


10-13-09*City of Alexandria, Virginia*

## MEMORANDUM

DATE: OCTOBER 2, 2009

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

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

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

**RECOMMENDATION:** That City Council receive the following Monthly Financial Report for the Period Ending August 31, 2009.

**DISCUSSION:** The format of the Monthly Financial Report will be changing. Beginning with the monthly financial report for the period ending September 30, 2009, the hard copy Monthly Financial Report will include only a two page cover memo. This report is based on the new format but includes hard copies of what will be only "on-line references" in the future. More detailed information including economic highlights, revenue highlights, and expenditure highlights are available with this report from Alexandria's web site ([alexandriava.gov/financialreports](http://alexandriava.gov/financialreports)) as a link from the electronic version of the docket memo. Note that in the "on-line references" many graphs have been redesigned and new ones added with this report to give a more complete picture of the local economy.

**ECONOMIC HIGHLIGHTS**

- **The national recession may be over:** Federal Reserve Board chairman Ben Bernanke recently stated that the recession was "very likely over" and that forecasters agree that "at this point we are in a recovery."
- **Alexandria's economic outlook brightens:** The local economy is showing signs of improvement. The unemployment rate dropped for a second straight month to 4.9% in July and a three month trailing average of sales tax collections has been improving since April.
- **Recovery in real estate to lag:** While year-to-date residential sales through August show the first increase since 2004, the average residential sales price through August is 6.2% less than last year. The commercial real estate market remains weak and its future uncertain with declines likely.
- **Intergovernmental revenue:** In September, the Governor proposed additional reductions that would reduce intergovernmental aid to the City by over \$1.3 million,

including over \$1.0 million in General Fund revenues. As needed, Staff will provide updated reduction estimates on October 13, at the time the Monthly Financial Report is presented.

### **REVENUE HIGHLIGHTS**

- **Year to Date Revenues:** As of August 31, 2009, actual General Fund revenues totaled \$19.1 million, which is \$0.8 million or 4% below FY 2009 revenues of \$19.9 for the same time period last year.
- **Charges for services:** Increased revenue in this category reflects increases in ambulance fees and parking meter receipts.
- **Use of Money and Property:** Because of low market interest rates, the City earned 0.46% on an annualized basis on its short-term investments during August compared to 2.57% last year.

### **EXPENDITURE HIGHLIGHTS:**

- **Year to Date Expenditures:** As of July 31, 2009 actual General Fund expenditures totaled \$66.1 million, a decrease of \$8.0 million, or 10.8%, below expenditures for the same period last year.
- **Lower personnel costs:** Lower personnel costs in FY 2010 reflect a one-time pay supplement paid in early FY 2009, as well as the impact of fewer Full-Time Equivalents (FTE's) funded in the FY 2010 Approved budget.
- **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 of FY 2009. For FY 2010, the OPEB payment will be spread throughout the year.

**FISCAL YEAR 2009 UNAUDITED CLOSEOUT:** The Finance Department has closed out FY 2009 in preparation for the annual outside audit. During FY 2010 budget deliberations, City Council directed that at least \$4.3 million in surplus FY 2009 funds be realized -- \$2.3 million from additional revenues primarily due to the increase in the real estate tax rate and at least \$2.0 million in additional expenditure savings beyond the \$10 million in expenditure reductions implemented in fall of last year. The City has achieved both of those targets -- exceeding on a pre-audit basis the revenue projection made in April for FY 2009 by \$0.6 million and the expenditure savings target by \$1.6 million.<sup>1</sup> All departments finished the year on budget or with a surplus. Also, revenue estimates made in February and April proved to be very close to the final results. Managing our way through the chaotic economic environment of FY 2009 in such as fashion is an accomplishment that is a credit to all departments and the City Council.

This close out means the unreserved fund balance at the end of FY 2009 will be \$1.35 million higher than the April projection. These funds may be made available as designations for FY

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<sup>1</sup> This surplus is calculated after considering the need for the reappropriation of some surplus to fund encumbrances (\$2.0 million) and incomplete projects (\$1.6 million) in FY 2010 and reserves for inventories and notes (\$2.3 million).

2011 CIP needs of the FY 2011 operating budget, or used to increase the undesignated fund balance, or some combination thereof. City staff will make a recommendation on the use of these funds and other fund balances in the context of the presentation of the FY 2009 Comprehensive Annual Financial Report scheduled to be presented to City Council at its November 10 legislative meeting.

**ONLINE REFERENCES**

- Online Reference 1 – Economic Highlights
- Online Reference 2 – Revenue Highlights
- Online Reference 3 – Expenditure Highlights

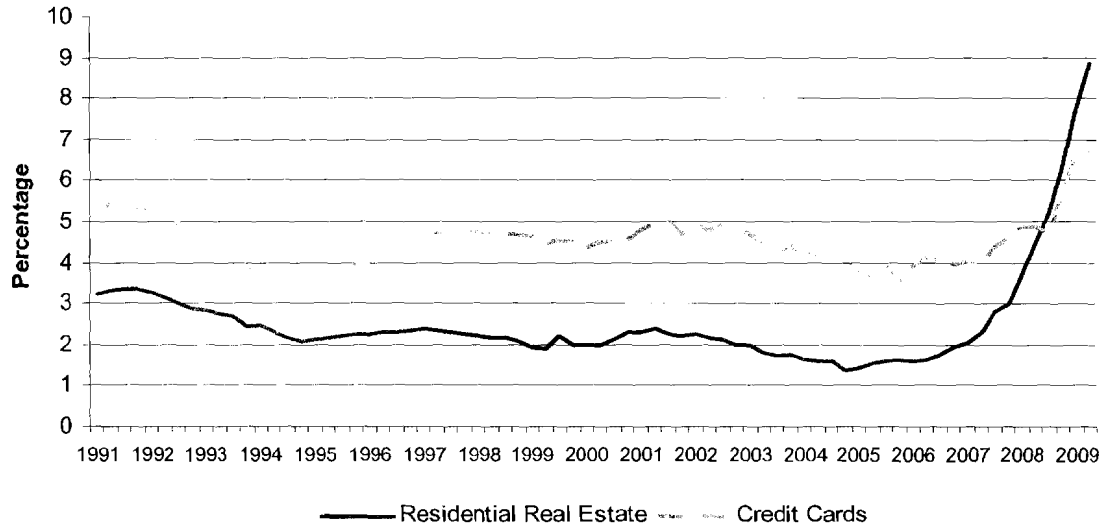
**ECONOMY:**

**Online Reference 1**

**National Economy.** The U.S. economy is showing signs of improvement. In a Brookings Institution forum the week of September 14, Federal Reserve Board Chairman Bernanke declared that the recession “was very likely over” and that forecasters generally agree that “at this point we are in a recovery.” In its September 23, 2009 statement, the Federal Reserve Open Market Committee suggested that “economic activity has picked up following its severe downturn,” and that “financial markets have improved further” and “activity in the housing sector has increased.” Despite its more optimistic outlook, the FOMC is maintaining the federal funds rate at 0 to ¼ percent and will continue to support the residential real estate market through the continued purchase of mortgage backed securities, which lower mortgage interest rates, through the first quarter of next year.

In the short run, government support is making up for the shortfall in consumer demand, but consumer expenditures make up around 70% of the economy, and in the longer term, without increases in consumer spending, it is likely that any recovery will be tepid. As the chart below illustrates, the highly leveraged American consumer is facing difficulties dealing with existing debt which may inhibit future spending.

**National Delinquency Rates**



Second quarter 2009 delinquency rates for mortgage debt are almost three times the previous high. Credit card delinquencies are also at a record high.

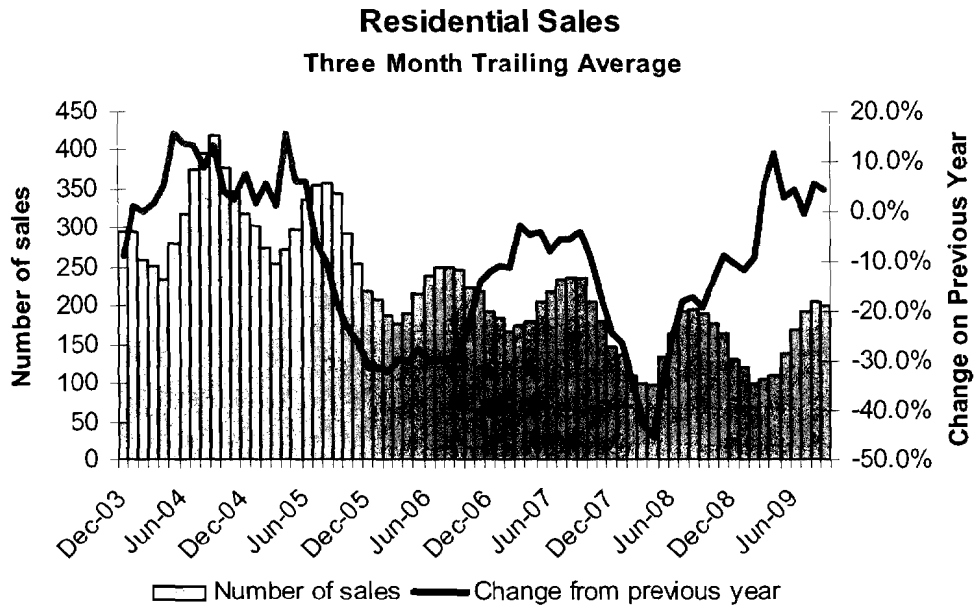
**Alexandria’s economy and revenues.** There are indications that the City of Alexandria is emerging from the recession more quickly than the nation as a whole. In July, the City’s employment rate dropped for the second straight month to 4.9%, a little more than half of the national unemployment rate. So, too, Virginia’s unemployment rate dropped for a second straight month to 6.5% in August. A three month average of sales tax collections ending in July was off by 4.5% in Alexandria compared to last year, while US

retail sales were down by 9.1% during that same period. While the inauguration effect in January provided a temporary boost to this moving average, most significant is that the three month moving average has been increasing since April. Transient lodging collections from the \$1 per room fee were up by 8% for the three month period ending in July, while the take from the lodging tax was down by 1.8%. This is evidence that hotels have been cutting their room rates to maintain occupancy levels. Beginning in September, business travel becomes relatively more important than leisure travel which may have implications for revenues going forward. Meals tax collections were down by about 3% year-over-year through June on a three month trailing average. That number was steady from April through June.

In August, the Commonwealth of Virginia reduced its General Fund revenue forecast for the fourth time since the original 2008-2010 budget was adopted. The Governor has announced a new series of reductions which would reduce the City's revenues by over \$1.3 million in total, including over \$1.0 million in General Fund reductions below the budgeted amounts. On September 8, the City's Legislative Director presented preliminary estimates of the cuts to Council. As needed, staff will provide updated reduction estimates on October 13, at the time the Monthly Financial Report is presented.

**Real Estate**

Data show a mixed to slightly negative picture in the residential real estate market. The good news is that residential real estate sales volume for the year-to-date through August 2009 increased 4.1% compared to last year. The increase was the first year-over-year increase in sales since 2004. Even with the modest uptick in sales, the number of homes sold is less than half of the number sold at the peak in 2004.



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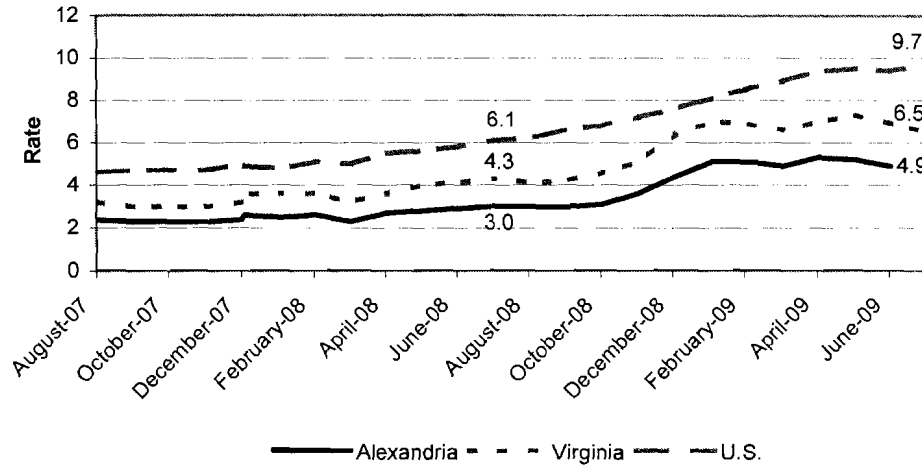
The average sales price for the year to date through August was \$440,652, 6.23% less than a year ago at this time. The number of foreclosures in Alexandria increased sharply in August to their highest level since December 2008. However, year-to-date foreclosures in Alexandria are running about 15% behind last year's pace. According to Realtytrac, a company that tracks foreclosure rates, Alexandria continues to have the second lowest rate of foreclosures in the region, behind Arlington County. Regionally, a year-over-year comparison of Realtytrac's foreclosure rates from August 2008 to August 2009 shows half of the eight local jurisdictions have lower foreclosure rates and half have higher foreclosure rates. It should be noted that a major support to the lower end of the market, the first time homebuyer's tax credit, will expire at the end of November unless extended by Congress.

As Council was briefed in June, the credit crunch hit the commercial real estate market hard, and the commercial real estate market is trending downward. Nationally, commercial property sales this year may fall to an 18 year low. In Alexandria, the number of year-to-date commercial real estate sales in Alexandria through August 2009 is down by over 60% compared to August 2007. There is also little new commercial construction activity. The American Institute of Architects' billing index, an indication of future construction activity, has been contracting since January 2008. Any recovery in the commercial real estate market is likely to lag the overall economic recovery by a considerable time period, and in fact the City (as well as the region and much of the country) will see commercial real estate assessments decline going forward).

**CITY OF ALEXANDRIA  
SELECTED ECONOMIC INDICATORS**

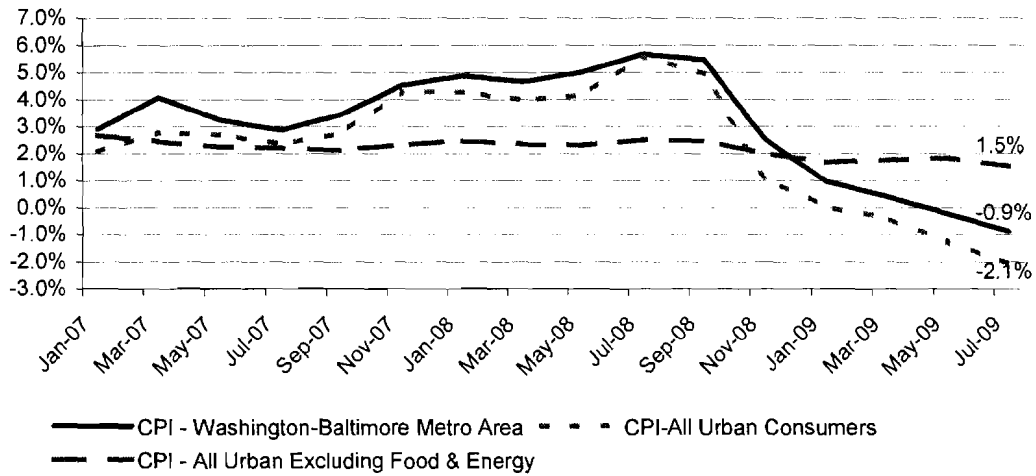
|                                                                                                       | <u>Current<br/>Year</u> | <u>Prior<br/>Year</u> | <u>Percent<br/>Change</u> |
|-------------------------------------------------------------------------------------------------------|-------------------------|-----------------------|---------------------------|
| <b><u>Consumer Price Index (CPI-U)</u></b>                                                            |                         |                       |                           |
| <b>for the Washington-Baltimore,<br/>DC-MD-VA-WV Area</b>                                             |                         |                       |                           |
| (As of July 31, 2009)                                                                                 | 140.8                   | 142.1                 | -0.9%                     |
| (Source: Published bi-monthly<br>by United States Department of<br>Labor, Bureau of Labor Statistics) |                         |                       |                           |
| <b><u>Unemployment Rates</u></b>                                                                      |                         |                       |                           |
| <b>Alexandria</b> (As of July 31, 2009)                                                               | 4.9%                    | 2.9%                  | +69%                      |
| <b>Virginia</b><br>(As of August 31, 2009)                                                            | 6.5%                    | 4.3%                  | +51%                      |
| (Source: United States Department<br>of Labor, Bureau of Labor<br>Statistics, as adjusted)            |                         |                       |                           |
| <b>United States</b><br>(As of August 31, 2009)                                                       | 9.7%                    | 6.1%                  | +59%                      |
| (Source: United States Department<br>of Labor, Bureau of Labor<br>Statistics)                         |                         |                       |                           |
| <b><u>New Business Licenses</u></b>                                                                   |                         |                       |                           |
| (During August 2009)                                                                                  |                         |                       |                           |
| (Source: Finance Department,<br>Business Tax Branch)                                                  | 65                      | 67                    | -3%                       |
| <b><u>Office Vacancy Rates</u></b>                                                                    |                         |                       |                           |
| (As of June 30, 2009)                                                                                 |                         |                       |                           |
| <b>Alexandria</b>                                                                                     | 14.6%                   | 6.3%                  | +132%                     |
| <b>Northern Virginia (1<sup>st</sup> quarter)</b>                                                     | 15.2%                   | 13.2%                 | +15%                      |
| <b>Washington DC Metro Area</b>                                                                       | 14.2%                   | 12.0%                 | +18%                      |
| (Source: Grubb & Ellis)                                                                               |                         |                       |                           |
| <b><u>New Commercial Construction</u></b>                                                             |                         |                       |                           |
| (Fiscal YTD as of August 31, 2009)                                                                    |                         |                       |                           |
| <b>Number of New Building Permits</b>                                                                 | 2                       | 1                     | +100%                     |
| <b>Value of New Building Permits</b>                                                                  | 10.6                    | 7.9                   | +34%                      |
| (Source: Fire Department<br>Office of Code Enforcement)                                               |                         |                       |                           |
| <b><u>Residential Real Estate Indicators</u></b>                                                      |                         |                       |                           |
| (YTD ending August 31, 2009)                                                                          |                         |                       |                           |
| <b>Residential Dwelling Units Sold</b>                                                                | 1293                    | 1242                  | +4.1%                     |
| <b>Average Residential Sales Price</b>                                                                | \$440,652               | \$469,932             | -6.2%                     |
| (Source: Department of<br>Real Estate Assessments)                                                    |                         |                       |                           |

### Unemployment Rates - U.S., Virginia, and Alexandria



Source: U.S. Department of Labor, Bureau of Labor Statistics  
 U.S. & Virginia through August 2009, Alexandria through July 2009

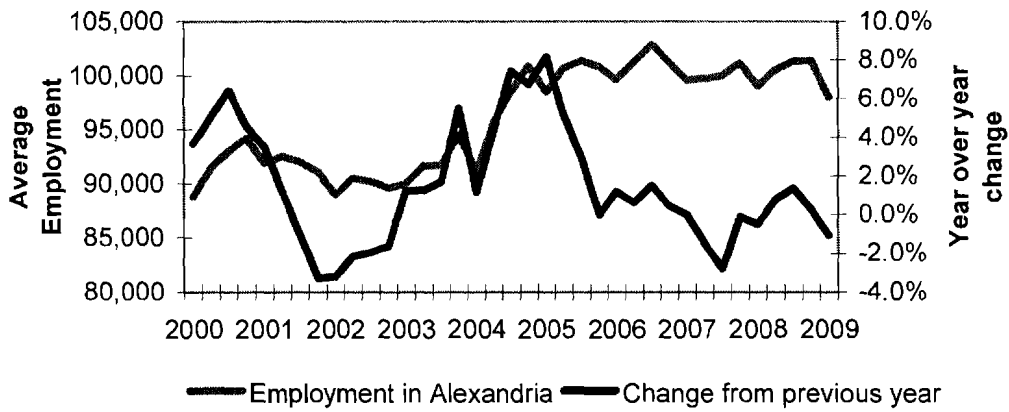
### Annual Change in Consumer Price Index



Source: U.S. Department of Labor, Bureau of Labor Statistics  
 Through July, 2009

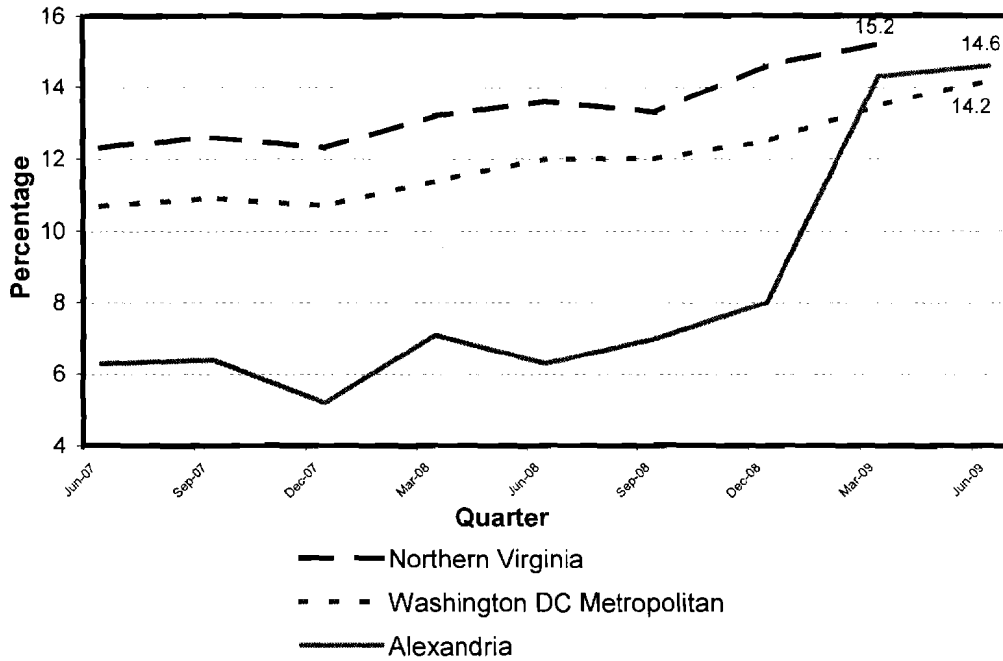


### Employment in Alexandria by quarter



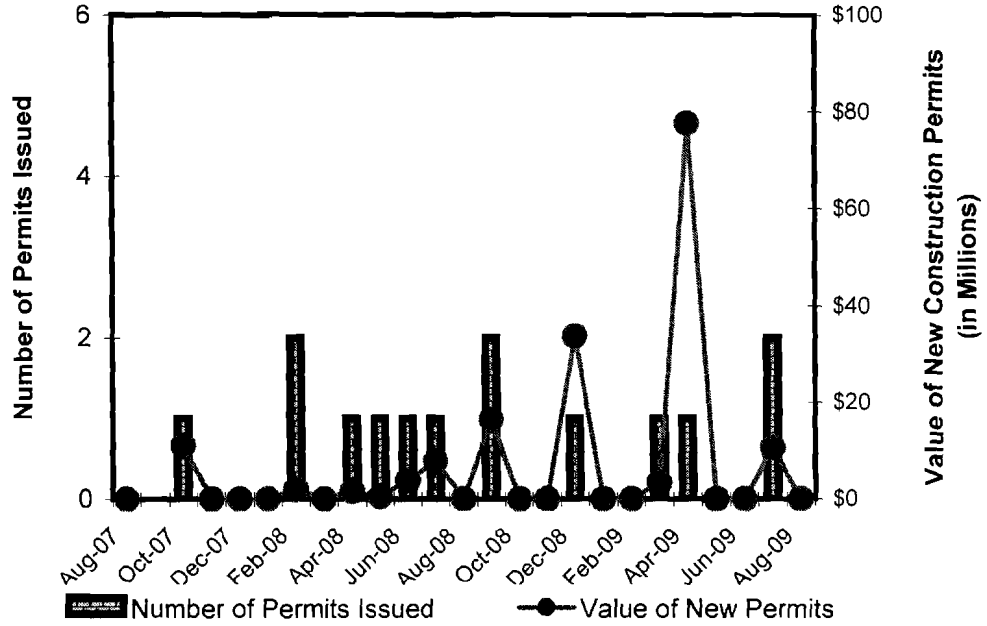
Source: Virginia Employment Commission  
Through 1st quarter 2009

### Office Vacancy Rates



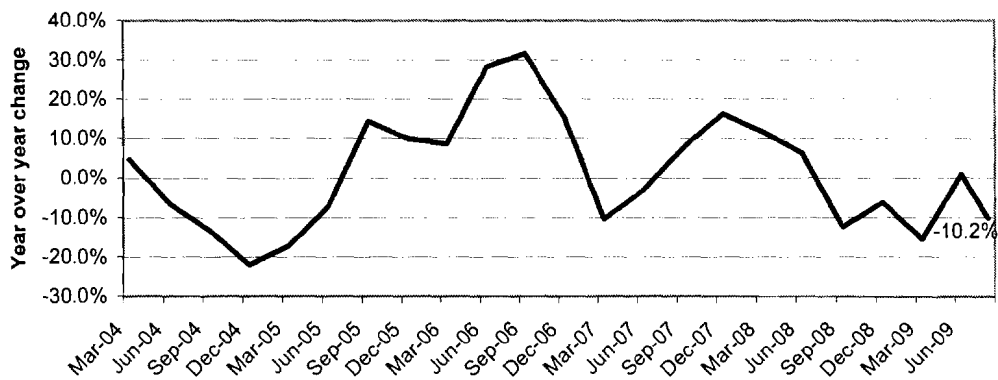
Source: Grubb & Ellis  
Alexandria, DC Metro through 2nd quarter, 2009  
Northern Virginia through 1st quarter, 2009

**Alexandria New Commercial Construction  
Number of Permits and  
Value of New Construction Permits**



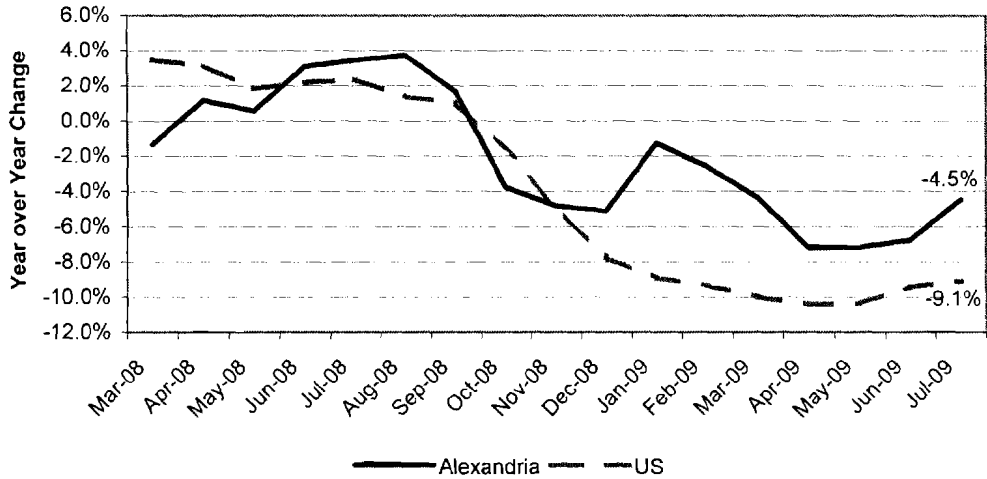
Source: Code Enforcement  
Through August, 2009

**New Business Licenses Issued in Alexandria  
3 mos. Moving average year over year change**



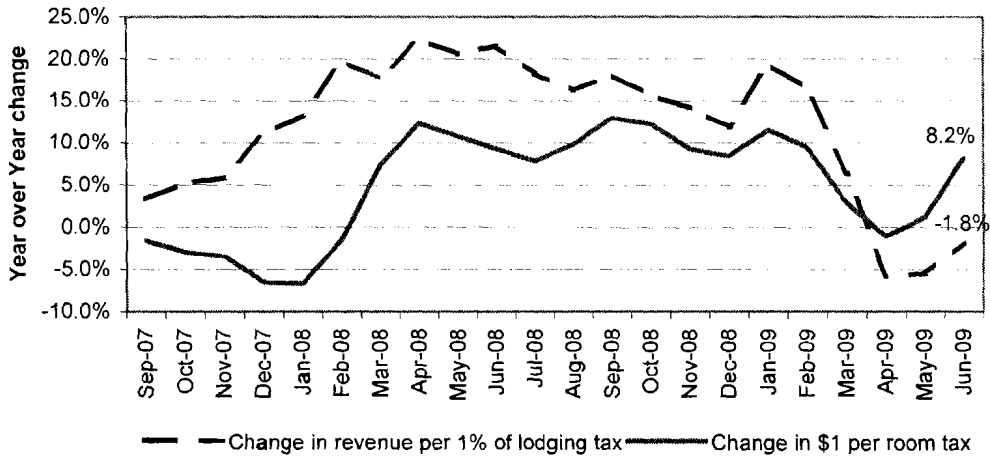
Source: Finance Department  
Through: August 2009

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



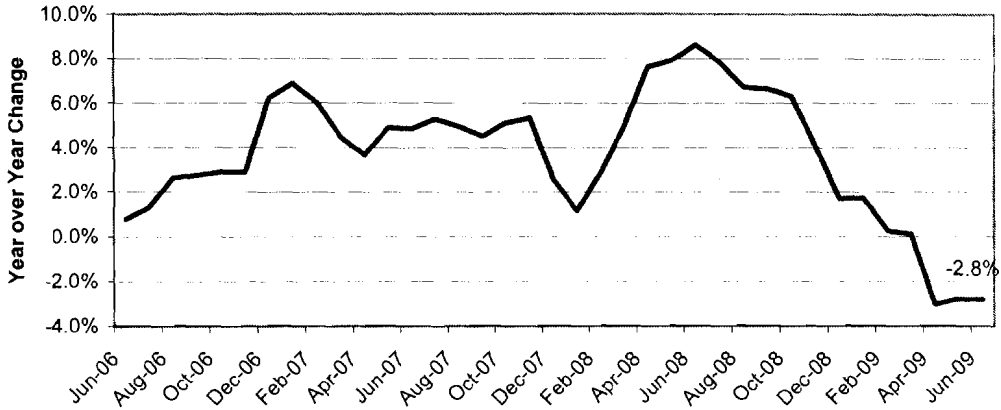
Source: Finance Department  
Through: July 2009

**Annual Change in Transient Lodging Tax Receipts**  
3 month trailing average



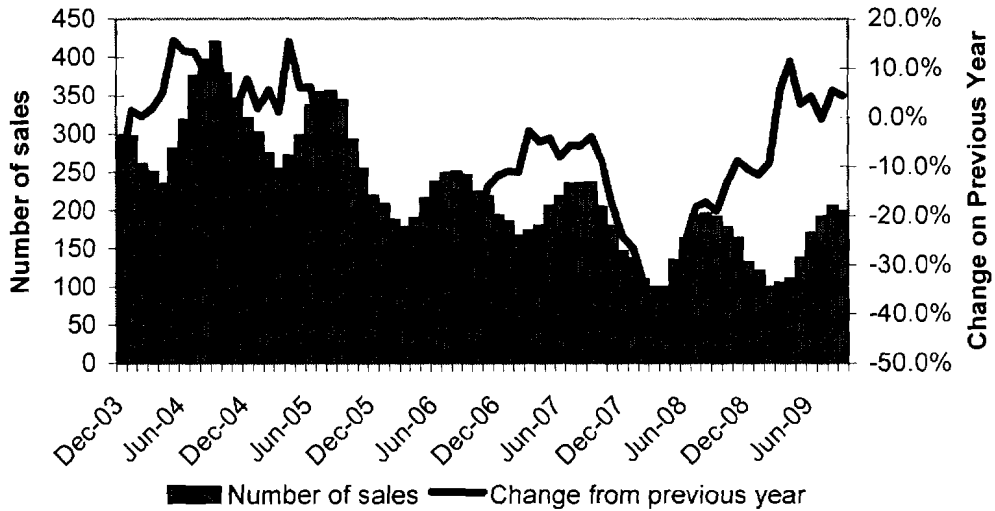
Source: Finance Department  
Through June 2009

**Annual Change in Meals Tax Revenue Per 1 % of Tax**  
3 month trailing average

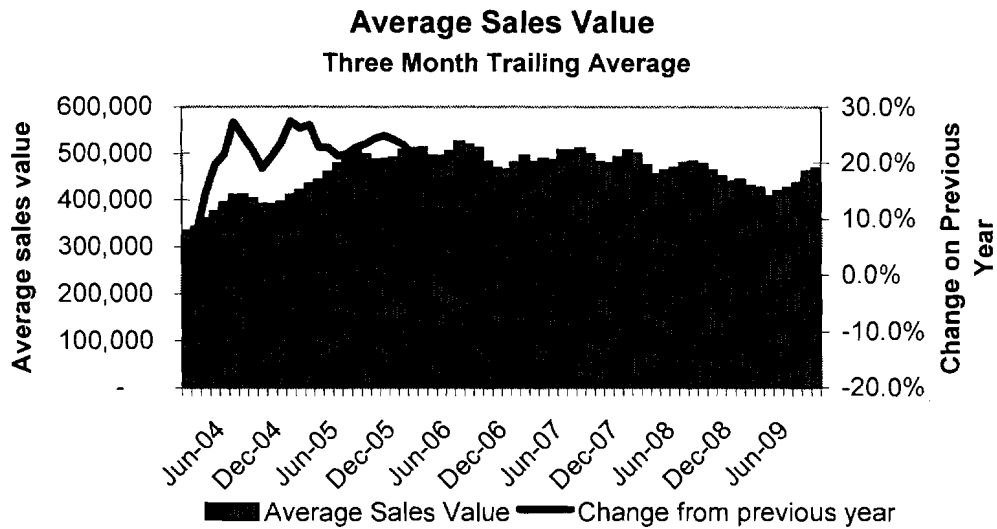


Source: Finance Department  
Through June 2009

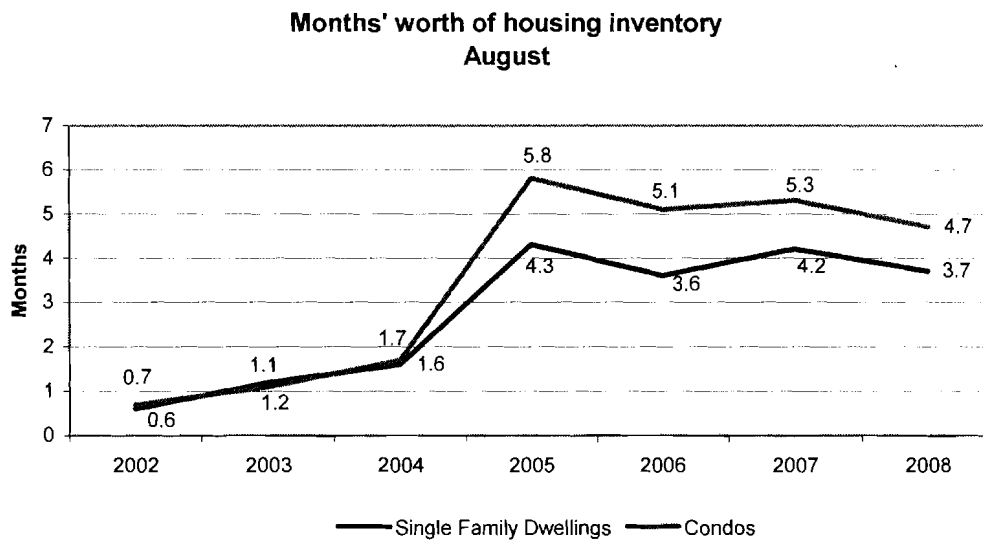
**Residential Sales**  
Three Month Trailing Average



Source: Department of Real Estate Assessments  
Through August 2009

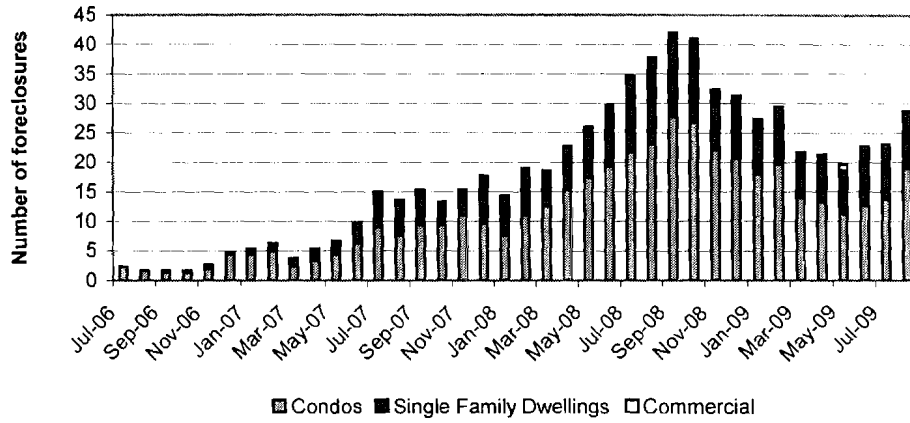


Source: Department of Real Estate Assessments  
Through August 2009



Source: Metropolitan Regional Information Systems  
Through August 2009

**New Foreclosures in Alexandria  
Three Month Trailing Average**



Source: Department of Real Estate Assessments  
Through August 2009

**CITY OF ALEXANDRIA, VIRGINIA  
COMPARATIVE STATEMENT OF REVENUES  
GENERAL FUND  
FOR THE PERIODS ENDING AUGUST 31, 2009 AND AUGUST 31 2008**

|                                                                                      | A                              | B                            | C                                   | D=C/B        | E                                   | F=C/E      |
|--------------------------------------------------------------------------------------|--------------------------------|------------------------------|-------------------------------------|--------------|-------------------------------------|------------|
|                                                                                      | FY2009<br>PRE-AUDIT<br>ACTUALS | FY2010<br>APPROVED<br>BUDGET | FY2010<br>REVENUES<br>THRU 08/31/09 | %            | FY2009<br>REVENUES<br>THRU 08/31/08 | %          |
|                                                                                      |                                |                              |                                     | OF BUDGET    |                                     | CHANGE     |
| <b>General Property Taxes</b>                                                        |                                |                              |                                     |              |                                     |            |
| Real Property Taxes.....                                                             | \$ 295,518,893                 | \$ 296,281,111               | \$ 517,413                          | 0.2%         | \$ 163,190                          | 217%       |
| Personal Property Taxes.....                                                         | 36,023,945                     | 31,300,000                   | 428,506                             | 1.4%         | 612,972                             | -30%       |
| Penalties and Interest.....                                                          | 1,939,225                      | 1,870,000                    | 70,418                              | 3.8%         | 68,240                              | 3%         |
| <b>Total General Property Taxes</b>                                                  | <b>\$ 333,482,063</b>          | <b>\$ 329,451,111</b>        | <b>\$ 1,016,337</b>                 | <b>0.3%</b>  | <b>\$ 844,402</b>                   | <b>20%</b> |
| <b>Other Local Taxes</b>                                                             |                                |                              |                                     |              |                                     |            |
| Local Sales and Use Taxes.....                                                       | \$ 21,679,635                  | \$ 24,050,000                | -                                   | 0.0%         | \$ -                                | 0%         |
| Consumer Utility Taxes.....                                                          | 10,409,248                     | 10,600,000                   | -                                   | 0.0%         | -                                   | 0%         |
| Communication Sales and Use Taxes.....                                               | 11,268,560                     | 11,800,000                   | -                                   | 0.0%         | -                                   | 0%         |
| Business License Taxes.....                                                          | 30,527,956                     | 30,100,000                   | 180,576                             | 0.6%         | 174,466                             | 4%         |
| Transient Lodging Taxes.....                                                         | 10,592,806                     | 11,000,000                   | 904,554                             | 8.2%         | 861,882                             | 5%         |
| Restaurant Meals Tax.....                                                            | 14,912,796                     | 15,200,000                   | 1,017,858                           | 6.7%         | 993,346                             | 2%         |
| Tobacco Taxes.....                                                                   | 2,719,084                      | 3,100,000                    | 269,325                             | 8.7%         | 257,008                             | 5%         |
| Motor Vehicle License Tax.....                                                       | 3,085,288                      | 3,200,000                    | 142,768                             | 4.5%         | 268,603                             | -47%       |
| Real Estate Recordation.....                                                         | 3,206,705                      | 3,100,000                    | 356,771                             | 11.5%        | 334,722                             | 7%         |
| Admissions Tax.....                                                                  | 1,103,782                      | 1,050,000                    | 114,692                             | 10.9%        | 122,684                             | -7%        |
| Other Local Taxes.....                                                               | 2,765,510                      | 2,730,000                    | 5,760                               | 0.2%         | 112,121                             | -95%       |
| <b>Total Other Local Taxes</b>                                                       | <b>\$ 112,271,370</b>          | <b>\$ 115,930,000</b>        | <b>\$ 2,992,304</b>                 | <b>2.6%</b>  | <b>\$ 3,124,832</b>                 | <b>-4%</b> |
| <b>Intergovernmental Revenues</b>                                                    |                                |                              |                                     |              |                                     |            |
| Revenue from the Federal Government.....                                             | \$ 8,919,582                   | \$ 7,464,523                 | \$ -                                | 0.0%         | \$ -                                | 0%         |
| Personal Property Tax Relief from the<br>Commonwealth.....                           | 23,578,531                     | 23,578,531                   | 11,789,265                          | 50.0%        | 11,789,265                          | 0%         |
| Revenue from the Commonwealth.....                                                   | 20,597,014                     | 22,314,591                   | -                                   | 0.0%         | 622,352                             | -100%      |
| <b>Total Intergovernmental Revenues</b>                                              | <b>\$ 53,095,127</b>           | <b>\$ 53,357,645</b>         | <b>\$ 11,789,265</b>                | <b>22.1%</b> | <b>\$ 12,411,617</b>                | <b>22%</b> |
| <b>Other Governmental Revenues And<br/>Transfers In</b>                              |                                |                              |                                     |              |                                     |            |
| Fines and Forfeitures.....                                                           | \$ 4,116,453                   | \$ 4,781,325                 | \$ 641,617                          | 13.4%        | \$ 534,035                          | 20%        |
| Licenses and Permits.....                                                            | 4,827,422                      | 5,367,759                    | 770,412                             | 14.4%        | 772,382                             | 0%         |
| Charges for City Services.....                                                       | 12,404,166                     | 12,852,808                   | 1,213,509                           | 9.4%         | 1,055,618                           | 15%        |
| Revenue from Use of Money & Property.....                                            | 4,433,015                      | 3,859,476                    | 635,525                             | 16.5%        | 1,061,032                           | -40%       |
| Other Revenue.....                                                                   | 1,065,129                      | 785,987                      | 67,769                              | 8.6%         | 103,450                             | -34%       |
| Transfer from Other Funds.....                                                       | 2,223,910                      | 1,301,560                    | -                                   | 0.0%         | -                                   | 0%         |
| <b>Total Other Governmental Revenues</b>                                             | <b>\$ 29,070,095</b>           | <b>\$ 28,948,915</b>         | <b>\$ 3,328,832</b>                 | <b>11.5%</b> | <b>\$ 3,526,517</b>                 | <b>-6%</b> |
| <b>TOTAL REVENUE</b>                                                                 | <b>\$ 527,918,655</b>          | <b>\$ 527,687,671</b>        | <b>\$ 19,126,738</b>                | <b>3.6%</b>  | <b>\$ 19,907,368</b>                | <b>-4%</b> |
| <b>Appropriated Fund Balance</b>                                                     |                                |                              |                                     |              |                                     |            |
| General Fund.....                                                                    |                                | 5,415,347                    | -                                   |              | -                                   | 0%         |
| Reappropriation of FY 2009 Encumbrances<br>And Other Supplemental Appropriations.... |                                | -                            | -                                   |              | -                                   | 0%         |
| <b>TOTAL</b>                                                                         | <b>\$ 527,918,655</b>          | <b>\$ 533,103,018</b>        | <b>\$ 19,126,738</b>                | <b>3.6%</b>  | <b>\$ 19,907,368</b>                | <b>-4%</b> |

**Revenue Summaries**

**FY 2010 Approved Budget :** Includes initial appropriation at start of fiscal year plus any reappropriation of encumbrances and other supplemental appropriations.

**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.

**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 State's share of the local personal property tax payment for FY 2010 was capped at \$23.6 million. In FY 2010, this amount will cover approximately 73 percent of most taxpayers' bills. It covered approximately 69 percent of most taxpayers' bills in FY 2009, which was the same rate that was provided in FY 2008.

**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.

**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.

**Communications Tax:** Businesses remit the communications tax to the Commonwealth within 30 days of the end of the month in which the service occurred. The Commonwealth wires the City's portion of the communication tax one month later.

**Business License Taxes:** The City's business license tax is due March 1, 2010. These collections are counted and analyzed in March. Most collections prior to March represent collections from taxpayers who pay on a quarterly basis.

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

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

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

**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.

**Admissions Tax:** The admissions taxes are remitted to the City within one month after collections.



**Charges for Services:** Revenues in this category include refuse user charges, ambulance fees, clerk fees and parking meter receipts. Increased revenue in this category reflects increases in ambulance fees and parking meter receipts.

**Revenue from Use of Money & Property:** Revenues in this category include interest on investments, parking garage/lot fees and rental of property income. The City earned 0.5 percent on an annualized basis on its investments during July, compared to 2.82 percent last year.

## **Explanation of Modified Accrual Accounting**

In accordance with accounting and reporting requirements established by the Governmental Accounting Standards Board (GASB) and the Auditor of Public Accounts for the Commonwealth of Virginia (APA), revenues collected by the City's agents before June 30, 2009, but not actually received by the City until July or August, are counted or accrued as FY 2009 revenues. These accrued revenues will include:

- Sales Tax collected by merchants in May and June, forwarded to the Commonwealth in June and July and remitted to the City in July and August;
- Consumer Utility Tax billed by the utility companies in May and June, collected by the utility companies in June and July and remitted to the City in July and August;
- Communication Tax billed by the applicable companies in May and June, collected by the utility companies in June and July and remitted to the City in July and August;
- Transient Lodging Tax revenue collected by Alexandria hotels in June and remitted to the City in July;
- Restaurant Meals Tax revenue collected by Alexandria restaurants in June and remitted to the City in July;
- Tobacco Tax revenue collected by the Northern Virginia Cigarette Tax Board in June and remitted to the City in July;
- Real Estate Recordation Tax revenue collected by the Clerk of the Circuit Court in June and remitted to the City in July;
- Admissions Tax revenue collected by Alexandria merchants in June and remitted to the City in July.

The GASB also requires the City to recognize certain General Fund revenues when they are "measurable and available." Tax revenues are deemed to be "measurable" when they are levied, and the APA has defined "available" to include tax collections within 45 days of the fiscal year end. Accordingly, fiscal year end revenues in the following categories will eventually include collections through August 15:

- real property tax
- personal property tax
- property tax penalties and interest payments, and
- business license tax

16.67% of Fiscal Year Completed  
 14.56% of Payrolls Processed

Online Reference 3

**COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION  
 GENERAL FUND  
 FOR THE PERIODS ENDING AUGUST 31, 2009 AND AUGUST 31, 2008**

| FUNCTION                                                                                                                                            | A                              | B                            | C                                       | D=C/B                      | E                                       | F=C/E             |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|------------------------------|-----------------------------------------|----------------------------|-----------------------------------------|-------------------|
|                                                                                                                                                     | FY 2009<br>PREAUDIT<br>ACTUALS | FY2010<br>APPROVED<br>BUDGET | FY2010<br>EXPENDITURES<br>THRU 08/31/09 | %<br>OF BUDGET<br>EXPENDED | FY2009<br>EXPENDITURES<br>THRU 08/31/08 | EXPENDITURES<br>% |
| Legislative & Executive.....                                                                                                                        | \$ 6,770,267                   | \$ 7,530,614                 | \$ 1,079,496                            | 14.3%                      | \$ 1,117,416                            | -3%               |
| Judicial Administration.....                                                                                                                        | \$ 38,343,097                  | \$ 37,926,025                | \$ 5,969,347                            | 15.7%                      | \$ 6,605,705                            | -10%              |
| <b>Staff Agencies</b>                                                                                                                               |                                |                              |                                         |                            |                                         |                   |
| Information Technology Services.....                                                                                                                | \$ 6,675,286                   | \$ 6,504,441                 | \$ 866,386                              | 13.3%                      | \$ 1,136,937                            | -24%              |
| Management & Budget.....                                                                                                                            | 1,121,368                      | 1,139,968                    | 160,179                                 | 14.1%                      | 187,905                                 | -15%              |
| Finance.....                                                                                                                                        | 9,316,826                      | 8,496,407                    | 987,582                                 | 11.6%                      | 1,299,372                               | -24%              |
| Real Estate Assessment.....                                                                                                                         | 1,573,247                      | 1,516,494                    | 208,416                                 | 13.7%                      | 252,900                                 | -18%              |
| Human Resources.....                                                                                                                                | 3,219,974                      | 3,090,821                    | 425,204                                 | 13.8%                      | 624,229                                 | -32%              |
| Planning & Zoning.....                                                                                                                              | 6,410,744                      | 5,337,436                    | 781,307                                 | 14.6%                      | 796,635                                 | -2%               |
| Economic Development Activities.....                                                                                                                | 3,455,816                      | 3,483,153                    | 819,320                                 | 23.5%                      | 802,811                                 | 2%                |
| City Attorney.....                                                                                                                                  | 3,015,941                      | 2,806,519                    | 318,046                                 | 11.3%                      | 324,648                                 | -2%               |
| Registrar.....                                                                                                                                      | 1,377,827                      | 1,070,439                    | 153,835                                 | 14.4%                      | 230,728                                 | -33%              |
| General Services.....                                                                                                                               | 11,790,479                     | 11,400,484                   | 1,249,942                               | 11.0%                      | 1,636,619                               | -24%              |
| <b>Total Staff Agencies</b>                                                                                                                         | <b>\$ 47,957,508</b>           | <b>\$ 44,846,162</b>         | <b>\$ 5,970,217</b>                     | <b>13.3%</b>               | <b>\$ 7,292,784</b>                     | <b>-18%</b>       |
| <b>Operating Agencies</b>                                                                                                                           |                                |                              |                                         |                            |                                         |                   |
| Transportation & Environmental Services.....                                                                                                        | \$ 27,206,561                  | \$ 27,157,855                | \$ 3,907,805                            | 14.4%                      | \$ 4,135,492                            | -6%               |
| Fire.....                                                                                                                                           | 39,497,216                     | 39,443,967                   | 6,369,404                               | 16.1%                      | 7,055,726                               | -10%              |
| Police.....                                                                                                                                         | 53,079,793                     | 53,632,400                   | 8,432,744                               | 15.7%                      | 9,308,752                               | -9%               |
| Transit Subsidies.....                                                                                                                              | 4,595,401                      | 8,336,685                    | 1,798,250                               | 21.6%                      | 2,439,741                               | -26%              |
| Mental Health/Mental Retardation/<br>Substance Abuse.....                                                                                           | 595,442                        | 514,292                      | 110,623                                 | 21.5%                      | 194,587                                 | -43%              |
| Health.....                                                                                                                                         | 7,653,868                      | 7,904,606                    | 607,025                                 | 7.7%                       | 682,107                                 | -11%              |
| Human Services.....                                                                                                                                 | 12,055,156                     | 11,763,546                   | 2,608,154                               | 22.2%                      | 3,128,468                               | -17%              |
| Historic Resources.....                                                                                                                             | 2,906,634                      | 2,533,323                    | 366,291                                 | 14.5%                      | 493,854                                 | -26%              |
| Recreation.....                                                                                                                                     | 20,203,235                     | 18,949,746                   | 3,229,130                               | 17.0%                      | 4,167,528                               | -23%              |
| <b>Total Operating Agencies</b>                                                                                                                     | <b>\$ 167,798,306</b>          | <b>\$ 170,236,420</b>        | <b>\$ 27,429,426</b>                    | <b>16.1%</b>               | <b>\$ 31,606,255</b>                    | <b>-13%</b>       |
| <b>Education</b>                                                                                                                                    |                                |                              |                                         |                            |                                         |                   |
| Schools.....                                                                                                                                        | \$ 167,953,749                 | \$ 164,594,674               | \$ 13,125,394                           | 8.0%                       | \$ 12,616,547                           | 4%                |
| Other Educational Activities.....                                                                                                                   | 12,004                         | 12,304                       | 3,076                                   | 25.0%                      | 3,001                                   | 2%                |
| <b>Total Education</b>                                                                                                                              | <b>\$ 167,965,753</b>          | <b>\$ 164,606,978</b>        | <b>\$ 13,128,470</b>                    | <b>8.0%</b>                | <b>\$ 12,619,548</b>                    | <b>4%</b>         |
| <b>Capital, Debt Service and Miscellaneous</b>                                                                                                      |                                |                              |                                         |                            |                                         |                   |
| Debt Service.....                                                                                                                                   | \$ 31,900,635                  | \$ 37,418,614                | \$ 3,231,945                            | 8.6%                       | \$ 796,215                              | 305.9%            |
| Non-Departmental.....                                                                                                                               | 14,153,318                     | 13,821,818                   | 2,397,168                               | 17.3%                      | 6,333,655                               | -62.2%            |
| Cash Capital.....                                                                                                                                   | 12,017,687                     | 4,400,038                    | 4,400,038                               | 100.0%                     | 4,917,687                               | -10.5%            |
| Contingent Reserves.....                                                                                                                            | -                              | 1,306,160                    | -                                       | 0.0%                       | -                                       | -                 |
| <b>Total Capital, Debt Service and Miscellaneous</b>                                                                                                | <b>\$ 58,071,640</b>           | <b>\$ 56,946,630</b>         | <b>\$ 10,029,151</b>                    | <b>17.6%</b>               | <b>\$ 12,047,557</b>                    | <b>-16.8%</b>     |
| <b>TOTAL EXPENDITURES</b>                                                                                                                           | <b>\$ 486,901,571</b>          | <b>\$ 482,092,829</b>        | <b>\$ 63,606,107</b>                    | <b>13.2%</b>               | <b>\$ 71,289,265</b>                    | <b>-10.8%</b>     |
| <b>Cash Match (Mental Health/Mental Retardation/<br/>Substance Abuse, Human Services and Library<br/>and Transfers to the Special Revenue Fund)</b> | <b>\$ 37,434,486</b>           | <b>36,008,943</b>            | <b>-</b>                                | <b>0.0%</b>                | <b>-</b>                                | <b>-</b>          |
| Transfer to Housing.....                                                                                                                            | 1,317,547                      | 1,227,275                    | 207,781                                 | 16.9%                      | 244,028                                 | -14.9%            |
| Transfer to Library.....                                                                                                                            | 6,793,868                      | 6,074,971                    | 1,012,698                               | 16.7%                      | 1,201,096                               | -15.7%            |
| Transfer to DASH.....                                                                                                                               | 7,955,042                      | 7,699,000                    | 1,283,423                               | 16.7%                      | 1,344,769                               | -4.6%             |
| <b>TOTAL EXPENDITURES &amp; TRANSFERS</b>                                                                                                           | <b>\$ 540,402,514</b>          | <b>\$ 533,103,018</b>        | <b>\$ 66,110,009</b>                    | <b>12.4%</b>               | <b>\$ 74,079,158</b>                    | <b>-10.8%</b>     |

**Expenditure Payments  
For the Period Ending August 31, 2009**

**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 frequently 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 quarterly payments to the Alexandria Convention and Visitors Association.
- Transit Subsidies: This category includes payments in the quarter for the City's major transit programs, including the Alexandria Transit Company (DASH) and the Washington Metropolitan Area Transit Authority (WMATA).
- Other Education Activities: This category includes quarterly contribution payments to the Northern Virginia Community College.

**Equipment Replacement Fund:** The City makes some payments at the beginning of the year. 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 \$3.9 million in total equipment replacement transfers in FY 2010, the following departments have equipment replacement funds large enough to affect their General Fund expenditure patterns at the beginning of the year:

1. Police - \$1.3 million
2. T&ES - \$0.7 million
3. Fire - \$1.3 million

**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.