Hilliard City School District

Fiscal Year

2027

August

Financial Forecast Report

Prepared By:

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Hilliard City School District

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Table of Contents

Forecast Purpose/Objectives

Ohio Department of Education and Workforce's purposes/objectives for the financial forecast are:

1. To engage the local board of education and the community in the long range planning and discussions of financial issues facing the school district.
2. To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. §5705.412, commonly known as the "412 certificate."
3. To provide a method for the Department of Education and Auditor of State to identify school districts with potential financial problems.

Forecast Methodology

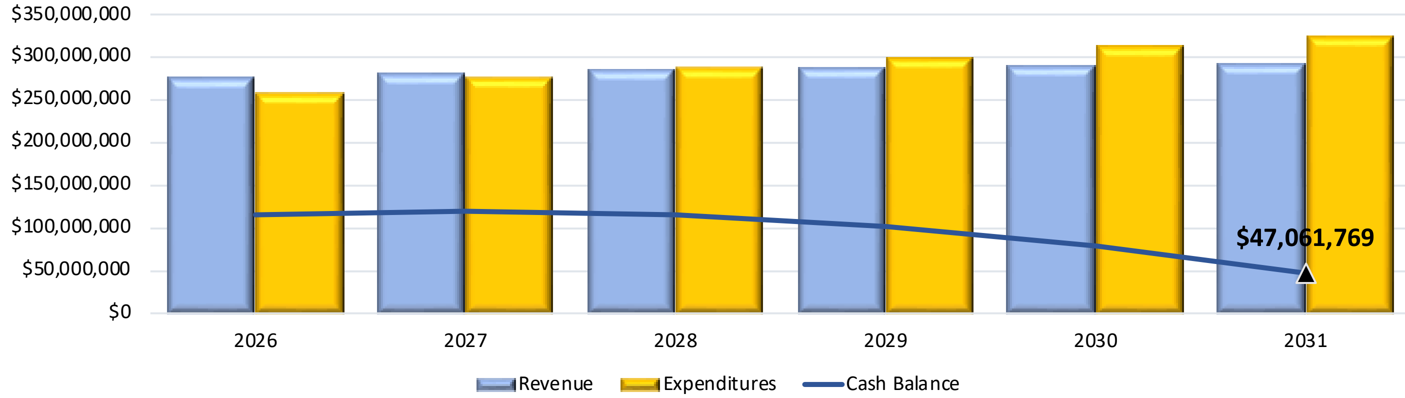
This forecast is prepared based upon historical trends and current factors. This information is then extrapolated into estimates for subsequent years. The forecast variables can change multiple times throughout the fiscal year, and while cash flow monitoring helps to identify unexpected variances, no process is guaranteed. The intent is to provide the district's financial trend over time and a roadmap for decisions aimed at encouraging financial sustainability and stability.

Fund Accounting

The District maintains its accounts in accordance with the principles of “fund” accounting. Fund accounting is used by governmental entities, such as school districts, to report financial position and the results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions and activities. The transactions of each fund are reflected in a self-balancing group of accounts, which presents an accounting entity that stands separate from the activities reported in other funds. The General Fund is the operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose provided it is disbursed or transferred in accordance with Ohio law. The assumptions disclosed herein are those that the District believes are significant to the projection. However, because circumstances and conditions assumed in projections frequently do not occur as expected, and are based on information existing at the time projections are prepared, there will usually be differences between projected and actual results.

Forecast Summary

Projected Revenue, Expenditures, and Cash Balance



Financial Forecast Summary

	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Fiscal Year 2031
Beginning Balance (Line 7.010) **Includes Renewal/New Levy Revenue, see Disclosures*	114,960,841	119,555,558	115,100,920	101,989,959	79,269,121
+ Revenue	278,801,026	282,943,840	285,629,688	287,784,975	290,698,194
- Expenditures	(274,206,309)	(287,398,478)	(298,740,649)	(310,505,813)	(322,905,546)
= Revenue Surplus or Deficit	4,594,717	(4,454,638)	(13,110,961)	(22,720,838)	(32,207,352)
Line 7.020 Ending Balance with Renewal/New Levies	119,555,558	115,100,920	101,989,959	79,269,121	47,061,769

Financial Summary Notes

Expenditure growth is projected to outpace revenue change. By the end of 2031, the cash balance is projected to decline by a total of $67,899,072 compared to 2026. For fiscal year 2031, expenditures are currently projected to exceed revenue, resulting in a revenue shortfall the final year of the forecast period.

For revenue, projected change is expected to be less than the historical average. Annually, on average, over the past five years, revenue increased by 5.71% ($13,241,194 annually). However, it is projected to increase by 1.18% ($3,304,705 annually) through fiscal year 2031. Notably, Real Estate growth, is expected to be $6,991,815 less per year compared to history, and is the biggest driver of trend change on the revenue side.

For expenditures, projected change is expected to be at a slower pace than the historical trend. Expenditures increased by 5.13% ($11,340,414, on average, annually) during the past 5-year period, and are projected to increase by 4.71% ($13,257,001 annually) through 2031. The forecast line with the most change on the expense side, Benefits, is anticpated to be $795,160 more per year in the projected period compared to historical averages.

Disclosure Items:	*2027*	*2028*	*2029*	*2030*	*2031*
Modeled Renewal Levies - Annual Amount	-	-	-	-	-
Modeled New Levies - Annual Amount	-	-	-	-	-
Encumbrances (not subtracted from Cash Balance)	*2,000,000*	*2,000,000*	*2,000,000*	*2,000,000*	*2,000,000*

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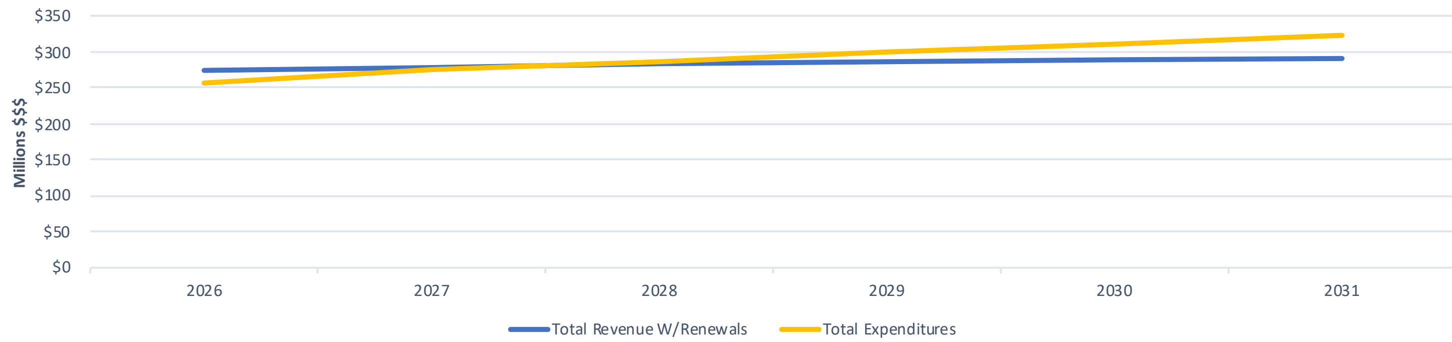
Forecast Analysis

Revenue Compared to Expenditures

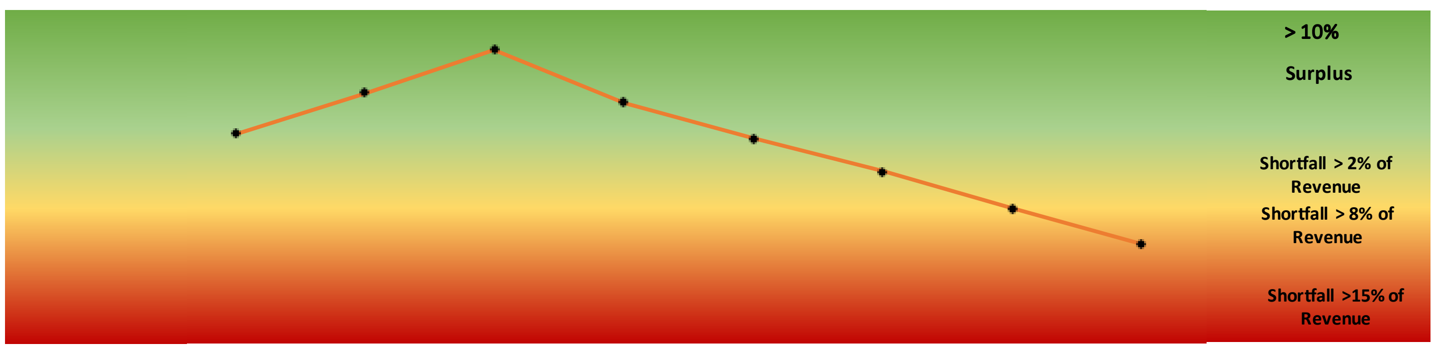


From 2027 to 2031, total revenues are projected to change by 1.18%

Expenditure change is expected to outpace revenue

From 2027 to 2031, total expenses are projected to change by 4.71%

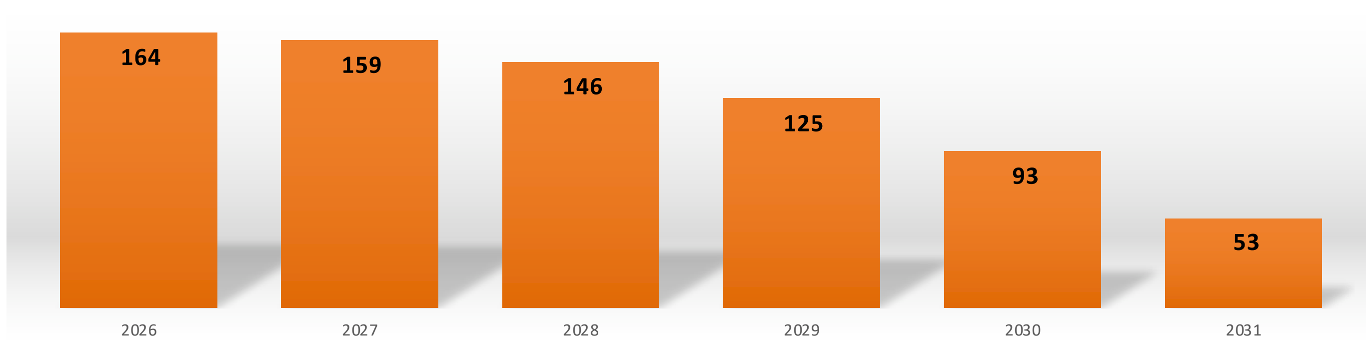
Revenue Surplus/(Shortfall) as a Percentage of Revenue



Current Forecast	2025	2026	2027	2028	2029	2030	2031
Surplus/(Shortfall)	2.5%	6.4%	1.6%	-1.6%	-4.6%	-7.9%	-11.1%

The district is trending toward revenue shortfall with the expenditures growing faster than revenue.
A revenue increase of 7.90% is needed to balance the budget in fiscal year 2031, or a $32,207,352 reduction in expenditures.
- The largest contributor to the projected revenue trend is the change in Real Estate.
- The expenditure most impacting the changing trend is Benefits.

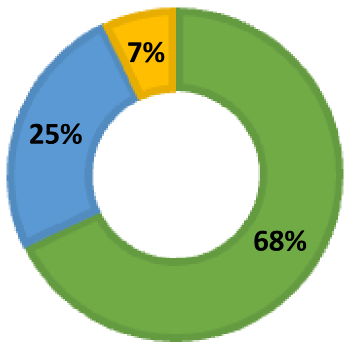
Days Cash on Hand at Fiscal Year-end



**based on 365 days*

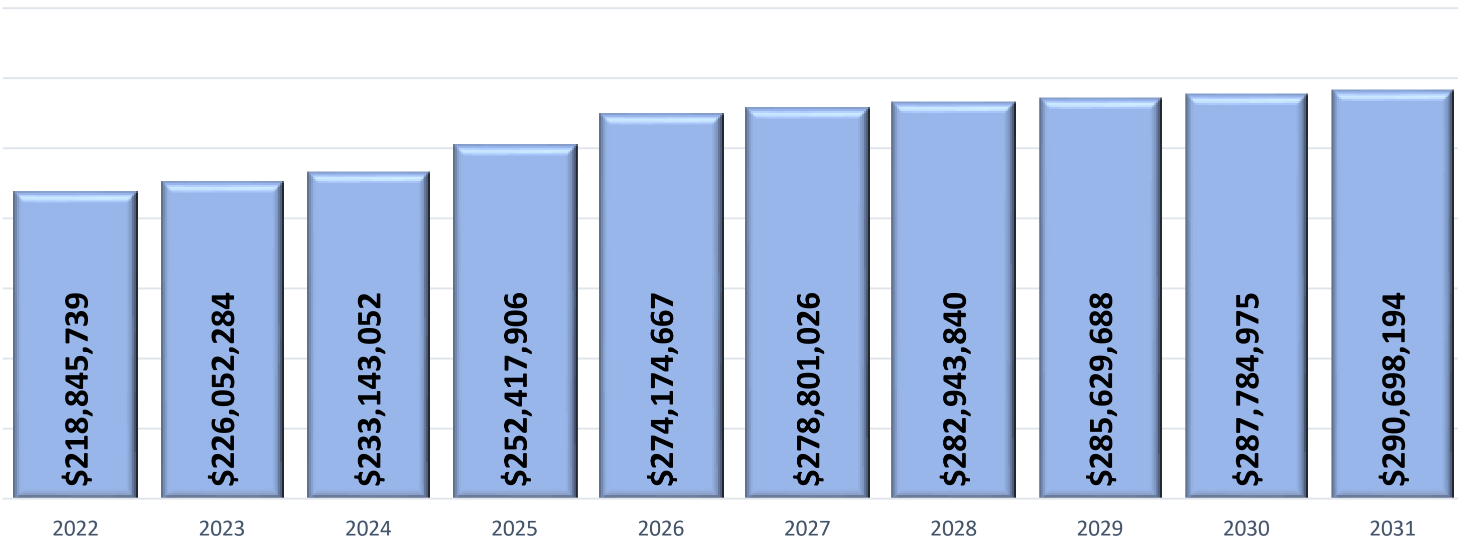
Revenue Overview

Revenue Sources



Local Taxes	
Real Estate Tax	62.62%
Public Utility Tax	5.26%
Income Tax	0.00%
State Sources	
State Funding	18.91%
Restricted Aid	1.10%
State Reimb Prop Tax Credits	4.95%
All Other Revenue	
Other Revenue	7.12%
Other Sources	0.04%

Annual Revenue Actual + Projected



Historic Revenue Change versus Projected Revenue Change

	Historical Average Annual $$ Change	Projected Average Annual $$ Change	Projected Compared to Historical Variance
Real Estate	$9,716,032	$2,724,217	($6,991,815)
Public Utility	$822,484	$56,656	($765,827)
Income Tax	$0	$0	$0
State Funding	$809,316	$259,594	($549,721)
State Reimb Prop Tax Credits	$248,793	$204,206	($44,587)
All Othr Op Rev	$1,707,348	$54,311	($1,653,038)
Other Sources	($62,779)	$5,721	$68,500
Total Average Annual Change	$13,241,194	$3,304,705	($9,936,488)
	5.71%	1.18%	-4.53%

Annually, on average, over the past five years, revenue increased by 5.71% ($13,241,194 annually). However, it is projected to increase by 1.18% ($3,304,705 annually) through fiscal year 2031. Notably, Real Estate growth, is expected to be $6,991,815 less per year compared to history, and is the biggest driver of trend change on the revenue side.

The growth in Real Estate revenue from FY2022 through FY2026 was due to the County-wide reappraisal of properties in 2023 and a newly approved operating levy in 2024. Due to the timing of the collection year vs. the district's fiscal year, increases from each of these events occurred over the subsequent 2 fiscal years. The district is not projecting as significant of an increase in the next reappraisal (2030) and there are no new operating levies in this forecast, which is why the projected avg annual increase is less for FY2027 through FY2031.

For Comparison:
Expenditure average annual change is projected to be > $13,257,001 On an annual average basis, expenditures are projected to grow faster than revenue.

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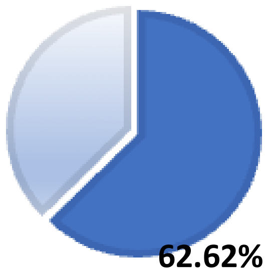
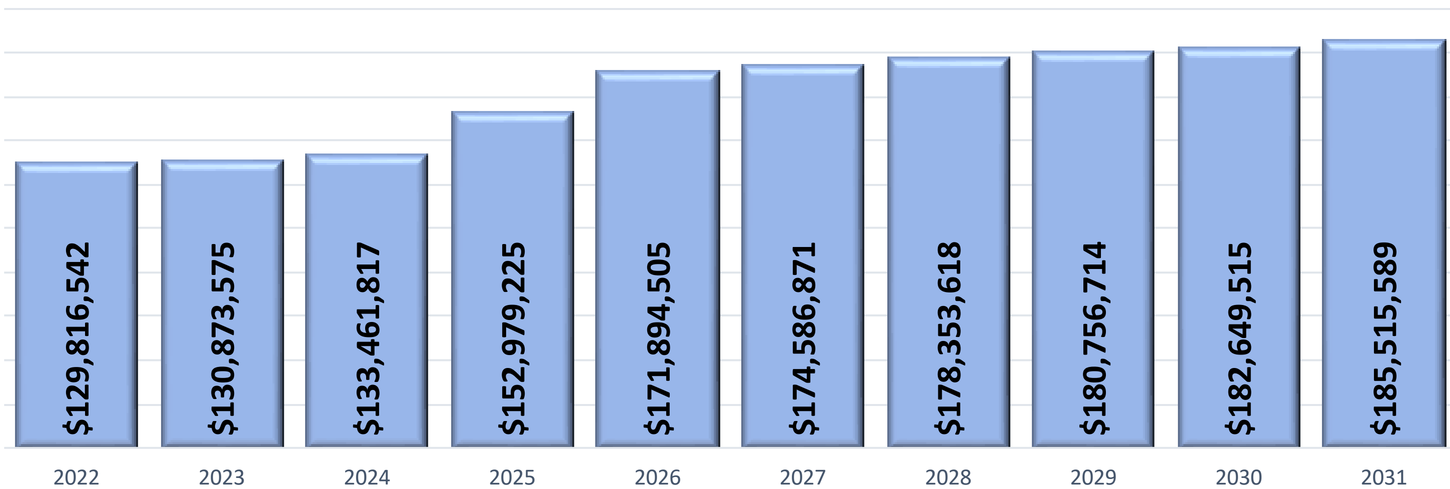
1.010 - General Property Tax (Real Estate)

Revenue collected from taxes levied by a school district by the assessed valuation of real property using effective tax rates for class I (residential/agricultural) and class II (business).



Real estate property tax revenue accounts for 62.62% of total district general fund revenue.



Key Assumptions & Notes

Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class 2 Rate	Change	
2025	4,658,192,357	145,582,737	37.81	-	50.59	-	98.3%
2026	5,197,892,357	539,700,000	34.54	(3.27)	48.12	(2.47)	98.3%
2027	5,297,892,357	100,000,000	34.47	(0.07)	48.08	(0.04)	98.3%
2028	5,359,892,357	62,000,000	34.44	(0.03)	48.04	(0.04)	98.3%
2029	5,421,892,357	62,000,000	34.41	(0.03)	48.00	(0.04)	98.3%
2030	5,913,892,357	492,000,000	31.83	(2.58)	46.81	(1.19)	98.3%

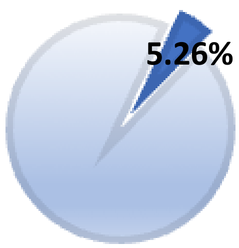
Class I, or residential/agricultural taxes make up approximately 70.75% of the real estate property tax revenue. The Class I tax rate is 34.54 mills in tax year 2026. The projections reflect an average gross collection rate of 98.3% annually through tax year 2030. The revenue changed at an average annual historical rate of 7.01% and is projected to change at an average annual rate of 1.54% through fiscal year 2031.

Revenue projections are shaped by the effects of Ohio House Bill (HB) 920 and the 20-mill floor. Under HB 920, voted tax rates are adjusted downward as property values rise, ensuring taxpayers are not burdened with higher taxes solely due to increased valuations. While this stabilizes revenue growth, it limits the district's ability to collect additional funds without voter approval for new levies. Conversely, districts at or near the 20-mill floor benefit from valuation increases, capped at inflation, because they cannot fall below the statutory minimum rate for current expense levies. Hilliard's current effective millage is in excess of 20 mills. H.B. 335 caps inside millage revenue growth due to inflation. Beginning with the update/reappraisal in tax year 2026, it requires the County Budget Commission to adjust inside millage rates to limit real property revenue increases to GDP-D growth over the three preceding years. This reduction applies to real and public utility personal property.

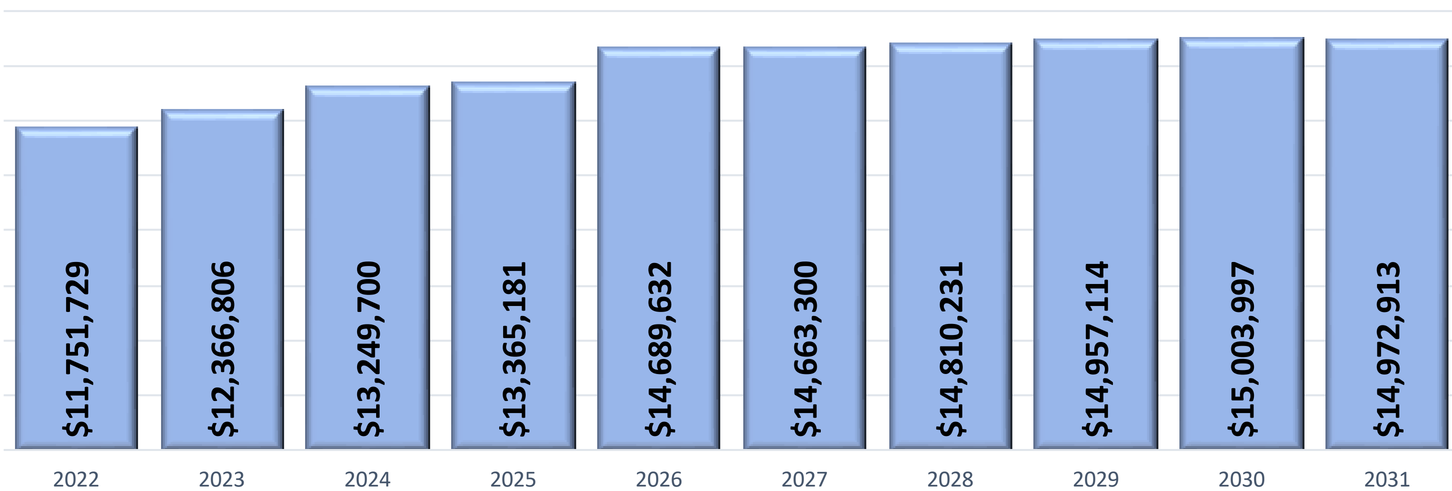
Recent legislation adopted by the Ohio General Assembly, including House Bills 186, 335, 129, & 309, introduce new limits and adjustments to how property tax revenues are calculated and collected by school districts, with the intent of moderating revenue growth associated with rising property values. Property values are established each year by the County Auditor based on new construction and complete/updated values. A complete reappraisal last occurred in 2023 and a triennial update is occuring in 2026. This cycle has historically repeated every three years, however, sixteen Ohio counties (incl. Franklin Co.) will have their next property reappraisals delayed by one year as the Ohio Department of Taxation (ODT) moves to rebalance the state’s property valuation schedule. The adjustment follows a recommendation from Gov. Mike DeWine’s Property Tax Working Group and is intended to create greater equity in how often and when counties reassess property values. Under this delay, Franklin Co's reappraisal moves from 2029 to 2030. For tax year 2025 (CY 2026), residential values increased 2.7% with new growth. Agricultural values decreased 6% with valuation coming off of the duplicate. Commercial/industrial values increased 3.2% with new growth. Values are expected to increase 2% for TY2026 and 1.2% annually for TY 2027 through 2030 due to new construction. A trienniel update will occur in TY2026, with a projected increase of 11%. The next full reappraisal will occur in TY2030, with a projected increase of 9% As of the date this forecast is being prepared, we have received advance payments from the county for the 2nd half 2025 tax settlement, however final settlement will likely not occur until the end of September.

1.020 - Public Utility Personal Property

Revenue generated from public utility personal property valuations multiplied by the district's full voted tax rate.



Public Utility Personal Property tax revenue accounts for 5.26% of total district general fund revenue.



Key Assumptions & Notes

Values and Tax Rates					Gross Collection Rate
Tax Year	Valuation	Value Change	Full Voted Rate	Change	Including Delinquencies
2025	187,349,262	10,979,862	91.85	-	94.4%
2026	157,349,262	(30,000,000)	91.83	(0.02)	94.4%
2027	161,349,262	4,000,000	91.83	-	94.4%
2028	165,349,262	4,000,000	91.83	-	94.4%
2029	169,349,262	4,000,000	91.83	-	94.4%
2030	176,349,262	7,000,000	91.81	(0.02)	94.4%

The public utility personal property tax revenue is generated from the personal property values, additions, and depreciation reported by the utility companies. The property is taxed at the full voted tax rate which in tax year 2026 is 91.83 mills. The forecast is modeling an average gross collection rate of 94.44%. The revenue changed historically at an average annual dollar amount of $822,484 and is projected to change at an average annual dollar amount of $56,656 through fiscal year 2031.

The PUPP valuations for tax years 2024 and 2025 were adjusted based on appealed values at the State level. There is a delay in the timing of when these adjustments are reported to the County. The TY 2025 value has been adjusted down to $155,810,330 whixh is the reason for the negative adjustment above. Beginning with tax year 2027, the value of new investment for public utilities comes on the duplicate at at lower taxable value which will be 1/4 to 1/3 of the current value. As a result, the revenie is this category is expected to remain nearly flat over through FY2031.

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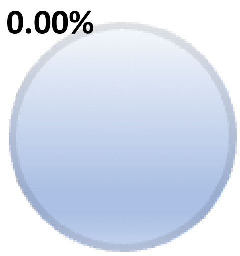
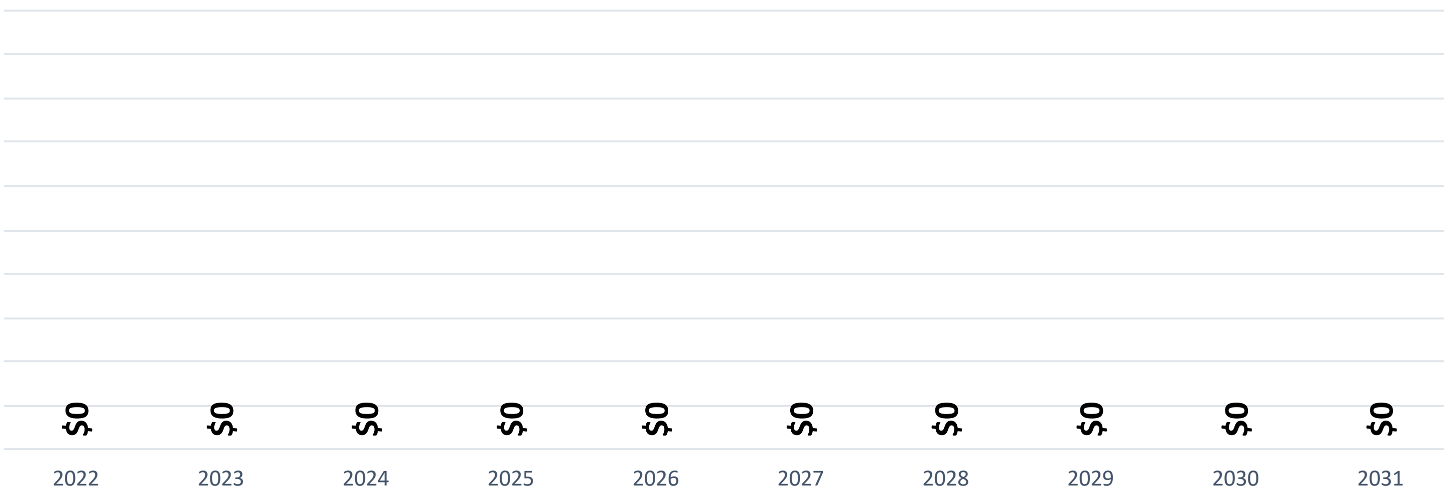
1.030 - School District Income Tax

Revenue collected from income tax earmarked specifically to support schools with a voter approved tax by residents of the school district; separate from federal, state and municipal income taxes.



The district does not have a School District Income Tax levy.



Key Assumptions & Notes

The district does not have an income tax levy.

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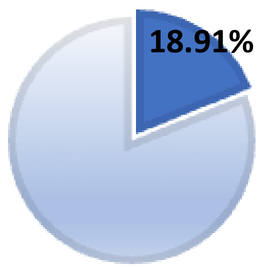
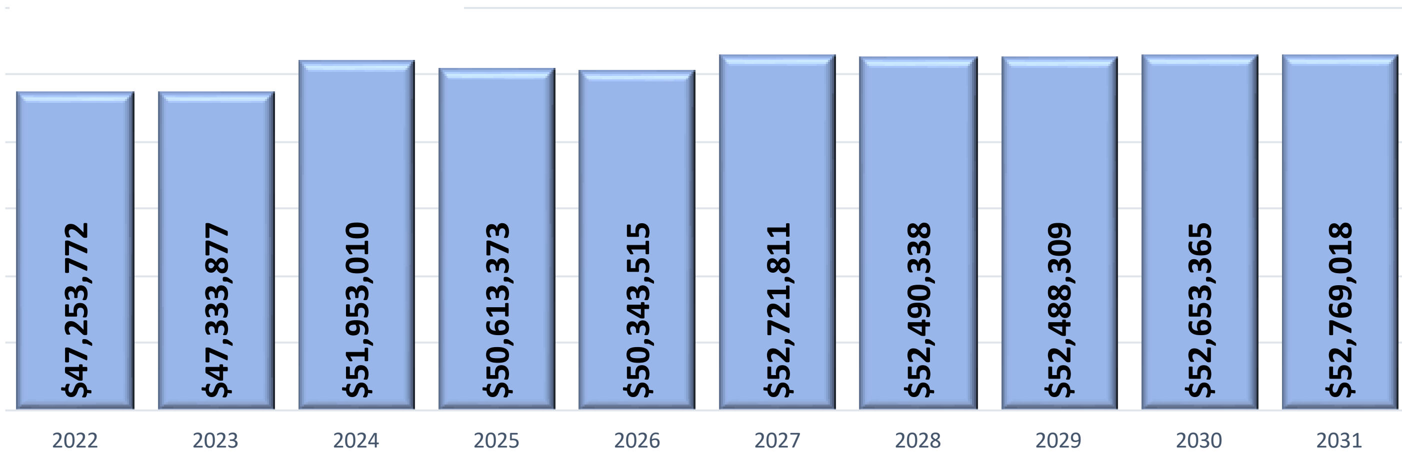
1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



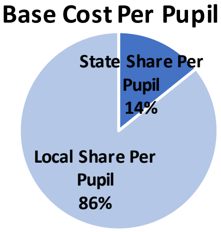
Unrestricted State Aid revenue accounts for 18.91% of total district general fund revenue.



Key Assumptions & Notes

The Fair School Funding Plan calculates a local share of the per pupil base cost using the district's capacity (property values plus taxpayer incomes) to calculate a local share. The remainder of the per pupil base cost is considered the state's share. The projections in this forecaset assume a 100% phase-in of the FSFP through this 2nd year of the current biennium budget. Rising property valuations may reduce the district's state share percentage, shifting more financial responsibility to the local community. Legisiative updates to the bast cost calculation, while a possibility, are not included in this forecast.

FY 2027 Base Cost Per Pupil - Local and State Share



Beginning in fiscal year 2022, Ohio adopted the Fair School Funding Plan (FSFP). Funding is driven by a base cost methodology that incorporates the four components identified as necessary to the education process. The Base Cost is currently calculated for two years using a statewide average from historical actual data.

For Hilliard City School District, the calculated Base Cost total is $126,208,739 in 2027 or $8,104 per pupil.

The State's Share of the calculated Base Cost total is $17,899,216, or $1,153 per pupil.

The FSFP also started funding students where they attended school. Therefore district educated enrollment is now used for per pupil funding. At the same time, the FSFP eliminated tuition transfer payments from school districts, which impacts the expense side of the forecast. The FSFP is a formula that has been phased in and will be at 100% in FY2027. With this phase-in, the district saw increased funding in the early years of the formula's implementation. In FY2026, however, the base cost inputs of the formula were not increased for inflation and the district moved onto the guarantee, under which we will not receive less base funding than we did in FY2020
ODEW's simulation tool was utilized for the FY2027 funding estimate. It is assumed that the district will remain on a funding guarantee and this source of funding will remain flat for the next 2 State budget cycles

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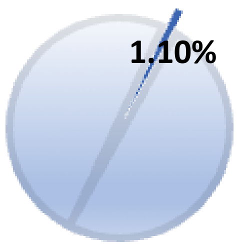
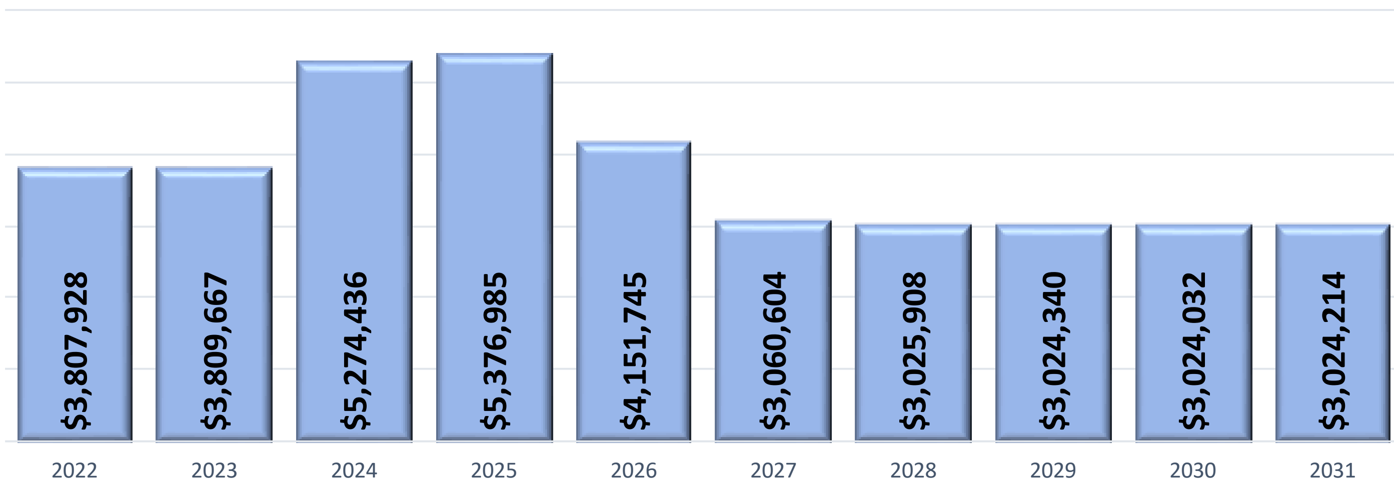
1.040 & 1.045 - Restricted Grants-in-Aid

Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



Restricted State Aid revenue accounts for 1.10% of total district general fund revenue.



Key Assumptions & Notes

Restricted aid is the portion of state per pupil funding that must be classifed as restricted use. Historically the district's restricted state aid changed annually on average by $114,026 and is projected to change annually on average by -$225,506. Restricted funds represent 1.10% of the district's total revenue. Starting in fiscal year 2022, the district's Success & Wellness funding became restricted; the state's share of this funding recorded as restricted is $855,391. This funding has implications on general fund expenditures in that certain spending now occuring in a fund external to the general fund could shift to the general fund. The expenditures in this forecast are adjusted to reflect this change.

In addition to Student Success and Wellness dollars, this category also includes weighted funding for Career Tech ($103,526) and EL ($470,370) , as well as DPIA ($828,783) and gifted ($363,512) funding. Also included in this category is the State catastrophic cost reimbursement ($400,000). In FY24 we received a one-time State subsidy for High Quality Instructional Materials in the amount of $864,000. In FY25, we received $945,000 to reimburse the District for Science of Reading (SOR) professional development stipends. The final $164,000 in SOR funds was received in FY26. At this time, no additional one-time revenue is anticipated for FY27-FY31. The revenue amounts projected for the restricted categories were generated using the ODEW simulation calculator for FY 2027.
Since the base cost inputs were not updated by the State during the last bienniel budget, our funding in this category is projected to remain virtually unchanged each year. This is a result of our property valuation and income values being updated, while not considering inflation and increased expenditures. No substantial change is anticipated in future state budgets.

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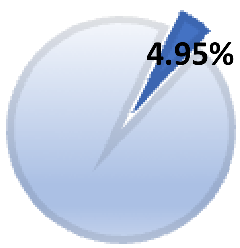
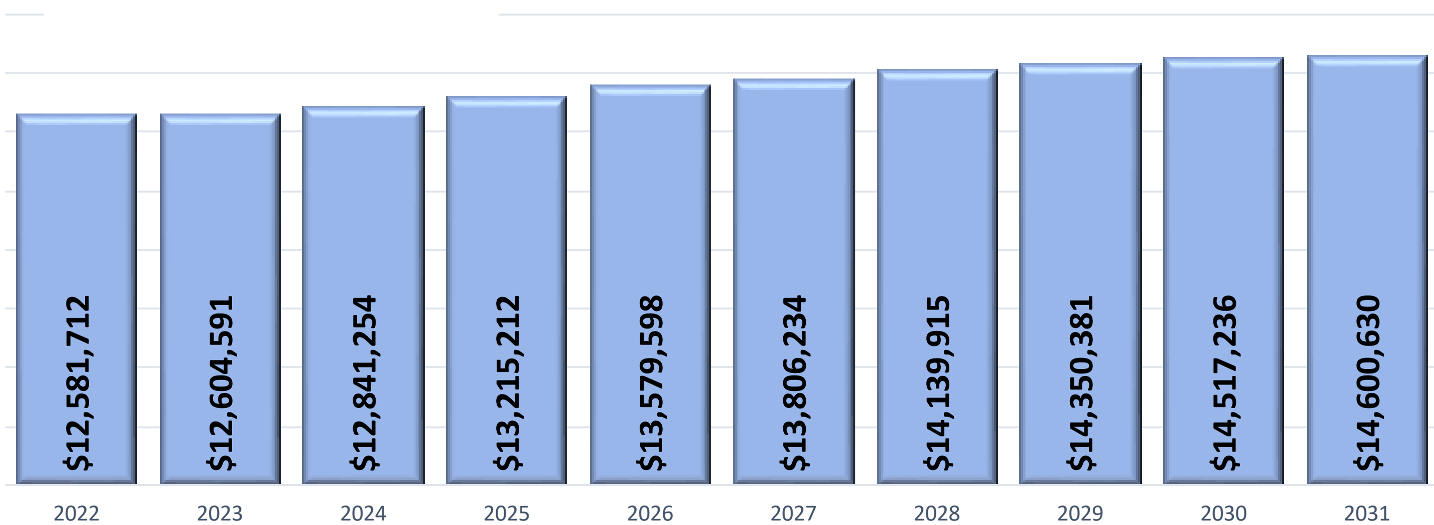
1.050 - State Reimbursement Property Tax Credits

Includes funds received for Tangible Personal Property Tax Reimbursement, Electric Deregulation, Homestead and Rollback.



State Reimbursement of Property Tax Credit revenue accounts for 4.95% of total district general fund revenue.



Key Assumptions & Notes

State Reimbursement of Property Tax Credits primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions to their tax bill. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In fiscal year 2027, approximately 9.1% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 0.6% will be reimbursed in the form of qualifying homestead exemption credits.

The State no longer reimburses the Rollback on levies passed after August of 2013. For FY2027 through FY2031, it is projected that this funding will increase by an average of 1.5% annually.

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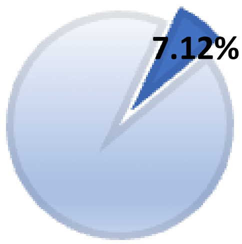
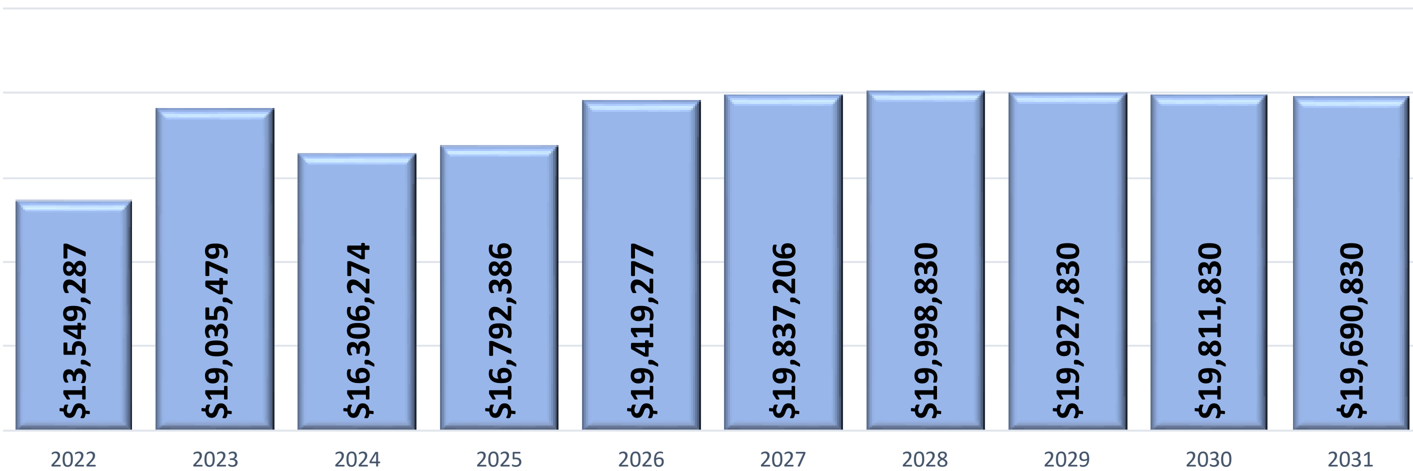
1.060 - All Other Operating Revenues

Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



All Other Revenue accounts for 7.12% of total district general fund revenue.



Key Assumptions & Notes

Other revenue includes tuition received by the district for non-resident students educated by the district. It also includes interest income, payments in lieu of taxes, and miscellaneous revenue. The historical average annual change was $1,707,348. The projected average annual change is $54,311 through fiscal year 2031.

The State legislature passed HB126 several years ago, which eliminated direct payments from companies when challenging property values. The law went into effect July 20, 2022 and we received many direct settlement offers right up to the last day. These payments impacted our FY2023 revenue. In FY24 and FY25, we received several payments in May and June that we historically would have expected to receive in July. Revenues increased slightly in FY26, as larger tax incentive payments from Amazon and other development projects were triggered. We also received an increase in Medicaid settlement payments and our interest earnings increased slightly. Revenues in this category are expected to remain at the FY26 level throughout this forecast.

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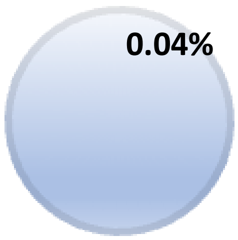
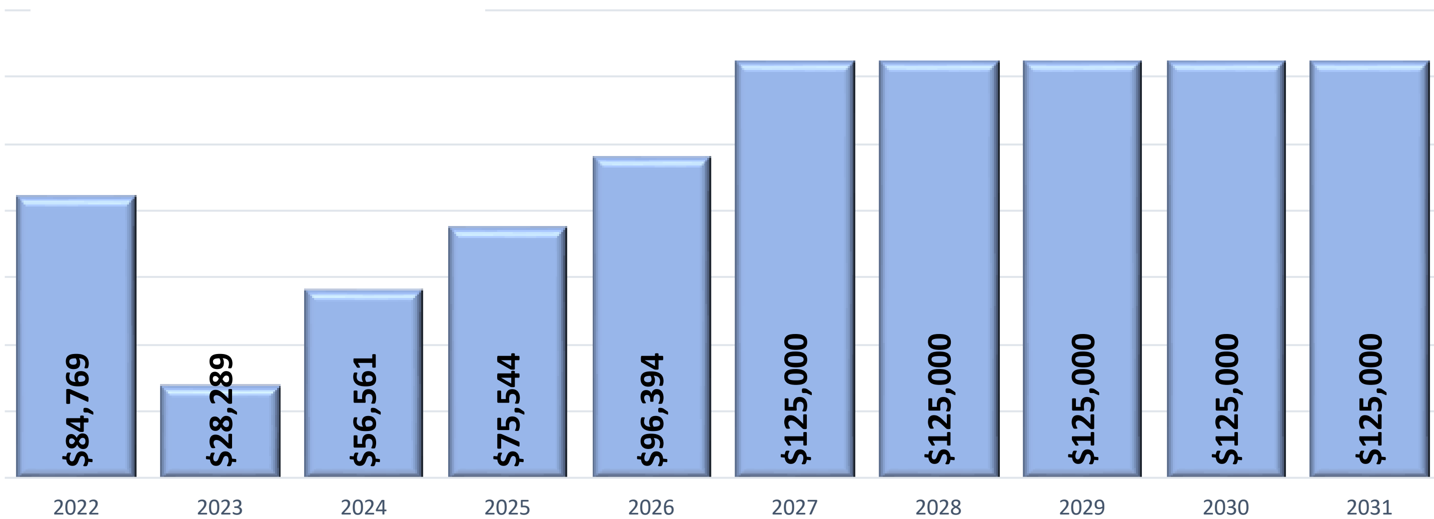
2.070 - Total Other Financing Sources

Includes proceeds from sale of notes, state emergency loans and advancements, operating transfers-in, and all other financing sources like sale and loss of assets, and refund of prior year expenditures.



Other Sources of revenue accounts for 0.04% of total district general fund revenue.



Key Assumptions & Notes

		FORECASTED				
	2026	2027	2028	2029	2030	2031
Transfers In	-	-	-	-	-	-
Advances In	-	-	-	-	-	-
All Other Financing Sources	96,394	125,000	125,000	125,000	125,000	125,000

Other sources includes revenue that is generally classified as non-operating. Return advances-in are the most common revenue source. In 2026 the district receipted $0 as advances-in and is projecting advances of $0 in fiscal year 2027. The district also receives other financing sources such as refund of prior year expenditures in this category. The district is projecting that all other financing sources will be $125,000 in 2027 and average $125,000 annually through 2031.

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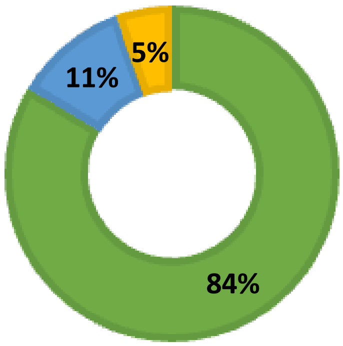
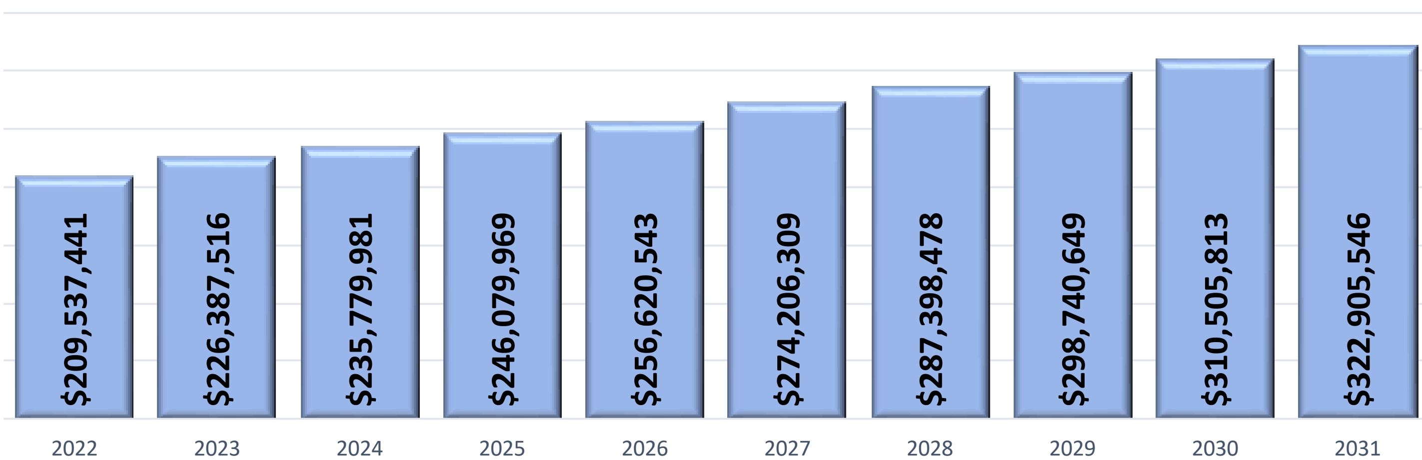
Expenditure Overview

Expenditure Categories



Personnel Costs	
Salaries	57.98%
Benefits	25.61%
Purchased Services	11.02%
All Other Expenditures	
Supplies, Capital, Debt, Other Obj	5.38%
Other Uses	0.01%

Annual Expenditures Actual + Projected



Historic Expenditures Change versus Projected Expenditures Change

	Historical Average Annual $$ Change	Projected Average Annual $$ Change	Projected Compared to Historical Variance
Salaries	$5,583,662	$5,884,871	$301,209
Benefits	$3,982,452	$4,777,612	$795,160
Purchased Services	$985,804	$1,758,124	$772,320
Supplies & Materials	$628,892	$656,204	$27,312
Capital Outlay	$284,177	$124,227	($159,950)
Intergov & Debt	$27,750	($27,750)	($55,500)
Other Objects	($61,038)	$109,128	$170,166
Other Uses	($35,785)	($25,414)	$10,371
Total Average Annual Change	$11,340,414	$13,257,001	$1,916,587
	5.13%	4.71%	-0.42%

Expenditures increased by 5.13% ($11,340,414, on average, annually) during the past 5-year period, and are projected to increase by 4.71% ($13,257,001 annually) through 2031. The forecast line with the most change on the expense side, Benefits, is anticpated to be $795,160 more per year in the projected period compared to historical averages.

For Comparison:

Revenue average annual change is projected to be > $3,304,705 On an annual average basis, revenues are projected to grow slower than expenditures.

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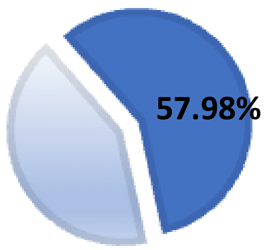
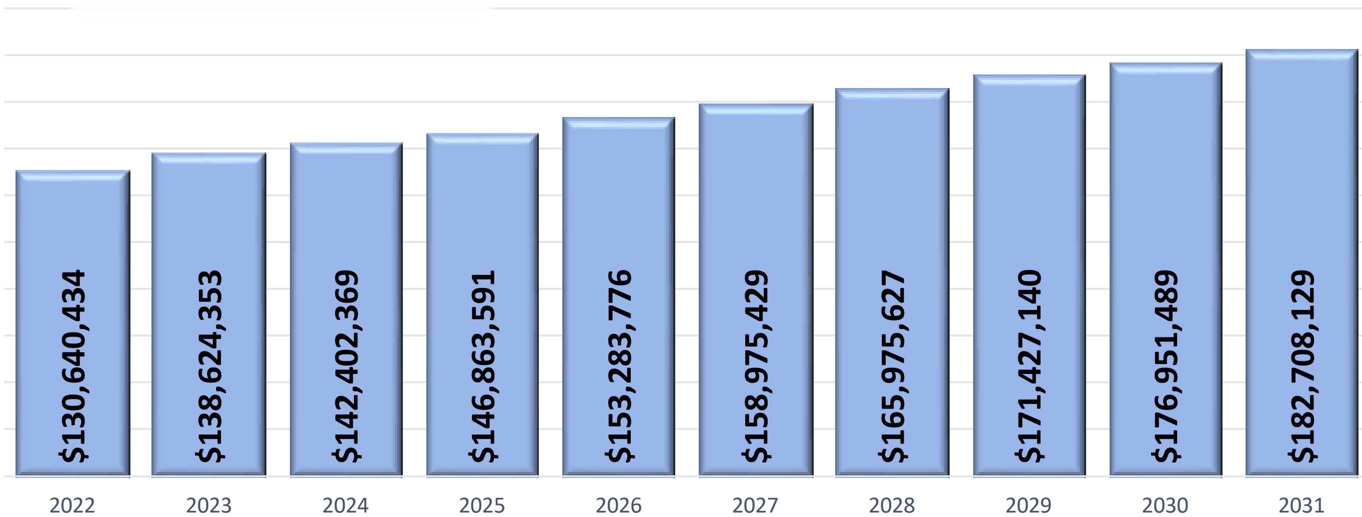
3.010 - Personnel Services

Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.



Salaries account for 57.98% of the district's total general fund spending.



Key Assumptions & Notes

Salaries represent 57.98% of total expenditures and increased at a historical average annual rate of 4.11% (or $5,583,662). This category of expenditure is projected to grow at an annual average rate of 3.58% (or $5,884,871) through fiscal year 2031. The projected average annual rate of change is 0.53% less than the five year historical annual average.

The current negotiated agreements with certified and classified unions are factored into this projection, with both agreements in place through June 30, 2028. For FY2027, personnel service expenditures are projected to increase by 3.7% or $5.7 million. This is the result of:
*Wage increase of 3.25% September 1, 2026 with avg step increases of 1.5% for certified staff.
*Wage increase of 3% August 1, 2026 with avg step increases of 1.5% for classified staff.
*5 new special education teaching positions will be added, while 3.5 regular education teaching positions are eliminated through attrition.
*1 new Board Certified Behavior Analyst (BCBA) position and 1 new Gifted Intervention Specialist position will be added.
*9 aide positions will be added to support the additional special education unit classrooms.
*45 retirements in FY26, resulting in expenditure reductions in future years as these positions are filled with employees with less experience and at a lower salary. Savings from certified staff retirements are projected at $2.4 million for FY27 and $1 million for FY28 - FY31.
For FY28, the negotiated increases for certified staff (3.25%) and classified staff (3%), as well as avg step increases of 1.5% are included. We also assume the addition of 3 certified and 3 classified positions each year for special education, as well as the addition of 5 classified positions during FY29 and FY30 with the opening of a 3rd Sixth Grade school. In addition, we have included the addition of 5 PreK teachers and 10 aides with the projected opening of the new preschool in FY28. For FY29-FY31, the status quo is assumed with 2% cost of living increases and 1.5% average step increases for certified and classified staff.

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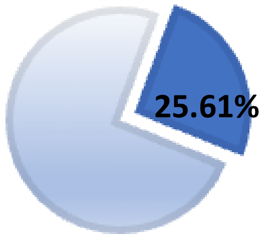
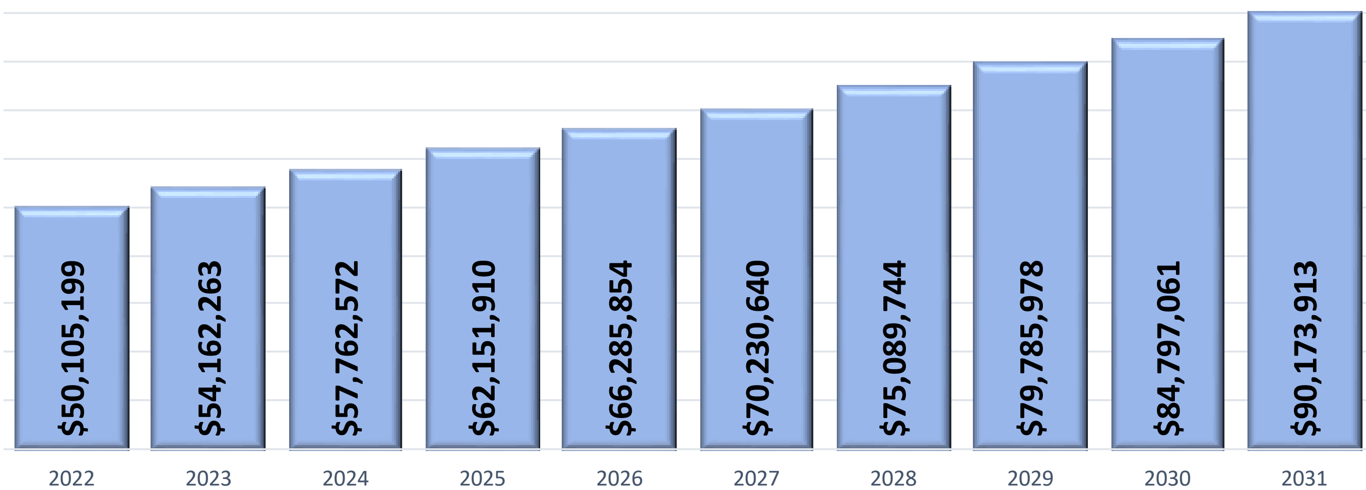
3.020 - Employees' Benefits

Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



Benefits account for 25.61% of the district's total general fund spending.



Key Assumptions & Notes

Benefits represent 25.61% of total expenditures and increased at a historical average annual rate of 7.41%. This category of expenditure is projected to grow at an annual average rate of 6.35% through fiscal year 2031. The projected average annual rate of change is 1.06% less than the five year historical annual average.

The two largest items in this category are employee health insurance costs and employee pension costs. Employer contributions to the State Teachers Retirement System (STRS) and School Employees Retirement Systems (SERS) are 14% of employee salaries and wages. Health insurance premiums increased by 18% in January 2025 and by 4.7% in January 2026. The 2026 rates include plan design changes to deductibles and out of pocket maximums, which were agreed upon during negotations. In addition, employees began contributing an additional 1% towards the premium cost (shifting from a 15% contribution to a 16% contribution) in January 2026. The employee contribution will increase by an additional 1% (bringing it to 17%) in January 2027. The number of employees on the plan decreased by 9 from December 2025 to January 2026. Even with the recent plan design changes, based on medical claims through July 2026, the medical premium increase is estimated to be 10% for 2027 and 8% each year for 2028 through 2031. It will likely take additional plan design changes, which must be bargained, to lower these premium increases. Dental insurance costs increased by 2.8% for calendar year 2025 and by 5.4% for 2026. Dental rates are estimated to remain flat for 2027 and then increase by 3% annually for 2028-2031.

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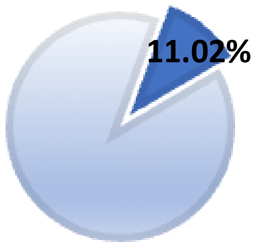
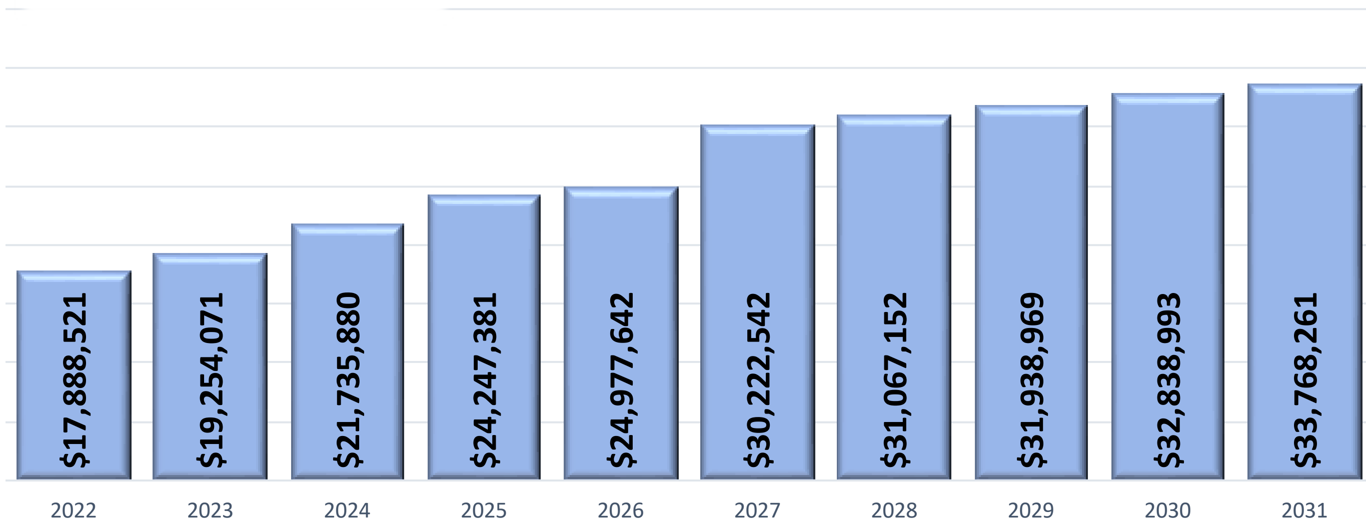
3.030 - Purchased Services

Amounts paid for services rendered by personnel who are not on the payroll of the school district, expenses for tuition paid to other districts, utility costs and other services which the school district may purchase.



Purchased Services account for 11.02% of the district's total general fund spending.



Key Assumptions & Notes

Purchased Services represent 11.02% of total expenditures and increased at a historical average annual rate of 4.86%. This category of expenditure is projected to grow at an annual average rate of 6.45% through fiscal year 2031. Starting in 2022, the Fair School Funding Plan (State Funding) only accounted for district educated enrollment, thereby reducing district tuition costs for open enrollment 'out,' community schools, STEM, and scholarship students. This change resulted in lower district costs, but also less per pupil state revenue since per pupil funding is now paid directly by the state to the district students attend.

Expenditures in this category include, but are not limited to, all district utilities, maintenance and repairs, payments to other public entities and specialty programs for Hilliard students attending school at these other entities, property and liability insurance premiums, postage and data processing services. Utilities represent a significant cost in this category. Annual increases of 5% in natural gas are estimated for FY27 through FY30. Electric capacity costs are currently estimated to increase by 35%, or $757,100, in FY2027 as costs are expected to continue to increase. A 5% increase in electric transmission costs is estimated for FY27-FY30. In total, utility costs are estimated at $4.8 million for FY27, with an overall 5% increase annually. It is anticipated that payments to other entities to provide education for some of our special needs students in accordance with their IEP will increase by 3% annually, as are the fees for students from our district who are placed in other public-school districts. These tuition payments are budgeted at $7 million for FY27. The costs for substitute teachers, custodians, aides, secretaries, and other contracted staff fall under the professional and technical services category, which is estimated to be $14 million for FY27 and increase by 2% annually.

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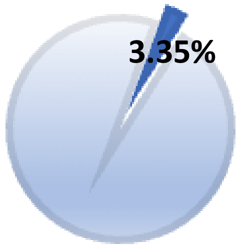
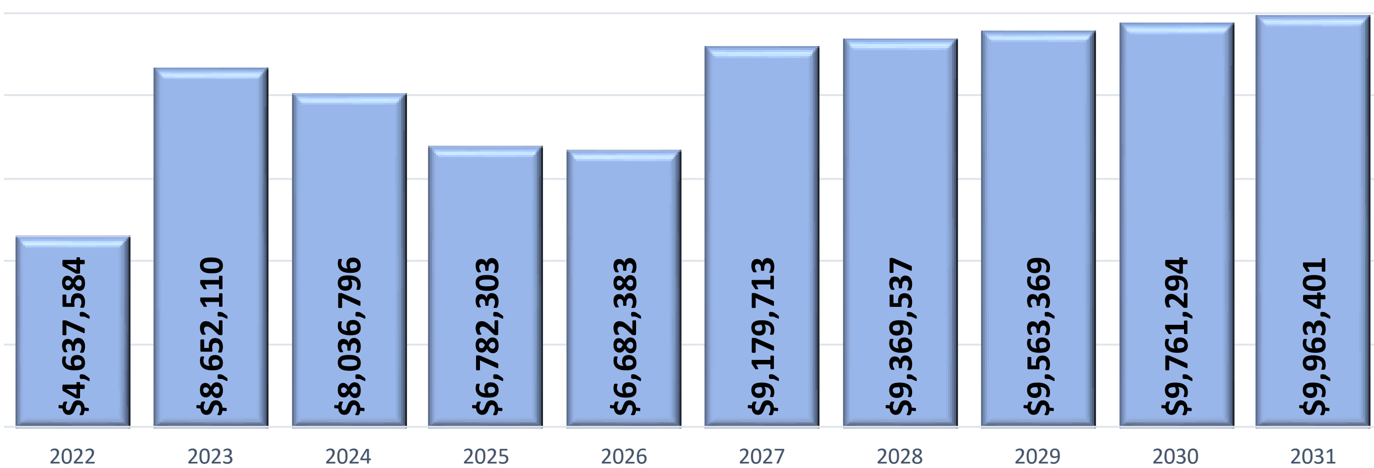
3.040 - Supplies & Materials

Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.



Supplies and Materials account for 3.35% of the district's total general fund spending.



Key Assumptions & Notes

Supplies & Materials represent 3.35% of total expenditures and increased at a historical average annual rate of 18.69%. This category of expenditure is projected to grow at an annual average rate of 9.13% through fiscal year 2031. The projected average annual rate of change is 9.56% less than the five year historical annual average.

Expenditures in this category include, but are not limited to, fuel for district buses and other vehicles, educational supplies and materials, which can include new textbooks adoptions, light bulbs, toilet paper, and anything in between. The budgeted expenditures in this category for FY2026 were $9,022,000. Actual expenditures were $6.68 million, with an additional $1.42 million in outstanding encumbrances being carried forward to FY27.
Costs for instructional technology equipment such as iPads are projected to be $1.74 million for FY27 and increase by 3% annually in FY2028-2031. These fall under the instructional materials category, which in total is budgeted at $3.2 million for FY27. Equipment and furniture expenditures are budgeted at $3.78 million for FY27 and are projected to increase by 2% annually. The district amended its capitalization threshold for capital assets and as a result, more items tracked for inventory purchases will be coded as supplies as opposed to capital outlay.

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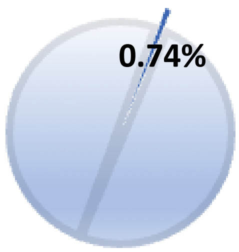
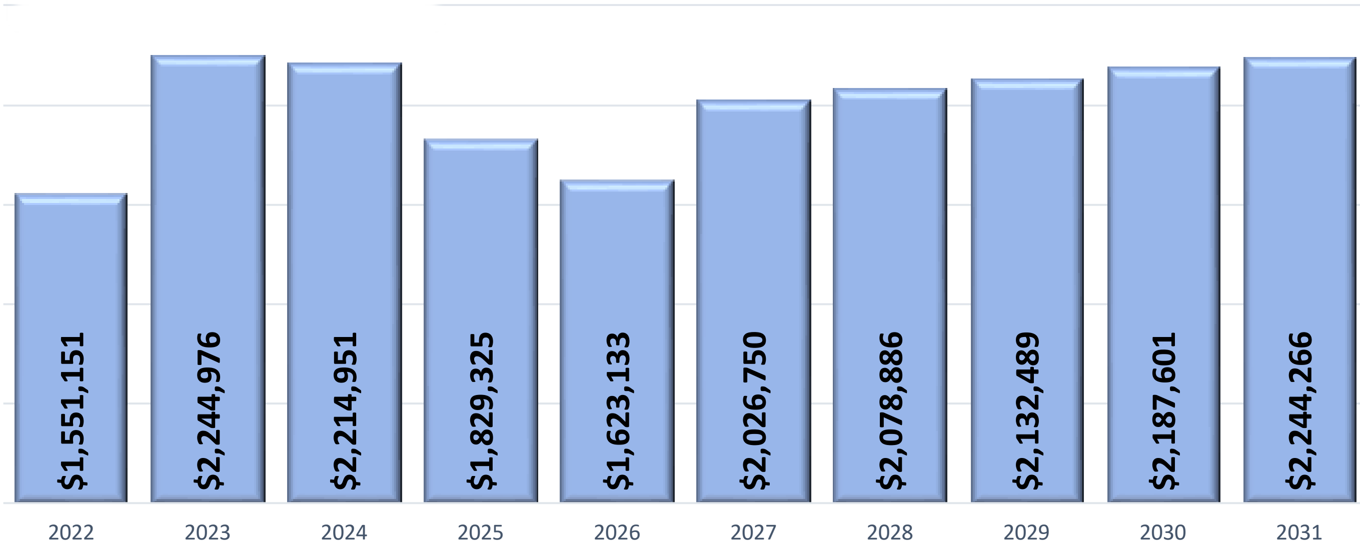
3.050 - Capital Outlay

This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.



Capital Outlay account for 0.74% of the district's total general fund spending.



Key Assumptions & Notes

Capital Outlay represent 0.74% of total expenditures and increased at a historical average annual amount of $284,177. This category of expenditure is projected to grow at an annual average rate of $124,227 through 2031. The projected average annual change is less than the five year historical annual average.

The District passed a 2-mill permanent improvement levy in May 2006. These funds are accounted for in the permanent improvement fund and not included in this general fund forecast. Because of this PI levy, most district capital outlay expenditures take place in the PI fund and expenditures in this general fund category tend to be for vehicles and other equipment purchased through the operations department budget, as well as for buses for the transportation department.

Bus purchases were $1.6 million in FY25 and decreased slightly to $1.4 million in FY26. For FY27, this amount is projected to decrease to $540,000, as fewer buses in the fleet require replacement. For this year when the cost of bus purchases is reduced, we will be upgrading/replacing radios and replacing aging snow removal equipment. In FY2028, bus purchases are forecasted to be $1.7 million and then increase by 3% annually for FY29-FY31.

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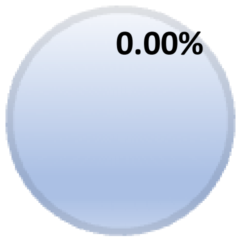
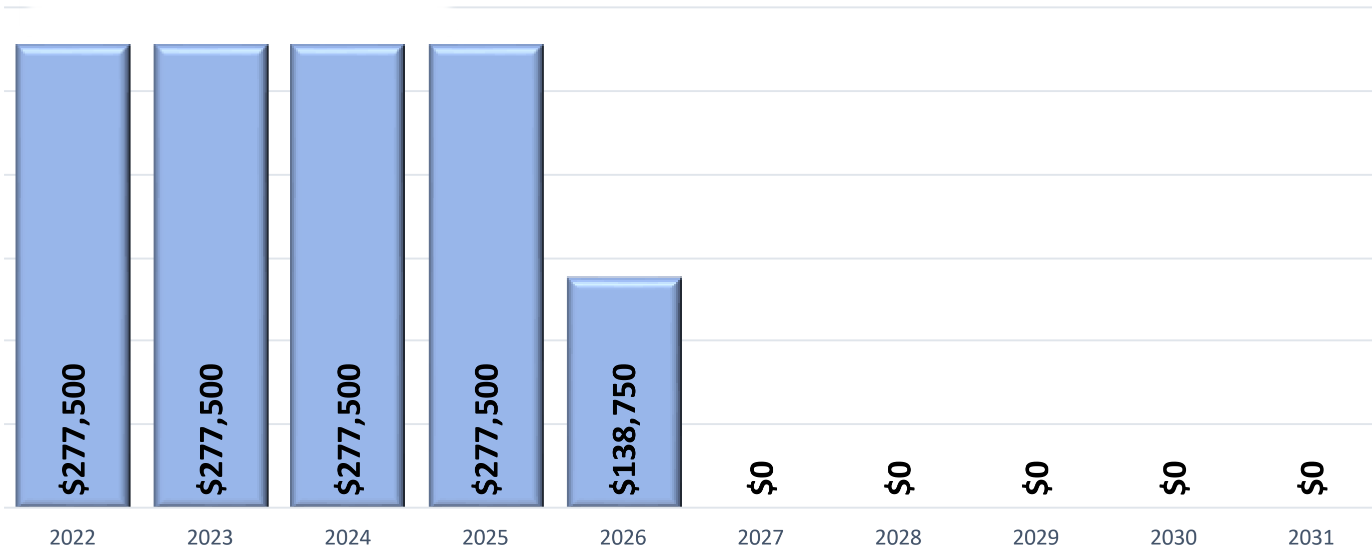
3.060-4.060 - Intergovernmental & Debt

These lines account for pass through payments, as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.



Intergovernmental and Debt account for 0.00% of the district's total general fund spending.



Key Assumptions & Notes

The Intergovernmental/Debt expenditure category details general fund debt issued by the District.

In fiscal year 2011, the District began a HB264 energy savings project. A HB 264 project allows the district to issue debt for an energy savings project as long as the energy savings results in cash flow savings large enough to pay the debt service on the debt issue. The project replaced lighting in school buildings and parking lots, replaced boilers in several school buildings, and automated HVAC in multiple buildings. The District issued bonds for this HB264 Energy savings project in March of 2011. This debt issuance took advantage of the Qualified School Construction Bond (QSCB) program, which is a program of the federal government that provides an annual payment to supplement the cost of bond interest. In FY13 through FY2025 interest of $277,500 per year was paid through this line item. The federal reimbursement was included in the All Other Revenue line. A transfer to a debt reserve to pay the principal was included in the Operating Transfers out line. The District paid off this debt in FY 2026, with one final interest payment of $138,750. It has not been determined whether the district will embark on future projects of this nature. As such, there are no expenditures forecasted in this category for FY27 - FY31.

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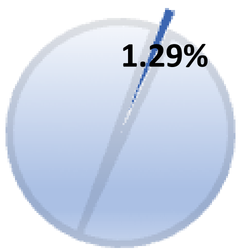
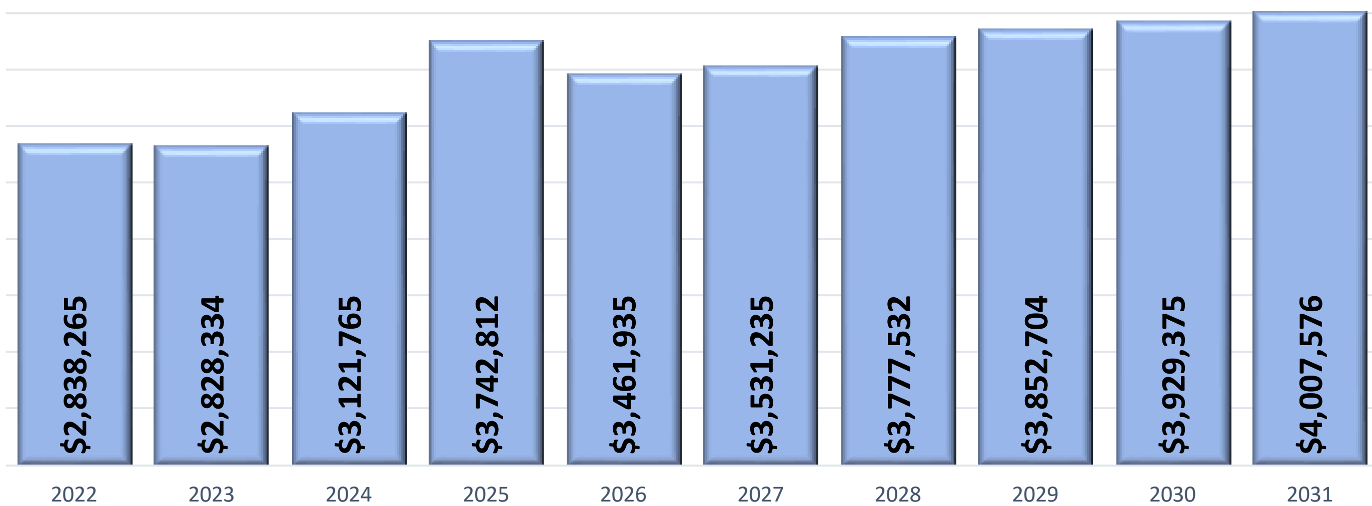
4.300 - Other Objects

Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



Other Objects account for 1.29% of the district's total general fund spending.



Key Assumptions & Notes

Other Objects represent 1.29% of total expenditures and decreased at a historical average annual rate of -0.45%. This category of expenditure is projected to grow at an annual average rate of 2.99% through fiscal year 2031. The projected average annual rate of change is 3.44% more than the five year historical annual average.

This category includes costs such as County Auditor & Treasurer fees, which are estimated to be $2.2 million for FY 27, Educational Service Center of Central Ohio (ESCCO) expenditures of $850,000, bank/merchant charges of approximately $235,000, and other miscellaneous fees of approximately $240,000. County Auditor and Treasurer fees will increase any time a new operating levy is collected. New construction will also cause these auditor and treasurer fees to increase as additional tax dollars are collected. To account for this growth and other increases in this category, increases of 1% are factored for fiscal year 2028 and beyond.

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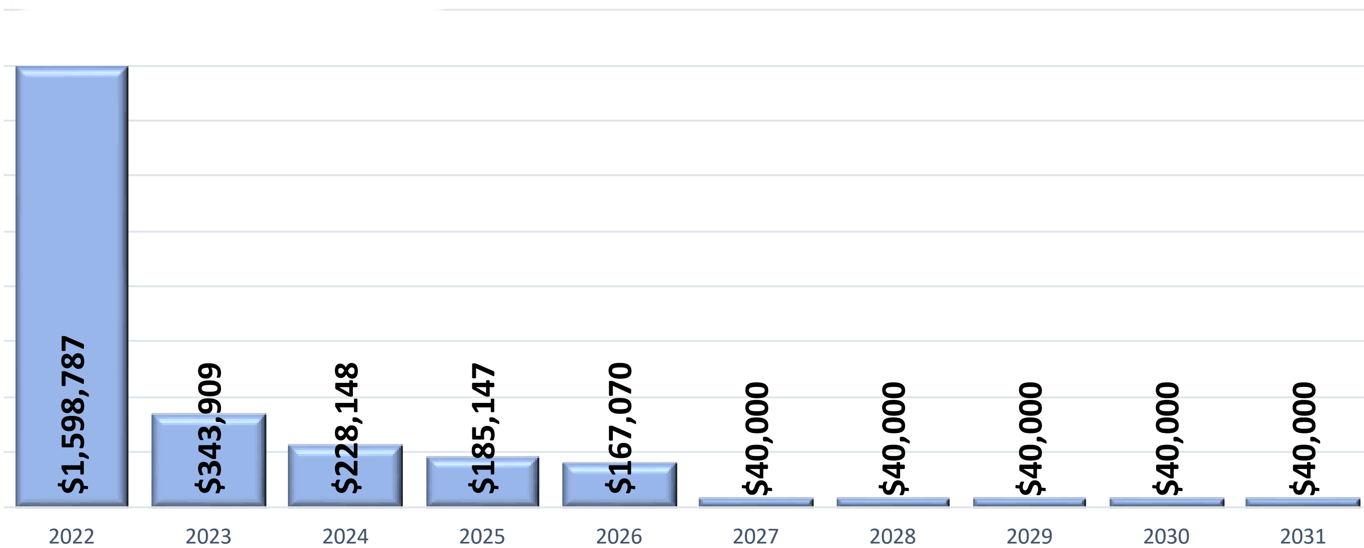
5.040 - Total Other Financing Uses

Operating transfers-out, advances out to other funds, and all other general fund financing uses.

Other Uses account for 0.01% of the district's total general fund spending.



Key Assumptions & Notes

		FORECASTED				
	2026	2027	2028	2029	2030	2031
Transfers Out	167,070	40,000	40,000	40,000	40,000	40,000
Advances Out	-	-	-	-	-	-
Other Financing Uses	-	-	-	-	-	-

Other uses includes expenditures that are generally classified as non-operating. It is typically in the form of advances-out which are then repaid into the general fund from the other district funds. In 2026 the district had no advances-out and has no advances-out forecasted through fiscal year 2031. The district can also move general funds permanently to other funds, and as the schedule above presents, the district has transfers forecasted through fiscal year 2031. The table above presents the district's planned advances and transfers. The district can also have other uses of funds which is reflected in the table above.

With the QSCB debt paid off in FY2026, there is no longer a transfer being made each year to a debt reserve to pay the principal. As a result, the projected transfers out for FY2027 through FY2031 are minimal.

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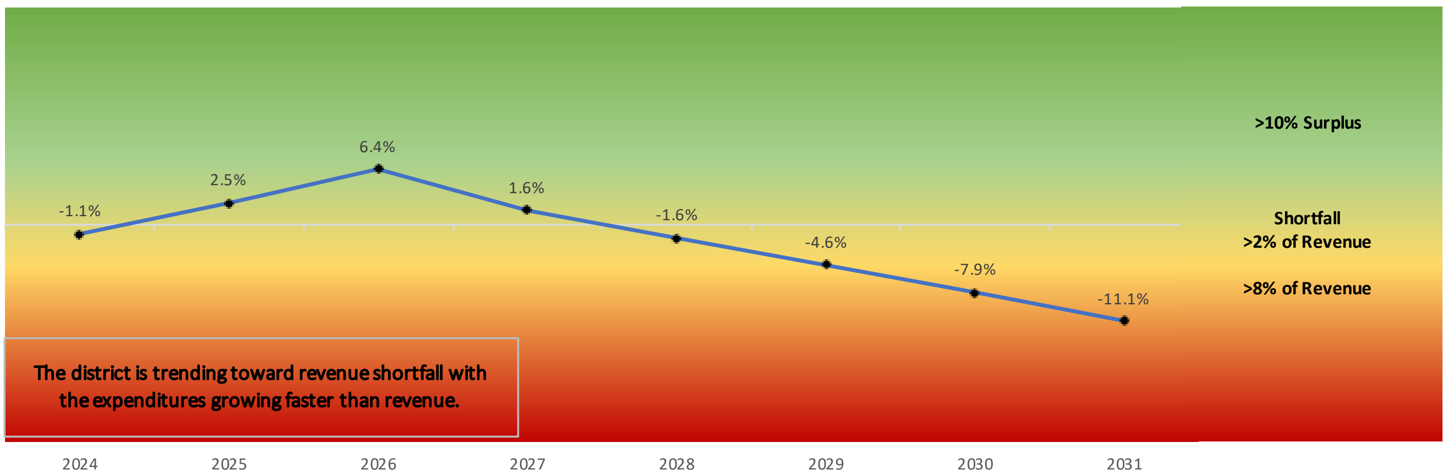
Hilliard City School District
Schedule Of Revenue, Expenditures and Changes In Fund Balances
Actual and Forecasted Operating Fund

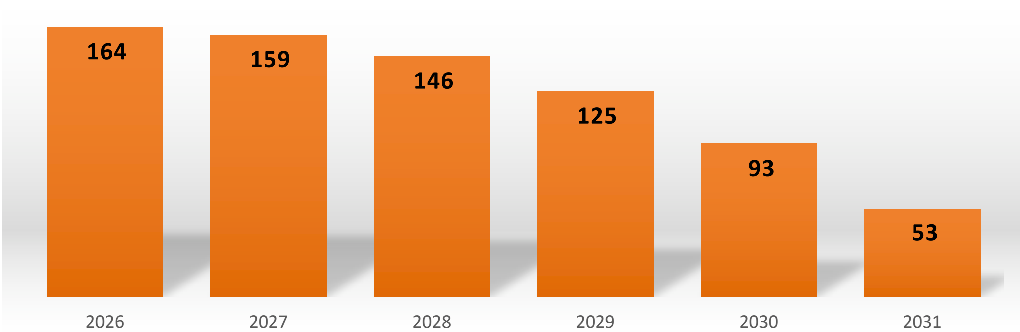
	ACTUAL			FORECASTED				
	Fiscal Year 2024	**Fiscal Year 2025**	**Fiscal Year 2026**	**Fiscal Year 2027**	**Fiscal Year 2028**	**Fiscal Year 2029**	**Fiscal Year 2030**	**Fiscal Year 2031**
Revenue:								
1.010 - General Property Tax (Real Estate)	133,461,817	152,979,225	171,894,505	174,586,871	178,353,618	180,756,714	182,649,515	185,515,589
1.020 - Public Utility Personal Property	13,249,700	13,365,181	14,689,632	14,663,300	14,810,231	14,957,114	15,003,997	14,972,913
1.030 - Income Tax	-	-	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	51,953,010	50,613,373	50,343,515	52,721,811	52,490,338	52,488,309	52,653,365	52,769,018
1.040 - Restricted Grants-in-Aid	5,274,436	5,376,985	4,151,745	3,060,604	3,025,908	3,024,340	3,024,032	3,024,214
1.045 - Restricted Federal Grants-in-Aid - SFSF	-	-	-	-	-	-	-	-
1.050 - State Reimb Prop Tax Credits	12,841,254	13,215,212	13,579,598	13,806,234	14,139,915	14,350,381	14,517,236	14,600,630
1.060 - All Other Operating Revenues	16,306,274	16,792,386	19,419,277	19,837,206	19,998,830	19,927,830	19,811,830	19,690,830
1.070 - Total Revenue	233,086,491	252,342,362	274,078,273	278,676,026	282,818,840	285,504,688	287,659,975	290,573,194
Other Financing Sources:								
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-	-	-
2.020 - State Emergency Loans and Advancements	-	-	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	-	-	-	-	-	-	-
2.050 - Advances-In	-	-	-	-	-	-	-	-
2.060 - All Other Financing Sources	56,561	75,544	96,394	125,000	125,000	125,000	125,000	125,000
2.070 - Total Other Financing Sources	56,561	75,544	96,394	125,000	125,000	125,000	125,000	125,000
2.080 - Total Revenues and Other Financing Sources	233,143,052	252,417,906	274,174,667	278,801,026	282,943,840	285,629,688	287,784,975	290,698,194
Expenditures:								
3.010 - Personnel Services	142,402,369	146,863,591	153,283,776	158,975,429	165,975,627	171,427,140	176,951,489	182,708,129
3.020 - Employees' Retirement/Insurance Benefits	57,762,572	62,151,910	66,285,854	70,230,640	75,089,744	79,785,978	84,797,061	90,173,913
3.030 - Purchased Services	21,735,880	24,247,381	24,977,642	30,222,542	31,067,152	31,938,969	32,838,993	33,768,261
3.040 - Supplies and Materials	8,036,796	6,782,303	6,682,383	9,179,713	9,369,537	9,563,369	9,761,294	9,963,401
3.050 - Capital Outlay	2,214,951	1,829,325	1,623,133	2,026,750	2,078,886	2,132,489	2,187,601	2,244,266
3.060 - Intergovernmental	-	-	-	-	-	-	-	-
Debt Service:								
4.010 - Principal-All Years	-	-	-	-	-	-	-	-
4.020 - Principal - Notes	-	-	-	-	-	-	-	-
4.030 - Principal - State Loans	-	-	-	-	-	-	-	-
4.040 - Principal - State Advances	-	-	-	-	-	-	-	-
4.050 - Principal - HB264 Loan	-	-	-	-	-	-	-	-
4.055 - Principal - Other	-	-	-	-	-	-	-	-
4.060 - Interest and Fiscal Charges	277,500	277,500	138,750	-	-	-	-	-
4.300 - Other Objects	3,121,765	3,742,812	3,461,935	3,531,235	3,777,532	3,852,704	3,929,375	4,007,576
4.500 - Total Expenditures	235,551,833	245,894,822	256,453,473	274,166,309	287,358,478	298,700,649	310,465,813	322,865,546
Other Financing Uses								
5.010 - Operating Transfers-Out	228,148	185,147	167,070	40,000	40,000	40,000	40,000	40,000
5.020 - Advances-Out	-	-	-	-	-	-	-	-
5.030 - All Other Financing Uses	-	-	-	-	-	-	-	-
5.040 - Total Other Financing Uses	228,148	185,147	167,070	40,000	40,000	40,000	40,000	40,000
5.050 - Total Expenditures and Other Financing Uses	235,779,981	246,079,969	256,620,543	274,206,309	287,398,478	298,740,649	310,505,813	322,905,546
Excess of Rev & Other Financing Uses Over (Under) 6.010 - Expenditures and Other Financing Uses	(2,636,929)	6,337,937	17,554,124	4,594,717	(4,454,638)	(13,110,961)	(22,720,838)	(32,207,352)
Cash Balance July 1 - Excluding Proposed Renewal/ 7.010 - Replacement and New Levies	93,705,709	91,068,780	97,406,717	114,960,841	119,555,558	115,100,920	101,989,959	79,269,121
7.020 - Cash Balance June 30	91,068,780	97,406,717	114,960,841	119,555,558	115,100,920	101,989,959	79,269,121	47,061,769
8.010 - Estimated Encumbrances June 30	2,051,270	887,307	2,248,250	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Reservations of Fund Balance:								
9.010 - Textbooks and Instructional Materials	-	-	-	-	-	-	-	-
9.020 - Capital Improvements	-	-	-	-	-	-	-	-
9.030 - Budget Reserve	-	-	-	-	-	-	-	-
9.040 - DPIA	-	-	-	-	-	-	-	-
9.050 - Debt Service	-	-	-	-	-	-	-	-
9.060 - Property Tax Advances	-	-	-	-	-	-	-	-
9.070 - Bus Purchases	-	-	-	-	-	-	-	-
9.080 - Subtotal	-	-	-	-	-	-	-	-
Fund Balance June 30 for Certification 10.010 - of Appropriations	89,017,510	96,519,410	112,712,591	117,555,558	113,100,920	99,989,959	77,269,121	45,061,769
Rev from Replacement/Renewal Levies								
11.010 - Income Tax - Renewal				-	-	-	-	-
11.020 - Property Tax - Renewal or Replacement				-	-	-	-	-
11.030 - Cumulative Balance of Replacement/Renewal Levies	-	-	-	-	-	-	-	-
Fund Balance June 30 for Certification 12.010 - of Contracts, Salary and Other Obligations	89,017,510	96,519,410	112,712,591	117,555,558	113,100,920	99,989,959	77,269,121	45,061,769
Revenue from New Levies								
13.010 - Income Tax - New				-	-	-	-	-
13.020 - Property Tax - New				-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-	-	-
14.010 - Revenue from Future State Advancements	-	-	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	89,017,510	96,519,410	112,712,591	117,555,558	113,100,920	99,989,959	77,269,121	45,061,769

Financial Health Indicators

Revenue Surplus/(Shortfall) - Current Forecast



Days Cash on Hand - Current Forecast

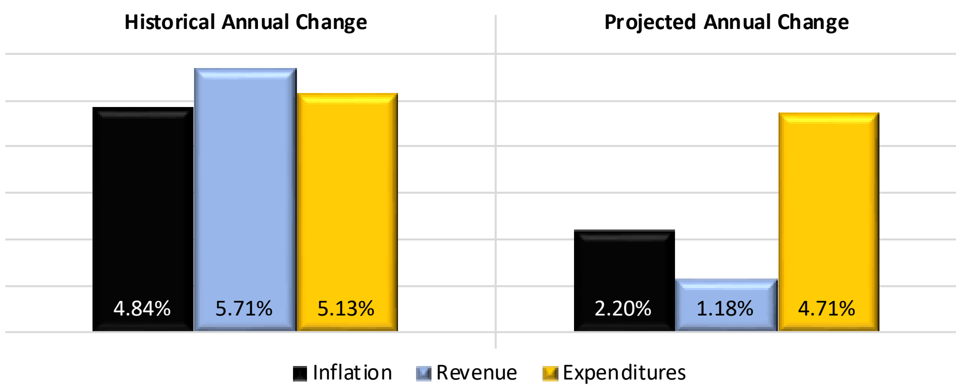


Days cash on hand is projected to decline and is less than 60 days by 2031.

*based on 365 days

5-Year Average Annual Change - Inflation, Revenue and Expenditures

Average projected annual expenditure change is greater than inflation, and more than revenue.



CPI (Inflation) Source: Federal Reserve Bank of St. Louis (July 1, 2026)
https://alfred.stlouisfed.org

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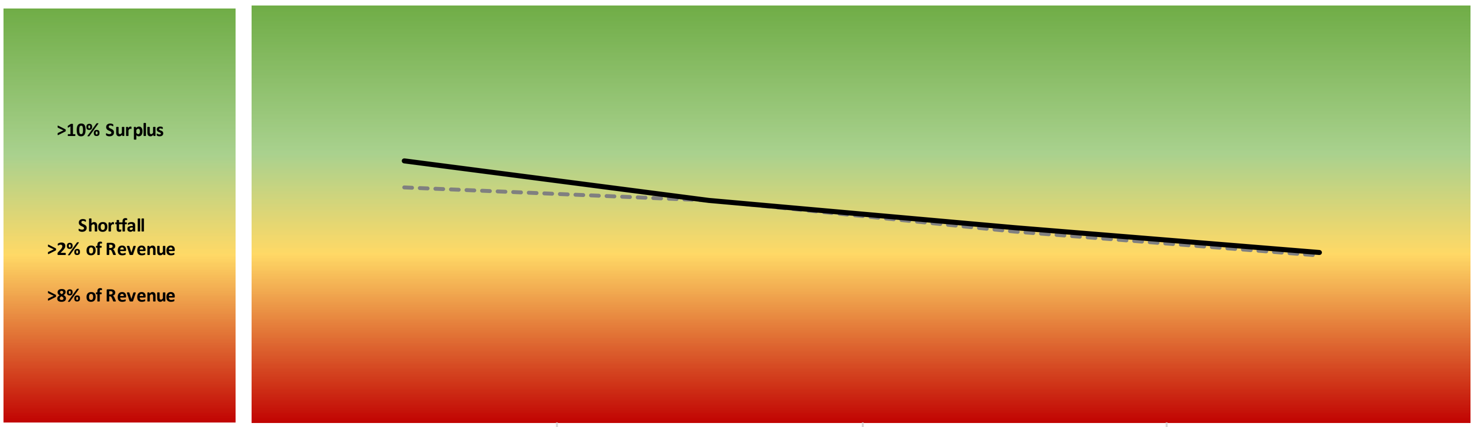
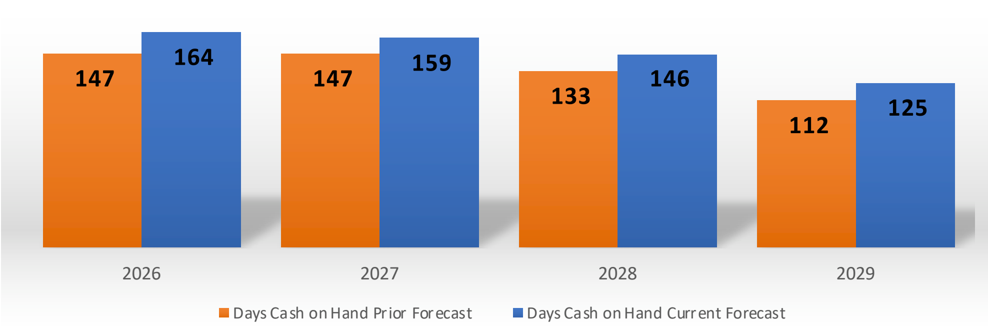
Current to Prior Forecast Comparison

Revenue Surplus/(Shortfall) - Current Compared to Prior Forecast



	2026	2027	2028	2029
Prior Forecast	3.2%	1.6%	-2.0%	-5.0%
Current Forecast	6.4%	1.6%	-1.6%	-4.6%

Days Cash on Hand - Current Compared to Prior Forecast



Days cash on hand is forecasted to decline, and is similar to the prior forecast trend.

based on 365 days

Revenue and Expenditure Variances - Current Compared to Prior Forecast

		Revenue Variance
Cumulative Favorable Revenue Variance	**0.44%**	$4,895,540
		Largest Revenue Variances
1.035,1.040 State	**-0.14%**	($1,514,917)
1.01 Real Estate	**0.33%**	$3,663,405
1.03 Income Tax	**0.00%**	$0
All Other Revenue Categories	**0.25%**	$2,747,052

The current revenue forecast is up by 0.44% compared to the prior forecast.

NET cumulative forecast impact for the forecast period 2026 - 2029 of Revenue and Expense variances is 0.99% (or $11,053,084).

The current forecast for expenditures is down by 0.55% compared to the prior forecast.

Expenditure Variance		
-0.55%	($6,157,544)	**Cumulative Favorable Expenditure Variance**
Largest Expenditure Variances		
-0.09%	($956,612)	3.01 Salaries
0.28%	$3,097,519	3.02 Benefits
-0.36%	($4,040,922)	3.03 Purchased Serv.
-0.38%	($4,257,529)	All Other Expenditure Categories

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