

City of Alexandria, Virginia

MEMORANDUM

DATE: JANUARY 21, 2009
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL
FROM: JAMES K. HARTMANN, CITY MANAGER *J*
SUBJECT: MONTHLY FINANCIAL REPORT FOR THE PERIOD ENDING
DECEMBER 31, 2008

ISSUE: Monthly Financial Report for the Period Ending December 31, 2008.

RECOMMENDATION: That City Council receive the following Monthly Financial Report for the period ending December 31, 2008.

MONTHLY HIGHLIGHTS:

FY 2009 OUTLOOK

- As discussed at the City Council meeting November 19, budget rescissions are being implemented to address a potential \$10.5 million shortfall in revenue. The budget rescissions reflect \$6.1 million in expenditure reductions plus an additional \$3.3 million in debt service and cash capital savings, with the \$1.1 million remainder of the shortfall addressed with additional revenue.
- The most recent projections show better than expected strength in calendar year 2009 real estate assessments, but somewhat weaker than expected revenue projections in other areas—particularly sales taxes, business license taxes, recordation taxes, and earnings on City investments. These changes, together with refunds to Fairfax County for misallocated sales taxes and real estate tax settlements, will increase the previously projected shortfall of \$10.5 million in budgeted revenue for FY 2009.
- The current revenue outlook for FY 2010 under current tax rates and revenue policies remains in the range of \$35 million less than the original FY 2009 budget estimates. A complete and detailed picture will be presented with the proposed FY 2010 budget on February 10.

DISCUSSION: This report provides financial information on revenues and expenditures of the General Fund for the six months ending December 31, 2008. This report presents revenues and expenditures for the same period of fiscal year (FY) 2008 for comparative purposes (Attachments 1 and 2) and also provides charts of selected economic indicators (Attachment 3).

ECONOMY: The U.S. financial system is in a period of turbulence more severe than any since the 1930's. In early December, the National Bureau of Economic Statistics announced that the national economy had officially been in recession since December 2007. The average length of a recession since World War II is eleven months, so the current downturn is already longer than average. While this current recession is expected to last well into 2009 and possibly longer, the fact that it is already a year old gives hope that we are closer to the end of the recession, than we are from the beginning of the recession. However, the current events, severity and nature of the recession make historical comparisons less reliable than in the past. For example, according to the Census Bureau, national retail sales in December were about 10% below last year's levels, the largest decrease in the series since at least 1969.

Since the City's economy is influenced by regional and national economic cycles, it bears careful watching.¹ The City's economy, as measured by tax receipts, continued to slow during the second half of 2008. The City's unemployment rate of 3.2 percent in November, while low by Virginia and national standards, is about a percentage point higher than it was last November. The Washington D.C. Area Consumer Price Index (CPI-U) increased 2.4 percent from November 2007 to November 2008, which represents a much slower increase than in prior months. Based on the national year-over-year CPI numbers for December 2008 which were essentially unchanged from December 2007, the local CPI-U change is likely to move much lower in coming months. The City's office vacancy rate was 8.0 percent as of December 31, 2008. This compares to a 4th quarter vacancy rate of 14.6 percent for Northern Virginia and 12.5 percent for the entire D.C. Metropolitan area.

On the residential real estate sales front, data continue to show a slower residential sales market. Real estate sales for the first eleven months of 2008 showed a decline of 23.9 percent in sales from the first eleven months of 2007. In addition, the average sales price decreased by 6.4 percent. Overall, single-family home values (detached, semi-detached, and townhouses) show a slight downward trend, while the condominium market shows a moderate downward trend.

One manifestation of weakness in the real estate market is an increase in the foreclosure rate compared to previous years. According to the Department of Real Estate Assessments, the number of foreclosures in Alexandria rose from 118 during the first eleven months of 2007 to

¹ In a November 6 article in The Washington Post, "The Right Port in an Economic Storm," economist Stephen Fuller spoke about the demographic and economic trends that make inner suburbs like Alexandria relatively less susceptible to harsh economic times. The consensus among many economists including Fuller is that an economic recovery may begin as early as the second quarter of 2009. Due to intense economic headwinds, the recovery could be delayed until well past that date, but because of the mix of more stable education, health care, legal, and public administration jobs in Alexandria, the City's overall economy is well positioned to ride out the recession. However, because of the City's and other local governments in the region reliance on property tax revenue, which has declined and will continue to decline far into 2009, the budgets of local governments in the region are experiencing a more negative impact due to the downturn than the overall economy.

324 during the first eleven months of 2008. November, however, had far fewer foreclosures than recent months—the lowest since March 2008. (See page 4 of Attachment 3.) The drop in November foreclosures, however, may reflect a temporary moratorium on foreclosures by Fannie Mae and Freddie Mac. According to Realtytrac², Alexandria's rate of 1 out of every 852 properties in November is far less than Fairfax County's rate of 1 out of every 411 properties or Prince William County's rate of 1 out of every 145 properties.

The commercial real estate market also shows a slight downward trend. Increasing capitalization rates and a slowdown in new construction have affected the commercial real estate market. The lack of sufficient construction lending and long-term commercial mortgage funding in the United States is having a major impact on the ability of commercial property developers to proceed with their projects. As with residential real estate, the commercial real estate slowdown appears to be less severe in Alexandria than in other jurisdictions.

As a result of the general slowdown in the real estate market, it had been previously projected that assessments would decline between 3 percent and 6 percent for calendar year 2009 with residential assessments likely to decline significantly more than commercial assessments. The most recent projections show better than expected strength in the forthcoming (on February 10) calendar year 2009 real estate assessments, but somewhat weaker than expected revenue projections in other areas—particularly sales taxes, business license taxes, recordation taxes, and earnings on City investments. These changes, together with refunds to Fairfax County for misallocated sales taxes and real estate tax settlements, will increase the previously projected shortfall of \$10.5 million in budgeted revenue for FY 2009.

The extreme turbulence in the credit markets and the uncertainty of future consumer spending continues to create significant downside risk to the City's revenue projections for FY 2010. From preliminary projections offered at the fall Council Retreat, it was expected that FY 2010 revenues could decline by over \$35 million compared to the FY 2009 approved budget, as a result of falling real and personal property values. The current revenue outlook for FY 2010 remains in that range, probably slightly less than \$35 million as opposed to slightly more than \$35 million. A complete and detailed picture will be presented with the proposed FY 2010 budget on February 10.

REVENUES (Attachment 1): As of December 31, actual General Fund revenues totaled \$257.4 million, which is \$3.3 million above FY 2008 revenues of \$254.1 million for the same time period last year. This report reflects a \$7.3 million reduction from the originally budgeted real estate tax revenues as discussed below. While revenue trends are discussed in this report, FY 2009 detailed revenue re-estimates are underway and will be completed and issued in conjunction with the release of the FY 2010 Proposed Budget in February.

Real Property: Real property is assessed as of January 1 of each calendar year, and assessment notices are mailed to property owners in mid-February. Real estate taxes are assessed in early May after Council sets the tax rate. Real estate taxes are billed and payable in two installments. The first tax bill of the calendar year is mailed in May and is payable by June 15. The second tax bill is mailed in October and is payable by November 15. Collections-to-date show a slight

² Realtytrac's definition of Alexandria is greater than the City limits, but the data remains representative.

decrease from last year, but collection efforts underway should address this decrease and will result in collections that meet budget expectations. When 2009 assessments are complete and show a decline from 2008 assessments, this will trigger a shortfall in FY 2009 real estate tax revenues of an amount reflective of the percentage drop in assessments, that shortfall has been incorporated into overall targeted revenue projections (and FY 2009 budget rescissions)..

FY 2008 Actuals	FY 2009 Budget	FY 2008 Year-to-Date	FY 2009 Year-to-Date	Percentage change
\$287.3 million	\$283.6 million	\$137.6 million	\$143.2 million	4%

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). Business personal property taxes are assessed based on property owned as of January 1 and returns must be filed by May 1. Tax bills are then prepared based on the personal property tax rates set by Council in May. Personal property tax bills are prepared during a two-month period ending July 15 based on the personal property tax rate set by Council in May. 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 2009 remains capped at \$23.6 million. This amount covered approximately 69 percent of most taxpayers’ bills for 2008, which was the same rate that was provided in 2007. As reported at the City Council Retreat, based on tax bills issued in August, the City expects about \$1.0 million more in revenue from this source in FY 2009 than originally budgeted. Increased year-to-date collections are primarily attributable to (1) increases in vehicle assessments, and (2) changes in the processing of bills for taxpayers who changed address without informing the City. This expected increase in collections is already factored into budget revenue projections.

	FY 2008 Actuals	FY 2009 Budget	FY 2008 Year-to-Date	FY 2009 Year-to-Date	Percentage change
Vehicles	\$18.6 million	\$17.4 million	\$16.2 million	\$16.7 million	3%
Business - Equipments and Machinery	\$16.3 million	\$16.3 million	\$15.7 million	\$16.5 million	5%
State Reimbursement	\$23.6 million	\$23.6 million	\$22.4 million	\$22.4 million	-
Total	\$58.5 million	\$57.3 million	\$54.3 million	\$55.6 million	2%

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 15 days later. The substantial decrease in sales tax revenue is primarily related to one-time repayments to Fairfax County of \$1.5 million for sales tax collections from businesses with an Alexandria address that are actually located in Fairfax County, including \$1.0 million reported to Council in November. In addition, taxes paid from this revenue source has slowed over recent months. Staff will continue to monitor and make adjustments as warranted.

FY 2008 Actuals	FY 2009 Budget	FY 2008 Year-to-Date	FY 2009 Year-to-Date	Percentage change
\$24.3 million	\$24.0 million	\$8.3 million	\$6.2 million	(26%)

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.

FY 2008 Actuals	FY 2009 Budget	FY 2008 Year-to-Date	FY 2009 Year-to-Date	Percentage Change
\$10.0 million	\$10.7 million	\$4.1 million	\$4.3 million	6%

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 communications tax one month later. According to the Commonwealth, the decrease can be attributed to one large provider reporting lower revenues, as well as increased payments from taxes to support the Virginia Relay Center.

FY 2008 Actuals	FY 2009 Budget	FY 2008 Year-to-Date	FY 2009 Year-to-Date	Percentage Change
\$12.4 million	\$13.0 million	\$4.2 million	\$4.0 million	(6%)

Business License Taxes: The City's business license tax is due March 1, 2009. These collections are counted and analyzed in March. Most collections prior to March represent collections from new businesses and taxpayers who pay on a quarterly basis. The number of businesses filing returns decreased, so in October, the City sent statutory bills to businesses that filed in 2007 but did not file in 2008. Staff is currently assessing the results of this billing. In addition, FY 2008 collections included the results of a one-time collection effort.

FY 2008 Actuals	FY 2009 Budget	FY 2008 Year-to-Date	FY 2009 Year-to-Date	Percentage Change
\$32.0 million	\$33.5 million	\$2.6 million	\$1.2 million	(52%)

Transient Lodging Taxes: Transient lodging taxes are remitted to the City within one month after collections. The amount of local tax levied on hotel and motel room rentals is 6.5 percent of the room charge plus a \$1 per room per night lodging fee. The rate was increased by one percent from 5.5 percent plus \$1 as part of the Approved FY 2009 Budget. This rate increase is expected to generate \$1.6 million in additional revenue per year.

FY 2008 Actuals	FY 2009 Budget	FY 2008 Year-to-Date	FY 2009 Year-to-Date	Percentage Change
\$8.5 million	\$11.5 million	\$3.1 million	\$4.3 million	39%

Restaurant Meals Taxes: Meals and alcoholic beverage taxes are due to the City within 30 days of the month the sales occurred. Alexandria's restaurant meals tax was increased by 1.0 percent from 3.0 percent to 4.0 percent as part of the FY 2009 Approved Budget. For FY 2009, this rate increase is expected to generate approximately \$3.7 million in additional revenue.

FY 2008 Actuals	FY 2009 Budget	FY 2008 Year-to-Date	FY 2009 Year-to-Date	Percentage Change
\$11.0 million	\$15.0 million	\$4.1 million	\$6.0 million	46%

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

FY 2008 Actuals	FY 2009 Budget	FY 2008 Year-to-Date	FY 2009 Year-to-Date	Percentage Change
\$2.7 million	\$2.7 million	\$1.1 million	\$1.2 million	5 %

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. As discussed at the Council Retreat, this revenue category may be under the amount budgeted by as much as \$1.5 million due to the low current volume of real estate and refinancing transactions.

FY 2008 Actuals	FY 2009 Budget	FY 2008 Year-to-Date	FY 2009 Year-to-Date	Percentage Change
\$4.9 million	\$4.8 million	\$2.4 million	\$1.3 million	(48%)

Admissions Tax: The admissions taxes are remitted to the City within one month after collections. Most of the decrease is attributable to lower admissions in August. Staff will continue to monitor and make adjustments in the projection next month if warranted.

FY 2008 Actuals	FY 2009 Budget	FY 2008 Year-to-Date	FY 2009 Year-to-Date	Percentage Change
\$1.1 million	\$1.0 million	\$0.5 million	\$0.4 million	(6%)

Licenses and Permits: Permit revenues have declined due to a slowing construction market.

FY 2008 Actuals	FY 2009 Budget	FY 2008 Year-to-Date	FY 2009 Year-to-Date	Percentage Change
\$4.8 million	\$6.2 million	\$2.9 million	\$2.6 million	(10%)

Charges for Services: Revenues in this category include refuse user charges, ambulance fees, clerk fees and parking meter receipts and reflects higher fee rates as well as parking revenue from the new pay box system in the Carlyle area.

FY 2008 Actuals	FY 2009 Budget	FY 2008 Year-to-Date	FY 2009 Year-to-Date	Percentage Change Year-to-Date
\$11.3 million	\$14.6 million	\$5.2 million	\$5.6 million	8%

Revenue from Use of Money & Property: Revenues in this category include interest on investments, parking garage/lot fees and rental of property income. It is too early in the fiscal year to project a specific interest earnings amount at this time for the entire year given the uncertainty in the financial markets; however, interest rates have dropped and therefore, earnings are likely to be at least \$0.5 million less than budgeted. The City has completed the transfer of its short-term investments to the Virginia Local Government Investment Pool managed by the Commonwealth of Virginia Treasury Department.

FY 2008 Actuals	FY 2009 Budget	FY 2008 Year-to-Date	FY 2009 Year-to-Date	Percentage Change Year-to-Date
\$9.0 million	\$6.0 million	\$4.8 million	\$2.8 million	(41%)

EXPENDITURES (Attachment 2): As of December 31, 2008, actual General Fund expenditures totaled \$232.4 million, an increase of \$5.3 million over the same period last year. The Approved General Fund Budget is 2.4 percent higher than the FY 2008 amended budget. The FY 2009 budget includes an appropriation of \$5.6 million for Other Post Employment Benefit (OPEB) obligations for retiree health and life insurance, as an initial payment to the recently established OPEB trust fund.

This report includes \$9.4 million in budget expenditure rescissions as presented to City Council in November. Departments are in the process of implementing these rescissions. Staff will monitor the implementation and report to Council during FY 2010 deliberations.

Most City expenditure payments are made on a level basis during the year. There are some payments, however that are made either at one time at the beginning of the year or on a different basis, such as quarterly. The City makes the following types of payments on an other-than-level basis:

Equipment Replacement Fund: 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 \$4.8 million in total equipment replacement transfers in FY 2009, the following departments have equipment replacement funds large enough to impact their General Fund expenditure patterns at the beginning of the year:

- Police - \$1.6 million
- T&ES - \$0.6 million
- Fire - \$1.3 million

Contributory Payments: The City makes some payments, such as contributions to the Washington Metropolitan Area Transit Authority (WMATA), on a quarterly or semiannual basis. Since these payments are made less frequent 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 the Peumensend Creek Regional Jail and the Northern Virginia Criminal Justice Training Academy.
- Other Planning and Economic Development Activities: This category includes quarterly payments to community agencies such as the Alexandria Small Business Development Center and 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 to the Washington Metropolitan Area Transit Authority (WMATA).
- Other Education Activities: This category includes quarterly contribution payments to the Northern Virginia Community College.

Other issues not related to budget rescissions include:

Human Resources: Expenditures-to-date include budgeted tuition assistance payments to City employees.

Planning and Zoning: Expenditures-to-date reflect current costs associated with the development and implementation of the City's various small area plans, Landmark studies, and

Waterfront Committee work. Additional resources will need to be identified if these expenditures are to continue.

Registrar: Expenditures-to-date reflect cost of election-related overtime.

General Services: Expenditures-to-date reflect fuel charges of \$1 million for which the budget has been allocated to the departments actually using the fuel, while the charges have not all been moved. This change in accounting for fuel is aimed at creating an incentive for departments to conserve fuel use. Staff will continue to move the expenditures to match the budget authority.

Historic Resources: Expenditures reflect one time costs associated with staffing the National Harbor initiatives

Recreation: Expenditures reflect seasonal employee costs incurred during the summer.

Schools: The City will provide approximately 78 percent of the estimated funds required to operate the City schools in FY 2009.

Human Services: Expenditures reflect payments to community organizations and contractors who provide services.

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.

Non-Departmental Expenditures: General Fund expenditures in this category reflect the City's contributions to a post-employment benefits trust, the public safety pension plan, senior citizens' rent relief and payment for the City's liability insurance. The increase from the prior year represents a budgeted payment of \$5.6 million made to the post-employment benefits trust, where it has been invested. Also, certain pension contributions are made at the beginning of the fiscal year.

ATTACHMENTS:

Attachment 1 - Comparative Statement of Revenues

Attachment 2 - Comparative Statement of Expenditures & Transfers by Function

Attachment 3 - Selected Economic Indicators

STAFF:

Mark Jinks, Deputy City Manager

Laura B. Triggs, Director of Finance

Ray Welch, Acting Comptroller

Bruce Johnson, Director, Office of Management and Budget

**CITY OF ALEXANDRIA, VIRGINIA
COMPARATIVE STATEMENT OF REVENUES
GENERAL FUND
FOR THE PERIODS ENDING DECEMBER 31, 2008 AND DECEMBER 31 2007**

	FY2009 APPROVED BUDGET	FY2009 REVENUES THRU 12/31/08	% OF BUDGET	FY2008 REVENUES THRU 12/31/07
General Property Taxes				
Real Property Taxes.....	\$ 283,599,061	\$ 143,205,612	50.5%	\$ 137,592,056
Personal Property Taxes.....	33,700,000	33,156,085	98.4%	31,939,493
Penalties and Interest.....	1,770,000	940,270	53.1%	747,933
Total General Property Taxes	\$ 319,069,061	\$ 177,301,967		\$ 170,279,482
Other Local Taxes				
Local Sales and Use Taxes.....	\$ 24,000,000	6,156,194	25.7%	\$ 8,271,161
Consumer Utility Taxes.....	10,700,000	4,282,069	40.0%	4,050,859
Communication Sales and Use Taxes.....	13,000,000	3,939,613	30.3%	4,206,539
Business License Taxes.....	33,513,000	1,239,605	3.7%	2,575,983
Transient Lodging Taxes.....	11,500,000	4,309,139	37.5%	3,092,065
Restaurant Meals Tax.....	15,000,000	6,043,338	40.3%	4,138,227
Tobacco Taxes.....	2,700,000	1,179,956	43.7%	1,127,152
Motor Vehicle License Tax.....	3,200,000	2,545,860	79.6%	2,717,305
Real Estate Recordation.....	4,800,000	1,258,187	26.2%	2,413,746
Admissions Tax.....	1,000,000	448,388	44.8%	474,482
Other Local Taxes.....	2,080,000	333,282	16.0%	395,817
Total Other Local Taxes	\$ 121,493,000	\$ 31,735,631	26.1%	\$ 33,463,336
Intergovernmental Revenues				
Revenue from the Federal Government.....	\$ 7,329,000	\$ 2,330,523	31.8%	\$ 2,373,936
Personal Property Tax Relief from the Commonwealth.....	23,578,531	22,399,604	95.0%	22,399,604
Revenue from the Commonwealth.....	21,986,481	10,393,686	47.3%	10,482,026
Total Intergovernmental Revenues	\$ 52,894,012	\$ 35,123,813	66.4%	\$ 35,255,566
Other Governmental Revenues And Transfers In				
Fines and Forfeitures.....	\$ 4,755,300	\$ 1,827,135	38.4%	\$ 1,923,974
Licenses and Permits.....	6,157,000	2,588,280	42.0%	2,863,112
Charges for City Services.....	14,594,877	5,649,600	38.7%	5,249,256
Revenue from Use of Money & Property.....	6,000,000	2,816,831	46.9%	4,787,023
Other Revenue.....	771,750	323,316	41.9%	255,996
Transfer from Other Funds.....	2,223,910	-	0.0%	-
Total Other Governmental Revenues	\$ 34,502,837	\$ 13,205,162	38.3%	\$ 15,079,361
TOTAL REVENUE	\$ 527,958,910	\$ 257,366,573	48.7%	\$ 254,077,745
Appropriated Fund Balance				
General Fund.....	4,600,000	-	0.0%	-
Reappropriation of FY 2008 Encumbrances And Other Supplemental Appropriations.....	9,396,645	-	0.0%	-
TOTAL	\$ 541,955,555	\$ 257,366,573	47.5%	\$ 254,077,745

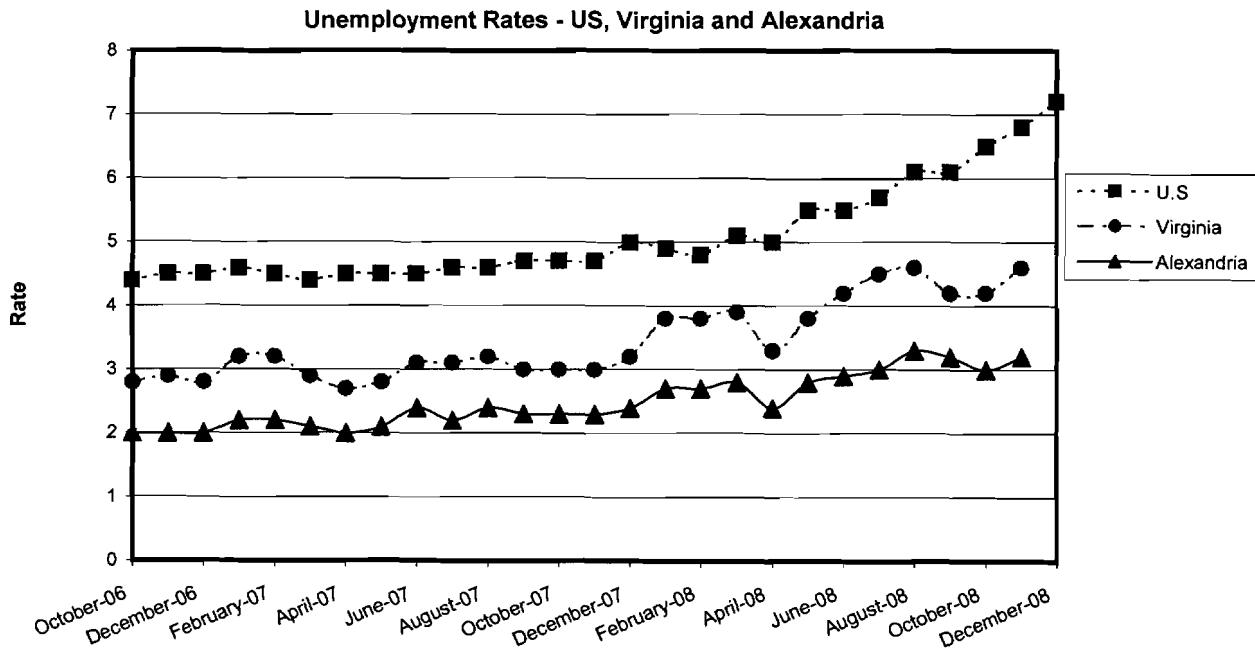
**COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION
GENERAL FUND
FOR THE PERIODS ENDING DECEMBER 31, 2008 AND DECEMBER 31, 2007**

FUNCTION	FY2009	FY2009	% OF	FY2008
	APPROVED BUDGET	EXPENDITURES THRU 12/31/08		BUDGET
Legislative & Executive.....	\$ 7,077,092	\$ 3,338,432	47.2%	\$ 2,788,543
Judicial Administration.....	\$ 38,710,029	\$ 18,956,178	49.0%	\$ 19,065,588
Staff Agencies				
Information Technology Services.....	\$ 7,268,396	\$ 3,353,614	46.1%	\$ 3,932,936
Management & Budget.....	1,134,468	567,363	50.0%	548,075
Finance.....	10,256,030	4,626,107	45.1%	4,447,898
Real Estate Assessment.....	1,635,473	791,235	48.4%	772,370
Human Resources.....	3,306,913	1,705,309	51.6%	1,753,416
Planning & Zoning.....	6,241,625	3,326,315	53.3%	2,772,284
Economic Development Activities.....	3,485,182	1,716,409	49.2%	2,465,148
City Attorney.....	3,287,544	1,574,360	47.9%	1,860,717
Registrar.....	1,275,383	786,889	61.7%	580,502
General Services.....	11,783,554	6,321,494	53.6%	6,753,903
Total Staff Agencies	\$ 49,674,568	\$ 24,769,095	49.9%	\$ 25,887,249
Operating Agencies				
Transportation & Environmental Services.....	\$ 28,865,370	\$ 13,726,400	47.6%	\$ 13,324,997
Fire.....	39,053,088	20,106,820	51.5%	19,058,952
Police.....	53,713,685	26,842,121	50.0%	25,803,445
Transit Subsidies.....	8,477,250	3,294,607	38.9%	4,169,032
Mental Health/Mental Retardation/ Substance Abuse.....	574,868	396,955	69.1%	288,412
Health.....	7,924,865	3,812,948	48.1%	2,814,243
Human Services.....	12,813,819	7,665,816	59.8%	6,899,697
Historic Resources.....	2,915,135	1,491,127	51.2%	1,396,285
Recreation.....	20,326,429	10,946,415	53.9%	10,599,086
Total Operating Agencies	\$ 174,664,509	\$ 88,283,209	50.5%	\$ 84,354,149
Education				
Schools.....	\$ 167,953,749	\$ 66,228,295	39.4%	\$ 63,076,533
Other Educational Activities.....	12,004	6,002	50.0%	9,299
Total Education	\$ 167,965,753	\$ 66,234,297	39.4%	\$ 63,085,832
Capital, Debt Service and Miscellaneous				
Debt Service.....	\$ 31,263,532	\$ 10,778,946	34.5%	\$ 11,215,185
Non-Departmental.....	15,283,222	8,427,863	55.1%	2,917,107
Cash Capital.....	3,067,687	3,067,687	100.0%	9,765,564
Contingent Reserves.....	823,218	-	-	-
Total Capital, Debt Service and Miscellaneous	\$ 50,437,659	\$ 22,274,496	44.2%	\$ 23,897,856
TOTAL EXPENDITURES	\$ 488,529,610	\$ 223,855,707	45.8%	\$ 219,079,217
Cash Match (Mental Health/Mental Retardation/ Substance Abuse, Human Services and Library and Transfers to the Special Revenue Fund)...	34,072,790	435,000	1.3%	-
Transfer to Housing.....	4,505,328	692,868	15.4%	712,752
Transfer to Library.....	6,912,785	3,456,393	50.0%	3,553,873
Transfer to DASH.....	7,935,042	3,967,521	50.0%	3,762,718
TOTAL EXPENDITURES & TRANSFERS	\$ 541,955,555	\$ 232,407,489	42.9%	\$ 227,108,560

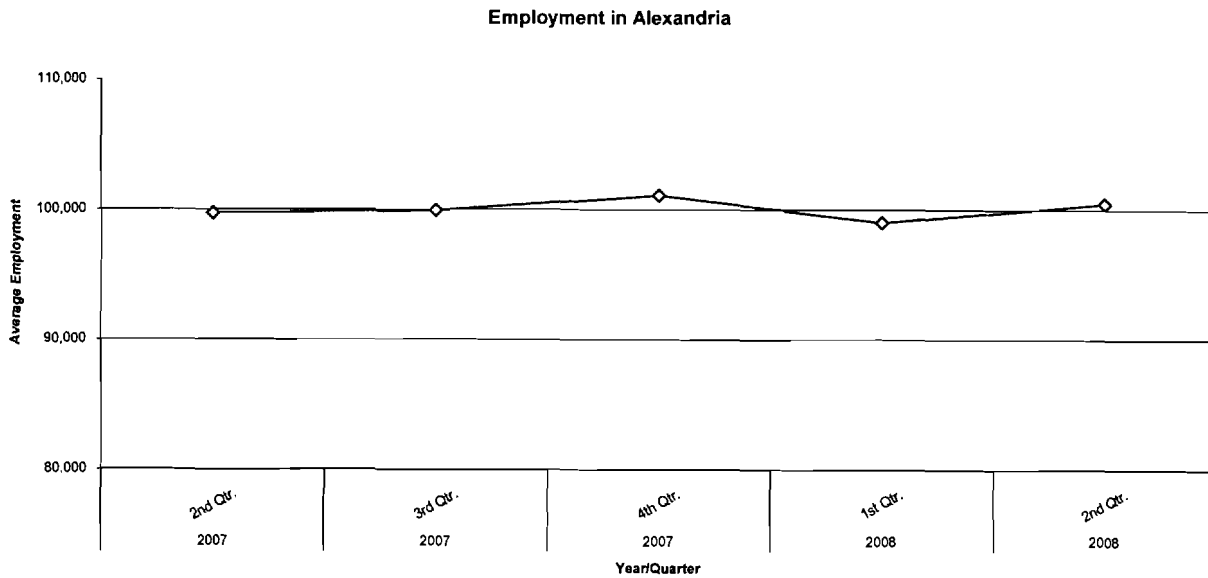
**CITY OF ALEXANDRIA
SELECTED ECONOMIC INDICATORS**

	<u>Current Year</u>	<u>Prior Year</u>	<u>Percent Change</u>
<u>Consumer Price Index (CPI-U)</u>			
for the Washington-Baltimore, DC-MD-VA-WV Area			
(As of November 30, 2008)	138.5	135.2	+2.5%
(Source: Published bi-monthly by United States Department of Labor, Bureau of Labor Statistics)			
<u>Unemployment Rates</u>			
Alexandria (As of November 30, 2008)			
	3.2%	2.3%	+39%
Virginia			
(As of November 30, 2008)	4.6%	3.0%	+53%
(Source: United States Department of Labor, Bureau of Labor Statistics, as adjusted)			
United States			
(As of November 30, 2008)	7.2%	5.0%	+44%
(Source: United States Department of Labor, Bureau of Labor Statistics)			
<u>New Business Licenses</u>			
(During November 2008)			
(Source: Finance Department, Business Tax Branch)	61	65	-6%
<u>Office Vacancy Rates</u>			
(As of December 31, 2008)			
Alexandria			
	8.0%	5.2%	+54%
Northern Virginia			
	14.6%	12.3%	+19%
Washington DC Metro Area			
(Source: Grubb & Ellis)	12.5%	10.7%	+17%
<u>New Commercial Construction</u>			
(Fiscal YTD as of December 31, 2008)			
Number of New Building Permits			
	4	1	+300%
Value of New Building Permits			
(Source: Code Administration)	58.0	11.0	+427%
<u>Residential Real Estate Indicators</u>			
(YTD ending November 30, 2008)			
Residential Dwelling Units Sold			
	1,636	2,149	-23.9%
Average Residential Sales Price			
(Source: Department of Real Estate Assessments)	\$462,417	\$494,120	-6.4%

**City of Alexandria
Selected Economic Indicators**



Source: United States Department of Labor, Bureau of Labor Statistics (as revised by BLS)

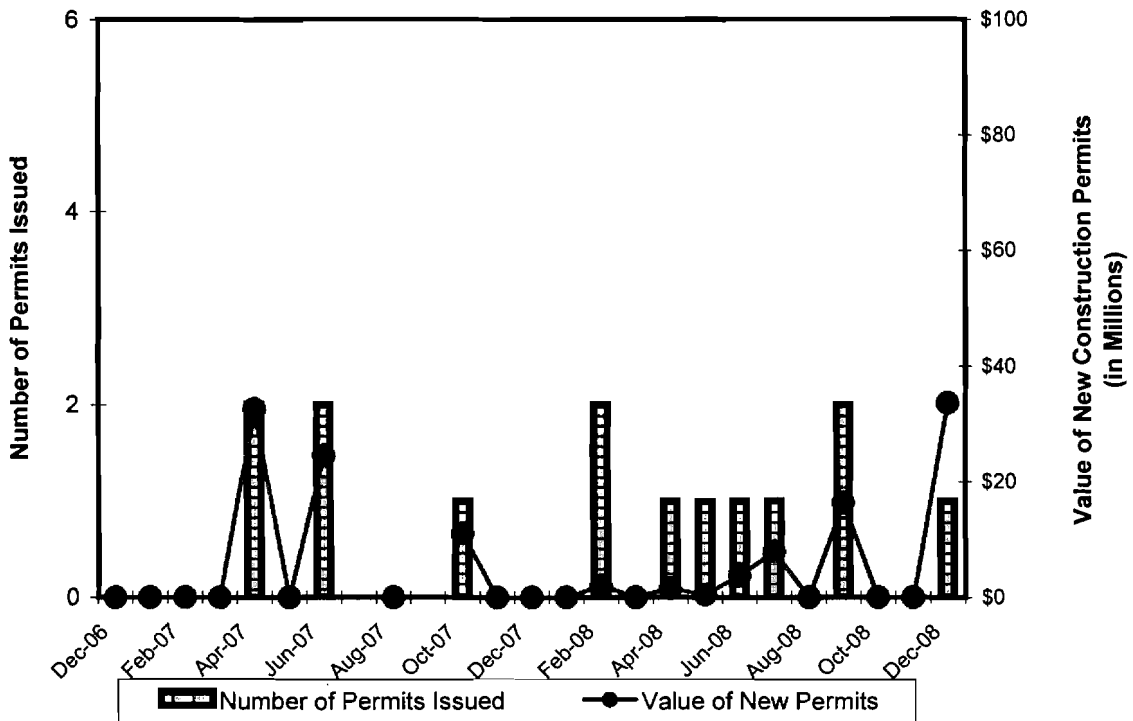


Source: Virginia Employment Commission, including the U.S. Patent and Trademark Office.

Selected Residential Real Estate Indicators

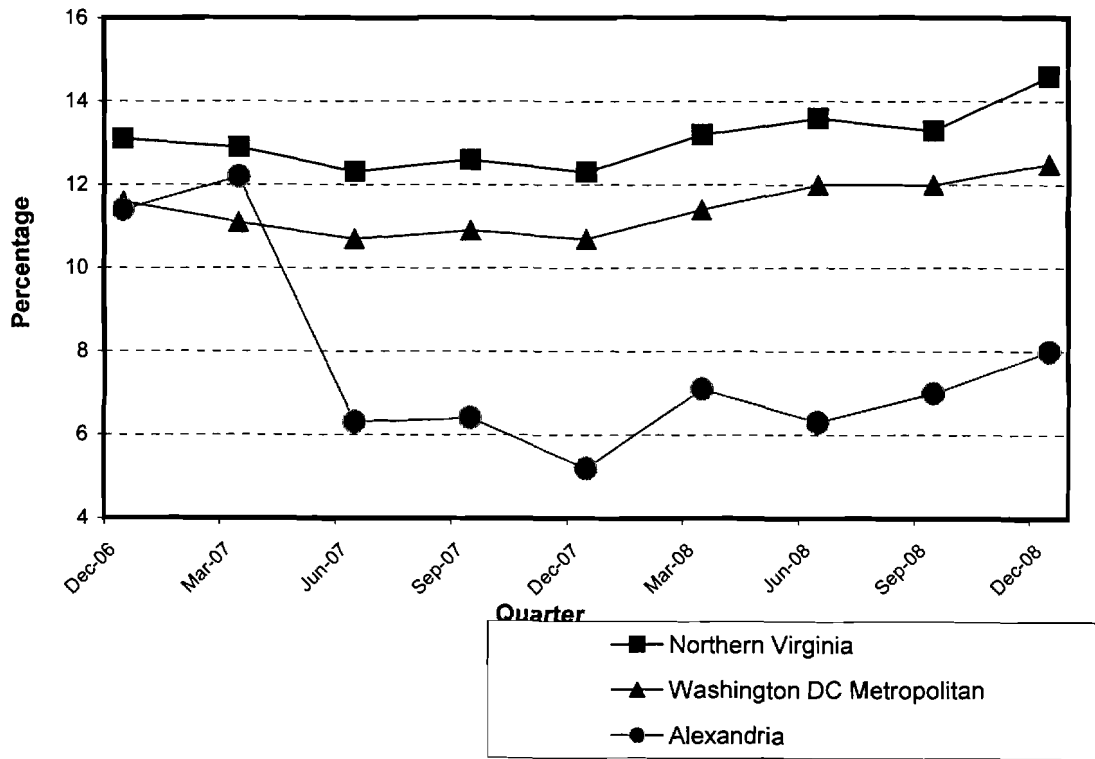


Alexandria New Commercial Construction
Number of Permits and
Value of New Construction Permits

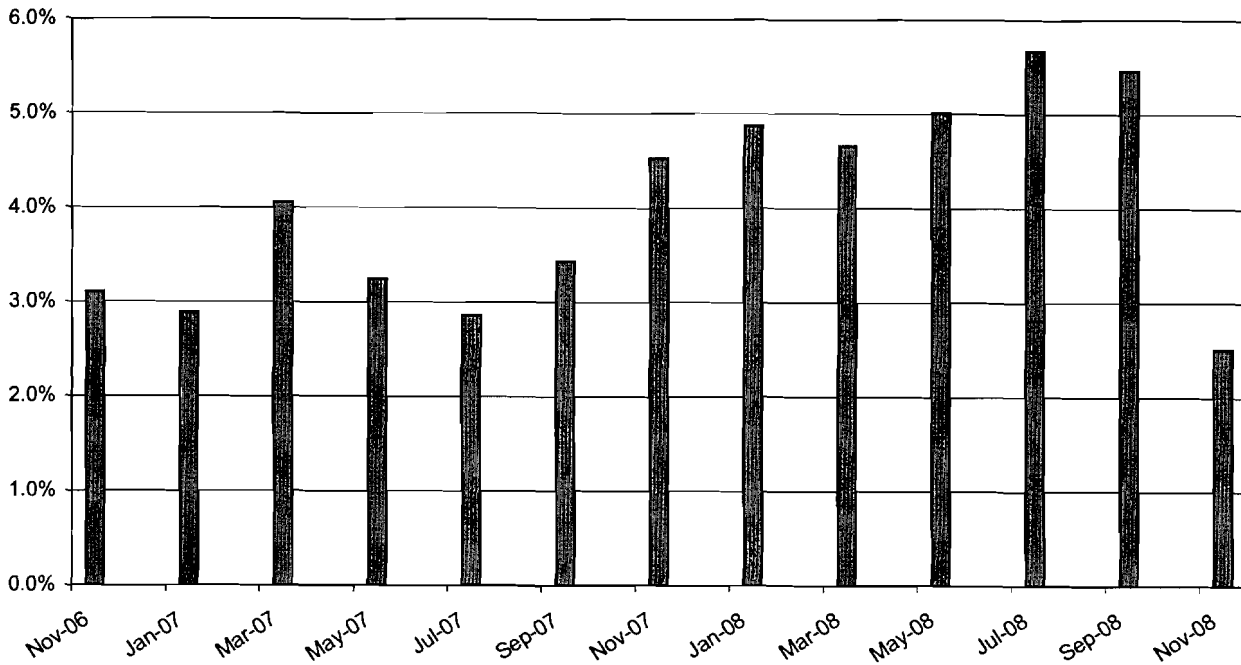


**City of Alexandria
Selected Economic Indicators**

Office Vacancy Rates



Twelve Month Annualized Percentage Change in Consumer Price Index
Washington/Baltimore

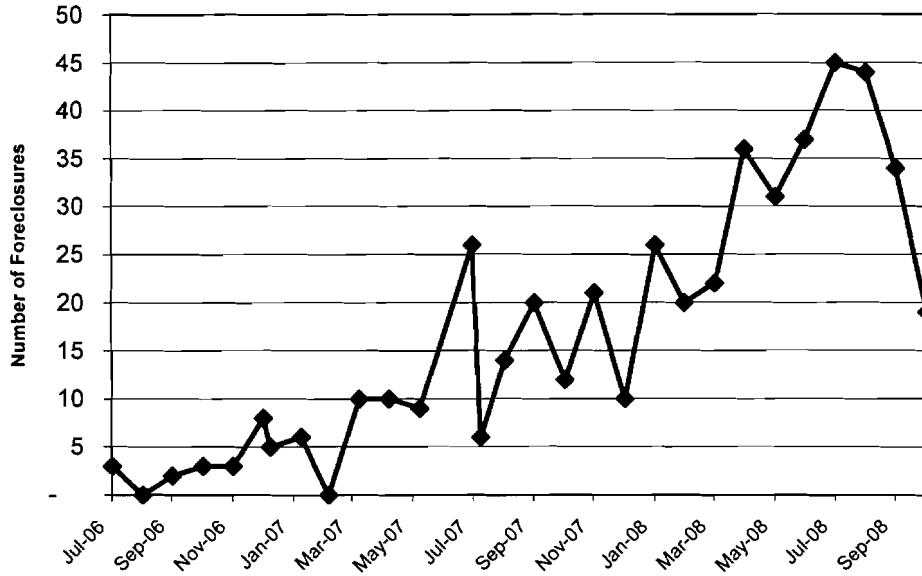


Source: United States Department of Labor, Bureau of Labor Statistics

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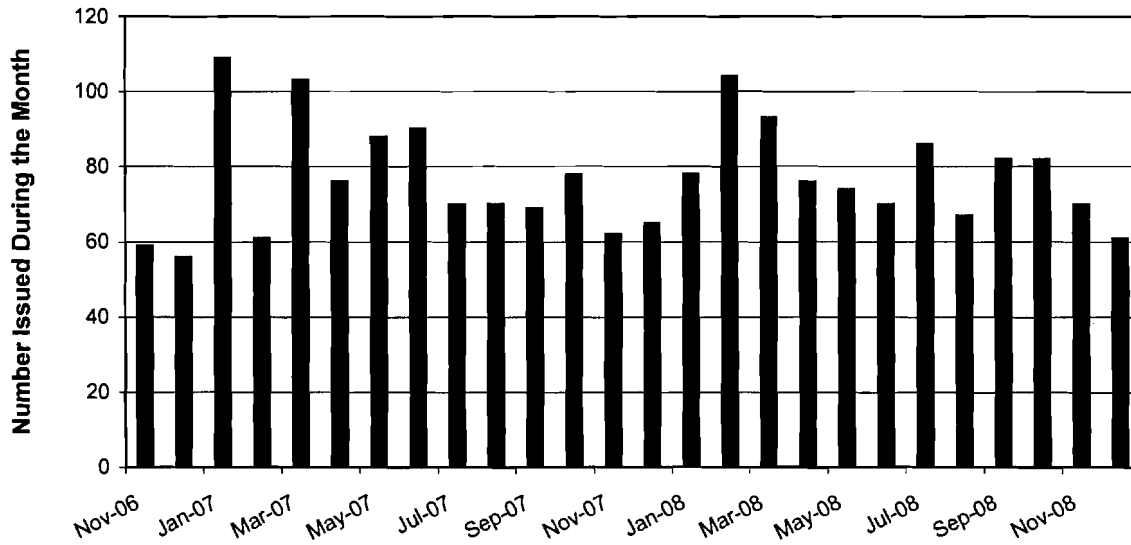
**City of Alexandria
Selected Economic Indicators**

Alexandria Foreclosures

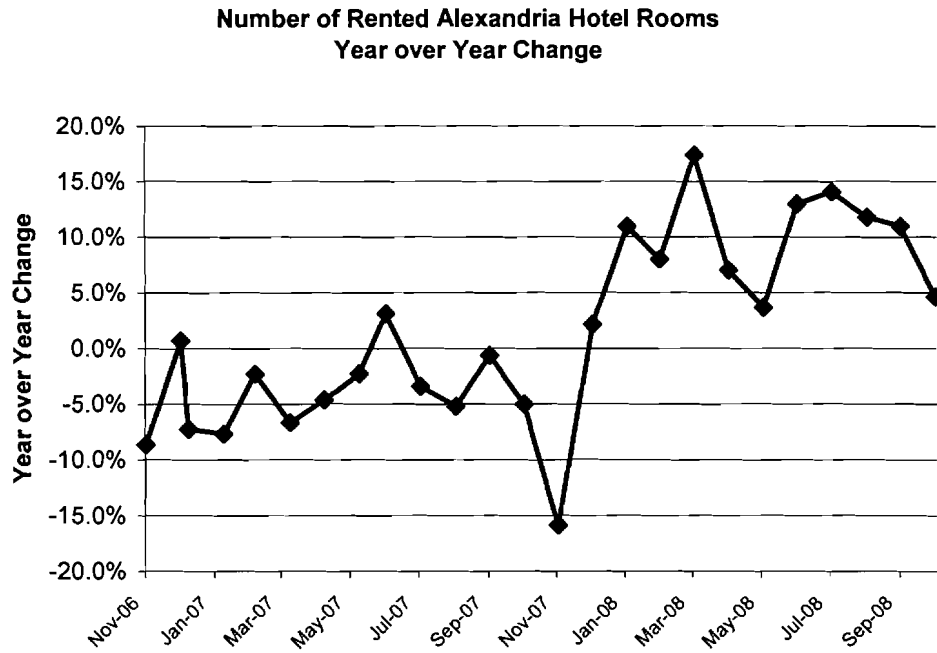


Source: Department of Real Estate Assessments

New Business Licenses Issued in Alexandria



City of Alexandria
Selected Economic Indicators



Source: Finance Department