


City of Alexandria, Virginia

MEMORANDUM

DATE: JUNE 6, 2012
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL
FROM: RASHAD M. YOUNG, CITY MANAGER 
SUBJECT: MONTHLY FINANCIAL REPORT FOR THE PERIOD ENDING APRIL 30, 2012

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

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

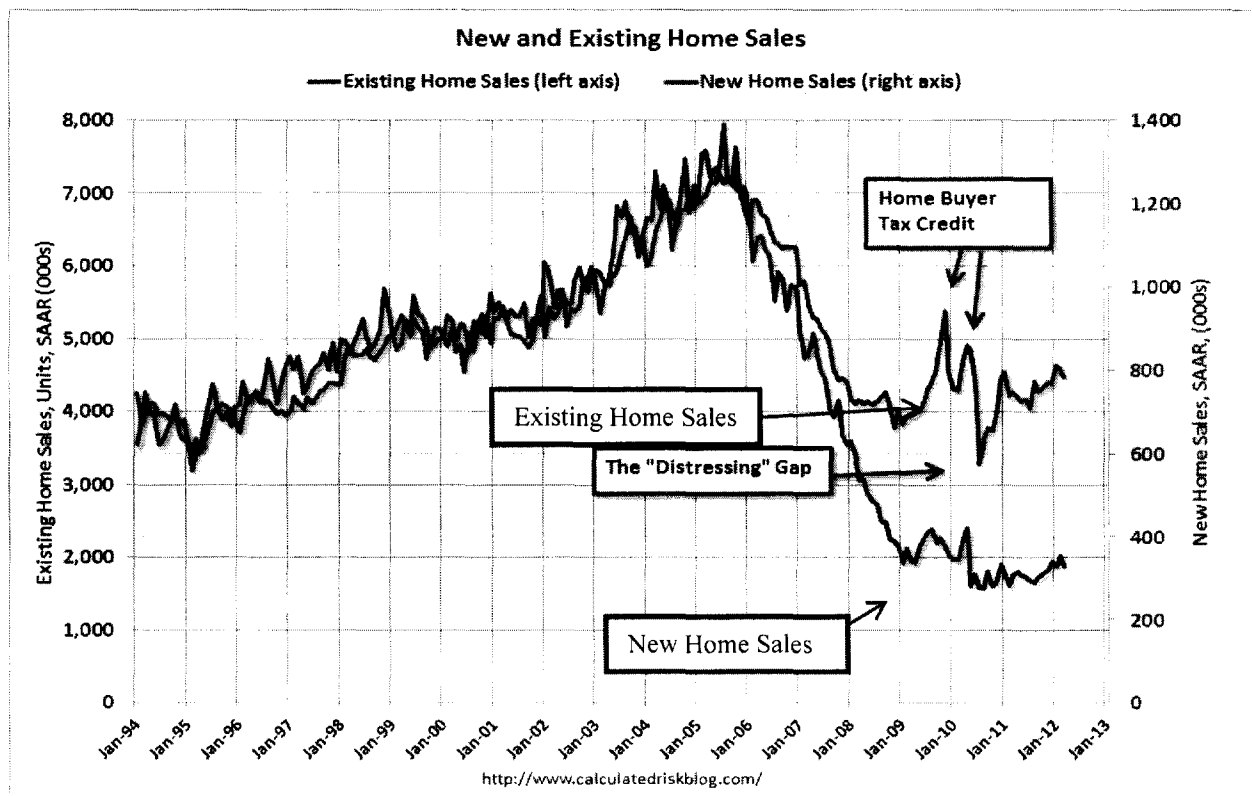
DISCUSSION: This report includes highlights of the City's financial condition and provides fiscal year (FY) 2012 financial information on revenues and expenditures of the General Fund for the period ending April 30, 2012. Detailed economic, revenue, and expenditure charts are also available from the City of Alexandria website at alexandriava.gov/FinancialReports.

ECONOMIC HIGHLIGHTS:

New home sales and the strength of the housing market recovery – The March new home sales report from the U.S. Census Bureau showed an increase of 7.5 percent in the number of new home sales from March 2011. Additionally, nationally sales for January, February, and March are up about 17 percent from the weakest three month period during the housing downturn.

However, distressed home sales continue to account for a large portion of home sales (40 percent in March) according to the National Association of Realtors (NAR). Additionally, distressed home sales sold for approximately 20 percent less than other home sales according to NAR. The high number of distressed home sales along with the relatively low sales point continues to dampen the overall health of the national housing market by keeping sale prices down and discouraging development as developers cannot compete with the lowered rate of return. This has created what is being called the “distressing” gap, or the difference between new and existing home sales. The most recent Standard and Poor's Rating Services' estimates that the time it will take to clear the supply of distressed homes on the U.S. market is now about 46 months. This is slightly lower than the S&P forecast from the previous quarter.

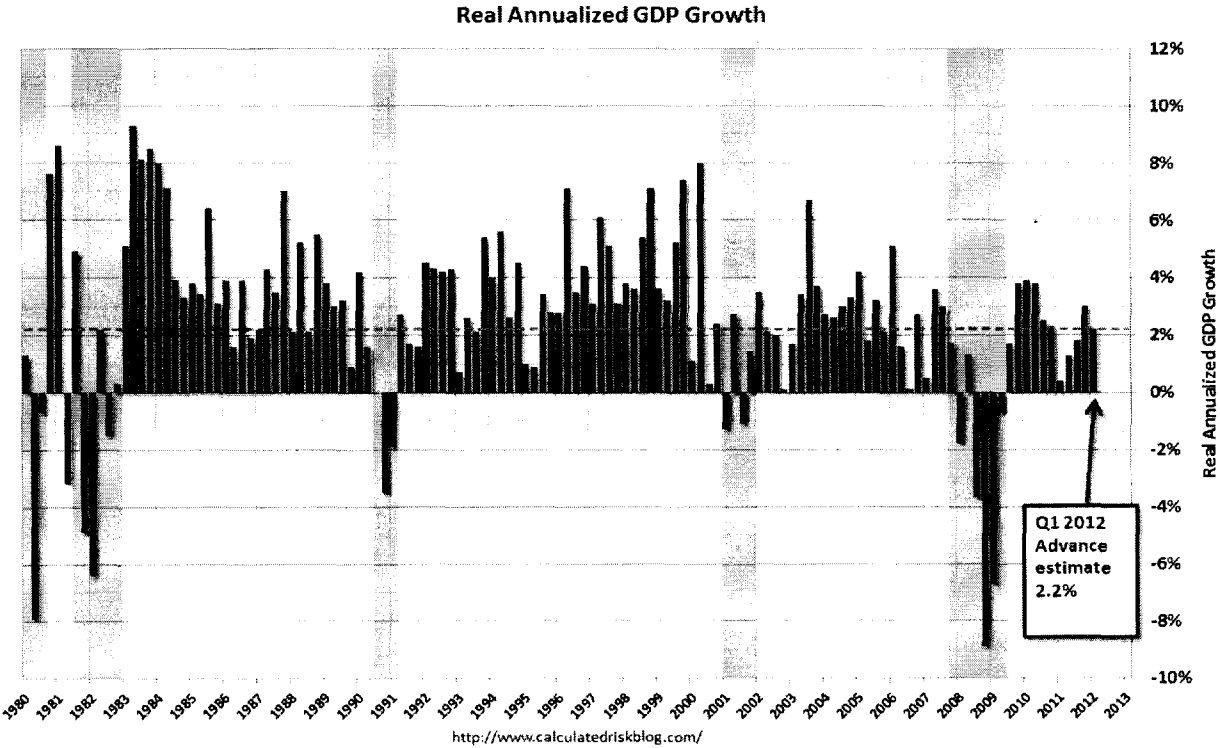
Below is a graph showing the "distressing" gap between existing home sales (left axis) and new home sales (right axis) through March 2012.

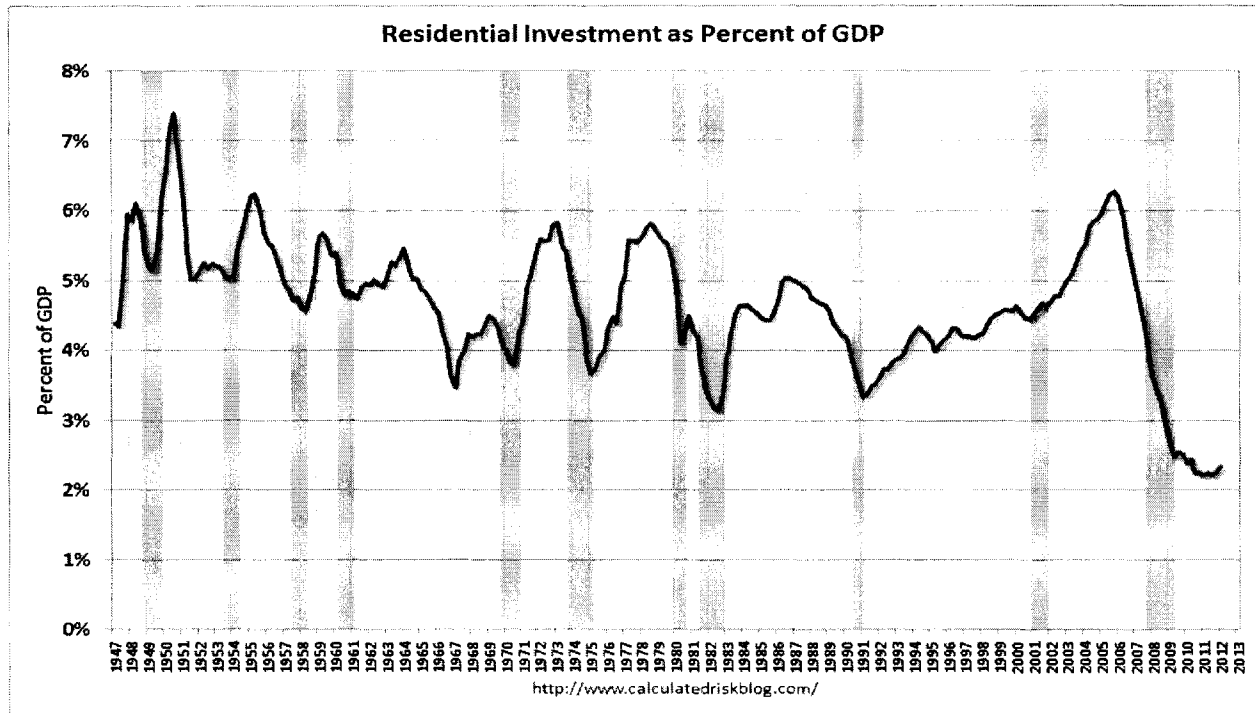


New Residential Construction Permits – In March the City received 41 new single family residential (one and two family units) construction permits. This brings the fiscal year to date total of single family permits to 112. Through March 2012 the annual total number of new residential permits is 173 with 112 coming from single family and 61 from multi family. Through March 2011, the annual total number of new residential permits was 62 with 34 coming from single family and 28 from multi family. This equates to a year-over-year increase of 179 percent in total residential permits from March 2011 to March 2012. Of the 41 new single family permits issued in March, 27 are from Potomac Yard while the other 14 are from development on Alfred Street between Madison and Montgomery. By comparison, total residential permits nationally increased 4.5 percent from February 2012 to March 2012 and 30.1 percent from March 2011 to March 2012.

GDP update – The GDP report was weaker than expected with 2.2 percent real GDP growth annualized (projections were for 2.5 percent growth). Personal consumption expenditures increased at a 2.9 percent annual rate, and residential investment (residential investment includes construction of new single and multifamily structures, residential remodeling, production of manufactured homes, and brokers' fees) increased at a 19.1 percent annual rate. The relatively mild winter likely boosted personal consumption and residential investment; however, residential investment as a percent of GDP (2.4 percent) is still near record lows. In previous post-war

recessions residential investment bounced back quickly, typically within one quarter, but this time due to the excess supply of existing vacant housing units, residential investment has dragged for 11 quarters.





REVENUE HIGHLIGHTS:

Year-to-Date Revenues: As of April 30, 2012, ten months into the fiscal year, actual General Fund revenues totaled \$359.1 million, which is four percent higher than FY 2011 for the same period. Most of this increase is related to the budgeted real estate and personal property taxes (discussed below), which have increased four percent and nine percent, respectively, over last year. This report includes the April re-estimates described in Budget Memo # 48, which anticipated an additional \$1.7 million in revenues above those previously budgeted.

- **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 \$3.0 million has already been included in the FY 2013 Approved Budget. Based on current collections, staff projects FY 2012 revenues to be at least \$37.2 million, an increase of \$0.3 million over the April projection.
- **Consumer Utility Taxes:** The decrease in these taxes is primarily due to the relatively mild winter.
- **Communication Taxes:** The decrease in these taxes 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.
- **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 April projection.

- **Revenue from Federal Government:** The increase in Federal revenue primarily represents the timing of payments for the Federal Prisoner Per Diem.
- **Other Local Taxes:** The decrease of 31 percent in other local taxes is primarily a result of the variable timing of quarterly payments.
- **Charges for Service:** The increase in charges for services is primarily 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 April projections.

EXPENDITURE HIGHLIGHTS:

Year-to-Date Expenditures: As of April 30, 2012, actual General Fund expenditures totaled \$404.4 million, an increase of \$20.1 million, or five 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 bond refunding in April. Personnel expenditures remain on par with last year. These personnel expenditures are higher than last year by three percent but match the percent of payrolls completed, which is 83 percent. Non-personnel spending increased seven percent but is only 53.5 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.

- **Emergency Communications:** The increase is primarily attributable to overtime costs that have occurred while the department continues to increase staffing to appropriate levels.
- **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 third quarter, due to an increase in the department's caseload.
- **Debt Service:** The increase reflects budgeted debt service for new bonds issued in June 2010 and July 2011 and refunded bonds in April 2012. 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, 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, \$0.3 million has been approved for the earthquake only for costs directly associated with the event. The City is responsible for other repairs made at the same time, such as resealing or adding chimney caps. The Tropical Storm Lee cost estimate includes \$2.34 million to \$3.55 million in damages to the Holmes Run sewer. City Council committed fund balances to offset any costs not reimbursed by FEMA and insurance filings. Initial reviews of the projects indicate that most of the cost is for sanitary sewer work that 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	0.54 million	\$0.3 million approved to date.
9/11 Terrorist Preparation	0.02 million	All City cost.
February Line of Duty Death Incident, Funeral and associated costs (Fire paramedic)	0.4 million	City expenses included in the General Fund.

- 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

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

(Source: U.S. Department of Labor, Bureau of Labor Statistics)

	Current Month	Prior Month	Prior Year
Unemployment Rates Alexandria (as of March 2012)	4.5%	5.0%	4.5%
Virginia (as of March 2012)	5.6%	5.7%	6.2%
United States (as of April 2012)	8.1%	8.2%	9.0%

(Source: U.S. Department of Labor, Bureau of Labor Statistics)

	Current Quarter	Prior Quarter	Prior Year
Office Vacancy Rates Alexandria	14.4%	13.6%	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)

	Current Year	Prior Year	Change on Previous Year
New Business Licenses 3 month trailing average (As of April 2012)	70	59	18.6%

(Source: Finance Department)

New Commercial Construction (excluding Apartment Buildings) and Building Renovations			
(Fiscal YTD as of March 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)

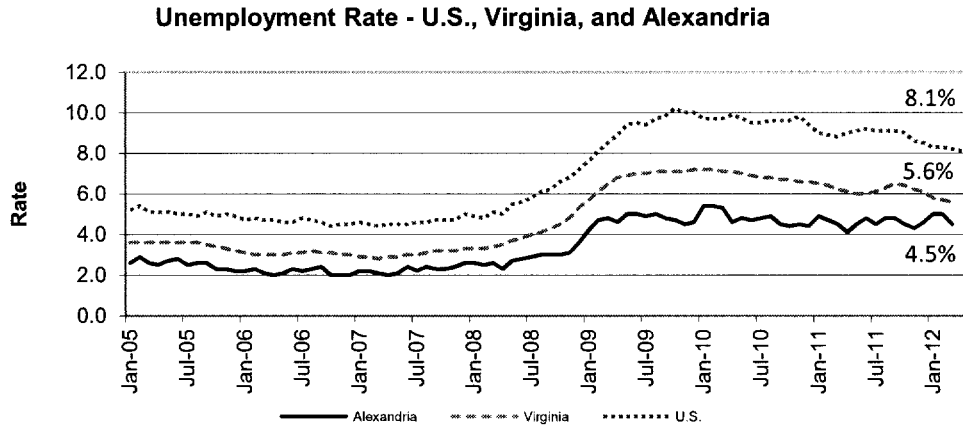
New Multi-family Construction (including Apartment & Condominium Buildings)			
(Fiscal YTD as of March 2012)			
Number of new building permits	61	58	5.2%
Value of new building permits (\$ millions)	\$123.7	\$40.0	209.3%

Residential Real Estate Indicators			
Residential Dwelling Units Sold (Calendar YTD ending March 2012)	356	351	1.4%
Median Residential Sales Price (As of March 2012)	\$462,500	\$410,000	12.8%

(Source: Department of Real Estate Assessments)

Foreclosures 3 month trailing average (As of March 2012)	41	34	20.6%
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Source: Dept of Real Estate Assessments

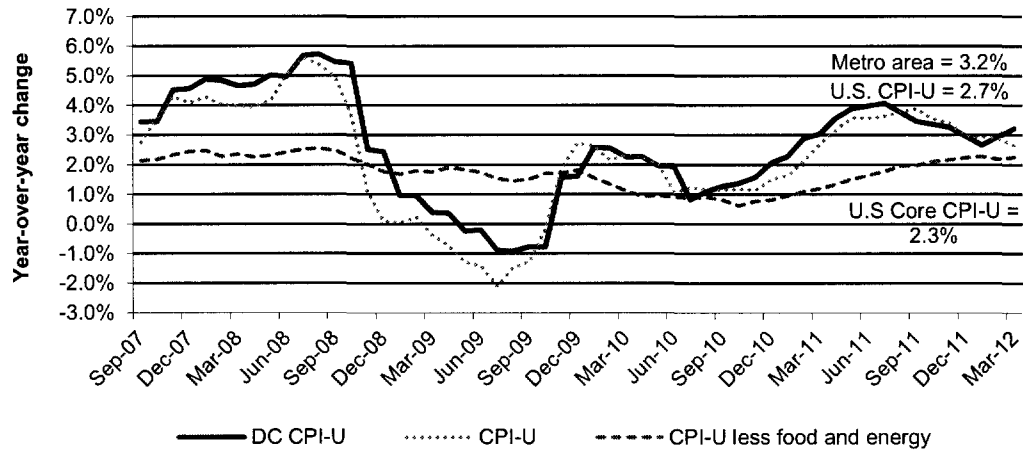


Source: U.S. Department of Labor, Bureau of Labor Statistics
 U.S. through April 2012; Virginia and Alexandria through March 2012
 *Alexandria unemployment is not seasonally-adjusted, while U.S. and Virginia are seasonally-adjusted.



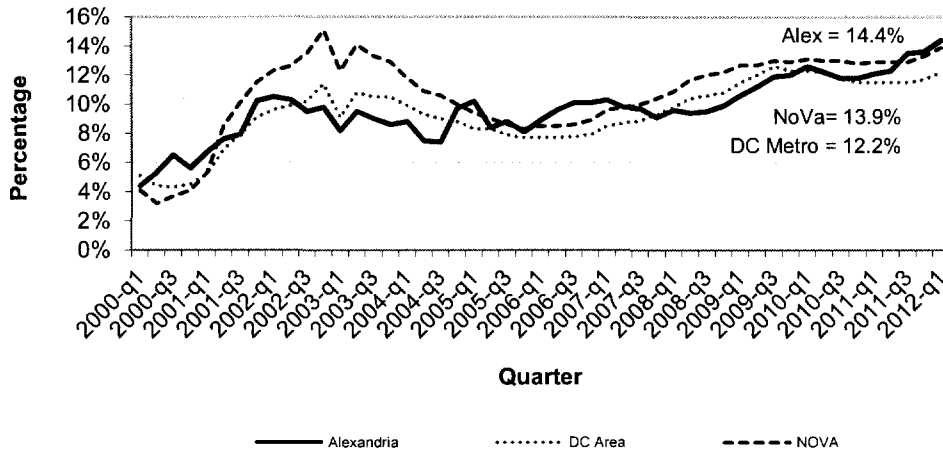
Source: Virginia Employment Commission
 Through March 2012
 *Not seasonally adjusted.

Annual Change in Consumer Price Index

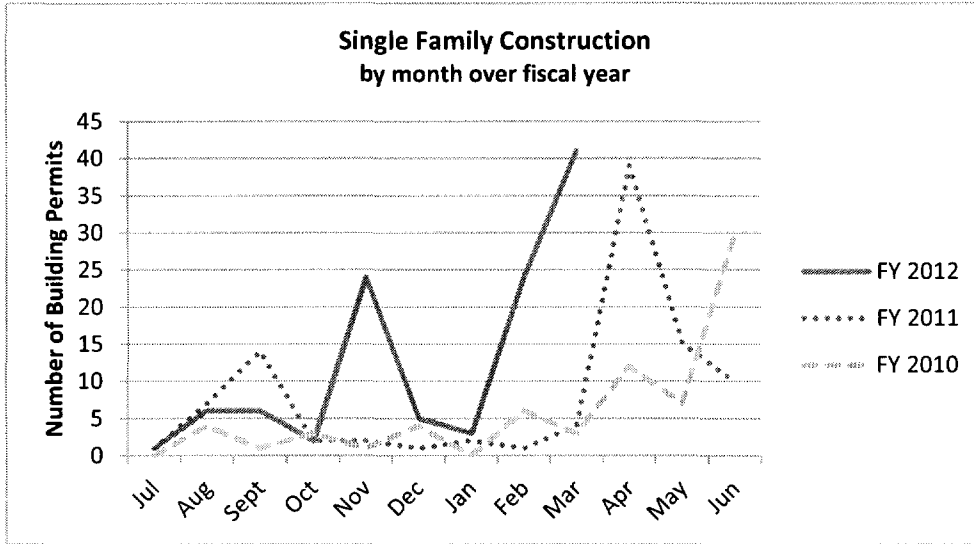


Source: U.S. Department of Labor, Bureau of Labor Statistics
Through March 2012

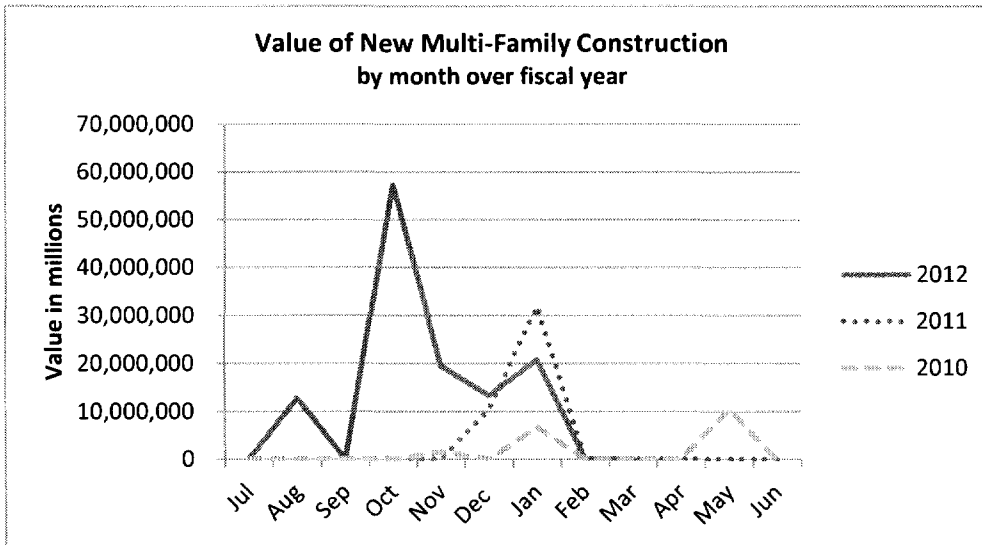
Office Vacancy Rates



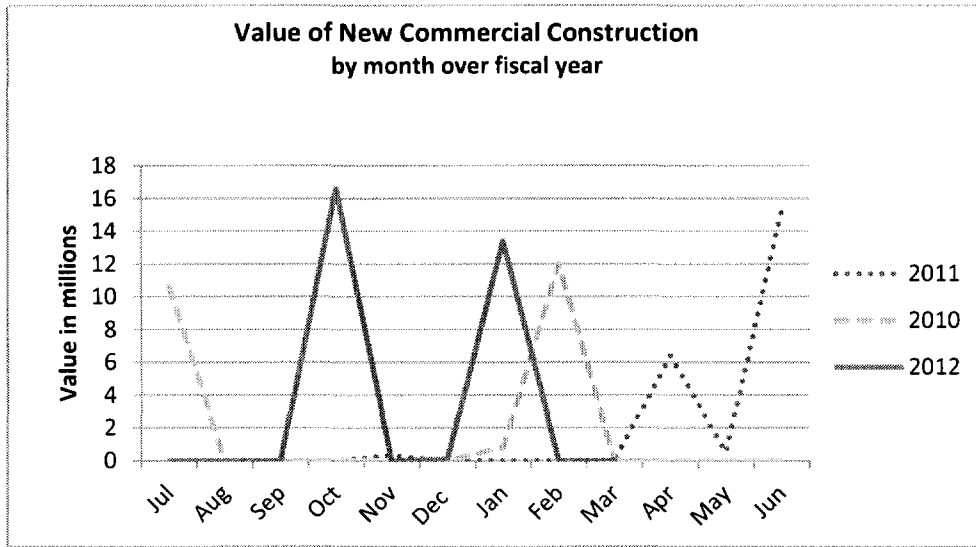
Source: CoStar
Through 1st quarter, 2012



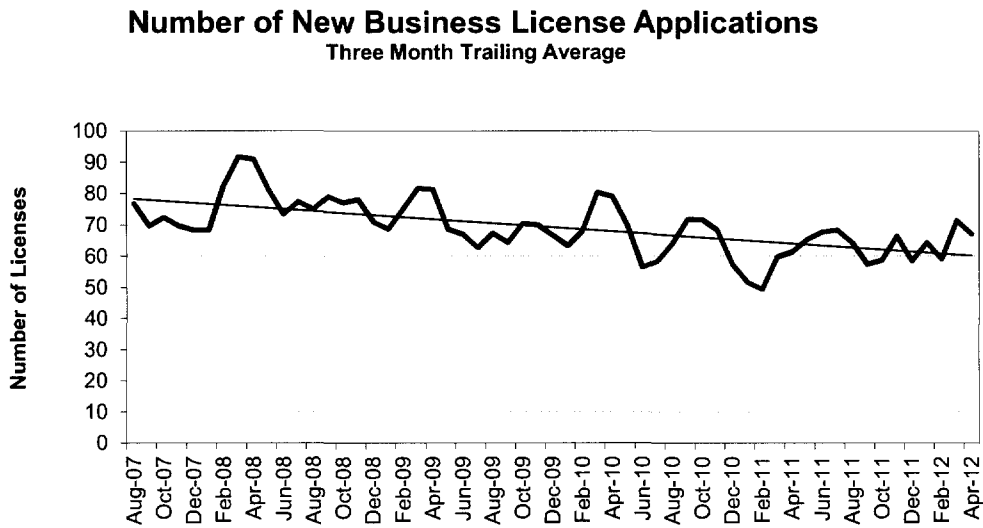
Source: Code Enforcement
Through March 2012



Source: Code Enforcement
Through March 2012

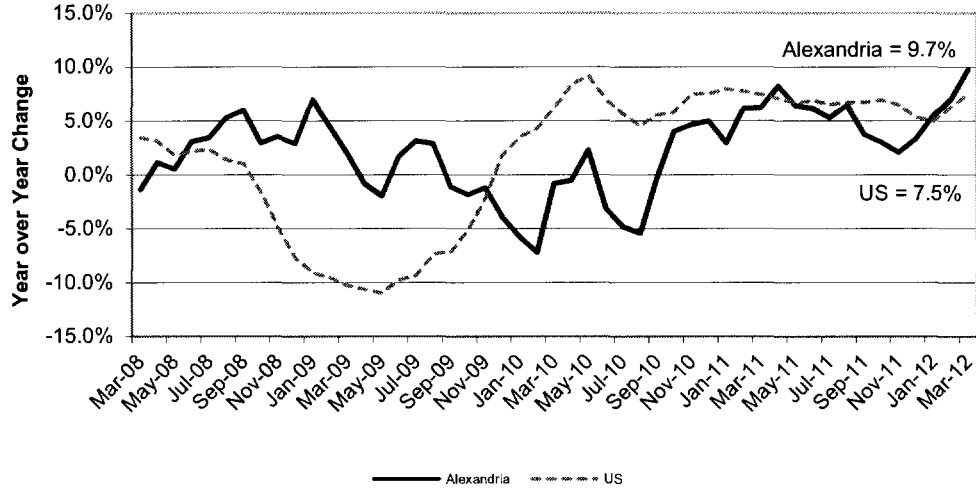


Source: Code Enforcement
Through March 2012



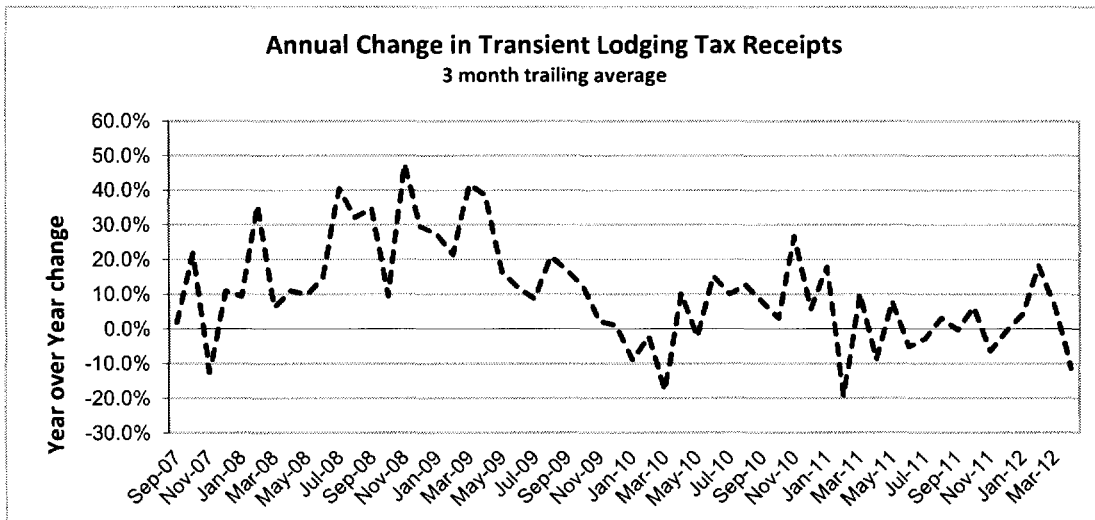
Source: Finance Department
Through April 2012

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

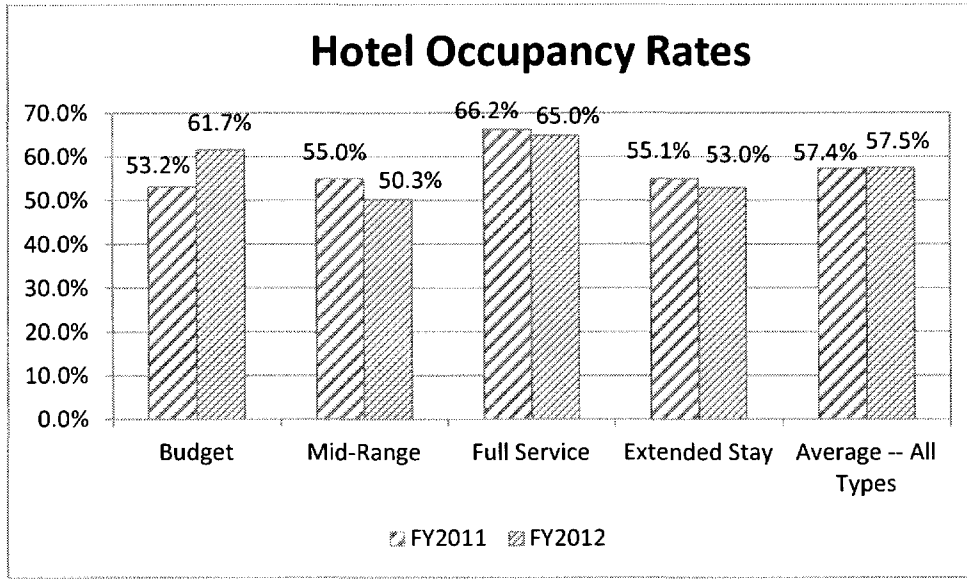


Source: Finance Department, U.S. Census Bureau
Data: Through March 2012

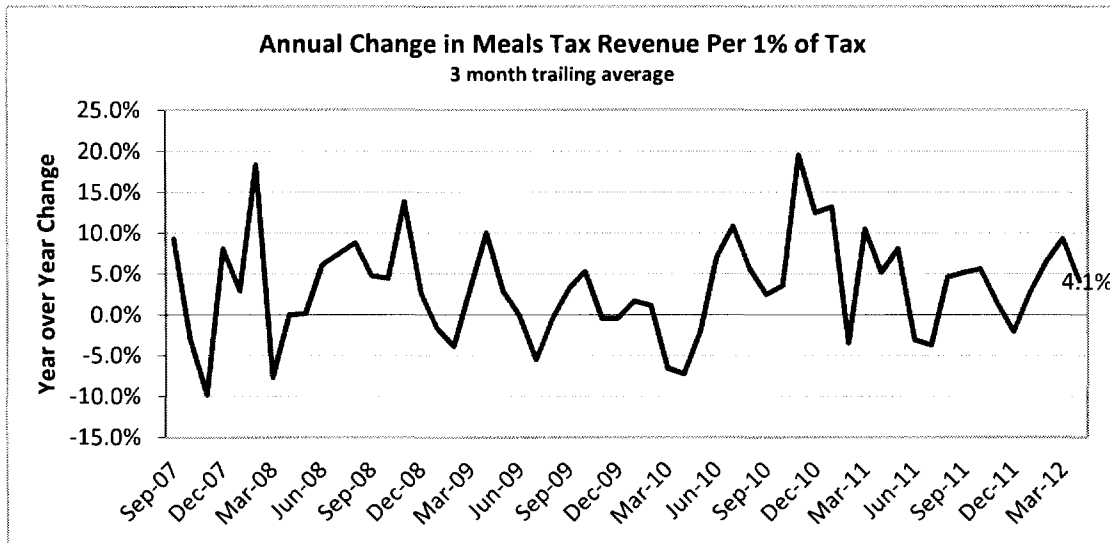
Annual Change in Transient Lodging Tax Receipts
3 month trailing average



Source: Finance Department
Through April 2012

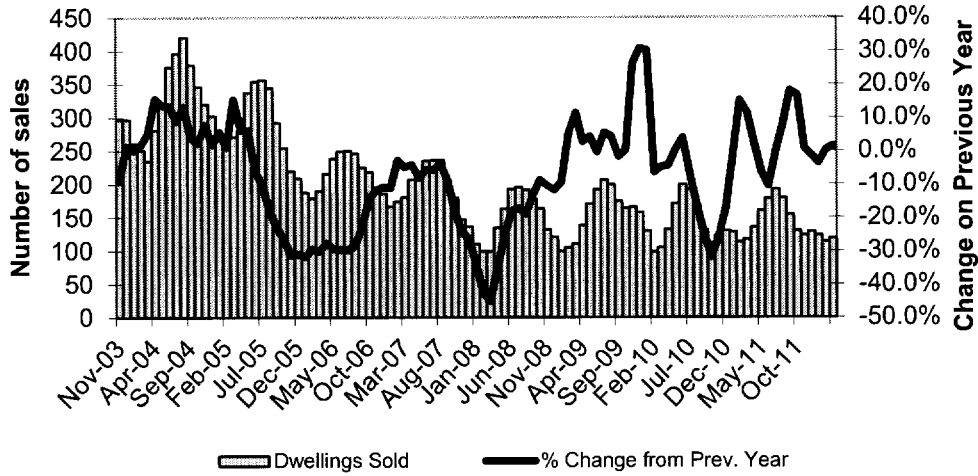


Source: Finance Department
Through January 2012



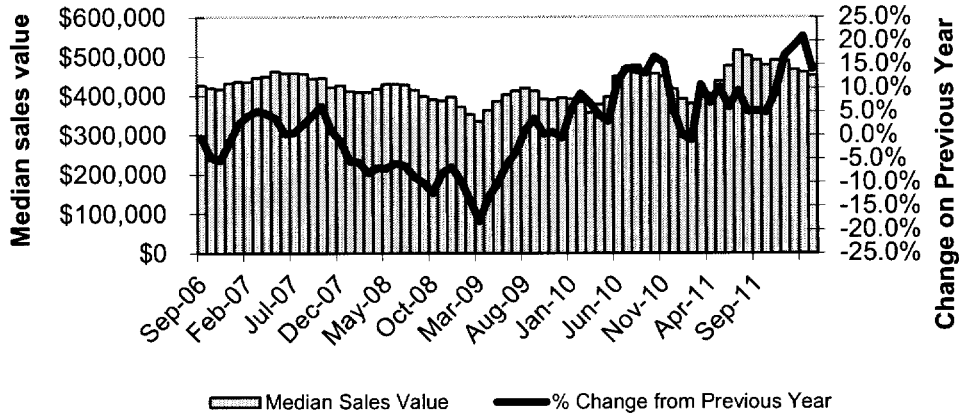
Source: Finance Department
Through April 2012

Alexandria Residential Property Sales Volume
Three Month Trailing Average



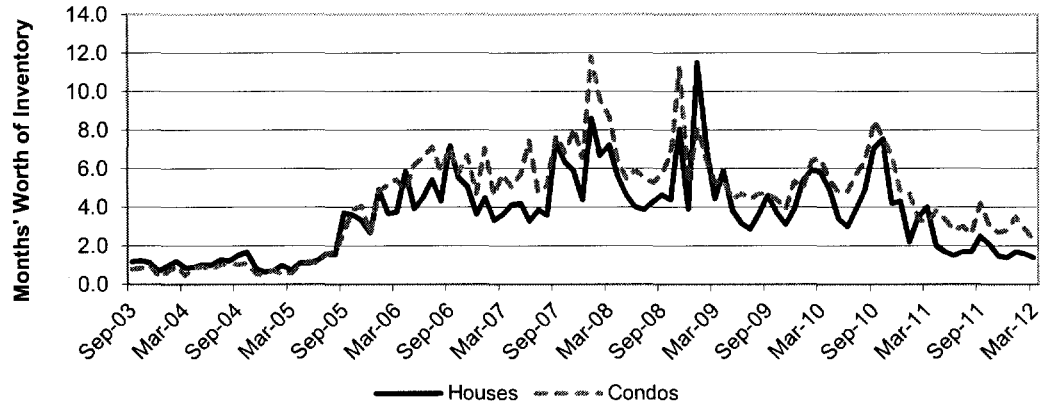
Source: Department of Real Estate Assessments
 Through March 2012

Alexandria Residential Property Median Sales Value
Three Month Trailing Average



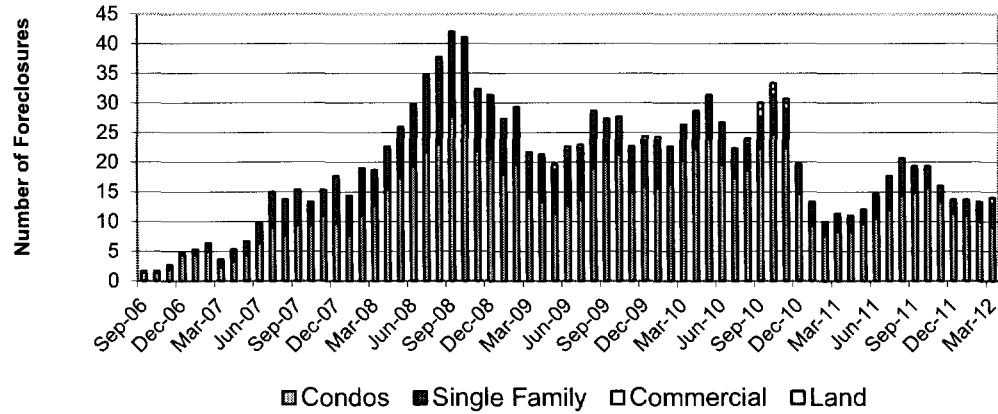
Sources: Metropolitan Regional Information Systems; Department of Real Estate Assessments
 Through March 2012

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



Source: Metropolitan Regional Information Systems
Through March 2012

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



Source: Department of Real Estate Assessments
Through March 2012

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

	A	B	B2	C	D=C/B	E	F=(C-E)/E
	FY2011	FY2012	FY2012	FY2012	%	FY2011	%
	ACTUALS	REVISED BUDGET	PROJECTED REVENUES	REVENUES THRU 4/30/12	OF BUDGET	REVENUES THRU 04/30/11	CHANGE
General Property Taxes							
Real Property Taxes.....	\$ 312,641,695	\$ 321,991,875	\$ 324,999,992	\$ 160,407,302	49.8%	\$ 154,234,396	4%
Personal Property Taxes.....	34,891,944	34,600,000	37,250,000	37,031,405	107.0%	34,083,409	9%
Penalties and Interest.....	2,246,186	1,870,000	2,125,000	1,682,256	90.0%	1,793,974	-6%
Total General Property Taxes	\$ 349,779,825	\$ 358,461,875	\$ 364,374,992	\$ 199,120,963	55.5%	\$ 190,111,779	5%
Other Local Taxes							
Local Sales and Use Taxes.....	\$ 23,880,909	\$ 24,200,000	\$ 24,600,000	\$ 16,091,921	66.5%	\$ 15,382,542	5%
Consumer Utility Taxes.....	10,812,989	11,200,000	10,800,000	7,829,827	69.9%	8,187,188	-4%
Communication Sales and Use Taxes.....	11,259,534	11,600,000	11,100,000	7,251,951	62.5%	7,680,304	-6%
Business License Taxes.....	30,444,798	31,825,000	32,600,000	29,714,507	93.4%	28,353,736	5%
Transient Lodging Taxes.....	11,245,201	12,500,000	11,800,000	7,921,846	63.4%	7,841,396	1%
Restaurant Meals Tax.....	16,214,900	16,300,000	16,500,000	11,625,791	71.3%	11,319,143	3%
Tobacco Taxes.....	2,777,053	2,900,000	2,700,000	1,989,191	68.6%	2,057,594	-3%
Motor Vehicle License Tax.....	3,324,937	3,200,000	3,400,000	3,200,283	100.0%	3,155,301	1%
Real Estate Recordation.....	3,668,663	3,800,000	4,800,000	3,755,538	98.8%	2,759,751	36%
Admissions Tax.....	1,082,685	1,100,000	1,100,000	804,868	73.2%	765,239	5%
Other Local Taxes.....	3,547,688	2,705,000	3,335,275	493,441	18.2%	711,330	-31%
Total Other Local Taxes	\$ 118,259,357	\$ 121,330,000	\$ 122,735,275	\$ 90,679,164	74.7%	\$ 88,213,524	3%
Intergovernmental Revenues							
Revenue from the Fed. Government.....	\$ 9,697,509	\$ 9,447,640	\$ 9,950,206	\$ 7,720,968	81.7%	\$ 7,022,997	10%
Personal Property Tax Relief from the Commonwealth.....	23,578,531	23,578,531	23,578,531	23,106,959	98.0%	23,106,960	0%
Revenue from the Commonwealth.....	20,452,569	19,950,485	20,222,485	16,588,855	83.2%	15,676,191	6%
Total Intergovernmental Revenues	\$ 53,728,609	\$ 52,976,656	\$ 53,751,222	\$ 47,416,782	89.5%	\$ 45,806,148	4%
Other Governmental Revenues And Transfers In							
Fines and Forfeitures.....	\$ 4,472,520	\$ 4,764,000	\$ 4,594,000	\$ 3,896,222	81.8%	\$ 3,635,218	7%
Licenses and Permits.....	2,543,789	2,049,975	2,313,650	1,969,868	96.1%	2,102,025	-6%
Charges for City Services.....	14,939,668	14,709,303	15,554,303	11,593,032	78.8%	10,284,579	13%
Revenue from Use of Money & Prop.....	3,591,323	3,570,000	3,535,000	3,354,921	94.0%	3,082,475	9%
Other Revenue.....	987,727	490,000	510,000	1,063,929	217.1%	743,269	43%
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	\$ 28,173,856	\$ 21,877,972	80.3%	\$ 19,847,566	10%
TOTAL REVENUE	\$ 549,749,531	\$ 560,018,712	\$ 569,035,345	\$ 359,094,881	64.1%	\$ 343,979,017	4%
Appropriated Fund Balance							
General Fund.....	-	8,961,138	-	-	-	-	0%
Appropriation of refunding bond proceeds	-	73,454,827	73,454,827	73,454,827	-	-	-
Reappropriation of FY 2011 Encumbrances And Other	-	-	-	-	-	-	-
Supplemental Appropriations....	-	11,156,009	11,100,514	-	-	-	0%
TOTAL	\$ 549,749,531	\$ 653,590,686	\$ 653,590,686	\$ 432,549,708	66.2%	\$ 343,979,017	26%

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

FUNCTION	A	B	C	D=C/B	E	F=(C-E)/E
	FY2011 ACTUALS	FY2012 REVISED BUDGET	FY2012 EXPENDITURES THRU 04/30/12	% OF BUDGET EXPENDED	FY2011 EXPENDITURES THRU 04/30/11	EXPENDITURES %
Legislative & Executive.....	\$ 5,076,332	\$ 5,417,296	\$ 4,332,841	80.0%	\$ 5,322,962	-19%
Judicial Administration.....	\$ 38,393,185	\$ 39,976,309	\$ 33,156,979	82.9%	\$ 32,308,469	3%
Staff Agencies						
Information Technology Services.....	\$ 7,181,221	\$ 7,598,174	\$ 5,972,815	78.6%	\$ 5,256,682	14%
Management & Budget.....	1,063,491	1,236,389	813,666	65.8%	893,958	-9%
Finance.....	9,872,634	11,558,875	8,149,398	70.5%	7,519,052	8%
Real Estate Assessment.....	1,470,112	1,674,469	1,308,619	78.2%	1,200,765	9%
Human Resources.....	2,820,166	2,996,676	2,296,861	76.6%	2,286,650	0%
Planning & Zoning.....	5,335,556	5,623,460	4,604,260	81.9%	4,413,358	4%
Economic Development Activities.....	3,719,232	4,721,167	3,944,546	83.6%	3,460,781	14%
City Attorney.....	2,325,670	2,652,088	2,009,435	75.8%	1,918,325	5%
Registrar.....	1,007,110	1,203,860	943,672	78.4%	874,944	8%
General Services.....	11,681,427	12,486,884	9,962,716	79.8%	9,432,419	6%
Total Staff Agencies	\$ 46,476,619	\$ 51,752,042	\$ 40,005,988	77.3%	\$ 37,256,934	7%
Operating Agencies						
Transportation & Environmental Services.....	\$ 27,532,364	\$ 29,293,959	\$ 23,803,347	81.3%	\$ 21,900,563	9%
Fire.....	35,892,427	35,164,700	30,898,103	87.9%	30,872,255	0%
Police.....	51,013,585	51,342,298	41,934,443	81.7%	43,542,385	-4%
Emergency Communications.....	1,842,911	5,945,007	5,273,987	88.7%	-	-
Code.....	843,814	923,364	662,059	71.7%	706,302	-6%
Transit Subsidies.....	8,094,839	8,564,122	6,966,046	81.3%	7,651,441	-9%
Community and Human Services.....	13,920,947	14,845,827	12,462,329	83.9%	10,535,434	18%
Health.....	7,854,474	8,379,225	7,241,231	86.4%	6,196,128	17%
Historic Resources.....	2,560,919	2,824,565	2,360,810	83.6%	2,118,435	11%
Recreation.....	19,025,423	19,632,384	15,326,981	78.1%	15,803,222	-3%
Total Operating Agencies	\$ 168,581,703	\$ 176,915,451	\$ 146,929,336	83.1%	\$ 139,326,165	5%
Education						
Schools.....	\$ 167,886,567	\$ 174,956,420	\$ 125,192,701	71.6%	\$ 120,806,685	4%
Other Educational Activities.....	12,229	12,288	12,288	100.0%	12,229	0%
Total Education	\$ 167,898,796	\$ 174,968,708	\$ 125,204,989	71.6%	\$ 120,818,914	4%
Capital, Debt Service and Miscellaneous						
Debt Service.....	\$ 38,479,349	\$ 116,892,906	\$ 27,223,695	23.3%	\$ 21,185,348	28.5%
Expenses on refunding bonds			\$ 695,319			
Non-Departmental.....	12,427,609	13,408,749	8,609,599	64.2%	8,655,059	-0.5%
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	\$ 136,195,158	41,444,599	30.4%	\$ 35,385,407	17.1%
TOTAL EXPENDITURES	\$ 482,878,593	\$ 585,224,964	\$ 391,074,732	66.8%	\$ 370,418,851	5.6%
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	-	-	-	-
Transfer to Housing.....	1,715,904	2,238,807	1,106,579	49.4%	1,312,992	-15.7%
Transfer to Library.....	5,879,455	6,644,953	5,535,246	83.3%	5,223,459	6.0%
Transfer to DASH.....	8,178,196	8,028,000	6,687,324	83.3%	6,503,888	2.8%
TOTAL EXPENDITURES & TRANSFERS	\$ 532,012,564	\$ 653,590,686	\$ 404,403,881	61.9%	\$ 383,459,190	5.5%
Total Expenditures by Category						
Salaries and Benefits	\$ 181,704,996	\$ 187,885,023	\$ 155,355,181	82.7%	\$ 150,770,632	3.0%
Non Personnel (includes all school funds)	350,307,568	465,705,663	249,048,700	53.5%	232,688,558	7.0%
Total Expenditures	\$ 532,012,564	\$ 653,590,686	\$ 404,403,881	61.9%	\$ 383,459,190	5.5%

18

18
6-13-12

Monthly Financial Report

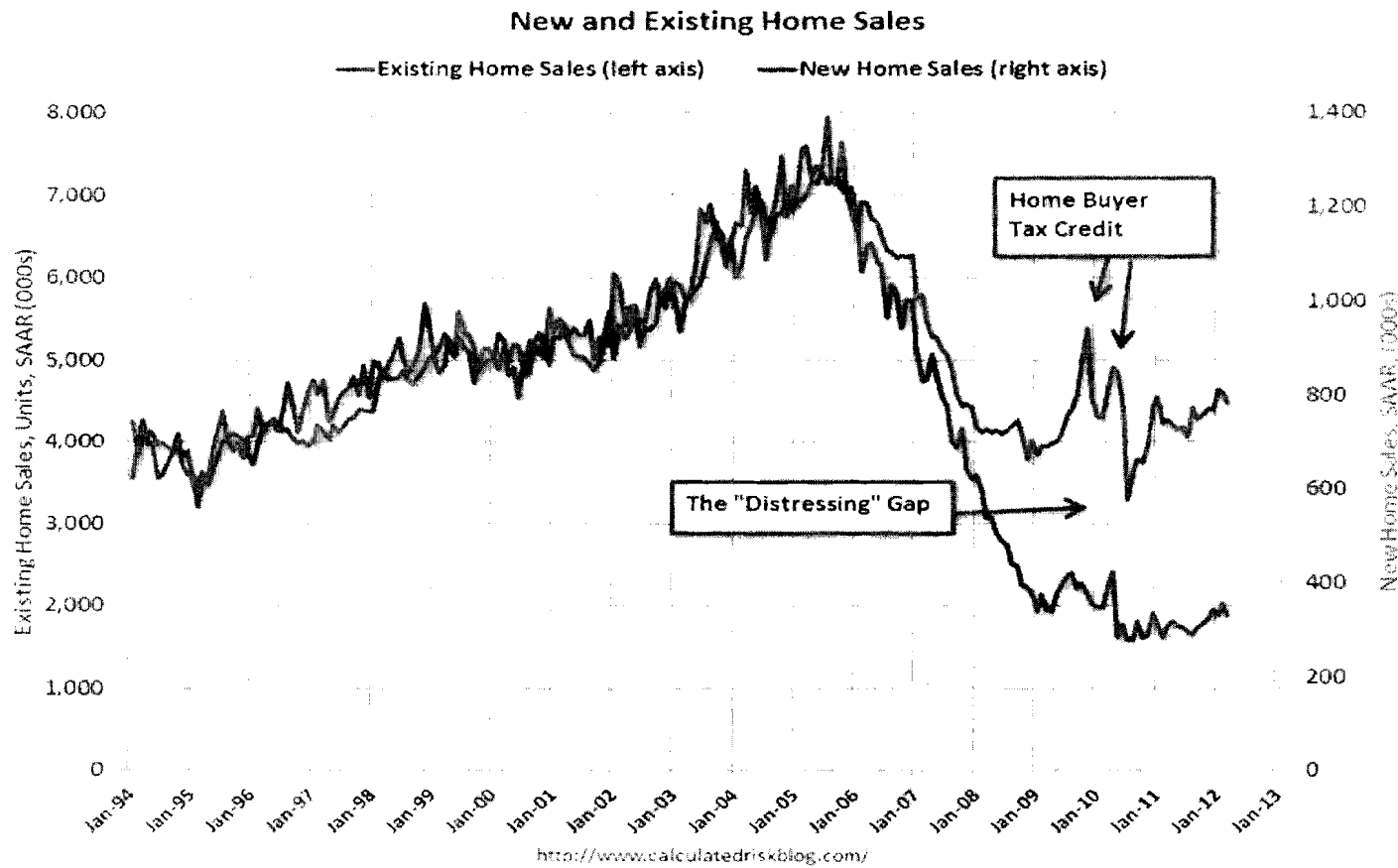
Through April 2012



City of Alexandria

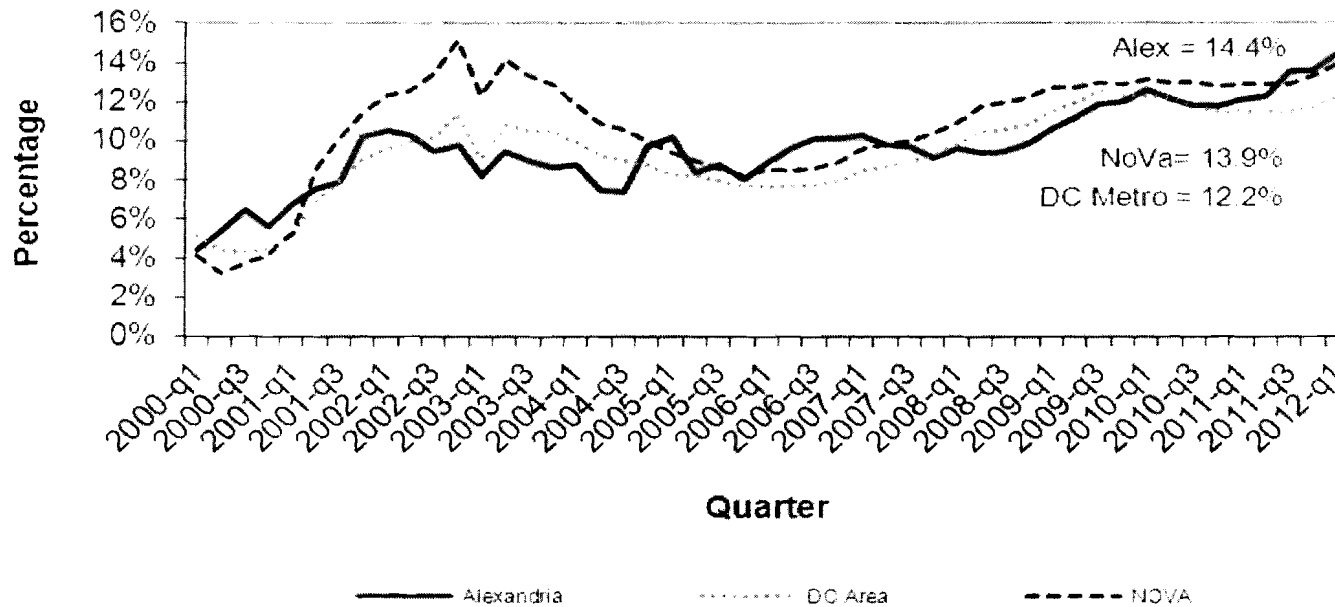
Monthly Financial Report

Economic Indicators

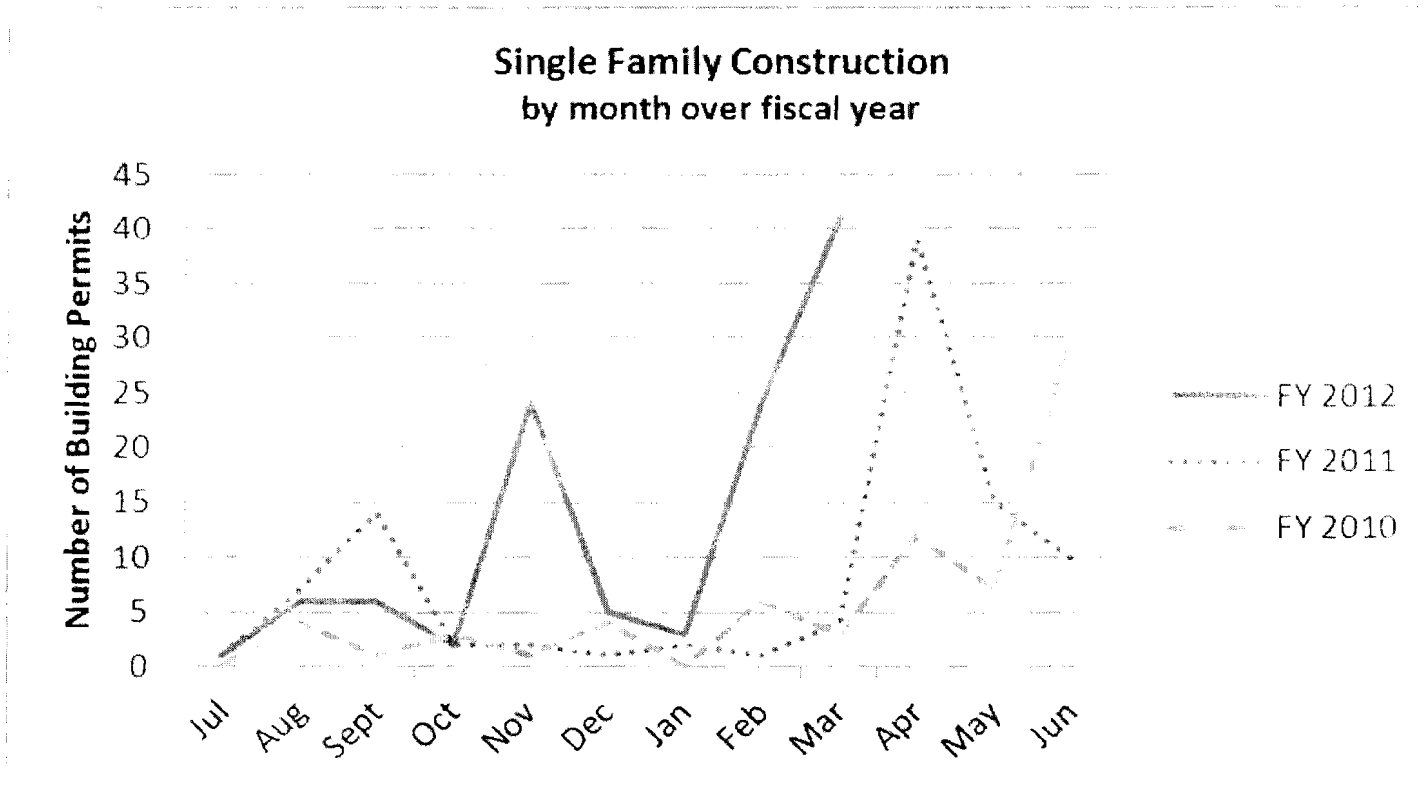


Economic Indicators

Office Vacancy Rates

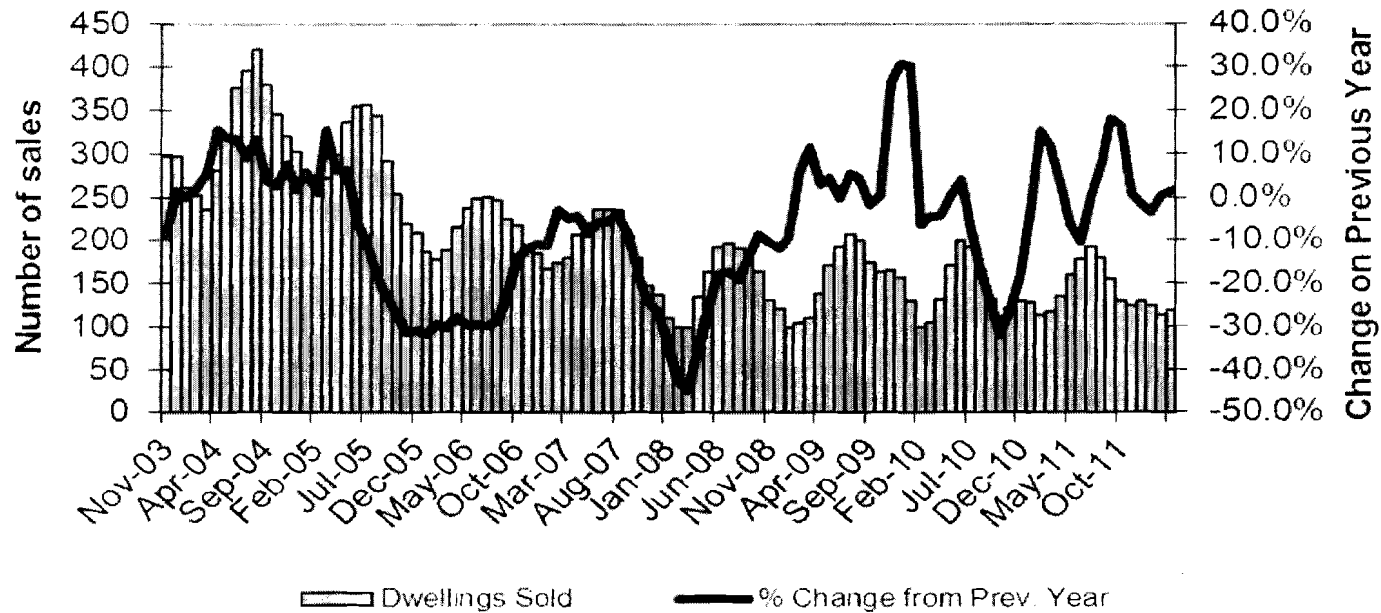


Economic Indicators



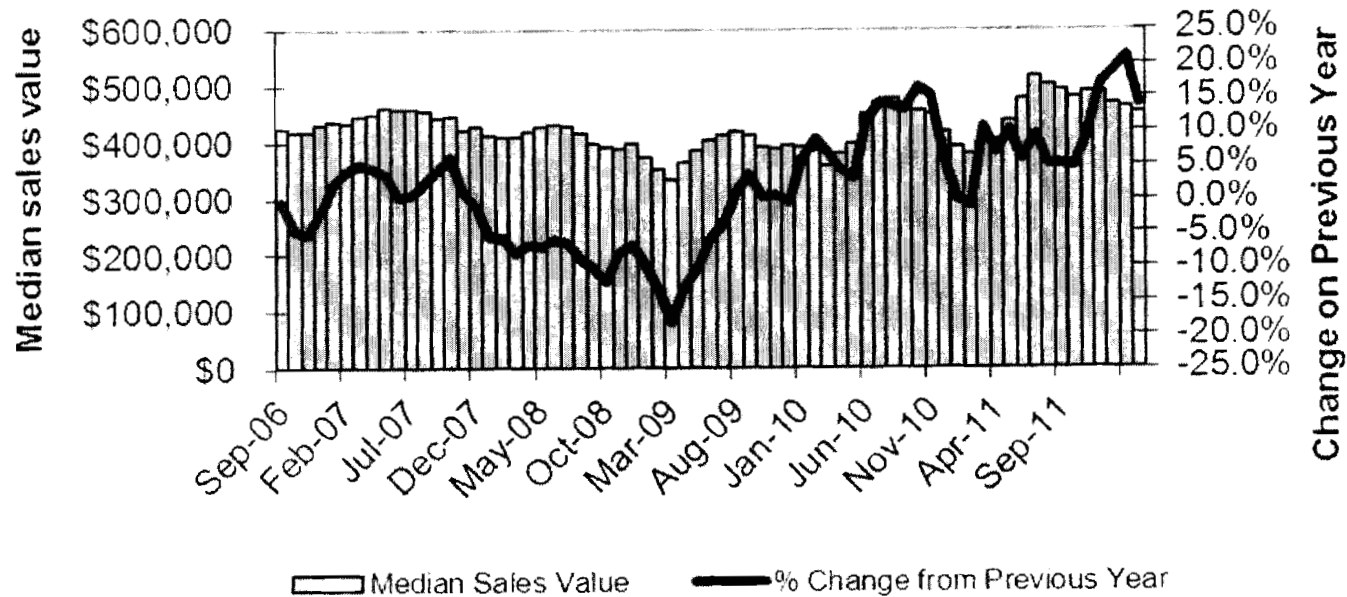
Economic Indicators

Alexandria Residential Property Sales Volume
Three Month Trailing Average



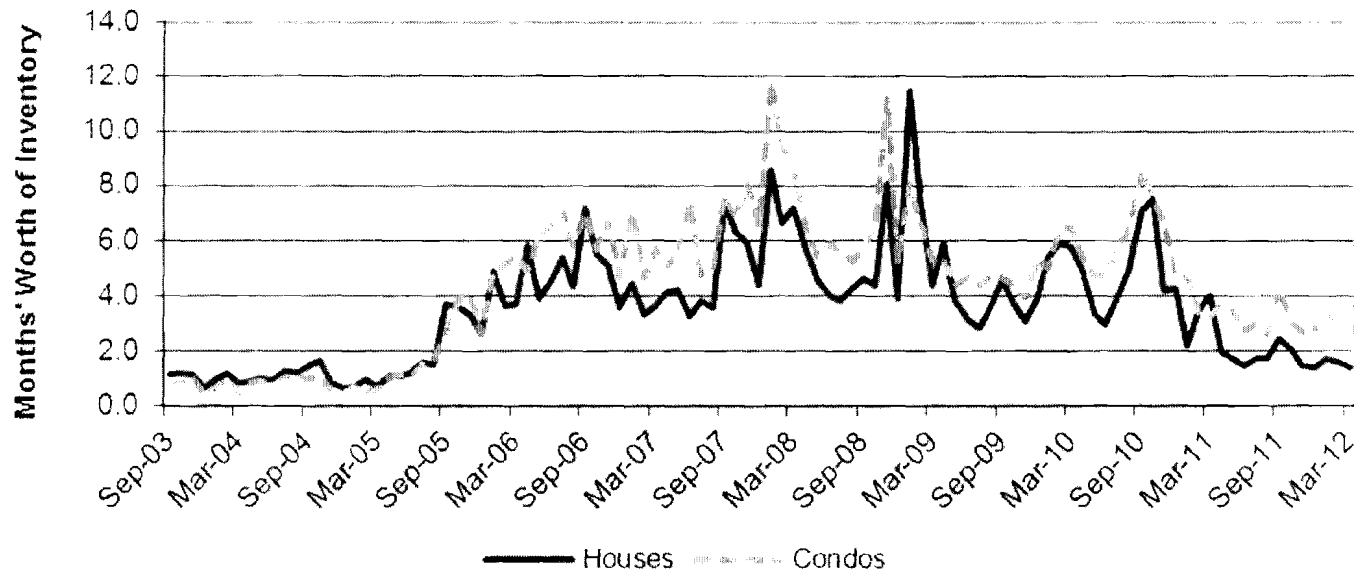
Economic Indicators

Alexandria Residential Property Median Sales Value Three Month Trailing Average



Economic Indicators

Months' Worth of Inventory
City of Alexandria
2003 - present



Economic Indicators

New Foreclosures in Alexandria
3 month trailing average

