

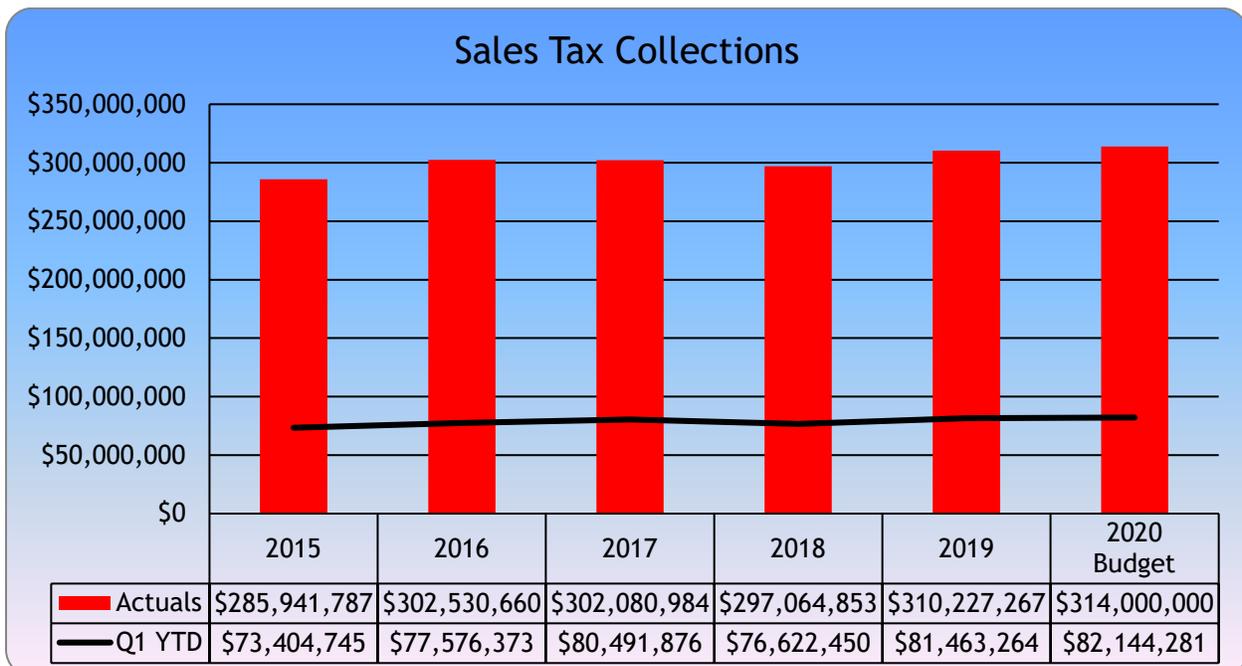
GENERAL FUND REVENUE ANALYSIS 1st Quarter - 2020

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 2019, the vendor transmits all of the sales taxes collected to the state in January 2020. The state then transmits to the County its share of the sales tax revenue in March 2020. Therefore, the sales tax collections for the 1st quarter of 2020 are based on the sales that occurred during the 4th quarter of 2019. 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 2020 budget. The revenue adjustment and the necessary appropriations to record this expenditure will be made at the end of the year.

The chart below provides the annual sales tax collections, as well as collections through the end of the 1st quarter for each year since 2015.



For the 1st quarter of 2020, Franklin County collected \$82.1 million in sales tax, which is \$1.4 million or 1.7% below the 2020 estimate due to a \$3.6 million refund resulting from an audit of transactions from 2014 - 2017 of a large IT vendor. The table below provides the comparison of the sales tax estimates with the actual sales tax collections for the 1st quarter.

Franklin County Sales Tax collections versus estimates for 2020				
Month	2020 Estimate	2020 Actual	Monthly Variance	Percentage Variance
January	\$27,130,926	\$28,141,402	\$1,010,476	3.7%
February	\$25,064,801	\$21,726,563	(\$3,338,239)	-13.3%
March	\$31,349,204	\$32,276,256	\$927,052	3.0%
1st Quarter	\$83,544,932	\$82,144,221	(\$1,400,711)	-1.7%

When collections are compared with the 1st quarter of 2019, there is an increase of \$680,957 or 0.8%. While the 1st quarter sales tax revenues have come in above estimates, due to the COVID-19 pandemic sales tax revenues are expected to come in below estimates during the second half of the year. OMB will continue to monitor sales tax revenues.

Managed Care Tax

The state biennial budget for fiscal years 2010-2011 (Am. Sub. House Bill 1 of the 128th General Assembly) subjected health care services purchased from Medicaid managed care organizations (MCOs) to the sales tax beginning October 1, 2009. The Centers for Medicare and Medicaid Services advised states in July 2014 that taxing a subset of health care providers at the same rate as the statewide sales tax is not permissible and that a new method be implemented by July 1, 2017.

The state biennial budget for fiscal years 2018-2019 (Am. Sub. House Bill 49 of the 132nd General Assembly) fully replaced lost revenue to the state through a new proposed franchise fee on MCOs; however, it only provided counties and transit authorities a one-time allocation of \$207 million. These allocations are required to be deposited into a Medicaid Sales Tax Transition Fund. The share of the one-time allocation for Franklin County was \$14.1 million, with the first half distributed in November 2017 and the remainder in January 2018.

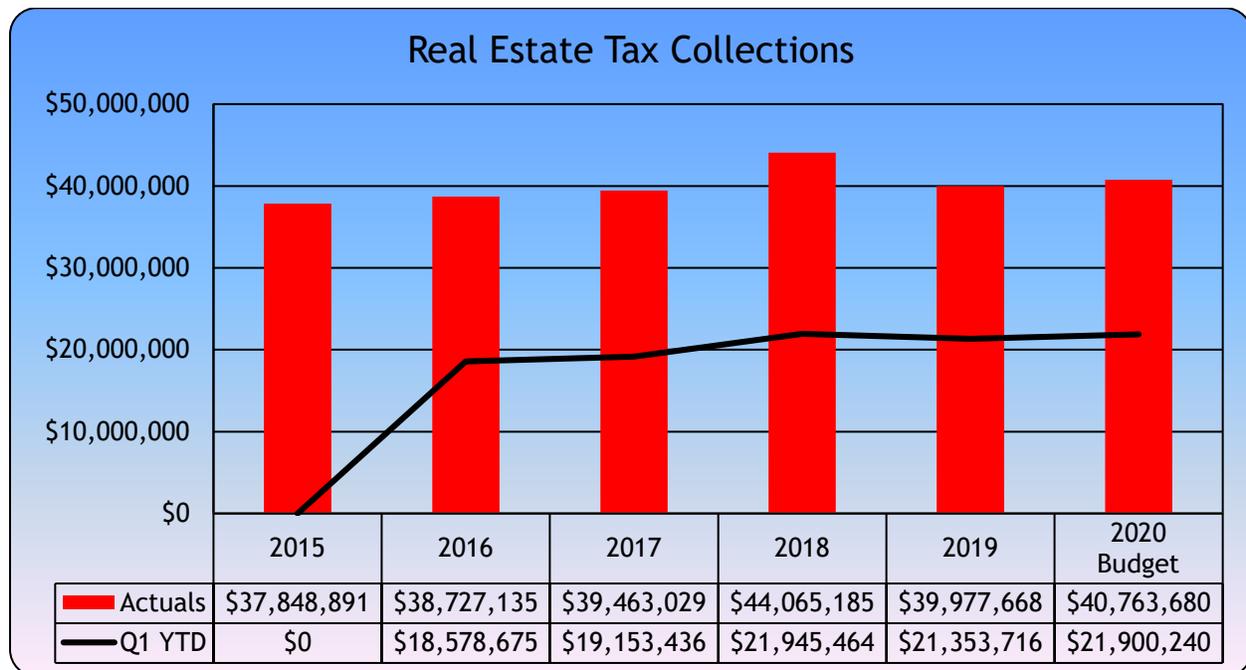
Prior to the end of 2017, the Ohio General Assembly provided an additional \$50 million to counties and transit authorities (Sub. House Bill 69). Franklin County received an additional \$5.3 million in January 2018 from this additional allocation. Sub. House Bill 69 also authorized a further \$30 million to be distributed to counties and transit authorities in August 2018 from surplus revenue at the end of state fiscal year 2018. Franklin County received \$3.2 million from the allocation of the surplus revenue.

Real Estate Tax

For Franklin County, first half real estate taxes were due January 21, 2020. Second half real estate taxes were originally scheduled to be due June 22, 2020 (and distributed in August), but the due date is expected to be extended due to the impact of the COVID-19 pandemic. 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.

The chart below shows the increases in aggregate real estate and state reimbursement receipts since 2015. In the 1st quarter, real estate tax collections were \$21,900,240, which is \$546,524 or 2.6% more than the amount collected in the prior year. The revised budget of \$45,032,813 is 1.8% or \$813,847 above the amount collected in 2019.

Receipts in 2018 increased primarily due to the sexennial reappraisal performed in 2017. Based on the reappraisal, real estate tax collections increased by \$4.6 million or 11.7% due to the increase in real estate values.

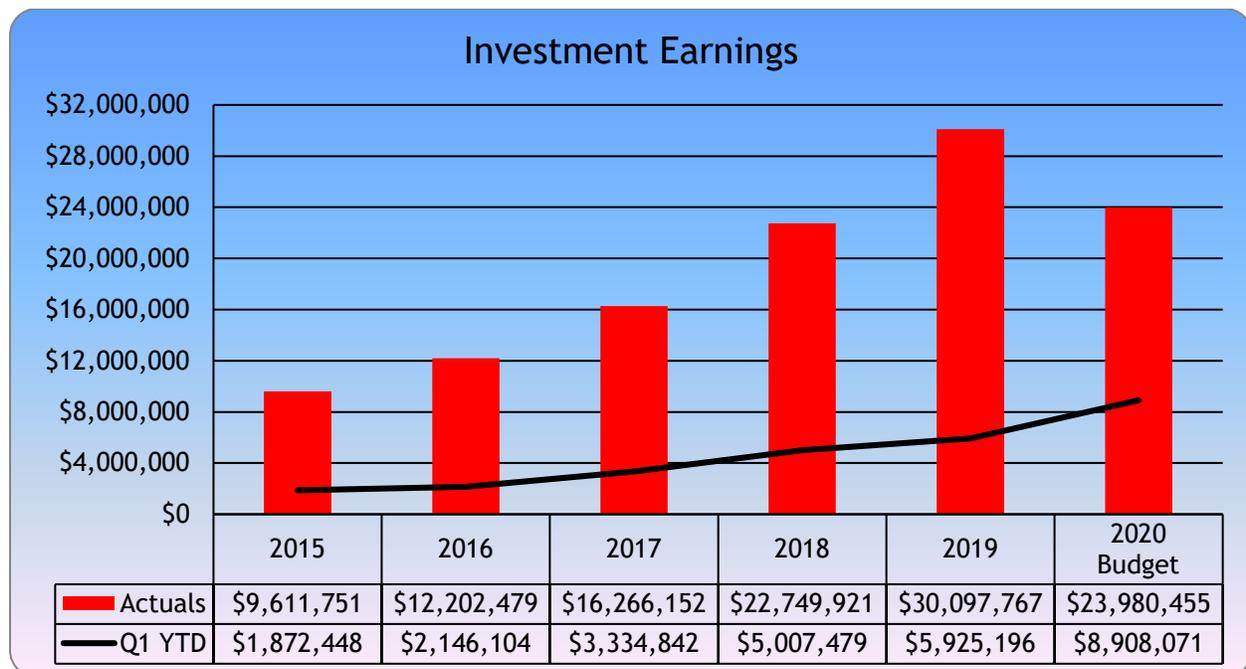


The 1st quarter variance in 2015 is related to the timing of the settlement for the first half real estate collections. Due to the implementation of new real estate tax management software, the settlement totaling \$18,360,509 occurred during the 2nd quarter, rather than the 1st quarter as in the prior years.

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. As of March 31, 2020, the County's investments included \$1,217.0 million in its core portfolio, \$61.8 million in the portfolio for the Public Safety Center Fund, and \$105.3 million in the liquid portfolio.

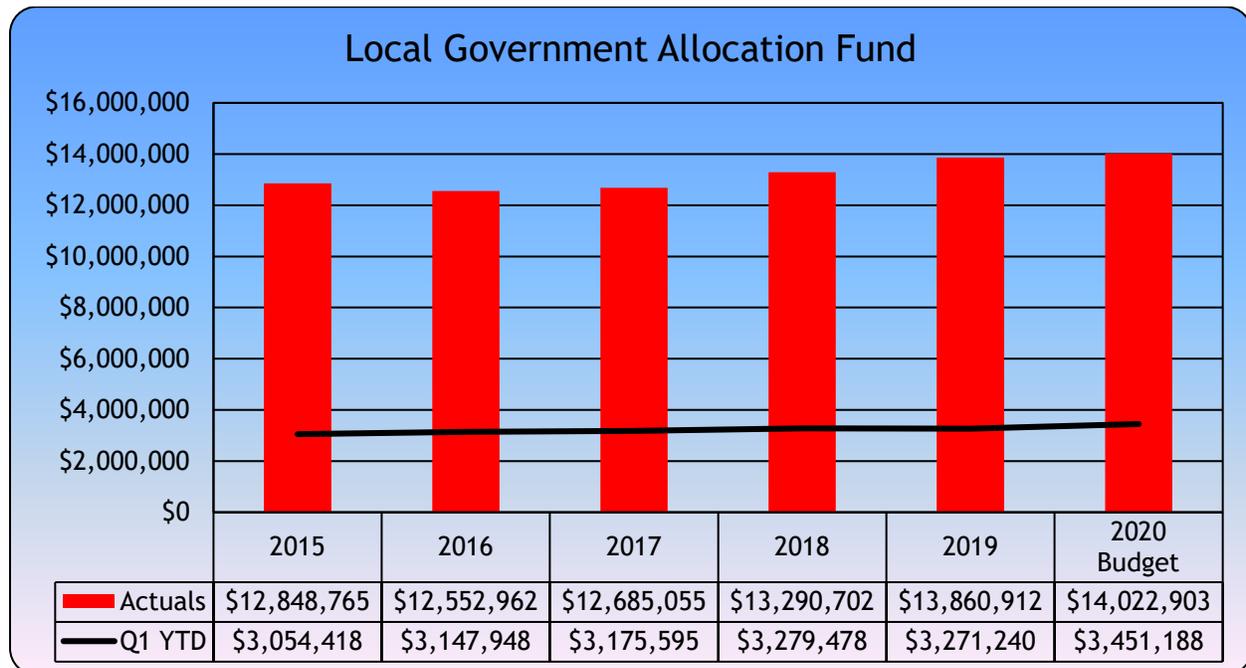
The 2020 revenue estimate for Investment Earnings is \$23,980,455. Through the end of the 1st quarter, Franklin County collected \$8,908,071 in Investment Earnings, which is \$2,982,875 or 50.3% greater than the prior year. The increase is due to the prior rise in interest rates by the Federal Reserve; however, earnings are expected to decline to the recent decrease in rates, which can be seen in the chart below.



Of the total amount collected in the 1st quarter, \$8,788,731 or 98.6% was associated with the Treasurer's Office. The remaining \$119,340 was received by the Clerk of Courts' Office.

Local Government Fund Allocation

The Local Government Fund allocation from the State included in the 2020 budget for Franklin County is \$14,022,903, which is \$161,991 or 1.2% more than 2019 actual receipts. In the 1st quarter, \$3,451,188 or approximately 24.6% of the budgeted amount was collected. This amount is \$179,948 or 5.5% greater than the amount collected in the prior year.

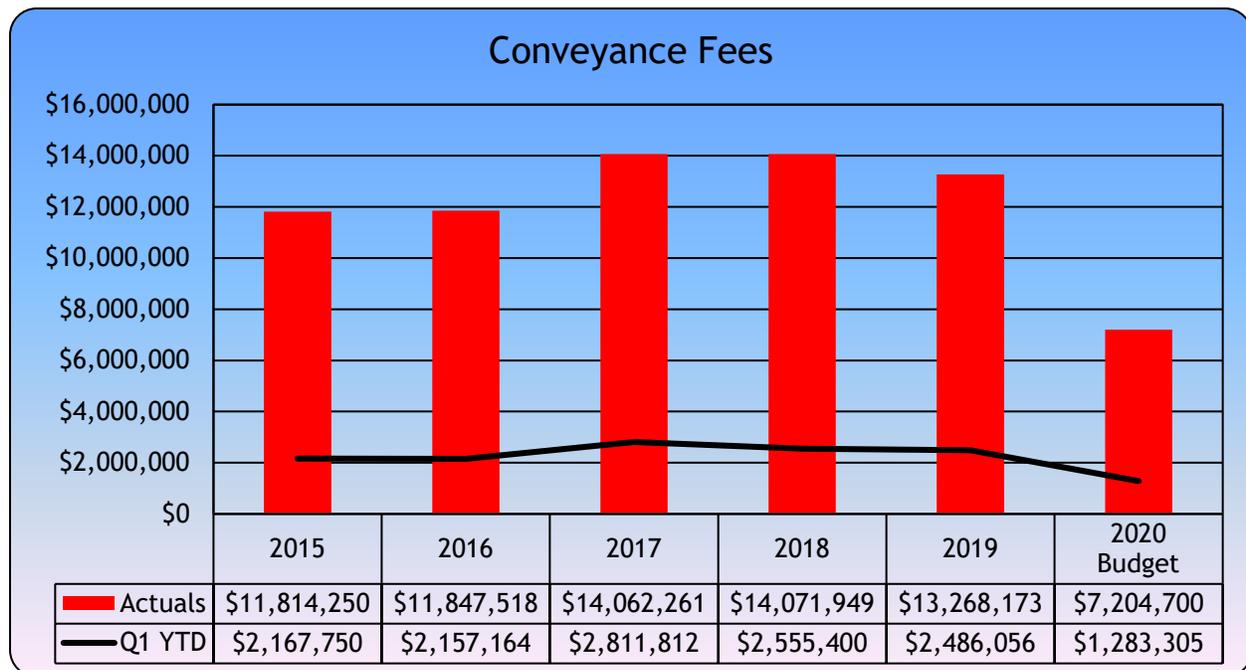


The Local Government Fund was established by the Ohio General Assembly in 1934 to provide funds for counties, municipalities, townships, and park districts in order to support current operating expenses. Beginning with the state biennial budget for fiscal years 2012-2013 (Am. Sub. House Bill 153 of the 129th General Assembly), support from the Local Government Fund was essentially cut in half, with allocations 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.

Conveyance Fees

Conveyance fees are based on property sales, of which Franklin County collects \$3 per \$1,000 of the sale amount. This includes the \$1 fee mandated by state law plus a \$2 permissive fee levied by the County. Beginning in October 2019 with the increase of the permissive fee from \$1 to \$2, the revenue from the permissive fee was deposited into the Affordable & Emergency Housing Fund rather than the General Fund.

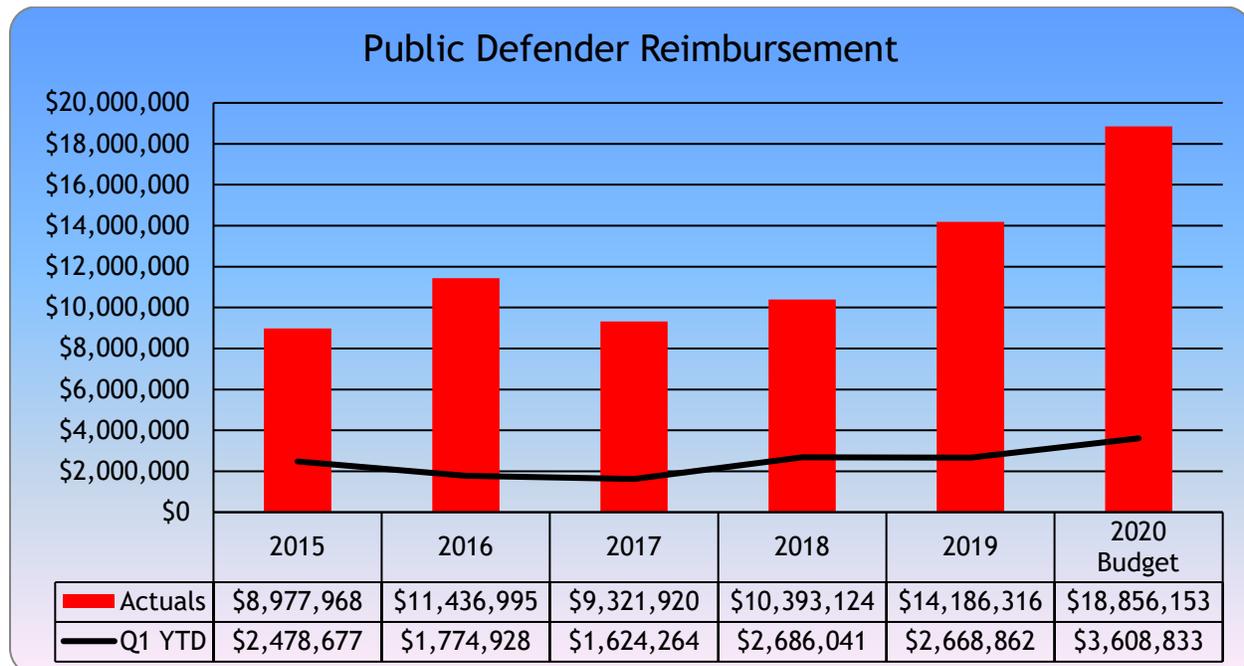
State law allows counties to levy a permissive fee of up to \$3, resulting in a maximum conveyance fee of \$4 per \$1,000 of the sale amount. Compared to the other metro counties, Cuyahoga, Hamilton, Lucas, and Summit counties collect at the rate of \$4 per \$1,000 of the sale amount, while Montgomery County collects \$3.



As a result of the deposit of the permissive fee to the Affordable & Emergency Housing Fund, the total amount of conveyance fees deposited in the General Fund through the end of the 1st quarter reflects a decrease of 48.4% or \$1,202,751 from the amount collected during the 1st quarter of 2019. However, when compared to the mandatory conveyance fee collections in the 1st quarter of 2019 (\$1,274,688), the amount collected in the current year is \$8,617 or 0.7% above the amount from the prior year.

Public Defender Reimbursement

The revenue estimate for State Public Defender reimbursement in the 2020 budget was \$18,856,153. The 1st quarter collections are \$3,608,833 or 19.1% of the budgeted amount. In 2016, 2017, and 2020 the County only received two reimbursement payments; while in 2015, 2018, and 2019, the County received three reimbursement payments.



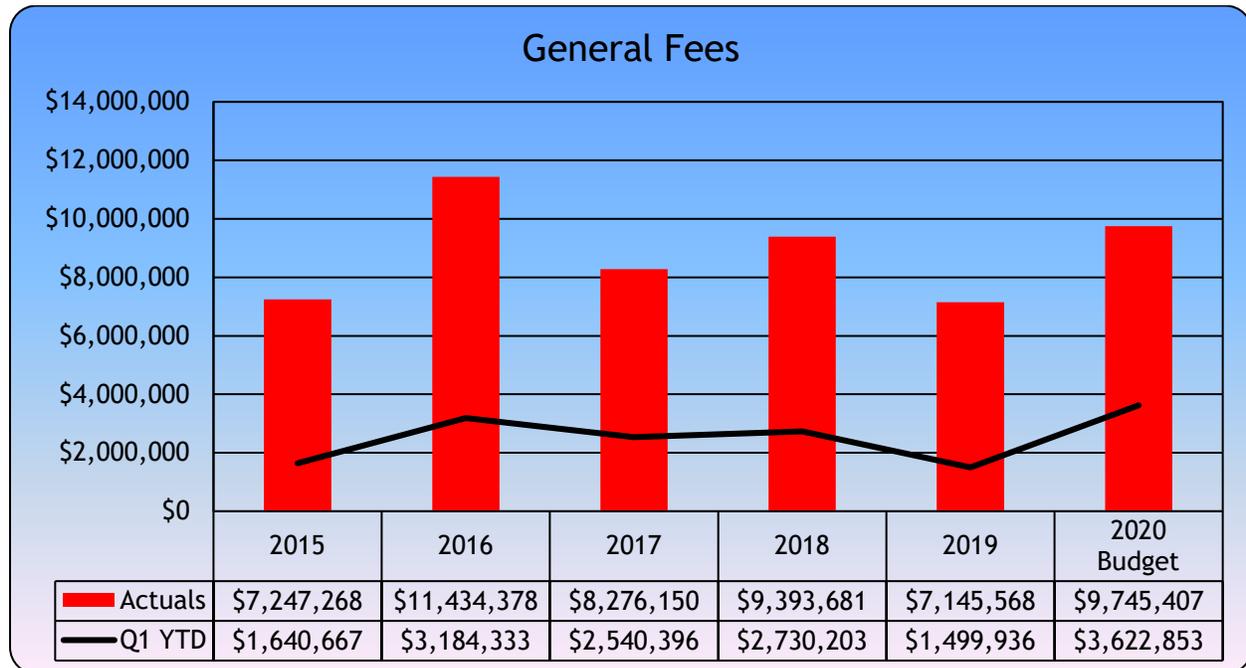
The State Public Defender's Office reimbursement rate increased from 40% to 48% as of July 1, 2015 due to changes in the state biennial budget. The reimbursement rate was reduced from 48% to 44% as of January 1, 2017 and from 44% to 40% as of April 1, 2017 both of these reductions were due to a lack of revenue into the state Indigent Defense Support Fund (IDSF). The reimbursement rate was increased from 40% to 45% as of July 1, 2017 due to changes in the state biennial budget.

The State Public Defender's Office notified counties during the 2nd quarter of 2018 that the reimbursement rate for county indigent defense expenditures for state fiscal year 2019 would be reduced to 42% for all cases, including capital cases. This reduction in reimbursement was due to a decrease in revenues to the IDSF and an increase in the amount requested for reimbursement from counties.

The state biennial budget for fiscal years 2020-2021 (House Bill 166) included a provision to increase the reimbursement rate for county indigent defense expenditures up to 75% in state fiscal year 2020 and 100% in state fiscal year 2021. Based on historical fluctuations, County agencies and courts have agreed upon an anticipated increase in the reimbursement rate to 70% for 2020. However, through the 1st quarter of 2020, the State Public Defender's Office has been reimbursing indigent defense expenditures at a rate of 85%.

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 elections, 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.



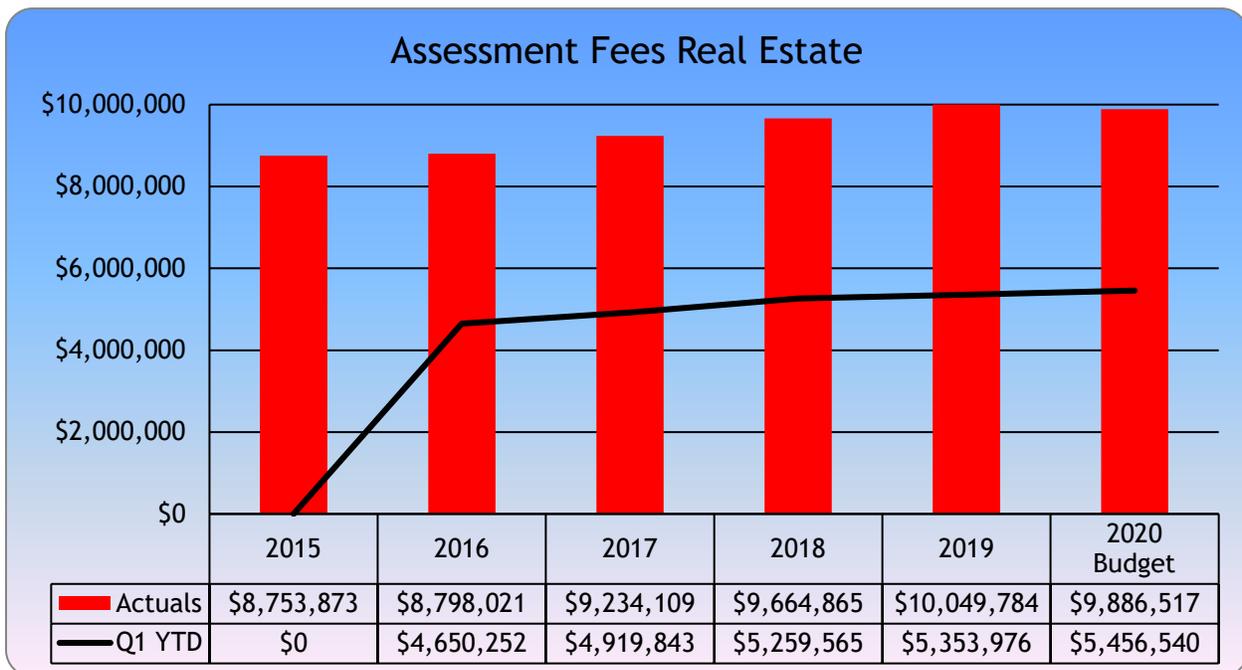
Of the amount collected in the 1st quarter,

- \$1,748,854 or 48.3% is associated with the fees collected by the Board of Elections. This compares to the \$26,252 that was received in the 1st quarter of 2019.
- \$1,205,629 or 33.3% is associated with the fees collected by the Recorder's Office. This amount is \$359,350 or 42.5% greater than the amount received in the 1st quarter of 2019.
- \$435,914 or 12.0% is associated with the fees collected by the Clerk of Courts' Office. This amount is \$31,899 or 7.9% greater than the amount received in the 1st quarter of 2019.
- \$206,826 or 5.7% is associated with the fees collected by the Probate Courts' Office. This amount is \$7,175 or 3.6% greater than the amount received in the 1st quarter of 2019.

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.

Of the \$5,456,540 collected in the 1st quarter of 2020, \$2,475,414 or 45.4% is associated with the fees received by the Auditor’s Office and \$2,981,127 or 54.6% is associated with the fees received by the Treasurer’s Office.



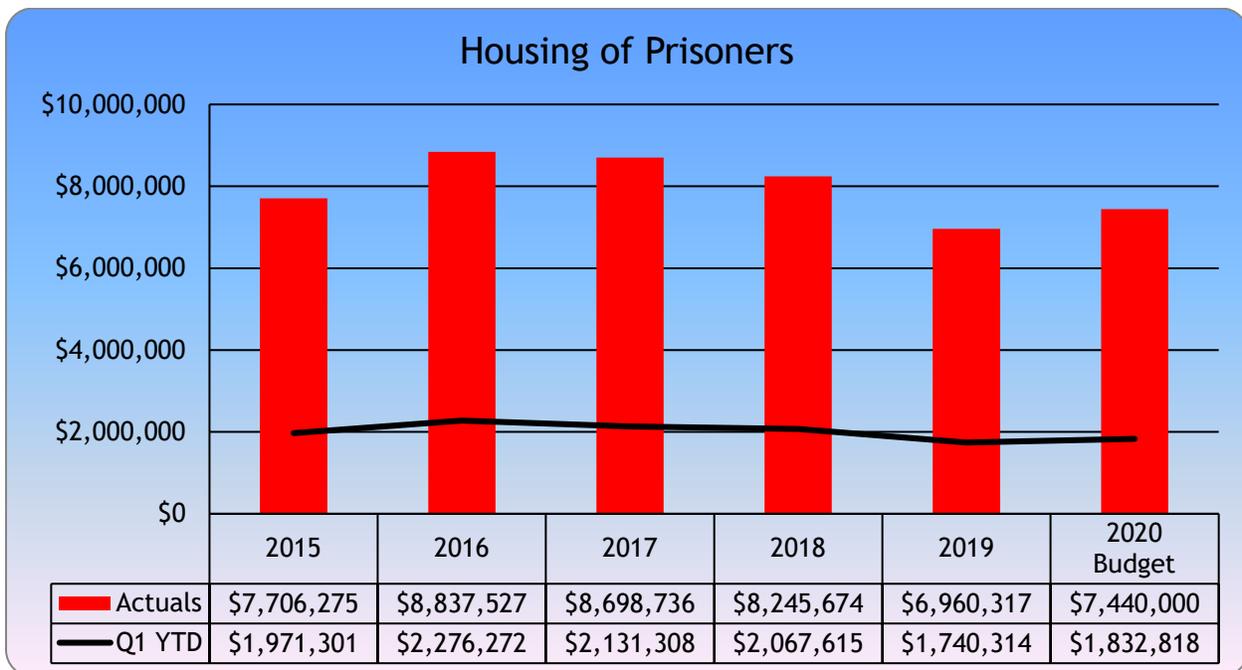
The 1st quarter variance in 2015 is related to the timing of the settlement for the first half real estate collections. Due to the implementation of new real estate tax management software, the settlement totaling \$4,659,084 occurred during the 2nd quarter, rather than the 1st quarter as in the prior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

Housing of Prisoners

Municipalities within Franklin County, including the City of Columbus, pay a housing per-diem rate for inmates charged under their municipal ordinances. The per-diem rate was increased by Resolution No. 0678-17 on September 26, 2017 from \$79 to \$88, with the increase to be phased-in over a three year period. As a result, the per diem rate for 2020 is \$88.

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. This contract is currently up for renewal and a new rate is currently being negotiated.

Overall revenue for the housing of prisoners has increased 5.3% or \$92,504 over the same period in 2019, which is primarily due to the timing of payments from the City of Columbus, the local municipalities, and the U.S. Marshal's office.



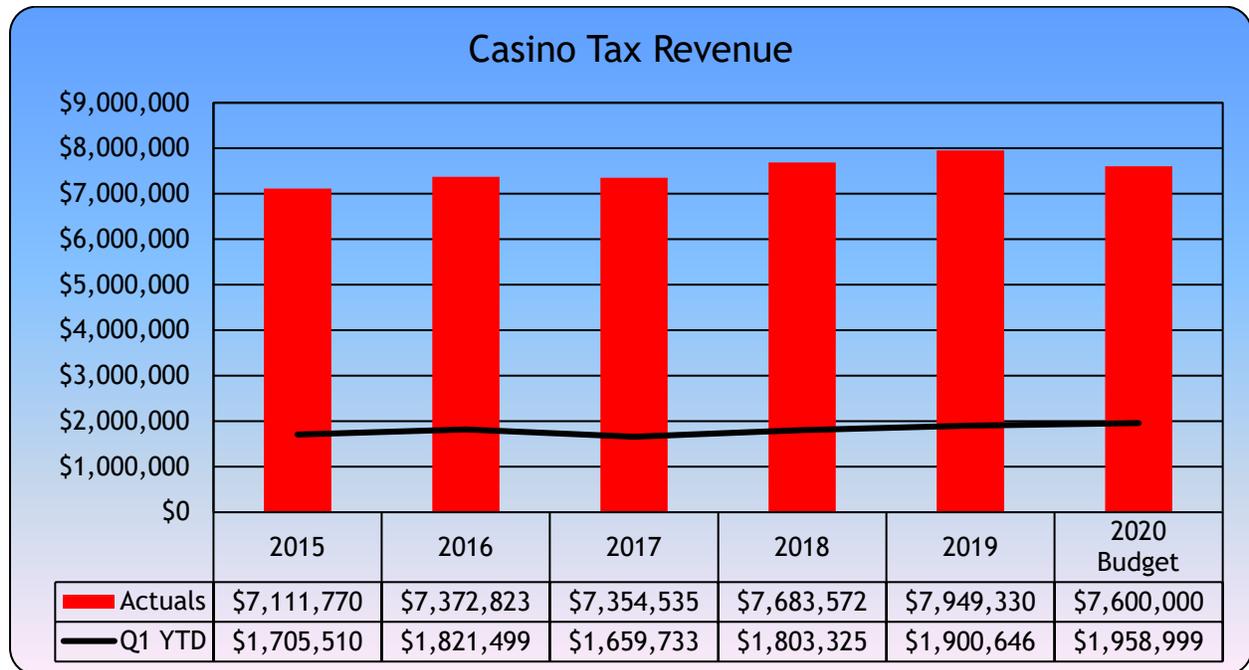
The 2020 budgeted revenue estimate for the housing of prisoners for the City of Columbus is \$4,000,000, with 1st quarter collections at \$949,518 or 23.7% of budget.

The 2019 budgeted revenue estimate for the housing of prisoners for the U.S. Marshal's office was \$2,490,000, with 1st quarter collections at \$659,532 or 26.5% of budget.

The 2020 budgeted revenue estimate for the housing of prisoners for local municipalities is \$950,000, with 1st quarter collections at \$223,768 or 23.6% of budget.

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. The chart below displays the annual casino tax revenue collected by Franklin County.



The revenue from this source is estimated at \$7,600,000 in the 2020 budget, which is a decrease of \$349,300 or 4.4% from the \$7,949,330 that was collected in 2019. 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 2020 was \$58,353 or 3.1% more than the amount in the prior year.