

**To:** Members of Dublin City Council

**From:** Marsha I. Grigsby, City Manager 

**Date:** April 10, 2014

**Initiated By:** Angel L. Mumma, Director of Finance

**Re:** Financial Update – First Quarter 2014

## Summary

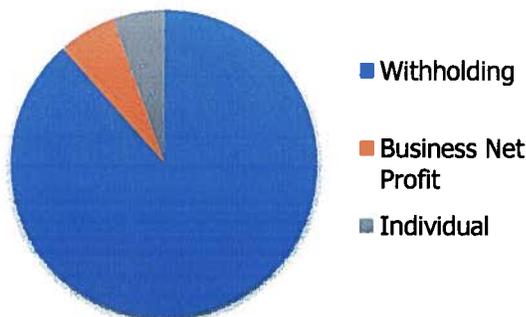
### General Fund Balance

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. We ended 2013 with a healthy General Fund balance of \$56,038,803, or 99.3% of the actual 2013 General Fund expenditures, excluding advances. That fund balance has grown slightly through the first quarter of 2014, ending with a balance of \$60,354,367, or 97.9% of the 2014 planned General Fund expenditures, excluding advances.

### Income Tax Revenue

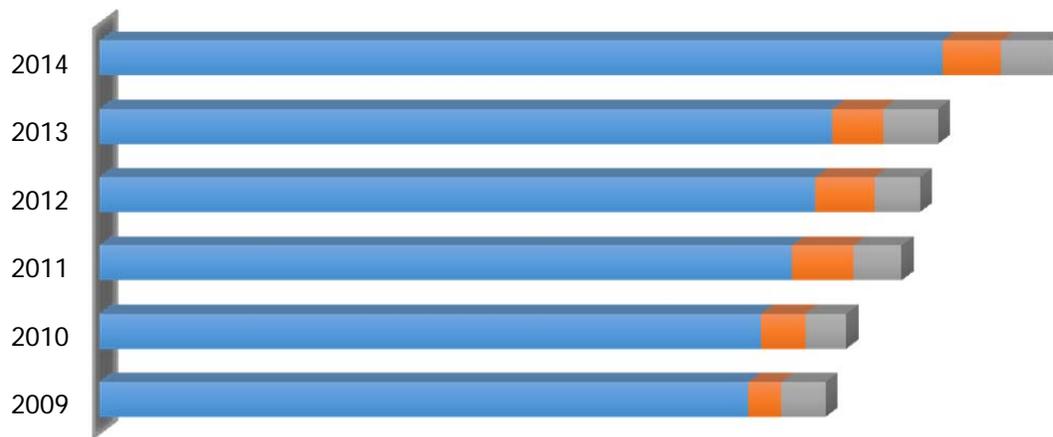
In the 2014 Operating Budget, we projected \$76,475,000 in revenue from the local income tax, with 75% or \$57,356,250 programmed in the General Fund, and 25% or \$19,118,750 programmed in the Capital Improvements Tax Fund. Maintaining our conservative approach to estimating revenue, this estimate was based on an assumption of 2.5% reduction from our 2013 revised revenue estimate, determined when the 2014 Operating Budget was approved. However, our actual income tax revenue for 2013 exceeded the revised estimate by 4.7%. Compared to 2012 income tax revenue, our 2013 collections increased 8.8%.

Q1 2014 Income Tax Revenue



While the first quarter of any given year can be unpredictable in terms of income tax revenue, 2014 saw an increase in revenue each month, with the majority of the growth occurring in February and March. Overall, the quarter closed with revenues increasing 13.8% over the first quarter 2013. The largest source of our income tax revenue, withholding taxes derived from those individuals working in Dublin, increased 15.1%. Business net profits increased 15.6% while individual returns decreased 5.0%.

The graph below depicts the City's first quarter income tax revenue each year from 2009 through 2014.



	2009	2010	2011	2012	2013	2014
■ Withholding	\$14,394,134	\$14,671,379	\$15,353,571	\$15,876,071	\$16,249,070	\$18,700,217
■ Net Profit	\$719,812	\$988,215	\$1,361,460	\$1,306,280	\$1,117,934	\$1,292,566
■ Individual	\$981,008	\$898,519	\$1,066,001	\$1,005,495	\$1,222,032	\$1,160,875

### **Hotel/Motel Tax Revenue**

The 2013 Hotel/Motel Tax Revenue exceeded 2012 collections by 3.9%, with all quarters but the 3<sup>rd</sup> quarter showing growth over the previous year. Hotel/motel tax revenue is received by the City for stays the prior month. For example, visits to Dublin hotels in the month of January will be reflected as revenue in the month of February. As previously reported, the largest one-month hotel/motel tax revenue generation in the history for the City of Dublin was attributable to the Presidents Cup, held in October 2013, with November 2013 hotel/motel tax revenue totaling \$216,426, which was a 28.5% increase over November 2012.

The monthly collections through the first quarter of 2014 are as follows:

	2009	2010	2011	2012	2013	2014
<b>January</b>	\$89,774	\$75,841	\$87,445	\$99,516	\$104,789	\$105,355
<b>February</b>	\$99,491	\$97,795	\$95,191	\$107,517	\$110,988	\$123,736
<b>March</b>	\$106,316	\$99,895	\$112,501	\$125,855	\$123,282	\$124,400
<b>Q 1 Total</b>	<b>\$295,581</b>	<b>\$273,531</b>	<b>\$295,137</b>	<b>\$332,888</b>	<b>\$339,059</b>	<b>\$353,491</b>

The amounts shown are the net collections of hotel/motel tax revenue and exclude the 25% which is passed through to the Dublin Convention and Visitor's Bureau.

The Hotel/Motel Tax Fund balance at the end of the 1<sup>st</sup> quarter was \$3,323,216. Due to the overall health of this fund, staff will utilize a portion of these funds for the artistic elements related to the Interstate 270/US 33 Interchange project.

### **Property Taxes and Service Payments**

Property tax revenues increased slightly, .87% or \$15,322 over the first quarter 2013, with collections totaling \$1,768,258. Given that there was little change in the assessed valuation of properties within Dublin for tax year 2013 (collected in 2014) this level of receipts is consistent with what would be expected.

Revenues generated from service payments, or payments in lieu of taxes, on properties within the Tax Increment Financing (TIF) areas increased 19.3% over 2013. Overall, there was a 1.9% increase in the total valuation of properties within our commercial TIF areas for the year. The largest growth in valuation from 2012 to 2013 was seen in the Perimeter West, Shamrock Boulevard, and Bridge & High Street TIFs, while the River Ridge TIF was one of the few that decreased in value. Details are as follows:

- The Perimeter West TIF increased \$9.7 million, or nearly 25% largely due to the Dublin Springs facility. For tax year 2012 (received in 2013), the facility was still under construction so only a portion of the value was captured. However, in tax year 2013 (received in 2014) the value of the completed structure is captured.
- The Shamrock Boulevard TIF, which is made up of only the Wendy's Corporate Headquarters parcel, nearly doubled in assessed value from \$997,800 for tax year 2012 to \$1,893,200 for tax year 2013. This increase is attributable to the improvements made to the facility.
- The Bridge and High Street TIF increased \$858,000 or 36.2% as a result of an increase in valuation on the property located at 3-15 N. High Street.
- The River Ridge TIF decreased in valuation from \$5,462,700 in tax year 2012 to \$1,587,700 in tax year 2013 as a result of a Board of Revision decision.

### **Other Information**

The General Fund expenditures for the quarter were \$13,079,530, which represented a 3.2% reduction over 2013. However, excluding transfers and advances, expenditures increased 9.5% or \$870,500. This increase is largely attributable to a timing difference in that the City made an economic development incentive payment to an eligible company in the month of March when normally, all economic development payments are made in April.

As a result of the increase in income tax revenue, General Fund revenue for the quarter increased 12.6% or \$1,945,631 over 2013.

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-First Quarter 2014**

**Income Tax Revenues**

Quarterly Recap:

	2014 Collections	% Change from 2013	2013 Collections	% Change from 2012	2012 Collections	% Change from 2011	2011 Collections
1st quarter	\$21,153,658	13.80%	\$18,589,036	2.21%	\$18,187,846	2.29%	\$17,781,032
2nd quarter	-		-		21,958,118	11.66%	19,665,815
3rd quarter	-		-		17,711,685	2.07%	17,351,962
4th quarter	-		-		17,572,864	4.47%	16,820,448
	<u>\$21,153,658</u>		<u>\$18,589,036</u>		<u>\$75,430,513</u>	5.32%	<u>\$71,619,257</u>

Monthly Recap:

	2014 Budget	2014 Collections	% Change from 2013	2013 Collections	% Change from 2012	2012 Collections	% Change from 2011	2011 Collections
January	\$6,251,161	\$ 6,549,602	2.52%	\$6,388,650	-4.81%	\$6,711,575	-2.72%	\$6,899,167
February	4,423,470	6,197,821	8.55%	5,709,438	20.22%	4,749,270	6.06%	4,477,952
March	6,265,529	8,406,235	29.51%	6,490,948	-3.51%	6,727,001	5.05%	6,403,913
1st quarter	<u>\$16,940,160</u>	<u>\$21,153,658</u>	13.80%	<u>\$18,589,036</u>	2.21%	<u>\$18,187,846</u>	2.29%	<u>\$17,781,032</u>
Year-to-date	<u>\$21,153,658</u>			<u>\$18,589,036</u>	2.21%	<u>\$18,187,846</u>	2.29%	<u>\$17,781,032</u>

2014 YTD Collections  
Compared to Budget

\$4,213,498

2014 YTD Collections  
Compared to 2013

\$2,564,622

YTD Recap by Type:

	2014 Collections	% Change from 2013	2013 Collections	% Change from 2012	2012 Collections	% Change from 2011	2011 Collections
Withholding accounts	\$ 18,700,217	15.08%	\$ 16,249,070	2.35%	\$ 15,876,071	3.40%	\$15,353,571
Net-profit accounts	1,292,566	15.62%	1,117,934	-14.42%	1,306,280	-4.05%	1,361,460
Individual accounts	1,160,875	-5.00%	1,222,032	21.54%	1,005,495	-5.68%	1,066,001
	<u>\$21,153,658</u>	13.80%	<u>\$18,589,036</u>	2.21%	<u>\$18,187,846</u>	2.29%	<u>\$17,781,032</u>

**City of Dublin  
Financial Update-First Quarter 2014**

**General Fund Balance**

December 2011	\$ 45,001,134
December 2012	\$ 52,039,415
December 2013	\$ 56,038,803
January 2014	\$ 56,973,636
February 2014	57,666,600
March 2014	60,354,367

**Hotel/Motel Tax Revenues**

Quarterly Recap:

	<u>2014 Collections</u>	<u>% Change from 2013</u>	<u>2013 Collections</u>	<u>% Change from 2012</u>	<u>2012 Collections</u>	<u>% Change from 2011</u>	<u>2011 Collections</u>
1st quarter	\$ 353,490	4.26%	\$ 339,059	1.85%	\$ 332,888	12.79%	\$ 295,137
2nd quarter	-		-		493,269	9.98%	448,511
3rd quarter	-		-		563,356	10.71%	508,875
4th quarter	-		-		459,700	6.99%	429,665
	<u>\$ 353,490</u>		<u>\$ 339,059</u>		<u>\$ 1,849,213</u>	9.93%	<u>\$ 1,682,188</u>

Monthly Recap:

	<u>2014 Collections</u>	<u>% Change from 2013</u>	<u>2013 Collections</u>	<u>% Change from 2012</u>	<u>2012 Collections</u>	<u>% Change from 2011</u>	<u>2011 Collections</u>
January	\$ 105,355	0.54%	\$ 104,789	5.30%	\$ 99,516	13.80%	\$ 87,445
February	123,736	11.49%	110,988	3.23%	107,517	12.95%	95,191
March	124,399	0.91%	123,282	-2.04%	125,855	11.87%	112,501
1st quarter	<u>\$ 353,490</u>	4.26%	<u>\$ 339,059</u>	1.85%	<u>\$ 332,888</u>	12.79%	<u>\$ 295,137</u>
Year-to-date	<u>\$ 353,490</u>	4.26%	<u>\$ 339,059</u>	1.85%	<u>\$ 332,888</u>	12.79%	<u>\$ 295,137</u>

2014 YTD Collections  
Compared to 2013  
\$ 14,431

**Property Tax Revenues**

	<u>Capital Imp. Fund</u>	<u>Parkland Fund</u>	<u>Safety Fund</u>	<u>Total</u>	<u>% Change from Prior Yr.</u>
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	1,752,936	4.08%
1st half distribution 2014	1,248,034	312,008	208,216	1,768,258	0.87%

**Service Payments - TIF Districts**

	<u>Total</u>	<u>% Change from Prior Yr.</u>
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%
1st half distribution 2014	4,674,987	19.27%