



Legislation Text

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City of Alexandria, Virginia

MEMORANDUM

DATE: JUNE 6, 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 April 30, 2018.

ISSUE: Receipt of the Monthly Financial Report for the Period Ending April 30, 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 2018 are attached.

As of April 30, 2018, General Fund revenues totaled \$608.2 million, an increase of \$155.6 million, or 34.4%, more than the revenues collected at the same time in FY 2017. Through ten months of FY 2018, approximately 67.0 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, \$167.4 million in outstanding debt was refinanced and will produce approximately \$13 million in debt service savings over the next 15 years. If the refunding is excluded in both years, 67.0 percent of budgeted revenues have been collected, and revenues through the first ten months reflect a 5.2 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 approved in Calendar Year 2017.

Through January 2018, Other Local Tax revenues equal \$99.5 million compared to \$96.9 million in April 2017. Recordation tax revenue exceeds last year by \$2.1 million primarily due to the sale of several large properties in the City over the past 10 months. Sales Tax is trending lower through the first eight 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 \$0.4 million lower than through February 2018. 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. When payment timing is discounted, Consumer Utility Tax Revenue is within 2 percent of FY 2017. In total, Other Local Taxes are 2.0 percent, or \$1.8 million, higher than last year at this time.

Charges for Services are \$1.5 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 rising interest rates are helping to generate additional Revenue from use of Money and Property, as Interest from General Fund Investments total \$3.4 million through February compared to \$1.8 million at this same time last year.

These positive and negative revenue variances were utilized to produce the revised FY 2019 revenue projections reflected in the budget technical adjustments memo to Council which indicated the availability of \$1.3 million in additional resources in the FY 2019 budget.

As of April 30, 2018, General Fund expenditures totaled \$595.0 million, an increase of \$125.9 million over the same time period for FY 2017. After adjusting for the difference due to the refunding, expenditures total \$471.3 million, which is \$7.8 million lower than FY 2018 or 1.6 percent, compared to the same time period last year. No significant expenditure has occurred in the first ten months of Fiscal Year 2018 that is unbudgeted or unexpected. The amount and the timing of the cash capital transfer is the most significant variance between FY 2017 and

FY 2018. By February 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. Departments that have expended a considerably lower portion of their budget than the percent of the fiscal year that has occurred have underspent primarily due to vacancies or turnover or contracts that have been issued but for which payments have not yet been requested by the vendor. The only General Fund supported departments that have expended significantly more than 75 percent are the Alexandria Health Department, Economic Development Activities and Transit Subsidies. In the case of the Health Department, approximately \$4.6 million is budgeted for the City's Local Commitment to the State for Public Health programs based on a required match percentage. This funding is remitted to the Commonwealth quarterly. As of March 31, 2018, 100 percent of this expenditure has been remitted to the Commonwealth. For both Economic Development Activities and Transit Subsidies, these are primarily funded from quarterly transfers from the City. At this time 100 percent of transfer have occurred. The Supplemental Appropriation Ordinance includes several transfers to reallocate funds from existing savings in several departments to funds that have unbudgeted expenditures that cannot be absorbed.

ATTACHMENTS:

Attachment 1 - Comparative Revenue Schedule for April 30, 2018

Attachment 2 - Comparative Expenditure Schedule for April 30, 2018

Attachment 3 - Economic Indicators

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 APRIL 30, 2018 AND APRIL 30, 2017

	B	B.1	C	D=C/B	F
	FY2018	FY 2018	FY2018	%	FY2017
	AMENDED	PROJECTED	REVENUES	%	REVENUES
	BUDGET	REVENUES	THRU 4/30/2018	OF BUDGET	THRU 4/30/2017
General Property Taxes					
Real Property Taxes.....	\$ 436,008,918	438,081,455	\$ 214,437,880	49.2%	\$ 199,682,574
Personal Property Taxes.....	49,339,000	49,364,000	48,220,082	97.7%	46,144,187
Penalties and Interest.....	2,000,000	3,000,000	2,175,356	108.8%	2,182,240
Total General Property Taxes	<u>\$ 487,347,918</u>	<u>\$ 490,445,455</u>	<u>\$ 264,833,318</u>	<u>54.3%</u>	<u>\$ 248,009,001</u>
Other Local Taxes					
Local Sales and Use Taxes.....	\$ 28,044,982	27,400,000	\$ 17,679,167	63.0%	\$ 18,044,814
Consumer Utility Taxes.....	12,700,000	12,000,000	8,997,671	70.8%	8,375,640
Communication Sales and Use Taxes.....	10,153,000	10,153,000	6,685,904	65.9%	6,823,150
Business License Taxes.....	33,460,000	33,930,000	32,415,208	96.9%	31,828,431
Transient Lodging Taxes.....	12,500,000	12,300,000	8,496,997	68.0%	8,397,243
Restaurant Meals Tax.....	19,000,000	19,100,000	13,037,170	68.6%	13,152,831
Tobacco Taxes.....	2,885,000	2,885,000	2,089,523	72.4%	2,259,223
Motor Vehicle License Tax.....	3,606,000	3,740,000	3,354,306	93.0%	3,444,278
Real Estate Recordation.....	4,800,000	8,000,000	5,595,065	116.6%	3,478,854
Admissions Tax.....	786,000	740,000	472,650	60.1%	490,072
Other Local Taxes.....	4,545,502	4,678,000	685,852	15.1%	607,048
Total Other Local Taxes	<u>\$ 132,480,484</u>	<u>\$ 134,926,000</u>	<u>\$ 99,509,514</u>	<u>75.1%</u>	<u>\$ 96,901,584</u>
Intergovernmental Revenues					
Revenue from the Fed. Government.....	\$ 9,971,382	9,071,382	\$ 6,436,794	64.6%	\$ 6,486,839
Personal Property Tax Relief from the Commonwealth.....	23,578,531	23,578,531	23,106,960	98.0%	23,106,960
Revenue from the Commonwealth.....	23,047,658	23,772,658	17,566,745	76.2%	17,769,379
Total Intergovernmental Revenues	<u>\$ 56,597,571</u>	<u>\$ 56,422,571</u>	<u>\$ 47,110,498</u>	<u>83.2%</u>	<u>\$ 47,363,178</u>
Other Governmental Revenues And Transfers In					
Fines and Forfeitures.....	\$ 6,610,517	5,193,450	\$ 4,170,382	63.1%	\$ 3,950,116
Licenses and Permits.....	2,485,350	2,445,350	1,806,711	72.7%	2,259,895
Charges for City Services.....	21,740,922	21,162,149	15,046,318	69.2%	13,571,245
Revenue from Use of Money & Prop.....	5,023,110	7,115,630	6,515,076	129.7%	5,015,171
Other Revenue.....	1,812,942	1,910,000	1,337,895	73.8%	1,435,417
Transfer from Other Funds.....	10,583,814	10,583,814	121,922	1.2%	-
Total Other Governmental Revenues	<u>\$ 48,256,655</u>	<u>\$ 48,410,393</u>	<u>\$ 28,998,305</u>	<u>60.1%</u>	<u>\$ 26,231,844</u>
TOTAL REVENUE	<u>\$ 724,682,628</u>	<u>\$ 730,204,419</u>	<u>\$ 440,451,635</u>	<u>60.8%</u>	<u>\$ 418,505,607</u>
Appropriated Fund Balance					
General Fund.....	\$ 3,605,400	\$ 3,605,440	\$ -	0.0%	\$ -
Appropriated refunding bond proceeds	167,436,747	167,436,747	167,786,747	100.2%	34,168,000
Supplemental Appropriations....	\$ 11,925,916	6,404,086	-	0.0%	-
TOTAL	<u>\$ 907,650,692</u>	<u>\$ 907,650,692</u>	<u>\$ 608,238,381</u>	<u>67.0%</u>	<u>\$ 452,673,607</u>

**COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION
GENERAL FUND
FOR THE PERIODS ENDING APRIL 30, 2018 AND APRIL 30, 2017**

FUNCTION	B	C	D=C/B	F
	FY2018 AMENDED BUDGET	FY2018 EXPENDITURES THRU 4/30/2018	% OF BUDGET EXPENDED	FY2017 EXPENDITURES THRU 4/30/2017
Legislative & Executive.....	\$ 5,563,168	\$ 4,129,696	74.2%	\$ 4,295,931
Judicial Administration.....	\$ 43,034,700	\$ 33,255,858	77.3%	\$ 33,769,027
Staff Agencies				
Information Technology Services.....	\$ 11,638,646	\$ 8,472,588	72.8%	\$ 8,120,468
Management & Budget.....	1,276,371	820,581	64.3%	989,178
Finance.....	13,720,423	9,438,586	68.8%	9,034,673
Performance and Accountability.....	670,875	407,762	60.8%	335,615
Internal Audit.....	421,894	267,779	63.5%	251,166
Human Resources.....	4,234,310	3,260,221	77.0%	2,911,409
Planning & Zoning.....	6,132,787	4,597,544	75.0%	4,325,815
Economic Development Activities.....	5,494,154	5,381,092	97.9%	5,350,087
City Attorney.....	3,041,270	2,315,570	76.1%	2,487,607
Registrar.....	1,202,318	922,503	76.7%	1,040,003
General Services.....	15,420,895	10,640,399	69.0%	10,693,473
Total Staff Agencies	\$ 63,253,943	\$ 46,524,624	73.6%	\$ 45,539,494
Operating Agencies				
Transportation & Environmental Services.....	\$ 30,495,133	\$ 21,587,565	70.8%	\$ 20,554,540
Project Implementation.....	1,868,900	1,113,626	59.6%	1,215,035
Fire.....	52,746,576	40,312,163	76.4%	38,779,174
Police.....	62,960,931	49,780,161	79.1%	48,399,782
Emergency Communications.....	7,748,429	5,859,246	75.6%	5,740,961
Code.....	34,345	4,070	11.8%	81,645
Transit Subsidies.....	15,135,927	14,940,147	98.7%	7,533,678
Housing.....	1,912,864	1,435,154	75.0%	1,336,593
Community and Human Services.....	13,648,783	11,232,620	82.3%	11,239,783
Health.....	8,813,186	7,979,607	90.5%	8,059,559
Historic Resources.....	3,232,806	2,406,745	74.4%	2,307,451
Recreation.....	22,170,537	17,334,254	78.2%	17,004,467
Total Operating Agencies	\$ 220,768,417	\$ 173,985,359	78.8%	\$ 162,252,668
Education				
Schools.....	\$ 214,061,472	\$ 151,208,125	70.6%	\$ 146,230,891
Other Educational Activities.....	12,277	12,277	100.0%	12,131
Total Education	\$ 214,073,749	\$ 151,220,402	70.6%	\$ 146,243,022
Capital, Debt Service and Miscellaneous				
Debt Service - City.....	\$ 39,248,127	\$ 25,287,880	64.4%	\$ 38,498,584
Debt Service - Schools.....	28,530,550	18,196,315	-	-
Expenses on Refunding Bonds.....	167,436,747	167,832,883	100.2%	34,154,805
Non-Departmental.....	9,301,732	6,944,190	74.7%	7,494,262
General Cash Capital.....	43,375,231	-	0.0%	26,834,078
Contingent Reserves.....	775,931	-	0.0%	-
Total Capital, Debt Service and Miscellaneous	\$ 288,668,318	\$ 218,261,268	75.6%	\$ 106,981,729
TOTAL EXPENDITURES	\$ 835,362,295	\$ 627,377,207	75.1%	\$ 499,081,871
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	113,349	1.7%	36,933
Transfer to DASH.....	12,045,879	11,692,233	0.0%	11,295,384
TOTAL EXPENDITURES & TRANSFERS	\$ 907,650,692	\$ 639,182,790	70.4%	\$ 513,257,450
Total Expenditures by Category				
Salaries and Benefits.....	\$ 228,332,150	\$ 175,106,865	76.7%	\$ 171,736,072
Non Personnel (includes all school funds).....	679,318,542	464,075,925	68.3%	341,521,379
Total Expenditures by Category	\$ 907,650,692	\$ 639,182,790	70.4%	\$ 513,257,451

Economic and Demographic Indicators

UNEMPLOYMENT RATE

	2012	2013	March 2014	March 2015	March 2016	March 2017	March 2018
Alexandria	4.5%	4.0%	3.9%	3.6%	3.0%	2.9%	2.5%
Commonwealth of Virginia*	5.9	5.5	5.3	4.9	4.0	3.8	3.4
United States*	8.2	7.6	6.7	6.7	5.1	4.6	4.1

* Virginia and U.S. unemployment rates are seasonally adjusted. Alexandria unemployment rates are not seasonally adjusted.

**PER CAPITA PERSONAL INCOME
JURISDICTIONS IN THE WASHINGTON, D.C. AREA
2011 TO 2016**

	2012	2013	2014	2015	2016
Alexandria (VA)	\$76,165	\$75,146	\$77,142	\$82,683	\$83,167
Arlington County (VA)	81,684	81,006	83,170	86,161	87,986
Fairfax County (VA)	74,501	72,867	75,007	74,923	75,978
Commonwealth of Virginia	49,320	48,956	50,354	52,052	52,957
Washington MSA	62,420	61,387	62,975	64,882	66,733
United States (Metropolitan areas)	45,872	45,942	47,615	49,827	59,246

Source: US Department of Commerce, Bureau of Economic Analysis (These data have been revised from previous estimates provided by the Department of Commerce). Fairfax County, VA data includes Fairfax City, VA and the City of Falls Church, VA. United States per capita is presented in current dollars.

OFFICE VACANCY RATES

Jurisdiction	1st Quarter 2017	1st Quarter 2018
Alexandria, VA	18.0%	17.8%
Northern Virginia	17.4%	17.3%
Washington D.C. Metro Area	15.0%	15.1%

Source: CoStar and Colliers Northern Virginia Office Report.

Employment by Sector (As a Percentage of Total)	2017
Services	28.13%
Government	23.09%
Manufacturing and Other	13.22%
Trade	9.56%
Accommodation	9.09%
Health Care	7.20%
Financial, Insurance and Real Estate	4.87%
Construction	2.30%
Transportation, Communications, and Utilities	2.54%