

*City of Alexandria, Virginia*

## MEMORANDUM

DATE: DECEMBER 1, 2009

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

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

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

**RECOMMENDATION:** That City Council receive the following Monthly Financial Report for the Period Ending October 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).

**ECONOMIC HIGHLIGHTS**

- **The national economy is growing:** During the 3<sup>rd</sup> quarter of 2009, the U.S. economy expanded for the first time in five quarters, driven largely by stimulus spending.
- **Problems remain:** The national unemployment rate reached 10.2% in October, the highest level since 1983. However, from September 2008 to September 2009, the Washington DC area experienced the lowest job loss of any major metro area in the country (1.2%). Alexandria's unemployment rate is 4.8%, and has held relatively steady from January through September.
- **Sales tax revenues still declining but less rapidly:** Year-over-year sales tax revenue dropped by only 1.1% compared to last year for the three month period ending in September, a noticeable improvement after the steep downturn last fall. The rate of decline in April and May was 7.2% below the previous year. Nationally, retail sales are still down 7.0% in September.
- **Real estate market mixed to negative:** Through the end of October, year-to-date residential sales volume in Alexandria increased by 3.5%, while the average price is 5.7% below last year's price. The Urban Land Institute predicts that in 2010, commercial "transaction markets will begin to thaw and value declines will average more than 40% off mid-2007 pricing peaks...However, the nation's capital always ranks number one...in market surveys during a recession...its dominant employer-the federal government-never shrinks and often expands in bad times."

## **REVENUE HIGHLIGHTS**

- **Year to Date Revenues:** As of October 31, 2009, actual General Fund revenues totaled \$93.9 million, which is 0.2 percent below FY 2009 revenues of \$94.2 million for the same time period last year.
- **Personal Property Tax:** Revenues collected to date represent 94.9 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.
- **Charges for City Services:** Increase in this category is largely due to greater year-to-date collections from parking meter receipts and ambulance fees.
- **Revenue from the Use of Money and Property:** Continued decreased revenue in this category reflects the extremely low interest rates being earned on City operating funds, which are conservatively invested for safety and liquidity reasons.

## **EXPENDITURE HIGHLIGHTS:**

- **Year to Date Expenditures:** As of October 31, 2009, actual General Fund expenditures totaled \$148.8 million, a decrease of \$6.0 million, or 3.9 percent, below expenditures for the same period last year.
- **Personnel and non-personnel costs:** With one third of the fiscal year completed, total expenditures are 27.9 percent of budget. Non-personnel expenditures are only one fourth of budget through the first third of the fiscal year. Personnel costs are running exactly on budget, reflecting the fact that 33.72 percent of the FY 2010 payrolls have been processed by October 31, 2009.
- **Debt Service:** The increase reflects budgeted debt service for bonds previously issued.
- **Non-Departmental Expenditures:** The decrease from the prior year represents a budgeted payment of \$5.6 million made to the Other Post-employment Benefits (OPEB) Trust Fund in July 2008 for FY 2009. For FY 2010, the \$5.6 million will be paid on a quarterly basis. As of October 31, 2009, \$2.8 million has been transferred to the Trust Fund.

## **ONLINE REFERENCES:**

Online Reference 1-The Economy

Online Reference 2-Revenues

Online Reference 3-Expenditures