



Legislation Details (With Text)

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Title:	Consideration of the Monthly Financial Report for the Period Ending April 30, 2022.		
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Attachments:	1. 22-1238_Revenue-April 2022, 2. 22-1238_Expenditure April 2022, 3. 22-1238_Consumer Spending Attachment 3		

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

MEMORANDUM

DATE: JUNE 7, 2022

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

THROUGH: JAMES F. PARAJON, CITY MANAGER /s/

FROM: KENDEL TAYLOR, DIRECTOR, FINANCE DEPARTMENT

DOCKET TITLE:

Consideration of the Monthly Financial Report for the Period Ending April 30, 2022.

ISSUE: Receipt of the Monthly Financial Report for the Period Ending April 30, 2022.

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.

General Fund Revenues

As of April 30, 2022, General Fund revenues totaled \$494.7 million, a reduction of \$14.3 million or 2.8 percent compared to the same period in FY 2021. In November 2021, the City refunded \$11.8 million of existing debt to generate a savings of debt service of approximately \$0.6 million, including \$0.2 million in FY 2022. A similar refunding occurred in FY 2021 of \$49.6 million of outstanding debt. For comparison purposes, without the refinanced bond proceeds, total revenue in FY 2022 is \$483.0 million, which is \$23.8 million more than in FY 2021, or a 5.2 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 April 2021, the City received \$51.7 million of personal property tax revenue. For the same period in FY 2022, the City has received \$56.2 million. The second half of calendar year 2021 real estate taxes were due on November 15. Through April 2022, the City received \$237.4 million in real estate tax revenue, the same amount it received a year ago through April 2021.

Revenues often do 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 ten months of the fiscal year, several categories, including restaurant meals, transient occupancy, and sales tax revenue are reflecting a positive condition.

In addition to the revenues and expenditures 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. Through February 2022 (sales taxes are remitted to the City two months after they are collected), sales tax revenue exceeded the prior year by \$2.9 million, or 13.8 percent. A portion of the sales tax increase can be attributed to online purchases where the purchase originates in a warehouse (Amazon, Wayfair, etc.) 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 mortar" location. 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.

With nine 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 30.7 percent or nearly \$4.7 million above the same period in FY 2021. Transient occupancy tax collections have also rebounded significantly of late. Through the first ten months of FY 2022 (nine months of collections), revenues exceed the same period in FY 2021 by \$2.8 million or 87.2 percent. During the pandemic in FY 2021, transient occupancy tax revenue was down from the prior (pre-pandemic) year by approximately 70 percent. Revenues collected through calendar year 2021 were slightly more than half the amount collected in calendar year 2019. Weekend stays from leisure travel are largely driving the revenue growth, as business travel during the week remains subdued. With the surge in cases from the Omicron variant, revenue from transient lodging taxes was lower in January and February than in prior months.

General Fund Expenditures

As of April 30, 2022, FY 2022 General Fund expenditures totaled \$646.3 million, an increase of \$90.4 million or 16.3 percent compared to the same period in FY 2021. This is primarily because all \$239.4 million in transfers to Alexandria City Public Schools were completed by April of this year, whereas by April 2021 only 70 percent of these transfers had been made, a difference of \$75.6 million. Significant transfers of funds for cash capital, grant cash match, and affordable housing have also been processed earlier in FY 2022 than in FY 2021. This timing difference will have no impact on fiscal year total expenditures.

With two months remaining in FY 2022, no significant expenditure has occurred that is unbudgeted or unexpected. The most substantive difference in spending is the City's contribution to WMATA, which 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 were 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 2021 and \$2.1 million for a 1 percent bonus in August 2021. Due to vacancy savings, approximately half the cost of these pay adjustments has been absorbed by departmental budgets.

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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Evan Davis, Administrative Chief, Finance Department