

CITY OF ALEXANDRIA, VIRGINIA

# Monthly Financial Report

## February 2015



### Report Summary

As previously reported through this monthly financial report and the FY 2016 budget development process, slow revenue growth due to the regional economic slowdown continues to be a concern that staff is monitoring carefully. As of receipts through February, City General Fund revenues are still projected to come in below the amount budgeted, however staff has also been carefully monitoring expenditures and it appears at this point in the fiscal year that the amount of expenditure savings currently projected for year-end will be sufficient to keep expenditures within projected revenues.

Through February 2015, year-to-date General Fund revenues collected are 2.0% lower than the four-year average, while General Fund expenditures are tracking within 1.0% of the four-year average of budget spent. City staff have been working to refine year-end revenue and expenditure projections as well as manage expenditures, to ensure that actual expenditures are both under budget and in balance with revenues received. A projection of year-end revenues based on collections through February 2015 has been added to the Comparative Statement of Revenues (Attachment 1 on page 6) in the projected revenue column. On the expenditure side, departments report year-end projections to the Office of Management and Budget on a monthly basis so that expenditures are closely monitored and adjusted if needed. Based on current projections, the City estimates that expenditures may still be higher than current revenues by the end of the year as had been budgeted for FY 2015, but the revenue picture has improved slightly.

As of February 2015, General Fund revenues totaled \$351.9 million, or 54.3% of the budgeted revenue. Through the first eight months of the fiscal year, the City is 2.0% below the four-year average rate of budgeted revenue received. Revenue collections through February 2015 provide the City with the complete picture of the holiday season because sales tax revenues remitted from the State in February reflect December sales tax collected in the City. During December 2014, the City collected \$2.3 million in local sales tax revenue, which is the second highest amount collected in the month of December in the past 5 years and is slightly greater than the average amount for the past five years. However, while the holiday receipts have improved over recent years, revenues for the entire year-to-date continue to grow slower than budgeted. Through the first eight months of FY 2015 (which is revenue collected over the first six months of FY 2015, due to a 2-month lag on revenue the State remits to the City), the City has collected 47.9% of the budgeted amount for sales tax, which is 2.4% below the average collection rate for the same time period over the past four years. Transient lodging tax revenues continue to compare favorably to the collection rate for the past four years. Business license gross tax receipts will be discussed in next month's report, as they were due after the close of this reporting period.

As of February 28, 2015, General Fund expenditures totaled \$382.3 million, or 59.0% of budgeted expenditures. Compared to the historical four-year average, the City spent has spent 0.6% more of its budget in FY 2015, but has spent 0.2% less than last year. Personnel expenditures are 3.0% less than the four-year average percent of budget spent to date, whereas non-personnel expenditures are 2.5% more than average. Most of the variance is attributable to the timing of transfers to the Capital Improvement Program (CIP) and other funds.

The economic indicator highlighted in this month's report is Transient Lodging. Additional economic, revenue, and expenditure charts are also available on the City of Alexandria website at: [alexandriava.gov/FinancialReports](http://alexandriava.gov/FinancialReports). Attached are General Fund revenue and expenditure tables produced by the Finance Department.

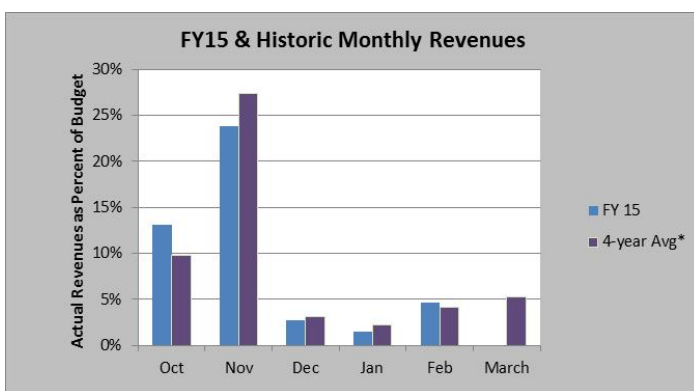
The Monthly Financial Report details the City's General Fund revenues and expenditures as of the last day of the month, compares revenues and expenditures to historical data, and focuses on specific economic indicators relevant for the month. This report is presented to City Council by the City Manager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

# REVENUES

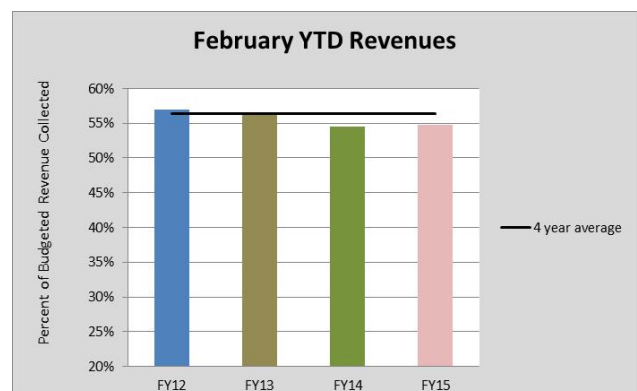


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Next month's report will include collections from Business License taxes, as they were due on March 2 and require several weeks to process. Business License (or Gross Receipts) tax collections may provide a very effective tool for evaluating the health of our business economy.



\* 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
Real Estate Recordation	(11.5%)	Real Estate Recordation has decreased by 11.5% when compared to the four-year average. When compared to FY 2014, collections in this category have increased by 12.0% due to the recordation tax collected on the sale of Canal Center.
Other Local Taxes	(10.2%)	Other local taxes are significantly lower when compared with the four-year average due to issuance of a one-time refund issued to a bank for overpaid Bank Franchise Tax. The total amount of the refund was \$14 million State-wide and the City's share was \$0.2 million. This category is also lower due to the timing of quarterly telecommunications payments as they were due on February 28th.
Revenue from the Fed. Government	(10.6%)	Although revenues from the federal government have decreased by 10.6% when compared to the four-year average, this is due to the timing of the reimbursements from the Department of Defense for the costs associated with running the 7M bus near the Washington Headquarters facility which covered multiple quarters last year. This reimbursement is expected before the end of the fiscal year.
Fines and Forfeitures	(8.8%)	Fines and Forfeitures have decreased by 8.8% when compared to the four-year average due to a decrease in parking violation revenue and red light camera revenue due to the delay of installing two new cameras and position vacancies in parking enforcement.
Licenses and Permits	(9.8%)	Licenses and Permits have decreased by 9.8% when compared to the four-year average due to a decrease in Fire Protection Systems Retesting revenue. When compared to FY 2014, collections in this category have increased by 3.1%.

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# REVENUES



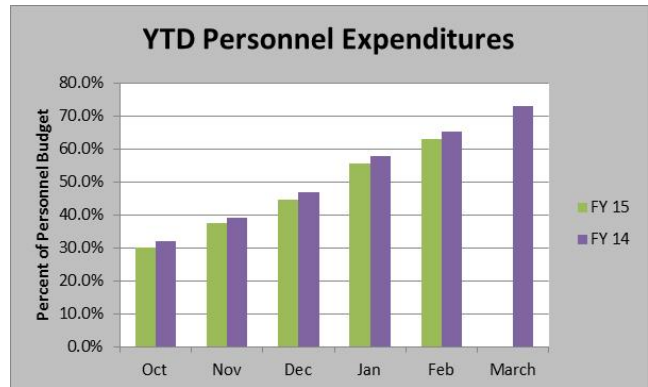
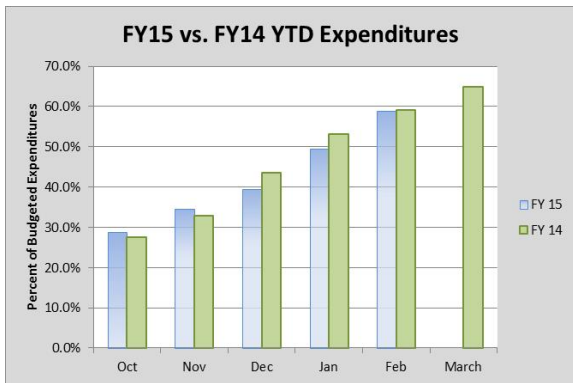
## REVENUE VARIANCES IN DETAIL

Variations in FY15 YTD Revenue from the 4-year average	% increase/(decrease) of budgeted revenue collected from 4-yr average	Explanation
Other Revenue	(21.8%)	Other Revenue has decreased by 21.8% when compared to the four year average due to a one-time contractual settlement last year.
Transfer from Other Funds	(50.0%)	Transfers from Other Funds are down by 50.0% due to the timing of the reimbursement from special revenue funds to the General Fund for indirect costs and debt service. The transfer is expected at the end of the fiscal year.

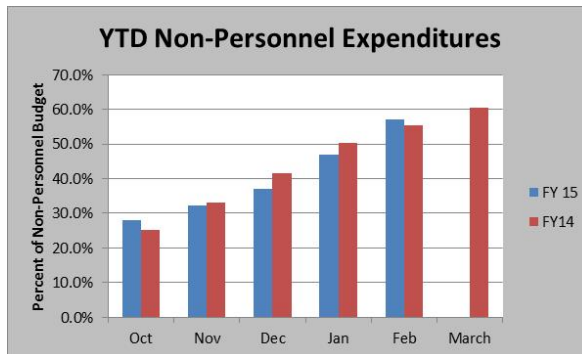
# EXPENDITURES



As of February 28, 2015, General Fund expenditures totaled \$382.3 million, or 59.0% of budgeted expenditures. Compared to the historical four-year average, the City spent 0.6% more of its budget in FY 2015, but has spent 0.2% less than last year. Looking at expenditures excluding transfers, the City has spent 2.1% less than the four-year average. Personnel expenditures are 3.0% less than the four-year average percent of budget spent to date, whereas non-personnel expenditures are 2.5% more than average. The charts below compare the current fiscal year to last year's percent of budget expended for non-personnel, personnel, and total expenditures. Noticeable variances in expenditures from the four-year average include departments with vacancies, Cash Capital, and Cash Match for grants. Cash Capital transfers occurred for the first time this year in February. Variances are detailed in the table below. Overall, the City is still on track to keep expenditures within budget for FY 2015. However, given the revenue outlook for the remainder of the year, expenditures continued to be monitored to ensure that the City's expenditures remain lower than revenue collected.



Percent of budget expended is 0.2% lower than in FY 14, but is 0.6% higher than the 4-year average



At this point in the fiscal year, the City YTD personnel costs are 2.5% lower than this month last year. Salaries and benefits are 3.0% below the four-year average.

YTD non-personnel expenditures are 1.7% higher than this point in FY14, and 2.5% higher than the four-year average.

## EXPENDITURE VARIANCES IN DETAIL

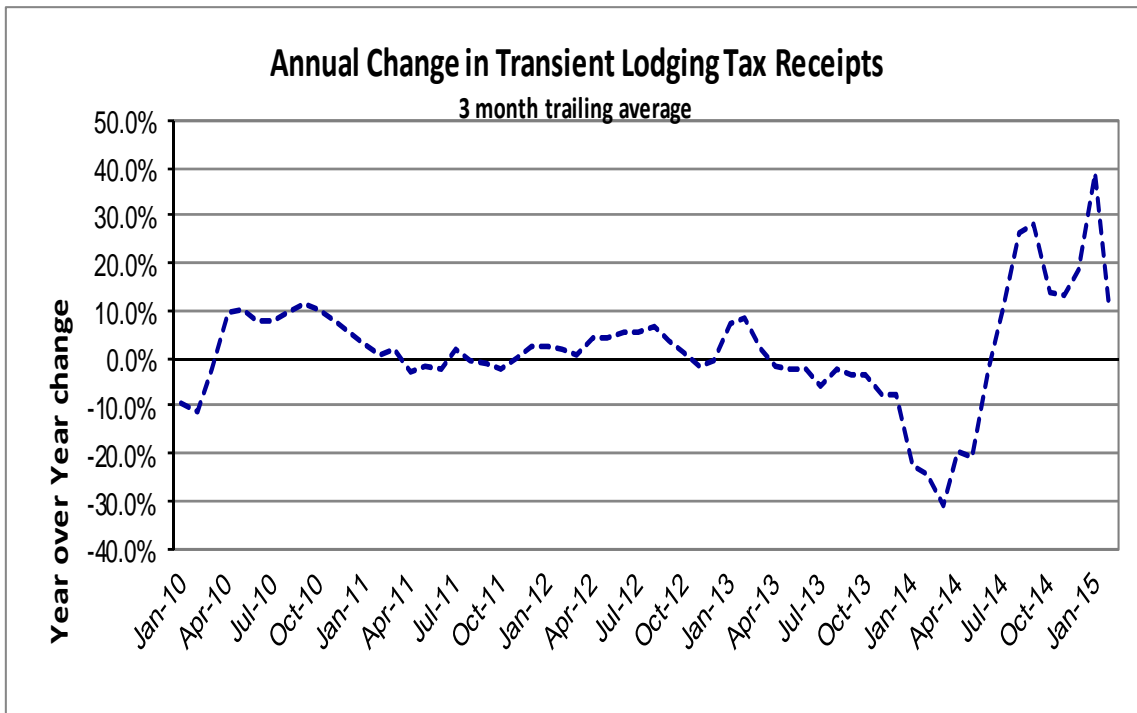
Variations in FY15 YTD Expenditures from the 4-year average	% increase/(decrease) of budgeted expenditures from 4-yr avg.	Explanation
Various Departments with Vacancies	Varies	Human Resources , Information Technology Services, and the Alexandria Fire Department's expenditures are lower than the past due to vacancies within these departments.
Cash Match	28.3%	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	(22.7%)	The Cash Capital transfer occurred later in the fiscal year because there are still some balances in active projects. A majority (\$18.1M) of Cash Capital was transferred in February, whereas up until January no cash capital had been transferred.

# ECONOMIC INDICATORS



## Transient Lodging Tax Receipts

The Alexandria Convention and Visitors Association received statistics from Smith Travel Research that indicates despite poor weather in February, Alexandria lodging numbers were strong. When comparing February 2015 to February 2014, occupancy rates increased by 8.5%, the daily rate increased by 3.9%, and Revenue Per Available Room increased by 12.7%. These were the largest increases of any of our regional competitors (DC actually saw all three metrics decreased compared with 2014). However, room supply is at a low point in February 2015 – the Smith Travel Research report has fully incorporated the loss of Washington Suites now in addition to the Holiday Inn Eisenhower and Hawthorn Suites. Room availability is down 12.4%, but room revenue still increased by 10.4% from the three month average.





**CITY OF ALEXANDRIA, VIRGINIA**  
**COMPARATIVE STATEMENT OF REVENUES**  
**GENERAL FUND**  
**FOR THE PERIODS ENDING FEBRUARY 28, 2015**

	A	B	C	D=C/B	E	F=D-E
	FY 2015 AMENDED BUDGET	FY 2015 PROJECTED REVENUES	FY2015 REVENUES THRU2/28/15	%	4 YR AVER % OF REVENUES RECEIVED	VARIANCE FY 2015 TO 4 YR AVER
<b>General Property Taxes</b>						
Real Property Taxes.....	\$ 369,652,723	369,643,171	\$ 181,780,273	49.2%	49.7%	-1%
Personal Property Taxes.....	\$ 41,286,000	43,500,000	41,541,872	100.6%	101.6%	-1%
Penalties and Interest.....	\$ 2,145,000	2,145,000	980,133	45.7%	48.8%	-3%
<b>Total General Property Taxes</b>	<b>\$ 413,083,723</b>	<b>\$ 415,288,171</b>	<b>\$ 224,302,278</b>	<b>54.3%</b>	<b>54.9%</b>	<b>-1%</b>
<b>Other Local Taxes</b>						
Local Sales and Use Taxes.....	\$ 26,900,000	24,600,000	\$ 12,888,708	47.9%	50.3%	-2%
Consumer Utility Taxes.....	12,200,000	12,200,000	6,845,997	56.1%	55.2%	1%
Communication Sales and Use Taxes.....	11,200,000	11,000,000	5,411,227	48.3%	48.0%	0%
Business License Taxes.....	33,000,000	32,000,000	13,743,242	41.6%	43.8%	-2%
Transient Lodging Taxes.....	11,300,000	11,300,000	5,687,753	50.3%	49.4%	1%
Restaurant Meals Tax.....	17,700,000	17,400,000	9,453,195	53.4%	55.1%	-2%
Tobacco Taxes.....	3,060,000	3,060,000	1,789,367	58.5%	55.8%	3%
Motor Vehicle License Tax.....	3,400,000	3,400,000	3,064,716	90.1%	91.8%	-2%
Real Estate Recordation.....	5,400,000	5,200,000	2,803,823	51.9%	63.4%	-11%
Admissions Tax.....	1,000,000	850,000	494,664	49.5%	57.3%	-8%
Other Local Taxes.....	3,640,000	3,384,800	159,926	4.4%	14.6%	-10%
<b>Total Other Local Taxes</b>	<b>\$ 128,800,000</b>	<b>\$ 124,394,800</b>	<b>\$ 62,119,642</b>	<b>48.2%</b>	<b>50.3%</b>	<b>-2%</b>
<b>Intergovernmental Revenues</b>						
Revenue from the Fed. Government.....	\$ 9,976,119	9,976,119	\$ 4,211,420	42.2%	52.8%	-11%
Personal Property Tax Relief from the Commonwealth.....	23,578,531	23,578,531	23,106,960	98.0%	98.0%	0%
Revenue from the Commonwealth.....	23,256,845	22,408,381	12,584,803	54.1%	58.7%	-5%
<b>Total Intergovernmental Revenues</b>	<b>\$ 56,811,495</b>	<b>\$ 55,963,031</b>	<b>\$ 39,903,183</b>	<b>70.2%</b>	<b>74.9%</b>	<b>-5%</b>
<b>Other Governmental Revenues And</b>						
<b>Transfers In</b>						
Fines and Forfeitures.....	\$ 5,815,000	5,815,000	\$ 3,240,928	55.7%	64.5%	-9%
Licenses and Permits.....	2,496,775	2,496,775	1,653,282	66.2%	76.0%	-10%
Charges for City Services.....	18,074,326	18,074,326	10,912,625	60.4%	62.2%	-2%
Revenue from Use of Money & Prop.....	4,850,000	4,850,000	3,493,719	72.0%	76.7%	-5%
Other Revenue.....	6,450,442	6,450,442	6,248,493	96.9%	117.3%	-20%
Transfer from Other Funds.....	3,206,574	3,206,574	-	-	50.0%	-50%
<b>Total Other Governmental Revenues</b>	<b>\$ 40,893,117</b>	<b>\$ 40,893,117</b>	<b>\$ 25,549,048</b>	<b>62.5%</b>	<b>66.4%</b>	<b>-4%</b>
<b>TOTAL REVENUE</b>	<b>\$ 639,588,335</b>	<b>\$ 636,539,119</b>	<b>\$ 351,874,151</b>	<b>55.0%</b>	<b>56.3%</b>	<b>-1%</b>
<b>Appropriated Fund Balance</b>						
General Fund.....	\$ 3,351,470	\$ 6,400,686	\$ -	0.0%	0.0%	0.0%
Appropriated refunding bond proceeds	-	-	-	-	-	-
Reappropriation of FY 2015	-	-	-	-	-	-
Encumbrances And Other	-	-	-	-	-	-
Supplemental Appropriations and Projections....	5,241,325	5,241,325	-	0.0%	0.0%	0.0%
<b>TOTAL</b>	<b>\$ 648,181,130</b>	<b>\$ 648,181,130</b>	<b>\$ 351,874,151</b>	<b>54.3%</b>	<b>56.3%</b>	<b>-2%</b>

# ATTACHMENT 2

0.6667 of Fiscal Year Completed  
67.00% of Payrolls Processed

Online Reference 3



COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION  
GENERAL FUND  
FOR THE PERIODS ENDING FEBRUARY 28, 2015

FUNCTION	B FY2015 BUDGET	C FY2015 EXPENDITURES THRU 2/28/15	D=C/B % OF BUDGET EXPENDED	E 4 YR AVER % OF BUDGET EXPENDED	F=D-E VARIANCE FY 2015 TO 4 YR AVER
Legislative & Executive.....	\$ 8,275,152	\$ 4,802,236	58.0%	60.8%	-2.8%
Judicial Administration.....	\$ 42,006,493	\$ 26,802,370	63.8%	66.1%	-2.3%
<b>Staff Agencies</b>					
Information Technology Services.....	\$ 11,016,776	\$ 5,890,593	53.5%	60.7%	-7.2%
Management & Budget.....	1,317,834	785,060	59.6%	58.3%	1.3%
Finance.....	14,388,306	7,653,890	53.2%	56.4%	-3.2%
Human Resources.....	3,892,714	1,920,946	49.3%	63.4%	-14.1%
Planning & Zoning.....	5,331,265	3,318,317	62.2%	65.8%	-3.6%
Economic Development Activities.....	5,177,816	3,905,053	75.4%	72.2%	3.2%
City Attorney.....	2,767,025	1,808,395	65.4%	60.2%	5.2%
Registrar.....	1,271,261	741,787	58.4%	67.4%	-9.0%
General Services.....	13,812,302	8,680,050	62.8%	62.4%	0.4%
Total Staff Agencies	\$ 58,975,298	\$ 34,704,090	58.8%	61.3%	-2.5%
<b>Operating Agencies</b>					
Transportation & Environmental Services.....	28,988,649	17,240,426	59.5%	64.9%	-5.4%
Fire.....	44,301,513	27,814,395	62.8%	69.7%	-6.9%
Police.....	55,854,036	36,153,541	64.7%	67.6%	-2.9%
Emergency Communications.....	7,225,189	4,331,585	60.0%	67.1%	-7.1%
Code.....	141,475	63,675	45.0%	60.0%	-15.0%
Transit Subsidies.....	7,893,940	5,507,368	69.8%	74.0%	-4.2%
Housing.....	1,808,108	1,168,071	64.6%	54.5%	10.1%
Community and Human Services.....	14,271,853	9,126,388	63.9%	68.4%	-4.5%
Health.....	8,389,202	5,789,341	68.3%	67.6%	0.7%
Historic Resources.....	2,856,516	1,827,122	64.0%	66.6%	-2.6%
Recreation.....	21,180,469	13,565,123	64.0%	65.0%	-1.0%
Total Operating Agencies	\$ 192,910,950	\$ 122,587,035	63.5%	67.3%	-3.8%
<b>Education</b>					
Schools.....	\$ 191,811,472	107,122,457	55.8%	55.5%	0.3%
Other Educational Activities.....	11,877	8,908	75.0%	75.0%	0.0%
Total Education	\$ 191,823,349	\$ 107,131,365	55.8%	55.5%	0.3%
<b>Capital, Debt Service and Miscellaneous</b>					
Debt Service.....	\$ 62,664,899	36,210,943	57.8%	60.8%	-3.0%
Non-Departmental.....	8,771,947	5,289,511	60.3%	59.3%	1.0%
General Cash Capital.....	23,378,294	18,058,794	77.2%	99.9%	-22.7%
Contingent Reserves.....	7,956				
Total Capital, Debt Service and Miscellaneous	\$ 94,823,096	\$ 59,559,247	62.8%	66.4%	-3.6%
<b>TOTAL EXPENDITURES</b>	\$ 588,814,338	\$ 355,586,343	60.4%	62.5%	-2.1%
<b>Cash Match (Transportation/DCHS/</b>					
<b>and Transfers to the Special Revenue /Capital I</b>	40,592,632	14,228,155	35.1%	6.8%	28.3%
Transfer to Library.....	6,607,160	4,404,994	66.7%	66.7%	0.0%
Transfer to NVTA.....	12,167,000	8,115,389	66.7%		66.7%
<b>TOTAL EXPENDITURES &amp; TRANSFERS</b>	\$ 648,181,130	\$ 382,334,881	59.0%	58.4%	0.6%
<b>Total Expenditures by Category</b>					
Salaries and Benefits.....	\$ 207,756,236	130,756,305	62.9%	65.9%	-3.0%
Non Personnel (includes all school funds).....	440,424,894	251,578,576	57.1%	54.6%	2.5%
<b>Total Expenditures</b>	\$ 648,181,130	\$ 382,334,881	59.0%	58.4%	0.6%