



## Legislation Text

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### City of Alexandria, Virginia

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#### MEMORANDUM

**DATE:** DECEMBER 5, 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 October 31, 2018.

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**ISSUE:** Receipt of the Monthly Financial Report for the Period Ending October 31, 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 2018 are attached.

At this time in FY 2019, the City's revenue and expenditures are not noticeably different than the same time period last year. As of October 31, 2018, General Fund revenues totaled \$150.7 million, an increase of \$25.6 million or 20.5 percent more than the revenues collected at the same time in FY 2018. Through the first four months, approximately 20.1 percent of budgeted revenues have been collected. Revenues may not track consistently with 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. Personal Property taxes were due on October 5<sup>th</sup> and collections through October exceed last year's collections by \$0.8 million or 1.8 percent. Second half of the calendar year Real Property taxes were due on November 15<sup>th</sup>. Collections in October can be sporadic and often include large transactions from mortgage companies. Any variance in October for Real Property tax revenue is due to timing of payments.

Through the four months of the fiscal year, no revenue category has sufficient receipts to suggest any change in projected economic conditions or forecast. Personal property taxes were collected on October 5<sup>th</sup> and the

second half of the calendar year real estate tax were due on November 15<sup>th</sup>. The variance in Consumer Utility and Transient Lodging tax revenue is the result of payment timing, and the significant increase in the Restaurant Meals Tax is the result of the budgeted increase in the tax rate from 4 percent to 5 percent, with that increased 1 percent in the rate set-aside for Affordable Housing projects in the Capital Improvement Plan. Recordation tax revenue was significantly higher in FY 2018 due to several large real estate transactions.

As of October 31, 2018, General Fund expenditures totaled \$211.3 million, an increase of \$12.9 million over the same time period for FY 2018. Similar to the situation with revenues, no significant expenditure variances have occurred in the first four 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 is funded with a higher percentage of General Fund monies in FY 2019, with the expectation that balances held on the City's behalf with the Northern Virginia Transit Commission will be used in a subsequent quarter payment. In FY 2018, less General Fund monies were used in the first quarter of the year.

Employees in the Department of Project Implementation are now charged to the Capital Improvement Program, which is the reason for 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.

Agencies that are trending above the percent completed of the fiscal year (33 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, debt service expenditures do not track closely to the percent of the fiscal year completed. 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.

#### **ATTACHMENTS:**

Attachment 1 - Comparative Revenue Schedule for October 31, 2018

Attachment 2 - Comparative Expenditure Schedule for October 31, 2018

Attachment 3 - First quarter economic indicators related to new construction

#### **STAFF:**

Laura Triggs, Deputy City Manager

Kendel Taylor, Director, Finance Department

Morgan Routt, Director, OMB