



Legislation Text

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File #: 19-1541, Version: 1

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City of Alexandria, Virginia

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MEMORANDUM

**DATE:** JANUARY 2, 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 November 30, 2018.

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**ISSUE:** Receipt of the Monthly Financial Report for the Period Ending November 30, 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 November 30, 2018, General Fund revenues totaled \$333.3 million, a decrease of \$124.9 million or 27.3 percent lower than the revenues collected at the same time in FY 2018. FY 2018 reflects the \$124.2 million bond refunding that occurred in the first quarter last year. Factoring this out for comparison's sake, as of November 30, 2018, general fund revenues total \$333.3 million, which is a 0.2 decrease compared to FY 2018 for the same time period, in which \$334.1 million was collected. Through the first five months, approximately 44.5 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. Personal Property taxes were due on October 5 and collections through November exceed last year's collections by \$1.6 million or 3.6 percent. Second-half of the calendar year Real Property taxes were due on November 15 and collections totaled \$216.1 million, which is \$6.5 million or 3.1 percent more than FY 2018 at this time.

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 the increased 1 percent in the rate set-aside for Affordable Housing projects in the

Capital Improvement Program. Recordation tax revenue was higher in FY 2018 due to several large commercial real estate transactions. Higher interest rates are resulting in higher Revenue from Use of Money and Property Revenues compared to FY 2018.

As of November 30, 2018, General Fund expenditures totaled \$258.8 million, a decrease of \$102.7 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 \$258.8 million, compared to \$237.7 million in FY 2018, which is \$21.0 million increase, or 8.8 percent. Similar to the situation with revenues, no significant expenditure variances have occurred in the first five 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 balances earned 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.

Starting in FY 2019 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 (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, 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. The City Attorney's Office is trending higher than the fiscal year due to outside legal fees. In the recent Supplemental Appropriation Ordinance, City Council appropriated an additional \$125,000 to address these costs. Across the organization, budgets that are trending slightly behind the fiscal year are experiencing vacancy savings from turnover.

**ATTACHMENTS:**

- Attachment 1 - Comparative Revenue Schedule for November 30, 2018
- Attachment 2 - Comparative Expenditure Schedule for November 30, 2018
- Attachment 3 - Overview of the City's 10 Largest Tax Revenue Sources

**STAFF:**

Laura Triggs, Deputy City Manager  
Kendel Taylor, Director, Finance Department  
Morgan Routt, Director, OMB

**CITY OF ALEXANDRIA, VIRGINIA**  
**COMPARATIVE STATEMENT OF REVENUES**  
**GENERAL FUND**  
**FOR THE PERIODS ENDING NOVEMBER 30, 2018 AND NOVEMBER 30, 2017**

	<b>B</b>	<b>C</b>	<b>D=C/B</b>	<b>F</b>	<b>G=F/E</b>
	<b>FY 2019</b>	<b>FY 2019</b>		<b>FY 2018</b>	
	<b>AMENDED</b>	<b>REVENUES</b>	<b>%</b>	<b>REVENUES</b>	<b>%</b>
	<b>BUDGET</b>	<b>THRU 11/30/2018</b>	<b>OF BUDGET</b>	<b>THRU 11/30/2017</b>	<b>OF TOTAL</b>
<b>General Property Taxes</b>					
Real Property Taxes.....	\$ 446,963,782	\$ 216,082,590	48.3%	\$ 209,620,676	55.1%
Personal Property Taxes.....	50,800,000	45,428,975	89.4%	43,863,463	96.3%
Penalties and Interest.....	3,300,000	1,041,482	31.6%	951,150	34.5%
Total General Property Taxes	<u>\$ 501,063,782</u>	<u>\$ 262,553,046</u>	<u>52.4%</u>	<u>\$ 254,435,289</u>	<u>59.3%</u>
<b>Other Local Taxes</b>					
Local Sales and Use Taxes.....	\$ 27,700,000	\$ 6,886,613	24.9%	\$ 6,551,791	24.6%
Consumer Utility Taxes.....	11,800,000	3,864,750	32.8%	3,264,716	26.0%
Communication Sales and Use Taxes.....	9,900,000	2,348,034	23.7%	2,473,918	23.7%
Business License Taxes.....	34,878,000	1,524,254	4.4%	1,529,798	4.8%
Transient Lodging Taxes.....	13,275,000	4,229,198	31.9%	4,816,318	40.6%
Restaurant Meals Tax.....	24,150,000	8,056,105	33.4%	6,297,030	33.8%
Tobacco Taxes.....	2,800,000	915,790	32.7%	1,010,200	34.7%
Motor Vehicle License Tax.....	3,800,000	2,881,680	75.8%	2,913,894	80.9%
Real Estate Recordation.....	5,300,000	1,984,130	37.4%	2,380,228	44.6%
Admissions Tax.....	670,000	177,769	26.5%	155,166	20.4%
Other Local Taxes.....	4,745,000	193,422	4.1%	206,563	4.7%
Total Other Local Taxes	<u>\$ 139,018,000</u>	<u>\$ 33,061,747</u>	<u>23.8%</u>	<u>\$ 31,599,622</u>	<u>24.4%</u>
<b>Intergovernmental Revenues</b>					
Revenue from the Fed. Government.....	\$ 9,071,382	\$ 1,854,771	20.4%	\$ 2,931,325	31.9%
Personal Property Tax Relief from the Commonwealth.....	24,335,376	11,789,265	48.4%	22,399,604	95.0%
Revenue from the Commonwealth.....	23,578,531	6,857,091	29.1%	6,815,036	29.2%
Total Intergovernmental Revenues	<u>\$ 56,985,289</u>	<u>\$ 20,501,127</u>	<u>36.0%</u>	<u>\$ 32,145,965</u>	<u>57.3%</u>
<b>Other Governmental Revenues And Transfers In</b>					
Fines and Forfeitures.....	\$ 5,193,450	\$ 1,708,850	32.9%	\$ 2,090,406	42.1%
Licenses and Permits.....	2,612,678	934,370	35.8%	1,086,202	42.7%
Charges for City Services.....	21,748,168	9,431,033	43.4%	9,001,388	45.2%
Revenue from Use of Money & Prop.....	8,031,110	4,103,728	51.1%	2,980,057	55.0%
Other Revenue.....	1,853,215	1,031,381	55.7%	711,105	32.7%
Transfer from Other Funds.....	11,921,244	-	0.0%	-	0.0%
Total Other Governmental Revenues	<u>\$ 51,359,865</u>	<u>\$ 17,209,362</u>	<u>33.5%</u>	<u>\$ 15,869,158</u>	<u>37.8%</u>
<b>TOTAL REVENUE</b>	<u>\$ 748,426,936</u>	<u>\$ 333,325,282</u>	<u>44.5%</u>	<u>\$ 334,050,034</u>	<u>50.9%</u>
<b>Appropriated Fund Balance</b>					
General Fund.....	\$ -	\$ -	\$ -	\$ 124,205,981	-
Cash Capital					
Encumbrances And Other	-	-	-	-	-
Supplemental Appropriations....	4,952,410	-	-	-	-
<b>TOTAL</b>	<u>\$ 753,379,346</u>	<u>\$ 333,325,282</u>	<u>44.2%</u>	<u>\$ 458,256,015</u>	<u>69.8%</u>

**COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION  
GENERAL FUND  
FOR THE PERIODS ENDING NOVEMBER 30, 2018 AND NOVEMBER 30, 2017**

FUNCTION	B	C	D=C/B	F
	FY 2019 AMENDED BUDGET	FY 2019 EXPENDITURES THRU 11/30/2018	% OF BUDGET EXPENDED	FY 2018 EXPENDITURES THRU 11/30/2017
Legislative & Executive.....	\$ 3,046,004	\$ 1,185,759	38.9%	\$ 1,196,861
Judicial Administration.....	\$ 44,276,720	\$ 18,205,984	41.1%	\$ 16,116,576
<b>Staff Agencies</b>				
Communications.....	\$ 1,452,763	\$ 495,910	34.1%	\$ 482,170
Human Rights.....	865,784	390,114	45.1%	309,868
Information Technology Services.....	12,101,248	5,418,276	44.8%	4,909,340
Management & Budget.....	1,259,151	497,947	39.5%	370,218
Finance.....	13,026,080	4,745,947	36.4%	4,248,464
Performance and Accountability.....	637,988	153,283	24.0%	209,049
Internal Audit.....	429,167	89,576	20.9%	117,119
Human Resources.....	4,239,313	1,552,643	36.6%	1,689,457
Planning & Zoning.....	5,789,820	2,331,868	40.3%	2,162,988
Economic Development Activities.....	5,716,459	2,832,726	49.6%	2,689,691
City Attorney.....	2,954,438	1,380,583	46.7%	1,192,120
Registrar.....	1,231,787	509,743	41.4%	529,290
General Services.....	15,001,072	5,106,514	34.0%	5,038,100
<b>Total Staff Agencies</b>	<b>\$ 64,705,070</b>	<b>\$ 25,505,130</b>	<b>39.4%</b>	<b>\$ 23,947,874</b>
<b>Operating Agencies</b>				
Transportation & Environmental Services.....	\$ 28,063,355	\$ 10,257,515	36.6%	\$ 11,782,048
Project Implementation.....	9,356	3,132	0.0%	538,498
Fire.....	52,268,990	20,895,776	40.0%	19,175,905
Police.....	65,399,618	26,641,883	40.7%	24,042,829
Emergency Communications.....	7,786,214	3,018,410	38.8%	2,829,858
Code.....	24,000	1,796	7.5%	1,825
Transit Subsidies.....	17,336,098	15,909,505	91.8%	7,532,179
Housing.....	1,857,455	698,140	37.6%	668,906
Community and Human Services.....	13,663,568	5,802,725	42.5%	5,262,680
Health.....	8,783,350	4,049,145	46.1%	3,950,976
Historic Resources.....	3,282,220	1,174,789	35.8%	1,253,208
Recreation.....	23,037,080	9,456,059	41.0%	8,875,887
<b>Total Operating Agencies</b>	<b>\$ 221,511,304</b>	<b>\$ 97,908,875</b>	<b>44.2%</b>	<b>\$ 85,914,799</b>
<b>Education</b>				
Schools.....	\$ 223,829,302	\$ 68,455,091	30.6%	\$ 65,699,209
Other Educational Activities.....	12,142	6,071	50.0%	6,139
<b>Total Education</b>	<b>\$ 223,841,444</b>	<b>\$ 68,461,162</b>	<b>30.6%</b>	<b>\$ 65,705,348</b>
<b>Capital, Debt Service and Miscellaneous</b>				
Debt Service - City.....	\$ 42,626,096	\$ 18,203,338	42.7%	\$ 16,499,633
Debt Service - Schools.....	28,924,085	12,178,181	42.1%	11,489,349
Expenses on Refunding Bonds.....	-	-	-	123,695,787
Non-Departmental.....	8,267,877	5,452,961	66.0%	5,174,590
General Cash Capital.....	36,966,696	-	0.0%	-
Contingent Reserves.....	3,810,114	-	0.0%	-
<b>Total Capital, Debt Service and Miscellaneous</b>	<b>\$ 120,594,868</b>	<b>\$ 35,834,480</b>	<b>29.7%</b>	<b>\$ 156,859,359</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 677,975,410</b>	<b>\$ 247,101,390</b>	<b>36.4%</b>	<b>\$ 349,740,817</b>
Cash Match (Transportation/DCHS/ and Transfers to the Special Revenue /Capital Projects Funds).....	\$ 55,963,779	\$ 189,642	0.0%	\$ -
Transfer to Library.....	7,031,173	21,201	0.3%	8,865
Transfer to DASH.....	12,313,592	11,456,736	0.0%	11,692,233
<b>TOTAL EXPENDITURES &amp; TRANSFERS</b>	<b>\$ 753,283,954</b>	<b>\$ 258,768,969</b>	<b>34.4%</b>	<b>\$ 361,441,915</b>
<b>Total Expenditures by Category</b>				
Salaries and Benefits.....	\$ 228,281,652	\$ 90,769,689	39.8%	\$ 82,532,957
Non Personnel (includes all school funds).....	525,097,694	167,999,279	32.0%	278,908,958
<b>TOTAL EXPENDITURES</b>	<b>\$ 753,379,346</b>	<b>\$ 258,768,969</b>	<b>34.3%</b>	<b>\$ 361,441,915</b>

<b>Attachment 3</b>					
<b>Overview of 10 Major Tax Revenues</b>					
<b>Tax</b>	<b>Current Tax Rate</b>	<b>Description</b>	<b>Due Date</b>	<b>FY 2018 Actual Revenue</b>	<b>FY 2019 Approved Budget</b>
<b>Real Property</b>	\$1.13 per \$100 of assessed value	All real property in the City (approximately 46,000 parcels) are annually assessed at 100 percent of fair market value.	June 15/ November 15	\$ 438,341,911	\$ 446,963,782
<b>Vehicle Personal Property</b>	\$5.00 per \$100 of assessed value	All vehicles in the City (approximately 132,000 vehicles) are assessed based on the NADA value. The vehicle owner is responsible for a portion of the tax (based on the value of the vehicle) and the State provides a total of \$23.6 million associated with the Personal Property Tax Relief Act of 1998.	October 5	\$ 33,293,710	\$ 34,700,000
<b>Business Personal Property</b>	Varied	All tangible business equipment, such as machinery, computers and furniture used in the course of business is assessed based on a percentage of the original purchase cost.	October 5	\$ 15,947,065	\$ 16,100,000
<b>Business License</b>	Varied	Also known as gross receipts tax, this is applied against the gross earnings of all businesses in the City with gross receipts above \$100,000. Below \$100,000, but above \$10,000, a business pays a flat fee of \$50.	March 1	\$ 33,846,542	\$ 34,878,000
<b>Local Sales and Use</b>	1% in addition to the 5% State levied tax rate	Sales tax is collected by retail merchants operating in the City when goods and services are purchased. In Alexandria for non-food items, the total sales tax equals 6 percent, including the 1 percent for the locality, 0.7 percent for transportation in Northern Virginia and 4.3 percent for the state.	Remitted by the State to the City two months after collection	\$ 27,257,656	\$ 27,700,000

Attachment 3						Overview of 10 Major Tax Revenues					
Tax		Current Tax Rate		Description		Due Date		FY 2018 Actual Revenue		FY 2019 Approved Budget	
<b>Restaurant Meals</b>		\$0.05		This tax is charged to consumers at restaurants as a percent of the total bill. The revenue is held by the restaurant and remitted to the City monthly.		Remitted by the Business Owner to the City one month after collection		\$ 18,283,682		\$ 24,150,000	
<b>Transient Lodging</b>		6.5%/\$1.25 per night		This tax is charged to visitors of city hotels as a percent of the total room cost, plus the \$1.25 per night charge. The revenue is held by the hotel and remitted to the City monthly.		Remitted by the Business Owner to the City one month after collection		\$ 12,883,323		\$ 13,275,000	
<b>Consumer Utility</b>		varied		This consumption tax is assessed on electric, gas and water bills generated in the City. Rates and application varies for residential and commercial use and by utility type.		Remitted by the Utility Company to the City one month after collection		\$ 12,069,408		\$ 11,800,000	
<b>Communication Sales</b>		\$0.05		This tax is assessed on the sales price of all communications service provided in the City.		Remitted by the State to the City one month after collection		\$ 9,881,812		\$ 9,900,000	
<b>Real Estate Recordation</b>		\$0.83 per \$1,000 of sales price		Assessed on the sales price of all recorded property transactions recorded in the City. This portion reflects the amount retained by the locality.		Remitted by the Clerk of the Courts to the City one month following collection		\$ 7,359,257		\$ 5,300,000	
<b>Bank Franchise</b>		\$0.80 per each \$100 of net capital		Tax rate applied to the net capital of deposits held by local banks.		Paid by Banks to the City on June 1		\$ 3,828,225		\$ 3,800,000	