General Fund
Long-Term Financial Forecast (2012 – 2016)
Baseline Forecast

The economic outlook for governments was gathered primarily from Moody's Analytics (Moody's) and the Congressional Budget Office (CBO). Moody's and the CBO base their outlook on a variety of information sources, including the Department of Commerce, the Bureau of Economic Analysis, the Department of Labor, the Bureau of Labor Statistics and the Federal Reserve Board.

The primary inflationary assumptions utilized in the long-term forecast are the Consumer Price Index (CPI), Core CPI, and the Employment Cost Index (ECI). The estimates included in the forecast are:

	CPI	**Core CPI**	**ECI**
2014	2.7%	1.8%	3.0%
2015	2.7%	1.9%	3.2%
2016	2.6%	2.1%	3.3%
Source	Moody's	CBO	Moody's

Revenues

The forecast base is the 2013 approved budget amount, with the amounts for sales tax, conveyance fees, and general fees adjusted to reflect the growth over the 1st quarter of 2013, though Casino Tax Revenue is forecasted to be 10% below the budgeted amount. Revenues are inflated for the 2014 – 2016 period based on the revenue source. The base assumptions for the revenue forecast are:

- Sales Tax – 5.0% increase in 2014 and 5.8% increase in 2015, and 4.5% in 2016 (expected increase in retail sales within Franklin County; Source: Moody's)
- Property Tax –no growth in 2014, 6.2% increase in 2015 (triennial update), and 2.2% increase in 2016
- General Fees, Housing of Prisoners, Permissive Transfer Taxes, Conveyance Fees, Service Fees and Charges, Public Defender Reimbursement, Miscellaneous Revenue and Interfund Revenue – CPI
- Board of Elections – Includes $2.0 million in 2014 and 2016 related to the reimbursement received from municipalities for the prior year elections pursuant to statute
- Licenses and Permits, Assessment Fees, Fines and Forfeitures, Intergovernmental Revenue, Investment Earnings, Other Financing Sources – No growth

Expenditures

The forecast base is the 2013 approved budget amount less 2.8%, which is based on the average percentage of lapsed appropriations during the previous five years (2008 - 2012). Expenditures are inflated based on the type of expenditure. If significant non-recurring expenditures were included in the 2013 approved budget, the amounts for 2014 - 2016 were adjusted to reflect the reduction. Likewise, the amounts for 2014 – 2016 include significant items based on contractual obligations that are not reflected in the 2013 approved budget (such as $1.5 million for the Prosecutor's case management system). The base assumptions for the expenditure forecast are:

- Personnel Expenses – ECI
- Health Care Expenses and Employee Contribution – 8.0% annual increase
- Utilities – 0.4% increase in 2014, 0.5% increase in 2015, and 5.1% increase in 2016 (Source: EIA), plus savings of $0.4 million per year for the purchase of electricity from an energy service provider.
- Fuel – 0.8% decrease in 2014, no growth in 2015, and 1.5% increase in 2016 (Source: EIA)
- Materials, Services, and Capital Outlays – Core CPI
- Debt Service – Actual debt service obligations plus an estimate of $1.9 million annually from 2014 – 2016 for the debt service requirements related to the rehabilitation and renovation of the Hall of Justice and $0.3 million annually for the construction of the Sheriff's Training Academy.
- Grants – No Growth, with adjustments for changes in long-term contractual obligations
- Interfund, Contingency – No Growth

General Fund
Long-Term Financial Forecast (2012 – 2016)
Baseline Forecast

Summary of Changes from the April 5, 2013 Forecast

- The forecast base for sales tax in 2013 was increased by $553,058 to reflect the positive variance in April collections. The impact of this change on the ending cash balance as of December 31, 2016 is an increase of approximately $2.4 million.
- The forecast base for casino tax revenue was decreased by 10% or $894,807, based on year-to-date receipts and the recent revenue declines reported at all four casinos. The impact of this change on the ending cash balance as of December 31, 2016 is a decrease of approximately $3.6 million.
- The forecast for electricity was decreased by of $0.4 million per year from 2014 to 2016 to reflect the savings from the purchase of electricity from an energy service provider. The impact of this change on the ending cash balance as of December 31, 2016 is an increase of approximately $1.2 million.
- The total impact of the above change on the ending cash balance as of December 31, 2016 is an increase of $11,367.

Impact of the State Biennial Budget on the Baseline Forecast

- The recently passed state biennial budget included an increase in the public defender reimbursement rate from 35% to 40%. This is expected to increase revenue in the General Fund by approximately $900,000 per year. However, this is expected to be more than offset by the continuing declines in the casino tax revenue. At this time, it appears that the enacted state biennial budget will have no other material impact on the General Fund. As a result, no changes are required to be made to the baseline General Fund forecast.

General Fund
Long-Term Financial Forecast (2012-2016)
Baseline Forecast

Summary of Revenues and Expenditures*	**2012**	**2013**	**2014**	**2015**	**2016**
Total Revenue	$282,549,887	$278,276,006	$289,028,554	$299,526,670	$311,088,660
Total Expenditures	$296,301,444	$295,470,489	$307,291,051	$314,657,479	$324,280,004
Utilization of Reserves	**($13,751,557)**	**($17,194,484)**	**($18,262,496)**	**($15,130,809)**	**($13,191,344)**

Ending Cash Balance					
General Fund – Unrestricted Cash	$118,964,382	$101,769,898	$83,507,402	$68,376,593	$52,820,249
General Fund – Economic Stabilization	$14,517,000	$14,517,000	$14,517,000	$14,517,000	$14,517,000
27th Pay Reserve Fund**	$600,000	$600,000	$600,000	$600,000	$600,000
Risk Management Fund	$1,709,927	$1,379,927	$1,049,927	$719,927	$389,927
Stadium Pledge Fund	$3,643,596	$3,643,596	$3,643,596	$3,643,596	$3,643,596
Hotel Pledge Fund	$10,082,384	$10,082,384	$10,082,384	$10,082,384	$12,447,384
TOTAL	**$149,517,289**	**$131,992,805**	**$113,400,309**	**$97,939,500**	**$84,418,156**

2016 Cash Balance:	$84,418,156	
Target Cash Balance:	$116,416,522	35.9% of Expenditures (S&P)
Difference:	($31,998,365)	

*Expenditures exclude transfers to Hotel Pledge Fund in 2012 ($10,082,384) and 2016 ($2,365,000).
Revenues and Expenditures exclude amounts associated with the 1% sales tax administrative fee withheld by the State of Ohio in 2012 ($1,462,220).

**The next 27th pay for the County will occur in 2020.

Prepared by: Franklin County OMB

Meeting Date: July 12, 2013

General Fund
Long-Term Financial Forecast (2012 – 2016)
Baseline Forecast – Sensitivity Analysis

The following table provides the impact of a one percentage point increase in each of the inflationary factors used in the baseline forecast. The table includes the total change on the ending cash balance as of December 31, 2016.

Inflationary Factor	TOTAL
Consumer Price Index (CPI)	$3.1 million
Core CPI	($3.2 million)
Employment Cost Index (ECI)	($9.5 million)
Healthcare	($2.4 million)
Employee Contribution	$0.3 million
Flat	($0.5 million)
Gasoline & Fuel	($0.1 million)
Property Tax	$2.1 million
Sales Tax	$9.6 million
Utilities	($0.3 million)
Percent of Budget Spent	($9.6 million)

For example, a change in the Core CPI from 1.8% to 2.8% in 2014, 1.9% to 2.9% in 2015, and 2.1% to 3.1% in 2016 would decrease the ending cash balance by $3.2 million, from $84.4 million to $81.2 million.

A change in the growth in sales tax revenue from 5.0% to 6.0% in 2014, 5.8% to 6.8% in 2015, and 4.5% to 5.5% in 2016 would increase the ending cash balance by $9.6 million, from $84.4 million to $94.0 million.