City of Alexandria, Virginia

MEMORANDUM

DATE: SEPTEMBER 4, 2012

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: RASHAD M. YOUNG, CITY MANAGER

SUBJECT: MONTHLY FINANCIAL REPORT FOR THE PERIOD ENDING JULY 31, 2012

ISSUE: Receipt, on an informational basis, of the City's Monthly Financial Report for the period ending July 31, 2012. This report is informational in nature and will not be docketed for City Council Action. The August report will be docketed for the October 9, 2012, Council meeting. At that time, we will discuss the preliminary fiscal year (FY) 2012 results.

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 July 31, 2012. Detailed economic, revenue, and expenditure charts are available from the City of Alexandria website at alexandriava.gov/financialreports.

Final revenues and expenditures for FY 2012 will be reported later this fall in the City's audited Comprehensive Annual Financial Report (CAFR). We expect to realize the revenue surplus we reported to City Council during budget deliberations. Final expenditures are still being reviewed.

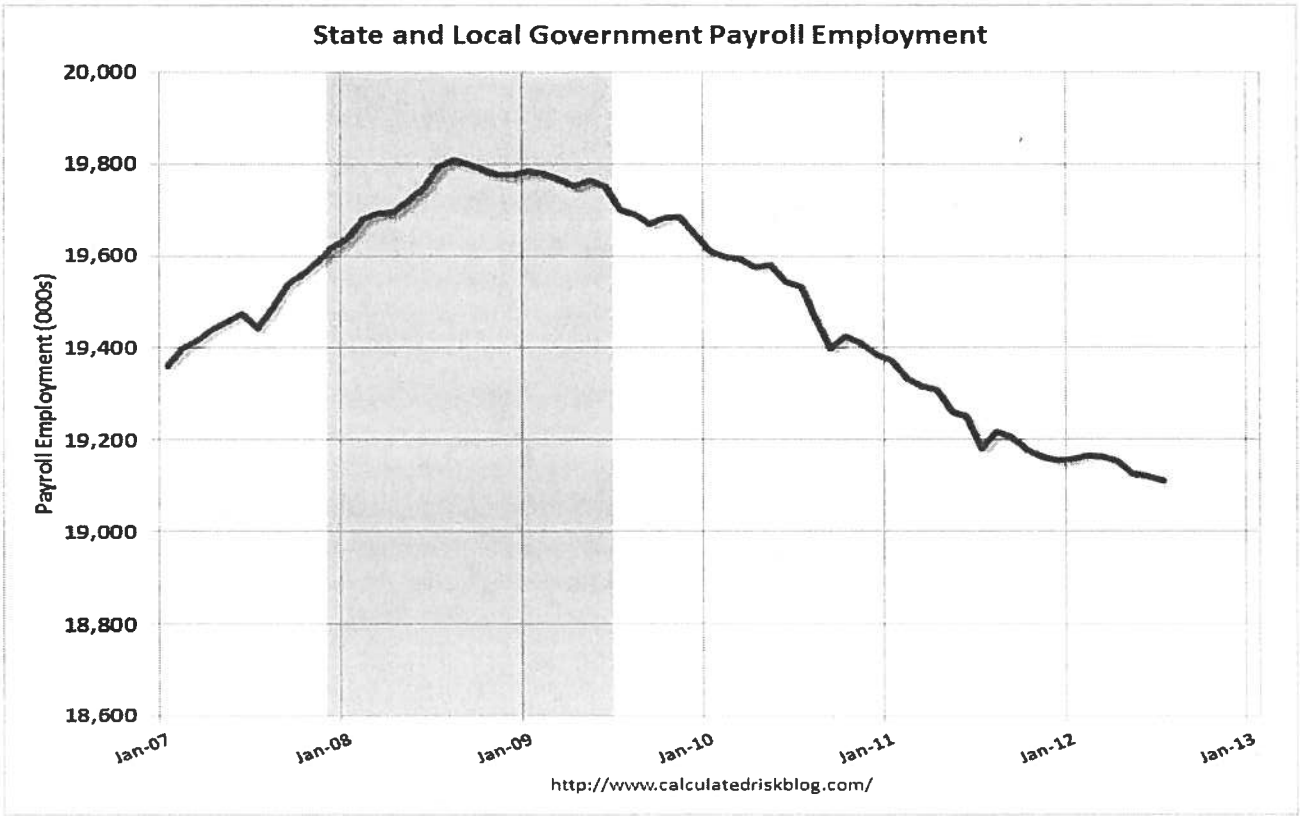
ECONOMIC HIGHLIGHTS:

Sales Tax Collections: June local Sales Tax collections ($2.3 million), excluding gasoline, are up 1.8 percent from June 2011. Second quarter collections ($6.6 million) are up 2.9 percent from the second quarter of 2011 ($6.4 million). Through the first half of 2012 sales tax revenues are $12.6 million this is $0.8 million more than what was collected in the first half of 2011. Since 2007 collections in the second half of the calendar year have exceeded collections in the first half by roughly 4.6 percent. If that trend continues total retail collections for calendar year 2012 will be approximately $25.8 million, roughly $1.6 million over 2011 collections.

National total sales, including gas and auto sales, in July are up 2.4 percent from July 2011 while the three month trailing average from May through July is up 3.5 percent from the same period in 2011. Nationally, all segments showed improvement over last year except electronics and appliance sales which decreased 1.1 percent and general merchandise retailers which decreased by 1.4 percent. The largest growth by segment over last year came from non-store retailers (on-line retailers) which grew by 15.4 percent while furniture and home furnishing stores increased by 9.0 percent and motor vehicle and parts dealer's sales increased 8.3 percent.

Increases in retail sales coincide with lower gas prices ($0.22 below the price last July), stronger job growth in July (163,000 jobs added, the best month for job growth since February), and increased home prices (national composite is up 1.2 percent in the second quarter of 2012 versus the same period from 2011).

State and Local Government Employment: Since 2009 state and local governments have lost an estimate 621,000 jobs with 129,000 lost in 2009, 262,000 in 2010 and 230,000 in 2011. This year, through July, state and local governments have lost a total of 42,000 jobs. Over the same period in 2011, state and local governments lost 205,000 jobs. These trends suggest employment loss in state and local government is slowing but has not stopped yet. From FY 2007 through the FY 2013 Approved budget Alexandria City has lost a total of 92 jobs. The graph below shows total state and local government payroll employment since 2007:



There were 163,000 payroll jobs added in July with 172,000 coming from the private sector while 9,000 government jobs lost. The federal government has lost 38,000 over the last 12 months and 2,000 in July.

REVENUE HIGHLIGHTS:

Year-to-Date Revenues: As of July 31, 2012, actual General Fund revenues totaled $2.0 million, which is 18% more than the revenues for the same period last year, mainly due to increases in charges for highway maintenance, sanitation, and the use of parks and recreation

facilities as well as for the sale of surplus property. Government accounting principles require that most taxes and intergovernmental revenues received in July are counted as revenue for the fiscal year ended June 30, 2012. See the online reference for more information.

EXPENDITURE HIGHLIGHTS:

Year-to-Date Expenditures: As of July 31, 2012, actual General Fund expenditures totaled $39.3 million, an increase of $2.4 million, or 6.5 percent, above expenditures for the same period last year. One month does not provide enough data to recognize any trends either positive or negative.

- **Health Department:** The Health Department made the first $0.97 quarterly payment to the Commonwealth of Virginia to cover the City's local commitment earlier in the year than in FY 2012.
- **Debt Service** – the increase in debt services reflects planned expenditures for the FY 2012 general obligation bonds.

ONLINE REFERENCES:

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

STAFF:

Laura Triggs, 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

Consumer Price Index (CPI-U)	Change on Previous Year
for the Washington-Baltimore, DC-MD-VA-WV Area (as of July 2012)	1.4%
For the United States (as of July 2012)	1.4%
Core CPI-U (excludes food and energy) (as of July2012)	2.1%

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

Unemployment Rates	Current Month	Prior Month	Prior Year
Alexandria (as of June 2012)	4.6%	4.2%	4.8%
Virginia (as of July 2012)	5.9%	5.6%	6.1%
United States (as of July 2012)	8.3%	8.2%	9.1%

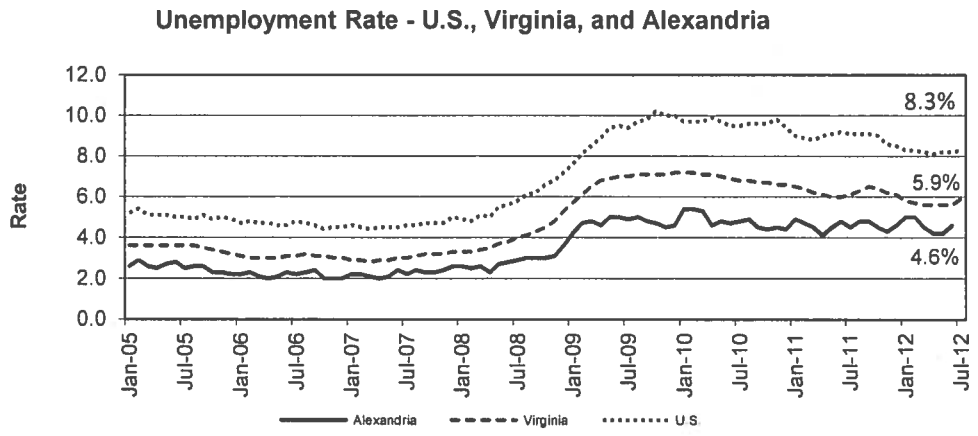
(Source: U.S. Department of Labor, Bureau of Labor Statistics)

Office Vacancy Rates	Current Quarter	Prior Quarter	Prior Year
Alexandria	14.4%	14.8%	12.3%
Northern Virginia	14.2%	14.0%	12.9%
Washington, DC Metro area	12.3%	12.2%	11.4%

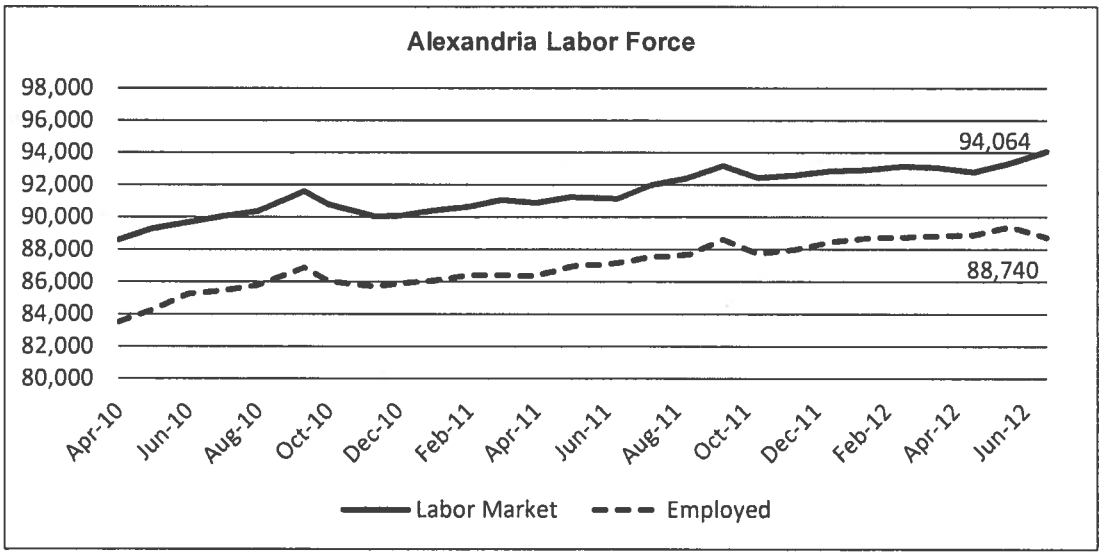
(As of 2nd quarter, 2012)
(Source: CoStar)

	Current Year	Prior Year	Change on Previous Year
New Business Licenses			
3 month trailing average (As of July 2012)	70	68	2.9%
(Source: Finance Department)			
New Commercial Construction (excluding Apartment Buildings) and Building Renovations			
(Fiscal YTD as of July 2013)			
Number of new building permits	0	0	0.0%
Value of new building permits ($ millions)	$0.0	$0.0	0.0%
(Source: Office of Code Administration)			
New Multi-family Construction (including Apartment & Condominium Buildings)			
(Fiscal YTD as of July 2013)			
Number of new building permits	1	0	N/A
Value of new building permits ($ millions)	$29.5	$0.0	N/A
Residential Real Estate Indicators			
Residential Dwelling Units Sold (Calendar YTD ending July 2012)	1,208	1,071	12.8%
Median Residential Sales Price (As of July 2012)	$469,500	$529,000	-11.2%
(Source: Department of Real Estate Assessments)			
Foreclosures			
3 month trailing average (As of July 2012)	12	18	-33.3%
Source: Dept of Real Estate Assessments			

SELECTED ECONOMIC INDICATORS

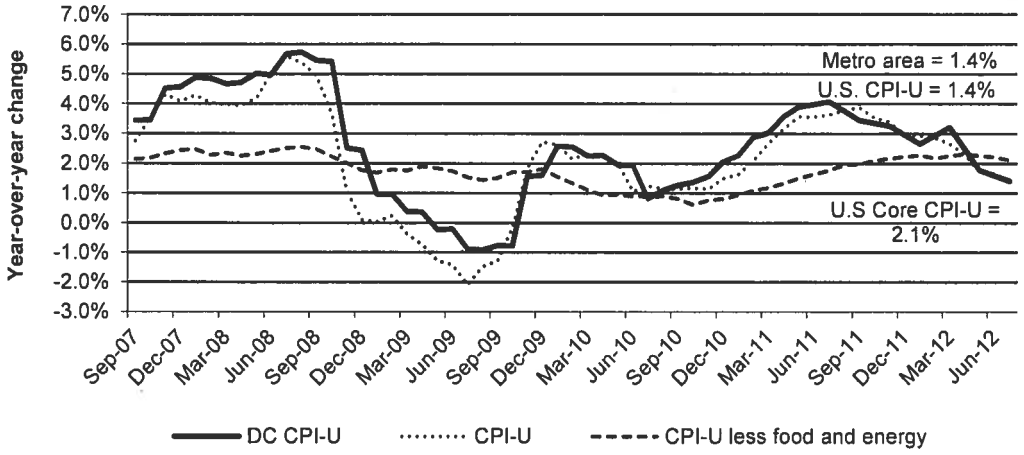


Source: U.S. Department of Labor, Bureau of Labor Statistics
U.S. and Virginia through July 2012; Alexandria through June 2012
**Alexandria unemployment is not seasonally-adjusted, while U.S. and Virginia are seasonally-adjusted.*



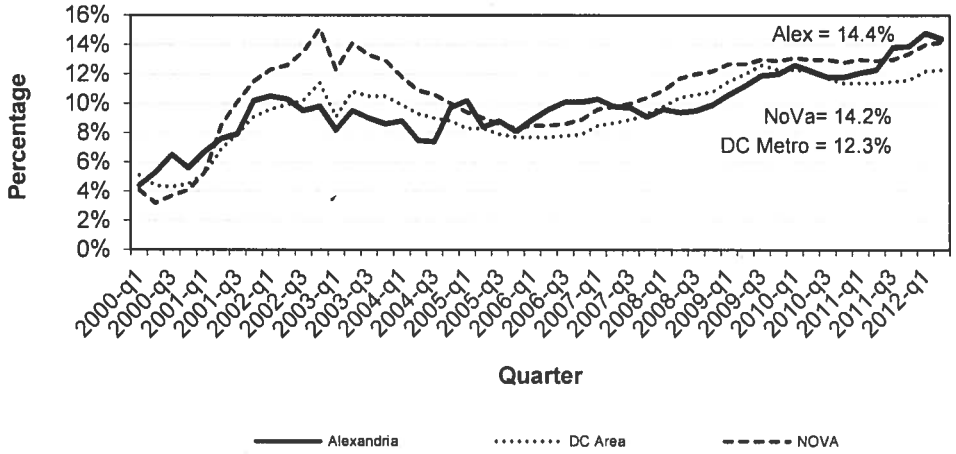
Source: Virginia Employment Commission
Through June 2012
**Not seasonally adjusted.*

Annual Change in Consumer Price Index

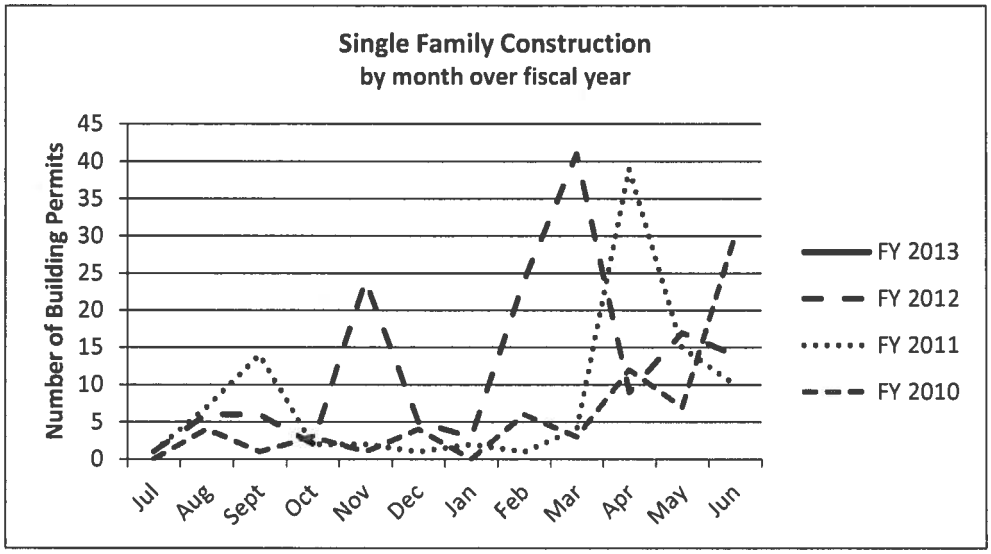


Source: U.S. Department of Labor, Bureau of Labor Statistics
Through July 2012

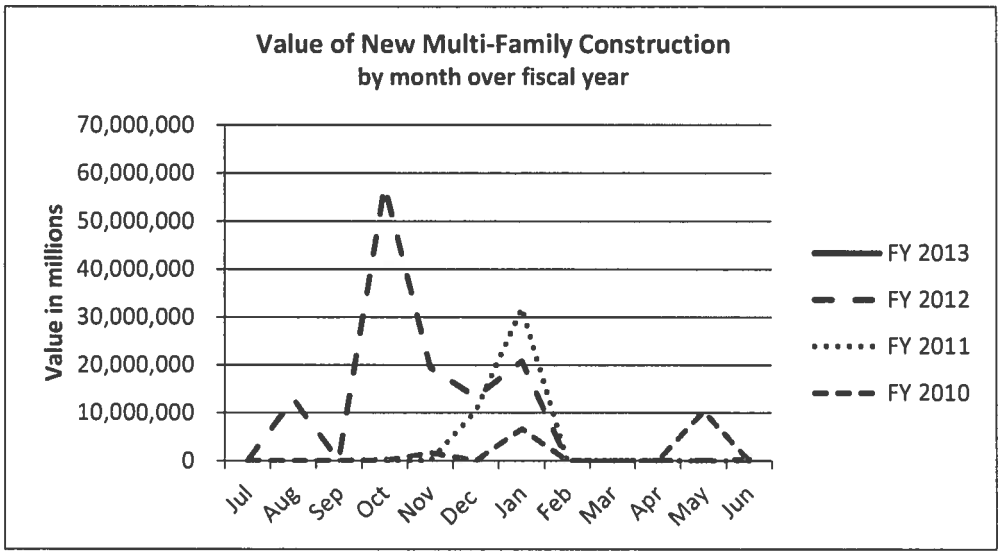
Office Vacancy Rates



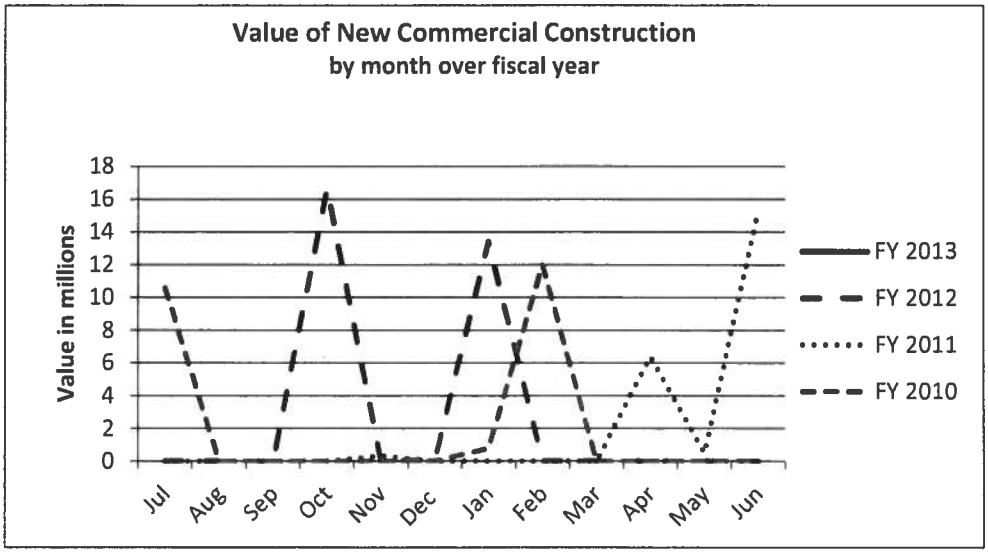
Source: CoStar
Through 2nd quarter, 2012



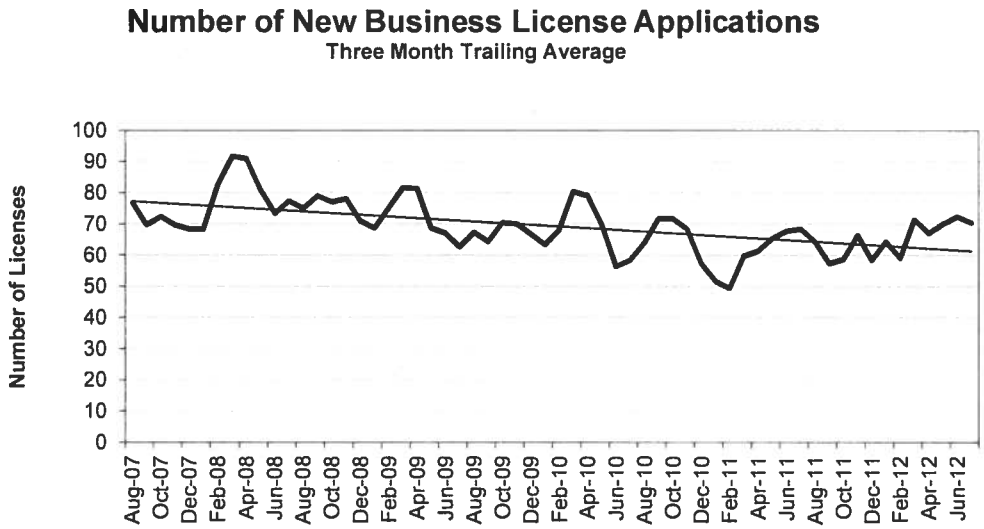
Source: Code Enforcement
Through July 2012



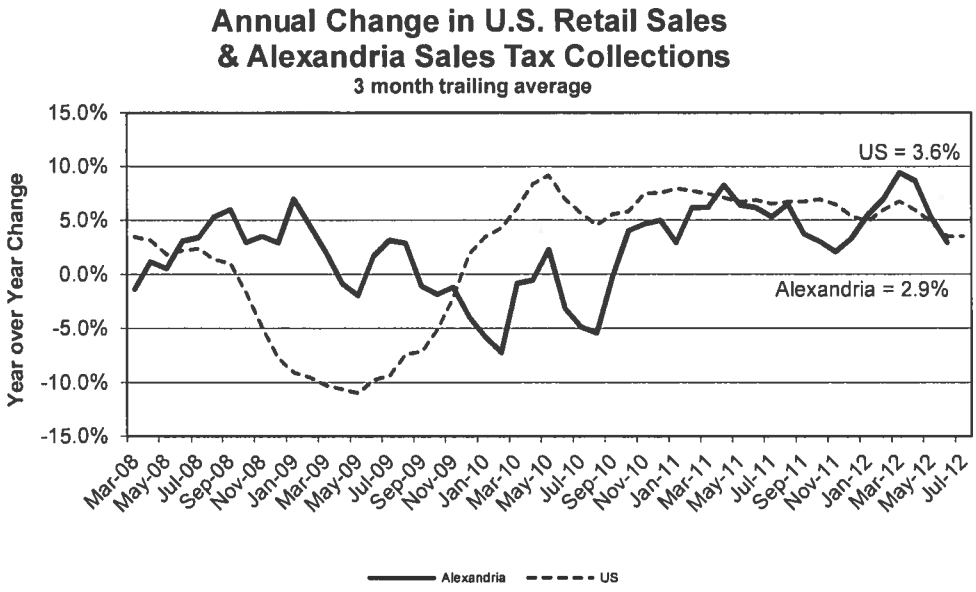
Source: Code Enforcement
Through July 2012



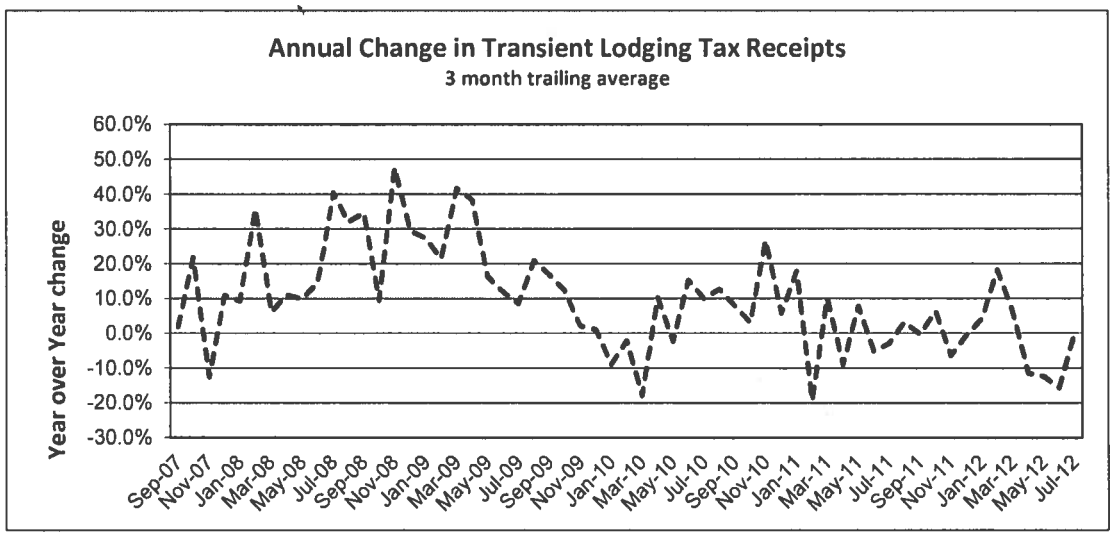
Source: Code Enforcement
Through July 2012



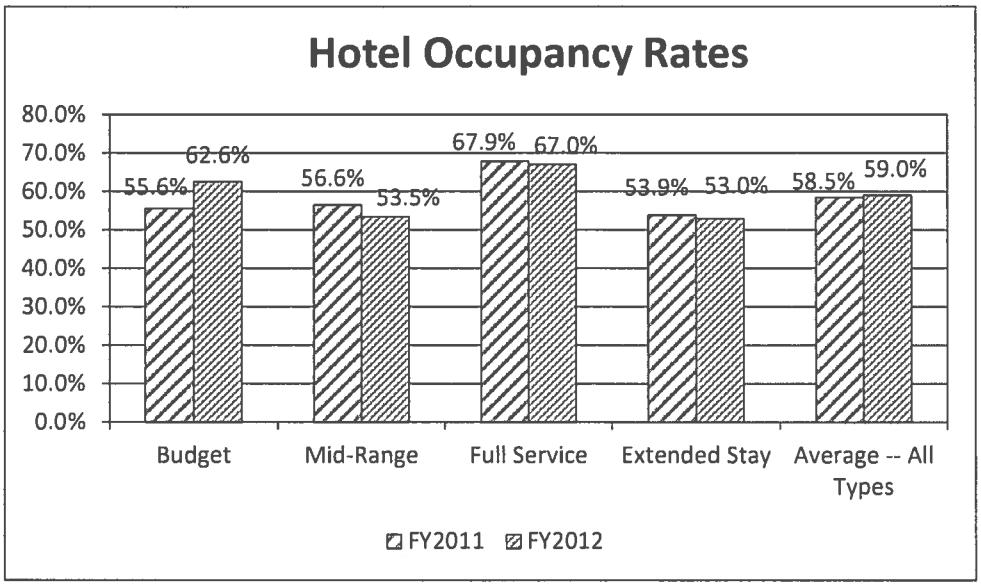
Source: Finance Department
Through July 2012



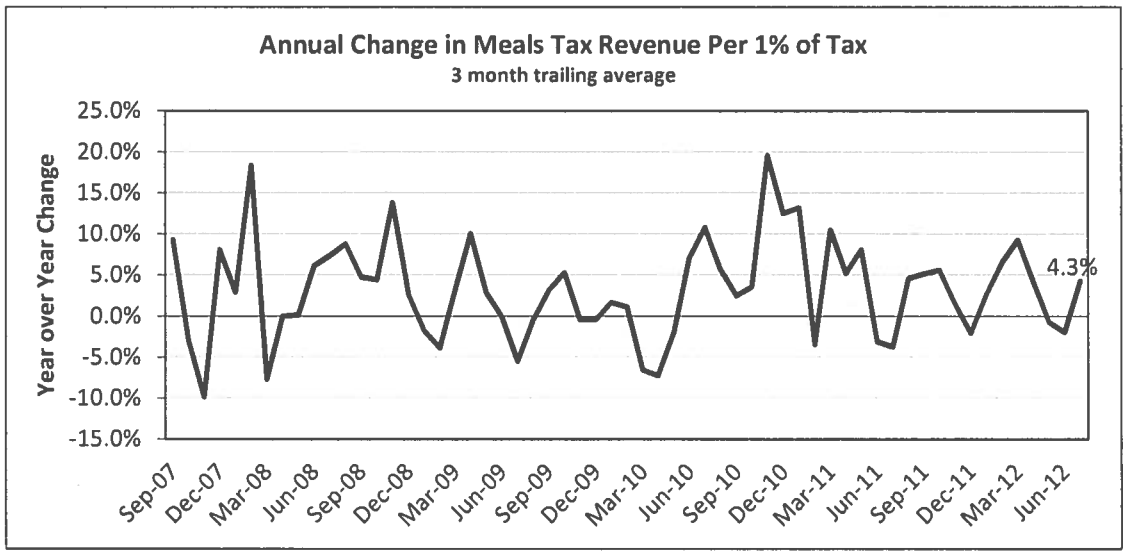
Source: Finance Department, U.S. Census Bureau
Alexandria through June 2012; U.S. through July 2012



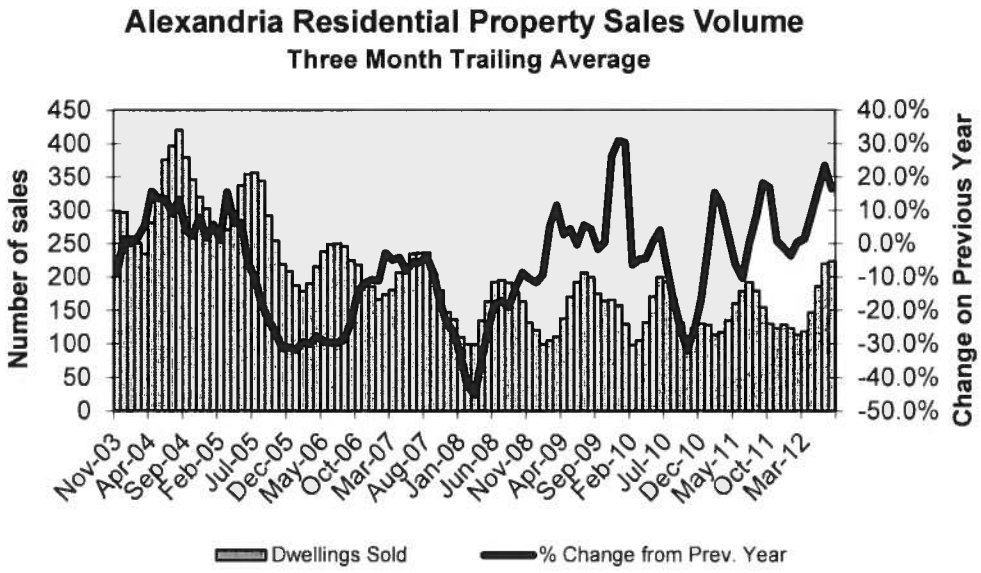
Source: Finance Department
Through July 2012



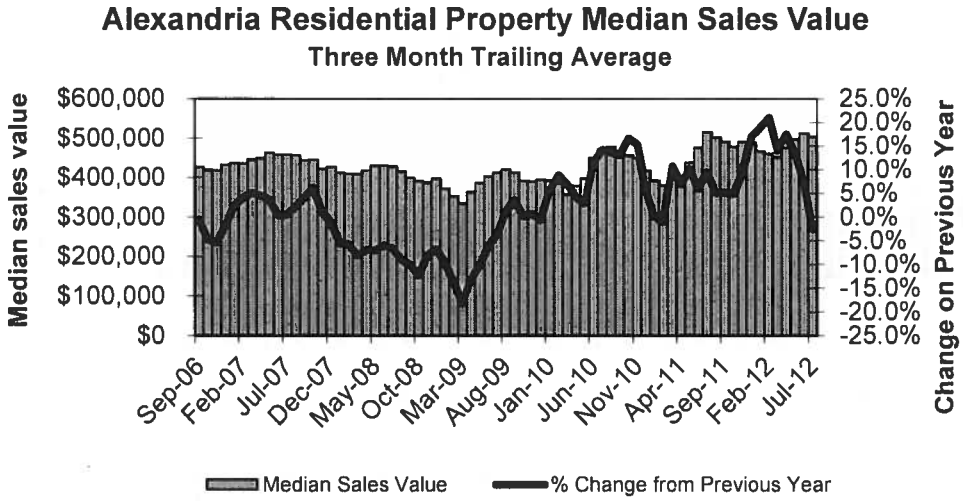
Source: Finance Department
Through April 2012



Source: Finance Department
Through July 2012



Source: Department of Real Estate Assessments
Through July 2012



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

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

	B	C	D=C/B	E	F=(C-E)/E
	FY2013 REVISED BUDGET	FY2013 REVENUES THRU 07/31/12	% OF BUDGET	FY2012 REVENUES THRU 07/31/11	% CHANGE
General Property Taxes					
Real Property Taxes	$ 333,929,291		0.0%		-
Personal Property Taxes	37,500,000		0.0%		-
Penalties and Interest	2,375,000		0.0%		-
Total General Property Taxes	$ 373,804,291	$ -	0.0%	$ -	-
Other Local Taxes					
Local Sales and Use Taxes	$ 24,900,000		0.0%		0
Consumer Utility Taxes	11,100,000		0.0%		0
Communication Sales and Use Taxes	11,940,000		0.0%		0
Business License Taxes	33,000,000		0.0%		0
Transient Lodging Taxes	12,400,000		0.0%		0
Restaurant Meals Tax	16,900,000		0.0%		0
Tobacco Taxes	2,600,000		0.0%		0
Motor Vehicle License Tax	3,400,000	26,446	0.8%	36,841	-28%
Real Estate Recordation	4,900,000		0.0%		0
Admissions Tax	1,000,000		0.0%		0
Other Local Taxes	2,710,275		0.0%		0
Total Other Local Taxes	$ 124,850,275	$ 26,446	0.0%	$ 36,841	-28%
Intergovernmental Revenues	124,850,275				
Revenue from the Fed. Government	$ 9,657,640		0.0%		-
Personal Property Tax Relief from the Commonwealth	$ 23,578,531		0.0%		-
Revenue from the Commonwealth	$ 20,360,485		0.0%		-
Total Intergovernmental Revenues	$ 53,596,656	$ -	0.0%	$ -	0%
Other Governmental Revenues And Transfers In					
Fines and Forfeitures	$ 4,664,000	$ 491,647	10.5%	$ 354,963	39%
Licenses and Permits	$ 2,157,975	$ 171,528	7.9%	$ 145,456	18%
Charges for City Services	$ 15,891,959	$ 916,167	5.8%	$ 790,261	16%
Revenue from Use of Money & Prop	$ 3,420,000	$ 291,950	8.5%	$ 305,859	-5%
Other Revenue	$ 782,000	$ 89,077	11.4%	$ 45,986	94%
Transfer from Other Funds	$ 1,854,502	$ -	0.0%	$ -	0%
Total Other Governmental Revenues	$ 28,770,436	$ 1,960,369	6.8%	$ 1,642,525	19%
TOTAL REVENUE	$ 581,021,658	$ 1,986,815	0.3%	$ 1,679,366	18%
					-
Appropriated Fund Balance					-
General Fund	9,515,300	-	-	-	-
Appropriated refunding bond proceeds					-
Reappropriation of FY 2011					-
Encumbrances And Other					-
Supplemental Appropriations		-	-	-	-
TOTAL	$ 590,536,958	$ 1,986,815	0.3%	$ 1,679,366	18%
	590,536,958				

8.3% of Fiscal Year Completed
5.8% of Payrolls Processed

Online Reference 3

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

FUNCTION	B FY2013 REVISED BUDGET	C FY2013 EXPENDITURES THRU 07/31/12	D=C/B % OF BUDGET EXPENDED	E FY2012 EXPENDITURES THRU 07/31/11	F=(C-E)/E EXPENDITURES % CHANGE
Legislative & Executive	$ 6,628,855	$ 352,559	5.3%	$ 319,243	10%
Judicial Administration	$ 41,517,227	$ 3,380,986	8.1%	$ 3,248,634	4%
Staff Agencies					
Information Technology Services	$ 8,028,291	$ 525,296	6.5%	$ 396,695	32%
Management & Budget	1,053,192	47,871	4.5%	48,594	-1%
Finance	10,762,119	445,860	4.1%	575,312	-23%
Real Estate Assessment	1,768,888	92,560	5.2%	88,650	4%
Human Resources	3,264,623	156,116	4.8%	168,584	-7%
Planning & Zoning	5,633,022	340,974	6.1%	386,119	-12%
Economic Development Activities	4,865,951	1,191,640	24.5%	1,151,369	3%
City Attorney	2,601,400	176,780	6.8%	122,724	44%
Registrar	1,336,170	103,620	7.8%	85,912	21%
General Services	12,197,863	658,189	5.4%	706,544	-7%
Total Staff Agencies	$ 51,511,519	$ 3,738,906	7.3%	$ 3,730,503	0%
Operating Agencies					
Transportation & Environmental Services	28,555,215	1,179,298	4.1%	2,139,149	-45%
Fire	38,719,113	2,214,958	5.7%	3,518,398	-37%
Police	51,939,755	3,373,581	6.5%	4,743,283	-29%
Emergency Communications	6,267,240	303,550	4.8%	323,703	0%
Code	899,220	40,090	4.5%	58,475	-31%
Transit Subsidies	8,750,378	1,707,880	19.5%	1,587,188	8%
Community and Human Services	13,665,303	1,264,828	9.3%	1,624,189	-22%
Health	8,356,965	1,474,283	17.6%	444,355	232%
Historic Resources	2,769,909	178,241	6.4%	141,795	26%
Recreation	20,542,835	1,374,461	6.7%	1,454,740	-6%
Total Operating Agencies	$ 180,465,933	$ 13,111,171	7.3%	$ 16,035,275	-18%
Education					
Schools	179,486,405		0.0%		0%
Other Educational Activities	11,721	2,930	25.0%	3,072	-5%
Total Education	$ 179,498,126	$ 2,930	0.0%	$ 3,072	-5%
Capital, Debt Service and Miscellaneous					
Debt Service	48,514,314	16,150,984	33.3%	10,990,763	47%
Non-Departmental	12,732,072	1,367,837	10.7%	10,806,242	-87%
General Cash Capital	6,955,483	-	0.0%	-	0%
Contingent Reserves				-	-
Total Capital, Debt Service and Miscellaneous	$ 68,201,869	$ 17,518,821	25.7%	$ 21,797,005	-19.6%
TOTAL EXPENDITURES	$ 527,823,529	$ 38,105,373	7.2%	$ 45,133,732	-15.6%
Cash Match (Transportation/Mental Health/Mental Retardation/ Substance Abuse, Human Services and Library and Transfers to the Special Revenue Fund)	43,983,420		0.0%	-	
Transfer to Housing	2,167,845	114,622	5.3%	137,092	-16%
Transfer to Library	6,878,164	570,888	8.3%	548,211	4%
Transfer to DASH	9,684,000	803,772	8.3%	666,324	21%
TOTAL EXPENDITURES & TRANSFERS	$ 590,536,958	$ 39,594,655	6.7%	$ 46,485,359	-14.8%
Total Expenditures by Category					
Salaries and Benefits	197,826,305	11,911,949	6.0%	11,721,172	2%
Non Personnel (includes all school funds)	392,710,653	27,682,706	7.0%	25,248,520	10%
Total Expenditures	$ 590,536,958	$ 39,594,655	6.7%	$ 36,969,692	7.1%