



Legislation Details (With Text)

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On agenda:	5/9/2017	Final action:	
Title:	Consideration of the Monthly Financial Report for the Period Ending March 31, 2017.		
Sponsors:			
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Attachments:	1. 16-6361_Att 1 - Revenue March 2017, 2. 16-6361_Att 2 - Expenditure March 2017, 3. 16-6361_Att 3 - Investment Portfolio 3312017, 4. 16-6361_Att 4 - BPOL Taxation 2017 Narrative Summary without Zero Fee and Pending 4-26-17		

Date	Ver.	Action By	Action	Result
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City of Alexandria, Virginia

MEMORANDUM

DATE: MAY 3, 2017

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 March 31, 2017.

ISSUE: Receipt of the Monthly Financial Report for the Period Ending March 31, 2017.

RECOMMENDATION: That City Council receives the Monthly Financial Report (Attachment 1).

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 2016 are attached.

At this time in FY 2017, the City's revenue and expenditures are not materially different than the same time period last year. As of March 31, 2017, General Fund revenues totaled \$439.8 million, an increase of \$30.7 million or 7.5% above the revenues collected at the same time in FY 2016. Through the first nine months of the fiscal year, approximately 63.9 percent of budgeted revenues have been collected. Revenues may not track consistently with the calendar since many revenue sources have

dues dates that do not occur evenly through the year. Large revenue sources, such as real estate and personal property tax revenues are remitted twice per year and once per year, respectively.

It should be noted that FY 2016 included a bond refunding of \$10.6 million in the first quarter that increased recorded revenue. This compares with a bond refunding in FY 2017 that occurred in November 2016 of \$34.2 million, which saved approximately \$2.4 million over the next 10 years. If the refunding revenue is excluded in both years, revenue of \$405.6 million collected in the first nine months of FY 2017 compares to \$398.4 million in the first nine months of

FY 2017. This is an increase of 1.8 percent compared to last year. General Property taxes are trending at 4.3 percent more than last year and Other Local Taxes are 1.5 percent more than last year. This is consistent with the increase in the overall General Fund Operating Budget from FY 2016 to FY 2017, which increased from \$649.2 million to \$678.5 million, including a 5.4 percent increase in Real Property tax revenues.

As of March 31, 2017, General Fund expenditures totaled \$468.9 million, an increase of \$30.1 million over the same time period for FY 2016. As noted above, there were bond refundings in both years that were significantly different. Without the refundings in the calculation, total expenditures in FY 2017 are \$434.8 million compared to \$428.1 million in

FY 2016, which reflects a 1.6 percent increase in spending to date. Through nine months of the fiscal year, which is 75 percent of the fiscal year, excluding the refundings, 63.2 percent of the budget has been expended.

Beginning in FY 2017, the Monthly Financial Report that coincides with the end of each quarter will include information on the City's investment portfolio. Attachment 3 provides the status of the City's investment portfolio as of December 31, 2016. The City's return on investment for FY 2016 was 0.78 percent and resulted in \$1.7 million in General Fund Revenue. In March 2017 the City earned a yield of 1.06% on an investment portfolio of \$248.3 million. Through the third quarter of FY 2017 the City has earned \$1.5 million.

March 1, 2017, was the deadline for paying Business and Professional Occupation Licenses Taxes (BPOL). The vast majority of BPOL taxes are collected from larger companies. Of the 7,194 taxable businesses processed to date, 37 percent, or 2,644 only pay a flat fee of \$50. 2,232 businesses pay an average of \$762; and, 769 pay an average of \$2,172. In aggregate terms, this means that almost 80 percent of taxable businesses pay only about 10 percent of the total BPOL revenue. The inverse is, of course, also true, that the remaining 20 percent of the larger businesses pay approximately 90 percent of total BPOL tax revenue.

The largest license category is Business Services, comprising nearly one third of total BPOL revenue. This category includes a diverse group of businesses, such as consultants, bookkeepers, caterers and building maintenance services. Attachment 4 provides additional detail related to the various license categories and gross receipts.

ATTACHMENTS:

Attachment 1 - Comparative Revenue Schedule for March 31, 2017

Attachment 2 - Comparative Expenditure Schedule for March 31, 2017

Attachment 3 - Third Quarter Investment Report March 2017

Attachment 4 - BPOL Summary

STAFF:

Laura Triggs, Deputy City Manager

Kendel Taylor, Director, Finance Department

Morgan Routt, Director, OMB