

City of Alexandria, Virginia

MEMORANDUM

DATE: MARCH 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
FEBRUARY 28, 2009

ISSUE: Monthly Financial Report for the Period Ending February 28, 2009.

RECOMMENDATION: That City Council receive the following Monthly Financial Report for the period ending February 28, 2009.

- MONTHLY HIGHLIGHTS:**
- Residential real estate sales for January 2009 increased by 15.3 percent compared to January 2008, the average sale price decreased by 14.2 percent, but the average sale price was about 2% more than the recently released 2009 assessments.
 - For the first six months of FY 2009, sales tax receipts are down approximately 3.2% compared to the prior year.
 - The General Assembly has restored approximately \$0.8 million in funding for various programs. These revenues will be quantified and will be considered in the April re-projections.

DISCUSSION: This report provides financial information on revenues and expenditures of the General Fund for the seven months ending February 28, 2009. This report presents revenues and expenditures for the same period of fiscal year (FY) 2008 for comparative purposes. (Attachments 1 and 2) It 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. Formal revenue projections have not changed since the projections reflected in the Proposed FY 2010 Operating Budget as formal revenue re-estimates will be undertaken and reported to Council in April.

ECONOMY: The U.S. economy is in a severe and continuing recession. In his annual letter to Berkshire-Hathaway stockholders in February, noted investor Warren Buffett wrote that as a result of the financial crisis, during the 4th quarter 2008 “...a freefall in business activity ensued,

accelerating at a pace that I have never before witnessed.” The economy has been in recession since December 2007, and since the average length of a recession since World War II is eleven months, the fact that the downturn is already over a year old gives hope that we are closer to the end of the recession than we are from the beginning. The Federal stimulus package passed in February may also reduce the length and depth of the recession. However, the severity and nature of the recession make historical comparisons less reliable than in the past.

The City’s economy, as measured by tax receipts, continued to slow during the second half of 2008. The City’s unemployment rate of 3.7 percent in December, while low by Virginia and national standards, is about a percentage and a half point higher than it was last December. The Washington D.C. Area consumer price index (CPI-U) increased 1.0 percent from January 2008 to January 2009. The City’s Office vacancy rate increased from 5.2 percent to 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. Through December, the City’s FY 2009 retail sales receipts decreased by approximately 3.2 percent compared to last year. Sales tax receipts would have decreased further but for the opening of a second Best Buy in the City.

On the residential real estate sales front, data continue to show a weak residential sales market. While real estate sales volume for January 2009 increased 15.3 percent compared to January 2008, the average sales price decreased by 14.2 percent. 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 10 in January 2008 to 22 in January 2009. While the number of foreclosures has increased, according to Realtytrac¹, Alexandria’s rate of 1 out of every 739 properties in January is far less than Fairfax County’s rate of 1 out of every 435 properties or Prince William County’s rate of 1 out of every 154 properties. Overall, single-family home values (detached semi-detached, and townhouses) show a slight downward trend, while the condominium market shows a moderate downward trend.

In January, residential real estate sales increased by 15.3 percent, and the average sales price decreased by 14.2 percent for the 83 properties that changed hands. Of these sales, nearly half were sales of foreclosures or short sales, and generally are not considered “arms length” for assessment purposes. The positive news in January was that for the 41 arms length residential sales transactions the average sale price was about 2% higher than the 2009 City assessments, with single family residences being 4% higher and condominiums about 2% lower than 2009 assessments. It should be cautiously noted that the sales data represents just one month and is a small sample compared to twelve months of data.

The commercial real estate market also shows a slight downward trend in property values. 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 at this time to be less severe in Alexandria than in other jurisdictions.

¹ Realtytrac’s definition of Alexandria is greater than the City limits, but the data remain representative.

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. As shown in the Proposed Budget introduced on February 10, revenue projections are somewhat weaker 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, comprise the previously projected shortfall in FY 2009 of approximately \$11.0 million.

The current revenue outlook for FY 2010 in the Proposed Budget 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 downside risk to the City’s future revenue projections.

	FY 2009 BUDGET REVISED	FY 2009 BUDGET PROJECTIONS	BUDGET VESUS PROJECTIONS
Real Property ¹	\$ 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)

¹ Projection: At the proposed rate (on which the FY 2010 proposed budget was based) of 88.7¢ per hundred. Amounts may not add up due to rounding.

REVENUES (Attachment 1): As of February 28, actual General Fund revenues totaled \$289.6 million, which is \$3.2 million above FY 2008 revenues of \$286.4 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 the prior projections.

Real Property: Real property is assessed as of January 1 of each calendar year, and assessment notices were mailed to property owners on February 10. 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 2009 rescissions, as presented to Council and included in Attachment I, reflect the original estimated reduction in real estate, while the higher projections above reflect the higher proposed rate included in the FY 2010 proposed budget of \$0.887 per \$100. It does not reflect any of the possible additional \$0.018 that Council determined on March 14 to advertise for consideration. 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	\$138.6 million	\$144.5 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. 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. 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. There has been no change since the projection provided to Council with the Proposed FY 2010 Budget.

	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	\$16.9 million	\$17.2 million	2%
Business - Equipments and Machinery	\$16.3 million	\$16.3 million	\$16.3 million	\$15.8 million	\$16.6 million	5%
State Reimbursement	\$23.6 million	\$23.6 million	\$23.6 million	\$23.1 million	\$23.1 million	-
Total	\$58.5 million	\$57.3 million	\$58.7 million	\$55.8 million	\$56.9 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 have slowed over recent months. Based on collections-to-date through December, 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. Adjusted for the repayments, this is a projected decline of 3.2%, approximately equal to the actual decline through the first six months of FY 2009. There has been no change since the projection provided to Council with the Proposed FY 2010 Budget.

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	\$12.6 million	\$10.4 million	(18%)

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. There has been no change since the projection provided to Council with the Proposed FY 2010 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	\$6.0 million	\$6.1 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. There has been no change since the projection provided to Council with the Proposed FY 2010 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	\$6.2 million	\$5.9 million	(5%)

Business License Taxes: The City’s Business License Tax was due March 2, 2009. Collections-to-date, in the amount of \$11.6 million, represent a difference in the timing for payments made by businesses (i.e. paid in late February). Collections, while lower than FY 2008, are still being tabulated. No conclusion about current year collections will be evident until this tabulation is complete. Based on preliminary collections-to-date 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. There has been no change since the projection provided to Council with the Proposed FY 2010 Budget. Staff will continue to monitor this revenue source and make reestimates as warranted in the context of the April reestimates.

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	\$12.2 million	\$11.6 million	(5%)

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. There has been no change since the projection provided to Council with the Proposed FY 2010 Budget.

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	\$4.3 million	\$5.7 million	34%

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. There has been no change since the projection provided to Council with the Proposed FY 2010 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	\$6.0 million	\$8.3 million	38%

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. There has been no change since the projection provided to Council with the Proposed FY 2010 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	\$1.6 million	\$1.6 million	4%

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. There has been no change since the projection provided to Council with the Proposed FY 2010 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	\$2.9 million	\$1.7 million	(40%)

Intergovernmental Revenues: Revenues in this category include Federal Prisoner per diem and indirect costs. The budgeted increase reflects payments from a new agreement. Payments received from this agreement with the Office of Federal Detention Trustee have averaged \$0.5 million per month for the first half of the year. There has been no change since the projection provided to Council with the Proposed FY 2010 Budget, but the projection will increase by approximately \$800,000 in the April reestimates as the result of General Assembly budget actions.

	FY 2008 Actuals	FY 2009 Budget	FY 2009 Projection	FY 2008 Year-to-Date	FY 2009 Year-to-Date	Percentage change
Federal	\$7.7 million	\$7.3 million	\$7.5 million	\$3.5 million	\$3.6 million	5%
State – Personal Property Tax Relief	\$23.6 million	\$23.6 million	\$23.6 million	\$23.1 million	\$23.1 million	-
Revenue from the Commonwealth	\$23.1 million	\$22.0 million	\$22.2 million	\$12.0 million	\$12.1 million	1%
Total	\$58.5 million	\$52.9 million	\$53.3 million	\$38.6 million	\$38.8 million	1%

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. There has been no change since the projection provided to Council with the Proposed FY 2010 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	\$2.6 million	\$2.5 million	(5%)

Licenses and Permits: Permit revenues have declined due to a slowing construction market. Based on collections-to-date, it appears that actual collections will be approximately \$5.3 million, a decrease of \$0.8 million below the FY 2009 Approved Budget. There has been no change since the projection provided to Council with the Proposed FY 2010 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	\$3.7 million	\$3.1 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 in place, staff projects that actual collections will be approximately \$11.8 million, a decrease of \$2.7 million below the Approved FY 2009 Budget. There has been no change since the projection provided to Council with the Proposed FY 2010 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	\$6.7 million	\$6.7 million	1%

Revenue from Use of Money & Property: Revenues in this category include interest on investments, parking garage/lot fees and rental of property income. 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. There has been no change since the projection provided to Council with the Proposed FY 2010 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	\$6.3 million	\$3.4 million	(46%)

EXPENDITURES (Attachment 2): As of February 28, 2009, actual General Fund expenditures totaled \$304.3 million, an increase of \$3.6 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 Peumansend 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, including Landmark/Van Dorn 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 of 2008.

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, 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 FEBRUARY 28, 2009 AND FEBRUARY 29 2008**

	FY2009 APPROVED BUDGET	FY2009 REVENUES THRU 02/28/09	% OF BUDGET	FY2008 REVENUES THRU 02/29/08
General Property Taxes				
Real Property Taxes.....	\$ 283,599,061	\$ 144,518,034	51.0%	\$ 138,554,073
Personal Property Taxes.....	33,700,000	33,785,487	100.3%	32,658,889
Penalties and Interest.....	1,770,000	1,229,319	69.5%	1,009,138
Total General Property Taxes	\$ 319,069,061	\$ 179,532,840		\$ 172,222,100
Other Local Taxes				
Local Sales and Use Taxes.....	\$ 24,000,000	10,402,593	43.3%	\$ 12,635,289
Consumer Utility Taxes.....	10,700,000	6,128,306	57.3%	6,004,707
Communication Sales and Use Taxes.....	13,000,000	5,856,104	45.0%	6,190,515
Business License Taxes.....	33,513,000	11,591,109	34.6%	12,174,049
Transient Lodging Taxes.....	11,500,000	5,705,971	49.6%	4,250,038
Restaurant Meals Tax.....	15,000,000	8,254,517	55.0%	5,969,591
Tobacco Taxes.....	2,700,000	1,623,984	60.1%	1,560,604
Motor Vehicle License Tax.....	3,200,000	2,698,328	84.3%	2,872,444
Real Estate Recordation.....	4,800,000	1,740,530	36.3%	2,906,814
Admissions Tax.....	1,000,000	623,334	62.3%	658,803
Other Local Taxes.....	2,080,000	442,446	21.3%	607,298
Total Other Local Taxes	\$ 121,493,000	\$ 55,067,222	45.3%	\$ 55,830,152
Intergovernmental Revenues				
Revenue from the Federal Government.....	\$ 7,329,000	\$ 3,646,981	49.8%	\$ 3,482,416
Personal Property Tax Relief from the Commonwealth.....	23,578,531	23,106,960	98.0%	23,106,960
Revenue from the Commonwealth.....	21,986,481	12,077,766	54.9%	12,006,174
Total Intergovernmental Revenues	\$ 52,894,012	\$ 38,831,707	73.4%	\$ 38,595,550
Other Governmental Revenues And Transfers In				
Fines and Forfeitures.....	\$ 4,755,300	\$ 2,477,030	52.1%	\$ 2,607,326
Licenses and Permits.....	6,157,000	3,056,360	49.6%	3,690,133
Charges for City Services.....	14,594,877	6,721,734	46.1%	6,687,385
Revenue from Use of Money & Property.....	6,000,000	3,435,624	57.3%	6,334,037
Other Revenue.....	842,750	446,807	53.0%	390,174
Transfer from Other Funds.....	2,223,910		0.0%	-
Total Other Governmental Revenues	\$ 34,573,837	\$ 16,137,555	46.7%	\$ 19,709,055
TOTAL REVENUE	\$ 528,029,910	\$ 289,569,324	54.8%	\$ 286,356,857
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	\$ 542,026,555	\$ 289,569,324	53.4%	\$ 286,356,857

66.7% of Fiscal Year Completed
 64.75% of Payrolls Processed

Attachment 2

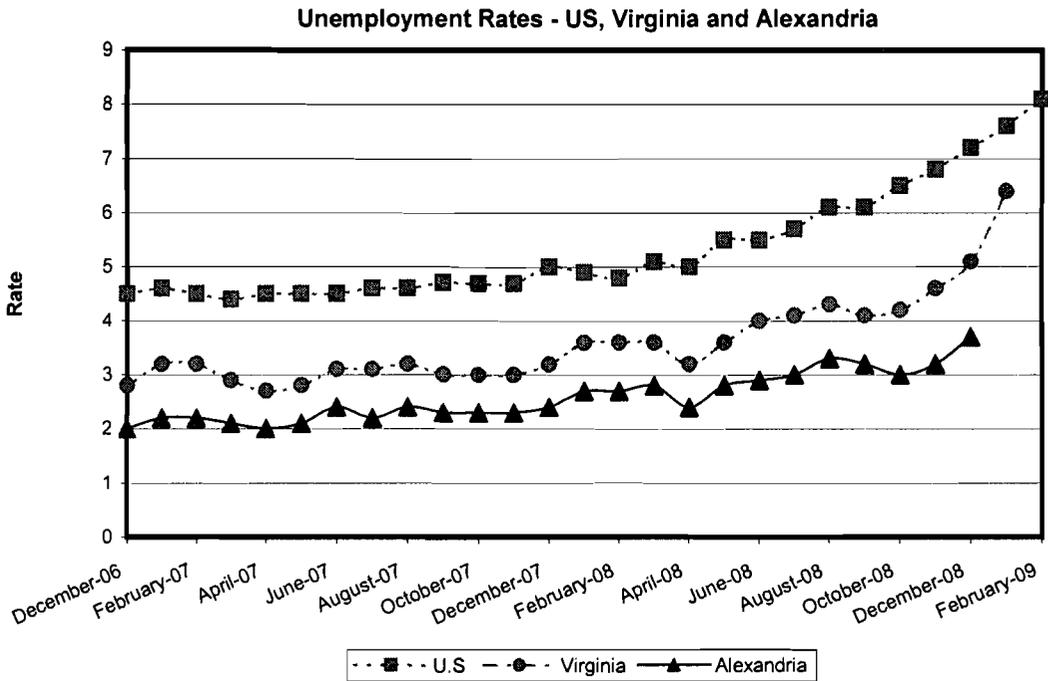
**COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION
 GENERAL FUND
 FOR THE PERIODS ENDING FEBRUARY 28, 2009 AND FEBRUARY 29, 2008**

FUNCTION	FY2009	FY2009	% OF	FY2008
	APPROVED BUDGET	EXPENDITURES THRU 02/28/09		BUDGET
Legislative & Executive.....	\$ 7,077,092	\$ 4,382,421	61.9%	\$ 3,733,608
Judicial Administration.....	\$ 38,710,029	\$ 25,365,340	65.5%	\$ 24,863,465
Staff Agencies				
Information Technology Services.....	\$ 7,268,396	\$ 4,312,837	59.3%	\$ 5,290,273
Management & Budget.....	1,134,468	728,784	64.2%	713,203
Finance.....	10,256,030	5,835,573	56.9%	5,845,169
Real Estate Assessment.....	1,635,473	1,033,509	63.2%	1,067,160
Human Resources.....	3,306,913	2,178,783	65.9%	2,205,490
Planning & Zoning.....	6,241,625	4,282,689	68.6%	3,769,429
Economic Development Activities.....	3,485,182	2,584,821	74.2%	2,466,294
City Attorney.....	3,287,544	2,027,732	61.7%	2,245,480
Registrar.....	1,275,383	944,971	74.1%	793,703
General Services.....	11,783,554	7,574,002	64.3%	8,961,736
Total Staff Agencies	\$ 49,674,568	\$ 31,503,701	63.4%	\$ 33,357,937
Operating Agencies				
Transportation & Environmental Services.....	\$ 28,936,370	\$ 17,444,668	60.3%	\$ 18,768,691
Fire.....	39,053,088	26,481,824	67.8%	24,910,917
Police.....	53,713,685	35,328,288	65.8%	33,564,559
Transit Subsidies.....	8,477,250	3,651,922	43.1%	5,748,239
Mental Health/Mental Retardation/ Substance Abuse.....	574,868	461,191	80.2%	360,895
Health.....	7,924,865	4,384,637	55.3%	4,405,137
Human Services.....	12,813,819	9,005,462	70.3%	8,627,059
Historic Resources.....	2,915,135	1,946,081	66.8%	1,889,178
Recreation.....	20,326,429	13,713,098	67.5%	13,585,003
Total Operating Agencies	\$ 174,735,509	\$ 112,417,171	64.3%	\$ 111,859,678
Education				
Schools.....	\$ 167,953,749	\$ 92,452,414	55.0%	\$ 88,516,960
Other Educational Activities.....	12,004	9,003	75.0%	9,299
Total Education	\$ 167,965,753	\$ 92,461,417	55.0%	\$ 88,526,259
Capital, Debt Service and Miscellaneous				
Debt Service.....	\$ 31,263,532	\$ 13,395,149	42.8%	\$ 12,604,475
Non-Departmental.....	15,288,222	10,878,038	71.2%	3,820,138
Cash Capital.....	3,067,687	3,067,687	100.0%	10,334,771
Contingent Reserves.....	818,218	-	-	-
Total Capital, Debt Service and Miscellaneous	\$ 50,437,659	\$ 27,340,874	54.2%	\$ 26,759,384
TOTAL EXPENDITURES	\$ 488,600,610	\$ 293,470,924	60.1%	\$ 289,100,331
Cash Match (Mental Health/Mental Retardation/ Substance Abuse, Human Services and Library and Transfers to the Special Revenue Fund)...				
Transfer to Housing.....	34,072,790	898,975	20.0%	1,801,011
Transfer to Library.....	4,505,328	4,610,828	66.7%	4,740,867
Transfer to DASH.....	6,912,785	5,292,673	66.7%	4,996,845
TOTAL EXPENDITURES & TRANSFERS	\$ 542,026,555	\$ 304,273,400	56.1%	\$ 300,639,054

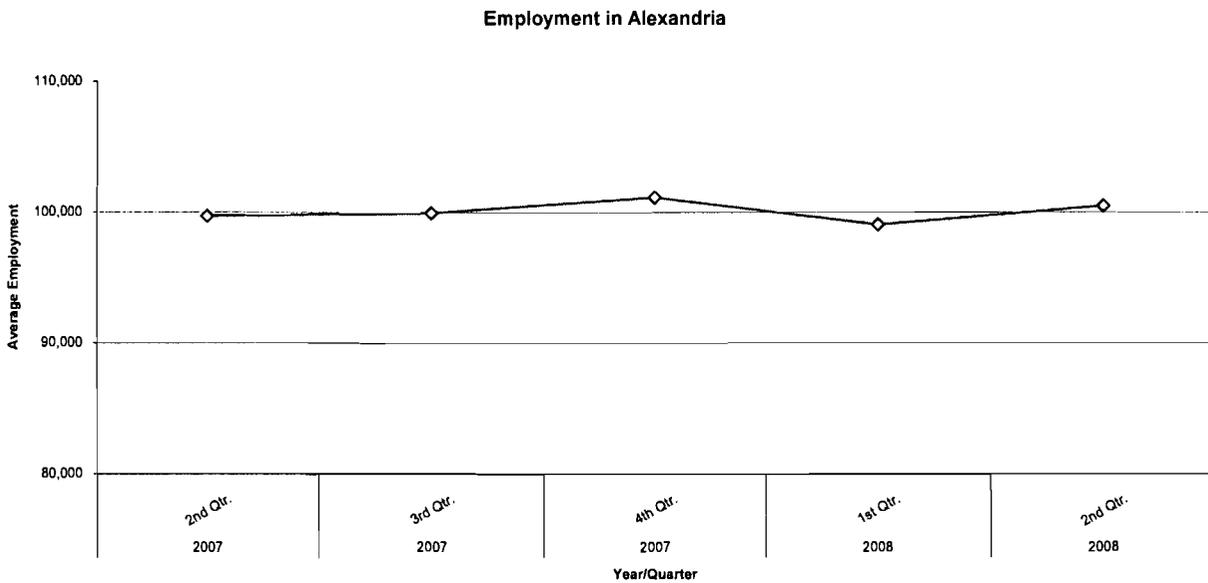
**CITY OF ALEXANDRIA
SELECTED ECONOMIC INDICATORS**

	<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 January 31, 2009)	137.6	136.3	+1.0%
(Source: Published bi-monthly by United States Department of Labor, Bureau of Labor Statistics)			
<u>Unemployment Rates</u>			
Alexandria (As of December 31, 2008)			
	3.7%	2.4%	+54%
Virginia			
(As of January 31, 2009)	6.4%	3.6%	+78%
(Source: United States Department of Labor, Bureau of Labor Statistics, as adjusted)			
<u>United States</u>			
(As of February 28, 2009)	8.1%	4.8%	+69%
(Source: United States Department of Labor, Bureau of Labor Statistics)			
<u>New Business Licenses</u>			
(During February 2009)			
(Source: Finance Department, Business Tax Branch)	89	104	-14%
<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	12.5%	10.7%	+17%
(Source: Grubb & Ellis)			
<u>New Commercial Construction</u>			
(Fiscal YTD as of February 28, 2009)			
Number of New Building Permits	4	3	+33%
Value of New Building Permits	58.0	128.1	-55%
(Source: Fire Department Code Enforcement Bureau)			
<u>Residential Real Estate Indicators</u>			
(YTD ending January 31, 2009)			
Residential Dwelling Units Sold	83	72	+15.3%
Average Residential Sales Price	\$374,339	\$436,077	-14.2%
(Source: Department of Real Estate Assessments)			

**City of Alexandria
Selected Economic Indicators**



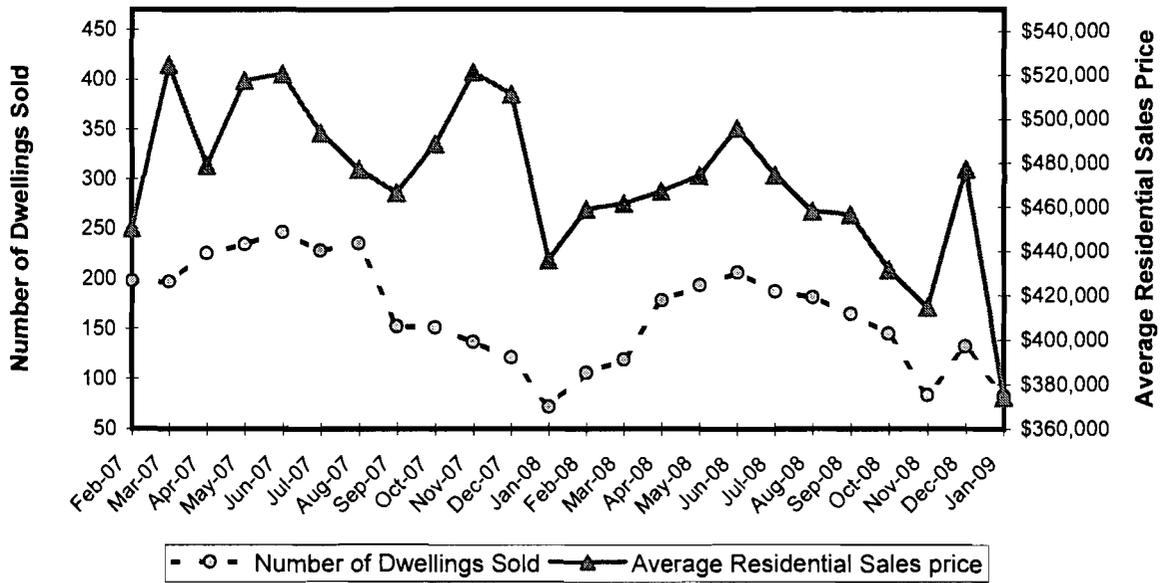
Source: United States Department of Labor, Bureau of Labor Statistics (as revised by BLS)



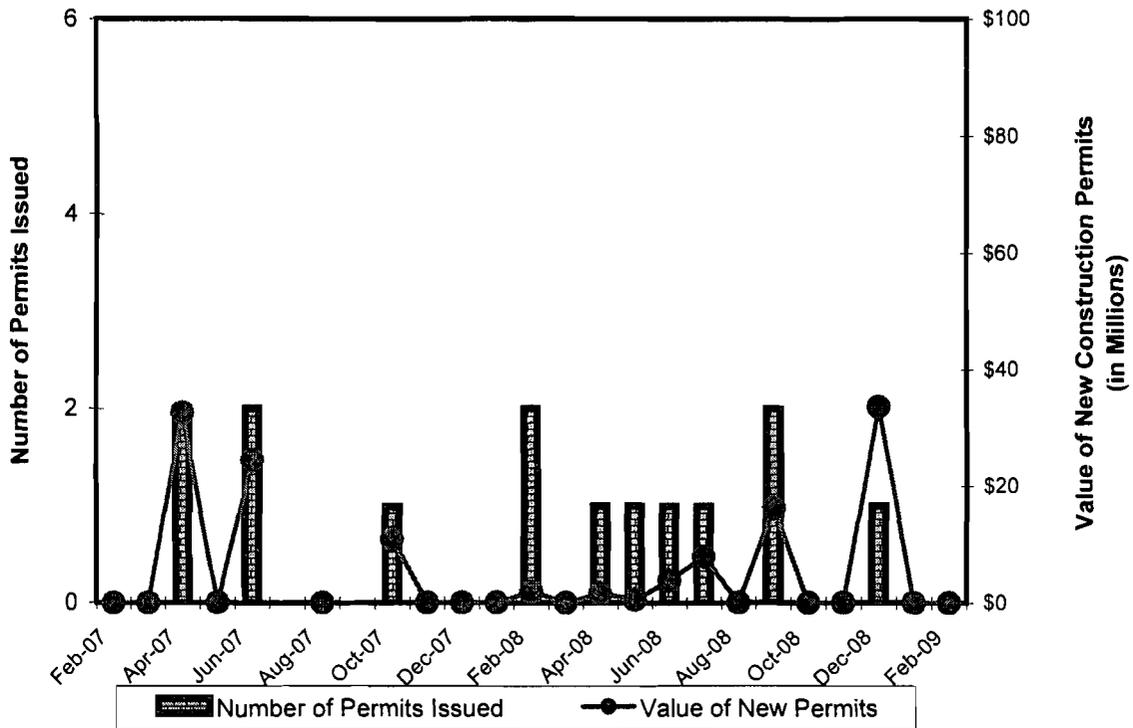
Source: Virginia Employment Commission, including the U.S. Patent and Trademark Office.

**City of Alexandria
Selected Economic Indicators**

Selected Residential Real Estate Indicators

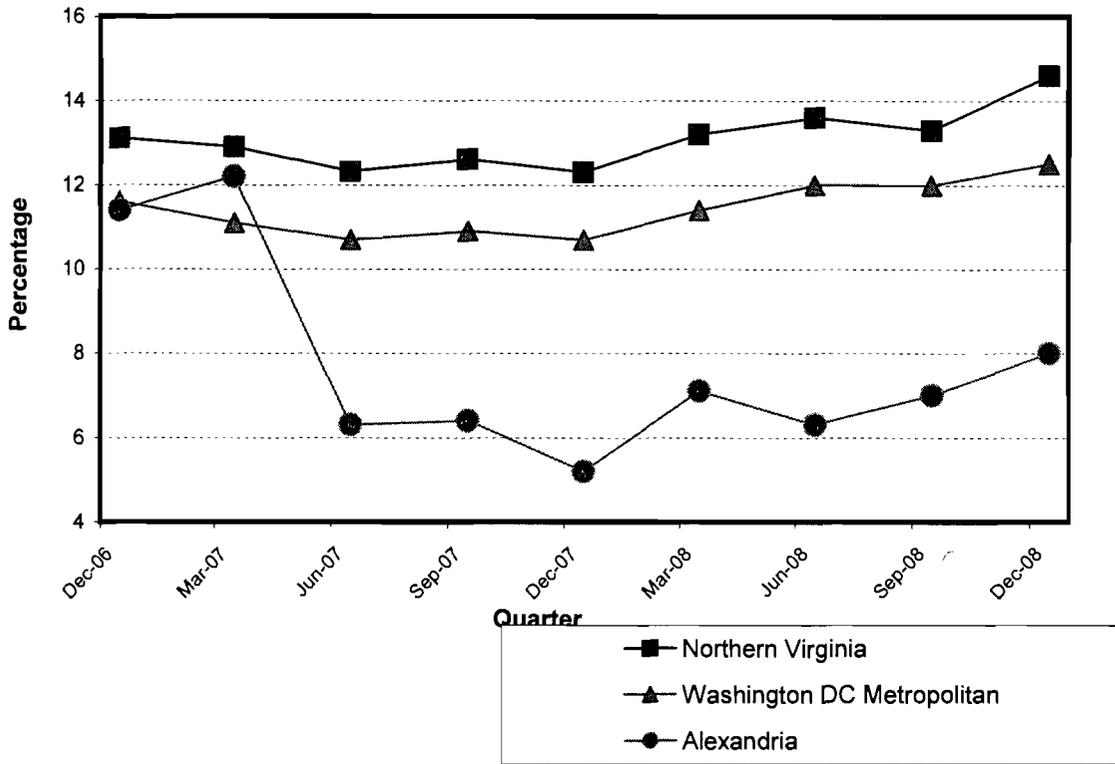


**Alexandria New Commercial Construction
Number of Permits and
Value of New Construction Permits**

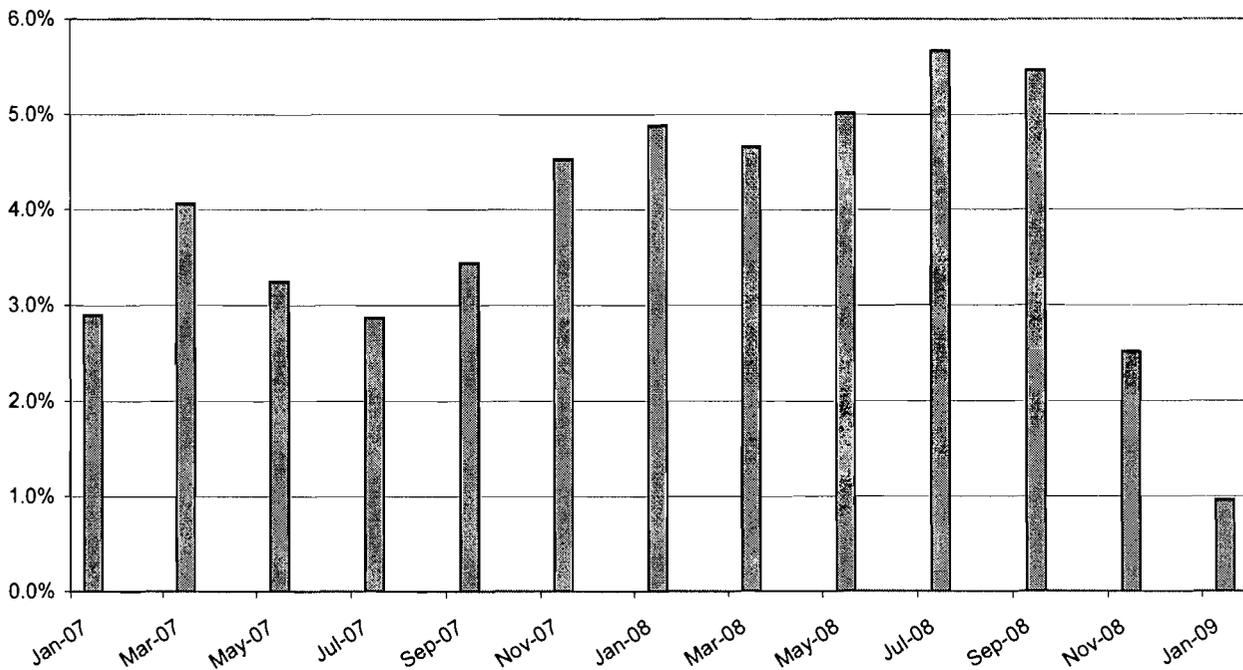


City of Alexandria Selected Economic Indicators

Office Vacancy Rates

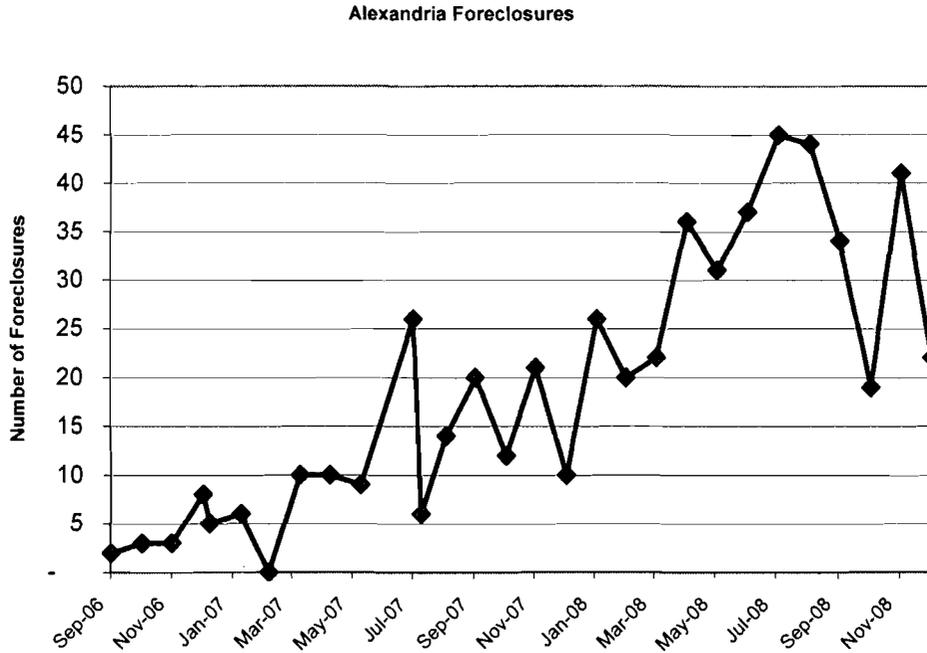


Twelve Month Annualized Percentage Change in Consumer Price Index
Washington/Baltimore

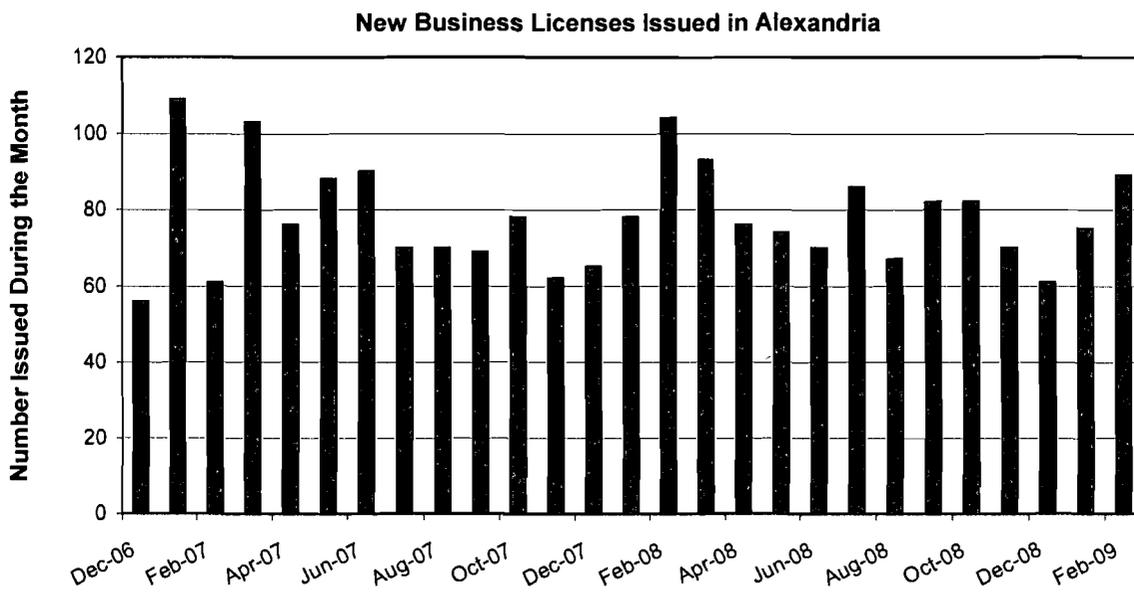


Source: United States Department of Labor, Bureau of Labor Statistics

**City of Alexandria
Selected Economic Indicators**

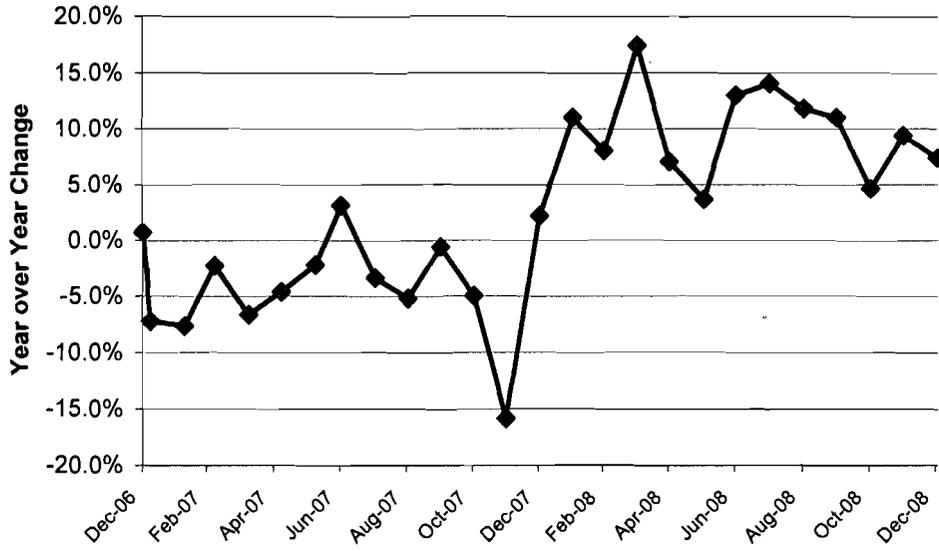


Source: Department of Real Estate Assessments



City of Alexandria
Selected Economic Indicators

Number of Rented Alexandria Hotel Rooms
Year over Year Change



Source: Finance Department