeitures	206,249	33,113	0	0	0	239,362
Intergovernmental	1,556,614	922,958	0	906,363	0	3,385,935
Special Assessments	0	0	167,246	0	0	167,246
Investment Income	138,885	0	0	0	413	139,298
Donations	0	0	0	0	43,318	43,318
Rent	47,197	0	0	0	0	47,197
Other	168,820	608	21,718	260	1,841	193,247
Total Revenues	12,596,964	5,285,815	188,964	4,016,186	45,572	22,133,501
Expenditures:						
Current:						
General Government	3,362,710	20,442	0	0	0	3,383,152
Security of Persons and Property	5,110,477	18,656	0	0	42,972	5,172,105
Public Health and Welfare	116,275	0	0	0	0	116,275
Transportation	0	2,366,050	0	0	0	2,366,050
Leisure Time Activities	2,374,556	29,805	0	0	0	2,404,361
Community Environment	978,821	400,036	0	0	0	1,378,857
Basic Utility Services	789,189	856,518	0	0	0	1,645,707
Capital Outlay	0	0	0	5,029,990	0	5,029,990
Debt Service:						
Principal Retirement	0	0	800,000	0	0	800,000
Interest and Fiscal Charges	9,094	0	552,749	98,426	0	660,269
Total Expenditures	12,741,122	3,691,507	1,352,749	5,128,416	42,972	22,956,766
Excess of Revenues Over (Under) Expenditures	(144,158)	1,594,308	(1,163,785)	(1,112,230)	2,600	(823,265)
Other Financing Sources (Uses):						
Proceeds from Sale of Bonds	493,547	0	0	4,456,453	0	4,950,000
Proceeds from Sale of Long-Term Notes	0	0	0	5,700,000	0	5,700,000
Premium on Bonds	0	0	17,552	0	0	17,552
Proceeds from Sale of Fixed Assets	257,705	0	0	0	0	257,705
Operating Transfers - In	55,430	0	2,029,691	819,074	0	2,904,195
Operating Transfers - Out	0	(528,135)	(878,558)	(1,497,502)	0	(2,904,195)
Total Other Financing Sources (Uses)	806,682	(528,135)	1,168,685	9,478,025	0	10,925,257
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	662,524	1,066,173	4,900	8,365,795	2,600	10,101,992
Fund Balances (Deficit) at Beginning of Year - Restated (Note 3)	2,741,800	4,395,381	65,144	(5,111,667)	18,942	2,109,600
Fund Balances at End of Year	\$3,404,324	\$5,461,554	\$70,044	\$3,254,128	\$21,542	\$12,211,592

See Accompanying Notes to the General Purpose Financial Statements

CITY OF HILLIARD, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	General Fund			Variance Favorable (Unfavorable)
	Original	Budget	Actual	
Revenues:				
Property and Other Local Taxes	\$1,395,421	\$1,280,421	\$1,128,023	(\$152,398)
Municipal Income Taxes	8,687,500	8,687,500	8,205,969	(481,531)
Charges for Services	878,432	981,340	965,663	(15,677)
Licenses, Permits and Fees	317,300	375,300	375,832	532
Fines and Forfeitures	215,000	215,000	205,415	(9,585)
Intergovernmental	1,557,600	1,702,623	1,599,758	(102,865)
Special Assessments	0	0	0	0
Investment Income	845,500	250,500	138,648	(111,852)
Donations	0	0	0	0
Rent	41,000	47,000	47,197	197
Other	291,868	192,754	167,155	(25,599)
Total Revenues	14,229,621	13,732,438	12,833,660	(898,778)
Expenditures:				
Current:				
General Government	3,760,618	3,767,381	3,658,495	108,886
Security of Persons and Property	5,341,686	5,366,147	5,276,794	89,353
Public Health and Welfare	116,275	116,275	116,275	0
Transportation	0	0	0	0
Leisure Time Activities	2,462,099	2,467,953	2,404,056	63,897
Community Environment	992,801	999,410	977,904	21,506
Basic Utility Services	845,966	846,950	821,304	25,646
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	13,519,445	13,564,116	13,254,828	309,288
Excess of Revenues Over (Under) Expenditures	710,176	168,322	(421,168)	(589,490)
Other Financing Sources (Uses):				
Proceeds from Sale of Bonds	0	0	0	0
Proceeds from Sale of Long-Term Notes	0	0	0	0
Premium on Bonds	0	0	0	0
Proceeds from Sale of Fixed Assets	0	257,705	257,705	0
Income Tax Refunds	(340,000)	(340,000)	(339,155)	845
Operating Transfers - In	0	0	0	0
Operating Transfers - Out	0	0	0	0
Total Other Financing Sources (Uses)	(340,000)	(82,295)	(81,450)	845
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	370,176	86,027	(502,618)	(588,645)
Fund Balances at Beginning of Year	3,054,538	3,054,538	3,054,538	0
Prior Year Encumbrances Appropriated	261,953	261,953	261,953	0
Fund Balances (Deficit) at End of Year	\$3,686,667	\$3,402,518	\$2,813,873	(\$588,645)

Special Revenue Funds				Debt Service Funds			
Original	Budget	Actual	Variance Favorable (Unfavorable)	Original	Budget	Actual	Variance Favorable (Unfavorable)
\$200,000	\$230,000	\$223,061	(\$6,939)	\$0	\$0	\$0	\$0
1,737,500	1,737,500	1,641,195	(96,305)	0	0	0	0
2,273,300	2,836,000	2,394,438	(441,562)	0	0	0	0
40,000	72,000	72,876	876	0	0	0	0
24,000	37,000	31,573	(5,427)	0	0	0	0
1,050,000	1,020,000	902,065	(117,935)	0	0	0	0
0	0	0	0	125,000	125,000	115,092	(9,908)
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
8,300	8,300	608	(7,692)	21,021	21,021	21,718	697
<u>5,333,100</u>	<u>5,940,800</u>	<u>5,265,816</u>	<u>(674,984)</u>	<u>146,021</u>	<u>146,021</u>	<u>136,810</u>	<u>(9,211)</u>
35,250	35,250	33,435	1,815	0	0	0	0
13,500	25,000	18,656	6,344	0	0	0	0
0	0	0	0	0	0	0	0
3,200,224	3,203,814	3,223,871	(20,057)	0	0	0	0
65,000	65,000	31,174	33,826	0	0	0	0
433,478	434,791	410,153	24,638	0	0	0	0
1,153,129	1,156,546	862,367	294,179	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	6,650,000	6,650,000	9,050,000	(2,400,000)
0	0	0	0	863,187	863,187	827,253	35,934
<u>4,900,581</u>	<u>4,920,401</u>	<u>4,579,656</u>	<u>340,745</u>	<u>7,513,187</u>	<u>7,513,187</u>	<u>9,877,253</u>	<u>(2,364,066)</u>
432,519	1,020,399	686,160	(334,239)	(7,367,166)	(7,367,166)	(9,740,443)	(2,373,277)
0	0	0	0	2,511,427	2,511,427	4,950,000	2,438,573
0	0	0	0	2,700,000	2,700,000	2,700,000	0
0	0	0	0	17,552	17,552	17,552	0
0	0	0	0	0	0	0	0
(75,000)	(75,000)	(75,000)	0	0	0	0	0
0	0	0	0	2,142,057	2,142,057	2,029,691	(112,366)
<u>(528,135)</u>	<u>(528,135)</u>	<u>(528,135)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(4,054)</u>	<u>(4,054)</u>
<u>(603,135)</u>	<u>(603,135)</u>	<u>(603,135)</u>	<u>0</u>	<u>7,371,036</u>	<u>7,371,036</u>	<u>9,693,189</u>	<u>2,322,153</u>
(170,616)	417,264	83,025	(334,239)	3,870	3,870	(47,254)	(51,124)
3,722,346	3,722,346	3,722,346	0	65,144	65,144	65,144	0
871,603	871,603	871,603	0	0	0	0	0
<u>\$4,423,333</u>	<u>\$5,011,213</u>	<u>\$4,676,974</u>	<u>(\$334,239)</u>	<u>\$69,014</u>	<u>\$69,014</u>	<u>\$17,890</u>	<u>(\$51,124)</u>

(Continued)

CITY OF HILLIARD, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2002
(CONTINUED)

	Capital Projects Funds			Variance Favorable (Unfavorable)
	Original	Budget	Actual	
Revenues:				
Property and Other Local Taxes	\$0	\$0	\$0	\$0
Municipal Income Taxes	3,475,000	3,475,000	3,282,389	(192,611)
Charges for Services	0	0	0	0
Licenses, Permits and Fees	0	0	0	0
Fines and Forfeitures	0	0	0	0
Intergovernmental	0	842,500	906,363	63,863
Special Assessments	0	0	0	0
Investment Income	0	0	0	0
Donations	0	0	0	0
Rent	0	0	0	0
Other	2,000	3,100	260	(2,840)
Total Revenues	<u>3,477,000</u>	<u>4,320,600</u>	<u>4,189,012</u>	<u>(131,588)</u>
Expenditures:				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	0	0	0
Public Health and Welfare	0	0	0	0
Transportation	0	0	0	0
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	0
Basic Utility Services	0	0	0	0
Capital Outlay	5,411,599	9,254,199	8,169,449	1,084,750
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	<u>5,411,599</u>	<u>9,254,199</u>	<u>8,169,449</u>	<u>1,084,750</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,934,599)</u>	<u>(4,933,599)</u>	<u>(3,980,437)</u>	<u>953,162</u>
Other Financing Sources (Uses):				
Proceeds from Sale of Bonds	0	0	0	0
Proceeds from Sale of Long-Term Notes	0	3,000,000	3,000,000	0
Premium on Bonds	0	0	0	0
Proceeds from Sale of Fixed Assets	0	0	0	0
Income Tax Refunds	(150,000)	(150,000)	(150,000)	0
Operating Transfers - In	0	0	0	0
Operating Transfers - Out	(1,613,921)	(1,613,921)	(1,497,502)	116,419
Total Other Financing Sources (Uses)	<u>(1,763,921)</u>	<u>1,236,079</u>	<u>1,352,498</u>	<u>116,419</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(3,698,520)</u>	<u>(3,697,520)</u>	<u>(2,627,939)</u>	<u>1,069,581</u>
Fund Balances at Beginning of Year	339,837	339,837	339,837	0
Prior Year Encumbrances Appropriated	<u>3,135,781</u>	<u>3,135,781</u>	<u>3,135,781</u>	<u>0</u>
Fund Balances (Deficit) at End of Year	<u>(\$222,902)</u>	<u>(\$221,902)</u>	<u>\$847,679</u>	<u>\$1,069,581</u>

See Accompanying Notes to the General Purpose Financial Statements

Expendable Trust Fund				Totals (Memorandum Only)			
Original	Budget	Actual	Variance Favorable (Unfavorable)	Original	Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$0	\$1,595,421	\$1,510,421	\$1,351,084	(\$159,337)
0	0	0	0	13,900,000	13,900,000	13,129,553	(770,447)
0	0	0	0	3,151,732	3,817,340	3,360,101	(457,239)
0	0	0	0	357,300	447,300	448,708	1,408
0	0	0	0	239,000	252,000	236,988	(15,012)
0	0	0	0	2,607,600	3,565,123	3,408,186	(156,937)
0	0	0	0	125,000	125,000	115,092	(9,908)
700	700	413	(287)	846,200	251,200	139,061	(112,139)
48,500	51,500	43,318	(8,182)	48,500	51,500	43,318	(8,182)
0	0	0	0	41,000	47,000	47,197	197
0	0	1,841	1,841	323,189	225,175	191,582	(33,593)
<u>49,200</u>	<u>52,200</u>	<u>45,572</u>	<u>(6,628)</u>	<u>23,234,942</u>	<u>24,192,059</u>	<u>22,470,870</u>	<u>(1,721,189)</u>
0	0	0	0	3,795,868	3,802,631	3,691,930	110,701
40,000	40,000	42,972	(2,972)	5,395,186	5,431,147	5,338,422	92,725
0	0	0	0	116,275	116,275	116,275	0
0	0	0	0	3,200,224	3,203,814	3,223,871	(20,057)
0	0	0	0	2,527,099	2,532,953	2,435,230	97,723
0	0	0	0	1,426,279	1,434,201	1,388,057	46,144
0	0	0	0	1,999,095	2,003,496	1,683,671	319,825
0	0	0	0	5,411,599	9,254,199	8,169,449	1,084,750
0	0	0	0	6,650,000	6,650,000	9,050,000	(2,400,000)
0	0	0	0	863,187	863,187	827,253	35,934
<u>40,000</u>	<u>40,000</u>	<u>42,972</u>	<u>(2,972)</u>	<u>31,384,812</u>	<u>35,291,903</u>	<u>35,924,158</u>	<u>(632,255)</u>
<u>9,200</u>	<u>12,200</u>	<u>2,600</u>	<u>(9,600)</u>	<u>(8,149,870)</u>	<u>(11,099,844)</u>	<u>(13,453,288)</u>	<u>(2,353,444)</u>
0	0	0	0	2,511,427	2,511,427	4,950,000	2,438,573
0	0	0	0	2,700,000	5,700,000	5,700,000	0
0	0	0	0	17,552	17,552	17,552	0
0	0	0	0	0	257,705	257,705	0
0	0	0	0	(565,000)	(565,000)	(564,155)	845
0	0	0	0	2,142,057	2,142,057	2,029,691	(112,366)
0	0	0	0	(2,142,056)	(2,142,056)	(2,029,691)	112,365
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,663,980</u>	<u>7,921,685</u>	<u>10,361,102</u>	<u>2,439,417</u>
9,200	12,200	2,600	(9,600)	(3,485,890)	(3,178,159)	(3,092,186)	85,973
18,942	18,942	18,942	0	7,200,807	7,200,807	7,200,807	0
0	0	0	0	4,269,337	4,269,337	4,269,337	0
<u>\$28,142</u>	<u>\$31,142</u>	<u>\$21,542</u>	<u>(\$9,600)</u>	<u>\$7,984,254</u>	<u>\$8,291,985</u>	<u>\$8,377,958</u>	<u>\$85,973</u>

CITY OF HILLIARD, OHIO
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
INTERNAL SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

Operating Revenues:	
Charges for Services	\$1,688,301
Total Operating Revenues	<u>1,688,301</u>
Operating Expenses:	
Administration Fees	37,433
Health Insurance Claims	1,699,324
Stop Loss Coverage	179,350
Total Operating Expenses	<u>1,916,107</u>
Net Loss	(227,806)
Retained Earnings (Deficit) at Beginning of Year	(114,124)
Retained Earnings (Deficit) at End of Year	<u><u>(\$341,930)</u></u>

See Accompanying Notes to the General Purpose Financial Statements

CITY OF HILLIARD, OHIO
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
INTERNAL SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Original</u>	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:				
Charges for Services	\$1,200,000	\$1,438,800	\$1,688,301	\$249,501
Total Revenues	<u>1,200,000</u>	<u>1,438,800</u>	<u>1,688,301</u>	<u>249,501</u>
Expenses:				
Administration Fees	26,475	31,744	37,433	(5,689)
Health Insurance Claims	1,046,675	1,254,963	1,485,532	(230,569)
Stop Loss Coverage	126,850	152,093	179,350	(27,257)
Total Expenses	<u>1,200,000</u>	<u>1,438,800</u>	<u>1,702,315</u>	<u>(263,515)</u>
Excess of Revenues Over (Under) Expenses	0	0	(14,014)	(14,014)
Fund Equity at Beginning of Year	<u>17,907</u>	<u>17,907</u>	<u>17,907</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$17,907</u></u>	<u><u>\$17,907</u></u>	<u><u>\$3,893</u></u>	<u><u>(\$14,014)</u></u>

See Accompanying Notes to the General Purpose Financial Statements

CITY OF HILLIARD, OHIO
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

Increase (Decrease) in Cash and Cash Equivalents:

Cash Flows from Operating Activities:

Cash Received from Customers	\$1,688,301
Cash Payments for Services	(216,783)
Cash Payments for Claims	<u>(1,485,532)</u>
Net Decrease in Cash and Cash Equivalents	(14,014)
Cash and Cash Equivalents at Beginning of Year	<u>17,907</u>
Cash and Cash Equivalents at End of Year	<u><u>\$3,893</u></u>

**Reconciliation of Operating Loss to Net Cash
Used for Operating Activities:**

Operating Loss	(\$227,806)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Increase in Claims and Judgments Payable	<u>213,792</u>
Total Adjustments	<u>213,792</u>
Net Cash Used for Operating Activities	<u><u>(\$14,014)</u></u>

See Accompanying Notes to the General Purpose Financial Statements

CITY OF HILLIARD, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION

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

The Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds and departments which comprise the legal entity of the City. The City provides various services including police protection, parks and recreation, planning, zoning, engineering, street maintenance, water, sewer, snow removal and refuse collections (on a contractual basis) and other governmental services.

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

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

Basis Of Presentation - Fund Accounting

The City uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain City functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the City are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

CITY OF HILLIARD, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

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

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in the proprietary fund and fiduciary funds) are accounted for through governmental funds. The following are the City's governmental fund types:

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

Special Revenue Funds - These funds are established to account for the proceeds of specific revenue sources (other than amounts relating to the expendable trust or major capital projects) that are legally restricted to expenditure for specific purposes.

Debt Service Fund - These funds are used to account for the accumulation of resources for, and the payment of, general long-term and special assessment debt principal and interest and related costs.

Capital Projects Funds - These funds are used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by the internal service fund).

Proprietary Fund

The proprietary fund is used to account for the City's ongoing activities that are similar to those found in the private sector. The following is the City's proprietary fund:

Internal Service Fund - This fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments and other funds. The City's fiduciary funds include an expendable trust fund and agency funds. The expendable trust fund is accounted for in essentially the same manner as governmental funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

CITY OF HILLIARD, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

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

Account Groups

To make a clear distinction between fixed assets related to specific funds and those of the general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the City. These assets do not represent financial resources available for expenditures.

General Long-Term Obligations Account Group - This account group is used to account for all unmatured general long-term indebtedness of the City, including special assessment debt for which the City is obligated in some manner.

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 reporting principles. The City also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant accounting policies followed in the preparation of these financial statements are summarized below.

Measurement Focus And Basis Of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and the expendable trust fund are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The internal service fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. The City has no contributed capital. The internal service fund operating statement presents increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental, expendable trust, and agency funds. The full accrual basis of accounting is followed for the internal service fund.

CITY OF HILLIARD, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within sixty days of year-end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, shared revenues and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. (See Note 7.) 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 a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income taxes, charges for current services, amounts due from other funds for prior advances, earnings on investments, state-levied locally shared taxes, and federal and state grants and entitlements.

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Delinquent property taxes and property taxes for which there is an enforceable legal claim as of December 31, 2002, but which were levied to finance fiscal year 2003 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On a modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

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.

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

Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the major object level within each department and fund. Budgetary modifications may only be made by ordinance of the City Council.

CITY OF HILLIARD, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Tax Budget

A tax budget of estimated revenues and expenditures for all funds is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 15 of each year, for the period January 1 to December 31 of the following year.

Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the estimated beginning of the year fund balance and the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation ordinance. On or about January 1, the certificate of estimated resources is amended to include actual unencumbered fund balances from the preceding year. The certificate may be further amended during the year if the fiscal officer determines that the revenue to be collected is greater or less than the current estimates. The amounts reported on the budgetary statements reflect the amounts in the amended official certificate of estimated resources at the time the final appropriations were passed by Council.

Appropriations

A temporary appropriation measure to control expenditures may be passed on or about January 1 of each year for the period from January 1 to March 31. The annual appropriation ordinance must be passed by January 31 of each year for the period January 1 to December 31, according to the City Charter. The appropriation ordinance may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations among departments and major objects within a fund may be modified during the year only by an ordinance of Council. During the year, several supplemental appropriation measures were passed; however, none of these were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as reservations of fund balances for subsequent-year expenditures for governmental and expendable trust funds and are reported in the notes to the financial statements for the internal service fund.

Lapsing of Appropriations

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding year and is not reappropriated.

CITY OF HILLIARD, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

Cash balances of the City's funds, except cash held by a trustee or fiscal agent, and cash held in a segregated account, are pooled and invested in short-term investments in order to provide improved cash management. Individual fund integrity is maintained through City records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet. Monies held by the Franklin County Engineer, and the City's deposits on hand for the Mayor's Court Agency Fund are presented on the combined balance sheet as "Cash and Cash Equivalents with Fiscal Agent" and "Cash and Cash Equivalents in Segregated Account," respectively.

During 2002, the Special Assessment Bond Retirement Debt Service Fund expended more than its share of pooled cash and cash equivalents. The fund had a negative cash balance at year end that was eliminated by a short term loan from the General Fund. The loan is classified as "Interfund Receivables" and "Interfund Payables" on the combined financial statements.

During fiscal year 2002, investments were limited to repurchase agreements, STAR Ohio, and Federal National Mortgage Association notes. STAR Ohio is an investment pool managed by the State Treasurer's Office which 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 STAR Ohio's share price which is the price the investment could be sold for on December 31, 2002.

Except for certificates of deposit and repurchase agreements, investments are reported at fair value which is based on quoted market prices.

Interest income is distributed to the funds according to statutory requirements. Interest revenue credited to the General Fund during 2002 amounted to \$138,885, which includes \$103,091 assigned from other funds.

For purposes of the statement of cash flows and for presentation on the combined balance sheet, investments with original maturities of three months or less and funds within the cash management pool are considered to be cash and cash equivalents.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2002, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure in the year in which services are consumed.

Interfund Assets/Liabilities

Short-term interfund loans are classified as "Interfund Receivables" and "Interfund Payables."

CITY OF HILLIARD, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fixed Assets And Depreciation

All purchased fixed assets are valued at cost when historical records are available and estimated historical cost where no historical records exist. For certain assets, estimates were calculated by indexing estimated current costs back to the estimated year of acquisition. Donated fixed assets are valued at their estimated fair market value on the date donated. The City maintains a capitalization threshold of five hundred dollars. Interest costs incurred on the construction of general fixed assets is not capitalized.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements which extend the useful life or increase the capacity or operating efficiency are capitalized at cost.

General fixed assets (fixed assets used in governmental fund type operations) are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Assets in the general fixed assets account group are not depreciated.

Public domain (“infrastructure”) general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are not capitalized as these assets are immovable and of value only to the City.

Compensated Absences

Vacation and sick leave 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 sick leave for all employees. For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account “Compensated Absences Payable” in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group.

Accrued Liabilities And Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more sixty days after year-end are generally considered not to have been paid with current available financial resources. General obligation bonds payable and general obligation notes payable are recognized as a liability of the general long-term obligations account group until due.

Long-term obligations financed by the proprietary fund are reported as liabilities in that fund.

CITY OF HILLIARD, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reservations Of Fund Balance

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

Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursement to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transactions are reported as operating transfers.

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.

Total Columns On General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Totals (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of these data.

NOTE 3 - RESTATEMENT OF FUND BALANCE

Property and other local taxes in the general fund were restated due to an error associated with the calculation of property tax receivable. Accrued interest payable in the general and capital projects funds was restated due to an error in the calculation of the payable. The effect of these changes on fund balances as previously reported at December 31, 2001, is as follows:

	<u>General Fund</u>	<u>Capital Projects</u>
Fund Balance at December 31, 2001	\$3,395,767	(\$5,376,784)
Restatement:		
Property and Other Local Taxes Receivable	(675,616)	0
Accrued Interest Payable	21,649	265,117
Restated Fund Balance at December 31, 2001	<u>\$2,741,800</u>	<u>(\$5,111,667)</u>

CITY OF HILLIARD, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 3 - RESTATEMENT OF FUND BALANCE (continued)

As a result of these changes, the excess of revenues and other financing sources over (under) expenditures and other financing uses as previously reported for the year ended December 31, 2002 in the General Fund decreased by \$653,967 from \$308,861 to (\$345,106). The excess of revenues and other financing sources over (under) expenditures and other financing uses as previously reported increased by \$265,117 in the capital projects fund, from (\$3,981,757) to (\$3,716,640).

NOTE 4 - ACCOUNTABILITY AND COMPLIANCE

Accountability

At December 31, 2002, the Insurance Trust Internal Service Fund had deficit retained earnings of \$341,930. The deficit is the result of accumulated operating losses. The City is reviewing the operation of the fund to determine an appropriate course of action to alleviate the deficit. At December 31, 2002, the Special Assessment Bond Retirement Debt Service Fund had a negative cash balance of \$1,938. The negative cash balance was eliminated by a short term loan from the General Fund.

Compliance

The following funds had expenditures and encumbrances in excess of appropriations at the major object level, the legal level of control, at December 31, 2002:

Fund	Expenditures and Encumbrances	Appropriations	Excess
General Fund			
General Administration			
Capital Outlay	\$160,720	\$75,144	(\$85,576)
Street Improvement Municipal Tax Special Revenue Fund			
Transportation			
Capital Outlay	1,508,188	1,419,867	(88,321)
General Obligation Bond Retirement Debt Service Fund			
Debt Service			
Principal Retirement	8,980,000	6,580,000	(2,400,000)
Operating Transfers – Out	4,054	0	(4,054)
Police Benevolent Expendable Trust Fund			
Security of Persons and Property			
Other	42,972	40,000	(2,972)
Insurance Trust Internal Service Fund			
Claims	1,485,532	1,254,963	(230,569)
Administration Fees	37,433	31,744	(5,689)
Stop Loss Coverage	179,350	152,093	(27,257)

CITY OF HILLIARD, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 4 - ACCOUNTABILITY AND COMPLIANCE (continued)

The following funds had appropriations in excess of estimated resources and available balances for the year ended December 31, 2002, as follows:

<u>Fund</u>	<u>Estimated Resources and Available Balances</u>	<u>Appropriations</u>	<u>Excess</u>
Justice Seizure Special Revenue Fund	\$11,278	\$12,000	(\$722)
Leap Road Construction Capital Projects Fund	582,984	832,984	(250,000)

NOTE 5 - BUDGET TO GAAP RECONCILIATION

Budgetary Basis Of Accounting

While reporting financial position, results of operations, and changes in fund balance and retained earnings 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 Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types and Expendable Trust Fund and the Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Non-GAAP Budgetary Basis) - Internal Service Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year-end encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance for governmental fund types and the expendable trust fund (GAAP basis). Material encumbrances are disclosed in the notes for the internal service fund.
4. Proceeds from and principal payments on short-term note obligations are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Unrecorded cash represents amounts received but not included as revenue on the budget basis operating statements. The amounts are included as revenue on the GAAP basis operating statements.

CITY OF HILLIARD, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 5 - BUDGET TO GAAP RECONCILIATION (continued)

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

	Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses All Governmental Fund Types and Expendable Trust Fund				
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	\$662,524	\$1,066,173	\$4,900	\$8,365,795	\$2,600
Revenue Accruals	(102,439)	(94,999)	(52,154)	22,826	0
Expenditure Accruals	(371,547)	(318,651)	(274,504)	(708,865)	0
Encumbrances	(143,754)	(562,436)	0	(2,332,168)	0
Prepays	1,595	(7,062)	0	0	0
Unrecorded Cash	(20)	0	0	0	0
Debt Principal Payments	0	0	(8,250,000)	0	0
Bond Proceeds	(493,547)	0	4,950,000	(4,456,453)	0
Note Proceeds	0	0	2,700,000	(2,700,000)	0
Transfers	(55,430)	0	874,504	(819,074)	0
Budget Basis	<u>(\$502,618)</u>	<u>\$83,025</u>	<u>(\$47,254)</u>	<u>(\$2,627,939)</u>	<u>\$2,600</u>

Net Loss/Excess of Revenues
Under Expenditures
Internal Service Fund

GAAP Basis	(\$227,806)
Expense Accruals	213,792
Budget Basis	<u>(\$14,014)</u>

CITY OF HILLIARD, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 6 - DEPOSITS AND INVESTMENTS

Policies and Procedures

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 accounts, including passbook accounts.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Finance Director by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

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

CITY OF HILLIARD, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

6. The State Treasurer's investment pool (STAR Ohio).

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

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

At December 31, 2002, the School District had "Cash and Cash Equivalents with Fiscal Agents" in the special revenue funds of \$164,466. The money is held by the Franklin County Auditor, which is the fiscal agent of several other Cities and cannot be classified by risk under GASB Statement No. 3.

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

Deposits

At year end, the carrying amount of the City's deposits was \$1,662,450 and the bank balance was \$1,679,541. Of the bank balance, \$258,763 was covered by federal deposit insurance and \$1,420,778 was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

CITY OF HILLIARD, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

Investments

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

	Category 1	Category 3	Unclassified	Carrying/Fair Value
Repurchase Agreements	\$0	\$7,924,000	\$0	\$7,924,000
STAR Ohio	0	0	1,496,322	1,496,322
Federal National Mortgage Association (FNMA) Note	488,154	0	0	488,154
Total	\$488,154	\$7,924,000	\$1,496,322	\$9,908,476

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$11,735,392	\$0
Cash with Fiscal Agent	(164,466)	0
Investments:		
Repurchase Agreement	(7,924,000)	7,924,000
STAR Ohio	(1,496,322)	1,496,322
Federal National Mortgage Association Note	(488,154)	488,154
GASB Statement No. 3	\$1,662,450	\$9,908,476

NOTE 7 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2002 for real and public utility property taxes represents collections of 2001 taxes. Property tax payments received during 2002 for tangible personal property (other than public utility property) is for 2002 taxes.

2002 real property taxes are levied after October 1, 2002 on the assessed value as of January 1, 2002, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2002 real property taxes are collected in and intended to finance 2003.

CITY OF HILLIARD, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 7 - PROPERTY TAXES (continued)

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2002 public utility property taxes became a lien December 31, 2001, are levied after October 1, 2002, and are collected in 2003 with real property taxes.

2002 tangible personal property taxes are levied after October 1, 2001, on the value as of December 31, 2001. Collections are made in 2002. Tangible personal property assessments are 25 percent of true value. For capital assets and 24 percent of true value for inventory.

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

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

The full tax rate for all City operations for the year ended December 31, 2002, was \$1.60 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2002 property tax receipts were based are as follows:

Category	Assessed Value
Real Property	\$625,119,360
Tangible Personal Property	73,219,911
Public Utility Property	19,971,850
Totals	\$718,311,121

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Hilliard. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2002 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 2002 operations. The receivable is therefore offset by deferred revenue.

NOTE 8 - INCOME TAX

The City levies a municipal income tax of 2.0 percent on all salaries, wages, commissions and 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.

CITY OF HILLIARD, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 8 - INCOME TAX (continued)

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 Ordinance Nos. 85-07 and 85-48. Income tax revenue for 2002 was \$8,342,611, \$1,668,524 and \$3,259,563, respectively.

NOTE 9 - RECEIVABLES

Receivables at December 31, 2002, consisted of property and other local taxes, municipal income taxes, accounts, interfund, special assessments, accrued interest, and intergovernmental receivables arising from grants, entitlements and shared revenues. All receivables are considered fully collectible.

A summary of intergovernmental receivables follows:

	Amount
<u>General Fund</u>	
Local Government Assistance	\$41,077
Local Government	617,750
Personal Property Tax Exemption	4,181
Homestead, Rollback and Exemption	58,831
Fines	13,120
Compliance Fees	135
Total General Fund	735,094
 <u>Special Revenue Funds</u>	
<u>Street Maintenance and Repair</u>	
Gas Tax	270,597
Motor Vehicle Tax	161,085
Total Street Maintenance Fund	431,682
<u>Enforcement and Education Fund</u>	
Fines	172
<u>Mayor's Court Computer Fund</u>	
Fines	1,368
<u>Water Revenue Fund</u>	
Water Surcharge	4,305
<u>Sewer Revenue Fund</u>	
Sewer Surcharge	3,517
Total Special Revenue Funds	\$441,044
	(continued)

CITY OF HILLIARD, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 9 – RECEIVABLES (continued)

<u>Capital Projects Fund</u>	
<u>Britton Road Improvement Fund</u>	
OPWC Reimbursement	\$54,758
Total All Funds	\$1,230,896

NOTE 10 - FIXED ASSETS

Changes in general fixed assets during the year ended December 31, 2002, were as follows:

Class	Balance December 31, 2001	Additions	Deletions	Balance December 31, 2002
Land	\$3,185,207	\$257,705	\$257,705	\$3,185,207
Buildings	4,981,194	0	0	4,981,194
Improvements other than Buildings	2,146,365	138,295	0	2,284,660
Machinery and Equipment	1,828,600	68,752	6,009	1,891,343
Furniture and Fixtures	623,959	19,128	1,745	641,342
Vehicles	1,809,078	266,685	162,155	1,913,608
Totals	\$14,574,403	\$750,565	\$427,614	\$14,897,354

NOTE 11 - DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

All full-time employees, other than non-administrative full-time police officers, participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee retirement system administered by the Ohio Public Employees Retirement Board. OPERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The 2002 employer pension contribution rate for the City was 8.55 percent of covered payroll, a decrease from 9.25 percent in 2001. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's contributions to OPERS for the years ended December 31, 2002, 2001, and 2000 were \$450,533, \$455,230, and \$481,724, respectively. The full amount has been contributed for 2001 and 2000. 71.94 percent was contributed for 2002 with the remainder being reported as a liability within the general long-term obligations account group.

CITY OF HILLIARD, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

Ohio Police and Fire Pension Fund

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

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 11.75 percent for police. The City has no firefighters. For 2001, the City contributions were 12.00 percent for police. Contributions are authorized by State statute. The City's contributions to the OP&F for the years ended December 31, 2002, 2001, and 2000 were \$319,586, \$312,684, and \$498,019, respectively. The full amount has been contributed for 2001 and 2000. 66.58 percent was contributed for 2002 with the remainder being reported within the general long-term obligations account group.

NOTE 12 - POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 2002 employer contribution rate was 13.55 percent of covered payroll; 5 percent was the portion that was used to fund health care for 2002. For 2001, 4.30 percent was the portion that was used to fund health care.

In December 2001, the Board adopted the Health Care "Choices" plan in its continuing effort to respond to the rise in the cost of Health Care. The Choices Plan will be offered to all persons newly hired under OPERS after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices, as the name suggests, will incorporate a cafeteria approach, offering a more broad range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year "cliff" eligibility standard for the present Plan.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2001, include a rate of return on investments of 8 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .5 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase 4 percent annually.

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

CITY OF HILLIARD, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 12 - POSTEMPLOYMENT BENEFITS (continued)

The number of active contributing participants was 402,041. The City's actual contributions for 2002 which were used to fund postemployment benefits were \$255,841. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2001, (the latest information available) were \$11.6 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$16.4 billion and \$4.8 billion, respectively.

Ohio Police and Fire Pension Fund

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

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the Ohio Police and Fire Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution is 19.5 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2002. For 2001, the percent used to fund healthcare was 7.5 percent. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The City's actual contributions for 2002 that were used to fund postemployment benefits were \$212,189 for police. The OP&F's total health care expense for the year ended December 31, 2001 (the latest information available) was \$122,298,771, which was net of member contributions of \$6,874,699. The number of OP&F participants eligible to receive health care benefits as of December 31, 2001, was 13,174 for police and 10,239 for firefighters.

NOTE 13 - OTHER EMPLOYEE BENEFITS

Compensated Absences

Accumulated Unpaid Vacation and Sick Leave

The costs of vacation and sick leave benefits are recorded as they are earned. City employees earn vacation leave at varying rates based upon length of service. Upon retirement and termination, an employee will be compensated for their accumulated sick leave at a maximum rate of 50% of the balance. Employees are compensated for accumulated vacation leave at 100% of the balance.

The total obligation for compensated absences for the City as a whole as of December 31, 2002, was \$1,473,921.

CITY OF HILLIARD, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 13 - OTHER EMPLOYEE BENEFITS (continued)

Deferred Compensation

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

NOTE 14 - 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 2002, the City contracted with several different insurance providers for property, liability, and automobile insurance.

Coverage provided is as follows:

<u>Insurance Provider</u>	<u>Type of Coverage</u>	<u>Coverage Amount</u>	<u>Deductible</u>
St. Paul Insurance Company	Automobile	\$1,000,000	\$500 Comprehensive 1,000 Collision
St. Paul Insurance Company	General Liability	2,000,000	0
St. Paul Insurance Company	Umbrella	2,000,000	10,000
St. Paul Insurance Company	Property Casualty	5,000,000	1,000, 10% Co-Ins
St. Paul Insurance Company	Inland Marine	469,938	250
St. Paul Insurance Company	Earthquake	5,000,000	25,000
St. Paul Insurance Company	Employment Practices	1,000,000	25,000
St. Paul Insurance Company	Employee Benefits Liability	300,000	0
St. Paul Insurance Company	Public Employee Dishonesty	50,000	250
Buckeye Union Insurance	Boiler and Machinery	Replacement Cost	1,000
National Casualty Insurance	Law Enforcement	1,000,000	10,000
U.S.F.&G. Insurance	Public Officials Liability	1,000,000	10,000

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

Workers Compensation

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

CITY OF HILLIARD, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 14 - RISK MANAGEMENT (continued)

Health Insurance

The City maintains a self-funded health insurance program with claims processed by Polaris Benefits on behalf of the City. A separate insurance trust fund (an internal service fund) was created in 1989 to account for and finance the health insurance program. As an integral part of the health insurance program, stop loss coverage has been purchased covering claims in excess of \$10,000 per individual and \$1,000,000 per occurrence.

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 actuarial estimates of the amounts needed to pay prior and current year claims. Total contributions to the program during 2002 were \$1,688,301. The claims liability of \$345,823 reported in the Insurance Trust Fund at December 31, 2002, is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," as amended by GASB Statement No. 30 "Risk Management Omnibus," which requires that a liability for claims be reported if information prior to issuance of the finance statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the Insurance Trust Fund's claims liability amount for 2001 and 2002 were:

Year	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2001	\$130,140	\$1,143,784	(\$1,141,893)	\$132,031
2002	132,031	1,699,324	(1,485,532)	345,823

NOTE 15 - NOTES PAYABLE

A summary of the note transactions for the year ended December 31, 2002, follows:

Fund/Issue	Balance December 31, 2001	Increase	Decrease	Balance December 31, 2002
<u>General Fund:</u>				
2001 Various Purpose A – 3.15%	\$532,258	\$0	\$532,258	\$0
<u>Capital Projects Funds:</u>				
2001 Various Purpose A – 3.15%	2,217,742	0	2,217,742	0
2001 Various Purpose B – 3.05%	2,600,000	0	2,600,000	0
2001 Leap Road – 4.26%	2,900,000	0	2,900,000	0
Total Capital Projects Funds	7,717,742	0	7,717,742	0
Total	\$8,250,000	\$0	\$8,250,000	\$0

CITY OF HILLIARD, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 16 - LONG-TERM OBLIGATIONS

Changes in long-term obligations at December 31, 2002, were as follows:

	Balance December 31, 2001	Increase	Decrease	Balance December 31, 2002
<u>General Obligation Notes Payable:</u>				
2002 Leap Road – 2.25%	\$0	\$2,700,000	\$0	\$2,700,000
2002 Britton Road – 2.47%	0	3,000,000	0	3,000,000
Total General Obligation Notes Payable	<u>0</u>	<u>5,700,000</u>	<u>0</u>	<u>5,700,000</u>
<u>Voted General Obligation Bonds Payable:</u>				
1999 Cemetery Road Refunding – 5.1 - 5.15%	1,575,000	0	275,000	1,300,000
<u>Unvoted General Obligation Bonds Payable:</u>				
1982 Water Improvement – 12.125%	155,000	0	20,000	135,000
1992 Various Purpose Improvements – 5.84%	1,140,000	0	165,000	975,000
1995 Various Purpose Improvements – 3.9 - 5.75%	2,800,000	0	140,000	2,660,000
1999 Various Purpose Improvements – 5.1 - 5.15 %	1,125,000	0	130,000	995,000
2002 Various Purpose Improvements – 3.0 - 5.375%	0	4,950,000	0	4,950,000
Total Unvoted General Obligation Bonds Payable	<u>5,220,000</u>	<u>4,950,000</u>	<u>455,000</u>	<u>9,715,000</u>
Total General Obligation Bonds Payable	<u>6,795,000</u>	<u>4,950,000</u>	<u>730,000</u>	<u>11,015,000</u>
<u>Special Assessment Bonds Payable</u>				
1988 Lyman Drive Extension – 7.35%	400,000	0	45,000	355,000
1989 Hilliard Technology Park – 7.199%	260,000	0	25,000	235,000
Total Special Assessment Bonds Payable	<u>660,000</u>	<u>0</u>	<u>70,000</u>	<u>590,000</u>
<u>Other Long-Term Obligations:</u>				
Compensated Absences Payable	1,324,927	0	2,920	1,322,007
Due to Other Governments	0	360,723	0	360,723
Total Other Long-Term Obligations	<u>1,324,927</u>	<u>360,723</u>	<u>2,920</u>	<u>1,682,730</u>
Total - General Long-Term Obligations	<u><u>\$8,779,927</u></u>	<u><u>\$11,010,723</u></u>	<u><u>\$802,920</u></u>	<u><u>\$18,987,730</u></u>

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

CITY OF HILLIARD, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 16 - LONG-TERM OBLIGATIONS (continued)

All voted and unvoted general obligation bond issues will be paid through the general obligation bond retirement debt service fund with transfers from the special revenue funds (street improvement municipal tax fund) and capital projects funds (capital improvements municipal tax fund).

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

Compensated absences and due to other governments will be paid from the funds from which the employees' salaries are paid.

As of December 31, 2002, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$58,727,496 with an unvoted debt margin of \$24,111,940. Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2002, are:

Year	General Obligation Notes	General Obligation Bonds	Special Assessments Bonds	Total
2003	\$5,834,850	\$1,490,679	\$118,924	\$7,444,453
2004	0	1,483,248	123,348	1,606,596
2005	0	1,478,942	117,026	1,595,968
2006	0	1,311,509	120,708	1,432,217
2007	0	1,104,829	118,638	1,223,467
2008-2012	0	3,656,643	121,202	3,777,845
2013-2017	0	2,659,238	43,020	2,702,258
2018-2022	0	1,777,986	0	1,777,986
2022-2027	0	1,738,064	0	1,738,064
Total	<u>\$5,834,850</u>	<u>\$16,701,138</u>	<u>\$762,866</u>	<u>\$23,298,854</u>

NOTE 17 – CONDUIT DEBT OLBIGATIONS

From time to time, the City has issued Industrial Revenue Development Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from the payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served the bond issuance. 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 statements.

As of December 31, 2002, there were five series of industrial revenue development bonds outstanding with an aggregate principal amount payable of \$9,094,412.

CITY OF HILLIARD, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 18 - INTERFUND RECEIVABLES AND PAYABLES

At December 31, 2002, the General Fund had an interfund receivable and the Special Assessment Bond Retirement Debt Service Fund had an interfund payable of \$1,938.

NOTE 19 - CONTINGENT LIABILITIES

Litigation

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

Federal and State Grants

For the period January 1, 2002, to December 31, 2002, the City received federal and state grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

NOTE 20 - CONTRACTUAL COMMITMENTS

As of December 31, 2002, the City had contractual purchase commitments as follows:

Vendor	Project	Contract Amount	Amount Expended	Balance At 12/31/02
Trucco Construction Co.	Britton Road	\$2,995,662	\$1,605,170	\$1,390,492

NOTE 21 - SUBSEQUENT EVENTS

On January 23, 2003, the City refinanced the 2002 Leap Road note in the principal amount of \$2,500,000. The note matured on April 15, 2003, and had an interest rate of 3.04%.

On April 1, 2003, the City issued general obligation bonds in the principal amount of \$5,280,000 for the purpose of retiring the 2003 Leap Road note and retiring the 2002 Britton Road note. The bonds consist of \$3,530,000 serial bonds and \$1,750,000 term bonds bearing interest rates from 3.00% to 4.75% with final maturity on December 1, 2023.

***COMBINING, INDIVIDUAL FUND, AND ACCOUNT
GROUP STATEMENTS AND SCHEDULES***

The following combining statements and schedules include the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds, Fiduciary Funds, and the General Fixed Assets Account Group

GENERAL FUND

The general fund is used to account for governmental resources not accounted for in any other fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the Charter and/or the general laws of Ohio.

CITY OF HILLIARD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2002

GENERAL FUND

	Original	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Property and Other Local Taxes	\$1,395,421	\$1,280,421	\$1,128,023	(\$152,398)
Municipal Income Taxes	8,687,500	8,687,500	8,205,969	(481,531)
Charges for Services	878,432	981,340	965,663	(15,677)
Licenses, Permits and Fees	317,300	375,300	375,832	532
Fines and Forfeitures	215,000	215,000	205,415	(9,585)
Intergovernmental	1,557,600	1,702,623	1,599,758	(102,865)
Investment Income	845,500	250,500	138,648	(111,852)
Rent	41,000	47,000	47,197	197
Other	291,868	192,754	167,155	(25,599)
Total Revenues	14,229,621	13,732,438	12,833,660	(898,778)
Expenditures:				
Current:				
General Government:				
Mayor				
Personal Services	261,063	261,855	261,315	540
Contractual Services	10,000	10,000	9,227	773
Materials and Supplies	20,946	20,946	17,788	3,158
Total Mayor	292,009	292,801	288,330	4,471
City Council				
Personal Services	91,414	91,414	89,561	1,853
Contractual Services	5,000	5,000	2,495	2,505
Materials and Supplies	57,125	57,125	15,136	41,989
Total City Council	153,539	153,539	107,192	46,347
City Clerk				
Personal Services	103,049	103,550	102,817	733
Materials and Supplies	50,000	50,000	49,932	68
Total City Clerk	153,049	153,550	152,749	801
Finance Department				
Personal Services	630,891	634,137	628,819	5,318
Contractual Services	197,800	197,800	197,035	765
Materials and Supplies	55,501	55,501	52,575	2,926
Total Finance Department	884,192	887,438	878,429	9,009
Public Buildings				
Personal Services	299,321	300,710	297,368	3,342
Contractual Services	385,567	385,567	384,664	903
Materials and Supplies	32,975	32,975	27,162	5,813
Total Public Buildings	717,863	719,252	709,194	10,058
Economic Department				
Personal Services	83,445	83,445	76,609	6,836
Materials and Supplies	12,000	12,000	11,977	23
Total Economic Department	\$95,445	\$95,445	\$88,586	\$6,859

(Continued)

CITY OF HILLIARD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2002
(CONTINUED)

GENERAL FUND

	Original	Revised Budget	Actual	Variance Favorable (Unfavorable)
Clerk				
Personal Services	\$65,008	\$65,309	\$63,724	\$1,585
Materials and Supplies	4,700	4,700	3,007	1,693
Total Clerk	<u>69,708</u>	<u>70,009</u>	<u>66,731</u>	<u>3,278</u>
Civil Service				
Personal Services	3,600	3,600	3,600	0
Materials and Supplies	20,500	20,500	17,024	3,476
Total Civil Service	<u>24,100</u>	<u>24,100</u>	<u>20,624</u>	<u>3,476</u>
Boards and Commissions				
Personal Services	31,790	31,790	29,657	2,133
Materials and Supplies	42	42	0	42
Total Boards and Commissions	<u>31,832</u>	<u>31,832</u>	<u>29,657</u>	<u>2,175</u>
Law Department				
Personal Services	97,876	98,410	98,040	370
Contractual Services	221,893	221,893	212,489	9,404
Materials and Supplies	10,566	10,566	7,176	3,390
Total Law Department	<u>330,335</u>	<u>330,869</u>	<u>317,705</u>	<u>13,164</u>
General Administrative				
Personal Services	394,311	394,311	306,809	87,502
Contractual Services	20,000	20,000	19,757	243
Materials and Supplies	14,000	14,000	14,000	0
Capital Outlay	75,144	75,144	160,720	(85,576)
Other	505,091	505,091	498,012	7,079
Total General Administrative	<u>1,008,546</u>	<u>1,008,546</u>	<u>999,298</u>	<u>9,248</u>
Total General Government	<u>3,760,618</u>	<u>3,767,381</u>	<u>3,658,495</u>	<u>108,886</u>
Security of Persons and Property				
Police Department				
Personal Services	4,963,777	4,988,238	4,920,547	67,691
Contractual Services	154,286	154,286	142,419	11,867
Materials and Supplies	223,623	223,623	213,828	9,795
Total Security of Persons and Property	<u>5,341,686</u>	<u>5,366,147</u>	<u>5,276,794</u>	<u>89,353</u>
Public Health and Welfare				
County Health District				
Contractual Services	116,275	116,275	116,275	0
Total Public Health and Welfare	<u>116,275</u>	<u>116,275</u>	<u>116,275</u>	<u>0</u>
Leisure Time Activities				
Recreation Department				
Personal Services	1,743,395	1,749,249	1,740,602	8,647
Contractual Services	262,164	262,164	256,335	5,829
Materials and Supplies	456,540	456,540	407,119	49,421
Total Leisure Time Activities	<u>\$2,462,099</u>	<u>\$2,467,953</u>	<u>\$2,404,056</u>	<u>\$63,897</u>

(Continued)

CITY OF HILLIARD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2002
(CONTINUED)

GENERAL FUND

	Original	Revised Budget	Actual	Variance Favorable (Unfavorable)
Community Environment Service/Engineer				
Personal Services	\$575,930	\$579,021	\$576,966	\$2,055
Contractual Services	37,058	37,058	30,522	6,536
Materials and Supplies	16,794	16,794	12,320	4,474
Total Service/Engineer	<u>629,782</u>	<u>632,873</u>	<u>619,808</u>	<u>13,065</u>
Building Inspections				
Personal Services	320,519	322,179	316,046	6,133
Materials and Supplies	42,500	44,358	42,050	2,308
Total Building Inspections	<u>363,019</u>	<u>366,537</u>	<u>358,096</u>	<u>8,441</u>
Total Community Environment	<u>992,801</u>	<u>999,410</u>	<u>977,904</u>	<u>21,506</u>
Basic Utility Services				
General Refuse				
Personal Services	208,966	209,950	189,319	20,631
Contractual Services	621,000	621,000	616,061	4,939
Materials and Supplies	16,000	16,000	15,924	76
Total Basic Utility Services	<u>845,966</u>	<u>846,950</u>	<u>821,304</u>	<u>25,646</u>
Total Expenditures	<u>13,519,445</u>	<u>13,564,116</u>	<u>13,254,828</u>	<u>309,288</u>
Excess of Revenues Over (Under) Expenditures	<u>710,176</u>	<u>168,322</u>	<u>(421,168)</u>	<u>(589,490)</u>
Other Financing Sources (Uses):				
Proceeds From Sale of Fixed Assets	0	257,705	257,705	0
Income Tax Refunds	(340,000)	(340,000)	(339,155)	845
Total Other Financing Sources (Uses)	<u>(340,000)</u>	<u>(82,295)</u>	<u>(81,450)</u>	<u>845</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	370,176	86,027	(502,618)	(588,645)
Fund Balance at Beginning of Year	3,054,538	3,054,538	3,054,538	0
Prior Year Encumbrances Appropriated	<u>261,953</u>	<u>261,953</u>	<u>261,953</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$3,686,667</u></u>	<u><u>\$3,402,518</u></u>	<u><u>\$2,813,873</u></u>	<u><u>(\$588,645)</u></u>

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Street Maintenance and Repair Fund

To account for that portion of the state gasoline tax and motor vehicle registration fees designated for maintenance and repair of streets within the City.

County Municipal Motor Vehicle Tax Fund

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

Street Improvement Municipal Tax Fund

To account for 12.5% of the City's income tax collections to be used for repair and improvement of streets and highways.

Park Maintenance Fund

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

Enforcement and Education Fund

To account for financial resources used to educate and treat persons with alcohol related problems and to enhance law enforcement activities as a deterrent to the operation of motor vehicles while under the influence of alcohol.

Law Enforcement Trust Fund

To account for proceeds received from the sale of property confiscated during drug related arrests which are used for training and other purposes of the Police Department.

Mandatory Drug Fine Fund

To account for proceeds from mandatory drug fines disbursed for law enforcement purposes.

Law Enforcement Seizure Fund

To account for seized and forfeited cash and other property received as a result of the Safety Department's participation in drug investigations with the federal government. Expenditures are for law enforcement purposes.

Mayor's Court Computer Fund

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

Justice Seizure Fund

To account for seized and forfeited cash and other property received as a result of the Safety Department's investigations.

Water Revenue Fund

To account for water surcharge revenues and water tap fees collected by the City of Columbus for Hilliard. These revenues are used for upgrading and making minor repairs to waterlines.

(Continued)

SPECIAL REVENUE FUNDS

(Continued)

Sewer Revenue Fund

To account for sewer surcharge revenues collected by the City of Columbus for Hilliard and 20 percent of sewer tap fees. These revenues are being used for sewer line upgrading and repairs.

Sewer Capacity and Benefit Fund

To account for system capacity charges and 80 percent of sewer tap fees. These revenues are being used to maintain all sewer lift stations.

Construction Inspection Fund

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

**CITY OF HILLIARD, OHIO
COMBINING BALANCE SHEET
ALL SPECIAL REVENUE FUNDS
DECEMBER 31, 2002**

	Street Maintenance and Repair	County Municipal Motor Vehicle Tax	Street Improvement Municipal Tax	Park Maintenance	Enforcement and Education	Law Enforcement Trust
Assets						
Equity in Pooled Cash and Cash Equivalents	\$169,229	\$360,684	\$1,716,286	\$131,790	\$2,699	\$1,468
Cash and Cash Equivalents with Fiscal Agent	0	164,466	0	0	0	0
Receivables:						
Property and Other Local Taxes	0	17,033	0	0	0	0
Municipal Income Tax	0	0	274,463	0	0	0
Accounts	0	0	0	0	0	0
Due from Other Governments	431,682	0	0	0	172	0
Prepaid Items	0	0	0	1,369	0	0
Total Assets	<u>\$600,911</u>	<u>\$542,183</u>	<u>\$1,990,749</u>	<u>\$133,159</u>	<u>\$2,871</u>	<u>\$1,468</u>
Liabilities						
Accounts Payable	10,742	748	123,418	0	0	0
Accrued Wages and Benefits	22,632	0	0	0	0	0
Compensated Absences Payable	9,121	0	0	0	0	0
Due to Other Governments	31,433	0	0	0	0	0
Deferred Revenue	322,505	0	129,735	0	0	0
Total Liabilities	<u>396,433</u>	<u>748</u>	<u>253,153</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Equity						
Fund Balance:						
Reserved for Encumbrances	19,793	69,566	350,203	0	0	0
Unreserved	184,685	471,869	1,387,393	133,159	2,871	1,468
Total Fund Equity	<u>204,478</u>	<u>541,435</u>	<u>1,737,596</u>	<u>133,159</u>	<u>2,871</u>	<u>1,468</u>
Total Liabilities and Fund Equity	<u>\$600,911</u>	<u>\$542,183</u>	<u>\$1,990,749</u>	<u>\$133,159</u>	<u>\$2,871</u>	<u>\$1,468</u>

Mandatory Drug Fine	Law Enforcement Seizure	Mayor's Court Computer	Justice Seizure	Water Revenue	Sewer Revenue	Sewer Capacity and Benefit	Construction Inspection	Totals
\$2,170	\$2,730	\$30,542	\$277	\$1,605,306	\$56,633	\$803,798	\$355,798	\$5,239,410
0	0	0	0	0	0	0	0	164,466
0	0	0	0	0	0	0	0	17,033
0	0	0	0	0	0	0	0	274,463
0	0	0	0	0	0	0	41,856	41,856
0	0	1,368	0	4,305	3,517	0	0	441,044
0	0	5,693	0	0	0	0	0	7,062
<u>\$2,170</u>	<u>\$2,730</u>	<u>\$37,603</u>	<u>\$277</u>	<u>\$1,609,611</u>	<u>\$60,150</u>	<u>\$803,798</u>	<u>\$397,654</u>	<u>\$6,185,334</u>
0	0	0	0	37	2,336	0	1,011	138,292
0	0	0	0	10,884	8,500	9,275	5,390	56,681
0	0	0	0	3,914	3,703	1,163	2,004	19,905
0	0	0	0	1,498	1,179	16,497	6,055	56,662
0	0	0	0	0	0	0	0	452,240
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>16,333</u>	<u>15,718</u>	<u>26,935</u>	<u>14,460</u>	<u>723,780</u>
0	0	7,000	0	3,000	2,229	0	1,250	453,041
<u>2,170</u>	<u>2,730</u>	<u>30,603</u>	<u>277</u>	<u>1,590,278</u>	<u>42,203</u>	<u>776,863</u>	<u>381,944</u>	<u>5,008,513</u>
<u>2,170</u>	<u>2,730</u>	<u>37,603</u>	<u>277</u>	<u>1,593,278</u>	<u>44,432</u>	<u>776,863</u>	<u>383,194</u>	<u>5,461,554</u>
<u>\$2,170</u>	<u>\$2,730</u>	<u>\$37,603</u>	<u>\$277</u>	<u>\$1,609,611</u>	<u>\$60,150</u>	<u>\$803,798</u>	<u>\$397,654</u>	<u>\$6,185,334</u>

CITY OF HILLIARD, OHIO
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Street Maintenance and Repair	County Municipal Motor Vehicle Tax	Street Improvement Municipal Tax	Park Maintenance	Enforcement and Education	Law Enforcement Trust
Revenues:						
Property and Other Local Taxes	\$0	\$225,351	\$0	\$0	\$0	\$0
Municipal Income Taxes	0	0	1,593,524	0	0	0
Charges for Services	0	0	2,951	37,197	0	0
Licenses, Permits and Fees	0	0	0	72,876	0	0
Fines and Forfeitures	0	0	0	0	2,017	0
Intergovernmental	819,700	103,258	0	0	0	0
Other	0	0	108	0	0	0
Total Revenues	819,700	328,609	1,596,583	110,073	2,017	0
Expenditures:						
Current:						
General Government	0	0	0	0	0	0
Security of Persons and Property	0	0	0	0	8,000	0
Transportation	965,956	211,294	1,188,800	0	0	0
Leisure Time Activities	0	0	0	29,805	0	0
Community Environment	0	0	0	0	0	0
Basic Utility Services	0	0	0	0	0	0
Total Expenditures	965,956	211,294	1,188,800	29,805	8,000	0
Excess of Revenues Over (Under) Expenditures	(146,256)	117,315	407,783	80,268	(5,983)	0
Other Financing Uses:						
Operating Transfers - Out	0	0	(528,135)	0	0	0
Total Other Financing Uses	0	0	(528,135)	0	0	0
Excess of Revenues Over (Under) Expenditures and Other Financing Uses	(146,256)	117,315	(120,352)	80,268	(5,983)	0
Fund Balances (Deficit) at Beginning of Year	350,734	424,120	1,857,948	52,891	8,854	1,468
Fund Balances at End of Year	\$204,478	\$541,435	\$1,737,596	\$133,159	\$2,871	\$1,468

<u>Mandatory Drug Fine</u>	<u>Law Enforcement Seizure</u>	<u>Mayor's Court Computer</u>	<u>Justice Seizure</u>	<u>Water Revenue</u>	<u>Sewer Revenue</u>	<u>Sewer Capacity and Benefit</u>	<u>Construction Inspection</u>	<u>Totals</u>
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$225,351
0	0	0	0	0	0	0	0	1,593,524
0	0	0	0	1,173,702	318,240	576,521	328,774	2,437,385
0	0	0	0	0	0	0	0	72,876
0	0	20,440	10,656	0	0	0	0	33,113
0	0	0	0	0	0	0	0	922,958
0	0	0	0	0	0	0	500	608
<u>0</u>	<u>0</u>	<u>20,440</u>	<u>10,656</u>	<u>1,173,702</u>	<u>318,240</u>	<u>576,521</u>	<u>329,274</u>	<u>5,285,815</u>
0	0	20,442	0	0	0	0	0	20,442
0	0	0	10,656	0	0	0	0	18,656
0	0	0	0	0	0	0	0	2,366,050
0	0	0	0	0	0	0	0	29,805
0	0	0	0	0	0	0	400,036	400,036
0	0	0	0	358,711	243,038	254,769	0	856,518
<u>0</u>	<u>0</u>	<u>20,442</u>	<u>10,656</u>	<u>358,711</u>	<u>243,038</u>	<u>254,769</u>	<u>400,036</u>	<u>3,691,507</u>
0	0	(2)	0	814,991	75,202	321,752	(70,762)	1,594,308
0	0	0	0	0	0	0	0	(528,135)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(528,135)</u>
0	0	(2)	0	814,991	75,202	321,752	(70,762)	1,066,173
<u>2,170</u>	<u>2,730</u>	<u>37,605</u>	<u>277</u>	<u>778,287</u>	<u>(30,770)</u>	<u>455,111</u>	<u>453,956</u>	<u>4,395,381</u>
<u>\$2,170</u>	<u>\$2,730</u>	<u>\$37,603</u>	<u>\$277</u>	<u>\$1,593,278</u>	<u>\$44,432</u>	<u>\$776,863</u>	<u>\$383,194</u>	<u>\$5,461,554</u>

CITY OF HILLIARD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

STREET MAINTENANCE AND REPAIR FUND

	Original	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$950,000	\$950,000	\$832,065	(\$117,935)
Total Revenues	<u>950,000</u>	<u>950,000</u>	<u>832,065</u>	<u>(117,935)</u>
Expenditures:				
Current:				
Transportation				
Personal Services	741,561	744,851	728,497	16,354
Contractual Services	38,670	38,670	37,857	813
Materials and Supplies	240,331	240,331	213,322	27,009
Total Expenditures	<u>1,020,562</u>	<u>1,023,852</u>	<u>979,676</u>	<u>44,176</u>
Excess of Revenues Under Expenditures	(70,562)	(73,852)	(147,611)	(73,759)
Fund Balance at Beginning of Year	259,152	259,152	259,152	0
Prior Year Encumbrances Appropriated	<u>36,001</u>	<u>36,001</u>	<u>36,001</u>	<u>0</u>
Fund Balance at End of Year	<u>\$224,591</u>	<u>\$221,301</u>	<u>\$147,542</u>	<u>(\$73,759)</u>

CITY OF HILLIARD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

COUNTY MUNICIPAL MOTOR VEHICLE TAX FUND

	Original	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Property and Other Local Taxes	\$200,000	\$230,000	\$223,061	(\$6,939)
Intergovernmental	100,000	70,000	70,000	0
Total Revenues	<u>300,000</u>	<u>300,000</u>	<u>293,061</u>	<u>(6,939)</u>
Expenditures:				
Current:				
Transportation				
Personal Services	50,000	50,300	41,064	9,236
Contractual Services	102,780	102,780	92,666	10,114
Materials and Supplies	151,120	151,120	146,382	4,738
Total Expenditures	<u>303,900</u>	<u>304,200</u>	<u>280,112</u>	<u>24,088</u>
Excess of Revenues Over (Under) Expenditures	(3,900)	(4,200)	12,949	17,149
Fund Balance at Beginning of Year	274,269	274,269	274,269	0
Prior Year Encumbrances Appropriated	<u>3,900</u>	<u>3,900</u>	<u>3,900</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$274,269</u></u>	<u><u>\$273,969</u></u>	<u><u>\$291,118</u></u>	<u><u>\$17,149</u></u>

CITY OF HILLIARD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

STREET IMPROVEMENT MUNICIPAL TAX FUND

	Original	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Municipal Income Tax	\$1,737,500	\$1,737,500	\$1,641,195	(\$96,305)
Charges for Services	300	3,000	2,951	(49)
Other	300	300	108	(192)
Total Revenues	<u>1,738,100</u>	<u>1,740,800</u>	<u>1,644,254</u>	<u>(96,546)</u>
Expenditures:				
Current:				
Transportation				
Contractual Services	455,895	455,895	455,895	0
Capital Outlay	1,419,867	1,419,867	1,508,188	(88,321)
Total Expenditures	<u>1,875,762</u>	<u>1,875,762</u>	<u>1,964,083</u>	<u>(88,321)</u>
Excess of Revenues Under Expenditures	<u>(137,662)</u>	<u>(134,962)</u>	<u>(319,829)</u>	<u>(184,867)</u>
Other Financing Uses:				
Income Tax Refunds	(75,000)	(75,000)	(75,000)	0
Operating Transfers - Out	(528,135)	(528,135)	(528,135)	0
Total Other Financing Uses	<u>(603,135)</u>	<u>(603,135)</u>	<u>(603,135)</u>	<u>0</u>
Excess of Revenues Under Expenditures and Other Financing Uses	<u>(740,797)</u>	<u>(738,097)</u>	<u>(922,964)</u>	<u>(184,867)</u>
Fund Balance at Beginning of Year	1,375,647	1,375,647	1,375,647	0
Prior Year Encumbrances Appropriated	<u>807,762</u>	<u>807,762</u>	<u>807,762</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$1,442,612</u></u>	<u><u>\$1,445,312</u></u>	<u><u>\$1,260,445</u></u>	<u><u>(\$184,867)</u></u>

CITY OF HILLIARD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

PARK MAINTENANCE FUND

	<u>Original</u>	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:				
Charges for Services	\$30,000	\$37,000	\$37,197	\$197
Licenses, Permits and Fees	40,000	72,000	72,876	876
Total Revenues	<u>70,000</u>	<u>109,000</u>	<u>110,073</u>	<u>1,073</u>
Expenditures:				
Current:				
Leisure Time Activities				
Capital Outlay	65,000	65,000	31,174	33,826
Total Expenditures	<u>65,000</u>	<u>65,000</u>	<u>31,174</u>	<u>33,826</u>
Excess of Revenues Over Expenditures	5,000	44,000	78,899	34,899
Fund Balance at Beginning of Year	<u>52,891</u>	<u>52,891</u>	<u>52,891</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$57,891</u></u>	<u><u>\$96,891</u></u>	<u><u>\$131,790</u></u>	<u><u>\$34,899</u></u>

CITY OF HILLIARD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

ENFORCEMENT AND EDUCATION FUND

	<u>Original</u>	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:				
Fines and Forfeitures	\$2,000	\$2,000	\$1,845	(\$155)
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>1,845</u>	<u>(155)</u>
Expenditures:				
Current:				
Security of Persons and Property				
Materials and Supplies	8,000	8,000	8,000	0
Total Expenditures	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	<u>0</u>
Excess of Revenues Under Expenditures	(6,000)	(6,000)	(6,155)	(155)
Fund Balance at Beginning of Year	<u>8,854</u>	<u>8,854</u>	<u>8,854</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$2,854</u></u>	<u><u>\$2,854</u></u>	<u><u>\$2,699</u></u>	<u><u>(\$155)</u></u>

CITY OF HILLIARD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

LAW ENFORCEMENT TRUST FUND

	Original	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Fines and Forfeitures	\$2,000	\$2,000	\$0	(\$2,000)
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>0</u>	<u>(2,000)</u>
Expenditures:				
Current:				
Security of Persons and Property				
Materials and Supplies	2,000	2,000	0	2,000
Total Expenditures	<u>2,000</u>	<u>2,000</u>	<u>0</u>	<u>2,000</u>
Excess of Revenues Over Expenditures	0	0	0	0
Fund Balance at Beginning of Year	<u>1,468</u>	<u>1,468</u>	<u>1,468</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$1,468</u></u>	<u><u>\$1,468</u></u>	<u><u>\$1,468</u></u>	<u><u>\$0</u></u>

CITY OF HILLIARD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

MANDATORY DRUG FINE FUND

	Original	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Fines and Forfeitures	\$1,000	\$1,000	\$0	(\$1,000)
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>0</u>	<u>(1,000)</u>
Expenditures:				
Current:				
Security of Persons and Property				
Materials and Supplies	2,000	2,000	0	2,000
Total Expenditures	<u>2,000</u>	<u>2,000</u>	<u>0</u>	<u>2,000</u>
Excess of Revenues Over (Under) Expenditures	(1,000)	(1,000)	0	1,000
Fund Balance at Beginning of Year	<u>2,170</u>	<u>2,170</u>	<u>2,170</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$1,170</u></u>	<u><u>\$1,170</u></u>	<u><u>\$2,170</u></u>	<u><u>\$1,000</u></u>

CITY OF HILLIARD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

LAW ENFORCEMENT SEIZURE FUND

	Original	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Fines and Forfeitures	\$1,000	\$1,000	\$0	(\$1,000)
Total Revenues	1,000	1,000	0	(1,000)
Expenditures:				
Current:				
Security of Persons and Property				
Materials and Supplies	1,000	1,000	0	1,000
Total Expenditures	1,000	1,000	0	1,000
Excess of Revenues Over Expenditures	0	0	0	0
Fund Balance at Beginning of Year	2,730	2,730	2,730	0
Fund Balance at End of Year	\$2,730	\$2,730	\$2,730	\$0

CITY OF HILLIARD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

MAYOR'S COURT COMPUTER FUND

	Original	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Fines and Forfeitures	\$17,000	\$20,000	\$19,072	(\$928)
Total Revenues	<u>17,000</u>	<u>20,000</u>	<u>19,072</u>	<u>(928)</u>
Expenditures:				
Current:				
General Government				
Contractual Services	31,250	31,250	29,435	1,815
Materials and Supplies	4,000	4,000	4,000	0
Total Expenditures	<u>35,250</u>	<u>35,250</u>	<u>33,435</u>	<u>1,815</u>
Excess of Revenues Under Expenditures	(18,250)	(15,250)	(14,363)	887
Fund Balance at Beginning of Year	36,656	36,656	36,656	0
Prior Year Encumbrances Appropriated	<u>1,250</u>	<u>1,250</u>	<u>1,250</u>	<u>0</u>
Fund Balance at End of Year	<u><u>19,656</u></u>	<u><u>\$22,656</u></u>	<u><u>\$23,543</u></u>	<u><u>\$887</u></u>

CITY OF HILLIARD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

JUSTICE SEIZURE FUND

	<u>Original</u>	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:				
Fines and Forfeitures	\$1,000	\$11,000	\$10,656	(\$344)
Total Revenues	<u>1,000</u>	<u>11,000</u>	<u>10,656</u>	<u>(344)</u>
Expenditures:				
Current:				
Security of Persons and Property				
Other	500	12,000	10,656	1,344
Total Expenditures	<u>500</u>	<u>12,000</u>	<u>10,656</u>	<u>1,344</u>
Excess of Revenues Over (Under) Expenditures	500	(1,000)	0	1,000
Fund Balance at Beginning of Year	<u>277</u>	<u>277</u>	<u>277</u>	<u>0</u>
Fund Balance (Deficit) at End of Year	<u><u>\$777</u></u>	<u><u>(\$723)</u></u>	<u><u>\$277</u></u>	<u><u>\$1,000</u></u>

CITY OF HILLIARD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

WATER REVENUE FUND

	Original	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Charges for Services	\$925,000	\$1,165,000	\$1,172,928	\$7,928
Total Revenues	<u>925,000</u>	<u>1,165,000</u>	<u>1,172,928</u>	<u>7,928</u>
Expenditures:				
Current:				
Basic Utility Service				
Personal Services	349,698	351,266	349,871	1,395
Materials and Supplies	25,000	25,000	9,165	15,835
Other	142,800	142,800	16,702	126,098
Total Expenditures	<u>517,498</u>	<u>519,066</u>	<u>375,738</u>	<u>143,328</u>
Excess of Revenues Over Expenditures	407,502	645,934	797,190	151,256
Fund Balance at Beginning of Year	799,318	799,318	799,318	0
Prior Year Encumbrances Appropriated	<u>5,800</u>	<u>5,800</u>	<u>5,800</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$1,212,620</u></u>	<u><u>\$1,451,052</u></u>	<u><u>\$1,602,308</u></u>	<u><u>\$151,256</u></u>

CITY OF HILLIARD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

SEWER REVENUE FUND

	Original	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Charges for Services	\$383,000	\$645,000	\$317,923	(\$327,077)
Total Revenues	<u>383,000</u>	<u>645,000</u>	<u>317,923</u>	<u>(327,077)</u>
Expenditures:				
Current:				
Basic Utility Services				
Personal Services	206,143	207,115	192,513	14,602
Contractual Services	36,000	36,000	36,000	0
Materials and Supplies	21,214	21,214	12,869	8,345
Total Expenditures	<u>263,357</u>	<u>264,329</u>	<u>241,382</u>	<u>22,947</u>
Excess of Revenues Over Expenditures	119,643	380,671	76,541	(304,130)
Fund Balance (Deficit) at Beginning of Year	(24,062)	(24,062)	(24,062)	0
Prior Year Encumbrances Appropriated	<u>214</u>	<u>214</u>	<u>214</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$95,795</u></u>	<u><u>\$356,823</u></u>	<u><u>\$52,693</u></u>	<u><u>(\$304,130)</u></u>

CITY OF HILLIARD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

SEWER CAPACITY AND BENEFIT FUND

	Original	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Charges for Services	\$545,000	\$596,000	\$576,521	(\$19,479)
Total Revenues	<u>545,000</u>	<u>596,000</u>	<u>576,521</u>	<u>(19,479)</u>
Expenditures:				
Current:				
Basic Utility Services				
Personal Services	207,274	208,151	207,182	969
Contractual Services	135,000	135,000	11,556	123,444
Materials and Supplies	30,000	30,000	26,509	3,491
Total Expenditures	<u>372,274</u>	<u>373,151</u>	<u>245,247</u>	<u>127,904</u>
Excess of Revenues Over Expenditures	172,726	222,849	331,274	108,425
Fund Balance at Beginning of Year	<u>472,524</u>	<u>472,524</u>	<u>472,524</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$645,250</u></u>	<u><u>\$695,373</u></u>	<u><u>\$803,798</u></u>	<u><u>\$108,425</u></u>

CITY OF HILLIARD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

CONSTRUCTION INSPECTION FUND

	Original	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Charges for Services	\$390,000	\$390,000	\$286,918	(\$103,082)
Other	8,000	8,000	500	(7,500)
Total Revenues	<u>398,000</u>	<u>398,000</u>	<u>287,418</u>	<u>(110,582)</u>
Expenditures:				
Current:				
Community Environment				
Personal Services	341,802	343,115	340,836	2,279
Materials and Supplies	91,676	91,676	69,317	22,359
Total Expenditures	<u>433,478</u>	<u>434,791</u>	<u>410,153</u>	<u>24,638</u>
Excess of Revenues Under Expenditures	(35,478)	(36,791)	(122,735)	(85,944)
Fund Balance at Beginning of Year	460,452	460,452	460,452	0
Prior Year Encumbrances Appropriated	<u>16,676</u>	<u>16,676</u>	<u>16,676</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$441,650</u></u>	<u><u>\$440,337</u></u>	<u><u>\$354,393</u></u>	<u><u>(\$85,944)</u></u>

CITY OF HILLIARD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Original	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Property and Other Local Taxes	\$200,000	\$230,000	\$223,061	(\$6,939)
Municipal Income Taxes	1,737,500	1,737,500	1,641,195	(96,305)
Charges for Services	2,273,300	2,836,000	2,394,438	(441,562)
Licenses, Permits and Fees	40,000	72,000	72,876	876
Fines and Forfeitures	24,000	37,000	31,573	(5,427)
Intergovernmental	1,050,000	1,020,000	902,065	(117,935)
Other	8,300	8,300	608	(7,692)
Total Revenues	5,333,100	5,940,800	5,265,816	(674,984)
Expenditures:				
Current:				
General Government				
Mayor's Court				
Contractual Services	31,250	31,250	29,435	1,815
Materials and Supplies	4,000	4,000	4,000	0
Total General Government	35,250	35,250	33,435	1,815
Security of Persons and Property				
Enforcement and Education				
Materials and Supplies	8,000	8,000	8,000	0
Total Enforcement and Education	8,000	8,000	8,000	0
Law Enforcement Trust				
Materials and Supplies	2,000	2,000	0	2,000
Total Law Enforcement Trust	2,000	2,000	0	2,000
Mandatory Drug Fine				
Materials and Supplies	2,000	2,000	0	2,000
Total Mandatory Drug Fine	2,000	2,000	0	2,000
Law Enforcement Seizure				
Materials and Supplies	1,000	1,000	0	1,000
Total Law Enforcement Seizure	1,000	1,000	0	1,000
Justice Seizure				
Other	500	12,000	10,656	1,344
Total Justice Seizure	500	12,000	10,656	1,344
Total Security of Persons and Property	13,500	25,000	18,656	6,344
Transportation				
Street Maintenance and Repair				
Personal Services	741,561	744,851	728,497	16,354
Contractual Services	38,670	38,670	37,857	813
Materials and Supplies	240,331	240,331	213,322	27,009
Total Street Maintenance and Repair	1,020,562	1,023,852	979,676	44,176
County Municipal Motor Vehicle Tax				
Personal Services	50,000	50,300	41,064	9,236
Contractual Services	102,780	102,780	92,666	10,114
Materials and Supplies	151,120	151,120	146,382	4,738
Total County Municipal Motor Vehicle Tax	\$303,900	\$304,200	\$280,112	\$24,088

(Continued)

CITY OF HILLIARD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002
(CONTINUED)

	Original	Revised Budget	Actual	Variance Favorable (Unfavorable)
Street Improvement Municipal Tax				
Contractual Services	\$455,895	\$455,895	\$455,895	\$0
Capital Outlay	1,419,867	1,419,867	1,508,188	(88,321)
Total Street Improvement Municipal Tax	<u>1,875,762</u>	<u>1,875,762</u>	<u>1,964,083</u>	<u>(88,321)</u>
Total Transportation	<u>3,200,224</u>	<u>3,203,814</u>	<u>3,223,871</u>	<u>(20,057)</u>
Leisure Time Activities				
Park Maintenance				
Capital Outlay	65,000	65,000	31,174	33,826
Total Leisure Time Activities	<u>65,000</u>	<u>65,000</u>	<u>31,174</u>	<u>33,826</u>
Community Environment				
Construction Inspection				
Personal Services	341,802	343,115	340,836	2,279
Materials and Supplies	91,676	91,676	69,317	22,359
Total Community Environment	<u>433,478</u>	<u>434,791</u>	<u>410,153</u>	<u>24,638</u>
Basic Utility Services				
Water Revenue				
Personal Services	349,698	351,266	349,871	1,395
Contractual Services	25,000	25,000	9,165	15,835
Materials and Supplies	142,800	142,800	16,702	126,098
Total Water Revenue	<u>517,498</u>	<u>519,066</u>	<u>375,738</u>	<u>143,328</u>
Sewer Revenue				
Personal Services	206,143	207,115	192,513	14,602
Contractual Services	36,000	36,000	36,000	0
Materials and Supplies	21,214	21,214	12,869	8,345
Total Sewer Revenue	<u>263,357</u>	<u>264,329</u>	<u>241,382</u>	<u>22,947</u>
Sewer Capacity and Benefit				
Personal Services	207,274	208,151	207,182	969
Contractual Services	135,000	135,000	11,556	123,444
Materials and Supplies	30,000	30,000	26,509	3,491
Total Sewer Capacity and Benefit	<u>372,274</u>	<u>373,151</u>	<u>245,247</u>	<u>127,904</u>
Total Basic Utility Services	<u>1,153,129</u>	<u>1,156,546</u>	<u>862,367</u>	<u>294,179</u>
Total Expenditures	<u>4,900,581</u>	<u>4,920,401</u>	<u>4,579,656</u>	<u>340,745</u>
Excess of Revenues Over Expenditures	<u>432,519</u>	<u>1,020,399</u>	<u>686,160</u>	<u>(334,239)</u>
Other Financing Uses:				
Income Tax Refunds	(75,000)	(75,000)	(75,000)	0
Operating Transfers - Out	(528,135)	(528,135)	(528,135)	0
Total Other Financing Uses	<u>(603,135)</u>	<u>(603,135)</u>	<u>(603,135)</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures and Other Financing Uses	<u>(170,616)</u>	<u>417,264</u>	<u>83,025</u>	<u>(334,239)</u>
Fund Balances at Beginning of Year	3,722,346	3,722,346	3,722,346	0
Prior Year Encumbrances Appropriated	<u>871,603</u>	<u>871,603</u>	<u>871,603</u>	<u>0</u>
Fund Balances at End of Year	<u>\$4,423,333</u>	<u>\$5,011,213</u>	<u>\$4,676,974</u>	<u>(\$334,239)</u>

DEBT SERVICE FUNDS

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

General Obligation Bond Retirement Fund

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

Special Assessment Bond Retirement Fund

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

CITY OF HILLIARD, OHIO
COMBINING BALANCE SHEET
ALL DEBT SERVICE FUNDS
DECEMBER 31, 2002

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Totals
Assets			
Equity in Pooled Cash and Cash Equivalents	\$19,828	\$0	\$19,828
Receivables:			
Special Assessments	0	571,798	571,798
Total Assets	<u>\$19,828</u>	<u>\$571,798</u>	<u>\$591,626</u>
Liabilities			
Interfund Payable	\$0	\$1,938	\$1,938
Deferred Revenue	0	519,644	519,644
Total Liabilities	<u>0</u>	<u>521,582</u>	<u>521,582</u>
Fund Equity			
Fund Balances:			
Unreserved	19,828	50,216	70,044
Total Fund Equity	<u>19,828</u>	<u>50,216</u>	<u>70,044</u>
Total Liabilities and Fund Equity	<u>\$19,828</u>	<u>\$571,798</u>	<u>\$591,626</u>

CITY OF HILLIARD, OHIO
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
ALL DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Totals
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Special Assessments	\$0	\$167,246	\$167,246
Other	21,718	0	21,718
Total Revenues	<u>21,718</u>	<u>167,246</u>	<u>188,964</u>
Expenditures:			
Debt Service:			
Principal Retirement	730,000	70,000	800,000
Interest and Fiscal Charges	503,603	49,146	552,749
Total Expenditures	<u>1,233,603</u>	<u>119,146</u>	<u>1,352,749</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,211,885)</u>	<u>48,100</u>	<u>(1,163,785)</u>
Other Financing Sources (Uses):			
Premium on Bonds	17,552	0	17,552
Operating Transfers - In	2,025,637	4,054	2,029,691
Operating Transfers - Out	(878,558)	0	(878,558)
Total Other Financing Sources (Uses)	<u>1,164,631</u>	<u>4,054</u>	<u>1,168,685</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(47,254)	52,154	4,900
Fund Balances (Deficit) at Beginning of Year	<u>67,082</u>	<u>(1,938)</u>	<u>65,144</u>
Fund Balances at End of Year	<u><u>\$19,828</u></u>	<u><u>\$50,216</u></u>	<u><u>\$70,044</u></u>

CITY OF HILLIARD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS),
DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

GENERAL OBLIGATION BOND RETIREMENT FUND

	Original	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Other	\$21,021	\$21,021	\$21,718	\$697
Total Revenues	<u>21,021</u>	<u>21,021</u>	<u>21,718</u>	<u>697</u>
Expenditures:				
Debt Service:				
Principal Retirement	6,580,000	6,580,000	8,980,000	(2,400,000)
Interest and Fiscal Charges	812,057	812,057	778,107	33,950
Total Expenditures	<u>7,392,057</u>	<u>7,392,057</u>	<u>9,758,107</u>	<u>(2,366,050)</u>
Excess of Revenues Under Expenditures	<u>(7,371,036)</u>	<u>(7,371,036)</u>	<u>(9,736,389)</u>	<u>(2,365,353)</u>
Other Financing Sources (Uses):				
Proceeds from Sale of Bonds	2,511,427	2,511,427	4,950,000	2,438,573
Proceeds from Sale of Long - Term Notes	2,700,000	2,700,000	2,700,000	0
Premium on Bonds	17,552	17,552	17,552	0
Operating Transfers - In	2,142,057	2,142,057	2,025,637	(116,420)
Operating Transfers - Out	0	0	(4,054)	(4,054)
Total Other Financing Sources (Uses)	<u>7,371,036</u>	<u>7,371,036</u>	<u>9,689,135</u>	<u>2,318,099</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	0	(47,254)	(47,254)
Fund Balance at Beginning of Year	<u>67,082</u>	<u>67,082</u>	<u>67,082</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$67,082</u></u>	<u><u>\$67,082</u></u>	<u><u>\$19,828</u></u>	<u><u>(\$47,254)</u></u>

CITY OF HILLIARD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

SPECIAL ASSESSMENT BOND RETIREMENT FUND

	Original	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Special Assessments	\$125,000	\$125,000	\$115,092	(\$9,908)
Total Revenues	<u>125,000</u>	<u>125,000</u>	<u>115,092</u>	<u>(9,908)</u>
Expenditures:				
Debt Service:				
Principal Retirement	70,000	70,000	70,000	0
Interest and Fiscal Charges	<u>51,130</u>	<u>51,130</u>	<u>49,146</u>	<u>1,984</u>
Total Expenditures	<u>121,130</u>	<u>121,130</u>	<u>119,146</u>	<u>1,984</u>
Excess of Revenues Over (Under) Expenditures	<u>3,870</u>	<u>3,870</u>	<u>(4,054)</u>	<u>(7,924)</u>
Other Financing Sources:				
Operating Transfers - In	<u>0</u>	<u>0</u>	<u>4,054</u>	<u>4,054</u>
Total Other Financing Sources	<u>0</u>	<u>0</u>	<u>4,054</u>	<u>4,054</u>
Excess of Revenues and Other Financing Sources Over Expenditures	3,870	3,870	0	(3,870)
Fund Balance (Deficit) at Beginning of Year	<u>(1,938)</u>	<u>(1,938)</u>	<u>(1,938)</u>	<u>0</u>
Fund Balance (Deficit) at End of Year	<u><u>\$1,932</u></u>	<u><u>\$1,932</u></u>	<u><u>(\$1,938)</u></u>	<u><u>(\$3,870)</u></u>

CITY OF HILLIARD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Original	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Special Assessments	\$125,000	\$125,000	\$115,092	(\$9,908)
Other	21,021	21,021	21,718	697
Total Revenues	<u>146,021</u>	<u>146,021</u>	<u>136,810</u>	<u>(9,211)</u>
Expenditures:				
Current:				
Debt Service:				
Principal Retirement	6,650,000	6,650,000	9,050,000	(2,400,000)
Interest and Fiscal Charges	863,187	863,187	827,253	35,934
Total Expenditures	<u>7,513,187</u>	<u>7,513,187</u>	<u>9,877,253</u>	<u>(2,364,066)</u>
Excess of Revenues Under Expenditures	<u>(7,367,166)</u>	<u>(7,367,166)</u>	<u>(9,740,443)</u>	<u>(2,373,277)</u>
Other Financing Sources (Uses):				
Proceeds from Sale of Bonds	2,511,427	2,511,427	4,950,000	2,438,573
Proceeds from Sale of Long - Term Notes	2,700,000	2,700,000	2,700,000	0
Premium on Bonds	17,552	17,552	17,552	0
Operating Transfers - In	2,142,056	2,142,056	2,029,691	(112,365)
Operating Transfers - Out	0	0	(4,054)	(4,054)
Total Other Financing Sources (Uses)	<u>7,371,035</u>	<u>7,371,035</u>	<u>9,693,189</u>	<u>2,322,154</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	3,869	3,869	(47,254)	(51,123)
Fund Balances at Beginning of Year	<u>65,144</u>	<u>65,144</u>	<u>65,144</u>	<u>0</u>
Fund Balances at End of Year	<u>\$69,013</u>	<u>\$69,013</u>	<u>\$17,890</u>	<u>(\$51,123)</u>

CAPITAL PROJECTS FUNDS

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

Capital Improvement Municipal Tax Fund

To account for 25 percent of the City's income tax collections which are used for various capital improvements.

Britton Road Improvement Fund

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

Leap Road Construction Fund

To account for debt proceeds used to finance the widening of Leap Road.

Water Tower Fund

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

There was no budgetary activity to record for the following funds during 2002. All revenues and expenditures are related to accruals; therefore, no budgetary schedules are included for these funds.

Recreation Improvement Fund

To account for debt proceeds used to finance water main improvements.

Municipal Building Fund

To account for costs associated with the planning and construction of an addition to the City's municipal building.

CITY OF HILLIARD, OHIO
COMBINING BALANCE SHEET
ALL CAPITAL PROJECTS FUNDS
DECEMBER 31, 2002

	Capital Improvement Municipal Tax	Britton Road Improvement	Water Tower	Totals
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,087,528	\$2,089,977	\$2,342	\$3,179,847
Receivables:				
Municipal Income Tax	548,927	0	0	548,927
Due from Other Governments	0	54,758	0	54,758
Total Assets	\$1,636,455	\$2,144,735	\$2,342	\$3,783,532
Liabilities				
Accounts Payable	\$84,410	\$10,939	\$0	\$95,349
Retainage Payable	0	119,826	0	119,826
Deferred Revenue	259,471	54,758	0	314,229
Total Liabilities	343,881	185,523	0	529,404
Fund Equity				
Fund Balances:				
Reserved for Encumbrances	651,294	1,534,563	0	2,185,857
Unreserved	641,280	424,649	2,342	1,068,271
Total Fund Equity	1,292,574	1,959,212	2,342	3,254,128
Total Liabilities and Fund Equity	\$1,636,455	\$2,144,735	\$2,342	\$3,783,532

CITY OF HILLIARD, OHIO
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
ALL CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Capital Improvement Municipal Tax</u>	<u>Britton Road Improvement</u>	<u>Leap Road Construction</u>
Revenues:			
Municipal Income Taxes	\$3,109,563	\$0	\$0
Intergovernmental	0	787,742	118,621
Other	160	100	0
Total Revenues	<u>3,109,723</u>	<u>787,842</u>	<u>118,621</u>
Expenditures:			
Capital Outlay	3,104,176	1,828,630	0
Debt Service:			
Interest and Fiscal Charges	19,875	0	6,871
Total Expenditures	<u>3,124,051</u>	<u>1,828,630</u>	<u>6,871</u>
Excess of Revenues Over (Under) Expenditures	<u>(14,328)</u>	<u>(1,040,788)</u>	<u>111,750</u>
Other Financing Sources (Uses):			
Proceeds from Sale of Bonds	888,888	0	0
Proceeds from Sale of Long-Term Notes	0	3,000,000	2,700,000
Operating Transfers - In	103,364	0	309,040
Operating Transfers - Out	(1,497,502)	0	0
Total Other Financing Sources (Uses)	<u>(505,250)</u>	<u>3,000,000</u>	<u>3,009,040</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(519,578)	1,959,212	3,120,790
Fund Balances (Deficit) at Beginning of Year	<u>1,812,152</u>	<u>0</u>	<u>(3,120,790)</u>
Fund Balances at End of Year	<u><u>\$1,292,574</u></u>	<u><u>\$1,959,212</u></u>	<u><u>\$0</u></u>

<u>Water Tower</u>	<u>Recreation Improvement</u>	<u>Municipal Building</u>	<u>Totals</u>
\$0	\$0	\$0	\$3,109,563
0	0	0	906,363
0	0	0	260
<u>0</u>	<u>0</u>	<u>0</u>	<u>4,016,186</u>
97,184	0	0	5,029,990
37,893	8,944	24,843	98,426
<u>135,077</u>	<u>8,944</u>	<u>24,843</u>	<u>5,128,416</u>
<u>(135,077)</u>	<u>(8,944)</u>	<u>(24,843)</u>	<u>(1,112,230)</u>
2,056,453	400,001	1,111,111	4,456,453
0	0	0	5,700,000
230,954	46,512	129,204	819,074
0	0	0	(1,497,502)
<u>2,287,407</u>	<u>446,513</u>	<u>1,240,315</u>	<u>9,478,025</u>
2,152,330	437,569	1,215,472	8,365,795
<u>(2,149,988)</u>	<u>(437,569)</u>	<u>(1,215,472)</u>	<u>(5,111,667)</u>
<u>\$2,342</u>	<u>\$0</u>	<u>\$0</u>	<u>\$3,254,128</u>

CITY OF HILLIARD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

CAPITAL IMPROVEMENT MUNICIPAL TAX FUND

	Original	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Municipal Income Tax	\$3,475,000	\$3,475,000	\$3,282,389	(\$192,611)
Other	2,000	3,000	160	(2,840)
Total Revenues	<u>3,477,000</u>	<u>3,478,000</u>	<u>3,282,549</u>	<u>(195,451)</u>
Expenditures:				
Capital Outlay				
General Government	531,500	531,500	517,056	14,444
Security of Persons and Property	183,700	183,700	183,617	83
Transportation	2,019,517	2,019,517	1,993,308	26,209
Leisure Time Activities	694,333	694,333	580,070	114,263
Community Environment	44,000	44,000	37,867	6,133
Basic Utility Services	958,967	958,967	659,416	299,551
Total Expenditures	<u>4,432,017</u>	<u>4,432,017</u>	<u>3,971,334</u>	<u>460,683</u>
Excess of Revenues Under Expenditures	<u>(955,017)</u>	<u>(954,017)</u>	<u>(688,785)</u>	<u>265,232</u>
Other Financing Uses:				
Income Tax Refunds	(150,000)	(150,000)	(150,000)	0
Operating Transfers - Out	(1,613,921)	(1,613,921)	(1,497,502)	116,419
Total Other Financing Uses	<u>(1,763,921)</u>	<u>(1,763,921)</u>	<u>(1,647,502)</u>	<u>116,419</u>
Excess of Revenues Under Expenditures and Other Financing Uses	<u>(2,718,938)</u>	<u>(2,717,938)</u>	<u>(2,336,287)</u>	<u>381,651</u>
Fund Balance at Beginning of Year	589,837	589,837	589,837	0
Prior Year Encumbrances Appropriated	<u>2,156,199</u>	<u>2,156,199</u>	<u>2,156,199</u>	<u>0</u>
Fund Balance at End of Year	<u>\$27,098</u>	<u>\$28,098</u>	<u>\$409,749</u>	<u>\$381,651</u>

CITY OF HILLIARD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

BRITTON ROAD IMPROVEMENT FUND

	Original	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$0	\$842,500	\$787,742	(\$54,758)
Other	0	100	100	0
Total Revenues	<u>0</u>	<u>842,600</u>	<u>787,842</u>	<u>(54,758)</u>
Expenditures:				
Capital Outlay				
Transportation	0	3,842,600	3,352,254	490,346
Total Expenditures	<u>0</u>	<u>3,842,600</u>	<u>3,352,254</u>	<u>490,346</u>
Excess of Revenues Under Expenditures	<u>0</u>	<u>(3,000,000)</u>	<u>(2,564,412)</u>	<u>435,588</u>
Other Financing Sources:				
Proceeds from Sale of Long-Term Notes	0	3,000,000	3,000,000	0
Total Other Financing Sources	<u>0</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over Expenditures	0	0	435,588	435,588
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$435,588</u>	<u>\$435,588</u>

CITY OF HILLIARD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

LEAP ROAD CONSTRUCTION FUND

	Original	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$0	\$0	\$118,621	\$118,621
Total Revenues	<u>0</u>	<u>0</u>	<u>118,621</u>	<u>118,621</u>
Expenditures:				
Capital Outlay				
Transportation	832,984	832,984	701,605	131,379
Total Expenditures	<u>832,984</u>	<u>832,984</u>	<u>701,605</u>	<u>131,379</u>
Excess of Revenues Under Expenditures	(832,984)	(832,984)	(582,984)	250,000
Fund Balance (Deficit) at Beginning of Year	(250,000)	(250,000)	(250,000)	0
Prior Year Encumbrances Appropriated	832,984	832,984	832,984	0
Fund Balance (Deficit) at End of Year	<u>(\$250,000)</u>	<u>(\$250,000)</u>	<u>\$0</u>	<u>\$250,000</u>

CITY OF HILLIARD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

WATER TOWER FUND

	<u>Original</u>	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:				
Total Revenues	\$0	\$0	\$0	\$0
Expenditures:				
Capital Outlay				
Basic Utility Service	146,598	146,598	144,256	2,342
Total Expenditures	146,598	146,598	144,256	2,342
Excess of Revenues Under Expenditures	(146,598)	(146,598)	(144,256)	2,342
Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances Appropriated	146,598	146,598	146,598	0
Fund Balance at End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$2,342</u>	<u>\$2,342</u>

CITY OF HILLIARD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
ALL CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Original	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Municipal Income Tax	\$3,475,000	\$3,475,000	\$3,282,389	(\$192,611)
Intergovernmental	0	842,500	906,363	63,863
Other	2,000	3,100	260	(2,840)
Total Revenues	3,477,000	4,320,600	4,189,012	(131,588)
Expenditures:				
Capital Outlay				
General Government	531,500	531,500	517,056	14,444
Security of Persons and Property	183,700	183,700	183,617	83
Transportation	2,019,517	2,019,517	1,993,308	26,209
Leisure Time Activities	694,333	694,333	580,070	114,263
Community Environment	44,000	44,000	37,867	6,133
Basic Utility Services	1,105,565	1,105,565	803,672	301,893
Capital Outlay	832,984	4,675,584	4,053,859	621,725
Total Expenditures	5,411,599	9,254,199	8,169,449	1,084,750
Excess of Revenues Under Expenditures	(1,934,599)	(4,933,599)	(3,980,437)	953,162
Other Financing Sources (Uses):				
Proceeds from Sale of Long-Term Notes	0	3,000,000	3,000,000	0
Income Tax Refunds	(150,000)	(150,000)	(150,000)	0
Operating Transfers - Out	(1,613,921)	(1,613,921)	(1,497,502)	116,419
Total Other Financing Uses	(1,763,921)	1,236,079	1,352,498	116,419
Excess of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses	(3,698,520)	(3,697,520)	(2,627,939)	1,069,581
Fund Balances at Beginning of Year	339,837	339,837	339,837	0
Prior Year Encumbrances Appropriated	3,135,781	3,135,781	3,135,781	0
Fund Balances (Deficit) at End of Year	(\$222,902)	(\$221,902)	\$847,679	\$1,069,581

INTERNAL SERVICE FUND

To account for the financing of goods and services provided by one department to other departments within the City.

Insurance Trust Fund

To account for the payment of all City employees' medical insurance claims.

FIDUCIARY FUND TYPES

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

CITY OF HILLIARD, OHIO
COMBINING BALANCE SHEET
ALL FIDUCIARY FUNDS
DECEMBER 31, 2002

	Expendable Trust	Agency	Totals
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$21,542	\$128,664	\$150,206
Cash and Cash Equivalents in Segregated Account	0	22,033	22,033
Total Assets	<u>\$21,542</u>	<u>\$150,697</u>	<u>\$172,239</u>
Liabilities:			
Due to Other Governments	\$0	\$115,465	\$115,465
Undistributed Monies	0	13,199	13,199
Deposits Held and Due to Others	0	22,033	22,033
Total Liabilities	<u>0</u>	<u>150,697</u>	<u>150,697</u>
Fund Equity			
Fund Balance:			
Unreserved	21,542	0	21,542
Total Fund Equity	<u>21,542</u>	<u>0</u>	<u>21,542</u>
Total Liabilities and Fund Equity	<u>\$21,542</u>	<u>\$150,697</u>	<u>\$172,239</u>

EXPENDABLE TRUST FUND

Police Benevolent Fund

To account for all donations to the City's police department for the D.A.R.E. program.

CITY OF HILLIARD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS),
EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

POLICE BENEVOLENT FUND

	Original	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Interest	\$700	\$700	\$413	(\$287)
Donations	48,500	51,500	43,318	(8,182)
Other	0	0	1,841	1,841
Total Revenues	<u>49,200</u>	<u>52,200</u>	<u>45,572</u>	<u>(6,628)</u>
Expenditures:				
Current:				
Security of Persons and Property				
Other	40,000	40,000	42,972	(2,972)
Total Expenditures	<u>40,000</u>	<u>40,000</u>	<u>42,972</u>	<u>(2,972)</u>
Excess of Revenues Under Expenditures	9,200	12,200	2,600	(9,600)
Fund Balance at Beginning of Year	<u>18,942</u>	<u>18,942</u>	<u>18,942</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$28,142</u></u>	<u><u>\$31,142</u></u>	<u><u>\$21,542</u></u>	<u><u>(\$9,600)</u></u>

AGENCY FUNDS

Refund Trust Fund

To account for income tax refunds issued to individuals and corporations.

Columbus Escrow Fund

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

Mayor's Court Fund

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

CITY OF HILLIARD, OHIO
COMBINING BALANCE SHEET
ALL AGENCY FUNDS
DECEMBER 31, 2002

	Refund Trust	Columbus Escrow	Mayor's Court	Totals
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$13,199	\$115,465	\$0	\$128,664
Cash and Cash Equivalents in Segregated Account	0	0	22,033	22,033
Total Assets	<u>\$13,199</u>	<u>\$115,465</u>	<u>\$22,033</u>	<u>\$150,697</u>
Liabilities:				
Due to Other Governments	\$0	\$115,465	\$0	\$115,465
Undistributed Monies	13,199	0	0	13,199
Deposits Held and Due to Others	0	0	22,033	22,033
Total Liabilities	<u>\$13,199</u>	<u>\$115,465</u>	<u>\$22,033</u>	<u>\$150,697</u>

CITY OF HILLIARD, OHIO
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Balance December 31, 2001	Additions	Deductions	Balance December 31, 2002
REFUND TRUST FUND				
<u>Assets:</u>				
Equity In Pooled Cash and Cash Equivalents	\$12,581	\$565,812	\$565,194	\$13,199
Total Assets	\$12,581	\$565,812	\$565,194	\$13,199
 <u>Liabilities:</u>				
Undistributed Monies	\$12,581	\$565,812	\$565,194	\$13,199
Total Liabilities	\$12,581	\$565,812	\$565,194	\$13,199
 COLUMBUS ESCROW FUND				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$108,190	\$548,811	\$541,536	\$115,465
Total Assets	\$108,190	\$548,811	\$541,536	\$115,465
 <u>Liabilities:</u>				
Due to Other Governments	\$108,190	\$548,811	\$541,536	\$115,465
Total Liabilities	\$108,190	\$548,811	\$541,536	\$115,465
 MAYOR'S COURT FUND				
<u>Assets:</u>				
Cash and Cash Equivalents in Segregated Account	\$20,665	\$287,286	\$285,918	\$22,033
Total Assets	\$20,665	\$287,286	\$285,918	\$22,033
 <u>Liabilities:</u>				
Due to Other Funds	\$12,381	\$0	\$12,381	\$0
Due to Other Governments	3,968	0	3,968	0
Deposits Held and Due to Others	4,316	303,635	285,918	22,033
Total Liabilities	\$20,665	\$303,635	\$302,267	\$22,033
 TOTAL - ALL AGENCY FUNDS				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$120,771	\$1,114,623	\$1,106,730	\$128,664
Cash and Cash Equivalents in Segregated Account	20,665	287,286	285,918	22,033
Total Assets	\$141,436	\$1,401,909	\$1,392,648	\$150,697
 <u>Liabilities:</u>				
Due to Other Funds	\$12,381	\$0	\$12,381	\$0
Due to Other Governments	112,158	548,811	545,504	115,465
Undistributed Monies	12,581	565,812	565,194	13,199
Deposits Held and Due to Others	4,316	303,635	285,918	22,033
Total Liabilities	\$137,120	\$1,114,623	\$1,123,079	\$128,664

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GENERAL FIXED ASSETS ACCOUNT GROUP

The general fixed assets account group is used to account for the general fixed assets of the City.

CITY OF HILLIARD, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY SOURCE
DECEMBER 31, 2002

General Fixed Assets:

Land	\$3,185,207
Buildings	4,981,194
Improvements other than Buildings	2,284,660
Machinery and Equipment	1,891,343
Furniture and Fixtures	641,342
Vehicles	1,913,608
Total General Fixed Assets	<u>\$14,897,354</u>

Investment in General Fixed Assets from:

Acquired Prior to December 31, 1990	\$2,444,051
General Fund	10,063,698
Special Revenue Funds	808,154
Capital Project Funds	1,469,001
Donated	112,450
Total Investment in General Fixed Assets	<u>\$14,897,354</u>

CITY OF HILLIARD, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
DECEMBER 31, 2002

Function and Activity	Land	Buildings	Improvements other than Buildings
GENERAL GOVERNMENT:			
Mayor	\$0	\$0	\$0
Finance	0	0	0
Buildings and Grounds	708,774	3,943,473	0
Engineering	0	0	49,090
Total General Government	<u>708,774</u>	<u>3,943,473</u>	<u>49,090</u>
SECURITY OF PERSONS AND PROPERTY:			
Police	0	0	0
TRANSPORTATION:			
Street	0	0	35,920
LEISURE TIME ACTIVITIES:			
Recreation	2,406,433	1,037,721	2,198,000
COMMUNITY ENVIRONMENT:			
Economic and Community Development	70,000	0	0
BASIC UTILITY SERVICES:			
Refuse Collection	0	0	1,650
TOTAL GENERAL FIXED ASSETS	<u><u>\$3,185,207</u></u>	<u><u>\$4,981,194</u></u>	<u><u>\$2,284,660</u></u>

<u>Machinery and Equipment</u>	<u>Furniture and Fixtures</u>	<u>Vehicles</u>	<u>Totals</u>
\$118,870	\$22,989	\$0	\$141,859
93,368	32,084	0	125,452
6,279	0	0	4,658,526
267,208	6,497	69,544	392,339
<u>485,725</u>	<u>61,570</u>	<u>69,544</u>	<u>5,318,176</u>
528,146	309,179	670,552	1,507,877
432,104	21,051	970,682	1,459,757
387,556	237,334	202,830	6,469,874
17,214	12,208	0	99,422
40,598	0	0	42,248
<u>\$1,891,343</u>	<u>\$641,342</u>	<u>\$1,913,608</u>	<u>\$14,897,354</u>

CITY OF HILLIARD, OHIO
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2002

Function and Activity	12/31/2001	Transfers	Additions	Deletions	12/31/2002
GENERAL GOVERNMENT:					
Mayor	\$136,700	\$0	\$5,159	\$0	\$141,859
Finance	124,733	0	719	0	125,452
Buildings and Grounds	4,658,526	0	257,705	257,705	4,658,526
Engineering	320,012	0	72,327	0	392,339
Total General Government	<u>5,239,971</u>	<u>0</u>	<u>335,910</u>	<u>257,705</u>	<u>5,318,176</u>
SECURITY OF PERSONS AND PROPERTY:					
Police	1,476,178	13,538	154,932	136,771	1,507,877
TRANSPORTATION:					
Street	1,353,688	(13,538)	149,195	29,588	1,459,757
LEISURE TIME ACTIVITIES:					
Recreation	6,367,538	0	105,886	3,550	6,469,874
COMMUNITY ENVIRONMENT:					
Economic and Community Development	99,422	0	0	0	99,422
BASIC UTILITY SERVICES					
Refuse Collection	<u>37,606</u>	<u>0</u>	<u>4,642</u>	<u>0</u>	<u>42,248</u>
TOTAL GENERAL FIXED ASSETS	<u><u>\$14,574,403</u></u>	<u><u>\$0</u></u>	<u><u>\$750,565</u></u>	<u><u>\$427,614</u></u>	<u><u>\$14,897,354</u></u>

STATISTICAL SECTION

STATISTICAL TABLES

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

CITY OF HILLIARD, OHIO
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
LAST TEN YEARS

<u>Year</u>	<u>General Government</u>	<u>Security of Persons and Property</u>	<u>Public Health and Welfare</u>	<u>Transportation</u>	<u>Leisure Time Activities</u>	<u>Community Environment</u>	<u>Basic Utility Services</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Total</u>
1993	\$1,286,828	\$2,613,583	\$43,491	\$1,087,477	\$1,073,526	\$520,430	\$917,392	\$4,650	\$1,174,784	\$8,722,161
1994	1,440,121	2,959,027	48,599	2,189,727	1,196,784	517,153	1,093,653	0	1,131,742	10,576,806
1995	1,841,205	3,217,552	51,850	1,790,372	1,289,407	617,201	1,282,733	0	1,187,724	11,278,044
1996	3,093,689	3,489,649	55,924	1,724,518	1,447,065	699,920	1,209,784	0	1,461,772	13,182,321
1997	2,680,336	3,955,924	61,979	1,284,805	1,706,528	617,115	1,198,919	0	1,384,440	12,890,046
1998	2,540,230	4,354,550	64,784	1,975,372	1,988,345	861,126	1,378,198	0	1,364,496	14,527,101
1999	4,396,185	4,709,597	77,937	1,614,934	2,304,495	1,052,595	1,422,919	0	1,434,159	17,012,821
2000	4,665,711	5,213,032	86,423	2,225,509	2,468,887	1,293,415	1,385,469	0	1,487,235	18,825,681
2001	4,188,601	4,929,570	102,506	2,517,213	2,457,256	1,310,297	1,611,830	0	1,465,592	18,582,865
2002	3,383,152	5,129,133	116,275	2,366,050	2,404,361	1,378,857	1,645,707	0	1,361,843	17,785,378

Source: City Finance Department

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

CITY OF HILLIARD, OHIO
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
LAST TEN YEARS

<u>Year</u>	<u>Taxes (2)</u>	<u>Charges for Services</u>	<u>Licenses, Permits, and Fees</u>	<u>Fines and Forfeitures</u>	<u>Inter-Governmental</u>	<u>Special Assessments</u>	<u>Investment Income</u>	<u>All Other</u>	<u>Total</u>
1993	\$4,997,254	\$1,571,372	\$318,988	\$141,753	\$1,501,596	\$208,753	\$93,849	\$723	\$8,834,288
1994	6,007,460	1,751,644	375,603	128,386	1,660,355	183,010	160,564	70,880	10,337,902
1995	7,364,844	1,436,738	478,486	145,140	1,728,826	210,307	426,417	101,334	11,892,092
1996	8,079,880	1,739,484	491,935	192,374	1,840,503	198,456	418,249	194,166	13,155,047
1997	8,652,085	1,321,832	346,811	217,496	2,025,852	193,399	467,456	146,121	13,371,052
1998	10,399,120	1,777,254	387,125	227,632	2,199,226	171,474	389,020	124,254	15,675,105
1999	10,536,133	1,661,365	351,828	228,963	2,510,280	167,103	545,081	46,848	16,047,601
2000	12,207,528	2,130,192	312,497	232,035	1,664,608	158,117	827,150	101,139	17,633,266
2001	11,853,434	2,923,646	532,984	188,598	2,371,628	124,586	517,618	516,491	19,028,985
2002	10,996,339	3,403,048	408,948	239,362	2,479,572	167,246	138,885	238,343	18,071,743

Source: City Finance Department

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

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

CITY OF HILLIARD, OHIO
MUNICIPAL INCOME TAX REVENUES
LAST TEN YEARS

<u>Year</u>	<u>Amount (1)</u>	<u>Percentage Increase (Decrease)</u>
1993	\$6,098,131	11.9%
1994	7,537,820	23.6%
1995	8,843,496	17.3%
1996	9,498,106	7.4%
1997	10,209,272	7.5%
1998	12,313,215	20.6%
1999	12,394,148	0.6%
2000	13,262,472	7.0%
2001	13,533,051	2.0%
2002	13,129,553	(3.1%)

Source: City Income Tax Department

(1) Cash Basis

CITY OF HILLIARD, OHIO
REAL PROPERTY TAX LEVIES AND COLLECTIONS (1)
LAST TEN YEARS

<u>Collection Year</u>	<u>Total Tax Levy (1) (2)</u>	<u>Current Tax Collections (1)</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections to Tax Levy</u>	<u>Accumulated Outstanding Delinquent Taxes (2)</u>	<u>Percentage of Accumulated Delinquent Taxes to Total Tax Levy</u>
1993	\$362,819	\$344,841	\$11,361	\$356,202	98.18%	\$10,813	2.98%
1994	444,881	423,860	10,311	434,171	97.59%	13,707	3.08%
1995	488,215	468,380	12,328	480,708	98.46%	11,067	2.27%
1996	553,325	530,722	7,502	538,224	97.27%	21,906	3.96%
1997	636,876	606,399	15,227	621,626	97.61%	28,521	4.48%
1998	764,962	749,963	27,096	777,059	101.58%	38,650	5.05%
1999	818,899	809,787	19,134	828,921	101.22%	31,188	3.81%
2000	951,953	927,709	19,405	947,114	99.49%	69,987	7.35%
2001	983,178	962,455	27,112	989,567	100.65%	157,152	15.98%
2002	1,008,998	951,977	59,665	1,011,642	100.26%	106,768	10.58%

Source: Franklin County Auditor

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

CITY OF HILLIARD, OHIO
TANGIBLE PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

Collection Year	Total Tax Levy	Current Tax Collections	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Accumulated Outstanding Delinquent Taxes (1)	Percentage of Accumulated Delinquent Taxes to Total Tax Levy
1993	\$69,531	\$63,662	\$6,282	\$69,944	100.59%	\$4,052	5.83%
1994	65,777	61,494	2,436	63,930	97.19%	4,489	6.82%
1995	71,529	70,557	2,873	73,430	102.66%	3,684	5.15%
1996	90,566	85,434	2,172	87,606	96.73%	6,143	6.78%
1997	94,938	90,394	2,270	92,664	97.60%	4,252	4.48%
1998	97,445	93,657	17,020	110,677	113.58%	7,078	7.26%
1999	112,367	109,825	5,590	115,415	102.71%	6,828	6.08%
2000	122,363	118,312	582	118,894	97.16%	40,703	33.26%
2001	109,899	80,981	10,608	91,589	83.34%	125,617	114.30%
2002	117,152	78,632	35,795	114,427	97.67%	78,292	66.83%

Source: Franklin County Auditor

(1) Amounts listed include penalties and interest

CITY OF HILLIARD, OHIO
ASSESSED VALUATIONS AND ESTIMATED TRUE VALUES
OF TAXABLE PROPERTY
LAST TEN YEARS

Collection Year	Real Property		Public Utility Personal		Tangible Personal Property		Total		Assessed Value as a Percent of Actual Value
	Assessed	Actual	Assessed	Actual	Assessed	Actual	Assessed	Actual	
1993	\$252,973,070	\$722,780,200	\$15,782,550	\$45,093,000	\$40,600,481	\$162,401,924	\$309,356,101	\$930,275,124	33.25%
1994	262,037,980	748,679,943	16,574,950	47,357,000	55,128,585	220,514,340	333,741,515	1,016,551,283	32.83%
1995	322,605,580	921,730,229	16,607,520	47,450,057	41,899,796	167,599,184	381,112,896	1,136,779,470	33.53%
1996	375,958,820	1,074,168,057	19,257,710	55,022,029	54,300,913	217,203,652	449,517,443	1,346,393,738	33.39%
1997	396,902,200	1,134,006,286	20,296,580	57,990,229	62,190,825	248,763,300	479,389,605	1,440,759,815	33.27%
1998	421,012,750	1,202,893,571	20,399,890	58,285,400	60,902,842	243,611,368	502,315,482	1,504,790,339	33.38%
1999	490,788,860	1,402,253,886	20,593,850	58,839,571	70,229,428	280,917,712	581,612,138	1,742,011,169	33.39%
2000	520,706,420	1,487,732,629	19,792,520	56,550,057	76,476,995	305,907,980	616,975,935	1,850,190,666	33.35%
2001	542,010,270	1,548,600,711	15,138,450	43,252,714	68,687,135	274,748,540	625,835,855	1,866,601,965	33.53%
2002	625,119,360	1,786,055,314	19,971,850	57,062,429	73,219,911	292,879,644	718,311,121	2,135,997,387	33.63%

Source: Franklin County Auditor

CITY OF HILLIARD, OHIO
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUATIONS)
LAST TEN YEARS

Collection Year	City of Hilliard General Fund	Hilliard City School District	Franklin County	Metropolitan Library	Norwich Township	Vocational School	Total
1993	\$1.60	\$51.58	\$14.87	\$2.20	\$11.50	\$1.60	\$83.35
1994	1.60	50.37	14.57	2.20	11.50	1.60	81.84
1995	1.60	52.15	14.57	2.20	11.50	1.60	83.62
1996	1.60	60.65	14.82	2.20	11.50	1.60	92.37
1997	1.60	60.28	15.12	2.20	11.50	1.60	92.30
1998	1.60	59.71	17.54	2.20	17.50	1.60	100.15
1999	1.60	59.71	17.64	2.20	17.50	1.60	100.25
2000	1.60	65.61	17.64	2.20	17.50	1.10	105.65
2001	1.60	65.61	17.64	2.20	17.50	1.10	105.65
2002	1.60	64.44	17.64	2.20	17.50	0.50	103.88

Source: Franklin County Auditor

CITY OF HILLIARD, OHIO
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
LAST TEN YEARS

<u>Collection Year</u>	<u>Amount Billed</u>	<u>Amount Collected (1)</u>	<u>Percent Collection</u>
1993	\$188,470	\$208,753	110.76%
1994	194,129	183,010	94.27%
1995	203,294	209,564	103.08%
1996	183,670	198,456	108.05%
1997	171,145	193,398	113.00%
1998	166,950	96,648	57.89%
1999	167,290	167,249	99.98%
2000	163,722	158,117	96.58%
2001	124,788	124,586	99.84%
2002	115,844	115,092	99.35%

Source: Franklin County Auditor

(1) Cash basis

CITY OF HILLIARD, OHIO
COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 2002

	<u>Total Debt</u>	<u>Unvoted Debt</u>
Net Assessed Valuation	\$718,311,121	\$718,311,121
Legal Debt Limitation (1)	10.50%	5.50%
Legal Debt Limitation (1)	75,422,668	39,507,112
Applicable City Debt Outstanding (2)	16,715,000	15,415,000
Less: Applicable Debt Service Fund Amounts	<u>19,828</u>	<u>19,828</u>
Net Indebtness Subject to Limitation	<u>16,695,172</u>	<u>15,395,172</u>
Legal Debt Margin	<u>\$58,727,496</u>	<u>\$24,111,940</u>

Source: City Finance Department

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

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

CITY OF HILLIARD, OHIO
RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED
VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN YEARS

<u>Collection Year</u>	<u>Population(1)</u>	<u>Assessed Value (2)</u>	<u>Net Bonded Debt (3)</u>	<u>Ratio of Net Bonded Debt to Assessed Valuation</u>	<u>Net Bonded Debt Per Capita</u>
1993	16,500	\$309,356	\$7,020,721	2.27%	\$425.50
1994	17,000	333,741	6,585,640	1.97%	387.39
1995	17,903	381,113	9,616,763	2.52%	537.16
1996	18,774	449,517	9,011,628	2.00%	480.01
1997	19,281	479,389	8,345,691	1.74%	432.85
1998	21,065	502,315	7,672,667	1.53%	364.24
1999	22,506	581,612	8,446,913	1.45%	375.32
2000	24,230	616,976	7,357,966	1.19%	303.67
2001	25,555	625,836	6,729,856	1.08%	263.35
2002	25,996	718,311	10,995,172	1.53%	422.96

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

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

(3) Includes all general obligation bonded debt supported by property taxes less balance available in debt service fund

CITY OF HILLIARD, OHIO
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL OBLIGATION BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES (1)
LAST TEN YEARS

Year	Debt Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Tax Debt Service to General Governmental Expenditures
1993	\$430,000	\$528,603	\$958,603	\$8,722,161	10.99%
1994	435,000	486,224	921,224	10,576,806	8.71%
1995	475,000	444,276	919,276	11,278,044	8.15%
1996	605,000	663,679	1,268,679	13,182,321	9.62%
1997	640,000	551,557	1,191,557	12,890,046	9.24%
1998	665,000	517,233	1,182,233	14,527,101	8.14%
1999	740,000	505,909	1,245,909	17,012,821	7.32%
2000	820,000	473,165	1,293,165	18,825,681	6.87%
2001	865,000	428,127	1,293,127	18,582,865	6.96%
2002	730,000	503,603	1,233,603	17,785,378	6.94%

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

CITY OF HILLIARD, OHIO
COMPUTATION OF ALL DIRECT AND OVERLAPPING GOVERNMENTAL DEBT
DECEMBER 31, 2002

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Hilliard (2)</u>	<u>Amount Applicable to City of Hilliard</u>
Direct			
City of Hilliard (1)	\$16,695,172	100.00%	\$16,695,172
Overlapping Subdivisions			
Hilliard City School District	133,725,500	35.04%	46,857,415
Dublin City School District	168,666,982	3.00%	5,060,009
Franklin County	151,355,625	2.90%	4,389,313
Washington Township	1,945,000	20.00%	389,000
			<u>56,695,737</u>
			<u><u>\$73,390,909</u></u>

Source: Franklin County Auditor and Fiscal Officers of Subdivisions

- (1) Net debt outstanding equals the amount of general obligation notes and bonds outstanding less the amount available in the general obligation bond retirement debt service fund.
- (2) Percentages determined by dividing each overlapping subdivision's assessed valuation within the City by the subdivision's total assessed valuation.

CITY OF HILLIARD, OHIO
DEMOGRAPHIC STATISTICS
LAST TEN YEARS

Year	Population (1)	Per Capita Income (2)	Unemployment Rate		School Enrollment (3)
			Franklin County Area (2)	Franklin County Area (2)	
1993	16,500	\$18,437	4.6%	4.6%	8,630
1994	17,000	20,000	3.9%	3.9%	8,703
1995	17,903	21,100	2.8%	2.8%	10,030
1996	18,774	21,733	3.2%	3.2%	10,668
1997	19,281	22,385	2.7%	2.7%	11,224
1998	21,065	23,057	2.5%	2.5%	12,003
1999	22,506	23,749	2.5%	2.5%	12,492
2000	24,230	24,343	2.4%	2.4%	12,873
2001	25,555	28,496	2.8%	2.8%	13,252
2002	25,996	28,823	4.4%	4.4%	13,674

- (1) Source: "Population Estimates and Projections", published by the U.S. Department of Commerce, Bureau of Census
(2) State Department of Labor
(3) Hilliard City School District, Board of Education

CITY OF HILLIARD, OHIO
PROPERTY VALUES AND CONSTRUCTION PERMITS
LAST TEN YEARS

Tax Collection Year	Total Real Property Assessed Value	Residential		Commercial		Industrial	
		Number of Permits	Construction Value	Number of Permits	Construction Value	Number of Permits	Construction Value
1993	\$252,973,070	576	\$69,873,558	24	\$7,589,493	6	\$1,926,000
1994	262,037,980	526	82,690,980	64	57,255,297	0	0
1995	322,605,580	462	63,325,739	67	38,012,919	0	0
1996	375,958,820	424	67,308,664	69	6,973,738	0	0
1997	396,902,200	232	42,707,408	65	18,760,862	0	0
1998	421,012,750	220	48,904,375	15	8,562,908	0	0
1999	490,788,860	219	52,180,707	10	4,945,000	0	0
2000	520,706,420	181	40,821,072	16	21,201,832	0	0
2001	542,010,270	239	59,999,460	20	21,901,278	0	0
2002	625,119,360	324	373,214,763	6	6,067,074	0	0

Source: City of Hilliard Building Department

CITY OF HILLIARD, OHIO
PRINCIPAL TAXPAYERS (PERSONAL PROPERTY TAX)
DECEMBER 31, 2002

	<u>Taxpayer</u>	<u>Type of Business</u>	<u>2002 Assessed Valuations (Tax Duplicate)</u>	<u>Percentage of Total Assessed Valuation</u>
1	Uunet Technologies, Inc.	Computer Information Services	\$22,591,020	30.85%
2	Dana Corporation	Manufacturing	4,470,200	6.11%
3	Armstrong World Industries	Manufacturing	2,456,210	3.35%
4	Rich Products Manufacturing Corp	Manufacturing	2,094,400	2.86%
5	Gates McDonald & Company	Actuarial Services	2,058,180	2.81%
6	Baesman Printing Corporation	Publishing	1,621,500	2.21%
7	Atherton, Inc.	Sporting Goods	1,359,930	1.86%
8	Highlights for Children, Inc.	Publishing	1,118,240	1.53%
9	S & G Manufacturing Group, LCC	Manufacturing	1,037,480	1.42%
10	Buckeye Nissan, Inc.	Automobile Dealer	997,860	1.36%
	Sub-Total		39,805,020	54.36%
	All Others		33,414,891	54.64%
	Total		73,219,911	100.00%

Based on valuation of property taxes levied in 2002 and collected in 2002.
Source: Franklin County Auditor - Land and Buildings

CITY OF HILLIARD, OHIO
PRINCIPAL TAXPAYERS (REAL PROPERTY TAX)
DECEMBER 31, 2002

Taxpayer	Type of Business	2001 Assessed Valuations (Tax Duplicate)	Percentage of Total Assessed Valuation
1 United Dominion Realty LP	Real Estate Holding Company	\$6,930,010	1.11%
2 One Mill L.L.C	Commercial Real Estate	6,723,760	1.08%
3 First Industrial, LP	Commercial Real Estate	4,647,310	0.74%
4 Real Estate Finance Trust 1995-k-4	Commercial Real Estate	3,220,010	0.52%
5 Garden Ridge Hilliard	Retail	2,998,660	0.48%
6 Dominion Homes, Inc.	Real Estate Holding Company	2,874,850	0.46%
7 Crystal Lakes Apartments	Rental Real Estate	2,844,390	0.46%
8 Nationwide Health Insurance	Insurance	2,310,000	0.37%
9 Armstrong World Industries, Inc.	Manufacturing	2,179,110	0.35%
10 Red Roof Inns, Inc	Hospitality - Corporate Headquarter	2,142,040	0.34%
	Sub-Total	36,870,140	5.90%
	All Others	588,249,220	94.10%
	Total	\$625,119,360	100.00%

Based on valuation of property taxes levied in 2001 and collected in 2002.
Source: Franklin County Auditor - Land and Buildings

CITY OF HILLIARD, OHIO
PRINCIPAL EMPLOYERS BASED ON EMPLOYEE INCOME TAX WITHHOLDINGS
DECEMBER 31, 2002

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

Source: Hilliard City Income Tax Department

CITY OF HILLIARD, OHIO
MISCELLANEOUS STATISTICS
DECEMBER 31, 2002

Date of Incorporation	1869		
Effective Date of Charter	January 1, 1963		
Form of Government	Mayor - Council		
Area (square miles)	14		
Facilities and Services:			
Miles of Streets	141		
Number of Street Lights	480		
Miles of Water Mains	105		
Miles of Sanitary Sewers	120		
Miles of Storm Sewers	96		
		City Employees:	Recreation and Culture:
		Number of Full Time	Number of Parks
		Number of Part Time	Park Area (acres)
			Number of Playgrounds
		Police Services:	Number of Swimming Pools
		Number of Stations	Number of Ball Fields
		Number of Police and Officers	Number of Tennis Courts
		Fire/Emergency Medical Services:(1)	Number of Community Centers
		Number of Stations	Number of Senior Centers
		Number of Firefighters	
		Number of Paramedics	Education: (2)
			Elementary Schools
			Elementary School Students
			Elementary School Instructors
			Secondary Schools
			Secondary School Students
			Secondary School Instructors
Building Permits Issued in 2002	330		Student/Teacher Ratio

(1) Fire Protection provided by Norwich Township

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

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**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

CITY OF HILLIARD

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 21, 2003**