



Legislation Text

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City of Alexandria, Virginia

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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.

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**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://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>>

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