



To: Members of Dublin City Council
From: Marsha I. Grigsby, City Manager
Date: August 8, 2013
Initiated By: Angel L. Mumma, Deputy City Manager/Director of Finance & Administration
Re: Financial Update – 2nd Quarter 2013

Summary

Income Tax Revenues

In the 2013 Operating Budget, staff projected \$74,874,400 in revenue from the local income tax. This estimate was based on an assumption of a 1.5% increase over the 2012 revised revenue estimate, determined when the 2013 Operating Budget was approved in December 2012. However, the actual income tax revenue for 2012 exceeded the revised estimate by 2.2%.

As previously reported to City Council, the first quarter ended with income tax revenues increasing 2.21% over the same period in 2012, with all three components – withholding, net profit and individual returns all reflecting increases. Income tax revenues through the second quarter continue to outperform that of 2012, with collections reflecting an increase of 7.37%. However, staff is carefully watching the revenue generated from withholding taxes as this component, which generally makes up approximately 80% of the City's total income tax revenue, is currently down 0.32% over 2012. This reduction has been offset by substantial increases in both net profits and individual returns, which reflect increases of 49.54% and 12.64%, respectively.

As Council is aware, this revenue stream is volatile. However, staff can begin to draw more informed conclusions as to projected income tax revenues at year-end, based on collections through the first half of the year. Looking back historically as to where the City's income tax revenue was in June of each of the previous four years, one can begin to see a correlation between where the City's income tax revenue was through the end of the 2nd quarter and where it ended at year-end.

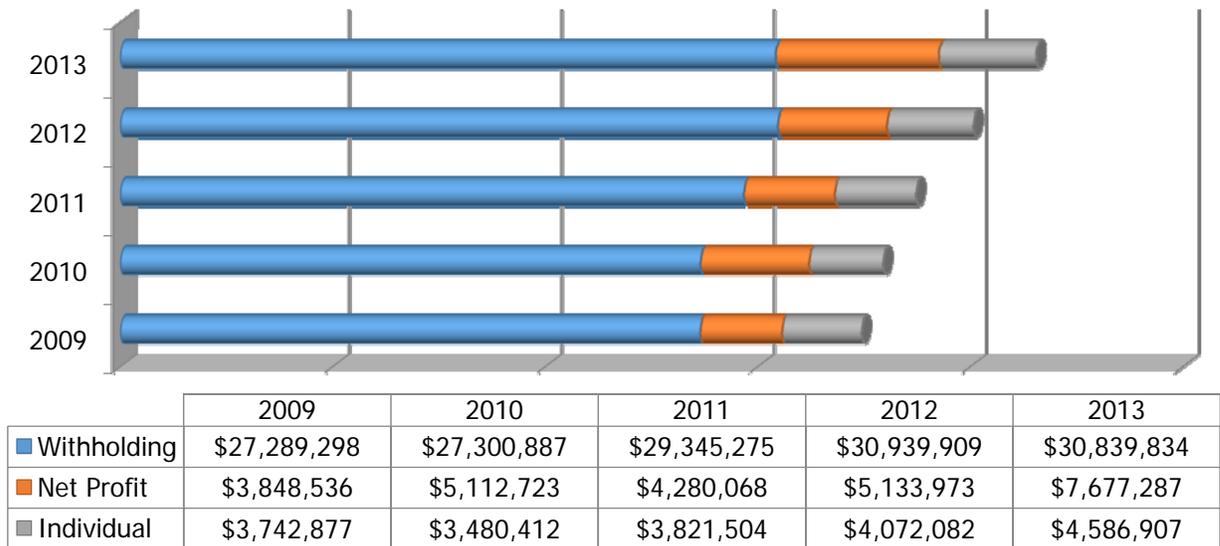
Year	Change through 2 nd Qtr. over Previous Year (Overall)	Change at Year-End over Previous Year (Overall)
2013	7.37%	
2012	7.21%	5.32%
2011	4.33%	4.02%
2010	2.91%	4.46%
2009	-7.48%	-6.14%

Due to the decline in withholding, staff has also analyzed the relationship between revenue from withholding tax through the 2nd quarter and where it ended at year-end as well as overall income tax revenue.

Year	Change through 2 nd Qtr. over Previous Year (Withholding)	Change at Year-End over Previous Year (Withholding)	Change at Year-End over Previous Year (Overall)
2013	-0.32%		
2012	5.43%	4.21%	5.32%
2011	7.49%	6.28%	4.02%
2010	0.04%	3.07%	4.46%
2009	-1.86%	-3.12%	-6.14%

Although the withholding revenue has declined, there remains an overall healthy increase in income tax revenue. Based upon this information, staff is revising the estimated 2013 income tax revenues to reflect a 3% increase over 2012 collections. Absent any activity that would indicate the contrary over the next few months, this projected increase will be utilized as a basis for the revenue when the Capital Improvements Program (CIP) for 2014 – 2018 is presented.

The graph below depicts the City's income tax revenue through the second quarter each year from 2009 through 2013.



General Fund Balance

The General Fund balance is a critical component of the financial stability of the City and continues to be a key financial indicator used by the rating agencies in evaluating the financial strength of the City. As Council is aware, the City's practice has been to maintain a year-end balance equal to or greater than 50% of the General Fund expenditures, including operating transfers.

The City's General Fund balance remains healthy through the first half of the year, ending with a balance of \$53,504,999, or 90% of the 2013 planned General Fund expenditures (excluding Advances).

Property Taxes and Service Payments

The normal distribution of property taxes and service payments is made during the first and third quarters of each year. The City does, by way of City Council approval, request an advance of these funds prior to the regularly scheduled distribution. Although the City has received the advance amount, for the purposes of comparing property taxes and service payments, it is advisable to wait until the normal distribution is received in order to draw any accurate conclusions for the year. For this reason, the detail that is provided on the attached spreadsheet reflects the same information reported during the first quarter presentation, which is the first half distribution for each year (2011 through 2013) and does not include the advance payment received during the second quarter. Council can expect an updated analysis on these revenue sources during the third quarter financial update.

Hotel/Motel Tax Revenue

The Hotel/Motel Tax Revenue collected through the second quarter 2013 totaled \$862,447, which represents a \$36,290 or 4.39% increase over collections through the second quarter 2012.

	2009	2010	2011	2012	2013
January	\$ 89,774	\$ 75,841	\$ 87,445	\$ 99,516	\$104,789
February	99,491	97,795	95,191	107,517	110,988
March	106,316	99,895	112,501	125,855	123,282
April	131,730	129,372	152,160	165,420	157,333
May	124,458	131,568	145,652	154,806	172,538
June	118,912	130,307	150,699	173,043	193,517
2nd Qtr YTD	\$ 670,681	\$ 664,778	\$ 743,648	\$ 826,157	\$862,447

Other Information

General Fund revenue totaled \$36,014,574 through June. This was an increase of approximately \$1.25 million over the first half 2012. As previously stated, this was driven in large part by the increase in income tax collections, which increased \$2,218,548 in the General Fund alone. Also contributing to the increase in revenue was the amount received from licenses, fines and permits, which increased nearly \$234,000 over 2012. Building activity has increased substantially, with both commercial and residential inspections and plan review contributing to this increase.

General Fund expenditures through June totaled \$34,548,990, which was an increase of \$2,920,018 or 9.23% over the same time period in 2012. This increase is attributable to advances made to the Bridge Street TIF from the General Fund for land acquisition purchases within the redevelopment area. Excluding advances made to other funds, General Fund expenditures decreased 1.36% or approximately \$430,000 from 2012.

Attached are two spreadsheets, which provide comparison detail on the revenue sources discussed above.

Recommendation

For informational purposes only.

Attachments

**City of Dublin
Financial Update - Second Quarter 2013**

Income Tax Revenues

Quarterly Recap:

	2013 Collections	% Change from 2012	2012 Collections	% Change from 2011	2011 Collections	% Change from 2010	2010 Collections
1st quarter	\$ 18,589,036	2.21%	\$ 18,187,846	2.29%	\$ 17,781,032	7.39%	\$ 16,558,113
2nd quarter	24,514,992	11.64%	21,958,118	11.66%	19,665,815	1.71%	19,335,909
3rd quarter			17,711,685	2.07%	17,351,962	3.50%	16,765,686
4th quarter			17,572,864	4.47%	16,820,448	3.90%	16,188,818
	<u>\$ 43,104,028</u>		<u>\$ 75,430,513</u>	5.32%	<u>\$ 71,619,257</u>	4.02%	<u>\$ 68,848,526</u>

Monthly Recap:

	2013 Budget	2013 Collections	% Change from 2012	2012 Collections	% Change from 2011	2011 Collections	% Change from 2010	2010 Collections
January	\$ 6,662,091	\$ 6,388,651	-4.81%	\$ 6,711,575	-2.72%	\$ 6,899,167	19.42%	\$ 5,777,320
February	\$ 4,714,254	5,709,438	20.22%	4,749,270	6.06%	4,477,952	-2.54%	4,594,456
March	\$ 6,677,403	6,490,948	-3.51%	6,727,001	5.05%	6,403,913	3.52%	6,186,337
1st quarter	<u>\$ 18,053,747</u>	<u>\$ 18,589,037</u>	2.21%	<u>\$ 18,187,846</u>	2.29%	<u>\$ 17,781,032</u>	7.39%	<u>\$ 16,558,113</u>
April	\$ 10,449,913	\$ 12,816,853	21.75%	\$ 10,527,532	16.05%	\$ 9,071,564	-2.59%	\$ 9,312,406
May	\$ 4,590,154	4,644,399	0.44%	4,624,249	-0.56%	4,650,464	-0.27%	4,663,100
June	\$ 6,756,154	7,053,740	3.63%	6,806,337	14.51%	5,943,787	10.88%	5,360,403
2nd quarter	<u>\$ 21,796,220</u>	<u>\$ 24,514,991</u>	11.64%	<u>\$ 21,958,118</u>	11.66%	<u>\$ 19,665,815</u>	1.71%	<u>\$ 19,335,909</u>
Year-to-date	<u>\$ 39,849,967</u>	<u>\$ 43,104,028</u>	7.37%	<u>\$ 40,145,964</u>	7.21%	<u>\$ 37,446,847</u>	4.33%	<u>\$ 35,894,022</u>

2013 YTD Collections
Compared to Budget

\$ 3,254,061

2013 YTD Collections
Compared to 2012

\$ 2,958,064

2013 YTD Recap by Type:

	2013 Collections	% Change from 2012	2012 Collections	% Change from 2011	2011 Collections	% Change from 2010	2010 Collections
Withholding accounts	\$ 30,839,834	-0.32%	\$ 30,939,909	5.43%	\$ 29,345,275	7.49%	\$ 27,300,887
Net-profit accounts	7,677,287	49.54%	5,133,973	19.95%	4,280,068	-16.29%	5,112,723
Individual accounts	4,586,907		4,072,082		3,821,504	9.80%	3,480,412
	<u>\$ 43,104,028</u>	7.37%	<u>\$ 40,145,964</u>	7.21%	<u>\$ 37,446,847</u>	4.33%	<u>\$ 35,894,022</u>

**City of Dublin
Financial Update - Second Quarter 2013**

General Fund Balance

December 2010	\$ 39,926,471
December 2011	\$ 45,001,134
December 2012	\$ 52,039,415
January 2013	\$ 52,432,944
February 2013	53,099,195
March 2013	53,970,500
April 2013	57,156,611
May 2013	52,581,880
June 2013	53,504,999

Hotel/Motel Tax Revenues

Quarterly Recap:

	<u>2013 Collections</u>	<u>% Change from 2012</u>	<u>2012 Collections</u>	<u>% Change from 2011</u>	<u>2011 Collections</u>	<u>% Change from 2010</u>	<u>2010 Collections</u>
1st quarter	\$ 339,059	1.85%	\$ 332,888	12.79%	\$ 295,137	7.90%	\$ 273,531
2nd quarter	523,388	6.11%	493,269	9.98%	448,511	14.64%	391,247
3rd quarter			563,356	10.71%	508,875	9.85%	463,231
4th quarter			459,700	6.99%	429,665	6.48%	403,531
	<u>\$ 862,447</u>		<u>\$ 1,849,213</u>	9.93%	<u>\$ 1,682,188</u>	9.84%	<u>\$ 1,531,540</u>

Monthly Recap:

	<u>2013 Collections</u>	<u>% Change from 2012</u>	<u>2012 Collections</u>	<u>% Change from 2011</u>	<u>2011 Collections</u>	<u>% Change from 2010</u>	<u>2010 Collections</u>
January	\$ 104,789	5.30%	\$ 99,516	13.80%	\$ 87,445	15.30%	\$ 75,841
February	110,988	3.23%	107,517	12.95%	95,191	-2.66%	97,795
March	123,282	-2.04%	125,855	11.87%	112,501	12.62%	99,895
1st quarter	<u>\$ 339,059</u>	1.85%	<u>\$ 332,888</u>	12.79%	<u>\$ 295,137</u>	7.90%	<u>\$ 273,531</u>
April	\$ 157,333	-4.89%	\$ 165,420	8.71%	\$ 152,160	17.61%	\$ 129,372
May	172,538	11.45%	154,806	6.29%	145,652	10.70%	131,568
June	193,517	11.83%	173,043	14.83%	150,699	15.65%	130,307
2nd quarter	<u>\$ 523,388</u>	6.11%	<u>\$ 493,269</u>	9.98%	<u>\$ 448,511</u>	14.64%	<u>\$ 391,247</u>
Year-to-date	<u>\$ 862,447</u>	4.39%	<u>\$ 826,157</u>	11.10%	<u>\$ 743,648</u>	11.86%	<u>\$ 664,778</u>

2013 YTD Collections
Compared to 2012

\$ 36,290

**City of Dublin
Financial Update - Second Quarter 2013**

Property Tax Revenues

	<u>Capital Fund</u>	<u>Parkland Fund</u>	<u>Safety Fund</u>	<u>Total</u>	<u>% Change from Prior Yr.</u>
1st half distribution 2010	\$ 1,278,056	\$ 319,513	\$ 202,954	\$ 1,800,523	2.10%
1st half distribution 2011	1,270,276	317,569	203,001	1,790,846	-0.54%
1st half distribution 2012	1,162,891	313,478	207,914	1,684,283	-5.95%
1st half distribution 2013	1,237,863	309,466	205,608	1,752,937	4.08%

Service Payments-TIF Districts

	<u>Total</u>	<u>% Change from Prior Yr.</u>
1st half distribution 2010	\$ 3,994,099	32.29%
1st half distribution 2011	3,731,966	-6.56%
1st half distribution 2012	4,349,539	16.55%
1st half distribution 2013	3,919,533	-9.89%