



Commissioner Marilyn Brown • Commissioner Paula Brooks • Commissioner John O’Grady
 President

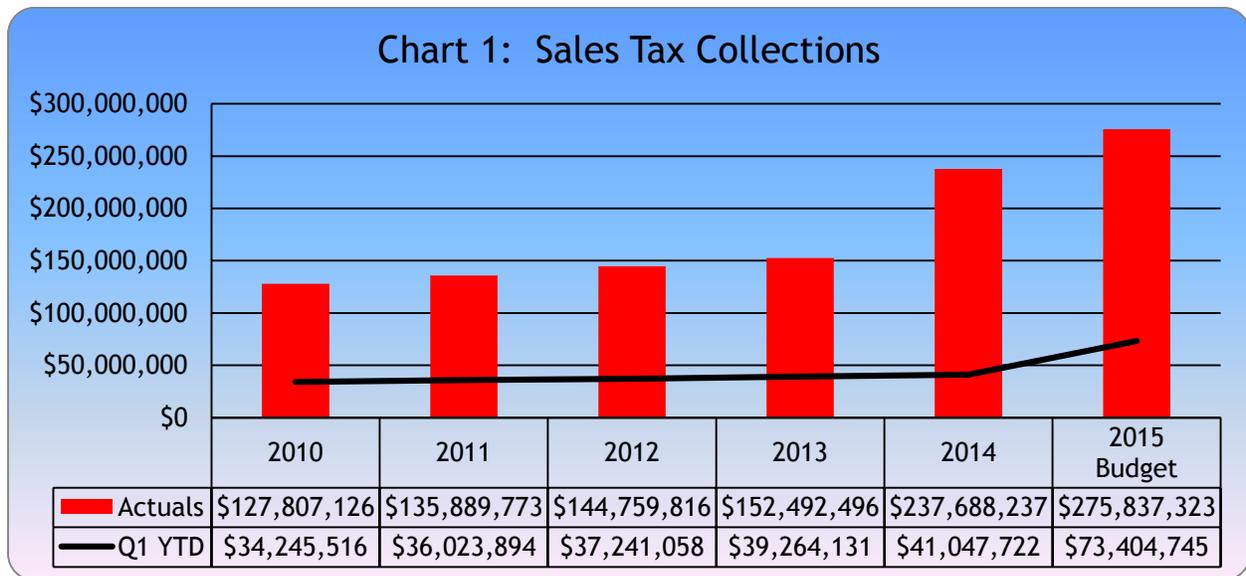
GENERAL FUND REVENUE ANALYSIS 1st Quarter - 2015

Sales Tax

Franklin County receives the revenue from its sales tax three months after the actual sale occurs. For example, for a sale made in December 2014, the vendor transmits all of the sales taxes collected to the state in January 2015. The state then transmits to the County its share of the sales tax revenue in March 2015. Therefore, the sales tax collections for the 1st quarter of 2015 are based on the sales that occurred during the 4th quarter of 2014. The County portion of the sales tax is 1.25%.

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 2015 approved budget. The revenue adjustment and the necessary appropriations to record this expenditure will be made at the end of the year.

Chart 1 provides the annual sales tax collections, as well as collections through the end of the 1st quarter for each year since 2010. As seen in the chart, the amount collected through the end of the 1st quarter of 2015 shows a significant improvement over the amounts from the previous five years.



For the 1st quarter of 2015, Franklin County collected \$73.4 million in sales tax, which is \$32.4 million or 78.8% greater than the collections from the 1st quarter of 2014. Excluding the change in the sales tax rate, sales tax collections represent a 7.1% increase from the amount collected in 2014, and a 3.2% increase from the 2014 estimate. Table 1 provides the comparison of the sales tax estimates with the actual sales tax collections for the 1st quarter.

Table 1: Franklin County Sales Tax collections versus estimates for 2015				
Month	2015 Estimate	2015 Actual	Monthly Variance	Percentage Variance
January	\$21,655,046	\$22,360,496	\$705,451	3.3%
February	\$22,182,550	\$23,208,309	\$1,025,759	4.6%
March	\$27,295,510	\$27,835,940	\$540,430	2.0%
1st Quarter	\$71,133,106	\$73,404,746	\$2,271,639	3.2%
YTD TOTAL	\$71,133,106	\$73,404,746	\$2,271,639	3.2%

In comparison to other Ohio metro and surrounding counties, Franklin County is below the median when comparing the change in sales tax collections from the 1st quarter of 2014 to the 1st quarter of 2015. The average percentage change of the eight other counties in Table 2 below was an increase of 5.5% from the previous year (8.5% when excluding Union County), while the collections in Franklin County (excluding the change in the sales tax rate) reflect an increase of 7.1% from the previous year.

Table 2: Change in Sales Tax Collections Jan.-Mar. 2014 to Jan.-Mar. 2015	
County	Percent Change
Montgomery	10.9%
Lucas	10.1%
Licking	9.0%
Cuyahoga	8.9%
Fairfield	8.8%
Hamilton	7.8%
Franklin*	7.1%
Delaware	5.1%
Union	-16.6%

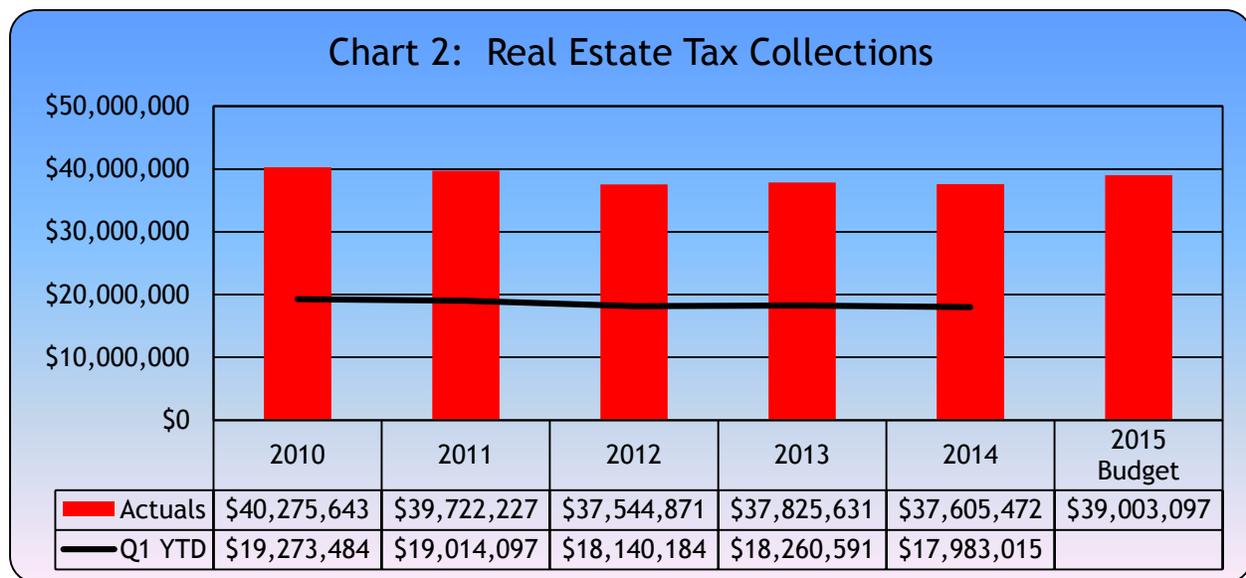
*Percent adjusted to exclude the change in the sales tax rate.

With 1st quarter sales tax revenues having come in above estimates, OMB recommends adjusting the sales tax estimate concurrently with the Board of Commissioners approval of the County's long range capital improvement plan. This will allow for current year projects in the plan to be supported by the positive variance in the sales tax collections.

Real Estate Tax

For Franklin County, first half real estate taxes were due January 30, 2015, while second half real estate taxes will be due June 20, 2015 (and distributed in August). State Real Estate Tax reimbursements include a 10% rollback on residential homeowner properties, an additional 2.5% rollback on owner occupied properties, and a rollback of property taxes on the first \$25,000 value of homestead properties. The state reimbursement is generally received one month after the settlement of the applicable real estate tax collection. As a result, this revenue is received in the 2nd and 3rd quarters.

Chart 2 below shows relatively no change in aggregate real estate and state reimbursement receipts from 2010 to 2011. However, the receipts from 2012 to 2014 were lower due to the decline in property values following the sexennial reappraisal performed in 2011. The amount collected in 2014 represents a 0.5% decrease (\$220,159) compared to the revenue collections in 2013. The increase from the 2014 Actual Collections to the 2015 Approved Budget of \$1,397,625 or 3.7% is associated with the triennial reappraisal that was performed in 2014.

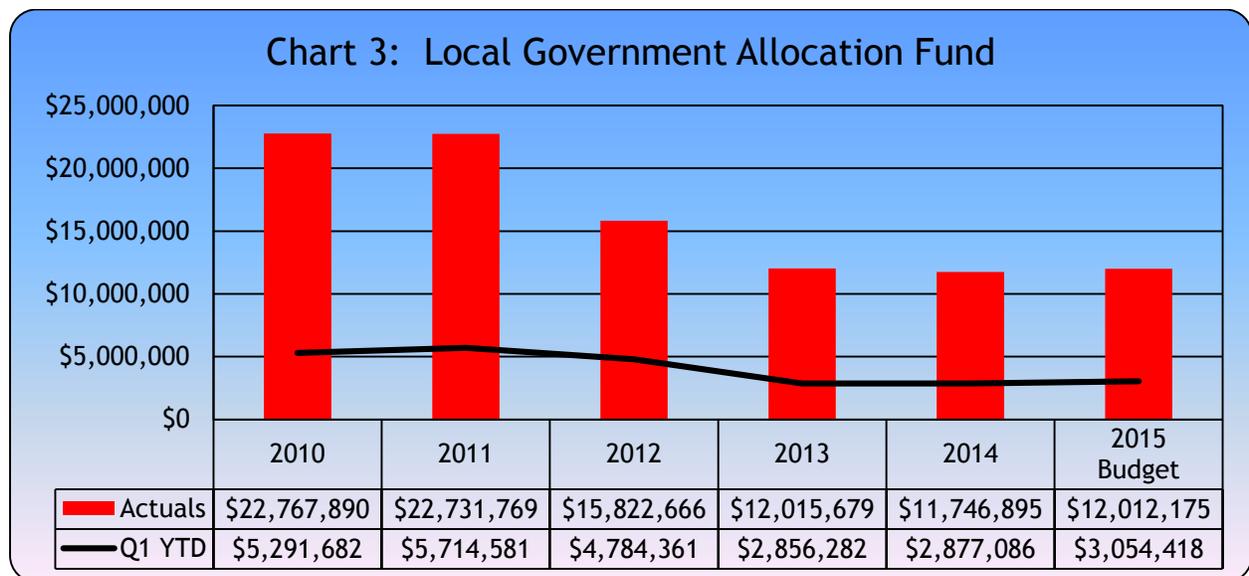


*For the 1st quarter, revenue was not recorded in the General Fund due to the timing of the settlement for the first half real estate collections. Due to the implementation of new real estate tax management software, settlement is set to occur during the 2nd quarter, rather than the 1st quarter as in the prior years. The Auditor's Office is projecting that the amount to be recorded at settlement will be \$18.3 million.

Local Government Fund Allocation

The Local Government Fund allocation from the State included in the 2015 approved budget for Franklin County is \$12,012,175, which is \$265,280 or 2.3% greater than 2014 actual receipts. As of March 31, 2015, \$3,054,418 or approximately 25.4% of the original 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 and seen in Chart 3 below, 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. These reductions were maintained in the FY 2014-2015 State Budget.

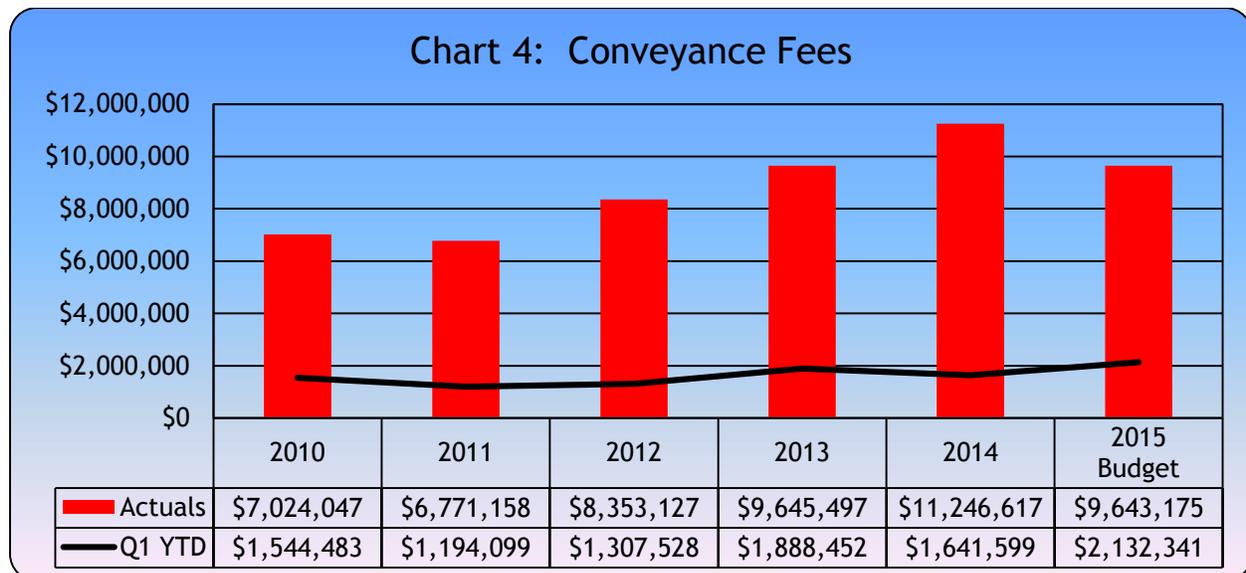


Conveyance Fees

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.

Total conveyance fee collections (mandatory and permissive) in the 2015 approved budget are estimated at \$9,643,175. The total amount of conveyance fees collected through the end of the 1st quarter reflects an increase of 32.1% or \$526,151 from the amount collected during the 1st quarter of 2014.

Revenue collections in the 1st quarter of 2014 declined year-over-year as a result of severe winter weather coupled with a low inventory of homes for sale within Central Ohio. The increase in collections for the 1st quarter of 2015 is associated with less severe weather conditions as compared to the prior year as well as the rising value of local home sales.

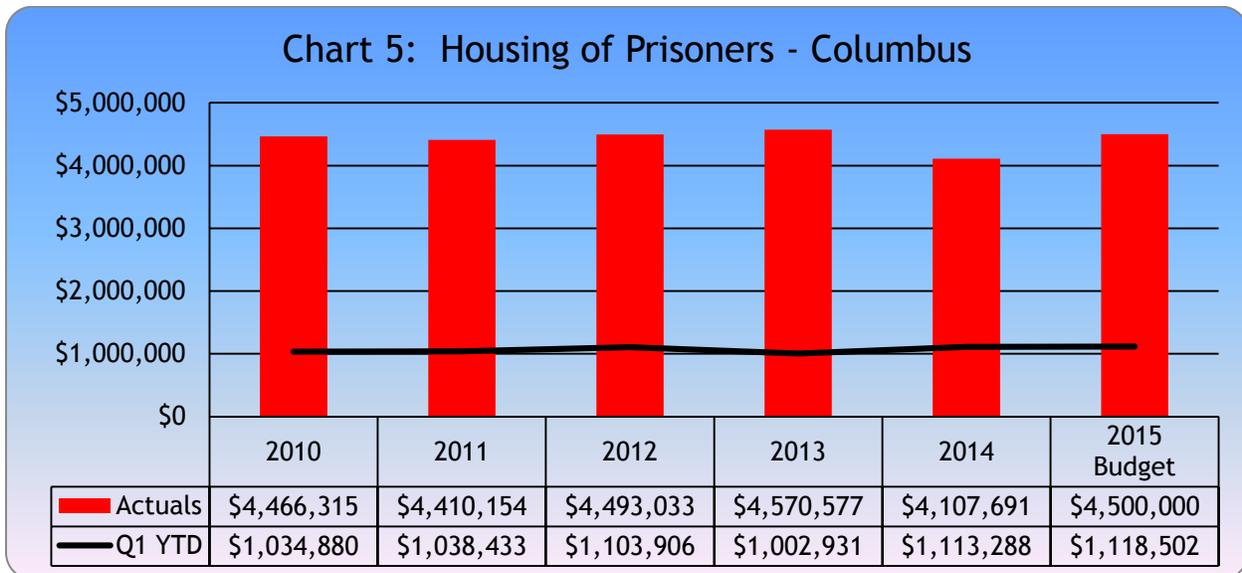


As noted in the following section on general fee collections by the Recorder's Office, the volume of home sales within Franklin County is increasing slightly even though conveyance fee collections continue to outperform revenue estimates as this source of revenue is tied to the value of the property being conveyed. OMB will continue to monitor conveyance fee receipts, though any revised revenue estimate is not recommended at this time.

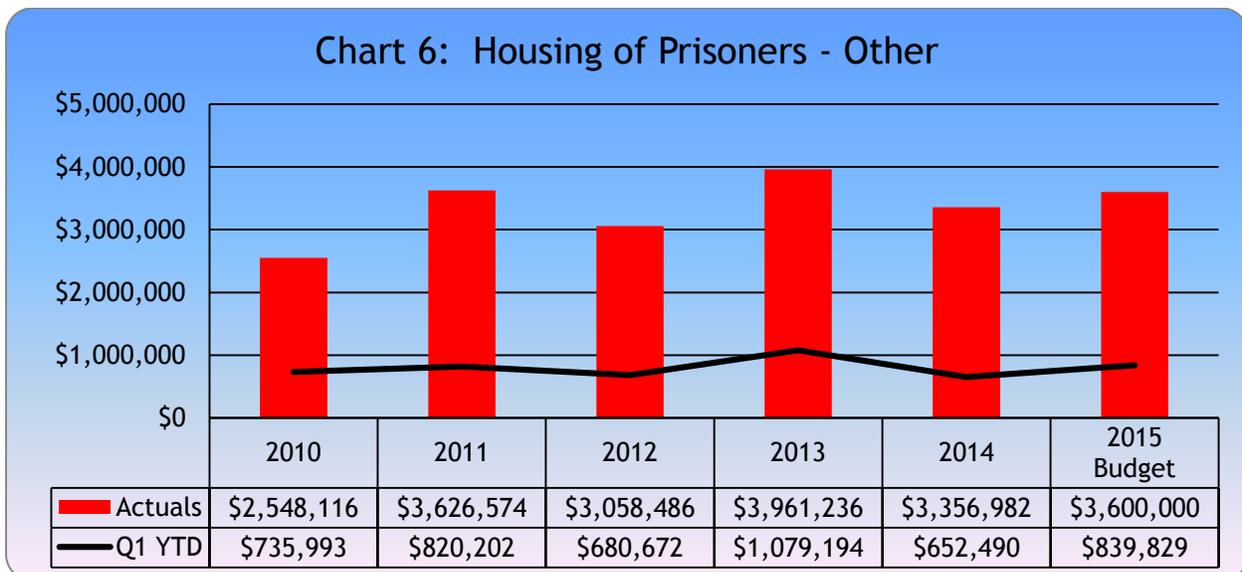
Housing of Prisoners

Municipalities within Franklin County, including the City of Columbus, pay a housing per-diem rate of \$79 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, at a rate of \$68 per day.

The 2015 budgeted revenue projection for the housing of prisoners for the City of Columbus is \$4,500,000, with 1st quarter collections at \$1,118,502 or 24.9% of budget.



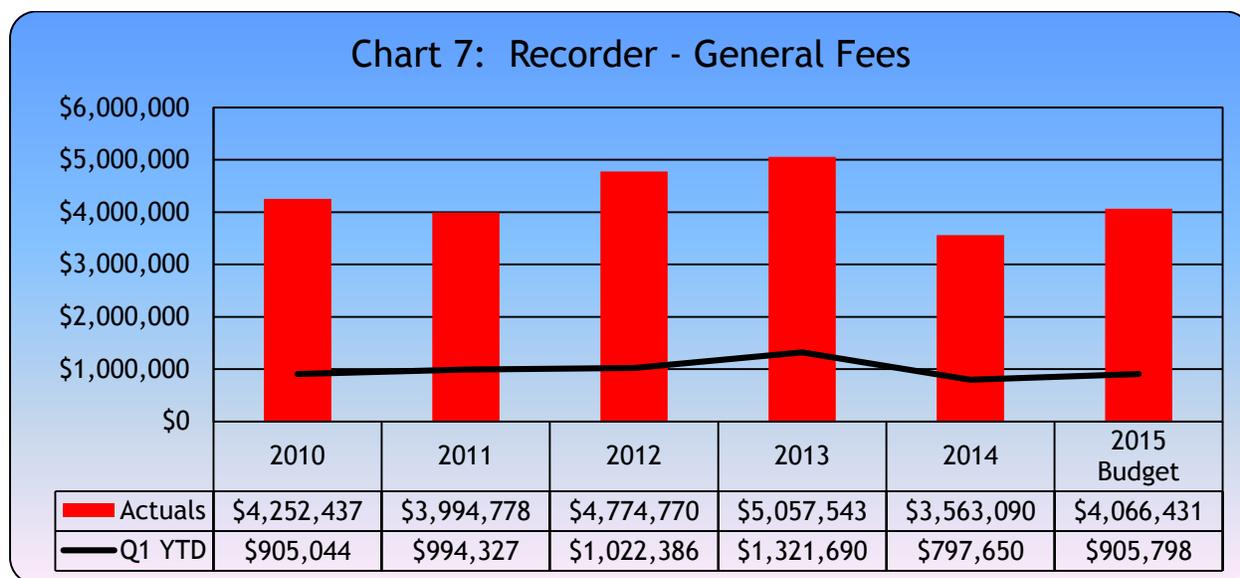
The 2015 budgeted revenue estimate for the housing of prisoners for local municipalities, except for Columbus, and for the U.S. Marshal's office was \$3,600,000, with 1st quarter collections at \$839,829 or 23.3% of budget.



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 Technology Fund and the State's Housing Fund). Annual revenue received from these fees generally declined from 2006 through 2011.

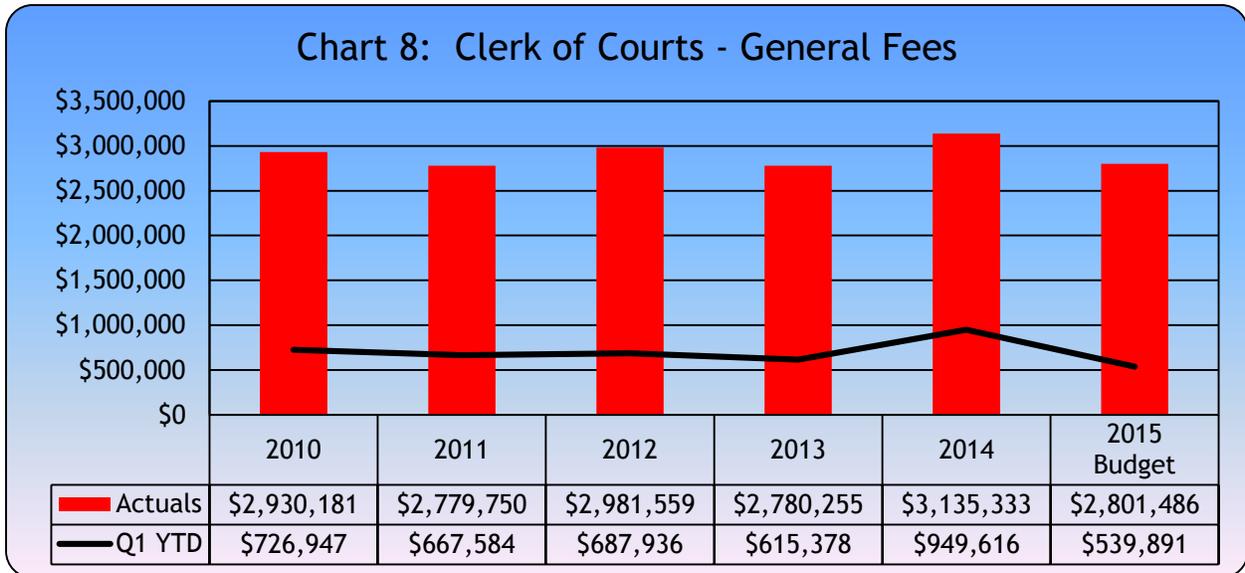
Revenue collections for 2012 and 2013 were up marginally as compared to the other years in the chart below. The increases in those years were partly due to the recovering real estate market and demand for mortgage refinancing. Total revenue declined from 2013 to 2014 by \$762,891 or 15.1% from the prior year due to a decline in the number of mortgage refinancings and to a lack of inventory for home sales within the Central Ohio market.



For 2015, 1st quarter revenues increased by 13.6% when compared to the same period from 2014. The increased collections are primarily attributed to less severe winter weather in the 1st quarter of 2015 as compared to the prior year. However, a continuation of low inventory of houses available for sale within the local housing market may impact revenue throughout 2015. The level of inventory, as of the February housing report, was at the lowest since the 1990's according to the Columbus Board of Realtors.

General Fees - Clerk of Courts

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



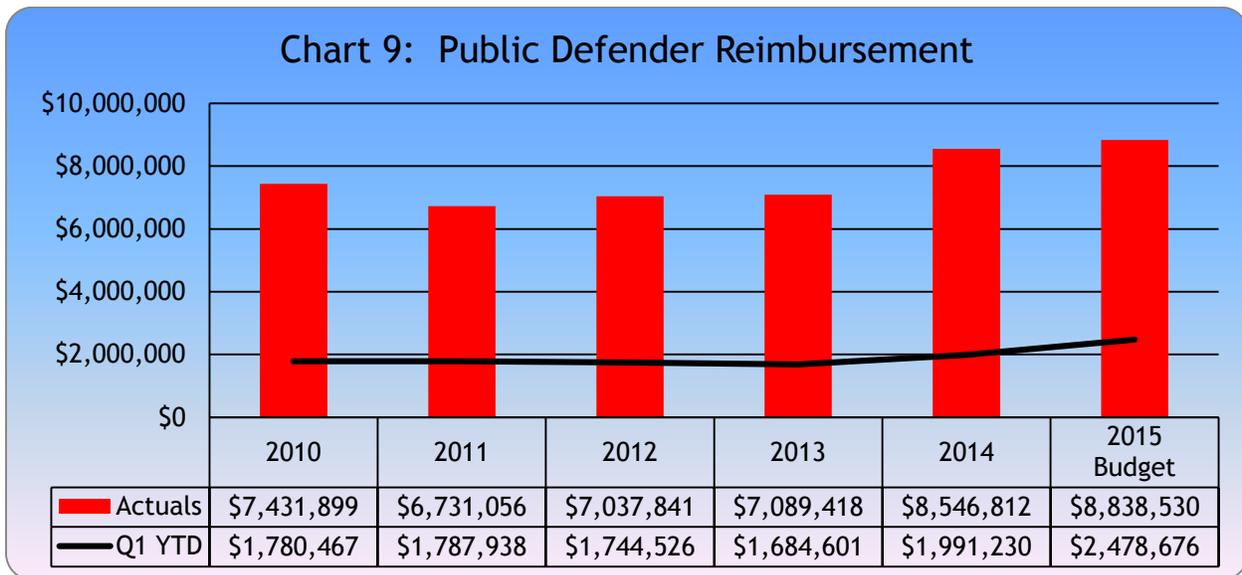
For 2015, 1st quarter revenue decreased by 43.1% when compared to the same period from 2014. However, the increased collections from 2014 are attributed to an initiative to collect incurred fees on open cases rather than waiting for the case to be closed to collect all outstanding fees.

State Public Defender Reimbursement

The revenue estimate for State Public Defender reimbursement in the 2015 approved budget was \$8,838,530. The 1st quarter collections are \$2,478,676 or 28.0% of the budgeted amount.

The State Public Defender’s Office reimbursement rate increased from 35.1% to 40% as of July 1, 2013 due to changes in the state biennial budget. The State Public Defender’s Office made an internal policy change in 2014 to reimburse counties one month earlier than in previous years. As a result, there were 13 reimbursements made in 2014 instead of the 12 reimbursements which occurred in the prior years. This policy change did not happen until after the 1st quarter of 2014.

In addition, the County Public Defender’s Office implemented a salary study at the end of 2014, which will impact the amount of state reimbursement that the county receives in 2015.



Investment Earnings

The 2015 revenue estimate by the Treasurer’s Office for Investment Earnings was \$8,072,000. Through the end of the 1st quarter, Franklin County collected \$1,867,065 or 23.1% of budget.

When compared to the 2014 actuals of \$7,529,747, Investment Earnings for Franklin County are expected to increase by 6.7%. The increase is due to the expectation of the rise in interest rates by the Federal Reserve, which can be seen in Chart 10 below.

The County’s average investment portfolio in 2015 is estimated to remain unchanged at approximately \$1 billion, with \$935 million allocated to the core portfolio and \$65 million in the liquid portfolio.

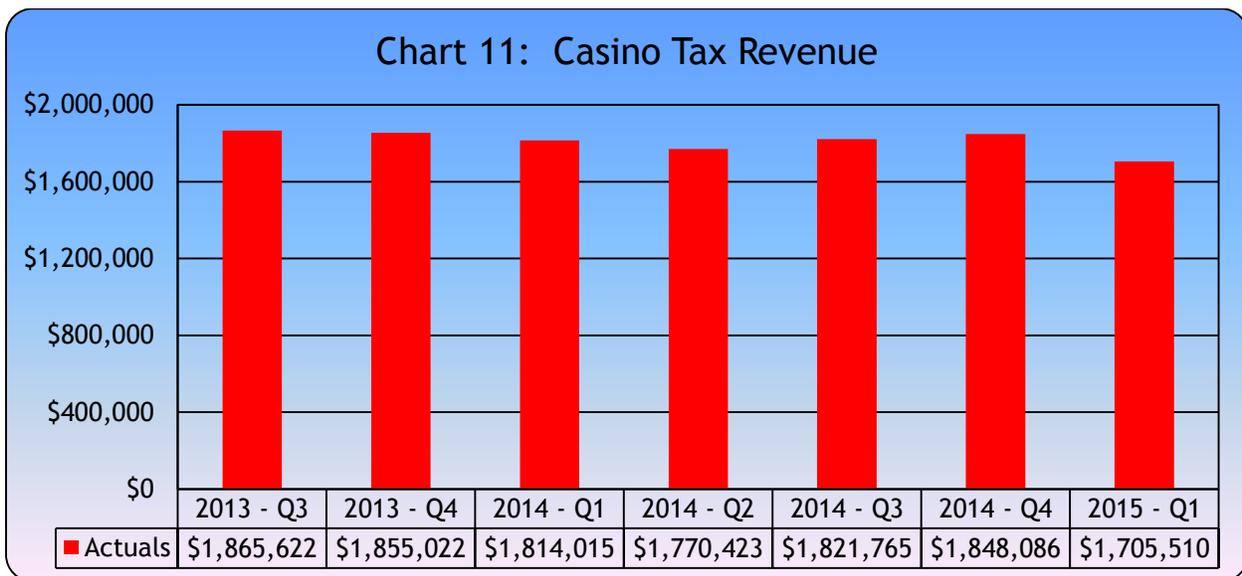


Not reflected in the table above are the investment earnings within the Clerk of Courts. The Clerk of Courts receives interest on all moneys held by that office, such as filing fees or other custody deposits. In the 1st quarter, the Clerk of Courts received \$5,383 in interest, which is 24.9% of the budgeted amount of \$21,600.

Casino Tax Revenue

Casino taxes have been collected by the State of Ohio since the first of four casinos opened in May 2012. Fifty-one percent (51%) of the gross casino revenue is distributed quarterly to each of the 88 Ohio counties proportionally based on population size. In addition, if the largest city in a respective county has a population size greater than 80,000, the total quarterly casino tax distribution will be split evenly between the specific county and city.

Chart 11 displays the quarterly casino tax revenue collected by Franklin County since the 3rd quarter of 2013, which represents the first quarter in which all four casinos were open for the entire time period.



The revenue from this source is estimated at \$7,207,203 in the 2015 approved budget, which is a decrease of \$47,086 or 0.6% from the \$7,254,289 that was collected in 2014. While the amount received in the 1st quarter was below the quarterly benchmark of 25%, the amount to be received in the 2nd quarter will be \$1,863,515. Annualizing the amounts received in the 1st and 2nd quarters would result in a total revenue projection of \$7,137,390, which would be 99.0% of the budgeted amount.