



Legislation Text

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City of Alexandria, Virginia

MEMORANDUM

DATE: MARCH 6, 2019

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, 2019

ISSUE: Receipt of the Monthly Financial Report for the Period Ending January 31, 2019.

RECOMMENDATION: That City Council receive the Monthly Financial Report.

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. Attachment 3 reflects highlights of the City's Calendar Year 2019 Real Estate Assessment Report. Revenue from real property taxes accounts for approximately 60 percent of the City's General Fund Revenues each year. At this time in FY 2019, the City's revenue and expenditures are not noticeably different than the same time period last year.

Revenues

As of January 2019, General Fund revenues totaled \$373.5 million, a decrease of \$117.8 million, or 24.0 percent, below the revenues collected at the same time in FY 2018. FY 2018 reflects a \$124.5 million bond refunding that occurred in the first quarter last year. Factoring this out for comparison, as of January 31, 2019, General Fund revenues totaled \$373.5 million, which is a 1.7 percent increase over FY 2018 for the same time period, in which \$367.0 million was collected. With seven months completed in the fiscal year, approximately 49.5 percent of budgeted revenues has been collected. Revenues may not track consistently with the calendar since many revenue sources have due dates that do not occur evenly through the year. Personal Property taxes were due on October 5 and collections through December exceed last year's collections by \$1.9 million or 4.1 percent. Second-half of the calendar year Real Property taxes were due on November 15 and collections total \$219.0 million, which is \$6.4 million or 3.0 percent more than FY 2018 at this time.

With the presentation of the City Manager's Proposed FY 2020 Operating budget, the Monthly Financial

Report includes a projection of total General Fund revenues for the year. Most categories of revenues are expected to meet or exceed the FY 2019 budgeted amount. Communication Sales and Use tax continues to decline each year due to consumer behavioral changes related to telecommunications and television. A large refund to one of the utility companies for prior year overpayment was recorded in December 2018. Recordation tax revenue was higher in FY 2018 due to several large commercial real estate transactions and is higher through the first seven months of the current fiscal year than originally estimated. Higher interest rates are resulting in higher Revenue from Use of Money and Property compared to FY 2018.

Sales Tax Revenue is trending higher than during the same period in FY 2018 with collections in the first six months of the year exceeding last year by \$0.7 million or 6.3 percent. Holiday sales in December 2018 were \$2.7 million. This is the second highest collection of holiday sales in the past five years and exceeds last year by 2.5 percent. In the past 5 years, the average month of sales tax receipts for December is approximately \$2.2 million. Staff will continue to monitor all General Fund Revenue categories, and will update the year end forecast for FY 2019, as well as revenue estimates for the upcoming year as warranted through the end of the year.

Expenditures

As of January 31, 2019, General Fund expenditures totaled \$395.7 million, a decrease of \$63.2 million over the same time period for FY 2018. Making a similar adjustment to account for the Refunded Bonds in FY 2018, FY 2019 expenditures total \$395.7 million, compared to \$334.4 million in FY 2018, which is \$61.3 million increase, or 18.3 percent. Similar to the situation with revenues, no significant expenditure variances have occurred in the first seven months of Fiscal Year 2019 that are unbudgeted or unexpected. The most significant differences are the timing and source of payments. The City's first quarter contribution to WMATA was funded with a higher percentage of General Fund monies in FY 2019, with the expectation that balances earned on the City's behalf with the Northern Virginia Transportation Commission (NVTC) will be used in a subsequent quarter payment. In FY 2018, less General Fund monies were used in the first quarter of the year. Partner agencies, such as the Alexandria Economic Development Partnership, the Alexandria Health Department, and Other Education Activities receive quarterly contributions. As of January 31, seven of these partner agencies have received 3 of their 4 payments for FY 2019.

Starting in FY 2019 employees in the Department of Project Implementation are now charged to the Capital Improvement Program, which explains the significant variance in expenditures between FY 2018 and FY 2019. A similar situation is occurring in TES, where several programs (stormwater management and street sweeping) are being charged in all or in part to the Stormwater Fund. In FY 2018 prior to the creation of the stormwater utility fee, these programs received more fiscal support from the General Fund.

Debt service is paid in June, July, December and January. The amounts are determined by the structure of the debt issuance and the payments are made as scheduled. The amount paid each year and when it is paid varies each year based on debt issuance date and debt structure. As a result, debt service expenditures may not track closely to the percent of the fiscal year completed.

There are a number of interfund transfers included in the FY 2019 General Fund Budget. The most significant of these is the transfer to the Alexandria City Public Schools, followed by the Cash Capital transfer to the CIP. For projection and comparison purposes, these transfers were executed at the midpoint of the fiscal year to reflect 50 percent of the spending. These transfers were made later in the year in FY 2018.

The Department of Information Technology Services is trending slightly ahead of the fiscal year, due to services that are billed annually early in the fiscal year, primarily for various maintenance agreements and licenses. The City Attorney's Office is trending higher than the fiscal year due to outside legal fees. In the planned Spring Supplemental Appropriation Ordinance, City Council will be asked to appropriate an additional \$750,000 to address these costs. Across the organization, departmental budgets that are trending slightly behind the fiscal year are experiencing vacancy savings that occurs from staff turnover.

ATTACHMENTS:

Attachment 1 - Comparative Revenue Schedule for January 31, 2019

Attachment 2 - Comparative Expenditure Schedule for January 31, 2019

Attachment 3 - Economic Indicators - 2019 Real Estate Assessments

STAFF:

Laura B. 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, 2019 AND JANUARY 31, 2018

	B	B.1	C	D=C/B	E
	FY 2019	FY 2019	FY 2019		FY 2018
	AMENDED	PROJECTED	REVENUES	%	REVENUES
	BUDGET	REVENUES	THRU 1/31/2019	OF BUDGET	THRU 1/31/2018
General Property Taxes					
Real Property Taxes.....	\$ 446,963,782	450,246,430	\$ 219,048,575	49.0%	\$ 212,661,361
Personal Property Taxes.....	50,800,000	51,300,000	47,389,453	93.3%	46,019,968
Penalties and Interest.....	3,300,000	2,708,000	1,398,445	42.4%	1,350,109
Total General Property Taxes	\$ 501,063,782	\$ 504,254,430	\$ 267,836,473	53.5%	\$ 260,031,438
Other Local Taxes					
Local Sales and Use Taxes.....	\$ 27,700,000	27,700,000	\$ 11,782,624	42.5%	\$ 11,045,807
Consumer Utility Taxes.....	11,800,000	12,000,000	4,966,515	42.1%	5,800,808
Communication Sales and Use Taxes.....	9,900,000	9,300,000	3,894,251	39.3%	4,173,456
Business License Taxes.....	34,878,000	34,878,000	2,252,614	6.5%	2,418,423
Transient Lodging Taxes.....	13,275,000	12,400,000	6,126,510	46.2%	6,061,071
Restaurant Meals Tax.....	24,150,000	23,500,000	12,109,332	50.1%	8,937,068
Tobacco Taxes.....	2,800,000	2,800,000	1,317,875	47.1%	1,480,299
Motor Vehicle License Tax.....	3,800,000	3,800,000	3,126,772	82.3%	3,113,860
Real Estate Recordation.....	5,300,000	6,000,000	3,019,930	57.0%	3,464,696
Admissions Tax.....	670,000	670,000	283,108	42.3%	266,513
Other Local Taxes.....	4,745,000	4,745,000	383,166	8.1%	362,553
Total Other Local Taxes	\$ 139,018,000	\$ 137,793,000	\$ 49,262,697	35.4%	\$ 47,124,554
Intergovernmental Revenues					
Revenue from the Fed. Government.....	\$ 9,071,382	8,570,160	\$ 3,760,122	41.5%	\$ 4,796,886
Personal Property Tax Relief from the Commonwealth.....	24,335,376	23,578,531	11,789,265	48.4%	22,399,604
Revenue from the Commonwealth.....	23,578,531	24,119,423	12,033,453	51.0%	11,853,044
Total Intergovernmental Revenues	\$ 56,985,289	\$ 56,268,114	\$ 27,582,841	48.4%	\$ 39,049,534
Other Governmental Revenues And Transfers In					
Fines and Forfeitures.....	\$ 5,193,450	5,193,450	\$ 2,382,140	45.9%	\$ 2,915,545
Licenses and Permits.....	2,612,678	2,612,678	1,238,459	47.4%	1,326,124
Charges for City Services.....	21,748,168	21,935,630	11,714,171	53.9%	11,055,984
Revenue from Use of Money & Prop.....	8,031,110	10,193,000	6,275,011	78.1%	4,524,761
Other Revenue.....	1,853,215	1,865,000	1,179,041	63.6%	1,011,166
Transfer from Other Funds.....	11,921,244	11,921,244	5,980,336	50.2%	-
Total Other Governmental Revenues	\$ 51,359,865	\$ 53,721,002	\$ 28,769,157	56.0%	\$ 20,833,580
TOTAL REVENUE	\$ 748,426,936	\$ 752,036,546	\$ 373,451,168	49.9%	\$ 367,039,106
Appropriated Fund Balance					
General Fund.....	\$ -	-	\$ -	\$ -	\$ -
Appropriated refunding bond proceeds.....	-	-	-	-	124,205,981
Encumbrances And Other.....	-	-	-	-	-
Supplemental Appropriations.....	6,696,143	3,086,534	-	-	-
TOTAL	\$ 755,123,079	\$ 755,123,080	\$ 373,451,168	49.5%	\$ 491,245,087

**COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION
GENERAL FUND
FOR THE PERIODS ENDING JANUARY 31, 2019 AND JANUARY 31, 2018**

FUNCTION	B	C	D=C/B	E
	FY 2019 AMENDED BUDGET	FY 2019 EXPENDITURES THRU 1/31/2019	% OF BUDGET EXPENDED	FY 2018 EXPENDITURES THRU 1/31/2018
Legislative & Executive.....	\$ 3,180,812	\$ 1,673,499	52.6%	\$ 1,721,281
Judicial Administration.....	\$ 44,958,037	\$ 25,531,635	56.8%	\$ 23,982,191
Staff Agencies				
Communications.....	\$ 1,502,763	\$ 678,928	45.2%	\$ 747,590
Human Rights.....	865,784	532,296	61.5%	453,884
Information Technology Services.....	12,061,080	6,893,026	57.2%	6,423,030
Management & Budget.....	1,259,151	688,527	54.7%	555,659
Finance.....	12,855,068	6,583,939	51.2%	6,564,027
Performance and Accountability.....	637,988	209,588	32.9%	309,884
Internal Audit.....	429,167	129,174	30.1%	174,831
Human Resources.....	4,410,126	2,181,068	49.5%	2,402,519
Planning & Zoning.....	6,021,144	3,213,610	53.4%	3,271,353
Economic Development Activities.....	5,789,768	4,248,618	73.4%	4,013,249
City Attorney.....	3,089,438	1,909,196	61.8%	1,658,734
Registrar.....	1,231,787	662,835	53.8%	681,288
General Services.....	14,730,209	7,480,165	50.8%	7,499,591
Total Staff Agencies	\$ 64,883,473	\$ 35,410,971	54.6%	\$ 34,755,638
Operating Agencies				
Transportation & Environmental Services.....	\$ 28,198,104	\$ 15,011,046	53.2%	\$ 16,154,409
Project Implementation.....	9,356	2,598	0.0%	790,469
Fire.....	53,964,570	30,236,389	56.0%	28,916,645
Police.....	65,290,781	36,293,857	55.6%	35,703,904
Emergency Communications.....	7,823,448	4,025,147	51.4%	4,221,475
Code.....	24,000	2,694	11.2%	2,723
Transit Subsidies.....	17,336,098	16,178,268	93.3%	11,185,119
Housing.....	1,851,614	960,304	51.9%	982,305
Community and Human Services.....	13,613,029	7,913,323	58.1%	7,878,003
Health.....	8,714,657	5,906,467	67.8%	5,916,420
Historic Resources.....	3,340,960	1,623,240	48.6%	1,773,838
Recreation.....	23,099,307	12,779,662	55.3%	12,769,889
Total Operating Agencies	\$ 223,265,924	\$ 130,932,994	58.6%	\$ 126,295,199
Education				
Schools.....	\$ 223,829,302	\$ 111,914,651	50.0%	\$ 86,548,061
Other Educational Activities.....	12,142	9,107	75.0%	9,208
Total Education	\$ 223,841,444	\$ 111,923,758	50.0%	\$ 86,557,269
Capital, Debt Service and Miscellaneous				
Debt Service - City.....	\$ 40,265,619	\$ 30,070,912	74.7%	\$ 25,180,091
Debt Service - Schools.....	28,924,085	14,848,840	51.3%	18,304,105
Expenses on Refunding Bonds.....	-	-	0.0%	124,518,557
Non-Departmental.....	9,689,721	6,226,006	64.3%	5,848,150
General Cash Capital.....	36,966,696	18,483,348	50.0%	-
Contingent Reserves.....	3,810,114	-	0.0%	-
Total Capital, Debt Service and Miscellaneous	\$ 119,656,235	\$ 69,629,106	58.2%	\$ 173,850,903
TOTAL EXPENDITURES	\$ 679,785,925	\$ 375,101,964	55.2%	\$ 447,162,481
Cash Match (Transportation/DCHS/ and Transfers to the Special Revenue /Capital Projects Funds).....				
Transfer to Library.....	\$ 55,963,777	\$ 8,809,423	15.7%	\$ -
Transfer to DASH.....	7,059,786	27,035	0.4%	94,356
Transfer to DASH.....	12,313,592	11,776,380	95.6%	11,692,233
TOTAL EXPENDITURES & TRANSFERS	\$ 755,123,080	\$ 395,714,802	52.4%	\$ 458,949,070
		\$ -		
Total Expenditures by Category				
Salaries and Benefits.....	\$ 228,395,540	\$ 126,304,737	55.3%	\$ 125,417,401
Non Personnel (includes all school funds).....	526,727,540	269,410,064	51.1%	333,531,665
TOTAL EXPENDITURES	\$ 755,123,080	\$ 395,714,802	52.4%	\$ 458,949,066

Economic Indicators

2019 Real Property Assessments:

- On February 12, 2019, the City released the Assessment Report for Calendar Year 2019. The City's \$41 billion tax base provides the most significant source of revenue to support government operations. In 2019, the total tax base increased by 2.71 percent, from \$39.9 billion to \$41.0 billion.
- Locally-assessed properties increased by \$1.06 billion compared to January 1, 2018, which was distributed between residential properties (\$466.8 million) and the commercial tax base (\$588.3 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, \$936.0 million was due to appreciation and \$344.3 million was due to new growth or construction.
- The average single family home increased 1.4%, to \$764,596, while the average condominium increased by 3.3 percent, to \$329,216.
- The total number of residential units in the City grew from 41,427 to 41,468. The number of properties with a median assessment between \$250,000 and \$499,999 declined from 11,134 to 11,079, and the number of units with a median assessment between \$100,000 and \$249,000 declined from 9,349 to 9,081. In 2018 there were 34 residential properties assessed at \$100,000 or less compared to only 34 in 2019.
- The commercial tax base grew by 3.58 percent, or \$588.3 million, compared to 2018.
- The commercial growth was fueled by increases across nearly all classes of property. Apartments increased by 4.1 percent in 2019. Shopping centers increased by 9.5 percent, and general commercial properties increased by nearly 5 percent.