


*City of Alexandria, Virginia*

## MEMORANDUM

DATE: JANUARY 6, 2010

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: MONTHLY FINANCIAL REPORT FOR THE PERIOD ENDING NOVEMBER 30, 2009

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**ISSUE:** Receipt of the City's Monthly Financial Report for the Period Ending November 30, 2009.

**RECOMMENDATION:** That City Council receive the following Monthly Financial Report for the Period Ending November 30, 2009.

**DISCUSSION:** This report includes highlights of the City's financial condition. More detailed information including economic information and charts, and revenue and expenditure charts and references are available with this report from the City of Alexandria web site at [alexandriava.gov/financialreports](http://alexandriava.gov/financialreports).

**ECONOMIC HIGHLIGHTS:**

- **Deflationary period ending:** The Washington area's year CPI increased year-over-year by 1.6%, the first year-over-year increase since April 2009. This return to a modest level of inflation mirrors the same national inflation rate trend.
- **Governor Kaine proposed a budget which would negatively impact local governments including Alexandria:** In his FY 2010-2012, budget, departing Governor Kaine proposed significant reductions of intergovernmental aid to local jurisdictions. Alexandria can expect reductions in HB599 (law enforcement) aid, Compensation Board reimbursements, and K-12 education funding. Current estimates (to be updated in January) will show a decline in General Fund revenues of at least \$2.6 million and at least \$4.4 million including special revenue funds.
- **Residential real estate market popped in November:** Residential real estate sales more than doubled to 183 in November 2009 from 84 in November 2008 which is the most homes sold in any November since 2005. This reflects low mortgage interest rates and the incorrect perception that the limited term federal assistance for first-time homebuyers was going to expire.
- **Commercial real estate development market activity low:** Commercial property sales volume remains very low and no permits for major commercial building projects have been processed by the City since July 2009.

### **REVENUE HIGHLIGHTS:**

- **Year to Date Revenues:** As of November 30, 2009, actual General Fund revenues totaled \$248.9 million, which is 2.5 percent above FY 2009 revenues of \$242.8 million for the same time period last year. With the submission of the FY 2011 budget on February 9, 2010, a revised estimate for FY 2010 revenues will be provided to City Council. At this time we expect that estimate to show a shortfall of between 1 and 2 percent (compared to the original FY 2010 budget estimate of General Fund revenues of \$530.00 million), primarily due to lower real property revenues and intergovernmental revenues.
- **Personal Property Tax:** Revenues collected to date represent 96.0 percent of budgeted revenue. As discussed at the November 7 retreat, preliminary collections to date indicate revenues may exceed the budget by \$0.2 million.
- **Local Sales and Use Taxes:** The substantial increase in sales tax revenue is primarily related to one-time repayments in the prior year (FY 2009) to Fairfax County of \$1.5 million for sales tax collections from businesses with an Alexandria address that are actually located in Fairfax County. Not including the repayment, year-over-year sales from August through October increased just 0.2% compared to last year.
- **Charges for City Services:** Increase in this category is largely due to greater year-to-date collections from parking meter receipts, refuse user charges, and ambulance fees.
- **Revenue from the Use of Money and Property:** Continued decreased revenue in this category reflects the extremely low interest rates budgeted and earned on City operating funds, which are conservatively invested for safety and liquidity reasons.
- **Intergovernmental Revenue:** The decrease in this category through November reflects a change in the timing of Federal payments. Later in the year, the City may experience a shortfall in aid from the Commonwealth due to its ongoing budget problems.

### **EXPENDITURE HIGHLIGHTS:**

- **Year to Date Expenditures:** As of November 30, 2009, actual General Fund expenditures totaled \$183.0 million, a decrease of \$7.7 million, or 4.0 percent, below expenditures for the same period last year.
- **Personnel and non-personnel costs:** With 41.6 percent of the fiscal year completed, total expenditures are 34.1 percent of budget. Personnel costs are running exactly on budget, reflecting the fact that 41.4 percent of the FY 2010 payrolls have been processed by November 30, 2009. Non-personnel expenditures are 30.6 percent of the budget through the first 41.6 percent of the fiscal year. Typically, the City's non-personnel expenditures are 31.0 percent through November so this percentage is only slightly below what is expected through the first five months of the year.
- **Debt Service:** The increase reflects budgeted debt service for bonds previously issued.

**ONLINE REFERENCES:**

Online Reference 1-The Economy

Online Reference 2-Revenues

Online Reference 3-Expenditures

**STAFF:**

Bruce Johnson, Chief Financial Officer

Laura Triggs, Finance Director

Ray Welch, Controller

Melinda Barton, Revenue Collection Specialist

Eric Eisinger, Budget Analyst

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# Monthly Financial Report through November 30, 2009

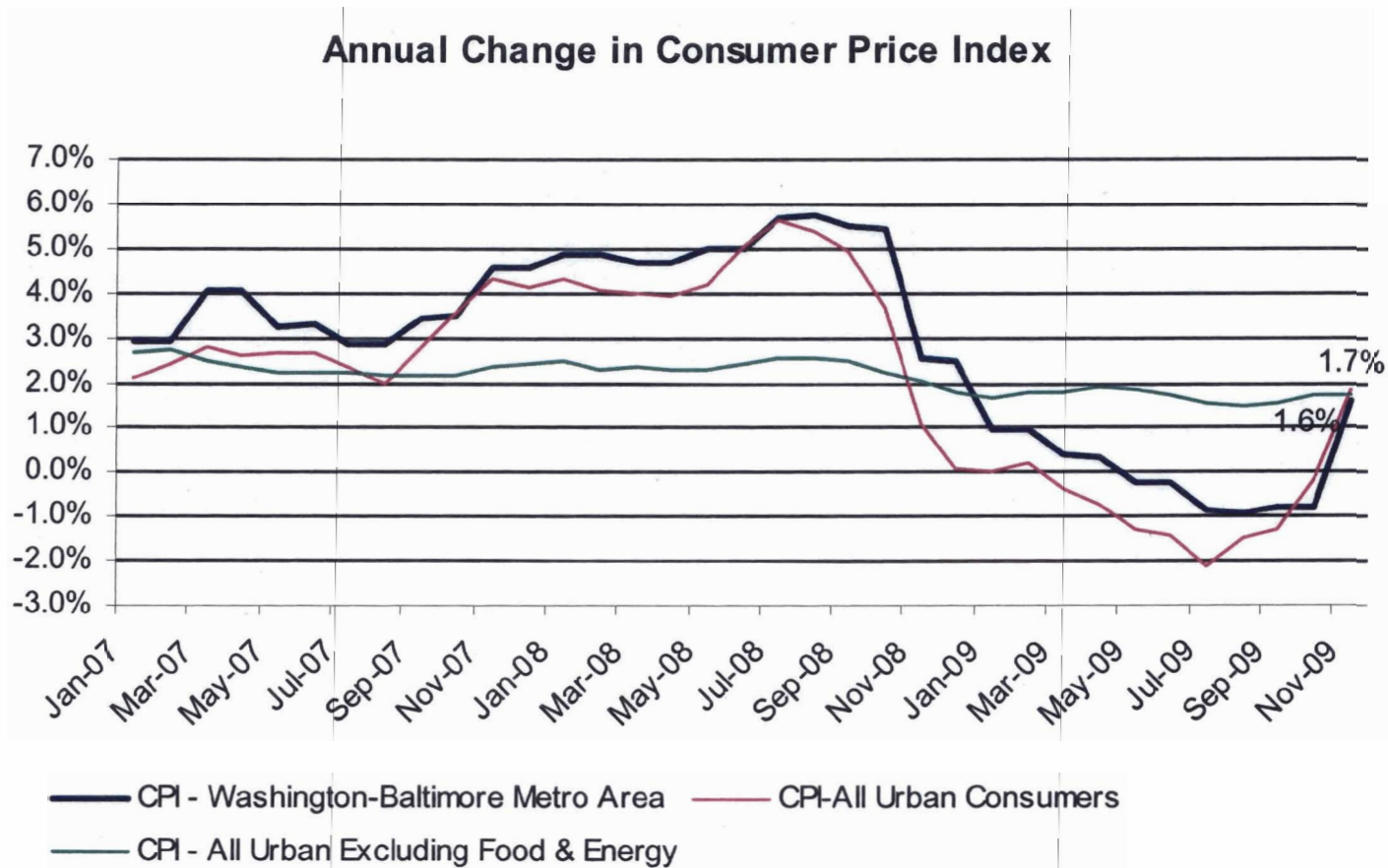
January 12, 2010



City of Alexandria

Monthly Financial Report

# Economic Highlights



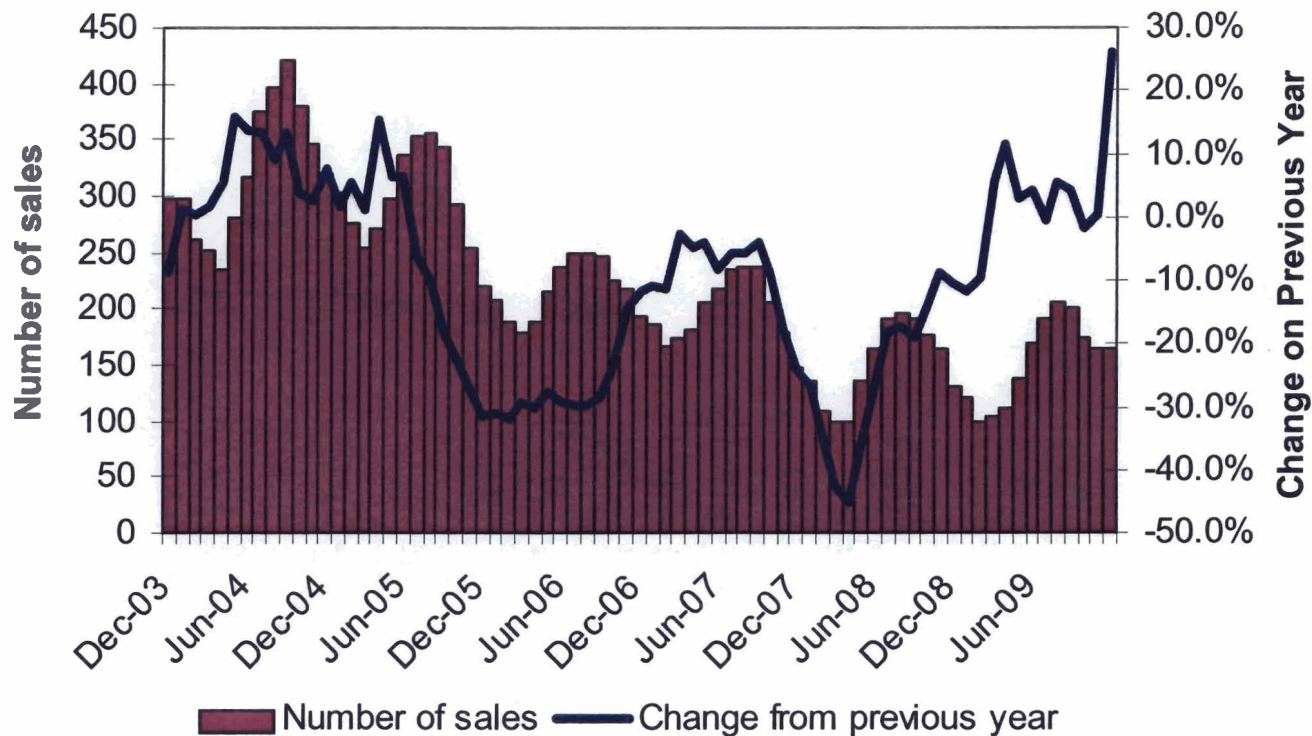
# Estimated State Revenue Reductions FY 2010

	FY 10 Approved May 2009	Jan. estimate	Jan est. comp to Approved
<b>General Fund</b>			
HB 599	6,156,548	5,642,553	(513,995)
Comp Board - Finance	680,078	554,639	(125,439)
Comp Board - Circuit Court Clerk	974,319	884,956	(89,363)
Comp Board - Commonwealth's Atty.	1,284,409	1,109,777	(174,632)
Comp Board - Sheriff	5,296,189	4,653,638	(642,551)
Board of Elections - Registrar	66,946	60,246	(6,700)
Highway Maintenance	6,614,602	6,421,944	(192,658)
State prisoner reimbursement	1,000,000	950,000	(50,000)
<b>Total</b>	<b>22,073,091</b>	<b>20,277,753</b>	<b>(1,795,338)</b>
<b>Non-General Fund</b>			
Library			(9,666)
CSB	MHMRSA		(265,596)
Jail Diversion Funding	MHMRSA		(12,100)
Mental Health Block Grant	MHMRSA		(41,873)
State Support of Health Reduction	Health		(106,952)
VJCCCA grant funds	CSU		(12,605)
VCA Services to the Field Grant	Recreation		(1,500)
<b>Total</b>			<b>(450,292)</b>
<b>Outside agencies</b>			
5% reduction for NOVA Detention Fac.			(30,970)
<b>Total</b>			<b>(30,970)</b>
<b>GRAND TOTAL</b>			<b>(2,276,600)</b>



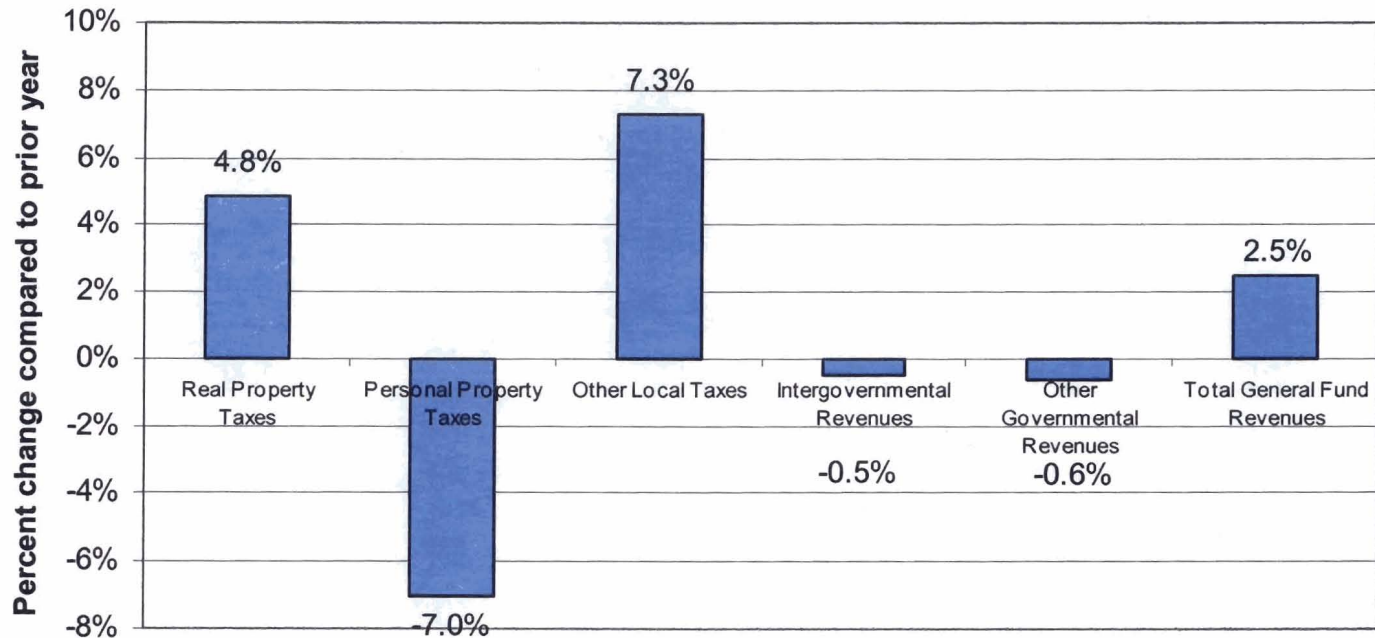
# Economic Highlights

## Residential Property Sales Volume Three Month Trailing Average



# Revenue Highlights

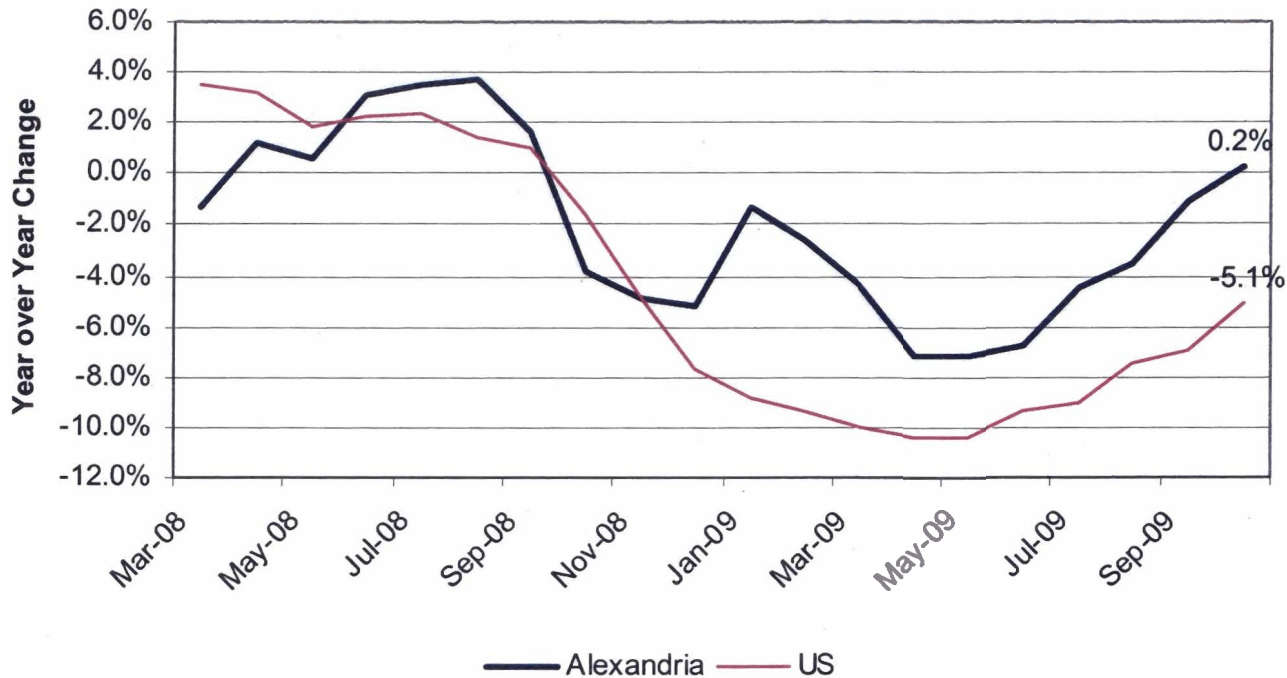
Change in year-to-date revenues  
FY 2010 compared to FY 2009



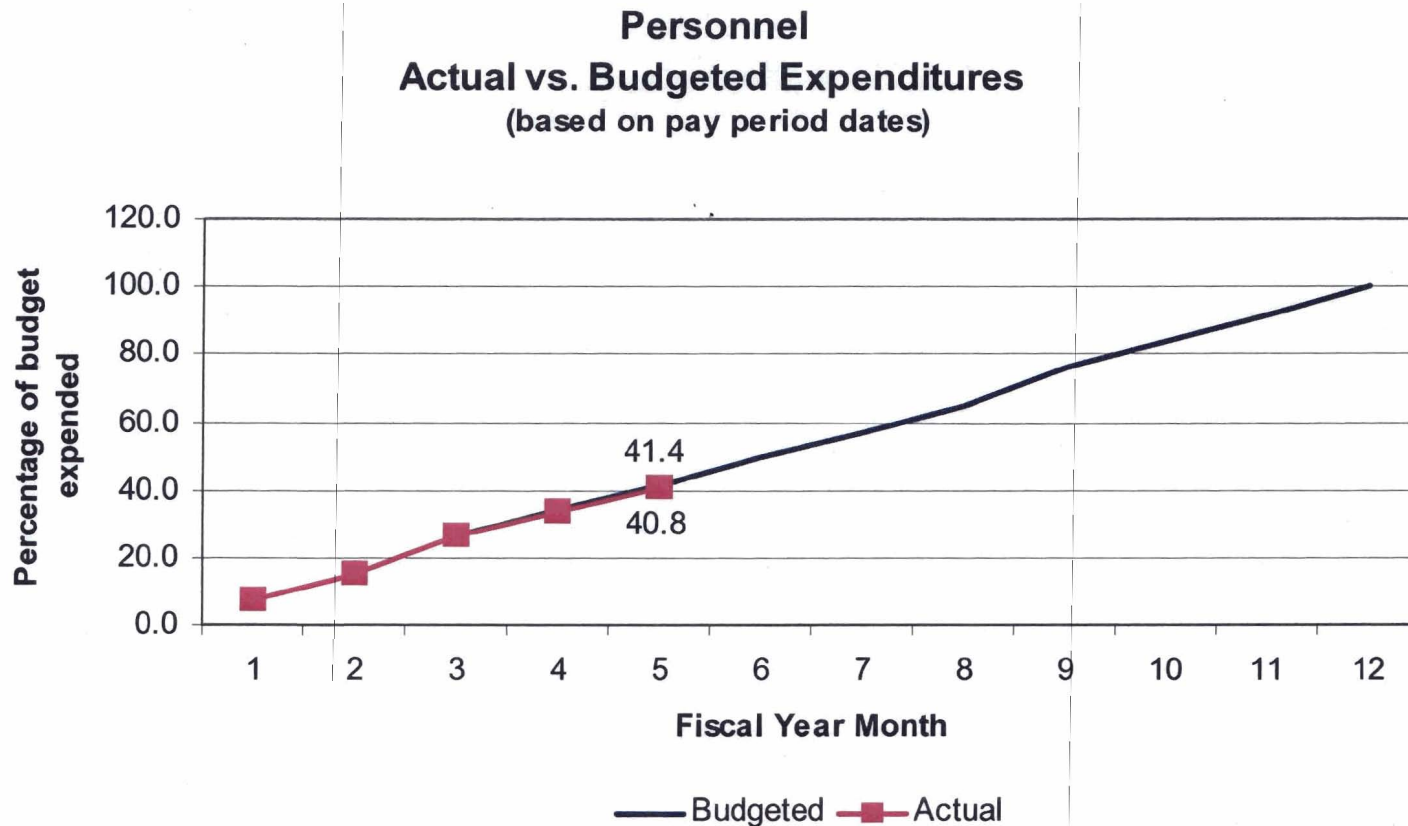


# Revenue Highlights

**Annual Change in Retail Sales**  
3 month trailing average



# Expenditure Highlights



# Expenditure Highlights

**Non-Personnel  
Actual vs. Budgeted Expenditures**  
(based on prior two years' pattern)

