



Legislation Text

File #: 22-1100, Version: 1

City of Alexandria, Virginia

MEMORANDUM

DATE: MAY 3, 2022

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

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

FROM: KENDEL TAYLOR, DIRECTOR, FINANCE DEPARTMENT

DOCKET TITLE:

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

ISSUE: Receipt of the Monthly Financial Report for the Period Ending March 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 are attached.

General Fund Revenues

As of March 31, 2022, General Fund revenues totaled \$472.9 million, a decrease of \$23.5 million or 4.7 percent compared to the same period in FY 2021. In November 2021, the City refunded \$11.8 million of existing debt to generate a savings of debt service of approximately \$0.6 million, including \$0.2 million in FY 2022. A similar refunding occurred in FY 2021 of \$49.6 million of outstanding debt. For comparison purposes, without the refinanced bond proceeds, total revenue in FY 2022 is \$461.1 million, which is \$14.7 million more than in FY 2021, or a 3.3 percent increase.

The first significant tax revenue in FY 2022 was due on October 5, when personal property taxes for vehicle and business personal property were due. In FY 2021, through March 2021, the City received \$51.0 million of personal property tax revenue. For the same period in FY 2022, the City has received \$55.6 million. The second half of calendar year 2021 real estate taxes were due on November 15. Through March 2022, the City received \$237.2 million in real estate tax revenue compared to \$236.6 million in FY 2021 (March 2021).

Revenues often do 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 nine months of the fiscal year, several categories, including restaurant meals and sales tax revenue, are reflecting positive condition. Transient occupancy tax collections underperformed expectations in FY 2021 but are also showing positive indications in FY 2022.

In addition to the revenues and expenditures 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. Through January 2022 (sales taxes are remitted to the City two months after they are collected), sales tax revenue exceeded the prior year by \$2.6 million, or 14.0 percent. A portion of the sales tax increase can be attributed to online purchases where the purchase originates in a warehouse (Amazon, Wayfair, etc.) and sales tax is designated for the jurisdiction where the home delivery of the online purchase occurred. An in-store purchase may originate online but the assembly or distribution occurs from a “bricks and mortar” location. For in-store purchases, the sales tax is attributed to the jurisdiction where the store is located. Regardless of the origination, the City benefits from sales that occur, either from the home of residents or from City businesses.

With eight months of collections in FY 2022 (restaurant meals taxes are remitted to the City one month after they are collected), restaurant meals tax revenues are 31.0 percent or nearly \$4.2 million above where they were in the first eight months of FY 2021. Transient lodging is showing signs of improvement. Through the first nine months of FY 2022 (eight months of collections), revenues exceed the same period in FY 2021 by \$2.4 million or 86.4 percent. During the pandemic in FY 2021, transient lodging tax revenue was down from the prior (pre-pandemic) year by approximately 70 percent. Revenues collected through calendar year 2021 were slightly more than half the amount collected in calendar year 2019. Weekend stays from leisure travel is largely driving the revenue growth, as business travel during the week remains subdued. With the surge in cases from the Omicron variant, revenue from transient lodging taxes was lower in January and February than in prior months.

General Fund Expenditures

As of March 31, 2022, FY 2022 General Fund expenditures totaled \$469.9 million, a decrease of \$13.7 million or 2.8 percent compared to the same period in FY 2021. Similar to the situation with revenue, the transfer to the escrow agent of the refunded bond proceeds skews the comparison to the prior year. For comparison purposes, without the impact of the bond refunding in each year, total expenditures are \$458.2 million, a \$24.3 million increase compared to FY 2021, or 5.6 percent. No significant expenditure has occurred in the first nine months of FY 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 several sources. Last year, General Fund resources were conserved, and a greater portion of the contribution came from other sources compared to this year in which the budgeted contributions are being utilized. The other anomaly across all departments compared to FY 2021 is the approximately \$7.2 million in pay adjustments that were provided to employees in November and \$2.1 million for the 1 percent bonus in August.

Investment Report

As of March 31, 2022, the City held \$333.6 million in investments, with a total rate of return in the third quarter of FY 2022 of 0.05%. Attachment 4 reviews the City’s investment policy, which focuses above all on the preservation of capital, adequate liquidity, and secondary to these, attaining a market rate of return. Authorized and actual investment allocations focus heavily on federal, state, and municipal securities, as well as certificates of deposit. As of March 31, \$255.2 million or 76.4% of the City’s portfolio was held in the Commonwealth’s Local Government Investment Pool (LGIP). The low rate of return in the third quarter was due to very low interest rates, which have begun to rise in coordination with actions of the Federal Reserve. This will likely result in gradual increases to the City’s rate of return in the fourth quarter.

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: Investment Report, FY 2022 Third Quarter

STAFF:

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

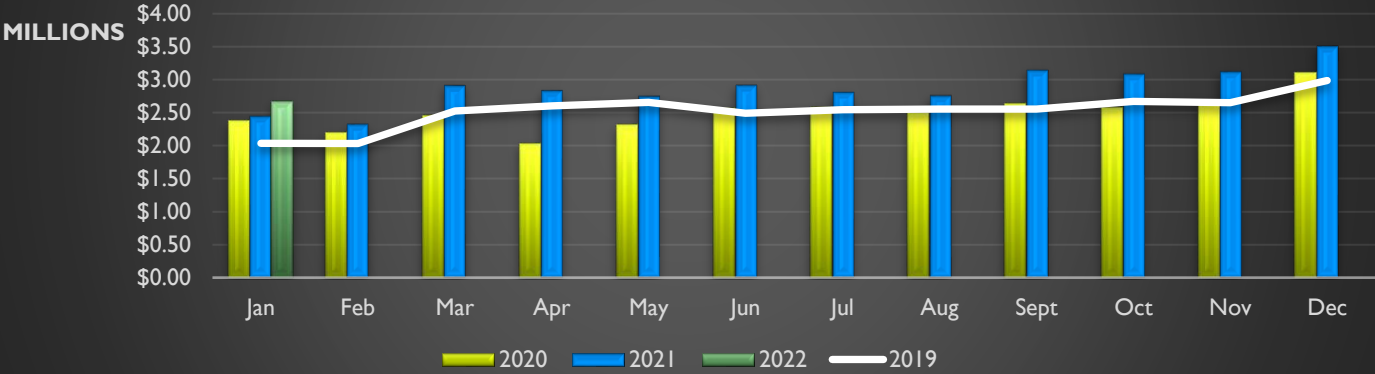
CITY OF ALEXANDRIA, VIRGINIA
COMPARATIVE STATEMENT OF REVENUES
GENERAL FUND
FOR THE PERIODS ENDING MARCH 31, 2022 AND MARCH 31, 2021

	B	B.1	C	D=C/B	E	F	G=F/E
	FY 2022	FY 2022	FY2022		FY 2021	FY2021	
	APPROVED	PROJECTED	REVENUES	%	APPROVED	REVENUES	%
	BUDGET	REVENUES	THRU 3/31/2022	OF BUDGET	BUDGET	THRU 3/31/2021	OF TOTAL
General Property Taxes							
Real Property Taxes.....	\$ 483,311,548	493,535,498	\$ 237,151,565	49.1%	\$ 477,554,000	\$ 236,617,265	49.5%
Personal Property Taxes.....	55,126,000	59,376,000	55,563,323	100.8%	55,213,000	50,962,335	92.3%
Penalties and Interest.....	2,600,000	3,092,000	2,594,869	99.8%	2,808,000	1,655,869	59.0%
Total General Property Taxes	\$ 541,037,548	\$ 556,003,498	\$ 295,309,757	54.6%	\$ 535,575,000	\$ 289,235,469	54.0%
Other Local Taxes							
Local Sales and Use Taxes.....	\$ 31,720,000	35,000,000	\$ 21,110,090	66.6%	\$ 26,194,000	\$ 18,515,620	70.7%
Consumer Utility Taxes.....	11,760,000	11,760,000	7,592,732	64.6%	12,700,000	8,015,109	63.1%
Communication Sales and Use Taxes.....	7,600,000	7,600,000	5,150,114	67.8%	8,275,000	5,471,079	66.1%
Business License Taxes.....	34,135,900	37,364,300	35,774,318	104.8%	22,000,000	33,834,917	153.8%
Transient Lodging Taxes.....	6,500,000	10,000,000	5,198,450	80.0%	10,833,000	2,789,406	25.7%
Restaurant Meals Tax.....	19,980,000	24,000,000	17,555,307	87.9%	20,500,000	13,397,269	65.4%
Tobacco Taxes.....	1,957,000	1,957,000	1,272,645	65.0%	2,600,000	1,408,083	54.2%
Real Estate Recordation.....	8,645,000	8,645,000	5,865,868	67.9%	5,900,000	6,273,948	106.3%
Admissions Tax.....	124,000	231,000	171,695	138.5%	500,000	54,957	11.0%
Other Local Taxes.....	4,595,000	4,595,000	932,328	20.3%	5,109,090	620,652	12.1%
Total Other Local Taxes	\$ 127,016,900	\$ 141,152,300	\$ 100,623,547	79.2%	\$ 114,611,090	\$ 90,381,039	78.9%
Intergovernmental Revenues							
Revenue from the Fed. Government.....	\$ 7,932,000	7,944,000	\$ 3,974,416	50.1%	\$ 10,109,303	\$ 5,689,846	56.3%
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.....	25,617,409	24,966,000	14,480,058	56.5%	23,741,866	17,119,550	72.1%
Total Intergovernmental Revenues	\$ 57,127,940	\$ 56,488,531	\$ 41,561,434	72.8%	\$ 57,429,700	\$ 45,916,356	80.0%
Other Governmental Revenues And Transfers In							
Fines and Forfeitures.....	\$ 3,762,200	3,465,200	\$ 1,914,678	50.9%	\$ 3,502,615	\$ 2,269,021	64.8%
Licenses and Permits.....	2,136,550	1,938,850	1,711,121	80.1%	2,339,631	3,749,474	160.3%
Charges for City Services.....	13,724,495	13,433,320	10,748,999	78.3%	14,308,344	6,452,965	45.1%
Revenue from Use of Money & Prop.....	4,139,167	3,405,000	2,455,600	59.3%	5,498,250	2,716,180	49.4%
Other Revenue.....	2,115,013	2,151,500	1,707,257	80.7%	2,067,866	1,311,029	63.4%
Transfer from Other Funds.....	10,142,543	10,243,676	5,071,272	50.0%	9,246,427	4,416,124	47.8%
Total Other Governmental Revenues	\$ 36,019,968	\$ 34,637,546	\$ 23,608,927	65.5%	\$ 36,963,133	\$ 20,914,793	56.6%
TOTAL REVENUE	\$ 761,202,356	\$ 788,281,875	\$ 461,103,665	60.6%	\$ 744,578,923	\$ 446,447,657	60.0%
Refunding bond proceeds.....	\$ 11,782,546	\$ 11,782,546	\$ 11,782,546			\$ 49,887,196	
Appropriated Fund Balance							
Operating Budget	\$ 10,000,000		\$ -	\$ -	\$ 12,934,086	\$ -	-
Cash Capital.....							
Encumbrances And Other.....	5,538,625		-	-	-	-	-
Supplemental Appropriations.....	16,110,207	4,569,313	-	-	4,140,163	-	-
TOTAL	\$ 804,633,734	\$ 804,633,734	\$ 472,886,211	58.8%	\$ 761,653,172	\$ 496,334,853	65.2%

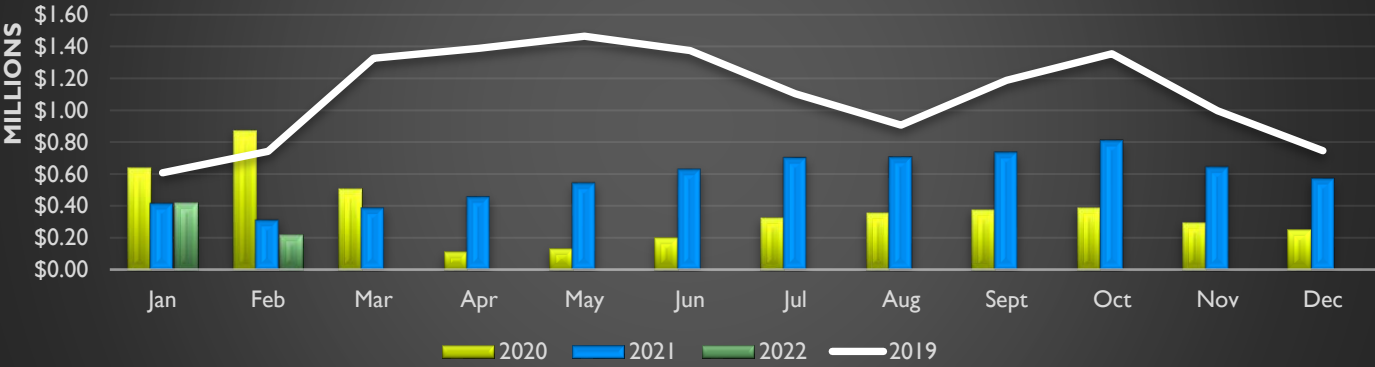
COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION
GENERAL FUND
FOR THE PERIODS ENDING MARCH 31, 2022 AND MARCH 31, 2021

FUNCTION	B	C	D=C/B	E	F	G=F/E
	FY 2022 APPROVED BUDGET	FY2022 EXPENDITURES THRU 3/31/2022	% OF BUDGET EXPENDED	FY 2021 APPROVED BUDGET	FY2021 EXPENDITURES THRU 3/31/2021	% OF BUDGET EXPENDED
Legislative & Executive.....	\$ 4,778,319	\$ 3,444,109	72.1%	\$ 3,577,587	\$ 2,447,685	68.4%
Judicial Administration.....	45,008,863	31,967,856	71.0%	45,687,423	31,178,401	68.2%
Staff Agencies						
Communications.....	\$ 1,651,966	\$ 1,005,483	60.9%	\$ 1,567,258	\$ 944,623	60.3%
Human Rights.....	1,008,210	758,974	75.3%	939,907	662,127	70.4%
Information Technology Services.....	14,121,129	9,704,341	68.7%	13,118,675	8,995,948	68.6%
Management & Budget.....	1,476,120	871,379	59.0%	1,274,629	825,868	64.8%
Finance.....	13,217,108	8,408,313	63.6%	12,853,748	8,316,388	64.7%
Performance Analytics.....	690,787	396,065	57.3%	509,772	371,578	72.9%
Internal Audit.....	461,431	282,076	61.1%	412,464	258,034	62.6%
Human Resources.....	5,051,787	2,862,942	56.7%	4,158,277	2,962,874	71.3%
Planning & Zoning.....	6,764,770	4,311,820	63.7%	5,937,014	4,041,599	68.1%
Economic Development Activities.....	7,036,340	5,085,250	72.3%	7,123,390	5,183,682	72.8%
City Attorney.....	3,847,491	2,776,698	72.2%	3,751,516	2,324,973	62.0%
Registrar.....	1,428,386	938,084	65.7%	1,468,351	965,614	65.8%
Organizational Excellence	193,448	113,053	58.4%	169,548	141,416	83.4%
General Services.....	11,602,845	7,999,401	68.9%	11,531,122	6,643,756	57.6%
Total Staff Agencies	\$ 68,551,818	\$ 45,513,879	66.4%	\$ 64,815,671	\$ 42,638,480	65.8%
Operating Agencies						
Transportation & Environmental Services.....	\$ 24,805,471	\$ 15,604,179	62.9%	\$ 24,018,283	\$ 14,856,025	61.9%
Project Implementation.....	-	-	0.0%	-	25	0.0%
Fire.....	53,126,585	38,633,637	72.7%	52,442,480	36,197,675	69.0%
Police.....	61,943,107	43,350,329	70.0%	62,514,687	42,736,471	68.4%
Community Policing Review.....	500,000	16,000	0.0%	-	-	-
Emergency Communications.....	9,145,532	6,026,614	65.9%	8,743,235	5,905,394	67.5%
Code.....	-	-	0.0%	24,000	3,592	15.0%
Transit Subsidies.....	19,280,052	14,093,689	73.1%	14,562,467	779,456	5.4%
Housing.....	1,829,441	1,378,732	75.4%	1,807,163	1,395,913	77.2%
Community and Human Services.....	15,908,362	11,545,048	72.6%	14,850,323	10,704,463	72.1%
Health.....	8,946,872	6,328,831	70.7%	9,130,362	6,434,831	70.5%
Historic Resources.....	3,942,134	2,472,819	62.7%	3,566,337	2,476,982	69.5%
Recreation.....	25,308,382	16,159,866	63.9%	23,236,276	14,384,002	61.9%
Total Operating Agencies	\$ 224,735,938	\$ 155,609,744	69.2%	\$ 214,895,613	\$ 135,874,829	63.2%
Education						
Schools.....	\$ 239,437,296	\$ 119,718,648	50.0%	\$ 234,037,296	\$ 117,018,648	50.0%
Other Educational Activities.....	15,785	11,839	75.0%	16,009	12,007	75.0%
Total Education	\$ 239,453,081	\$ 119,730,487	50.0%	\$ 234,053,305	\$ 117,030,655	50.0%
Capital, Debt Service and Miscellaneous						
Debt Service - City.....	\$ 36,851,668	\$ 29,901,447	81.1%	\$ 37,288,071	\$ 30,898,191	82.9%
Debt Service - Schools.....	28,633,966	23,233,603	81.1%	28,578,698	23,681,303	82.9%
Expenses on Refunding Bonds.....	11,710,136	11,710,136	100.0%	-	49,618,630	0.0%
Non-Departmental.....	20,365,380	10,428,452	51.2%	9,692,339	8,915,109	92.0%
General Cash Capital.....	34,804,271	16,969,152	48.8%	25,591,040	12,795,520	50.0%
Contingent Reserves.....	1,074,170	-	0.0%	4,268,703	-	0.0%
Total Capital, Debt Service and Miscellaneous	\$ 133,439,591	\$ 92,242,790	69.1%	\$ 105,418,851	\$ 125,908,753	119.4%
TOTAL EXPENDITURES	\$ 715,967,610	\$ 448,508,865	62.6%	\$ 668,448,450	\$ 455,078,803	68.1%
Cash Match (Transportation/DCHS/ and Transfers to Special Revenue /Capital Projects Funds)...	\$ 55,838,330	\$ 7,152,999	12.8%	\$ 57,484,064	\$ 7,406,547	12.9%
Transfer to Housing.....	4,588,522	2,294,261	50.0%	4,717,217	2,358,609	50.0%
Transfer to Library.....	7,680,826	374,648	4.9%	7,176,355	150,863	2.1%
Transfer to DASH.....	20,558,446	11,568,229	56.3%	23,827,086	18,563,134	77.9%
TOTAL EXPENDITURES & TRANSFERS	\$ 804,633,734	\$ 469,899,002	58.4%	\$ 761,653,172	\$ 483,557,956	63.5%
Total Expenditures by Category						
Salaries and Benefits.....	\$ 241,764,310	\$ 165,924,331	68.6%	\$ 227,656,371	\$ 159,518,139	70.1%
Non Personnel (includes all school funds)	562,869,424	303,974,671	54.0%	533,996,801	324,039,817	60.7%
Total Expenditures	\$ 804,633,734	\$ 469,899,002	58.4%	\$ 761,653,172	\$ 483,557,956	63.5%

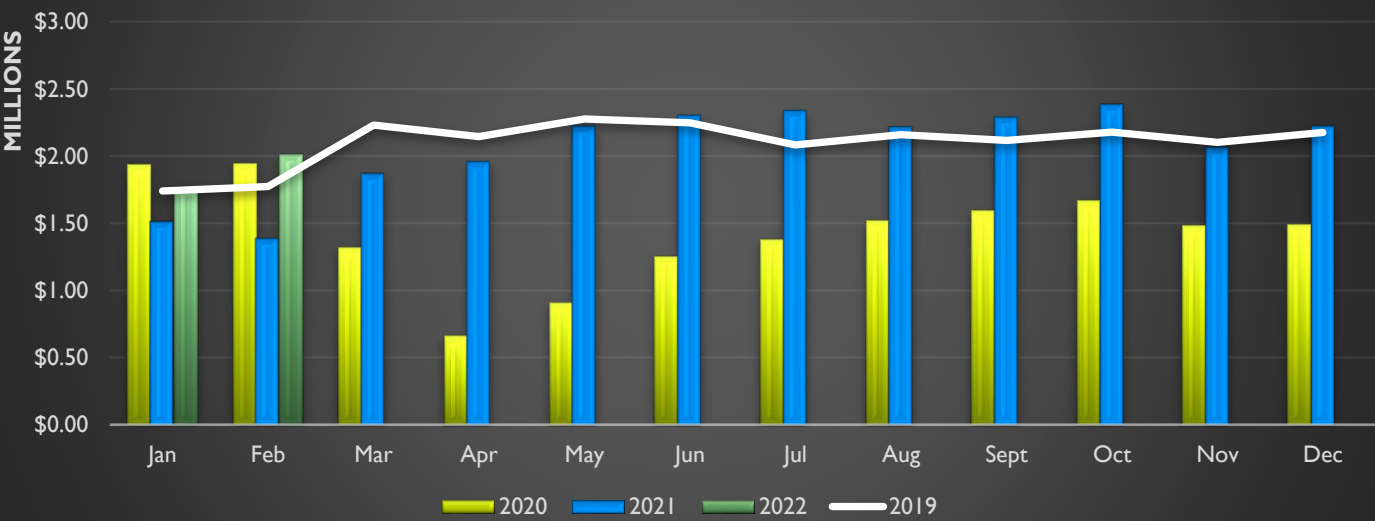
Sales Tax Monthly Comparison 2019-2020-2021



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



Meals Tax Monthly Comparison 2019-2020-2021-2022



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

Investment Policy

Objective and Strategy

Safety of Principal – investments will be made in a manner that seeks to ensure the preservation of capital

Liquidity – the investments will remain sufficiently liquid to meet all operating 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 March 31, 2022

Security Type	Balance (millions)	Allocation
Local Government Investment Pool (LGIP)	\$255.2	76.4%
US Agency/Treasury Bonds	63.8	19.1%
CDARS	9.5	2.9%
Virginia Investment Pool (VIP) Liquidity	5.2	1.6%
Total	\$333.6	100.0%

Return on Investment 3Q – FY 2022

Security Type	Balance (millions)	Total Rate of Return (Book Value)
Local Government Investment Pool (LGIP)	\$255.2	0.03%
US Agency/Treasury Bonds	63.8	0.12%
CDARS	9.5	0.07%
Virginia Investment Pool (VIP) Liquidity	5.2	0.04%
Total	\$333.6	0.05%