



Legislation Text

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City of Alexandria, Virginia

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MEMORANDUM

**DATE:** APRIL 4, 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 February 28, 2018.

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**ISSUE:** Receipt of the Monthly Financial Report for the Period Ending February 28, 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 2017 are attached.

As of February 28, 2018, General Fund revenues totaled \$566.2 million, an increase of \$155.7 million or 37.9% more than the revenues collected at the same time in FY 2017. Through eight months of FY 2018, approximately 62.4 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, 53.9 percent of budgeted revenues have been collected and revenues through the first eight months reflect a 5.9 percent increase compared to the same time period last year. Real Property tax revenues are 7.1 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 in Calendar Year 2017.

Through January 2018, Other Local Tax revenues equal \$70.7 million compared to \$69.4 million in February 2017. Recordation tax revenue exceeds last year by \$1.3 million due to the August sale of the JBG Beauregard Corridor residential/retail portfolio to Morgan Properties for \$509 million and several other large transactions. Transient Lodging tax revenues reflect higher sales in FY 2018 than from the same period in FY 2017. Meals

Sales Tax is down compared to

8 months of collections in FY 2017, but the trend appears related to the timing of payments, as most February payments have not been remitted to the City at this time. Tax payments are due by April 2 for February sales. Sales Tax is trending lower through the first six 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 December 2017. December Sales Tax revenues were approximately \$0.1 million lower than December 2016. Attachment 3 provides a history of Sales Tax revenues. 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. In total, Other Local Taxes are 1.9 percent, or \$1.3 million, higher than last year at this time.

Total Intergovernmental Revenue is up \$1.7 million, or 4.1 percent compared to FY 2017. Through February 2018, the City has received \$4.2 million in HB 599 revenue from the Commonwealth, including the 3<sup>rd</sup> quarter payment of \$1.4 million, which was received on February 28<sup>th</sup>. In FY 2017, the 3<sup>rd</sup> quarter payment, which also equaled \$1.4 million was not received until March 15<sup>th</sup>. Among the Other Governmental Revenue categories, Charges for Services are \$0.9 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 interest rates are helping to generate additional Revenue from use of Money and Property, as Interest from General Fund Investments total \$2.6 million through February compared to \$1.3 million at this same time last year.

As of February 2018, General Fund expenditures totaled \$553.1 million, an increase of \$122.5 million over the same time period for FY 2017. After adjusting for the difference due to the refunding, expenditures total \$385.3 million, which is \$11.0 million lower than FY 2017 or 2.8 percent, compared to the same time period last year. No significant expenditure has occurred in the first eight months of Fiscal Year 2018 that is unbudgeted or unexpected. The eighth month of the fiscal year equates to 66.7 percent of the fiscal year completed. 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. The Department of Human Resources is trending slightly ahead of the fiscal year, due to services that are billed annually in the first half of the fiscal year. 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. Transit Subsidies is also trending slightly ahead of the fiscal year due to the payment to VRE for the City's share of costs, which are paid annually, in their entirety at the beginning of the fiscal year. The remaining agencies that have expenditures considerably greater than the percent of the fiscal year completed are Economic Development Activities and the Alexandria Health Department which have received three of their four quarterly payments or 75 percent of their budgeted amounts as of February 2018. Agencies 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.

#### **ATTACHMENTS:**

Attachment 1 - Comparative Revenue Schedule for February 28, 2018

Attachment 2 - Comparative Expenditure Schedule for February 28, 2018

Attachment 3 - Sales Tax Revenue Comparative History

#### **STAFF:**

Laura Triggs, Deputy City Manager

Kendel Taylor, Director, Finance Department

Morgan Routt, Director, OMB