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Attachments:	1. 19-1550_Att 1 - Revenue March 2019, 2. 19-1550_Att 2 - Expenditure March 2019, 3. 19-1550_Att 3 - 3rd Q Investment Report		

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

MEMORANDUM

DATE: MAY 8, 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 March 31, 2019.

ISSUE: Receipt of the Monthly Financial Report for the Period Ending March 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 the City's Investment Portfolio as of March 31, 2019. 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 March 2019, General Fund revenues totaled \$433.4 million, a decrease of \$160.4 million, or 27.0 percent, below the revenues collected at the same time in FY 2018. FY 2018 reflects a \$167.4 million in bond refunding proceeds. Factoring this out for comparison, as of March 31, 2019, General Fund revenues totaled \$433.4 million, which is a 1.6 percent increase over FY 2018 for the same time period, in which \$426.4 million was collected. With nine months completed in the fiscal year, approximately 57.2 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 March exceed last year's collections by \$0.6 million or 1.3 percent. Second-half of the calendar year Real Property taxes were due on November 15 and collections total \$220.6 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 now includes a projection of total General Fund revenues for the year, which has been updated to reflect the recent revenue adjustments presented to City Council in Budget Question #66.

One of the strongest categories in FY 2019 is Local Sales and Use Tax. Sales tax remittance lags by two months, so this monthly financial report reflects seven months of receipts, including the holiday season. Collections to date are \$0.8 million higher than this point in FY 2018, or 5.3 percent. Seven months of collections or \$16.5 million are 59.5 percent of the budgeted amount in FY 2019. Recordation tax revenues were higher in FY 2018 due to several large commercial real estate transactions but are higher through the first nine months of the current fiscal year than originally estimated. Although the transient lodging tax is projecting to be lower than the budget estimate for FY 2019, collections through 9 months are consistent with FY 2018. The Restaurant Meals Sales tax is trending ahead of FY 2018, due primarily to a one percent increase in the tax rate to provide funding for affordable housing. However, through the first 9 months of the fiscal year, after discounting for timing and posting anomalies, the actual rate of growth for Meals Sales tax is 1.5 percent higher compared to FY 2018. The increase in the tax rate accounts for 25 percent of the increase over FY 2018. Business Licenses taxes were due on March 1. Collections in FY 2019 are 3.7 percent of \$1.2 million higher than last year and reflect 93.4 percent of the budgeted amount. While a number of the revenue categories are performing above budget a number of tax categories (consumer utility, communications, tobacco, motor vehicle license, and admissions) are performing below FY 2018's collection levels.

Several of the non-tax categories are experiencing significant variances compared to FY 2018. Higher interest rates are resulting in much higher Revenue from Use of Money and Property compared to FY 2018. Intergovernmental tax revenue variances are due to timing. FY 2018 included 13 monthly payments for federal prisoner per diem revenue. Revenues from Fines and Forfeitures are 18 percent lower than last year, through 9 months of the fiscal year in FY 2019.

Expenditures

As of March 31, 2019, General Fund expenditures totaled \$470.5 million, a decrease of \$122.9 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 \$430.5 million, compared to \$425.7 million in FY 2018, which is a \$44.8 million increase, or 10.5 percent. Similar to the situation with revenues, no significant expenditure variances have occurred in the first nine 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 State funds and regional gas tax revenues 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. They will receive their 4th quarter contribution in April and at the point they will 100 percent funded for the year. Project Implementation staff were charged to the General Fund in FY 2018, but in FY 2019 they are charged primarily to the CIP.

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 General Fund operating budget for the Department of Community and Human Services is primarily used to support grant funded programs. Interfund transfers will be executed in the summer following grant closeout.

The City Attorney's Office expenditures are trending higher than the fiscal year due to outside legal fees. Across the organization, departmental budgets that are trending behind the fiscal year are experiencing vacancy savings and additional savings that occur from staff turnover.

ATTACHMENTS:

Attachment 1 - Comparative Revenue Schedule for March 31, 2019
Attachment 2 - Comparative Expenditure Schedule for March 31, 2019
Attachment 3 - 3rd Quarter Investment Portfolio Report

STAFF:

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