

GENERAL FUND REVENUE ANALYSIS 2nd 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 January 2013, the vendor transmits all of the sales taxes collected to the state in February 2013. The state then transmits to the County its share of the sales tax revenue in April 2013. Therefore, the sales tax collections for the 2nd quarter of 2013 are based on the sales that occurred during the 1st quarter of 2013.

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.

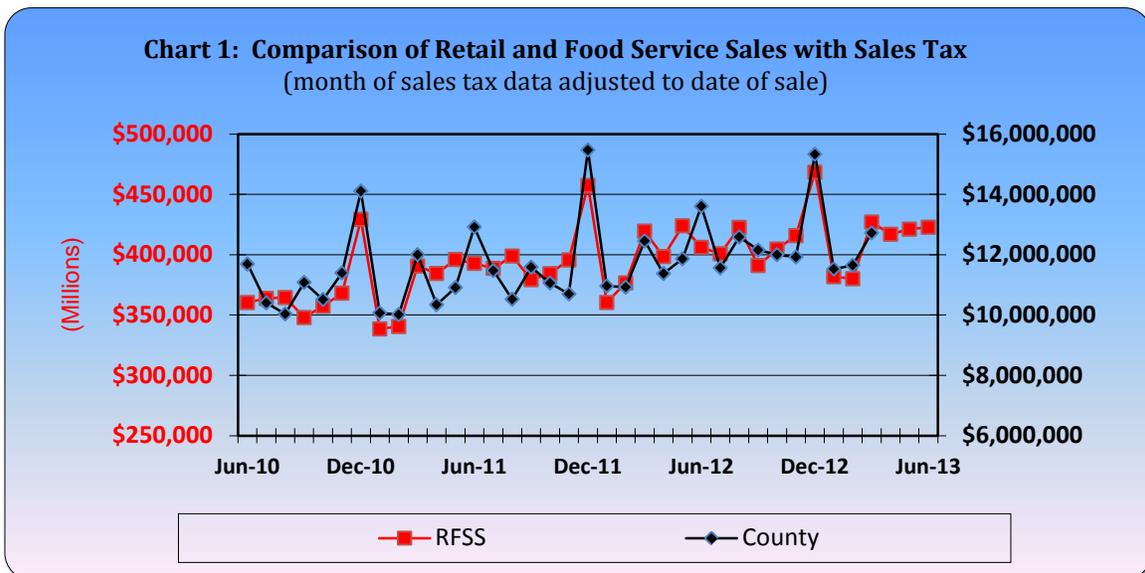


Chart 2 compares the year-over-year percentage change in monthly sales tax collections for Franklin County and the State of Ohio. As with the data in Chart 1, the sales tax information is plotted in the month that the sale actually occurred since the State receives the sales tax revenue in the month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

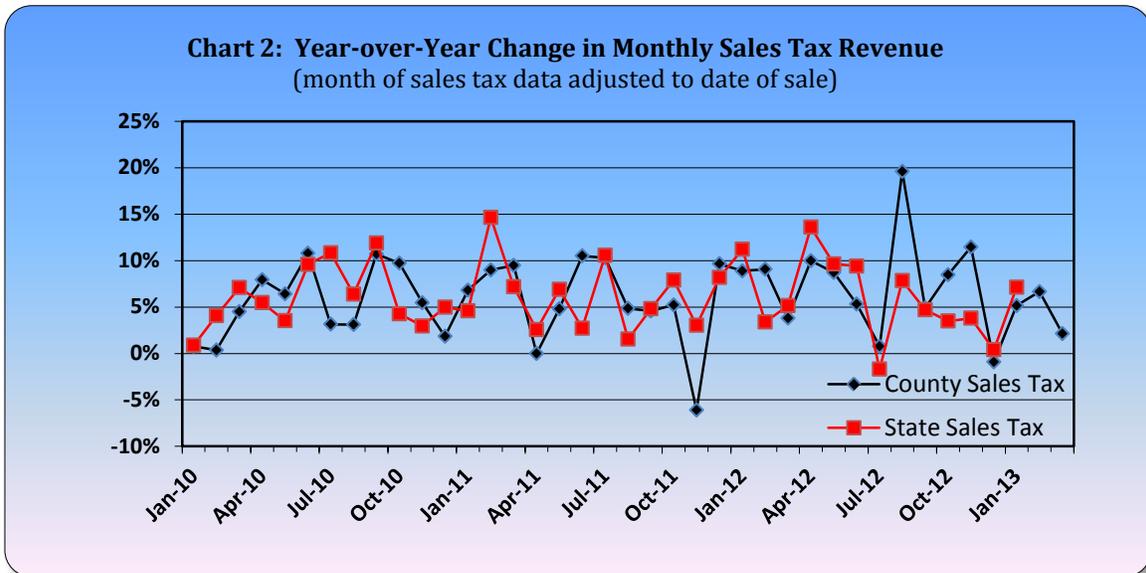
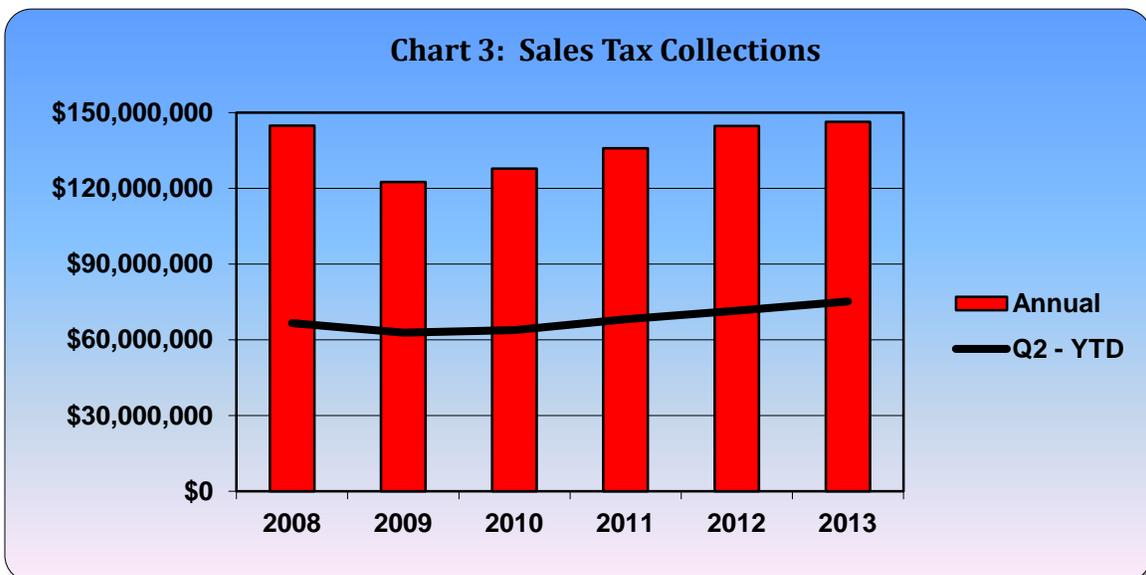


Chart 3 provides the annual sales tax collections, as well as collections through the end of the 2nd quarter for each year since 2008. As seen in the chart, the amount collected in the 2nd quarter of 2013 shows a significant improvement over the amounts from the previous five years. Note that the sales 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 2nd quarter of 2013 were for sales that occurred during the 1st quarter of 2013.



For the 2nd quarter of 2013, Franklin County collected \$35.9 million in sales tax. This represents a 3.6% increase from the 2013 estimate and a 3.1% increase from the actual 2012 collections. The amount collected in the 2nd quarter of 2013 is higher than any amount collected in the 2nd quarter during the previous five years.

Table 1 provides the comparison of the sales tax estimates with the actual sales tax collections for the 2nd 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 2nd quarter of 2013 were for sales that occurred during the 1st quarter of 2013.

Table 1: Franklin County Sales Tax collections versus estimates for 2013				
Month	2013 Estimate	2013 Actual	Monthly Variance	Percentage Variance
April	\$10,975,556	\$11,528,614	\$553,058	5.0%
May	\$10,928,666	\$11,653,463	\$724,797	6.6%
June	\$12,765,400	\$12,725,879	(\$39,521)	-0.3%
2nd Quarter	\$34,669,622	\$35,907,956	\$1,238,335	3.6%
YTD TOTAL	\$72,899,547	\$75,172,087	\$2,272,540	3.1%

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 second three months of 2012 to the second three months of 2013. The average percentage change of the eight other counties in Table 2 below was an increase of 2.6% from the previous year, while the collections in Franklin County reflect an increase of 4.5% from the previous year.

Table 2: Change in Sales Tax Collections Apr.-Jun. 2012 to Apr.-Jun. 2013	
County	Percent Change
Hamilton	10.4%
Licking	7.7%
Delaware	7.1%
Franklin	4.5%
Montgomery	4.2%
Fairfield	3.6%
Cuyahoga	3.5%
Lucas	-1.4%
Union	-16.2%

Due to the continuing strength in sales tax collections during the 2nd quarter of 2013, OMB recommends increasing the sales tax estimate in the 2013 approved budget by \$1.2 million, the same amount as the year-to-date variance for the 2nd quarter. This follows a revenue adjustment of \$1.0 million following the 1st quarter review. OMB recommends any further adjustment to the sales tax budget estimates be considered after the 3rd 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 were 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.

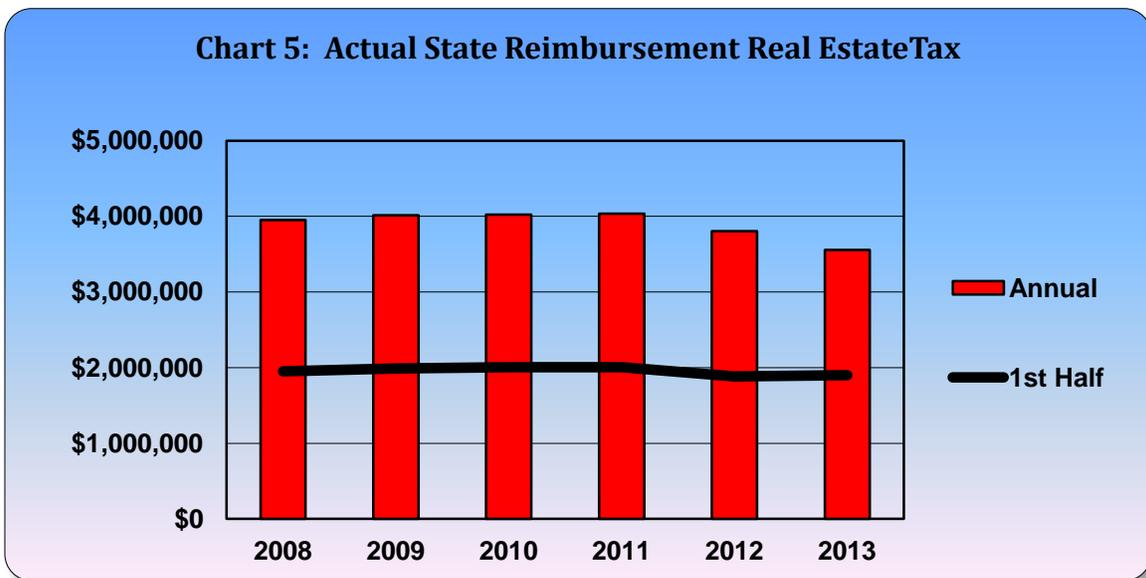
For the first half collection, Franklin County received \$18,260,591, which represents 52.2% of the revised budget amount of \$35,014,992.



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 half. The adjustment was based on estimates determined by the State and was 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 was 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.

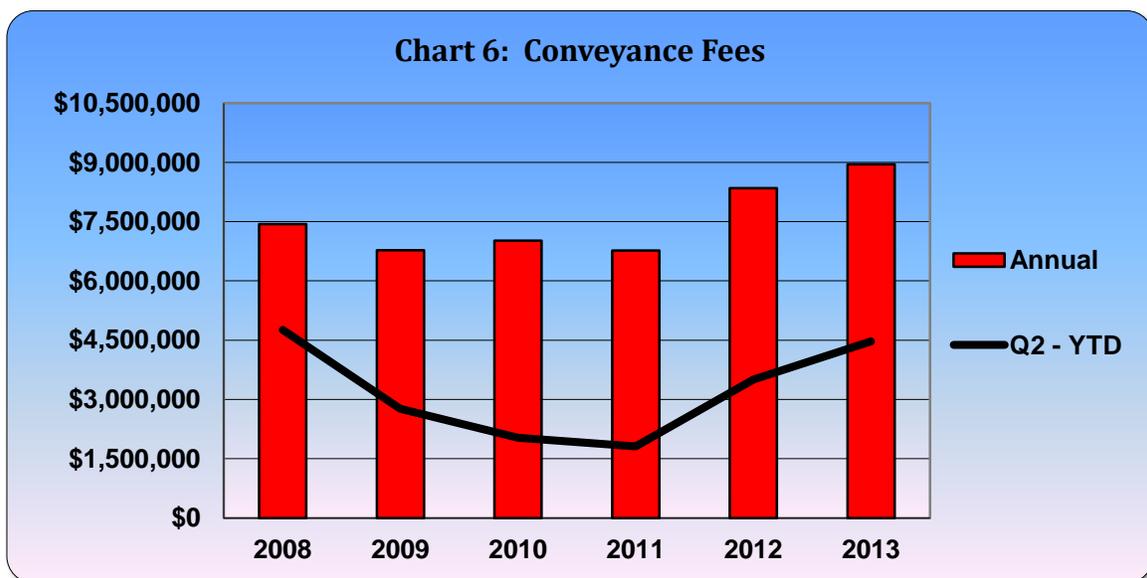
Conveyance Fees

Conveyance fees are based on property sales, of which Franklin County collects \$2 per \$1,000 of the sale amount. This includes the \$1 fee mandated by state law plus a \$1 permissive fee levied by the County. State law allows counties to levy a permissive fee of up to \$3, resulting in a maximum conveyance fee of \$4 per \$1,000 of the sale amount. Like Franklin County, Hamilton County also collects at the rate of \$2 per \$1,000 of the sale amount, while Montgomery and Cuyahoga counties collect \$3, and Lucas County collects \$4.

Sales of new and previously owned homes in the Columbus area through June 2013 were 10.4% higher than the same period from 2012 (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 June 2013 was 6.6% higher than June 2012.

Total conveyance fees collections (mandatory and permissive) in the 2013 approved budget were originally estimated at \$7,504,904. This revenue estimate has since been increased to \$8,951,873 in coordination with the Auditor's Office. The County has collected \$4,470,516 or 49.9% of the current revised budget amount through the end of the 2nd quarter.

The total amount of conveyance fees collected in the 2nd quarter reflects an increase of \$774,966 or 42.8% increase in receipts as compared to the 2nd 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.

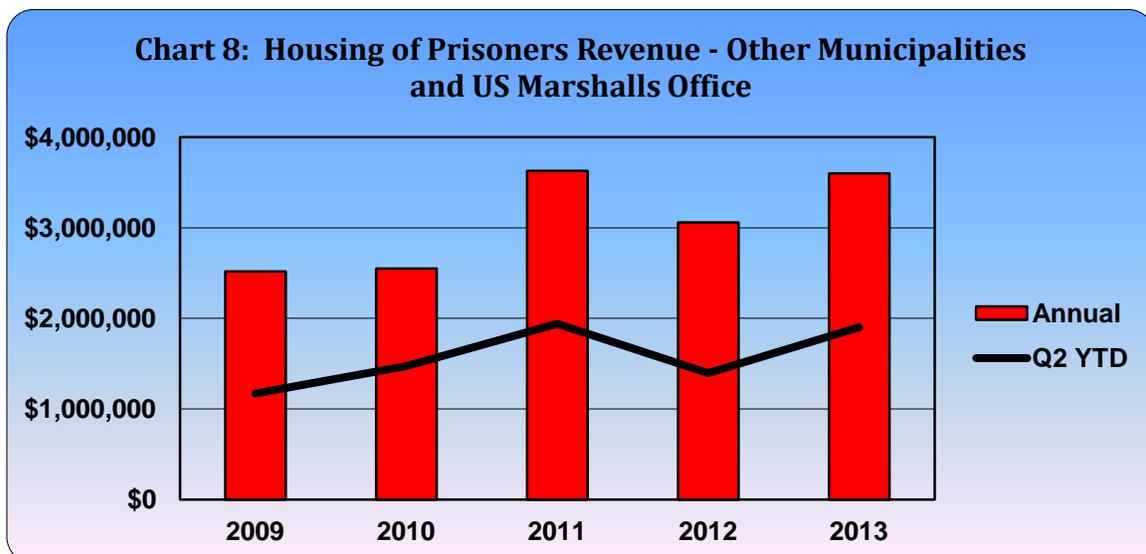
City of Columbus Housing of Prisoners

The 2013 budgeted revenue projection for the housing of prisoners for the City of Columbus is \$4,435,000. The current year-to-date collections are \$2,135,752 or 48.2% 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 current year-to-date collections are \$1,901,236 or 52.8% of budget.

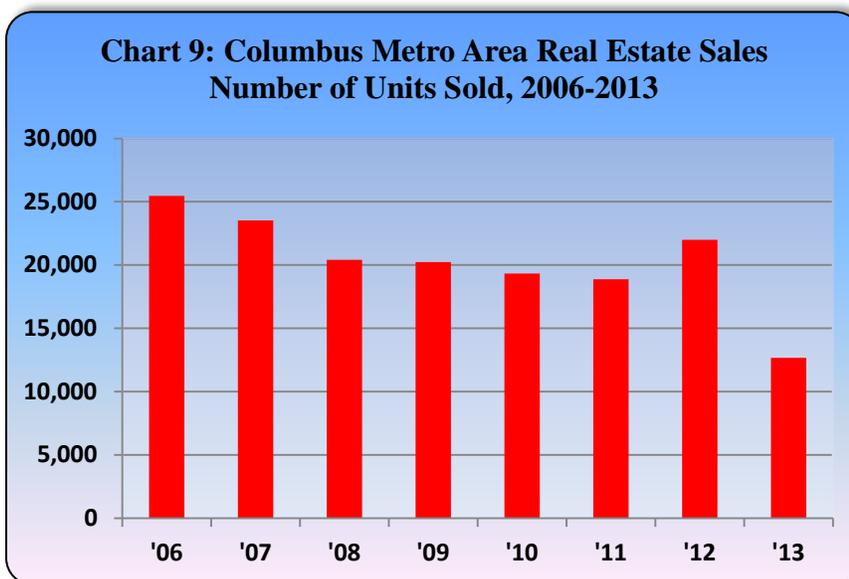


General Fees – Recorder

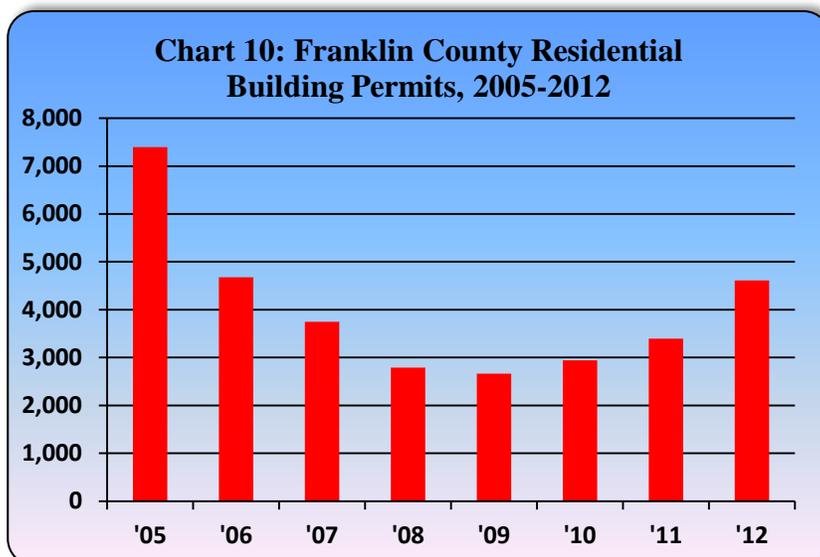
The Recorder’s Office makes records of the conveyance and encumbrance of land, and collects fees to file related documents. The Recorder’s Office deposits a portion of these fees in the General Fund (with the remainder going to the Recorder’s Equipment Fund and the State’s Housing Fund).

Revenue received from these fees generally declined from 2006

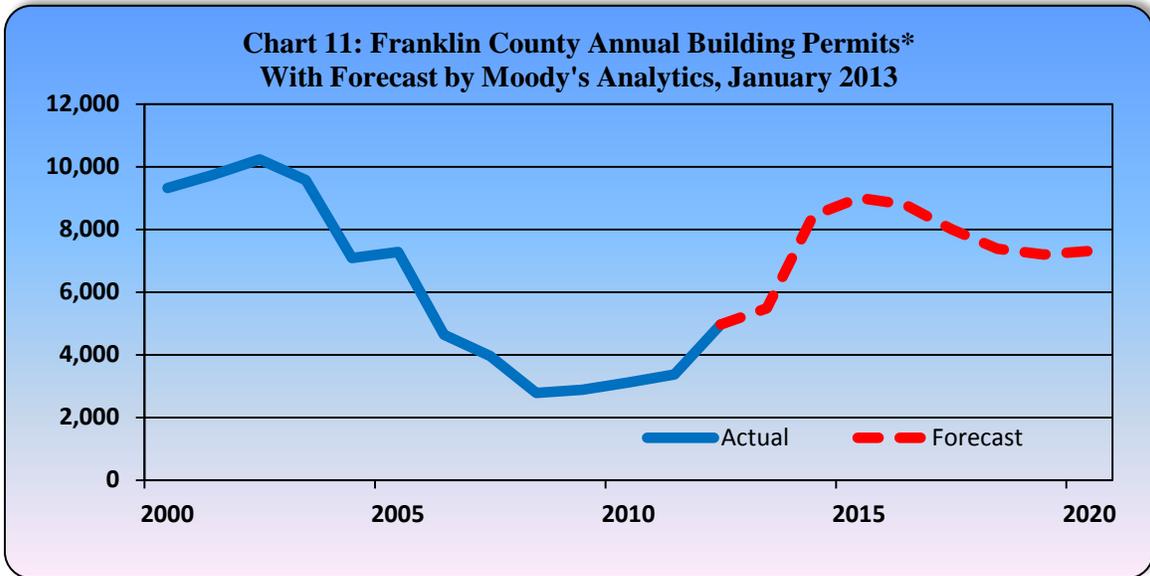
through 2011. This was the direct result of the mortgage crisis and decline of the real estate market in Ohio and the Nation. Sales in the Columbus Metropolitan Listing Area also generally decreased from 2006 through 2011. Since late 2011, however, there is considerable evidence that the real estate 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.



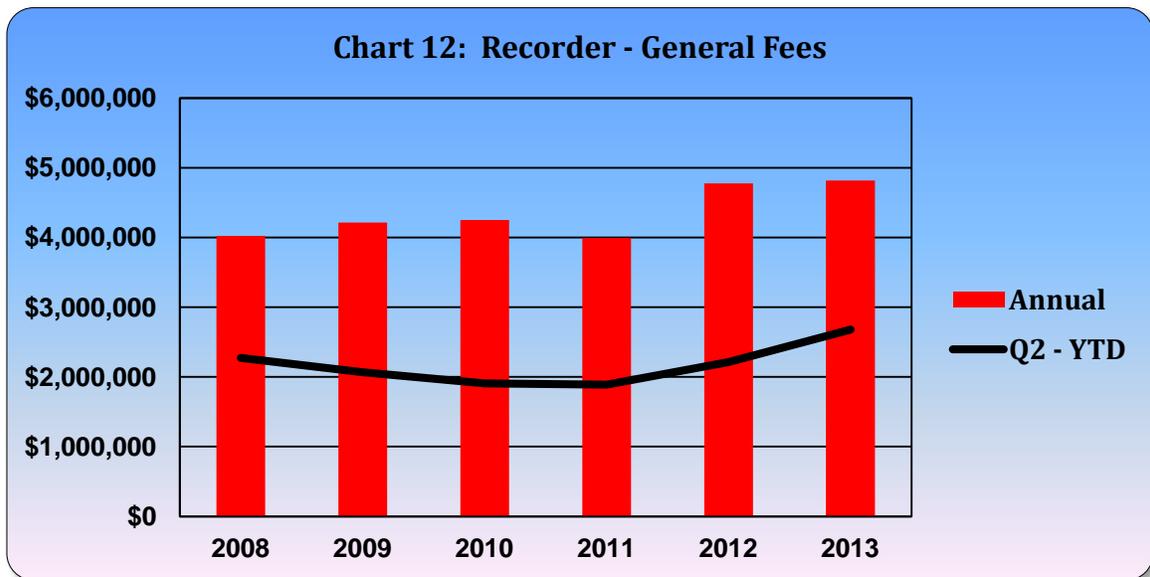
The issuance of building permits in Franklin County also declined from 2005 through 2009. In 2005, there were 7,284 building permits issued for residential units. By 2009, this figure had decreased to 2,661. 2010 saw an increase to 2,944, followed by 3,396 in 2011. Permits for 2012 were 4,611 – the highest level since 2006. Available data on building permits issued in first half of 2013 reflects the issuance of 3,144 permits in Franklin County as compared to 2,165 permits issued during the same two month period from 2012 which is a 45.2% increase.



The data for real estate sales and building permits issued suggest that the Columbus area real estate market continues 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:



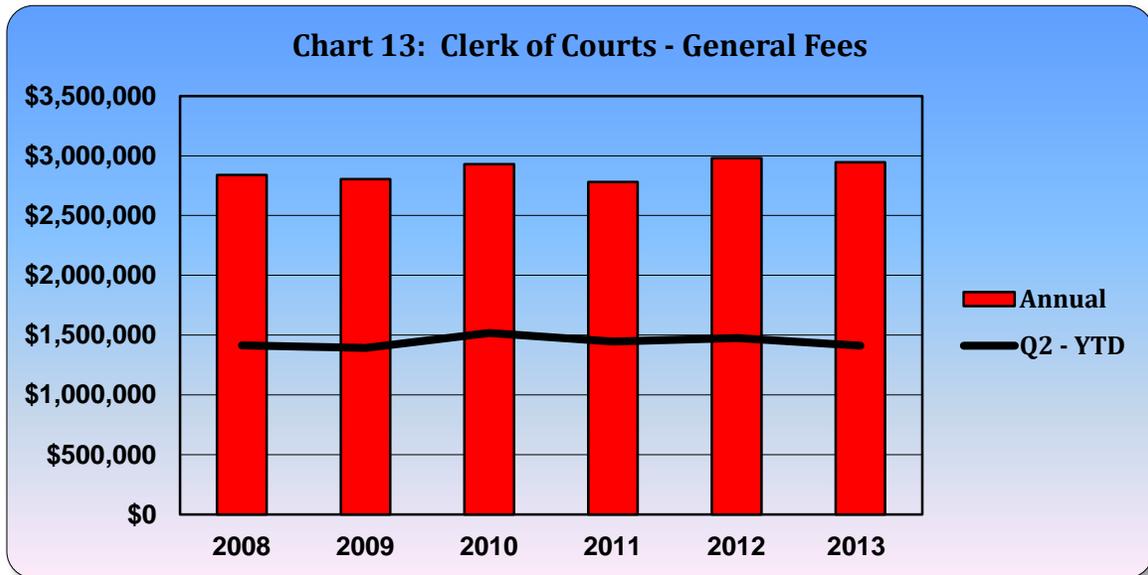
The 2nd quarter revenue collections for the Recorder’s Office were up substantially from the same period in 2012. In the 2nd quarter, revenue collections increased 26.6%, from \$1,182,371 in 2012 to \$1,377,444 in 2013. For consideration, annual collections from 2012 were higher than 2011 by \$1,337,539 (a 19.5% increase).



The higher than anticipated revenue collections for the 2nd 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.

General Fees – Clerk of Courts

The Clerk of Courts collects fees in the General Fund for each filing in the Clerk's Office.

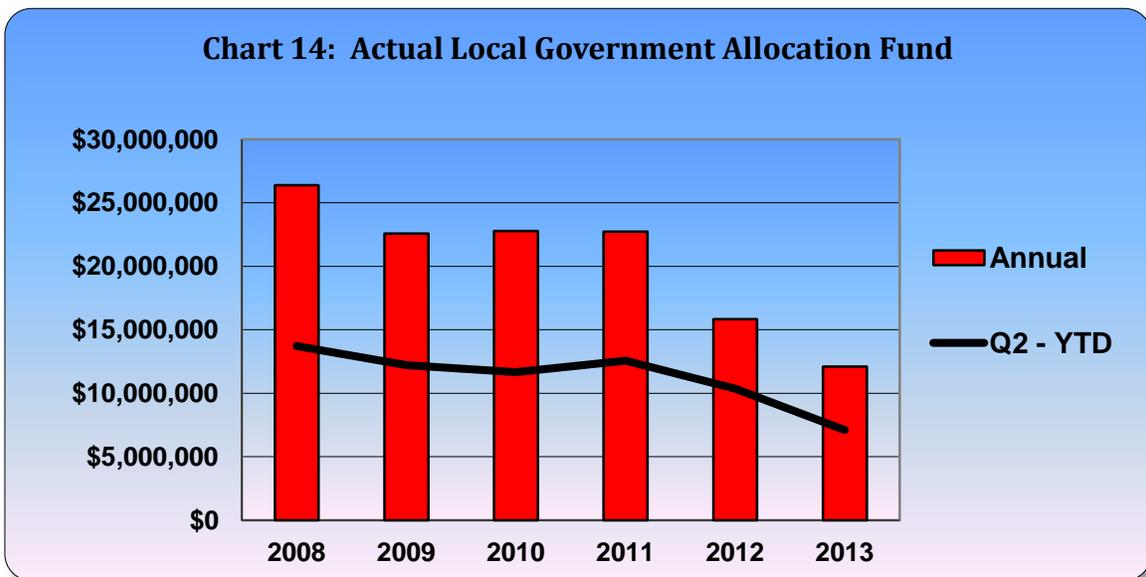


At the close of the 2nd quarter, the Franklin County Clerk of Courts General Fee revenue is \$1,411,024, or 47.9% of the 2013 revenue estimate of \$2,945,000. Based on 2nd quarter year-to-date revenue, general fee collections within the Clerk's Office could be slightly below 2013 budget by year end. No adjustments to revenue estimates are recommended for the Clerk's general fees at this time.

Local Government Fund Allocation

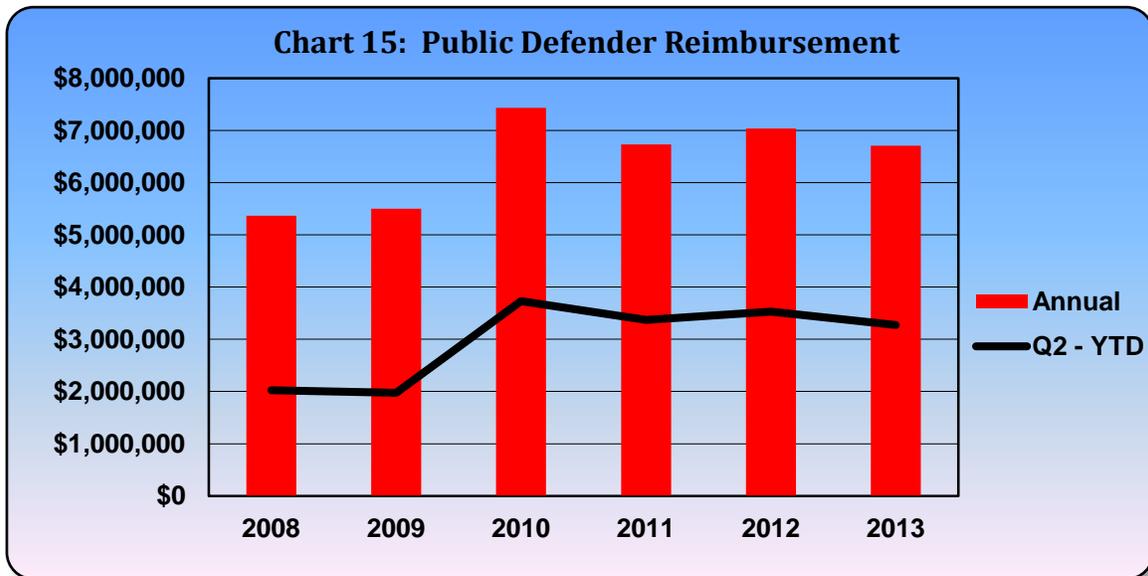
The Local Government Fund allocation from the State included in the 2013 approved budget for Franklin County was \$12,093,304, which is a \$3,729,362 or 23.6% reduction from 2012 actual receipts. As of June 30, 2013, \$7,091,691 or approximately 58.6% of the approved budget has been collected.

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.

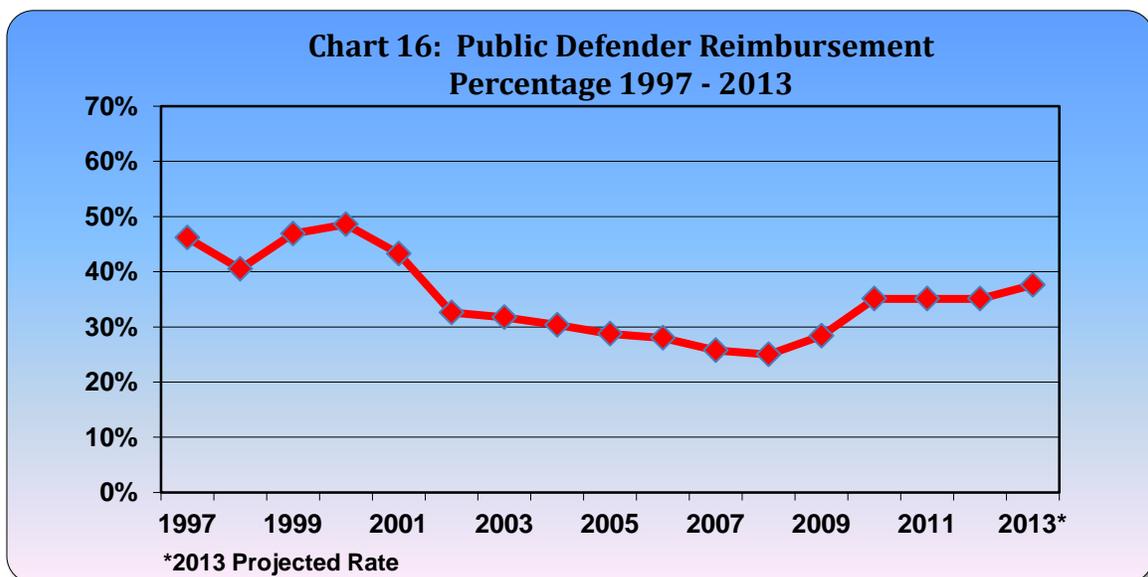


State Public Defender Reimbursement

The revenue estimate for State Public Defender reimbursement in the 2013 approved budget was \$6,703,725. The 2nd quarter collections are \$3,271,986 or 48.8% of the budgeted amount.

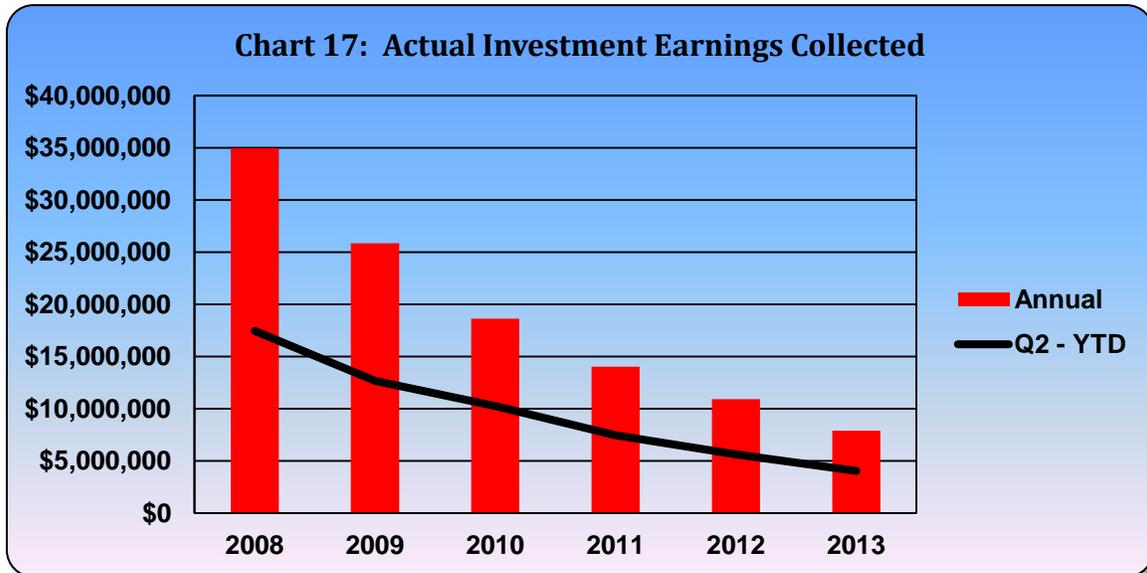


The State Public Defender's Office increased the reimbursement rate to 35.1% in September 2009; from the 25.0% that the County was previously receiving. This increase in the reimbursement rate was due to increased funding in the State's Indigent Defense Support Fund (IDSF). The State Public Defender's Office has indicated that the reimbursement rate will increase to 40% as of July 1, 2013 due to changes in the new state biennial budget. OMB will continue to monitor the revenue and will recommend any adjustments to revenue projections after the 3rd quarter. 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 27.6%. As of June 30, 2013, Franklin County has collected \$4,037,936 or 51.1% of budget. In 2012, year-to-date collections through the end of the 2nd quarter were \$5,633,123, which reflected 51.6% of the year-end totals. The County's average investment portfolio in 2013 is expected to be 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 2nd quarter 2013, actual collections were \$6,315, and year to date collections were \$13,831, which was 65.8% of budget.

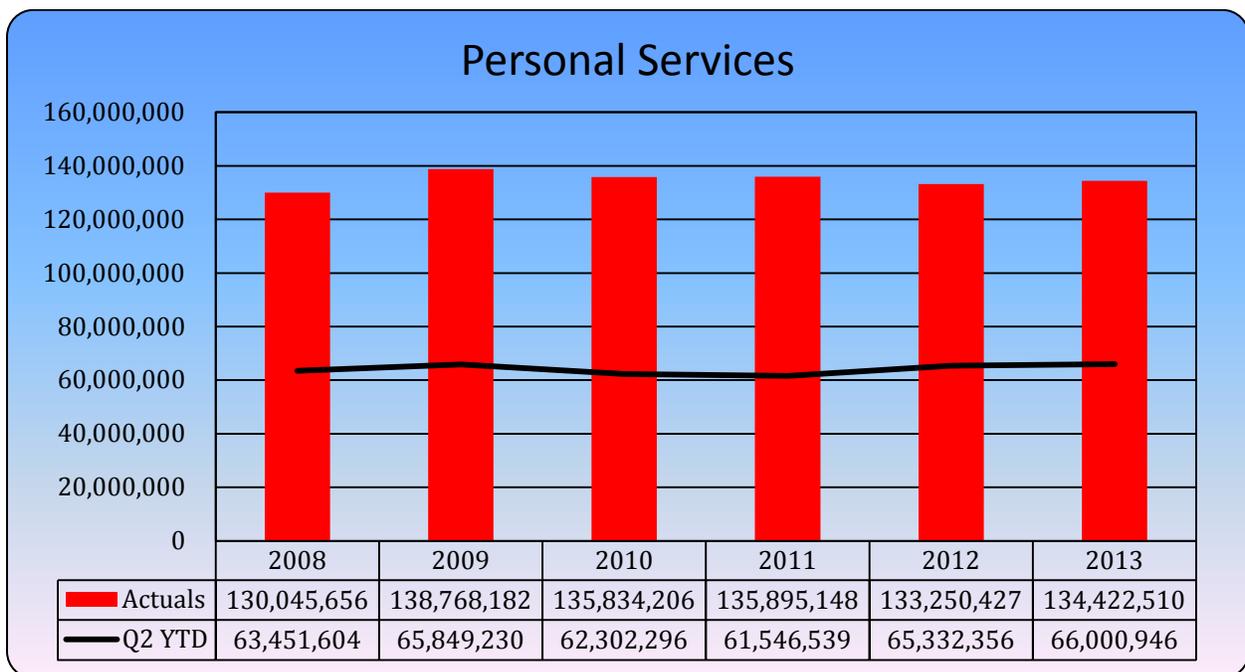
GENERAL FUND EXPENDITURE ANALYSIS 2nd Quarter – 2013

Personal Services

Year-to-date expenditures within Personal Services were \$66,000,946, which represent 49.4% of the budgeted amount for the year. For comparison, current year-to-date expenditures are \$668,340 or 1.0% above the prior year amount.

Of the amount expended through the end of the 2nd quarter:

- \$60,812,527 or 92.1% was related to salaries and wages. This amount was \$206,820 or 0.3% less than the amount for the comparable period in the prior year.
- \$1,775,385 or 2.7% was related to overtime. This amount was \$940,883 or 112.7% greater than the amount for the comparable period in the prior year. The increase is due primarily to an increase in overtime in the Sheriff's Office.
- \$1,356,868 or 2.1% was related to termination payouts of unused leave time. This amount was \$103,183 or 8.2% greater than the amount in the prior year.



*2013 Actuals represent revised budget.

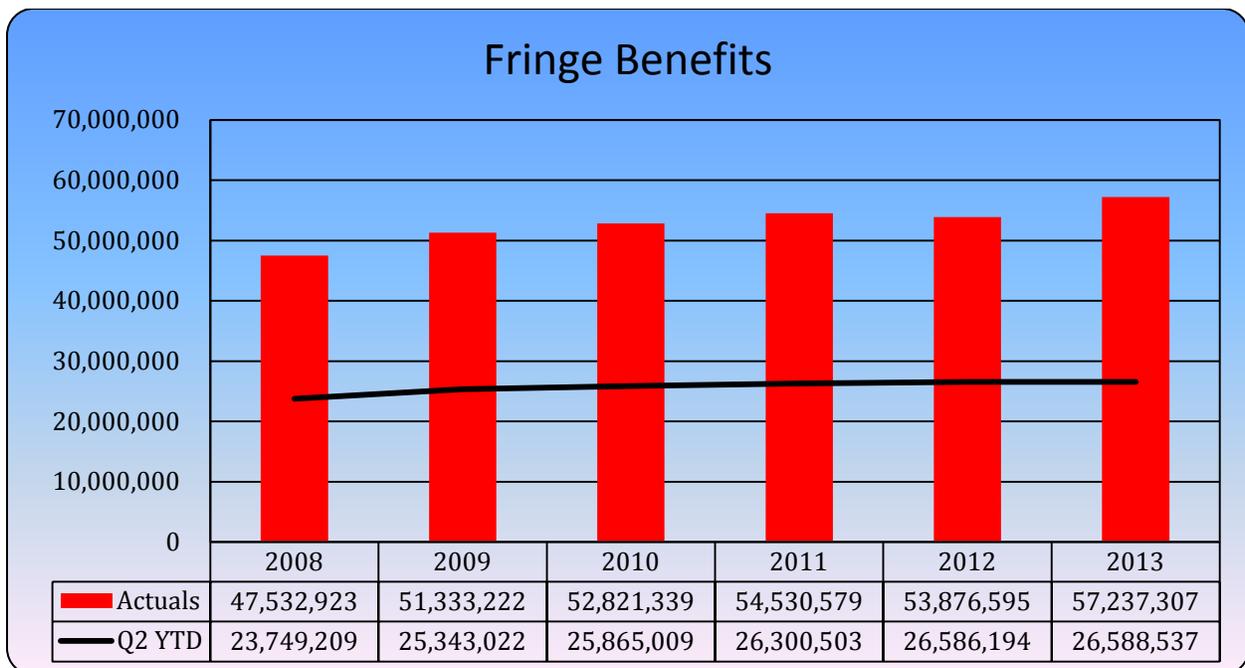
**2009 Actuals included a 27th pay period. All other years include 26 pay periods.

Fringe Benefits

Year-to-date expenditures within Fringe Benefits were \$26,588,797, which represent 46.5% of the budgeted amount for the year. For comparison, current year-to-date expenditures are \$2,564 or 0.0% above the prior year amount.

Of the amount expended through the end of the 2nd quarter:

- \$14,872,631 or 55.9% was related to healthcare (employer premiums less employee contribution). This amount was \$108,731 or 0.7% greater than the amount for the comparable period in the prior year.
- \$19,674,749 or 36.4% was related to OPERS contributions. This amount was \$92,795 or 1.0% greater than the amount for the comparable period in the prior year.
- \$771,951 or 2.9% was related to workers' compensation charges. This amount was \$290,251 or 27.3% less than the amount in the prior year.



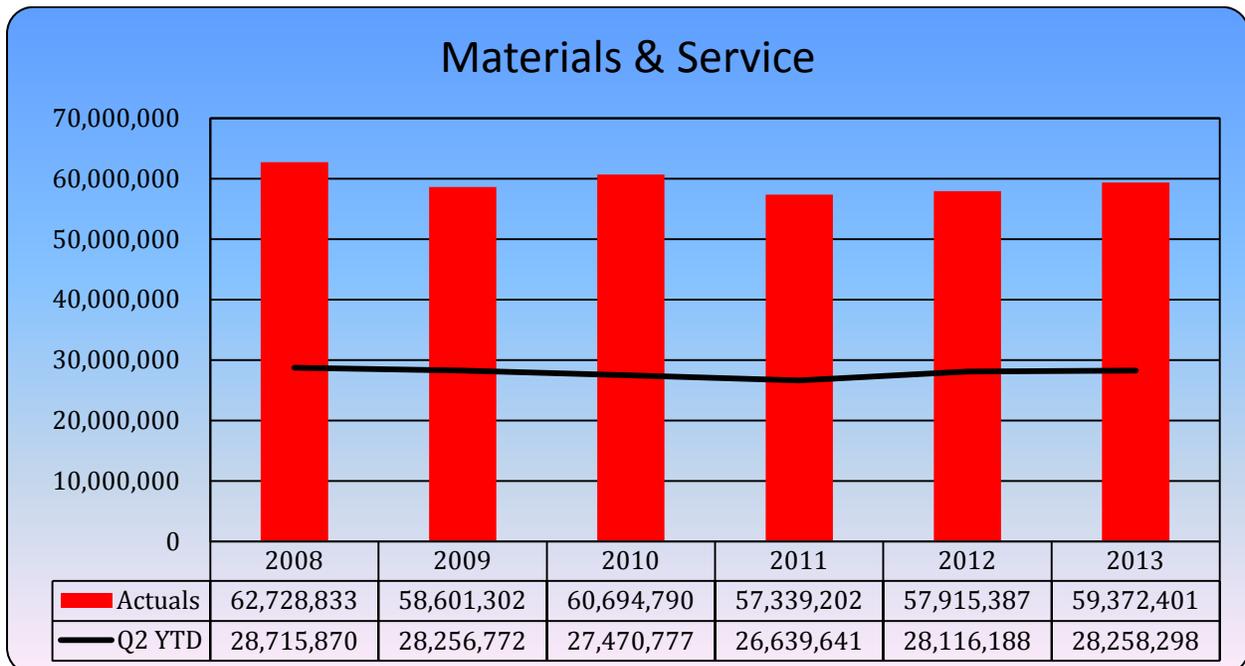
*2013 Actuals represent revised budget.

Materials & Services

Year-to-date expenditures within Materials & Services were \$28,258,298, which represent 47.6% of the budgeted amount for the year. For comparison, current year-to-date expenditures are \$177,176 or 0.6% above the prior year amount.

Of the amount expended through the end of the 2nd quarter:

- \$5,642,769 or 20.0% was related to various purchased personal services. This amount was \$841,106 or 13.0% less than the amount for the comparable period in the prior year.
- \$3,648,182 or 12.9% was related to appointed counsel. This amount was \$163,583 or 4.3% less than the amount for the comparable period in the prior year.
- \$3,189,999 or 11.3% was related to maintenance and repair charges. This amount was \$198,701 or 6.6% greater than the amount for the comparable period in the prior year.
- \$2,989,736 or 10.6% was related to utilities. This amount was \$209,161 or 7.5% greater than the amount in the prior year.



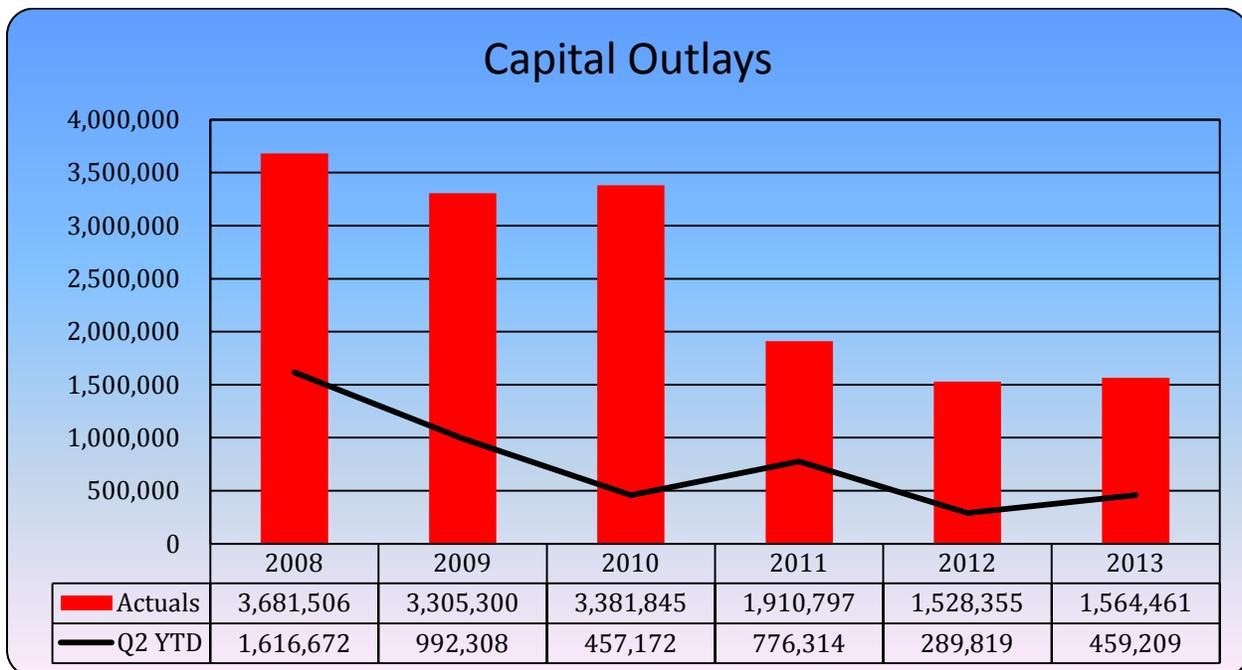
*2013 Actuals represent revised budget.

Capital Outlays

Year-to-date expenditures within Capital Outlays were \$459,209, which represent 29.4% of the budgeted amount for the year. For comparison, current year-to-date expenditures are \$169,390 or 58.4% above the prior year amount.

Of the amount expended through the end of the 2nd quarter:

- \$228,806 or 49.8% was related to equipment leases. This amount was \$1,018 or 0.4% greater than the amount for the comparable period in the prior year.
- \$97,629 or 21.3% was related to the purchase of medical equipment (a mass spectrometer by the Coroner's Office). There were no expenditures for the comparable period in the prior year.
- \$67,107 or 14.6% was related to the purchase of vehicles. There were no expenditures for the comparable period in the prior year.



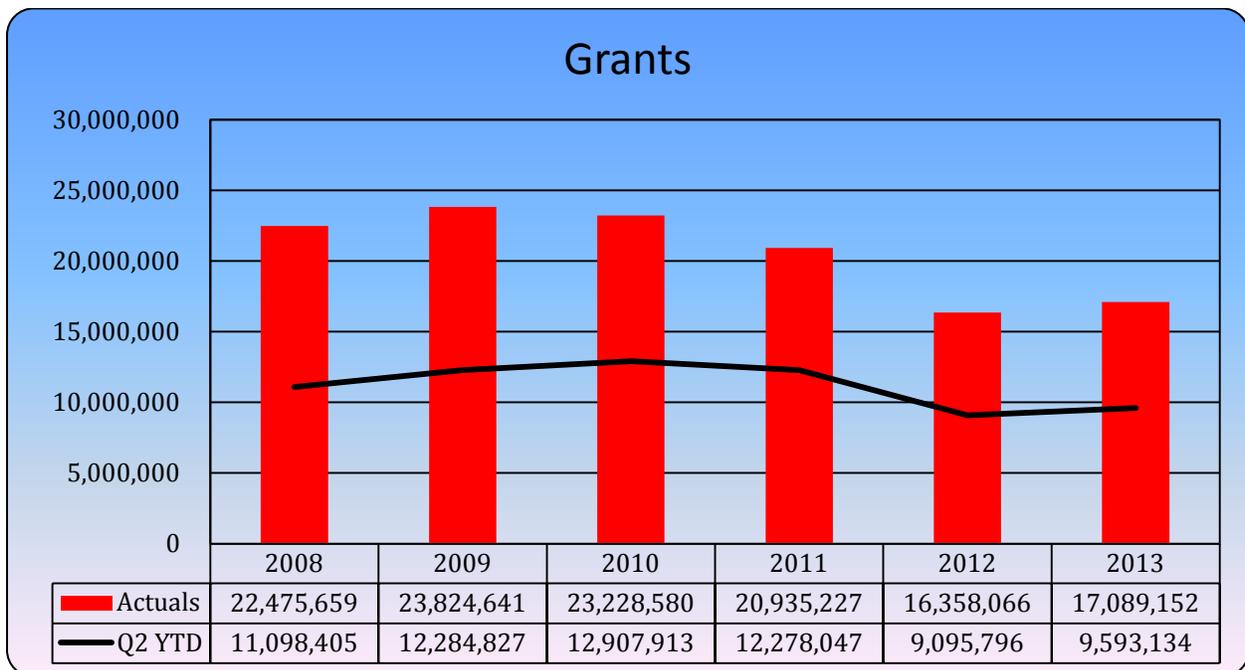
*2013 Actuals represent revised budget.

Grants

Year-to-date expenditures within Grants were \$9,593,134, which represent 56.1% of the budgeted amount for the year. For comparison, current year-to-date expenditures are \$497,338 or 5.5% above the prior year amount.

Of the amount expended through the end of the 2nd quarter:

- \$4,477,804 or 46.7% was related to grants to non-profit organizations. This amount was \$7,448 or 0.2% less than the amount for the comparable period in the prior year.
- \$3,777,605 or 39.4% was related to grants to other governments. This amount was \$170,155 or 4.7% greater than the amount for the comparable period in the prior year.
- \$1,337,724 or 13.9% was related to grants to other providers (including rental assistance). This amount was \$334,631 or 33.4% greater than the amount in the prior year.



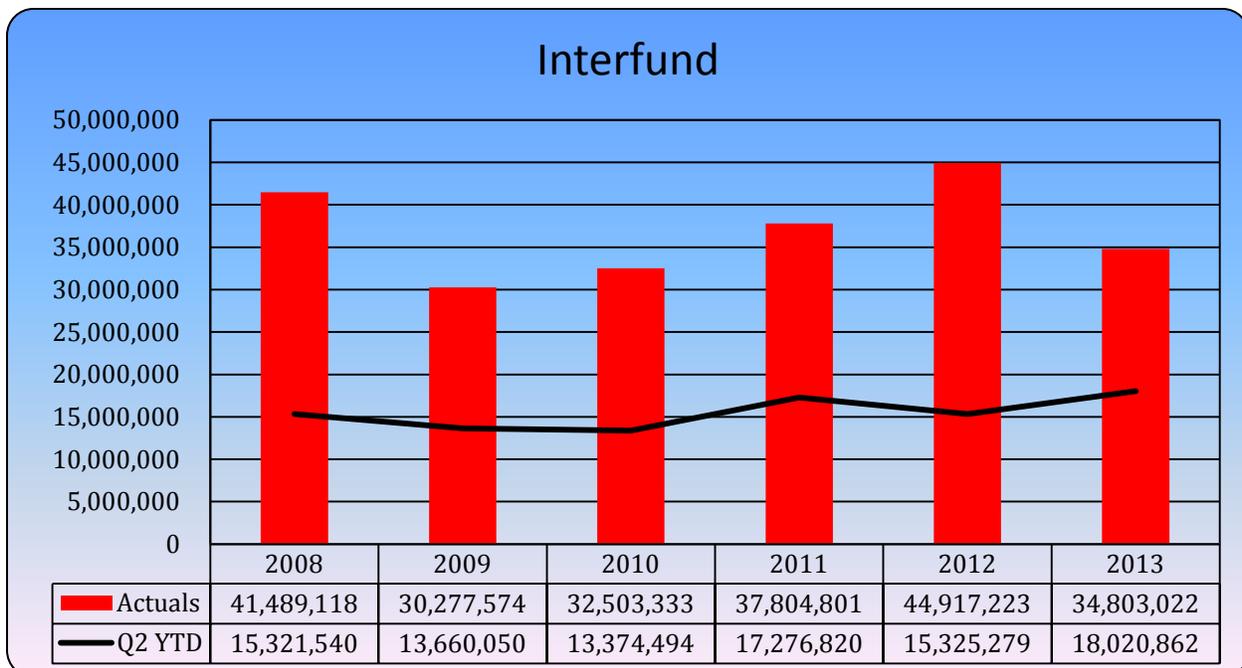
*2013 Actuals represent revised budget.

Interfund

Year-to-date expenditures within Interfund were \$18,020,862, which represent 51.8% of the budgeted amount for the year. For comparison, current year-to-date expenditures are \$2,695,582 or 17.6% above the prior year amount.

Of the amount expended through the end of the 2nd quarter:

- \$7,436,322 or 41.3% was related to operating transfers. This amount was \$800,088 or 12.1% greater than the amount for the comparable period in the prior year. The increase from the prior year is primarily due to the subsidy provided to the Child Support Enforcement Agency as a result of losing the ability to use federal incentive dollars for the local match.
- \$7,341,540 or 40.7% was related to debt service payments. This amount was \$679,762 or 10.2% greater than the amount for the comparable period in the prior year.
- \$3,243,000 or 18.0% was related to interfund loans. This amount was \$1,215,733 or 60.0% greater than the amount in the prior year. The increase from the prior year is primarily due to the loans provided to the Hall of Justice Fund prior to the issuance of the bonds for the project.



*2013 Actuals represent revised budget.

General Fund - 2nd Quarter Summary

Revenue Sources	Revised 2013 Budget	June YTD Actual	July - Dec. Projections	Estimated YE Variance	Estimated YE Var (%)
Major Revenue Sources:					
1) Sales Taxes	\$ 147,478,206	\$ 75,172,087	\$ 73,544,453	\$ 1,238,334	0.8%
2) Real Estate Tax	38,570,561	20,160,011	18,410,550	-	0.0%
3) Conveyance Fees	8,957,473	4,474,504	4,482,969	-	0.0%
4) Housing of Prisoners	8,035,000	4,036,988	3,998,012	-	0.0%
5) General Fees	8,599,310	4,505,326	4,505,326	411,342	4.8%
6) Local Government Allocation	12,093,304	6,238,740	5,854,564	-	0.0%
7) State Public Defender Reimbursement	6,703,725	3,271,986	3,431,739	-	0.0%
8) Investment Earnings	7,921,020	3,976,491	3,944,529	-	0.0%
9) Casino Tax Revenue	8,947,084	3,026,797	4,130,871	(1,789,417)	-20.0%
Major Revenue Sources Subtotal	\$ 247,305,683	\$ 124,862,929	\$ 122,303,013	\$ (139,741)	-0.1%
Other Revenues	35,897,950	15,392,212	20,850,355	344,617	1.0%
Total General Fund Revenue	<u>\$ 283,203,633</u>	<u>\$ 140,255,141</u>	<u>\$ 143,153,368</u>	<u>\$ 204,876</u>	<u>0.1%</u>

Expenditure Categories	Revised 2013 Budget	June YTD Actual	July - Dec. Projections	Estimated YE Variance	Estimated YE Var (%)
1) Personal Services	\$ 134,422,510	\$ 66,000,946	\$ 66,317,083	\$ 2,104,482	1.6%
2) Fringe Benefits	57,237,307	26,588,537	27,877,004	2,771,766	4.8%
3) Materials & Services	59,483,019	28,258,298	31,629,470	(404,750)	-0.7%
4) Capital Outlays	1,613,291	459,209	1,071,928	82,154	5.1%
5) Grants	17,089,152	9,593,134	7,478,873	17,145	0.1%
6) Interfund	34,803,022	18,020,862	16,409,265	372,895	1.1%
Total General Fund Expenditures excluding Contingency	\$ 304,648,302	\$ 148,920,985	\$ 150,783,624	\$ 4,943,692	1.6%
7) Contingency	2,436,680	-	-	2,436,680	100.0%
Total General Fund Expenditures	<u>\$ 307,084,981</u>	<u>\$ 148,920,985</u>	<u>\$ 150,783,624</u>	<u>\$ 7,380,372</u>	<u>2.4%</u>
General Fund Net Cash Variance				<u>\$ 7,585,248</u>	<u>2.5%</u>

Notes:

-Other Revenues include a \$5.3 million in interfund loan repayments from the Permanent Improvement and Hall of Justice Funds.

-July - Dec. Projections include new class of non-OPOTA deputies and 7 new civilian communication technician supervisors.

-July - Dec. Projections include \$1.0 million in Materials & Services related to capital maintenance projects in the CIP. The appropriations to support these projects will be transferred from Contingency in the 3rd quarter (Resolution No. 0564-13 on July 25).