

*City of Alexandria, Virginia*

## MEMORANDUM

DATE: FEBRUARY 1, 2010

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: MONTHLY FINANCIAL REPORT FOR THE PERIOD ENDING  
DECEMBER 31, 2009

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**ISSUE:** Receipt of the City's Monthly Financial Report for the Period Ending December 31, 2009.

**RECOMMENDATION:** That City Council receive the following Monthly Financial Report for the Period Ending December 31, 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). Also, the FY 2011 Proposed Operating Budget to be presented to City Council at this legislative session contains additional detail on forecasts for revenues for the remainder of FY 2010 and FY 2011.

**ECONOMIC HIGHLIGHTS:**

- **Tax Rates and Tax Burdens reveals Alexandria's tax burden is among the lowest of surrounding jurisdictions:** The District's Office of Revenue Analysis' recently published *Tax Rates and Tax Burdens: Washington Metropolitan Area 2008* shows that in all but one income category, Alexandria's total state and local tax burden ranks 5<sup>th</sup> or 6<sup>th</sup> among the six large inside-the-beltway jurisdictions.
- **The number of hotel rooms rented in the City was up while the average room rate was down:** The number of hotel rooms rented year-over-year rose 14% while the average room rate decreased from \$155 to \$140 from November 2008 to November 2009.
- **The rate increase in office vacancies was minimal in the 4<sup>th</sup> quarter:** Alexandria's office vacancy rate increased by one tenth of a percentage point to 16.2% in the 4<sup>th</sup> quarter of 2009.
- **Estimated unemployment in Alexandria dropped in November to 4.5% from its peak of 5.3% in May.**

### **REVENUE HIGHLIGHTS:**

- **Year to Date Revenues:** As of December 31, 2009, actual General Fund revenues totaled \$265.6 million, which is 3.2 percent above FY 2009 revenues of \$257.4 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. That estimate will show a shortfall of \$6.6 million or 1.2% (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 97.6 percent of budgeted revenue. As discussed previously, preliminary collections to date indicate revenues may exceed the budget by \$0.2 million. Any State reduction in its personal property tax relief subsidy would not occur until FY 2011.
- **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. Excluding one-time repayments, year-over-year retail sales from September through November are up around 1.3%.
- **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:** Until the General Assembly and the Governor agree on a budget, actual revenues for FY 2011 in this category will not be known.

### **EXPENDITURE HIGHLIGHTS:**

- **Year to Date Expenditures:** As of December 31, 2009, actual General Fund expenditures totaled \$227.1 million, a decrease of \$4.8 million, or 2.1 percent, below expenditures for the same period last year.
- **Personnel and non-personnel costs:** With half of the fiscal year completed, total expenditures are 42.3 percent of budget. Personnel costs are running exactly on budget, reflecting the fact that 49.0 percent of the FY 2010 payrolls have been processed by December 31, 2009. Non-personnel expenditures are 39.1 percent of the budget through the first half of the fiscal year. Typically, the City's non-personnel expenditures are 39.3 percent through December so this percentage is only slightly lower than what is expected through the first six 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:**

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