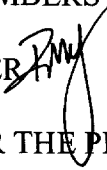


City of Alexandria, Virginia

MEMORANDUM

DATE: MARCH 7, 2012

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: RASHAD M. YOUNG, CITY MANAGER 

SUBJECT: MONTHLY FINANCIAL REPORT FOR THE PERIOD ENDING JANUARY 31, 2012

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

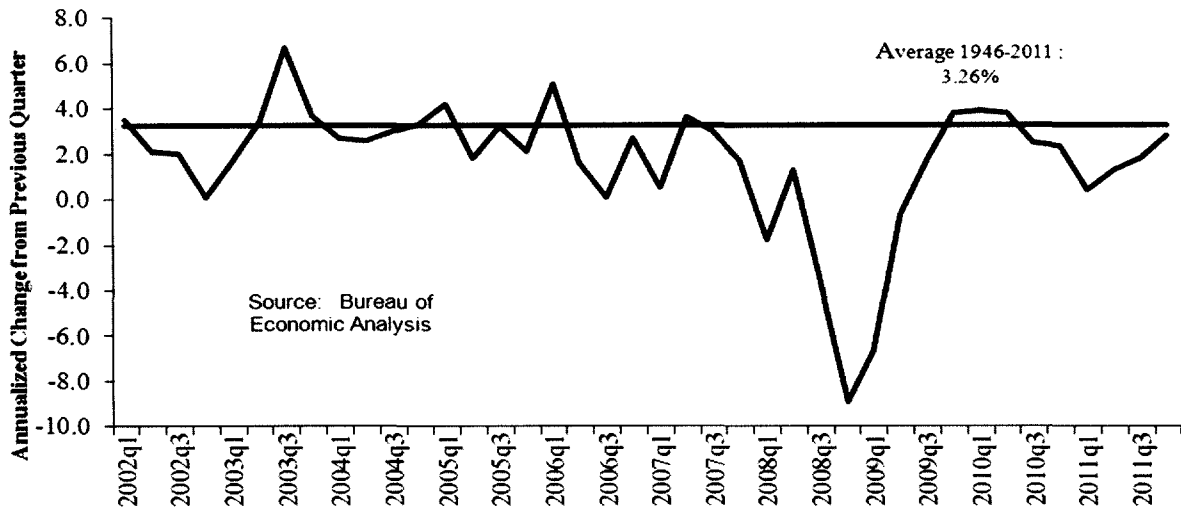
RECOMMENDATION: That City Council receive the following Monthly Financial Report for the period ending January 31, 2012.

DISCUSSION: This report includes highlights of the City’s financial condition and provides fiscal year (FY) 2012 financial information on revenues and expenditures of the General Fund for the period ending January 31, 2012. Detailed economic, revenue, and expenditure charts are also available from the City of Alexandria website at alexandriava.gov/financialreports.

ECONOMIC HIGHLIGHTS:

- **National housing starts, permits and completions** - According to U.S. Census Bureau figures, January 2012 privately-owned housing starts were adjusted to an annual rate of 699,000. This is an increase of 1.5 percent over the December rate of 689,000, and a 9.9 percent increase above the January 2011 rate of 636,000. Building permits for January were adjusted to an annual rate of 676,000, an increase of 0.7 percent above December and 19 percent over January 2011. Housing completions were adjusted to an annual rate of 530,000, a decrease of 12 percent as compared to December but 4.1 percent above the January rate. While City permits in January are still primarily for renovations,
- **National Gross Domestic Product** – According to the U.S. Bureau of Economic Analysis, the GDP grew 2.8 percent from the third to fourth quarter 2011. This is the largest increase since the second quarter 2010, and 1.1 percent above the 10 year average quarterly growth rate of 1.7 percent. However, it is 0.46 percent below the average quarterly growth rate (3.26) from second quarter 1947 through fourth quarter 2011. See graph below:

GDP Change by Quarter 2002- 4th quarter 2011



While there is no consensus of economists, the Economic Cycle Research Institute predicts that a new recession is inevitable, despite improvement in high-profile economic indicators, such as job creation and unemployment, and a stock market rally. They cite concerns about annual growth in industrial production, real personal income and spending, as well as the year-over-year change in gross domestic product, a broad measure of the nation's economic activity.

REVENUE HIGHLIGHTS:

Year-to-Date Revenues: As of January 31, 2012, seven months into the fiscal year, actual General Fund revenues totaled \$292.9 million, which is four percent higher than FY 2011 for the same period. Most of this increase is related to real estate and personal property taxes. The FY 2013 Proposed Budget contains a revised estimate for FY 2012 revenues. That estimate shows a revenue surplus of \$7.5 million or 1.3 percent compared to the original FY 2012 budget estimate of General Fund revenues of \$566.9 million, primarily due to an increase in real property revenues (resulting from higher assessments than previously forecast).

- **Real Property Taxes:** The increase is primarily the result of the budgeted increase in the real estate tax rate for transportation.
- **Personal Property Taxes/Motor Vehicle License:** The FY 2012 vehicle assessments

included 5,000 more cars than the FY 2011 billing. The resulting increase in revenue of approximately \$1.0 million has been included in the estimates for FY 2013 budget revenues.

- **Communication Taxes:** The decrease is primarily attributable to a one time refund issued to a large wireless provider that collected taxes on data services for various wireless devices used by their customers. The total amount of the refund, including interest, was \$12.9 million, and the City's share was \$0.3 million.
- **Business License Taxes:** The decrease of 18 percent is a result of the variable timing of tax payments.
- **Recordation Tax:** The increase is primarily the result of the sale and refinancing of a few large commercial properties.
- **Other Local Taxes:** The decrease of 30 percent is a result of the variable timing of quarterly payments for vehicle rental taxes.
- **Revenue from Federal Government:** The decrease primarily represents the timing of payments for the Federal Prisoner Per Diem.
- **Charges for Service:** The increase is the result of a budgeted increase in meter fees (to \$1.75/hour) implemented with the installation of the new multi-space meters mid-year in FY 2011.

EXPENDITURE HIGHLIGHTS:

Year-to-Date Expenditures: As of January 31, 2012, actual General Fund expenditures totaled \$287.1 million, an increase of \$14.4 million, or 5.3 percent, above expenditures for the same period last year. The revised budget reflects amounts that were appropriated in the supplemental appropriation ordinance approved in November. Personnel expenditures remain on par with last year. These personnel expenditures are just slightly higher than the budget, primarily because turnover savings are deducted from the budget on the first day of the fiscal year while the savings are realized during the year. Non-personnel spending increased 6.9 percent. For many departments, differences in spending patterns reflect the timing of bill payments and not necessarily changes in spending patterns. We continue to closely monitor and control these expenditures to be at or below budget.

- **Fire Department:** As discussed during several City Council Legislative meetings and during the FY 2012 budget process, the Fire Department has a continuing need to utilize overtime to maintain minimum staffing levels on frontline Fire and EMS units when firefighters and medics use leave and to fill vacancies from attrition. The new Fire recruit class hired in 2011 has started to reduce costs from the prior year. Another recruit class

is now underway that will continue to reduce the need for overtime late in FY 2012. Even with these changes, the Fire Department is currently projected to be over the current FY 2012 budget as adopted by City Council. Staff will continue to monitor overtime and other expenditures and revise the projections as needed.

- **Debt Service:** The increase reflects budgeted debt service for new bonds issued in June 2010 and July 2011. A portion of the interest cost (\$1.2 million) is reimbursed from the federal government as part of the Build America Bonds program.
- **Non- Departmental:** General Fund expenditures do not include the costs for several emergencies shown in the following table. The City has been included in the Presidential declarations for Hurricane Irene and Tropical Storm Lee, which makes certain expenditures eligible for federal reimbursement. Staff continues to work with FEMA and insurance adjustors on the reimbursement requests, though no reimbursements have been received yet. The Tropical Storm Lee cost estimate includes \$2.79 million to \$3.36 million in damages to the Holmes Run sewer that are believed to have resulted from the storm. City Council committed funds to offset any costs not reimbursed by FEMA. Additional costs are anticipated relating to the line of duty incident.

Event	Cost	Other
Tropical Storm Lee	\$2.68 to \$3.55 million	Declaration could reduce some costs
Hurricane Irene	0.76 million	Declaration could reduce to between \$0.3 and \$0.4 million.
Earthquake	0.50 million	
9/11 Terrorist Preparation	0.02 million	

- **Schools:** The City will provide approximately 75 percent of the estimated funds required to operate the City public school system in FY 2012.

ONLINE REFERENCES:

Attachment 1: Online Reference 1-The Economy

Attachment 2: Online Reference 2-Revenues

Attachment 3: Online Reference 3-Expenditures

STAFF:

Laura Triggs, Acting Chief Financial Officer

Morgan Routt, Acting Director, Office of Management & Budget

Ray Welch, Finance Department

Matthew Behrens, Office of Management & Budget

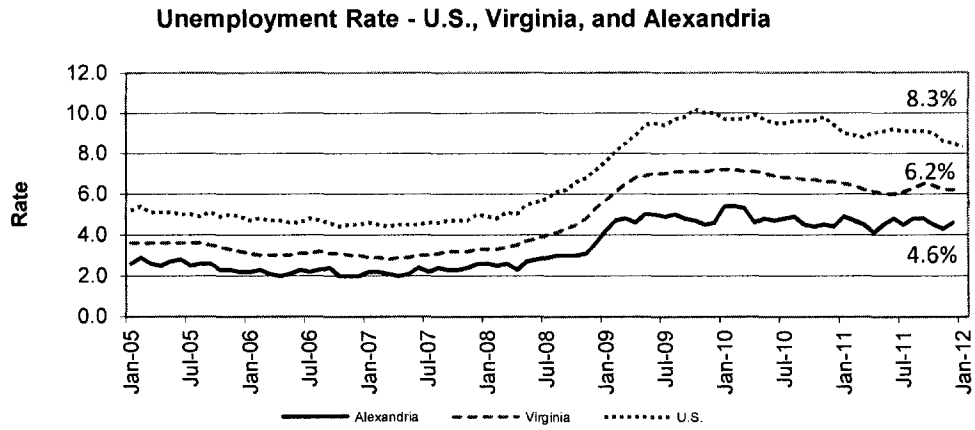
Melinda Barton, Finance Department

SELECTED ECONOMIC INDICATORS

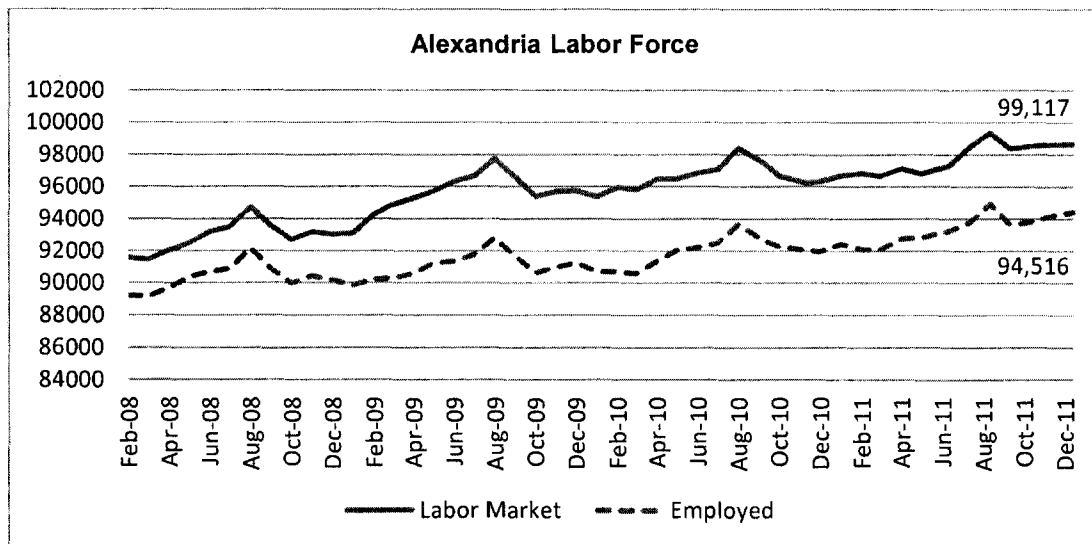
Attachment 1

<u>Consumer Price Index (CPI-U)</u>	Change on Previous Year		
for the Washington-Baltimore, DC-MD-VA-WV Area (as of November 2011)	3.3%		
For the United States (as of December 2011)	3.0%		
Core CPI-U (excludes food and energy) (As of December 2011)	2.2%		
(Source: U.S. Department of Labor, Bureau of Labor Statistics)			
<u>Unemployment Rates</u>	Current Month	Prior Month	Prior Year
Alexandria (as of December, 2011)	4.6%	4.3%	4.4%
Virginia (as of December, 2011)	6.2%	6.2%	6.6%
United States (as of January, 2012)	8.3%	8.5%	9.4%
(Source: U.S. Department of Labor, Bureau of Labor Statistics)			
<u>Office Vacancy Rates</u>	Current Quarter	Prior Quarter	Prior Year
Alexandria	13.5%	13.6%	11.6%
Northern Virginia	13.1%	12.9%	12.6%
Washington, DC Metro area (As of 4th quarter, 2011)	11.6%	11.5%	11.3%
(Source: CoStar)			
<u>New Business Licenses</u>	Current Year	Prior Year	Change on Previous Year
3 month trailing average (As of January 2012)	64	52	23.1%
(Source: Finance Department)			
<u>New Commercial Construction (excluding Apartment Buildings) and Building Renovations</u>			
(Fiscal YTD as of December 2011)			
Number of new building permits	2	1	100.0%
Value of new building permits (\$ millions)	\$17	\$0.3	5466.7%
(Source: Office of Code Administration)			
<u>New Multi-family Construction (including Apartment & Condominium Buildings)</u>			
(Fiscal YTD as of December 2011)			
Number of new building permits	60	26	130.8%
Value of new building permits (\$ millions)	\$102.9	\$39.9	157.9%
<u>Residential Real Estate Indicators</u>			
Residential Dwelling Units Sold (Calendar YTD ending December 2011)	1,690	1,697	-0.4%
Median Residential Sales Price (As of December 2011)	\$488,500	\$417,600	17.0%
(Source: Department of Real Estate Assessments)			
<u>Foreclosures</u>			
3 month trailing average (As of December 2011)	14	20	-30.0%
Source: Dept of Real Estate Assessments			

Attachment 1

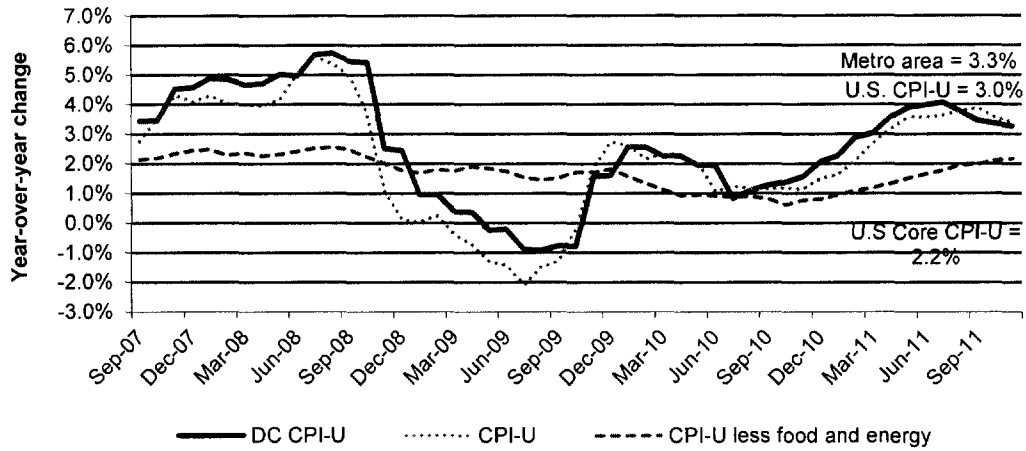


Source: U.S. Department of Labor, Bureau of Labor Statistics
 U.S. through January 2012; Virginia and Alexandria through December 2011
**Alexandria unemployment is not seasonally-adjusted, while U.S. and Virginia are seasonally-adjusted.*



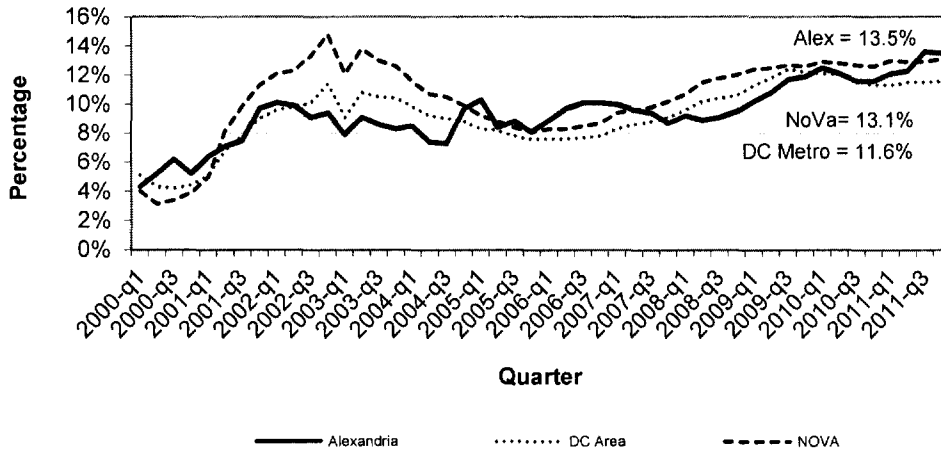
Source: Virginia Employment Commission
 Through December 2011
**Not seasonally adjusted.*

Annual Change in Consumer Price Index

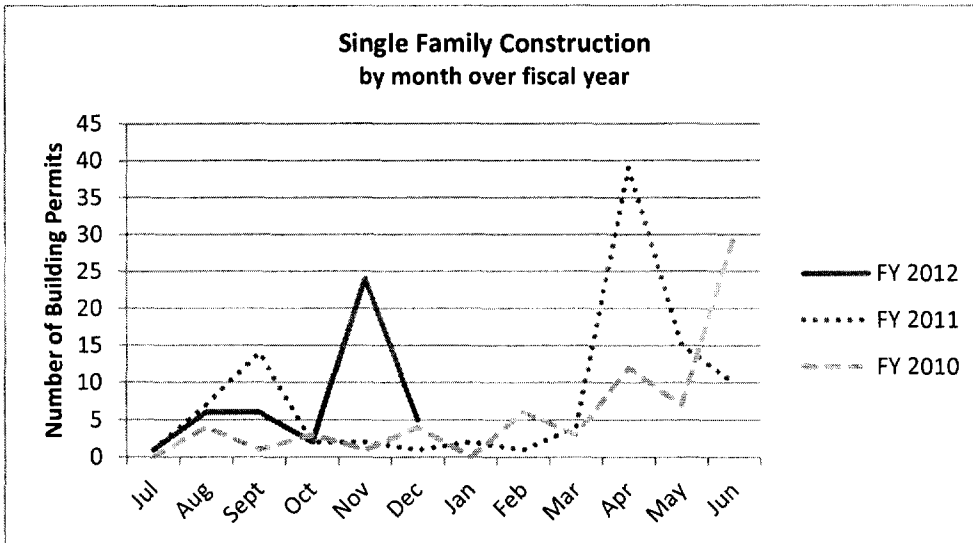


Source: U.S. Department of Labor, Bureau of Labor Statistics
 DC CPI-U through November 2011;
 U.S. Core CPI-U and U.S. CPI-U through December 2011

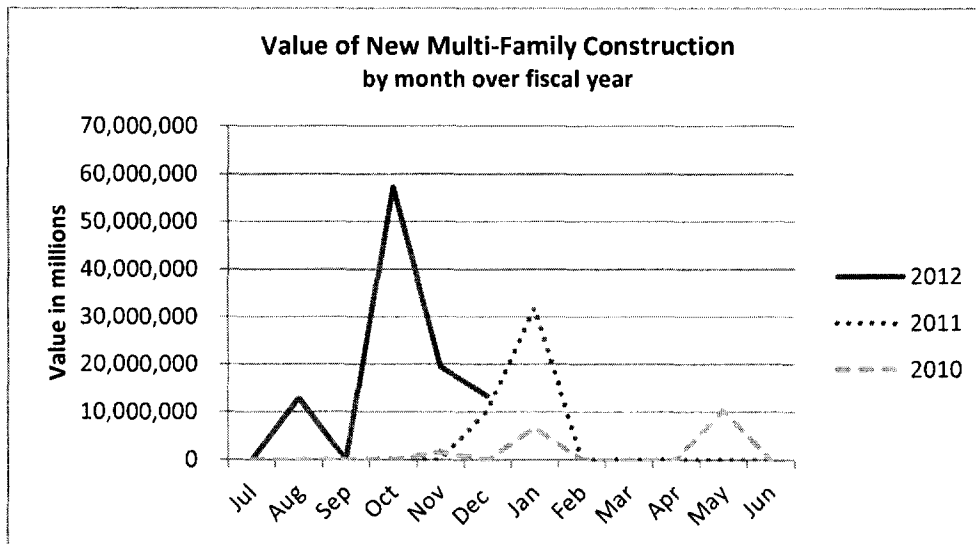
Office Vacancy Rates



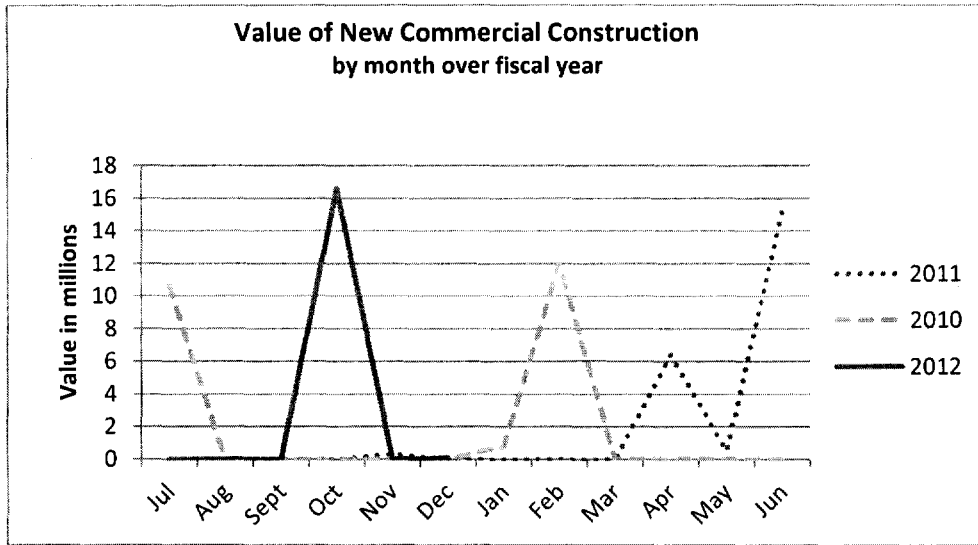
Source: CoStar
 Through 4th quarter, 2011



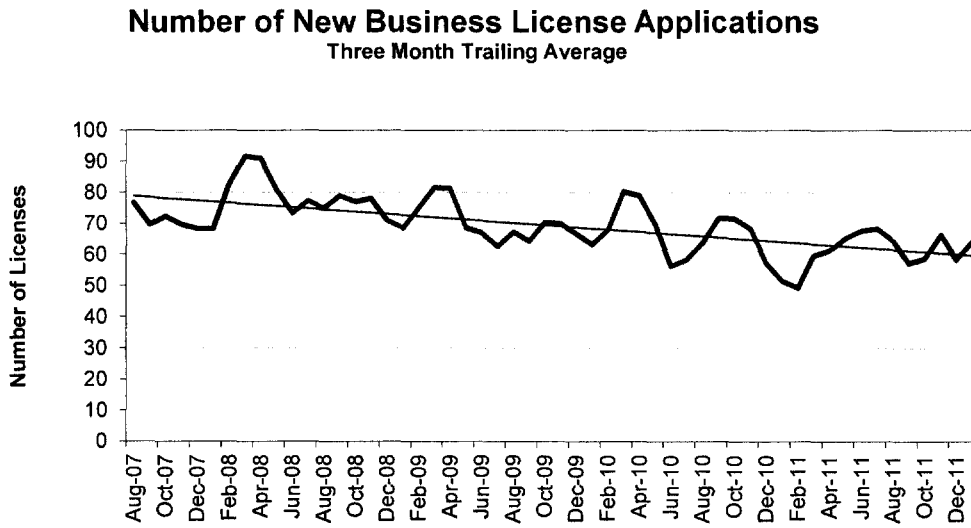
Source: Code Enforcement
Through December 2011



Source: Code Enforcement
Through December 2011

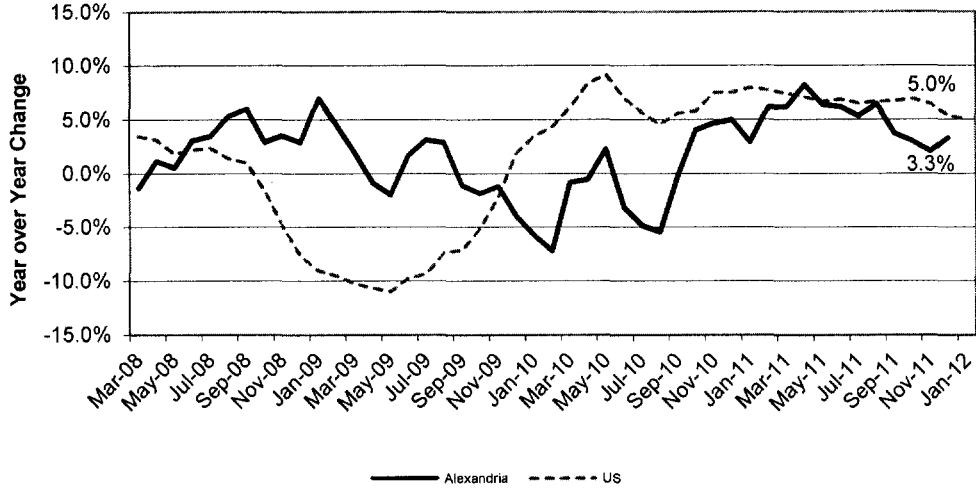


Source: Code Enforcement
Through December 2011



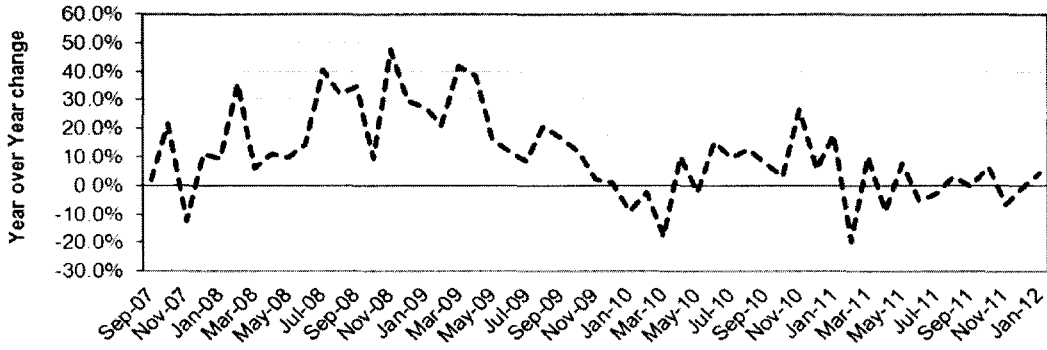
Source: Finance Department
Through January 2012

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

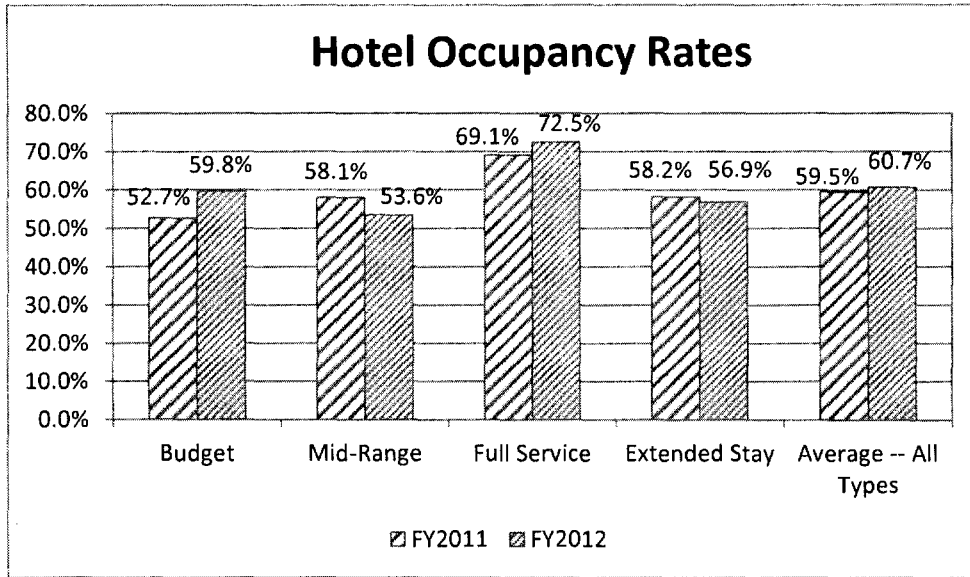


Source: Finance Department, U.S. Census Bureau
Data: U.S. through January 2012; Alexandria through December 2011

Annual Change in Transient Lodging Tax Receipts
3 month trailing average

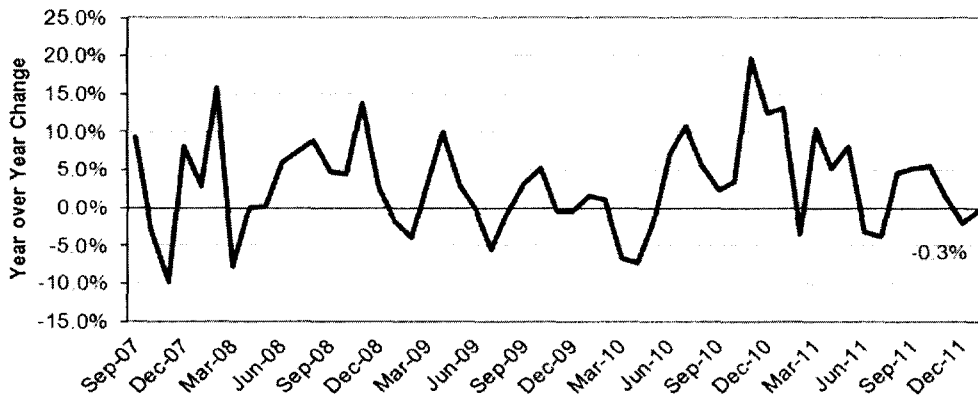


Source: Finance Department
Through January 2012



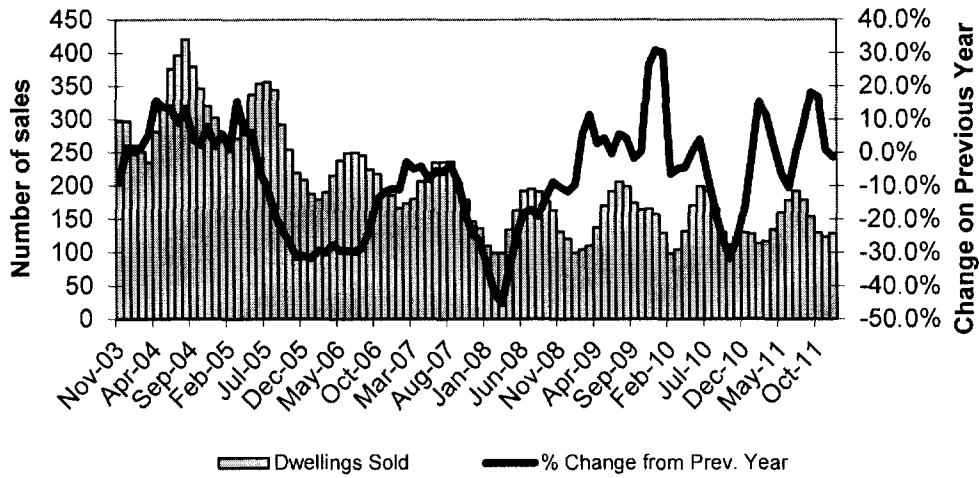
Source: Finance Department
Through December 2011

Annual Change in Meals Tax Revenue Per 1 % of Tax 3 month trailing average



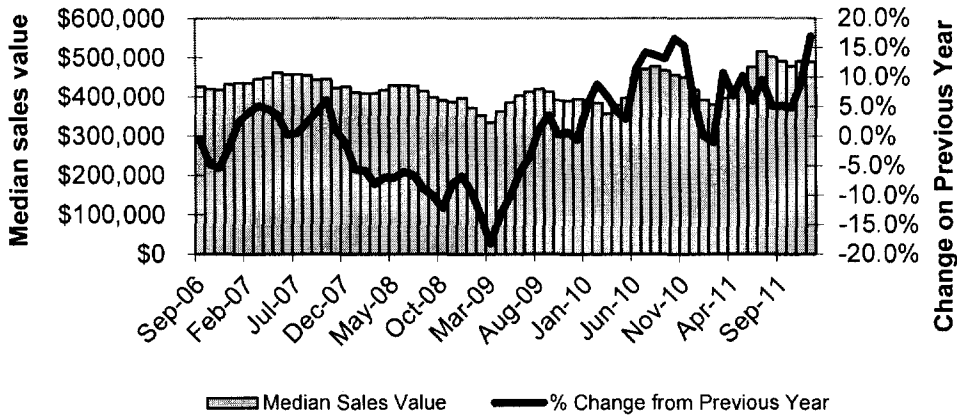
Source: Finance Department
Through January 2012*

Alexandria Residential Property Sales Volume Three Month Trailing Average



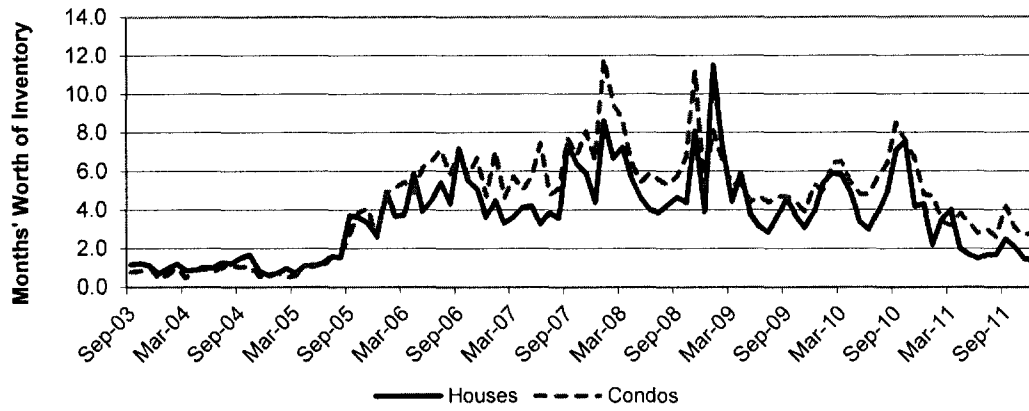
Source: Department of Real Estate Assessments
Through December 2011

Alexandria Residential Property Median Sales Value Three Month Trailing Average



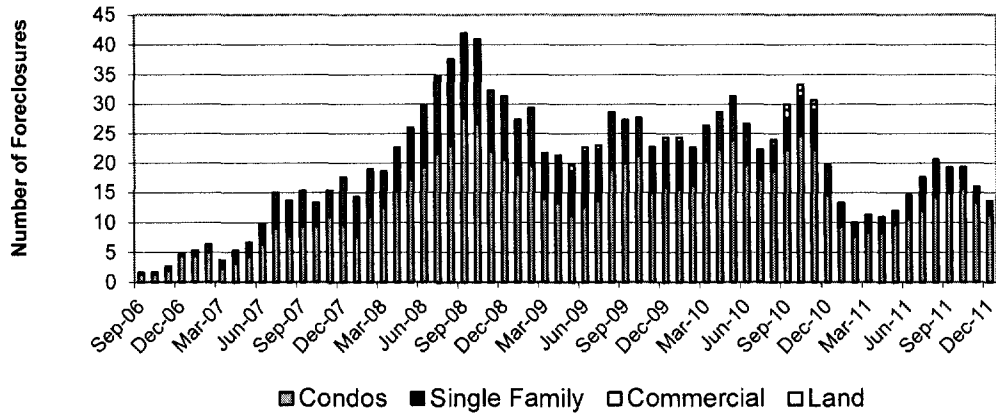
Sources: Metropolitan Regional Information Systems; Department of Real Estate Assessments
Through December 2011

**Months' Worth of Inventory
City of Alexandria
2002 - present**



Source: Metropolitan Regional Information Systems
Through December 2011

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



Source: Department of Real Estate Assessments
Through December 2011

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

	A	B	B2	C	D=C/B	E	F=(C-E)/E
	FY2011	FY2012	FY 2012	FY2012		FY2011	
	ACTUALS	REVISED BUDGET	PROJECTED REVENUES	REVENUES THRU 1/31/12	% OF BUDGET	REVENUES THRU 01/31/11	% CHANGE
General Property Taxes							
Real Property Taxes.....	\$ 312,641,695	\$ 321,674,773	\$ 325,999,992	\$ 159,195,198	49.5%	\$ 151,249,244	5%
Personal Property Taxes.....	34,891,944	34,600,000	36,945,648	35,475,308	102.5%	32,495,820	9%
Penalties and Interest.....	2,246,186	1,870,000	1,870,000	989,806	52.9%	917,141	8%
Total General Property Taxes	\$ 349,779,825	\$ 358,144,773	\$ 364,815,640	\$ 195,660,312	54.6%	\$ 184,662,205	6%
Other Local Taxes							
Local Sales and Use Taxes.....	\$ 23,880,909	\$ 24,200,000	\$ 24,400,000	\$ 10,098,663	41.7%	\$ 9,780,902	3%
Consumer Utility Taxes.....	10,812,989	11,200,000	11,200,000	5,340,501	47.7%	5,383,297	-1%
Communication Sales and Use Taxes.....	11,259,534	11,600,000	11,100,000	4,515,214	38.9%	4,817,074	-6%
Business License Taxes.....	30,444,798	31,825,000	32,000,000	2,432,285	7.6%	2,979,358	-18%
Transient Lodging Taxes.....	11,245,201	12,500,000	11,700,000	5,433,970	43.5%	5,381,330	1%
Restaurant Meals Tax.....	16,214,900	16,300,000	16,300,000	7,607,074	46.7%	7,628,467	0%
Tobacco Taxes.....	2,777,053	2,900,000	2,900,000	1,361,422	46.9%	1,424,976	-4%
Motor Vehicle License Tax.....	3,324,937	3,200,000	3,400,000	2,933,903	91.7%	2,805,651	5%
Real Estate Recordation.....	3,668,663	3,800,000	4,100,000	2,954,665	77.8%	1,876,897	57%
Admissions Tax.....	1,082,685	1,100,000	1,000,000	534,041	48.5%	551,292	-3%
Other Local Taxes.....	3,547,688	2,705,000	3,285,275	252,880	9.3%	360,227	-30%
Total Other Local Taxes	\$ 118,259,357	\$ 121,330,000	\$ 121,385,275	\$ 43,464,618	35.8%	\$ 42,989,471	1%
Intergovernmental Revenues							
Revenue from the Fed. Government.....	\$ 9,697,509	\$ 9,447,640	\$ 9,950,206	\$ 4,715,357	49.9%	\$ 5,159,040	-9%
Personal Property Tax Relief from the Commonwealth.....	23,578,531	23,578,531	23,578,531	22,399,604	95.0%	22,399,604	0%
Revenue from the Commonwealth.....	20,452,569	19,950,485	19,950,485	11,124,981	55.8%	10,741,538	4%
Total Intergovernmental Revenues	\$ 53,728,609	\$ 52,976,656	\$ 53,479,222	\$ 38,239,942	72.2%	\$ 38,300,182	0%
Other Governmental Revenues And Transfers In							
Fines and Forfeitures.....	\$ 4,472,520	\$ 4,764,000	\$ 4,764,000	\$ 2,578,376	54.1%	\$ 2,477,990	4%
Licenses and Permits.....	2,543,789	2,049,975	2,282,439	1,432,917	69.9%	1,573,573	-9%
Charges for City Services.....	14,939,668	14,709,303	14,909,303	8,493,842	57.7%	7,794,833	9%
Revenue from Use of Money & Prop.....	3,591,323	3,570,000	3,420,000	2,501,008	70.1%	2,156,937	16%
Other Revenue.....	987,727	490,000	490,000	538,677	109.9%	448,974	20%
Transfer from Other Funds.....	1,446,713	1,666,903	1,666,903	-	0.0%	-	0%
Total Other Governmental Revenues	\$ 27,981,740	\$ 27,250,181	\$ 27,332,645	\$ 15,544,820	57.0%	\$ 14,452,307	8%
TOTAL REVENUE	\$ 549,749,531	\$ 539,701,610	\$ 567,212,782	\$ 292,909,692	52.3%	\$ 280,404,165	4%
Appropriated Fund Balance							
General Fund.....	-	8,961,138	-	-	-	-	0%
Reappropriation of FY 2011 Encumbrances And Other Supplemental Appropriations....	-	10,160,618	-	-	-	-	0%
TOTAL	\$ 549,749,531	\$ 578,823,366	\$ 567,212,782	\$ 292,909,692	50.6%	\$ 280,404,165	4%

15

58.3 of Fiscal Year Completed
55.94% of Payrolls Processed

Online Reference 3

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

FUNCTION	A	B	C	D=C/B	E	F=(C-E)/E
	FY2011 ACTUALS	FY2012 REVISED BUDGET	FY2012 EXPENDITURES THRU 01/31/12	% OF BUDGET EXPENDED	FY2011 EXPENDITURES THRU 01/31/11	EXPENDITURES % CHANGE
Legislative & Executive.....	\$ 5,076,332	\$ 5,417,296	\$ 2,976,689	54.9%	\$ 3,568,967	-17%
Judicial Administration.....	\$ 38,393,185	\$ 39,976,309	\$ 22,947,969	57.4%	\$ 22,244,681	3%
Staff Agencies						
Information Technology Services.....	\$ 7,181,221	\$ 7,598,174	\$ 4,070,449	53.6%	\$ 3,806,728	7%
Management & Budget.....	1,063,491	1,236,389	527,657	42.7%	608,305	-13%
Finance.....	9,872,634	11,558,875	5,499,196	47.6%	5,141,764	7%
Real Estate Assessment.....	1,470,112	1,674,469	888,710	53.1%	817,937	9%
Human Resources.....	2,820,166	2,971,676	1,604,817	54.0%	1,487,306	8%
Planning & Zoning.....	5,335,556	5,623,460	3,147,277	56.0%	2,976,731	6%
Economic Development Activities.....	3,719,232	4,721,167	3,466,109	73.4%	2,605,920	33%
City Attorney.....	2,325,670	2,652,088	1,358,694	51.2%	1,231,786	10%
Registrar.....	1,007,110	1,203,860	658,303	54.7%	664,796	-1%
General Services.....	11,681,427	12,486,884	6,933,450	55.5%	6,470,608	7%
Total Staff Agencies	\$ 46,476,619	\$ 51,727,042	\$ 28,154,662	54.4%	\$ 25,811,881	9%
Operating Agencies						
Transportation & Environmental Services.....	\$ 27,532,364	\$ 28,522,530	\$ 16,672,570	58.5%	\$ 15,766,574	6%
Fire.....	35,892,427	35,164,700	21,643,111	61.5%	21,735,155	0%
Police.....	51,013,585	51,203,943	28,874,535	56.4%	29,366,010	-2%
Emergency Communications.....	1,842,911	5,687,007	3,721,111	65.4%	-	-
Code.....	843,814	923,364	426,685	46.2%	512,259	-17%
Transit Subsidies.....	8,094,839	8,564,122	5,403,478	63.1%	5,815,081	-7%
Community and Human Services.....	13,920,947	14,789,220	8,957,849	60.6%	7,911,512	13%
Health.....	7,854,474	8,379,225	4,221,783	50.4%	4,204,150	0%
Historic Resources.....	2,560,919	2,824,565	1,596,332	56.5%	1,459,942	9%
Recreation.....	19,025,423	19,632,384	10,920,834	55.6%	11,096,315	-2%
Total Operating Agencies	\$ 168,581,703	\$ 175,691,060	\$ 102,438,288	58.3%	\$ 97,866,998	5%
Education						
Schools.....	\$ 167,886,567	\$ 174,956,420	\$ 82,967,999	47.4%	\$ 80,494,463	3%
Other Educational Activities.....	12,229	12,288	9,216	75.0%	9,172	0%
Total Education	\$ 167,898,796	\$ 174,968,708	\$ 82,977,215	47.4%	\$ 80,503,635	3%
Capital, Debt Service and Miscellaneous						
Debt Service.....	\$ 38,479,349	\$ 43,438,079	\$ 26,368,080	60.7%	\$ 21,185,348	24.5%
Non-Departmental.....	12,427,609	13,932,749	7,009,818	50.3%	6,949,308	0.9%
General Cash Capital.....	5,545,000	4,915,986	4,915,986	100.0%	5,545,000	-11.3%
Contingent Reserves.....	-	977,517	-	0.0%	-	-
Total Capital, Debt Service and Miscellaneous	\$ 56,451,958	\$ 63,264,331	\$ 38,293,884	60.5%	\$ 33,679,656	13.7%
TOTAL EXPENDITURES	\$ 482,878,593	\$ 511,044,746	\$ 277,788,707	54.4%	\$ 263,675,818	5.4%
Cash Match (Mental Health/Mental Retardation/ Substance Abuse, Human Services and Library and Transfers to the Special Revenue Fund).....						
Transfer to Housing.....	33,360,416	51,453,962	-	-	-	-
Transfer to Housing.....	1,715,904	1,651,705	737,580	44.7%	841,141	-12.3%
Transfer to Library.....	5,879,455	6,644,953	3,874,008	58.3%	3,655,794	6.0%
Transfer to DASH.....	8,178,196	8,028,000	4,680,324	58.3%	4,551,941	2.8%
TOTAL EXPENDITURES & TRANSFERS	\$ 532,012,564	\$ 578,823,366	\$ 287,080,619	49.6%	\$ 272,724,694	5.3%
Total Expenditures by Category						
Salaries and Benefits	\$ 181,704,996	\$ 187,885,023	\$ 105,611,876	56.2%	\$ 102,942,827	2.6%
Non Personnel (includes all school funds)	350,307,568	390,938,343	181,468,743	46.4%	169,781,867	6.9%
Total Expenditures	\$ 532,012,564	\$ 578,823,366	\$ 287,080,619	49.6%	\$ 272,724,694	5.3%