


City of Alexandria, Virginia

MEMORANDUM

DATE: OCTOBER 28, 2009

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

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

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

RECOMMENDATION: That City Council receive the following Monthly Financial Report for the Period Ending September 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 Alexandria's web at alexandriava.gov/finance.

ECONOMIC HIGHLIGHTS

- **The national economy is stabilizing or improving:** According to the Federal Reserve's *Beige Book*, "reports indicated either stabilization or modest improvements in many sectors since the last report..."
- **Intergovernmental revenue looks weak:** According to official forecasts, the Commonwealth's revenues are not expected to exceed their FY 2006 levels until FY 2012. Since State aid to local governments comprises 48 percent of the State General Fund budget, local governments will likely experience some major additional reductions.
- **Transient lodging revenues improving:** For the first time since April, total revenues from the lodging tax were positive year-over-year, by 1.8%.
- **Real estate market mixed to negative:** Through the end of September, year-to-date residential sales volume increased by 1.6%, while the average price is 5.6% below last year's price. The commercial real estate market is also trending downwards. The office vacancy rate is up to 16.2%, a level not seen in Alexandria in more than five years.

REVENUE HIGHLIGHTS

- **Year-to-Date Revenues:** As of September 30, 2009, actual General Fund revenues totaled \$53.1 million, which is \$1.9 million or 4% above FY 2009 revenues of \$51.2 for the same time period last year.

- **Communication Sales and Use Tax:** These taxes are collected by the state. According to the Commonwealth, the decrease can be attributed to one large refund request and increased payments from taxes to support the Virginia Relay Center (a telephone relay service for the hearing impaired).
- **Personal Property Tax:** Revenues from this source are up 1% on a year-to-date basis. This reflects the receipt of some of the vehicle tax payments due October 5, 2009. More information on that revenue source will be available in next month's report.
- **Charges for services:** Increased revenue in this category reflects increases in ambulance fees and parking meter receipts.
- **Licenses, Permit and Fees:** Decreased revenue in this category represent 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:** 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. The rate is currently less than 0.5%.

EXPENDITURE HIGHLIGHTS:

- **Year-to-Date Expenditures:** As of September 30, 2009, actual General Fund expenditures totaled \$108.8 million, a decrease of \$2.8 million, or 2.5%, below expenditures for the same period last year.
- **Personnel costs:** With 25% of the fiscal year completed, total expenditures are 20.4% of budget. Non-personnel costs are only 17.5% of budget through the first quarter while personnel costs are 26.1% and on budget, reflecting the fact that 26.05% of the FY 2010 payrolls have been processed by September 30, 2009.
- **Debt Service:** The increase reflects budgeted debt service for bonds issued in June 2008.
- **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 \$5.6 million will be paid on a quarterly basis. As of September 30, \$1.4 million has been transferred to the Trust Fund.

FISCAL YEAR 2009 CLOSEOUT: The Comprehensive Annual Financial Report is included as separate item at this Council meeting. This report confirms the discussion at previous council meetings that show that the unreserved fund balance at the end of FY 2009 will be \$2.2 million higher than the April projection. City staff is making preliminary recommendations for the use of these funds and other fund balances in the context of the Comprehensive Annual Financial Report docket item.

ONLINE REFERENCES:

- Online Reference 1-The Economy
- Online Reference 2-Revenues
- Online Reference 3-Expenditures