



Legislation Text

File #: 13-0938, Version: 1

City of Alexandria, Virginia

MEMORANDUM

DATE: JANUARY 2, 2013

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 November 30, 2012.

ISSUE: Receipt of the City's Monthly Financial Report for the period ending November 30, 2012.

RECOMMENDATION: That City Council receive the following Monthly Financial Report for the period ending November 30, 2012.

BACKGROUND: N/A

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 November 30, 2012. Detailed economic revenue and expenditure charts (Online References) are also available from the City of Alexandria website at alexandriava.gov/FinancialReports.

ECONOMIC HIGHLIGHTS:

- **The national market for existing home sales shows signs of strengthening.** Existing home sales increased 5.9 percent in November, the highest rate in three years, and the median sale price for existing homes increased by 10.1 percent over the previous year. The national inventory of existing home sales decreased 3.8 percent, to 4.8 months, the lowest inventory since 2005.
- **National new housing starts are improving but remain below what market watchers consider to be a healthy rate.** New housing starts improved by 3.6 percent in October over the previous month and were 87 percent above the recession low before declining in November as a likely result of Hurricane Sandy. Even with Sandy's impact, new starts were 21.6 percent higher than the previous year. The seasonally adjusted annual rate of new housing starts in November was 861,000 as compared to the

recession low of 478,000 in April 2009. Industry analysts consider 1.5 million new starts to be reflective of a healthy market.

- **National home values continue to improve, and reports of a return to bidding wars have emerged.** Home prices as measured by the S&P/Case-Shiller Home Price Indices increased for the sixth straight month in September by 4 percent over the previous year and 2 percent over the previous quarter. The Boston Globe, U.S. News and Washington Post have each reported increased competitive bidding over residential properties in markets such as Boston, Northern California, Phoenix and Washington, DC.
- **Despite these positive indicators, the real estate market's ability to affect overall economic recovery has been reduced.** Residential investment in construction, remodeling and associated services has shrunk from six percent of GDP in 2005 to 2.5 percent in the third quarter of 2013, diminishing real estate activity's impact on the overall economy. Over 20 percent of mortgages were underwater as of this past June, limiting the number of existing homeowners able to contribute to further economic growth.

REVENUE HIGHLIGHTS:

Year-to-Date Revenues: As of November 30, 2012, actual General Fund revenues totaled \$271.6 million, which is 3.0 percent higher than FY 2012 for the same period. Most of this increase is related to general property taxes (real estate and personal property).

- **Fines and forfeitures:** Collections in this category primarily reflect budgeted increases for red light cameras installed in FY 2012.
- **Other Local Taxes:** The increase is primarily due to the timing of the receipt of telecommunications taxes.
- **Federal Government:** The decrease primarily represents the timing of payments for the Federal Prisoner Per Diem.
- **Other Revenue:** The increase is primarily due to \$0.2 million in revenues from the sale of surplus property and insurance recoveries.

EXPENDITURE HIGHLIGHTS:

Year-to-Date Expenditures: As of November 30, 2012, actual General Fund expenditures totaled \$211.3 million, an increase of \$14.6 million, or 7.4 percent, above expenditures for the same period last year. Personnel expenditures remain consistent with the budget and are 4.0 percent higher than last year. Non-personnel spending increased 10 percent from the same period in FY 2012, primarily due to budgeted debt service. We are closely monitoring and controlling these expenditures to be at or below budget.

- **Information Technology Services:** The increase represents increases in payroll charges, fees for temporary services, and software payments.
- **Registrar:** The budgeted increase represents the costs for the presidential election. Costs for the additional primary may exceed the 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, this overage is expected to be absorbed within the full-time salaries budget. This is due to an approximately 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 those of the senior

firefighters who were the only ones eligible to work these hours in previous years. We are also monitoring the costs associated with work-related injuries and the costs associated with the Heart and Lung Act.

- **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 and refunding bonds.
- **Non Departmental:** The increase is due to \$0.7 million in budgeted funding for Other Post-Employment Benefits.
- **ACPS Transfer:** The transfer is based on a percentage of actual expenditures for the period. The City will provide approximately 75.8 percent of the Schools budget for FY 2013.

Hurricane Sandy: General Fund expenditures include \$0.5 million in pay and benefits for employees who were considered essential City staffing during the storm and clean-up efforts. Total costs are currently estimated to reach \$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.

ATTACHMENTS:

Online Reference 1-The Economy

Online Reference 2-Revenues

Online Reference 3-Expenditures

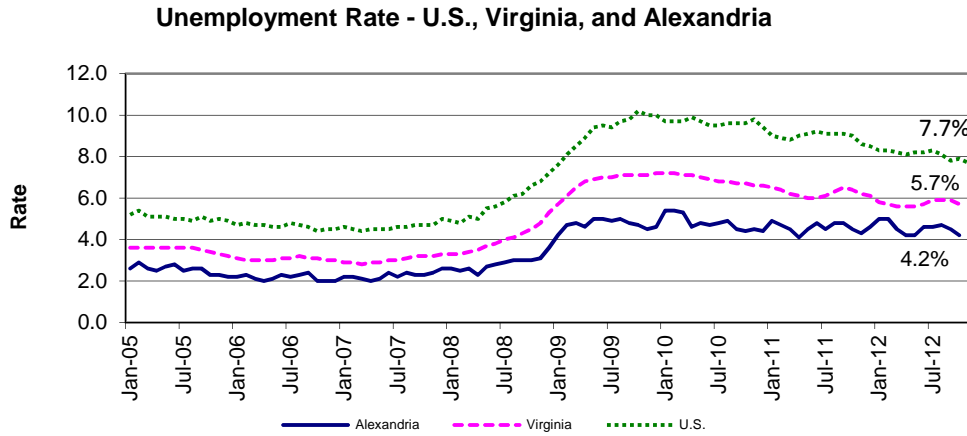
STAFF:

Laura Triggs, Chief Financial Officer

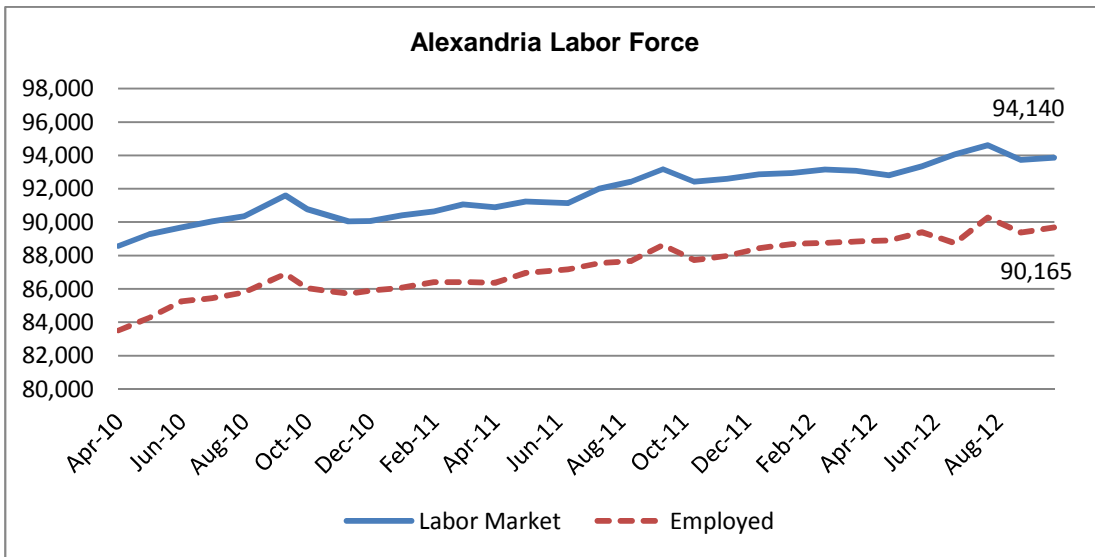
Morgan Routt, Office of Management & Budget

Berenice Harris, Finance Department

Melinda Barton, Finance Department

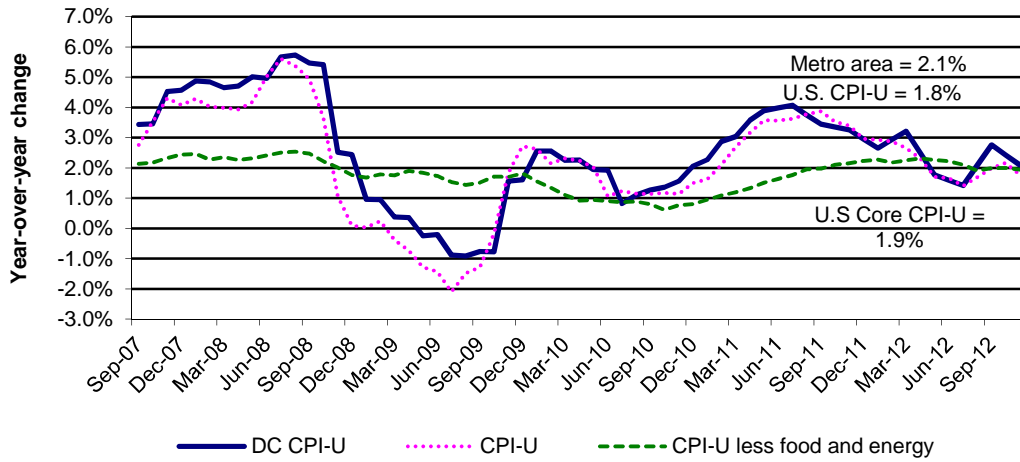


Source: U.S. Department of Labor, Bureau of Labor Statistics
 U.S. data through November, Virginia and Alexandria data through October
 *Alexandria unemployment is not seasonally-adjusted, while U.S. and Virginia are seasonally-



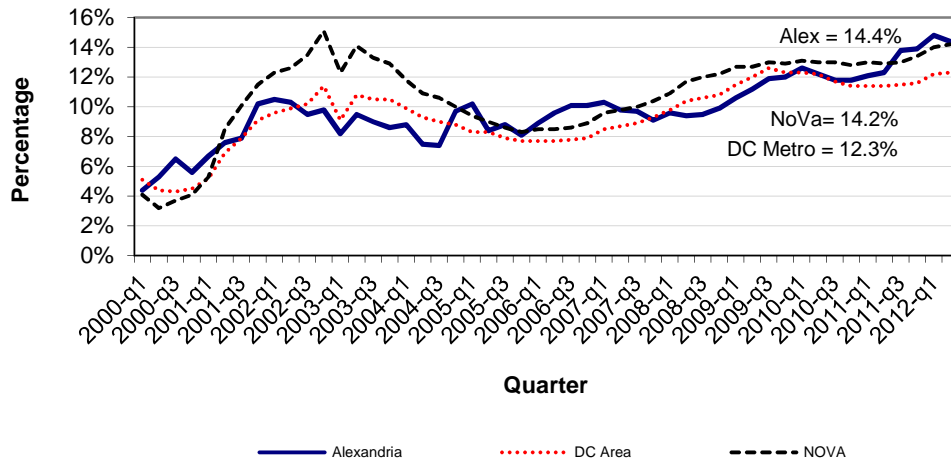
Source: Virginia Employment Commission
 Through October 2012
 *Not seasonally adjusted.

Annual Change in Consumer Price Index

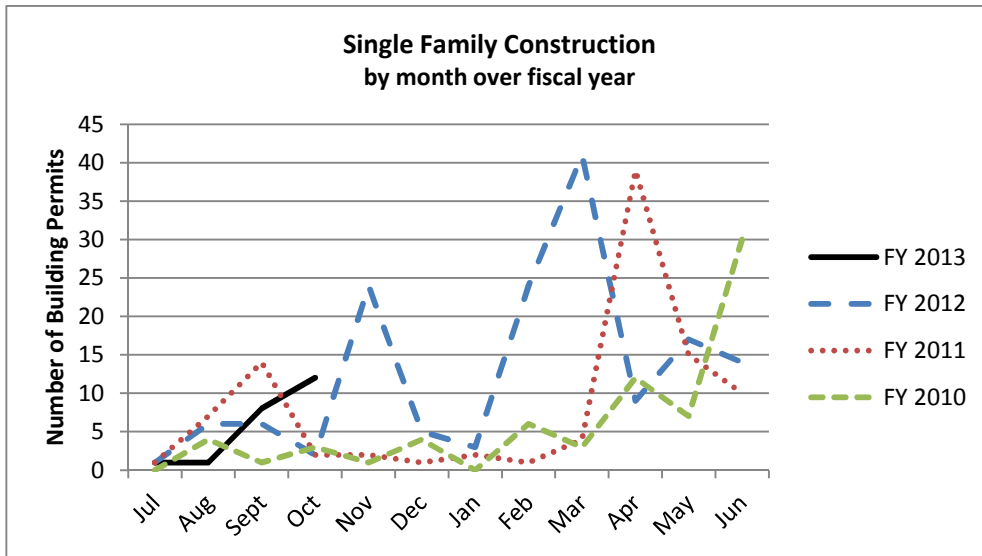


Source: U.S. Department of Labor, Bureau of Labor Statistics Through November 2012

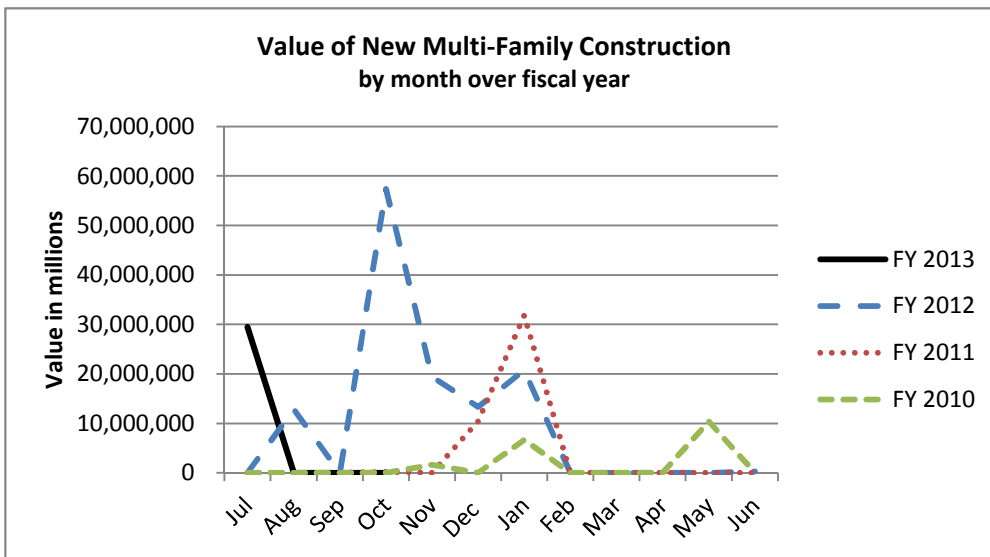
Office Vacancy Rates



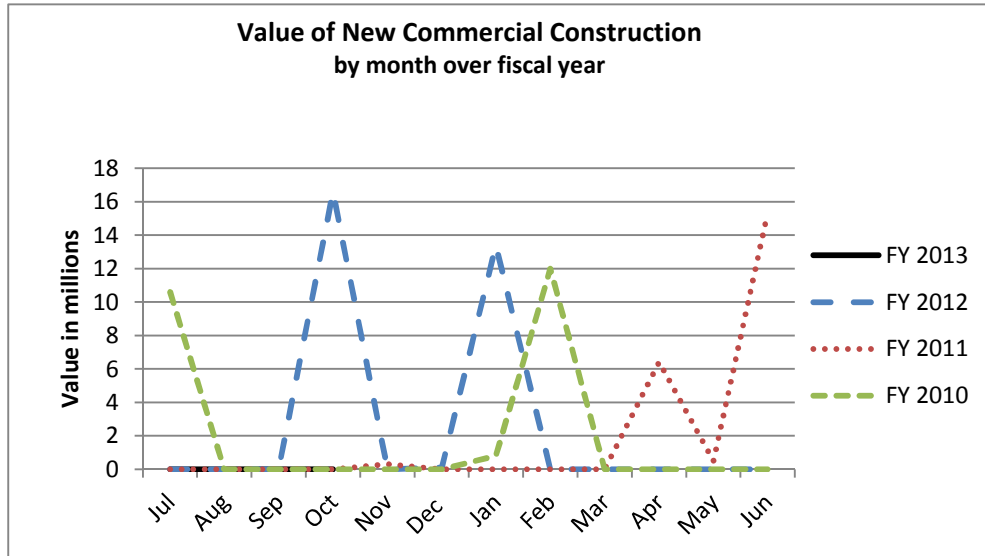
Source: CoStar Through 2nd quarter, 2012



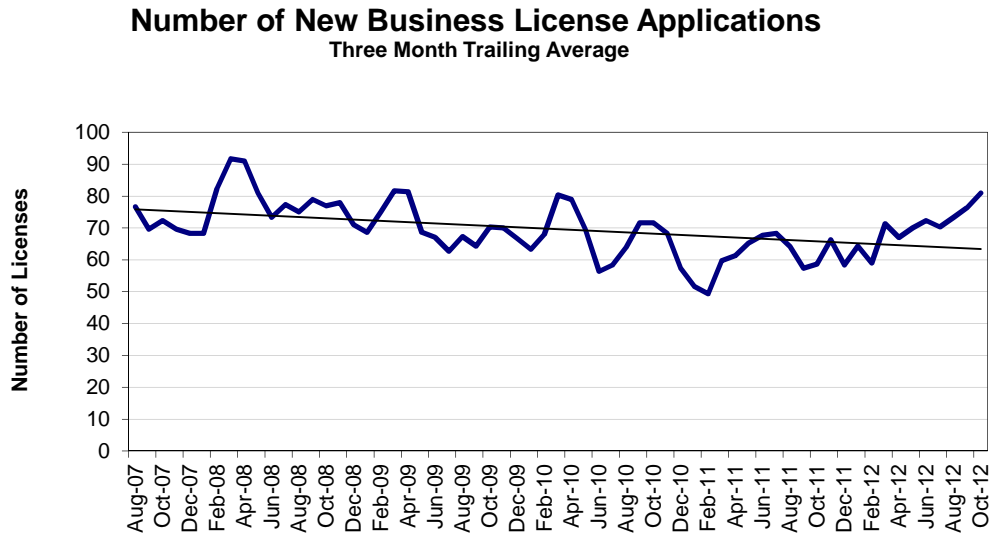
Source: Code Administration
Through October 2012



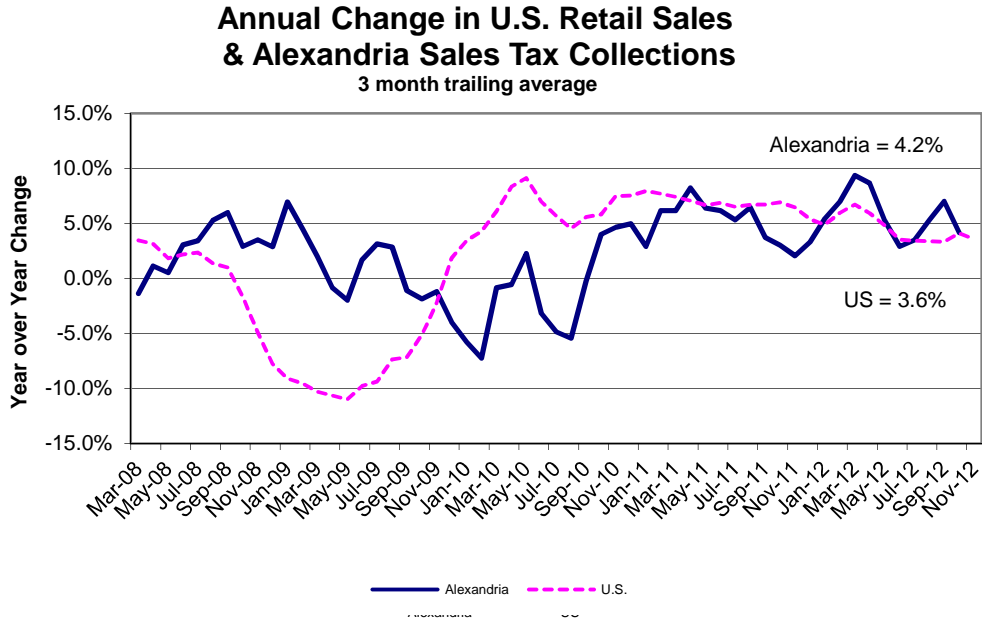
Source: Code Administration
Through October 2012



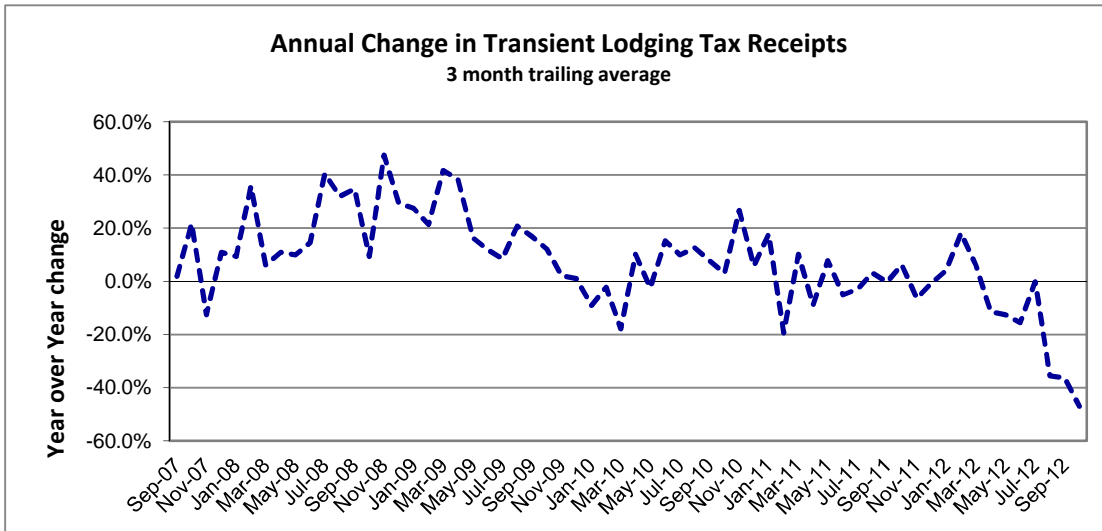
Source: Code Administration
Through October 2012



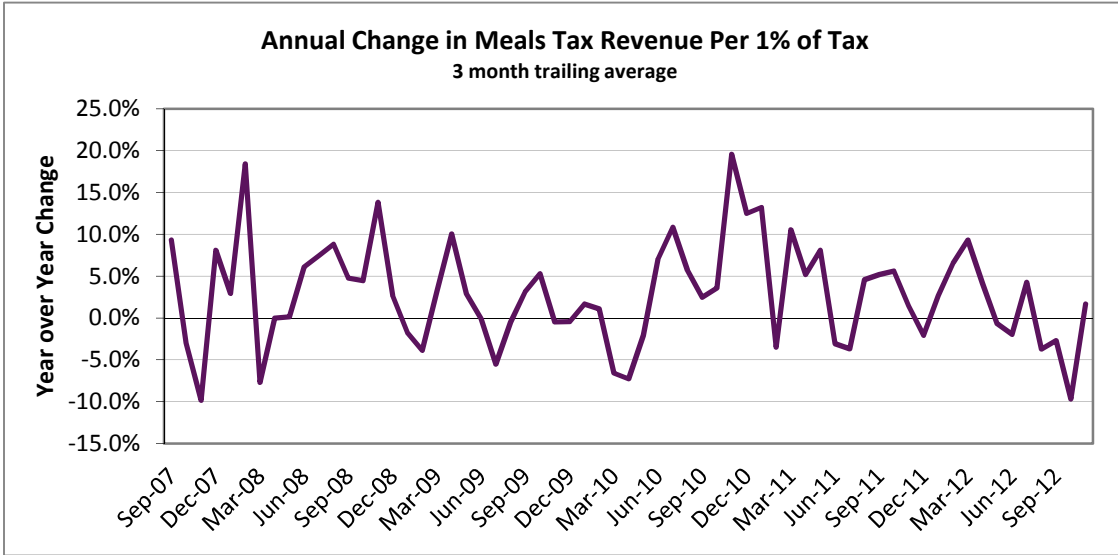
Source: Finance Department
Through October 2012



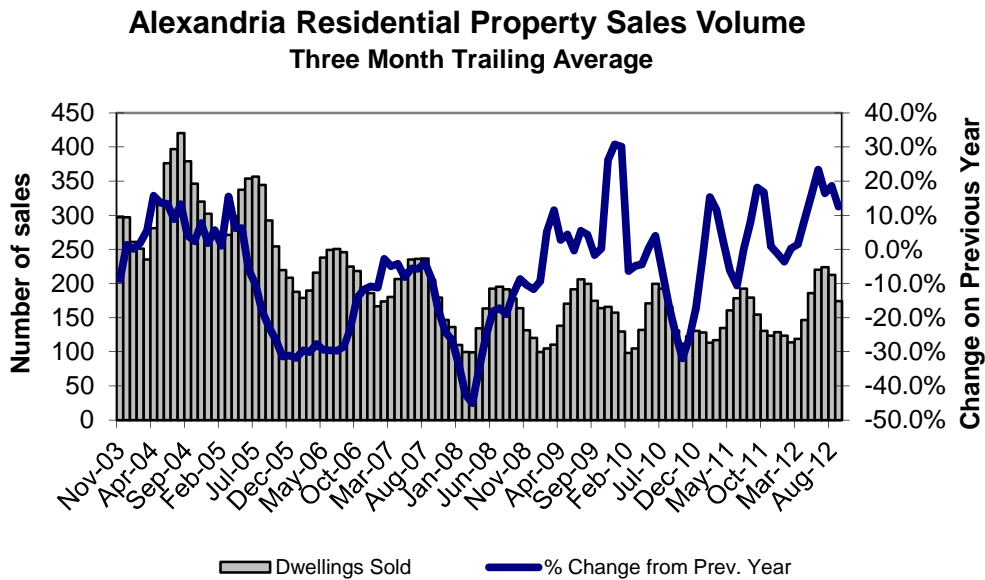
Source: Finance Department, U.S. Census Bureau
Alexandria data through October 2012; US through November 2012



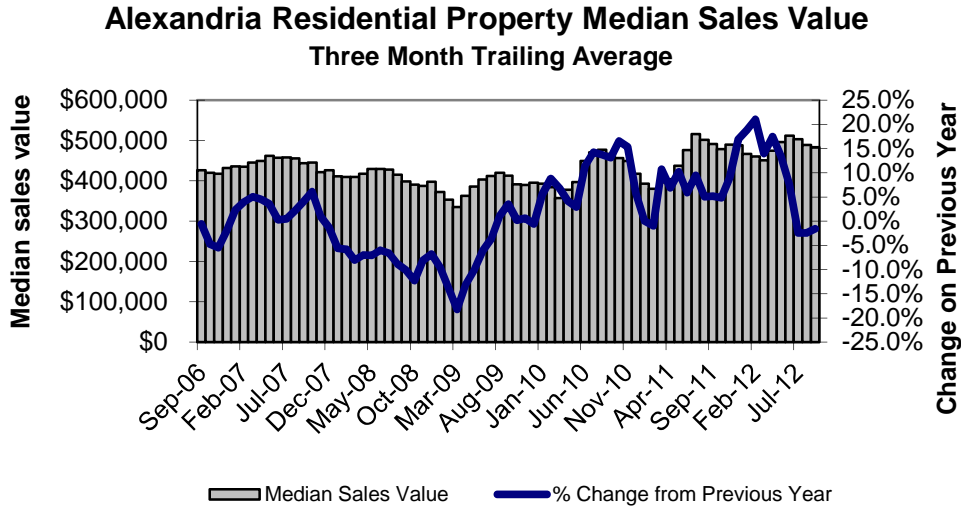
Source: Finance Department
Through October 2012



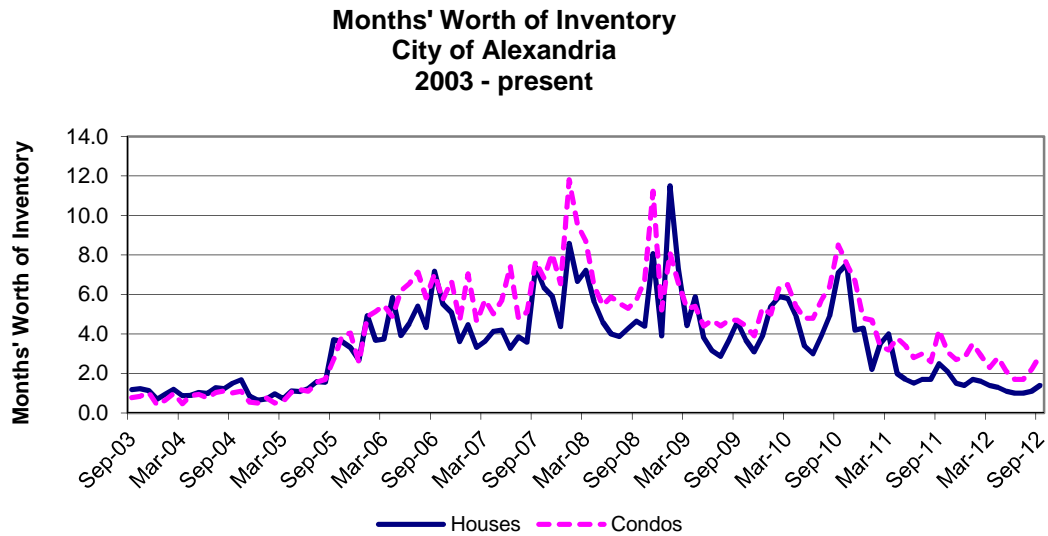
Source: Finance Department
Through November 2012



Source: Department of Real Estate Assessments
Through September 2012

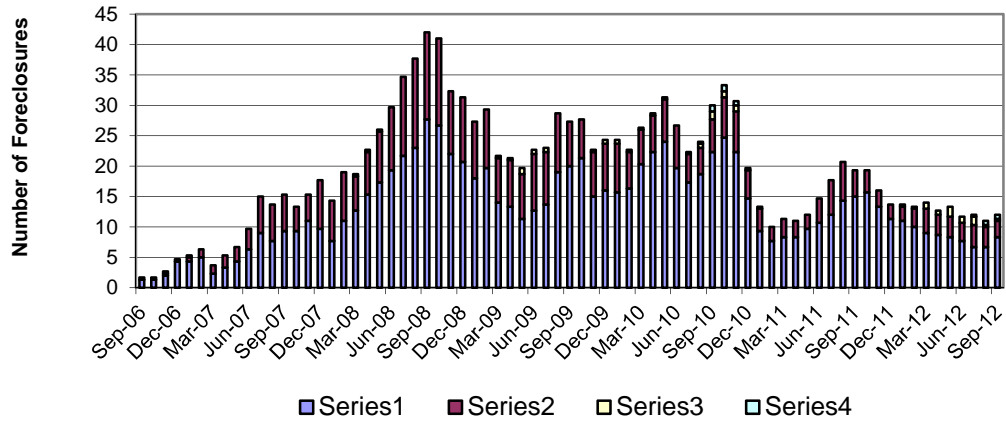


Sources: Metropolitan Regional Information Systems; Department of Real Estate Assessments Through September 2012



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

CITY OF ALEXANDRIA, VIRGINIA
COMPARATIVE STATEMENT OF REVENUES
GENERAL FUND
FOR THE PERIODS ENDING NOV 30, 2012 AND NOV 30, 2011

	A	B	C	D=C/B	E	F=(C-E)/E
	FY2012	FY2013	FY2013		FY2012	
	ACTUALS	REVISED BUDGET	REVENUES THRU 11/30/12	%	REVENUES THRU 11/30/11	%
				OF BUDGET		CHANGE
General Property Taxes						
Real Property Taxes.....	\$ 323,784,070	\$ 333,929,291	\$ 162,933,521	48.8%	\$ 157,932,092	3%
Personal Property Taxes.....	37,897,525	37,500,000	35,797,535	95.5%	33,911,493	6%
Penalties and Interest.....	2,092,976	2,375,000	556,845	23.4%	664,827	-16%
Total General Property Taxes	\$ 363,774,571	\$ 373,804,291	\$ 199,287,901	53.3%	\$ 192,508,412	4%
Other Local Taxes						
Local Sales and Use Taxes.....	\$ 24,949,593	\$ 24,900,000	\$ 6,419,827	25.8%	\$ 5,999,566	7%
Consumer Utility Taxes.....	10,322,623	11,100,000	3,627,227	32.7%	3,746,650	-3%
Communication Sales and Use Taxes.....	11,030,711	11,940,000	2,702,114	22.6%	2,624,337	3%
Business License Taxes.....	31,468,958	33,000,000	1,074,885	3.3%	1,017,912	6%
Transient Lodging Taxes.....	11,375,121	12,400,000	4,129,980	33.3%	3,975,122	4%
Restaurant Meals Tax.....	16,313,765	16,900,000	5,339,754	31.6%	5,204,982	3%
Tobacco Taxes.....	2,674,157	2,600,000	921,663	35.4%	926,337	-1%
Motor Vehicle License Tax.....	3,348,075	3,400,000	2,692,503	79.2%	2,737,046	-2%
Real Estate Recordation.....	5,152,593	4,900,000	1,718,856	35.1%	1,876,369	-8%
Admissions Tax.....	1,093,182	1,000,000	334,560	33.5%	355,873	-6%
Other Local Taxes.....	3,372,455	2,710,275	186,724	6.9%	87,562	113%
Total Other Local Taxes	\$ 121,101,233	\$ 124,850,275	\$ 29,148,093	23.3%	\$ 28,551,756	2%
Intergovernmental Revenues						
Revenue from the Fed. Government.....	\$ 10,780,154	\$ 9,657,640	\$ 1,353,620	14.0%	\$ 2,724,213	-50%
Personal Property Tax Relief from the Commonwealth.....	23,578,531	\$ 23,578,531	22,399,604	95.0%	22,399,604	0%
Revenue from the Commonwealth.....	21,125,448	\$ 20,360,485	6,759,308	33.2%	5,898,941	15%
Total Intergovernmental Revenues	\$ 55,484,133	\$ 53,596,656	\$ 30,512,532	56.9%	\$ 31,022,758	-36%
Other Governmental Revenues And Transfers In						
Fines and Forfeitures.....	\$ 4,869,295	\$ 4,664,000	\$ 2,008,844	43.1%	\$ 1,803,078	11%
Licenses and Permits.....	2,373,449	\$ 2,157,975	\$ 1,090,601	50.5%	\$ 1,090,089	0%
Charges for City Services.....	16,474,114	\$ 15,891,959	\$ 7,315,769	46.0%	\$ 6,894,827	6%
Revenue from Use of Money & Prop.....	3,947,855	\$ 3,420,000	1,531,898	44.8%	\$ 1,577,673	-3%
Other Revenue.....	1,195,494	\$ 782,000	\$ 698,436	89.3%	\$ 343,462	103%
Transfer from Other Funds.....	1,394,903	\$ 1,854,502		0.0%	\$ -	0%
Total Other Governmental Revenues	\$ 30,255,110	\$ 28,770,436	\$ 12,645,548	44.0%	\$ 11,709,129	8%
TOTAL REVENUE	\$ 570,615,047	\$ 581,021,658	\$ 271,594,074	46.7%	\$ 263,792,055	3%
Appropriated Fund Balance						-
General Fund.....	-	9,515,300	-	-	-	-
Appropriated refunding bond proceeds	73,454,827	-	-	-	-	-
Reappropriation of FY 2012						-
Encumbrances And Other		2,588,843	-	-	-	-
Supplemental Appropriations....	-	-	-	-	-	-
TOTAL	\$ 644,069,874	\$ 593,125,801	\$ 271,594,074	45.8%	\$ 263,792,055	3%

SELECTED ECONOMIC INDICATORS

Consumer Price Index (CPI-U) for the Washington-Baltimore, DC-MD-VA-WV Area (as of Nov 2012)	Change on Previous Year
For the United States (as of Nov 2012)	2.1%
Core CPI-U (excludes food and energy) (as of Nov 2012)	1.8%
(Source: U.S. Department of Labor, Bureau of Labor Statistics)	1.9%

Unemployment Rates	Current Month	Prior Month	Prior Year
Alexandria (as of Oct 2012)	4.2%	4.5%	4.5%
Virginia (as of Oct 2012)	5.7%	5.9%	6.4%
United States (as of Nov 2012)	7.7%	7.9%	8.6%
(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) (Source: Finance Department)	81	59	37.3%

New Commercial Construction (excluding Apartment Buildings) and Building Renovations (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)			

New Multi-family Construction (including Apartment & Condominium Buildings) (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%

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

Foreclosures			
3 month trailing average (As of August 2012) Source: Dept of Real Estate Assessments	12	19	-36.8%

COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION
GENERAL FUND
FOR THE PERIODS ENDING NOV 30, 2012 AND NOV 30, 2011

FUNCTION	A	B	C	D=C/B	E	F=(C-E)/E
	FY2012 ACTUALS	FY2013 REVISED BUDGET	FY2013 EXPENDITURES THRU 11/30/12	% OF BUDGET EXPENDED	FY2012 EXPENDITURES THRU 11/30/11	% CHANGE
Legislative & Executive.....	\$ 5,260,582	\$ 6,641,605	\$ 2,482,979	37.4%	\$ 2,105,124	18%
Judicial Administration.....	\$ 38,078,180	\$ 41,615,761	\$ 16,843,072	40.5%	\$ 16,066,650	5%
Staff Agencies						
Information Technology Services.....	\$ 7,066,313	\$ 8,382,803	\$ 3,519,687	42.0%	\$ 3,059,202	15%
Management & Budget.....	1,011,271	1,053,192	331,964	31.5%	360,843	-8%
Finance.....	11,093,830	11,338,869	3,865,812	34.1%	3,776,640	2%
Real Estate Assessment.....	1,591,527	1,768,888	623,248	35.2%	636,993	-2%
Human Resources.....	2,876,753	3,285,013	1,159,880	35.3%	1,102,690	5%
Planning & Zoning.....	5,575,500	5,646,076	2,372,422	42.0%	2,280,282	4%
Economic Development Activities.....	4,655,791	4,930,951	2,416,034	49.0%	2,336,355	3%
City Attorney.....	2,458,523	2,601,400	1,010,188	38.8%	925,269	9%
Registrar.....	1,164,912	1,336,170	790,526	59.2%	520,308	52%
General Services.....	12,300,194	12,382,567	4,466,545	36.1%	4,905,431	-9%
Total Staff Agencies	\$ 49,794,614	\$ 52,725,929	\$ 20,556,306	39.0%	\$ 19,904,013	3%
Operating Agencies						
Transportation & Environmental Services.....	28,624,160	28,773,579	12,521,384	43.5%	12,467,852	0%
Fire.....	36,999,841	38,777,246	16,910,455	43.6%	15,984,675	6%
Police.....	51,293,299	52,177,620	22,391,915	42.9%	21,306,667	5%
Emergency Communications.....	5,979,383	6,347,675	2,485,124	39.2%	2,228,074	0%
Code.....	766,443	963,808	324,148	33.6%	312,193	4%
Transit Subsidies.....	7,477,390	7,350,378	3,539,440	48.2%	3,965,761	-11%
Community and Human Services.....	14,706,544	13,711,741	6,224,634	45.4%	6,582,306	-5%
Health.....	7,833,184	8,356,965	3,753,647	44.9%	2,535,040	48%
Historic Resources.....	2,800,516	2,792,711	1,149,832	41.2%	1,140,659	1%
Recreation.....	19,087,330	20,657,771	8,708,213	42.2%	8,028,647	8%
Total Operating Agencies	\$ 175,568,090	\$ 179,909,494	\$ 78,008,792	43.4%	\$ 74,551,874	5%
Education						
Schools.....	174,956,420	179,486,405	55,608,966	31.0%	55,563,120	0%
Other Educational Activities.....	12,288	11,721	5,860	50.0%	6,144	-5%
Total Education	\$ 174,968,708	\$ 179,498,126	\$ 55,614,826	31.0%	\$ 55,569,264	0%
Capital, Debt Service and Miscellaneous						
Debt Service.....	43,473,292	48,514,314	16,150,983	33.3%	11,246,833	44%
Expenses on Refunding Bonds.....	73,150,310					
Non-Departmental.....	13,674,274	13,167,090	6,515,850	49.5%	5,665,927	15%
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	\$ 29,622,316	43.2%	\$ 21,828,746	35.7%
TOTAL EXPENDITURES	\$ 587,786,179	\$ 529,027,802	\$ 203,128,291	38.4%	\$ 190,025,671	6.9%
Cash Match (Transportation, Department of Community and Human Services, and Library and Transfers to the Special Revenue Fund)...						
	37,813,128	43,967,990	-	0.0%	-	-
Transfer to Housing.....	2,185,179	2,167,845	653,092	30.1%	513,405	27%
Transfer to Library.....	6,145,662	6,878,164	2,866,131	41.7%	2,768,952	4%
Transfer to DASH.....	8,460,569	11,084,000	4,618,703	41.7%	3,345,267	38%
TOTAL EXPENDITURES & TRANSFERS	\$ 642,390,717	\$ 593,125,801	\$ 211,266,217	35.6%	\$ 196,653,295	7.4%
Total Expenditures by Category						
Salaries and Benefits.....	189,163,914	197,744,976	79,254,663	40.1%	76,501,160	4%
Non Personnel (includes all school funds)	453,226,803	395,380,825	132,011,554	33.4%	120,152,134	10%
TOTAL EXPENDITURES	\$ 642,390,717	\$ 593,125,801	\$ 211,266,217	35.6%	\$ 196,653,294	7.4%