

GENERAL FUND REVENUE ANALYSIS

4th Quarter – 2012

Sales Tax

Franklin County levies a permissive sales tax of 0.75% pursuant to section 5739.021 of the Revised Code. In addition to the County’s collection, the State of Ohio levies a sales tax of 5.50% and the Central Ohio Transit Authority levies a sales tax of 0.50%. As a result, the total sales tax rate in Franklin County is 6.75%.

Franklin County receives the revenue from its sales tax three months after the actual sale occurs. For example, for a sale made in September, the vendor transmits all of the sales taxes collected to the state in October. The state then transmits to the County its share of the sales tax revenue in December. Therefore, the sales tax collections for the 4th quarter are based on the sales that occurred during the 3rd quarter.

The sales tax data in this analysis is reported net of the 1% administrative fee charged by the State for the collection of the County sales tax. While the County does not receive this revenue, the Auditor of State requires the County to record the revenue and the expenditure associated with the sales tax administrative fee. Neither the revenue nor appropriations associated with the sales tax administrative fee are included in the 2012 approved budget. The revenue adjustment and the necessary appropriations to record this expenditure will be made at the end of the year.

Chart 1 plots both the data on Retail and Food Service Sales (not seasonally adjusted) reported by the U.S. Census Bureau with the sales tax collections for Franklin County since January 2009. Note that the sales tax information is plotted in the month that the sale actually occurred rather than the month that Franklin County received the sales tax revenue.

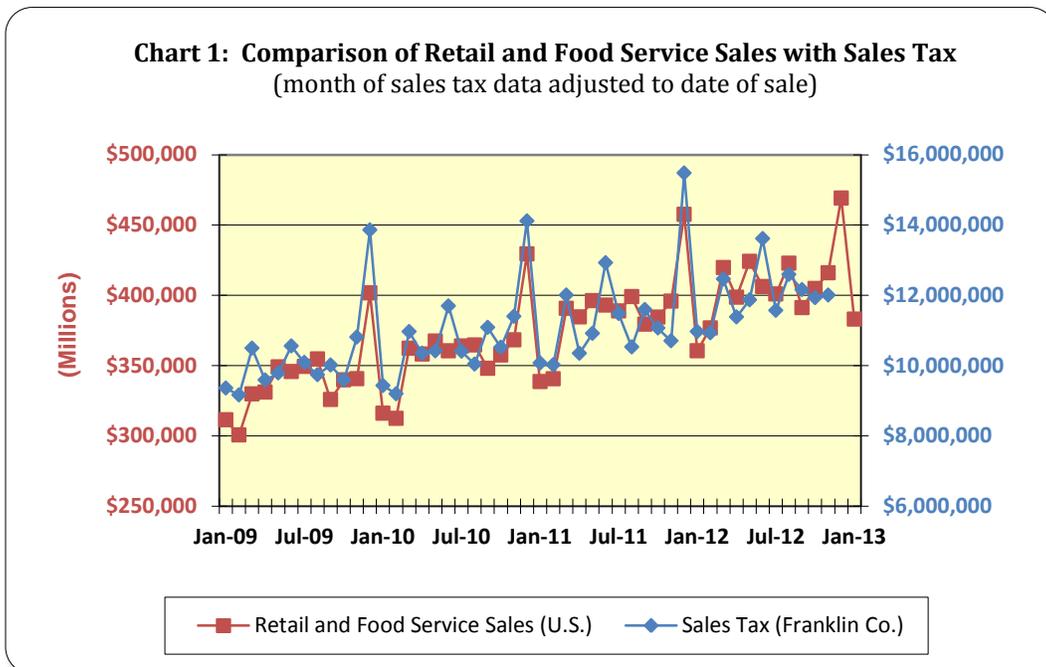


Chart 2 compares the year-over-year percentage change in monthly sales tax collections for Franklin County and the State of Ohio. As with the data in Chart 1, the sales tax information is plotted in the month that the sale actually occurred since the State receives the sales tax revenue in the month following the sale while the County receives the sales tax revenues three months after the sale.

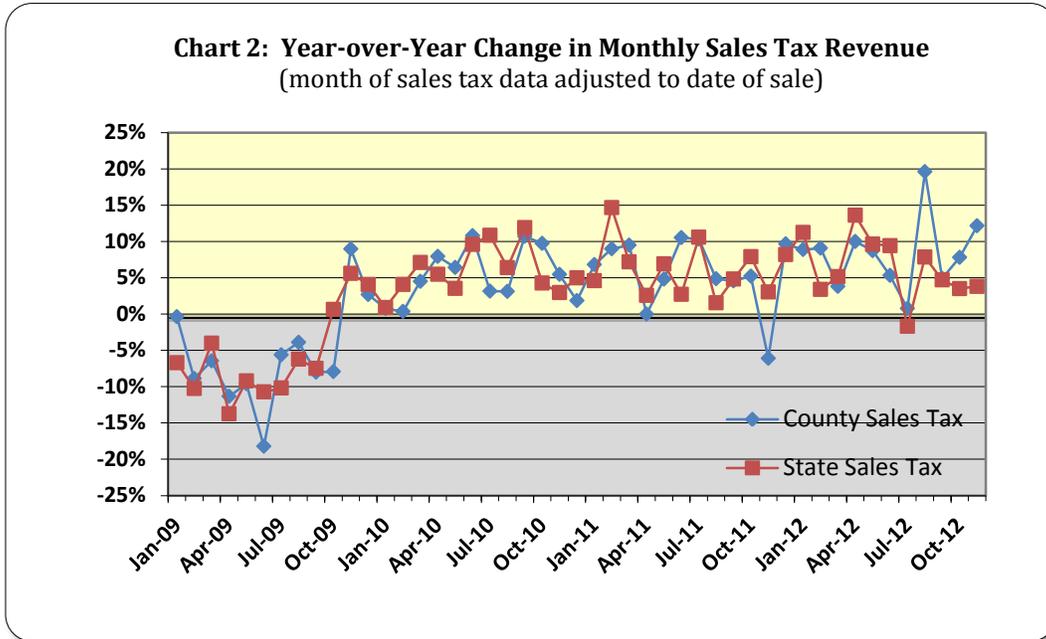
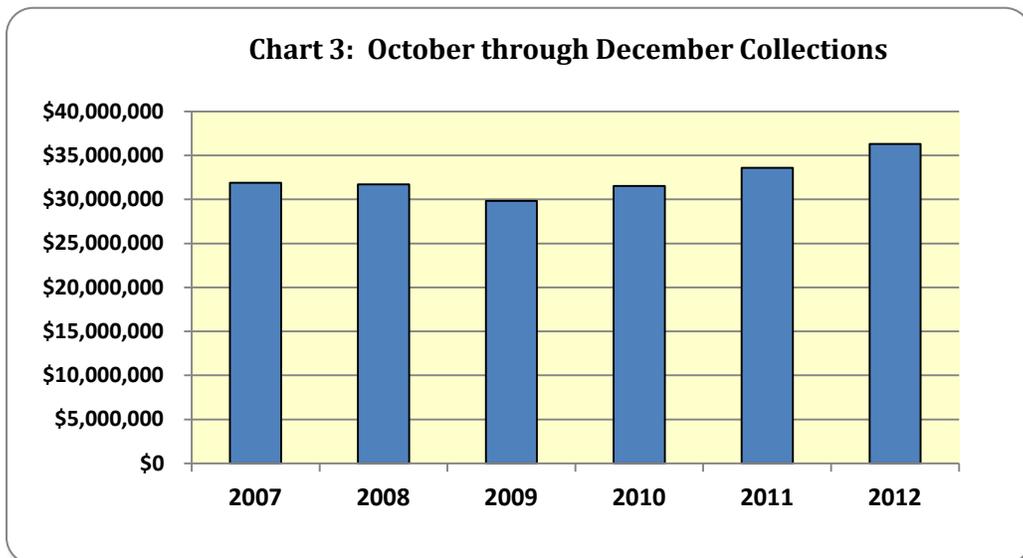


Chart 3 provides the sales tax collections for the 4th quarter of each year since 2007. Because of changes in the sales tax rate during the period, the table standardized the amount collected to the current rate of 0.75%. As seen in the chart, the amount collected in the 4th quarter of 2012 shows a significant improvement over the amounts from the previous five years. Note that the sales tax collections in Chart 3 reflect the months in which the revenue was received by the County. Therefore, the collections by the County from the 4th quarter were for sales that occurred during the 3rd quarter.



For the 4th quarter of 2012, Franklin County collected \$36.3 million in sales tax. This represents a 7.4% increase from the 2012 estimate and an 8.1% increase from the actual 2011 collections. The amount collected in the 4th quarter of 2012 is higher than any amount collected in the 4th quarter during the previous five years.

Table 1 provides the comparison of the sales tax estimates with the actual sales tax collections for the 4th quarter. Note that the sales tax collections in Table 1 reflect the months in which the revenue was received by the County. Therefore, the collections by the County from the 4th quarter were for sales that occurred during the 3rd quarter.

Month	2012 Estimate	2012 Actual	Monthly Variance	Percentage Variance
October	\$11,361,935	\$11,565,652	\$203,717	1.8%
November	\$10,678,390	\$12,590,571	\$1,912,181	17.9%
December	\$11,772,716	\$12,157,200	\$384,484	3.3%
4th Quarter	\$33,813,042	\$36,313,423	\$2,500,382	7.4%
YTD TOTAL	\$136,924,000	\$144,759,816	\$7,835,816	5.7%

In comparison to other Ohio metro and surrounding counties, the 8.1% increase for Franklin County from the 4th quarter of 2011 to the 4th quarter of 2012 is higher than any of the other counties, and is approximately twice the average change of 4.0% in those other counties. Table 2 provides a summary of the changes in the Ohio metro and surrounding counties.

County	Percent Change
Franklin	8.1%
Union	7.5%
Licking	7.3%
Hamilton	4.2%
Fairfield	4.2%
Montgomery	2.5%
Lucas	2.2%
Delaware	2.1%
Cuyahoga	1.9%

For 2012, the County received a total of \$144,759,816 in sales tax collections. This was an increase of \$7,835,816 or 5.7% from the 2012 estimate; and an increase of \$2,720,344 or 8.1% from the actual 2011 collections.

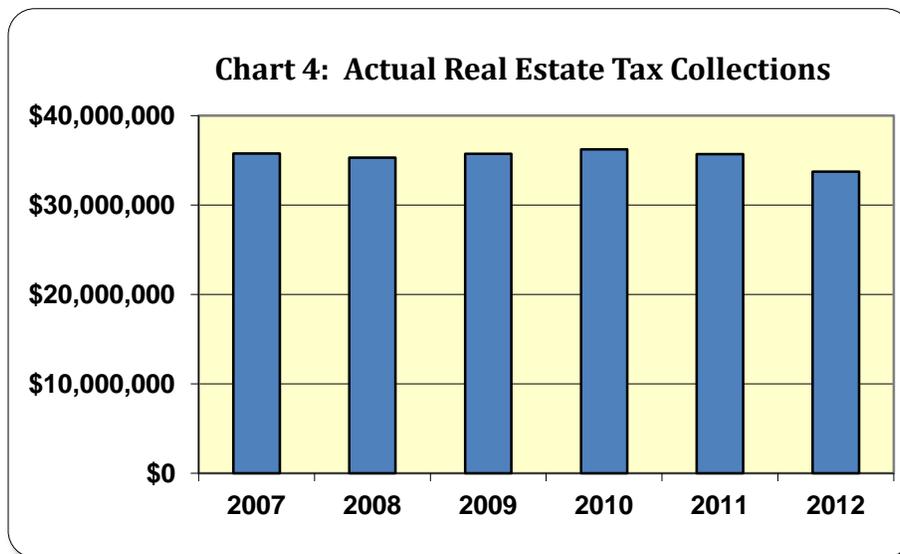
Real Estate Tax

For Franklin County, first half real estate taxes were due January 20, 2012 (and distributed in March), while second half real estate taxes were due June 20, 2012 (and distributed in August).

Franklin County's 2012 approved budget included \$35,817,908 in real estate taxes, which was based on no growth from 2011 projections. However, due to the decline in property values, the Auditor's Office revised the revenue estimate downward in each of the first three quarters of the year. As a result, the final estimate for real estate taxes was \$33,854,631, which was a decrease of \$1,963,277 compared to the approved budget.

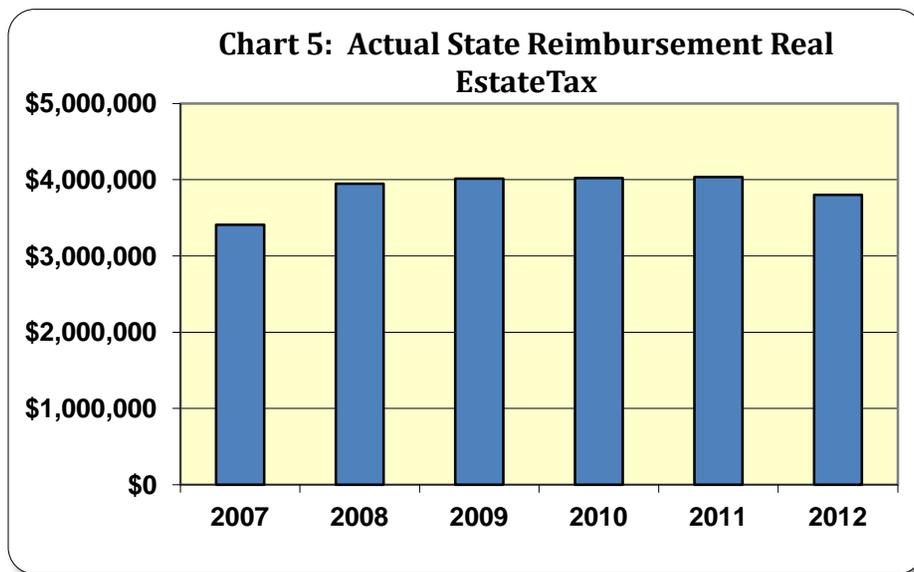
Franklin County ended the year with a 5% decrease from the 2011 actual real estate tax collections, Montgomery County a 10% decrease, Hamilton County a 9% decrease and Lucas County a 1% decrease; however Cuyahoga County realized a 4% increase due to an increase in inside millage based on debt service requirements as well as additional revenue from delinquent tax lien sales.

For the year, Franklin County collected \$33,743,044, which represents 99.7% of the revised budget amount of \$33,854,631. At the 2012 year-end, Lucas County had received 101% of its real estate tax budget, Montgomery County at 93.4%, Cuyahoga County at 95%, and Hamilton County at 99.6%.



The 2012 approved budget for State Reimbursement Real Estate Tax was reduced by \$1,477,945 or 29% from \$5,011,044 to \$3,533,099 in the 1st quarter. The adjustment was based on estimates determined by the State and were certified by the Franklin County Budget Commission accordingly. During the 2nd quarter of 2012, the Auditor’s Office further revised this estimate from \$3,533,099 to \$3,784,843, a \$251,744 increase. However, even with this increase the revised revenue estimate is \$1,226,201 or 25% less than the 2012 approved budget.

State Real Estate Tax reimbursements include a 10% rollback on residential homeowner properties, an additional 2.5% rollback on owner occupied properties and property taxes on the first \$25,000 value of homestead properties. Chart 5 below shows relatively no change from 2008 to 2011. However, the amount for 2012 will be lower than 2011 due to the decline in property values. For 2012, a total of \$3,801,827 has been collected or slightly over 100% of the revised budget.



There was no revenue estimate in the 2012 approved budget for Tangible Personal Property Tax Replacement due to the accelerated phase-out contained within the FY 2012-2013 State Budget.

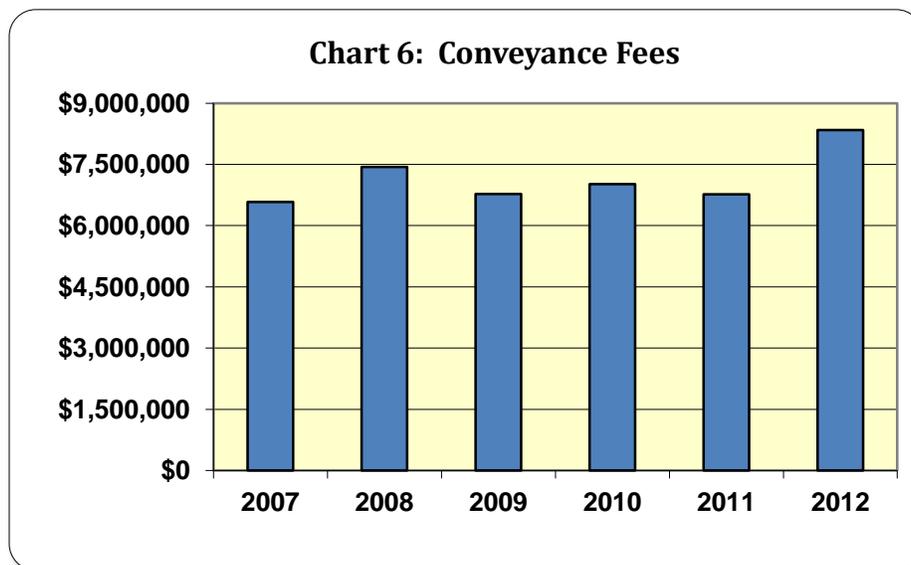
Conveyance Fees

Conveyance fees are based on property sales, of which Franklin County collects \$2 per \$1,000 of the sale. Hamilton County also collects at the rate of \$2, while Montgomery and Cuyahoga counties collect \$3, and Lucas County collects \$4.

Sales of new and previously owned homes in the Columbus area during calendar year 2012 were 16.5% higher than 2011 (see the General Fees - Recorder section below for more detail). In addition to an increase in the number of sales; the average sale price in December was \$167,459, a 7.2% increase over December 2011.

Conveyance fees in the 2012 approved budget were estimated at \$5,692,042. During the 1st quarter, the Auditor's Office increased the approved budget estimate by 15% or \$853,806, from \$5,692,042 to \$6,545,848. However, the County has collected \$5,833,579 or 89% of the current revised budget amount of \$6,545,848 through the end of the 3rd quarter. As a result, the Auditor's Office revised that estimate by another 15% or \$959,056, from \$6,545,848 to \$7,504,904 during the 4th quarter.

Even after this adjustment, conveyance fees exceeded the budget at year end. The total amount of conveyance fees collected in 2012 was \$8,343,705 which is a \$838,801 or 15% increase from the amount in the 2012 approved budget; and is a \$1,578,547 or 23% increase from 2011 collections.

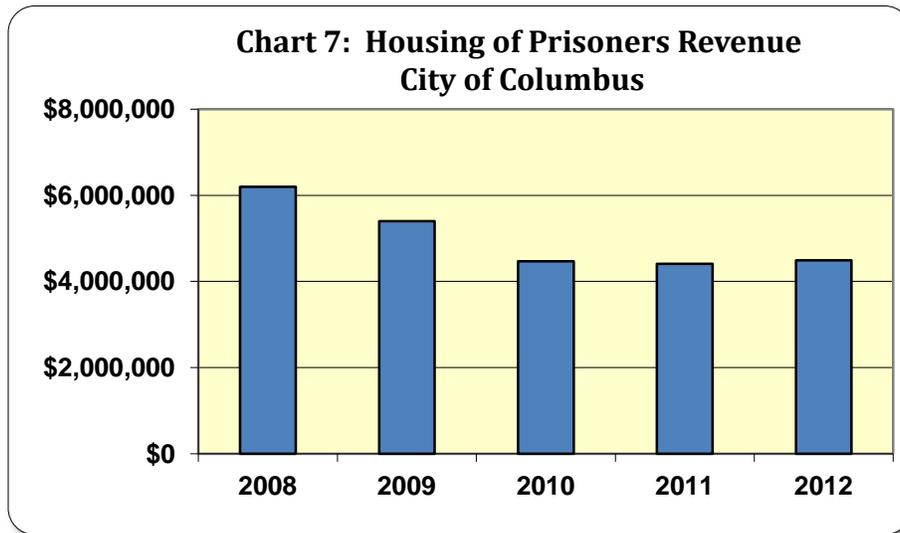


Housing of Prisoners

Municipalities within Franklin County, including the City of Columbus, pay a housing per-diem for inmates charged under their municipal ordinances. The Sheriff's Office also has a contract with the U.S. Marshal's Office to house a limited number of inmates on an as-needed basis. The current municipal inmate rate of \$79 per day went into effect on May 1, 2011 and the U. S. Marshal's Office rate increased from \$60 per day to \$68 per day effective April 1, 2012.

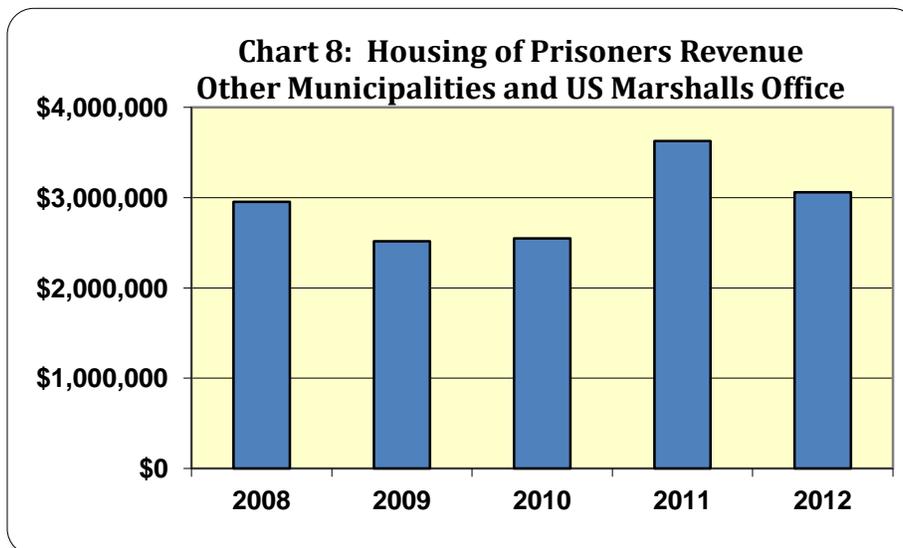
City of Columbus Housing of Prisoners

The 2012 budgeted revenue projection for the housing of prisoners for the City of Columbus is \$4,465,273. The 2012 final collections totaled \$4,493,033 or 100.6% of budget.



Municipal and Federal Housing of Prisoners

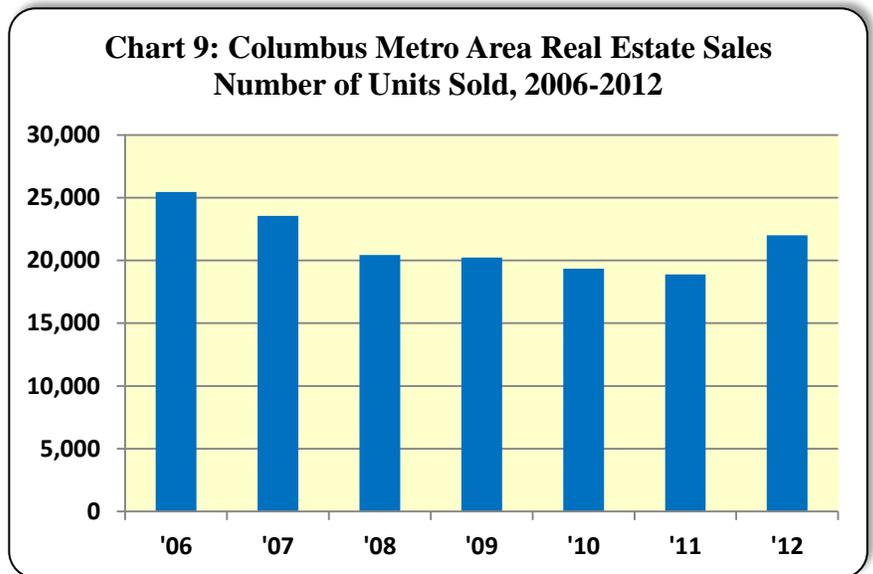
The 2012 budgeted revenue estimate for the housing of prisoners for local municipalities, except for Columbus, and for the U.S. Marshal's office was \$3,200,000. The 2012 final collections totaled \$3,058,486 or 95.6% of budget.



General Fees – Recorder

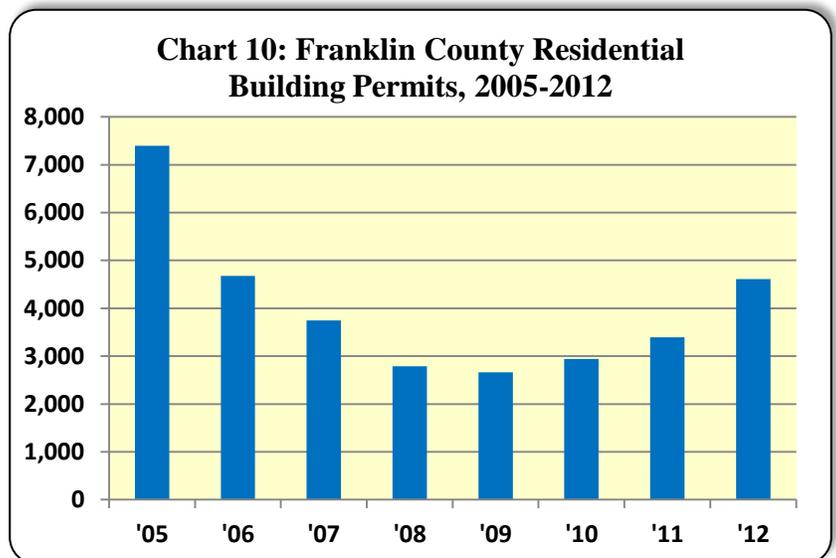
The Recorder’s Office makes records of the conveyance and encumbrance of land, and collects fees to file related documents. The Recorder’s Office deposits a portion of these fees in the General Fund (with the remainder going to the Recorder’s Equipment Fund and the State’s Housing Fund).

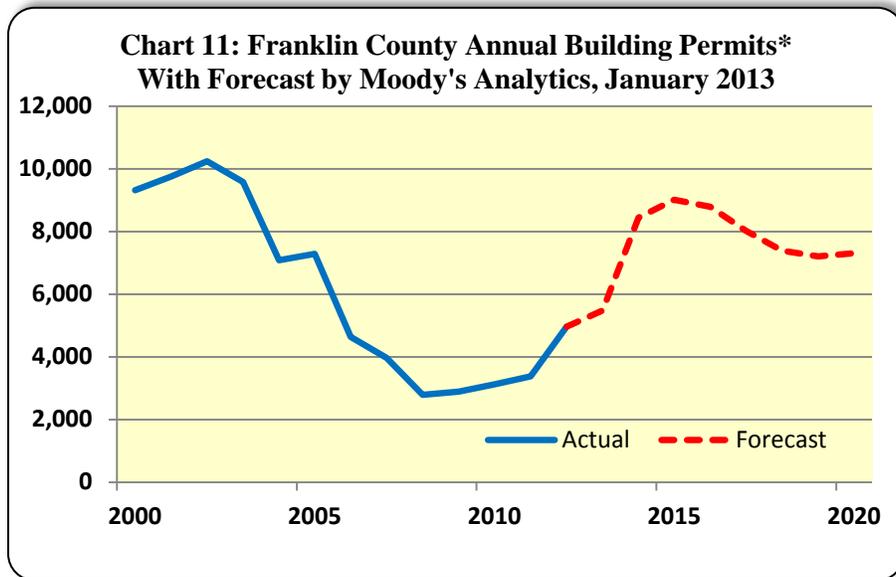
Revenue received from these fees generally declined from 2006 through 2011. This was the direct result of the mortgage crisis and decline of the real estate market in Ohio and the Nation. Sales in the Columbus Metropolitan Listing Area also generally decreased from 2006 through 2011. Since late 2011, however, there is considerable evidence that the real estate market has begun to recover. 2012 sales increased 16.5%, from 18,883 units in 2011 to 21,997 units in 2012.



The issuance of building permits in Franklin County also declined from 2005 through 2009. In 2005, there were 7,284 building permits issued for residential units. By 2009, this figure had decreased to 2,661. 2010 saw an increase to 2,944, followed by 3,396 in 2011. Permits for 2012 were 4,611 – the highest level since 2006.

The data for real estate sales and building permits issued suggest that the Columbus area real estate market has begun to recover. Recent economic forecasts are for an increase in the number of housing starts and building permits over the next few years, with recovery in the market particularly strong in 2013 and 2014. Moody’s Analytics has provided the following forecast in Chart 11 for residential building permits in Franklin County:





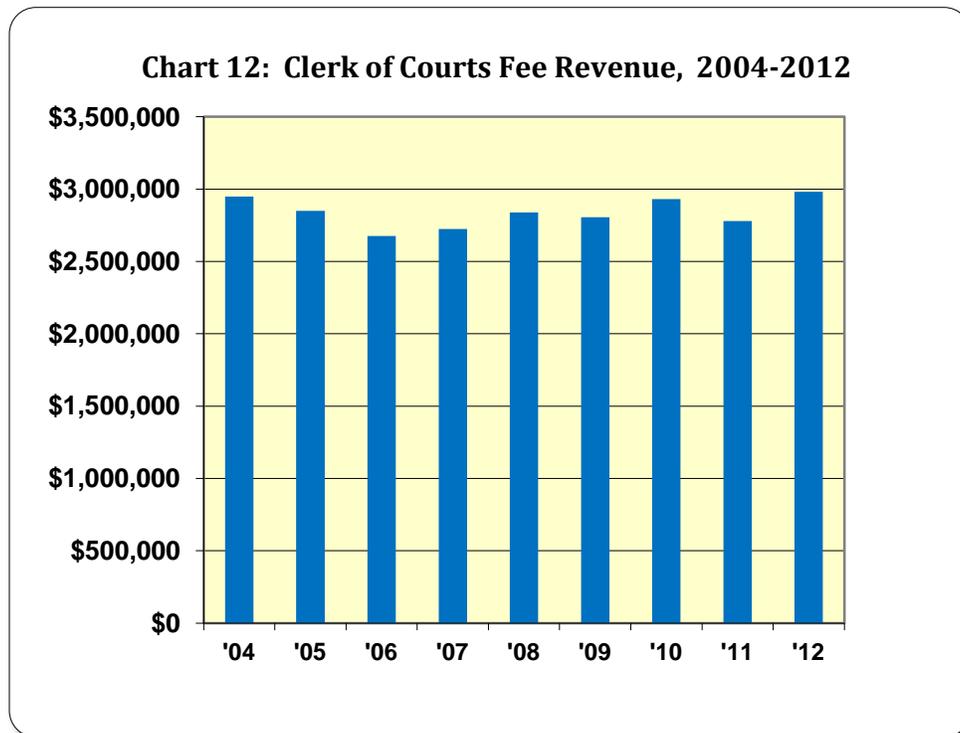
The 4th quarter revenue collections for the Recorder's Office were up significantly from 2011. In the 4th quarter, revenue collections increased 20.5%, from \$1,109,727 in 2011 to \$1,337,539 in 2012. For 2012, collections were higher than 2011 by \$1,337,539 (a 19.5% increase) and 130% of the amount budgeted for the year.

2009	2010	2011	2012 Approved Budget	2012 Collections	Collections as a % of Budget
\$4,214,212	\$4,252,437	\$3,994,778	\$3,672,991	\$4,774,770	130.0%

The higher than anticipated revenue collections for the 4th quarter and 2012 as a whole are partly due to the recovering real estate market. Other factors that could have had an impact are the increased number of mortgage refinances within the last year, which stem from historically low interest rates, and the introduction of a new technology in the Recorder's office that permits an electronic form of payment for services.

General Fees – Clerk of Courts

The Clerk of Courts collects fees in the General Fund for each filing in the Clerk’s Office. All Clerk of Court fees are established by the Ohio Revised Code and are set at the maximum levels.

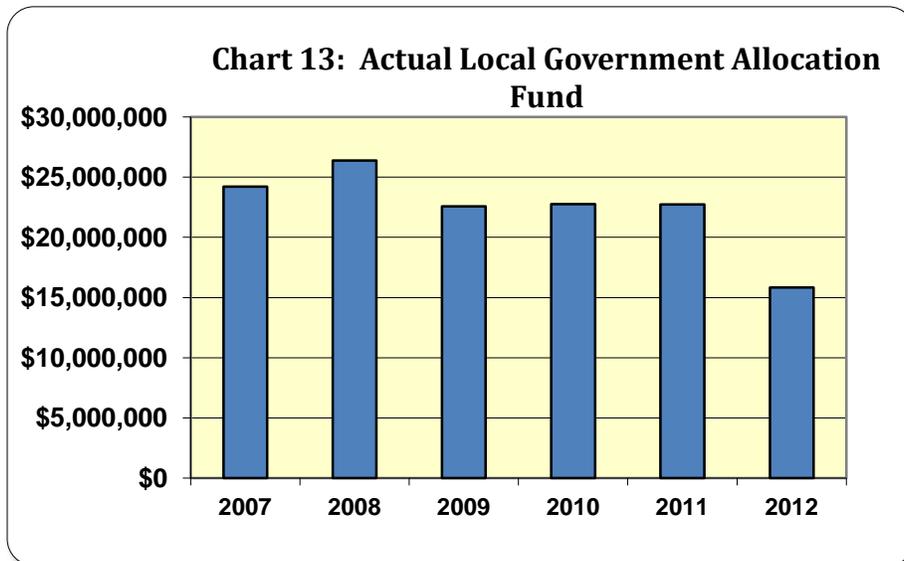


At the close of the year, the general fee revenue for the Clerk’s Office was \$2,981,559, or 104% of the 2012 approved budget amount of \$2,857,000. As seen in Chart 12, the amount of general fee collections in 2012 was higher than any amount collected during the previous eight years.

Local Government Fund Allocation

The Local Government Fund allocation from the State included in the 2012 approved budget for Franklin County was \$15,820,680, a \$6,911,089 or 30.4% reduction from 2011 actual receipts. As of December 31, 2012, \$15,822,666 or approximately 100% of the approved budget has been collected.

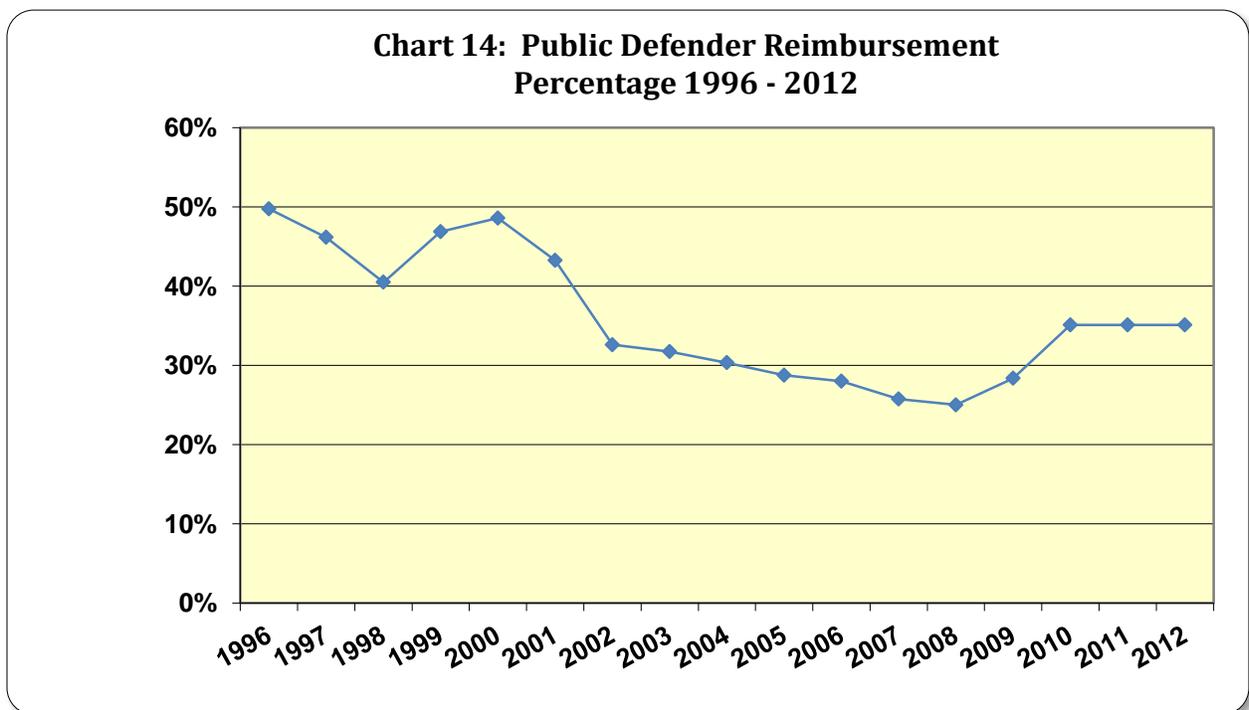
In 2008, the Local Government Fund freeze was lifted and county allocations were returned to the statutory formula (Section 5747.501 of the Ohio Revised Code). However, based on the FY 2012-2013 State Budget, county allocations were reduced by approximately 25% from the previous year's allocation beginning in August 2011, with an additional 25% reduction (for a total reduction of 50%) starting in July 2012. In 2013, the Local Government Fund Allocation is expected to decrease by \$3,727,376 from \$15,820,680 to \$12,093,304.



State Public Defender Reimbursement

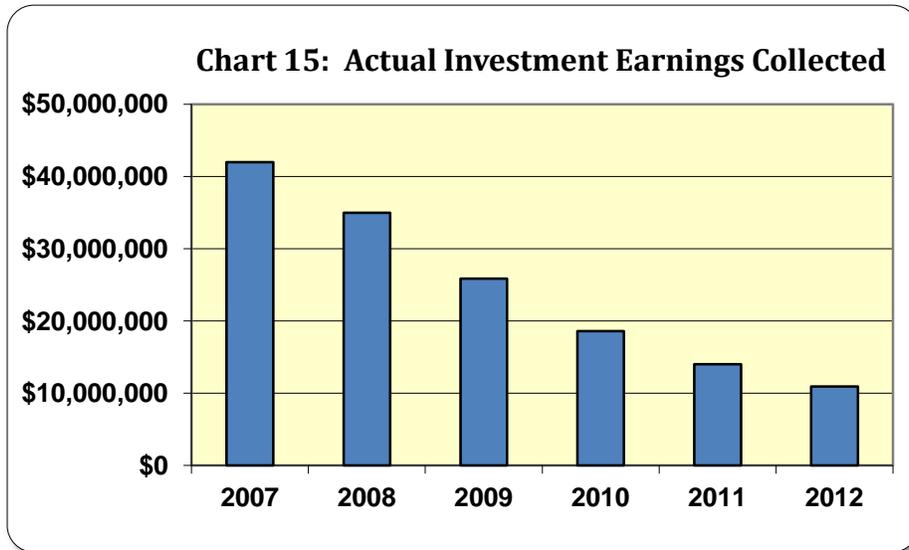
The revenue estimate for State Public Defender reimbursement in the 2012 approved budget was \$6,499,822. The actual collections in 2012 totaled \$7,031,841, which was approximately 108.2% of the budgeted amount.

The State Public Defender's Office increased the reimbursement rate to 35.1% in September 2009; from the 25.0% that the County was previously receiving. This increase in the reimbursement rate was due to increased funding in the State's Indigent Defense Support Fund (IDSF). The State Public Defender's Office has indicated that the reimbursement rate will remain at 35.1% for the remainder of 2012. Below is a chart showing the state reimbursement percentage since 1997. The reimbursement rate has risen as high as 48.6% in 2000 and as low as 25.0% in 2008.



Investment Earnings

The 2012 revenue estimate by the Treasurer's Office for Investment Earnings was \$11,726,625. As of December 31, 2012, Franklin County has collected \$10,914,652 or 93% of budget. In 2011, as of the 4th quarter, Franklin County earnings reflected 109% of the year-end totals. The County's investment portfolio in 2012 is at an average of approximately \$950 million, with \$850 million allocated to the core portfolio and \$100 million in the liquid portfolio.



When comparing 2011 actuals to 2012, Investment Earnings for Franklin County decreased by 22%. For the other metro counties, the decreases were 58% for Lucas County, 47% for Cuyahoga County, and 5% for Montgomery County; however, Hamilton County had a 3% increase in investment earnings collected.

The 2012 approved budget also included interest earnings within the Franklin County Clerk of Courts. The 2012 interest earnings budget for the Clerk's Office was \$50,000, compared to interest earnings of \$69,727 actually received in 2011. The 2012 revenue estimate for the Clerk's Office attempted to take into account current economic circumstances. However, actual collections for the year were \$43,897, which was 88% of budget.