



Legislation Text

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City of Alexandria, Virginia

MEMORANDUM

**DATE:** FEBRUARY 5, 2020

**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, 2019.

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

**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 2019 are attached.

At this time in FY 2020, the City's revenue and expenditures are not noticeably different than the same time period last year. As of December 31, 2019, General Fund revenues totaled \$376.2 million, an increase of \$18.2 million or 5.1% above revenues collected at the same time in FY 2019. Midway through the fiscal year, approximately 48.5 percent of budgeted revenues have 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. Large revenue sources, such as real estate and personal property tax revenues are remitted twice per year and once per year, respectively. Personal property taxes were due on October 5<sup>th</sup>. Personal Property tax revenue is \$51.6 million or 10.4 percent higher than collections for the same period last year. With the elimination of the decal, the motor vehicle license fee was eliminated. The personal property tax rate was increased to offset this fee elimination. The second half of the calendar year real estate tax were due on November 15<sup>th</sup>. Revenue from real property taxes is consistent with the budgeted amount in FY 2020 and the amount collected in FY 2019 through December. Business License taxes are due on March 1.

In other local taxes, local sales tax is trending 10.2 percent over collections in FY 2019. Sales tax revenue is remitted by the State, two months after it is collected. Through 6 months of the fiscal year, the City has received 4 months of local sales tax revenue. Recordation tax is also comparing favorably to FY 2019. Through

December 2019, collections reflect 51.4 percent of the budgeted amount and exceed collections for the same period in FY 2019 by 21.6 percent. It should be noted that nearly all tax revenue sources that are driven by consumer spending and confidence are performing at or above projected amounts. This is largely attributable to low unemployment, high consumer confidence and diminished fears of an imminent recession. Variances in intergovernmental revenue from the Commonwealth and Transfers from Other Funds are related to the timing of payments or posting.

As of December 31, 2019, General Fund expenditures totaled \$354.8 million, a decrease of \$2.7 million below the same time period for FY 2019. Similar to the situation with revenues, no significant expenditure has occurred in the first half of Fiscal Year 2020 that is unbudgeted or unexpected. The most significant difference is the timing and source of payments. In FY 2019, the contribution to WMATA included a greater portion of General Fund resources than the contribution budgeted for FY 2020. The variance in the Department of Transportation and Environmental Services is largely attributable to the shift of the residential curbside refuse collection program from the General Fund (in FY 2019) to a self-supported fund in FY 2020. This is offset by the transfer of the Fleet Services Division from General Services, which is showing an 18.9 percent decline in spending compared to FY 2019, to TES in FY 2020. The variance in the Office of Performance and Accountability relates to software user licenses and costs associated with the Resident Survey. In FY 2019, the Transfer to Housing was included in Cash Match and Transfers to Special Revenue. In FY 2020, this transfer is displayed separately to provide additional transparency.

Attachment 3 provides information on the City's Investment Portfolio at the end of calendar year 2019, which is the second quarter of FY 2020. Cash balances are at one of the highest points of the year, due to the November real property tax payments. Funds are invested as investment opportunities arise, according to the City's diversification strategy. The simple average yield on investments of 1.82 percent is significantly lower than the 2.35 percent earned as of the same time in FY 2019. The decrease reflects the Federal Reserve's decision to cut interest rates earlier in 2019. This revenue is reflected in the Use of Money and Property category. Through six months of FY 2020, the City has earned \$3.2 million on General Fund Investments, compared to \$3.5 million through the midpoint of FY 2019.

**ATTACHMENTS:**

Attachment 1: Comparative Expenditure Schedule for December 31, 2019

Attachment 2: Comparative Revenue Schedule for December 31, 2019

Attachment 3: FY 2020 Second Quarter 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, 2019 AND DECEMBER 31, 2018

	A	B	C=B/A	D	E
	FY 2020	FY2020	FY2020	FY2019	FY2019
	APPROVED	REVENUES	%	REVENUES	%
	BUDGET	THRU 12/31/2019	OF BUDGET	THRU 12/31/2018	OF BUDGET
<b>General Property Taxes</b>					
Real Property Taxes.....	\$ 462,848,143	\$ 223,318,697	48.2%	\$ 217,746,624	48.7%
Personal Property Taxes.....	56,926,910	51,595,524	90.6%	46,721,920	92.0%
Penalties and Interest.....	2,708,000	1,143,307	42.2%	1,277,372	38.7%
Total General Property Taxes	\$ 522,483,053	\$ 276,057,528	52.8%	\$ 265,745,916	53.0%
<b>Other Local Taxes</b>					
Local Sales and Use Taxes.....	\$ 28,800,000	\$ 10,324,161	35.8%	\$ 9,367,672	33.8%
Consumer Utility Taxes.....	12,000,000	4,439,227	37.0%	3,648,894	30.9%
Communication Sales and Use Taxes.....	9,200,000	3,016,488	32.8%	3,127,543	31.6%
Business License Taxes.....	34,378,000	811,132	2.4%	1,569,083	4.5%
Transient Lodging Taxes.....	12,800,000	5,920,244	46.3%	5,362,618	40.4%
Restaurant Meals Tax.....	24,231,000	10,787,032	44.5%	9,881,210	40.9%
Tobacco Taxes.....	2,600,000	1,026,348	39.5%	1,121,784	40.1%
Motor Vehicle License Tax.....	-	-	0.0%	3,028,969	79.7%
Real Estate Recordation.....	6,000,000	3,084,124	51.4%	2,359,896	44.5%
Admissions Tax.....	670,000	272,321	40.6%	226,900	33.9%
Other Local Taxes.....	4,809,090	211,932	4.4%	193,184	4.1%
Total Other Local Taxes	\$ 135,488,090	\$ 39,893,010	29.4%	\$ 39,887,753	28.7%
<b>Intergovernmental Revenues</b>					
Revenue from the Fed. Government.....	\$ 10,397,000	\$ 3,324,679	32.0%	\$ 3,635,162	40.1%
Personal Property Tax Relief from the Commonwealth.....	23,578,531	22,399,604	95.0%	11,789,265	48.4%
Revenue from the Commonwealth.....	23,621,515	11,376,790	48.2%	11,251,887	47.7%
Total Intergovernmental Revenues	\$ 57,597,046	\$ 37,101,073	64.4%	\$ 26,676,314	36.0%
<b>Other Governmental Revenues And Transfers In</b>					
Fines and Forfeitures.....	\$ 4,930,450	\$ 2,194,596	44.5%	\$ 2,028,157	39.1%
Licenses and Permits.....	2,615,350	676,300	25.9%	1,103,943	42.3%
Charges for City Services.....	15,790,462	10,255,599	64.9%	10,467,670	48.1%
Revenue from Use of Money & Prop.....	11,406,650	4,798,112	42.1%	5,230,884	65.1%
Other Revenue.....	2,591,285	918,169	35.4%	880,897	47.5%
Transfer from Other Funds.....	9,291,882	4,283,941	46.1%	5,980,336	50.2%
Total Other Governmental Revenues	\$ 46,626,079	\$ 23,126,716	49.6%	\$ 25,691,887	50.0%
<b>TOTAL REVENUE</b>	\$ 762,194,268	\$ 376,178,327	49.4%	\$ 358,001,870	47.8%
<b>Appropriated Fund Balance</b>					
General Fund.....	\$ 8,677,631	\$ -	\$ -	\$ -	-
Cash Capital.....					
Encumbrances And Other.....	4,325,747	-	-	-	-
Supplemental Appropriations.....					
<b>TOTAL</b>	\$ 775,197,646	\$ 376,178,327	48.5%	\$ 358,001,870	47.4%

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

FUNCTION	A	B	C=B/A	D	E
	FY 2020	FY2020	%	FY2019	%
	APPROVED BUDGET	EXPENDITURES THRU 12/31/2019	OF BUDGET EXPENDED	EXPENDITURES THRU 12/31/2018	OF BUDGET EXPENDED
Legislative & Executive.....	\$ 3,495,083	\$ 1,499,340	42.9%	\$ 1,426,058	44.8%
Judicial Administration.....	\$ 46,128,210	\$ 20,746,136	45.0%	\$ 21,153,976	47.1%
<b>Staff Agencies</b>					
Communications.....	\$ 1,544,299	\$ 610,501	39.5%	\$ 586,743	39.0%
Human Rights.....	905,803	427,979	47.2%	457,619	52.9%
Information Technology Services.....	12,124,016	6,473,858	53.4%	6,224,074	51.6%
Management & Budget.....	1,314,191	624,913	47.6%	591,069	46.9%
Finance.....	13,636,052	5,470,065	40.1%	5,555,267	43.2%
Performance and Accountability.....	535,512	286,098	53.4%	179,290	28.1%
Internal Audit.....	442,003	97,933	22.2%	107,997	25.2%
Human Resources.....	4,840,243	1,906,796	39.4%	1,822,816	41.3%
Planning & Zoning.....	6,340,054	2,599,892	41.0%	2,769,229	46.0%
Economic Development Activities.....	7,131,946	3,237,862	45.4%	2,871,455	49.6%
City Attorney.....	3,882,669	1,960,224	50.5%	1,633,393	52.9%
Registrar.....	1,335,337	569,403	42.6%	579,896	47.1%
General Services.....	12,255,359	5,004,565	40.8%	6,174,458	41.9%
<b>Total Staff Agencies</b>	<b>\$ 66,287,484</b>	<b>\$ 29,270,088</b>	<b>44.2%</b>	<b>\$ 29,553,306</b>	<b>45.5%</b>
<b>Operating Agencies</b>					
Transportation & Environmental Services.....	\$ 24,190,958	\$ 10,037,108	41.5%	\$ 12,641,333	44.8%
Project Implementation.....	-	-	0.0%	4,188	0.0%
Fire.....	55,307,639	24,239,416	43.8%	25,697,672	47.6%
Police.....	67,140,759	29,979,501	44.7%	31,223,692	47.8%
Emergency Communications.....	8,498,881	3,690,128	43.4%	3,495,548	44.7%
Code.....	33,060	2,975	9.0%	2,245	9.4%
Transit Subsidies.....	21,760,499	10,819,763	49.7%	16,056,421	92.6%
Housing.....	1,910,181	832,984	43.6%	822,455	44.4%
Community and Human Services.....	14,574,628	6,862,084	47.1%	6,633,832	48.7%
Health.....	8,377,647	4,140,108	49.4%	4,184,996	48.0%
Historic Resources.....	3,601,620	1,507,113	41.8%	1,409,677	42.2%
Recreation.....	24,038,483	11,092,056	46.1%	11,032,500	47.8%
<b>Total Operating Agencies</b>	<b>\$ 229,434,355</b>	<b>\$ 103,203,236</b>	<b>45.0%</b>	<b>\$ 113,204,559</b>	<b>50.7%</b>
<b>Education.....</b>					
Schools.....	\$ 231,669,496	\$ 115,834,748	50.0%	\$ 111,914,651	50.0%
Other Educational Activities.....	16,128	8,064	50.0%	6,071	50.0%
<b>Total Education</b>	<b>\$ 231,685,624</b>	<b>\$ 115,842,812</b>	<b>50.0%</b>	<b>\$ 111,920,722</b>	<b>50.0%</b>
<b>Capital, Debt Service and Miscellaneous</b>					
Debt Service - City.....	\$ 35,530,695	\$ 19,835,793	55.8%	\$ 20,773,363	51.6%
Debt Service - Schools.....	\$ 28,112,251	\$ 15,075,740	53.6%	\$ 14,848,840	51.3%
Non-Departmental.....	9,795,526	6,535,337	66.7%	5,791,382	59.8%
General Cash Capital.....	43,180,142	21,590,071	50.0%	18,483,348	50.0%
Contingent Reserves.....	799,170	-	0.0%	-	0.0%
<b>Total Capital, Debt Service and Miscellaneous</b>	<b>\$ 117,417,784</b>	<b>\$ 63,036,941</b>	<b>53.7%</b>	<b>\$ 59,896,933</b>	<b>50.1%</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 694,448,540</b>	<b>\$ 333,598,554</b>	<b>48.0%</b>	<b>\$ 337,155,554</b>	<b>49.6%</b>
Cash Match (Transportation/DCHS/ and Transfers to the Special Revenue /Capital Projects Funds).....	\$ 52,973,299	\$ 6,262,292	11.8%	\$ 8,809,423	15.7%
Transfer to Housing.....	\$ 5,367,775	2,697,288	50.2%	-	-
Transfer to Library.....	\$ 7,115,754	131,192	1.8%	23,514	0.3%
Transfer to DASH.....	\$ 15,292,278	12,069,392	78.9%	11,456,736	93.0%
<b>TOTAL EXPENDITURES &amp; TRANSFERS</b>	<b>\$ 775,197,646</b>	<b>\$ 354,758,716</b>	<b>45.8%</b>	<b>\$ 357,445,227</b>	<b>47.3%</b>
<b>Total Expenditures by Category.....</b>					
Salaries and Benefits.....	\$ 234,171,215	\$ 101,790,926	43.5%	\$ 107,668,889	47.1%
Non Personnel (includes all school funds).....	541,026,431	252,967,790	46.8%	249,776,335	47.4%
<b>TOTAL EXPENDITURES</b>	<b>\$ 775,197,646</b>	<b>\$ 354,758,716</b>	<b>45.8%</b>	<b>\$ 357,445,224</b>	<b>47.3%</b>

**City of Alexandria**  
**Investment Report**  
As of December 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**

<b>Security Type</b>	<b>Maximum % of the Total Funds Available for Investment</b>
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, 2019 – 2nd Quarter – FY 2020**

<b>Security Type</b>	<b>Balance (millions)</b>	<b>Allocation</b>
Local Government Investment Pool (LGIP)	\$287.6	72.6%
CDARS	45.0	11.4%
US Agency/Treasury Bonds	30.0	7.6%
Virginia Investment Pool (VIP) 1 – 3 Year	22.4	5.6%
Virginia Investment Pool (VIP) Liquidity	11.1	2.8%
<b>Total</b>	<b>\$396.0</b>	<b>100.0%</b>

**Return on Investment as of December 31, 2019 – 2<sup>nd</sup> Quarter – FY 2020**

<b>Security Type</b>	<b>Balance (millions)</b>	<b>Yield (Weighted Average)</b>
Local Government Investment Pool (LGIP)	\$287.6	1.74%
CDARS	45.0	2.18%
US Agency/Treasury Bonds	30.0	1.71%
Virginia Investment Pool (VIP) 1 – 3 Year	22.4	2.28%
Virginia Investment Pool (VIP) Liquidity	11.1	1.79%
<b>Total</b>	<b>\$396.0</b>	<b>1.82%</b>

## Maturity

<b>Maturity Range</b>	<b>Balance (millions)</b>	<b>% of Portfolio</b>	<b>Average Yield</b>
0 – 1 Month	\$331.7	83.8%	1.81%
1-3 Month	4.1	1.03	2.58
3-6 Month	8.1	2.05	2.55
6-9 Month	6.1	1.53	2.11
9-12 Month	16.0	4.05	1.69
1-2 Years	27.0	6.82	1.70
2-3 Years	3.0	0.76	1.77
Total	\$247.1	100%	1.82%