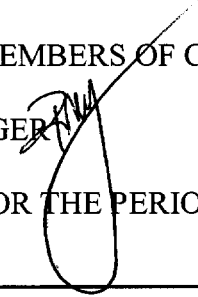


City of Alexandria, Virginia

MEMORANDUM

DATE: MAY 2, 2012

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: RASHAD M. YOUNG, CITY MANAGER 

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

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

RECOMMENDATION: That City Council receive the following Monthly Financial Report for the period ending March 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 March 31, 2012. Detailed economic, revenue, and expenditure charts are also available from the City of Alexandria website at alexandriava.gov/FinancialReports.

ECONOMIC HIGHLIGHTS:

Residential real estate sales volume and median residential sales price - The calendar year to date number of units sold is down 2.4 percent from last year (205 in February 2011 to 200 in February 2012) but increased over the previous months dwellings sold from 96 in January to 104 in February. Median sales price (\$466,500) for all residential sales has increased 18.7 percent over last year while the three month trailing average (\$460,500) is up 21 percent over the previous year. This increase reflects the mix of all homes being sold, not a large increase in the value of all homes sold and unsold.

Office Vacancy Rate in Alexandria, NOVA, and DC Metro Area* - From the fourth quarter 2011 to the first quarter 2012 the Alexandria Office Vacancy Rate (14.4 percent) increased 0.5 percent. Over the same period of time the vacancy rate for NOVA (13.9 percent) increased 0.6 percent and the rate for DC Metro Area (12.2 percent) increased 0.5 percent. From first quarter 2011 to first quarter 2012 the Office Vacancy Rate for Alexandria increased 2.3 percent, NOVA increased 1.0 percent, and DC Metro Area increased 0.7 percent. The Alexandria Office Vacancy Rate continues to be higher than the surrounding area; this is a trend that began in the

second quarter of 2011. Additionally, since the fourth quarter of 2010 the rate in Alexandria is increasing faster than the surrounding areas.

* DC Metro Area includes: Alexandria, Arlington, Falls Church, Fairfax County, Fairfax City, Prince William County, City of Manassas, Montgomery County, Prince Georges County, and the District of Columbia.

Unemployment Rate and Job loss during the recession – According to the Virginia Employment Commission, revised seasonally adjusted data shows that Virginia lost approximately 186,100 jobs during the recession and has regained approximately 116,500 or 63.0 percent. Thus far in 2012 Virginia has added roughly 37,400 jobs. The Alexandria Unemployment Rate (5.0 percent) remains below that of the state (5.7 percent).

The Unemployment Rate in Alexandria increased to 5.0 percent in January and remained there through February. This is the highest rate of unemployment since March 2010, when unemployment was 5.3 percent, and is off the recession peak realized in February 2010 by 0.4 percent. Prince William County has a higher rate at 5.1 percent. Arlington is at 3.9 percent while Fairfax and Loudoun are both at 4.3 percent.

REVENUE HIGHLIGHTS:

Year-to-Date Revenues: As of March 31, 2012, nine months into the fiscal year, actual General Fund revenues totaled \$345.0 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 which are up 5.0 percent and 8.0 percent respectively over the last year. The FY 2013 Proposed Budget contains a revised estimate for FY 2012 revenues. That estimate shows a projected 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 the increase in real property revenues (resulting from higher assessments than previously forecast). Additional changes in revenue were provided to City Council as Budget Memo #48 and reflect about \$1.7 million in revenue increases for FY 2012. As discussed in the memo, the impact of these projections is a \$1.2 million revenue increase in the FY 2013 revenue projections and a \$0.6 million increase in state funding. These increases are offset by an increase in expenditure projections of \$1.0 million, for a net increase of \$0.9 million for FY 2013. All FY 2012 projections will be included in the April report; the major changes are discussed below.

- **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 already been included in the estimates for FY 2013 budget revenues. Based on current collections, staff projects FY 2012 revenue to be at least \$37.2 million, an increase of \$0.3 million over the previous projection.
- **Communication Taxes:** The decrease in these taxes is primarily attributable to a one

time refund issued to a large wireless provider who 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 City's business license tax is due March 1, 2012. As discussed with City Council, some collections show increases over FY 2011. Based on these collections, staff projects that collections will be at \$32.6 million, an increase of \$0.6 million above the previous projection
- **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 \$4.8 million, an increase of \$0.7 million above the previous projection
- **Revenue from Federal Government:** The decrease in Federal revenue primarily represents the timing of payments for the Federal Prisoner Per Diem.
- **Revenue from Commonwealth:** The increase represents the timing of payments for compensation reimbursement from the state for constitutional positions.
- **Other Local Taxes:** The decrease of 32 percent in other local taxes is a result of the variable timing of quarterly payments.
- **Charges for Service:** The increase in charges for services is the result of a budgeted increase in meter fees (to \$1.75/hour) implemented with the installation of the new multi-space meters midway through FY 2011. In addition, planning permit fees also show increased activity for FY 2012. Based on collections to date, staff projects charges for services will be at least \$15.6 million, an increase of \$0.6 million over the previous projections

EXPENDITURE HIGHLIGHTS:

Year-to-Date Expenditures: As of March 31, 2012, actual General Fund expenditures totaled \$365.2 million, an increase of \$17.0 million, or 4.9 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 higher than last year by 2.1 percent but match the percent of payrolls completed which is 75%. Non-personnel spending increased 6.7 percent, but is only 57 percent of the budget so far. For many departments, differences in spending patterns reflect the timing of bill payments and not necessarily changes in spending patterns. We are, and will continue to be, closely monitoring and controlling these expenditures to be at or below budget.

- **Transportation and Environmental Services:** Increased expenditures are primarily

related to increased fuel costs and the ability to complete some paving and patching projects earlier in the fiscal year. Staff will monitor these activities and revise the projections as needed.

- **Health:** Increased expenditures reflect a timing difference in payments made to the Commonwealth of Virginia for contract health services.
- **Community and Human Services:** Increased expenditures are the result of a significant increase in Comprehensive Services Act costs in the 3rd quarter, due to an increase in caseload.
- **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 \$2.34 million to \$3.55 million in damages to the Holmes Run sewer that are believed to have resulted from the storm. City Council committed fund balances to offset any costs not reimbursed by FEMA. Initial reviews of the projects indicate that sanitary sewer work is not eligible for reimbursement since the projects currently being considered would move these sewer lines from their pre-disaster location.

Additional costs are included in the General Fund expenditures relating to the February line of duty death incident, which resulted in the death of Alexandria Paramedic Joshua Weismann.

Event	Cost	Other
Tropical Storm Lee	\$2.34 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	0.53 million	
9/11 Terrorist Preparation	0.02 million	
February Line of Duty Death Incident, Funeral and associated costs (Fire paramedic)	0.4 million	City expenses included in the General Fund.

Lastly, there are savings in the Non-Departmental budget due to decreased need for snow removal activities. However, these savings will help cover only a portion of the emergencies shown above, for which we are not going to be reimbursed.

- **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:

Online Reference 1-The Economy

Online Reference 2-Revenues

Online Reference 3-Expenditures

STAFF:

Laura Triggs, Acting Chief Financial Officer

Morgan Routt, Acting Director, Office of Management & Budget

Berenice Harris, Finance Department

Matthew Behrens, Office of Management & Budget

Melinda Barton, Finance Department

SELECTED ECONOMIC INDICATORS

Online Reference 1

Consumer Price Index (CPI-U) for the Washington-Baltimore, DC-MD-VA-WV Area (as of March 2012)	Change on Previous Year
For the United States (as of March 2012)	3.2%
Core CPI-U (excludes food and energy) (as of March 2012)	2.7%
(Source: U.S. Department of Labor, Bureau of Labor Statistics)	2.3%

Unemployment Rates	Current Month	Prior Month	Prior Year
Alexandria (as of February 2012)	5.0%	5.0%	4.7%
Virginia (as of February 2012)	5.7%	5.8%	6.4%
United States (as of March 2012)	8.2%	8.3%	8.8%
(Source: U.S. Department of Labor, Bureau of Labor Statistics)			

Office Vacancy Rates	Current Quarter	Prior Quarter	Prior Year
Alexandria	14.4%	13.9%	12.1%
Northern Virginia	13.9%	13.3%	12.9%
Washington, DC Metro area (As of 1st quarter, 2012)	12.2%	11.7%	11.5%
(Source: CoStar)			

New Business Licenses	Current Year	Prior Year	Change on Previous Year
3 month trailing average (As of March 2012)	71	60	18.3%
(Source: Finance Department)			

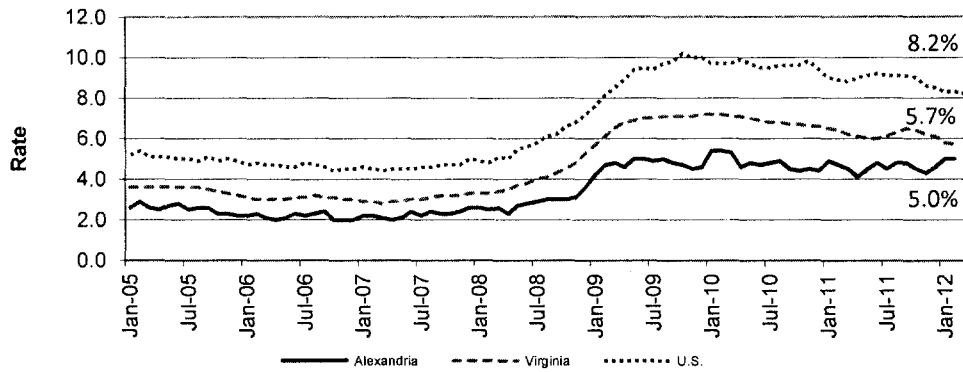
<u>New Commercial Construction (excluding Apartment Buildings) and Building Renovations</u> (Fiscal YTD as of February 2012)			
Number of new building permits	3	1	200.0%
Value of new building permits (\$ millions)	\$30.1	\$0.3	9933.3%
(Source: Office of Code Administration)			

<u>New Multi-family Construction (including Apartment & Condominium Buildings)</u> (Fiscal YTD as of February 2012)			
Number of new building permits	61	28	117.9%
Value of new building permits (\$ millions)	\$123.7	\$40.0	209.3%

<u>Residential Real Estate Indicators</u>			
Residential Dwelling Units Sold (Calendar YTD ending February 2012)	200	205	-2.4%
Median Residential Sales Price (As of February 2012)	\$466,500	\$393,000	18.7%
(Source: Department of Real Estate Assessments)			

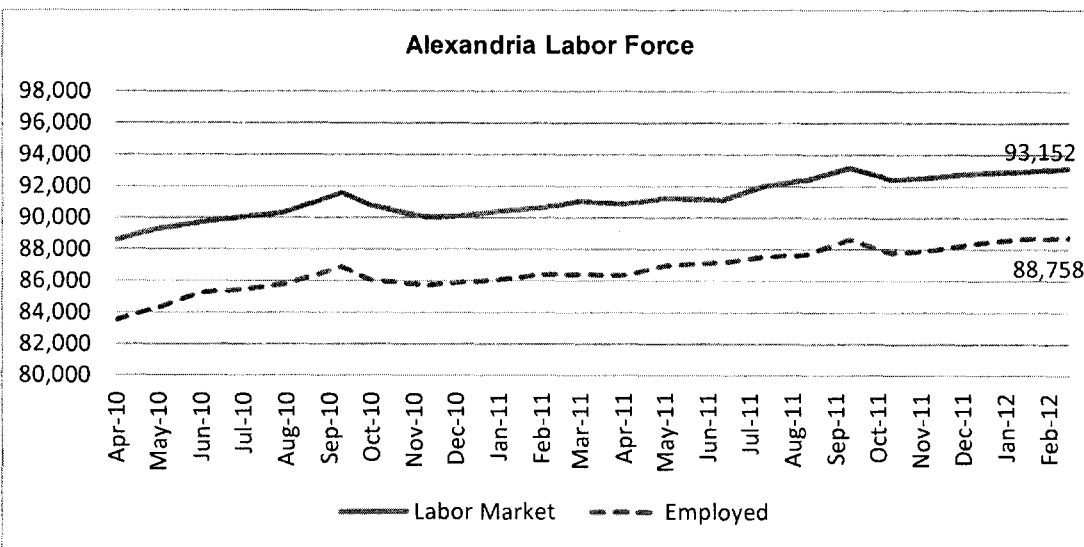
<u>Foreclosures</u>			
3 month trailing average (As of February 2012)	27	20	35.0%
Source: Dept of Real Estate Assessments			

Unemployment Rate - U.S., Virginia, and Alexandria



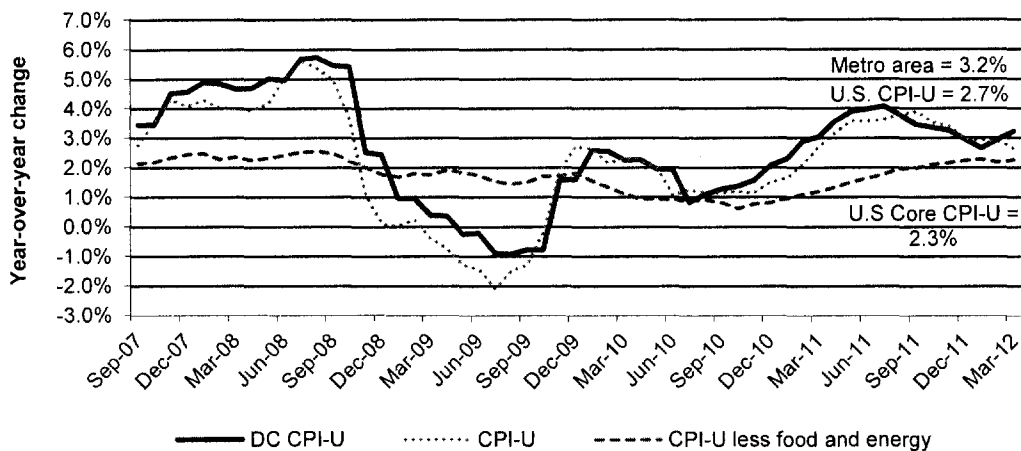
Source: U.S. Department of Labor, Bureau of Labor Statistics
 U.S. through March 2012; Virginia and Alexandria through February 2012
 *Alexandria unemployment is not seasonally-adjusted, while U.S. and Virginia are seasonally-adjusted.

Alexandria Labor Force



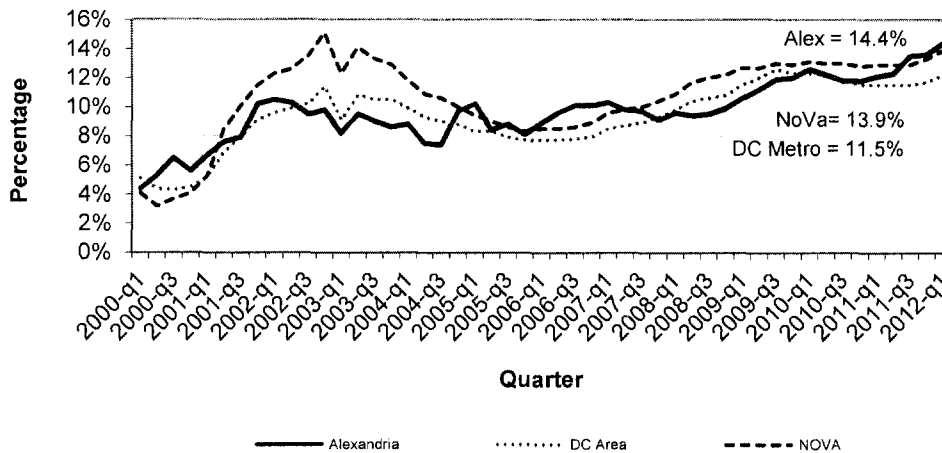
Source: Virginia Employment Commission
 Through February 2012
 *Not seasonally adjusted.

Annual Change in Consumer Price Index

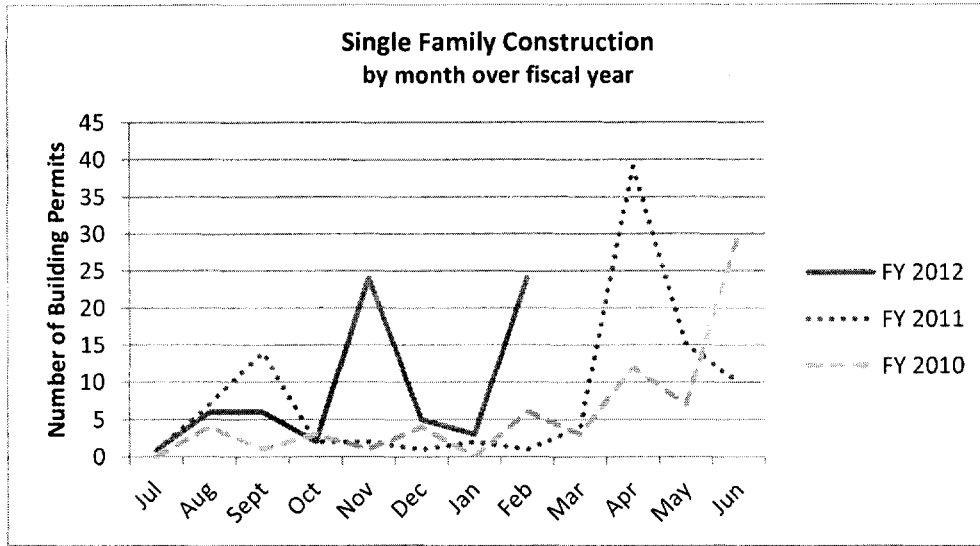


Source: U.S. Department of Labor, Bureau of Labor Statistics
Through March 2012

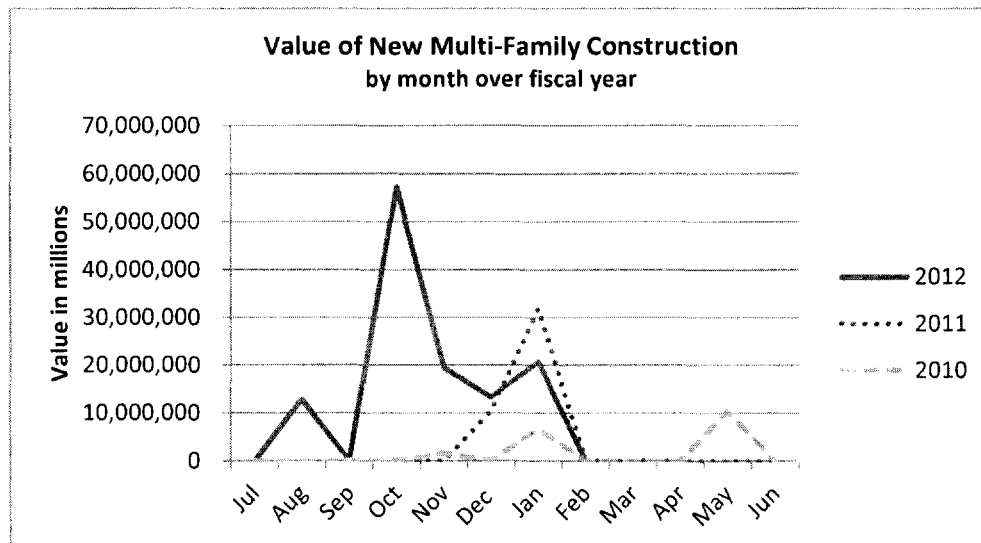
Office Vacancy Rates



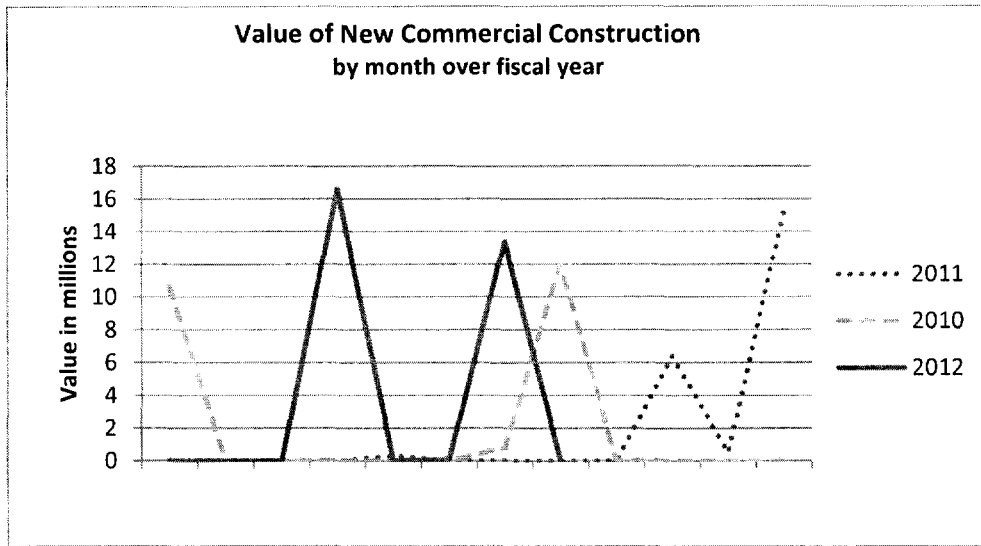
Source: CoStar
Through 1st quarter, 2012



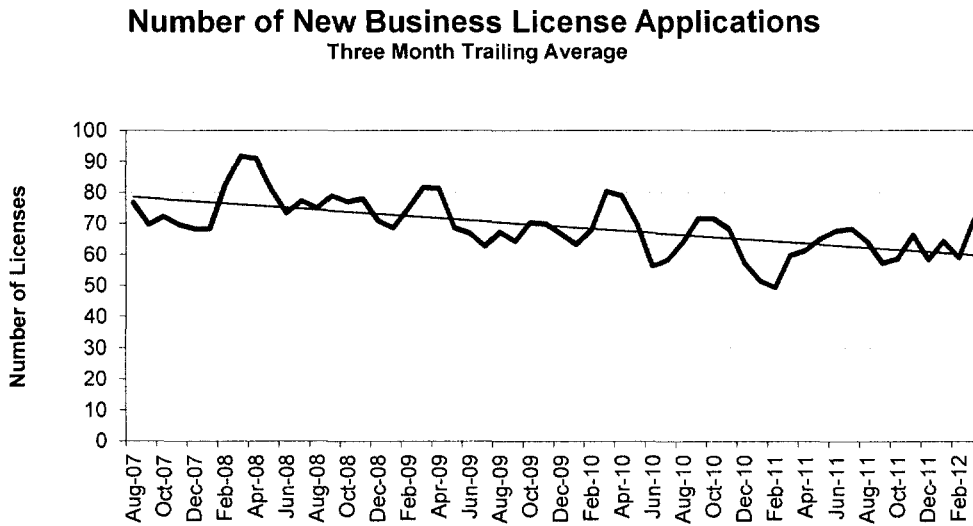
Source: Code Enforcement
Through February 2012



Source: Code Enforcement
Through February 2012

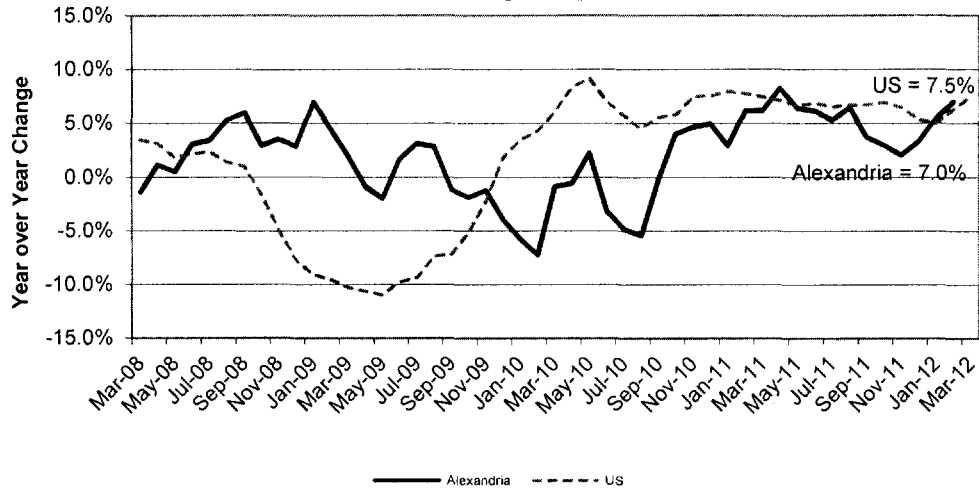


Source: Code Enforcement
Through February 2012



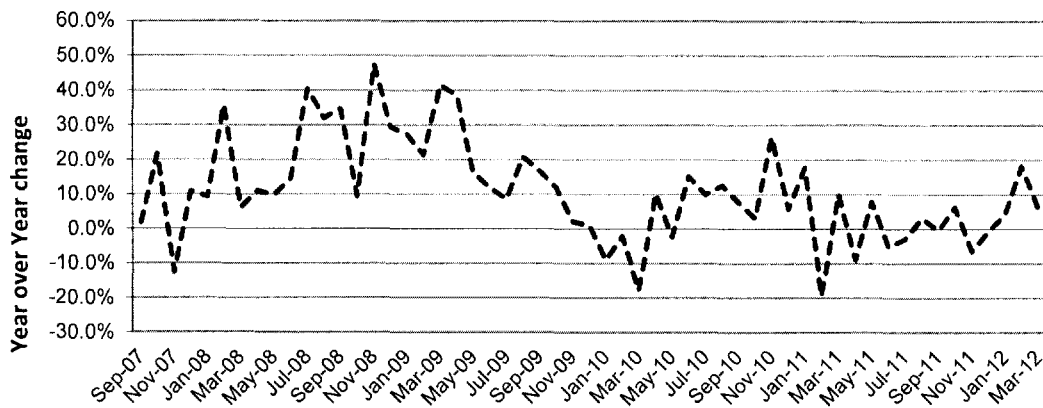
Source: Finance Department
Through March 2012

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

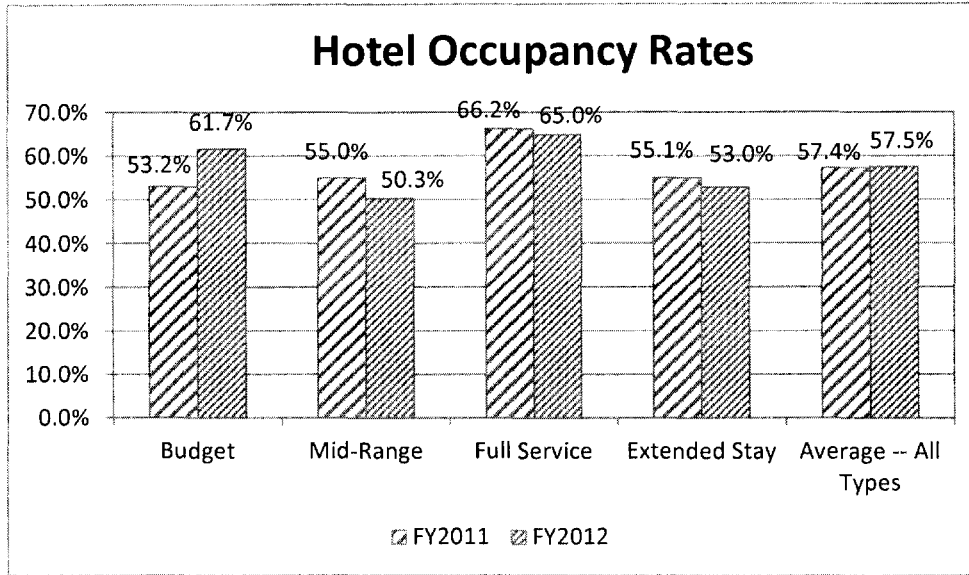


Source: Finance Department, U.S. Census Bureau
Data: U.S. Through March 2012; Alexandria Through February 2012

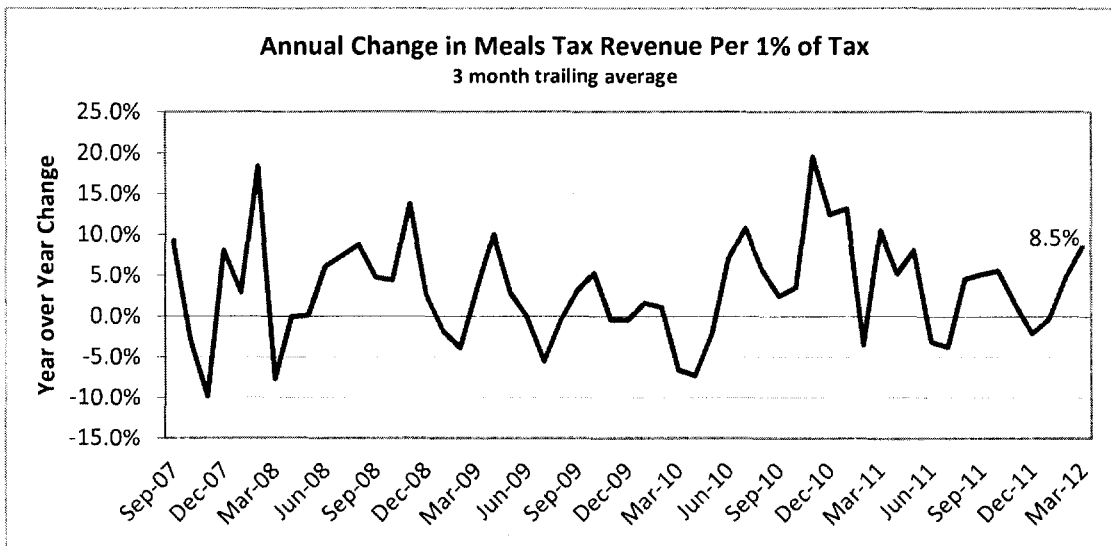
Annual Change in Transient Lodging Tax Receipts
3 month trailing average



Source: Finance Department
Through March 2012

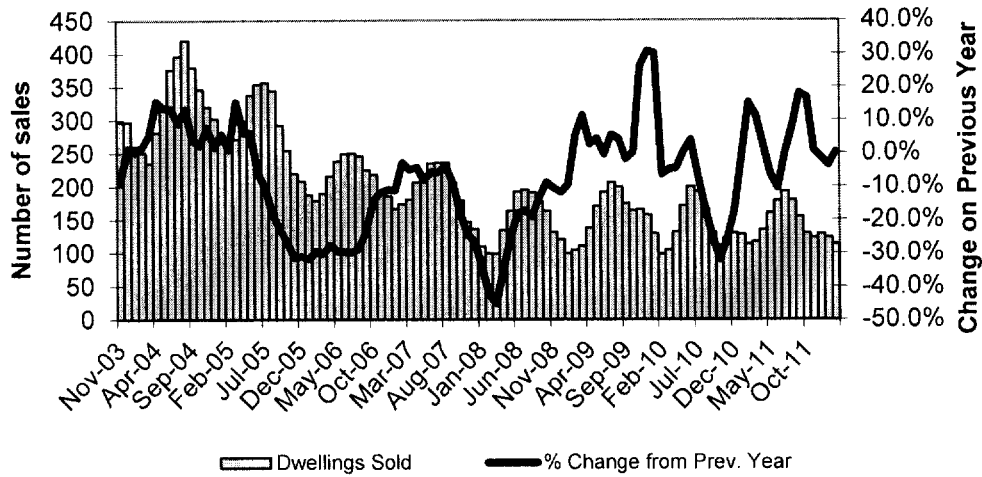


Source: Finance Department
Through January 2012



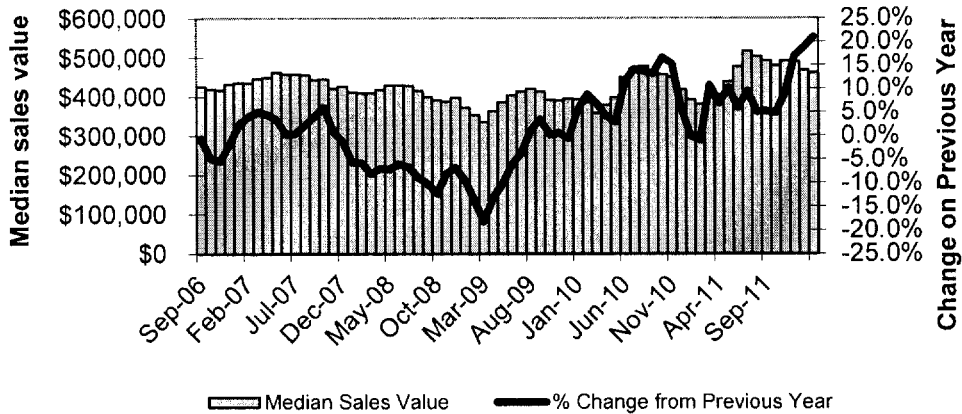
Source: Finance Department
Through March 2012*

Alexandria Residential Property Sales Volume
Three Month Trailing Average



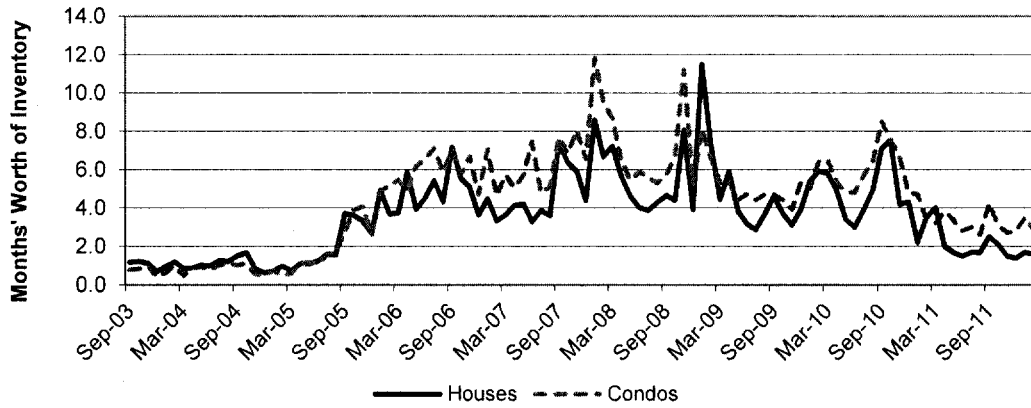
Source: Department of Real Estate Assessments
Through February 2012

Alexandria Residential Property Median Sales Value
Three Month Trailing Average



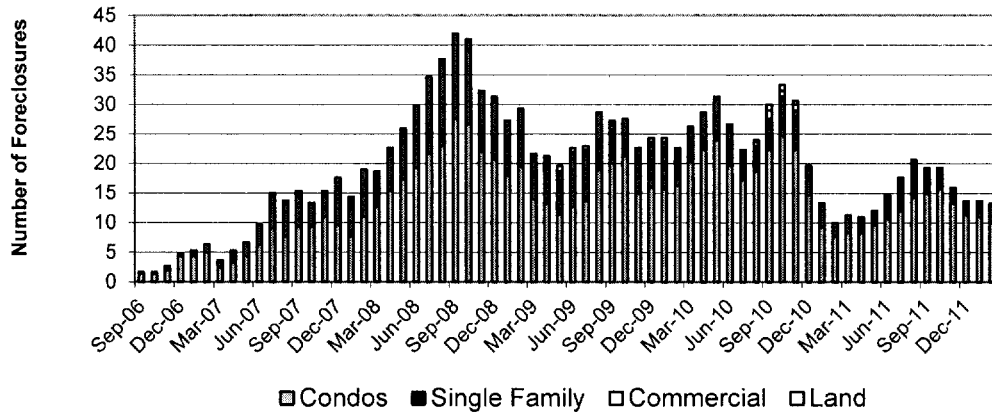
Sources: Metropolitan Regional Information Systems; Department of Real Estate Assessments
Through February 2012

Months' Worth of Inventory
City of Alexandria
2002 - present



Source: Metropolitan Regional Information Systems
 Through February 2012

New Foreclosures in Alexandria
3 month trailing average



Source: Department of Real Estate Assessments
 Through February 2012

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

	A	B	B2	C	D=C/B	E	F=(C-E)/E
	FY2011	FY2012	FY 2012	FY2012	%	FY2011	%
	ACTUALS	BUDGET	REVENUES	THRU 3/31/12	OF BUDGET	REVENUES	CHANGE
						THRU 03/31/11	
General Property Taxes							
Real Property Taxes.....	\$ 312,641,695	\$ 321,674,773	\$ 325,999,992	\$ 160,077,559	49.8%	\$ 152,957,884	5%
Personal Property Taxes.....	34,891,944	34,600,000	36,945,648	36,210,027	104.7%	33,577,507	8%
Penalties and Interest.....	2,246,186	1,870,000	1,870,000	1,455,401	77.8%	1,469,333	-1%
Total General Property Taxes	\$ 349,779,825	\$ 358,144,773	\$ 364,815,640	\$ 197,742,987	55.2%	\$ 188,004,724	5%
Other Local Taxes							
Local Sales and Use Taxes.....	\$ 23,880,909	\$ 24,200,000	\$ 24,400,000	\$ 14,193,638	58.7%	\$ 13,695,307	4%
Consumer Utility Taxes.....	10,812,989	11,200,000	11,200,000	6,966,131	62.2%	7,295,362	-5%
Communication Sales and Use Taxes.....	11,259,534	11,600,000	11,100,000	6,336,101	54.6%	6,760,830	-6%
Business License Taxes.....	30,444,798	31,825,000	32,000,000	28,783,933	90.4%	27,169,594	6%
Transient Lodging Taxes.....	11,245,201	12,500,000	11,700,000	6,756,865	54.1%	6,735,758	0%
Restaurant Meals Tax.....	16,214,900	16,300,000	16,300,000	10,152,664	62.3%	10,064,680	1%
Tobacco Taxes.....	2,777,053	2,900,000	2,900,000	1,759,364	60.7%	1,829,272	-4%
Motor Vehicle License Tax.....	3,324,937	3,200,000	3,400,000	3,067,346	95.9%	3,045,549	1%
Real Estate Recordation.....	3,668,663	3,800,000	4,100,000	3,431,799	90.3%	2,377,347	44%
Admissions Tax.....	1,082,685	1,100,000	1,000,000	700,653	63.7%	687,884	2%
Other Local Taxes.....	3,547,688	2,705,000	3,285,275	374,108	13.8%	549,096	-32%
Total Other Local Taxes	\$ 118,259,357	\$ 121,330,000	\$ 121,385,275	\$ 82,522,602	68.0%	\$ 80,210,679	3%
Intergovernmental Revenues							
Revenue from the Fed. Government.....	\$ 9,697,509	\$ 9,447,640	\$ 9,950,206	\$ 5,870,005	62.1%	\$ 6,419,463	-9%
Personal Property Tax Relief from the Commonwealth.....	23,578,531	23,578,531	23,578,531	23,106,960	98.0%	23,106,960	0%
Revenue from the Commonwealth.....	20,452,569	19,950,485	19,950,485	16,059,487	80.5%	15,040,056	7%
Total Intergovernmental Revenues	\$ 53,728,609	\$ 52,976,656	\$ 53,479,222	\$ 45,036,452	85.0%	\$ 44,566,479	1%
Other Governmental Revenues And Transfers In							
Fines and Forfeitures.....	\$ 4,472,520	\$ 4,764,000	\$ 4,764,000	\$ 3,434,284	72.1%	\$ 3,267,684	5%
Licenses and Permits.....	2,543,789	2,049,975	2,282,439	1,754,222	85.6%	1,901,633	-8%
Charges for City Services.....	14,939,668	14,709,303	14,909,303	10,469,156	71.2%	9,369,557	12%
Revenue from Use of Money & Prop.....	3,591,323	3,570,000	3,420,000	3,082,801	86.4%	2,779,503	11%
Other Revenue.....	987,727	490,000	490,000	952,229	194.3%	699,051	36%
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	\$ 27,532,645	\$ 19,692,692	72.3%	\$ 18,017,428	9%
TOTAL REVENUE	\$ 549,749,531	\$ 559,701,610	\$ 567,212,782	\$ 344,994,733	61.6%	\$ 330,799,310	4%
Appropriated Fund Balance							
General Fund.....	-	8,961,138	1,449,966	-	-	-	0%
Reappropriation of FY 2011 Encumbrances And Other Supplemental Appropriations...	-	10,160,618	10,160,618	-	-	-	0%
TOTAL	\$ 549,749,531	\$ 578,823,366	\$ 578,823,366	\$ 344,994,733	59.6%	\$ 330,799,310	4%

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

FUNCTION	A	B	C	D=C/B	E	F=(C-E)/E
	FY2011 ACTUALS	FY2012 REVISED BUDGET	FY2012 EXPENDITURES THRU 03/31/12	% OF BUDGET EXPENDED	FY2011 EXPENDITURES THRU 03/31/11	% CHANGE
Legislative & Executive	\$ 5,076,332	\$ 5,417,296	\$ 4,028,375	74.4%	\$ 4,867,824	-17%
Judicial Administration	\$ 38,393,185	\$ 39,976,309	\$ 29,420,114	73.6%	\$ 28,933,026	2%
Staff Agencies						
Information Technology Services	\$ 7,181,221	\$ 7,598,174	\$ 5,047,342	66.4%	\$ 4,799,744	5%
Management & Budget	1,063,491	1,236,389	735,300	59.5%	820,614	-10%
Finance	9,872,634	11,558,875	7,168,895	62.0%	6,823,869	5%
Real Estate Assessment	1,470,112	1,674,469	1,186,455	70.9%	1,098,582	8%
Human Resources	2,820,166	2,971,676	2,097,682	70.6%	2,071,072	1%
Planning & Zoning	5,335,556	5,623,460	4,174,621	74.2%	4,000,463	4%
Economic Development Activities	3,719,232	4,721,167	3,501,960	74.2%	2,608,238	34%
City Attorney	2,325,670	2,652,088	1,815,180	68.4%	1,732,761	5%
Registrar	1,007,110	1,203,860	839,049	69.7%	815,655	3%
General Services	11,681,427	12,486,884	8,923,799	71.5%	8,934,544	0%
Total Staff Agencies	\$ 46,476,619	\$ 51,727,042	\$ 35,490,283	68.6%	\$ 33,705,542	5%
Operating Agencies						
Transportation & Environmental Services	\$ 27,532,364	\$ 28,522,530	\$ 20,846,926	73.1%	\$ 19,757,834	6%
Fire	35,892,427	35,164,700	28,134,884	80.0%	28,339,425	-1%
Police	51,013,585	51,203,943	38,089,270	74.4%	39,630,966	-4%
Emergency Communications	1,842,911	5,687,007	4,823,235	84.8%	-	-
Code	843,814	923,364	602,106	65.2%	644,895	-7%
Transit Subsidies	8,094,839	8,564,122	5,713,804	66.7%	6,194,210	-8%
Community and Human Services	13,920,947	14,789,220	11,416,331	77.2%	9,510,498	20%
Health	7,854,474	8,379,225	6,720,688	80.2%	5,666,899	19%
Historic Resources	2,560,919	2,824,565	2,132,893	75.5%	1,928,517	11%
Recreation	19,025,423	19,632,384	13,860,950	70.6%	14,446,024	-4%
Total Operating Agencies	\$ 168,581,703	\$ 175,691,060	\$ 132,341,087	75.3%	\$ 126,119,268	5%
Education						
Schools	\$ 167,886,567	\$ 174,956,420	\$ 111,498,310	63.7%	\$ 107,783,517	3%
Other Educational Activities	12,229	12,288	9,216	75.0%	9,172	0%
Total Education	\$ 167,898,796	\$ 174,968,708	\$ 111,507,526	63.7%	\$ 107,792,689	3%
Capital, Debt Service and Miscellaneous						
Debt Service	\$ 38,479,349	\$ 43,438,079	\$ 26,393,380	60.8%	\$ 21,185,348	24.6%
Non-Departmental	12,427,609	13,932,749	8,264,440	59.3%	8,194,179	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	\$ 39,573,806	62.6%	\$ 34,924,527	13.3%
TOTAL EXPENDITURES	\$ 482,878,593	\$ 511,044,746	\$ 352,361,191	68.9%	\$ 336,342,876	4.8%
Cash Match (Transportation/Mental Health/Mental Retardation/ Substance Abuse, Human Services and Library and Transfers to the Special Revenue Fund)	33,360,416	51,453,962	800,000	-	-	-
Transfer to Housing	1,715,904	1,651,705	984,692	59.6%	1,228,279	-19.8%
Transfer to Library	5,879,455	6,644,953	4,983,715	75.0%	4,702,994	6.0%
Transfer to DASH	8,178,196	8,028,000	6,021,000	75.0%	5,855,842	2.8%
TOTAL EXPENDITURES & TRANSFERS	\$ 532,012,564	\$ 578,823,366	\$ 365,150,598	63.1%	\$ 348,129,991	4.9%
Total Expenditures by Category						
Salaries and Benefits	\$ 181,704,996	\$ 187,885,023	\$ 140,870,276	75.0%	\$ 137,949,861	2.1%
Non Personnel (includes all school funds)	350,307,568	390,938,343	224,280,322	57.4%	210,180,130	6.7%
Total Expenditures	\$ 532,012,564	\$ 578,823,366	\$ 365,150,598	63.1%	\$ 348,129,991	4.9%