

City of Alexandria, Virginia

MEMORANDUM

DATE: JANUARY 27, 2012

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: RASHAD M. YOUNG, CITY MANAGER *RM*

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

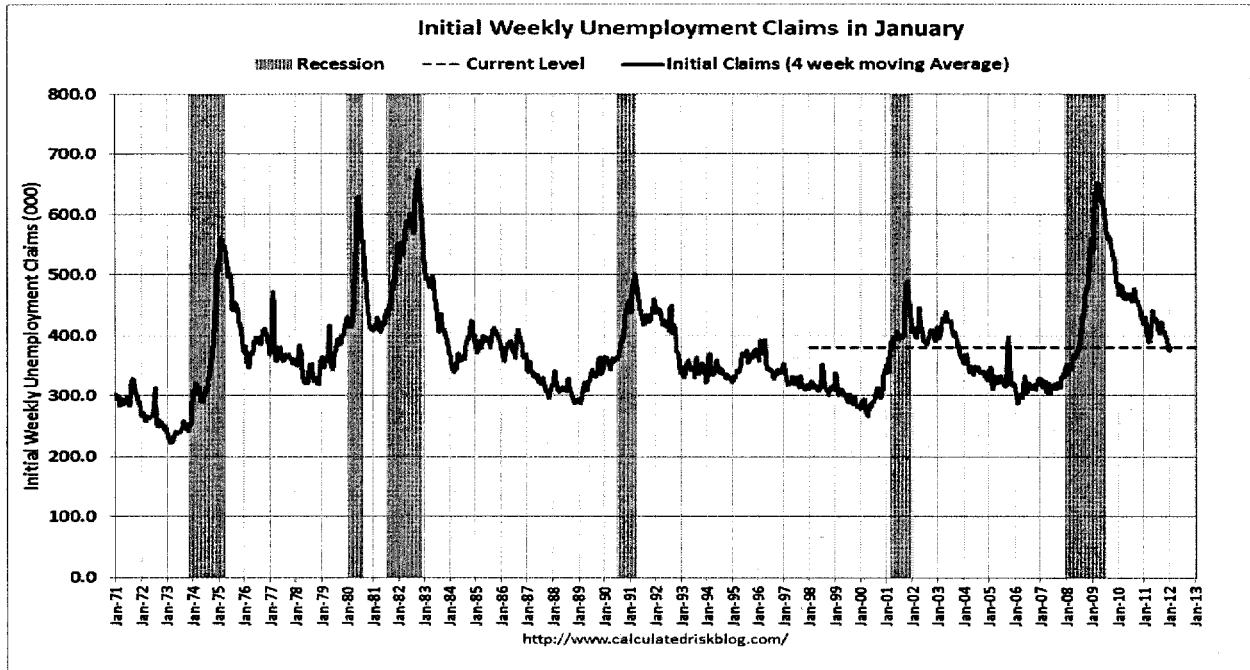
ISSUE: Receipt of the City's Monthly Financial Report for the period ending December 31, 2011.

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

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 December 31, 2011. FY 2012 projections for the entire year will be available in the FY 2013 Proposed Budget separately on February 14. Detailed economic, revenue, and expenditure charts are also available from the City of Alexandria website at alexandriava.gov/financialreports.

ECONOMIC HIGHLIGHTS:

- **National unemployment claims fall to near four year low.** According to the U.S Labor Department national unemployment claims have dropped to 352,000 for the week ending January 14, a decrease of 50,000 from the previous week's report. This is the lowest level since April 2008 and the largest single drop since September 2005. Unemployment claims have held below 400,000 for 10 straight weeks. The National unemployment rate declined to 0.1 percent to 8.5 percent, while Virginia and Alexandria both dropped 0.2 percent to 6.2 and 4.3 percent respectively. It is important to monitor both trends as a decline in unemployment claims doesn't always result in a decrease in unemployment rates (See graph below).



- Housing market showing some mixed signs.** One positive note locally is that the annual value of new multi-family construction permits for FY 2012 is \$102 million, which is roughly \$12 million less than the past three fiscal years combined (\$114 million total for FY 09, 10, and 11). A large portion of the multi-family production (\$57 million) is from projects near the Braddock Rd. Metro. Additionally the year-to-date number of single family permits (44) is outpacing the previous three fiscal years of 27 in FY 11, 13 in FY 10, and 25 in FY 09. Both of these trends are reflected in the national data which showed increases in new housing starts, particularly in multi-family, through November. Additionally, the number of local foreclosures is down 48 percent from this time last year. On another positive note, recent national forecasts from Merrill Lynch, Fannie Mae, Wells Fargo, and the National Association of Home Builders for CY 2012 predict “bullish” growth in new home sales and single family starts.

REVENUE HIGHLIGHTS:

Year-to-Date Revenues: As of December 31, 2011, six months into the fiscal year, actual General Fund revenues totaled \$281.0 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.

- 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 been included in the estimates for FY 2013 budget revenues.
- Real Property Taxes:** The increase is primarily the result of the budgeted increase in the real estate tax rate for transportation.

- **Recordation Tax:** The increase is primarily the result of the sale and refinancing of a few large commercial properties.
- **Federal Government:** The decrease primarily represents the timing of payments for the Federal Prisoner Per Diem.
- **Communication Taxes:** The decrease 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 decrease of 37 percent is a result of the variable timing of tax payments.
- **Other Local Taxes:** The decrease of 46 percent is a result of the variable timing of quarterly payments for vehicle rental taxes.
- **Charges for Service:** The increase is the result of a budgeted increase in meter fees (to \$1.75/hour) implemented with the installation of the new multi-space meters mid-year in FY 2011.

EXPENDITURE HIGHLIGHTS:

Year-to-Date Expenditures: As of December 31, 2011, actual General Fund expenditures totaled \$235.0 million, an increase of \$5.8 million, or 2.5 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 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 during the year. Non-personnel spending increased 2.6 percent. 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.

- **Fire Department:** As discussed during several City Council Legislative meetings and during the FY 2012 budget process, the Fire Department has a continuing need to utilize overtime to maintain minimum staffing levels on frontline Fire and EMS units when firefighters and medics use leave and to fill vacancies from attrition. The new Fire recruit class hired in 2011 has started to reduce costs from the prior year. Another recruit class is now underway that will continue to reduce the need for overtime late in FY 2012. Even with these changes, the Fire Department is currently projected to be over the current FY 2012 budget as adopted by City Council. OMB and Fire staff will continue to monitor overtime and other expenditures and revise the projections as needed.
- **Health:** The decrease reflects the timing of bills received from the Commonwealth for services provided.

- **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.
- **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 \$2.79 million to \$3.36 million in damages to the Holmes Run sewer that are believed to have resulted from the storm. City Council committed funds to offset any costs not reimbursed by the FEMA.

Event	Cost	Other
Tropical Storm Lee	\$2.68 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	0.50 million	
9/11 Terrorist Preparation	0.02 million	

- **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:

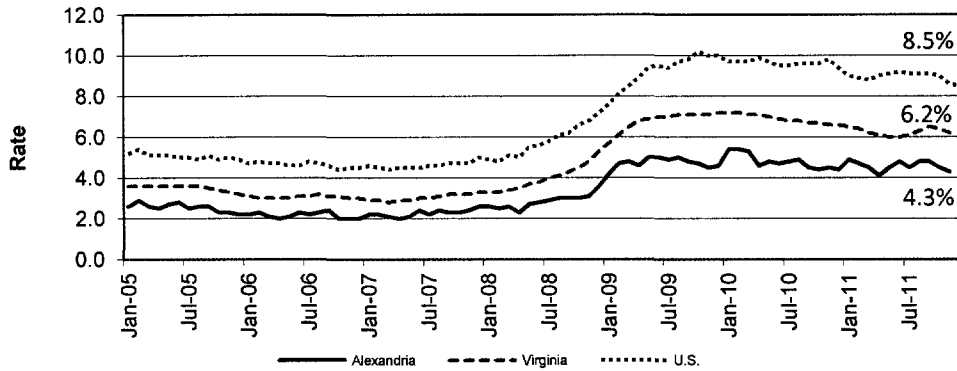
Online Reference 1-The Economy
 Online Reference 2-Revenues
 Online Reference 3-Expenditures

STAFF:

Laura Triggs, Acting Chief Financial Officer
 Morgan Routt, Acting Director, Office of Management & Budget
 Ray Welch, Finance Department
 Matthew Behrens, Office of Management & Budget
 Melinda Barton, Finance Department

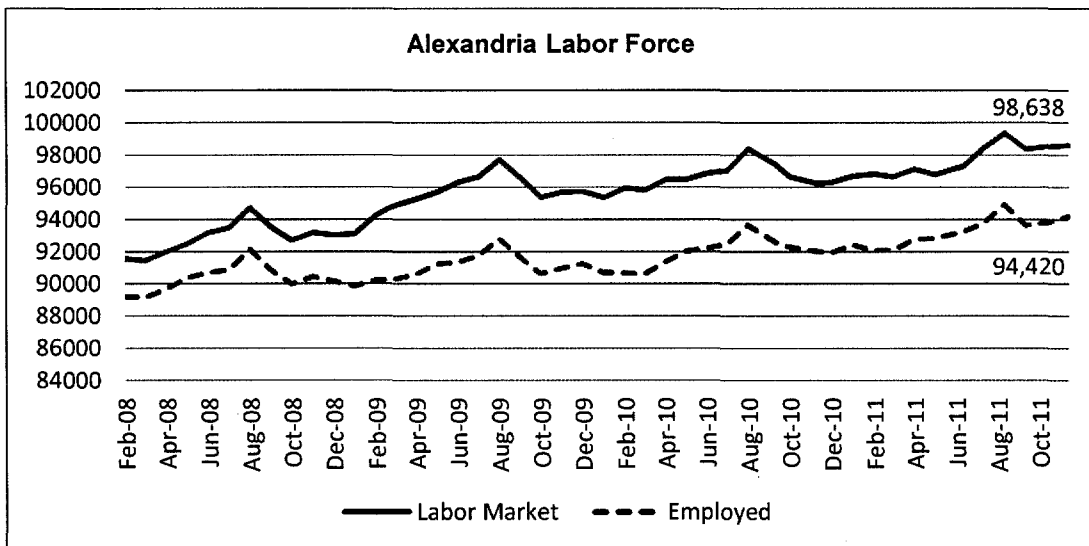
Attachment 1

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



Source: U.S. Department of Labor, Bureau of Labor Statistics
 U.S. through December 2011; Virginia and Alexandria through November 2011
 *Alexandria unemployment is not seasonally-adjusted, while U.S. and Virginia are seasonally-adjusted.

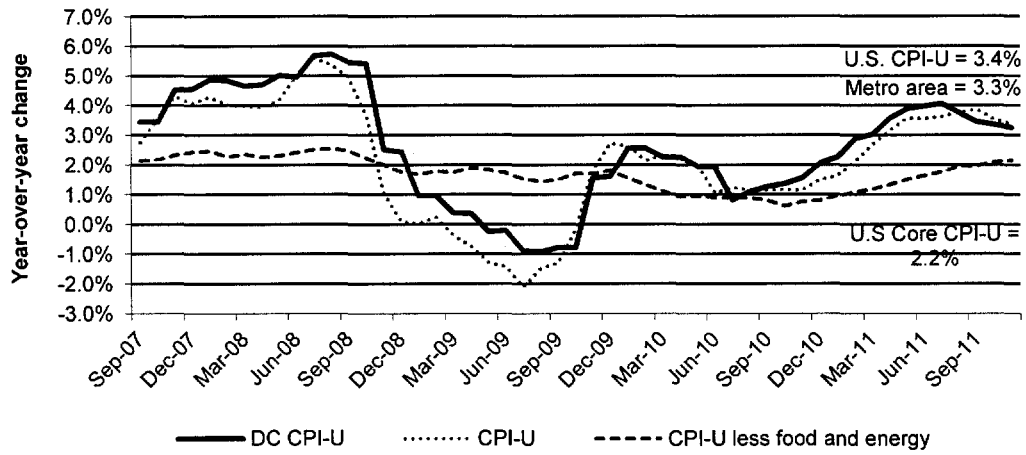
Alexandria Labor Force



Source: Virginia Employment Commission
 Through November 2011
 *Not seasonally adjusted.

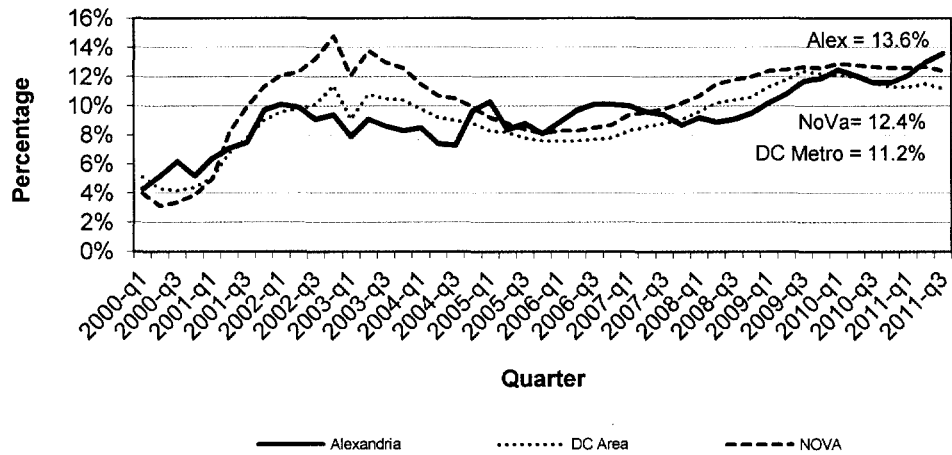
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Annual Change in Consumer Price Index

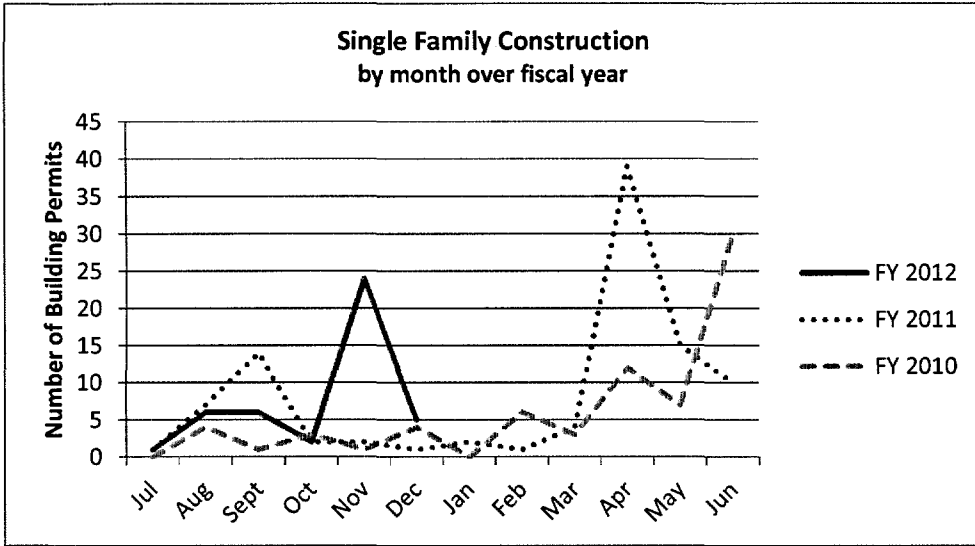


Source: U.S. Department of Labor, Bureau of Labor Statistics
Through November 2011

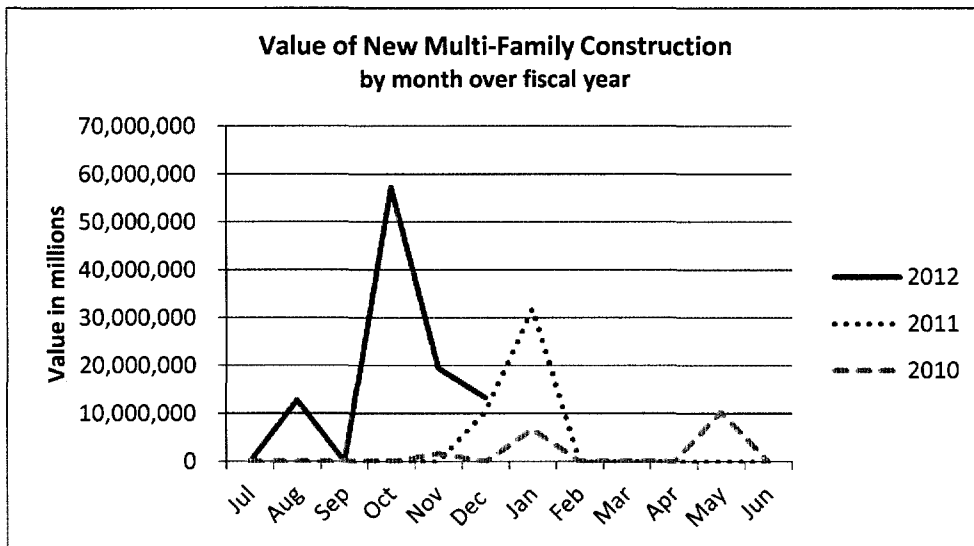
Office Vacancy Rates



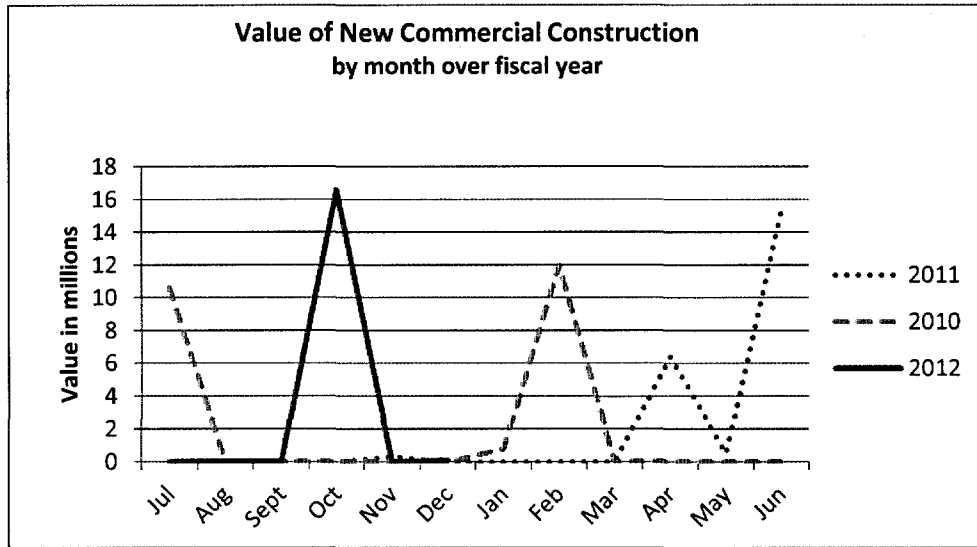
Source: CoStar
Through 3rd quarter, 2011



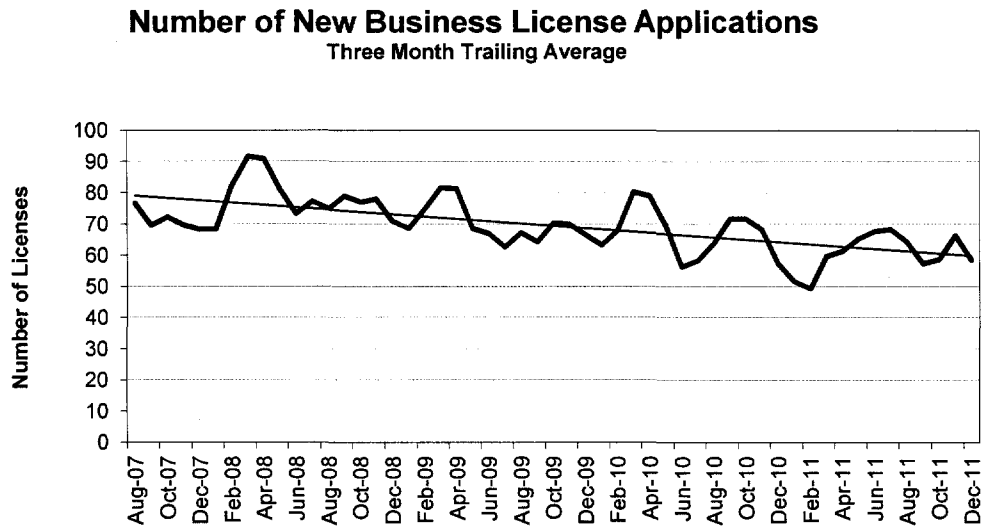
Source: Code Enforcement
Through December 2011



Source: Code Enforcement
Through December 2011

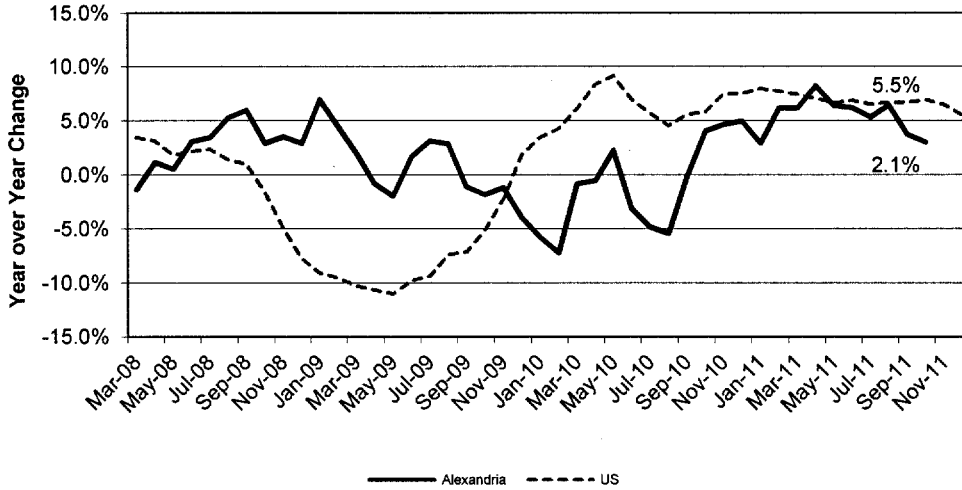


Source: Code Enforcement
Through December 2011



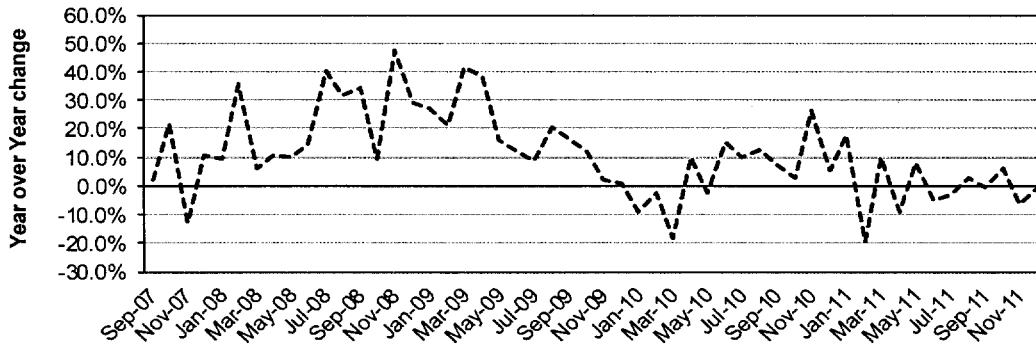
Source: Finance Department
Through December 2011

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

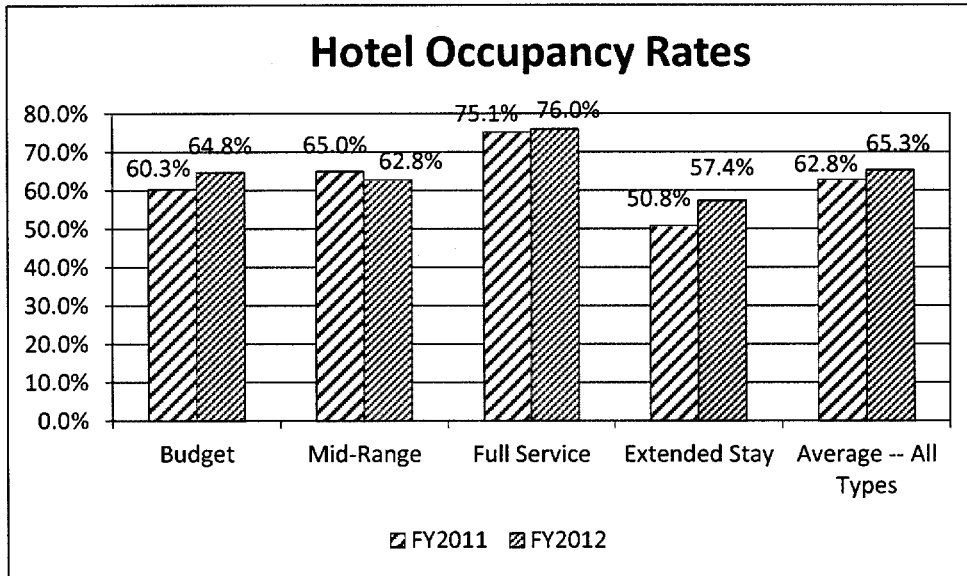


Source: Finance Department, U.S. Census Bureau
Data: U.S. through December 2011; Alexandria through November 2011

Annual Change in Transient Lodging Tax Receipts
3 month trailing average

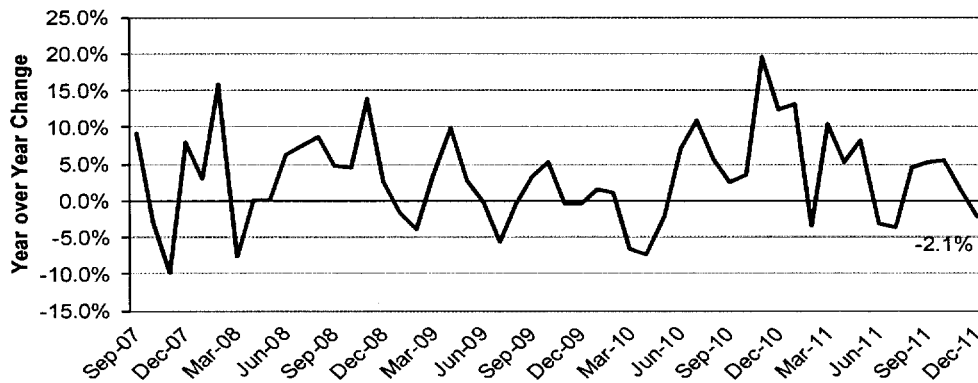


Source: Finance Department
Through December 2011



Source: Finance Department
Through September 2011

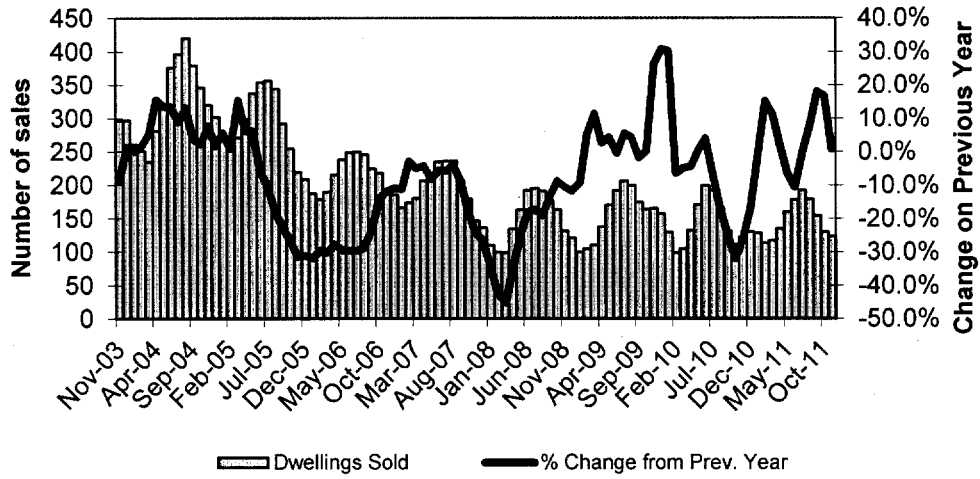
Annual Change in Meals Tax Revenue Per 1 % of Tax 3 month trailing average



Source: Finance Department
Through December 2011*

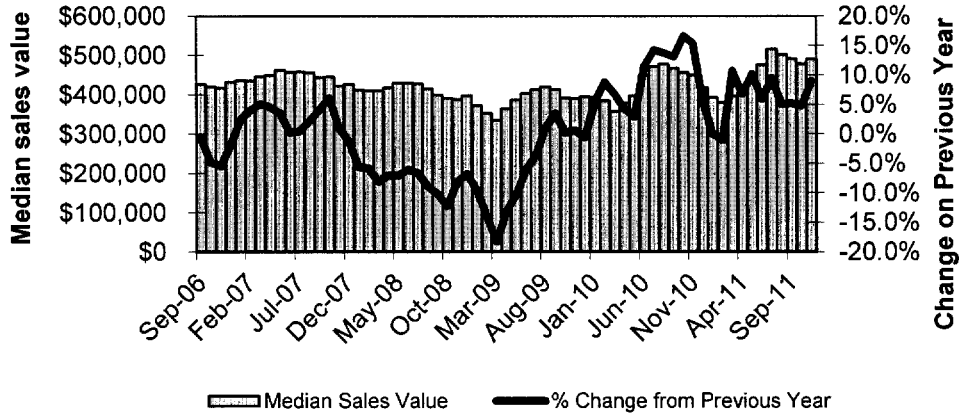
*Meals tax collections typically lag because there are restaurant filings and payments that have not been processed by the end-of-the-month deadline.

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



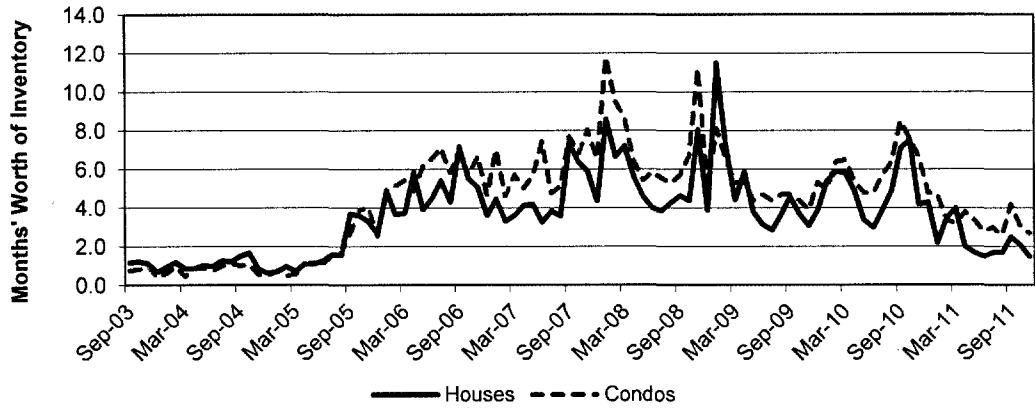
Source: Department of Real Estate Assessments
Through November 2011

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



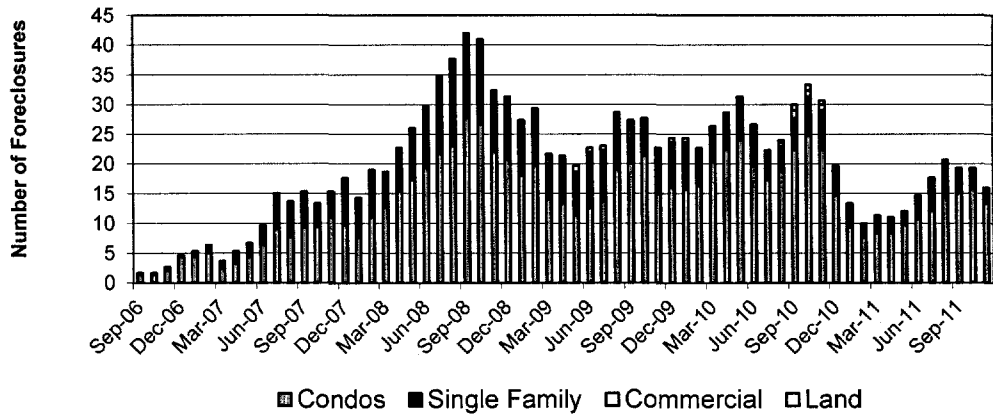
Sources: Metropolitan Regional Information Systems; Department of Real Estate Assessments
Through November 2011

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



Source: Metropolitan Regional Information Systems
Through November 2011

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



Source: Department of Real Estate Assessments
Through November 2011

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

	A	B	C	D=C/B	E	F=(C-E)/E
	FY2011	FY2012	FY2012		FY2011	
	ACTUALS	REVISED BUDGET	REVENUES THRU 12/31/11	% OF BUDGET	REVENUES THRU 12/31/10	% CHANGE
General Property Taxes						
Real Property Taxes.....	\$ 312,641,695	\$ 321,674,773	\$ 159,001,484	49.4%	\$ 151,155,255	5%
Personal Property Taxes.....	34,891,944	34,600,000	35,075,229	101.4%	32,304,721	9%
Penalties and Interest.....	2,246,186	1,870,000	834,971	44.7%	732,725	14%
Total General Property Taxes	\$ 349,779,825	\$ 358,144,773	\$ 194,911,684	54.4%	\$ 184,192,701	6%
Other Local Taxes						
Local Sales and Use Taxes.....	\$ 23,880,909	\$ 24,200,000	\$ 8,078,381	33.4%	\$ 7,886,775	2%
Consumer Utility Taxes.....	10,812,989	11,200,000	4,463,036	39.8%	4,450,091	0%
Communication Sales and Use Taxes.....	11,259,534	11,600,000	3,610,097	31.1%	3,884,523	-7%
Business License Taxes.....	30,444,798	31,825,000	1,409,615	4.4%	2,247,141	-37%
Transient Lodging Taxes.....	11,245,201	12,500,000	4,838,920	38.7%	4,805,557	1%
Restaurant Meals Tax.....	16,214,900	16,300,000	6,544,634	40.2%	6,517,609	0%
Tobacco Taxes.....	2,777,053	2,900,000	1,131,218	39.0%	1,211,308	-7%
Motor Vehicle License Tax.....	3,324,937	3,200,000	2,866,633	89.6%	2,705,555	6%
Real Estate Recordation.....	3,668,663	3,800,000	2,184,301	57.5%	1,561,016	40%
Admissions Tax.....	1,082,685	1,100,000	439,593	40.0%	468,755	-6%
Other Local Taxes.....	3,547,688	2,705,000	178,442	6.6%	329,249	-46%
Total Other Local Taxes	\$ 118,259,357	\$ 121,330,000	\$ 35,744,870	29.5%	\$ 36,067,579	-1%
Intergovernmental Revenues						
Revenue from the Fed. Government.....	\$ 9,697,509	\$ 9,447,640	\$ 4,169,008	44.1%	\$ 4,554,679	-8%
Personal Property Tax Relief from the Commonwealth.....	23,578,531	23,578,531	22,399,604	95.0%	22,399,604	0%
Revenue from the Commonwealth.....	20,452,569	19,950,485	10,107,026	50.7%	9,697,046	4%
Total Intergovernmental Revenues	\$ 53,728,609	\$ 52,976,656	\$ 36,675,638	69.2%	\$ 36,651,329	0%
Other Governmental Revenues And Transfers In						
Fines and Forfeitures.....	\$ 4,472,520	\$ 4,764,000	\$ 2,188,507	45.9%	\$ 2,206,933	-1%
Licenses and Permits.....	2,543,789	2,049,975	1,261,472	61.5%	1,375,172	-8%
Charges for City Services.....	14,939,668	14,709,303	7,850,364	53.4%	7,139,513	10%
Revenue from Use of Money & Prop.....	3,591,323	3,570,000	1,915,516	53.7%	1,839,463	4%
Other Revenue.....	987,727	490,000	426,137	87.0%	363,006	17%
Transfer from Other Funds.....	1,446,713	1,666,903	-	0.0%	-	0%
Total Other Governmental Revenues	\$ 27,981,740	\$ 27,250,181	\$ 13,641,996	50.1%	\$ 12,924,087	6%
TOTAL REVENUE	\$ 549,749,531	\$ 559,701,610	\$ 280,974,188	50.2%	\$ 269,835,696	4%
Appropriated Fund Balance						
General Fund.....	-	8,961,138	-	-	-	0%
Reappropriation of FY 2011 Encumbrances And Other Supplemental Appropriations....	-	10,160,618	-	-	-	0%
TOTAL	\$ 549,749,531	\$ 578,823,366	\$ 280,974,188	48.5%	\$ 269,835,696	4%

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

FUNCTION	A	B	C	D=C/B	E	F=(C-E)/E
	FY2011 ACTUALS	FY2012 REVISED BUDGET	FY2012 EXPENDITURES THRU 12/31/11	% OF BUDGET EXPENDED	FY2011 EXPENDITURES THRU 12/31/10	EXPENDITURES % CHANGE
Legislative & Executive.....	\$ 5,076,332	\$ 5,417,296	\$ 2,533,447	46.8%	\$ 3,039,235	-17%
Judicial Administration.....	\$ 38,393,185	\$ 39,976,309	\$ 18,918,204	47.3%	\$ 18,790,102	1%
Staff Agencies						
Information Technology Services.....	\$ 7,181,221	\$ 7,598,174	\$ 3,592,657	47.3%	\$ 3,296,339	9%
Management & Budget.....	1,063,491	1,236,389	436,346	35.3%	520,434	-16%
Finance.....	9,872,634	11,558,875	4,479,333	38.8%	4,301,020	4%
Real Estate Assessment.....	1,470,112	1,674,469	760,652	45.4%	716,134	6%
Human Resources.....	2,820,166	2,971,676	1,328,063	44.7%	1,261,512	5%
Planning & Zoning.....	5,335,556	5,623,460	2,720,525	48.4%	2,560,546	6%
Economic Development Activities.....	3,719,232	4,721,167	2,358,605	50.0%	1,770,759	33%
City Attorney.....	2,325,670	2,652,088	1,145,206	43.2%	1,071,880	7%
Registrar.....	1,007,110	1,203,860	589,705	49.0%	567,653	4%
General Services.....	11,681,427	12,486,884	5,921,800	47.4%	5,425,558	9%
Total Staff Agencies	\$ 46,476,619	\$ 51,727,042	\$ 23,332,892	45.1%	\$ 21,491,835	9%
Operating Agencies						
Transportation & Environmental Services.....	\$ 27,532,364	\$ 28,522,530	\$ 14,446,420	50.6%	\$ 13,648,808	6%
Fire.....	35,892,427	35,164,700	18,667,064	53.1%	19,315,993	-3%
Police.....	51,013,585	51,203,943	25,033,724	48.9%	25,499,923	-2%
Emergency Communications.....	1,842,911	5,687,007	3,081,267	54.2%	-	-
Code.....	843,814	923,364	379,000	41.0%	449,523	-16%
Transit Subsidies.....	8,094,839	8,564,122	4,162,718	48.6%	4,057,863	3%
Community and Human Services.....	13,920,947	14,789,220	7,823,344	52.9%	7,210,614	8%
Health.....	7,854,474	8,379,225	2,793,586	33.3%	3,749,451	-25%
Historic Resources.....	2,560,919	2,824,565	1,296,498	45.9%	1,240,461	5%
Recreation.....	19,025,423	19,632,384	9,590,407	48.8%	9,479,695	1%
Total Operating Agencies	\$ 168,581,703	\$ 175,691,060	\$ 87,274,028	49.7%	\$ 84,652,331	3%
Education						
Schools.....	\$ 167,886,567	\$ 174,956,420	\$ 63,147,759	36.1%	\$ 65,175,681	-3%
Other Educational Activities.....	12,229	12,288	6,144	50.0%	6,115	0%
Total Education	\$ 167,898,796	\$ 174,968,708	\$ 63,153,903	36.1%	\$ 65,181,796	-3%
Capital, Debt Service and Miscellaneous						
Debt Service.....	\$ 38,479,349	\$ 43,438,079	\$ 20,164,060	46.4%	\$ 16,018,171	25.9%
Non-Departmental.....	12,427,609	13,932,749	6,746,101	48.4%	6,740,365	0.1%
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	\$ 31,826,147	50.3%	\$ 28,303,536	12.4%
TOTAL EXPENDITURES	\$ 482,878,593	\$ 511,044,746	\$ 227,038,621	44.4%	\$ 221,458,835	2.5%
Cash Match (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	1,651,705	626,979	38.0%	734,497	-14.6%
Transfer to Library.....	5,879,455	6,644,953	3,322,477	50.0%	3,135,330	6.0%
Transfer to DASH.....	8,178,196	8,028,000	4,014,000	50.0%	3,903,895	2.8%
TOTAL EXPENDITURES & TRANSFERS	\$ 532,012,564	\$ 578,823,366	\$ 235,002,077	40.6%	\$ 229,232,557	2.5%
Total Expenditures by Category						
Salaries and Benefits	\$ 181,704,996	\$ 187,885,023	\$ 90,923,603	48.4%	\$ 88,720,747	2.5%
Non Personnel (includes all school funds)	350,307,568	390,938,343	144,078,474	36.9%	140,511,810	2.5%
Total Expenditures	\$ 532,012,564	\$ 578,823,366	\$ 235,002,077	40.6%	\$ 229,232,557	2.5%

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Monthly Financial Report

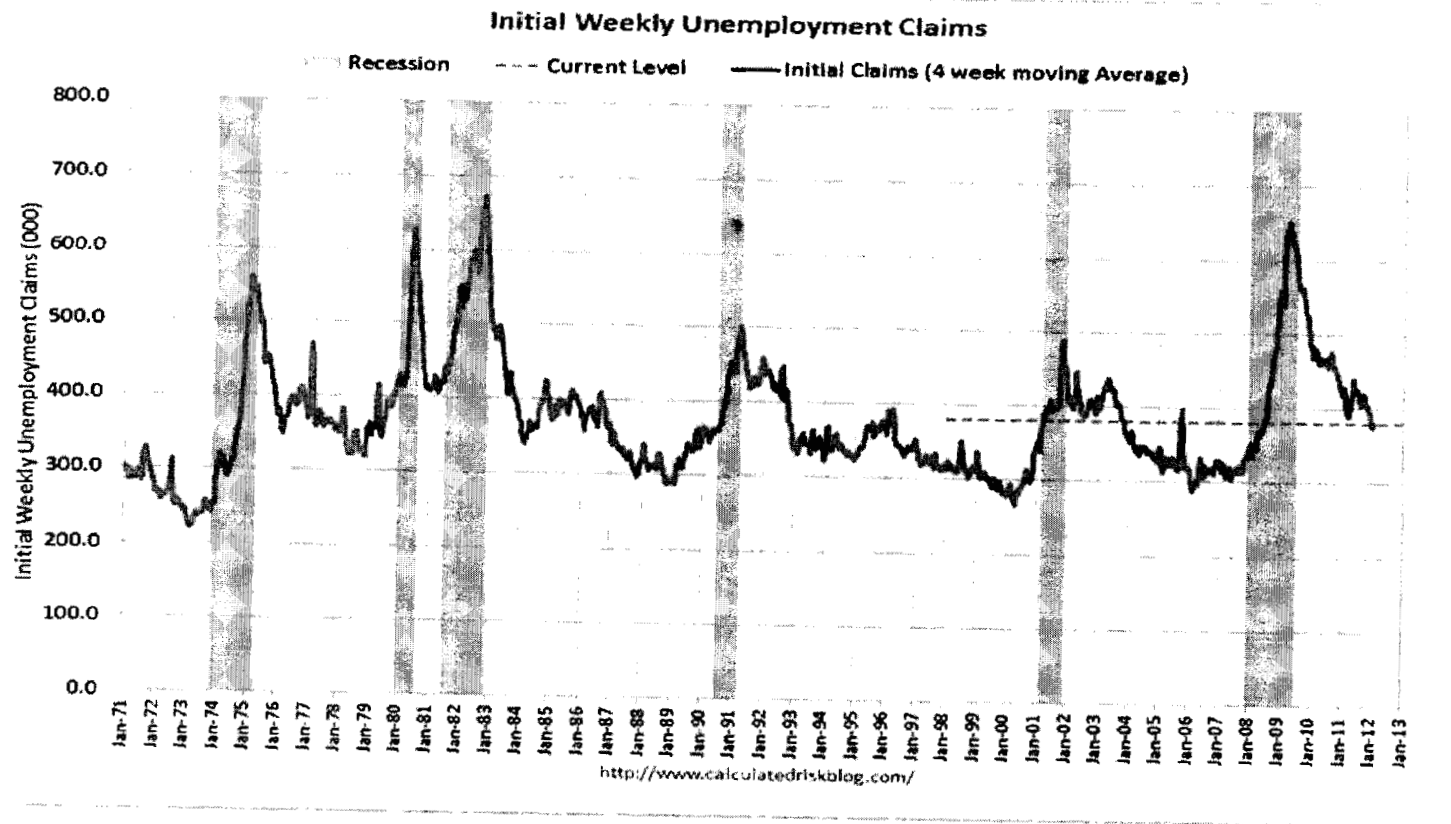
Through December 2011



City of Alexandria

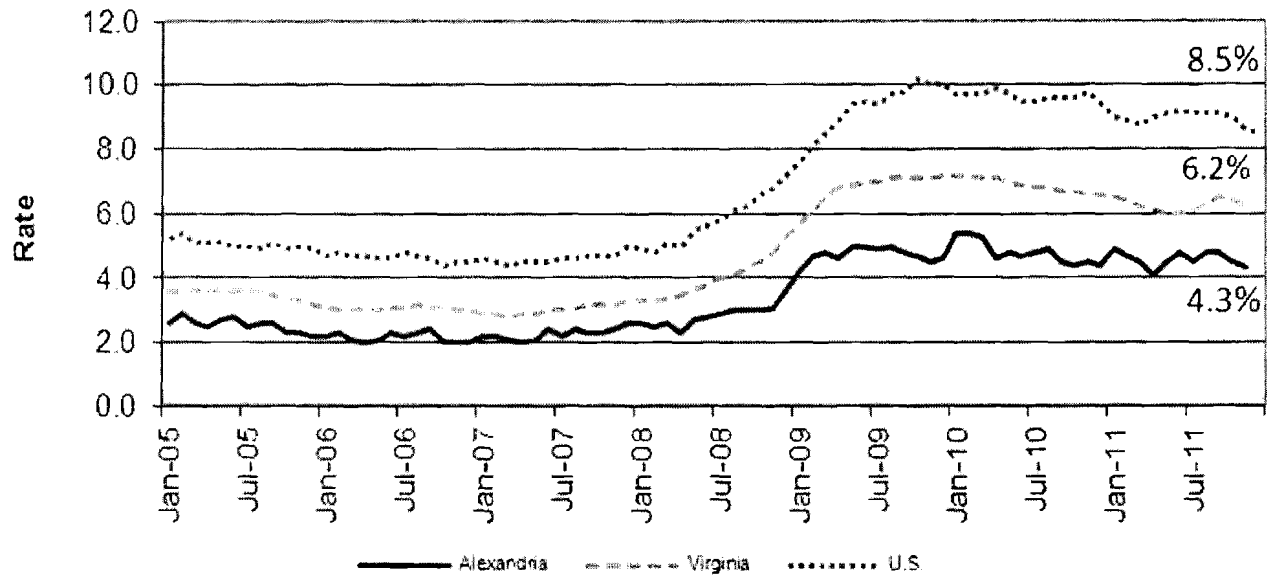
Monthly Financial Report

Economic Indicators

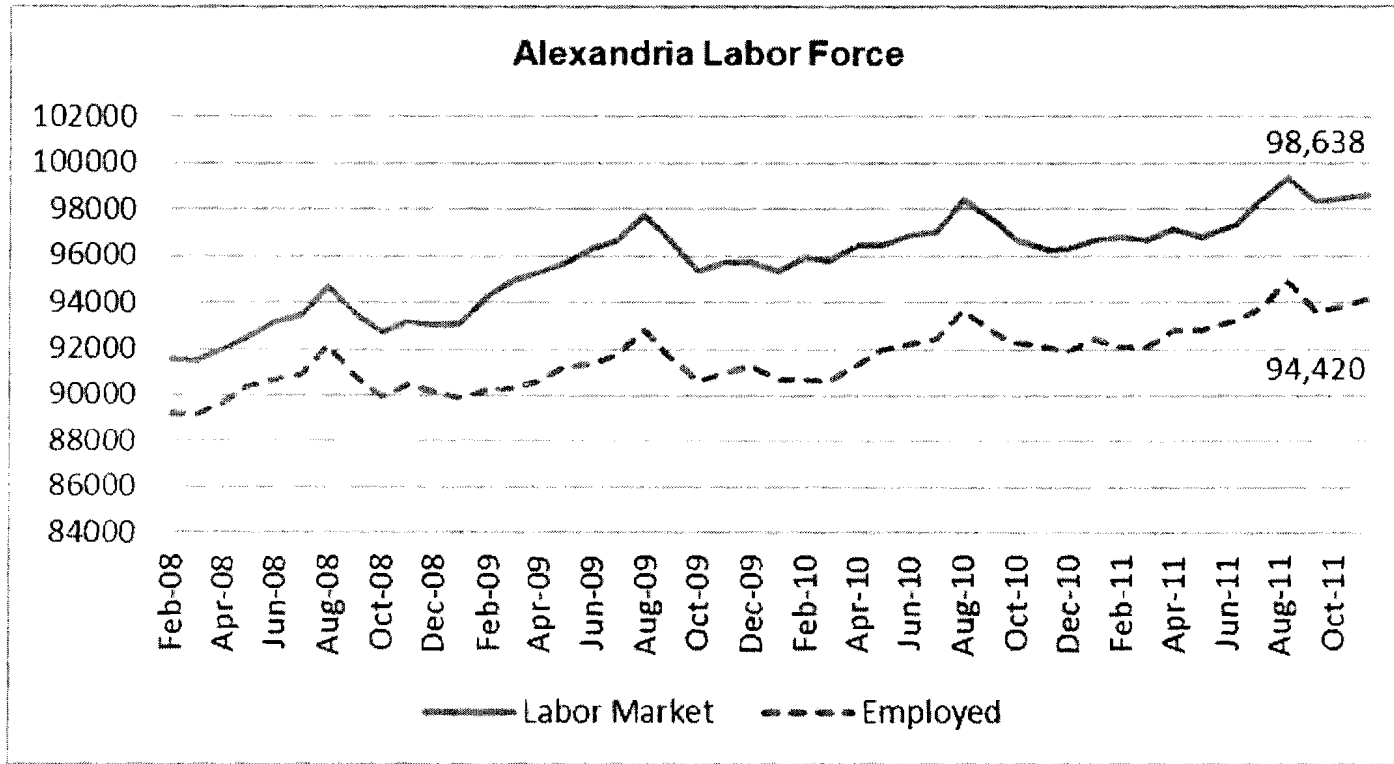


Economic Indicators

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

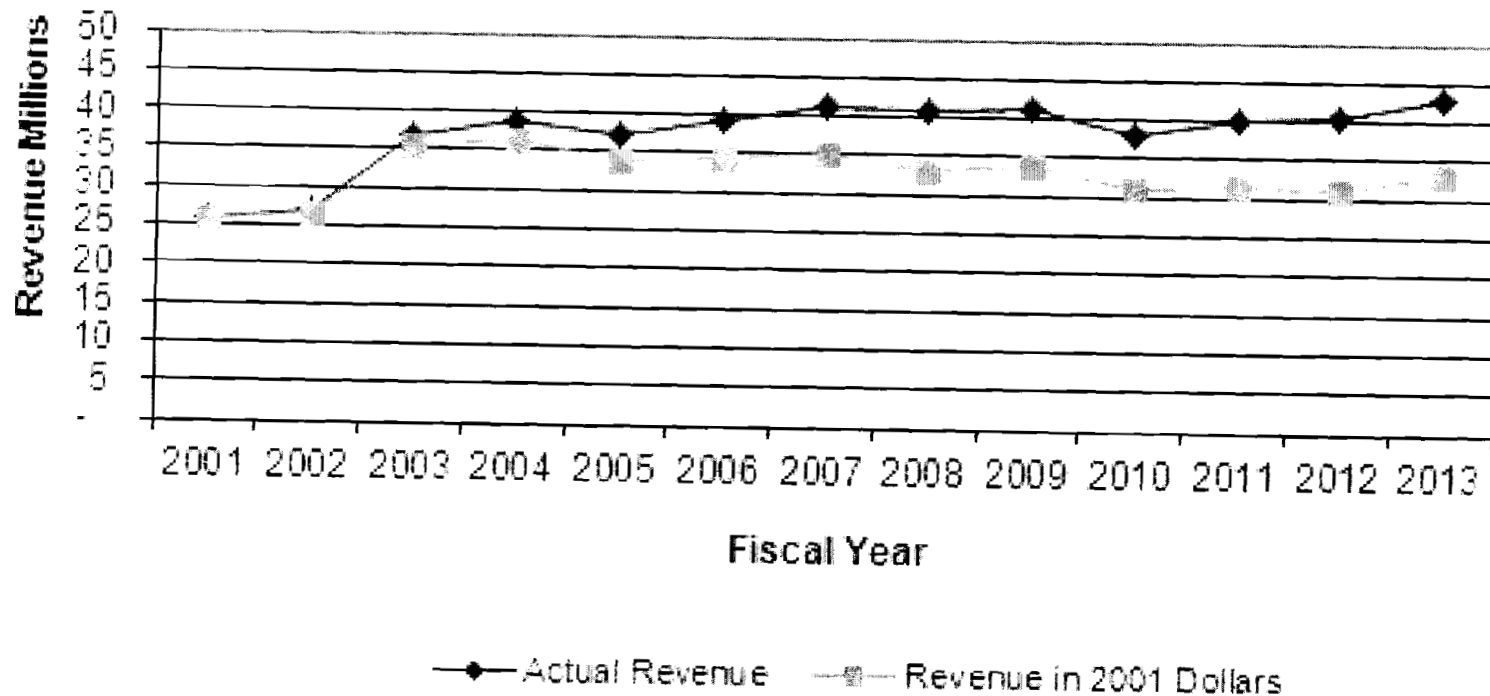


Economic Indicators



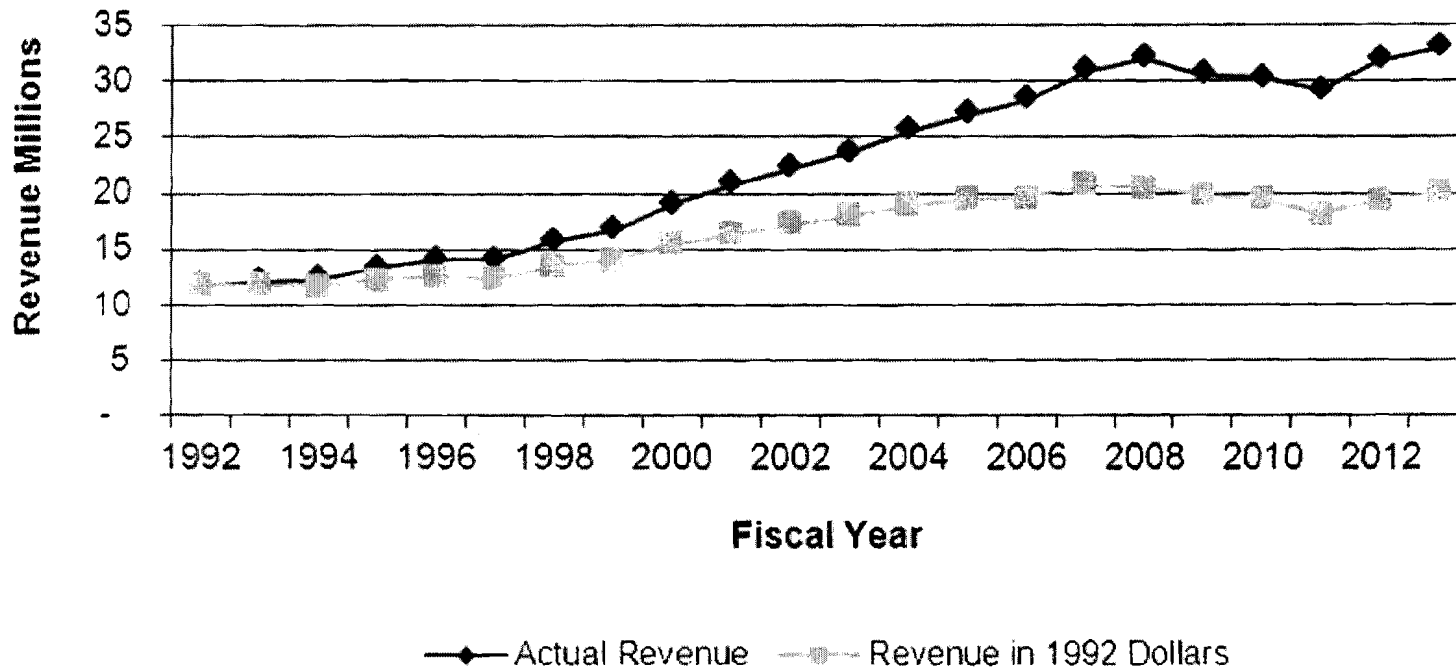
FY 2013 Proposed Budget

- Vehicle Personal Property Taxes



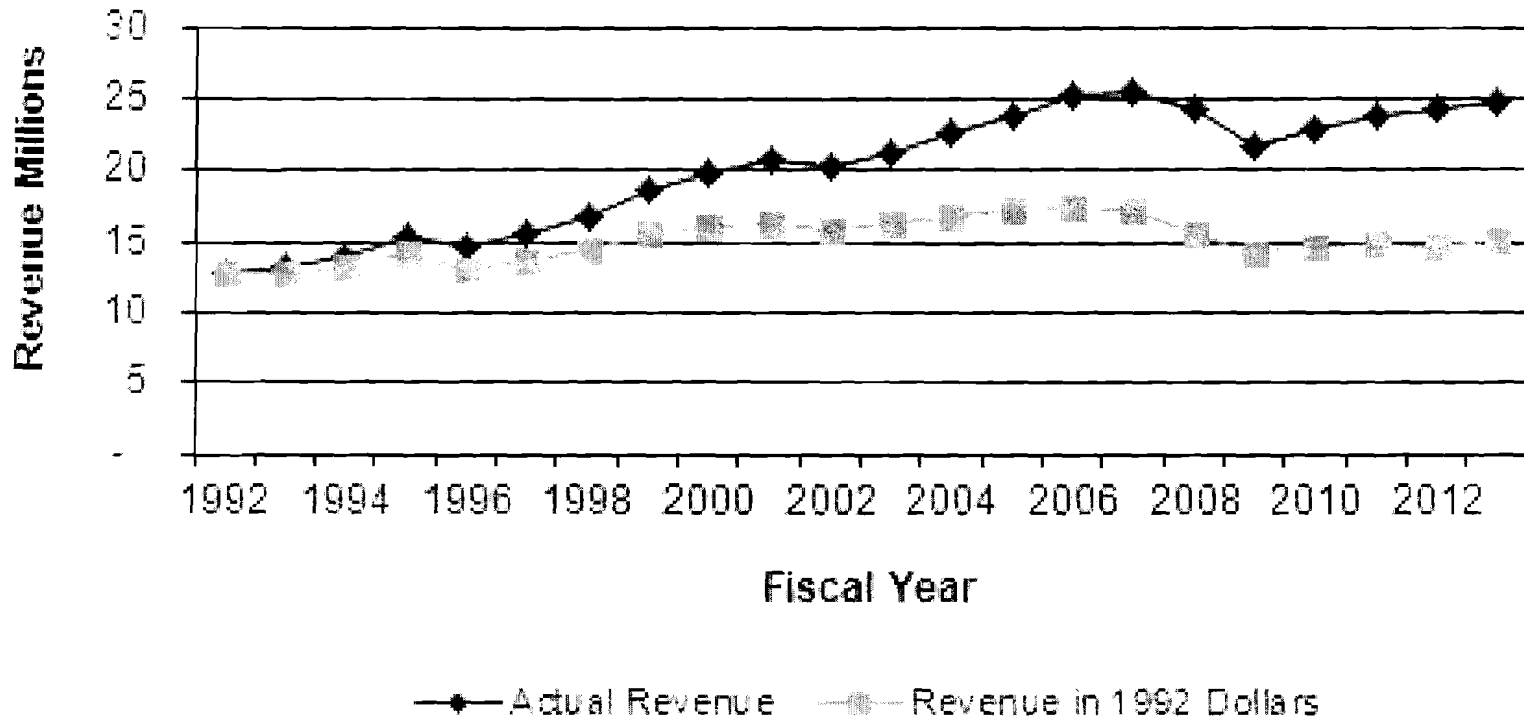
FY 2013 Proposed Budget

- Business License Taxes



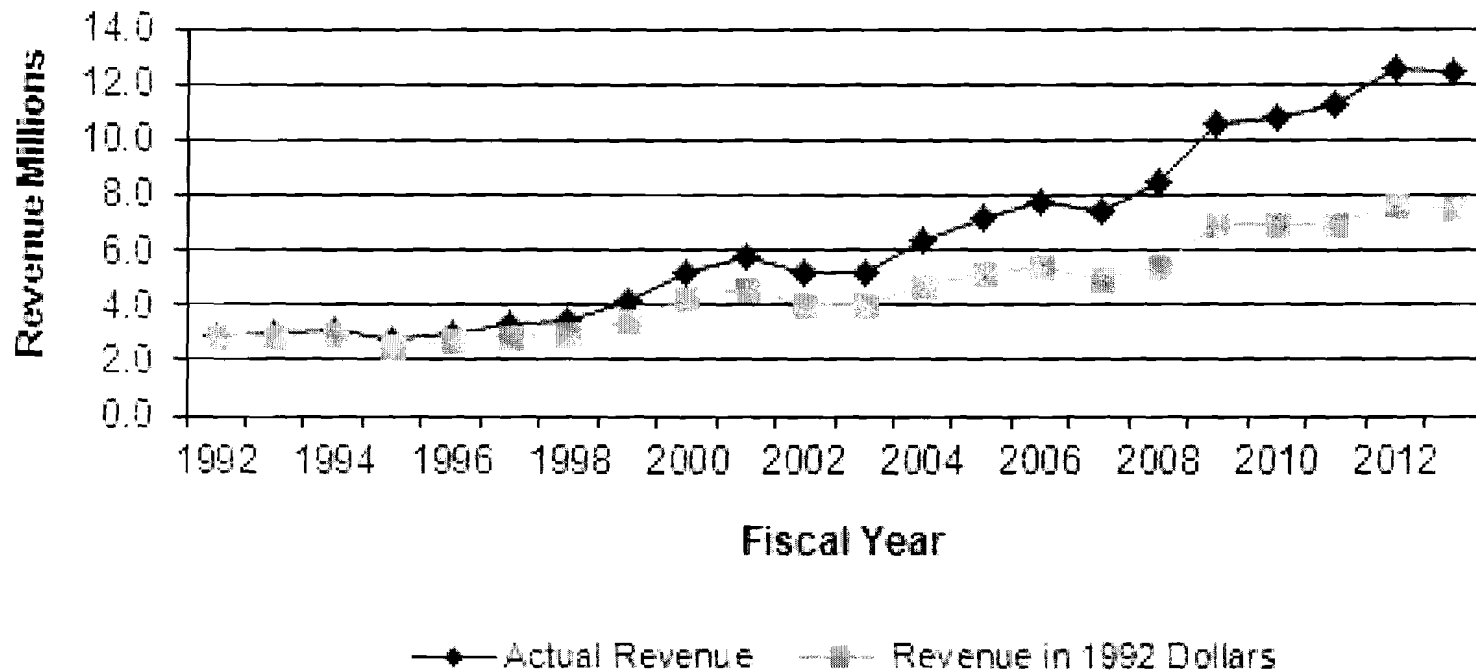
FY 2013 Proposed Budget

- Sales Taxes



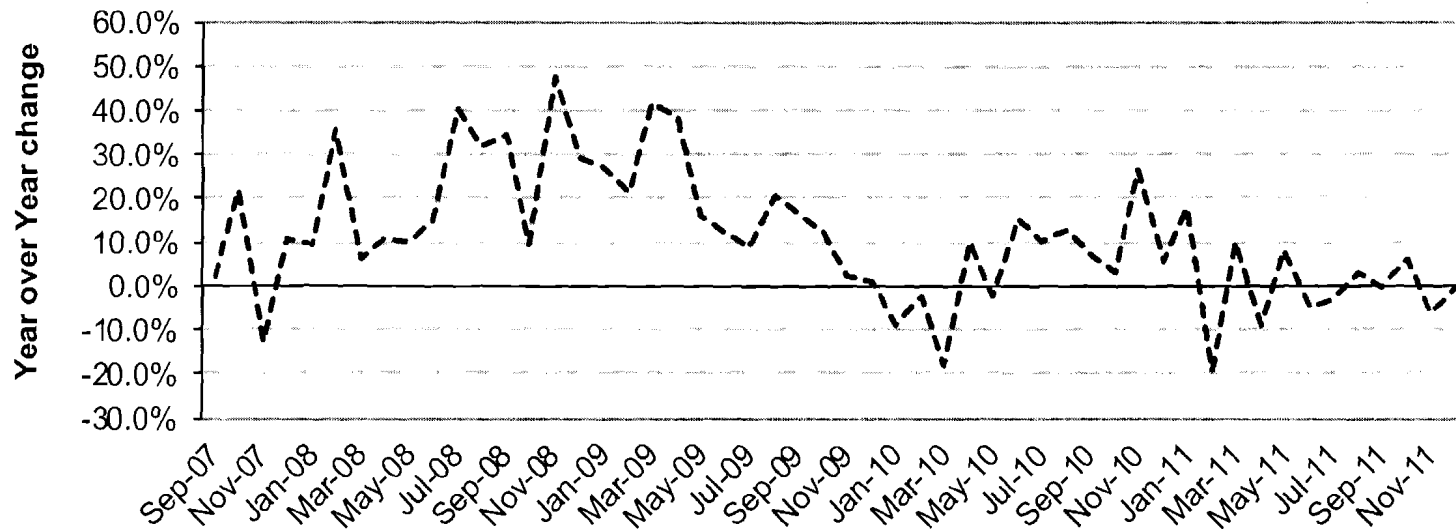
FY 2013 Proposed Budget

- Transient Lodging Taxes



Economic Indicators

Annual Change in Transient Lodging Tax Receipts
3 month trailing average



Economic Indicators

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

