

City of Alexandria, Virginia

MEMORANDUM

DATE: OCTOBER 18, 2007
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL
FROM: JAMES K. HARTMANN, CITY MANAGER 
SUBJECT: MONTHLY FINANCIAL REPORT FOR THE PERIOD ENDING
SEPTEMBER 30, 2007

ISSUE: Monthly Financial Report for the Period Ending September 30, 2007.

RECOMMENDATION: That City Council receive the following Monthly Financial Report for the Period Ending September 30, 2007.

MONTHLY HIGHLIGHTS:

REVENUES – FY 2008

- **Recordation Taxes:** Recordation Taxes received through September increased slightly; however, this trend has not continued into October.

REVENUES/EXPENDITURES – FY 2008

- Governor Kaine has announced cuts to the State budget, which may impact City budgets.

YEAR END STATUS – FY 2007 (PRE-AUDIT)

- As reported last month, revenues finished the year \$9.5 above expectations. Expenditures, encumbrances and carryover projects finished the year \$5.6 million less than expected. In total, this leaves the City \$15.1 million in additional funds to be able to designate and allocate.
- The bulk of the funds are recommended for designation for the FY 2009 operating budget (\$4.0 million) and the FY 2009 capital improvement program (\$7.8 million).
- The balance of the funds would be designated for FY 2008 projects currently under discussion (\$2.7 million), or used to grow the undesignated fund balance (\$0.6 million).
- The following report provides the details.

DISCUSSION: This report provides financial information on revenues and expenditures of the General Fund for the three months ending September 30, 2007. This report presents revenues and expenditures for the same period during fiscal year (FY) 2007 for comparative purposes (Attachments 1 and 2), and also provides charts of selected economic indicators (Attachment 3).

The City's economy, as measured by tax receipts, continued to gradually grow through the end of FY 2007, as most tax revenues (except the transient lodging tax) continued to increase, albeit primarily at expected single digit rates. The City's unemployment rate continued at a low 2.2 percent, while the number of jobs in the City decreased by 1 percent or 960 jobs in the fourth quarter of 2006 (latest data available) when compared to the same period in 2005. The City's office vacancy rate increased to 12.2 percent in the first quarter of 2007. This compares to first quarter office vacancy rates of 12.9 percent for Northern Virginia and 11.1 percent for the entire DC Metropolitan area. City staff has asked AEDP staff to prepare an analysis of the City's office vacancies, as well as recent trends.

In addition, Governor Kaine has released his budget reduction plan, including funding localities receive from the State. The City could lose approximately \$0.3 million of HB599 funds, which provides funding to localities with police departments. Other potential reductions that will not have a major impact on City programs at this time include payments from the State Compensation Board for the Finance Department, the Clerk of the Courts, and the Registrar's Office.

On the residential real estate sales front, City data continues to show a slower residential sales market. Although total sales remain down about 28 percent from 2005 levels, sales in 2007 through August (year-to-date) show a decline of only 5 percent from 2006. The average sales price is down two percent from 2006, but remains up four percent from 2005. Of particular interest is average days on market, which when comparing August 2006 to August 2007 is up 12 percent in Alexandria. This compares with an increase in average days on market of 20 percent in Arlington County, 17 percent in Fairfax County, and 54 percent in Prince William County. While the City's residential market is in better shape than most of our neighbors, assessments for 2008 (based on year-to-date data that will change as the year progresses) when compared to 2007 are currently projected to be close to flat with single-family assessments barely increasing, and condominiums decreasing slightly. However, changes in the financial markets and increases in home mortgage interest rates will further impact 2008 assessments to some unknown degree as the year progresses. Commercial assessments and new construction will continue to add to the City's tax base in 2008; however, increasing capitalization rates will likely temper that growth.

FISCAL YEAR 2007 ENDING EXPENDITURE STATUS: At this time, the City's external auditors are auditing and reviewing the City's accounts and federal grants in relation to FY 2007 expenditures and revenues. While the actual outcome of the FY 2007 audit will not be known until after the auditor's work is completed, near-final financial information on the General Fund can be reported at this time. This information is subject to change and adjustment as a result of the auditor's ongoing review, but that is not likely as the audit is nearly complete. Final revenues and expenditures will be reported in the City's Comprehensive Annual Financial Report (CAFR) expected to be completed, printed and issued by mid-November.

As reported in last month's Monthly Financial Report, the City finished FY 2007 overall \$9.5 million ahead of the revenue projections used when the FY 2007 budget was adopted. This equates to 1.8 percent of total General Fund revenues. The primary source of these funds was \$5.8 million for real estate tax revenues of which \$3.2 million was associated with the favorable settlement of the PTO office buildings lawsuit, as well as increased collections of both current and delinquent real estate taxes. Recordation taxes finished the year \$0.9 million above projections largely due to the sale late in the fiscal year of a large commercial real estate portfolio. Business license taxes, restaurant meals taxes, commercial utility taxes and intergovernmental aid also finished the year ahead of expectations. Sales taxes and the transient occupancy taxes finished the year below expectations

On a pre-audit basis, City expenditures, encumbrances and carryover projects were \$5.6 million below projections. This equates to 1.1 percent of total General Fund expenditures and transfers out. This under-expenditure was due largely to lower than expected requirements for City funds to match State funds.

In total, between the \$9.5 million in additional revenues and the \$5.6 million in under-expenditures, the City finished FY 2007 some \$15.1 million ahead of prior projections. As per the City Council's adopted Debt Related Financial Policies, the largest portion of these funds (\$7.8 million) are proposed to be designated for FY 2009's capital improvement program to help fill part of the \$45 million current capital funding gap. The next largest amount (\$4.0 million) is proposed to be designated to help fund the FY 2009 operating budget. To put that in perspective, FY 2008 is funded with \$2.0 million from fund balance, and during the last five years the amount of fund balance used to fund the operating budget has ranged between \$3.3 million and \$6.0 million. The \$4.0 million is a reasonable amount, and is not so large as to cause a structural fiscal problem for the General Fund operating budget in FY 2010. Funds (\$0.6 million) are proposed to be allocated to the General Fund Undesignated Fund balance raising that balance slightly to be closer to the Debt Related Financial Policies target of 5.5% of General Fund revenues.

Finally, it is proposed that \$2.7 million be designated for projects that have been identified subsequent to the approval of the FY 2008 budget, and remain under discussion, but where waiting to undertake each of those projects until FY 2009 may not be in the City's long-term interest. A designation does not mean that these projects would be funded, as each of these projects would need to come forward in the future for City Council action. No Council decision is needed on these items at this time. If Council does not approve a project on this list, then the funds would roll into the designation for FY 2009 capital projects. The projects proposed for designation are:

1. Dredging of the area in front of the T-Pier (\$1,000,000): In the September capital allocation, staff highlighted the need for significant dredging in front of the T-Pier to accommodate tall ships and small cruise ships. Siltation in recent years has caused these types of potential ship dockings to not occur in Alexandria. Bids on the other Marina dredging, as well as the T-Pier dredging (as an option), will be received by the City in November.

2. Housing Studies (\$700,000): This designation would hold funds for the East Braddock area planning process (\$250,000), an ARHA Strategic Planning process (\$400,000), and ARHA-City MOU related City staff costs (\$50,000).
3. Fiscal Impact Analysis and Model (\$150,000): This designation would update the fiscal impact analysis modeling last done in 1999, as was recommended by the Economic Sustainability Work Group. It also would produce a fiscal impact model that could be used on a project-by-project basis. This addresses a long-standing Council request for fiscal impact information in relation to major development projects.
4. Cameron Run Study Phase 2 (\$490,000): This flood modeling study would be undertaken by the Corps of Engineers, would parallel the Fairfax County study, and would help frame any steps that would be recommended to reduce the probability of flooding in the Eisenhower Valley.
5. CSB Group Homes Generators (\$125,000): This initiative would provide a backup power source at many of the City's group homes where not having electricity can cause major issues for the consumers and the City employees who staff those facilities.
6. City-owned Asset Evaluation (\$200,000): This provides funds to evaluate City-owned buildings and property to determine potential disposition options.

REVENUES (Attachment 1): As of September 30, 2007, actual General Fund revenues totaled \$52.3 million, a decrease of \$2.0 million below the same period last year. This is primarily attributed to the timing of personal property taxes received before the due date in FY 2007.

Real Property: Real Property Taxes are assessed as of January 1 and assessment notices are mailed to property owners in February. Real estate taxes are billed and payable in two installments. The first tax bill is mailed in May and is payable by June 15. The second tax bill is mailed in October and is payable by November 15. As indicated in the June financial report, the City collected a higher percentage of first half taxes before the June 15 due date, resulting in lower delinquent collections of first half taxes in the first three months of FY 2008.

FY 2007 Actuals	FY 2008 Budget	FY 2007 Year-to-Date	FY 2008 Year-to-Date	Percentage change
\$274.5 million	\$278.2 million	\$1.4 million	\$0.8 million	(43%)

Personal Property: Personal Property Tax revenue consists of two sources: individual personal property (primarily vehicles), and business personal property (includes motor vehicles, machinery, computers, and furniture). Taxes are assessed as of January 1. Tax bills are mailed to taxpayers in late August and are due on October 5. The tax revenue decrease is primarily attributable to the timing of the mailing of the tax bills, which occurred later in August in FY 2008 than in FY 2007.

In FY 2007, the State's share of the local personal property tax payment for FY 2008 was capped for each locality. Alexandria's cap is \$23.6 million. This amount approximates 69 percent of most taxpayers' bills, which is the same rate that was provided last year. State reimbursement collections were higher than the cap in FY 2007 because the City was still collecting some delinquent collections that were billed prior to the date the State capped the payment.

	FY 2007 Actuals	FY 2008 Budget	FY 2007 Year-to-Date	FY 2008 Year-to-Date	Percentage change
Vehicles	\$18.8	\$20.6 million	\$8.2	\$7.9	(4%)
Business - Equipments and Machinery	\$15.7	\$15.5 million	\$7.9	\$8.2	4%
State Reimbursement	\$23.8	\$23.6 million	\$12.0	\$11.8	(2%)
Total	\$58.3	\$59.7 million	\$28.1	\$27.9	(1%)

Sales and Use Tax: Businesses remit sales tax to the Commonwealth within 30 days of the end of the month in which sales occurred. The Commonwealth wires the City's portion of the sales tax approximately one month later.

FY 2007 Actuals	FY 2008 Budget	FY 2007 Year-to-Date	FY 2008 Year-to-Date	Percentage change
\$25.4 million	\$27.4 million	\$2.0 million	\$2.0 million	-

Consumer Utility Taxes: Consumer Utility Taxes are collected by the utility companies one month after billing and are remitted to the City the following month. Effective January 1, 2007, State law changed and the Commonwealth assumed responsibility for collecting a flat 5.0 percent tax on landline telephone service. Phone revenues that previously appeared in this category (approximately \$0.6 million per month) will now appear as part of the Communications Tax.

FY 2007 Actuals	FY 2008 Budget	FY 2007 Year-to-Date	FY 2008 Year-to-Date	Percentage Change
\$13.6 million	\$9.6 million	\$2.8 million	\$1.7 million	(39%)

Communications Tax: Businesses remit the Communication Tax to the Commonwealth within 30 days of the end of the month in which the service occurred. The Commonwealth remits the City's portion of the Communication Tax one month later. The effective date of the tax was January 1, 2007. The City received the first remittance from the Commonwealth in March 2007.

FY 2007 Actuals	FY 2008 Budget	FY 2007 Year-to-Date	FY 2008 Year-to-Date	Percentage Change
\$5.3 million	\$12.4 million	-	\$0.9 million	N/A

Business License Taxes: The City's Business License Tax is due March 1, 2008. These collections are counted and analyzed after the due date. Most collections prior to March represent collections from new businesses and taxpayers who pay on a quarterly basis.

FY 2007 Actuals	FY 2008 Budget	FY 2007 Year-to-Date	FY 2008 Year-to-Date	Percentage Change
\$30.9 million	\$32.1 million	\$0.6 million	\$0.9 million	50%

Transient Lodging Taxes: Transient Lodging Taxes are remitted to the City within one month after collections.

FY 2007 Actuals	FY 2008 Budget	FY 2007 Year-to-Date	FY 2008 Year-to-Date	Percentage Change
\$7.4 million	\$8.8 million	\$1.2 million	\$1.2 million	-

Restaurant Meals Taxes: Meals and alcoholic beverage taxes are due to the City within 30 days of the month the sales occurred.

FY 2007 Actuals	FY 2008 Budget	FY 2007 Year-to-Date	FY 2008 Year-to-Date	Percentage Change
\$10.7 million	\$10.4 million	\$1.6 million	\$1.7 million	6.0%

Cigarette Taxes: Businesses remit Cigarette Tax revenue to the Northern Virginia Cigarette Board. This revenue is then forwarded to the City approximately 30 days after the end of the month in which the sales occurred.

FY 2007 Actuals	FY 2008 Budget	FY 2007 Year-to-Date	FY 2008 Year-to-Date	Percentage Change
\$2.9 million	\$2.8 million	\$0.5 million	\$0.5 million	-

Real Estate Recordation Taxes: Real Estate Recordation tax revenues are collected by the Clerk of the Circuit Court and remitted to the City the following month. The increase is attributable to a slight increase in activity for the month. Collections for September that will be reported in the October Council report do not reflect continued increased activity.

FY 2007 Actuals	FY 2008 Budget	FY 2007 Year-to-Date	FY 2008 Year-to-Date	Percentage Change
\$6.6 million	\$5.7 million	\$1.0 million	\$1.2 million	20%

Admissions Tax: The Admissions Taxes are remitted to the City within one month after collections.

FY 2007 Actuals	FY 2008 Budget	FY 2007 Year-to-Date	FY 2008 Year-to-Date	Percentage Change
\$1.1 million	\$1.0 million	\$0.2 million	\$0.2 million	-

Charges for Services: Revenues in this category include refuse user charges, ambulance fees, clerk fees and parking meter receipts. The increase primarily reflects the timing of collections of parking and clerk fees.

FY 2007 Actuals	FY 2008 Budget	FY 2007 Year-to-Date	FY 2008 Year-to-Date	Percentage Change Year-to-Date
\$10.3 million	\$11.3 million	\$1.1 million	\$1.2 million	9.0%

Revenue from Use of Money & Property: Revenues in this category include interest on investments, parking garage/lot fees and rental of property income. The increase represents the timing of receipts for the parking garage.

FY 2007 Actuals	FY 2008 Budget	FY 2007 Year-to-Date	FY 2008 Year-to-Date	Percentage Change Year-to-Date
\$9.7 million	\$9.6 million	\$2.4 million	\$2.5 million	4.0%

EXPENDITURES (Attachment 2): As of September 30, 2007, actual FY 2008 General Fund expenditures totaled \$107.1 million, an increase of \$8.8 million, or 9.0 percent, above expenditures for the same period last year, primarily for planned budgeted increases in the City's transfers to the Schools Operating Fund and the Capital Projects funds. The Approved General Fund Budget is 4.4 percent higher than the FY 2007 amended budget.

Annual Expenditure Issues: Most City expenditure payments are made on a level basis during the year. There are some payments, however, that are made either at one time at the beginning

of the year, or on a different basis, such as quarterly. The City makes the following types of payments on an other-than-level basis:

Equipment Replacement Fund: Every year, the City separately accumulates funds to replace major equipment items such as police cars and fire apparatus. The allocation of these funds is included in the budget of individual departments and is moved to a separate fund at the beginning of the year. Since these funds accumulate over several years, the fund is used to make the purchase once there are sufficient funds accumulated. This allows departments to fund the purchase over the life of the equipment instead of all at one time. These annual equipment replacement allocations are recognized as expenditures in this report at the time the transfer is made at the beginning of the year.

Of the \$4.8 million in total equipment replacement transfers in FY 2008, the following departments have equipment replacement funds large enough to impact their General Fund expenditure patterns at the beginning of the year:

- Police - \$1.6 million
- T&ES - \$0.8 million
- Fire - \$0.8 million

Contributory Payments: The City makes some payments, such as contributions to the Washington Metropolitan Area Transit Authority (WMATA), on a quarterly or semi-annual basis. Since these payments are made less frequent than monthly, expenditures reported in this monthly financial report may be higher than average in those months when the payments are made. This financial report includes the following non-monthly payments:

- Judicial Administration: This category includes quarterly contribution payments to judicial organizations such as Peumensend Creek Regional Jail and the Northern Virginia Criminal Justice Training Academy.
- Other Planning and Economic Development Activities: This category includes quarterly contribution payments to community agencies such as the Alexandria Small Business Development Center and bi-annual payments to the Alexandria Convention and Visitors Association.
- Transit Subsidies: This category includes quarterly payments the City's major transit programs including the Alexandria Transit Company (DASH) and to the Washington Metropolitan Area Transit Authority (WMATA).
- Human Services: This category includes quarterly payments to community agencies such as Campagna Center and the Salvation Army.
- Other Education Activities: This category includes quarterly contribution payments to the Northern Virginia Community College.

Grant Accounting and Cash Matches: To comply with many federal and State grant awards, the City's share funding is transferred from the General Fund to the Special Revenue Fund at the end of the fiscal year. Because the City share for most grants is not finalized until the funds are spent, departments set aside, but do not expend, City grant funds until the end of the fiscal year. This ensures that the City maximizes the use of federal and State funding before spending City funds. Most City funds not used for grants by the end of the year are returned to the City.

Schools: The City will provide approximately 78 percent of the estimated funds required to operate the City schools in FY 2008.

Personnel: Expenditures-to-date represent budgeted tuition assistance payments to City employees.

Recreation: Expenditures reflect seasonal employee costs incurred during the summer.

Non-Departmental Expenditures: General Fund expenditures in this category reflect the City's contributions to the public safety pension plan, senior citizens' rent relief and payment for the City's liability insurance. Some pension contributions are made at the beginning of the fiscal year.

ATTACHMENTS:

Attachment 1 - Comparative Statement of Revenues

Attachment 2 - Comparative Statement of Expenditures & Transfers by Function

Attachment 3 - Selected Economic Indicators

STAFF:

Mark Jinks, Deputy City Manager

Laura B. Triggs, Acting Director of Finance

Ray Welch, Acting Comptroller

Bruce Johnson, Director, Office of Management and Budget

**CITY OF ALEXANDRIA, VIRGINIA
COMPARATIVE STATEMENT OF REVENUES
GENERAL FUND
FOR THE PERIODS ENDING SEPTEMBER 30, 2007 AND SEPTEMBER 30, 2006**

	FY2008 APPROVED BUDGET	FY2008 REVENUES THRU 09/30/07	% OF BUDGET	FY2007 REVENUES THRU 09/30/06
General Property Taxes				
Real Property Taxes.....	\$ 278,154,367	\$ 810,471	0.3%	\$ 1,365,160
Personal Property Taxes.....	36,100,000	16,144,873	44.7%	17,477,944
Penalties and Interest.....	1,680,000	104,469	6.2%	106,123
Total General Property Taxes	\$ 315,934,367	\$ 17,059,813		\$ 18,949,227
Other Local Taxes				
Local Sales and Use Taxes.....	\$ 27,400,000	2,038,938	7.4%	\$ 2,042,029
Consumer Utility Taxes.....	9,600,000	1,702,357	17.7%	2,813,792
Communication Sales and Use Taxes.....	12,400,000	948,719	7.7%	-
Business License Taxes.....	32,100,000	938,416	2.9%	604,267
Transient Lodging Taxes.....	8,800,000	1,197,262	13.6%	1,180,553
Restaurant Meals Tax.....	10,400,000	1,697,232	16.3%	1,569,448
Tobacco Taxes.....	2,750,000	475,463	17.3%	464,725
Motor Vehicle License Tax.....	3,400,000	1,449,177	42.6%	1,135,018
Real Estate Recordation.....	5,700,000	1,185,669	20.8%	1,015,778
Admissions Tax.....	1,000,000	239,495	23.9%	212,426
Cell Phone Tax.....	-	-	-	469,277
Other Local Taxes.....	2,380,000	174,999	7.4%	215,442
Total Other Local Taxes	\$ 115,930,000	\$ 12,047,727	10.4%	\$ 11,722,755
Intergovernmental Revenues				
Revenue from the Federal Government.....	\$ 6,493,000	\$ 572,136	8.8%	\$ 537,904
Personal Property Tax Relief from the Commonwealth.....	23,600,000	11,789,265	50.0%	11,990,018
Revenue from the Commonwealth.....	23,063,334	4,933,570	21.4%	4,973,324
Total Intergovernmental Revenues	\$ 53,156,334	\$ 17,294,971	32.5%	\$ 17,501,246
Other Governmental Revenues And Transfers In				
Fines and Forfeitures.....	\$ 4,722,300	\$ 894,557	18.9%	\$ 778,457
Licenses and Permits.....	5,356,000	1,093,782	20.4%	1,706,733
Charges for City Services.....	11,270,072	1,237,242	11.0%	1,084,967
Revenue from Use of Money & Property.....	9,570,000	2,534,552	26.5%	2,415,431
Other Revenue.....	245,000	135,330	55.2%	178,633
Transfer from Sewer Fund.....	1,311,109	-	0.0%	-
Total Other Governmental Revenues	\$ 32,474,481	\$ 5,895,463	18.2%	\$ 6,164,221
TOTAL REVENUE	\$ 517,495,182	\$ 52,297,974	10.1%	\$ 54,337,449
Appropriated Fund Balance				
General Fund.....	1,999,550	-	0.0%	-
Reappropriation of FY 2007 Encumbrances And Other Supplemental Appropriations.....	2,345,051	-	0.0%	-
TOTAL	\$ 521,839,783	\$ 52,297,974	10.0%	\$ 54,337,449

25.00% of Fiscal Year Completed
23.08% of Payrolls Processed

Attachment 2

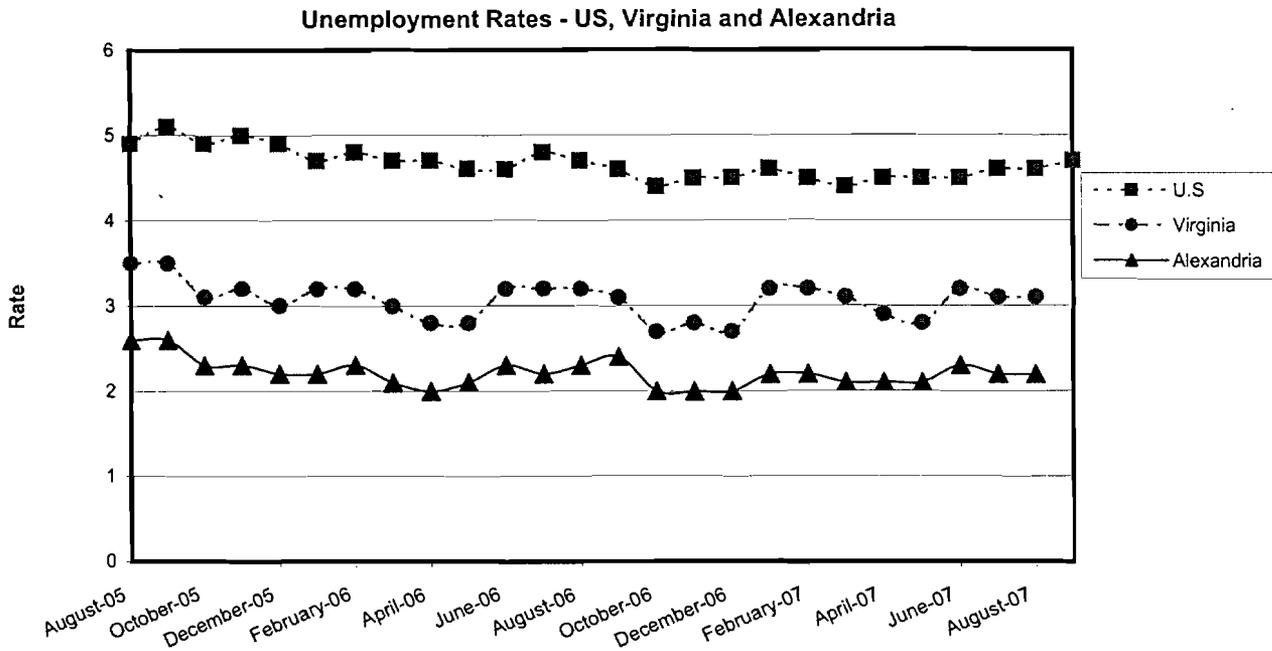
CITY OF ALEXANDRIA, VIRGINIA
COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION
GENERAL FUND
FOR THE PERIODS ENDING SEPTEMBER 30, 2007 AND SEPTEMBER 30, 2006

FUNCTION	FY2008	FY2008	% OF	FY2007
	APPROVED BUDGET	EXPENDITURES THRU 09/30/07		BUDGET
Legislative & Executive.....	\$ 6,086,650	\$ 1,289,245	21.2%	\$ 1,336,686
Judicial Administration.....	\$ 37,042,344	\$ 9,360,974	25.3%	\$ 8,483,690
Staff Agencies				
Information Technology Services.....	\$ 8,550,913	\$ 1,933,559	22.6%	\$ 1,593,973
Management & Budget.....	1,193,832	263,268	22.1%	269,853
Finance.....	10,246,020	2,092,836	20.4%	2,127,412
Real Estate Assessment.....	1,533,253	366,226	23.9%	285,036
Personnel.....	3,371,739	923,132	27.4%	832,295
Planning & Zoning.....	5,691,587	1,257,368	22.1%	948,562
Economic Development Activities.....	2,855,144	1,325,155	46.4%	1,106,143
City Attorney.....	3,257,747	636,520	19.5%	512,559
Registrar.....	1,062,475	244,299	23.0%	233,941
General Services.....	12,721,385	2,654,020	20.9%	2,462,034
Total Staff Agencies	\$ 50,484,095	\$ 11,696,383	23.2%	\$ 10,371,808
Operating Agencies				
Transportation & Environmental Services.....	\$ 27,355,117	\$ 6,573,726	24.0%	\$ 6,895,722
Fire.....	37,303,906	9,199,485	24.7%	8,818,342
Police.....	51,437,441	13,093,383	25.5%	12,635,118
Transit Subsidies.....	7,844,495	2,418,450	30.8%	1,587,938
Mental Health/Mental Retardation/ Substance Abuse.....	521,650	201,501	38.6%	251,869
Health.....	7,857,201	1,068,747	13.6%	780,421
Human Services.....	11,928,124	3,480,783	29.2%	3,493,785
Historic Resources.....	2,847,831	638,299	22.4%	581,817
Recreation.....	20,097,306	5,530,682	27.5%	5,161,580
Total Operating Agencies	\$ 167,193,071	\$ 42,205,056	25.2%	\$ 40,206,592
Education				
Schools.....	\$ 160,239,697	\$ 25,630,882	16.0%	\$ 25,048,421
Other Educational Activities.....	12,399	6,200	50.0%	3,137
Total Education	\$ 160,252,096	\$ 25,637,082	16.0%	\$ 25,051,558
Capital, Debt Service and Miscellaneous				
Debt Service.....	\$ 30,551,035	\$ 855,360	2.8%	\$ 914,110
Non-Departmental.....	7,619,419	2,294,255	30.1%	3,448,587
Cash Capital.....	9,765,564	9,765,564	100.0%	4,579,105
Contingent Reserves.....	545,000	-	-	-
Total Capital, Debt Service and Miscellaneous	\$ 48,481,018	\$ 12,915,179	26.6%	\$ 8,941,802
TOTAL EXPENDITURES	\$ 469,539,274	\$ 103,103,919	22.0%	\$ 94,392,136
Cash Match (Mental Health/Mental Retardation/ Substance Abuse, Human Services and Library and Transfers to the Special Revenue Fund)...				
Transfer to Housing.....	34,021,831	-	0.0%	-
Transfer to Housing.....	3,632,021	334,198	9.2%	299,580
Transfer to Library.....	7,121,222	1,780,305	25.0%	1,735,383
Transfer to DASH.....	7,525,435	1,881,359	25.0%	1,834,256
TOTAL EXPENDITURES & TRANSFERS	\$ 521,839,783	\$ 107,099,781	20.5%	\$ 98,261,355

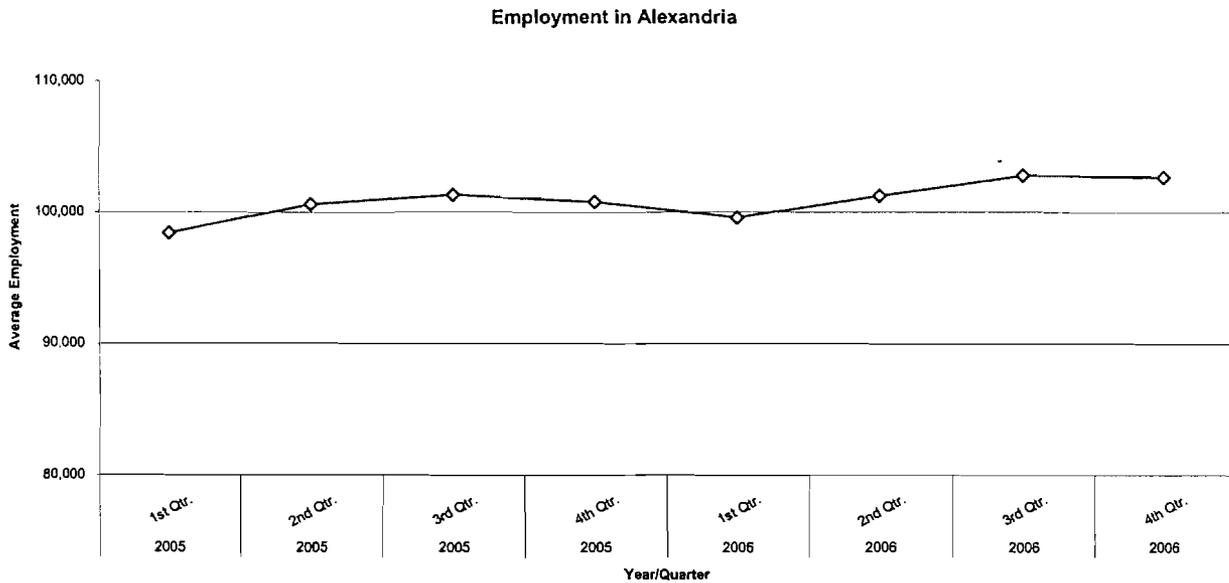
**CITY OF ALEXANDRIA
SELECTED ECONOMIC INDICATORS**

	<u>Current Year</u>	<u>Prior Year</u>	<u>Percent Change</u>
<u>Consumer Price Index (CPI-U)</u> for the Washington-Baltimore, DC-MD-VA-WV Area (As of July 31, 2007) (Source: Published bi-monthly by United States Department of Labor, Bureau of Labor Statistics)	134.4	130.7	+2.9%
<u>Unemployment Rates</u>			
Alexandria	2.2%	2.3%	-4%
Virginia (As of August 31, 2007) (Source: United States Department of Labor, Bureau of Labor Statistics, as adjusted)	3.1%	3.2%	-3%
United States (As of September 30, 2007) (Source: United States Department of Labor, Bureau of Labor Statistics)	4.7%	4.6%	2%
<u>Interest Rates</u> (As of September 30, 2007)			
Prime Rate	7.75%	8.25%	-6%
Federal Funds Rate (Source: SunTrust Economic Monitor)	4.74%	5.23%	-9%
<u>New Business Licenses</u> (During September 2007) (Source: Finance Department, Business Tax Branch)	69	75	-8%
<u>Office Vacancy Rates</u> (As of March 31, 2007)			
Alexandria	12.2%	11.7%	+4%
Northern Virginia	12.9%	13.1%	-2%
Washington DC Metro Area (Source: Grubb & Ellis)	11.1%	11.2%	-.5%
<u>New Commercial Construction</u> (As of September 30, 2007)			
Number of New Building Permits	0	4	-100%
Value of New Building Permits (Source: Fire Department Code Enforcement Bureau)	0	\$57.6	-100%
<u>Residential Real Estate Indicators</u> (YTD ending August 31, 2007)			
Residential Dwelling Units Sold	1,709	1,789	-5%
Average Residential Sales Price (Source: Department of Real Estate Assessments)	\$494,811	\$506,348	-2%

**City of Alexandria
Selected Economic Indicators**

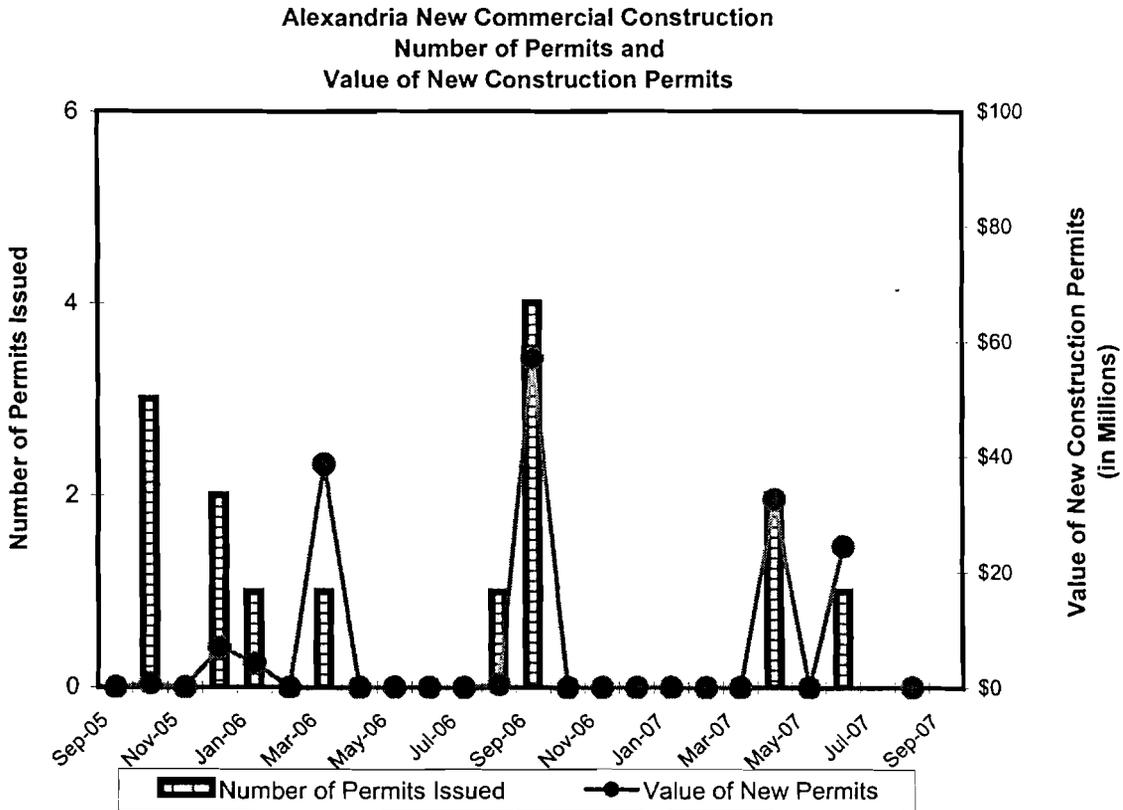
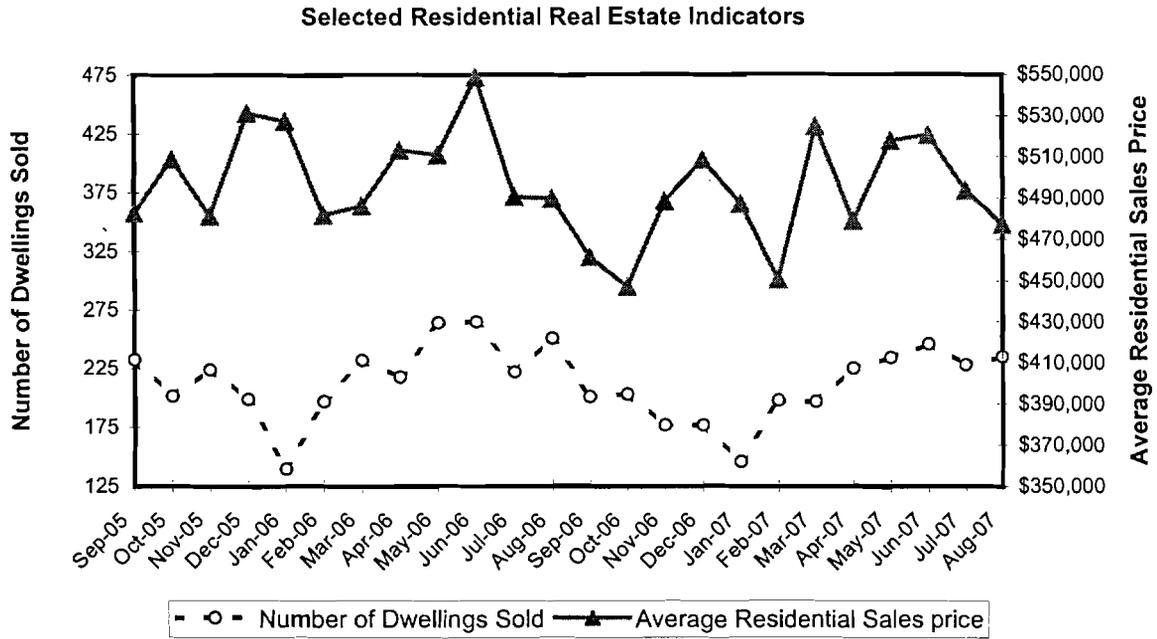


Source: United States Department of Labor, Bureau of Labor Statistics (as revised by BLS)



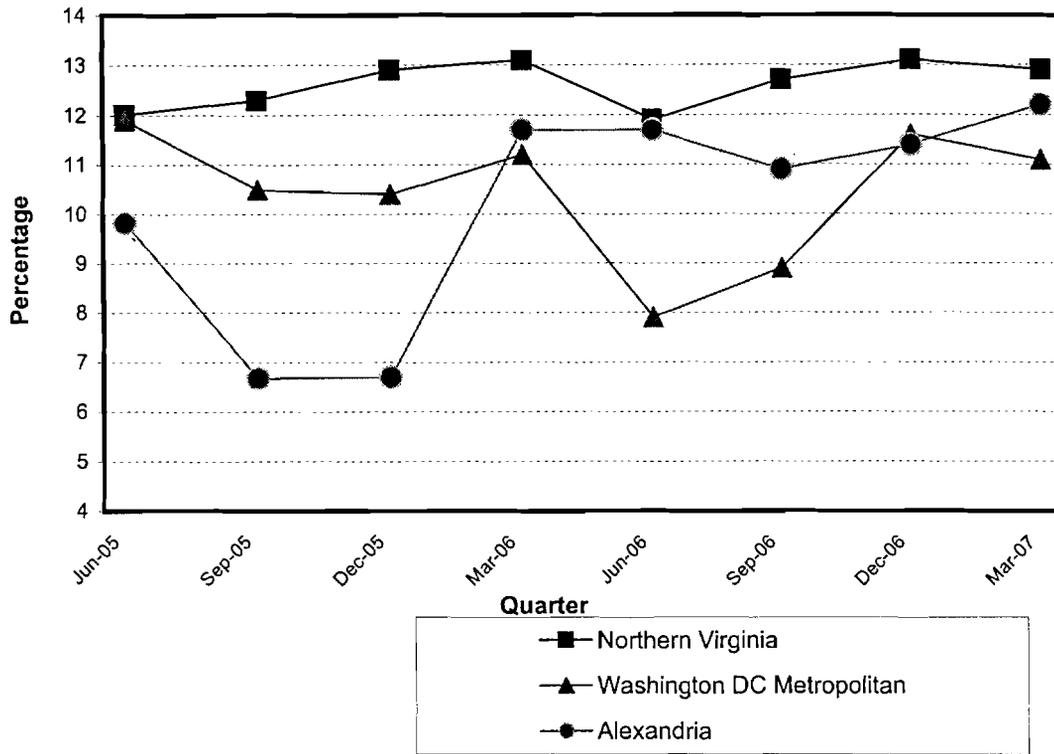
Source: Virginia Employment Commission, including the U.S. Patent and Trademark Office.

City of Alexandria
Selected Economic Indicators

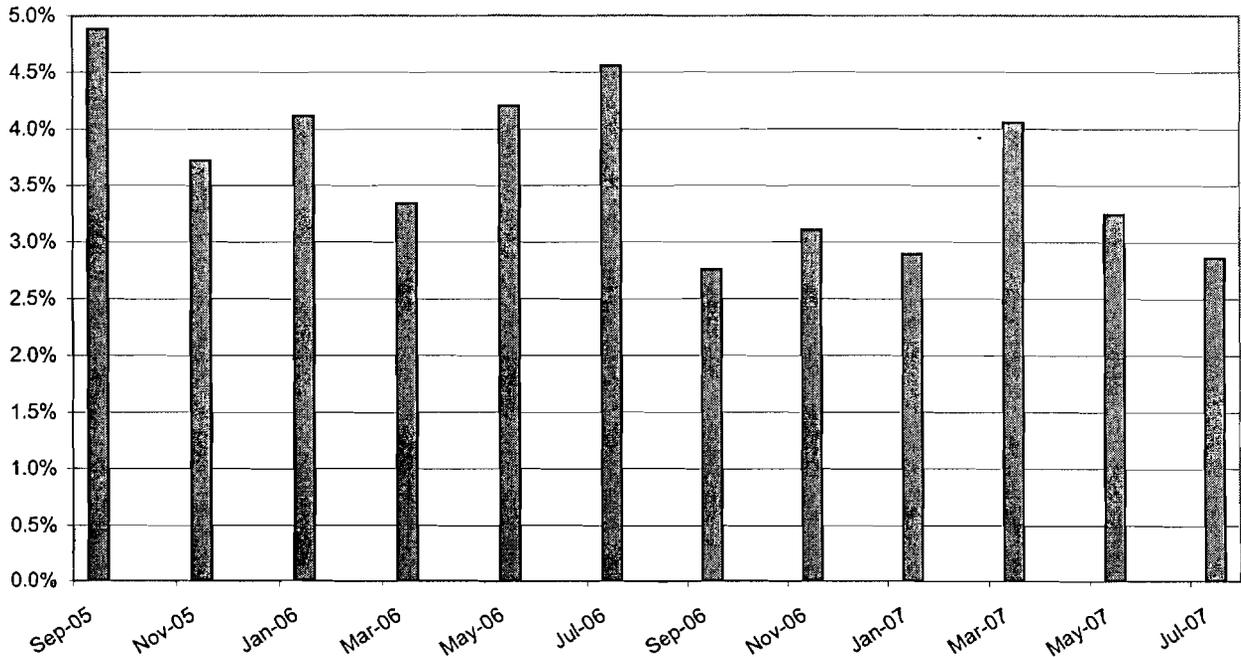


City of Alexandria Selected Economic Indicators

Office Vacancy Rates



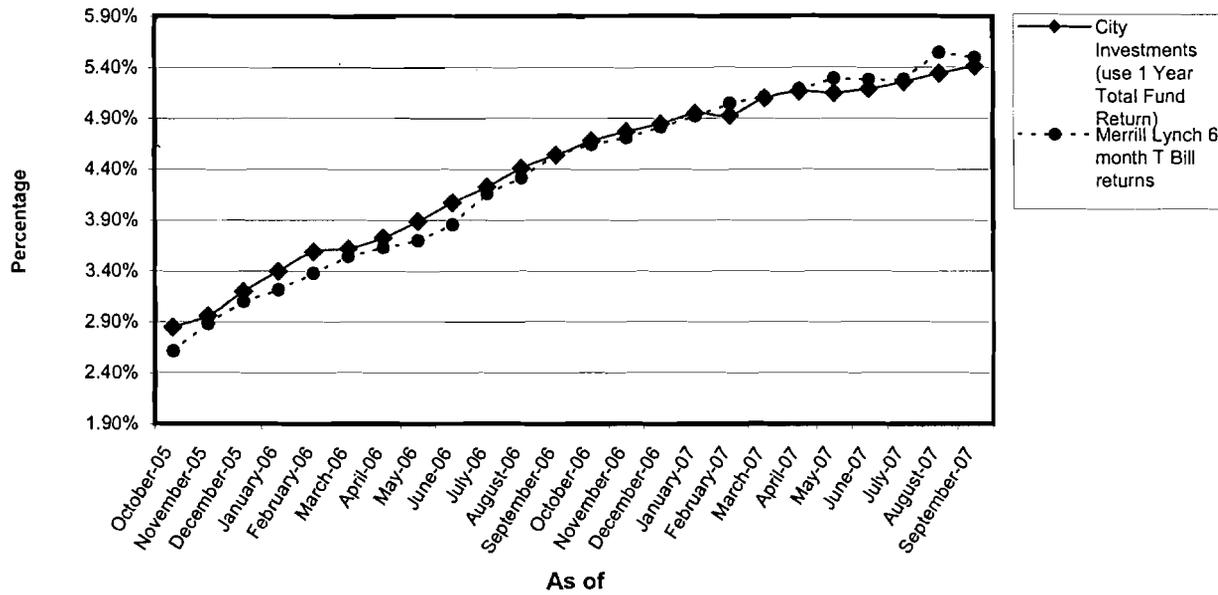
Twelve Month Annualized Percentage Change in Consumer Price Index
Washington/Baltimore



Source: United States Department of Labor, Bureau of Labor Statistics

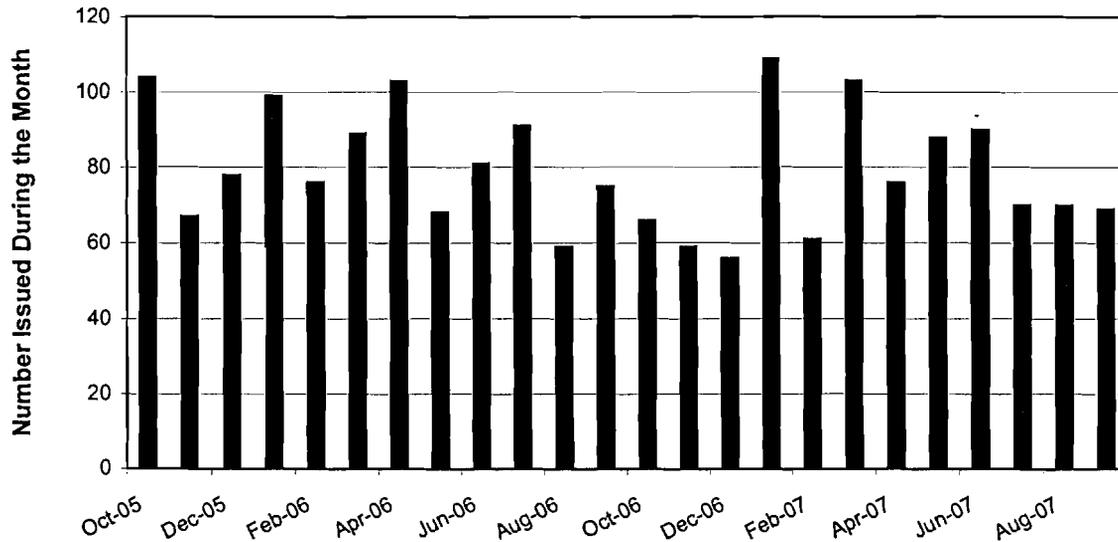
**City of Alexandria
Selected Economic Indicators**

Selected Interest Rates



Source: Suntrust Economic Monitor

New Business Licenses Issued in Alexandria





20
10-23-07

FY 2007 Year End Results

City Council Regular Meeting

Docket Item #20

October 23, 2007



FY 2007 Year End Results

• Additional Revenues	\$9.5 M
• <u>Under Expenditures</u>	<u>\$5.6</u>
Total Available	\$15.1 M



\$9.5 M Additional Revenues

- \$5.8 M real estate tax revenues
 - \$3.2 M favorable PTO lawsuit settlement
 - \$2.6 M improved collection rate
- \$3.7 M other revenues
 - \$1.6 M intergovernmental (mostly jail reimbursement revenues)
 - \$0.9 M recordation taxes
 - \$0.7 M business license taxes
 - \$0.5 M other (mostly restaurant meals and utility taxes)



\$5.6 M in Expenditure Savings

- Human Services lower grant match costs, thus reducing City costs, revealed at year-end close out (mostly in family services)
- MH/MR/SA savings in personnel compensation and professional health and other services
- Lower insurance costs than budgeted in Non-Departmental budget due to good risk record
- Police savings due to vacancies, lower City grant match, other non-personnel savings)
- T&ES savings in commodities, utilities, and contractual services



Emphasis on Financial Management Controls

- Periodic department reports on spending to date and projected spending to end of year
- Controls over year-end spending – early curtain
- Budget transfers within departments monitored and controlled and controlled by OMB
- Increased use of encumbrances for obligations
- Departmental financial management tools
- City-wide Financial Management Council



Proposed Uses

• FY 2009 Operating Budget	\$4.0 M
• FY 2009 CIP	\$7.8
• Fund Balance	\$0.6
• <u>FY 2008 Projects</u>	<u>\$2.7</u>
Total Proposed Uses	\$15.1 M



Fund Balance Designations

for Proposed FY 2008 Projects

(each item will require specific council approval
at a later date)

• T-Pier Dredging	\$1.000M
• Housing Studies	\$0.700
• Fiscal Impact Study and Model	\$0.150
• Cameron Run Study	\$0.490
• CSB Emergency Power Gen.	\$0.125
• <u>City Asset Evaluation</u>	<u>\$0.200</u>
Total FY 2008 Projects Proposed	\$2.665 M