

# CITY OF COLUMBUS

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## **General Fund Resources & Uses**

**2001-2010**

Issued by

**CITY AUDITOR**

**HUGH J. DORRIAN**

# City of Columbus, Ohio

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November 7, 2011

To Citizens and Friends of Columbus, Ohio:

The Columbus City Auditor, statutorily described as the City's chief accounting officer, presents to its citizens this reference material. It is designed to disclose budget basis information on the resources and uses of the City's General Fund from 2001 through 2010. Please consult the web page at <http://auditor.columbus.gov/> for additional publications, such as the Comprehensive Annual Financial Report, our Synopsis Report, or the Bond and Note Report.

The decade 2001 through 2010 proved to be the most challenging and financially volatile period that Columbus and many of our nation's cities faced in many years. The information contained in this report discloses the resources and uses thereof that enabled Columbus to function financially during this period.

This report was authored and compiled by Vikki Vincent Amicon, MBA, chief accountant in the Department of the Columbus City Auditor. The report serves as both an educational and historical (2001-2010) disclosure of the City's General Fund financial operations. The City Auditor expresses his thanks and appreciation to Ms. Amicon for her skill and diligence in the preparation of this report.

Respectfully submitted,

Hugh J. Dorrian, CPA  
Auditor  
City of Columbus, Ohio

# City of Columbus, Ohio

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**City of Columbus**  
**General Fund Resources and Uses**  
**2001-2010**

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# City of Columbus, Ohio

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## Introduction

Section 80 of the Columbus City Charter sets forth the duties of the City Auditor:

The auditor shall be the city's chief accounting officer. The auditor shall keep, in accurate, systematized detail a record of the receipts, disbursements, assets and liabilities of the city, and the recorded facts shall be presented periodically to officials and to the public in such summaries and analytical schedules as shall be necessary to show the full effect of such transactions for each fiscal year upon the finances of the city and in relation to each department of the city government, including distinct summaries and schedules for each public utility owned or operated.

This publication of the City Auditor's Office is intended to inform the reader of the revenues and other financing sources received for the general operations of the City of Columbus (the City), officially known as the General Fund, and how those resources are used.

**All the figures presented in this manual are on the budget basis of accounting unless otherwise specified.** The City's budget basis of accounting differs from generally accepted accounting principles in that revenues are recognized when received, rather than when susceptible to accrual (measurable and available), and encumbrances are recorded as expenditures rather than as reservations of fund balance.

The City's accounts are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures (expenses). Fund types are as follows:

### **Governmental Funds**

**General Fund**—The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds**—Special revenue funds are used to account for revenues derived from specific taxes, grants, or other restricted revenue sources. The uses and limitations of each special revenue fund are specified by City ordinances or federal and state statutes.

**Debt Service Funds**—Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

**Capital Projects Funds**—Capital projects funds are used to account for financial resources used for the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds).

**Permanent Funds**—Permanent funds are for the purpose of accounting for resources that are legally restricted to the extent that earnings, and not principal, may be used for purposes that support the reporting government's programs. The City, however, does not utilize permanent funds.

## Proprietary Funds

**Enterprise Funds**—Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises—where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City has separate enterprise funds for water, sanitary sewer, storm sewer, electricity services, and parking garages.

**Internal Service Funds**—Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, generally on a cost-reimbursement basis.

## Fiduciary Funds

**Agency Funds**—Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments, and/or other funds. Assets held for other funds or governments include payroll taxes and other employee withholdings (which are combined into one agency fund for ease of payment), and income taxes and utility charges collected by the City on behalf of other governments. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Other fiduciary funds; which, however, the City does not utilize are **pension trust funds** used to account for resources that are required to be held in trust for the respective members or beneficiaries; **investment trust funds** used to report the external portion of investment pools reported by the sponsoring government as required by Governmental Accounting Standards Board (GASB) Statement No. 31 and **private-purpose trust funds** used to account for other trust arrangements which benefit individuals, private organizations, or other governments.

Although the City has governmental, proprietary, and agency funds, this manual focuses on the General Fund. Additional information on City finances can be found in the Comprehensive Annual Financial Report (CAFR), located on the City web site at: <http://auditor.columbus.gov/>.

## General Fund

As mentioned earlier, the General Fund is the general operating fund of the City. It is used to account for all financial resources traditionally associated with government which are not required to be accounted for in another fund. The City's General Fund, during the decade 2001-2010, consisted of various components called subfunds. Those components, collectively known as the General Fund, were: the General Operating Subfund, the Economic Stabilization (Rainy Day) Subfund, the Anticipated Expenditure (27<sup>th</sup> Pay Period) Subfund, the Safety Staffing Contingency Subfund, the Jobs Growth Subfund, and the Public Safety Initiative Subfund. Revenues and expenditures of all the subfunds are included in the financial data contained in this report. A statement of Revenues, Expenditures and Changes in Fund Balances over the ten years 2001 through 2010 is exhibited in Table 1, with percentages shown in Table 2.



# City of Columbus, Ohio

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**Table 1**  
**CITY OF COLUMBUS, OHIO**

Statement of Revenues, Expenditures and Changes in Fund Balances  
General Fund - Budget Basis (in thousands)  
2001-2010

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<b>Revenues:</b>										
Income taxes	\$ 478,007	385,893	389,117	391,177	376,365	352,984	340,388	329,282	328,205	329,210
Property taxes	52,732	52,263	52,480	52,471	52,205	46,253	46,065	45,360	41,362	40,865
Investment income	3,819	7,148	26,677	33,264	22,521	11,371	6,281	10,228	20,259	30,760
Licenses and permits	9,958	9,654	9,232	8,567	8,474	1,882	2,044	958	1,321	11,464
Shared revenues	49,549	49,629	58,424	56,052	58,908	57,466	55,925	57,170	56,679	61,932
Charges for services	52,799	54,694	53,626	46,728	42,447	39,604	37,929	32,791	29,556	26,440
Fines and forfeits	19,376	22,096	21,403	21,313	20,670	20,544	17,752	17,091	15,522	12,924
Miscellaneous	8,293	8,272	16,170	9,045	19,045	11,728	67,106	4,388	8,416	12,452
Total revenues	\$ 674,533	589,649	627,129	618,617	600,635	541,832	573,490	497,268	501,320	526,047
<b>Expenditures:</b>										
Current:										
General government	89,527	87,880	96,368	88,663	80,890	65,177	58,410	66,787	70,862	67,039
Public service	27,404	23,075	27,512	31,052	26,415	34,540	34,836	35,102	37,082	39,419
Public safety	468,419	448,812	476,189	436,772	419,411	390,707	376,542	364,937	344,886	341,307
Development	21,787	18,321	22,267	24,307	21,041	18,562	16,438	16,504	18,571	29,429
Expenditures paid through County Auditor	1,510	908	1,045	863	1,157	791	930	759	929	856
Total expenditures	\$ 608,647	578,996	623,381	581,657	548,914	509,777	487,156	484,089	472,330	478,050
Excess (deficiency) of revenues over expenditures	65,886	10,653	3,748	36,960	51,721	32,055	86,334	13,179	28,990	47,997
<b>Other financing sources (uses):</b>										
Operating transfers in <sup>(1)</sup>	2,215	1,662	6,656	100	1,217	1	6	18,485	3,245	2,397
Operating transfers out <sup>(1)</sup>	(39,349)	(37,305)	(48,138)	(49,132)	(45,859)	(43,483)	(39,677)	(45,246)	(50,641)	(55,191)
Total other financing sources (uses)	(37,134)	(35,643)	(41,482)	(49,032)	(44,642)	(43,482)	(39,671)	(26,761)	(47,396)	(52,794)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	28,752	(24,990)	(37,734)	(12,072)	7,079	(11,427)	46,663	(13,582)	(18,406)	(4,797)
Fund balances at beginning of year	21,271	44,842	79,883	85,959	77,637	88,048	39,382	50,368	67,216	65,838
Lapsed Encumbrances	1,125	1,419	2,693	5,996	1,243	1,016	2,003	2,596	1,558	6,175
Fund balances at end of year	\$ 51,148	21,271	44,842	79,883	85,959	77,637	88,048	39,382	50,368	67,216
<b>Fund Balance Broken Down by Subfund:</b>										
<b>Fund 010</b> (General Operating Fund)	\$ 23,646	3,279	25	17,278	26,360	20,197	21,678	8,958	11,060	29,794
<b>Fund 011</b> (Economic Stabilization)	22,724	15,000	43,581	44,481	41,812	41,738	53,568	18,372	28,006	26,870
<b>Fund 012</b> (Anticipated Expenditure)	4,762	2,976	1,225	17,252	15,402	13,552	12,802	12,052	11,302	10,552
<b>Fund 014</b> (Safety Staffing Contingency)	-	-	-	-	1,000	1,000	-	-	-	-
<b>Fund 015</b> (Job Growth)	-	-	-	600	1,000	1,150	-	-	-	-
<b>Fund 016</b> (Public Safety Initiative)	16	16	11	272	774	-	-	-	-	-
	\$ 51,148	21,271	44,842	79,883	85,959	77,637	88,048	39,382	50,368	67,216

<sup>(1)</sup> For years prior to 2009, transfers in and out will differ from the Comprehensive Annual Financial Report because transfers between subfunds of the General Fund have been eliminated in this report to present more clearly the results of operations.

**Table 2  
CITY OF COLUMBUS, OHIO  
General Fund Revenue and Expenditure Categories Expressed as Percentages of Total Revenue and Expenditures  
General Fund - Budget Basis (in thousands)  
2001-2010**

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
	% to Total	% to Total	% to Total	% to Total	% to Total	% to Total	% to Total	% to Total	% to Total	% to Total
<b>Revenues:</b>										
Income taxes	70.9	65.4	62.0	63.2	62.7	65.1	59.4	66.2	65.5	62.6
Property taxes	7.8	8.9	8.4	8.5	8.7	8.5	8.0	9.1	8.3	7.8
Investment income	0.6	1.3	4.2	5.3	3.7	2.2	1.0	2.1	3.9	5.7
Licenses and permits	1.5	1.6	1.5	1.4	1.4	0.3	0.4	0.2	0.3	2.2
Shared revenues	7.3	8.4	9.3	9.1	9.8	10.6	9.8	11.5	11.3	11.8
Charges for services	7.8	9.3	8.6	7.6	7.1	7.3	6.6	6.6	5.9	5.0
Fines and forfeits	2.9	3.7	3.4	3.4	3.4	3.8	3.1	3.4	3.1	2.5
Miscellaneous	1.2	1.4	2.6	1.5	3.2	2.2	11.7	0.9	1.7	2.4
Total revenues	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<b>Expenditures:</b>										
Current:										
General government	13.8	14.3	14.4	14.1	13.6	11.8	11.1	12.6	13.5	12.6
Public service	4.2	3.7	4.1	4.9	4.4	6.2	6.6	6.6	7.1	7.4
Public safety	72.3	72.8	70.9	69.2	70.5	70.6	71.5	68.9	65.9	64.0
Development	3.5	3.1	3.3	3.9	3.6	3.4	3.1	3.3	3.6	5.4
Expenditures paid through County Auditor	0.2	0.1	0.2	0.1	0.2	0.1	0.2	0.1	0.2	0.2
Total expenditures	94.0	94.0	92.9	92.2	92.3	92.1	92.5	91.5	90.3	89.6
Operating transfers out to:										
Recreation and parks	3.6	3.4	4.0	4.5	4.3	4.5	4.2	4.7	5.2	5.6
Health	2.4	2.6	3.0	3.3	3.4	3.3	3.2	3.1	3.3	3.7
Other	0.0	0.0	0.1	0.0	0.0	0.1	0.1	0.7	1.2	1.1
Total operating transfers out	6.0	6.0	7.1	7.8	7.7	7.9	7.5	8.5	9.7	10.4
Total expenditures and operating transfers out	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

## **GENERAL FUND RESOURCES**

The City derives its General Fund revenue from nine primary sources. They include the following:

- Income tax
- Property tax
- Investment income
- Licenses and permits
- Shared revenue
- Charges for services
- Fines and forfeits
- Miscellaneous revenue
- Transfers in

An in-depth look at each of the revenue sources follows.

## Income Tax

The City's income tax continues to be its primary source of revenue, ranging from \$328.2 million to \$478.0 million during the period 2001 to 2010. The percentage of total General Fund revenue comprised of income tax revenue ranged from 59.4% to 70.9% during that period. The income tax applies to all wages, salaries, commissions, and other compensation paid by employers and/or the net proceeds from the operation of a business, profession, or other enterprise activity. As of December 31, 2010, within the State of Ohio there were 178 school districts and 628 other political subdivisions that levy a local income tax. City and township rates within Ohio range from 0.40 percent to 3.00 percent. The income tax rate in Columbus is currently 2.5%.

### **Background of Income Taxes**

The power that Ohio municipalities have to levy taxes resides in the Ohio Constitution. The key provisions relating to this power, and the limits placed on this power, are found in the following sections of the constitution:

#### **Article XIII, Section 6**

The General Assembly shall provide for the organizations of cities, and incorporated villages, by general laws; and restrict their power of taxation, assessment, borrowing money, contracting debts and loaning their credit, so as to prevent the abuse of such power.

#### **Article XVIII, Section 13**

Laws may be passed to limit the power of municipalities to levy taxes and incur debts for local purposes, and may require reports from municipalities as to their financial conditions and transactions, in such form as may be provided by law, and may provide for the examination of the vouchers, books and accounts of all municipal authorities, or of public undertakings conducted by such authorities.

#### **Article XVIII, Section 3**

Municipalities shall have authority to exercise all powers of local self-government and to adopt and enforce within their limits such local police, sanitary and other similar regulations, as are not in conflict with general laws.

The first two articles enumerated above limit a municipality's ability to levy taxes and incur debt, by giving the General Assembly the authority to govern these abilities. The third article, referred to as the "home rule doctrine," grants municipalities broad powers in the field of local government financing, as well as in taxation, except when these powers conflict with general law.

In 1939, Philadelphia, Pennsylvania became the first municipality in the United States to adopt an income tax. In 1946, Toledo, Ohio became the second, followed by the City of Columbus in 1947. Tax collections in Columbus began in 1948.

In 1948, the City of Toledo's income tax was challenged by a taxpayer, claiming that the city's tax violated the state Constitution. The court case, *Angell v. City of Toledo et al* (153 Ohio State 179), was decided by the Supreme Court of Ohio on March 8, 1950. The two questions addressed by the Court in its decision were:

1. Does the City of Toledo have the power to provide by its charter or ordinance for the assessment and collection of an income tax?
2. If the municipality has the power to enact such legislation, may it impose such a tax upon nonresidents who work and receive their pay in Toledo?

The Court ruled in response to the first issue, that in the absence of a state income tax, Ohio municipalities have the power to levy and collect an income tax until the state pre-empts this field of taxation.

In regards to the second issue, the Court ruled that the taxation of nonresidents who work in the municipality did not violate the due process clause because there is a fiscal relationship between the taxes paid and the benefits received. In other words, Toledo does protect their place of employment from fire, theft, etc. These benefits accrue to nonresidents who work in the city, as well as to residents of the city. Therefore, the taxation of the income of nonresidents does not violate the due process clause, as there is a direct fiscal relationship between the payment of income taxes and the realization of benefits.

The Angell case allowed municipalities to levy an income tax subject to the state Constitutional provisions discussed earlier. One of these provisions, Article XVIII Section 13, states "Laws may be passed to limit the power of municipalities to levy taxes." On May 29, 1957 the General Assembly passed Am. Sub. S. Bill 133, restricting a municipality's ability to levy an income tax by requiring that the imposition of such tax at a rate in excess of 1% be approved by a majority of the electors of the municipal corporation considering such an increase.

The issue of pre-emption emerged again in 1972 when the General Assembly voted to adopt a state personal income tax. The questions that arose were, does the State's passage of its own income tax pre-empt Ohio municipalities from this form of taxation? If not, then does this constitute a form of double taxation?

The Ohio Court of Appeals addressed these issues in Village of Ottawa Hills v. Joelson (341 N.E.2d 611). The Court of Appeals found in the first instance that the Ohio Supreme Court, in Angell v. the City of Toledo, did not adequately address the pre-emption issue in the event of the passage of a state income tax. Furthermore, Article XII, Section 9 of the state Constitution does not provide direction or show intent to pre-empt the income tax field <sup>1</sup>, but rather it only refers to the distribution of income tax revenue. In addition, the General Assembly could have "pre-empted the field either by implication or expressed interdiction;" but instead, "(it) specifically and pointedly disclaimed any intention to do so by the enactment of R.C. 5747.02." <sup>2</sup> Therefore, the passage of the state income tax does not preempt municipalities from administering their own income tax.

As for the issue of double taxation, the Court of Appeals held that the Constitution does not restrict the state and municipalities from occupying the same field of taxation. Each entity constitutes a separate taxing authority, the Court reasoned, and therefore double taxation is not an issue. These court cases have provided the opportunity for municipalities throughout the state to utilize the income tax for local government financing.

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<sup>1</sup> Article XII Section 9 states:

"Not less than fifty per cent of the income, estate, and inheritance taxes that may be collected by the state shall be returned to the county, school district, city, village, or township in which said income, estate, or inheritance tax originates, or to any of the same, as may be provided by law."

<sup>2</sup> Ohio Revised Code Section 5747.02, Am. Sub. H.B. 475 (1971) reads as follows: "The levy of this tax on income does not prevent a municipal corporation from levying a tax on income."

## Alternate City Income Tax

When it comes to paying income taxes, there may be a situation where an individual works in a municipality that has a lower tax rate than their city of residence. In this case, an alternate city tax would be imposed by the city of residence. The main tenet of the collection of all income taxes is that the income tax is applied first to where the individual works, then to where they live. If the city of employment has a lower tax rate than the city of residence, the individual would have to pay an alternate tax to their city of residence. This alternate tax would equal the difference between the higher tax and the lower tax, provided that the city of residence allows a full credit to be taken for income tax paid to another municipality.

For example, if a person works in Canal Winchester, which has a 2% tax rate, and resides in Columbus, which has a 2.5% percent tax rate, the person would owe an alternate city tax of a 0.5% to Columbus. This is because Columbus allows a 100% tax credit for the 2% paid to Canal Winchester, their city of employment. This would leave the Columbus resident a 0.5% owed to Columbus in order to fulfill a 2.5% total obligation.

## “Piggy Back” Income Tax

A “piggy back” income tax occurs when an individual’s city of residence does not allow for a full tax credit to be taken on income taxes paid to another municipality. In this case, the individual would be liable for the income tax obligation where they work, as well as a “piggy back” income tax obligation to their city of residence, equal to the resident city’s tax rate less any tax credit allowed for taxes paid to another municipality.

For example, if a person works in Columbus and resides in Harrisburg, that person would be subject to a “piggy back” tax. Harrisburg has a 1% tax rate but does not have a tax credit. Therefore, that person would owe Columbus the 2.5% for working in Columbus. They would then owe Harrisburg an additional 1% “piggy back” tax for residing there.

## Collection of Taxes

The City of Columbus collects a municipal income tax for itself and for six other municipalities in its metropolitan area. The six municipalities, together with their respective income tax rates at December 31, 2010, are as follows:

<b>Municipality</b>	<b>Tax Rate</b>	<b>Municipality</b>	<b>Tax Rate</b>
Brice	2.0%	Harrisburg	1.0%
Canal Winchester	2.0%	Marble Cliff	2.0%
Groveport	2.0%	Obetz	2.0%

The City distributes each municipality’s tax receipts, plus interest earnings, less a collection fee and any refunds, on a monthly basis. The collection fee is determined by a formula that takes into consideration the amount of tax that is collected for each municipality compared to the total collections of all municipalities for which the Income Tax Division collects taxes, and the number of transactions related to each municipality for the month. In addition, the City collects a tax for the Northern Pickaway County Joint Economic Development District (JEDD). The fees received for administering for these entities are recorded in the General Fund as charges for services.

## City of Columbus Income Tax History

The Council of the City of Columbus first passed legislation imposing an income tax on November 28, 1947 at a rate of 0.5%. Table 3 provides a history of the City’s income tax from its inception.

**Table 3  
Columbus Income Tax Rate History**

Date of Election	Proposal	Results	Percent of Votes		Ordinance		Effective Date	Rate	Term
			For	Against	No.	Adopted			
C	To adopt a 0.5%	Adopted	n/a	n/a	0658-47	11/28/47	1/1/48	0.5%	5 years
C	To continue the 0.5% income tax rate	Adopted	n/a	n/a	1030-52	11/24/52	1/1/53	0.5%	5 years
C	To increase the income tax rate from 0.5% to 1.0%	Adopted	n/a	n/a	0536-56	4/23/56	7/1/56*	1.0%	3 months
C	To increase the income tax from 0.5% to 1.0%	Adopted	n/a	n/a	1073-56	7/30/56	1/1/57*	1.0%	5 years
11/6/56	To pass a charter amendment requiring approval of the majority of resident voters for an income tax rate greater than 1.0%	Adopted	70.3%	29.7%	1074-56	7/30/56	11/6/56	n/a	n/a
C	To continue the 1.0% income tax rate with no time limit	Adopted	n/a	n/a	1516-61	12/11/61	1/1/62	1.0%	No time limit
11/5/68	To increase the income tax rate from 1.0% to 1.5%	Defeated	43.3%	56.7%	n/a	n/a	n/a	n/a	n/a
11/3/70	To increase the income tax rate from 1.0% to 1.5%	Adopted	63.8%	36.2%	1621-70	11/30/70	1/1/71	1.5%	No time limit
11/3/81	To increase the income tax rate from 1.5% to 2.0% from 1-1-82 to 6-30-83 for an indoor coliseum	Defeated	21.4%	78.6%	n/a	n/a	n/a	n/a	n/a
11/2/82	To increase the income tax rate from 1.5% to 2.0%	Adopted	50.9%	49.1%	2246-82	11/29/82	1/1/83	2.0%	No time limit
8/4/09	To increase the income tax rate from 2.0% to 2.5%	Adopted	51.9%	48.1%	0674-09	9/14/09	10/1/09	2.5%	No time limit

C - Councilmanic (no further action required after passage by Council)  
n/a - not applicable  
\* - For the three month period from October 1, 1956 to December 31, 1956, the rate reverted back to 0.5%



As noted in Table 3, on November 6, 1956 the electorate of the City of Columbus approved a City Charter amendment that would limit City Council's ability to levy an income tax rate to no more than 1% per annum. An increase to a tax rate of more than 1% requires a vote of the citizens of Columbus. In 1957 the State followed suit with a change to the Ohio Revised Code, limiting all cities and villages within Ohio to a maximum tax rate of 1% unless specifically approved by a majority of the resident voters of the respective city or village.

**Capital Set-Aside**

Also beginning in 1957, 75% of income tax collections were directed to the General Fund, and 25% of collections were directed by ordinance to be used for certain non-enterprise capital debt. The outcome of the 1971 voted tax increase shown in Table 3, from 1.0% to 1.5%, resulted in all of the 0.5% increase going to the General Fund. Thus, 83.33% of tax collections went to the General Fund and 16.67% went to certain non-enterprise capital debt. Effective January 1, 1983, the voted rate increase of 0.5% to 2.0% resulted in collections again being divided 75% to the General Fund and 25% to certain non-enterprise capital debt and subsidies to the airport and to the Division of Electricity. The voted increase of 0.5% to 2.5% in 2009 did not alter the 75%/25% split of income tax collections that has been in place since 1983.

**Columbus Income Tax Revenue**

The majority of the City's income tax collected is via employers withholding the tax from employees' earnings and remitting the tax to the City on a statutorily prescribed schedule. In 2010, approximately 86.4% originated from withholding accounts, while 9.9% originated from business accounts, and the other 3.7% from independently employed individual taxpayers. According to the Columbus City Code, each employer within or doing business within the City must deduct the City income tax from all employees' salaries, wages, commissions, or other compensation. As indicated in Table 3, the City tax rate that must be withheld is 2.5%. Depending on the amount withheld, employers must remit to the City on a semi-monthly, monthly, or quarterly frequency as shown in Table 4.

**Table 4 Withholding Remittance Frequency**

<b>Remit</b>	<b>If taxes withheld in the prior calendar year were:</b>	<b>or</b>	<b>If taxes withheld for any month in the preceding quarter were:</b>	<b>Due date for remittance</b>
Quarterly	Less than \$3,600		Less than \$300	No later than the last business day of the month following the end of each quarter
Monthly	\$3,600 to \$11,999		\$300 to \$1,000	Within 15 days after the close of each calendar month
Semi-monthly	\$12,000 or more		\$1,001 or more	Within 5 banking days after the fifteenth of the month and the last day of each month

The following tables show total City income tax collections, net of refunds, during the period 2001-2010. Table 5 provides a breakdown by payer type, showing both amounts and a percent to total comparison. Table 6 provides a breakdown of total income tax collections by fund, as well as the percentage increase/(decrease) over the prior year of total collections.

**Table 5**

**Income Tax Revenue by Payer Type Net of Refunds (Budget Basis)**

Year	Individual					Business			
	Withholding	% of total	Non-withholding	% of total	Total Individual	% of total	Business Accounts	% of total	Total
2001	\$ 377,933	86.1%	\$ 15,802	3.6%	\$ 393,735	89.7%	\$ 45,212	10.3%	\$ 438,947
2002	383,832	87.7%	16,631	3.8%	400,463	91.5%	37,202	8.5%	437,665
2003	386,554	88.0%	17,571	4.0%	404,125	92.0%	35,141	8.0%	439,266
2004	393,187	86.6%	18,161	4.0%	411,348	90.6%	42,678	9.4%	454,026
2005	405,807	86.2%	17,419	3.7%	423,226	89.9%	47,548	10.1%	470,774
2006	426,742	85.0%	18,576	3.7%	445,318	88.7%	56,731	11.3%	502,049
2007	444,619	85.2%	19,309	3.7%	463,928	88.9%	57,925	11.1%	521,853
2008	450,061	86.7%	19,206	3.7%	469,267	90.4%	49,834	9.6%	519,101
2009	450,342	87.5%	19,558	3.8%	469,900	91.3%	44,777	8.7%	514,677
2010	550,696	86.4%	23,583	3.7%	574,279	90.1%	63,101	9.9%	637,380

**Table 6**

**Income Tax Revenue Fund Distribution Net of Refunds**

(Budget Basis)

Year	General Fund	Debt		Other		Total	% Increase/ (Decrease)
		Service Funds	Governmental Funds	Governmental Funds	Total		
2001	\$ 329,210	\$ 109,737	\$ -	\$ -	\$ -	\$ 438,947	3.47%
2002	328,205	109,402	-	58	-	437,665	-0.29%
2003	329,282	109,761	-	223	-	439,266	0.37%
2004	340,388	113,463	-	175	-	454,026	3.36%
2005	352,984	117,661	-	129	-	470,774	3.69%
2006	376,366	125,454	-	229	-	502,049	6.64%
2007	391,177	130,392	-	284	-	521,853	3.94%
2008	389,117	129,706	-	278	-	519,101	-0.53%
2009	385,893	128,631	-	153	-	514,677	-0.85%
2010	478,007	159,336	-	37	-	637,380	23.84% <sup>(1)</sup>

<sup>(1)</sup> Reflects tax rate increase from 2.0% to 2.5% effective 10/1/09

## Property Tax

Property Tax revenues ranged from 7.8% to 9.1% of total General Fund revenues during the period 2001 to 2010, with the total amount ranging from \$40.9 million to \$52.7 million. Pursuant to Ohio statute and Columbus City Codes, property tax revenue is used for three purposes: certain debt service requirements, partial payment of police and fire pension costs, and general fund operations. State law requires that the first two obligations be met before property tax revenue can be deposited into the General Fund for general operations.

### **History**

The City of Columbus has had a property tax since the mid 1800s. From 1885 to the present, the property tax rate has ranged from the present millage of 3.14 to 14.20 mills. A mill is defined as one dollar of tax for each \$1,000 of taxable value.

In 1931, an amendment was made to Article XII, Section 2 of the Ohio Constitution that limited the amount of property tax that could be imposed by all subdivisions within a county, including the county, to fifteen mills of the true (market) value of property within a county. In 1934, a subsequent amendment reduced this limit to 10 mills. This is what is commonly referred to as the "ten mill limitation."

Shortly after this later amendment Ohio Revised Code Section 5705.31 was created, which allocated a share of the ten mills to each subdivision within a county (municipalities, school districts, townships, libraries, and the county). The allocation of the ten mills was based on the average property tax millage imposed by each subdivision between 1928 and 1932. This statutory allocation has not been changed by the General Assembly. The only way the allocation can change is through annexations and/or mergers of the subdivisions within a county.

The property tax rate of a subdivision is comprised of two millage amounts. The millage amount allocated to a subdivision from the ten mill limitation is called the "inside millage." The ten mill limitation enacted in 1934 is the unvoted portion of a subdivision's property tax rate, or in other words, the millage that a subdivision can levy without a vote of its electorate.

The second type of millage, the "outside" or "voted" millage, consists of any millage voted by the electorate of the subdivision for a particular purpose.

The City of Columbus' inside millage rate is 3.14 mills. Until 1956, the City had assessed an outside millage that varied from year to year. However, in 1956, the City proposed an increase in its income tax rate from 0.5% to 1.0%. The proposed increase was approved, and since 1956 the City has only assessed its property tax at the inside millage rate of 3.14 mills, replacing the outside or voted millage with the income tax increase.

The above paragraphs refer to the property tax being assessed on the true (market) value of property. This was the case until 1965, when the General Assembly amended Ohio Revised Code Section 5715.01 requiring that real property be assessed at no more than 50% of its true value. This statute was amended again in 1972, setting the taxable value of real property at 35% of true value. This percentage is presently in effect.

## Components of Property Tax

Property tax revenues for the City of Columbus are comprised of: the real property tax, the public utility tax, and up until 2005, the personal property tax.

- **Real Property Tax:** According to the Ohio Revised Code Section 5701.02, real property is defined as land itself and any growing crops, buildings, structures, improvements, and fixtures on the land. Certain real property is exempt from taxation, including the property of governments, schools, hospitals, churches, and a portion of all of the real property in an enterprise zone, which is an area of land specifically targeted for urban development through the offering of property tax abatements and other incentives to businesses that locate in the zone. The assessed or taxable value of real property equals 35% of the true or market value of the property. Because Ohio's 88 counties are responsible for levying and collecting property taxes, the value of real property is determined by the county in which the property is located. Columbus lies within three counties: Franklin, Fairfield, and Delaware. Valuation is determined with appraisals done every six years, with less formal triennial updates that occur the third year in between the six year appraisals. Six-year appraisals in Franklin County, where the majority of Columbus is located, took place in 2005, with the resulting increases in property tax collections occurring in 2006. The 2008 triennial residential reevaluations in Franklin County were not performed; therefore valuations remained the same for 2009, 2010, and 2011. The 2011 six year appraisal was conducted.
- **Public Utility Tax:** Ohio Senate Bill 3, enacted in June 1999, and Ohio Senate Bill 287, enacted in December 2000, made significant regulatory and tax changes for electric and gas utilities. Previously, public utilities were taxed on real property at an assessed value of 35% and tangible personal property at an assessed value of 88% of depreciated cost. Beginning in tax year 2001, assessment percentages applicable to electric generation and natural gas tangible personal property were reduced to 25% of true value, thereby reducing the amount of tangible public utility property tax revenue. In order to replace the taxes no longer received due to the lower assessment percentages, State of Ohio (the State) consumption taxes on electricity and natural gas were enacted.
- **Personal Property Tax:** Tangible personal property is defined as everything that is owned by a business, such as machinery and equipment, inventories, and supplies. Ohio House Bill 66, effective June 30, 2005, phased out the tangible personal property tax. Per the phase out-schedule, the tax on general businesses and railroads ceased to exist in 2009 and the tangible personal property of telephone and telecommunications companies is no longer subject to the tax beginning in 2011.

The State has reimbursed municipalities for tax losses resulting from the phase out of the tangible personal property tax. However, recent legislation will reduce, and will hasten the elimination of, existing reimbursement payments beginning in 2011.

## Rollback and Homestead Exemption

The State reimburses taxing districts, including municipalities, for decreased tax revenues due to (a) the 10% reduction or “rollback” in non-commercial property taxes, (b) the 2.5% reduction applicable to owner-occupied housing, and (c) the flat \$25,000 reduction in taxable value applicable to certain elderly or disabled homeowners. Such reimbursements are subject to repeal or revision by the State.

## Deductions

The City receives its property tax from the State and the counties periodically throughout the year. Counties are authorized to deduct certain expenses from the tax receipts before distributing them to the City. These deductions include:

<b>Auditor and treasurer fees</b>	Fees for the collection of the City's property tax
<b>Election expenses</b>	Expenses incurred for municipal elections
<b>Delinquent tax collection expenses (DRETAC)</b>	Expenses incurred for collection of delinquent taxes
<b>Tax refunds</b>	Property tax refunds made to City residents

## Delinquency Procedures

The following is a general description of property tax delinquency procedures under State law. The implementation of these procedures may vary in practice among Ohio counties.

If real estate taxes and special assessments are not paid in the year in which they are due, they are to be certified by the county auditor's office as delinquent. A list of current delinquent properties is then to be published in a newspaper of general circulation in the county. If the delinquent taxes and special assessments are not paid within one year after such certification, the properties are then also to be certified as delinquent to the Prosecuting Attorney of the County (the County Prosecuting Attorney). Five percent (5%) of all certified delinquent taxes and assessments collected by the County Treasurer is deposited into a special fund to be divided between the County Treasurer and the County Prosecuting Attorney and used solely for the collection of delinquent real property taxes and assessments.

If the property owner so requests, a payment plan may be arranged with the County Treasurer. If such a payment plan is not adhered to or none is arranged, foreclosure proceedings may be initiated by the county. Ohio law also provides for notice by publication and mass foreclosure proceedings and sales after two years' delinquency.

Proceeds from foreclosure sales of delinquent property become part of the current collection and are distributed as current collections to the taxing or assessing subdivisions in the county.

## City of Columbus Assessed Value and Collections

Table 7 reflects the assessed and estimated actual value of taxable property within the City for the last ten fiscal years. Table 8 shows the property tax levies and collections of the City for the last ten fiscal years.

**City of Columbus, Ohio**  
**Assessed and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
**(in thousands, except %)**

Tax year	Real Property		Personal Property		Public Utilities		Total Estimated actual value	Total Direct Tax Rate	Percent of total assessed to total estimated actual value
	Assessed value	Estimated actual value	Assessed value	Estimated actual value (2)	Assessed value	Estimated actual value (2)			
2001	\$ 10,632,901	30,379,717	1,754,763	7,019,052	463,164	1,323,326	\$ 12,850,828	3.14	33.2
2002	11,958,533	34,167,237	1,852,911	7,411,644	427,848	1,222,423	14,239,292	3.14	33.3
2003	12,244,724	34,984,926	1,513,220	6,305,083	441,780	1,262,229	14,199,724	3.14	33.4
2004	12,480,949	35,659,856	1,430,924	5,990,264	468,904	1,320,470	14,380,777	3.14	33.5
2005	14,412,860	41,179,601	1,086,105	4,314,418	425,353	1,215,294	15,924,318	3.14	34.1
2006	14,784,179	42,240,514	756,665	3,152,772	412,732	1,179,235	15,953,576	3.14	34.3
2007	15,020,514	42,915,754	412,124	1,648,496	302,062	863,034	15,734,700	3.14	34.6
2008	15,239,324	43,540,926	45,123	451,203	313,187	894,820	15,597,634	3.14	34.7
2009	15,277,133	43,648,951	22,561	451,220	327,406	935,446	15,627,100	3.14	34.7
2010	15,159,257	43,312,162	-	-	358,064	1,023,040	15,517,321	3.14	35.0
2010	\$ 129,678	370,507	21	87	2,198	6,280	\$ 131,897	2.90	35.0 %
2010	\$ 222,581	635,945	-	-	5,181	14,803	\$ 227,762	2.10	35.0 %

(1) The City of Columbus entered Fairfield County in 1975 and Delaware County in 1991. Because the vast majority of property within the City lies within Franklin County, the above table demonstrates a ten year history of that property within Franklin County, but only current year data for Fairfield and Delaware Counties.

(2) Estimated actual values for Personal Property and Public Utilities have been calculated by the respective county auditors.

Sources: Franklin, Fairfield, and Delaware County Auditors.

**City of Columbus, Ohio**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Table 8

Fiscal year	Total tax levy	Current tax collections	Percent of levy collected	Delinquent tax collections	Total tax collections	Percent of total tax collections to tax levy	Outstanding delinquent taxes	Percent of outstanding delinquent taxes to tax levy
<u>Franklin County (1)</u>								
2001	\$ 40,143,446	38,774,229	96.6	1,439,087	\$ 40,213,316	100.2	\$ 3,233,123	8.1
2002	41,113,475	38,954,842	94.7	1,671,021	40,625,863	98.8	3,756,375	9.1
2003	44,572,666	42,426,169	95.2	2,062,871	44,489,040	99.8	4,036,335	9.1
2004	45,221,225	42,894,368	94.9	2,298,431	45,192,799	99.9	3,282,982	7.3
2005	46,220,728	44,109,618	95.4	1,621,430	45,731,048	98.9	3,270,966	7.1
2006	51,145,497	47,733,760	93.3	1,062,446	48,796,206	95.4	4,146,754	8.1
2007	51,475,046	46,790,031	90.9	2,166,818	48,956,849	95.1	4,476,994	8.7
2008	51,366,756	45,753,980	89.1	2,116,888	47,870,868	93.2	6,068,754	11.8
2009	51,155,100	45,306,230	88.6	2,006,274	47,312,504	92.5	6,210,935	12.1
2010	50,926,330	45,615,730	89.6	1,976,775	47,592,505	93.5	5,105,605	10.0
<u>Fairfield County (1)</u>								
2010	\$ 399,232	390,916	97.9 %	9,929	\$ 400,845	100.4 %	\$ 15,261	3.8 %
<u>Delaware County (1)</u>								
2010	\$ 361,419	345,981	95.7 %	7,291	\$ 353,272	97.7 %	\$ 3,225	0.9 %

(1) The City of Columbus entered Fairfield County in 1975 and Delaware County in 1991. Because the vast majority of property within the City lies within Franklin County, the above table demonstrates a ten year history of that property within Franklin County, but only current year data for Fairfield and Delaware counties.

Sources: Franklin, Fairfield, and Delaware County Auditors

## Investment Income

Investment income ranged from \$3.8 million to \$33.3 million from 2001 to 2010, with the percentage of General Fund revenue ranging from 0.6% to 5.7%. The City pools its cash, except for that held by revenue bond trustees, fiscal and escrow agents, and certain debt service and agency fund cash and investments, for maximum investing efficiency. Earnings on the pool are allocated to individual funds at the discretion of City Council after meeting revenue bond indentures and other requirements. All statutory requirements are met in distributing earnings of the pool to various funds.

### **History**

Prior to 1983, most investment earnings were credited to the General Fund other than those statutorily prescribed to be allocated elsewhere. However, this policy was changed in 1982 when the resident voters of Columbus approved an increase in the income tax rate from 1.5% to 2%. As part of the income tax increase package, the City's Council vowed to implement a policy of returning investment earnings attributable to the City's enterprises. Presently, there are five enterprises of the City: Water, Sanitary Sewers, Storm Sewers, Electricity and Parking Garages. This policy was phased in beginning in 1983 and was fully implemented in 1985.

### **Columbus Depository Commission**

The deposit of public money is governed by the Columbus Depository Commission (the Commission). The Commission has its roots in City Charter Section 93 and consists of three members: the City Treasurer, who serves as chairperson, the City Auditor, who serves as secretary, and the Director of the Department of Finance and Management.

The Commission oversees the deposit of City money. Each year it accepts applications for the deposit of public money from eligible financial institutions. Per City Code section 321.01, to be eligible an institution must be situated in Franklin County and duly organized under the laws of the State of Ohio or of the United States and authorized to do business in the state.

The City Code calls for the City Treasurer to deposit daily all the funds received by the City, less an adequate amount to meet the daily needs of the City. This amount is determined annually by the Commission.

To determine which financial institutions will receive deposits, the City Treasurer accepts bids from institutions whose applications have been approved for the deposit of inactive funds pursuant to notice published weekly in the City Bulletin. Per Section 321.07 of the City Code, the criteria on which the deposits are awarded are:

"...the rates of interest that may be secured, the time in which it is probable that the City will need the use of moneys to be deposited in a particular type of deposit, and the regulations of the governing bodies regulating member banks with respect to the types of deposits, the rate of interest, the length of notice required for withdrawals."



According to Section 321.08 of the City Code, once a bank has been determined to be eligible, and before a deposit can be made, they must “furnish collateral securities in an amount at least 5% greater than the maximum sum to be deposited.” The City’s policy is to place deposits with major local commercial banks. All deposits, except for those held by fiscal and escrow agents or trustees, are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the State of Ohio and City Statutes, is held in one of the following manners:

- In single financial institution collateral pools at Federal Reserve Banks, or member banks of the Federal Reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds; or
- Specific (nonpooled) collateral at Federal Reserve Banks in the name of the respective depository bank.

### **Treasury Investment Board**

The same three members of the Columbus Depository Commission also sit on the Treasury Investment Board. This Board oversees the purchase of treasury investments with City funds.

Pursuant to City Code Sections 321 and 325, the City does not purchase any form of derivatives. The City does invest in STAROhio, an investment pool managed by the State Treasurer’s Office that allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the Securities Exchange Commission as an investment company, but does operate in a manner similar to Rule 2a-7 of the Investment Company Act of 1940.

Management of STAROhio states that its policy also prohibits investing in derivatives and/or engaging in the use of reverse repurchase agreements. Average days to maturity of the STAROhio portfolio at December 31, 2010 was 58 days. The City is prohibited from using reverse repurchase agreements and does not leverage its investment portfolio in any manner. The City purchases investments only through member banks of the Federal Reserve System or broker dealers registered with the National Association of Security Dealers. The City requires broker dealers to formally apply for and be evaluated for eligibility to conduct business with the City.

The City’s investment code limits its investments to those governmental type investments noted below. Generally, only eligible investments with the remaining terms not greater than two years until final maturity are purchased by the Treasurer. Investments with a remaining term of greater than two years may be purchased only with the specific approval of City Council. Average days to maturity of the City’s investments with the Treasurer at December 31, 2010 was 416.1 days.

Investments as permitted by Chapter 325 of the Columbus City Code are:

- A. Bonds, notes, or other obligations of the United States government or its Agencies for which the faith of the United States is pledged for the payment of principal and interest thereon. They are:

Obligations of the United States government:

- United States Treasury Bills
- United States Treasury Notes
- United States Treasury Bonds
- United States Treasury Strips

Obligations guaranteed by the United States government:

Federal government agencies:

- Department of Housing and Urban Development
- Farmers Home Administration
- General Service Administration
- Government National Mortgage Association
- Maritime Administration
- Washington Metropolitan Area Transit Authority

- B. Bonds, notes, debentures, or other obligations issued by any of the federal government-sponsored enterprises listed below. They are:
- Federal Farm Credit System
  - Federal Home Loan Banks
  - Federal Home Loan Mortgage Corporation
  - Federal National Mortgage Association
- C. The Ohio State Treasurer's Asset Reserve Funds (STAROhio) pursuant to Ohio Revised Code 135.45;
- D. Bonds or other obligations of the City of Columbus, Ohio;
- E. Obligations of the State of Ohio or any municipal corporation, village, county, township, or other political subdivision of the State of Ohio, as to which there is no default of principal or interest and which have been approved as to their validity by nationally recognized bond counsel.
- F. Certificates of deposits in eligible institutions applying for moneys as provided in Chapter 321 of Columbus City Codes; and
- G. Repurchase agreements that are collateralized with legally authorized securities as defined in Chapter 321.08 of Columbus City Code and held in third-party safekeeping designated by the City Treasurer and in the name of the City of Columbus.

## **Licenses and Permits**

The City issues licenses and permits to regulate activities related to health, safety, and various business enterprises. Revenue from licenses and permits ranged from 0.2% to 2.2% of total General Fund revenues during the period 2001-2010, with the amount ranging from \$958,000 to \$11.5 million.

The main distinction between a license and a permit is that a license is typically issued to allow a person or business to perform an on-going activity. For example, the City issues licenses to tow truck operators to allow them to tow vehicles within the City.

A permit is typically issued for a specific activity to take place at a specific time. For example, if an organization wishes to hold a parade in the City, they would first have to obtain a parade permit.

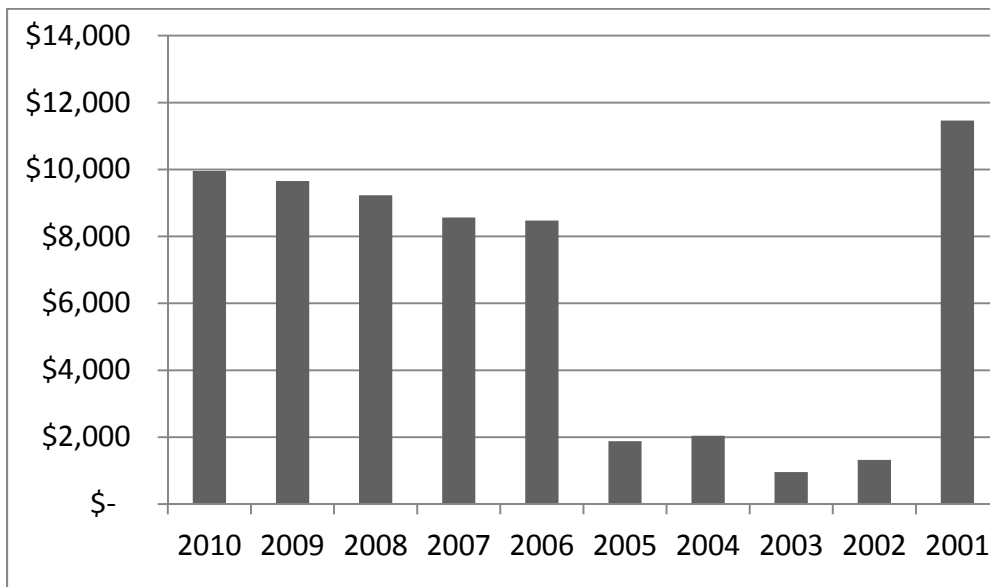
A ten year history from 2001 through 2010 of licenses and permits in the General Fund is shown in Table 9. Two significant changes were made during this time period involving the deposit of licenses and permits revenue.

In 2002, the City created a special revenue fund for certain development activities. Building and zoning revenue and expenditures previously included in the General Fund were moved instead to the new fund. The resulting impact on the General Fund license and permit revenue in 2002 was a decrease of \$10.4 million.

Secondly, prior to 2006 fees paid by cable television providers pursuant to Section 595 of the Columbus City Code were deposited in a telecommunications special revenue fund. Beginning in 2006, ordinance 2044-2005 authorized the City to begin depositing that revenue in the General Fund. The resulting increase in General Fund license and permit revenue in 2006 was \$6.6 million.

**Table 9**  
**License and Permit Revenue**  
**General Fund**  
**2001-2010**  
**Budget Basis**  
**(in thousands)**

2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
\$9,958	9,654	9,232	8,567	8,474	1,882	2,044	958	1,321	11,464



The cable television service fees make up the biggest component of General Fund license and permit revenue. In 2010 they accounted for 88%. The next largest component was safety licenses and permits, making up 7% in 2010. Safety licenses and permits cover a vast array of items including but not limited to: taxi cabs, alarm systems, arcades, push carts, charitable solicitations, weapons, noise, scrap metal, and horse carriages. The remaining 5% of 2010 license and permit revenue consisted of miscellaneous items such as loading zones, residential care facilities, and certain home improvements.

## **Shared Revenue**

Shared revenue in the General Fund includes various taxes and fees levied and collected by the state or counties and partially redistributed to the City and other political subdivisions. Shared revenue ranged from \$49.5 million to \$61.9 million from 2001 to 2010, with the percentage of General Fund revenue ranging from 7.3% to 11.8%. Table 10 shows General Fund shared revenue from 2001 to 2010, followed by a discussion of the major components.

Table 10

Shared Revenue  
General Fund  
2001-2010  
Budget Basis  
(in thousands)

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<b>Shared Revenue</b>										
State income, sales, corporate franchise, & public utility taxes	\$ 40,673	40,348	46,943	43,422	43,996	43,558	42,979	43,076	43,677	46,881
Local government fund <sup>(1)</sup>	-	-	-	3,849	3,841	3,842	3,830	3,830	3,879	4,080
Local gov. revenue assistance fund <sup>(1)</sup>	8,876	9,281	11,481	8,781	11,071	10,066	9,116	10,264	9,123	10,971
Other	<u>49,549</u>	<u>49,629</u>	<u>58,424</u>	<u>56,052</u>	<u>58,908</u>	<u>57,466</u>	<u>55,925</u>	<u>57,170</u>	<u>56,679</u>	<u>61,932</u>
Total										

24 <sup>(1)</sup> The local government fund and the local governments revenue assistance fund were combined by the State in 2008.

## **Local Government Fund**

The State Local Government Fund (LGF) was created with the inception of the state sales tax in December 1934. The LGF is funded with various taxes and fees collected by the State and distributed to local governments in two ways as determined by State formula. First, the State distributes a portion of the fund directly to municipalities that assess a municipal income tax. Second, the State distributes a portion of the fund directly to each of its 88 counties. Each county allocates their portion of the distribution to each of their political subdivisions.

As shown in Table 10, revenue from the LGF and the Local Government Revenue Assistance Fund (LGRAF), discussed later, was fairly flat throughout much of the last decade. This is because of a freeze enacted by the State. The State's 2002-2003 budget froze funds distributed in 2002 and 2003 to the level distributed in 2001. The freeze continued into the 2004-2005 budget cycle, with amounts frozen at 2003 levels. Again in 2006-2007, distributions were frozen to the 2005 levels. The 2008-2009 State budget called for a freeze of distributions in 2007 to the 2006 levels, but made significant changes for 2008. To begin with, the State combined the LGF and the LGRAF. Secondly, the funding source of shared revenue was changed. The LGF began receiving a designated percentage of *total* state General Fund tax revenue. Previously, the LGF received a share of *specifically designated* state tax revenue sources. This resulted in the City of Columbus actually receiving slightly less in 2008 than in previous years during the freeze, and significantly less in 2009 and 2010. LGF revenue ranged from \$40.3 million to \$46.9 million from 2001 to 2010.

Additional changes are in store for the LGF in the future. The 2012-2013 State budget calls for a cut. Distributions in 2012 should be 75% of 2011 levels, and distributions in 2013 should be 50% of 2011 levels.

## **Local Government Revenue Assistance Fund**

In 1987, the LGRAF was created to provide additional assistance to counties and units of local government. The LGRAF had the same basic sources of funding as the LGF, but was distributed differently. Each county received a distribution based on their share of total State population. The LGRAF, like the LGF, was part of the State freeze enacted for distributions received in 2002 through 2007. As part of the 2008-2009 budget, the LGRAF was consolidated into the LGF and no longer appeared as a separate line item. LGRAF revenue ranged from \$3.8 million to \$4.1 million from 2001 to 2007.

## **Other Shared Revenue Sources**

Ohio Revised Code Section 5731 calls for an estate tax, which is a graduated tax levied on the transfer of assets of an estate. Estate taxes are collected by the counties, certified by the State, and distributed by the counties to the State and applicable municipality. Per ORC 5731.48, the municipality receives 64% and the state receives 36%. Estate tax revenue received by the City ranged from \$7.6 million to \$10.3 million from 2001 to 2010. It should be noted that the 2012-2013 State budget eliminates the estate tax completely in 2013.

Other fees distributed to local governments include a portion of the proceeds from permits for cigarette sales, which are distributed by the counties, liquor permit fees, which are distributed by the State, and various other small fees. This combined revenue ranged from \$992,000 to \$1.2 million from 2001 to 2010.

## **Charges for Services**

The City performs certain services for its citizens and other municipalities for which it charges various amounts. These services include: impounding, storing, and selling abandoned autos; fire and police protection provided to various entities; parking meter fees; and numerous other services. Additionally, the City's General Fund allocates certain citywide costs initially borne by the General Fund to select other funds through pro rata charges.

Charges for services revenue ranged from \$26.4 million to \$54.7 million from 2001 to 2010, with the percentage of General Fund revenue ranging from 5.0% to 9.3%. Table 11 shows charges for services in the General Fund over the last ten years broken down by major category, followed by a discussion of each category.



Table 11

**Charges for Services  
General Fund  
2001-2010  
Budget Basis  
(in thousands)**

<b>Charges for Services</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
Parking meters & fees	\$ 3,461	3,463	3,488	3,415	3,457	3,208	3,183	3,125	3,394	3,413
City Attorney charges	1,018	1,125	1,038	1,036	976	966	1,060	1,067	739	708
Police services	5,784	6,534	6,870	6,246	5,797	5,670	4,728	4,969	4,040	3,361
Fire services	16,387	17,261	15,243	11,589	10,596	9,675	9,671	5,567	1,913	1,840
Pro rata charges	23,619	24,010	24,602	22,253	19,251	18,338	17,573	16,172	17,769	15,402
All other	2,530	2,301	2,385	2,189	2,370	1,747	1,714	1,891	1,701	1,716
<b>Total</b>	<b>\$ 52,799</b>	<b>54,694</b>	<b>53,626</b>	<b>46,728</b>	<b>42,447</b>	<b>39,604</b>	<b>37,929</b>	<b>32,791</b>	<b>29,556</b>	<b>26,440</b>

## **Parking Meters and Fees**

City Code Section 2155.04 grants the Director of the Department of Public Service the authority to set parking rates and rules of operation, such as effective days and hours. Rates and rules were last updated effective June 5, 2010.

In 2009, ordinance 1578-2009 authorized the City to enter into a cooperative agreement with the Franklin County Convention Facilities Authority and Franklin County for the acquisition, construction, installation, equipping and financing of a full-service convention center hotel. Section 3.3 of the agreement directed the City Auditor to establish a City Parking Meter Contribution Fund, and further directed the Auditor to deposit to that fund City incremental parking meter receipts to maintain a balance of \$1.4 million in the fund for the City's hotel-related financial requirements. In addition, ordinance 1560-2009 authorized the City Auditor to create a second special revenue fund called the "Parking Meter Program".

The result of the cooperative agreement and ordinances 1578-2009 and 1560-2009 is that, effective January 1, 2010, parking meter revenues are deposited into three separate funds in a specified "waterfall" method. Section 1 of ordinance 1560-2009 stipulates that first and foremost each year the General Fund shall receive an amount equal to the total annual parking meter revenues received from January 1, 2009 through December 31, 2009. That equates to \$3,349,870.15. After that amount is satisfied, parking revenues are to be deposited in the City Parking Meter Contribution Fund until the balance in that fund is \$1.4 million. Any revenue received after the \$1.4 million balance is established may be deposited in the Parking Meter Program Fund subject to amounts authorized by the Director of Finance and Management after review and approval of the Parking Meter Program five year pro forma and associated budget. Monies in the Parking Meter Program Fund are available for the cost of replacing aging parking meters and potential placement of additional meters in areas of the City where there are none currently.

In 2010, the General Fund received the full \$3,349,870.15 in parking meter revenue to which it was entitled (in addition to another \$112,000 in parking fees for things like permits which are not covered by the cooperative agreement). The City Parking Meter Contribution Fund received \$66,463.65 in parking meter revenue toward the required cash balance of \$1.4 million. No monies were deposited in the Parking Meter Program Fund in 2010.

## **City Attorney Charges**

The City Attorney prosecutes certain cases in the Franklin County Municipal Court for some of the City's suburbs and for the Bureau of Motor Vehicles. The City Attorney also prosecutes cases arising in unincorporated areas of Franklin County on behalf of Franklin County per Ohio Revised Code section 1901.34. Payment from these political subdivisions represented by the Columbus City Attorney is deposited as charges for services in the General Fund.

## Police Charges

The Columbus Division of Police provides a variety of services for which revenue is received. The majority comes from the impounding of automobiles, which totaled \$3.0 million in 2010. The sale of impounded and junked cars totaled another \$1.2 million in 2010. Other major categories of Police charges and the 2010 revenue totals are: school protection services of \$652,000, rent of police equipment of \$348,000, overtime charged to various task forces in the metropolitan area of \$224,000, the sale of fingerprint cards of \$65,000, witness fees of \$22,000, and various other items totaling \$273,000.

## Fire Charges

The Columbus Division of Fire provides fire protection, by contract, to various nearby suburbs and villages. In 2010, revenue from the political subdivisions for fire protection was \$1.7 million.

In 2002, ordinance 1183-2002 created chapter 1934 of the Columbus City Code, thereby establishing the authority to assess and collect an emergency medical services reimbursement fee and deposit it in the General Fund. The City began receiving revenue from this new charge for services in 2003. In 2010, the related General Fund revenue was \$13.4 million.

The Division of Fire also assesses a fire prevention inspection charge. In 2010, that charge brought in \$1.2 million. In addition, Fire charges for miscellaneous services such as fire reports and parade vehicle usage.

## Pro Rata Charges

In 1952, the Ohio Attorney General rendered an opinion that allowed local governments to recover administrative service costs associated with their General fund departments and offices from special revenue funds, internal service funds, and enterprise funds. These costs (pro rata charges) are allocated by charging select other funds a statutorily approved rate of 4.5% of their gross revenue, as determined by the City Department of Finance and Management.

Per ordinance 0300-2008 approved March 12, 2009, the following funds are currently charged pro rata:

<b>Fund Number</b>	<b>Fund Name</b>
240	Development Services Fund
241	Private Construction Inspection Fund
250	Health Operating Fund
265	Street Construction, Maintenance & Repair Fund
284	Golf Operating Fund
285	Recreation and Parks Operating Fund
550	Electricity Operating Fund
600	Water Operating Fund
650	Sanitary Sewer Operating Fund
675	Storm Sewer Operating Fund

## **Other Charges for Services**

Other miscellaneous charges for services are collected by various City divisions. The Division of Safety Support Services has contracted with several local entities for support of a shared 800 MHz radio communications system. The related charges in 2010 totaled \$469,000. The Department of Public Service charges other divisions of the City a proportionate share for support of the City's 311 Customer Call Center, which totaled \$416,000 in 2010. The Income Tax Division collects a fee to administer the taxes of six other municipalities in the metropolitan area as discussed in the section on income taxes. In 2010, those charges totaled \$372,000. In addition, the Income Tax Division collects \$25,000 annually from the Franklin County Convention Facilities Authority for the administration of their hotel/motel tax.

The City's Division of Weights and Measures charges a fee for the testing of scales and meters. Title 29 of the Columbus City Code authorizes the Sealer of Weights and Measures to examine commercial scales, meters, and other measuring devices and upon examination, assess a fee for the examination as set forth in the fee schedule in the Code based upon the type of meter or scale being inspected. Examples include: gasoline pumps, taxi meters, and jeweler scales. In 2010, City Sealer charges were \$362,000.

In addition, the Department of Development 2010 revenue from weed abatement charges totaled \$350,000. The Division of Facilities Management charges Franklin County for their share of exterior maintenance of the shared Municipal Court Building, which amounted to \$276,000 in 2010. The Municipal Court charges the suburbs within the Court's jurisdiction a portion of operating costs in accordance with Ohio Revised Code Section 1901.026. In 2010, the Court received \$205,000 from the other municipalities. Additional miscellaneous charges for services in the General Fund totaled \$55,000 in 2010.

## Fines and Forfeits

Revenue from fines and forfeits ranged from 2.5% to 3.8% of General Fund revenue from 2001 through 2010, with the amount ranging from \$12.9 million to \$22.1 million. Fines and forfeits are imposed by the Franklin County Municipal Court and the Parking Violations Bureau. In 2010, the Municipal Court accounted for 68.8% of General Fund fines and forfeit revenue or \$13.3 million, while Parking Violations comprised the other 31.2% or \$6.0 million.

### **Municipal Court**

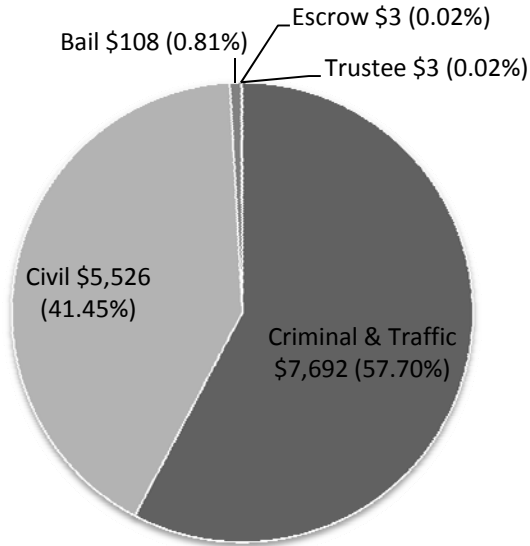
The Columbus Municipal Court was created in 1916 by the General Assembly. In 1955, the Columbus Municipal Court was given county-wide jurisdiction and in 1968, the General Assembly changed its name to the Franklin County Municipal Court.

The court has two judicial divisions. The General Division operates with fifteen judges, and six magistrates. The Environmental Division, which began operations in 1992, has one judge. The Clerk of the Court has both case management and financial duties and works with both divisions of the Court. The Judges and the Clerk are elected to six year terms.

The Municipal Court operates under the Ohio Revised Code, not the City's Charter; however, the Court does adjudicate cases under both the Ohio Revised Code and the Columbus City Code. The Municipal Court is the court of origin for all misdemeanor traffic and criminal cases, and civil suits less than or equal to \$15,000. In addition, the Court conducts preliminary hearings for felony cases, sets bond on all criminal charges, and issues search warrants. All felony cases and civil suits in excess of \$15,000 are tried in the Franklin County Court of Common Pleas. The City does not fund the Court of Common Pleas.

Municipal Court fines and forfeit revenue in the General Fund is comprised of five categories: criminal and traffic cases, civil cases, bail and bail forfeits, trusteeship court costs, and escrow court costs. The criminal and traffic category and the civil category comprise the vast majority of the total. The 2010 amounts and percentages are shown in the following chart.

## 2010 Municipal Court General Fund Fines & Forfeitures (in thousands)



### Parking Violations

The City's Division of Parking Violations is responsible for collecting parking fines. The Division was created in the Treasurer's Office in March of 1983 pursuant to ordinances 2390-1982 and 2410-1982. Effective January 1, 2007, the Division was moved from the Treasurer's Office to the Department of Public Service pursuant to ordinance 0105-2007. The parking violation rates are set forth in section 2150 of the Columbus City Code. Those rates are adjusted periodically as needed by an ordinance amending the code. The most recent update had an effective date of January 1, 2009 per ordinance 1664-2008. As mentioned previously, parking violations comprised roughly one third of the General Fund fine and forfeit revenue in 2010.

### Total Fine and Forfeit Revenue

Table 12 shows General Fund fine and forfeit revenue for the prior ten years broken down between the Municipal Court and Parking Violations.

Table 12

**Fines and Forfeits  
General Fund  
2001-2010  
Budget Basis  
(in thousands)**

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
<b>Fines and forfeits-Court</b>	\$ 13,332	15,572	15,637	15,910	15,433	14,806	12,091	11,470	10,656	8,804
<b>Parking ticket revenue</b>	6,044	6,524	5,766	5,403	5,237	5,738	5,661	5,621	4,866	4,120
<b>Total</b>	<u>\$ 19,376</u>	<u>22,096</u>	<u>21,403</u>	<u>21,313</u>	<u>20,670</u>	<u>20,544</u>	<u>17,752</u>	<u>17,091</u>	<u>15,522</u>	<u>12,924</u>

## **Miscellaneous Revenue**

Miscellaneous revenue ranged from \$4.4 million to \$67.1 million from 2001 to 2010, with the percentage of General Fund revenue ranging from 0.9% to 11.7%. The \$67.1 million collected in 2004 included \$59.5 million lease payments from the Solid Waste Authority, related to the lease of the City's trash burning power plant.

The following broad categories comprise miscellaneous revenue: rent, hotel/motel taxes, refunds and reimbursements, electricity kilowatt taxes (kWh), and other. Table 13 shows miscellaneous revenue in the General Fund broken down by major category, followed by a discussion of each category.



Table 13

**Miscellaneous Revenue  
General Fund  
2001-2010  
Budget Basis  
(in thousands)**

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<b>Miscellaneous Revenue</b>										
Rent	\$ 74	175	6,269	252	10,088	482	59,516	91	85	93
Hotel/motel taxes	3,378	3,119	3,598	3,649	3,419	3,204	2,875	2,804	2,707	2,735
Refunds & reimbursements	1,478	1,504	1,606	1,646	2,147	1,799	1,400	1,254	5,200	9,389
kWh	3,284	3,234	3,365	3,449	3,335	3,364	3,265	-	-	-
Other	79	240	1,332	49	56	2,879	50	239	424	235
<b>Total</b>	<b>\$ 8,293</b>	<b>8,272</b>	<b>16,170</b>	<b>9,045</b>	<b>19,045</b>	<b>11,728</b>	<b>67,106</b>	<b>4,388</b>	<b>8,416</b>	<b>12,452</b>

## **Rent**

The City receives payments from various organizations and businesses for the rental of City property. Rent revenue ranged from \$74,176 to \$59.5 million between 2001 and 2010.

The largest rent payments received over the years have been from the Solid Waste Authority of Central Ohio (SWACO). On April 1, 1993, the City leased to SWACO an electricity-generating, solid waste recovery plant and related transfer stations. The annual lease payments to the City were to be in the amount of the related debt service requirements. The lease was originally accounted for in the Electricity Enterprise Fund. Due to a series of federal court decisions and U.S. E.P.A. decisions, the Plant ceased operations in 1994. Because the asset underlying the lease was no longer a functioning asset, the lease was transferred from the Electricity Fund to the Special Income Tax Debt Service Fund in 1994 and to the City's General Fund in 2004. Through various amendments to the lease, the City agreed to reduce the amount due from SWACO to the City to an amount equal to 65% of debt service and associated bond costs required for the City's bonds from January 1, 1995 to the bonds' final maturity in January 2010.

SWACO agreed to impose a new fee on garbage originating throughout the SWACO boundaries, primarily in Franklin County. The City, rather than pay cash to SWACO for residential type garbage picked up by City garbage trucks, grants a credit to SWACO against the amount due in lease rental payments by SWACO to the City. This credited amount approximates \$2.5 million annually and is accounted for in the General Fund. The credit will cease in approximately the fourth quarter of 2011 and the City will begin paying the full fee to SWACO.

In 2004 SWACO issued revenue bonds and paid the City \$55.1 million, primarily representing delinquent lease rental payments due to the City in previous years. SWACO also paid the City an additional \$4.3 million in 2004 from other resources. In 2006, SWACO paid the City \$9.9 million generated from the sale of certain power plant related assets. These amounts were all recorded in the General Fund as rental revenue. At December 31, 2010, the amount still due from SWACO was \$1,888,780.

## **Hotel/Motel Taxes**

Pursuant to Ohio Revised Code Section 5739.09, the City assesses a tax on the rental of hotel and motel rooms located within the City. The tax was first implemented effective January 1969 at a rate of 3%. In September 1980, the tax rate was increased to 4% and in September 1985 increased again to 6%.

Beginning in October 1988, the Franklin County Convention Facilities Authority (FCCFA) imposed a 4% county-wide tax rate, which the City collects on their behalf and remits to FCCFA. As mentioned previously, an annual fee for this collection is recorded in the City's General Fund as charges for services revenue. In 2010 the fee was \$25,000.

Effective January 1989, the City relinquished its right to levy 0.9% of its previous 6% rate. The City's tax rate then became 5.1% and the FCCFA's rate became 4.9% within the City.

Beginning in January 2001, 0.43% of the City's 5.1% tax rate was designated to provide funding to the Columbus/Franklin County Affordable Housing Trust Corporation. Since January 2001, the City Code calls for the taxes levied by the City to be distributed as follows:

<b>Tax Rate</b>	<b>Percent Share</b>	<b>Purpose Designated</b>
1.25%	24.51%	General Fund of the City
1.50	29.41	Experience Columbus <sup>(1)</sup>
1.50	29.41	Cultural Services/Community Enrichment
0.42	8.24	Emergency Human Services Fund of the City
0.43	8.43	Columbus/Franklin County Affordable Housing Trust Corp.
<b>5.10%</b>	<b>100.00%</b>	<b>Total City rate/share</b>
<b>4.90%</b>	<b>100.00%</b>	<b>Franklin County Convention Facilities Authority</b>
<b>10.00%</b>		<b>Total tax rate inside the City of Columbus</b>

(1) By separate ordinances of Council, Experience Columbus, formerly known as the Greater Columbus Convention and Visitor's Bureau and the Greater Columbus Arts Council, have in various years received amounts greater than percentages indicated above would provide.

Hotel/motel tax revenue in the City's General Fund ranged from \$2.7 million to \$3.6 million between 2001 and 2010.

### **Refunds and Reimbursements**

The City receives refunds and reimbursements for a variety of reasons. Municipal Court payroll related reimbursements from Franklin County are among the largest refunds received in the General Fund each year. Pursuant to Ohio Revised Code Section 1901.111, Franklin County reimburses the City 40% of the cost of health insurance for the Municipal Court Judges. Per ORC 1901.312, the County also reimburses the City 40% of the cost of health insurance for the Clerk of the Municipal Court. ORC 1901.32, along with Ohio Attorney General Opinion 2003-020, directs the County to reimburse the City 40% of all insurance *and* payroll related costs for courtroom bailiffs. In 2010, reimbursement for the Judges, the Clerk, and the bailiffs was \$71,940, \$4,482, and \$544,215 respectively.

In addition to reimbursements from the Municipal Court, the General Fund is reimbursed by various other operating funds of the City for the cost of the annual financial audit. The General Fund received \$128,249 in 2010 for the 2009 audit.

Employees are also a source of General Fund refunds. Employees must reimburse the City for a number of items such as personal use of a City-issued cell phone or tuition reimbursement if the employee terminates before an agreed upon separation date.

Refunds and reimbursements in the General Fund from 2001 to 2010 ranged from \$1.3 million to \$9.4. It should be noted that the \$9.4 million included a one-time \$7.4 million refund from the Bureau of Workers Compensation.

### **Electricity Kilowatt Tax**

The Electric Industry Restructuring Act that became effective July 6, 1999 included language requiring the imposition of a kilowatt-hour distribution tax. The tax is levied on the number of kilowatt-hours (kWh) of electricity distributed to end users, and began with the first billing cycle that included May 1, 2001. In accordance with Ohio Revised Code Section 5727.82 (A)(3), the Division of Electricity pays the tax on the kWh distributed to end users located *within* the City of Columbus boundaries to the General Fund. The tax for end users *outside* the City's boundaries is paid to the State of Ohio Department of

Taxation. In an effort to keep rates competitive, the Division of Electricity opted to pay the kWh tax from the Electricity operating budget rather than pass the tax on to customers. In order to absorb the cost of the kWh tax in the Electricity Operating Fund while complying with the ORC requirement to record the tax on inside users in the General Fund, Council adopted Ordinance 0872-2001 authorizing the City Auditor to first transfer the tax from the Electricity Operating Fund to the General Fund, and then transfer 100% of the tax right back to the Electricity Operating Fund. This practice continued from 2001 through 2003. During those years, the kWh tax was included with transfers in instead of miscellaneous revenue. The amount of General Fund transfers in comprised of kWh tax in 2001, 2002, and 2003 was \$1.8 million, \$3.1 million, and \$3.1 million respectively. From 2004 through 2010, the City deposited 100% of the kWh tax directly in the General Fund. During those years, the kWh tax revenue was included with miscellaneous revenue and ranged from \$3.2 million to \$3.4 million.

### **Other Miscellaneous Revenue**

Other miscellaneous revenue has ranged from \$48,820 to \$2.9 million from 2001 to 2010. It includes items such as unclaimed funds and bad check charges.

### **Transfers In**

Transfers are made by ordinance to the General Fund from other funds of the City. Table 14 shows the total transfers to the General Fund from 2001 to 2010. It should be noted that this report differs from the Comprehensive Annual Financial Report in that transfers between subfunds of the General Fund have been eliminated to present more clearly the results of operations.

Table 14

Transfers in  
General Fund  
2001-2010  
Budget Basis  
(in thousands)

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<b>Transfers in</b>										
From Police and Fire Termination Pay - D.R.O.P. Program (430)	\$ 1,421	-	-	-	-	-	-	-	-	-
From Insurance Benefits Fund (502)	-	-	3,566	-	-	-	-	14,157	-	-
From Electricity Operating Fund - kWh Tax (550)	-	-	-	-	-	-	-	3,148	3,133	1,797
From Other	794	1,662	3,090	100	1,217	1	6	1,180	112	600
<b>Total transfers in <sup>(1)</sup></b>	<b>\$ 2,215</b>	<b>1,662</b>	<b>6,656</b>	<b>100</b>	<b>1,217</b>	<b>1</b>	<b>6</b>	<b>18,485</b>	<b>3,245</b>	<b>2,397</b>

<sup>(1)</sup> This statement differs from the Comprehensive Annual Financial Report in that transfers between subfunds of the General Fund have been eliminated to present more clearly the results of operations.

In 2010, the majority of transfers to the General Fund was for payment of police and firefighter terminal leave pay as a result of the Deferred Retirement Option Program (DROP). Ordinance 1501-2010 authorized the transfer of monies from the Special Income Tax Fund to the General Fund for police and fire termination pay expenditures (accrued vacation, sick leave, etc.) made from October 1, 2010 to December 31, 2010. The total amount transferred for this purpose was \$1.4 million.

In 2003 and 2008, the Department of Finance and Management determined that the Employee Benefits Self Insurance Internal Service Fund was overfunded. As a result, refunds were made in the form of transfers to the divisions paying into the Fund. The General Fund share in 2003 and 2008 was \$14.1 million and \$3.6 million respectively.

As mentioned in the section on miscellaneous revenue, monies related to the electricity kilowatt hour (kWh) tax were transferred from the Electricity Operating Fund to the General Fund from 2001 to 2003 pursuant to Ohio Revised Code Section 5727.82 (A)(3). It should be noted that the money was transferred directly back to the Electricity Operating Fund for use in the daily operations of the Division of Electricity. From 2004 through 2010, the City deposited the kWh tax directly in the General Fund as miscellaneous revenue.

The remainder of transfers in are categorized as "Other." They include the closeout of certain grants made to the City. Often, grant agreements require the City to contribute a matching amount. If a match is required on a grant made to a General Fund division, the division will transfer the match amount out of their General Fund budget and into a separate grant fund at the beginning of the grant period. If at the end of the grant period the full match was not required, the division will transfer back to the General Fund the excess monies pursuant to the applicable grant agreements.

Other transfers in also include transfers from the Special Income Tax Fund for compensation agreements entered into with various school districts in the area. These agreements call for the City to compensate the schools for lost property tax revenue resulting from community development incentives granted to developers by the City.

## USES OF GENERAL FUND RESOURCES

The General Fund provides support for the basic City services. Many City Divisions are funded solely by the General Fund, others receive General Fund subsidies, and others have multiple funding sources. General Fund budget basis expenditures from 2001 to 2010 are shown in the statement of Revenue, Expenditures and Changes in Fund Balance in Table 1. The percentages are shown in Table 2. There are six categories of expenditures in the General Fund. They include the following:

- General Government
- Public Service
- Public Safety
- Development
- County Auditor Deductions
- Transfers Out

### General Government

General government functions accounted for 13.8% of total General Fund expenditures and transfers out in 2010, or \$89.5 million. The following City Divisions and Departments perform general government functions for the General Fund:

#### **City Council**

City Council is the chief policy making arm of city government, empowered by the City Charter to exercise legislative control over City expenditures. Citizens elect the seven-member Council at-large to four-year terms of office. Primary responsibilities include adopting the annual operating and capital budgets, authorizing certain contracts, and enacting amendments to the Columbus City Code. In addition to fiscal control and regulatory authority, Council establishes land use policy through its zoning powers.

Council appoints the City Clerk, who maintains the journal of Council activity, codifying general ordinances and maintaining custody of deeds, abstracts, and titles owned by the City. Council also appoints the City Treasurer.

#### **City Auditor**

The City Auditor, as described in the introductory section, is the City's Chief Accounting Officer. In addition to maintaining and reporting accurate, systematized records of all the City's fiscal transactions, the Auditor also assists in managing the City's long-term debt. This includes: the prompt payment of principal, interest, and associated fees, the assurance of current debt service coverage ratios sufficient to protect the City's credit worthiness, and the avoidance of the imposition of increased property taxes related to bonded debt voted directly by the public. The Auditor's Payroll Section handles the bi-weekly generation of paychecks and tax-withholding remittance for over 8,000 City employees. The Auditor also prepares the Comprehensive Annual Financial Report, the annual Bond and Note Report, the annual Synopsis Report, and other financial reports for presentation to City stakeholders.

#### **Income Tax**

The Auditor's Income Tax Division provides the service of collection, audit, and enforcement of the municipal income tax pursuant to Chapter 361 of the Columbus City Code. In addition, the Division oversees collection of the Franklin County Convention Facilities Authority hotel/motel tax. As mentioned in the section on income taxes, the Division also has contracts with and acts as the collection agent for six other municipalities and the Northern Pickaway County JEDD.

## **City Treasurer**

Per Sections 88 through 96 of the City Charter, the City Treasurer's responsibilities include: the receipt and deposit of all City funds in to bank accounts of the City in accordance with Chapter 321 of the Columbus City Codes, the disbursement of City funds upon warrant by the City Auditor or Sinking Fund Trustees, and the investment of all excess funds not needed for daily operations in accordance with Chapter 325 of the Columbus City Codes.

## **City Attorney**

The City Attorney's powers and duties are set forth in Section 67 of the Columbus City Charter, which says, "[The City Attorney]... shall be the legal advisor of and attorney and counsel for the City, and for all officers and departments thereof in matters relating to their official duties. [The City Attorney]...shall prosecute or defend all suits for and in behalf of the City, and shall prepare all contracts, bonds and other instruments in writing in which the city is concerned and shall certify in writing his approval of the form and correctness thereof. He may appoint such assistants, secretaries and clerks as Council may authorize."

## **Municipal Court Judges**

The Franklin County Municipal Court was established pursuant to section 1901.01 of the Ohio Revised Code and traces its origin to the creation of the Columbus Municipal Court in 1916 as discussed in the section on fines and forfeits. There are fifteen Municipal Court judges in the General Division of the Court and one in the Court's Environmental Division. The judges preside over civil, criminal, and traffic cases and conduct both jury and non-jury trials. In jury trials, judges interpret the law and the jury determines factual matters. In non-jury trials, by far more common, judges have the dual role of interpreting the law and determining the facts. The judges also conduct criminal arraignments and preliminary hearings on felony cases, set bond on criminal charges, issue search warrants, and impose sentences when a defendant is found guilty of a traffic or criminal charge. The judges hear civil cases where the amount in controversy is \$15,000 or less, and cases that are transferred from the Small Claims Division to the regular docket of the Court.

The environmental division has exclusive jurisdiction to enforce local codes and regulations affecting real property, such as fire and building codes. The Environmental Division has injunctive powers, and there is no monetary limit on the cases that fall within the Environmental Division's exclusive jurisdiction.

## **Municipal Clerk of Court**

The Franklin County Municipal Clerk of Court serves as the legal guardian and keeper of all the official records of the Court, including all criminal and civil case filings, subpoenas, search warrants, pleadings and monies. The Clerk of Court is entrusted with the responsibility of processing and archiving all Court records in accordance with various records retention requirements. Additionally, the Clerk calculates and fully details all financial transactions involving the Court and compiles and publishes an Annual Report.

## **Civil Service Commission**

The Civil Service Commission is part of the checks and balances of City government. Its mission is to maintain a merit system of employment to ensure that the City of Columbus has a competent workforce. To do so, the Commission manages the City's job classification plan by maintaining current job descriptions and continually updating job classes. The Commission also works with City divisions to establish hiring criteria and then assesses the qualifications of applicants against those criteria. Each pay period, the Civil Service Commission reviews each personnel transaction and then certifies that the City's employees are being paid in accordance with the City Charter, City ordinances, and Commission rules.



## **Human Resources**

The Department of Human Resources is responsible for administering employee benefit programs, coordinating and delivering citywide training and workforce development opportunities, designing and administering a fair, equitable, and market driven compensation management system, and providing consistent and uniform administration of collective bargaining agreements. Human Resources also develops occupational health and safety programs and monitors compliance with established safety standards, administers drug-free workplace programs, and ensures fair and equal treatment of employees and applicants.

## **Mayor**

The Mayor provides leadership and vision for the City of Columbus through the formulation of policies, delivery of City services, communication, and outreach to citizens and the greater community. As head of the executive branch of government, the Mayor establishes priorities for the departments serving the citizens of Columbus.

## **Community Relations Commission**

The Community Relations Commission was established in 1990 to help convene and facilitate discussions with civic leaders, business leaders, citizens and elected officials on issues of ethnic, racial, and cultural diversity.

## **Equal Business Opportunity Commission Office**

The Equal Business Opportunity Commission Office is mandated by City Code to compile, review, and analyze minority and female business enterprise utilization, based upon city contract awards, contract payments, and vendor registration data. In addition, the Commission develops and implements race and gender-neutral programs that encourage the use of a diverse pool of qualified minority and female contractors and service providers. The Commission also provides technical assistance to the minority, female, and small business community.

## **Finance and Management**

The Department of Finance and Management contains two operational groups: the Financial Management Group and the Asset Management Group. The Financial Management Group is comprised of the Division of Financial Management, which includes the Budget, Grants Management, Purchasing, Performance Management and Debt Management Offices. The Budget Office oversees the development, monitoring and control of the City's operating budgets. The Debt Management Office provides coordination of the capital improvements budgets and the six-year capital improvement program. The Grants Management Office provides budget preparation and program monitoring for several federal grant programs. The Purchasing Office is responsible for the procurement of goods and services, including the administration of the City's procurement policies and procedures. The Performance Management Office is responsible for the development and maintenance of performance management systems throughout the City. The City's print shop and mailroom are housed in this division as well.

The Asset Management Group is comprised of the Divisions of Facilities Management and Fleet Management, as well as the Construction Management and Real Estate Management Offices. Facilities is responsible for custodial services, maintenance, energy management, and security for the City Hall Complex, police and fire facilities, the Public Health Complex, and the I-71 Complex. Fleet Management maintains the motorized equipment for most City departments and divisions. The Fleet Division also

develops and promotes citywide policies that govern acquisition, maintenance, use, and disposal of vehicles. The Construction Management Office provides building construction and renovation project management. The Real Estate Management Office provides centralized real estate administration and casualty insurance administration.

### **Technology**

The Department of Technology institutes information management policies and procedures, maintains the city's information management systems, and provides citywide phone support. The Department is also responsible for designing and maintaining the City's website, providing desktop support and service desk support, operating the government access television channel, providing systems and applications support to the City's 311 Customer Call Center, and managing the City's telecommunications network. Additionally, the Department's Computer Operation Section provides printing, folding, inserting, and mailing services to enterprise Divisions as well as project and account management, and procurement of technology related goods to City Divisions.

Table 15 shows a breakdown of general government expenditures in the General Fund from 2001-2010.

Table 15

**General Government Expenditures**  
**General Fund**  
**2001-2010**  
**Budget Basis**  
**(in thousands)**

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<b>General government expenditures</b>										
City Council/City Clerk	\$ 3,288	2,936	3,789	3,735	4,574	4,292	3,851	3,520	4,539	4,727
City Auditor	3,198	3,033	3,017	4,308	4,211	4,030	4,402	2,673	2,800	4,742
Income Tax	7,092	6,919	7,194	7,885	6,960	6,532	6,127	5,139	4,691	5,398
City Treasurer	919	929	941	914	879	877	846	867	834	3,563
Parking Violations <sup>(1)</sup>	-	-	-	-	3,304	2,953	2,631	2,655	2,362	-
City Attorney	10,207	10,135	10,752	10,422	9,948	9,266	9,127	9,943	10,738	11,048
Municipal Court Judges	14,011	13,770	14,234	13,056	12,610	11,867	11,720	11,857	11,631	11,559
Municipal Court Clerk	10,115	10,179	10,575	9,867	9,527	8,794	8,845	8,869	8,645	8,973
Civil Service Commission	3,097	2,796	3,312	3,456	2,952	2,706	2,613	2,570	2,972	3,240
Human Resources	2,050	2,963	1,696	2,129	1,967	1,683	1,519	1,608	1,913	2,019
Mayor	1,699	1,861	3,714	3,898	3,619	2,656	2,225	2,372	2,669	2,092
Community Relations Commission	655	703	898	1,064	882	816	562	585	622	637
Equal Business Opportunity Commission Office	668	638	835	943	963	899	891	880	986	1,085
Financial Finance & Management	5,329	5,826	7,466	7,111	4,181	3,272	2,603	10,218	11,373	3,235
Facilities management <sup>(2)</sup>	13,388	13,416	14,481	15,384	14,313	4,136	-	-	-	-
Fleet <sup>(3)</sup>	1,000	222	1,074	4,491	-	-	-	-	-	-
Technology <sup>(4)</sup>	12,811	11,554	12,390	-	-	398	448	3,031	4,087	4,721
<b>Total general government expenditures</b>	<b>\$ 89,527</b>	<b>87,880</b>	<b>96,368</b>	<b>88,663</b>	<b>80,890</b>	<b>65,177</b>	<b>58,410</b>	<b>66,787</b>	<b>70,862</b>	<b>67,039</b>

<sup>(1)</sup> Prior to 2002, Parking Violations was reported with the City Treasurer. In 2007, Parking Violations became part of Public Service and is no longer a general government function.

<sup>(2)</sup> Effective August 28, Facilities Management moved from the Public Service Department to the Department of Finance and Management is now reported as general government.

<sup>(3)</sup> Beginning in 2007, Fleet became part of the Public Service Department and is no longer a general government function.

<sup>(4)</sup> From 2001 through 2007, technology costs were distributed throughout the various divisions. The technology costs reported in 2001 through 2005 represent the expenditures of the Office of the Director of Technology. After 2005, the Director's Office was budgeted only in the Technology Internal Service Fund.

## Public Service

Public Service made up 4.3% of General Fund expenditures and transfers out in 2010, or \$27.4 million. The Department of Public Service General Fund operations are comprised of the Director's Office, the 311 Customer Call Center, the Division of Mobility Options, and the Division of Refuse Collection.

### **Public Service Director's Office**

The Director's Office provides overall coordination of and policy direction for the Department.

### **311 Customer Call Center**

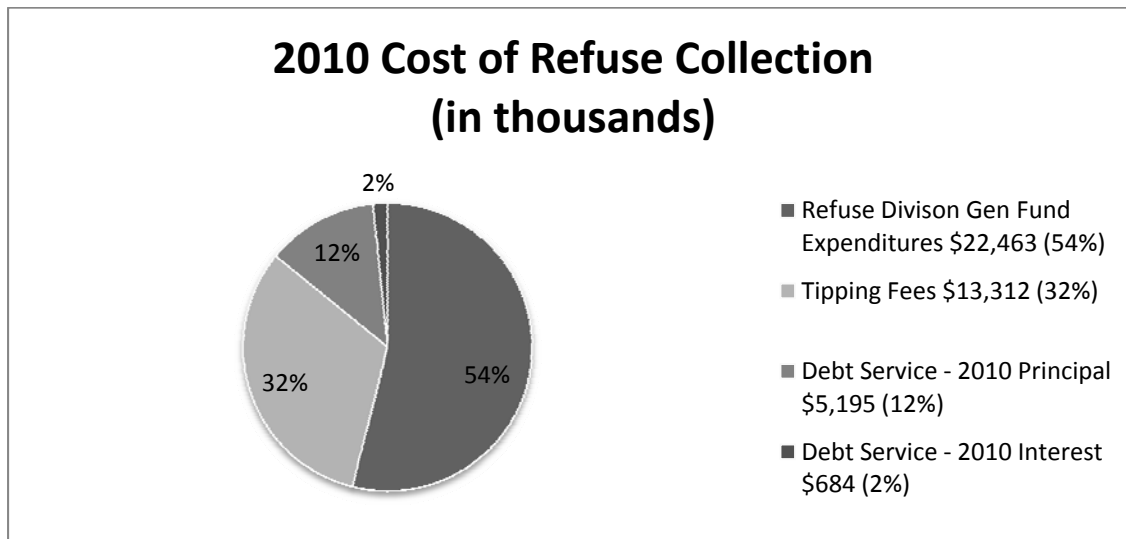
The 311 Customer Call Center is a single point of contact for requesting all non-emergency City services and is available to residents, City businesses, and visitors.

### **Mobility Options**

The Division of Mobility Options is responsible for delivering all services related to mobility necessary to ensure a safe and efficient transportation system for pedestrians, bicyclists, and vehicular traffic as well as improving neighborhood livability and safety. The division also provides parking management services, including on-street and parking garage planning, parking enforcement, meter collections, residential parking permit sales, and impounded vehicle processing services.

### **Refuse Collection**

The majority of General Fund Public Service dollars are spent in the Division of Refuse Collection, totaling \$22.5 million in 2010. It should be noted that the \$22.5 million represents only the cost of going out into neighborhoods to collect residential garbage in 2010. The total cost of refuse collection to the City was much greater, as reflected in the following chart. It included debt service payments on refuse capital equipment of \$5.9 million in 2010 paid from the Special Income Tax Fund, as well as tipping fees in the amount of \$13.3 million paid to the Solid Waste Authority from the Special Income Tax Fund for garbage disposed of at the landfill. This brings the cost of refuse collection across all funds for 2010 to \$41.7 million.



## **Public Safety**

Public safety, primarily police and fire services, continues to be the dominant function of the General Fund. Public safety expenditures were 72.3% of total expenditures and transfers out in 2010, or \$468.4 million. The Department of Public Safety is comprised of four divisions: the Director's Office, Support Services, Police, and Fire.

### **Public Safety Director's Office**

The Director's Office provides administration and support to all Department of Public Safety Divisions.

### **Safety Support Services**

The Division of Support Services is divided into three sections:

- The Communications Sections is responsible for the engineering, purchasing, installation, and maintenance of the Police and Fire Division's 800 MHz Radio, Microwave, Data, Telephone, Recording, and Security Systems throughout the City of Columbus. Additional systems include the E911 System, Emergency Operation Center (EOC), and Police and Fire Dispatching Facilities. In addition, the Division continues to provide engineering and maintenance support for radio, telephone, data and security systems to other City agencies.
- The License Section's function is to provide, administer, and enforce all laws, rules, and regulations relating to licensing requirements for various types of businesses, charitable solicitations and users of burglar and fire alarm systems.
- The Weights and Measures Division is tasked with promoting equity in the marketplace by: testing the accuracy of items such as scales, gas pumps, taxi meters, and linear measurers, examining pre-packaged commodities for adequate fill and proper labeling, checking scanning systems to ensure that charges recorded by cash registers reconcile with posted prices, and investigating consumer inquiries of suspect transactions.

### **Police**

The Division of Police is responsible for the prevention and detection of crime, the apprehension of criminals, and the maintenance of public order. It is organized into six subdivisions. The Administrative Subdivision is responsible for the Police business office and personnel, professional standards, and the Training Bureau. The Investigative Subdivision works with crimes against persons, property crimes, special victims, and the Narcotics Bureau. The Support Services Subdivision oversees Special Services, the Communications Bureau, and the Technical Services Bureau. The Homeland Security Subdivision is responsible for the Terrorism Early Warning Unit, the Traffic Bureau, the Strategic Response Bureau, and Internal Affairs. There are also two Patrol subdivisions: North and South. Each subdivision is commanded by a Deputy Chief.

The individual subdivisions are further divided into bureaus or zones, each of which is supervised by a police commander. The zones or bureaus are subdivided into sections or watches and are commanded by a police lieutenant or civilian employee of equivalent position. The sections and watches are broken down into precincts, units, squads, or teams. Each is commanded by a police sergeant or civilian.

## **Fire**

The Division of Fire is responsible for preventing or minimizing injury and loss of life or property resulting from fire or other emergencies. The City of Columbus is geographically divided into seven battalions, which include 32 stations, 34 engine companies, 15 ladders, 32 EMS (Emergency Medical Services-Advanced Life Support Transport Units), 5 heavy rescues, 1 Hazmat (hazardous materials) unit, 2 bomb squads, and 13 rescue boats.

The Division of Fire has five bureaus. The Administration Bureau is responsible for Fire Division human resources, payroll, recruitment, background investigation, internal investigation, and discipline. The Emergency Services Bureau includes the technical response companies, the bomb squad, the Hazmat team, EMS, and the dive and rescue team. The Support Services Bureau provides the materials, equipment, and facilities needed to perform Division duties, both emergency and non-emergency. The Training Bureau is tasked with assuring all Fire employees have the knowledge and skills necessary to safely and efficiently fulfill the duties of the Division. The Fire Prevention Bureau is in charge of fire safety education, fire and bomb investigations, and fire code inspections.

Table 16 shows a breakdown of safety expenditures in the General Fund from 2001 to 2010. Table 17 displays the total number of full time and part time City employees from 2001 to 2010, broken down by safety vs. civilian.

Table 16

**Department of Public Safety Expenditures**  
**General Fund**  
**2001-2010**  
**Budget Basis**  
**(in thousands)**

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Police	\$ 252,921	245,954	262,361	243,278	229,931	214,364	206,923	196,861	190,303	194,178
Fire	204,509	190,126	197,637	184,549	171,651	163,548	156,870	150,157	137,555	132,075
Safety Director	5,548	7,621	10,356	2,934	12,310	12,365	12,383	14,826	14,000	11,985
Support Services/Communications <sup>(1)</sup>	5,441	5,111	5,835	6,011	5,519	430	366	3,093	3,028	3,069
<b>Total</b>	<b>\$ 468,419</b>	<b>448,812</b>	<b>476,189</b>	<b>436,772</b>	<b>419,411</b>	<b>390,707</b>	<b>376,542</b>	<b>364,937</b>	<b>344,886</b>	<b>341,307</b>

<sup>(1)</sup> In 2006, the Division of Communications became the Division of Support Services.

**City of Columbus, Ohio**

**Number of City Employees (Full Time and Part Time as of December 31)  
2001-2010**

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
<b>Police</b>	1,909	1,872	1,903	1,927	1,873	1,863	1,842	1,843	1,827	1,810
<b>Fire</b>	1,506	1,497	1,522	1,514	1,541	1,532	1,546	1,539	1,534	1,518
<b>Civilians</b>	4,909	4,810	5,164	5,299	5,245	5,110	4,954	5,153	5,424	5,634
<b>Total employees</b>	<u>8,324</u>	<u>8,179</u>	<u>8,589</u>	<u>8,740</u>	<u>8,659</u>	<u>8,505</u>	<u>8,342</u>	<u>8,535</u>	<u>8,785</u>	<u>8,962</u>



## **Development**

Development expenditures comprised 3.3% of General Fund expenditures and transfers out in 2010, or \$21.8 million. The Department of Development has five divisions with General Fund expenditures.

### **Development Director's Office**

The Director's Office oversees the Development Department's human resources, public information, fiscal management, legislation and contracts, neighborhood pride, and neighborhood liaisons.

### **Economic Development**

The Economic Development Division is tasked with promoting job creation and economic growth in existing and emerging industries. The Division accomplishes this using available real estate, demographic and economic data collection, workforce development and training, regulatory navigation, and financial incentives. Financial incentives include property tax abatements, performance incentives to businesses, capital improvement funds, and business loans.

### **Building Services**

The Division of Building Services supports the safety and quality of life for the residents and visitors of Columbus through enforcement of the Columbus Building and Zoning Codes.

### **Planning**

The Division of Planning is principally engaged with the built environment, undertaking plans and projects that enhance the physical character of neighborhoods, districts, and areas. The Planning Division also oversees the Historic Preservation Office.

### **Housing**

The Housing Division serves Columbus by preserving and producing housing that helps build strong neighborhoods. The Division collaborates with federal, state, and local government housing agencies to strategically target its resources for neighborhood investment.

## **County Auditor Deductions**

Expenditures paid through the County Auditor represent fees withheld by counties from property tax settlements for their administrative costs. County Auditor fees are discussed in more detail under the property tax section of this report. These fees made up 0.2% of total General Fund expenditures and transfers out in 2010, or \$1.5 million.

## Transfers Out

Transfers out of the General Fund represent 6.1% of General Fund expenditures and transfers out in 2010, or \$39.3 million. The majority of the transfers out of the General Fund each year are to the Recreation and Parks Operating Fund and the Health Operating Fund. Table 18 shows a breakdown of all General Fund transfers out from 2001 to 2010, categorized by Recreation and Parks, Health, and other. As mentioned in the section on transfers in, this report differs from the Comprehensive Annual Financial Report in that transfers between subfunds of the General Fund have been eliminated to present more clearly the results of operations.

- The annual General Fund transfer provided 80% of the total funding to the Recreation and Parks Operating Fund in 2010. The transfer ensures the Department of Recreation and Parks can provide active and passive recreational activities, opportunities, programs, and facilities for citizens. The Department also maintains parks, multi-use trails, City trees, and recreational facilities and it promotes the preservation and wise use of the City's natural resources.
- The annual General Fund transfer provided 75% of the total funding to the Health Operating Fund in 2010. The transfer enables the Health Department to protect, promote, and monitor the health of the public. The Health Department assures compliance with public health laws, mandates, and regulations. It establishes policies to address health issues and emerging health threats. And it provides preventative, environmental, community, clinical, and home-based services.
- Transfers out of the General Fund categorized as "Other" include City match amounts transferred to various grant funds of the City. The amount transferred varies depending on the grant agreement.

In 2001 and 2002, transfers of approximately \$2.0 million per year were made from the General Fund to the Sinking Fund for payment of police and fire debt. Ordinance 2409-2003 directed that the debt be transferred from the Special Income Tax Fund instead of from the General Fund in 2003 and beyond.

As mentioned in the section of this report on miscellaneous revenue, transfers of kWh tax revenue were made from the General Fund to the Electricity Operating Fund in 2001, 2002, and 2003. The amounts transferred were \$1.8 million, \$3.1 million, and \$3.1 million respectively.

In 2001 and 2003, the General Fund transferred monies to the Special Income Tax Fund for police helicopter purchases. The amounts transferred were \$765,000 and \$569,000 respectively. In other years, helicopters were purchased directly out of the Special Income Tax Fund without a transfer from the General Fund.

**Transfers Out  
General Fund  
2001-2010  
Budget Basis  
(in thousands)**

<b>Transfers Out</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
Recreation and Parks	\$ 23,384	21,175	27,003	28,038	25,439	24,685	22,352	25,122	27,167	29,760
Health	15,824	15,865	20,421	20,730	20,152	18,329	17,004	16,204	17,420	19,499
Other <sup>(1)</sup>	141	265	714	364	268	469	321	3,920	6,054	5,932
<b>Total Transfers Out</b>	<b>\$ 39,349</b>	<b>37,305</b>	<b>48,138</b>	<b>49,132</b>	<b>45,859</b>	<b>43,483</b>	<b>39,677</b>	<b>45,246</b>	<b>50,641</b>	<b>55,191</b>

<sup>(1)</sup> This statement differs from the Comprehensive Annual Financial Report in that transfers between subfunds of the General Fund have been eliminated to present more clearly the results of operations.

## CONCLUSION

This report was designed to present budget basis information on the City's General Fund resources and uses. For further information, the Auditor's Office provides additional reports. Detailed information on the City's financials across all funds at December 31<sup>st</sup> each year can be found in the Comprehensive Annual Financial Reports (CAFRs). The Bond and Note Report is prepared annually to provide data on the City's outstanding bonds and notes at June 30th. In addition, a Synopsis Report is produced every year as a quick reference for both financial and non-financial data. All of these reports are available on the City's web site at <http://auditor.columbus.gov/>.