

City of Alexandria, Virginia

MEMORANDUM

DATE: MAY 19, 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 APRIL 30, 2009

ISSUE: Monthly Financial Report for the Period Ending April 30, 2009.

RECOMMENDATION: That City Council receive the following Monthly Financial Report for the period ending April 30, 2009.

MONTHLY HIGHLIGHTS:**Economy**

- There are some indications that the national economy's downward trajectory has begun to slow and bottom out, such as resurgent consumer confidence and moderating decreases in retail sales. However, the signs of an economic turnaround are as yet tentative, and the severity and nature of the current recession make projections more difficult than in the past.
- Several indicators of economic activity in the City to date continue to present a mixed to weak picture, including unemployment, office vacancy rate, sales tax receipts, hotel occupancy rate, and the real estate market.

Revenues

- The revised April 2009 revenue outlook for FY 2009 reflects a decrease of 2.0 percent or \$10.5 million for the originally adopted budget for FY 2009 revenues. No changes to these estimates are recommended at this time.

Expenditures

- As of April 30, 2009, actual General Fund expenditures are \$11.3 million or 3.0 percent above expenditures through April 30, 2008 in the prior year.
- Through tight controls on hiring and close monitoring of end-of-year expenditures, City staff will produce at least \$2 million in FY 2010 expenditure savings as previously projected.

DISCUSSION: This report provides financial information on revenues and expenditures of the General Fund for the ten months ending April 30, 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). This report includes the budgeted final revenue projections for FY 2009 as included in Council's FY 2010 Approved Budget decisions. In addition, the revenue projections in this report reflect a \$2.7 million increase in real property tax revenues in FY 2009 as a result of the Council-approved 2009 real estate tax rate change from \$0.887 per \$100 of assessed value to \$0.903 per \$100 of assessed value.

ECONOMY: The U.S. economy is in a severe and continuing recession. In April, the recession which began in December 2007 officially became the longest since World War II. It is also the deepest contraction in over 50 years, as the GDP fell at an annualized rate of over 6 percent for both the 4th quarter of 2008 and the 1st quarter of 2009. On April 10, the Blue Chip Survey released its survey of private economists which projects that the recession will end during the second half of 2009. The Federal Reserve Board's March 17 meeting minutes anticipates the recession will end early in 2010.

Several indicators of economic activity in the City to date continue to present a mixed to weak picture. The City's unemployment rate of 5.1 percent in February and 5.1 percent in March, (information not yet available for April), while low by Virginia and national standards, is at its highest level since 1994 and has nearly doubled in the last year. However, the leveling off of this increase in the unemployment rate in March is a sign of encouragement. The Washington D.C. Area consumer price index (CPI-U) increased only 0.4 percent from March 2008 to March 2009. The City's office vacancy rate increased from 7.1 percent to 14.3 percent as of March 31, 2009. This compares to a 1st quarter vacancy rate of 15.2 percent for Northern Virginia and 13.5 percent for the entire D.C. Metropolitan area. Not including the Victory Center building, which has been sufficiently renovated and was added back to the vacancy listing by Grubb & Ellis (which compiles and reports this office vacancy data) during the 1st quarter the City's office vacancy rate would be approximately 8.9 percent. However, this would still be an increase from the 8.0 percent rate of the previous quarter. Through February, the City's FY 2009 retail sales receipts decreased by approximately 3.5 percent compared to last year, after adjusting for sales tax transfers to Fairfax County. Sales tax receipts would have decreased further but for the opening of a second Best Buy in the City. After 12 months of increases, the number of rented hotel rooms has also been going down in February and March compared to the same months in the prior year.

On the residential real estate sales front, data also show a mixed to weak real estate market. Real estate sales for the year to date through March 2009 increased 11.4 percent compared to the similar period in 2008, while the average sales price decreased by 10.3 percent. With the help of extremely low interest rates, an increase in FHA loan limits, and the first time homebuyer's tax credit, for the first time in two years, there appears to be a Spring bounce in the quantity of sales in the real estate market, though the sales volume remains well under their level of two years ago. Overall, single-family home values (detached semi-detached, and townhouses) are selling for slightly more than 2009 assessments, while the condominium market shows a continuing slight downward trend.

In March, about 21 percent of residential sales were foreclosures or short sales. Such sales are generally not considered “arms-length” for assessment purposes. The positive news for March was that for the 102 arms-length residential sales transactions, the average sales price was about 4 percent higher than the 2009 City assessments, with single family residences being 4 percent higher and condominiums about 3 percent 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. This is a minor data point, but it may portend a positive market shift.

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 56 during the first three months of 2008 to 65 during the first three months of 2009. While the number of foreclosures has increased over last year, according to Realtytrac,¹ Alexandria’s rate of 1 out of every 836 properties in March is far less than Fairfax County’s rate of 1 out of every 361 properties or Prince William County’s rate of 1 out of every 148 properties. It should be noted that as of April 1, Fannie Mae and Freddie Mac lifted the foreclosure moratorium that had been in place several months.

The commercial real estate market also headed towards a 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. For 2010 the City has built in to its adopted budget a projected 5% overall tax base drop comprised primarily of a projected 10% commercial tax base decline. At present, the small number of commercial transactions makes it very difficult to value commercial real estate. As with residential real estate, the commercial real estate slowdown appears to be less severe in Alexandria than in other jurisdictions.

Revenue Outlook:

The revised April 2009 revenue outlook for FY 2009 reflects a decrease of 2.0 percent or \$10.6 million from the originally adopted budget for FY 2009 revenues.

Dollars	Adopted Budget	October Re-Estimate	February Re-Estimate from Proposed Budget	April Re-Estimate
\$ Change	542.0	\$531.5	\$531.0	\$531.3
% Change from Adopted	N/A	-1.9%	-2.0%	-2.0%

^{1/}Includes effect of 90.3 cent tax rate for CY 2009 as approved by City Council April 27.

We have no reason to change that estimate one month later. However, the continuing turbulence in the credit markets and the uncertainty of future consumer spending continues to create some

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

downside risk to the City's FY 2010 revenue projections. City staff will be closely monitoring revenues over the course of the remaining months of this fiscal year and through the summer, with an eye toward issuing a formal re-estimate next fall for FY 2010.

Expenditure Outlook:

As of April 30, 2009, actual General Fund expenditures are \$11.3 million or 3.0 percent above expenditures through April 30, 2008 in the prior year. Through tight controls on hiring, and close monitoring of end-of-year expenditures, City staff will produce at least \$2 million in expenditure savings as directed by City Council. (The plan for meeting this budget was contained in Budget Memorandum #3 issued February 10, 2009.)

	FY 2009 BUDGET APPROVED	FY 2009 BUDGET PROJECTIONS	BUDGET VERSUS PROJECTIONS
Real Property ¹	\$ 293.6	\$ 295.5	\$ 1.9
Personal Property-local share	33.7	35.4	1.7
Penalties and Interest	1.8	1.9	0.1
Sales Tax	24.0	21.6	(2.4)
Consumer Utility Tax	10.7	10.4	(0.3)
Communication Sales and Use Tax	13.0	11.4	(1.6)
Business License Tax	33.5	30.6	(2.9)
Transient Lodging Tax	11.5	11.0	(0.5)
Restaurant Meals Tax	15.0	14.9	(0.1)
Recordation Taxes	4.8	3.1	(1.7)
Other Local Taxes (including Motor Vehicle License)	9.0	9.7	0.7
Intergovernmental	52.8	53.3	0.5
Fines and Forfeitures	4.8	4.0	(0.8)
Licenses and Permits	6.1	4.7	(1.4)
Charges for City Services	14.5	11.9	(2.6)
Use of Money and Property	6.0	4.6	(1.4)
Other Revenue	0.6	0.7	0.1
Net Reduction of Revenues from Original Approved Budget Amount From Real Estate Tax Rate Increase			<u>(10.7)</u>

¹ Projection: At the adopted rate of 90.3¢ per hundred.

Amounts may not add up due to rounding.

The budget rescissions discussed with and approved by City Council have been reflected in Attachments I and II. The revised budget above reflects the budget presented as part of the FY 2010 Adopted budget.

REVENUES (Attachment 1): As of April 30, actual General Fund revenues totaled \$334.1 million, which is \$5.7 million or 1.7 percent above FY 2008 revenues of \$328.6 million for the same time period. This report reflects a \$10.7 million reduction from the originally budgeted 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. Based on collections-to-date and the increase in the real estate tax rate to 90.3 cents included in the FY 2010 Adopted Budget, real estate tax revenues are expected to be approximately \$295.5 million, which is \$1.9 million above the FY 2009 Approved Budget and \$2.7 million higher than the previous projection, which was based on the proposed \$0.887 real estate tax rate.

FY 2008 Actuals	FY 2009 Budget	FY 2009 Projection	FY 2008 Year-to-Date	FY 2009 Year-to-Date	Percentage change
\$287.3 million	\$293.6 million	\$295.5 million	\$140.4 million	\$146.3 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 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 \$35.4 million, an increase of \$1.7 million above the FY 2009 Approved Budget and no change from the previous projection.

	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	\$18.6 million	\$17.7 million	\$18.4 million	4%
Business - Equipments and Machinery	\$16.3 million	\$16.3 million	\$16.8 million	\$16.1 million	\$16.7 million	4%
State Reimbursement	\$23.6 million	\$23.6 million	\$23.6 million	\$23.1 million	\$23.1 million	-
Total (including State reimbursement)	\$58.5 million	\$57.3 million	\$59.0 million	\$56.9 million	\$58.2 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 April, it appears that sales tax revenue will be approximately \$21.6 million, a decrease of \$2.4 million below the FY 2009 Approved Budget and no change from the previous projection.

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	\$21.6 million	\$15.8 million	\$13.9 million	(12%)

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 FY 2010 Proposed 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	\$7.7 million	\$7.9 million	3%

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, one large refund request and increased payments from taxes to support the Virginia Relay Center. Based on collections-to-date, it appears that communications tax revenue will be approximately \$11.4

million, a decrease of \$1.6 million below the FY 2009 Approved Budget and no change from the previous projections.

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	\$11.4 million	\$8.4 million	\$7.7 million	(8%)

Business License Taxes: The City's Business License Tax was due March 2, 2009. Based on collections-to-date in the amount of \$26.8 million, which are based on 2008 gross receipts and filings, it appears that business license tax revenue will be approximately \$30.6 million, a decrease of \$2.9 million below the FY 2009 Approved Budget and no change from the previous projection.

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	\$30.6 million	\$29.3 million	\$28.0 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 FY 2009 Approved Budget. This rate increase is expected to generate \$1.6 million in additional revenue per year. While January transient lodging tax was 17 percent higher than last year, mainly due to the inauguration, more recent collections show a decrease in the number of rooms utilized. Based on collections-to-date, it appears that transient lodging tax collections will be approximately \$11.0 million, a \$0.5 million decrease below the FY 2009 Approved Budget and no change from the previous projection.

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	\$11.0 million	\$5.7 million	\$7.4 million	30%

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 and an expected further decrease in travel, it appears that restaurant meals tax collections will be approximately \$14.9 million, a \$0.1 million decrease below the FY 2009 Approved Budget and no change from the previous projection.

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	\$14.9 million	\$7.8 million	\$10.8 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 FY 2010 Proposed 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	\$2.0 million	\$2.0 million	2%

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 \$3.1 million, a decrease of \$1.7 million below the FY 2009 Approved Budget and no change from the previous projection.

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	\$3.1 million	\$3.8 million	\$2.2 million	(42%)

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 FY 2010 Proposed Budget.

	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	\$4.7 million	\$4.7 million	2%
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	\$16.8 million	\$16.5 million	(2%)
Total	\$58.5 million	\$52.9 million	\$53.3 million	\$44.6 million	\$44.3 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 \$4.0 million, a decrease of \$0.8 million below the FY 2009 Approved Budget and no change from the previous projection.

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	\$4.0 million	\$3.2 million	\$3.3 million	1%

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 \$4.7 million, a decrease of \$1.4 million below the FY 2009 Approved Budget and no change from the previous projection.

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	\$4.7 million	\$4.0 million	\$4.2 million	(3%)

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 \$11.9 million, a decrease of \$2.6 million below the FY 2009 Approved Budget. There has been no change since the projection provided to Council with the FY 2010 Proposed 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	\$11.9 million	\$7.9 million	\$8.3 million	6%

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 \$4.6 million, a decrease of \$1.4 million below the FY 2009 Approved Budget and no change from the previous projection.

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	\$4.6 million	\$7.6 million	\$4.1 million	(46%)

EXPENDITURES (Attachment 2): As of April 30, 2009, actual General Fund expenditures totaled \$379.9 million, an increase of \$11.3 million or 3.0 percent 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 payment was made at the beginning of the fiscal year. (Without considering this payment, which was a new expense in FY 2009, actual General Fund expenditures would be \$5.7 million or only 1.5 percent over the previous year.)

The City staff has committed to meet City Council's budget guidance contained in Resolution 2303 (Section 10) to implement \$2 million in additional cuts to the FY 2009 budget. City staff will be able to produce these \$2 million expenditure savings.

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. Staff will recommend an appropriations transfer in the context of the June Transfer Resolution as necessary to match these expenditures with budget authority.

Registrar: Expenditures-to-date reflect cost of election-related overtime. Staff will recommend an appropriations transfer in the context of the June Transfer Resolution as necessary to match these expenditures with budget authority.

Human Services: Expenditures reflect payments to community organizations and contractors that provide services. Additional costs include expenditures for providing services under the state Comprehensive Services Act. Staff will recommend an appropriations transfer in the context of the June Transfer Resolution as necessary to match these expenditures with budget authority.

Fire: Expenditures reflect overtime and workers compensation charges not included in the approved budget. Staff will recommend an appropriations transfer in the context of the June Transfer Resolution as necessary to match these expenditures with budget authority.

Historic Resources: Expenditures reflect one time costs associated with staffing the National Harbor initiatives, and the Gala. Staff is working to identify donations to cover these costs.

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 at the beginning of the year 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 APRIL 30, 2009 AND APRIL 30 2008

	FY2009 APPROVED BUDGET	FY2009 REVENUES THRU 04/30/09	% OF BUDGET	FY2008 REVENUES THRU 04/30/08
General Property Taxes				
Real Property Taxes.....	\$ 293,600,498	\$ 146,289,042	49.8%	\$ 140,372,325
Personal Property Taxes.....	33,700,000	35,071,352	104.1%	33,835,011
Penalties and Interest.....	1,770,000	1,563,173	88.3%	1,370,285
Total General Property Taxes	\$ 329,070,498	\$ 182,923,567		\$ 175,577,621
Other Local Taxes				
Local Sales and Use Taxes.....	\$ 22,000,000	13,899,280	63.2%	\$ 15,775,243
Consumer Utility Taxes.....	10,700,000	7,925,946	74.1%	7,733,266
Communication Sales and Use Taxes.....	13,000,000	7,742,495	59.6%	8,416,362
Business License Taxes.....	32,013,000	27,969,204	87.4%	29,322,336
Transient Lodging Taxes.....	11,412,252	7,385,737	64.7%	5,690,767
Restaurant Meals Tax.....	15,000,000	10,831,894	72.2%	7,844,099
Tobacco Taxes.....	2,700,000	2,032,192	75.3%	1,996,973
Motor Vehicle License Tax.....	3,200,000	2,943,547	92.0%	3,070,984
Real Estate Recordation.....	2,800,000	2,219,572	79.3%	3,820,966
Admissions Tax.....	1,000,000	804,575	80.5%	830,287
Other Local Taxes.....	2,080,000	668,235	32.1%	625,785
Total Other Local Taxes	\$ 115,905,252	\$ 84,422,677	72.8%	\$ 85,127,068
Intergovernmental Revenues				
Revenue from the Federal Government.....	\$ 7,329,000	\$ 4,741,125	64.7%	\$ 4,647,397
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	16,471,764	74.9%	16,840,549
Total Intergovernmental Revenues	\$ 52,894,012	\$ 44,319,849	83.8%	\$ 44,594,906
Other Governmental Revenues And Transfers In				
Fines and Forfeitures.....	\$ 4,755,300	\$ 3,289,116	69.2%	\$ 3,247,130
Licenses and Permits.....	6,157,000	3,900,627	63.4%	4,035,553
Charges for City Services.....	11,594,877	8,332,803	71.9%	7,862,505
Revenue from Use of Money & Property.....	4,675,689	4,101,764	87.7%	7,566,287
Other Revenue.....	446,000	522,300	117.1%	577,964
Transfer from Other Funds.....	2,745,660	2,223,910	81.0%	-
Total Other Governmental Revenues	\$ 30,374,526	\$ 22,370,520	73.6%	\$ 23,289,439
TOTAL REVENUE	\$ 528,244,288	\$ 334,036,613	63.2%	\$ 328,589,034
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	\$ 542,240,933	\$ 334,036,613	61.6%	\$ 328,589,034

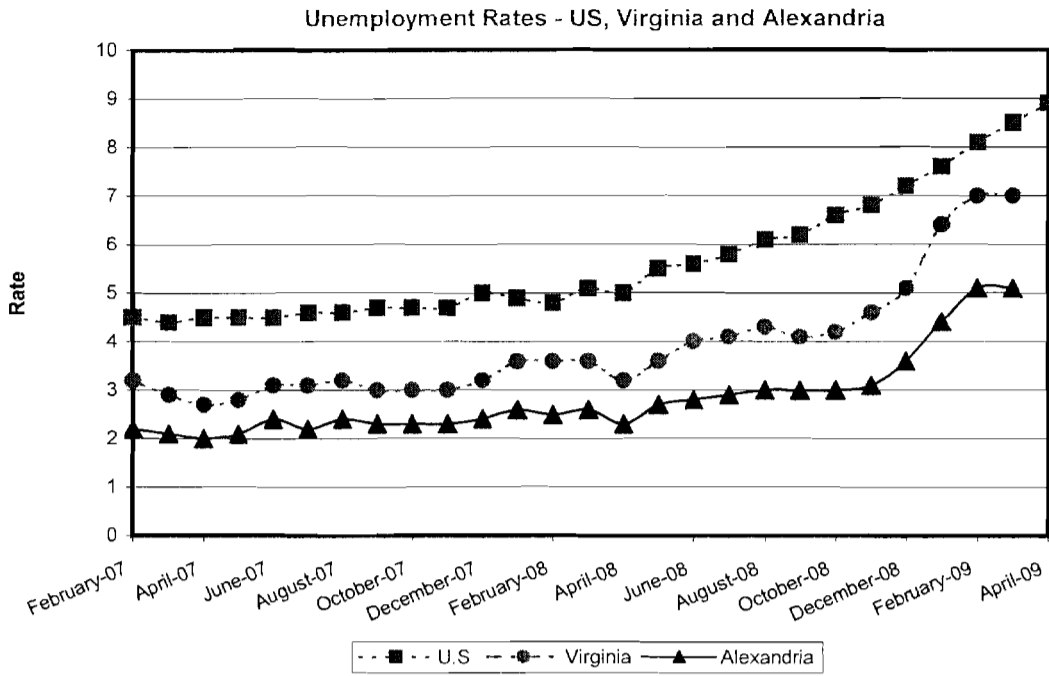
COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION
GENERAL FUND
FOR THE PERIODS ENDING APRIL 30, 2009 AND APRIL 30, 2008

FUNCTION	FY2009	FY2009	% OF	FY2008
	APPROVED BUDGET	EXPENDITURES THRU 04/30/09		BUDGET
Legislative & Executive.....	\$ 7,067,092	\$ 5,655,194	80.0%	\$ 4,795,778
Judicial Administration.....	\$ 38,708,781	\$ 32,713,249	84.5%	\$ 30,769,545
Staff Agencies				
Information Technology Services.....	\$ 7,268,396	\$ 5,271,272	72.5%	\$ 6,242,432
Management & Budget.....	1,134,468	936,224	82.5%	888,656
Finance.....	10,216,030	7,577,233	74.2%	7,284,537
Real Estate Assessment.....	1,635,473	1,319,066	80.7%	1,313,446
Human Resources.....	3,306,913	2,689,225	81.3%	2,679,164
Planning & Zoning.....	6,366,625	5,378,625	84.5%	4,652,743
Economic Development Activities.....	3,485,182	3,426,253	98.3%	2,653,333
City Attorney.....	3,287,544	2,547,203	77.5%	2,846,719
Registrar.....	1,275,383	1,163,010	91.2%	934,910
General Services.....	11,783,554	9,475,285	80.4%	11,364,289
Total Staff Agencies	\$ 49,759,568	\$ 39,783,396	80.0%	\$ 40,860,229
Operating Agencies				
Transportation & Environmental Services.....	\$ 28,881,370	\$ 22,123,609	76.6%	\$ 22,689,569
Fire.....	39,228,714	33,607,757	85.7%	30,475,836
Police.....	53,713,685	44,821,179	83.4%	41,225,273
Transit Subsidies.....	8,477,250	4,048,350	47.8%	6,011,916
Mental Health/Mental Retardation/ Substance Abuse.....	574,868	521,030	90.6%	433,765
Health.....	7,924,865	6,161,737	77.8%	6,204,514
Human Services.....	12,564,305	11,029,955	87.8%	10,366,821
Historic Resources.....	2,915,135	2,486,873	85.3%	2,415,565
Recreation.....	20,326,429	16,913,622	83.2%	16,565,712
Total Operating Agencies	\$ 174,606,621	\$ 141,714,112	81.2%	\$ 136,388,971
Education				
Schools.....	\$ 167,953,749	\$ 117,870,284	70.2%	\$ 113,329,389
Other Educational Activities.....	12,004	12,004	100.0%	12,399
Total Education	\$ 167,965,753	\$ 117,882,288	70.2%	\$ 113,341,788
Capital, Debt Service and Miscellaneous				
Debt Service.....	\$ 31,900,635	\$ 13,395,149	42.0%	\$ 12,604,475
Non-Departmental.....	14,651,119	12,138,144	82.8%	4,354,964
Cash Capital.....	3,067,687	3,067,687	100.0%	10,334,761
Contingent Reserves.....	818,218	-	-	-
Total Capital, Debt Service and Miscellaneous	\$ 50,437,659	\$ 28,600,980	56.7%	\$ 27,294,200
TOTAL EXPENDITURES	\$ 488,545,474	\$ 366,349,219	75.0%	\$ 353,450,511
Cash Match (Mental Health/Mental Retardation/ Substance Abuse, Human Services and Library and Transfers to the Special Revenue Fund)...	34,322,304			-
Transfer to Housing.....	4,505,328	1,137,538	25.2%	2,920,362
Transfer to Library.....	6,912,785	5,758,350	83.3%	5,922,885
Transfer to DASH.....	7,955,042	6,626,550	83.3%	6,242,685
TOTAL EXPENDITURES & TRANSFERS	\$ 542,240,933	\$ 379,871,657	70.1%	\$ 368,536,443

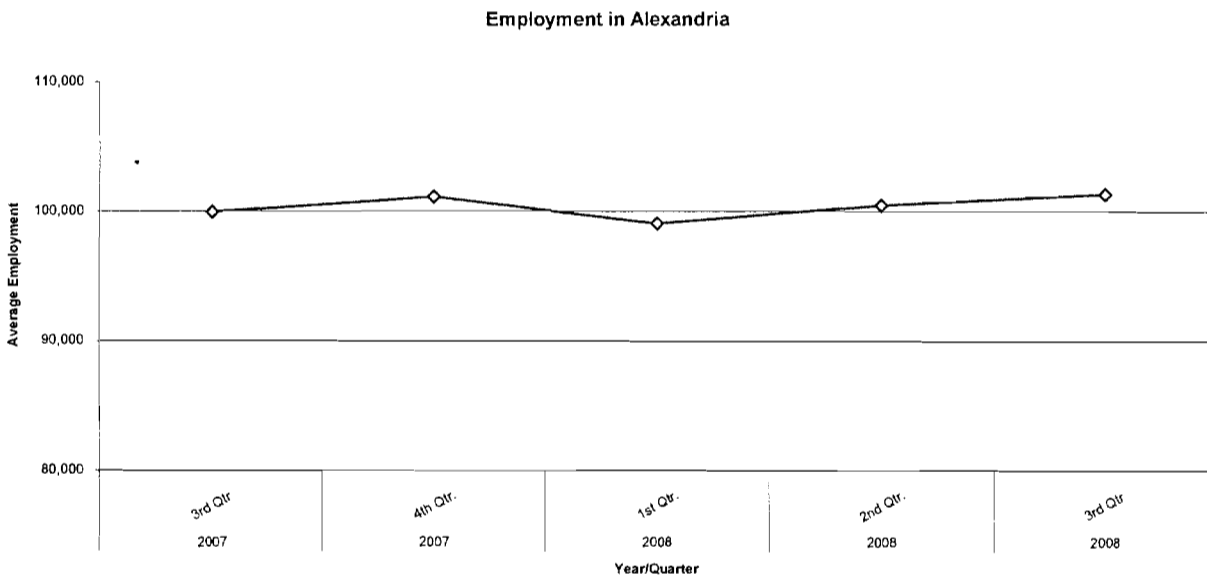
**CITY OF ALEXANDRIA
SELECTED ECONOMIC INDICATORS**

	<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 March 31, 2009) (Source: Published bi-monthly by United States Department of Labor, Bureau of Labor Statistics)	138.6	138.1	+0.4%
<u>Unemployment Rates</u> Alexandria (As of March 31, 2009) Virginia (As of March 31, 2009) (Source: United States Department of Labor, Bureau of Labor Statistics, as adjusted)	5.1%	2.6%	+96%
	7.0%	3.6%	+94%
<u>United States</u> (As of April 30, 2009) (Source: United States Department of Labor, Bureau of Labor Statistics)	8.9%	5.0%	+78%
<u>New Business Licenses</u> (During April 2009) (Source: Finance Department, Business Tax Branch)	74	76	-3%
<u>Office Vacancy Rates</u> (As of March 31, 2009) Alexandria Northern Virginia Washington DC Metro Area (Source: Grubb & Ellis)	14.3%	7.1%	+101%
	15.2%	13.2%	+15%
	13.5%	11.4%	+18%
<u>New Commercial Construction</u> (Fiscal YTD as of March 31, 2009) Number of New Building Permits Value of New Building Permits (Source: Fire Department Code Enforcement Bureau)	6	4	+50%
	139.1	129.7	+7%
<u>Residential Real Estate Indicators</u> (YTD ending March 30, 2009) Residential Dwelling Units Sold Average Residential Sales Price (Source: Department of Real Estate Assessments)	331	297	+11.4%
	\$407,924	\$454,638	-10.3%

City of Alexandria
Selected Economic Indicators

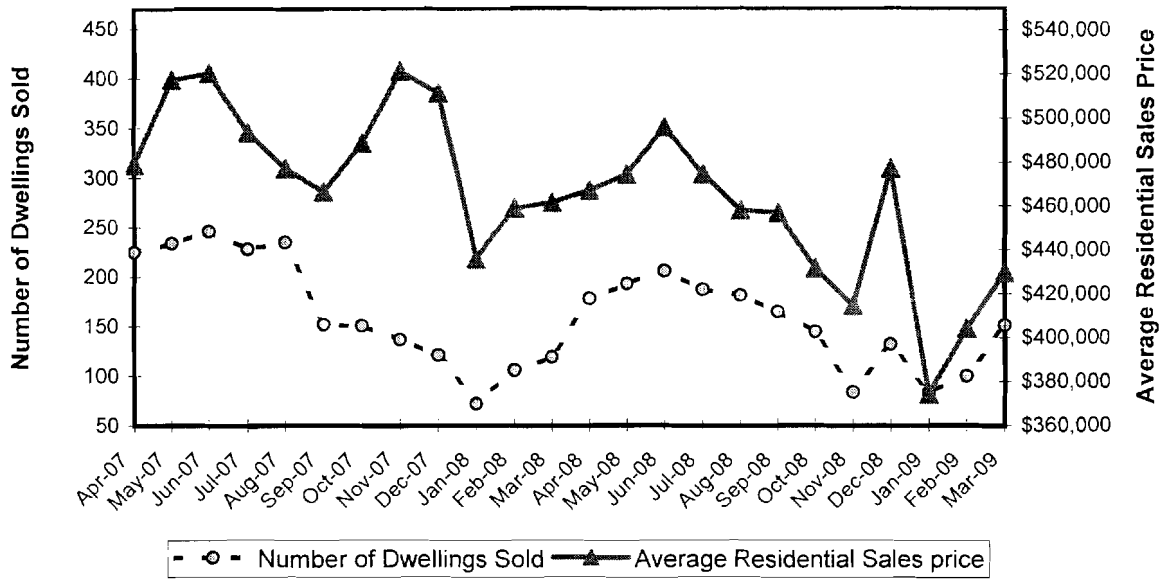


Source: United States Department of Labor, Bureau of Labor Statistics (as revised by BLS)

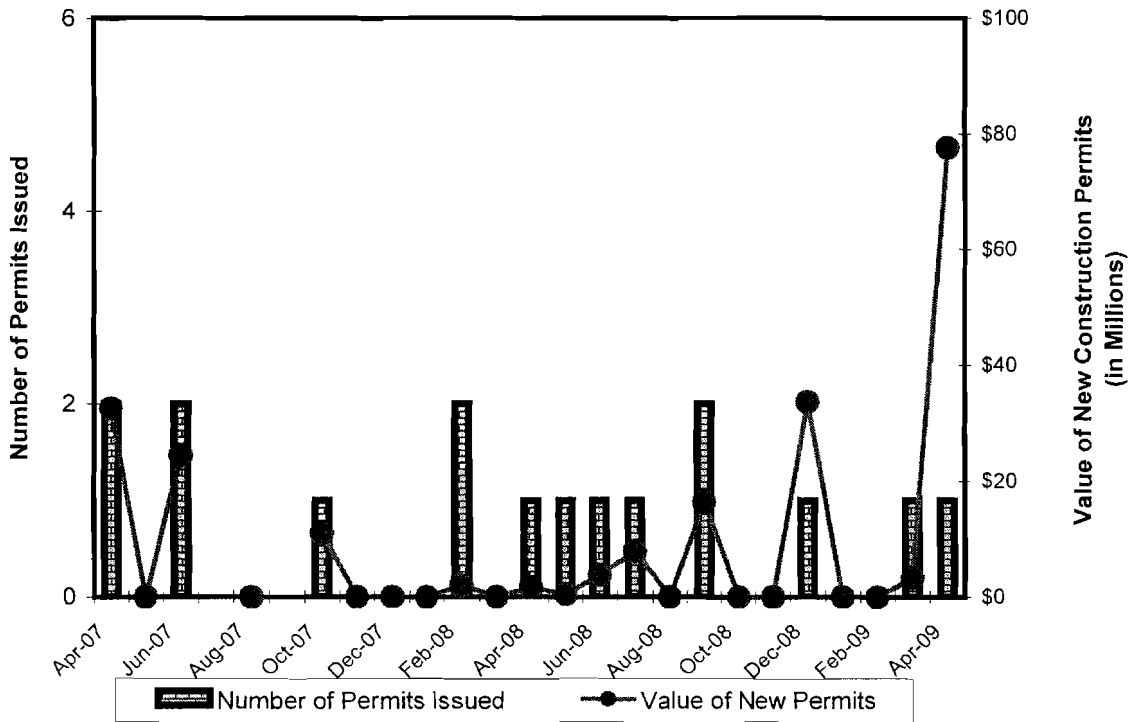


Source: Virginia Employment Commission, including the U.S. Patent and Trademark Office.

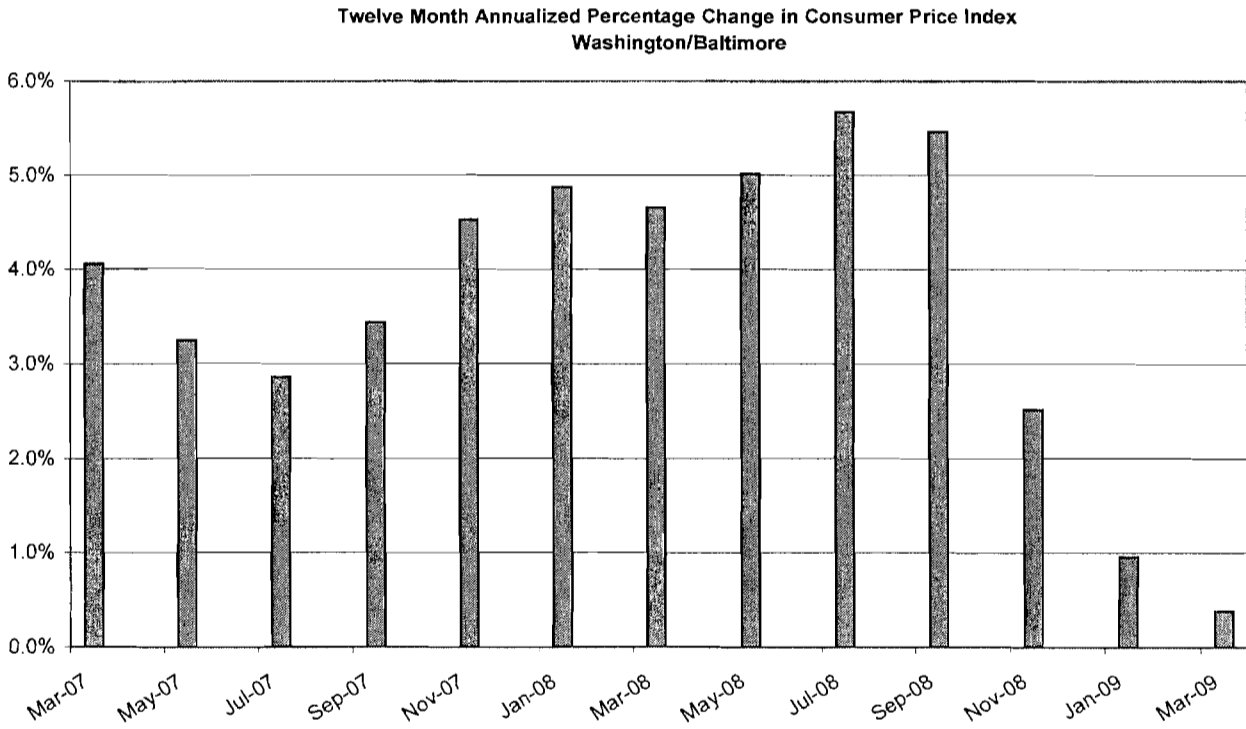
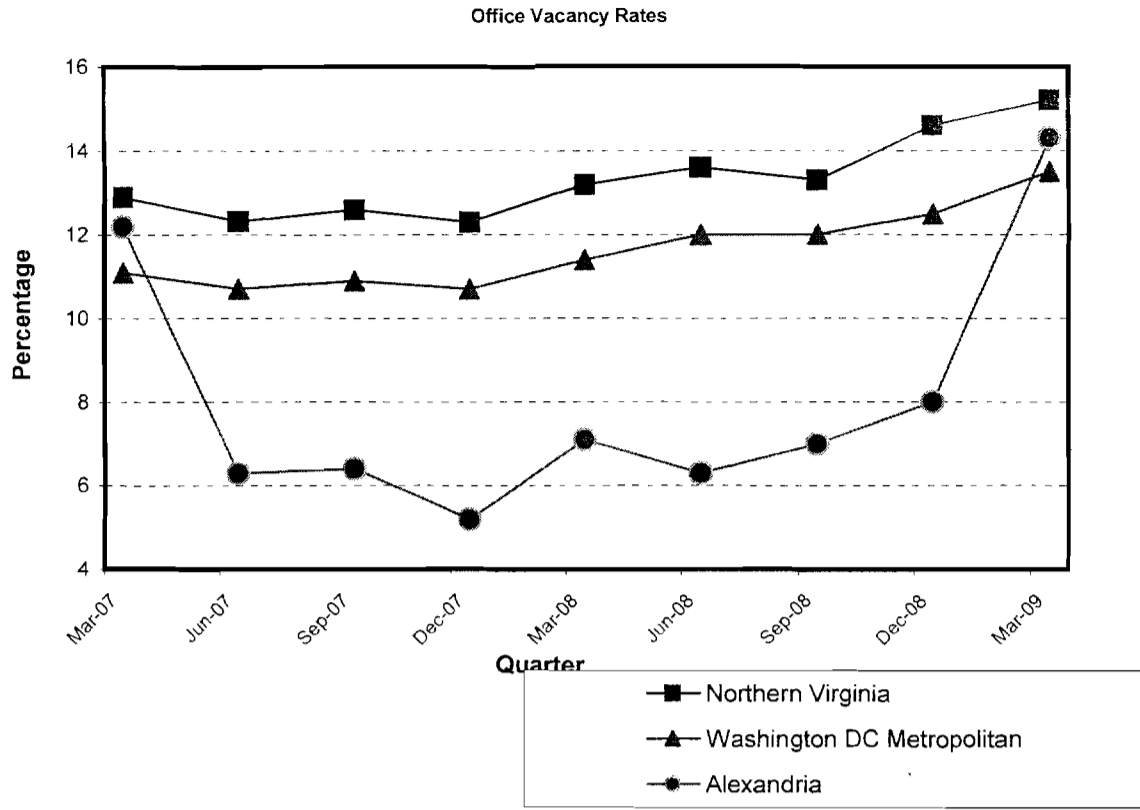
Selected Residential Real Estate Indicators



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



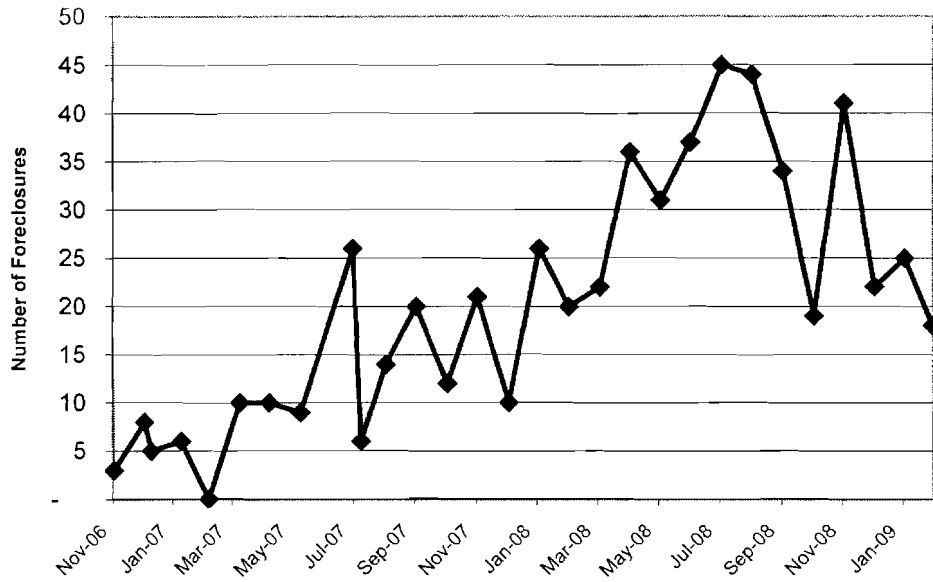
City of Alexandria
Selected Economic Indicators



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

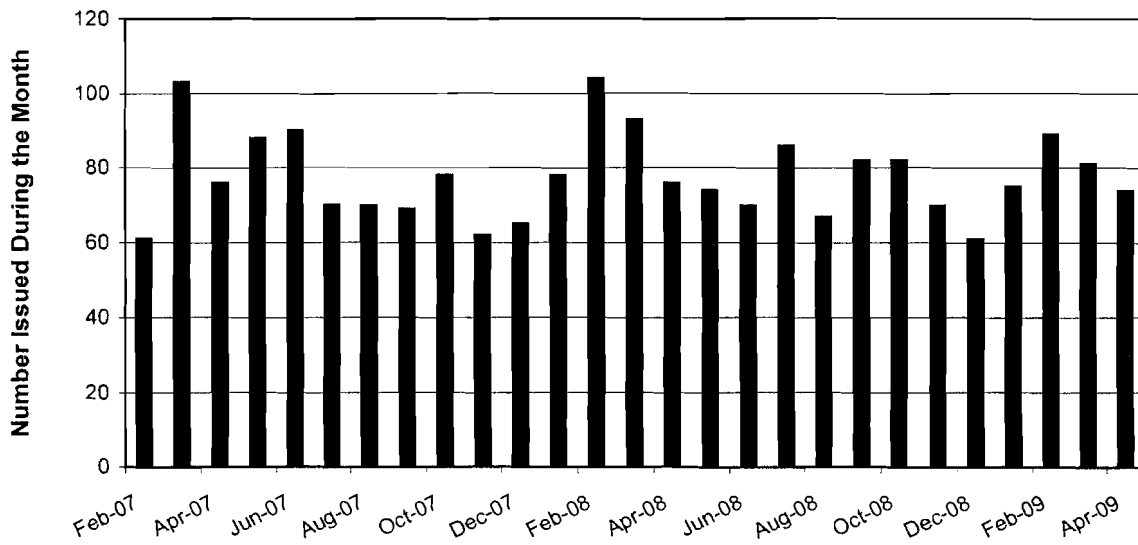
City of Alexandria
Selected Economic Indicators

Alexandria Foreclosures

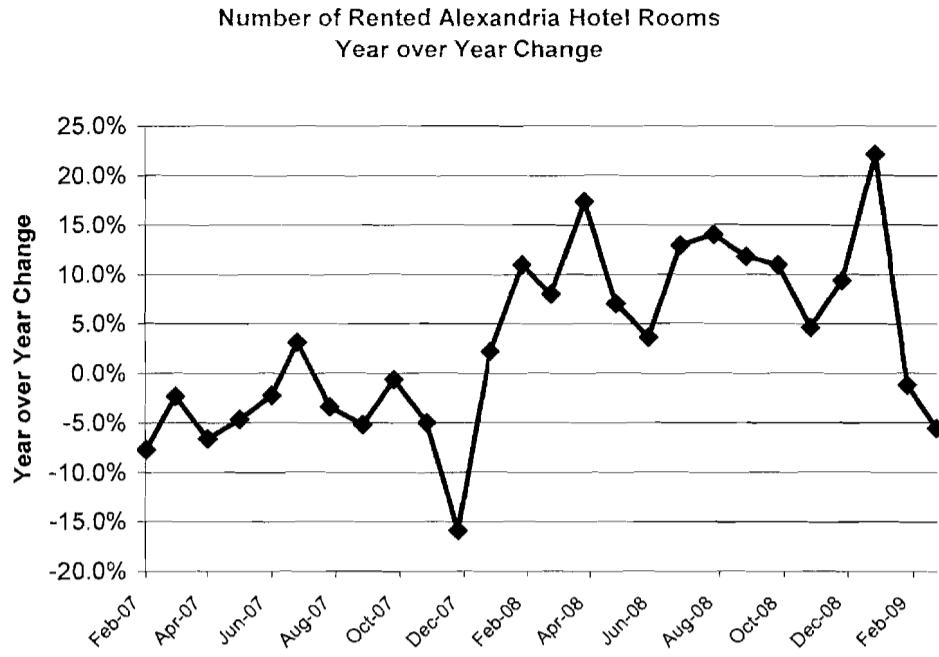


Source: Department of Real Estate Assessments

New Business Licenses Issued in Alexandria



City of Alexandria
Selected Economic Indicators



Source: Finance Department