

CITY OF ALEXANDRIA, VIRGINIA

# Monthly Financial Report

## February 2016



### Report Summary—Revenues

General Property tax collections are comparing favorably to the prior year through the first eight months. Through February 2016 property tax revenues received were 54.9 percent of the budgeted amount, which compares favorably to the same time period last year when collections were 54.1 percent of the total amount received. Real property tax revenues through January 2016 were \$190.5 million or 49.9% of the budgeted amount. The budgeted amount assumed a 49.65 percent collection rate for the second half payment for Calendar Year 2015. The first half payment for Calendar Year 2016, based on the tax rate to be adopted by City Council in May as part of the FY 2017 Budget adoption, is due in June 2016. Preliminary revenue projections for FY 2016 have been developed as part of the FY 2017 budget process. Based on the proposed one cent increase in the real property tax and a slightly higher increase in the total tax base in calendar year 2016 than was assumed for the FY 2016 Approved Budget, real property taxes are projected to exceed the budgeted amount if there is a tax rate increase. The additional funds generated by the proposed tax increase have been proposed by the City Manager to be included in Assigned Fund Balance for one-time funding initiatives in the FY 2017 Proposed Operating Budget, as well as ensuring that the City maintains its financial policies for Fund Balance as a percentage of General Fund Revenues.

Other local taxes continue to compare favorably to last year. In some cases the variance is due to the timing of payments and not any significant economic factor; however, there are several categories that are outperforming the prior year. Local Sales and Use Tax revenue through February 2016 was \$13.4 million, compared to \$12.9 million at the same time last year. December holiday sales revenue is now reflected in the February sales tax collections. December sales tax revenue in FY 2015 was \$2.2 million compared to \$2.5 million in December 2015 (FY 2016). Through six months of FY 2016, the average monthly sales tax remittance to the City is \$2.2 million compared to \$2.1 million through the same period in FY 2015. Admissions tax is lower compared to FY 2015 due to the timing of payments. Recordation tax collections are averaging \$0.44 million per month, compared to \$0.4 million in FY 2015. Revenues from Recordation tax are expected to slightly exceed revenues collected in FY 2015.

Revenue from Licenses and Permits is up slightly compared to FY 2015, with 68.4 percent of budgeted revenues collected through the first 8 months of the year compared to 67.3 percent collected in FY 2015. The next section includes additional details about building permits. Revenues from Charges for Services are trending higher than through the same period last year with 61.9 percent of the budgeted amount collected in FY 2016 through eight months compared to 58.8 percent through February 2015. A significant source of this revenue comes from Parking Meter receipts which are \$0.25 million higher than last year and approximately \$0.1 million in Refuse Collection Fees, due primarily to new residential accounts added for Potomac Yard. Another significant source of revenue in this categories is fees generated by Recreation classes and programs. Fees for Recreation classes are reviewed each year to ensure cost recovery. For FY 2016 the budgeted amount for Recreation fees increased from \$3.2 million to \$3.6 million in order to reflect additional cost recovery. Through February last year the percent of the budgeted amount that had been collected was 61.1 percent. Through February 2016 the percent of budget collected is 65.2 percent reflecting both higher use and additional cost recovery.

# ECONOMIC INDICATORS



The City's total tax base for January 1, 2016 of \$38.2 billion grew by 3.14 percent from 2015. Although property appreciation contributed \$854.9 million to this increase, a significant portion of the growth comes from new growth or new construction, which added \$306.5 million to the tax base.

- In FY 2015 Code Administration issued residential permits for new construction valued at \$100.4 million and commercial permits valued at \$193.7 million and an additional \$112.3 million in miscellaneous permits for construction activity. The miscellaneous category includes alterations and repairs, electrical, plumbing, and mechanical permits, and other construction activity.
- The total value of the 12,018 building permits issued in FY 2015 was \$406.4 million, compared to 14,268 permits issued in FY 2014, valued at \$546.6 million. The table below shows the past 13 years of new construction history.
- Through February 2016, Code Administration has issued 8,208 total building permits valued at \$218.0 million. Through February 2015, 7,702 total building permits had been issued valued at \$285.3 million.
- According to the Fourth Quarter Metrostudy quarterly survey, home starts, attached and detached, in Northern Virginia numbered 7,731 during 2015, down 5% from a year ago. In the fourth quarter of CY 2015, Northern Virginia had 1,827 starts, a 6% increase from the Fourth Quarter of 2014, which was above most expectations. <sup>1</sup>
- Through December 2015, Northern Virginia saw a modest gain in new home starts for the quarter, with the first quarter-over-quarter increase in over two years.
- In total for calendar year 2015, annual starts have declined in Northern Virginia for the second year in a row even with the fourth quarter increase. The close-in suburbs of Fairfax/Arlington saw 4<sup>th</sup> quarter housing starts down by 34 percent compared to the 3<sup>rd</sup> quarter and down 10 percent for the year.

VALUE OF NEW CONSTRUCTION				
Fiscal Year	Residential	Commercial	Miscellaneous <sup>1</sup>	Total Value
2002	\$174,981,553	\$612,675,154	\$123,108,283	\$910,764,990
2003	45,082,740	181,592,915	127,571,011	354,246,666
2004	109,390,144	81,966,555	174,433,190	365,789,889
2005	177,398,911	130,163,097	164,543,291	480,126,718
2006	272,537,290	53,870,310	167,012,891	493,510,491
2007	181,504,324	115,541,751	181,125,140	478,171,215
2008	104,539,385	134,016,584	154,530,291	393,086,260
2009	89,606,084	158,415,943	139,267,945	387,289,972
2010	48,940,298	32,243,020	75,242,518	156,425,836
2011	84,339,573	37,242,270	75,109,545	196,691,388
2012	181,174,427	43,499,387	126,623,909	351,297,723
2013	249,196,021	193,439,810	136,386,504	579,022,335
2014	189,324,592	194,198,977	163,073,451	546,597,020
2015	100,356,588	193,674,206	112,325,006	406,355,800

<sup>1</sup> The miscellaneous category includes alterations and repairs, electrical, plumbing, and mechanical permits, and other construction activity.

Source: City of Alexandria Department of Code Administration

<sup>1</sup>“Northern Virginia Housing 4Q15: New Home Starts See Modest Gains, but Overall Market is Down for Second Year in a Row,” MetroStudy News, January 30, 2016

# REVENUES



## REVENUE VARIANCES IN DETAIL

Variances in FY16 YTD Revenue from FY15 YTD Revenue	Explanation
General Property Taxes	<p>Variances in property tax revenues relate to the timing of payments, not in any significant economic condition. Second half 2015 Real Estate payments were received in November and the majority of personal property taxes were collected in October. Staff will continue to register vehicles for new residents and new purchases, throughout the year. Delinquent taxes will also be pursued throughout the remainder of the fiscal year. It is expected that approximately 99 percent of 2015 personal property taxes will be collected within this fiscal year with that collection rate rising higher than 99 percent of the total amount owed over the subsequent 3 to 4 years.</p>
Admissions Tax	<p>The City's largest remittances come from two movie theatres. In FY 2015, one of the July payments for June attendance was received later in the August so it is included as revenue for FY 2015. In August this year, both July payments were received earlier in the month and as a result were included in FY 2015.</p>
Revenue from the Fed. Government	<p>Federal revenue is higher compared to the prior year due to the timing of the receipt of the tax credit for Build America Bonds.</p>
Other Revenue	<p>In FY 2015, final revenue collections reflect the proceeds from the sale of the old Health Department Building of approximately \$5.3 million. FY 2016 reflects normal activity for the year. It is worth noting that this small category is performing well compared to the budgeted amount. This is due to collections for insurance recoveries.</p>
Charges for Services	<p>Revenue from Charges for Services, which include such large sources as Refuse Collection Fees, Parking Meter Receipts and Recreation Fees, are higher than FY 2015 due to increases in those categories. Parking Meter Receipts are higher than last year due to the full year implementation of new meters and rates. In addition, better meter preventative maintenance through the use of interactive technology has improved the up-time of existing meters, resulting in less lost revenue from non-functioning meters. Refuse Collection fees are higher in part due to new residential accounts that have come online at Potomac Yard. Recreation Fees are higher in part due to annual adjustments to the fees for full cost recovery, but also reflect a higher registration collections compared to the prior year.</p>



CITY OF ALEXANDRIA, VIRGINIA

# Monthly Financial Report

## February 2016

### Report Summary—Expenditures

As of February 29, 2016, General Fund expenditures totaled \$398.7 million, which equals 59.9 percent of the budgeted expenditures for FY 2016. At this time period, the City is approximately 66.7 percent of the way through the fiscal year and 66 percent of payrolls have been processed. There are several departments that are now trending higher than the percentage of the fiscal year completed. This is largely due to additional expenses that were incurred at the end of January to respond to the snow event. With the exception of the Fire Department and the Department of Recreation, Parks and Cultural Activities, all operating agencies are below the percentage of their total expenditures through the first eight months of FY 2015. Operating agencies have expended 64.7% of the budgeted amount compared to 65.5 percent through January 2015. Staff agencies are significantly below their expenditure levels of the prior year at 58.1 percent of the approved budget. Agencies that receive quarterly transfers (Economic Development Activities, Transit Subsidies) and other interdepartmental transfers (Cash Capital) will reflect expenditure percentages much greater than the percent of the fiscal year that has occurred. For example, three quarterly payments have been made to the Economic Development Partnership and ACVA, or 75% of the budgeted amount, which is a significant variance compared to the percent of the fiscal year that has occurred.

With the exception of costs related to snow removal, at this point in the fiscal year there are no significant un-budgeted or unanticipated expenditures recorded and the variances shown in Attachment 2 are the result of changes in staffing levels or vacancies in departments. Variances in the Office of Management and Budget, Emergency Communications, Code Administration, Housing and Finance are related to vacancies and turnover of senior positions at lower costs. Where applicable, these reduced costs will be factored into the FY 2017 budget. The FY 2016 Approved Operating Budget includes \$0.8 million for weather events, and the current estimate for the snow response is approximately \$3.5 million. The costs will be offset by lower expenditures or planned used of fund balance. The City is working with the Virginia Department of Emergency Management to obtain assistance to offset these costs, but it is not known at this time whether the event will qualify for assistance. In addition, in early March 2016, the City received a Congressional Advisory that a major disaster declaration was issued for jurisdictions in the region. Staff has begun working with the Federal Emergency Management Agency to ensure that our costs are considered for any available federal assistance.



Online Reference 2

**CITY OF ALEXANDRIA, VIRGINIA**  
**COMPARATIVE STATEMENT OF REVENUES**  
**GENERAL FUND**  
**FOR THE PERIODS ENDING FEBRUARY 29, 2016 AND FEBRUARY 28, 2015**

	B		C	D=C/B	E	F	G=F/E
	FY2016	FY2016	FY2016	%	FY 2015	FY2015	%
	REVISED	PROJECTED	REVENUES	%	TOTAL	REVENUES	%
	BUDGET	REVENUES	THRU 02/29/16	OF BUDGET	REVENUE	THRU 02/28/15	OF TOTAL
<b>General Property Taxes</b>							
Real Property Taxes.....	\$ 382,088,719	\$ 384,461,205	\$ 190,514,637	49.9%	\$ 368,179,677	\$ 181,780,273	49.4%
Personal Property Taxes.....	43,860,000	44,660,000	43,234,074	98.6%	44,495,560	41,541,872	93.4%
Penalties and Interest.....	2,145,000	2,145,000	1,397,099	65.1%	2,065,762	980,133	47.4%
<b>Total General Property Taxes</b>	<b>\$ 428,093,719</b>	<b>431,266,205</b>	<b>\$ 235,145,810</b>	<b>54.9%</b>	<b>\$ 414,740,999</b>	<b>\$ 224,302,278</b>	<b>54.1%</b>
<b>Other Local Taxes</b>							
Local Sales and Use Taxes.....	\$ 25,500,000	\$ 26,300,000	\$ 13,429,565	52.7%	\$ 25,620,565	\$ 12,888,708	50.3%
Consumer Utility Taxes.....	12,500,000	12,500,000	7,212,858	57.7%	12,364,106	6,845,997	55.4%
Communication Sales and Use Taxes.....	11,000,000	10,400,000	5,244,992	47.7%	10,776,792	5,411,227	50.2%
Business License Taxes.....	33,000,000	33,000,000	15,574,199	47.2%	33,474,138	13,743,242	41.1%
Transient Lodging Taxes.....	11,500,000	11,700,000	6,066,504	52.8%	11,371,287	5,687,753	50.0%
Restaurant Meals Tax.....	17,750,000	18,300,000	10,215,862	57.6%	17,635,886	9,453,195	53.6%
Tobacco Taxes.....	3,060,000	3,000,000	1,735,075	56.7%	3,020,469	1,789,367	59.2%
Motor Vehicle License Tax.....	3,400,000	3,400,000	3,135,931	92.2%	3,483,135	3,064,716	88.0%
Real Estate Recordation.....	4,700,000	5,400,000	3,105,378	66.1%	5,351,748	2,803,823	52.4%
Admissions Tax.....	810,000	810,000	408,898	50.5%	902,556	494,664	54.8%
Other Local Taxes.....	3,909,800	3,965,000	634,246	16.2%	3,652,202	159,926	4.4%
<b>Total Other Local Taxes</b>	<b>\$ 127,129,800</b>	<b>128,775,000</b>	<b>\$ 66,763,508</b>	<b>52.5%</b>	<b>\$ 127,652,884</b>	<b>\$ 62,342,618</b>	<b>48.8%</b>
<b>Intergovernmental Revenues</b>							
Revenue from the Fed. Government.....	\$ 9,650,382	\$ 9,650,382	\$ 5,369,108	55.6%	\$ 9,691,407	\$ 4,211,420	43.5%
Personal Property Tax Relief from the Commonwealth.....	23,578,531	23,578,531	23,106,960	98.0%	23,578,531	23,106,960	98.0%
Revenue from the Commonwealth.....	22,759,967	22,636,020	13,736,572	60.4%	22,131,578	12,584,803	56.9%
<b>Total Intergovernmental Revenues</b>	<b>\$ 55,988,880</b>	<b>55,864,933</b>	<b>\$ 42,212,640</b>	<b>75.4%</b>	<b>\$ 55,401,516</b>	<b>\$ 39,903,183</b>	<b>72.0%</b>
<b>Other Governmental Revenues And Transfers In</b>							
Fines and Forfeitures.....	\$ 6,212,126	\$ 5,845,000	\$ 3,140,146	50.5%	\$ 4,916,607	\$ 3,240,928	65.9%
Licenses and Permits.....	2,534,625	2,534,625	1,733,120	68.4%	2,455,001	1,653,282	67.3%
Charges for City Services.....	19,321,236	19,319,337	11,956,264	61.9%	18,557,721	10,912,625	58.8%
Revenue from Use of Money & Prop.....	4,875,080	4,575,080	3,711,971	76.1%	4,870,007	3,493,719	71.7%
Other Revenue.....	624,654	1,019,912	1,476,994	236.4%	7,109,874	6,248,493	87.9%
Transfer from Other Funds.....	4,573,898	4,573,898	4,573,898	100.0%	3,206,574	-	0.0%
<b>Total Other Governmental Revenues</b>	<b>\$ 38,141,619</b>	<b>37,867,852</b>	<b>\$ 26,592,393</b>	<b>69.7%</b>	<b>\$ 41,115,784</b>	<b>\$ 25,549,047</b>	<b>62.1%</b>
<b>TOTAL REVENUE</b>	<b>\$ 649,354,018</b>	<b>\$ 653,773,990</b>	<b>\$ 370,714,351</b>	<b>57.1%</b>	<b>\$ 638,911,183</b>	<b>\$ 352,097,126</b>	<b>55.1%</b>
<b>Appropriated Fund Balance</b>							
General Fund.....	\$ 770,555	\$ -	\$ -	\$ -	\$ -	\$ -	-
Appropriated refunding bond proceeds	10,645,678	10,645,678	10,645,678	0.0%	33,995,000	-	0.0%
Reappropriation of FY 2014	-	-	-	-	-	-	-
Encumbrances And Other	-	-	-	-	-	-	-
Supplemental Appropriations....	4,401,111	751,694	-	-	-	-	-
<b>TOTAL</b>	<b>\$ 665,171,362</b>	<b>665,171,362</b>	<b>\$ 381,360,029</b>	<b>57.3%</b>	<b>\$ 672,906,183</b>	<b>\$ 352,097,126</b>	<b>52.3%</b>

# ATTACHMENT 2



66.67% of Fiscal Year Completed  
66% of Payrolls Processed

Online Reference 3

## COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION GENERAL FUND FOR THE PERIODS ENDING FEBRUARY 29, 2016 AND FEBRUARY 28, 2015

FUNCTION	B	C	D=C/B	E	F	G=F/E
	FY2016 AMENDED BUDGET	FY2016 EXPENDITURES THRU 02/29/16	% OF BUDGET EXPENDED	FY 2015 TOTAL EXPENDITURES & ENCUMBRANCES	FY2015 EXPENDITURES 2/28/2015	% OF TOTAL
Legislative & Executive.....	\$ 5,341,378	\$ 3,193,510	59.8%	\$ 4,920,956	\$ 3,336,278	67.8%
Judicial Administration.....	\$ 41,893,893	\$ 26,656,510	63.6%	\$ 41,033,725	\$ 26,802,370	65.3%
<b>Staff Agencies</b>						
Information Technology Services.....	\$ 10,296,766	\$ 5,853,641	56.8%	\$ 9,530,069	\$ 5,890,593	61.8%
Management & Budget.....	1,300,872	692,627	53.2%	1,154,740	785,060	68.0%
Finance.....	14,487,503	7,062,423	48.7%	12,551,139	7,653,890	61.0%
Performance and Accountability.....	608,348	340,218	55.9%	488,331	212,687	43.6%
Internal Audit.....	364,160	221,335	60.8%	392,621	309,922	78.9%
Human Resources.....	3,838,818	1,904,248	49.6%	3,170,131	1,920,946	60.6%
Planning & Zoning.....	5,374,473	3,204,864	59.6%	5,138,421	3,318,317	64.6%
Economic Development Activities.....	5,327,600	3,941,604	74.0%	5,171,371	3,905,053	75.5%
City Attorney.....	3,299,822	2,181,603	66.1%	2,745,420	1,808,395	65.9%
Registrar.....	1,332,439	727,827	54.6%	1,116,014	741,787	66.5%
General Services.....	14,203,967	8,688,648	61.2%	13,895,860	8,680,050	62.5%
<b>Total Staff Agencies</b>	<b>\$ 60,434,768</b>	<b>\$ 34,819,038</b>	<b>57.6%</b>	<b>\$ 55,354,117</b>	<b>\$ 35,226,700</b>	<b>63.6%</b>
<b>Operating Agencies</b>						
Transportation & Environmental Services.....	\$ 29,159,795	\$ 17,215,356	59.0%	\$ 27,733,020	\$ 17,240,426	62.2%
Project Implementation.....	2,038,045	983,442	48.3%	1,535,464	\$ 943,349	61.4%
Fire.....	47,215,797	31,863,543	67.5%	44,199,360	27,814,395	62.9%
Police.....	39,244,698	38,279,056	97.6%	54,304,913	36,153,541	66.6%
Emergency Communications.....	7,195,998	4,390,269	61.0%	6,489,868	4,331,585	66.7%
Code.....	120,000	57,155	47.6%	115,773	63,675	55.0%
Transit Subsidies.....	10,253,751	7,150,619	69.7%	7,137,722	5,507,368	77.2%
Housing.....	1,843,611	1,058,677	57.4%	1,709,778	1,168,071	68.3%
Community and Human Services.....	13,686,380	9,043,376	66.1%	13,500,413	9,126,388	67.6%
Health.....	8,351,090	5,763,395	69.0%	7,970,262	5,789,341	72.6%
Historic Resources.....	2,838,780	1,775,936	62.6%	2,826,811	1,827,122	64.6%
Recreation.....	21,650,982	14,142,999	65.3%	21,063,798	13,565,123	64.4%
<b>Total Operating Agencies</b>	<b>\$ 203,599,127</b>	<b>\$ 131,723,823</b>	<b>64.7%</b>	<b>\$ 188,587,182</b>	<b>\$ 123,530,384</b>	<b>65.5%</b>
<b>Education</b>						
Schools.....	\$ 198,811,472	\$ 109,099,217	54.9%	191,811,472	\$ 107,122,457	55.8%
Other Educational Activities.....	11,877	8,978	75.6%	11,877	8,908	75.0%
<b>Total Education</b>	<b>\$ 198,823,349</b>	<b>\$ 109,108,195</b>	<b>54.9%</b>	<b>\$ 191,823,349</b>	<b>\$ 107,131,365</b>	<b>55.8%</b>
<b>Capital, Debt Service and Miscellaneous</b>						
Debt Service.....	\$ 63,209,774	\$ 34,338,253	54.3%	\$ 59,738,661	\$ 36,210,943	60.6%
Expenses on Refunding Bonds.....	10,645,678	10,749,293	101.0%	33,858,404	-	0.0%
Non-Departmental.....	8,587,123	7,514,430	87.5%	9,859,352	5,289,511	53.6%
General Cash Capital.....	16,025,541	16,025,541	100.0%	22,854,753	18,058,794	79.0%
Contingent Reserves.....	10,000	-	0.0%	-	-	-
<b>Total Capital, Debt Service and Miscellaneous</b>	<b>\$ 98,478,116</b>	<b>\$ 68,627,517</b>	<b>69.7%</b>	<b>\$ 126,311,170</b>	<b>\$ 59,559,248</b>	<b>47.2%</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 608,570,631</b>	<b>\$ 374,128,594</b>	<b>61.5%</b>	<b>\$ 608,030,499</b>	<b>\$ 355,586,345</b>	<b>58.5%</b>
<b>Cash Match (Transportation/DCHS/ and Transfers to the Special Revenue /Capital Projects )</b>						
Transfer to Library.....	\$ 37,610,229	\$ 11,931,612	31.7%	\$ 40,723,456	\$ 14,228,155	34.9%
Transfer to DASH.....	6,729,652	4,488,678	66.7%	6,468,697	4,404,994	68.1%
<b>TOTAL EXPENDITURES &amp; TRANSFERS</b>	<b>\$ 665,171,362</b>	<b>\$ 398,726,871</b>	<b>59.9%</b>	<b>\$ 666,153,221</b>	<b>\$ 382,334,883</b>	<b>57.4%</b>
<b>Total Expenditures by Category</b>						
Salaries and Benefits.....	\$ 214,551,941	\$ 135,572,932	63.2%	\$ 199,450,991	\$ 130,756,305	65.6%
Non Personnel (includes all school funds).....	450,619,421	263,153,939	58.4%	\$ 466,702,230	251,578,578	53.9%
<b>Total Expenditures</b>	<b>\$ 665,171,362</b>	<b>\$ 398,726,871</b>	<b>59.9%</b>	<b>\$ 666,153,221</b>	<b>\$ 382,334,883</b>	<b>57.4%</b>

\*\* In FY 2015 Internal Audit and Performance and Accountability were combined in one department