



Legislation Text

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City of Alexandria, Virginia

MEMORANDUM

DATE: NOVEMBER 2, 2021

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, 2021.

ISSUE: Receipt of the Monthly Financial Report for the Period Ending September 30, 2021.

RECOMMENDATION: That City Council receives the Monthly Financial Report.

BACKGROUND: The following discussion is a summary of the Monthly Financial Report for this period. Detailed comparative schedules are attached.

As of September 30, 2021, General Fund revenues totaled \$69.7 million, an increase of \$3.9 million of 5.9 percent compared to the same period in FY 2021. It is important to note that revenues collected in July and some of the revenue collected in August are for taxes owed in June and are therefore accrued to the prior fiscal year. Timing issues of tax receipts are also much more pronounced in the early months of the fiscal year. For example, several Consumer Utility payments were received in August outside of the accrual period and are reflected in FY 2022. In FY 2021, the payments were received on time and reflected in the appropriate fiscal year. The first significant tax revenue in FY 2022 is traditionally due on October 5, when personal property taxes for vehicle and business personal property were due. The bills were mailed in mid to late August and payments processed in August can vary significantly. In FY 2021, through September 2020, the City had received \$25.8 million of personal property tax revenue. For the same period in FY 2022, the City has received \$27.2 million.

Revenues do often not track consistently with a monthly 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 three months of the fiscal year, no category has sufficient receipts to establish a clear pattern, however when the last three months of FY 2021 are taken into account, several categories, including Business License Tax, Restaurant Meals, and Sales Tax Revenue are reflecting positive condition. Transient Occupancy Tax collections underperformed even the low expectations in FY 2021, but are now showing positive indications in FY 2022. Staff is working on the FY 2022 preliminary revenue projections and will complete them and present the findings at Council's November 6 Retreat. Attachment 1 provides a preliminary comparison of FY 2021 unaudited revenue totals compared to the FY 2021 Approved Budget.

In addition to the revenues and expenditure schedules, Attachment 3 provides a comparison of the City's primary local taxes related to consumer spending. Sales Tax revenue continues to exceed prior years. In total, in FY 2021, Sales Tax revenue exceeded the prior year by \$2.3 million, or 7.7 percent. July 2021 Sales Tax revenue exceeds July 2020 revenues by 9 percent. A large portion of the

sales tax increase can be attributed to on-line purchases where the sales tax is designated for the jurisdiction where the home delivery of the online purchase occurred. For in store purchases, the sales tax is attributed to the jurisdiction where the store is located. This shift in the situs of the taxable sale benefitted Alexandria as City residents' out of jurisdiction in store shopping dropped significantly during the pandemic, while internet shopping with home delivery increased substantially.

With two months of collections in FY 2022, Restaurant Meals tax revenues are nearly 25 percent of budget, or nearly \$1.0 million above where they were in the first two months of FY 2021. In the past three months, going back to June 2021, Meals Tax Revenue exceeds revenues for the same pre-pandemic months in 2019. Transient Lodging is also now showing signs of improvement. Through the first two months of FY 2022, revenues exceed the same period in FY 2021 by \$0.8 million or 127.7 percent. During the pandemic in FY 2021, Transient Lodging tax revenue was below the prior (pre-pandemic) year by approximately 70 percent. Although these revenues are still below pre-pandemic levels, the gap is now approximately 35 percent. Weekend stays from leisure travel is largely driving the revenue growth, as business travel during the week remains low.

Attachment 4 provides a snapshot of the City's investment portfolio. Extremely low interest rates continue to exist across all security types and maturities. Low interest rates are evident in Use of Money and Property in Interest on General Fund Investments. The FY 2022 Approved Budget in this category assumes these lower interest earnings throughout the year.

As of September 30, 2021, FY 2022 General Fund expenditures totaled \$158.7 million, an increase of \$4.5 million or 2.9 percent over the same time period for FY 2021. Similar to the situation with revenues, it is too soon to make any definitive economic interpretation from the activity that has occurred in the first three months of the fiscal year. No significant expenditure has occurred in the first quarter of Fiscal Year 2022 that is unbudgeted or unexpected. The most significant difference is the timing and source of payments. For example, the City's contribution to WMATA is funded from multiple sources. Last year, General Fund resources were conserved, and a greater portion of the contribution came from other revenue sources compared to this year in which the budgeted contributions are being utilized. In the Non-Departmental account, Pension Supplement payments were made earlier in FY 2021.

ATTACHMENTS:

- Attachment 1: Comparative Statement of General Fund Revenues
- Attachment 2: Comparative Statement of General Fund Expenditures
- Attachment 3: Consumer Spending comparison charts
- Attachment 4: 1st Quarter Investment Report

STAFF:

Laura Triggs, Deputy City Manager
Kendel Taylor, Director, Finance Department
Morgan Routt, Director, Office and Management and Budget

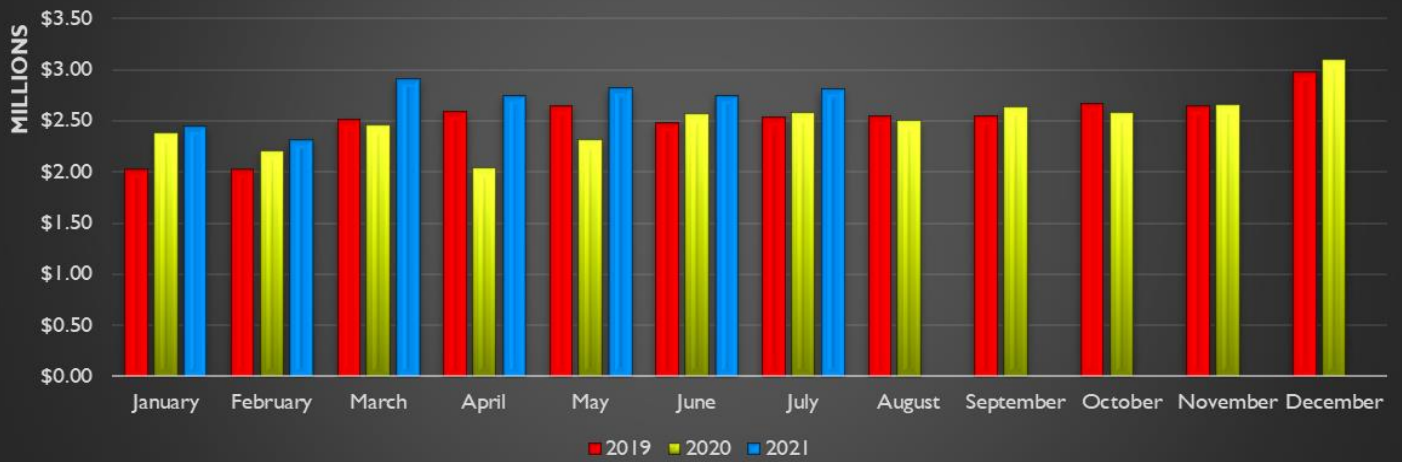
CITY OF ALEXANDRIA, VIRGINIA
COMPARATIVE STATEMENT OF REVENUES
GENERAL FUND
FOR THE PERIODS ENDING SEPTEMBER 30, 2021 AND SEPTEMBER 30, 2020

	B	C	D=C/B	E	E1	F	G=F/E
	FY 2022	FY 2022		FY 2021	FY 2021	FY 2021	
	APPROVED	REVENUES	%	APPROVED	UNAUDITED	REVENUES	%
	BUDGET	THRU 9/30/2021	OF BUDGET	BUDGET	REVENUE	THRU 9/30/2020	OF TOTAL
General Property Taxes							
Real Property Taxes.....	\$ 483,311,548	\$ 4,048,846	0.8%	\$ 477,554,000	\$ 478,601,885	\$ 4,153,638	0.9%
Personal Property Taxes.....	55,126,000	27,161,700	49.3%	55,213,000	52,984,935	25,801,926	46.7%
Penalties and Interest.....	2,600,000	300,062	11.5%	2,808,000	3,183,207	159,322	5.7%
Total General Property Taxes	\$ 541,037,548	\$ 31,510,608	5.8%	\$ 535,575,000	\$ 534,770,026	\$ 30,114,886	5.6%
Other Local Taxes							
Local Sales and Use Taxes.....	\$ 31,720,000	\$ 2,813,622	8.9%	\$ 26,194,000	\$ 32,258,892	\$ 2,580,134	9.9%
Consumer Utility Taxes.....	11,760,000	2,000,769	17.0%	12,700,000	11,534,144	1,356,243	10.7%
Communication Sales and Use Taxes.....	7,600,000	1,261,482	16.6%	8,275,000	8,106,878	1,438,202	17.4%
Business License Taxes.....	34,135,900	357,173	1.0%	22,000,000	37,042,157	936,992	4.3%
Transient Lodging Taxes.....	6,500,000	1,513,665	23.3%	10,833,000	4,762,880	664,675	6.1%
Restaurant Meals Tax.....	19,980,000	4,742,508	23.7%	20,500,000	21,934,868	3,787,150	18.5%
Tobacco Taxes.....	1,957,000	208,858	10.7%	2,600,000	2,137,890	381,199	14.7%
Motor Vehicle License Tax.....	-	1,735	0.0%	-	25,676	6,093	0.0%
Real Estate Recordation.....	8,645,000	1,490,502	17.2%	5,900,000	9,016,670	2,074,953	35.2%
Admissions Tax.....	124,000	51,445	41.5%	500,000	104,221	3,714	0.7%
Other Local Taxes.....	4,595,000	198,480	4.3%	5,109,090	4,581,840	226,395	4.4%
Total Other Local Taxes	\$ 127,016,900	\$ 14,640,240	11.5%	\$ 114,611,090	\$ 131,506,114	\$ 13,455,750	11.7%
Intergovernmental Revenues							
Revenue from the Fed. Government.....	\$ 7,932,000	\$ 546,892	6.9%	\$ 11,109,303	\$ 10,969,663	\$ 1,273,474	11.5%
Personal Property Tax Relief from the Commonwealth.....	23,578,531	11,789,265	50.0%	23,578,531	23,578,531	13,325,782	56.5%
Revenue from the Commonwealth.....	25,124,000	5,208,727	20.7%	23,547,855	25,004,621	3,398,964	14.4%
Total Intergovernmental Revenues	\$ 56,634,531	\$ 17,544,884	31.0%	\$ 58,235,689	\$ 59,552,814	\$ 17,998,220	30.9%
Other Governmental Revenues And Transfers In							
Fines and Forfeitures.....	\$ 3,762,000	\$ 626,736	16.7%	\$ 3,502,615	3,076,876	\$ 809,380	23.1%
Licenses and Permits.....	2,136,550	700,403	32.8%	2,339,631	4,185,341	579,329	24.8%
Charges for City Services.....	13,724,495	3,670,987	26.7%	14,308,344	10,681,086	1,603,688	11.2%
Revenue from Use of Money & Prop.....	4,139,167	611,538	14.8%	5,498,250	3,149,630	990,332	18.0%
Other Revenue.....	2,115,013	424,158	20.1%	2,019,966	1,921,463	273,544	13.5%
Transfer from Other Funds.....	10,142,543	-	0.0%	9,246,427	9,246,427	-	0.0%
Total Other Governmental Revenues	\$ 36,019,768	\$ 6,033,821	16.8%	\$ 36,915,233	\$ 32,260,823	\$ 4,256,273	11.5%
TOTAL REVENUE	\$ 760,708,747	\$ 69,729,553	9.2%	\$ 745,337,012	\$ 758,089,778	\$ 65,825,129	8.8%
Appropriated refunding bond proceeds.....					\$ 49,887,196		
Appropriated Fund Balance							
Operating Budget	\$ 10,000,000	\$ -	\$ -	\$ 7,939,135	\$ -	\$ -	-
Cash Capital.....							
Encumbrances And Other.....							
Supplemental Appropriations.....	-	-	-	-	-	-	-
TOTAL	\$ 770,708,747	\$ 69,729,553	9.0%	\$ 753,276,147	\$ 807,976,974	\$ 65,825,129	8.7%

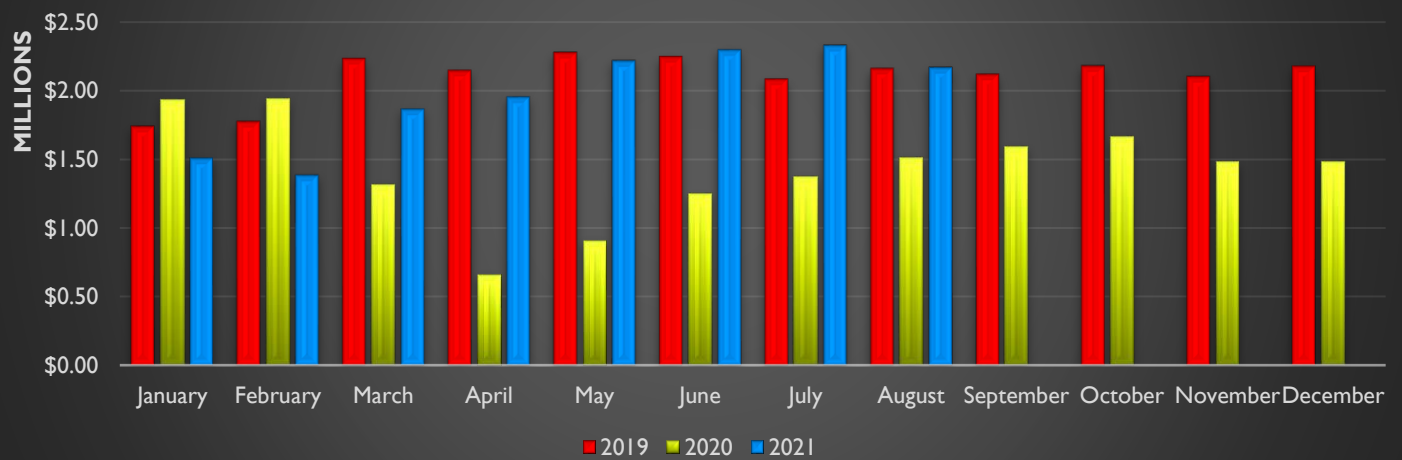
**COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION
 GENERAL FUND
 FOR THE PERIODS ENDING SEPTEMBER 30, 2021 AND SEPTEMBER 30, 2020**

FUNCTION	B	C	D=C/B	E	F	G=F/E
	FY 2022	FY2022	%	FY 2021	FY2021	%
	APPROVED BUDGET	EXPENDITURES THRU 9/30/2021	OF BUDGET EXPENDED	APPROVED BUDGET	EXPENDITURES THRU 9/30/2020	OF BUDGET EXPENDED
Legislative & Executive.....	\$ 4,160,239	\$ 1,008,019	24.2%	\$ 3,491,191	\$ 769,522	22.0%
Judicial Administration.....	\$ 43,736,808	\$ 9,787,867	22.4%	\$ 45,325,870	\$ 10,115,065	22.3%
Staff Agencies						
Communications.....	\$ 1,576,965	\$ 272,356	17.3%	\$ 1,547,230	\$ 332,780	21.5%
Human Rights.....	1,008,210	233,184	23.1%	940,880	218,833	23.3%
Information Technology Services.....	13,343,563	4,128,194	30.9%	12,664,588	4,056,011	32.0%
Management & Budget.....	1,475,268	237,575	16.1%	1,275,096	263,167	20.6%
Finance.....	12,646,010	2,447,083	19.4%	12,319,067	2,552,331	20.7%
Performance and Accountability.....	655,709	169,363	25.8%	509,308	164,104	32.2%
Internal Audit.....	396,605	73,136	18.4%	306,170	69,971	22.9%
Human Resources.....	4,662,400	992,597	21.3%	4,012,280	940,949	23.5%
Planning & Zoning.....	6,383,717	1,259,929	19.7%	5,777,856	1,259,113	21.8%
Economic Development Activities.....	7,011,340	1,654,181	23.6%	6,923,390	1,630,550	23.6%
City Attorney.....	3,582,295	689,932	19.3%	3,251,445	673,881	20.7%
Registrar.....	1,329,387	258,113	19.4%	1,459,825	396,057	27.1%
Organizational Excellence	177,448	28,587	16.1%	152,429	28,752	-
General Services.....	10,670,321	2,161,855	20.3%	10,950,902	2,085,847	19.0%
Total Staff Agencies	\$ 64,919,238	\$ 14,606,085	22.5%	\$ 62,090,466	\$ 14,672,346	23.6%
Operating Agencies						
Transportation & Environmental Services.....	\$ 23,831,644	\$ 4,135,050	17.4%	\$ 21,423,671	\$ 4,108,897	19.2%
Project Implementation.....	-	6,289	0.0%	-	25	0.0%
Fire.....	52,242,578	10,975,462	21.0%	51,683,050	10,327,763	20.0%
Police.....	60,222,046	12,919,406	21.5%	62,042,696	12,714,115	20.5%
Community Policing Review.....	288,866	-	-	-	-	-
Emergency Communications.....	9,083,917	2,032,964	22.4%	8,727,703	2,200,265	25.2%
Code.....	-	-	0.0%	24,000	898	3.7%
Transit Subsidies.....	19,255,706	4,588,461	23.8%	20,658,367	293,054	1.4%
Housing.....	1,814,506	402,855	22.2%	1,757,228	426,389	24.3%
Community and Human Services.....	15,460,024	3,568,116	23.1%	13,847,042	3,007,273	21.7%
Health.....	8,823,817	2,274,104	25.8%	9,442,886	2,127,921	22.5%
Historic Resources.....	3,533,997	738,592	20.9%	3,295,795	810,971	24.6%
Recreation.....	24,419,339	5,222,320	21.4%	23,063,820	4,552,351	19.7%
Total Operating Agencies	\$ 218,976,440	\$ 46,863,620	21.4%	\$ 215,966,258	\$ 40,569,922	18.8%
Education						
Schools.....	\$ 239,437,296	\$ 32,324,035	13.5%	\$ 234,037,296	\$ 31,304,223	13.4%
Other Educational Activities.....	15,785	3,946	25.0%	16,009	4,002	25.0%
Total Education	\$ 239,453,081	\$ 32,327,981	13.5%	\$ 234,053,305	\$ 31,308,225	13.4%
Capital, Debt Service and Miscellaneous						
Debt Service - City.....	\$ 36,851,668	\$ 22,351,137	60.7%	\$ 37,288,071	\$ 22,875,139	61.3%
Debt Service - Schools.....	\$ 28,633,966	17,366,967	60.7%	28,578,698	\$ 17,335,934	60.7%
Expenses on Refunding Bonds.....	-	-	0.0%	-	-	0.0%
Non-Departmental.....	\$ 10,515,759	3,305,703	31.4%	13,432,612	4,603,903	16.5%
General Cash Capital.....	\$ 34,424,271	-	0.0%	27,948,743	-	0.0%
Contingent Reserves.....	604,170	-	0.0%	-	-	0.0%
Total Capital, Debt Service and Miscellaneous	\$ 111,029,834	\$ 43,023,806	38.7%	\$ 107,248,124	\$ 44,814,976	41.8%
TOTAL EXPENDITURES	\$ 682,275,640	\$ 147,617,378	21.6%	\$ 668,175,214	\$ 142,250,056	21.3%
Cash Match (Transportation/DCHS/ and Transfers to Special Revenue /Capital Projects Funds)...	\$ 55,939,481	-	0.0%	\$ 60,201,280	\$ 11,791	0.0%
Transfer to Housing.....	4,588,522	-	0.0%	-	-	0.0%
Transfer to Library.....	7,556,858	1,238	0.0%	7,175,971	15,283	0.2%
Transfer to DASH.....	20,348,446	11,118,391	54.6%	17,723,682	11,941,138	67.4%
TOTAL EXPENDITURES & TRANSFERS	\$ 770,708,947	\$ 158,737,007	20.6%	\$ 753,276,147	\$ 154,218,268	20.5%
Total Expenditures by Category						
Salaries and Benefits.....	\$ 231,771,262	\$ 47,190,437	20.4%	\$ 228,904,844	\$ 47,719,807	20.8%
Non Personnel (includes all school funds)	538,937,685	111,546,569	20.7%	524,371,303	106,498,433	20.3%
Total Expenditures	\$ 770,708,947	\$ 158,737,007	20.6%	\$ 753,276,147	\$ 154,218,240	20.5%

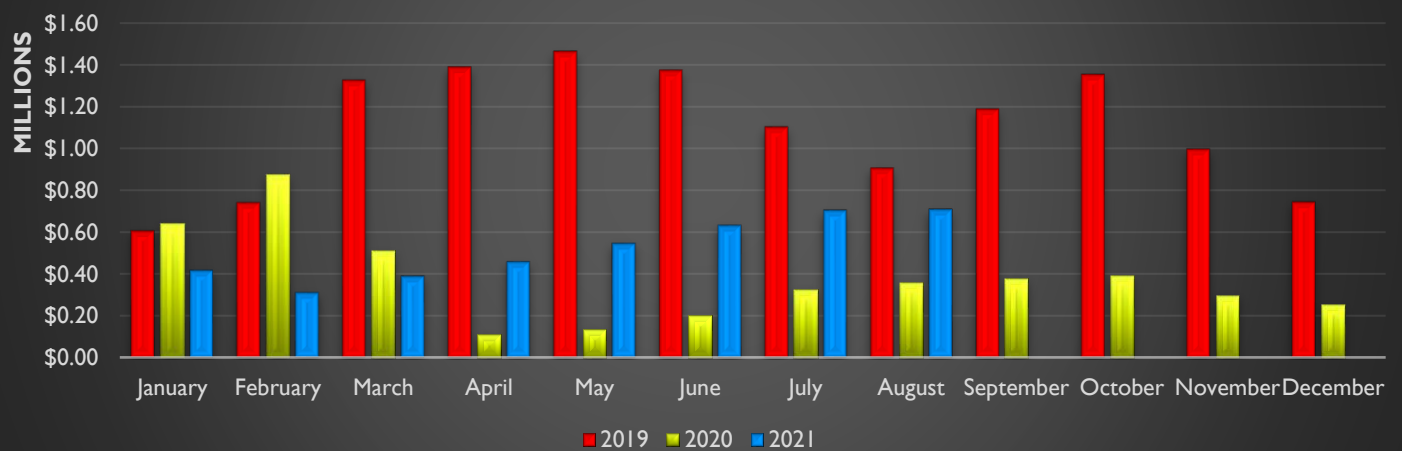
Sales Tax Monthly Comparison 2019-2020-2021



Meals Tax Monthly Comparison 2019-2020-2021



Transient Lodging Tax Monthly Comparison 2019-2020-2021



City of Alexandria
Investment Report
As of December 31, 2020

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:

- Director of Finance – Kendel Taylor
- Assistant Director of Finance/Revenue – Kevin Greenlief
- 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, 2021

Security Type	Balance (millions)	Allocation
Local Government Investment Pool (LGIP)	\$351.9	84.7%
US Agency/Treasury Bonds	49.0	11.8%
CDARS	9.5	2.3%
Virginia Investment Pool (VIP) Liquidity	5.2	1.2%
Total	\$346.8	100.0%

Return on Investment 1Q – FY 2022

Security Type	Balance (millions)	Yield (Weighted Average)
Local Government Investment Pool (LGIP)	\$351.9	0.06%
US Agency/Treasury Bonds	49.0	0.38%
CDARS	9.5	0.27%
Virginia Investment Pool (VIP) Liquidity	5.2	0.07%
Total	\$346.8	0.10%