



Legislation Text

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City of Alexandria, Virginia

MEMORANDUM

DATE: NOVEMBER 7, 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 September 30, 2018

ISSUE: Receipt of the Monthly Financial Report for the Period Ending September 30, 2018.

RECOMMENDATION: That City Council receives the Monthly Financial Report (Attachment 1).

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.

At this time in FY 2018, the City's revenue and expenditures are not noticeably different than the same time period last year. As of September 30, 2018, General Fund revenues totaled \$72.3 million, an increase of \$6.6 million or 10% more than the revenues collected at the same time in FY 2016. Through the first quarter, approximately 9.7 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. Through the first quarter of the fiscal year, no category has sufficient receipts to provide evidence of any change in projected economic condition or forecast. Personal property taxes are collected on October 5th and the second half of the calendar year real estate tax is due on November 15th. The variance in Consumer Utility taxes is the result of payment timing, and the significant increase in the Restaurant Meals Tax is the result of the increase in the tax rate from 4 percent to 5 percent, with 1 percent set-aside for Affordable Housing projects in the CIP.

As of September 30, 2018, General Fund expenditures totaled \$155.4 million, an increase of \$0.2 million over the same time period for FY 2018. Similar to the situation with revenues, no significant unexpected revenue variance or expenditure has occurred in the first quarter of Fiscal Year 2019 that is unbudgeted or unexpected.

The most significant difference is the timing and source of payments. The City's first quarter contribution to WMATA is funded more from General Fund in FY 2019, with the expectation that NVTC balances will be used in a subsequent quarter payment. In FY 2018, less General Fund monies were used in the first quarter. In addition, the Departments of Police and Transportation and Environmental Services appear much lower than last year due to the timing of an interfund transfer from the General Fund to the Equipment Replacement Fund for future vehicle replacements. This transfer was made in August last year, but has not yet occurred in FY 2019. Finally, the 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.

The other expenditure to note compared to FY 2018 is Alexandria Health Department spending through the first quarter. Approximately \$4.5 million is budgeted for the City's Local Commitment to the State for Public Health programs based on a required match percentage. This funding is remitted to the Commonwealth quarterly. In FY 2018 the \$1.1 million payment was made at the end of September; in FY 2019, the second quarter payment was not made before the end of September 2018.

Quarterly Short-Term Investment Report:

The City's short-term cash investments are actively reviewed and monitored so that the investment portfolio is consistent with City Council's adopted investment policy. Staff annually provides the status of the City's investments in the Comprehensive Annual Financial Report. Attachment 3 provides a description of the various investments as well as a chart showing the distribution. The City's return on investment for FY 2018 was 1.46 percent and resulted in \$3.7 million in General Fund Revenue. Through the first quarter of FY 2018 the City has earned \$1.6 million with a weighted average yield of just over 2 percent.

ATTACHMENTS:

- Attachment 1 - Comparative Expenditure Schedule for September 30, 2018
- Attachment 2 - Comparative Revenue Schedule for September 30, 2018
- Attachment 3 - Investment Portfolio as of September 30, 2018

STAFF:

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

**COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION
GENERAL FUND
FOR THE PERIODS ENDING SEPTEMBER 31, 2018 AND SEPTEMBER 31, 2017**

FUNCTION	B	C	D=C/B	F
	FY 2019 APPROVED BUDGET	FY 2019 EXPENDITURES THRU 9/30/2018	% OF BUDGET EXPENDED	FY 2018 EXPENDITURES THRU 9/30/2017
Legislative & Executive.....	\$ 5,358,250	\$ 1,180,759	22.0%	\$ 1,134,971
Judicial Administration.....	\$ 43,875,195	\$ 10,171,146	23.2%	\$ 9,447,004
Staff Agencies				
Information Technology Services.....	\$ 11,186,335	\$ 3,490,989	31.2%	\$ 3,008,715
Management & Budget.....	1,259,151	276,702	22.0%	236,289
Finance.....	12,256,599	2,682,697	21.9%	2,650,023
Performance and Accountability.....	488,349	93,794	19.2%	141,455
Internal Audit.....	429,167	46,610	10.9%	68,748
Human Resources.....	4,239,313	927,101	21.9%	959,005
Planning & Zoning.....	5,728,080	1,305,671	22.8%	1,252,372
Economic Development Activities.....	5,707,654	1,416,189	24.8%	1,373,082
City Attorney.....	2,948,385	773,633	26.2%	676,893
Registrar.....	1,231,787	207,330	16.8%	211,856
General Services.....	14,444,496	2,669,714	18.5%	2,513,315
Total Staff Agencies	\$ 59,919,316	\$ 13,890,432	23.2%	\$ 13,091,753
Operating Agencies				
Transportation & Environmental Services.....	\$ 27,085,419	\$ 4,456,776	16.5%	\$ 7,230,702
Project Implementation.....	-	14,937	0.0%	316,278
Fire.....	52,214,087	11,224,099	21.5%	11,518,770
Police.....	65,050,060	13,648,474	21.0%	15,339,968
Emergency Communications.....	7,783,659	1,789,509	23.0%	1,918,484
Code.....	24,000	898	3.7%	927
Transit Subsidies.....	17,336,098	9,617,216	55.5%	3,822,582
Housing.....	1,857,455	387,158	20.8%	398,115
Community and Human Services.....	13,546,549	3,445,037	25.4%	3,222,643
Health.....	8,730,103	2,048,407	23.5%	3,223,480
Historic Resources.....	3,137,315	642,210	20.5%	719,385
Recreation.....	22,764,575	5,297,655	23.3%	5,372,037
Total Operating Agencies	\$ 219,529,320	\$ 52,572,377	23.9%	\$ 53,083,371
Education				
Schools.....	\$ 223,829,302	\$ 31,321,441	14.0%	\$ 33,949,740
Other Educational Activities.....	12,142	3,036	25.0%	3,069
Total Education	\$ 223,841,444	\$ 31,324,477	14.0%	\$ 33,952,809
Capital, Debt Service and Miscellaneous				
Debt Service - City.....	\$ 42,626,096	\$ 18,203,338	42.7%	\$ 16,499,633
Debt Service - Schools.....	28,924,085	12,178,181		11,489,349
Expenses on Refunding Bonds.....	-	-	0.0%	238,728
Non-Departmental.....	8,267,877	4,599,207	55.6%	4,483,663
General Cash Capital.....	36,966,696	-	0.0%	-
Contingent Reserves.....	3,810,114	-	0.0%	-
Total Capital, Debt Service and Miscellaneous	\$ 120,594,868	\$ 34,980,725	29.0%	\$ 32,711,373
TOTAL EXPENDITURES	\$ 673,118,393	\$ 144,119,915	21.4%	\$ 143,421,281
Cash Match (Transportation/DCHS/ and Transfers to the Special Revenue /Capital Projects Funds).....	\$ 55,963,776	\$ -	0.0%	\$ -
Transfer to Library.....	7,031,173	19,041	0.3%	5,602
Transfer to DASH.....	12,313,592	11,217,003	0.0%	11,692,233
TOTAL EXPENDITURES & TRANSFERS	\$ 748,426,936	\$ 155,355,959	20.8%	\$ 155,119,116
Total Expenditures by Category				
Salaries and Benefits.....	\$ 228,490,944	\$ 50,240,690	22.0%	\$ 49,740,761
Non Personnel (includes all school funds).....	519,935,992	105,115,270	20.2%	105,378,354
TOTAL EXPENDITURES	\$ 748,426,936	\$ 155,355,959	20.8%	\$ 155,119,115

CITY OF ALEXANDRIA, VIRGINIA

COMPARATIVE STATEMENT OF REVENUES
GENERAL FUND

FOR THE PERIODS ENDING SEPTEMBER 30, 2018 AND SEPTEMBER 30, 2017

	B	C	D=C/B	F	G=F/E
	FY 2019	FY 2019		FY 2018	
	APPROVED	REVENUES	%	REVENUES	%
	BUDGET	THRU 9/30/2018	OF BUDGET	THRU 9/30/2017	OF TOTAL
General Property Taxes					
Real Property Taxes.....	\$ 446,963,782	\$ 6,139,072	1.4%	\$ 1,983,712	0.5%
Personal Property Taxes.....	50,800,000	24,764,893	48.7%	25,250,254	55.4%
Penalties and Interest.....	3,300,000	402,816	12.2%	395,304	14.3%
Total General Property Taxes	<u>\$ 501,063,782</u>	<u>\$ 31,306,782</u>	<u>6.2%</u>	<u>\$ 27,629,270</u>	<u>6.4%</u>
Other Local Taxes					
Local Sales and Use Taxes.....	\$ 27,700,000	\$ 2,237,911	8.1%	\$ 2,178,514	8.2%
Consumer Utility Taxes.....	11,800,000	1,695,294	14.4%	1,025,098	8.1%
Communication Sales and Use Taxes.....	9,900,000	793,704	8.0%	813,231	7.8%
Business License Taxes.....	34,878,000	769,401	2.2%	400,516	1.2%
Transient Lodging Taxes.....	13,275,000	1,887,004	14.2%	1,973,371	16.6%
Restaurant Meals Tax.....	24,150,000	3,730,714	15.4%	2,452,366	13.1%
Tobacco Taxes.....	2,800,000	471,457	16.8%	521,254	17.9%
Motor Vehicle License Tax.....	3,800,000	1,407,716	37.0%	1,509,897	41.9%
Real Estate Recordation.....	5,300,000	862,522	16.3%	847,337	15.9%
Admissions Tax.....	670,000	97,661	14.6%	92,815	12.2%
Other Local Taxes.....	4,745,000	6,385	0.1%	3,565	0.1%
Total Other Local Taxes	<u>\$ 139,018,000</u>	<u>\$ 13,959,769</u>	<u>10.0%</u>	<u>\$ 11,817,964</u>	<u>9.1%</u>
Intergovernmental Revenues					
Revenue from the Fed. Government.....	\$ 9,071,382	\$ 1,315,412	14.5%	\$ 1,870,990	20.4%
Personal Property Tax Relief from the Commonwealth.....	24,335,376	11,789,265	48.4%	11,789,265	50.0%
Revenue from the Commonwealth.....	23,578,531	5,105,185	21.7%	4,808,824	20.6%
Total Intergovernmental Revenues	<u>\$ 56,985,289</u>	<u>\$ 18,209,863</u>	<u>32.0%</u>	<u>\$ 18,469,079</u>	<u>32.9%</u>
Other Governmental Revenues And Transfers In					
Fines and Forfeitures.....	\$ 5,193,450	\$ 1,057,432	20.4%	\$ 1,225,497	24.7%
Licenses and Permits.....	2,612,678	606,676	23.2%	636,629	25.0%
Charges for City Services.....	21,748,168	4,251,801	19.6%	3,685,418	18.5%
Revenue from Use of Money & Prop.....	8,031,110	2,349,822	29.3%	1,741,141	32.1%
Other Revenue.....	1,853,215	594,159	32.1%	514,242	23.7%
Transfer from Other Funds.....	11,921,244	-	0.0%	-	0.0%
Total Other Governmental Revenues	<u>\$ 51,359,865</u>	<u>\$ 8,859,890</u>	<u>17.3%</u>	<u>\$ 7,802,927</u>	<u>18.6%</u>
TOTAL REVENUE	<u>\$ 748,426,936</u>	<u>\$ 72,336,303</u>	<u>9.7%</u>	<u>\$ 65,719,240</u>	<u>10.0%</u>
Appropriated Fund Balance					
General Fund.....	\$ -	\$ -	\$ -	\$ -	-
Cash Capital					
Encumbrances And Other	-	-	-	-	-
Supplemental Appropriations....	-	-	-	-	-
TOTAL	<u>\$ 748,426,936</u>	<u>\$ 72,336,303</u>	<u>9.7%</u>	<u>\$ 65,719,240</u>	<u>10.0%</u>

City of Alexandria
Investment Report
As of September 30, 2018

Investment Policy

Objective and Strategy

Safety of Principle – investments will be made in a manner that seeks to ensure the preservation of capital

Preservation of capital

Liquidity – the investments will remain sufficiently liquid to meet all operating requirements that are reasonably anticipated

Requirements that are reasonably anticipated

Yield – attain a market rate of return (consistent with the 2-year Treasury maturity). This is secondary to safety and liquidity.

Investment Committee

Responsibilities for the City’s investment management decisions and activities rest with:

- Deputy City Manager – Laura Triggs
- Director of Finance – Kendel Taylor
- Assistant Director of Finance/Treasury – David Clark

Authorized Investments

- Obligations of the Commonwealth of Virginia, the United States or Virginia Municipalities
- Prime Quality Commercial Paper with maturities of 270 days or less
- Certificates of Deposits (CDARS)
- Insured Cash Sweeps (ICS)
- Virginia Local Government Investment Pool (LGIP)
- Virginia Investment Pool (VIP)

Diversification Strategy

Security Type	Maximum % of the Total Funds Available for Investment
Obligations of Virginia	40%
Obligations of the US	75%
Obligations of Virginia Municipalities	40%
Prime Quality Commercial Paper	25%
Commercial Paper of any one Issuing Corporation	5%
CDARs	75%
ICS	40%
LGIP	75%
VIP	75%

Portfolio as of September 30, 2018

Security Type	Balance (millions)	Allocation
Local Government Investment Pool (LGIP)	\$161.64	56.6%
Virginia Investment Pool (VIP) Liquidity	20.54	7.2%
Virginia Investment Pool (VIP) 1 – 3 Year	41.35	14.5%
CDARS	39.06	13.7%
US Agency/Treasury Bonds	22.95	8.0%
Total	\$285.54	100.0%

Return on Investment 1Q – FY 2018

Security Type	Balance (millions)	Yield (Weighted Average)
Local Government Investment Pool (LGIP)	\$161.64	2.17%
Virginia Investment Pool (VIP) Liquidity	20.54	2.25%
Virginia Investment Pool (VIP) 1 – 3 year	41.35	2.18%
CDARS	39.06	1.91%
US Agency/Treasury Bonds	22.95	1.36%
Total	\$285.54	2.06%