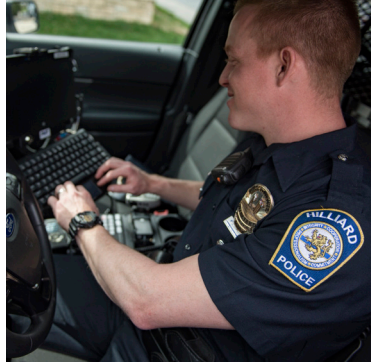


POPULAR ANNUAL FINANCIAL REPORT (PAFR)

for the year ended December 31, 2022



LETTER TO HILLIARD RESIDENTS



Dear Residents

The City of Hilliard Finance Department is pleased to present the City's first Popular Annual Financial Report (PAFR) for fiscal year ended December 31, 2022. This report provides transparency regarding where City revenues come from and how they are being spent.

The City of Hilliard's Annual Comprehensive Financial Reports for the years ended 2021 and 2020, from which the information on pages 3-7 has been drawn, were awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA). The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual

Comprehensive Financial Report continues to conform to the Certificate of Achievement Program's requirements, and we submitted it to GFOA to determine its eligibility for another Certificate.

The Annual Report was prepared in accordance with Generally Accepted Accounting Principles (GAAP) and audited by Wilson, Shannon and Snow. The City received an unmodified opinion on the audit. The City's Annual Report can be obtained on the City's website at: hilliardohio.gov/departments/finance

The City of Hilliard's PAFR is unaudited and presented on a GAAP basis unless otherwise noted. The PAFR provides summarized financial data that increases awareness and knowledge of the City's operations. We believe our citizens deserve transparency when it comes to their tax dollars. This report is designed to help you gain a better understanding of the City's resources and how we put your tax dollars to use.

CITY HALL

3800 Municipal Way
Hilliard, OH 43026
(614) 876-7361

STAY CONNECTED



@hilliardgov



CITY ADMINISTRATION

City Administration

City Manager: Michelle Crandall

Assistant City Manager: Dan Ralley



2022 City Council

Council President: Andy Teater

Council Vice President: Omar Tarazi

Councilmembers:

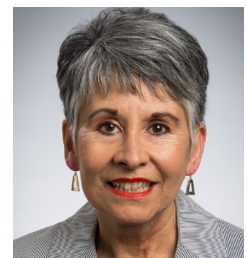
Les Carrier

Tina Cottone

Peggy Hale

Pete Marsh

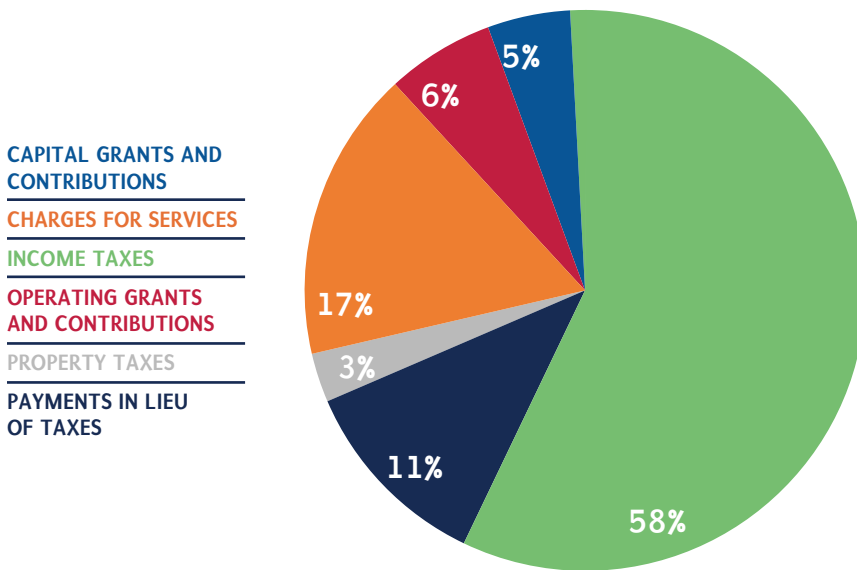
Cynthia Vermillion



WHERE THE MONEY COMES FROM

REVENUES – GOVERNMENTAL ACTIVITIES

The funding the City receives to provide services to citizens and the business community comes from a variety of sources. The chart below summarizes governmental activities revenue by type for 2022. Taxes make up 57% of governmental activities revenue. This reinforces the need for a strong local tax base to keep this revenue source secure. The increase in capital grants and contributions was mainly due to an increase in donations to the City for various infrastructure projects. The decrease in other revenues was primarily the result of a decline in the fair value of the City's investment portfolio due to rising interest rates.



	2022	2021	2020
Income Taxes	\$43,023,595	\$39,645,874	\$32,978,704
Payments in Lieu of Taxes	8,600,300	9,770,113	10,175,566
Property Taxes	2,136,602	1,845,135	1,572,343
Charges for Services	12,642,595	11,614,540	9,055,893
Operating Grants & Contributions	4,690,277	4,650,857	5,170,521
Capital Grants & Contributions	3,593,247	2,193,840	2,479,926
Other Revenues	(642,891)	1,519,661	9,741,498
Total Governmental Activities	\$74,043,725	\$71,240,020	\$71,174,451

DEFINITIONS

Income Taxes

Revenues received from a 2.50% income tax levied on substantially all income earned within the city by residents, businesses, and employees of businesses.

Payments in Lieu of Taxes

Revenues received from Tax Increment Financing (TIF) Districts. Owners within the TIF District must pay amounts equal to the property taxes that would have been assessed had the TIF District not been established.

Property Taxes

Revenues received from the City's portion of the taxes due on real property and public utilities. The City assesses a property rate of \$1.60 per \$1,000 of assessed valuation.

Charges for Services

Revenues received related to charges billed to users of various City services. These include fines and forfeitures, cable franchise fees, building permits and facility rentals.

Operating Grants and Contributions

Revenues received from intergovernmental sources that are restricted for operations. These include amounts received related to gas tax and motor vehicle license fees.

Capital Grants and Contributions

Revenues received from various sources that are restricted for capital projects. These include amounts received from the State of Ohio and development partnerships throughout the City.

Other Revenues

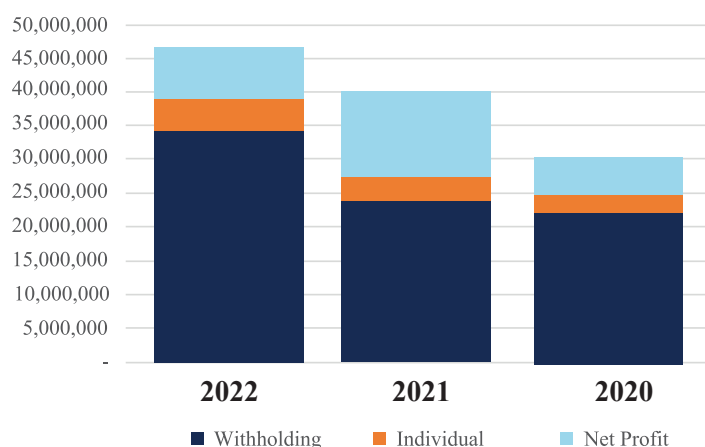
Revenues received such as unrestricted grants and entitlements for local government support, investment earnings, and other miscellaneous revenues.

INCOME TAXES

Incomes taxes represent the largest source of revenue for the City. Income tax collections are comprised of three sources: taxes withheld from employees working in the city, taxes from individual residents, and taxes on net profits of businesses operating in the city. Revenue from withholding represents approximately 74% of the City's total income tax revenue. The significance of withholding revenue underscores the financial importance of nonresidential development in the city. In November of 2021, Hilliard residents voted to increase Hilliard's income tax rate to 2.5%. The half percent increase was dedicated to Hilliard's Park and Recreation Department to help build a new Community Recreation and Wellness Campus and other improvements.

Income taxes are paid first to the municipality where an individual works and then where they live. Although there is no reciprocity between municipalities, the City of Hilliard provides a 100% credit up to 2.5% for taxes paid to the municipality where residents work.

	2022	2021	2020
Withholding	\$34,400,050	\$23,864,168	\$22,513,539
Individual	4,638,520	3,546,485	2,786,460
Net Profit	7,687,715	12,639,921	5,481,090



PROPERTY TAXES

Approximately 2 cents of every dollar of property tax paid supports City operations. The numbers to the right depict the annual tax impact for every \$100,000 of assessed value in Hilliard. The school district receives the largest portion of taxes paid by Hilliard residents.

UNDERSTANDING PROPERTY TAXES

Property tax is based on the amount charged per \$1,000 worth of taxable property value, also known as millage. Amounts collected for levies, other than general operating levies, must be used for those specific purposes. The Franklin County Treasurer's office collects property taxes and the Franklin County Auditor's office distributes those taxes to the appropriate jurisdictions.

PROPERTY TAXES (per \$100,000 of assessed value)



Hilliard City School District
\$1,625 (46%)



Tolles Career & Technical
\$56 (2%)



Children's Services, Developmental Disabilities, Senior Citizens
\$352 (10%)



Alcohol and Drug Addiction & Mental Health Services
\$80 (2%)



City of Hilliard
\$56 (2%)



Franklin County General Fund
\$51 (2%)



Columbus & Franklin County Public Library District
\$72 (3%)



Metro Parks
\$28 (1%)



Norwich Township
\$352 (10%)



Columbus State Community College
\$16 (1%)



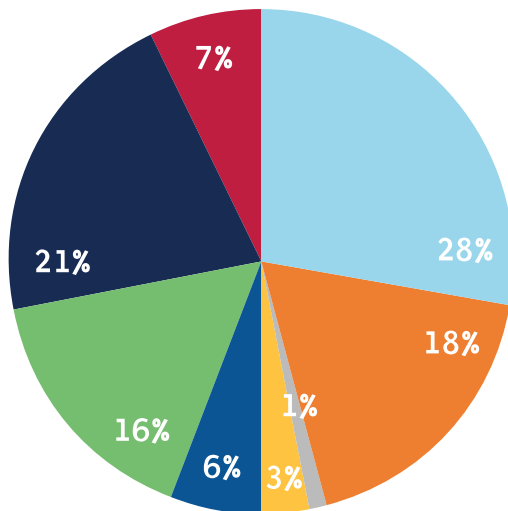
Columbus Zoo
\$18 (1%)

WHERE THE MONEY GOES

EXPENSES – GOVERNMENTAL ACTIVITIES

Governmental activities account for most of the basic services provided by the City's various departments. The City's expenses are reported at the function level, which describes the primary purpose of the expense. Within each function, the expenses of one or more City departments are reported. Total expenses reported for governmental activities increased significantly from 2021. This increase was the result of an increase in operational and pension expenses.

GENERAL GOVERNMENT
SECURITY OF PERSONS
AND PROPERTY
PUBLIC HEALTH
LEISURE TIME ACTIVITIES
COMMUNITY AND
ECONOMIC DEVELOPMENT
BASIC UTILITY SERVICES
TRANSPORTATION
INTEREST AND
FISCAL CHARGES



	2022	2021	2020
General Government	\$21,100,572	\$17,793,714	\$14,769,346
Security of Persons and Property	13,038,860	12,675,709	14,422,740
Public Health	454,383	424,657	807,980
Leisure Time and Activities	4,778,104	3,476,641	3,147,484
Community & Economic Development	2,079,122	1,336,010	4,299,354
Basic Utility Services	12,105,542	6,374,990	7,704,325
Transportation	15,508,723	10,647,930	12,637,519
Interest and Fiscal Charges	5,537,503	1,864,336	2,192,116
Total Governmental Activities	\$74,602,809	\$54,593,987	\$59,980,864

DEFINITIONS

General Government

General City administration, including City Council, City Manager's Office, Finance Department, Community Relations, Technology, Mayor's Court, and Legal.

Security of Persons and Property

The operations of the City's Police department.

Public Health

Payments to the Franklin County Board of Public Health.

Transportation

The Operations Department, Engineering Division, and Transportation and Mobility Division.

Leisure Time Activities

The operations of the City's Recreation and Parks Department

Basic Utility Service

Refuse collection and recycling programs

Economic Development

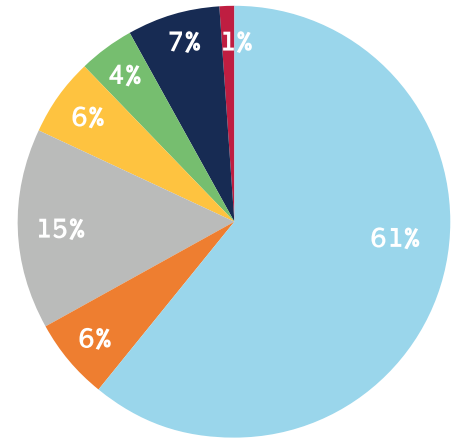
The operations of the City's Economic Development Department

Interest and Fiscal Charges

Interest and other fees charged on City's debt.

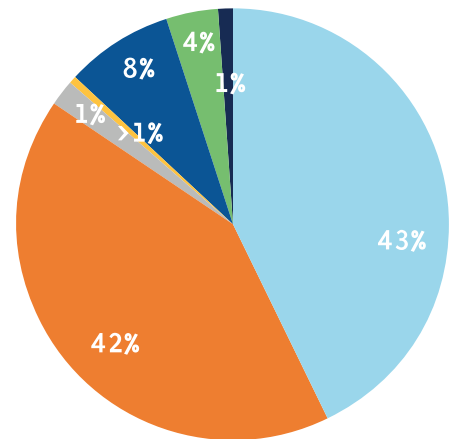
GENERAL FUND ANALYSIS

	2022	2021	2020
Municipal Income Taxes	\$22,163,820	\$23,230,177	\$22,949,736
Property and Other Taxes	2,140,823	1,825,990	1,573,372
Charges for Services	5,521,380	5,330,642	3,603,995
Licenses and Permits	2,322,100	2,793,051	2,212,320
Fines and Forfeitures	113,883	132,745	137,939
Intergovernmental	1,455,472	1,413,078	924,680
Investment Earnings	(2,390,723)	(408,562)	717,219
Miscellaneous	228,444	328,916	468,214
Total Governmental Activities	\$31,555,199	\$34,646,037	\$32,587,475



MUNICIPAL INCOME TAXES
 PROPERTY & OTHER TAXES
 CHARGES FOR SERVICES
 LICENSES AND PERMITS
 FINES AND FORFEITURES
 INTERGOVERNMENTAL
 INVESTMENT EARNINGS
 MISCELLANEOUS

	2022	2021	2020
General Government	\$12,248,599	\$10,491,142	\$7,397,313
Security of Persons & Property	12,071,070	11,939,293	11,036,663
Public Health	452,847	424,657	445,984
Leisure Time and Activities	145,760	3,554,219	2,343,809
Community & Economic Development	2,327,423	2,093,461	4,189,760
Basic Utility Services	1,187,781	9,786	215,000
Transportation	193,740	148,083	24,317
Total Governmental Activities	\$28,627,220	\$28,660,641	\$25,652,846



GENERAL GOVERNMENT
 SECURITY OF PERSONS & PROPERTY
 PUBLIC HEALTH
 LEISURE TIME ACTIVITIES
 COMMUNITY AND ECONOMIC DEVELOPMENT
 BASIC UTILITY SERVICES
 TRANSPORTATION

The General Fund is the City's primary operating fund. It accounts for the majority of City financial activity and pays almost all personnel costs and day-to-day operating expenditures, with the exception of those associated with street maintenance and repair. In 2022, the General Fund accounted for 43.78% of the total government fund revenue and 36.39% of total governmental fund expenditures. These numbers are presented using the modified accrual basis of accounting, which means that revenues are only accrued when measurable and available, in this case, within 60 days of year-end. More than 90% of the City's General Fund revenue is derived from three sources: Income Taxes, Property and Other Taxes, and Charges for Services. The charts on this page show the classifications of revenues and expenditures in the General Fund.

The most significant change in revenues between 2022 and 2021 was a \$1,982,161 decrease in Investment Earnings. All other general fund revenues were fairly consistent with the prior year.

Total expenditures decreased by \$33,421 in 2022 from 2021. The key components of this decrease were a \$3,408,459 decrease in Leisure Time Activities offset by a \$1,757,457 increase in General Government and a \$1,177,995 increase in Basic Utility Service.

OUTSTANDING DEBT

The repayment of debt is primarily funded using income and property tax collections and payments in lieu of taxes that have been set aside for capital investments or its related debt. Ohio law limits the amount of outstanding debt allowed to 10.5% of the taxable value of property. In 2022, the assessed value of City of Hilliard property was \$1,378,112,100.

The City's general obligation debt, less amounts set aside for debt repayment, represents just 3.17% of the estimated taxable value of property. The table below right provides a summary of the type (including definitions) and amount of debt outstanding. The tables and chart below provide the balance of bonds and loans payable outstanding.

General Obligation Bonds – Long-term debts that are repaid from the City's available resources.

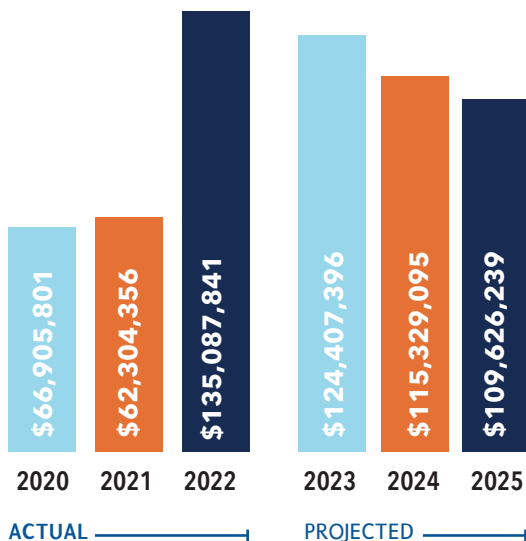
Loans – Low-interest loans from the Ohio Public Works Commission and various bank loans to support capital improvements.

OUTSTANDING DEBT - Actual

	2022	2021	2020
General Obligation Bonds	\$54,209,153	\$49,049,973	\$122,465,000
Loans	12,696,648	13,254,383	12,622,841
Total Debt	\$66,905,801	\$62,304,356	\$135,087,841

OUTSTANDING DEBT - Projected

	2022	2021	2020
General Obligation Bonds	\$112,740,00	\$104,570,000	\$99,645,000
Loans	11,667,396	10,759,095	9,981,239
Total Debt	\$124,407,396	\$115,329,095	\$109,626,239



The City is AAA rated by Standard and Poor's. This is the highest rating issued by Standard and Poor's and allows the City to borrow at the best rate.