City of Dublin

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Memo

To: Members of Dublin City Council

From: Marsha I. Grigsby, City Manager

Date: October 10, 2013

Initiated By: Angel L. Mumma, Director of Finance

Re: Financial Update – 3rd Quarter 2013

Summary

General Fund Balance

The General Fund balance is a critical component to 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 continues to remain healthy through the 3rd quarter, ending with a balance of $54,357,852, or 91% of the 2013 planned General Fund expenditures (excluding Advances).

Income Tax Revenues

We are pleased to report that income tax revenues continue to increase over 2012. As was previously reported, the City saw a 2.21% increase through the 1st quarter, a 7.37% increase through the 2nd quarter, and now, through the 3rd quarter, an 8.52% increase. Year to date collections totaled $62,784,415, which is an increase of $4,923,765 over 2012.

It had previously been reported that the majority of our increase in 2013 had been attributable to Net Profits. While that continues to be the case, the 3rd quarter did provide for an increase in withholding, which is the largest component of income tax revenue. If Council recalls, through the 2nd quarter, withholding was down 0.32% over 2012. However, through the 3rd quarter, withholding has increased year-to-date 3.11% over 2012. Given the reduction of two major employers within the City, we are encouraged by the growth in this particular segment.

When the 2013 Operating Budget was prepared in December 2012, 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 our 2012 revised revenue estimate. However, our actual income tax revenue for 2012 exceeded the revised estimate by 2.2%. Recognizing the healthy increase in income tax revenue that had occurred through the 2nd quarter, Staff revised the revenue projects to reflect a 3% increase over 2012 collections. This revised estimate was utilized as the basis for our income tax revenue when the 2014 – 2018 Capital Improvements Program (CIP) was presented to and adopted by City Council.

Having monitored our revenue through the 3rd quarter, Staff has determined that it is appropriate to revise our income tax revenue projections once again. Based on year-to-date information, Staff

is now projecting a 4% increase over 2012 collections. While it is not expected, this revision would allow for the City to meet its projection even if income tax revenue decreased 10% during the 4th quarter, as compared to the 4th quarter of 2012.

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

	2009	2010	2011	2012	2013
Withholding	$40,848,602	$41,738,935	$44,581,744	$46,349,638	$47,788,953
Net Profit	$5,113,289	$6,479,118	$5,595,143	$6,543,395	$9,382,601
Individual	$4,490,244	$4,441,655	$4,621,922	$4,964,616	$5,612,861

Property Taxes and Service Payments

Property tax revenue in 2013 increased 1.99% or $64,895 over 2012. The total amount collected was $3,327,126 which was distributed between the Capital Improvements, Parkland Acquisition and Safety Funds. Based on valuation information received from the Franklin County Treasurer's Office, the City's overall assessed valuation remained relatively unchanged from 2012 (tax year 2011) to 2013 (tax year 2012). However, the same report indicated that the property valuation outside Franklin County increased, particularly in the area of commercial property which increased nearly 10%. This increase is reflective in our property tax revenue received from Delaware County, which increased nearly $93,000 or 38% over 2012.

Revenue from service payments, or payments in lieu of taxes, on properties within TIF districts decreased 6.2% over 2012. Total collections for 2013 were $6,801,830 which was nearly $450,000 less than the amount received in 2012. As previously reported, the City anticipated a reduction in service payments based on a decrease in the overall valuation of parcels within the TIF districts due to Board of Revision determinations.

Hotel/Motel Tax Revenue

The Hotel/Motel Tax revenue collected through the third quarter 2013 totaled $1,399,182, which represents a $9,668 or 0.70% increase over collections through the third quarter 2012.

	2009	2010	2011	2012	2013
January	$ 89,774	$ 75,841	$ 87,445	$ 99,516	$104,789
February	99,491	97,795	95,191	107,517	110,988
March	106,316	99,895	112,501	125,855	123,282
April	131,730	129,372	152,160	165,420	157,333
May	124,458	131,568	145,652	154,806	172,538
June	118,912	130,307	150,699	173,043	193,517
July	152,208	167,878	180,976	199,343	193,042
August	134,751	155,665	151,971	204,591	175,089
September	125,052	139,688	175,928	159,422	168,603
3rd Qtr. YTD	**$ 1,082,692**	**$ 1,128,009**	**$ 1,252,523**	**$ 1,389,513**	**$1,399,181**

Of the 14 hotels within the City of Dublin, nine had increased tax collections through the 3rd quarter 2013 as compared to 2012.

Other Information

General Fund revenue totaled $52,454,694 through September, which represented a 6.00% or $2,967,627 increase over 2012. As previously stated, this was driven in large part by the increase in income tax collections, which increased $3,695,074 in the General Fund alone. Also contributing to the increase in revenue was the amount received from licenses, fines and permits, which increased nearly $483,700 over 2012. While building activity, in terms of permits, is similar to 2012, there has been an increase in larger-scale projects, which has resulted in an increase of revenue associated with inspections and plan review. Examples of some of these projects include the Nestle expansion, the Residence Inn, and the Vrable skilled nursing facility. These increases in revenue helped to offset reductions from other areas including intergovernmental revenues, charges for services, interest income and miscellaneous revenue.

General Fund expenditures through September totaled $50,136,257, which was an increase of $6,097,760 or 13.85% over the same time period in 2012. This increase is attributable to advances made to the Bridge Street TIF for land acquisition purchases within the redevelopment area. Additionally, funds were advanced to the Upper Metro TIF for the payment of the City's portion of the design and right-of-way acquisition for the I270/US 33 Interchange project. Excluding transfers and advances made to other funds, General Fund expenditures decreased 1.58% or approximately $512,000 from 2012. However, it is important to note that capital expenditures in 2012 were much higher due to land acquisition along Eiterman Road (a portion of which was subsequently sold to Nestle).

Attached for your review are two spreadsheets which provide comparison detail on the revenue sources discussed above.

Recommendation

For informational purposes only.

Attachments

City of Dublin
Financial Update - Third 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	19,680,387	11.12%	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
	$ 62,784,415		$ 75,430,513	5.32%	$ 71,619,257	4.02%	$ 68,848,526

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	$ 18,053,747	$ 18,589,037	2.21%	$ 18,187,846	2.29%	$ 17,781,032	7.39%	$ 16,558,113
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	$ 21,796,220	$ 24,514,991	11.64%	$ 21,958,118	11.66%	$ 19,665,815	1.71%	$ 19,335,909
July	$ 5,211,388	$ 5,664,199	7.89%	$ 5,250,097	-4.35%	$ 5,488,641	12.44%	$ 4,881,563
August	$ 4,787,736	5,012,390	3.92%	4,823,298	-6.24%	5,144,332	0.68%	5,109,578
September	$ 7,581,974	9,003,798	17.88%	7,638,291	13.68%	6,718,990	-0.82%	6,774,545
3rd quarter	$ 17,581,098	$ 19,680,387	11.12%	$ 17,711,686	2.07%	$ 17,351,963	3.50%	$ 16,765,686
Year-to-date	**$ 57,431,065**	**$ 62,784,415**	**8.52%**	**$ 57,857,650**	**5.58%**	**$ 54,798,810**	**4.06%**	**$ 52,659,708**

2013 YTD Collections Compared to Budget	$ 5,353,350
2013 YTD Collections Compared to 2012	$ 4,926,765

2013 YTD Recap by Type:

	2013 Collections	% Change from 2012	2012 Collections	% Change from 2011	2011 Collections	% Change from 2010	2010 Collections
Withholding accounts	$ 47,788,953	3.11%	$ 46,349,638	3.97%	$ 44,581,744	6.81%	$ 41,738,935
Net-profit accounts	9,382,601	43.39%	6,543,395	16.95%	5,595,143	-13.64%	6,479,118
Individual accounts	5,612,861	13.06%	4,964,616	7.41%	4,621,922	4.06%	4,441,655
	$ 62,784,415	**8.52%**	**$ 57,857,649**	**5.58%**	**$ 54,798,809**	**4.06%**	**$ 52,659,708**

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General Fund Balance

December 2010	$ 39,926,471		
December 2011	$ 45,001,134		
December 2012	$ 52,039,415		
January 2013	$ 52,432,944	July 2013	54,028,834
February 2013	53,099,195	August 2013	50,667,857
March 2013	53,970,500	September 2013	54,357,852
April 2013	57,156,611		
May 2013	52,581,880		
June 2013	53,504,999		

Hotel/Motel Tax Revenues

Quarterly Recap:	2013 Collections	% Change from 2012	2012 Collections	% Change from 2011	2011 Collections	% Change from 2010	2010 Collections
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	536,734	-4.73%	563,356	10.71%	508,875	9.85%	463,231
4th quarter			459,700	6.99%	429,665	6.48%	403,531
	$ 1,399,182		$ 1,849,213	9.93%	$ 1,682,188	9.84%	$ 1,531,540

Monthly Recap:	2013 Collections	% Change from 2012	2012 Collections	% Change from 2011	2011 Collections	% Change from 2010	2010 Collections
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	$ 339,059	1.85%	$ 332,888	12.79%	$ 295,137	7.90%	$ 273,531
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	$ 523,388	6.11%	$ 493,269	9.98%	$ 448,511	14.64%	$ 391,247
July	$ 193,042	-3.16%	$ 199,343	10.15%	$ 180,976	7.80%	$ 167,878
August	175,089	-14.42%	204,591	34.63%	151,971	-2.37%	155,665
September	168,603	5.76%	159,422	-9.38%	175,928	25.94%	139,688
3rd quarter	$ 536,734	-4.73%	$ 563,356	10.71%	$ 508,875	9.85%	$ 463,231
Year-to-date	**$ 1,399,182**	**0.70%**	**$ 1,389,513**	**10.94%**	**$ 1,252,523**	**11.04%**	**$ 1,128,009**

2013 YTD Collections Compared to 2012	$ 9,668

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Property Tax Revenues	Capital Fund	Parkland Fund	Safety Fund	Total	% Change from Prior Yr.
1st half distribution 2010	$ 1,278,056	$ 319,513	$ 202,954	$ 1,800,523	
2nd half distribution 2010	1,150,167	287,543	182,466	1,620,176	
Total 2010	$ 2,428,223	$ 607,056	$ 385,420	$ 3,420,699	0.35%
1st half distribution 2011	$ 1,270,276	$ 317,569	$ 203,001	$ 1,790,846	
2nd half distribution 2011	1,143,072	285,768	182,337	1,611,177	
Total 2011	$ 2,413,348	$ 603,337	$ 385,338	$ 3,402,023	-0.55%
1st half distribution 2012	$ 1,162,891	$ 313,478	$ 207,914	$ 1,684,283	
2nd half distribution 2012	1,113,951	278,484	185,513	1,577,948	
Total 2012	$ 2,276,842	$ 591,962	$ 393,427	$ 3,262,231	-4.11%
1st half distribution 2013	$ 1,237,863	$ 309,466	$ 205,608	$ 1,752,937	
2nd half distribution 2013	1,110,900	277,725	185,563	1,574,189	
Total 2013	$ 2,348,763	$ 587,191	$ 391,171	$ 3,327,126	1.99%

Service Payments-TIF Districts	Total	% Change from Prior Yr.
1st half distribution 2010	$ 3,994,099	
2nd half distribution 2010	3,939,217	
Total 2010	$ 7,933,316	27.54%
1st half distribution 2011	$ 3,731,966	
2nd half distribution 2011	3,490,033	
Total 2011	$ 7,221,999	-8.97%
1st half distribution 2012	$ 4,349,539	
2nd half distribution 2012*	2,902,053	
Total 2012	$ 7,251,592	0.41%
1st half distirbution 2013	$ 3,919,533	
2nd half distribution 2013	2,882,298	
Total 2013	$ 6,801,831	-6.20%

*The City received an additional $24,828 from the Franklin County Auditor from surpolus in the County Real Estate Assessment Fund. This amount was distributed between all City TIFs. The amount is not reflected in the 2nd half 2012 distributions as to no skew future comparisons.