



POPULAR ANNUAL FINANCIAL REPORT



Hilliard City Schools
Fiscal Year Ended June 30, 2023

2140 Atlas St | Columbus, Ohio 43228 | 614.921.7000



WELCOME

December 1, 2023

TO THE CITIZENS OF THE HILLIARD CITY SCHOOL DISTRICT,

We are proud to present the Hilliard City School District's Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2023. 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 Annual Comprehensive Financial Report (ACFR). Our Annual Comprehensive Financial Report contains full financial statements and note disclosures for all activities and funds and is prepared in accordance with Generally Accepted Accounting Principles (GAAP). The PAFR is un-audited and is compiled using data taken from the audited information in our Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2023.

For those interested in exploring the more detailed Annual Comprehensive Financial Report, a copy of the document is available on the District's website at hilliardschools.org/departments/fiscal-services. In addition to our Annual Comprehensive Financial Report and Popular Annual Financial Report, 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 Melissa_Swearingen@hboe.org.

Respectfully submitted,

Melissa Swearingen
Treasurer/CFO

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MISSION

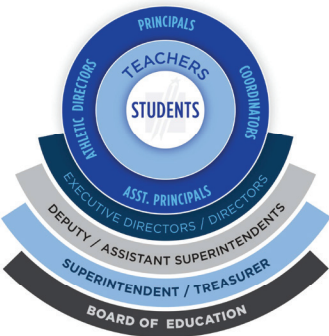
Hilliard City Schools will ensure that every student is Ready for Tomorrow.

VISION

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

AWARD FOR OUTSTANDING ACHIEVEMENT

Popular Annual Financial Report



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, 2022. 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 18 years.



Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

**Hilliard City School District
Ohio**

For its Annual Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrell

Executive Director/CEO



REVENUES AND RESOURCES OVER EXPENDITURES AND SERVICES

General Fund

Readers of the Financial Activity Statement (below) should keep in mind that the numbers in this report represent only the General Fund and are taken from the district's Annual Comprehensive Financial Report (ACFR), but are presented in a non-GAAP format. The ACFR can be obtained from the Treasurer's office or at <https://www.hilliardschools.org/departments/fiscal-services/financialreports/>.

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 2019 through 2023 are presented below. The significant increase in Investment Income revenue from FY22 to FY23 is directly attributable to the effects of a more favorable market rate of return on the investment of the district's interim deposits in 2023. The increase to Miscellaneous Revenue is a result of the district receiving an additional \$3 million in Board of Revisions payments in FY23. District expenditures increased overall by approximately 8%, reflecting an increase in personnel services costs resulting from negotiated agreements with staff, and the purchase of additional school buses in FY23.

Resources Taken In (in thousands of \$)	FY23	FY22	FY21	FY20	FY19
Local Taxes	\$147,099	\$138,391	\$187,856	\$86,083	\$132,025
State & Federal Revenue	63,994	63,983	65,356	63,105	66,453
Investment Income	2,397	(2,869)	184	3,538	2,724
Tuition & Fees	1,613	1,591	1,380	1,433	1,641
Miscellaneous	14,762	11,444	9,236	7,988	7,117
Total Revenues & Resources	\$229,865	\$212,540	\$264,012	\$162,147	\$209,960

Services Provided (in thousands of \$)	FY23	FY22	FY21	FY20	FY19
Instruction	143,520	131,150	133,603	124,235	122,563
Pupil Support	19,256	17,521	14,491	15,582	16,208
Instructional Staff	8,281	8,099	8,493	12,176	11,649
Board/Administration/Fiscal	15,194	14,939	16,097	15,185	14,759
Business Support	757	910	738	922	1,025
Plant Operation	18,186	17,069	15,826	14,920	15,807
Transportation	11,376	10,743	9,079	9,600	9,877
Central	2,570	2,488	2,342	2,343	2,432
Extracurricular	6,037	5,590	4,587	4,595	4,425
Capital Outlay	2,252	1,807	2,168	460	259
Miscellaneous	42	31	35	36	39
Debt Service	278	278	278	278	278
Total Expenditures & Services	\$227,749	\$210,625	\$207,737	\$200,332	\$199,321
Revenues & Resources Over/ (Under) Expenditures and Services	\$2,116	1,915	\$56,275	(\$38,185)*	\$10,639

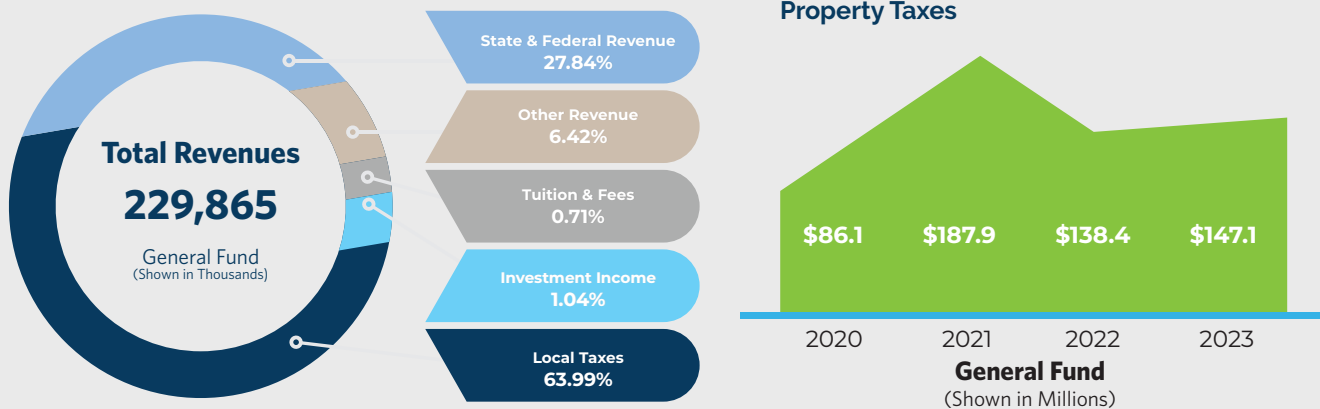
*In FY20, the District utilized prior years' cash balance to offset expenditures in excess of revenue collection.

LOCAL PROPERTY TAXES

The graph below in the middle right depicts the amount of collections received by the District from real and personal property taxes. The significant increase from FY20 to FY21 is directly related to the impact of the COVID-19 pandemic and the Franklin County Auditor’s decision to delay the collection of taxes in FY20. This delay had an effect on the timing of the revenue stream, but has now returned to normal. Local Tax revenue increased approximately 6.3% from FY22 to FY23.

Property taxes provide a majority of the local revenue to operate and maintain our schools, with the District having passed its last operating levy in November of 2016. The taxes paid on homes and businesses (both property and equipment) represent 63.99% of all general fund revenues.

WHERE THE MONEY COMES FROM



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 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
2023	\$2,576,820,360	\$812,870,490	\$154,517,680	\$3,544,208,530
2022	\$2,556,336,030	\$778,338,970	\$143,022,600	\$3,477,697,600
2021	\$2,511,371,660	\$787,756,060	\$136,997,780	\$3,436,125,500

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	35.819	Various	Permanent
Bond Retirement	4.60	4.60	Various	Various
Permanent Improvement	2.00	1.471	2006	Permanent
Total Rates	91.55	46.341		

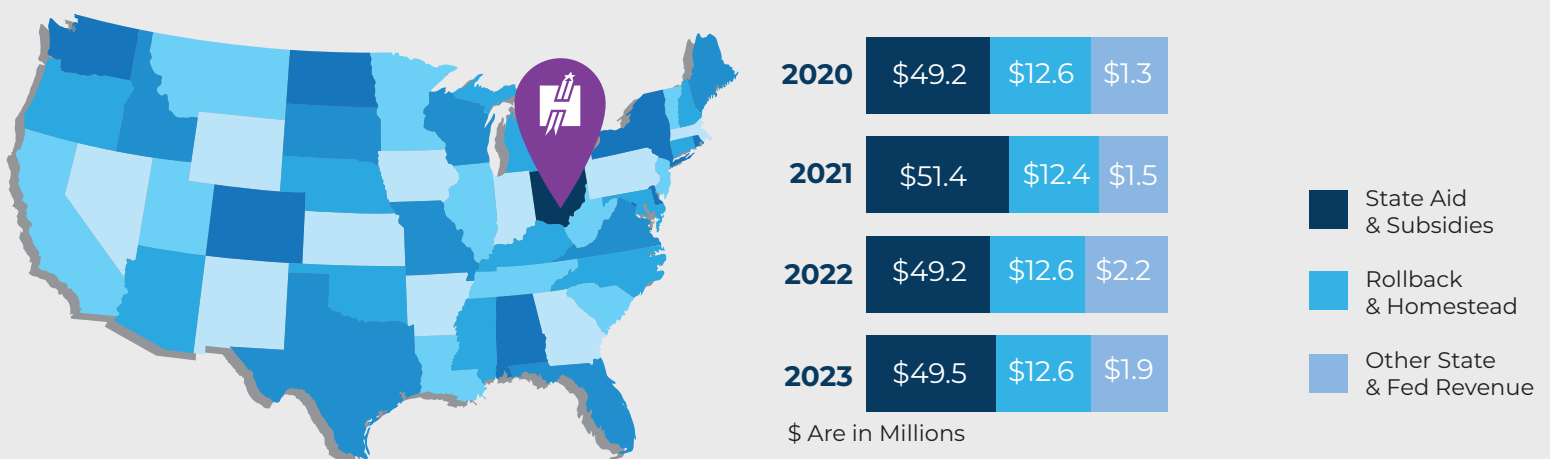
State and Federal sources of revenue generated \$64.0 million or 27.8% of all General Fund revenue for the District. Due to a relatively higher property valuation per pupil, and other demographic figures, the District is considered wealthy and receives less than the State average percentage of 36.8% (FY2023).

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 school funding model that began in FY22. Significant changes to the new formula included the elimination of the District's accounting for the revenues and expenditures attributable to district students attending community schools or those on autism or other special education scholarships. Student Wellness funding was also accounted for in the District's General Fund beginning in FY22. As a result of the new funding model, the district received approximately \$5.04 million dollars less in Foundation revenue in FY23 than was received in FY21.

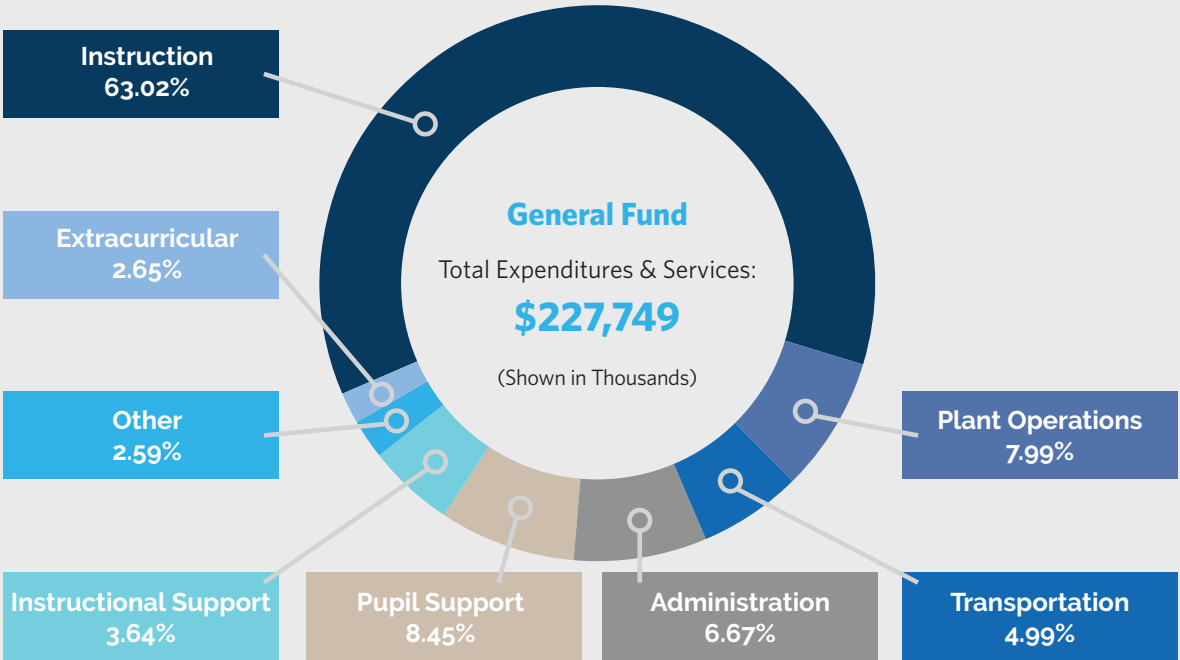
The District also receives Rollback and Homestead payments, which represent the portion of the local tax bill paid by the State instead of the local taxpayer. Currently, the State pays 10% of the taxes due on all non-business real property and an additional 2.5% on all residential, owner-occupied property through the property tax Rollback Relief Programs. 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 the public utility reimbursement, Medicaid reimbursement, catastrophic cost reimbursement, and casino revenue. Federal sources in this category include the E-Rate reimbursement 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 decrease in State Aid & Subsidies from FY21 to FY22 is attributable to the new school funding model discussed above.



EXPENDITURES
General Fund



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 FY23 the bus fleet transported 8,227 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 the District’s annual debt-service payments for the 2011 Qualified School Construction Bonds.

DEBT

Our District had \$101.3 million in debt outstanding at June 30, 2023, 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 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 2021 resulted in a savings to taxpayers of \$1.3 million dollars.

Purpose	Matures	Interest Rate	Outstanding Balance
2009A School Improvement Bonds	12/1/23	4.469%	\$625,000
2013B Refunding Bonds	12/1/23	2.892%	\$2,925,000
2014 Refunding Bonds	12/1/24	4.757%	\$3,815,000
2011 HB264 Energy Conservation Notes	12/1/25	5.550%	\$5,000,000
2013A Refunding Bonds	12/1/27	2.107%	\$25,175,000
2015 Refunding Bonds	12/1/27	3.430%	\$6,085,000
2021 Refunding Bonds	12/1/27	1.040%	\$11,420,000
2016 School Improvement Bonds	12/1/44	3.683%	\$8,655,000
2017 School Improvement Bonds	12/1/46	3.875%	\$37,575,000
Total Outstanding			\$101,275,000



CAPITAL ASSETS

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. At June 30, 2023, our District had \$148.4 million invested in net capital assets, acquired and constructed to help provide the essential services (directly, or indirectly) to the students of our District.



Capital Assets at June 30	2023	2022	2021
Land	\$13,114,136	\$13,114,136	\$13,114,136
Construction in Progress	\$207,563	\$3,233,339	\$2,070,935
Land Improvement	\$49,586,345	\$48,397,637	\$45,958,283
Building and Improvements	\$245,507,304	\$241,014,937	\$240,541,504
Furniture, Fixtures & Equipment	\$16,899,027	\$16,050,221	\$14,543,744
Vehicles	\$16,463,712	\$15,392,909	\$15,074,256
Total Capital Assets	\$341,778,087	\$337,203,179	\$331,302,858
Less Accumulated Depreciation	(\$193,365,055)	(\$185,046,157)	(\$177,117,304)
Total Capital Assets (Net)	\$148,413,032	\$152,157,022	\$154,185,554



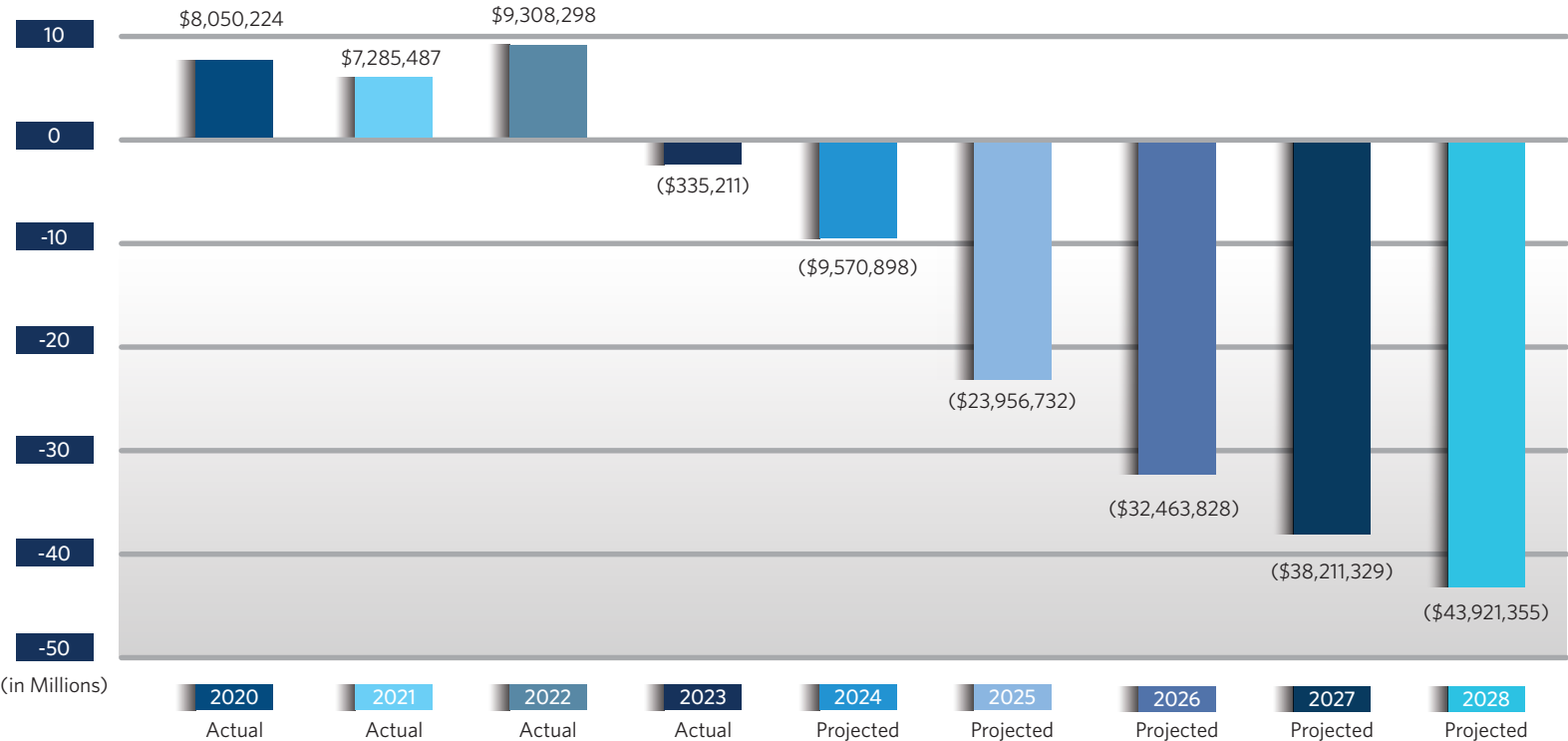


Beginning in FY23, the District’s expenditures exceed revenues, and our cash balance reserve will be utilized to offset deficit spending. As the District approaches the stage of the levy cycle where we will need to place an issue on the ballot, our current five-year forecast (November 2023) projects a rapidly declining balance with a projected negative cash balance by the end of the 2027 school year. 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, was the smallest operating levy request by the District in over 30 years. The District will consider placing a levy on the ballot in November 2024.

The chart below includes Actual financial data for years FY20 through FY23, and Projected Forecast data for years FY24 through FY28. This Forecast, and the related Assumptions can be found on the District’s website, or at <https://education.ohio.gov/Topics/Finance-and-Funding/Five-Year-Forecasts/Submissions-of-Traditional-and-JVSDs>.

Five Year Forecast

Annual Revenue Surplus/(Shortfall) By Fiscal Year



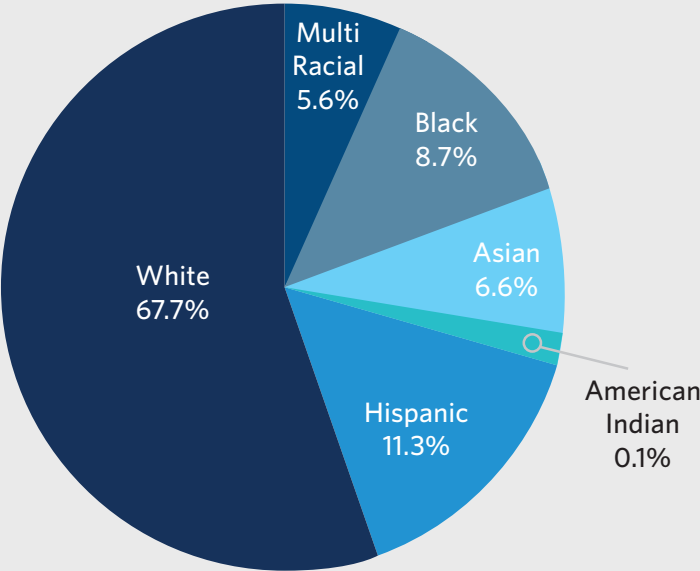
ENROLLMENT

As the 10th largest school district in the state of Ohio, the Hilliard City School District served 16,431 students during the 2022-23 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 had been steadily increasing over the past decade, but was impacted by the COVID pandemic. 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 to the left illustrates. Our subgroup populations include 9.0% English Learners, 16.6% students with disabilities, and 26.0% economically disadvantaged.

DISTRICT ETHNICITY (PIE CHART)



ENROLLMENT PROJECTIONS

2023	16,431
2024 Projected	16,402
2025 Projected	16,342
2026 Projected	16,220





EMPLOYERS & TAXPAYERS

Top 5 Employers within the District June 30, 2023

Hilliard City School District	1,959
United Parcel Service	1,669
Hikma Pharmaceutical	1,250
BMW Financial Service	891
Cellco Partnership-Verizon	651

Top 5 Taxpayers within the District June 30, 2023

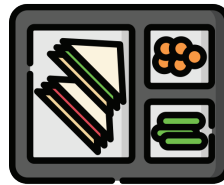
	Total Assessed Valuation	% of Total Valuation
Ohio Power Company	\$90,897,210	2.56%
AEP Ohio Transmission	\$47,067,620	1.33%
Villages at Britton LTD	\$20,562,470	0.58%
New Hilliard Station LLC	\$17,445,190	0.49%
Hilliard Grand Apartments LLC	\$12,115,200	0.34%

HILLIARD STATISTICS



8,227

Students Bussed Daily



1,487,777

Meals Served



914

Graduates going
to College



2,410,087 SF

District Managed Space



6,485

College Credits Earned



14

Graduates Joining
the Military

Hilliard City Schools is leading the way in making 21st century learning a reality for all students without exception. We actively engaged diverse perspectives from our staff, students, and broader community in developing our Portrait of a Learner, a collective vision that articulates our shared aspirations for every student.

Our district recruited a dynamic Portrait Design Team that is diverse and represents all aspects of our community—including students—to help co-design the Portrait. Through this process, we asked our community:

What are the hopes, aspirations, and dreams that our community has for our young people?

What are the skills and mindsets that our children need for success in this rapidly changing and complex world?

What are the implications for the learning experiences we provide in our school systems?

Now more than ever, learning experiences for our students must not only provide for the acquisition of rigorous academic content, but must also foster critical thinking, communication, collaboration, creativity, and other 21st century skills and mindsets our students need to thrive. From our kindergarteners to our seniors—this work has an enduring impact.



Every student, without exception.



RESILIENT LEARNERS

Respond productively to change, and demonstrate agility in thought and actions. Possess the desire to learn, unlearn, and relearn in order to foster curiosity and creativity, explore new ideas, and grow through both success and failure. Transfer and apply learnings from diverse experiences.



CRITICAL THINKERS

Gather, analyze, and evaluate information and ideas to think deeply, develop innovative solutions to problems, and make informed decisions.



EMPATHETIC CITIZENS

Demonstrate global awareness and respect, and act with concern and compassion for the unique perspectives, experiences, and cultures of all.



SELF-ADVOCATES

Recognize the importance of physical, mental, social-emotional, and digital wellness. Focus on building a healthy self-image and self-esteem that allows for the pursuit of individual goals.



PURPOSEFUL COMMUNICATORS

Speak and write with clarity. Listen actively to decipher meaning including knowledge, values, attitudes, and intentions to collaborate with others effectively.



Ready For Tomorrow

Phone: 614.921.7000

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HILLIARD CITY SCHOOLS