



## Legislation Details (With Text)

<b>File #:</b>	21-0651	<b>Name:</b>	January 2021 Monthly Financial Report
<b>Type:</b>	Written Report	<b>Status:</b>	Agenda Ready
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<b>On agenda:</b>	3/9/2021	<b>Final action:</b>	
<b>Title:</b>	Consideration of the Monthly Financial Report for the Period Ending January 31, 2021.		
<b>Sponsors:</b>			
<b>Indexes:</b>			
<b>Code sections:</b>			
<b>Attachments:</b>	1. 21-0651_Att 1 - Revenue- January FY2021, 2. 21-0651_Att 2 - Expenditure January FY2021, 3. 21_0651_Att 3 - Consumer Spending Attachment 3		

Date	Ver.	Action By	Action	Result
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## 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

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Mayuri Middough, Division Chief of Administration