

COLUMBUS CITY SCHOOLS, OHIO



POPULAR ANNUAL FINANCIAL REPORT 2013

Fiscal Year Ended June 30, 2013

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



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 2015**



Carol Perkins
President



Shawna Gibbs
Vice-President



Gary L. Baker II



Micheal Wiles



Hanifah Kambon



Bryan O. Steward



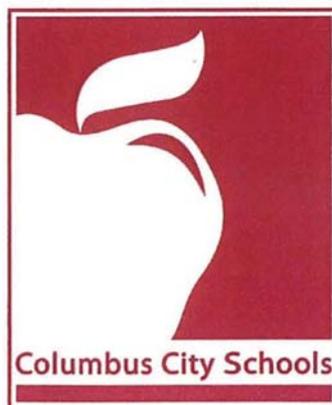
Ramona Reyes



Gene T. Harris
Superintendent/CEO



Dan Good
Interim 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, 2013. 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 2013. 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 49,494 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 794,956 for 2013.

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 3,755 professionals serving as teachers and administrators, all of whom have at least a bachelor's degree. The 2012-2013 starting salary for a teacher with a bachelor's degree is \$42,333; 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 |
| W. Shawna Gibbs | Vice-President |
| Gary L. Baker, II | Member |
| Michael Wiles | Member |
| Ramona Reyes | Member |
| Hanifah Kambon | Member |
| Bryan O. Steward | Member |

Financial Officer

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

Administrative Personnel

| | |
|----------|------------------------|
| Dan Good | Interim Superintendent |
|----------|------------------------|



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. J. Daniel Good include:

Academic Performance

- Partnership with The Ohio State University to provide Reading Recovery to teacher coaches in the School District's elementary schools so that all children are reading at the third grade standard before they complete their third grade year.
- Decentralization of administrative support services to redistribute administrative and support staff into schools with the greatest need to provide more focused, high-skilled and practical support for the School District's teachers and principals.
- Increase students' skills and understanding of key mathematical concepts providing intervention support outside of the regular math period, focus on mastery of mathematical concepts, and targeted, job-embedded professional development for teachers.
- Expand and develop comprehensive programs designed to meet the unique needs and interests of students who may choose to go on to college, enter the workforce, or join the military following graduation. In collaboration with higher education and other partners our goal is to increase the number of students earning a postsecondary credential.

Columbus Education Commission Recommendations

- Restructuring central office administration and support functions by shifting to site-based management, which places greater decision-making authority with principals, school building leaders, and the school community.
- Develop partnerships with other governmental entities and community leaders, such as the partnership with the Columbus Metropolitan Library to focus on literacy through Homework Help Centers and the delivery of library materials directly to students at school.
- Provide a principal mentorship program through the Educational Service Center of Central Ohio to pair retired principals with proven leadership and academic success with principals with less than three years of experience and principals who have been identified by their executive director as needing frequent and/or intensive coaching support.
- Partner with community stakeholders and service providers to identify opportunities to increase access to high-quality early childhood education to ensure students are prepared for a successful kindergarten experience.

Integrity of Student Data

- The School District opened a Central Enrollment Center to institute greater control over the creation and maintenance of student data.
- The School District developed policies, adopted by the Board, to provide a formal guide for staff to use regarding student withdrawals, trancies, and grade changes.
- In partnership with the Board's Office of Internal Audit, established an anonymous Fraud Reporting Hotline and whistleblower protection policy.

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'13 | FY'12 | FY'11 | FY'10 |
|---------------------------------------|----------------|----------------|----------------|----------------|
| Taxes | \$381,434 | \$397,927 | \$397,087 | \$407,513 |
| State and Federal Revenue | 311,459 | 306,261 | 327,388 | 313,987 |
| Investment Income | 280 | 707 | 552 | 1,359 |
| Tuition & Fees | 5,300 | 5,075 | 3,714 | 5,578 |
| Extracurricular | 335 | 436 | 405 | 0 |
| Miscellaneous | 5,087 | 5,241 | 6,454 | 5,209 |
| TOTAL Revenues & Resources | 703,895 | 715,647 | 735,600 | 733,646 |

| Services Provided (in thousands) | FY'13 | FY'12 | FY'11 | FY'10 |
|--|----------------|----------------|----------------|----------------|
| Instruction: | | | | |
| Regular | \$353,279 | \$348,632 | \$338,268 | \$328,306 |
| Special | 78,630 | 76,778 | 73,234 | 75,732 |
| Vocational | 5,917 | 6,890 | 9,405 | 8,379 |
| Student Intervention Services | 2,001 | 1,924 | 2,046 | 2,125 |
| Support Services: | | | | |
| Pupils | 50,085 | 43,144 | 47,421 | 44,774 |
| Instructional Staff | 42,986 | 37,280 | 35,182 | 38,689 |
| Board of Education | 125 | 165 | 79 | 122 |
| Administration | 44,630 | 60,478 | 33,530 | 36,775 |
| Fiscal | 8,132 | 9,304 | 8,062 | 11,506 |
| Business | 3,260 | 3,787 | 4,148 | 4,955 |
| Operation and Maintenance of Plant | 56,367 | 59,975 | 61,013 | 66,006 |
| Pupil Transportation | 54,424 | 55,109 | 52,452 | 57,147 |
| Central | 6,372 | 5,353 | 11,584 | 10,538 |
| Operation of Non-Instructional Services | 2 | 6 | 11 | 0 |
| Extracurricular Activities | 6,892 | 6,318 | 5,873 | 5,944 |
| Capital Outlay | 48 | 5 | 11 | 10 |
| Debt Service | 0 | 0 | 0 | 102 |
| TOTAL Expenditures & Service | 713,150 | 715,148 | 682,319 | 691,110 |
| Revenues & Resources Over Expenditures & Services | 9,255 | 499 | 53,281 | 42,536 |

Our Expenditures and Services:

Definitions

Instruction includes the activities directly dealing with the teaching of pupils or the interaction between teacher and pupil. Teaching may be provided for pupils in a school, in a classroom, in another location, such as in a home or hospital, and through other approved media such as television, radio, telephone, correspondence and aides or classroom assistants of any type who assist in the instructional process. Technology used by students in the classroom or technology that has a student-instruction focus should also be coded here. Instruction includes regular, special, vocational, and student intervention services.

Support Services provide administrative, technical (such as guidance and health), and logistical support to facilitate and enhance instruction, and to a lesser degree, community services. Supporting services exist as adjuncts for the fulfillment of the objectives of instruction, rather than as entities within themselves. Support services include pupils, instructional staff, board of education, administration, fiscal, business, operation and maintenance of plant, pupil transportation, and central services.

Operation of Non-Instructional/Shared Services are concerned with providing non-instructional services to students, staff or the community. Also includes providing certain services to other school districts.

Extracurricular Activities are activities under the guidance or supervision of qualified adults which are designed to provide opportunities for pupils to participate in such experiences on an individual basis, in small groups, or in large groups - at school events, public events, or a combination of these - for purposes such as motivation, enjoyment, and skill improvement. In practice, participation usually is not required and credit usually is not given. When participation is required, or credit given, the activity generally is considered to be curricular course.

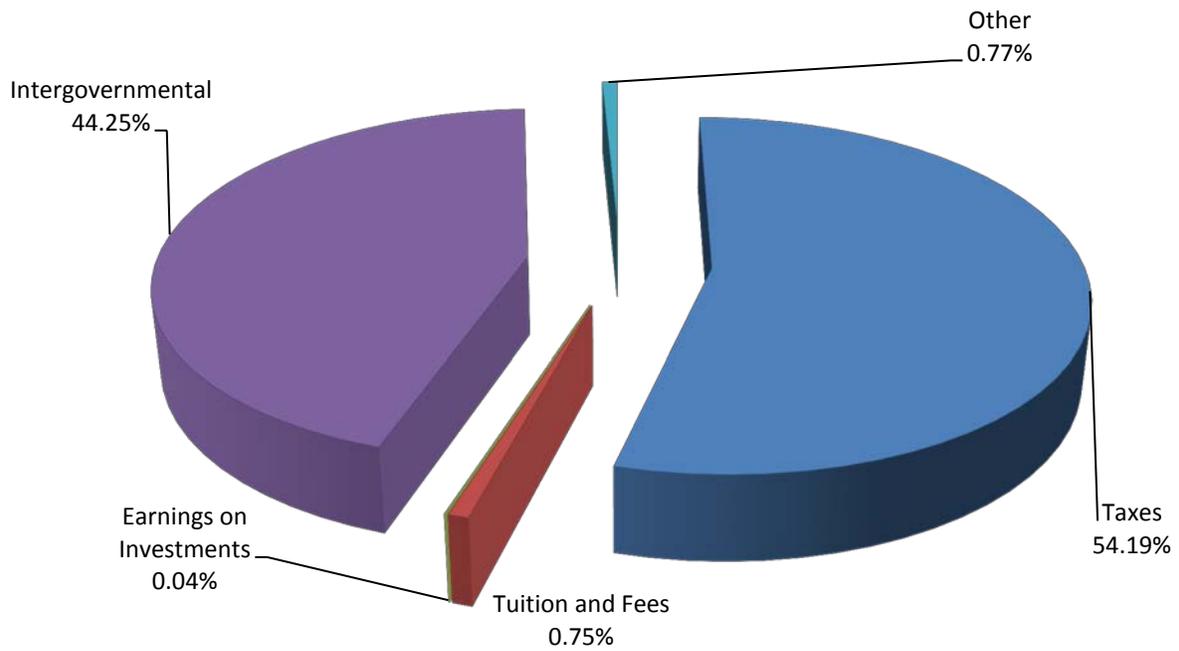
Capital Outlay activities are concerned with acquiring land and buildings, remodeling buildings, constructing buildings and additions to buildings, initially installing or extending service systems and other built-up equipment, and improving sites.

Debt Service Transactions primarily for the purpose of discharging the school district's commitment for interest and principal on debt.



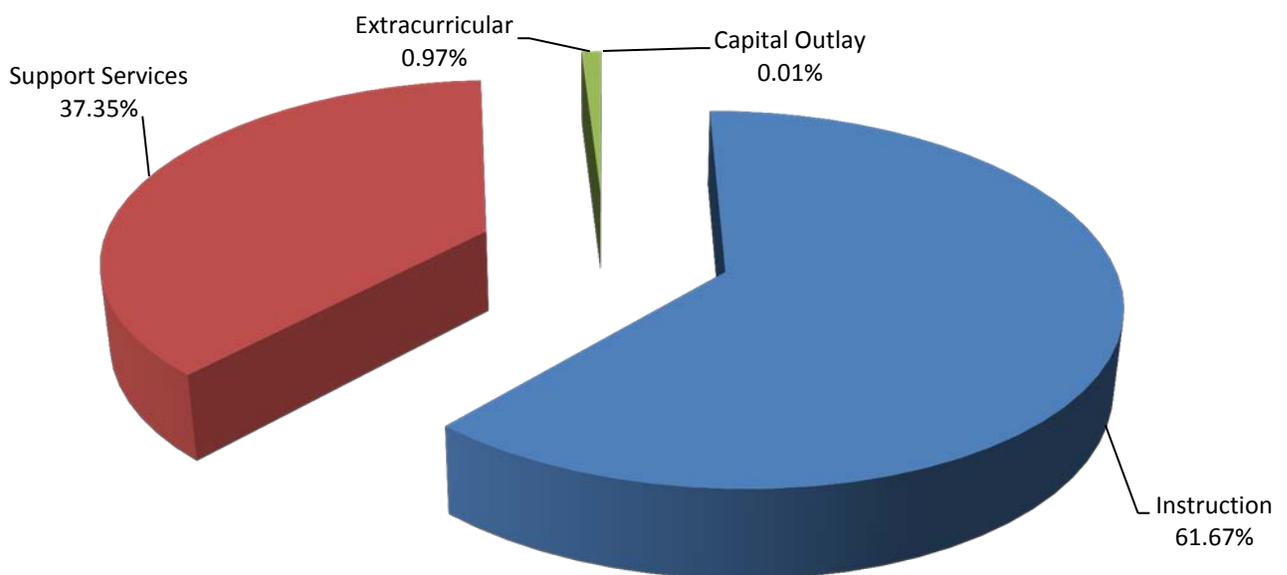
Our Revenues and Resources FY 13:

Where the General Fund Money Comes From



Our Expenditures and Services FY 13:

Where the General Fund Money Goes



Assessed Values of Property Real Estate Taxes

| Collection Year | Residential/ Agricultural | Commercial/ Industrial | Public Utility | Tangible Personal | Total |
|-----------------|------------------------------|---------------------------|-------------------|----------------------|-----------------|
| 2013 | \$5,109,816,130 | \$3,613,599,600 | \$237,826,130 | \$0 | \$8,961,241,860 |
| 2012 | 5,114,053,190 | 3,798,530,810 | 220,632,230 | 0 | 9,133,216,230 |
| 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 |

State and Federal Sources

State and Federal sources of revenue generated \$311.4 million or 44.25% of all General Fund revenue. State support comes mostly from State Aid, which is a formula calculation based upon student enrollment. The District was impacted by the State's decision to eliminate the tangible personal property tax in 2005 (HB66). The District receives reimbursement from the State for lost revenues, which were to make the District whole through FY13, and then phase out annually until completely eliminated by 2018. However, the 2011 biennium budget (HB153) reduced this revenue source by 25% in FY12 and 33% in FY13. In fiscal year 2013 the District received approximately \$29.5 million through this reimbursement. The 2013 budget kept future reimbursements at FY13 levels, but these reimbursements could be further reduced in subsequent budgets.

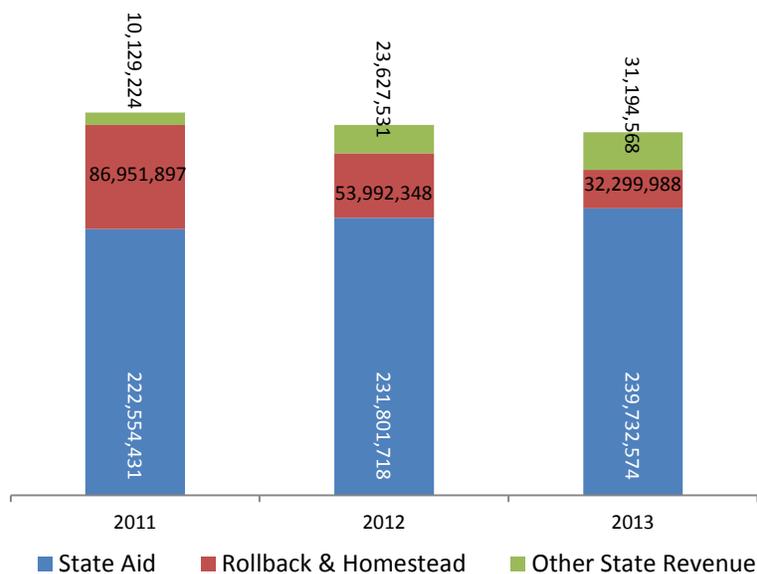
A significant portion also comes from Rollback and Homestead payments, which represents the portion of the local tax bill paid by the State instead of the local taxpayer. Currently, the State pays 10% of the taxes due on all property and an additional 2.5% on residential and agricultural owner-occupied property. An additional exemption is provided to senior disabled citizens, regardless of income. The most recent State budget, however, has eliminated the property tax rollback on any new levy passed after August 2013.

Other State Revenue includes the public utility reimbursement, tangible personal property loss reimbursement, Medicaid reimbursement, and casino revenue.

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 2013 other state revenue is \$29,529,214 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.



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.

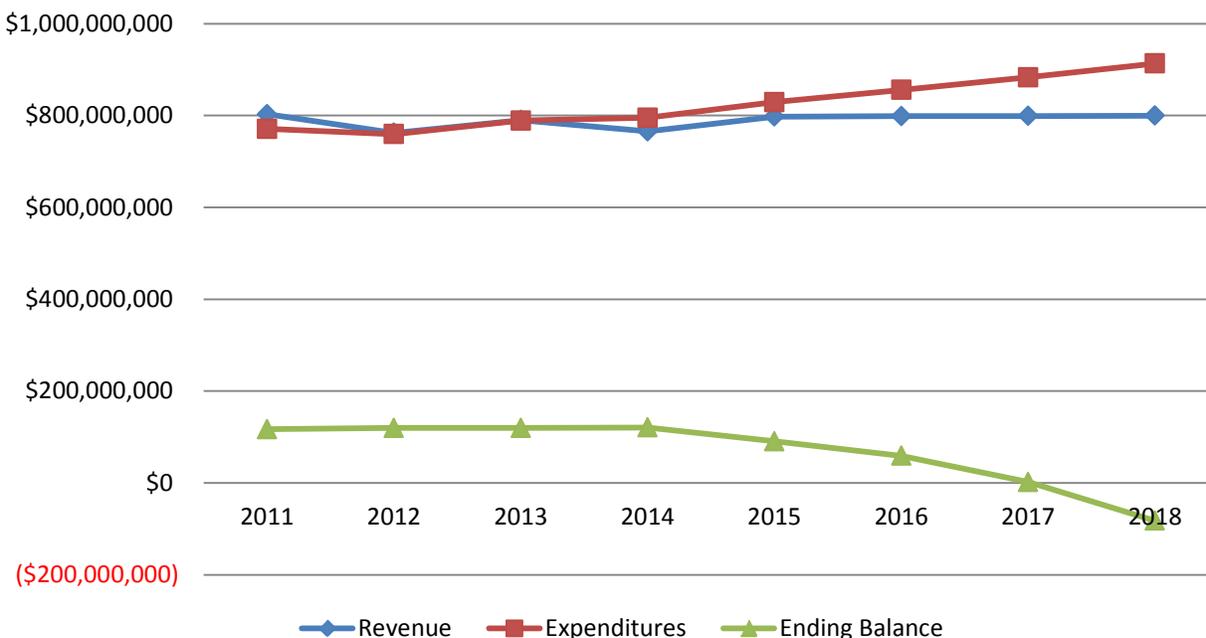
Actuals by Fiscal Year - General Fund

As of June 30,

| | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|----------------|---------------|---------------|---------------|
| Revenue | \$802,839,284 | \$762,340,669 | \$789,894,138 |
| Expenditure | 771,014,075 | 759,537,301 | 788,995,309 |
| Ending Balance | 116,903,264 | 119,706,632 | 120,605,461 |

Projected Five-Year Forecast by Fiscal Year - General Fund

| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|----------------|---------------|---------------|---------------|---------------|---------------|
| Revenue | \$765,229,499 | \$797,444,689 | \$798,419,642 | \$798,990,947 | \$799,588,078 |
| Expenditure | 795,110,099 | 829,064,875 | 855,680,379 | 883,251,049 | 913,266,026 |
| Ending Balance | 90,724,861 | 59,104,675 | 1,843,938 | (82,416,165) | (196,094,112) |



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 2013 taxes were collected are as follows:

| Property Values | 2011 | % Change | 2012 | %Change | 2013 |
|-----------------|------------------------|---------------|------------------------|---------------|------------------------|
| Real Property | \$9,642,448,480 | -7.57% | \$8,912,584,000 | -2.12% | \$8,723,415,730 |
| Public Utility | \$225,826,590 | 2.30% | \$220,632,230 | 7.23% | \$237,826,130 |
| Total | \$9,868,275,070 | -7.45% | \$9,133,216,230 | -1.88% | \$8,961,240,860 |

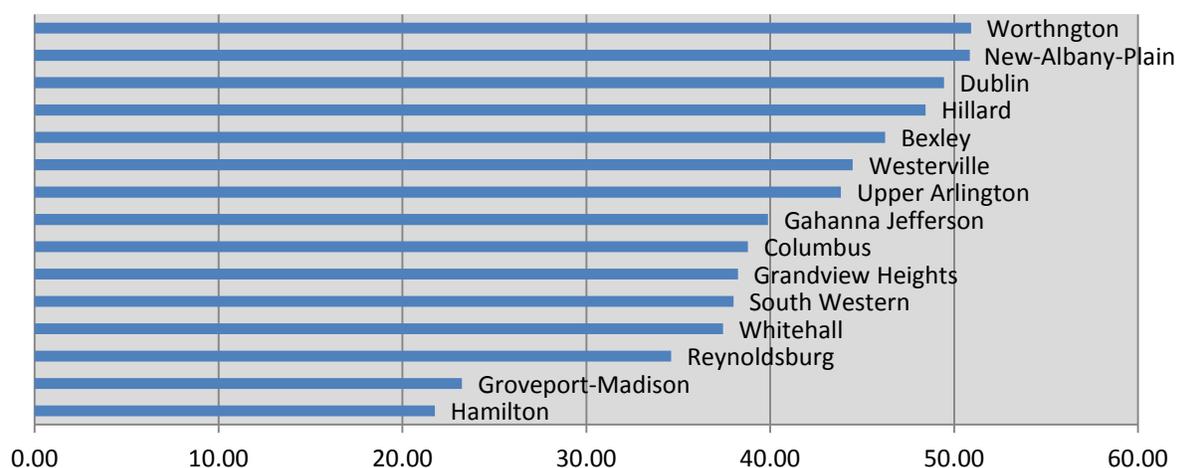
Overall, there was a 1.88% decrease in property values from 2012 to 2013. The most significant change occurred in real property.

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.

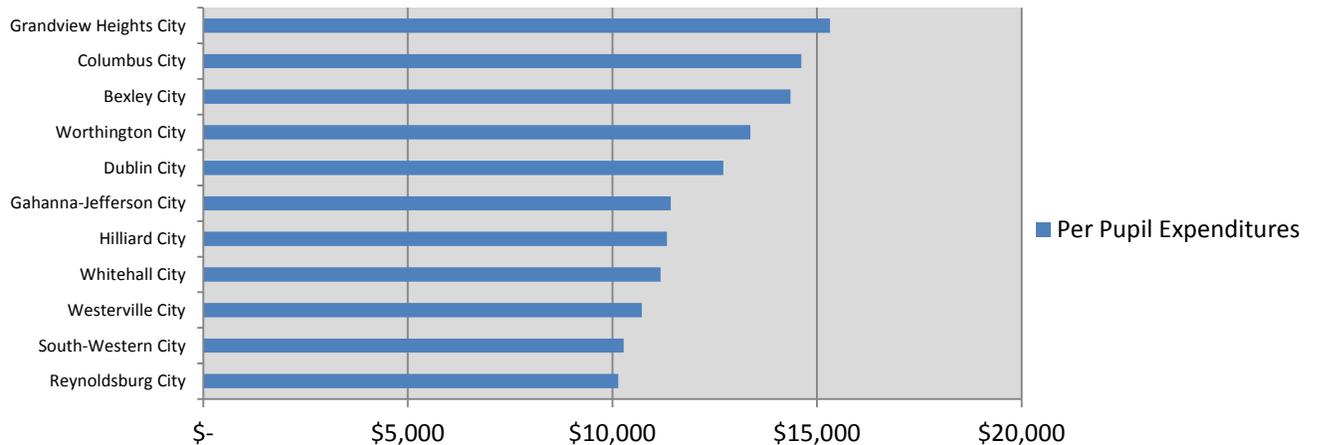
Effective Tax Rates - Since the School District depends on local tax support for 54.2% of its general fund revenue, tax rates are crucial to the School District and its taxpayers. HB 920 reduces the voted millage rate to an effective tax rate in order to generate the same amount of revenue received in 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' FY2013 expenditures per pupil compare to other similar school districts.



Outstanding Debt

At fiscal year ended June 30

| Issue | 6/30/2013 | 6/30/2012 | 6/30/2011 |
|--------------------------------------|----------------------|----------------------|----------------------|
| 1993 School Building Renovation Bond | 0 | 0 | 828,650 |
| 2003 School Improvement Bonds | 0 | 5,160,000 | 21,460,000 |
| 2004 School Improvement Bonds | 8,640,000 | 12,655,000 | 14,155,000 |
| 2006 School Improvement Bonds | 272,359,897 | 274,124,897 | 275,814,897 |
| 2007 School Improvement Bonds | 5,745,000 | 5,995,000 | 6,235,000 |
| 2008 School Improvement Bonds | 14,949,998 | 15,479,998 | 15,994,998 |
| 2009 School Improvement Bonds | 126,224,987 | 128,499,987 | 129,859,987 |
| 2009 Energy Conservation Bonds | 1,740,000 | 2,665,000 | 3,575,000 |
| 2011 School Improvement Bonds | 24,675,000 | 24,675,000 | 9,865,000 |
| 2012 School Improvement Bonds | 11,080,000 | 11,255,000 | 0 |
| 2013 School Bus Acquisition Bonds | 26,150,000 | 0 | 0 |
| Bond Anticipation Notes | 0 | 0 | 20,500,000 |
| Total | \$491,564,882 | \$480,509,882 | \$498,288,532 |

Statement of Net Position - All Funds

At fiscal year ended June 30

| Assets | 6/30/2013 | 6/30/2012 | 6/30/2011 |
|---------------------------------------|------------------------|------------------------|------------------------|
| Cash and Investments | \$475,426,566 | \$477,238,389 | \$507,819,282 |
| Receivables | \$447,333,989 | \$465,889,429 | \$500,304,565 |
| Prepaid Items | \$163,305 | \$162,218 | \$187,189 |
| Capital Assets | \$665,547,816 | \$629,127,683 | \$573,607,429 |
| Total Assets | \$1,588,471,679 | \$1,572,417,719 | \$1,581,918,465 |
| Deferred Outflows of Resources | | | |
| Deferred Outflows of Resources | \$849,711 | \$2,834,690 | \$4,654,729 |
| Liabilities | | | |
| Short-Term Liabilities | \$117,105,569 | \$136,066,884 | \$107,627,245 |
| Long-Term Liabilities | \$598,213,031 | \$588,191,423 | \$617,251,125 |
| Total Liabilities | \$715,318,600 | \$724,258,307 | \$724,878,370 |
| Deferred Inflows of Resources | | | |
| Deferred Inflows of Resources | \$277,849,035 | \$255,656,196 | \$269,843,628 |
| Net Position | | | |
| Total Net Position | \$596,153,755 | \$595,337,906 | \$591,851,196 |



POPULAR ANNUAL FINANCIAL REPORT 2013



Learn. Dream. Succeed.

COLUMBUS CITY SCHOOLS,

established in 1845, is the state of Ohio's largest school district, serving the needs of more than 50,000 students in 116 schools.

The district is under the leadership of Interim Superintendent/CEO, Dan Good, Ph.D., and a seven-member Board of Education.

STAY CONNECTED

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