

GENERAL FUND REVENUE ANALYSIS 1st Quarter – 2013

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 December 2012, the vendor transmits all of the sales taxes collected to the state in January 2013. The state then transmits to the County its share of the sales tax revenue in March 2013. Therefore, the sales tax collections for the 1st quarter of 2013 are based on the sales that occurred during the 4th quarter of 2012.

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 2013 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.

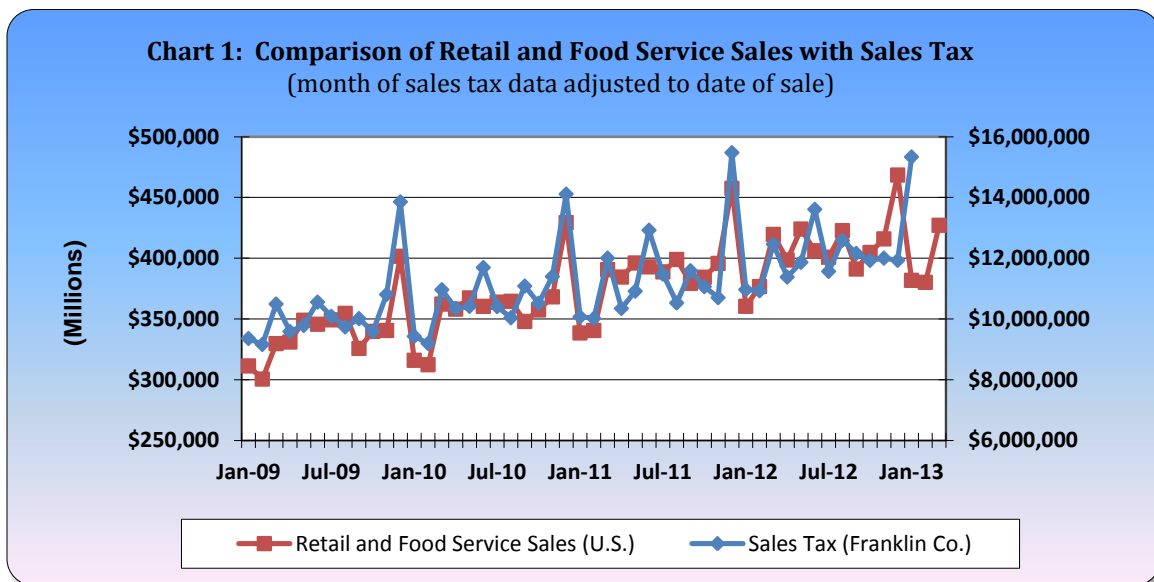


Chart 2 compares the year-over-year percentage change in monthly sales tax collections for Franklin County and the State of Ohio. As with the data in Chart 1, the sales tax information is plotted in the month that the sale actually occurred since the State receives the sales tax revenue in the month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

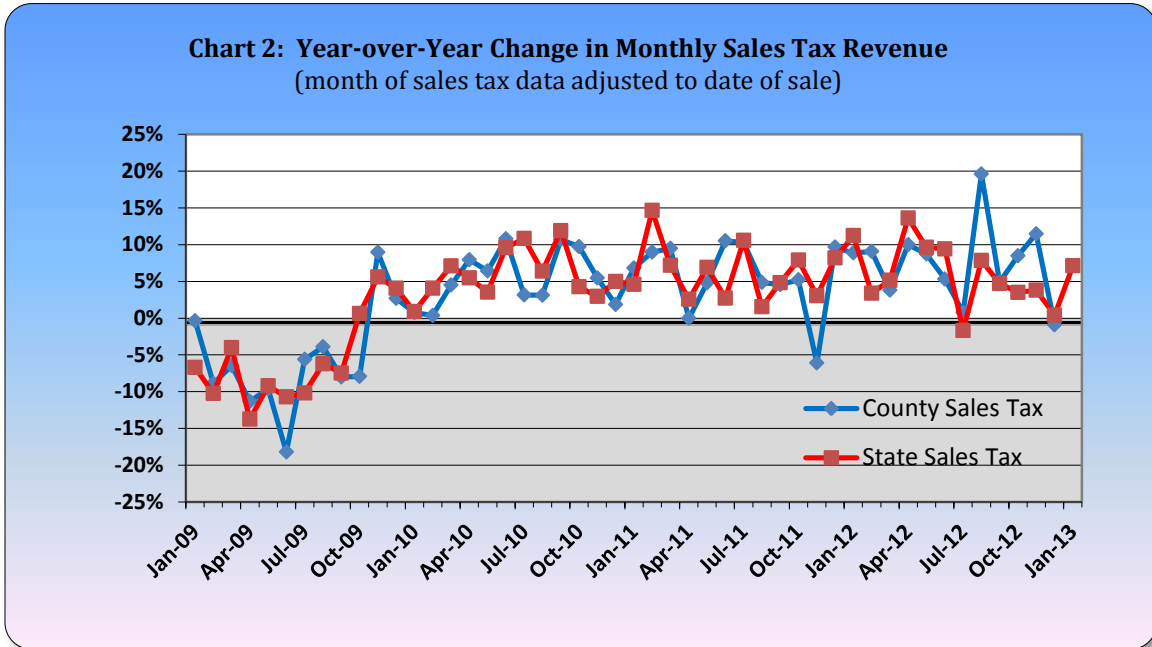
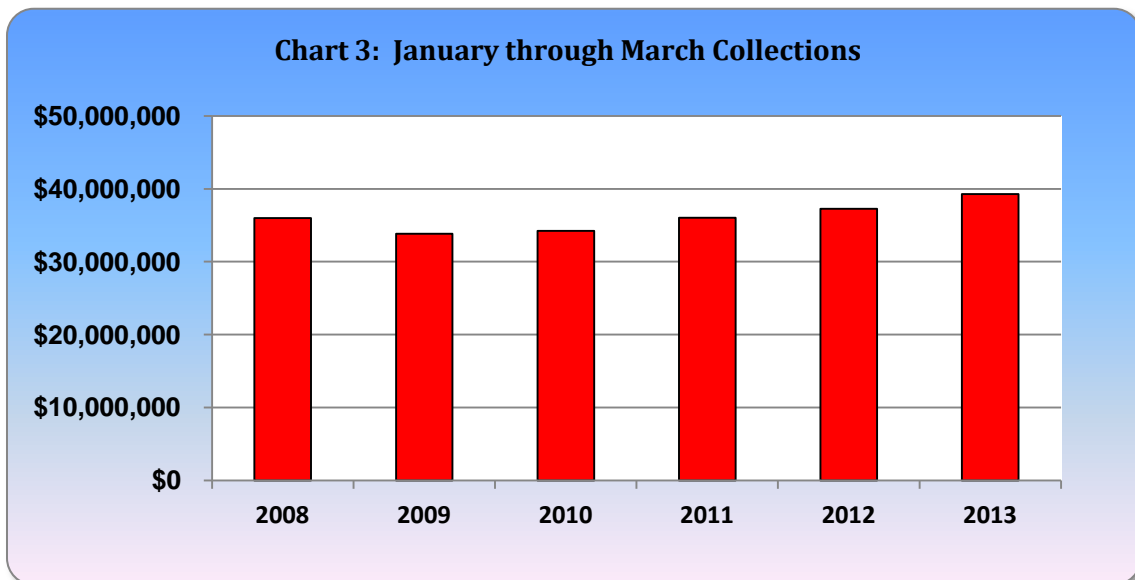


Chart 3 provides the sales tax collections for the 1st quarter of each year since 2008. Because of changes in the sales tax rate during the period, the table standardized the amount collected to the current rate of 0.75%. As seen in the chart, the amount collected in the 1st quarter of 2013 shows a significant 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 1st quarter of 2013 were for sales that occurred during the 4th quarter of 2012.



For the 1st quarter of 2013, Franklin County collected \$39.3 million in sales tax. This represents a 2.7% increase from the 2013 estimate and a 5.4% increase from the actual 2012 collections. The amount collected in the 1st quarter of 2013 is higher than any amount collected in the 1st quarter during the previous five years.

Table 1 provides the comparison of the sales tax estimates with the actual sales tax collections for the 1st 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 1st quarter of 2013 were for sales that occurred during the 4th quarter of 2012.

Table 1: Franklin County Sales Tax collections versus estimates for 2013				
Month	2013 Estimate	2013 Actual	Monthly Variance	Percentage Variance
January	\$11,260,793	\$12,002,255	\$741,462	6.6%
February	\$11,530,687	\$11,927,867	\$397,181	3.4%
March	\$15,438,445	\$15,334,008	(\$104,437)	-0.7%
1st Quarter	\$38,229,925	\$39,264,131	\$1,034,206	2.7%
YTD TOTAL	\$38,229,925	\$39,264,131	\$1,034,206	2.7%

In comparison to other Ohio metro and surrounding counties, Franklin County is higher than average when comparing the change in sales tax collections from the first three months of 2012 to the first three months of 2013. The average percentage change of the eight other counties in Table 2 below was an increase of 4.8% from the previous year, while the collections in Franklin County reflect an increase of 5.4% from the previous year.

Table 2: Change in Sales Tax Collections Jan.-Mar. 2012 to Jan.-Mar. 2013	
County	Percent Change
Union	24.9%
Franklin	5.4%
Licking	3.9%
Hamilton	2.6%
Cuyahoga	2.6%
Lucas	1.3%
Fairfield	1.2%
Montgomery	0.9%
Delaware	0.8%

Due to the continuing strength in sales tax collections during the 1st quarter of 2013, OMB recommends increasing the sales tax estimate in the 2013 approved budget by \$1.0 million, the same amount as the year-to-date variance through March. OMB recommends that any further adjustment to the sales tax budget estimates be considered after the 2nd quarter sales tax collections have been analyzed.

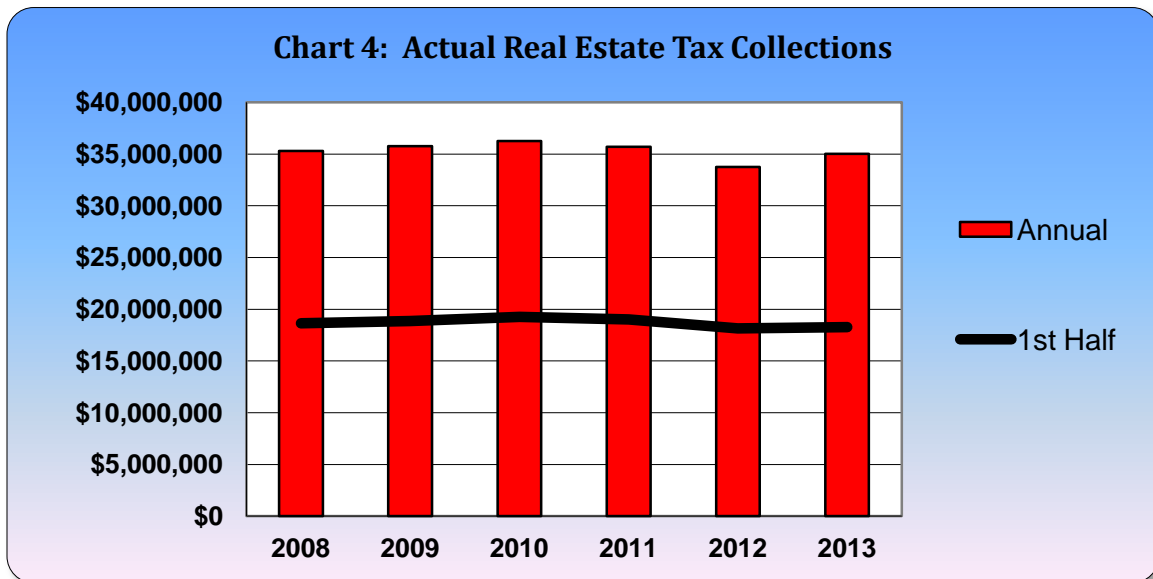
Real Estate Tax

For Franklin County, first half real estate taxes were due January 20, 2013 (and distributed in March), while second half real estate taxes are due June 20, 2013 (and scheduled for distribution in August).

Franklin County's 2013 revised budget included \$35,014,992 in real estate taxes, which is a 3.8% increase as compared to actual receipts for this revenue line item in fiscal year 2012

Franklin County ended the 2012 year fiscal 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.

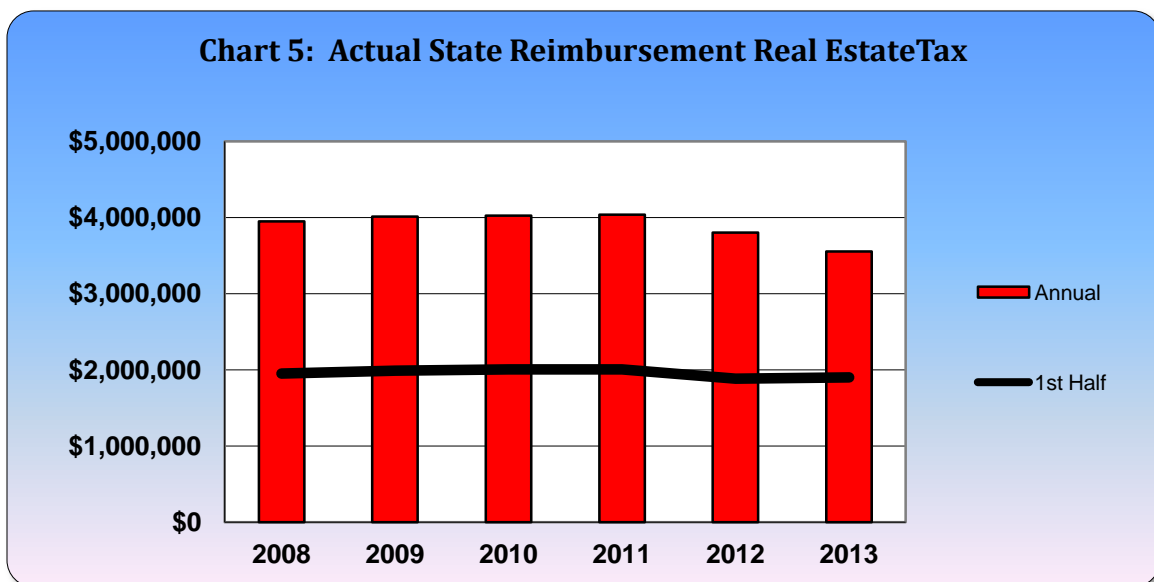
For the 1st half collection, Franklin County received \$18,260,591, which represents 52.2% of the revised budget amount of \$35,014,992.



The 2013 approved budget for State Reimbursement Real Estate Tax was reduced by \$1,202,328 or 25.3% from \$4,757,897 to \$3,555,569 in the 1st quarter. The adjustment was based on estimates determined by the State and were certified by the Franklin County Budget Commission accordingly.

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. The revenue is generally received one month after the settlement of the applicable real estate tax collection. As a result, the revenue is received in the 2nd and 3rd quarters.

Chart 5 below shows relatively no change from 2008 to 2011. However, the amount for 2012 was lower due to the decline in property values, and this decline continues into 2013. For 2013, a total of \$1,899,420 will be collected in the 2nd quarter or 53.4% of the revised budget.



Due to the accelerated phase-out of the Tangible Personal Property Tax Replacement contained within the FY 2012-2013 State Budget, no revenue has been received from this source since 2011.

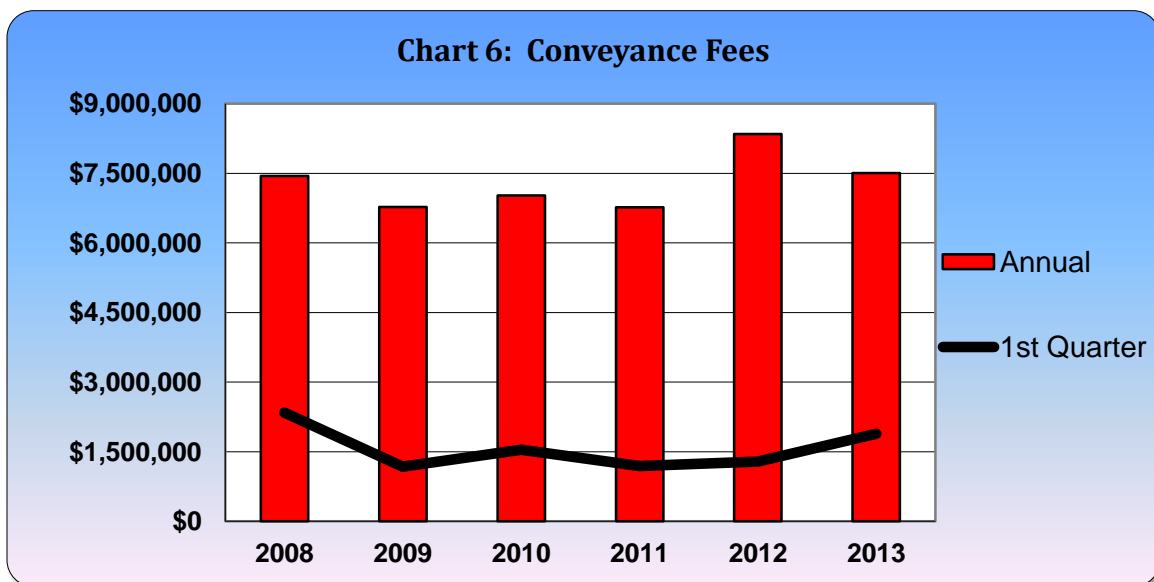
Conveyance Fees

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 January as well as February 2013 was \$149,741, a 1.8% increase over the same two month period from 2012.

Conveyance fees in the 2013 approved budget were estimated at \$7,504,904 and there have been no adjustments to this revenue estimate in the 1st quarter. The Auditor's Office is currently evaluating this category of revenue and will provide feedback as to any recommended revenue estimate modifications for inclusion with the monthly tax certificate in April. The County has collected \$1,886,914 or 25.1% of the current revised budget amount of \$7,504,904 through the end of the prior quarter.

The total amount of conveyance fees collected in the 1st quarter reflects an increase of \$581,474 or 44.5% increase in receipts as compared to the 1st quarter of 2012 .

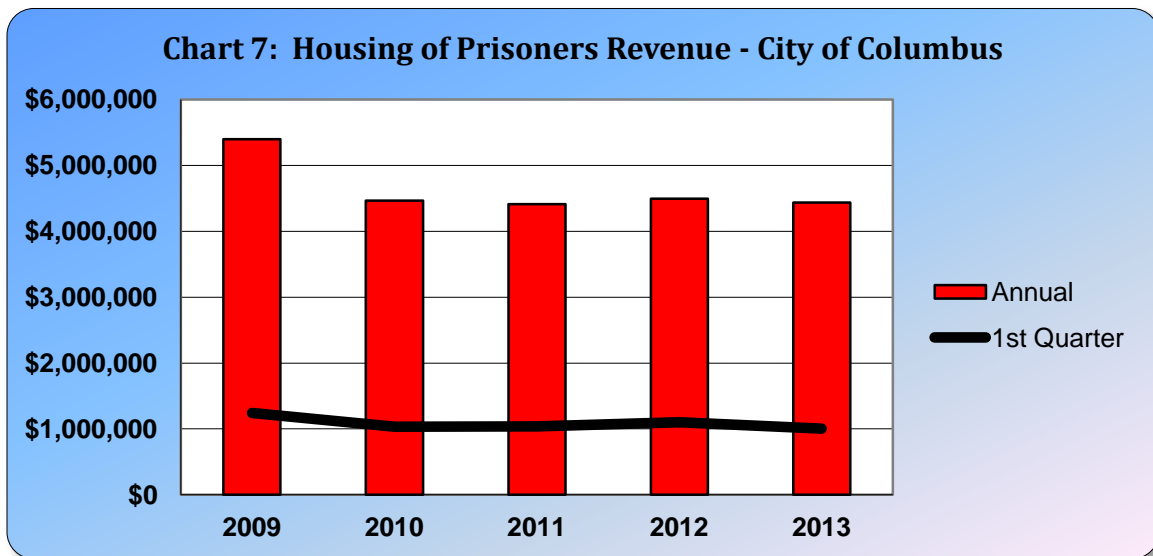


Housing of Prisoners

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 of \$68 per day went into effect April 1, 2012.

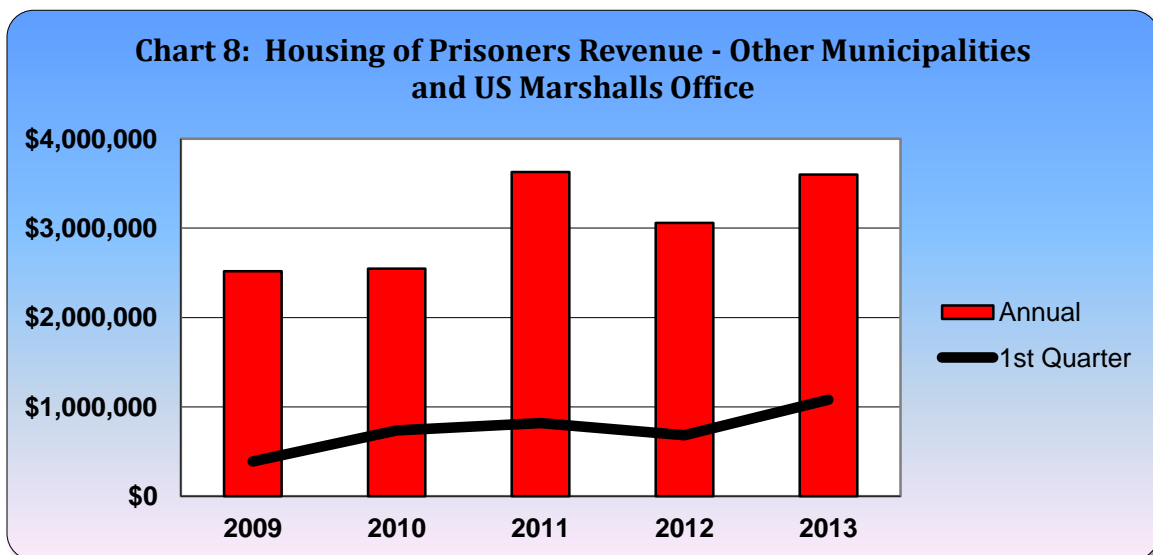
City of Columbus Housing of Prisoners

The 2013 budgeted revenue projection for the housing of prisoners for the City of Columbus is \$4,435,000. The 2013 1st quarter collections are \$1,002,931 or 22.6% of budget.



Municipal and Federal Housing of Prisoners

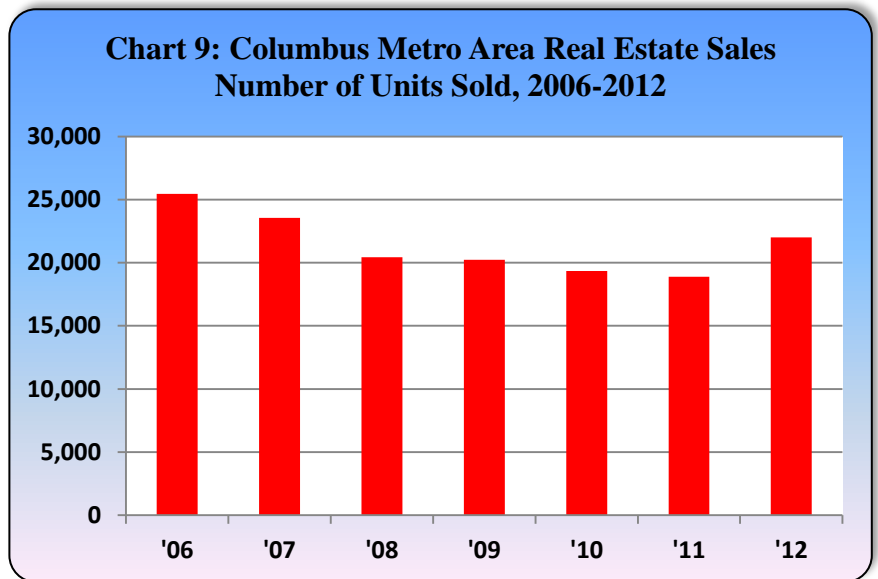
The 2013 budgeted revenue estimate for the housing of prisoners for local municipalities, except for Columbus, and for the U.S. Marshal's office was \$3,600,000. The 2013 1st quarter collections are \$1,079,194 or 30% of budget.



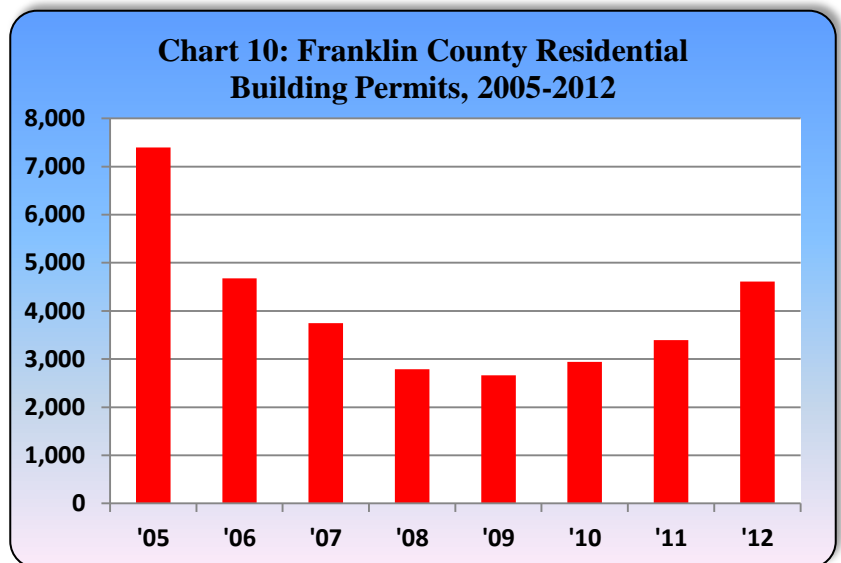
General Fees – Recorder

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. Data for real estate sales during January and February 2013 shows 2,825 units were sold as compared to 2,329 units for the same two month period from 2012, which reflects a 21.3% increase.

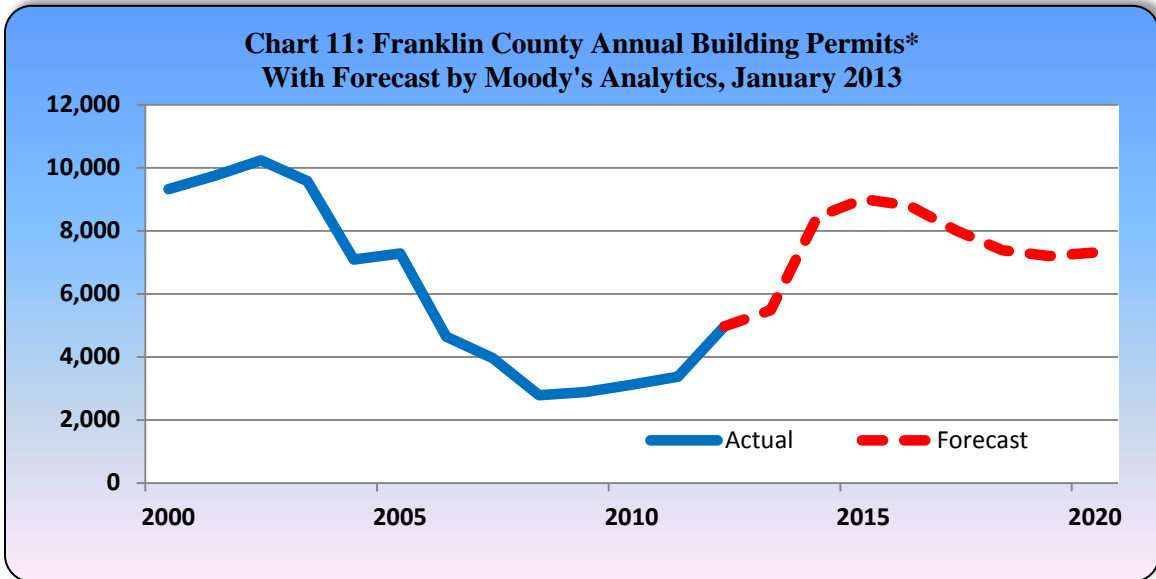


The issuance of building permits in Franklin County also declined from 2005 through 2009. In 2005, there were 7,284 building permits issued for residential units. By 2009, this figure had decreased to 2,661. 2010 saw an increase to 2,944, followed by 3,396 in 2011. Permits for 2012 were 4,611 – the highest level since 2006. Available data on building permits issued in January and February of 2013 reflects the issuance of 1,322 permits in Franklin County as compared to 668 permits issued during the same two month period from 2012 which is a 97.9% increase.

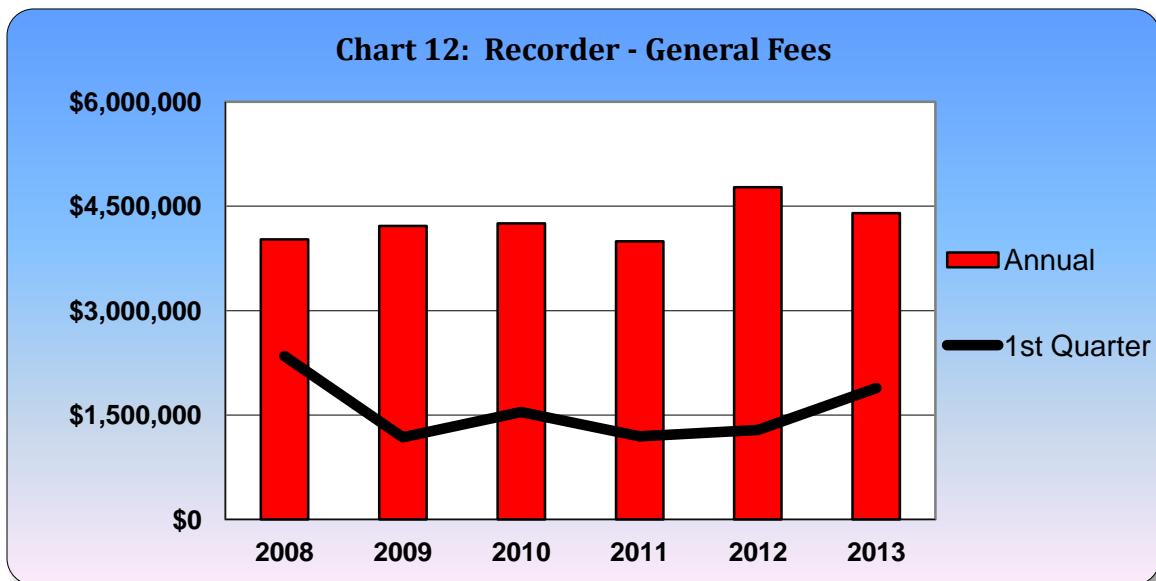


The data for real estate sales and building permits issued suggest that the Columbus area real estate market has begun to recover. Recent

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:



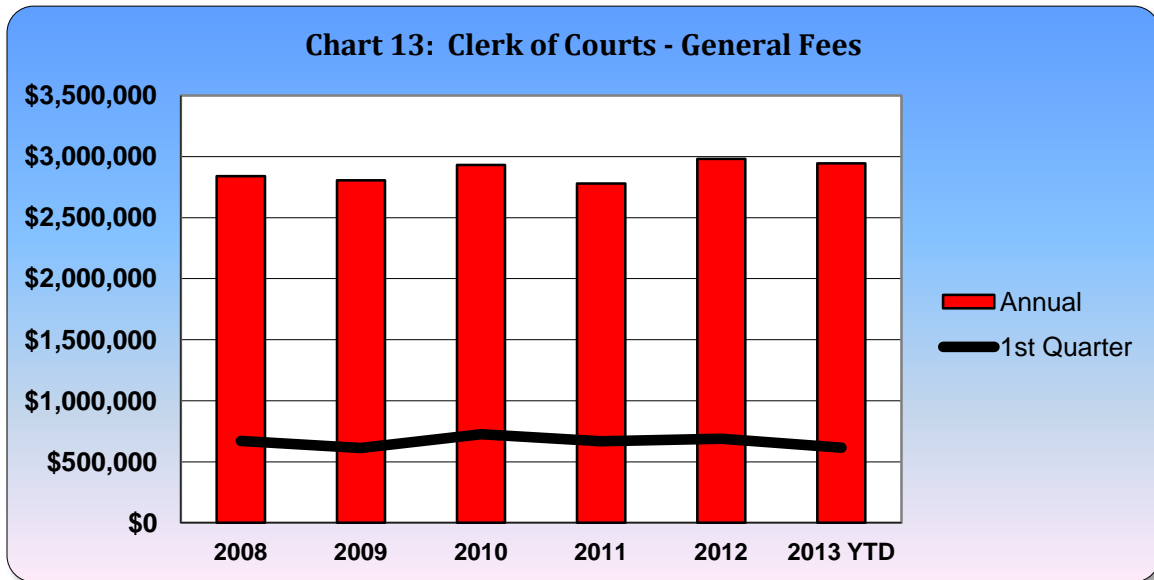
The 1st quarter revenue collections for the Recorder’s Office were up substantially from the same period in 2012. In the 1st quarter, revenue collections increased 26.6%, from \$1,029,230 in 2012 to \$1,302,829 in 2013. For consideration, annual collections from 2012 were higher than 2011 by \$1,337,539 (a 19.5% increase) and 130% of the amount budgeted for the year. The Auditor’s Office is currently evaluating this category of revenue and will provide feedback as to any recommended revenue estimate modifications for inclusion with the monthly tax certificate in April.



The higher than anticipated revenue collections for the 1st 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.

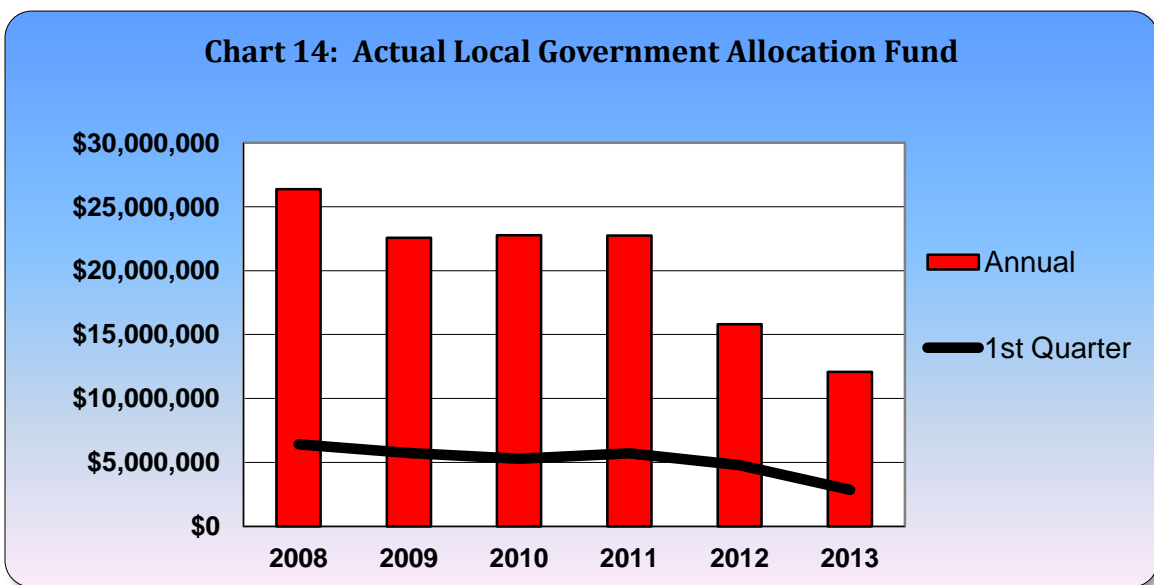


At the close of the 1st quarter, the Franklin County Clerk of Courts General Fee revenue is \$615,378, or 20.9% of the 2013 revenue estimate of \$2,945,000. Based on 1st quarter year-to-date revenue, general fee collections within the Clerk’s Office could be slightly below 2013 budget by year end. No adjustments to revenue estimates are recommended for the Clerk’s general fees at this time.

Local Government Fund Allocation

The Local Government Fund allocation from the State included in the 2013 approved budget for Franklin County was \$12,093,304, which is a \$3,729,362 or 23.6% reduction from 2012 actual receipts. As of March 31st, 2013, \$2,856,282 or approximately 23.6% of the approved budget has been collected.

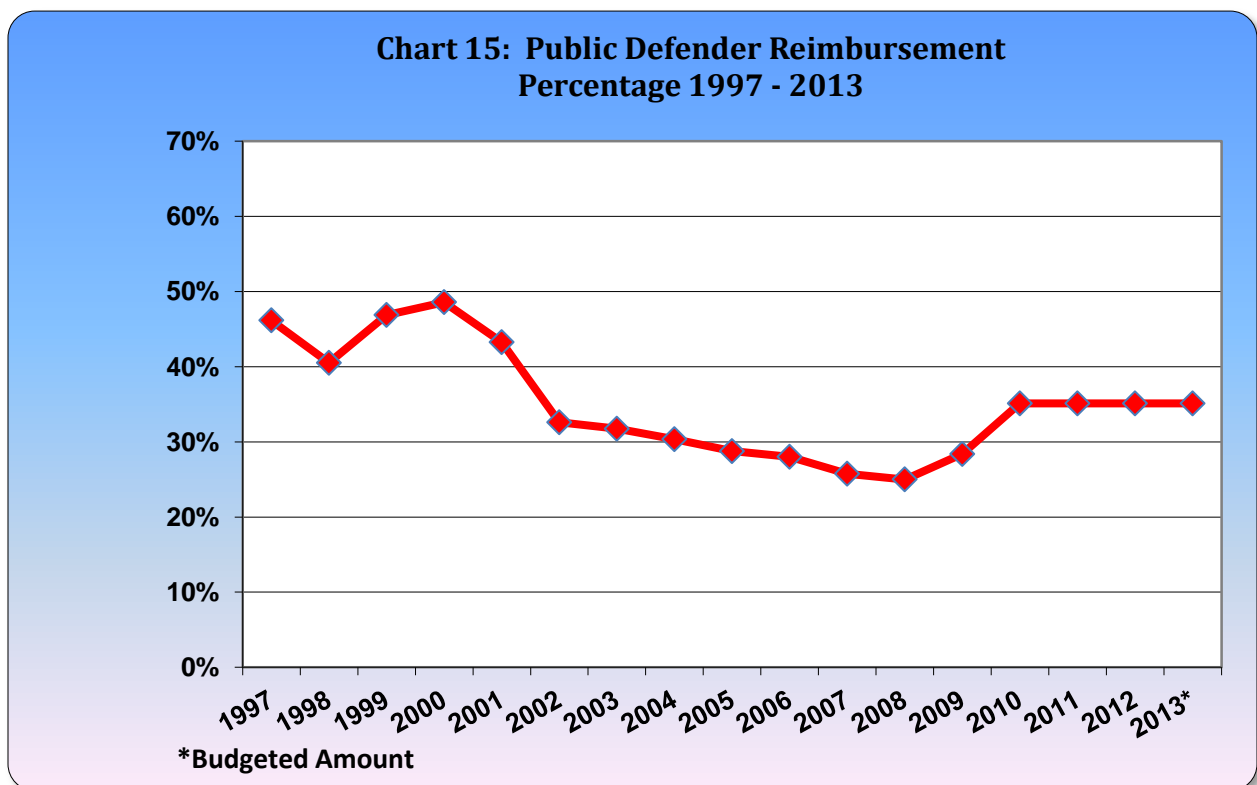
In 2008, the Local Government Fund freeze was lifted and county allocations were returned to the statutory formula (Section 5747.501 of the Ohio Revised Code). However, based on the FY 2012-2013 State Budget, county allocations were reduced by approximately 25% from the previous year's allocation beginning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



State Public Defender Reimbursement

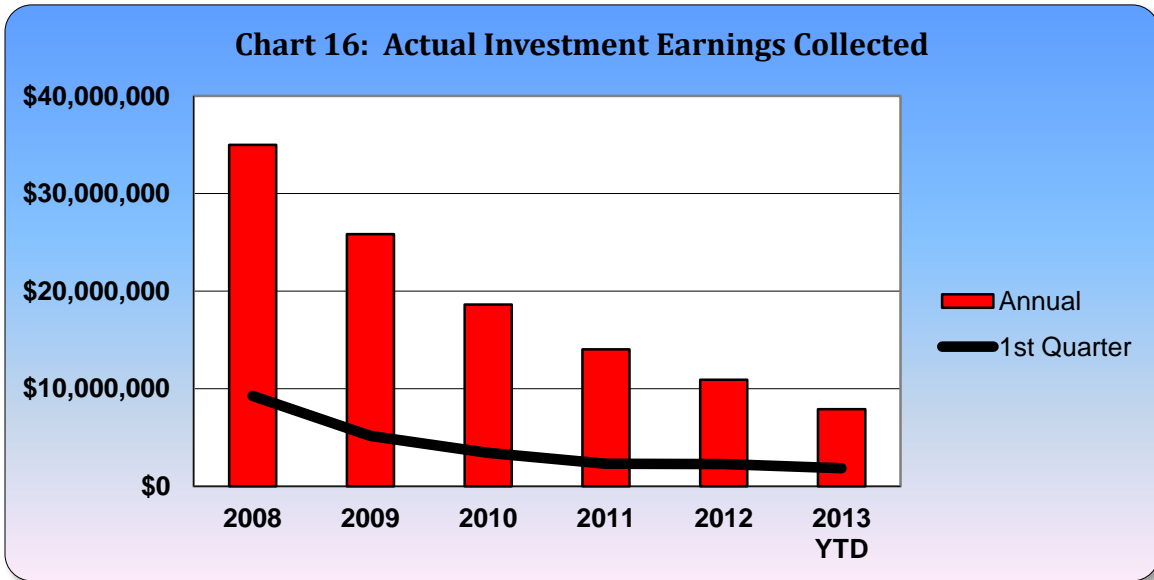
The revenue estimate for State Public Defender reimbursement in the 2013 approved budget was \$6,703,725. The 1st quarter collections are \$1,684,599 or 25.1% of the budgeted amount.

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 currently remain at 35.1% for 2013, but the Governor has requested to increase the reimbursement rate to 40% in the new state bi-annual budget. 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 2013 revenue estimate by the Treasurer's Office for Investment Earnings was \$7,900,000. When comparing 2012 actuals to 2013 estimates, Investment Earnings for Franklin County are expected to decrease by 28%. As of March 31, 2013, Franklin County has collected \$1,859,457 or 23.5% of budget. In 2012, as of the 1st quarter, Franklin County earnings reflected 20.2% of the year-end totals. The County's investment portfolio in 2012 was at an average of approximately \$950 million, with \$890 million allocated to the core portfolio and \$60 million in the liquid portfolio.



The 2013 approved budget also included interest earnings within the Franklin County Clerk of Courts. The 2013 interest earnings budget for the Clerk's Office is \$21,000, compared to interest earnings of \$43,897 actually received in 2012. The 2013 revenue estimate for the Clerk's Office attempted to take into account current economic circumstances. In the 1st quarter 2013, actual collections were \$7,516, which was 36% of budget.

General Fund - 1st Quarter Summary

Revenue Sources	Revised 2013 Budget	Q1 YTD Actual	Q2 - Q4 Projections	Estimated YE Variance	Estimated YE Var (%)
Major Revenue Sources:					
1) Sales Taxes	\$ 146,444,000	\$ 39,264,131	\$ 108,214,075	\$ 1,034,206	0.7%
2) Real Estate Tax	38,570,561	18,260,591	20,309,970	-	0.0%
3) Conveyance Fees	7,510,504	1,888,452	7,063,421	1,441,369	19.2%
4) Housing of Prisoners	8,035,000	2,082,125	5,952,875	-	0.0%
5) General Fees	8,180,000	2,134,019	6,402,056	356,075	4.4%
6) Local Government Allocation	12,093,304	2,856,282	9,237,022	-	0.0%
7) State Public Defender Reimbursement	6,703,725	1,684,599	5,019,125	-	0.0%
8) Investment Earnings	7,921,020	1,870,032	6,050,988	-	0.0%
9) Casino Tax Revenue	8,947,084	1,364,788	7,582,297	-	0.0%
Major Revenue Sources Subtotal	\$ 244,405,198	\$ 71,405,019	\$ 175,831,828	\$ 2,831,649	1.2%
Other Revenues	34,930,538	9,943,097	24,679,866	(307,575)	-0.9%
Total General Fund Revenue	<u>\$ 279,335,736</u>	<u>\$ 81,348,116</u>	<u>\$ 200,511,694</u>	<u>2,524,074</u>	<u>0.9%</u>

Expenditure Categories	Revised 2013 Budget	Q1 YTD Actual	Q2 - Q4 Projections	Estimated YE Variance	Estimated YE Var (%)
1) Personal Services	\$ 133,090,981	\$ 30,796,885	\$ 101,375,719	\$ 918,378	0.7%
2) Fringe Benefits	56,791,278	12,625,609	\$ 42,391,084	1,774,585	3.1%
3) Materials & Services	58,663,494	14,369,585	45,863,996	(1,570,087)	-2.7%
4) Capital Outlays	1,401,927	18,997	1,282,930	100,000	7.1%
5) Grants	16,909,383	4,366,824	12,495,414	47,145	0.3%
6) Interfund	33,013,022	6,476,158	25,710,902	825,961	2.5%
Total General Fund Expenditures excluding Contingency	\$ 299,870,086	\$ 68,654,059	\$ 229,120,046	\$ 2,095,982	0.7%
7) Contingency	5,424,895	-	-	5,424,895	100.0%
Total General Fund Expenditures	<u>\$ 305,294,981</u>	<u>\$ 68,654,059</u>	<u>\$ 229,120,046</u>	<u>\$ 7,520,877</u>	<u>2.5%</u>

General Fund Net Cash Variance \$ 10,044,951 3.3%

Notes:

Other Revenues include a \$3.5 million interfund loan repayment from the Hall of Justice Rehabilitation Fund
 Q2 - Q4 Projections include new class of non-OPOTA deputies and 7 new civilian communication technician supervisors
 Q2 - Q4 Projections include \$1.5 million in Materials & Services related to capital maintenance projects in the CIP