

*City of Alexandria, Virginia*19
1-9-01

MEMORANDUM

DATE: JANUARY 4, 2001

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: PHILIP SUNDERLAND, CITY MANAGER 

SUBJECT: MONTHLY FINANCIAL REPORT FOR THE PERIOD ENDING
NOVEMBER 30, 2000

ISSUE: Receipt of the City's Monthly Financial Report for the period ending November 30, 2000.

RECOMMENDATION: That City Council receive the report.

DISCUSSION: This report provides financial information on revenues and expenditures of the General Fund for the period July 1, 2000, through November 30, 2000. The report also presents revenues and expenditures for the same period for Fiscal Year 2000 for comparative purposes (Attachments 1 and 2), and provides a summary of selected economic indicators (Attachment 3). As of November 30, 2000, General Fund revenues exceeded General Fund expenditures by \$43.6 million. This is a normal situation that occurs at this time of the year because the City's revenues follow seasonal patterns (the City's real estate tax revenues are due in November and June), while expenditures are more evenly distributed.

REVENUES (Attachment 1): As of November 30, 2000, actual General Fund revenues totaled \$155.0 million, an increase of \$12.9 million, or 9.1 percent, as compared to revenues for the same period last year. The increase is primarily attributable to budgeted increases for the November 2000 real estate tax payments as discussed below. Staff will monitor revenues each month and will begin to project end-of-year revenues based on trends at mid-year for the FY 2002 Proposed Budget that will be presented to City Council in March 2001. Unless otherwise noted, revenues to date reflect expected trends.

Real Estate Taxes: Second half real estate property taxes were due November 15. Real estate tax revenues to date total \$72.1 million and are \$6.2 million, or 9.5 percent, higher than collections at this time last year. The real estate bills totaled \$72.7 million, a 9.2 percent increase over the prior year.

Personal Property Taxes: The City's personal property tax due date for FY 2001 was October 5, 2000. Personal property tax revenue consists of both personal property (primarily vehicles) and business property (motor vehicles for businesses, machinery, computers and furniture). The FY 2001 Approved Budget includes a \$32.6 million revenue projection for personal property tax revenue collected directly by the City and an additional \$12.3 million of intergovernmental revenue that the

City collects from the Commonwealth under the provisions of the Personal Property Tax Relief Act of 1998 (PPTRA). The State's share of the local personal property tax payment this fiscal year is 47.5 percent of most taxpayers' payments; the State's share for FY 2000 was 27.5 percent. The total for all budgeted revenues related to the personal property tax for FY 2001 is \$44.9 million. This represents a five percent increase in personal property taxes over such taxes in FY 2000 prior to application of the City's new accelerated depreciation schedule for business computers, which reduced estimated tax revenue in the FY 2001 Approved Budget by approximately \$1.5 million.

As shown in the following table, to date the City has collected \$33.1 million in personal property tax revenue and has received reimbursement from the Commonwealth of \$12.1 million, for total personal property tax receipts of \$45.2 million, \$0.3 million more than FY 2001 budgeted personal property tax revenue.

Property Tax collections (in millions)	FY 2001	FY 2000
City collections	\$33.1	\$ 35.7
Commonwealth reimbursement	<u>12.1</u>	<u>6.3</u>
Total personal property tax collections	\$45.2	\$42.0

This represents a \$3.2 million, or 7.6 percent, increase when compared to receipts collected at the same time last year. As discussed at the City Council retreat, the City's economy remained strong during calendar year 2000. The average value of a new model vehicle increased by 4 percent to \$21,362, and the number of new model vehicles in the City increased 14.4 percent, to 4,714, or 4.9 percent of all vehicles. The business personal property tax base, even with the new computer depreciation schedule, has increased 8.3 percent over the prior year. Based on returns received to date, staff estimates that the projected tax decrease in business personal property tax revenue, due to the new computer depreciation schedule, will be \$0.5 million less than the \$1.5 million originally estimated. This is likely due to the purchase of many new computers by businesses. As a result, it appears that budget expectations for personal property taxes will be exceeded, but that amount is not known at this time. Staff will continue to monitor receipts and provide revised projections of the FY 2001 personal property tax revenues in the context of the FY 2002 Proposed Budget to be presented to City Council in March 2001.

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. The consumer utility tax revenue in this report represents utility services provided to consumers though September.

City of Alexandria Consumer Utility Tax Receipts Through September 30, 2000, and September 30, 1999				
Utility	FY 2001 Year to Date Receipts	FY 2000 Year to Date Receipts	Increase/ (Decrease)	Notes
Telephone - Tax on Local Service	\$1,693,778	\$1,606,621	\$87,157	
Electricity	1,406,324	1,383,459	22,865	
Water	637,842	589,567	48,275	
Natural Gas	410,833	263,757	147,076	FY 2001 revenues include an additional month's receipts which were paid early.

Business License Taxes: The City's FY 2001 business license tax is due March 1, 2001. Collections to date, in the amount of \$1.3 million, are attributable to quarterly payments, filings by new businesses and payments on delinquent accounts.

Transient Lodging Taxes: Transient lodging taxes are remitted to the City within one month after collections; therefore, the revenue reflected in this report represents collections by hotels through October 2000. Collections total \$2.1 million, an increase of \$0.2 million over collections for the same period last year. This increase is primarily the result of additional hotel rooms and timing in receipts of taxes.

Restaurant Meals Taxes: Meals and alcoholic beverage taxes are due to the City within 30 days of the month the sales occurred. Collections to date are approximately \$0.2 million, or 8.0 percent, higher than revenues for the same period last year. This increase is primarily attributable to the addition of new restaurants and timing differences. More restaurants were late in submitting their tax payments in November 1999 than in November 2000.

Revenues from the Federal Government: The City's General Fund revenues from the federal government are primarily for federal prisoner per diem. The City has billed \$2.3 million for housing federal prisoners through the period ending November 30, 2000; however, only \$1.5 million had been received as of November 30. The federal government generally pays the City for housing federal prisoners between 30 and 60 days after the end of the billing period. Billings since December 1999 reflect an increase in the reimbursement rate when the City renegotiated the contract with the US Marshal for prisoner cost reimbursement. This renegotiation resulted in an increase in the rate reimbursement from \$83.25 per inmate day to \$93.92 per inmate day, effective December 1, 1999.

Revenues from the Commonwealth: Revenues from the Commonwealth increased \$6.7 million, or 63.5 percent, over the prior year. This is the result of increases in reimbursements from the Commonwealth for vehicle personal property tax relief. As discussed above in the personal property

section, the FY 2001 Approved Budget includes \$12.3 million to reflect the City's receipt of the 47.5 percent vehicle personal property tax relief due from the Commonwealth to most vehicle owners. For FY 2000 the applicable percentage was 27.5 percent for most vehicles. As of November 30, 2000, the City has billed and received \$12.1 million from the Commonwealth for PPTRA, an increase of \$5.8 million over that received in FY 2000.

Licenses and Permits: Revenues to date, in the amount of \$1.6 million, are \$0.3 million lower than revenues at this time last year. This reduction is primarily attributable to fees received in early FY 2000 for construction permits for a major multi-story office and retail building.

Use of Money and Property: Revenues to date are \$1.1 million higher than revenues earned at this time last year. The increase is attributable to an increase in interest earnings. Interest rates are trending almost a full percentage point higher than this time last year. In addition, the City issued \$55 million in general obligation bonds in June 2000. \$32 million of these bonds were used to reimburse the City for capital expenditures made up to 18 months prior to the June issuance date. The remainder is being used to finance capital expenditures in FY 2001. The acceleration in the issuance of bonds has improved the City's cash flow and increased cash balances and interest earnings.

Other Revenue: Other revenues include gifts and donations, damage recoveries and recovered costs.

EXPENDITURES (Attachment 2): As of November 30, 2000, actual General Fund expenditures totaled \$111.3 million, an increase of \$9.4 million, or 9.3 percent, over expenditures for the same period last year. The increase relative to last year is attributable to some degree to the increase in the cash capital transfer to the capital projects fund and a shift of reimbursable highway maintenance expenditures as discussed below. Excluding cash capital and highway maintenance, actual General Fund expenditures through November 30, 2000 were trending 5.3 percent above expenditures for the same period last year. This expenditure pattern reflects normal and expected activity consistent with the FY 2001 Approved Budget. Expenditure activities to date, where an explanation of variances is warranted, are discussed below.

Other Planning Activities: General Fund expenditures in this category reflect two quarterly contribution payments to community agencies.

Registrar: Expenditures to date include postage for mailing voter registration cards.

Transportation and Environmental Services: The increase in expenditures in comparison to FY 2000 reflects a shift of reimbursable highway maintenance expenditures from the Special Revenue Fund to the General Fund. This change was made in the FY 2001 approved budget in order to reduce the complexities of administering this \$4.5 million annual program.

Transit Subsidies: Expenditures to date reflect the City's first two quarterly payments to the Washington Metropolitan Area Transit Authority (WMATA) for Fiscal Year 2001. The increase

over the prior year is attributable to an adjustment to the City's budget structure starting in FY 2001 for total WMATA expenditures. Prior to FY 2001, some WMATA planned operating expenditures were recorded as capital expenditures. These expenditures are now budgeted and reflected in the operating budget to more accurately reflect the City's share of WMATA operating expenditures.

Mental Health/Mental Retardation/Substance Abuse: Expenditures to date reflect annual equipment replacement charges made at the beginning of the fiscal year.

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

Debt Service: The increase in expenditures reflects the City's share of debt service, in the amount of \$256,070, for the Northern Virginia Transportation District bonds, issued in November 1999. The remaining increase represents scheduled increased principal payments on the City's bonds.

Non-Departmental: Increased expenditures in FY 2001 reflect budgeted expenditures for computer replacement and the public safety radio system.

Schools: The School Administration has reported \$39.0 million in expenses from all sources through November 30, 2000. The City's General Fund share of total School Administration budgeted expenditures is approximately 75 percent of the total expenditures. This percentage was applied to total school disbursements to estimate General Fund supported school expenditures to date in the amount of \$29.2 million (i.e., 75 percent of \$39.0 million).

Cash Matches (MH/MR/SA, Human Services, Library and Miscellaneous Grants): To comply with 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.

ATTACHMENTS:

Attachment 1 - Comparative Statement of Revenues

Attachment 2 - Comparative Statement of Expenditures & Transfers by Function

Attachment 3 - Selected Economic Indicators

STAFF:

Mark Jinks, Assistant City Manager

D. A. Neckel, Director of Finance

Laura Triggs, Deputy Director of Finance/Comptroller

**CITY OF ALEXANDRIA, VIRGINIA
COMPARATIVE STATEMENT OF REVENUES
GENERAL FUND
FOR THE PERIODS ENDING NOVEMBER 30, 2000 AND NOVEMBER 30, 1999**

	FY2001 APPROVED BUDGET	FY2001 REVENUES THRU 11/30/00	% OF BUDGET	FY2000 REVENUES THRU 11/30/99
General Property Taxes				
Real Property Taxes.....	\$ 149,135,000	\$ 72,110,387	48.4%	\$ 65,882,194
Personal Property Taxes.....	32,560,000	33,109,405	101.7%	35,735,011
Penalties and Interest.....	2,400,000	785,983	32.7%	951,933
Total General Property Taxes	\$ 184,095,000	\$ 106,005,775	57.6%	\$ 102,569,138
Other Local Taxes				
Local Sales and Use Taxes.....	\$ 20,085,000	\$ 4,927,084	24.5%	\$ 4,639,350
Consumer Utility Taxes.....	14,454,000	4,148,777	28.7%	3,843,404
Business License Taxes.....	17,725,000	1,320,369	7.4%	1,097,349
Transient Lodging Taxes.....	5,500,000	2,111,968	38.4%	1,884,162
Restaurant Meals Tax.....	7,690,000	2,654,741	34.5%	2,457,524
Tobacco Taxes.....	1,649,000	562,605	34.1%	596,035
Motor Vehicle License Tax.....	2,140,000	1,969,253	92.0%	1,899,793
Real Estate Recordation.....	1,217,000	592,267	48.7%	538,701
Other Local Taxes.....	3,329,000	679,978	20.4%	468,570
Total Other Local Taxes	\$ 73,789,000	\$ 18,967,042	25.7%	\$ 17,424,888
Intergovernmental Revenues				
Revenue from the Federal Government....	\$ 3,767,000	\$ 1,545,564	41.0%	\$ 1,120,595
Revenue from the Commonwealth.....	30,744,000	17,167,365	55.8%	10,501,337
Total Intergovernmental Revenues	\$ 34,511,000	\$ 18,712,929	54.2%	\$ 11,621,932
Other Governmental Revenues				
Fines and Forfeitures.....	\$ 4,264,000	\$ 1,655,244	38.8%	\$ 1,599,064
Licenses and Permits.....	3,760,000	1,628,338	43.3%	1,967,165
Charges for City Services.....	9,342,400	3,602,899	38.6%	3,500,080
Revenue from Use of Money & Property..	7,759,950	4,161,225	53.6%	3,098,883
Other Revenue.....	359,000	238,208	66.4%	309,999
Total Other Governmental Revenues	\$ 25,485,350	\$ 11,285,914	44.3%	\$ 10,475,191
TOTAL REVENUE	\$ 317,880,350	\$ 154,971,660	48.8%	\$ 142,091,149
Appropriated Fund Balance				
General Fund.....	2,921,512	-	-	-
Reappropriation of FY 2000 Encumbrances	-	-	-	-
And Other Supplemental Appropriations..	3,721,761	-	-	-
TOTAL	\$ 324,523,623	\$ 154,971,660	47.8%	\$ 142,091,149

41.7% of Fiscal Year Completed
40.38% of Payrolls Processed

Attachment 2

**CITY OF ALEXANDRIA, VIRGINIA
COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION
GENERAL FUND
FOR THE PERIODS ENDING NOVEMBER 30, 2000 AND NOVEMBER 30, 1999**

<u>FUNCTION</u>	<u>FY2001 APPROVED BUDGET</u>	<u>FY2001 EXPENDITURES THRU 11/30/00</u>	<u>% OF BUDGET</u>	<u>FY2000 EXPENDITURES THRU 11/30/99</u>
Legislative & Executive.....	\$ 4,203,694	\$ 1,555,893	37.0%	\$ 1,395,546
Judicial Administration.....	\$ 23,903,217	\$ 9,390,654	39.3%	\$ 9,364,366
Staff Agencies				
Information Technology Services.....	\$ 5,781,367	\$ 1,710,690	29.6%	\$ 2,016,958
Management & Budget.....	965,347	221,500	22.9%	294,910
Finance.....	6,735,446	2,375,226	35.3%	2,375,855
Real Estate Assessment.....	910,639	345,077	37.9%	334,034
Personnel.....	1,896,859	745,496	39.3%	661,171
Planning & Zoning.....	2,155,181	655,845	30.4%	692,033
Other Planning Activities.....	1,817,168	870,135	47.9%	803,080
City Attorney.....	1,269,861	483,365	38.1%	462,690
Registrar.....	661,896	411,050	62.1%	247,331
General Services.....	8,795,826	3,532,628	40.2%	3,274,766
Total Staff Agencies	\$ 30,989,590	\$ 11,351,012	36.6%	\$ 11,162,828
Operating Agencies				
Transportation & Environmental Services.....	\$ 19,897,005	\$ 7,337,362	36.9%	\$ 5,550,275
Fire.....	23,286,365	9,520,882	40.9%	8,771,544
Police.....	32,980,915	13,206,091	40.0%	13,086,025
Transit Subsidies.....	3,515,994	1,692,787	48.1%	930,698
Housing.....	945,473	301,149	31.9%	286,688
Mental Health/Mental Retardation/ Substance Abuse.....	467,282	268,426	57.4%	206,709
Health.....	5,731,782	753,466	13.1%	711,257
Human Services.....	6,811,043	2,549,275	37.4%	2,444,377
Historic Resources.....	1,999,074	762,037	38.1%	781,331
Recreation.....	13,073,922	5,760,030	44.1%	5,077,641
Total Operating Agencies	\$ 108,708,855	\$ 42,151,505	38.8%	\$ 37,846,545
Education				
Schools.....	\$ 98,780,870	\$ 29,247,989	29.6%	\$ 28,353,173
Other Educational Activities.....	13,017	6,509	50.0%	6,560
Total Education	\$ 98,793,887	\$ 29,254,498	29.6%	\$ 28,359,733
Capital, Debt Service and Miscellaneous				
Debt Service.....	\$ 12,638,385	\$ 3,752,275	29.7%	\$ 3,294,786
Non-Departmental.....	7,430,486	2,567,383	34.6%	1,890,026
Cash Capital.....	9,846,000	9,846,000	100.0%	7,351,063
Contingent Reserves.....	-	-	-	-
Total Capital, Debt Service and Miscellaneous	\$ 29,914,871	\$ 16,165,658	54.0%	\$ 12,535,875
TOTAL EXPENDITURES	\$ 296,514,114	\$ 109,869,220	37.1%	\$ 100,664,893
Cash Match (Mental Health/Mental Retardation/ Substance Abuse, Human Services and Library) Transfers to the Special Revenue Fund.....	24,461,299	-	-	-
Transfer to DASH.....	3,548,210	1,479,603	41.7%	1,240,392
TOTAL EXPENDITURES & TRANSFERS	\$ 324,523,623	\$ 111,348,823	34.3%	\$ 101,905,285

Attachment 3

**CITY OF ALEXANDRIA
SELECTED ECONOMIC INDICATORS**

	<u>Current Year</u>	<u>Prior Year</u>	<u>Percent Change</u>
<u>Consumer Price Index (CPI-U)</u> for the Washington - Baltimore DC-MD-VA-WV Area (As of November 30, 2000) (Source: Published bi-monthly by United States Department of Labor, Bureau of Labor Statistics)	108.7	105.4	3.1%
<u>Unemployment Rates</u>			
Alexandria	1.5%	2.2%	<31.8%>
Virginia (As of October 31, 2000) (Source: United States Department of Labor, Bureau of Labor Statistics)	2.3%	2.8%	<17.9%>
United States (As of November 30, 2000) (Source: United States Department of Labor, Bureau of Labor Statistics)	4.0%	4.1%	<2.4%>
<u>Interest Rates</u> (As of November 30, 2000)			
Prime Rate	9.50%	8.50%	11.8%
Federal Fund Rate (Source: SunTrust Economic Monitor)	6.58%	5.63%	16.9%
<u>New Business Licenses</u> (During November) (Source: Finance Department, Business Tax Branch)	70	94	<25.5%>
<u>New Commercial Construction</u> (As of October 31, 2000)			
Number of New Building Permits	8	15	<46.7%>
Value of New Building Permits (Source: Fire Department Code Enforcement Bureau)	\$22.2 million	\$82.9 million	<73.2%>
<u>Residential Real Estate Indicators</u> (for the nine months ended September 30, 2000)			
Residential Dwelling Units Sold	2,690	2,650	1.5%
Average Residential Sales Price (Source: Department of Real Estate Assessments)	\$229,358	\$241,401	<5.0%>