


City of Alexandria, Virginia

MEMORANDUM

DATE: JUNE 17, 2009  
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL  
FROM: JAMES K. HARTMANN, CITY MANAGER   
SUBJECT: MONTHLY FINANCIAL REPORT FOR THE PERIOD ENDING MAY 31, 2009

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

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

**MONTHLY HIGHLIGHTS:**

**Economy**

- While the City of Alexandria has not escaped unscathed from the recession, indicators of economic activity in the City present a relatively better picture compared to the national economy. The City's unemployment rate dropped from 5.1 percent in February and March to 4.7 percent in April.

**Revenues**

- While most revenues remain sluggish, City staff efforts in personal property taxes and identifying human service indirect costs for which government reimbursement may be claimed have generated an additional \$0.3 million.

**Expenditures**

- As of May 31, 2009, actual General Fund expenditures are \$2.6 million or 0.6 percent above expenditures through May 31, 2008 in the prior year.
- The annual transfer resolution being considered by Council reflects the need to transfer budget authority to departments identified last month in this report from other departments with surpluses.

**DISCUSSION:** This report provides financial information on revenues and expenditures of the General Fund for the eleven months ending May 31, 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.

**ECONOMY:** The U.S. economy is in a severe and continuing recession, the longest and deepest since the 1930's. In May, the national unemployment rate rose to 9.4 percent, its highest level since 1982. However, there have been signs recently that the nation's economy is contracting less quickly than before. For example, in May, nonfarm employment decreased by approximately 345,000 people, which is approximately half the average monthly decline during the prior six months. In May, consumer confidence, as measured by the Conference Board, rose to its highest levels since last September. Unfortunately, these economic "green shoots" have not yet translated into increased consumer spending. In March and April, personal consumption expenditures decreased while personal savings as a percentage of disposable personal income rose to 5.7 percent, its highest level in 14 years, as deeply indebted consumers rebuild their balance sheets. Retail sales recovered slightly in May but remain around 10.8 percent below May 2008 levels. Since consumer spending accounts for almost 70 percent of economic activity, consistent increases in consumer spending are the key to any sustained economic recovery.

While the City of Alexandria has not escaped unscathed from the recession, indicators of economic activity in the City present a relatively better picture compared to the national economy. The City's unemployment rate dropped from 5.1 percent in February and March to 4.7 percent in April. This number is not adjusted for seasonality and tends to decrease every April, but it is a sign of encouragement and was slightly more than half the national unemployment rate in April. Just under half of the City's jobs are categorized as positions in professional services, public administration, and other services, which have been less affected by the recession than manufacturing and construction positions, which together make up only 6 percent of Alexandria jobs. According to the BLS, the Washington D.C. Area consumer price index (CPI-U) increased only 0.4 percent from March 2008 to March 2009. This is an indication of economic weakness, though it is likely that increases in food and fuel costs will push the inflation rate higher in coming months. For instance, the average cost of gas has risen by nearly a dollar per gallon since the end of December.

The slowing economy continues to affect City tax collections. Some of the more economically sensitive revenues are an indication of business conditions in the City. Year-to-date sales tax collections through March are down by approximately 4.6 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 and the identification by City staff of \$0.2 million in tax transfers that were erroneously being paid to other jurisdictions. March's meals tax collections were down by 3.4 percent compared to a year ago, after adjusting for the meals tax increase from 3 to 4 percent. In April, the number of hotels room rented in the City decreased by just 0.9 percent, while overall hotel tax collections decreased by 9.8 percent (after adjusting for the lodging tax increase of 1 percent). Hotel occupancy rates have fallen most among budget and mid-price hotels, and a larger share of visitors have been staying in high-end

lodging than last year, so the decrease in overall hotel tax collections is an indication that high-end hotels in the City as a group appear to have reduced achieved room rates significantly.

Data continue to show a mixed to weak real estate residential real estate market. Real estate sales for the year to date through April 2009 increased 4.6 percent compared to the similar period in 2008, while the average sales price decreased by 10.5 percent. The foreclosure rate has increased modestly this calendar year compared to last calendar year but remains lower than the rates in all neighboring jurisdictions, except for Arlington County. Sales volume increases have been driven by foreclosure and short sales, historically low interest rates, and the first-time homebuyer's tax credit. However, interest rates are rising, and according to the most recent weekly survey from the Mortgage Bankers Association (June 10, 2009), interest rates on 30-year mortgage loans for most borrowers have risen by about a percentage point since late April. Increasing mortgage rates may dampen home sales this summer. Overall, single-family home values and condominium values are down slightly compared to assessments.

The commercial real estate market is also trending downward. At present, the small number of commercial transactions reflects the hesitancy in the market and leaves continued questions as to the amount of decline we will see and how long the impact will be felt. According to the Real Estate Research Corporation, Spring 2009, "It is the loss of jobs that will have the longest-lasting impact on commercial real estate. The damage to real estate fundamentals will increase accordingly with higher vacancy, negative absorption, declining rent, and decreases values."

On June 9, Cindy Smith-Page briefed Council on the status of the commercial real estate market. The Office and Retail Property category, which makes up approximately 65 percent of the commercial real estate market, is showing the most weakness as the City's office vacancy rate in the first quarter increased to approximately 14.3 percent (8.9 percent if the renovated Victory Center, which came online during the first quarter, is not included) from 7.1 percent a year earlier. Vacancies in multi-family rentals, which make up 31 percent of the commercial real estate market, continue to be low and values are expected to remain relatively strong. The lack of sufficient construction lending and long-term commercial funding means that new construction completed in 2009 is expected to be minimal compared to previous years. As with residential real estate, the commercial real estate slowdown appears to be less severe in Alexandria than in other jurisdictions.

**Revenue Outlook:** While most revenues remain sluggish, City staff efforts in personal property taxes, and identifying human service indirect costs for which grant reimbursement may be claimed have generated an additional \$0.3 million.

**Expenditure Outlook:** As of May 31, 2009, actual General Fund expenditures are \$2.6 million or 0.6 percent above expenditures for the same period in 2008. 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.) Staff is also forecasting an additional \$2.3 million in expenditure savings at this time to provide at least a \$4.3 million surplus to be added as a FY 2010 revenue shortfall reserve.

Staff continues to monitor year-end projections closely. The transfer resolution being considered on June 23 by Council reflects the expenditure issues identified through this monitoring and reported in previous monthly financial reports.

	FY 2009 BUDGET APPROVED	FY 2009 BUDGET PROJECTIONS	BUDGET VERSUS PROJECTIONS
Real Property <sup>1</sup>	\$ 293.6	\$ 295.5	\$ 1.9
Personal Property-local share	33.7	35.5	1.8
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	53.5	0.7
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			<u>\$(10.7)</u>
Change from Previous Projection			0.3
Net Reduction			<u>\$(10.4)</u>

<sup>1</sup> 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 May 31, actual General Fund revenues totaled \$365.5 million, which is \$8.9 million or 2.5 percent above FY 2008 revenues of \$356.6 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, with 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
\$287.3 million	\$293.6 million	\$295.5 million	\$155.2 million	\$166.4 million	7%

**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. As of May 31, tax collection efforts have reached the projected revenue for the year. While some refunds are expected for businesses and vehicles leaving the City, staff currently projects to collect an additional \$0.1 million in taxes. 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 \$35.5 million, an increase of \$1.8 million above the FY 2009 Approved Budget and \$0.1 million above 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	\$18.7 million	\$18.0 million	\$18.6 million	3%
Business - Equipments and Machinery	\$16.3 million	\$16.3 million	\$16.8 million	\$16.3 million	\$16.8 million	3%
State Reimbursement	\$23.6 million	\$23.6 million	\$23.6 million	\$23.6 million	\$23.6 million	-
Total (including State reimbursement)	\$58.5 million	\$57.3 million	\$59.1 million	\$57.9 million	\$59.0 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. As a partial offset to the payment to Fairfax County, the City has recovered over \$250,000 of prior-year sales tax proceeds due the City that were erroneously being paid to other jurisdictions. This will also provide additional sales tax revenue in the future as the taxes for the businesses in question will now be paid to the City. Lower FY 2010 staffing levels will decrease the number of hours devoted to this effort in the near term. Based on collections-to-date through April, it appears that sales tax revenue will remain approximately \$21.6 million, a decrease of \$2.4 million below the FY 2009 Approved Budget, but 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	\$17.9 million	\$15.8 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	\$8.6 million	\$8.7 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, one large refund request and increased payments from taxes to support the Virginia Relay Center. This revenue source continues to show signs of decreasing. Staff will assess the impact of this decline on FY 2010 revenues at the fall retreat. 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	\$9.4 million	\$8.7 million	(7%)

**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	\$30.4 million	\$29.1 million	(4%)

**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	\$6.7 million	\$8.5 million	26%

**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	\$8.8 million	\$12.0 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 over 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	\$2.2 million	\$2.3 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. While lower interest rates have resulted in some refinancing, it is not significant enough to change the projection at this time. 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	\$4.2 million	\$2.5 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. An increase in indirect costs of \$0.2 million is the result of additional efforts by City staff to identify additional indirect human service costs that are eligible for reimbursement. This represents an increase of \$0.2 million since the projection included in the FY 2010 Approved 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	\$7.7 million	\$5.9 million	\$6.2 million	4%
State – Personal Property Tax Relief	\$23.6 million	\$23.6 million	\$23.6 million	\$23.6 million	\$23.6 million	-
Revenue from the Commonwealth	\$23.1 million	\$22.0 million	\$22.2 million	\$17.8 million	\$17.2 million	(4%)
Total	\$58.5 million	\$52.9 million	\$53.5 million	\$47.3 million	\$47.0 million	(1%)

**Fines and Forfeitures:** Due to a decrease in collections as compared to budget for court fines and parking tickets, and since \$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	\$3.5 million	\$3.7 million	4%

**Licenses and Permits:** Permit revenues continue to remain stagnant due to a slowdown in the 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	\$4.3 million	\$4.4 million	1%

**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	\$8.6 million	\$9.1 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	\$7.9 million	\$4.3 million	(46%)

**EXPENDITURES (Attachment 2):** As of May 31, 2009, actual General Fund expenditures totaled \$411.9 million, an increase of \$8.8 million or 1.0 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 \$3.0 million or 0.7 percent below the previous year.)

The City staff has committed to meeting 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 frequently 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 included an appropriations transfer of \$300,000 in the June Transfer Resolution to match these expenditures with budget authority.

**Registrar:** Expenditures-to-date reflect cost of election-related overtime. Staff recommended an appropriations transfer of \$125,000 in the June Transfer Resolution 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 included an appropriations transfer of \$255,000 in the June Transfer Resolution to match these expenditures with budget authority.

**Fire:** Expenditures reflect workers compensation charges, which were not included in the approved budget. Other personnel-related costs reflect budgeted amounts. Staff included an appropriations transfer of \$400,000 in the June Transfer Resolution 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 identified donations to cover these costs. These appropriations were included in the June supplemental ordinance approved June 13.

**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 MAY 31, 2009 AND MAY 31 2008**

	FY2009 APPROVED BUDGET	FY2009 REVENUES THRU 05/31/09	% OF BUDGET	FY2008 REVENUES THRU 05/31/08
<b>General Property Taxes</b>				
Real Property Taxes.....	\$ 293,600,498	\$ 166,405,052	56.7%	\$ 155,161,452
Personal Property Taxes.....	33,700,000	35,387,043	105.0%	34,327,547
Penalties and Interest.....	1,770,000	1,668,424	94.3%	1,468,280
Total General Property Taxes	<u>\$ 329,070,498</u>	<u>\$ 203,460,519</u>		<u>\$ 190,957,279</u>
<b>Other Local Taxes</b>				
Local Sales and Use Taxes.....	\$ 22,000,000	15,771,980	71.7%	\$ 17,947,179
Consumer Utility Taxes.....	10,700,000	8,745,870	81.7%	8,567,595
Communication Sales and Use Taxes.....	13,000,000	8,721,315	67.1%	9,425,421
Business License Taxes.....	32,013,000	29,103,563	90.9%	30,377,878
Transient Lodging Taxes.....	11,412,252	8,462,731	74.2%	6,707,803
Restaurant Meals Tax.....	15,000,000	12,005,518	80.0%	8,768,011
Tobacco Taxes.....	2,700,000	2,253,731	83.5%	2,216,873
Motor Vehicle License Tax.....	3,200,000	3,009,795	94.1%	3,129,462
Real Estate Recordation.....	2,800,000	2,525,203	90.2%	4,196,260
Admissions Tax.....	1,000,000	877,629	87.8%	881,241
Other Local Taxes.....	2,080,000	1,655,087	79.6%	1,104,084
Total Other Local Taxes	<u>\$ 115,905,252</u>	<u>\$ 93,132,422</u>	80.4%	<u>\$ 93,321,807</u>
<b>Intergovernmental Revenues</b>				
Revenue from the Federal Government.....	\$ 7,329,000	\$ 6,201,176	84.6%	\$ 5,950,303
Personal Property Tax Relief from the Commonwealth.....	23,578,531	23,578,530	100.0%	23,578,531
Revenue from the Commonwealth.....	21,986,481	17,172,270	78.1%	17,817,838
Total Intergovernmental Revenues	<u>\$ 52,894,012</u>	<u>\$ 46,951,976</u>	88.8%	<u>\$ 47,346,672</u>
<b>Other Governmental Revenues And Transfers In</b>				
Fines and Forfeitures.....	\$ 4,755,300	\$ 3,671,290	77.2%	\$ 3,518,683
Licenses and Permits.....	6,157,000	4,373,048	71.0%	4,346,422
Charges for City Services.....	11,594,877	9,110,515	78.6%	8,582,367
Revenue from Use of Money & Property.....	4,675,689	4,297,050	91.9%	7,932,140
Other Revenue.....	446,000	454,953	102.0%	609,379
Transfer from Other Funds.....	2,745,660	-	0.0%	-
Total Other Governmental Revenues	<u>\$ 30,374,526</u>	<u>\$ 21,906,856</u>	72.1%	<u>\$ 24,988,991</u>
<b>TOTAL REVENUE</b>	<u>\$ 528,244,288</u>	<u>\$ 365,451,773</u>	69.2%	<u>\$ 356,614,749</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>\$ 542,240,933</u>	<u>\$ 365,451,773</u>	67.4%	<u>\$ 356,614,749</u>

91.7% of Fiscal Year Completed  
 91.57% of Payrolls Processed

Attachment 2

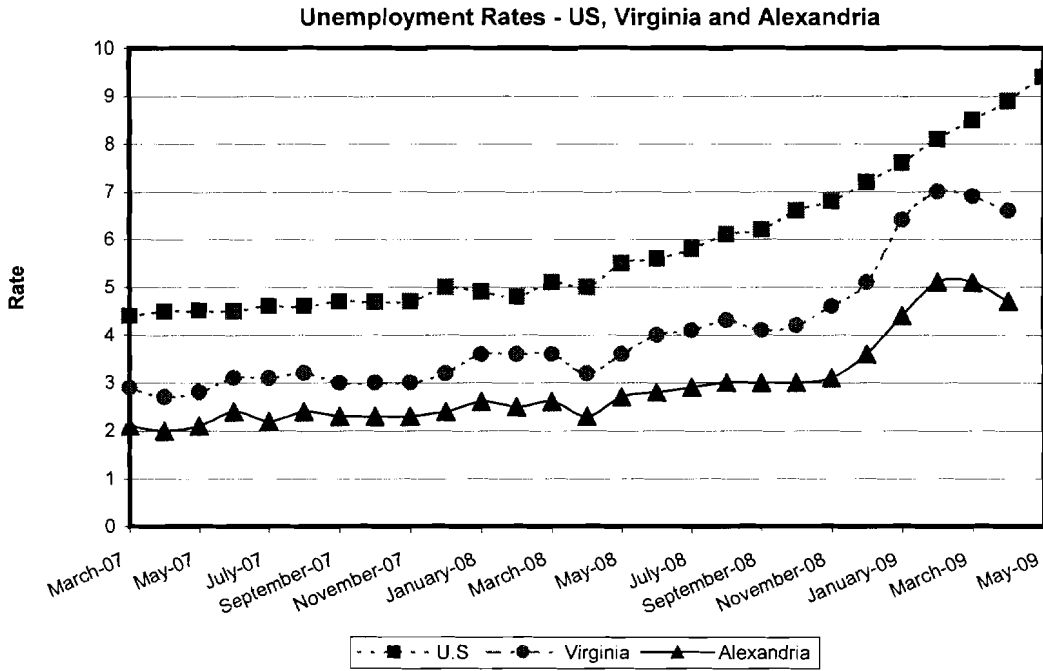
COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION  
 GENERAL FUND  
 FOR THE PERIODS ENDING MAY 31, 2009 AND MAY 31, 2008

FUNCTION	FY2009	FY2009	% OF	FY2008
	APPROVED BUDGET	EXPENDITURES THRU 05/31/09		BUDGET
Legislative & Executive.....	\$ 7,067,092	\$ 6,099,110	86.3%	\$ 6,035,935
Judicial Administration.....	\$ 38,708,781	\$ 35,047,786	90.5%	\$ 34,221,106
<b>Staff Agencies</b>				
Information Technology Services.....	\$ 7,268,396	\$ 5,713,669	78.6%	\$ 6,489,317
Management & Budget.....	1,134,468	1,031,035	90.9%	1,022,965
Finance.....	10,216,030	8,260,591	80.9%	8,293,425
Real Estate Assessment.....	1,635,473	1,434,661	87.7%	1,481,916
Human Resources.....	3,306,913	2,868,010	86.7%	2,961,402
Planning & Zoning.....	6,366,625	5,809,778	91.3%	5,200,522
Economic Development Activities.....	3,485,182	3,426,777	98.3%	2,780,536
City Attorney.....	3,287,544	2,740,047	83.3%	3,084,894
Registrar.....	1,275,383	1,257,397	98.6%	1,055,158
General Services.....	11,783,554	10,330,625	87.7%	12,671,014
Total Staff Agencies	\$ 49,759,568	\$ 42,872,590	86.2%	\$ 45,041,149
<b>Operating Agencies</b>				
Transportation & Environmental Services.....	\$ 28,881,370	\$ 24,062,017	83.3%	\$ 25,184,567
Fire.....	39,228,714	36,364,365	92.7%	34,394,095
Police.....	53,713,685	48,445,818	90.2%	46,426,841
Transit Subsidies.....	8,477,250	4,200,086	49.5%	6,182,170
<b>Mental Health/Mental Retardation/</b>				
Substance Abuse.....	574,868	552,814	96.2%	495,333
Health.....	7,924,865	7,336,152	92.6%	7,476,288
Human Services.....	12,564,305	11,429,990	91.0%	11,326,909
Historic Resources.....	2,915,135	2,684,506	92.1%	2,702,880
Recreation.....	20,326,429	18,149,794	89.3%	18,421,358
Total Operating Agencies	\$ 174,606,621	\$ 153,225,542	87.8%	\$ 152,610,441
<b>Education</b>				
Schools.....	\$ 167,953,749	\$ 130,916,846	77.9%	\$ 126,301,179
Other Educational Activities.....	12,004	12,004	100.0%	12,399
Total Education	\$ 167,965,753	\$ 130,928,850	77.9%	\$ 126,313,578
<b>Capital, Debt Service and Miscellaneous</b>				
Debt Service.....	\$ 31,900,635	\$ 13,395,149	42.0%	\$ 12,604,475
Non-Departmental.....	14,651,119	12,430,810	84.8%	5,444,790
Cash Capital.....	3,067,687	3,067,687	100.0%	10,618,307
Contingent Reserves.....	818,218	-	-	-
Total Capital, Debt Service and Miscellaneous	\$ 50,437,659	\$ 28,893,646	57.3%	\$ 28,667,572
TOTAL EXPENDITURES	\$ 488,545,474	\$ 397,067,524	81.3%	\$ 392,889,781
<b>Cash Match (Mental Health/Mental Retardation/</b>				
Substance Abuse, Human Services and Library and Transfers to the Special Revenue Fund)...	34,322,304	-	-	-
Transfer to Housing.....	4,505,328	1,209,430	26.8%	3,078,537
Transfer to Library.....	6,912,785	6,339,024	91.7%	6,517,803
Transfer to DASH.....	7,955,042	7,294,774	91.7%	6,869,726
TOTAL EXPENDITURES & TRANSFERS	\$ 542,240,933	\$ 411,910,752	76.0%	\$ 409,355,847

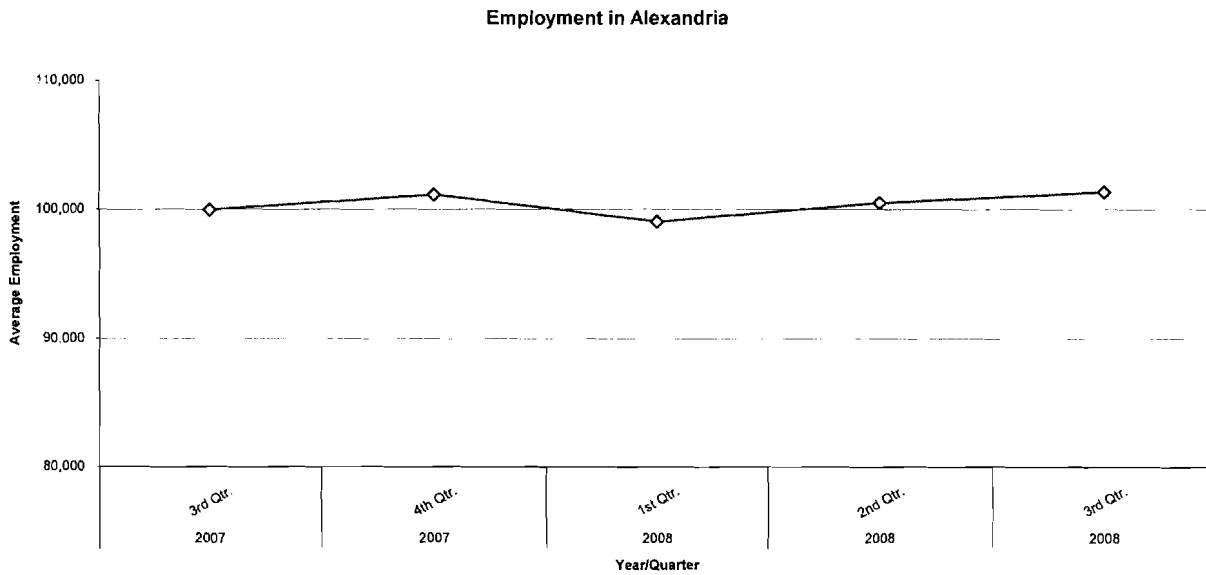
**CITY OF ALEXANDRIA  
SELECTED ECONOMIC INDICATORS**

	<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 March 31, 2009)	138.6	138.1	+0.4%
(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 April 30, 2009)	4.7%	2.3%	+104%
<b>Virginia</b>	6.6%	3.2%	+106%
(As of April 30, 2009)			
(Source: United States Department of Labor, Bureau of Labor Statistics, as adjusted)			
<b>United States</b>	9.4%	5.5%	+71%
(As of May 31, 2009)			
(Source: United States Department of Labor, Bureau of Labor Statistics)			
<b><u>New Business Licenses</u></b>			
(During May 2009)			
(Source: Finance Department, Business Tax Branch)	51	74	-31%
<b><u>Office Vacancy Rates</u></b>			
(As of March 31, 2009)			
<b>Alexandria</b>	14.3%	7.1%	+101%
<b>Northern Virginia</b>	15.2%	13.2%	+15%
<b>Washington DC Metro Area</b>	13.5%	11.4%	+18%
(Source: Grubb & Ellis)			
<b><u>New Commercial Construction</u></b>			
(Fiscal YTD as of May 31, 2009)			
<b>Number of New Building Permits</b>	6	5	+20%
<b>Value of New Building Permits</b>	139.1	130.2	+7%
(Source: Fire Department Code Enforcement Bureau)			
<b><u>Residential Real Estate Indicators</u></b>			
(YTD ending April 30, 2009)			
<b>Residential Dwelling Units Sold</b>	497	475	+4.6%
<b>Average Residential Sales Price</b>	\$411,225	\$459,371	-10.5%
(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.

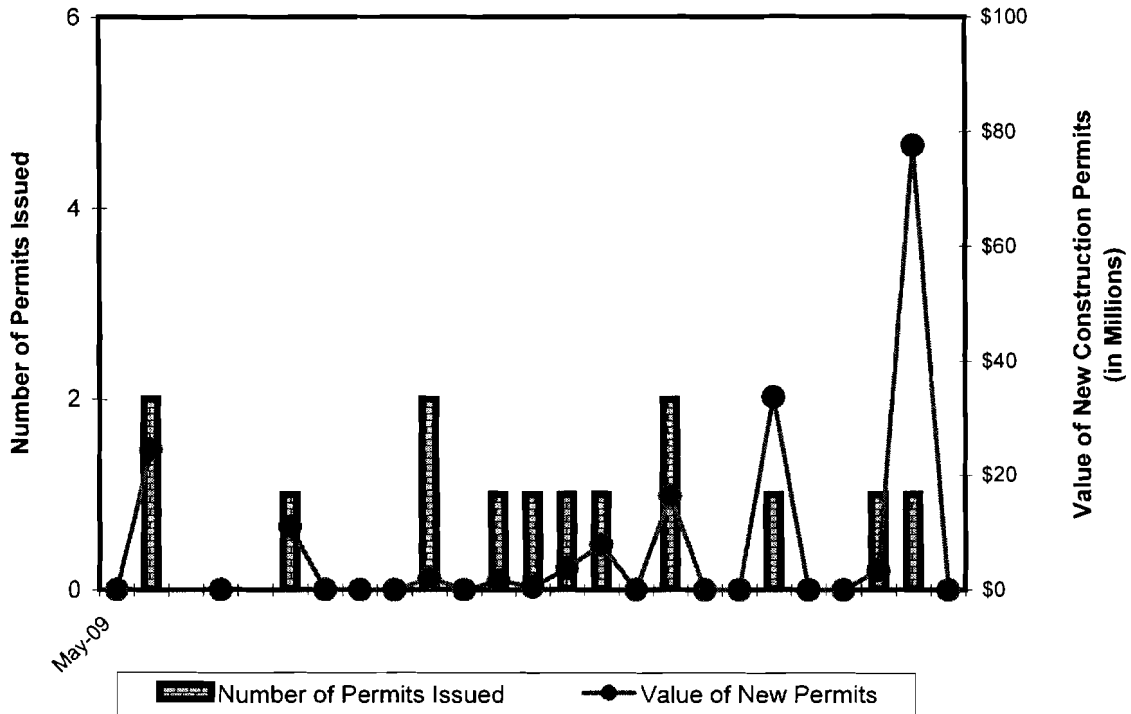


City of Alexandria  
Selected Economic Indicators

Selected Residential Real Estate Indicators

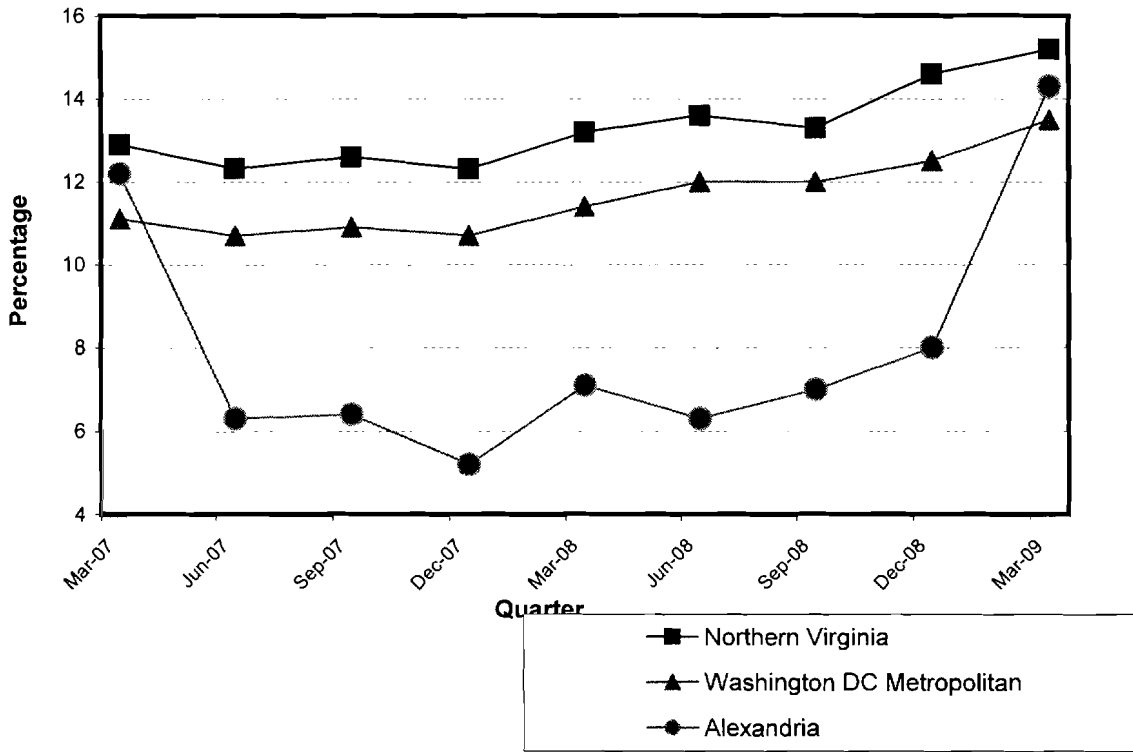


Alexandria New Commercial Construction  
Number of Permits and  
Value of New Construction Permits

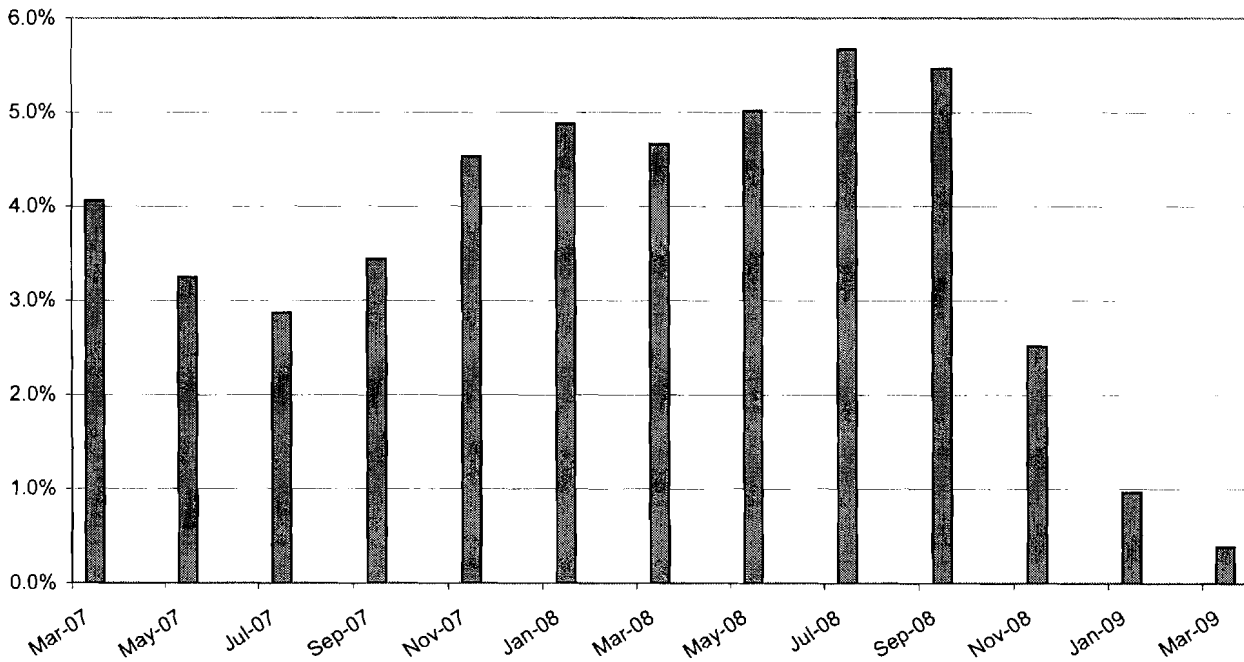


**City of Alexandria  
Selected Economic Indicators**

Office Vacancy Rates

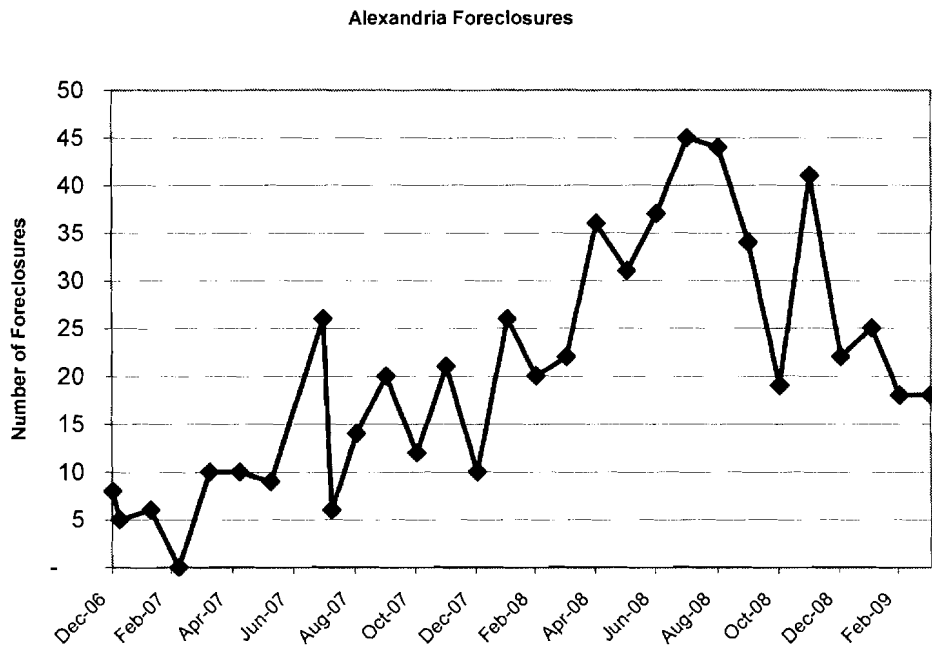


**Twelve Month Annualized Percentage Change in Consumer Price Index  
Washington/Baltimore**

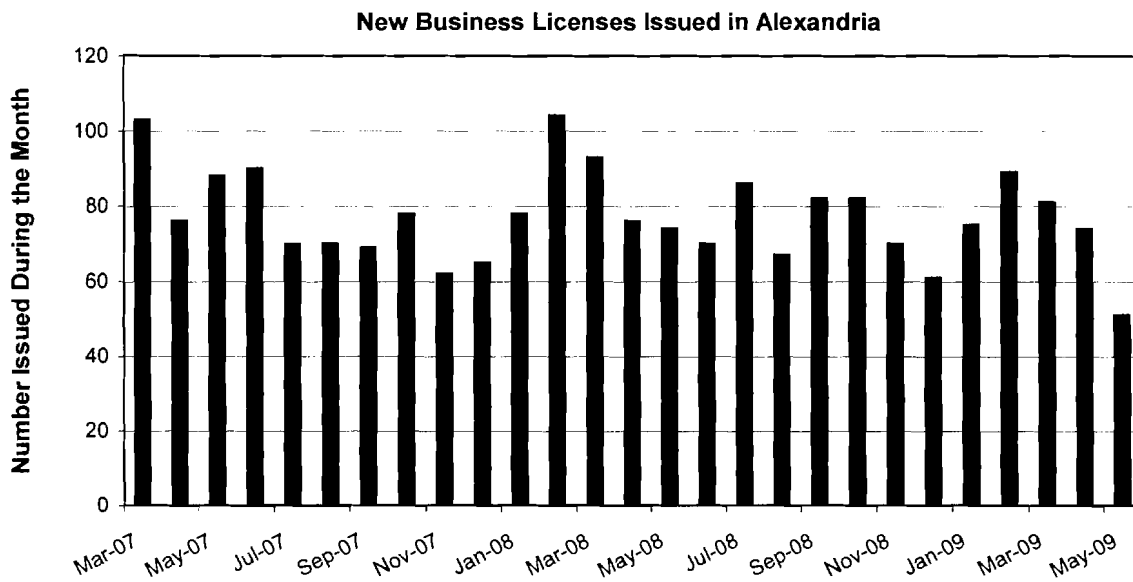


Source: United States Department of Labor, Bureau of Labor Statistics

**City of Alexandria  
Selected Economic Indicators**

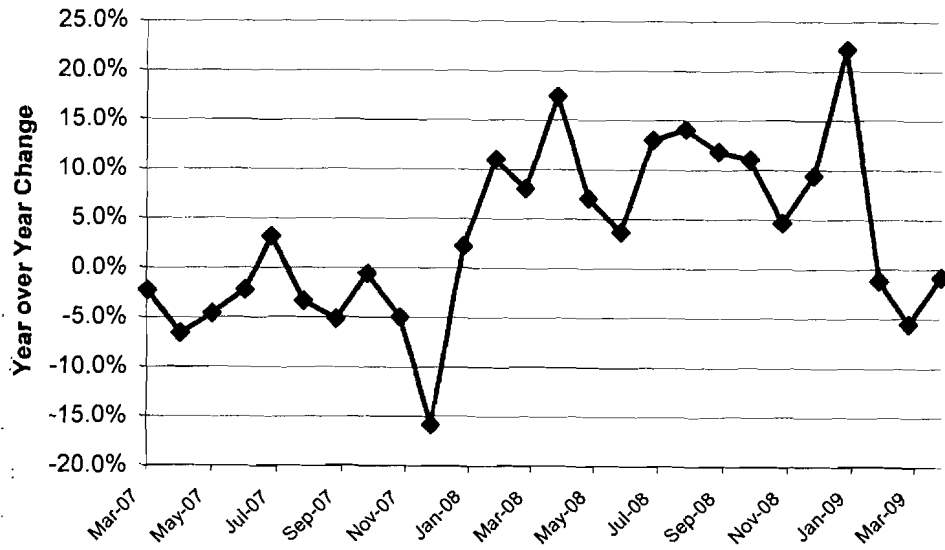


Source: Department of Real Estate Assessments



City of Alexandria  
Selected Economic Indicators

Number of Rented Alexandria Hotel Rooms  
Year over Year Change



Source: Finance Department