

CITY OF HILLIARD, OHIO

FRANKLIN COUNTY

Comprehensive Annual Financial Report

For the Year Ended December 31, 2018

Prepared by:
Department of Finance

David D. Delande
Director

Greg A. Tantari
Deputy Director

INTRODUCTORY SECTION



Real People. Real Possibilities.

CITY OF HILLIARD, OHIO
Comprehensive Annual Financial Report
For The Year Ended December 31, 2018
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INTRODUCTORY SECTION

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Finance Department

Real People. Real Possibilities:

DON SCHONHARDT, MAYOR

June 24, 2019

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

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Hilliard (the City) for the year ended December 31, 2018. This CAFR is prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and in conformance with standards of financial reporting established by the Governmental Accounting Standards Board (GASB) using guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

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

Wilson, Shannon & Snow, Inc. has issued an unmodified ("clean") opinion on the City's financial statements for the year ended December 31, 2018. The Independent Auditor's Report is located at the front of the financial section of this report.

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

Profile of the Government

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

The Hilliard area was settled in the early 1800's and was incorporated as a village in 1869. The Village of Hilliard remained primarily agricultural in character until the 1950's when residential growth boomed. By December 12, 1960 the population had reached 5,000 and the Village of Hilliard became a City. The Mid-Ohio Regional Planning Commission estimates the population for the City to be 37,063 for 2018.

The City is serviced by the Hilliard City School District, which is an independent political subdivision not under the control or supervision of the City in any respect. The geographic boundaries of the School District are much larger than the City, encompassing some 60 square miles, and portions of several other municipalities (including the City of Columbus) as well as unincorporated areas of Franklin County. The School District estimates that 39.48 percent of its students reside in the City.

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

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

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

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

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

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

This annual budget serves as the foundation for the City of Hilliard's financial planning and control. The 2018 budget was prepared by fund and department and object level. Department heads may transfer resources within the object as they see fit. The budget was approved by Council as required by the City's Charter.

Local Economy and Long-term Financial Planning

The City is included in the Columbus Metropolitan Statistical Area (MSA) which is ranked 28th in the nation by population. This MSA had an annual average unemployment rate at the end of 2018 of 3.8 percent while the State of Ohio was at an annual average 4.6 percent unemployment rate at the end of 2018 according to the Ohio Labor Market Information site for the Ohio Department of Jobs and Family Services. Our employment mix insulates us somewhat from what is happening elsewhere in the state. One of our largest employers is the Hilliard City School District which is the ninth largest district in the state according to the Ohio Department of Education. The list of our ten largest employers can be found in our statistical section and includes telecommunications, financial services, technology, marketing, insurance and manufacturing businesses.

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

Relevant financial policies

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

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

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

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

Major initiatives

Development

2018 was a strong year for new development and company expansions in the City of Hilliard. Eight companies proposed projects that will create 444 new jobs and retain 333 existing jobs. Low vacancy rates for office, industrial and retail properties led to more than \$42.9 million in new commercial building permits.

Businesses continue to see the benefit of locating to or expanding in the City of Hilliard. Granite Inliner commenced construction on a \$5.4 million, 35,000 square foot manufacturing plant on Weaver Court that will support 59 jobs and \$4.9 million in payroll. PharmaForce continued construction of a \$34 million expansion of the Lyman Drive facility and will hire 8 new employees. Trilogy Health Services received approval to construct a \$15 million continuum of care facility on Davidson Road that will add \$4.23 million in new annual payroll.

Three new hotels with a combined \$34 million investment were approved that will add approximately 260 rooms for visitors to our community. Not only do these developments bring bed tax revenues to the community, they also attract visitors who spend money in our stores and restaurants.

As a result of the City's investments in the Old Hilliard area, several new amenities and developments have committed to the community. Landmark Lofts completed its new \$18 million mixed-use development on Cemetery Road and Franklin Street, bringing new restaurants, retail space, and residential units to the heart of our community. Significant investments were made transforming a residential property to an award-winning Texas-style barbecue restaurant called Legacy Smokehouse. Construction also commenced on the Crooked Can brewery and Center Street Market. This \$3 million investment will include a craft brewery and 12 local vendors in a community market.

Three new developments completed construction of projects that have significant community benefit. The Columbus Public Library completed \$15 million in renovations to the former Hickory Chase community center building. In its first three months after opening, nearly 164,000 visitors came to the building, an increase of 52 percent from the same time period in 2017. Rock City Church completed construction on a new 45,448 square foot church and performing arts center, which includes a 1,300 seat auditorium that will be made available to the public. The Ashford at Sturbridge completed construction on a \$10.8 million, 124-unit affordable senior living facility.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Hilliard, Ohio for its comprehensive annual financial report (CAFR) for the year ended December 31, 2017. This was the twenty-sixth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

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

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

Respectfully submitted,



David D. Delande
Finance Director



Don Schonhardt
Mayor



Government Finance Officers Association

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

Presented to

**City of Hilliard
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morrell

Executive Director/CEO

City of Hilliard, Ohio

Principal Officials

December 31, 2018

Elected Officials

Name	Title	Term Expires	Service
Don Schonhardt	Mayor	12/31/2019	17
Nathan Painter	Council	12/31/2019	7
Les Carrier	Council	12/31/2021	5
Tom Baker	Council	12/31/2021	5
Albert J. Iosue	President of Council	12/31/2019	11
Kelly McGivern	Council	12/31/2021	11
Andy Teater	Council	12/31/2021	1
Pete Marsh	Council	12/31/2019	1

Appointed Officials

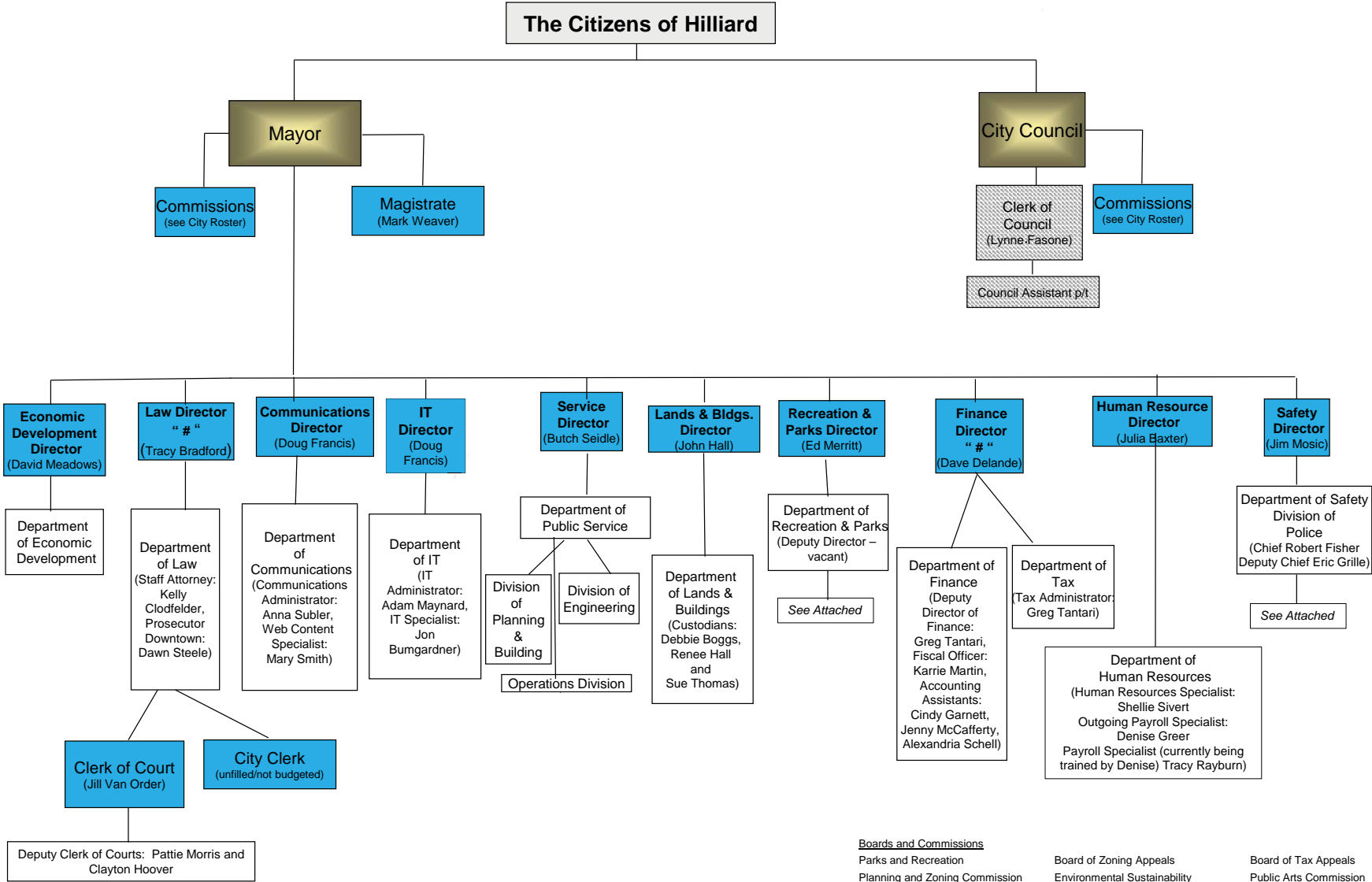
Name	Title	Term Expires	Service
David D. Delande	Director of Finance	Indefinite	24
Tracy Bradford	Director of Law	Indefinite	14
James R. Mosaic	Director of Safety	Indefinite	1
Clyde R. Seidle	Director of Service	Indefinite	15
Ed Merritt	Director of Parks and Recreation	Indefinite	1
David Meadows	Director of Economic Development	Indefinite	2
Julia Baxter	Director of Human Resource	Indefinite	2
John F. Hall, III	Director of Land & Bldgs.	Indefinite	14
J. Douglas Francis	Director of Information Technology	Indefinite	10
David B. Ball	Director of Communications	Indefinite	1
Robert Fisher	Chief of Police	Indefinite	7
Lynn Fasone	Clerk of Council	Indefinite	14




City Address:

City of Hilliard
3800 Municipal Way
Hilliard, OH 43026

The City of Hilliard, Ohio Organizational Chart

As of 12/05/2018



 Elected Officials
 Appointed by the Mayor
 Appointed by Council
 “#” Consent by Council

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

FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

To the City Council and Management:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Hilliard, Franklin County, Ohio (the City), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Hilliard, Franklin County, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Street Maintenance and Repair, Street Improvement Municipal Tax, Water and Sewer Revenue and TIF Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 24 to the basic financial statements, during 2018, the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

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

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

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in

City of Hilliard
Franklin County
Independent Auditor's Report

accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2019 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Wilson, Shannon & Son, Inc.

Newark, Ohio
June 24, 2019



Real People. Real Possibilities.

CITY OF HILLIARD, OHIO
Management's Discussion and Analysis
Year Ended December 31, 2018
Unaudited

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Hilliard's ("the City") discussion and analysis of the annual financial report provides an overview of the City's financial activities for the year ended December 31, 2018.

FINANCIAL HIGHLIGHTS

- The City's total net position decreased \$4,573,614 in 2018.
- General revenues accounted for \$37,956,523 or 69% of total revenue. Program specific revenues in the form of charges for services, grants, and contributions accounted for \$16,804,338 or 31% of total revenues of \$54,760,861.
- The City had \$59,334,475 in expenses related to governmental activities. Program revenues of \$16,804,338 reduced the net cost of the City's functions to be financed from the City's general revenues to \$42,530,137.
- The City's unassigned fund balance of the General Fund totaled \$11,421,542 at year end, or 48% of General Fund expenditures.

USING THIS ANNUAL FINANCIAL REPORT

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

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

REPORTING THE CITY AS A WHOLE

Statement of Net Position and the Statement of Activities

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

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

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

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

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

THE CITY AS A WHOLE

As stated previously, the Statement of Net Position looks at the City as a whole. Table 1 provides a summary of the City's net position for 2018 compared to 2017.

Table 1
Net Position

	Governmental Activities	
	2018	Restated 2017
Assets		
Current and other assets	\$ 57,507,302	\$ 50,630,255
Capital assets	246,022,438	248,018,982
<i>Total Assets</i>	<u>303,529,740</u>	<u>298,649,237</u>
 Deferred Outflows of Resources	 <u>8,333,514</u>	 <u>8,978,897</u>
 Liabilities		
Long-term liabilities:		
Net pension liabilities	20,940,581	23,907,285
Net OPEB liabilities	17,285,765	14,513,899
Other long-term amounts	64,464,960	64,369,842
Other liabilities	3,871,812	3,785,653
<i>Total Liabilities</i>	<u>106,563,118</u>	<u>106,576,679</u>
 Deferred Inflows of Resources	 <u>15,633,176</u>	 <u>6,810,881</u>
 Net Position		
Net investment in capital assets	185,358,515	187,490,079
Restricted	19,791,069	16,913,151
Unrestricted	(15,482,624)	(10,162,656)
<i>Total Net Position</i>	<u>\$ 189,666,960</u>	<u>\$ 194,240,574</u>

Other than long-term debt, net pension liability (NPL) is one of the larger liabilities reported by the City at December 31, 2018 and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. For 2018, the City adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board (GASB) standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB Statement No. 27) and postemployment benefits (GASB Statement No. 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*.

GASB Statement No. 68 and GASB Statement No. 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB Statement No. 68 and GASB Statement No. 75 require the net pension liability and the net OPEB liability to equal the City's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement systems are responsible for the administration of the pension and OPEB plans.

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

Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB Statement No. 68 and GASB Statement No. 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB Statement No. 75, the City is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2017, from \$208,660,346 to \$194,240,574.

The largest portion of the City's net position (\$185,358,515) reflects its investment in capital assets, less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (\$19,791,069) represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position is an unrestricted deficit balance of \$15,482,624, primarily due to recognition of the City's proportionate share of net pension and OPEB liabilities under GASB Statement Nos. 68 and 75.

The City's overall net position decreased by \$4,573,614 from the prior year. The reasons for this overall are discussed in the following section.

Table 2 shows the changes in net position for the years ended December 31, 2018 and 2017.

Table 2
Changes in Net Position

	Governmental Activities	
	2018	Restated 2017
Revenues		
Program revenues:		
Charges for services	\$ 9,113,290	\$ 9,512,631
Operating grants and contributions	1,933,005	2,538,885
Capital grants and contributions	5,758,043	7,242,347
<i>Total program revenues</i>	<u>16,804,338</u>	<u>19,293,863</u>
General revenues:		
Property and other local taxes	1,484,966	1,526,373
Municipal income taxes	28,126,257	29,197,481
Payments in lieu of taxes	6,211,070	7,201,942
Grants and entitlements not restricted to specific programs	989,732	731,344
Investment earnings	728,040	332,676
Miscellaneous	416,458	255,019
<i>Total general revenues</i>	<u>37,956,523</u>	<u>39,244,835</u>
<i>Total revenues</i>	<u>54,760,861</u>	<u>58,538,698</u>
Expenses		
General government	9,598,793	11,597,782
Security of persons and property	13,265,766	10,957,889
Public health	261,020	256,406
Leisure time activities	6,432,175	6,421,668
Community environment	4,324,565	4,365,272
Basic utility services	9,165,715	8,563,635
Transportation	14,286,519	11,985,105
Interest and fiscal charges	1,999,922	1,875,982
<i>Total expenses</i>	<u>59,334,475</u>	<u>56,023,739</u>
<i>Change in net position</i>	<u>(4,573,614)</u>	<u>2,514,959</u>
<i>Net position, beginning of year</i>	<u>194,240,574</u>	<u>N/A</u>
<i>Net position, end of year</i>	<u>\$ 189,666,960</u>	<u>\$ 194,240,574</u>

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB Statement No. 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$94,127 computed under GASB Statement No. 45. GASB Statement No. 45 required recognizing OPEB expense equal to the contractually required contributions to the plan. Under GASB Statement No. 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB Statement No. 75, the 2018 statements report OPEB expense of \$1,496,618. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

Total 2018 program expenses under GASB 75	\$ 59,334,475
OPEB expense under GASB 75	(1,496,618)
2018 contractually required contribution	<u>28,952</u>
Adjusted 2018 program expenses	57,866,809
Total 2017 program expenses under GASB 45	<u>56,023,739</u>
Increase in program expenses not related to OPEB	<u>\$ 1,843,070</u>

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

The City's employment picture remains stable. The City did experience a decrease in business net profit income taxes due to some businesses having 2017 carryovers to lower their 2018 income tax liabilities.

In 2018, total revenue decreased \$3,777,837 as compared to 2017. The decrease in total General Revenues was \$1,288,312, while total Program Revenues decreased \$2,489,525.

Under program revenues, the City experienced decreases in all three categories. Over \$2 million of the decreases occurred in operating and capital grants and contributions, due to a one-time State grant received in 2017 for the Hilliard Station Park project and less donated infrastructure received from developers in 2018.

Overall, general revenues decreased compared to the prior year, primarily driven by decreases in both income taxes, as addressed above, and payments in lieu of taxes, as one of the tax increment financing (TIF) districts converting from a 10-year arrangement to a 30-year arrangement and another TIF district received a catch-up payment made in 2017.

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

Table 3

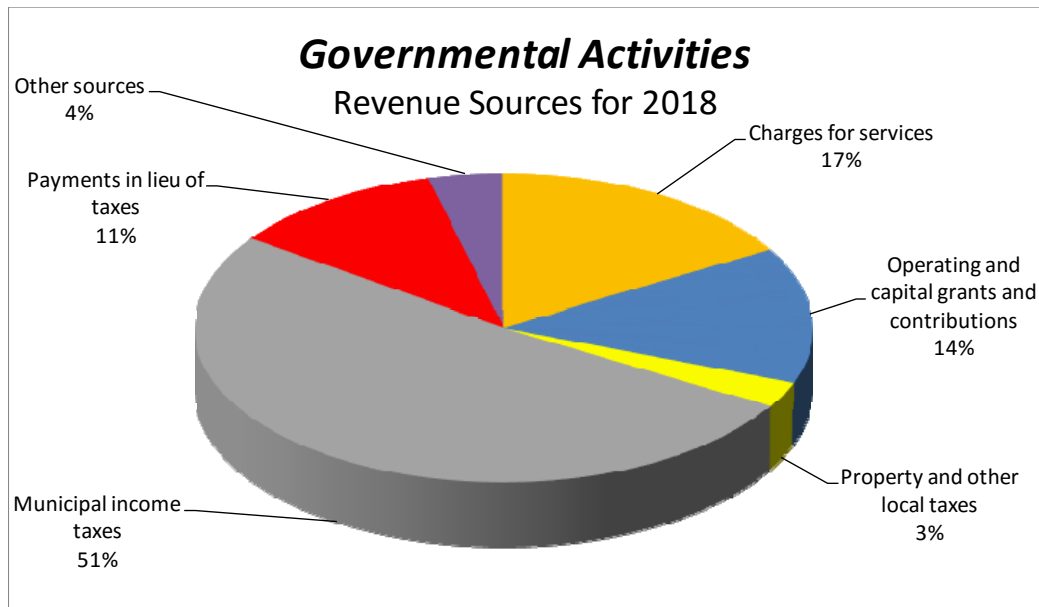
	Total Cost of Services 2018	Net Cost of Services 2018	Total Cost of Services 2017	Net Cost of Services 2017
General government	\$ 9,598,793	\$ 8,562,401	\$ 11,597,782	\$ 10,257,649
Security of persons and property	13,265,766	12,167,998	10,957,889	9,805,230
Public health	261,020	261,020	256,406	256,406
Leisure time activities	6,432,175	5,295,067	6,421,668	5,267,620
Community environment	4,324,565	1,274,598	4,365,272	1,200,123
Basic utility services	9,165,715	4,670,217	8,563,635	412,089
Transportation	14,286,519	8,298,914	11,985,105	7,654,777
Interest and fiscal charges	<u>1,999,922</u>	<u>1,999,922</u>	<u>1,875,982</u>	<u>1,875,982</u>
	<u>\$ 59,334,475</u>	<u>\$ 42,530,137</u>	<u>\$ 56,023,739</u>	<u>\$ 36,729,876</u>

It should be noted that 28% of the costs of services for governmental activities are paid by program revenues, including charges for services, operating grants, capital grants and other contributions. As shown by the total net costs of \$42,530,137, the majority of the City programs are funded by general revenues. A significant portion of the total general revenues consists of income taxes, property taxes and payments in lieu of taxes.

The City experienced a 6% increase in expenses during the year. The increase was driven by increased security of persons and property expenses, due to increased Ohio Police and Fire retirement system pension and OPEB expenses recognized under GASB Statement Nos. 68 and 75, and transportation expenses, due to tax increment payments to local governments in the Hickory Chase district and increased road maintenance and repairs. The increase in total expenses was partially offset by decreases in general government expenses because of decreases in medical claims and a decrease in the loss on disposal of capital assets.

The Administration and City Council base spending decisions on how they will improve the quality of life for the citizens and business in Hilliard. The Administration and City Council committed to maintain and improve the City's investments by providing appropriations for capital assets, equipment and repairs. Overall, the City had several active capital improvement projects during 2018 and focused on preserving existing assets. These assets include street resurfacing, sidewalk replacements, safety and street maintenance equipment and vehicles, as well as park and recreation equipment.

When looking at the sources of income to support governmental activities, it should be noted that charges for services are only 17% of total revenues. Revenues provided by sources other than City residents in the form of operating and capital grants and contributions restricted to a certain program comprise another 14% of total revenues. The remaining revenues are primarily generated locally through income taxes. City Council relies on these taxes to furnish the quality of life to businesses and citizens to which they and previous Councils have always been committed.



THE CITY'S GOVERNMENTAL FUNDS

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

At December 31, 2018, the City's governmental funds reported combined fund balances of \$37,079,416, an increase of \$669,037 in comparison with the prior year. Approximately 30% of this amount (\$11,233,529) constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form (\$81,675), 2) restricted for particular purposes (\$17,820,365), 3) committed for particular purposes (\$5,428,074), or 4) assigned for particular purposes (\$2,515,773).

The General Fund ended the current year with a fund balance of \$14,483,673. Of this amount, \$11,421,542 is considered unassigned, which represents 48% of current year expenditures. The General Fund continues to rely heavily on the City's income tax as its primary source of revenue for operations. The fund balance decreased \$1,742,611 in 2018, which was \$2.2 million less than the prior year's increase in fund balance. This is attributable to an increase of \$2.1 million in transfers over prior year, to the Capital Improvement Municipal Tax Capital Projects Fund for capital improvements.

The Street Maintenance and Repair Special Revenue Fund was fairly stable, increasing by just \$49,569.

The Street Improvement Municipal Tax Special Revenue Fund increased by \$306,184. This increase is consistent prior year's increase, with income taxes being sufficient to fund street maintenance and related annual debt service.

The Water and Sewer Revenue Special Revenue Fund's fund balance decreased by \$621,326 due to sanitation sewer improvements.

The TIF Special Revenue Fund increased by \$888,585. The increase was driven by decreases in project payments.

The Capital Improvement Municipal Tax Capital Projects Fund increased by \$1,385,661, primarily due to \$2.1 million more in transfers from the General Fund for capital improvements.

General Fund Budgeting Highlights

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

During 2018, the total amount of the General Fund budgeted expenditures and transfers increased from \$33.5 million to \$34.5 million, a difference of \$1 million, to account for forensic audit costs and Council-approved transfer to fund capital improvements. Actual expenditures were \$2.1 million less than budgeted, due to conservative budgeting and not needing to add funds to the Reserve Fund.

General Fund budgeted revenues were consistent throughout the year. Actual revenues were \$26.7 million, a difference of approximately \$982,000, primarily due to better than expected income tax collections.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2018, the City's capital assets decreased \$1,996,544 to \$246,022,438.

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

	Governmental Activities	
	2018	2017
Land	\$ 10,498,303	\$ 10,851,868
Construction in progress	8,406,646	8,157,733
Buildings	5,947,058	6,272,648
Improvements other than buildings	11,701,347	10,575,697
Machinery and equipment	1,711,796	1,690,490
Furniture and fixtures	166,407	179,332
Vehicles	1,239,368	1,144,918
Infrastructure	206,351,513	209,146,296
Totals	<u>\$ 246,022,438</u>	<u>\$ 248,018,982</u>

Capital Assets decreased primarily due to completion of infrastructure projects, including Hilliard Station Park, Scioto Darby sanitation main improvement, various street improvements, and \$12.8 million in depreciation expense. See Note 7 of the Notes to the Basic Financial Statements for more detailed information.

Debt

At December 31, 2018, the City of Hilliard had \$62,380,422 in debt outstanding.

Table 5
Outstanding Debt

	Governmental Activities	
	2018	2017
OWDA loan payable	\$ 501,641	\$ 741,478
OPWC loans payable	6,987,338	2,238,947
General obligation bonds	45,800,000	49,830,000
Capital leases	5,154,964	5,331,545
Premiums on bonds issued	3,936,479	4,325,568
Totals	<u>\$ 62,380,422</u>	<u>\$ 62,467,538</u>

The slight decrease in outstanding debt is primarily due to the City meeting its annual debt service requirements. However, this reduction was offset by receiving \$4.9 million in loan draws during the year from the Ohio Public Works Commission (OPWC) for Scioto Darby Road and Leppert Road improvements.

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

The Ohio Water Development Authority and OPWC loans will be paid from the Capital Improvements Municipal Tax Capital Projects Fund.

The City's overall 10.5 percent legal debt margin was \$111,102,920 as of December 31, 2018. The more restrictive unvoted legal debt margin within 5.5 percent was \$58,196,768 as of the same date.

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

CONTACTING THE CITY'S FINANCE DEPARTMENT

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

CITY OF HILLIARD, OHIO

Statement of Net Position

December 31, 2018

	Governmental Activities
Assets	
Equity in pooled cash and investments	\$ 36,972,031
Cash and cash equivalents with fiscal agent	32,432
Accounts receivable	269,981
Interest receivable	71,461
Municipal income tax receivable	5,803,534
Due from other governments	1,738,539
Payments in lieu of taxes receivable	10,984,088
Prepaid items	81,675
Property and other local taxes receivable	1,553,561
Nondepreciable capital assets	18,904,949
Depreciable capital assets, net	<u>227,117,489</u>
Total assets	<u>303,529,740</u>
Deferred Outflows of Resources	
Deferred charges on refunding	1,716,499
Pension	4,686,758
OPEB	<u>1,930,257</u>
Total deferred outflows of resources	<u>8,333,514</u>
Liabilities	
Accounts payable	2,224,554
Accrued liabilities	290,000
Accrued wages payable	349,673
Matured compensated absences	358,651
Due to other governments	64,391
Accrued interest payable	136,248
Claims payable	99,000
Unearned revenue	349,295
Long-term liabilities:	
Due within one year	5,780,811
Due in more than one year:	
Net pension liability	20,940,581
Net OPEB liability	17,285,765
Other amounts due more than one year	<u>58,684,149</u>
Total liabilities	<u>106,563,118</u>
Deferred Inflow of Resources	
Property taxes levied for next year	1,523,935
Payments in lieu of taxes levied for next year	10,984,088
Pension	2,593,223
OPEB	<u>531,930</u>
Total deferred inflows of resources	<u>15,633,176</u>
Net Position	
Net investment in capital assets	185,358,515
Restricted for:	
Streets and transportation	8,691,608
Capital outlay	10,724,728
Other purposes	374,733
Unrestricted	<u>(15,482,624)</u>
Total net position	<u>\$ 189,666,960</u>

See accompanying notes to the basic financial statements.



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CITY OF HILLIARD, OHIO
Statement of Activities
Year Ended December 31, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
General government	\$ 9,598,793	\$ 1,036,392	\$ -	\$ -	\$ (8,562,401)
Security of persons and property	13,265,766	1,015,084	82,684	-	(12,167,998)
Public health	261,020	-	-	-	(261,020)
Leisure time activities	6,432,175	1,137,108	-	-	(5,295,067)
Community environment	4,324,565	3,049,967	-	-	(1,274,598)
Basic utility services	9,165,715	2,874,739	-	1,620,759	(4,670,217)
Transportation	14,286,519	-	1,850,321	4,137,284	(8,298,914)
Interest and fiscal charges	1,999,922	-	-	-	(1,999,922)
Total governmental activities	<u>\$ 59,334,475</u>	<u>\$ 9,113,290</u>	<u>\$ 1,933,005</u>	<u>\$ 5,758,043</u>	<u>(42,530,137)</u>
General revenues:					
Property taxes levied for general purposes					1,484,966
Municipal income taxes levied for:					
General purposes					18,295,358
Transportation					2,797,729
Capital outlay					7,033,170
Payments in lieu of taxes					6,211,070
Grants and contributions not restricted to specific programs					989,732
Investment earnings					728,040
Miscellaneous					416,458
Total general revenues					<u>37,956,523</u>
Change in net position					(4,573,614)
Net position beginning of year, <i>restated</i>					<u>194,240,574</u>
Net position end of year					<u>\$ 189,666,960</u>

See accompanying notes to the basic financial statements.

CITY OF HILLIARD, OHIO

Balance Sheet
 Governmental Funds
 December 31, 2018

	General	Street Maintenance and Repair	Street Improvement Municipal Tax
Assets			
Equity in pooled cash and cash equivalents	\$ 13,961,385	\$ 1,658,002	\$ 2,657,154
Cash and cash equivalents with fiscal agent	-	-	-
Receivables:			
Property and other local taxes	1,553,561	-	-
Payments in lieu of taxes	-	-	-
Municipal income taxes	3,772,296	-	580,354
Accounts	137,054	13,744	-
Interest	71,461	-	-
Due from other funds	48,152	-	-
Due from other governments	263,131	734,026	-
Prepaid items	81,675	-	-
Interfund receivable	188,013	-	-
Total assets	<u>\$ 20,076,728</u>	<u>\$ 2,405,772</u>	<u>\$ 3,237,508</u>
Liabilities			
Accounts payable	\$ 618,497	\$ 24,233	\$ 31,850
Accrued liabilities	290,000	-	-
Due to other funds	84,644	15,999	-
Interfund payable	-	-	-
Accrued wages payable	305,901	10,944	-
Matured compensated absences	334,095	6,139	-
Due to other governments	57,416	1,754	-
Unearned revenue	349,295	-	-
Total liabilities	<u>2,039,848</u>	<u>59,069</u>	<u>31,850</u>
Deferred Inflows of Resources			
Property taxes levied for next year	1,523,935	-	-
Payments in lieu of taxes levied for next year	-	-	-
Unavailable revenue	2,029,272	494,344	256,797
Total deferred inflows of resources	<u>3,553,207</u>	<u>494,344</u>	<u>256,797</u>
Fund balances			
Nonspendable	81,675	-	-
Restricted	-	1,852,359	-
Committed	464,683	-	2,948,861
Assigned	2,515,773	-	-
Unassigned (deficit)	11,421,542	-	-
Total fund balances	<u>14,483,673</u>	<u>1,852,359</u>	<u>2,948,861</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 20,076,728</u>	<u>\$ 2,405,772</u>	<u>\$ 3,237,508</u>

See accompanying notes to the basic financial statements.

Water and Sewer Revenue	TIF	Capital Improvement Municipal Tax	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,186,948	\$ 5,058,338	\$ 10,274,156	\$ 1,803,712	\$ 36,599,695
-	-	-	32,432	32,432
-	-	-	-	1,553,561
-	10,984,088	-	-	10,984,088
-	-	1,450,884	-	5,803,534
55,562	-	2,295	61,326	269,981
-	-	-	-	71,461
-	-	-	-	48,152
-	307,369	306,409	127,604	1,738,539
-	-	-	-	81,675
-	-	-	-	188,013
<u>\$ 1,242,510</u>	<u>\$ 16,349,795</u>	<u>\$ 12,033,744</u>	<u>\$ 2,025,074</u>	<u>\$ 57,371,131</u>
\$ 202,813	\$ -	\$ 1,309,016	\$ 38,145	\$ 2,224,554
-	-	-	-	290,000
31,006	-	-	15,503	147,152
-	-	-	188,013	188,013
21,888	-	-	10,940	349,673
12,278	-	-	6,139	358,651
3,508	-	-	1,713	64,391
-	-	-	-	349,295
<u>271,493</u>	<u>-</u>	<u>1,309,016</u>	<u>260,453</u>	<u>3,971,729</u>
-	-	-	-	1,523,935
-	10,984,088	-	-	10,984,088
-	307,369	641,991	82,190	3,811,963
<u>-</u>	<u>11,291,457</u>	<u>641,991</u>	<u>82,190</u>	<u>16,319,986</u>
-	-	-	-	81,675
-	5,058,338	10,082,737	826,931	17,820,365
971,017	-	-	1,043,513	5,428,074
-	-	-	-	2,515,773
-	-	-	(188,013)	11,233,529
<u>971,017</u>	<u>5,058,338</u>	<u>10,082,737</u>	<u>1,682,431</u>	<u>37,079,416</u>
<u>\$ 1,242,510</u>	<u>\$ 16,349,795</u>	<u>\$ 12,033,744</u>	<u>\$ 2,025,074</u>	<u>\$ 57,371,131</u>



Real People. Real Possibilities.

CITY OF HILLIARD, OHIO
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2018

Total governmental fund balances		\$ 37,079,416
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		246,022,438
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds.		3,811,963
Internal service funds are used to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		372,336
Long-term liabilities, including bonds and loans payable, are not due and payable in the current period and therefore are not reported in the funds:		
Bonds payable and related premiums	(49,736,479)	
OWDA loans payable	(501,641)	
OPWC loans payable	(6,987,338)	
Capital lease payable	(5,154,964)	
Compensated absences payable	<u>(2,084,538)</u>	(64,464,960)
Accrued interest on long-term debt is not reported in the funds.		(136,248)
Deferred outflows of resources from losses on refunding are amortized over the life of the bonds and are not reported in the funds.		1,716,499
The net pension and OPEB liabilities are not due and payable in the current period; therefore, the liabilities and related deferred inflows/outflows are not reported in the governmental funds:		
Deferred outflows - pension	4,686,758	
Deferred inflows - pension	(2,593,223)	
Net pension liability	(20,940,581)	
Deferred outflows - OPEB	1,930,257	
Deferred inflows - OPEB	(531,930)	
Net OPEB liability	<u>(17,285,765)</u>	<u>(34,734,484)</u>
Net position of governmental activities		<u>\$ 189,666,960</u>

See accompanying notes to the basic financial statements.

CITY OF HILLIARD, OHIO

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Year Ended December 31, 2018

	General	Street Maintenance and Repair	Street Improvement Municipal Tax
Revenues			
Property and other local taxes	\$ 1,486,272	\$ -	\$ -
Municipal income taxes	18,535,192	-	2,834,626
Payment in lieu of taxes	-	-	-
Intergovernmental	629,977	1,440,911	-
Charges for services	4,348,469	-	-
Licenses and permits	1,085,015	-	-
Fines and forfeitures	249,216	-	-
Investment income	639,727	27,656	-
Miscellaneous	496,181	60,932	-
Total revenues	<u>27,470,049</u>	<u>1,529,499</u>	<u>2,834,626</u>
Expenditures			
Current:			
General government	6,074,543	-	60,611
Security of persons and property	10,454,343	-	-
Public health	261,020	-	-
Leisure time activities	3,122,913	-	-
Community environment	3,699,841	-	-
Basic utility services	-	-	-
Transportation	-	1,479,930	2,168,106
Debt Service:			
Principal retirement	-	-	220,000
Interest and fiscal charges	-	-	79,725
Total expenditures	<u>23,612,660</u>	<u>1,479,930</u>	<u>2,528,442</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,857,389</u>	<u>49,569</u>	<u>306,184</u>
Other Financing Sources (Uses)			
Sale of capital assets	-	-	-
OPWC loans issued	-	-	-
Transfers in	-	-	-
Transfers out	(5,600,000)	-	-
Total other financing sources (uses)	<u>(5,600,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1,742,611)	49,569	306,184
Fund balance, beginning of year	<u>16,226,284</u>	<u>1,802,790</u>	<u>2,642,677</u>
Fund balance, end of year	<u>\$ 14,483,673</u>	<u>\$ 1,852,359</u>	<u>\$ 2,948,861</u>

See accompanying notes to the basic financial statements.

Water and Sewer Revenue	TIF	Capital Improvement Municipal Tax	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 1,486,272
-	-	7,125,412	-	28,495,230
-	6,211,070	-	-	6,211,070
-	146,886	2,355,774	479,099	5,052,647
1,759,605	-	-	1,397,538	7,505,612
-	-	6,000	7,588	1,098,603
-	-	-	73,667	322,883
-	-	-	9,053	676,436
13,398	-	43,544	5,060	619,115
<u>1,773,003</u>	<u>6,357,956</u>	<u>9,530,730</u>	<u>1,972,005</u>	<u>51,467,868</u>
-	1,218,521	1,106,824	17,200	8,477,699
-	-	370,988	114,946	10,940,277
-	-	-	-	261,020
-	-	2,385,709	198,807	5,707,429
-	-	152,090	-	3,851,931
2,104,604	-	285,003	902,534	3,292,141
-	2,437,962	9,974,627	335,543	16,396,168
165,000	1,445,000	2,725,635	-	4,555,635
124,725	367,888	1,604,096	-	2,176,434
<u>2,394,329</u>	<u>5,469,371</u>	<u>18,604,972</u>	<u>1,569,030</u>	<u>55,658,734</u>
<u>(621,326)</u>	<u>888,585</u>	<u>(9,074,242)</u>	<u>402,975</u>	<u>(4,190,866)</u>
-	-	2,295	-	2,295
-	-	4,857,608	-	4,857,608
-	-	5,600,000	-	5,600,000
-	-	-	-	(5,600,000)
-	-	10,459,903	-	4,859,903
(621,326)	888,585	1,385,661	402,975	669,037
1,592,343	4,169,753	8,697,076	1,279,456	36,410,379
<u>\$ 971,017</u>	<u>\$ 5,058,338</u>	<u>\$ 10,082,737</u>	<u>\$ 1,682,431</u>	<u>\$ 37,079,416</u>

CITY OF HILLIARD, OHIO
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended December 31, 2018

Net change in fund balances - total governmental funds	\$	669,037
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Amounts reported for governmental activities in the Statement of Activities are different because:

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

Capital asset additions		7,946,063
Depreciation expense		(12,792,509)

Governmental funds do not report the revenue from the contribution of capital assets since they do not represent current financial resources. However, the revenue is reported in the Statement of Activities as capital contributions.		3,364,769
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In the statement of activities, loss on disposal of capital assets is reported, whereas only proceeds from sales are reported in the funds.		(514,867)
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Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(101,776)
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Internal service funds are used to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.		95,190
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Some expenses reported in the statement of activities do not require the use current financial resources and therefore are not reported as expenditures in governmental funds:		
Compensated absences		(182,234)
Interest on long-term debt		9,559
Amortization of bond premiums		389,089
Net change in deferred loss on refunding		(222,136)

Repayment of long-term obligations is reported as an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the statement of net position. In the current year, these amounts consisted of general obligations bonds, OWDA and OPWC loans, and capital leases.		4,555,635
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The issuance of OPWC loans are recorded as other financing sources in the governmental funds, but are reported as increases to loans payable on the statement of net position.		(4,857,608)
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Contractually required contributions are reported as expenditures in governmental funds; however the statement of net position reports these amounts as deferred outflows:		
Pensions		2,139,956
OPEB		28,952

Except for amounts reported as deferred inflows/outflows, changes in the net pension and OPEB liabilities are reported as pension and OPEB expense in the statement of activities:		
Pensions		(3,604,116)
OPEB		(1,496,618)

Change in net position of governmental activities	\$	(4,573,614)
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See accompanying notes to the basic financial statements.

CITY OF HILLIARD, OHIO

Statement of Revenues, Expenditures and Changes in Fund

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

General Fund

Year Ended December 31, 2018

	Budgeted Amounts			Variance From Final Budget
	Original	Final	Actual	
Revenues:				
Property and other local taxes	\$ 1,464,082	\$ 1,464,082	\$ 1,486,272	\$ 22,190
Municipal income taxes	17,682,676	17,682,676	18,647,738	965,062
Intergovernmental	565,512	565,512	627,710	62,198
Charges for services	4,091,593	4,091,593	3,593,005	(498,588)
Licenses and permits	1,151,900	1,151,900	1,085,511	(66,389)
Fines and forfeitures	350,000	350,000	249,216	(100,784)
Investment income	293,000	293,000	619,870	326,870
Miscellaneous	139,500	139,500	410,677	271,177
Total revenues	<u>25,738,263</u>	<u>25,738,263</u>	<u>26,719,999</u>	<u>981,736</u>
Expenditures:				
Current:				
General government	8,965,056	9,360,056	8,450,256	909,800
Security of persons and property	11,436,929	11,436,929	10,764,541	672,388
Public health	289,146	289,146	288,146	1,000
Leisure time activities	3,762,422	3,762,422	3,408,394	354,028
Community environment	3,680,575	3,680,575	3,474,746	205,829
Total expenditures	<u>28,134,128</u>	<u>28,529,128</u>	<u>26,386,083</u>	<u>2,143,045</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,395,865)</u>	<u>(2,790,865)</u>	<u>333,916</u>	<u>3,124,781</u>
Other financing sources (uses):				
Transfers in	335,443	335,443	335,443	-
Transfers out	<u>(5,335,443)</u>	<u>(5,935,443)</u>	<u>(5,935,443)</u>	-
Total other financing sources (uses)	<u>(5,000,000)</u>	<u>(5,600,000)</u>	<u>(5,600,000)</u>	-
Net change in fund balance	(7,395,865)	(8,390,865)	(5,266,084)	<u>\$ 3,124,781</u>
Fund balance, beginning of year	13,184,877	13,184,877	13,184,877	
Prior year encumbrances appropriated	<u>2,396,232</u>	<u>2,396,232</u>	<u>2,396,232</u>	
Fund balance, end of year	<u>\$ 8,185,244</u>	<u>\$ 7,190,244</u>	<u>\$ 10,315,025</u>	

See accompanying notes to the basic financial statements.

CITY OF HILLIARD, OHIO

Statement of Revenues, Expenditures and Changes in Fund

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

Street Maintenance and Repair Fund

Year Ended December 31, 2018

	Budgeted Amounts			Variance
	Original	Final	Actual	From Final Budget
Revenues:				
Intergovernmental	\$ 1,390,500	\$ 1,390,500	\$ 1,443,662	\$ 53,162
Investment income	4,000	4,000	27,656	23,656
Miscellaneous	40,000	40,000	49,030	9,030
Total revenues	<u>1,434,500</u>	<u>1,434,500</u>	<u>1,520,348</u>	<u>85,848</u>
Expenditures:				
Current:				
Transportation	<u>2,221,634</u>	<u>2,221,634</u>	<u>1,862,419</u>	<u>359,215</u>
Net change in fund balance	(787,134)	(787,134)	(342,071)	<u>\$ 445,063</u>
Fund balance, beginning of year	1,222,655	1,222,655	1,222,655	
Prior year encumbrances appropriated	<u>429,724</u>	<u>429,724</u>	<u>429,724</u>	
Fund balance, end of year	<u>\$ 865,245</u>	<u>\$ 865,245</u>	<u>\$ 1,310,308</u>	

See accompanying notes to the basic financial statements.

CITY OF HILLIARD, OHIO

Statement of Revenues, Expenditures and Changes in Fund

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

Street Improvement Municipal Tax Fund

Year Ended December 31, 2018

	Budgeted Amounts			Variance
	Original	Final	Actual	From Final Budget
Revenues:				
Municipal income taxes	\$ 2,720,412	\$ 2,720,412	\$ 2,869,870	\$ 149,458
Expenditures:				
Current:				
General government	195,000	195,000	146,169	48,831
Transportation	3,788,185	3,788,185	3,716,869	71,316
Debt Service	300,000	300,000	299,725	275
Total expenditures	4,283,185	4,283,185	4,162,763	120,422
Net change in fund balance	(1,562,773)	(1,562,773)	(1,292,893)	\$ 269,880
Fund balance, beginning of year	1,622,413	1,622,413	1,622,413	
Prior year encumbrances appropriated	1,262,185	1,262,185	1,262,185	
Fund balance, end of year	\$ 1,321,825	\$ 1,321,825	\$ 1,591,705	

See accompanying notes to the basic financial statements.

CITY OF HILLIARD, OHIO

Statement of Revenues, Expenditures and Changes in Fund

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

Water and Sewer Revenue Fund

Year Ended December 31, 2018

	Budgeted Amounts			Variance
	Original	Final	Actual	From Final
				Budget
Revenues:				
Charges for services	\$ 1,810,000	\$ 1,810,000	\$ 1,741,812	\$ (68,188)
Miscellaneous	110,000	110,000	22,344	(87,656)
Total revenues	<u>1,920,000</u>	<u>1,920,000</u>	<u>1,764,156</u>	<u>(155,844)</u>
Expenditures:				
Current:				
Basic utility services	3,218,350	3,218,350	2,659,450	558,900
Debt Service	<u>290,000</u>	<u>290,000</u>	<u>289,725</u>	<u>275</u>
Total expenditures	<u>3,508,350</u>	<u>3,508,350</u>	<u>2,949,175</u>	<u>559,175</u>
Net change in fund balance	(1,588,350)	(1,588,350)	(1,185,019)	<u>\$ 403,331</u>
Fund balance, beginning of year	1,185,129	1,185,129	1,185,129	
Prior year encumbrances appropriated	<u>534,212</u>	<u>534,212</u>	<u>534,212</u>	
Fund balance, end of year	<u>\$ 130,991</u>	<u>\$ 130,991</u>	<u>\$ 534,322</u>	

See accompanying notes to the basic financial statements.

CITY OF HILLIARD, OHIO

Statement of Revenues, Expenditures and Changes in Fund

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

TIF Fund

Year Ended December 31, 2018

	Budgeted Amounts			Variance
	Original	Final	Actual	From Final Budget
Revenues:				
Payment in lieu of taxes	\$ 4,050,000	\$ 4,050,000	\$ 6,211,070	\$ 2,161,070
Intergovernmental	227,000	227,000	146,886	(80,114)
Total revenues	<u>4,277,000</u>	<u>4,277,000</u>	<u>6,357,956</u>	<u>2,080,956</u>
Expenditures:				
Current:				
General Government	-	1,226,400	1,212,130	14,270
Transportation	4,117	2,462,117	2,444,353	17,764
Debt Service	-	1,826,150	1,812,888	13,262
Total expenditures	<u>4,117</u>	<u>5,514,667</u>	<u>5,469,371</u>	<u>45,296</u>
Net change in fund balance	4,272,883	(1,237,667)	888,585	<u>\$ 2,126,252</u>
Fund balance, beginning of year	4,165,635	4,165,635	4,165,635	
Prior year encumbrances appropriated	<u>4,117</u>	<u>4,117</u>	<u>4,117</u>	
Fund balance, end of year	<u>\$ 8,442,635</u>	<u>\$ 2,932,085</u>	<u>\$ 5,058,337</u>	

See accompanying notes to the basic financial statements.

CITY OF HILLIARD, OHIO

Statement of Net Position

Internal Service Fund

December 31, 2018

	<u>Insurance Trust</u>
Assets	
Current assets:	
Equity in pooled cash and cash equivalents	\$ 372,336
Due from other funds	<u>99,000</u>
Total assets	<u>471,336</u>
Liabilities	
Current liabilities:	
Claims payable	<u>99,000</u>
Total liabilities	<u>99,000</u>
Net Position	
Unrestricted	<u>372,336</u>
Total net position	<u><u>\$ 372,336</u></u>

See accompanying notes to the basic financial statements.

CITY OF HILLIARD, OHIO

Statement of Revenues, Expenses and Change in Fund Net Position

Internal Service Fund

Year Ended December 31, 2018

	Insurance Trust
<i>Operating Revenues</i>	
Charges for services	<u>\$ 1,944,503</u>
<i>Operating Expenses</i>	
Claims	<u>1,849,313</u>
Change in net position	95,190
Net position beginning of year	<u>277,146</u>
Net position end of year	<u><u>\$ 372,336</u></u>

See accompanying notes to the basic financial statements.

CITY OF HILLIARD, OHIO
Statement of Cash Flows
Internal Service Fund
Year Ended December 31, 2018

	Insurance Trust
<i>Cash Flows from Operating Activities</i>	
Cash received from customers	\$ 2,297,541
Cash payments for claims	<u>(2,202,313)</u>
<i>Net cash from operating activities</i>	95,228
Cash and cash equivalents beginning of year	<u>277,108</u>
Cash and cash equivalents end of year	<u><u>\$ 372,336</u></u>
 Reconciliation of operating income to net cash from operating activities:	
Operating income	\$ 95,190
Adjustments to reconcile operating income to net cash from operating activities:	
Change in due from other funds	353,038
Change in claims payable	<u>(353,000)</u>
Net cash from operating activities	<u><u>\$ 95,228</u></u>

See accompanying notes to the basic financial statements.

CITY OF HILLIARD, OHIO

Statement of Fiduciary Assets and Liabilities

Agency Funds

December 31, 2018

Assets

Equity in pooled cash and cash equivalents	\$ 456,460
Cash and cash equivalents in segregated accounts	21,451
Accounts receivable	<u>24,409</u>
Total assets	<u>\$ 502,320</u>

Liabilities

Due to other governments	\$ 441,273
Deposits held and due to others	<u>61,047</u>
Total liabilities	<u>\$ 502,320</u>

See accompanying notes to the basic financial statements.



Real People. Real Possibilities.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements
Year Ended December 31, 2018

NOTE 1—DESCRIPTION OF THE CITY AND REPORTING ENTITY

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

Reporting Entity

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

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

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

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

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2018

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

A. Basis of Presentation

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

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

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2018

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

B. Fund Accounting - *continued*

The following are the City's major governmental funds:

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

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

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

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

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

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

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

Proprietary Fund

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

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

Fiduciary Funds

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

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2018

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

C. Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

D. Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions

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

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2018

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

D. Basis of Accounting - *continued*

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

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

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

Expenses/Expenditures

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

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

E. Cash and Cash Equivalents

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

During 2018, the City invested in negotiable certificates of deposit, a money market account, and the State Treasury Assets Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer’s Office that allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted GASB Statement No 79, *Certain External Investment Pools and Pool Participants*. Investments in STAR Ohio are valued at the net asset value per share provided by STAR Ohio on an amortized cost basis at December 31, 2018, which approximates fair value.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2018

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

E. Cash and Cash Equivalents - *continued*

For 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Interest income is distributed to the funds according to Ohio constitutional and statutory requirements. Interest revenue credited to the General Fund during 2018 amounted to \$639,727, which includes \$363,388 assigned from other funds.

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

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2018, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and expenditure is reported in the year in which services are consumed.

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

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

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

Debt issuance costs are expensed when incurred.

H. Capital Assets

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

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

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

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2018

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

H. Capital Assets - *continued*

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

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

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

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide statement of net position for deferred charge on refunding, pensions and other postemployment benefits other than pensions (OPEB). A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pensions and OPEB are explained in Notes 9 and 10.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time. For the City, deferred inflows of resources include property taxes, payment in lieu of taxes, unavailable revenue, pensions and OPEB. Receivables from property taxes and payment in lieu of taxes represent amounts that were levied and measurable as of December 31, 2018, but are intended to finance 2019 operations. These amounts have been recorded as deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental fund financial statements and represent receivables that will not be collected within the available period (sixty days after year-end). The deferred inflows of resources related to pensions and OPEB are explained in Notes 9 and 10.

J. Unearned Revenue

Unearned revenue recorded in the General Fund represents resources that have been received, but not yet earned as of December 31, 2018.

K. Pensions and OPEB

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

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2018

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

L. Compensated Absences

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

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

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

M. Accrued Liabilities and Long-Term Obligations

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

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

N. Contributions of Capital

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

O. Net Position

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

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

The government-wide Statement of Net Position reports \$19,791,069 of restricted net position, of which none was restricted by enabling legislation.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2018

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

P. Interfund Transaction

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

Q. Operating Revenues and Expenses

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

R. Accounting Estimates

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

S. Budgetary Process

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

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

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

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2018

NOTE 3—BUDGETARY BASIS OF ACCOUNTING

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

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

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

	General	Street Maintenance and Repair	Street Improvement Municipal Tax	Water and Sewer Revenue	TIF
GAAP Basis	\$ (1,742,611)	\$ 49,569	\$ 306,184	\$ (621,326)	\$ 888,585
Funds reclassified	(93,783)	-	-	-	-
Revenue accruals	84,926	(9,151)	35,244	(8,847)	-
Expenditure accruals	(641,588)	(34,795)	(570,401)	97,781	-
Encumbrances	(2,873,028)	(347,694)	(1,063,920)	(652,627)	-
Budget Basis	<u>\$ (5,266,084)</u>	<u>\$ (342,071)</u>	<u>\$ (1,292,893)</u>	<u>\$ (1,185,019)</u>	<u>\$ 888,585</u>

NOTE 4—DEPOSITS AND INVESTMENTS

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

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

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

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

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2018

NOTE 4—DEPOSITS AND INVESTMENTS – *continued*

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

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

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

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

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure; the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end \$11,461,833 of the City's bank balance of \$11,961,833 was exposed to custodial credit risk because it was uninsured, and collateralized with securities held by the pledging financial institution.

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

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2018

NOTE 4—DEPOSITS AND INVESTMENTS – *continued*

Investments

As of December 31, 2018, the City had the following investments. All investments are in an internal investment pool.

	Measurement Value at 12/31/18	Investment Maturities		
		0 to 6 mos	7 to 12 mos	13 to 18 mos
Government money market	\$ 1,110,053	\$ 1,110,053	\$ -	\$ -
Negotiable certificates of deposit	9,739,535	3,686,925	2,699,308	3,353,302
STAR Ohio	15,208,926	15,208,926	-	-
Total	<u>\$ 26,058,514</u>	<u>\$ 20,005,904</u>	<u>\$ 2,699,308</u>	<u>\$ 3,353,302</u>

Interest Rate Risk – The City’s investment policy requires that an investment mature within two years from the date of purchase, unless matched to a specific obligation or debt of the City, and that an investment must be purchased with the expectation that it will be held to maturity. The City’s policy states that all investments should be sufficiently liquid to meet all operating requirements that can be reasonably anticipated. Due to the government money market and STAR Ohio having average maturities of 23 and 45 days, respectively, at December 31, 2018, they were presented as investments with a maturity of less than six months.

Credit Risk –Under normal circumstances, the government money market fund invests at least 80 percent of its assets in U.S. Government securities, repurchase agreements collateralized by these securities, and shares of money market investment companies that invest exclusively in these securities. The City’s investment policy limits investments to those authorized by State statute.

Concentration of Credit Risk – The City places no limit on the amount it may invest in any one issuer; however, investments are limited to low risk securities with the expectation of earning market rate of return. The City’s investments in government money market, negotiable certificates of deposit and STAR Ohio represent 4%, 37% and 59%, respectively, of the City’s total investments.

Fair Value Measurement – The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City’s negotiable certificates of deposit of \$9.7 million were valued using pricing sources as provided by the investment manager (Level 2 inputs). Investments in money market and STAR Ohio funds are excluded from fair value measurement requirements under generally accepted accounting principles, and instead are reported at amortized cost.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2018

NOTE 5—PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2018 for real and public utility property taxes represents collections of 2017 taxes.

2018 real property taxes are levied after October 1, 2018, on the assessed value as of January 1, 2018, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2018 real property taxes are collected in and intended to finance 2018.

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. 2018 public utility property taxes became a lien December 31, 2017, are levied after October 1, 2018, and are collected in 2018 with real property taxes.

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

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the City of Hilliard. The County Auditor periodically remits to the City its portion of the taxes. Property taxes receivable represents real property taxes, public utility taxes, and outstanding delinquencies which are measurable as of December 31, 2018, and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been included in deferred inflows of resources, since the current taxes were not levied to finance 2018 operations and the outstanding delinquencies were unavailable. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is reported as deferred inflows of resources since the current taxes were levied to finance a future period.

The full tax rate for all City operations for the year ended December 31, 2018, was \$1.60 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2018 property tax receipts were based are as follows:

Category	Assessed Value
Real Property	\$ 1,016,785,410
Public Utility Property	41,337,640
Totals	<u>\$ 1,058,123,050</u>

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

NOTE 6—MUNICIPAL INCOME TAX

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

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

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

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, continued
Year Ended December 31, 2018

NOTE 7—CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
<i>Capital assets not being depreciated:</i>				
Land	\$ 10,851,868	\$ 12,530	\$ (366,095)	\$ 10,498,303
Construction in progress	8,157,733	8,277,434	(8,028,521)	8,406,646
Total capital assets not being depreciated	19,009,601	8,289,964	(8,394,616)	18,904,949
<i>Capital assets being depreciated:</i>				
Buildings	11,700,865	-	-	11,700,865
Improvements other than buildings	15,790,015	1,720,600	(32,545)	17,478,070
Machinery and equipment	6,490,351	551,758	(55,740)	6,986,369
Furniture and fixtures	753,024	28,428	(25,515)	755,937
Vehicles	3,730,255	452,196	(92,148)	4,090,303
Infrastructure	424,180,537	8,296,407	(482,544)	431,994,400
Total capital assets being depreciated	462,645,047	11,049,389	(688,492)	473,005,944
Less accumulated depreciation:				
Buildings	(5,428,217)	(325,590)	-	(5,753,807)
Improvements other than buildings	(5,214,318)	(565,756)	3,351	(5,776,723)
Machinery and equipment	(4,799,861)	(529,641)	54,929	(5,274,573)
Furniture and fixtures	(573,692)	(40,541)	24,703	(589,530)
Vehicles	(2,585,337)	(346,148)	80,550	(2,850,935)
Infrastructure	(215,034,241)	(10,984,833)	376,187	(225,642,887)
Total accumulated depreciation	(233,635,666)	(12,792,509)	539,720	(245,888,455)
Total capital assets being depreciated, net	229,009,381	(1,743,120)	(148,772)	227,117,489
Capital assets, net	<u>\$248,018,982</u>	<u>\$ 6,546,844</u>	<u>\$ (8,543,388)</u>	<u>\$ 246,022,438</u>

For the year ended December 31, 2018, the value of the assets donated to the City was \$3,364,769.

Depreciation expense was charged to the governmental programs as follows:

General government	\$ 204,636
Security of persons and property	579,126
Leisure time activities	612,099
Community environment	257,094
Basic utility services	5,730,350
Transportation	5,409,204
Total depreciation expense	<u>\$ 12,792,509</u>

NOTE 8—RECEIVABLES

Receivables at December 31, 2018, consisted of property and other local taxes, payments in lieu of taxes, municipal income taxes, accounts, intergovernmental receivables arising from grants, entitlements and shared revenues, interest and interfund receivables. All receivables are considered fully collectible.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2018

NOTE 9—DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

Ohio Public Employees Retirement System (OPERS)

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

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

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2018

NOTE 9—DEFINED BENEFIT PENSION PLANS – *continued*

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

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

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

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

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

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

	State and Local
2018 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2018 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	0.0 %
Total Employer	14.0 %
Employee:	10.0 %

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2018

NOTE 9—DEFINED BENEFIT PENSION PLANS – *continued*

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$1,039,787 for 2018. Of this amount, \$27,039 is reported as due to other governments.

Ohio Police & Fire Pension Fund (OP&F)

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

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

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

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

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

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

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2018

NOTE 9—DEFINED BENEFIT PENSION PLANS – *continued*

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

	<u>Police</u>	
2018 Statutory Maximum Contribution Rates		
Employer	19.50	%
Employee	12.25	%
2018 Actual Contribution Rates		
Employer:		
Pension	19.00	%
Post-employment Health Care Benefits	0.50	%
Total Employer	19.50	%
Employee	12.25	%

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$1,100,169 for 2018. Of this amount, \$30,525 is reported as due to other governments.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. The net pension liability for OPERS was measured as of December 31, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2017, and was determined by rolling forward the total pension liability as of January 1, 2017, to December 31, 2017. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate Share of Net Pension Liability	\$ 7,918,774	\$ 13,021,807	\$ 20,940,581
Proportion of Net Pension Liability	0.05048%	0.21217%	
Change in Proportionate Share	0.00291%	0.00527%	
Pension Expense	\$ 1,991,582	\$ 1,612,534	\$ 3,604,116

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2018

NOTE 9—DEFINED BENEFIT PENSION PLANS – *continued*

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS	OP&F	Total
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$ 8,087	\$ 197,615	\$ 205,702
Change in assumptions	946,347	567,429	1,513,776
Change in City's proportionate share and difference in employer contributions	332,158	495,166	827,324
City contributions subsequent to the measurement date	1,039,787	1,100,169	2,139,956
	<u>\$ 2,326,379</u>	<u>\$ 2,360,379</u>	<u>\$ 4,686,758</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$ 156,054	\$ 23,558	\$ 179,612
Net differences between projected and actual investment earnings	1,700,057	450,453	2,150,510
Change in City's proportionate share and difference in employer contributions	-	263,101	263,101
	<u>\$ 1,856,111</u>	<u>\$ 737,112</u>	<u>\$ 2,593,223</u>

\$2,139,956 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2019	\$ 892,690	\$ 387,266	\$ 1,279,956
2020	(15,016)	268,838	253,822
2021	(748,615)	(197,725)	(946,340)
2022	(698,578)	(169,936)	(868,514)
2023	-	188,013	188,013
Thereafter	-	46,642	46,642
	<u>\$ (569,519)</u>	<u>\$ 523,098</u>	<u>\$ (46,421)</u>

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2018

NOTE 9—DEFINED BENEFIT PENSION PLANS – *continued*

Ohio Public Employees Retirement System (OPERS)

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Wage inflation	3.25%
Future salary increases, Including inflation	3.25% to 10.75%
COLA or Ad Hoc COLA	Pre 1/7/2013 retirees: 3% simple; Post 1/7/2013 retirees: 3% simple through 2018, then 2.15% simple
Investment rate of return	7.50%
Actuarial cost method	Individual entry age
Mortality tables	RP-2014

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

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

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

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan.

Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 16.82% for 2017.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, continued
Year Ended December 31, 2018

NOTE 9—DEFINED BENEFIT PENSION PLANS – continued

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00%	2.20%
Domestic Equities	19.00%	6.37%
Real Estate	10.00%	5.26%
Private Equity	10.00%	8.97%
International Equities	20.00%	7.88%
Other Investments	<u>18.00%</u>	<u>5.26%</u>
Total	<u>100.00%</u>	<u>5.66%</u>

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

Changes between Measurement Date and Report Date. In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 7.50% to 7.20%. This change will be effective for the 2018 actuarial valuation. The exact amount of the impact to the City's net pension liability is not known.

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

	1% Decrease (6.50%)	Current Discount Rate of 7.50%	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$ 14,061,780	\$ 7,918,774	\$ 2,797,415

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2018

NOTE 9—DEFINED BENEFIT PENSION PLANS – *continued*

Ohio Police & Fire Pension Fund (OP&F)

Actuarial Assumptions. OP&F's total pension liability as of December 31, 2017 is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determine amounts are subject to continual review and potential modifications, as actual results are compared with past experiences and new estimates are made about the future. Based on the experience study completed as of December 31, 2016, changes in demographic and economic actuarial assumptions were made. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in calculating the total pension liability in the current and prior measurement dates are as follows:

Valuation date	January 1, 2017 with actuarial liabilities rolled forward to December 31, 2017	January 1, 2016 with actuarial liabilities rolled forward to December 31, 2016
Actuarial assumption experience study date	5-year period ended December 31, 2016	5-year period ended December 31, 2011
Actuarial cost method	Entry age normal	Entry age normal
Investment rate of return	8.00%	8.25%
Cost-of-living adjustments	3% simple; 2.2% simple for increases based on the lesser of the increase in CPI and 3%	3% simple; 2.6% simple for increases based on the lesser of increase in CPI and 3%
Salary increases	3.75% to 10.50%	4.25% to 11.00%
Payroll growth	Inflation rate of 2.75% plus productivity increase rate of 0.5%	Inflation rate of 3.25% plus productivity increase rate of 0.5%

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120%.

Age	Police	Fire
67 or less	77%	68%
68-77	105%	87%
78 and up	115%	120%

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2018

NOTE 9—DEFINED BENEFIT PENSION PLANS – *continued*

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35%	35%
60-69	60%	45%
70-79	75%	70%
80 and up	100%	90%

The most recent experience study was completed for the five-year period ended December 31, 2016.

The long-term expected rate of return on pension plan investments was determine using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2017 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and cash equivalents	0.0%	0.0%
Domestic equity	16.0%	5.21%
Non-U.S. equity	16.0%	5.40%
Core fixed income*	20.0%	2.37%
Global inflation protected securities*	20.0%	2.33%
High yield	15.0%	4.48%
Real estate	12.0%	5.65%
Private markets	8.0%	7.99%
Real assets	5.0%	6.87%
Master limited partnerships	8.0%	7.36%

Note: Assumptions are geometric. * Levered 2x

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

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2018

NOTE 9—DEFINED BENEFIT PENSION PLANS – *continued*

Discount Rate. The total pension liability was calculated using the discount rate of 8.0%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 8.0%. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.0%, as well as what the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower (7.0%) or one-percentage point higher (9.0%) than the current rate.

	1% Decrease <u>(7.00%)</u>	Current Discount Rate of 8.00%	1% Increase <u>(9.00%)</u>
City's proportionate share of the net pension liability	\$ 18,051,639	\$ 13,021,807	\$ 8,919,519

NOTE 10—DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

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

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

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

GASB Statement No. 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement systems to provide health care to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2018

NOTE 10—DEFINED BENEFIT OPEB PLANS – *continued*

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

Ohio Public Employees Retirement System (OPERS)

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

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

In order to qualify for postemployment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an other post employment benefit (OPEB) as described in GASB Statement No. 75. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0% of earnable salary. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension and Combined plans was 1.0% during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0% for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2017 was 4.0%.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2018

NOTE 10—DEFINED BENEFIT OPEB PLANS – *continued*

For the year ended December 31, 2018, OPERS did not allocate any employer contributions to postemployment health care.

Ohio Police & Fire Pension Fund (OP&F)

Plan Description. The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined postemployment healthcare plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. OP&F provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B premiums to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an OPEB as described in GASB Statement No. 75.

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

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

OP&F maintains funds for health care in two separate accounts. There is one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. An IRS Code Section 401(h) account is maintained for Medicare Part B reimbursements.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2018, the portion of the employer contributions allocated to health care was 0.5% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Section 115 and 401(h).

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

The City's contractually required contribution to OP&F was \$28,952 for 2018.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, continued
Year Ended December 31, 2018

NOTE 10—DEFINED BENEFIT OPEB PLANS – continued

OPEB Liabilities, OPEB Expense, and Deferred Outflows and Inflows of Resources Related to OPEB.

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2017 and was determined by rolling forward the total OPEB liability as of January 1, 2017 to December 31, 2017. The City's proportion of the net OPEB liability was based on the City's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

The following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate Share of Net OPEB Liability	\$ 5,264,532	\$ 12,021,233	\$ 17,285,765
Proportion of Net OPEB Liability	0.04848%	0.21217%	
Change in Proportionate Share	0.00202%	0.00527%	
OPEB Expense	\$ 509,667	\$ 986,951	\$ 1,496,618

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$ 4,102	\$ -	\$ 4,102
Change in assumptions	383,313	1,173,019	1,556,332
Change in City's proportionate share and difference in employer contributions	134,959	205,912	340,871
City contributions subsequent to the measurement date	-	28,952	28,952
	<u>\$ 522,374</u>	<u>\$ 1,407,883</u>	<u>\$ 1,930,257</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$ -	\$ 60,630	\$ 60,630
Net differences between projected and actual investment earnings	392,172	79,128	471,300
	<u>\$ 392,172</u>	<u>\$ 139,758</u>	<u>\$ 531,930</u>

\$28,952 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2019.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2018

NOTE 10—DEFINED BENEFIT OPEB PLANS – *continued*

Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2019	\$ 151,706	\$ 172,952	\$ 324,658
2020	151,706	172,952	324,658
2021	(75,167)	172,952	97,785
2022	(98,043)	172,952	74,909
2023	-	192,734	192,734
Thereafter	-	354,631	354,631
	<u>\$ 130,202</u>	<u>\$ 1,239,173</u>	<u>\$ 1,369,375</u>

Ohio Public Employees Retirement System (OPERS)

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

Projections of health care costs for financial reporting purposes are based on the substantive plan and include the types of coverages provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74:

Wage inflation	3.25%
Projected salary increases	3.25% to 10.75%, including wage inflation
Singe discount rate:	
Current measurement date	3.85%
Prior measurement date	4.23%
Investment rate of return	6.50%
Municipal bond rate	3.31%
Health care cost trend rate	7.5% initial, 3.25% ultimate in 2028
Actuarial cost method	Individual entry age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2018

NOTE 10—DEFINED BENEFIT OPEB PLANS – *continued*

Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above tables.

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

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

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 15.2% for 2017.

The allocation of investment assets within the Health Care portfolio is approved by the OPERS Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the OPERS Board-approved asset allocation policy for 2017 and the long-term expected real rates of return.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	34.00%	1.88%
Domestic Equities	21.00%	6.37%
REITs	6.00%	5.91%
International Equities	22.00%	7.88%
Other Investments	<u>17.00%</u>	<u>5.39%</u>
Total	<u>100.00%</u>	<u>4.98%</u>

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, continued
Year Ended December 31, 2018

NOTE 10—DEFINED BENEFIT OPEB PLANS – continued

Discount Rate. A single discount rate of 3.85% was used to measure the OPEB liability on the measurement date of December 31, 2017. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50% and a municipal bond rate of 3.31%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate. The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85%, as well as what the City's proportionate share of the net OPEB liability if it were calculated using a discount rate that is 1.0% point lower (2.85%) or 1.0% point higher (4.85%) than the current rate:

	1% Decrease (2.85%)	Current Discount Rate of 3.85%	1% Increase (4.85%)
City's proportionate share of the net OPEB liability	\$ 6,994,328	\$ 5,264,532	\$ 3,865,376

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate. Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0% lower or 1.0% higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25% in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$ 5,037,157	\$ 5,264,532	\$ 5,499,664

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2018

NOTE 10—DEFINED BENEFIT OPEB PLANS – *continued*

Change between the Measurement Date and Report Date. In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 6.50% to 6.00%. This change will be effective for the 2018 actuarial valuation. The exact amount of the impact to the City's net OPEB liability is not known.

Ohio Police & Fire Pension Fund (OP&F)

Actuarial Assumptions. OP&F's total OPEB liability as of December 31, 2017 is based on the results of an actuarial valuation date of January 1, 2017 and rolled forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing retirement plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefit for financial purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key Methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation are presented below:

Actuarial valuation date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017
Actuarial cost method	Entry age normal
Investment rate of return	8.0%
Projected salary increases	3.75% to 10.50%
Payroll growth	Inflation rate of 2.75%, plus productivity increase rate of 0.5%
Single discount rate:	
Current measurement date	3.24%
Prior measurement date	3.79%
Cost of living adjustments	3.0% simple; 2.2% simple for increase based on the lesser of the increases in CPI and 3.0%

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2018

NOTE 10—DEFINED BENEFIT OPEB PLANS – *continued*

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120%.

Age	Police	Fire
67 or less	77%	68%
68-77	105%	87%
78 and up	115%	120%

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35%	35%
60-69	60%	45%
70-79	75%	70%
80 and up	100%	90%

The most recent experience study was completed for the five-year period ended December 31, 2016.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in OP&F's Statement of Investment Policy. A forecasted rate of inflation serves as a baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2017 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and cash equivalent	0.0%	0.0%
Domestic equity	16.0%	5.21%
Non-U.S. equity	16.0%	5.40%
Core fixed income*	20.0%	2.37%
Global inflation protected securities*	20.0%	2.33%
High yield	15.0%	4.48%
Real estate	12.0%	5.65%
Private markets	8.0%	7.99%
Real assets	5.0%	6.87%
Master limited partnerships	8.0%	7.36%
Total	<u>120.00%</u>	

Note: Assumptions are geometric. * Levered 2x

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, continued
Year Ended December 31, 2018

NOTE 10—DEFINED BENEFIT OPEB PLANS – continued

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

Discount Rate. Total OPEB liability was calculated using the discount rate of 3.24%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 8.0%. Based on those assumptions, OP&F's fiduciary net position was projected to be able to make all future benefit payment of current plan members through 2025. Therefore, a municipal bond rate of 3.16% at December 31, 2017 was blended with the long-term rate of 8.0%, which resulted in a blended discount rate of 3.24%. The municipal bond rate was determined using the S&P Municipal Bond 20 Year High Grade Index. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2025. The long-term expected rate of return on health care investments was applied to projected costs through 2025, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate. Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact, the following table presents the net OPEB liability calculated using the discount rate of 3.24%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1% point lower (2.24%) and 1% point higher (4.24%) than the current discount rate.

	1% Decrease (2.24%)	Current Discount Rate of 3.24%	1% Increase (4.24%)
City's proportionate share of the net OPEB liability	\$ 15,026,686	\$ 12,021,233	\$ 9,708,669

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate. Net OPEB liability is sensitive to changes in the health care cost trend rate. The trend rate is the annual rate at which the cost of covered medical services is assumed to increase from the current year to the next year. Beginning in 2017, the per-capita costs are assumed to change by the following percentages each year:

Year	Non-Medicare	Non-AARP	AARP	Rx Drug	Medicare Part B
2017	-0.47%	-2.50%	4.50%	-0.74%	5.20%
2018	7.00%	7.00%	4.50%	7.00%	5.10%
2019	6.50%	6.50%	4.50%	6.50%	5.00%
2020	6.00%	6.00%	4.50%	6.00%	5.00%
2021	5.50%	5.50%	4.50%	5.50%	5.00%
2022	5.00%	5.00%	4.50%	5.00%	5.00%
2023 and later	4.50%	4.50%	4.50%	4.50%	5.00%

To illustrate the potential impact, the following table presents the net OPEB liability calculated using the current health care cost trend current rates as outlined in the table above, a 1% decrease in the trend rates and a 1% increase in the trend rates.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, continued
Year Ended December 31, 2018

NOTE 10—DEFINED BENEFIT OPEB PLANS – continued

	<u>1% Decrease</u>	<u>Current Rates</u>	<u>1% Increase</u>
City's proportionate share of the net OPEB liability	\$ 9,338,310	\$ 12,021,233	\$ 15,636,905

Changes Subsequent to the Measurement Date. In March 2018, the OP&F Board of Trustees approved the implementation date and framework for a new health care model. Beginning January 1, 2019, the current self-insured health care plan will no longer be offered. In its place will be a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. The impact to the City's net OPEB liability is not known.

NOTE 11—OTHER EMPLOYEE BENEFITS

Compensated Absences

Accumulated Unpaid Vacation

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

Accumulated Unpaid Sick Leave

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

Deferred Compensation

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

NOTE 12—CAPITAL LEASES - LESSEE DISCLOSURE

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

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2018

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

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

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2018 were as follows:

Year Ending December 31,	Safety Building and Equipment Leases
2019	\$ 413,312
2020	413,312
2021	395,588
2022	389,680
2023	389,679
2024-2028	1,948,397
2029-2033	1,948,399
2034-2038	1,948,398
Total	\$ 7,846,765
Less: amount representing interest	(2,691,801)
Present value of net minimum lease payments	<u>\$ 5,154,964</u>

NOTE 13—RISK MANAGEMENT

Property and Liability Insurance

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2018, the City contracted with several different insurance providers for property, liability, and automobile insurance.

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

Health Insurance

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

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2018

NOTE 13—RISK MANAGEMENT – *continued*

All funds of the City from which employee salaries are paid participate in the health insurance programs and make payments to the Insurance Trust Fund based on the amounts needed to make claim payments. Total contributions to the program during 2018 were \$1,944,503. The claims liability of \$99,000 reported in the Insurance Trust Fund at December 31, 2018, is based on the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, as amended by GASB Statement No. 30, *Risk Management Omnibus*, which requires that a liability for claims be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Estimates were calculated by using actual claims reports for several months following the balance sheet date. This estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the Insurance Trust Fund's claims liability amount for 2016, 2017, and 2018 were:

Year	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2016	\$ 254,000	\$ 2,061,358	\$ (2,187,358)	\$ 128,000
2017	128,000	2,353,581	(2,029,581)	452,000
2018	452,000	1,849,313	(2,202,313)	99,000

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CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, continued
Year Ended December 31, 2018

NOTE 14—LONG -TERM OBLIGATIONS

Changes in governmental activities long-term obligations during 2018 were as follows:

Type/Issues	Restated Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Notes & Loans Payable:					
2005 OWDA Loan 3% \$2,234,466	\$ 741,478	\$ -	\$ (239,837)	\$ 501,641	\$ 247,086
2012 OPWC Loan \$2,730,423	2,238,947	-	(109,217)	2,129,730	109,217
2017 OPWC Loan \$5,407,500	-	4,857,608	-	4,857,608	-
Total Notes & Loans Payable	2,980,425	4,857,608	(349,054)	7,488,979	356,303
Unvoted General Obligation Bonds:					
2009 Various Purpose					
2.25 - 5.0% \$15,540,000	1,430,000	-	(720,000)	710,000	710,000
2011 Various Purpose					
2.0 - 4.25% \$8,020,000	5,445,000	-	(360,000)	5,085,000	375,000
2012 Various Purpose					
2.0 - 5.0% \$11,085,000	7,585,000	-	(900,000)	6,685,000	925,000
2013 Refunding					
1.0 - 3.5% \$8,905,000	6,680,000	-	(855,000)	5,825,000	850,000
2014 Refunding					
2.0 - 4.0%, \$5,160,000	4,890,000	-	(430,000)	4,460,000	440,000
2015 Various Purpose & Refunding					
4.0%, \$8,745,000	8,030,000	-	(210,000)	7,820,000	215,000
2016A Various Purpose & Refunding					
2.0%-4.0%, \$8,205,000	7,615,000	-	(250,000)	7,365,000	250,000
2016B Various Purpose					
2.0%-4.0%, \$3,855,000	3,720,000	-	(140,000)	3,580,000	145,000
2017 Various Purpose					
2.0%-4.0%, \$4,655,000	4,435,000	-	(165,000)	4,270,000	170,000
Total General Obligation Bonds	49,830,000	-	(4,030,000)	45,800,000	4,080,000
Other Long-Term Obligations:					
Compensated Absences	1,902,304	1,122,685	(940,451)	2,084,538	1,160,245
Premium on GO Bonds Issued	4,325,568	-	(389,089)	3,936,479	-
Capital Leases	5,331,545	-	(176,581)	5,154,964	184,263
Net Pension Liabilities:					
OPERS	10,802,655	-	(2,883,881)	7,918,774	-
OP&F	13,104,630	-	(82,823)	13,021,807	-
Net OPEB Liabilities:					
OPERS	4,692,977	571,555	-	5,264,532	-
OP&F	9,820,922	2,200,311	-	12,021,233	-
Total Other Long-Term Obligations	49,980,601	3,894,551	(4,472,825)	49,402,327	1,344,508
Total Long-Term Obligations	\$ 102,791,026	\$ 8,752,159	\$ (8,851,879)	\$ 102,691,306	\$ 5,780,811

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2018

NOTE 14—LONG -TERM OBLIGATIONS—*continued*

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

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

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

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

In July 2017, the City was approved to receive \$1,750,000 in grant funding and \$5,407,500 in a zero-interest, 20-year loan from the Ohio Public Works Commission for Scioto Darby and Leppert road improvements. As of December 31, 2018, all of the grant funds have been drawn and \$4,857,608 in loan proceeds have been drawn. Since the loan hasn't been completely drawn and finalized, this loan is not included in the principle and interest schedule below.

As of December 31, 2018, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$111,102,920 with an unvoted debt margin of \$58,196,768.

Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2018, are:

	OWDA Loans		General Obligation Bonds		OPWC Loan	
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 247,086	\$ 13,210	\$ 4,080,000	\$ 2,081,179	\$ 109,217	\$ -
2020	254,555	5,741	4,240,000	1,559,479	109,217	-
2021	-	-	4,315,000	1,446,391	109,217	-
2022	-	-	4,470,000	1,300,751	109,217	-
2023	-	-	4,640,000	1,147,426	109,217	-
2024-2028	-	-	15,840,000	3,354,954	546,085	-
2029-2033	-	-	5,725,000	1,095,313	546,085	-
2034-2038	-	-	2,490,000	185,800	491,475	-
Totals	<u>\$ 501,641</u>	<u>\$ 18,951</u>	<u>\$ 45,800,000</u>	<u>\$ 12,171,293</u>	<u>\$ 2,129,730</u>	<u>\$ -</u>

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2018

NOTE 15—INTERFUND TRANSACTIONS

Amounts due to/due from other funds at December 31, 2018 were as follows:

	<u>Due From</u>	<u>Due To</u>
Governmental Funds:		
General Fund	\$ 48,152	\$ 84,644
Street Maintenance and Repair Fund	-	15,999
Water and Sewer Revenue Fund	-	31,006
Nonmajor Governmental Funds	-	15,503
	<u>48,152</u>	<u>147,152</u>
Internal Service Fund	<u>99,000</u>	<u>-</u>
	<u><u>\$ 147,152</u></u>	<u><u>\$ 147,152</u></u>

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

The Nonmajor General Government Grant Fund borrowed \$188,013 from the General Fund to provide operating capital. This interfund loan is expected to be repaid within one year.

Transfers are used to move revenues from one fund that statute or budget requires to collect them to the fund that statute or budget required to expend them or move unrestricted revenues collected in the General Fund to finance various programs and projects accounted for in other funds in accordance with budgetary authorizations. During 2018, the City transferred \$5,600,000 from the General Fund to the Capital Improvement Municipal Tax Fund to finance various capital projects. Transfers between governmental funds are eliminated for reporting on the statement of activities.

NOTE 16—FUND BALANCES

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

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, continued
Year Ended December 31, 2018

NOTE 16—FUND BALANCES—continued

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

Fund Balances	General	Street Maintenance and Repair	Street Improvement Municipal Tax	Water and Sewer Revenue	TIF	Capital Improvement Municipal Tax	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:								
Prepays	\$ 81,675	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 81,675
Restricted for:								
Infrastructure improvements	-	1,852,359	-	-	5,058,338	-	640,211	7,550,908
Public safety programs	-	-	-	-	-	-	186,720	186,720
Capital outlay	-	-	-	-	-	10,082,737	-	10,082,737
Total Restricted	-	1,852,359	-	-	5,058,338	10,082,737	826,931	17,820,365
Committed to:								
Community environment	464,683	-	-	-	-	-	-	464,683
Utility operations	-	-	-	971,017	-	-	883,908	1,854,925
Infrastructure improvements	-	-	2,948,861	-	-	-	-	2,948,861
Park maintenance	-	-	-	-	-	-	159,605	159,605
Total committed	464,683	-	2,948,861	971,017	-	-	1,043,513	5,428,074
Assigned to:								
Public safety	196,209	-	-	-	-	-	-	196,209
Public health	34,000	-	-	-	-	-	-	34,000
Leisure time activities	213,476	-	-	-	-	-	-	213,476
Community environment	191,154	-	-	-	-	-	-	191,154
General government	1,880,934	-	-	-	-	-	-	1,880,934
Total assigned	2,515,773	-	-	-	-	-	-	2,515,773
Unassigned (deficit)	11,421,542	-	-	-	-	-	(188,013)	11,233,529
Total Fund Balance	\$ 14,483,673	\$ 1,852,359	\$ 2,948,861	\$ 971,017	\$ 5,058,338	\$ 10,082,737	\$ 1,682,431	\$ 37,079,416

Minimum Fund Balance Policy

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

NOTE 17—CONDUIT DEBT OBLIGATIONS

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

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2018

NOTE 17—CONDUIT DEBT OBLIGATIONS—*continued*

As of December 31, 2018, there one series of industrial revenue development bonds outstanding with an aggregate principal amount payable of \$215,000.

NOTE 18—CONTRACTUAL COMMITMENTS

As of December 31, 2018, the City had contractual purchase commitments as follows:

Vendor	Contract Amount	Amount Expended	Balance 12/31/18
2K General Company	\$ 975,670	\$ 187,768	\$ 787,902
American Structurepoint	408,000	167,976	240,024
Burgess & Niple	425,000	214,872	210,128
Carpenter Marty Transp., Inc.	125,000	25,318	99,682
CDM Smith	64,000	-	64,000
Columbus Asphalt Paving	1,272,950	391,050	881,900
Complete General Construction	508,300	-	508,300
CT Consultants	115,800	20,142	95,658
DLZ Ohio, Inc.	121,135	17,738	103,397
E.P. Ferris & Associates, Inc.	130,900	22,414	108,486
Franklin County Engineer	1,045,000	-	1,045,000
GPD Group	270,000	99,953	170,047
Insight Pipe Contracting, LLC	167,700	-	167,700
MS Consultants, Inc.	982,527	676,259	306,268
Prime AE Group, Inc.	210,020	11,328	198,692
Stantec Consulting Services	161,500	43,180	118,320
Strawser Paving Co.	1,506,555	848,704	657,851
The Kleingers Group	393,000	186,471	206,529
Trucco Construction Co.	7,663,472	6,469,696	1,193,776
URS Corporation	166,300	101,658	64,642
Woolpert	138,600	869	137,731
	<u>\$ 16,851,429</u>	<u>\$ 9,485,396</u>	<u>\$ 7,366,033</u>

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed in all funds. On the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities. There were outstanding encumbrances in the six major governmental funds and in the nonmajor funds at December 31, 2018: \$2,873,028 in the General Fund, \$347,694 in the Street Maintenance and Repair Fund, \$1,063,920 in the Street Improvement Municipal Tax Fund, \$652,627 in the Water and Sewer Revenue Fund, \$7,900,590 in the Capital Improvement Municipal Tax Fund and \$642,007 in the Nonmajor Funds.

NOTE 19—RELATED AND JOINTLY GOVERNED ORGANIZATIONS

Hilliard Arts Council Corporation

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

Norwich Township

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

Central Ohio Interoperable Radio System

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

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2018

NOTE 20—TAX ABATEMENTS

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

For the year ended December 31, 2018, the City abated income taxes totaling \$1,027,343 under the Program as follows:

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

NOTE 21—CONTINGENT LIABILITIES

Federal and State Grants

For the year ended December 31, 2018, the City received federal and state grants for specific purposes that are subject to review and audit by grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

Litigation

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

NOTE 22—DEFICT FUND BALANCE

The Nonmajor General Government Grants Fund had a fund balance deficit of \$188,013 at December 31, 2018. The General Fund is liable for any deficits in the fund balances and provides transfers when cash is required. An interfund receivable/payable has been reflected on the fund financial statements. The deficit resulted from grant reimbursements not being received before year end.

NOTE 23—SUBSEQUENT EVENTS

In March 2019, the City entered into a \$1,250,000 loan with Franklin County Infrastructure Banks related to the Municipal Fiber Project. This is a 10-year loan with an interest rate of 2.10%.

In May 2019, the City issued \$9,155,000 in various purpose general obligation bonds for park and recreation improvements, road improvements, sanitary sewer improvements and a fiber optic system. These bonds will mature on December 1, 2039 and bear interest ranging from 3.0% to 5.0%.

NOTE 24—CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT

For 2018, the City implemented GASB Statement No. 85, *Omnibus 2017*, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, and related guidance from GASB Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2018

NOTE 24—CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT—*continued*

GASB Statement No. 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits. These changes were incorporated in the City's 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 75 established standards for measuring and recognizing postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expenses. The implementation of this pronouncement had the following effect on net position as reported December 31, 2017:

	<u>Governmental Activities</u>
Net Position at December 31, 2017	\$ 208,660,346
Adjustments:	
Net OPEB liability	(14,513,899)
Deferred outflows - payments subsequent to measurement date	<u>94,127</u>
Restated Net Position at December 31, 2017	<u>\$ 194,240,574</u>

Other than employer contributions subsequent to the measurement date, the City made no restatement for deferred outflows or inflows of resources as the information needed to generate these restatements was not available.

Required Supplementary Information



Real People. Real Possibilities.

CITY OF HILLIARD, OHIO

Required Supplementary Information

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

Ohio Public Employees Retirement System - Traditional Pension Plan

Last Five Years (1) (2)

	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.043891%	\$ 5,174,177	\$ 5,221,423	99.10%	86.36%
2015	0.043891%	5,293,745	5,381,025	98.38%	86.45%
2016	0.047377%	8,206,216	5,895,875	139.19%	81.08%
2017	0.047571%	10,802,655	6,203,208	174.15%	77.25%
2018	0.050476%	7,918,774	6,663,515	118.84%	84.66%

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

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

Notes to Schedule:

Change in assumptions. In 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2015. Significant changes included a reduction of the discount rate from 8.0% to 7.5%, a reduction in the wage inflation rate from 3.75% to 3.25%, and transition from the RP-2000 mortality tables to the RP-2014 mortality tables.

CITY OF HILLIARD, OHIO

Required Supplementary Information

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

Ohio Police and Fire Pension Fund

Last Five Years (1) (2)

	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.206632%	\$ 10,063,612	\$ 4,248,693	236.86%	73.00%
2015	0.206632%	10,704,384	4,551,263	235.20%	71.71%
2016	0.215574%	13,868,027	4,856,900	285.53%	66.77%
2017	0.206897%	13,104,630	4,974,232	263.45%	68.36%
2018	0.212170%	13,021,807	5,180,279	251.37%	70.91%

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

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

Notes to Schedule:

Change in assumptions. In 2018, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2016. Significant changes included a reduction of the discount rate from 8.25% to 8.0%, a reduction in the wage inflation rate from 3.75% to 3.25%, and transition from the RP-2000 mortality tables to the RP-2014 mortality tables.

CITY OF HILLIARD, OHIO

Required Supplementary Information

Schedule of City Pension Contributions

Ohio Public Employees Retirement System - Traditional Pension Plan

Last Eight Years (1)

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2011	\$ 577,815	\$ (577,815)	\$ -	\$ 5,778,150	10.00%
2012	678,683	(678,683)	-	6,786,830	10.00%
2013	678,785	(678,785)	-	5,221,423	13.00%
2014	645,723	(645,723)	-	5,381,025	12.00%
2015	707,505	(707,505)	-	5,895,875	12.00%
2016	744,385	(744,385)	-	6,203,208	12.00%
2017	866,257	(866,257)	-	6,663,515	13.00%
2018	1,039,787	(1,039,787)	-	7,427,050	14.00%

(1) Information prior to 2011 is not available.

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

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2011	\$ 511,223	\$ (511,223)	\$ -	\$ 4,009,592	12.75%
2012	544,150	(544,150)	-	4,267,843	12.75%
2013	674,834	(674,834)	-	4,248,693	15.88%
2014	864,740	(864,740)	-	4,551,263	19.00%
2015	922,811	(922,811)	-	4,856,900	19.00%
2016	945,104	(945,104)	-	4,974,232	19.00%
2017	984,253	(984,253)	-	5,180,279	19.00%
2018	1,100,169	(1,100,169)	-	5,790,363	19.00%

(1) Information prior to 2011 is not available.

CITY OF HILLIARD, OHIO

Required Supplementary Information

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

Ohio Public Employees Retirement System - Traditional Pension Plan

Last Two Years (1) (2)

	City's Proportion of the Net OPEB Liability	City's Proportionate Share of the Net OPEB Liability	City's Covered Payroll	City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.046464%	\$ 4,692,977	\$ 6,203,208	75.65%	54.05%
2018	0.048480%	5,264,532	6,663,515	79.01%	54.14%

(1) Information prior to 2017 is not available. The City will continue to present information for years available until a full ten-year trend is compiled.

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

CITY OF HILLIARD, OHIO

Required Supplementary Information

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

Ohio Police and Fire Pension Fund

Last Two Years (1) (2)

	City's Proportion of the Net OPEB Liability	City's Proportionate Share of the Net OPEB Liability	City's Covered Payroll	City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.206897%	\$ 9,820,922	\$ 4,974,232	197.44%	15.96%
2018	0.212170%	12,021,233	5,180,279	232.06%	14.13%

(1) Information prior to 2017 is not available. The City will continue to present information for years available until a full ten-year trend is compiled.

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

CITY OF HILLIARD, OHIO

Required Supplementary Information

Schedule of City OPEB Contributions

Ohio Public Employees Retirement System - Traditional Pension Plan

Last Eight Years (1)

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2011	\$ 231,126	\$ (231,126)	\$ -	\$ 5,778,150	4.00%
2012	271,473	(271,473)	-	6,786,830	4.00%
2013	52,214	(52,214)	-	5,221,423	1.00%
2014	107,621	(107,621)	-	5,381,025	2.00%
2015	117,918	(117,918)	-	5,895,875	2.00%
2016	124,064	(124,064)	-	6,203,208	2.00%
2017	68,314	(68,314)	-	6,663,515	1.00%
2018	-	-	-	7,427,050	0.00%

(1) Information prior to 2011 is not available.

CITY OF HILLIARD, OHIO

Required Supplementary Information
Schedule of City OPEB Contributions
Ohio Police and Fire Pension Fund
Last Eight Years (1)

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2011	\$ 270,647	\$ (270,647)	\$ -	\$ 4,009,592	6.75%
2012	288,079	(288,079)	-	4,267,843	6.75%
2013	153,803	(153,803)	-	4,248,693	3.62%
2014	22,756	(22,756)	-	4,551,263	0.50%
2015	24,285	(24,285)	-	4,856,900	0.50%
2016	24,871	(24,871)	-	4,974,232	0.50%
2017	25,813	(25,813)	-	5,180,279	0.50%
2018	28,952	(28,952)	-	5,790,363	0.50%

(1) Information prior to 2011 is not available.

Supplementary Information

Combining Statements And Individual Fund Schedules

CITY OF HILLIARD, OHIO

Major Fund Descriptions

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

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

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

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

Major Special Revenue Funds:

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

The **Street Improvement Municipal Tax Fund** accounts for a portion of the City's income tax collections to be used for repair and improvement of streets and highways. In 2018, 3% of income tax collections were deposited into the fund.

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

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

Major Capital Project Fund:

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

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

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

General Fund

Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	From Final Budget
Revenues				
Property and other local taxes	\$ 1,464,082	\$ 1,464,082	\$ 1,486,272	\$ 22,190
Municipal income taxes	17,682,676	17,682,676	18,647,738	965,062
Intergovernmental	565,512	565,512	627,710	62,198
Charges for services	4,091,593	4,091,593	3,593,005	(498,588)
Licenses and permits	1,151,900	1,151,900	1,085,511	(66,389)
Fines and forfeitures	350,000	350,000	249,216	(100,784)
Investment income	293,000	293,000	619,870	326,870
Miscellaneous	139,500	139,500	410,677	271,177
Total revenues	<u>25,738,263</u>	<u>25,738,263</u>	<u>26,719,999</u>	<u>981,736</u>
Expenditures				
Current:				
General Government:				
Mayor:				
Personal services	216,223	216,223	203,346	12,877
Contractual services	7,400	7,400	7,400	-
Materials and supplies	2,025	2,025	1,390	635
Total Mayor	<u>225,648</u>	<u>225,648</u>	<u>212,136</u>	<u>13,512</u>
City Council:				
Personal services	387,159	387,159	334,960	52,199
Contractual services	45,238	360,238	348,146	12,092
Materials and supplies	120,381	120,381	113,781	6,600
Total City Council	<u>552,778</u>	<u>867,778</u>	<u>796,887</u>	<u>70,891</u>
Clerk of Courts:				
Personal services	236,941	236,941	224,570	12,371
Contractual services	158,806	158,806	104,671	54,135
Materials and supplies	20,516	20,516	18,401	2,115
Total Clerk of Courts	<u>416,263</u>	<u>416,263</u>	<u>347,642</u>	<u>68,621</u>
Law:				
Personal services	363,490	363,490	353,433	10,057
Contractual services	155,204	235,204	196,812	38,392
Materials and supplies	9,983	9,983	8,551	1,432
Total Law	<u>\$ 528,677</u>	<u>\$ 608,677</u>	<u>\$ 558,796</u>	<u>\$ 49,881</u>

(continued)

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

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

General Fund

Year Ended December 31, 2018

(continued)

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	From Final Budget
Finance:				
Personal services	\$ 774,992	\$ 774,992	\$ 713,371	\$ 61,621
Contractual services	115,325	115,325	112,764	2,561
Materials and supplies	47,788	47,788	42,950	4,838
Other	111,400	111,400	111,400	-
Total Finance	1,049,505	1,049,505	980,485	69,020
Economic Development:				
Personal services	150,540	150,540	135,727	14,813
Contractual services	38,500	38,500	35,900	2,600
Materials and supplies	31,132	31,132	21,497	9,635
Total Economic Development	220,172	220,172	193,124	27,048
City Clerk:				
Contractual services	2,500	2,500	1,500	1,000
Materials and supplies	12,957	12,957	12,833	124
Total City Clerk	15,457	15,457	14,333	1,124
Human Resources:				
Personal services	409,916	409,916	388,412	21,504
Contractual services	75,281	75,281	72,600	2,681
Materials and supplies	23,605	23,605	17,205	6,400
Total Human Resources	508,802	508,802	478,217	30,585
Public Building and Land:				
Personal services	376,132	376,132	358,074	18,058
Contractual services	114,786	114,786	101,858	12,928
Materials and supplies	47,480	47,480	44,058	3,422
Utilities	634,069	634,069	621,931	12,138
Total Public Building and Land	1,172,467	1,172,467	1,125,921	46,546
Information Technology:				
Personal services	651,368	651,368	485,517	165,851
Contractual services	611,615	611,615	591,010	20,605
Materials and supplies	49,474	49,474	44,201	5,273
Total Information Technology	\$ 1,312,457	\$ 1,312,457	\$ 1,120,728	\$ 191,729

(continued)

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

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

General Fund

Year Ended December 31, 2018

(continued)

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	From Final Budget
Boards and Commissions:				
Personal services	\$ 115,797	\$ 115,797	\$ 109,904	\$ 5,893
Materials and supplies	11,805	11,805	4,793	7,012
Total Boards and Commissions	127,602	127,602	114,697	12,905
General Administrative:				
Personal services	104,599	104,599	93,978	10,621
Contractual services	883,092	883,092	798,152	84,940
Materials and supplies	31,416	31,416	28,106	3,310
Other	1,816,121	1,816,121	1,587,054	229,067
Total General Administrative	2,835,228	2,835,228	2,507,290	327,938
Total General Government	8,965,056	9,360,056	8,450,256	909,800
Security of Persons and Property:				
Police:				
Personal services	10,180,564	10,180,564	9,524,464	656,100
Contractual services	956,824	956,824	946,601	10,223
Materials and supplies	298,941	298,941	293,165	5,776
Other	600	600	311	289
Total Police	11,436,929	11,436,929	10,764,541	672,388
Total Security of Persons and Property	11,436,929	11,436,929	10,764,541	672,388
Public Health:				
County Health District:				
Contractual services	289,146	289,146	288,146	1,000
Total County Health District	289,146	289,146	288,146	1,000
Total Public Health	289,146	289,146	288,146	1,000
Leisure Time Activities:				
Recreation:				
Personal services	2,676,575	2,676,575	2,345,043	331,532
Contractual services	348,641	348,641	332,303	16,338
Materials and supplies	433,748	433,748	428,912	4,836
Utilities	296,509	296,509	295,247	1,262
Other	6,949	6,949	6,889	60
Total Recreation	3,762,422	3,762,422	3,408,394	354,028
Total Leisure Time Activities	\$ 3,762,422	\$ 3,762,422	\$ 3,408,394	\$ 354,028

(continued)

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

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

General Fund

Year Ended December 31, 2018

(concluded)

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	From Final Budget
Community Environment:				
Service/Engineer:				
Personal services	\$ 772,351	\$ 772,351	\$ 742,126	\$ 30,225
Contractual services	2,152,697	2,152,697	2,110,752	41,945
Materials and supplies	48,564	48,564	29,352	19,212
Total Service/Engineer	<u>2,973,612</u>	<u>2,973,612</u>	<u>2,882,230</u>	<u>91,382</u>
Building Inspection:				
Personal services	650,470	650,470	545,526	104,944
Contractual services	22,443	22,443	20,000	2,443
Materials and supplies	27,050	27,050	23,990	3,060
Other	7,000	7,000	3,000	4,000
Total Building Inspection	<u>706,963</u>	<u>706,963</u>	<u>592,516</u>	<u>114,447</u>
Total Community Environment	<u>3,680,575</u>	<u>3,680,575</u>	<u>3,474,746</u>	<u>205,829</u>
Total Expenditures	<u>28,134,128</u>	<u>28,529,128</u>	<u>26,386,083</u>	<u>2,143,045</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,395,865)</u>	<u>(2,790,865)</u>	<u>333,916</u>	<u>3,124,781</u>
Other financing sources (uses)				
Transfers in	335,443	335,443	335,443	-
Transfers out	<u>(5,335,443)</u>	<u>(5,935,443)</u>	<u>(5,935,443)</u>	-
Total other financing sources (uses)	<u>(5,000,000)</u>	<u>(5,600,000)</u>	<u>(5,600,000)</u>	-
Net change in fund balance	(7,395,865)	(8,390,865)	(5,266,084)	<u>\$ 3,124,781</u>
Fund balance, beginning of year	13,184,877	13,184,877	13,184,877	
Prior year encumbrances appropriated	<u>2,396,232</u>	<u>2,396,232</u>	<u>2,396,232</u>	
Fund balance, end of year	<u>\$ 8,185,244</u>	<u>\$ 7,190,244</u>	<u>\$ 10,315,025</u>	

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

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

Construction Inspection Fund⁽¹⁾

Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>From Final</u>
				<u>Budget</u>
Revenues				
Charges for services	\$ 440,000	\$ 440,000	\$ 720,300	\$ 280,300
Miscellaneous	5,000	5,000	73,027	68,027
Total revenues	<u>445,000</u>	<u>445,000</u>	<u>793,327</u>	<u>348,327</u>
Expenditures				
Current:				
Community Environment:				
Personal services	376,324	376,324	356,436	19,888
Contractual services	590,036	720,036	720,036	-
Materials and supplies	19,930	19,930	2,846	17,084
Other	15,000	15,000	-	15,000
Total expenditures	<u>1,001,290</u>	<u>1,131,290</u>	<u>1,079,318</u>	<u>51,972</u>
Net change in fund balance	(556,290)	(686,290)	(285,991)	<u>\$ 400,299</u>
Fund balance, beginning of year	595,852	595,852	595,852	
Prior year encumbrances appropriated	<u>186,466</u>	<u>186,466</u>	<u>186,466</u>	
Fund balance, end of year	<u>\$ 226,028</u>	<u>\$ 96,028</u>	<u>\$ 496,327</u>	

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

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

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

Police Benevolent Fund⁽¹⁾

Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>From Final</u>
				<u>Budget</u>
Revenues				
Charges for services	\$ 15,000	\$ 30,000	\$ 32,256	\$ 2,256
Miscellaneous	5,000	5,000	9,444	4,444
Total revenues	<u>20,000</u>	<u>35,000</u>	<u>41,700</u>	<u>6,700</u>
Expenditures				
Current:				
Security of Persons and Property:				
Contractual services	11,335	11,335	5,239	6,096
Materials and supplies	11,409	31,409	29,357	2,052
Total expenditures	<u>22,744</u>	<u>42,744</u>	<u>34,596</u>	<u>8,148</u>
Net change in fund balance	(2,744)	(7,744)	7,104	<u>\$ 14,848</u>
Fund balance, beginning of year	7,699	7,699	7,699	
Prior year encumbrances appropriated	2,744	2,744	2,744	
Fund balance, end of year	<u>\$ 7,699</u>	<u>\$ 2,699</u>	<u>\$ 17,547</u>	

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

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

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

Street Maintenance and Repair Fund

Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	From Final Budget
Revenues				
Intergovernmental	\$ 1,390,500	\$ 1,390,500	\$ 1,443,662	\$ 53,162
Investment income	4,000	4,000	27,656	23,656
Miscellaneous	40,000	40,000	49,030	9,030
Total revenues	<u>1,434,500</u>	<u>1,434,500</u>	<u>1,520,348</u>	<u>85,848</u>
Expenditures				
Current:				
Transportation:				
Personal services	825,374	825,374	724,338	101,036
Contractual services	390,947	390,947	338,774	52,173
Materials and supplies	1,005,313	1,005,313	799,307	206,006
Total expenditures	<u>2,221,634</u>	<u>2,221,634</u>	<u>1,862,419</u>	<u>359,215</u>
Net change in fund balance	(787,134)	(787,134)	(342,071)	<u>\$ 445,063</u>
Fund balance, beginning of year	1,222,655	1,222,655	1,222,655	
Prior year encumbrances appropriated	429,724	429,724	429,724	
Fund balance, end of year	<u>\$ 865,245</u>	<u>\$ 865,245</u>	<u>\$ 1,310,308</u>	

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

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

Street Improvement Municipal Tax Fund

Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>From Final</u>
				<u>Budget</u>
Revenues				
Municipal income taxes	\$ 2,720,412	\$ 2,720,412	\$ 2,869,870	\$ 149,458
Expenditures				
Current:				
General Government:				
Contractual services	95,000	95,000	46,630	48,370
Other	100,000	100,000	99,539	461
Total General Government	195,000	195,000	146,169	48,831
Transportation:				
Contractual services	701,619	701,619	667,594	34,025
Capital outlay	3,086,566	3,086,566	3,049,275	37,291
Total Transportation	3,788,185	3,788,185	3,716,869	71,316
Debt Service	300,000	300,000	299,725	275
Total expenditures	4,283,185	4,283,185	4,162,763	120,422
Net change in fund balance	(1,562,773)	(1,562,773)	(1,292,893)	\$ 269,880
Fund balance, beginning of year	1,622,413	1,622,413	1,622,413	
Prior year encumbrances appropriated	1,262,185	1,262,185	1,262,185	
Fund balance, end of year	\$ 1,321,825	\$ 1,321,825	\$ 1,591,705	

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

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

Water and Sewer Revenue Fund

Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	From Final Budget
Revenues				
Charges for services	\$ 1,810,000	\$ 1,810,000	\$ 1,741,812	\$ (68,188)
Miscellaneous	110,000	110,000	22,344	(87,656)
Total revenues	<u>1,920,000</u>	<u>1,920,000</u>	<u>1,764,156</u>	<u>(155,844)</u>
Expenditures				
Current:				
Basic Utility Services:				
Personal services	1,366,348	1,366,348	1,300,946	65,402
Contractual services	530,594	555,594	393,213	162,381
Materials and supplies	232,648	207,648	154,096	53,552
Capital outlay	947,860	947,860	712,043	235,817
Utilities	130,900	130,900	99,152	31,748
Other	10,000	10,000	-	10,000
Total Basic Utility Services	<u>3,218,350</u>	<u>3,218,350</u>	<u>2,659,450</u>	<u>558,900</u>
Debt Service	<u>290,000</u>	<u>290,000</u>	<u>289,725</u>	<u>275</u>
Total expenditures	<u>3,508,350</u>	<u>3,508,350</u>	<u>2,949,175</u>	<u>559,175</u>
Net change in fund balance	(1,588,350)	(1,588,350)	(1,185,019)	<u>\$ 403,331</u>
Fund balance, beginning of year	1,185,129	1,185,129	1,185,129	
Prior year encumbrances appropriated	<u>534,212</u>	<u>534,212</u>	<u>534,212</u>	
Fund balance, end of year	<u>\$ 130,991</u>	<u>\$ 130,991</u>	<u>\$ 534,322</u>	

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

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

TIF Fund

Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	From Final Budget
Revenues				
Payment in lieu of taxes	\$ 4,050,000	\$ 4,050,000	\$ 6,211,070	\$ 2,161,070
Intergovernmental	227,000	227,000	146,886	(80,114)
Total revenues	<u>4,277,000</u>	<u>4,277,000</u>	<u>6,357,956</u>	<u>2,080,956</u>
Expenditures				
Current:				
General Government:				
Other	-	1,226,400	1,212,130	14,270
Total General Government	-	<u>1,226,400</u>	<u>1,212,130</u>	<u>14,270</u>
Transportation:				
Contractual services	4,117	4,117	-	4,117
Other	-	2,458,000	2,444,353	13,647
Total Transportation	<u>4,117</u>	<u>2,462,117</u>	<u>2,444,353</u>	<u>17,764</u>
Debt Service	-	<u>1,826,150</u>	<u>1,812,888</u>	<u>13,262</u>
Total expenditures	<u>4,117</u>	<u>5,514,667</u>	<u>5,469,371</u>	<u>45,296</u>
Net change in fund balance	4,272,883	(1,237,667)	888,585	<u>\$ 2,126,252</u>
Fund balance, beginning of year	4,165,635	4,165,635	4,165,635	
Prior year encumbrances appropriated	<u>4,117</u>	<u>4,117</u>	<u>4,117</u>	
Fund balance, end of year	<u>\$ 8,442,635</u>	<u>\$ 2,932,085</u>	<u>\$ 5,058,337</u>	

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

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

Capital Improvement Municipal Tax Fund

Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	From Final Budget
Revenues				
Municipal income taxes	\$ 6,801,029	\$ 6,801,029	\$ 7,174,676	\$ 373,647
Intergovernmental	1,762,000	1,762,000	2,049,365	287,365
Licenses and permits	100,000	100,000	6,000	(94,000)
Miscellaneous	5,000	5,000	43,544	38,544
Total revenues	<u>8,668,029</u>	<u>8,668,029</u>	<u>9,273,585</u>	<u>605,556</u>
Expenditures				
Current:				
General Government:				
Contractual services	382,368	385,368	255,925	129,443
Capital outlay	2,087,086	2,084,086	1,192,414	891,672
Other	200,000	200,000	199,181	819
Total General Government	<u>2,669,454</u>	<u>2,669,454</u>	<u>1,647,520</u>	<u>1,021,934</u>
Security of Persons and Property:				
Capital outlay	<u>415,770</u>	<u>415,770</u>	<u>414,082</u>	<u>1,688</u>
Total Security of Persons and Property	<u>415,770</u>	<u>415,770</u>	<u>414,082</u>	<u>1,688</u>
Leisure Time Activities:				
Contractual services	82,000	82,000	-	82,000
Capital outlay	<u>1,669,563</u>	<u>3,169,563</u>	<u>3,079,128</u>	<u>90,435</u>
Total Leisure Time Activities	<u>1,751,563</u>	<u>3,251,563</u>	<u>3,079,128</u>	<u>172,435</u>
Community Environment:				
Capital outlay	<u>867,807</u>	<u>867,807</u>	<u>651,907</u>	<u>215,900</u>
Total Community Environment	<u>867,807</u>	<u>867,807</u>	<u>651,907</u>	<u>215,900</u>
Basic Utility Services:				
Contractual services	147,403	147,403	143,487	3,916
Capital outlay	<u>1,288,889</u>	<u>1,288,889</u>	<u>667,342</u>	<u>621,547</u>
Total Basic Utility Services	<u>1,436,292</u>	<u>1,436,292</u>	<u>810,829</u>	<u>625,463</u>
Transportation:				
Contractual services	547,010	547,010	520,510	26,500
Capital outlay	<u>14,335,659</u>	<u>14,335,659</u>	<u>14,229,101</u>	<u>106,558</u>
Total Transportation	<u>\$ 14,882,669</u>	<u>\$ 14,882,669</u>	<u>\$ 14,749,611</u>	<u>\$ 133,058</u>

(continued)

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

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

Capital Improvement Municipal Tax Fund

Year Ended December 31, 2018

(concluded)

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	From Final
				Budget
Debt Service	\$ 4,330,148	\$ 4,330,148	\$ 4,329,732	\$ 416
Total expenditures	<u>26,353,703</u>	<u>27,853,703</u>	<u>25,682,809</u>	<u>2,170,894</u>
Deficiency of revenues under expenditures	<u>(17,685,674)</u>	<u>(19,185,674)</u>	<u>(16,409,224)</u>	<u>2,776,450</u>
Other financing sources				
Issuance of notes	5,407,500	5,407,500	4,857,608	(549,892)
Transfers in	<u>5,000,000</u>	<u>5,600,000</u>	<u>5,600,000</u>	<u>-</u>
Total other financing sources	<u>10,407,500</u>	<u>11,007,500</u>	<u>10,457,608</u>	<u>(549,892)</u>
Net change in fund balance	(7,278,174)	(8,178,174)	(5,951,616)	<u>\$ 2,226,558</u>
Fund balance, beginning of year	2,316,430	2,316,430	2,316,430	
Prior year encumbrances appropriated	<u>6,001,106</u>	<u>6,001,106</u>	<u>6,001,106</u>	
Fund balance, end of year	<u>\$ 1,039,362</u>	<u>\$ 139,362</u>	<u>\$ 2,365,920</u>	

CITY OF HILLIARD, OHIO

Nonmajor Fund Descriptions

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

CITY OF HILLIARD, OHIO

Nonmajor Fund Descriptions

AGENCY FUNDS

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

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

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

CITY OF HILLIARD, OHIO
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2018

	Special Revenue Funds							Total Nonmajor Governmental Funds
	County Municipal Motor Vehicle Tax	Park Maintenance	Police	Mayor's Court Computer	General Government Grants	Heritage Trail Dog Park	Storm Water Utility	
Assets								
Equity in pooled cash and cash equivalents	\$ 589,472	\$ 163,588	\$ 133,633	\$ 52,937	\$ -	\$ 100	\$ 863,982	\$ 1,803,712
Cash and cash equivalents with fiscal agents	32,432	-	-	-	-	-	-	32,432
Receivables:								
Accounts	-	-	150	-	-	-	61,176	61,326
Due from other governments	127,604	-	-	-	-	-	-	127,604
Total assets	<u>\$ 749,508</u>	<u>\$ 163,588</u>	<u>\$ 133,783</u>	<u>\$ 52,937</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 925,158</u>	<u>\$ 2,025,074</u>
Liabilities								
Accounts payable	\$ 27,107	\$ 4,083	\$ -	\$ -	\$ -	\$ -	\$ 6,955	\$ 38,145
Due to other funds	-	-	-	-	-	-	15,503	15,503
Interfund payable	-	-	-	-	188,013	-	-	188,013
Accrued wages payable	-	-	-	-	-	-	10,940	10,940
Matured compensated absences	-	-	-	-	-	-	6,139	6,139
Due to other governments	-	-	-	-	-	-	1,713	1,713
Total liabilities	<u>27,107</u>	<u>4,083</u>	<u>-</u>	<u>-</u>	<u>188,013</u>	<u>-</u>	<u>41,250</u>	<u>260,453</u>
Deferred Inflows of Resources								
Unavailable revenue	<u>82,190</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82,190</u>
Total deferred inflows of resources	<u>82,190</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82,190</u>
Fund balances								
Restricted	640,211	-	133,783	52,937	-	-	-	826,931
Committed	-	159,505	-	-	-	100	883,908	1,043,513
Unassigned (deficit)	-	-	-	-	(188,013)	-	-	(188,013)
Total fund balances	<u>640,211</u>	<u>159,505</u>	<u>133,783</u>	<u>52,937</u>	<u>(188,013)</u>	<u>100</u>	<u>883,908</u>	<u>1,682,431</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 749,508</u>	<u>\$ 163,588</u>	<u>\$ 133,783</u>	<u>\$ 52,937</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 925,158</u>	<u>\$ 2,025,074</u>

CITY OF HILLIARD, OHIO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended December 31, 2018

	Special Revenue Funds							Total
	County Municipal Motor Vehicle Tax	Park Maintenance	Police	Mayor's Court Computer	General Government Grants	Heritage Trail Dog Park	Storm Water Utility	Nonmajor Governmental Funds
Revenues								
Intergovernmental	\$ 398,359	\$ -	\$ -	\$ -	\$ 80,740	\$ -	\$ -	\$ 479,099
Charges for services	-	288,404	-	-	-	-	1,109,134	1,397,538
Licenses and permits	-	7,588	-	-	-	-	-	7,588
Fines and forfeitures	-	-	55,392	18,275	-	-	-	73,667
Investment income	9,053	-	-	-	-	-	-	9,053
Miscellaneous	-	1,200	-	-	-	-	3,860	5,060
Total Revenues	<u>407,412</u>	<u>297,192</u>	<u>55,392</u>	<u>18,275</u>	<u>80,740</u>	<u>-</u>	<u>1,112,994</u>	<u>1,972,005</u>
Expenditures								
Current:								
General government	-	-	-	17,200	-	-	-	17,200
Security of persons and property	-	-	51,220	-	63,726	-	-	114,946
Leisure time activities	-	193,493	-	-	5,314	-	-	198,807
Basic utility services	-	-	-	-	-	-	902,534	902,534
Transportation	<u>226,336</u>	<u>109,207</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>335,543</u>
Total expenditures	<u>226,336</u>	<u>302,700</u>	<u>51,220</u>	<u>17,200</u>	<u>69,040</u>	<u>-</u>	<u>902,534</u>	<u>1,569,030</u>
Net change in fund balances	181,076	(5,508)	4,172	1,075	11,700	-	210,460	402,975
Fund balance, beginning of year	<u>459,135</u>	<u>165,013</u>	<u>129,611</u>	<u>51,862</u>	<u>(199,713)</u>	<u>100</u>	<u>673,448</u>	<u>1,279,456</u>
Fund balance, end of year	<u>\$ 640,211</u>	<u>\$ 159,505</u>	<u>\$ 133,783</u>	<u>\$ 52,937</u>	<u>\$ (188,013)</u>	<u>\$ 100</u>	<u>\$ 883,908</u>	<u>\$ 1,682,431</u>

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

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

County Municipal Motor Vehicle Tax Fund

Year Ended December 31, 2018

	Final Budgeted Amounts	Actual Amounts	Variance From Final Budget
Revenues			
Intergovernmental	\$ 377,410	\$ 394,153	\$ 16,743
Investment income	1,000	9,053	8,053
Total revenues	<u>378,410</u>	<u>403,206</u>	<u>24,796</u>
Expenditures			
Current:			
Transportation:			
Contractual services	259,102	242,792	16,310
Materials and supplies	91,516	40,005	51,511
Total expenditures	<u>350,618</u>	<u>282,797</u>	<u>67,821</u>
Net change in fund balance	27,792	120,409	<u>\$ 92,617</u>
Fund balance, beginning of year	326,176	326,176	
Prior year encumbrances appropriated	100,618	100,618	
Fund balance, end of year	<u>\$ 454,586</u>	<u>\$ 547,203</u>	

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

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

Park Maintenance Fund

Year Ended December 31, 2018

	Final Budgeted Amounts	Actual Amounts	Variance From Final Budget
Revenues			
Charges for services	\$ 200,000	\$ 288,404	\$ 88,404
Licenses and permits	110,000	7,588	(102,412)
Miscellaneous	130,000	1,200	(128,800)
Total revenues	<u>440,000</u>	<u>297,192</u>	<u>(142,808)</u>
Expenditures			
Current:			
Leisure Time Activities:			
Contractual services	39,255	37,877	1,378
Materials and supplies	10,150	5,429	4,721
Capital outlay	367,489	251,958	115,531
Transportation:			
Capital outlay	335,826	266,761	69,065
Total expenditures	<u>752,720</u>	<u>562,025</u>	<u>190,695</u>
Net change in fund balance	(312,720)	(264,833)	<u>\$ 47,887</u>
Fund balance, beginning of year	43,498	43,498	
Prior year encumbrances appropriated	<u>272,720</u>	<u>272,720</u>	
Fund balance, end of year	<u>\$ 3,498</u>	<u>\$ 51,385</u>	

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

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

Police Fund

Year Ended December 31, 2018

	Final Budgeted Amounts	Actual Amounts	Variance From Final Budget
Revenues			
Fines and forfeitures	\$ 26,050	\$ 143,149	\$ 117,099
Expenditures			
Current:			
Security of Persons and Property:			
Other	53,355	51,381	1,974
Total expenditures	53,355	51,381	1,974
Net change in fund balance	(27,305)	91,768	\$ 119,073
Fund balance, beginning of year	39,918	39,918	
Prior year encumbrances appropriated	1,755	1,755	
Fund balance, end of year	\$ 14,368	\$ 133,441	

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

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

Mayor's Court Computer Fund

Year Ended December 31, 2018

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance From Final Budget</u>
Revenues			
Fines and forfeitures	<u>\$ 20,000</u>	<u>\$ 18,199</u>	<u>\$ (1,801)</u>
Expenditures			
Current:			
General Government:			
Contractual services	25,702	7,318	18,384
Materials and supplies	15,111	12,091	3,020
Capital outlay	<u>24,586</u>	<u>-</u>	<u>24,586</u>
Total expenditures	<u>65,399</u>	<u>19,409</u>	<u>45,990</u>
 Net change in fund balance	 (45,399)	 (1,210)	 <u>\$ 44,189</u>
 Fund balance, beginning of year	 37,335	 37,335	
Prior year encumbrances appropriated	<u>13,399</u>	<u>13,399</u>	
Fund balance, end of year	<u><u>\$ 5,335</u></u>	<u><u>\$ 49,524</u></u>	

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

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

General Government Grants Fund

Year Ended December 31, 2018

	Final Budgeted Amounts	Actual Amounts	Variance From Final Budget
Revenues			
Intergovernmental	\$ 315,000	\$ 80,740	\$ (234,260)
Expenditures			
Current:			
Security of Persons and Property:			
Contractual services	100,000	57,066	42,934
Capital outlay	7,000	6,660	340
Total Security of Persons and Property	107,000	63,726	43,274
Leisure Time Activities:			
Contractual services	5,500	5,314	186
Capital outlay	10,828	10,828	-
Total Leisure Time Activities	16,328	16,142	186
Total expenditures	123,328	79,868	43,460
Net change in fund balance	191,672	872	\$ (190,800)
Fund balance, beginning of year	(199,713)	(199,713)	
Prior year encumbrances appropriated	10,828	10,828	
Fund balance, end of year	\$ 2,787	\$ (188,013)	

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

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

Heritage Trail Dog Park Fund

Year Ended December 31, 2018

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

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

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

Storm Water Utility Fund

Year Ended December 31, 2018

	Final Budgeted Amounts	Actual Amounts	Variance From Final Budget
Revenues			
Charges of services	\$ 1,100,000	\$ 1,096,347	\$ (3,653)
Miscellaneous	50,000	3,860	(46,140)
Total revenues	<u>1,150,000</u>	<u>1,100,207</u>	<u>(49,793)</u>
Expenditures			
Current:			
Basic Utility Services:			
Personal services	681,010	647,485	33,525
Contractual services	321,748	183,510	138,238
Materials and supplies	31,881	23,588	8,293
Capital outlay	<u>334,300</u>	<u>106,214</u>	<u>228,086</u>
Total expenditures	<u>1,368,939</u>	<u>960,797</u>	<u>408,142</u>
Net change in fund balance	(218,939)	139,410	<u>\$ 358,349</u>
Fund balance, beginning of year	530,097	530,097	
Prior year encumbrances appropriated	<u>149,370</u>	<u>149,370</u>	
Fund balance, end of year	<u>\$ 460,528</u>	<u>\$ 818,877</u>	

CITY OF HILLIARD, OHIO

Combining Statement of Fiduciary Assets and Liabilities

Agency Funds

December 31, 2018

	Mayor's Court	Escrow	Total
Assets			
Equity in pooled cash and cash equivalents	\$ -	\$ 456,460	\$ 456,460
Cash and cash equivalents in segregated accounts	21,451	-	21,451
Accounts receivable	-	24,409	24,409
Total assets	<u>\$ 21,451</u>	<u>\$ 480,869</u>	<u>\$ 502,320</u>
Liabilities			
Due to other governments	\$ -	\$ 441,273	\$ 441,273
Deposits held and due to others	21,451	39,596	61,047
Total liabilities	<u>\$ 21,451</u>	<u>\$ 480,869</u>	<u>\$ 502,320</u>

CITY OF HILLIARD, OHIO

Combining Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds

Year Ended December 31, 2018

	Balance January 1, 2018	Additions	Deductions	Balance December 31, 2018
<u>Mayor's Court</u>				
<u>Assets</u>				
Cash and cash equivalents in segregated accounts	\$ 24,732	\$ 372,213	\$ 375,494	\$ 21,451
<u>Liabilities</u>				
Deposits held and due to others	\$ 24,732	\$ 372,213	\$ 375,494	\$ 21,451
<u>Escrow</u>				
<u>Assets</u>				
Equity in pooled cash and cash equivalents	\$ 420,420	\$ 1,952,811	\$ 1,916,771	\$ 456,460
Accounts receivable	23,753	24,409	23,753	24,409
Total assets	<u>\$ 444,173</u>	<u>\$ 1,977,220</u>	<u>\$ 1,940,524</u>	<u>\$ 480,869</u>
<u>Liabilities</u>				
Due to other governments	\$ 404,577	\$ 1,355,702	\$ 1,319,006	\$ 441,273
Deposits held and due to others	39,596	621,518	621,518	39,596
Total liabilities	<u>\$ 444,173</u>	<u>\$ 1,977,220</u>	<u>\$ 1,940,524</u>	<u>\$ 480,869</u>
<u>Total - All Agency Funds</u>				
<u>Assets</u>				
Equity in pooled cash and cash equivalents	\$ 420,420	\$ 1,952,811	\$ 1,916,771	\$ 456,460
Cash and cash equivalents in segregated accounts	24,732	372,213	375,494	21,451
Accounts receivable	23,753	24,409	23,753	24,409
Total assets	<u>\$ 468,905</u>	<u>\$ 2,349,433</u>	<u>\$ 2,316,018</u>	<u>\$ 502,320</u>
<u>Liabilities</u>				
Due to other governments	\$ 404,577	\$ 1,355,702	\$ 1,319,006	\$ 441,273
Deposits held and due to others	64,328	993,731	997,012	61,047
Total liabilities	<u>\$ 468,905</u>	<u>\$ 2,349,433</u>	<u>\$ 2,316,018</u>	<u>\$ 502,320</u>



Real People. Real Possibilities.

STATISTICAL SECTION



Real People. Real Possibilities.

Statistical Section

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

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial position has changed over time. 119-124

Revenue Capacity

These schedules contain information to help the reader understand and assess the factors affecting the City's ability to generate its most significant local revenue sources, the income and property taxes. 125-131

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. 132-135

Economic and Demographic Information

These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments. 136-137

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. 138-140

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



Real People. Real Possibilities.

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

	2009	2010	2011 (restated) ¹	2012	2013	2014 (restated) ²	2015	2016	2017 (restated) ³	2018
Governmental Activities:										
Net investment in capital assets	\$ 197,699,834	\$ 193,490,449	\$ 191,936,312	\$ 184,681,665	\$ 178,545,386	\$ 174,263,501	\$ 177,988,978	\$ 185,589,498	\$ 187,490,079	\$ 185,358,515
Restricted	14,573,975	14,458,902	9,067,789	8,746,450	13,239,396	19,459,624	18,372,505	16,230,358	16,913,151	19,791,069
Unrestricted	3,388,558	2,940,978	6,906,732	10,226,730	13,720,226	1,985,909	1,882,523	4,325,531	(10,162,656)	(15,482,624)
<i>Total Governmental Activities Net Position</i>	<u>\$ 215,662,367</u>	<u>\$ 210,890,329</u>	<u>\$ 207,910,833</u>	<u>\$ 203,654,845</u>	<u>\$ 205,505,008</u>	<u>\$ 195,709,034</u>	<u>\$ 198,244,006</u>	<u>\$ 206,145,387</u>	<u>\$ 194,240,574</u>	<u>\$ 189,666,960</u>

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

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

³ Net Position at December 31, 2017 has been restated for adoption of GASB Statement No. 75.

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Program Revenues:										
Governmental Activities:										
Charges for Services:										
General Government	\$ 1,451,333	\$ 698,795	\$ 718,663	\$ 779,745	\$ 817,496	\$ 743,059	\$ 913,842	\$ 880,295	\$ 847,633	\$ 1,036,392
Security of Persons and Property	620,598	1,032,105	974,688	1,009,245	978,586	895,958	900,810	922,948	1,068,701	1,015,084
Leisure Time Activities	933,107	942,536	1,033,362	1,109,563	1,453,629	1,037,505	1,046,213	1,309,531	1,152,698	1,137,108
Community Environment	596,596	1,540,679	1,459,453	1,920,796	2,901,063	2,797,942	2,784,666	3,105,178	3,165,149	3,049,967
Basic Utility Services	1,018,487	1,466,740	2,069,699	1,954,915	2,951,504	3,421,040	3,159,736	4,830,460	3,278,450	2,874,739
Operating Grants, Contributions, and Interest	1,422,622	1,312,293	1,287,341	1,483,970	1,782,427	2,246,982	2,383,121	2,195,900	2,538,885	1,933,005
Capital Grants, Contributions and Interest	20,966,177	4,106,822	6,544,552	415,449	2,120,629	6,087,335	4,500,410	8,713,838	7,242,347	5,758,043
<i>Total Governmental Activities Program Revenues</i>	<i>27,008,920</i>	<i>11,099,970</i>	<i>14,087,758</i>	<i>8,673,683</i>	<i>13,005,334</i>	<i>17,229,821</i>	<i>15,688,798</i>	<i>21,958,150</i>	<i>19,293,863</i>	<i>16,804,338</i>
Expenses:										
Governmental Activities:										
Current:										
General Government	4,346,672	4,820,699	5,889,987	5,881,654	4,396,977	6,234,614	6,449,722	12,247,477	11,597,782	9,598,793
Security of Persons and Property	8,483,744	8,553,689	8,440,519	8,228,460	8,377,988	11,406,237	9,746,509	10,955,413	10,957,889	13,265,766
Public Health	169,063	171,913	165,311	182,270	186,809	194,357	225,000	237,546	256,406	261,020
Leisure Time Activities	3,069,040	2,911,718	3,272,969	3,252,501	3,282,870	3,347,217	3,706,740	4,442,567	6,421,668	6,432,175
Community Environment	4,704,774	3,091,413	2,621,951	3,491,170	3,571,243	3,437,303	3,846,005	3,856,330	4,365,272	4,324,565
Basic Utility Services	6,812,986	7,254,778	6,604,081	7,407,870	8,804,498	7,407,729	8,337,911	8,242,381	8,563,635	9,165,715
Transportation	8,596,950	8,404,994	7,940,453	7,490,224	8,523,821	11,946,188	10,363,941	8,759,098	11,985,105	14,286,519
Interest and Fiscal Charges	2,516,290	2,599,540	2,639,621	2,775,651	2,326,249	1,774,916	1,861,659	2,094,479	1,875,982	1,999,922
<i>Total Governmental Activities Expenses</i>	<i>\$ 38,699,519</i>	<i>\$ 37,808,744</i>	<i>\$ 37,574,892</i>	<i>\$ 38,709,800</i>	<i>\$ 39,470,455</i>	<i>\$ 45,748,561</i>	<i>\$ 44,537,487</i>	<i>\$ 50,835,291</i>	<i>\$ 56,023,739</i>	<i>\$ 59,334,475</i>
<i>Net Expenses</i>	<i>\$ (11,690,599)</i>	<i>\$ (26,708,774)</i>	<i>\$ (23,487,134)</i>	<i>\$ (30,036,117)</i>	<i>\$ (26,465,121)</i>	<i>\$ (28,518,740)</i>	<i>\$ (28,848,689)</i>	<i>\$ (28,877,141)</i>	<i>\$ (36,729,876)</i>	<i>\$ (42,530,137)</i>

(continued)

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues:										
Governmental Activities:										
Property Taxes Levied for General Purposes	\$ 1,939,885	\$ 1,682,554	\$ 1,924,647	\$ 1,978,442	\$ 1,490,038	\$ 1,483,891	\$ 1,418,846	\$ 1,429,888	\$ 1,526,373	\$ 1,484,966
Municipal Income Tax Levied for General Purposes	10,808,397	11,470,507	10,996,978	12,292,843	14,350,910	14,337,297	15,172,841	18,445,021	18,729,749	18,295,358
Municipal Income Tax Levied for Transportation	2,161,680	747,888	384,371	885,947	466,492	1,212,529	1,536,470	2,458,263	3,170,538	2,797,729
Municipal Income Tax Levied for Capital Outlay	4,323,358	4,072,798	3,946,978	4,392,930	4,939,135	5,160,611	5,585,976	6,967,455	7,297,194	7,033,170
Payments in Lieu of Taxes	1,375,625	1,846,750	2,391,513	1,243,970	3,008,635	5,038,316	7,383,674	6,238,064	7,201,942	6,211,070
Grants and Entitlements not Restricted to Specific Programs	1,209,800	1,099,064	1,695,078	2,301,949	1,105,845	693,035	770,008	706,750	731,344	989,732
Unrestricted Investment Earnings	355,084	156,648	141,361	60,420	57,494	33,531	73,377	199,018	332,676	728,040
Miscellaneous	186,099	376,594	455,810	581,217	361,580	356,074	508,900	334,063	255,019	416,458
<i>Total Governmental Activities</i>	<u>\$ 22,359,928</u>	<u>\$ 21,452,803</u>	<u>\$ 21,936,736</u>	<u>\$ 23,737,718</u>	<u>\$ 25,780,129</u>	<u>\$ 28,315,284</u>	<u>\$ 32,450,092</u>	<u>\$ 36,778,522</u>	<u>\$ 39,244,835</u>	<u>\$ 37,956,523</u>
 <i>Change in Net Position</i>	 <u>\$ 10,669,329</u>	 <u>\$ (5,255,971)</u>	 <u>\$ (1,550,398)</u>	 <u>\$ (6,298,399)</u>	 <u>\$ (684,992)</u>	 <u>\$ (203,456)</u>	 <u>\$ 3,601,403</u>	 <u>\$ 7,901,381</u>	 <u>\$ 2,514,959</u>	 <u>\$ (4,573,614)</u>

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Function / Program:										
Governmental Activities										
General Government	\$ 1,543,528	\$ 698,795	\$ 718,663	\$ 990,070	\$ 828,746	\$ 747,058	\$ 932,505	\$ 880,295	\$ 1,340,133	\$ 1,036,392
Security of Persons and Property	620,598	1,052,600	974,688	1,009,245	1,006,477	967,899	972,845	1,012,271	1,152,659	1,097,768
Leisure Time Activities	933,107	992,536	1,053,018	1,109,563	1,483,629	1,037,505	1,255,051	1,493,030	1,154,048	1,137,108
Community Environment	596,596	1,540,679	1,459,453	2,089,648	2,901,063	2,797,942	2,784,666	3,105,178	3,165,149	3,049,967
Basic Utility Services	8,633,325	2,436,329	5,214,730	2,036,875	4,053,801	7,738,258	7,586,211	10,519,988	8,151,546	4,495,498
Transportation	14,681,766	4,379,031	4,667,206	1,438,282	2,731,618	3,941,159	2,157,520	4,947,388	4,330,328	5,987,605
<i>Total Governmental Activities Program Revenues</i>	<u>\$ 27,008,920</u>	<u>\$ 11,099,970</u>	<u>\$ 14,087,758</u>	<u>\$ 8,673,683</u>	<u>\$ 13,005,334</u>	<u>\$ 17,229,821</u>	<u>\$ 15,688,798</u>	<u>\$ 21,958,150</u>	<u>\$ 19,293,863</u>	<u>\$ 16,804,338</u>

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Nonspendable	\$ -	\$ -	\$ 28,179	\$ 26,723	\$ 25,268	\$ 26,774	\$ 40,817	\$ 40,542	\$ 71,894	\$ 81,675
Committed	-	-	204,888	186,706	224,637	221,970	86,232	150,297	83,789	464,683
Assigned	-	-	520,519	300,101	113,892	189,754	344,930	1,412,497	7,046,953	2,515,773
Unassigned	-	-	3,055,755	5,132,224	9,146,578	10,340,785	11,937,982	14,144,814	9,023,648	11,421,542
Reserved	139,582	188,231	-	-	-	-	-	-	-	-
Unreserved	3,073,796	3,161,504	-	-	-	-	-	-	-	-
Total General Fund	3,213,378	3,349,735	3,809,341	5,645,754	9,510,375	10,779,283	12,409,961	15,748,150	16,226,284	14,483,673
All Other Governmental Funds										
Restricted	-	-	8,287,493	10,453,741	16,177,842	20,434,858	19,509,382	17,168,002	15,310,227	17,820,365
Committed	-	-	5,773,016	4,961,934	4,566,178	4,157,852	3,851,332	4,764,514	5,073,581	4,963,391
Unassigned (deficit)	-	-	(12,904)	(12,904)	-	(14,663)	(4,161)	(637,643)	(199,713)	(188,013)
Reserved	3,245,086	6,622,551	-	-	-	-	-	-	-	-
Unreserved, Reported in:										
Special Revenue Funds	6,240,285	6,615,484	-	-	-	-	-	-	-	-
Debt Service Funds	(13,717)	(12,904)	-	-	-	-	-	-	-	-
Capital Projects Funds	3,150,492	434,163	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	12,622,146	13,659,294	14,047,605	15,402,771	20,744,020	24,578,047	23,356,553	21,294,873	20,184,095	22,595,743
Total Governmental Funds	\$ 15,835,524	\$ 17,009,029	\$ 17,856,946	\$ 21,048,525	\$ 30,254,395	\$ 35,357,330	\$ 35,766,514	\$ 37,043,023	\$ 36,410,379	\$ 37,079,416

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:										
Property and Other Local Taxes	\$ 1,719,684	\$ 1,936,497	\$ 1,981,224	\$ 1,489,345	\$ 1,559,706	\$ 1,441,796	\$ 1,462,509	\$ 1,429,658	\$ 1,528,261	\$ 1,486,272
Municipal Income Taxes	15,912,550	16,050,554	17,436,327	18,739,268	20,843,443	20,227,766	25,790,575	27,615,153	27,941,266	28,495,230
Payment in Lieu of Taxes	1,529,580	2,331,405	2,333,600	3,008,635	5,038,316	7,383,674	5,319,823	6,238,064	7,201,942	6,211,070
Intergovernmental	3,264,109	7,464,964	7,103,146	2,765,621	3,021,748	4,550,308	3,198,900	3,471,002	5,401,377	5,052,647
Charges for Services	3,466,922	4,278,597	4,741,570	5,474,971	6,372,169	6,755,577	6,878,488	7,667,567	7,192,206	7,505,612
Licenses and Permits	968,911	1,745,589	1,183,422	827,486	2,174,933	1,968,205	1,529,826	3,118,344	1,913,121	1,098,603
Fines and Forfeitures	320,788	292,669	330,873	397,752	389,424	337,475	307,757	261,398	403,899	322,883
Investment Income	156,648	141,361	60,420	57,494	33,531	73,377	48,070	199,018	332,676	676,436
Special Assessments	28,981	813	-	-	-	-	-	-	-	-
Other	377,758	390,760	552,819	358,221	355,886	882,453	217,020	318,819	248,424	619,115
Total Revenues	27,745,931	34,633,209	35,723,401	33,118,793	39,789,156	43,620,631	44,752,968	50,319,023	52,163,172	51,467,868
Expenditures:										
Current:										
General Government	4,375,856	4,857,636	5,821,506	5,922,196	4,828,215	6,881,917	9,293,320	14,623,801	10,343,125	8,477,699
Security of Persons and Property	15,107,209	8,282,776	7,943,336	8,022,112	8,436,061	11,635,540	9,198,922	10,147,638	9,893,769	10,940,277
Public Health	169,063	171,913	165,311	182,270	186,809	194,357	225,000	237,546	256,406	261,020
Leisure Time Activities	3,103,714	4,456,087	2,803,019	2,852,567	3,256,275	4,412,240	7,723,557	6,390,159	7,110,569	5,707,429
Community Environment	5,833,755	5,357,924	3,301,309	3,373,556	3,444,028	3,326,671	4,247,432	3,677,582	3,876,683	3,851,931
Basic Utility Services	2,544,706	1,937,183	1,697,650	2,362,492	3,264,874	2,480,971	3,482,900	4,046,696	3,493,862	3,292,141
Transportation	6,746,273	8,544,315	10,472,973	3,893,437	5,171,459	10,158,186	6,919,067	7,562,237	9,739,304	16,396,168
Debt Service:										
Principal Retirement	2,357,284	2,629,411	2,945,653	3,580,068	4,016,158	8,515,167	15,269,704	11,506,452	11,026,242	4,555,635
Interest and Fiscal Charges	2,939,932	2,637,382	2,899,735	2,870,941	2,275,495	1,660,868	1,786,954	2,049,620	2,070,924	2,176,434
Issuance Costs	-	-	-	-	153,222	147,271	182,912	247,705	104,753	-
Total Expenditures	43,177,792	38,874,627	38,050,492	33,059,639	35,032,596	49,413,188	58,329,768	60,489,436	57,915,637	55,658,734
Excess of Revenues Over (Under) Expenditures	(15,431,861)	(4,241,418)	(2,327,091)	59,154	4,756,560	(5,792,557)	(13,576,800)	(10,170,413)	(5,752,465)	(4,190,866)
Other Financing Sources (Uses):										
Proceeds from Sale of Capital Assets	-	65,050	28,398	3,359	18,785	1,848	1,500	298,393	11,152	2,295
Issuance of General Obligation Bonds	15,540,000	-	8,020,000	2,480,000	8,905,000	-	8,745,000	3,855,000	4,655,000	-
Issuance of Bond Anticipation Notes	-	5,300,000	-	-	4,285,000	10,785,000	7,275,000	6,500,000	-	-
OWDA and OPWC Loans Issued	-	-	17,689	413,790	-	-	-	-	-	4,857,608
Premium on Debt	849,054	49,873	15,982	1,364,417	484,152	435,398	1,260,402	1,609,604	-	-
Refunding Bonds Issued	-	-	-	8,605,000	-	5,160,000	-	8,205,000	453,669	-
Payment on Refunded Bonds or Notes	-	-	(5,300,000)	(9,734,141)	(9,243,627)	(5,486,754)	(3,295,918)	(9,130,978)	-	-
Inception of Capital Lease	6,417,386	-	392,939	-	-	-	-	109,903	-	-
Transfers - In	441,137	-	-	-	-	-	2,308,880	1,880,000	3,500,000	5,600,000
Transfers - Out	(441,137)	-	-	-	-	-	(2,308,880)	(1,880,000)	(3,500,000)	(5,600,000)
Total Other Financing Sources (Uses)	22,806,440	5,414,923	3,175,008	3,132,425	4,449,310	10,895,492	13,985,984	11,446,922	5,119,821	4,859,903
Net Change in Fund Balances	\$ 7,374,579	\$ 1,173,505	\$ 847,917	\$ 3,191,579	\$ 9,205,870	\$ 5,102,935	\$ 409,184	\$ 1,276,509	\$ (632,644)	\$ 669,037
Debt Service as a Percentage of Noncapital Expenditures	17.1%	17.7%	19.6%	21.0%	19.8%	23.9%	35.5%	27.9%	25.2%	14.1%

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

Year	Individual				Business Accounts				Total
	Withholding	Percentage of Total	Non-withholding	Percentage of Total	Total Individual	Percentage of Total	Business Accounts	Percentage of Total	
2009	\$ 13,448,644	78%	\$ 1,959,748	11%	\$ 15,408,392	89%	\$ 1,771,029	11%	\$ 17,179,421
2010	13,465,563	77%	1,847,800	11%	15,313,363	88%	2,090,483	12%	17,403,846
2011	14,006,015	79%	2,066,913	12%	16,072,928	91%	1,665,297	9%	17,738,225
2012	14,755,373	77%	2,041,808	11%	16,797,181	88%	2,286,614	12%	19,083,795
2013	15,349,860	74%	2,234,458	11%	17,584,318	85%	3,257,488	15%	20,841,806
2014	16,261,933	71%	2,343,605	10%	18,605,538	81%	4,188,367	19%	22,793,905
2015	18,483,631	72%	2,494,808	10%	20,978,439	82%	4,845,020	18%	25,823,459
2016	19,960,118	72%	2,747,844	10%	22,707,962	82%	5,140,096	18%	27,848,058
2017	20,891,108	71%	2,822,321	10%	23,713,429	81%	5,823,710	19%	29,537,139
2018	21,891,108	75%	2,751,650	9%	24,642,758	84%	4,453,629	16%	29,096,387

Source: City Income Tax Division

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

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

Year	General Fund	Capital Improvement Municipal Tax Fund	Street Improvement Municipal Tax Fund	Total	Percentage Increase/ (Decrease)
2009	\$ 11,496,626	\$ 4,083,246	\$ 753,112	\$ 16,332,984	18.32%
2010	12,165,853	4,014,340	527,842	16,708,035	2.30%
2011	12,184,246	4,341,568	840,456	17,366,270	3.94%
2012	13,395,426	4,633,040	503,694	18,532,160	6.71%
2013	14,040,629	5,057,600	1,200,169	20,298,398	9.53%
2014	15,151,065	5,578,415	1,535,563	22,265,043	9.69%
2015	16,996,835	6,326,264	1,981,958	25,305,057	13.65%
2016	18,061,105	6,834,152	2,442,267	27,337,524	8.03%
2017	18,133,490	6,954,543	2,738,843	27,826,876	1.79%
2018	18,647,738	7,174,676	2,869,870	28,692,284	3.11%

Source: City Income Tax Department

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

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

Range of Withholding Amount	2018		2009	
	Number of Withholding Accounts	Percentage of Total Withholding Revenue	Number of Withholding Accounts	Percentage of Total Withholding Revenue
\$500,001 and higher	5	27.82%	3	23.36%
\$300,001 - 500,000	2	3.18%	2	5.72%
\$100,001 - 300,000	20	14.80%	8	9.20%
\$55,001 - 100,000	34	11.81%	17	8.98%
Total		57.61%		47.26%
All Others		42.39%		52.74%
Total Withholding Accounts		100.00%		100.00%

Source: City Income Tax Department

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

Tax Year	Real Property (1)						Personal Property (2)			Total		Estimated Actual Value of Taxable Property	Total Direct Tax Rate
	Residential	Agricultural	Commercial	Industrial	Public Utility	Total	Public Utility	General	Total	Valuation	% Growth		
2009	\$ 684,289,450	\$ 1,460,720	\$ 138,984,940	\$ 50,031,110	\$ 90,590	\$ 874,856,810	\$ 10,394,370	\$ 1,345,983	\$ 11,740,353	\$ 886,597,163	4.51%	\$ 2,546,552,298	\$ 1.60
2010	685,969,370	1,508,590	126,497,550	51,110,680	90,260	865,176,450	11,735,180	-	11,735,180	876,911,630	-1.09%	2,518,873,434	1.60
2011	648,863,550	220,850	133,992,270	49,254,890	95,680	832,427,240	12,894,340	-	12,894,340	845,321,580	-3.60%	2,429,940,903	1.60
2012	650,106,670	202,650	132,537,670	48,868,730	102,050	831,817,770	12,999,270	-	12,999,270	844,817,040	-0.06%	2,428,619,280	1.60
2013	653,620,850	202,650	125,794,790	48,969,180	108,720	828,696,190	13,663,980	-	13,663,980	842,360,170	-0.29%	2,422,359,320	1.60
2014	676,482,330	334,970	130,957,970	45,693,090	113,600	853,581,960	13,802,040	-	13,802,040	867,384,000	2.97%	2,494,013,760	1.60
2015	686,255,690	334,970	143,948,700	45,300,260	109,640	875,949,260	17,439,680	-	17,439,680	893,388,940	3.00%	2,572,470,891	1.60
2016	706,508,020	476,840	159,045,970	57,459,820	99,510	923,590,160	22,083,010	-	22,083,010	945,673,170	5.85%	2,727,161,069	1.60
2017	769,568,760	748,160	180,804,500	50,425,820	95,820	1,001,643,060	29,546,200	-	29,546,200	1,031,189,260	9.04%	2,980,022,114	1.60
2018	776,314,380	748,160	187,088,920	52,540,450	93,500	1,016,785,410	41,337,640	-	41,337,640	1,058,123,050	2.61%	3,070,451,731	1.60

Source: Franklin County Auditor

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

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

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

<u>Tax Year</u>	<u>City of Hilliard General Fund</u>	<u>Hilliard City School District</u>	<u>Franklin County</u>	<u>Metropolitan Library</u>	<u>Norwich Township</u>	<u>Vocational School</u>	<u>Total</u>
2009	\$ 1.60	\$ 82.85	\$ 18.07	\$ 2.20	\$ 17.50	\$ 1.30	\$ 123.52
2010	1.60	82.95	18.07	2.80	17.50	1.30	124.22
2011	1.60	89.35	18.07	2.80	17.50	1.60	130.92
2012	1.60	89.45	18.47	2.80	17.50	1.60	131.42
2013	1.60	89.45	18.47	2.80	21.62	1.60	135.54
2014	1.60	89.55	18.47	2.80	21.62	1.60	135.64
2015	1.60	89.55	18.47	2.80	21.62	1.60	135.64
2016	1.60	94.35	18.47	2.80	21.62	1.60	140.44
2017	1.60	93.75	18.92	2.80	21.62	1.60	140.29
2018	1.60	93.75	18.92	2.80	21.62	1.60	140.29

Source: Franklin County Auditor

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

Taxpayer	2018			2009		
	Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Villages at Britton Ltd	\$ 16,450,010	1	1.62%			
AEP Ohio Transmission Company Inc.	12,338,360	2	1.21%			
MCI International Inc.	10,758,830	3	1.06%			
Heritage Green Gardens	9,975,000	4	0.98%			
M-BM LLC	8,664,670	5	0.85%			
One Mill Run LP	6,215,450	6	0.61%			
PPOS 17 LLC	5,670,010	7	0.56%			
Riggins Road LLC	5,215,010	8	0.51%			
National Retail Properties LP	4,550,010	9	0.45%			
Lantham Apartments LLC	4,248,650	10	0.42%			
G&I VI Heritage Green LLC				\$ 7,234,150	1	0.83%
Columbus Campus LLC				6,923,150	2	0.79%
Ansmil LLC				4,810,940	3	0.55%
Trueman LP				4,151,560	4	0.47%
Talcott III Mill Run LLC				3,964,780	5	0.45%
CSE Hilliard LLC				3,436,090	6	0.39%
Crystal Lakes Apartments				3,160,620	7	0.36%
Cadlerocks Hilliard				2,975,000	8	0.34%
First Industrial LP				2,529,180	9	0.29%
MCI International				2,202,420	10	0.25%
Total Top 10 Real Property	84,086,000		8.27%	41,387,890		4.72%
All Others	932,699,410		91.73%	833,468,920		95.28%
Total Real Property Assessed Valuation	<u>\$ 1,016,785,410</u>		<u>100.00%</u>	<u>\$ 874,856,810</u>		<u>100.00%</u>

Source: Franklin County Auditor

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

Collection Year	Total Tax Levy (1) (2)	Current Tax Collections (1) (3)	Percent of Current Levy Collected (3)	Delinquent Tax Collections	Total Tax Collections
2009	\$ 1,431,361	\$ 1,365,022	95.37%	\$ 65,393	\$ 1,430,415
2010	1,473,382	1,456,360	98.84%	51,583	1,507,943
2011	1,463,918	1,443,836	98.63%	26,067	1,469,903
2012	1,417,184	1,401,052	98.86%	23,016	1,424,068
2013	1,449,224	1,199,654	82.78%	36,053	1,235,707
2014	1,365,550	1,466,149	107.37%	27,364	1,493,513
2015	1,387,814	1,295,817	93.37%	29,743	1,325,560
2016	1,429,422	1,523,391	106.57%	31,900	1,555,291
2017	1,481,320	1,433,243	96.75%	29,816	1,463,059
2018	1,649,903	1,684,742	102.11%	121,610	1,806,352

Source: Franklin County Auditor

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

City of Hilliard, Ohio
Computation of All Direct and Overlapping Governmental Debt
December 31, 2018

Jurisdiction	Debt Outstanding	Percentage Applicable to the City of Hilliard (1)	Amount Applicable to the City of Hilliard
Direct			
City of Hilliard			
Loans Payable	\$ 7,488,979		\$ 7,488,979
General Obligation Bonds	49,736,479		49,736,479
Capital Leases	<u>5,154,964</u>		<u>5,154,964</u>
Total Direct Debt	<u>62,380,422</u>	100.00%	<u>62,380,422</u>
Overlapping Subdivisions			
Hilliard City School District	135,117,433	37.15%	50,196,126
Dublin City School District	89,393,377	0.06%	53,636
Franklin County	195,735,000	3.42%	6,694,137
Solid Waste Authority of Central Ohio	<u>48,140,000</u>	3.26%	<u>1,569,364</u>
Total Overlapping Debt	<u>468,385,810</u>		<u>58,513,263</u>
Total Direct and Overlapping Debt	<u><u>\$ 530,766,232</u></u>		<u><u>\$ 120,893,685</u></u>

Source: Franklin County Auditor

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

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

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

Collection Year	Net Bonded Debt	Estimated Actual Value of Taxable Property (2)	Population (1)	Ratio of Net Bonded Debt to Estimated Actual Value	Net Bonded Debt Per Capita
2009	53,372,658	2,546,552,298	28,927	2.10%	1,845
2010	50,786,564	2,518,873,434	28,935	2.02%	1,755
2011	55,994,999	2,429,940,903	29,250	2.30%	1,914
2012	55,859,717	2,428,619,280	28,524	2.30%	1,958
2013	53,129,330	2,422,359,320	28,595	2.19%	1,858
2014	49,772,640	2,494,013,760	28,723	2.00%	1,733
2015	52,679,797	2,572,470,891	28,952	2.05%	1,820
2016	53,507,370	2,727,161,069	29,331	1.96%	1,824
2017	54,155,568	2,980,022,114	34,631	1.82%	1,564
2018	49,736,479	3,070,451,731	37,063	1.62%	1,342

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

(2) Source: Franklin County Auditor

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

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

Year	Notes Payable	Loans Payable	General Obligation Bonds	Special Assessment Bonds	Capital Leases	Total Outstanding Debt	Population(1)	Personal Income(2)	Debt Per Capita	Percentage of Personal Income
2009	\$ -	\$ 2,216,777	\$ 53,372,658	\$ -	\$ 6,313,094	\$ 61,902,529	28,927	\$ 1,106,226	\$ 2,140	5.60%
2010	5,300,000	2,216,777	50,786,564	-	6,168,683	64,472,024	28,935	1,112,464	2,228	5.80%
2011	-	2,127,163	55,994,999	-	6,448,272	64,570,434	29,250	1,175,499	2,208	5.49%
2012	-	4,569,580	55,859,717	-	6,256,210	66,685,507	28,524	1,218,773	2,338	5.47%
2013	4,285,000	4,308,312	53,129,330	-	6,056,320	67,778,962	28,595	1,254,377	2,370	5.40%
2014	10,785,000	3,986,189	49,772,640	-	5,848,276	70,392,105	28,723	1,289,720	2,451	5.46%
2015	7,275,000	3,603,022	52,679,797	-	5,631,739	69,189,558	28,952	1,348,295	2,390	5.13%
2016	6,500,000	3,322,443	53,507,370	-	5,500,769	68,830,582	29,331	1,399,822	2,347	4.92%
2017	-	2,980,425	54,155,568	-	5,331,545	62,467,538	34,631	1,719,221	1,804	3.63%
2018	-	7,488,979	49,736,479	-	5,154,964	62,380,422	37,063	N/A	1,683	N/A

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

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

N/A - Information not available

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

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total Assessed Valuation	\$ 1,058,123,050	\$ 1,031,189,260	\$ 945,673,170	\$ 893,388,940	\$ 867,384,000	\$ 842,360,170	\$ 844,817,040	\$ 845,321,580	\$ 876,911,630	\$ 886,597,163
Overall debt limitation - 10.5% of assessed valuation	111,102,920	108,274,872	99,295,683	93,805,839	91,075,320	88,447,818	88,705,789	88,758,766	92,075,721	93,092,702
Total Indebtedness as of 12/31	45,800,000	49,830,000	55,690,000	56,410,000	57,835,000	50,370,000	53,130,000	54,320,000	54,325,000	51,510,000
Less Exempt Debt:										
Self Supporting										
1999A Various Purpose-Water portion(28%)	-	-	-	-	-	-	-	-	-	-
2002 Various Purpose-Water portion(39%)	-	-	-	-	-	-	-	62,400	120,900	177,450
2005 Various Purpose-Water portion(39%)	-	-	-	1,123,200	1,567,800	1,994,850	5,569,200	5,904,600	6,228,300	6,542,250
Total Self Supporting	-	-	-	1,123,200	1,567,800	1,994,850	5,569,200	5,967,000	6,349,200	6,719,700
Income Tax Supported										
1999 Various Purpose(72%)	-	-	-	-	-	-	-	-	-	-
2002 Various Purpose(61%)	-	-	-	-	-	-	-	97,600	189,100	277,550
2003 Various Purpose	-	-	-	-	-	-	245,000	3,655,000	3,880,000	4,100,000
2009 Various Purpose	710,000	1,430,000	2,130,000	8,220,000	11,645,000	12,470,000	13,270,000	14,055,000	14,810,000	15,540,000
2011 Various Purpose	5,085,000	5,445,000	5,795,000	6,135,000	6,585,000	7,020,000	7,445,000	7,865,000	-	-
2012 Various Purpose	6,685,000	7,585,000	8,460,000	9,310,000	10,135,000	10,920,000	7,445,000	-	-	-
2013 Various Purpose	5,825,000	6,680,000	7,555,000	8,465,000	8,465,000	8,585,000	-	-	-	-
2014 Various Purpose	4,460,000	4,890,000	4,940,000	4,990,000	5,040,000	-	-	-	-	-
2015 Various Purpose	7,820,000	8,030,000	8,230,000	8,425,000	-	-	-	-	-	-
2016 Various Purpose	10,945,000	11,335,000	11,715,000	-	-	-	-	-	-	-
2017 Various Purpose	4,270,000	4,435,000	-	-	-	-	-	-	-	-
Notes	-	-	6,500,000	7,275,000	10,785,000	4,285,000	-	-	5,300,000	-
Total Income Tax Supported	45,800,000	49,830,000	55,325,000	52,820,000	52,775,000	43,400,000	28,405,000	25,672,600	24,179,100	19,917,550
Amount available in the debt service fund	-	-	-	-	-	-	-	-	-	-
Total Exempt Debt	45,800,000	49,830,000	55,325,000	53,943,200	54,342,800	45,394,850	33,974,200	31,639,600	30,528,300	26,637,250
Net Debt Subject to Limitation	-	-	365,000	2,466,800	3,492,200	4,975,150	19,155,800	22,680,400	23,796,700	24,872,750
Legal debt margin within 10.5% limitation	\$ 111,102,920	\$ 108,274,872	\$ 98,930,683	\$ 91,339,039	\$ 87,583,120	\$ 83,472,668	\$ 69,549,989	\$ 66,078,366	\$ 68,279,021	\$ 68,219,952
Percentage of Net Debt to Assessed Value	0.00%	0.00%	0.04%	0.28%	0.40%	0.59%	2.27%	2.68%	2.71%	2.81%
Percentage of Legal Debt Limit	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
Percentage of Legal Debt Margin	10.50%	10.50%	10.46%	10.22%	10.10%	9.91%	8.23%	7.82%	7.79%	7.69%
Unvoted debt limitation 5.5% of assessed valuation	\$ 58,196,768	\$ 56,715,409	\$ 52,012,024	\$ 49,136,392	\$ 47,706,120	\$ 46,329,809	\$ 46,464,937	\$ 46,492,687	\$ 48,230,140	\$ 48,762,844
Total Indebtedness as of 12/31	45,800,000	49,830,000	55,690,000	56,410,000	57,835,000	50,370,000	53,130,000	54,320,000	54,325,000	51,510,000
Less Total Exempt Debt	45,800,000	49,830,000	55,325,000	53,943,200	54,342,800	45,394,850	33,974,200	31,639,600	30,528,300	26,637,250
Net Debt Subject to Limitation	-	-	365,000	2,466,800	3,492,200	4,975,150	19,155,800	22,680,400	23,796,700	24,872,750
Legal debt margin within 5.5% limitation	\$ 58,196,768	\$ 56,715,409	\$ 51,647,024	\$ 46,669,592	\$ 44,213,920	\$ 41,354,659	\$ 27,309,137	\$ 23,812,287	\$ 24,433,440	\$ 23,890,094
Percentage of Net Debt to Assessed Value	0.00%	0.00%	0.04%	0.28%	0.40%	0.59%	2.27%	2.68%	2.71%	2.81%
Percentage of Legal Debt Limit	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Percentage of Legal Debt Margin	5.50%	5.50%	5.46%	5.22%	5.10%	4.91%	3.23%	2.82%	2.79%	2.69%

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

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

Year	Population (1)	Total Personal Income (2)	Per Capita Income (5)	School Enrollment (6)	Unemployment Rate (3)	Total Assessed Property Value (4)
2009	28,927	1,106,226	38,242	15,523	8.8%	886,597,163
2010	28,935	1,112,464	38,447	15,634	7.6%	876,911,630
2011	29,250	1,175,499	40,188	15,689	6.3%	845,321,580
2012	28,524	1,218,773	42,728	15,726	5.4%	844,817,040
2013	28,595	1,254,377	43,867	15,758	5.2%	842,360,170
2014	28,723	1,289,720	44,902	15,864	3.7%	867,384,000
2015	28,952	1,348,295	46,570	16,045	3.4%	893,388,940
2016	29,331	1,399,822	47,725	16,059	3.4%	945,673,170
2017	34,631	1,719,221	49,644	16,290	3.3%	1,031,189,260
2018	37,063	N/A	N/A	16,524	3.2%	1,058,123,050

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

N/A - Information not available

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

Employer	2018			2009		
	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Hilliard City Schools	1,884	1	7.38%	1,823	1	9.87%
Cellco Partnership dba Verizon	1,242	2	4.87%			
BMW Financial Services	838	3	3.28%	489	2	2.65%
Sedgwick Claims Mgmt Inc.	415	4	1.63%			
Micro Center Inc.	322	5	1.26%	336	4	1.82%
Echosphere LLC	289	6	1.13%	265	5	1.43%
R. E. Rich Family Holding Corp.	243	7	0.95%	262	6	1.42%
City of Hilliard	222	8	0.87%			
Advanced Drainage Systems	189	9	0.74%	262	7	1.42%
Armstrong World Industries	141	10	0.55%	130	10	0.70%
Verizon Business Network Service				417	3	2.26%
TALX UCM Services				215	8	1.16%
Baesman Painting Corp				107	9	0.58%
Total Employees	5,785		22.66%	4,306		23.31%
All Other Employers	19,736		77.34%	13,532		76.69%
Total Employment within the City	25,521		100.00%	18,469		100.00%

Source: City Income Tax Department

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

Function/Program	2009		2010		2011		2012		2013		2014		2015		2016		2017		2018	
	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All
General Government	47	47	45	45	47	47	45	45	44	44	44	44	43	35	41	41	43	35	41	81
Security of Persons and Property	49	49	48	48	48	48	47	47	40	40	40	40	51	50	49	50	51	50	70	74
Leisure Time Activities	21	32	19	29	18	28	18	28	18	28	18	28	19	28	19	48	19	48	19	40
Basic Utility Services	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Transportation	21	21	21	21	21	21	21	21	20	20	20	20	21	21	19	19	21	21	26	26
<i>Total Number of Employees</i>	<u>139</u>	<u>150</u>	<u>134</u>	<u>144</u>	<u>135</u>	<u>145</u>	<u>132</u>	<u>142</u>	<u>123</u>	<u>133</u>	<u>123</u>	<u>133</u>	<u>135</u>	<u>135</u>	<u>129</u>	<u>159</u>	<u>135</u>	<u>155</u>	<u>157</u>	<u>222</u>

Source: City Payroll Records

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

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

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
Government Center	1	1	1	1	1	1	1	1	1	1
Security of Persons and Property:										
Number of Police Stations	1	1	1	1	1	1	1	1	1	1
Number of Fire/EMS Stations (1)	3	3	3	3	3	3	3	3	3	3
Leisure Time Activities:										
Number of Parks	21	22	23	23	24	24	25	26	26	26
Park Area (acres)	285.0	285.5	316	316	324	324	531	531	531	531
Number of Playgrounds	11	11	11	10	10	10	10	10	10	10
Number of Swimming Pools	2	2	2	2	2	2	2	2	2	2
Number of Community Centers	1	1	1	1	1	1	1	1	1	1
Number of Senior Centers	1	1	1	1	1	1	1	1	1	1
Basic Utility Services:										
Miles of Water Mains	129.3	130.1	131.9	131.9	132.4	133.5	135.1	137.7	140.1	140.8
Miles of Sanitary Sewers	142	142.7	144.7	145.3	146	147.5	150.7	154.4	155.6	156.8
Miles of Storm Sewers	122.4	123.4	126.7	126.8	127.56	128.56	130.46	133	134.8	136.1
Transportation										
Miles of Streets	110.3	111.4	112.9	112.9	114	115	117.1	118.6	120.1	121.3
Number of Street Lights	1,705	1,739	1,805	1,805	1,897	1,917	1,940	1,954	1,955	1,993
Number of Traffic Signal Systems	33	34	36	36	36	36	36	36	36	36

(1) Fire Protection provided by Norwich Township

Source: City capital asset records

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government:										
Active Income Tax Accounts										
Individual	15,536	16,654	16,901	18,397	17,734	17,788	16,923	17,816	17,584	17,577
Business	1,389	1,425	3,007	1,664	3,650	1,866	1,887	1,935	1,750	2,138
Withholding	1,662	1,708	4,427	2,546	5,339	2,842	3,057	3,228	3,237	3,397
Clerk of Courts:										
Traffic Court Cases	2,018	1,879	2,440	2,153	2,962	2,472	2,816	1,862	1,915	2,418
Security of Persons and Property:										
Police Calls	47,473	46,017	46,048	47,798	51,864	50,934	48,064	40,512	36,478	40,361
Physical Arrests	932	874	1,017	1,570	1,662	1,051	1,062	785	856	1,023
Citations	3,446	3,005	3,779	3,352	4,076	4,118	3,778	2,353	2,402	2,874
Parking Violations	20	65	44	38	207	374	66	179	369	344
Leisure Time Activities:										
Swimming Pool Revenue	548,545	611,778	656,037	724,922	709,491	608,941	561,749	554,069	565,007	838,335
Community Center Revenue	209,620	233,181	236,675	244,395	263,564	274,665	305,013	298,890	218,572	179,141
Senior Center Revenue	92,555	86,919	69,882	81,937	91,734	80,191	77,149	84,457	81,497	77,870

Source: Department annual reports

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