



Legislation Details (With Text)

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Attachments:	1. 22-0535_Att 1 - Revenue-November 2021, 2. 22-0535_Att 2 - Expenditure November 2021, 3. 22-0535_Att 3 - Consumer Spending		

Date	Ver.	Action By	Action	Result
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City of Alexandria, Virginia

MEMORANDUM

DATE: JANUARY 4, 2022

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 November 30, 2021.

ISSUE: Receipt of the Monthly Financial Report for the Period Ending November 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 November 30, 2021, General Fund revenues totaled \$256.1 million, an increase of \$21.4 million of 9.1 percent compared to the same period in FY 2021. 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. In FY 2021, through November 2020, the City had received \$40.6 million of personal property tax revenue. For the same period in FY 2022, the City has received \$50.9 million. It is important to note that in FY 2021, the personal property tax due date was moved to December to provide taxpayers with a brief extension in light of the pandemic. However, through 41 percent of the fiscal year, the City has collected 92.4 percent of budgeted personal property revenue. This compares to pre-pandemic collection rates of 88.4 percent in FY 2020 and 89.4 percent in FY 2019. The increase in personal property tax revenues is largely due to pandemic-triggered increases in the value of used and new cars.

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 five 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. August 2021 Sales Tax revenue exceeds August 2020 revenues by 10 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. Attachment 3 provides a three-year comparison of sales tax revenue by source (storefront versus online).

With four months of collections in FY 2022 (Restaurant Meals taxes are remitted to the City one month after they are collected.), Restaurant Meals tax revenues are 31.8 percent or nearly \$2.3 million above where they were in the first four months of FY 2021. Transient Lodging is showing signs of improvement. Through the first five months of FY 2022 (four months of collections), revenues exceed the same period in FY 2021 by \$1.8 million or 119.4 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%. Weekend stays from leisure travel is largely driving the revenue growth, as business travel during the week remains subdued. Omicron's impact may temper that growth in the first few months of FY 2022.

As of November 30, 2021, FY 2022 General Fund expenditures totaled \$256.1 million, an increase of \$21.4 million or 9.1 percent over the same time period for FY 2021. 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 early in the year 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 (1.5% pay scale adjustment and \$3,000 bonuses) that were provided to employees in November and \$2.1 million for the 1 percent bonus in August. These FY 2022 pay adjustments arose out of the City's frozen pay policy triggered by revenue declines during the pandemic, followed by a large General Fund surplus at the end of 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:

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Morgan Routt, Director, Office and Management and Budget