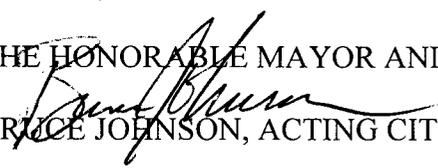


# City of Alexandria, Virginia

## MEMORANDUM

**DATE:** JULY 14, 2011

**TO:** THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

**FROM:**  BRUCE JOHNSON, ACTING CITY MANAGER

**SUBJECT:** MONTHLY FINANCIAL REPORT FOR THE PERIOD ENDING MAY 31, 2011

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**ISSUE:** Receipt, on an informational basis, of the City's Monthly Financial Report for the period ending May 31, 2011. Since City Council's next meeting is in September, this report is informational in nature and will not be docketed for City Council Action.

**RECOMMENDATION:** That City Council receive the following Monthly Financial Report for the period ending May 31, 2011.

**DISCUSSION:** This report includes highlights of the City's financial condition and provides Fiscal Year (FY) 2011 financial information on revenues and expenditures of the General Fund for the period ending May 31, 2011. Detailed economic, revenue, and expenditure charts are also available from the City of Alexandria website at [alexandriava.gov/financialreports](http://alexandriava.gov/financialreports).

### **ECONOMIC HIGHLIGHTS:**

- **The City real estate market continues to improve.** The calendar year-to-date average residential sales price of \$528,430 was 12.0 percent higher than last year at this time. Reflecting a more healthy market, the months' worth of inventory for houses declined to 1.7 months in May, down from 3.4 months in May 2010. The months' worth of inventory for condominiums also declined to 3.4 months in May, down from 4.8 months in May 2010.
- **Foreclosure rates remain significantly below 2010 levels.** The three-month trailing average for May was 12, down from 31 in May 2010.
- **Unemployment in Alexandria increased slightly from 4.0 percent in April to 4.2 percent in May.** National unemployment also increased slightly in June, from 9.1 percent to 9.2 percent, as job creation continued to slow, with only 18,000 jobs created in June and May job creation numbers being revised downward from 54,000 to 25,000.

### **REVENUE HIGHLIGHTS:**

**Year-to-Date Revenues:** As of May 31, 2011, Attachment 2 shows actual General Fund revenues totaled \$383.2 million, which is 1.7 percent higher than FY 2010 revenues for the same period last year. Most of this increase is related to personal property tax and the other local tax categories, which are both up over last year. The April re-estimates described in Budget Memo # 52 and considered by City Council previously during the spring budget

process anticipate an additional \$1.7 million in revenues for FY 2011 above those previously budgeted.

Notable changes shown on Attachment 2 include:

- **Revenue from the Federal Government up 40%:** The City received \$1.2 million budgeted in FY 2011 for the Build America Bonds subsidy as compared to \$0.4 million in FY 2010. The associated interested expense is included in debt service. Also, federal prisoner per diem revenue is higher.
- **Licenses and Permits down 45%:** The category decrease is due to the transfer of approximately \$3.8 million budgeted for new construction fees from the General Fund to a special revenue account beginning July 1, 2010, where they will be used to cover the cost of Code Enforcement's New Construction Division, which is now self-financed from these permit fees.
- **Charges for City Services up 17%:** The increase primarily represents a budgeted increase for fire retesting fees and parking meter receipts.

### **EXPENDITURE HIGHLIGHTS:**

**Year-to-Date Expenditures:** As of May 31, 2011, Attachment 3 shows actual General Fund expenditures totaled \$420.7 million, an increase of \$16.1 million, or 4.0 percent, above expenditures for the same period last year. (It should be noted that last year expenditures were approximately \$10 million less than revenues at year-end.) The revised budget (column B) reflects amounts that were appropriated in the supplemental appropriation ordinances approved in December and April. Personnel expenditures remain on par with last year. These personnel expenditures are just slightly higher (0.8%) than the budget through May 31<sup>st</sup>. Non-personnel spending increased 6.1 percent. For most departments, differences in spending patterns for non-personnel during the year reflect the timing of bill payments and do not necessarily reflect changes in spending patterns. We are closely monitoring and controlling these expenditures to be at or below budget.

- **Fire:** As discussed orally at the January 11, 2011, City Council legislative meeting, the Fire Department was projected to be between \$1.2 to \$1.5 million over budget due to overtime expenditures, primarily due to a large number of firefighter and medic vacancies in the Department during the first half of the year. While the rate of overtime expenditures has slowed with the ability of the Department to use the new recruits to staff shifts instead of using overtime, the Department provided unbudgeted staff to help in the response to large fires in Prince William and Prince George's Counties, as well as a February snow emergency. Funds to cover these expenses in the Fire Department were included in the transfer resolution approved by City Council on June 28, 2011.
- **Transit Subsidies:** In FY 2010, the City recognized \$3.1 million in savings in Transit subsidy payments to WMATA by utilizing State revenues available above those budgeted for this purpose with the Northern Virginia Transportation Commission (from regional gas tax collections and State aid dedicated for transit purposes). It is these savings in the prior year that produced the substantial increase (62%) in FY 2011 in this category.
- **Non Departmental:** The decrease primarily reflects a budgeted decrease in the City's contribution to the other post-Employment Benefits Trust Fund.

- **Debt Service:** The increase reflects budgeted debt service for new bonds issued in June 2009 and June 2010. A portion of the interest cost (\$1.2 million) is reimbursed from the federal government as part of the Build America Bonds program as noted above.
- **Schools:** The City currently provides approximately 76 percent of the estimated funds budgeted to operate the City public school system in FY 2011. The increase reflects the budgeted 2% increase in the transfer to the Schools.

**ATTACHMENTS:**

Attachment 1: Selected Economic Indicators

Attachment 2: Revenues

Attachment 3: Expenditures

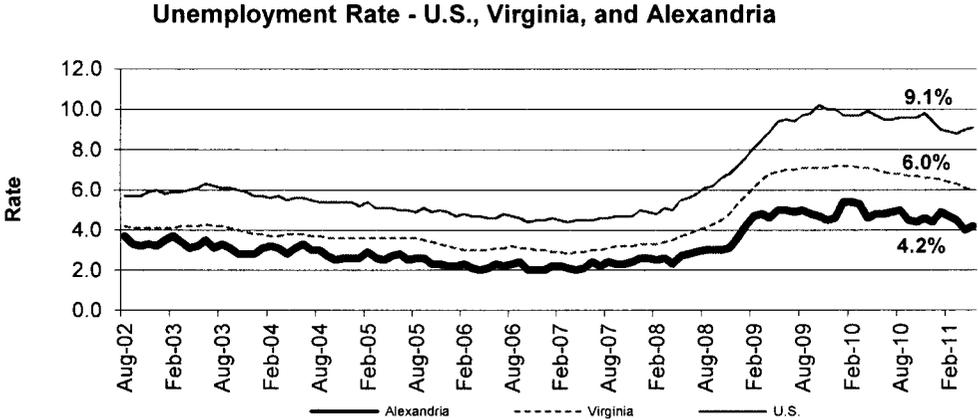
**STAFF:**

Laura Triggs, Acting Chief Financial Officer

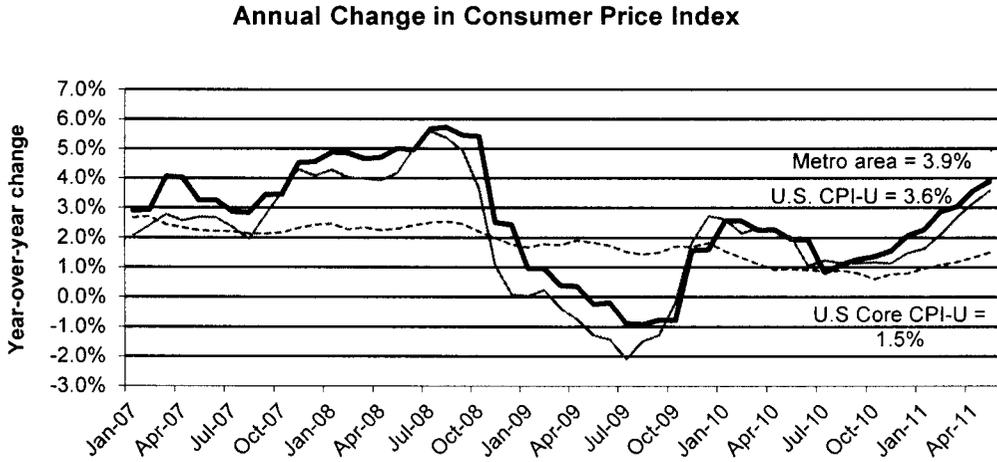
Ray Welch, Comptroller

Melinda Barton, Public Information Specialist

Morgan Routt, Assistant Director, OMB

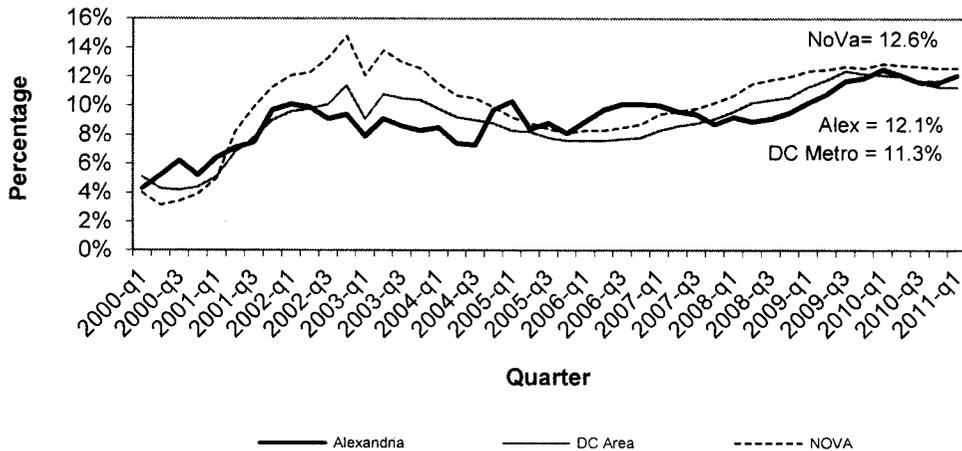


Source: U.S. Department of Labor, Bureau of Labor Statistics Through May 2011



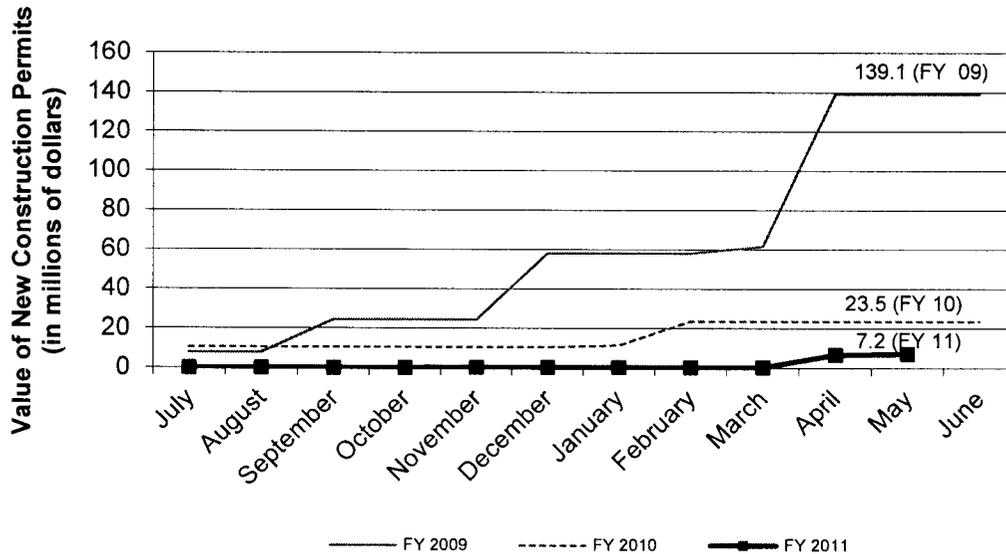
Source: U.S. Department of Labor, Bureau of Labor Statistics Through May 2011

### Office Vacancy Rates



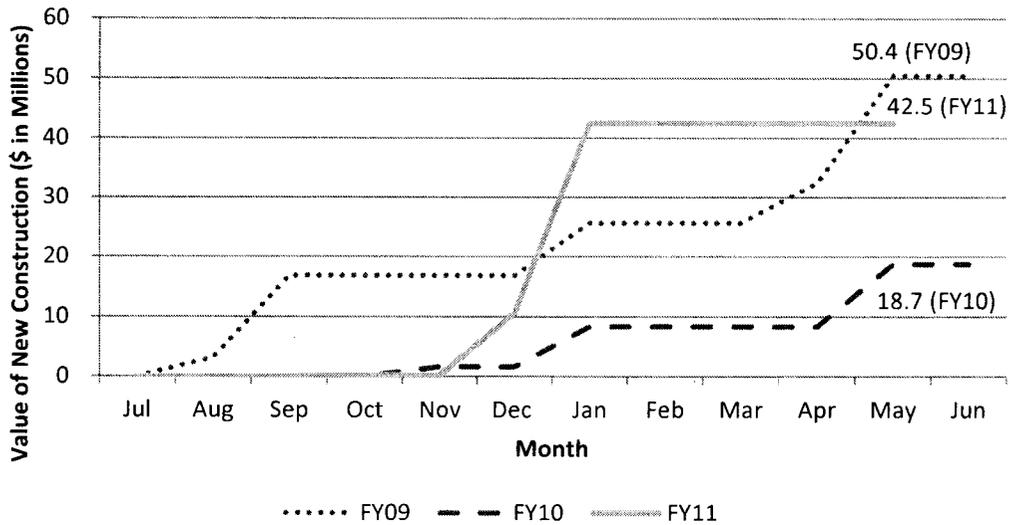
Source: CoStar  
Through 1st quarter, 2011

### Cumulative Value of Commercial Property New Construction Permits FY 2009-FY 2011



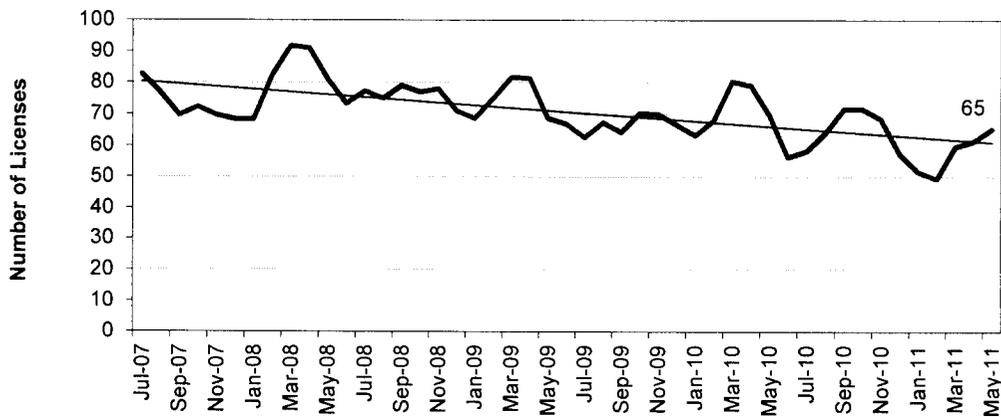
Source: Code Administration  
Through May 2011

### Cumulative Value of Multi-Family New Construction (Apts & Condos) FY 2009 - FY 2011



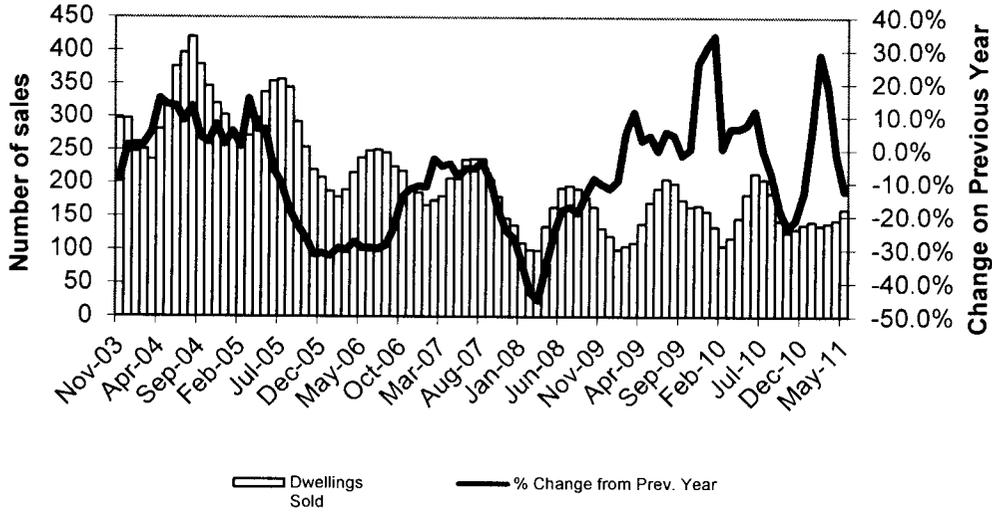
Source: Code Administration  
Through May 2011

### Number of New Business License Applications Three Month Trailing Average



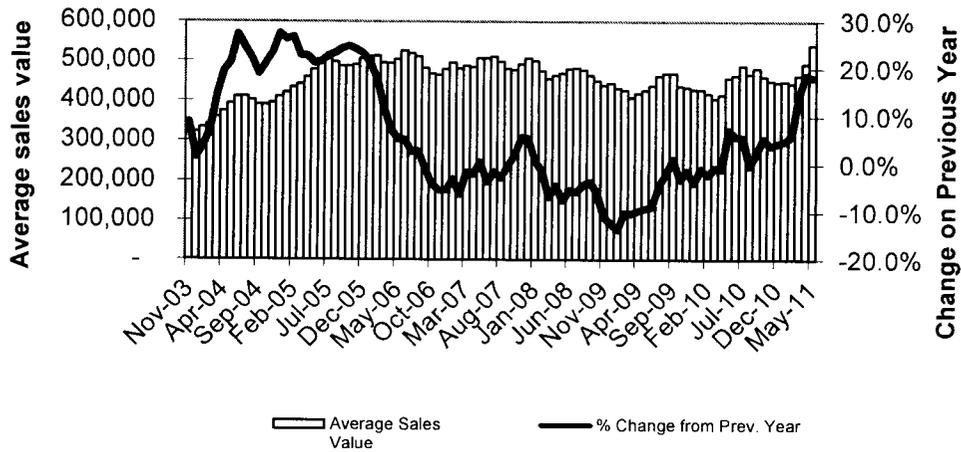
Source: Finance Department  
Through May 2011

### Alexandria Residential Property Sales Volume Three Month Trailing Average



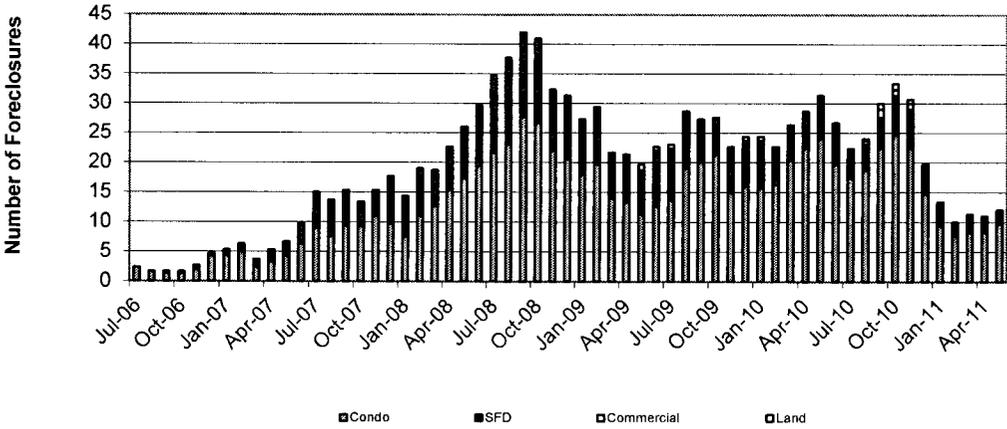
Source: Department of Real Estate Assessments  
Through May 2011

### Alexandria Residential Property Average Sales Value Three Month Trailing Average



Source: Department of Real Estate Assessments  
Through May 2011

### New Foreclosures in Alexandria 3 month trailing average



Source: Department of Real Estate Assessments  
Through May 2011

**CITY OF ALEXANDRIA, VIRGINIA  
COMPARATIVE STATEMENT OF REVENUES  
GENERAL FUND  
FOR THE PERIODS ENDING MAY 31, 2011 AND MAY 31, 2010**

	A FY2010 ACTUALS	B FY2011 REVISED BUDGET	B 2 FY2011 PROJECTED REVENUES	C FY2011 REVENUES THRU 05/31/11	D=C/B %	E FY2010 REVENUES THRU 05/31/10	F=(C-E)/E %
<b>General Property Taxes</b>							
Real Property Taxes.....	\$ 302,666,192	\$ 296,237,904	\$ 307,976,901	\$ 178,834,155	60.4%	\$ 180,663,001	-1%
Personal Property Taxes.....	32,923,178	32,300,000	34,600,000	34,361,366	106.4%	32,288,230	6%
Penalties and Interest.....	1,631,548	1,870,000	1,870,000	1,869,081	100.0%	1,279,040	46%
<b>Total General Property Taxes</b>	<b>\$ 337,220,918</b>	<b>\$ 330,407,904</b>	<b>\$ 344,446,901</b>	<b>\$ 215,064,602</b>	<b>65.1%</b>	<b>\$ 214,230,271</b>	<b>0%</b>
<b>Other Local Taxes</b>							
Local Sales and Use Taxes.....	\$ 22,744,483	\$ 23,500,000	\$ 23,700,000	\$ 17,512,446	74.5%	\$ 16,802,361	4%
Consumer Utility Taxes.....	10,462,233	10,500,000	10,900,000	9,049,561	86.2%	8,744,452	3%
Communication Sales and Use Taxes.....	11,315,541	11,600,000	11,600,000	8,636,750	74.5%	8,453,557	2%
Business License Taxes.....	30,295,624	30,200,000	29,250,000	29,170,487	96.6%	28,767,298	1%
Transient Lodging Taxes.....	10,824,410	11,100,000	11,600,000	8,924,066	80.4%	8,600,859	4%
Restaurant Meals Tax.....	14,908,999	15,400,000	15,700,000	12,756,783	82.8%	12,146,943	5%
Tobacco Taxes.....	2,910,382	2,900,000	2,900,000	2,281,396	78.7%	2,417,034	-6%
Motor Vehicle License Tax.....	3,172,254	3,200,000	3,200,000	3,187,597	99.6%	3,087,858	3%
Real Estate Recordation.....	3,313,547	3,800,000	3,800,000	3,055,838	80.4%	2,648,314	15%
Admissions Tax.....	1,125,172	1,200,000	1,100,000	852,686	71.1%	941,821	-9%
Other Local Taxes.....	3,298,706	3,030,000	2,730,000	2,395,525	79.1%	2,225,991	8%
<b>Total Other Local Taxes</b>	<b>\$ 114,371,351</b>	<b>\$ 116,430,000</b>	<b>\$ 116,480,000</b>	<b>\$ 97,823,135</b>	<b>84.0%</b>	<b>\$ 94,836,488</b>	<b>3%</b>
<b>Intergovernmental Revenues</b>							
Revenue from the Fed. Government.....	\$ 8,804,712	\$ 8,826,689	\$ 9,206,344	\$ 8,231,516	93.3%	\$ 5,890,137	40%
Personal Property Tax Relief from the Commonwealth.....	23,578,531	23,578,531	23,578,531	23,578,531	100.0%	23,578,531	0%
Revenue from the Commonwealth.....	20,082,668	19,769,080	20,098,964	15,973,273	80.8%	16,351,942	-2%
<b>Total Intergovernmental Revenues</b>	<b>\$ 52,465,911</b>	<b>\$ 52,174,300</b>	<b>\$ 52,883,839</b>	<b>\$ 47,783,320</b>	<b>91.6%</b>	<b>\$ 45,820,610</b>	<b>4%</b>
<b>Other Governmental Revenues And Transfers In</b>							
Fines and Forfeitures.....	\$ 3,941,372	\$ 4,646,020	\$ 4,494,000	\$ 3,989,055	85.9%	\$ 3,507,654	14%
Licenses and Permits.....	4,811,588	1,802,010	1,986,975	2,313,073	128.4%	4,240,664	-45%
Charges for City Services.....	13,803,578	14,902,302	14,425,471	12,161,710	81.6%	10,350,590	17%
Revenue from Use of Money & Prop.....	3,033,638	4,010,000	3,330,000	3,322,710	82.9%	3,214,218	3%
Other Revenue.....	787,960	783,700	763,000	751,492	95.9%	750,024	0%
Transfer from Other Funds.....	1,301,560	1,446,713	1,446,713	-	0.0%	-	0%
<b>Total Other Governmental Revenues</b>	<b>\$ 27,679,696</b>	<b>\$ 27,590,745</b>	<b>\$ 26,446,159</b>	<b>\$ 22,538,040</b>	<b>81.7%</b>	<b>\$ 22,063,150</b>	<b>2%</b>
<b>TOTAL REVENUE</b>	<b>\$ 531,737,876</b>	<b>\$ 526,602,949</b>	<b>\$ 540,256,899</b>	<b>\$ 383,209,097</b>	<b>72.8%</b>	<b>\$ 376,950,519</b>	<b>2%</b>
<b>Appropriated Fund Balance</b>							
General Fund.....	-	5,499,291	5,499,291	-	-	-	0%
Reappropriation of FY 2010 Encumbrances And Other Supplemental Appropriations....	-	7,272,932	-	-	-	-	0%
<b>TOTAL</b>	<b>\$ 531,737,876</b>	<b>\$ 539,375,172</b>	<b>\$ 545,756,190</b>	<b>\$ 383,209,097</b>	<b>71.0%</b>	<b>\$ 376,950,519</b>	<b>2%</b>

COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION  
GENERAL FUND  
FOR THE PERIODS ENDING MAY 31, 2011 AND MAY 31, 2010

FUNCTION	A	B	C	D=C/B	E	F=(C-E)/E
	FY2010 ACTUALS	FY2011 REVISED BUDGET	FY2011 EXPENDITURES THRU 05/31/11	% OF BUDGET EXPENDED	FY2010 EXPENDITURES THRU 05/31/10	% EXPENDITURES CHANGE
Legislative & Executive.....	\$ 7,117,967	\$ 7,605,385	\$ 6,659,378	87.6%	\$ 6,473,930	3%
Judicial Administration.....	\$ 37,436,864	\$ 38,722,758	\$ 35,135,941	90.7%	\$ 33,764,741	4%
<b>Staff Agencies</b>						
Information Technology Services.....	\$ 6,413,983	\$ 7,260,881	\$ 5,676,838	78.2%	\$ 5,521,911	3%
Management & Budget.....	1,102,234	1,185,929	962,666	81.2%	992,860	-3%
Finance.....	8,589,975	10,026,111	7,501,551	74.8%	7,316,122	3%
Real Estate Assessment.....	1,467,395	1,690,229	1,331,277	78.8%	1,338,979	-1%
Human Resources.....	2,847,170	2,867,881	2,544,208	88.7%	2,530,641	1%
Planning & Zoning.....	5,453,956	5,554,337	4,826,299	86.9%	4,956,397	-3%
Economic Development Activities.....	3,239,109	3,833,611	3,461,202	90.3%	3,237,663	7%
City Attorney.....	2,294,946	2,803,772	2,074,474	74.0%	2,076,519	0%
Registrar.....	1,014,068	1,131,051	947,157	83.7%	931,279	2%
General Services.....	11,369,943	11,773,511	10,405,172	88.4%	10,016,866	4%
<b>Total Staff Agencies</b>	<b>\$ 43,792,779</b>	<b>\$ 48,127,313</b>	<b>\$ 39,730,844</b>	<b>82.6%</b>	<b>\$ 38,919,237</b>	<b>2%</b>
<b>Operating Agencies</b>						
Transportation & Environmental Services.....	\$ 26,308,499	\$ 28,207,149	\$ 24,865,457	88.2%	\$ 23,573,099	5%
Fire and Code Administration.....	39,338,983	35,461,397	34,325,289	96.8%	35,531,922	-3%
Police and Emergency Communications.....	51,980,201	53,186,610	47,658,695	89.6%	46,656,758	2%
Transit Subsidies.....	5,168,369	8,245,933	7,773,648	94.3%	4,807,946	62%
Mental Health/Mental Retardation/ Substance Abuse.....	521,429	551,662	510,547	92.5%	468,469	9%
Health.....	7,598,198	8,102,191	7,500,735	92.6%	7,345,078	2%
Human Services.....	11,254,019	12,818,177	11,139,580	86.9%	10,717,976	4%
Historic Resources.....	2,597,967	2,578,806	2,311,345	89.6%	2,367,111	-2%
Recreation.....	18,150,627	19,152,089	17,146,027	89.5%	16,476,438	4%
<b>Total Operating Agencies</b>	<b>\$ 162,918,292</b>	<b>\$ 168,304,014</b>	<b>\$ 153,231,323</b>	<b>91.0%</b>	<b>\$ 147,944,797</b>	<b>4%</b>
<b>Education</b>						
Schools.....	\$ 165,555,960	\$ 167,886,567	\$ 134,990,620	80.4%	\$ 131,727,081	2%
Other Educational Activities.....	12,304	12,229	12,229	100.0%	12,304	-1%
<b>Total Education</b>	<b>\$ 165,568,264</b>	<b>\$ 167,898,796</b>	<b>\$ 135,002,849</b>	<b>80.4%</b>	<b>\$ 131,739,385</b>	<b>2%</b>
<b>Capital, Debt Service and Miscellaneous</b>						
Debt Service.....	\$ 34,844,533	\$ 38,054,356	\$ 21,185,348	55.7%	\$ 16,432,209	28.9%
Non-Departmental.....	9,042,601	11,535,582	9,853,602	85.4%	10,902,594	-9.6%
Cash Capital.....	4,295,000	5,545,000	5,545,000	100.0%	4,400,038	26.0%
Contingent Reserves.....	-	827,070	-	0.0%	-	-
<b>Total Capital, Debt Service and Miscellaneous</b>	<b>\$ 48,182,134</b>	<b>\$ 55,962,008</b>	<b>\$ 36,583,950</b>	<b>65.4%</b>	<b>\$ 31,734,841</b>	<b>15.3%</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 465,016,300</b>	<b>\$ 486,620,274</b>	<b>\$ 406,344,285</b>	<b>83.5%</b>	<b>\$ 390,576,931</b>	<b>4.0%</b>
<b>Cash Match (Mental Health/Mental Retardation/ Substance Abuse, Human Services and Library and Transfers to the Special Revenue Fund).....</b>	<b>41,469,222</b>	<b>37,069,884</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Transfer to Housing.....	1,471,393	1,606,566	1,429,812	89.0%	1,145,883	24.8%
Transfer to Library.....	6,074,971	6,270,659	5,748,313	91.7%	5,570,748	3.2%
Transfer to DASH.....	7,907,789	7,807,789	7,159,743	91.7%	7,251,443	-1.3%
<b>TOTAL EXPENDITURES &amp; TRANSFERS</b>	<b>\$ 521,939,675</b>	<b>\$ 539,375,172</b>	<b>\$ 420,682,153</b>	<b>78.0%</b>	<b>\$ 404,545,005</b>	<b>4.0%</b>
<b>Total Expenditures by Category</b>						
Salaries and Benefits	\$ 180,224,174	\$ 180,732,360	\$ 164,594,837	91.1%	\$ 163,221,056	0.8%
Non Personnel (includes all school funds)	341,715,501	358,642,812	256,087,316	71.4%	241,323,949	6.1%
<b>Total Expenditures</b>	<b>\$ 521,939,675</b>	<b>\$ 539,375,172</b>	<b>\$ 420,682,153</b>	<b>78.0%</b>	<b>\$ 404,545,005</b>	<b>4.0%</b>