



Legislation Text

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City of Alexandria, Virginia

MEMORANDUM

DATE: FEBRUARY 8, 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 December 31, 2017.

ISSUE: Receipt of the Monthly Financial Report for the Period Ending December 31, 2017.

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 2017 are attached.

As of December 31, 2017, General Fund revenues totaled \$476.8 million, an increase of \$108.3 million or 29.4% more than the revenues collected at the same time in FY 2017. Midway through the fiscal year, approximately 55.5 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, \$124.2 million in outstanding debt was refinanced and will produce approximately \$10 million in debt service savings over the next 15 years. If the refunding is excluded in both years, 48.7 percent of budgeted revenues have been collected and revenues through the first six months reflecting a 5.5 percent increase compared to the same time period last year. Real Property tax revenues are 7.2 percent higher at this point in FY 2018, which is consistent with the tax rate and assessment increases in Calendar Year 2017.

Through November 2017, Other Local Tax revenues equal \$38.8 million compared to \$37.2 million in November 2016. Recordation tax revenue exceeds last year by \$0.8 million due to the August sale of the JBG Beaugard Corridor residential/retail portfolio to Morgan Properties for \$509 million. Both Transient Lodging

and Restaurant Meals tax revenues reflect higher sales in FY 2018 than from the same period in FY 2017. Sales Tax is trending lower through the first four 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 December 2016. The March 2018 Monthly Financial Report will reflect holiday sales and will be an important indicator of the economic strength of this category. In total, Other Local Taxes are 4.4 percent, or \$1.6 million, higher than last year at this time.

Revenue from the Commonwealth is trending slightly behind FY 2017. This is due primarily to a decline in Year End Settlement funds. Each year the Virginia Department of Health (VDH) provides a Year End Settlement to local jurisdictions in which the local health department had under spent the prior fiscal year budget. In FY 2017, Alexandria's Year End Settlement amount was \$0.5 million, but in FY 2018 the amount is only \$0.3 million.

Among the Other Governmental Revenue categories, Charges for Services are \$0.8 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 \$1.8 million through December compared to \$1.0 million at this same time last year. Attachment 3 provides the midyear Investment Report.

As of December 31, 2017, General Fund expenditures totaled \$411.2 million, an increase of \$72.2 million over the same time period for FY 2017. After adjusting for the difference due to the refunding, expenditures total \$286.7 million, which is \$18.1 million lower than FY 2017 or 5.9 percent, compared to the same time period last year. No significant expenditure has occurred in the first six months of Fiscal Year 2018 that is unbudgeted or unexpected. The amount and the timing of the cash capital transfer is the most significant variance between FY 2017 and FY 2018. By December 2016, 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. The Department of Human Resources is trending slightly ahead of the fiscal year, due to services that are billed annually in the first half of the fiscal year (online learning access for employees). The Registrar of Voters is also trending slightly ahead of the fiscal year due to the costs associated with the election that occurred in November. Transit Subsidies is also trending slightly ahead of the fiscal year due to the payment to VRE for the City's share of costs, which are paid annually, in their entirety at the beginning of the fiscal year.

ATTACHMENTS:

Attachment 1 - Comparative Revenue Schedule for December 31, 2017

Attachment 2 - Comparative Expenditure Schedule for December 31, 2017

Attachment 3 - Second Quarter FY 2018 Investment Report

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 DECEMBER 31, 2017 AND DECEMBER 31, 2016

	B	C	D=C/B	F
	FY2018	FY2018	%	FY2017
	APPROVED	REVENUES	%	REVENUES
	BUDGET	THRU 12/31/2017	OF BUDGET	THRU 12/31/2016
General Property Taxes				
Real Property Taxes.....	\$ 436,008,918	\$ 211,863,421	48.6%	\$ 197,617,458
Personal Property Taxes.....	49,339,000	44,870,311	90.9%	43,569,976
Penalties and Interest.....	2,000,000	1,097,278	54.9%	1,180,759
Total General Property Taxes	<u>\$ 487,347,918</u>	<u>\$ 257,831,010</u>	<u>52.9%</u>	<u>\$ 242,368,193</u>
Other Local Taxes				
Local Sales and Use Taxes.....	\$ 28,044,982	\$ 8,823,928	31.5%	\$ 9,122,891
Consumer Utility Taxes.....	12,700,000	4,265,459	33.6%	4,264,421
Communication Sales and Use Taxes.....	10,153,000	3,346,632	33.0%	3,426,806
Business License Taxes.....	33,460,000	1,660,846	5.0%	1,266,411
Transient Lodging Taxes.....	12,500,000	5,864,173	46.9%	5,032,932
Restaurant Meals Tax.....	19,000,000	7,632,395	40.2%	7,367,020
Tobacco Taxes.....	2,885,000	1,243,689	43.1%	1,326,956
Motor Vehicle License Tax.....	3,606,000	2,913,894	80.8%	2,955,951
Real Estate Recordation.....	4,800,000	2,694,788	56.1%	1,899,937
Admissions Tax.....	786,000	180,633	23.0%	260,922
Other Local Taxes.....	4,545,502	211,469	4.7%	273,616
Total Other Local Taxes	<u>\$ 132,480,484</u>	<u>\$ 38,837,905</u>	<u>29.3%</u>	<u>\$ 37,197,863</u>
Intergovernmental Revenues				
Revenue from the Fed. Government.....	\$ 9,971,382	\$ 4,247,850	42.6%	\$ 4,332,822
Personal Property Tax Relief from the Commonwealth.....	23,578,531	22,399,604	95.0%	22,399,604
Revenue from the Commonwealth.....	22,897,658	10,903,833	47.6%	11,086,678
Total Intergovernmental Revenues	<u>\$ 56,447,571</u>	<u>\$ 37,551,287</u>	<u>66.5%</u>	<u>\$ 37,819,104</u>
Other Governmental Revenues And Transfers In				
Fines and Forfeitures.....	\$ 6,610,517	\$ 2,488,757	37.6%	\$ 2,343,229
Licenses and Permits.....	2,485,350	1,209,053	48.6%	1,555,270
Charges for City Services.....	21,740,922	10,053,777	46.2%	9,230,727
Revenue from Use of Money & Prop.....	5,023,110	3,666,843	73.0%	2,974,201
Other Revenue.....	1,812,942	948,176	52.3%	815,647
Transfer from Other Funds.....	10,583,814	-	0.0%	-
Total Other Governmental Revenues	<u>\$ 48,256,655</u>	<u>\$ 18,366,605</u>	<u>38.1%</u>	<u>\$ 16,919,074</u>
TOTAL REVENUE	<u>\$ 724,532,628</u>	<u>\$ 352,586,807</u>	<u>48.7%</u>	<u>\$ 334,304,234</u>
Appropriated Fund Balance				
General Fund.....	\$ 3,605,400	\$ -		\$ -
Appropriated refunding bond proceeds	124,205,981	124,205,981		34,168,000
Supplemental Appropriations....	\$ 6,700,258	-		\$ -
TOTAL	<u>\$ 859,044,268</u>	<u>\$ 476,792,788</u>	<u>55.5%</u>	<u>\$ 368,472,234</u>

**COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION
GENERAL FUND
FOR THE PERIODS ENDING DECEMBER 31, 2017 AND DECEMBER 31, 2016**

FUNCTION	B	C	D=C/B	F
	FY2018	FY2018	%	FY2017
	AMENDED BUDGET	EXPENDITURES THRU 12/31/2017	OF BUDGET EXPENDED	EXPENDITURES THRU 12/31/2016
Legislative & Executive.....	\$ 5,563,168	\$ 2,499,493	44.9%	\$ 2,609,945
Judicial Administration.....	\$ 43,034,700	\$ 20,123,193	46.8%	\$ 20,929,762
Staff Agencies				
Information Technology Services.....	\$ 11,638,646	\$ 5,687,619	48.9%	\$ 5,122,394
Management & Budget.....	1,276,371	467,290	36.6%	587,731
Finance.....	13,842,263	5,365,926	38.8%	5,301,042
Performance and Accountability.....	670,875	278,519	41.5%	216,588
Internal Audit.....	421,894	148,613	35.2%	147,206
Human Resources.....	4,113,484	2,098,991	51.0%	1,655,950
Planning & Zoning.....	6,132,787	2,777,072	45.3%	2,603,855
Economic Development Activities.....	5,494,154	2,699,919	49.1%	2,686,628
City Attorney.....	3,041,270	1,433,725	47.1%	1,518,251
Registrar.....	1,202,318	615,209	51.2%	769,429
General Services.....	15,430,541	6,186,559	40.1%	6,276,780
Total Staff Agencies	\$ 63,264,603	\$ 27,759,444	43.9%	\$ 26,885,854
Operating Agencies				
Transportation & Environmental Services.....	\$ 30,448,705	\$ 14,250,226	46.8%	\$ 13,069,499
Project Implementation.....	1,868,900	686,559	36.7%	\$ 748,388
Fire.....	52,746,576	24,357,168	46.2%	24,270,704
Police.....	62,960,931	30,493,579	48.4%	30,183,569
Emergency Communications.....	7,794,857	3,488,648	44.8%	3,490,887
Code.....	34,345	2,274	6.6%	49,244
Transit Subsidies.....	15,135,927	7,656,509	50.6%	3,902,045
Housing.....	1,912,864	846,217	44.2%	815,973
Community and Human Services.....	13,648,783	6,690,728	49.0%	6,760,662
Health.....	8,813,186	4,130,849	46.9%	4,204,685
Historic Resources.....	3,232,806	1,567,845	48.5%	1,434,436
Recreation.....	22,170,537	10,906,987	49.2%	10,991,560
Total Operating Agencies	\$ 220,768,417	\$ 105,077,590	47.6%	\$ 99,921,652
Education				
Schools.....	\$ 214,061,472	\$ 81,213,420	37.9%	\$ 80,811,692
Other Educational Activities.....	12,277	6,139	50.0%	6,066
Total Education	\$ 214,073,749	\$ 81,219,558	37.9%	\$ 80,817,758
Capital, Debt Service and Miscellaneous				
Debt Service - City.....	\$ 39,248,127	\$ 19,412,995	49.5%	\$ 30,226,980
Debt Service - Schools.....	28,530,550	13,423,309	-	-
Expenses on Refunding Bonds.....	124,205,981	124,489,707	0.0%	34,150,455
Non-Departmental.....	9,301,732	5,500,728	59.1%	4,962,329
General Cash Capital.....	43,375,231	-	0.0%	24,293,103
Contingent Reserves.....	775,931	-	0.0%	-
Total Capital, Debt Service and Miscellaneous	\$ 245,437,552	\$ 162,826,739	66.3%	\$ 93,632,867
TOTAL EXPENDITURES	\$ 792,142,189	\$ 399,506,018	50.4%	\$ 324,797,838
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	9,095	0.1%	28,713
Transfer to DASH.....	12,045,879	11,692,233	0.0%	11,295,384
TOTAL EXPENDITURES & TRANSFERS	\$ 864,430,588	\$ 411,207,346	47.6%	\$ 338,965,197
Total Expenditures by Category				
Salaries and Benefits.....	\$ 228,332,150	\$ 106,658,283	46.7%	\$ 105,941,215
Non Personnel (includes all school funds).....	636,098,438	304,549,064	47.9%	233,023,983
Total Expenditures by Category	\$ 864,430,588	\$ 411,207,347	47.6%	\$ 338,965,198

City of Alexandria
Investment Report
As of December 31, 2017

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 December 31, 2017

Security Type	Balance (millions)	Allocation
Local Government Investment Pool (LGIP)	\$238.6	64.2%
CDARS	46.1	12.4%
Virginia Investment Pool (VIP) 1 – 3 Year	35.9	9.7%
US Agency/Treasury Bonds	30.4	8.2%
Virginia Investment Pool (VIP) Liquidity	20.3	5.5%
Virginia Municipal Bonds	0.25	0.07%
Total	\$371.4	100%

Return on Investment 2Q – FY 2018

Security Type	Balance (millions)	Yield (Simple Average)
Local Government Investment Pool (LGIP)	\$238.6	1.34%
CDARS	46.1	1.42%
Virginia Investment Pool (VIP) 1 – 3 Year	35.9	1.45%
US Agency/Treasury Bonds	30.4	1.15%
Virginia Investment Pool (VIP) Liquidity	20.3	1.35%
Virginia Municipal Bonds	0.25	1.68%
Total	\$371.4	1.40%