



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.

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 5th. 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 15th. 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