



City of Alexandria

City Council Chambers at
Del Pepper Community
Resource Center
4850 Mark Center Drive
Alexandria, VA 22311

Legislation Text

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City of Alexandria, Virginia

MEMORANDUM

DATE: OCTOBER 8, 2014

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: RASHAD M. YOUNG, CITY MANAGER/s/

DOCKET TITLE:

Consideration of the Monthly Financial Report for the Period Ending August 31, 2014.

ISSUE: Receipt of the Monthly Financial Report for the period ending August 31, 2014.

RECOMMENDATION: That City Council receives the Monthly Financial Report (Attachment 1).

BACKGROUND: The Office of Management and Budget and Department of Finance worked to improve how the information provided in the Monthly Financial Report is communicated. The revised report is attached. The most significant change to the report, aside from the visual changes, is how we compare the current budget to historical trends to show variances. Prior year reports compared current year-to-date revenues and expenditures with prior year-to-date revenues and expenditures for the same period in terms of dollars and the percent change from year-to-year. Because the budget is different in the two years, the dollar comparison and percent change provided little insight into the current year's performance against the budget. As a result, this month's report compares the percent of budget year-to-date to the four-year average of that same measure to illustrate how the current year performance against the budget compares to an average of recent years' performance. The four-year average was chosen over a year-to-year comparison to avoid one-year anomalies.

The following discussion is a summary of the Monthly Financial Report for this period.

DISCUSSION:

Overall, in this early stage of the fiscal year, the City's revenues and expenditures are not noticeably different than this period compared to the last four years.

As of August 31, 2014, actual General Fund Revenues totaled \$22.3 million. This represents 3.5% of revenue budgeted. Revenues collected at this point in time are 0.8% lower than they have been on average for the past

four years; however, the first two months of the fiscal year do not provide enough data to establish any trends either positive or negative. A clearer understanding of FY15 revenue trends will emerge when personal property and real estate taxes are recorded in October and November respectively.

As of August 31, 2014, General Fund expenditures totaled \$90.9 million, or 14.3% of budgeted expenditures. Total expenditures before transfers are 0.3% lower than they have been on average for the past four years. At the beginning of the fiscal year, there is not yet enough data to show whether there are meaningful variances in specific expenditures (unrelated to the timing of payments). As the fiscal year progresses and more data becomes available, this report will examine these variances in more detail should they arise.

During the month of September, the Governor announced another round of reductions in State aid to localities. As reported at the September 23, 2014 City Council legislative meeting, this latest reduction is expected to reduce City revenues in FY 2015 by approximately \$648,000. In addition, the State's FY 2015 budget adopted in June included no increase to HB 599 funding for local public safety and criminal justice. The City's budget had included an anticipated \$215,000 increase. The combined total impact of these State revenue shortfalls is \$863,000 to date. Once final figures are received from the State, staff will make a determination as to how to deal with this loss of revenue as we continue to carefully monitor all revenues throughout the course of the fiscal year.

The economic indicators detailed this month are the Alexandria Residential Property Median Sales Value and Residential Property Sales Volume. These indicators suggest a housing market that was mostly flat in July but took a slight downward turn in August. Staff will continue to monitor these indicators to determine whether this is a trend that could impact real estate assessments and revenues in FY 2015 and FY 2016. Additional economic, revenue, and expenditure charts are also available on the City of Alexandria website at:

www.alexandriava.gov/FinancialReports <<http://www.alexandriava.gov/FinancialReports>>

ATTACHMENTS:

Attachment 1: August 2014 Monthly Financial Report

STAFF:

Nelsie L. Birch, Director, Office of Management and Budget
Morgan Routh, Assistant Director, Office of Management and Budget
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