



Legislation Details (With Text)

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Attachments:	1. 22-0536_Att 1 - Revenue-December 2021, 2. 22-0536_Att 2 - Expenditure December 2021, 3. 22-0536_Att 3 - Consumer Spending, 4. 22-0536_Att 4 - 2Q Investment report December 2021		
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City of Alexandria, Virginia

MEMORANDUM

DATE: FEBRUARY 1, 2022

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES F. PARAION, CITY MANAGER /s/

DOCKET TITLE:

Consideration of the Monthly Financial Report for the Period Ending December 31, 2021.

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

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, 2021, General Fund revenues totaled \$394.3 million, an increase of \$24.5 million or 6.6 percent compared to the same period in FY 2021. In November 2020, the City refunded existing debt to generate a savings of debt service of approximately \$0.6 million. Including \$0.2 million in FY 2022. For comparison purposes, without the \$11.8 million in refinanced bond proceeds, total revenue in FY 2022 is \$382.6 million, which is \$12.8 million more than FY 2021, or a 3.4 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 December 2020, the City had received \$47.1 million of personal property tax revenue. For the same period in FY 2022, the City has received \$53.4 million. The second half of calendar year real estate taxes were due on November 15. Through

December 2021, the City has received \$232.9 million of real estate tax revenue compared to \$233.6 million in FY 2021 (December 2020).

Revenues do often 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 six 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 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. In total, in FY 2021, Sales Tax revenue exceeded the prior year by \$2.3 million, or 7.7 percent. A portion of the sales tax increase can be attributed to on-line purchases where the purchase originates in a warehouse like Amazon or Wayfair, 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. Attachment 3 provides a three-year comparison of sales tax revenue by source (storefront versus online).

With five months of collections in FY 2022, Restaurant Meals tax revenues are 31.3 percent or nearly \$2.7 million above where they were in the first five months of FY 2021. Restaurant Meals taxes are remitted to the City one month after they are collected. Transient Lodging is showing signs of improvement from the height of the pandemic. Through the first six months of FY 2022 (five months of collections), revenues exceed the same period in FY 2021 by \$2.2 million or 123 percent. During the pandemic in FY 2021, Transient Lodging tax revenue was down from the prior (pre-pandemic) year by approximately 70 percent. Although revenues are still below pre-pandemic levels, the gap is now approximately 30 percent. Weekend stays from leisure travel is largely driving the revenue growth, as business travel during the week remains subdued.

Attachment 4 provides the 2nd quarter investment report for City operating funds. Low interest rates continue to impact the City's earnings and is generally consistent with the budget.

As of December 31, 2021, FY 2022 General Fund expenditures totaled \$378.3 million, an increase of \$35.4 million or 10.3 percent over the same 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 \$366.6 million, a \$23.7 million increase compared to FY 2021, or 10.3 percent. No significant expenditure has occurred in the first five 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 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 one percent bonus in August as approved by City Council.

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 2nd Quarter FY 2022

STAFF:

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