



Legislation Text

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City of Alexandria, Virginia

MEMORANDUM

DATE: MAY 7, 2024

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

THROUGH: JAMES F. PARAJON, CITY MANAGER /s/

FROM: KENDEL TAYLOR, DIRECTOR OF FINANCE

DOCKET TITLE:

Consideration of the Monthly Financial Report for the Period Ending March 31, 2024.

ISSUE: Receipt of the Monthly Financial Report for the Period Ending March 31, 2024.

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 March 31, 2024, General Fund revenues totaled \$535.9 million, an increase of \$20.6 million, or 4.0 percent, compared to the same period in FY 2023. There are no significant variations in receipts through nine months of the fiscal year that are due to anything but timing billing, posting and accruals. It is important to note that several revenue categories lag by one or two months (e.g., the City has only received 7 months of Sales Tax revenue and 8 months of other categories, such as Transient Lodging and Restaurant Meals Tax Revenue).

Revenue may not track consistently with a monthly calendar since many revenue sources have due dates that do not occur evenly throughout the year. Transient Lodging and Restaurant Meal tax revenues continue to reflect post pandemic recovery trends. It is interesting to note that in FY 2024 Short-Term Rental accounts for approximately 27 percent of the total Transient Lodging revenue, which is consistent with FY 2023. The rate of growth is much more pronounced in FY 2024, due to the length of time it took hotels to recover from the pandemic. Traditional hotels are showing a year over year growth of 31.6 percent compared to FY 2023, and Short-Term Rentals are up 33 percent compared to FY 2023.

Business License taxes are due on March 1 each year. Through March 2024, the City has collected \$39.1 million of Business License tax revenue, which represents 98.1 percent of the budgeted amount. Compared to FY 2023, Business License Tax revenue through March 2023 totaled \$37.0 million, which represents a year over year increase of 5.6 percent.

Although a relatively small category, Tobacco Tax revenue continues to decline. This is a trend that has been seen across most localities. In addition to the declines due to health awareness campaigns, the proliferation of non-taxable options (vaping) is presumed to be a contributor to these declines.

In FY 2024 the largest revenue source, real estate tax, is remitted twice per year and aligns closely with real estate tax revenue from the same period in FY 2023. Real Estate tax revenue was due to the City on November 15. Through March 31, 2024, the City has collected \$260.5 million or 49.0 percent of the budgeted amount. This is comparable to FY 2023 when the City had collected \$251.9 million as of March 31, 2023, or 48.9 percent of the budgeted amount. Personal Property tax revenue, including business personal property, is trending ahead of

FY 2023. Through nine months of the fiscal year, \$67.4 million reflects more than 100 percent of the budgeted amount compared to \$63.6 million in FY 2023, which was 95.3 percent of the budgeted amount. The higher interest rates that began in FY 2023 are continuing in FY 2024. Revenue from Use of Money and Property exceeds collections through the same period in FY 2023 by more than \$6.6 million or 43.6 percent. Attachment 3 provides the City's 3rd quarter investment report.

As of March 31, 2024, General Fund expenditures totaled \$541.1 million, a difference of \$42.2 million, or 8.5 percent more than the same time period for FY 2023. Similar to the situation with revenues, no significant expenditure has occurred in the first nine months of Fiscal Year 2024 that is unbudgeted or unexpected. The most significant difference is the timing of payments (Transit Subsidies and the Transfers to DASH and the Libraries) and proportional increases in spending due to budget increases and decreases (cash capital and debt service). The timing of payments and increases in personnel costs are the main driver of variances in Judicial Administration, Communications, Police and Information Technology Services. General Services expenditures are significantly higher in FY 2024 compared to FY 2023 due to the full year costs of maintenance at 4850 Mark Center Drive. In addition, in FY 2023, several departments had large appropriations of General Funds added to their budget in the fall as ARPA funds were shifted. That one-time event creates a distorted comparison of percentage of budget expended between the two years. City Council will be presented with a Supplemental Appropriation Ordinance in May, and June if necessary, to make transfers between departments to provide sufficient resources for departments whose vacancy savings budget reduction was greater than their actual turnover experience or where personnel costs related to new hires, workers compensation or leave payouts for retiring employees cannot be absorbed within their current budget.

ATTACHMENTS:

Attachment 1: Comparative Statement of General Fund Revenues

Attachment 2: Comparative Statement of General Fund Expenditures

Attachment 3: Investment Report for 3rd Quarter of FY 2024

STAFF:

Morgan Routt, Director, Office and Management and Budget

CITY OF ALEXANDRIA, VIRGINIA
COMPARATIVE STATEMENT OF REVENUES
GENERAL FUND
FOR THE PERIODS ENDING MARCH 31, 2024 AND MARCH 31, 2023

| | B | B.1 | C | D=C/B | E | F | G=F/E |
|--|-----------------------|-----------------------|-----------------------|------------------|-----------------------|-----------------------|-----------------|
| | FY 2024 | FY 2024 | FY2024 | % | FY 2023 | FY2023 | % |
| | APPROVED | PROJECTED | REVENUES | OF BUDGET | FINAL | REVENUES | OF TOTAL |
| | BUDGET | REVENUES | THRU 3/31/2024 | OF BUDGET | BUDGET | THRU 3/31/2023 | OF TOTAL |
| General Property Taxes | | | | | | | |
| Real Property Taxes..... | \$ 532,076,175 | \$ 526,631,458 | \$ 260,520,573 | 49.0% | \$ 514,554,739 | \$ 251,854,174 | 48.9% |
| Personal Property Taxes..... | 66,313,000 | 71,140,000 | 67,373,166 | 101.6% | 66,776,000 | 63,625,785 | 95.3% |
| Penalties and Interest..... | 3,358,050 | 3,765,001 | 2,906,485 | 86.6% | 3,199,600 | 2,592,152 | 81.0% |
| Total General Property Taxes | \$ 601,747,225 | \$ 601,536,459 | \$ 330,800,223 | 55.0% | \$ 584,530,339 | \$ 318,072,112 | 54.4% |
| Other Local Taxes | | | | | | | |
| Local Sales and Use Taxes..... | \$ 39,000,000 | \$ 39,372,551 | \$ 23,391,967 | 60.0% | \$ 37,440,000 | \$ 23,418,091 | 62.5% |
| Consumer Utility Taxes..... | 12,020,000 | 12,020,000 | 7,557,432 | 62.9% | 11,760,000 | 8,739,009 | 74.3% |
| Communication Sales and Use Taxes..... | 6,810,000 | 7,000,000 | 4,738,331 | 69.6% | 7,245,080 | 4,995,343 | 68.9% |
| Business License Taxes..... | 39,824,300 | 39,824,300 | 39,077,557 | 98.1% | 39,824,300 | 36,999,516 | 92.9% |
| Transient Lodging Taxes..... | 11,200,000 | 13,360,000 | 8,570,412 | 76.5% | 9,500,000 | 6,366,442 | 67.0% |
| Restaurant Meals Tax..... | 31,200,000 | 31,700,000 | 20,242,685 | 64.9% | 27,600,000 | 19,275,112 | 69.8% |
| Tobacco Taxes..... | 2,030,000 | 1,948,000 | 1,136,918 | 56.0% | 2,100,000 | 1,384,568 | 65.9% |
| Real Estate Recordation..... | 3,926,000 | 2,811,000 | 2,291,335 | 58.4% | 8,645,000 | 2,732,970 | 31.6% |
| Admissions Tax..... | 313,000 | 441,600 | 290,468 | 92.8% | 261,000 | 239,567 | 91.8% |
| Other Local Taxes..... | 3,848,000 | 3,705,360 | 939,220 | 24.4% | 4,103,000 | 729,909 | 17.8% |
| Total Other Local Taxes | \$ 150,171,300 | \$ 152,182,811 | \$ 108,236,324 | 72.1% | \$ 148,478,380 | \$ 104,885,312 | 70.6% |
| Intergovernmental Revenues | | | | | | | |
| Revenue from the Fed. Government..... | \$ 7,944,000 | \$ 6,944,000 | \$ 4,604,035 | 58.0% | \$ 7,944,000 | \$ 4,669,675 | 58.8% |
| Personal Property Tax Relief from the Commonwealth..... | 23,578,531 | 23,578,531 | 23,106,960 | 98.0% | 23,578,531 | 23,106,960 | 98.0% |
| Revenue from the Commonwealth..... | 27,422,507 | 30,461,357 | 18,271,265 | 66.6% | 26,001,491 | 20,396,027 | 78.4% |
| Total Intergovernmental Revenues | \$ 58,945,038 | \$ 60,983,888 | \$ 45,982,260 | 78.0% | \$ 57,524,022 | \$ 48,172,662 | 83.7% |
| Other Governmental Revenues And Transfers In | | | | | | | |
| Fines and Forfeitures..... | \$ 4,425,000 | \$ 4,289,500 | \$ 4,120,993 | 93.1% | \$ 4,305,200 | \$ 2,409,547 | 56.0% |
| Licenses and Permits..... | 2,667,500 | 2,856,000 | 2,365,164 | 88.7% | 2,867,350 | 2,048,966 | 71.5% |
| Charges for City Services..... | 15,652,609 | 16,633,101 | 13,570,538 | 86.7% | 15,071,741 | 12,135,646 | 80.5% |
| Revenue from Use of Money & Prop..... | 19,322,000 | 26,597,045 | 21,632,901 | 112.0% | 6,655,000 | 15,067,303 | 226.4% |
| Other Revenue..... | 3,470,890 | 3,601,390 | 3,483,098 | 100.4% | 2,490,701 | 3,694,629 | 148.3% |
| Transfer from Other Funds..... | 10,461,523 | 10,461,523 | 5,747,767 | 54.9% | 9,976,651 | 8,813,490 | 88.3% |
| Total Other Governmental Revenues | \$ 55,999,522 | \$ 64,438,559 | \$ 50,920,460 | 90.9% | \$ 41,366,643 | \$ 44,169,580 | 106.8% |
| TOTAL REVENUE | \$ 866,863,085 | \$ 879,141,717 | \$ 535,939,268 | 61.8% | \$ 831,899,384 | \$ 515,299,666 | 61.9% |
| Appropriated refunding bond proceeds..... | | | | | | | |
| Appropriated Fund Balance | | | | | | | |
| Operating Budget | \$ 17,464,943 | | | \$ - | \$ 8,120,000 | \$ - | - |
| Cash Capital..... | | | | | | | |
| Encumbrances And Other..... | 8,496,332 | | | - | 5,868,606 | | - |
| Supplemental Appropriations..... | 8,428,296 | | | - | 50,526,898 | | - |
| TOTAL | \$ 901,252,656 | \$ 879,141,717 | \$ 535,939,268 | 59.5% | \$ 896,414,888 | \$ 515,299,666 | 57.5% |

75% of Fiscal Year Completed
71% of Payrolls Processed

**COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION
GENERAL FUND
FOR THE PERIODS ENDING MARCH 31, 2024 AND MARCH 31, 2023**

| FUNCTION | B | C | D=C/B | B | C | G=F/E |
|--|--------------------|--------------------------------|-----------------------|--------------------|--------------------------------|-----------------------|
| | FY 2024 | FY2024 | % | FY 2023 | FY2023 | % |
| | APPROVED BUDGET | EXPENDITURES THRU 3/31/2024 | OF BUDGET EXPENDED | APPROVED BUDGET | EXPENDITURES THRU 3/31/2023 | OF BUDGET EXPENDED |
| Legislative & Executive..... | \$ 8,356,313 | \$ 4,060,699 | 48.6% | \$ 7,263,964 | \$ 3,497,287 | 48.1% |
| Judicial Administration..... | \$ 51,053,130 | \$ 36,918,008 | 72.3% | \$ 48,619,588 | \$ 33,811,954 | 69.5% |
| Staff Agencies | | | | | | |
| Communications..... | \$ 2,428,674 | \$ 1,848,241 | 76.1% | \$ 2,315,978 | \$ 1,152,586 | 49.8% |
| Human Rights..... | 1,108,318 | \$ 747,369 | 67.4% | 1,118,760 | 686,939 | 61.4% |
| Information Technology Services..... | 16,764,959 | \$ 12,887,140 | 76.9% | 17,396,386 | 11,968,965 | 68.8% |
| Management & Budget..... | 1,980,448 | \$ 1,190,936 | 60.1% | 1,786,300 | 1,025,889 | 57.4% |
| Finance..... | 14,628,948 | \$ 9,431,267 | 64.5% | 14,365,055 | 8,868,183 | 61.7% |
| Performance Analytics..... | 1,007,418 | \$ 637,485 | 63.3% | 868,232 | 614,859 | 70.8% |
| Internal Audit..... | 453,648 | \$ 306,325 | 67.5% | 438,920 | 293,793 | 66.9% |
| Human Resources..... | 6,514,136 | \$ 3,596,950 | 55.2% | 5,977,543 | 3,507,145 | 58.7% |
| Planning & Zoning..... | 7,938,776 | \$ 5,172,210 | 65.2% | 7,593,713 | 4,735,645 | 62.4% |
| Economic Development Activities..... | 8,550,618 | \$ 5,943,324 | 69.5% | 9,230,994 | 7,343,978 | 79.6% |
| City Attorney..... | 4,157,204 | \$ 3,326,551 | 80.0% | 4,485,150 | 3,366,783 | 75.1% |
| Registrar..... | 1,806,009 | \$ 1,120,592 | 62.0% | 1,561,822 | 898,997 | 57.6% |
| General Services..... | 16,497,666 | \$ 10,912,117 | 66.1% | 14,871,012 | 8,350,700 | 56.2% |
| Total Staff Agencies | \$ 83,836,822 | \$ 57,120,507 | 68.1% | \$ 82,009,866 | \$ 52,814,462 | 64.4% |
| Operating Agencies | | | | | | |
| Transportation & Environmental Services..... | \$ 28,590,520 | \$ 17,253,685 | 60.3% | \$ 27,372,169 | \$ 17,162,659 | 62.7% |
| Project Implementation..... | - | - | 0.0% | - | - | 0.0% |
| Fire..... | 60,517,939 | \$ 43,487,586 | 71.9% | 56,282,199 | 40,238,577 | 71.5% |
| Police..... | 72,736,646 | \$ 51,828,269 | 71.3% | 70,358,239 | 45,852,285 | 65.2% |
| Community Policing Review..... | 578,440 | \$ 178,965 | 0.0% | 515,114 | 94,471 | 0.0% |
| Emergency Communications..... | 10,244,336 | \$ 6,695,178 | 65.4% | 9,907,128 | 6,470,496 | 65.3% |
| Code..... | - | - | 0.0% | - | - | 0.0% |
| Transit Subsidies..... | 19,430,635 | \$ 4,169,814 | 21.5% | 19,355,404 | 9,671,602 | 50.0% |
| Housing..... | 2,216,317 | \$ 1,440,225 | 65.0% | 2,081,133 | 1,418,988 | 68.2% |
| Community and Human Services..... | 17,818,277 | \$ 11,729,418 | 65.8% | 17,885,881 | 11,055,473 | 61.8% |
| Health..... | 10,963,937 | \$ 8,265,388 | 75.4% | 9,713,246 | 6,996,495 | 72.0% |
| Historic Resources..... | 4,968,818 | \$ 3,370,461 | 67.8% | 5,279,693 | 2,764,989 | 52.4% |
| Recreation..... | 28,930,975 | \$ 19,915,016 | 68.8% | 28,112,573 | 18,076,883 | 64.3% |
| Total Operating Agencies | \$ 256,996,841 | \$ 168,334,006 | 65.5% | \$ 246,862,780 | \$ 159,802,918 | 64.7% |
| Education | | | | | | |
| Schools..... | \$ 258,686,800 | \$ 129,343,400 | 50.0% | \$ 248,737,300 | \$ 124,368,650 | 50.0% |
| Other Educational Activities..... | 15,570 | \$ 11,678 | 75.0% | 15,750 | 11,813 | 75.0% |
| Total Education | \$ 258,702,370 | \$ 129,355,078 | 50.0% | \$ 248,753,050 | \$ 124,380,463 | 50.0% |
| Capital, Debt Service and Miscellaneous | | | | | | |
| Debt Service - City..... | \$ 48,235,001 | \$ 45,608,018 | 94.6% | \$ 41,170,131 | \$ 35,669,020 | 86.6% |
| Debt Service - Schools..... | \$ 32,220,940 | \$ 30,405,345 | 94.4% | \$ 31,941,000 | 27,686,256 | 86.7% |
| Expenses on Refunding Bonds..... | - | - | 0.0% | - | - | 0.0% |
| Non-Departmental..... | \$ 13,130,177 | \$ 7,757,206 | 59.1% | \$ 30,505,558 | 10,630,478 | 18.4% |
| General Cash Capital..... | \$ 38,392,581 | \$ 18,280,741 | 47.6% | \$ 57,881,807 | 27,647,901 | 0.0% |
| Contingent Reserves..... | 570,325 | \$ - | 0.0% | 1,274,170 | - | 0.0% |
| Total Capital, Debt Service and Miscellaneous | \$ 132,549,024 | \$ 102,051,309 | 77.0% | \$ 162,772,666 | \$ 101,633,654 | 62.4% |
| TOTAL EXPENDITURES | \$ 791,494,498 | \$ 497,839,607 | 62.9% | \$ 796,281,914 | \$ 475,940,737 | 59.8% |
| Cash Match (Transportation/DCHS/ and Transfers to Special Revenue /Capital Projects Funds)... | \$ 61,319,206 | \$ 8,254,269 | 0.0% | \$ 59,075,874 | \$ 7,342,346 | 0.0% |
| Transfer to Housing..... | 9,601,130 | 4,673,223 | 0.0% | 7,679,115 | 3,839,558 | 0.0% |
| Transfer to Library..... | 8,589,228 | 4,295,008 | 50.0% | 8,213,526 | 7,952 | 0.1% |
| Transfer to DASH..... | 30,248,594 | 26,077,166 | 86.2% | 25,164,459 | 11,761,448 | 46.7% |
| TOTAL EXPENDITURES & TRANSFERS | \$ 901,252,656 | \$ 541,139,273 | 60.0% | \$ 896,414,888 | \$ 498,892,041 | 55.7% |
| Total Expenditures by Category | | | | | | |
| Salaries and Benefits..... | \$ 267,813,214 | \$ 187,118,968 | 69.9% | \$ 257,190,101 | \$ 171,117,194 | 66.5% |
| Non Personnel (includes all school funds) | 633,439,442 | \$ 354,020,305 | 55.9% | 639,224,786 | \$ 327,774,848 | 51.3% |
| Total Expenditures | \$ 901,252,656 | \$ 541,139,273 | 60.0% | \$ 896,414,888 | \$ 498,892,042 | 55.7% |

City of Alexandria
Investment Report
As of March 31, 2024

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 | 100% |
| VIP | 75% |

Portfolio as of March 31, 2024

| Security Type | Balance (millions) | Allocation |
|--|---------------------------|-------------------|
| Local Government Investment Pool (LGIP) | \$348.0 | 82.9% |
| US Agency/Treasury Bonds | 32.8 | 7.8% |
| CDARS | 12.4 | 3.0% |
| Virginia Investment Pool (VIP) Liquidity | 5.6 | 1.3% |
| Cash/Money market | 20.8 | 5.0% |
| Total | \$419.6 | 100.0% |

Return on Investment 3Q – FY 2024

| Security Type | Balance (millions) | Annualized Total Rate of Return |
|--|---------------------------|--|
| Local Government Investment Pool (LGIP) | \$348.0 | 5.40% |
| US Agency/Treasury Bonds | 32.8 | 0.78% |
| CDARS | 12.4 | 5.08% |
| Virginia Investment Pool (VIP) Liquidity | 5.6 | 5.63% |
| Cash/Money Market | 20.8 | 2.66% |
| Total | \$419.6 | 4.94% |