



Legislation Text

File #: 13-0519, Version: 1

City of Alexandria, Virginia

MEMORANDUM

DATE: DECEMBER 5, 2012

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 October 31, 2012.

ISSUE: Receipt of the City's Monthly Financial Report for the period ending October 31, 2012.

RECOMMENDATION: That City Council receive the following Monthly Financial Report for the period ending October 31, 2012.

BACKGROUND: None

DISCUSSION: This report includes highlights of the City's financial condition and provides fiscal year (FY) 2013 financial information on revenues and expenditures of the General Fund for the period ending October 31, 2012. Detailed economic revenue and expenditure charts (Online References) are also available from the City of Alexandria website at alexandriava.gov/FinancialReports <<http://kronoswebprd/wfc/logon/logonWFC.html>>.

ECONOMIC HIGHLIGHTS: This is the third of four monthly financial reports specifically focused on segments of the City's tax base as background for the FY 2014 proposed budget to be presented on February 26, 2013. A report on the state of the real estate market and development was delivered at the October 9, 2012 City Council meeting, and a report on state and federal revenues was delivered at the November 13, 2012, City Council meeting. The December report features an update on local non-property taxes. A report on personal property taxes is planned to be delivered in January, to be followed by the annual real estate property assessment report that month. Please note that this report does not reflect the potential effects of the fiscal cliff described to City Council at the November meeting.

The three-month trailing average for local sales and use tax collections through September increased 7.0 percent over the same period last year, reflecting modest growth in the local economy in the first quarter of FY

2013. This compares to a year-over-year increase of only 3.4 percent in the U.S. three-month trailing average over the same period, placing the City well above the national average. Staff anticipates that FY 2013 sales and use tax collections will continue to show modest increases over FY 2012 collections.

The three-month trailing average in transient lodging taxes through September 2012 shows a 6.2 percent year-over-year increase from the same period last year. This increase seems to reflect a modest rebound from the significant year-over-year decreases experienced this spring due to the drop in the federal government per diem, which lowered the average daily rate and revenue per available room collected by City hotels. Staff currently anticipates that collections in this category will remain relatively flat through the remainder of the year; however, staff is anticipating a brief spike in collections early next year due to the January inauguration and inauguration-related events. The City experienced a similar inauguration-related spike in transient lodging tax and meal sales tax collections in 2009.

Business license tax collections to date show a year-over-year decrease of 24 percent from the same period last year, primarily due to the timing of payments and refunds and a decrease in the number of out-of-state contractors doing business in the City. On the positive side, there has been a 14.1 percent year-over-year increase in the three-month trailing average for new business license applications. In addition, the bulk of FY 2013 business license taxes, which are due March 1, 2013, will be based on calendar year 2012 gross receipts and should, therefore, reflect the economic improvements the City has experienced this year. Considering these factors, staff currently anticipates final FY 2013 collections will show modest growth over FY 2012 collections.

REVENUE HIGHLIGHTS:

Year-to-Date Revenues: As of October 31, 2012, actual General Fund revenues totaled \$104.8 million, which is 2.0 percent higher than FY 2012 for the same period. Most of this increase is related to personal property taxes.

- **Personal Property Taxes/ Motor Vehicle License:** The increases result from earlier payments by taxpayers.
- **Business License Taxes:** The decrease is primarily a result of the timing of payments and refunds.
- **Fines and forfeitures:** Collections in this category primarily reflect budgeted increases for red light cameras installed in FY 2012.
- **Revenue from use of Money and Property:** The decrease is primarily due to continued low interest rates.
- **Other Revenues:** The increase is primarily due to \$0.2 million in revenues from the sale of surplus property.

EXPENDITURE HIGHLIGHTS:

Year-to-Date Expenditures: As of October 31, 2012, actual General Fund expenditures totaled \$174.7 million, an increase of \$12 million, or 7.6 percent, above expenditures for the same period last year. Personnel expenditures remain consistent with the budget at 2.0 percent higher than last year. Non-personnel spending increased 11 percent from the same period in FY 2012 primarily for budgeted debt service. We are closely monitoring and controlling these expenditures to be at or below budget.

- **Registrar:** Increased costs are comprised of budget costs for the presidential election. Costs for the additional primary may exceed budget. Staff will propose a transfer as appropriate in the transfer resolution.
- **Fire:** Fire overtime costs are currently projected to be over the current budget again this year as the number of minimum staffing overtime hours are already higher than at this time last year. However, unlike prior years, the Fire Department's budget is projecting to absorb this overage within the full-time salaries budget. This is due to approximately a 33 percent turnover of the Department's firefighters within the last two years. As newer employees are hired, their salaries and overtime costs are lower than senior firefighters who were the only ones eligible to work these hours in previous years.
- **Transit Subsidies:** The decrease is due to the timing of the City's payment to WMATA.
- **Health Department:** The Health Department increase is due to the timing of bills received from the Commonwealth for services provided. The payments were made earlier in FY 2013 than in FY 2012.
- **Debt Service:** The increase in debt service reflects planned expenditures for the FY 2012 General Obligation bonds.
- **ACPS Transfer:** The transfer is based a percentage of actual expenditures based on the portion of the School's budget that the City will provide of approximately 75.8 percent for FY 2013.

Hurricane Sandy:

General Fund expenditures do not include the costs for Hurricane Sandy, which are currently estimated at \$0.7 million. At this time, it does not appear likely that the costs will reach the financial threshold to be eligible for FEMA reimbursement. Most of the cost (\$0.5 million) is pay and benefits for employees who were considered essential City staffing during the storm and clean-up efforts.

ATTACHMENTS AND ONLINE REFERENCES:

Online Reference 1-The Economy <<http://alexandriava.gov/FinancialReports>>

Online Reference 2-Revenues <<http://alexandriava.gov/FinancialReports>>

Online Reference 3-Expenditures <<http://alexandriava.gov/FinancialReports>>

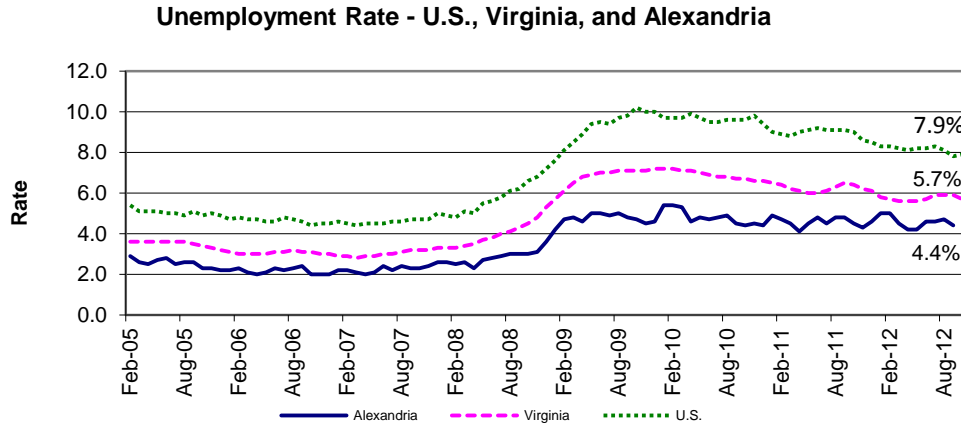
STAFF:

Laura B. Triggs, Chief Financial Officer

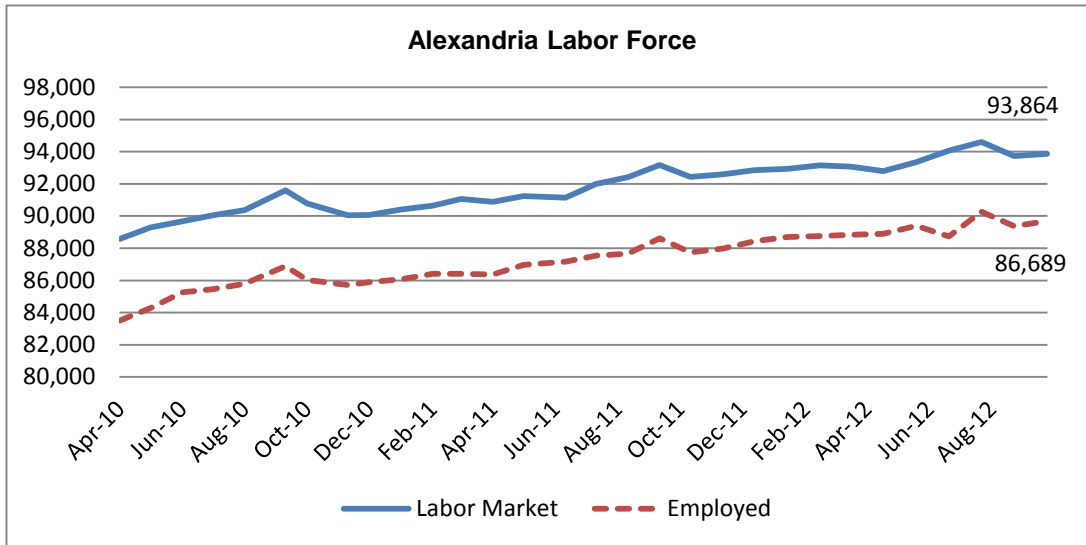
Morgan Routt, Assistant Director, Office of Management & Budget

Berenice Harris, Finance Department

Melinda Barton, Finance Department

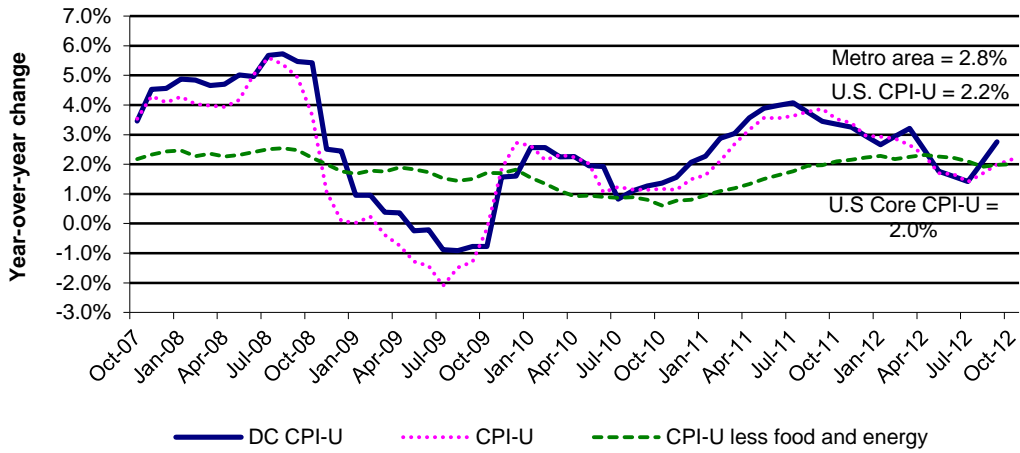


Source: U.S. Department of Labor, Bureau of Labor Statistics
 U.S. and Virginia through October 2012; Alexandria through September 2012
 *Alexandria unemployment is not seasonally-adjusted, while U.S. and Virginia are seasonally-



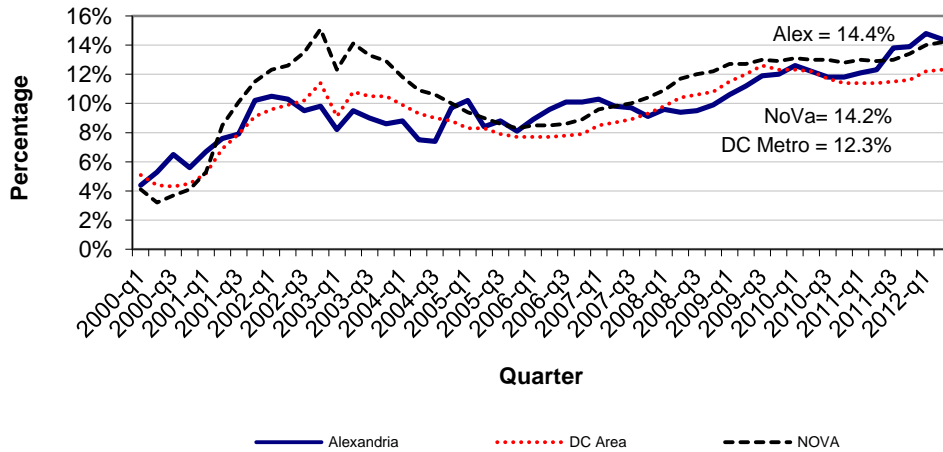
Source: Virginia Employment Commission
 Through September 2012
 *Not seasonally adjusted.

Annual Change in Consumer Price Index

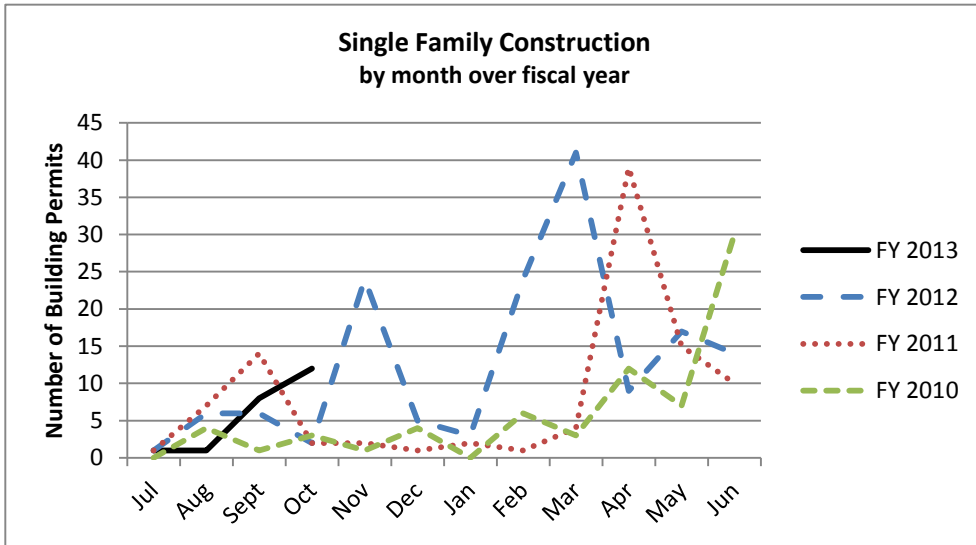


Source: U.S. Department of Labor, Bureau of Labor Statistics
 U.S. through October 2012; Metro Area through September 2012

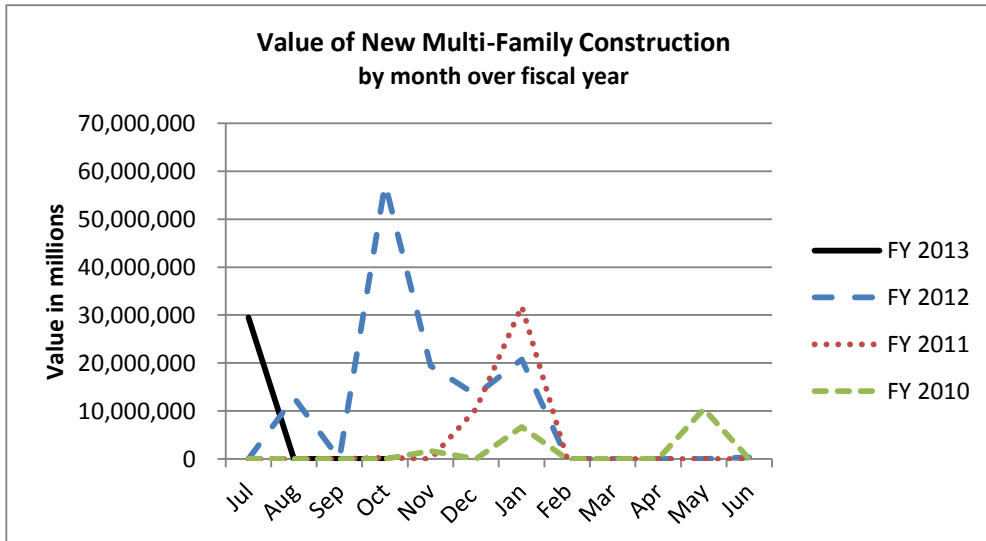
Office Vacancy Rates



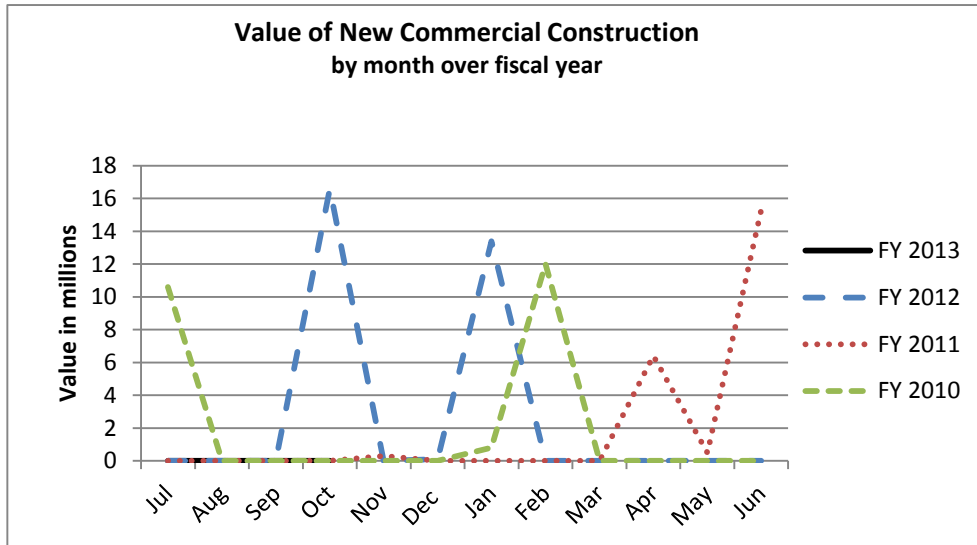
Source: CoStar
 Through 2nd quarter, 2012



Source: Code Administration
Through October 2012

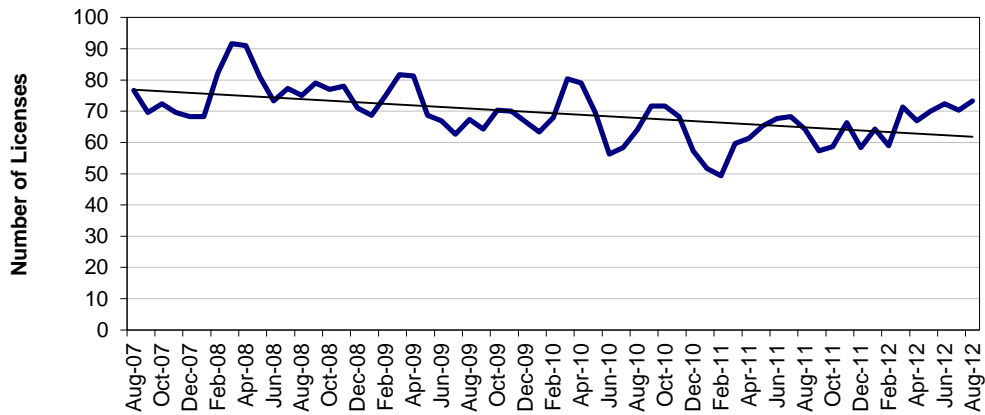


Source: Code Administration
Through October 2012



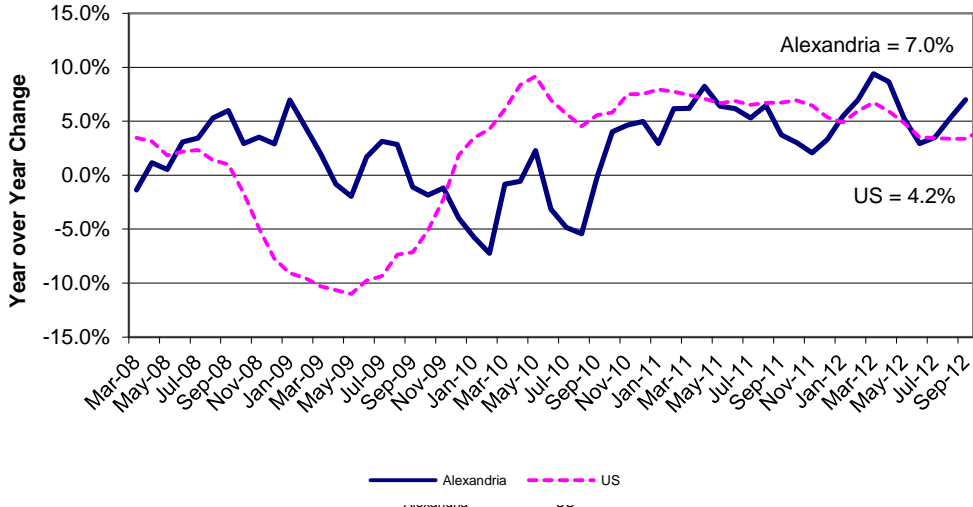
Source: Code Administration
Through October 2012

Number of New Business License Applications
Three Month Trailing Average



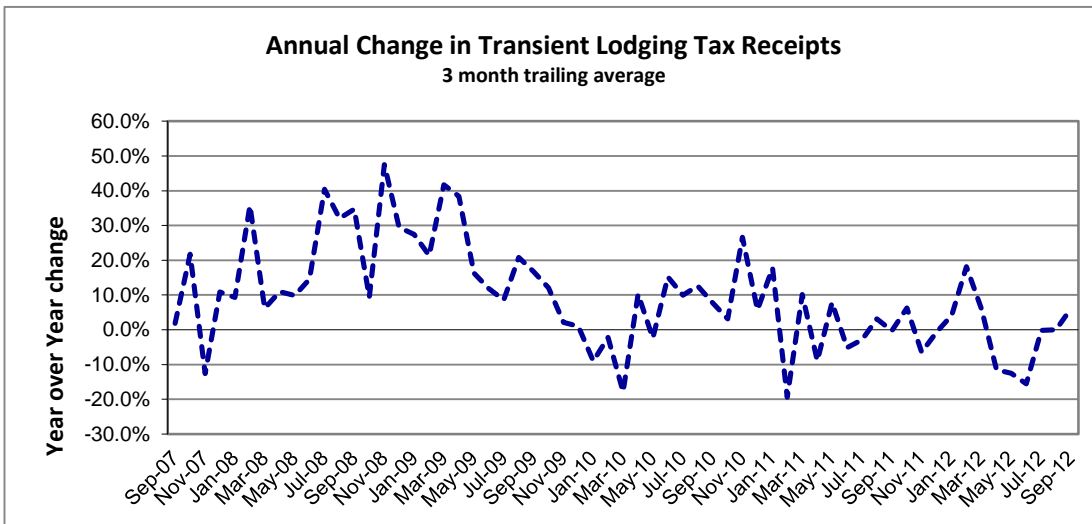
Source: Finance Department
Through August 2012

**Annual Change in U.S. Retail Sales
& Alexandria Sales Tax Collections**
3 month trailing average

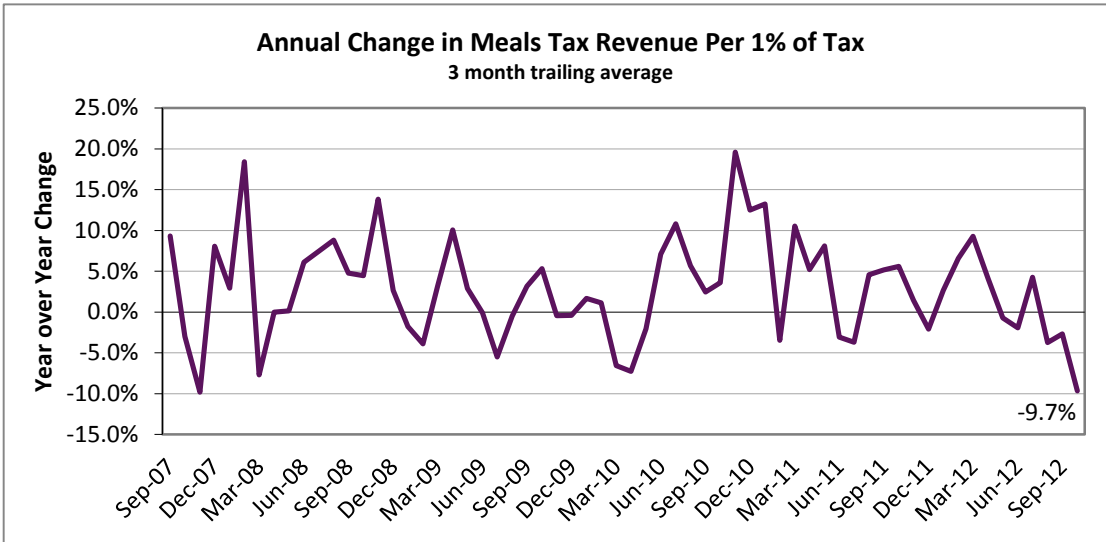


Source: Finance Department, U.S. Census Bureau
Alexandria data through September 2012; US through October 2012

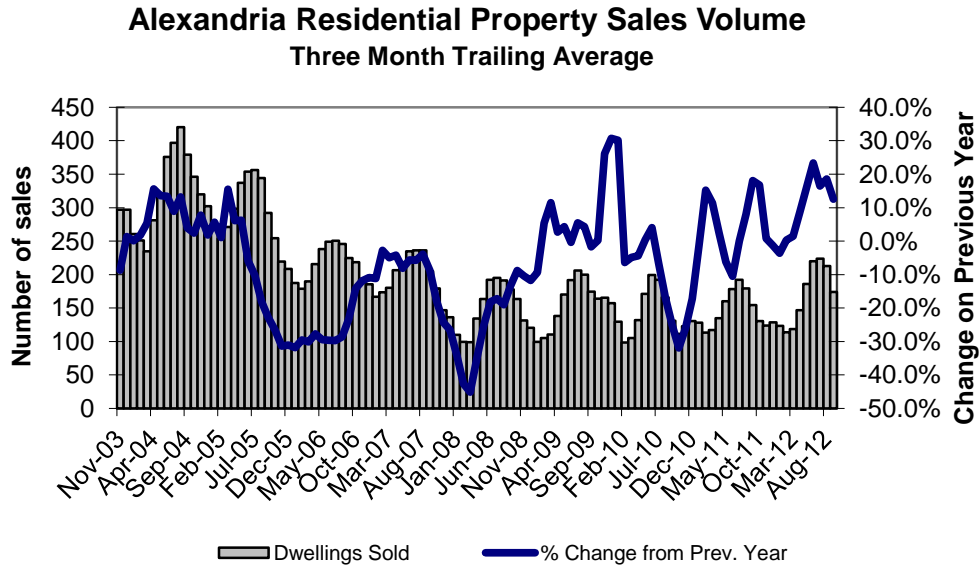
Annual Change in Transient Lodging Tax Receipts
3 month trailing average



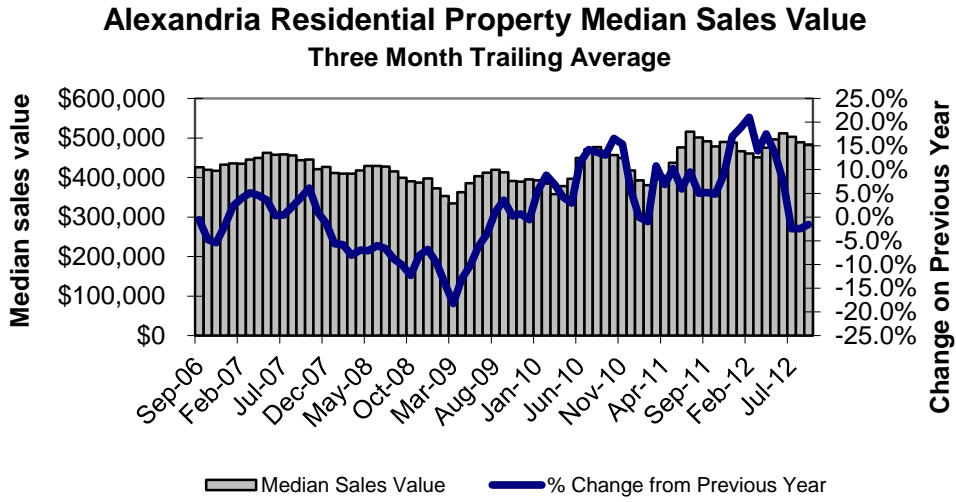
Source: Finance Department
Through September 2012



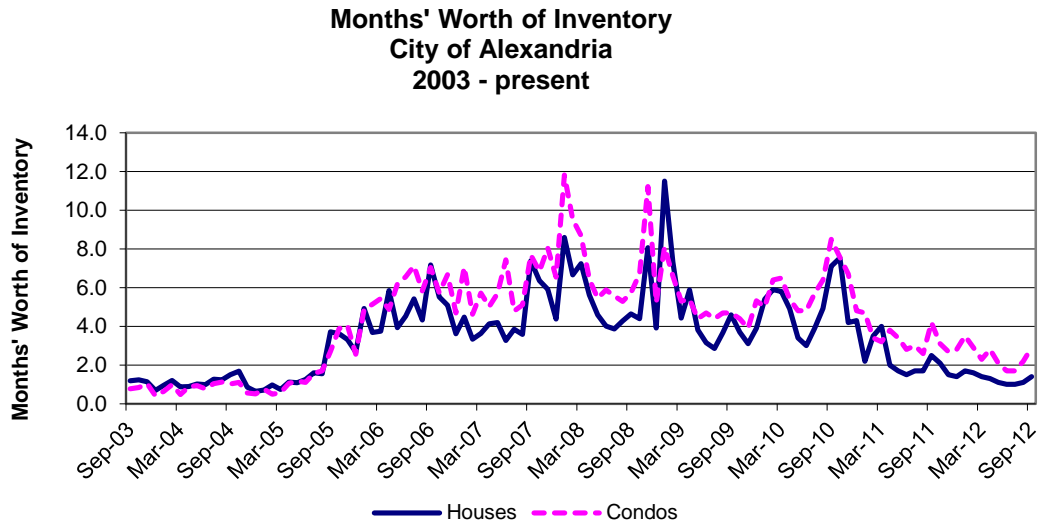
Source: Finance Department
Through October 2012



Source: Department of Real Estate Assessments
Through September 2012

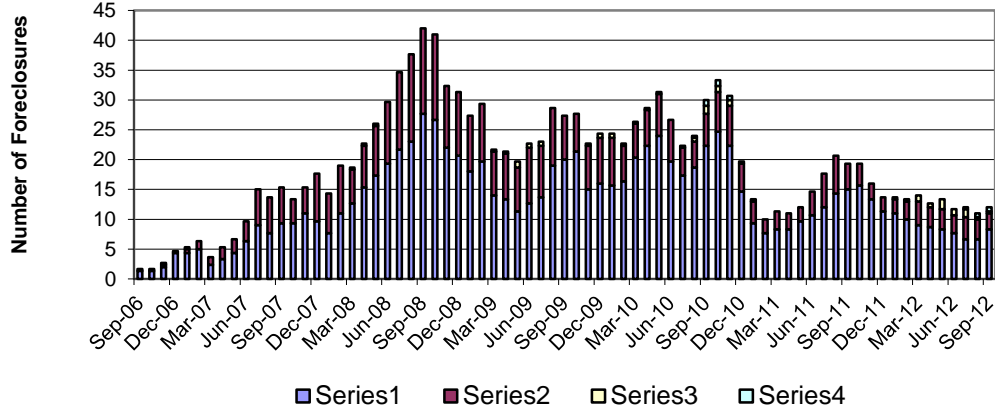


Sources: Metropolitan Regional Information Systems; Department of Real Estate Assessments Through September 2012



Source: Metropolitan Regional Information Systems Through September 2012

New Foreclosures in Alexandria 3 month trailing average



Source: Department of Real Estate Assessments
Through September 2012

SELECTED ECONOMIC INDICATORS

Online Reference 1

Consumer Price Index (CPI-U)	Change on Previous Year
for the Washington-Baltimore, DC-MD-VA-WV Area (as of Sept 2012)	2.8%
For the United States (as of Oct 2012)	2.2%
Core CPI-U (excludes food and energy) (as of Oct 2012)	2.0%

(Source: U.S. Department of Labor, Bureau of Labor Statistics)

Unemployment Rates	Current Month	Prior Month	Prior Year
Alexandria (as of Sept 2012)	4.4%	4.6%	4.8%
Virginia (as of Oct 2012)	5.7%	5.9%	6.4%
United States (as of Oct 2012)	7.9%	7.8%	9.0%

(Source: U.S. Department of Labor, Bureau of Labor Statistics)

Office Vacancy Rates	Current Quarter	Prior Quarter	Prior Year
Alexandria	14.4%	14.8%	12.3%
Northern Virginia	14.2%	14.0%	12.9%
Washington, DC Metro area (As of 2nd quarter, 2012)	12.3%	12.2%	11.4%

(Source: CoStar)

New Business Licenses	Current Year	Prior Year	Change on Previous Year
3 month trailing average (As of August 2012)	73	64	14.1%

(Source: Finance Department)

<u>New Commercial Construction (excluding Apartment Buildings) and Building Renovations</u>			
(Fiscal YTD as of Oct 2012)			
Number of new building permits	0	1	-100.0%
Value of new building permits (\$ millions)	\$0.0	\$16.6	-100.0%

(Source: Office of Code Administration)

<u>New Multi-family Construction (including Apartment & Condominium Buildings)</u>			
(Fiscal YTD as of Oct 2012)			
Number of new building permits	1	8	-87.5%
Value of new building permits (\$ millions)	\$29.5	\$70.2	-58.0%

<u>Residential Real Estate Indicators</u>			
Residential Dwelling Units Sold (Calendar YTD ending Sept 2012)	1,538	1,350	13.9%
Median Residential Sales Price (As of Sept 2012)	\$492,500	\$495,000	-0.5%

(Source: Department of Real Estate Assessments)

<u>Foreclosures</u>			
3 month trailing average (As of September 2012)	12	19	-36.8%

Source: Dept of Real Estate Assessments

CITY OF ALEXANDRIA, VIRGINIA
COMPARATIVE STATEMENT OF REVENUES
GENERAL FUND
FOR THE PERIODS ENDING OCT 31, 2012 AND OCT 31, 2011

	A	B	C	D=C/B	E	F=(C-E)/E
	FY2012	FY2013	FY2013	%	FY2012	%
	ACTUALS	REVISED BUDGET	REVENUES THRU 10/31/12	OF BUDGET	REVENUES THRU 10/31/12	CHANGE
General Property Taxes						
Real Property Taxes.....	\$ 323,784,070	\$ 333,929,291	\$ 22,283,748	6.7%	\$ 22,230,804	0%
Personal Property Taxes.....	37,897,525	37,500,000	34,901,752	93.1%	33,013,651	6%
Penalties and Interest.....	2,092,976	2,375,000	366,878	15.4%	423,781	-13%
Total General Property Taxes	\$ 363,774,571	\$ 373,804,291	\$ 57,552,378	15.4%	\$ 55,668,236	3%
Other Local Taxes						
Local Sales and Use Taxes.....	\$ 24,949,593	\$ 24,900,000	\$ 4,236,152	17.0%	\$ 3,946,558	7%
Consumer Utility Taxes.....	10,322,623	11,100,000	2,764,633	24.9%	2,868,984	-4%
Communication Sales and Use Taxes.....	11,030,711	11,940,000	1,863,347	15.6%	2,052,355	-9%
Business License Taxes.....	31,468,958	33,000,000	564,535	1.7%	742,829	-24%
Transient Lodging Taxes.....	11,375,121	12,400,000	2,685,972	21.7%	2,852,960	-6%
Restaurant Meals Tax.....	16,313,765	16,900,000	3,656,832	21.6%	3,793,229	-4%
Tobacco Taxes.....	2,674,157	2,600,000	687,913	26.5%	707,344	-3%
Motor Vehicle License Tax.....	3,348,075	3,400,000	2,571,415	75.6%	2,613,772	-2%
Real Estate Recordation.....	5,152,593	4,900,000	1,324,581	27.0%	1,312,119	1%
Admissions Tax.....	1,093,182	1,000,000	261,639	26.2%	297,933	-12%
Other Local Taxes.....	3,372,455	2,710,275	98,758	3.6%	76,102	30%
Total Other Local Taxes	\$ 121,101,233	\$ 124,850,275	\$ 20,715,777	16.6%	\$ 21,264,185	-3%
Intergovernmental Revenues						
Revenue from the Fed. Government.....	\$ 10,780,154	\$ 9,657,640	\$ 728,833	7.5%	\$ 1,155,053	0%
Personal Property Tax Relief from the Commonwealth.....	23,578,531	\$ 23,578,531	11,789,265	50.0%	11,789,265	0%
Revenue from the Commonwealth.....	21,125,448	\$ 20,360,485	5,575,841	27.4%	5,276,225	6%
Total Intergovernmental Revenues	\$ 55,484,133	\$ 53,596,656	\$ 18,093,939	33.8%	\$ 18,220,543	6%
Other Governmental Revenues And Transfers In						
Fines and Forfeitures.....	\$ 4,869,295	\$ 4,664,000	\$ 1,677,980	36.0%	\$ 1,383,541	21%
Licenses and Permits.....	2,373,449	\$ 2,157,975	\$ 931,626	43.2%	\$ 962,186	-3%
Charges for City Services.....	16,474,114	\$ 15,891,959	\$ 4,160,557	26.2%	\$ 3,736,659	11%
Revenue from Use of Money & Prop.....	3,947,855	\$ 3,420,000	1,194,969	34.9%	\$ 1,310,009	-9%
Other Revenue.....	1,195,494	\$ 782,000	\$ 465,809	59.6%	\$ 267,679	74%
Transfer from Other Funds.....	1,394,903	\$ 1,854,502	-	0.0%	\$ -	0%
Total Other Governmental Revenues	\$ 30,255,110	\$ 28,770,436	\$ 8,430,941	29.3%	\$ 7,660,074	10%
TOTAL REVENUE	\$ 570,615,047	\$ 581,021,658	\$ 104,793,035	18.0%	\$ 102,813,038	2%
Appropriated Fund Balance						
General Fund.....	-	12,104,143	-	-	-	-
Reappropriation of FY 2012 Encumbrances And Other Supplemental Appropriations....	-	2,588,843	-	-	-	-
TOTAL	\$ 644,069,874	\$ 595,714,644	\$ 104,793,035	17.6%	\$ 102,813,038	2%

**COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION
GENERAL FUND
FOR THE PERIODS ENDING OCT 31, 2012 AND OCT 31, 2011**

FUNCTION	A	B	C	D=C/B	E	F=(C-E)/E
	FY2012 ACTUALS	FY2013 REVISED BUDGET	FY2013 EXPENDITURES THRU 10/31/12	% OF BUDGET EXPENDED	FY2012 EXPENDITURES THRU 10/31/11	EXPENDITURES % CHANGE
Legislative & Executive.....	\$ 5,260,582	\$ 6,641,605	\$ 2,005,667	30.2%	\$ 1,697,075	18%
Judicial Administration.....	\$ 38,078,180	\$ 41,615,761	\$ 13,969,259	33.6%	\$ 13,394,387	4%
Staff Agencies						
Information Technology Services.....	\$ 7,066,313	\$ 8,382,803	\$ 2,978,391	35.5%	\$ 2,711,497	10%
Management & Budget.....	1,011,271	1,053,192	261,992	24.9%	290,941	-10%
Finance.....	11,093,830	11,338,869	3,141,524	27.7%	2,961,673	6%
Real Estate Assessment.....	1,591,527	1,768,888	531,936	30.1%	480,109	11%
Human Resources.....	2,876,753	3,285,013	896,833	27.3%	896,467	0%
Planning & Zoning.....	5,575,500	5,646,076	1,923,800	34.1%	1,829,562	5%
Economic Development Activities.....	4,655,791	4,930,951	2,402,366	48.7%	2,335,885	3%
City Attorney.....	2,458,523	2,601,400	814,882	31.3%	731,275	11%
Registrar.....	1,164,912	1,336,170	560,408	41.9%	404,572	39%
General Services.....	12,300,194	12,382,567	3,505,260	28.3%	3,678,494	-5%
Total Staff Agencies	\$ 49,794,614	\$ 52,725,929	\$ 17,017,392	32.3%	\$ 16,320,475	4%
Operating Agencies						
Transportation & Environmental Services.....	28,624,160	28,773,579	11,017,105	38.3%	10,006,381	10%
Fire.....	36,999,841	38,777,246	13,449,764	34.7%	13,120,441	3%
Police.....	51,293,299	52,177,620	18,408,416	35.3%	17,460,373	5%
Emergency Communications.....	5,979,383	6,347,675	1,858,571	29.3%	1,768,711	0%
Code.....	766,443	963,808	263,954	27.4%	254,345	4%
Transit Subsidies.....	7,477,390	7,350,378	3,440,881	46.8%	3,871,999	-11%
Community and Human Services.....	14,706,544	13,711,741	5,175,131	37.7%	5,448,830	-5%
Health.....	7,833,184	8,356,965	3,614,192	43.2%	2,383,566	52%
Historic Resources.....	2,800,516	2,792,711	927,010	33.2%	921,794	1%
Recreation.....	19,087,330	20,657,771	7,223,062	35.0%	6,756,395	7%
Total Operating Agencies	\$ 175,568,090	\$ 179,909,494	\$ 65,378,086	36.3%	\$ 61,992,835	5%
Education						
Schools.....	174,956,420	179,486,405	41,164,047	22.9%	42,249,776	-3%
Other Educational Activities.....	12,288	11,721	5,860	50.0%	6,144	-5%
Total Education	\$ 174,968,708	\$ 179,498,126	\$ 41,169,907	22.9%	\$ 42,255,920	-3%
Capital, Debt Service and Miscellaneous						
Debt Service.....	43,473,292	48,514,314	16,150,984	33.3%	11,246,833	44%
Expenses on Refunding Bonds.....	73,150,310					
Non-Departmental.....	13,674,274	13,167,090	5,568,786	42.3%	5,262,243	6%
General Cash Capital.....	13,818,129	6,955,483	6,955,483	100.0%	4,915,986	41%
Contingent Reserves.....	-	-	-		-	-
Total Capital, Debt Service and Miscellaneous	\$ 144,116,005	\$ 68,636,887	\$ 28,675,253	41.8%	\$ 21,425,062	33.8%
TOTAL EXPENDITURES	\$ 587,786,179	\$ 529,027,802	\$ 168,215,564	31.8%	\$ 157,085,754	7.1%
Cash Match (Transportation/Community and Human Services, Library and Transfers To the Special Revenue Fund)						
To the Special Revenue Fund).....	37,813,128	43,967,990	-	0.0%	-	-
Transfer to Housing.....	2,185,179	2,167,845	530,540	24.5%	444,318	19%
Transfer to Library.....	6,145,662	6,878,164	2,290,429	33.3%	2,201,431	4%
Transfer to DASH.....	8,460,569	11,084,000	3,690,972	33.3%	2,675,732	38%
TOTAL EXPENDITURES & TRANSFERS	\$ 642,390,717	\$ 593,125,801	\$ 174,727,504	29.5%	\$ 162,407,235	7.6%
Total Expenditures by Category						
Salaries and Benefits.....	189,163,914	197,744,976	63,382,035	32.1%	61,897,101	2%
Non Personnel (includes all school funds).....	453,226,803	395,380,825	111,345,469	28.2%	100,510,134	11%
Total Expenditures	\$ 642,390,717	\$ 593,125,801	\$ 174,727,504	29.5%	\$ 162,407,235	7.6%