

City of Alexandria, Virginia

MEMORANDUM

DATE: MAY 26, 2010

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: MONTHLY FINANCIAL REPORT FOR THE PERIOD ENDING APRIL 30, 2010

ISSUE: Receipt of the City's Monthly Financial Report for the Period Ending April 30, 2010.

RECOMMENDATION: That City Council receive the following Monthly Financial Report for the Period Ending April 30, 2010.

DISCUSSION: This report includes highlights of the City's current economic and financial condition. More detailed information, including economic information and charts as well as revenue and expenditure charts and references are available with this report from the City of Alexandria web site at alexandriava.gov/financialreports. Also, the FY 2011 budget presented to City Council in February contains additional detail on forecasts for revenues for the remainder of FY 2010 and FY 2011. Updated revenue forecasts were presented to Council by Budget Memorandum #67 and discussed during the add/delete review April 26 and are included with this report.

ECONOMIC HIGHLIGHTS:

- **The recovery may be looking less like a V-shaped recovery and more like a U-shaped recovery.** Gross Domestic Product (GDP) rose 3.2% during the 1st quarter, a touch less than the long-term average from 1946 to 2010 of 3.32% but above the 1.7% average rate of growth since 2000.
- **The economic recovery is starting to become visible in Alexandria's revenue numbers:** March year-over-year tax sales tax collections increased by around 7% compared to last March, while the three month moving average improved sharply. The average hotel room rate in March increased compared to last year.
- **The residential real estate is mixed:** Residential sales increased compared to last year while the average sales price was flat. Foreclosures were up for the second straight month.

- **New commercial construction remains in the doldrums:** The year-to-date value of new commercial construction permits is down by 83% compared to last year, as the availability of financing for new commercial building construction remains problematic.

REVENUE HIGHLIGHTS:

- **Year-to-Date Revenues:** As of April 30, 2010, actual General Fund revenues totaled \$334.2 million, which is 0.01 percent below FY 2009 revenues of \$334.3 million for the same period last year. Council received updated revenue forecasts at the April 26 Budget work session. That estimate shows a revenue shortfall of \$8.1 million or 1.5 percent compared to the original FY 2010 budget estimate of General Fund revenues of \$530 million, primarily due to lower assessments than previously forecast, lower business license and sales tax revenue, and lower intergovernmental revenues. Note that the revenue estimate shown in Online Reference 2 is now greater because it includes the final real estate tax rate of 97.8 cents per \$100 of assessed value approved on May 3. This rate includes an allocation of 0.5 cents of the property tax increase to pay for storm water sewer infrastructure, providing \$0.8 million in FY 2010.
- **Local Sales and Use Taxes:** Excluding one-time repayments of \$1.5 million made in the prior year, year-to-date retail sales collections from July through March are 2.0 percent below last year.
- **Business License Taxes:** The City's business license tax was due March 1, 2010. Collections-to-date in the amount of \$28.0 million represent a difference in the timing for payments made by businesses. As indicated in the April re-estimates, receipts will be lower than budgeted by \$1.9 million.
- **Licenses, Permit and Fees:** Decreased revenue in this category represents lower permit fees collected for building permits, reflecting the continued slowdown in building activity in the City.
- **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 remain conservatively invested for safety and liquidity reasons.

EXPENDITURE HIGHLIGHTS:

- **Year-to-Date Expenditures:** As of April 30, 2010, actual General Fund expenditures totaled \$372.7 million, a decrease of \$7.2 million, or 1.9 percent, below expenditures for the same period last year.
- **Personnel and non-personnel costs:** With 83.3 percent of the fiscal year completed, total expenditures are 69.4 percent of budget. Personnel costs are running slightly below budget at 82.1 percent, reflecting the fact that 83.52 percent of the FY 2010 payrolls have been processed. This equates to a savings of close to \$2.0 million compared to the budgeted amount. Non-personnel expenditures are 62.9 percent of the budget through the first ten months of the fiscal year. Typically, the City's non-personnel expenditures are at 62.9 percent of the budget through April, so this percentage is what is expected through the first ten months of the year.
- **Debt Service:** The increase reflects budgeted debt service for bonds previously issued.
- **Snow removal:** A recap of expenditures related to snow removal is below:

<u>Storm</u>		<u>Actual Expenditures as of 5/11/2010</u>
December 2009	City	\$0.8 million
February 2010	City	\$7.0 million

All of the City expenditures related to the two major snowstorms currently are charged to the special revenue fund. Those costs for which the City is not reimbursed, or has no reasonable expectation of reimbursement from the federal or state government, will have to be transferred back to the General Fund during the year-end close out. The City will work with federal and state officials to determine what portion of the cost for each snowstorm will be reimbursed.¹ At this time, we estimate 75 percent of these costs will be reimbursed.

- **Expenditure savings:** Significant FY 2010 expenditure savings totaling approximately \$10.0 million will be realized from a number of sources. Budget memo #68 describes these expenditure savings and revenue re-estimates and their combined affect on the expected end-of-year fund balance on June 30, 2010.

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, Comptroller

Melinda Barton, Revenue Collection Specialist

Eric Eisinger, Budget Analyst

¹ The Schools have also estimated \$1.3 million in expenses related to the February snow storms.

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Monthly Financial Report

April 2010

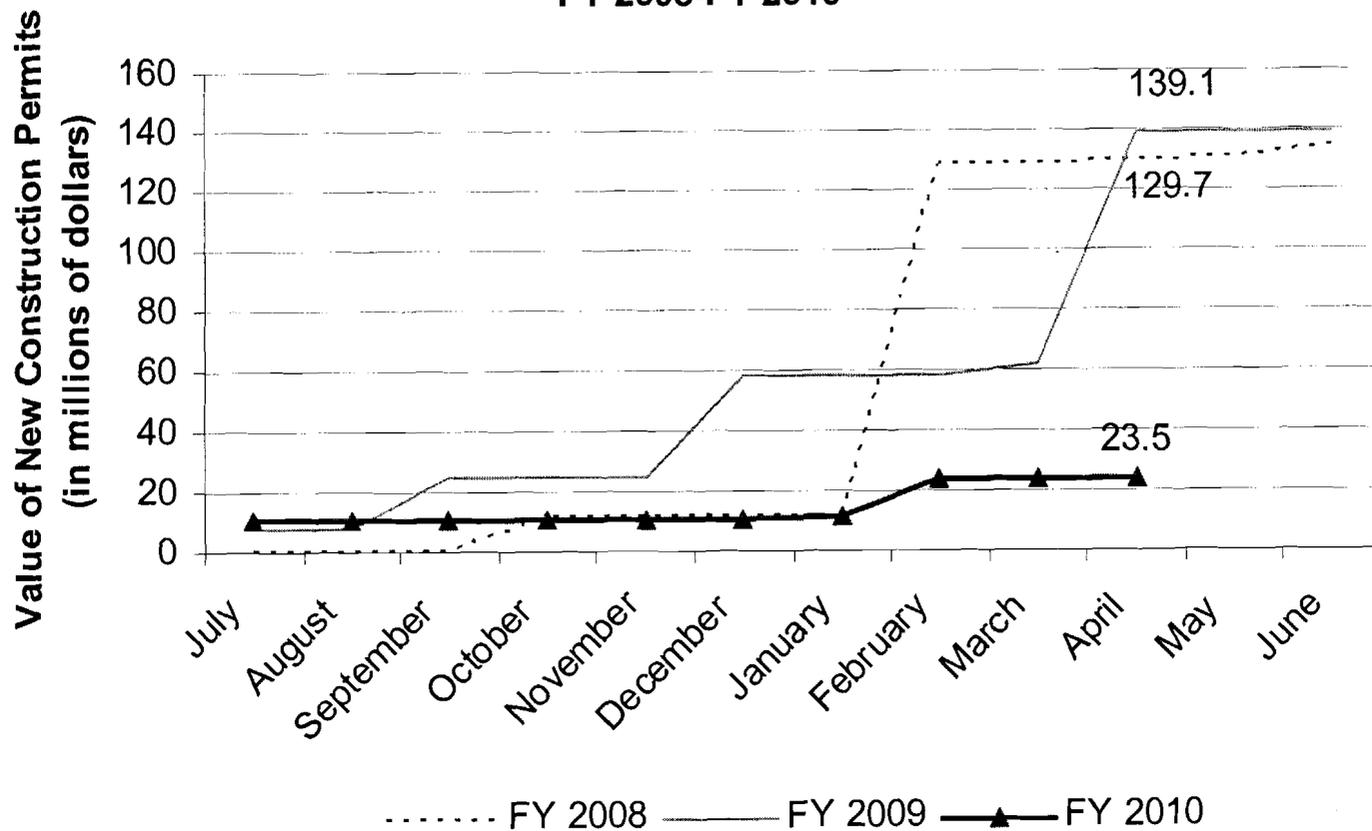


City of Alexandria

Monthly Financial Report

Economic Indicators

Cumulative Value of Commercial Property New Construction Permits FY 2008-FY 2010



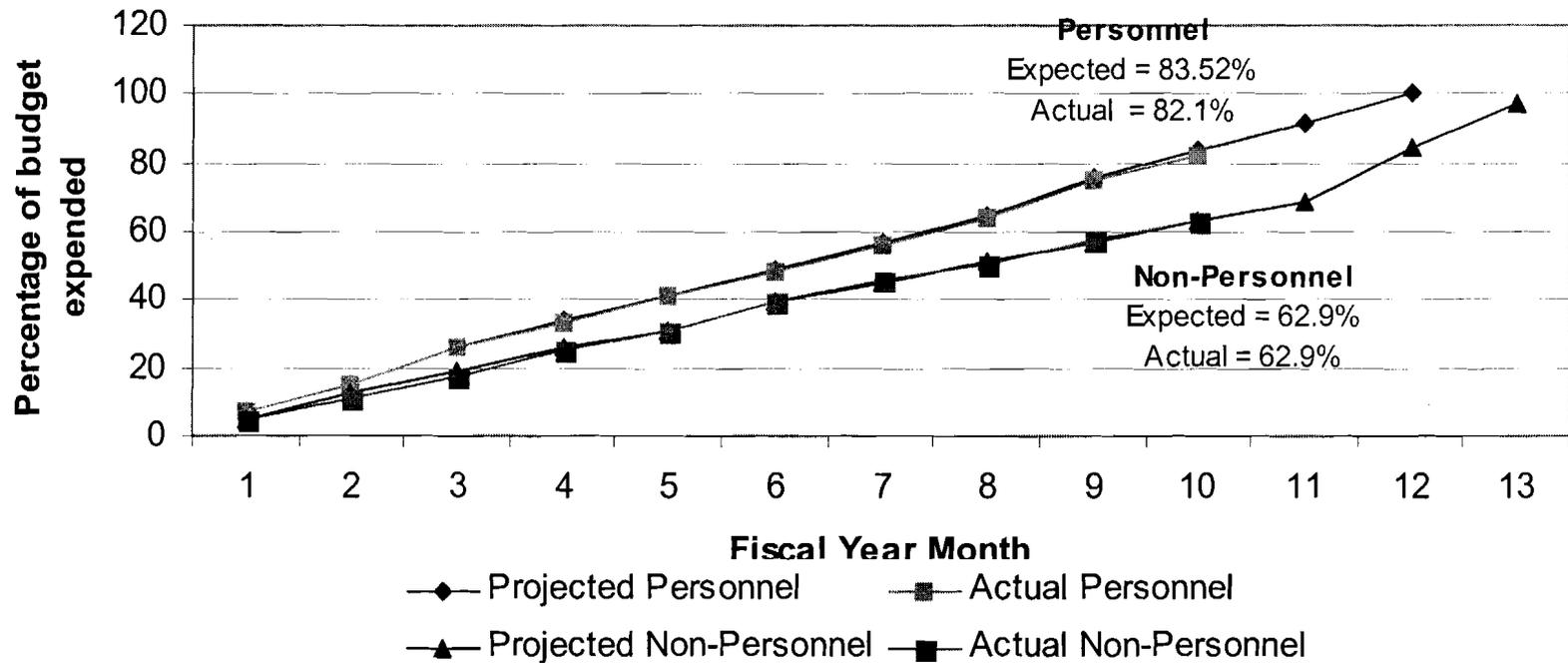
Revenue Highlights

- Revenues remain consistent with budget projections provided during the FY2011 Budget development process



Expenditure Highlights

Actual vs. Expected Expenditures through April Personnel and Non-personnel



Expenditure Highlights

- Clear Fiscal Guidance
- Managing for Results
- Department Fiscal Discipline

