

CITY OF ALEXANDRIA, VIRGINIA

# Monthly Financial Report

## November 2015



### Report Summary—Revenues

General Property tax collections are fairly consistent through the first five months compared to FY 2015. Through November 2015 the City has collected 52.9 percent of the budget amount of General Property taxes. By November 2014, total revenues of \$221.0 million reflected 53.3 percent of the total revenue received in FY 2015. With Calendar Year 2015 real estate taxes now billed, it is interesting to note the amount of revenue that has been foregone due to real estate exemptions. In Tax Year 2014, more than \$320 million of the total taxable real estate value of \$35 billion was exempt from taxes for the elderly and disabled. An additional \$38.7 million in taxable real estate value was exempted as required by the Commonwealth for permanently disabled veterans and surviving spouses of services members killed in action. The result of these exemptions in tax year 2014 was foregone real property tax revenue of \$3.7 million. In tax year 2015 the total value of real estate that was exempt through these programs was \$315.2 million and the resulting foregone revenue was \$3.3 million.

Other local taxes continue to compare favorably to last year. Although there are anomalies when compared to the prior year, the variance is due to timing of payments and receipts and not from any economic factors. In addition, consumer utility tax receipts through September are \$0.6 million higher than through the same period last year. This is attributable to the timing of payments and not an indication of actual increasing revenue collections. Admissions tax is lower compared to FY 2015 due to the timing of payments. In FY 2015, one of the July payments for June attendance was received too late in August to make the FY 2014 cutoff, so it was reflected as revenue for FY 2015. In August this year, both July payments were received in a timely manner and as a result were included in FY 2015. The significant variance in Other Revenue is attributable to the revenue from the sale of the Old Health Department Building included in FY 2015. In terms of actual collections revenue from Fines and Forfeitures is higher than at the same time through five months in FY 2015. However, the budget was increased to \$6 million due to the addition of two new motor officers. The two motor officers were anticipated to bring in additional revenue in moving violations, such as HOV violations. Collections from court fines are \$100K lower than FY2015. The two motor officers have been hired but the in-service start was later than anticipated. The FY 2015 budget for Fines and Forfeitures was \$5.8 million, but FY 2015 actual collections were only \$4.9 million.

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.

CITY OF ALEXANDRIA, VIRGINIA

# Monthly Financial Report

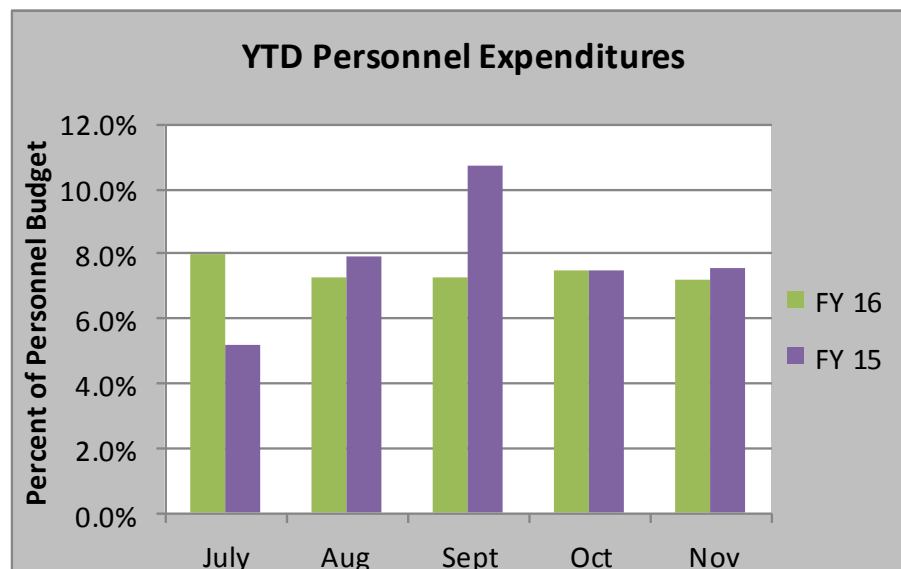
## November 2015



### Report Summary—Expenditures

As of November 30, 2015, General Fund expenditures totaled \$236.1 million, which equals 35.5 percent of the budgeted expenditures for FY 2016. At this time period, the City is approximately 42 percent of the way through the fiscal year and 39.3 percent of payrolls have been processed. Expenditures through November 2014 represented 33.1 percent of the expenditures for the entire year. At this point in the fiscal year there are no significant unbudgeted or unanticipated expenditures recorded and the variances shown in Attachment 2 are the result of changes in staffing levels or vacancies in departments. The City Attorney's Office has experienced a significantly greater amount of outside legal fees for complex litigation than their current authorized budget. A similar situation occurred last year and in FY 2015 outside legal fee expenses were transferred to a Non-Departmental account with available resources. In FY 2016, staff is recommending transferring resources from the Non-Departmental account to the City Attorney's Office at this time (via the Supplemental Appropriation Ordinance) to more accurately track costs where they are occurring. Other variances in the Legislative and Executive function, 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 chart below shows the City's personnel expenditures to date as a percentage of the total personnel budget. This is the most significant area of budget commitments and represents approximately 60 percent of the City's operating budget. Through November 37.1 percent of payrolls have been posted. Through the first five months of the year, the average payroll is \$7.7 million. Payroll expenditures as a percentage of the total personnel budget is 7.2 percent in the month of November 2015, which is less than November 2014 by 0.4 percent.



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



## REVENUE VARIANCES IN DETAIL

Variations in FY16 YTD Revenue from FY15 YTD Revenue	Explanation
General Property Taxes	Variations in Property tax revenues relate to the timing of payments, not in any significant economic condition. Real Estate payments were received in November and staff has begun pursuit of delinquent personal property tax payments. It is expected that approximately 98.5 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.
Consumer Utility Taxes	Consumer utility tax receipts through September are \$0.9 million higher than through the same period last year. This is attributable to the timing of payments and not an indication of actual increased revenue collections.
Admissions Tax	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.
Revenue from the Fed. Government	Federal revenue is higher compared to the prior year due to the timing of the receipt of the tax credit for Build America Bonds.
Other Revenue	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.
Fines and Forfeitures	Although revenues from Fines and Forfeitures is higher than last year through this same time period, as a percent of budget it is showing a significant variance due to the increase in the budgeted amount that is not being realized. Staff will continue to monitor this area of revenue through the coming months and consider a budget adjustment in FY 2017, if appropriate.

# ECONOMIC INDICATORS



- In mid December the Federal short term interest rate was increased by one quarter of one percent. The rate has been at 0.0 percent since 2008.
- Although long anticipated, the impact of the rate increase will be watched closely. In the short term it is unlikely to have a significant effect on economic factors or revenues in general in Alexandria.
- In the first week following the rate increase, fixed home loan rates did not change.
- If the economy continues to show signs of improvement, the Fed has indicated that the federal interest rate is likely to be increased gradually over the next year, home loan rates are still expected to remain between 3 and 5 percent.
- The anticipation of the rate increase did fuel mortgage applications in the past few weeks, particularly for refinancings, which accounted for 62.8 percent of all mortgage applications. This national trend is consistent with what the City is experiencing, as the average monthly revenue for Recordation Tax revenue in the past three months is approximately \$527,000, compared to the monthly average in FY 2015 of only \$446,000.
- The interest rate increase is not expected to impact other long term borrowing for consumers on transactions such as auto loans or college tuition in the short term. Short term borrowing costs for banks is expected to increase slightly, which would likely be passed on to consumers in the form of credit card interest rates and home equity loans. These increases are likely to appear in the next one to two months, following the federal rate increase, however, the small increase of one quarter of one percent is unlikely to impact consumers.
- According to Bankrate.com, a one quarter percentage point increase on a \$25,000, five year car loan would increase monthly payments by \$3.
- There are additional rate increases expected throughout 2016, but future increases will be dependent on continued positive economic trends, related to jobs, continued economic expansion and increased household and business spending.
- One of the positive results of the federal interest rate increase is the slight increase in revenues from interest bearing investments and savings accounts. Although extremely small, this revenue increase will be enjoyed by citizens, businesses and the City, as well.

Sources: "Mortgage rates steady as Fed's increase has limited effect on home loans," Kathy Orton, Washington Post, December 25, 2015, page A16.

"Buying a car? A home? Fed rate hike shouldn't matter much," Christopher Rugabab, Associated Press, December 16, 2015.

"Federal Reserve raises key interest rates, but it's still a great time for borrowers," Schuler Velasco, Reuters News Service, December 16, 2015.



Online Reference 2

**CITY OF ALEXANDRIA, VIRGINIA**  
**COMPARATIVE STATEMENT OF REVENUES**  
**GENERAL FUND**  
**FOR THE PERIODS ENDING NOVEMBER 30, 2015 AND NOVEMBER 30, 2014**

	B	C	D=C/B	E	F	G=F/E
	FY2016	FY2016		FY 2015	FY2015	
	REVISED	REVENUES	%	TOTAL	REVENUES	%
	BUDGET	THRU 11/30/15	OF BUDGET	REVENUE	THRU 11/30/14	OF TOTAL
<b>General Property Taxes</b>						
Real Property Taxes.....	\$ 382,088,719	\$ 184,981,114	48.4%	\$ 368,179,677	\$ 180,657,685	49.1%
Personal Property Taxes.....	43,860,000	40,739,892	92.9%	44,495,560	39,802,333	89.5%
Penalties and Interest.....	2,145,000	615,650	28.7%	2,065,762	576,487	27.9%
<b>Total General Property Taxes</b>	<b>\$ 428,093,719</b>	<b>\$ 226,336,656</b>	<b>52.9%</b>	<b>\$ 414,740,999</b>	<b>\$ 221,036,505</b>	<b>53.3%</b>
<b>Other Local Taxes</b>						
Local Sales and Use Taxes.....	\$ 25,500,000	\$ 6,479,124	25.4%	\$ 25,620,565	\$ 5,968,486	23.3%
Consumer Utility Taxes.....	12,500,000	3,440,156	27.5%	12,364,106	2,825,899	22.9%
Communication Sales and Use Taxes.....	11,000,000	2,614,663	23.8%	10,776,792	2,704,591	25.1%
Business License Taxes.....	33,000,000	939,254	2.8%	33,474,138	1,241,756	3.7%
Transient Lodging Taxes.....	11,500,000	4,157,462	36.2%	11,371,287	4,089,869	36.0%
Restaurant Meals Tax.....	17,750,000	5,399,439	30.4%	17,635,886	5,188,787	29.4%
Tobacco Taxes.....	3,060,000	1,038,621	33.9%	3,020,469	1,073,678	35.5%
Motor Vehicle License Tax.....	3,400,000	2,779,845	81.8%	3,483,135	2,764,839	79.4%
Real Estate Recordation.....	4,700,000	1,843,514	39.2%	5,351,748	2,044,696	38.2%
Admissions Tax.....	810,000	180,909	22.3%	902,556	250,986	27.8%
Other Local Taxes.....	3,909,800	274,176	7.0%	3,652,202	425,194	11.6%
<b>Total Other Local Taxes</b>	<b>\$ 127,129,800</b>	<b>\$ 29,147,163</b>	<b>22.9%</b>	<b>\$ 127,652,884</b>	<b>\$ 28,578,781</b>	<b>22.4%</b>
<b>Intergovernmental Revenues</b>						
Revenue from the Fed. Government.....	\$ 9,650,382	\$ 2,980,314	30.9%	\$ 9,691,407	\$ 2,281,659	23.5%
Personal Property Tax Relief from the Commonwealth.....	23,578,531	22,399,604	95.0%	23,578,531	22,399,604	95.0%
Revenue from the Commonwealth.....	22,759,967	6,667,318	29.3%	22,131,578	6,925,101	31.3%
<b>Total Intergovernmental Revenues</b>	<b>\$ 55,988,880</b>	<b>\$ 32,047,236</b>	<b>57.2%</b>	<b>\$ 55,401,516</b>	<b>\$ 31,606,364</b>	<b>57.0%</b>
<b>Other Governmental Revenues And Transfers In</b>						
Fines and Forfeitures.....	\$ 6,015,000	\$ 2,063,701	34.3%	\$ 4,916,607	\$ 1,974,218	40.2%
Licenses and Permits.....	2,534,625	1,260,551	49.7%	2,455,001	1,131,157	46.1%
Charges for City Services.....	19,321,236	8,973,042	46.4%	18,557,721	8,202,992	44.2%
Revenue from Use of Money & Prop.....	4,875,080	2,247,502	46.1%	4,870,007	1,857,252	38.1%
Other Revenue.....	624,654	925,016	148.1%	7,109,874	540,740	7.6%
Transfer from Other Funds.....	4,573,898	-	0.0%	3,206,574	-	0.0%
<b>Total Other Governmental Revenues</b>	<b>\$ 37,944,493</b>	<b>\$ 15,469,812</b>	<b>40.8%</b>	<b>\$ 41,115,784</b>	<b>\$ 13,706,359</b>	<b>33.3%</b>
<b>TOTAL REVENUE</b>	<b>\$ 649,156,892</b>	<b>\$ 303,000,867</b>	<b>46.7%</b>	<b>\$ 638,911,183</b>	<b>\$ 294,928,009</b>	<b>46.2%</b>
<b>Appropriated Fund Balance</b>						
General Fund.....	\$ 770,555	\$ -	\$ -	\$ -	\$ -	-
Appropriated refunding bond proceeds	10,645,678	10,645,678	0.0%	33,995,000	-	0.0%
Reappropriation of FY 2014	-	-	-	-	-	-
Encumbrances And Other	-	-	-	-	-	-
Supplemental Appropriations....	5,044,245	-	-	-	-	-
<b>TOTAL</b>	<b>\$ 665,617,370</b>	<b>\$ 313,646,545</b>	<b>47.1%</b>	<b>\$ 672,906,183</b>	<b>\$ 294,928,009</b>	<b>43.8%</b>

# ATTACHMENT 2



41.67% of Fiscal Year Completed  
39.34% of Payroll Processed

**COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION  
GENERAL FUND  
FOR THE PERIODS ENDING NOVEMBER 30, 2015 AND NOVEMBER 30, 2014**

FUNCTION	B	C	D=C/B	E	F	G=F/E
	FY2016	FY2016	%	FY 2015	FY2015	%
	APPROVED BUDGET	EXPENDITURES THRU 11/30/15	OF BUDGET EXPENDED	TOTAL EXPENDITURES & ENCUMBRANCES	EXPENDITURES THRU 11/30/14	OF TOTAL
Legislative & Executive.....	\$ 5,341,378	\$ 1,832,061	34.3%	\$ 4,920,956	\$ 2,172,000	44.1%
Judicial Administration.....	\$ 41,893,893	\$ 15,868,725	37.9%	\$ 41,033,725	\$ 16,272,181	39.7%
<b>Staff Agencies</b>						
Information Technology Services.....	\$ 10,296,766	\$ 3,766,743	36.6%	\$ 9,530,069	\$ 3,795,592	39.8%
Management & Budget.....	1,300,872	426,871	32.8%	1,154,740	466,869	40.4%
Finance.....	14,487,913	4,259,299	29.4%	12,551,139	4,486,926	35.7%
Performance and Accountability.....	608,348	192,539	31.6%	570,396	173,861	30.5%
Internal Audit.....	384,960	121,485	31.6%	310,555	133,444	43.0%
Human Resources.....	3,838,818	1,136,540	29.6%	3,170,131	1,120,443	35.3%
Planning & Zoning.....	5,374,473	1,866,446	34.7%	5,138,421	1,984,656	38.6%
Economic Development Activities.....	5,327,600	2,614,381	49.1%	5,171,371	2,597,715	50.2%
City Attorney.....	2,824,822	1,381,762	48.9%	2,745,420	1,066,094	38.8%
Registrar.....	1,332,439	471,897	35.4%	1,116,014	492,125	44.1%
General Services.....	14,203,967	5,427,768	38.2%	13,895,860	5,089,460	36.6%
<b>Total Staff Agencies</b>	<b>\$ 59,980,978</b>	<b>\$ 21,665,731</b>	<b>36.1%</b>	<b>\$ 55,354,116</b>	<b>\$ 21,407,185</b>	<b>38.7%</b>
<b>Operating Agencies</b>						
Transportation & Environmental Services.....	\$ 29,159,916	\$ 10,287,149	35.3%	\$ 27,733,020	\$ 10,876,293	39.2%
Project Implementation.....	2,038,045	611,959	30.0%	1,535,464	\$ 574,039	37.4%
Fire.....	47,281,272	18,237,176	38.6%	44,199,360	16,396,311	37.1%
Police.....	59,047,572	23,296,331	39.5%	54,304,913	22,447,608	41.3%
Emergency Communications.....	7,195,998	2,672,955	37.1%	6,489,868	2,733,293	42.1%
Code.....	137,620	33,402	24.3%	115,773	40,242	34.8%
Transit Subsidies.....	10,253,751	4,825,628	47.1%	7,137,722	3,587,537	50.3%
Housing.....	1,843,611	568,361	30.8%	1,709,778	714,839	41.8%
Community and Human Services.....	13,686,580	5,670,811	41.4%	13,500,413	5,871,898	43.5%
Health.....	8,351,090	3,821,845	45.8%	7,970,262	3,855,194	48.4%
Historic Resources.....	2,838,780	1,029,999	36.3%	2,826,811	1,126,727	39.9%
Recreation.....	21,714,690	8,750,073	40.3%	21,063,798	8,597,096	40.8%
<b>Total Operating Agencies</b>	<b>\$ 203,548,925</b>	<b>\$ 79,805,689</b>	<b>39.2%</b>	<b>\$ 188,587,182</b>	<b>\$ 76,821,077</b>	<b>40.7%</b>
<b>Education</b>						
Schools.....	\$ 198,811,472	\$ 60,484,529	30.4%	191,811,472	\$ 60,048,177	31.3%
Other Educational Activities.....	11,877	5,986	50.4%	11,877	5,939	50.0%
<b>Total Education</b>	<b>\$ 198,823,349</b>	<b>\$ 60,490,514</b>	<b>30.4%</b>	<b>\$ 191,823,349</b>	<b>\$ 60,054,116</b>	<b>31.3%</b>
<b>Capital, Debt Service and Miscellaneous</b>						
Debt Service.....	\$ 63,684,774	\$ 21,578,641	33.9%	\$ 59,738,661	\$ 20,165,348	33.8%
Expenses on Refunding Bonds.....	10,645,678	10,749,293	101.0%	33,858,404	-	0.0%
Non-Departmental.....	9,062,123	5,078,091	56.0%	9,859,352	4,543,146	46.1%
General Cash Capital.....	16,025,541	-	0.0%	22,854,753	-	0.0%
Contingent Reserves.....	10,000	-	0.0%	-	-	0.0%
<b>Total Capital, Debt Service and Miscellaneous</b>	<b>\$ 99,428,116</b>	<b>\$ 37,406,025</b>	<b>37.6%</b>	<b>\$ 126,311,170</b>	<b>\$ 24,708,494</b>	<b>19.6%</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 609,016,639</b>	<b>\$ 217,068,746</b>	<b>35.6%</b>	<b>\$ 608,030,498</b>	<b>\$ 201,435,053</b>	<b>33.1%</b>
Cash Match (Transportation/DCHS/ and Transfers to the Special Revenues /Capital Projects I \$	37,610,229	\$ 11,136,918	29.6%	\$ 40,723,456	\$ 11,052,940	27.1%
Transfer to Library.....	6,729,652	2,804,246	41.7%	6,468,697	2,753,204	42.6%
Transfer to DASH.....	12,260,850	5,109,096	41.7%	10,930,569	5,069,989	46.4%
<b>TOTAL EXPENDITURES &amp; TRANSFERS</b>	<b>\$ 665,617,370</b>	<b>\$ 236,119,006</b>	<b>35.5%</b>	<b>\$ 666,153,220</b>	<b>\$ 220,311,186</b>	<b>33.1%</b>
<b>Total Expenditures by Category</b>						
Salaries and Benefits.....	\$ 214,941,696	\$ 79,720,409	37.1%	\$ 199,450,991	\$ 77,810,123	39.0%
Non Personnel (includes all school funds).....	450,675,674	156,398,597	34.7%	\$ 466,702,230	142,483,376	30.5%
<b>Total Expenditures</b>	<b>\$ 665,617,370</b>	<b>\$ 236,119,006</b>	<b>35.5%</b>	<b>\$ 666,153,221</b>	<b>\$ 220,293,499</b>	<b>33.1%</b>

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