



## Legislation Details (With Text)

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<b>Title:</b>	Consideration of the Monthly Financial Report for the Period Ending September 30, 2021.		
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<b>Attachments:</b>	1. 22-0171_Att 1 - Revenue- September 2021, 2. 22-0171_Att 2 - Expenditure September 2021, 3. 22-0171_Att 3 - Consumer Spending Attachment 3, 4. 22-0171_Att 4 - 1Q Investment report FY 2022		
<b>Date</b>	<b>Ver.</b>	<b>Action By</b>	<b>Action</b>
			<b>Result</b>

## City of Alexandria, Virginia

### MEMORANDUM

**DATE:** NOVEMBER 2, 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 September 30, 2021.

**ISSUE:** Receipt of the Monthly Financial Report for the Period Ending September 30, 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 September 30, 2021, General Fund revenues totaled \$69.7 million, an increase of \$3.9 million of 5.9 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 of tax receipts are also much more pronounced in the early months of the fiscal year. For example, several Consumer Utility payments were received in August outside of the accrual period and are reflected in FY 2022. In FY 2021, the payments were received on time and reflected in the appropriate fiscal 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 were due. The bills were mailed in mid to late August and payments processed in August can vary significantly. In FY 2021, through September 2020, the City had received \$25.8 million of personal property tax revenue. For the same period in FY

2022, the City has received \$27.2 million.

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 three months of the fiscal year, no category has sufficient receipts to establish a clear pattern, however when the last three months of FY 2021 are taken into account, several categories, including Business License Tax, Restaurant Meals, and Sales Tax Revenue are reflecting positive condition. Transient Occupancy Tax collections underperformed even the low expectations in FY 2021, but are now showing positive indications in FY 2022. Staff is working on the FY 2022 preliminary 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. July 2021 Sales Tax revenue exceeds July 2020 revenues by 9 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.

With two months of collections in FY 2022, Restaurant Meals tax revenues are nearly 25 percent of budget, or nearly \$1.0 million above where they were in the first two months of FY 2021. In the past three months, going back to June 2021, Meals Tax Revenue exceeds revenues for the same pre-pandemic months in 2019. Transient Lodging is also now showing signs of improvement. Through the first two months of FY 2022, revenues exceed the same period in FY 2021 by \$0.8 million or 127.7 percent. During the pandemic in FY 2021, Transient Lodging tax revenue was below the prior (pre-pandemic) year by approximately 70 percent. Although these revenues are still below pre-pandemic levels, the gap is now approximately 35 percent. Weekend stays from leisure travel is largely driving the revenue growth, as business travel during the week remains low.

Attachment 4 provides a snapshot of the City's investment portfolio. Extremely low interest rates continue to exist across all security types and maturities. Low interest rates are evident in Use of Money and Property in Interest on General Fund Investments. The FY 2022 Approved Budget in this category assumes these lower interest earnings throughout the year.

As of September 30, 2021, FY 2022 General Fund expenditures totaled \$158.7 million, an increase of \$4.5 million or 2.9 percent 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 three 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 multiple sources. Last year, General Fund resources were conserved, and a greater portion of the contribution came from other revenue sources compared to this year in which the budgeted contributions are being utilized. In the Non-Departmental account, 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
- Attachment 4: 1<sup>st</sup> Quarter Investment Report

#### **STAFF:**

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