APPROVED
FAC review: April 11, 2019
Presented to Board: May 7, 2019
Board adoption: May 21, 2019

COLUMBUS CITY SCHOOLS

FRANKLIN COUNTY, OHIO

ASSUMPTIONS AND NOTES

FIVE-YEAR FORECAST – May 2019

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE FISCAL YEARS ENDING JUNE 30
ACTUAL: 2016, 2017, 2018
FORECASTED: 2019, 2020, 2021, 2022, 2023

PREPARED BY:

TREASURER'S OFFICE
STANLEY J. BAHOREK, TREASURER/CFO
MICHAEL MCCAMMON, CONTROLLER

OFFICE OF BUDGET & FINANCIAL MANAGEMENT
SCOTT GOODING, EXECUTIVE DIRECTOR

POLICY AND GOVERNMENT AFFAIRS
ERIK ROUSH, Ph.D., SUPERVISOR, POLICY AND GOVERNMENT AFFAIRS

May 21, 2019

Table of Contents

EXECUTIVE SUMMARY 3
Introduction (Ohio Department of Education) 3
Purposes/Objectives of the Five-Year Forecast (Ohio Department of Education) 3
General Economic Conditions and Outlook 4
Revenues, Expenditures and Ending Cash Balances 6
REVENUES 8
Overview 8
Revenue Details 9
FYF Line Breakdown 10
1.010 General Property Tax (Real Estate) 11
1.020 Tangible Personal Property 12
1.035 Unrestricted State Grants-in-Aid 13
1.040 Restricted State Grants-in-Aid 14
1.045 Restricted Federal Grants 15
1.050 Property Tax Allocation 16
1.060 All Other Operating Revenues 17
2.040 Operating Transfers-In 18
2.050 Advances-In 19
2.060 All Other Financing Sources 20
EXPENDITURES 21
Overview 21
FYF Line Breakdown 22
3.010 Personal Services 23
3.020 Employees' Retirement/Insurance Benefits 24
3.030 Purchased Services 25
Community Schools Break Out 26
3.040 Supplies and Materials 27
3.050 Capital Outlay 28
4.020 Principal-Notes 29
4.055 Principal-Other 30

4.060 Interest and Fiscal Charges 31
4.300 Other Objects 32
5.010 Operating Transfers-Out 33
5.020 Advances-Out 34
5.030 All Other Financing Uses 35
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses 36
7.020 Cash Balance June 30 37
8.010 Estimated Encumbrances June 30 38
References 39
FY20 General Fund Non-Personnel Budget Requests 39
FY20 General Fund Non-Personnel Updated Budget Requests 39
FY20 General Fund Staffing Requests 39
Five Year Forecast – Schedule of Revenue, Expenditures, and Changes in Fund Balances 40

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 (OBM):

> Real GDP expanded much faster than anticipated in the first quarter, rising at an annual rate of 3.2 percent from the previous quarter in the best start to a year since 2015. Growth increased 2.2 percent in the fourth quarter, which was much slower than the 3.8 percent pace during the middle two quarters of the year. At 3.2 percent, the four-quarter growth rate was the third best of this expansion, after the first two quarters of 2015. (OBM, 2019A).

OBM indicates that the Ohio unemployment rate decreased 0.2 percentage points in March to 4.4 percent, "dipping below the 4.5 percent to 4.7 percent range of the most recent seventeen months" (OBM, 2019A). Nationally, the unemployment rate in April decreased from the month before by a statistically significant amount in six states (with the largest declines in Colorado, Ohio, and Wyoming) while three states (California, Minnesota, and Washington) witnessed statistically significant increases. The unemployment rate was unchanged or not statistically different from the month before in all other states (OBM, 2019A).

According to the Ohio Legislative Service Commission (LSC), General Revenue Fund (GRF) tax receipts through August 2018 (representing the first two months of the fiscal year) came in at $27.8 million above estimates (LSC, 2019A). Per LSC:

> April income tax filings yielded receipts exceeding the Office of Budget and Management's (OBM'S) February estimate by $350 million, and total GRF receipts from the tax exceeded estimate by $377 million. GRF receipts from the sales and use tax also beat projections, so that overall GRF tax receipts exceeded the estimate for the month by $414 million. GRF Medicaid spending was below estimate by $100 million for the month, so that April made a very strong contribution to what can now confidently be projected to be a positive GRF balance at the end of FY 2019 amounting to several hundred million dollars. (LSC, 2019A).

GRF tax revenues posted a positive variance of $551.2 million YTD through April; according to LSC, this nearly ensures that "this revenue category will exceed anticipated fiscal year receipts at the end of June" (LSC, 2019A). LSC further notes that "receipts increased for the largest tax sources (sales and use tax, PIT, and CAT), though revenue from the cigarette and other tobacco products tax continued its usual yearly downward trend" (LSC, 2019A).

At the present, it appears that the State will end FY 2019 with a large positive variance; where that variance will be credited remains a topic of deliberation during the biennial budget process. It is also important to note that, unlike this stage in the budget process two years ago, revenues appear to be trending upward, with investments in education coming from both the Executive Budget proposal as well as the House-passed version.

While there was a great deal of discussion relative to replacing the current school funding formula, this debate appears to have been set aside for the moment as the bill progresses to the Senate. It appears unlikely that any major changes will be made for the foreseeable future, but there are still several steps remaining in this biennial budget process.

It is important to note that there was a difference between revenue estimates when OBM and LSC provided their projections for the 2020/2021 biennium. OBM's baseline forecasts indicated projected revenues of $24.02 billion in FY 2020 and $24.45 billion in FY 2021 (OBM, 2019B). Conversely, LSC's forecast, using similar estimates of economic conditions, projected revenues of $23.67 billion for FY 2020 and $24.29 billion in FY 20201 – a difference of $580.2 million for the biennium (LSC, 2019B). At the present, the House has opted to split the difference in making its changes to the biennial budget while simultaneously adding additional revenues in the form of various tax changes; it remains to be seen what approach the Senate will take. It is also important to note that both OBM and LSC will revise their estimates when the bill heads to conference committee. In short, while it is important to note the differences in terms of overall budget construction in each chamber, the estimates will be re-forecast again, potentially impacting the variance of revenue assumptions between the two agencies.

In conclusion, the economy appears to continue its growth through the first quarter of 2019, and all indications are that the State of Ohio will end FY 2019 with a surplus due to tax receipts outperforming estimates. Indicators are good that the economy will continue to grow, and, barring any additional tax code changes, so will state tax receipts in the months ahead, allowing for additional growth in education resource allocation formulae.

Revenues, Expenditures and Ending Cash Balances

Changes from the October 2018 forecast reflected in this May update include:

1. An increase of approximately $69 million in revenues over the 5-year period.
2. A decrease of approximately $81 million in expenditures over the 5-year period.
3. The combination of those revised estimates yields an increase in ending cash balance for each year of the forecast from plus $32 million for Fiscal Year 2019 to plus $149 million in Fiscal Year 2023, the final year of this forecast.

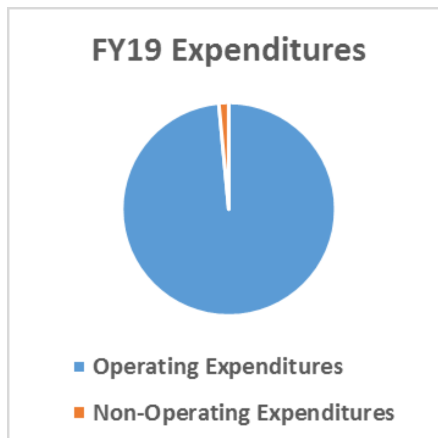
The budget preparation for fiscal year 2019-20 utilized for the first time functionality within the district's ERP software providing a central repository for not only 5 years of projected expenditures but also narrative to accompany the requests. This eliminated the back and forth transmission of Excel files enhancing data input functionality as well as simplifying access to the data for analytical purposes. Additionally, all information input this year will be easily transferred for use in subsequent years' budget preparations. The non-personnel data entered for the fiscal year 2020 – 2024 then served as the basis for the non-personnel projections for this forecast (see: *FY20 General Fund Non-Personnel Budget Requests,* p. 39).

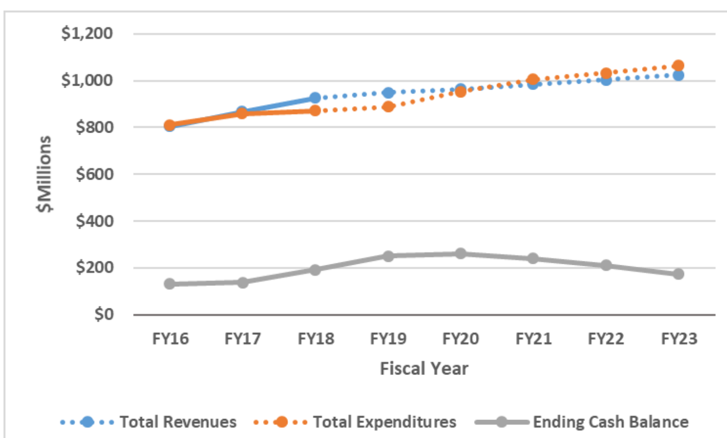
Personnel expenditures were prepared as in the past using historical trends and planned additions related to the 2016 levy positions (many delayed until FY2021). A review, reassessment, and realignment of those positions in light of the current environment is currently in the final stages and the results of which are not reflected in this document as they have not been approved officially by the board of education (see: *FY20 General Fund Staffing Requests*, p. 39).

Other significant variables affecting this forecast include the outcome of the State's biennial budget discussions and proposed changes to the school funding model as well as potential increases in salary and wage rates resulting from current, ongoing labor union negotiations. The impact of the State's biennial budget will not be known until June 2019 and possibly later. It is unknown when contract negotiations with the labor unions will conclude.

Total revenues in this forecast are projected to increase at the rate of 2.1% annually from $925 million in FY18 to $1.025 billion in FY23. Total expenditures are projected to increase at the rate of 4.1% from $871.4 million in FY18 to $1.06 billion in FY23. Expenditures begin to exceed revenues in FY21 driving the June 30 fiscal year ending cash balance from a positive $191.1 million at the end of FY18 to $172.7 million at the end of FY23. In addition to monitoring when expenditures begin to exceed revenues, another leading indicator for the forecast is days of cash on hand. The typical trigger point is 30 days of cash on hand, however, there has been some discussion or a 60 or 90-day target based on best practice discussion at the GFOA. Note that the number of days cash on hand leveled off in FY16 and FY16 at just under 60 days. After the passage of a new operating levy in November 2016 the number of days cash began to climb through the current fiscal year, FY19. Once expenditures begin to exceed revenues the number of days cash on hand declines each year to 59 days in FY23.

	ACTUAL			*PROJECTED*				
$Millions	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Total Revenues	$804.8	$864.9	$925.1	$948.7	$963.3	$983.6	$1,003.9	$1,024.8
Operating Revenues	$788.4	$854.1	$911.8	$935.7	$950.7	$970.6	$990.9	$1,011.8
Non-Operating Revenues	$16.4	$10.8	$13.3	$13.0	$12.6	$13.0	$13.0	$13.0
Total Expenditures	$811.8	$859.4	$871.4	$889.1	$953.4	$1,004.6	$1,031.9	$1,063.7
Operating Expenditures	$797.8	$845.6	$861.1	$875.9	$939.8	$991.0	$1,018.3	$1,050.1
Non-Operating Expenditures	$14.0	$13.8	$10.3	$13.2	$13.6	$13.6	$13.6	$13.6
Revenues Over (Under) Expenditures	($7.0)	$5.5	$53.7	$59.6	$9.9	($21.0)	($28.0)	($38.9)
Ending Cash Balance	$131.9	$137.4	$191.1	$250.7	$260.6	$239.6	$211.6	$172.7
Days cash on hand	59	58	80	103	100	87	75	59





REVENUES

Overview

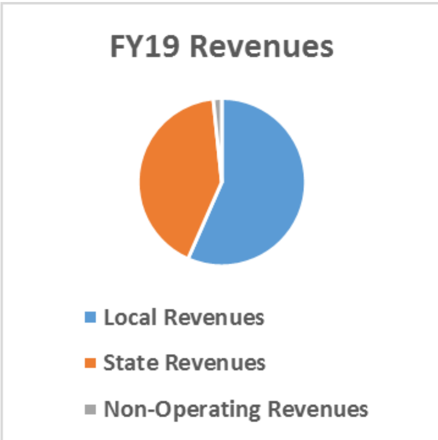
Local revenues (e.g. property taxes, tuition, fees, investment earnings, rentals, and donations) are projected to increase at the rate of 1.4% annually to $563.6 million in FY23 from $526.6 million in FY18. Property taxes are a major driver of local revenues increasing at a projected rate of 1.6% annually from FY18 after larger increases in FY17 and FY18 due to the passage of a new, 5.58 mill operating tax levy in November 2016. Other local revenues are projected to decline (to $21 million in FY23 from $26 million in FY18) during the five-year forecast period largely due to the phase-out of Win-Win payments from other districts.

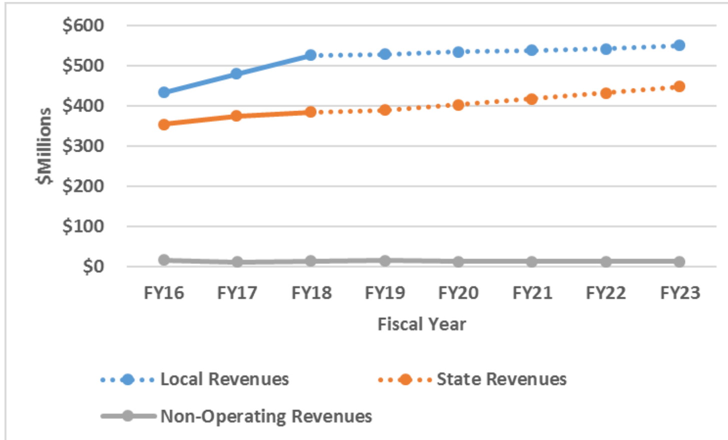
State revenues (e.g. State Foundation Program, rollback and homestead exemption reimbursement, and personal property tax reimbursement) are projected to increase at the rate of 3.1% annually to $448.2 million in FY23 from $385.1 million in FY18. 91-93% of projected state revenues are related to the State Foundation Program and are projected at a growth rate of 3.8% from FY18 to FY23[1]. 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 $13.0 million per year, in line with the FY18 amount of $13.3 million.

	ACTUAL			*PROJECTED*				
$Millions	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Total Revenues	$804.8	$864.9	$925.1	$948.7	$963.3	$983.6	$1,003.9	$1,024.8
Local Revenues	$433.5	$478.5	$526.6	$542.0	$547.5	$552.8	$557.9	$563.6
State Revenues	$354.9	$375.6	$385.1	$393.7	$403.2	$417.8	$433.0	$448.2
Non-Operating Revenues	$16.4	$10.8	$13.3	$13.0	$12.6	$13.0	$13.0	$13.0

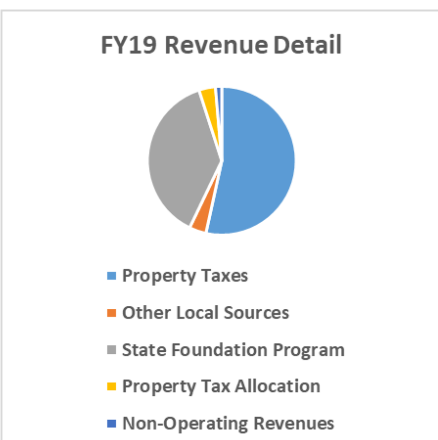
[1] This is primarily a function of the current state funding formula and the "cap" CCS is subject to which limits the growth in state funding. There is the potential for a significant change in the line pending outcome of the state budget and various proposed new funding models.

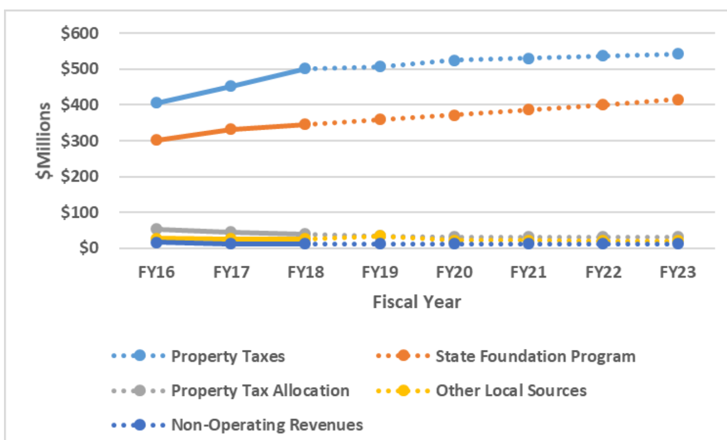




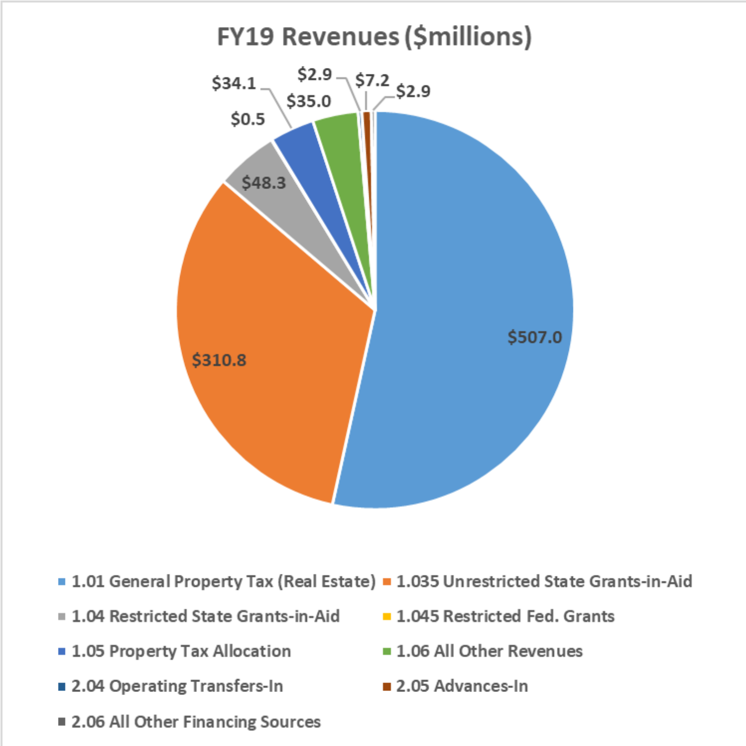
Revenue Details

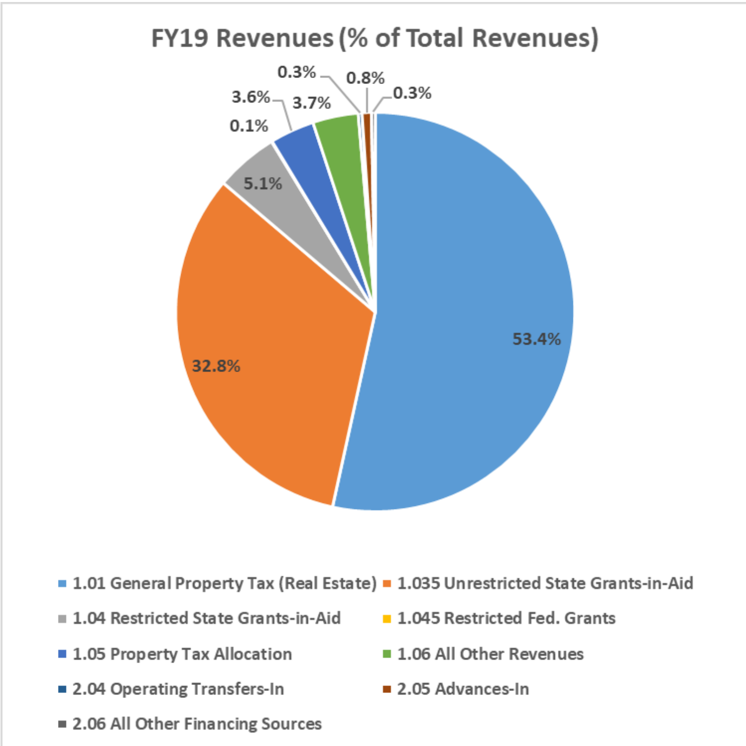
	ACTUAL			PROJECTED				
$Millions	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Property Taxes	$406.2	$452.8	$500.9	$507.0	$524.7	$530.7	$536.5	$542.2
Other Local Sources	$27.3	$25.8	$25.7	$35.0	$22.8	$22.1	$21.4	$21.4
Total Local Revenues	$433.5	$478.5	$526.6	$542.0	$547.5	$552.8	$557.9	$563.6
State Foundation Program	$301.7	$330.5	$345.1	$359.6	$372.0	$386.2	$401.1	$416.0
Property Tax Allocation	$53.2	$45.1	$40.1	$34.1	$31.2	$31.6	$31.9	$32.2
Total State Revenues	$354.9	$375.6	$385.1	$393.7	$403.2	$417.8	$433.0	$448.2
Non-Operating Revenues	$16.4	$10.8	$13.3	$13.0	$12.6	$13.0	$13.0	$13.0
Total Revenues	$804.8	$864.9	$925.1	$948.7	$963.3	$983.6	$1,003.9	$1,024.8





FYF Line Breakdown

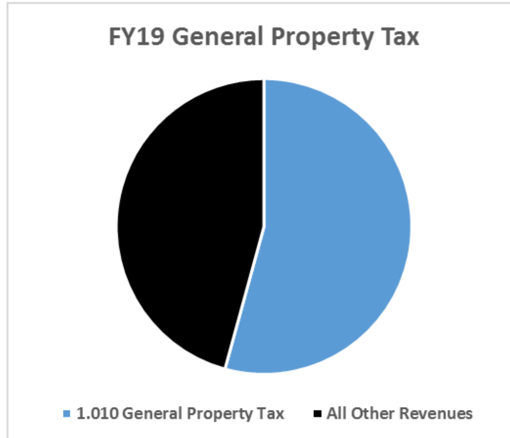


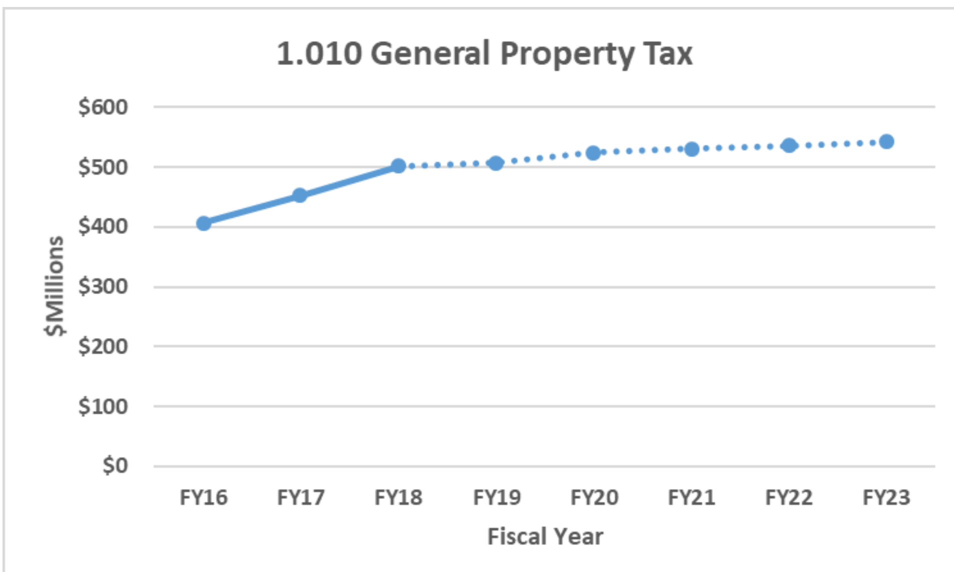


1.010 General Property Tax (Real Estate)

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

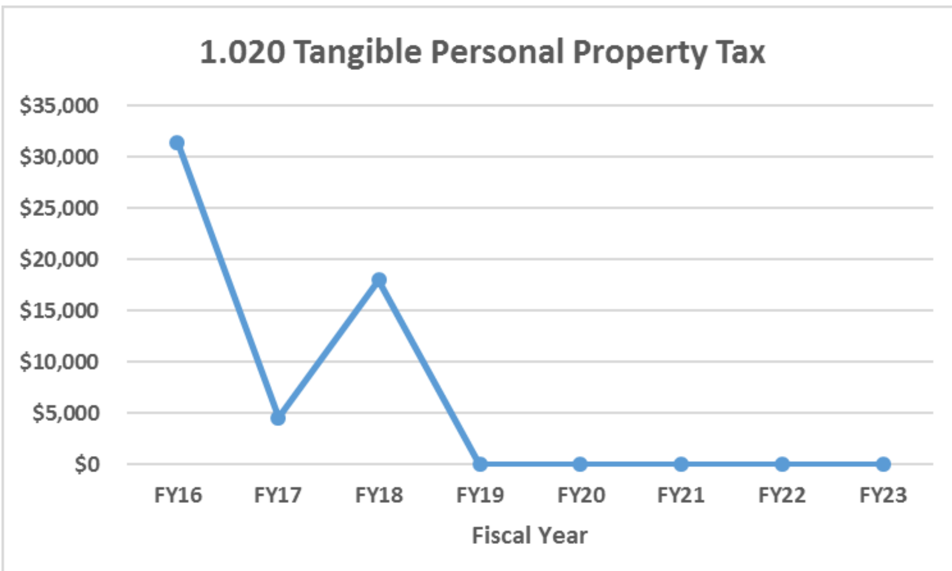
Representing 53% of all revenues, general property taxes benefited beginning in FY17 from the November 2016 passage of a 5.58 mill continuous operating levy. First collected in calendar 2017, FY18 is the first fiscal year which reflects a full year of collection with the new millage. Using FY18 as a base, property taxes are projected to grow at a rate of 1.6% annually during the forecast period; to $542 million in FY23 from $501 million in FY18. No new, additional tax levy is contemplated in this forecast.



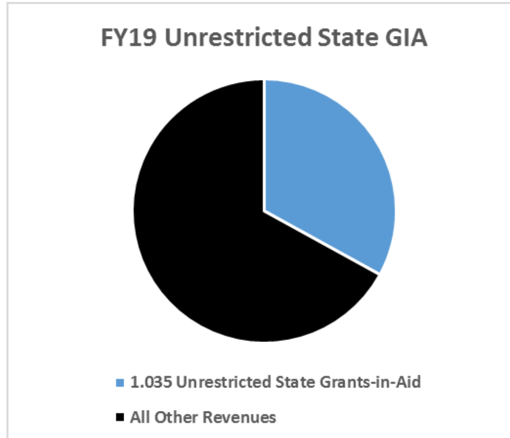


1.020 Tangible Personal Property

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.

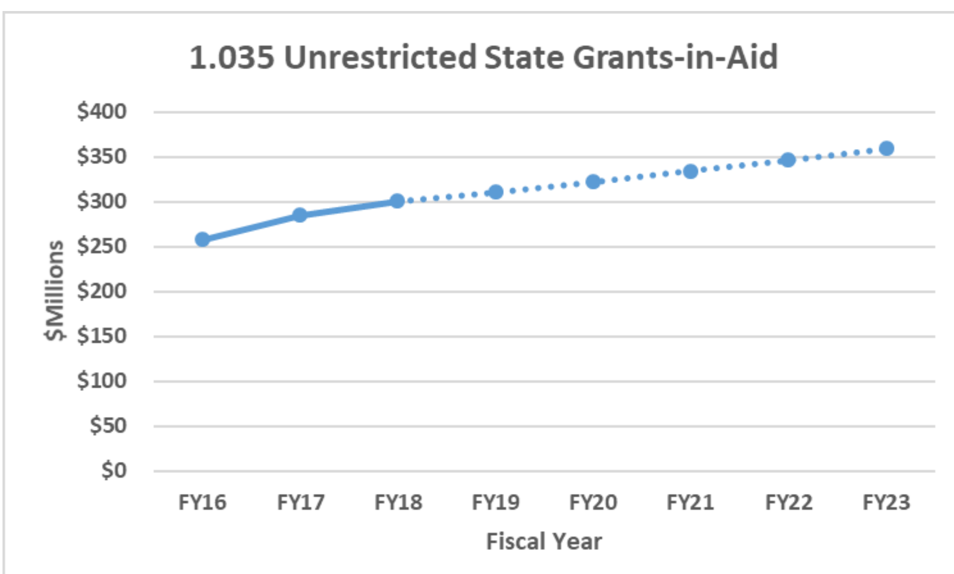


1.035 Unrestricted State Grants-in-Aid

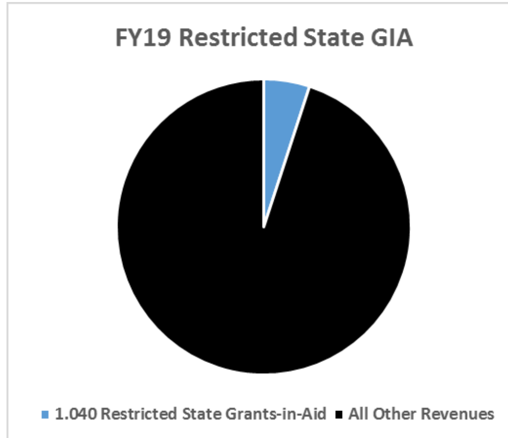


Funds received through the State Foundation Program with no restriction. The foundation formula is the primary vehicle which the Ohio legislature uses to determine how much state aid each school district is to receive.

This revenue line represents 33% of all revenues and 79% of all revenues received from the state and is projected to grow at the rate of 3.6% annually. 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 meant the district received $110 million less in state funding than the formula calculation calls for. For FY19 the estimate is $94 million less. 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. This forecast assumes the cap will increase 4% annually consistent with the state's current biennial budget. This line also includes an estimated $2.5 million in Casino revenue each year. As noted earlier, the state has begun discussions on the next biennial budget, FY20 – FY22. The outcome of those discussions and ultimate adoption of the FY20 – 22 state biennial budget has the potential to have a dramatic impact on the district's financial future. Included in those discussions are two proposals for changes to the funding model both of which could also have a dramatic impact on this line item.

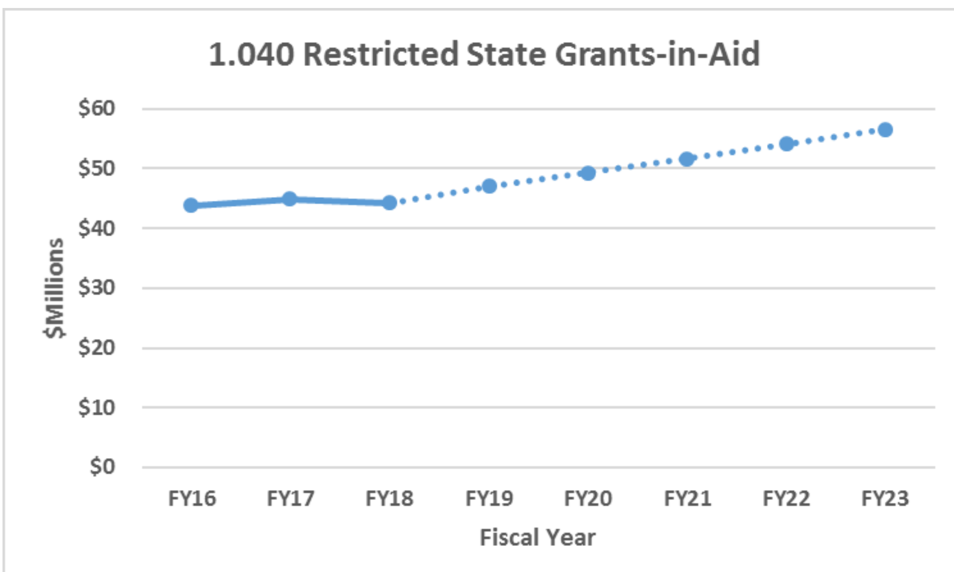


1.040 Restricted State Grants-in-Aid



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

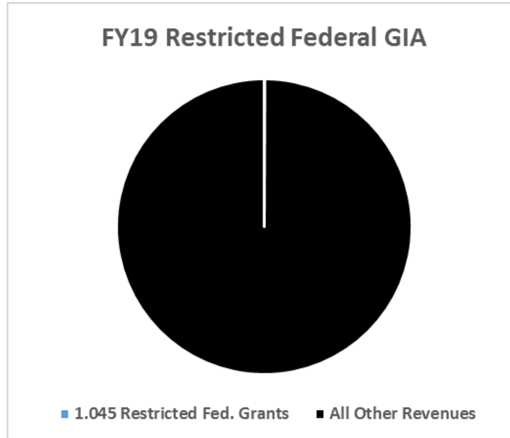
These funds are 5% of all revenues and 12% of state revenues and projected to grow at the rate of 5.1% annually. As with line 1.035, changes in the calculated funding during the year and the effect of the "cap" on the allocation of state revenues to each line may cause this amount to vary during the 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.

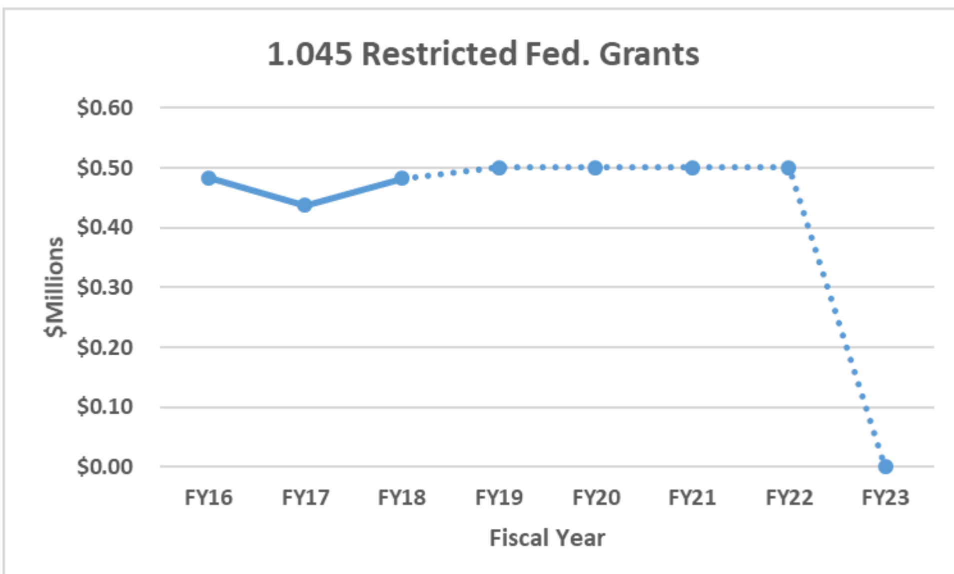


1.045 Restricted Federal Grants

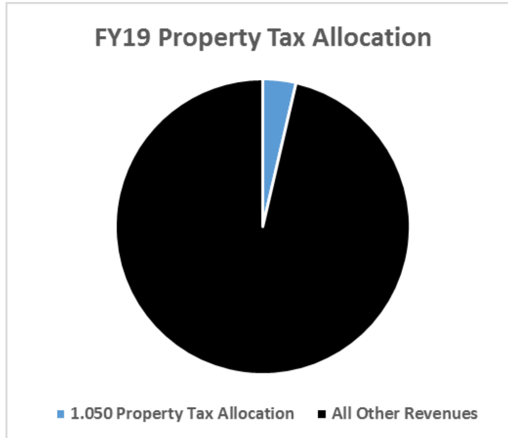
Funds received through the State Foundation Program or other allocations that are restricted for specific purposes. Examples include the Education Jobs fund.

For CCS, this is the QSCB interest rebate from the Federal government and is a very small portion of overall revenues. This subsidy ends during FY23 when the bonds are fully retired.





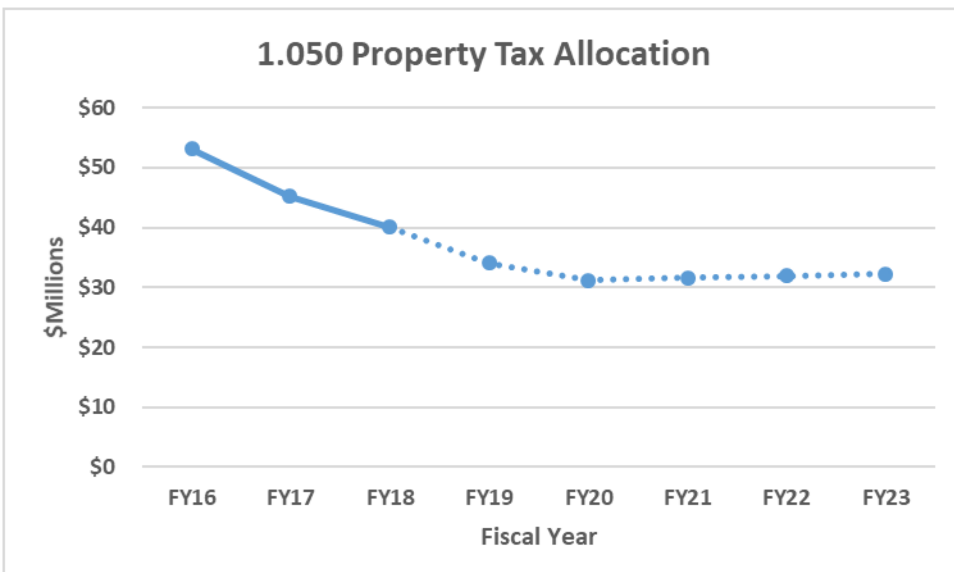
1.050 Property Tax Allocation



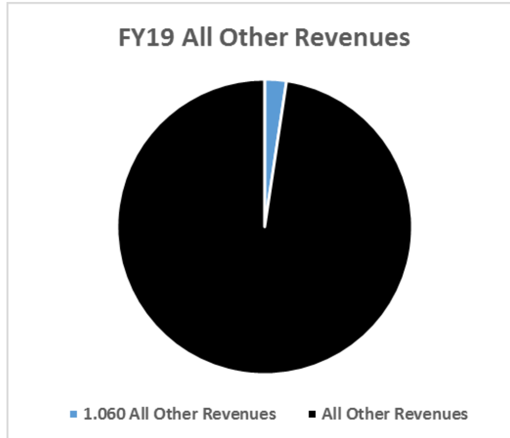
This line includes funds received for Tangible Personal Property Tax (TPP) Reimbursement (as discussed above), Electric Deregulation, Homestead and Rollback, and the "ten thousand dollar exemption" where businesses are exempt from paying the first $10,000 of property tax and the district is reimbursed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

TPP reimbursement is estimated at $0.3 million in FY19 and then is totally phased out beginning in FY20.

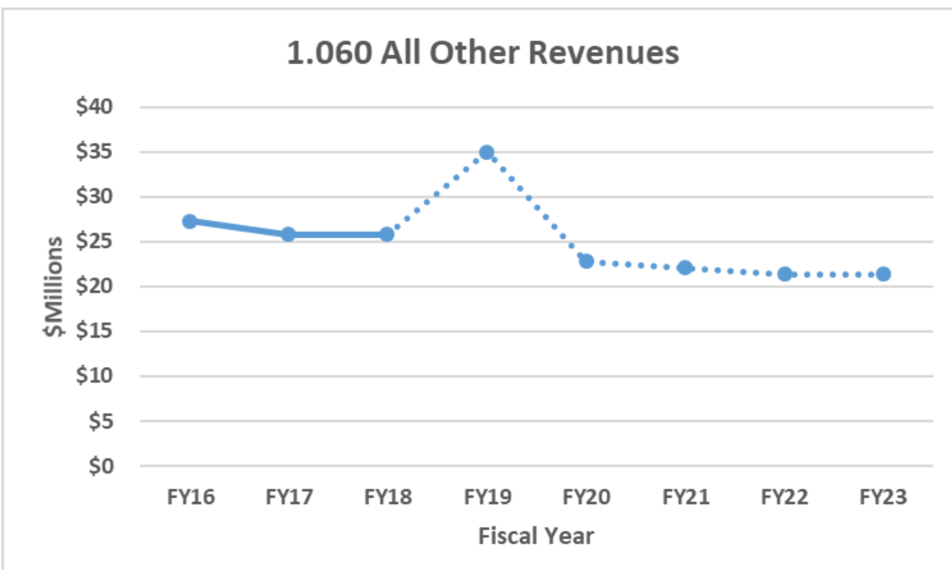
This revenue source is 4% of total revenues and 9% of funds received from the state. The 10.5% Rollback provision was repealed in 2013 (HB59) and as a result all tax levies approved by voters beginning in 2014 are not subject to the rollback, saving the state money but passing that cost on to local taxpayers. 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

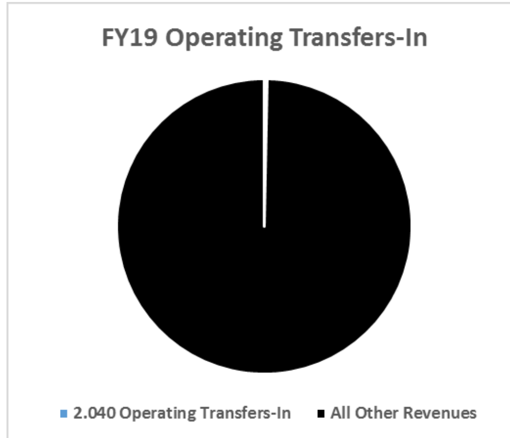


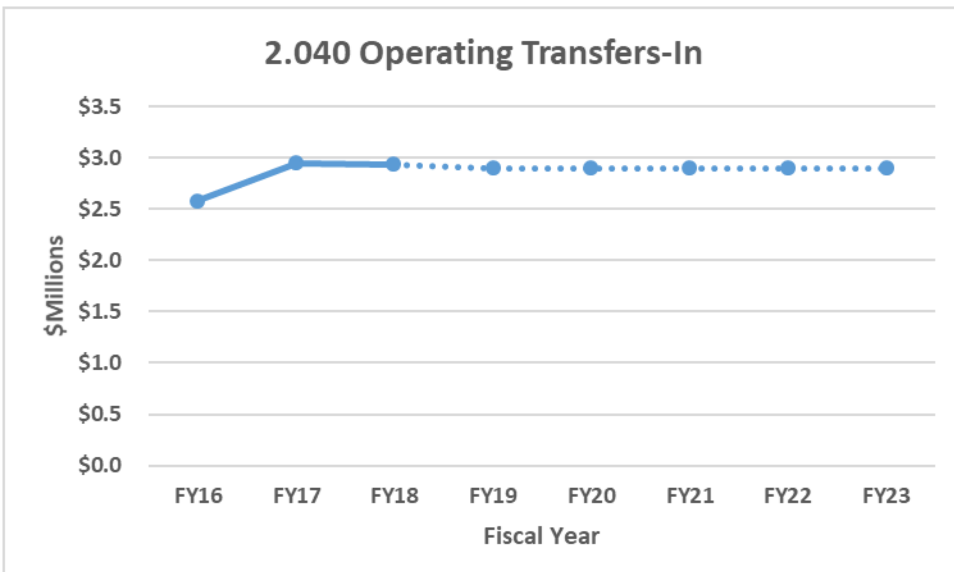
Operating revenue sources not included above. Examples include but are not limited to tuition, fees, investment income, rentals, and donations. Significant items included here as well are payments in lieu of taxes (PILOTs), Win-Win payments and Medicaid reimbursement. PILOTs are difficult to predict 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 5-year average of $3.4 million per year each year of the FYF. The spike in FY19 is primarily due to PILOTs and investment income and that spike is not projected to sustain itself into future fiscal years. This line represents 3.7% of total revenues in FY19 and 2.1 - 2.4% going forward after that.



2.040 Operating Transfers-In

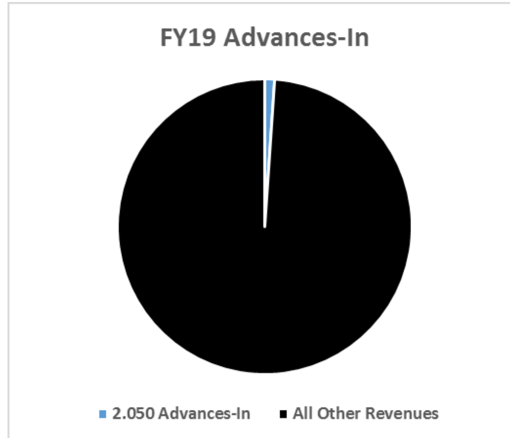
Permanent movement of monies between funds. This is related to a transfer to the Debt Service fund to pay debt service on bonds issued for the purchase of school buses. Less than 0.5% of total revenues.

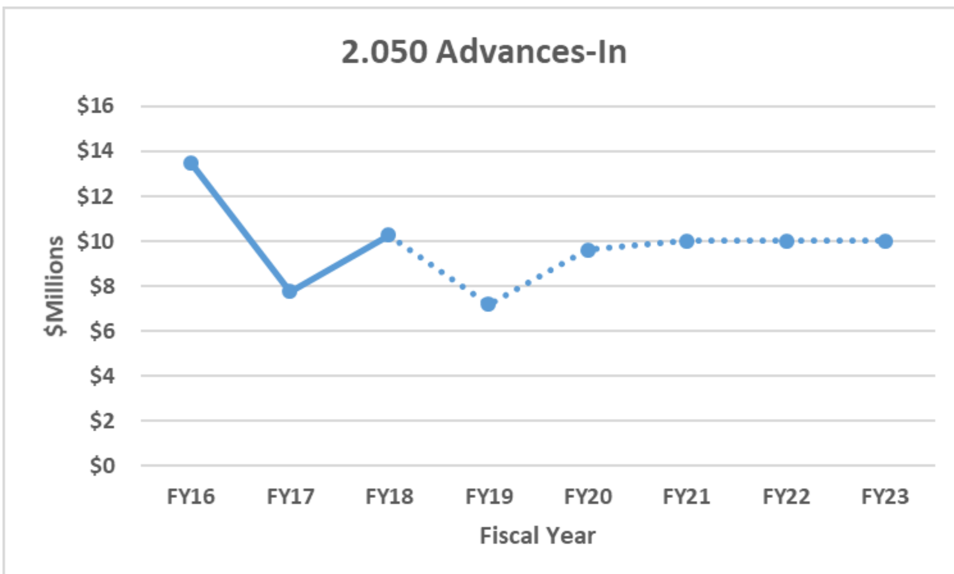




2.050 Advances-In

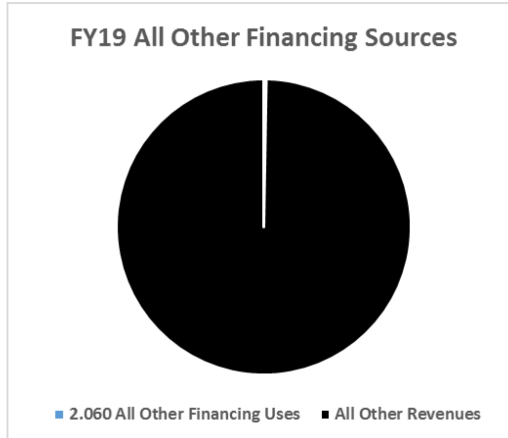
Temporary movement of monies between funds. Generally dependent on the cash flow needs of other funds, this is the return of funds temporarily advances to other funds from the General Fund. The corollary expenditure line is line 5.020 Advances-Out. Projected at $10 million flat in line with the FY16 – FY19 average. 1% of total revenues.

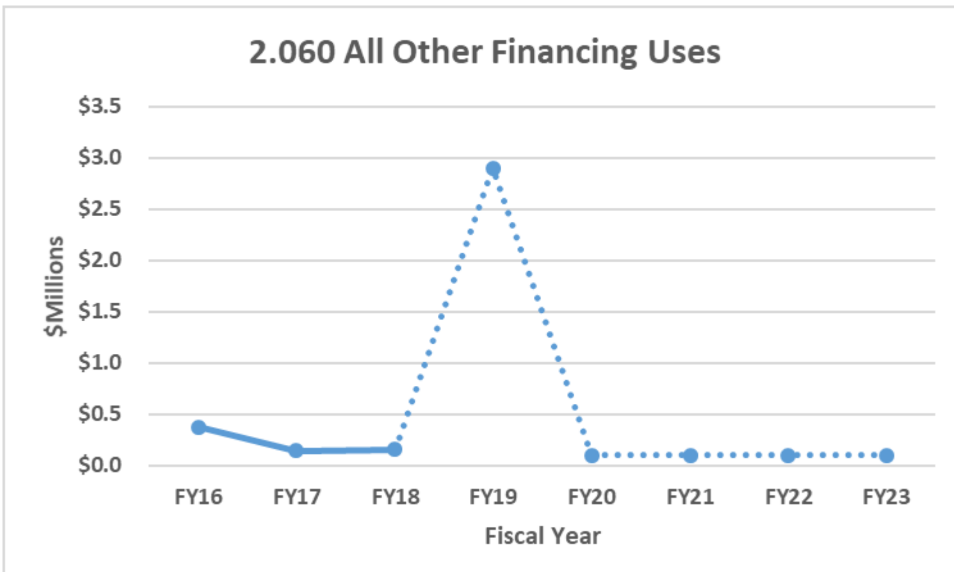




2.060 All Other Financing Sources

Sale and Loss of Assets, Refund of Prior Year Expenditures. At $100,000, this represents less than 0.01% of total revenue and is projected flat[2] for the duration of the FYF.





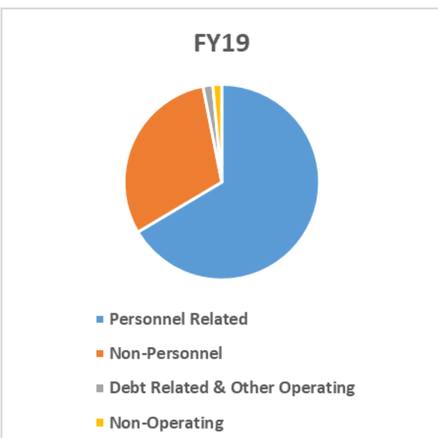
[2] For FY19, the district received a one-time refund of County Auditor and Treasurer Fees of $2.4 million which is not anticipated to repeat during the timeframe of this forecast.

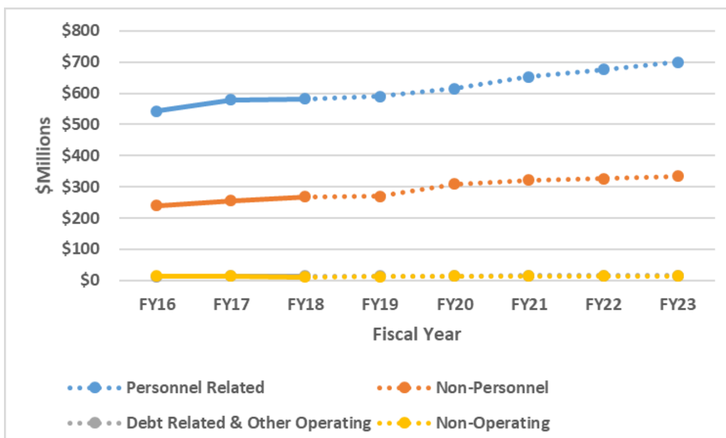
EXPENDITURES

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 3.8% annually from $580 million in FY18 to $700 million in FY23. Non-personnel items (lines 3.020 – 3.050 in the FYF) increase from $267 million in FY18 to $335 million in FY23, a growth rate of 4.6% annually[3]. 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). 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 at the average of prior years for each year of the forecast.

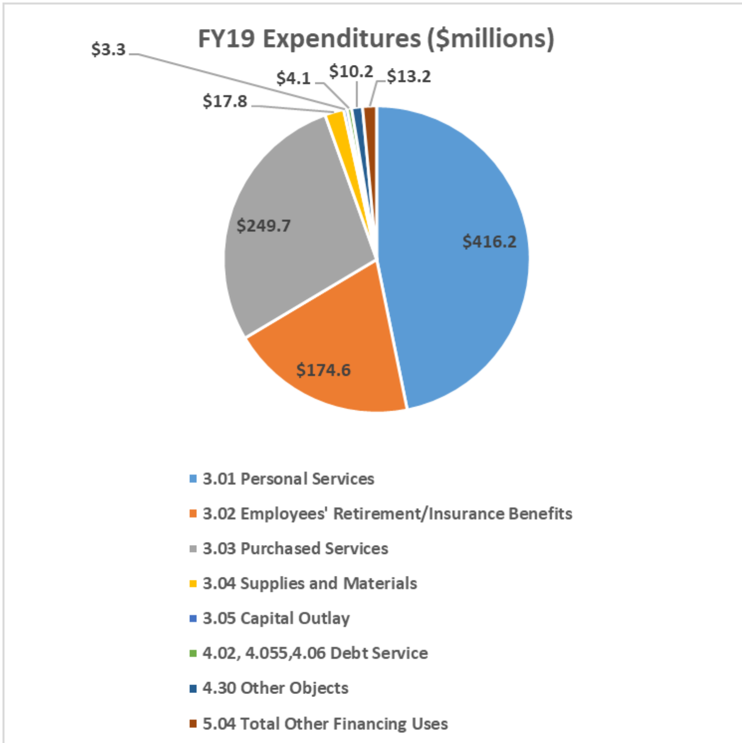
	ACTUAL			*PROJECTED*				
$Millions	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Total Expenditures	$811.8	$859.4	$871.4	$889.1	$953.4	$1,004.6	$1,031.9	$1,063.7
Personnel Related	$543.9	$579.0	$580.1	$590.8	$615.9	$653.6	$676.3	$700.0
Non-Personnel	$240.9	$253.7	$267.1	$270.8	$309.0	$322.2	$326.6	$334.5
Debt Related	$4.2	$4.0	$4.1	$4.1	$4.2	$4.2	$4.2	$4.1
Other Operating	$8.7	$8.9	$9.7	$10.2	$10.7	$11.0	$11.2	$11.5
Non-Operating	$14.0	$13.8	$10.3	$13.2	$13.6	$13.6	$13.6	$13.6

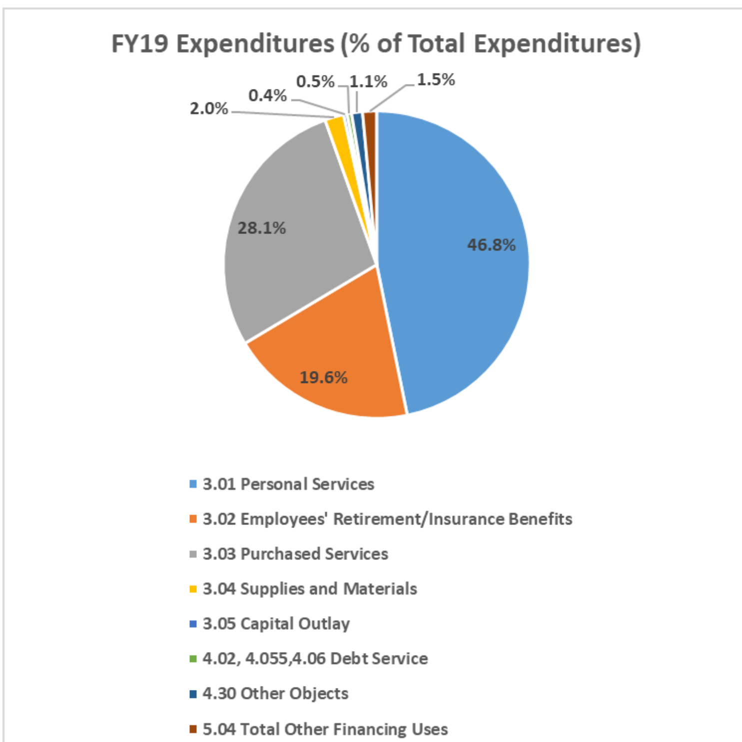




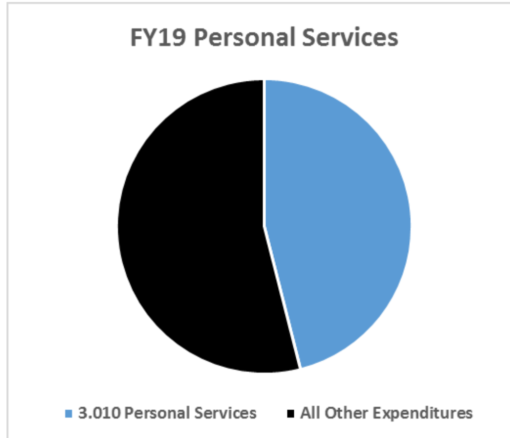
[3] The non-personnel forecast is based on the district's 5-year budget process, not a "last year plus" methodology. The percent growth rate while descriptive is not indicative of the process employed to arrive at the five-year projection.

FYF Line Breakdown

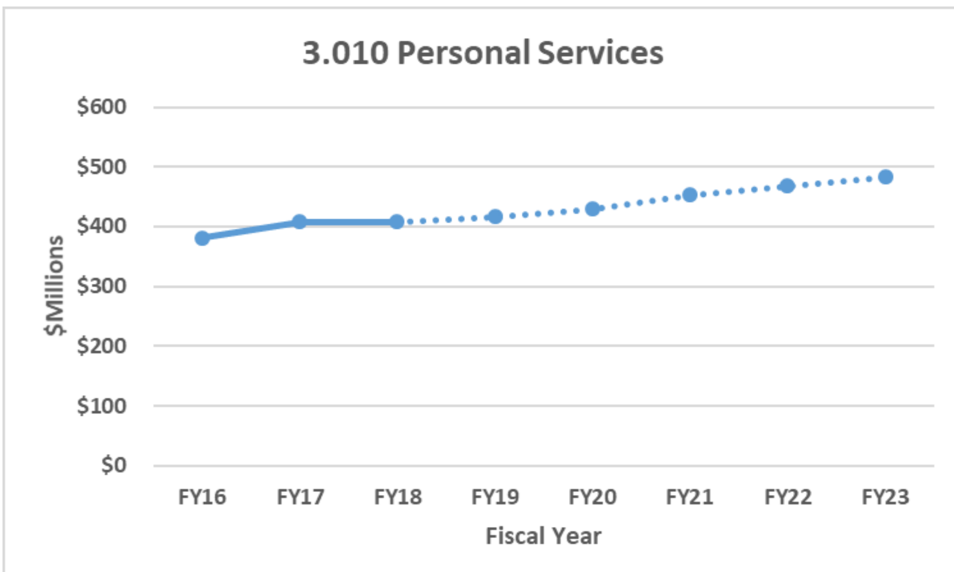




3.010 Personal Services

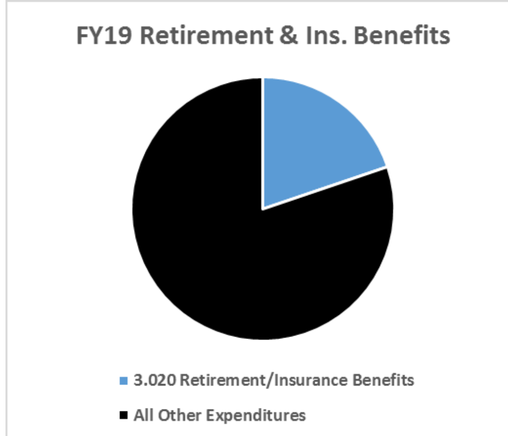


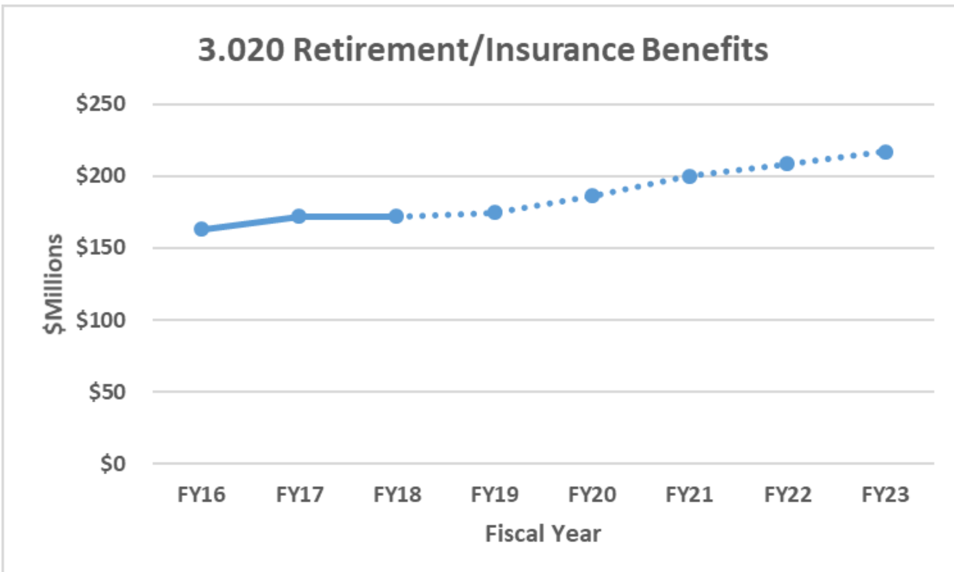
Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc. The forecast includes step increases for current staff, additional staffing as promised in the November 2016 levy campaign and negotiated base salary/wage increases for FY18 and FY19. This forecast does not include certain additional staff detailed in the 2020 staffing proposal request (see: *FY20 General Fund Staffing Requests*, p. 39). The negotiated agreements with two of the district's collective bargaining groups expire in August 2019 and negotiations are ongoing at this time. A 1% across the board base increase is included in the FYF for FY20 – FY23 and any settlement in a different amount will impact the forecast. The projected growth rate FY18 to FY23 is 3.4%. Personal Services represents 47% of all expenditures.



3.020 Employees' Retirement/Insurance Benefits

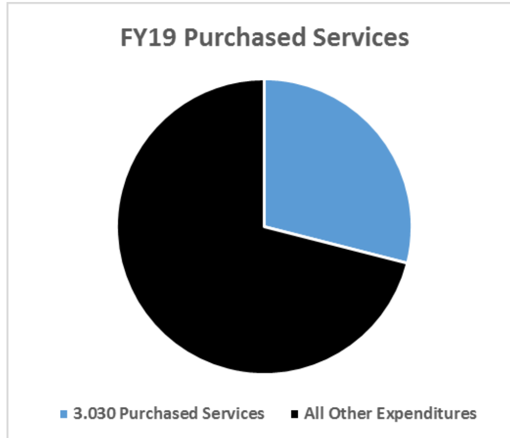
Retirement for all employees, Workers' Comp., Medicare, unemployment, and all health-related insurances. Retirement, workers' comp., and Medicare are all based on a percentage of applicable salaries/wages. Health-related insurances are projected based on trend averaging +4.5%[4] annually. The projected growth rate FY18 to FY23 for all retirement and insurance benefits is 4.8%. Retirement/Insurance Benefits account for 20% of total expenditures.





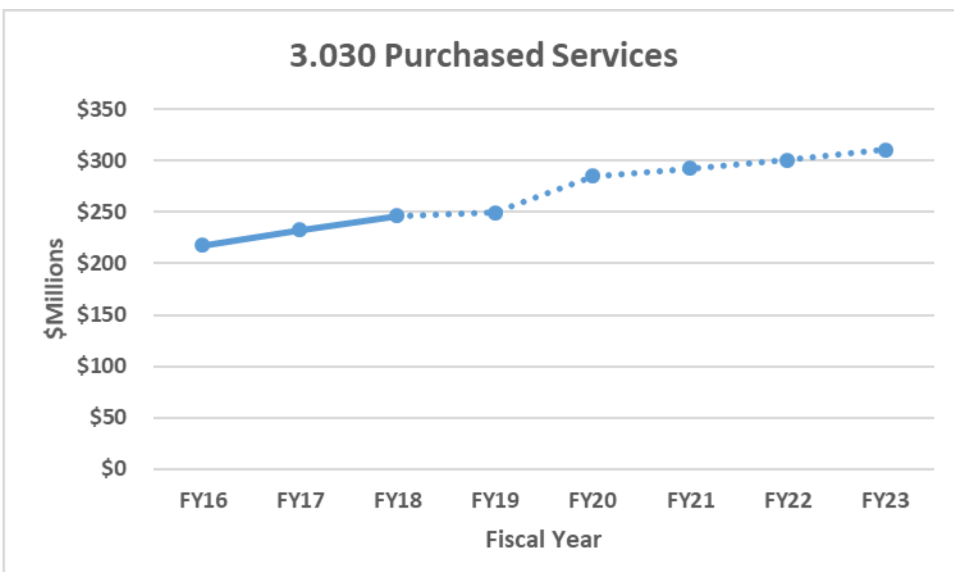
[4] Trends for medical, life, dental and vision individually ranged from 0.0% to 8.1% annually.

3.030 Purchased Services

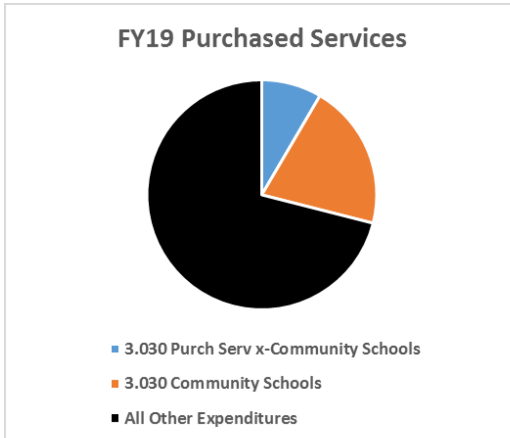


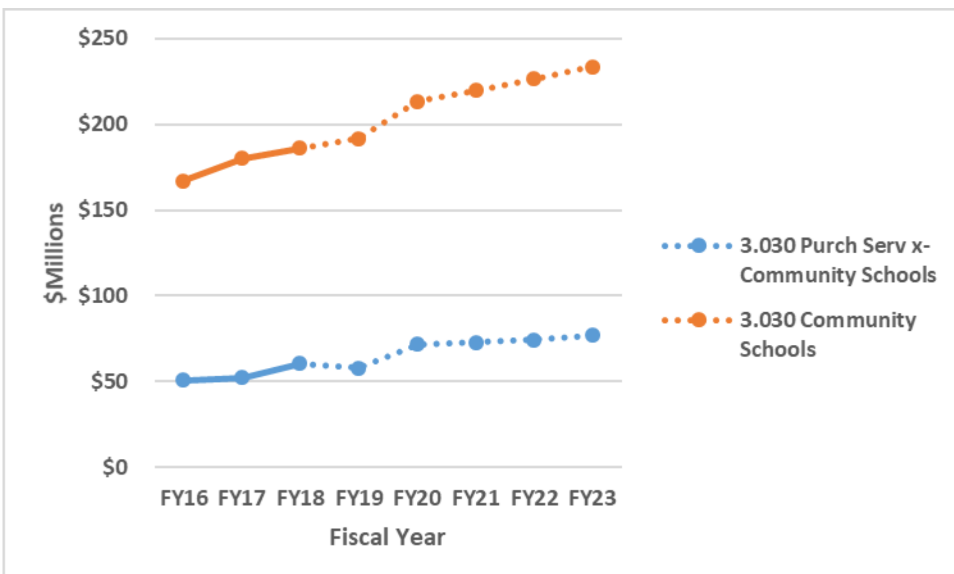
Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, and other services which the school district may purchase. Examples include but are not limited to legal fees, maintenance agreements, utilities, and tuition paid for students attending other school districts, including open enrollment and community schools. The projected growth rate FY18 to FY23 is 4.7%. 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 in June for the ensuing fiscal year. Additionally, as noted in the introduction, all non-personnel budgets were subject to a thorough review (see: FY19 General Fund Budget Narratives). FY20 General Fund Non-Personnel Budget Presentation

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 FY18-FY23 projected growth rate for community schools is 4.9% and 4.7% for purchased services excluding community schools.



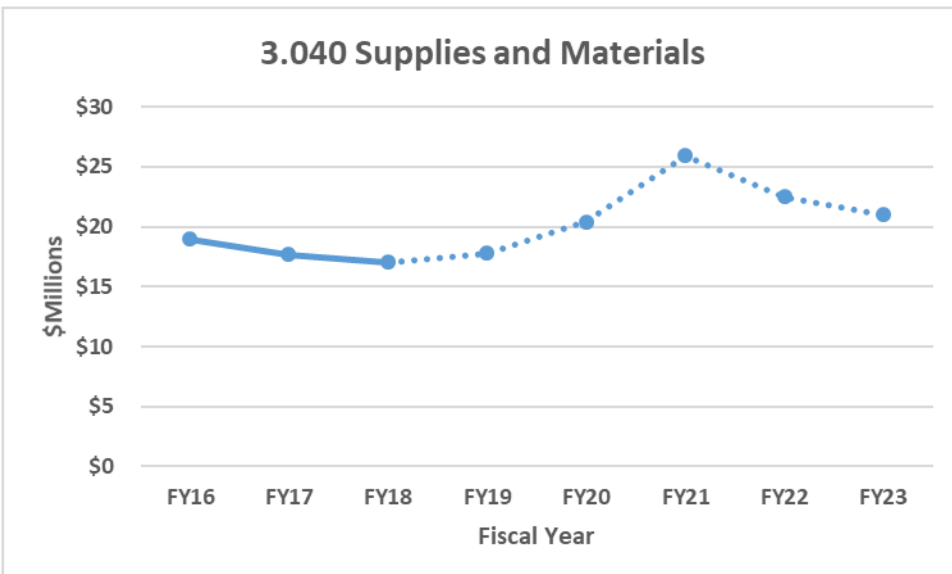
Community Schools Break Out



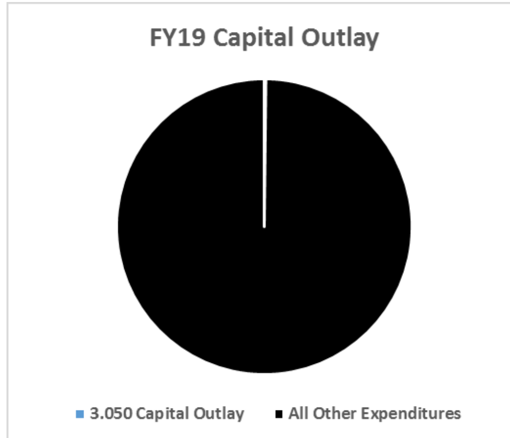


3.040 Supplies and Materials

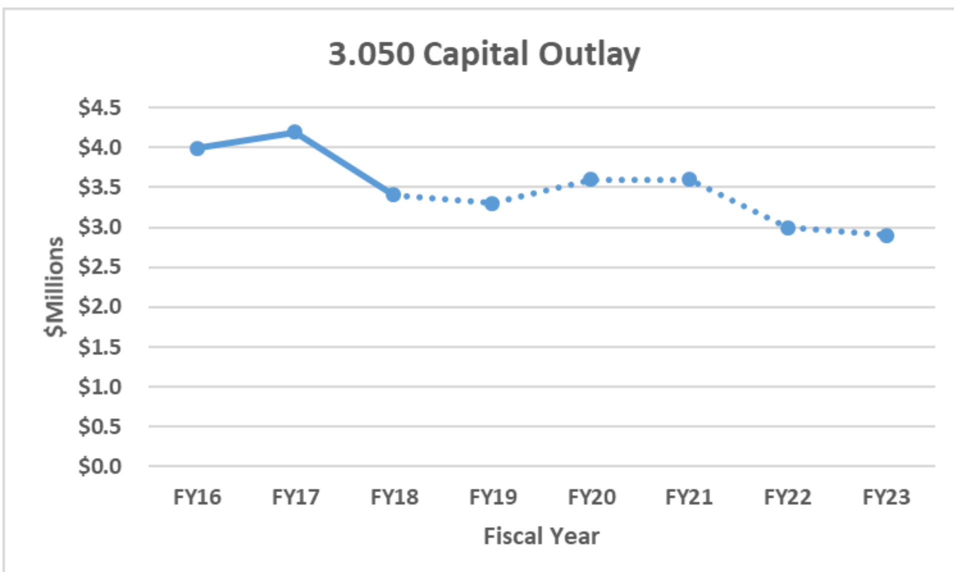
Examples include but are not limited to general supplies, instructional materials including textbooks and media materials, bus fuel and tires, and all other maintenance supplies. At 2% of total expenditures, this line is projected to grow 4.3% annually from $17 million in FY18 to $21 million in FY23. Recall that 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 FY19 General fund Budget Narratives. The "bump" in expenditures for FY21 represents an anticipated new textbook adoption/purchase.



3.050 Capital Outlay

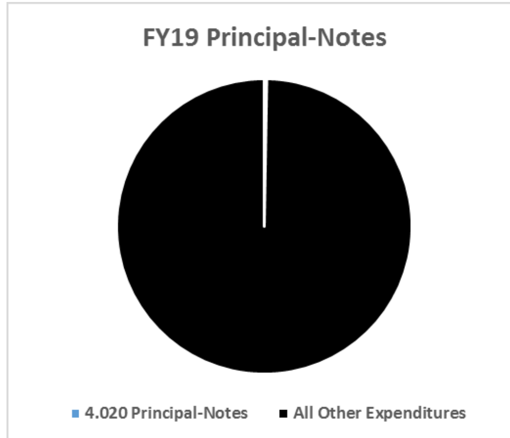


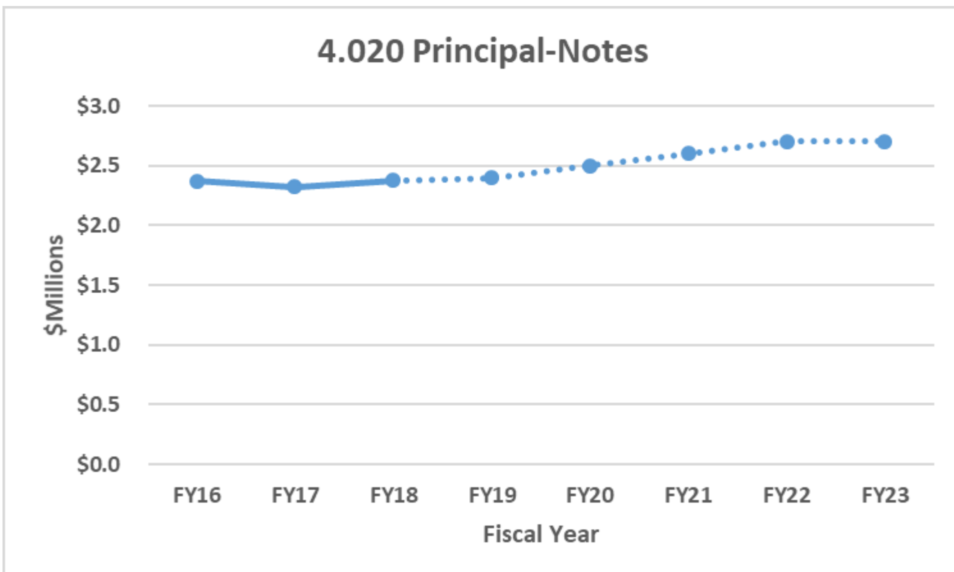
This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, buses, and vehicles. For FY19 this represents less than 0.4% of the General Fund expenditures. As a result of reduced state funding which came to light in Q3 of FY17, the district identified during the budget preparation process at that time 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") – this account for the drop in capital outlay expenditures in the General Fund for FY18. 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 FY19 General Fund Budget Narratives for details).



4.020 Principal-Notes

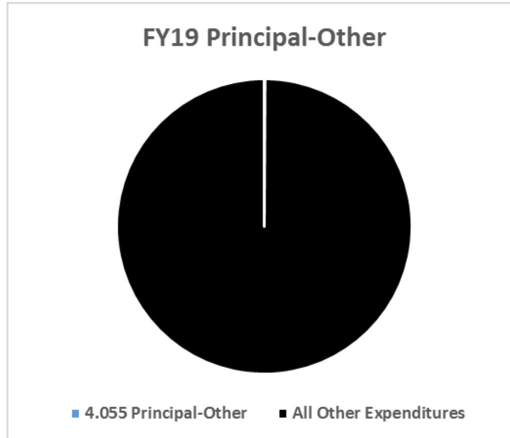
Payment of principal on the BANs issued in 2013 for the purchase of school buses. This debt will be fully retired at the end of FY24. This expenditure flows through the Debt Service Fund on the district records but is included and reported here due to a requirement that the FYF reflect all General Fund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

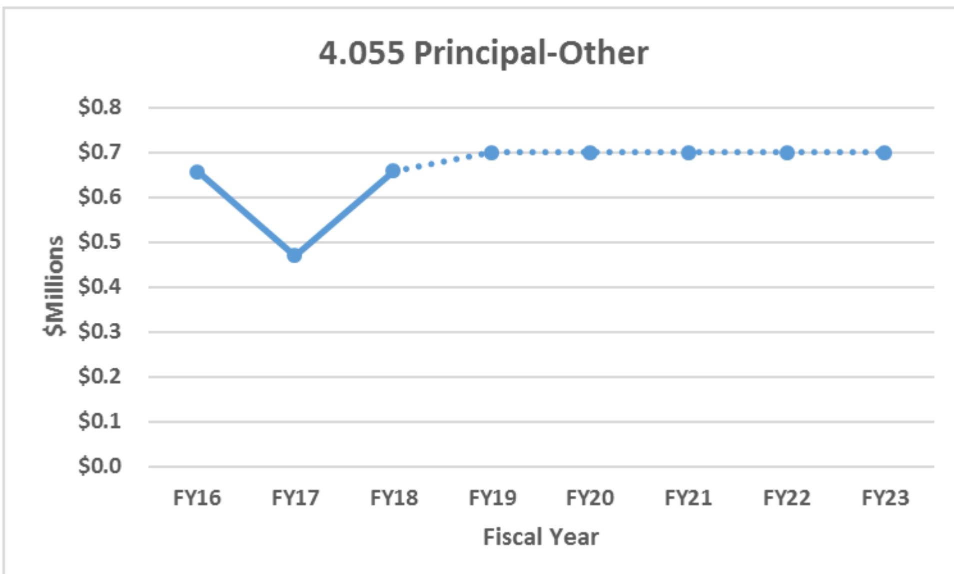




4.055 Principal-Other

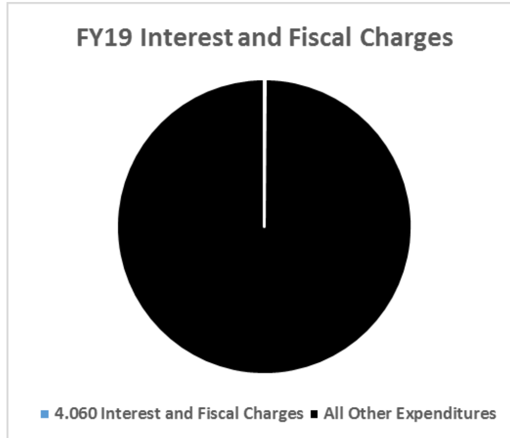
Payment of principal on Qualified School Construction Bonds issued in 2011. Another example of Debt Service Fund activity reported in the FYF as General Fund related. This debt is fully retired after FY25.

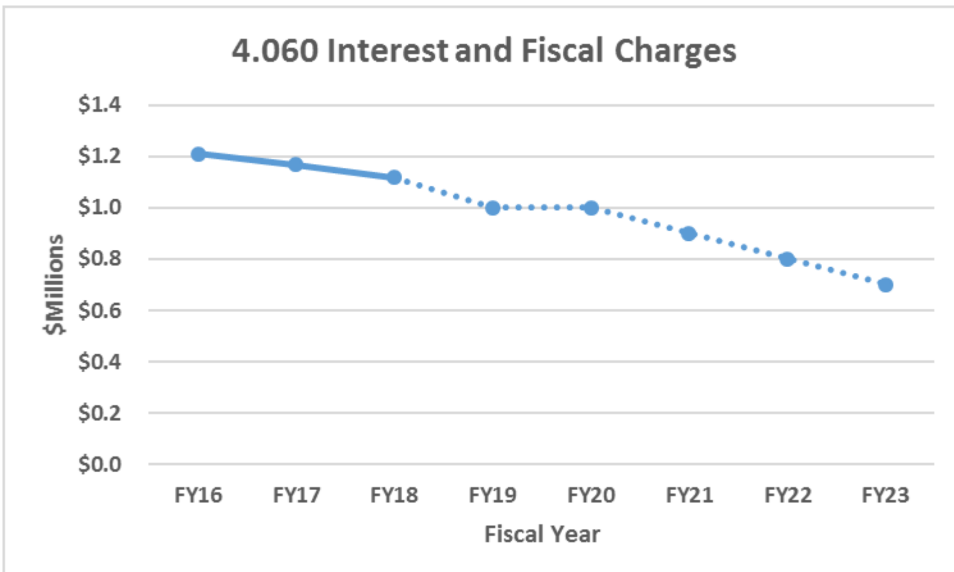




4.060 Interest and Fiscal Charges

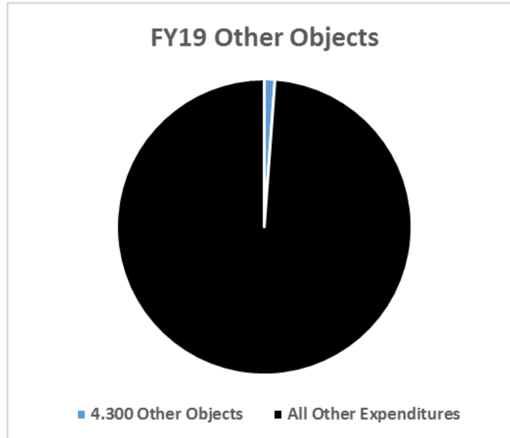
Interest payable on the BANs and QSCBs the principal of which is shown on lines 4.020 and 4.055.

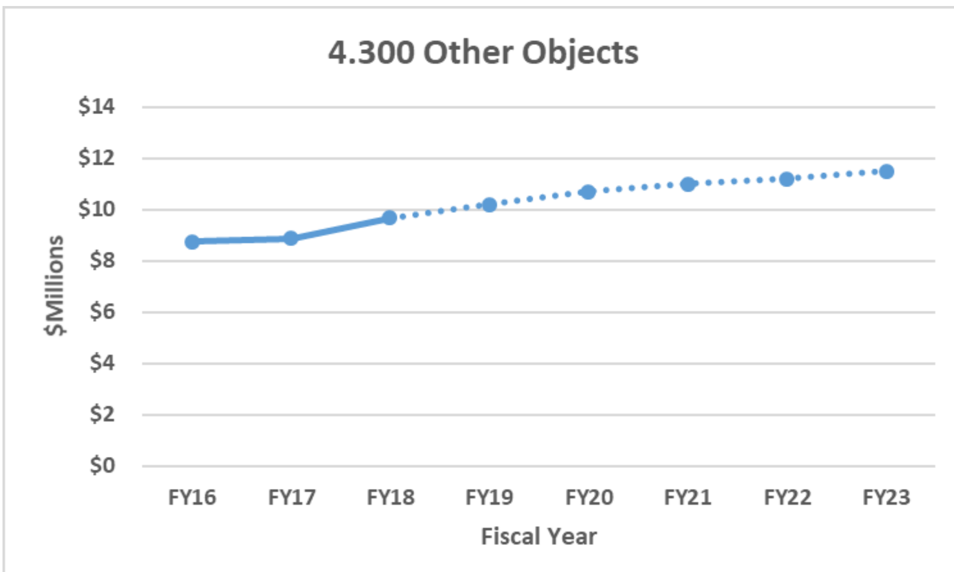




4.300 Other Objects

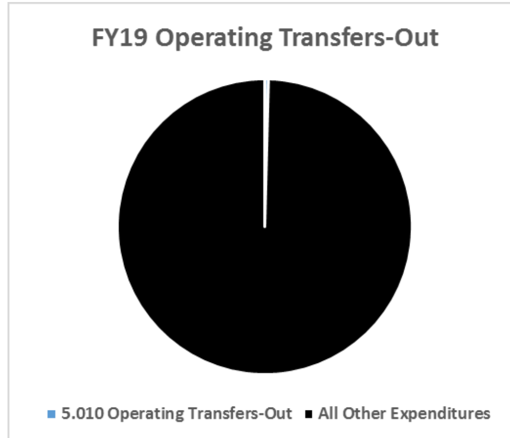
The primary components listed here consists of membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, election expenses, etc. Just over 91% of the line is for county auditor and treasurer fees for the calculation, assessment, collection and distribution of property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

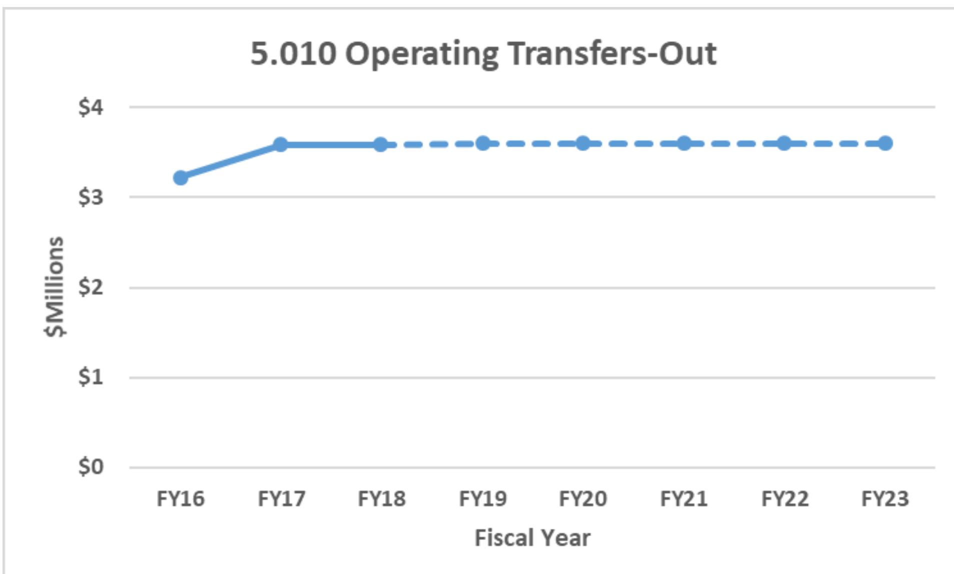




5.010 Operating Transfers-Out

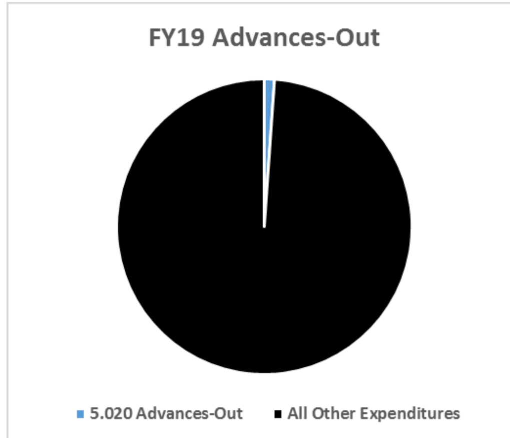
Permanent movement of monies between funds. Included here is a transfer of $2.9 million to the Debt Service Fund for the payment of debt service on the school bus bond anticipation notes (BANs) (the expenditure corollary to revenue line 2.04) and the annual transfer of $642,800 to the Athletics Funds.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

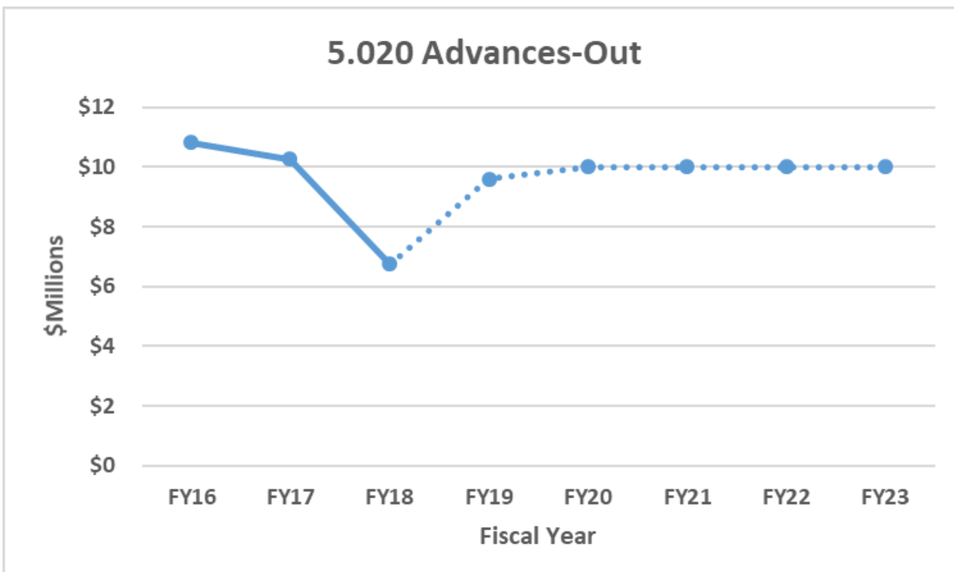




5.020 Advances-Out

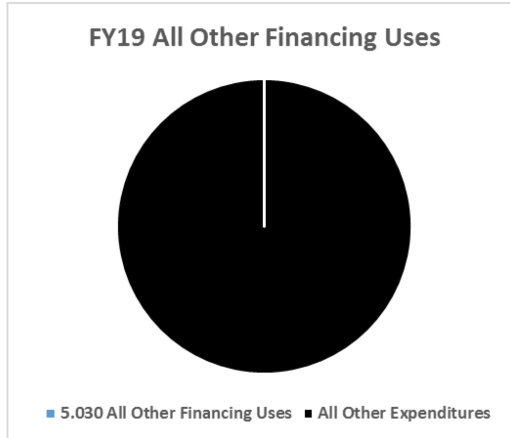
Temporary movement of monies between funds. Activity here is dependent on the cash flow needs of other funds. This is the expenditure corollary to revenue line 2.050 Advances-In.

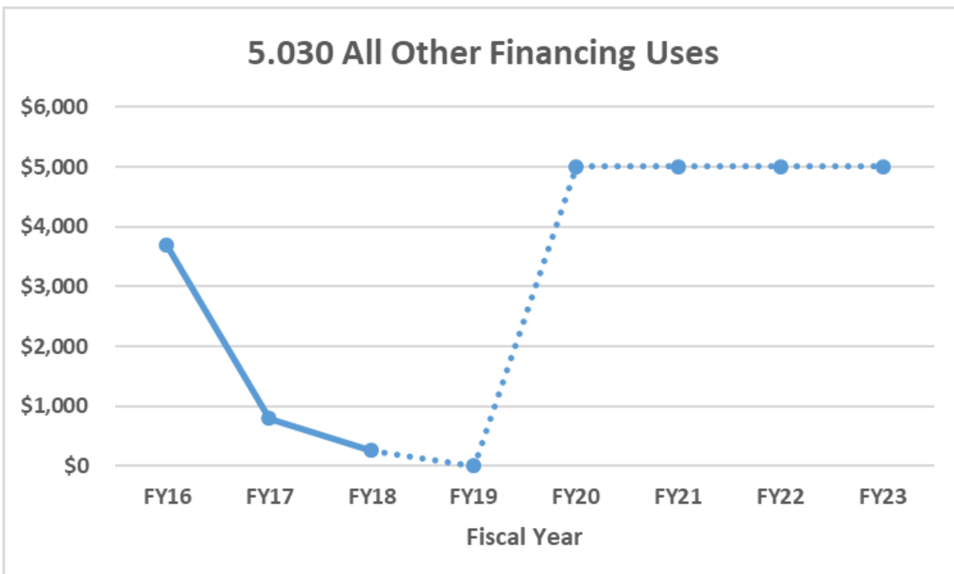




5.030 All Other Financing Uses

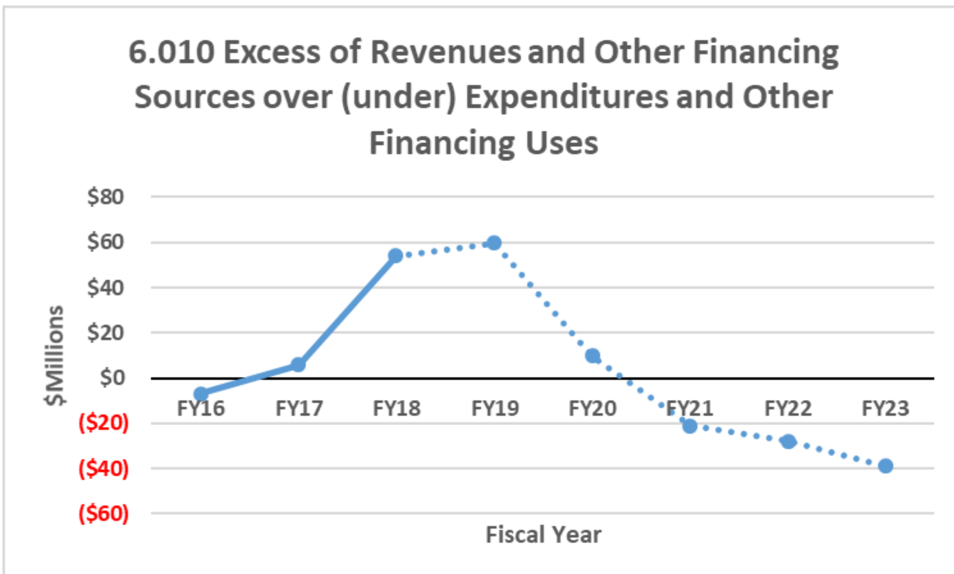
A line item for contingencies and refund of prior year receipts. While budgeted (and hence included in the FYF) very little if any expenditure activity occurs on this line.





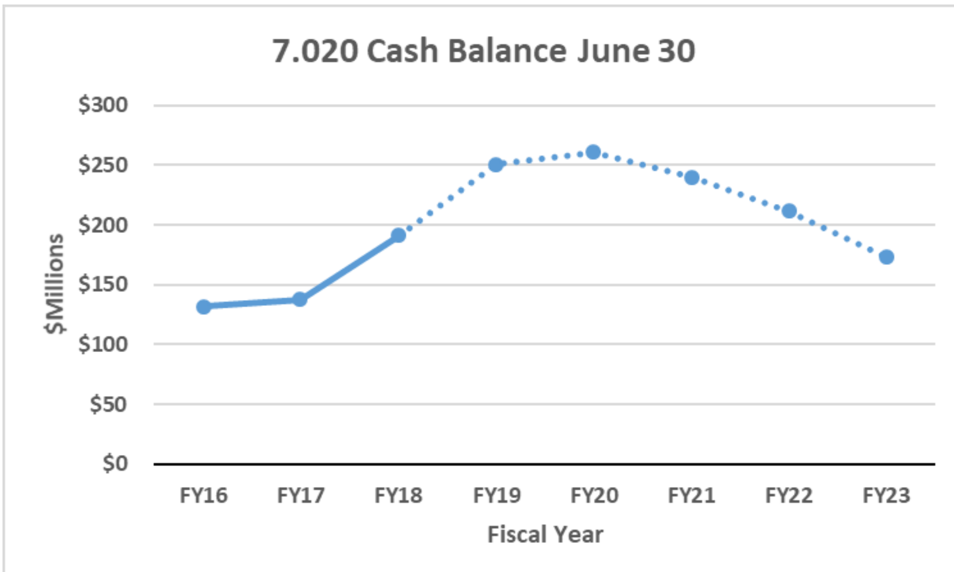
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses

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 and is expected to repeat, albeit to a lesser extent, an increase in FY19. Cash balance begins to decline as expenditures exceed revenues in FY20 and beyond.



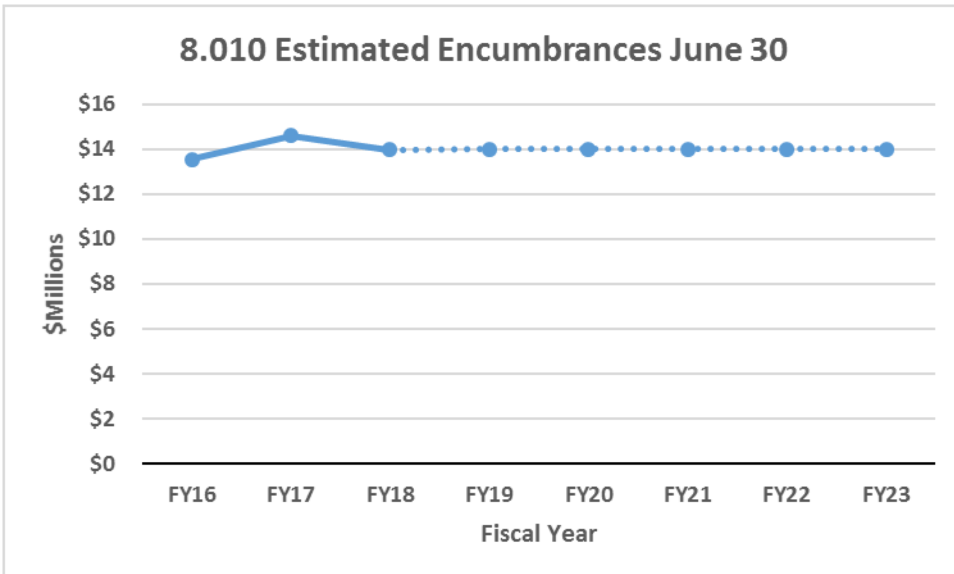
7.020 Cash Balance June 30

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 $73 to $87 million and is met in each of the 5 years. The projected FY23 cash balance of $172.7 million represents approximately 59 days of operations.



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.



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FY20 General Fund Non-Personnel Budget Requests

FY20 General Fund Non-Personnel Budget Requests

Or cut and paste into browser:
https://go.boarddocs.com/oh/columbus/Board.nsf/files/BABELZ64B943/$file/FY20%20Budget%20Presentation%20-%20FAC%20-%20031319.pdf

FY20 General Fund Non-Personnel Updated Budget Requests

FY20 General Fund Non-Personnel Update Budget Requests

Or cut and paste into browser:
https://go.boarddocs.com/oh/columbus/Board.nsf/files/BB5RQ86C7D28/$file/FY20%20Budget%20Presentation%20Update%20-%20FAC%20-%20041119%20(1).pdf

FY20 General Fund Staffing Requests

FY20 General Fund Staffing Requests

Or cut and paste into browser:
https://go.boarddocs.com/oh/columbus/Board.nsf/files/BC5MJT53C16E/$file/FY20%20Budget%20Presentation%20Update%20-%20Personnel%20-%20FAC%20-%20051519.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 2019

FAC review: April 11, 2019
Presentation to Board: May 7, 2019
Board adoption: May 21, 2019

DISTRICT TYPE: CITY
IRN: 043802
COUNTY: FRANKLIN

		ACTUAL				FORECASTED				
		FISCAL YEAR 2016	FISCAL YEAR 2017	FISCAL YEAR 2018	AVERAGE CHANGE	FISCAL YEAR 2019	FISCAL YEAR 2020	FISCAL YEAR 2021	FISCAL YEAR 2022	FISCAL YEAR 2023
	Revenues									
1.010	General Property Tax (Real Estate)	406,166,467	452,750,906	500,906,130	11.1%	507,000,000	524,700,000	530,700,000	536,500,000	542,200,000
1.020	Tangible Personal Property	31,428	4,567	17,997	104.3%	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	257,464,819	285,157,418	300,496,271	8.1%	310,800,000	322,200,000	334,100,000	346,500,000	359,400,000
1.040	Restricted State Grants-in-Aid	43,794,881	44,915,324	44,101,330	0.4%	48,300,000	49,300,000	51,600,000	54,100,000	56,600,000
1.045	Restricted Fed. Grants	483,614	437,697	482,142	0.3%	500,000	500,000	500,000	500,000	0
1.050	Property Tax Allocation	53,154,974	45,055,095	40,066,952	-13.2%	34,100,000	31,200,000	31,600,000	31,900,000	32,200,000
1.060	All Other Revenues	27,305,927	25,758,080	25,693,934	-3.0%	35,000,000	22,800,000	22,100,000	21,400,000	21,400,000
1.070	Total Revenues	788,402,110	854,079,086	911,764,756	7.5%	935,700,000	950,700,000	970,600,000	990,900,000	1,011,800,000
	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	2,581,804	2,945,450	2,938,763	6.9%	2,900,000	2,900,000	2,900,000	2,900,000	2,900,000
2.050	Advances-In	13,470,939	7,726,404	10,241,811	-5.0%	7,200,000	9,600,000	10,000,000	10,000,000	10,000,000
2.060	All Other Financing Sources	376,175	136,686	149,747	-27.1%	2,900,000	100,000	100,000	100,000	100,000
2.070	Total Other Financing Sources	16,428,918	10,808,541	13,330,320	-5.4%	13,000,000	12,600,000	13,000,000	13,000,000	13,000,000
2.080	**Total Revenues and Other Financing Sources**	**804,831,028**	**864,887,626**	**925,095,077**	**7.2%**	**948,700,000**	**963,300,000**	**983,600,000**	**1,003,900,000**	**1,024,800,000**
	Expenditures									
3.010	Personal Services	380,842,371	407,284,137	408,261,670	3.6%	416,200,000	429,700,000	453,300,000	467,800,000	482,800,000
3.020	Employees' Retirement/Insurance Benefits	163,070,716	171,690,855	171,848,655	2.7%	174,600,000	186,200,000	200,300,000	208,500,000	217,200,000
3.030	Purchased Services	217,924,449	231,939,656	246,750,423	6.4%	249,700,000	285,000,000	292,700,000	301,100,000	310,600,000
3.040	Supplies and Materials	18,969,766	17,611,867	16,990,913	-5.3%	17,800,000	20,400,000	25,900,000	22,500,000	21,000,000
3.050	Capital Outlay	3,989,088	4,189,791	3,403,406	-6.9%	3,300,000	3,600,000	3,600,000	3,000,000	2,900,000
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	2,370,000	2,325,000	2,370,000	0.0%	2,400,000	2,500,000	2,600,000	2,700,000	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	0	0	0	0.0%	0	0	0	0	0
4.055	Principal-Other	657,665	469,065	657,665	5.8%	700,000	700,000	700,000	700,000	700,000
4.060	Interest and Fiscal Charges	1,211,519	1,168,944	1,117,257	-4.0%	1,000,000	1,000,000	900,000	800,000	700,000
4.300	Other Objects	8,736,184	8,875,716	9,675,157	5.3%	10,200,000	10,700,000	11,000,000	11,200,000	11,500,000
4.500	Total Expenditures	797,771,758	845,555,031	861,075,144	3.9%	875,900,000	939,800,000	991,000,000	1,018,300,000	1,050,100,000
	Other Financing Uses									
5.010	Operating Transfers-Out	3,224,604	3,588,250	3,581,563	5.5%	3,600,000	3,600,000	3,600,000	3,600,000	3,600,000
5.020	Advances-Out	10,808,889	10,241,811	6,723,427	-19.8%	9,600,000	10,000,000	10,000,000	10,000,000	10,000,000
5.030	All Other Financing Uses	3,691	793	267	-72.4%	0	5,000	5,000	5,000	5,000
5.040	Total Other Financing Uses	14,037,184	13,830,853	10,305,256	-13.5%	13,200,000	13,605,000	13,605,000	13,605,000	13,605,000
5.050	**Total Expenditures and Other Financing Uses**	**811,808,943**	**859,385,884**	**871,380,400**	**3.6%**	**889,100,000**	**953,405,000**	**1,004,605,000**	**1,031,905,000**	**1,063,705,000**
6.010	Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	(6,977,914)	5,501,743	53,714,676	348.7%	59,600,000	9,895,000	(21,005,000)	(28,005,000)	(38,905,000)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	138,873,288	131,895,373	137,397,116	-0.4%	191,111,792	250,711,792	260,606,792	239,601,792	211,596,792
7.020	**Cash Balance June 30**	**131,895,373**	**137,397,116**	**191,111,792**	**21.6%**	**250,711,792**	**260,606,792**	**239,601,792**	**211,596,792**	**172,691,792**
8.010	Estimated Encumbrances June 30	13,557,932	14,583,814	13,973,332	1.7%	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000
	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**	**118,337,442**	**122,813,302**	**177,138,461**	**24.0%**	**236,711,792**	**246,606,792**	**225,601,792**	**197,596,792**	**158,691,792**

COLUMBUS CITY SCHOOLS FIVE YEAR FORECAST FOR FISCAL YEAR 2019

FAC review: April 11, 2019
Presentation to Board: May 7, 2019
Board adoption: May 21, 2019

DISTRICT TYPE: CITY
IRN: 043802
COUNTY: FRANKLIN

	ACTUAL				FORECASTED				
	FISCAL YEAR 2016	FISCAL YEAR 2017	FISCAL YEAR 2018	AVERAGE CHANGE	FISCAL YEAR 2019	FISCAL YEAR 2020	FISCAL YEAR 2021	FISCAL YEAR 2022	FISCAL YEAR 2023
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	**118,337,442**	**122,813,302**	**177,138,461**	**24.0%**	**236,711,792**	**246,606,792**	**225,601,792**	**197,596,792**	**158,691,792**
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	118,337,442	122,813,302	177,138,461	24.0%	236,711,792	246,606,792	225,601,792	197,596,792	158,691,792

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.