



Legislation Text

---

File #: 22-0536, Version: 1

---

City of Alexandria, Virginia

MEMORANDUM

**DATE:** FEBRUARY 1, 2022

**TO:** THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

**FROM:** JAMES F. PARAJON, CITY MANAGER /s/

**DOCKET TITLE:**

Consideration of the Monthly Financial Report for the Period Ending December 31, 2021.

---

**ISSUE:** Receipt of the Monthly Financial Report for the Period Ending December 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 December 31, 2021, General Fund revenues totaled \$394.3 million, an increase of \$24.5 million or 6.6 percent compared to the same period in FY 2021. In November 2020, the City refunded existing debt to generate a savings of debt service of approximately \$0.6 million. Including \$0.2 million in FY 2022. For comparison purposes, without the \$11.8 million in refinanced bond proceeds, total revenue in FY 2022 is \$382.6 million, which is \$12.8 million more than FY 2021, or a 3.4 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 December 2020, the City had received \$47.1 million of personal property tax revenue. For the same period in FY 2022, the City has received \$53.4 million. The second half of calendar year real estate taxes were due on November 15. Through December 2021, the City has received \$232.9 million of real estate tax revenue compared to \$233.6 million in FY 2021 (December 2020).

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 six 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. A portion of the sales tax increase can be attributed to on-line purchases where the purchase originates in a warehouse like Amazon or Wayfair, 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

mort” place. 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. Attachment 3 provides a three-year comparison of sales tax revenue by source (storefront versus online).

With five months of collections in FY 2022, Restaurant Meals tax revenues are 31.3 percent or nearly \$2.7 million above where they were in the first five months of FY 2021. Restaurant Meals taxes are remitted to the City one month after they are collected. Transient Lodging is showing signs of improvement from the height of the pandemic. Through the first six months of FY 2022 (five months of collections), revenues exceed the same period in FY 2021 by \$2.2 million or 123 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 percent. Weekend stays from leisure travel is largely driving the revenue growth, as business travel during the week remains subdued.

Attachment 4 provides the 2<sup>nd</sup> quarter investment report for City operating funds. Low interest rates continue to impact the City’s earnings and is generally consistent with the budget.

As of December 31, 2021, FY 2022 General Fund expenditures totaled \$378.3 million, an increase of \$35.4 million or 10.3 percent over the same period for FY 2021. Similar to the situation related to revenue, the transfer to the escrow agent of the refunded bond proceeds skews the comparison to the prior year. For comparison purposes, without the \$11.7 million impact from the bond refunding, total expenditures are \$366.6 million, a \$23.7 million increase compared to FY 2021, or 10.3 percent. 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, 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 that were provided to employees in November and \$2.1 million for the one percent bonus in August as approved by City Council.

**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: Investment Report 2<sup>nd</sup> Quarter FY 2022

**STAFF:**

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

**CITY OF ALEXANDRIA, VIRGINIA**  
**COMPARATIVE STATEMENT OF REVENUES**  
**GENERAL FUND**  
**FOR THE PERIODS ENDING DECEMBER 31, 2021 AND DECEMBER 31, 2020**

	<b>B</b>	<b>C</b>	<b>D=C/B</b>	<b>E</b>	<b>F</b>	<b>G=F/E</b>
	<b>FY 2022</b>	<b>FY2022</b>		<b>FY 2021</b>	<b>FY2021</b>	
	<b>APPROVED</b>	<b>REVENUES</b>	<b>%</b>	<b>APPROVED</b>	<b>REVENUES</b>	<b>%</b>
	<b>BUDGET</b>	<b>THRU 12/31/2021</b>	<b>OF BUDGET</b>	<b>BUDGET</b>	<b>THRU 12/31/2020</b>	<b>OF TOTAL</b>
<b>General Property Taxes</b>						
Real Property Taxes.....	\$ 483,311,548	\$ 232,932,320	48.2%	\$ 477,554,000	\$ 233,641,410	48.9%
Personal Property Taxes.....	55,126,000	53,362,070	96.8%	55,213,000	47,105,400	85.3%
Penalties and Interest.....	2,600,000	1,590,411	61.2%	2,808,000	753,150	26.8%
Total General Property Taxes	<u>\$ 541,037,548</u>	<u>\$ 287,884,801</u>	<u>53.2%</u>	<u>\$ 535,575,000</u>	<u>\$ 281,499,960</u>	<u>52.6%</u>
<b>Other Local Taxes</b>						
Local Sales and Use Taxes.....	\$ 31,720,000	\$ 11,803,775	37.2%	\$ 26,194,000	\$ 10,302,942	39.3%
Consumer Utility Taxes.....	11,760,000	4,566,345	38.8%	12,700,000	4,417,134	34.8%
Communication Sales and Use Taxes.....	7,600,000	3,225,139	42.4%	8,275,000	3,495,172	42.2%
Business License Taxes.....	34,135,900	1,092,082	3.2%	22,000,000	1,536,031	7.0%
Transient Lodging Taxes.....	6,500,000	3,931,835	60.5%	10,833,000	1,763,445	16.3%
Restaurant Meals Tax.....	19,980,000	11,450,772	57.3%	20,500,000	8,721,101	42.5%
Tobacco Taxes.....	1,957,000	945,871	48.3%	2,600,000	930,392	35.8%
Real Estate Recordation.....	8,645,000	3,755,893	43.4%	5,900,000	4,294,160	72.8%
Admissions Tax.....	124,000	112,664	90.9%	500,000	30,909	6.2%
Other Local Taxes.....	4,595,000	472,781	10.3%	5,109,090	361,695	7.1%
Total Other Local Taxes	<u>\$ 127,016,900</u>	<u>\$ 41,357,158</u>	<u>32.6%</u>	<u>\$ 114,611,090</u>	<u>\$ 35,852,981</u>	<u>31.3%</u>
<b>Intergovernmental Revenues</b>						
Revenue from the Fed. Government.....	\$ 7,932,000	\$ 2,772,720	35.0%	\$ 11,109,303	\$ 3,643,007	32.8%
Personal Property Tax Relief from the Commonwealth.....	23,578,531	22,399,604	95.0%	23,578,531	22,399,604	95.0%
Revenue from the Commonwealth.....	25,617,409	11,467,366	44.8%	23,547,855	10,877,588	46.2%
Total Intergovernmental Revenues	<u>\$ 57,127,940</u>	<u>\$ 36,639,690</u>	<u>64.1%</u>	<u>\$ 58,235,689</u>	<u>\$ 36,920,199</u>	<u>63.4%</u>
<b>Other Governmental Revenues And Transfers In</b>						
Fines and Forfeitures.....	\$ 3,762,200	\$ 1,378,375	36.6%	\$ 3,502,615	\$ 1,536,172	43.9%
Licenses and Permits.....	2,136,550	1,137,284	53.2%	2,339,631	2,785,077	119.0%
Charges for City Services.....	13,724,495	6,678,177	48.7%	14,308,344	4,095,208	28.6%
Revenue from Use of Money & Prop.....	4,139,167	1,450,627	35.0%	5,498,250	2,083,932	37.9%
Other Revenue.....	2,115,013	959,144	45.3%	2,019,966	615,736	30.5%
Transfer from Other Funds.....	10,142,543	5,071,272	50.0%	9,246,427	4,416,124	47.8%
Total Other Governmental Revenues	<u>\$ 36,019,968</u>	<u>\$ 16,674,879</u>	<u>46.3%</u>	<u>\$ 36,915,233</u>	<u>\$ 15,532,249</u>	<u>42.1%</u>
<b>TOTAL REVENUE</b>	<u>\$ 761,202,356</u>	<u>\$ 382,556,527</u>	<u>50.3%</u>	<u>\$ 745,337,012</u>	<u>\$ 369,805,389</u>	<u>49.6%</u>
Refunding bond proceeds.....	\$ 11,782,546	\$ 11,782,546				
Appropriated Fund Balance						
Operating Budget .....	\$ 10,000,000	\$ -	\$ -	\$ 10,934,086	\$ -	-
Cash Capital.....						
Encumbrances And Other.....	6,162,701	-	-	-	-	-
Supplemental Appropriations.....	13,360,207	-	-	4,435,709	-	-
<b>TOTAL</b>	<u>\$ 802,507,810</u>	<u>\$ 394,339,073</u>	<u>49.1%</u>	<u>\$ 760,706,807</u>	<u>\$ 369,805,389</u>	<u>48.6%</u>

**COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION  
GENERAL FUND  
FOR THE PERIODS ENDING DECEMBER 31, 2021 AND DECEMBER 31, 2020**

FUNCTION	B	C	D=C/B	E	F	G=F/E
	FY 2022	FY2022	%	FY 2021	FY2021	%
	APPROVED BUDGET	EXPENDITURES THRU 12/31/2021	OF BUDGET EXPENDED	APPROVED BUDGET	EXPENDITURES THRU 12/31/2020	OF BUDGET EXPENDED
Legislative & Executive.....	\$ 4,778,319	\$ 2,249,178	47.1%	\$ 3,577,578	\$ 1,646,668	46.0%
Judicial Administration.....	\$ 45,029,421	\$ 21,993,860	48.8%	\$ 45,700,822	\$ 21,093,077	46.2%
<b>Staff Agencies</b>						
Communications.....	\$ 1,651,966	\$ 660,453	40.0%	\$ 1,567,258	\$ 626,918	40.0%
Human Rights.....	1,008,210	501,497	49.7%	939,907	455,757	48.5%
Information Technology Services.....	14,124,346	7,144,376	50.6%	13,118,675	6,748,848	51.4%
Management & Budget.....	1,476,120	562,979	38.1%	1,274,629	582,818	45.7%
Finance.....	13,217,108	5,618,260	42.5%	12,853,748	5,512,174	42.9%
Performance Analytics.....	690,787	294,134	42.6%	509,772	276,248	54.2%
Internal Audit.....	461,431	190,511	41.3%	412,464	169,290	41.0%
Human Resources.....	5,051,787	2,007,085	39.7%	4,158,277	1,892,981	45.5%
Planning & Zoning.....	6,771,770	2,929,356	43.3%	5,937,014	2,734,165	46.1%
Economic Development Activities.....	7,036,340	3,385,388	48.1%	7,123,390	3,547,872	49.8%
City Attorney.....	3,847,491	1,625,981	42.3%	3,751,516	1,500,156	40.0%
Registrar.....	1,428,386	730,490	51.1%	1,468,869	962,819	65.5%
Organizational Excellence	193,448	67,371	34.8%	169,548	65,822	-
General Services.....	11,602,845	5,229,976	45.1%	11,531,122	4,244,167	36.8%
Total Staff Agencies	\$ 68,562,034	\$ 30,947,857	45.1%	\$ 64,816,189	\$ 29,320,035	45.2%
<b>Operating Agencies</b>						
Transportation & Environmental Services.....	\$ 25,215,198	\$ 10,437,027	41.4%	\$ 24,052,588	\$ 9,538,269	39.7%
Project Implementation.....	-	6,289	0.0%	-	25	0.0%
Fire.....	53,157,528	25,812,655	48.6%	52,442,480	23,717,530	45.2%
Police.....	61,943,107	29,912,861	48.3%	62,515,668	28,180,221	45.1%
Community Policing Review.....	500,000	-	-	-	-	-
Emergency Communications.....	9,227,404	4,236,219	45.9%	8,743,235	4,064,793	46.5%
Code.....	-	-	0.0%	24,000	2,245	9.4%
Transit Subsidies.....	19,280,052	9,424,415	48.9%	18,138,079	519,173	2.9%
Housing.....	1,829,441	961,502	52.6%	1,807,163	948,122	52.5%
Community and Human Services.....	15,956,122	7,393,857	46.3%	13,850,323	6,167,957	44.5%
Health.....	8,946,872	4,842,663	54.1%	9,130,362	4,260,087	46.7%
Historic Resources.....	3,935,134	1,699,253	43.2%	3,566,620	1,702,616	47.7%
Recreation.....	25,308,382	11,351,253	44.9%	23,240,943	9,735,275	41.9%
Total Operating Agencies	\$ 225,299,240	\$ 106,077,993	47.1%	\$ 217,511,461	\$ 88,836,313	40.8%
<b>Education</b>						
Schools.....	\$ 239,437,296	\$ 119,718,648	50.0%	\$ 234,037,296	\$ 117,018,648	50.0%
Other Educational Activities.....	15,785	7,893	50.0%	16,009	8,005	50.0%
Total Education	\$ 239,453,081	\$ 119,726,541	50.0%	\$ 234,053,305	\$ 117,026,653	50.0%
<b>Capital, Debt Service and Miscellaneous</b>						
Debt Service - City.....	\$ 36,851,668	\$ 22,689,477	61.6%	\$ 37,288,071	\$ 23,376,369	62.7%
Debt Service - Schools.....	\$ 28,633,966	17,753,221	62.0%	28,578,698	\$ 17,720,092	62.0%
Expenses on Refunding Bonds.....	11,782,546	11,710,136	99.4%	-	-	0.0%
Non-Departmental.....	\$ 17,542,970	7,064,135	40.3%	9,692,339	6,505,087	67.1%
General Cash Capital.....	\$ 34,804,271	16,969,152	48.8%	27,338,144	12,795,520	46.8%
Contingent Reserves.....	1,104,170	-	0.0%	4,268,703	-	0.0%
Total Capital, Debt Service and Miscellaneous	\$ 130,719,591	\$ 76,186,121	58.3%	\$ 107,165,955	\$ 60,397,068	56.4%
<b>TOTAL EXPENDITURES</b>	\$ 713,841,686	\$ 357,181,549	50.0%	\$ 672,825,310	\$ 318,319,814	47.3%
Cash Match (Transportation/DCHS/ and Transfers to Special Revenue /Capital Projects Funds)...	\$ 55,838,330	\$ 7,155,039	0.0%	\$ 55,736,960	\$ 7,406,547	0.0%
Transfer to Housing.....	4,588,522	2,294,261	0.0%	4,717,217	2,358,609	0.0%
Transfer to Library.....	7,680,826	372,093	4.8%	7,176,355	112,160	1.6%
Transfer to DASH.....	20,558,446	11,343,310	55.2%	20,251,474	14,728,226	72.7%
<b>TOTAL EXPENDITURES &amp; TRANSFERS</b>	\$ 802,507,810	\$ 378,346,252	47.1%	\$ 760,707,316	\$ 342,925,356	45.1%
<b>Total Expenditures by Category</b>						
Salaries and Benefits.....	\$ 240,751,310	\$ 111,967,083	46.5%	\$ 227,890,883	\$ 106,099,038	46.6%
Non Personnel (includes all school funds) .....	561,756,501	266,379,169	47.4%	532,815,924	236,826,315	44.4%
<b>Total Expenditures</b>	\$ 802,507,810	\$ 378,346,252	47.1%	\$ 760,706,807	\$ 342,925,353	45.1%

## Diversification Strategy

Security Type	Maximum % of the Total Funds Available for Investment
Obligations of Virginia	40%
Obligations of the US	75%
Obligations of Virginia Municipalities	40%
Prime Quality Commercial Paper	25%
Commercial Paper of any one Issuing Corporation	5%
CDARs	75%
ICS	40%
LGIP	75%
VIP	75%

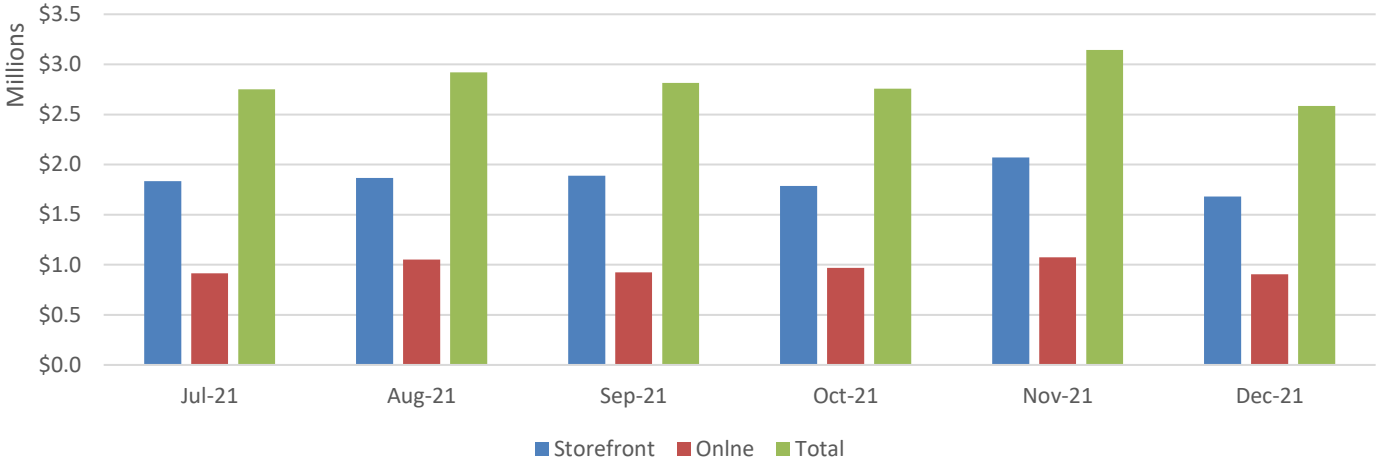
**Portfolio as of December 31, 2021**

<b>Security Type</b>	<b>Balance (millions)</b>	<b>Allocation</b>
Local Government Investment Pool (LGIP)	\$401.9	85.3%
US Agency/Treasury Bonds	54.8	11.6%
CDARS	9.5	2.0%
Virginia Investment Pool (VIP) Liquidity	5.2	1.1%
<b>Total</b>	<b>\$471.3</b>	<b>100.0%</b>

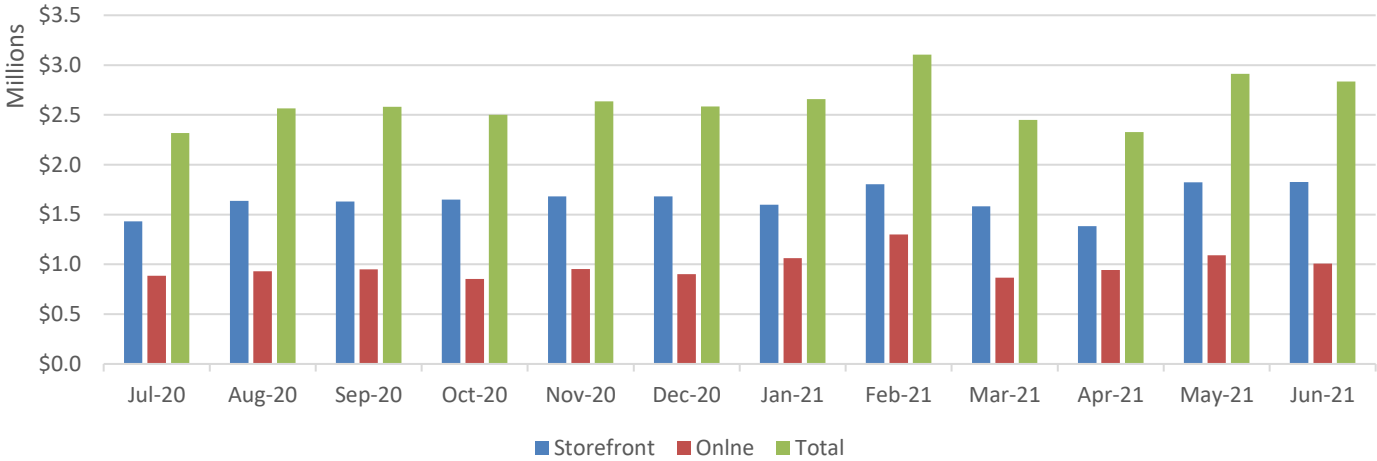
**Return on Investment 2Q – FY 2022**

<b>Security Type</b>	<b>Balance (millions)</b>	<b>Yield (Weighted Average)</b>
Local Government Investment Pool (LGIP)	\$401.9	0.02%
US Agency/Treasury Bonds	54.8	0.42%
CDARS	9.5	0.27%
Virginia Investment Pool (VIP) Liquidity	5.2	0.02%
<b>Total</b>	<b>\$471.3</b>	<b>0.09%</b>

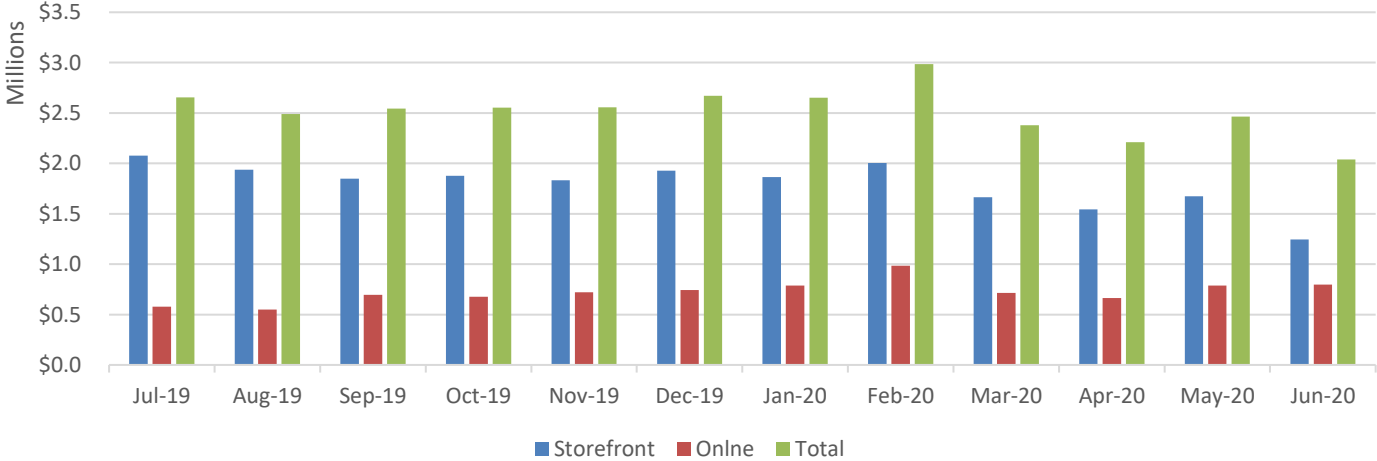
### Sales Tax Revenue FY 2022



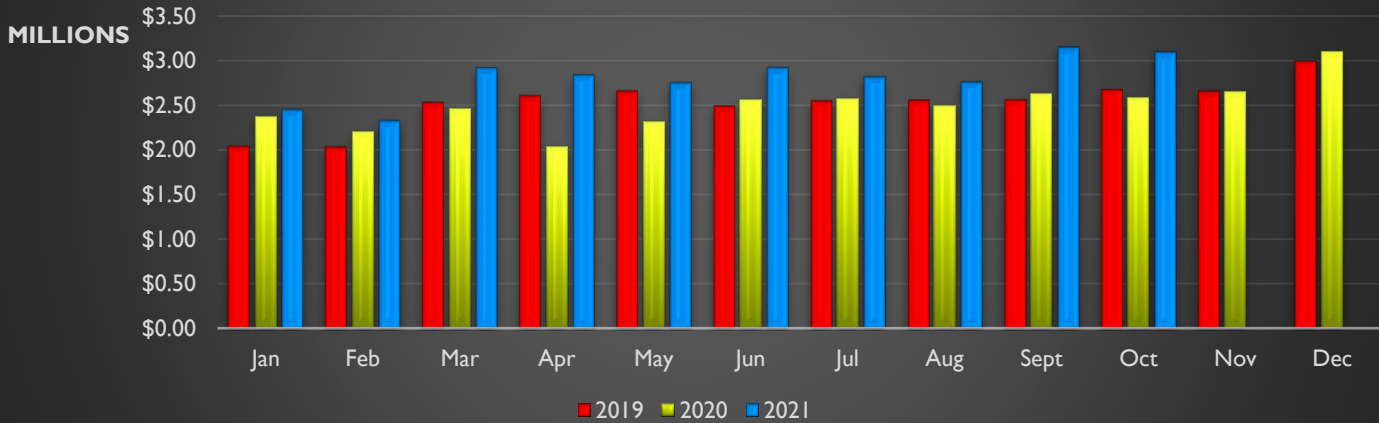
### Sales Tax Revenue FY 2021



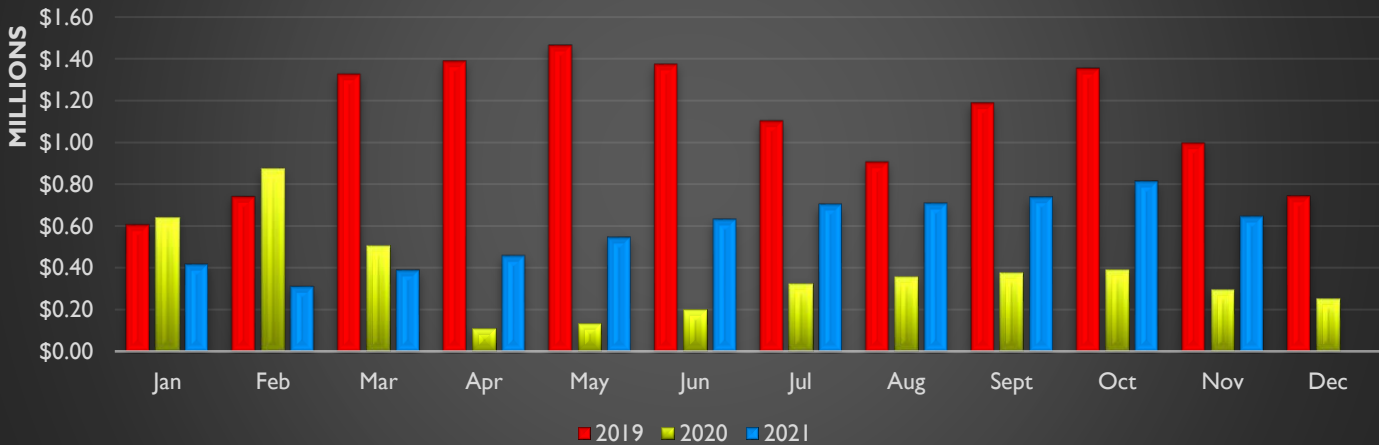
### Sales Tax Revenue FY 2020



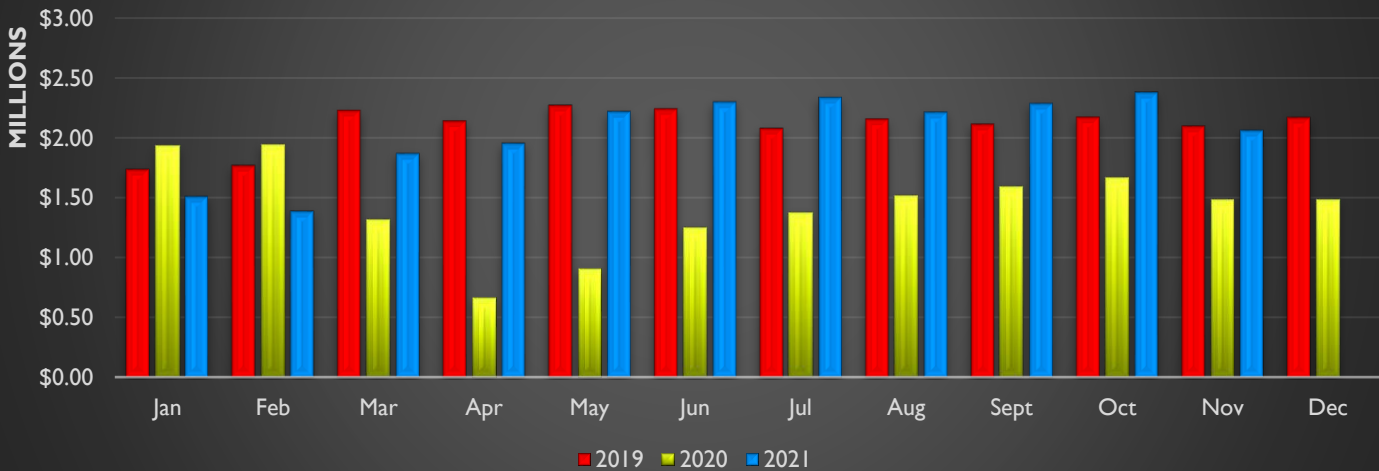
### Sales Tax Monthly Comparison 2019-2020-2021



### Transient Lodging Tax Monthly Comparison 2019-2020-2021



### Meals Tax Monthly Comparison 2019-2020-2021





**City of Alexandria**  
**Investment Report**  
As of December 31, 2021

## **Investment Policy**

### Objective and Strategy

*Safety of Principle* – investments will be made in a manner that seeks to ensure the preservation of capital

### Preservation of capital

*Liquidity* – the investments will remain sufficiently liquid to meet all operating requirements that are reasonably anticipated

### Requirements that are reasonably anticipated

*Yield* – attain a market rate of return (consistent with the 2-year Treasury maturity). This is secondary to safety and liquidity.

## **Investment Committee**

Responsibilities for the City’s investment management decisions and activities rest with:

- Director of Finance – Kendel Taylor
- Assistant Director of Finance/Revenue – Kevin Greenlief
- Assistant Director of Finance/Treasury – David Clark

## **Authorized Investments**

- Obligations of the Commonwealth of Virginia, the United States or Virginia Municipalities
- Prime Quality Commercial Paper with maturities of 270 days or less
- Certificates of Deposits (CDARS)
- Insured Cash Sweeps (ICS)
- Virginia Local Government Investment Pool (LGIP)
- Virginia Investment Pool (VIP)