City of Alexandria, Virginia

MEMORANDUM

DATE: MARCH 3, 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 January 31, 2021.

ISSUE: Receipt of the Monthly Financial Report for the Period Ending January 31, 2021.

RECOMMENDATION: That City Council receive the Monthly Financial Report.

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

REVENUES

As of January 31, 2021, General Fund revenues collected equaled $433.3 million, an increase of $38.7 million or 9.8 percent more than the revenues collected at the same time in FY 2020. In November 2020, the City refunded existing debt to generate a savings of debt service of approximately $1.0 million. For comparison purposes, without the $49.9 million in refinanced bond proceeds, total revenue in FY2021 is $383.4 million, which is $11.1 million less than FY 2020, or a 2.8 percent decrease.

At this time in FY 2021, the City's total revenue collection is not noticeably different than the COVID-19 impacted revenues that were projected for the first seven months of this fiscal year. Revenues with considerable declines are being somewhat offset with additional revenues in other categories. The FY 2022 Proposed Operating Budget included a comprehensive forecast of the FY 2021 General Fund Revenues which is included in Attachment 1.

Personal Property tax revenues are showing a significant decline compared to FY 2020. Staff has not utilized the third-party collection firm to pursue delinquent taxes in light of the stark economic situation for many households. As approved by Council, the due date was delayed from October 5 to December 15 this year, so this later due date is also impacting collections. Notices have been mailed alerting individuals about their delinquent status and encouraging them to reach out to the Finance Department to arrange a payment plan if needed. It is also important to note that the total levy, or taxes billed in FY 2021 (tax year 2020) is 4.6 percent lower than last year's levy. As noted at the Revenue work session in mid-February, a combination of few cars on the tax rolls and fewer new cars being purchased and added to the rolls has had a negative impact on the tax level in FY 2021.

The development and subsequent revisions to the FY 2021 General Fund revenue budget included a careful review of each revenue category to estimate the impact COVID-19 might have on receipts and many categories were reduced in advance of continued impacts on the City's economy from the pandemic. Based on current pandemic and economic forecasts and fiscal trends, the post

COVID-19 economic recovery will likely be longer than projected last Spring, and revenues will be less than currently budgeted. At this time staff does not anticipate any other significant changes in the rate of collection or payment in any of the City's revenue categories.

Sales tax revenue is consistent with receipts from January 2020. This is due in large part to a surge in internet based sales, which are captured in Sales tax revenue at a much greater rate than in previous years. As expected, based on travel and restaurant trends, Meals Sales tax revenue is 20.7 percent lower and Transient Lodging tax is 69.2 percent lower than this period last year.

The chart in Attachment 3 show the cumulative impact that the pandemic has had on consumer taxes. In aggregate, the impact on the City's revenue since February is a loss of revenue of $17.4 million. The most significant decline is in Transient Lodging tax revenue, which is down 70 percent since February or a loss of $8.8 million in the past ten months. Losses in Meals Sales Tax revenue are proportionally less than Transient Lodging, with a 36 percent decline; this equates to $8.5 million in lost revenue.

Non-tax revenues are also showing the effects of the pandemic for a variety of reasons. Social distancing and "safer at home" directives are significantly impacting revenues that are dependent on entrance and rental fees like recreation classes and facility rentals. Attachment 3 provides the comparison of the cumulative impact of the COVID-19 pandemic on the City's consumer spending.

Revenue from the Use of Money and Property is lower than last fiscal year due to interest rates on invested City cash being significantly lower than prior years resulting in reduced revenue from investments. Lower interest rates were anticipated, and the budget for Interest on General Fund Investments was reduced significantly for FY 2021. Permits and Licenses are over $2.5 million more than receipts in January 2020 due to the collection of past due invoices for Temporary Parking permits by a utility company. Recordation tax revenues have increased 31.3% due to residential sales and refinancing as well as the sale of the Southern Towers multi-family portfolio.

EXPENDITURES

As of January 31, 2020, General Fund expenditures totaled $433.4 million, a increase of $35.1 million or 8.8 percent compared to the same time period for FY 2020. Bond proceeds are transferred to an escrow agent and shown as an expenditure in FY 2021. Without this variance, General Fund expenditures total $383.8 million, which is a decrease of $14.5 million or 3.6 percent. Expenditures for most City departments are consistent with spending over the same period last fiscal year. Transit subsidies are less than budgeted due to WMATA's use of CARES funding resulting in a temporary reduced need for full budgeted funding from localities. Some of this WMATA savings will be used to help offset lost farebox revenue for DASH. Some departments that are not showing a year over year savings receive their funds on a quarterly basis (Health Department, Alexandria Economic Development Partnership). With the recent presidential election, the Registrar of Voters is also trending significantly higher than FY 2020. These costs have been budgeted, and the additional costs for mailing that were incurred are expected to be reimbursed to the City by State and other grants.

In summary while General Fund revenues are projected to fall about $7 million short of the budgeted revenue amount, General Fund expenditures which are running below budget will cover the projected revenue shortfall.

ATTACHMENTS:
Attachment 1: Comparative Statement of General Fund Revenues
Attachment 2: Comparative Statement of General Fund Expenditures
Attachment 3: Comparison of Consumer Spending Categories

STAFF:
Laura Triggs, Deputy City Manager
Kendel Taylor, Director, Finance Department
Morgan Routt, Director, Office and Management and Budget
Mayuri Middough, Division Chief of Administration

Cumulative Impact on Consumer Spending

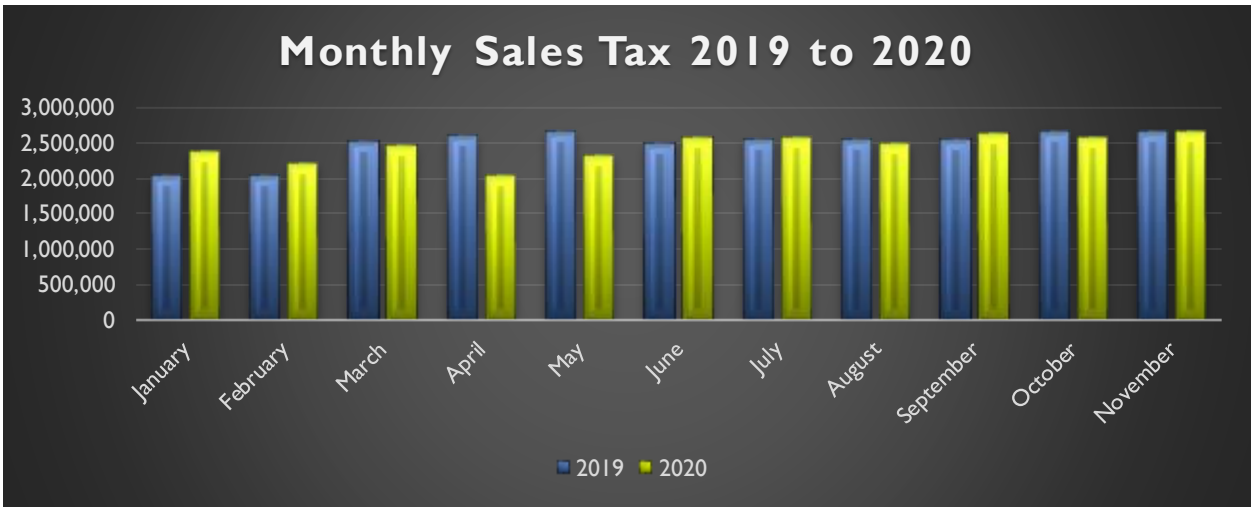
	Tax Revenue	CY2019	CY2020	Change	% Change
Feb-Nov	Sales	$25,280,726	$24,558,619	($722,107)	-2.9%
Feb-Dec	Meals Sales	$23,481,648	$15,021,653	($8,459,995)	-36.0%
Feb-Dec	Transient Lodging	$12,594,463	$3,837,689	($8,756,774)	-69.5%
Feb-Dec	Admissions	$562,660	$88,548	($474,112)	-84.3%
Feb-Dec	Recordation	$6,639,239	$7,683,477	$1,044,238	15.7%
	Cumulative	$68,558,736	$51,189,986	($17,368,750)	-25.3%

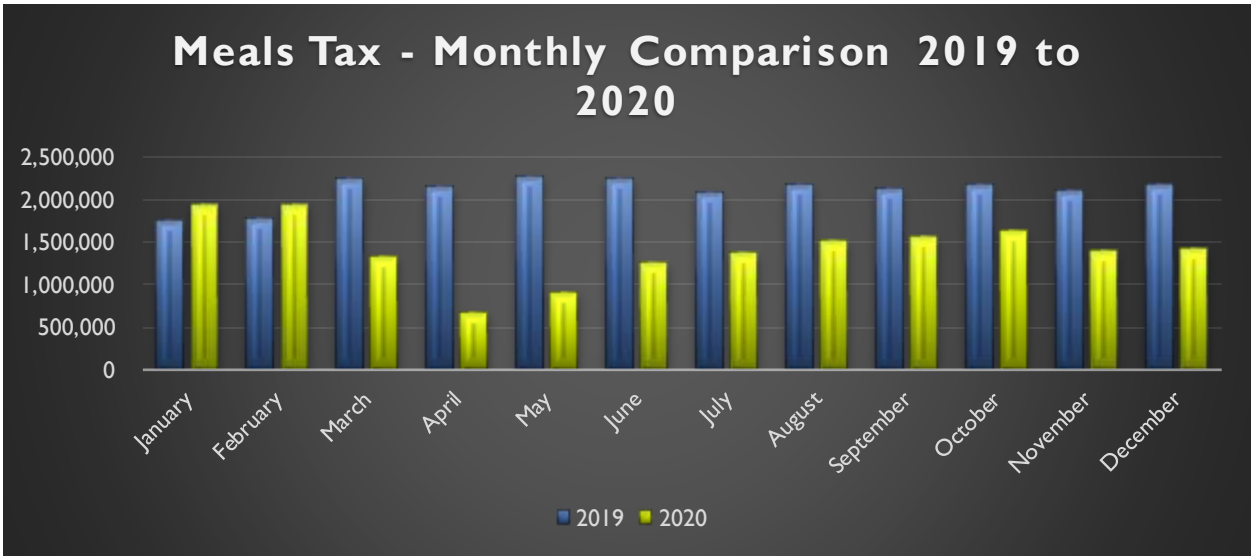
Year over Year Comparison

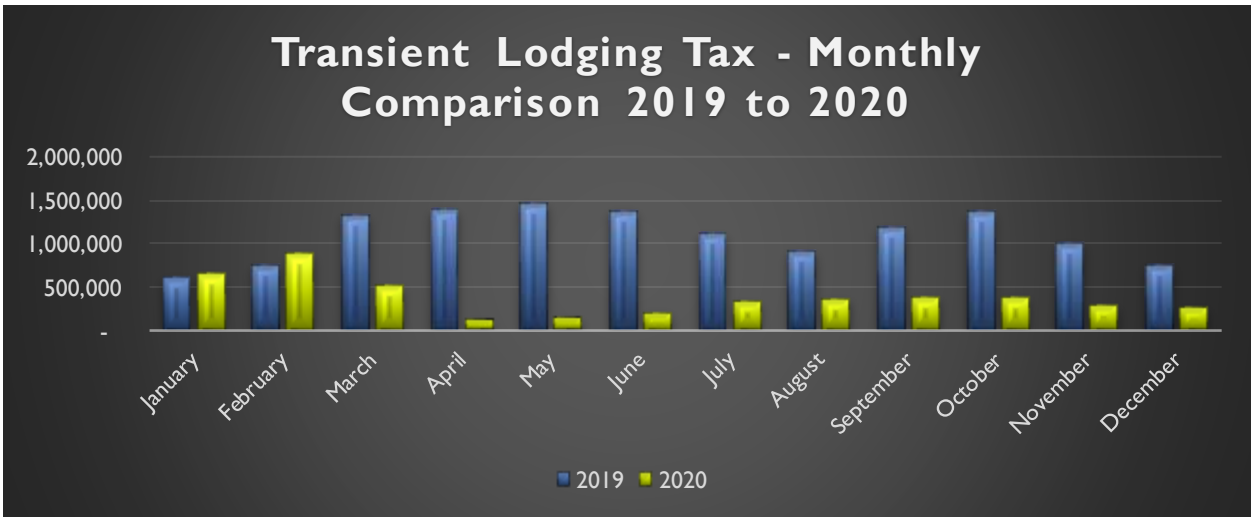
	Tax Revenue	CY2019	CY2020	Change	% Change
November	Sales	$2,653,259	$2,658,259	$5,000	0.2%
December	Meals Sales	$2,174,609	$1,417,980	($756,629)	-34.8%
December	Transient Lodging	$745,431	$252,754	($492,677)	-66.1%
December	Admissions	$62,389	$7,196	($55,193)	-88.5%
December	Recordation	$911,198	$950,943	$39,745	4.4%

Comparison to Average Collection

	Tax Revenue	CY2019	CY2020	FY 2019 Monthly Average	5-year Same Month Average
November	Sales	$2,653,259	$2,658,259	$2,398,919	$2,323,556
December	Meals Sales	$2,174,609	$1,417,980	$2,048,329	$1,821,481
December	Transient Lodging	$745,431	$252,754	$1,071,347	$658,464
December	Admissions	$62,389	$7,196	$52,372	$72,224
December	Recordation	$911,198	$950,943	$493,073	$661,682


Monthly Sales Tax 2019 to 2020
3,000,000
2,500,000
2,000,000
1,500,000
1,000,000
500,000
0
January
February
March
April
May
June
July
August
September
October
November
2019
2020


Meals Tax - Monthly Comparison 2019 to 2020
2,500,000
2,000,000
1,500,000
1,000,000
500,000
0
January
February
March
April
May
June
July
August
September
October
November
December
2019
2020


Transient Lodging Tax - Monthly Comparison 2019 to 2020
2,000,000
1,500,000
1,000,000
500,000
-
January
February
March
April
May
June
July
August
September
October
November
December
2019
2020

Attachment 1

CITY OF ALEXANDRIA, VIRGINIA

COMPARATIVE STATEMENT OF REVENUES
GENERAL FUND
FOR THE PERIODS ENDING JANUARY 31, 2021 AND JANUARY 31, 2020

	B FY 2021 APPROVED BUDGET	C.1 FY 2021 PROJECTED REVENUES	C FY2021 REVENUES THRU 1/31/2021	D=C/B % OF BUDGET	E FY 2020 APPROVED BUDGET	F FY2020 REVENUES THRU 1/31/2020	G=F/E % OF TOTAL
General Property Taxes							
Real Property Taxes	$ 477,554,000	476,885,773	$ 234,618,948	49.1%	$ 462,848,143	$ 224,476,764	48.5%
Personal Property Taxes	55,213,000	53,001,000	47,782,394	86.5%	56,926,910	52,513,948	92.2%
Penalties and Interest	2,808,000	2,600,000	1,000,330	35.6%	2,708,000	1,511,002	55.8%
Total General Property Taxes	$ 535,575,000	$ 532,486,773	$ 283,401,672	52.9%	$ 522,483,053	$ 278,501,714	53.3%
Other Local Taxes							
Local Sales and Use Taxes	$ 26,194,000	30,800,000	$ 12,961,561	49.5%	$ 28,800,000	$ 12,977,420	45.1%
Consumer Utility Taxes	12,700,000	12,052,000	5,169,650	40.7%	12,000,000	6,070,814	50.6%
Communication Sales and Use Taxes	8,275,000	8,420,000	4,138,887	50.0%	9,200,000	3,782,879	41.1%
Business License Taxes	22,000,000	29,469,000	2,571,633	11.7%	34,378,000	2,216,381	6.4%
Transient Lodging Taxes	10,833,000	4,500,000	1,994,650	18.4%	12,800,000	6,478,401	50.6%
Restaurant Meals Tax	20,500,000	17,400,000	10,206,328	49.8%	24,231,000	12,866,119	53.1%
Tobacco Taxes	2,600,000	2,060,000	1,104,226	42.5%	2,600,000	1,212,188	46.6%
Real Estate Recordation	5,900,000	8,645,000	5,245,103	88.9%	6,000,000	3,995,323	66.6%
Admissions Tax	500,000	54,000	32,021	6.4%	670,000	337,949	50.4%
Other Local Taxes	5,109,090	4,310,000	523,595	10.2%	4,809,090	469,321	9.8%
Total Other Local Taxes	$ 114,611,090	$ 117,710,000	$ 43,947,656	38.3%	$ 135,488,090	$ 50,406,795	37.2%
Intergovernmental Revenues							
Revenue from the Fed. Government	$ 10,109,303	8,230,000	$ 4,322,197	42.8%	$ 10,397,000	$ 4,511,532	43.4%
Personal Property Tax Relief from the Commonwealth	23,578,531	23,578,531	22,399,604	95.0%	23,578,531	- 22,399,604	95.0%
Revenue from the Commonwealth	23,741,866	24,236,040	11,983,879	50.5%	23,621,515	12,295,598	52.1%
Total Intergovernmental Revenues	$ 57,429,700	$ 56,044,571	$ 38,705,680	67.4%	$ 57,597,046	$ 39,206,734	68.1%
Other Governmental Revenues And Transfers In							
Fines and Forfeitures	$ 3,502,615	3,630,000	$ 1,781,420	50.9%	4,930,450	$ 2,587,685	52.5%
Licenses and Permits	2,339,631	3,569,600	3,385,438	144.7%	2,615,350	823,710	31.5%
Charges for City Services	14,308,344	9,742,684	4,753,402	33.2%	15,790,462	11,674,883	73.9%
Revenue from Use of Money & Prop	5,498,250	3,868,080	2,236,992	40.7%	11,406,650	5,633,494	49.4%
Other Revenue	2,067,866	1,474,266	756,974	36.6%	2,591,285	1,406,445	54.3%
Transfer from Other Funds	9,246,427	9,246,427	4,416,124	47.8%	9,291,882	4,283,941	46.1%
Total Other Governmental Revenues	$ 36,963,133	$ 31,531,057	$ 17,330,350	46.9%	$ 46,626,079	$ 26,410,159	56.6%
TOTAL REVENUE	$ 744,578,923	$ 737,772,401	$ 383,385,358	51.5%	$ 762,194,268	$ 394,525,402	51.8%
							-
Appropriated Fund Balance							-
General Fund	$ 12,687,493	$ 7,976,864	$ -	$ -	$ 12,177,631	$ -	-
Appropriated refunding bond proceeds	$ -	$ 49,887,196	$ 49,887,196				
Encumbrances And Other			-	-	4,187,534	-	-
Supplemental Appropriations	4,435,709		-	-		-	-
TOTAL	$ 761,702,125	$ 795,636,461	$ 433,272,554	56.9%	$ 778,559,433	$ 394,525,402	50.7%

58.3% of Fiscal Year Completed **Attachment 2**

56.3% of Payrolls Processed

COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION
GENERAL FUND
FOR THE PERIODS ENDING JANUARY 31, 2021 AND JANUARY 31, 2020

	B	C	D=C/B	E	F	G=F/E
FUNCTION	**FY 2021 REVISED BUDGET**	**FY2021 EXPENDITURES THRU 1/31/2021**	**% OF BUDGET EXPENDED**	**FY 2020 APPROVED BUDGET**	**FY2020 EXPENDITURES THRU 1/31/2020**	**% OF BUDGET EXPENDED**
Legislative & Executive	$ 3,577,587	$ 1,901,878	53.2%	$ 3,495,056	$ 1,852,894	53.0%
Judicial Administration	$ 45,700,822	$ 24,884,179	54.5%	$ 46,006,276	$ 26,217,918	57.0%
Staff Agencies						
Communications	$ 1,567,258	$ 730,864	46.6%	$ 1,544,294	$ 750,918	48.6%
Human Rights	939,907	526,621	56.0%	905,798	527,505	58.2%
Information Technology Services	13,118,675	7,426,362	56.6%	12,123,957	7,408,299	61.1%
Management & Budget	1,274,629	662,366	52.0%	1,314,181	787,169	59.9%
Finance	12,853,748	6,407,871	49.9%	13,635,967	6,885,550	50.5%
Performance and Accountability	509,772	307,103	60.2%	535,509	333,370	62.3%
Internal Audit	412,464	195,531	47.4%	442,002	127,422	28.8%
Human Resources	4,158,277	2,165,316	52.1%	4,689,778	2,404,112	51.3%
Planning & Zoning	5,937,014	3,168,183	53.4%	6,390,022	3,272,517	51.2%
Economic Development Activities	7,123,390	5,177,444	72.7%	7,131,946	4,749,367	66.6%
City Attorney	3,751,516	1,785,000	47.6%	3,882,658	2,276,226	58.6%
Registrar	1,468,351	854,982	58.2%	1,335,329	670,292	50.2%
Organizational Excellence	169,548	120,121	70.8%	150,446	-	-
General Services	11,531,122	5,268,468	45.7%	12,255,015	6,360,908	51.9%
Total Staff Agencies	$ 64,815,671	$ 34,796,231	53.7%	$ 66,336,902	$ 36,553,655	55.1%
Operating Agencies						
Transportation & Environmental Services	$ 24,052,572	$ 11,444,372	47.6%	$ 24,190,851	$ 12,223,435	50.5%
Project Implementation	-	25	0.0%	-	-	-
Fire	52,442,480	28,425,651	54.2%	55,307,491	30,234,088	54.7%
Police	62,515,668	33,159,907	53.0%	67,140,443	36,755,732	54.7%
Emergency Communications	8,743,235	4,608,314	52.7%	8,498,862	4,513,555	53.1%
Code	24,000	2,694	11.2%	33,060	3,565	10.8%
Transit Subsidies	18,138,079	647,040	3.6%	21,760,499	16,031,383	73.7%
Housing	1,807,163	1,109,590	61.4%	1,909,924	1,034,642	54.2%
Community and Human Services	14,850,323	7,221,175	48.6%	14,574,157	8,189,790	56.2%
Health	9,130,362	6,043,133	66.2%	8,363,542	5,698,078	68.1%
Historic Resources	3,566,620	1,944,903	54.5%	3,601,582	1,846,774	51.3%
Recreation	23,236,276	11,319,464	48.7%	24,038,373	13,378,166	55.7%
Total Operating Agencies	$ 218,506,778	$ 105,926,269	48.5%	$ 229,418,784	$ 129,909,208	56.6%
Education						
Schools	$ 234,037,296	$ 117,018,648	50.0%	$ 231,669,496	$ 108,017,368	46.6%
Other Educational Activities	16,009	12,007	75.0%	16,128	8,064	50.0%
Total Education	$ 234,053,305	$ 117,030,655	50.0%	$ 231,685,624	$ 108,025,432	46.6%
Capital, Debt Service and Miscellaneous						
Debt Service - City	$ 37,288,071	$ 30,898,191	82.9%	$ 35,530,695	$ 25,987,524	73.1%
Debt Service - Schools	$ 28,578,698	$ 23,681,303	82.9%	$ 28,112,251	$ 19,943,052	70.9%
Expenses on Refunding Bonds	-	49,618,630	-	-	-	-
Non-Departmental	$ 9,692,339	7,175,403	74.0%	9,795,496	7,024,399	71.7%
General Cash Capital	$ 27,338,144	12,795,520	46.8%	43,180,142	21,590,071	50.0%
Contingent Reserves	4,268,705	-	0.0%	749,170	-	-
Total Capital, Debt Service and Miscellaneous	$ 107,165,957	$ 124,169,047	115.9%	$ 117,367,754	$ 74,545,046	63.5%
TOTAL EXPENDITURES	$ 673,820,120	$ 408,708,257	60.7%	$ 694,310,396	$ 377,104,153	54.3%
Cash Match (Transportation/DCHS/ and Transfers to the Special Revenue /Capital Projects Funds)	$ 55,736,959	$ 7,406,547	13.3%	$ 52,973,302	$ 6,262,292	11.8%
Transfer to Housing	4,717,217	2,358,609	50.0%	8,867,775	2,697,288	30.4%
Transfer to Library	7,176,355	143,402	2.0%	7,115,682	135,035	1.9%
Transfer to DASH	20,251,474	14,814,658	73.2%	15,292,278	12,152,500	79.5%
TOTAL EXPENDITURES & TRANSFERS	$ 761,702,125	$ 433,431,473	56.9%	$ 778,559,433	$ 398,351,267	51.2%
Total Expenditures by Category						
Salaries and Benefits	$ 227,732,075	$ 125,004,530	54.9%	$ 233,893,215	$ 127,775,395	54.6%
Non Personnel (includes all school funds)	533,970,050	$ 308,426,944	57.8%	$ 544,666,218	270,575,872	49.7%
Total Expenditures	$ 761,702,125	$ 433,431,474	56.9%	$ 778,559,433	$ 398,351,267	51.2%