



Legislation Details (With Text)

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Title: Consideration of the Monthly Financial Report for the Period Ending February 28, 2022.
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Attachments: 1. 22-0834_Att 1 - Revenue-February 2022, 2. 22-0834_Att 2 - Expenditure February 2022, 3. 22-0834_Att 3 - Consumer Spending Attachment 3

Date	Ver.	Action By	Action	Result
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City of Alexandria, Virginia

MEMORANDUM

DATE: MARCH 29, 2022
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 February 28, 2022.

ISSUE: Receipt of the Monthly Financial Report for the Period Ending February 28, 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 February 28, 2022, General Fund revenues totaled \$450.5 million, a decrease of \$14.9 million or 3.2 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 \$438.7 million, which is \$23.2 million more than FY 2021, or a 5.6 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 February 2021, the City had received \$49.4 million of personal property tax revenue. For the same period in FY 2022, the City has received \$54.8 million. The second half of calendar year real estate taxes were due on November 15. Through February 2022, the City has received \$236.5 million of real estate tax revenue compared to \$235.5 million in FY 2021 (February 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 seven months of the fiscal year several categories, including Restaurant Meals, and Sales Tax Revenue are reflecting positive condition. Transient Occupancy Tax collections underperformed in FY 2021 but are also showing positive indications in FY 2022.

In addition to the revenues and expenditure 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 December 2021, Sales Tax revenue exceeded the prior year by \$2.4 million, or 14.7 percent. A portion of the sales tax increase can be attributed to on-line 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 mort' place. 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 seven 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 30.7 percent or nearly \$3.6 million above where they were in the first eight months of FY 2021. Transient Lodging is showing signs of improvement. Through the first eight months of FY 2022 (seven months of collections), revenues exceed the same period in FY 2021 by \$2.0 million or 82.1 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 than in prior months.

General Fund Expenditures

As of February 28, 2022, FY 2022 General Fund expenditures totaled \$445.5 million, a decrease of \$11.7 million or 2.6 percent compared to the same time period for FY 2021. Similar to the situation related to revenue, the transfer to the escrow agent of the refunded bond proceeds skews the comparison to the prior year. For comparison purposes, without the \$11.7 million impact from the bond refunding, total expenditures are \$412.5 million, a \$26.2 million increase compared to FY 2021, or 6.4 percent. No significant expenditure has occurred in the first eight months of Fiscal Year 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 General Fund 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 2021 and \$2.1 million for the 1 percent bonus in August 2021.

ATTACHMENTS:

Attachment 1: Comparative Statement of General Fund Revenues
Attachment 2: Comparative Statement of General Fund Expenditures
Attachment 3: Consumer Spending comparison charts

STAFF:

Laura B. Triggs, Deputy City Manager
Kendel Taylor, Director, Finance Department
Morgan Routt, Director, Office and Management and Budget