



Popular Annual Financial Report

FOR THE YEAR ENDING
JUNE 30, 2017

COLUMBUS, OHIO



Numbers Behind Hilliard City Schools

EMPLOYEES

1,732



STUDENTS

16,290



2017 GRADUATES

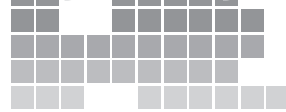
1,161



Maintained by
District custodians,
maintenance and
ground staff :

SQUARE FOOTAGE

2,159,610



ACREAGE

387



STUDENTS BUSSED DAILY

8,262



BUSES IN FLEET

157

MILES DRIVEN DAILY

9,738



LUNCHES SERVED

1,178,242

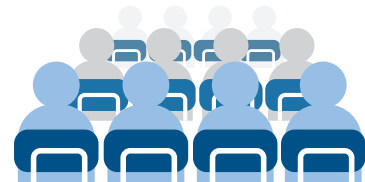
BREAKFAST SERVED

286,786



ATTENDANCE RATE

94.5%





December 10, 2017

We are pleased to present the Hilliard City School District's Popular Annual Financial Report (PAFR) for the fiscal year ending June 30, 2017. This report makes our district's finances easier to understand, and is intended to communicate our financial situation in an open and accountable manner.

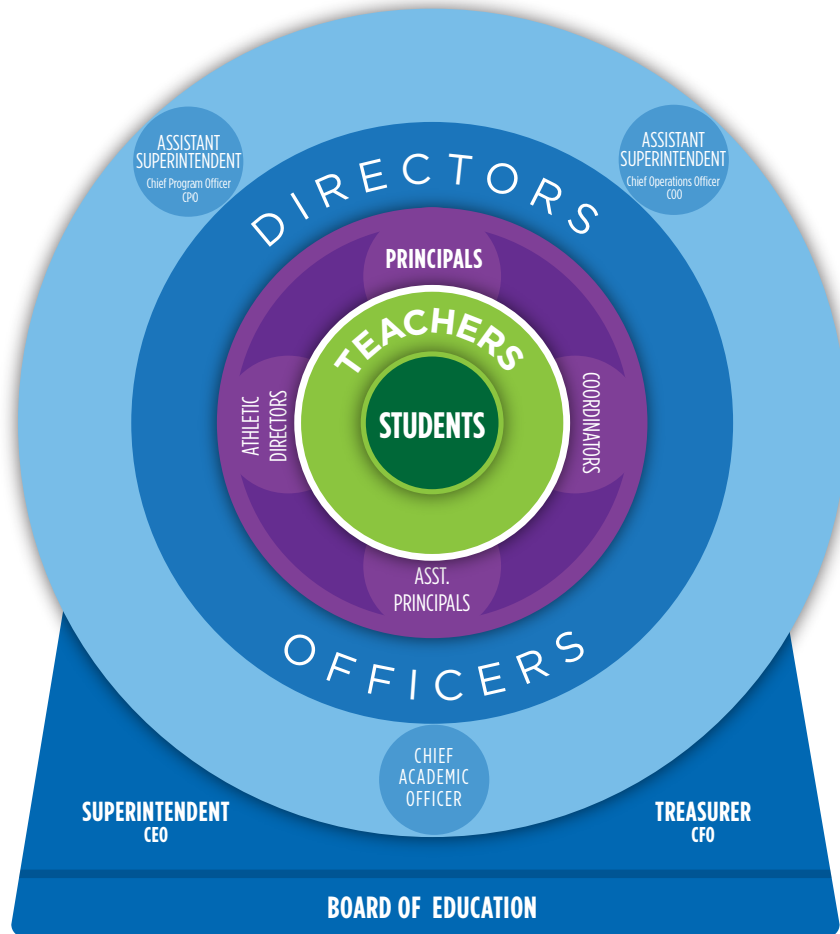
The PAFR is intended to summarize the financial activities and operating results reported in the Hilliard City School District's audited Comprehensive Annual Financial Report (CAFR). The PAFR is unaudited and presented on a non-GAAP (Generally Accepted Accounting Principles) basis, which primarily deals with full disclosure and segregated funds. The statements presented on pages 3 and 7 consist of the **General Fund** of the District. The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The most significant items not reported in the General Fund include debt issuance and retirement, building and permanent improvements and food service. For more detailed financial information, a copy of the Comprehensive Annual Financial Report is available from the Treasurer's office or can be viewed on the District's website at www.hilliardschools.org.

The Hilliard City School District is proud of the creation of this report. Ultimately, we would like to thank our citizens for their encouragement in creating a report designed to more adequately address their needs as taxpayers, as well as for the opportunity to serve them. Questions, comments and feedback regarding this report are encouraged, so please do not hesitate to contact the Treasurer's office at (614) 921-7000 or at Brian_Wilson@hboe.org.

A handwritten signature in black ink, appearing to read "Brian W. Wilson".

Brian W. Wilson
Treasurer / CFO

Admin Structure

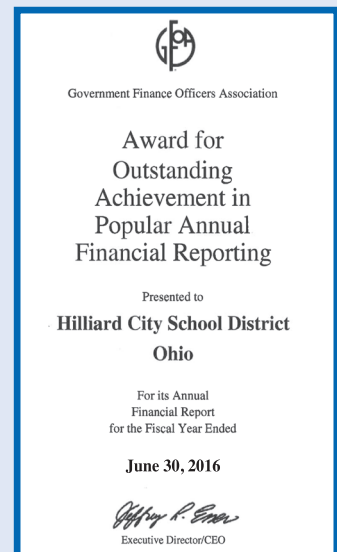


Award For Outstanding Achievement In Popular Annual Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the Hilliard City School District for its PAFR for the fiscal year ended June 30, 2016. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government must publish a PAFR, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to the GFOA. The District has received the award for the past 12 years.



Revenues & Resources Over Expenditures & Services

Readers of the Financial Activity Statement (below) and Financial Position Statement (page seven) should keep in mind that the numbers in both reports represent only the **General Fund** and are taken from the district's Comprehensive Annual Financial Report (CAFR), but are presented in a non-GAAP format. The CAFR can be obtained from the Treasurer's office or at hilliardschools.org.

The Financial Activity Statement, known in accounting terms as the income statement, provides a summary of the resources (revenues) and services (expenditures) of the district.

Income statement data for fiscal years 2013 through 2017 are presented below. The increase in Local Taxes of 22.6% from FY16 to FY17 relates to accrual accounting and the recognition of tax revenues collected and reported as available from the County Auditor. The increase in investment income in FY17 of 40.9% is attributable to an increase in rate of returns on investments for the District's interim deposits. Overall, total **General Fund** Expenditures increased by 6.8% from FY16 to FY17. Contracts with both employee unions included 2.5% increases in January of 2017 and the increase to Central support expenditures in FY17 was attributable to the District's purchase of new accounting and human resource software.

RESOURCES TAKEN IN (in thousands of \$)	FY17	FY16	FY15	FY14	FY13
Local Taxes	\$128,647	\$104,905	\$109,794	\$109,817	\$101,809
State and Federal Revenue	62,968	63,721	61,870	58,092	53,825
Investment Income	627	445	227	124	175
Tuition & Fees	1,979	2,070	2,124	2,029	2,151
Miscellaneous	4,686	4,048	3,891	5,497	3,543
Total Revenues & Resources	\$198,907	\$175,189	\$177,906	\$175,559	\$161,503

SERVICES PROVIDED (in thousands of \$)	FY17	FY16	FY15	FY14	FY13
Instruction	112,610	105,412	104,214	101,734	98,958
Pupil Support	14,609	13,574	13,036	12,645	12,244
Instructional Staff	10,692	10,344	9,666	8,654	7,991
Board/Administration/Fiscal	14,204	13,353	13,671	13,511	14,089
Business Support	830	778	882	1,080	757
Plant Operation	14,490	13,699	13,888	13,980	13,593
Transportation	9,083	8,701	8,698	8,536	7,328
Central	2,139	1,659	1,454	1,297	1,405
Extracurricular	4,644	3,963	3,930	3,876	3,742
Capital Outlay	296	431	222	110	185
Miscellaneous	8	6	1	28	33
Debt Service	278	278	278	278	278
Total Expenditures & Services	\$183,883	\$172,198	\$169,940	\$165,729	\$160,603
Revenues & Resources Over Expenditures & Services	\$15,024	\$2,991	\$7,966	\$9,830	\$900

Our Revenues & Resources - Where the money comes from

Local Property Taxes

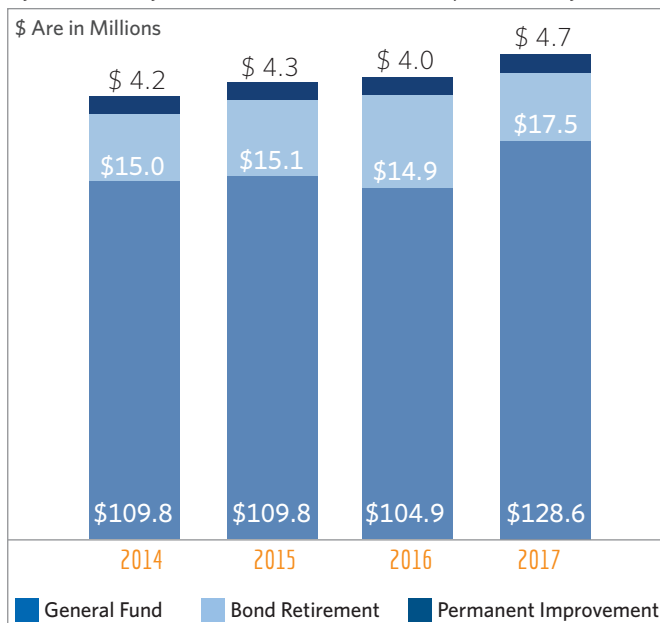
Below is a graph depicting the amount of collections received by the District from real and personal property taxes. Property taxes provide a majority of the local revenue to operate and maintain our schools. Taxes paid on homes and businesses (both property and equipment) represent 64.7% of all **General Fund** revenues.

General Fund

Tax dollars are received by the District for day-to-day operations, which primarily include employee salaries and benefits.

Bond Retirement

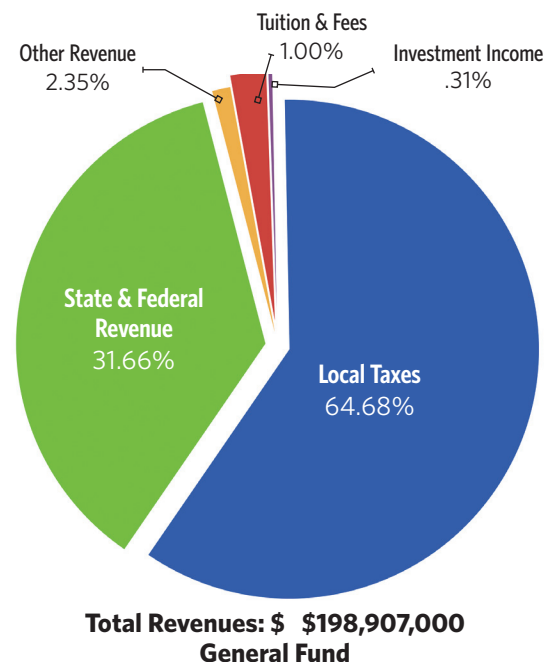
Tax dollars are received for the payment of principal and interest on voter approved bond issues related to the construction of buildings. Bond issue millage rates are set by the County Auditor, with information provided by the



District, to generate sufficient revenue to pay the principal and interest on the bonds issued.

Permanent Improvement

Tax dollars are received by the District and can only be used for repairs, improvements to facilities and grounds, and capital assets with a useful life of five years or more. These funds cannot be used for salaries or benefits.



Unbundling The Tax Rate

All tax rates for the School District, except inside millage, are reduced as valuations increase. In accordance with House Bill 920, as property valuations increase during the triennial update and reappraisal periods, the voted millage is reduced in order to generate the same amount of tax revenue for the District as was received when each levy was initially approved by the voters. The chart on the right shows the difference in the District's "Gross" or voted tax rates, as compared to the "Effective" rates, which are what is being collected.

Tax Burden on Owner of a \$100,000 Home

TYPE	GROSS RATE	EFFECTIVE RATE	YEAR APPROVED	LENGTH APPROVED
INSIDE-OPERATING*	4.45	4.450	N/A	Permanent
VOTED-OPERATING*	80.50	47.237	Various	Permanent
BOND RETIREMENT	7.40	7.400	Various	Various
PERMANENT IMPROVEMENT	2.00	1.940	2006	Permanent
TOTAL RATES	94.35	61.027		

*Rates are for the 2016 tax year collected in calendar year 2017.

Our Revenues & Resources - Continued

Assessed Values Of Property Real Estate Taxes

COLLECTION YEAR	RESIDENTIAL/ AGRICULTURAL	COMMERCIAL/ INDUSTRIAL	PUBLIC UTILITY	TOTAL
2017	\$ 1,846,009,200	\$ 590,001,290	\$ 85,495,620	\$ 2,521,506,110
2016	\$ 1,815,408,820	\$ 553,320,190	\$ 78,091,680	\$ 2,446,820,690
2015	\$ 1,793,342,680	\$ 536,824,640	\$ 73,714,610	\$ 2,403,881,930

State & Federal Sources - General Fund

The chart in the center of the page depicts state and federal sources of revenue receipts for the District's **General Fund**. Years are presented on a June 30 fiscal year-end basis. State and Federal sources of revenue generated \$62.9 million or 31.7% of all **General Fund** revenue. The significant decrease in Other State/Federal Revenue in FY17 is a result of the phase out of the Tangible Personal Property Tax reimbursement received from the State. The District received approximately \$3 million in FY16, but the reimbursement amount was reduced to \$89,000 in FY17.

Rollback and Homestead:

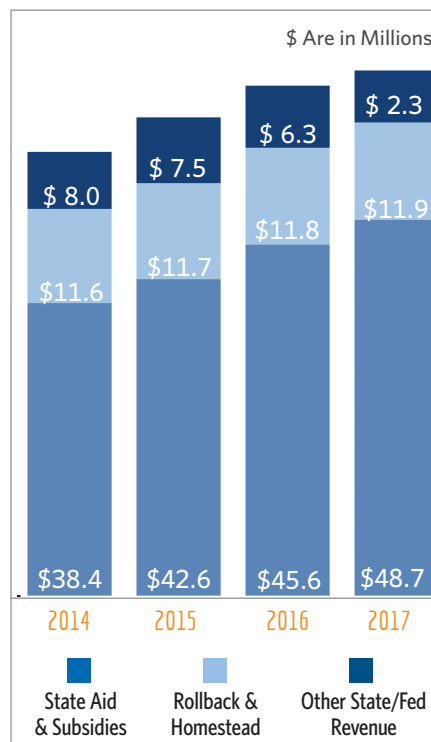
A significant portion of State revenue also comes from Rollback and Homestead payments, which represents the portion of the local tax bill paid by the State instead of the local taxpayer. Currently, the State pays 10% of the taxes due on all property and an additional 2.5% on residential and agricultural owner-occupied property. An additional exemption is provided to senior and disabled citizens, regardless of income. The State, however, has eliminated the property tax rollback on any new levy passed after August of 2013.

Other State & Federal Revenue:

Other State/Federal revenue includes the public utility reimbursement, tangible personal property tax loss reimbursement, Medicaid reimbursement and casino revenue. Federal sources in this category include E-rate reimbursements received by the District for telecommunications services, internet access, and internal connections. The District receives these reimbursements based on its percentage of students qualifying for free and reduced-price lunches and other socio-economic factors. The District also receives pass through federal Refugee grant funds and a federal credit for interest paid on Qualified School Construction Bonds. The State's phase out of the tangible personal property tax reimbursement has significantly impacted the total received by the District in Other State Revenue, having gone from approximately \$8 million in FY14 to \$89,000 in FY17.

State Aid & Subsidies:

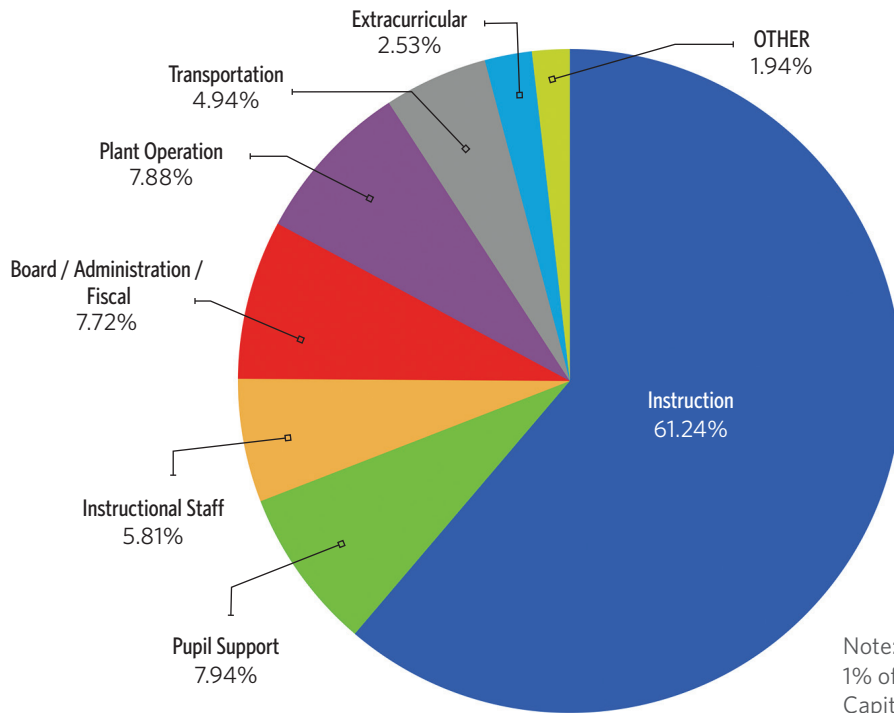
State support comes mostly from State Aid, which is a formula calculation based upon student enrollment. Due to a relatively higher property valuation per pupil, and other demographic figures, the District is considered wealthy and receives less State Aid than the State average of 43.79% (FY16). The District also receives subsidies from the State including poverty-based assistance funding, vocational funding, and special education catastrophic cost reimbursement. These subsidies represent less than 2% of the total for State Aid.



State Revenues vs. Local Revenues

In Ohio, the funding of schools is shared by the State and local school districts. The Ohio General Assembly determines what an adequate education costs in the State's biennial education budget.

Our Expenditures & Services - Where the Money Goes



General Fund
Total Expenditures & Services:
\$ 183,883,000

Note: Other includes categories with less than 1% of expenditures. (Business Support, Central, Capital Outlay, Debt Services & Misc.)

Definitions

INSTRUCTION is the largest expenditure category. Students are directly impacted by expenditures from this category, which relate to the direct instruction of our students.

PUPIL SUPPORT areas comprise all guidance services, nurses, speech, hearing, occupational therapy, physical therapy, and psychological services.

STAFF SUPPORT costs include library services, technology integration support, and literacy collaborative support.

BOARD/ADMINISTRATION/FISCAL costs represent those of the administration and Board of Education's operation of the District. Also included in this category is school building secretarial support and financial services, such as payroll, accounts payable and receivable, auditing, budgeting and reporting, and fringe benefits administration.

BUSINESS SUPPORT costs include business services such as risk management, construction management, central warehousing, courier services, and print shop expenditures.

PLANT OPERATION expenditures relate to the safe and efficient environment of the school including building maintenance, grounds and custodial services.

TRANSPORTATION expenditures relate to providing transportation (mostly by bus) to all students who live in the Hilliard City School District, consistent with Board of Education policies and the laws of the State of Ohio. In FY17, the bus fleet transported 8,262 regular and special education students to Hilliard City Schools, non-public and community schools.

CENTRAL SUPPORT expenditures include community relations and technology maintenance staff, computer network maintenance contracts, district wide postage costs, and strategic planning type activities.

EXTRACURRICULAR expenditures account for the salaries and benefits of club advisors and athletic coaches.

DEBT SERVICE expenditures represent payments for energy conservation bonds issued for energy conservation improvements in the District.

Assets Over Liabilities - General Fund

The Financial Position Statement, known in accounting terms as the balance sheet, reports the assets available to provide services. Liabilities are the amounts for which the district is obligated to pay in the future. The amount below represents the difference between the assets of the district and the liabilities which it must pay. This amount provides the “net worth” of the district. Information is provided for the district’s **General Fund**.

Assets

Cash and Investments represent the amount of physical cash held by the District in checking accounts and on hand for purposes of paying expenses, as well as interim funds invested by the Treasurer in a variety of accounts. The investment of those interim funds allows the District to earn interest on its cash.

Receivables represent the amounts that are owed to the District on June 30, 2017.

Liabilities & Deferred Inflows/Outflows

Liabilities are those amounts the District owed to employees, other governments or vendors for items or services that have been provided to the District, for which payment is expected to be made within twelve months.

Deferred Inflows of Resources and Deferred Outflows of Resources are neither assets nor liabilities as they relate to the current fiscal year. Unlike current assets and liabilities, amounts classified as “deferred inflows” or “deferred outflows” are amounts which will not be recognized as a revenue or an expense until the future period to which the inflows or outflows are related. For FY17 the District’s General Fund reported deferred inflows related to tax revenue received but not available for use until a future period, and no deferred outflows.

ASSETS (in thousands of \$)	FY17	FY16
Cash and Investments	\$49,232	\$41,062
Receivables	129,183	118,688
Total Assets	\$178,415	\$159,750

LIABILITIES (in thousands of \$)	FY17	FY16
Accounts Payable	\$753	\$677
Due to Other Govt’s/Employees	19,051	17,376
Total Liabilities	\$19,804	\$18,053

DEFERRED INFLOWS (in thousands of \$)	FY17	FY16
Property Taxes	\$76,572	\$74,464
Other Revenues	270	271
Total Deferred Inflows	\$76,842	\$74,735

Total Liabilities and Deferred Inflows	\$96,646	\$92,788
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Assets over Liabilities & Deferred Inflows	\$81,769	\$66,962
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Enrollment

Current Trend and Most Likely Projection

As the 9th largest school district in the state of Ohio, the Hilliard City School District served 16,290 students during the 2016-17 school year in grades preK-12, through three high schools, three middle schools, two sixth-grade schools, 14 elementary schools, and a preschool. The district also operates the McVey Innovative Learning Center, a transportation center, an administration building and a maintenance/resource center.

Enrollment in the District has been steadily increasing over the past decade. The District contracted with Cooperative Strategies (formerly DeJong-Richter), a firm specializing in educational facility planning, to provide enrollment projections for the District. The purpose of the projection was to help the District as it plans for its long range facility needs. The data provided are projections, not predictions, and beyond five years will become less reliable.

Enrollment Projections Data by Cooperative Strategies 2017

2017	16,299
2018 Projected	16,465
2019 Projected	16,624
2020 Projected	16,632
2021 Projected	16,727
2022 Projected	16,761



District Finances - Debt

District's Debt

Debt			
Purpose	Matures	Interest Rate	Outstanding Balance
2000 School Improvement Bonds	12/1/19	6.689%	\$3,135,960
2005 Refunding Bonds	12/1/20	4.353%	3,786,258
2008 Tax Anticipation Notes	12/1/18	2.50-3.75%	1,830,000
2009A School Improvement Bonds	12/1/23	4.469%	2,884,993
2009B Refunding Bonds	12/1/20	4.059%	4,474,972
2011 Refunding Bonds	12/1/28	4.512%	9,215,000
2011 HB264 Energy Conservation Notes	12/1/25	5.550%	5,000,000
2013A Refunding Bonds	12/1/27	2.107%	46,994,983
2013B Refunding Bonds	12/1/27	2.892%	19,429,929
2014 Refunding Bonds	12/1/24	4.757%	5,605,000
2015 Refunding Bonds	12/1/27	3.430%	8,830,000
2016 School Improvement Bonds	12/1/44	3.683%	9,305,000
2017 School Improvement Bonds	12/1/46	3.875%	40,695,000
Total Outstanding		\$161,187,095	

Our District had \$161.2 million in debt outstanding at June 30, 2017, the majority of which is related to our 2013 and 2017 bond issues. The 2017 bonds were issued for capital improvements, with the majority portion to fund the construction of the new Memorial Middle School. Refunding bonds represent debt issued to refinance previous bond issues, which is similar to a homeowner refinancing a home for a lower interest rate. It saves money by reducing payments over the term of the issue, and as a result, bond debt can be paid off sooner and/or property tax millage could eventually be reduced. Our most recent refunding issue in 2015 resulted in a savings to taxpayers of \$1.2 million dollars.



Bond levy property tax rates are set annually to cover debt payments that are due that calendar year, and are currently not to exceed 7.4 mills. This table illustrates expected rates each year as the debt is paid off. Based on the way the district has structured its debt service payments over time, we are able to reduce the millage required to cover debt payments annually, resulting in a savings to taxpayers.

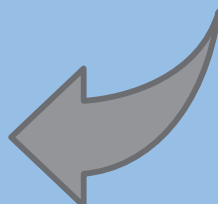
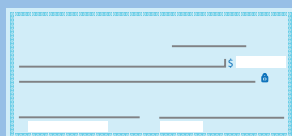
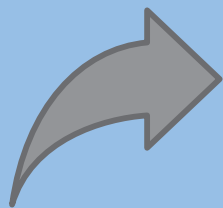
Hilliard Schedule of Debt Requirements			
Collection Year	Estimated Assessed Value	Debt Service Requirement	Estimated Required Millage
2017	\$2,521,506,110	\$18,987,863	7.40
2018	2,781,487,476	20,246,548	6.80
2019	2,795,394,914	19,851,213	6.80
2020	2,809,371,888	15,906,528	6.80
2021	2,893,653,045	15,851,938	5.50
2022	2,908,121,310	16,057,888	5.50
2023	2,922,661,917	15,967,613	5.50
2024	3,010,341,774	15,872,025	5.50
2025	3,017,867,629	13,752,475	4.30
2026	3,025,412,298	13,648,873	4.30
2027	3,116,174,667	13,549,683	4.20
2028	3,123,965,103	3,351,113	1.80
2029	3,131,775,016	3,007,013	0.90
2030	3,225,728,267	3,007,013	0.90

Five Year Forecast

	Fiscal Year 2017 Actual	Fiscal Year 2018 Projected	Fiscal Year 2019 Projected	Fiscal Year 2020 Projected	Fiscal Year 2021 Projected	Fiscal Year 2022 Projected
Beginning Balance:	\$40,250,925	\$48,270,541	\$54,461,464	\$56,385,042	\$52,331,419	\$42,427,575
+ Revenue	189,678,763	195,127,141	199,319,808	201,148,575	203,622,108	206,199,635
- Expenditures	(181,659,147)	(188,936,218)	(197,396,230)	(205,202,198)	(213,525,952)	(222,319,626)
+ Revenue Surplus or (Deficit)	8,019,616	6,190,923	1,923,578	(4,053,623)	(9,903,844)	(16,119,991)
Ending Balance:	\$48,270,541	\$54,461,464	\$56,385,042	\$52,331,419	\$42,427,575	\$26,307,584



The Hilliard City School District is in a healthy financial position. Our current five-year forecast (October 2017) projects that Hilliard Schools will maintain a positive end-of-year cash balance through fiscal year 2022. District voters recently approved a 4.5 mil operating levy in November 2016. The November 2016 ballot issue was the first operating levy request from the District since 2011, and at 4.5 mil, was the smallest operating levy request by the District in over 30 years.



hilliardschools.ohiocheckbook.com

The Hilliard City School District believes its community should have free and open access to district financial information. Since 2015, the district has participated in OhioCheckbook.com, a transparency website hosted by the Ohio Treasurer's Office. The site provides a broad overview of district expenditures, with easy-to-understand charts and other reports showing the amounts and percentages of the district's budget spent on various expense categories.

Instructional Highlights

We are proud to announce that during 2017 the National School Boards Association (NSBA) awarded a First Place Magna Award to Hilliard Horizon Elementary School for their “New Horizons” afterschool program. NSBA recognizes school districts and their leaders for taking bold and innovative steps to improve the lives of students and their communities.

“New Horizons” is an afterschool program focused on offering students learning opportunities and educational enrichment that may not be available to them at home. Content includes 48 diverse classes - from Lego robotics to learning how to knit - and are available for students after school. These classes incorporate critical thinking strategies with a focus geared to the whole child. The program also provides classes devoted to building relationships, including leadership lessons and building family dynamics.

In addition to the afterschool “New Horizons” program, Horizon Elementary also provides before school programming known as the “Horizon Power Hour”. This program provides students with specific academic targeted interventions. Students participating in this program arrive at school one hour before their regular school day and receive additional intervention including programs such as Leveled Literacy Instruction, Orton-Gillingham, Do the Math, and Guided Reading. Teachers work with small groups of six to seven students, and build positive relationships while teaching targeted interventions.

The New Horizons and Power Hour programs at Horizon Elementary School were made possible by funding received through a competitive grant application from the federal 21st Century Community Learning Center (CCLC) grant program administered by the Ohio

Department of Education’s Office of Federal Programs. This is a five-year grant, with schools receiving \$200,000 in the first three years, and \$100,000 in years four and five. This federally funded grant program supports high quality, out-of-school time learning opportunities and related activities for students who attend eligible schools.

Horizon Elementary has been awarded this CCLC grant for three consecutive years, beginning in 2014, and has also been selected to receive the CCLC grant for the 2017-18 school year. In addition, we are proud to announce that another of our elementary schools, Brown Elementary, was also awarded the 21st Century Community Learning Center grant and will implement both enrichment and academic intervention programs to their students in the upcoming 2017-2018 school year.



Employers & Taxpayers

Top 5 Employers within the District June 30, 2017

Employer	No of Employees
Cellco Partnership-Verizon	1,926
Hilliard City School District	1,732
West-Ward Columbus	1,419
United Parcel Service, Inc.	930
BMW Financial Services	610

Top 5 Taxpayers within the District June 30, 2017

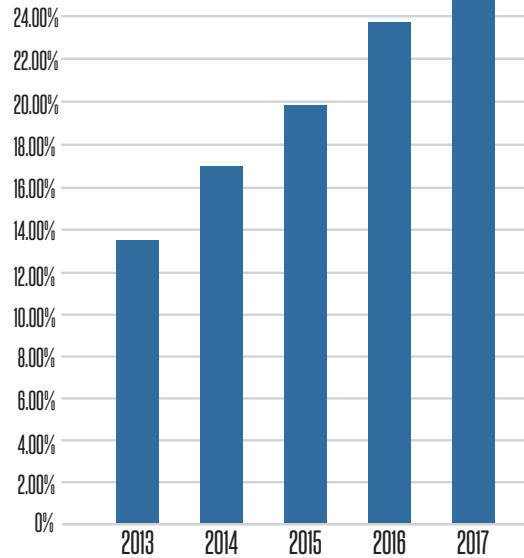
Employer	Total Assessed Valuation	% of Total Valuation
Ohio Power Company	\$61,641,090	2.44%
Villages at Britton, LTD	15,855,010	0.63%
West-Ward Columbus	13,372,360	0.53%
Hilliard Station Apartments	12,647,200	0.50%
AEP Ohio Transmission	10,264,620	0.41%



Numbers Behind Hilliard City Schools

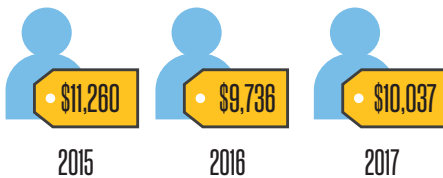
General Fund

Cash & Investments as a percentage of Total Expenditures

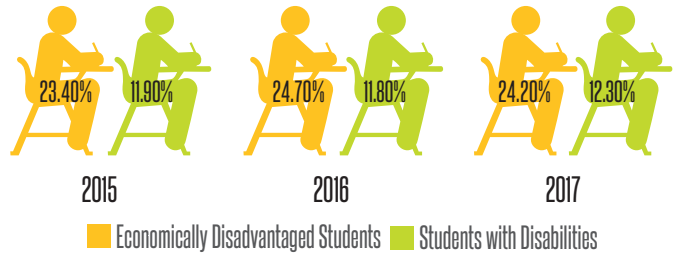


District Info

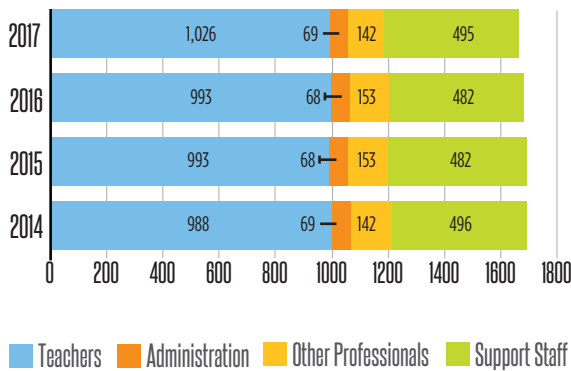
District Cost Per Pupil



Student Demographics



District Staffing

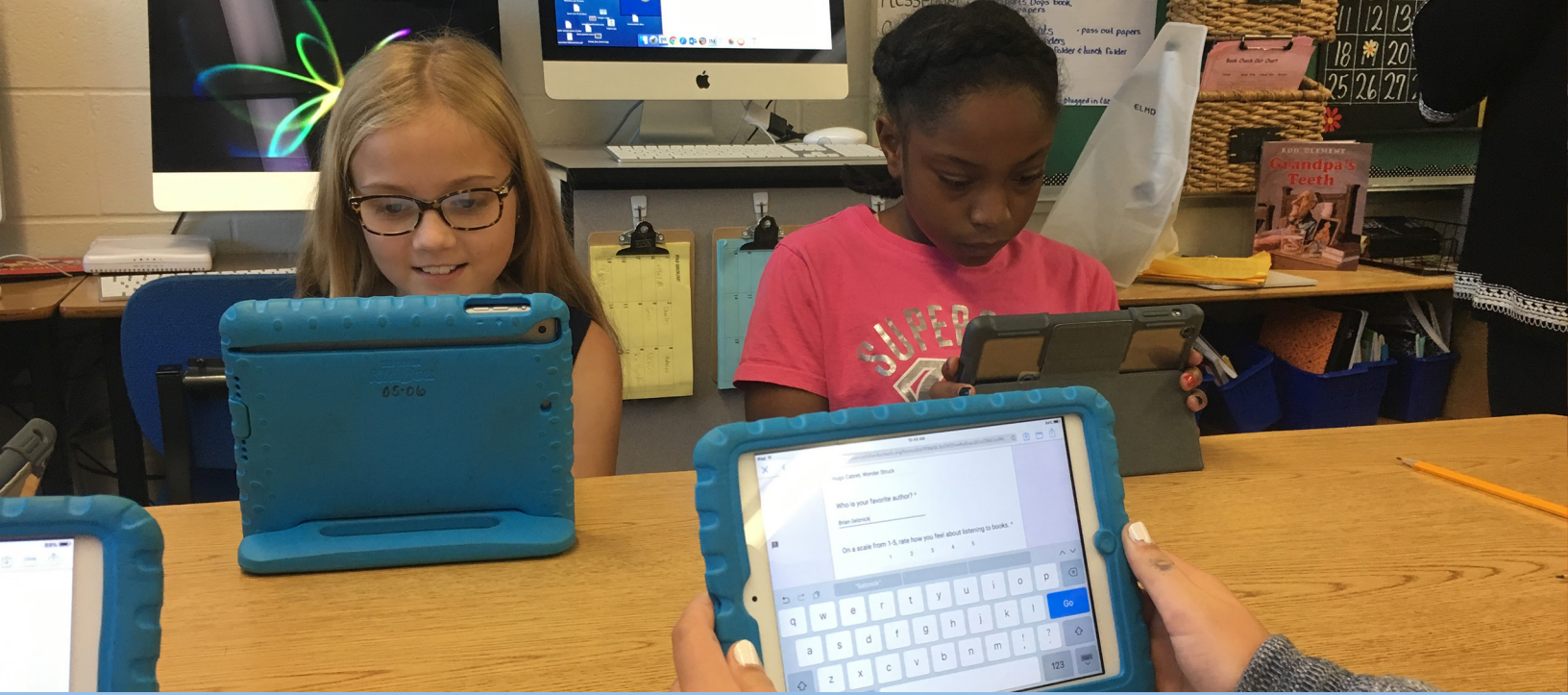


Other professionals include psychologists, counselors, nurses, media specialists, etc.

Support staff include secretaries, aides, custodians, bus drivers, etc.

Graduation Rate





Ready For Tomorrow

2140 ATLAS STREET | COLUMBUS, OHIO 43228 | (614) 921-7000
www.hilliardschools.org

