



Located south of Merion Village, Hungarian Village was populated by immigrants from Hungary, Croatia, and Italy, and became home to the Hungarian Reformed Church more than a century ago. It is roughly the size of four by seven city blocks.

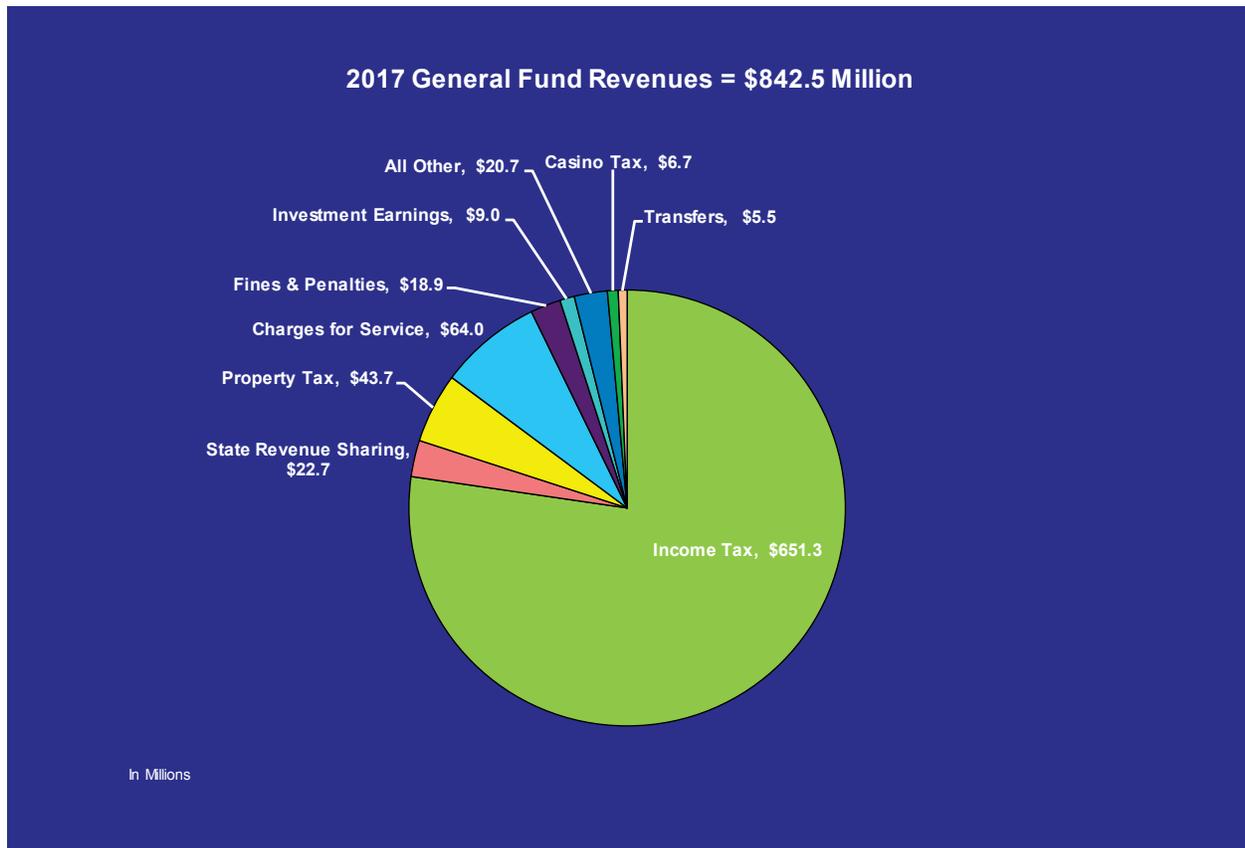
FINANCIAL OVERVIEW

Revenue

The financial health of the city's general fund is directly tied to the income tax which comprises over 77 percent of the revenue supporting the general fund operating budget. In August 2009, Columbus voters approved a 0.5 percent increase to the income tax rate, raising it to 2.5 percent effective October 1, 2009. Therefore, 2010 was the first full year of collections at the 2.5 percent rate. Three quarters of income tax collections are deposited into the general fund for general government operations, with the balance being set aside for capital and debt service requirements.

The chart on the following page illustrates the projected amount of revenue expected from each major general fund source in 2017. After the income tax, the next three largest revenue sources to the general fund are various charges for services at eight percent, property taxes at five percent and shared revenues (various state taxes that are shared with local governments) at three percent.

Financial Overview



Income tax collections are projected at \$632.3 million in 2016 and \$651.3 million in 2017. The City Auditor's 2017 estimate assumes a three percent growth in income tax receipts in 2017, or an additional \$19 million.

Over the past decade, budget reductions at the state level have led to incremental reductions of shared revenues to local governments. No further reductions will be realized in 2017. In 2001, the City of Columbus received \$51 million in local government funds, while the 2016 projection for these funds is \$20.0 million, and in 2017 this revenue source is projected at \$22.7 million. Additionally, the state has eliminated the estate tax effective January 1, 2013, and no further receipts will be received.

Property tax receipts fluctuate from year to year, due to reappraisals that occur every three years. In the off years, property tax revenue growth is typically less than one percent. Growth is normally expected in the reappraisal years. The city experienced a 10.3 percent increase in assessed valuation during the sexennial reappraisal in 2006, but in 2009, the triennial update year, the county applied a zero growth rate to all residential property values. While 2012 was another reappraisal year, property tax collections actually declined by 7.92 percent due to the ongoing housing decline. Property taxes rebounded in 2015 and increased by 0.82 percent over the prior year. The City Auditor projects that 2016 property tax collections will be 0.36 percent higher than those of 2015. Due to increases in property values, property taxes are expected to grow 2.36 percent in 2017 over the 2016 projection.

Investment earnings are a highly volatile source of revenue and tend to reflect economic conditions. In 2001, the city posted \$29 million in investment earnings. By 2004, these earnings had dropped to just \$5.5 million. In recent years, investment earnings have still been

down, but they were experiencing mild year over year growth. In 2016, projected earnings are \$7.3 million. The City Auditor increased the estimate to \$9 million for 2017.

Bond Ratings

The city continues to retain the highest bond ratings available for long-term debt by all three major rating agencies: Moody's Investors Service, Standard and Poor's Corporation, and Fitch Ratings. Bond ratings of Aaa and AAA, respectively, were awarded to the city in 1995 by Moody's and Standard and Poor's, and have been maintained ever since. Fitch Ratings rated the city for the first time in 2006, also awarding Columbus an AAA rating. Columbus is one of the largest cities in the nation to maintain the highest possible credit rankings for both unlimited and limited general obligation debt from the three major rating agencies. These ratings afford Columbus the opportunity to realize savings in the cost of long-term financing, affirm investor's confidence in investment in Columbus, and help attract new businesses to the area.

Reserve Funds

The City of Columbus currently has three general reserve funds: the economic stabilization fund (i.e., the rainy day fund), the anticipated expenditure fund (formerly known as the 27th pay period fund), and the basic city services fund.

The rainy day fund was created in 1988 with a deposit of \$4 million as a reserve for unforeseen events that could disrupt basic city services. With the ultimate goal of reaching a fund balance of 5 percent of general fund expenditures, annual deposits of \$1 million were made until 1998. In this year, the city received a \$7 million refund from the Ohio Bureau of Workers Compensation and deposited it into this fund.

The first withdrawal was in 2003, when \$10.2 million was used to balance the general fund budget. An additional \$25 million was used in 2004 for the same purpose. In May of 2004, an unanticipated \$55.1 million from the Solid Waste Authority of Central Ohio (SWACO), in partial satisfaction of lease payments due to the city, was deposited into the rainy day fund. Transfers to the general fund were again made in 2005 (\$13 million) and 2006 (\$12 million). In 2006, the city received nearly \$10 million for pollution credits from SWACO, which were also deposited into the fund. In 2008, \$900,000 was transferred to the general fund in order to end the year in balance. In 2009, \$30.04 million was transferred to the general fund to avoid what would have been drastic reductions to basic city services. Following passage of the 2009 income tax increase, the city made good on its promise to begin to replenish the fund, with a transfer of \$7.5 million from the general fund in 2010. Deposits of \$10 million in 2011 and \$6.7 million in 2012 helped the fund reach almost \$40 million by year-end 2012. With the 2013 payment of \$16.15 million, the city met its commitment to rebuild the fund to a \$50 million balance a year earlier than originally promised.

The city has established a new goal of \$75 million in the rainy day fund to further ensure that the city is able to withstand future unknown financial events. After deposits of \$7.6 million in 2014, \$2.2 million in 2015, \$2.2 million in 2016, and \$2.2 million in 2017, the fund will have accumulated \$72.5 million of the 2018 goal of \$75 million.

Financial Overview

The planned replenishment schedule is illustrated in the following chart.

Economic Stabilization Fund Recommended Future Deposits (000's Omitted)					
Year	Deposit	Investment Earnings*	Expended	Year-End Balance	% of GF Budget
2003	-	608	10,243	18,371	3.49%
2004	59,406	791	25,000	53,568	10.15%
2005	-	1,169	13,000	41,737	7.49%
2006	9,964	2,111	12,000	41,812	7.02%
2007	348	2,320	-	44,480	7.04%
2008	-	-	900	43,580	6.68%
2009	720	739	30,039	15,000	2.43%
2010	7,500	224	-	22,724	3.31%
2011	10,000	173	-	32,897	4.72%
2012	6,725	183	-	39,805	5.47%
2013	16,147	193	-	56,145	7.44%
2014	7,600	330	-	64,075	8.21%
2015	2,200	466	-	66,741	8.37%
2016	2,200	669	-	69,610	8.47%
2017	2,200	696	-	72,506	8.34%
2018	2,200	725	-	75,431	8.68%

* In 2008, investment earnings were deposited to the Anticipated Expenditures Fund.

The anticipated expenditure fund was established in 1994 to prepare for those fiscal years in which there are 27 pay periods rather than the standard 26. After payment of \$17.8 million for the 27th pay period in 2008, this fund had a balance of \$1.23 million. Annual deposits are made into the fund to ensure that there are sufficient moneys for the next occurrence, which will be in the year 2020.

Anticipated Expenditure Fund Recommended Future Deposits (000's Omitted)			
Year	Deposit	Expended	Year-End Balance
2011	2,052	-	6,814
2012	2,060	-	8,874
2013	2,122	-	10,996
2014	2,185	-	13,181
2015	2,251	-	15,432
2016	2,318	-	17,750
2017	2,388	-	20,138
2018	2,460	-	22,597
2019	2,533	-	25,131
2020	2,609	-	27,740

Finance and Management projects the next occurrence of a year with 27 pay dates to be 2020. Escalating deposits are planned to meet a projected liability of almost \$28 million in that year.

An additional reserve fund, the basic city services fund, was created in 2012 to ensure the city was poised to address the reduction of revenue caused by cuts to the local government fund and the elimination of the estate tax. Over the past four years, this fund has helped to ensure the continuation of basic city services. In 2017, \$1.5 million will be transferred into the basic city services fund from the general fund, increasing the balance to \$4.8 million.

2017 Budget Scenario

The 2017 budget was balanced by employing certain key principles, as follows:

- Build a budget from the ground up which is keyed to the Mayor's strategic priorities and goals.
- Focus on maintaining basic city services for neighborhoods - police and fire protection, refuse collection, and basic public health services.
- Review all program areas to identify activities the city should no longer be engaged in, given limited resources.
- Review revenue sources to identify new revenues and/or opportunities for increased revenues.
- Continue implementation of the 10-year reform plan by reducing pension pick-up and increasing the employee share of health insurance premiums for all city employees.
- Continue reforms and efficiency measures as recommended by the city and affirmed by the accountability committee.
- Promote efficiencies in government by examining opportunities to redeploy uniformed police and firefighters, expanding energy efficiencies, improving the efficiency of fleet and facilities management, expanding online auctions for city asset sales, and partnering with various organizations and governmental entities.
- Continue diligent review of general fund hires and non-personnel spending to keep expenditures at the lowest level necessary to provide essential services to the citizens of Columbus.
- Continue to replenish the "rainy day" fund to achieve a balance of \$75 million by the end of 2018.

General Fund Pro Forma

A general fund pro forma operating statement is provided herein, which projects the city's future general fund financial outlook. The pro forma bases year 2017 revenues on the City Auditor's official Estimate of Available General Fund Resources, except as noted. The following assumptions were used in developing the pro forma.

Pro Forma Operating Statement Assumptions

Like all financial forecasting tools, pro forma projections are based on a series of assumptions that invariably do not prove totally accurate over time. Moreover, projections become less certain the further one extends the forecasting horizon. This pro forma statement assumes that year-end deficits, which are not permissible per state law, will be corrected through expenditure adjustments in order to force a positive year-end fund balance. The document presented herein represents the Finance and Management Department's best estimate of the city's financial status into the future, given the following assumptions.

Expenditure Assumptions

- The standard inflation rate for non-personnel items is two percent in 2018 and thereafter.
- Personnel costs (excluding insurance costs) for employees that are covered by current collective bargaining agreements are projected at the wage rates in effect per those contracts. For those units that have contracts that are currently under negotiation, and for the years that follow the expiration date of contracts currently in place, a blended rate that represents the city's efforts to control pay increases and to reduce pension pick-up benefits over the next ten years is used.
- Insurance costs are projected to grow by eight percent annually in 2018 and beyond; however, projections include offsets due to incremental increases in employee shares.
- Except as otherwise noted, expenditure projections for 2018 and beyond are premised on maintaining 2017 levels of service.
- No general fund moneys are projected for the purchase of vehicles in 2017. Starting in 2018 and beyond, however, \$4 million is projected for the purchase of safety vehicles (primarily police cruisers) and for the scheduled replacement of the city's rolling fleet.

Revenue Assumptions

- Income tax receipts will be \$651.3 million in 2017 and will grow by 3.25 percent in all years thereafter.
- Property taxes will increase by 2.36 percent in 2017, and grow by 2.0 percent thereafter, except for every third year, during the triennial review, when they will increase by 4.0 percent.
- Local government fund revenue, or shared revenues, is projected to increase by 12.8 percent in 2017 and then increase by 2.0 percent thereafter.
- Investment earnings will be \$9 million in 2017 and are projected to remain at that level in 2018 and thereafter.
- Charges for services are expected to increase by 2.01 percent in 2017 and then grow by 3.0 percent thereafter.
- The kilowatt hour tax will be \$3.3 million in 2017 and will remain flat thereafter.
- Fines and penalties will increase by 0.75 percent in 2017 and increase by 2.0 percent thereafter.
- Licenses and permit fees will remain flat in 2017 and increase by 2.0 percent thereafter.
- Casino revenue will total \$6.7 million in 2017 and increase by 3.0 percent in all years thereafter.

Division Specific Assumptions

- Two police recruit classes are funded in the general fund in 2017. Thereafter, recruit classes sufficient to replace retiring uniformed staff are projected.
 - Two fire recruit classes are funded in 2017. Thereafter, recruit classes sufficient to replace retiring uniformed staff are projected.
 - Projections for the Refuse Collection Division assume that all of the bulk collection program will continue to be funded through the general fund in 2017 and beyond.
-

GENERAL FUND PRO FORMA OPERATING STATEMENT

Resources:	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Beginning Balance	30,721,859	26,998,000	-	-	-	-	-	-	-	-	-
Income Tax	632,300,000	651,300,000	672,467,000	694,322,000	716,887,000	740,186,000	764,242,000	789,080,000	814,725,000	841,204,000	868,543,000
Property Tax	42,647,000	43,654,000	45,400,000	46,308,000	47,234,000	49,123,000	50,105,000	51,107,000	53,151,000	54,214,000	55,298,000
Kilowatt Hour Tax	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000
Hotel/Motel Tax	-	-	-	-	-	-	-	-	-	-	-
Shared Revenues	21,234,000	23,952,000	24,431,000	24,920,000	25,418,000	25,926,000	26,445,000	26,974,000	27,513,000	28,063,000	28,624,000
License and Permit Fees	12,190,000	12,190,000	12,434,000	12,683,000	12,937,000	13,196,000	13,460,000	13,729,000	14,004,000	14,284,000	14,570,000
Fines and Penalties	18,765,000	18,906,000	19,284,000	19,670,000	20,063,000	20,464,000	20,873,000	21,290,000	21,716,000	22,150,000	22,593,000
Investment Earnings	7,250,000	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000
Charges for Service	62,722,000	63,981,000	65,900,000	67,877,000	69,913,000	72,010,000	74,170,000	76,395,000	78,687,000	81,048,000	83,479,000
All Other Revenue	9,026,000	9,559,000	9,559,000	9,559,000	9,559,000	9,559,000	9,559,000	9,559,000	9,559,000	9,559,000	9,559,000
Basic City Services - Transfer In	1,830,000	-	-	-	-	-	-	-	-	-	-
Casino Revenue	6,515,000	6,660,000	6,859,800	7,065,594	7,277,562	7,495,889	7,720,765	7,952,388	8,190,960	8,436,689	8,689,789
Total Revenues	817,779,000	842,502,000	868,634,800	894,704,594	921,588,562	950,259,889	978,874,765	1,008,386,388	1,039,845,960	1,071,258,689	1,103,655,789
Total Available Resources	848,500,859	869,500,000	868,634,800	894,704,594	921,588,562	950,259,889	978,874,765	1,008,386,388	1,039,845,960	1,071,258,689	1,103,655,789
% Change in Revenues from Prior Yr.	2.31%	3.02%	3.10%	3.00%	3.00%	3.11%	3.01%	3.01%	3.12%	3.02%	3.02%
% Change in Resources from Prior Yr	2.42%	2.47%	-0.10%	3.00%	3.00%	3.11%	3.01%	3.01%	3.12%	3.02%	3.02%
Expenditures:	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Development	41,788,292	25,709,365	26,520,137	27,241,133	27,991,796	28,773,939	29,589,510	30,440,600	31,329,455	32,258,491	33,230,304
Fire	235,827,042	243,756,449	250,018,353	257,907,460	265,455,757	273,346,232	281,601,025	290,243,944	299,300,593	308,798,516	318,767,351
Governmental Services	94,857,757	130,598,486	137,148,986	142,895,795	146,574,327	150,392,078	154,357,086	158,477,968	162,763,966	167,224,999	171,871,713
Health	23,373,474	24,076,829	25,330,306	26,096,312	26,898,391	27,738,923	28,620,472	29,545,793	30,517,853	31,539,846	32,615,210
Judicial Services	29,366,659	30,342,283	31,791,953	32,899,569	34,067,081	35,298,704	36,598,982	37,972,810	39,425,462	40,962,623	42,590,420
Other Safety	13,236,360	14,488,617	14,902,263	15,286,143	15,684,567	16,098,376	16,528,471	16,975,817	17,441,453	17,926,490	18,432,126
Police	308,015,682	318,621,471	328,013,380	337,834,686	348,113,301	358,879,241	370,164,795	382,004,697	394,436,326	407,499,910	421,238,754
Recreation and Parks	37,788,290	40,360,624	41,590,004	42,810,587	44,086,685	45,421,896	46,820,088	48,285,426	49,822,384	51,435,782	53,130,804
Refuse Collection	30,687,203	33,716,997	35,383,565	36,426,720	37,517,577	38,659,237	39,855,035	41,108,557	42,423,664	43,804,508	45,255,559
Public Service	4,361,577	4,128,879	4,356,500	4,499,894	4,650,657	4,809,297	4,976,359	5,152,433	5,338,152	5,534,199	5,741,310
Fleet-Vehicles	-	-	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Operating Expenditures	819,302,336	865,800,000	899,055,446	927,898,299	955,040,138	983,417,923	1,013,111,823	1,044,208,044	1,076,799,308	1,110,985,365	1,146,873,550
% Change/Previous Year	3.66%	5.68%	3.84%	3.21%	2.93%	2.97%	3.02%	3.07%	3.12%	3.17%	3.23%
Economic Stabilization Fund Deposit	2,200,000	2,200,000	2,200,000	-	-	-	-	-	-	-	-
Basic City Services Fund Deposit	-	1,500,000	-	-	-	-	-	-	-	-	-
Required Expenditure Reductions and/or Revenue Increases	26,998,000	-	(32,620,646)	(33,193,705)	(33,451,576)	(33,158,035)	(34,237,057)	(35,821,655)	(36,953,348)	(39,726,677)	(43,217,760)

Footnotes:
 Revenue estimates for 2018 and beyond are those of the Department of Finance & Management, and not the City Auditor.
 Cumulative deficits are not possible since each budget year must be balanced. Balancing will be achieved through increased revenues, lowered expenditures, or a combination thereof.

Financial Overview

This page has been intentionally left blank.