



Legislation Text

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City of Alexandria, Virginia

MEMORANDUM

DATE: MARCH 14, 2018

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: MARK B. JINKS, CITY MANAGER /s/

DOCKET TITLE:

Consideration of the Monthly Financial Report for the Period Ending January 31, 2018.

ISSUE: Receipt of the Monthly Financial Report for the Period Ending January 31, 2018.

RECOMMENDATION: That City Council receive the Monthly Financial Report (Attachments 1 and 2).

BACKGROUND: The following discussion is a summary of the Monthly Financial Report for this period. Schedules comparing revenues and expenditures to date to the same period in FY 2017 are attached.

As of January 31, 2018, General Fund revenues totaled \$491.2 million, an increase of \$110.4 million or 29.0% more than the revenues collected at the same time in FY 2017. Through seven months of FY 2018, approximately 56.8 percent of budgeted revenues have been collected. The significant variance compared to the prior year is due to different sizes of bond refundings. In FY 2017, \$34.2 million in outstanding debt was refinanced at lower interest rates for a savings of approximately \$2.4 million. In FY 2018, \$124.2 million in outstanding debt was refinanced and will produce approximately \$10 million in debt service savings over the next 15 years. If the refunding is excluded in both years, 49.6 percent of budgeted revenues have been collected and revenues through the first seven months reflect a 5.9 percent increase compared to the same time period last year. Real Property tax revenues are 7.4 percent higher at this point in FY 2018 compared to the same period in FY 2017, which is consistent with the tax rate and assessment increases in Calendar Year 2017.

Through January 2018, Other Local Tax revenues equal \$47.1 million compared to \$37.2 million in January 2017. Recordation tax revenue exceeds last year by \$1.1 million due to the August sale of the JBG Beauregard Corridor residential/retail portfolio to Morgan Properties for \$509 million and several other large transactions.

Both Transient Lodging and Restaurant Meals tax revenues reflect higher sales in FY 2018 than from the same period in FY 2017. Sales Tax is trending lower through the first five months of the year (it is remitted to the City from the State two months after it is collected by the place of business). Local Sales Tax revenues are currently \$0.3 million lower than through November 2016. Although Consumer Utility Tax is showing a positive variance, it is due to the timing of receipts in FY 2018 compared to FY 2017 and does not reflect any economic advantage. The March 2018 Monthly Financial Report will reflect holiday sales and will be an important indicator of the economic strength of this category. In total, Other Local Taxes are 4.0 percent, or \$1.8 million, higher than last year at this time.

Among the Other Governmental Revenue categories, Charges for Services are \$0.9 million higher than FY 2017, due mostly to Planning and Zoning and Rental Fees, which are consistent with this point in the fiscal year. Higher than budgeted interest rates are helping to generate additional Revenue from use of Money and Property, as Interest from General Fund Investments total \$2.3 million through January compared to \$1.7 million at this same time last year.

As of January 31, 2017, General Fund expenditures totaled \$458.9 million, an increase of \$69.2 million over the same time period for FY 2017. After adjusting for the difference due to the refunding, expenditures total \$334.4 million, which is \$21.2 million lower than FY 2017 or 5.9 percent, compared to the same time period last year. No significant expenditure has occurred in the first seven months of Fiscal Year 2018 that is unbudgeted or unexpected. The seven month of the fiscal year equates to 58.3 percent of the fiscal year completed. The amount and the timing of the cash capital transfer is the most significant variance between FY 2017 and

FY 2018. By January 2017, the full amount of \$24.2 million budgeted for cash capital had been transferred to the CIP. In FY 2018, \$43.4 million is budgeted and none has been transferred at this time. The Department of Human Resources is trending slightly ahead of the fiscal year, due to services that are billed annually in the first half of the fiscal year. The Registrar of Voters is also trending slightly ahead of the fiscal year due to the costs associated with the election that occurred in November. Transit Subsidies is also trending slightly ahead of the fiscal year due to the payment to VRE for the City's share of costs, which are paid annually, in their entirety at the beginning of the fiscal year. The remaining agencies that have expenditures considerably greater than the percent of the fiscal year completed are Economic Development Activities and the Alexandria Health Department which have received three of their four quarterly payments or 75 percent of their budgeted amounts as of January 2018.

ATTACHMENTS:

Attachment 1 - Comparative Revenue Schedule for January 31, 2018

Attachment 2 - Comparative Expenditure Schedule for January 31, 2018

Attachment 3 - Highlights of the 2018 Real Property Assessment Report

STAFF:

Laura Triggs, Deputy City Manager

Kendel Taylor, Director, Finance Department

Morgan Routt, Director, OMB

CITY OF ALEXANDRIA, VIRGINIA

COMPARATIVE STATEMENT OF REVENUES
GENERAL FUND

FOR THE PERIODS ENDING JANUARY 31, 2018 AND JANUARY 31, 2017

	B	B.1	C	D=C/B	F
	FY2018	FY 2018	FY2018	%	FY2017
	APPROVED	PROJECTED	REVENUES	%	REVENUES
	BUDGET	REVENUES	THRU 1/31/2018	OF BUDGET	THRU 1/31/2017
General Property Taxes					
Real Property Taxes.....	\$ 436,008,918	438,081,455	\$ 212,661,361	48.8%	\$ 198,055,534
Personal Property Taxes.....	49,339,000	49,364,000	46,019,968	93.3%	43,850,687
Penalties and Interest.....	2,000,000	3,000,000	1,350,109	67.5%	1,337,034
Total General Property Taxes	<u>\$ 487,347,918</u>	<u>\$ 490,445,455</u>	<u>\$ 260,031,439</u>	<u>53.4%</u>	<u>\$ 243,243,255</u>
Other Local Taxes					
Local Sales and Use Taxes.....	\$ 28,044,982	28,044,982	\$ 11,045,807	39.4%	\$ 11,301,183
Consumer Utility Taxes.....	12,700,000	12,000,000	5,800,808	45.7%	5,201,265
Communication Sales and Use Taxes.....	10,153,000	10,153,000	4,173,456	41.1%	4,289,829
Business License Taxes.....	33,460,000	33,930,000	2,418,423	7.2%	2,063,211
Transient Lodging Taxes.....	12,500,000	12,700,000	6,061,071	48.5%	5,857,556
Restaurant Meals Tax.....	19,000,000	19,400,000	8,937,068	47.0%	8,832,613
Tobacco Taxes.....	2,885,000	2,885,000	1,480,299	51.3%	1,573,436
Motor Vehicle License Tax.....	3,606,000	3,740,000	3,113,860	86.4%	3,055,527
Real Estate Recordation.....	4,800,000	7,700,000	3,464,696	72.2%	2,405,854
Admissions Tax.....	786,000	740,000	266,513	33.9%	335,639
Other Local Taxes.....	4,545,502	4,386,348	362,553	8.0%	399,711
Total Other Local Taxes	<u>\$ 132,480,484</u>	<u>\$ 135,679,330</u>	<u>\$ 47,124,554</u>	<u>35.6%</u>	<u>\$ 45,315,824</u>
Intergovernmental Revenues					
Revenue from the Fed. Government.....	\$ 9,971,382	9,071,382	\$ 4,796,886	48.1%	\$ 4,876,863
Personal Property Tax Relief from the Commonwealth.....	23,578,531	23,578,531	22,399,604	95.0%	22,399,604
Revenue from the Commonwealth.....	23,047,658	23,772,658	11,853,044	51.4%	11,860,504
Total Intergovernmental Revenues	<u>\$ 56,597,571</u>	<u>\$ 56,422,571</u>	<u>\$ 39,049,533</u>	<u>69.0%</u>	<u>\$ 39,136,971</u>
Other Governmental Revenues And Transfers In					
Fines and Forfeitures.....	\$ 6,610,517	5,193,450	\$ 2,915,545	44.1%	\$ 2,714,554
Licenses and Permits.....	2,485,350	2,445,350	1,326,124	53.4%	1,679,526
Charges for City Services.....	21,740,922	21,162,149	11,055,984	50.9%	10,107,194
Revenue from Use of Money & Prop.....	5,023,110	7,115,630	4,524,761	90.1%	3,561,647
Other Revenue.....	1,812,942	1,910,000	1,011,166	55.8%	911,425
Transfer from Other Funds.....	10,583,814	10,583,814	-	0.0%	-
Total Other Governmental Revenues	<u>\$ 48,256,655</u>	<u>\$ 48,410,393</u>	<u>\$ 20,833,580</u>	<u>43.2%</u>	<u>\$ 18,974,346</u>
TOTAL REVENUE	<u>\$ 724,682,628</u>	<u>\$ 730,957,749</u>	<u>\$ 367,039,106</u>	<u>50.6%</u>	<u>\$ 346,670,396</u>
Appropriated Fund Balance					
General Fund.....	\$ 3,605,400	\$ 3,605,440	\$ -		\$ -
Appropriated refunding bond proceeds	124,205,981	124,205,981	124,205,981		34,168,000
Supplemental Appropriations....	\$ 11,925,916	5,650,756	-		-
TOTAL	<u>\$ 864,419,926</u>	<u>\$ 864,419,926</u>	<u>\$ 491,245,087</u>	<u>56.8%</u>	<u>\$ 380,838,396</u>

**COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION
GENERAL FUND
FOR THE PERIODS ENDING JANUARY 31, 2018 AND JANUARY 31, 2017**

FUNCTION	B	C	D=C/B	F
	FY2018 AMENDED BUDGET	FY2018 EXPENDITURES THRU 1/31/2018	% OF BUDGET EXPENDED	FY2017 EXPENDITURES THRU 1/31/2017
Legislative & Executive.....	\$ 5,563,168	\$ 2,922,754	52.5%	\$ 3,039,569
Judicial Administration.....	\$ 43,034,700	\$ 23,982,191	55.7%	\$ 24,399,317
Staff Agencies				
Information Technology Services.....	\$ 11,638,646	\$ 6,423,030	55.2%	\$ 5,791,612
Management & Budget.....	1,276,371	555,659	43.5%	675,688
Finance.....	13,720,423	6,564,027	47.8%	6,188,784
Performance and Accountability.....	670,875	309,884	46.2%	242,150
Internal Audit.....	421,894	174,831	41.4%	174,806
Human Resources.....	4,234,310	2,402,519	56.7%	1,934,361
Planning & Zoning.....	6,132,787	3,271,353	53.3%	2,986,319
Economic Development Activities.....	5,494,154	4,013,249	73.0%	3,984,685
City Attorney.....	3,041,270	1,658,734	54.5%	1,764,077
Registrar.....	1,202,318	681,288	56.7%	856,065
General Services.....	15,420,895	7,499,591	48.6%	7,513,677
Total Staff Agencies	\$ 63,253,943	\$ 33,554,163	53.0%	\$ 32,112,224
Operating Agencies				
Transportation & Environmental Services.....	\$ 30,495,133	\$ 16,154,409	53.0%	\$ 15,125,874
Project Implementation.....	1,868,900	790,469	42.3%	872,449
Fire.....	52,746,576	28,916,645	54.8%	28,080,748
Police.....	62,960,931	35,703,904	56.7%	34,602,257
Emergency Communications.....	7,748,429	4,221,475	54.5%	4,211,875
Code.....	34,345	2,723	7.9%	57,426
Transit Subsidies.....	15,135,927	11,185,119	73.9%	5,598,665
Housing.....	1,912,864	982,305	51.4%	956,462
Community and Human Services.....	13,648,783	7,878,003	57.7%	8,003,407
Health.....	8,813,186	5,916,420	67.1%	5,942,346
Historic Resources.....	3,232,806	1,773,838	54.9%	1,667,999
Recreation.....	22,170,537	12,769,889	57.6%	12,487,245
Total Operating Agencies	\$ 220,768,417	\$ 126,295,198	57.2%	\$ 117,606,753
Education				
Schools.....	\$ 214,061,472	\$ 86,548,061	40.4%	\$ 96,195,029
Other Educational Activities.....	12,277	9,208	75.0%	9,098
Total Education	\$ 214,073,749	\$ 86,557,268	40.4%	\$ 96,204,127
Capital, Debt Service and Miscellaneous				
Debt Service - City.....	\$ 39,248,127	\$ 25,180,091	64.2%	\$ 38,498,584
Debt Service - Schools.....	28,530,550	18,304,105	-	-
Expenses on Refunding Bonds.....	124,205,981	124,518,557	100.3%	34,152,955
Non-Departmental.....	9,301,732	5,848,150	62.9%	5,258,607
General Cash Capital.....	43,375,231	-	0.0%	24,293,103
Contingent Reserves.....	775,931	-	0.0%	-
Total Capital, Debt Service and Miscellaneous	\$ 245,437,552	\$ 173,850,902	70.8%	\$ 102,203,249
TOTAL EXPENDITURES	\$ 792,131,529	\$ 447,162,477	56.5%	\$ 375,565,239
Cash Match (Transportation/DCHS) and Transfers to Special Revenue and Capital Projects Funds).....				
	\$ 53,381,967	\$ -	0.0%	\$ 2,843,262
Transfer to Library.....	6,860,551	94,356	1.4%	31,625
Transfer to DASH.....	12,045,879	11,692,233	0.0%	11,295,384
TOTAL EXPENDITURES & TRANSFERS	\$ 864,419,926	\$ 458,949,066	53.1%	\$ 389,735,510
Total Expenditures by Category				
Salaries and Benefits.....	\$ 228,332,150	\$ 125,417,401	54.9%	\$ 122,352,225
Non Personnel (includes all school funds).....	636,087,776	333,531,665	52.4%	267,383,287
Total Expenditures by Category	\$ 864,419,926	\$ 458,949,066	53.1%	\$ 389,735,512

Economic Indicators

2018 Real Property Assessments:

- On February 13, 2018, the City released the Assessment Report for Calendar Year 2018. The City's \$39.9 billion tax base provides the most significant source of revenue to support government operations. In 2018, the total tax base increased by 2.34 percent, from \$39.0 billion to \$39.9 billion.
- Locally-assessed properties increased by \$903 million compared to January 1, 2017, which was distributed between residential properties (\$751 million) and the commercial tax base (\$152 million).
- During the year there are administrative changes, as well as adjustments through the Board of Equalization. When comparing the changes to the total tax base at the end of December that reflects changes that occurred throughout the year, \$851.8 million was due to appreciation and \$299.9 million was due to new growth or construction.
- The average single family home is increasing 3.4% to \$752,585, while the average condominium is increasing by 3.15 percent, to \$324,024.
- The total number of residential units in the City grew from 41,291 to 41,427. The number of properties with a median assessment between \$250,000 and \$499,999 declined from 11,722 to 11,134, and the number of units with a median assessment between \$100,000 and \$249,000 declined from 9,780 to 9,349. In 2017 there were 47 residential properties assessed at \$100,000 or less compared to only 41 in 2018.
- The commercial tax base grew by 1.93 percent, or \$152 million, compared to 2017.
- The commercial growth was fueled by increases in apartments and warehouses. Apartments increased by 7.68 percent in 2018. Warehouses increases by 10.99 percent due in large part to their appeal for redevelopment.