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New Report shows Strong Consumer Spending, Resilient Local Economy and Responsible Budgeting keeps Franklin County Finances Balanced

Strengthened by better-than-expected consumer spending, improving home sales, and a resilient local economy, a mid-year financial update to the Franklin County Commissioners shows that the County is on track to be slightly under budget by year end, having braced well for a slower-than-expected national recovery and major cuts from the Ohio Statehouse.

Responsible budgeting has also allowed the county to maintain one of the state's lowest permissive county sales tax rates and one of the nation's best credit ratings, according to a Second Quarter Budget Review report prepared by Franklin County's Office of Management and Budget.

The six-month financial report shows the County currently projecting a slight \$10 million year-end budget safety net - made up of better-than-anticipated sales tax receipts and local reimbursements combined with a \$5 million contingency fund that hasn't been significantly impacted by unexpected expenses.

According to the County's budget analysts, however, this safety net could be impacted by a number of negative factors over the next six months, including the ripple effects of state budget cuts estimated at as much as \$30 million in one year alone.

The County is also expecting an additional \$1.96 million reduction in property tax revenue as a result of the recent property value reappraisal process.

On the positive end, Franklin County collected \$34.4 million in sales tax during the past three months - bringing the six-month total to more than \$71.6 million - a 4.5 percent increase from original estimates. It is also higher than any past amount collected in the 2nd quarter during the previous five years, a sign of improving consumer spending.

Home sales and new housing starts - and the fees collected by the County Auditor and County Recorder - are also improving. According to real estate figures, property sales for the first five months of 2012 are up 10.4 percent from the same period in 2011. The issuance of building permits in Franklin County has also shown a strong increase to levels not seen since 2006.

"We are seeing the return on past investments made by the County to improve both the economic climate for our businesses and the quality of life for residents. Our region's resilient economy is allowing us to weather the storm of horrendous budget cut from the Statehouse," said County Commissioner President Paula Brooks. "Consumers are shopping, businesses are expanding, homes are selling and new opportunities for growth are opening each month - all of which helps to strengthen our County budget."

Added Commissioner Marilyn Brown: "The agencies and elected offices of Franklin County are going above and beyond a shared commitment to live within their means, by staying at or under budget for the first half of 2012. Over the next six months, we will continue to identify those targeted investments that leverage greater returns, streamline county-funded programs to improve performance, and modernize the way government operates to save money."

“As you look around Ohio, state budget cuts have forced a number of other counties to rely on higher sales tax rates to keep their budgets balanced. Franklin County has done it with one of the lowest county rates,” said Commissioner John O’Grady, pointing to the .75 percent county rate in Franklin County, compared to 1.25 percent in Cuyahoga (Cleveland) and Lucas (Toledo) counties and 1 percent in Hamilton (Cincinnati) and Montgomery (Dayton) counties. “The state still gets the lion’s share of the sales tax, so we need our Statehouse leaders to re-invest more of those dollars back into our major metropolitan counties - because that’s where you find Ohio’s potential for growth.”

Franklin County’s responsible budgeting has also been a key factor in the County’s ability to hold on to a double-AAA credit rating - the only county in Ohio and one of only 55 in the nation - which allows Commissioners to finance major capital projects at the best rates available.

Analysts from the County’s Office of Management and Budget advise that the currently-projected \$10 million safety net represented a very modest 3.4 percent protection compared to County’s overall \$301 million general fund budget.

Over the next six months, analysts will be carefully monitoring the impact of fluctuations on Wall Street and in global markets, with the County Treasurer’s Office now estimating an 11 percent reduction - representing approximately \$1.2 million - in the earning returns on Franklin County’s investment portfolio.

Also to be realized are revenues from the soon-to-be-open Columbus Hollywood Casino and the state’s two currently-open casinos in Toledo and Cleveland. With no history behind this source of revenue to rely upon, analysts are hoping the success of these casinos meets state-projected estimates.

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