



# MEETING NOTES

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*Meeting Notes are not official until voted on by the Board of Education at its following Regular Meeting.*

1. The meeting was called to order at 6:31 p.m.
2. Members present: Mrs. Crowley, Mrs. Long, Mrs. Murdoch, Mr. Perry, and Mr. Vorst
3. The Pledge of Allegiance to the Flag
4. The Board of Education adopted the agenda.
5. FY24 Forecast vs. Actual – Melissa Swearingen, Treasurer

As promised, I wanted to spend a little bit of time reviewing how we ended fiscal year 24 on June 30th compared to what we had projected in our May 5-year forecast. To begin, this is a summary of the May forecast. The estimates resulted in an operating deficit where our expenditures exceeded our revenues. That's noted by the negative \$8.9 million about halfway down the slide. Fortunately, we've had an adequate cash balance to offset this projected deficit spending. We started with \$93.7 million, and we're projected to end at about \$84.7 million.

All right, so now we'll take a quick look at the actual revenues and expenditures on June 30th and compare them to our May forecast. Our revenues were just over \$233 million, \$3.4 million more than we had forecasted. That's a positive variance of 1.5%. Our expenditures were \$235.8 million, \$2.8 million less than forecasted, a positive variance of 1.2%. Both of those variances resulted in an actual cash balance on June 30th of \$91 million, a positive variance of 7%. We'll have to account for our outstanding encumbrances within this cash balance. Those purchase orders were in place at the end of the year, and we had not received invoices. And those were a little over two million dollars.

The increase in our ending cash balance allows us to absorb some unforeseen expenditure increases. In 2025 and beyond, for example, we're already looking at a preliminary medical insurance increase for 2025 that will exceed what we had previously forecasted. Again, actual revenues had a positive 1.5 percent variance, and expenditures had a positive 1.2 percent variance.

Some highlights include interest income coming in at about \$380,000 more than projected, and our TIF revenue was about \$2.3 million more than estimated. That was a timing difference as to when we received the payments. We received several payments in May and June, which fall under fiscal year 24, instead of receiving them in July, which is fiscal year 25. So, those revenues just came in early. So, those revenues will not be included in the fiscal year 2025 projections when our November forecast is completed. While this is good news, it is money coming in a year sooner, so we won't receive those same revenues again. The majority is just due to timing and not an influx of new revenue.

On the expenditure side, our purchase service and supply expenditures came in under budget. Again, we did have a couple million dollars in outstanding encumbrances at the year's end. We usually expect those to be about a million and a half, so the encumbrances were a little bit more. But overall, we spent a little less on purchased services and supplies than we had originally forecasted.

Mr. Vorst asked if, based on Brian's and your work historically, that is about the average expected variance. Mrs. Swearingen replied that it was a little less on the revenue side last year. We didn't have that additional TIF money coming in. This would have been a very small variance – only \$400,000 out of \$230+ million – if we hadn't had that additional payment in fiscal year 24. Usually, it is within one to two percent or less than what we would have projected. Typically, we have a pretty good idea of where everything will land when we pull the forecast together. Some of the things that happen at the end of May or the first part of June aren't necessarily on our radar.

Even with the positive fluctuations in our forecast, we are still deficit spending and will continue to be deficit spending until our revenues surpass our expenditures. So even with that additional \$6 million in cash at the end of fiscal year 24, we continue to deficit spend, and our cash balance, even without updating the actual results that we just reviewed, continues to be less than the 20% required in board policy for fiscal year 26 and beyond. We are currently in fiscal year 25.

This slide is from our May forecast presentation, but I think it does a good job of helping to visualize the ongoing impact of deficit spending. It has a compounding effect on our cash balance, and our projected cash balance at the end of fiscal year 28 is still negative.

This graph provides another way of looking at what I just described. The blue bar represents our revenues, and the orange bar represents our expenditures. In fiscal years 20 through 22, our revenues exceeded our expenditures, which resulted in a cash balance increase each year, as noted by the green line. You can see how that's sloping up slightly. In fiscal year 23, our expenditures begin to surpass our revenues, and the green line begins to slope down. As our expenditures continue to grow, while our revenues remain essentially flat, the difference between the orange and blue bars is reflected in the green cash balance line, which is negative in fiscal year 28. So, even with the positive variance in fiscal year 24 that we just discussed, it does not alleviate the forecasted negative cash balance in fiscal year 28, which is \$36 million.

So, here are some considerations as we look to fiscal year twenty-five and prepare the November forecast. Fiscal year twenty-four marked the second year of deficit spending. So, we continue to expend more than we receive in revenue. As you may recall from the May forecast, our projected annual general fund revenue change from fiscal year 24 through fiscal year 28 was only about 0.63%, while our projected annual change and expenditures are 3.7% for the same period. Our cash balance continues to be utilized to offset the increasing expenditures and relatively flat revenues. Our cash balance for fiscal year 26 as of May 2024 was just 14% of the total operating expenditures (less than the 20% in board policy). We have begun working on the November 2024 forecast.

I also wanted to note that in April, we discussed the importance of having at least a 60-day cash balance on hand to make payroll and cover other operating expenses due to some of the timings of our revenues that are out of our control. As of the May 2024 forecast, our projected cash balance in terms of days for fiscal year 25 was 95 days, then it drops to 52 days for fiscal year 26 and then just four days for fiscal year 27.

#### 6. Scenario Update – Melissa Swearingen, Treasurer

Mr. Stewart said, "Before Melissa starts her second presentation, I want to set the stage." As you well know, Issue 39 is on the November ballot. The focus of our work right now is on its successful passage and what a great opportunity it is for our community. That said, we do have to prepare a contingency

plan should that not happen. I've already shared this with you, but I'll go back through it. I want to reassure you that even though our focus right now is on the positive and the opportunity that lies ahead, there is a lot of work behind the scenes involved in developing that contingency plan. I want to walk you through how I see this rolling out. For example, if I'm talking to a room of people, I can only share what is factual, what has been presented to the board, or what the board has passed a resolution about. So, after tonight and after this presentation, I can share a little bit more.

Melissa is going to walk through the numbers in terms of what, should we not be successful, that means in terms of dollars and cents, position, and next time, because that's a lever that we need to be thinking about. At the September 9th meeting, we will present a set of recommendations for what that contingency plan should look like and get your feedback on that set of recommendations. I imagine many one-on-one conversations between that meeting and the September 23<sup>rd</sup> meeting. At the September 23<sup>rd</sup> meeting, we plan to have a resolution on the agenda that directs me to implement that contingency plan, allowing me to publicly speak about it in more detail.

I think the timing is appropriate. It gives us time to continue campaigning and focus on the opportunity. It's also about two weeks before early voting, which allows us to disseminate that information to our community. So, I think we've got the timing right, but I wanted to make sure that you understood the process. So, with that, I'll turn it over to Melissa.

As Dave indicated, Mrs. Swearingen said that the purpose of this discussion is to provide you with some additional information as we approach November. As you prepare to pass that resolution for a contingency plan, we want to walk through how we arrived at a dollar range we feel would need to be cut if the combined levy and bond issue does not pass in November. Hopefully, the format of this looks familiar to you. I pulled the slides that we used when we initially discussed the scenarios. This was my methodology for determining those dollar amounts.

So, on the screen is the May 5-year forecast with the additional tax revenue that would be generated by the passage of a 6.9 mill operating levy, highlighted in blue. Those collections would begin in the winter, so January and February of fiscal year 25, the current fiscal year. As you're aware, we would get just the one revenue payment in fiscal year 25, and then we would begin to receive a full year of collection in fiscal year 26. So, because the election falls nearly halfway into the fiscal year, many of the cuts we will begin to discuss could not be fully implemented until the 2025-2026 school year. We would already be partway through this school year before we knew we were unsuccessful.

The expenditures for fiscal year 26, as projected right now, are highlighted in yellow. This means that's the first year we could truly impact with cuts in many cases. The final component I looked at was what our cash balance would be at the end of fiscal year 29. Since that is the last year, we're projecting that our cash balance reserve will be met with 20%. So, in the reduction scenarios I created, I wanted to ensure we still adhered to that policy.

So, it was how much would we need to reduce the expenditures in yellow in order to still get the cash balance in green somewhere around that \$63 million mark? Does that make sense before we go any further? Okay, perfect. If we are not successful in November, the board will need to determine when to return to the ballot for an operating levy and whether to return at the same millage or at a lower millage.

These components impact the amount of operating expense cuts that would need to be made. Making cuts would afford us the opportunity to return to the ballot in 2025 at either the same or lower millage

than what we did in November 2024. If no cuts are made, the millage in 2025 would need to be significantly higher than our current ask. As you may recall, that is why we are on the ballot now instead of waiting and continuing the deficit spending. The longer we wait, the later the new tax collections will begin, and the larger the request to prevent our cash balance from widening.

Alright, so if we were to return to the ballot in November 2025, at the same millage, the new tax revenue would begin in fiscal year 26, which is also when the cuts are implemented. So you see that half-year collections begin in blue of about \$16 million in fiscal year 26, and then the full year of collections in fiscal year 27, around \$32 million.

The number in yellow, the expenditures, has been reduced, and the amount that needed to be reduced to get the cash balance (highlighted in green) in fiscal year 29 to about sixty-three million dollars is seven million dollars. So, the expenditures would need to be reduced by seven million to maintain that cash balance at the end of fiscal year 29.

Note that this would reduce approximately eighty-eight positions, and those positions would not return even with a successful levy passed in fiscal year 2026. A higher millage would be needed to bring those cuts back.

In the second scenario, I dropped the millage by one mill. As you can see, the new tax revenue begins in fiscal year 2026. The dollars generated are slightly less than on the previous slide at \$13.7 million in the first half of collections and about \$27.6 million in the second full year.

I've reduced the total expenditures in fiscal year 26 by \$10 million to get us to a 20% cash balance. The cash balance would be about \$61.5 million because the total expenditures in the fiscal year 29 are less. In other words, it would take approximately \$10 million in reductions to keep our cash balance at 20%. That would be approximately 125 positions. Again, not returning even with a successful passage in fiscal year 26 as a higher millage would need to be asked to bring those cuts back.

Between these two scenarios, we're looking at between 7 and 10 million dollars in cuts if we were not successful. If we were just looking at positions in terms of those cuts, that would result in approximately 88 to 125 positions.

We'll open that up for questions.

Mr. Stewart said to keep in mind this is just on the operating side. Issue 39 is a combined operating levy and bond issue. The other impact we need to be aware of is that the way we are selling the bond issue is that an equal amount of bond debt is being retired at the time of the passage of this bond issue. If Issue 39 doesn't pass in November, that would no longer be true. So, if we wanted to discuss funding phase one of the master facility plan simultaneously, and this is pure guesswork here, we're probably talking about another two-plus mill to fund the master facility plan. So, there are many moving parts to consider. You can't make any commitments now, but we need to factor these into the conversation at the next board meeting.

Any questions?

Mr. Vorst said we have a couple of years of runway regarding cash balance. For everybody out there who may be watching, what are the details of whether we would still have to cut positions given that we're a people-centric business? Why would we have to cut positions if we still have a cash balance?

Mrs. Swearingen explained that our cash balance decreases each year that we spend more than we bring in. So, that has a compounding effect on how quickly we spend through those cash reserves. If you recall from the forecast presentation, we were negative in twenty-eight. In twenty-seven, I believe the number on the May forecast was about four million dollars, which is all that we would have left at the end of twenty-seven. By the time you add in benefits, our payroll is about sixteen million dollars. So that doesn't even get us a fourth of a payroll in the month of July. We're just quickly spending that down. We're already under that 20 percent by the time we get out of fiscal year 26. That millage amount would have to increase significantly for us to make up for that lost collection. Mr. Vorst said that the ask has to be more significant as the deficit accelerates. Mrs. Swearingen said that is correct.

7. The Board of Education approved the following resolution:

RESOLUTION AUTHORIZING CONVEYANCE OF TEMPORARY EASEMENT TO THE FRANKLIN COUNTY BOARD OF COMMISSIONERS

The Superintendent and Treasurer recommend that the District grant a temporary easement to the Franklin County Board of Commissioners for the purpose of establishing, constructing, widening, repairing and maintaining a public highway.

Background:

1. The Hilliard City School District Board of Education is the owner of certain real property identified as Franklin County Tax Parcel No. 560-232664.
2. The Franklin County Board of Commissioners has requested that the Hilliard City School District Board of Education grant a temporary easement on a portion of the property in order for the County to perform work on a highway project.
3. The terms and conditions of the proposed easement are more specifically detailed in the Temporary Easement attached hereto as Exhibit A.

The Board of Education hereby resolves as follows:

1. The Board authorizes the grant of a temporary easement in favor of the Franklin County Board of Commissioners
2. The Board President and Treasurer are hereby authorized to execute a temporary easement in substantially the same form and substance as that attached hereto as Exhibit A, with such modifications as may be beneficial to the District with the advice and consent of legal counsel.

Discussion:

Mr. Dudgeon explained that this provides a temporary easement to Franklin County Engineers for the road work on Renner Road, adjacent to Horizon Elementary. It's only temporary, and it'll expire at the conclusion of their project.

8. The Board of Education approved the following resolution:

WHEREAS Hilliard City Schools board policy KJA prohibits the distribution of literature on school property that promotes or opposes any political figure, candidate or issue, including ballot issues of any kind, without an exception granted by the board via a board resolution.

AND WHEREAS exceptions may be granted by the Board for issues that directly affect Hilliard City Schools including, but not limited to, District levies and bond issues.

AND WHEREAS the Hilliard City Schools board of education has placed Issue 39, a combined operating levy and bond issue, on the November 5 ballot

NOW THEREFORE BE IT RESOLVED that the Hilliard City Schools Board of Education grants an exception to Policy KJA to allow the distribution of materials relative to Issue 39 on district property, outside of school hours.

BE IT FURTHER RESOLVED that the exception is granted only for the distribution of literature regarding Issue 39 and that literature includes, but not limited to, a notice, placard, sticker, advertisement and written/printed material of any nature.

BE IT FURTHER RESOLVED that the exception does NOT apply to signs intended to be displayed longer than the specific event where literature is being distributed.

Discussion:

Mr. Stewart said, oddly enough, that we've talked about Policy KJA in this forum more times than I can count. But if you remember, Policy KJA prohibits campaigning on school property but also carves out some exceptions. One is school and operating issues, but only with the passage of a resolution by the board. So, this is the resolution to create an exception to allow campaigning on school grounds outside school hours.

Mrs. Murdoch noticed that this version allows the distribution of materials, and I know we've had a lot of conversations about that in the past. What is the reasoning behind why? Mr. Stewart said this would allow the distribution of informational materials that speak to the details of the levy.

Mrs. Murdoch said we've had discussions before about limiting it to signage and things like that, not anything you can hand out because we were concerned about things being left behind, litter, things to clean up, things like that. Mr. Stewart said that is true. I guess, in my mind, this was important enough that we do that, but you can change the resolution in front of you.

Mr. Perry said, like the last time we made this resolution, there were two or three specific things. One, we said only distribution on election day, not the football game specifically. Correct. Two, we said no yard signs were to be placed on the property. In that setting, the exception does not apply to signs intended to be displayed in a longer-than-specific event where the literature is being distributed. Which I don't know what that wording is. I would be willing to consider a motion to amend to include the above specifications to say that this specifically applies only to polling stations. I think that's what we said last time.

Mrs. Murdoch said yeah, and unfortunately, I couldn't find the old wording. I'd like to copy the wording on that. But you've got the gist of it; that's exactly, I think, what we voted for last time.

Mr. Perry said maybe this is a table....Ms. Arnold said I would not table this at this point. We are in the crunch of this. We were just discussing how much we're going to have to cut. This needs to happen.

Mrs. Crowley said the Hilliard vs. Hilliard football game is this weekend, so there are things happening.

Mr. Perry said alright, so let's work it.

Mr. Stewart said I'm confused. Ms. Arnold said I think the gist of it is everybody's concerned about what kind of mess is made at a football game or any other sporting event that this might be handed out at. However, those events aren't going to happen if we don't pass something to keep us going.

Mrs. Crowley said my son's football team is scheduled to do a stadium clean up. It's not great to have to clean that up, but I think it's important to get the word out to be able to pass out material.

Mr. Stewart said that is why we put it in there. We thought it was important enough to...Mrs. Crowley said I've already noticed in the community that there's a lot of misinformation out there, so getting the correct information out there will be really important. A lot of people do read stuff that's handed to them. It's not ideal, but...Ms. Arnold said there's a significant difference between campaigning and campaign materials versus something that directly affects our district.

Mr. Stewart pulled up the resolution that we did. Actually, the resolution was only on election day, but it did allow for the distribution of literature.

Mr. Perry said yes on election day only, and we alluded to that specifically. I know this is different, but I know we have typically allowed the distribution of other materials at football games. We were really specific about trying to limit that distribution at football games because of the mess that...causes. Beth, any thoughts about this?

Mrs. Murdoch said I wanted to bring it up because we had so much conversation about it before. I wanted to make sure that we were thorough and made a very informed decision that we were going to do something different than what we've done in the past.

Ms. Arnold said it's been eight years since we've had to deal with this particular scenario. I think in this scenario, it is valid and proper to pass the resolution as written.

Mr. Perry said that a consistent thing to do would be to pass it as written because that was what applied to the previous levy campaigns, which was different than the board election and candidates and issue campaigns. But the levy campaign eight years ago, the consistent thing would be to allow the distribution.

Mr. Stewart said I think the policy was created with that carve out for school issues for exactly that reason. It's in our best interest to be able to do that. But these issues are specifically called out in the policy for an exception. It says you need to pass a resolution authorizing it.

Mrs. Crowley said I see what you're saying, Beth. I don't love the litter or the trash component to it at all, but I still don't think it's the best for candidates. However, for the sake of getting this important information out, I think it's worth it.

Mr. Perry said I could be swayed. Can you at least include a carve out to make sure that no one is placing yard signs on the property? Mr. Stewart replied the last line addresses yard signs. Mr. Perry read the following: Does not apply to signs intended to be displayed longer than a specific event where...be distributed. So that means they could put it in the yards...Mr. Stewart said, "Where I was going with that is, if they had a table or something, they have a sign; it's got to go with them when they leave. We won't be allowing campaign signs on school property.

Mr. Perry said I don't love it for the same reason that Beth doesn't love it, but again, staying consistent with what it was eight years ago with the levy campaign and in keeping the carve-outs for every other campaign, limiting it to only distribution during election day at polling locations...But this is consistent with what it was eight years ago, and none of us were on the board eight years ago, so it's really a testament to how long we've been off the ballot for. I'm willing to make that if it's all it requires to, everybody, and then we've got to deal with the long, both sides of the issue, which is, quite the long thing. But I'm fine with it.

Mr. Vorst said just so I'm following correctly, is what you're suggesting, Brian, that we adopt a language, more or less verbatim, from 2016 so we're consistent? Mr. Stewart said I don't know if the resolution language is the same, but it is consistent with the practice from 2016.

9. The Board of Education held the second reading of the following policies:
  - a. IKF – Graduation Requirements
  - b. JN – Student Fees

There was no discussion. Mr. Stewart said these policies will be on the agenda for the next board meeting for approval.

10. At 7:03 p.m., the Board of Education caucused to executive session to consider the purchase of property for public purposes, or for the sale of property at competitive bidding, if premature disclosure of information would give an unfair competitive or bargaining advantage to a person whose personal, private interest is adverse to the general public.

Mr. Stewart stated he didn't anticipate any action following the executive session.