



Legislation Text

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City of Alexandria, Virginia

MEMORANDUM

DATE: MARCH 4, 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 January 31, 2020.

ISSUE: Receipt of the Monthly Financial Report for the Period Ending January 31, 2020.

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.

REVENUES: 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 January 31, 2020, General Fund revenues totaled \$394.5 million, an increase of \$21.1 million or 5.6% above revenues collected at the same time in FY 2019. After seven months in FY 2020, approximately 50.7 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 \$52.5 million or 10.8 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. The next major tax type that is due is Business License taxes, which are due on March 1.

In other local taxes, local sales tax is trending 10.1 percent over collections in FY 2019. Sales tax revenue is remitted by the State, two months after it is collected. Through 7 months of the fiscal year, the City has received 5 months of local sales tax revenue. Recordation tax is also comparing favorably to FY 2019. Through

January 2020, collections reflect 66.6 percent of the budgeted amount and exceed collections for the same period in FY 2019 by 32.6 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.

With the presentation of the City Manager's Proposed FY 2021 Operating budget, the Monthly Financial Report includes a projection of total General Fund revenues for the year. Most categories of revenues are expected to meet or exceed the FY 2020 budgeted amount. Communication Sales and Use tax continues to decline each year due to consumer behavioral changes related to telecommunications and television. With the refunding of the City's Build America Bonds in 2017, the subsidy that is received from the federal government is being eliminated. The revenue is offset by lower costs for debt service on the new debt. Conversely, interest rates are significantly lower than assumed during the development of the FY 2020 budget and are resulting in lower Revenue from Use of Money and Property compared to FY 2019 and compared to the FY 2020 budgeted amount.

EXPENDITURES: As of January 31, 2020, General Fund expenditures totaled \$398.4 million, an increase of \$2.6 million compared to the same time period for FY 2019. Similar to the situation with revenues, no significant expenditure has occurred in the first seven months of Fiscal Year 2020 that is unbudgeted or unexpected. The most significant difference is the timing and source of payments. 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 a 15.0 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.

ATTACHMENTS:

Attachment 1: Comparative Expenditure Schedule for December 31, 2019

Attachment 2: Comparative Revenue Schedule for December 31, 2019

Attachment 3: Economic Indicators

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 JANUARY 31, 2020 AND JANUARY 31, 2019

| | A | B.1 | B | C=B/A | D | E |
|--|-----------------------|-----------------------|------------------------|------------------|------------------------|------------------|
| | FY 2020 | FY 2020 | FY2020 | FY2020 | FY2019 | FY2019 |
| | APPROVED | PROJECTED | REVENUES | % | REVENUES | % |
| | BUDGET | REVENUES | THRU 01/31/2020 | OF BUDGET | THRU 01/31/2019 | OF BUDGET |
| General Property Taxes | | | | | | |
| Real Property Taxes..... | \$ 462,848,143 | 469,688,542 | \$ 224,476,764 | 48.5% | \$ 219,048,575 | 49.0% |
| Personal Property Taxes..... | 56,926,910 | 56,939,090 | 52,513,948 | 92.2% | 47,389,453 | 93.3% |
| Penalties and Interest..... | 2,708,000 | 2,708,000 | 1,511,002 | 55.8% | 1,398,445 | 42.4% |
| Total General Property Taxes | <u>\$ 522,483,053</u> | <u>\$ 529,335,632</u> | <u>\$ 278,501,714</u> | <u>53.3%</u> | <u>\$ 267,836,473</u> | <u>53.5%</u> |
| Other Local Taxes | | | | | | |
| Local Sales and Use Taxes..... | \$ 28,800,000 | 30,900,000 | \$ 12,977,420 | 45.1% | \$ 11,782,624 | 42.5% |
| Consumer Utility Taxes..... | 12,000,000 | 12,600,000 | 6,070,814 | 50.6% | 4,966,515 | 42.1% |
| Communication Sales and Use Taxes..... | 9,200,000 | 8,710,000 | 3,782,879 | 41.1% | 3,894,251 | 39.3% |
| Business License Taxes..... | 34,378,000 | 37,003,000 | 2,216,381 | 6.4% | 2,252,614 | 6.5% |
| Transient Lodging Taxes..... | 12,800,000 | 13,260,000 | 6,478,401 | 50.6% | 6,126,510 | 46.2% |
| Restaurant Meals Tax..... | 24,231,000 | 24,960,000 | 12,866,119 | 53.1% | 12,109,332 | 50.1% |
| Tobacco Taxes..... | 2,600,000 | 2,600,000 | 1,212,188 | 46.6% | 1,317,875 | 47.1% |
| Motor Vehicle License Tax..... | - | - | - | 0.0% | 3,126,772 | 82.3% |
| Real Estate Recordation..... | 6,000,000 | 7,500,000 | 3,995,323 | 66.6% | 3,019,930 | 57.0% |
| Admissions Tax..... | 670,000 | 520,000 | 337,949 | 50.4% | 283,108 | 42.3% |
| Other Local Taxes..... | 4,809,090 | 4,840,000 | 469,321 | 9.8% | 383,166 | 8.1% |
| Total Other Local Taxes | <u>\$ 135,488,090</u> | <u>\$ 142,893,000</u> | <u>\$ 50,406,796</u> | <u>37.2%</u> | <u>\$ 49,262,697</u> | <u>35.4%</u> |
| Intergovernmental Revenues | | | | | | |
| Revenue from the Fed. Government..... | \$ 10,397,000 | 8,963,738 | \$ 4,511,532 | 43.4% | \$ 3,760,122 | 41.5% |
| Personal Property Tax Relief from the Commonwealth..... | 23,578,531 | 23,578,531 | 22,399,604 | 95.0% | 11,789,265 | 48.4% |
| Revenue from the Commonwealth..... | 23,621,515 | 24,344,204 | 12,295,598 | 52.1% | 12,033,453 | 51.0% |
| Total Intergovernmental Revenues | <u>\$ 57,597,046</u> | <u>\$ 56,886,473</u> | <u>\$ 39,206,734</u> | <u>68.1%</u> | <u>\$ 27,582,840</u> | <u>48.4%</u> |
| Other Governmental Revenues And Transfers In | | | | | | |
| Fines and Forfeitures..... | \$ 4,930,450 | 4,854,200 | \$ 2,587,685 | 52.5% | \$ 2,382,140 | 45.9% |
| Licenses and Permits..... | 2,615,350 | 2,229,500 | 823,710 | 31.5% | 1,238,459 | 47.4% |
| Charges for City Services..... | 15,790,462 | 15,972,769 | 11,674,883 | 73.9% | 11,714,171 | 53.9% |
| Revenue from Use of Money & Prop..... | 11,406,650 | 8,681,718 | 5,633,494 | 49.4% | 6,275,011 | 78.1% |
| Other Revenue..... | 2,591,285 | 2,016,285 | 1,406,445 | 54.3% | 1,179,041 | 63.6% |
| Transfer from Other Funds..... | 9,291,882 | 9,271,882 | 4,283,941 | 46.1% | 5,980,336 | 50.2% |
| Total Other Governmental Revenues | <u>\$ 46,626,079</u> | <u>\$ 43,026,354</u> | <u>\$ 26,410,159</u> | <u>56.6%</u> | <u>\$ 28,769,158</u> | <u>50.0%</u> |
| TOTAL REVENUE | <u>\$ 762,194,268</u> | <u>\$ 772,141,459</u> | <u>\$ 394,525,402</u> | <u>51.8%</u> | <u>\$ 373,451,168</u> | <u>49.9%</u> |
| Appropriated Fund Balance | | | | | | |
| General Fund..... | \$ 12,177,631 | 6,417,974 | \$ - | \$ - | \$ - | - |
| Cash Capital..... | - | - | - | - | - | - |
| Encumbrances And Other..... | 4,187,534 | - | - | - | - | - |
| Supplemental Appropriations..... | - | - | - | - | - | - |
| TOTAL | <u>\$ 778,559,433</u> | <u>\$ 778,559,433</u> | <u>\$ 394,525,402</u> | <u>50.7%</u> | <u>\$ 373,451,168</u> | <u>49.5%</u> |

**COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION
GENERAL FUND
FOR THE PERIODS ENDING JANUARY 31, 2020 AND JANUARY 31, 2019**

| FUNCTION | A | B | C=B/A | D | E |
|--|-------------------------------|---|----------------------------|---|----------------------------|
| | FY 2020 APPROVED BUDGET | FY2020 EXPENDITURES THRU 01/31/2020 | % OF BUDGET EXPENDED | FY2019 EXPENDITURES THRU 01/31/2019 | % OF BUDGET EXPENDED |
| | | \$ | \$ | | \$ |
| Legislative & Executive..... | 3,495,056 | 1,852,894 | 53.0% | 1,673,499 | 52.6% |
| Judicial Administration..... | 46,006,276 | 26,217,918 | 57.0% | 25,531,635 | 56.8% |
| Staff Agencies | | | | | |
| Communications..... | 1,544,294 | 750,918 | 48.6% | 678,928 | 45.2% |
| Human Rights..... | 905,798 | 527,505 | 58.2% | 532,296 | 61.5% |
| Information Technology Services..... | 12,123,957 | 7,408,299 | 61.1% | 6,893,026 | 57.2% |
| Management & Budget..... | 1,314,181 | 787,169 | 59.9% | 688,527 | 54.7% |
| Finance..... | 13,635,967 | 6,885,550 | 50.5% | 6,583,939 | 43.2% |
| Performance and Accountability..... | 535,509 | 333,370 | 62.3% | 209,588 | 51.2% |
| Internal Audit..... | 442,002 | 127,422 | 28.8% | 129,174 | 30.1% |
| Human Resources..... | 4,689,778 | 2,404,112 | 51.3% | 2,181,068 | 49.5% |
| Organizational Excellence | 150,446 | - | 0.0% | - | 0.0% |
| Planning & Zoning..... | 6,390,022 | 3,272,517 | 51.2% | 3,213,610 | 53.4% |
| Economic Development Activities..... | 7,131,946 | 4,749,367 | 66.6% | 4,248,618 | 73.4% |
| City Attorney..... | 3,882,658 | 2,276,226 | 58.6% | 1,909,196 | 61.8% |
| Registrar..... | 1,335,329 | 670,292 | 50.2% | 662,835 | 53.8% |
| General Services..... | 12,255,015 | 6,360,908 | 51.9% | 7,480,165 | 50.8% |
| Total Staff Agencies | \$ 66,336,902 | \$ 36,553,656 | 55.1% | \$ 35,410,970 | 54.6% |
| Operating Agencies | | | | | |
| Transportation & Environmental Services..... | 24,190,851 | 12,223,435 | 50.5% | 15,011,046 | 53.2% |
| Project Implementation..... | - | - | 0.0% | 2,598 | 0.0% |
| Fire..... | 55,307,491 | 30,234,088 | 54.7% | 30,236,389 | 56.0% |
| Police..... | 67,140,443 | 36,755,732 | 54.7% | 36,293,857 | 55.6% |
| Emergency Communications..... | 8,498,862 | 4,513,555 | 53.1% | 4,025,147 | 51.4% |
| Code..... | 33,060 | 3,565 | 10.8% | 2,694 | 11.2% |
| Transit Subsidies..... | 21,760,499 | 16,031,383 | 73.7% | 16,178,268 | 93.3% |
| Housing..... | 1,909,924 | 1,034,642 | 54.2% | 960,304 | 51.9% |
| Community and Human Services..... | 14,574,157 | 8,189,790 | 56.2% | 7,913,323 | 58.1% |
| Health..... | 8,363,542 | 5,698,078 | 68.1% | 5,906,467 | 67.8% |
| Historic Resources..... | 3,601,582 | 1,846,774 | 51.3% | 1,623,240 | 48.6% |
| Recreation..... | 24,038,373 | 13,378,166 | 55.7% | 12,779,662 | 55.3% |
| Total Operating Agencies | \$ 229,418,784 | \$ 129,909,208 | 56.6% | \$ 130,932,995 | 58.6% |
| Education | | | | | |
| Schools..... | 231,669,496 | 108,017,368 | 46.6% | 111,914,651 | 50.0% |
| Other Educational Activities..... | 16,128 | 8,064 | 50.0% | 9,107 | 75.0% |
| Total Education | \$ 231,685,624 | \$ 108,025,432 | 46.6% | \$ 111,923,758 | 50.0% |
| Capital, Debt Service and Miscellaneous | | | | | |
| Debt Service - City..... | 35,530,695 | 25,987,524 | 73.1% | 30,070,912 | 74.7% |
| Debt Service - Schools..... | 28,112,251 | 19,943,052 | 70.9% | 14,848,840 | 51.3% |
| Non-Departmental..... | 9,795,496 | 7,024,399 | 71.7% | 6,226,006 | 64.3% |
| General Cash Capital..... | 43,180,142 | 21,590,071 | 50.0% | 18,483,348 | 50.0% |
| Contingent Reserves..... | 749,170 | - | 0.0% | - | 0.0% |
| Total Capital, Debt Service and Miscellaneous | \$ 117,367,754 | \$ 74,545,046 | 63.5% | \$ 69,629,106 | 58.2% |
| TOTAL EXPENDITURES | \$ 694,310,396 | \$ 377,104,154 | 54.3% | \$ 375,101,963 | 5520.0% |
| Cash Match (Transportation/DCHS/ and Transfers to the Special Revenue /Capital Projects Funds)..... | 52,973,302 | 6,262,292 | 11.8% | 8,809,423 | 15.7% |
| Transfer to Housing..... | 8,867,775 | 2,697,288 | 30.4% | - | - |
| Transfer to Library..... | 7,115,682 | 135,035 | 1.9% | 27,035 | 0.4% |
| Transfer to DASH..... | 15,292,278 | 12,152,500 | 79.5% | 11,776,380 | 95.6% |
| TOTAL EXPENDITURES & TRANSFERS | \$ 778,559,433 | \$ 398,351,267 | 51.2% | \$ 395,714,801 | 52.4% |
| \$ | - | | | | |
| Total Expenditures by Category | | | | | |
| Salaries and Benefits..... | 233,893,215 | 127,775,395 | 54.6% | 126,304,737 | 55.3% |
| Non Personnel (includes all school funds) | 544,666,218 | 270,575,872 | 49.7% | 269,410,064 | 51.1% |
| TOTAL EXPENDITURES | \$ 778,559,433 | \$ 398,351,267 | 51.2% | \$ 395,714,801 | 52.4% |

Economic Indicators

2020 Real Property Assessments:

- On February 11, 2020, the City released the Assessment report for Calendar Year 2020. The City's \$42.7 billion tax base provides the most significant source of revenue to support government operations. In 2020, the total tax base increased by 4.15 percent, from \$41.0 billion.
- Locally-assessed properties increased by \$\$1.7 billion compared to January 1, 2019, which was distributed between residential properties (\$1.2 million) and the commercial tax base (\$476 million).
- During the year there are administrative changes, as well as adjustments through the Board of Equalization. When comparing the changes to the total tax base at the end of December that reflects changes that occurred throughout the year, \$1.46 billion was due to appreciation and \$428.6 million was due to new growth or construction.
- The average single family home increased 4.13%, to \$800,025, while the average condominium increased by 5.84 percent, to \$348,234.
- The total number of residential units in the City grew from 41,468 to 41,500. The number of properties with a median assessment between \$250,000 and \$499,999 increased from 11,079 to 12,001, and the number of units with a median assessment between \$100,000 and \$249,000 declined from 9,081 to 7,269. In 2019 there were 34 residential properties assessed at \$100,000 or less compared to only 14 in 2020.
- The commercial tax base grew by 2.80 percent, or \$475.9 million, compared to 2019.
- The commercial growth was fueled by increases across several classes of property, including commercial multi-family rental and general commercial. Apartments increased by 4.98 percent in 2020. General commercial properties increased by more than 10 percent. Office properties had a slight decline of 0.20 percent and Hotel/Motels and Extended Stay properties declined by 14.71 due to decreased income in 2018 and changes to two properties from Hotel/Motel to Multi-family apartments.