



Legislation Text

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City of Alexandria, Virginia

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MEMORANDUM

**DATE:** FEBRUARY 7, 2023

**TO:** THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

**THROUGH:** JAMES F. PARAJON, CITY MANAGER

**FROM:** KENDEL TAYLOR, INTERIM DEPUTY CITY MANAGER

**DOCKET TITLE:**

Consideration of the Monthly Financial Report for the Period Ending December 31, 2022.

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**ISSUE:** Receipt of the Monthly Financial Report for the Period Ending December 31, 2022.

**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 of General Fund Revenues (Attachment 1) and General Fund Expenditures (Attachment 2).

As of December 31, 2022, General Fund revenues totaled \$421.7 million, a difference of \$27.4 million or 6.9 percent compared to the same period in FY 2022. Revenue does not track evenly throughout the year since many revenue sources have due dates that do not occur evenly throughout the year. The largest revenue source, real estate tax, is remitted twice per year. Personal property tax revenue is due on October 5 each year. Through the first six months of the year, no category is showing any significant economic variance from the budgeted amount.

Personal Property tax revenue collections in FY 2023 are higher compared to last year, which is to be expected given the increase in the budgeted amount. Through the end of December, Personal Property taxes total \$60.4 million or 90.4 percent of the budgeted amount, compared to \$53.4 million in FY 2022, which was 96.8 percent of the budgeted amount. The FY 2022 budgeted amount was developed during the uncertainties of COVID-19. Collections for personal property tax revenue are tracking at the expected rate.

Real Estate tax revenue is remitted to the City twice each year, in November and June. As of December 2022, the City has collected \$249.5 million or 48.5 percent of the budgeted amount of Real Property tax revenue compared to \$232.9 million in FY 2022, which represented 48.2 percent of the budgeted amount.

There are several significant differences between FY 2022 and FY 2023, but they are primarily timing, not economic. The technical change to the ARPA projects results in a Transfer from Other Funds of \$4.1 million in FY 2023, where no such transfer existed in FY 2022. Other Revenue includes the \$1.0 million gift to the City associated with the Winkler Preserve, which will be allocated at a later date for programs stipulated by the gift. Finally, the increases in the interest rates by the Federal Reserve are resulting in a significant increase in the City's Revenue from Use of Money and Property. Through the first six months of the year interest earnings account for \$7.6 million of the \$8.9 million of Revenue from Use of Money and Property. This compares to only \$0.2 million through the first

six months of FY 2022. Attachment 3 provides the 2<sup>nd</sup> Quarter Investment Report. The weighted average yield of the City's portfolio was 3.5 percent during the 2<sup>nd</sup> quarter of FY 2023.

Attachment 4 compares the consumer spending categories of Sales Tax, Transient Lodging Tax and Meals Sales Tax to the pre-pandemic levels. As previously noted, Sales Tax revenue was largely unimpacted by the pandemic, with the exception of April and May 2019 when many businesses were completely closed. Meals Tax revenue has recovered to pre-pandemic levels and the trend line follows typical seasonal patterns. Transient Lodging Tax revenue has not returned to pre-pandemic levels. Although receipts in August 2022 were less than one percent below the revenue generated in August 2019, the variance continued to widen this fall and November revenue of \$0.9 million is more than 10 percent below revenue of \$1.0 million collected in November 2019 before the pandemic. It is important to note that Transient Lodging Tax revenue is well ahead of this same point last year and is consistent with the budgeted amount for FY 2023. It is also very important to note that Transient Lodging Tax revenue only accounts for 1.3 percent of total tax revenue.

As of December 31, 2022, General Fund expenditures totaled \$404.5 million, a difference of \$26.1 million more than the same time period for FY 2022. Similar to the situation with revenues, no significant expenditure has occurred in the first six months of Fiscal Year 2023 that is unbudgeted or unexpected. Increases correspond to budgeted increases in expenditure categories, such as debt service, cash capital and the transfer to the Schools.

**ATTACHMENTS:**

- Attachment 1: Comparative Statement of General Fund Revenues
- Attachment 2: Comparative Statement of General Fund Expenditures
- Attachment 3: 2<sup>nd</sup> Quarter Investment Report
- Attachment 4: Consumer Spending comparison charts

**STAFF:**

Morgan Routt, Director, Office and Management and Budget  
Kevin Greenlief, Assistant Director, Finance Department

**CITY OF ALEXANDRIA, VIRGINIA**  
**COMPARATIVE STATEMENT OF REVENUES**  
**GENERAL FUND**  
**FOR THE PERIODS ENDING DECEMBER 31, 2022 AND DECEMBER 31, 2021**

	<b>B</b>	<b>C</b>	<b>D=C/B</b>	<b>E</b>	<b>F</b>	<b>G=F/E</b>
	<b>FY 2023</b>	<b>FY2023</b>	<b>%</b>	<b>FY 2022</b>	<b>FY2022</b>	<b>%</b>
	<b>APPROVED</b>	<b>REVENUES</b>	<b>OF BUDGET</b>	<b>APPROVED</b>	<b>REVENUES</b>	<b>OF TOTAL</b>
	<b>BUDGET</b>	<b>THRU 12/31/2022</b>	<b>OF BUDGET</b>	<b>BUDGET</b>	<b>THRU 12/31/2021</b>	<b>OF TOTAL</b>
<b>General Property Taxes</b>						
Real Property Taxes.....	\$ 514,554,739	\$ 249,474,837	48.5%	\$ 483,311,548	\$ 232,932,320	48.2%
Personal Property Taxes.....	66,776,000	60,398,340	90.4%	55,126,000	53,362,070	96.8%
Penalties and Interest.....	3,199,600	1,724,580	53.9%	2,600,000	1,590,411	61.2%
Total General Property Taxes	<u>\$ 584,530,339</u>	<u>\$ 311,597,757</u>	<u>53.3%</u>	<u>\$ 541,037,548</u>	<u>\$ 287,884,801</u>	<u>53.2%</u>
<b>Other Local Taxes</b>						
Local Sales and Use Taxes.....	\$ 37,440,000	\$ 13,123,629	35.1%	\$ 31,720,000	\$ 11,803,775	37.2%
Consumer Utility Taxes.....	11,760,000	5,014,830	42.6%	11,760,000	4,566,345	38.8%
Communication Sales and Use Taxes.....	7,245,080	3,131,329	43.2%	7,600,000	3,225,139	42.4%
Business License Taxes.....	39,824,300	1,277,579	3.2%	34,135,900	1,092,082	3.2%
Transient Lodging Taxes.....	9,500,000	4,369,357	46.0%	6,500,000	3,931,835	60.5%
Restaurant Meals Tax.....	27,600,000	12,039,317	43.6%	19,980,000	11,450,772	57.3%
Tobacco Taxes.....	2,100,000	901,365	42.9%	1,957,000	945,871	48.3%
Motor Vehicle License Tax.....	-	3,913	0.0%	-	-	0.0%
Real Estate Recordation.....	8,645,000	1,861,086	21.5%	8,645,000	3,755,893	43.4%
Admissions Tax.....	261,000	179,744	68.9%	124,000	112,664	90.9%
Other Local Taxes.....	4,103,000	339,507	8.3%	4,595,000	472,781	10.3%
Total Other Local Taxes	<u>\$ 148,478,380</u>	<u>\$ 42,241,656</u>	<u>28.4%</u>	<u>\$ 127,016,900</u>	<u>\$ 41,357,158</u>	<u>32.6%</u>
<b>Intergovernmental Revenues</b>						
Revenue from the Fed. Government.....	\$ 7,944,000	\$ 2,373,043	29.9%	\$ 7,932,000	\$ 2,772,720	35.0%
Personal Property Tax Relief from the Commonwealth.....	23,578,531	22,399,604	95.0%	23,578,531	22,399,604	95.0%
Revenue from the Commonwealth.....	26,001,491	12,852,904	49.4%	25,617,409	11,467,366	44.8%
Total Intergovernmental Revenues	<u>\$ 57,524,022</u>	<u>\$ 37,625,551</u>	<u>65.4%</u>	<u>\$ 57,127,940</u>	<u>\$ 36,639,690</u>	<u>64.1%</u>
<b>Other Governmental Revenues And Transfers In</b>						
Fines and Forfeitures.....	\$ 4,305,200	\$ 1,305,457	30.3%	\$ 3,762,200	\$ 1,378,375	36.6%
Licenses and Permits.....	2,867,350	1,401,866	48.9%	2,136,550	1,137,284	53.2%
Charges for City Services.....	15,071,741	7,182,672	47.7%	13,724,495	6,678,177	48.7%
Revenue from Use of Money & Prop.....	6,655,000	8,892,367	133.6%	4,139,167	1,450,627	35.0%
Other Revenue.....	2,490,701	2,684,818	107.8%	2,115,013	959,144	45.3%
Transfer from Other Funds.....	9,976,651	8,813,490	88.3%	10,142,543	5,071,272	50.0%
Total Other Governmental Revenues	<u>\$ 41,366,643</u>	<u>\$ 30,280,669</u>	<u>73.2%</u>	<u>\$ 36,019,968</u>	<u>\$ 16,674,879</u>	<u>46.3%</u>
<b>TOTAL REVENUE</b>	<u>\$ 831,899,384</u>	<u>\$ 421,745,633</u>	<u>50.7%</u>	<u>\$ 761,202,356</u>	<u>\$ 382,556,527</u>	<u>50.3%</u>
Appropriated refunding bond proceeds.....				\$ 11,782,546	\$ 11,782,546	
Appropriated Fund Balance						
Operating Budget .....	\$ 8,120,000	\$ -	\$ -	\$ 10,000,000	\$ -	-
Cash Capital.....						
Encumbrances And Other.....	6,335,925		-	6,162,701	-	-
Supplemental Appropriations.....	50,401,898		-	13,360,207	-	-
<b>TOTAL</b>	<u>\$ 896,757,207</u>	<u>\$ 421,745,633</u>	<u>47.0%</u>	<u>\$ 802,507,810</u>	<u>\$ 394,339,073</u>	<u>49.1%</u>

**COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION  
 GENERAL FUND  
 FOR THE PERIODS ENDING DECEMBER 31, 2022 AND DECEMBER 31, 2021**

FUNCTION	B	C	D=C/B	E	F	G=F/E
	FY 2023	FY2023	%	FY 2022	FY2022	%
	APPROVED BUDGET	EXPENDITURES THRU 12/31/2022	OF BUDGET EXPENDED	APPROVED BUDGET	EXPENDITURES THRU 12/31/2021	OF BUDGET EXPENDED
Legislative & Executive.....	\$ 5,353,977	\$ 2,244,189	41.9%	\$ 4,778,319	\$ 2,249,178	47.1%
Judicial Administration.....	\$ 48,621,278	\$ 22,520,620	46.3%	\$ 45,029,421	\$ 21,993,860	48.8%
<b>Staff Agencies</b>						
Communications.....	\$ 2,315,980	\$ 720,701	31.1%	\$ 1,651,966	\$ 660,453	40.0%
Human Rights.....	1,118,762	486,013	43.4%	1,008,210	501,497	49.7%
Information Technology Services.....	17,462,099	8,544,518	48.9%	14,124,346	7,144,376	50.6%
Management & Budget.....	1,786,305	701,643	39.3%	1,476,120	562,979	38.1%
Finance.....	14,365,095	6,117,142	42.6%	13,217,108	5,618,260	42.5%
Performance and Accountability.....	868,233	410,028	47.2%	690,787	294,134	42.6%
Internal Audit.....	438,920	202,904	46.2%	461,431	190,511	41.3%
Human Resources.....	5,778,137	2,266,076	39.2%	5,051,787	2,007,085	39.7%
Planning & Zoning.....	7,593,728	3,132,847	41.3%	6,771,770	2,929,356	43.3%
Economic Development Activities.....	9,105,994	5,293,566	58.1%	7,036,340	3,385,388	48.1%
City Attorney.....	4,160,155	2,173,406	52.2%	3,847,491	1,625,981	42.3%
Registrar.....	1,561,826	675,280	43.2%	1,428,386	730,490	51.1%
Organizational Excellence	271,499	51,670	19.0%	193,448	67,371	34.8%
General Services.....	14,871,041	5,126,054	34.5%	11,602,845	5,229,976	45.1%
Total Staff Agencies	\$ 81,697,775	\$ 35,901,849	43.9%	\$ 68,562,034	\$ 30,947,857	45.1%
<b>Operating Agencies</b>						
Transportation & Environmental Services.....	\$ 27,684,657	\$ 11,314,015	40.9%	\$ 25,215,198	\$ 10,437,027	41.4%
Project Implementation.....	-	-	0.0%	-	6,289	0.0%
Fire.....	56,544,097	26,383,811	46.7%	53,157,528	25,812,655	48.6%
Police.....	70,358,385	30,859,359	43.9%	61,943,107	29,912,861	48.3%
Community Policing Review.....	515,114	16,018	0.0%	500,000	-	0.0%
Emergency and Customer Communications.....	9,907,137	4,555,263	46.0%	9,227,404	4,236,219	45.9%
Code.....	-	-	0.0%	-	-	0.0%
Transit Subsidies.....	19,355,404	9,246,533	47.8%	19,280,052	9,424,415	48.9%
Housing.....	2,081,141	975,387	46.9%	1,829,441	961,502	52.6%
Community and Human Services.....	17,586,100	6,943,844	39.5%	15,956,122	7,393,857	46.3%
Health.....	9,713,307	4,815,346	49.6%	8,946,872	4,842,663	54.1%
Historic Resources.....	5,279,711	1,967,492	37.3%	3,935,134	1,699,253	43.2%
Recreation.....	28,198,744	12,258,518	43.5%	25,308,382	11,351,253	44.9%
Total Operating Agencies	\$ 247,223,797	\$ 109,335,587	44.2%	\$ 225,299,240	\$ 106,077,993	47.1%
<b>Education</b>						
Schools.....	\$ 248,737,300	\$ 124,368,650	50.0%	\$ 239,437,296	\$ 119,718,648	50.0%
Other Educational Activities.....	15,750	3,938	25.0%	15,785	7,893	50.0%
Total Education	\$ 248,753,050	\$ 124,372,588	50.0%	\$ 239,453,081	\$ 119,726,541	50.0%
<b>Capital, Debt Service and Miscellaneous</b>						
Debt Service - City.....	\$ 41,170,131	\$ 28,172,972	68.4%	\$ 36,851,668	\$ 22,689,477	61.6%
Debt Service - Schools.....	\$ 31,941,000	22,135,907	69.3%	\$ 28,633,966	17,753,221	62.0%
Expenses on Refunding Bonds.....	-	-	0.0%	11,782,546	11,710,136	0.0%
Non-Departmental.....	\$ 31,190,582	8,931,970	28.6%	\$ 17,542,970	7,064,135	20.3%
General Cash Capital.....	\$ 57,881,807	27,647,901	47.8%	\$ 34,804,271	16,969,152	0.0%
Contingent Reserves.....	3,124,170	-	0.0%	1,104,170	-	0.0%
Total Capital, Debt Service and Miscellaneous	\$ 165,307,690	\$ 86,888,749	52.6%	\$ 130,719,591	\$ 76,186,121	58.3%
<b>TOTAL EXPENDITURES</b>	\$ 796,957,567	\$ 381,263,581	47.8%	\$ 713,841,686	\$ 357,181,549	50.0%
Cash Match (Transportation/DCHS/ and Transfers to Special Revenue /Capital Projects Funds)...	\$ 58,742,540	\$ 7,342,346	0.0%	\$ 55,838,330	\$ 7,155,039	0.0%
Transfer to Housing.....	7,679,115	3,839,558	0.0%	4,588,522	2,294,261	0.0%
Transfer to Library.....	8,213,526	526,582	6.4%	7,680,826	372,093	4.8%
Transfer to DASH.....	25,164,459	11,490,197	45.7%	20,558,446	11,343,310	55.2%
<b>TOTAL EXPENDITURES &amp; TRANSFERS</b>	\$ 896,757,207	\$ 404,462,264	45.1%	\$ 802,507,810	\$ 378,346,252	47.1%
<b>Total Expenditures by Category</b>						
Salaries and Benefits.....	\$ 258,355,244	\$ 113,175,178	43.8%	\$ 240,751,310	\$ 111,967,083	46.5%
Non Personnel (includes all school funds) .....	638,401,963	\$ 291,287,086	45.6%	561,756,501	\$ 266,379,169	47.4%
<b>Total Expenditures</b>	\$ 896,757,207	\$ 404,462,264	45.1%	\$ 802,507,810	\$ 378,346,252	47.1%

**City of Alexandria  
Investment Report**  
As of December 31, 2022

## **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**

<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%

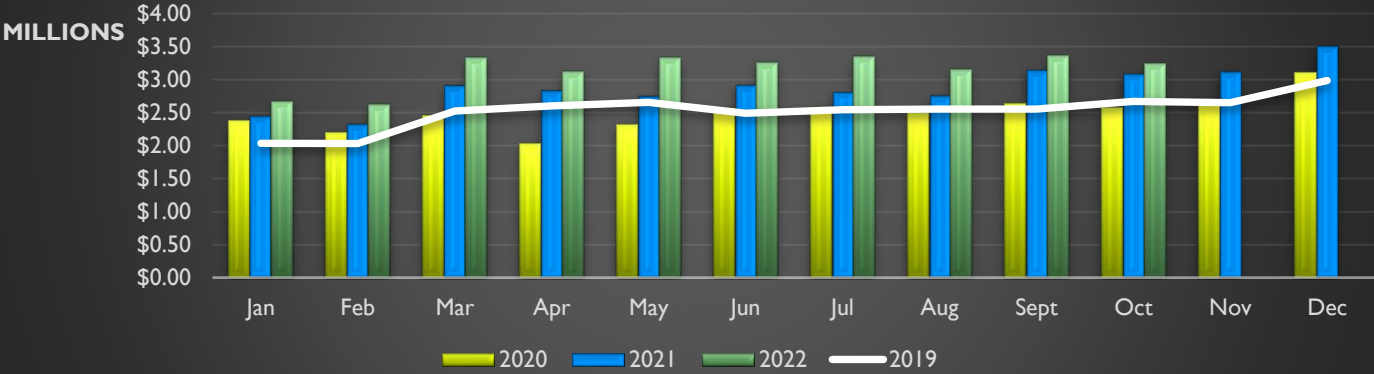
**Portfolio as of December 31, 2022**

<b>Security Type</b>	<b>Balance (millions)</b>	<b>Allocation</b>
Local Government Investment Pool (LGIP)	\$500.2	87.1%
Virginia Investment Pool (VIP) Liquidity	5.2	1.0%
CDARS	4.5	0.8%
US Agency/Treasury Bonds	63.8	11.1%
Money Market Sweep	0.1	0.0%
<b>Total</b>	<b>\$573.8</b>	<b>100.0%</b>

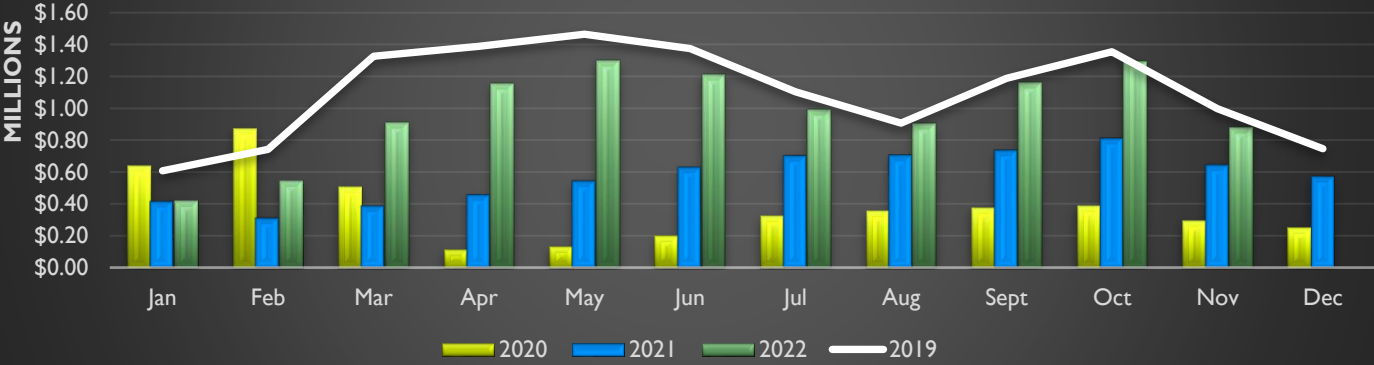
**Return on Investment 2Q – FY 2023**

<b>Security Type</b>	<b>Balance (millions)</b>	<b>Yield (Weighted Average)</b>
Local Government Investment Pool (LGIP)	\$500.2	3.98%
Virginia Investment Pool (VIP) Liquidity	5.2	3.80%
CDARS	4.5	0.28%
US Agency/Treasury Bonds	63.8	0.52%
Money Market Sweep	0.1	5.88%
<b>Total</b>	<b>\$573.8</b>	<b>3.50%</b>

### Sales Tax Monthly Comparison 2019-2020-2021-2022



### Transient Lodging Tax Monthly Comparison 2019-2020-2021-2022



### Meals Tax Monthly Comparison 2019-2020-2021-2022

