

CITY OF ALEXANDRIA, VIRGINIA

Monthly Financial Report

January 2016

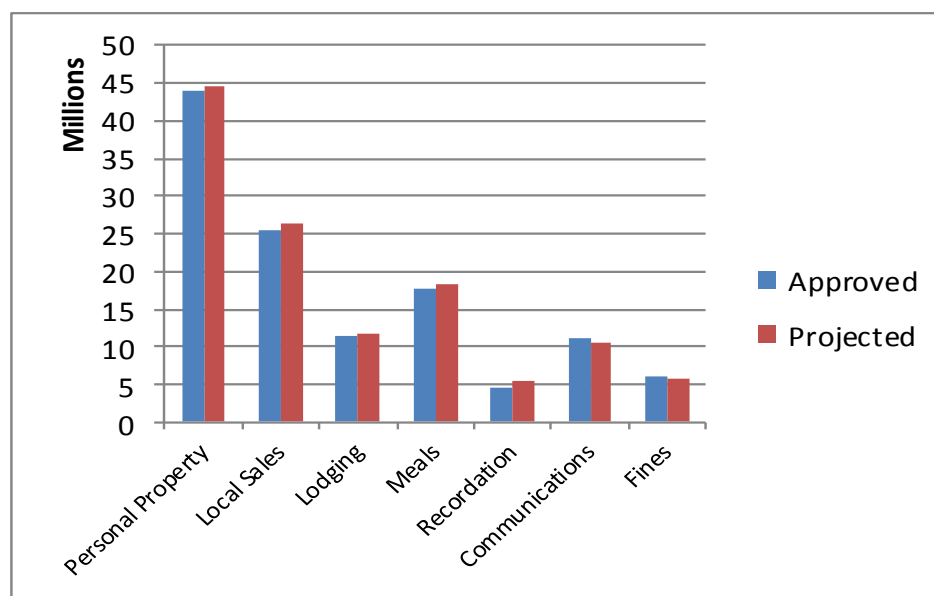


Report Summary—Revenues

General Property tax collections are comparing favorably to the prior year through the first seven months. Through January 2016 property tax revenues received are 54.3 percent of the budgeted amount., which compares favorably to the same time period last year in which collections were 53.9 percent of the total amount received in FY 2015. Real Property tax revenues through January 2016 are \$188.4 million or 49.3 percent of the budgeted amount. 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, in large part, City Council adopts the recommended tax rate increase. The tax rate decisions that will take place as part of the FY 2017 budget process will impact the June 2016 real property tax payment and will impact FY 2016 revenues. The additional funds generated by the proposed tax increase have been proposed by the City Manager to be Assigned Fund Balance for one-time funding initiatives in the Proposed Operating Budget, as well as ensuring that the City maintains its policies surround Fund Balance as a percentage of General Fund Revenues. In addition, collections from vehicle personal property taxes are higher than the budgeted amount. Typically, lower fuel prices lead to an increase in larger, less fuel-efficient vehicles that have a higher value (i.e., SUV's) and result in more personal property tax revenue.

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 January 2016 is \$10.9 million, compared to \$10.6 million. The midyear projection reflects total revenue for FY 2016 of \$26.3 million, which exceeds the budgeted amount by \$0.8 million. Holiday sales will be remitted to the City in February. Although restaurant meals revenue is not quite at the same level it was at this time in FY 2015, it is still expected to exceed the budgeted amount by approximately \$0.55 million. 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. Recordation tax collections are averaging \$0.5 million per month, compared to \$0.4 million in FY 2015. Revenues from Recordation tax are expected to equal revenues collected in FY 2015. The chart below compares the budgeted and projected amounts, as well as collections through January 2016 for several major categories of revenue.

FY 2016 General Fund Revenue Projections as of January 2016



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

| Variances in FY16 YTD Revenue from FY15 YTD Revenue | Explanation |
|-----------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| General Property Taxes | Variances in property tax revenues relate to the timing of payments, not on 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 continue to be pursued throughout the remainder of the fiscal year. It is expected that approximately 98.5 percent of 2015 personal property taxes will be collected within this fiscal year with that collection rate eventually rising higher than 99 percent of the total amount owed. |
| 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. Revenue from moving violations is down. Two motor officers have been hired and it is anticipated that this revenue source will improve when they are placed in service. Staff will continue to monitor this area of revenue through the coming months. |

ECONOMIC INDICATORS



2016 Real Property Assessments

On February 9, 2016, the City released the Assessment Report for Calendar Year 2016. The City's \$38.2 billion tax base provides the most significant source of revenue to support government operations. In 2016, the total tax base increased by 2.82 percent, from \$37.15 to \$38.20.

Locally-assessed properties increased by \$1.027 billion compared to January 1, 2015, which was fairly evenly distributed between residential properties (\$517.2 million) and the commercial tax base (\$510.0 million).

During the year there are administrative changes, as well as adjustments through the Board of Equalization. When comparing the changes to the tax base at the end of December that reflects changes that occurred throughout the year, \$854.9 million was due to appreciation and \$306.5 million was due to new growth or construction.

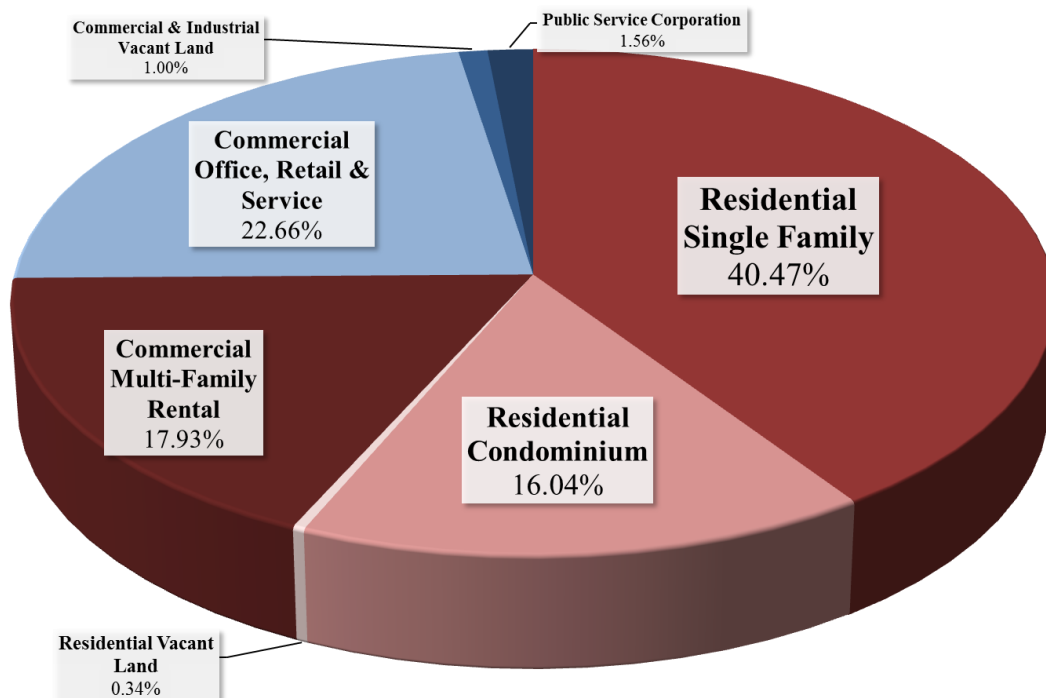
The average single family home is increasing 2.25% to \$720,701, while the average condominium is increasing by just under one percent, to \$306,883.

The total number of residential units in the City grew from 40,976 to 41,093. The number of properties with a median assessment between \$250,000 and \$499,999 declined from 13,494 to 12,526, and the number of unit with a median assessment between \$100,000 and \$249,000 grow from 9,089 to 9,496. In 2016 there are 64 residential properties assessed at \$100,000 or less compared to only 56 in 2015.

The commercial tax base grew by 3.32 percent compared to 2015.

The commercial growth was fueled by increases in shopping centers anchored by a grocery store. Shopping centers grew by 8.6 percent in 2016. Warehouses and self-storage units also increased in value by 8.8 percent. Apartment buildings also continued to show solid growth at 4.35 percent.

The distribution of the City's tax base is shown below.



CITY OF ALEXANDRIA, VIRGINIA

Monthly Financial Report

January 2016



Report Summary—Expenditures

As of January 31, 2016, General Fund expenditures totaled \$352.1 million, which equals 52.9 percent of the budgeted expenditures for FY 2016. At this time period, the City is approximately 58.3 percent of the way through the fiscal year and 58.4 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, all operating agencies are below the percentage of their total expenditures through the first seven months of FY 2015. Operating agencies have expended 57.8 percent of the budgeted amount compared to 58.7 percent through January 2015. Staff agencies are significant below their expenditure levels of the prior year at 52.2 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. The City Attorney's Office has experienced a significantly greater amount of outside legal fees for litigation than their current authorized budget. Other 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 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. It is unlikely likely that any funds will be received in this fiscal year. As a result a reallocation from other appropriated funds and/or an appropriation from the Emergency Response Assignment of Fund Balance is planned.



Online Reference 2

CITY OF ALEXANDRIA, VIRGINIA
COMPARATIVE STATEMENT OF REVENUES
GENERAL FUND
FOR THE PERIODS ENDING JANUARY 31, 2016 AND JANUARY 31, 2015

| | B | | C | D=C/B | E | F | G=F/E |
|------------------------------------------------------------|-----------------------|-----------------------|-----------------------|------------------|-----------------------|-----------------------|-----------------|
| | FY2016 | FY2016 | FY2016 | % | FY 2015 | FY2015 | % |
| | REVISED | PROJECTED | REVENUES | OF BUDGET | TOTAL | REVENUES | OF TOTAL |
| | BUDGET | REVENUES | THRU 01/31/16 | | REVENUE | THRU 01/31/15 | |
| General Property Taxes: | | | | | | | |
| Real Property Taxes..... | \$ 382,088,719 | \$ 384,461,205 | \$ 188,448,008 | 49.3% | \$ 368,179,677 | \$ 181,693,214 | 49.3% |
| Personal Property Taxes..... | 43,860,000 | 44,660,000 | 42,857,191 | 97.7% | 44,495,560 | 41,150,070 | 92.5% |
| Penalties and Interest..... | 2,145,000 | 2,145,000 | 1,089,884 | 50.8% | 2,065,762 | 896,748 | 43.4% |
| Total General Property Taxes | \$ 428,093,719 | \$ 431,266,205 | \$ 232,395,083 | 54.3% | \$ 414,740,999 | \$ 223,740,032 | 53.9% |
| Other Local Taxes: | | | | | | | |
| Local Sales and Use Taxes..... | \$ 25,500,000 | \$ 26,300,000 | \$ 10,928,202 | 42.9% | \$ 25,620,565 | \$ 10,588,592 | 41.3% |
| Consumer Utility Taxes..... | 12,500,000 | 12,500,000 | 5,369,201 | 43.0% | 12,364,106 | 5,144,125 | 41.6% |
| Communication Sales and Use Taxes..... | 11,000,000 | 10,400,000 | 4,364,082 | 39.7% | 10,776,792 | 3,621,109 | 33.6% |
| Business License Taxes..... | 33,000,000 | 33,000,000 | 1,015,158 | 3.1% | 33,474,138 | 2,471,513 | 7.4% |
| Transient Lodging Taxes..... | 11,500,000 | 11,700,000 | 4,975,191 | 43.3% | 11,371,287 | 5,437,399 | 47.8% |
| Restaurant Meals Tax..... | 17,750,000 | 18,300,000 | 7,665,913 | 43.2% | 17,635,886 | 8,061,487 | 45.7% |
| Tobacco Taxes..... | 3,060,000 | 3,000,000 | 1,507,992 | 49.3% | 3,020,469 | 1,566,390 | 51.9% |
| Motor Vehicle License Tax..... | 3,400,000 | 3,400,000 | 3,053,722 | 89.8% | 3,483,135 | 2,982,632 | 85.6% |
| Real Estate Recordation..... | 4,700,000 | 5,400,000 | 2,873,228 | 61.1% | 5,351,748 | 2,600,400 | 48.6% |
| Admissions Tax..... | 810,000 | 810,000 | 253,725 | 31.3% | 902,556 | 410,652 | 45.5% |
| Other Local Taxes..... | 3,909,800 | 3,965,000 | 596,078 | 15.2% | 3,652,202 | 156,075 | 4.3% |
| Total Other Local Taxes | \$ 127,129,800 | \$ 128,775,000 | \$ 42,602,492 | 33.5% | \$ 127,652,884 | \$ 43,040,374 | 33.7% |
| Intergovernmental Revenues: | | | | | | | |
| Revenue from the Fed. Government..... | \$ 9,650,382 | \$ 9,650,382 | \$ 4,846,047 | 50.2% | \$ 9,691,407 | \$ 4,162,103 | 42.9% |
| Personal Property Tax Relief from the Commonwealth..... | 23,578,531 | 23,578,531 | 22,399,604 | 95.0% | 23,578,531 | 22,399,604 | 95.0% |
| Revenue from the Commonwealth..... | 22,759,967 | 22,636,020 | 11,647,723 | 51.2% | 22,131,578 | 10,980,573 | 49.6% |
| Total Intergovernmental Revenues | \$ 55,988,880 | \$ 55,864,933 | \$ 38,893,374 | 69.5% | \$ 55,401,516 | \$ 37,542,280 | 67.8% |
| Other Governmental Revenues And Transfers In | | | | | | | |
| Fines and Forfeitures..... | \$ 6,015,000 | \$ 5,845,000 | \$ 2,830,696 | 47.1% | \$ 4,916,607 | \$ 2,702,969 | 55.0% |
| Licenses and Permits..... | 2,534,625 | 2,534,625 | 1,551,718 | 61.2% | 2,455,001 | 1,519,966 | 61.9% |
| Charges for City Services..... | 19,321,236 | 19,319,337 | 10,760,377 | 55.7% | 18,557,721 | 10,005,635 | 53.9% |
| Revenue from Use of Money & Prop..... | 4,875,080 | 4,575,080 | 2,874,792 | 59.0% | 4,870,007 | 2,749,386 | 56.5% |
| Other Revenues..... | 624,654 | 1,019,912 | 1,256,364 | 201.1% | 7,109,874 | 823,832 | 11.6% |
| Transfer from Other Funds..... | 4,573,898 | 4,573,898 | - | 0.0% | 3,206,574 | - | 0.0% |
| Total Other Governmental Revenues | \$ 37,944,493 | \$ 37,867,852 | \$ 19,273,947 | 50.8% | \$ 41,115,784 | \$ 17,801,788 | 43.3% |
| TOTAL REVENUE | \$ 649,156,892 | \$ 653,773,990 | \$ 333,164,896 | 51.3% | \$ 638,911,183 | \$ 322,124,474 | 50.4% |
| Appropriated Fund Balance | | | | | | | |
| 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..... | 5,192,254 | 5,192,254 | - | - | - | - | - |
| TOTAL | \$ 665,765,379 | \$ 669,611,922 | \$ 343,810,574 | 51.6% | \$ 672,906,183 | \$ 322,124,474 | 47.9% |

ATTACHMENT 2



58.33% of Fiscal Year Completed
58.4% of Payrolls Processed

Online Reference 3

**COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION
GENERAL FUND
FOR THE PERIODS ENDING JANUARY 31, 2016 AND JANUARY 31, 2015**

| FUNCTION | B | C | D=C/B | E | F | G=F/E |
|----------------------------------------------------------------------------------------------------|-----------------------|-------------------------------|--------------------|-----------------------------------------|-------------------------------|--------------|
| | FY2016 | FY2016 | % | FY 2015 | FY2015 | % |
| | APPROVED BUDGET | EXPENDITURES THRU 01/31/16 | BUDGET EXPENDED | TOTAL EXPENDITURES & ENCUMBRANCES | EXPENDITURES THRU 01/31/15 | OF TOTAL |
| Legislative & Executive..... | \$ 5,341,378 | \$ 2,769,571 | 51.9% | \$ 4,920,956 | \$ 3,054,578 | 62.1% |
| Judicial Administration..... | \$ 41,893,893 | \$ 23,675,565 | 56.5% | \$ 41,033,725 | \$ 23,970,281 | 58.4% |
| Staff Agencies | | | | | | |
| Information Technology Services..... | \$ 10,296,766 | \$ 5,377,892 | 52.2% | \$ 9,530,069 | \$ 5,395,856 | 56.6% |
| Management & Budget..... | 1,300,872 | 610,614 | 46.9% | 1,154,740 | 694,636 | 60.2% |
| Finance..... | 14,487,503 | 6,302,744 | 43.5% | 12,551,139 | 6,506,762 | 51.8% |
| Performance and Accountability..... | 608,348 | 301,677 | 49.6% | 488,331 | 189,519 | 38.8% |
| Internal Audit..... | 364,160 | 191,837 | 52.7% | 392,621 | 265,056 | 67.5% |
| Human Resources..... | 3,838,818 | 1,702,831 | 44.4% | 3,170,131 | 1,661,960 | 52.4% |
| Planning & Zoning..... | 5,374,473 | 2,822,264 | 52.5% | 5,138,421 | 2,933,105 | 57.1% |
| Economic Development Activities..... | 5,327,600 | 3,940,977 | 74.0% | 5,171,371 | 3,903,319 | 75.5% |
| City Attorney..... | 2,824,822 | 1,897,418 | 67.2% | 2,745,420 | 1,589,062 | 57.9% |
| Registrar..... | 1,332,439 | 661,394 | 49.6% | 1,116,014 | 675,974 | 60.6% |
| General Services..... | 14,203,967 | 7,488,498 | 52.7% | 13,895,860 | 7,929,232 | 57.1% |
| Total Staff Agencies | \$ 59,959,768 | \$ 31,298,147 | 52.2% | \$ 55,354,117 | \$ 31,744,481 | 57.3% |
| Operating Agencies | | | | | | |
| Transportation & Environmental Services..... | \$ 29,159,916 | \$ 15,280,713 | 52.4% | \$ 27,733,020 | \$ 15,303,777 | 55.2% |
| Project Implementation..... | 2,038,045 | 875,923 | 43.0% | 1,535,464 | 824,992 | 53.7% |
| Fire..... | 47,215,797 | 28,222,125 | 59.8% | 44,199,360 | 24,412,112 | 55.2% |
| Police..... | 59,047,572 | 34,024,511 | 57.6% | 54,304,913 | 32,047,412 | 59.0% |
| Emergency Communications..... | 7,195,998 | 3,910,126 | 54.3% | 6,489,868 | 3,820,066 | 58.9% |
| Code..... | 137,620 | 49,091 | 35.7% | 115,773 | 55,493 | 47.9% |
| Transit Subsidies..... | 10,253,751 | 7,099,692 | 69.2% | 7,137,722 | 5,390,721 | 75.5% |
| Housing..... | 1,843,611 | 919,114 | 49.9% | 1,709,778 | 1,064,268 | 62.2% |
| Community and Human Services..... | 13,686,580 | 7,560,659 | 55.2% | 13,500,413 | 8,179,834 | 60.6% |
| Health..... | 8,351,090 | 5,630,185 | 67.4% | 7,970,262 | 5,648,411 | 70.9% |
| Historic Resources..... | 2,838,780 | 1,558,309 | 54.9% | 2,826,811 | 1,632,572 | 57.8% |
| Recreation..... | 21,650,982 | 12,454,003 | 57.5% | 21,063,798 | 12,261,626 | 58.2% |
| Total Operating Agencies | \$ 203,419,742 | \$ 117,584,451 | 57.8% | \$ 188,587,182 | \$ 110,641,284 | 58.7% |
| Education | | | | | | |
| Schools..... | \$ 198,811,472 | \$ 92,593,119 | 46.6% | 191,811,472 | \$ 91,572,268 | 47.7% |
| Other Educational Activities..... | 11,877 | 8,978 | 75.6% | 11,877 | 8,908 | 75.0% |
| Total Education | \$ 198,823,349 | \$ 92,602,097 | 46.6% | \$ 191,823,349 | \$ 91,581,176 | 47.7% |
| Capital, Debt Service and Miscellaneous | | | | | | |
| Debt Service..... | \$ 63,684,774 | \$ 29,543,776 | 46.4% | \$ 59,738,661 | \$ 34,172,993 | 57.2% |
| Expenses on Refunding Bonds..... | 10,645,678 | 10,749,293 | 101.0% | 33,858,404 | - | 0.0% |
| Non-Departmental..... | 9,360,525 | 5,453,625 | 58.3% | 9,859,352 | 5,152,344 | 52.3% |
| General Cash Capital..... | 16,025,541 | 16,025,541 | 100.0% | 22,854,753 | - | 0.0% |
| Contingent Reserves..... | 10,000 | - | 0.0% | - | - | - |
| Total Capital, Debt Service and Miscellaneous | \$ 99,726,518 | \$ 61,772,235 | 61.9% | \$ 126,311,170 | \$ 39,325,337 | 31.1% |
| TOTAL EXPENDITURES | \$ 609,164,648 | \$ 329,702,067 | 54.1% | \$ 608,030,499 | \$ 300,317,137 | 49.4% |
| Cash Match (Transportation/DCHS/ and Transfers to the Special Revenue /Capital Project: | \$ 37,610,229 | \$ 11,336,918 | 30.1% | \$ 40,723,456 | \$ 11,052,940 | 27.1% |
| Transfer to Library..... | 6,729,652 | 3,903,198 | 58.0% | 6,468,697 | 3,851,974 | 59.5% |
| Transfer to DASH..... | 12,260,850 | 7,111,293 | 58.0% | 10,930,569 | 7,093,361 | 64.9% |
| TOTAL EXPENDITURES & TRANSFERS | \$ 665,765,379 | \$ 352,053,476 | 52.9% | \$ 666,153,221 | \$ 322,315,412 | 48.4% |
| Total Expenditures by Category | | | | | | |
| Salaries and Benefits..... | \$ 214,684,171 | \$ 119,408,484 | 55.6% | \$ 199,450,991 | \$ 115,324,295 | 57.8% |
| Non Personnel (includes all school funds)..... | 451,081,208 | 232,644,992 | 51.6% | \$ 466,702,230 | 208,742,744 | 44.7% |
| Total Expenditures | \$ 665,765,379 | \$ 352,053,476 | 52.9% | \$ 666,153,221 | \$ 324,067,039 | 48.6% |

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