

Financial & Budget Update



Engage. Inspire. Prepare.

Agenda

1. January 2018 Financial Update
2. Budget Approval Timeline
3. FY2019 Budget Update: *Revenue and Allotment Projections*

Appendix



March 27, 2018



Engage. Inspire. Prepare.

January 2018 Financial Update

Paulding County School District General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Month and Year-to-Date Ended January 2018

(in thousands)

	Budget			Actual		% YTD to Budget	\$ Variance to Budget
	Original ¹	Amended	Variance*	January	Year-to-Date		
Revenue:							
Local Taxes	\$ 76,539	\$ 76,539	\$ -	\$ 19,750	\$ 71,228	93.1%	\$ 26,580
Other Local Sources	1,509	1,509	-	99	593	39.3%	(287)
State Sources	178,117	178,199	82 ³	14,838	103,530	58.1%	(419)
Transfers In	7	7	-	-	4	57.1%	(0)
Total Revenue	256,172	256,254	82	34,687	175,355	68.4%	25,874
Expenditures:							
Instruction	176,239	176,376	(137) ^{2,3}	14,669	102,974	58.4%	(88)
Pupil Services	9,446	9,447	(1) ³	807	5,519	58.4%	(8)
Improvement of Instruction	9,995	9,786	209 ^{3,5}	763	5,555	56.8%	154
Instructional Staff Training	-	209	(209) ⁵	11	150	71.9%	(28)
Educational Media Services	4,532	4,532	1 ²	389	2,703	59.6%	(60)
General Administrative	1,325	1,325	-	87	605	45.7%	168
School Administrative	17,221	17,177	44 ²	1,446	10,019	58.3%	1
Business Services	1,396	1,396	-	91	827	59.2%	(13)
Maintenance	18,119	18,311	(193) ⁴	1,595	9,983	54.5%	699
Local Facility Construction	193	0	193 ⁴	-	-	0.0%	0
Transportation	15,202	15,190	11 ³	983	10,221	67.3%	(1,360)
Central Support Services	2,286	2,286	-	178	1,337	58.5%	(4)
Other Support Services	211	211	-	4	188	89.1%	(65)
Other Outlays	2,941	2,941	-	244	1,716	58.3%	(0)
Total Expenditures	259,106	259,188	(82)	21,267	151,797	58.6%	(604)
Revenue Over (Under) Expend.	(2,934)	(2,934)	\$ (0)	13,420	23,559		
Unassigned	32,649	32,649			34,630		
Assigned	-	-			-		
Nonspendable	11,989	11,989			10,009		
Ending Fund Balances	\$ 41,705	\$ 41,705		\$ 68,197			

58.3% Year Elapsed

* See Footnotes

Revenue

\$175.4 million
\$25.9m Variance
10.1% Variance

Expenditures

\$151.8 million
-\$604k Variance
-0.2% Variance

**Revenues
Over/(Under)
Expenditures**

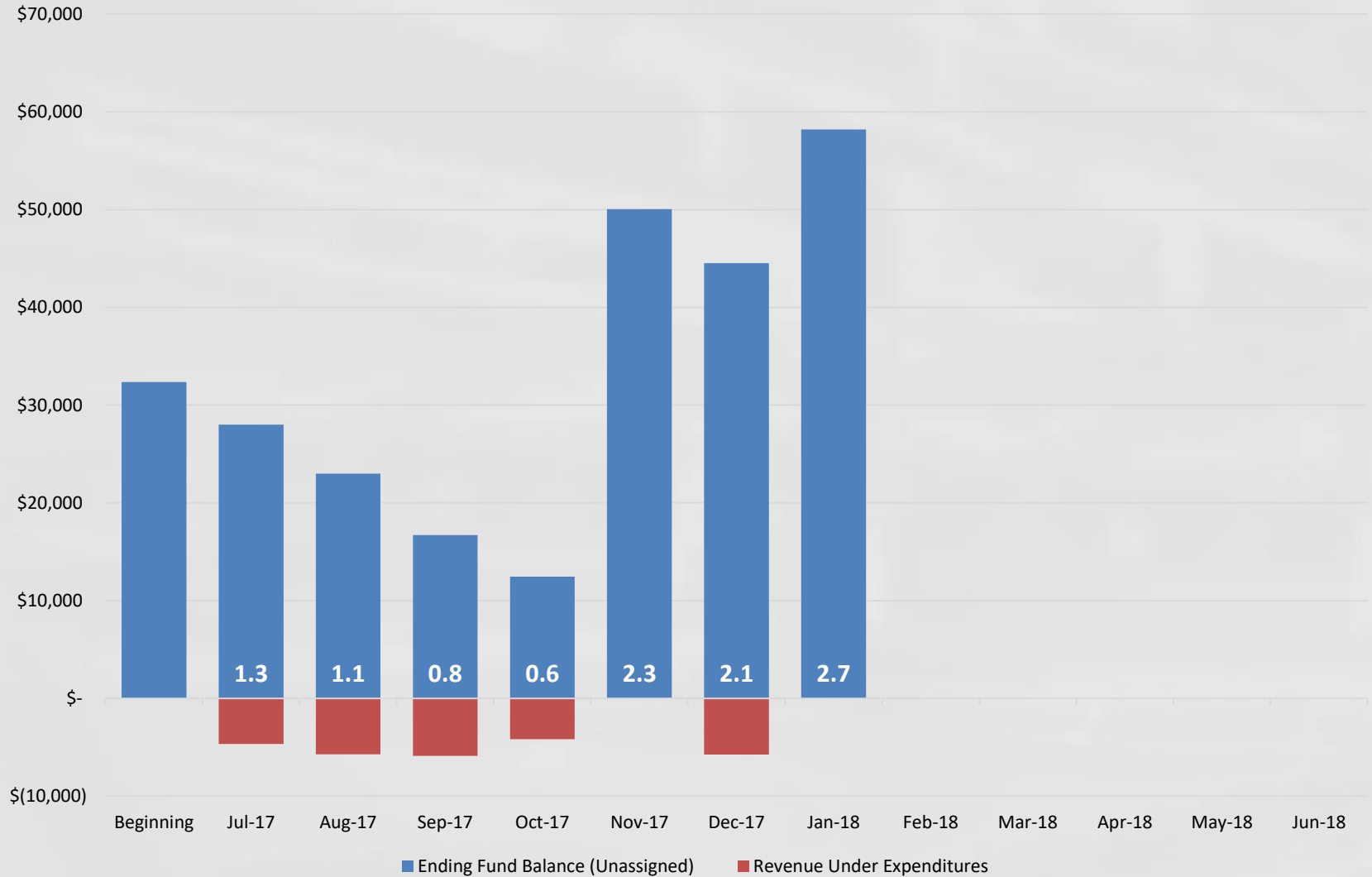
\$23.6 million

**Fund Balance
(Unassigned)**

\$58.2 million
(2.7 months)

General Fund Operating Statement

Fund Balance and Revenue Under Expenditures

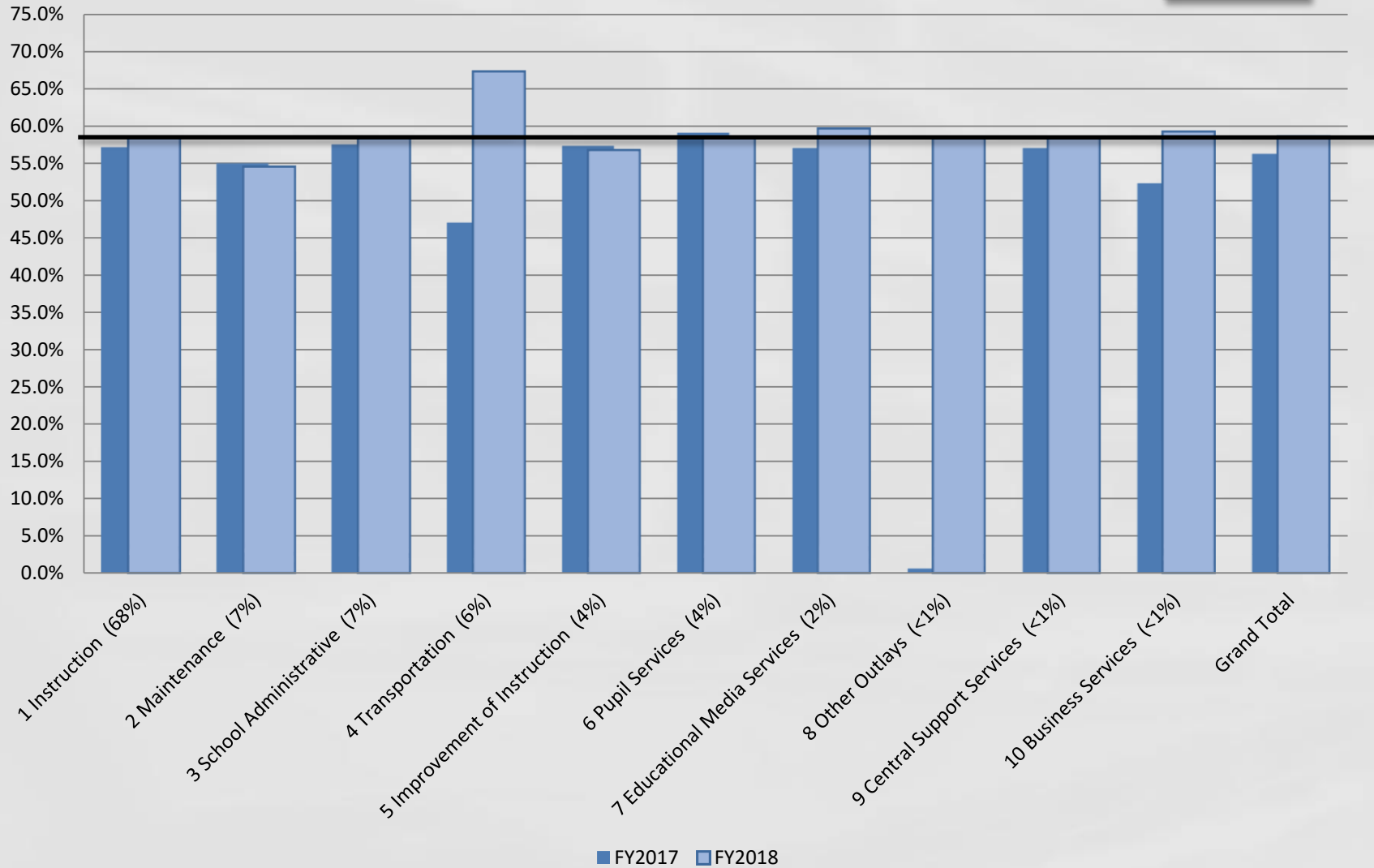


(in thousands, unaudited)

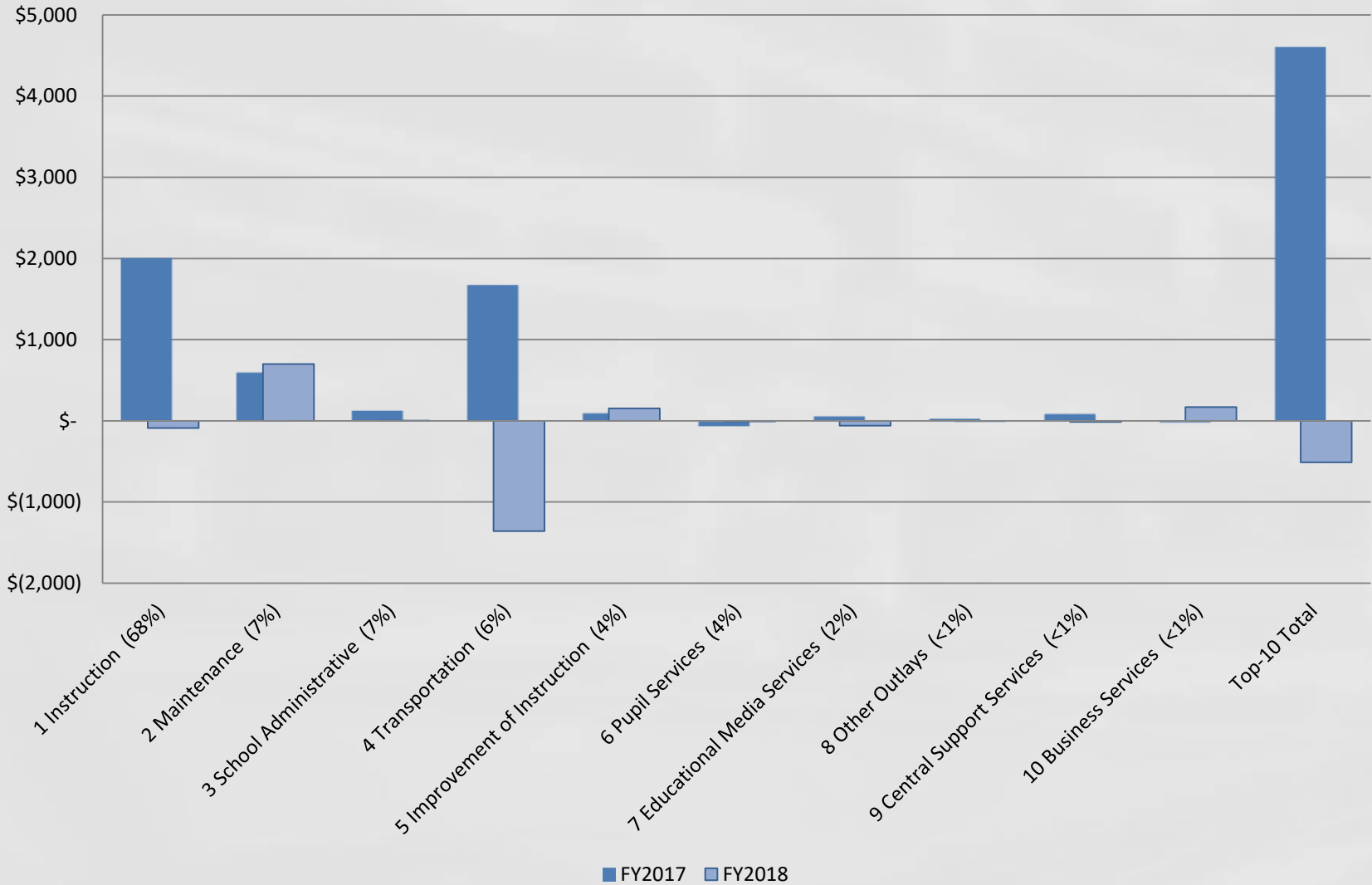
Percentage of Year Elapsed *versus* Year-to-Date Percentage of Expenditures

FY2018
58.6%

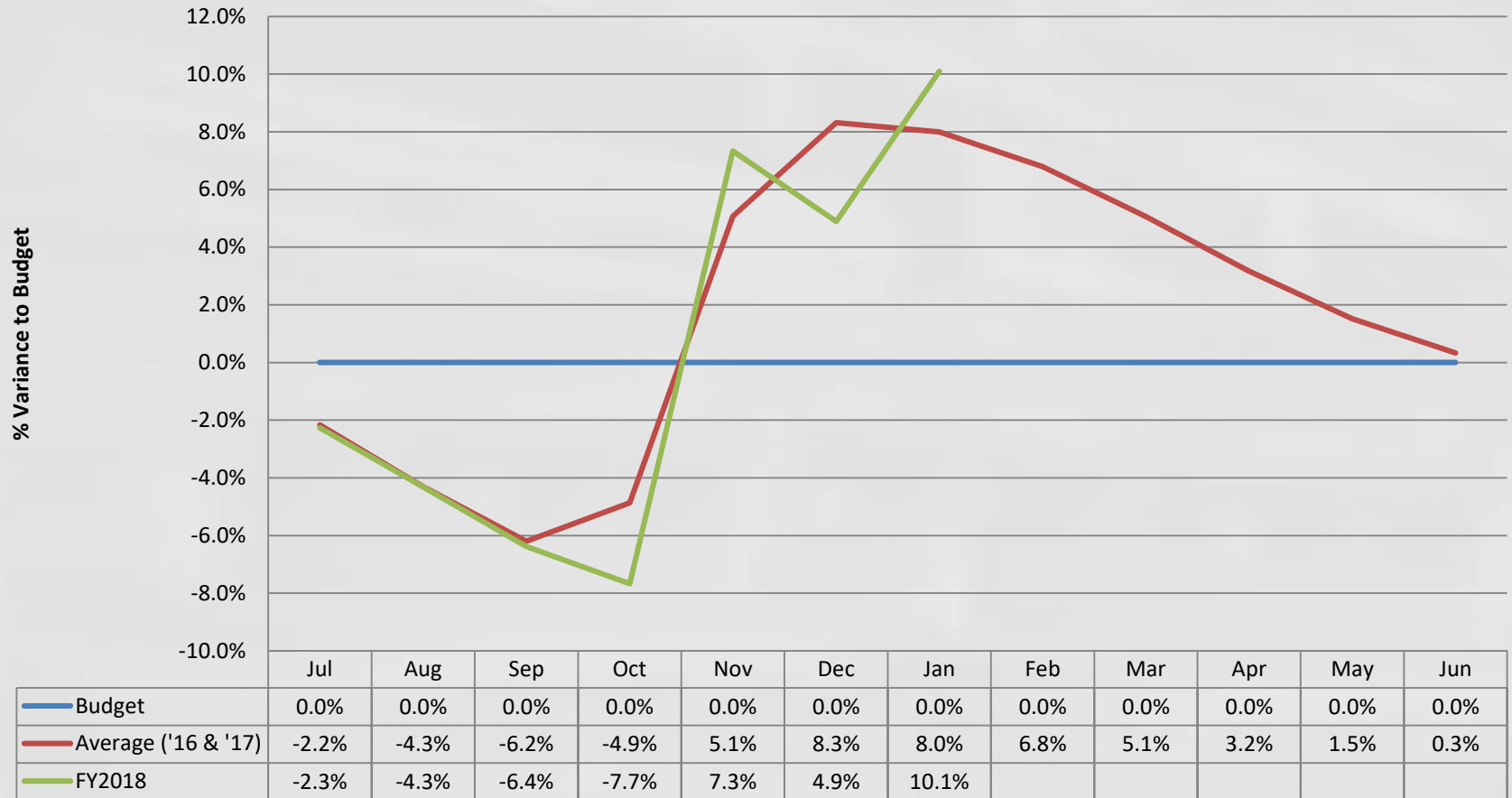
% YTD Elapsed: 58.3%



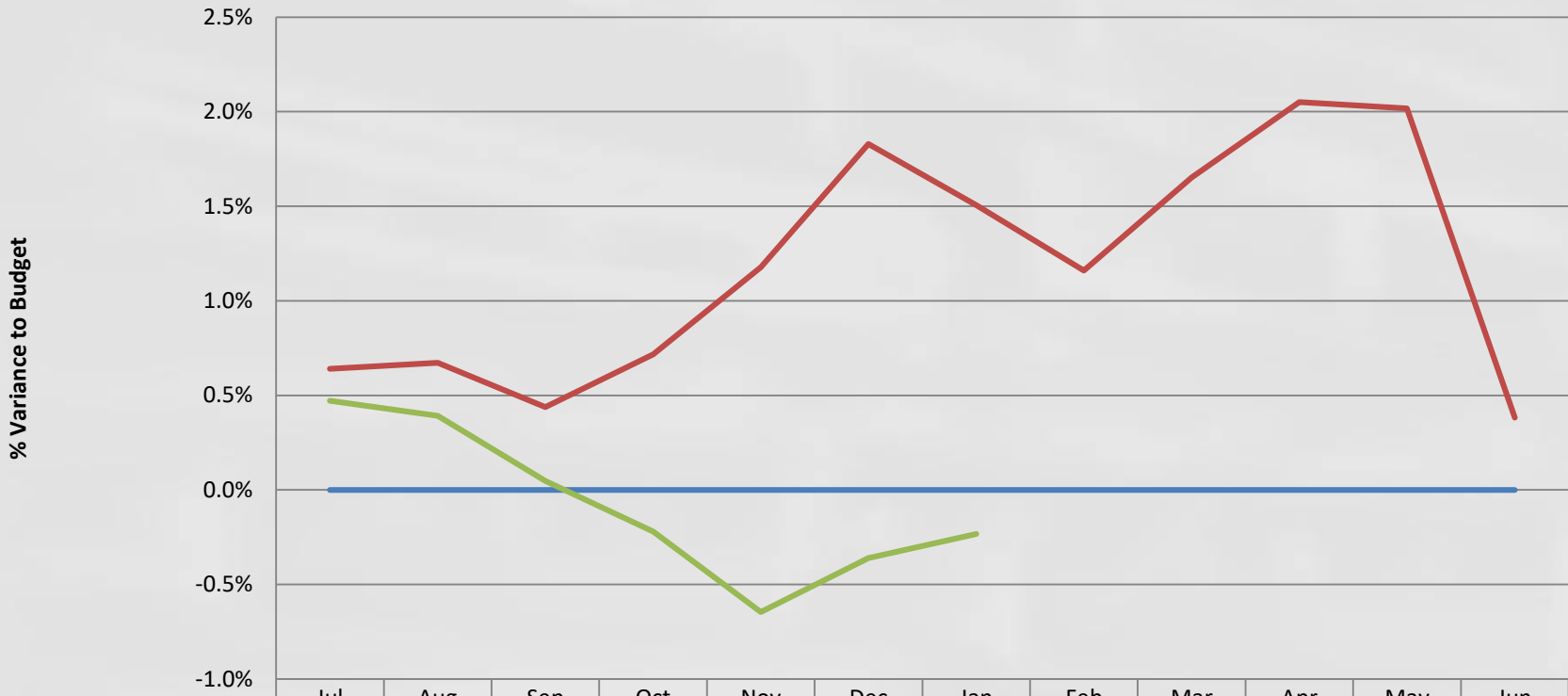
Year-to-Date Budget *versus* Year-to-Date Expenditures ('000)



Percentage Variance of YTD Revenue to Budget

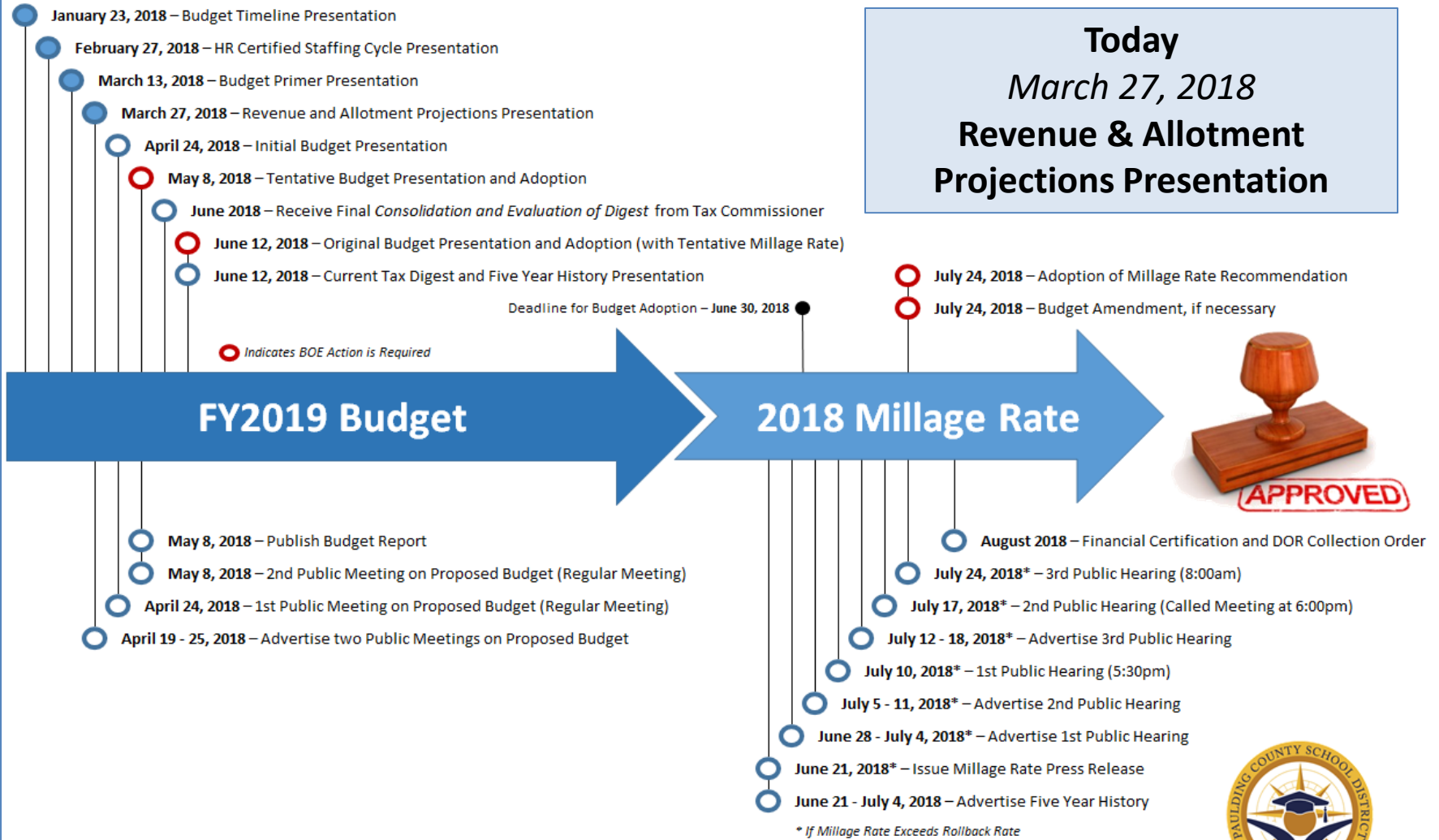


Percentage Variance of YTD Expenditures to Budget



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Budget	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Average ('16 & '17)	0.6%	0.7%	0.4%	0.7%	1.2%	1.8%	1.5%	1.2%	1.7%	2.1%	2.0%	0.4%
FY2018	0.5%	0.4%	0.0%	-0.2%	-0.6%	-0.4%	-0.2%					

FY2019 Budget Milestones



FY2019 Public Meetings and Hearings, Press Releases, Advertisements and Notices

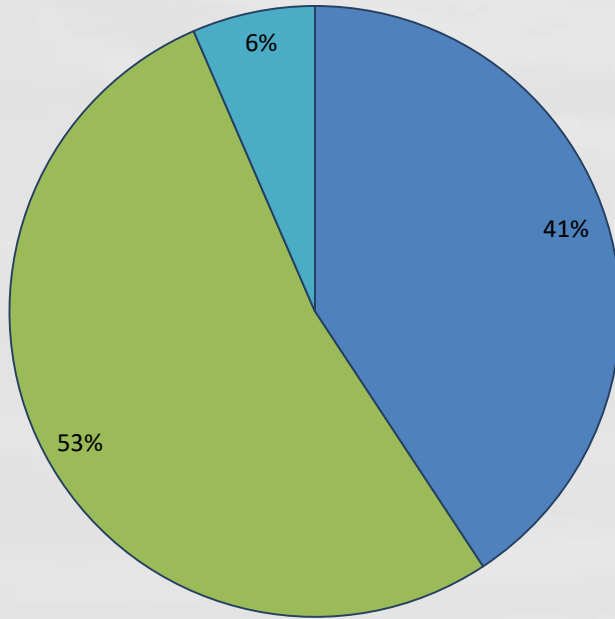




FY2019 Budget Update: *Revenue and Allotment Projections*

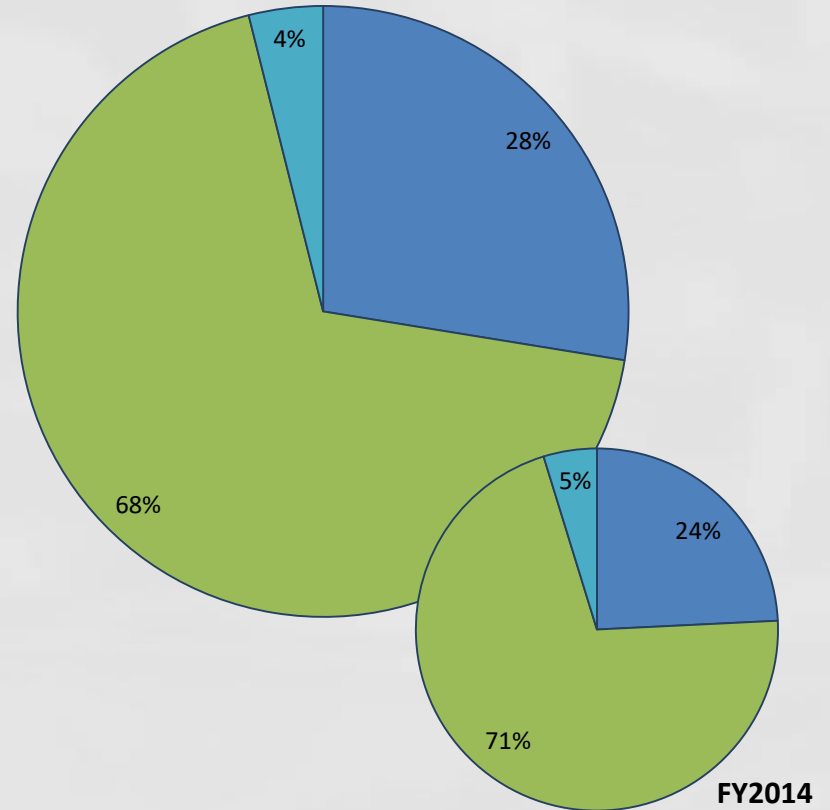
FY2017 Statewide Revenue Sources

Local Revenue State Revenue Federal Revenue



FY2017 PCSD Revenue Sources

Local Revenue State Revenue Federal Revenue

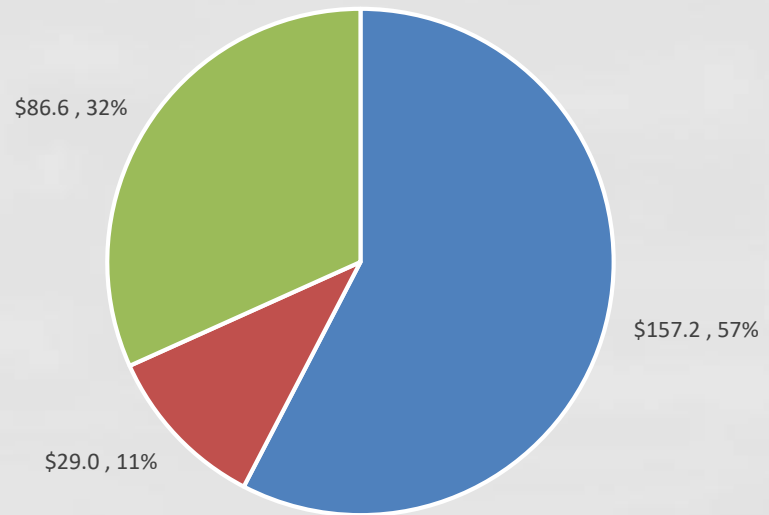


Source: GaDOE School System Revenue/Expenditures Report as of FY2017

	FY2018	FY2019	Change	%
(1) QBE Funding, net	\$ 153.1	\$ 160.2	\$ 7.1	4.7%
(2) Austerity Reduction	(3.0)	(3.0)	(0.0)	0.9%
(3) Equalization Grant	27.4	29.0	1.7	6.1%
(4) Local Taxes	77.8	85.1	7.3	9.3%
Other Local Revenue	1.5	1.5	(0.0)	-2.3%
Total GF Revenue	\$ 256.8	\$ 272.8	\$ 16.0	6.2%

**Excludes Grants and Transfers from Other Funds*

- \$16.0m Increase
- 6.2% Growth
- \$3.0m Austerity (QBE)
- \$1.7m Equalization
- 11% Equalization
- \$272.8m Total GF*



Note: The FY2019 revenue projection includes an unmodified millage rate of 18.879

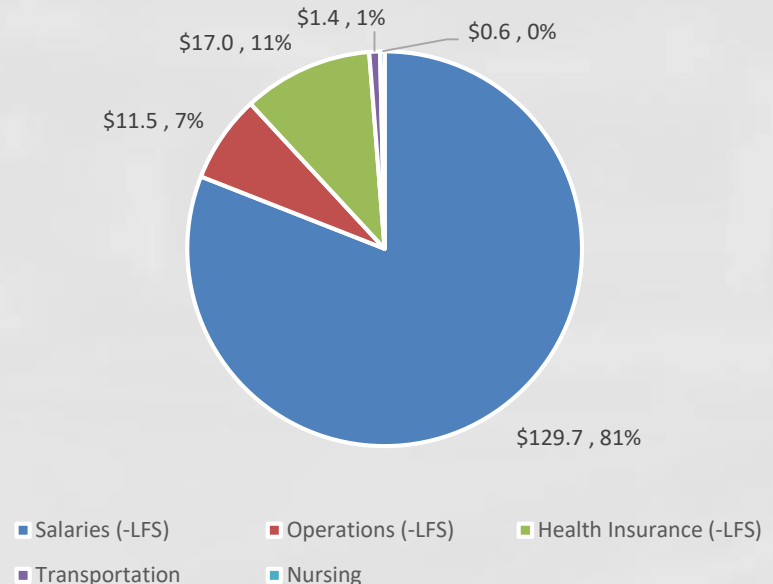
■ QBE and Austerity, net ■ Equalization Grant ■ Local Revenue

(millions)

Projected General Fund Revenue

	FY2018	FY2019	Change	%
Salaries (FTE/T&E)	\$ 137.35	\$ 145.2	\$ 7.8	5.7%
Operations	\$ 13.1	\$ 12.8	\$ (0.2)	-1.9%
LFS	\$ (17.8)	\$ (18.9)	\$ (1.0)	5.8%
Transportation	\$ 1.4	\$ 1.4	\$ 0.0	1.9%
Nursing	\$ 0.6	\$ 0.6	\$ 0.0	2.1%
Health Insurance	\$ 18.5	\$ 19.1	\$ 0.5	2.9%
Total	\$ 153.1	\$ 160.2	\$ 7.1	4.7%

- \$7.1m Increase
- 4.7% Growth
- \$(18.9m) Local Fair Share
- \$4.8m Increase for TRS
- \$2.3m Enrollment
- 92% Salaries & Healthcare

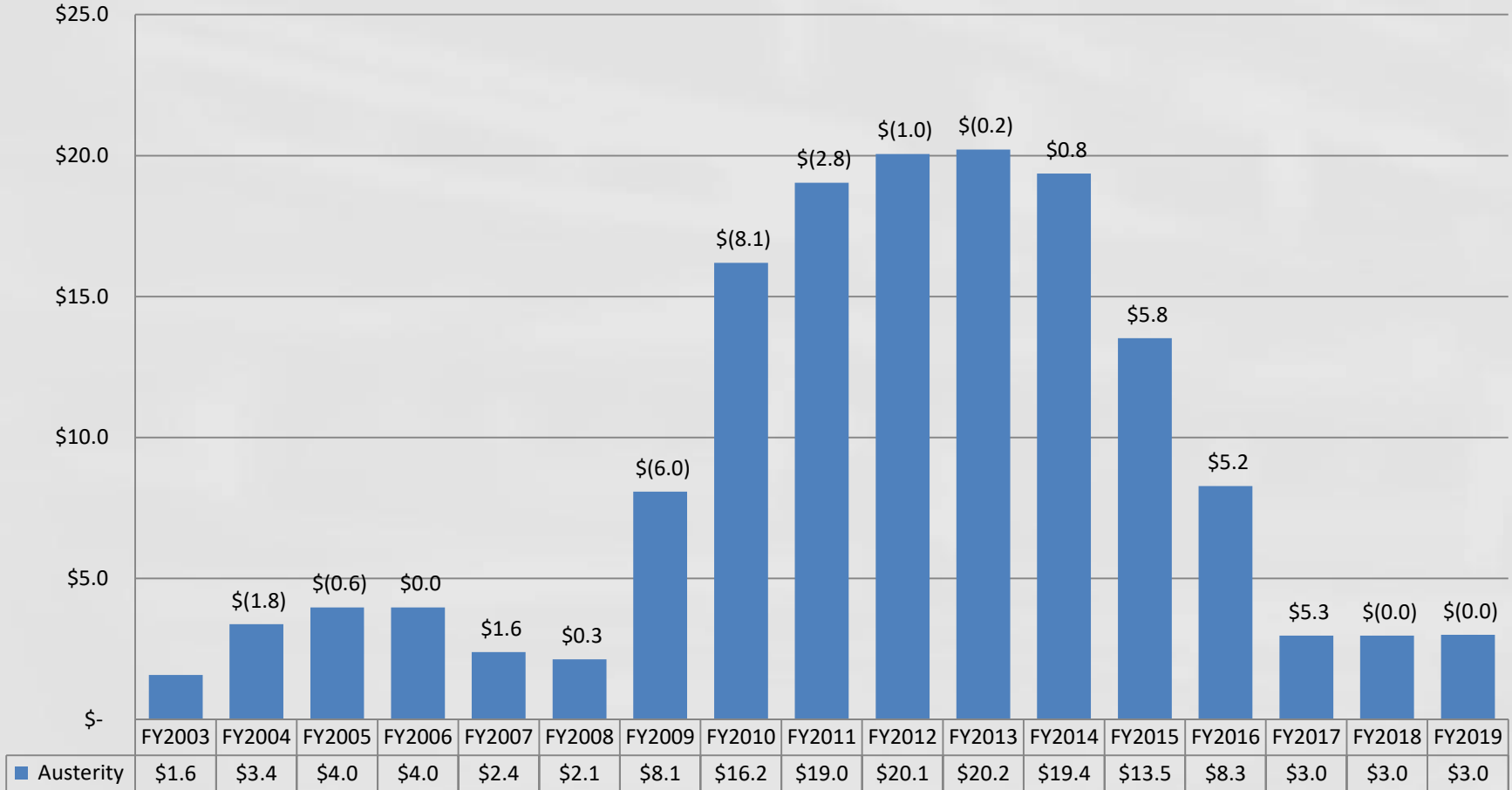


(millions)

(1) Projected QBE Funding, net

Historical Austerity Reductions

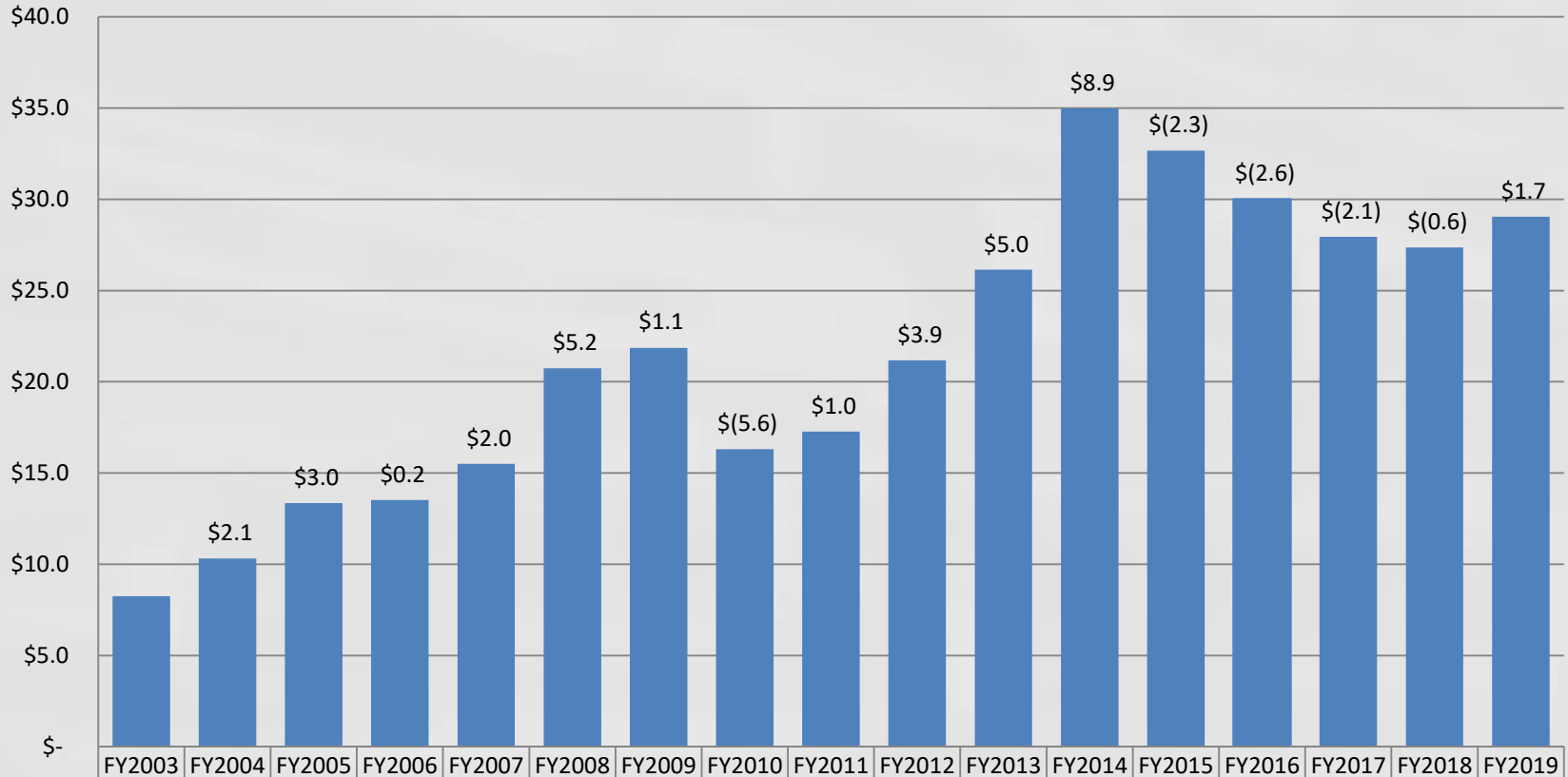
(millions)



(2) Projected QBE Austerity Reduction

Historical Equalization Grant

(millions)



■ Equalization	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
	\$8.2	\$10.3	\$13.4	\$13.5	\$15.5	\$20.7	\$21.9	\$(5.6)	\$17.3	\$21.2	\$26.1	\$35.0	\$(2.3)	\$(2.6)	\$(2.1)	\$(0.6)	\$29.0

	FY2017	FY2018	Change	%	FY2019
Paulding County Average	\$ 82,978	\$ 89,713	\$ 3,760	4.2%	\$ 93,473
State Average	\$ 135,782	\$ 140,378	\$ 4,443	3.2%	\$ 144,821
Difference	\$ 52,804	\$ 50,665	\$ 683	1.3%	\$ 51,348
Change in Equalization	\$ (2,031,727)	\$ (583,269)			\$ 1,648,665

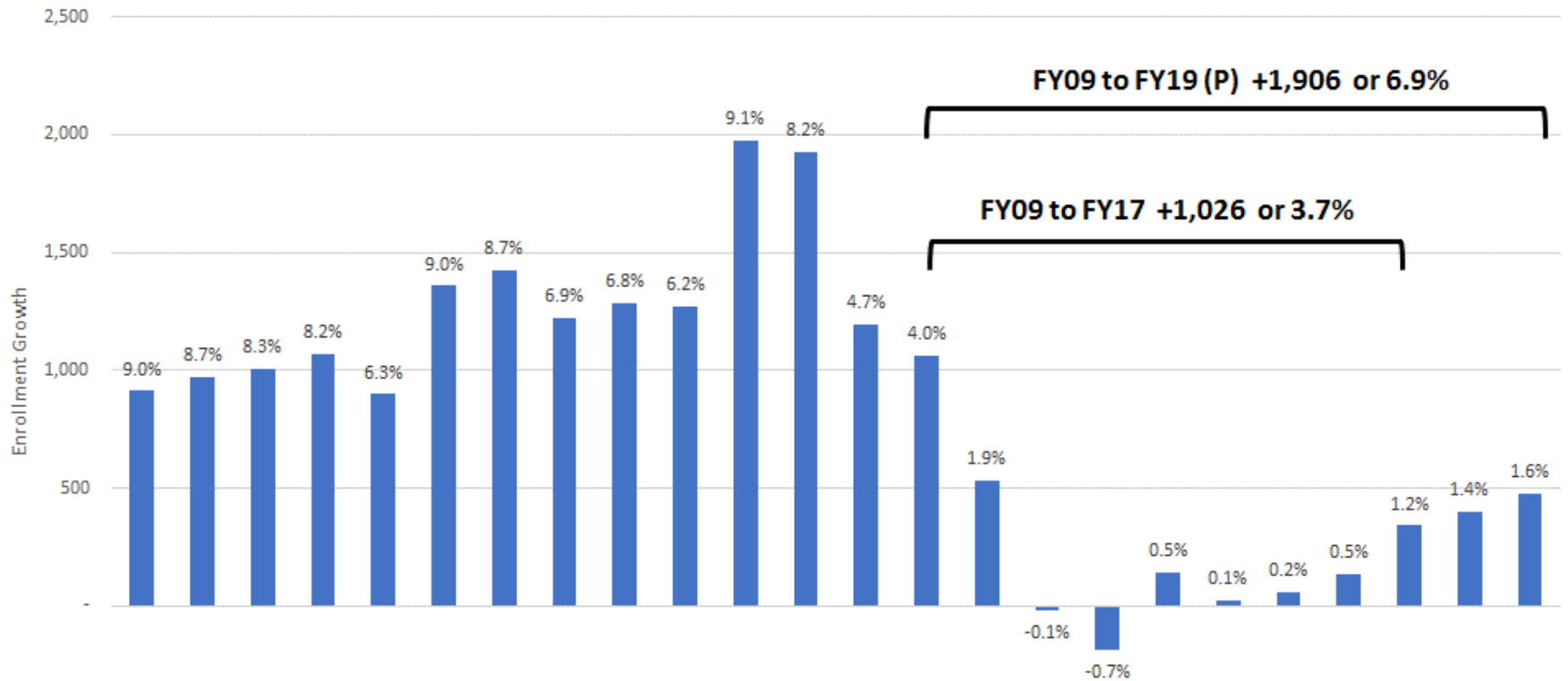
2016 Rollback Impact: \$(2.1m)

2014-2016 Rollback Impact: \$(10.0m)

(3) Projected Equalization Grant

Enrollment Growth

FY1996 - FY2019 (P)



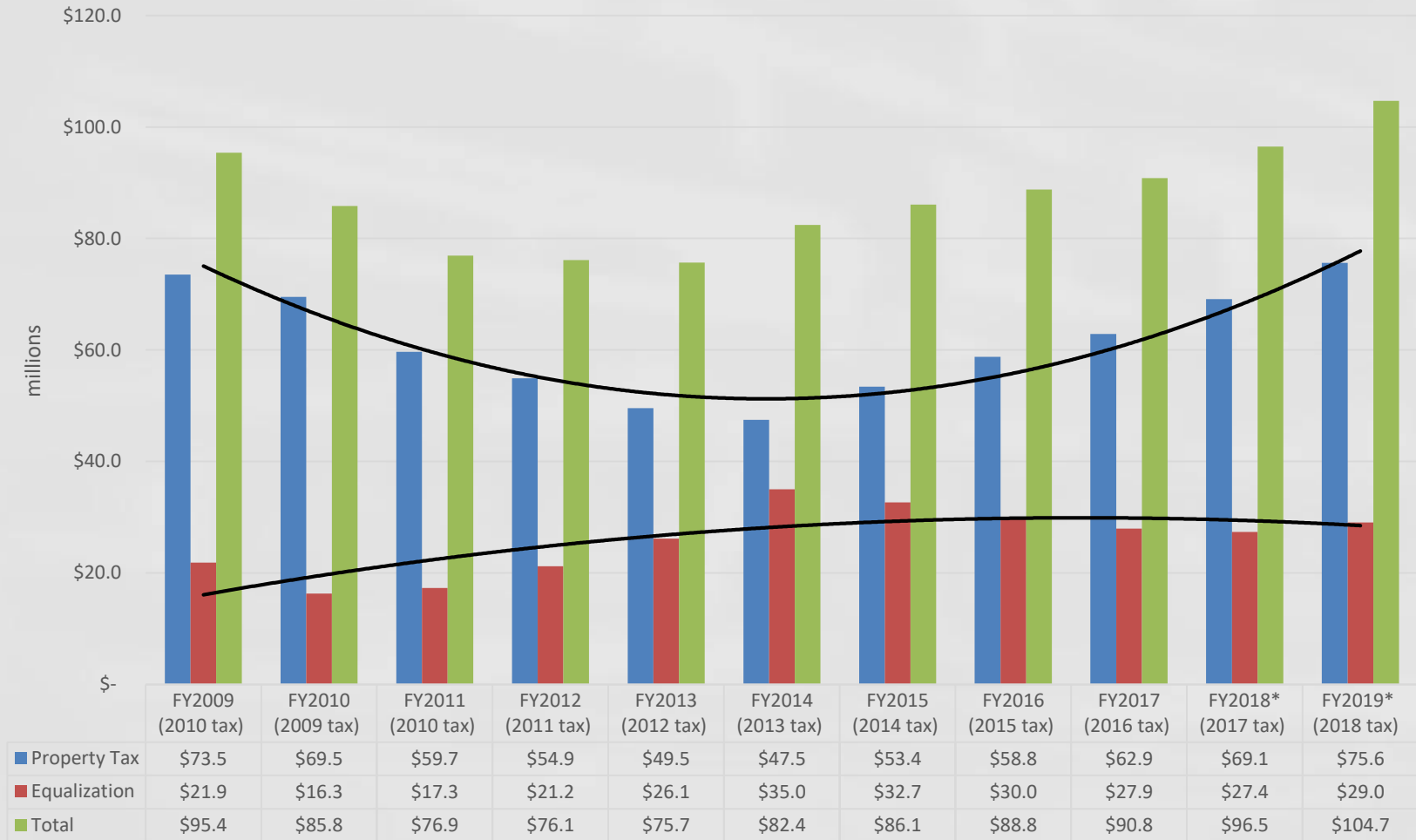
(500)

	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19 (P)
■ Growth	914	972	1,005	1,071	898	1,358	1,425	1,223	1,287	1,271	1,975	1,925	1,194	1,064	535	(18)	(188)	141	23	58	134	341	402	478

Please Note: These are preliminary numbers and will be influenced by Kindergarten Registration, School Choice, and the Magnet Program.

Historical Enrollment Growth

Historical Property Tax Collections and Equalization



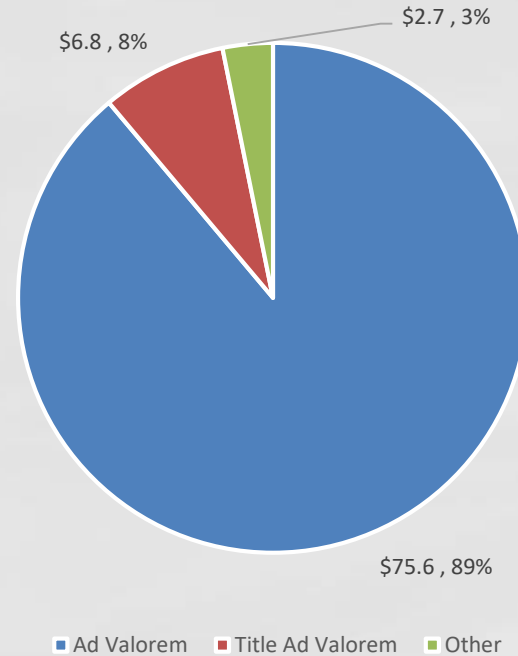
Note: The FY2019 revenue projection includes an unmodified millage rate of 18.879

* FY18 & FY19 Budget

	FY2018	FY2019	Change	%
Ad Valorem	\$ 69.1	\$ 75.6	\$ 6.5	9.4%
Title Ad Valorem	\$ 5.7	\$ 6.8	\$ 1.0	17.6%
Other Sales Taxes	\$ 3.0	\$ 2.7	\$ (0.3)	-9.1%
Other Taxes	\$ 0.0	\$ 0.0	\$ -	0.0%
Total	\$ 77.8	\$ 85.1	\$ 7.3	9.3%

- \$7.3m Increase
- 9.3% Growth
- 8.7% Ad Valorem Growth
- 89% Property Taxes
- 8% TAVT
- 3% Other Sales Tax

Note: The FY2019 revenue projection includes an unmodified millage rate of 18.879



(millions)

(4) Projected Local Revenue

Local Revenue per FTE Including Variance to PCSD



Source: GaDOE School System Revenue/Expenditures Report as of FY2017

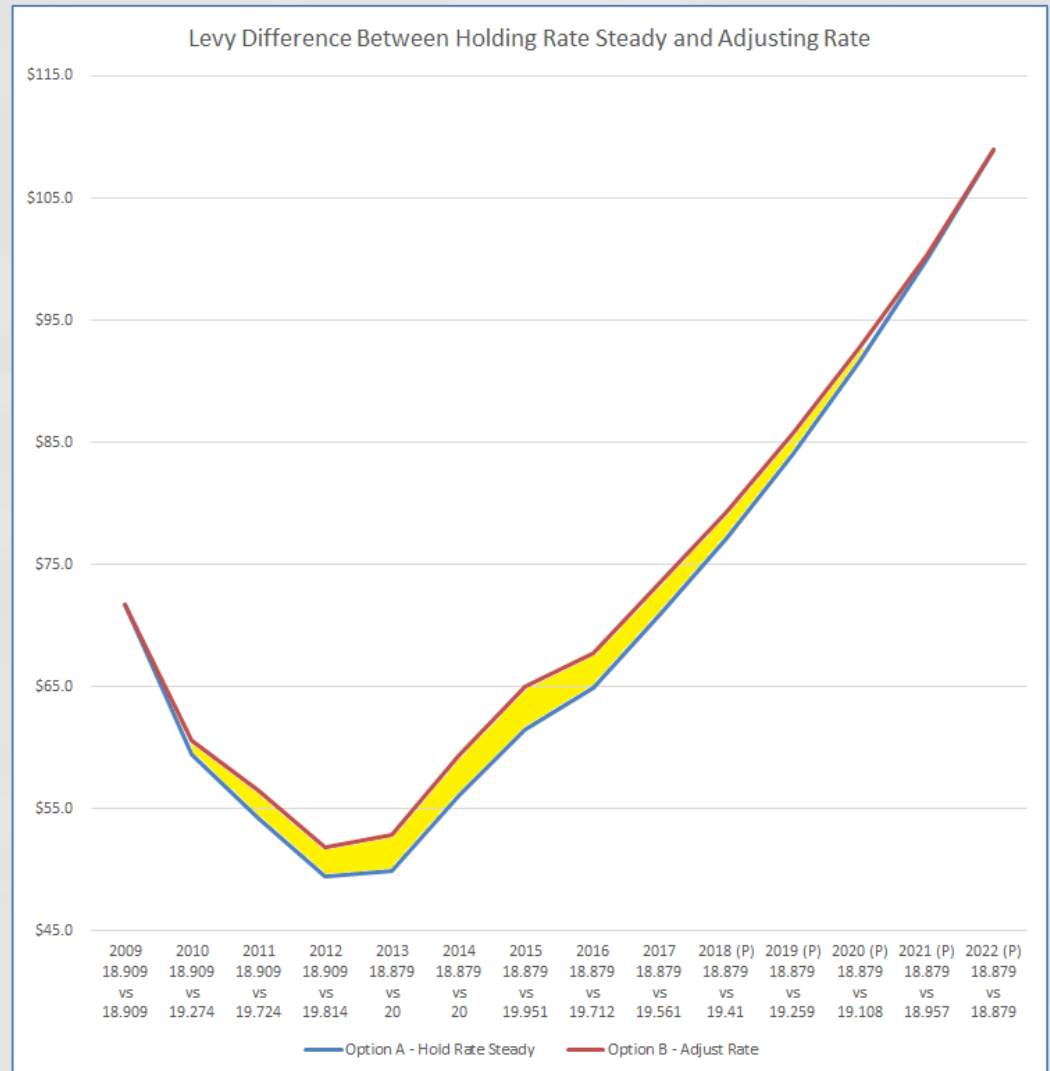
	2017	M&O Change	
	M&O	2009 - 13	2013 - 17
Muscogee County ¹¹	23.321	-	(0.049)
Douglas County	19.750	1.500	(0.100)
Richmond County ¹²	19.736	0.640	(0.246)
Cherokee County	18.950	1.000	(0.500)
Bartow County	18.990	-	1.090
Cobb County	18.900	-	-
Paulding County	18.879	(0.030)	-
Hall County ¹⁵	18.500	2.830	(0.750)
Coweta County	18.590	-	-
Carroll County	17.998	1.400	(1.502)
Haralson County	16.589	0.500	(0.241)
Polk County	16.151	1.000	(0.129)
Houston County ¹⁴	13.320	-	(0.020)

Average Change Applied to PCSD* \$2.6 \$8.8 \$12.2

*Millions **\$21.1**
~\$26.4 by 2022

1 Mill was Worth \$3.8 million in Taxes Levied in Paulding County (2017)

Georgia Department of Revenue: Local Government Services Division
<https://apps.dor.ga.gov/digestconsolidation/default.aspx>



35 of 180 Georgia School Districts have >10,000 Students (FTE)

- 13th Largest District
- 32nd in Local Revenue per Student
 - ✓ Collect \$1,661 less than *35 Average* (32) per FTE or \$48 million
 - ✓ Collect \$1,417 less than *180 Average* (133) per FTE or \$41 million
 - ✓ **180 Average rank improved in FY17, from 137 to 133 out of 180**
- 4th in State Revenue per Student
 - ✓ Collect \$1,123 more than *35 Average* (4) per FTE or \$33 million
 - ✓ Collect \$916 more than *180 Average* (61) per FTE or \$27 million
 - ✓ **180 Average rank declined in FY17, from 52 to 61 out of 180**
 - ✓ 3rd Largest Recipient of Equalization (\$29 million in FY19)
- 27th in Total Revenue per Student
 - ✓ Collect \$755 less than *35 Average* (27) per FTE or \$22 million
 - ✓ Collect \$784 less than *180 Average* (152) per FTE or \$23 million
 - ✓ **180 Average rank declined in FY17, from 146 to 152 out of 180**

State Revenue }

Students }

Total Revenue }

Local Revenue }

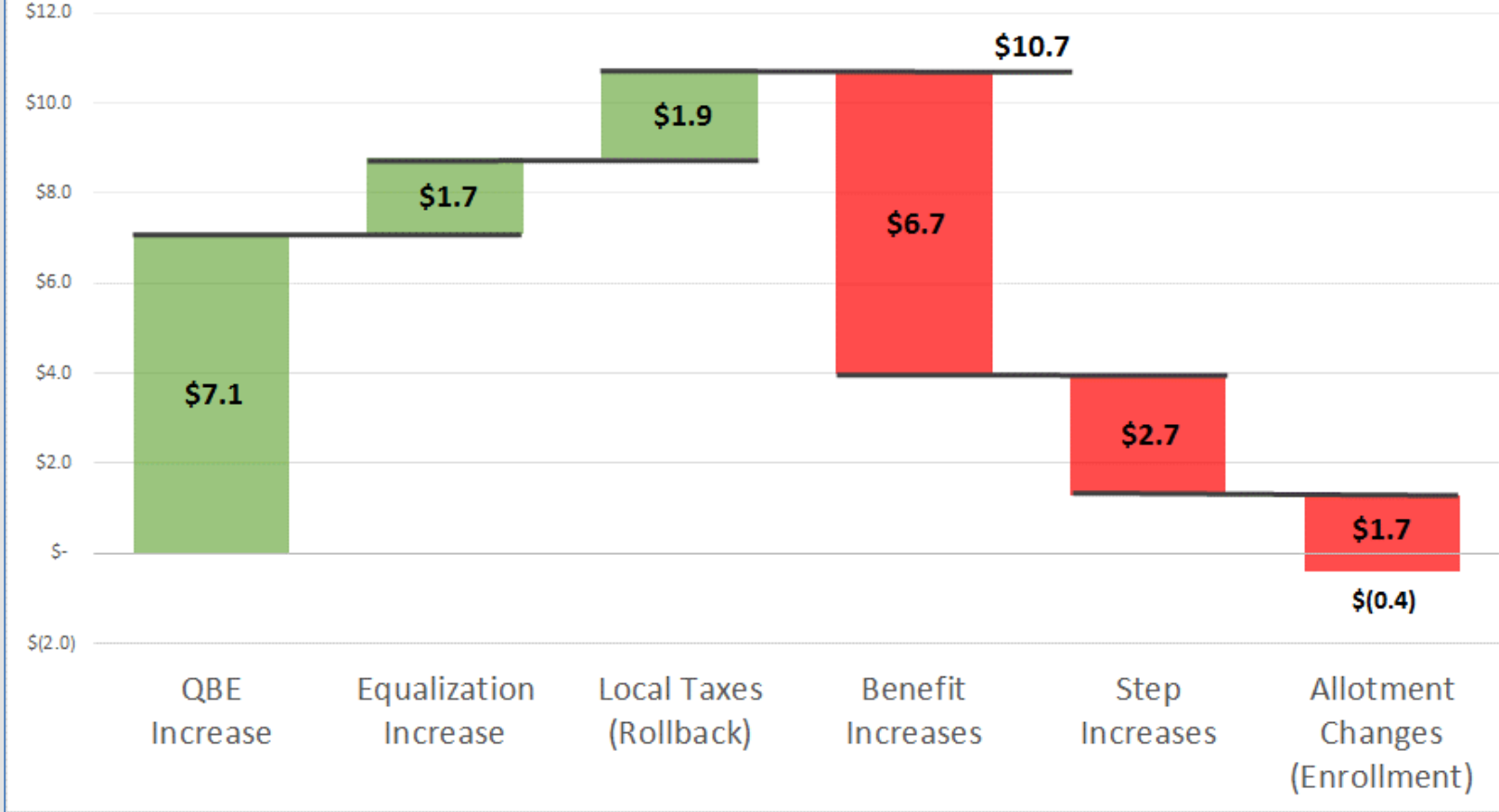
FY2017

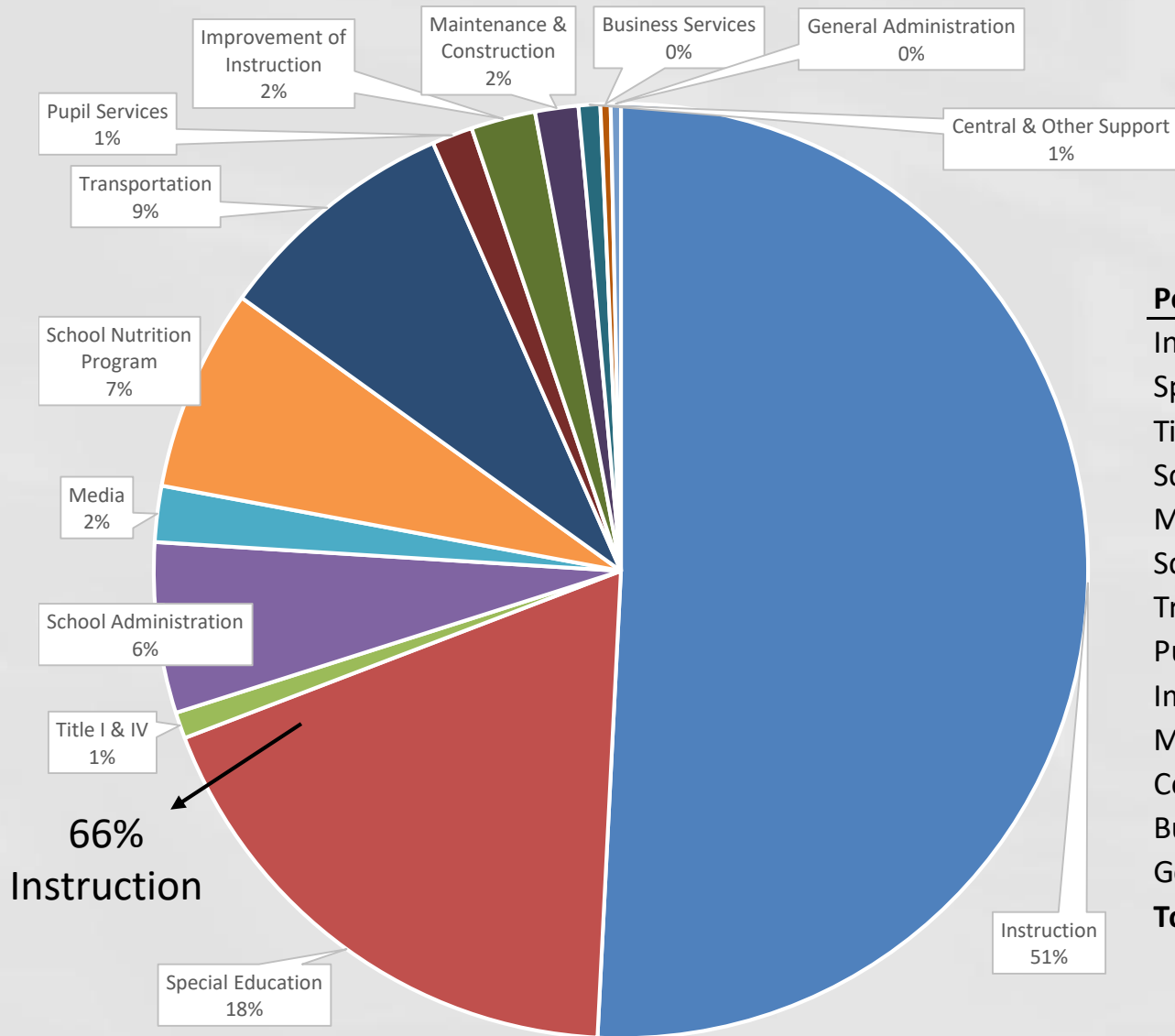
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Ranking

Source: GaDOE School System Revenue/Expenditures Report as of FY2017

**PROJECTED FY2019 MATERIAL CHANGES
IN REVENUE AND EXPENDITURES (millions)**

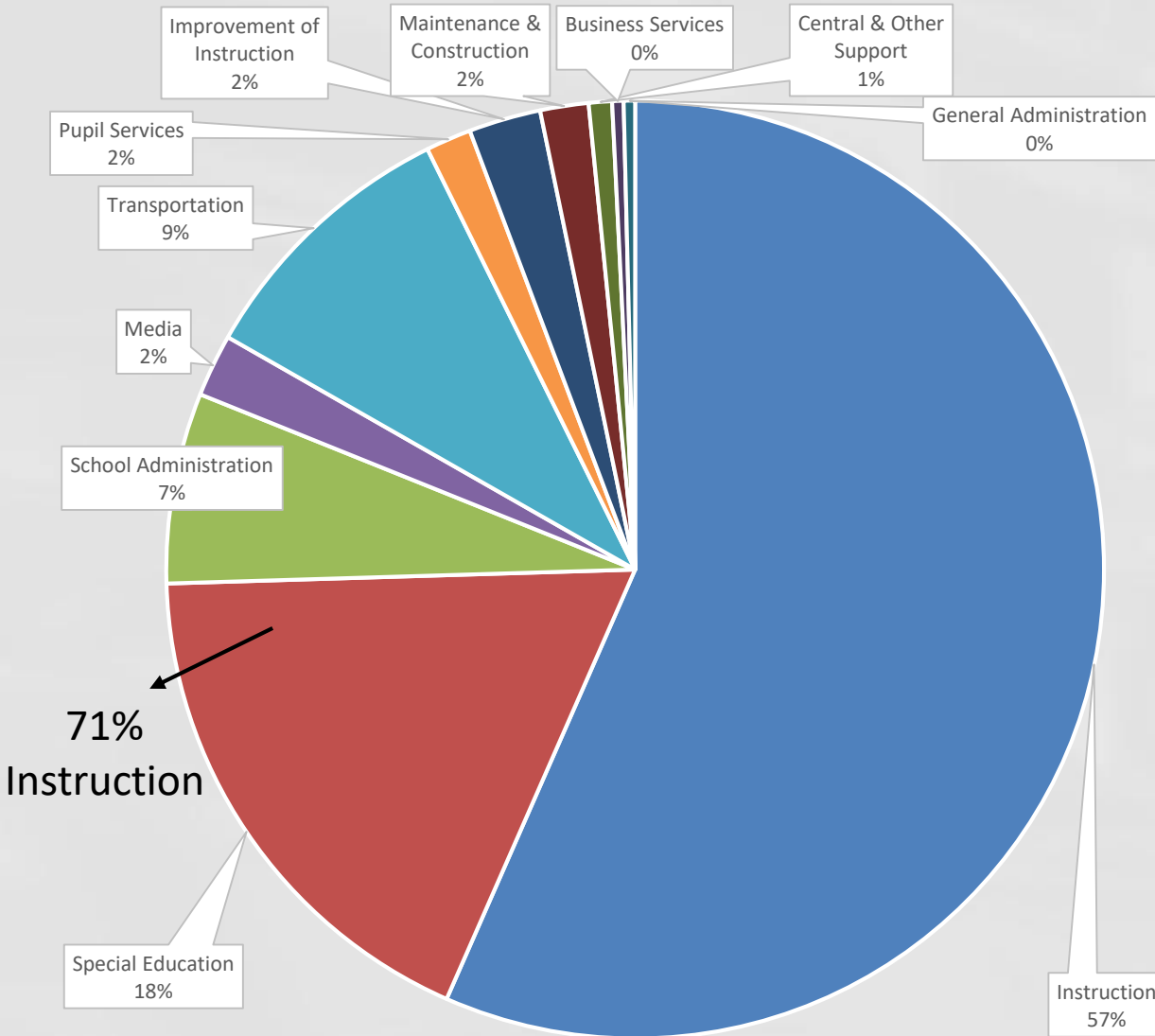




Positions (All Funds)

Instruction	1,731
Special Education	626
Title I & IV	31
School Administration	201
Media	66
School Nutrition Program	239
Transportation	289
Pupil Services	48
Improvement of Instruction	76
Maintenance & Construction	51
Central & Other Support	25
Business Services	12
General Administration	12
Total Positions	3,408

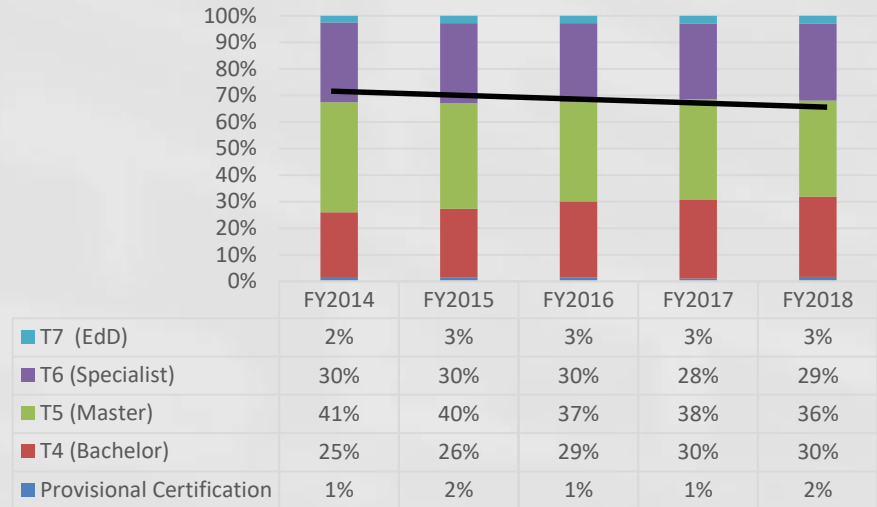
90% of All Positions are General Fund



Instruction	1,731
Special Education	549
School Administration	201
Media	66
Transportation	289
Pupil Services	48
Improvement of Instruction	76
Maintenance & Construction	51
Central & Other Support	24
Business Services	12
General Administration	12
Total General Fund Positions	3,060

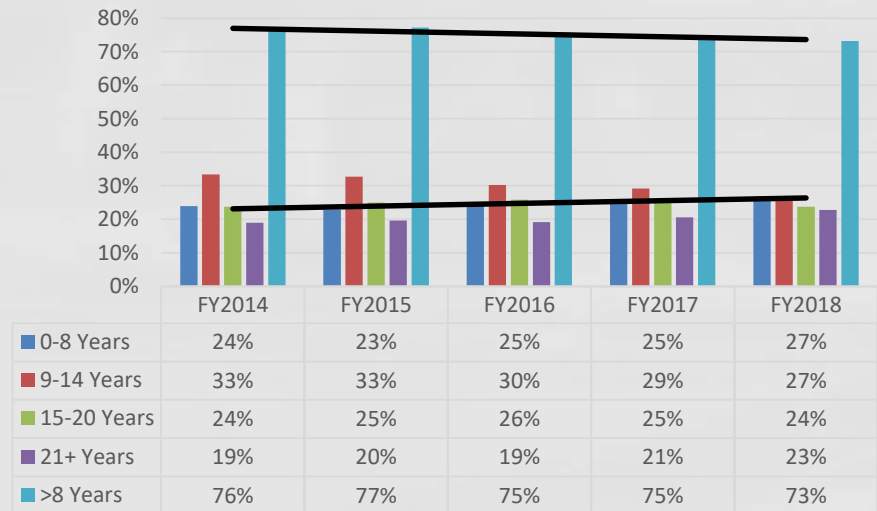
T&E Certification

- 30% Bachelor
- 36% Masters
- 29% Specialist
- 68% Advanced



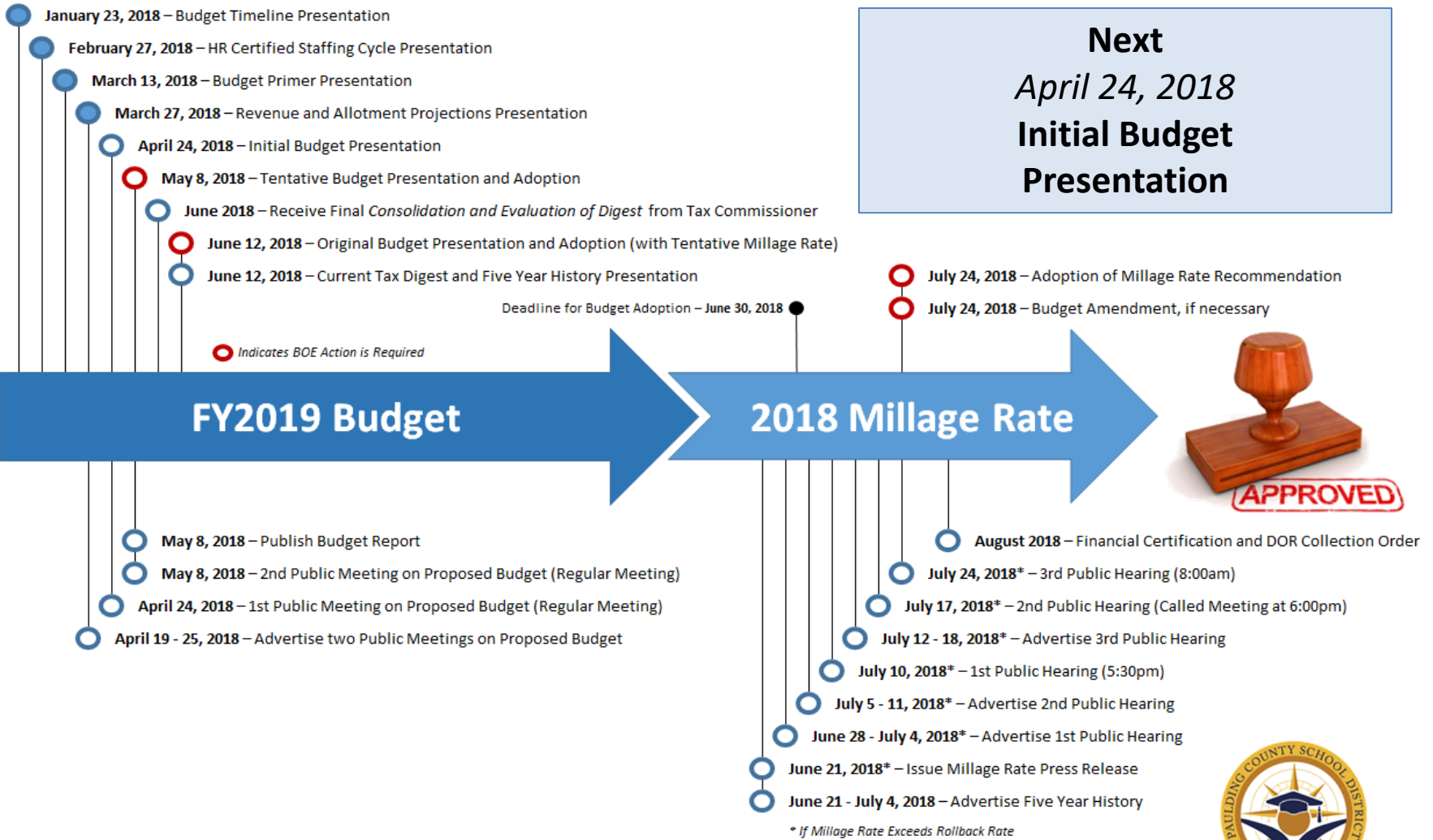
T&E Experience

- 27% 0-8 Years
- 27% 9-14 Years
- 24% 15-20 Years
- 23% +21 Years



Based on October CPI Count

FY2019 Budget Milestones



FY2019 Public Meetings and Hearings, Press Releases, Advertisements and Notices



Facilities Advisory Committee Warehouse Update

PURPOSE. Advisory committee convened by Superintendent Brian Otott in June 2017 to provide the district with guidance regarding current and future transportation and district warehouse (satellite storage) facility needs.

- 2-3 Resolution Path
- Explore Potential Solutions
- Cost Effective Recommendations
- 10+ Year Solution



Facilities Advisory Committee Members:

Steve Barnette, Chief Financial Officer
Don Breedlove, Exec. Director of Safety & Athletics
Cole Crowder, Budget Coordinator
Stephen Cochran, Procurement Director

Kenny Elsberry, Construction Manager
Karen Mathis, Food Nutrition Director
Trey Studstill, Exec. Director of Transportation
Jacob Wix, Maintenance and Facilities Director

PROBLEM. Available satellite storage space has declined significantly and is anticipated to decline further in the near future. A conversion of the existing central warehouse to additional transportation facilities will eliminate the District's primary storage facility.

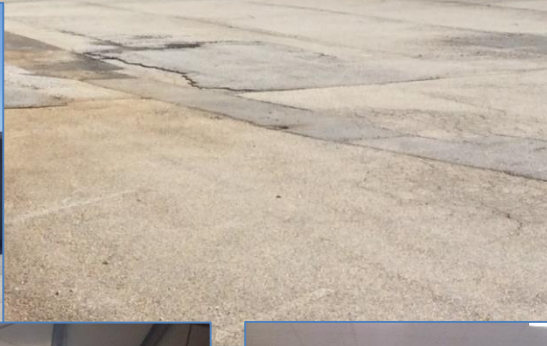
RECOMMENDATION. Depending on availability and price, purchasing an existing warehouse facility.

UPDATE. Purchased 230 International Parkway, Dallas GA 30157

- 3 Acres
- 22,750 SQF Storage Space
- Two Buildings
 1. Building A – 17,750 SQF Central Warehouse with 1,500 SQF Office Space
 2. Building B – 5,000 SQF with
 - 1,250 SQF Records Retention
 - 3,750 SQF Satellite Maintenance Warehouse
- \$765,000 Purchase Price (appraised value)
- \$200,000 Initial Renovation and FF&E Budget

TIMELINE. We will utilize Building B for records retention as soon as possible, in order to accommodate construction of the Paulding County College & Career Academy at New Hope Learning Center.

- Warehouse Renovations Completed by Summer 2018
- Transition of Storage by Winter 2018
- Renovation of Current Transportation Facilities and Conversion of Existing Warehouse to Additional Bays Scheduled to Begin Fall 2018



Central Warehouse Update



Thank You

Footnotes

¹ As adopted by the BOE on June 13, 2017

² Offsetting expenditure transfers from School Administration (2400) and Media (2220) to Instruction (1000), \$0.00 net budget impact

Original local school QBE budgets are allocated to the functions in which the funds are earned. Once the school year begins, Principals have the authority to adjust their budgets based on their specific needs (within established parameters).

³ Offsetting revenue and expenditure adjustments for various state grants, \$0.00 net budget impact

Original budgets for state grants are estimates based on prior and potential awards, as the actual grant approvals do not occur until later in the year. Examples include Bonds for Buses, State Pre-School ESEP Grant, CTAE Grants, Math and Science Supplements and Teacher of the Year.

⁴ Offsetting expenditure adjustments to eliminate the function of Local Facility Construction (2610) in alignment with DOE, \$0.00 net budget impact

Removed the legacy Local Facility Construction function, which was a local subcategory of the Maintenance (2600) function. The original budget was transferred from 2610 to 2600. These expenditures are tracked by reporting area and do not require a separate function.

⁵ Offsetting expenditure adjustments to add the function of Instructional Staff Training (2213) in alignment with DOE, \$0.00 net budget impact

The DOE established a new Instructional Staff Training function in FY2018. The original budget for these expenditures was transferred from Improvement of Instruction (2210) function. Instructional Staff Training reflects activities associated with the professional development and training of instructional personnel.

Note: Includes Funds 100 & 101 for transactions recorded YTD thru 1/31/2018 as of 3/19/2018

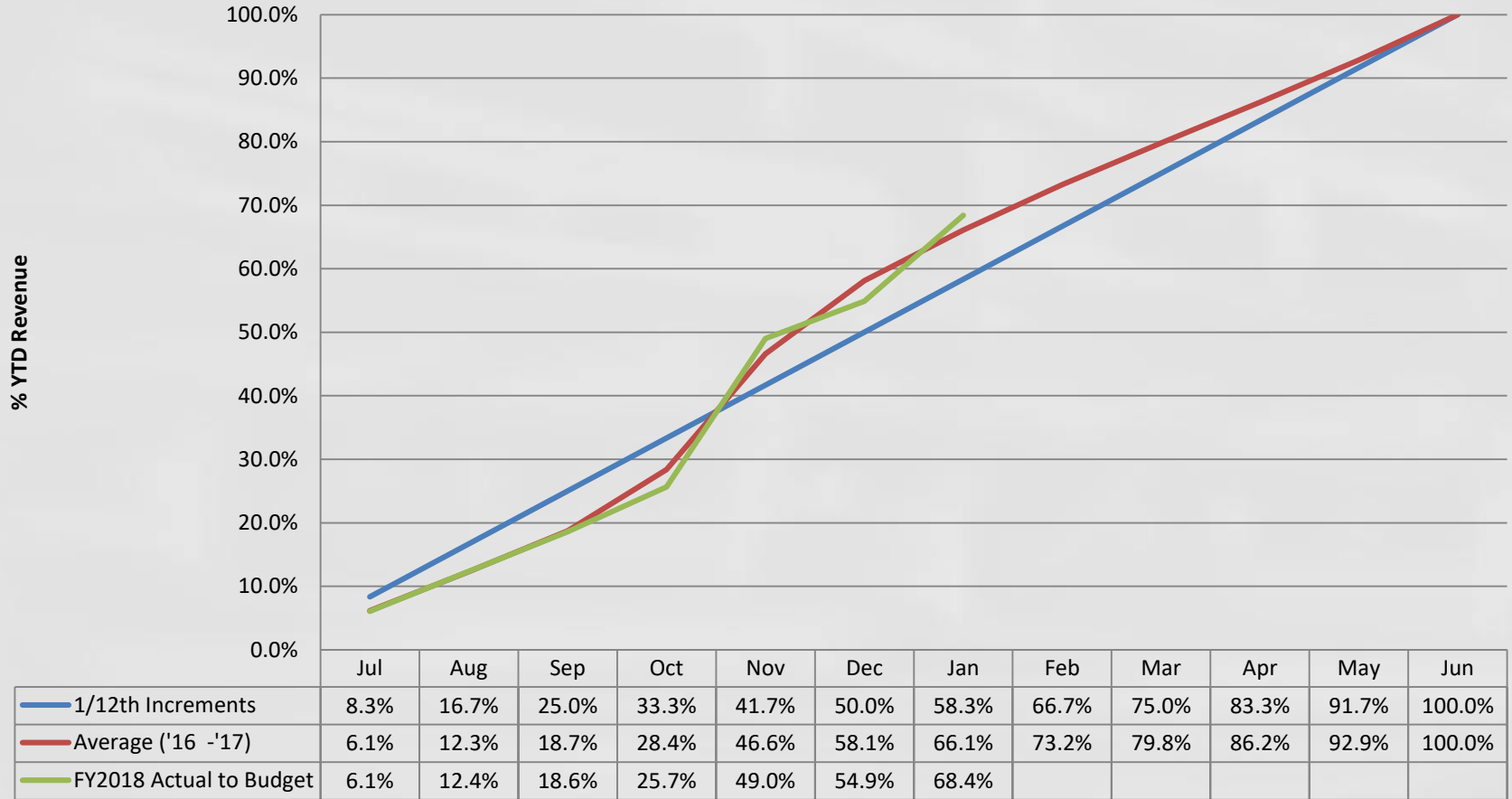
Beginning Fund Balance per DE46 reporting

Budget Adjustment Summary

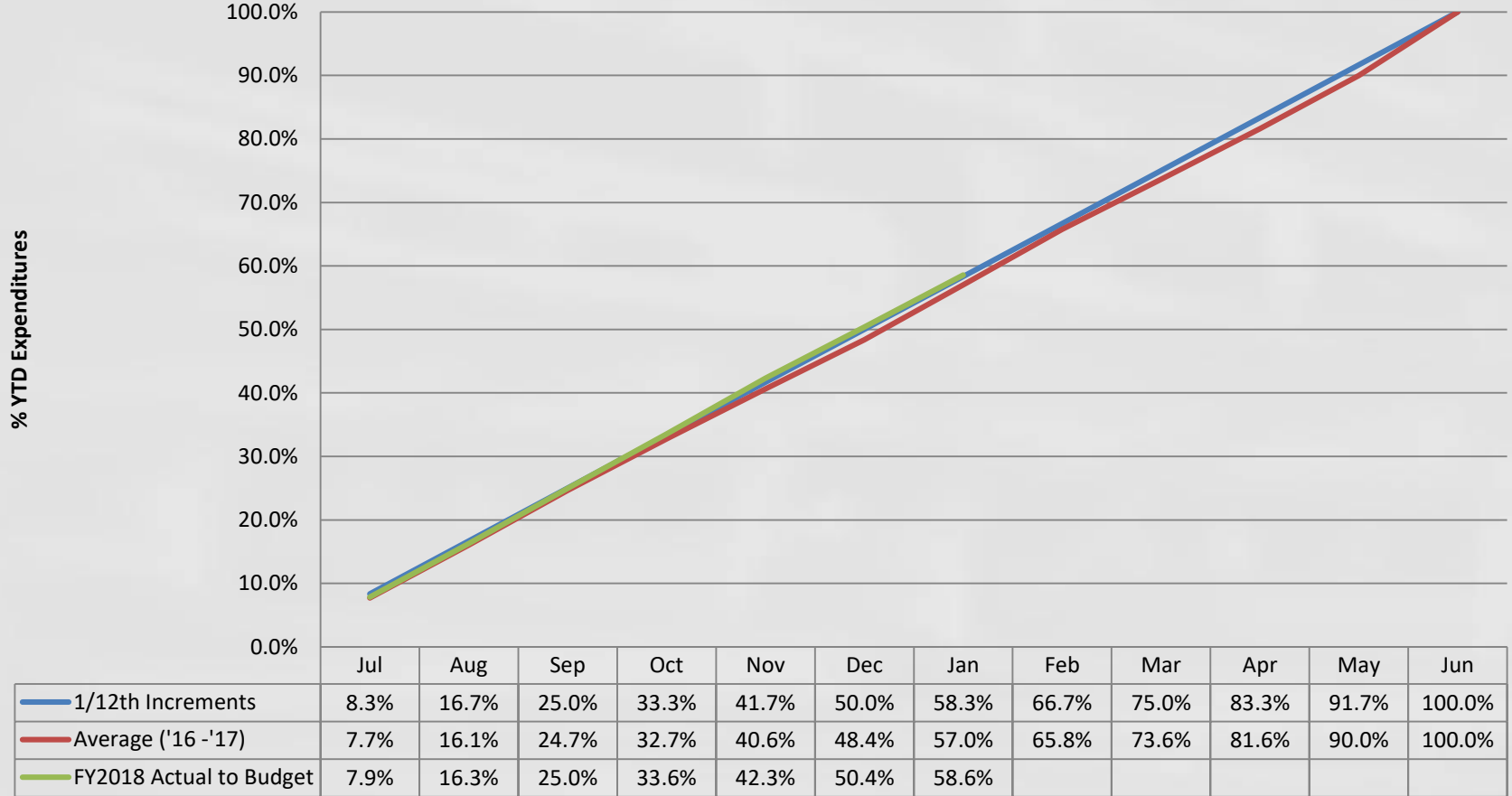
For the Month and Year-to-Date Ended January 2018

	Revenue Total	Improvement														Expenditure Total
		Instruction 1000	Pupil Services 2100	Instruction 2210	Instructional Staff Training 2213	Media Services 2220	General Admin 2300	School Admin 2400	Business Services 2500	Maintenance 2600	Local Facility Construction 2610	Transportation 2700	Central Support Services 2800	Other Support Services 2900	Other Outlays 5000	
1	256,172,020	176,238,707	9,446,322	9,995,171	-	4,532,279	1,325,299	17,221,250	1,395,980	18,118,591	192,816	15,201,759	2,285,796	211,049	2,941,068	259,106,086
2	-	44,674	-	-	-	(640)	-	(44,034)	-	-	-	-	-	-	-	-
3	81,566	92,128	981	(277)	-	-	-	-	-	-	-	(11,266)	-	-	-	81,566
4	-	-	-	-	-	-	-	-	-	192,816	(192,816)	-	-	-	-	-
5	-	-	-	(208,661)	208,661	-	-	-	-	-	-	-	-	-	-	-
	256,253,586	176,375,509	9,447,303	9,786,233	208,661	4,531,639	1,325,299	17,177,216	1,395,980	18,311,407	(0)	15,190,492	2,285,796	211,049	2,941,068	259,187,651

% YTD Revenue (to Budget) *versus* Historical (Actual)



% YTD Expenditures (to Budget) *versus* Historical (Actual)



PROBLEM. Transportation maintains 348 buses, in addition to the District's white fleet. The current transportation facility has 5 functional bays. This equates to 70 buses per bay. Transportation must inspect an average of 17 buses per day. If all bays are available, this results in approximately 3.5 buses per bay, per day.

POTENTIAL SOLUTIONS.

- Conversion of existing warehouse facility
- Construction of a new transportation facility
- Construction of a new, satellite transportation facility

RECOMMENDATION. Renovating current facilities and converting the existing warehouse is the most cost effective solution. After renovations are complete (with 12 bays), transportation will be able to maintain up to approximately 450 buses, in addition to the District's white fleet. This would accommodate current 10-year growth projections. This equates to a maximum of 38 buses per bay, or 29 with 348 buses.

TIMELINE & COST. FY2019 & \$1.2 million (estimated maximum cost)

PROBLEM. Available satellite storage space has declined significantly over the past two years and is anticipated to decline further in the near future. A conversion of the existing central warehouse to additional transportation facilities will eliminate the District's primary storage facility, a loss of approximately 10,000 square feet of dedicated storage space.

POTENTIAL SOLUTIONS.

- Purchase of an existing warehouse facility
- Construction of a new district warehouse on purchased property
- Construction of a new district warehouse on current district property
- Decentralized storage units

RECOMMENDATION. Depending on availability and price, purchasing an existing warehouse facility (coupled with potential future satellite storage) is the most cost effective alternative. If a suitable location is not available, the FAC would recommend the construction of a new district warehouse on purchased property.

TIMELINE & COST. FY2018 & \$1.4 million (estimated maximum cost)

1000 INSTRUCTION

Instruction includes activities dealing directly with the interaction between teachers and students. Teaching may be provided for students in a school classroom, in another location such as a home or hospital, and in other learning situations such as those involving co-curricular activities. It may also be provided through some other approved medium such as television, radio, telephone, and correspondence. Included here are the activities of aides or classroom assistants of any type (clerks, graders, teaching machines, etc.) which assist in the instructional process.

2100 PUPIL SERVICES

Activities designed to assess and improve the well-being of students and to supplement the teaching process. Activities include guidance, counseling, testing, attendance, social work, health services, etc. Also include supplemental payments for additional duties such as coaching or supervising extracurricular activities.

2210 IMPROVEMENT OF INSTRUCTIONAL SERVICES

Activities which are designed primarily for assisting instructional staff in planning, developing and evaluating the process of providing challenging learning experiences for students. These activities include curriculum development, techniques of instruction, child development and understanding, staff training and professional development.

2213 INSTRUCTIONAL STAFF TRAINING

Activities associated with the professional development and training of instructional personnel. These include such activities as in-service training (including mentor teachers), workshops, conferences, demonstrations, courses for college credit (tuition reimbursement), and other activities related to the ongoing growth and development of instructional personnel. Training that supports the use of technology for instruction should be included in this code. The incremental costs associated with providing substitute teachers in the classroom (while regular teachers attend training) should be captured in this function code. All costs should be charged to this code regardless of whether training services are provided internally or purchased from external vendors. It should be noted that the salary of a teacher who is attending training would still be reported in function 1000.

2220 EDUCATIONAL MEDIA SERVICES

Activities concerned with directing, managing and operating educational media centers. Included are school libraries, audio-visual services and educational television.

2230 FEDERAL GRANT ADMINISTRATION

Activities concerned with the demands of Federal Programs grant management. Federal indirect Cost Charges should continue to be charged to 2300-880.

2300 GENERAL ADMINISTRATION

Activities concerned with establishing and administering policy for operating the LUA. These include the activities of the members of the Board of Education. Local activities in interpretation of the laws and statutes and general liability situations are charged here, as are the activities of external auditors. Also recorded here are activities performed by the superintendent, administrative support personnel and deputy, associate, or assistant superintendent having overall administrative responsibility.

2400 SCHOOL ADMINISTRATION

Activities concerned with overall administrative responsibility for school operations. Included are activities of principals, assistant principals, full time department chairpersons and clerical staff.

2500 SUPPORT SERVICES - BUSINESS

Activities concerned with the fiscal operation of the LUA, including budgeting, financial and property accounting, payroll, inventory control, internal auditing and managing funds. Also included are purchasing, warehouse and distribution operations, and printing, publishing and duplicating operations.

2600 MAINTENANCE AND OPERATION OF PLANT SERVICES

Activities concerned with keeping the physical plant open, comfortable, and safe for use, and keeping the grounds, buildings, and equipment in effective working condition and state of repair. This includes the activities of maintaining safety in buildings, on the grounds, and in the vicinity of schools. Property insurance expenditures are recorded in this function.

2700 STUDENT TRANSPORTATION SERVICE

Activities concerned with the conveyance of students to and from school and trips to school activities. These activities include supervision of student transportation, vehicle operation, servicing and maintenance, bus monitoring and traffic direction. Transportation insurance expenditures are charged to this function.

2800 SUPPORT SERVICES - CENTRAL

Central Office activities other than general administration and business services. Included are personnel services, data processing services, strategic planning including research, development and evaluation on a system-wide basis; and public relations activities, such as writing, editing and other preparation necessary to disseminate information to students, staff and the general public.

2900 OTHER SUPPORT SERVICES

All other support services not properly classified elsewhere in the 2000 series.

3100 SCHOOL NUTRITION PROGRAM

Activities concerned with providing food to students and staff in a school or LUA. This service area includes the preparation and serving of regular and incidental meals or snacks in connection with school activities and delivery of food. Activities should be recorded in Fund 600 (School Nutrition Program) except when paid by federal funds from fund 100 on behalf of the food service operation due to a shortage of funds or by special arrangement.

3200 ENTERPRISE OPERATIONS

Activities that are financed and operated in a manner similar to private business enterprises - where the intent is to recover costs through user charges. Examples: LUA operated bookstore, cannery or freezer plant operation, stadium operation, etc.

3300 COMMUNITY SERVICES OPERATIONS

Activities concerned with providing community services to students, staff or other community participants. Examples of this function would be the operation of a community swimming pool, a recreation program for the elderly, a child care center for working mothers, etc.

4000 FACILITIES ACQUISITION AND CONSTRUCTION SERVICES

Activities concerned with the acquisition of land and buildings; renovating buildings; the construction of buildings and additions to buildings, initial installation or extension of service systems and other build-in equipment; and improvements to sites.

5000 OTHER OUTLAYS

Outlays which cannot be properly classified as expenditures, but require budgetary or accounting control. Transfers to other funds are recorded as 5000-930.

5100 DEBT SERVICE

Outlays to retire the long-term debt (obligations in excess of one year) of the LUA. Included are payments of principal, interest and paying agents' fees. Interest on current loans (repayable within one year) is charged to function 2500.