



Legislation Text

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City of Alexandria, Virginia

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MEMORANDUM

**DATE:** NOVEMBER 6, 2019

**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 September 30, 2019

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**ISSUE:** Receipt of the Monthly Financial Report for the Period Ending September 30, 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 September 30, 2019, General Fund revenues totaled \$64.9 million, a decrease of \$7.5 million or 10.3% below revenues collected at the same time in FY 2019. Through the first quarter, approximately 8.4 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. 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 were due on October 5<sup>th</sup>. Next month's report should show a significant revenue increase to reflect the budgeted rate increase that eliminated the Motor Vehicle License Tax. The second half of the calendar year real estate tax is due on November 15<sup>th</sup>. Most variances are due to payment timing issues which can vary from year to year.

As of September 30, 2019, General Fund expenditures totaled \$158.0 million, an increase of \$2.7 million over the same time period for FY 2019. Similar to the situation with revenues, no significant unexpected revenue variance or expenditure has occurred in the first quarter of Fiscal Year 2020 that is unbudgeted or unexpected.

The most significant difference is the timing and source of payments. The most significant timing variance occurred in the Department of Information Technology Services. Enterprise-wide software license costs increased with the new three-year contract that took effect for this fiscal year. The costs for the year were paid in full in FY 2020. In FY 2019, the contribution to WMATA included a greater portion of General Fund resources than the contribution budgeted for FY 2020. In addition, the City's cost for WMATA reflects a 27% increase.

**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 2019 was 2.7% and resulted in \$7.2 million in General Fund Revenue. Through the first quarter of FY 2020 the City has earned \$1.7 million with a weighted average yield of 2.25% which reflects Federal Reserve rate decreases and general overall market conditions.

**ATTACHMENTS:**

Attachment 1 - Comparative Expenditure Schedule for September 30, 2019

Attachment 2 - Comparative Revenue Schedule for September 30, 2019

Attachment 3 - Investment Portfolio as of September 30, 2019

**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 SEPTEMBER 30, 2019 AND SEPTEMBER 30, 2018**

	<b>B</b>	<b>C</b>	<b>D=C/B</b>	<b>F</b>	<b>G=F/E</b>
	<b>FY 2020</b>	<b>FY2020</b>		<b>FY2019</b>	
	<b>APPROVED</b>	<b>REVENUES</b>	<b>%</b>	<b>REVENUES</b>	<b>%</b>
	<b>BUDGET</b>	<b>THRU 9/30/2019</b>	<b>OF BUDGET</b>	<b>THRU 9/30/2018</b>	<b>OF TOTAL</b>
<b>General Property Taxes</b>					
Real Property Taxes.....	\$ 462,848,143	\$ 2,638,317	0.6%	\$ 6,139,072	1.6%
Personal Property Taxes.....	56,926,910	22,082,760	38.8%	24,764,893	54.4%
Penalties and Interest.....	2,708,000	175,742	6.5%	402,816	14.6%
Total General Property Taxes	<u>\$ 522,483,053</u>	<u>\$ 24,896,819</u>	<u>4.8%</u>	<u>\$ 31,306,781</u>	<u>7.3%</u>
<b>Other Local Taxes</b>					
Local Sales and Use Taxes.....	\$ 28,800,000	\$ 2,543,624	8.8%	\$ 2,237,911	8.4%
Consumer Utility Taxes.....	12,000,000	1,186,571	9.9%	1,695,294	13.5%
Communication Sales and Use Taxes.....	9,200,000	769,774	8.4%	793,704	7.6%
Business License Taxes.....	34,378,000	298,329	0.9%	769,401	2.4%
Transient Lodging Taxes.....	12,800,000	2,103,676	16.4%	1,887,004	15.9%
Restaurant Meals Tax.....	24,231,000	4,366,821	18.0%	3,730,714	20.0%
Tobacco Taxes.....	2,600,000	430,022	16.5%	471,457	16.2%
Motor Vehicle License Tax.....	-	-	0.0%	1,407,716	39.1%
Real Estate Recordation.....	6,000,000	1,189,933	19.8%	862,522	16.1%
Admissions Tax.....	670,000	115,475	17.2%	97,661	12.9%
Other Local Taxes.....	4,809,090	14,634	0.3%	6,385	0.1%
Total Other Local Taxes	<u>\$ 135,488,090</u>	<u>\$ 13,018,858</u>	<u>9.6%</u>	<u>\$ 13,959,769</u>	<u>10.8%</u>
<b>Intergovernmental Revenues</b>					
Revenue from the Fed. Government.....	\$ 10,397,000	\$ 1,284,555	12.4%	\$ 1,315,412	14.3%
Personal Property Tax Relief from the Commonwealth.....	23,578,531	11,789,265	50.0%	11,789,265	50.0%
Revenue from the Commonwealth.....	23,564,515	5,101,173	21.6%	5,105,185	21.9%
Total Intergovernmental Revenues	<u>\$ 57,540,046</u>	<u>\$ 18,174,993</u>	<u>31.6%</u>	<u>\$ 18,209,862</u>	<u>32.5%</u>
<b>Other Governmental Revenues And Transfers In</b>					
Fines and Forfeitures.....	\$ 4,930,450	\$ 1,071,736	21.7%	\$ 1,057,432	21.3%
Licenses and Permits.....	2,615,350	727,564	27.8%	606,676	23.8%
Charges for City Services.....	15,790,462	3,813,864	24.2%	4,251,801	21.4%
Revenue from Use of Money & Prop.....	11,406,650	2,359,946	20.7%	2,349,822	43.3%
Other Revenue.....	2,016,285	817,554	40.5%	594,159	27.4%
Transfer from Other Funds.....	9,271,882	-	0.0%	-	0.0%
Total Other Governmental Revenues	<u>\$ 46,031,079</u>	<u>\$ 8,790,665</u>	<u>19.1%</u>	<u>\$ 8,859,890</u>	<u>21.1%</u>
<b>TOTAL REVENUE</b>	<u>\$ 761,542,268</u>	<u>\$ 64,881,335</u>	<u>8.5%</u>	<u>\$ 72,336,302</u>	<u>11.0%</u>
<b>Appropriated Fund Balance</b>					
General Fund.....	\$ 2,893,585	\$ -	\$ -	\$ -	-
Cash Capital					
Encumbrances And Other		-	-	-	-
Supplemental Appropriations....	4,360,247	-	-	-	-
<b>TOTAL</b>	<u>\$ 768,796,100</u>	<u>\$ 64,881,335</u>	<u>8.4%</u>	<u>\$ 72,336,302</u>	<u>11.0%</u>

**COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION  
GENERAL FUND  
FOR THE PERIODS ENDING SEPTEMBER 30, 2019 AND SEPTEMBER 30, 2018**

FUNCTION	B	C	D=C/B	F
	FY 2020	FY2020	%	FY2019
	APPROVED BUDGET	EXPENDITURES THRU 9/30/2019	OF BUDGET EXPENDED	EXPENDITURES THRU 9/30/2018
Legislative & Executive.....	\$ 3,420,083	\$ 710,623	20.8%	\$ 680,536
Judicial Administration.....	\$ 45,753,450	\$ 10,247,744	22.4%	\$ 10,171,146
<b>Staff Agencies</b>				
Communications	\$ 1,544,299	\$ 320,452	20.8%	\$ 270,978
Human Rights	905,803	223,007	24.6%	229,245
Information Technology Services.....	12,112,402	4,402,420	36.3%	3,490,989
Management & Budget.....	1,289,191	310,249	24.1%	276,702
Finance.....	13,636,052	2,593,912	19.0%	2,682,697
Performance and Accountability.....	524,512	166,635	31.8%	93,794
Internal Audit.....	442,003	53,056	12.0%	46,610
Human Resources.....	4,540,243	1,082,459	23.8%	927,101
Planning & Zoning.....	6,200,058	1,253,535	20.2%	1,305,671
Economic Development Activities.....	7,131,946	1,515,208	21.2%	1,416,189
City Attorney.....	3,018,893	951,979	31.5%	773,633
Registrar.....	1,335,337	258,611	19.4%	207,330
General Services.....	12,069,541	2,508,792	20.8%	2,669,714
<b>Total Staff Agencies</b>	\$ 64,750,280	\$ 15,640,315	24.2%	\$ 14,390,653
<b>Operating Agencies</b>				
Transportation & Environmental Services.....	\$ 24,122,255	\$ 4,477,519	18.6%	\$ 4,456,776
Project Implementation.....	-	269	0.0%	14,937
Fire.....	55,307,639	11,462,957	20.7%	11,224,099
Police.....	67,140,759	13,726,211	20.4%	13,648,474
Emergency Communications.....	8,178,881	2,036,219	24.9%	1,789,509
Code.....	33,060	1,347	4.1%	898
Transit Subsidies.....	21,760,499	5,517,728	25.4%	9,617,216
Housing.....	1,883,181	417,763	22.2%	387,158
Community and Human Services.....	14,569,180	3,371,127	23.1%	3,445,037
Health.....	8,320,647	2,082,687	25.0%	2,048,407
Historic Resources.....	3,431,620	757,792	22.1%	642,210
Recreation.....	23,855,374	5,585,902	23.4%	5,297,655
<b>Total Operating Agencies</b>	\$ 228,603,095	\$ 49,437,521	21.6%	\$ 52,572,376
<b>Education</b>				
Schools.....	\$ 231,669,496	\$ 31,655,726	13.7%	\$ 31,321,441
Other Educational Activities.....	16,128	4,032	25.0%	3,036
<b>Total Education</b>	\$ 231,685,624	\$ 31,659,758	13.7%	\$ 31,324,477
<b>Capital, Debt Service and Miscellaneous</b>				
Debt Service - City.....	\$ 35,530,695	\$ 18,522,034	52.1%	\$ 18,203,338
Debt Service - Schools.....	\$ 28,112,251	\$ 14,452,218	51.4%	\$ 12,178,181
Expenses on Refunding Bonds.....	-	-	0.0%	-
Non-Departmental.....	9,495,526	5,337,813	56.2%	4,599,207
General Cash Capital.....	40,031,577	-	0.0%	-
Contingent Reserves.....	799,170	-	0.0%	-
<b>Total Capital, Debt Service and Miscellaneous</b>	\$ 113,969,219	\$ 38,312,064	33.6%	\$ 34,980,726
<b>TOTAL EXPENDITURES</b>	\$ 688,181,751	\$ 146,008,025	21.2%	\$ 144,119,914
Cash Match (Transportation/DCHS/ and Transfers to the Special Revenue /Capital Projects Funds).....	\$ 58,216,301	\$ 192,272	0.0%	\$ -
Transfer to Library.....	7,115,754	13,462	0.2%	19,041
Transfer to DASH.....	15,282,278	11,820,068	0.0%	11,217,003
<b>TOTAL EXPENDITURES &amp; TRANSFERS</b>	\$ 768,796,086	\$ 158,033,827	20.6%	\$ 155,355,958
<b>Total Expenditures by Category</b>				
Salaries and Benefits.....	\$ 233,446,958	\$ 50,431,799	21.6%	\$ 50,240,690
Non Personnel (includes all school funds) .....	535,349,142	107,602,028	20.1%	105,115,270
<b>Total Expenditures</b>	\$ 768,796,100	\$ 158,033,827	20.6%	\$ 155,355,960

**City of Alexandria  
Investment Report**  
As of September 30, 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 September 30, 2019**

<b>Security Type</b>	<b>Balance (millions)</b>	<b>Allocation</b>
Local Government Investment Pool (LGIP)	\$168.1	68.1%
Virginia Investment Pool (VIP) 1 – 3 Year	22.3	9.0%
Virginia Investment Pool (VIP) Liquidity	11.0	4.4%
CDARS	41.7	16.9%
US Agency/Treasury Bonds	4.0	1.6%
<b>Total</b>	<b>\$247.1</b>	<b>100.0%</b>

**Return on Investment 1Q – FY 2020**

<b>Security Type</b>	<b>Balance (millions)</b>	<b>Yield (Weighted Average)</b>
Local Government Investment Pool (LGIP)	\$168.1	2.19%
Virginia Investment Pool (VIP) 1 – 3 Year	22.3	2.43%
Virginia Investment Pool (VIP) Liquidity	11.0	2.05%
CDARS	41.7	2.43%
US Agency/Treasury Bonds	4.0	2.38%
<b>Total</b>	<b>\$247.1</b>	<b>2.25%</b>

## Maturity

<b>Maturity Range</b>	<b>Balance (millions)</b>	<b>% of Portfolio</b>	<b>Average Yield</b>
0 – 1 Month	\$202.4	81.9%	2.21%
1-3 Month	12.9	5.23	2.38
3-6 Month	14.7	5.9	2.53
6-9 Month	8.1	3.3	2.55
9-12 Month	6.0	2.4	2.11
1-2 Years	2.0	0.8	2.17
2-3 Years	1.0	0.4	2.22
<b>Total</b>	<b>\$247.1</b>	<b>100%</b>	<b>2.25%</b>