



Legislation Text

File #: 23-0155, Version: 1

City of Alexandria, Virginia

MEMORANDUM

DATE: NOVEMBER 2, 2022

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

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

FROM: KENDEL TAYLOR, INTERIM DEPUTY CITY MANAGER

DOCKET TITLE:

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

ISSUE: Receipt of the Monthly Financial Report for the Period Ending September 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.

FY 2023 Period Ending September 30, 2022

As of September 30, 2022, General Fund revenues totaled \$79.5 million, a difference of 14.1 percent compared to the same period in FY 2022. 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. The first significant tax revenue for FY 2023 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.

There are several significant differences between FY 2022 and FY 2023, but they are primarily timing, not economic. The technical change to the American Rescue Plan Act Funds (ARPA) projects results in a Transfer from Other Funds of \$4.1million in FY 2023, where no such transfer existed in FY 2022. Personal Property tax revenue collections in FY 2023 are higher compared to last year, which is to be expected given the increase in the budgeted amount. Other Revenue includes the \$1.0 million gift to the City associated with the Winkler Preserve, which will be allocated at a later date for programs stipulated by the gift. Finally, the increases in the interest rates by the Federal Reserve are resulting in a significant increase in the City's Revenue from Use of Money and Property. The first quarter investment report is included in this monthly financial report as Attachment 4.

Revenue does not track evenly throughout the year since many revenue sources have due dates that do not occur evenly throughout the year. The largest revenue source, real estate tax, is remitted twice per year. Personal property tax revenue is due on October 5 each year. Through the first three months of the year, no category has sufficient receipts to establish a clear pattern.

Consumer spending charts are attached which compare several significant tax revenue categories to the pre-pandemic level in FY 2019. Sales tax and Meals tax revenues have both rebounded to pre-pandemic levels. Revenues in August for hotel stays that occurred in July 2022 are within 10 percent of pre-pandemic levels, which is the strongest month for Transient Lodging tax revenues since the pandemic.

As of September 30, 2022, General Fund expenditures totaled \$155.5 million, a difference of \$3.3 million less than the same time period for FY 2022. 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 three months of Fiscal Year 2023 that is unbudgeted or unexpected. The most significant differences result from the timing of payments.

FY 2022 Unaudited Financial Report

Attachment 5 provides the draft Statement of Revenues, Expenditures and Changes in Fund Balance for the Fiscal Year Ended June 30, 2022. The City continues to work with the external auditors to complete the year end audit and final financial statements and will be presenting the final fiscal position at the City Council legislative session on November 22, 2022.

The numbers reflected in Attachment 5 are unaudited and subject to additional adjustments, but of particular note is the Change in Fund Balance in the General Fund, which totals \$225.2 million. This is an increase compared to last year, due to the City's treatment of American Rescue Plan Act Funds. Approximately \$35.4 million of ARPA funds were recognized as Revenue Replacement and used to fund public safety compensation in FY 2022. This resulted in a significant increase in the General Fund surplus in FY 2022 and is increasing the City's Fund Balance End of Year by a total of \$49.3 million. By recognizing ARPA funds in this manner, the City is able to show that ARPA funds have been spent and use the resulting fund balance to pay for projects within the City's policies and parameters rather than those established by the Treasury Department.

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: 1st Quarter Investment Report
- Attachment 5: FY 2022 Draft Exhibit IV

STAFF:

Kendel Taylor, Director, Finance Department/Interim Deputy City Manager
Morgan Routt, Director, Office and Management and Budget

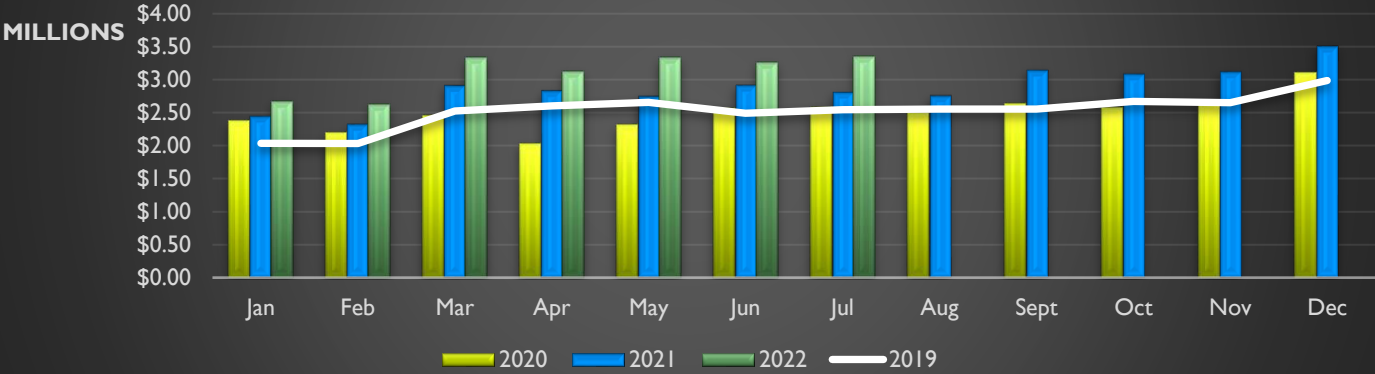
CITY OF ALEXANDRIA, VIRGINIA
COMPARATIVE STATEMENT OF REVENUES
GENERAL FUND
FOR THE PERIODS ENDING SEPTEMBER 30, 2022 AND SEPTEMBER 30, 2021

	B	C	D=C/B	E	F	G=F/E
	FY 2023	FY2023	%	FY 2022	FY2022	%
	APPROVED	REVENUES	OF BUDGET	APPROVED	REVENUES	OF TOTAL
	BUDGET	THRU 9/30/2022	OF BUDGET	BUDGET	THRU9/30/2021	OF TOTAL
General Property Taxes						
Real Property Taxes.....	\$ 514,554,739	\$ 3,064,376	0.6%	\$ 483,311,548	\$ 4,048,846	0.8%
Personal Property Taxes.....	66,776,000	30,548,759	45.7%	55,126,000	27,161,700	49.3%
Penalties and Interest.....	3,199,600	299,760	9.4%	2,600,000	300,062	11.5%
Total General Property Taxes	\$ 584,530,339	\$ 33,912,896	5.8%	\$ 541,037,548	\$ 31,510,608	5.8%
Other Local Taxes						
Local Sales and Use Taxes.....	\$ 37,440,000	\$ 3,348,963	8.9%	\$ 31,720,000	\$ 2,813,622	8.9%
Consumer Utility Taxes.....	11,760,000	1,503,145	12.8%	11,760,000	2,000,769	17.0%
Communication Sales and Use Taxes.....	7,245,080	1,248,569	17.2%	7,600,000	1,261,482	16.6%
Business License Taxes.....	39,824,300	328,053	0.8%	34,135,900	357,173	1.0%
Transient Lodging Taxes.....	9,500,000	1,130,165	11.9%	6,500,000	1,513,665	23.3%
Restaurant Meals Tax.....	27,600,000	4,220,567	15.3%	19,980,000	4,742,508	23.7%
Tobacco Taxes.....	2,100,000	374,706	17.8%	1,957,000	208,858	10.7%
Motor Vehicle License Tax.....	-	1,725	0.0%	-	1,735	0.0%
Real Estate Recordation.....	8,645,000	983,097	11.4%	8,645,000	1,490,502	17.2%
Admissions Tax.....	261,000	95,092	36.4%	124,000	51,445	41.5%
Other Local Taxes.....	4,103,000	204,895	5.0%	4,595,000	198,480	4.3%
Total Other Local Taxes	\$ 148,478,380	\$ 13,438,975	9.1%	\$ 127,016,900	\$ 14,640,240	11.5%
Intergovernmental Revenues						
Revenue from the Fed. Government.....	\$ 7,944,000	\$ 575,883	7.2%	\$ 7,932,000	\$ 546,892	6.9%
Personal Property Tax Relief from the Commonwealth.....	23,578,531	11,789,265	50.0%	23,578,531	11,789,265	50.0%
Revenue from the Commonwealth.....	25,926,491	5,762,024	22.2%	25,124,000	5,208,727	20.7%
Total Intergovernmental Revenues	\$ 57,449,022	\$ 18,127,172	31.6%	\$ 56,634,531	\$ 17,544,884	31.0%
Other Governmental Revenues And Transfers In						
Fines and Forfeitures.....	\$ 4,305,200	\$ 688,161	16.0%	\$ 3,762,000	\$ 626,736	16.7%
Licenses and Permits.....	2,867,350	579,892	20.2%	2,136,550	700,403	32.8%
Charges for City Services.....	14,941,328	4,087,156	27.4%	13,724,495	3,670,987	26.7%
Revenue from Use of Money & Prop.....	6,655,000	2,885,769	43.4%	4,139,167	611,538	14.8%
Other Revenue.....	2,490,701	1,695,501	68.1%	2,115,013	424,158	20.1%
Transfer from Other Funds.....	9,976,651	4,125,164	41.3%	10,142,543	-	0.0%
Total Other Governmental Revenues	\$ 41,236,230	\$ 14,061,644	34.1%	\$ 36,019,768	\$ 6,033,821	16.8%
TOTAL REVENUE	\$ 831,693,971	\$ 79,540,688	9.6%	\$ 760,708,747	\$ 69,729,553	9.2%
Appropriated refunding bond proceeds.....						
Appropriated Fund Balance						
Operating Budget	\$ 8,420,000	\$ -	\$ -	\$ 10,000,000	\$ -	-
Cash Capital.....						
Encumbrances And Other.....			-		-	-
Supplemental Appropriations.....			-		-	-
TOTAL	\$ 840,113,971	\$ 79,540,688	9.5%	\$ 770,708,747	\$ 69,729,553	9.0%

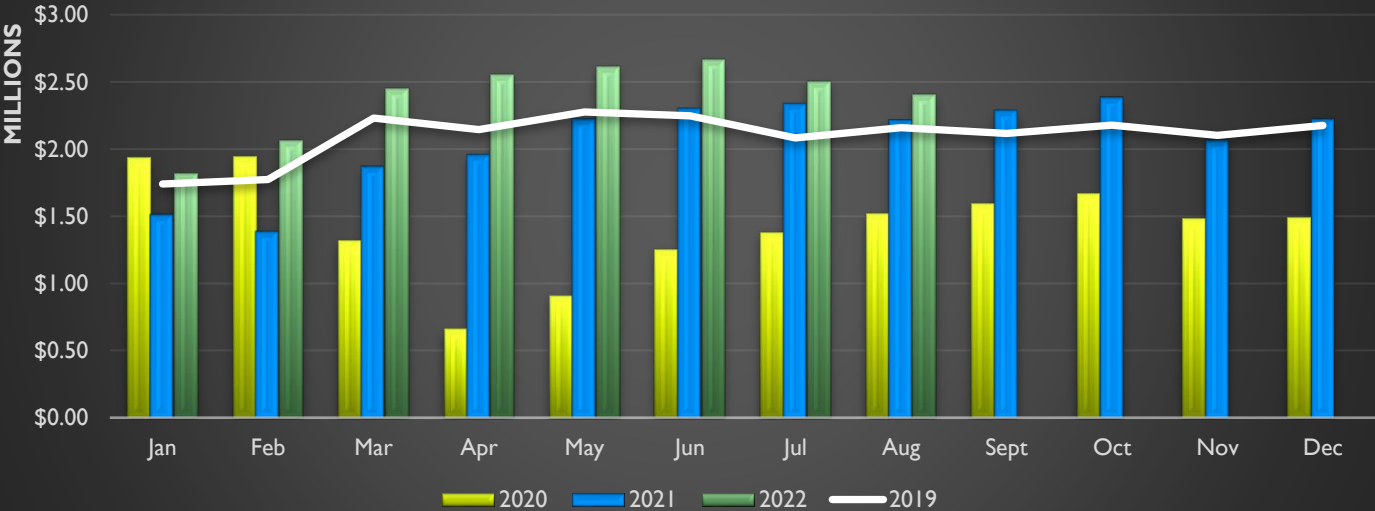
COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION
GENERAL FUND
FOR THE PERIODS ENDING SEPTEMBER 30, 2022 AND SEPTEMBER 30, 2021

FUNCTION	B	C	D=C/B	E	F	G=F/E
	FY 2023	FY2023	%	FY 2022	FY2022	%
	APPROVED BUDGET	EXPENDITURES THRU 9/30/2022	OF BUDGET EXPENDED	APPROVED BUDGET	EXPENDITURES THRU 9/30/2021	OF BUDGET EXPENDED
Legislative & Executive.....	\$ 5,038,129	\$ 1,138,381	22.6%	\$ 4,160,239	\$ 1,008,019	24.2%
Judicial Administration.....	\$ 47,955,956	\$ 10,270,925	21.4%	\$ 43,736,808	\$ 9,787,867	22.4%
Staff Agencies						
Communications.....	\$ 2,315,965	\$ 328,621	14.2%	\$ 1,576,965	\$ 272,356	17.3%
Human Rights.....	1,093,748	220,458	20.2%	1,008,210	233,184	23.1%
Information Technology Services.....	15,168,902	3,439,693	22.7%	13,343,563	4,128,194	30.9%
Management & Budget.....	1,733,353	303,835	17.5%	1,475,268	237,575	16.1%
Finance.....	13,937,644	2,772,129	19.9%	12,646,010	2,447,083	19.4%
Performance and Accountability.....	768,227	207,989	27.1%	655,709	169,363	25.8%
Internal Audit.....	436,496	91,023	20.9%	396,605	73,136	18.4%
Human Resources.....	5,356,578	1,063,503	19.9%	4,662,400	992,597	21.3%
Planning & Zoning.....	7,488,572	1,331,776	17.8%	6,383,717	1,259,929	19.7%
Economic Development Activities.....	7,657,894	2,301,495	30.1%	7,011,340	1,654,181	23.6%
City Attorney.....	4,153,008	943,494	22.7%	3,582,295	689,932	19.3%
Registrar.....	1,419,534	262,008	18.5%	1,329,387	258,113	19.4%
Organizational Excellence	271,499	47,460	17.5%	177,448	28,587	16.1%
General Services.....	13,971,419	2,429,082	17.4%	10,670,321	2,161,855	20.3%
Total Staff Agencies	\$ 75,772,839	\$ 15,742,566	20.8%	\$ 64,919,238	\$ 14,606,085	22.5%
Operating Agencies						
Transportation & Environmental Services.....	\$ 26,393,255	\$ 4,597,202	17.4%	\$ 23,831,644	\$ 4,135,050	17.4%
Project Implementation.....	-	-	0.0%	-	6,289	0.0%
Fire.....	55,548,322	11,691,526	21.0%	52,242,578	10,975,462	21.0%
Police.....	69,500,587	13,095,158	18.8%	60,222,046	12,919,406	21.5%
Community Policing Review.....	507,114	8,000	0.0%	288,866	-	0.0%
Emergency Communications.....	9,820,971	2,415,719	24.6%	9,083,917	2,032,964	22.4%
Code.....	-	-	0.0%	-	-	0.0%
Transit Subsidies.....	19,327,323	4,064,280	21.0%	19,255,706	4,588,461	23.8%
Housing.....	2,070,660	450,198	21.7%	1,814,506	402,855	22.2%
Community and Human Services.....	16,359,928	3,348,661	20.5%	15,460,024	3,568,116	23.1%
Health.....	9,510,111	973,135	10.2%	8,823,817	2,274,104	25.8%
Historic Resources.....	4,018,857	861,612	21.4%	3,533,997	738,592	20.9%
Recreation.....	27,021,487	5,644,802	20.9%	24,419,339	5,222,320	21.4%
Total Operating Agencies	\$ 240,078,615	\$ 47,150,294	19.6%	\$ 218,976,440	\$ 46,863,620	21.4%
Education						
Schools.....	\$ 248,737,300	\$ 33,579,536	13.5%	\$ 239,437,296	\$ 32,324,035	13.5%
Other Educational Activities.....	15,750	3,938	25.0%	15,785	3,946	25.0%
Total Education	\$ 248,753,050	\$ 33,583,473	13.5%	\$ 239,453,081	\$ 32,327,981	13.5%
Capital, Debt Service and Miscellaneous						
Debt Service - City.....	\$ 41,170,131	\$ 24,893,595	60.5%	\$ 36,851,668	\$ 22,351,137	60.7%
Debt Service - Schools.....	\$ 31,941,000	19,114,517	59.8%	\$ 28,633,966	17,366,967	60.7%
Expenses on Refunding Bonds.....	-	-	0.0%	-	-	0.0%
Non-Departmental.....	\$ 10,154,312	3,159,338	31.1%	\$ 10,515,759	3,305,703	9.6%
General Cash Capital.....	\$ 36,156,190	-	0.0%	\$ 34,424,271	-	0.0%
Contingent Reserves.....	3,324,170	-	0.0%	604,170	-	0.0%
Total Capital, Debt Service and Miscellaneous	\$ 122,745,803	\$ 47,167,450	38.4%	\$ 111,029,834	\$ 43,023,806	38.7%
TOTAL EXPENDITURES	\$ 740,344,392	\$ 155,053,090	20.9%	\$ 682,275,640	\$ 147,617,378	21.6%
Cash Match (Transportation/DCHS/ and Transfers to Special Revenue /Capital Projects Funds)...	\$ 58,742,540	\$ 134	0.0%	\$ 55,939,481	-	0.0%
Transfer to Housing.....	7,679,115	-	0.0%	4,588,522	-	0.0%
Transfer to Library.....	8,183,465	132,865	1.6%	7,556,858	1,238	0.0%
Transfer to DASH.....	25,164,459	271,251	1.1%	20,348,446	11,118,391	54.6%
TOTAL EXPENDITURES & TRANSFERS	\$ 840,113,971	\$ 155,457,340	18.5%	\$ 770,708,947	\$ 158,737,007	20.6%
Total Expenditures by Category						
Salaries and Benefits.....	\$ 256,367,129	\$ 50,984,896	19.9%	\$ 231,771,262	\$ 47,190,437	20.4%
Non Personnel (includes all school funds)	583,746,842	104,472,443	17.9%	538,937,685	111,546,569	20.7%
Total Expenditures	\$ 840,113,971	\$ 155,457,340	18.5%	\$ 770,708,947	\$ 158,737,007	20.6%

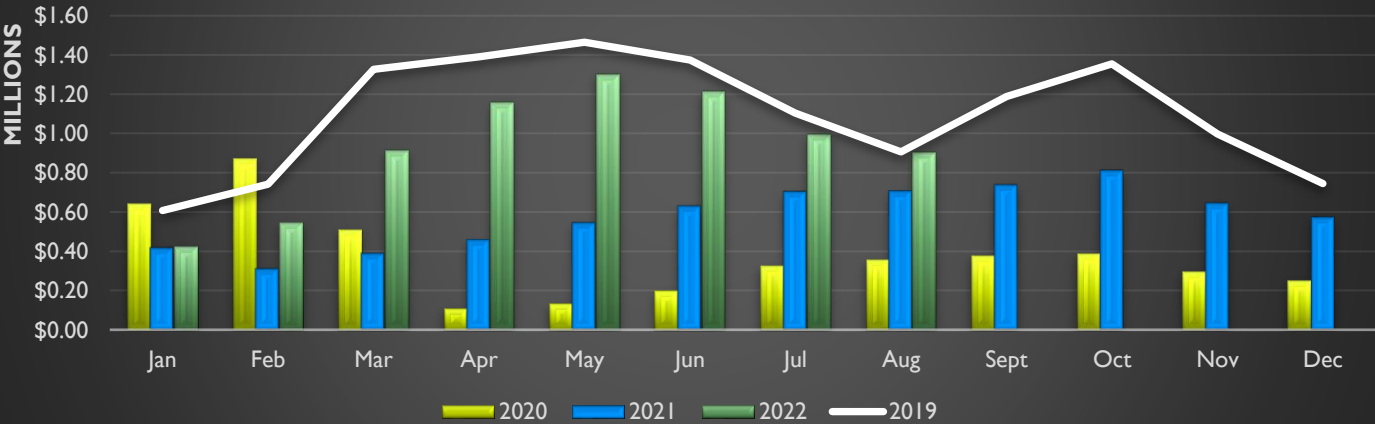
Sales Tax Monthly Comparison 2019-2020-2021-2022



Meals Tax Monthly Comparison 2019-2020-2021-2022



Transient Lodging Tax Monthly Comparison 2019-2020-2021-2022



City of Alexandria
Investment Report
As of September 30, 2022

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)

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 September 30, 2022

Security Type	Balance (millions)	Allocation
Local Government Investment Pool (LGIP)	\$396.7	83.5%
Virginia Investment Pool (VIP) Liquidity	5.2	1.1%
CDARS	9.5	2.0%
US Agency/Treasury Bonds	63.8	13.4%
Total	\$475.2	100.0%

Return on Investment 1Q – FY 2023

Security Type	Balance (millions)	Yield (Weighted Average)
Local Government Investment Pool (LGIP)	\$252.5	2.58%
Virginia Investment Pool (VIP) Liquidity	11.1	2.56%
CDARS	28.3	0.27%
US Agency/Treasury Bonds	63.8	0.52%
Total	\$315.2	2.23%%

CITY OF ALEXANDRIA, VIRGINIA
Statement of Revenues, Expenditures and Changes Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2022

Exhibit IV

	General	Special Revenue	Capital Projects	Alexandria Transit Company	Total Governmental Funds
REVENUES					
General Property Taxes	\$ 552,540,913	\$ 1,520,100	\$ -	\$ -	\$ 554,061,013
Other Local Taxes	148,875,493	6,884,870	293,456	-	156,053,819
Permits, Fees, and Licenses	2,202,262	13,578,805	-	-	15,781,067
Fines and Forfeitures	2,694,652	-	-	-	2,694,652
Use of Money and Property	1,253,751	1,570,646	1,155,499	-	3,979,896
Charges for Services	15,203,509	47,974,061	291,170	2,295,617	65,764,357
Intergovernmental Revenue	56,268,765	99,119,065	15,920,672	7,211,911	178,520,413
Miscellaneous	2,597,949	14,759,296	3,290,533	29,282	20,677,060
Total Revenues	781,637,294	185,406,843	20,951,330	9,536,810	997,532,277
EXPENDITURES					
Current Operating:					
General Government	56,662,655	2,719,234	-	-	59,381,889
Judicial Administration	20,440,688	1,463,196	-	-	21,903,884
Public Safety	147,184,920	9,559,386	-	-	156,744,306
Public Works	27,917,451	21,061,214	-	-	48,978,665
Library	7,680,826	-	-	-	7,680,826
Health and Welfare	21,726,647	92,105,998	-	-	113,832,645
Transit	18,681,843	-	-	30,563,626	49,245,469
Culture and Recreation	26,704,089	2,796,652	-	-	29,500,741
Community Development	21,667,205	18,816,039	-	-	40,483,244
Education	239,437,296	-	9,505,789	-	248,943,085
Debt Service:					
Principal	42,992,958	2,553,042	-	-	45,546,000
Interest and Other Charges	19,656,254	7,415,708	-	-	27,071,963
Capital Outlay	-	-	236,696,150	-	236,696,150
Total Expenditures	650,752,832	158,490,469	246,201,939	30,563,626	1,086,008,867
Excess (Deficiency) of Revenues Over (Under) Expenditures	130,884,462	26,916,374	(225,250,609)	(21,026,816)	(88,476,589)
OTHER FINANCING SOURCES (USES)					
Issuance of Debt	-	-	193,135,000	-	193,135,000
Sale of land	-	-	-	-	-
Issuance of Refunding Bonds	11,782,546	-	-	-	11,782,546
Bond Premium (Discount)	-	-	21,418,823	-	21,418,823
Other Financing	-	11,837,719	-	-	11,837,719
Payment to Refunded Bonds Escrow Agent	(11,710,136)	-	-	-	(11,710,136)
Transfers In	45,584,494	82,309,601	116,706,237	21,357,846	265,958,178
Transfers Out	(127,261,747)	(138,696,431)	-	-	(265,958,178)
Total Other Financing Sources and Uses	(81,604,843)	(44,549,111)	331,260,060	21,357,846	226,463,952
Total other financing sources (uses)	(81,604,843)	(44,549,111)	331,260,060	21,357,846	226,463,952
Net Change in Fund Balance	49,279,620	(17,632,737)	106,009,451	331,030	137,987,364
Fund Balance at Beginning of Year	176,644,513	142,263,536	281,105,893	(330,202)	599,683,740
Increase/(Decrease) in Reserve for Inventory	(743,345)	-	-	-	(743,345)
Fund Balance at End of Year	\$ 225,180,788	\$ 124,630,799	\$ 387,115,344	\$ 828	736,927,759

Adjustments for the Statement of Activities:		(387,115,344)
(1) Repayment of bond principal and payment to bond escrow agent are reported as an expenditure and other financing uses in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. (Note 9)		45,546,000
(2) Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense and donated assets to allocate those expenditures over the life of the assets. This is the amount by which new capital assets exceeded capital expenditures in the current period. (Note 5)		5,279,955
(3) Governmental funds report pension & OPEB contributions as expenditures, however in the statement of activities the cost of pension & OPEB benefits earned net of employee contributions is reported as pension & OPEB expense. (Note 9)		17,777,426
(4) Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds. (Note 4)		(13,914,333)
(5) Issuance of debt, refunding bonds and premium provide current financial resources to governmental funds, but issuing debt increases long term liabilities in the Statement of Net Position. (Note 9)		(226,336,369)
(6) Some expenses reported in the Statement of Activities do not require the use of current resources and therefore are not reported as expenditures in governmental funds. (Note 9)		25,428,314
(7) The net revenue of the internal service fund (except depreciation which is reported in capital outlays above) is reported with governmental activities. (Exhibit VI)		3,226,810
(8) Change in net pension & OPEB liability. (Note 9)		10,638,986
		\$ 4,890,807

See Accompanying Notes to Financial Statements