



Legislation Text

File #: 14-2239, Version: 1

City of Alexandria, Virginia

MEMORANDUM

DATE: MAY 7, 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 March 31, 2014.

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

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

REVENUE HIGHLIGHTS:

Year-to-Date Revenues: The City's revenues continue to fall short of budgeted levels. As of March 31, 2014, actual General Fund revenues totaled \$390.5 million, which is approximately \$11.9 million or 3.1 percent more than the report for the same period last year, but less than the budgeted increase. The increase is due to higher real property tax collections from real estate tax rate increases (\$11.0 million) and personal property tax rate increases (\$3.7 million) and a \$2.8 million decline in all other sources of revenue.

The City has set aside \$1 million in fund balance to compensate for potential short-term revenue reductions related to sequestration. At this point in the fiscal year, we are likely to utilize the fund balance set aside. Staff is closely monitoring vacancies and other expenditures to keep expenditure levels below budgeted amounts. Current revenue estimates were taken into consideration when building the revenue estimates for the FY 2015 budget.

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

- **Consumer Utility Taxes:** Year-to-date Consumer Utility Tax collections through March decreased by approximately 8.5 percent or \$600,000 compared to last year. While normally the utility companies pay their tax liability in the month after the end of the billing month, utility companies have 45 days to pay

the tax due after the end of a billing month, and in this case, February electricity billing was not applied as of March 31.

- **Business License Taxes:** Year-to-date Business License tax collections through March decreased by 3.4 percent or \$1.0 million compared to the previous year. The receipts reflect 2013 gross receipts which were affected by general economic weakness resulting from sequestration and the government shutdown in October. Also, the amount of Business License Tax refunds increased from approximately \$0.3 million in FY 2013 to \$0.8 million in FY 2014 as Finance has devoted resources to allow the refunding routine overpayments to occur earlier in the fiscal year.
- **Transient Lodging Taxes:** Year-to-date Transient Lodging Tax collections decreased by approximately 13 percent or \$1.0 million 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 March, Alexandria's occupancy rate decreased from 65.0 percent in FY 2013 to 63.8 percent in FY 2014, while the average daily room rate decreased from approximately \$138 in FY 2013 to around \$131 in FY 2014 or about 5 percent. The decreases have affected all Northern Virginia jurisdictions and are probably 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 14.0 percent or \$141,000 increase in Cigarette Tax collections is related to the increase in the tobacco tax from 80 cents to \$1 per pack. 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 tax increase has had a negative impact on the sale of cigarettes in Alexandria. The estimate for this revenue source in the FY 2015 budget, including the 15 cent increase in the tax rate proposed by Council during the add/delete process, has been adjusted downward accordingly.
- **Recordation Tax:** Recordation Tax collections have fallen by approximately 27 percent or \$1.0 million 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. City recordation tax collections are \$2.7 million through the end of March, so through March, the City has collected 52 percent of the year's projected revenues.
- **Admissions Tax:** Year-to-date Admissions Taxes have decreased by 11 percent or less than \$100,000. 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 cold and snowy winter that kept potential moviegoers at home.

EXPENDITURE HIGHLIGHTS:

Year-to-Date Expenditures: As of March 31, 2014, actual General Fund expenditures totaled \$429.1 million, an increase of \$18.8 million, or approximately 4.6 percent, compared to expenditures for the same period last year. General Fund expenditures are budgeted to grow by 6.3 percent from the FY 2013 to the FY 2014 Approved Budget. Citywide, expenditures appear to be tracking below 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.
- **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.

For FY 2014, the City budgeted \$836,000 in non-departmental funds to deal with snow emergencies. Through the end of March, the City has expended approximately \$882,000 to deal with snow emergencies. The amount does not include additional expenditures incurred within the T&ES, RPCA, or General Services budgets or overtime paid to public safety and other employees during City closures. Staff estimates the cost of snow removal in those three agencies at approximately \$1.6 million.

- **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):** As part of the City's Memorandum of Agreement with the NVTA for receiving 30% of the new transportation revenues received by the Authority, the City has established a new fund for transportation and deposited \$11.6 million into that fund. However, that transfer had not yet occurred in March and is not reflected in this month's report.

Contingent Reserves

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

The report including updated economic indicator charts, 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 MARCH 31, 2014 AND MARCH 31, 2013

	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 03/31/14		THRU 03/31/13	
General Property Taxes						
Real Property Taxes.....	\$ 357,840,032	\$ 358,400,000	\$ 176,566,794	49.3%	\$ 165,552,940	6.7%
Personal Property Taxes.....	41,340,000	41,700,000	42,345,583	102.4%	38,650,560	9.6%
Penalties and Interest.....	2,375,000	2,375,000	947,481	39.9%	1,449,906	-34.7%
Total General Property Taxes	\$ 401,555,032	\$ 402,475,000	\$ 219,859,858	54.8%	\$ 205,653,406	6.9%
Other Local Taxes						
Local Sales and Use Taxes.....	\$ 27,340,000	\$ 25,900,000	\$ 14,768,977	54.0%	\$ 14,869,308	-0.7%
Consumer Utility Taxes.....	11,400,000	11,600,000	6,598,372	57.9%	7,210,632	-8.5%
Communication Sales and Use Taxes.....	11,300,000	11,100,000	6,319,162	55.9%	6,525,516	-3.2%
Business License Taxes.....	33,000,000	33,000,000	29,216,028	88.5%	30,249,864	-3.4%
Transient Lodging Taxes.....	12,510,000	11,500,000	6,143,218	49.1%	7,075,822	-13.2%
Restaurant Meals Tax.....	17,550,000	17,300,000	10,715,491	61.1%	10,607,709	1.0%
Tobacco Taxes.....	3,234,000	3,234,000	1,958,519	60.6%	1,717,362	14.0%
Motor Vehicle License Tax.....	3,400,000	3,400,000	3,288,780	96.7%	3,215,518	2.3%
Real Estate Recordation.....	5,400,000	5,200,000	2,697,588	50.0%	3,680,382	-26.7%
Admissions Tax.....	1,000,000	1,000,000	630,854	63.1%	712,027	-11.4%
Other Local Taxes.....	3,380,000	3,490,000	558,779	16.5%	466,821	19.7%
Total Other Local Taxes	\$ 129,514,000	\$ 126,724,000	\$ 82,895,766	64.0%	\$ 86,330,961	-4.0%
Intergovernmental Revenues						
Revenue from the Fed. Government.....	\$ 10,047,576	\$ 9,512,197	\$ 5,324,218	53.0%	\$ 5,477,815	-2.8%
Personal Property Tax Relief from the Commonwealth.....	23,578,531	23,578,531	23,106,960	98.0%	23,106,960	0.0%
Revenue from the Commonwealth.....	21,617,691	22,606,733	16,252,176	75.2%	15,930,835	2.0%
Total Intergovernmental Revenues	\$ 55,243,798	\$ 55,697,461	\$ 44,683,354	80.9%	\$ 44,515,610	0.4%
Other Governmental Revenues And Transfers In						
Fines and Forfeitures.....	\$ 5,322,000	\$ 5,322,000	\$ 3,842,979	72.2%	\$ 3,728,570	3.1%
Licenses and Permits.....	2,519,975	2,519,975	1,741,022	69.1%	1,675,193	3.9%
Charges for City Services.....	16,694,959	16,609,959	10,994,388	65.9%	10,978,671	0.1%
Revenue from Use of Money & Prop.....	3,995,000	4,643,000	3,351,381	83.9%	3,212,784	4.3%
Other Revenue.....	782,000	782,000	1,484,642	189.9%	1,154,865	28.6%
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	\$ 24,458,741	75.6%	\$ 22,854,585	7.0%
TOTAL REVENUE	\$ 618,671,093	\$ 617,909,724	\$ 371,897,719	60.1%	\$ 359,354,562	3.5%
Appropriated Fund Balance						
General Fund.....	6,429,631	6,429,631				
Refunding Bond Proceeds.....	18,635,000	18,635,000	18,635,000	100.0%	19,256,545	-3.2%
Reappropriation of FY 2013 Encumbrances And Other Supplemental Appropriations and Projections.....	7,021,971	7,783,340				
TOTAL	\$ 650,757,695	\$ 650,757,695	\$ 390,532,719	60.0%	\$ 378,611,107	3.1%

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

FUNCTION	B	C	D=C/B	E	F=(C-E)/E
	FY2014	FY2014	%	FY2013	EXPENDITURES
	REVISED BUDGET	EXPENDITURES THRU 03/31/14	OF BUDGET EXPENDED	EXPENDITURES THRU 03/31/13	% CHANGE
Legislative & Executive.....	\$ 7,602,174	\$ 4,986,840	65.6%	\$ 4,613,508	8.1%
Judicial Administration.....	\$ 42,159,312	\$ 30,696,152	72.8%	\$ 30,571,559	0.4%
Staff Agencies					
Information Technology Services.....	\$ 8,573,292	\$ 5,772,477	67.3%	\$ 5,642,369	2.3%
Management & Budget.....	1,277,825	894,411	70.0%	706,446	26.6%
Finance.....	12,006,815	7,568,800	63.0%	7,405,317	2.2%
Real Estate Assessment.....	1,856,591	1,018,804	54.9%	1,060,882	-4.0%
Human Resources.....	3,398,860	2,540,133	74.7%	2,204,601	15.2%
Planning & Zoning.....	6,023,816	4,434,753	73.6%	4,386,550	1.1%
Economic Development Activities.....	5,202,474	3,869,947	74.4%	3,571,032	8.4%
City Attorney.....	2,734,638	1,912,600	69.9%	1,883,148	1.6%
Registrar.....	1,215,161	869,989	71.6%	1,135,150	-23.4%
General Services.....	12,805,748	9,052,381	70.7%	8,930,527	1.4%
Total Staff Agencies	\$ 55,095,220	\$ 37,934,296	68.9%	\$ 36,926,022	2.7%
Operating Agencies					
Transportation & Environmental Services.....	\$ 29,162,517	21,010,811	72.0%	20,481,581	2.6%
Fire.....	42,556,115	31,859,006	74.9%	30,062,933	6.0%
Police.....	55,116,636	40,852,783	74.1%	39,845,979	2.5%
Emergency Communications.....	7,231,733	5,136,603	71.0%	4,503,386	14.1%
Code.....	841,632	632,329	75.1%	554,986	13.9%
Transit Subsidies.....	9,584,748	8,264,808	86.2%	5,439,043	52.0%
Community and Human Services.....	14,646,363	10,508,674	71.7%	10,683,792	-1.6%
Health.....	8,651,731	6,174,172	71.4%	6,962,994	-11.3%
Historic Resources.....	2,708,556	2,005,212	74.0%	2,100,177	-4.5%
Recreation.....	21,848,062	15,201,981	69.6%	14,865,672	2.3%
Total Operating Agencies	\$ 192,348,093	\$ 141,646,378	73.6%	\$ 135,500,543	-4.5%
Education					
Schools.....	\$ 185,611,472	116,003,673	62.5%	114,518,358	1.3%
Other Educational Activities.....	11,785	8,839	75.0%	8,791	0.5%
Total Education	\$ 185,623,257	\$ 116,012,511	62.5%	\$ 114,527,149	1.3%
Capital, Debt Service and Miscellaneous					
Debt Service.....	\$ 55,779,933	34,218,307	61.3%	31,759,035	7.7%
Payment to Refunded Bonds Escrow agent.....	18,531,679	18,531,679	100.0%	19,211,240	-3.5%
Non-Departmental.....	10,852,706	6,435,944	59.3%	7,639,619	-15.8%
General Cash Capital.....	17,697,911	17,697,911	100.0%	6,955,483	154.4%
Contingent Reserves.....	864,660	-	-	-	-
Total Capital, Debt Service and Miscellaneous	\$ 103,726,889	\$ 76,883,841	74.1%	\$ 65,565,377	17.3%
TOTAL EXPENDITURES	\$ 586,554,945	\$ 408,160,019	69.6%	\$ 387,704,158	5.3%
Cash Match (Transportation/DCHS/ and Transfers to the Special Revenue /Capital Projects Funds)					
.....	\$ 43,453,976	5,885,856	13.5%	7,606,871	-22.6%
Transfer to Housing.....	2,313,228	1,257,022	54.3%	1,110,843	13.2%
Transfer to Library.....	6,849,914	5,137,436	75.0%	5,158,623	-0.4%
Transfer to DASH.....	11,585,632	8,689,224	75.0%	8,698,500	-0.1%
TOTAL EXPENDITURES & TRANSFERS	\$ 650,757,695	\$ 429,129,556	65.9%	\$ 410,278,995	4.6%
Total Expenditures by Category					
Salaries and Benefits.....	\$ 207,296,690	151,284,707	73.0%	133,251,182	13.5%
Non Personnel (includes all school funds)	443,461,005	277,844,849	62.7%	277,027,813	0.3%
Total Expenditures	\$ 650,757,695	\$ 429,129,556	65.9%	\$ 410,278,995	4.6%

Attachment 3

In March, Council released no contingent reserves.

Information regarding the status of FY 2014 Contingent Reserves is included in the table below. There is currently \$864,660 remaining in Contingent Reserves, of which \$594,904 is planned to support FY 2014 and/or FY 2015 expenditures and \$269,756 is planned to be contributed to fund balance at the end of FY 2014.

The footnoted items below show what categories each of the contingent reserve items fall into. If the items have not been footnoted, there's no FY 2015 budget implication.

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	-	Released to Economic Development to keep the King Street Lights on through the end of June.	February
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 March Monthly Financial Report

*The items indicated, totaling \$269,756, are planned to be contributed to fund balance at the end of FY 2014.

**The items indicated, totaling \$594,904, is planned to support FY 2014 and/or FY 2015 expenditures.

***Smoking Cessation funds were released from Contingent Reserves to the Health Department in FY 2014. However, they have not been fully spent, and the City intends to carry over \$24,477 from FY 2014 into FY 2015. During the Add/Delete process, \$15,000 was added to supplement the unspent funds, for a total of \$39,477 in FY 2015.