

2017 Budget Summaries

Table of Contents

Sources and Uses (chart) 2

Projected Reserve Balance (table)..... 3

Revenue by Department (table)..... 4

Expenditures by Department (table)..... 5

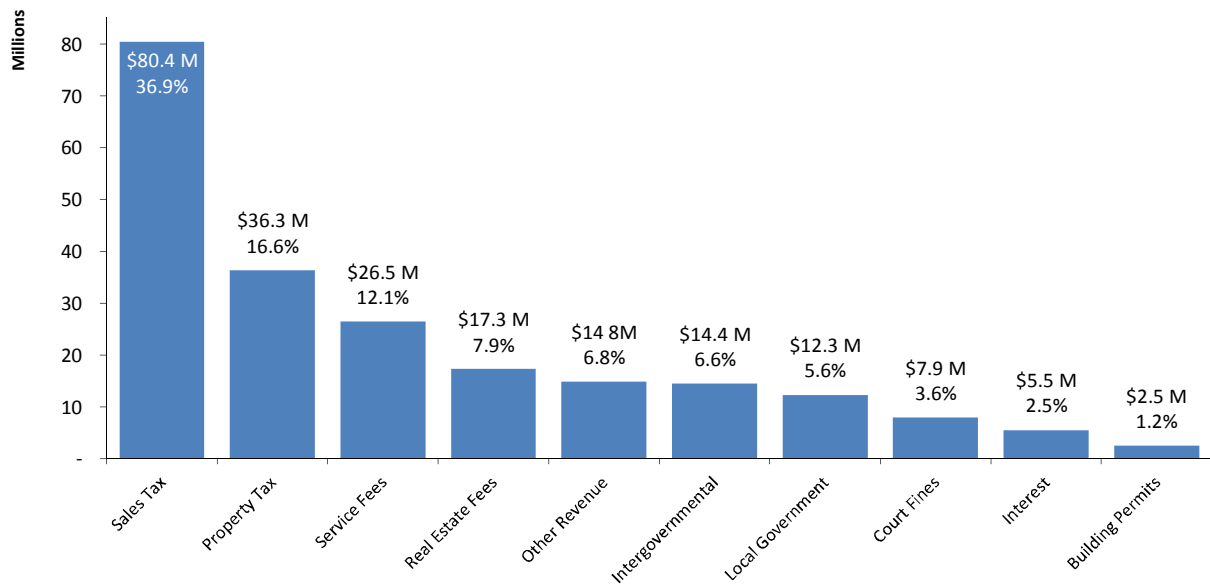
Employee Positions by Department (table) 6

Departmental Summaries..... 7

Five-Year Plan 14

2017 Administrator's Recommended Sources

General Fund Total: \$217.8 Million

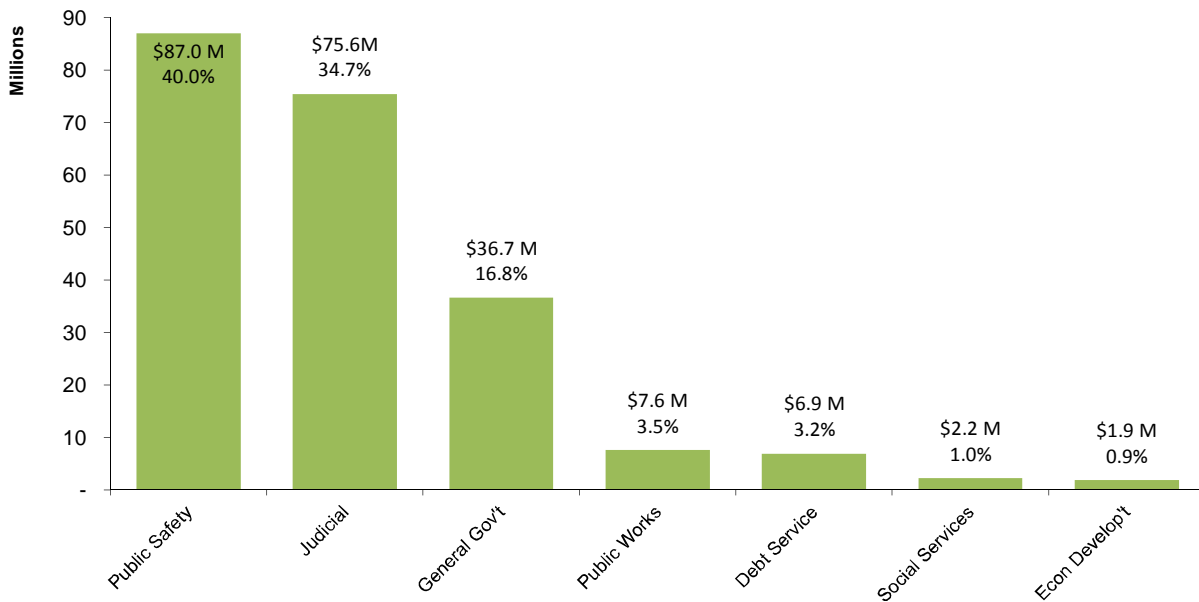


The "other revenues" category includes various reimbursements, transfers from restricted funds, auction proceeds, licenses, refunds, real estate sale proceeds, and unclaimed money.

These summaries, as well as the departmental summaries, do not reflect the proposed 1.5% one-time bonus for employees in 2017. It is reflected as an addition to the reserve calculation.

2017 Administrator's Recommended Uses

General Fund Total: \$217.8 Million



Projected General Fund Reserve
 2017 Administrator's Recommended Budget
(in thousands)

Following is a calculation of the Board goal of a general fund reserve of 15% of ongoing expenses. The projected reserve balance for 2016 is at 15% as of September projections, but the recommended reserve for 2017 falls to 14%. The reserve level is drawn down by \$450K to provide employee bonuses--assuming existing earmarks cannot cover the draw down--and the ongoing expense level raises the reserve requirement by \$1.6 million. To the extent that 2016 ends with a greater reserve than anticipated, the 2017 reserve balance will rise accordingly.

Total 2017 budget expenditures	\$217,808
Reserve requirement: 15% of ongoing expenditures	\$32,671
Unaudited reserve balance, 12/31/15 (15.5% of 2015 budget)	\$31,307
Budgeted reserve balance, 12/31/16 (15% of 2016 budget)	\$31,015
Projected reserve balance, 12/31/16 (15% of 2016 budget)	\$30,991
Recommended reserve balance, 12/31/17 (14% of 2017 budget)	\$30,533

Reserve Detail, December 2015-December 2017

Cash balance, 12/31/2015	\$63,028
LESS: Encumbrances, 12/31/2015	(15,284)
LESS: Budget stabilization fund balance	(3,466)
LESS: Board of Elections reserve balance	(3,670)
LESS: Initial contribution to capital equipment reserve	(1,000)
LESS: Pop-up items/Audit issues/Building systems	(3,100)
LESS: Reserve for potential litigation expenses	(1,000)
LESS: Reserve for JFS audit claim against the General Fund (for ITs)	(1,700)
LESS: Reserve for payroll/retirements	(2,500)
Reserve balance 12/31/2015	\$31,307
PLUS: 2016 projected revenue	211,947
LESS: 2016 projected expenditures	(219,856)
PLUS: Release of earmarks against 2015 balance (for items in projections)	4,127
PLUS: Release BSF for balancing/heroin treatment	3,466
Projected reserve balance 12/31/2016	\$30,991
PLUS: 2017 recommended revenue	217,808
LESS: 2017 recommended expenditures	(217,808)
LESS: 2017 proposed 1.5% one-time bonus	(1,159)
PLUS: 2017 sales tax in excess of 2018 estimate	700
Recommended reserve balance 12/31/2017	\$30,533

Revenue by Department - General Fund

Administrator's Recommended Budget

Department	2015 Actuals	2016 Budget	2016 Projections	2017 Admin Recommend
Auditor	146,798,951	148,801,672	149,038,443	158,029,420
Board of Elections	252,641	1,725,960	1,725,960	27,500
Clerk of Courts	15,591,906	13,929,760	14,243,947	14,325,400
Commissioners & County Admin	1,152,596	192,713	215,360	178,143
Communications Center	61,941	51,000	59,274	54,000
Contracts and Subsidies	4,673,265	-	2,000,000	-
Coroner	958,364	966,750	991,977	1,085,750
County Facilities	2,061,022	122,388	148,477	148,378
Court of Appeals	175	-	-	-
Court of Domestic Relations	273,872	257,000	247,693	256,000
Court Reporters	-	-	248	-
Debt Service	477,588	32,500	111,000	32,500
Economic Development	174,355	154,007	180,728	154,325
Juvenile Court	3,636,309	2,712,731	2,831,576	3,362,233
Metropolitan Sewer District	4,882,355	3,111,000	3,875,000	3,925,000
Municipal Court	422,833	452,224	292,224	297,224
Non-Departmentals	1,860,726	4,032,564	4,199,412	4,446,827
Planning and Development	2,797,167	2,540,000	2,828,814	2,885,100
Probate Court	1,626,237	1,602,000	1,602,162	1,675,000
Probation	373,259	391,371	416,752	402,083
Prosecutor	2,195,148	2,078,100	2,091,350	2,102,530
Public Defender	6,819,927	7,880,809	8,141,429	8,282,421
Recorder	2,788,394	2,640,000	2,725,285	2,600,000
Sheriff*	5,383,110	4,778,666	5,434,936	4,817,550
Treasurer	7,754,071	7,640,300	8,339,545	8,516,000
Veterans Service Commission	217,647	205,000	205,114	205,000
Total	\$213,233,858	\$206,298,515	\$211,946,706	\$217,808,383

Expenditures by Department - General Fund

Administrator's Recommended Budget

Department	2015 Actuals	2016 Budget	2016 Projections	2017 Admin Recommend
Auditor	1,966,603	2,126,614	2,170,049	2,165,729
Board of Elections	6,865,048	9,903,700	9,937,050	8,436,863
Clerk of Courts	11,781,966	12,121,487	12,189,026	12,569,986
Commissioners & County Admin	3,722,247	3,837,420	3,834,001	4,049,095
Communications Center	3,955,378	4,637,856	4,647,408	5,147,995
Contracts and Subsidies	7,304,764	2,821,602	2,811,355	3,131,572
Coroner	4,439,673	4,336,976	4,579,711	4,869,112
County Facilities	13,985,333	11,777,443	13,588,309	12,607,631
Court of Appeals	43,742	86,330	86,329	70,230
Court of Common Pleas	7,957,800	8,387,132	8,292,179	8,409,336
Court of Domestic Relations	3,099,111	3,268,041	3,244,680	3,482,005
Court Reporters	2,346,917	2,384,168	2,404,449	2,586,165
Debt Service	6,010,000	6,892,500	6,875,000	6,932,500
Economic Development	2,907,604	1,919,188	3,919,188	1,919,507
Juvenile Court	14,155,882	13,979,076	15,638,019	16,035,173
Metropolitan Sewer District	2,850,304	3,112,834	3,879,891	3,924,172
Municipal Court	5,175,547	5,256,418	5,411,935	5,459,204
Non-Departmentals	9,418,481	4,957,772	7,677,960	4,754,294
Planning and Development	2,881,037	3,052,754	3,037,569	3,003,163
Probate Court	2,687,737	2,974,469	2,922,799	3,154,941
Probation	6,045,947	6,184,100	6,500,408	6,650,123
Prosecutor	13,067,653	13,474,565	14,703,631	14,862,320
Public Defender	15,446,131	16,032,756	16,498,281	17,067,545
Recorder	1,241,935	1,098,110	1,109,255	1,139,915
Sheriff	57,479,442	60,222,269	61,844,098	62,993,839
Treasurer	552,256	657,497	657,497	869,609
Veterans Service Commission	1,269,898	1,548,802	1,396,013	1,516,324
Total	\$208,658,437	\$207,051,880	\$219,856,092	\$217,808,349

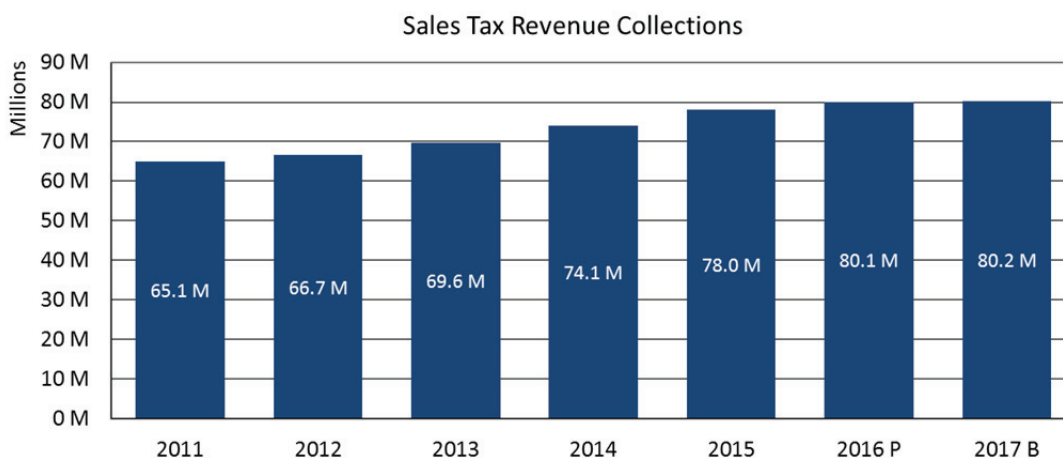
Employees by Department - General Fund

Administrator's Recommended Budget

Department	2016 Budgeted FTEs	2017 Adm Rec'd FTEs	Variance
Auditor	20.34	20.34	-
Board of Elections	42.40	44.40	2.00
Clerk of Courts	183.90	183.20	(0.70)
Commissioners & County Admin	43.95	45.05	1.10
Communications Center	7.58	8.58	1.00
Coroner	47.26	49.26	2.00
County Facilities	69.50	69.50	-
Court of Common Pleas	58.75	56.75	(2.00)
Court of Domestic Relations	45.60	47.60	2.00
Court Reporters	38.00	38.00	-
Juvenile Court	238.00	245.73	7.73
Metropolitan Sewer District	4.40	4.00	(0.40)
Municipal Court	88.40	87.90	(0.50)
Non-Departmentals	3.05	2.90	(0.15)
Planning and Development	42.05	42.50	0.45
Probate Court	39.00	41.50	2.50
Probation	110.79	105.39	(5.40)
Prosecutor	169.86	174.31	4.45
Public Defender	142.00	146.00	4.00
Recorder	20.00	19.50	(0.50)
Sheriff	801.00	805.00	4.00
Treasurer	3.35	3.75	0.40
Veterans Service Commission	11.15	11.15	-
Total	2,230.33	2,252.31	21.98

Departmental Summaries

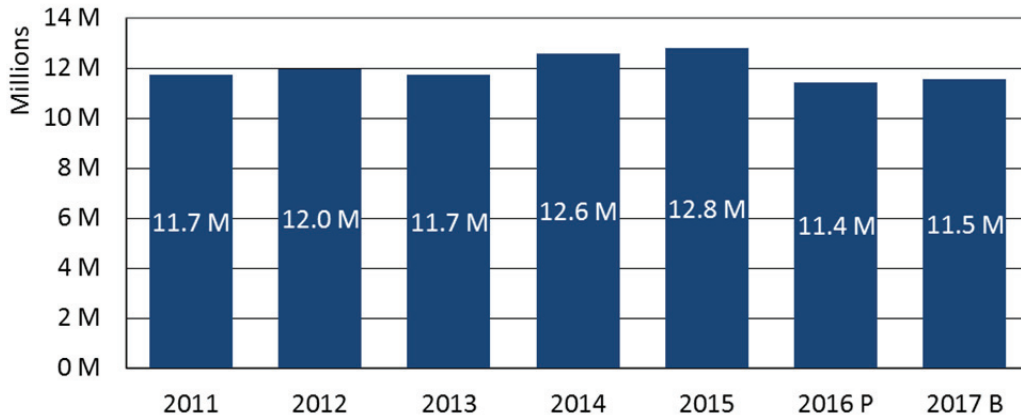
Auditor – The 2017 recommended budget for the Auditor’s office represents a \$40,000 increase from the 2016 budget at \$2.17 million. 2016 wage adjustments, lack of department vacancy, and payroll contract increases are offset by a decrease in computer center fees. Revenue in the Auditor’s office (the general fund’s largest revenue collector) increases \$9.2 million from the 2016 budget. This accounts for the loss of the utility service fee (-\$3.5M), and the addition of casino revenue (+\$4.6M) and a mill of transfer tax (+\$3.7M). Other major revisions include sales tax (+\$1.9M, aligned with 2018 estimates so as not to have to reduce the revenue for Medicaid Managed Care revisions); the transfer tax base (+\$1.3M to be in line with historical performance, but capped at \$11M to guard against a bubble market); property tax (+\$870K, a somewhat optimistic figure, the majority of which is in excess of the Auditor’s estimate); and local government fund (+363K, per the state certification, a somewhat risky proposition given performance relative to state estimates in prior years).



CAGIS (contract) – The 2017 recommended budget for the geographic information system is \$125,000, which is the same as the 2016 budget. The budget includes the increase for the second year of the two year aerial fly-over.

Clerk of Courts – The 2017 recommended budget for the Clerk of Courts is \$450,000 higher than the 2016 budget. The increase in the budget is due in part to an increase in medical costs of \$220,000 and a full year of the 1.5% compensation adjustments awarded by the Clerk in June of 2016. Revenue in the Clerk of Courts continued to decline in 2016 and the 2017 recommended budget assumes all Clerk of Courts revenues will remain flat with 2016 projections. It is important to note that Court fees and fines over the past five years have been highly volatile (increases/decreases are not consistent year over year) making it difficult to accurately estimate revenue.

Clerk of Courts - Court Fees/Fines Revenue History



Commissioners and County Administration – The 2017 recommended budget includes an increase of \$229,000. This increase is in personnel costs and is a result of changes in federal law regarding overtime, adjustments to the commissioner’s salaries per state code, and reallocation of some MSD oversight personnel expenses to this department. Non-personnel costs decrease slightly for Auditor’s computer center billings.

Communications Center – The Communications Center budget is composed of the Telecom division and general fund subsidy to the 9-1-1 dispatch center. The Telecom budget contains an increase of \$107,000 which is tied directly to increases in maintenance agreements for county-wide IT systems and the hiring of an additional IT help desk employee in 2016. The 2017 general fund subsidy to the 9-1-1 dispatch center is an increase of \$1.2 million from the 2016 original budget. It should be noted that this subsidy level will only maintain current expenses, draw down fund balance to approximately 1% of on-going expenses by using \$800,000 of reserves, and will not provide for any capital or equipment upgrades.

Coroner – The 2017 recommended budget is \$532,000 above the 2016 Budget. It is worth noting that the 2016 Coroner’s budget featured a \$162,000 vacancy rate, which was not fully realized. In addition, the department added a Forensic Assistant and Forensic Pathologist during 2016 (\$293,000 annual cost with benefits). The 2017 recommendation reflects current personnel costs and some small increases in other expenditures for increased maintenance costs, increased lab testing, and new legal requirements for certifications and training.

The Courts – The 2017 recommended budget for the Courts (Common Pleas, Municipal Court, Court Reporters, and Probation) is \$893,000 higher than the 2016 budget. This increase in budget reflects the implementation of market rate adjustments for probation officers, law clerks, bailiffs and constables, a full year of the 1.5% increase for all other employees, and increased medical expenses. In order for the general fund to absorb all of these increases, the Court’s restricted funds will still contain personnel costs (however these costs will be limited to restricted funds with operating surpluses). The Courts have stated that they would like the general fund to absorb personnel at pre-recession levels. During the

budget creation process, the budget office evaluates the feasibility of moving positions back to the general fund in context of the overall budget. The budget office will continue to work with the Courts in transitioning personnel costs from their restricted funds back to the general fund.

Debt Service – The 2017 Debt Service budget is recommended in-line with the 2016 budget at \$6.9 million to allow for flexibility in cash or debt financing for pending capital projects in 2017. Current debt service is slightly less than the recommended figure, but as new projects move forward, general obligation debt will return to and likely surpass the budgeted figure in future years.

Dog Warden (subsidy) – The 2017 recommended Dog Warden subsidy is \$910,000, an increase of \$160,000 from the 2016 budget. This subsidy is driven by the same dynamic present in this fund for several years: increased costs due to underfunding of acceptable minimum levels of service for the SPCA to maintain the contract, and falling revenue from dog license fees. Service provisions will be re-examined during 2017, but the process is unlikely to uncover a more efficient model.

Domestic Relations Court - The 2017 recommended budget for the Court of Domestic Relations is \$214,000 higher than the 2016 budget. A portion of this increase is due to the addition of a Family Law Clinic Coordinator position that helps assist the increasing number of low-income, self-represented litigants with the complexities of family law. Other increases are tied to medical expenses and 2016 salary increases. Domestic Relations continues to use its special projects fund to cover other personnel costs although this is not the intent of the fund.

Economic Development – The Economic Development budget contains the payments for each of Hamilton County’s key economic development partner agencies: HCDC, REDI, the Port Authority, and OKI. The contracts with these agencies are multi-year agreements and the 2017 revenue and expenditure budgets are flat with the original 2016 budget (it should be noted that the Board appropriated an additional \$2 million in August for a site readiness project in Amberley Village).

2017 Economic Development Contracts	
HCDC	\$ 703,000
Port	\$ 700,000
OKI	\$ 266,507
REDI	\$ 250,000

Elections – The Board of Elections maintains a reserve account in order to cover the expenditure increases associated with a Presidential election year. 2016 featured a Presidential election, therefore ending the prior four year budget cycle. The 2017 budget represents the level expenditure budget for this department and includes a contribution to their reserve to help cover the 2020 election. It should be noted that the Board of Elections has experienced \$500,000 in budgetary growth in 2017 for on-going operating costs (\$241,000 increase in office/warehouse rent and \$219,000 in e-poll books data and licensing costs).

Emergency Management (subsidy) – The EMA subsidy for 2017 is flat with 2016 budget. This subsidy is reviewed annually in context of on-going expenses and total fund reserve levels. With the decline in state and federal funding for EMA initiatives, this department may require an increased subsidy in 2018 or 2019.

Engineer Tax Mapping (subsidy) – The Board of County Commissioners is obligated per ORC 5713 to cover the cost of tax mapping services provided by the County Engineer. The increase in this budget of \$30,000 is a step toward covering the full amount of the tax mapping personnel. In 2015, the total required subsidy for the Tax Map division of the Engineer was reassessed and it was determined at that time that the general fund budget could not absorb the full increase of \$100,000. Therefore, the budget office and Engineer's office agreed to increase the subsidy over three years to the full amount. This is the second year of increases.

Extension Office (subsidy) – The 2017 budget recommendation includes a new expense of \$18,000 for non-personnel expenses for the OSU Extension. Funding for extension services was previously provided through the general fund and senior services levy, but ended in 2008 due to budget constraints. Hamilton County is currently the only county in Ohio that does not fund the local extension office to some degree. The extension requested assistance in 2017 for office space, due to a need to relocate from their current office space within Park Board owned property. Developmental Disabilities Services has provided space in-kind within a county-owned building for Extension. The recommendation covers office-related expenses for 2017.

Facilities – The 2017 recommended budget is \$803,000 above the 2016 budget. The department's personnel expenses have increased by \$168,000 due to union pay adjustments and overtime costs (as a result of decreased staffing levels). The budget includes an increase of \$334,000 in utility costs due to increased rates and increased usage within corrections facilities. Additional increases are for building supply costs, small capital equipment purchases, and several maintenance contracts renewals in 2017, the largest being the janitorial maintenance contract for county-owned facilities.

Heroin Coalition (subsidy) – The 2017 budget recommendation includes \$15,000 for operational support for the Heroin Coalition Task Force, which is consistent with 2016. This is the only general fund support for the Heroin Coalition included in the 2017 recommendation. Additional coalition support is recommended within county-wide levies for Indigent Care and Family Services and Treatment.

Information Technology (contracts) – The IT contracts cover the county email system, and the maintenance of both the County website and the Clerk of the Board's agenda and minutes website. The 2017 recommended budget is \$88,000, which is almost \$42,000 less than the 2016 budget. These savings are a result of a renegotiated email contract and the new maintenance costs for the County website.

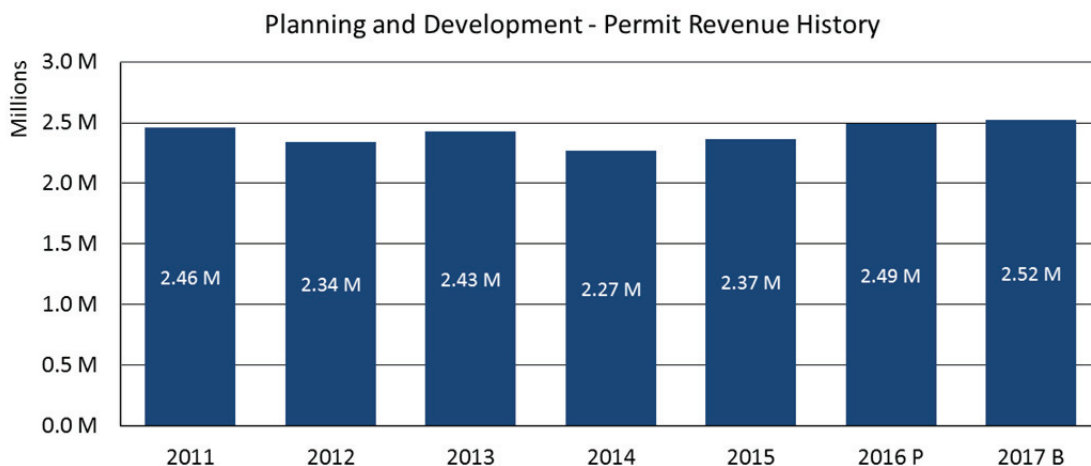
Job and Family Services (subsidy) – The 2017 budget recommendation for the Job and Family Services Public Assistance subsidy increased by \$85,000 to \$690,000 in the 2017 budget. This general fund subsidy is the County's mandated share as set annually by Ohio Job and Family Services.

Juvenile Court - Overall, the Juvenile Court budget increase of just over \$2 million is a combination of several on-going budgetary pressures that have resulted in a substantial loss of RECLAIM grant dollars which in turn has forced the department to shift employees from grants to the general fund in order to maintain mandated service levels. 2017 is anticipated to be the lowest total RECLAIM collections that the Court has received, and will likely put our state grant revenue below many smaller counties. RECLAIM dollars are a shared pool between all Ohio counties that is distributed to the Counties based on how many youth are diverted from the State Department of Youth Services. On a positive note, the Court will see a total increase in revenue from its dependency and mental health contracts of \$632,000. It should also be noted that both of these contracts are reimbursed from internal county levies.

MSD Oversight – The 2017 recommended budget for MSD oversight is \$3.9 million, an \$811,000 increase from the 2016 budget. The increase is related to consent decree monitor and legal fees as we approach the end of this first phase of the plan, as well as analysis costs associated with the 2018 end to the district operating agreement with the City of Cincinnati. The function is entirely reimbursed by the Sewer District, so revenues in this department increase by the same amount as expenses.

Non-Departmentals – The 2017 recommended budget decreased by 4%. Budget assumptions for retirement payout and risk management are in line with 2016 appropriations. Included in the recommend is the utilization of a one-time workers compensation payment holiday to set aside cash for the costs of replacing the Auditor’s financial system.

Planning and Development – The recommended budget for Planning and Development in 2017 is \$50,000 less than the 2016 budget (due to decreases in capital and equipment needs for the department in 2017). Revenue for the department is budgeted \$345,000 higher than the 2016 budget. This reflects both a strong growth in permit revenues over the past few years (indicated by a 24% increase in single family home permits in 2016) and the inclusion of a new technology fee in 2017 that will cover the costs of an upgrade to the permitting system.



Probate Court – The 2017 recommended budget for Probate Court is \$180,000 higher than the 2016 budget. The increase in the budget is due to the hiring of a magistrate, a translator position, 2016 salary adjustments, and medical cost increases.

Prosecutor – The 2017 recommended budget includes a \$1.2 million increase in personnel costs due to a full year of market salary rate adjustments for attorneys, a 3% 2016 raise, the addition of 4.5 new positions, and lack of vacancy in 2016. In addition, medical costs represent an increase of \$227,000.

Public Defender – The 2017 recommended budget is \$1.03 million above the 2016 budget. \$826,000 of this increase is due to increased personnel costs. The department added three new staff attorneys in 2016 and the Commissioners approved attorney pay parity with the Prosecutor’s Office in the first quarter of 2016. Due to a 30% increase in juvenile cases in 2016, the budget includes an additional Guardian ad litem attorney position. The department has seen substantial increases in court ordered services, particularly for these juvenile cases. These costs have resulted in a \$200,000 increase in the budget for expert services, court transcripts and assigned counsel. The Public Defender continues to receive 48% reimbursement on expenses from the state of Ohio.

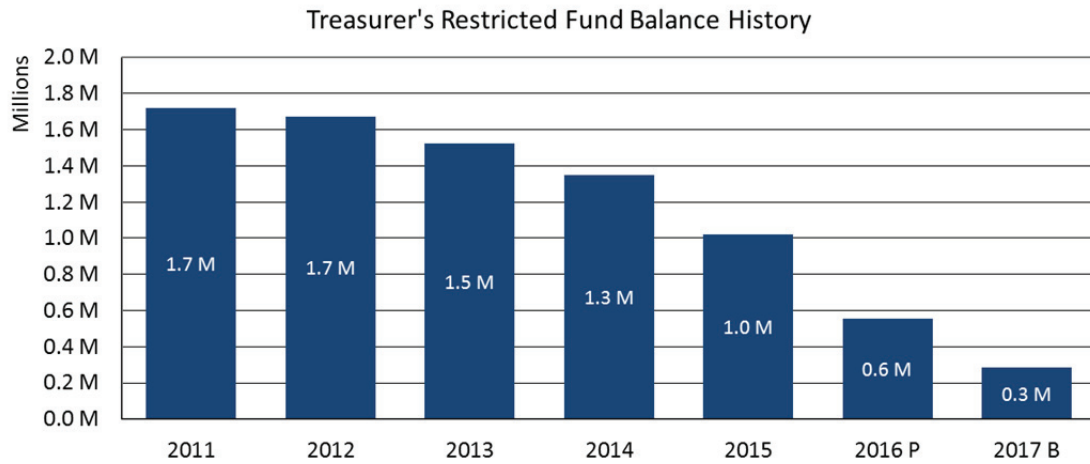
Recorder – The 2017 recommended Recorder’s budget includes an increase of \$25,000 for personnel to reflect a full year of the 1.5% compensation adjustments awarded in September of 2016. The 2017 budget recommendation also includes a shift of \$0.50 in recording fees from the general fund to the Recorder’s technology fund. This shift should cover the IT expenses for the Recorder’s office for the next five years and results in a total decline in revenue from 2016 budget of \$40,000.

Re-Entry (subsidy) – The 2017 budget recommendation includes \$48,500 for non-personnel expenses for the office of Re-Entry. All personnel expenses for Re-Entry are provided through the Family Services and Treatment levy.

Sheriff’s Office – The 2017 recommended Sheriff’s office budget includes an increase of \$2.8 million in personnel costs due to bargaining union negotiated salary increases and the addition of four court services officers, which were hired in 2016 to provide security for the JFS campus (and are fully reimbursed). Non-personnel recommendations are relatively level with the 2016 budget. 2017 revenues are recommended in-line with the 2016 budget. The increase in JFS reimbursement for the additional court services officers offset a decrease in revenue due to an FCC ruling to reduce rates charged for inmate telephone use.

Soil and Water (subsidy) – The 2017 budget recommendation for the Soil and Water Conservation District subsidy is flat with the 2016 budget. Administration has recommended that the department explore adding an earthworks inspection fee to cover the cost of the earthworks program and address their current operating deficit. It should be noted that nearly all counties in Ohio charge for earthwork inspections and Hamilton County is one of the few that do not have any form of earthwork inspection charge.

Treasurer – The Treasurer’s restricted funds have experienced several years of financial constraints as revenues from delinquent tax assessments have declined. As a result, in 2017 the Treasurer’s office must shift \$200,000 in non-personnel operating costs within these restricted funds back to the general fund. 2017 interest earnings are recommended at an increase of \$954,000 from the 2016 budget. The recommendation is \$374,400 higher than the Treasurer’s 2017 estimate.



Veterans Services Commission – The 2017 recommended budget is \$32,000 below 2016 Budget. This decrease is due mainly to a reduction in the department’s veterans’ relief line item, bringing it in line with historical spending.

Five-Year Plan Narrative 2017-2021

The five-year plan is developed to provide a more strategic context to budget decisions. The base year is the 2017 County Administrator's recommended budget. Estimated amounts for 2016 reflect projections through September. Non-recurring items included in the 2017 recommended budget have been accounted for in 2018 and future years.

The five-year plan includes revenue and expenditure assumptions in broad categories that are more fully explained in the document itself. This year's five-year plan follows the same format as last year's plan, in that it is focused on providing the user with the ability to see how multiple revenue and expenditure scenarios could affect the county's future general fund reserve. This approach should provide greater insights regarding policy decisions based on a range of risk and policy assumptions for key revenue and expenditure items. It is formatted to be interactive and allow the user to make changes to the plan's key revenue and expenditure items to create a picture of what the user believes the county may look like over the next five years.

There are five major revenue categories which, from a historical perspective, are the primary drivers of the general fund budget. The five major revenues are detailed on the plan itself and are accompanied with their total share of the 2017 recommended budget, historical data, and contextual narrative on the specific market dynamics related to the specific revenue. These categories are sales tax, property tax, real estate transactions, court fines, and interest. In total, these five revenue categories represent 67.5% of the total budget. "All other" revenue categories are assumed to continue to grow at their current rates, based on prior year actuals. The specific assumptions for each category are detailed in the narrative. These categories do not represent a significant share of the total revenue, so any changes to the assumptions for these revenues will not likely have a significant impact on the plan.

On the expenditure side, there are four key expenditure categories that represent either a significant share of the county's overall budget or are tied directly to key policy decisions. These categories are accompanied with their share of the 2017 recommended budget, historical data, and narrative describing how policy decisions will affect the expenditure levels. Of the four expenditure categories, growth can be tied to policy directives set by the Board of County Commissioners or other elected officials. The only category that is primarily dependent on outside influences is health care. Salaries and related benefits, county facilities projects, and the level at which capital equipment funding can all be modified based on policy decisions. "All other" expenditure categories are assumed to continue to grow at their current rates, based on prior year actuals. These categories do not represent a significant share of the total expenses, so any changes to the assumptions for these expenditures will not likely have a significant impact on the plan. It should be noted that the county debt budget in the five year plan is tied directly to the debt service recommendations made in the 2017 Capital Improvement Plan.

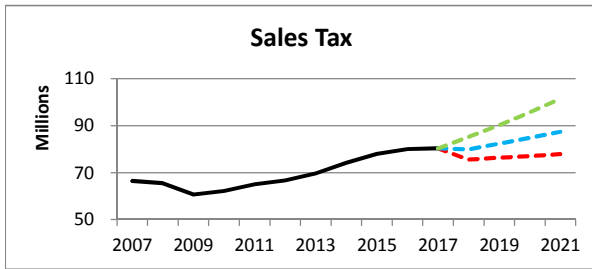
The five-year plan is built to present three distinct scenarios, which are detailed below:

- Cautious – These projected budgetary figures are similar to the five-year plan of 2014 and prior five-year plans. They assume minimal to no growth in most revenues, and inflationary growth in most expenditures. These assumptions are represented by the red boxes in the interactive plan.
- Average – This model takes the five year growth average for each expenditure and revenue category and assumes that they will continue to grow at this rate. Adjustments have been made based on local knowledge and market changes that are likely to occur over the course of the plan. These assumptions are represented by the blue boxes in the interactive plan.
- Optimistic – This would be the best case scenario for the county. This scenario represents revenue growth that is above our current trends and a decline in the expenditure growth rate of county health care (the only major expenditure category that is not contingent on policy decisions). These assumptions are represented by the green boxes in the interactive plan.

Each of the three scenarios portrays a similar picture in that they all project some form of general fund deficit within the five year period. The main difference in each scenario is the degree of the general fund deficit. The reason this year's five year plan shows a much larger deficit in the "Average" and "Cautious" scenario is due to the revenue loss from the elimination of the Medicaid Managed Care (MMC) sales taxes. The "Cautious" scenario shows that the county is likely to see a significant general fund deficit by 2021 due primarily to stagnant revenues that would result in a negative fund balance. This is consistent with previous five year plans and may in fact be the most realistic, if the county is on the cusp of an economic downturn and the state does not address the loss of MMC sales tax revenue. The "Average" scenario represents a relatively stable economic cycle that presents a long term budget that draws down on reserve levels by \$5 million – \$10 million per year. It is important to note that revenues in this category are slightly below the expenses in the "Cautious" scenario, suggesting that Board policy decisions could prevent a major draw down of reserve. Finally, the "Optimistic" scenario demonstrates a slight decline in the general fund reserve balance that is driven by the expansion of several policy based expenditures, such as the infusion of more cash in capital equipment, more cash financing of deferred maintenance projects, and employee market rate salary adjustments. Given that these changes are under the control of the Board, it is unlikely that reserve would be drawn down.

Currently, the total fund balance at the end of 2016 in the general fund is projected to be near 15% of expenditures. The current economic environment is expanding and may provide the general fund with a five year budget that features a slight draw down of reserves. However, if the county economy is at the apex of the current economic expansion, the county will have to consider the long term impact of current policy decisions and begin to plan ways to make the long term budget sustainable. A long term revenue solution that addresses the County Communications Center will help alleviate future budgetary strains.

FIVE YEAR PLAN - MAJOR REVENUE CATEGORIES



5 Yr. Avg. Growth: 4%
% of Total Revenue: 36.9%

ASSUMPTIONS

1.0%	3.0%	6.0%
Cautious	Average	Optimistic

This revenue is highly dependent on external economic variables. The state plans on removing sales tax collections on Medicaid Managed Care (MMC). This should have a major impact on the County in 2018. The "State Assumption" category allows an individual to see the effects of the state making a change that would not recover any of this revenue, recover part of the revenue, or recover all of the revenue. For context, the County has seen average annual growth of 2% from 2006 to 2014.

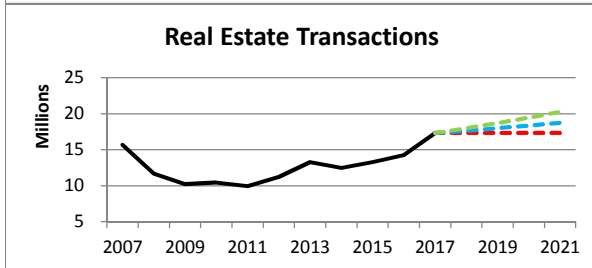


5 Yr. Avg. Growth: 0%
% of Total Revenue: 16.6%

ASSUMPTIONS

2.0%	5.0%	8.0%
Cautious	Average	Optimistic

Property tax revenue has grown by an average of 0.50% in non-reassessment years. This is assumed to be the average rate of growth in non-reassessment years. A county-wide physical reassessment will occur in 2018. It is expected that most homes will have grown in value since the last physical assessment occurred in 2012. The assumption here will only affect the county-wide reassessment in 2018.

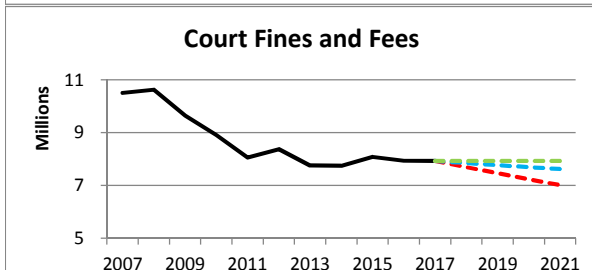


5 Yr. Avg. Growth: 5%
% of Total Revenue: 7.9%

ASSUMPTIONS

0.0%	2.0%	4.0%
Cautious	Average	Optimistic

Real estate transactions were \$6-8 million higher prior to the Great Recession. This was also during a major economic "bubble" so it is not likely that the County would return to these levels. This revenue would have to grow by approximately 11% annually to return to that level. While 2016 represented a fourth consecutive year of growth, there has not been a consistent level of growth or decline in this revenue over the past ten years. (The plan currently includes the transfer tax increase in 2017.)

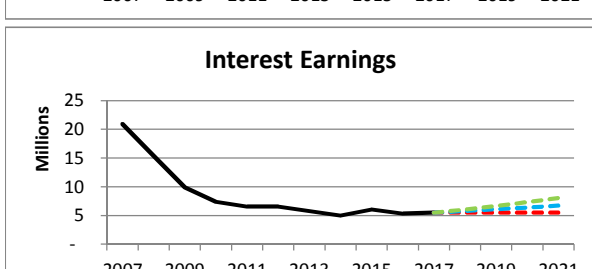


5 Yr. Avg. Growth: -1%
% of Total Revenue: 3.6%

ASSUMPTIONS

-3.0%	-1.0%	0.0%
Cautious	Average	Optimistic

Since 2009, this revenue has decreased each year. It has consistently dropped at a rate of approximately 1%, although this rate has been declining. It is unknown as to whether or not these earnings will continue to decline or slowly increase.



5 Yr. Avg. Growth: -4%
% of Total Revenue: 2.5%

ASSUMPTIONS

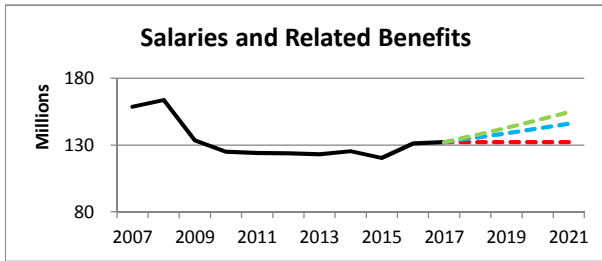
0.0%	5.0%	10.0%
Cautious	Average	Optimistic

Interest earnings have dropped since 2007 by approximately \$15 million. It is expected that the Federal Reserve Bank will increase interest rates in the near future that would likely affect our own interest earnings. The County portfolio contains many two and three year bonds, therefore any change to the interest rate at the federal level would be encapsulated in this plan.

Other Revenue Sources

Service Fees (12.2%)	Service fees include areas such as real property fees in the Auditor's and Treasurer's offices and security service reimbursements in the Sheriff's office. Service fees are assumed at no growth for the balance of the plan.
Intergovernmental (6.8%)	Intergovernmental revenue is related to reimbursements from state and federal sources or other non-general fund sources. The revenue category assumes no growth in all revenue lines except for the Homestead reimbursement which is expected to decline.
Local Government Fund (5.7%)	The Local Government Fund revenue is a share of state revenue collections. No growth is assumed based on prior year performance.
Building Permits (1.2%)	Revenue associated with plan review and building inspections is estimated at 2% growth per the Planning and Development Department in 2017-2021.
Other (6.6%)	This revenue category accounts for all revenues not described in another category: various reimbursements, transfers from restricted funds, auction proceeds, licenses, refunds, and unclaimed money. It is assumed flat in 2018, with growth of 1% thereafter.

FIVE YEAR PLAN - MAJOR EXPENDITURE CATEGORIES

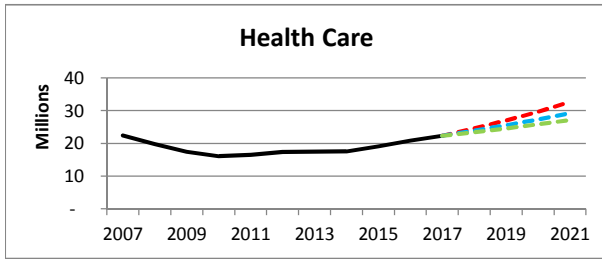


5 Yr. Avg. Growth: 1.2%
 % of Total Expenditures: 62.2%

ASSUMPTIONS

0.0%	2.5%	4.0%
Cautious	Average	Optimistic

A 3% county-wide salary increase typically results in 2.5% actual growth (due to vacancies and employee departures). Several departments have been using restricted funds to meet salary obligations in prior years as a stop gap measure. The optimistic growth calculation estimate captures the move of employees back to the general fund and competitive pay increases to put compensation levels in line with our comparables. This category also factors for increases in county-wide pension and Medicare obligations.

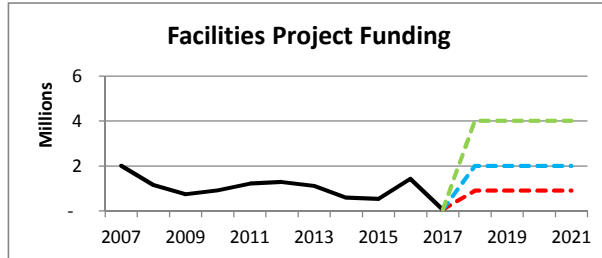


5 Yr. Avg. Growth: 4.0%
 % of Total Expenditures: 10.2%

ASSUMPTIONS

10.0%	7.0%	5.0%
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The County operates on a self insured health plan. The County has had an average growth in general fund health care costs of approximately 4% over the past five years. Growth in health care has been contained in previous years by changes made to the employee health plan and use of the health care reserve fund balance. In the future the County will continue to modulate on the reserve balance and health care plan to contain costs. There is, however, some concern that the County will have limited capacity to make small changes to contain rising health care costs in the future.

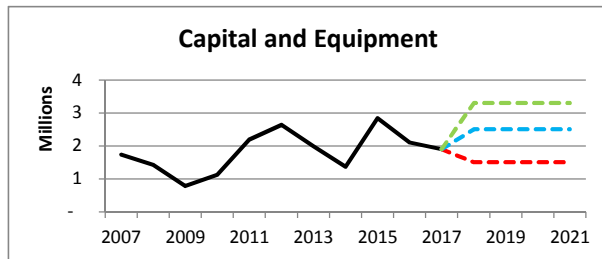


5 Yr. Avg. Spend: \$0.9 M
 5 Yr. Potential CIP: \$130 M

ASSUMPTIONS

\$ 900,000	\$ 2,000,000	\$ 4,000,000
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Prior to the Great Recession, the County invested over \$2-5M annually into county buildings. Since that time, the County Facilities Department has operated a reduced budget and has deferred several projects due to a lack of funding. According to the CIP, these deferred projects amount to \$130M over five years, if the systems should fail. Realistically, the County Facilities Department has recommended that an investment of \$4M annually in cash would allow them to catch up on many of the deferred projects and avoid any major system failures.



5 Yr. Avg. Growth: -4.0%
 % of Total Expenditures: 0.9%

ASSUMPTIONS

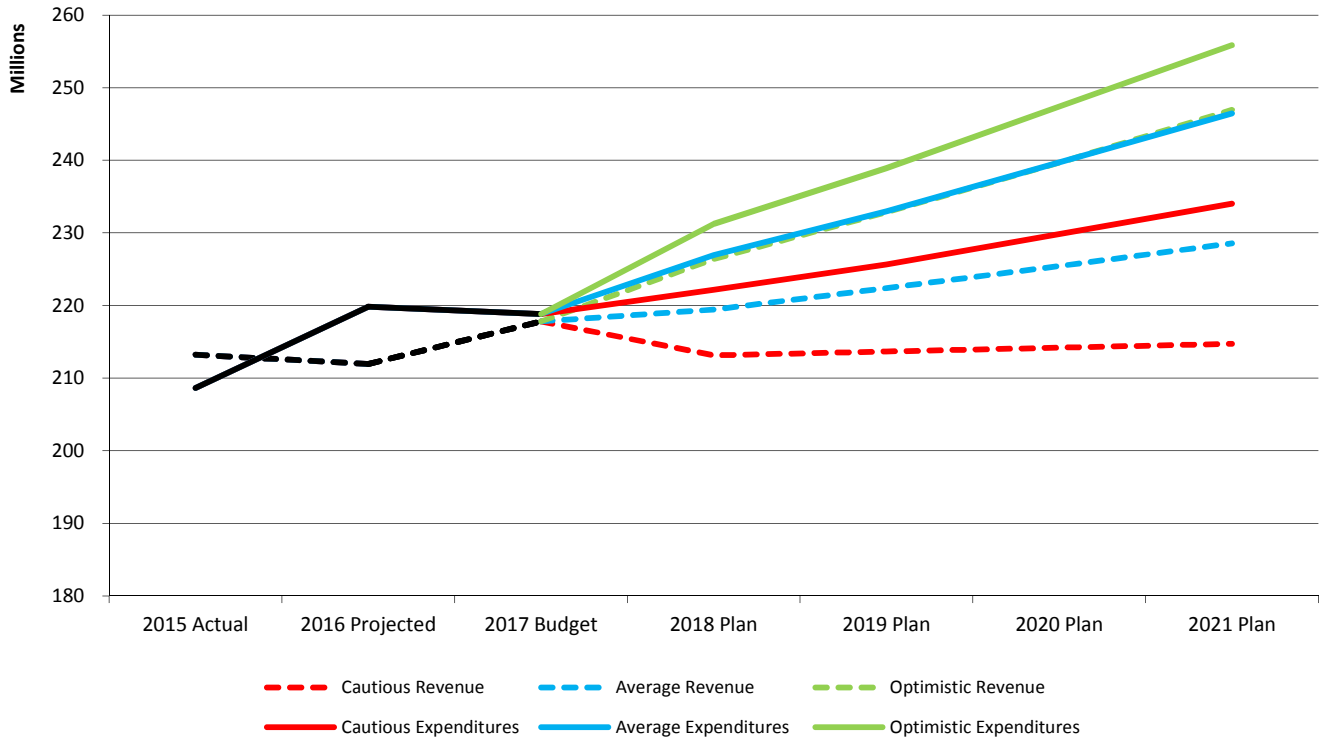
\$ 1,500,000	\$ 2,500,000	\$ 3,300,000
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Currently, the county would need to spend \$2.5-\$3.0 million annually in order to maintain the current fleet, hardware, software, and other capital needs, per the established replacement plans. The budget office is in the early phases of developing a capital replacement plan and reserve for all general fund departments. Once this plan is established, a more firm estimate for an annual capital appropriation will be known. In many years, capital request fall outside of the typical budget process.

Other Expenditures

Contracts (10.9%)	In 2018 the plan assumes no growth for this expenditure category. For the remainder of the plan annual growth of 1% is assumed.
Transfers (7.5%)	This expenditure category is primarily debt service payments (increases according to the recommended CIP plan) and general fund support of restricted funds. Subsidies are anticipated to remain flat throughout the plan, except where noted by departments.
Supplies (2.6%)	This expenditure category is assumed to operate at spending levels in 2017 which should be an average of the past three year's actuals. No future growth is anticipated.
Utilities (2.3%)	Inflation growth for gas, waste removal, electric, water, and sewer varies based on historical actuals. These are all assumed to grow at various rates as determined by county facilities.
Repairs (1.0%)	Annual growth of 3% is assumed from 2018 through 2021, except for items enumerated in department-specific submissions.
Travel (0.1%)	The plan assumes no growth in this expenditure category except for items enumerated in department-specific submissions.
Other (4.1%)	This category includes liability insurance, rent of space and equipment, payments to the Auditor's Computer Center, advertising service fees, printing and various department-specific expenditures (i.e. veteran's relief, witness and juror fees). This plan assumes no growth in this expenditure category.

General Fund Operating Budget Variance Between Revenues and Expenditures, 2015-2021



General Fund Reserve (2015-2021)

