



Legislation Text

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City of Alexandria, Virginia

MEMORANDUM

DATE: MAY 8, 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 March 31, 2019.

ISSUE: Receipt of the Monthly Financial Report for the Period Ending March 31, 2019.

RECOMMENDATION: That City Council receive the Monthly Financial Report.

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. Attachment 3 reflects the City's Investment Portfolio as of March 31, 2019. At this time in FY 2019, the City's revenue and expenditures are not noticeably different than the same time period last year.

Revenues

As of March 2019, General Fund revenues totaled \$433.4 million, a decrease of \$160.4 million, or 27.0 percent, below the revenues collected at the same time in FY 2018. FY 2018 reflects a \$167.4 million in bond refunding proceeds. Factoring this out for comparison, as of March 31, 2019, General Fund revenues totaled \$433.4 million, which is a 1.6 percent increase over FY 2018 for the same time period, in which \$426.4 million was collected. With nine months completed in the fiscal year, approximately 57.2 percent of budgeted revenues has been collected. Revenues may not track consistently with the calendar since many revenue sources have due dates that do not occur evenly through the year. Personal Property taxes were due on October 5 and collections through March exceed last year's collections by \$0.6 million or 1.3 percent. Second-half of the calendar year Real Property taxes were due on November 15 and collections total \$220.6 million, which is \$6.4 million or 3.0 percent more than FY 2018 at this time.

With the presentation of the City Manager's Proposed FY 2020 Operating budget, the Monthly Financial Report now includes a projection of total General Fund revenues for the year, which has been updated to reflect the recent revenue adjustments presented to City Council in Budget Question #66. One of the strongest categories in FY 2019 is Local Sales and Use Tax. Sales tax remittance lags by two months, so this monthly financial report reflects seven months of receipts, including the holiday season. Collections to date are \$0.8 million higher than this point in FY 2018, or 5.3 percent. Seven months of collections or \$16.5 million are 59.5 percent of the budgeted amount in FY 2019. Recordation tax revenues were higher in FY 2018 due to several large commercial real estate transactions but are higher through the first nine months of the current fiscal year than originally estimated. Although the transient lodging tax is projecting to be lower than the budget estimate for FY 2019, collections through 9 months are consistent with FY 2018. The Restaurant Meals Sales tax is trending ahead of FY 2018, due primarily to a one percent increase in the tax rate to provide funding for affordable housing. However,

through the first 9 months of the fiscal year, after discounting for timing and posting anomalies, the actual rate of growth for Meals Sales tax is 1.5 percent higher compared to FY 2018. The increase in the tax rate accounts for 25 percent of the increase over FY 2018. Business Licenses taxes were due on March 1. Collections in FY 2019 are 3.7 percent of \$1.2 million higher than last year and reflect 93.4 percent of the budgeted amount. While a number of the revenue categories are performing above budget a number of tax categories (consumer utility, communications, tobacco, motor vehicle license, and admissions) are performing below FY 2018's collection levels.

Several of the non-tax categories are experiencing significant variances compared to FY 2018. Higher interest rates are resulting in much higher Revenue from Use of Money and Property compared to FY 2018. Intergovernmental tax revenue variances are due to timing. FY 2018 included 13 monthly payments for federal prisoner per diem revenue. Revenues from Fines and Forfeitures are 18 percent lower than last year, through 9 months of the fiscal year in FY 2019.

Expenditures

As of March 31, 2019, General Fund expenditures totaled \$470.5 million, a decrease of \$122.9 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 \$430.5 million, compared to \$425.7 million in FY 2018, which is a \$44.8 million increase, or 10.5 percent. Similar to the situation with revenues, no significant expenditure variances have occurred in the first nine 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 State funds and regional gas tax revenues earned on the City's behalf with the Northern Virginia Transportation Commission (NVTC) will be used in a subsequent quarter payment. In FY 2018, less General Fund monies were used in the first quarter of the year. Partner agencies, such as the Alexandria Economic Development Partnership, the Alexandria Health Department, and Other Education Activities receive quarterly contributions. The will receive their 4th quarter contribution in April and at the point they will 100 percent funded for the year. Project Implementation staff were charged to the General Fund in FY 2018, but in FY 2019 they are charged primarily to the CIP.

There are a number of interfund transfers included in the FY 2019 General Fund Budget. The most significant of these is the transfer to the Alexandria City Public Schools, followed by the Cash Capital transfer to the CIP. For projection and comparison purposes, these transfers were executed at the midpoint of the fiscal year to reflect 50 percent of the spending. These transfers were made later in the year in FY 2018. The General Fund operating budget for the Department of Community and Human Services is primarily used to support grant funded programs. Interfund transfers will be executed in the summer following grant closeout.

The City Attorney's Office expenditures are trending higher than the fiscal year due to outside legal fees. Across the organization, departmental budgets that are trending behind the fiscal year are experiencing vacancy savings and additional savings that occur from staff turnover.

ATTACHMENTS:

- Attachment 1 - Comparative Revenue Schedule for March 31, 2019
- Attachment 2 - Comparative Expenditure Schedule for March 31, 2019
- Attachment 3 - 3rd Quarter Investment Portfolio Report

STAFF:

Laura B. 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 MARCH 31, 2019 AND MARCH 31, 2018

	B	B.1	C	D=C/B	E
	FY 2019	FY 2019	FY 2019		FY 2018
	AMENDED	PROJECTED	REVENUES	%	REVENUES
	BUDGET	REVENUES	THRU 3/31/2019	OF BUDGET	THRU 3/31/2018
General Property Taxes					
Real Property Taxes.....	\$ 446,963,782	450,246,430	\$ 220,599,359	49.4%	\$ 214,157,832
Personal Property Taxes.....	50,800,000	51,580,000	48,227,280	94.9%	47,607,234
Penalties and Interest.....	3,300,000	2,318,598	1,655,577	50.2%	2,055,695
Total General Property Taxes	\$ 501,063,782	\$ 504,145,028	\$ 270,482,216	54.0%	\$ 263,820,761
Other Local Taxes					
Local Sales and Use Taxes.....	\$ 27,700,000	28,300,000	\$ 16,483,727	59.5%	\$ 15,659,350
Consumer Utility Taxes.....	11,800,000	12,000,000	6,871,253	58.2%	7,979,665
Communication Sales and Use Taxes.....	9,900,000	9,400,000	5,443,755	55.0%	5,908,278
Business License Taxes.....	34,878,000	34,378,000	32,588,389	93.4%	31,410,855
Transient Lodging Taxes.....	13,275,000	12,600,000	7,338,948	55.3%	7,267,524
Restaurant Meals Tax.....	24,150,000	24,000,000	15,563,137	64.4%	11,514,965
Tobacco Taxes.....	2,800,000	2,600,000	1,688,551	60.3%	1,859,246
Motor Vehicle License Tax.....	3,800,000	3,800,000	3,284,656	86.4%	3,354,306
Real Estate Recordation.....	5,300,000	6,400,000	3,734,619	70.5%	4,843,315
Admissions Tax.....	670,000	670,000	375,489	56.0%	407,133
Other Local Taxes.....	4,745,000	4,745,000	397,778	8.4%	492,224
Total Other Local Taxes	\$ 139,018,000	\$ 138,893,000	\$ 93,770,302	67.5%	\$ 90,696,861
Intergovernmental Revenues					
Revenue from the Fed. Government.....	\$ 9,071,382	8,570,160	\$ 5,326,218	58.7%	\$ 5,903,661
Personal Property Tax Relief from the Commonwealth.....	23,578,531	23,578,531	12,496,621	53.0%	23,106,960
Revenue from the Commonwealth.....	24,335,376	23,997,616	17,086,655	70.2%	16,683,785
Total Intergovernmental Revenues	\$ 56,985,289	\$ 56,146,307	\$ 34,909,494	61.3%	\$ 45,694,406
Other Governmental Revenues And Transfers In					
Fines and Forfeitures.....	\$ 5,193,450	4,630,450	\$ 3,063,106	59.0%	\$ 3,746,652
Licenses and Permits.....	2,612,678	2,612,678	1,554,872	59.5%	1,657,619
Charges for City Services.....	21,748,168	22,260,539	14,085,396	64.8%	13,690,073
Revenue from Use of Money & Prop.....	8,031,110	10,843,000	7,960,366	99.1%	5,677,226
Other Revenue.....	1,853,215	1,910,000	1,605,360	86.6%	1,273,258
Transfer from Other Funds.....	11,921,244	11,921,244	5,980,336	50.2%	121,922
Total Other Governmental Revenues	\$ 51,359,865	\$ 54,177,911	\$ 34,249,436	66.7%	\$ 26,166,750
TOTAL REVENUE	\$ 748,426,936	\$ 753,362,246	\$ 433,411,448	57.9%	\$ 426,378,778
Appropriated Fund Balance					
General Fund.....	-	-	\$ -	\$ -	\$ -
Appropriated refunding bond proceeds.....	-	-	-	-	167,436,747
Encumbrances And Other.....	-	-	-	-	-
Supplemental Appropriations.....	12,038,624	7,103,314	-	-	-
TOTAL	\$ 760,465,560	\$ 760,465,560	\$ 433,411,448	57.0%	\$ 593,815,525

**COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION
GENERAL FUND
FOR THE PERIODS ENDING MARCH 31, 2019 AND MARCH 31, 2018**

FUNCTION	B	C	D=C/B	E
	FY 2019 AMENDED BUDGET	FY 2019 EXPENDITURES THRU 3/31/2019	% OF BUDGET EXPENDED	FY 2018 EXPENDITURES THRU 3/31/2018
Legislative & Executive.....	\$ 3,180,811	\$ 2,180,201	68.5%	\$ 2,199,531
Judicial Administration.....	\$ 45,045,755	\$ 31,573,192	70.1%	\$ 29,850,959
Staff Agencies				
Communications.....	\$ 1,502,763	\$ 889,849	59.2%	\$ 949,583
Human Rights.....	865,784	660,655	76.3%	595,131
Information Technology Services.....	12,059,989	8,349,509	69.2%	7,779,450
Management & Budget.....	1,259,151	869,378	69.0%	729,016
Finance.....	12,850,433	8,552,014	66.6%	8,544,979
Performance and Accountability.....	488,349	306,654	62.8%	379,147
Internal Audit.....	429,167	161,704	37.7%	258,205
Human Resources.....	4,410,126	2,997,317	68.0%	2,977,000
Planning & Zoning.....	6,021,130	4,113,448	68.3%	4,156,127
Economic Development Activities.....	5,789,768	4,249,493	73.4%	4,067,777
City Attorney.....	3,839,438	2,707,568	70.5%	2,091,180
Registrar.....	1,231,787	787,196	63.9%	878,773
General Services.....	14,756,644	9,413,254	63.8%	9,429,592
Total Staff Agencies	\$ 65,504,529	\$ 44,058,040	67.3%	\$ 42,835,959
Operating Agencies				
Transportation & Environmental Services.....	\$ 28,197,967	\$ 18,404,235	65.3%	\$ 19,715,417
Project Implementation.....	9,356	4,025	43.0%	1,005,783
Fire.....	53,964,570	38,105,917	70.6%	36,564,310
Police.....	65,290,770	45,756,321	70.1%	45,002,326
Emergency Communications.....	7,823,448	5,284,297	67.5%	5,382,013
Code.....	24,000	3,593	15.0%	3,521
Transit Subsidies.....	17,336,098	16,409,105	94.7%	11,437,476
Housing.....	1,878,414	1,221,230	65.0%	1,316,295
Community and Human Services.....	52,059,375	10,150,179	19.5%	10,060,475
Health.....	8,714,648	6,187,415	71.0%	7,389,902
Historic Resources.....	3,326,960	2,053,853	61.7%	2,183,611
Recreation.....	23,074,798	15,945,970	69.1%	15,794,614
Total Operating Agencies	\$ 261,700,405	\$ 159,526,141	61.0%	\$ 155,855,743
Education				
Schools.....	\$ 223,829,302	\$ 141,172,127	63.1%	\$ 132,955,035
Other Educational Activities.....	12,142	9,107	75.0%	9,208
Total Education	\$ 223,841,444	\$ 141,181,234	63.1%	\$ 132,964,243
Capital, Debt Service and Miscellaneous				
Debt Service - City.....	\$ 40,265,619	\$ 30,070,912	74.7%	\$ 25,180,091
Debt Service - Schools.....	28,924,085	14,848,840	51.3%	18,304,105
Expenses on Refunding Bonds.....	-	-	0.0%	167,751,322
Non-Departmental.....	9,638,286	7,716,908	80.1%	6,666,958
General Cash Capital.....	36,966,696	18,483,348	50.0%	-
Contingent Reserves.....	3,710,114	-	0.0%	-
Total Capital, Debt Service and Miscellaneous	\$ 119,504,800	\$ 71,120,008	59.5%	\$ 217,902,476
TOTAL EXPENDITURES	\$ 718,777,744	\$ 449,638,815	62.6%	\$ 581,608,911
Cash Match (Transportation/DCHS/ and Transfers to the Special Revenue /Capital Projects Funds).....	\$ 22,289,438	\$ 8,861,688	39.8%	-
Transfer to Library.....	7,084,786	28,788	0.4%	111,529
Transfer to DASH.....	12,313,592	11,936,202	96.9%	11,692,233
TOTAL EXPENDITURES & TRANSFERS	\$ 760,465,560	\$ 470,465,492	61.9%	\$ 593,412,673
Total Expenditures by Category				
Salaries and Benefits.....	\$ 227,998,662	\$ 159,921,008	70.1%	\$ 158,743,796
Non Personnel (includes all school funds).....	532,466,898	310,544,484	58.3%	434,668,976
TOTAL EXPENDITURES	\$ 760,465,560	\$ 470,465,492	61.9%	\$ 593,412,772

City of Alexandria
Investment Report
As of March 31, 2019

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 March 31, 2019 (Book Value)

Security Type	Balance (millions)	Allocation
Local Government Investment Pool (LGIP)	\$142.3	54.0%
CDARS	50.8	19.3%
Virginia Investment Pool (VIP) 1 – 3 Year	41.8	15.9%
Virginia Investment Pool (VIP) Liquidity	20.8	7.9%
US Agency/Treasury Bonds	8.0	3.0%
Total	\$263.7	100%

Return on Investment 3Q – FY 2018

Security Type	Balance (millions)	Yield (Average)
Local Government Investment Pool (LGIP)	\$142.3	2.57%
CDARS	50.8	2.27%
Virginia Investment Pool (VIP) 1 – 3 Year	41.8	2.49%
Virginia Investment Pool (VIP) Liquidity	20.8	2.58%
US Agency/Treasury Bonds	8.0	1.73%
Total	\$263.7	2.48%