

City of Alexandria, Virginia

MEMORANDUM

DATE: FEBRUARY 17, 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  
JANUARY 31, 2009

**ISSUE:** Monthly Financial Report for the Period Ending January 31, 2009.

**RECOMMENDATION:** That City Council receive the following Monthly Financial Report for the period ending January 31, 2009.

**MONTHLY HIGHLIGHTS:**

- As presented to City Council on February 10, the most recent projections for FY 2009 show better than expected strength in calendar year 2009 real estate assessments and taxes, 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 to \$11 million.
- The current revenue outlook for FY 2010 reflects a decrease of 3.3 percent or \$17.7 million from Approved FY 2009 revenues. The extreme turbulence in the credit markets and the uncertainty of future consumer spending creates a downside risk to the City’s future revenue projections.
- Although firm numbers are not yet available, a February 5 *Washington Post* article described record tourism in Alexandria for January, including nearly sold out hotel rooms and busier than usual restaurants.
- In Alexandria, December sales tax revenue was down approximately 3% from December 2008 sales tax revenues, a more modest rate of decline. (These numbers are not yet incorporated into the data on pages 5 and 6.)

**DISCUSSION:** This report provides financial information on revenues and expenditures of the General Fund for the seven months ending January 31, 2009. 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). The chart on the fourth page includes the budget projections presented to Council on February 10 as part of the City Manager's FY 2010 Proposed Operating Budget.

**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 to the beginning. 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 percent below last year's levels, the largest decrease since at least 1969. In Alexandria, December sales tax revenue was down approximately 3% from December 2008 sales tax revenues – a more modest rate of decline. (These numbers are not yet incorporated in the rate on pages 5 and 6.)

Since the City's economy is influenced by regional and national economic cycles, it bears careful watching.<sup>1</sup> The City's economy, as measured by tax receipts, continued to slow during the second half of 2008. The City's unemployment rate of 3.6 percent in December, while low by Virginia and national standards, is about a percentage and a half point higher than it was in December 2007. The Washington D.C. Area Consumer Price Index (CPI-U) increased 2.4 percent from November 2007 to November 2008, which represents a much smaller year-to-year increase than in previous months. Based on the national year-over-year CPI numbers for December 2008, which were virtually unchanged from December 2007, the local CPI-U change is likely to be much lower in coming months. The City's office vacancy rate increased from 5.2 percent as of a year ago to 8.0 percent as of December 31, 2008. This compares to a 4<sup>th</sup> 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 all of 2008 showed a decline of 22.1 percent in sales from all 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.

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<sup>1</sup> 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 the City and other local governments in the region rely heavily 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.

One manifestation of weakness in the real estate market is an increase in the foreclosure rate compared to previous years. According to Alexandria's Department of Real Estate Assessments, the number of foreclosures in Alexandria rose from 140 for all of 2007 to 365 during all of 2008. While the number of foreclosures has increased, according to Realtytrac<sup>2</sup>, Alexandria's rate of 1 out of every 1171 properties in November is far less than Fairfax County's rate of 1 out of every 299 properties or Prince William County's rate of 1 out of every 121 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 has been expected 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. Calendar year 2009 real estate assessments, issued on February 10, reflect a decrease of 4.39 percent in total residential real property values and an increase of 1.24 percent in total commercial property values for a total combined reduction of 2.06 percent. Revenue projections are somewhat weaker than expected 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, as well as a proposed 4.2 cent increase in the real estate tax rate, result in an increase to the previously projected shortfall in FY 2009 to approximately \$11.0 million.

The current revenue outlook for FY 2010 reflects a decrease of 3.3 percent or \$17.7 million from approved FY 2009 revenues. The extreme turbulence in the credit markets and the uncertainty of future consumer spending creates a downside risk to the City's future revenue projections. In April, staff will provide a reestimate of projected revenues for FY 2009 and FY 2010 based on the most recent information available.

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

	FY 2009 BUDGET REVISED	FY 2009 BUDGET PROJECTIONS	BUDGET VESUS PROJECTIONS
Real Property <sup>1</sup>	\$ 293.6	\$ 292.8	\$ (0.8)
Personal Property-local share	33.7	35.1	1.4
Penalties and Interest	1.8	1.9	0.1
Sales Tax	24.0	22.0	(2.0)
Consumer Utility Tax	10.7	10.4	(0.3)
Communication Sales and Use Tax	13.0	11.7	(1.3)
Business License Tax	33.5	32.3	(1.2)
Transient Lodging Tax	11.5	10.7	(0.8)
Restaurant Meals Tax	15.0	15.3	0.3
Recordation Taxes	4.8	2.9	(1.9)
Other Local Taxes (including Motor Vehicle License)	9.0	9.2	0.2
Intergovernmental	52.8	53.3	0.5
Fines and Forfeitures	4.8	4.1	(0.7)
Licenses and Permits	6.1	5.3	(0.8)
Charges for City Services	14.5	11.8	(2.7)
Use of Money and Property	6.0	4.8	(1.2)
Other Revenue	0.6	0.7	0.1
Net Reduction in Revenues			(11.0)

<sup>1</sup> Projection: At the proposed rate of 88.7¢ per hundred.

Amounts may not add up due to rounding.

**REVENUES (Attachment 1):** As of January 31, actual General Fund revenues totaled \$268.2 million, which is \$2.4 million above FY 2008 revenues of \$265.8 million for the same time period. This report reflects a \$7.3 million reduction from the originally budgeted real estate tax revenues as discussed below. Unless otherwise noted, revenues are expected to meet expectations

**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. The FY 09 rescissions, as presented to Council and included in Attachment I, reflect the original estimated reduction in real estate. At the proposed rate of \$0.887 per \$100, real estate revenues would be higher. The remainder of the projected decrease is reflected in other revenue category projections.

FY 2008 Actuals	FY 2009 Budget	FY 2009 Projection	FY 2008 Year-to-Date	FY 2009 Year-to-Date	Percentage change
\$287.3 million	\$283.6 million	\$292.8 million	\$138.3 million	\$143.6 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. Based on tax bills issued in August and collections-to-date, the City expects that business and vehicle personal property tax collections will be approximately \$35.1 million, an increase of \$1.4 million above the approved FY 2009 budget. Increased year-to-date collections for vehicles are primarily attributable to changes in the processing of bills for taxpayers who changed address without informing the City. Increased revenue from business taxes reflects a slight increase in assessments and some enforcement actions.

	FY 2008 Actuals	FY 2009 Budget	FY 2009 Projection	FY 2008 Year-to-Date	FY 2009 Year-to-Date	Percentage change
Vehicles	\$18.6 million	\$17.4 million	\$18.8 million	\$16.6 million	\$16.8 million	1%
Business - Equipments and Machinery	\$16.3 million	\$16.3 million	\$16.3 million	\$15.7 million	\$16.3 million	4%
State Reimbursement	\$23.6 million	\$23.6 million	\$23.6 million	\$22.4 million	\$22.4 million	-
Total	\$58.5 million	\$57.3 million	\$49.9 million	\$54.7 million	\$55.5 million	1.5%

**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. Based on collections-to-date through November, it appears that sales tax collections will be approximately \$22.0 million, a \$2.0 million decrease below the Approved FY 2009 Budget, and \$2.3 million below collections in FY 2008. Staff will continue to monitor and make adjustments as warranted.

FY 2008 Actuals	FY 2009 Budget	FY 2009 Projection	FY 2008 Year-to-Date	FY 2009 Year-to-Date	Percentage change
\$24.3 million	\$24.0 million	\$22.0 million	\$10.2 million	\$8.0 million	(22%)

**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. Based on collections-to-date, it appears that Consumer Utility Taxes will be approximately \$10.4 million, a decrease of \$0.3 million below the Approved 2009 Budget.

FY 2008 Actuals	FY 2009 Budget	FY 2009 Projection	FY 2008 Year-to-Date	FY 2009 Year-to-Date	Percentage Change
\$10.0 million	\$10.7 million	\$10.4 million	\$5.1 million	\$5.2 million	2%

**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. Based on collections-to-date, it appears that Communications Tax revenue will be approximately \$11.7 million, a decrease of \$1.3 million below the FY 2009 Approved Budget.

FY 2008 Actuals	FY 2009 Budget	FY 2009 Projection	FY 2008 Year-to-Date	FY 2009 Year-to-Date	Percentage Change
\$12.4 million	\$13.0 million	\$11.7 million	\$5.2 million	\$4.9 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 in 2008 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. Based on preliminary collections-to-date of delinquent taxes and staff’s current estimate, FY 2009 actual payments will be approximately \$32.3 million, a decrease of \$1.2 million below the Approved FY 2009 Budget. Staff will continue to monitor and make recommendations as warranted in the context of the budget work sessions.

FY 2008 Actuals	FY 2009 Budget	FY 2009 Projection	FY 2008 Year-to-Date	FY 2009 Year-to-Date	Percentage Change
\$32.0 million	\$33.5 million	\$32.3 million	\$3.0 million	\$2.0 million	(33%)

**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. Based on collections-to-date, it appears that transient lodging tax collections will be approximately \$10.7 million, a \$0.8 million decrease below the Approved FY 2009 Budget, but \$2.2 million higher than FY 2008.

FY 2008 Actuals	FY 2009 Budget	FY 2009 Projection	FY 2008 Year-to-Date	FY 2009 Year-to-Date	Percentage Change
\$8.5 million	\$11.5 million	\$10.7 million	\$3.7 million	\$5.0 million	33%

**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. Based on collections-to-date, it appears that restaurant meals tax collections will be approximately \$15.3 million, a \$0.3 million increase above the Approved FY 2009 Budget.

FY 2008 Actuals	FY 2009 Budget	FY 2009 Projection	FY 2008 Year-to-Date	FY 2009 Year-to-Date	Percentage Change
\$11.0 million	\$15.0 million	\$15.3 million	\$5.2 million	\$7.2 million	37%

**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. Based on collections-to-date, it appears that cigarette tax collections will be approximately \$2.8 million, a \$0.1 million increase above the FY 2009 Approved Budget.

FY 2008 Actuals	FY 2009 Budget	FY 2009 Projection	FY 2008 Year-to-Date	FY 2009 Year-to-Date	Percentage Change
\$2.7 million	\$2.7 million	\$2.8 million	\$1.3 million	\$1.4 million	6 %

**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. Based on collections-to-date and the low current volume of real estate and refinancing transactions, it appears that actual collections will be approximately \$2.9 million, a decrease of \$1.9 million below the FY 2009 Approved Budget.

FY 2008 Actuals	FY 2009 Budget	FY 2009 Projection	FY 2008 Year-to-Date	FY 2009 Year-to-Date	Percentage Change
\$4.9 million	\$4.8 million	\$2.9 million	\$2.7 million	\$1.6 million	(43%)

**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 2009 Projection	FY 2008 Year-to-Date	FY 2009 Year-to-Date	Percentage Change
\$1.1 million	\$1.0 million	\$1.0 million	\$0.6 million	\$0.5 million	(5%)

**Fines and Forfeitures:** Due to a decrease in collections as compared to budget for court fines and parking tickets and because \$0.3 million in Red Light Cameras revenue included in the FY 2009 Budget has not yet been realized (because the program has not been initiated), it appears that actual collections will be approximately \$4.1 million, a decrease of \$0.7 million below the FY 2009 Approved Budget.

FY 2008 Actuals	FY 2009 Budget	FY 2009 Projection	FY 2008 Year-to-Date	FY 2009 Year-to-Date	Percentage Change
\$3.9 million	\$4.8 million	\$4.1 million	\$2.3 million	\$2.2 million	(6%)



**Licenses and Permits:** Permit revenues have declined due to a slowing construction market. Base on collections-to-date, it appears that actual collections will be approximately \$5.5 million, a decrease of \$0.8 million below the FY 2009 Approved Budget.

FY 2008 Actuals	FY 2009 Budget	FY 2009 Projection	FY 2008 Year-to-Date	FY 2009 Year-to-Date	Percentage Change
\$4.8 million	\$6.1 million	\$5.3 million	\$3.3 million	\$2.7 million	(17%)

**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. Based on collections-to-date and fewer than budgeted meters, staff projects that actual collections will be approximately \$11.8 million, a decrease of \$2.7 million below the Approved FY 2009 Budget.

FY 2008 Actuals	FY 2009 Budget	FY 2009 Projection	FY 2008 Year-to-Date	FY 2009 Year-to-Date	Percentage Change
\$11.3 million	\$14.5 million	\$11.8 million	\$5.7 million	\$6.3 million	10%

**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 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. Based on lower interest rates and revenue earned to date, it appears that actual revenue will be approximately \$4.8 million, a decrease of \$1.2 million below the Approved the FY 2009 Budget.

FY 2008 Actuals	FY 2009 Budget	FY 2009 Projection	FY 2008 Year-to-Date	FY 2009 Year-to-Date	Percentage Change
\$9.0 million	\$6.0 million	\$4.8 million	\$5.6 million	\$3.1 million	(44%)

**EXPENDITURES (Attachment 2):** As of January 31, 2009, actual General Fund expenditures totaled \$271.0 million, an increase of \$3.7 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.

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
- Mental Health/Mental Retardation/Substance Abuse - \$0.1 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:

**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.

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

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

**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.

**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:**

Bruce Johnson, Director, Chief Financial Officer

Laura B. Triggs, Director of Finance

Ray Welch, Acting Comptroller

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

	<u>FY2009 APPROVED BUDGET</u>	<u>FY2009 REVENUES THRU 01/31/09</u>	<u>% OF BUDGET</u>	<u>FY2008 REVENUES THRU 01/31/08</u>
<b>General Property Taxes</b>				
Real Property Taxes.....	\$ 283,599,061	\$ 143,646,816	50.7%	\$ 138,306,126
Personal Property Taxes.....	33,700,000	33,108,254	98.2%	32,300,245
Penalties and Interest.....	1,770,000	1,037,240	58.6%	900,602
<b>Total General Property Taxes</b>	<u>\$ 319,069,061</u>	<u>\$ 177,792,310</u>		<u>\$ 171,506,973</u>
<b>Other Local Taxes</b>				
Local Sales and Use Taxes.....	\$ 24,000,000	8,016,947	33.4%	\$ 10,230,458
Consumer Utility Taxes.....	10,700,000	5,214,337	48.7%	5,106,488
Communication Sales and Use Taxes.....	13,000,000	4,903,653	37.7%	5,198,033
Business License Taxes.....	33,513,000	2,028,025	6.1%	3,046,863
Transient Lodging Taxes.....	11,500,000	4,995,314	43.4%	3,745,755
Restaurant Meals Tax.....	15,000,000	7,158,865	47.7%	5,238,683
Tobacco Taxes.....	2,700,000	1,425,262	52.8%	1,340,704
Motor Vehicle License Tax.....	3,200,000	2,598,203	81.2%	2,796,620
Real Estate Recordation.....	4,800,000	1,555,946	32.4%	2,722,015
Admissions Tax.....	1,000,000	534,692	53.5%	560,194
Other Local Taxes.....	2,080,000	429,960	20.7%	475,254
<b>Total Other Local Taxes</b>	<u>\$ 121,493,000</u>	<u>\$ 38,861,204</u>	32.0%	<u>\$ 40,461,067</u>
<b>Intergovernmental Revenues</b>				
Revenue from the Federal Government.....	\$ 7,329,000	\$ 3,094,527	42.2%	\$ 2,921,520
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	11,416,631	51.9%	11,279,524
<b>Total Intergovernmental Revenues</b>	<u>\$ 52,894,012</u>	<u>\$ 36,910,762</u>	69.8%	<u>\$ 36,600,648</u>
<b>Other Governmental Revenues And Transfers In</b>				
Fines and Forfeitures.....	\$ 4,755,300	\$ 2,151,491	45.2%	\$ 2,277,911
Licenses and Permits.....	6,157,000	2,715,959	44.1%	3,269,562
Charges for City Services.....	14,594,877	6,309,485	43.2%	5,714,668
Revenue from Use of Money & Property.....	6,000,000	3,154,338	52.6%	5,586,510
Other Revenue.....	771,750	335,239	43.4%	360,538
Transfer from Other Funds.....	2,223,910	-	0.0%	-
<b>Total Other Governmental Revenues</b>	<u>\$ 34,502,837</u>	<u>\$ 14,666,512</u>	42.5%	<u>\$ 17,209,189</u>
<b>TOTAL REVENUE</b>	<u>\$ 527,958,910</u>	<u>\$ 268,230,788</u>	50.8%	<u>\$ 265,777,877</u>
<b>Appropriated Fund Balance</b>				
General Fund.....	4,600,000	-	0.0%	-
Reappropriation of FY 2008 Encumbrances And Other Supplemental Appropriations.....	9,396,645	-	0.0%	-
<b>TOTAL</b>	<u>\$ 541,955,555</u>	<u>\$ 268,230,788</u>	49.5%	<u>\$ 265,777,877</u>

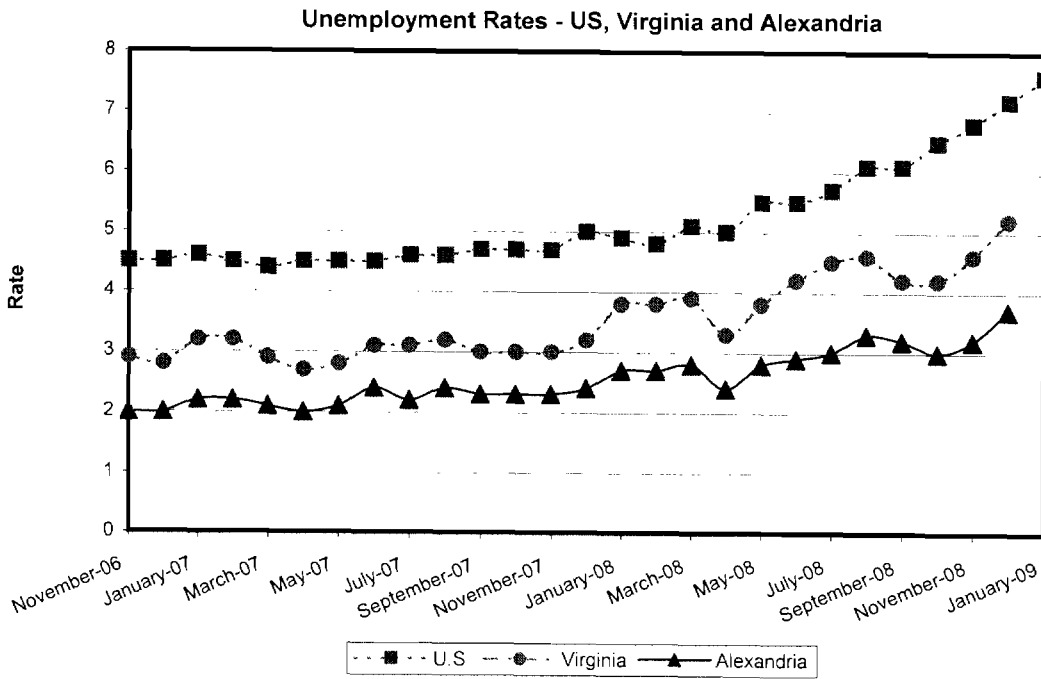
58.3% of Fiscal Year Completed  
57.09% of Payrolls Processed

Attachment 2

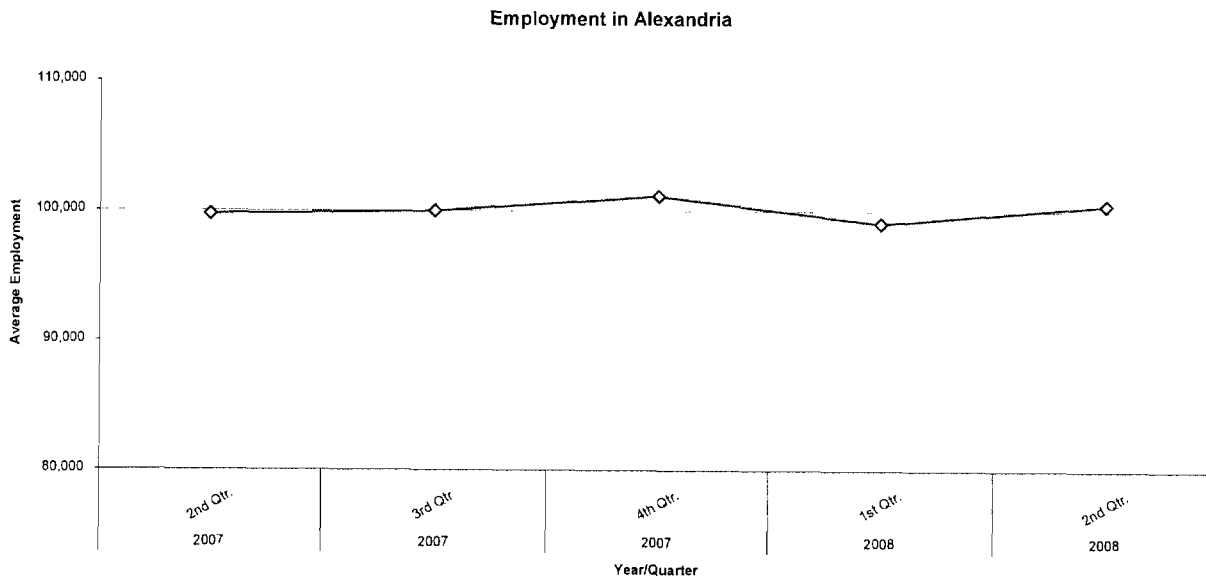
**COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION  
GENERAL FUND  
FOR THE PERIODS ENDING JANUARY 31, 2009 AND JANUARY 31, 2008**

FUNCTION	FY2009	FY2009	% OF	FY2008
	APPROVED BUDGET	EXPENDITURES THRU 01/31/09		BUDGET
Legislative & Executive.....	\$ 7,077,092	\$ 3,875,648	54.8%	\$ 3,220,319
Judicial Administration.....	\$ 38,710,029	\$ 22,514,587	58.2%	\$ 22,284,650
<b>Staff Agencies</b>				
Information Technology Services.....	\$ 7,268,396	\$ 3,850,702	53.0%	\$ 4,643,907
Management & Budget.....	1,134,468	647,629	57.1%	630,351
Finance.....	10,256,030	5,336,112	52.0%	5,200,922
Real Estate Assessment.....	1,635,473	902,461	55.2%	908,759
Human Resources.....	3,306,913	1,925,258	58.2%	1,957,862
Planning & Zoning.....	6,241,625	3,773,391	60.5%	3,173,941
Economic Development Activities.....	3,485,182	2,520,092	72.3%	2,466,093
City Attorney.....	3,287,544	1,848,667	56.2%	2,036,497
Registrar.....	1,275,383	872,767	68.4%	658,290
General Services.....	11,783,554	6,695,018	56.8%	7,880,009
Total Staff Agencies	\$ 49,674,568	\$ 28,372,097	57.1%	\$ 29,556,631
<b>Operating Agencies</b>				
Transportation & Environmental Services.....	\$ 28,865,370	\$ 15,321,854	53.1%	\$ 17,189,552
Fire.....	39,053,088	23,298,960	59.7%	21,910,144
Police.....	53,713,685	31,083,194	57.9%	29,729,451
Transit Subsidies.....	8,477,250	3,433,631	40.5%	5,642,437
Mental Health/Mental Retardation/ Substance Abuse.....	574,868	414,473	72.1%	327,410
Health.....	7,924,865	4,231,357	53.4%	4,171,291
Human Services.....	12,813,819	8,380,284	65.4%	8,105,710
Historic Resources.....	2,915,135	1,748,698	60.0%	1,647,551
Recreation.....	20,326,429	12,412,021	61.1%	12,170,251
Total Operating Agencies	\$ 174,664,509	\$ 100,324,472	57.4%	\$ 100,893,797
<b>Education</b>				
Schools.....	\$ 167,953,749	\$ 79,455,664	47.3%	\$ 76,353,296
Other Educational Activities.....	12,004	9,003	75.0%	9,299
Total Education	\$ 167,965,753	\$ 79,464,667	47.3%	\$ 76,362,595
<b>Capital, Debt Service and Miscellaneous</b>				
Debt Service.....	\$ 31,263,532	\$ 13,375,004	42.8%	\$ 12,564,185
Non-Departmental.....	15,283,222	10,569,614	69.2%	3,303,211
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	\$ 27,012,305	53.6%	\$ 25,632,960
<b>TOTAL EXPENDITURES</b>	\$ 488,529,610	\$ 261,563,776	53.5%	\$ 257,950,952
<b>Cash Match (Mental Health/Mental Retardation/ Substance Abuse, Human Services and Library and Transfers to the Special Revenue Fund)...</b>				
Transfer to Housing.....	34,072,790	795,373	17.7%	801,314
Transfer to Library.....	4,505,328	4,030,154	58.3%	4,143,816
Transfer to DASH.....	6,912,785	4,626,129	58.3%	4,387,329
<b>TOTAL EXPENDITURES &amp; TRANSFERS</b>	\$ 541,955,555	\$ 271,015,432	50.0%	\$ 267,283,411

**City of Alexandria  
Selected Economic Indicators**



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

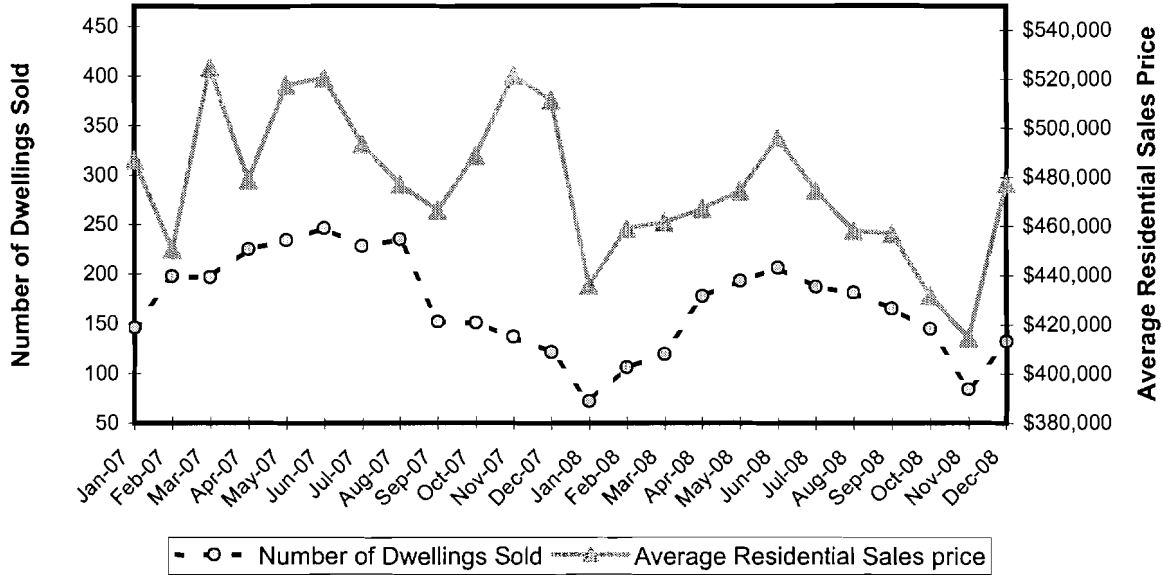


Source: Virginia Employment Commission, including the U.S. Patent and Trademark Office.

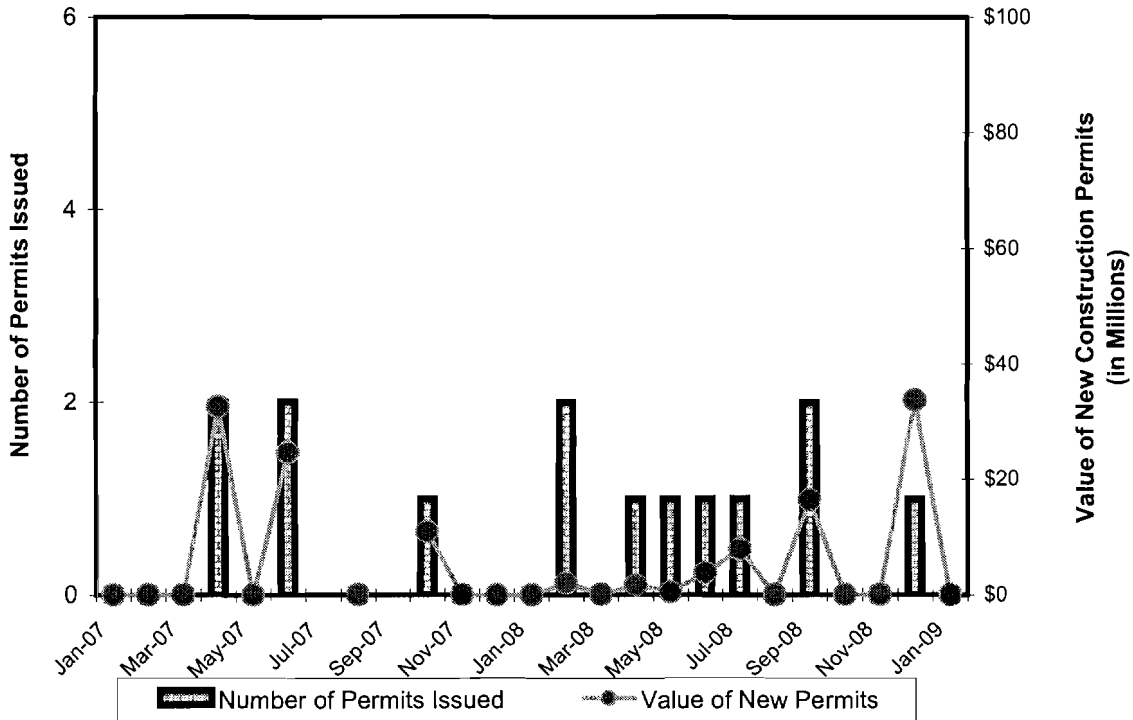
**CITY OF ALEXANDRIA  
SELECTED ECONOMIC INDICATORS**

	<u>Current Year</u>	<u>Prior Year</u>	<u>Percent Change</u>
<b><u>Consumer Price Index (CPI-U)</u></b>			
<b>for the Washington-Baltimore, DC-MD-VA-WV Area</b>			
(As of November 30, 2008)	138.5	135.2	+2.4%
(Source: Published bi-monthly by United States Department of Labor, Bureau of Labor Statistics)			
<b><u>Unemployment Rates</u></b>			
<b>Alexandria</b> (As of December 31, 2008)			
	3.7%	2.4%	+54%
<b>Virginia</b>			
(As of December 31, 2008)	5.2%	3.2%	+63%
(Source: United States Department of Labor, Bureau of Labor Statistics, as adjusted)			
<b><u>United States</u></b>			
(As of January 31, 2009)	7.6%	4.9%	+55%
(Source: United States Department of Labor, Bureau of Labor Statistics)			
<b><u>New Business Licenses</u></b>			
(During January 2009)			
(Source: Finance Department, Business Tax Branch)	75	78	-4%
<b><u>Office Vacancy Rates</u></b>			
(As of December 31, 2008)			
<b>Alexandria</b>			
	8.0%	5.2%	+54%
<b>Northern Virginia</b>			
	14.6%	12.3%	+19%
<b>Washington DC Metro Area</b>			
(Source: Grubb & Ellis)	12.5%	10.7%	+17%
<b><u>New Commercial Construction</u></b>			
(Fiscal YTD as of January 31, 2009)			
<b>Number of New Building Permits</b>			
	4	1	+300%
<b>Value of New Building Permits</b>			
(Source: Fire Department Code Enforcement Bureau)	58.0	11.0	+427%
<b><u>Residential Real Estate Indicators</u></b>			
(Year ending December 31, 2008)			
<b>Residential Dwelling Units Sold</b>			
	1,768	2,270	-22.1%
<b>Average Residential Sales Price</b>			
(Source: Department of Real Estate Assessments)	\$463,527	\$495,052	-6.4%

Selected Residential Real Estate Indicators



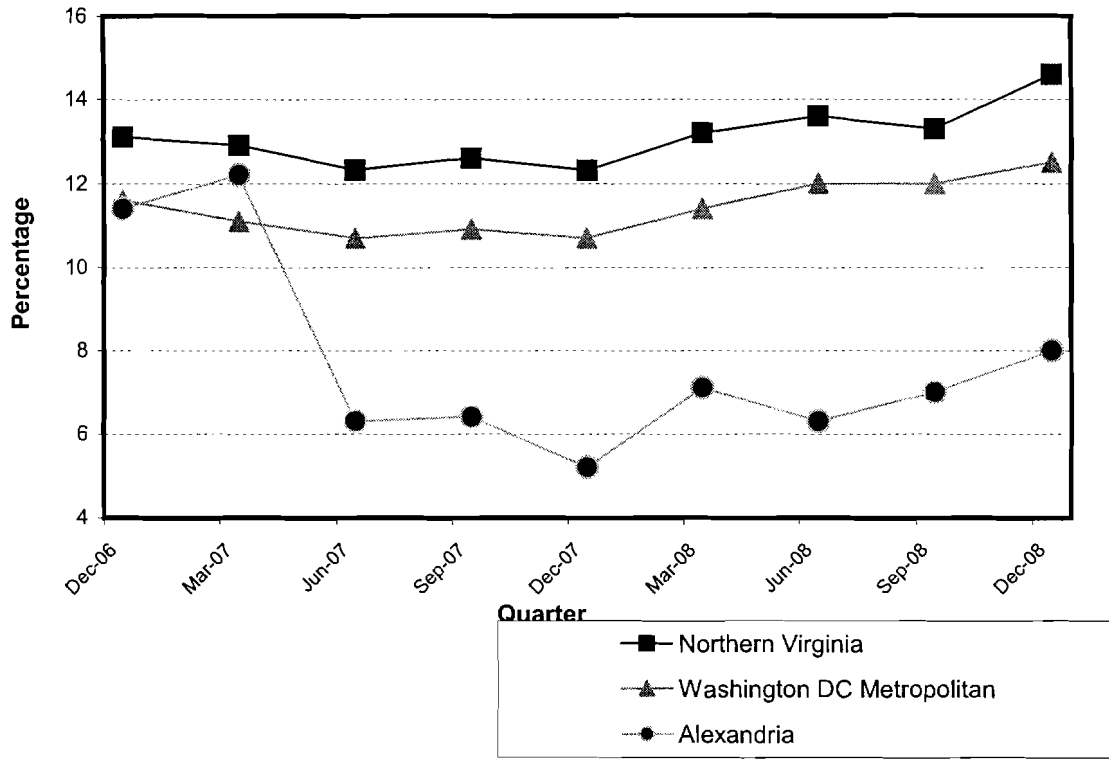
Alexandria New Commercial Construction  
Number of Permits and  
Value of New Construction Permits



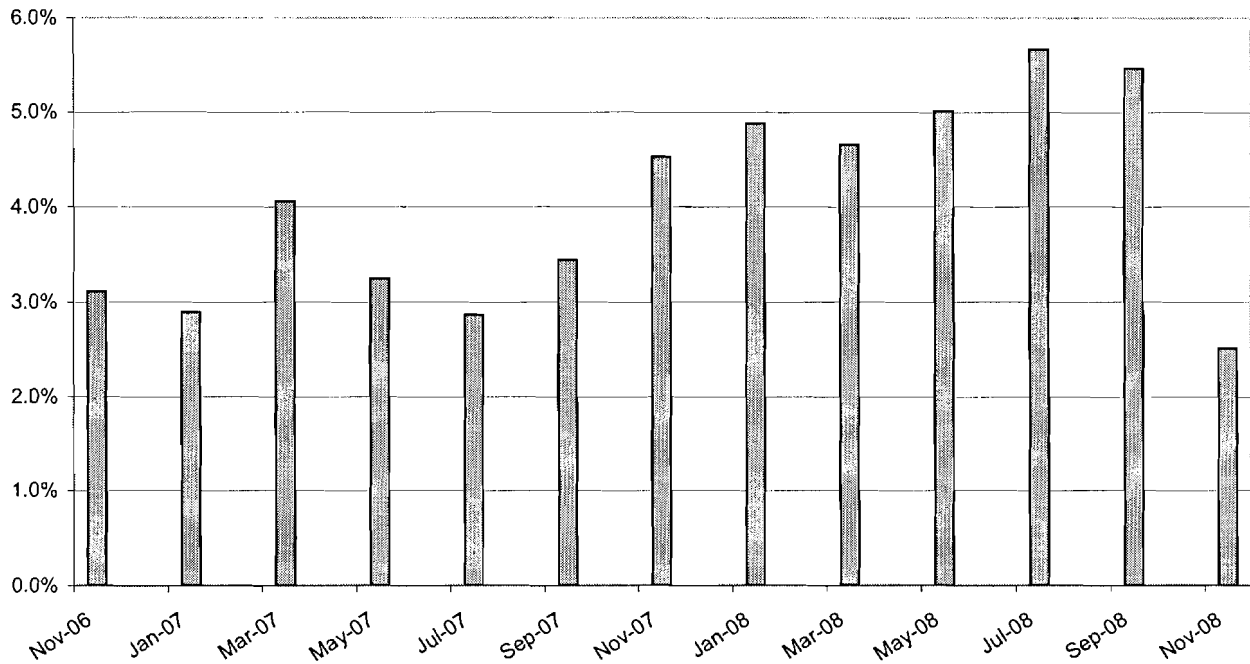


**City of Alexandria  
Selected Economic Indicators**

Office Vacancy Rates



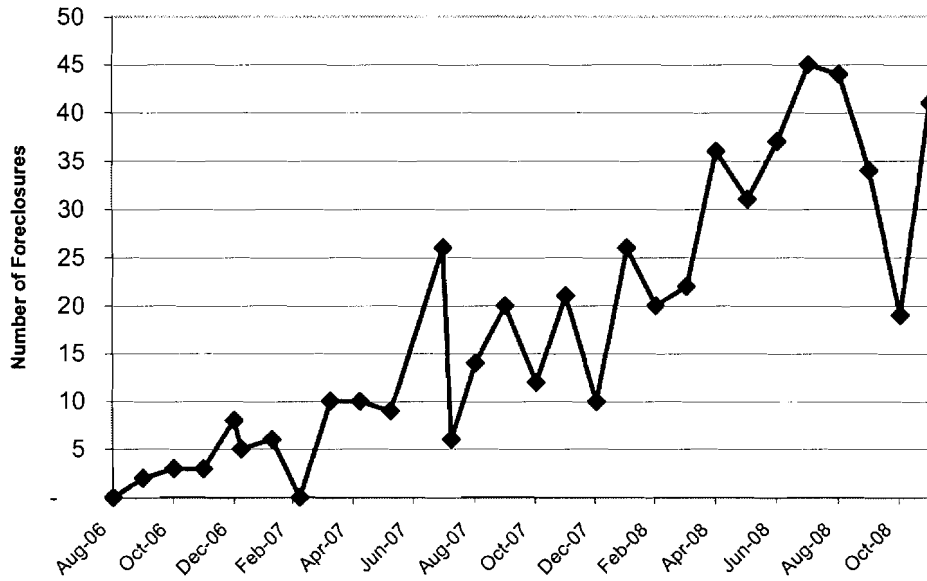
Twelve Month Annualized Percentage Change in Consumer Price Index  
Washington/Baltimore



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

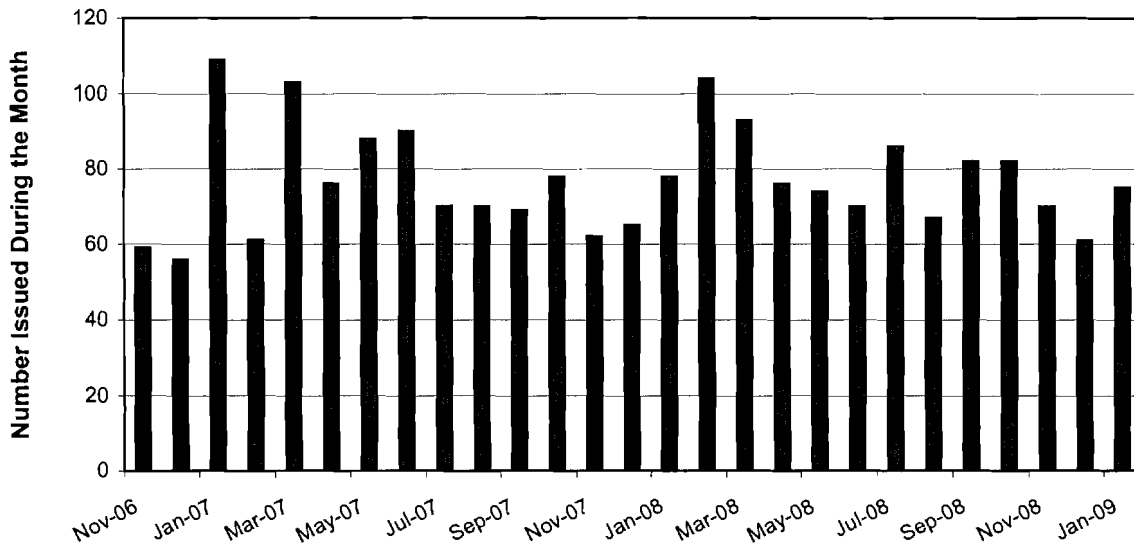
**City of Alexandria  
Selected Economic Indicators**

**Alexandria Foreclosures**



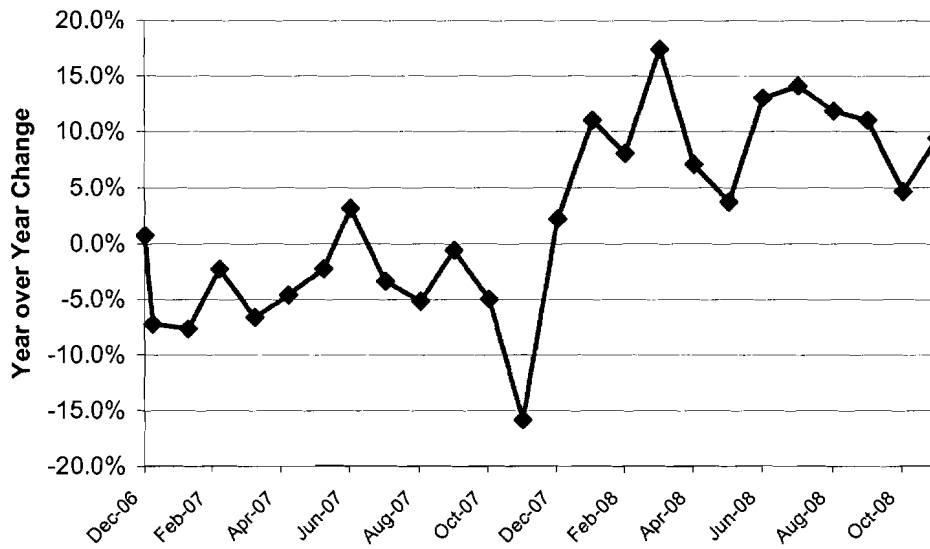
Source: Department of Real Estate Assessments

**New Business Licenses Issued in Alexandria**



City of Alexandria  
Selected Economic Indicators

Number of Rented Alexandria Hotel Rooms  
Year over Year Change



Source: Finance Department