

City of Alexandria, Virginia

MEMORANDUM

DATE: NOVEMBER 8, 2017
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, 2017.

BODY

ISSUE: Receipt of the Monthly Financial Report for the Period Ending September 30, 2017.

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, 2017, General Fund revenues totaled \$65.7 million, a decrease of \$0.4 million or 0.5% more than the revenues collected at the same time in FY 2016. Through the first quarter, approximately 9 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.

As of September 30, 2017, General Fund expenditures totaled \$155.1 million, an increase of \$14.0 million over the same time period for FY 2017. Similar to the situation with revenues, no significant unexpected revenue variance or expenditure has occurred in the first quarter of Fiscal Year 2018 that is unbudgeted or unexpected. The most significant difference when comparing FY 2017 and FY 2018 is the manner in which debt service is attributed. In FY 2017, all debt service was budgeted in City agencies, but in FY 2018 the portion that is related to Schools projects has been attributed to Schools. Because of this change in budgeting that comparisons

between each fiscal year appear more significant than they actually are. Debt service is paid in June, July, December and January. The amounts are determined by the structure of the debt and the payments are made as scheduled. The amount paid each year and when it is paid varies each year based on debt issuance date and debt structure. The other expenditure to note compared to FY 2017 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 2017, the second quarter payment was made in early October; in FY 2018 the \$1.1 million payment was made at the end of September.

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 2017 was 0.94 percent and resulted in \$1.7 million in General Fund Revenue. Through the first quarter of FY 2018 the City has earned \$0.78 million, which is nearly 49 percent of the annualized budgeted amount. This increase reflects rising short time interest rates.

ATTACHMENTS:

Attachment 1 - Comparative Expenditure Schedule for September 30, 2017

Attachment 2 - Comparative Revenue Schedule for September 30, 2017

Attachment 3 - Investment Portfolio as of September 30, 2016

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 30, 2017 AND SEPTEMBER 30, 2016**

FUNCTION	B	C	D=C/B	F
	FY2018 APPROVED BUDGET	FY2018 EXPENDITURES THRU 9/30/2017	% OF BUDGET EXPENDED	FY2017 EXPENDITURES THRU 9/30/2016
Legislative & Executive.....	\$ 5,447,891	\$ 1,134,971	20.8%	\$ 1,188,922
Judicial Administration.....	\$ 42,696,065	\$ 9,447,004	22.1%	\$ 10,200,775
Staff Agencies				
Information Technology Services.....	\$ 10,608,113	\$ 3,008,715	28.4%	\$ 3,032,968
Management & Budget.....	1,276,371	236,289	18.5%	272,787
Finance.....	13,274,406	2,650,023	20.0%	2,453,078
Performance and Accountability.....	521,236	141,455	27.1%	104,985
Internal Audit.....	421,894	68,748	16.3%	67,502
Human Resources.....	3,714,522	959,005	25.8%	710,198
Planning & Zoning.....	5,650,753	1,252,372	22.2%	1,235,947
Economic Development Activities.....	5,486,986	1,373,082	25.0%	1,311,442
City Attorney.....	2,941,270	676,893	23.0%	697,035
Registrar.....	1,202,318	211,856	17.6%	265,260
General Services.....	14,330,459	2,513,315	17.5%	2,677,895
Total Staff Agencies	\$ 59,428,328	\$ 13,091,753	22.0%	\$ 12,829,097
Operating Agencies				
Transportation & Environmental Services.....	\$ 28,266,772	\$ 7,230,702	25.6%	\$ 6,082,923
Project Implementation.....	1,850,882	316,278	17.1%	356,229
Fire.....	52,467,234	11,518,770	22.0%	11,133,775
Police.....	62,459,766	15,339,968	24.6%	14,914,138
Emergency Communications.....	7,794,857	1,918,484	24.6%	1,922,538
Code.....	24,000	927	3.9%	24,699
Transit Subsidies.....	15,135,927	3,822,582	25.3%	2,024,760
Housing.....	1,804,364	398,115	22.1%	379,512
Community and Human Services.....	13,614,072	3,222,643	23.7%	3,543,148
Health.....	8,636,165	3,223,480	37.3%	2,059,699
Historic Resources.....	3,061,491	719,385	23.5%	695,052
Recreation.....	21,859,294	5,372,037	24.6%	5,539,804
Total Operating Agencies	\$ 216,974,824	\$ 53,083,371	24.5%	\$ 48,676,277
Education				
Schools.....	\$ 242,592,022	\$ 45,439,089	18.7%	\$ 27,124,234
Other Educational Activities.....	12,277	3,069	25.0%	3,033
Total Education	\$ 242,604,299	\$ 45,442,158	18.7%	\$ 27,127,267
Capital, Debt Service and Miscellaneous				
Debt Service.....	\$ 40,973,127	\$ 16,499,633	40.3%	\$ 23,729,242
Expenses on Refunding Bonds.....	-	238,728	0.0%	-
Non-Departmental.....	9,234,469	4,483,663	48.6%	4,201,800
General Cash Capital.....	37,866,696	-	0.0%	-
Contingent Reserves.....	775,931	-	0.0%	-
Total Capital, Debt Service and Miscellaneous	\$ 88,850,223	\$ 21,222,024	23.9%	\$ 27,931,042
TOTAL EXPENDITURES	\$ 656,001,630	\$ 143,421,281	21.9%	\$ 127,953,380
Cash Match (Transportation/DCHS/ and Transfers to the Special Revenue /Capital Projects Funds).....	\$ 53,229,967	\$ -	0.0%	\$ 121,663
Transfer to Library.....	6,860,551	5,602	0.1%	1,734,627
Transfer to DASH.....	12,045,879	11,692,233	0.0%	11,295,384
TOTAL EXPENDITURES & TRANSFERS	\$ 728,138,029	\$ 155,119,116	21.3%	\$ 141,105,054
Total Expenditures by Category				
Salaries and Benefits.....	\$ 223,673,920	\$ 49,740,761	22.2%	\$ 48,603,962
Non Personnel (includes all school funds)	504,464,109	105,378,354	20.9%	92,501,092
Total Expenditures	\$ 728,138,029	\$ 155,119,116	21.3%	\$ 141,105,054

CITY OF ALEXANDRIA, VIRGINIA
COMPARATIVE STATEMENT OF REVENUES
GENERAL FUND
FOR THE PERIODS ENDING SEPTEMBER 30, 2016 AND SEPTEMBER 30, 2017

	B	C	D=C/B	F
	FY2018	FY2018		FY2017
	APPROVED	REVENUES	%	REVENUES
	BUDGET	THRU 9/30/2017	OF BUDGET	THRU 9/30/2016
General Property Taxes				
Real Property Taxes.....	\$ 436,008,918	\$ 1,983,712	0.5%	\$ 3,849,295
Personal Property Taxes.....	49,339,000	25,250,254	51.2%	23,843,369
Penalties and Interest.....	2,000,000	395,304	19.8%	317,686
Total General Property Taxes	\$ 487,347,918	\$ 27,629,270	5.7%	\$ 28,010,350
Other Local Taxes				
Local Sales and Use Taxes.....	\$ 28,044,982	\$ 2,178,514	7.8%	\$ 2,181,862
Consumer Utility Taxes.....	12,700,000	1,025,098	8.1%	1,034,910
Communication Sales and Use Taxes.....	10,153,000	813,231	8.0%	844,810
Business License Taxes.....	33,460,000	400,516	1.2%	392,107
Transient Lodging Taxes.....	12,500,000	1,973,371	15.8%	1,787,303
Restaurant Meals Tax.....	19,000,000	2,452,366	12.9%	2,670,852
Tobacco Taxes.....	2,885,000	521,254	18.1%	543,830
Motor Vehicle License Tax.....	3,606,000	1,509,897	41.9%	1,552,068
Real Estate Recordation.....	4,800,000	847,337	17.7%	796,179
Admissions Tax.....	786,000	92,815	11.8%	108,332
Other Local Taxes.....	4,545,502	3,565	0.1%	106,738
Total Other Local Taxes	\$ 132,480,484	\$ 11,817,964	8.9%	\$ 12,018,991
Intergovernmental Revenues				
Revenue from the Fed. Government.....	\$ 9,971,382	\$ 1,870,990	18.8%	\$ 1,975,698
Personal Property Tax Relief from the Commonwealth.....	23,578,531	11,789,265	50.0%	11,789,265
Revenue from the Commonwealth.....	22,897,658	4,808,824	21.0%	4,646,794
Total Intergovernmental Revenues	\$ 56,447,571	\$ 18,469,079	32.7%	\$ 18,411,757
Other Governmental Revenues And Transfers In				
Fines and Forfeitures.....	\$ 6,610,517	\$ 1,225,497	18.5%	\$ 1,189,868
Licenses and Permits.....	2,485,350	636,629	25.6%	737,289
Charges for City Services.....	21,740,922	3,685,418	17.0%	3,305,807
Revenue from Use of Money & Prop.....	5,023,110	1,741,141	34.7%	1,281,274
Other Revenue.....	1,812,942	514,242	28.4%	412,590
Transfer from Other Funds.....	10,583,814	-	0.0%	-
Total Other Governmental Revenues	\$ 48,256,655	\$ 7,802,927	16.2%	\$ 6,926,828
TOTAL REVENUE	\$ 724,532,628	\$ 65,719,239	9.1%	\$ 65,367,926
Appropriated Fund Balance				
General Fund.....	\$ 3,605,400	\$ -	\$ -	\$ -
Appropriated refunding bond proceeds	-	-	-	-
Supplemental Appropriations....	\$ -	-	\$ -	\$ -
TOTAL	\$ 728,138,029	\$ 65,719,239	9.0%	\$ 65,367,926

City of Alexandria
Investment Report
As of September 30, 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 September 30, 2017

Security Type	Balance (millions)	Allocation
Local Government Investment Pool (LGIP)	\$119.1	47.1%
Virginia Investment Pool (VIP) Liquidity	20.2	8.0%
Virginia Investment Pool (VIP) 1 – 3 Year	35.8	14.2%
CDARS	46.0	18.2%
US Agency/Treasury Bonds	31.3	12.4%
Virginia Municipal Bonds	0.25	0.1%
Total	\$252.6	100%

Return on Investment 1Q – FY 2018

Security Type	Balance (millions)	Yield (Simple Average)
Local Government Investment Pool (LGIP)	\$119.1	1.21%
Virginia Investment Pool (VIP) Liquidity	20.2	1.22%
Virginia Investment Pool (VIP) 1 – 3 year	35.8	1.53%
CDARS	46.0	1.40%
US Agency/Treasury Bonds	31.3	0.93%
Virginia Municipal Bonds	0.25	1.06%
Total	\$252.6	0.86%