APPROVED

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COLUMBUS CITY SCHOOLS

FRANKLIN COUNTY, OHIO

ASSUMPTIONS AND NOTES

FIVE-YEAR FORECAST (MAY UPDATE)

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE FISCAL YEARS ENDING JUNE 30
ACTUAL: 2015, 2016, 2017
FORECASTED: 2018, 2019, 2020, 2021, 2022

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May 15, 2018

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EXECUTIVE SUMMARY

Introduction (Ohio Department of Education)

A forecast is somewhat like a painting of the future based upon a snapshot of today. That snapshot, however, will be adjusted and the further into the future the forecast extends, the more likely it is that the projections will deviate from actual experience. A variety of events will ultimately impact the latter years of the forecast, such as state budgets (adopted every two years), tax levies (new/renewal/ replacement), salary increases, or businesses moving in or out of the district. The five-year forecast is viewed as a key management tool and must be updated periodically. In Ohio, most school districts understand how they will manage their finances in the current year. The five-year forecast encourages district management teams to examine future years' projections and identify when challenges will arise. This then helps district management to be proactive in meeting those challenges. School districts are encouraged to update their forecasts with ODE when events take place that will significantly change their forecast or, at a minimum, when required under statute.

In a financial forecast, the numbers only tell a small part of the story. For the numbers to be meaningful, the reader must review and consider the *Assumptions to the Financial Forecast* before drawing conclusions or using the data as a basis for other calculations. The assumptions are very important to understanding the rationale of the numbers, particularly when a significant increase or decrease is reflected.

Since the preparation of a meaningful five-year forecast is as much an art as it is a science and entails many intricacies, it is recommended that you contact the Treasurer/Chief Fiscal Officer or Board of Education (BOE) of the individual school district with any questions you may have. The Treasurer or CFO submits the forecast, but the BOE is recognized as ultimately responsible for the development of the forecast and the official owner.

Purposes/Objectives of the Five-Year Forecast (Ohio Department of Education)

Here are at least three purposes or objectives of the five-year forecast:

(1) To engage the local board of education and the community in 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 schools districts with potential financial problems

O.R.C. §5705.391 and O.A.C. 3301-92-04 require a Board of Education (BOE) to submit a five-year projection of operational revenues and expenditures along with assumptions to the Department of Education prior to October 31 of each fiscal year and to update this forecast between April 1 and May 31 of each fiscal year. ODE encourages school districts to update their forecast whenever events take place that will significantly change the forecast.

General Economic Conditions and Outlook

General economic conditions drive state and local tax revenues, which in turn impact school district finances. Local tax revenues are derived from property taxes, which tend to be a more stable source of income. Boards of education have the ability to levy additional taxes on real property upon a favorable vote of the residents of the district; anecdotally, voters tend to more be more likely to support imposing additional taxes upon themselves when the economy is good, and less so when economic conditions are poor. State revenue – which is distributed via a funding formula – is an amalgamation of various tax sources, though the primary drivers in Ohio are the sales and income taxes. These two sources in particular are often directly correlated with economic conditions (though specific policy decisions may also impact collections).

According to the Ohio Office of Budget and Management:

> Real GDP expanded at a revised annual rate of 2.3% during the first quarter, down from an average of 3.0% during the three previous quarters. Growth was 2.9% on a year-over-year basis, which is the fastest since the second quarter of 2015 and the culmination of a string of steady increases during the last couple of years from a low of 1.2% in the second quarter of 2016 The first-quarter results do not reflect the potentially positive effects of the recent federal tax changes and spending increases, but also do not reflect potential negative effects from pending trade restrictions. (OBM, 2018).

OBM notes that the Ohio unemployment rate decreased in March to 4.4 percent, its lowest level since 2001; since last July, the unemployment rate has decreased by 0.7 percent (OBM, 2018). Nationally, the unemployment rate decreased from the month before by a statistically significant amount in four states in the month of March (Maine, New Mexico, Ohio, and Wyoming). The unemployment rate was unchanged or not statistically different from the month before in all other states ((OBM, 2018).

According to the Ohio Legislative Service Commission (LSC), General Revenue Fund (GRF) tax receipts through April 2018 (representing ten months of the fiscal year) came in at $149.6 million above estimates (LSC, 2018). Per LSC:

> April GRF tax receipts were $130.8 million (6.8%) above OBM's estimates published in September 2017. The personal income tax (PIT) and the sales and use tax exceeded their projections by $98.4 million and $29.2 million, respectively, which helped boost the fiscal year's positive variance for GRF tax sources to $360.6 million (2.0%) at the end of April (LSC, 2018).

GRF revenue from the non-auto sales and use tax totaled $7.19 billion (LSC, 2018). According to LSC, "Monthly revenue growth on a year-ago basis, after adjusting for the decrease in the tax base, generally declined early in the fiscal year, but improved greatly after two good months… in the first two months of 2018, growth averaged 0.6 percent; in the March-April period, growth averaged 6.2 percent" (LSC, 2018).

LSC also notes positive trends in the personal income tax. The Commission noted:

> The conclusion of the income tax filing season was positive and monthly [personal income tax] receipts of $941.8 million in April were $98.4 million (11.7%) above projected revenue. This performance increased the YTD positive variance for this tax to $309.4 million (4.7%), up from $211.0 million for the first three quarters of the fiscal year. FY 2018 GRF revenue of $6.90 billion was $638.4 million above [personal income tax] receipts through April last year.

Overall GRF tax revenue for the first ten months of FY 2018 was $130.8 million (6.8 percent) higher than OBM's September 2017 estimates. (LSC, 2018) Just as noted in the October 2017 Five-Year Forecast, it may bode well for school districts should receipts continue to outpace estimates, especially as we enter FY 2019 and the transition to planning for the next biennium.

Revenues, Expenditures and Ending Cash Balances

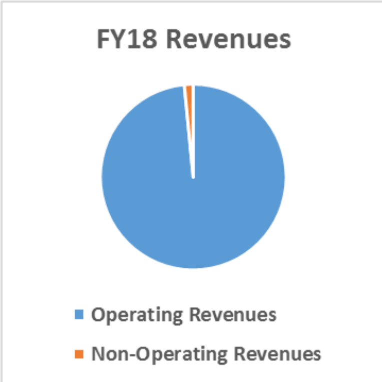
Included in this update are:

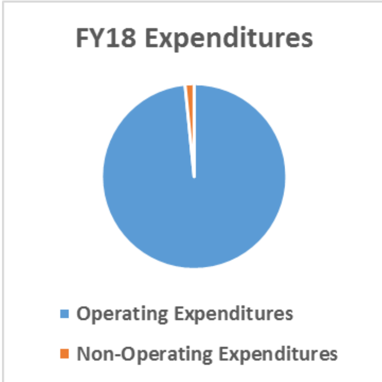
1. Over $40 million in favorable variances (a combination of revenues above budget and expenditures below budget) anticipated by the end of the current fiscal year, FY18.
2. $18.3 million in expenditure reductions beginning in FY19 and anticipated to continue through FY22

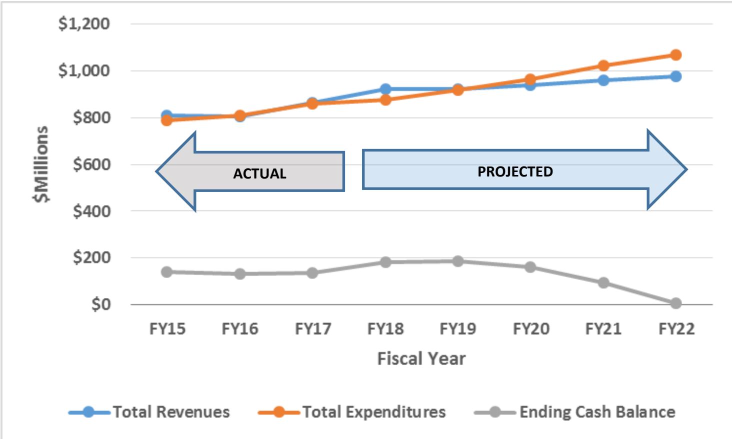
In response to the $224 million deficit projected in the October 2017 forecast, the district undertook a thorough review of all budgets identifying approximately $18.3 million in reductions to be effective with the 2018-19 fiscal year (see: Budget Reduction Narratives). These reductions, intended to carry forward at least through FY22, are a combination of personnel and non-personnel items. Over the 5-year period of the forecast, a total of just under $104 million was reduced from the expenditure forecast. The favorable revenue variances during FY18 are expected to carry forward to subsequent years adding an average of $25 million in revenue each year. Coupled with the $104 million in expenditures reductions, this $125 million 5-year increase in projected revenues is expected to eliminate the FY22 deficit shown in the October 2017 forecast.

Total revenues are projected to increase at the rate of 2.5% annually climbing from $864.9 million in FY17 to $979.1 million in FY22. Total expenditures are projected to increase at the rate of 4.5% from $859.4 million in FY17 to $1.07 billion in FY22. Expenditures begin to exceed revenues in FY20 driving the June 30 fiscal year ending cash balance from a positive $137.4 million at the end of FY17 to just $4.7 million at the end of FY22. 30-days cash balance, a typical target for public sector financial planning, is $72 million in FY18 and climbs to $88 million in FY22. This target is met in four out of the five years of the forecast, but the forecasted cash balance falls short in FY22.

	ACTUAL			*PROJECTED*				
$Millions	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Total Revenues	$809.0	$804.8	$864.9	$921.6	$921.3	$941.2	$959.7	$979.1
Operating Revenues	$783.4	$788.4	$854.1	$907.4	$907.7	$927.6	$946.1	$965.5
Non-Operating Revenues	$25.5	$16.4	$10.8	$14.2	$13.6	$13.6	$13.6	$13.6
Total Expenditures	$790.3	$811.8	$859.4	$875.2	$920.4	$965.2	$1,024.7	$1,069.8
Operating Expenditures	$772.5	$797.8	$845.6	$861.3	$906.3	$951.1	$1,010.6	$1,055.7
Non-Operating Expenditures	$17.8	$14.0	$13.8	$13.9	$14.1	$14.1	$14.1	$14.1
Revenues Over (Under) Expenditures	$18.7	($7.0)	$5.5	$46.3	$0.9	($24.1)	($65.1)	($90.8)
Ending Cash Balance	$138.9	$131.9	$137.4	$183.7	$184.6	$160.6	$95.5	$4.7


FY18 Revenues
Operating Revenues
Non-Operating Revenues


FY18 Expenditures
Operating Expenditures
Non-Operating Expenditures


$1,200
$1,000
$800
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$Millions
ACTUAL
PROJECTED
FY15
FY16
FY17
FY18
FY19
FY20
FY21
FY22
Fiscal Year
Total Revenues
Total Expenditures
Ending Cash Balance

REVENUES

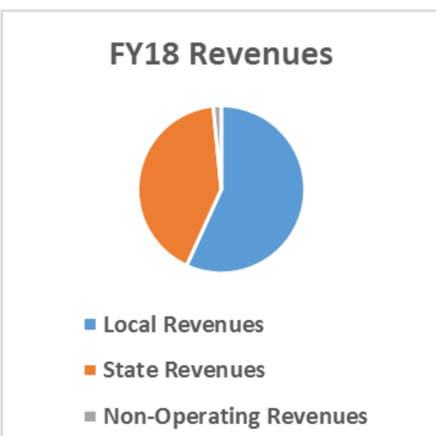
Overview

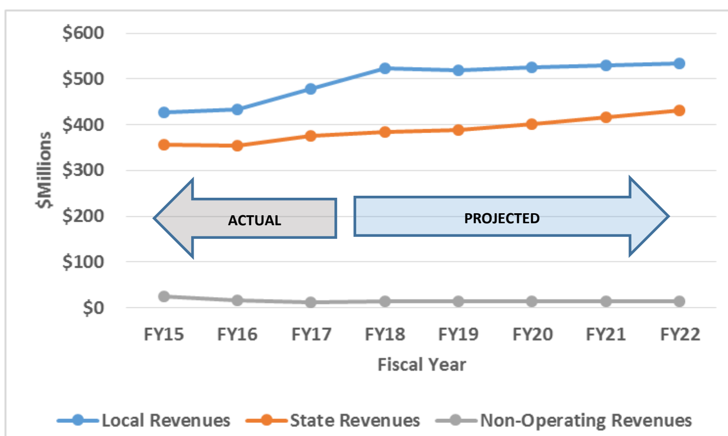
Local revenues (e.g. property taxes, tuition, fees, investment earnings, rentals, and donations) are projected to increase at the rate of 2.2% annually to $534.5 million in FY22 from $478.5 million in FY17. Property taxes are a major driver of local revenues increasing at a projected rate of 2.8% annually from FY17 largely due to the passage of a new, 5.58 mill operating tax levy in November 2016. From FY18, the first fiscal year to record a full year's collection of the new tax levy, to FY22 the annual growth rate is just 0.9%. Other local revenues are projected to decline during the five-year forecast period largely due to the phase-out of Win-Win payments from other districts.

State revenues (e.g. State Foundation Program, rollback and homestead exemption reimbursement, and personal property tax reimbursement) are projected to increase at the rate of 2.8% annually to $431.0 million in FY22 from $375.6 million in FY17. 90-92% of state revenues are related to the State Foundation Program and are projected at a growth rate of 3.8% from FY17 to FY22. The property tax allocation received from the State is projected to decline due to the elimination of the personal property tax reimbursement in FY19.

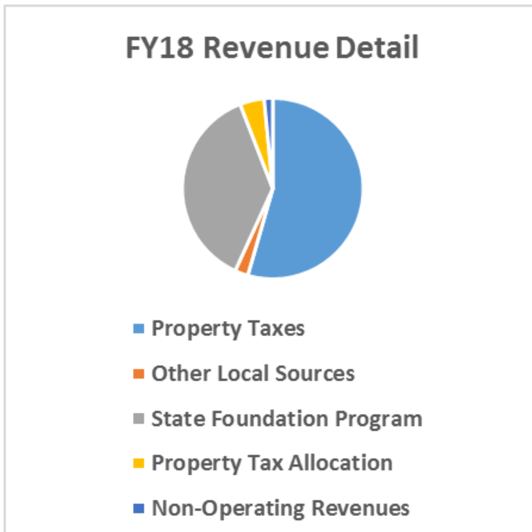
Non-operating revenues ("Other Financing Sources" in the Five-Year Forecast and comprised of transfers-in, advances-in and other financing sources) are projected to be flat for the five years of the forecast at $13.6 million per year, an increase over the FY17 amount of $10.8 million.

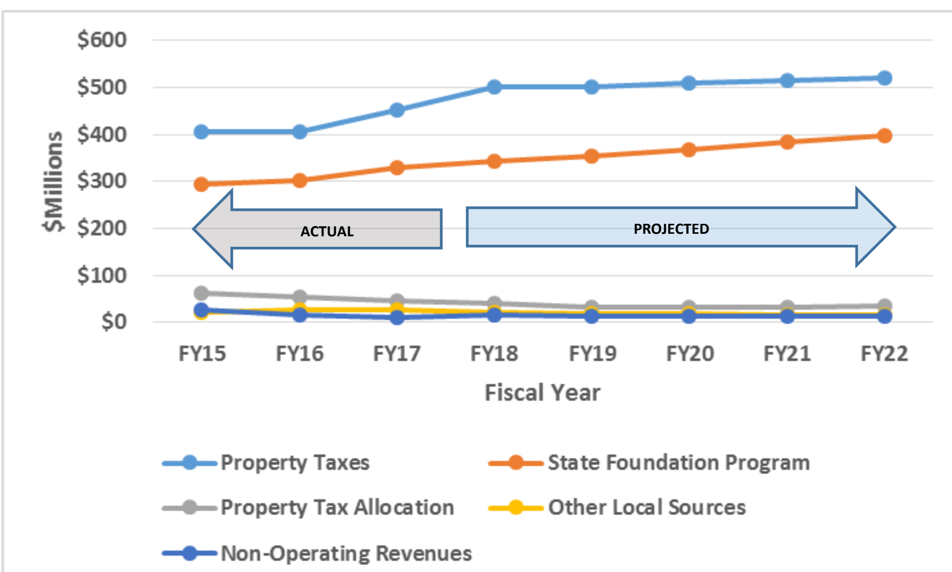
	ACTUAL			*PROJECTED*				
$Millions	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Total Revenues	$809.0	$804.8	$864.9	$921.6	$921.3	$941.2	$959.7	$979.1
Local Revenues	$426.3	$433.5	$478.5	$523.8	$519.9	$526.2	$530.1	$534.5
State Revenues	$357.1	$354.9	$375.6	$383.6	$387.8	$401.4	$416.0	$431.0
Non-Operating Revenues	$25.5	$16.4	$10.8	$14.2	$13.6	$13.6	$13.6	$13.6



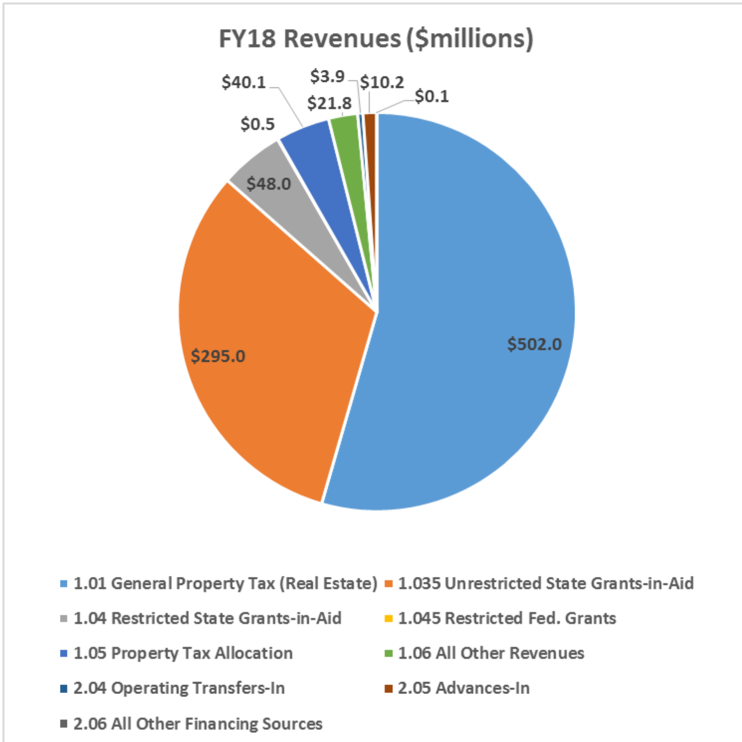


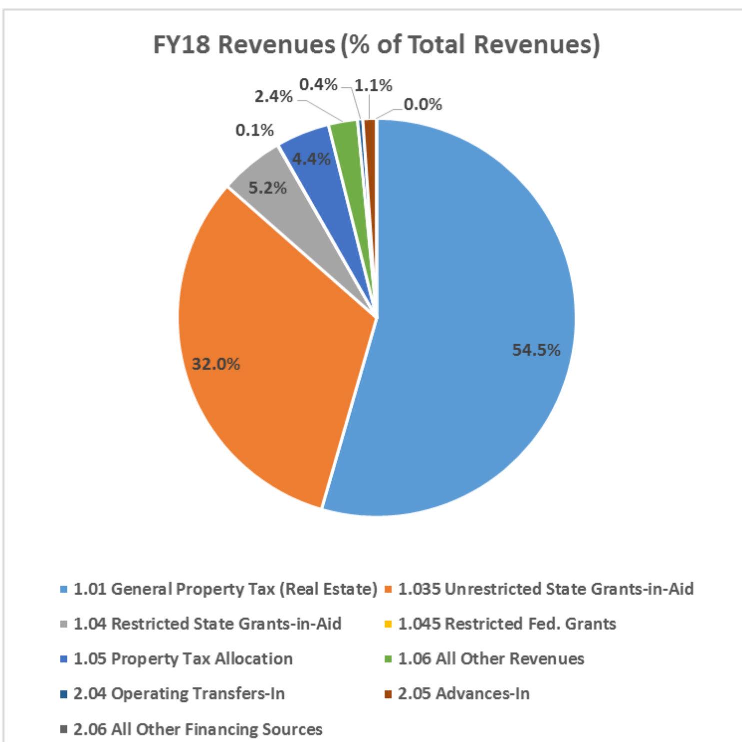
	ACTUAL			*PROJECTED*				
$Millions	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Property Taxes	$406.5	$406.2	$452.8	$502.0	$502.1	$509.4	$514.5	$519.6
Other Local Sources	$19.8	$27.3	$25.8	$21.8	$17.8	$16.8	$15.6	$14.9
Total Local Revenues	$426.3	$433.5	$478.5	$523.8	$519.9	$526.2	$530.1	$534.5
State Foundation Program	$294.7	$301.7	$330.5	$343.5	$355.1	$368.8	$383.1	$397.8
Property Tax Allocation	$62.4	$53.2	$45.1	$40.1	$32.7	$32.6	$32.9	$33.2
Total State Revenues	$357.1	$354.9	$375.6	$383.6	$387.8	$401.4	$416.0	$431.0
Non-Operating Revenues	$25.5	$16.4	$10.8	$14.2	$13.6	$13.6	$13.6	$13.6
Total Revenues	$809.0	$804.8	$864.9	$921.6	$921.3	$941.2	$959.7	$979.1





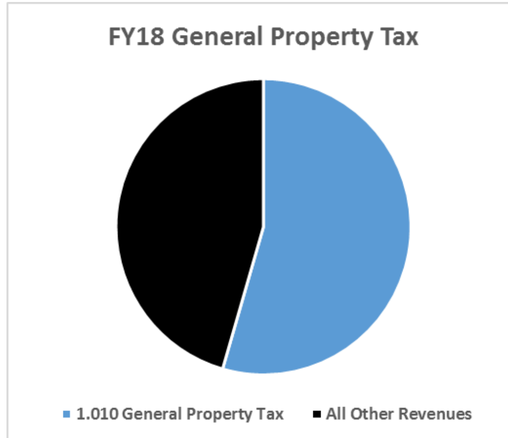
FYF Line Breakdown



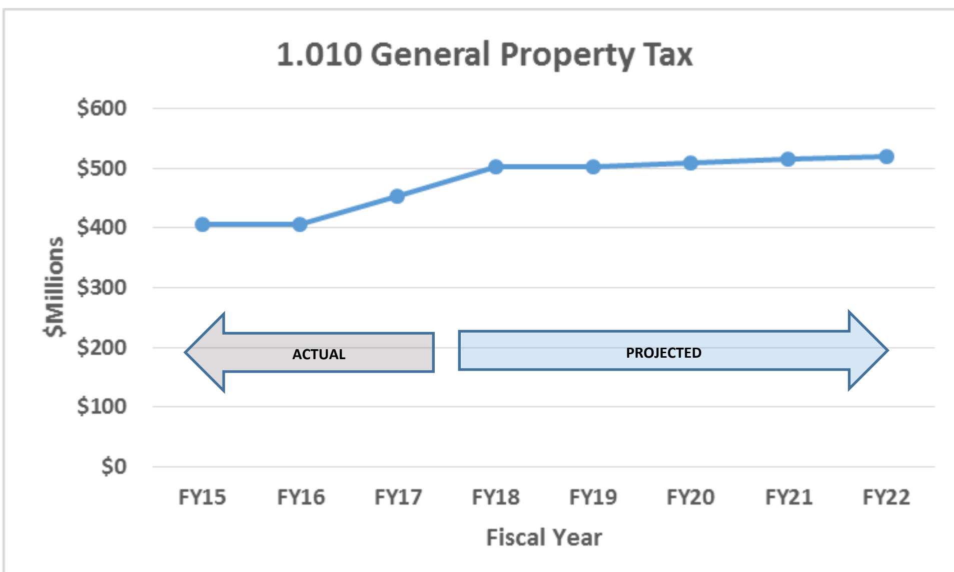


1.010 General Property Tax (Real Estate)

Taxes levied by a school district by the assessed valuation of real property located within the school district.

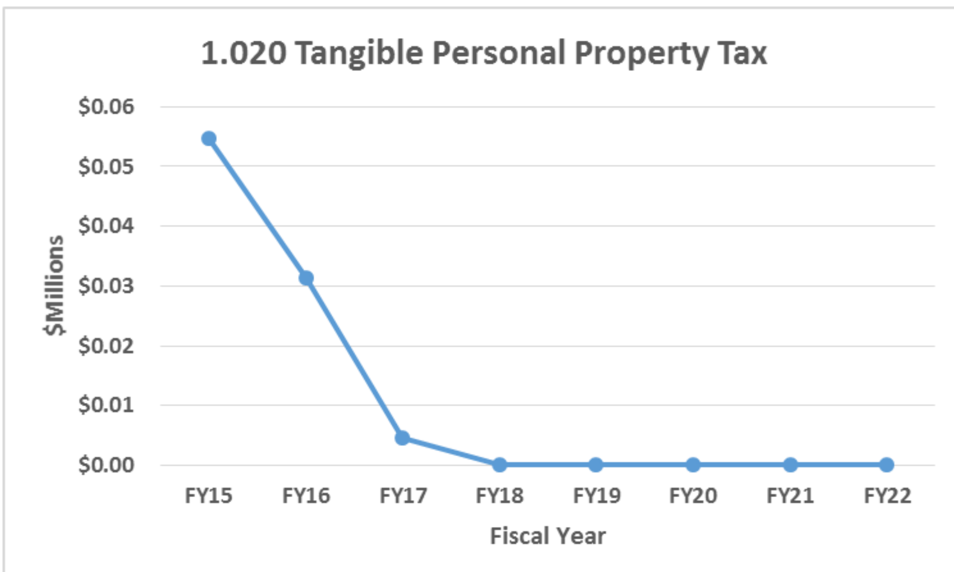


Representing 55% of all revenues, general property taxes benefit beginning in FY17 from the November 2016 passage of a 5.58 mill continuous operating levy. First collected in calendar 2017, FY18 is the first fiscal year which reflects a full year of collection with the new millage. As evidence of this impact, the property tax growth rate from FY16 (the last fiscal year without the November 2016 new millage) and FY22 is 4.2%. The growth rate from FY17 (the first fiscal year with partial collection of the new millage) to FY22 is 2.8% and the growth rate from FY18 to FY22 (all years which include a full collection of the new millage) is 0.9%. No new, additional tax levy is contemplated in this forecast.

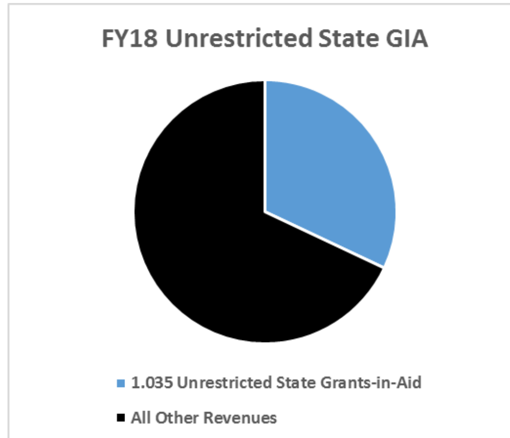


1.020 Tangible Personal Property

Businesses pay the 'tangible personal property tax' on equipment or supplies/materials of which they own. This tax is being phased out and is being replaced with the Commercial Activities Tax (CAT). There is no revenue from tangible personal taxes included in this FYF. Reimbursement from the state for this loss is included in line 1.050 Property Tax Allocation. This reimbursement is also being phased out.

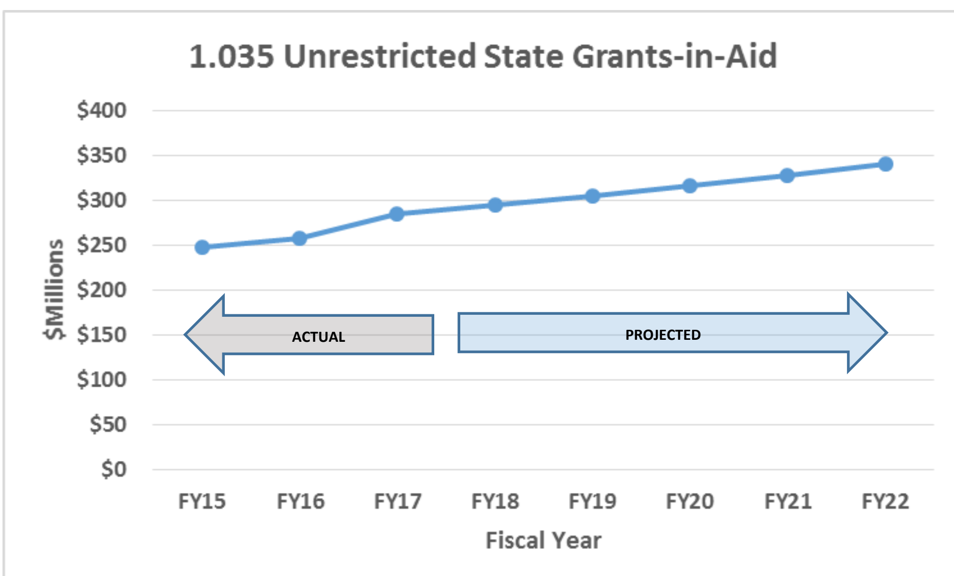


1.035 Unrestricted State Grants-in-Aid



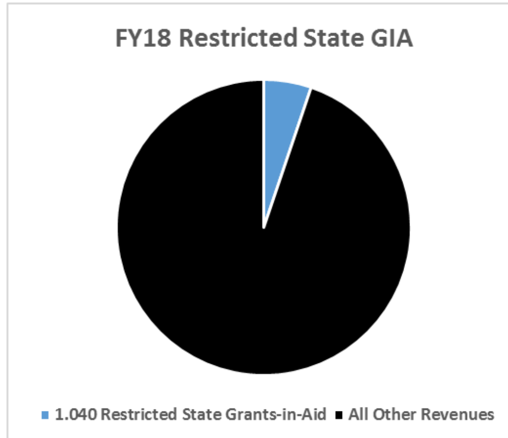
Funds received through the State Foundation Program with no restriction. The foundation formula is the primary vehicle which the Ohio legislature uses to determine how much state aid each school district is to receive.

This revenue line represents 32% of all revenues and 77% of all revenues received from the state. It is expected that the district will be subject to the cap for the duration of the years covered in this forecast. For FY18, the funding cap means the district receives $108 million less in state funding than the formula calculation calls for. This forecast assumes the cap will increase annually 4.1% for FY18 and 4.0% for FY19 as included in the state's current biennial budget. For FY20 – FY22 the assumption is the cap will continue unchanged at an annual increase of 4.0%. Due to the nature of the "cap" calculation and that some items are not subject to the cap, the allocation to this line may vary during the year. Therefore, the district monitors the total of lines 1.035 and 1.040 against the total capped amount and not necessarily line by line.

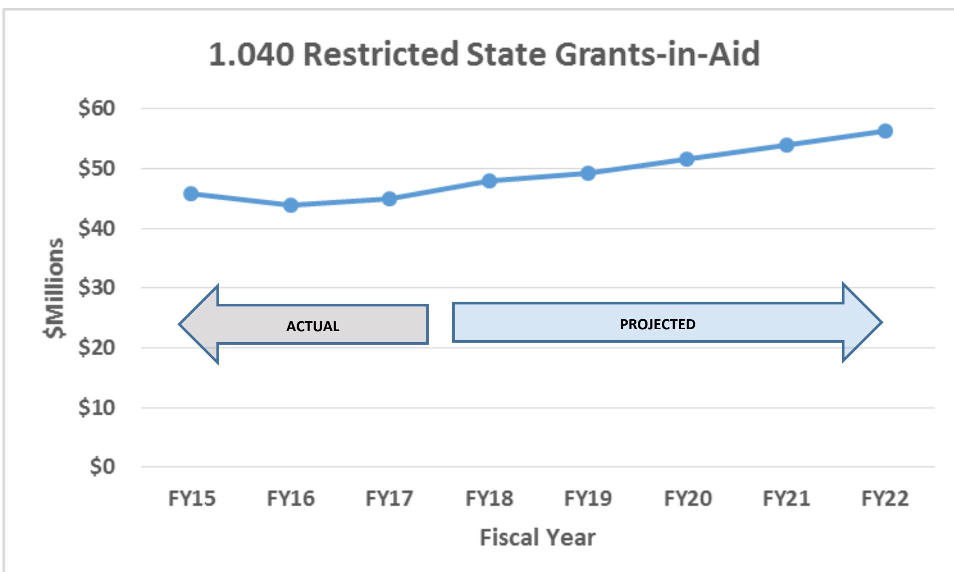


1.040 Restricted State Grants-in-Aid

Funds received through the State Foundation Program or other allocations that are restricted for specific purposes. Examples include economic disadvantaged and career-technical funding.



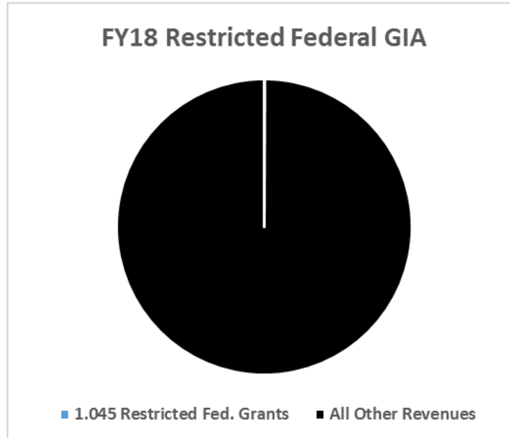
These funds are 5% of all revenues and 13% of state revenues. As with line 1.035, changes in the calculated funding during the year and the effect of the "cap" on the allocation of state revenues to each line may cause this amount to vary during the year. In total for the fiscal year, however, the district may expect to receive the full cap amount even though lines 1.035 and 1.040 may appear to be over or under original estimates. This "accounting effect" will also distort trends for lines 1.035 and 1.040 when taken separately over several fiscal years.

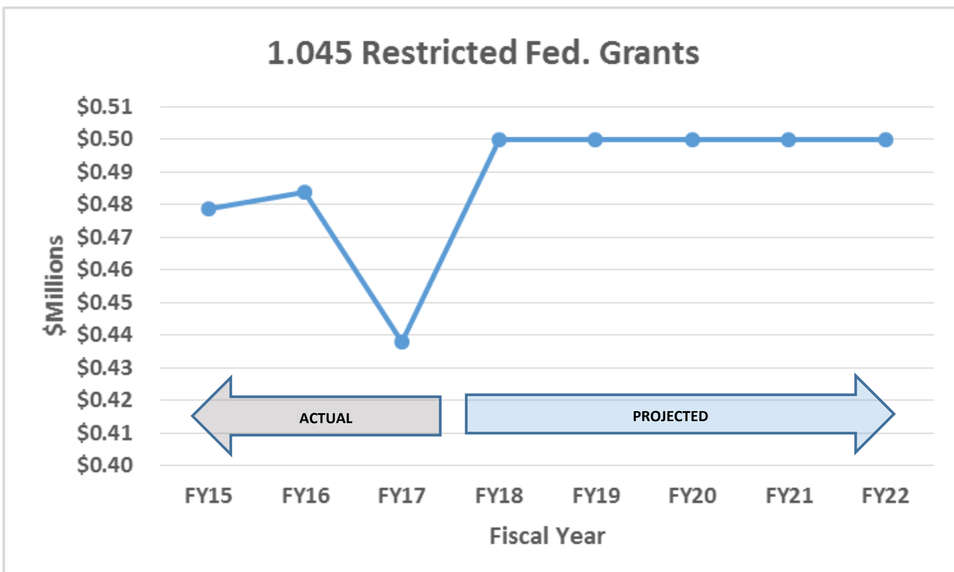


1.045 Restricted Federal Grants

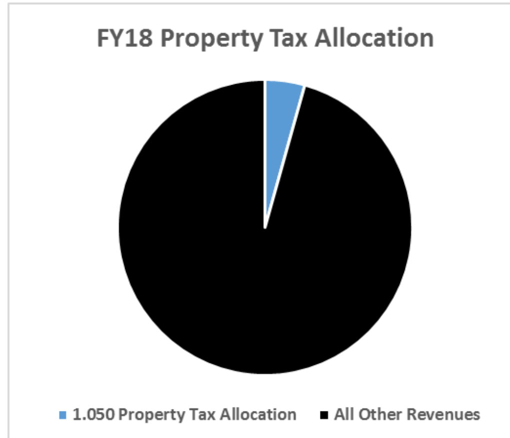
Funds received through the State Foundation Program or other allocations that are restricted for specific purposes. Examples include the Education Jobs fund.

For CCS, this is the QSCB interest rebate from the Federal government and is a very small portion of overall revenues.





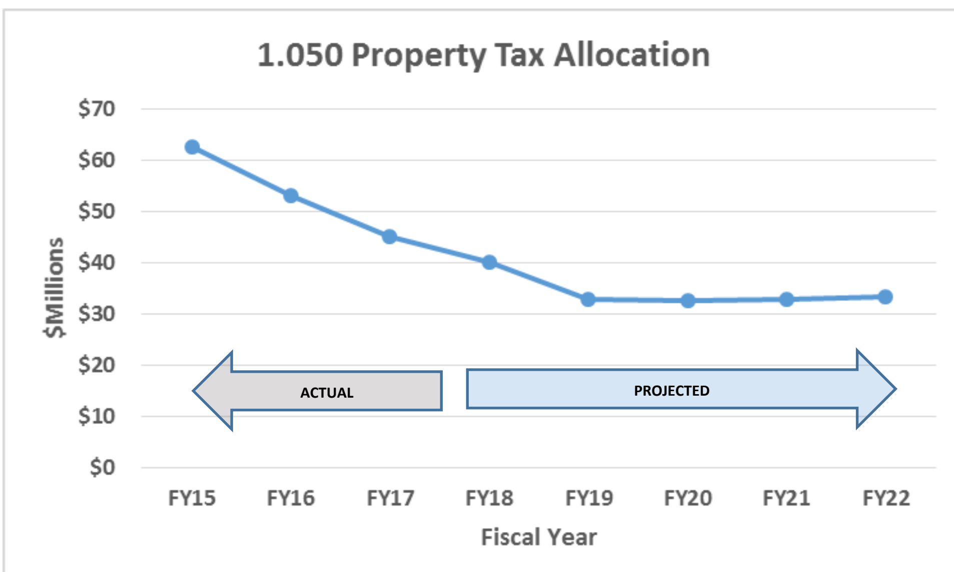
1.050 Property Tax Allocation



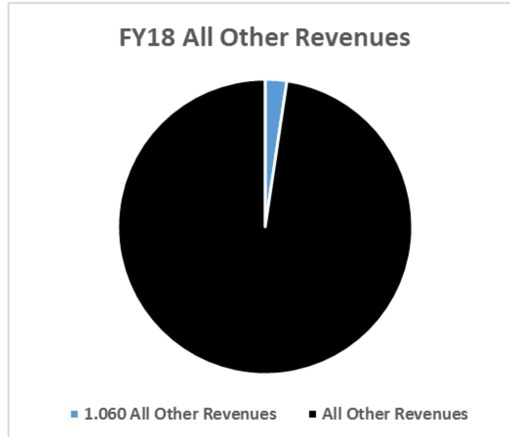
This line includes funds received for Tangible Personal Property Tax (TPP) Reimbursement (as discussed above), Electric Deregulation, Homestead and Rollback, and the "ten thousand dollar exemption" where businesses are exempt from paying the first $10,000 of property tax and the district is reimbursed through state funding.

TPP reimbursement is estimated to be $3.1 million in FY18, $0.3 million in FY19 and then is totally phased out beginning in FY20.

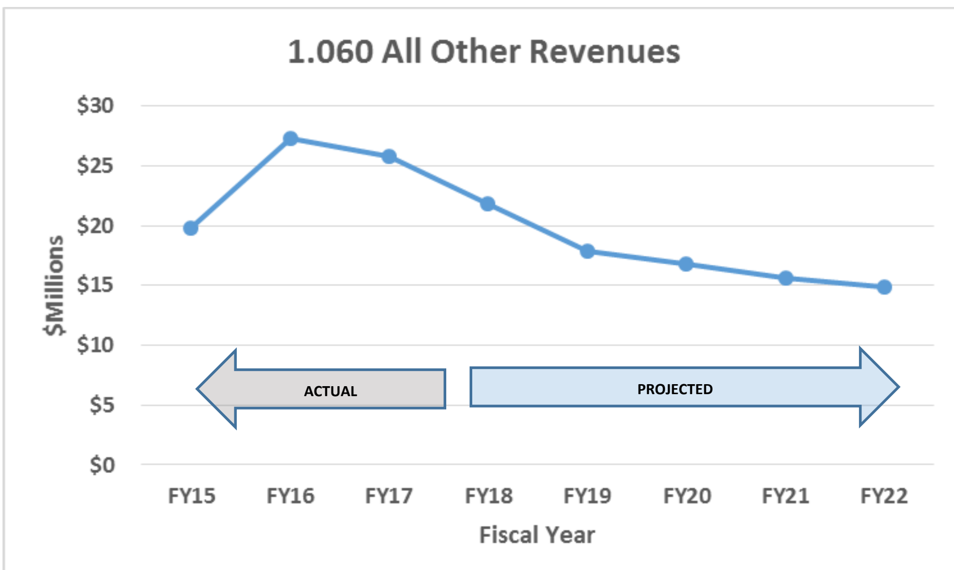
This revenue source is 4% of total revenues and 10% of funds received from the state. The 10.5% Rollback provision was repealed in 2013 (HB59) and as a result all tax levies approved by voters beginning in 2014 are not subject to the rollback, saving the state money but passing that cost on to local taxpayers. The November 2016, 5.58 mills is therefore not subject to the rollback and local taxpayers bear the full cost of that levy. Rollback is generally forecasted as a percentage of total estimate Residential (R1) tax collections with an adjustment for levies not subject to the rollback.



1.060 All Other Operating Revenues

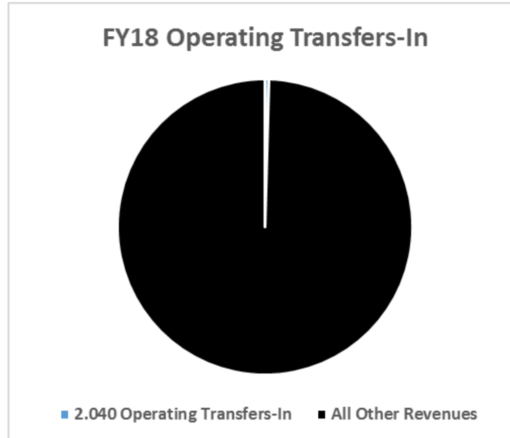


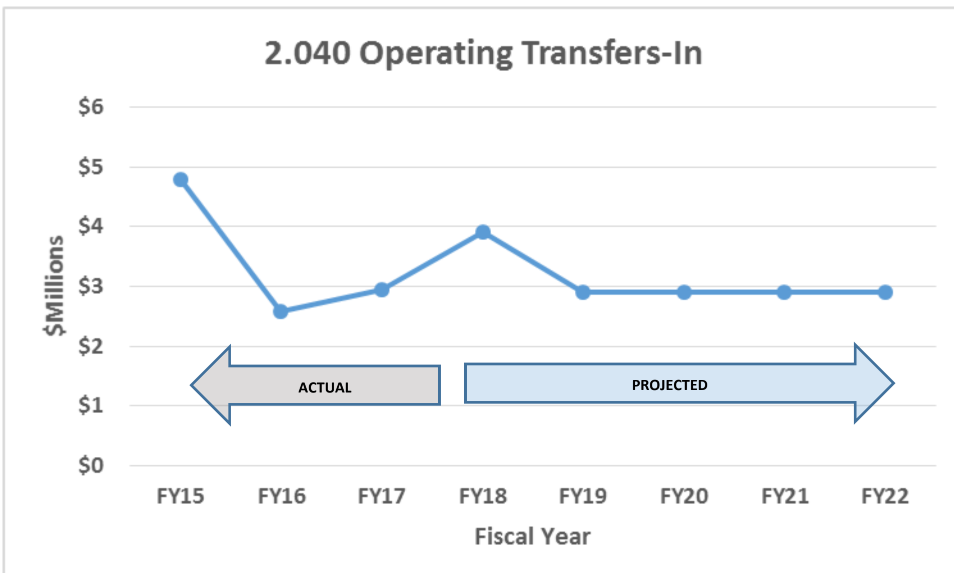
Operating revenue sources not included above. Examples include but are not limited to tuition, fees, investment income, rentals, and donations. Significant items included here as well are payments in lieu of taxes (PILOTs), Win-Win payments and Medicaid reimbursement. PILOTs are difficult to predict as they depend on cases before the Board of Revision and/or Board of Tax Appeals and any out-of-court settlements we may reach. This line also includes income tax revenue sharing from the City of Columbus resulting from various CRAs and/or TIFs. Win-Win payments are projected to decline over time (80%, 60%, 40%, 20%, 0% of the calculated amount for FY18-FY22) until completely eliminated in FY22. Medicaid reimbursement is projected at the 4-year average of $3.4 million per year each year of the FYF.



2.040 Operating Transfers-In

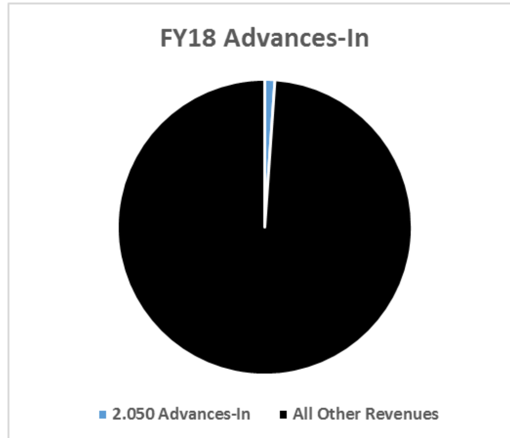
Permanent movement of monies between funds. This is related to a transfer to the Debt Service fund to pay debt service on bonds issued for the purchase of school buses.

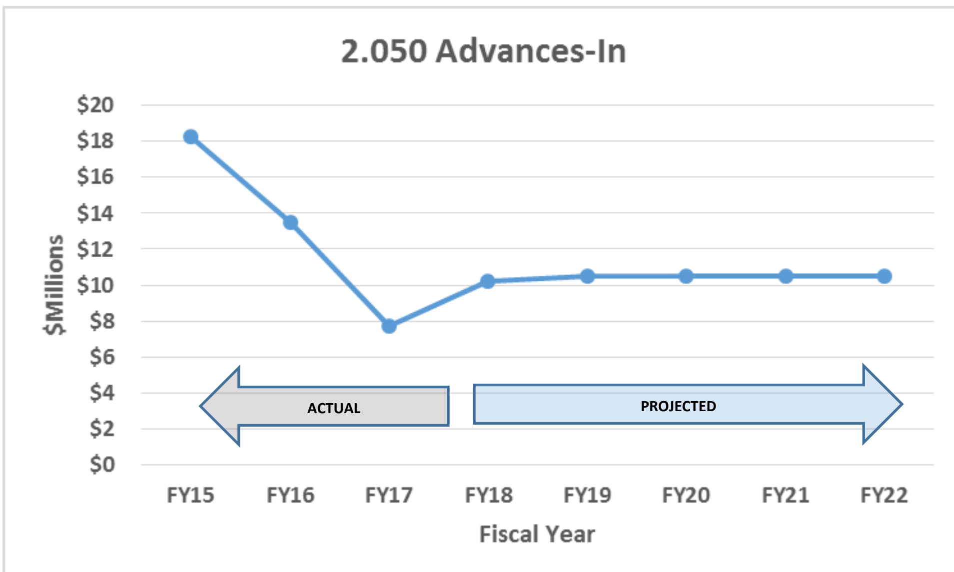




2.050 Advances-In

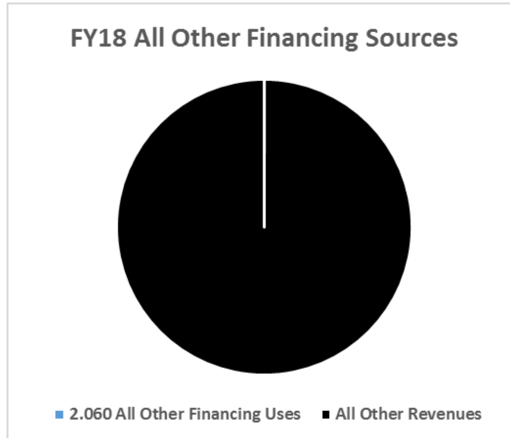
Temporary movement of monies between funds. Generally dependent on the cash flow needs of other funds, this is the return of funds temporarily advances to other funds from the General Fund. The corollary expenditure line is line 5.020 Advances-Out. This line has in the past been much higher ($20-30 million in some prior years) creating large, meaningless unfavorable variances. The current projection of $10.5 million is more in line with recent actual experience.

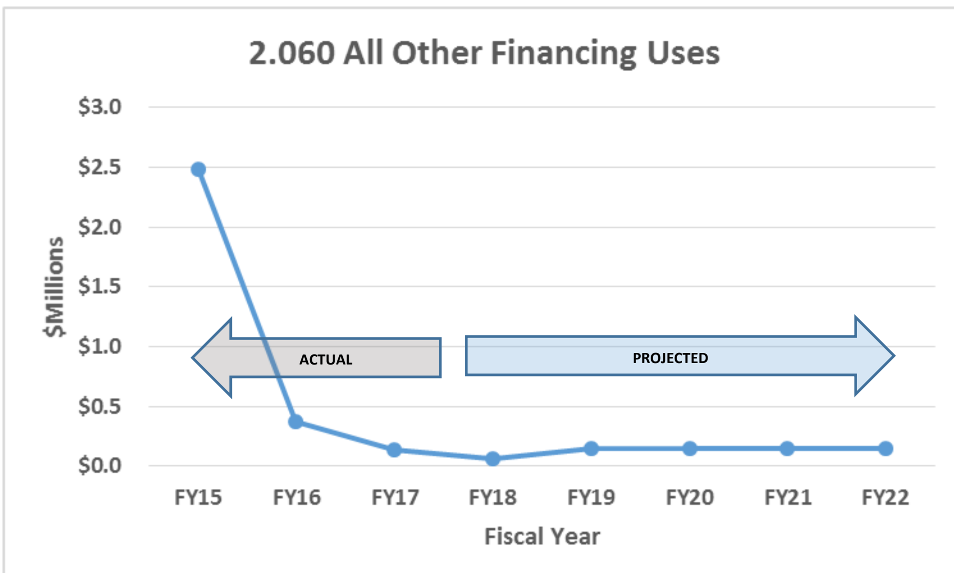




2.060 All Other Financing Sources

Sale and Loss of Assets, Refund of Prior Year Expenditures. At $150,000, this represents less than 0.01% of total revenue and is projected flat[1] for the duration of the FYF.





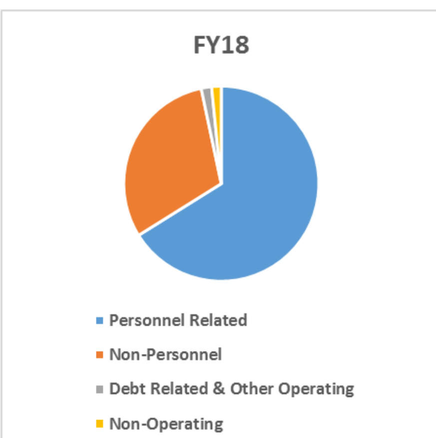
[1] In FY15 the district received a one-time refund of County Auditor and Treasurer Fees of $2.2 million.

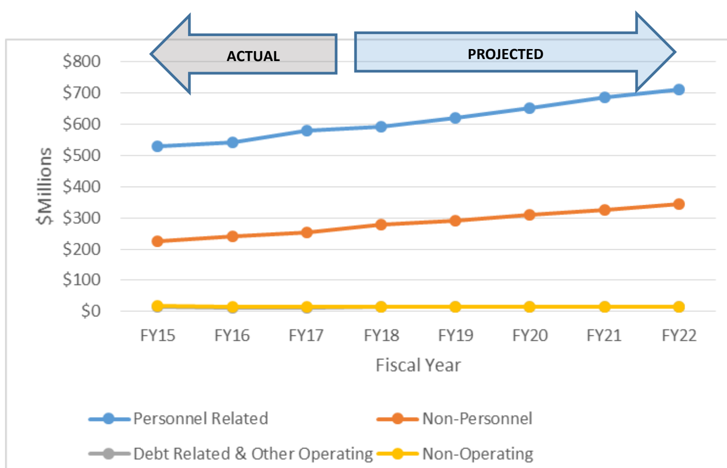
EXPENDITURES

Overview

Personnel related expenditures (Salaries/Wages and Benefits, lines 3.010 and 3.020 in the FYF) are forecasted to increase at a rate of 3.9% annually from $579 million in FY17 to $700.5 million in FY22. Non-personnel items (lines 3.020 – 3.050 in the FYF) increase from $253.7 million in FY17 to $339.8 million in FY22, a growth rate of 6.0% annually[2]. Debt related expenditures (lines 4.020 – 4.060 in the FYF) are projected to remain substantially unchanged during the forecast period as do other operating expenditures (line 4.300 in the FYF) however appear to grow at 4.8% annually when compared to FY17 levels. Non-Operating expenditures ("Other Financing Uses", line 5.040 in the FYF, which includes Transfers and Advances Out and Other Financing Uses) are projected flat for the FYF period consistent with recent experience.

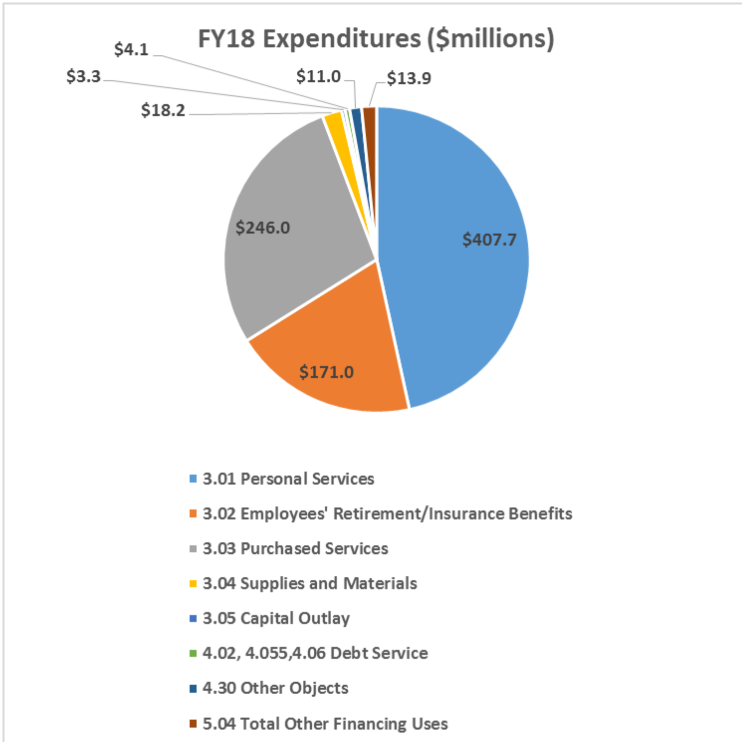
	ACTUAL			*PROJECTED*				
$Millions	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Total Expenditures	$790.3	$811.8	$859.4	$875.2	$920.4	$965.2	$1,024.7	$1,069.8
Personnel Related	$530.6	$543.9	$579.0	$578.7	$605.0	$632.1	$673.7	$700.5
Non-Personnel	$226.8	$240.9	$253.7	$267.5	$286.6	$303.9	$321.5	$339.8
Debt Related	$6.0	$4.2	$4.0	$4.1	$4.1	$4.2	$4.2	$4.2
Other Operating	$9.1	$8.7	$8.9	$11.0	$10.6	$10.9	$11.2	$11.2
Non-Operating	$17.8	$14.0	$13.8	$13.9	$14.1	$14.1	$14.1	$14.1

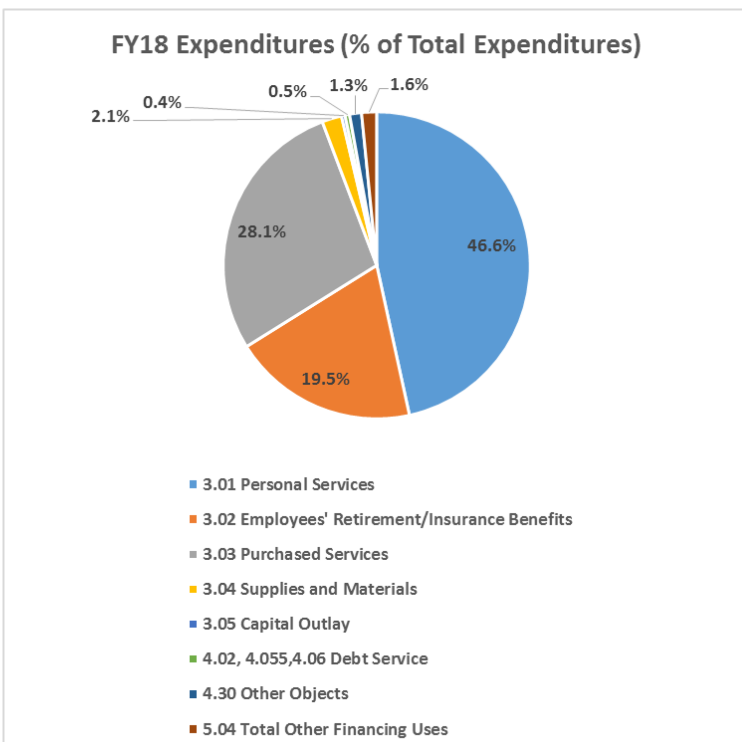




[2] The non-personnel forecast is based on the district's 5 year budget process, not a "last year plus" methodology. The percent growth rate while descriptive is not indicative of the process employed to arrive at the five-year projection.

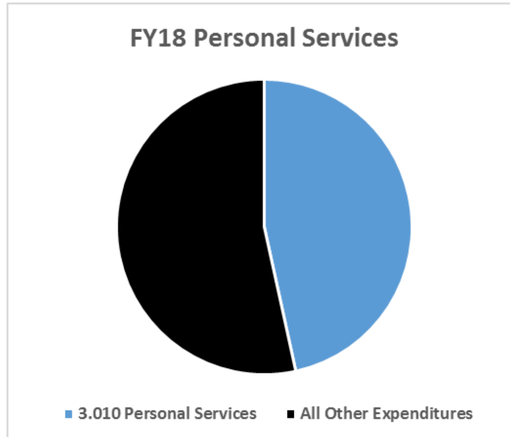
FYF Line Breakdown

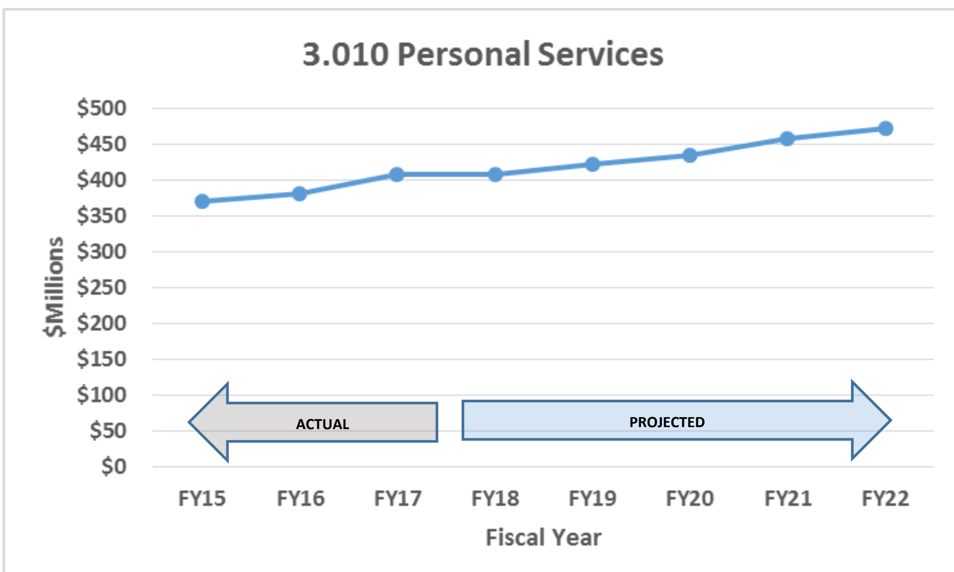




3.010 Personal Services

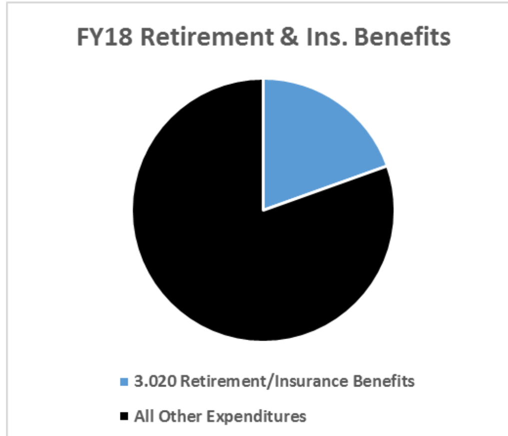
Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc. The forecast includes step increases for current staff, additional staff in FY17 – FY22 as promised in the November 2016 levy campaign, and negotiated base salary/wage increases for FY18 and FY19. The CBAs with two of the district's collective bargaining groups expire in August 2019 and any subsequent base increase is subject to negotiations at that time, however, a 1% across the board base increase is included in the FYF for FY20 – FY22. The projected growth rate FY17 to FY22 is 3%. Personal Services represents 47% of all expenditures.

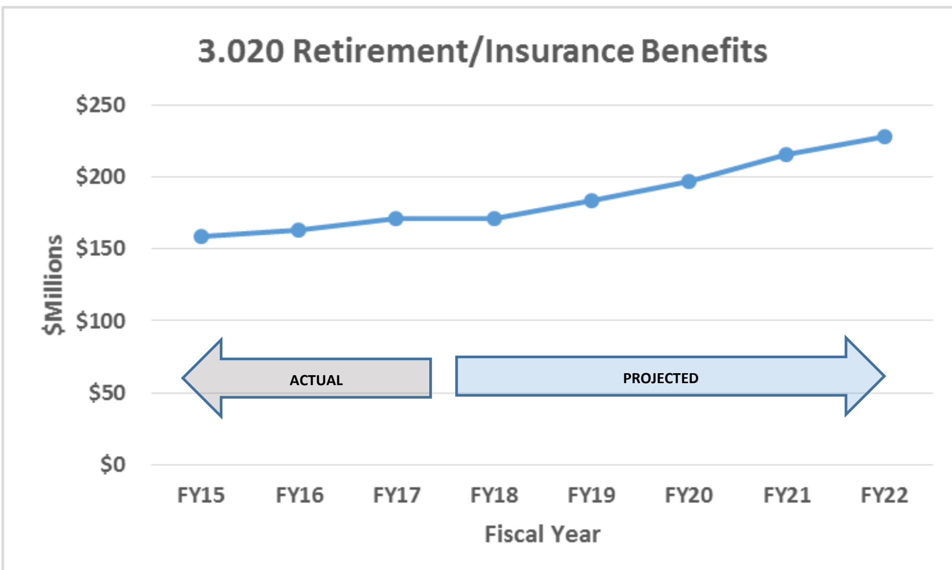




3.020 Employees' Retirement/Insurance Benefits

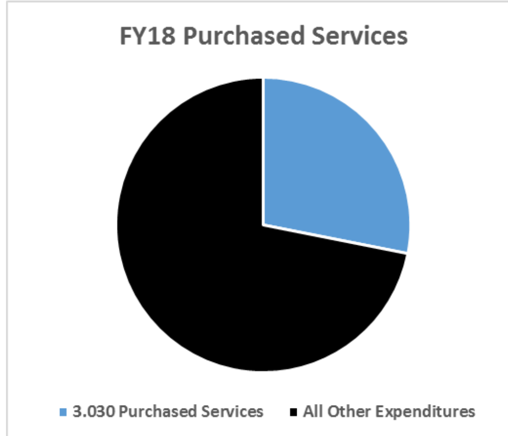
Retirement for all employees, Workers Comp., early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances. Retirement, workers comp., and Medicare are all based on a percentage of applicable salaries/wages. Health-related insurances are projected based on trend averaging +5%[3] annually. The projected growth rate FY17 to FY22 is 5.9%. Retirement/Insurance Benefits account for 20% of total expenditures.





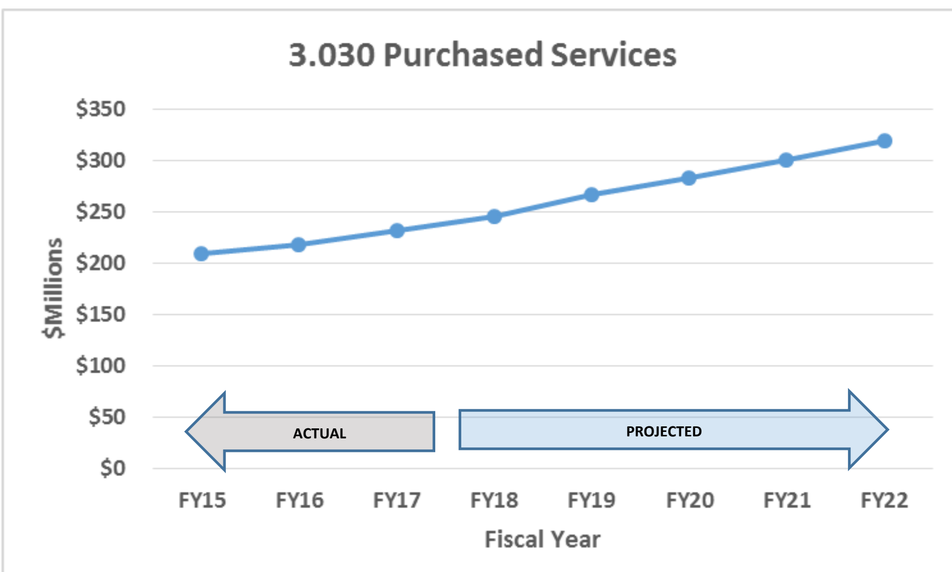
[3] Trends for medical, life, dental and vision individually ranged from 0.86% to 12.38% annually.

3.030 Purchased Services

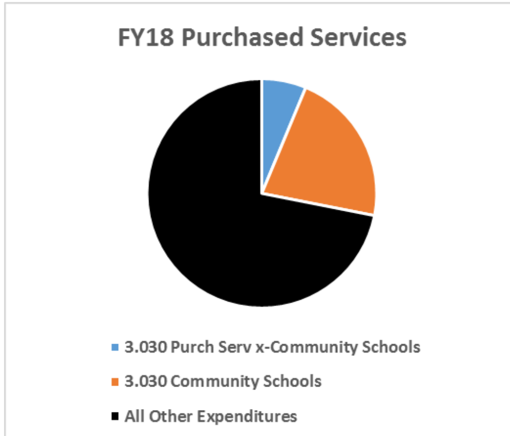


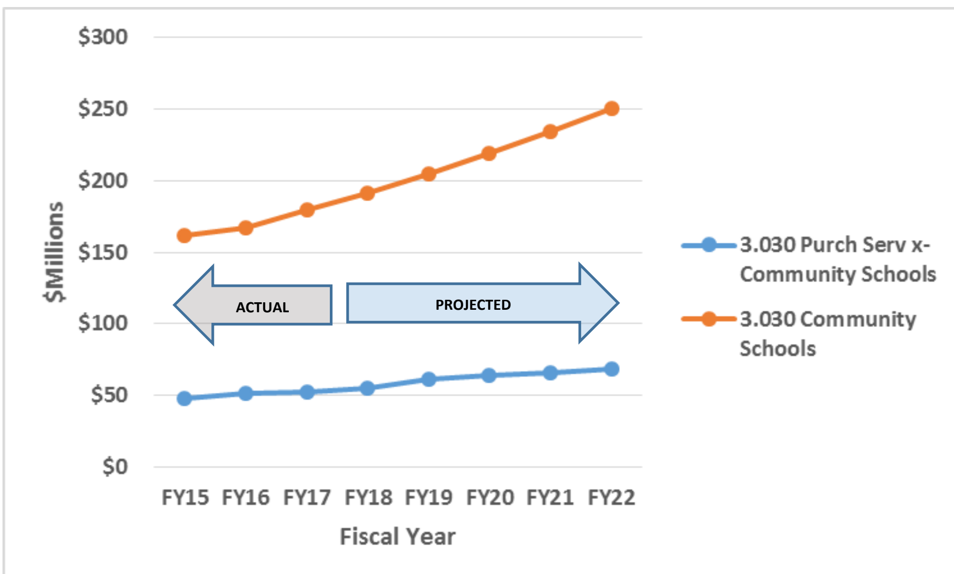
Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, and other services which the school district may purchase. Examples include but are not limited to legal fees, maintenance agreements, utilities, and tuition paid for students attending other school districts, including open enrollment and community schools. The projected growth rate FY17 to FY22 is 6.6%. In total, purchased services account for 28% of General Fund expenditures. As with all other non-personnel lines (3.040 Supplies and Materials, 3.050 Capital Outlay, and 4.030 Other Objects), projected expenditures are based on the district's annual budget preparation process which generally begins during the second quarter of the fiscal year and continues through May culminating in the adoption of an appropriation resolution for the ensuing fiscal year. Additionally, as noted in the introduction, all non-personnel budgets were subject to a thorough review and subsequently reduced for FY19 (see: Budget Reduction Narratives).

A significant expenditure within purchased services is the deduction for community schools. Because of its financial and political impact, this deduction/expenditure is called out in most financial reporting of the district. The projection for community schools, etc., is based on an estimate of both the number of students and the dollars per student that leave the district based on trend. The FY17-FY22 projected growth rate for community schools is 6.9% and 5.6% for purchased services excluding community schools.



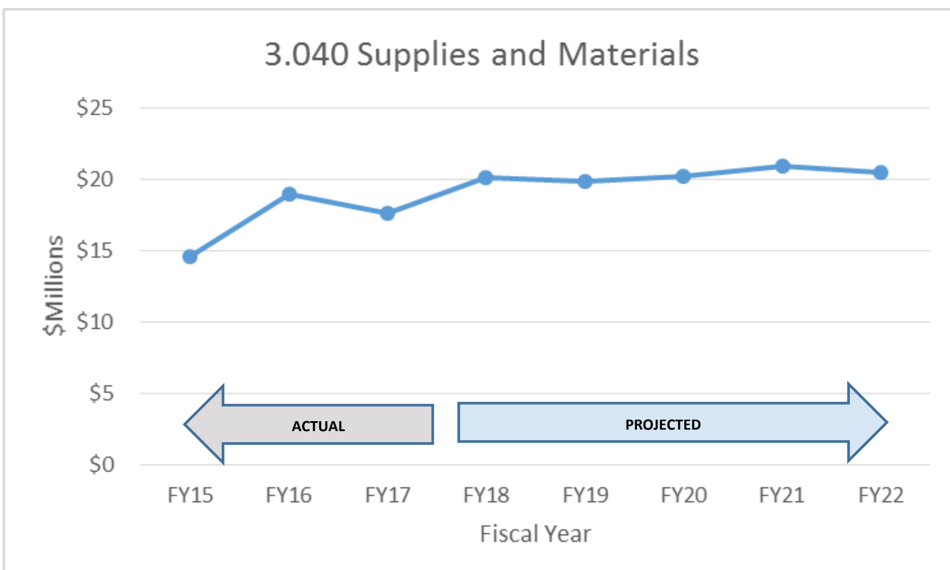
Community Schools Break Out



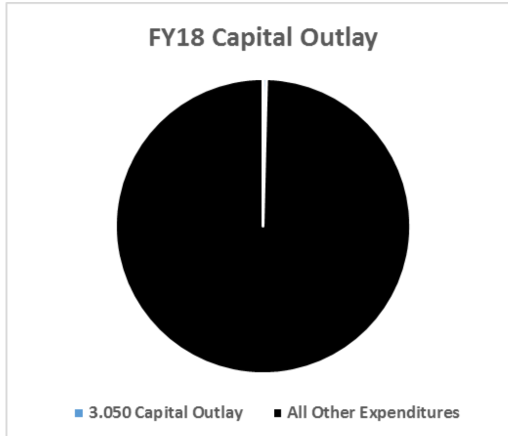


3.040 Supplies and Materials

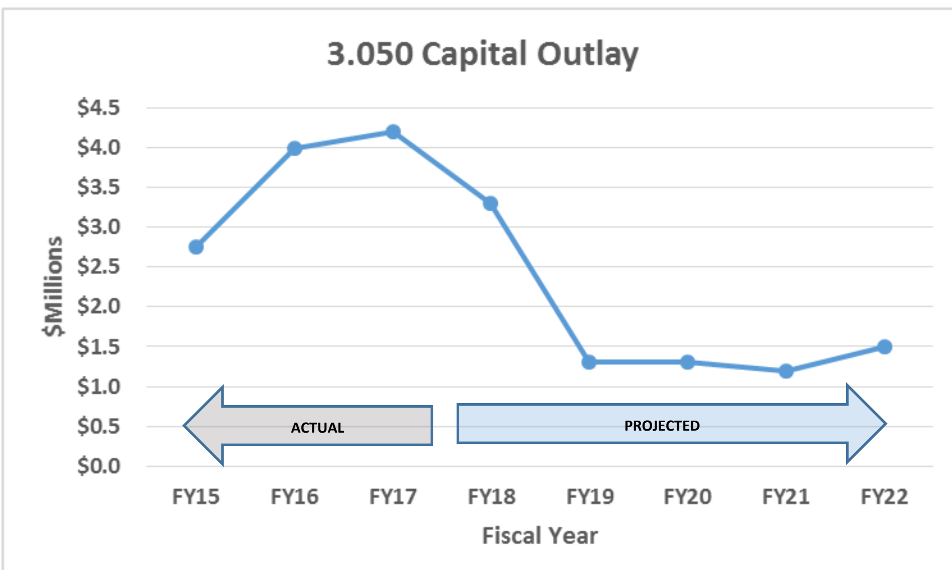
Examples include but are not limited to general supplies, instructional materials including textbooks and media materials, bus fuel and tires, and all other maintenance supplies. At 2% of total expenditures, this line is projected to grow 2.1% annually from $17.6 million in FY17 to $19.5 million in FY22. During the forecast, the growth rate is just 1.7% ($18.2 million in FY18, $19.5 million in FY22). Again, the projection for this non-personnel line item is not based on "last year plus", instead it's based on the district's 5 year budget process and has been reduced based on the wide ranging reduction process completed in the 3rd quarter of this fiscal year (see Budget Reduction Narratives for details).



3.050 Capital Outlay

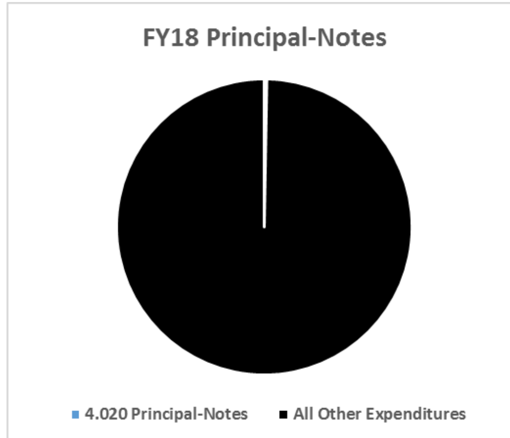


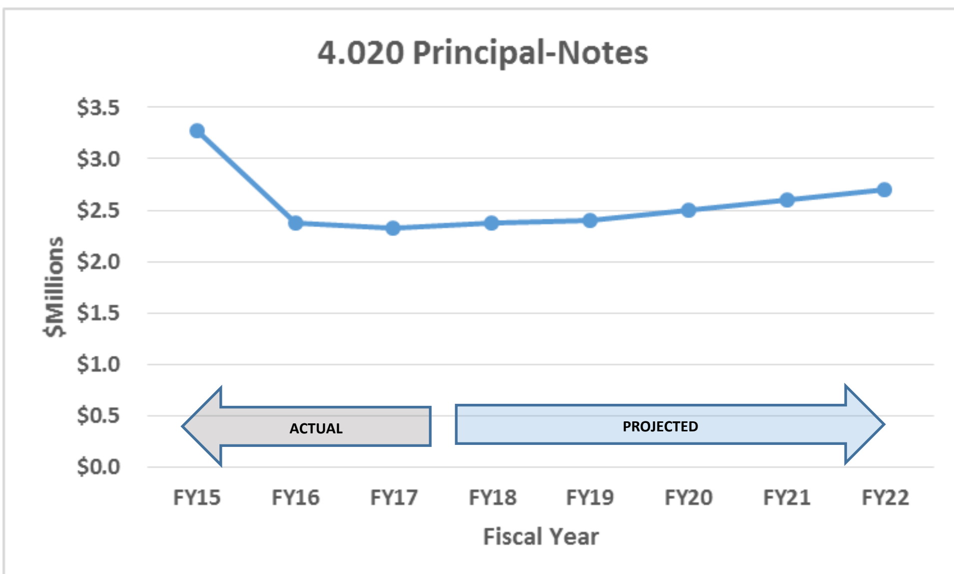
This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, buses, and vehicles. For FY18 this represents less than 1% of the General Fund expenditures. As a result of reduced state funding which came to light in Q3 of FY17, the district identified during the budget preparation process as much capital outlay as possible that could be shifted to alternate sources of funding such as the newly approved Permanent Improvement Fund and bond issue ("Operation Fix-It"). Further, capital outlay was subject to the budget reductions identified in Q3 of the current fiscal year. The result is a significant drop in the allocation for capital outlay in FY18 versus FY17 and previously. Again, the projection for this non-personnel line item is not based on "last year plus", instead it's based on the district's 5 year budget process (see FY18 General Fund Budget Narratives for details).



4.020 Principal-Notes

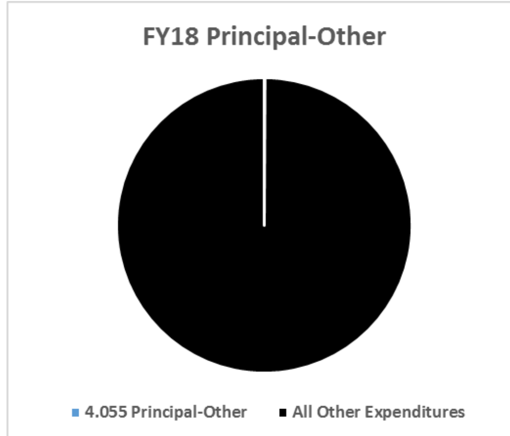
Payment of principal on the BANs issued in 2013 for the purchase of school buses. This debt will be fully retired at the end of FY24. This expenditure flows through the Debt Service Fund on the district records but is included and reported here due to a requirement that the FYF reflect all General Fund related activities.

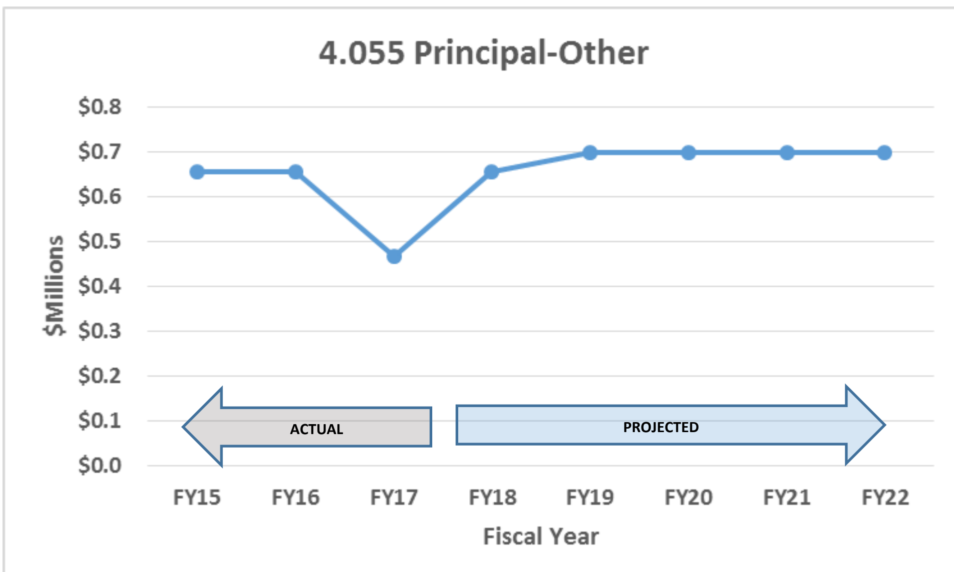




4.055 Principal-Other

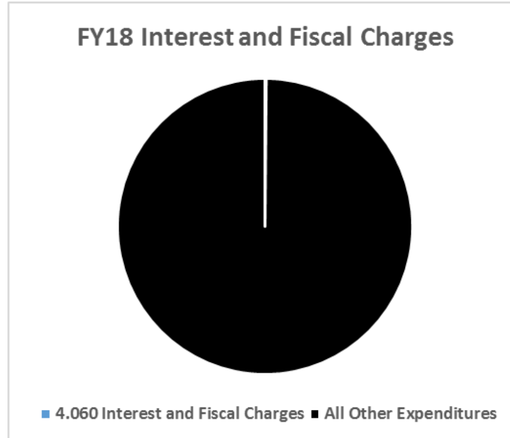
Payment of principal on Qualified School Construction Bonds issued in 2011. Another example of Debt Service Fund activity reported in the FYF as General Fund related. This debt is fully retired after FY25.

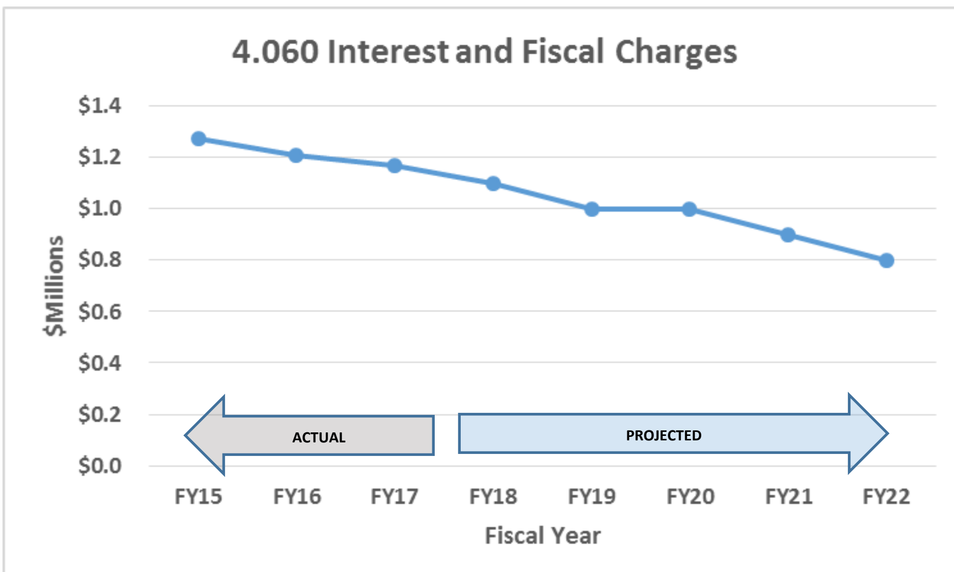




4.060 Interest and Fiscal Charges

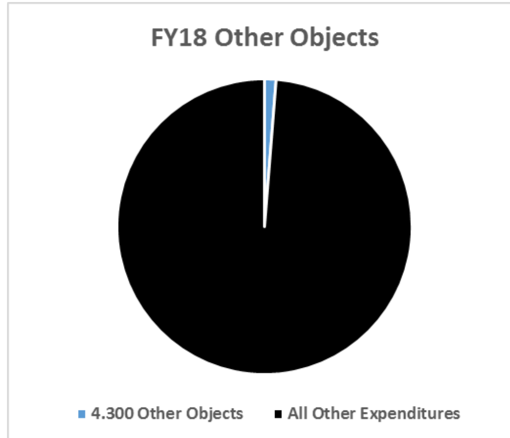
Interest payable on the BANs and QSCBs the principal of which is shown on lines 4.020 and 4.055.

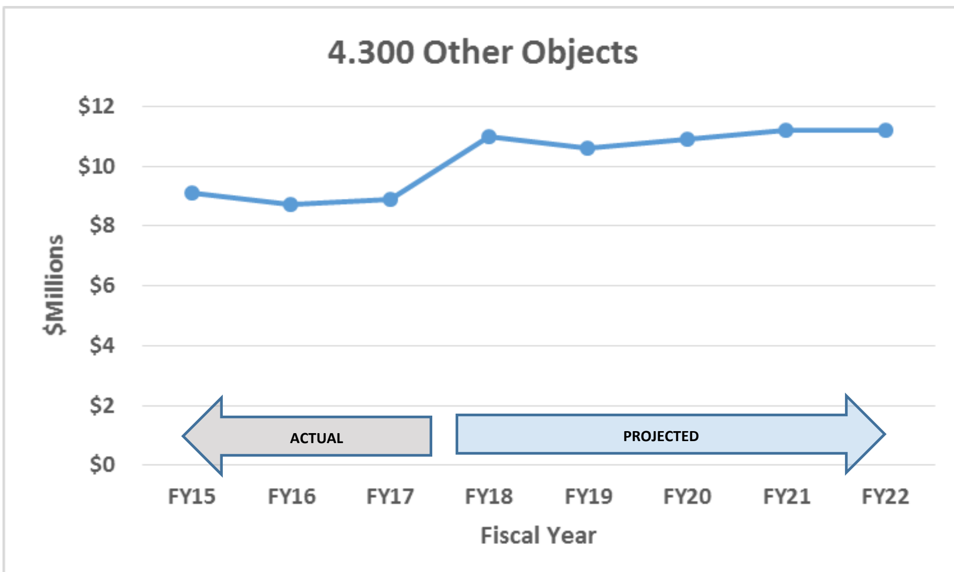




4.300 Other Objects

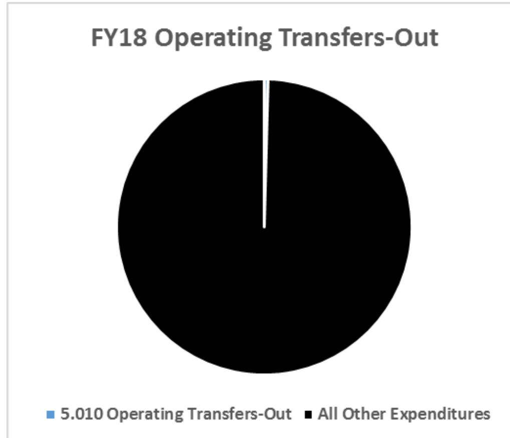
The primary components listed here consists of membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, election expenses, etc. Just over 91% of the line is for county auditor and treasurer fees for the calculation, assessment, collection and distribution of property taxes.

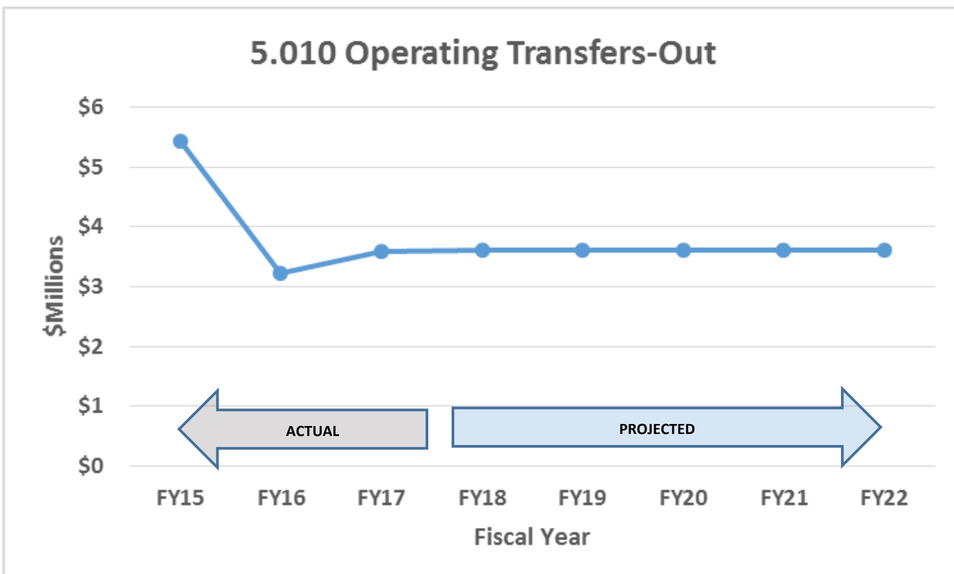




5.010 Operating Transfers-Out

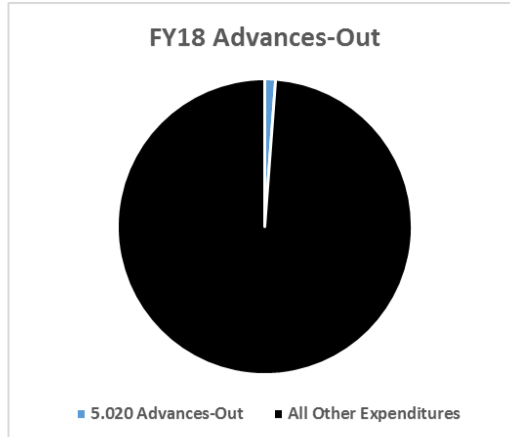
Permanent movement of monies between funds. Included here is a transfer of $2.9 million to the Debt Service Fund for the payment of debt service on the school bus BANs (the expenditure corollary to revenue line 2.04) and the annual transfer of $642,800 to the Athletics Funds. The transfer for payment of the bus BANs will end after FY24 once the bonds are paid off.

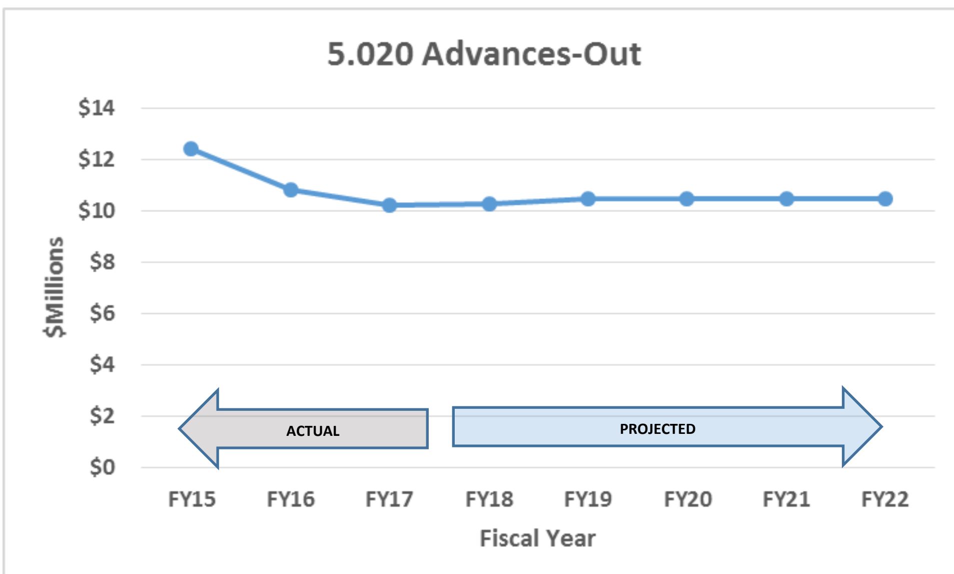




5.020 Advances-Out

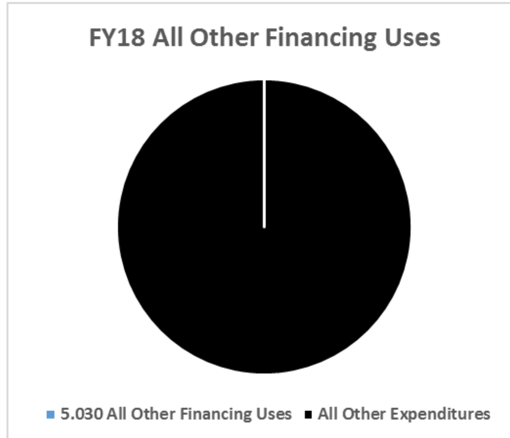
Temporary movement of monies between funds. Activity here is dependent on the cash flow needs of other funds. This is the expenditure corollary to revenue line 2.050 Advances-In.

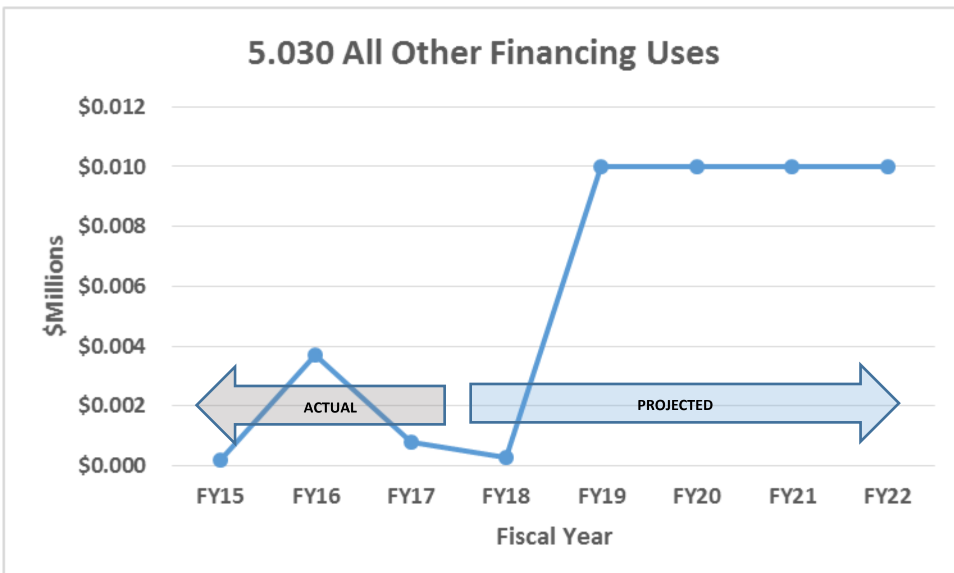




5.030 All Other Financing Uses

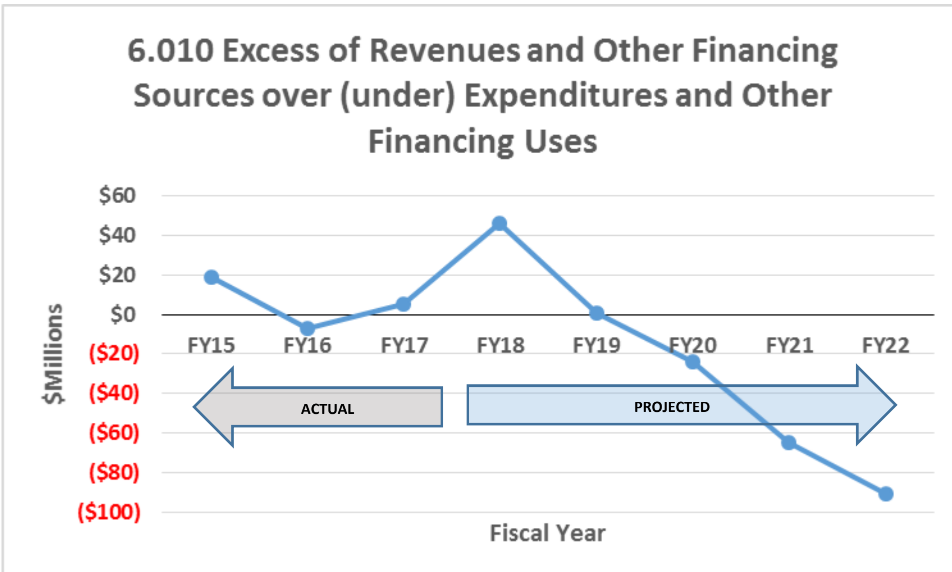
A line item for contingencies and refund of prior year receipts. While budgeted (and hence included in the FYF) very little if any expenditure activity occurs on this line.





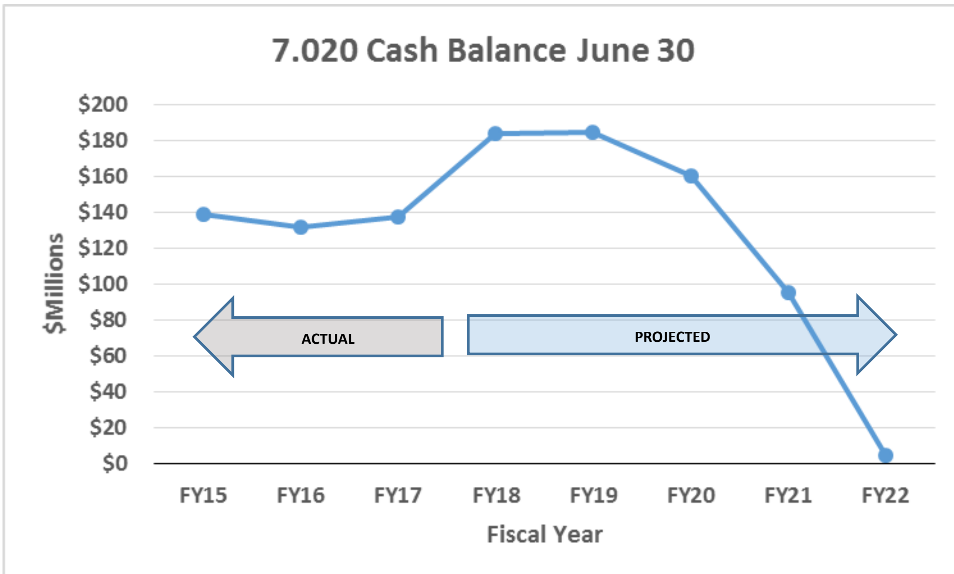
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses

Line 2.080 minus 5.050. This line can be used to get a good sense of a school district's fiscal health. A positive number indicates that a school district spent within its revenue for that fiscal year. A negative number indicates that a school district's expenditures exceeded the revenue generated for that fiscal year resulting in a reduction to any surplus the district may hold. A school district experiencing several years of "overspending" will almost always result in fiscal concerns or insolvency. The district increased its cash balance in FY18, is essentially neutral in FY19, and begins to deplete its cash balance in FY20 and beyond.



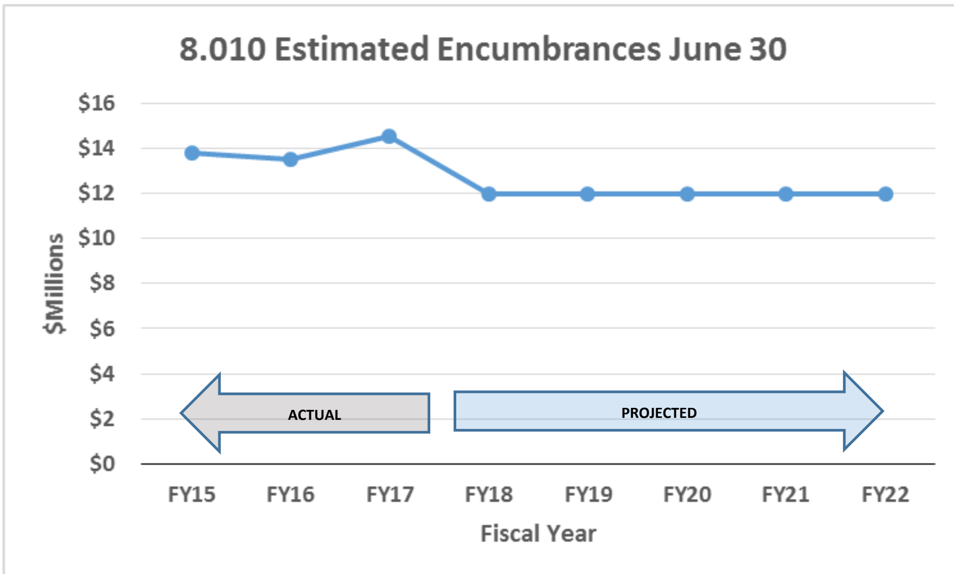
7.020 Cash Balance June 30

The Government Finance Officers Association has a best practices recommendation of maintaining a 30-day cash balance reserve or target. While there is no formal board policy on cash balance, our discussions always reference this as our planning target. In this forecast, 30-days cash balance ranges from $72 to $88 million and is met in 4 out of the 5 years.



8.010 Estimated Encumbrances June 30

The amount of money already requested through a purchase order. The funds have been obligated, but a check has not yet been written. Funds may be encumbered (obligated) in one fiscal year and paid in another.



References

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Budget Reduction Narratives

Budget Reduction Narratives

Or cut and paste into browser:
https://www.boarddocs.com/oh/columbus/Board.nsf/files/AXRJJ844DCE3/$file/FY%202019%20Budget%20Reduction%20Narratives%20-%20Non_Personnel%20-%20040418.pdf

Five Year Forecast – Schedule of Revenue, Expenditures, and Changes in Fund Balances

See forecast document on following pages.

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COLUMBUS CITY SCHOOLS FIVE YEAR FORECAST FOR FISCAL YEAR 2018

APPROVED
FAC review: April 12, 2018
Presented to Board: May 1, 2018
Board adoption: May 15, 2018

DISTRICT TYPE: CITY
IRN: 043802
COUNTY: FRANKLIN

		ACTUAL				FORECASTED				
		FISCAL YEAR 2015	FISCAL YEAR 2016	FISCAL YEAR 2017	AVERAGE CHANGE	FISCAL YEAR 2018	FISCAL YEAR 2019	FISCAL YEAR 2020	FISCAL YEAR 2021	FISCAL YEAR 2022
	Revenues									
1.010	General Property Tax (Real Estate)	406,453,259	406,166,467	452,750,906	5.7%	502,000,000	502,100,000	509,400,000	514,500,000	519,600,000
1.020	Tangible Personal Property	54,648	31,428	4,567	-64.0%	0	0	0	0	0
1.030	Income Tax	0	0	0	0.0%	0	0	0	0	0
1.035	Unrestricted State Grants-in-Aid	248,387,972	257,464,819	285,157,418	7.2%	294,980,000	305,300,000	316,700,000	328,600,000	340,900,000
1.040	Restricted State Grants-in-Aid	45,836,957	43,794,881	44,915,324	-0.9%	48,020,000	49,300,000	51,600,000	54,000,000	56,400,000
1.045	Restricted Fed. Grants	478,507	483,614	437,697	-4.2%	500,000	500,000	500,000	500,000	500,000
1.050	Property Tax Allocation	62,439,801	53,154,974	45,055,095	-15.1%	40,100,000	32,700,000	32,600,000	32,900,000	33,200,000
1.060	All Other Revenues	19,786,151	27,305,927	25,758,080	16.2%	21,800,000	17,845,000	16,800,000	15,600,000	14,900,000
1.070	Total Revenues	783,437,295	788,402,110	854,079,086	4.5%	907,400,000	907,745,000	927,600,000	946,100,000	965,500,000
	Other Financing Sources									
2.010	Proceeds from Sale of Notes	0	0	0	0.0%	0	0	0	0	0
2.020	State Emergency Loans and Advancements (Approved)	0	0	0	0.0%	0	0	0	0	0
2.040	Operating Transfers-In	4,779,500	2,581,804	2,945,450	-15.9%	3,900,000	2,900,000	2,900,000	2,900,000	2,900,000
2.050	Advances-In	18,268,232	13,470,939	7,726,404	-34.5%	10,200,000	10,500,000	10,500,000	10,500,000	10,500,000
2.060	All Other Financing Sources	2,483,173	376,175	136,686	-74.3%	65,000	150,000	150,000	150,000	150,000
2.070	Total Other Financing Sources	25,530,905	16,428,918	10,808,541	-34.9%	14,165,000	13,550,000	13,550,000	13,550,000	13,550,000
2.080	**Total Revenues and Other Financing Sources**	**808,968,200**	**804,831,028**	**864,887,626**	**3.5%**	**921,565,000**	**921,295,000**	**941,150,000**	**959,650,000**	**979,050,000**
	Expenditures									
3.010	Personal Services	371,538,886	380,842,371	407,284,137	4.7%	407,700,000	421,600,000	434,500,000	457,900,000	472,200,000
3.020	Employees' Retirement/Insurance Benefits	159,063,417	163,070,716	171,690,855	3.9%	171,000,000	183,400,000	197,600,000	215,800,000	228,300,000
3.030	Purchased Services	209,469,059	217,924,449	231,939,656	5.2%	246,000,000	266,500,000	283,300,000	300,400,000	318,800,000
3.040	Supplies and Materials	14,541,080	18,969,766	17,611,867	11.6%	18,200,000	18,800,000	19,300,000	19,900,000	19,500,000
3.050	Capital Outlay	2,758,685	3,989,088	4,189,791	24.8%	3,300,000	1,300,000	1,300,000	1,200,000	1,500,000
3.060	Intergovernmental	0	0	0	0.0%	0	0	0	0	0
	Debt Service:									
4.010	Principal-All (Historical Only)				0.0%					
4.020	Principal-Notes	3,280,000	2,370,000	2,325,000	-14.8%	2,370,000	2,400,000	2,500,000	2,600,000	2,700,000
4.030	Principal-State Loans	0	0	0	0.0%	0	0	0	0	0
4.040	Principal-State Advancements	0	0	0	0.0%	0	0	0	0	0
4.050	Principal-HB 264 Loans	775,000	0	0	0.0%	0	0	0	0	0
4.055	Principal-Other	657,665	657,665	469,065	-14.3%	657,665	700,000	700,000	700,000	700,000
4.060	Interest and Fiscal Charges	1,272,994	1,211,519	1,168,944	-4.2%	1,100,000	1,000,000	1,000,000	900,000	800,000
4.300	Other Objects	9,096,315	8,736,184	8,875,716	-1.2%	11,000,000	10,600,000	10,900,000	11,200,000	11,200,000
4.500	Total Expenditures	772,453,101	797,771,758	845,555,031	4.6%	861,327,665	906,300,000	951,100,000	1,010,600,000	1,055,700,000
	Other Financing Uses									
5.010	Operating Transfers-Out	5,422,300	3,224,604	3,588,250	-14.6%	3,600,000	3,600,000	3,600,000	3,600,000	3,600,000
5.020	Advances-Out	12,417,673	10,808,889	10,241,811	-9.1%	10,300,000	10,500,000	10,500,000	10,500,000	10,500,000
5.030	All Other Financing Uses	210	3,691	793	789.6%	267	10,000	10,000	10,000	10,000
5.040	Total Other Financing Uses	17,840,183	14,037,184	13,830,853	-11.4%	13,900,267	14,110,000	14,110,000	14,110,000	14,110,000
5.050	**Total Expenditures and Other Financing Uses**	**790,293,283**	**811,808,943**	**859,385,884**	**4.3%**	**875,227,932**	**920,410,000**	**965,210,000**	**1,024,710,000**	**1,069,810,000**
6.010	Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	18,674,917	(6,977,914)	5,501,743	-158.1%	46,337,068	885,000	(24,060,000)	(65,060,000)	(90,760,000)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	120,198,371	138,873,288	131,895,373	5.3%	137,397,116	183,734,184	184,619,184	160,559,184	95,499,184
7.020	**Cash Balance June 30**	**138,873,288**	**131,895,373**	**137,397,116**	**-0.4%**	**183,734,184**	**184,619,184**	**160,559,184**	**95,499,184**	**4,739,184**
8.010	Estimated Encumbrances June 30	13,844,977	13,557,932	14,583,814	2.7%	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000
	Reservation of Fund Balance									
9.010	Textbooks and Instructional Materials	0	0	0	0.0%	0	0	0	0	0
9.020	Capital Improvements	0	0	0	0.0%	0	0	0	0	0
9.030	Budget Reserve	0	0	0	0.0%	0	0	0	0	0
9.040	DPIA	0	0	0	0.0%	0	0	0	0	0
9.045	Fiscal Stabilization	0	0	0	0.0%	0	0	0	0	0
9.050	Debt Service	0	0	0	0.0%	0	0	0	0	0
9.060	Property Tax Advances	0	0	0	0.0%	0	0	0	0	0
9.070	Bus Purchases	0	0	0	0.0%	0	0	0	0	0
9.080	Subtotal	0	0	0	0.0%	0	0	0	0	0
10.010	**Fund Balance June 30 for Certification of Appropriations**	**125,028,311**	**118,337,442**	**122,813,302**	**-0.8%**	**171,734,184**	**172,619,184**	**148,559,184**	**83,499,184**	**(7,260,816)**

COLUMBUS CITY SCHOOLS FIVE YEAR FORECAST FOR FISCAL YEAR 2018

APPROVED
FAC review: April 12, 2018
Presented to Board: May 1, 2018
Board adoption: May 15, 2018

DISTRICT TYPE: CITY
IRN: 043802
COUNTY: FRANKLIN

	ACTUAL				FORECASTED				
	FISCAL YEAR 2015	FISCAL YEAR 2016	FISCAL YEAR 2017	AVERAGE CHANGE	FISCAL YEAR 2018	FISCAL YEAR 2019	FISCAL YEAR 2020	FISCAL YEAR 2021	FISCAL YEAR 2022
Revenue from Replacement/Renewal Levies									
11.010 Income Tax - Renewal				0.0%					
11.020 Property Tax - Renewal or Replacement				0.0%					
11.300 Cumulative Balance of Replacement/Renewal Levies				0.0%	0	0	0	0	0
12.010 Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations	**125,028,311**	**118,337,442**	**122,813,302**	**-0.8%**	**171,734,184**	**172,619,184**	**148,559,184**	**83,499,184**	**(7,260,816)**
Revenue from New Levies									
13.010 Income Tax - New				0.0%	0	0	0	0	0
13.020 Property Tax - New				0.0%	0	0	0	0	0
13.030 Cumulative Balance of New Levies				0.0%	0	0	0	0	0
14.010 Revenue from Future State Advancements				0.0%	0	0	0	0	0
15.010 Unreserved Fund Balance June 30	125,028,311	118,337,442	122,813,302	-0.8%	171,734,184	172,619,184	148,559,184	83,499,184	(7,260,816)

See accompanying summary of significant forecast assumptions and accounting policies
Includes: General fund, Emergency Levy fund, and any portion of Debt Service fund related to General fund debt.