

MEGAN N. KILGORE

City Auditor

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THE CITY OF
COLUMBUS

OFFICE OF MEGAN N. KILGORE,
CITY AUDITOR

To: Mayor Andrew J. Ginther
Columbus City Councilmembers
City Attorney Zach Klein

From: City Auditor Megan Kilgore

Date: October 29, 2024

2025 Official Revenue Estimate

Dear Colleagues:

As we enter 2025, the macroeconomic environment remains complex. Geopolitical uncertainties, persistent inflation, and the reality of elevated interest rates continue to challenge both businesses and residents. While these factors create headwinds nationally, Columbus is well-positioned to manage through this environment. The City's job market continues to outperform national averages in many sectors, and our growing population and diverse economy provide a strong foundation for sustainable revenue growth.

The strength of Columbus lies in its ability to attract talent, investment, and innovation. Key industries, including technology, healthcare, logistics, and advanced manufacturing, are driving both job creation and economic momentum. We also benefit from emerging sectors such as clean energy. These investments position Columbus to capitalize on growth opportunities, even as national and global uncertainties persist.

We remain vigilant in our monitoring of both local and broader economic trends, adjusting our strategy as needed to ensure fiscal resilience.

The detailed notes attached provide additional insight into our assumptions for the 2025 Official Revenue Estimate.

General Fund resources for 2025 are forecasted to be \$1,228,075,000, an increase of 1.4% relative to the 2024 Original Revenue Estimate of \$1,211,579,657 (dated 1/2/2024). We will closely monitor the actual impacts to revenues in the first quarter of 2025 and will update projections as needed.

We endeavored to provide a lot of useful information in the ensuing document. Please contact me with any follow-up questions.



Megan N. Kilgore
City Auditor



October 29, 2024

2025 Official Revenue Estimate

Per the Charter of the City of Columbus, the Mayor’s estimate of the expense of conducting the affairs of the City for the following fiscal year shall be submitted to City Council on or before the fifteenth day of November in each year. The estimate shall be compiled from certain information obtained from various City departments, including a statement from the City Auditor of the total probable revenue for the period covered by the Mayor’s estimate. This statement shall serve as the City Auditor’s Statement of Available Resources for Fiscal Year 2025.

ESTIMATED GENERAL OPERATING FUND REVENUE:

Income taxes	\$898,474,000
Property taxes	85,679,000
Investment earnings	51,000,000
Licenses and permits fees	6,100,000
Shared revenue	43,805,000
Charges for services	82,664,000
Fines, forfeitures and penalties	10,000,000
Miscellaneous revenue	5,750,000
TOTAL ESTIMATED RESOURCES FROM REVENUE	\$1,183,472,000
TOTAL TRANSFERS IN - From BASIC CITY SERVICES subfund [100017]	20,000,000
TOTAL ESTIMATED RESOURCES AND TRANSFERS	\$1,203,472,000
Estimated prior year encumbrance cancellations	7,500,000
Estimated 2024 Year End Fund Balance	17,103,000
TOTAL ESTIMATED AVAILABLE RESOURCES GENERAL OPERATING FUND	\$1,228,075,000

UNENCUMBERED CASH AVAILABLE IN OTHER GENERAL FUND SUBFUNDS:

Estimated Unencumbered Cash – JOB GROWTH [100015]	\$1,000,000
Estimated Unencumbered Cash – PUBLIC SAFETY INITIATIVE [100016]	380,000
Estimated Unencumbered Cash – BASIC CITY SERVICES [100017]	-
Estimated Unencumbered Cash – NEIGHBORHOOD INITIATIVE [100018]	3,000,000
Estimated Unencumbered Cash – REIMAGINE SAFETY [100019]	666,000
TOTAL ESTIMATED AVAILABLE RESOURCES	\$1,233,121,000

This estimate includes an increase in 2025 income tax revenue of 3% as compared to the estimated income tax revenue of \$872.3 million for the year ended December 31, 2024. In addition, the estimate includes the transfer in of the balance of the Basic City Services subfund of the General Fund of approximately \$20.0 million.



In addition to the total resources estimated for the General Operating Fund, there is an estimated \$5.0 million in unencumbered cash in other General Fund subfunds, which could be transferred to the General Operating Fund to cover the cost of basic city services. If the unencumbered balances in these General Fund subfunds were transferred to the General Operating Fund, total estimated available resources would be \$1.233 billion for 2025.

See “Notes to the City Auditor’s Statement of 2025 Estimated Available Resources” for additional information.

CITY OF COLUMBUS, OHIO
NOTES TO THE CITY AUDITOR'S STATEMENT OF 2025 ESTIMATED AVAILABLE RESOURCES
GENERAL OPERATING FUND

NOTE 1 – GENERAL OPERATING FUND RESOURCES

The 2025 General Operating Fund total estimated *revenues* for the City of Columbus (“City”) are approximately \$1.183 billion. The revenue is generated through income tax, property tax, licenses and permit fees, fines, forfeitures and penalties, investment earnings, charges for services, shared revenue, and miscellaneous revenue.

Total 2025 estimated *resources* for the General Operating Fund, which include revenues, transfers in, estimated cancellations of prior year encumbrances and the estimated year-end cash balance at December 31, 2024, are \$1.228 billion.

Total estimated revenues for 2025 increased \$59.2 million (or 5.3%) as compared to the original estimated revenues for 2024 of \$1.124 billion. Total estimated resources for 2025 represent a \$16.5 million (or 1.4%) increase as compared to the estimated total resources for 2024 of \$1.212 billion. The table below displays the total amount of estimated revenue attributable to each revenue category for both 2025 and 2024 and the actual revenue collected for 2023.

(\$ in thousands)

Revenue Categories	2023		2024		2025	
	Actual	% to Total	Original Estimate	% to Total	Original Estimate	% to Total
Income Taxes	\$852,461	79.1%	\$872,305	77.6%	\$898,474	75.9%
Property Taxes	63,610	5.9%	81,800	7.3%	85,679	7.2%
License and permit fees	7,122	0.7%	6,684	0.6%	6,100	0.5%
Fines, forfeitures and penalties	9,146	0.8%	8,020	0.7%	10,000	0.9%
Investment earnings	30,962	2.8%	41,270	3.7%	51,000	4.3%
Charges for service	71,703	6.7%	74,040	6.6%	82,664	7.0%
Shared revenue	36,580	3.4%	34,427	3.1%	43,805	3.7%
Miscellaneous revenue	6,389	0.6%	5,750	0.4%	5,750	0.5%
Resources from revenue	\$1,077,973	100.0%	\$1,124,296	100.0%	\$1,183,472	100.0%

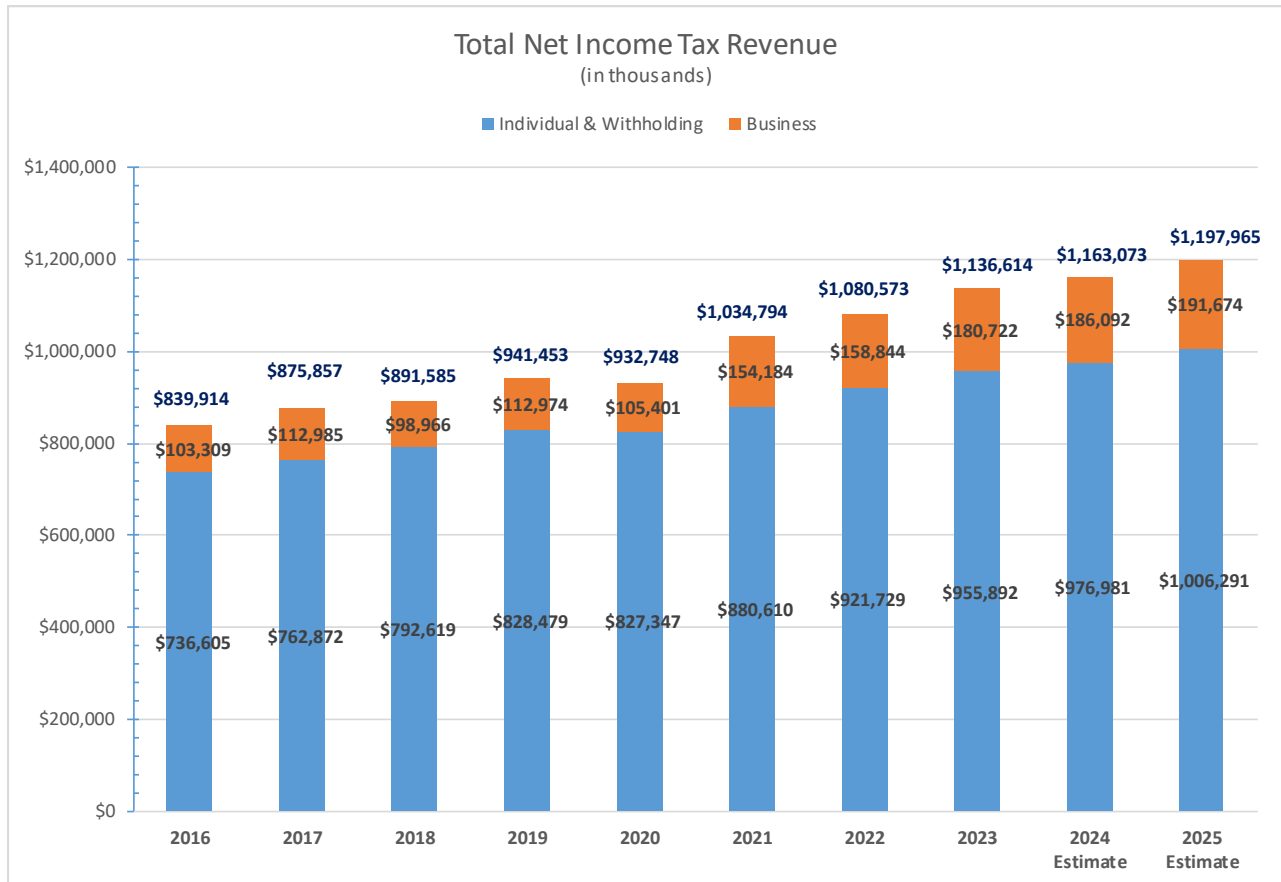
NOTE 2 – INCOME TAXES

Income tax revenue represents approximately 75.9% of total General Fund revenues estimated for 2025.

Total income tax revenues for 2025, after providing for taxpayer refunds, are estimated at \$1.198 billion. One fourth of the collections will be deposited into a special subfund for the City’s capital program. The remaining three-fourths of the collections, approximately \$898.5 million, will be deposited in the City’s General Operating Fund. The City’s current income tax rate is 2.5%, which is levied on all wages, salaries, commissions, other compensation paid to employees, and on net profits of business operations in the City.

CITY OF COLUMBUS, OHIO
NOTES TO THE CITY AUDITOR'S STATEMENT OF 2025 ESTIMATED AVAILABLE RESOURCES
GENERAL OPERATING FUND

The 2025 General Fund income tax revenue was estimated based on projections for employment levels, realized wage inflation, and work-from-home trends. The graph below shows total income tax collections/estimates for a 10-year period.



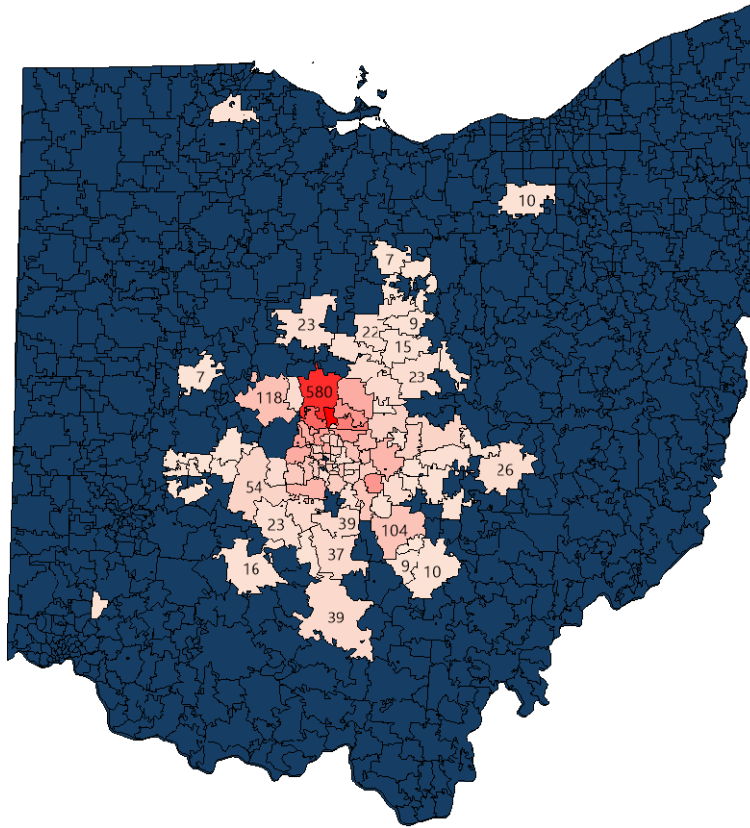
National Economy

As we approach 2025, key uncertainties still dominate the national economic outlook. While inflation has begun to cool, elevated interest rates are likely to persist into 2025, restraining consumer spending and investment. Despite this, Columbus’s multi-sector base—particularly in technology, healthcare, and logistics—provides stability against national downturns.

Remote Work and Its Effect on the City’s Income Tax Revenues

The heat map below depicts the approximate locations where we have seen the most requests for refunds (through September 2024). While there are many reasons for refund requests, this map provides a useful representation of employees who likely previously worked in Columbus but are now working from their home residence. Darker colors on the heat map mean higher numbers of refunds; lighter colors mean fewer.

CITY OF COLUMBUS, OHIO
NOTES TO THE CITY AUDITOR'S STATEMENT OF 2025 ESTIMATED AVAILABLE RESOURCES
GENERAL OPERATING FUND



In terms of revenue impacts, while we have seen income tax revenue declines resulting from remote work, such declines have been offset by overall wage inflation and growth in new jobs.

Additionally, Columbus is attracting remote workers from other cities, further boosting our tax base. This influx of new residents, combined with the ongoing expansion in major centers/sectors of employment such as our healthcare systems, is helping to maintain stable revenue growth despite the shift in work patterns.

Local Employment Trends

It is increasingly important to analyze the **composition** of Columbus's jobs as the **quality** and **type** of employment opportunities directly affect the City's economic health and fiscal outlook. These factors jointly provide a more informed, holistic picture compared to the raw number of filled jobs alone.

For example, we have seen that for some types of positions, particularly in areas such as customer service or basic data entry, automation has reduced specific demand for tasks and workers. At the same time, this shift has also been accompanied by increased demand for some high-paying positions. Competent data scientists, for instance, are increasingly needed by firms to manage and interpret large amounts of data generated by new technologies.

This transition to higher-skilled positions has helped offset some of the revenue impacts, as higher-income earners contribute significantly to the City's income tax base. This phenomenon underscores the

CITY OF COLUMBUS, OHIO
NOTES TO THE CITY AUDITOR'S STATEMENT OF 2025 ESTIMATED AVAILABLE RESOURCES
GENERAL OPERATING FUND

importance of not just looking at job numbers but also considering the composition of employment, as this evolving job mix will continue to shape Columbus's economic landscape.

As we look towards 2025, Columbus is projected to experience ongoing job growth, albeit with some sectoral variation.

Signs of Strength

- Columbus remains a hub for innovation in sectors such as technology and biotechnology. The **Professional, Scientific, and Technical Services** sector is projected to experience continued growth in 2025 due to strong demand for tech talent, particularly in research and development tied to the **OSU Innovation District** and local startups. High-skill job creation in this sector is contributing to the City's economic vitality and job market resilience.
- Healthcare is one of the strongest sectors within Columbus. **Healthcare and Social Assistance** jobs grew by **4.1%** through August 2024, driven by expansions in the City's healthcare systems and healthcare-related research facilities. With the ongoing development of medical campuses and an increasing demand for health services, this trend is expected to continue through 2025.
- While the **Finance and Insurance** sector in Columbus has experienced a **1.4% decline** in employment through August 2024, the sector is seeing an increase in **high-wage-paying jobs** such as financial analysts, actuaries, and risk managers. This shift toward higher-paying roles helps mitigate the negative revenue impacts of job losses.
- **Construction**: This sector has shown steady growth driven by infrastructure projects and residential development. While not as robust as the Columbus MSA, employment inside-the-City is expected to remain steady.
- The **Arts, Entertainment, and Recreation** sector in Columbus has experienced growth following the post-pandemic recovery, with **4.6% growth** through August 2024.

On Watch

- Manufacturing, transportation, and warehousing employment within Columbus continues to face challenges, mirroring national trends. Jobs in **Transportation and Warehousing** declined by **2.7%** through August 2024, as traditional roles continue to shrink due to automation and broader economic trends, such as supply chain disruptions and changes in trade volumes. Similarly, **Manufacturing** declined by **1.6%** through the same period. While high-tech manufacturing (e.g., semiconductors) holds potential for strong regional growth, our overall outlook for this sector in Columbus remains meager in 2025.
- The **Retail Trade** sector saw a **2.0%** decline through August 2024. The shift to e-commerce continues to challenge brick-and-mortar stores. While some revitalization projects may spur local retail growth, we expect the overall sector to struggle through 2025 as consumer behaviors remain focused on online shopping.

CITY OF COLUMBUS, OHIO

NOTES TO THE CITY AUDITOR'S STATEMENT OF 2025 ESTIMATED AVAILABLE RESOURCES GENERAL OPERATING FUND

Job Market Dynamics

The City's unemployment rate remains relatively low, reflecting a tight labor market despite the sectoral fluctuations we have described. Looking forward, we anticipate that high-demand roles in technology, healthcare, and renewable energy will contribute to ongoing growth of the City's income tax.

A three-year analysis of jobs, by North American Industry Classification System (NAICS) code designation, and their respective +/- changes is below.

NAICS	NAICS US Title	2022 Columbus City - BLS Average	% Change	2023 Columbus City BLS Average	% Change	2024 Columbus City - BLS Average as of August	% Change
11	Agriculture, Forestry, Fishing and Hunting	N/A	N/A	N/A	N/A	N/A	N/A
21	Mining, Quarrying, and Oil and Gas Extraction	N/A	N/A	N/A	N/A	N/A	N/A
22	Utilities	2,558	-5.0%	2,687	5.0%	2,656	-1.1%
23	Construction	26,007	6.0%	27,590	6.1%	27,873	1.0%
31-33	Manufacturing	26,418	3.3%	26,453	0.1%	26,026	-1.6%
42	Wholesale Trade	18,412	1.5%	19,078	3.6%	18,546	-2.8%
44-45	Retail Trade	48,569	2.9%	48,853	0.6%	47,861	-2.0%
48-49	Transportation and Warehousing	38,577	0.4%	35,382	-8.3%	34,442	-2.7%
51	Information	10,362	16.5%	10,362	0.0%	10,081	-2.7%
52	Finance and Insurance	32,363	-1.7%	31,889	-1.5%	31,440	-1.4%
53	Real Estate and Rental and Leasing	12,010	6.2%	12,575	4.7%	12,575	0.0%
54	Professional, Scientific, and Technical Services	37,563	4.7%	39,878	6.2%	39,825	-0.1%
55	Management of Companies and Enterprises	14,537	1.6%	14,722	1.3%	14,537	-1.3%
56	Administrative and Support and Waste Management and Remediation Services	35,107	5.3%	33,842	-3.6%	32,893	-2.8%
61	Educational Services	10,488	-0.6%	11,077	5.6%	11,254	1.6%
62	Health Care and Social Assistance	92,331	1.4%	97,550	5.7%	101,513	4.1%
71	Arts, Entertainment, and Recreation	8,119	15.9%	8,596	5.9%	8,994	4.6%
72	Accommodation and Food Services	46,961	8.4%	48,669	3.6%	48,773	0.2%
81	Other Services (except Public Administration)	24,532	4.0%	25,478	3.9%	26,247	3.0%
90	Government	105,582	2.2%	108,682	2.9%	110,788	1.9%
		590,496	3.2%	603,365	2.2%	606,323	0.5%

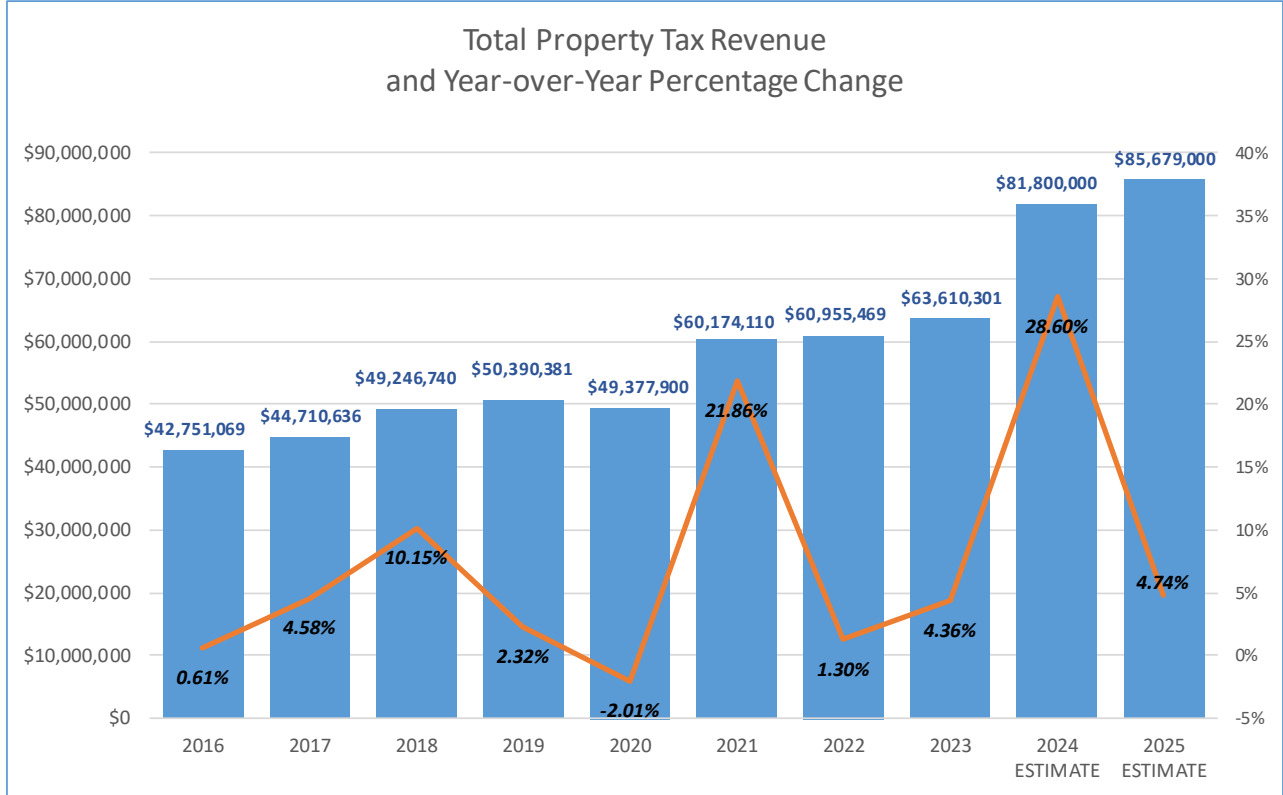
Source: BLS; 2024 data through August

NOTE 3 – PROPERTY TAXES

The City's share of taxes collected in 2025 attributable to real properties is estimated at \$85.7 million, net of an estimated \$2.5 million retained by the counties and the State for costs and fees. Amounts paid directly to the City from the State, known as "rollbacks," are included herein. Property tax revenues are estimated based on trends in assessed valuation of property as determined by the county auditors. Assessed values on real property are established by State law at 35 percent of appraised market value. A revaluation of all property is required to be completed every sixth year, with triennial appraisals occurring every third year. The sexennial revaluation in Franklin County was completed in 2023; the last triennial occurred in 2020. Ohio law prohibits taxation of property from all taxing authorities within a county in excess of one percent of assessed value without a vote of the people. Under current procedures, the City's share is .314 percent (3.14 mills) of assessed value. Increases in the property tax rate are restricted only by voter willingness to approve such increases.

CITY OF COLUMBUS, OHIO
NOTES TO THE CITY AUDITOR'S STATEMENT OF 2025 ESTIMATED AVAILABLE RESOURCES
GENERAL OPERATING FUND

Franklin County tax year 2024 assessed values for property tax amounts to be collected in 2025 will be available in December 2024. The graph below shows total property tax revenue and the year-over-year percentage change for a 10- year period.



NOTE 4 – INVESTMENT EARNINGS

The City pools its cash and investments for maximum investing efficiency. Earnings on the pool are allocated to individual funds at the discretion of City Council after meeting certain requirements. Interest earnings in excess of amounts required to be allocated are recorded as revenue in the General Fund. Based on the estimated amount of pooled cash and investments and projected interest rates, it is estimated that \$51 million will be posted as revenue to the General Fund in 2025. The 2025 investment earnings estimate is marginally higher than that expected to be realized for 2024. This is due to a slight expected decrease in interest rates, coupled with a modest increase in the City’s pooled cash and investments.

NOTE 5 – LICENSES AND PERMIT FEES

Licenses and permit fees are estimated at \$6.1 million, which is a decrease of \$584 thousand or 8.7% as compared to the 2024 estimate. The majority of this revenue, \$5.5 million, is from cable permits. The decline in revenue is primarily due to diminishing usage of traditional cable TV.

CITY OF COLUMBUS, OHIO
NOTES TO THE CITY AUDITOR'S STATEMENT OF 2025 ESTIMATED AVAILABLE RESOURCES
GENERAL OPERATING FUND

NOTE 6 – SHARED REVENUE

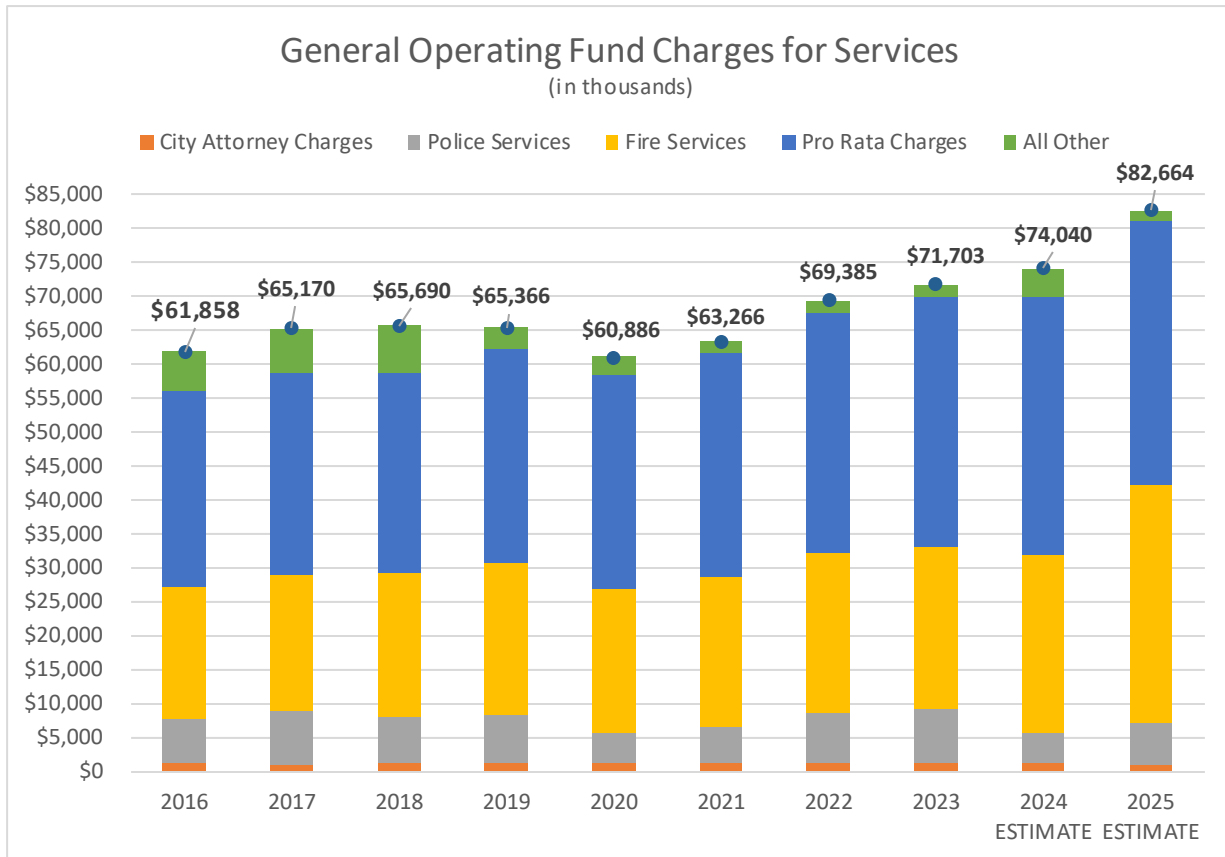
Shared revenue sources are estimated at \$43.8 million for 2025. Shared revenues include portions of the various State taxes which are shared with local governments. It is estimated that these shared taxes will provide \$27.3 million. The City also receives Casino taxes as an allocation of county share portion and as a host city portion. Total Casino taxes are estimated at \$14.0 million. The City has entered into various agreements funded with Casino taxes. For 2025, it is estimated that \$8.5 million in Casino taxes will remain in the General Fund.

The City is expected to begin receiving a new source of shared revenue in 2025. The legalization of adult-use cannabis was a significant milestone achieved through a democratic process. On November 7, 2023, Ohio voters approved Issue 2, also known as "An Act to Control and Regulate Adult Use Cannabis," with 57% voting in favor. This measure allowed adults aged 21 and over to purchase and possess cannabis for recreational use. Following the approval, the first sales began on August 6, 2024, marking the official start of adult-use cannabis in the State. These sales are subject to a 10% excise tax, collected at the point of sale. From this tax revenue, 36% is allocated to the Host Community Cannabis Fund, which directly benefits the cities and townships where the dispensaries operate. This fund provides financial resources to support local initiatives and community services, ensuring that the communities hosting these businesses receive meaningful financial support. The State did not appropriate the expenditure of the host community funds in its 2025 fiscal budget; therefore, the City will not receive funds from cannabis sales until after July 1, 2025. As there is limited data available at the time of this revenue estimate, a conservative estimate of \$8 million has been included as revenue from adult-use cannabis tax for 2025.

NOTE 7 – CHARGES FOR SERVICES

Charges for services in 2025 are estimated at \$82.7 million. The most significant revenue sources included in charges for services are for Pro Rata, Division of Fire Emergency Medical Services (EMS) Billing, and special Police services. Pro Rata (or administrative charges to non-General Operating Fund divisions) represents certain operating costs borne by the General Operating Fund which are allocated to other funds of the City. Ordinance 3200-2021 calls for an assessment rate of 4.5% of revenues of the funds assessed, resulting in revenue to the General Operating Fund estimated at \$38.9 million for 2025. The Fire Services estimate of \$35.2 million includes EMS Billing for fees related to emergency medical transportation services of \$30.3 million for 2025. This estimate includes \$8.8 million of catch-up on 2024 EMS billing amounts that were not collected in 2024 due to a cyberattack on the City's EMS Billing third-party administrator. Special Police services which include auto impound fees, policing special community, and other events are estimated to generate revenue of \$3.7 million in 2025. The following graph illustrates charges for services revenue by source over a 10-year period.

CITY OF COLUMBUS, OHIO
NOTES TO THE CITY AUDITOR'S STATEMENT OF 2025 ESTIMATED AVAILABLE RESOURCES
GENERAL OPERATING FUND



NOTE 8 – FINES, FORFEITURES AND PENALTIES

Revenue from fines, forfeitures and penalties consists primarily of court costs. Court costs resulting from operations of the Franklin County Municipal Court should produce approximately \$10.0 million in 2025. This estimate represents a 24.7% increase over the 2024 estimate, as the municipal court revenue continues to recover from the impact of the pandemic.

NOTE 9 – MISCELLANEOUS REVENUES

Miscellaneous revenues are estimated at \$5.8 million for 2025. Kilowatt hour (kWh) tax is permitted to be levied on users of electricity provided by the City’s Division of Electricity. State statutes provide for the kWh tax to be deposited into the City’s General Operating Fund and the City reports this amount as miscellaneous revenue. The kWh tax for 2025 is estimated at \$3.5 million. The remaining \$2.3 million estimated in miscellaneous revenue is for rents, refunds, reimbursements, and other miscellaneous payments.

NOTE 10 – TRANSFERS IN

Transfers from other funds for 2025 are estimated at \$20.0 million, which is the amount to be transferred from the Basic City Services General Fund subfund [1000-100017].

CITY OF COLUMBUS, OHIO
NOTES TO THE CITY AUDITOR'S STATEMENT OF 2025 ESTIMATED AVAILABLE RESOURCES
GENERAL OPERATING FUND

NOTE 11 – PRIOR YEAR ENCUMBRANCE CANCELLATIONS

Encumbrances which will be carried forward to 2025, but not used, are estimated at \$7.5 million. These cancellations will increase unencumbered cash in 2025 to be used for operations. Cancellations are estimated based on previous trends of encumbrance amounts carried forward from year to year, as well as the amounts cancelled each year.

NOTE 12 – ESTIMATED AVAILABLE BEGINNING BALANCE

The estimated available 2025 beginning balance was determined using estimates of year-end 2024 revenues and expenses based on year-to-date actual revenues and expenditures through the third quarter of 2024.

The 2025 beginning cash balance was estimated as follows:

General Operating Fund Estimated Beginning Cash Balance	<u>(in thousands)</u>
Beginning Cash Balance - January 1, 2024	\$ 144,850
Less - Outstanding Encumbrances at December 31, 2023	<u>93,966</u>
Unencumbered Cash Balance - January 1, 2024	\$ 50,884
Add City Auditor's Official Revised Estimate dated January 1, 2024	-
Add - City Auditor's Estimated 2024 Receipts	\$ 1,124,296
Add - City Auditor's Estimated Encumbrance Cancellations	5,000
Add - Transfers In	<u>31,400</u>
Total Amount Available for Appropriations	\$ 1,211,580
Add - Estimate of Revenue in Excess of Official Estimate dated Jan 2024	2,603
Less - 2024 Projected Expenditures	<u>1,197,080</u>
Projected Available Cash Balance - December 31, 2024	<u>\$ 17,103</u>