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*City of Alexandria, Virginia*

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MEMORANDUM

DATE: APRIL 19, 2001  
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL  
FROM: PHILIP SUNDERLAND, CITY MANAGER *PS*  
SUBJECT: BUDGET MEMO # 14 : FY 2002 FINAL REVENUE ADJUSTMENTS

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ISSUE: FY 2002 Final Revenue Adjustments.

RECOMMENDATION: That City Council approve the following FY 2002 General Fund revenue and expenditure adjustments, which result in a decrease of \$674,000 (i.e., \$0.7 million) as compared to the revenue estimates outlined in the Proposed FY 2002 Budget document, as well as an equal reduction in proposed expenditures:

In summary, the recommended revenue adjustments for FY 2002 are:

- A decrease of \$0.5 million in the estimate of General Fund Personal Property Tax Revenue, from \$30.1 million to \$29.6 million;
- A decrease of \$0.2 million in the estimate of Penalties and Interest, from \$2.2 million to \$2.0 million;
- An increase of \$0.4 million in the estimate of General Fund Sales Tax Revenue, from \$21.2 million to \$21.6 million;
- A decrease of \$1.0 million in General Fund Business License Tax Revenue, from \$21.8 million to \$20.8 million;
- An increase of \$0.3 million in Transient Lodging Tax Revenue, from \$5.9 million to \$6.2 million;
- An increase of \$0.1 million in Restaurant Meals Tax Revenue, from \$8.6 million to \$8.7 million; and
- A net increase of \$0.326 million in Intergovernmental Revenues, from \$43.182 million to \$43.508 million.

The recommended proposed expenditure decreases of \$0.7 million are:

- A decrease in the City health insurance contingent of \$0.3 million attributable to contract negotiations with health insurance carriers; and
- A decrease in the City's planned General Fund subsidy of Metrobus and Metrorail by \$0.4 million attributable to higher than expected State transit aid and gas taxes received through the Northern Virginia Transportation Commission.

These revenue and expenditure adjustments will be reflected on the final Add/Delete list.

DISCUSSION: The FY 2002 revenue estimates in the Proposed FY 2002 budget document were based on revenues and trends through January 2001. Staff continues to monitor actual revenues and adjusts the revenue projections for the current fiscal year in the context of the Monthly Financial Report (Attachment 1). Based on actual receipts and trends through the end of the third quarter of 2001 (January, February, and March ), the FY 2002 revenue estimates are recommended to be adjusted as follows:

- A decrease of \$0.5 million in the estimate of General Fund Personal Property Tax Revenue, from \$30.1 million to \$29.6 million, to reflect projections based on receipts through March 31, 2001. The reduction is attributed to a more cautious 2.3% growth projection due to the lack of business tangible tax growth in FY 2000, possibly declining business tangible investments, and a slowing consumer economy which will impact car and truck values, and therefore payments, in FY 2002.
- A decrease of \$0.2 million in the estimate of General Fund Penalties and Interest, from \$2.2 million to \$2.0 million, to reflect projections based on revenues received through March 31, 2001. The revised FY 2002 penalties and interest revenue budget estimate of \$2.0 million is equal to the FY 2001 projection. As a result of the City's aggressive collection of delinquent taxes, the amount of outstanding collectable delinquent taxes due the City has been reduced, causing a reduction in the amount of penalties and interest owed and subsequently paid to the City.
- An increase of \$0.4 million in the estimate of General Fund Sales Tax Revenue, from \$21.2 million to \$21.6 million, to reflect revised projections based on actual revenues received through March 31, 2001. The revised FY 2002 local one percent sales tax revenues are projected at \$21.6 million, which is an increase of \$0.6 million, or 2.9 percent, as compared to the updated FY 2001 projection of \$21.0 million. This increase over the FY 2001 projection is based on current collection trends as of the end of March 2001.
- A decrease of \$1.0 million in the estimate of General Fund Business License Tax Revenue, from \$21.8 million to \$20.8 million, to reflect revised projections based on actual revenues received through March 31, 2001. The revised FY 2002 business license tax revenue budget estimate of \$20.8 million is an increase of \$1.0 million or 5.1 percent, as compared to the FY 2001 projection of \$19.8 million. The FY 2001 projection was

decreased from \$21.3 million to \$19.8 million to reflect actual revenues received through March 31, 2001. This decrease (based on year to year comparisons of individual businesses) appears to be attributable to a slowdown in the rate of growth in the business side of the economy. The Tax Enforcement Division has identified a larger number of non-filers compared to the previous year. Staff will research these discrepancies to enforce filing and to determine if a business owes taxes to the City. These projections assume that an additional \$0.5 million per year will be identified and paid in both FY 2001 and FY 2002.

- An increase of \$0.3 million in General Fund Transient Lodging Revenue for FY 2002, from \$5.9 million to \$6.2 million, to reflect revised projections based on actual revenues received through March 31, 2001.
- An increase of \$0.1 million in Restaurant Meals Tax Revenue for FY 2002, from \$8.6 million to \$8.7 million, to reflect revised projections based on actual revenues received through March 31, 2001.
- An increase of \$0.326 million in Intergovernmental revenues, from \$43.182 million to \$43.508 million, to reflect an increase of \$0.200 million in the anticipated reimbursement from the State for Personal Property taxes and in the anticipated net increase of \$0.276 million in revenue from Law Enforcement Aid (HB 599). These increases are offset by an anticipated reduction in Compensation Board revenues of \$0.100 million and ABC profits and wine taxes of \$0.05 million.

The increase of \$0.276 million in Law Enforcement Aid is due to two circumstances. First, staff budgeted Law Enforcement Aid at \$6.2 million for FY 2002, which was the same amount as originally anticipated in FY 2001. This conservative projection was a defensive action as State aid reductions were unknown at the time the budget was prepared and Law Enforcement Aid seemed a likely State budget reduction area. The Governor's recommended amount for FY 2002 of \$6.5 million is \$0.276 million higher than staff's original FY 2002 revenue projection, but is \$0.194 million lower than what the City should have received.

**FISCAL IMPACT:** The net fiscal impact of these final FY 2002 revenue adjustments is a decrease in the FY 2002 General Fund revenue projections of \$0.7 million (Attachment 2). This decrease in the projection of General Fund revenues of \$0.7 million creates a dilemma in funding the FY 2002 budget. Either \$0.7 million in additional fund balance use is required (thereby raising one-time fund balance used to finance the FY 2002 operating budget from \$3.5 million to \$4.2 million), or a reduction in proposed expenditures is necessary.

It is recommended that the FY 2002 budget expenditures be reduced by \$0.7 million to keep the budget in balance. Two actions, based on information received after the proposed FY 2002 budget was prepared, accomplish this. First, the health insurance contingency for City employees can be reduced by \$0.3 million from \$1.0 million to \$0.7 million to reflect lower cost increases recently negotiated with the City's health insurance carriers. Second, the General Fund subsidy of Metrobus and Metrorail can be reduced by \$0.4 million in FY 2002, as State aid

and gas tax earnings received through the Northern Virginia Transportation Commission (NVTC) are projected to be higher in FY 2002 than previously projected. With these two budget reductions the FY 2002 expenditure budget can remain balanced with the revised FY 2002 revenue projections.

It should also be noted that for FY 2001, the new revenue projections discussed in the Monthly Financial Report (Attachment 1) total \$0.4 million higher than prior projections. As a result, staff now estimates that undesignated fund balance at June 30, 2001, will total approximately \$20.7 million, which is \$0.4 million higher than prior estimates and is approximately equal to 6.2 percent of estimated FY 2001 General Fund revenues (Attachment 3).

**ATTACHMENTS:**

- Attachment 1 - Monthly Financial Report for period ending March 31, 2001
- Attachment 2 - Revised Summary of Budgeted General Fund Revenues and Other Financing Sources
- Attachment 3 - Revised Statement of Estimated Undesignated Fund Balance

*City of Alexandria, Virginia*

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4-24-01

MEMORANDUM

DATE: APRIL 18, 2001  
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL  
FROM: PHILIP SUNDERLAND, CITY MANAGER <sup>S</sup>  
SUBJECT: MONTHLY FINANCIAL REPORT FOR THE PERIOD ENDING  
MARCH 31, 2001

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**ISSUE:** Receipt of the City's Monthly Financial Report for the period ending March 31, 2001.

**RECOMMENDATION:** That City Council receive the following Monthly Financial Report for the period ending March 31, 2001.

**DISCUSSION:** This report provides financial information on revenues and expenditures of the General Fund for the period July 1, 2000 through March 31, 2001. This 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 March 31, 2001, General Fund revenues exceeded General Fund expenditures by \$1.8 million. This is a normal situation that occurs this time of 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 March 31, 2001, actual General Fund revenues totaled \$211.4 million, an increase of \$16.5 million, or 8.5 percent, as compared to revenues for the same period last year. As part of the preparation of the FY 2002 Proposed Budget, City staff undertook a detailed analysis of the City revenue trends and have reprojected FY 2001 revenues. In addition, CY 2001 real estate assessments are now complete and real estate tax revenues can be recalculated. Based on preliminary data for the first nine months of the fiscal year, projected positive variances (i.e., revenues in excess of budget) are currently projected to be \$17.9 million. Of these additional revenues, \$17.5 million helped balance the Proposed FY 2002 Operating Budget, as well as provided a source for increased cash capital for needed City and Schools Capital Projects in the proposed FY 2002 to FY 2007 Capital Improvement Program. Since the \$17.9 million is slightly higher than the \$17.5 million previously projected, this has resulted in a \$0.4 million net increase in undesignated fund balance.

Staff cautions that this preliminary projection is based on only nine months of activity and staff will continue to monitor revenues and update projections on a monthly basis through the end of the fiscal year. This will be increasingly important given the general consensus opinion among economists of a slowing national and regional economy where labels of "recession growth" and "soft landing" are being applied by some economists. Also, as the Governor's announced budget reductions become clearer or

**Monthly Financial Report for the Period Ending March 31, 2001**

the General Assembly can reach budget agreement, state revenue projections in subsequent Monthly Financial Reports may be changed by some yet unknown amount.

The following chart and text describes the sources of the \$17.9 million in net positive variances:

**FY 2001 PROJECTIONS  
(Amounts in millions)**

	FY 2001 BUDGET	FY 2001 BUDGET PROJECTIONS	BUDGET VERSUS PROJECTIONS
Real Property	\$ 149.1	\$ 154.7	\$ 5.6
Personal Property-local share	32.6	35.3	2.7
Penalties and Interest	2.4	2.0	(0.4)
Sales Tax	20.1	21.0	0.9
Consumer Utility Tax	14.5	15.7	1.2
Business License Tax	17.7	19.8	2.1
Transient Lodging Tax	5.5	6.0	0.5
Restaurant Meals Tax	7.7	8.4	0.7
Motor Vehicle License	2.1	2.2	0.1
Recordation Taxes	1.2	1.9	0.7
Other Local Taxes	3.3	3.5	0.2
Intergovernmental	34.5	36.2	1.7
Licenses and Permits	3.8	4.2	0.4
Charges for City Services	9.3	9.1	(0.2)
Use of Money and Property	7.8	9.6	<u>1.8</u>
<b>Total Variance</b>			<b>\$18.0</b>
<b>Variance Projected in FY 2002 Budget</b>			<b><u>(17.6)</u></b>
<b>Net Increase in Undesignated Fund Balance</b>			<b>\$ 0.4</b>

### Monthly Financial Report for the Period Ending March 31, 2001

**Real Estate Taxes:** Second half real estate property taxes were due November 15. Revenues to date total \$73.7 million and are \$4.9 million, or 7.1 percent, higher than collections at this time last year. As reported to City Council on February 16, the City's calendar year 2001 assessed real property tax base increased 10.06 percent. At the current rate of \$1.11 per \$100 of assessed value, staff estimates real property tax revenues will total at least \$154.7 million for FY 2001, an increase of \$5.6 million over the original budget estimate of a year ago, which was based on an estimated 5 percent increase in the calendar year 2001 real estate base.

**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 (business machinery, computers and furniture). The FY 2001 Approved Budget includes a \$32.6 million for 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 for FY 2001 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 represented an estimated net increase in the FY 2001 tax base of five percent over FY 2000 before any tax changes. The City accelerated the depreciation schedule for business computers, reducing estimated tax revenue in the FY 2001 approved budget by approximately \$1.5 million, as well as changing the tax on pleasure boats to a nominal \$0.01 tax rate amount.

As shown in the following table, through the end of March, the City has collected \$34.4 million in personal property tax revenue. To date, reimbursement from the Commonwealth totals \$13.1 million, for total personal property tax receipts of \$47.5 million for FY 2001, \$2.6 million more than all budgeted revenues related to personal property taxes:

Personal Property Tax (in millions)	Actual FY 2000	Budget FY2001	Actual to Date FY 2001	Projection FY 2001
City share	\$38.4	\$32.6	\$34.4	\$35.3
Commonwealth reimbursement	<u>6.8</u>	<u>12.3</u>	<u>13.1</u>	<u>13.3</u>
Total	\$45.2	\$44.9	\$47.5	\$48.6

Collections represent a \$3.1 million, or 7.0 percent, increase when compared to receipts collected at the same time last year. As discussed at the City Council retreat, the City's economy has remained relatively strong. The average value of a new model vehicle increased by 4 percent to \$21,362 and the number of new model vehicles increased 14.4 percent to 4,714, or 4.9 percent of all vehicles. Staff estimates the cost of the new computer depreciation schedule will be \$0.5 million less than the \$1.5 million originally estimated. This is probably due to increased investments by businesses in new

## Monthly Financial Report for the Period Ending March 31, 2001

computer technology. Based on these and prior year collection patterns, staff currently projects that total personal property collections will be \$48.6 million, comprised of \$35.3 million in local collections and \$13.3 million from the state. This is an increase of \$3.7 million (\$2.7 million in local tax collections and \$1.0 million in state PPTRA reimbursement) over the original budget. Staff will continue to monitor these revenues and will project adjustments, as warranted.

**Penalties and Interest:** Penalties and interest represent payment on delinquent taxes, primarily for real estate and personal property. Collections to date, in the amount of \$1.3 million, are \$0.5 million lower than collections at this time last year. Penalties and interest collections are highly variable, with last year's tax collection initiatives representing a very high collection year. Also, with decreased personal property tax bills due to the state-funded tax relief, more taxpayers are more likely paying their bills on time, which results in reduced penalties and interest. Based on collections to date, staff estimates FY 2001 penalties and interest revenues will total approximately \$2.0 million, which is \$0.4 million less than the original FY 2001 budget estimate. Staff will continue to monitor these revenues and will recommend adjustments, as warranted.

**Local Sales and Use Taxes:** Businesses remit sales tax to the Commonwealth within 30 days of the end of the month in which sales occurred. The Commonwealth sends the City its portion of the sales tax approximately one month later. The sales tax revenue represents sales activity for the months of July through January 2001. Revenues to date are \$0.7 million, or 6.1 percent, higher than collections at this time last year. This increase is primarily attributable to overall increased sales tax collections citywide. Based on collections through mid March, staff estimates FY 2001 sales tax revenues will total approximately \$21.0 million, which is \$0.9 million higher than the original FY 2001 budget estimate. Staff will continue to monitor these revenues and will recommend adjustments, as warranted.

**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 through January. Overall utility tax revenue increases are attributable to the steep cost increases of natural gas, additional households, primarily in Cameron Station, as well as the addition of second phone lines in more households to provide separate computer modem connections.



Monthly Financial Report for the Period Ending March 31, 2001

City of Alexandria Consumer Utility Tax Receipts Through January 30, 2000 and January 30, 2001				
Utility	FY 2001 Year to Date Receipts	FY 2000 Year to Date Receipts	Increase/ (Decrease)	Notes
Telephone - Tax on Local Services	\$4,133,287	\$3,946,917	\$186,370	
Electricity	3,503,837	2,963,658	540,179	FY 2001 revenues include an additional month's receipts which were paid early.
Water	1,203,735	1,105,825	97,910	
Natural Gas	1,201,089	793,480	407,609	FY 2001 revenues include an additional month's receipts which were paid early.

Based on collections to date, staff estimates FY 2001 consumer utility revenues will total approximately \$15.7 million, which is \$1.2 million higher than the original FY 2001 budget estimate. Staff will continue to monitor these revenues and will recommend adjustments, as warranted.

**Business License Taxes:** The City's FY 2001 business license tax was due March 1, 2001. Collections as of March 31, 2001, in the amount of \$17.0 million, are \$0.5 million or 3.1 percent higher than collections at the same time last year. An analysis of the tax returns from businesses, which have reported their gross receipts on time, show an increase in gross receipts from the service sector of 4.4 percent including an increase in gross receipts of professional services of 2.6 percent. Contractors, builders, and developers experienced a decrease in gross receipts of 10.2 percent. City staff will contact and may audit the gross receipts of the largest firms that show a significant decrease in gross receipts and taxes paid. Staff's current estimate for business tax receipts for FY 2001 is \$19.8 million, which is \$2.1 million over the approved budget amount. However, this is \$1.5 million less than previous projections which assumed a much higher rate of growth. Staff will continue to monitor these revenues and will recommend adjustments as warranted.

**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 February 2001. Collections total \$3.7 million, an increase of \$0.5 million over collections for the same period last year. This increase is primarily the result of additional hotel rooms. Based on collections to date, staff estimates FY 2001 transient lodging tax revenues will total approximately \$6.0 million, which is \$0.5 million higher than the original FY 2001 budget estimate. Staff will continue to monitor these revenues and will recommend adjustments, as warranted.

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## Monthly Financial Report for the Period Ending March 31, 2001

**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 \$0.4 million, or 9.1 percent, higher than revenues for the same period last year. This increase is primarily attributable to the addition of new restaurants and timing in the receipt of taxes. Based on collections to date, staff estimates FY 2001 restaurant meals tax revenues will total approximately \$8.4 million, which is \$0.7 million higher than the original FY 2001 budget estimate. Staff will continue to monitor these revenues and will recommend adjustments, as warranted.

**Recordation Taxes:** Recordation taxes are collected as a percentage of the sales price for real estate transactions. Revenues to date, in the amount of \$1.3 million, are \$0.2 million, or 22.8 percent, higher than collections at this time last year. The increase is primarily attributable to lowering interest rates over the last several months which have caused an increase in the number of real estate transactions and refinancings. Based on collections to date, staff estimates FY 2001 recordation taxes will total approximately \$1.9 million, which is \$0.7 million higher than the original FY2001 budget.

**Other Local Taxes:** The \$0.4 million increase in this tax category is attributable to the E-911 tax rate increase in FY 2001 from 25 cents per line per month to a rate of 50 cents per line per month (\$0.2 million), and the collection of delinquent bank franchise taxes (\$0.2 million).

**Revenues from the Federal Government:** The City's General Fund revenues from the federal government are primarily for federal prisoner per diem payments. The City has billed \$3.3 million for housing federal prisoners through the period ending March 31, 2001; however, only \$2.7 million had been received as of March 31. 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. Based on collections to date, staff estimates FY 2001 Federal Government revenues will total approximately \$4.6 million, which is \$0.8 million higher than the original FY 2001 budget estimate. Staff will continue to monitor these revenues and will recommend adjustments, as warranted, in the context of the FY 2002 budget work sessions.

**Revenues from the Commonwealth:** Revenues from the Commonwealth increased \$9.8 million, or 60.0 percent, over the prior year. This is the result of budgeted 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 reimbursement of the 47.5 percent vehicle personal property tax relief due from the Commonwealth to most vehicle owners. For FY 2000 the City was reimbursed for 27.5 percent for most vehicles. As of March 31, 2001, the City has billed and received \$13.1 million from the Commonwealth for PPTRA, an increase of \$6.4 million over that received in FY 2000. Based on collections to date, staff estimates FY 2001

**Monthly Financial Report for the Period Ending March 31, 2001**

revenue from the Commonwealth will total approximately \$31.8 million, which is \$0.9 million higher than the original FY 2001 budget estimate.

These revenue estimates reflect the assumption that the Governor's budget reductions will prevail and that the General Assembly will fail to reach consensus on the state budget for FY 2002. As a result, the following reductions are assumed: \$0.1 million in Law Enforcement Aid (HB 599), a \$0.1 million reduction in Compensation Board reimbursement, and a \$0.05 reduction in ABC and wine taxes remitted by the Commonwealth. It appears that other Commonwealth aid revenue categories will not be affected in FY 2001. A separate budget memo to City Council will cover Commonwealth aid reductions for FY 2002. Staff will continue to monitor these revenues and will recommend adjustments, as warranted, in the context of the FY 2002 budget work sessions.

**Licenses and Permits:** Revenues to date, in the amount of \$3.1 million, are \$0.05 million or 1.5 percent lower than revenues at this time last year. The reduction is primarily attributable to less fees received for construction permits for multi-story office and retail buildings this year compared to last year. Based on collections to date, staff estimates FY 2001 revenues from license and permits will total at least \$4.2 million, which represents an increase of \$0.4 million over the approved budget amount but is still \$0.2 million less than FY 2000 actual collections of \$4.4 million. Staff will continue to monitor these revenues and will recommend adjustments as warranted.

**Use of Money and Property:** Revenues to date are \$1.7 million higher than revenues earned at this time last year. The increase is attributable to an increase in interest earnings. Interest rates were higher than anticipated for the first half of FY 2001. In addition, the City issued \$55 million in general obligation bonds in June of 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. This acceleration in the issuance of bonds compared to the prior City reimbursement practice has improved the City's cash flow and increased cash balances and interest earnings. In addition, interest rates at the beginning of FY 2001 were higher than FY 2000 as well as higher than they will be through the end of FY 2001. Based on projected cash flow, staff estimates revenue in this category will total at least \$9.6 million which is \$1.8 million above the original estimate.

**EXPENDITURES (Attachment 2):** As of March 31, 2001, actual General Fund expenditures totaled \$209.6 million, an increase of \$3.8 million, or 1.8 percent, over expenditures for the same period last year. The relatively low increase as compared to last year is primarily attributable to the timing and amount of the cash capital transfer to the capital projects fund. Last year at this time the transfer, including a transfer from fund balance, was \$21.9 million. This year (solely from current year General Fund sources) it is \$9.8 million. Excluding cash capital transfer, expenditures for FY 2001 to date are \$15.8 million, or 8.6%, above FY 2000 expenditures for the same time period. 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.

**Monthly Financial Report for the Period Ending March 31, 2001**

**Other Planning Activities:** General Fund expenditures in this category reflect quarterly contribution payments (paid at the beginning of each quarter) to community and regional agencies.

**City Attorney:** Expenditures to date reflect outside legal fees which are budgeted in a non-departmental account and charged to the City Attorney's Office. Staff will recommend an appropriations transfer in the context of the June transfer resolution to match expenditures with budget authority.

**Registrar:** Expenditures to date include overtime expenses associated with the Presidential election in November 2000, expenses for precinct election officials at the DMV co-location, and expenses related to the statewide primary election on June 12, 2001. Staff will recommend an appropriation transfer in the context of the June transfer resolution to match expenditures with budget authority.

**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 \$4.6 million annual program.

**Transit Subsidies:** Expenditures to date reflect the City's first three 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 budgeted and then expensed in the capital budget. These expenditures are now budgeted and included in the City's operating budget to more accurately reflect the City's share of WMATA operating expenditures.

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

**Recreation:** Expenditures reflect seasonal and overtime employee costs incurred during the summer and the purchase of supplies for the new Ramsay Recreation Center.

**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 interest and principal payments on the City's bonds, primarily for interest payments related to the \$55 million in general obligation bonds sold in June of 2000.

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

**Schools:** The School Administration has reported \$84.9 million in expenses from all sources through March 31, 2001. The City's General Fund share of total School Administration budgeted expenditures

**Monthly Financial Report for the Period Ending March 31, 2001**

is approximately 75 percent of the total expenditures. This percentage was applied to total school disbursements to estimate school expenditures to date in the amount of \$63.7 million (i.e. 75 percent of \$84.9 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 MARCH 31, 2001 AND MARCH 31, 2000**

	FY2001 APPROVED BUDGET	FY2001 REVENUES THRU 03/31/01	% OF BUDGET	FY2000 REVENUES THRU 03/31/00
<b>General Property Taxes</b>				
Real Property Taxes.....	\$ 149,135,000	\$ 73,687,537	49.4%	\$ 68,831,307
Personal Property Taxes.....	32,560,000	34,406,629	105.7%	37,698,455
Penalties and Interest.....	2,400,000	1,324,846	55.2%	1,789,499
<b>Total General Property Taxes</b>	<b>\$ 184,095,000</b>	<b>\$ 109,419,012</b>	<b>59.4%</b>	<b>\$ 108,319,261</b>
<b>Other Local Taxes</b>				
Local Sales and Use Taxes.....	\$ 20,085,000	\$ 11,959,659	59.5%	\$ 11,274,069
Consumer Utility Taxes.....	14,454,000	10,041,948	69.5%	8,809,880
Business License Taxes.....	17,725,000	17,026,800	96.1%	16,508,962
Transient Lodging Taxes.....	5,500,000	3,665,371	66.6%	3,193,504
Restaurant Meals Tax.....	7,690,000	5,214,163	67.8%	4,778,107
Tobacco Taxes.....	1,649,000	1,078,500	65.4%	1,129,862
Motor Vehicle License Tax.....	2,140,000	2,157,915	100.8%	2,089,626
Real Estate Recordation.....	1,217,000	1,291,412	106.1%	1,051,475
Other Local Taxes.....	3,329,000	1,563,595	47.0%	1,127,329
<b>Total Other Local Taxes</b>	<b>\$ 73,789,000</b>	<b>\$ 53,999,363</b>	<b>73.2%</b>	<b>\$ 49,962,814</b>
<b>Intergovernmental Revenues</b>				
Revenue from the Federal Government....	\$ 3,767,000	\$ 2,694,206	71.5%	\$ 2,408,071
Revenue from the Commonwealth.....	30,744,000	26,070,333	84.8%	16,291,918
<b>Total Intergovernmental Revenues</b>	<b>\$ 34,511,000</b>	<b>\$ 28,764,539</b>	<b>83.3%</b>	<b>\$ 18,699,989</b>
<b>Other Governmental Revenues</b>				
Fines and Forfeitures.....	\$ 4,264,000	\$ 2,923,597	68.6%	\$ 2,979,163
Licenses and Permits.....	3,760,000	3,055,846	81.3%	3,101,123
Charges for City Services.....	9,342,400	5,135,105	55.0%	5,300,096
Revenue from Use of Money & Property..	7,759,950	7,755,824	99.9%	6,012,546
Other Revenue.....	359,000	396,638	110.5%	568,269
<b>Total Other Governmental Revenues</b>	<b>\$ 25,485,350</b>	<b>\$ 19,267,010</b>	<b>75.6%</b>	<b>\$ 17,961,197</b>
<b>TOTAL REVENUE</b>	<b>\$ 317,880,350</b>	<b>\$ 211,449,924</b>	<b>66.5%</b>	<b>\$ 194,943,261</b>
<b>Appropriated Fund Balance</b>				
General Fund.....	2,921,512	-	-	-
Reappropriation of FY 2000 Encumbrances And Other Supplemental Appropriations..	4,121,761	-	-	-
<b>TOTAL</b>	<b>\$ 324,923,623</b>	<b>\$ 211,449,924</b>	<b>65.1%</b>	<b>\$ 194,943,261</b>

75.0% of Fiscal Year Completed  
75.0% of Payrolls Processed

**CITY OF ALEXANDRIA, VIRGINIA**  
**COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION**  
**GENERAL FUND**  
**FOR THE PERIODS ENDING MARCH 31, 2001 AND MARCH 31, 2000**

<u>FUNCTION</u>	<u>FY2001 APPROVED BUDGET</u>	<u>FY2001 EXPENDITURES THRU 03/31/01</u>	<u>% OF BUDGET</u>	<u>FY2000 EXPENDITURES THRU 03/31/00</u>
Legislative & Executive.....	\$ 4,203,694	\$ 2,944,332	70.0%	\$ 2,606,257
Judicial Administration.....	\$ 23,958,836	\$ 17,744,425	74.1%	\$ 16,903,443
<b>Staff Agencies</b>				
Information Technology Services.....	\$ 5,781,367	\$ 3,285,795	56.8%	\$ 3,550,111
Management & Budget.....	965,347	429,461	44.5%	575,374
Finance.....	6,735,446	4,319,061	64.1%	4,256,921
Real Estate Assessment.....	910,639	637,446	70.0%	612,990
Personnel.....	1,896,859	1,301,130	68.6%	1,228,458
Planning & Zoning.....	2,155,181	1,364,580	63.3%	1,265,935
Other Planning Activities.....	1,817,168	1,707,798	94.0%	1,615,713
City Attorney.....	1,269,861	968,572	76.3%	834,642
Registrar.....	661,896	609,561	92.1%	447,901
General Services.....	8,795,826	6,347,828	72.2%	6,288,672
<b>Total Staff Agencies</b>	<b>\$ 30,989,590</b>	<b>\$ 20,971,232</b>	<b>67.7%</b>	<b>\$ 20,676,717</b>
<b>Operating Agencies</b>				
Transportation & Environmental Services.....	\$ 20,114,691	\$ 13,121,087	65.2%	\$ 10,822,839
Fire.....	23,286,365	17,402,752	74.7%	16,157,993
Police.....	32,980,915	23,982,866	72.7%	22,990,736
Transit Subsidies.....	3,515,994	2,678,387	76.2%	1,438,529
Housing.....	872,453	562,629	64.5%	568,614
Mental Health/Mental Retardation/ Substance Abuse.....	467,282	395,467	84.6%	385,591
Health.....	5,943,736	3,488,321	58.7%	3,073,657
Human Services.....	6,794,143	4,883,186	71.9%	4,320,937
Historic Resources.....	1,999,074	1,406,275	70.3%	1,432,468
Recreation.....	13,073,922	9,951,598	76.1%	8,852,658
<b>Total Operating Agencies</b>	<b>\$ 109,048,575</b>	<b>\$ 77,872,568</b>	<b>71.4%</b>	<b>\$ 70,044,022</b>
<b>Education</b>				
Schools.....	\$ 98,797,770	\$ 63,674,900	64.4%	\$ 59,805,813
Other Educational Activities.....	13,017	13,017	100.0%	13,120
<b>Total Education</b>	<b>\$ 98,810,787</b>	<b>\$ 63,687,917</b>	<b>64.5%</b>	<b>\$ 59,818,933</b>
<b>Capital, Debt Service and Miscellaneous</b>				
Debt Service.....	\$ 12,638,385	\$ 10,423,382	82.5%	\$ 8,686,042
Non-Departmental.....	7,430,486	3,482,024	46.9%	3,036,657
Cash Capital.....	9,846,000	9,846,000	100.0%	21,863,322
Contingent Reserves.....	-	-	-	-
<b>Total Capital, Debt Service and Miscellaneous</b>	<b>\$ 29,914,871</b>	<b>\$ 23,751,406</b>	<b>79.4%</b>	<b>\$ 33,586,021</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 296,926,353</b>	<b>\$ 206,971,880</b>	<b>69.7%</b>	<b>\$ 203,635,393</b>
<b>Cash Match (Mental Health/Mental Retardation/ Substance Abuse, Human Services and Library)</b>				
Transfers to the Special Revenue Fund.....	24,449,060	-	-	-
Transfer to DASH.....	3,548,210	2,661,158	75.0%	2,232,705
<b>TOTAL EXPENDITURES &amp; TRANSFERS</b>	<b>\$ 324,923,623</b>	<b>\$ 209,633,038</b>	<b>64.5%</b>	<b>\$ 205,868,098</b>

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> for the Washington-Baltimore, DC-MD-VA-WV Area (As of January 31, 2001) (Source: Published bi-monthly by United States Department of Labor, Bureau of Labor Statistics)	108.9	105.3	3.4%
<b><u>Unemployment Rates</u></b>			
<b>Alexandria</b>	1.6%	2.0%	<20.0%>
<b>Virginia</b> (As of February 28, 2001) (Source: United States Department of Labor, Bureau of Labor Statistics)	2.3%	2.8%	<17.9%>
<b>United States</b> (As of March 31, 2001) (Source: United States Department of Labor, Bureau of Labor Statistics)	4.3%	4.1%	4.9%
<b><u>Interest Rates</u></b> (As of March 31, 2001)			
<b>Prime Rate</b>	8.00%	9.00%	<11.1%>
<b>Federal Fund Rate</b> (Source: SunTrust Economic Monitor)	5.05%	5.98%	<15.6%>
<b><u>New Business Licenses</u></b> (During March) (Source: Finance Department, Business Tax Branch)			
	104	114	<8.8%>
<b><u>New Commercial Construction</u></b> (As of February 28, 2001)			
<b>Number of New Building Permits</b>	57	28	103.6%
<b>Value of New Building Permits</b> (Source: Fire Department Code Enforcement Bureau)	\$101.0 million	\$91.5 million	10.4%
<b><u>Residential Real Estate Indicators</u></b> (for the twelve months ended December 31, 2000)			
<b>Residential Dwelling Units Sold</b>	3,449	3,430	0.6%
<b>Average Residential Sales Price</b> (Source: Department of Real Estate Assessments )	\$229,424	\$234,789	<2.3%>



## Summary of Budgeted General Fund Revenues and Other Financing Sources

	FY 2000 Actual	FY 2001*		FY 2002 Revised
		Budget	Revised	
<b>General Fund</b>				
General property tax revenue				
Real property tax	142,401,311	149,135,000	154,693,000	163,620,000
Personal property tax	38,435,852	32,560,000	35,300,000	29,597,220
Penalties and interest	2,459,102	2,400,000	2,000,000	2,000,000
<b>Total general property tax revenue</b>	<b>183,296,265</b>	<b>184,095,000</b>	<b>191,993,000</b>	<b>195,217,220</b>
<b>Other local tax revenue</b>				
Local sales tax	19,802,533	20,085,000	21,000,000	21,600,000
Utility tax	14,688,574	14,700,000	15,700,000	15,000,000
Business licenses	19,022,675	17,725,000	19,800,000	20,800,000
Motor vehicle licenses	2,173,654	2,140,000	2,250,000	2,300,000
Recordation	1,710,476	1,217,000	1,900,000	1,400,000
Tobacco	1,647,047	1,649,000	1,600,000	1,600,000
Transient lodging	5,228,467	5,500,000	6,000,000	6,200,000
Restaurant food	7,911,895	7,690,000	8,400,000	8,700,000
Other miscellaneous	2,855,617	3,329,000	3,478,000	3,528,000
<b>Total other local tax revenues</b>	<b>75,040,938</b>	<b>73,789,000</b>	<b>80,128,000</b>	<b>81,128,000</b>
<b>Non-tax revenue</b>				
Licenses, permits, and fees	4,380,592	3,760,000	4,200,000	3,800,000
Fines and forfeitures	4,237,420	4,264,000	4,276,000	4,376,000
Use of money and property	7,078,467	7,759,950	9,600,000	8,395,000
Charges for services	8,684,519	9,342,400	9,067,600	9,068,600
Intergovernmental revenues/**	25,606,353	34,511,000	36,267,000	43,508,000
Miscellaneous	705,468	359,000	359,000	359,000
<b>Total non-tax revenue</b>	<b>50,692,819</b>	<b>59,996,350</b>	<b>63,769,600</b>	<b>69,506,600</b>
<b>Total General Fund revenues</b>	<b>309,030,022</b>	<b>317,880,350</b>	<b>335,890,600</b>	<b>345,851,820</b>
<b>Other financing sources (uses)</b>				
Appropriation from City fund balance		2,921,512		3,500,000
Appropriation from ACPS - component unit fund balance		2,191,638		**
<b>Total General Fund revenues and other sources</b>	<b>309,030,022</b>	<b>322,993,500</b>	<b>335,890,600</b>	<b>349,351,820</b>

\* In FY 2000, the Intergovernmental Revenue category for actual revenues excludes State aid monies, in the amount of \$4,336,609. The FY 2001 estimated State aid for road maintenance is \$4,450,000, and effective with the FY 2001 budget, these revenues are incorporated into the General Fund (instead of the Special Revenue Fund), and associated expenditures within T&ES are reflected as General Fund expenditures to simplify accounting and reporting requirements, and to improve comparability to other Virginia cities. This budget and accounting treatment change does not impact the total department expenditures, nor does it impact the receipt of State aid for road maintenance.

\*\* The ACPS - component fund balance appropriation of \$2,017,801 is included in special revenue funds and not considered a General Fund revenue in the FY 2002 proposed budget.

## Statement of Estimated Undesignated Fund Balance

at June 30, 2001

Components: Unreserved Fund Balance (Note: columns 1 plus 2 equal total unreserved fund balance)			
	(1) Undesignated Fund Balance	(2) Designations	(3) Unreserved Fund Balance
Fund Balance as of June 30, 2000 (per Comprehensive Annual Financial Report)	\$20,006,639	\$33,496,002	\$53,502,641
Add to total fund balance the projected variance in General Fund revenues for FY 2001/*	18,010,250		18,010,250
Less: Expected expenditure of unreserved fund balance designated in FY 2000 for events occurring subsequent to June 30, 2000			
Capital projects designation		(17,451,193)	(17,451,193)
Incomplete Operating Fund Projects		(914,662)	(914,662)
Changes in Designations at June 30, 2001 (These changes in designations do not impact unreserved fund balance.)			
Add: Net change in balancing appropriation for the FY 2002 operating budget /**	(578,488)	578,488	
Less: Recommended designation for capital projects contained in the FY 2002-FY 2007 Capital Improvement Program	(16,700,000)	16,700,000	
Sum of above changes to show Estimated Fund Balance at June 30, 2001	<u>\$20,738,401</u>	<u>\$32,408,635</u>	<u>\$53,147,036</u>
Estimated Fund Balance as % of FY 2001 General Fund Revenue	6.2%		15.8%
Target per financial policies	5.5%		10.0%

## Notes:

/\* FY 2001 projected variance based on projected FY 2001 revenues of \$335,890,600 less the FY 2001 Approved revenue budget of \$317,880,350, for a net positive variance of \$18,010,250.

\*\* The City does not anticipate using the FY 2001 balancing appropriation from Fund Balance of \$2,921,512. The FY 2002 balancing appropriation results in an increase in the designation for the upcoming budget of \$578,488, from \$2,921,512 in FY 2001 to \$3,500,000 designated for the fiscal year 2002 budget.