

*City of Alexandria, Virginia*

## MEMORANDUM

DATE: FEBRUARY 23, 2010

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: MONTHLY FINANCIAL REPORT FOR THE PERIOD ENDING  
JANUARY 31, 2010

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**ISSUE:** Receipt of the City's Monthly Financial Report for the Period Ending January 31, 2010.

**RECOMMENDATION:** That City Council receive the following Monthly Financial Report for the Period Ending January 31, 2010.

**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 budget presented to City Council in February contains additional detail on forecasts for revenues for the remainder of FY 2010 and FY 2011. Since this report covers expenditures through January, the report does not reflect any of the costs for the February 2010 snowstorm. (Through Tuesday, February 16, those out-of-pocket costs were estimated to be about \$6.0 million for the City and \$1.3 million for the schools.)

**ECONOMIC HIGHLIGHTS:**

- **The Gross Domestic Product (GDP) rose an annualized rate of 5.7% in the fourth quarter.** However, consumption expenditures rose much more slowly at a 2% annualized rate, reflecting a slower recovery in consumer spending, which is about 70% of the GDP overall. Inventory replenishment may have driven the overall GDP increase.
- **The City released its Calendar Year 2010 Assessments:** Overall equalized assessments decreased by 6.83%, while residential assessments decreased by 5.17% and commercial assessments decreased by 7.03%. The weakest categories were office buildings and hotels, which decreased by 12.11% and 12.85%, respectively.
- **The December snow storm had a significant effect on City revenues:** A three month moving average of sales tax revenues was down by 1.8% compared to the previous year, due largely to a decrease in December sales tax revenues. The average room rate for a hotel room in December reached its lowest level since 2006. (The adverse tax revenue impact from the February snow event was estimated between \$1.4 million and \$1.7 million.)

## REVENUE HIGHLIGHTS:

- **Year-to-Date Revenues:** As of January 31, 2010, actual General Fund revenues totaled \$274.3 million, which is 2.3 percent above FY 2009 revenues of \$268.2 million for the same period last year. The FY 2011 budget contains a revised estimate for FY 2010 revenues. That estimate shows a revenues shortfall of \$7.0 million or 1.3 percent compared to the original FY 2010 budget estimate of General Fund revenues of \$530 million, primarily due to lower real property revenues (due to lower assessments than previously forecast) and lower intergovernmental revenues. The revenue estimate shown in Online Reference 2 also includes the proposed 7 cent tax increase from 90.3 cents per \$100 to 97.3 cents per \$100 which would generate a net budget surplus of approximately \$3.9 million.
- **Personal Property Tax:** Revenues collected to date represent 98.4 percent of budgeted revenue. As indicated in the FY 2011 Proposed Budget, preliminary collections to date indicate revenues may exceed the budget by \$0.4 million. Any unlikely State reduction in its personal property tax relief subsidy would not occur until FY 2011 at the earliest.
- **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 July through December are flat.
- **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.

## EXPENDITURE HIGHLIGHTS:

- **Year-to-Date Expenditures:** As of January 31, 2010, actual General Fund expenditures totaled \$263.7 million, a decrease of \$7.3 million, or 2.7 percent, below expenditures for the same period last year.
- **Personnel and non-personnel costs:** With 58.3 percent of the fiscal year completed, total expenditures are 49.1 percent of budget. Personnel costs are running exactly on budget, reflecting the fact that 56.7 percent of the FY 2010 payrolls have been processed by January 31, 2010. Non-personnel expenditures are 45.6 percent of the budget through the first seven months of the fiscal year. Typically, the City's non-personnel expenditures are at 44.8 percent of the budget through January, so this percentage is only slightly higher than what is expected through the first seven months of the year. (This estimate does not include most of the cost of the December snow event, at this time \$782,000, since we are still sorting out what portion of the cost will be reimbursed by the federal government.)
- **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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