



Legislation Text

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City of Alexandria, Virginia

MEMORANDUM

**DATE:** MAY 2, 2023

**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 March 31, 2023.

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**ISSUE:** Receipt of the Monthly Financial Report for the Period Ending March 31, 2023.

**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 of General Fund Revenues (Attachment 1) and General Fund Expenditures (Attachment 2).

As of March 31, 2023, General Fund revenues totaled \$515.3 million, a difference of \$54.2 million or 11.8 percent compared to the same period in FY 2022. 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 nine months of the year, no category shows any significant economic variance from the budgeted amount.

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. Through the end of March, Personal Property taxes total \$63.6 million or 95.3 percent of the budgeted amount, compared to \$55.6 million in FY 2022, which was 100.8 percent of the budgeted amount. The FY 2022 budgeted amount was developed during the uncertainties of COVID. Collections for personal property tax revenue are tracking at the expected rate.

Real Estate tax revenue is remitted to the City twice each year, in November and June. As of March 2023, the City has collected \$251.9 million or 48.9 percent of the budgeted amount of Real Property tax revenue compared to \$237.2 million in FY 2022, which represented 49.1 percent of the budgeted amount.

There are several significant differences between FY 2022 and FY 2023, but they are primarily timing, not economic. The technical change to the ARPA projects results in a Transfer from Other Funds of \$4.1 million in FY 2023, where no such transfer existed in FY 2022. 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. Through the first nine months of the year interest earnings account for \$13.0 million of the \$15.1 million of Revenue from Use of Money and Property. This compares to only \$1.5 million in total interest earnings in FY 2022.

Attachment 3 compares the consumer spending categories of Sales Tax, Transient Lodging Tax and Meals Sales Tax to the pre-pandemic levels. As previously noted, Sales Tax revenue was largely unimpacted by the pandemic, with the exception of April and May 2019 when many businesses were completely closed. Meals Tax revenue has recovered to pre-pandemic levels and the trend line follows typical seasonal patterns. In December 2022, Transient Lodging Tax Revenue of \$799,804 exceeded the revenue collected in December 2019 by approximately \$48,000 or 6.5 percent. This marks the first time in 33 months that revenues for Transient Lodging Tax exceeded the same month prior to the pandemic. This trend continued in February with revenue for Transient Lodging tax exceeding February 2019 by 8 percent. It is important to note that Transient Lodging Tax revenue is well ahead of this same point last year (22.5 percent) and is consistent with the budgeted amount for FY 2023. It is also very important to note that Transient Lodging Tax revenue only accounts for 1.5 percent of total tax revenue.

As of March 31, 2023, General Fund expenditures totaled \$498.9 million, a difference of \$29.0 million more than the same time period for FY 2023. Similar to the situation with revenues, no significant expenditure has occurred in the first nine months of Fiscal Year 2023 that is unbudgeted or unexpected. Increases correspond to budgeted increases in expenditure categories, such as debt service, cash capital and the transfer to the Schools. The variance in Transit Subsidies relates to the timing of the City's quarterly payment to WMATA. Bonds were refunded in FY 2022, but no such similar transaction has occurred in FY 2023.

**ATTACHMENTS:**

- Attachment 1: Comparative Statement of General Fund Revenues
- Attachment 2: Comparative Statement of General Fund Expenditures
- Attachment 3: 3Q Investment Report
- Attachment 4: Consumer Spending comparison charts

**STAFF:**

Morgan Routt, Director, Office and Management and Budget  
Kevin Greenlief, Assistant Director, Finance Department