

COLUMBUS CITY SCHOOLS, OHIO



POPULAR ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2012

Issued By: **Penelope R. Rucker**,
Treasurer & Chief Financial Officer

2012



Mission: Each student is highly educated, prepared for leadership and service, and empowered for success as a citizen in a global community.

Learn. Dream. Succeed.

**Columbus City School District
Board of Education
Fiscal Year 2012**



Carol Perkins
President



Ramona Reyes
Vice-President



Gary L. Baker, II



Micheal Wiles



Shawna Gibbs



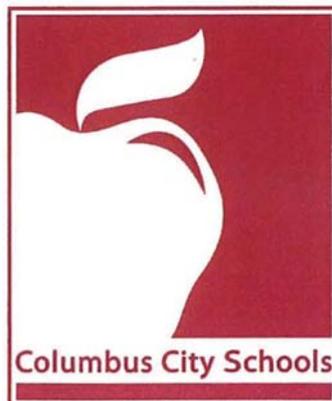
Hanifah Kambon



Bryan O. Steward



Gene T. Harris
Superintendent/CEO



Penelope Rucker
Treasurer/CFO

Dear Friends of the Columbus City School District:

The Treasurer's office is pleased to present the Columbus City School District's Popular Annual Financial Report (PAFR) for the year ended June 30, 2012. The PAFR is an unaudited report that summarizes the District's financial activities and operating results in a way that can be more easily understood by the reader.

The School District has also published a Comprehensive Annual Financial Report (CAFR) for the year ending 2012. The CAFR is an audited report and is prepared on a Generally Accepted Accounting Principles (GAAP) basis, which requires greater disclosure than the PAFR. Copies of the PAFR and CAFR may be requested from the Treasurer's office by calling (614) 365-6400 or on the School District's website at www.columbus.k12.oh.us.

School District Profile

The Columbus City School District provides education to approximately 48,675 students in grades K through 12. Geographically, the School District encompasses 116 square miles located primarily within the City of Columbus with a population of 790,498 for 2012.

The students enrolled in the School District attend 63 elementary schools (K-5), 12 schools K-8, K-6 STEM, or K-12 schools, 17 middle schools (6-8), 20 high schools (9-12), and 2 special schools.

The School District currently has 3,798 professionals serving as teachers and administrators, all of whom have at least a bachelor's degree. The 2011-2012 starting salary for a teacher with a bachelor's degree is \$39,125; the maximum teacher salary (for a teacher with a Ph.D. degree and 30 years' experience) is \$92,391.

An elected seven-member Board of Education serves as policy makers of the District. The Board adopts the annual tax budget and annual appropriations resolution that serves as the basis for control over and authorization of all expenditures of the School District tax money.

Elected Officials/Board of Education

| | |
|-------------------|----------------|
| Carol Perkins | President |
| Ramona Reyes | Vice-President |
| Gary L. Baker, II | Member |
| Micheal Wiles | Member |
| Hanifah Kambon | Member |
| Bryan O. Steward | Member |

Financial Officer

| | |
|-----------------|---------------|
| Penelope Rucker | Treasurer/CFO |
|-----------------|---------------|

Administrative Personnel

| | |
|----------------|--------------------|
| Gene T. Harris | Superintendent/CEO |
|----------------|--------------------|



School District Initiatives

The Mission Statement

Each student is highly educated, prepared for leadership and service, and empowered for success as a citizen in a global community.

Other Major initiatives of the School District under the Leadership of Dr. Gene T. Harris include:

- **Middle School Redesign**
 - The School District is in its third year of a middle school redesign, bridging the gap between elementary and middle school. The initiative has revised school schedules to allow for smaller, more personalized learning communities for teaching and learning. The goal is to engage students in 21st Century communication skills by placing a renewed emphasis on reading in the content area.
- **Columbus Global Academy**
 - The academy is designed to provide significant support and accelerate the learning of students in grades 6-12 whose primary language is not English.
- **Innovative Schools**
 - The Innovative Schools Task Force, comprised of community members, parents, and educators, helped design four academically rigorous regional theme schools, three of which opened in August 2010. These include the Columbus International High School, Columbus City Preparatory School for Boys, and the Columbus City Preparatory School for Girls.
- **Credit Recovery and Virtual High School Programs**
 - The after-school Credit Recovery Program helps students earn the credits they need to receive their high school diplomas. The Virtual High School Program allows current and former School District students who are lacking credits to graduate to earn credits necessary for graduation from high school.



Summarized Financial Reports

Readers of the Financial Activity Statement and Financial Position Statement should keep in mind that the numbers in both reports are taken from the District's Comprehensive Annual Financial Report (CAFR), but are presented in a non-GAAP format. The Comprehensive Annual Financial Report can be obtained from the Treasurer's office or www.columbus.k12.oh.us.

Revenues and Resources over Expenditures and Services

The Financial Activity Statement, known in accounting terms as the income statement, provides a summary of the resources (revenues) and services (expenditures) of the District's General Fund.

| Resources Taken In (in thousands) | FY'12 | FY'11 | FY'10 | FY'09 |
|---|----------------|----------------|----------------|----------------|
| Taxes | \$397,927 | \$397,087 | \$407,513 | \$420,476 |
| State and Federal Revenue | 306,261 | 327,388 | 313,987 | 255,258 |
| Investment Income | 707 | 552 | 1,359 | 1,690 |
| Tuition & Fees | 5,075 | 3,714 | 5,578 | 4,903 |
| Extracurricular | 436 | 405 | 0 | 0 |
| Miscellaneous | 5,241 | 6,454 | 5,209 | 6,461 |
| TOTAL Revenues & Resources | 715,647 | 735,600 | 733,646 | 688,788 |

| Services Provided (in thousands) | FY'12 | FY'11 | FY'10 | FY'09 |
|--|----------------|----------------|----------------|----------------|
| Instruction | \$520,965 | \$511,429 | \$503,950 | \$427,925 |
| Administration | 69,948 | 41,671 | 48,403 | 60,695 |
| Business Support | 9,140 | 15,732 | 15,493 | 23,869 |
| Building Operations | 59,986 | 61,035 | 66,015 | 64,653 |
| Transportation | 55,109 | 52,452 | 57,147 | 50,246 |
| Debt Service | 0 | 0 | 102 | 111 |
| TOTAL Expenditures & Service | 715,148 | 682,319 | 691,110 | 627,499 |
| Revenues & Resources Over Expenditures & Services | 499 | 53,281 | 42,536 | 61,289 |



Our Expenditures and Services:

Definitions

Instruction is the largest expenditure category and relates to the direct instruction of our students. Students are directly impacted by expenditures from this category.

Pupil Support areas comprise all guidance service, lunchroom aides, speech, hearing, occupational therapy, physical therapy, and psychological services.

Instructional Support costs include library services, technology integration, curriculum development, instrumental staff training, and audio-visual services.

Board/Administration/Fiscal

costs represent those of the administration and Board of Education's operation of the District. Also included in this category are school building secretarial support, financial services, such as payroll, accounts payable and receivable, auditing, budgeting and reporting, and fringe benefits administration.

Business Support costs include business services such as risk management, construction management, and courier services.

Plant Operation expenditures relate to the safe and efficient environment of the school including building maintenance, grounds and custodial services.

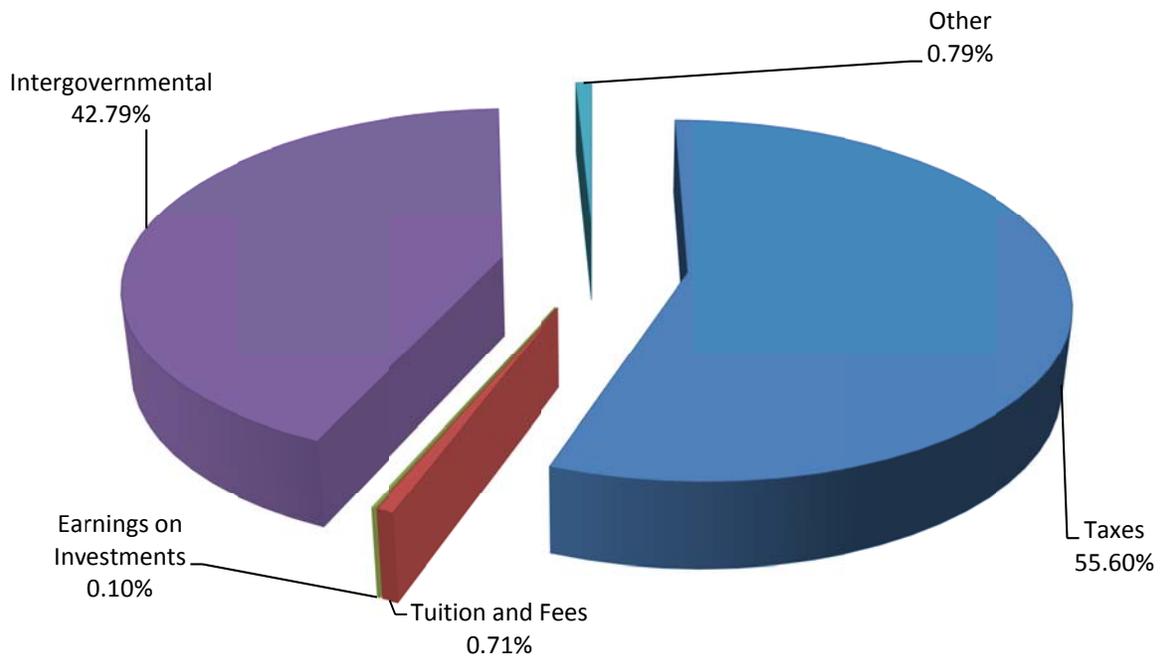
Transportation expenditures relate to providing transportation (mostly by bus) to all students who live in the Columbus City School District consistent with Board of Education policies and the laws of the State of Ohio. On average the bus fleet transports approximately 2,235 students to Columbus City Schools and 26 students to non-public schools.

Central Support expenditures include technology maintenance staff computer network maintenance contracts.

Extracurricular expenditures account for salaries, benefits, and supplies for club and athletic related activities.

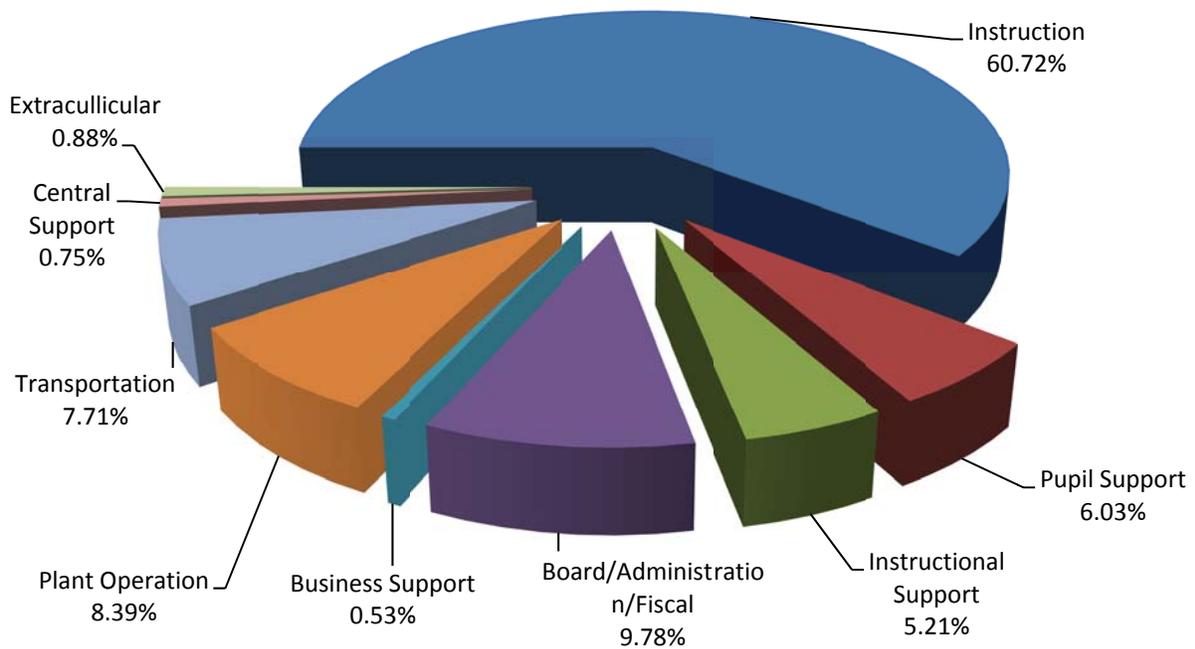
Our Revenues and Resources FY 12:

Where the General Fund Money Comes From



Our Expenditures and Services FY 12:

Where the General Fund Money Goes



Assessed Values of Property Real Estate Taxes

| Collection Year | Residential/ Agricultural | Commercial/ Industrial | Public Utility | Tangible Personal | Total |
|-----------------|------------------------------|---------------------------|-------------------|----------------------|-----------------|
| 2012 | \$5,114,053,190 | \$3,798,530,810 | \$220,632,230 | \$0 | \$9,133,213,230 |
| 2011 | 5,627,350,170 | 4,015,098,310 | 225,826,590 | 0 | 9,868,275,070 |
| 2010 | 5,666,938,140 | 4,089,641,020 | 210,375,540 | 15,014,620 | 9,981,969,320 |
| 2009 | 5,658,643,690 | 4,072,568,130 | 203,045,100 | 30,285,060 | 9,964,541,980 |
| 2008 | 5,641,772,850 | 3,970,291,290 | 194,751,730 | 265,293,013 | 10,072,108,883 |

State and Federal Sources

State sources of revenue generated \$57.1 million of 36.5% of all General Fund revenue. Due to a relatively higher property valuation per pupil, and other demographic figures, the District is considered wealthy and receives less than the State average 44.75% (FY2009). State support comes mostly from State Aid, which is a formula calculation based upon student enrollment. A significant portion also comes from Rollback and Homestead payments, which represents the portion of the local tax bill paid by the State instead of the local taxpayer.

Currently, the State pays 10% of the taxes due on all property and an additional 2.5% on residential and agricultural owner-occupied property. An additional exemption is provided to senior disabled citizens, regardless of income. Other State revenue includes the public utility reimbursement, tangible personal property tax loss reimbursement, and special education catastrophic cost reimbursement. Federal sources in this category generated \$159,240 and include E-rate reimbursements for telecommunications services,

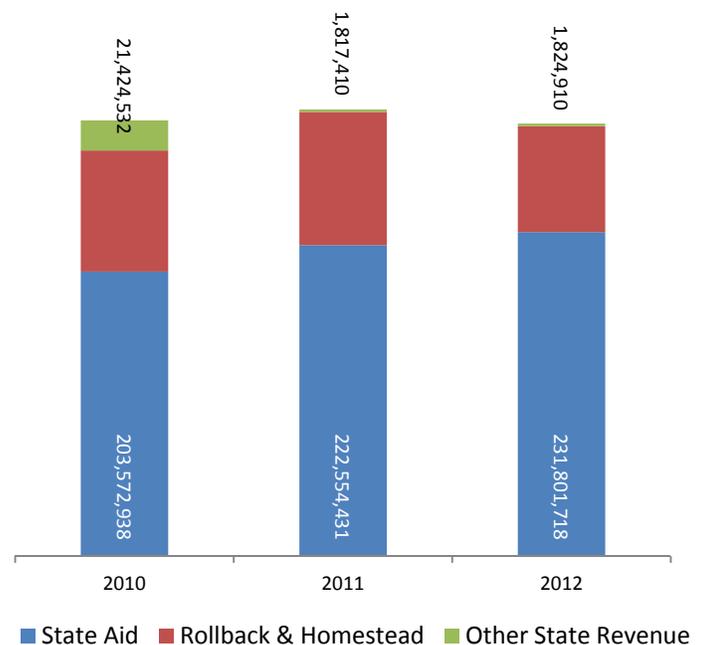
internet access, and internal connections. The District receives these reimbursements based on its percentage of students qualifying for free and reduced-price lunches and other socio-economic factors.

The chart below depicts State school funding in actual cash receipts for District's General Fund. Years are presented on a June 30 fiscal year-end basis. Included in the 2010 other state revenue is \$11,910,930 in reimbursement for tangible personal property tax loss.

State Revenues vs. Local Revenues

In Ohio, the funding of schools is shared by the State and local School Districts. The Ohio General Assembly determines what an adequate education costs in the State's biennial education budget. Under the current biennial budget for FY2010, the District received \$2,347,904 in State fiscal stabilization funds. These Federal funds, included without per pupil State aid, result in the District receiving a 1% reduction in per pupil aid. For FY2011, the District will incur an additional 2% reduction in per pupil aid.

State and Federal mandates continue to be unfunded or under-funded, placing even more strain on the District's Budget and local taxpayers.



Five Year Financial Forecast

The School District annually prepares a five-year forecast to ensure long-term financial success. The five-year financial forecast provides actual data on each major revenue and expenditure category for the past three fiscal years and forecasts these same categories for an additional five fiscal years.

The five-year financial forecast is a planning tool used to certify if funds are available for future expenditures and additionally to strategize when the School District will need to return to voters for additional funds to reduce expenditures accordingly. The five-year financial forecast is published on the Ohio Department of Education's website for public use.

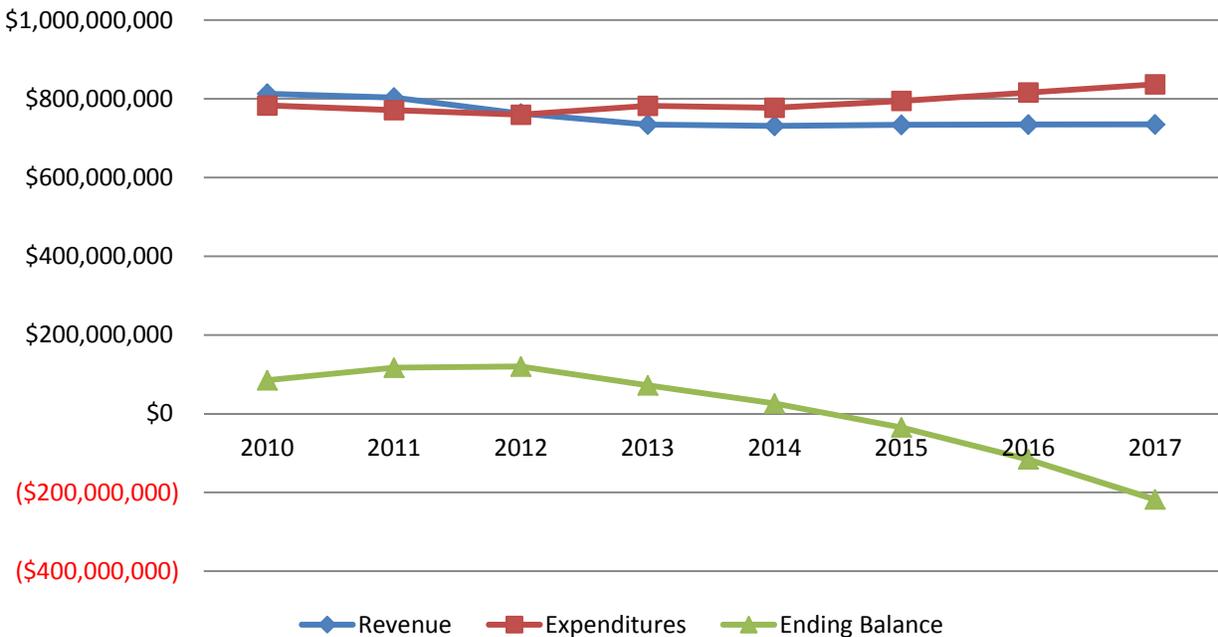
Actuals by Fiscal Year - General Fund

As of June 30,

| | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|----------------|---------------|---------------|---------------|
| Revenue | \$812,644,896 | \$802,839,284 | \$762,340,669 |
| Expenditure | 782,931,872 | 771,014,075 | 759,537,301 |
| Ending Balance | 85,078,055 | 116,903,264 | 119,706,632 |

Projected Five-Year Forecast by Fiscal Year - General Fund

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|----------------|---------------|---------------|---------------|---------------|---------------|
| Revenue | \$734,507,869 | \$730,964,591 | \$733,638,912 | \$734,455,991 | \$734,839,762 |
| Expenditure | 782,136,787 | 776,952,072 | 794,519,672 | 815,803,132 | 836,618,306 |
| Ending Balance | 72,077,714 | 26,090,233 | (34,790,526) | (116,137,667) | (217,916,211) |



Property Values and Taxes

Property taxes are assessed and levied on a calendar year basis. The School District receives property taxes from two taxing years during the School District's fiscal year that begins July 1 and ends June 30. The assessed values upon which the fiscal year 2012 taxes were collected are as follows:

| Property Values | 2010 | % Change | 2011 | %Change | 2012 |
|-------------------|------------------------|---------------|------------------------|---------------|------------------------|
| Real Property | \$9,756,579,160 | -1.17% | \$9,642,448,480 | -7.57% | \$8,912,584,000 |
| Personal Property | \$15,014,620 | -100.00% | \$0 | 0.00% | \$0 |
| Public Utility | \$210,375,540 | 7.34% | \$225,826,590 | -2.30% | \$220,632,230 |
| Total | \$9,981,969,320 | -1.14% | \$9,868,275,070 | -7.45% | \$9,133,216,230 |

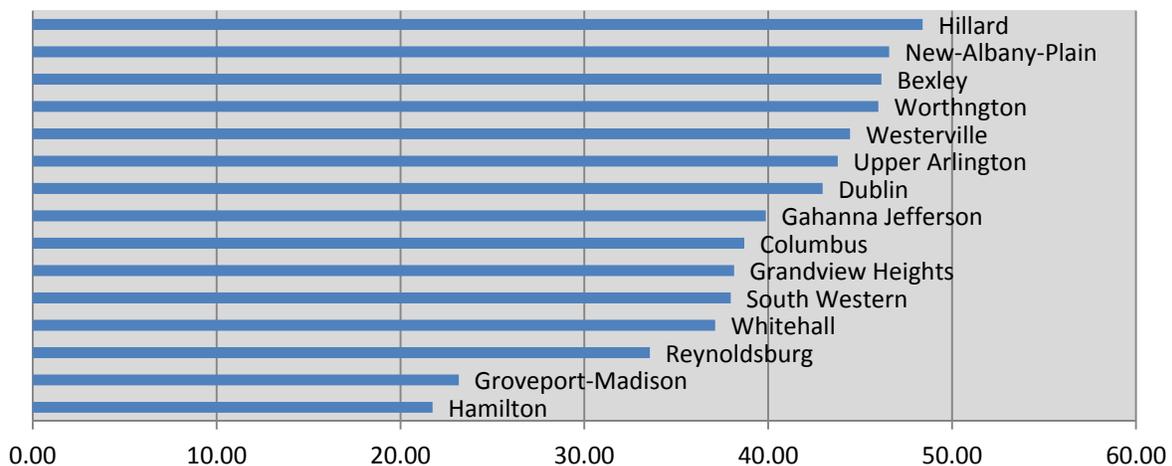
Overall, there was a 7.45% decrease in property values from 2011 to 2012. The most significant change occurred in real property.

Comparative Data

When comparing itself to other school districts, the School District uses the most recent information provided by the Franklin County Auditor. This data provides the most reliable comparison among school districts.

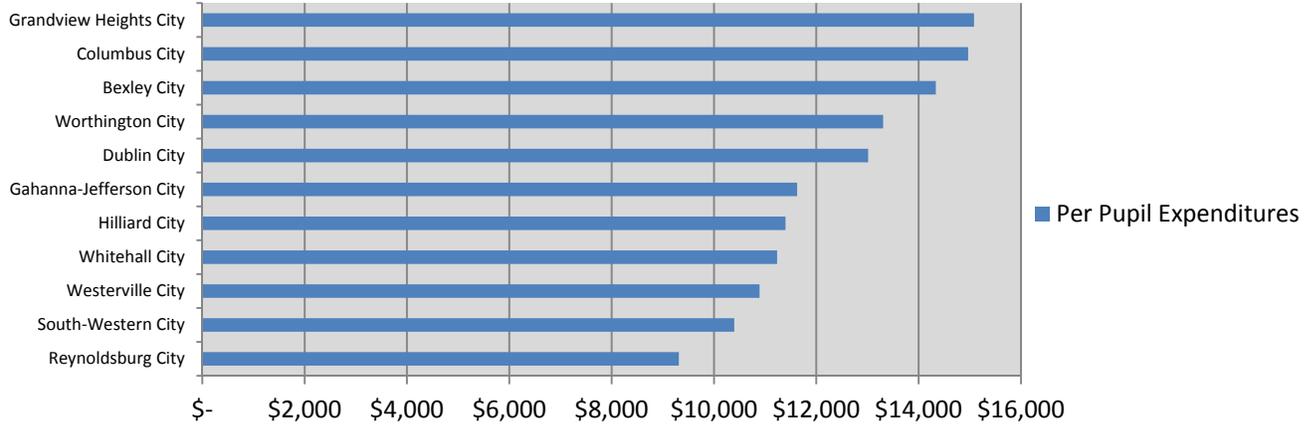
Effective Tax Rates - Since the School District depends on local tax support for 55.6% of its general fund revenue, tax rates are crucial to the School District and its taxpayers. HB 920 reduces the voted millage rate to an effective tax rate in order to generate the same amount of revenue received in the first year of collection. When taxpayers vote for a certain number of mills, they are actually voting for the collection of a specific amount of money. That is because mills are a fraction of the community's total assessed value.

EFFECTIVE MILLAGE - School Tax Rate



Expenditures Per Pupil

The chart below illustrates how the School Districts' FY2012 expenditures per pupil compare to other similar school districts.



Outstanding Debt

At fiscal year ended June 30

| Issue | 6/30/2012 | 6/30/2011 | 6/30/2010 |
|--------------------------------------|----------------------|----------------------|----------------------|
| 1993 School Building Renovation Bond | 0 | 828,650 | 1,855,922 |
| 2003 School Improvement Bonds | 5,160,000 | 19,475,000 | 26,170,000 |
| 2004 School Improvement Bonds | 12,655,000 | 14,155,000 | 15,655,000 |
| 2006 School Improvement Bonds | 274,124,897 | 275,814,897 | 277,434,897 |
| 2007 School Improvement Bonds | 5,995,000 | 6,235,000 | 6,465,000 |
| 2008 School Improvement Bonds | 15,479,998 | 15,994,998 | 16,494,998 |
| 2009 School Improvement Bonds | 128,499,987 | 129,859,987 | 129,859,987 |
| 2009 Energy Conservation Bonds | 2,665,000 | 3,575,000 | 4,470,000 |
| 2011 School Improvement Bonds | 24,675,000 | 9,865,000 | 0 |
| 2012 School Improvement Bonds | 11,255,000 | 0 | 0 |
| Bond Anticipation Notes | 0 | 20,500,000 | 0 |
| Total | \$513,100,374 | \$532,101,345 | \$514,285,051 |

Statement of Net Assets - All Funds

At fiscal year ended June 30

| Assets | 6/30/2012 | 6/30/2011 | 6/30/2010 |
|---|------------------------|------------------------|------------------------|
| Cash and Investments | \$477,704,489 | \$508,063,850 | \$498,950,477 |
| Receivables | \$465,423,329 | \$500,059,997 | \$509,551,144 |
| Prepaid Items | \$162,218 | \$187,189 | \$188,486 |
| Capital Assets | \$629,127,683 | \$573,607,429 | \$560,753,995 |
| Total Assets | \$1,572,417,719 | \$1,581,918,465 | \$1,569,444,102 |
| Liabilities | 6/30/2012 | 6/30/2011 | 6/30/2010 |
| Short-Term Liabilities | \$391,723,080 | \$377,470,873 | \$414,615,849 |
| Long-Term Liabilities | \$585,356,733 | \$612,596,396 | \$593,986,881 |
| Total Liabilities | \$977,079,813 | \$990,067,269 | \$1,008,602,730 |
| Total Net Assets | \$595,337,906 | \$591,851,196 | \$560,841,372 |
| Total Liabilities and Net Assets | \$1,572,417,719 | \$1,581,918,465 | \$1,569,444,102 |



POPULAR ANNUAL FINANCIAL REPORT 2012



Learn. Dream. Succeed.

COLUMBUS CITY SCHOOLS,

established in 1845, is the state of Ohio's largest school district, serving the needs of more than 51,000 students in 116 schools.

The district is under the leadership of its 19th Superintendent/CEO, **Gene T. Harris, Ph.D.**, and a seven-member Board of Education.

STAY CONNECTED

COLUMBUS CITY SCHOOLS

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Columbus, Ohio 43215

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Customer Relations:

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