



Legislation Text

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City of Alexandria, Virginia

MEMORANDUM

DATE: MAY 2, 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 March 31, 2018.

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

As of March 31, 2018, General Fund revenues totaled \$593.8 million, an increase of \$154.0 million or 35.0% more than the revenues collected at the same time in FY 2017. Through nine months of FY 2018, approximately 65.4 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, 57.6 percent of budgeted revenues have been collected, and revenues through the first nine months reflect a 5.1 percent increase compared to the same time period last year. Real Property tax revenues are 7.4 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 approved in Calendar Year 2017.

Through January 2018, Other Local Tax revenues equal \$90.7 million compared to \$88.9 million in March 2017. Recordation tax revenue exceeds last year by \$1.7 million primarily due to the August sale of the JBG Beauregard Corridor residential/retail portfolio to Morgan Properties for \$509 million. Meals Sales Tax is down compared to nine months of collections in FY 2017. Staff will continue to monitor this category as the weather

warms and the tourism season begins. Sales Tax is trending lower through the first seven 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 \$0.3 million lower than through January 2018. 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 2.0 percent, or \$1.8 million, higher than last year at this time.

Charges for Services are \$1.1 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 \$3.0 million through February compared to \$1.5 million at this same time last year. Beginning in FY 2017, the Monthly Financial Report that coincides with the end of each quarter includes information on the City's investment portfolio. Attachment 3 provides the status of the City's investment portfolio as of March 31, 2018. In March 2018 the City earned a yield of 1.54% on an investment portfolio of \$294.0 million.

These positive and negative revenue variances were utilized in reworking the FY 2019 revenue projections that were reflected in the budget technical adjustments memo which indicated that \$1.3 million more in resources towards the FY 2019 budget could be counted on.

As of March 31, 2018, General Fund expenditures totaled \$593.4 million, an increase of \$124.5 million over the same time period for FY 2017. After adjusting for the difference due to the refunding, expenditures total \$425.7 million, which is \$9.1 million lower than FY 2018 or 2.1 percent, compared to the same time period last year. No significant expenditure has occurred in the first nine months of Fiscal Year 2018 that is unbudgeted or unexpected. The ninth month of the fiscal year equates to 75 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. 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. The only department that has expended significantly more than 75 percent is the Alexandria Health Department. Approximately \$4.6 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. As of March 31, 2018, 100 percent of this expenditure has been remitted to the Commonwealth.

ATTACHMENTS:

Attachment 1 - Comparative Revenue Schedule for March 31, 2018

Attachment 2 - Comparative Expenditure Schedule for March 31, 2018

Attachment 3 - Sales Tax Revenue Comparative History

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 MARCH 31, 2018 AND MARCH 31, 2017

| | B | B.1 | C | D=C/B | F |
|--|-----------------------|-----------------------|-----------------------|------------------|-----------------------|
| | FY2018 | FY 2018 | FY2018 | % | FY2017 |
| | AMENDED | PROJECTED | REVENUES | % | REVENUES |
| | BUDGET | REVENUES | THRU 3/31/2018 | OF BUDGET | THRU 3/31/2017 |
| General Property Taxes | | | | | |
| Real Property Taxes..... | \$ 436,008,918 | 438,081,455 | \$ 214,157,832 | 49.1% | \$ 199,444,587 |
| Personal Property Taxes..... | 49,339,000 | 49,364,000 | 47,607,234 | 96.5% | 45,394,459 |
| Penalties and Interest..... | 2,000,000 | 3,000,000 | 2,055,695 | 102.8% | 1,957,927 |
| Total General Property Taxes | <u>\$ 487,347,918</u> | <u>\$ 490,445,455</u> | <u>\$ 263,820,760</u> | <u>54.1%</u> | <u>\$ 246,796,973</u> |
| Other Local Taxes | | | | | |
| Local Sales and Use Taxes..... | \$ 28,044,982 | 27,400,000 | \$ 15,659,350 | 55.8% | \$ 16,005,122 |
| Consumer Utility Taxes..... | 12,700,000 | 12,000,000 | 7,979,665 | 62.8% | 7,319,620 |
| Communication Sales and Use Taxes..... | 10,153,000 | 10,153,000 | 5,908,278 | 58.2% | 5,993,125 |
| Business License Taxes..... | 33,460,000 | 33,930,000 | 31,410,855 | 93.9% | 31,063,687 |
| Transient Lodging Taxes..... | 12,500,000 | 12,300,000 | 7,267,524 | 58.1% | 7,297,027 |
| Restaurant Meals Tax..... | 19,000,000 | 19,100,000 | 11,514,965 | 60.6% | 11,792,846 |
| Tobacco Taxes..... | 2,885,000 | 2,885,000 | 1,859,246 | 64.4% | 2,012,926 |
| Motor Vehicle License Tax..... | 3,606,000 | 3,740,000 | 3,354,306 | 93.0% | 3,314,548 |
| Real Estate Recordation..... | 4,800,000 | 8,000,000 | 4,843,315 | 100.9% | 3,168,649 |
| Admissions Tax..... | 786,000 | 740,000 | 407,133 | 51.8% | 454,538 |
| Other Local Taxes..... | 4,545,502 | 4,678,000 | 492,224 | 10.8% | 476,139 |
| Total Other Local Taxes | <u>\$ 132,480,484</u> | <u>\$ 134,926,000</u> | <u>\$ 90,696,861</u> | <u>68.5%</u> | <u>\$ 88,898,227</u> |
| Intergovernmental Revenues | | | | | |
| Revenue from the Fed. Government..... | \$ 9,971,382 | 9,071,382 | \$ 5,903,661 | 59.2% | \$ 5,945,521 |
| Personal Property Tax Relief from the Commonwealth..... | 23,578,531 | 23,578,531 | 23,106,960 | 98.0% | 23,106,960 |
| Revenue from the Commonwealth..... | 23,047,658 | 23,772,658 | 16,683,785 | 72.4% | 16,883,595 |
| Total Intergovernmental Revenues | <u>\$ 56,597,571</u> | <u>\$ 56,422,571</u> | <u>\$ 45,694,406</u> | <u>80.7%</u> | <u>\$ 45,936,076</u> |
| Other Governmental Revenues And Transfers In | | | | | |
| Fines and Forfeitures..... | \$ 6,610,517 | 5,193,450 | \$ 3,746,652 | 56.7% | \$ 3,534,989 |
| Licenses and Permits..... | 2,485,350 | 2,445,350 | 1,657,619 | 66.7% | 2,093,779 |
| Charges for City Services..... | 21,740,922 | 21,162,149 | 13,690,073 | 63.0% | 12,546,088 |
| Revenue from Use of Money & Prop..... | 5,023,110 | 7,115,630 | 5,677,226 | 113.0% | 4,465,295 |
| Other Revenue..... | 1,812,942 | 1,910,000 | 1,273,258 | 70.2% | 1,332,926 |
| Transfer from Other Funds..... | 10,583,814 | 10,583,814 | 121,922 | 1.2% | - |
| Total Other Governmental Revenues | <u>\$ 48,256,655</u> | <u>\$ 48,410,393</u> | <u>\$ 26,166,751</u> | <u>54.2%</u> | <u>\$ 23,973,077</u> |
| TOTAL REVENUE | <u>\$ 724,682,628</u> | <u>\$ 730,204,419</u> | <u>\$ 426,378,778</u> | <u>58.8%</u> | <u>\$ 405,604,353</u> |
| Appropriated Fund Balance | | | | | |
| General Fund..... | \$ 3,605,400 | \$ 3,605,440 | \$ - | 0.0% | \$ - |
| Appropriated refunding bond proceeds | 167,436,747 | 167,436,747 | 167,436,747 | 100.0% | 34,168,000 |
| Supplemental Appropriations.... | \$ 11,925,916 | 6,404,086 | - | 0.0% | - |
| TOTAL | <u>\$ 907,650,692</u> | <u>\$ 907,650,692</u> | <u>\$ 593,815,525</u> | <u>65.4%</u> | <u>\$ 439,772,353</u> |

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

| FUNCTION | B | C | D=C/B | F |
|--|-----------------------------|--|----------------------------|--|
| | FY2018 AMENDED BUDGET | FY2018 EXPENDITURES THRU 3/31/2018 | % OF BUDGET EXPENDED | FY2017 EXPENDITURES THRU 3/31/2017 |
| | | | | |
| Legislative & Executive..... | \$ 5,563,168 | \$ 3,744,244 | 67.3% | \$ 3,871,006 |
| Judicial Administration..... | \$ 43,034,700 | \$ 29,850,959 | 69.4% | \$ 30,257,498 |
| Staff Agencies | | | | |
| Information Technology Services..... | \$ 11,638,646 | \$ 7,779,450 | 66.8% | \$ 6,952,287 |
| Management & Budget..... | 1,276,371 | 729,016 | 57.1% | 892,994 |
| Finance..... | 13,720,423 | 8,544,979 | 62.3% | 8,183,108 |
| Performance and Accountability..... | 670,875 | 379,147 | 56.5% | 302,567 |
| Internal Audit..... | 421,894 | 258,205 | 61.2% | 228,744 |
| Human Resources..... | 4,234,310 | 2,977,000 | 70.3% | 2,560,219 |
| Planning & Zoning..... | 6,132,787 | 4,156,127 | 67.8% | 3,869,226 |
| Economic Development Activities..... | 5,494,154 | 4,067,777 | 74.0% | 4,031,096 |
| City Attorney..... | 3,041,270 | 2,091,180 | 68.8% | 2,246,858 |
| Registrar..... | 1,202,318 | 878,773 | 73.1% | 973,324 |
| General Services..... | 15,420,895 | 9,429,592 | 61.1% | 9,508,146 |
| Total Staff Agencies | \$ 63,253,943 | \$ 41,291,246 | 65.3% | \$ 39,748,569 |
| Operating Agencies | | | | |
| Transportation & Environmental Services..... | \$ 30,495,133 | \$ 19,715,417 | 64.7% | \$ 18,781,416 |
| Project Implementation..... | 1,868,900 | 1,005,783 | 53.8% | 1,106,000 |
| Fire..... | 52,746,576 | 36,564,310 | 69.3% | 35,465,789 |
| Police..... | 62,960,931 | 45,002,326 | 71.5% | 43,987,608 |
| Emergency Communications..... | 7,748,429 | 5,382,013 | 69.5% | 5,307,178 |
| Code..... | 34,345 | 3,621 | 10.5% | 74,464 |
| Transit Subsidies..... | 15,135,927 | 11,437,476 | 75.6% | 5,907,888 |
| Housing..... | 1,912,864 | 1,316,295 | 68.8% | 1,206,028 |
| Community and Human Services..... | 13,648,783 | 10,060,475 | 73.7% | 10,069,528 |
| Health..... | 8,813,186 | 7,389,902 | 83.9% | 7,411,818 |
| Historic Resources..... | 3,232,806 | 2,183,611 | 67.5% | 2,129,556 |
| Recreation..... | 22,170,537 | 15,794,614 | 71.2% | 15,458,686 |
| Total Operating Agencies | \$ 220,768,417 | \$ 155,855,843 | 70.6% | \$ 146,905,959 |
| Education | | | | |
| Schools..... | \$ 214,061,472 | \$ 132,955,035 | 62.1% | \$ 129,757,958 |
| Other Educational Activities..... | 12,277 | 9,208 | 75.0% | 9,098 |
| Total Education | \$ 214,073,749 | \$ 132,964,243 | 62.1% | \$ 129,767,056 |
| Capital, Debt Service and Miscellaneous | | | | |
| Debt Service - City..... | \$ 39,248,127 | \$ 25,180,091 | 64.2% | \$ 38,498,584 |
| Debt Service - Schools..... | 28,530,550 | 18,304,105 | - | - |
| Expenses on Refunding Bonds..... | 167,436,747 | 167,751,322 | 100.2% | 34,154,805 |
| Non-Departmental..... | 9,301,732 | 6,666,958 | 71.7% | 7,241,468 |
| General Cash Capital..... | 43,375,231 | - | 0.0% | 24,293,103 |
| Contingent Reserves..... | 775,931 | - | 0.0% | - |
| Total Capital, Debt Service and Miscellaneous | \$ 288,668,318 | \$ 217,902,476 | 75.5% | \$ 104,187,960 |
| TOTAL EXPENDITURES | \$ 835,362,295 | \$ 581,609,011 | 69.6% | \$ 454,738,048 |
| Cash Match (Transportation/DCHS) and Transfers to Special Revenue and Capital Projects Funds)..... | \$ 53,381,967 | \$ - | 0.0% | \$ 2,843,262 |
| Transfer to Library..... | 6,860,551 | 111,529 | 1.6% | 36,221 |
| Transfer to DASH..... | 12,045,879 | 11,692,233 | 0.0% | 11,295,384 |
| TOTAL EXPENDITURES & TRANSFERS | \$ 907,650,692 | \$ 593,412,772 | 65.4% | \$ 468,912,915 |
| Total Expenditures by Category | | | | |
| Salaries and Benefits..... | \$ 228,332,150 | \$ 158,743,796 | 69.5% | \$ 155,855,679 |
| Non Personnel (includes all school funds)..... | 679,318,542 | 434,668,976 | 64.0% | 313,057,235 |
| Total Expenditures by Category | \$ 907,650,692 | \$ 593,412,772 | 65.4% | \$ 468,912,914 |

City of Alexandria
Investment Report
As of March 31, 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 March 31, 2018

| Security Type | Balance (millions) | Allocation |
|---|---------------------------|-------------------|
| Local Government Investment Pool (LGIP) | \$162.1 | 55.1% |
| CDARS | 44.0 | 15.0% |
| Virginia Investment Pool (VIP) 1 – 3 Year | 41.0 | 13.9% |
| US Agency/Treasury Bonds | 26.3 | 9.0% |
| Virginia Investment Pool (VIP) Liquidity | 20.3 | 6.9% |
| Virginia Municipal Bonds | 0.25 | 0.09% |
| Total | \$294.0 | 100% |

Return on Investment 2Q – FY 2018

| Security Type | Balance (millions) | Yield (Simple Average) |
|---|---------------------------|-------------------------------|
| Local Government Investment Pool (LGIP) | \$162.1 | 1.65% |
| CDARS | 44.0 | 1.54% |
| Virginia Investment Pool (VIP) 1 – 3 Year | 41.0 | 1.51% |
| US Agency/Treasury Bonds | 26.3 | 1.19% |
| Virginia Investment Pool (VIP) Liquidity | 20.3 | 1.68% |
| Virginia Municipal Bonds | 0.25 | 1.68% |
| Total | \$294.0 | 1.54% |