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City of Alexandria, Virginia

MEMORANDUM

DATE: FEBRUARY 5, 2025

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 December 31, 2024.

ISSUE: Receipt of the Monthly Financial Report for the Period Ending December 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 December 31, 2024, General Fund revenues totaled $456.1 million, an increase of $24.0 million, or 5.6 percent, compared to the same period in FY 2024. There are no significant variations in receipts through the midpoint 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 4 months of Sales Tax revenue and 5 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. 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 2024. Real Estate tax revenue was due to the City on November 15. Through December 31, 2024, the City has collected $266.8 million or 48.9 percent of the budgeted amount. This is comparable to FY 2024 when the City had collected $258.0 million as of December 31, 2023, or 48.5 percent of the budgeted amount. Personal Property tax revenue, including business personal property, is strong in FY 2025. Through six months of the fiscal year, $70.6 million reflects 93.4 percent of the budgeted amount compared to $64.2 million in FY 2024, which was 96.7 percent of the budgeted amount. Sales tax is nearly flat compared to last year. Despite the fact that inflation has slowed, prices remain high, impacting discretionary consumer spending in categories such as Local Sales and Use taxes, Transient Lodging and Admissions tax. Restaurant Meals tax is 6.4 percent higher than last year. Attachment 3 provides the 2nd quarter Investment Report. The annualized total rate of return of the City's portfolio was 5.00 percent during the 2nd quarter of FY 2025, and the City earned $6.4 million in interest on investments.

Of particular interest at this time is federal funding and revenue received by the City from federal programs. In total, the General Fund is supported by $7.4 million of Revenue from the Federal Government. The largest single source is federal prisoner per diem, which accounts for $6.7 million of the total. Through December 2024, the City has received $3.3 million or 44.7 percent of Revenue from the Federal Government.

As of December 31, 2024, General Fund expenditures totaled $385.2 million, a decrease of $38.6 million, or 9.1 percent, compared to the same time period for FY 2024. Similar to the situation with revenues, no significant expenditure has occurred in the first six months of Fiscal Year 2025 that is unbudgeted or unexpected. The most significant difference is the timing of payments. The most significant variance compared to FY 2024 is the posting of interfund transfers, in December 2023 half of the City's transfers to various funds had been posted (cash capital, transfer to the Libraries and Housing). These are accounting entries and do not constitute any economic indication. It is anticipated that the transfers will be recorded in month 7 for the full year.

ATTACHMENTS:
Attachment 1: Comparative Statement of General Fund Revenues
Attachment 2: Comparative Statement of General Fund Expenditures
Attachment 3: 2nd Quarter Investment Report

STAFF:
Kendel Taylor, Director, Finance Department
Morgan Routt, Director, Office and Management and Budget

50% of Fiscal Year Completed **Attachment 2**

48.1% of Payrolls Processed

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

	B	C	D=C/B	E	F	G=F/E
FUNCTION	**FY 2025 APPROVED BUDGET**	**FY2025 EXPENDITURES THRU 12/31/2024**	**% OF BUDGET EXPENDED**	**FY 2024 APPROVED BUDGET**	**FY2024 EXPENDITURES THRU 12/31/2023**	**% OF BUDGET EXPENDED**
Legislative & Executive	$ 7,848,980	$ 2,982,798	38.0%	$ 7,466,322	$ 2,503,567	33.5%
Judicial Administration	$ 53,098,375	$ 25,952,192	48.9%	$ 50,395,577	$ 24,457,581	48.5%
Staff Agencies						
Communications	$ 2,490,443	$ 1,066,119	42.8%	$ 2,428,675	$ 1,077,427	44.4%
Human Rights	1,184,429	$ 341,377	28.8%	1,108,320	$ 466,417	42.1%
Information Technology Services	16,888,393	$ 9,536,945	56.5%	16,820,418	$ 9,228,150	54.9%
Management & Budget	1,938,735	$ 851,690	43.9%	1,680,451	$ 815,257	48.5%
Finance	14,734,040	$ 6,875,445	46.7%	14,751,805	$ 6,343,957	43.0%
Performance and Accountability	958,791	$ 512,192	53.4%	938,503	$ 466,615	49.7%
Internal Audit	582,385	$ 274,660	47.2%	453,649	$ 199,632	44.0%
Human Resources	5,851,287	$ 2,090,320	35.7%	6,443,642	$ 2,496,551	38.7%
Planning & Zoning	7,847,972	$ 3,513,737	44.8%	7,638,787	$ 3,507,055	45.9%
Economic Development Activities	9,277,318	$ 4,754,199	51.2%	8,250,083	$ 3,984,479	48.3%
City Attorney	4,455,122	$ 2,391,757	53.7%	4,157,207	$ 2,116,377	50.9%
Registrar	2,438,039	$ 1,151,195	47.2%	1,758,712	$ 672,377	38.2%
General Services	15,925,466	$ 6,843,859	43.0%	16,497,687	$ 7,212,946	43.7%
Total Staff Agencies	$ 84,572,420	$ 40,203,496	47.5%	$ 82,927,938	$ 38,587,242	46.5%
Operating Agencies						
Transportation & Environmental Services	$ 31,924,823	$ 11,650,617	36.5%	$ 28,866,545	$ 11,298,154	39.1%
Fire	70,502,378	$ 31,276,692	44.4%	60,610,507	$ 28,407,481	46.9%
Police	71,701,799	$ 33,823,328	47.2%	72,752,996	$ 34,778,424	47.8%
Community Policing Review	653,618	$ 259,108	0.0%	578,440	$ 119,714	0.0%
Emergency Communications	10,165,444	$ 4,752,732	46.8%	10,244,342	$ 4,595,568	44.9%
Transit Subsidies	16,954,438	$ 752,198	4.4%	19,476,359	$ 928,256	4.8%
Housing	2,343,231	$ 1,131,176	48.3%	2,216,323	$ 962,433	43.4%
Community and Human Services	17,902,890	$ 7,857,637	43.9%	16,659,903	$ 6,500,361	39.0%
Health	10,995,493	$ 5,488,088	49.9%	10,473,406	$ 5,175,558	49.4%
Historic Resources	4,607,856	$ 2,569,450	55.8%	4,400,730	$ 2,260,724	51.4%
Recreation	30,406,682	$ 13,427,276	44.2%	28,816,012	$ 14,491,707	50.3%
Total Operating Agencies	$ 268,158,651	$ 112,988,304	42.1%	$ 255,095,563	$ 109,518,380	42.9%
Education						
Schools	$ 273,034,300	$ 136,517,150	50.0%	$ 258,686,800	$ 129,343,400	50.0%
Other Educational Activities	15,570	$ 7,725	49.6%	15,570	$ 7,785	50.0%
Total Education	$ 273,049,870	$ 136,524,875	50.0%	$ 258,702,370	$ 129,351,185	50.0%
Capital, Debt Service and Miscellaneous						
Debt Service - City	$ 49,638,949	$ 26,841,814	54.1%	$ 48,235,001	$ 38,454,985	79.7%
Debt Service - Schools	$ 45,527,862	$ 23,576,037	51.8%	$ 32,220,940	$ 25,636,657	79.6%
Non-Departmental	$ 11,390,061	$ 5,319,168	46.7%	$ 9,630,187	$ 4,621,737	12.1%
General Cash Capital	$ 25,502,752	$ -	0.0%	$ 38,297,581	$ 18,280,741	0.0%
Contingent Reserves	2,350,575	$ -	0.0%	1,892,954	$ -	0.0%
Total Capital, Debt Service and Miscellaneous	$ 134,410,199	$ 55,737,020	41.5%	$ 130,276,663	$ 86,994,119	66.8%
TOTAL EXPENDITURES	$ 821,138,494	$ 374,388,684	45.6%	$ 784,864,433	$ 391,412,074	49.9%
Cash Match (Transportation/DCHS/ and Transfers to Special Revenue /Capital Projects Funds)	$ 62,009,651		0.0%	$ 61,084,591	$ 8,254,269	0.0%
Transfer to Housing	9,919,184	$ -	0.0%	9,351,130	4,673,223	0.0%
Transfer to Library	9,173,121	$ 32	0.0%	8,589,228	4,293,426	50.0%
Transfer to DASH	33,818,503	$ 10,809,681	32.0%	29,609,371	15,124,295	51.1%
TOTAL EXPENDITURES & TRANSFERS	$ 936,058,953	$ 385,198,397	41.2%	$ 893,498,753	$ 423,757,287	47.4%
Total Expenditures by Category						
Salaries and Benefits	$ 283,936,736	$ 130,814,530	46.1%	$ 270,276,614	$ 123,773,950	45.8%
Non Personnel (includes all school funds)	649,104,179	$ 254,383,867	39.2%	623,222,139	$ 299,983,337	48.1%
Total Expenditures	$ 933,040,915	$ 385,198,397	41.3%	$ 893,498,753	$ 423,757,287	47.4%

Attachment 1

CITY OF ALEXANDRIA, VIRGINIA

COMPARATIVE STATEMENT OF REVENUES
GENERAL FUND
FOR THE PERIODS ENDING DECEMBER 31, 2024 AND DECEMBER 31, 2023

	B FY 2025 APPROVED BUDGET	C FY2025 REVENUES THRU 12/31/2024	D=C/B % OF BUDGET	E FY 2024 APPROVED BUDGET	F FY2024 REVENUES THRU 12/31/2023	G=F/E % OF TOTAL
General Property Taxes						
Real Property Taxes	$ 545,370,119	$ 266,762,713	48.9%	$ 532,076,175	$ 258,045,330	48.5%
Personal Property Taxes	75,590,000	70,587,017	93.4%	66,313,000	64,150,913	96.7%
Penalties and Interest	4,123,399	2,690,615	65.3%	3,358,050	1,886,942	56.2%
Total General Property Taxes	$ 625,083,518	$ 340,040,345	54.4%	$ 601,747,225	$ 324,083,185	53.9%
Other Local Taxes						
Local Sales and Use Taxes	$ 41,192,000	$ 13,446,582	32.6%	$ 39,000,000	$ 13,418,284	34.4%
Consumer Utility Taxes	12,020,000	4,703,286	39.1%	12,020,000	4,243,013	35.3%
Communication Sales and Use Taxes	6,700,000	2,895,036	0.0%	6,810,000	2,952,508	43.4%
Business License Taxes	43,718,700	972,169	2.2%	39,824,300	1,153,468	2.9%
Transient Lodging Taxes	14,901,000	5,949,886	39.9%	11,200,000	5,906,071	52.7%
Restaurant Meals Tax	34,270,000	13,848,331	40.4%	31,200,000	13,017,230	41.7%
Tobacco Taxes	1,948,999	641,680	32.9%	2,030,000	836,338	41.2%
Motor Vehicle License Tax	95,800	230	0.0%			0.0%
Real Estate Recordation	2,811,000	1,968,402	70.0%	3,926,000	1,201,986	30.6%
Admissions Tax	441,600	146,790	33.2%	313,000	192,061	61.4%
Other Local Taxes	3,650,060	240,383	6.6%	3,848,000	302,209	7.9%
Total Other Local Taxes	$ 161,749,159	$ 44,812,775	27.7%	$ 150,171,300	$ 43,223,168	28.8%
Intergovernmental Revenues						
Revenue from the Fed. Government	$ 7,372,000	$ 3,291,662	44.7%	$ 7,944,000	$ 2,926,193	36.8%
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	31,551,357	17,082,810 [1]	54.1%	27,422,507	13,816,844	50.4%
Total Intergovernmental Revenues	$ 62,501,888	$ 42,774,075	68.4%	$ 58,945,038	$ 39,142,641	66.4%
Other Governmental Revenues And Transfers In						
Fines and Forfeitures	$ 4,304,500	$ 2,911,196	67.6%	$ 4,425,000	$ 1,993,211	45.0%
Licenses and Permits	2,500,000	1,710,036	68.4%	2,667,500	1,820,481	68.2%
Charges for City Services	18,997,239	6,705,701	35.3%	15,652,609	7,734,625	49.4%
Revenue from Use of Money & Prop	24,194,038	14,671,777	60.6%	19,322,000	6,291,467	32.6%
Other Revenue	2,441,000	2,153,514	88.2%	3,470,890	2,105,040	60.6%
Transfer from Other Funds	10,631,458	369,048	3.5%	10,461,523	5,747,767	54.9%
Total Other Governmental Revenues	$ 63,068,235	$ 28,521,272	45.2%	$ 55,999,522	$ 25,692,591	45.9%
TOTAL REVENUE	$ 912,402,800	$ 456,148,467	50.0%	$ 866,863,085	$ 432,141,585	49.9%
Appropriated refunding bond proceeds						
Appropriated Fund Balance						
Operating Budget	$ 14,149,295	$ -	$ -	$ 17,464,943	$ -	-
Cash Capital						
Encumbrances And Other	3,294,959		-	9,170,725		-
Supplemental Appropriations			-			-
TOTAL	$ 929,847,054	$ 456,148,467	49.1%	$ 893,498,753	$ 432,141,585	48.4%

City of Alexandria
Investment Report
As of December 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 December 31, 2024

Security Type	Balance (millions)	Allocation
Local Government Investment Pool (LGIP)	$506.3	87.1%
CDARS	62.7	10.8%
Virginia Investment Pool (VIP) Liquidity	5.8	1.0%
Cash/Money market	6.0	6.2%
Total	$580.8	100.0%

Return on Investment 2Q – FY 2025

Security Type	Interest Earned During Period	Annualized Total Rate of Return
Local Government Investment Pool (LGIP)	$5.56	4.62%
US Agency/Treasury Bonds	0.019	0.20%
CDARS	0.730	4.54%
Virginia Investment Pool (VIP) Liquidity	0.071	4.67%
Cash/Money Market	0.012	4.13%
Total	$6.391	4.61%