



Legislation Text

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City of Alexandria, Virginia

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MEMORANDUM

**DATE:** JANUARY 3, 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 November 30, 2017.

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**ISSUE:** Receipt of the Monthly Financial Report for the Period Ending November 30, 2017.

**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 November 30, 2017, General Fund revenues totaled \$361.4 million, an increase of \$102.3 million or 39.5% more than the revenues collected at the same time in FY 2017. Through the first five months, approximately 53.3 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. In a future monthly financial report, Council will see the additional refunding that was completed in early December. If the refunding is excluded in both years, 45.5 percent of budgeted revenues have been collected and revenues through the first five months reflect a 6.7 percent increase compared to the same time period last year. Real Property tax revenues are 8.8 percent higher at this point in FY 2018, which is consistent with the tax rate and assessment increases in Calendar Year 2017.

Through November 2017, Other Local Tax revenues equal \$31.6 million compared to \$30.4 million in November 2016. Recordation tax revenue exceeds last year by \$0.9 million due to the August sale of the JBG Beauregard Corridor residential/retail portfolio to Morgan Properties for \$509 million. Both Transient Lodging

and Restaurant Meals tax revenues reflect higher sales in FY 2018 than from the same period in FY 2017. Consumer Utility taxes appear significantly lower than in FY 2017, but this is a result of payment timing and not a significant economic indicator. The same is true for Revenue from the Federal Government. Through November 2016 only 4 federal prisoner per diem payments of \$0.5 million had been posted compared to 5 payments through November 2017. The increase in Charges for City Services is nearly \$0.8 million higher than through the same period in FY 2017. It should be noted that the budgeted amount in this category increased by more than 4 percent, the most significant areas of increase were in Refuse User Charges, Recreation Classes and Rental fees. As expected, those categories are showing increases in collection compared to the last fiscal year.

As of October 31, 2017, General Fund expenditures totaled \$361.4 million, an increase of \$102.3 million over the same time period for FY 2017. After adjusting for the difference due to the refunding, expenditures total \$237.7 million, which is \$12.7 million higher than FY 2017 or 5.7 percent, compared to the same time period last year. No significant expenditure has occurred in the first five months of Fiscal Year 2018 that is unbudgeted or unexpected. Agencies that are trending above the percent completed of the fiscal year (42 percent) are those organizations that receive quarterly payments from the City (e.g., Economic Development Activities, Health/Other Health, and Transit Subsidies). These agencies have received two of their quarterly payments at this point in the fiscal year. Debt service is paid in June, July, December and January. The amounts are determined by the structure of the debt 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, it does not track closely to the percent of the fiscal year. The Departments of Human Resources and Information Technology Services are also both trending slightly ahead of the fiscal year, due to services that are billed annually in the first half of the fiscal year (various maintenance agreements, software licenses, online learning access for employees). 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.

#### **ATTACHMENTS:**

Attachment 1 - Comparative Revenue Schedule for November 30, 2017

Attachment 2 - Comparative Expenditure Schedule for November 30, 2017

Attachment 3 - Highlights of the Mid-year 2017 State of the Market Report from the Alexandria Economic Development Partnership, Inc

#### **STAFF:**

Laura Triggs, Deputy City Manager

Kendel Taylor, Director, Finance Department

Morgan Routt, Director, OMB