Legislation Details (With Text)

File #:	21-0650	**Name:**	December 2020 Monthly FInancial Report
Type:	Written Report	**Status:**	Agenda Ready
File created:	1/12/2021	**In control:**	City Council Legislative Meeting
On agenda:	2/9/2021	**Final action:**	
Title:	Consideration of the Monthly Financial Report for the Period Ending December 31, 2020.		
Sponsors:			
Indexes:			
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Attachments:	1. 21-0650_Att 1 - Revenue December FY2021, 2. 21-0650_Att 2 - Expenditure December FY2021, 3. 21-0650_ Att 3 - Consumer Spending, 4. 21-0650_Att 4 - Investment Report 2QFY2021		

Date	Ver.	Action By	Action	Result

City of Alexandria, Virginia

MEMORANDUM

DATE: FEBRUARY 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 December 31, 2020.

ISSUE: Receipt of the Monthly Financial Report for the Period Ending December 31, 2020.

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 December 31, 2020, General Fund revenues totaled $369.8 million, a decrease of $6.4 million or 1.7% less than the revenues collected at the same time in FY 2020. Through the first six months, approximately 48.6 percent of budgeted revenues have been collected.

At this time in FY 2021, the City's total revenue collection is not noticeably different than what was projected for the first six months of this fiscal year. Revenues with considerable declines are being somewhat offset with additional revenues in other categories. The forthcoming FY 2022 Operating Budget will include a comprehensive forecast of the FY 2021 General Fund Revenues that will be incorporated into subsequent Monthly Financial Reports.

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 time is also impacting collections. Notices will be mailed in the coming weeks 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 City Council Retreat, this is due to COVID-19 causing lower new car purchases by consumers which means fewer new cars added to the City's tax rolls in Calendar Year 2020.

The development and possible 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 earlier projected, and revenues will be less than currently budgeted. At this time staff does not anticipate any 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 December 2020. As expected, based on travel and restaurant trends, Meals Sales tax revenue is 19.2 percent lower and Transient Lodging tax is 70.2 percent lower than this period last year. Even though restaurant and hotel sales are down substantially, the local 1% sales tax (which also applies to restaurant and hotel sales) is only down slightly because of the surge in internet based sales. 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 three provides the comparison of the cumulative impact of the COVID-19 pandemic on the City's consumer spending. In aggregate, the impact on the City's revenue since February is a loss of revenue of $15.3 million. The most significant decline is in Transient Lodging tax revenue, which is down 70 percent since February or a loss of $7.6 million in the past nine months. Losses in Meals Sales Tax revenue are proportionally less than Transient Lodging, with a 36.5 percent decline; this equates to $7.8 million in lost revenue.

Revenue from the Use of Money and Property is lower than last fiscal year due to interest rates on 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. (Attachment 4 provides the quarterly investment report.) Permits and Licenses are over $2 million more than receipts in December 2019 due to the collection of past due invoices for Temporary Parking permits by a utility company. Recordation tax revenues have increased 22% due to residential sales and refinancing as well as the sale of the Southern Towers portfolio.

EXPENDITURES

As of December 31, 2020, General Fund expenditures totaled $342.9 million, a decrease of $11.8 million or 3.3 percent compared to the same time period for FY 2020. Expenditures for most City departments is 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.

ATTACHMENTS:
Attachment 1: Comparative Statement of General Fund Revenues
Attachment 2: Comparative Statement of General Fund Expenditures
Attachment 3: Comparison of Consumer Spending Categories
Attachment 4: Quarter 2 Investment Report

STAFF:
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