

City of Alexandria, Virginia

MEMORANDUM

DATE: JANUARY 4, 2017

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: MARK B. JINKS, CITY MANAGER /s/

DOCKET TITLE:
TITLE

Consideration of the Monthly Financial Report for the Period Ending November 30, 2016.

BODY

ISSUE: Receipt of the Monthly Financial Report for the Period Ending November 30, 2016.

RECOMMENDATION: That City Council receives the Monthly Financial Report (Attachment 1).

BACKGROUND: The following discussion is a summary of the Monthly Financial Report for this period. Schedules comparing revenues and expenditures to date to the same period in FY 2016 are attached.

At this time in FY 2017, the City's revenue and expenditures are not noticeably different than the same time period last year. As of November 30, 2016, General Fund revenues totaled \$347.2 million, an increase of \$33.5 million or 10.7% above the revenues collected at the same time in FY 2016. Through the first five months of the fiscal year, approximately 51 percent of budgeted revenues have been collected. Revenues may not track consistently with the calendar since many revenue sources have dues dates that do not occur evenly through the year. Large revenue sources, such as real estate and personal property tax revenues are remitted twice per year and once per year, respectively.

It should be noted that FY 2016 included a bond refunding of \$10.6 million in the first quarter that increased recorded revenue. This compares with a bond refunding in FY 2017 that occurred in November of \$34.2 million, which saved approximately \$2.4 million over the next 10 years. If the refunding revenue is excluded in both years, revenue of \$313.0 million collected in the first five months of FY 2016 compares to \$303.0 million in the first five months of FY 2016. This increase is an increase of 3.3 percent compared to last year. General Property taxes are trending at 4.5 percent more than last year and local taxes are at 4.4 percent above FY 2016. This is consistent with the increase in the overall General Fund Operating Budget from FY 2016 to FY 2017, which increase from \$649.2 million to \$678.5 million, including a 5.4 percent increase in Real Property Taxes and a 3.6 percent increase in Other Taxes, including Personal Property.

As of October 31, 2016, General Fund expenditures totaled \$259.2 million, an increase of \$23.1 million over the same time period for FY 2016. As noted above, there were bond refundings in both years that were significantly different. Without the refundings in the calculation, total expenditures in FY 2017 are \$213.6 million compared to \$206.3 million in FY 2016, which reflects a 3.5 percent increase in spending to date. Through Month 5 in fiscal year 2017, which reflects 41 percent of the fiscal year, the City has expended 38.2 percent of the budgeted amount for the fiscal year.

ATTACHMENTS:

Attachment 1 - Comparative Expenditure Schedule for November 30, 2016
Attachment 2 - Comparative Revenue Schedule for November 30, 2016
Attachment 3 - Miscellaneous Local Tax Indicators

STAFF:

Laura Triggs, Deputy City Manager
Kendel Taylor, Director, Finance Department
Morgan Routt, Director, OMB

CITY OF ALEXANDRIA, VIRGINIA

COMPARATIVE STATEMENT OF REVENUES
GENERAL FUND

FOR THE PERIODS ENDING NOVEMBER 30, 2016 AND NOVEMBER 30, 2015

	B	C	D=C/B	F
	FY2017	FY2017		FY2016
	REVISED	REVENUES	%	REVENUES
	BUDGET	THRU 11/30/16	OF BUDGET	THRU 11/30/15
General Property Taxes				
Real Property Taxes.....	\$ 402,552,010	\$ 192,658,932	47.9%	\$ 184,981,114
Personal Property Taxes.....	46,080,000	42,739,824	92.8%	40,739,892
Penalties and Interest.....	2,000,000	1,017,408	50.9%	615,650
Total General Property Taxes	<u>\$ 450,632,010</u>	<u>\$ 236,416,164</u>	<u>52.5%</u>	<u>\$ 226,336,656</u>
Other Local Taxes				
Local Sales and Use Taxes.....	\$ 27,075,000	\$ 6,717,099	24.8%	\$ 6,479,124
Consumer Utility Taxes.....	12,700,000	4,000,961	31.5%	3,440,156
Communication Sales and Use Taxes.....	10,300,000	2,551,700	24.8%	2,614,663
Business License Taxes.....	33,300,000	1,198,690	3.6%	939,254
Transient Lodging Taxes.....	12,000,000	4,275,172	35.6%	4,157,462
Restaurant Meals Tax.....	18,800,000	5,849,728	31.1%	5,399,439
Tobacco Taxes.....	2,968,555	1,070,691	36.1%	1,038,621
Motor Vehicle License Tax.....	3,500,000	2,849,615	81.4%	2,779,845
Real Estate Recordation.....	5,300,000	1,477,001	27.9%	1,843,514
Admissions Tax.....	786,000	172,707	22.0%	180,909
Other Local Taxes.....	4,348,154	273,343	6.3%	274,176
Total Other Local Taxes	<u>\$ 131,077,709</u>	<u>\$ 30,436,707</u>	<u>23.2%</u>	<u>\$ 29,147,163</u>
Intergovernmental Revenues				
Revenue from the Fed. Government.....	\$ 9,600,382	\$ 2,495,566	26.0%	\$ 2,980,314
Personal Property Tax Relief from the Commonwealth.....	23,578,531	22,399,604	95.0%	22,399,604
Revenue from the Commonwealth.....	23,050,064	6,977,811	30.3%	6,667,318
Total Intergovernmental Revenues	<u>\$ 56,228,977</u>	<u>\$ 31,872,981</u>	<u>56.7%</u>	<u>\$ 32,047,236</u>
Other Governmental Revenues And Transfers In				
Fines and Forfeitures.....	\$ 6,463,517	\$ 1,968,698	30.5%	\$ 2,063,701
Licenses and Permits.....	2,433,400	1,186,617	48.8%	1,260,551
Charges for City Services.....	20,859,994	8,226,866	39.4%	8,973,042
Revenue from Use of Money & Prop.....	4,712,000	2,292,765	48.7%	2,247,502
Other Revenue.....	1,131,270	608,338	53.8%	925,016
Transfer from Other Funds.....	4,994,761	-	0.0%	-
Total Other Governmental Revenues	<u>\$ 40,594,942</u>	<u>\$ 14,283,284</u>	<u>35.2%</u>	<u>\$ 15,469,812</u>
TOTAL REVENUE	<u>\$ 678,533,638</u>	<u>\$ 313,009,135</u>	<u>46.1%</u>	<u>\$ 303,000,867</u>
Appropriated Fund Balance				
General Fund.....	\$ -	\$ -	\$ -	\$ -
Appropriated refunding bond proceeds	-	34,168,000	\$ -	10,645,678
Reappropriation of FY 2015	-	-	-	-
Encumbrances And Other	-	-	-	-
Supplemental Appropriations....	493,112	-	-	-
TOTAL	<u>\$ 679,026,750</u>	<u>\$ 347,177,135</u>	<u>51.1%</u>	<u>\$ 313,646,545</u>

**COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION
GENERAL FUND
FOR THE PERIODS ENDING NOVEMBER 30, 2016 AND NOVEMBER 30, 2015**

FUNCTION	B	C	D=C/B	F
	FY2017 APPROVED BUDGET	FY2017 EXPENDITURES THRU 11/30/16	% OF BUDGET EXPENDED	FY2016 EXPENDITURES 11/30/2015
Legislative & Executive.....	\$ 5,532,444	\$ 2,037,814	36.8%	\$ 1,832,061
Judicial Administration.....	\$ 43,462,163	\$ 16,526,557	38.0%	\$ 15,868,725
Staff Agencies				
Information Technology Services.....	\$ 10,093,469	\$ 4,395,090	43.5%	\$ 3,766,743
Management & Budget.....	1,301,434	461,575	35.5%	426,871
Finance.....	13,098,450	4,090,607	31.2%	4,259,299
Performance and Accountability.....	622,641	158,344	25.4%	192,539
Internal Audit.....	315,991	113,519	35.9%	121,485
Human Resources.....	3,512,923	1,275,881	36.3%	1,136,540
Planning & Zoning.....	5,543,691	2,069,605	37.3%	1,866,446
Economic Development Activities.....	5,490,493	2,666,040	48.6%	2,614,381
City Attorney.....	2,866,163	1,211,670	42.3%	1,381,762
Registrar.....	1,413,610	673,282	47.6%	471,897
General Services.....	14,093,050	5,051,425	35.8%	5,427,768
Total Staff Agencies	\$ 58,351,915	\$ 22,167,037	38.0%	\$ 21,665,731
Operating Agencies				
Transportation & Environmental Services.....	\$ 29,492,354	\$ 9,961,874	33.8%	\$ 10,287,149
Project Implementation.....	1,895,590	586,520	30.9%	\$ 611,959
Fire.....	49,711,802	18,444,144	37.1%	18,237,176
Police.....	60,467,761	23,471,198	38.8%	23,296,331
Emergency Communications.....	7,158,590	2,782,130	38.9%	2,672,955
Code.....	114,000	41,062	36.0%	33,402
Transit Subsidies.....	7,820,972	3,799,186	48.6%	4,825,628
Housing.....	1,791,424	622,744	34.8%	568,361
Community and Human Services.....	13,328,244	5,714,652	42.9%	5,670,811
Health.....	8,709,522	4,006,837	46.0%	3,821,845
Historic Resources.....	3,038,902	1,141,450	37.6%	1,029,999
Recreation.....	21,717,857	8,853,660	40.8%	8,750,073
Total Operating Agencies	\$ 205,247,018	\$ 79,425,456	38.7%	\$ 79,805,689
Education				
Schools.....	\$ 206,561,472	\$ 64,984,680	31.5%	\$ 60,484,529
Other Educational Activities.....	12,131	6,066	50.0%	5,986
Total Education	\$ 206,573,603	\$ 64,990,746	31.5%	\$ 60,490,515
Capital, Debt Service and Miscellaneous				
Debt Service.....	\$ 66,523,574	\$ 23,729,242	35.7%	\$ 21,578,641
Expenses on Refunding Bonds.....	-	34,172,770		10,749,293
Non-Departmental.....	9,042,738	4,679,428	51.7%	5,078,091
General Cash Capital.....	24,293,103		0.0%	-
Contingent Reserves.....	1,034,791	-		
Total Capital, Debt Service and Miscellaneous	\$ 100,894,206	\$ 62,581,441	62.0%	\$ 37,406,025
TOTAL EXPENDITURES	\$ 620,061,349	\$ 247,729,050	40.0%	\$ 217,068,746
Cash Match (Transportation/DCHS/ and Transfers to the Special Revenue /Capital Projects	\$ 39,941,587	\$ 121,663	0.3%	\$ 11,136,918
Transfer to Library.....	6,938,510	27,919	0.4%	2,804,246
Transfer to DASH.....	12,085,304	11,295,384	93.5%	5,109,096
TOTAL EXPENDITURES & TRANSFERS	\$ 679,026,750	\$ 259,174,016	38.2%	\$ 236,119,006
Total Expenditures by Category				
Salaries and Benefits.....	\$ 223,673,920	\$ 80,836,255	36.1%	\$ 79,720,409
Non Personnel (includes all school funds)	455,352,830	113,353,081	24.9%	156,398,597
Total Expenditures	\$ 679,026,750	\$ 259,174,016	38.2%	\$ 236,119,006

Miscellaneous Local Tax Indicators

Meals Tax Revenue:

- Year to Date receipts through November 2016 reflect 31.1 percent of the budgeted amount
- YTD receipts through November 2015 were 30.3 percent in FY 2016 and 39.4 percent in FY 2015

Transient Lodging Tax Revenue:

- Year to Date receipts through November 2016 reflect 35.6 percent of the budgeted amount
- YTD receipts through November 2015 were 34 percent in FY 2016 and 34.6 percent in FY 2015

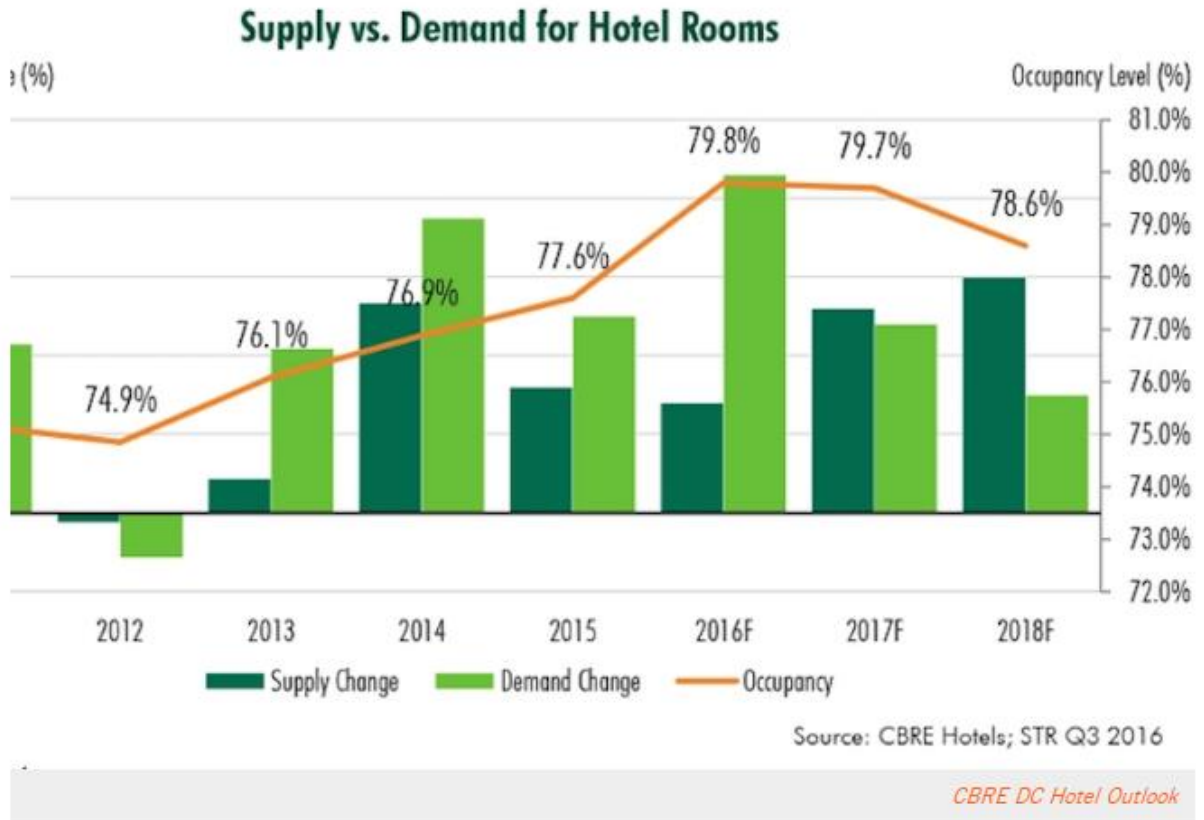
Tourism and hospitality spending in FY 2016 (2016 Visit Alexandria Annual Report):

- \$771 million in visitor spending produced:
 - \$25.5 million in tax revenues for Alexandria
 - Supported 6,340 jobs in Alexandria
 - Saved each household more than \$350 in taxes
- 72.9% hotel occupancy (exceeding the national average of 65.5%)
- \$110 revenue per available room

Alexandria's experience in FY 2016 is consistent with the region. The DMV Metropolitan area had a occupancy rate of 71.1 percent and the District of Columbia had an occupancy rate of 77.9 percent, which exceeds the national average. The District of Columbia hotel market is the fourth largest in the country and is largely driven by tourism, according to Biznow.

Although hotel occupancy has been robust in FY 2016, this trend is not expected to continue in the DMV region based on an increase in the supply for hotel rooms. With the incoming President and Congress, likely no longer in gridlock, an increase in business and interest group travel may occur as organizations seek to influence changes in regulations and legislation. Between the second quarter of 2010 and 2016, the Washington Metropolitan area added 5,000 hotel rooms, according to CBRE Hotels 3rd Quarter Report. Additional hotel rooms are expected to be added in 2016 and 2018, with a total increase in the number of hotel rooms expected to be more than 5 percent.

The chart below shows the change in supply and demand for the region. For additional details, please click here <https://www.bisnow.com/washington-dc/news/hotel/dc-hotel-occupancy-expected-to-decline-as-supply-boom-continues-65939>



Department of Finance
January, 2017