

CITY OF ALEXANDRIA, VIRGINIA

Monthly Financial Report

January 2015



Report Summary

Seven months through fiscal year 2015, year-to-date General Fund revenues and expenditures are 2.1% and 1.7% lower than the four-year average for percent of budget collected and spent, respectively. While expenditures appear to be on pace to end the year within budget, the revenue picture remains a concern as detailed in last month's report. The Office of Management and Budget is working with departments to identify areas for expenditure savings to ensure expenditures remain below revenue projections, and that the budget remains in balance.

As of January 31, 2015, General Fund revenues totaled \$321.9 million, or 50.1% of the budgeted revenue. Through the first seven months of the fiscal year, the City is 2.1% below the four year average rate of revenue received. Tax revenue from sources other than real estate and personal property continue to lag relative to the four-year average. Part of this is due to the timing of payments, but in large part this is due to the Washington D.C. and regional economy growing at a very slower pace. In recent years the Washington D.C. economy has gone from one of the fastest growing regional economies in the U.S. to one of the slowest growing economies in the nation.

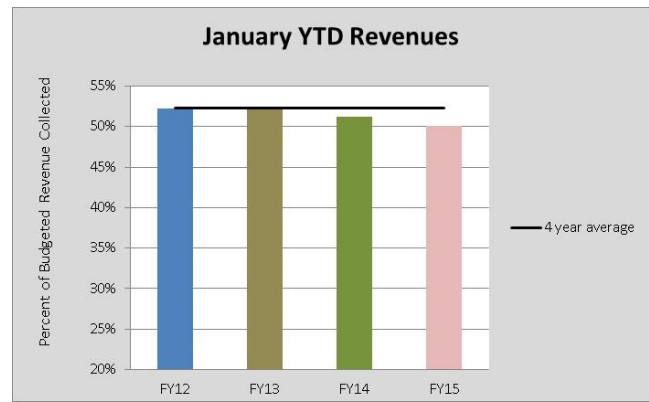
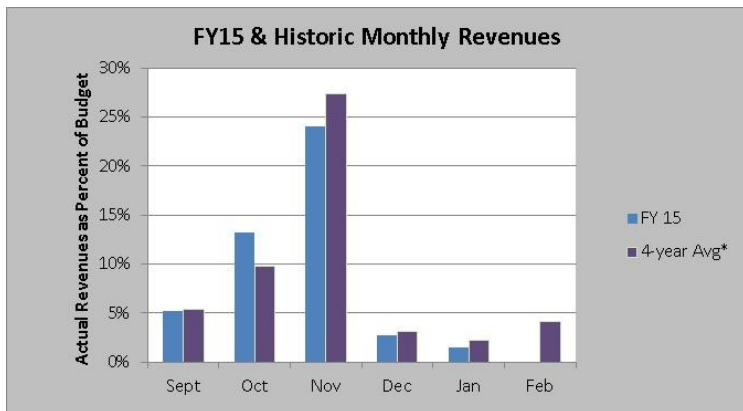
Revenue projections for FY 2016 were based on the analysis of revenues received to date in FY 2015, so this negative budget vs. actual trend for FY 2015 revenues has already been taken into account. This negative trend is the primary cause of having low revenue growth predicted for FY 2016. The biggest revenue unknown for FY 2015 remains business license tax gross receipts, where the bulk of the tax payments were due on March 2.

As of January 31, 2015, General Fund expenditures totaled \$322.3 million, or 50.2% of budgeted expenditures. Compared to the historical four-year average, the City has spent 1.7% less of its budget in FY 2015. Personnel expenditures are 1.9% less than the four-year average percent of budget spent to date, and non-personnel expenditures are 1.7% less than average.

REVENUES



As of January 31, 2015, General Fund revenues totaled \$321.9 million, or 50.1% of the budgeted revenue. Through the first seven months of the fiscal year, the City is 2.1% below the four year average rate of revenue received. Tax revenue from sources other than real estate and personal property continue to lag relative to the four-year average. Part of this is due to the timing of payments, but part is due to the economy continuing to grow at a slower pace. Noticeable variances in revenues including Consumer Utility, Communication Sales and Use, Real Estate Recordation, Admissions, Other Local Taxes, Revenue from the Fed. Government, Revenue from the Commonwealth, Fines and Forfeitures, License and Permits, Revenue from Use of Money and Property, Other Revenue are detailed in the table below.



* 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 Taxes	(6.6%)	This category is lower due to the timing of monthly payments, which are typically received by the City one month following collection. If payments received to date are posted to the same months as reflected in the four year average, the consumer utility tax would reflect an increase of 2.4% over the four-year average.
Communication Sales and Use Tax	(7.7%)	Communications tax revenue continues to decline as changes in the industry from the bundling of services lead to lower tax rates and changes in consumer preferences lead to lower utilization of phone and cable services.
Real Estate Recordation	(8.8%)	Real Estate Recordation have decreased by 8.8% when compared to the four-year average. When compared to FY 2014, collections in this category have increased by 14.2%.
Admissions Tax	(8.3%)	Admission taxes have decreased by 8.1% when compared to the four-year average of budgeted revenue collected. This is due to weak movie ticket sales, which is consistent with the national trends. FY 2015 year-to-date national movie ticket sales were down 16.1% compared to FY 2014. Although, the City budgeted \$1.0 million in FY 2015, are estimated to be \$0.8 million, a decrease of \$0.2 million below the FY 2015 Approved Budget.

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REVENUES



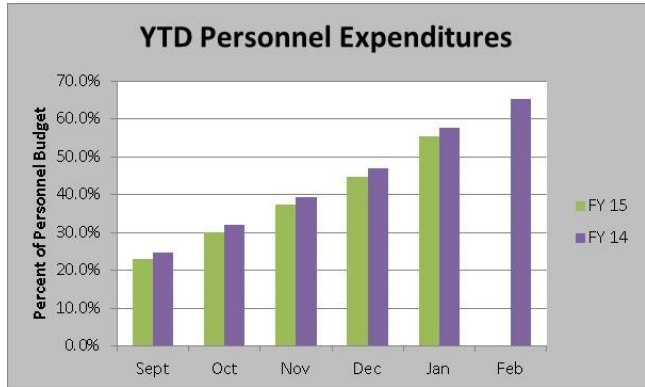
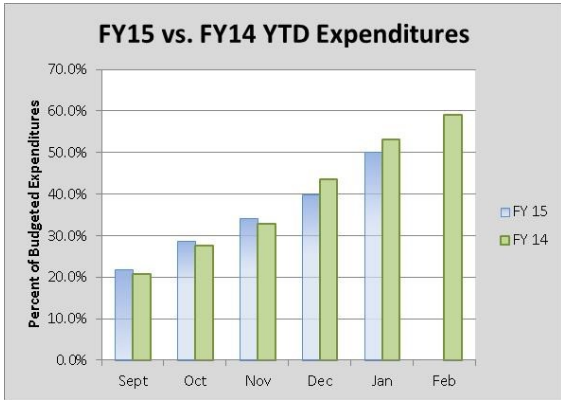
REVENUE VARIANCES IN DETAIL

Variations in FY15 YTD Revenue from the 4-year average	% increase/(decrease) of budgeted revenue collected from 4-yr average	Explanation
Other Local Taxes	(7.6%)	Other local taxes are significantly lower when compared with the four-year average due to issuance of a one-time refund issued to a bank for overpaid Bank Franchise Tax. The total amount of the refund was \$14 million state-wide and the City's share was \$0.2 million. This category is also lower due to the timing of quarterly Telecommunications payments.
Revenue from the Fed. Government	(3.6%)	Although Revenues from the Federal Government have decreased by 3.8% 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 year.
Revenue from the Commonwealth	(7.4%)	Revenues from the Commonwealth have decreased by 7.4% when compared to the four-year average, due to the combination of the reimbursement of \$633,000 to the State for Local Aid to State and a \$215,000 shortfall in state HB 599 revenue results in an overall state revenue shortfall of approximately \$848,000.
Fines and Forfeitures	(10.2%)	Fines and Forfeitures have decreased by 10.2% when compared to the four-year average due to a decrease in parking violation revenue and red light camera revenue.
Licenses and Permits	(9.0%)	Licenses and Permits have decreased by 9.0% when compared to the four-year average. When compared to FY 2014, collections in this category have increased by 3.5%.
Revenue from Use of Money and Prop.	(17.5%)	Revenue from Use of Money and Property have decreased by 17.5% mainly due to the sale of recyclable materials. As the price of oil remains lower than last year, the cost to produce new plastic material is less than the cost to produce plastics with recycled materials, driving the value of recyclable materials down.
Other Revenue	(31.1%)	Other Revenue have decreased by 31.1% when compared to the four year average due to a one-time contractual settlement last year.

EXPENDITURES

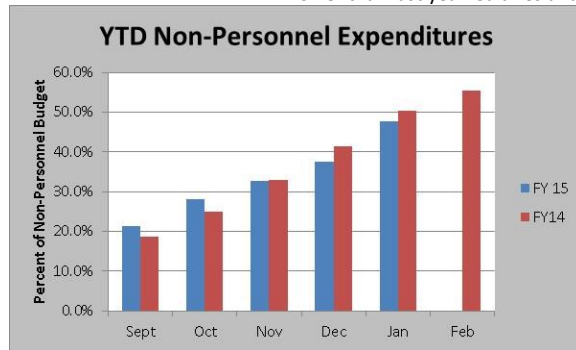


As of January 31, 2015, General Fund expenditures totaled \$322.3 million, or 50.2% of budgeted expenditures. Compared to the historical four-year average, the City spent has spent 1.7% less of its budget in FY 2015. Personnel expenditures are 1.9% less than the four-year average percent of budget spent to date, and non-personnel expenditures are 1.7% less than average. The charts below comparing the current fiscal year to last year's percent of budget expended show that non-personnel, personnel, and total expenditures for FY 15 are all lower than at this point in time last year. Noticeable variances in expenditures include departments with vacancies, Cash Capital, and Cash Match. Variances are detailed in the table below. As discussed in last month's report, given the revenue outlook for the remainder of the year, expenditures need to be closely monitored to ensure that the City's expenditures remain lower than revenue collected.



Percent of budget expended is 3.0% lower than in FY 14 and 1.7% lower than the 4-year average

At this point in the fiscal year, the City YTD Personnel expenditures continues t be slightly lower than last year. Salaries and Benefits are 1.9% below the four-year average.



YTD Non-personnel expenditures are 2.8% than this point in FY14, and 1.7% lower 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, Transportation & Environmental Services, and Alexandria Fire Department's expenditures are lower than the past due to vacancies within these departments.
Cash Match	20.6%	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 and is required to draw down the City's share of regional Northern Virginia Transportation Authority (NVTA) revenues.
General Cash Capital	(99.9%)	Cash Capital has not been expended at this point in time because there are balances in active projects. In the past, expenditure of Cash Capital typically took place in September.



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

	A	B	C	D=C/A	E	F=D-E
	FY2015 AMENDED BUDGET	FY2015 PROJECTED REVENUES	FY2015 REVENUES THRU1/31/15	%	4 YR AVER % OF REVENUES RECEIVED	VARIANCE FY 2015 TO 4 YR AVER
General Property Taxes						
Real Property Taxes.....	\$ 369,652,723	369,643,171	\$ 181,693,214	49.2%	49.5%	0%
Personal Property Taxes.....	\$ 41,286,000	43,500,000	41,150,070	99.7%	100.5%	-1%
Penalties and Interest.....	\$ 2,145,000	2,145,000	896,748	41.8%	40.7%	1%
Total General Property Taxes	\$ 413,083,723	\$ 415,288,171	\$ 223,740,032	54.2%	54.5%	0%
Other Local Taxes						
Local Sales and Use Taxes.....	\$ 26,900,000	24,600,000	\$ 10,588,592	39.4%	41.0%	-2%
Consumer Utility Taxes.....	12,200,000	12,200,000	5,144,125	42.2%	48.8%	-7%
Communication Sales and Use Taxes.....	11,200,000	11,000,000	3,621,109	32.3%	40.0%	-8%
Business License Taxes.....	33,000,000	32,000,000	2,471,513	7.5%	8.0%	-1%
Transient Lodging Taxes.....	11,300,000	11,300,000	5,437,399	48.1%	44.2%	4%
Restaurant Meals Tax.....	17,700,000	17,400,000	8,061,487	45.5%	47.9%	-2%
Tobacco Taxes.....	3,060,000	3,060,000	1,566,390	51.2%	48.7%	2%
Motor Vehicle License Tax.....	3,400,000	3,400,000	2,982,632	87.7%	89.3%	-2%
Real Estate Recordation.....	5,400,000	5,200,000	2,600,400	48.2%	57.0%	-9%
Admissions Tax.....	1,000,000	850,000	410,652	41.1%	49.4%	-8%
Other Local Taxes.....	3,640,000	3,384,800	156,075	4.3%	11.9%	-8%
Total Other Local Taxes	\$ 128,800,000	\$ 124,394,800	\$ 43,040,374	33.4%	35.7%	-2%
Intergovernmental Revenues						
Revenue from the Fed. Government.....	\$ 9,976,119	9,976,119	\$ 4,162,103	41.7%	45.5%	-4%
Personal Property Tax Relief from the Commonwealth.....	23,578,531	23,578,531	22,399,604	95.0%	95.0%	0%
Revenue from the Commonwealth.....	23,167,345	21,955,421	10,980,573	47.4%	54.8%	-7%
Total Intergovernmental Revenues	\$ 56,721,995	\$ 55,510,071	\$ 37,542,280	66.2%	70.8%	-5%
Other Governmental Revenues And Transfers In						
Fines and Forfeitures.....	\$ 5,815,000	5,815,000	\$ 2,702,969	46.5%	56.7%	-10%
Licenses and Permits.....	2,496,775	2,496,775	1,519,966	60.9%	69.9%	-9%
Charges for City Services.....	18,074,326	18,074,326	10,005,635	55.4%	55.2%	0%
Revenue from Use of Money & Prop.....	4,850,000	4,850,000	2,491,558	51.4%	68.9%	-18%
Other Revenue.....	1,220,442	1,220,442	823,832	67.5%	98.5%	-31%
Transfer from Other Funds.....	3,206,574	3,206,574	-	-	50.0%	-50%
Total Other Governmental Revenues	\$ 35,663,117	\$ 35,663,117	\$ 17,543,960	49.2%	59.4%	-10%
TOTAL REVENUE	\$ 634,268,835	\$ 630,856,159	\$ 321,866,646	50.7%	52.2%	-1%
Appropriated Fund Balance						
General Fund.....	\$ 3,175,970	443,569	\$ -	0.0%	0.0%	0.0%
Appropriated refunding bond proceeds	-	-	-	-	-	-
Reappropriation of FY 2015	-	-	-	-	-	-
Encumbrances And Other	-	-	-	-	-	-
Supplemental Appropriations....	5,241,826	-	-	0.0%	0.0%	0.0%
TOTAL	\$ 642,686,631	\$ 631,299,728	\$ 321,866,646	50.1%	52.2%	-2%

ATTACHMENT 2

58.3% of Fiscal Year Completed
59.00% of Payrolls Processed

Online Reference 3



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

FUNCTION	B	C	D=C/B	E	F=D-E
	FY2015	FY2015	%	4 YR AVER %	VARIANCE
	BUDGET	EXPENDITURES	OF BUDGET	OF BUDGET	FY 2015 TO
		THRU 1/31/15	EXPENDED	EXPENDED	4 YR AVER
Legislative & Executive.....	\$ 8,275,152	\$ 4,334,145	52.4%	52.6%	-0.2%
Judicial Administration.....	\$ 42,006,493	\$ 23,970,281	57.1%	58.3%	-1.2%
Staff Agencies					
Information Technology Services.....	\$ 11,016,776	\$ 5,395,856	49.0%	54.6%	-5.6%
Management & Budget.....	1,317,834	694,636	52.7%	49.8%	2.9%
Finance.....	14,388,306	6,506,762	45.2%	48.9%	-3.7%
Human Resources.....	3,893,033	1,661,960	42.7%	55.3%	-12.6%
Planning & Zoning.....	5,291,765	2,933,105	55.4%	57.2%	-1.8%
Economic Development Activities.....	5,177,816	3,903,319	75.4%	72.0%	3.4%
City Attorney.....	2,767,025	1,589,062	57.4%	52.1%	5.3%
Registrar.....	1,271,261	675,974	53.2%	61.0%	-7.8%
General Services.....	13,812,484	7,929,232	57.4%	54.9%	2.5%
Total Staff Agencies	\$ 58,936,298	\$ 31,289,907	53.1%	55.0%	-1.9%
Operating Agencies					
Transportation & Environmental Services.....	28,988,649	15,303,777	52.8%	57.6%	-4.8%
Fire.....	44,312,956	24,412,112	55.1%	60.9%	-5.8%
Police.....	55,854,036	32,047,412	57.4%	58.9%	-1.5%
Emergency Communications.....	7,225,189	3,820,066	52.9%	58.6%	-5.7%
Code.....	141,475	55,493	39.2%	51.5%	-12.3%
Transit Subsidies.....	7,893,940	5,390,721	68.3%	72.3%	-4.0%
Housing.....	1,808,108	1,064,268	58.9%	60.2%	-1.3%
Community and Human Services.....	14,271,853	8,179,834	57.3%	60.2%	-2.9%
Health.....	8,389,202	5,648,411	67.3%	56.1%	11.2%
Historic Resources.....	2,856,516	1,632,572	57.2%	57.6%	-0.4%
Recreation.....	21,180,469	12,261,626	57.9%	57.1%	0.8%
Total Operating Agencies	\$ 192,922,394	\$ 109,816,293	56.9%	59.2%	-2.3%
Education					
Schools.....	\$ 191,811,472	91,572,268	47.7%	47.3%	0.4%
Other Educational Activities.....	11,877	8,908	75.0%	75.0%	0.0%
Total Education	\$ 191,823,349	\$ 91,581,176	47.7%	47.3%	0.4%
Capital, Debt Service and Miscellaneous					
Debt Service.....	\$ 62,664,899	34,172,993	54.5%	60.9%	-6.4%
Non-Departmental.....	8,635,947	5,152,344	59.7%	54.7%	5.0%
General Cash Capital.....	18,058,794	-	0.0%	99.9%	-99.9%
Contingent Reserves.....	7,956	-	0.0%		
Total Capital, Debt Service and Miscellaneous	\$ 89,367,596	39,325,337	44.0%	65.6%	-21.6%
TOTAL EXPENDITURES	\$ 583,331,282	\$ 300,317,139	51.5%	55.6%	-4.1%
Cash Match (Transportation/DCHS/ and Transfers to the Special Revenue /Capital l	40,581,189	11,052,940	27.2%	6.6%	20.6%
Transfer to Library.....	6,607,160	3,851,974	58.3%	58.3%	0.0%
Transfer to NVTA.....	12,167,000	7,093,361	58.3%		58.3%
TOTAL EXPENDITURES & TRANSFERS	\$ 642,686,631	\$ 322,315,414	50.2%	43.1%	7.1%
Total Expenditures by Category					
Salaries and Benefits.....	\$ 207,756,236	115,324,295	55.5%	57.4%	-1.9%
Non Personnel (includes all school funds)	434,930,395	206,991,119	47.6%	49.3%	-1.7%
Total Expenditures	\$ 642,686,631	\$ 322,315,414	50.2%	51.9%	-1.7%