



Legislation Details (With Text)

File #: 22-0170 **Name:** August MFR
Type: Written Report **Status:** Agenda Ready
File created: 8/12/2021 **In control:** City Council Legislative Meeting
On agenda: 10/12/2021 **Final action:**
Title: Consideration of the Monthly Financial Report for the Period Ending August 31, 2021.
Sponsors:
Indexes:
Code sections:
Attachments: 1. 22-0170_Att 1 - Revenue- August 2021, 2. 22-0170_Att 2 - Expenditure August 2021, 3. 22-0170_Att 3 - Consumer Spending Attachment 3

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

City of Alexandria, Virginia

MEMORANDUM

DATE: OCTOBER 5, 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 August 31, 2021.

ISSUE: Receipt of the Monthly Financial Report for the Period Ending August 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 August 31, 2021, General Fund revenues totaled \$14.2 million, a decrease of 14.1 percent compared to the same period in FY 2021. It is important to note that revenues collected in July and some of the revenue collected in August are for taxes owed in June and are therefore accrued to the prior fiscal year. Timing issues are also much more pronounced in the early months of the fiscal year. For example, at this time the first half of the City's Personal Property Tax Relief from the Commonwealth has not been received, but the City had received \$11.8 million at this time in FY 2021. Communication Sales and Use Taxes had also been received and posted at this time last year. The first significant tax revenue in FY 2022 is traditionally due on October 5, when personal property taxes for vehicle and business personal property are due. The bills are mailed in mid to late August and payments processed in August can vary significantly.

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 two months of the fiscal year, no category has sufficient receipts to establish a clear pattern, however based on unaudited revenues in FY 2021, several categories, including Business License Tax, Restaurant Meals, Recordation and Sales Tax Revenue may exceed the budgeted amounts that were assumed in light of the ongoing pandemic. Transient Occupancy Tax collections underperformed expectations. While some of this additional revenue was projected in the Spring and considered in the context of the FY 2022 budget, these additional revenues exceeded the cautious estimates made for FY 2021 earlier in the year when staff was still assessing the unprecedented tax revenue impact of the pandemic on consumer behaviors. Staff is working on the FY 2022 revenue projections and will complete them and present the findings at Council's November 6 Retreat. Attachment 1 provides a preliminary comparison of FY 2021 unaudited revenue totals compared to the FY 2021 Approved Budget.

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 large portion of the sales tax increase can be attributed to on-line purchases where the sales tax is designated for the jurisdiction where the home delivery of the online purchase occurred. For in store purchases, the sales tax is attributed to the jurisdiction where the store is located. This shift in the situs of the taxable sale benefitted Alexandria as City residents out of jurisdiction in store shopping dropped significantly during the pandemic, while internet shopping with home delivery increased substantially. Preliminary audited Sales Tax revenues of \$32.3 million more than the budgeted amount of \$26.2 million. Transient Lodging Tax revenue of \$0.7 million in July 2021 reflect an increase of \$0.4 million compared to July 2020. Meals Tax Revenue of \$2.3 million reflect an increase of 66.4 percent to revenues in July 2020.

As of August 31, 2021, FY 2022 General Fund expenditures totaled \$102.8 million, an increase of \$10.4 million over the same time period for FY 2021. Similar to the situation with revenues, it is too soon to make any definitive economic interpretation from the activity that has occurred in the first two months of the fiscal year. No significant expenditure has occurred in the first quarter 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 Non-Departmental, Pension Supplement payments were made earlier in FY 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 Triggs, Deputy City Manager

Kendel Taylor, Director, Finance Department

Morgan Routt, Director, Office and Management and Budget