

CITY OF ALEXANDRIA, VIRGINIA

Monthly Financial Report

October 2014

Report Summary



Through the first four months of FY 2015, year-to-date General Fund revenues and expenditures were in line with the four-year average of percent of budget collected and spent.

As of October 31, 2014, actual General Fund revenues totaled \$140.7 million, which is 2.7% more than the four-year average percent of budget collected. Revenue collections are mostly consistent with the four year averages, with a few notable exceptions. Personal Property is up slightly compared to the four year average. This is due to increased collection and enforcement efforts by staff, as well as efforts made during the summer to improve the accuracy of assessments and to verify taxpayer address information. Communications tax revenue continues to decline as changes in the industry from the bundling of services lead to lower tax rates and changes in consumer preferences lead to lower utilization of phone and cable services. Some real property tax revenue has begun to come in, but Real property taxes are due November 17, 2014. These collections will be fully detailed in next month's report, as they are a substantial revenue source for the City.

As of October 31, 2014, General Fund expenditures totaled \$183.6 million, or 28.8% of budgeted expenditures. Compared to the historical four-year average through October, the City spent only 0.2% more of its budget in FY 2015. Given payrolls processed as of the end of October, the City was \$4.1 million dollars under its personnel budget. However, the City has spent a higher percent of YTD non-personnel expenditures than it has in the past due primarily to the transfer of funds to the City's new Northern Virginia Transportation Authority fund, which is required to receive the City's 30% share of state transportation revenues.

Total Commonwealth General Fund revenue collections increased by 4.4% in October, accounting for an increase of \$55.6 million compared to October 2013. Fiscal year-to-date revenue collections increased by 6.7% or \$305.9 million in October, ahead of the annual estimate of 2.9% growth. An increase in state revenues does not necessarily mean restoration of funds to localities.

The Virginia Department of Planning and Budget has announced the amount that each locality must give back to the State (Local Aid to the State) as part of the State's plan to address revenue shortfalls. The amount for the City of Alexandria is \$633,464 for FY 2015. Staff previously estimated this amount to be \$648,000. The City has elected to take the reduction out of programs with revenue sources allocated to the General Fund, such as Compensation Board reimbursements, State Board of Elections, and State HB599 (Aid to Police Departments). This, combined with a \$215,000 shortfall in State HB 599 revenue, results in an overall State revenue shortfall of approximately \$848,000. Staff will continue to closely monitor the FY 2015 revenue picture and may recommend changes to the level of service provided if the strength in other revenue categories cannot make up the difference.

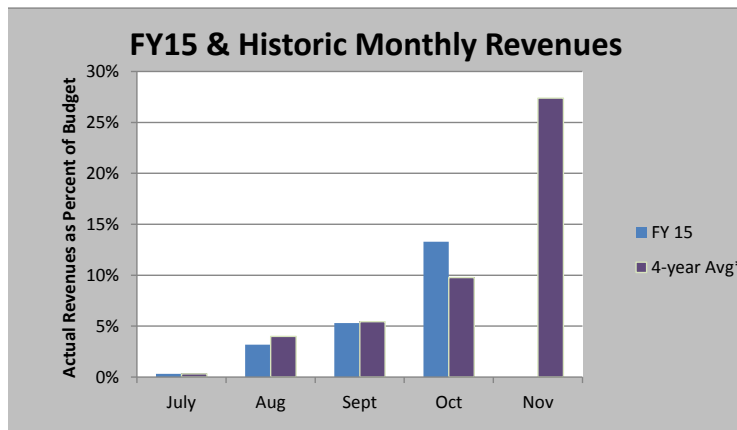
Office vacancies is the economic indicator highlighted in this month's report. Additional economic, revenue, and expenditure charts are also available on the City of Alexandria website at: alexandriava.gov/FinancialReports. Attached are General Fund revenue and expenditure tables produced by the Finance 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.

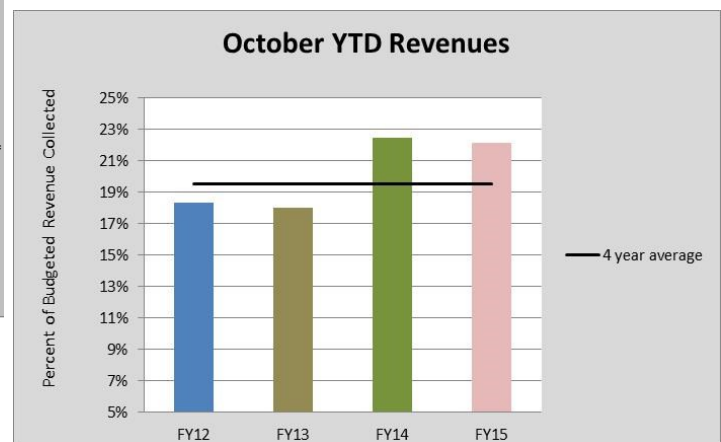
REVENUES



As of October 31, 2014, actual General Fund revenues totaled \$140.7 million, which is 2.7% more than the four-year average percent of budget through October. Through the first four months of the fiscal year, revenue collections are mostly consistent with the four year averages, with a few notable exceptions. Personal Property is up slightly compared to the four year average. This is due to increased collection and enforcement efforts by staff, as well as efforts made during the summer to improve the accuracy of assessments and to verify taxpayer address information. Communications tax revenue continues to decline as changes in the industry from the bundling of services lead to lower tax rates and changes in consumer preferences lead to lower utilization of phone and cable services. The table below further details revenue variances as compared to the four-year average.



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



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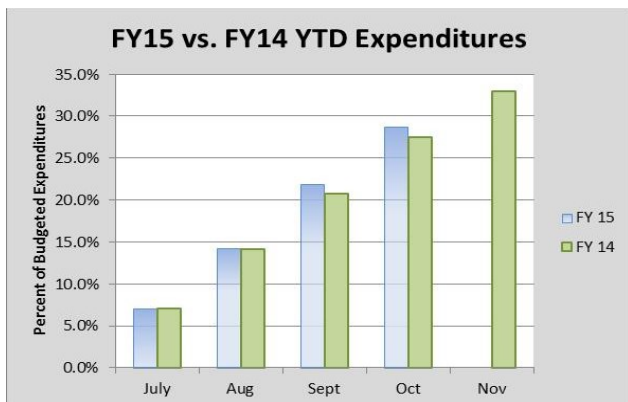
REVENUE VARIANCES IN DETAIL

Variations in FY15 YTD Revenue from the 4-year average	% increase/(decrease) of budgeted revenue collected from 4-yr average	Explanation
Real Property Taxes	5.1%	Although real property taxes appear to be significantly outpacing the four year average, it is important to note the due date for this tax is November 17 and the majority of the collections will not be reflected until next month.
Penalties and Interest	5.6%	This increase is due to delinquent collections of prior year taxes,.
Transient Lodging Taxes	3.1%	Transient Lodging Tax has increased by 3.1% when compared to the four year average. This is due an increase in both occupancy and daily rates. According to Smith Travel Research, the overall occupancy rates in Alexandria increased by 10.5% when compared to October 2013, and the daily rate increased by 12.8% when compared to October 2013.
Consumer Utility Taxes	(8.2%)	Consumer utility tax is significantly lower when compared with the four-year average due to the timing of the September payments, which are posted to November. If September payments are reflected in October as they were in the four year average, the consumer utility tax would reflect an increase of 6.1% over the four-year average.

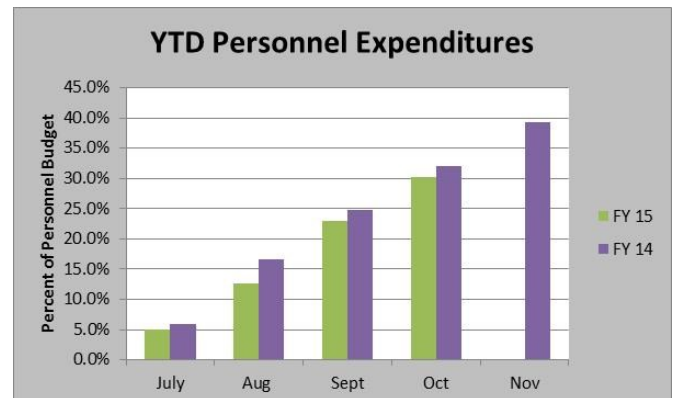
EXPENDITURES



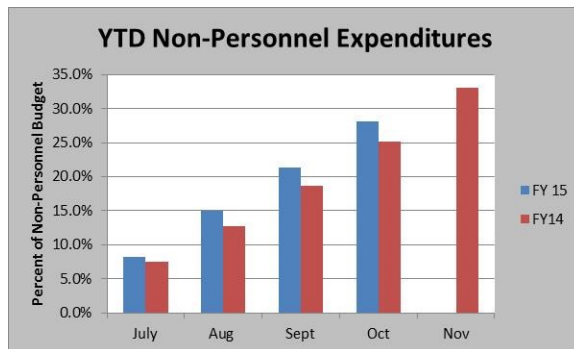
As of October 31, 2014, General Fund expenditures totaled \$183,598,532, or 28.8% of budgeted expenditures. Compared to the historical four-year average, the City spent only 0.2% more of its budget in FY 2015. At this point in the fiscal year, the YTD expenditures in FY15 and FY14 are very similar, as seen in the YTD expenditure graph. The YTD non-personnel graph shows that the City has spent a slightly higher percentage on non-personnel expenditures in FY 2015 thus far than it did in the previous year. This is due primarily to the transfer of funds to the City's new Northern Virginia Transportation Authority fund, which is required to receive the City's 30% share of state transportation revenues. However, personnel savings continue to increase and as of the end of October totaled \$4.1 million. Furthermore, the YTD personnel expenditure graph shows that the City has spent less of its personnel budget when compared to this point in time last year. Variances in expenditures detailed below include salary and benefits and cash match. Overall, the City's expenditures continue to track similarly to the past.



Percent of budget expended is slightly higher than last year



At this point in the fiscal year, the City has spent 1.9% less of its personnel budget than in FY14.



YTD Non-personnel expenditures continue to be slightly above 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
Salaries & Benefits	(2.8%)	The City is currently \$4.1 million dollars under budget (considering the payrolls that have been processed). This is due to higher level of vacancies and turnover citywide than in the past.
Cash Match	25.4%	The Northern Virginia Transit Authority requires General Fund money to be transferred to the NVRTA fund before it is transferred to DASH. In previous years, the City would transfer this money directly to DASH later in the fiscal year. Thus, this is a timing issue with payment, and staff expects this anomaly to equalize as time goes on.

ECONOMIC INDICATORS



Office Vacancy Rates

Office vacancy rates are updated quarterly, and the most updated data is through the third quarter of Calendar Year 2014. 16.8% of Alexandria’s office space was unoccupied as of the Q3 2014. Third quarter 2014 office vacancy rates are slightly higher than one year ago, but are lower than vacancy rates in Q2 2014 by 0.3%. The chart below shows that office vacancy rates in Alexandria have remained elevated since 2011. Alexandria has a higher office vacancy rate than both Northern Virginia and the DC Metro Area. For Alexandria, Northern Virginia, and the entire DC Metro area, vacancy rates continue to be higher now than they were during the recession of 2007-2008.



Source: CoStar

Through 3rd quarter 2014

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.



CITY OF ALEXANDRIA, VIRGINIA

COMPARATIVE STATEMENT OF REVENUES
GENERAL FUND
FOR THE PERIODS ENDING OCTOBER 31, 2014

	B	C	D=C/B	E	F=D-E
	FY2015	FY2015		4 YR AVER %	VARIANCE
	BUDGET	REVENUES	%	OF REVENUES	FY 2015 TO
		THRU10/31/14	OF BUDGET	RECEIVED	4 YR AVER
General Property Taxes					
Real Property Taxes.....	\$ 369,652,723	\$ 52,080,217	14.1%	9.0%	5.1%
Personal Property Taxes.....	\$ 41,286,000	39,047,210	94.6%	94.0%	0.6%
Penalties and Interest.....	\$ 2,145,000	433,307	20.2%	14.6%	5.6%
Total General Property Taxes	<u>\$ 413,083,723</u>	<u>\$ 91,560,734</u>	<u>22.2%</u>	<u>17.4%</u>	<u>4.7%</u>
Other Local Taxes					
Local Sales and Use Taxes.....	\$ 26,900,000	\$ 4,181,176	15.5%	16.1%	-0.6%
Consumer Utility Taxes.....	12,200,000	2,068,783	17.0%	25.2%	-8.2%
Communication Sales and Use Taxes.....	11,200,000	1,801,647	16.1%	16.8%	-0.7%
Business License Taxes.....	33,000,000	704,660	2.1%	2.6%	-0.4%
Transient Lodging Taxes.....	11,300,000	2,888,385	25.6%	22.4%	3.1%
Restaurant Meals Tax.....	17,700,000	3,915,794	22.1%	23.0%	-0.9%
Tobacco Taxes.....	3,060,000	802,539	26.2%	25.3%	0.9%
Motor Vehicle License Tax.....	3,400,000	2,650,894	78.0%	78.3%	-0.4%
Real Estate Recordation.....	5,400,000	1,448,052	26.8%	26.9%	-0.1%
Admissions Tax.....	1,000,000	180,849	18.1%	25.0%	-6.9%
Other Local Taxes.....	3,640,000	85,732	2.4%	5.0%	-2.6%
Total Other Local Taxes	<u>\$ 128,800,000</u>	<u>\$ 20,728,511</u>	<u>16.1%</u>	<u>17.1%</u>	<u>-1.0%</u>
Intergovernmental Revenues					
Revenue from the Fed. Government.....	\$ 9,976,119	\$ 1,694,804	17.0%	12.8%	4.1%
Personal Property Tax Relief from the Commonwealth.....	23,578,531	11,789,265	50.0%	47.7%	2.3%
Revenue from the Commonwealth.....	22,803,885	6,121,847	26.8%	29.6%	-2.7%
Total Intergovernmental Revenues	<u>\$ 56,358,535</u>	<u>\$ 19,605,916</u>	<u>34.8%</u>	<u>34.6%</u>	<u>0.2%</u>
Other Governmental Revenues And					
Transfers In					
Fines and Forfeitures.....	\$ 5,815,000	\$ 1,172,268	20.2%	32.8%	-12.6%
Licenses and Permits.....	2,496,775	986,077	39.5%	43.9%	-4.4%
Charges for City Services.....	18,074,326	5,104,062	28.2%	25.1%	3.1%
Revenue from Use of Money & Prop.....	4,850,000	1,174,605	24.2%	32.3%	-8.1%
Other Revenue.....	1,220,442	410,964	33.7%	59.4%	-25.7%
Transfer from Other Funds.....	3,206,574	-	0.0%	0.0%	0.0%
Total Other Governmental Revenues	<u>\$ 35,663,117</u>	<u>\$ 8,847,975</u>	<u>24.8%</u>	<u>27.8%</u>	<u>-3.0%</u>
TOTAL REVENUE	<u>\$ 633,905,375</u>	<u>\$ 140,743,137</u>	<u>22.2%</u>	<u>19.5%</u>	<u>2.7%</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>\$ 140,743,137</u>	<u>22.1%</u>		

ATTACHMENT 2

33% of Fiscal Year Completed
32.18% of Payrolls Processed

Online Reference 3



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

FUNCTION	B	C	D=C/B	E	F=D-E
	FY2015 BUDGET	FY2015 EXPENDITURES THRU 10/31/14	% OF BUDGET EXPENDED	4 YR AVER % OF BUDGET EXPENDED	FY 2015 TO 4 YR AVER VARIANCE
Legislative & Executive.....	\$ 8,146,465	\$ 2,399,926	29.5%	30.6%	-1.1%
Judicial Administration.....	\$ 41,870,331	\$ 13,436,811	32.1%	34.0%	-1.9%
Staff Agencies					
Information Technology Services.....	\$ 10,411,287	\$ 2,928,220	28.1%	34.4%	-6.3%
Management & Budget.....	1,259,906	377,329	29.9%	27.0%	2.9%
Finance.....	13,435,340	3,634,764	27.1%	26.9%	0.2%
Human Resources.....	3,873,374	933,847	24.1%	31.0%	-6.9%
Planning & Zoning.....	5,317,991	1,595,772	30.0%	33.1%	-3.1%
Economic Development Activities.....	5,156,855	2,597,223	50.4%	48.5%	1.9%
City Attorney.....	2,750,066	836,869	30.4%	27.6%	2.8%
Registrar.....	1,271,261	339,017	26.7%	35.9%	-9.2%
General Services.....	13,683,472	4,155,793	30.4%	28.1%	2.3%
Total Staff Agencies	\$ 57,159,552	\$ 17,398,833	30.4%	31.4%	-1.0%
Operating Agencies					
Transportation & Environmental Services.....	\$ 28,054,036	8,446,698	30.1%	34.3%	-4.2%
Fire.....	43,830,786	13,310,346	30.4%	35.4%	-5.0%
Police.....	55,286,068	18,413,455	33.3%	34.7%	-1.4%
Emergency Communications.....	7,161,972	2,245,135	31.3%	30.4%	0.9%
Code.....	120,000	32,061	26.7%	30.6%	-3.9%
Transit Subsidies.....	7,839,378	3,475,655	44.3%	47.6%	-3.3%
Housing.....	1,808,108	593,851	32.8%	26.1%	6.7%
Community and Human Services.....	13,736,910	5,037,021	36.7%	28.5%	8.2%
Health.....	7,914,782	3,727,848	47.1%	38.8%	8.3%
Historic Resources.....	2,825,716	924,737	32.7%	33.2%	-0.5%
Recreation.....	20,765,170	7,266,619	35.0%	34.5%	0.5%
Total Operating Agencies	\$ 189,342,926	\$ 63,473,426	33.5%	34.1%	-0.6%
Education					
Schools.....	\$ 191,811,472	45,314,273	23.6%	23.5%	0.1%
Other Educational Activities.....	11,877	5,939	50.0%	50.0%	0.0%
Total Education	\$ 191,823,349	\$ 45,320,212	23.6%	23.5%	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	4,155,563	49.8%	45.4%	4.4%
General Cash Capital.....	18,058,794	-	0.0%	100.0%	-100.0%
Contingent Reserves.....	7,956	-	0.0%	-	0.0%
Total Capital, Debt Service and Miscellaneous	\$ 89,071,929	\$ 24,320,911	27.3%	34.7%	-7.4%
TOTAL EXPENDITURES	\$ 577,414,553	\$ 166,350,119	28.8%	30.3%	-1.5%
Cash Match (Transportation/DCHS/ and Transfers to the Special Revenue /Capital Projects Funds).....					
	\$ 40,731,189	\$ 11,052,940	27.1%	1.7%	25.4%
Transfer to Library.....	6,607,160	2,180,363	33.0%	33.2%	-0.2%
Transfer to NVT.....	12,167,000	4,015,110	33.0%	33.2%	-0.2%
TOTAL EXPENDITURES & TRANSFERS	\$ 636,919,902	\$ 183,598,532	28.8%	28.6%	0.2%
Total Expenditures by Category					
Salaries and Benefits.....	\$ 207,744,557	62,703,725	30.2%	33.0%	-2.8%
Non Personnel (includes all school funds).....	429,175,344	120,894,807	28.2%	26.5%	1.7%
Total Expenditures	\$ 636,919,902	\$ 183,598,532	28.8%	28.6%	0.2%