



Legislation Text

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City of Alexandria, Virginia

MEMORANDUM

DATE: FEBRUARY 4, 2015

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: MARK B. JINKS, ACTING CITY MANAGER /s/

DOCKET TITLE:

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

ISSUE: Receipt of the Monthly Financial Report for the Period Ending December 31, 2014.

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

BACKGROUND: The following discussion is a summary of the Monthly Financial Report for this period. The complete report is attached.

The regional economic slowdown continues to present one of the most, if not the most, significant ongoing financial challenges the City currently faces. From a fiscal management perspective, the City has a long standing record of managing expenditures, items under its direct control, prudently and below budgeted levels. Furthermore, the City estimates future revenue collections conservatively and based on local and regional data available. However in the last two fiscal years, in particular, slower regional economic growth continues to put pressure on the revenues necessary to meet costs and demands for services. The Washington D.C. regional economy has gone from one of the fastest growing regional economies in the U.S. to the second slowest growing regional economy in the U.S. The Detroit economy on a percentage basis is growing at a faster pace than our regional economy. This report will show the impact to the City's current Fiscal Year 2015 budget and planning for the FY 2016 budget. Additionally, this month's report provides a more in-depth look at the underlying economic indicators that are potentially contributing to our current economic environment. Economic Indicators highlighted in this report include unemployment, job inventory and payroll.

At the halfway point of fiscal year 2015, year-to-date General Fund revenues and expenditures are 1.4% and 3.2% 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 is concerning. Based on current projections, the City estimates \$631.3 million in revenue against a revenue budget of \$634.3 million, for

a net difference of \$3.0 million. With such a narrow gap, the City is continuously monitoring expenditures and will make spending adjustments as necessary.

As of December 31, 2014, General Fund revenues totaled \$312.5 million, which is 1.4% less than the four-year average of percent of revenues collected through December. Through the midpoint of the fiscal year, “General Property Taxes” collected to date, which represent 65% of the City’s total revenues, are in line with historical trends as it relates to year-to-date collections. The three areas of concern for FY 2015 that also impact available revenues for the FY 2016 budget are “Local Sales and Use Taxes,” “Business License Taxes” and “Revenue from the Commonwealth.” However, a category that is performing better than projections is “Transient Lodging Taxes.” These will be discussed further in the State of the Local Economy section of Attachment I.

As of December 31, 2014, General Fund expenditures totaled \$256.4 million, or 39.9% of budgeted expenditures. Compared to the historical four-year average, the City spent has spent 3.2% less of its budget in FY 2015. Personnel expenditures are 3.1% less than the four-year average percent of budget spent to date, and non-personnel expenditures are 3.3% less than the historical average. Although expenditures are lower than budgeted, they need to be closely monitored and managed to ensure that they do not exceed actual revenues. As mentioned previously, departments have been asked to project their expenditures from month six to the end of the year so that City staff can appropriately plan and potentially adjust given the financial outlook of the rest of the fiscal year.

Additional economic, revenue, and expenditure charts are also available on the City of Alexandria website at: alexandriava.gov/FinancialReports.

ATTACHMENTS:

Attachment 1: Monthly Financial Report for the Period Ending December 31, 2014

STAFF:

Nelsie L. Birch, Director, Office of Management and Budget (OMB)
Morgan Routt, Assistant Director, OMB
Kendel Taylor, Acting Director, Finance Department
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