



Legislation Text

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City of Alexandria, Virginia

MEMORANDUM

DATE: FEBRUARY 5, 2014

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: RASHAD M. YOUNG, CITY MANAGER /s/

DOCKET TITLE:

Consideration of the Monthly Financial Report for the Period Ending December 31, 2013.

ISSUE: Receipt of the City's Monthly Financial Report for the period ending December 31, 2013.

DISCUSSION: That City Council receives the Monthly Financial Report for the period ending December 31, 2013.

ECONOMIC HIGHLIGHTS:

On January 17, President Obama signed a \$1.1 trillion spending bill that will fund the federal government through the end of September. This will remove a source of uncertainty for the City's economy through the remainder of FY 2014 and the first quarter of FY 2015.

The Economic Tables will no longer be included in the Monthly Financial Report. Instead, they will be posted online at the City's web site: <http://www.alexandriava.gov/FinancialReports>. They will continue to be updated monthly or when data becomes available.

REVENUE HIGHLIGHTS:

Year-to-Date Revenues: As of December 31, 2013, actual General Fund revenues totaled \$302.5 million, which is approximately four percent, or \$12.2 million, more than the report for the same period last year. Most of this increase (\$9.9 million) is related to higher real property tax collections from assessments and tax rate increases and tax rate increases to personal property (\$3.5 million). This growth is somewhat offset by revenue projections in other key areas, such as sales taxes and transient lodging taxes, running below budgeted revenues: FY 2014 other local taxes, which include sales and transient lodging taxes, are \$1.3 less than the comparable period in FY 2013. All other sources of revenue combined represent a net increase of \$0.1 million.

The City has set aside \$1 million in fund balance to compensate for potential short-term revenue reductions related to sequestration. If revenues continue to fall short of estimates, it may be necessary to make up any additional shortfalls with expenditure reductions. Current revenue estimates are taken into consideration when building the revenue estimates for the FY 2015 Proposed Budget.

Below is additional detail for revenues that are showing variance compared to last year's collections:

- **Business license tax:** Year-to-date Business License Tax collections decreased by approximately 40 percent compared to the previous fiscal year due to a significant refund earlier this fiscal year. However, with less than three percent of the budgeted amount collected, it is not possible to accurately project collections until March. Business license renewal applications and taxes are due by March 1 of each license tax year.
- **Transient Lodging Taxes:** Year-to-date Transient Lodging Tax collections decreased by approximately 13 percent compared to the previous fiscal year. This is due to decreased rates of occupancy and lower room rates across the City. According to Smith Travel Research, via ACVA, in the fiscal year through December, Alexandria's occupancy rate decreased from 67.2 percent in FY 2013 to 66.1 percent in FY 2014, while the average daily room rate decreased from approximately \$137 in FY 2013 to around \$129 in FY 2014 or about 6%. The decreases have affected all Northern Virginia jurisdictions and are probably related to sequestration and to the government shutdown in October. In addition, the Hawthorne Suites Hotel, which contained 185 rooms, or around 4% of the City's total hotel rooms, closed in October.
- **Cigarette (Tobacco) Tax:** The 14 percent increase in Cigarette Tax collections is related to the increase in the tobacco tax from 80 cents to \$1 per pack. Historically, this has had the impact of increasing revenues but reducing sales, and this trend was accounted for in the FY 2014 revenue assumptions. The FY 2014 budget anticipated an increase of approximately \$600,000 or 23 percent above budgeted FY 2013 revenues, so it appears as if the impact on sales of the increase in the Cigarette Tax was greater than assumed.
- **Recordation Tax:** Recordation Tax collections have fallen by approximately 25 percent compared to last year's collections. Since the number and average value of residential property sales have increased, the decrease is primarily attributable to the commercial portion of Alexandria's real estate market. As of the 3rd quarter of 2013, the City's office vacancy rate was 16.7 percent, which is very high by historical standards. The FY 2014 budget anticipated an increase of \$500,000, or 10.2 percent, above budgeted FY 2013 revenues.
- **Admissions Tax:** Year-to-date Admissions Taxes have decreased by 16 percent. This is partly due to a timing issue due to a late filer and partly due to a strong movie season that resulted in high box office receipts during Fall of 2012.

EXPENDITURE HIGHLIGHTS:

Year-to-Date Expenditures: As of December 31, 2013, actual General Fund expenditures totaled \$275.2 million, an increase of \$10.5 million, or approximately four percent, compared to expenditures for the same period last year. General Fund expenditures are budgeted to grow by 6.3 percent, from FY 2013 to the FY 2014 Approved Budget. Citywide, expenditures appear to be tracking with the budget.

A few of the largest variances are explained below:

- **Position vacancies filled:** The increase in year-to-date expenditures in Management and Budget, Human Resources, and the Department of Code Administration reflect the filling of budgeted positions that were vacant for some period of time in FY 2013.
- **Health Department:** The Health Department expended 59 percent of its budget in the first half of FY 2014. This is due to the City having paid three quarterly commitment payments to the State for the City's match of State Health Department programs and City salary supplements and retirement benefits. Only one quarterly payment is left to be processed in the second half of the fiscal year. The payment of the third quarter commitment in the second quarter is due to increased payment turnaround times in the new financial system. Each quarterly payment is approximately \$1.0 million.
- **Transit Subsidies:** The increase in expenditures is mostly due to the timing of the payments to WMATA. A mix of funding sources is used to pay for the WMATA contribution. This year, the General Fund contribution was used prior to the other funding sources, most notably the Northern Virginia Transportation Commission.
- **Debt Service:** The increase in debt service reflects an increase in budgeted expenditures for the FY 2013 General Obligation bonds.
- **Non-Departmental:** The decrease in Non-Departmental expenditures is mostly due to a planned reduction in the use of fund balance for payments for other post-employee retirement benefits (OPEB). The remaining funding for OPEB is included in departmental budgets. This is the sixth year in a multi-year plan to gradually increase the funding for OPEB to the actuarially required contribution. In FY 2013, there were also approximately \$500,000 in FY 2013 expenditures to deal with Hurricane Sandy. Through December, 2013, there has been no comparable FY 2014 incident. Expenditures related to the January snow event will be included in the January financial report presented to Council in March.
- **Cash Capital:** The increase is due to the budgeted amount of cash capital which increased from \$7.0 million in FY 2013 to \$17.8 million in FY 2014. At this point in the both fiscal years, the full amount of budgeted cash capital had been transferred to capital projects.
- **Cash Match (Transportation/DCHS/and Transfers to the Special Revenue/Capital Projects Funds):** FY 2013 and FY 2014 contain a reservation of 2.2 cents of the real estate tax rate for transportation improvements. In FY 2013, the transfer was made in the first half of the fiscal year. For FY 2014, the transfer will be made as part of the set aside for the new Northern Virginia Transportation Authority (NVTa) legislation. This legislation requires local jurisdictions to deposit funding from a 12.5 cent real estate tax on commercial and industrial properties, or equivalent revenues, into a special fund designated for transportation in order to receive that jurisdiction's share of regional sales, transient occupancy, and grantor's tax revenue provided to the Authority by the State.

Contingent Reserves

- No contingent reserves were released in December. Detailed information regarding the status of Contingent Reserves for FY 2014 is available in Attachment 3.

The report is available online at: <http://www.alexandriava.gov/FinancialReports>.

ATTACHMENTS:

Attachment 1 Revenue

Attachment 2 Expenditures

Attachment 3 Contingent Reserves

STAFF:

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CITY OF ALEXANDRIA, VIRGINIA
COMPARATIVE STATEMENT OF REVENUES
GENERAL FUND
FOR THE PERIODS ENDING DECEMBER 31, 2013 AND DECEMBER 31, 2012

	B	B2	C	D=C/B	E	F=(C-E)/E
	FY2014	FY 2014	FY2014	%	FY2013	%
	REVISED	PROJECTED	REVENUES	OF BUDGET	REVENUES	CHANGE
	BUDGET	REVENUE	THRU 12/31/13		THRU 12/31/12	
General Property Taxes						
Real Property Taxes.....	\$ 357,840,032	\$ 358,400,000	\$ 173,736,705	48.6%	\$ 163,803,442	6%
Personal Property Taxes.....	41,340,000	41,700,000	40,350,091	97.6%	36,884,174	9%
Penalties and Interest.....	2,375,000	2,375,000	278,312	11.7%	918,175	-70%
Total General Property Taxes	\$ 401,555,032	\$ 402,475,000	\$ 214,365,108	53.4%	\$ 201,605,791	6%
Other Local Taxes						
Local Sales and Use Taxes.....	\$ 27,340,000	25,900,000	\$ 8,470,027	31.0%	\$ 8,446,986	0%
Consumer Utility Taxes.....	11,400,000	11,600,000	4,453,667	39.1%	4,285,637	4%
Communication Sales and Use Taxes.....	11,300,000	11,100,000	3,646,841	32.3%	3,718,511	-2%
Business License Taxes.....	33,000,000	33,000,000	808,839	2.5%	1,365,902	-41%
Transient Lodging Taxes.....	12,510,000	11,500,000	4,401,096	35.2%	5,039,038	-13%
Restaurant Meals Tax.....	17,550,000	17,300,000	6,770,219	38.6%	6,664,633	2%
Tobacco Taxes.....	3,234,000	3,234,000	1,297,162	40.1%	1,136,040	14%
Motor Vehicle License Tax.....	3,400,000	3,400,000	2,970,667	87.4%	2,843,027	4%
Real Estate Recordation.....	5,400,000	5,200,000	1,822,588	33.8%	2,414,578	-25%
Admissions Tax.....	1,000,000	1,000,000	389,748	39.0%	462,709	-16%
Other Local Taxes.....	3,380,000	3,490,000	323,254	9.6%	275,880	17%
Total Other Local Taxes	\$ 129,514,000	\$ 126,724,000	\$ 35,354,109	27.3%	\$ 36,652,941	-4%
Intergovernmental Revenues						
Revenue from the Fed. Government.....	\$ 10,047,576	9,512,197	\$ 4,288,089	42.7%	\$ 4,044,280	6%
Personal Property Tax Relief from the Commonwealth.....	23,578,531	23,578,531	22,399,604	95.0%	22,399,604	0%
Revenue from the Commonwealth.....	21,617,691	22,606,733	10,698,388	49.5%	10,563,390	1%
Total Intergovernmental Revenues	\$ 55,243,798	\$ 55,697,461	\$ 37,386,081	67.7%	\$ 37,007,274	1%
Other Governmental Revenues And Transfers In						
Fines and Forfeitures.....	\$ 5,322,000	5,322,000	\$ 2,682,600	50.4%	\$ 2,482,413	8%
Licenses and Permits.....	2,519,975	2,519,975	1,331,018	52.8%	1,203,615	11%
Charges for City Services.....	16,694,959	16,609,959	8,224,045	49.3%	8,364,737	-2%
Revenue from Use of Money & Prop.....	3,995,000	4,643,000	2,295,514	57.5%	2,005,519	14%
Other Revenue.....	782,000	782,000	890,109	113.8%	756,422	18%
Transfer from Other Funds.....	2,894,329	3,136,329	-	0.0%	250,000	0%
Total Other Governmental Revenues	\$ 32,208,263	\$ 33,013,263	\$ 15,423,286	47.9%	\$ 15,062,706	2%
TOTAL REVENUE	\$ 618,521,093	\$ 617,909,724	\$ 302,528,584	48.9%	\$ 290,328,712	4%
Appropriated Fund Balance						
General Fund.....	6,429,631	6,429,631				
Reappropriation of FY 2013 Encumbrances And Other Supplemental Appropriations and Projections.....	7,021,971	7,633,340				
TOTAL	\$ 631,972,695	\$ 631,972,695	\$ 302,528,584	47.9%	\$ 290,328,712	4%

**COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION
 GENERAL FUND
 FOR THE PERIODS ENDING DECEMBER 31, 2013 AND DECEMBER 31, 2012**

FUNCTION	B	C	D=C/B	E	F=(C-E)/E
	FY2014	FY2014	%	FY2013	EXPENDITURES
	REVISED	EXPENDITURES	OF BUDGET	EXPENDITURES	%
	BUDGET	THRU 12/31/13	EXPENDED	THRU 12/31/12	CHANGE
Legislative & Executive.....	\$ 7,452,174	\$ 3,209,889	43.1%	\$ 2,948,746	9%
Judicial Administration.....	\$ 42,149,312	\$ 20,134,443	47.8%	\$ 19,686,286	2%
Staff Agencies					
Information Technology Services.....	\$ 8,573,292	\$ 4,002,641	46.7%	\$ 4,009,385	0%
Management & Budget.....	1,277,825	569,325	44.6%	410,628	39%
Finance.....	12,006,815	5,018,464	41.8%	4,867,707	3%
Real Estate Assessment.....	1,856,591	655,210	35.3%	725,203	-10%
Human Resources.....	3,398,860	1,654,472	48.7%	1,351,312	22%
Planning & Zoning.....	6,023,816	2,825,581	46.9%	2,863,845	-1%
Economic Development Activities.....	5,135,724	2,612,728	50.9%	2,416,480	8%
City Attorney.....	2,734,638	1,159,717	42.4%	1,246,449	-7%
Registrar.....	1,215,161	615,438	50.6%	868,550	-29%
General Services.....	12,805,748	5,490,237	42.9%	5,728,141	-4%
Total Staff Agencies	\$ 55,028,470	\$ 24,603,813	44.7%	\$ 24,487,700	0%
Operating Agencies					
Transportation & Environmental Services.....	\$ 29,162,517	\$ 13,971,049	47.9%	\$ 14,320,616	-2%
Fire.....	42,556,115	20,703,276	48.6%	19,781,667	5%
Police.....	55,116,636	26,819,162	48.7%	26,406,684	2%
Emergency Communications.....	7,231,733	2,986,626	41.3%	2,929,610	2%
Code.....	841,632	435,705	51.8%	370,501	18%
Transit Subsidies.....	9,584,748	5,319,004	55.5%	3,642,007	46%
Community and Human Services.....	14,646,363	7,038,475	48.1%	7,380,187	-5%
Health.....	8,651,731	5,120,566	59.2%	5,040,817	2%
Historic Resources.....	2,708,556	1,299,621	48.0%	1,371,502	-5%
Recreation.....	21,848,062	10,438,983	47.8%	10,211,003	2%
Total Operating Agencies	\$ 192,348,093	\$ 94,132,468	48.9%	\$ 91,454,594	3%
Education					
Schools.....	\$ 185,611,472	\$ 70,879,580	38.2%	\$ 70,038,856	1%
Other Educational Activities.....	11,785	5,893	50.0%	5,860	1%
Total Education	\$ 185,623,257	\$ 70,885,473	38.2%	\$ 70,044,716	1%
Capital, Debt Service and Miscellaneous					
Debt Service.....	\$ 55,779,933	\$ 29,400,286	52.7%	\$ 25,797,949	14%
Non-Departmental.....	11,099,141	4,981,618	44.9%	6,671,355	-25%
General Cash Capital.....	17,757,911	17,757,911	100.0%	6,955,483	155%
Contingent Reserves.....	531,654				0%
Total Capital, Debt Service and Miscellaneous	\$ 85,168,639	\$ 52,139,814	61.2%	\$ 39,424,787	32%
TOTAL EXPENDITURES	\$ 567,769,945	\$ 265,105,901	47%	\$ 248,046,829	7%
Cash Match (Transportation/DCHS/					
and Transfers to the Special Revenue /Capital Projects Funds).	\$ 43,453,976	\$ 127,371	0.3%	\$ 6,941,500	-98%
Transfer to Housing.....	2,313,228	765,303	33.1%	771,251	-1%
Transfer to Library.....	6,849,914	3,424,957	50.0%	3,439,082	0%
Transfer to DASH.....	11,585,632	5,792,816	50.0%	5,542,000	5%
TOTAL EXPENDITURES & TRANSFERS	\$ 631,972,695	\$ 275,216,347	43.5%	\$ 264,740,662	4%
Total Expenditures by Category					
Salaries and Benefits.....	\$ 207,296,690	\$ 97,185,680	46.9%	\$ 94,053,483	3%
Non Personnel (includes all school funds)	424,676,005	178,030,667	41.9%	170,687,179	4%
Total Expenditures	\$ 631,972,695	\$ 275,216,347	43.5%	\$ 264,740,662	4%

Attachment 3

No contingent reserves were released in December.

Information regarding the status of FY 2014 Contingent Reserves is included in the table below.

FY 2014 Contingent Reserves

CITY OF ALEXANDRIA, VIRGINIA
FY 2014 CONTINGENT RESERVES

Item	Budget	Balance	Action	Action Date
Urban Forestry initiatives (from FY 13)	80,000	-	Released to Recreation for Urban Forestry Initiatives	November
Fire Safety Improvements (from FY 13)	222,696	222,696		
Sister Cities improvements (from FY 13)	4,160	4,160		
Childcare Fee Subsidy Waiting List	950,000	400,669	Released to DCHS to fund the Childcare Fee Subsidy Waiting List, a social worker position, and replace Sequestration cuts to Head Start.	June
Affordable Housing Initiatives	174,235	174,235	Released to T & ES for recycling initiatives, including "Recycling on the Go" and the Pilot Food Composting Program, among others.	September
Recycling Initiatives	210,000	-		
King Street Lights	6,750	6,750	Released for smoking cessation and secondhand smoke reduction project at ARHA.	October
Car Seat Installation	10,000	10,000		
Smoking Cessation Program	35,000	-		
Community Engagement	20,000	20,000	Released in June for a Senior Mental Health Therapist position in DCHS for the Detention Center. Due to the City's current revenue climate, the position will not be filled and the funds were returned to the Non-D budget as part of the December 2013 Supplemental Appropriation Ordinance.	June
Senior Mental Health Therapist	42,900	42,900		

updated for the December Monthly Financial Report