

CITY OF ALEXANDRIA, VIRGINIA

Monthly Financial Report

March 2015



Report Summary

Similar to previous months in FY 2015, slow revenue growth due to the regional economic slowdown continues to be a concern that staff is monitoring carefully. As of the end of March, City General Fund revenues are still projected to come in below the amount budgeted, but these projections have improved since earlier in the fiscal year. Staff is carefully monitoring expenditures. The amount of expenditure savings currently projected for year-end is expected to be sufficient to keep expenditures below projected revenues.

As part of the FY 2016 budget process, City staff re-estimated FY 2015 revenues based on collections through March 2015. This projection reflects the recovery of a portion of previous estimated shortfalls in the amount of \$2.0M in the areas of Local Sales Tax, Business License Tax, and Bank Franchise Tax, the revised projections are included on the Comparative Statement of Revenues (Attachment 1 on page 6).

Through the end of March, 2015, General Fund revenues totaled \$385.4 million, or 59.5% of the budgeted revenue which is 2.0% below the four-year average of revenue received. Sales Tax has improved slightly, although it continues to fall short of the budgeted amount. The current projection of \$25.3M has increased by \$0.7M over the forecast provided earlier in the year. Business License Tax collections have also seen improvement; they are now projected to total the budgeted amount of \$33.0M after previously being estimated at \$32.0M. Property taxes have not changed materially since last month. The next significant collections for property tax will be in June when the first-half real property taxes are due. Other Local Taxes projections continue to remain consistent with the previous forecast. The one exception to the other local tax projections is recordation tax. Collections through March indicate a projection of \$5.0M for FY15, which lowered the previous projection of \$5.2M.

As of March 31, 2015, General Fund expenditures totaled \$420.8 million, or 64.9% of budgeted expenditures. Compared to the historical four-year average, the City spent 0.4% more of its budget in FY 2015, but has spent the same percentage of budget as this point in time last year. Personnel expenditures are 4.2% lower than the four-year average percent of budget spent to date, whereas non-personnel expenditures are 2.2% more than average. Most of the variance between percent of budget spent in FY 2015 and the four-year-average is attributable to the timing of transfers to the Capital Improvement Program (CIP) and other funds.

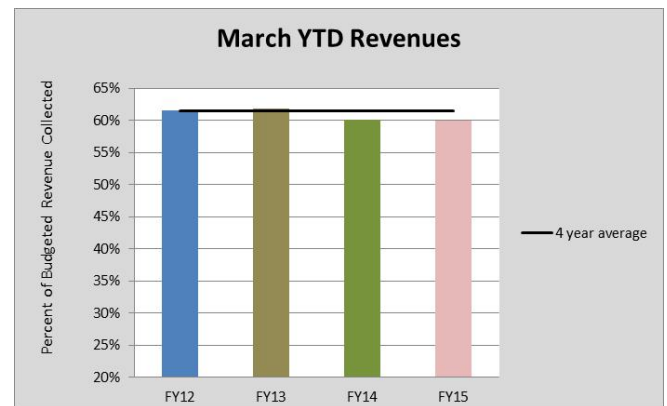
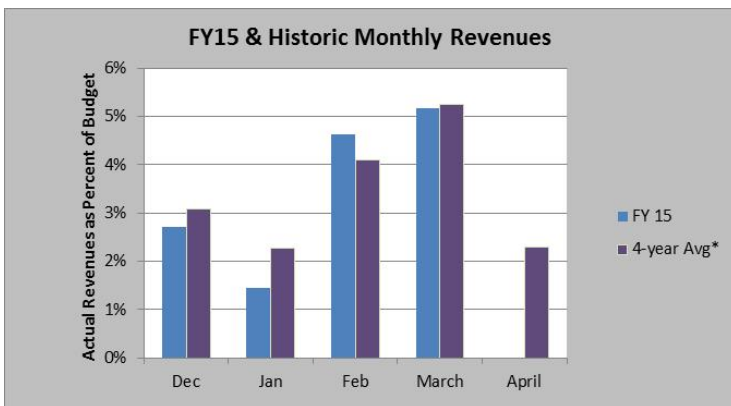
The economic indicator highlighted in this month's report is the residential real estate market. Additional economic, revenue, and expenditure charts are also available on the City of Alexandria website at: alexandriava.gov/FinancialReports. Attached are General Fund revenue and expenditure tables produced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

REVENUES



Through the end of March, 2015, General Fund revenues totaled \$385.4 million, or 59.5% of the budgeted revenue which is 2.0% below the four-year average of revenue received. Sales Tax has improved slightly, although it continues to fall short of the budgeted amount. The current projection of \$25.3M has increased by \$0.7M over the forecast provided earlier in the year. Business License Tax collections have also seen improvement; they are now projected to total the budgeted amount of \$33.0M after previously being estimated at \$32.0M. Business License Taxes are based on gross receipts were due to the City on March 2nd. Based on preliminary information, revenue collected from grocery stores and IT services are higher than 2014, and tax preparation consultants are also up.

Property taxes have not changed materially since last month. The next significant collections for property tax will be in June when the first-half real property taxes are due. Other Local Taxes projections continue to remain consistent with the previous forecast. The one exception to the other local tax projections is recordation tax. Collections through March indicate a projection of \$5.0M for FY15, which lowered the previous projection of \$5.2M.



* 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
Consumer Utility Tax	4.2%	Consumer Utility Tax has increased by 4.2% when compared to the four-year average due to the 9% increase in the utility tax on electricity for commercial and industrial consumers.
Real Estate Recordation	(9.1%)	Real Estate Recordation has decreased by 9.1% when compared to the four-year average. When compared to FY 2014, collections in this category have increased by \$0.5M or 20.9% due the recordation tax collected on the sale of Canal Center.
Admissions Tax	(8.3%)	Admission taxes have decreased by 8.3% when compared to the four-year average. This is due to weak movie ticket sales, which is consistent with the national trends.
Revenue from the Fed. Government	(8.3%)	Although revenues from the federal government have decreased by 8.3% when compared to the four-year average, this is due to the timing of the reimbursements from the Department of Defense for the costs associated with running the 7M bus near the Washington Headquarters facility which covered multiple quarters last year. This reimbursement is expected before the end of the fiscal year.

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REVENUES



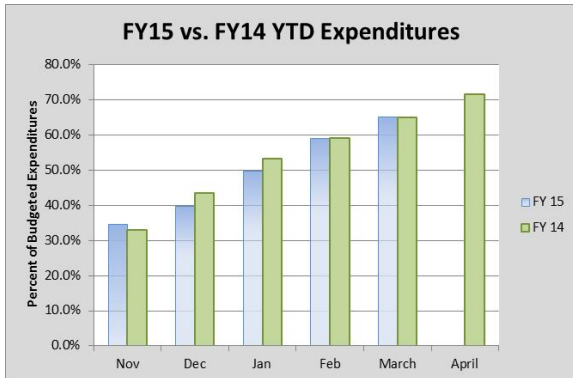
REVENUE VARIANCES IN DETAIL (CONT.)

Variations in FY15 YTD Revenue from the 4-year average	% increase/(decrease) of budgeted revenue collected from 4-yr average	Explanation
Fines and Forfeitures	(10.5%)	Fines and Forfeitures have decreased by 10.5% when compared to the four-year average due to a decrease in parking violation revenue and red light camera revenue due to the delay of installing two new cameras and position vacancies in parking enforcement.
Licenses and Permits	(12.0%)	Licenses and Permits have decreased by 12.0% when compared to the four-year average due to a decrease in Fire Protection Systems Retesting revenue.
Transfer from Other Funds	(50.0%)	Transfers from Other Funds are 50.0% lower due to the timing of the reimbursement from special revenue funds to the General Fund for indirect costs and debt service. The transfer is expected to be completed before the end of the fiscal year.

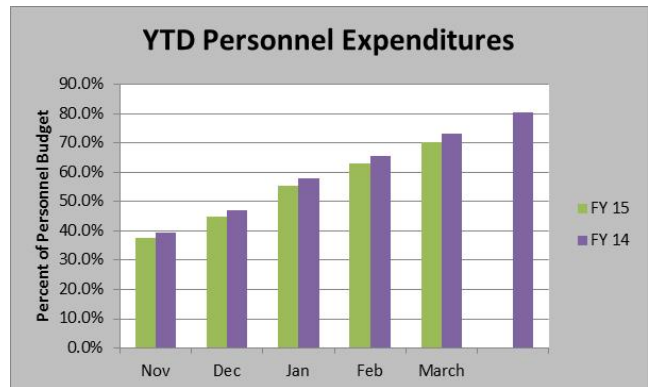
EXPENDITURES



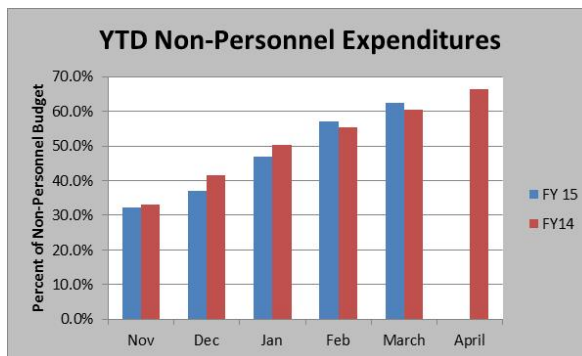
As of March 31, 2015, General Fund expenditures totaled \$420.8 million, or 64.9% of budgeted expenditures. Compared to the historical four-year average, the City spent 0.4% more of its budget in FY 2015, but has spent the same percentage of budget as this point in time last year. Looking at expenditures excluding transfers, the City has spent 2.5% less than the four-year average. Personnel expenditures are 4.2% lower than the four-year average percent of budget spent to date, whereas non-personnel expenditures are 2.2% more than average. The charts below compare the current fiscal year to last year's percent of budget expended for non-personnel, personnel, and total expenditures. Noticeable variances in expenditures from the four-year average include departments with vacancies, Housing, Cash Capital, and Cash Match for grants. Variances are detailed in the table below. Overall, the City is still on track to keep expenditures within budget for FY 2015, but expenditures continue to be monitored to ensure that the City's expenditures remain lower than revenue collected.



Percent of budget expended the 0.02% lower than in FY 14, and is 0.4% higher than the 4-year average



At this point in the fiscal year, the City YTD personnel costs are 2.7% lower than this month last year. These costs have been consistently lower than in FY 2014. Salaries and benefits are 4.2% below the four-year average.



YTD non-personnel expenditures are 2.1% higher than this point in FY14, and 2.2% higher than the four-year average.

EXPENDITURE VARIANCES IN DETAIL

Variations in FY15 YTD Expenditures from the 4-year average	% increase/(decrease) of budgeted expenditures from 4-yr avg.	Explanation
Various Departments with Vacancies	Varies	Human Resources , Information Technology Services, Registrar, Alexandria Fire Department's, and Emergency Communications expenditures are lower than the past due to vacancies within these departments.
Cash Match	20.9%	Transfers to Special Revenue Funds are above historical averages due to the new General Fund transfer of transportation funding which occurs at the beginning of the fiscal year for the City's share of regional Northern Virginia Transportation Authority (NVTA) revenues.
General Cash Capital	(22.8%)	The Cash Capital transfer occurred later in the fiscal year because there are still some balances in active projects. A majority (\$18.1M) of Cash Capital was transferred in February.
Housing	10.3%	This increase is due to timing of transfers in previous years made to Housing grants due to the improved accounting processes used for grants.

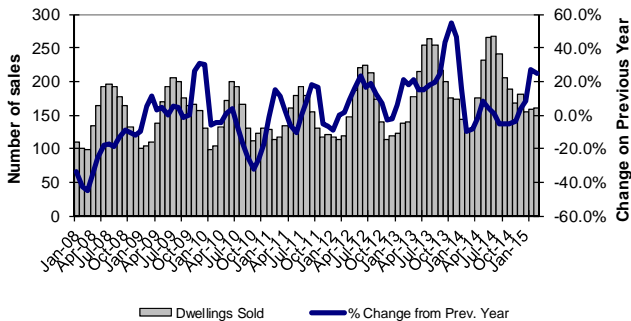
ECONOMIC INDICATORS



Residential Real Estate Market

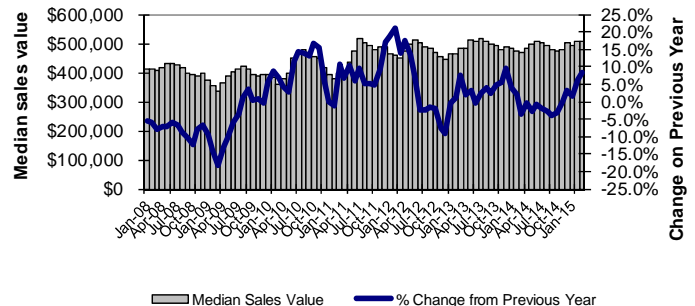
According to data from Metropolitan Regional Information Systems (MRIS) and the City's Department of Real Estate Assessments, during March 2015, the average dwelling in Alexandria sold for \$549,573. This represents an increase of 3.6% compared to March 2014. The three-month average for residential real estate sales was up 24.8% year-over-year in March, and the three-month average median sales prices was up 8.2%, excluding foreclosures. The inventory for houses, the ratio of homes on the market to homes sold, decreased by 0.6 months to 2.0 months in March and the inventory for condominiums decreased to 2.4 month in March, reaching its lowest level since August 2014.

Alexandria Residential Property Sales Volume
Three Month Trailing Average



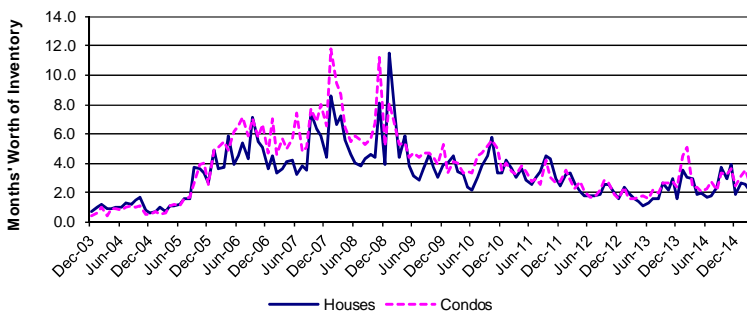
Sources: Real Estate Assessments
Through March 2015

Alexandria Residential Property Median Sales Value
Three Month Trailing Average



Sources: Real Estate Assessments
Through March 2015

Months' Worth of Inventory
City of Alexandria
2003 - present



Source: Metropolitan Regional Information Systems
Through March 2015



CITY OF ALEXANDRIA, VIRGINIA

COMPARATIVE STATEMENT OF REVENUES
GENERAL FUND
FOR THE PERIODS ENDING MARCH 31, 2015

	A	B	C	D=C/B	E	F=D-E
	FY 2015	FY 2015	FY2015	%	4 YR AVER %	VARIANCE
	AMENDED	PROJECTED	REVENUES	%	OF REVENUES	FY 2015 TO
	BUDGET	REVENUES	THRU/31/15	OF BUDGET	RECEIVED	4 YR AVER
General Property Taxes						
Real Property Taxes.....	\$ 369,652,723	369,643,171	\$ 182,045,575	49.2%	50.1%	-0.9%
Personal Property Taxes.....	\$ 41,286,000	43,500,000	42,725,756	103.5%	103.5%	0.0%
Penalties and Interest.....	\$ 2,145,000	2,145,000	1,321,978	61.6%	64.3%	-2.7%
Total General Property Taxes	<u>\$ 413,083,723</u>	<u>\$ 415,288,171</u>	<u>\$ 226,093,309</u>	<u>54.7%</u>	<u>55.5%</u>	<u>-0.8%</u>
Other Local Taxes						
Local Sales and Use Taxes.....	\$ 26,900,000	25,300,000	\$ 14,767,641	54.9%	57.7%	-2.8%
Consumer Utility Taxes.....	12,200,000	12,200,000	8,268,805	67.8%	63.6%	4.2%
Communication Sales and Use Taxes.....	11,200,000	11,000,000	6,288,431	56.1%	55.9%	0.2%
Business License Taxes.....	33,000,000	33,000,000	30,788,169	93.3%	90.2%	3.1%
Transient Lodging Taxes.....	11,300,000	11,300,000	6,487,240	57.4%	55.2%	2.2%
Restaurant Meals Tax.....	17,700,000	17,400,000	10,821,355	61.1%	62.9%	-1.8%
Tobacco Taxes.....	3,060,000	3,060,000	1,995,340	65.2%	62.6%	2.6%
Motor Vehicle License Tax.....	3,400,000	3,400,000	3,214,914	94.6%	95.6%	-1.0%
Real Estate Recordation.....	5,400,000	5,000,000	3,261,810	60.4%	69.5%	-9.1%
Admissions Tax.....	1,000,000	850,000	555,101	55.5%	63.8%	-8.3%
Other Local Taxes.....	3,640,000	3,884,800	161,400	4.4%	16.4%	-12.0%
Total Other Local Taxes	<u>\$ 128,800,000</u>	<u>\$ 126,394,800</u>	<u>\$ 86,610,206</u>	<u>67.2%</u>	<u>67.5%</u>	<u>-0.3%</u>
Intergovernmental Revenues						
Revenue from the Fed. Government.....	\$ 9,976,119	9,976,119	\$ 5,270,764	52.8%	61.1%	-8.3%
Personal Property Tax Relief from the Commonwealth.....	23,578,531	23,578,531	23,106,960	98.0%	98.0%	0.0%
Revenue from the Commonwealth.....	23,256,845	22,408,381	16,402,834	70.5%	77.5%	-7.0%
Total Intergovernmental Revenues	<u>\$ 56,811,495</u>	<u>\$ 55,963,031</u>	<u>\$ 44,780,558</u>	<u>78.8%</u>	<u>83.6%</u>	<u>-4.8%</u>
Other Governmental Revenues And Transfers In						
Fines and Forfeitures.....	\$ 5,815,000	5,815,000	\$ 3,666,904	63.1%	73.6%	-10.5%
Licenses and Permits.....	2,496,775	2,496,775	1,807,781	72.4%	84.4%	-12.0%
Charges for City Services.....	18,074,326	18,074,326	12,254,283	67.8%	67.3%	0.5%
Revenue from Use of Money & Prop.....	4,850,000	4,850,000	3,577,283	73.8%	83.4%	-9.6%
Other Revenue.....	6,539,942	6,450,442	6,617,216	101.2%	153.2%	-52.0%
Transfer from Other Funds.....	3,206,574	3,206,574	-	-	50.0%	-50.0%
Total Other Governmental Revenues	<u>\$ 40,982,617</u>	<u>\$ 40,893,117</u>	<u>\$ 27,923,467</u>	<u>68.1%</u>	<u>71.1%</u>	<u>-3.0%</u>
TOTAL REVENUE	<u>\$ 639,677,835</u>	<u>\$ 638,539,119</u>	<u>\$ 385,407,540</u>	<u>60.3%</u>	<u>61.5%</u>	<u>-1.2%</u>
Appropriated Fund Balance						
General Fund.....	\$ 3,351,470	3,351,470	\$ -	0.0%	0.0%	0.0%
Appropriated refunding bond proceeds	-	-	-	-	-	-
Reappropriation of FY 2015	-	-	-	-	-	-
Encumbrances And Other	-	-	-	-	-	-
Supplemental Appropriations and Projections....	5,241,325	6,380,041	-	0.0%	0.0%	0.0%
TOTAL	<u>\$ 648,270,630</u>	<u>\$ 648,270,630</u>	<u>\$ 385,407,540</u>	<u>59.5%</u>	<u>61.5%</u>	<u>-2.0%</u>

ATTACHMENT 2

0.75 of Fiscal Year Completed
74.33% of Payrolls Processed

Online Reference 3



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

FUNCTION	B	C	D=C/B	E	F=D-E
	FY2015 BUDGET	FY2015 EXPENDITURES THRU 3/31/15	% OF BUDGET EXPENDED	4 YR AVER % OF BUDGET EXPENDED	VARIANCE FY 2015 TO 4 YR AVER
Legislative & Executive.....	\$ 8,275,152	\$ 5,362,965	64.8%	68.8%	-4.0%
Judicial Administration.....	\$ 42,006,493	\$ 29,814,338	71.0%	73.5%	-2.5%
Staff Agencies					
Information Technology Services.....	\$ 11,016,776	\$ 6,396,580	58.1%	67.0%	-8.9%
Management & Budget.....	1,317,834	875,502	66.4%	66.4%	0.0%
Finance.....	14,388,306	8,410,046	58.5%	62.9%	-4.4%
Human Resources.....	3,892,714	2,147,667	55.2%	71.9%	-16.7%
Planning & Zoning.....	5,331,265	3,736,277	70.1%	74.0%	-3.9%
Economic Development Activities.....	5,177,816	3,920,372	75.7%	72.2%	3.5%
City Attorney.....	2,767,025	2,023,727	73.1%	68.0%	5.1%
Registrar.....	1,271,261	820,113	64.5%	74.1%	-9.6%
General Services.....	13,812,302	9,879,409	71.5%	72.5%	-1.0%
Total Staff Agencies	\$ 58,975,296	\$ 38,209,694	64.8%	68.8%	-4.0%
Operating Agencies					
Transportation & Environmental Services.....	28,988,649	19,194,208	66.2%	71.3%	-5.1%
Fire.....	44,301,513	31,438,186	71.0%	76.9%	-5.9%
Police.....	55,854,036	40,153,531	71.9%	74.9%	-3.0%
Emergency Communications.....	7,225,189	4,975,665	68.9%	75.6%	-6.7%
Code.....	141,475	71,857	50.8%	66.0%	-15.2%
Transit Subsidies.....	7,893,940	5,651,760	71.6%	75.5%	-3.9%
Housing.....	1,808,108	1,277,761	70.7%	60.4%	10.3%
Community and Human Services.....	14,271,853	10,211,219	71.5%	73.8%	-2.3%
Health.....	8,478,702	6,996,101	82.5%	78.6%	3.9%
Historic Resources.....	2,856,516	2,053,714	71.9%	74.5%	-2.6%
Recreation.....	21,180,469	14,921,914	70.5%	71.8%	-1.3%
Total Operating Agencies	\$ 193,000,451	\$ 136,945,916	71.0%	74.6%	-3.6%
Education					
Schools.....	\$ 191,811,472	121,826,845	63.5%	63.6%	-0.1%
Other Educational Activities.....	11,877	8,908	75.0%	75.0%	0.0%
Total Education	\$ 191,823,349	\$ 121,835,753	63.5%	63.5%	0.0%
Capital, Debt Service and Miscellaneous					
Debt Service.....	\$ 62,664,899	36,210,943	57.8%	60.8%	-3.0%
Non-Departmental.....	8,771,947	6,100,851	69.5%	62.4%	7.1%
General Cash Capital.....	23,378,294	18,058,794	77.2%	100.0%	-22.8%
Contingent Reserves.....	7,956	-	0.0%	0.0%	0.0%
Total Capital, Debt Service and Miscellaneous	\$ 94,823,096	60,370,588	63.7%	66.3%	-2.6%
TOTAL EXPENDITURES	\$ 588,903,837	\$ 392,539,254	66.7%	69.2%	-2.5%
Cash Match (Transportation/DCHS and Transfers					
to the Special Revenue /Capital Projects Fund:	40,592,632	14,228,155	35.1%	14.2%	20.9%
Transfer to Library.....	6,607,160	4,955,370	75.0%	75.0%	0.0%
Transfer to NVTA.....	12,167,000	9,125,250	75.0%	0.0%	75.0%
TOTAL EXPENDITURES & TRANSFERS	\$ 648,270,629	\$ 420,848,029	64.9%	64.5%	0.4%
Total Expenditures by Category					
Salaries and Benefits.....	\$ 207,756,236	145,950,471	70.3%	74.5%	-4.2%
Non Personnel (includes all school funds)	440,514,394	274,897,557	62.4%	60.2%	2.2%
Total Expenditures	\$ 648,270,630	\$ 420,848,028	64.9%	64.5%	0.4%