



Popular Annual Financial Report

Hilliard City Schools
Year Ending June 30, 2019

WELCOME

December 1, 2019

We are proud to present the Hilliard City School District's Popular Annual Financial Report (PAFR) for the fiscal year ending June 30, 2019. As part of our commitment to transparency, the PAFR is intended to communicate our financial situation in an open and accountable manner.

The PAFR offers an easy-to-understand overview of the district's general operating activities, as well as key financial trends and data. The report focuses on the district's General Fund and is not as detailed as our Comprehensive Annual Financial Report (CAFR). The CAFR contains full financial statements and notes disclosures for all activities and funds and is prepared following Generally Accepted Accounting Principles (GAAP). The PAFR is un-audited and is compiled using data taken from the audited information in the CAFR for the year ending June 30, 2019.

For those interested in exploring the more comprehensive CAFR, a copy of the document is available from the Treasurer's office or can be viewed on the District's website at hilliardschools.org/departments/fiscal-services. In addition to our annual CAFR and PAFR, we offer an array of other district financial data and documents on our website, including copies of our district's Budget Document, Five-Year Forecast, and other financial information.

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.

Respectfully submitted,



Brian W. Wilson
Treasurer/CFO

MISSION

Hilliard City Schools will ensure that every student is Ready For Tomorrow.

VISION

Hilliard City Schools will Embrace, Empower and Inspire students, families and community in an active partnership.

INSIDE

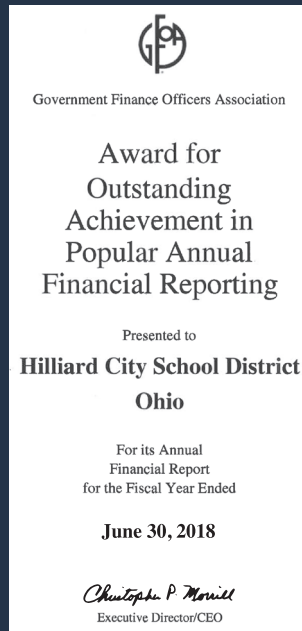
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Hilliard City Schools
Central Office

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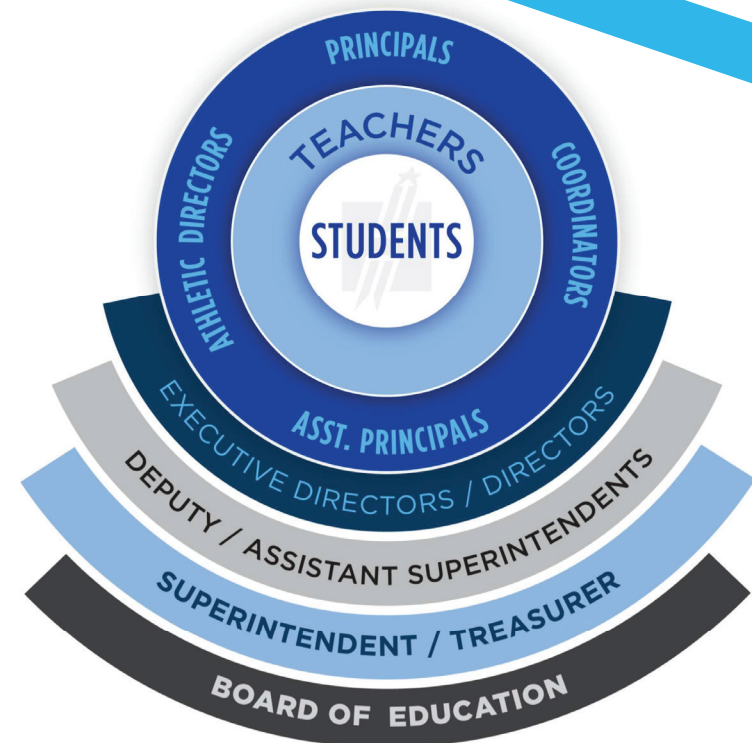




The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the Hilliard City School District for its PAFR for the fiscal year ended June 30, 2018. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government popular reports.

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 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 14 years.



ADMIN STRUCTURE

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.

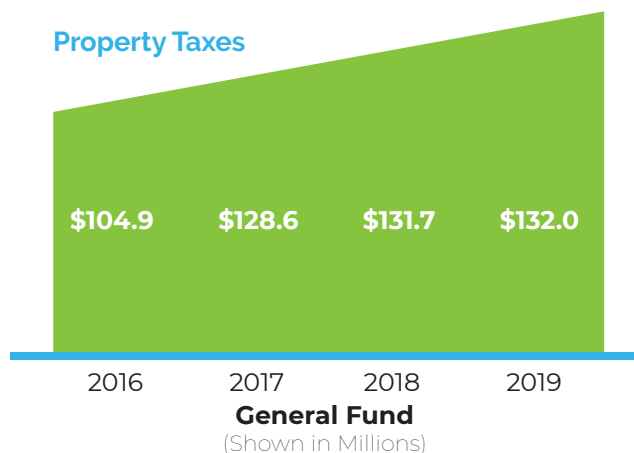
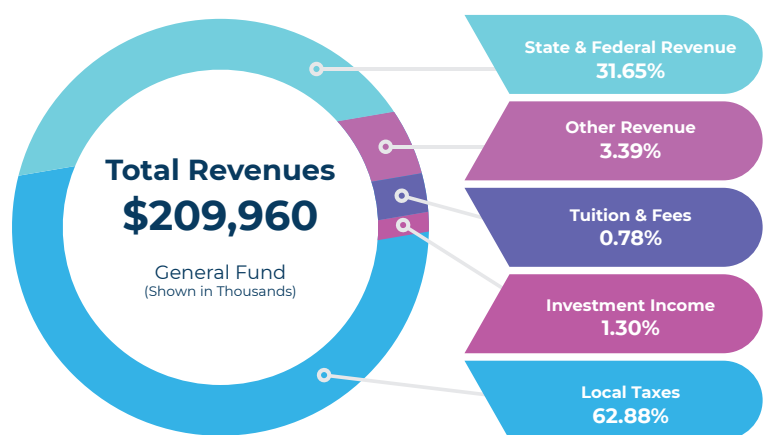
The Financial Activity Statement, known in accounting terms as the income statement, provides a summary of the resources (revenues) and services (expenditures) of the district.

Income statement data for fiscal years 2015 through 2019 are presented below. The significant increase in Investment Income from FY18 to FY19 is attributable to an increase in the rate of return and fair market value of investments of the District's interim deposits. The increase in Miscellaneous Revenue was the result of an increase in the amount of Board of Revision payments received by the district in FY19. Overall expenditures for the District's General Fund increased by 3.4% over FY18. The increase to Business Support expenditures was related to the purchase of services for both asset management and technology support systems, and the increase in Pupil Support expenditures related to the implementation of a student wellness initiative.

Resources Taken In (in thousands of \$)	FY19	FY18	FY17	FY16	FY15
Local Taxes	\$132,025	\$131,708	\$128,647	\$104,905	\$109,794
State & Federal Revenue	66,453	64,480	62,968	63,721	61,870
Investment Income	2,724	718	627	445	227
Tuition & Fees	1,641	2,054	1,979	2,070	2,124
Miscellaneous	7,117	5,424	4,686	4,048	3,891
Total Revenues & Resources	\$209,960	\$204,384	\$198,907	\$175,189	\$177,906

Services Provided (in thousands of \$)	FY19	FY18	FY17	FY16	FY15
Instruction	122,563	119,420	112,610	105,412	104,214
Pupil Support	16,208	14,874	14,609	13,574	13,036
Instructional Staff	11,649	11,472	10,692	10,344	9,666
Board/Administration/Fiscal	14,759	14,241	14,204	13,353	13,671
Business Support	1,025	780	830	778	882
Plant Operation	15,807	15,055	14,490	13,699	13,888
Transportation	9,877	9,829	9,083	8,701	8,698
Central	2,432	2,287	2,139	1,659	1,454
Extracurricular	4,425	4,064	4,644	3,963	3,930
Capital Outlay	259	512	296	431	222
Miscellaneous	39	43	8	6	1
Debt Service	278	278	278	278	278
Total Expenditures & Services	\$199,321	\$192,855	\$183,883	\$172,198	\$169,940
Revenues & Resources Over Expenditures & Services	\$10,639	\$11,529	\$15,024	\$2,991	\$7,966

WHERE THE MONEY COMES FROM



LOCAL PROPERTY TAXES

The graph on the top right depicts 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 62.9% of all general fund revenues. Our community last passed an operating levy in November of 2016, resulting in the increase in collections received from 2016 to 2017.

UNBUNDLING THE TAX RATE

All tax rates for the 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 below shows the difference in the District's "Gross" or voted tax rates, as compared to the "Effective" rates, which are what is being collected.

Assessed Values Of Property Real Estate Taxes

Collection Year	Residential/Agricultural	Commercial/Industrial	Public Utility	Total
2019	\$2,047,547,990	\$661,596,560	\$121,312,970	\$2,830,457,520
2018	\$2,032,860,170	\$645,177,010	\$92,459,760	\$2,770,496,940
2017	\$1,846,009,200	\$590,001,290	\$85,495,620	\$2,521,506,110

Tax Burden For 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	43.240	Various	Permanent
Bond Retirement	6.80	6.800	Various	Various
Permanent Improvement	2.00	1.776	2006	Permanent
Total Rates	93.75	56.266		

(Rates are for the 2018 tax year collected in calendar year 2019)

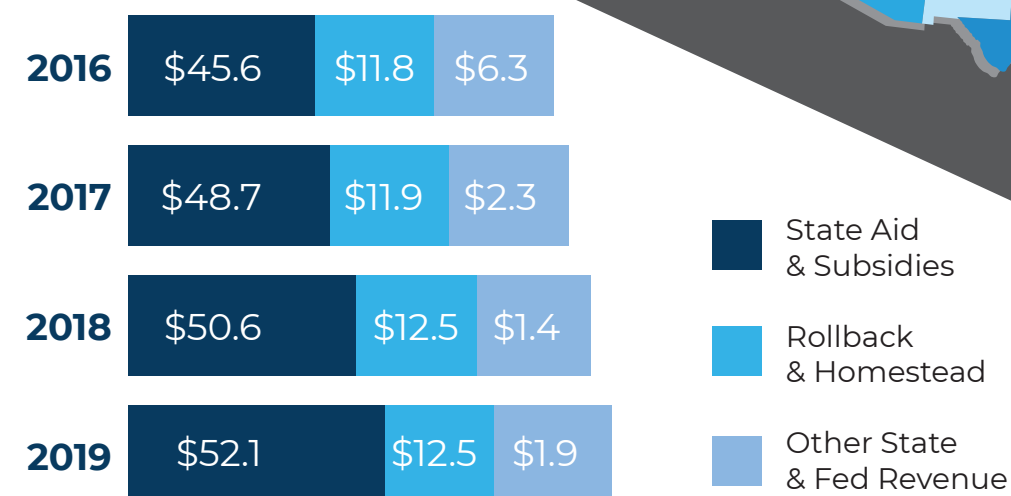
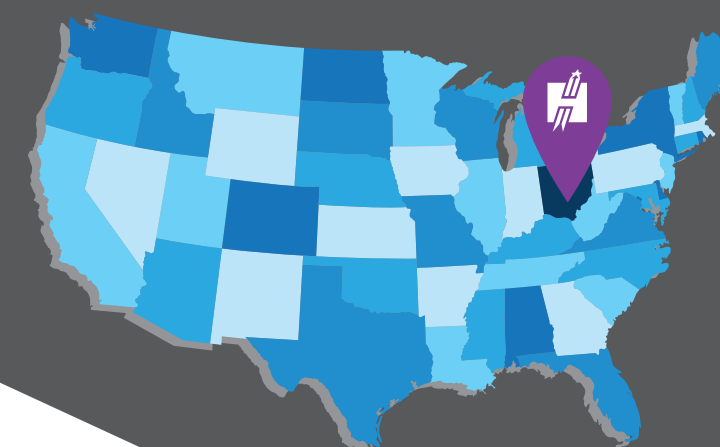
State and Federal sources of revenue generated \$66.5 million or 31.7% of all General Fund revenue for the District. Due to a relatively higher property valuation per pupil, and other demographic figures, the District is considered wealthy and receives less than the State average percentage of 42.6% (FY2018).

The majority of State Aid & Subsidies is comprised of School Foundation aid, which is a formula calculation based upon student enrollment. The State of Ohio implemented a new funding formula in 2014, with revisions in 2015 and again in 2017 for FY18 and FY19. However, the State still has not fully funded the formula and the District's funding increase was capped at 3% for FY19. In addition to Foundation revenue, the District also receives Poverty Based Assistance and Career Tech funding from the State.

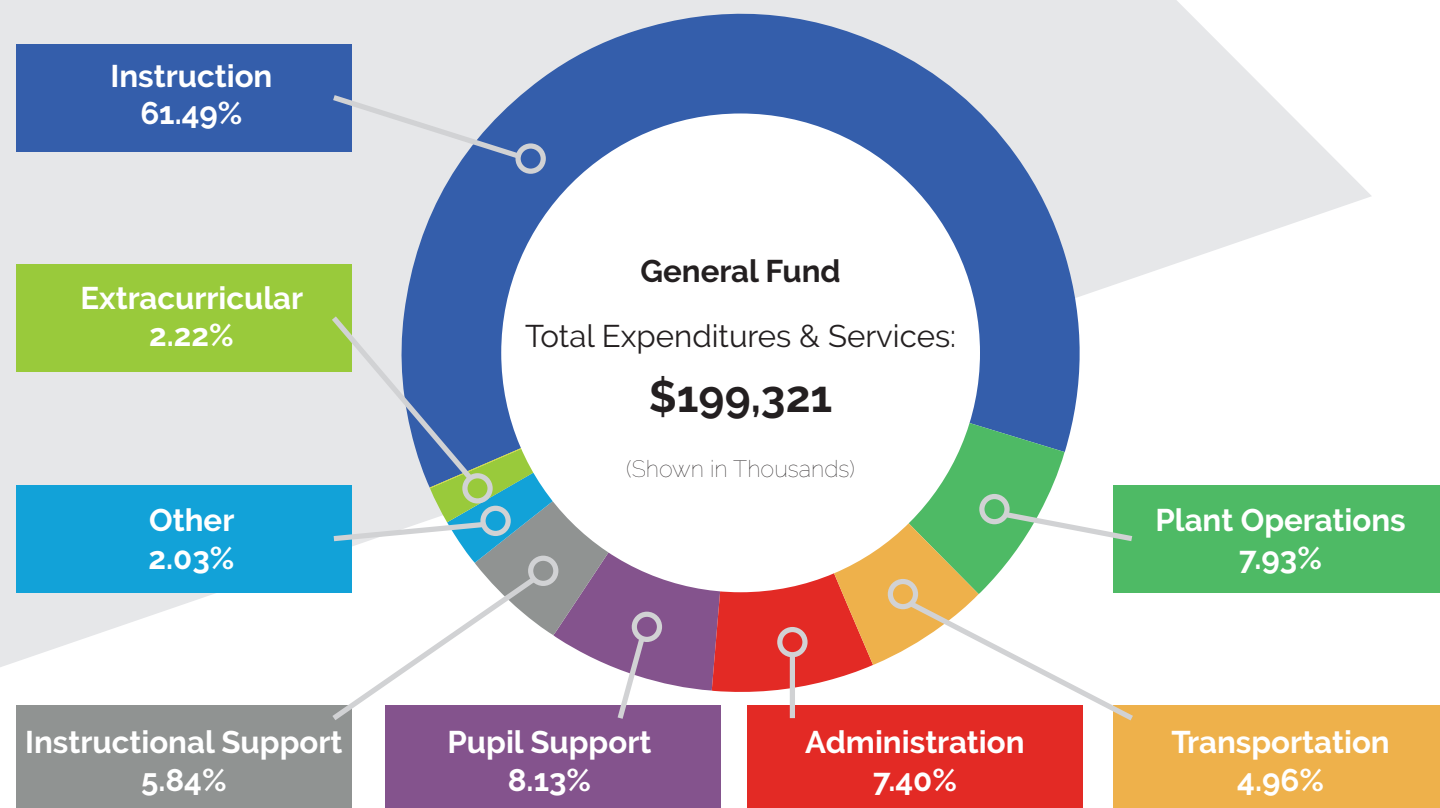
The District also receives Rollback and Homestead payments, which represent the portion of the local tax bill paid by the State instead of the local taxpayer. Currently, the State pays 10% of the taxes due on all property and an additional 2.5% on residential and agricultural owner-occupied property. An additional exemption is provided to senior and disabled citizens, regardless of income. The State has eliminated the property tax rollback on any new levy that was passed after August of 2013, which includes the most recent levy passed by our community in November of 2016.

Other State/Federal Revenue includes public utility reimbursement, Medicaid reimbursement, catastrophic cost reimbursement, and casino revenue. Federal sources in this category include pass-thru federal Refugee grant funds and a federal credit for interest paid on Qualified School Construction Bonds.

The chart below 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. The significant decrease in Other State/Federal Revenue from FY16 to 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, and then eliminated. The increase in Other State/Federal from FY18 to FY19 is attributable to an increase in the amount of Medicaid reimbursements received by the District in FY19.



\$ Are in Millions



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 the Board of Education policies and the laws of the State of Ohio. In FY2019, the bus fleet transported 7,998 regular and special education students to Hilliard City Schools, non-public, and community schools.

CENTRAL SUPPORT expenditures include community relations and technical 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 relate to a capital lease on district-wide copying equipment.

DEBT

Our District had \$139.7 million in debt outstanding at June 30, 2019, the majority of which is related to our 2013 and 2017 bond issues. The 2017 bonds were issued for capital improvements, with the largest portion used 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 savings to taxpayers of \$1.2 million.

Purpose	Matures	Interest Rate	Outstanding Balance
2000 School Improvement Bonds	12/1/19	6.689%	\$968,874
2005 Refunding Bonds	12/1/20	4.353%	\$1,808,724
2009A School Improvement Bonds	12/1/23	4.469%	\$2,492,410
2009B Refunding Bonds	12/1/20	4.059%	\$1,595,849
2011 Refunding Bonds	12/1/28	4.512%	\$4,610,000
2011 HB264 Energy Conservation Notes	12/1/25	5.550%	\$5,000,000
2013A Refunding Bonds	12/1/27	2.107%	\$39,869,983
2013B Refunding Bonds	12/1/27	2.892%	\$19,134,929
2014 Refunding Bonds	12/1/24	4.757%	\$5,605,000
2015 Refunding Bonds	12/1/27	3.430%	\$8,780,000
2016 School Improvement Bonds	12/1/44	3.683%	\$9,280,000
2017 School Improvement Bonds	12/1/46	3.875%	\$40,595,000
Total Outstanding			\$139,740,769

CAPITAL ASSETS – PROPERTY, PLANT & EQUIPMENT

A District's inventory of capital assets often represents its most significant investment of resources. Over time, purchases of land improvements, buildings and improvements, furniture and equipment, and vehicles can result in the accumulation of millions of dollars in property. On June 30, 2019, our District had \$162.8 million invested in net capital assets, acquired and constructed to help provide the essential services (directly, or indirectly) to the students of our District.

The significant increase in the value of net capital assets between 2017 and 2018 represents the construction and addition of the new Memorial Middle School, which was completed in the fall of 2018.

Capital Assets at June 30	2019	2018	2017	2016
Land	\$14,010,734	\$14,010,734	\$14,010,734	\$16,322,832
Construction in Progress	\$230,279	\$28,880,087	\$10,139,775	-
Land Improvement	\$41,561,829	\$39,303,488	\$35,621,021	\$35,522,454
Building and Improvements	\$240,226,434	\$209,032,052	\$208,805,208	\$208,837,262
Furniture, Fixtures & Equipment	\$13,595,918	\$13,464,471	\$12,668,167	\$12,389,350
Vehicles	\$14,081,872	\$13,778,856	\$13,275,202	\$13,134,771
Total Capital Assets	\$323,707,066	\$318,469,688	\$294,520,107	\$286,206,669
Less Accumulated Depreciation (\$160,879,526)	(\$160,879,526)	(\$155,039,102)	(\$147,467,115)	(\$140,252,421)
Total Capital Assets (Net)	\$162,827,540	\$163,430,586	\$147,052,992	\$145,954,248

The Hilliard City School District is in a healthy financial position. Our current five-year forecast (November 2019) projects that Hilliard Schools will maintain a positive end-of-year cash balance through the fiscal year 2024. District voters 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 mils, it was the smallest operating levy request by the District in over 30 years. The District anticipates its next ballot issue to occur in November 2020.

As the 8th largest school district in the state of Ohio, the Hilliard City School District served 16,621 students during the 2018-19 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 Campus, a transportation center, an administration building, and a maintenance/resource center.

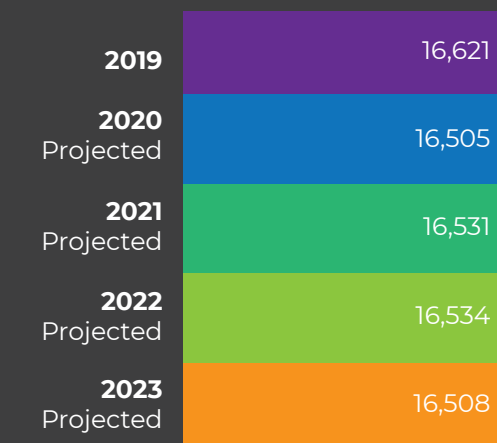
Enrollment in the District has been steadily increasing over the past decade. The District contracted with Cooperative Strategies, a firm specializing in educational facility planning, to provide enrollment projections for the District. The purpose of the projection was to help the District as it plans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

Hilliard City School District is also rich with diversity, as the chart illustrates. Our subgroup populations include 7.7% English Learners, 14.1% of students with disabilities, and 23.5% economically disadvantaged.

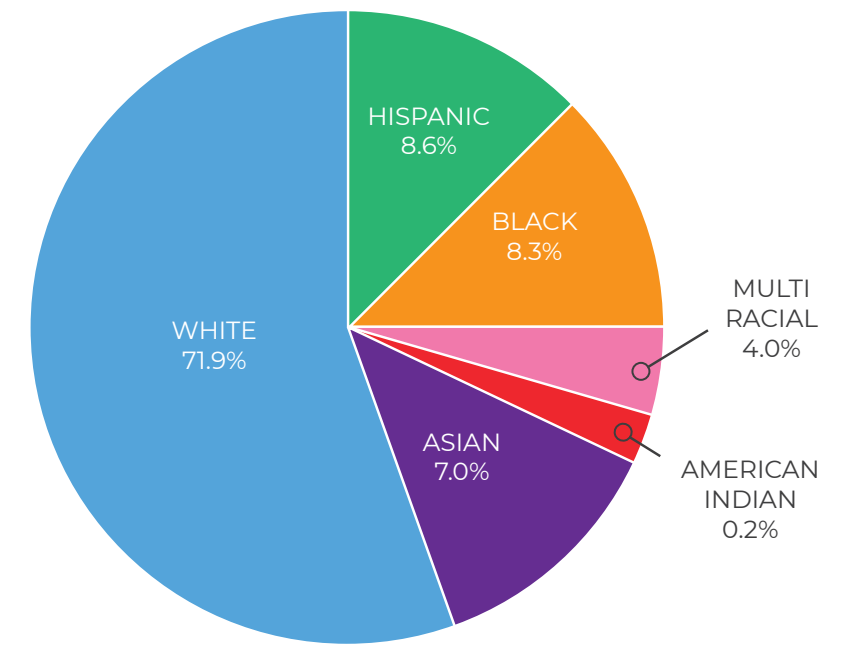


	Fiscal Year 2019 Actual	Fiscal Year 2020 Projected	Fiscal Year 2021 Projected	Fiscal Year 2022 Projected	Fiscal Year 2023 Projected	Fiscal Year 2024 Projected
Beginning Balance	\$61,297,963	\$69,396,932	\$71,706,009	\$70,222,221	\$61,981,539	\$47,255,712
+ Revenue	\$205,899,511	\$205,313,136	\$207,585,820	\$209,838,186	\$212,035,408	\$214,636,493
- Expenditures	(\$197,800,542)	(\$203,004,059)	(\$209,069,608)	(\$218,078,868)	(\$226,761,235)	(\$236,054,806)
+ Revenue Surplus/Deficit	\$8,098,969	\$2,309,077	(\$1,483,788)	(\$8,240,682)	(\$14,725,827)	(\$21,418,313)
Ending Balance	\$69,396,932	\$71,706,009	\$70,222,221	\$61,981,539	\$47,255,712	\$25,837,399

ENROLLMENT PROJECTIONS
DATA BY COOPERATIVE STRATEGIES 2019



DISTRICT ETHNICITY
PIE CHART



Top 5 Employers within the District June 30, 2019

Employer	No of Employees
Hilliard City School District	1,884*
Cellco Partnership-Verizon	1,242
Hikma Pharmaceutical	1,074
United Parcel Service	875
BMW Financial Services	431

* This is a count of employees, not of FTE's as presented in the CAFR.

Top 5 Taxpayers within the District June 30, 2019

Employer	Total Assessed Valuation	% of Total Valuation
Ohio Power Company	\$71,016,600	2.51%
AEP Ohio Transmission	\$35,673,460	1.26%
Villages at Britton LTD	\$16,450,010	0.58%
New Hilliard Station LLC	\$14,540,920	0.51%
West-Ward Columbus Inc	\$11,294,650	0.40%



The district lives its Mission Statement, to prepare every student to be Ready for Tomorrow, through purposeful actions and in classrooms. Hilliard is preparing the next generation of American citizens to prosper and thrive at different times – in a world that will demand different skills and competencies. The district's 2020 Plan set the course for the Hilliard City School District from 2010 to 2020. In 2018/19 we began work on our next course of action. In 2019 we unveiled our Next X initiative. This is a strategic vision to guide our journey from 2020 to 2030. We will provide clarity of purpose and accountability for results. The Next X document will not create the elite education experiences desired for the students – it is the implementation of this vision that will continue to set Hilliard apart from other districts. The Hilliard Way starts and ends with the talented, committed people in the district.

The Hilliard School District has an unparalleled commitment to the implementation of technology as a tool in the instructional practice. Furthermore, new skills and practices will naturally be required during the implementation of this Next X Strategic Vision. With that said, the district also understands that there are specific non-negotiable, timeless foundational skills that are fundamental to a Hilliard Education. Among these are reading, math fluency, self-regulation, understanding of historical documents, memorization, and study habits.





Ready For Tomorrow

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