

# City of Alexandria, Virginia

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## MEMORANDUM

**DATE:** JUNE 27, 2013  
**TO:** THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL  
**FROM:** RASHAD M. YOUNG, CITY MANAGER *W/ FOR*  
**SUBJECT:** MONTHLY FINANCIAL REPORT FOR THE PERIOD ENDING  
MAY 31, 2013

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**ISSUE:** Receipt, on an informational basis, of the City's Monthly Financial Report for the period ending May 31, 2013. Since City Council's next meeting is in September, this report is informational in nature and will not be docketed for Council Action.

**RECOMMENDATION:** That City Council receive the following Monthly Financial Report for the period ending May 31, 2013.

**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 May 31, 2013. Detailed economic, revenue, and expenditure charts (Attachments 1-4) are also available from the City of Alexandria website at [alexandriava.gov/FinancialReports](http://alexandriava.gov/FinancialReports).

**ECONOMIC HIGHLIGHTS:**

- **Recent data show signs of improvement in the commercial real estate market.** The number of new commercial construction permits was 433.3 percent higher fiscal year to date in May 2013 than in May 2012, while their value was 68.8 percent higher for the same period. This represents the first year-over-year increase in permit values this fiscal year. The number of multi-family construction permits was 60.7 percent higher fiscal year to date in May 2013 than in May 2012, while their value was 32.3 percent higher for the same period. This represents the first year-over-year increase since September 2012. This data should positively impact the City's calendar year 2014 real estate assessments and for related real estate tax revenues; however, staff recommends cautious optimism as the second quarter 2013 office vacancy data to be released in July could diminish the positive impact of these changes.

- **Recent data also show continued strength in the residential real estate market.** The number of new residential construction permits was 5.1 percent higher for the fiscal year in May, while the value of those permits was 66.1 percent higher. In addition, calendar year to date, residential sales were up 18.3 percent calendar year to date in April compared to April 2012, while the median sales price was up 4.8 percent for the same period. Foreclosures were down 33.3 percent calendar year to date in May. Finally, the inventory for houses decreased to 0.7 months in May, compared to 0.8 months in April 2013 and 1.1 months in May 2012, while the inventory for condominiums decreased to 1.8 months in May, compared to 2.2 months in April 2013 and 2.1 months in May 2012.
- **Based on recently released data from the Bureau of Economic Analysis, Virginia's 2012 real gross domestic product (GDP) growth, which matched its 2011 real GDP growth, was in the bottom 10 amongst the states.** It was also lower than all surrounding states but the District of Columbia and well below the national average. The table below shows annual real GDP growth and overall real GDP growth for Virginia, the surrounding states, and the United States for calendar years 2009 through 2012, along with the states' ranks. While Virginia fared well in some years and categories compared to the surrounding states and the nation, its overall economic performance over the last four years was significantly below average. This slow growth in Virginia creates room for concern; however, it's important to note that the economies of Northern Virginia and the City of Alexandria typically outperform the state economy.

	2009	2010	2011	2012	Total 2009 to 2012	2012 Rank
Virginia	-0.7%	3.8%	1.1%	1.1%	6.1%	42
DC	-0.7%	3.2%	1.6%	0.7%	5.7%	44*
Maryland	-1.1%	3.3%	1.6%	2.4%	7.5%	15
W. Virginia	0.6%	3.3%	1.9%	3.3%	8.7%	10
N. Carolina	-1.5%	2.3%	0.5%	2.7%	5.6%	11
Kentucky	-3.9%	5.0%	2.0%	1.4%	8.6%	33
Tennessee	-3.9%	2.5%	2.4%	3.3%	8.4%	9
Regional Average	-1.6%	3.3%	1.6%	2.1%	7.2%	N/A
U.S.	-3.3%	2.4%	1.6%	2.5%	6.7%	N/A

\*DC was not ranked by the BEA. It would have been 44<sup>th</sup> if included in the BEA rankings.

### **REVENUE HIGHLIGHTS:**

**Year-to-Date Revenues:** As of May 31, 2013, 11 months into the fiscal year, actual General Fund revenues totaled \$443.5 million, which is 5.7 percent higher than FY 2012 for the same period. Most of this increase is related to the budgeted real estate and personal property taxes (discussed below), which have increased 8.8 percent and 6.3 percent, respectively, over the last

year.

- **Real Estate Taxes:** The increase in collections reflects the impact of the increased tax rate approved by City Council as part of the FY 2014 Approved Budget. This revenue has already been reflected as a source of funds in the FY 2014- FY 2013 Capital Improvement Program.
- **Personal Property Taxes/Motor Vehicle License:** The FY 2013 vehicle assessments included 4,000 more cars than the FY 2012 billing. The resulting increase in revenue of approximately \$2.5 million has already been included in the FY 2014 Approved Budget. Based on current collections, staff projects FY 2013 revenues to be at least \$40 million.
- **Recordation Tax:** The increase in this tax is primarily the result of the sale and refinancing of a few large commercial properties. Based on current collections, primarily for residential refinancings, staff projects collections will be approximately \$5.4 million.
- **Tobacco taxes:** The decrease in revenue represents the timing of the receipt of revenues from the Northern Virginia Cigarette Tax Board.
- **Other Local Taxes:** The decrease in revenue is primarily due to the timing of the receipt of bank franchise license fees.
- **Revenue from Federal Government:** The decrease in federal revenue primarily represents the timing of payments for the Federal Prisoner Per Diem.
- **Other Revenue:** The increase in other revenue resulted from the sale of surplus property.

#### **EXPENDITURE HIGHLIGHTS:**

**Year-to-Date Expenditures:** As of May 31, 2013, actual General Fund expenditures totaled \$486.8 million, an increase of \$46.3 million, or 10.5 percent, above expenditures for the same period last year. The revised budget reflects amounts that were appropriated in the supplemental appropriation ordinances approved in November and April, including the bond refunding in April. Personnel expenditures remain consistent with the budget at 4.3 percent higher than last year. Non-personnel spending increased 14.5 percent from the same period in FY 2012, primarily due to budgeted debt service and the payment to the refunding bond escrow agent for refunded bonds. We are closely monitoring and controlling these expenditures to be at or below budget.

- **Information Technology:** The increase is mainly due to the timing of maintenance billings for the City's information technology systems.
- **Planning and Zoning:** Increased costs are for temporary personnel staffing to handle increased workloads for planning activities. To the extent additional fees are available to

support the additional activities, staff will recommend an appropriation of those fees as part of the supplemental appropriation. Department staff will monitor non-personnel spending in order to remain at or below budget.

- **Registrar:** Increased costs are primarily due to budgeted costs for the presidential election. Costs for the additional primary and voting machines 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, the Fire Departments' full-time salaries budget is projected to absorb this overage. As newer employees are hired for the new station to replace retiring firefighters, 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.
- **Debt Service:** The increase in debt service reflects planned expenditures for the FY 2012 General Obligation and refunding bonds.

The City's Contingent Reserves currently includes \$326,856 in unallocated funding for:

Fire Safety Improvements	\$222,696
Urban Forestry	\$80,000
Community Engagement	\$20,000
Sister Cities Initiatives	\$4,160
<b>Total</b>	<b>\$326,856</b>

**ONLINE REFERENCES:**

- Attachment 1-Selected Economic Indicators
- Attachment 2-Economic Indicator Charts
- Attachment 3-Comparative Statement of Revenues
- Attachment 4-Comparative Statement of Expenditures

**STAFF:**

- Laura Triggs, Chief Financial Officer
- Morgan Routt, Acting Director, Office of Management & Budget
- Berenice Harris, Finance Department
- Melinda Barton, Finance Department

SELECTED ECONOMIC INDICATORS

Attachment 1

<u>Consumer Price Index (CPI-U)</u> for the Washington-Baltimore, DC-MD-VA-WV Area (as of May 2013)	Change on Previous Year
For the United States (as of May 2013)	1.2%
Core CPI-U (excludes food and energy) (as of May 2013)	1.4%
(Source: U.S. Department of Labor, Bureau of Labor Statistics)	1.7%

<u>Unemployment Rates</u>	Current Month	Prior Month	Prior Year
Alexandria (as of Apr 2013)	4.1%	4.1%	4.2%
Virginia (as of May 2013)	5.3%	5.2%	5.9%
United States (as of May 2013)	7.6%	7.5%	8.2%
(Source: U.S. Department of Labor, Bureau of Labor Statistics)			

<u>Office Vacancy Rates</u>	Current Quarter	Prior Quarter	Prior Year
Alexandria	16.2%	15.8%	15.6%
Northern Virginia	15.0%	14.9%	14.0%
Washington, DC Metro area (As of 1st quarter 2013)	12.9%	12.7%	12.1%
(Source: CoStar)			

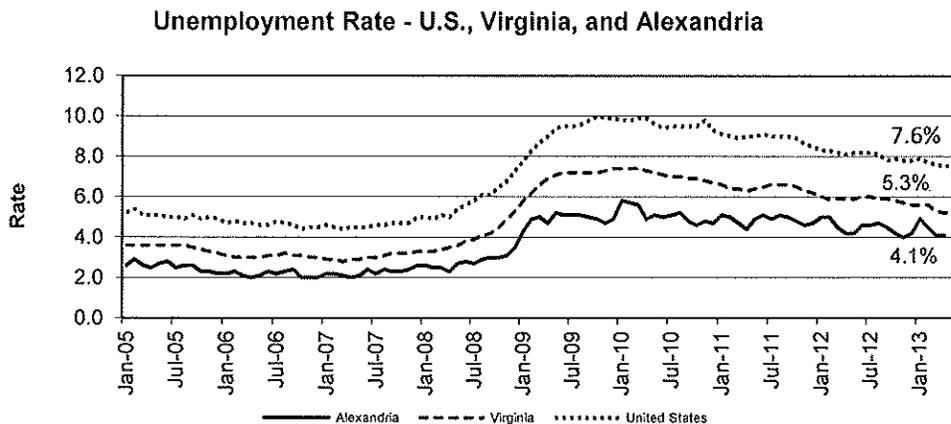
<u>New Business Licenses</u>	Current Year	Prior Year	Change on Previous Year
3 month trailing average (As of May 2013)	84	70	20.0%
(Source: Finance Department)			

<u>New Commercial Construction (excluding Apartment Buildings) and Building Renovations</u> (Fiscal YTD as of May 2013)			
Number of new building permits	16	3	433.3%
Value of new building permits (\$ millions)	\$50.8	\$30.1	68.8%
(Source: Office of Code Administration)			

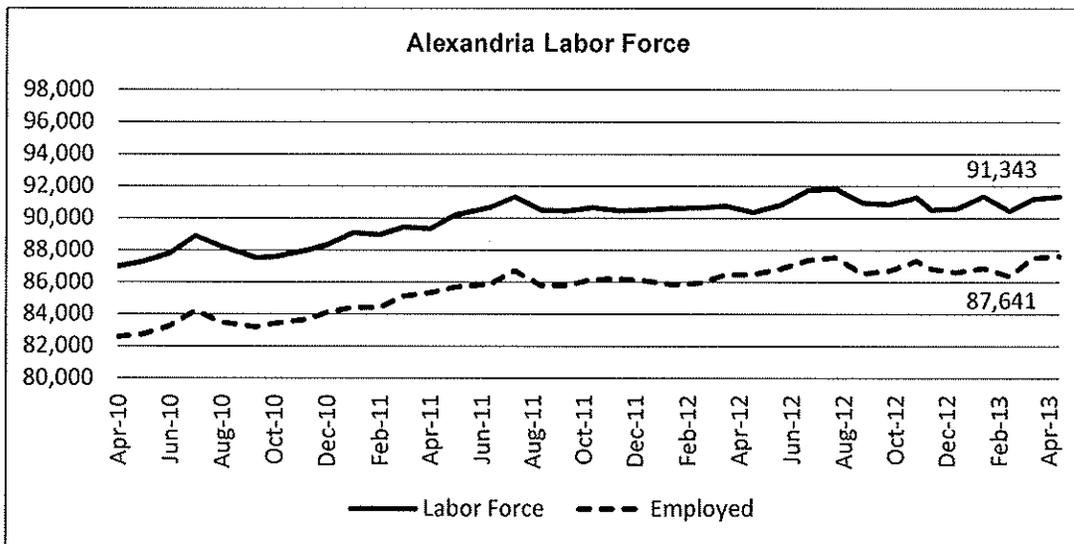
<u>New Multi-family Construction (including Apartment &amp; Condominium Buildings)</u> (Fiscal YTD as of May 2013)			
Number of new building permits	98	61	60.7%
Value of new building permits (\$ millions)	\$163.6	\$123.7	32.3%

<u>Residential Real Estate Indicators</u>			
Residential Dwelling Units Sold (Calendar YTD ending Apr 2013)	634	536	18.3%
Median Residential Sales Price (As of Apr 2013)	\$484,000	\$496,250	-2.5%
(Source: Department of Real Estate Assessments)			

<u>Foreclosures</u>			
3 month trailing average (As of Apr 2013)	10	13	-23.1%
Source: Dept of Real Estate Assessments			

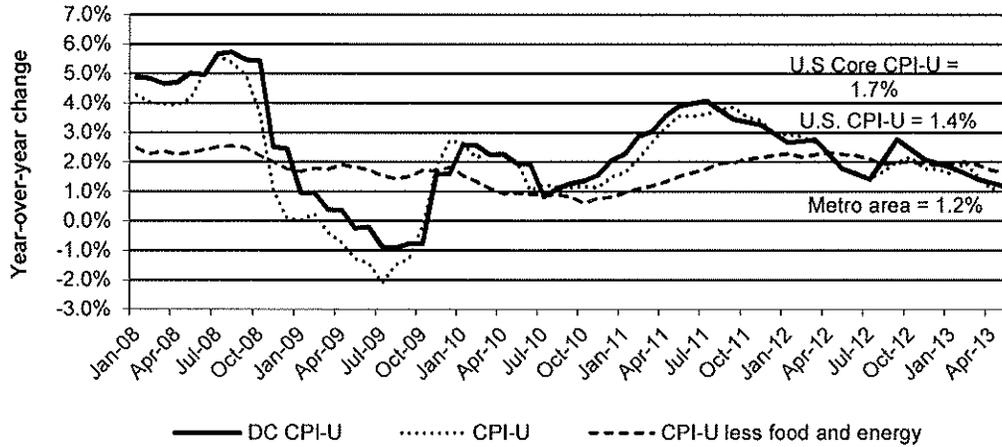


Source: U.S. Department of Labor, Bureau of Labor Statistics  
 U.S. and Virginia data through May; Alexandria data through April  
 \*Alexandria unemployment is not seasonally-adjusted, while U.S. and Virginia are seasonally-



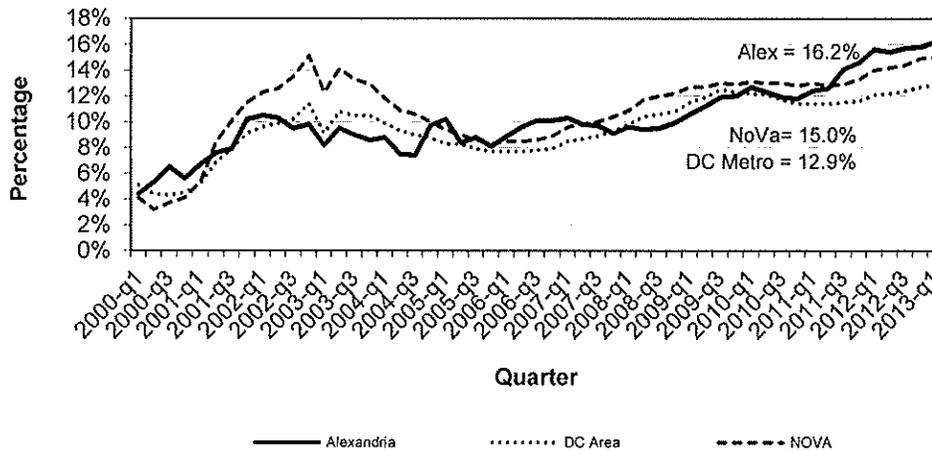
Source: Virginia Employment Commission  
 Through April 2013

Annual Change in Consumer Price Index

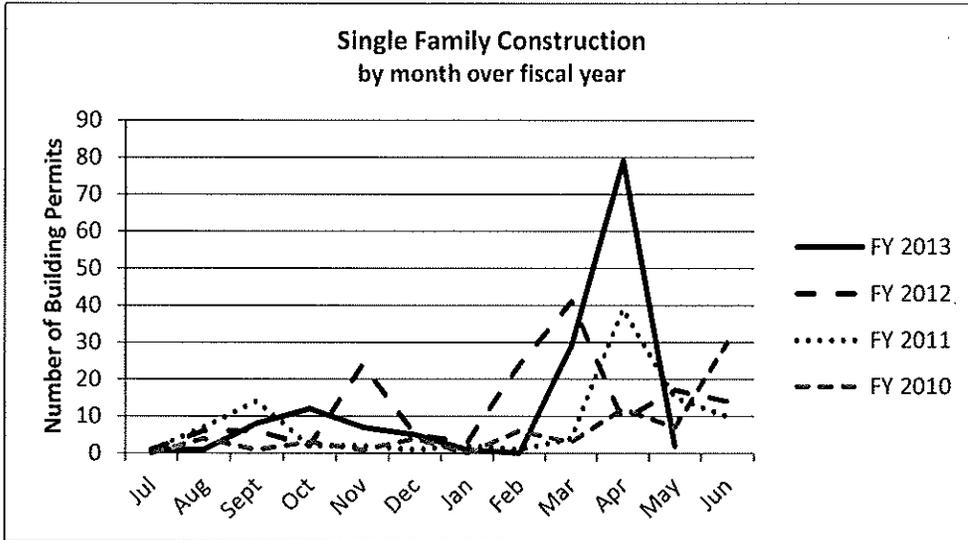


Source: U.S. Department of Labor, Bureau of Labor Statistics  
Through May 2013

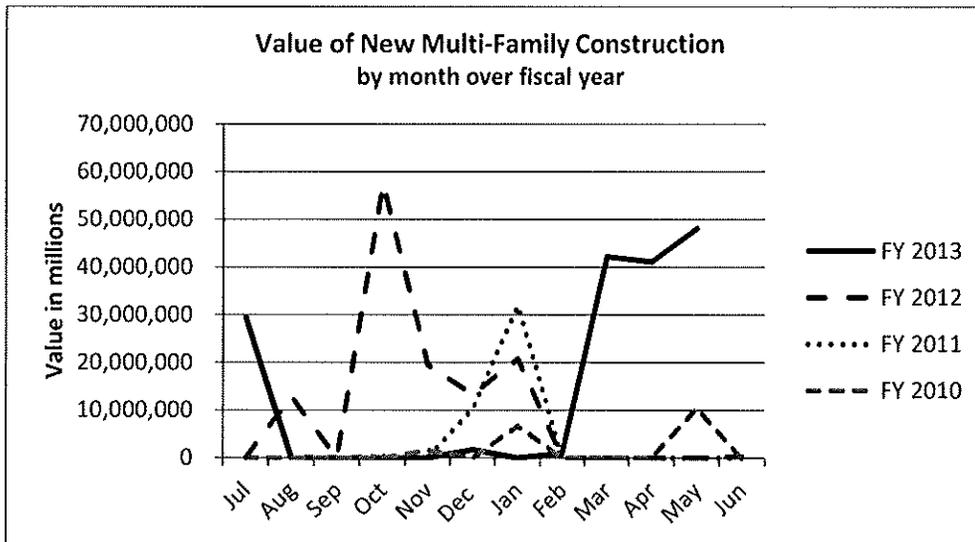
Office Vacancy Rates



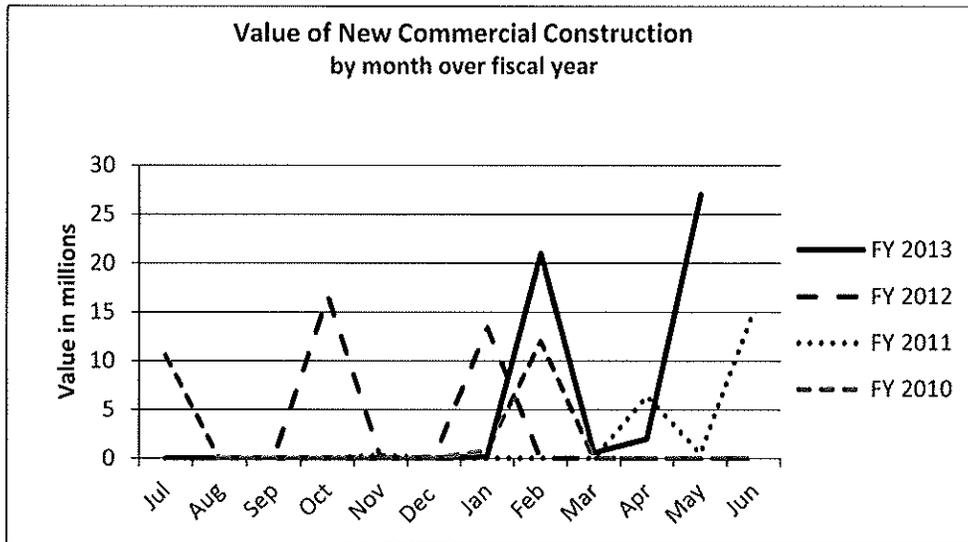
Source: CoStar  
Through 1st quarter 2013



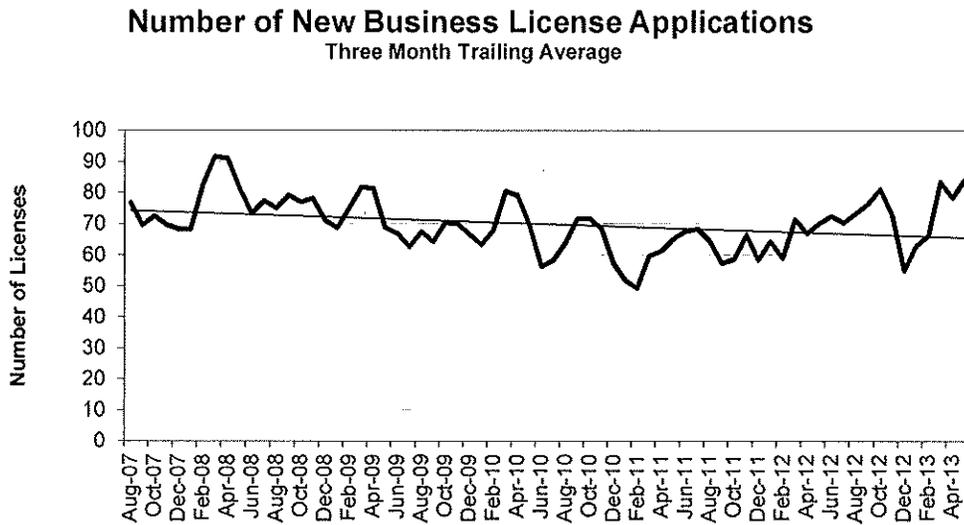
Source: Code Administration  
Through May 2013



Source: Code Administration  
Through May 2013



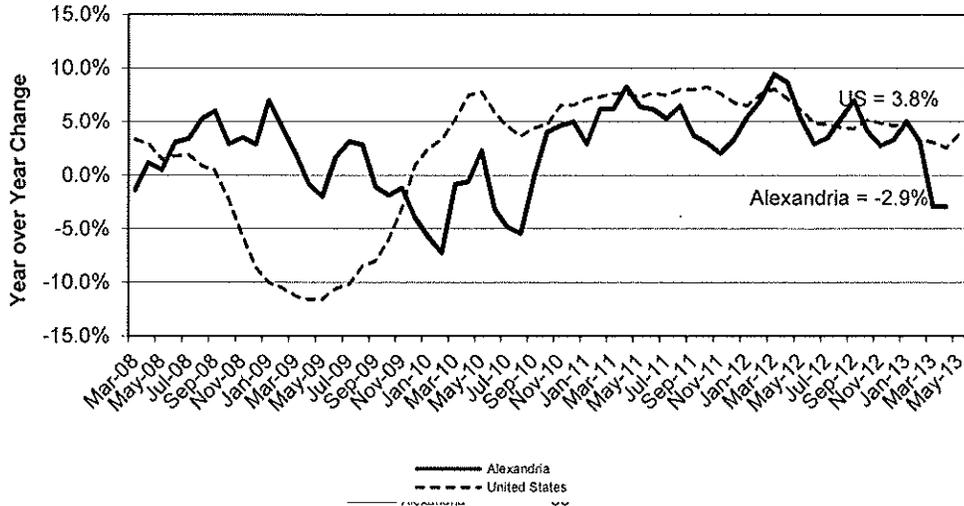
Source: Code Administration  
Through May 2013



Source: Finance Department  
Through May 2013

**Annual Change in U.S. Retail Sales  
& Alexandria Sales Tax Collections**

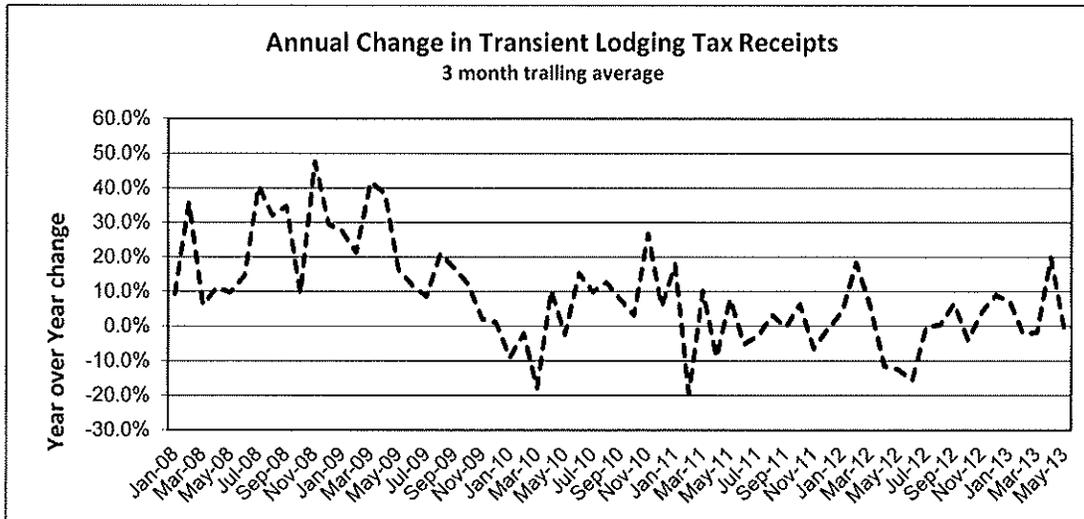
3 month trailing average



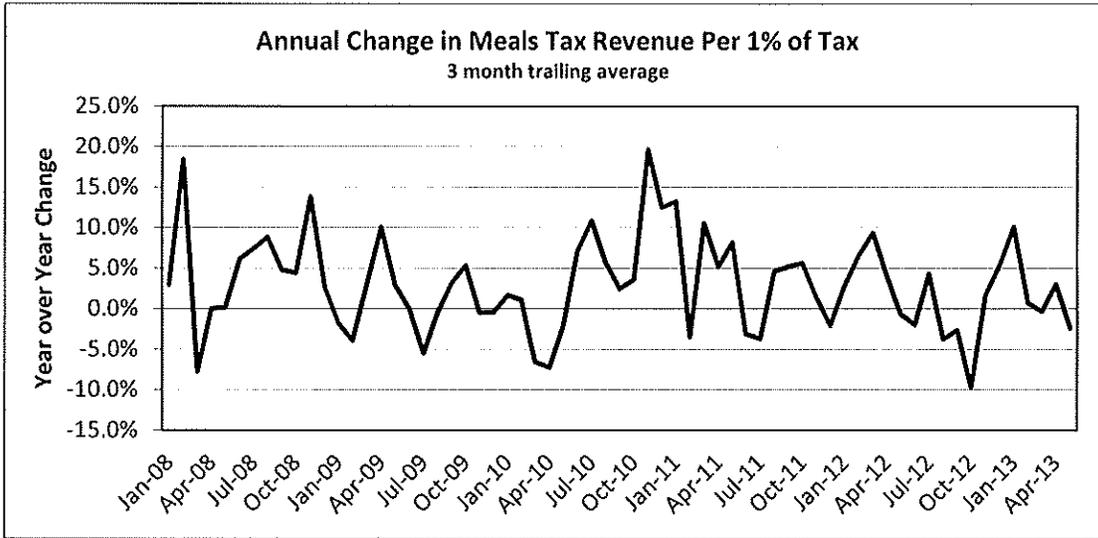
Source: Finance Department, U.S. Census Bureau  
Alexandria data through April 2013; US through May 2013

**Annual Change in Transient Lodging Tax Receipts**

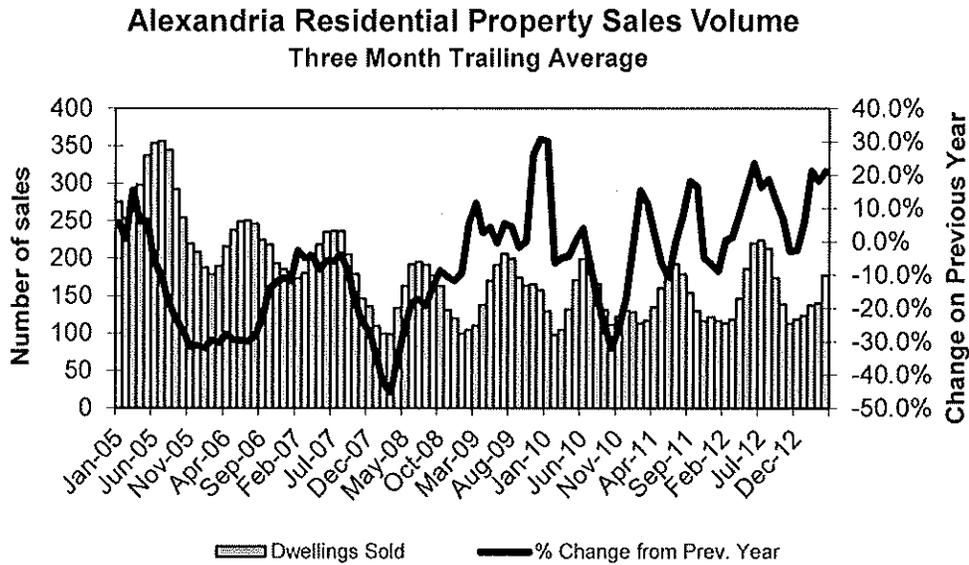
3 month trailing average



Source: Finance Department  
Through May 2013

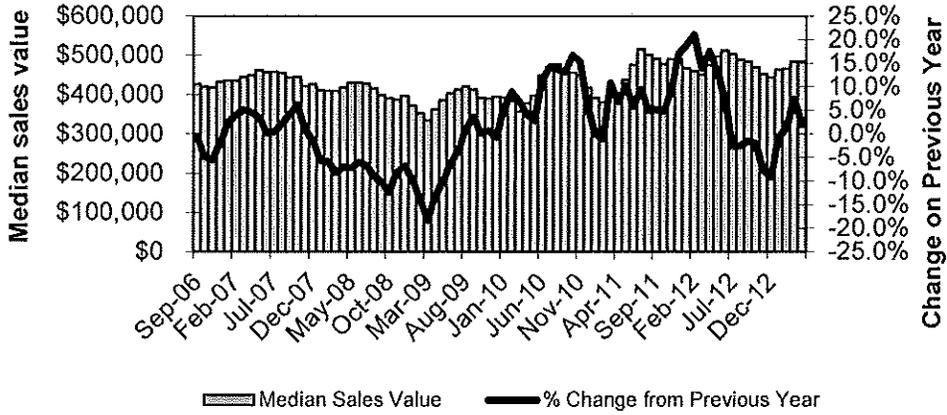


Source: Finance Department  
Through May 2013



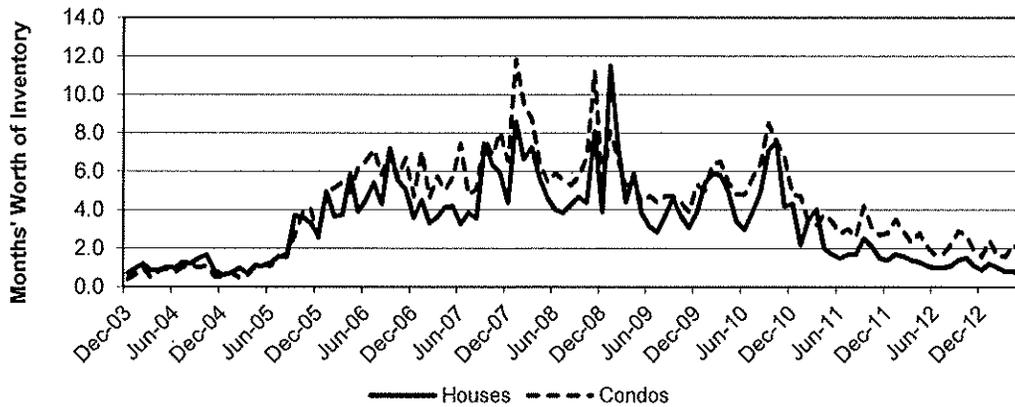
Source: Department of Real Estate Assessments  
Through April 2013

**Alexandria Residential Property Median Sales Value  
Three Month Trailing Average**



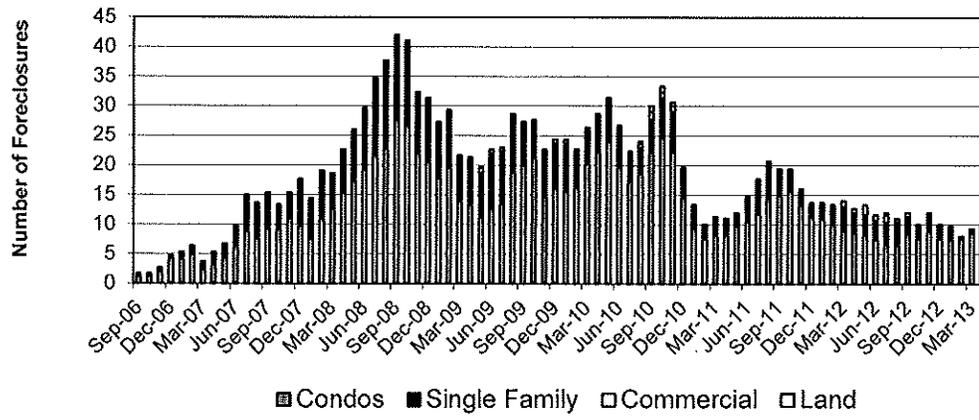
Sources: Metropolitan Regional Information Systems; Department of Real Estate Assessments Through April 2013

**Months' Worth of Inventory  
City of Alexandria  
2003 - present**



Source: Metropolitan Regional Information Systems Through May 2013

**New Foreclosures in Alexandria**  
3 month trailing average



Source: Department of Real Estate Assessments  
Through April 2013

**CITY OF ALEXANDRIA, VIRGINIA**  
**COMPARATIVE STATEMENT OF REVENUES**  
**GENERAL FUND**  
**FOR THE PERIODS ENDING MAY 31, 2013 AND MAY 31, 2012**

	A FY2012 ACTUALS	B FY2013 REVISED BUDGET	B2 FY 2013 PROJECTED REVENUES	C FY2013 REVENUES THRU 5/31/13	D=C/B %	E FY2012 REVENUES THRU 5/31/12	F=(C-E)/E %
<b>General Property Taxes</b>							
Real Property Taxes.....	\$ 323,784,070	\$ 333,929,291	\$ 338,796,380	\$ 224,272,916	67.2%	\$ 206,134,204	8.8%
Personal Property Taxes.....	37,897,525	37,500,000	39,300,000	39,579,980	105.5%	37,242,260	6.3%
Penalties and Interest.....	2,092,976	2,375,000	2,375,000	1,723,362	72.6%	1,809,274	-4.7%
<b>Total General Property Taxes</b>	<b>\$ 363,774,571</b>	<b>\$ 373,804,291</b>	<b>\$ 380,471,380</b>	<b>\$ 265,576,258</b>	<b>71.0%</b>	<b>\$ 245,185,738</b>	<b>8%</b>
<b>Other Local Taxes</b>							
Local Sales and Use Taxes.....	\$ 24,949,593	\$ 24,900,000	\$ 26,100,000	\$ 18,815,812	75.6%	\$ 18,395,420	2.3%
Consumer Utility Taxes.....	10,322,623	11,100,000	10,500,000	9,007,570	81.1%	8,622,903	4.5%
Communication Sales and Use Taxes.....	11,030,711	11,940,000	11,940,000	8,395,787	70.3%	8,214,904	2.2%
Business License Taxes.....	31,468,958	33,000,000	31,900,000	31,521,034	95.5%	30,801,876	2.3%
Transient Lodging Taxes.....	11,375,121	12,400,000	12,000,000	8,945,500	72.1%	9,062,246	-1.3%
Restaurant Meals Tax.....	16,313,765	16,900,000	16,900,000	13,255,290	78.4%	13,112,353	1.1%
Tobacco Taxes.....	2,674,157	2,600,000	2,600,000	1,916,032	73.7%	2,202,260	-13.0%
Motor Vehicle License Tax.....	3,348,075	3,400,000	3,400,000	3,425,494	100.7%	3,277,084	4.5%
Real Estate Recordation.....	5,152,593	4,900,000	5,400,000	4,588,415	93.6%	4,162,838	10.2%
Admissions Tax.....	1,093,182	1,000,000	1,000,000	888,390	88.8%	884,395	0.5%
Other Local Taxes.....	3,372,455	2,710,275	2,740,000	1,721,099	63.5%	2,646,291	-35.0%
<b>Total Other Local Taxes</b>	<b>\$ 121,101,233</b>	<b>\$ 124,850,275</b>	<b>\$ 124,480,000</b>	<b>\$ 102,480,423</b>	<b>82.1%</b>	<b>\$ 101,382,570</b>	<b>1%</b>
<b>Intergovernmental Revenues</b>							
Revenue from the Fed. Government.....	\$ 10,780,154	\$ 9,657,640	\$ 9,657,640	\$ 6,887,380	71.3%	\$ 8,827,026	-22.0%
Personal Property Tax Relief from the Commonwealth.....	23,578,531	23,578,531	23,578,531	23,578,530	100.0%	23,578,531	0.0%
Revenue from the Commonwealth.....	21,125,448	20,360,485	20,741,781	17,614,676	86.5%	16,728,515	5.3%
<b>Total Intergovernmental Revenues</b>	<b>\$ 55,484,133</b>	<b>\$ 53,596,656</b>	<b>\$ 53,977,952</b>	<b>\$ 48,080,586</b>	<b>89.7%</b>	<b>\$ 49,134,072</b>	<b>-2%</b>
<b>Other Governmental Revenues And Transfers In</b>							
Fines and Forfeitures.....	\$ 4,869,295	\$ 4,844,000	\$ 4,944,000	\$ 4,706,891	97.2%	\$ 4,353,271	8.1%
Licenses and Permits.....	2,373,449	2,157,975	2,157,975	2,031,833	94.2%	\$ 2,137,237	-4.9%
Charges for City Services.....	16,474,114	15,891,959	15,691,959	13,283,804	83.6%	\$ 12,933,340	2.7%
Revenue from Use of Money & Property.....	3,947,855	3,420,000	3,460,000	3,924,301	114.7%	\$ 3,488,929	12.5%
Other Revenue.....	1,195,494	1,088,767	782,000	1,571,970	144.4%	\$ 1,144,647	37.3%
Transfer from Other Funds.....	1,394,903	1,854,502	1,854,502	1,854,502	100.0%	\$ -	0.0%
<b>Total Other Governmental Revenues</b>	<b>\$ 30,255,110</b>	<b>\$ 29,257,203</b>	<b>\$ 28,890,436</b>	<b>\$ 27,373,301</b>	<b>93.6%</b>	<b>\$ 24,057,424</b>	<b>14%</b>
<b>TOTAL REVENUE</b>	<b>\$ 570,615,047</b>	<b>\$ 581,508,425</b>	<b>\$ 587,819,768</b>	<b>\$ 443,510,568</b>	<b>76.3%</b>	<b>\$ 419,759,804</b>	<b>5.7%</b>
<b>Appropriated Fund Balance</b>							
General Fund.....	-	6,839,538	528,195	-	-	-	-
Appropriated refunding bond proceeds	73,454,827	19,256,545	19,256,545	19,256,545	-	73,454,827	-
Reappropriation of FY 2012	-	-	-	-	-	-	-
Encumbrances And Other	-	15,607,293	15,607,293	-	-	-	-
Supplemental Appropriations....	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>\$ 644,069,874</b>	<b>\$ 623,211,801</b>	<b>\$ 623,211,801</b>	<b>\$ 462,767,113</b>	<b>74.3%</b>	<b>\$ 493,214,631</b>	<b>-6%</b>

COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION  
GENERAL FUND  
FOR THE PERIODS ENDING MAY 31, 2013 AND MAY 31, 2012

FUNCTION	A	B	C	D=C/B	E	F=(C-E)/E
	FY2012 ACTUALS	FY2013 REVISED BUDGET	FY2013 EXPENDITURES THRU 05/31/13	% OF BUDGET EXPENDED	FY2012 EXPENDITURES THRU 05/31/12	% EXPENDITURES CHANGE
Legislative & Executive.....	\$ 5,260,582	\$ 7,220,572	\$ 5,673,443	78.6%	\$ 4,757,295	19.3%
Judicial Administration.....	\$ 38,078,180	\$ 41,920,857	\$ 37,260,194	88.9%	\$ 35,889,417	3.8%
<b>Staff Agencies</b>						
Information Technology Services.....	\$ 7,066,313	\$ 8,382,803	\$ 7,086,975	84.5%	\$ 6,479,973	9.4%
Management & Budget.....	1,011,271	1,053,192	891,306	84.6%	891,392	0.0%
Finance.....	11,093,830	11,385,860	8,945,373	78.6%	8,922,751	0.3%
Real Estate Assessment.....	1,591,527	1,768,888	1,254,269	70.9%	1,430,214	-12.3%
Human Resources.....	2,876,753	3,305,013	2,679,235	81.1%	2,545,355	5.3%
Planning & Zoning.....	5,575,500	5,746,076	5,330,267	92.8%	5,031,668	5.9%
Economic Development Activities.....	4,655,791	4,930,951	4,734,736	96.0%	4,639,050	2.1%
City Attorney.....	2,458,523	2,619,499	2,276,433	86.9%	2,208,440	3.1%
Registrar.....	1,164,912	1,377,573	1,297,836	94.2%	1,041,035	24.7%
General Services.....	12,300,194	12,382,567	11,022,193	89.0%	10,963,210	0.5%
<b>Total Staff Agencies</b>	<b>\$ 49,794,614</b>	<b>\$ 52,952,422</b>	<b>\$ 45,518,623</b>	<b>86.0%</b>	<b>\$ 44,153,088</b>	<b>3.1%</b>
<b>Operating Agencies</b>						
Transportation & Environmental Services.....	28,624,160	29,220,020	24,351,351	83.3%	26,182,997	-7.0%
Fire.....	36,999,841	39,667,246	35,891,748	90.5%	33,776,778	6.3%
Police.....	51,293,299	52,638,287	47,570,791	90.4%	45,822,998	3.8%
Emergency Communications.....	5,979,383	6,349,920	5,439,692	85.7%	5,672,029	0.0%
Code.....	766,443	963,808	670,161	69.5%	720,536	-7.0%
Transit Subsidies.....	7,477,390	7,350,378	6,893,976	93.8%	7,114,808	-3.1%
Community and Human Services.....	14,706,544	14,021,703	12,689,406	90.5%	13,346,834	-4.9%
Health.....	7,833,184	8,258,636	7,595,836	92.0%	7,515,068	1.1%
Historic Resources.....	2,800,516	2,855,295	2,527,906	88.5%	2,605,016	-3.0%
Recreation.....	19,087,330	20,776,036	18,090,441	87.1%	16,830,334	7.5%
<b>Total Operating Agencies</b>	<b>\$ 175,568,090</b>	<b>\$ 182,101,329</b>	<b>\$ 161,721,308</b>	<b>88.8%</b>	<b>\$ 159,587,398</b>	<b>1.3%</b>
<b>Education</b>						
Schools.....	174,956,420	179,611,472	144,092,713	80.2%	137,660,602	4.7%
Other Educational Activities.....	12,288	11,721	11,721	100.0%	12,288	-4.6%
<b>Total Education</b>	<b>\$ 174,968,708</b>	<b>\$ 179,623,193</b>	<b>\$ 144,104,434</b>	<b>80.2%</b>	<b>\$ 137,672,890</b>	<b>4.7%</b>
<b>Capital, Debt Service and Miscellaneous</b>						
Debt Service.....	43,473,292	48,514,314	31,759,035	65.5%	27,223,695	16.7%
Refunding Bonds.....	73,150,310	19,256,545	19,126,637	99.3%	759,800	
Non-Departmental.....	13,674,274	12,397,798	8,503,149	68.6%	9,905,699	-14.2%
General Cash Capital.....	13,818,129	6,955,483	6,955,483	100.0%	5,084,249	36.8%
Contingent Reserves.....	-	326,856	-		-	
<b>Total Capital, Debt Service and Miscellaneous</b>	<b>\$ 144,116,005</b>	<b>\$ 87,450,996</b>	<b>\$ 66,344,304</b>	<b>75.9%</b>	<b>\$ 42,973,443</b>	<b>54.4%</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 587,786,179</b>	<b>\$ 551,269,369</b>	<b>\$ 460,622,305</b>	<b>83.6%</b>	<b>\$ 425,033,531</b>	<b>8.4%</b>
<b>Cash Match (Transportation/DCHS/ and Transfers to the Special Revenue /Capital Projects Funds).....</b>	<b>37,813,128</b>	<b>51,163,423</b>	<b>7,286,871</b>	<b>0.0%</b>		<b>0.0%</b>
Transfer to Housing.....	2,185,179	2,302,845	1,971,859	85.6%	2,496,327	-21.0%
Transfer to Library.....	6,145,662	6,878,164	6,304,986	91.7%	5,535,246	13.9%
Transfer to DASH.....	8,460,569	11,598,000	10,631,504	91.7%	7,361,676	44.4%
<b>TOTAL EXPENDITURES &amp; TRANSFERS</b>	<b>\$ 642,390,717</b>	<b>\$ 623,211,801</b>	<b>\$ 486,817,525</b>	<b>78.1%</b>	<b>\$ 440,426,780</b>	<b>10.5%</b>
<b>Total Expenditures by Category</b>						
Salaries and Benefits.....	189,163,914	199,450,845	177,306,914	88.9%	170,061,700	4.3%
Non Personnel (includes all school funds).....	453,226,803	423,760,956	309,510,611	73.0%	270,365,081	14.5%
<b>Total Expenditures</b>	<b>\$ 642,390,717</b>	<b>\$ 623,211,801</b>	<b>\$ 486,817,525</b>	<b>78.1%</b>	<b>\$ 440,426,781</b>	<b>10.5%</b>