



Legislation Text

File #: 14-2237, Version: 1

City of Alexandria, Virginia

MEMORANDUM

DATE: MARCH 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 January 31, 2014.

ISSUE: Receipt of the City's Monthly Financial Report for the period ending January 31, 2014.

DISCUSSION: That City Council receives the Monthly Financial Report for the period ending January 31, 2014.

ECONOMIC HIGHLIGHTS:

On February 15, President Obama signed a bill increasing the debt limit. The bill will allow the Treasury Department to borrow normally for another 13 months. This removes a source of uncertainty for the City's economy until the end of the 3rd quarter of the City's FY 2015.

Updated economic tables are now posted online at the City's web site:

<http://www.alexandriava.gov/FinancialReports>.

REVENUE HIGHLIGHTS:

Year-to-Date Revenues: The revenue picture is largely unchanged from last month's report. As of January 31, 2014, actual General Fund revenues totaled \$316.9 million, which is approximately \$5.9 million or 1.8 percent less than the report for the same period last year. The decrease was due to a refinance of \$19.3 million in City bonds to a lower interest rate in FY 2013. The bond proceeds are recognized as revenue at the time of the refinance and thus added to the FY 2013 revenue number. After adjusting for the bond refinance, through January, total revenues in FY 2014 increased by 4.4 percent or \$13.4 million compared to FY 2013. The increase is due to higher real property tax collections from real estate tax rate increases (\$10.6 million) and

personal property tax rate increases (\$3.4 million) and a \$0.6 million decrease in all other revenue categories.

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 have been 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:

- **Transient Lodging Taxes:** Year-to-date Transient Lodging Tax collections decreased by approximately 17 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 January, Alexandria's occupancy rate decreased from 65.0 percent in FY 2013 to 63.3 percent in FY 2014, while the average daily room rate decreased from approximately \$138 in FY 2013 to around \$128 in FY 2014 or about 7 percent. The decreases have affected all Northern Virginia jurisdictions and are most likely related to sequestration, the government shutdown in October, and a very cold winter that has made people less likely to travel. 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 13.9 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 21 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. 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 15 percent. This is partly due to a strong movie season that resulted in high box office receipts during Fall of 2012 and is probably also related to the extremely cold weather in January which kept potential moviegoers at home.

EXPENDITURE HIGHLIGHTS:

Year-to-Date Expenditures: As of January 31, 2014, actual General Fund expenditures totaled \$336.4 million, an increase of \$16.7 million, or approximately 5.2 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 67 percent of its budget in the first seven months 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. 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.
- **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 was also approximately \$500,000 in FY 2013 expenditures to deal with Hurricane Sandy. There were no comparable incidents in the City through the end of January, though the City did spend approximately \$200,000 on storm emergencies in January.
- **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

- City Council approved the release of \$10,000 from FY 2014 contingent reserves to fund operations of the Sheriff's Office child Safety Seat installation program. Detailed information regarding the status of Contingent Reserves for FY 2014 is available in Attachment 3.

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

ATTACHMENTS:

Attachment 1 Revenue

Attachment 2 Expenditures

Attachment 3 Contingent Reserves

STAFF:

Laura Triggs, Chief Financial Officer

Nelsie L. Smith, Director, Office of Management & Budget

Morgan Routt, Assistant Director, Office of Management & Budget

Eric Eisinger, Budget Analyst

Berenice Harris, Finance Department

CITY OF ALEXANDRIA, VIRGINIA
COMPARATIVE STATEMENT OF REVENUES
GENERAL FUND
FOR THE PERIODS ENDING JANUARY 31, 2014 AND JANUARY 31, 2013

	B	B2	C	D=C/B	E	F=(C-E)/E
	FY2014	FY 2014	FY2014		FY2013	
	REVISED	PROJECTED	REVENUES	%	REVENUES	%
	BUDGET	REVENUE	THRU 01/31/14	OF BUDGET	THRU 01/31/13	CHANGE
General Property Taxes						
Real Property Taxes.....	\$ 357,840,032	\$ 358,400,000	\$ 174,007,331	48.6%	\$ 163,426,842	6.5%
Personal Property Taxes.....	41,340,000	41,700,000	40,918,048	99.0%	37,474,071	9.2%
Penalties and Interest.....	2,375,000	2,375,000	425,229	17.9%	1,016,690	-58.2%
Total General Property Taxes	\$ 401,555,032	\$ 402,475,000	\$ 215,350,608	53.6%	\$ 201,917,603	6.7%
Other Local Taxes						
Local Sales and Use Taxes.....	\$ 27,340,000	\$ 25,900,000	\$ 10,532,555	38.5%	\$ 10,525,250	0.1%
Consumer Utility Taxes.....	11,400,000	11,600,000	5,472,238	48.0%	5,376,082	1.8%
Communication Sales and Use Taxes.....	11,300,000	11,100,000	4,552,126	40.3%	4,676,325	-2.7%
Business License Taxes.....	33,000,000	33,000,000	2,352,444	7.1%	2,430,064	-3.2%
Transient Lodging Taxes.....	12,510,000	11,500,000	4,777,316	38.2%	5,764,091	-17.1%
Restaurant Meals Tax.....	17,550,000	17,300,000	8,143,081	46.4%	8,260,189	-1.4%
Tobacco Taxes.....	3,234,000	3,234,000	1,530,034	47.3%	1,342,794	13.9%
Motor Vehicle License Tax.....	3,400,000	3,400,000	3,065,723	90.2%	2,973,622	3.1%
Real Estate Recordation.....	5,400,000	5,200,000	2,277,412	42.2%	2,875,304	-20.8%
Admissions Tax.....	1,000,000	1,000,000	474,976	47.5%	557,178	-14.8%
Other Local Taxes.....	3,380,000	3,490,000	447,642	13.2%	362,709	23.4%
Total Other Local Taxes	\$ 129,514,000	\$ 126,724,000	\$ 43,625,546	33.7%	\$ 45,143,608	-3.4%
Intergovernmental Revenues						
Revenue from the Fed. Government.....	\$ 10,047,576	\$ 9,512,197	\$ 3,373,839	33.6%	\$ 3,875,614	-12.9%
Personal Property Tax Relief from the Commonwealth.....	23,578,531	23,578,531	22,399,604	95.0%	22,399,604	0.0%
Revenue from the Commonwealth.....	21,617,691	22,606,733	11,428,179	52.9%	11,471,193	-0.4%
Total Intergovernmental Revenues	\$ 55,243,798	\$ 55,697,461	\$ 37,201,622	67.3%	\$ 37,746,411	-1.4%
Other Governmental Revenues And Transfers In						
Fines and Forfeitures.....	\$ 5,322,000	\$ 5,322,000	\$ 3,075,962	57.8%	\$ 2,861,476	7.5%
Licenses and Permits.....	2,519,975	2,519,975	1,468,595	58.3%	1,386,275	5.9%
Charges for City Services.....	16,694,959	16,609,959	9,008,848	54.0%	8,997,469	0.1%
Revenue from Use of Money & Prop.....	3,995,000	4,643,000	3,108,924	77.8%	2,524,963	23.1%
Other Revenue.....	782,000	782,000	986,068	126.1%	836,803	17.8%
Transfer from Other Funds.....	3,044,329	3,136,329	3,044,329	100.0%	2,104,502	44.7%
Total Other Governmental Revenues	\$ 32,358,263	\$ 33,013,263	\$ 20,692,726	63.9%	\$ 18,711,488	10.6%
TOTAL REVENUE	\$ 618,671,093	\$ 617,909,724	\$ 316,870,502	51.2%	\$ 303,519,110	4.4%
Appropriated Fund Balance						
General Fund.....	6,429,631	6,429,631			19,256,545	-100.0%
Reappropriation of FY 2013						
Encumbrances And Other						
Supplemental Appropriations and Projections.....	7,021,971	7,783,340				
TOTAL	\$ 632,122,695	\$ 632,122,695	\$ 316,870,502	50.1%	\$ 322,775,655	-1.8%

58.3% of Fiscal Year Completed
 59.39% of Payrolls Processed

Attachment 2

**COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION
 GENERAL FUND
 FOR THE PERIODS ENDING JANUARY 31, 2014 AND JANUARY 31, 2013**

FUNCTION	B	C	D=C/B	E	F=(C-E)/E
	FY2014 REVISED BUDGET	FY2014 EXPENDITURES THRU 01/31/14	% OF BUDGET EXPENDED	FY2013 EXPENDITURES THRU 01/31/13	% CHANGE
Legislative & Executive.....	\$ 7,602,174	\$ 3,955,667	52.0%	\$ 3,647,120	8.5%
Judicial Administration.....	\$ 42,159,312	\$ 24,986,235	59.3%	\$ 24,635,638	1.4%
Staff Agencies					
Information Technology Services.....	\$ 8,573,292	\$ 4,742,066	55.3%	\$ 4,714,752	0.6%
Management & Budget.....	1,277,825	701,980	54.9%	529,559	32.6%
Finance.....	12,006,815	5,964,089	49.7%	5,968,130	-0.1%
Real Estate Assessment.....	1,856,591	812,416	43.8%	860,328	-5.6%
Human Resources.....	3,398,860	2,010,676	59.2%	1,767,873	13.7%
Planning & Zoning.....	6,023,816	3,476,410	57.7%	3,529,272	-1.5%
Economic Development Activities.....	5,195,724	3,860,499	74.3%	3,564,119	8.3%
City Attorney.....	2,734,638	1,521,849	55.7%	1,505,449	1.1%
Registrar.....	1,215,161	731,593	60.2%	963,338	-24.1%
General Services.....	12,805,748	6,896,443	53.9%	6,853,388	0.6%
Total Staff Agencies	\$ 55,088,470	\$ 30,718,020	55.8%	\$ 30,256,208	1.5%
Operating Agencies					
Transportation & Environmental Services.....	\$ 29,162,517	\$ 17,107,052	58.7%	\$ 16,804,282	1.8%
Fire.....	42,556,115	25,609,833	60.2%	24,182,260	5.9%
Police.....	55,116,636	32,500,955	59.0%	32,053,779	1.4%
Emergency Communications.....	7,231,733	3,886,875	53.7%	3,585,132	8.4%
Code.....	841,632	520,124	61.8%	447,931	16.1%
Transit Subsidies.....	9,584,748	8,058,188	84.1%	5,271,412	52.9%
Community and Human Services.....	14,646,363	8,363,182	57.1%	8,806,670	-5.0%
Health.....	8,651,731	5,812,237	67.2%	4,525,314	28.4%
Historic Resources.....	2,708,556	1,580,430	58.3%	1,679,913	-5.9%
Recreation.....	21,848,062	12,241,949	56.0%	12,186,782	0.5%
Total Operating Agencies	\$ 192,348,093	\$ 115,680,824	60.1%	\$ 109,543,475	5.6%
Education					
Schools.....	\$ 185,611,472	\$ 85,884,174	46.3%	\$ 85,455,923	0.5%
Other Educational Activities.....	11,785	8,839	75.0%	8,791	0.5%
Total Education	\$ 185,623,257	\$ 85,893,013	46.3%	\$ 85,464,714	0.5%
Capital, Debt Service and Miscellaneous					
Debt Service.....	\$ 55,779,933	\$ 34,218,307	61.3%	\$ 31,851,134	7.4%
Non-Departmental.....	10,689,385	5,772,297	54.0%	6,915,748	-16.5%
General Cash Capital.....	17,757,911	17,697,911	99.7%	6,955,483	154.4%
Contingent Reserves.....	871,410				
Total Capital, Debt Service and Miscellaneous	\$ 85,098,639	\$ 57,688,515	67.8%	\$ 45,722,365	26.2%
TOTAL EXPENDITURES	\$ 567,919,945	\$ 318,922,275	56%	\$ 299,269,520	6.6%
Cash Match (Transportation/DCHS/ and Transfers to the Special Revenue /Capital Projects Funds)..					
Transfer to Housing.....	\$ 43,453,976	\$ 5,710,856	13.1%	\$ 8,645,897	-33.9%
Transfer to Library.....	2,313,228	988,749	42.7%	935,202	5.7%
Transfer to DASH.....	6,849,914	3,993,500	58.3%	4,009,970	-0.4%
Transfer to DASH.....	11,585,632	6,754,423	58.3%	6,761,634	-0.1%
TOTAL EXPENDITURES & TRANSFERS	\$ 632,122,695	\$ 336,369,803	53.2%	\$ 319,622,223	5.2%
Total Expenditures by Category					
Salaries and Benefits.....	\$ 207,296,690	\$ 119,787,678	57.8%	\$ 117,308,762	2.1%
Non Personnel (includes all school funds)	424,826,005	216,582,125	51.0%	202,313,461	7.1%
Total Expenditures	\$ 632,122,695	\$ 336,369,803	53.2%	\$ 319,622,223	5.2%

Attachment 3

In January, City Council approved the release of \$10,000 from FY 2014 contingent reserves to the Sheriff's Office to fund operations of the Child Safety Seat Installation Program.

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. The remaining balance will be carried forward to FY 2015 to help offset early childhood needs.	June
Affordable Housing Initiatives	174,235	174,235		
Recycling Initiatives	210,000	-	Released to T&ES for recycling initiatives, including "Recycling on the Go" and the Pilot Food Composting Program, among others.	September
King Street Lights	6,750	6,750		
Car Seat Installation	10,000	-	Released to the Sheriff's office to fund operations of the Child Safety Seat Installation Program.	January
Smoking Cessation Program	35,000	-	Released for smoking cessation and secondhand smoke reduction project at ARHA.	October
Community Engagement	20,000	20,000		
Senior Mental Health Therapist	42,900	42,900	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

updated for the January Monthly Financial Report