

City of Alexandria, Virginia

MEMORANDUM

DATE: NOVEMBER 2, 2016

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: MARK B. JINKS, CITY MANAGER /s/

DOCKET TITLE:

TITLE

Consideration of the Monthly Financial Report for the Period Ending September 30, 2016.

BODY

ISSUE: Receipt of the Monthly Financial Report for the Period Ending September 30, 2016.

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 2016 are attached.

At this time in FY 2017, the City's revenue and expenditures are not noticeably different than the same time period last year. As of September 30, 2016, General Fund revenues totaled \$65.4 million, a decrease of \$11.2 million or 14.6% below the revenues collected at the same time in FY 2016. Through the first quarter, approximately 10 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. It should be noted that FY 2016 included a bond refunding of \$10.6 million in the first quarter that increased recorded revenue. The City is currently in the process of refunding existing debt, but the impact will not be recorded until the second quarter; as previously reported to Council, the amount is expected to be higher than the refunded amount in FY 2016. If this revenue is excluded, General Fund Revenue in FY 2017 for the first quarter of \$65.4 million compares to \$65.9 million in the first quarter of FY 2016.

As of August 31, 2016, General Fund expenditures totaled \$141.1 million, a decrease of \$0.5 million over the same time period for FY 2016. The decrease is primarily comprised of the completion of the City's NVT A certification for the City to receive funding from NVT A earlier than in FY 2016 which allowed the City to utilize those \$11.0 million funds for transportation sooner. This increase was offset by the \$10.7 million FY 2016 bond refunding discussed previously.

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. Beginning in FY 2017 (based on a recommendation from one of the bond rating agencies), the Monthly Financial Report that coincides with the end of each quarter will include information on the City's short-term investment portfolio. Attachment 3 provides an introduction to the various investments as well as a chart showing the distribution. The City's return on investment for FY 2016 was 0.78 percent and resulted in \$1.7 million in General Fund Revenue. Through the first quarter of FY 2017 the City has earned \$0.26 million, which is nearly 24 percent of the budgeted amount.

ATTACHMENTS:

Attachment 1 - Comparative Expenditure Schedule for September 30, 2016

Attachment 2 - Comparative Revenue Schedule for September 30, 2016

Attachment 3 - Investment Portfolio as of September 30, 2016

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 AUGUST 31, 2016 AND AUGUST 31, 2015

	B	C	D=C/B	F
	FY2017	FY2017	%	FY2016
	REVISED	REVENUES	OF BUDGET	REVENUES
	BUDGET	THRU 09/30/16	OF BUDGET	THRU 09/30/15
General Property Taxes				
Real Property Taxes.....	\$ 402,552,010	\$ 3,849,295	1.0%	\$ 3,208,266
Personal Property Taxes.....	46,080,000	23,843,369	51.7%	24,448,454
Penalties and Interest.....	2,000,000	317,686	15.9%	197,576
Total General Property Taxes	<u>\$ 450,632,010</u>	<u>\$ 28,010,350</u>	<u>6.2%</u>	<u>\$ 27,854,296</u>
Other Local Taxes				
Local Sales and Use Taxes.....	\$ 27,075,000	\$ 2,181,862	8.1%	\$ 2,141,726
Consumer Utility Taxes.....	12,700,000	1,034,910	8.1%	1,938,964
Communication Sales and Use Taxes.....	10,300,000	844,810	8.2%	881,629
Business License Taxes.....	33,300,000	392,107	1.2%	299,385
Transient Lodging Taxes.....	12,000,000	1,787,303	14.9%	1,853,857
Restaurant Meals Tax.....	18,800,000	2,670,852	14.2%	2,584,053
Tobacco Taxes.....	2,968,555	543,830	18.3%	528,230
Motor Vehicle License Tax.....	3,500,000	1,552,068	44.3%	1,472,226
Real Estate Recordation.....	5,300,000	796,179	15.0%	831,870
Admissions Tax.....	786,000	108,332	13.8%	73,024
Other Local Taxes.....	4,348,154	106,738	2.5%	71,751
Total Other Local Taxes	<u>\$ 131,077,709</u>	<u>\$ 12,018,993</u>	<u>9.2%</u>	<u>\$ 12,676,715</u>
Intergovernmental Revenues				
Revenue from the Fed. Government.....	\$ 9,600,382	\$ 1,975,698	20.6%	\$ 1,851,936
Personal Property Tax Relief from the Commonwealth.....	23,578,531	11,789,265	50.0%	11,789,265
Revenue from the Commonwealth.....	23,050,064	4,646,794	20.2%	4,703,937
Total Intergovernmental Revenues	<u>\$ 56,228,977</u>	<u>\$ 18,411,757</u>	<u>32.7%</u>	<u>\$ 18,345,138</u>
Other Governmental Revenues And Transfers In				
Fines and Forfeitures.....	\$ 6,463,517	\$ 1,189,868	18.4%	\$ 1,138,787
Licenses and Permits.....	2,433,400	737,289	30.3%	772,075
Charges for City Services.....	20,859,994	3,305,807	15.8%	3,433,256
Revenue from Use of Money & Prop.....	4,712,000	1,281,274	27.2%	1,258,053
Other Revenue.....	1,131,270	412,590	36.5%	440,264
Transfer from Other Funds.....	4,994,761	-	0.0%	-
Total Other Governmental Revenues	<u>\$ 40,594,942</u>	<u>\$ 6,926,828</u>	<u>17.1%</u>	<u>\$ 7,042,435</u>
TOTAL REVENUE	<u>\$ 678,533,638</u>	<u>\$ 65,367,928</u>	<u>9.6%</u>	<u>\$ 65,918,584</u>
Appropriated Fund Balance				
General Fund.....	\$ -	\$ -	\$ -	\$ -
Appropriated refunding bond proceeds	-	-	-	10,645,678
Reappropriation of FY 2015	-	-	-	-
Encumbrances And Other	-	-	-	-
Supplemental Appropriations....	493,112	-	-	-
TOTAL	<u>\$ 679,026,750</u>	<u>\$ 65,367,928</u>	<u>9.6%</u>	<u>\$ 76,564,262</u>

**COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION
GENERAL FUND
FOR THE PERIODS ENDING SEPTEMBER 30, 2016 AND SEPTEMBER 30, 2015**

FUNCTION	B	C	D=C/B	F
	FY2017 APPROVED BUDGET	FY2017 EXPENDITURES THRU 9/30/16	% OF BUDGET EXPENDED	FY2016 EXPENDITURES 9/30/2015
Legislative & Executive.....	\$ 5,532,444	\$ 1,188,922	21.5%	\$ 1,050,400
Judicial Administration.....	\$ 43,462,163	\$ 10,200,775	23.5%	\$ 9,742,400
Staff Agencies				
Information Technology Services.....	\$ 10,093,469	\$ 3,032,968	30.0%	\$ 2,921,930
Management & Budget.....	1,301,434	272,787	21.0%	242,582
Finance.....	13,098,450	2,453,078	18.7%	2,594,211
Performance and Accountability.....	622,641	104,985	16.9%	114,255
Internal Audit.....	315,991	67,502	21.4%	74,284
Human Resources.....	3,512,923	710,198	20.2%	647,718
Planning & Zoning.....	5,543,691	1,235,947	22.3%	1,125,795
Economic Development Activities.....	5,490,493	1,311,442	23.9%	1,323,829
City Attorney.....	2,866,163	697,035	24.3%	844,861
Registrar.....	1,413,610	265,260	18.8%	236,360
General Services.....	14,093,050	2,677,895	19.0%	3,101,788
Total Staff Agencies	\$ 58,351,915	\$ 12,829,098	22.0%	\$ 13,227,613
Operating Agencies				
Transportation & Environmental Services.....	\$ 29,492,354	\$ 6,082,923	20.6%	\$ 6,404,488
Project Implementation.....	1,895,590	356,229	18.8%	\$ 371,302
Fire.....	49,711,802	11,133,775	22.4%	11,182,890
Police.....	60,467,761	14,914,138	24.7%	14,550,029
Emergency Communications.....	7,158,590	1,922,538	26.9%	1,845,609
Code.....	114,000	24,699	21.7%	17,039
Transit Subsidies.....	7,820,972	2,024,760	25.9%	2,537,961
Housing.....	1,791,424	379,512	21.2%	360,847
Community and Human Services.....	13,328,244	3,543,148	26.6%	3,436,521
Health.....	8,709,522	2,059,699	23.6%	3,118,935
Historic Resources.....	3,038,902	695,052	22.9%	625,488
Recreation.....	21,717,857	5,539,804	25.5%	5,445,288
Total Operating Agencies	\$ 205,247,018	\$ 48,676,277	23.7%	\$ 49,896,397
Education				
Schools.....	\$ 206,561,472	\$ 27,124,234	13.1%	\$ 26,427,003
Other Educational Activities.....	12,131	3,033	25.0%	2,993
Total Education	\$ 206,573,603	\$ 27,127,267	13.1%	\$ 26,429,996
Capital, Debt Service and Miscellaneous				
Debt Service.....	\$ 66,523,574	\$ 23,729,242	35.7%	\$ 21,578,641
Expenses on Refunding Bonds.....	-	-		10,749,293
Non-Departmental.....	9,042,738	4,201,800	46.5%	4,030,272
General Cash Capital.....	24,293,103		0.0%	-
Contingent Reserves.....	1,034,791	-		
Total Capital, Debt Service and Miscellaneous	\$ 100,894,206	\$ 27,931,042	27.7%	\$ 36,358,206
TOTAL EXPENDITURES	\$ 620,061,349	\$ 127,953,381	20.6%	\$ 136,705,012
Cash Match (Transportation/DCHS/ and Transfers to the Special Revenue /Capital Projects	\$ 39,941,587	\$ 121,663	0.3%	\$ 122,371
Transfer to Library.....	6,938,510	1,734,627	25.0%	1,682,413
Transfer to DASH.....	12,085,304	11,295,384	93.5%	3,065,213
TOTAL EXPENDITURES & TRANSFERS	\$ 679,026,750	\$ 141,105,056	20.8%	\$ 141,575,009
Total Expenditures by Category				
Salaries and Benefits.....	\$ 223,673,920	\$ 48,603,962	21.7%	\$ 48,133,733
Non Personnel (includes all school funds)	455,352,830	92,501,093	20.3%	93,441,277
Total Expenditures	\$ 679,026,750	\$ 141,105,056	20.8%	\$ 141,575,010

City of Alexandria
Investment Report
As of September 30, 2016

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, 2016

Security Type	Balance (millions)	Allocation
Local Government Investment Pool (LGIP)	\$80.1	40.2%
Virginia Investment Pool (VIP)	35.4	17.8%
CDARS	54.1	27.2%
NOW/ICS	10.8	5.4%
US Agency/Treasury Bonds	17.8	8.9%
Virginia Municipal Bonds	1.0	0.5%
Total	\$199.2	100%

Return on Investment 1Q – FY 2017

Security Type	Balance (millions)	Yield (Simple Average)
Local Government Investment Pool (LGIP)	\$80.1	0.55%
Virginia Investment Pool (VIP)	35.4	1.10%
CDARS	54.1	1.20%
NOW/ICS	10.8	0.45%
US Agency/Treasury Bonds	17.8	0.93%
Virginia Municipal Bonds	1.0	1.12%
Total	\$199.2	0.86%