

CITY OF ALEXANDRIA, VIRGINIA

Monthly Financial Report

August 2015



Report Summary

FY 2015: As discussed in the prior Monthly Financial Reports, revenues for FY 2015 were projected to be near and potentially even under the budgeted revenue amounts. Revenues for FY 2015 which totaled \$638.9 million did come in under revenue projections, but only by \$0.2 million. Expenditures were also under budget and enabled the City not to have to spend \$2.4 million in fund balance that had been budgeted to be expended in FY 2015. This coupled with favorable expenditure experience enabled the City to not draw on fund balance for operating expenses, and to not have the spendable fund balance dip below the City's 10% floor policy guideline. The under expenditure is comprised in large part by salary and benefit monies that were not expended as a result of vacancies that have become harder to fill, as well as savings due to fewer employees choosing the City as their health insurance carrier, and enrollment by City employees in lower cost plans. Increased NVTC funds contributed to a lower WMATA cost to the City's General Fund, and a shift in bond issuance structure resulted in debt service savings. The under expenditure of the approved FY 2015 budget also enabled there to be a designation of \$7.0 million in the General Fund fund balance towards the upcoming FY 2017 to FY 2026 Capital Improvement Program.

FY 2016: At this time in FY 2016, the City's revenue and expenditures are not noticeably different than the same time period last year. As of August 31, 2015, General Fund revenues totaled \$34.0 million, an increase of \$12.0 million or 54.7% above the revenues collected at the same time in FY 2015. After adjusting to exclude \$10.6 million debt proceeds received through the bond refinancing, the City received \$1.4 million or 6.2% more revenue in this fiscal year than last year at the same time.

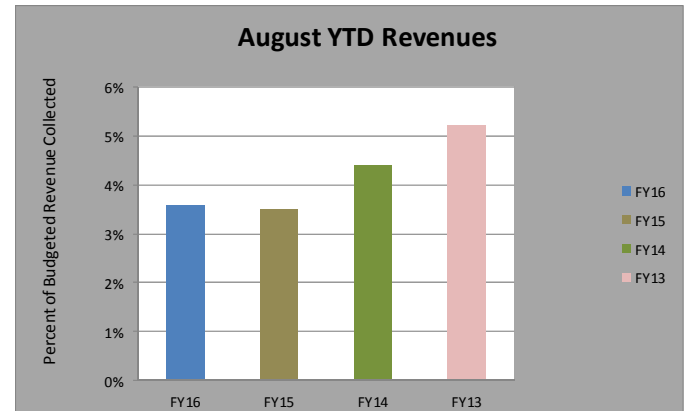
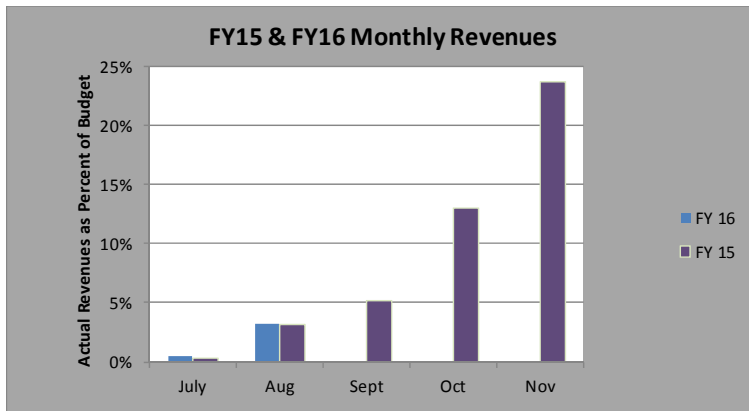
As of August 31, 2015, General Fund expenditures totaled \$99.9 million, an increase of \$8.9 million over the same time period for FY 2015. After adjusting for expenditures related to the bond refinancing, which will save the City some \$1.255 million over the next 13 years, the City spent 0.8% less of its budgeted expenditures compared to the percentage of total expenditures expended at this time in FY 2015. Personnel expenditures are 2.1% more than FY 2015, whereas non-personnel expenditures are 2.7% lower than FY 2015.

The economic indicators highlighted in this month's report are personal property tax billing, residential property sales volume, and median sales 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.

REVENUES



As of August 31, 2015, General Fund revenues totaled \$34.0 million, an increase of \$12.0 million or 54.7% above the revenues collected at the same time in FY 2015. The increase in revenue is due to refunding bond proceeds, which are used to purchase the refunded bonds listed on Attachment 2 of the comparative statement of expenditures and transfers by function. The budget for the refunding bond proceeds has not been appropriated and will be appropriated in October. After adjusting for the bond refinancing, the City received \$1.4 million or 6.2% more revenue in this fiscal year than last year at the same time. Through the first two months of FY 2016, there are no significant variances when compared to FY 2015, but several categories are detailed in the table below.



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

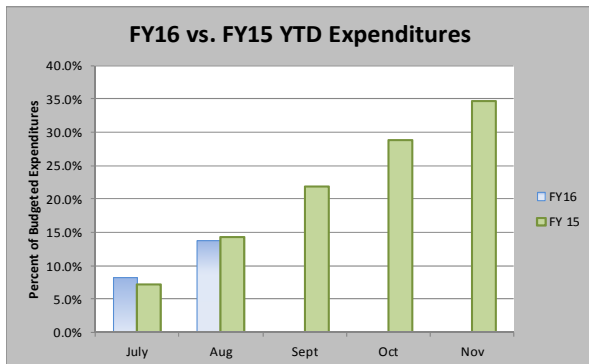
REVENUE VARIANCES IN DETAIL

Variances in FY16 YTD Revenue from FY15 YTD Revenue	Explanation
Real Estate Recordation Tax	Real Estate Recordation Tax receipts reflect one month of collections for July 2015 and are considerably lower than the amount collected in July 2014. The amount collected to date is fairly consistent with the FY 2015 monthly average of \$445,979.
Motor Vehicle License Tax	Motor Vehicle License tax is significantly lower compared to last year due to the timing of the vehicle personal property billing. This year the tax bills were mailed three days later resulting in additional days of payments in August 2014.
Admissions Tax	The City's largest remittances come from two movie theatres. In FY 2015, one of the July payments was posted later in the August and remained as revenue for FY 2015. In August this year, both July payments were posted earlier in the month and as a result were accrued to FY 2015.
Revenue from the Fed. Government	Federal revenue is higher compared to the prior year due to the timing of the receipt of our 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.

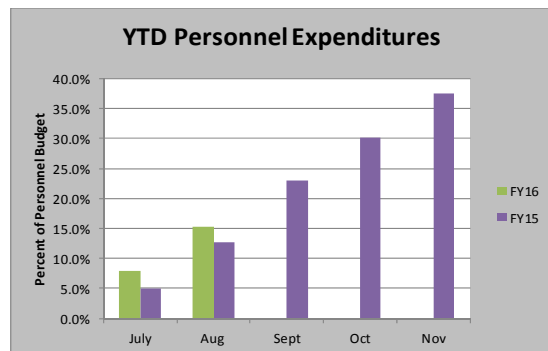
EXPENDITURES



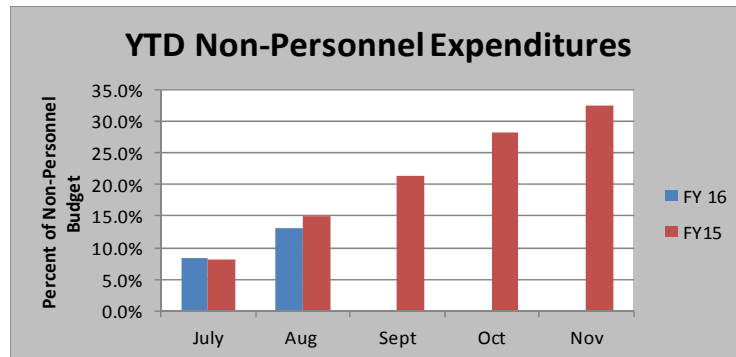
As of August 31, 2015, General Fund expenditures totaled \$99.9 million, an increase of \$8.9 million, or 1.6%, of budgeted expenditures. The City spent \$46.2 million dollars during the month of August, but \$10.7 million was spent on refunding bond expenses for which the budget has not yet been appropriated. As attachment 2 indicates, the City has spent 1.6% more of the budgeted expenditures compared to the percentage of total expenditures expended at this time in FY 2015, but this variance is skewed by the timing of the accounting for refunding bond expenses. Adjusting for the refunding bond expenses, the City has spent 0.8% less of its budgeted expenditures compared to the percentage of total expenditures expended at this time FY 2015. Expenditures are adjusted for the refunding bond expenses so that expenditures can be compared year to year. Personnel expenditures are 2.1% more than FY 2015, whereas non-personnel expenditures are 2.7% lower than FY 2015. The charts below compare the current fiscal year percent of budget expended to last year's percent of total expenditures expended for non-personnel, personnel, and total expenditures.



Percent of budget expended is 0.1% lower than in FY 15, excluding refunding bond expenses.



At this point in the fiscal year, the City YTD personnel costs are 2.1% higher than this month last year. These costs will be consistently higher than FY 2015 due to an additional 3.4% of payrolls processed in FY 2016.



YTD non-personnel expenditures are 2.7% lower than this point in FY15, excluding refunding bond expenditures.

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

ECONOMIC INDICATORS



Personal Property Tax Billing

The monthly financial reports for FY 2016 will focus on key segments of the City's tax base and fees along with quarterly reviews of revenues and expenditures. The segments will include:

October: Personal Property tax collections and Real Estate tax relief

November: Business and Commercial sector review to include office vacancy rates, # of businesses, commercial building permits

January: Sales Tax, Transient Lodging and Meal Sales Tax

February: Utility taxes, Consumption Tax and Telecommunications Tax

March: Business License Tax

April: Charges for Services and Fines and Forfeitures

This month's financial report examines the personal property tax billing process, residential property sales volume and median sales value.

The vehicle personal property tax billing for calendar year 2015, reflected assessments totaling \$1.1 billion and included just under 111,000 bills. The assessed value increased by \$32.6 million or 0.3%. It should be noted that the number of bills mailed only increased by 65 when compared to calendar year 2014. The makeup of the City's vehicle population changed slightly between 2014 and 2015, a 4.0% increase in the number of SUVs, a 2.9% decrease in the number of motorcycles, a 3.0% decline in the number of pickup trucks and a 2.2% increase in the number of Jeeps. According to a recent article in the Wall Street Journal on September 1, 2015, there is a national increase in truck and SUV sales, with August 2015 SUV sales up 2.5% compared to August 2014. Decreases in fuel prices have historically spurred increased sales in heavier, less fuel efficient vehicles.

In 2004, in response to revenue constraints, the General Assembly limited the amount of Personal Property Tax Relief for the entire State at \$950 million and Alexandria's portion was frozen at \$23.6 million. In 2013, City Council passed an ordinance that adopted a four-tiered structure to distribute the relief across the City's vehicle owners, equitably. The most significant portion of relief is provided to owners of vehicles valued under \$20,000. Personal Property Tax Relief, according to the Virginia State Code, can only be applied on the first \$20,000 of the assessed value for qualifying vehicles. As the price of vehicles rises, more of the burden of personal property tax is borne by the taxpayer instead of the State. With a fixed reimbursement from the State, all vehicle owners, including those whose vehicles are valued below \$20,000, will see a declining portion of tax relief. In tax year 2015, the tax assessed for vehicle personal property is approximately \$52.6 million, of which \$23.6 million is due from the state and \$29.0 million is due from the taxpayer. This equates to \$1.3 million, a 4.8% increase in the total tax due from the taxpayer for vehicle personal property taxes. Due to the four-tiered approach established by City Council that provides varying levels of relief depending on the value of the vehicle, the increase in personal property tax will vary for each taxpayer.

Business Personal Property tax assessments have increased by less than one percent, including both tax returns that have been completed and returned to us by the taxpayer and those tax returns that we have estimated because we have not received any information from business owners who have previously been responsible for business personal property taxes. Business personal property taxes are assessed on the furniture, fixtures, machinery, tools, computers and manufacturing equipment used by businesses. If an existing business fails to file a tax return with the City, the City sends a "statutory" tax bill based on prior year information. Once the City receives a completed, or "signed" tax return, the tax bill is adjusted to the current information. Of the total tax assessed on all 5,494 business accounts, \$2.9 million includes statutory assessments and late filing fees. A total of 4,253 Business Personal Property tax returns were filed with the City by existing businesses in 2015 with a total tax due of \$14.9 million. The total assessed value of the equipment reflected in the signed accounts is \$313.3 million, a 1.3% decrease in the assessed value compared to FY 2015. The total assessed value of the equipment reflected in the signed accounts is \$313.3 million, a 1.3% decrease

ECONOMIC INDICATORS



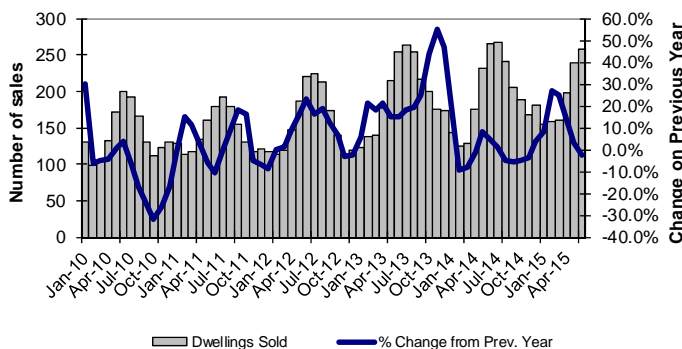
Business Personal Property Tax Category	2015 Assessment (in millions)	% of Total	2014 Assessment (in millions)	% of Total
Furniture and Fixtures	\$244.7	78.1%	\$237.1	74.7%
Machinery and Tools	\$10.8	3.4%	\$11.3	3.6%
Computers and Peripherals	\$53.7	17.1%	\$63.6	20.0%
Vehicles	\$4.0	1.3%	\$5.5	1.7%
Total	\$313.3		\$317.5	

All personal property tax is due on October 5. Throughout the months of September and October, staff will be processing payments for the second largest source of general fund revenue for the City (real property tax revenue being the largest). As mentioned, the Monthly Financial Report as of October 2015, presented to City Council in early December, staff will be reporting on the revenue collections from personal property compared to both the budgeted amount and the amount collected for the same period last year.

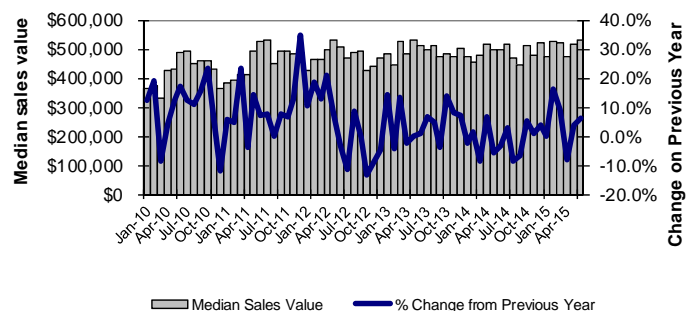
Alexandria Residential Property Sales Volume and Median Sales Value

According to data from Metropolitan Regional Information Systems (MRIS) and the City's Department of Real Estate Assessments, the three-month trailing average number of residential properties sold in June 2015 increased by 8.2% when compared to May 2015 but decreased by 2.4% when compared to June 2014. The median sales price in June 2015 increased by 2.1% when compared to May 2015 and increased by 6.4% when compared to June 2014.

Alexandria Residential Property Sales Volume
Three Month Trailing Average



Alexandria Residential Property Median Sales Value





CITY OF ALEXANDRIA, VIRGINIA

COMPARATIVE STATEMENT OF REVENUES

GENERAL FUND

FOR THE PERIODS ENDING AUGUST 31, 2015 AND AUGUST 31, 2014

	B	C	D=C/B	E	F	G=F/E
	FY2016	FY2016		FY 2015	FY2015	
	REVISED	REVENUES	%	TOTAL	REVENUES	%
	BUDGET	THRU 8/31/15	OF BUDGET	REVENUE	THRU 08/31/14	OF TOTAL
General Property Taxes						
Real Property Taxes.....	\$ 382,088,719	\$ -	0.0%	\$368,179,677	\$ -	0.0%
Personal Property Taxes.....	43,860,000	1,631,474	3.7%	44,495,560	2,005,317	4.5%
Penalties and Interest.....	2,145,000	85,962	4.0%	2,065,762	58,346	2.8%
Total General Property Taxes	\$ 428,093,719	\$ 1,717,436	0.4%	\$414,740,999	\$ 2,063,663	0.5%
Other Local Taxes						
Local Sales and Use Taxes.....	\$ 25,500,000	\$ -	0.0%	\$ 25,620,565	\$ -	0.0%
Consumer Utility Taxes.....	12,500,000	-	0.0%	12,364,106	-	0.0%
Communication Sales and Use Taxes...	11,000,000	-	0.0%	10,776,792	-	0.0%
Business License Taxes.....	33,000,000	142,454	0.4%	33,474,138	198,625	0.6%
Transient Lodging Taxes.....	11,500,000	905,057	7.9%	11,371,287	904,878	8.0%
Restaurant Meals Tax.....	17,750,000	923,115	5.2%	17,635,886	859,808	4.9%
Tobacco Taxes.....	3,060,000	263,561	8.6%	3,020,469	272,429	9.0%
Motor Vehicle License Tax.....	3,400,000	168,255	4.9%	3,483,135	361,808	10.4%
Real Estate Recordation.....	4,700,000	474,035	10.1%	5,351,748	600,306	11.2%
Admissions Tax.....	810,000	693	0.1%	902,556	47,349	5.2%
Other Local Taxes.....	3,909,800	210	0.0%	3,652,202	152	0.0%
Total Other Local Taxes	\$ 127,129,800	\$ 2,877,380	2.3%	\$127,652,884	\$ 3,245,355	2.5%
Intergovernmental Revenues						
Revenue from the Fed. Government....	\$ 9,650,382	\$ 1,328,238	13.8%	\$ 9,691,407	\$ 31,468	0.3%
Personal Property Tax Relief from the Commonwealth.....	23,578,531	11,789,265	50.0%	23,578,531	11,789,265	50.0%
Revenue from the Commonwealth.....	22,759,967	648,772	2.9%	22,131,578	599,158	2.7%
Total Intergovernmental Revenues	\$ 55,988,880	\$13,766,275	24.6%	\$ 55,401,516	\$ 12,419,891	22.4%
Other Governmental Revenues And Transfers In						
Fines and Forfeitures.....	\$ 6,015,000	\$ 782,234	13.0%	\$ 4,916,607	\$ 818,997	16.7%
Licenses and Permits.....	2,534,625	442,310	17.5%	2,455,001	412,757	16.8%
Charges for City Services.....	19,321,236	2,839,606	14.7%	18,557,721	2,134,220	11.5%
Revenue from Use of Money & Prop.	4,875,080	650,469	13.3%	4,870,007	652,226	13.4%
Other Revenue.....	624,654	235,930	37.8%	7,109,874	201,808	2.8%
Transfer from Other Funds.....	4,573,898	-	0.0%	3,206,574	-	0.0%
Total Other Governmental Revenues	\$ 37,944,493	\$ 4,950,549	13.0%	\$ 41,115,784	\$ 4,220,008	10.3%
TOTAL REVENUE	\$ 649,156,892	\$23,311,640	3.6%	\$638,911,183	\$ 21,948,917	3.4%
Appropriated Fund Balance						
General Fund.....	\$ -	\$ -	\$ -	\$ -	\$ -	-
Appropriated refunding bond proceeds	-	10,645,678	0.0%	33,995,000	-	0.0%
Reappropriation of FY 2014	-	-	-	-	-	-
Encumbrances And Other	-	-	-	-	-	-
Supplemental Appropriations....	-	-	-	-	-	-
TOTAL	\$ 649,156,892	\$33,957,318	5.2%	\$672,906,183	\$ 21,948,917	3.3%

ATTACHMENT 2



16.67% of Fiscal Year Completed
16.4% of Payrolls Processed

Online Reference 3

COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION GENERAL FUND FOR THE PERIODS ENDING AUGUST 31, 2015 AND AUGUST 31, 2014

FUNCTION	B	C	D=C/B	E	F	G=F/E
	FY 2016	FY 2016	%	FY 2015	FY 2015	
	APPROVED BUDGET	EXPENDITURES THRU 08/31/15	OF BUDGET EXPENDED	TOTAL & ENCUMBRANCES	EXPENDITURES THRU 08/31/14	% OF TOTAL
Legislative & Executive.....	\$ 5,305,916	\$ 720,408	13.6%	\$ 4,920,956	\$ 765,253	15.6%
Judicial Administration.....	\$ 41,610,243	\$ 6,823,628	16.4%	\$ 41,033,725	\$ 6,098,612	14.9%
Staff Agencies						
Information Technology Services.....	\$ 9,769,154	\$ 1,484,030	15.2%	\$ 9,530,069	\$ 1,068,637	11.2%
Management & Budget.....	1,297,704	158,414	12.2%	1,154,740	157,167	13.6%
Finance.....	13,356,917	1,796,610	13.5%	12,551,139	1,683,264	13.4%
Performance and Accountability.....	558,348	75,660	13.6%	**	**	**
Internal Audit.....	302,895	47,986	15.8%	880,952	74,576	8.5%
Human Resources.....	3,653,561	425,197	11.6%	3,170,131	348,329	11.0%
Planning & Zoning.....	5,348,364	762,889	14.3%	5,138,421	677,378	13.2%
Economic Development Activities.....	5,327,600	1,309,022	24.6%	5,171,371	1,284,415	24.8%
City Attorney.....	2,824,383	487,190	17.2%	2,745,420	335,363	12.2%
Registrar.....	1,332,438	163,774	12.3%	1,116,014	156,192	14.0%
General Services.....	14,013,599	2,046,912	14.6%	13,895,860	1,913,502	13.8%
Total Staff Agencies	\$ 57,784,963	\$ 8,757,684	15.2%	\$ 55,354,117	\$ 7,698,823	13.9%
Operating Agencies						
Transportation & Environmental Services.....	\$ 27,776,656	\$ 4,341,981	15.6%	\$ 27,733,020	\$ 4,258,546	15.4%
Project Implementation.....	\$ 1,994,596	253,711	12.7%	1,535,464	\$ 193,485	12.6%
Fire.....	45,738,517	7,621,990	16.7%	44,199,360	5,961,046	13.5%
Police.....	58,634,383	10,429,588	17.8%	54,304,913	8,474,808	15.6%
Emergency Communications.....	7,162,801	1,357,659	19.0%	6,489,868	1,047,447	16.1%
Code.....	120,000	8,857	7.4%	115,773	14,356	12.4%
Transit Subsidies.....	10,156,073	2,330,559	22.9%	7,137,722	1,621,839	22.7%
Housing.....	1,827,112	244,239	13.4%	1,709,778	262,592	15.4%
Community and Human Services.....	13,661,244	2,501,904	18.3%	13,500,413	2,018,307	14.9%
Health.....	8,304,340	1,808,686	21.8%	7,970,262	1,731,233	21.7%
Historic Resources.....	2,836,470	421,661	14.9%	2,826,811	399,511	14.1%
Recreation.....	21,204,923	3,803,764	17.9%	21,063,798	3,516,892	16.7%
Total Operating Agencies	\$ 199,417,115	\$ 35,124,599	17.6%	\$ 188,587,182	\$ 29,500,062	15.6%
Education						
Schools.....	\$ 198,811,472	\$ 10,376,985	5.2%	191,811,472	\$ 10,364,418	5.4%
Other Educational Activities.....	11,877	2,993	25.2%	11,877	2,969	25.0%
Total Education	\$ 198,823,349	\$ 10,379,978	5.2%	\$ 191,823,349	\$ 10,367,387	5.4%
Capital, Debt Service and Miscellaneous						
Debt Service.....	\$ 63,684,774	\$ 21,578,641	33.9%	\$ 59,738,661	\$ 20,165,348	33.8%
Expenses on Refunding Bonds.....		10,749,293		33,858,404	-	0.0%
Non-Departmental.....	8,680,410	2,462,101	28.4%	9,859,352	2,185,064	22.2%
General Cash Capital.....	16,025,541	-	0.0%	22,854,753	-	0.0%
Contingent Reserves.....	1,305,000	-	0.0%	-	-	-
Total Capital, Debt Service and Miscellaneous	\$ 89,695,725	\$ 34,790,035	38.8%	\$ 126,311,170	\$ 22,350,412	17.7%
TOTAL EXPENDITURES	\$ 592,637,311	\$ 96,596,332	16.3%	\$ 608,030,499	\$ 76,780,549	12.6%
Cash Match (Transportation/DCHS/ and Transfers to the Special Revenue /Capital Proj)	\$ 37,529,079	\$ 122,371	0.3%	\$ 40,723,456	\$ 11,052,940	27.1%
Transfer to Library.....	6,729,652	1,121,833	16.7%	6,468,697	1,101,414	17.0%
Transfer to DASH.....	12,260,850	2,043,884	16.7%	10,930,569	2,028,239	18.6%
TOTAL EXPENDITURES & TRANSFERS	\$ 649,156,892	\$ 99,884,420	15.4%	\$ 666,153,221	\$ 90,963,142	13.7%
Total Expenditures by Category						
Salaries and Benefits.....	\$ 213,979,511	\$ 32,612,225	15.2%	\$ 199,450,991	\$ 26,224,268	13.1%
Non Personnel (includes all school funds)	435,177,381	67,272,195	15.5%	466,702,230	64,738,874	9.7%
Total Expenditures	\$ 649,156,892	\$ 99,884,420	15.4%	\$ 666,153,221	\$ 90,963,142	13.7%

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