

# City of Alexandria, Virginia

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## MEMORANDUM

**DATE:** JULY 12, 2012  
**TO:** THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL  
**FROM:** RASHAD M. YOUNG, CITY MANAGER   
**SUBJECT:** MONTHLY FINANCIAL REPORT FOR THE PERIOD ENDING  
MAY 31, 2012

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**ISSUE:** Receipt, on an informational basis, of the City's Monthly Financial Report for the period ending May 31, 2012. Since City Council's next meeting is in September, this report is informational in nature and will not be docketed for Council Action.

**RECOMMENDATION:** That City Council receive the following Monthly Financial Report for the period ending May 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 April 30, 2012. Detailed economic, revenue, and expenditure charts are also available from the City of Alexandria website at [alexandriava.gov/FinancialReports](http://alexandriava.gov/FinancialReports). The City recently had its "Triple A" bond ratings reaffirmed by the rating agencies citing among other issues, the City's strong financial management practices.

### **ECONOMIC HIGHLIGHTS:**

**National Retail Sales:** According to the U.S. Census Bureau national sales for retail and food services were up eight percent from the fourth quarter of 2011 through the first quarter of 2012. Average sales for first quarter of 2012 were up 6.4 percent from the same quarter last year, which equates to the average individual spending \$186 more per month in the first quarter of 2012 than they did over the same period last year. The City's sales tax growth rate was up 9.8 percent for the same period while the City's three month trailing average sales tax growth was 9.7 percent compared to 7.5 percent for the U.S.

The national graph below shows sales by store type not product. The highest growth rates were realized at building materials, garden equipment, and supply dealers which saw an increase of 12.5 percent. This may be due to a mix of unseasonably warm weather and slowly improving

housing market. The only store type to see a decline was electronics and appliance stores which decreased by roughly two percent.

**Increase in Retail Sales by Select Establishment Type**  
(%Change 2011Q1-2012Q2)



Source Census Bureau

**National Housing Permits and Starts:** According to the U.S. Census Bureau and the Department of Housing and Urban Development seasonally adjusted estimate of housing starts for May (708,000) were down 4.8 percent from the April estimate (744,000), but up 28.5 percent from May 2011. Single family starts (516,000) in May were up 3.2 percent from April, while multi-family starts were down approximately 20.4 percent. City permits have increased slightly from April to May (eight more permits in May than April) with all permit applications coming from development at Potomac Yard.

May estimated housing permits (780,000) were up 7.9 percent from the revised April estimate (723,000) and 25 percent from May 2011. Single family permits (494,000) grew four percent from April (475,000).

**REVENUE HIGHLIGHTS:**

**Year-to-Date Revenues:** As of May 31, 2012, eleven months into the fiscal year, actual General Fund revenues totaled \$419.8 million, which is ten 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 fifteen percent and eight 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.

- **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. This increase was included in the April re-estimate.
- **Revenue from Federal Government:** The increase in Federal revenue primarily represents the timing of payments for the Federal Prisoner Per Diem.
- **Other Revenue:** The increase in other revenue resulted from sale of surplus property.
- **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. These increases have been included in the April re estimate.

### **EXPENDITURE HIGHLIGHTS:**

**Year-to-Date Expenditures:** As of May 31, 2012, actual General Fund expenditures totaled \$428.0 million, an increase of \$7.3 million, or 1.7 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 90.4 percent. Non-personnel spending increased 0.7 percent but is only 55.4 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.

- **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 will not be 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.

<b>Event</b>	<b>Cost</b>	<b>Other</b>
Tropical Storm Lee	\$2.34 to \$3.55 million	Declaration could reduce some costs.
Hurricane Irene	0.73 million	\$0.33 million approved to date
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 direct costs (Fire paramedic)	0.5 million plus related workers compensation expenses	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
<b>Consumer Price Index (CPI-U)</b> <b>for the Washington-Baltimore,</b> <b>DC-MD-VA-WV Area (as of May 2012)</b>	1.8%
<b>For the United States (as of May 2012)</b>	1.7%
<b>Core CPI-U (excludes food and energy)</b> <b>(as of May 2012)</b>	2.3%
(Source: U.S. Department of Labor, Bureau of Labor Statistics)	

	Current Month	Prior Month	Prior Year
<b>Unemployment Rates</b>			
<b>Alexandria (as of May 2012)</b>	4.2%	4.2%	4.5%
<b>Virginia (as of June 2012)</b>	5.6%	5.6%	6.0%
<b>United States (as of June 2012)</b>	8.2%	8.2%	9.2%
(Source: U.S. Department of Labor, Bureau of Labor Statistics)			

	Current Quarter	Prior Quarter	Prior Year
<b>Office Vacancy Rates</b>			
<b>Alexandria</b>	14.4%	13.6%	12.1%
<b>Northern Virginia</b>	13.9%	13.3%	12.9%
<b>Washington, DC Metro area</b>	12.2%	11.7%	11.5%
(As of 1st quarter, 2012) (Source: CoStar)			

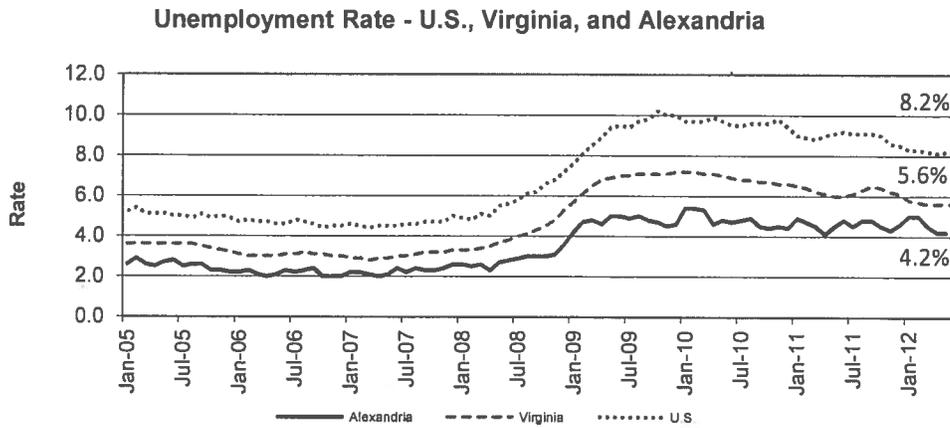
	Current Year	Prior Year	Change on Previous Year
<b>New Business Licenses</b>			
3 month trailing average (As of June 2012)	72	68	5.9%
(Source: Finance Department)			

	Current Year	Prior Year	Change on Previous Year
<b>New Commercial Construction (excluding Apartment Buildings) and Building Renovations</b> (Fiscal YTD as of May 2012)			
Number of new building permits	3	4	-25.0%
Value of new building permits (\$ millions)	\$30.1	\$7.2	318.1%
(Source: Office of Code Administration)			

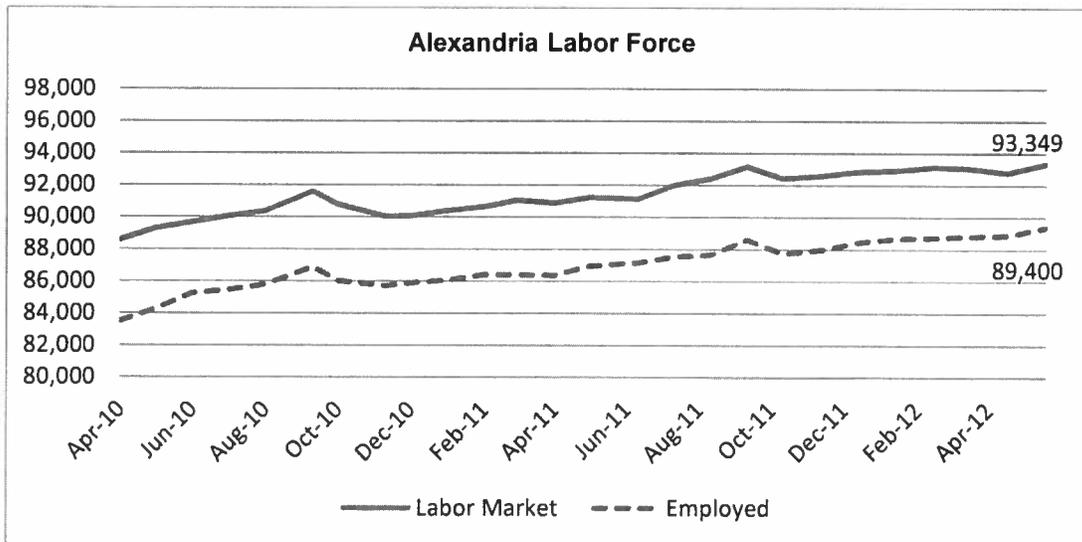
	Current Year	Prior Year	Change on Previous Year
<b>New Multi-family Construction (including Apartment &amp; Condominium Buildings)</b> (Fiscal YTD as of May 2012)			
Number of new building permits	61	58	5.2%
Value of new building permits (\$ millions)	\$123.7	\$40.0	209.3%

	Current Year	Prior Year	Change on Previous Year
<b>Residential Real Estate Indicators</b>			
Residential Dwelling Units Sold (Calendar YTD ending May 2012)	758	686	10.5%
Median Residential Sales Price (As of May 2012)	\$531,000	\$493,000	7.7%
(Source: Department of Real Estate Assessments)			

	Current Year	Prior Year	Change on Previous Year
<b>Foreclosures</b>			
3 month trailing average (As of May 2012)	67	57	17.5%
Source: Dept of Real Estate Assessments			

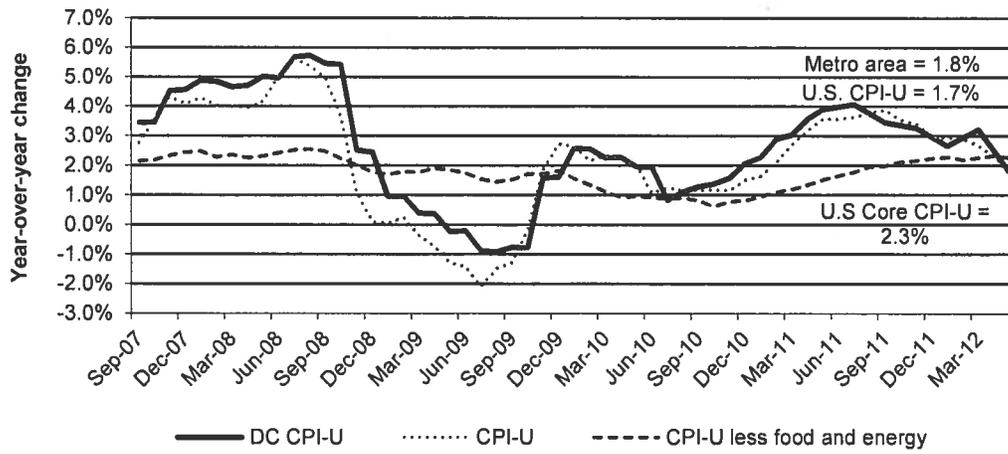


Source: U.S. Department of Labor, Bureau of Labor Statistics  
 U.S. and Virginia through June 2012; Alexandria through May 2012  
*\*Alexandria unemployment is not seasonally-adjusted, while U.S. and Virginia are seasonally-adjusted.*



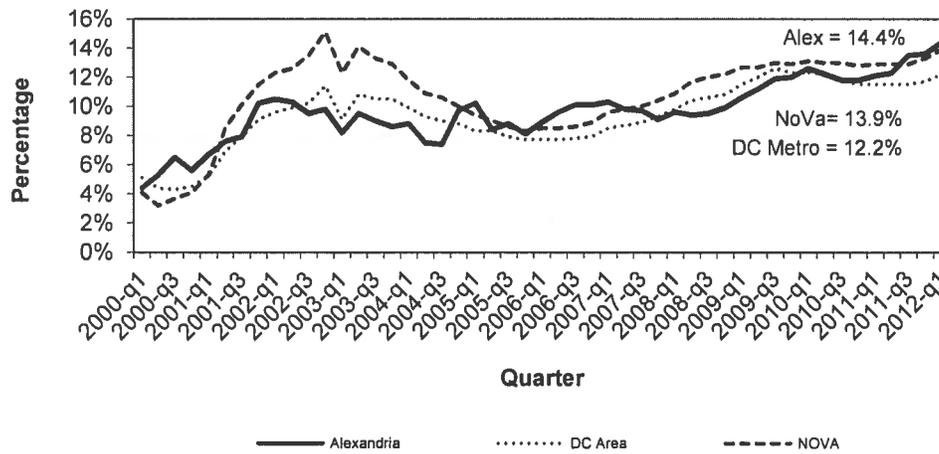
Source: Virginia Employment Commission  
 Through May 2012  
*\*Not seasonally adjusted.*

Annual Change in Consumer Price Index

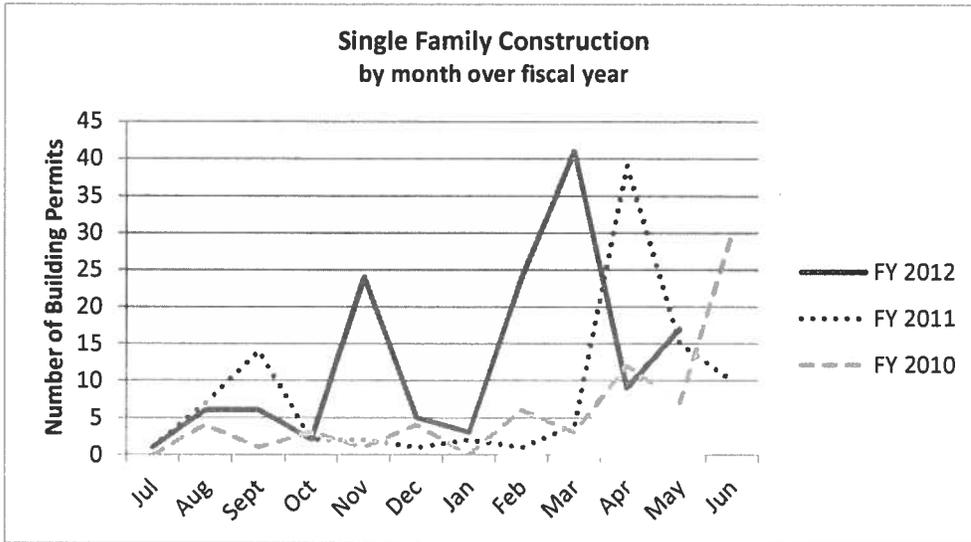


Source: U.S. Department of Labor, Bureau of Labor Statistics  
Through May 2012

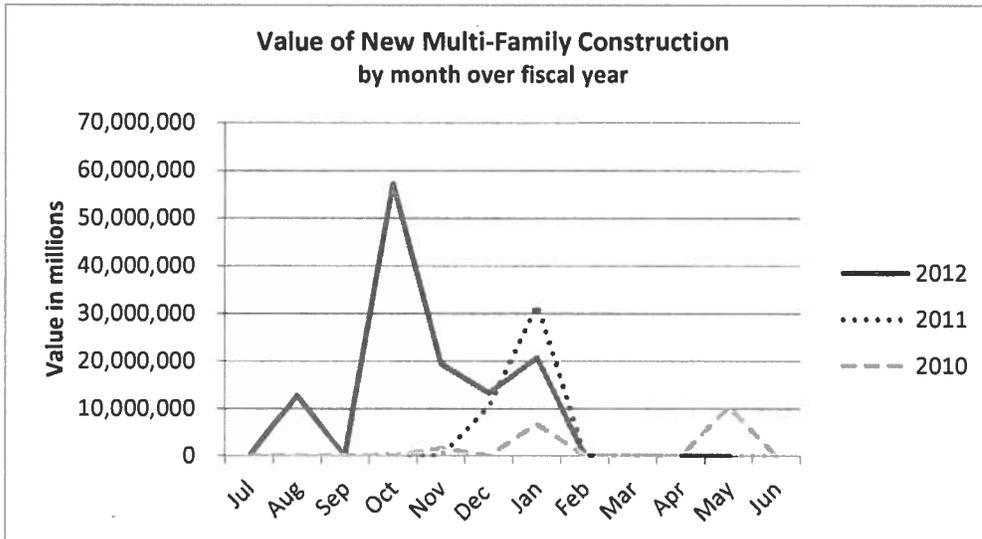
Office Vacancy Rates



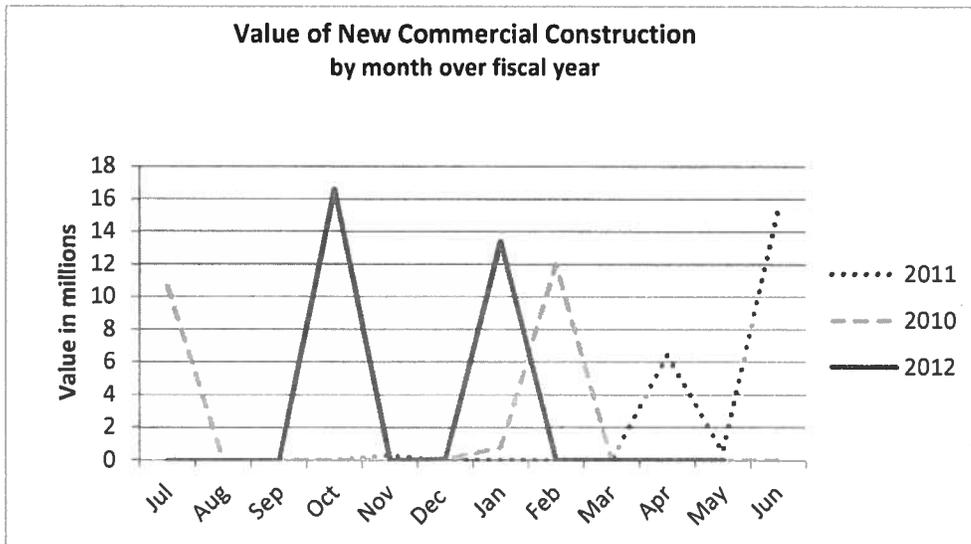
Source: CoStar  
Through 1st quarter, 2012



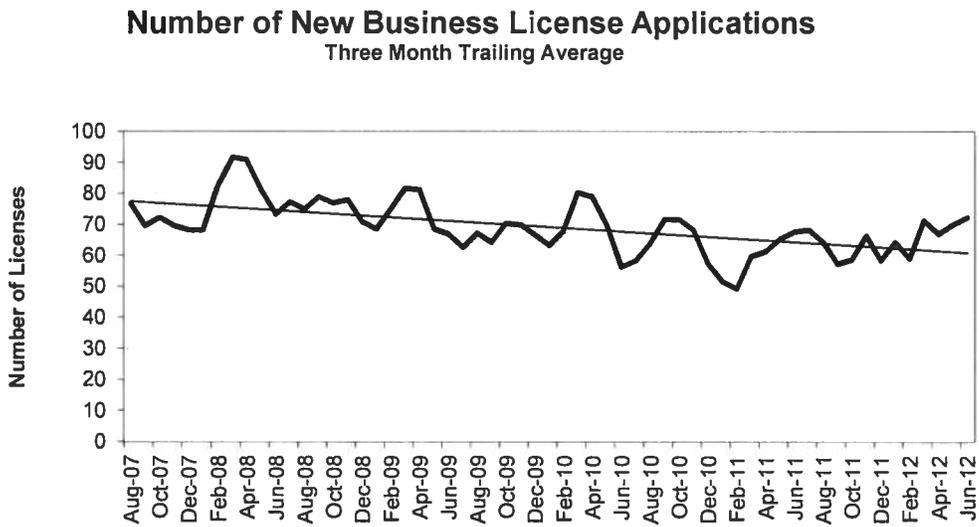
Source: Code Enforcement  
Through May 2012



Source: Code Enforcement  
Through May 2012

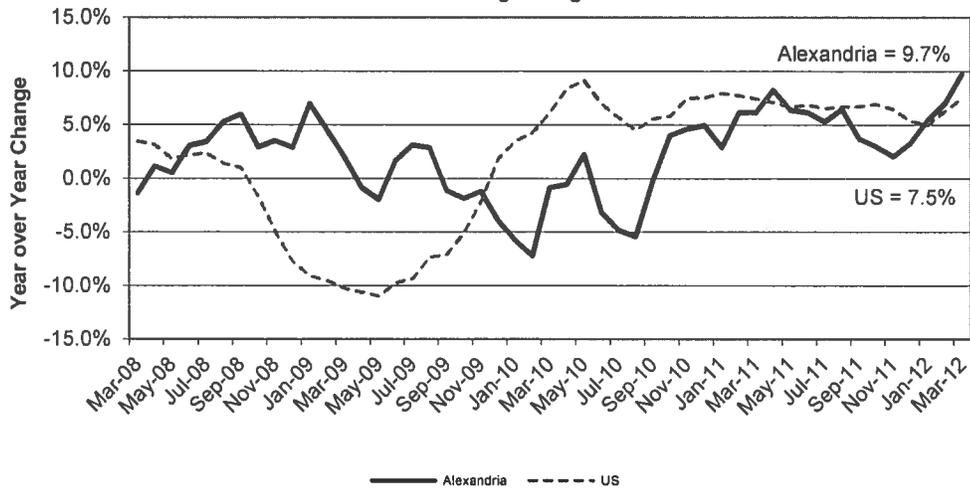


Source: Code Enforcement  
Through May 2012



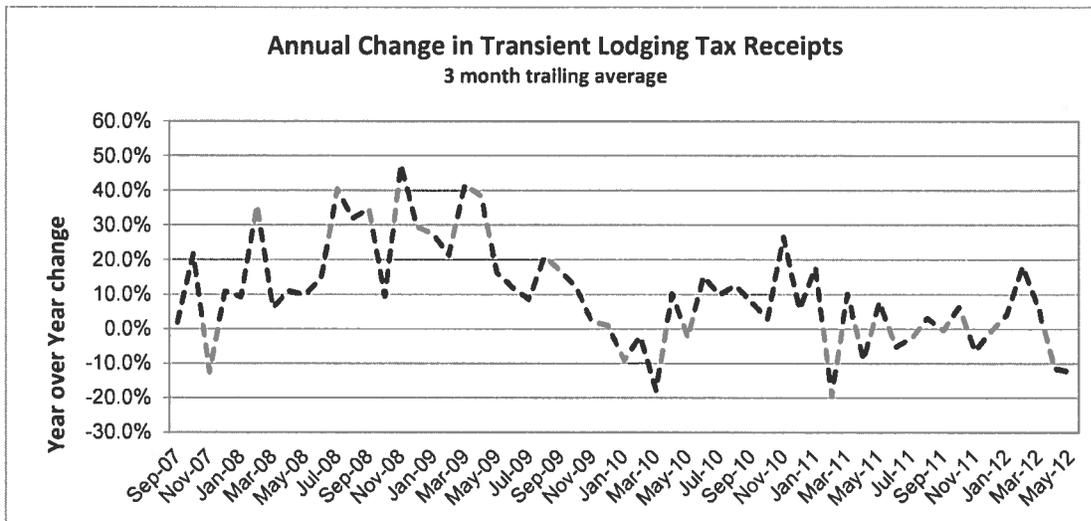
Source: Finance Department  
Through June 2012

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

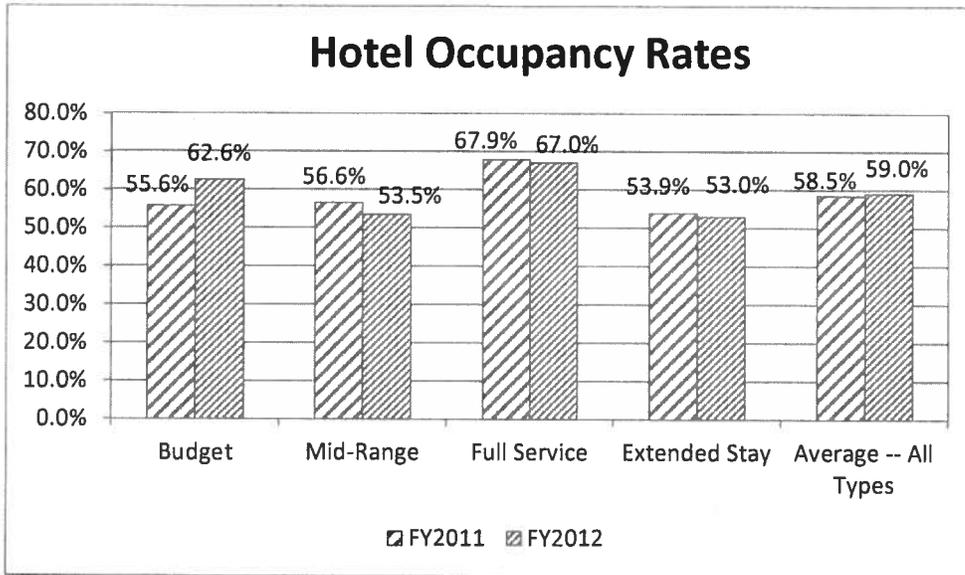


Source: Finance Department, U.S. Census Bureau  
Data: Through March 2012

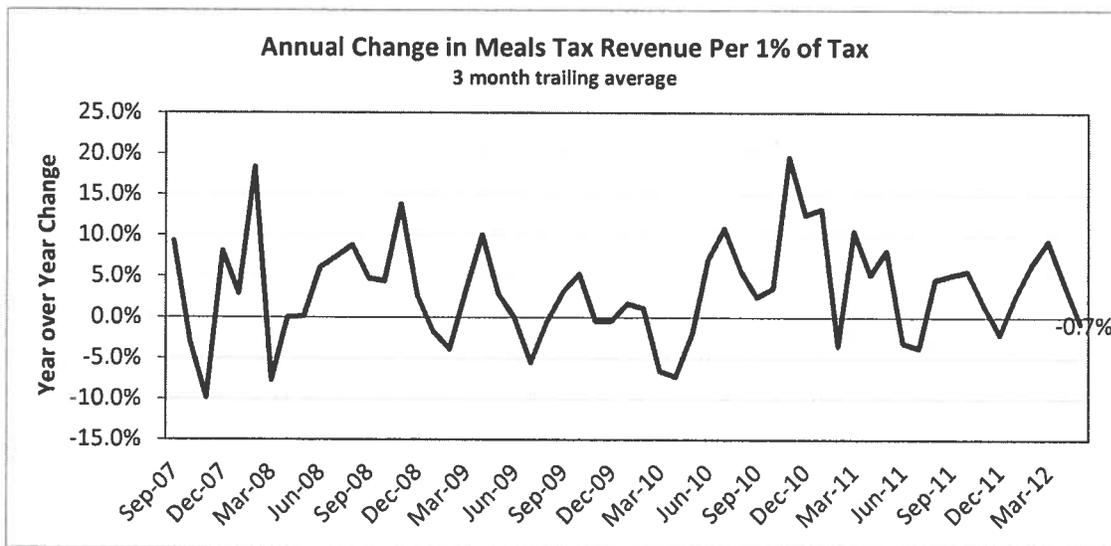
**Annual Change in Transient Lodging Tax Receipts**  
3 month trailing average



Source: Finance Department  
Through May 2012

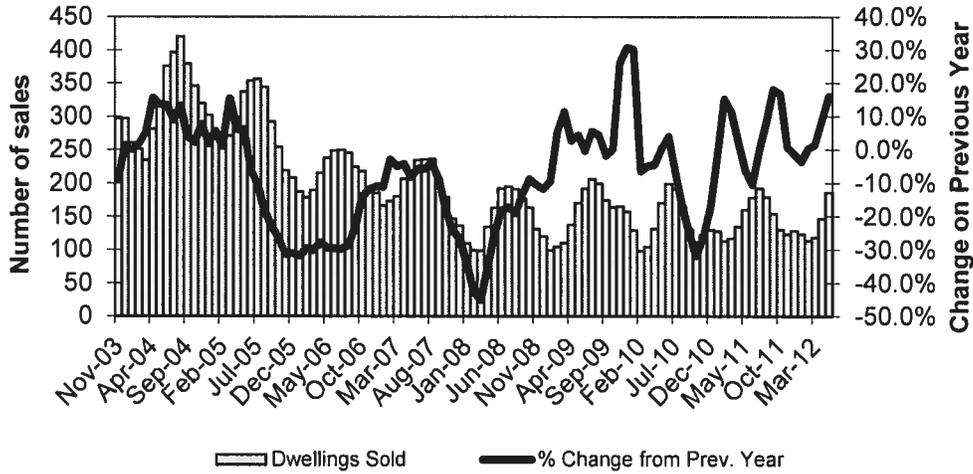


Source: Finance Department  
Through April 2012



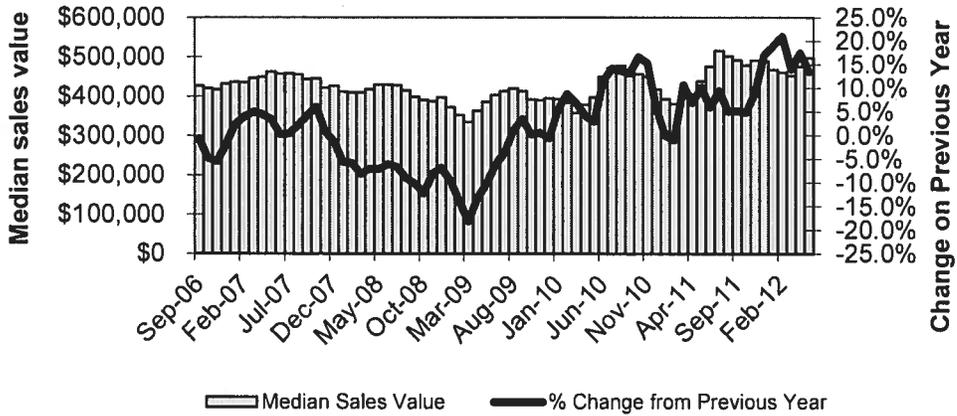
Source: Finance Department  
Through May 2012

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

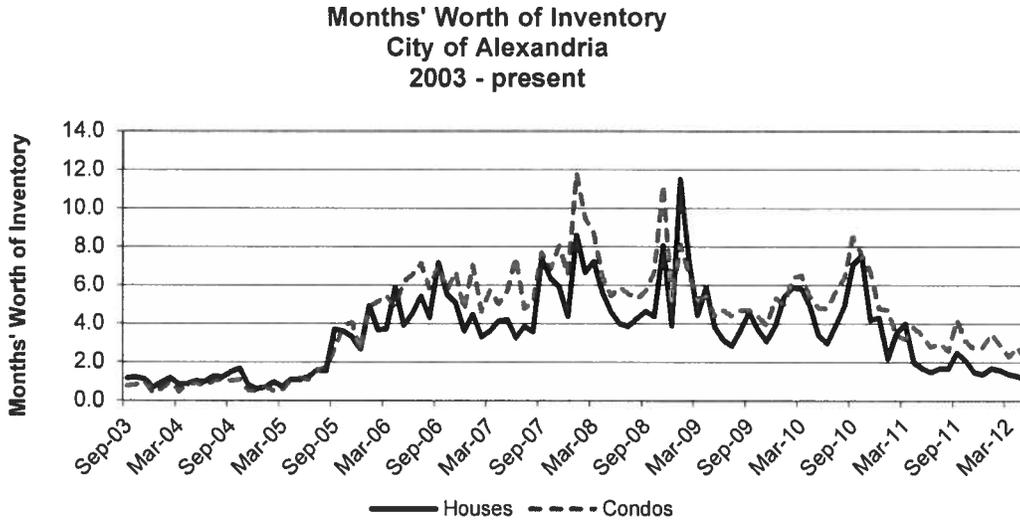


Source: Department of Real Estate Assessments  
Through May 2012

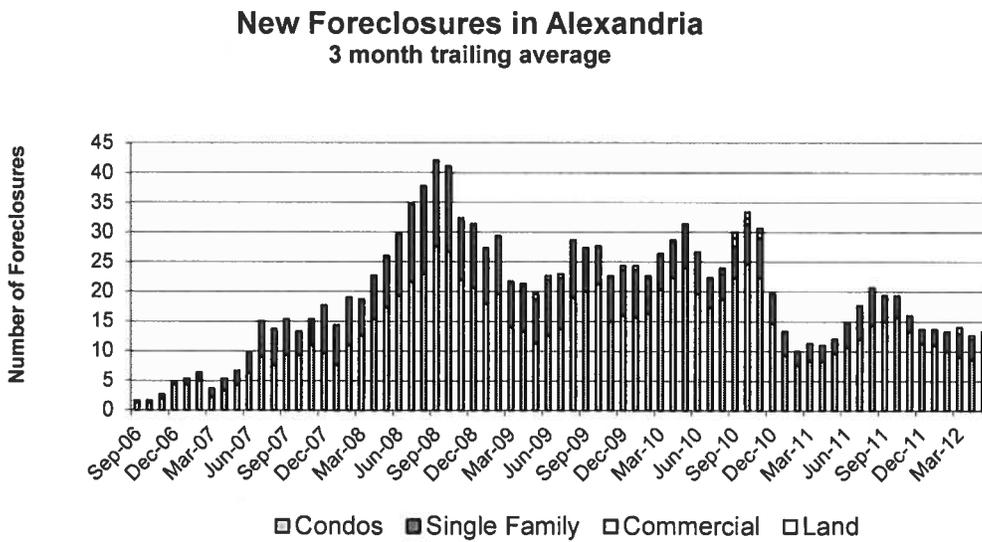
**Alexandria Residential Property Median Sales Value**  
Three Month Trailing Average



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



Source: Metropolitan Regional Information Systems  
Through May 2012



Source: Department of Real Estate Assessments  
Through May 2012

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

	A	B	B 2	C	D=C/B	E	F=(C-E)/E
	FY2011	FY2012	FY2012	FY2012	%	FY2011	%
	ACTUALS	REVISED BUDGET	PROJECTED REVENUES	REVENUES THRU 05/31/12	OF BUDGET	REVENUES THRU 05/31/11	CHANGE
<b>General Property Taxes</b>							
Real Property Taxes.....	\$ 312,641,695	\$ 321,991,875	\$ 324,999,992	\$ 206,134,204	64.0%	\$ 178,834,155	15%
Personal Property Taxes.....	34,891,944	34,600,000	37,250,000	37,242,260	107.6%	34,361,366	8%
Penalties and Interest.....	2,246,186	1,870,000	2,125,000	1,809,274	96.8%	1,869,081	-3%
<b>Total General Property Taxes</b>	<b>\$ 349,779,825</b>	<b>\$ 358,461,875</b>	<b>\$ 364,374,992</b>	<b>\$ 245,185,738</b>	<b>68.4%</b>	<b>\$ 215,064,602</b>	<b>14%</b>
<b>Other Local Taxes</b>							
Local Sales and Use Taxes.....	\$ 23,880,909	\$ 24,200,000	\$ 24,600,000	\$ 18,395,420	76.0%	\$ 17,512,446	5%
Consumer Utility Taxes.....	10,812,989	11,200,000	10,800,000	8,622,903	77.0%	9,049,561	-5%
Communication Sales and Use Taxes.....	11,259,534	11,600,000	11,100,000	8,214,904	70.8%	8,636,750	-5%
Business License Taxes.....	30,444,798	31,825,000	32,600,000	30,801,876	96.8%	29,170,487	6%
Transient Lodging Taxes.....	11,245,201	12,500,000	11,800,000	9,062,246	72.5%	8,924,066	2%
Restaurant Meals Tax.....	16,214,900	16,300,000	16,500,000	13,112,353	80.4%	12,756,783	3%
Tobacco Taxes.....	2,777,053	2,900,000	2,700,000	2,202,260	75.9%	2,281,396	-3%
Motor Vehicle License Tax.....	3,324,937	3,200,000	3,400,000	3,277,084	102.4%	3,187,597	3%
Real Estate Recordation.....	3,668,663	3,800,000	4,800,000	4,162,838	109.5%	3,055,838	36%
Admissions Tax.....	1,082,685	1,100,000	1,100,000	884,395	80.4%	852,686	4%
Other Local Taxes.....	3,547,688	2,705,000	3,335,275	2,646,291	97.8%	2,395,525	10%
<b>Total Other Local Taxes</b>	<b>\$ 118,259,357</b>	<b>\$ 121,330,000</b>	<b>\$ 122,735,275</b>	<b>\$ 101,382,570</b>	<b>83.6%</b>	<b>\$ 97,823,135</b>	<b>4%</b>
<b>Intergovernmental Revenues</b>							
Revenue from the Fed. Government.....	\$ 9,697,509	\$ 9,447,640	\$ 9,950,206	\$ 8,827,026	93.4%	\$ 8,231,516	7%
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.....	20,452,569	19,950,485	20,222,485	16,728,515	83.9%	15,973,273	5%
<b>Total Intergovernmental Revenues</b>	<b>\$ 53,728,609</b>	<b>\$ 52,976,656</b>	<b>\$ 53,751,222</b>	<b>\$ 49,134,072</b>	<b>92.7%</b>	<b>\$ 47,783,320</b>	<b>3%</b>
<b>Other Governmental Revenues And Transfers In</b>							
Fines and Forfeitures.....	\$ 4,472,520	\$ 4,764,000	\$ 4,594,000	\$ 4,353,271	91.4%	\$ 3,989,055	9%
Licenses and Permits.....	2,543,789	2,049,975	2,313,650	2,137,237	104.3%	2,313,073	-8%
Charges for City Services.....	14,939,668	14,709,303	15,554,303	12,933,340	87.9%	12,161,710	6%
Revenue from Use of Money & Prop.....	3,591,323	3,570,000	3,535,000	3,488,929	97.7%	3,322,710	5%
Other Revenue.....	987,727	490,000	510,000	1,144,647	233.6%	751,492	52%
Transfer from Other Funds.....	1,446,713	1,666,903	1,666,903	-	0.0%	-	0%
<b>Total Other Governmental Revenues</b>	<b>\$ 27,981,740</b>	<b>\$ 27,250,181</b>	<b>\$ 28,173,856</b>	<b>\$ 24,057,424</b>	<b>88.3%</b>	<b>\$ 22,538,040</b>	<b>7%</b>
<b>TOTAL REVENUE</b>	<b>\$ 549,749,531</b>	<b>\$ 560,018,712</b>	<b>\$ 569,035,345</b>	<b>\$ 419,759,804</b>	<b>75.0%</b>	<b>\$ 383,209,097</b>	<b>10%</b>
<b>Appropriated Fund Balance</b>							
General Fund.....	-	8,961,138	-	-	-	-	0%
Appropriated 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%
<b>TOTAL</b>	<b>\$ 549,749,531</b>	<b>\$ 653,590,686</b>	<b>\$ 653,590,686</b>	<b>\$ 493,214,631</b>	<b>75.5%</b>	<b>\$ 383,209,097</b>	<b>29%</b>

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

FUNCTION	A	B	C	D=C/B	E	F=(C-E)/E
	FY2011 ACTUALS	FY2012 REVISED BUDGET	FY2012 EXPENDITURES THRU 05/31/12	% OF BUDGET EXPENDED	FY2011 EXPENDITURES THRU 05/31/11	EXPENDITURES % CHANGE
Legislative & Executive.....	\$ 5,076,332	\$ 5,417,296	\$ 4,757,295	87.8%	\$ 6,659,378	-29%
Judicial Administration.....	\$ 38,393,185	\$ 39,976,309	\$ 35,889,417	89.8%	\$ 35,135,941	2%
<b>Staff Agencies</b>						
Information Technology Services.....	\$ 7,181,221	\$ 7,598,174	\$ 6,479,973	85.3%	\$ 5,676,838	14%
Management & Budget.....	1,063,491	1,236,389	891,392	72.1%	962,666	-7%
Finance.....	9,872,634	11,558,875	8,922,751	77.2%	7,501,551	19%
Real Estate Assessment.....	1,470,112	1,674,469	1,430,214	85.4%	1,331,277	7%
Human Resources.....	2,820,166	2,996,676	2,545,355	84.9%	2,544,208	0%
Planning & Zoning.....	5,335,556	5,623,460	5,031,668	89.5%	4,826,299	4%
Economic Development Activities.....	3,719,232	4,721,167	4,639,050	98.3%	3,461,202	34%
City Attorney.....	2,325,670	2,652,088	2,208,440	83.3%	2,074,474	6%
Registrar.....	1,007,110	1,203,860	1,041,035	86.5%	947,157	10%
General Services.....	11,681,427	12,486,884	10,963,210	87.8%	10,405,172	5%
<b>Total Staff Agencies</b>	<b>\$ 46,476,619</b>	<b>\$ 51,752,042</b>	<b>\$ 44,153,088</b>	<b>85.3%</b>	<b>\$ 39,730,844</b>	<b>11%</b>
<b>Operating Agencies</b>						
Transportation & Environmental Services.....	\$ 27,532,364	\$ 29,293,959	\$ 26,182,997	89.4%	\$ 24,865,457	5%
Fire.....	35,892,427	35,164,700	33,776,778	96.1%	33,562,950	1%
Police.....	51,013,585	51,342,298	45,822,998	89.2%	47,658,695	-4%
Emergency Communications.....	1,842,911	5,945,007	5,672,029	95.4%	-	-
Code.....	843,814	923,364	720,536	78.0%	762,339	-5%
Transit Subsidies.....	8,094,839	8,564,122	7,114,808	83.1%	7,773,648	-8%
Community and Human Services.....	13,920,947	14,845,827	13,346,834	89.9%	11,650,127	15%
Health.....	7,854,474	8,379,225	7,515,068	89.7%	7,500,735	0%
Historic Resources.....	2,560,919	2,824,565	2,605,016	92.2%	2,311,345	13%
Recreation.....	19,025,423	19,632,384	16,830,334	85.7%	17,146,027	-2%
<b>Total Operating Agencies</b>	<b>\$ 168,581,703</b>	<b>\$ 176,915,451</b>	<b>\$ 159,587,399</b>	<b>90.2%</b>	<b>\$ 153,231,323</b>	<b>4%</b>
<b>Education</b>						
Schools.....	\$ 167,886,567	\$ 174,956,420	\$ 125,192,701	71.6%	\$ 134,990,620	-7%
Other Educational Activities.....	12,229	12,288	12,288	100.0%	12,229	0%
<b>Total Education</b>	<b>\$ 167,898,796</b>	<b>\$ 174,968,708</b>	<b>\$ 125,204,989</b>	<b>71.6%</b>	<b>\$ 135,002,849</b>	<b>-7%</b>
<b>Capital, Debt Service and Miscellaneous</b>						
Debt Service.....	\$ 38,479,349	\$ 116,892,906	\$ 27,223,695	23.3%	\$ 21,185,348	28.5%
Expenses on Refunding Bonds.....			\$ 759,800			
Non-Departmental.....	12,427,609	13,408,749	9,905,699	73.9%	9,853,602	0.5%
General Cash Capital.....	5,545,000	4,915,986	5,084,249	103.4%	5,545,000	-8.3%
Contingent Reserves.....	-	977,517	-	0.0%	-	-
<b>Total Capital, Debt Service and Miscellaneous</b>	<b>\$ 56,451,958</b>	<b>\$ 136,195,158</b>	<b>\$ 42,973,443</b>	<b>31.6%</b>	<b>\$ 36,583,950</b>	<b>17.5%</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 482,878,593</b>	<b>\$ 585,224,964</b>	<b>\$ 412,565,631</b>	<b>70.5%</b>	<b>\$ 406,344,285</b>	<b>1.5%</b>
<b>Cash Match (Transportation/Mental Health/Mental Retardation/ Substance Abuse, Human Services and Library and Transfers to the Special Revenue Fund).....</b>						
Transfer to Housing.....	33,360,416	51,453,962				
Transfer to Housing.....	1,715,904	2,238,807	2,496,327	111.5%	1,429,812	74.6%
Transfer to Library.....	5,879,455	6,644,953	5,535,246	83.3%	5,748,313	-3.7%
Transfer to DASH.....	8,178,196	8,028,000	7,361,676	91.7%	7,159,743	2.8%
<b>TOTAL EXPENDITURES &amp; TRANSFERS</b>	<b>\$ 532,012,564</b>	<b>\$ 653,590,686</b>	<b>\$ 427,958,880</b>	<b>65.5%</b>	<b>\$ 420,682,153</b>	<b>1.7%</b>
<b>Total Expenditures by Category</b>						
Salaries and Benefits.....	\$ 181,704,996	\$ 187,885,023	\$ 170,061,700	90.5%	\$ 164,594,837	3.3%
Non Personnel (includes all school funds).....	350,307,568	465,705,663	257,897,180	55.4%	256,087,316	0.7%
<b>Total Expenditures</b>	<b>\$ 532,012,564</b>	<b>\$ 653,590,686</b>	<b>\$ 427,958,880</b>	<b>65.5%</b>	<b>\$ 420,682,153</b>	<b>1.7%</b>