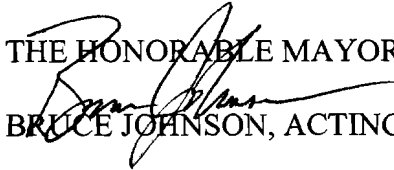


City of Alexandria, Virginia

MEMORANDUM

DATE: JUNE 9, 2011

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM:  BRUCE JOHNSON, ACTING CITY MANAGER

SUBJECT: MONTHLY FINANCIAL REPORT FOR THE PERIOD ENDING APRIL 30, 2011

ISSUE: Receipt of the City's Monthly Financial Report for the period ending April 30, 2011.

RECOMMENDATION: That City Council receive the following Monthly Financial Report for the period ending April 30, 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 April 30, 2011. Detailed economic, revenue, and expenditure charts are also available from the City of Alexandria website at alexandriava.gov/financialreports.

ECONOMIC HIGHLIGHTS:

- **Alexandria residential real estate property values continued to increase in April.** The calendar year-to-date average sales price of \$515,308 was 25.4% higher than last year at this time. Nationally, single family home values dropped below the lowest point of the 2009 real estate market crash; however the Washington, DC metropolitan area was the only one of 20 major metropolitan areas to experience property value growth instead of decline. The volume of residential sales in Alexandria declined slightly in May due to the temporary home buyer tax credit program having generated an unusually high volume of sales at this time last year.
- **Two new commercial construction permits for construction valued at \$6.4 million were issued in April.** Prior to that, only one permit for \$0.3 million in construction had been issued in FY 2011. Overall commercial construction remains below FY 2009 and FY 2010 levels.
- **April new multi-family construction permits were up 65.7% over FY 2010.** The year-to-date value of multi-family construction permits in April was \$42.5 million as compared to \$8.3 million year-to-date in FY 2010 and \$32.4 year-to-date in FY 2009.
- **Unemployment in Alexandria decreased from 4.5% in March to 4.0% in April.** However, national unemployment increased slightly in May, from 9.0% to 9.1%, and employers added the fewest number of jobs in eight months.
- **The national consumer price index increased for the sixth straight month driven mostly by food and gasoline prices.** The overall CPI-U increased by 3.2% in April. The core CPI excluding food and energy increased by 1.3%.

REVENUE HIGHLIGHTS:

Year-to-Date Revenues: As of April 30, 2011, actual General Fund revenues totaled \$344.0 million, which is 3.0 percent higher than FY 2010 revenues for the same period last year. Most of this increase is related to general property tax and the other local tax categories, which are both up 3.0 percent over last year. This report includes the April re-estimates described in Budget Memo # 52, which anticipate an additional \$1.7 million in revenues for FY 2011 above those previously budgeted.

- **Alexandria February and March sales tax growth was at its highest point since January 2009.** Year-to-year growth remained at 6.2% for the second month in a row in March.
- **January was the tenth consecutive month of meals tax growth after 14 months in which revenues either declined or grew by no more than one percent.** Meals tax revenues in January were up 4.1% over the previous year; however the rate of growth was lower than that of the previous four months.
- **Licenses and Permits:** 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:** The increase primarily represents a budgeted increase for fire retesting fees and parking meter receipts.
- **Revenue from the Federal Government:** As previously anticipated and budgeted, the City has received \$1.2 million in FY 2011 for the Build America Bonds subsidy as compared to \$0.4 million in FY 2010.

EXPENDITURE HIGHLIGHTS:

Year-to-Date Expenditures: As of April 30, 2011, actual General Fund expenditures totaled \$383.5 million, an increase of \$10.8 million, or 3.0 percent, above expenditures for the same period last year. The revised budget 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 than the budget primarily because turnover savings are deducted from the budget on the first day of the fiscal year, while the savings are realized throughout the year. Non-personnel spending increased 4.1 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 is 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 to the February snow emergency.

- **Health:** The decrease in expenditures reflects a timing difference in payments made to the Commonwealth for contract health services.
- **Transit Subsidies:** In FY 2010, the City recognized \$3,051,822 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 this year in this category.
- **Non Departmental:** The decrease 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 bonds issued in June 2009. 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 required to operate the City public school system in FY 2011.

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

SELECTED ECONOMIC INDICATORS

Attachment 1

	Change on Previous Year
<u>Consumer Price Index (CPI-U)</u> for the Washington-Baltimore, DC-MD-VA-WV Area (as of March, 2011)	3.0%
For the United States (as of April, 2011)	3.2%
Core CPI-U (excludes food and energy) (As of April, 2011)	1.3%

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

	Current Month	Prior Month	Prior Year
<u>Unemployment Rates</u> Alexandria (as of April, 2011)	4.0%	4.5%	4.6%
Virginia (as of April, 2011)	6.1%	6.3%	7.1%
United States (as of May, 2011)	9.1%	9.0%	9.7%

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

	Current Quarter	Prior Quarter	Prior Year
<u>Office Vacancy Rates</u> Alexandria	12.1%	11.6%	12.5%
Northern Virginia	12.6%	12.6%	12.9%
Washington, DC Metro area (As of 1st quarter, 2011)	11.3%	11.3%	12.1%

(Source: CoStar)

	Current Year	Prior Year	Change on Previous Year
<u>New Business Licenses</u> 3 month trailing average (As of April, 2011)	61	79	-22.8%

(Source: Finance Department)

<u>New Commercial Construction (excluding Apartment Buildings) and Building Renovations</u> (Fiscal YTD as of April, 2011)			
Number of new building permits	3	4	-25.0%
Value of new building permits (\$ millions)	\$6.7	\$23.5	-71.5%

(Source: Office of Code Administration)

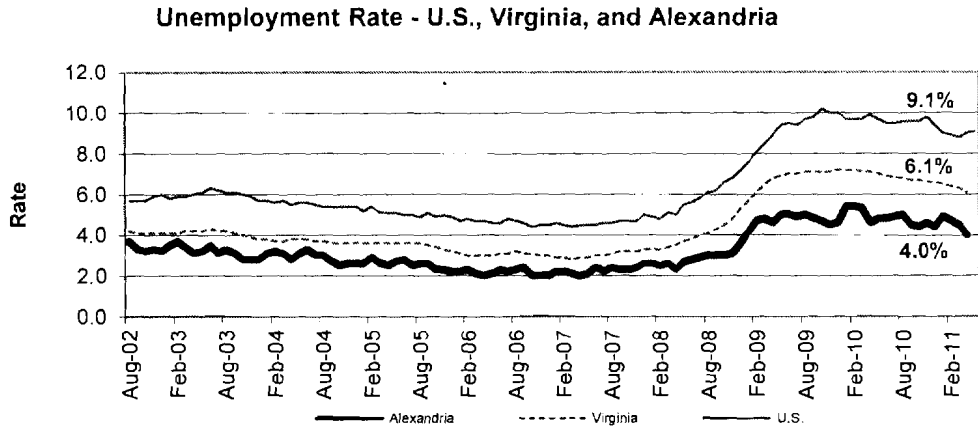
<u>New Multi-family Construction (including Apartment & Condominium Buildings)</u> (Fiscal YTD as of April, 2011)			
Number of new building permits	58	35	65.7%
Value of new building permits (\$ millions)	\$42.5	\$8.3	412.0%

<u>Residential Real Estate Indicators</u> (Calendar YTD ending April, 2011)			
Residential Dwelling Units Sold	561	547	2.6%
Average Residential Sales Price	\$515,308	\$410,853	25.4%

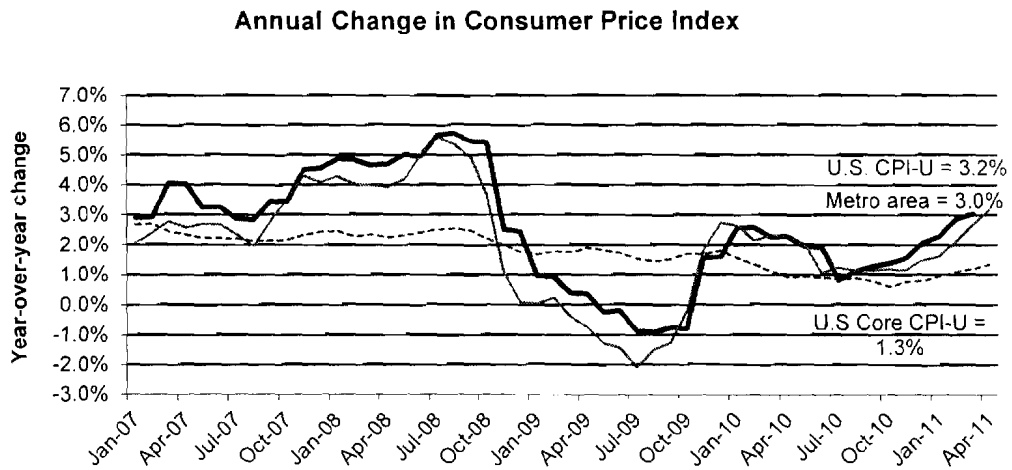
(Source: Department of Real Estate Assessments)

<u>Foreclosures</u> 3 month trailing average (As of April, 2011)			
Source: Dept of Real Estate Assessments	11	29	-62.1%

Attachment I

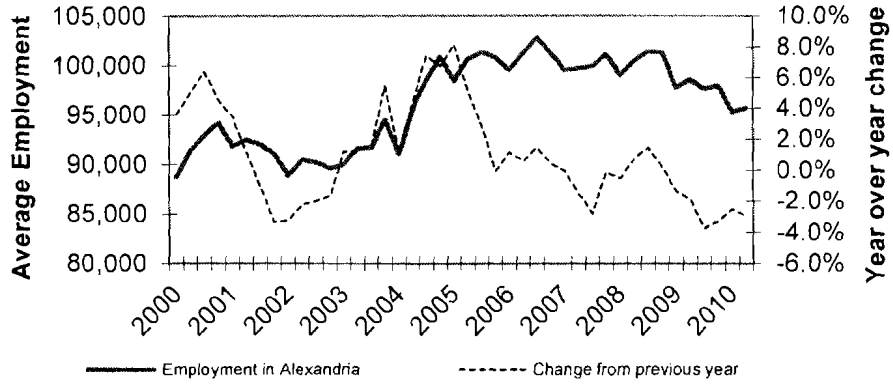


Source: U.S. Department of Labor, Bureau of Labor Statistics
 U.S. through May 2011, Virginia and Alexandria through April 2011



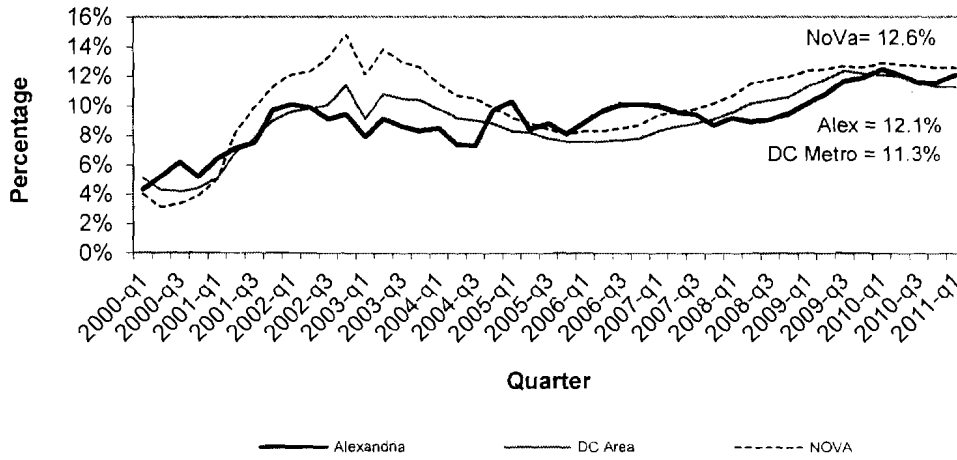
Source: U.S. Department of Labor, Bureau of Labor Statistics
 U.S. through April 2011, Metro Area through March 2011

Employment in Alexandria by quarter



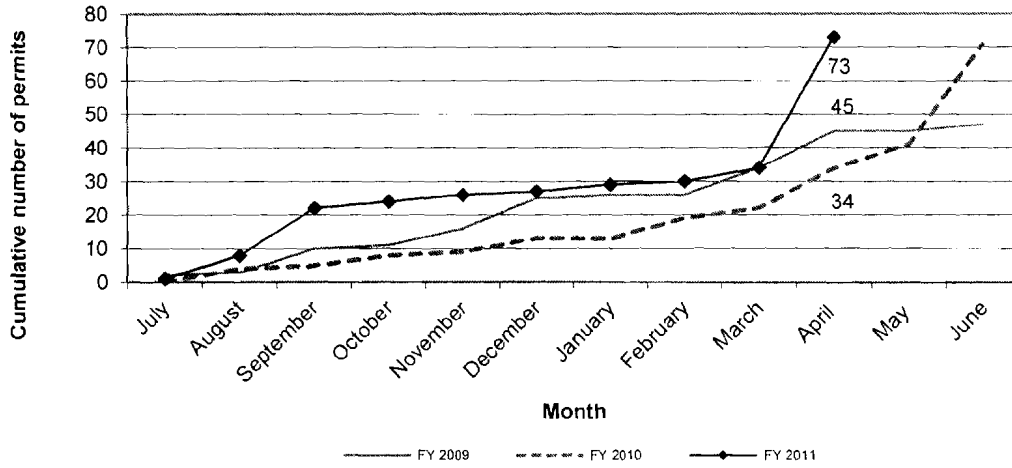
Source: Virginia Employment Commission
Through 3rd quarter 2010

Office Vacancy Rates



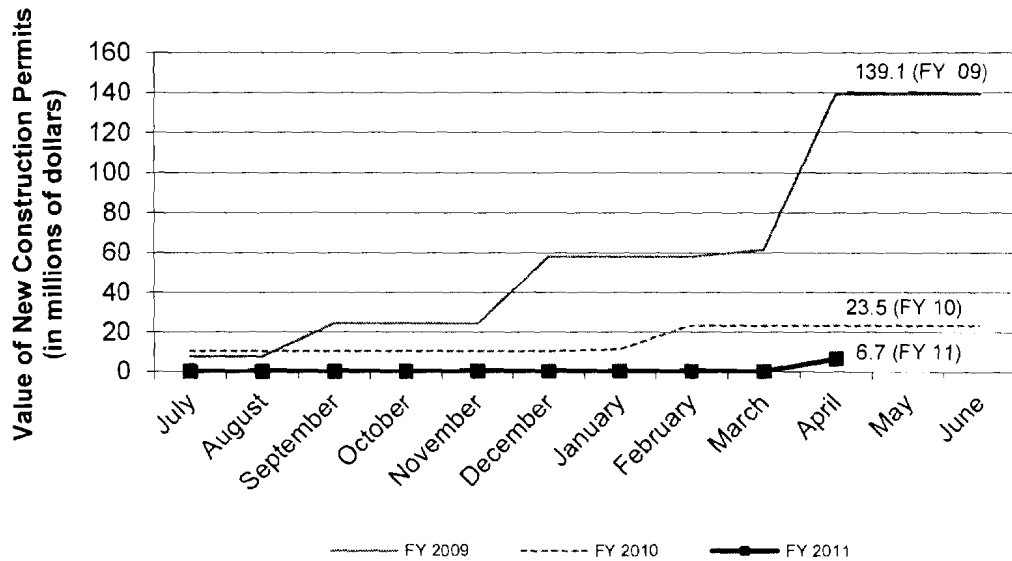
Source: CoStar
Through 1st quarter, 2011

**Cumulative Number of New 1 & 2 Family
Residential Building Permits
FY 2009-FY 2011**



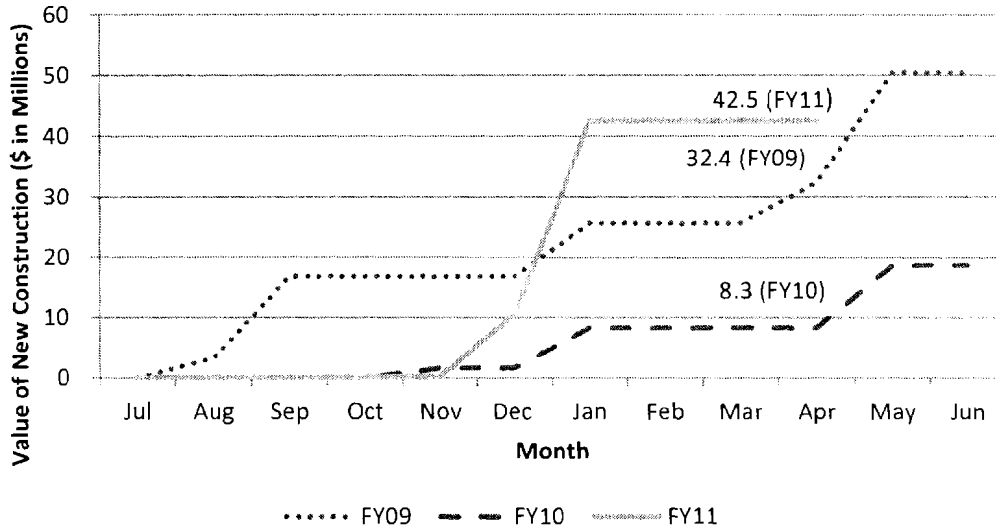
Source: Code Administration
Through April 2011

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



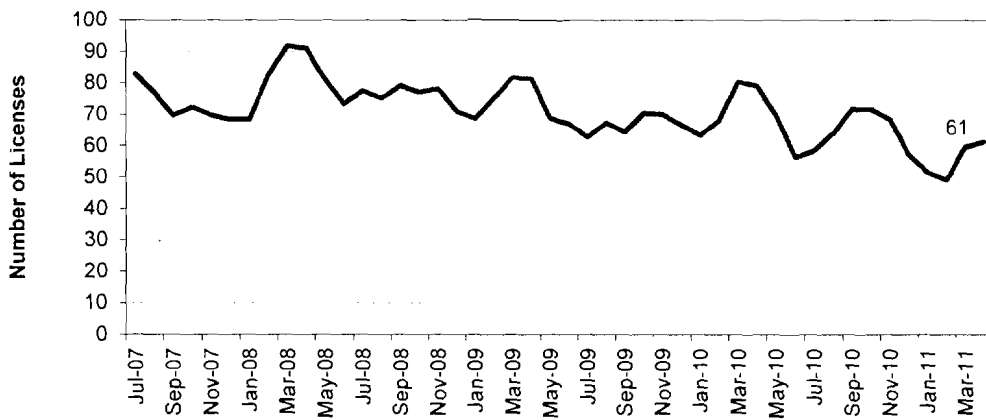
Source: Code Administration
Through April 2011

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



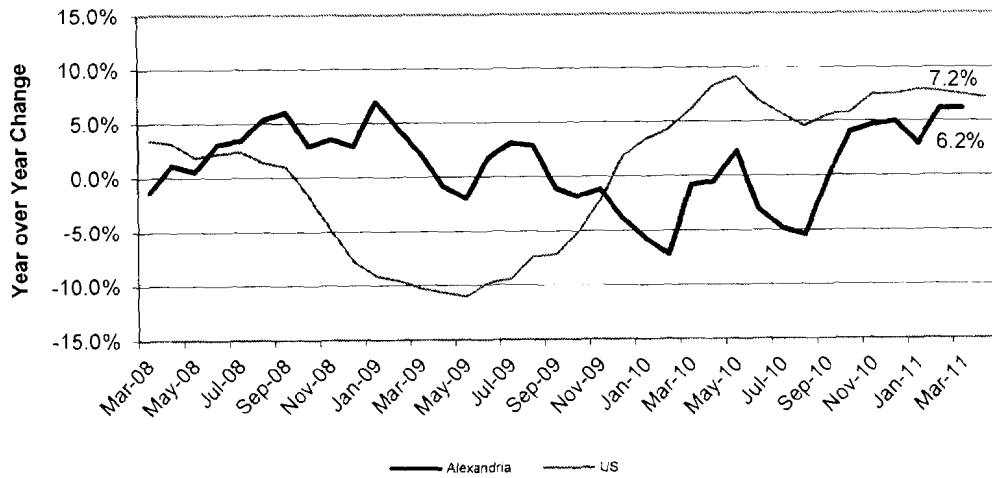
Source: Code Administration
Through April 2011

Number of New Business License Applications Three Month Trailing Average



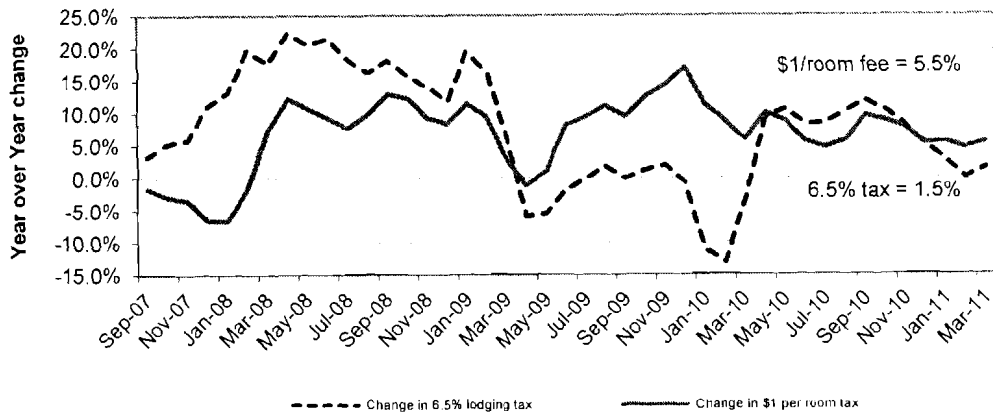
Source: Finance Department
Through April 2011

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



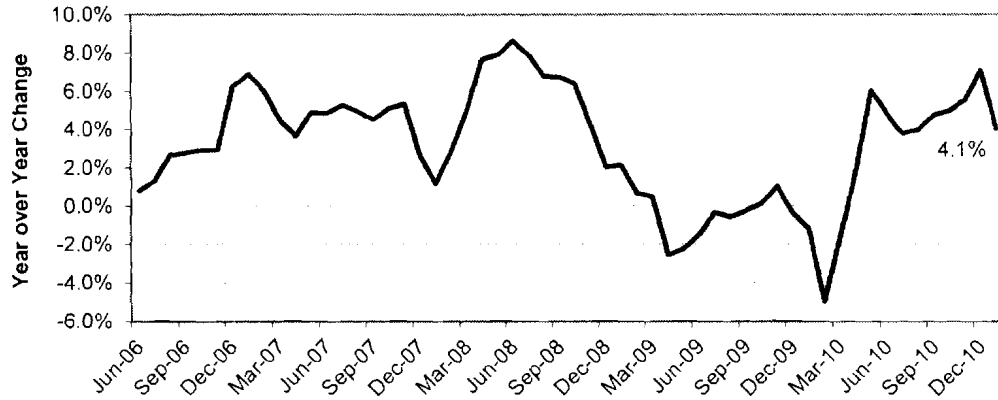
Source: Finance Department, U.S. Census Bureau
U.S. data through April 2011; Alexandria data through March 2011

Annual Change in Transient Lodging Tax Receipts 3 month trailing average



Source: Finance Department
Through March 2011

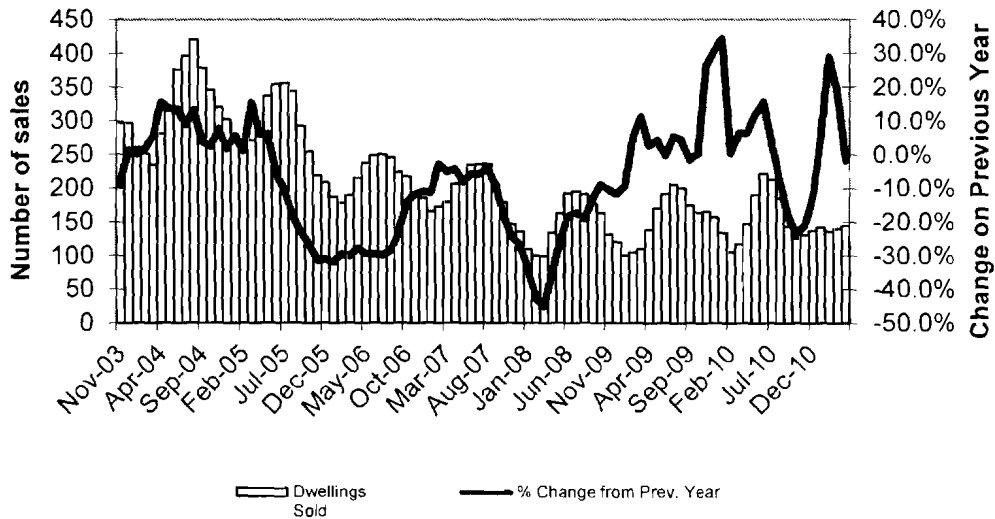
Annual Change in Meals Tax Revenue Per 1 % of Tax
3 month trailing average



Source: Finance Department
Through January 2011*

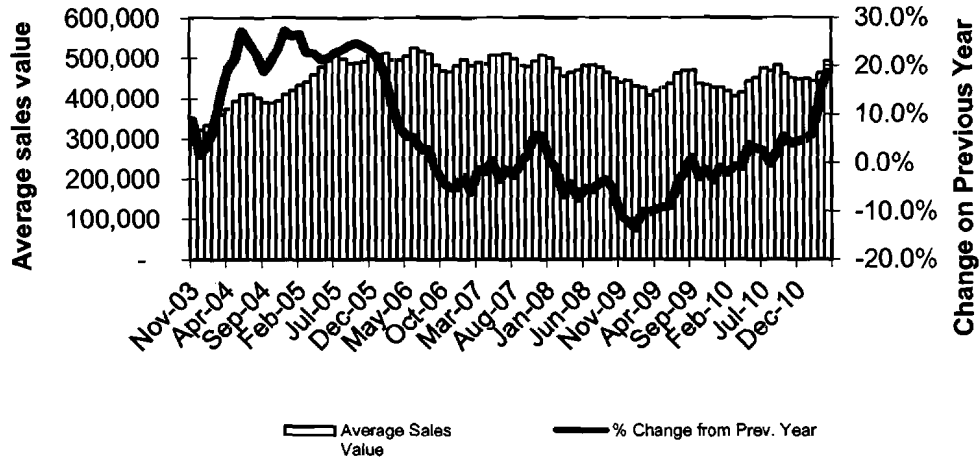
*Meals tax collections typically lag because there are restaurant filings and payments that have not been processed by the end-of-the-month deadline.

Alexandria Residential Property Sales Volume
Three Month Trailing Average



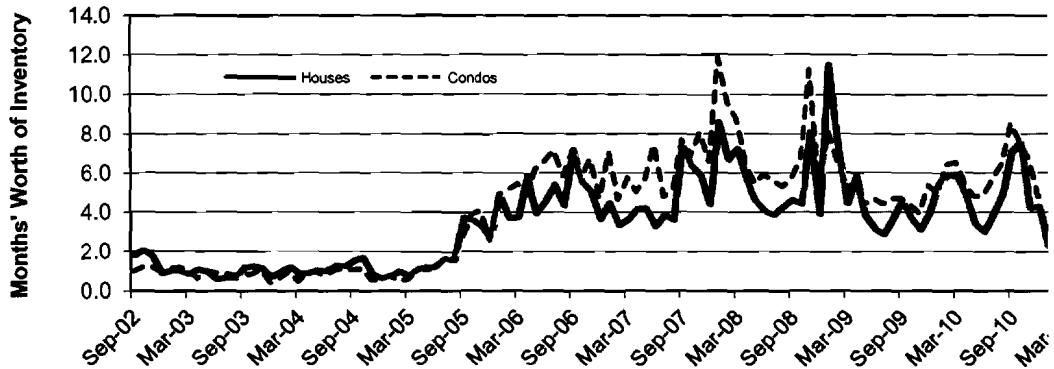
Source: Department of Real Estate Assessments
Through April 2011

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



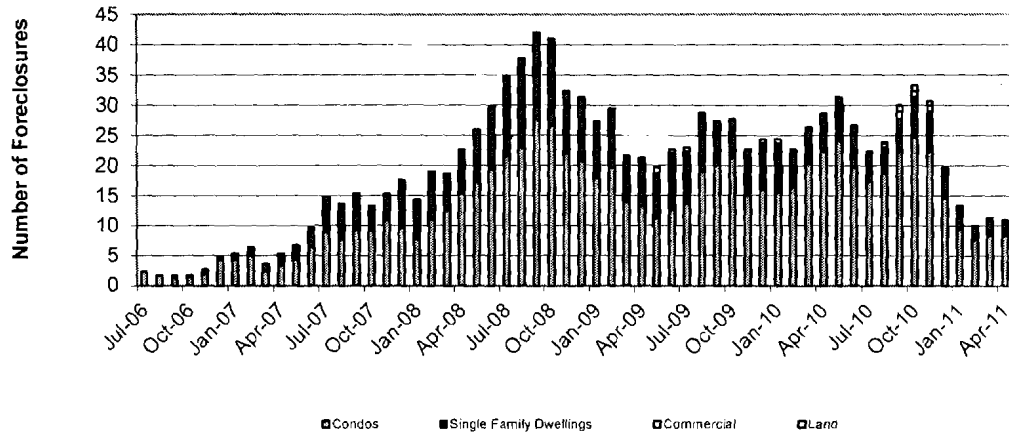
Source: Department of Real Estate Assessments
Through April 2011
* Calendar year-to-date increase is 25.4%

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



Source: Metropolitan Regional Information Systems
Through April 2011

New Foreclosures in Alexandria 3 month trailing average

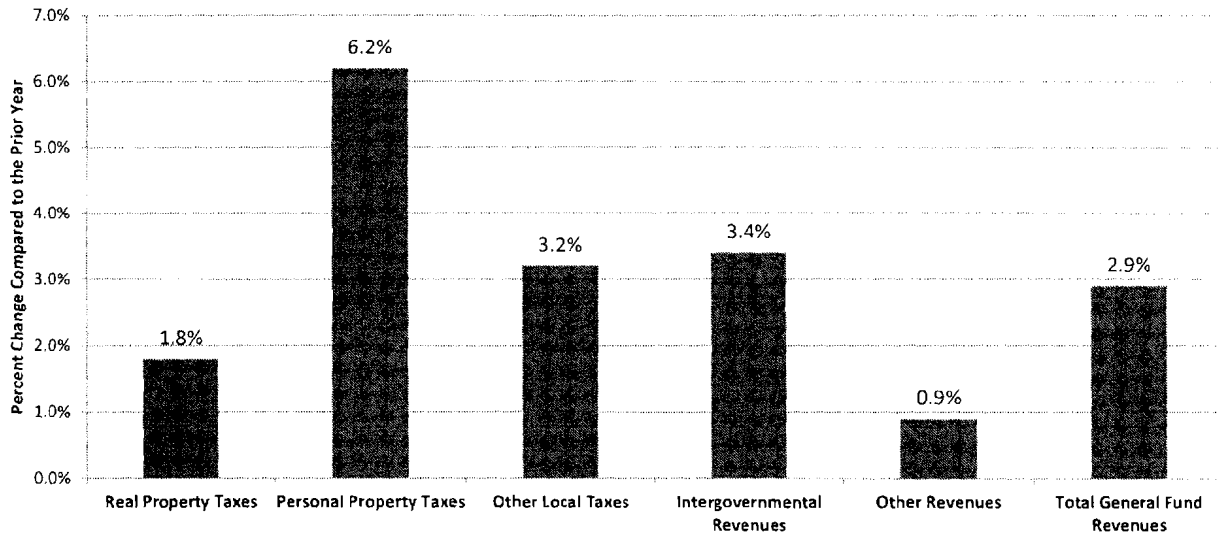


Source: Department of Real Estate Assessments
Through April 2011

**CITY OF ALEXANDRIA, VIRGINIA
COMPARATIVE STATEMENT OF REVENUES
GENERAL FUND
FOR THE PERIODS ENDING APRIL 30, 2011 AND APRIL 30, 2010**

	A	B	B 2	C	D=C/B	E	F=(C-E)/E
	FY2010	FY2011	FY2011	FY2011	%	FY2010	%
	ACTUALS	REVISED BUDGET	PROJECTED REVENUES	REVENUES THRU 04/30/11	OF BUDGET	REVENUES THRU 04/30/10	CHANGE
General Property Taxes							
Real Property Taxes.....	\$ 302,666,192	\$ 296,237,904	\$ 307,976,901	\$ 154,234,396	52.1%	\$ 151,493,541	2%
Personal Property Taxes.....	32,923,178	32,300,000	34,600,000	34,083,409	105.5%	32,082,792	6%
Penalties and Interest.....	1,631,548	1,870,000	1,870,000	1,793,974	95.9%	1,186,391	51%
Total General Property Taxes	\$ 337,220,918	\$ 330,407,904	\$ 344,446,901	\$ 190,111,779	57.5%	\$ 184,762,724	3%
Other Local Taxes							
Local Sales and Use Taxes.....	\$ 22,744,483	\$ 23,500,000	\$ 23,700,000	\$ 15,382,542	65.5%	\$ 14,823,531	4%
Consumer Utility Taxes.....	10,462,233	10,500,000	10,900,000	8,187,188	78.0%	7,906,188	4%
Communication Sales and Use Taxes.....	11,315,541	11,600,000	11,600,000	7,680,304	66.2%	7,464,552	3%
Business License Taxes.....	30,295,624	30,200,000	29,250,000	28,353,736	93.9%	28,026,894	1%
Transient Lodging Taxes.....	10,824,410	11,100,000	11,600,000	7,841,396	70.6%	7,364,770	6%
Restaurant Meals Tax.....	14,908,999	15,400,000	15,700,000	11,319,143	73.5%	10,737,809	5%
Tobacco Taxes.....	2,910,382	2,900,000	2,900,000	2,057,594	71.0%	2,170,053	-5%
Motor Vehicle License Tax.....	3,172,254	3,200,000	3,200,000	3,155,301	98.6%	3,015,859	5%
Real Estate Recordation.....	3,313,547	3,800,000	3,800,000	2,759,751	72.6%	2,399,216	15%
Admissions Tax.....	1,125,172	1,200,000	1,100,000	765,239	63.8%	858,613	-11%
Other Local Taxes.....	3,298,706	3,030,000	2,730,000	711,330	23.5%	677,732	5%
Total Other Local Taxes	\$ 114,371,351	\$ 116,430,000	\$ 116,480,000	\$ 88,213,524	75.8%	\$ 85,445,217	3%
Intergovernmental Revenues							
Revenue from the Fed. Government.....	\$ 8,804,712	\$ 8,826,689	\$ 9,206,344	\$ 7,022,997	79.6%	\$ 5,353,409	31%
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.....	20,082,668	19,769,080	20,098,964	15,676,191	79.3%	15,838,106	-1%
Total Intergovernmental Revenues	\$ 52,465,911	\$ 52,174,300	\$ 52,883,839	\$ 45,806,148	87.8%	\$ 44,298,475	3%
Other Governmental Revenues And Transfers In							
Fines and Forfeitures.....	\$ 3,941,372	\$ 4,646,020	\$ 4,494,000	\$ 3,635,218	78.2%	\$ 3,191,871	14%
Licenses and Permits.....	4,811,588	1,802,010	1,986,975	2,102,025	116.6%	3,794,182	-45%
Charges for City Services.....	13,803,578	14,902,302	14,425,471	10,284,579	69.0%	9,178,125	12%
Revenue from Use of Money & Prop.....	3,033,638	4,010,000	3,330,000	3,082,475	76.9%	2,914,854	6%
Other Revenue.....	787,960	783,700	763,000	743,269	94.8%	590,129	26%
Transfer from Other Funds.....	1,301,560	1,446,713	1,446,713	-	0.0%	-	0%
Total Other Governmental Revenues	\$ 27,679,696	\$ 27,590,745	\$ 26,446,159	\$ 19,847,566	71.9%	\$ 19,669,161	1%
TOTAL REVENUE	\$ 531,737,876	\$ 526,602,949	\$ 540,256,899	\$ 343,979,017	65.3%	\$ 334,175,577	3%
Appropriated Fund Balance							
General Fund.....	-	5,499,291	5,499,291	-	-	-	0%
Reappropriation of FY 2010 Encumbrances And Other Supplemental Appropriations....	-	7,272,932	-	-	-	-	0%
TOTAL	\$ 531,737,876	\$ 539,375,172	\$ 545,756,190	\$ 343,979,017	63.8%	\$ 334,175,577	3%

Change in Year-to-Date Revenues Through March FY 2011 Compared to FY 2010

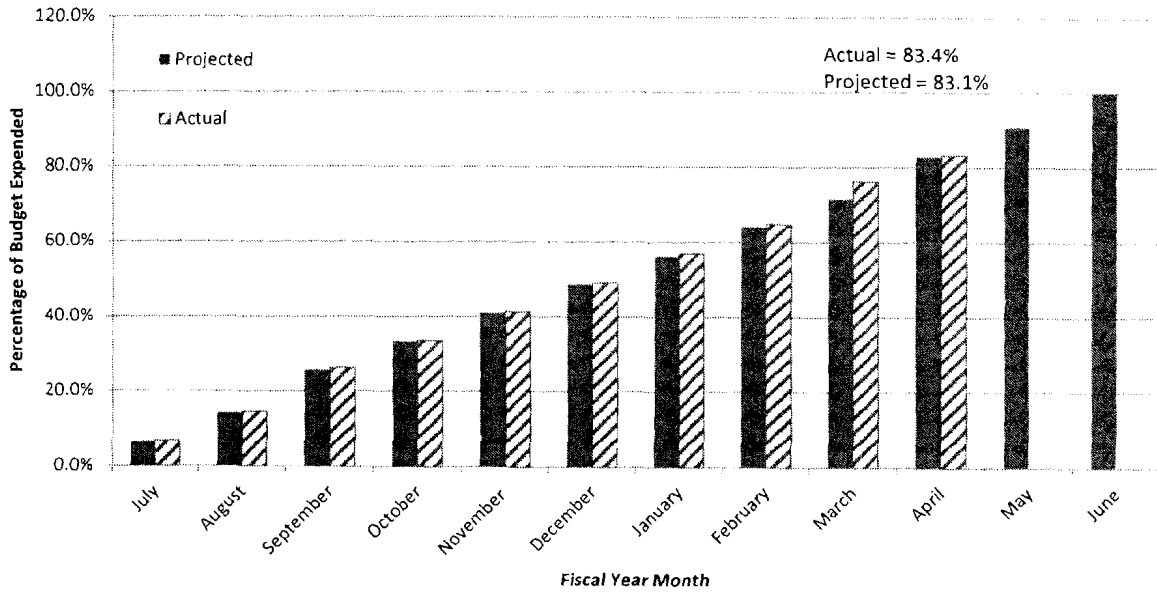


**COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION
GENERAL FUND
FOR THE PERIODS ENDING APRIL 30, 2011 AND APRIL 30, 2010**

FUNCTION	A	B	C	D=C/B	E	F=(C-E)/E
	FY2010 ACTUALS	FY2011 REVISED BUDGET	FY2011 EXPENDITURES THRU 04/30/11	% OF BUDGET EXPENDED	FY2010 EXPENDITURES THRU 04/30/10	EXPENDITURES % CHANGE
Legislative & Executive.....	\$ 7,117,967	\$ 7,605,385	\$ 6,038,573	79.4%	\$ 5,944,282	2%
Judicial Administration.....	\$ 37,436,864	\$ 38,722,758	\$ 32,308,469	83.4%	\$ 31,459,218	3%
Staff Agencies						
Information Technology Services.....	\$ 6,413,983	\$ 7,260,881	\$ 5,256,682	72.4%	\$ 5,100,471	3%
Management & Budget.....	1,102,234	1,185,929	893,958	75.4%	913,307	-2%
Finance.....	8,589,975	10,026,111	6,803,441	67.9%	6,606,717	3%
Real Estate Assessment.....	1,467,395	1,690,229	1,200,765	71.0%	1,234,296	-3%
Human Resources.....	2,847,170	2,867,881	2,286,650	79.7%	2,311,017	-1%
Planning & Zoning.....	5,453,956	5,554,337	4,413,358	79.5%	4,520,956	-2%
Economic Development Activities.....	3,239,109	3,833,611	3,460,781	90.3%	3,207,294	8%
City Attorney.....	2,294,946	2,803,772	1,918,325	68.4%	1,891,187	1%
Registrar.....	1,014,068	1,131,051	874,944	77.4%	855,727	2%
General Services.....	11,369,943	11,773,511	9,432,419	80.1%	9,108,474	4%
Total Staff Agencies	\$ 43,792,779	\$ 48,127,313	\$ 36,541,323	75.9%	\$ 35,749,446	2%
Operating Agencies						
Transportation & Environmental Services.....	\$ 26,308,499	\$ 28,207,149	\$ 21,900,563	77.6%	\$ 21,535,531	2%
Fire and Code Administration.....	39,338,983	35,461,397	31,578,557	89.1%	32,412,729	-3%
Police and Emergency Communications.....	51,980,201	53,186,610	43,542,385	81.9%	42,828,739	2%
Transit Subsidies.....	5,168,369	8,245,933	7,651,441	92.8%	4,638,070	65%
Mental Health/Mental Retardation/ Substance Abuse.....	521,429	551,662	483,972	87.7%	449,662	8%
Health.....	7,598,198	8,102,191	6,196,128	76.5%	7,071,937	-12%
Human Services.....	11,254,019	12,818,177	10,051,462	78.4%	9,870,115	2%
Historic Resources.....	2,597,967	2,578,806	2,118,435	82.1%	2,170,864	-2%
Recreation.....	18,150,627	19,152,089	15,803,222	82.5%	15,237,427	4%
Total Operating Agencies	\$ 162,918,292	\$ 168,304,014	\$ 139,326,165	82.8%	\$ 136,215,074	2%
Education						
Schools.....	\$ 165,555,960	\$ 167,886,567	\$ 120,806,685	72.0%	\$ 119,127,717	1%
Other Educational Activities.....	12,304	12,229	12,229	100.0%	12,304	-1%
Total Education	\$ 165,568,264	\$ 167,898,796	\$ 120,818,914	72.0%	\$ 119,140,021	1%
Capital, Debt Service and Miscellaneous						
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	8,655,059	75.0%	10,621,746	-18.5%
Cash Capital.....	4,295,000	5,545,000	5,545,000	100.0%	4,400,038	26.0%
Contingent Reserves.....	-	827,070	-	0.0%	-	-
Total Capital, Debt Service and Miscellaneous	\$ 48,182,134	\$ 55,962,008	\$ 35,385,407	63.2%	\$ 31,453,993	12.5%
TOTAL EXPENDITURES	\$ 465,016,300	\$ 486,620,274	\$ 370,418,851	76.1%	\$ 359,962,034	2.9%
Cash Match (Mental Health/Mental Retardation/ Substance Abuse, Human Services and Library and Transfers to the Special Revenue Fund).....	41,469,222	37,069,884	-	-	-	-
Transfer to Housing.....	1,471,393	1,606,566	1,312,992	81.7%	1,058,046	24.1%
Transfer to Library.....	6,074,971	6,270,659	5,223,459	83.3%	5,060,451	3.2%
Transfer to DASH.....	7,907,789	7,807,789	6,503,888	83.3%	6,587,188	-1.3%
TOTAL EXPENDITURES & TRANSFERS	\$ 521,939,675	\$ 539,375,172	\$ 383,459,190	71.1%	\$ 372,667,719	2.9%
Total Expenditures by Category						
Salaries and Benefits.....	\$ 180,224,174	\$ 180,732,360	\$ 150,770,632	83.4%	\$ 149,208,951	1.0%
Non Personnel (includes all school funds).....	341,715,501	358,642,812	232,688,558	64.9%	223,458,768	4.1%
Total Expenditures	\$ 521,939,675	\$ 539,375,172	\$ 383,459,190	71.1%	\$ 372,667,719	2.9%

Personnel

Actual vs. Expected Expenditures through February



Non-Personnel

Actual vs. Expected Expenditures through February

