City of Alexandria, Virginia

MEMORANDUM

DATE: AUGUST 24, 2015

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: MARK B. JINKS, CITY MANAGER

SUBJECT: MONTHLY FINANCIAL REPORT FOR THE PERIOD ENDING JUNE 30, 2015

BACKGROUND: Since City Council's next meeting is in September, this Monthly Financial Report is informational in nature and will not be docketed for Council action. The following discussion is a summary of the Monthly Financial Report for this period. The complete report is attached.

This report includes highlights of the City's financial condition and provides fiscal year FY 2015 financial information on revenues and expenditures of the General Fund for the period ending June 30, 2015. These results are un-audited and does not include all revenues and expenditures for FY 2015. Final revenues and expenditures for FY 2015 will be reported later this year in the City's audited Comprehensive Annual Financial Report (CAFR). The CAFR will reflect additional revenues received and FY 2015 disbursements made through the end of summer that are attributable to FY 2015.

Although City General Fund revenues may still come in below the amount budgeted, revenues will at least equal or exceed the FY 2015 revenues projected when the FY 2016 budget was adopted; FY 2015 expenditures will likely be lower than what was projected when the FY 2016 budget was adopted; and the General Fund (GF) Fund Balance should reflect an increase by the time the FY 2015 books are closed and the audit completed.

As of June 30, 2015, General Fund revenues totaled $661.2 million, or 96.9% of the budgeted revenue, which is 2.4% lower than the four-year average of revenue received to date. Compared to the same period last year, the City received 2.6% more of budgeted revenue in this fiscal year than last year at the same time. Most of this increase is related to the collection of personal property taxes, both of which have exceeded the budgeted and projected amounts. For personal property taxes, a portion of the increase relates to citizen outreach efforts by City staff to work with city apartment complexes to educate tenants about their taxpaying responsibilities as new residents. Several categories of other local taxes will still have additional revenues received after July 1st that will be attributed to FY 2015. Motor Vehicle License Tax (Decal Fee) for vehicles collections has also exceeded the budgeted and projected amount. Intergovernmental Revenue

has lagged behind in both the budgeted amount and the projection mainly due to a reduction of $0.8M in HB 599 revenue and Compensation Board funding in FY 2015. Other governmental revenue exceeded both the budgeted amount and the projection. One interesting category is Other Revenue, in which the City recovered more than $0.4 million from the sale of surplus property because of efforts to maximize revenue.

As of June 30, 2015, General Fund expenditures totaled $591.4 million, or 86.6% of budgeted expenditures. The City spent 1.4% less than the four-year average and spent 1.0% less of the budget than the same period last year. The revised budget reflects amounts that were appropriated in the supplemental appropriation ordinance approved in June including the bond refunding. Personnel expenditures are 2.0% lower than the four-year average and reflect only 96.2 % of budget spent even though 100.0% of payrolls have been processed. Non-personnel expenditures are 2.3% less than the four-year average. This is partly due to management of expenditures to keep expenditures below revenue and partly due to savings in subsidy contributions to the Washington Metropolitan Area Transit Authority (WMATA) and Northern Virginia Juvenile Detention Home.

The economic indicator highlighted in this month's report is Residential Real Estate Sales Volume and Value. 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.

ATTACHMENTS:
Attachment 1: Monthly Financial Report for the period of June 30, 2015

STAFF:
Laura Triggs, Deputy City Manager
Morgan Routt, Acting Director, Office of Management and Budget
Kendel Taylor, Director, Finance Department
Martina Alexander, Budget/Management Analyst, Office of Management and Budget

CITY OF ALEXANDRIA, VIRGINIA

Monthly Financial Report June 2015

Report Summary

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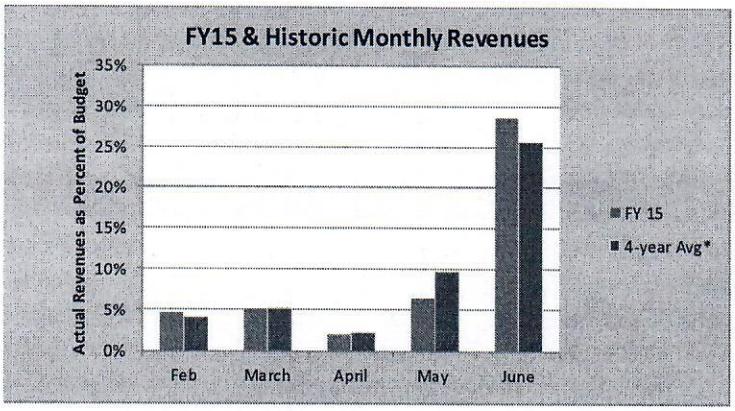
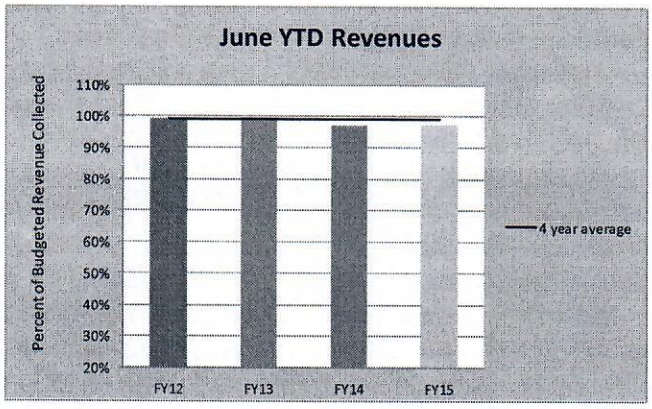
The Monthly Financial Report details the City's General Fund revenues and expenditures as of the last day of the month, compares revenues and expenditures to historical data, and focuses on specific economic indicators relevant for the month. This report is presented to City Council by the City Manager and made available to the public.

REVENUES

As of June 30, 2015, General Fund revenues totaled $661.2 million, or 96.9% of the budgeted revenue, which is 2.4% lower than the four-year average of revenue received to date. Compared to the same period last year, the City received 2.6% more of budgeted revenue in this fiscal year than last year at the same time. Most of this increase is related to the collection of personal property taxes, both of which have exceeded the budgeted and projected amounts. For personal property taxes, a portion of the increase relates to citizen outreach efforts by City staff to work with city apartment complexes to educate tenants about their taxpaying responsibilities as new residents. Several categories of other local taxes will still have additional revenues received after July 1st that will be attributed to FY 2015. Motor Vehicle License Tax (Decal Fee) for vehicles collections have also exceeded the budgeted and projected amount. Intergovernmental Revenue has lagged behind in both the budgeted amount and the projection mainly due to a reduction of $0.8M in HB 599 revenue and Compensation Board funding in FY 2015. Other governmental revenue exceeded both the budgeted amount and the projection. One interesting category is Other Revenue, in which the City recovered more than $0.4 million from the sale of surplus property because of efforts to maximize revenue. Noticeable variances in revenues are detailed in the table below.



* 4-year average data comes from FY 2011-FY 2014 data.



* 4-year average data comes from FY 2011-FY 2014 data

NOTE: Revenue charts exclude refunding bond proceeds so that revenues can be compared accurately year to year

REVENUE VARIANCES IN DETAIL

Variances in FY15 YTD Revenue from the 4-year average	% Increase/(Decrease) of budgeted revenue collected from 4-yr average	Explanation
Transient Lodging	6.5%	Transient lodging tax revenue continues to show positive signs from the fall projections. Collections to date show an increase of 6.5% when compared to the four-year average. This is due an increase in both occupancy and daily rates. Recent reports show a record breaking year in 2014 for visitors to the DC region, which is likely to have contributed to increased tourism spending in Alexandria hotel rooms.
Tobacco Tax	6.5%	Tobacco Tax reflects a 6.5% increase in revenue when compared to the four-year average due to the increase in the tobacco tax from $1.00 per pack to $1.15 per pack.
Real Estate Recordation	(10.2%)	Real Estate Recordation is 10.2% below the four-year average. When compared to FY 2014, collections in this category have increased by $0.8M, or 20.0%, primarily due the recordation tax collected on the sale of Canal Center. FY 2015 collections will be under the budgeted amount but will exceed the projected amount with the increased activity that occurs during the summer months.

Continued on next page...

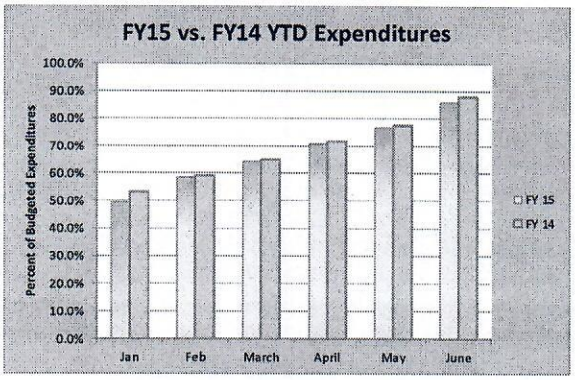
REVENUES

REVENUE VARIANCES IN DETAIL (CONT.)

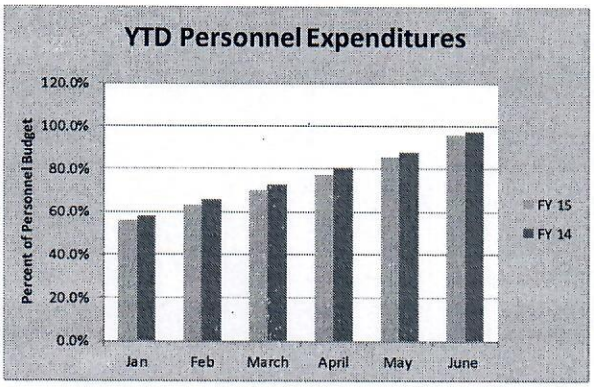
Variances in FY15 YTD Revenue from the 4-year average	% increase/(decrease) of budgeted revenue collected from 4-yr average	Explanation
Admissions Tax	(13.7%)	Admission taxes have decreased by 13.7% when compared to the four-year average. This is due to weak movie ticket sales, which is consistent with national trends.
Fines and Forfeitures	(14.5%)	Fines and Forfeitures have decreased by 14.5% 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. The implementation of the online parking app, Pango, may also be impacting the issuance of parking tickets by making it easier to pay for parking (and avoid a ticket) and by requiring walking visual inspection for enforcement.

EXPENDITURES

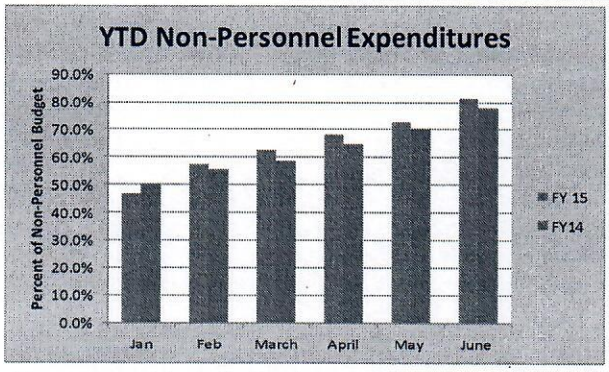
As of June 30, 2015, General Fund expenditures totaled $591.4 million, or 86.6% of budgeted expenditures. The City spent 1.4% less than the four-year average and spent 1.0% less of the budget for the same period last year. The revised budget reflects amounts that were appropriated in the supplemental appropriation ordinance approved in June including the bond refunding. The refunding bond expenses were adjusted in prior years in the charts below to compare expenditures in past years. Personnel expenditures are 2.0% lower than the four-year average and reflect only 96.2 % of budget spent even though 100% of payrolls have been processed. Non-personnel expenditures are 2.3% less than the four-year average. This is partly due to management of expenditures to keep expenditures below revenue and partly due to savings in subsidy contributions to the Washington Metropolitan Area Transit Authority (WMATA) and Northern Virginia Juvenile Detention Home. Noticeable variances in expenditures from the four-year average include various departments with vacancies and General Cash Capital are detailed in the table below. This is not the final FY 2015 expenditure total, as additional expenditures made after July 1st for services provided before June 30th will be attributed to FY 2015.



Percent of budget expended is 2.0% lower than in FY 14, excluding Refunding Bond Expenses.



At this point in the fiscal year, the City YTD personnel costs are 1.4% lower than this month last year. These costs have been consistently lower than in FY 2014. Salaries and benefits are 2.0% below the four-year average.



YTD non-personnel expenditures are 3.2% higher than this point in FY14, excluding refunding bond expenditures.

NOTE: Refunding bond expenditures are not included in charts so that expenditures can be compared year to year.

EXPENDITURE VARIANCES IN DETAIL

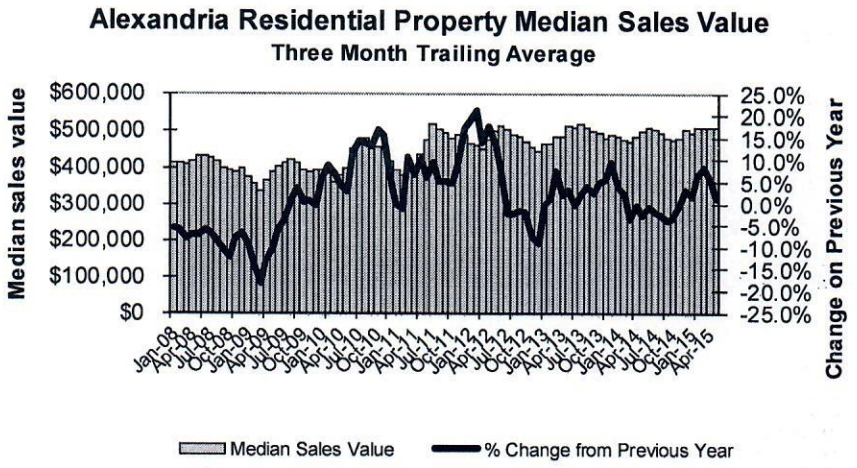
Variances in FY15 YTD Expenditures from the 4-year average	% increase/(decrease) of budgeted expenditures from 4-yr avg.	Explanation
Various Departments with Vacancies	Varies	Information Technology Services, Human Resources, and Registrar expenditures are lower than the past due to vacancies within these departments.
Cash Match	30.6%	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 for the City's share of regional Northern Virginia Transportation Authority (NVTA) revenues.

ECONOMIC INDICATORS

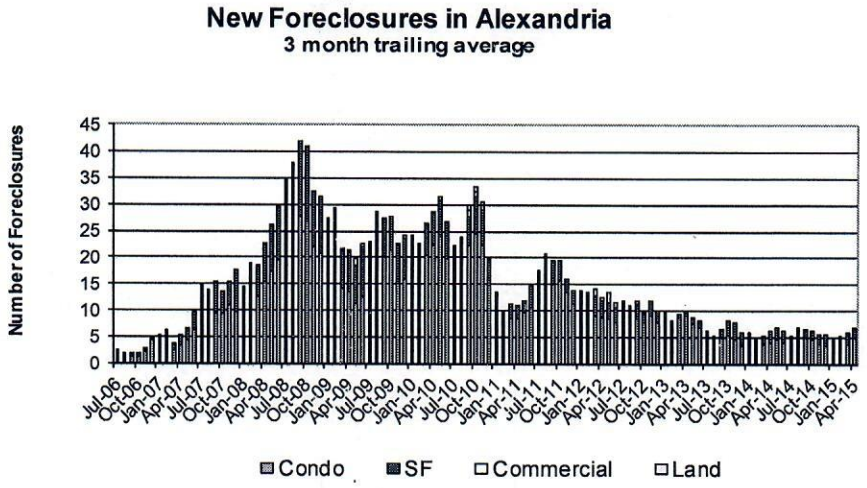
Residential Real Estate Sales Volume and Value

According to data from Metropolitan Regional Information Systems (MRIS) and the City's Department of Real Estate Assessments, through May of calendar year 2015, a total of 985 residential dwellings have been sold. This equates to a 9.4% increase over the same period from last year. The average single family home sales price increased by 15.6%, while the average sales price on townhomes and condominiums decreased by 1% when comparing to the same period last year. Also through May of calendar year 2015, the three month moving average of the median sales value ($505,483) is up 1.3% over the same period in calendar year 2014.

There were 28 foreclosures through May of calendar 2015, 6.7% less than the same period last year.



Source: Real Estate Assessments
Through May 2015



Source: Real Estate Assessments
Through May 2015

ATTACHMENT 1

Online Reference 2

CITY OF ALEXANDRIA, VIRGINIA

COMPARATIVE STATEMENT OF REVENUES
GENERAL FUND
FOR THE PERIODS ENDING JUNE 30, 2015

	A FY 2015 AMENDED BUDGET	B FY 2015 PROJECTED REVENUES	C FY2015 REVENUES THRU 6/30/15	D=C/B % OF BUDGET	E 4 YR AVER % OF REVENUES RECEIVED	F=D-E VARIANCE FY 2015 TO 4 YR AVER
General Property Taxes						
Real Property Taxes	$ 369,652,723	$ 369,643,171	$ 370,412,780	100.2%	101.7%	-1.5%
Personal Property Taxes	41,286,000	43,500,000	44,056,259	106.7%	106.5%	0.2%
Penalties and Interest	2,145,000	2,145,000	1,957,917	91.3%	88.7%	2.6%
Total General Property Taxes	$ 413,083,723	$ 415,288,171	$ 416,426,956	100.8%	102.1%	-1.3%
Other Local Taxes						
Local Sales and Use Taxes	$ 26,900,000	$ 25,300,000	$ 21,580,784	80.2%	82.4%	-2.2%
Consumer Utility Taxes	12,200,000	12,200,000	10,846,035	88.9%	88.1%	0.8%
Communication Sales and Use Taxes	11,200,000	11,000,000	9,007,802	80.4%	79.8%	0.6%
Business License Taxes	33,000,000	33,000,000	33,280,666	100.9%	96.9%	4.0%
Transient Lodging Taxes	11,300,000	11,300,000	10,111,442	89.5%	83.0%	6.5%
Restaurant Meals Tax	17,700,000	17,400,000	15,499,048	87.6%	89.2%	-1.6%
Tobacco Taxes	3,060,000	3,060,000	2,765,996	90.4%	83.9%	6.5%
Motor Vehicle License Tax	3,400,000	3,400,000	3,481,526	102.4%	104.0%	-1.6%
Real Estate Recordation	5,400,000	5,000,000	4,650,579	86.1%	96.3%	-10.2%
Admissions Tax	1,000,000	850,000	739,140	73.9%	87.6%	-13.7%
Other Local Taxes	3,640,000	3,884,800	3,399,472	93.4%	116.8%	-23.4%
Total Other Local Taxes	$ 128,800,000	$ 126,394,800	$ 115,362,490	89.6%	89.3%	0.3%
Intergovernmental Revenues						
Revenue from the Fed. Government	$ 9,976,119	$ 9,976,119	$ 9,153,269	91.8%	91.4%	0.4%
Personal Property Tax Relief from the Commonwealth	23,578,531	23,578,531	23,578,531	100.0%	100.0%	0.0%
Revenue from the Commonwealth	23,256,845	22,408,381	21,141,892	90.9%	100.8%	-9.9%
Total Intergovernmental Revenues	$ 56,811,495	$ 55,963,031	$ 53,873,692	94.8%	98.7%	-3.9%
Other Governmental Revenues And						
Transfers In						
Fines and Forfeitures	$ 5,815,000	$ 5,815,000	$ 4,894,733	84.2%	98.7%	-14.5%
Licenses and Permits	2,496,775	2,496,775	2,445,876	98.0%	113.7%	-15.7%
Charges for City Services	18,074,326	18,074,326	18,634,143	103.1%	104.4%	-1.3%
Revenue from Use of Money & Prop	4,850,000	4,850,000	5,297,886	109.2%	111.5%	-2.3%
Other Revenue	6,539,942	6,450,442	7,093,519	108.5%	161.3%	-52.8%
Transfer from Other Funds	3,206,574	3,206,574	3,206,574	100.0%	95.5%	4.5%
Total Other Governmental Revenues	$ 40,982,617	$ 40,893,117	$ 41,572,731	101.4%	106.2%	-4.8%
TOTAL REVENUE	$ 639,677,835	$ 638,539,119	$ 627,235,869	98.1%	99.3%	-1.2%
Appropriated Fund Balance						
General Fund	3,351,470	443,569	-	-		
Appropriated refunding bond proceeds	33,995,000	33,995,000	33,995,000			
Reappropriation of FY 2015	-		-			
Encumbrances And Other	-		-			
Supplemental Appropriations & Projections	5,708,413	9,755,030	-	-		
TOTAL	$ 682,732,718	$ 682,732,718	$ 661,230,869	96.9%	99.3%	-2.4%

ATTACHMENT 2

100% of Fiscal Year Completed
100% of Payrolls Processed

Online Reference 3

COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION
GENERAL FUND
FOR THE PERIODS ENDING JUNE 30, 2015

FUNCTION	B FY2015 BUDGET	C FY2015 EXPENDITURES THRU 6/30/15	D=C/B % OF BUDGET EXPENDED	E 4 YR AVER % OF BUDGET EXPENDED	F=D-E VARIANCE FY 2015 TO 4 YR AVER
Legislative & Executive	$ 8,567,460	$ 7,155,209	83.5%	92.6%	-9.1%
Judicial Administration	$ 41,965,596	$ 40,017,622	95.4%	97.2%	-1.8%
Staff Agencies					
Information Technology Services	$ 11,006,363	$ 8,715,543	79.2%	91.0%	-11.8%
Management & Budget	1,317,834	1,150,927	87.3%	87.9%	-0.6%
Finance	13,967,541	11,387,517	81.5%	85.2%	-3.7%
Human Resources	3,892,714	2,971,698	76.3%	94.3%	-18.0%
Planning & Zoning	5,316,598	5,076,546	95.5%	96.8%	-1.3%
Economic Development Activities	5,176,855	5,222,088	100.9%	97.4%	3.5%
City Attorney	2,767,025	2,614,375	94.5%	91.5%	3.0%
Registrar	1,271,261	1,112,845	87.5%	92.3%	-4.8%
General Services	13,909,383	13,102,724	94.2%	94.9%	-0.7%
Total Staff Agencies	$ 58,625,574	$ 51,354,263	87.6%	91.8%	-4.2%
Operating Agencies					
Transportation & Environmental Services	$ 28,942,387	$ 25,404,354	87.8%	94.3%	-6.5%
Fire	44,264,240	44,144,395	99.7%	98.5%	1.2%
Police	55,759,265	53,439,141	95.8%	97.5%	-1.7%
Emergency Communications	7,225,189	6,455,128	89.3%	94.2%	-4.9%
Code	120,000	103,867	86.6%	86.0%	0.6%
Transit Subsidies	7,893,940	6,959,678	88.2%	92.3%	-4.1%
Housing	1,808,108	1,693,658	93.7%	88.2%	5.5%
Community and Human Services	14,271,853	12,912,455	90.5%	97.0%	-6.5%
Health	8,460,597	7,919,946	93.6%	95.1%	-1.5%
Historic Resources	2,839,398	2,802,944	98.7%	97.2%	1.5%
Recreation	21,105,911	20,311,696	96.2%	96.1%	0.1%
Total Operating Agencies	$ 192,690,888	$ 182,147,262	94.5%	96.6%	-2.1%
Education					
Schools	$ 191,811,472	157,888,998	82.3%	88.7%	-6.4%
Other Educational Activities	11,877	11,877	100.0%	100.0%	0.0%
Total Education	$ 191,823,349	$ 157,900,875	82.3%	88.7%	-6.4%
Capital, Debt Service and Miscellaneous					
Debt Service	$ 62,664,899	$ 59,738,661	95.3%	104.5%	-9.2%
Expenses on Refunding Bonds	33,858,404	33,858,404	100.0%	100.0%	0.0%
Non-Departmental	9,646,910	8,175,346	84.7%	88.4%	-3.7%
General Cash Capital	23,378,294	18,058,794	77.2%	81.2%	-4.0%
Contingent Reserves	7,956		-		0.0%
Total Capital, Debt Service and Miscellaneous	$ 129,556,463	$ 119,831,205	92.5%	95.8%	-3.3%
TOTAL EXPENDITURES	$ 623,229,330	$ 558,406,436	89.6%	93.6%	-4.0%
Cash Match (Transportation/DCHS/					
and Transfers to the Special Revenue /Capital I	$ 40,592,632	$ 14,228,155	35.1%	4.5%	30.6%
Transfer to Library	6,607,160	6,607,160	100.0%	99.9%	0.1%
Transfer to NVTA	12,167,000	12,167,000	100.0%		100.0%
TOTAL EXPENDITURES & TRANSFERS	$ 682,596,122	$ 591,408,751	86.6%	88.0%	-1.4%