



Legislation Text

File #: 14-2240, Version: 1

City of Alexandria, Virginia

MEMORANDUM

DATE: JUNE 4, 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 April 30, 2014.

ISSUE: Receipt of the City's Monthly Financial Report for the period ending April 30, 2014.

RECOMMENDATION: That City Council received the Monthly Financial Report for the period ending April 30, 2014.

REVENUE HIGHLIGHTS:

Year-to-Date Revenues: The City's revenues continue to fall short of budgeted levels. As of April 30, 2014, actual General Fund revenues totaled \$404.1 million, which is approximately \$14.3 million or 3.7 percent more than the report for the same period last year. There is a total budgeted increase of 6.3 percent or \$36.9 million compared to last year. Of that projected growth, 65 percent is from real estate taxes and 35 percent is from other revenues. So far to date, only one of the two real estate payments had been collected through April, but the other revenues, which were anticipated to grow by \$12.5 million in FY 2014, have grown by \$3.1 million through April compared to FY 2013.

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.

The Commonwealth of Virginia has announced that it is expecting a \$300 million revenue shortfall in FY 2014. In FY 2015, this may affect state aid to the city, which for FY 2015 is budgeted at approximately \$65 million in

All Funds Revenue, including \$46 million in General Fund Revenue. There is additional budgeted revenue of \$38 million in state aid to the Schools.

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

- **Consumer Utility Taxes:** Year-to-date Consumer Utility Tax collections through April decreased by approximately 6.9 percent or \$0.6 million compared to last year. In contrast to FY 2013, as of April 30, the City had not yet received the current month's payments.
- **Transient Lodging Taxes:** Year-to-date Transient Lodging Tax collections decreased by approximately 12.5 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 most likely related to sequestration, the government shutdown in October, and a very cold winter that made people less likely to travel. In addition, the Hawthorne Suites Hotel, which contained 185 rooms, or around 4 percent of the City's total hotel rooms, closed in October. The closure of the Hawthorne Suites may have slightly increased the occupancy rate from what it otherwise would have been by reducing the total number of hotel rooms in Alexandria, but the available data is not detailed enough for the City to confirm this.
- **Cigarette (Tobacco) Tax:** The 13.8 percent or \$0.26 million 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 \$0.6 million or 23 percent above budgeted FY 2013 revenues, so it appears as if the tax increase has resulted in fewer consumer sales of cigarettes in Alexandria. The estimate for this revenue source in the FY 2015 budget, including the 15 cent increase in the tax rate approved by Council, reflects this consumer behavior.
- **Recordation Tax:** Recordation Tax collections have fallen by approximately 28 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 \$0.5 million, or 10.2 percent, above budgeted FY 2013 revenues. City recordation tax collections are \$3.0 million through the end of April, representing 60 percent of the year's projected revenues.
- **Admissions Tax:** Year-to-date Admissions Taxes have decreased by 12 percent or less than \$0.1 million. This is most likely related to the cold and snowy winter that kept potential moviegoers at home.

EXPENDITURE HIGHLIGHTS:

Year-to-Date Expenditures: As of April 30, 2014, actual General Fund expenditures totaled \$470.8 million, an increase of \$21.0 million, or approximately 4.7 percent, compared to expenditures for the same period last year. Citywide, expenditures appear to be tracking below the budget. Staff is closely monitoring vacancies and other expenditures to keep expenditure levels below budgeted amounts.

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.
- **Emergency Communications:** The increase of 12.9 percent in the Department of Emergency Communications' expenditures is mostly due to the transfer of expenditures for maintenance and infrastructure costs of the City's radio system that were previously budgeted as non-departmental expenditures.
- **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.
- **Snow Emergencies:** For FY 2014, the City budgeted \$0.84 million in non-departmental funds to deal with snow emergencies. For FY 2014, the City expended approximately \$0.9 million in non-departmental funds and an additional \$0.3 million in T&ES, \$0.2 million in General Services, and \$0.2 million in RPCA in unbudgeted snow related expenditures. The City also incurred public safety closure costs associated with the snow events. These include approximately \$.02 million in DEC, \$0.2 million in Police, \$0.2 million in Fire, and \$0.08 million in the Sheriff's Office. The total cost to the City for FY 2014 snow events is approximately \$2.1 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 or debt service as budgeted.
- **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 April and is not reflected in this month's report.

Contingent Reserves

- In April, Council released \$174,235 in affordable housing initiatives. 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:

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CITY OF ALEXANDRIA, VIRGINIA
COMPARATIVE STATEMENT OF REVENUES
GENERAL FUND
FOR THE PERIODS ENDING APRIL 30, 2014 AND APRIL 30, 2013

	B	B2	C	D=C/B	E	F=(C-E)/E
	FY2014	FY 2014	FY2014		FY2013	
	REVISED	PROJECTED	REVENUES	%	REVENUES	%
	BUDGET	REVENUE	THRU 04/30/14	OF BUDGET	THRU 04/30/13	CHANGE
General Property Taxes						
Real Property Taxes.....	\$ 357,840,032	\$ 360,000,849	\$ 177,466,481	49.6%	\$ 165,728,238	7.1%
Personal Property Taxes.....	41,340,000	41,867,000	42,826,333	103.6%	38,998,686	9.8%
Penalties and Interest.....	2,375,000	2,125,000	1,242,263	52.3%	1,571,361	-20.9%
Total General Property Taxes	\$ 401,555,032	\$ 403,992,849	\$ 221,535,077	55.2%	\$ 206,298,285	7.4%
Other Local Taxes						
Local Sales and Use Taxes.....	\$ 27,340,000	\$ 26,000,000	\$ 16,591,935	60.7%	\$ 16,704,953	-0.7%
Consumer Utility Taxes.....	11,400,000	11,500,000	7,546,357	66.2%	8,109,101	-6.9%
Communication Sales and Use Taxes.....	11,300,000	11,100,000	7,212,674	63.8%	7,442,217	-3.1%
Business License Taxes.....	33,000,000	32,000,000	30,719,774	93.1%	30,896,575	-0.6%
Transient Lodging Taxes.....	12,510,000	11,300,000	7,136,699	57.0%	8,154,060	-12.5%
Restaurant Meals Tax.....	17,550,000	17,200,000	12,106,330	69.0%	12,133,597	-0.2%
Tobacco Taxes.....	3,234,000	2,850,000	2,179,984	67.4%	1,916,032	13.8%
Motor Vehicle License Tax.....	3,400,000	3,400,000	3,395,126	99.9%	3,228,905	5.1%
Real Estate Recordation.....	5,400,000	5,000,000	3,042,806	56.3%	4,216,394	-27.8%
Admissions Tax.....	1,000,000	1,000,000	699,731	70.0%	795,717	-12.1%
Other Local Taxes.....	3,380,000	3,540,000	676,532	20.0%	563,808	20.0%
Total Other Local Taxes	\$ 129,514,000	\$ 124,890,000	\$ 91,307,947	70.5%	\$ 94,161,359	-3.0%
Intergovernmental Revenues						
Revenue from the Fed. Government.....	\$ 10,047,576	\$ 9,512,197	\$ 5,875,908	58.5%	\$ 5,478,530	7.3%
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.....	21,720,191	22,603,475	17,051,397	78.5%	16,669,233	2.3%
Total Intergovernmental Revenues	\$ 55,346,298	\$ 55,694,203	\$ 46,034,265	83.2%	\$ 45,254,723	1.7%
Other Governmental Revenues And Transfers In						
Fines and Forfeitures.....	\$ 5,322,000	\$ 5,315,000	\$ 4,043,925	76.0%	\$ 4,211,448	-4.0%
Licenses and Permits.....	2,519,975	2,471,775	1,956,082	77.6%	1,855,954	5.4%
Charges for City Services.....	16,694,959	16,750,766	12,739,267	76.3%	11,990,819	6.2%
Revenue from Use of Money & Prop.....	3,995,000	4,683,000	3,385,599	84.7%	3,479,825	-2.7%
Other Revenue.....	782,000	1,020,000	1,398,868	178.9%	1,209,793	15.6%
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	\$ 33,376,870	\$ 26,568,070	82.1%	\$ 24,852,341	6.9%
TOTAL REVENUE	\$ 618,773,593	\$ 617,953,922	\$ 385,445,359	62.3%	\$ 370,566,708	4.0%
Appropriated Fund Balance						
General Fund.....	6,327,654	6,187,631				
Refunding Bond Proceeds.....	18,635,000	18,635,000	18,635,000		19,256,545	-3.2%
Reappropriation of FY 2013 Encumbrances And Other Supplemental Appropriations and Projections.....	7,083,865	8,043,559				
TOTAL	\$ 650,820,112	\$ 650,820,112	\$ 404,080,359	62.1%	\$ 389,823,253	3.7%

**COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION
GENERAL FUND
FOR THE PERIODS ENDING APRIL 30, 2014 AND APRIL 30, 2013**

FUNCTION	B	C	D=C/B	E	F=(C-E)/E
	FY2014	FY2014	%	FY2013	EXPENDITURES
	REVISED BUDGET	EXPENDITURES THRU 04/30/14	OF BUDGET EXPENDED	EXPENDITURES THRU 04/30/13	% CHANGE
Legislative & Executive.....	\$ 7,602,174	\$ 5,456,946	71.8%	\$ 5,146,017	6.0%
Judicial Administration.....	\$ 42,159,312	\$ 34,412,395	81.6%	\$ 34,467,402	-0.2%
Staff Agencies					
Information Technology Services.....	\$ 8,573,292	\$ 6,274,104	73.2%	\$ 6,144,922	2.1%
Management & Budget.....	1,277,825	989,460	77.4%	797,893	24.0%
Finance.....	12,006,815	8,511,706	70.9%	8,174,872	4.1%
Real Estate Assessment.....	1,856,591	1,123,786	60.5%	1,162,728	-3.3%
Human Resources.....	3,398,860	2,801,441	82.4%	2,437,260	14.9%
Planning & Zoning.....	6,016,666	4,913,786	81.7%	4,865,349	1.0%
Economic Development Activities.....	5,202,474	5,092,882	97.9%	4,734,358	7.6%
City Attorney.....	2,715,438	2,118,389	78.0%	2,099,330	0.9%
Registrar.....	1,270,161	940,022	74.0%	1,236,880	-24.0%
General Services.....	12,805,748	10,372,647	81.0%	9,915,704	4.6%
Total Staff Agencies	\$ 55,123,870	\$ 43,138,224	78.3%	\$ 41,569,296	3.8%
Operating Agencies					
Transportation & Environmental Services.....	\$ 28,987,517	22,760,139	78.5%	22,347,120	1.8%
Fire.....	42,517,815	34,928,034	82.1%	33,061,968	5.6%
Police.....	55,116,636	44,815,064	81.3%	43,691,827	2.6%
Emergency Communications.....	7,185,851	5,625,503	78.3%	4,983,733	12.9%
Code.....	841,632	693,493	82.4%	608,750	13.9%
Transit Subsidies.....	9,584,748	8,404,878	87.7%	6,788,074	23.8%
Community and Human Services.....	14,566,093	11,583,419	79.5%	12,039,808	-3.8%
Health.....	8,754,231	7,734,016	88.3%	7,378,045	4.8%
Historic Resources.....	2,708,556	2,145,309	79.2%	2,319,110	-7.5%
Recreation.....	21,848,062	16,918,507	77.4%	16,427,966	3.0%
Total Operating Agencies	\$ 192,111,141	\$ 155,608,363	81.0%	\$ 149,646,401	4.0%
Education					
Schools.....	\$ 185,611,472	132,267,672	71.3%	128,490,312	2.9%
Other Educational Activities.....	11,785	11,785	100.0%	11,721	0.5%
Total Education	\$ 185,623,257	\$ 132,279,457	71.3%	\$ 128,502,033	2.9%
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%	19,126,637	-3.1%
Non-Departmental.....	10,664,855	6,798,476	63.7%	8,080,513	-15.9%
General Cash Capital.....	17,697,911	17,697,911	100.0%	6,955,483	154.4%
Contingent Reserves.....	690,425	-	-	-	-
Total Capital, Debt Service and Miscellaneous	\$ 103,364,803	\$ 77,246,373	74.7%	\$ 65,921,668	17.2%
TOTAL EXPENDITURES	\$ 585,984,557	\$ 448,141,758	76.5%	\$ 425,252,817	5.4%
Cash Match (Transportation/DCHS/ and Transfers to the Special Revenue /Capital Projects Funds)					
.....	\$ 43,747,546	5,885,856	13.5%	7,286,871	-19.2%
Transfer to Housing.....	2,652,463	1,368,722	51.6%	1,868,452	-26.7%
Transfer to Library.....	6,849,914	5,705,978	83.3%	5,731,803	-0.5%
Transfer to DASH.....	11,585,632	9,650,831	83.3%	9,665,000	-0.1%
TOTAL EXPENDITURES & TRANSFERS	\$ 650,820,112	\$ 470,753,145	72.3%	\$ 449,804,943	4.7%
Total Expenditures by Category					
Salaries and Benefits.....	\$ 207,296,690	166,488,111	80.3%	162,215,036	2.6%
Non Personnel (includes all school funds)	443,523,422	304,265,034	68.6%	287,589,907	5.8%
Total Expenditures	\$ 650,820,112	\$ 470,753,145	72.3%	\$ 449,804,943	4.7%

Attachment 3

Information regarding the status of FY 2014 Contingent Reserves is included in the table below. There is currently \$690,425 remaining in Contingent Reserves, of which \$420,669 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

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	-	Released as a loan to AHC, Inc. for its proposed development of a 93-unit affordable housing property on Echols Avenue.	April
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 April 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 \$420,669, 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.