

CITY OF ALEXANDRIA, VIRGINIA

Monthly Financial Report

November 2014



Report Summary

Through the first five months of FY 2015, year-to-date General Fund revenues and expenditures were within one percent of the four-year average for percent of budget collected and spent to date. Expenditures were 0.2% less than the average rate, while revenues were 0.6% less than the average rate. For reference purposes, in FY 2015 0.2% of the budget is approximately \$1.2 million, and 0.6% is approximately \$3.8 million. It is important to look at revenues compared to expenditures. While expenditures to-date are tracking below average, revenues are further below average. Revenues will need to exceed expenditures by at least \$2.9 million in order to avoid using fund balance for a third straight fiscal year, however at the current rate, expenditures would exceed revenues. If this trend continues, the City will experience a year-end shortfall. In that case, any gap would need to be addressed with changes in departmental spending plans, which would impact programs and services. In January, staff will produce a more comprehensive projection of year-end revenues and expenditures based on data through the midpoint of the fiscal year.

Through the first five months of the fiscal year, revenue received from General Property taxes, including real and personal property, was 0.2% less than the four-year average percent of budget collected. At this point in the fiscal year more than 96% of the budgeted amount of personal property taxes have been collected. The second-half real property payment was due on November 17th and approximately 49% of the budgeted real property tax revenue has been collected. Communication Sales and Use taxes continue to lag compared to the four-year average due to changes in consumer behavior and the tax rates assessed on the bundled services. Other Revenue, consisting of purchase card rebates, insurance recoveries and other miscellaneous items is low compared to the four-year average due to an unusually high amount of insurance recoveries that were received in 2013 (\$1.2 million) following significant storm damages in the prior year, which elevates the four-year average rate. As reported in prior months, revenue from the Commonwealth is expected to be \$0.8 million less than budget due to a reduction in aid from the State.

As of November 30, 2014, General Fund expenditures totaled \$220.3 million, or 34.3% of budgeted expenditures. Compared to the historical four-year average, the City has spent 0.2% less of its budget in FY 2015. Non-personnel expenditures are 0.3% less than the four-year average, and the percent of personnel budget expended is 1.1% lower than the four-year average.

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Economic Indicators

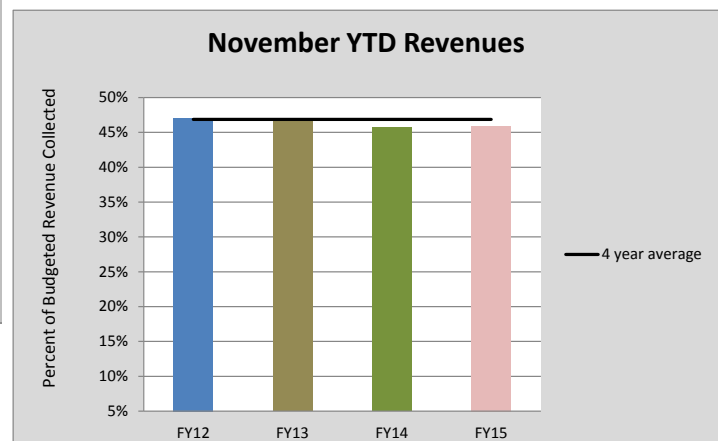
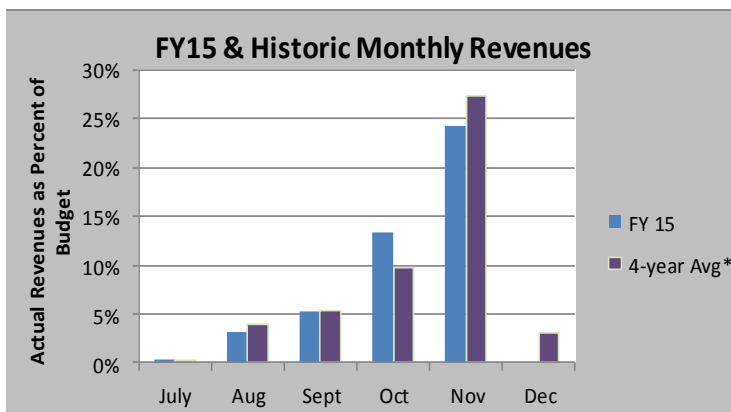
Transient Lodging and Unemployment Rates are the economic indicators highlighted in this month's report. Alexandria Convention and Visitors Association received statistics from Smith Travel Research indicating that Alexandria's hotel occupancy rate increased from 59.4% in November 2013 to 67.4% in November 2014. However, the data is skewed as three lower priced hotels in Alexandria have closed recently. Two were converted to apartments and one may re-open later this calendar year. As a result, if the number of rooms rented was the same with or without the closures, the occupancy rate would be higher with the closures due to lower total inventory. The average daily room rate increased by 11% compared to November 2013. Transient Lodging tax collections are 3.4% above the four-year average for percent of budget collected to date, which is helping to offset declines in other taxes in the Other Local Tax category that is overall 1.0% behind the average despite the transient lodging gains. Alexandria's unemployment rate dropped 0.5% from September 2014 (4.1%) to October 2014 (3.6%), and the number of employed increased by 722 persons. This represents the lowest October unemployment rate in four years. Job growth, however, continues to trail the national average. Additional economic, revenue, and expenditure charts are also available on the City of Alexandria website at: alexandriava.gov/FinancialReports. Attached are General Fund revenue and expenditure tables.

The Monthly Financial Report details the City's General Fund revenues and expenditures as of the last day of the month, compares revenues and expenditures to historical data, and focuses on specific economic indicators relevant for the month. This report is presented to City Council by the City Manager and made available to the public.

REVENUES



As of November 30, 2014, General Fund revenues totaled \$294.9 million, which is 0.6% less than the four-year average percent of budget through November. Through the first five months of the fiscal year, the City is 0.2% behind the four year average rate of revenue received for all general property taxes, including real and personal property. The payment deadline for all personal property was October 5th and at this point in the fiscal year more than 96% of the budgeted amount has been collected. The remaining taxes to be collected represent new registrations and delinquent tax collections. The second-half real property payment was due on November 17th and payments to date represent approximately 49% of the budgeted real property tax revenue has been collected. Other local taxes are 1.0% below the four-year average, intergovernmental revenues are 1.4% below average and 1.8% above FY 2014, and other revenues are 3.2% below average.



* 4-year average data comes from FY 2011-FY 2014 data

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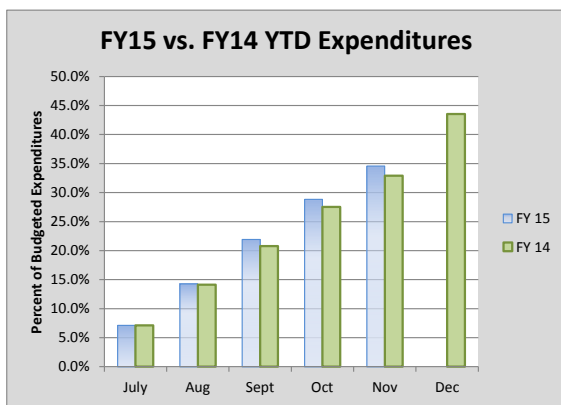
REVENUE VARIANCES IN DETAIL

Variations in FY15 YTD Revenue from the 4-year average	% increase/(decrease) of budgeted revenue collected from 4-yr average	Explanation
Consumer Utility Taxes	(7.9%)	Consumer utility taxes are significantly lower when compared with the four-year average due to the timing of the October payments, which are recorded in December this year. If October payments are reflected in November as they were in the four year average, the consumer utility tax would reflect an increase of 1.8% over the four-year average.
Other Revenue	(31.7%)	Other Revenue, consisting of purchase card rebates, insurance recoveries and other miscellaneous items is low compared to the four-year average, but this is attributable to an unusually high amount of insurance recoveries that were received in 2013 (\$1.2 million) following significant storm damages in the prior year, which elevates the four year average rate.

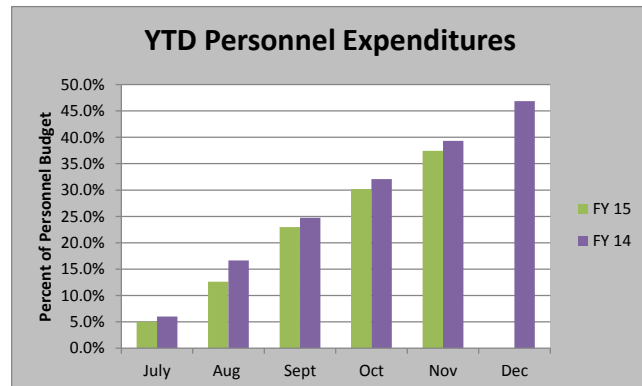
EXPENDITURES



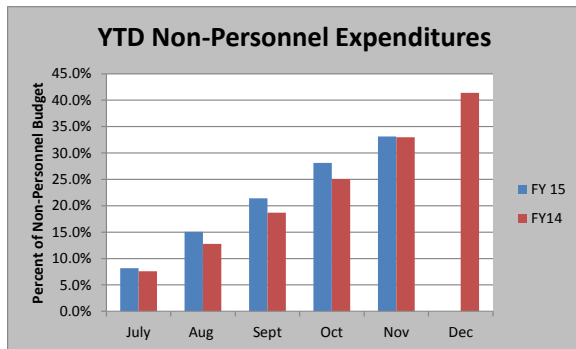
As of November 30, 2014, General Fund expenditures totaled \$220.3 million, or 34.3% of budgeted expenditures. Compared to the historical four-year average, the City spent has spent 0.2% less of its budget in FY 2015. Personnel expenditures are 1.1% less than the four-year average percent of budget spent to date, and non-personnel expenditures are 0.3% less than average. The charts below comparing the current fiscal year to last year's percent of budget expended show that non-personnel expenditures exceed last year's pace, but personnel expenditures are below last year and overall expenditures are roughly equivalent to last year.



Percent of budget expended is slightly higher than last year, but is slightly lower than the 4-year average



At this point in the fiscal year, the City YTD Personnel continues to be slightly lower than last year.



YTD Non-personnel expenditures are almost exactly in line with where they were in the previous fiscal year

EXPENDITURE VARIANCES IN DETAIL

Variations in FY15 YTD Expenditures from the 4 -year average	% increase/(decrease) of budgeted expenditures from 4-yr avg.	Explanation
Cash Match	25.4%	Transfers to Special Revenue Funds are above historical averages due to the new General Fund transfer of transportation funding which occurs at the beginning of the fiscal year and is required to draw down the City's share of regional Northern Virginia Transportation Authority (NVTA) revenues.
General Cash Capital	100%	Cash Capital has not been expended at this point in time because there are balances in active projects. In the past expenditure of Cash Capital typically took place in September.

ECONOMIC INDICATORS

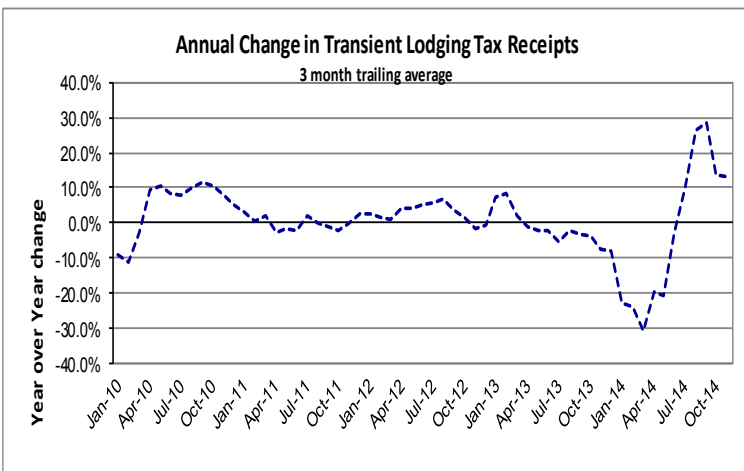


Transient Lodging Tax Receipts

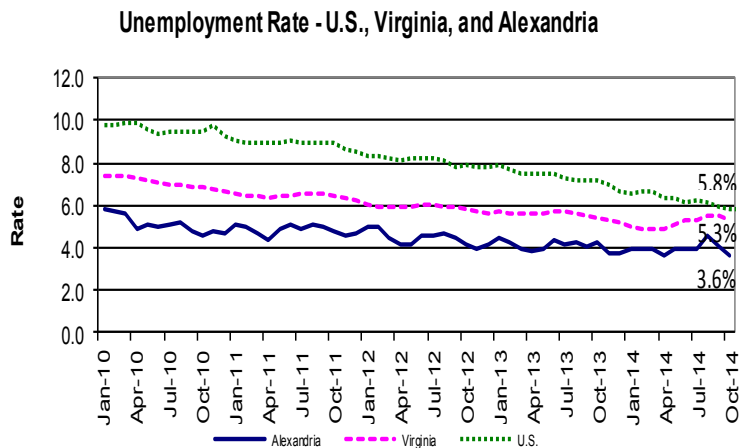
The City of Alexandria’s hotel industry continues to see noticeable improvement. Looking at the Annual Change in Transient Lodging Tax Receipts chart, the change has continued to improve since April, and as of November the three-month trailing average is 13.2% higher than it was at the same month in the previous year. The national outlook for the hotel industry also looks favorable. According to Smith Travel Research, via ACVA, Alexandria’s hotel occupancy rate increased from 59.4% in November 2013 to 67.4% in November 2014. The average daily room rate also increased by 11% compared to November 2013.

Unemployment Rate

Alexandria’s unemployment rate dropped 0.5% from September 2014 (4.1%) to October 2014 (3.6%), and the number of employed increased by 722 persons. This represents the lowest October unemployment rate in four years. Continued decrease to this indicator may potentially translate into a slight rise of consumption based taxes, such as sales taxes and restaurant meals taxes. However, while unemployment has steadily declined since the recession, job growth has yet to recover.



Source: Finance Department
Through November 2014



Source: U.S. Department of Labor, Bureau of Labor Statistics
Alexandria, Virginia through October, US data through November

This is only a sampling of a few economic indicators that the City of Alexandria tracks. Some more information and detail on indicators, please visit the financial report website at: <http://www.alexandriava.gov/FinancialReports>

CONTINGENT RESERVES

Council set aside \$7,956 in Contingent Reserves for City-wide street light assessment. Council released these funds on November 11, 2014.

ATTACHMENT 1



CITY OF ALEXANDRIA, VIRGINIA
COMPARATIVE STATEMENT OF REVENUES
GENERAL FUND
FOR THE PERIODS ENDING NOVEMBER 30, 2014

	B	C	D=C/B	E	F=D-E
	FY2015	FY2015	FY2015	4 YR AVER %	VARIANCE
	BUDGET	REVENUES	%	OF REVENUES	FY 2015 TO
		THRU11/30/14	OF BUDGET	RECEIVED	4 YR AVER
General Property Taxes					
Real Property Taxes.....	\$ 369,652,723	\$ 180,657,685	48.9%	49.2%	-0.3%
Personal Property Taxes.....	\$ 41,286,000	\$ 39,802,333	96.4%	96.6%	-0.2%
Penalties and Interest.....	\$ 2,145,000	\$ 576,487	26.9%	22.5%	4.4%
Total General Property Taxes	<u>\$ 413,083,723</u>	<u>\$ 221,036,505</u>	<u>53.5%</u>	<u>53.7%</u>	<u>-0.2%</u>
Other Local Taxes					
Local Sales and Use Taxes.....	\$ 26,900,000	\$ 5,968,486	22.2%	24.6%	-2.4%
Consumer Utility Taxes.....	12,200,000	2,825,899	23.2%	31.1%	-7.9%
Communication Sales and Use Taxes.....	11,200,000	2,704,591	24.1%	23.7%	0.4%
Business License Taxes.....	33,000,000	1,241,756	3.8%	3.9%	-0.1%
Transient Lodging Taxes.....	11,300,000	4,089,869	36.2%	32.8%	3.4%
Restaurant Meals Tax.....	17,700,000	5,188,787	29.3%	31.7%	-2.4%
Tobacco Taxes.....	3,060,000	1,073,678	35.1%	33.5%	1.6%
Motor Vehicle License Tax.....	3,400,000	2,764,839	81.3%	82.2%	-0.9%
Real Estate Recordation.....	5,400,000	2,044,696	37.9%	36.0%	1.9%
Admissions Tax.....	1,000,000	250,986	25.1%	30.8%	-5.7%
Other Local Taxes.....	3,640,000	425,194	11.7%	6.8%	4.9%
Total Other Local Taxes	<u>\$ 128,800,000</u>	<u>\$ 28,578,781</u>	<u>22.2%</u>	<u>23.2%</u>	<u>-1.0%</u>
Intergovernmental Revenues					
Revenue from the Fed. Government.....	\$ 9,976,119	\$ 2,281,659	22.9%	21.1%	1.8%
Personal Property Tax Relief from the Commonwealth.....	23,578,531	22,399,604	95.0%	90.6%	4.4%
Revenue from the Commonwealth.....	22,803,885	6,925,101	30.4%	34.1%	-3.7%
Total Intergovernmental Revenues	<u>\$ 56,358,535</u>	<u>\$ 31,606,364</u>	<u>56.1%</u>	<u>57.5%</u>	<u>-1.4%</u>
Other Governmental Revenues And Transfers In					
Fines and Forfeitures.....	\$ 5,815,000	\$ 1,974,218	34.0%	40.2%	-6.2%
Licenses and Permits.....	2,496,775	1,131,157	45.3%	50.6%	-5.3%
Charges for City Services.....	18,074,326	8,202,992	45.4%	45.0%	0.4%
Revenue from Use of Money & Prop.....	4,850,000	1,857,252	38.3%	39.3%	-1.0%
Other Revenue.....	1,220,442	540,740	44.3%	76.0%	-31.7%
Transfer from Other Funds.....	3,206,574	-	0.0%	0.0%	0.0%
Total Other Governmental Revenues	<u>\$ 35,663,117</u>	<u>\$ 13,706,360</u>	<u>38.4%</u>	<u>41.6%</u>	<u>-3.2%</u>
TOTAL REVENUE	<u>\$ 633,905,375</u>	<u>\$ 294,928,009</u>	<u>46.5%</u>	<u>46.9%</u>	<u>-0.4%</u>
Appropriated Fund Balance					
General Fund.....	\$ 3,014,527	\$ -	0.0%		
Appropriated refunding bond proceeds	-	-			
Reappropriation of FY 2015	-	-			
Encumbrances And Other	-	-			
Supplemental Appropriations....	-	-			
TOTAL	<u>\$ 636,919,902</u>	<u>\$ 294,928,009</u>	<u>46.3%</u>	<u>46.9%</u>	<u>-0.6%</u>

ATTACHMENT 2

41.7% of Fiscal Year Completed
39.84% of Payrolls Processed

Online Reference 3



**COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION
GENERAL FUND
FOR THE PERIODS ENDING NOVEMBER 30, 2014**

FUNCTION	B	C	D=C/B	E	F=D-E
	FY2015 BUDGET	FY2015 EXPENDITURES THRU 11/30/14	% OF BUDGET EXPENDED	4 YR AVER % OF BUDGET EXPENDED	VARIANCE FY 2015 TO 4 YR AVER
Legislative & Executive.....	\$ 8,225,152	\$ 3,035,661	36.9%	38.0%	-1.1%
Judicial Administration.....	\$ 41,870,331	\$ 16,272,181	38.9%	40.7%	-1.8%
Staff Agencies					
Information Technology Services.....	\$ 11,016,776	\$ 3,795,592	34.5%	40.4%	-5.9%
Management & Budget.....	1,317,834	466,869	35.4%	33.7%	1.7%
Finance.....	14,388,306	4,486,926	31.2%	33.5%	-2.3%
Human Resources.....	3,893,033	1,120,443	28.8%	39.0%	-10.2%
Planning & Zoning.....	5,352,812	1,984,656	37.1%	40.7%	-3.6%
Economic Development Activities.....	5,177,816	2,597,715	50.2%	48.9%	1.3%
City Attorney.....	2,767,025	1,066,094	38.5%	34.5%	4.0%
Registrar.....	1,271,261	492,125	38.7%	48.0%	-9.3%
General Services.....	13,812,484	5,089,460	36.8%	37.1%	-0.3%
Total Staff Agencies	\$ 58,997,345	\$ 21,099,879	35.8%	38.3%	-2.5%
Operating Agencies					
Transportation & Environmental Services.....	28,927,602	10,876,293	37.6%	41.3%	-3.7%
Fire.....	44,301,513	16,396,311	37.0%	43.4%	-6.4%
Police.....	55,854,036	22,447,608	40.2%	42.1%	-1.9%
Emergency Communications.....	7,225,189	2,733,293	37.8%	38.4%	-0.6%
Code.....	141,475	40,242	28.4%	37.3%	-8.9%
Transit Subsidies.....	7,893,940	3,587,537	45.4%	49.0%	-3.6%
Housing.....	1,808,108	714,839	39.5%	31.7%	7.8%
Community and Human Services.....	14,271,853	5,871,898	41.1%	33.7%	7.4%
Health.....	8,389,202	3,855,194	46.0%	41.6%	4.4%
Historic Resources.....	2,856,516	1,126,727	39.4%	40.9%	-1.5%
Recreation.....	21,180,469	8,597,096	40.6%	41.4%	-0.8%
Total Operating Agencies	\$ 192,849,904	\$ 76,247,037	39.5%	40.8%	-1.3%
Education					
Schools.....	191,811,472	60,048,177	31.3%	31.4%	-0.1%
Other Educational Activities.....	11,877	5,939	50.0%	50.0%	0.0%
Total Education	\$ 191,823,349	\$ 60,054,116	31.3%	31.4%	-0.1%
Capital, Debt Service and Miscellaneous					
Debt Service.....	\$ 62,664,899	20,165,348	32.2%	27.8%	4.4%
Non-Departmental.....	8,340,280	4,543,146	54.5%	48.3%	6.2%
General Cash Capital.....	18,058,794	-	0.0%	100.0%	-100.0%
Contingent Reserves.....	7,956	-	0.0%	-	-
Total Capital, Debt Service and Miscellaneous	\$ 89,071,929	\$ 24,708,494	27.7%	35.2%	-7.5%
TOTAL EXPENDITURES	\$ 582,838,011	\$ 201,417,367	34.6%	36.6%	-2.0%
Cash Match (Transportation/DCHS/ and Transfers to the Special Revenue /Capital)					
Transfer to Library.....	\$ 40,731,189	\$ 11,052,940	27.1%	1.7%	25.4%
Transfer to NVTA.....	6,607,160	2,753,204	41.7%	39.5%	2.2%
Transfer to NVTA.....	12,167,000	5,069,989	41.7%	N/A	N/A
TOTAL EXPENDITURES & TRANSFERS	\$ 642,343,360	\$ 220,293,499	34.3%	16.7%	17.6%
Total Expenditures by Category					
Salaries and Benefits.....	\$ 207,744,557	77,810,123	37.5%	38.6%	-1.1%
Non Personnel (includes all school funds)	434,598,803	142,483,376	32.8%	32.5%	0.3%
Total Expenditures	\$ 642,343,360	\$ 220,293,499	34.3%	34.5%	-0.2%