



Legislation Details (With Text)

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Title:	Consideration of the Monthly Financial Report for the Period Ending September 30, 2022.		
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Attachments:	1. 23-0155_Att 1 - Revenue- September 2022, 2. 23-0155_Att 2 - Expenditure September 2022, 3. 23-0155_Att 3 - Consumer Spending Attachment 3, 4. 23-0155_Att 4 - 1Q Investment report, 5. 23-0155_Att 5 - Exhibit IV Draft		

Date	Ver.	Action By	Action	Result
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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