


City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 5, 2011

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: MONTHLY FINANCIAL REPORT FOR THE PERIOD ENDING FEBRUARY 28, 2011

ISSUE: Receipt of the City's Monthly Financial Report for the period ending February 28, 2011.

RECOMMENDATION: That City Council receive the following Monthly Financial Report for the period ending February 28, 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 February 28, 2011. Detailed economic, revenue, and expenditure charts are also available from the City of Alexandria website at alexandriava.gov/financialreports.

ECONOMIC HIGHLIGHTS:

- **National unemployment reached a 23 month low of 8.8% but is still at an historically high level.**
- **The national consumer price increased for the fourth straight month to 2.1%.** The core CPI excluding food and energy increased by 0.1% to 1.1%.
- **New Business Licenses continue to trail the previous years' applications.** The three month average of 49 through February is 27.5% below this time last year.
- **Sales and meals tax monthly revenues are up from last year, but transient lodging decreased.** Meals tax revenues in November 2010-January 2011 are 5.5% higher than November 2009-January 2010. The three month average for November-January sales tax receipts is up 2.9% over the previous year. Revenue from both the transient lodging tax on hotel room rates and the \$1 per room fee decreased over the prior year three month period by 5.4% and 5.2% respectively. Hotels report that part of this decrease relates to the possible federal government budget impasse-related shutdown, which has caused government agencies and contractors to reduce their travel and training plans.
- **Both residential real estate sales volume and prices improved in February.** The three month number of units sold is 28.8% higher than last year, and the three month average sales price is 6.0% higher.

REVENUE HIGHLIGHTS:

Year-to-Date Revenues: As of February 28, 2011, actual General Fund revenues totaled \$301.7 million, which is 3.6 percent higher than FY 2010 revenues for the same period last year. Most of this increase is related to the other local taxes category, which is up 7.0 percent over last year. The FY 2012 Proposed Budget contains a revised estimate for FY 2011 revenues. That estimate shows a revenue surplus of \$12.5 million or 2.3 percent compared to the original FY 2011 budget estimate of General Fund revenues for \$526.1 million, primarily due to real property revenues (due to higher assessments than previously forecast). As discussed at the October Council Retreat and at the February budget work session, this surplus was set aside primarily for the capital improvement program.

- **Business License Tax:** The City's business license tax was due March 1, 2011. Collections-to-date in the amount of \$11.6 million represent a difference in the timing for payments made by businesses (i.e., paid in late February). Collections, while higher than in FY 2010, are still being tabulated. No conclusions about current year collections will be available until the tabulation is complete.
- **Licenses and Permits:** The category decrease is due to the transfer of approximate \$3.8 million budget 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.
- **Revenue from the Federal Government:** 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 February 28, 2011, actual General Fund expenditures totaled \$308.1 million, an increase of \$11.8 million, or 4.0 percent, above expenditures for the same period last year. The revised budget reflects amounts that were appropriated in the supplemental appropriation ordinance approved in December. 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 5.7 percent. For most departments, differences in spending patterns for non-personnel this early in 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 City Council January 11, 2011 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.

- **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 Bond program.
- **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-The Economy

Attachment 2-Revenues

Attachment 3-Expenditures

STAFF:

Bruce Johnson, Chief Financial Officer

Laura Triggs, Finance Director

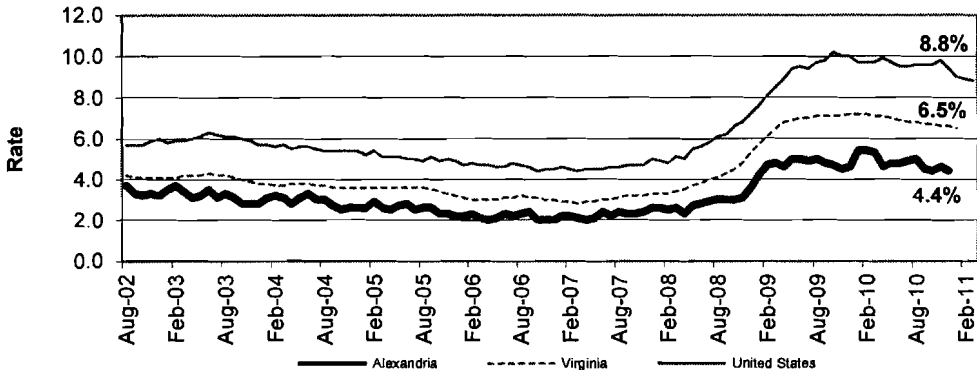
Ray Welch, Comptroller

Melinda Barton, Public Information Specialist

Morgan Routt, Assistant Director, OMB

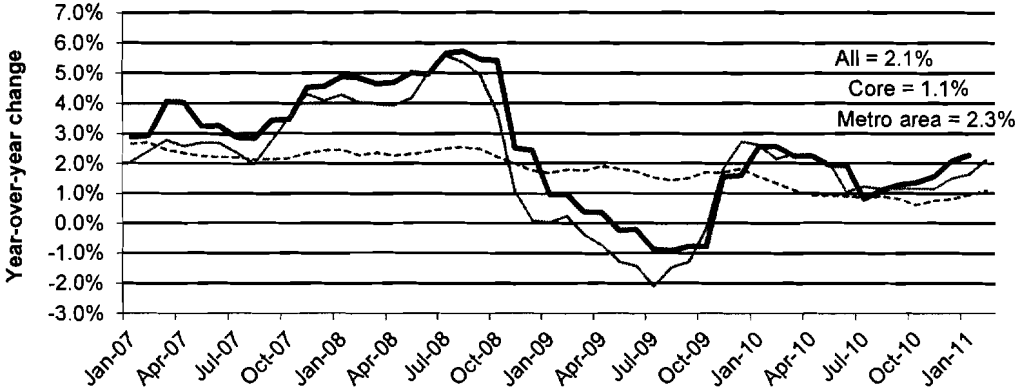
Attachment 1 - The Economy

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



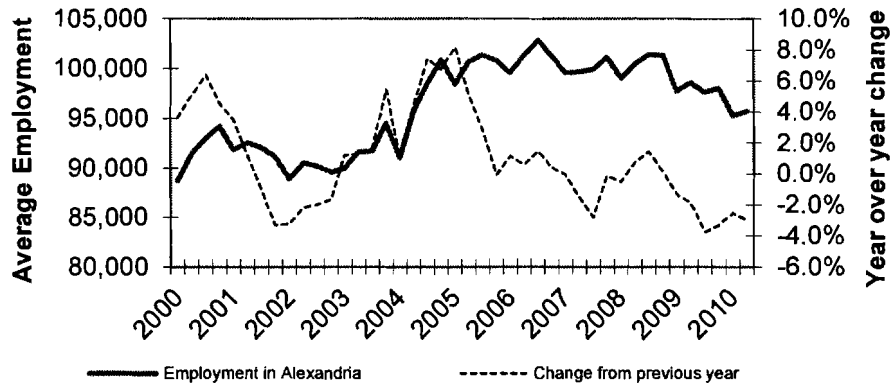
Source: U.S. Department of Labor, Bureau of Labor Statistics
 U.S. through February, 2011; Virginia through January, 2011; Alexandria through December, 2010

Annual Change in Consumer Price Index



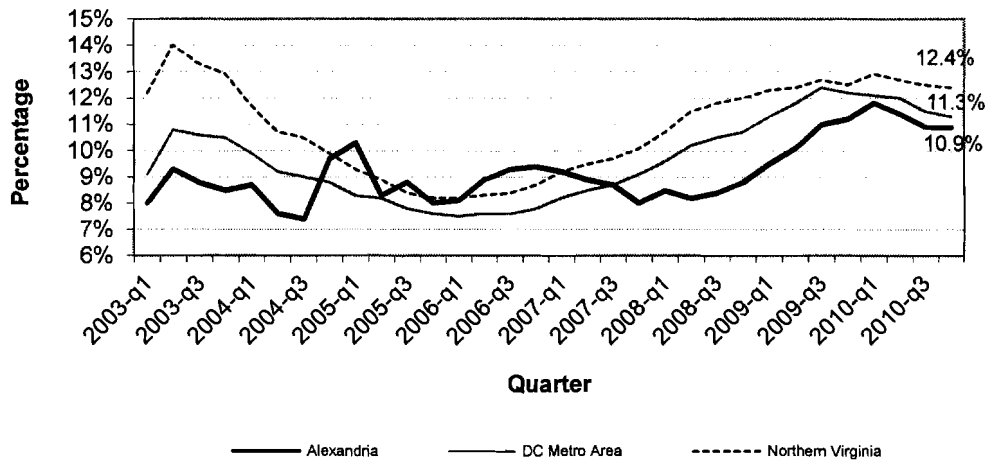
Source: U.S. Department of Labor, Bureau of Labor Statistics
 Metro Area Through January 2011; US All & Core Through February 2011

Employment in Alexandria by quarter



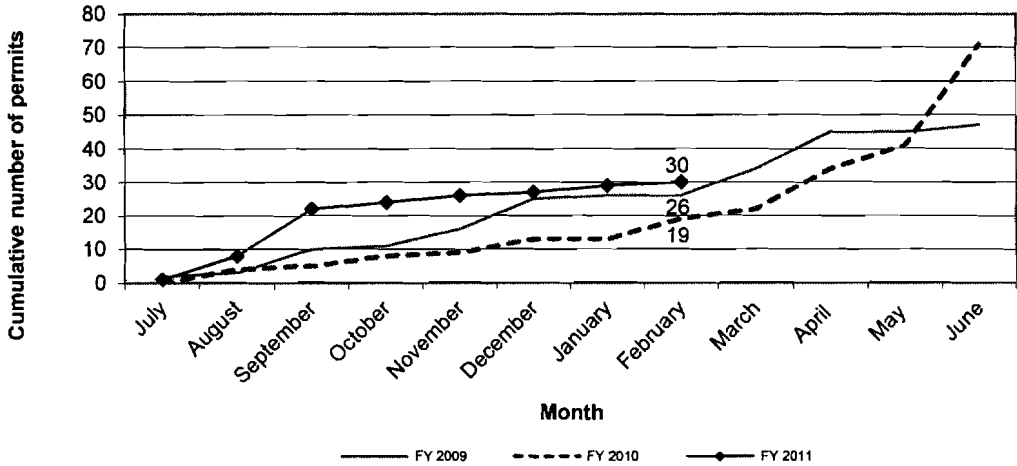
Source: Virginia Employment Commission
Through 3rd quarter 2010

Office Vacancy Rates



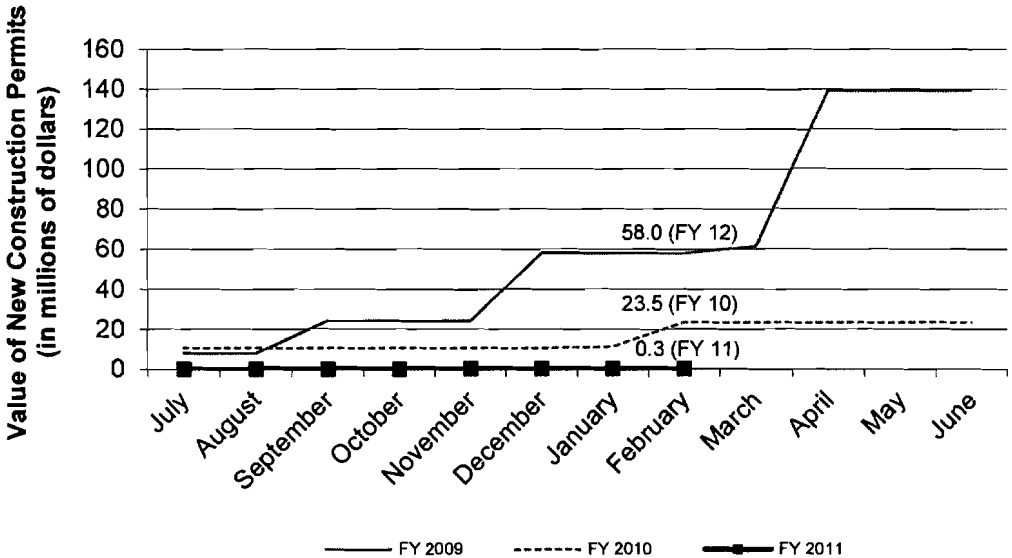
Source: CoStar
Through 4th quarter, 2010

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



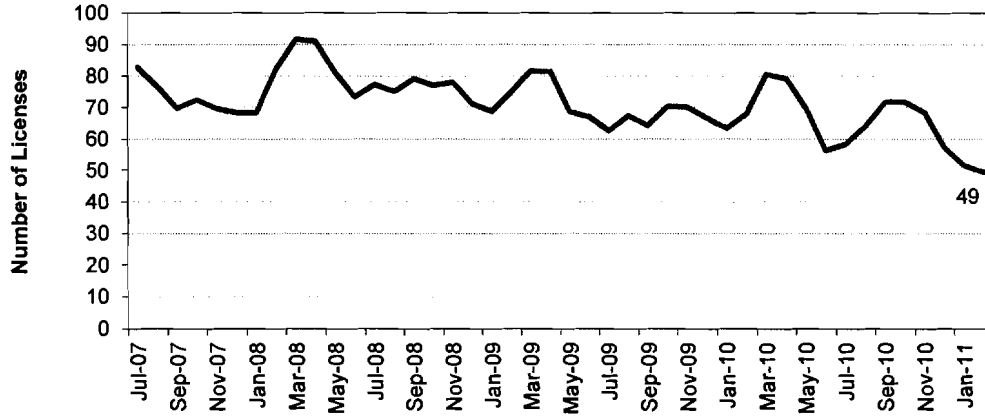
Source: Code Administration
Through February, 2011

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



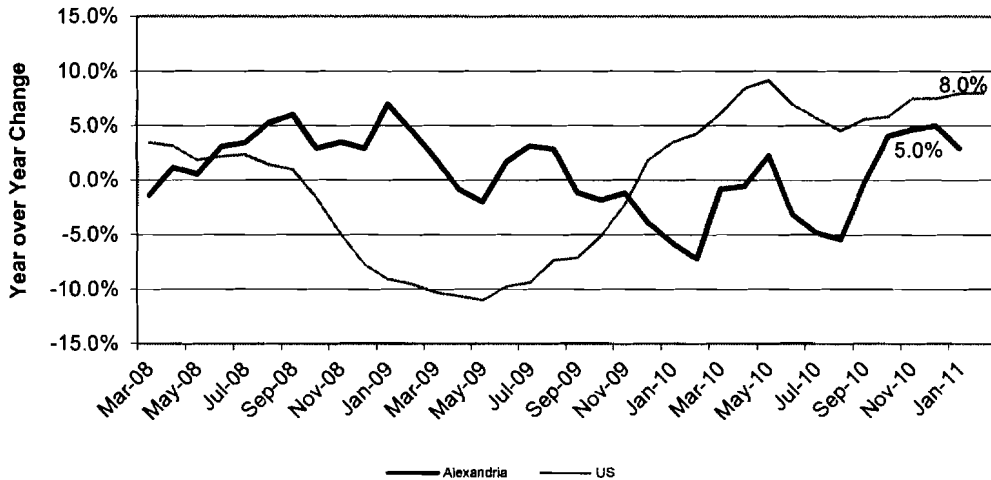
Source: Code Administration
Through February, 2011

Number of New Business License Applications
Three Month Trailing Average



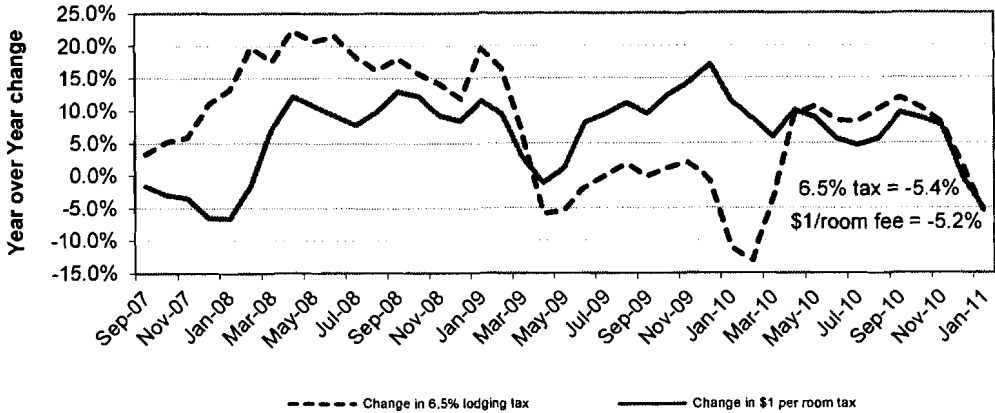
Source: Finance Department
Through February, 2011

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



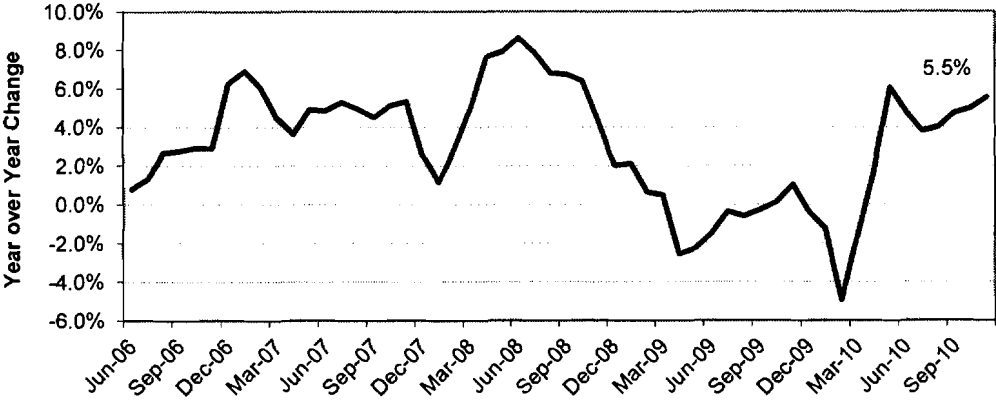
Source: Finance Department, U.S. Census Bureau
U.S. data through February 2011; Alexandria data through December 2010

Annual Change in Transient Lodging Tax Receipts
3 month trailing average



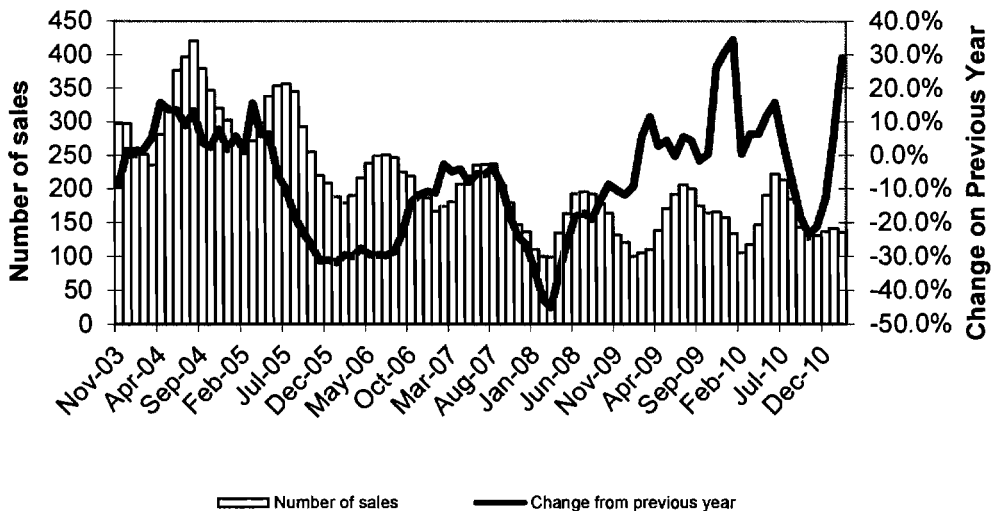
Source: Finance Department
Through January 2011

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



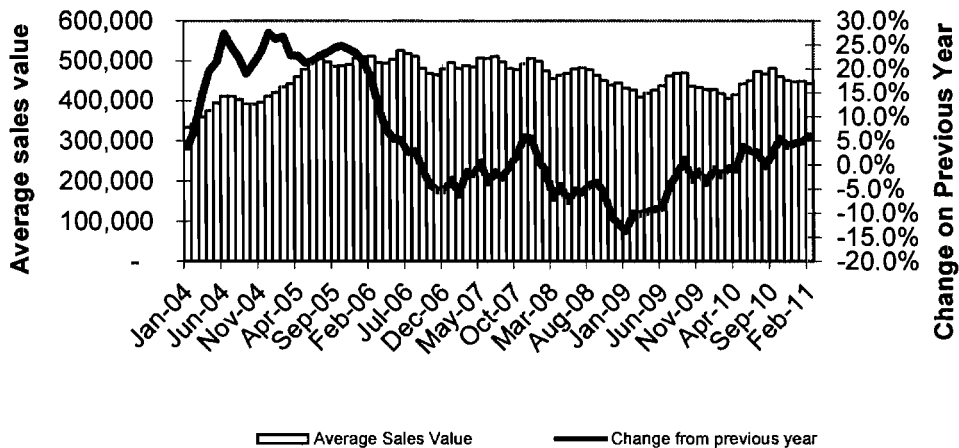
*Meals tax collections typically lag because there are restaurant filings and payments that have not been processed by the end-of-the-month deadline.

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



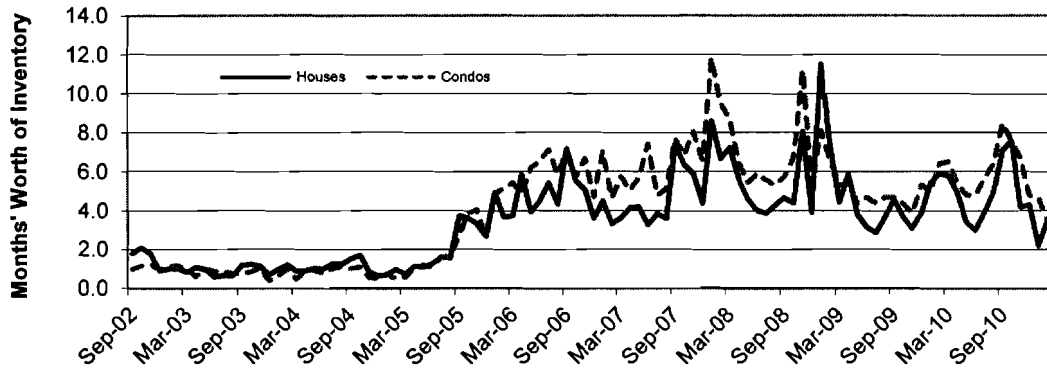
Source: Department of Real Estate Assessments
Through February 2011

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



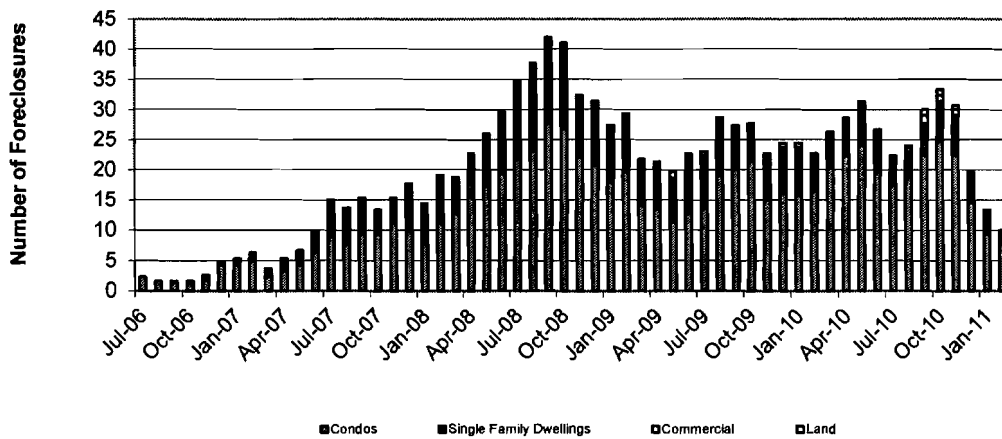
Source: Department of Real Estate Assessments
Through February 2011

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



Source: Metropolitan Regional Information Systems
Through February 2011

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



Source: Department of Real Estate Assessments
Through February 2011

SELECTED ECONOMIC INDICATORS

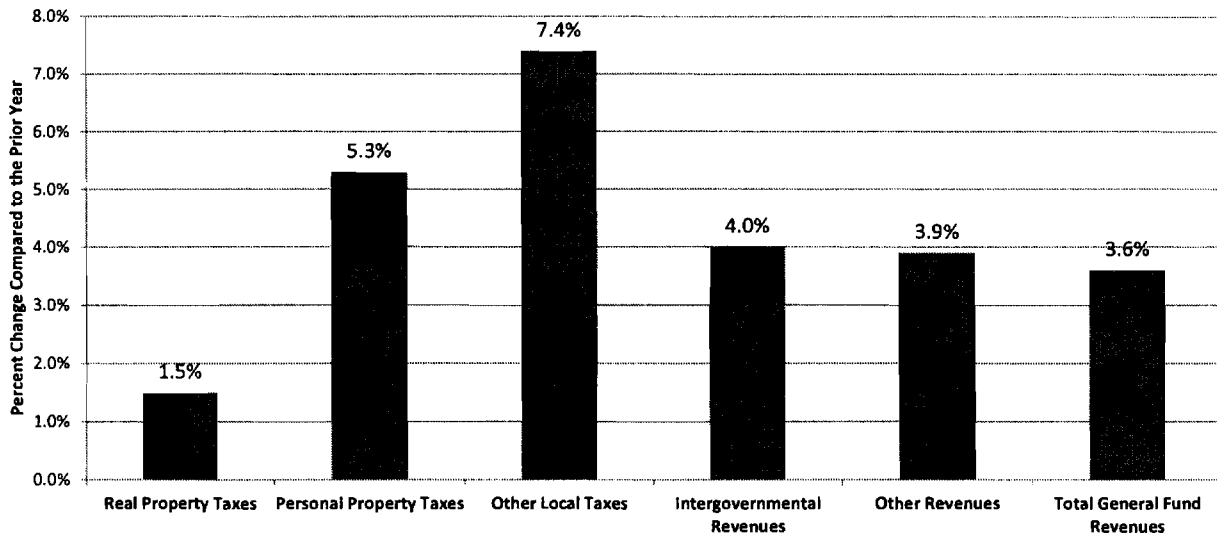
Attachment 1-The Economy

Consumer Price Index (CPI-U)	Change on Previous Year		
for the Washington-Baltimore, DC-MD-VA-WV Area (as of January, 2011)	2.3%		
For the United States (as of February, 2011)	2.1%		
Core CPI-U (excludes food and energy) (As of February, 2011)	1.1%		
(Source: U.S. Department of Labor, Bureau of Labor Statistics)			
Unemployment Rates	Current Month	Prior Month	Prior Year
Alexandria (as of December, 2010)	4.4%	4.6%	4.6%
Virginia (as of January, 2011)	6.5%	6.6%	7.2%
United States (as of March, 2011)	8.8%	9.0%	9.7%
(Source: U.S. Department of Labor, Bureau of Labor Statistics)			
Office Vacancy Rates	Current Quarter	Prior Quarter	Prior Year
Alexandria	10.9%	10.9%	11.2%
Northern Virginia	12.4%	12.5%	12.7%
Washington, DC Metro area (As of 4th quarter, 2010)	11.3%	11.5%	12.5%
(Source: CoStar)			
New Business Licenses	Current Year	Prior Year	Change on Previous Year
3 month trailing average (As of February, 2011)	50	78	-35.9%
(Source: Finance Department)			
New Commercial Construction (Fiscal YTD as of February, 2011)			
Number of new building permits	1	4	-75.0%
Value of new building permits (\$ millions)	\$0.3	\$23.5	-98.7%
(Source: Office of Code Enforcement)			
Residential Real Estate Indicators (Calendar YTD ending February, 2011)			
Residential Dwelling Units Sold	272	204	33.3%
Average Residential Sales Price	\$ 435,640	\$ 404,482	7.7%
(Source: Department of Real Estate Assessments)			
Foreclosures 3 month trailing average (As of February, 2011)			
Source: Dept of Real Estate Assessments	10	23	-56.5%

**CITY OF ALEXANDRIA, VIRGINIA
COMPARATIVE STATEMENT OF REVENUES
GENERAL FUND
FOR THE PERIODS ENDING FEBRUARY 28, 2011 AND FEBRUARY 28, 2010**

	A	B	B 2	C	D=C/B	E	F=(C-E)/E
	FY2010 ACTUALS	FY2011 REVISED BUDGET	FY2011 PROJECTED REVENUES	FY2011 REVENUES THRU 02/28/11	% OF BUDGET	FY2010 REVENUES THRU 02/28/10	% CHANGE
General Property Taxes							
Real Property Taxes.....	\$ 302,666,192	\$ 296,237,904	\$ 307,976,901	\$ 152,617,067	51.5%	\$ 150,309,838	2%
Personal Property Taxes.....	32,923,178	32,300,000	33,700,000	32,766,205	101.4%	31,110,048	5%
Penalties and Interest.....	1,631,548	1,870,000	1,870,000	1,130,936	60.5%	826,930	37%
Total General Property Taxes	\$ 337,220,918	\$ 330,407,904	\$ 343,546,901	\$ 186,514,208	56.4%	\$ 182,246,816	2%
Other Local Taxes							
Local Sales and Use Taxes.....	\$ 22,744,483	\$ 23,500,000	\$ 23,700,000	\$ 11,993,228	51.0%	\$ 11,608,835	3%
Consumer Utility Taxes.....	10,462,233	10,500,000	10,700,000	6,351,752	60.5%	6,107,749	4%
Communication Sales and Use Taxes.....	11,315,541	11,600,000	11,600,000	5,914,286	51.0%	5,591,573	6%
Business License Taxes.....	30,295,624	30,200,000	28,800,000	11,570,759	38.3%	9,214,001	26%
Transient Lodging Taxes.....	10,824,410	11,100,000	11,800,000	6,001,548	54.1%	5,650,012	6%
Restaurant Meals Tax.....	14,908,999	15,400,000	16,000,000	8,710,312	56.6%	8,398,779	4%
Tobacco Taxes.....	2,910,382	2,900,000	2,900,000	1,629,229	56.2%	1,717,371	-5%
Motor Vehicle License Tax.....	3,172,254	3,200,000	3,200,000	2,911,166	91.0%	2,790,070	4%
Real Estate Recordation.....	3,313,547	3,800,000	3,800,000	2,186,694	57.5%	1,994,574	10%
Admissions Tax.....	1,125,172	1,200,000	1,200,000	618,159	51.5%	693,310	-11%
Other Local Taxes.....	3,298,706	3,030,000	2,830,000	459,640	15.2%	582,155	-21%
Total Other Local Taxes	\$ 114,371,351	\$ 116,430,000	\$ 116,530,000	\$ 58,346,773	50.1%	\$ 54,348,429	7%
Intergovernmental Revenues							
Revenue from the Fed. Government.....	\$ 8,804,712	\$ 8,826,689	\$ 8,725,244	\$ 5,772,502	65.4%	\$ 3,910,555	48%
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	11,397,802	57.7%	11,697,887	-3%
Total Intergovernmental Revenues	\$ 52,465,911	\$ 52,174,300	\$ 52,402,739	\$ 40,277,264	77.2%	\$ 38,715,402	4%
Other Governmental Revenues And Transfers In							
Fines and Forfeitures.....	\$ 3,941,372	\$ 4,646,020	\$ 4,494,000	\$ 2,826,777	60.8%	\$ 2,510,924	13%
Licenses and Permits.....	4,811,588	1,802,010	1,876,975	1,691,117	93.8%	3,023,750	-44%
Charges for City Services.....	13,803,578	14,902,302	14,175,471	8,934,640	60.0%	7,659,302	17%
Revenue from Use of Money & Prop.....	3,033,638	4,010,000	3,330,000	2,566,536	64.0%	2,219,456	16%
Other Revenue.....	787,960	783,700	763,000	506,056	64.6%	487,732	4%
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	\$ 26,086,159	\$ 16,525,126	59.9%	\$ 18,901,164	4%
TOTAL REVENUE	\$ 531,737,876	\$ 526,602,949	\$ 538,565,799	\$ 301,663,371	57.3%	\$ 291,211,811	4%
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	\$ 544,065,090	\$ 301,663,371	55.9%	\$ 291,211,811	4%

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



**COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION
GENERAL FUND
FOR THE PERIODS ENDING FEBRUARY 28, 2011 AND FEBRUARY 28, 2010**

FUNCTION	A	B	C	D=C/B	E	F=(C-E)/E
	FY2010 ACTUALS	FY2011 REVISED BUDGET	FY2011 EXPENDITURES THRU 02/28/11	% OF BUDGET EXPENDED	FY2010 EXPENDITURES THRU 02/28/10	% CHANGE
Legislative & Executive.....	\$ 7,117,967	\$ 7,737,648	\$ 4,689,182	60.6%	\$ 4,635,795	1%
Judicial Administration.....	\$ 37,436,864	\$ 38,722,758	\$ 25,251,121	65.2%	\$ 24,349,287	4%
Staff Agencies						
Information Technology Services.....	\$ 6,413,983	\$ 7,165,378	\$ 4,178,487	58.3%	\$ 4,062,644	3%
Management & Budget.....	1,102,234	1,185,929	701,971	59.2%	717,799	-2%
Finance.....	8,589,975	10,026,111	5,337,056	53.2%	5,095,267	5%
Real Estate Assessment.....	1,467,395	1,690,229	940,944	55.7%	947,969	-1%
Human Resources.....	2,847,170	2,735,618	1,757,962	64.3%	1,776,224	-1%
Planning & Zoning.....	5,453,956	5,554,337	3,385,830	61.0%	3,541,708	-4%
Economic Development Activities.....	3,239,109	3,833,611	2,607,763	68.0%	2,402,663	9%
City Attorney.....	2,294,946	2,803,772	1,458,195	52.0%	1,486,501	-2%
Registrar.....	1,014,068	1,131,051	733,249	64.8%	709,842	3%
General Services.....	11,369,943	11,773,511	7,268,105	61.7%	6,859,629	6%
Total Staff Agencies	\$ 43,792,779	\$ 47,899,547	\$ 28,369,562	59.2%	\$ 27,600,246	3%
Operating Agencies						
Transportation & Environmental Services.....	\$ 26,308,499	\$ 28,207,149	\$ 17,560,110	62.3%	\$ 16,852,559	4%
Fire and Code Administration.....	39,338,983	35,956,599	25,183,190	70.0%	25,259,128	0%
Police and Emergency Communications.....	51,980,201	52,691,408	33,625,588	63.8%	33,322,479	1%
Transit Subsidies.....	5,168,369	8,245,933	6,024,709	73.1%	4,273,776	41%
Mental Health/Mental Retardation/ Substance Abuse.....	521,429	551,662	491,990	89.2%	379,928	29%
Health.....	7,598,198	8,102,191	5,437,832	67.1%	5,436,861	0%
Human Services.....	11,254,019	12,818,177	8,270,824	64.5%	8,294,765	0%
Historic Resources.....	2,597,967	2,578,806	1,668,998	64.7%	1,714,787	-3%
Recreation.....	18,150,627	19,209,492	12,662,017	65.9%	12,328,629	3%
Total Operating Agencies	\$ 162,918,292	\$ 168,361,417	\$ 110,925,258	65.9%	\$ 107,862,912	3%
Education						
Schools.....	\$ 165,555,960	\$ 167,886,567	\$ 93,761,428	55.8%	\$ 91,940,110	2%
Other Educational Activities.....	12,304	12,229	9,172	75.0%	9,228	-1%
Total Education	\$ 165,568,264	\$ 167,898,796	\$ 93,770,600	55.8%	\$ 91,949,338	2%
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	7,931,956	68.8%	8,954,861	-11.4%
Cash Capital.....	4,295,000	5,545,000	5,545,000	100.0%	4,400,038	26.0%
Contingent Reserves.....	-	865,170	-	0.0%	-	-
Total Capital, Debt Service and Miscellaneous	\$ 48,182,134	\$ 56,000,108	\$ 34,662,304	61.9%	\$ 29,787,108	16.4%
TOTAL EXPENDITURES	\$ 465,016,300	\$ 486,620,274	\$ 297,668,027	61.2%	\$ 286,184,686	4.0%
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	1,078,393	67.1%	783,457	37.6%
Transfer to Library.....	6,074,971	6,270,659	4,176,259	66.6%	4,045,931	3.2%
Transfer to DASH.....	7,907,789	7,807,789	5,199,984	66.6%	5,260,734	-1.2%
TOTAL EXPENDITURES & TRANSFERS	\$ 521,939,675	\$ 539,375,172	\$ 308,122,663	57.1%	\$ 296,274,808	4.0%
Total Expenditures by Category						
Salaries and Benefits	\$ 180,224,174	\$ 180,732,360	\$ 117,157,795	64.8%	\$ 115,628,747	1.3%
Non Personnel (includes all school funds)	341,715,501	358,642,812	190,964,868	53.2%	180,646,061	5.7%
Total Expenditures	\$ 521,939,675	\$ 539,375,172	\$ 308,122,663	57.1%	\$ 296,274,808	4.0%

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