



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

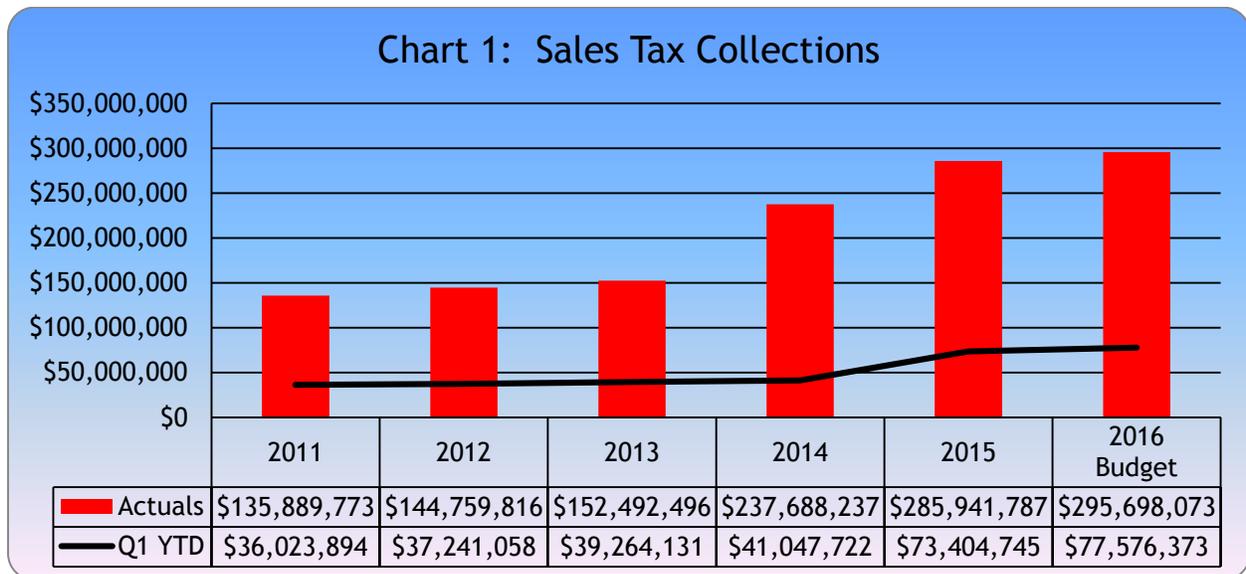
GENERAL FUND REVENUE ANALYSIS 1st Quarter - 2016

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 2015, the vendor transmits all of the sales taxes collected to the state in January 2016. The state then transmits to the County its share of the sales tax revenue in March 2016. Therefore, the sales tax collections for the 1st quarter of 2016 are based on the sales that occurred during the 4th quarter of 2015. 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 2016 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 2011. As seen in the chart, the amount collected through the end of the 1st quarter of 2016 shows a significant improvement over the amounts from the previous five years.



For the 1st quarter of 2016, Franklin County collected \$77.6 million in sales tax, which is \$4.2 million or 5.7% greater than the collections from the 1st quarter of 2015, and 1.9% above the 2016 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 2016				
Month	2016 Estimate	2016 Actual	Monthly Variance	Percentage Variance
January	\$23,150,701	\$24,117,591	\$966,890	4.2%
February	\$24,074,137	\$23,713,041	(\$361,097)	-1.5%
March	\$28,883,261	\$29,745,741	\$862,480	3.0%
1st Quarter	\$76,108,100	\$77,576,373	\$1,468,274	1.9%
YTD TOTAL	\$76,108,100	\$77,576,373	\$1,468,274	1.9%

In comparison to other Ohio metro and surrounding counties, Franklin County is above the average rate when comparing the change in sales tax collections from the 1st quarter of 2015 to the 1st quarter of 2016. The average percentage change of the eight other counties in Table 2 below was an increase of 5.0% from the previous year, while the collections in Franklin County reflect an increase of 5.7% from the previous year.

Table 2: Change in Sales Tax Collections Jan.-Apr. 2015 to Jan.-Apr. 2016	
County	Percent Change
Licking	8.0%
Union	7.7%
Lucas	7.6%
Fairfield	7.1%
Franklin	5.7%
Delaware	4.3%
Hamilton	2.9%
Montgomery	1.8%
Cuyahoga	0.5%

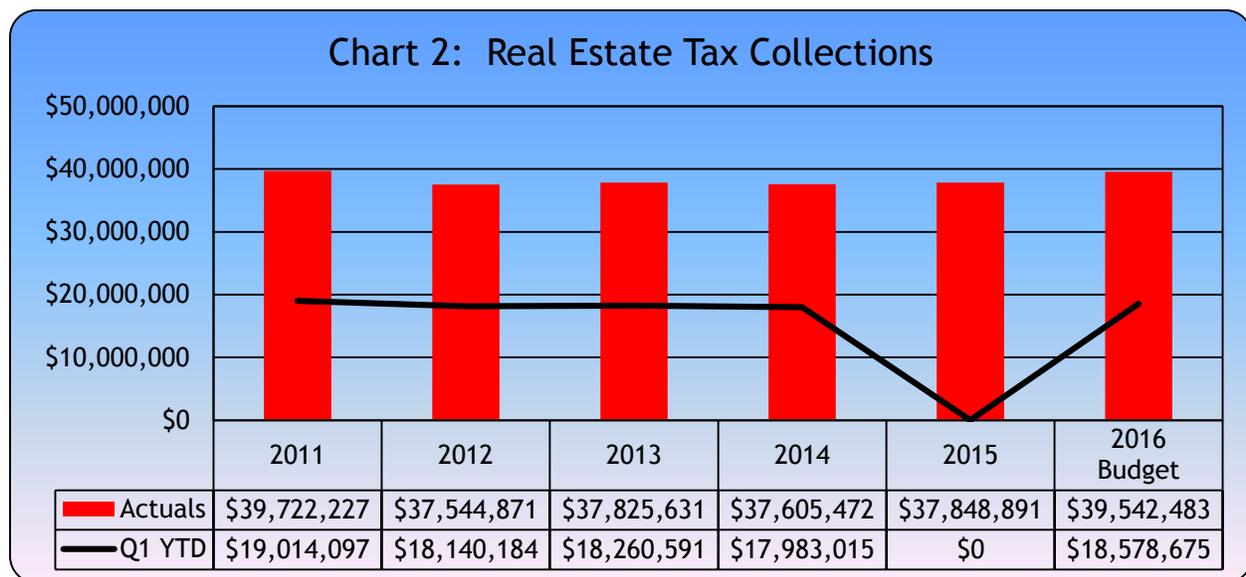
*Percent adjusted to exclude the change in the sales tax rate.

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, 2016, while second half real estate taxes will be due June 20, 2016 (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 for 2011. However, the receipts from 2012 to 2015 were lower due to the decline in property values following the sexennial reappraisal performed in 2011. The 1st quarter variance in 2015 is related to the timing of the settlement for the first half real estate collections. Due to the implementation of new real estate tax management software, the settlement totaling \$18,360,509 occurred during the 2nd quarter, rather than the 1st quarter as in the prior years.

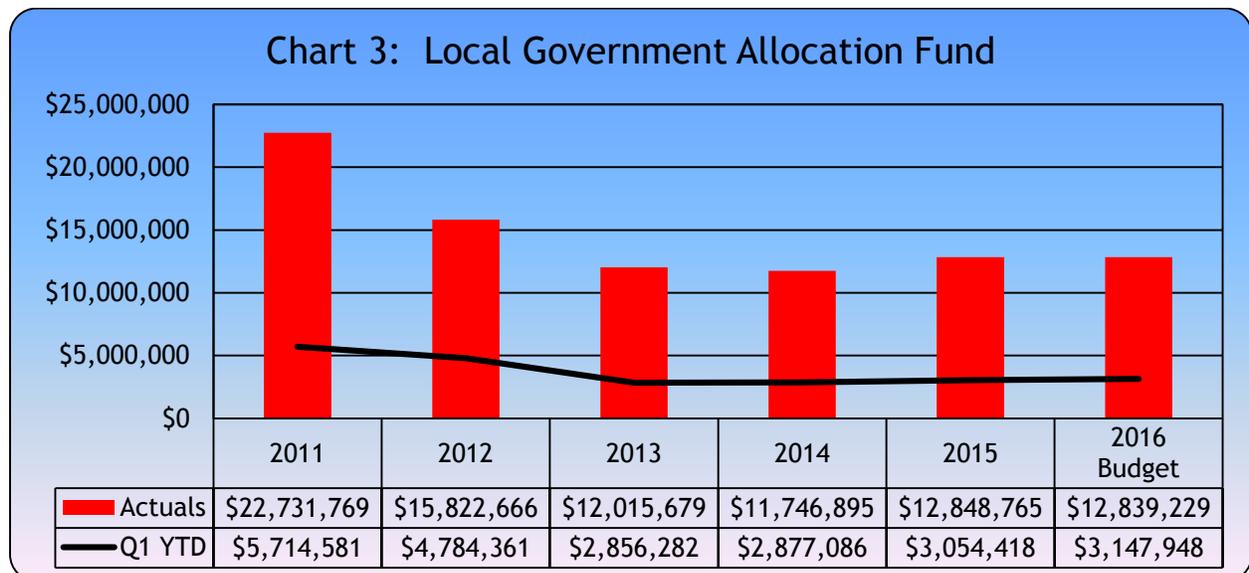


Compared to the amount collected in the 2nd quarter of 2015, 1st quarter 2016 collections increased by \$218,166 or 1.2%. The increase is associated with the triennial reappraisal that was performed in 2014.

Local Government Fund Allocation

The Local Government Fund allocation from the State included in the 2016 approved budget for Franklin County is \$12,839,229, which is \$9,536 or 0.1% less than 2015 actual receipts. In the 1st quarter, \$3,147,948 or approximately 24.5% of the original budget has been collected. This amount is \$93,530 or 3.1% greater than the amount collected in the prior year.

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 2014-2016 State Budget.

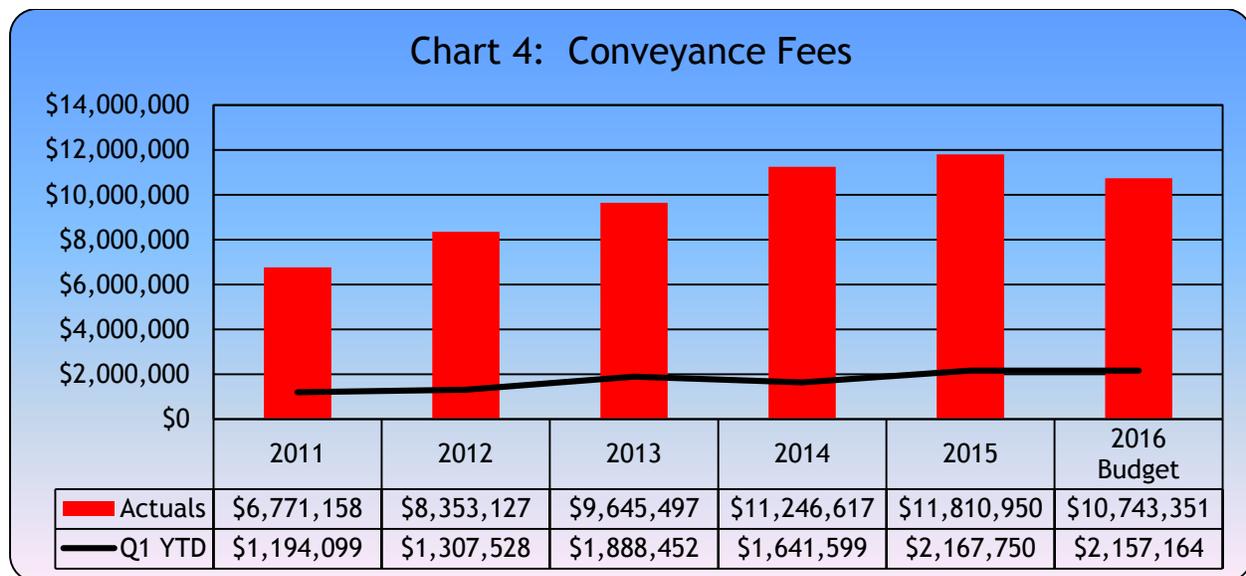


Conveyance Fees

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 2016 approved budget are estimated at \$10,743,351. The total amount of conveyance fees collected through the end of the 1st quarter reflects a decrease of 0.5% or \$10,586 from the amount collected during the 1st quarter of 2015.

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. Overall conveyance fee collections are expected to remain steady throughout the year.

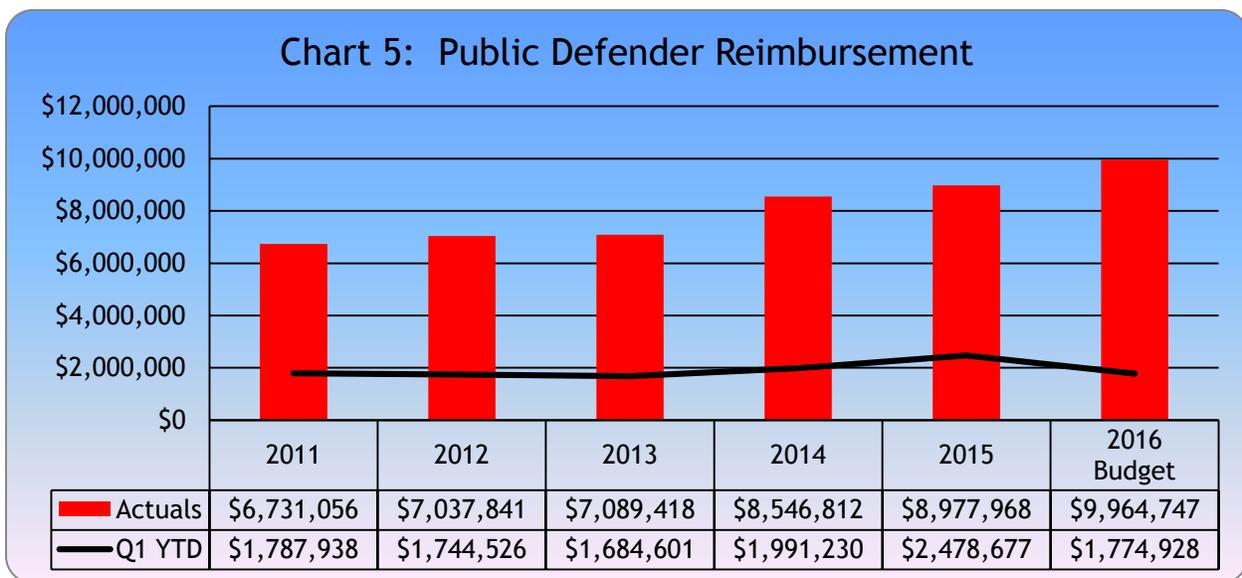


Public Defender Reimbursement

The revenue estimate for State Public Defender reimbursement in the 2016 approved budget was \$9,964,747. The 1st quarter collections are \$1,774,928 or 17.8% 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.

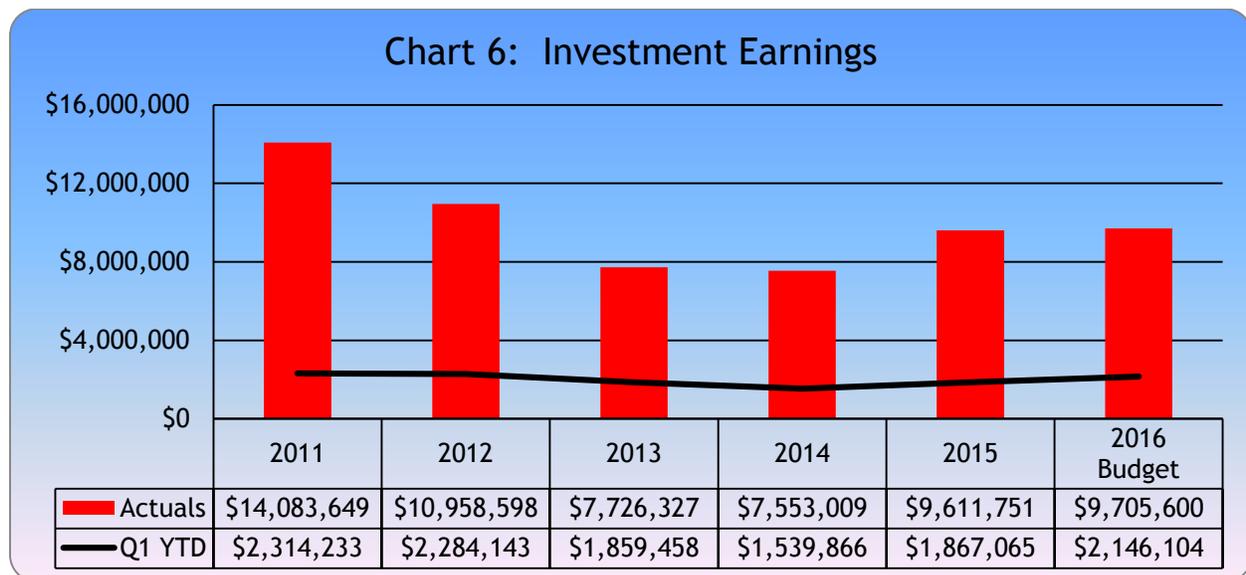
The variance in revenue from the prior year is primarily due to receiving only two reimbursements from the State Public Defender’s Office in 2016 compared to three payments during the 1st quarter of 2015 as a result of staff reductions at the State Public Defender’s Office. OMB will continue to monitor this issue and make any necessary revenue adjustments after the 3rd quarter.



Investment Earnings

Franklin County is responsible for tax billing, collection and distributions of local tax money for the County, cities, schools and other taxing entities within the County that levy ad valorem and/or special assessment taxes and maintains an average yearly portfolio value of approximately one billion dollars. One third of the overall collection remains within the portfolio due to the real estate collection distributions to the various levy-supported County agencies. The County's average investment portfolio in 2016 is estimated to remain unchanged at approximately \$1 billion, with \$935 million allocated to the core portfolio and \$65 million in the liquid portfolio.

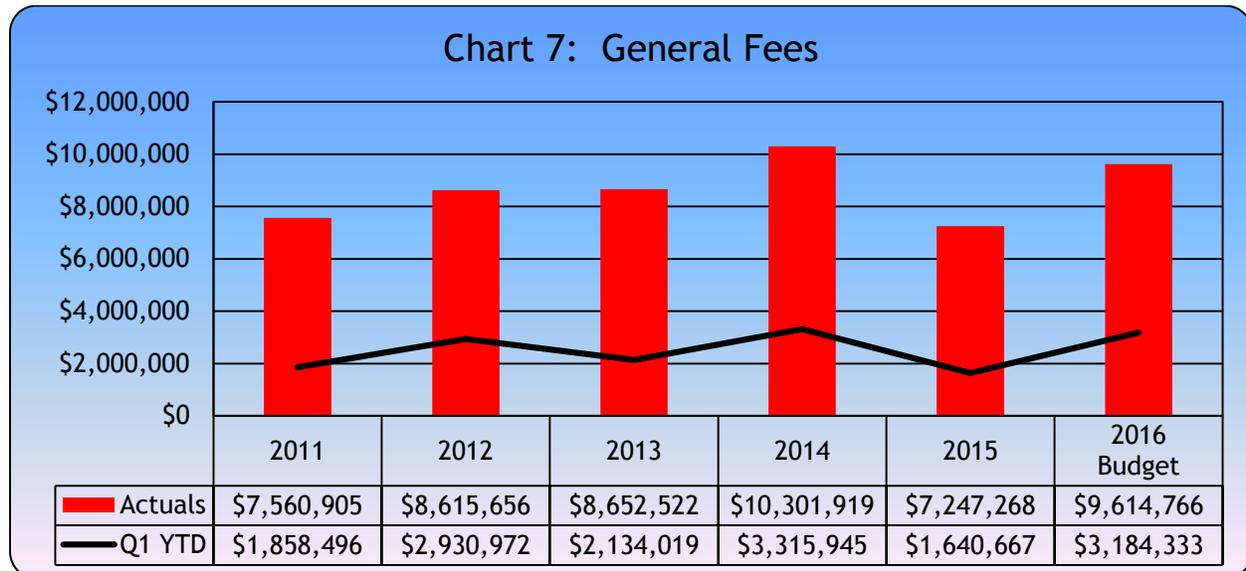
The 2016 revenue estimate for Investment Earnings is \$9,705,600. Through the end of the 1st quarter, Franklin County collected \$2,416,104 or 24.9% of budget. When compared to the 1st quarter 2015 collection of \$1,867,065, Investment Earnings for Franklin County have increase by \$549,039 or 29.4%. The increase is due to the rise in interest rates by the Federal Reserve, which can be seen in Chart 6 below.



Of the total amount collected in the 1st quarter, \$2,140,790 or 99.8% is associated with the Treasurer's Office. The remaining \$5,281 was received by the Clerk of Courts' Office.

General Fees

General Fees represent the fees for services provided by County agencies. This primarily includes the fees received by the Board of Elections (primarily in even numbered years) through the real estate tax settlement as reimbursement from political subdivisions for costs related to the prior year's election, fees received by the Recorder's Office for the filing and recording of documents, and fees received by the Clerk of Courts' Office for the filing of court cases.



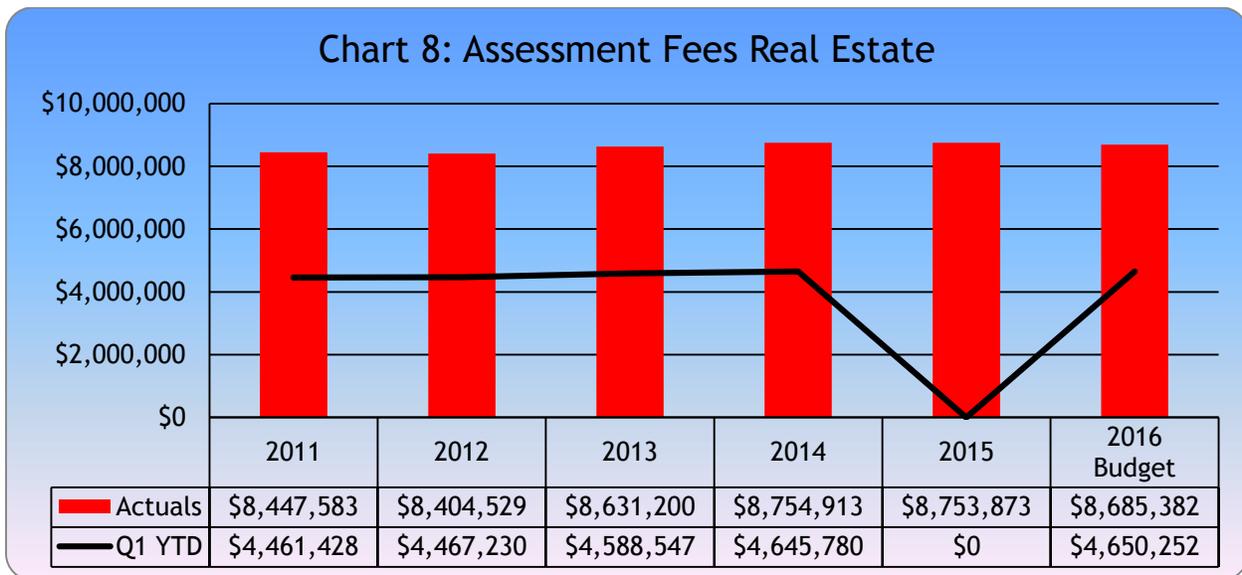
Of the amount collected in the 1st quarter,

- \$1,584,712 or 49.8% is associated with the fees collected by the Board of Elections. This amount is \$222,009 or 14.0% greater than the amount received in 2014 due primarily to an increase in the number of precincts holding a primary. The amount collected in the 1st quarter represents one-half of the amount to be collected, with the remaining to be received in the 3rd quarter as part of the second half real estate tax settlement.
- \$932,571 or 29.3% is associated with the fees collected by the Recorder's Office. This amount is \$26,772 or 2.9% greater than the amount received in the 1st quarter of 2015. While the revenue increase from the prior year, continued low inventory of houses available for sale within the local housing market have held revenue lower than expected considering the current demand. The level of inventory continues to be at the lowest point since the 1990's, according to the Columbus Board of Realtors.
- \$539,263 or 16.9% is associated with the fees collected by the Clerk of Courts' Office. This amount is \$628 or 0.1% less than the amount received in the 1st quarter of 2015.

Assessment Fees Real Estate

Franklin County collects a fee to reimburse the Auditor’s Office and Treasurer’s Office for the collection and distributions of local tax money. The reimbursement is based on the total amount of taxes collected and apportioned ratably among the County, cities, schools and other taxing entities within the County. The fees received by the Auditor’s Office are based on a formula set by section 319.54 of the Revised Code, while the formula for the Treasurer’s Office is set by section 321.26 of the Revised Code.

The 1st quarter variance in 2015 is related to the timing of the settlement for the first half real estate collections. Due to the implementation of new real estate tax management software, the settlement totaling \$4,659,084 occurred during the 2nd quarter, rather than the 1st quarter as in the prior years.



Of the amount collected in the 1st quarter of 2016, \$2,117,792 or 45.4% is associated with the fees received by the Auditor’s Office and \$2,541,292 or 54.6% is associated with the fees received by the Treasurer’s Office.

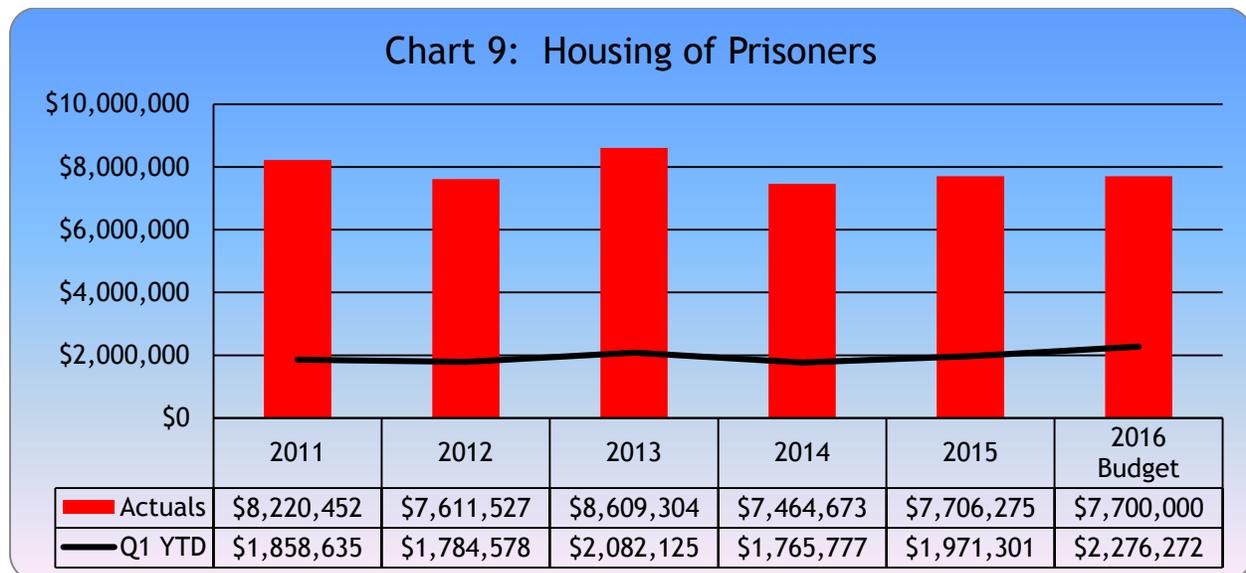
Housing of Prisoners

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 2016 budgeted revenue projection for the housing of prisoners for the City of Columbus is \$4,100,000, with 1st quarter collections at \$1,313,624 or 32.0% of budget.

The 2016 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 \$962,648 or 26.7% of budget. Of the amount collected in the 1st quarter, \$681,659 was received from the U.S. Marshal's Office while the remaining \$280,989 was received from other local municipalities.

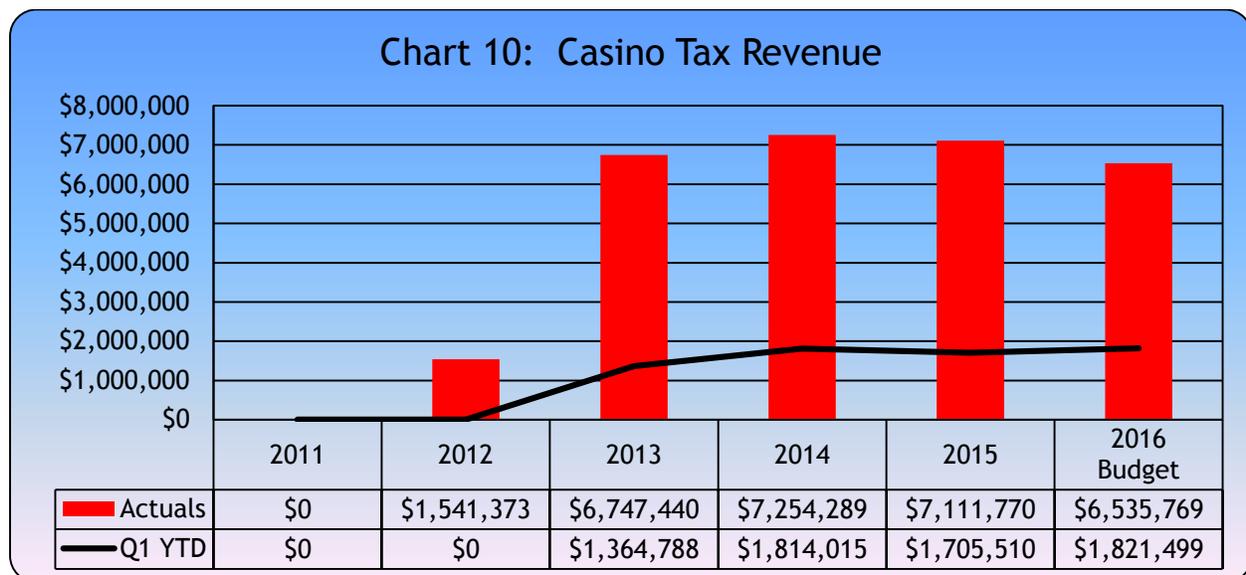
Overall revenue for the housing of prisoners has increased 15.4% or \$304,971 over the same period in 2015, which is primarily due to the timing of payments from the City of Columbus and the U.S. Marshal's Office that should have been received in the 4th Quarter of 2015 but were received in the 1st Quarter of 2016.



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 10 displays the annual casino tax revenue collected by Franklin County. This revenue was first received in the 3rd quarter of 2012; while the 2nd quarter of 2013 represents the first quarter in which all four casinos were open for the entire time period.



The revenue from this source is estimated at \$6,535,769 in the 2016 approved budget, which is a decrease of \$576,001 or 8.1% from the \$7,111,770 that was collected in 2015. This decline was based on estimates for casino tax revenue incorporated in the state's current biennial budget. However, the amount collected in the 1st quarter of 2016 was \$115,989 or 6.8% greater than the amount in the prior year.