

City of Alexandria, Virginia

MEMORANDUM

DATE: MAY 20, 2002

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: PHILIP SUNDERLAND, CITY MANAGER *PS*

SUBJECT: MONTHLY FINANCIAL REPORT FOR THE PERIOD ENDING
APRIL 30, 2002

ISSUE: Receipt of the City's Monthly Financial Report for the period ending April 30, 2002.

RECOMMENDATION: That City Council receive the following Monthly Financial Report for the period ending April 30, 2002.

DISCUSSION: This report provides financial information on revenues and expenditures of the General Fund for the period July 1, 2001 through April 30, 2002. The report also presents revenues and expenditures for the same period for Fiscal Year 2001 for comparative purposes (Attachments 1 and 2), and provides a summary of selected economic indicators (Attachment 3). FY 2002 revenues through April 30, 2002 totaled \$240.9 million. General Fund expenditures through the end of April totaled \$251.6 million, or 9.0 percent higher than expenditures at the same time last year. The three primary reasons for the expenditure increase relate to an increase in budgeted transfers to the City's capital project funds, an increase in budgeted transfers to the School Operating Fund, and a planned increase in vehicle replacement funding. As of April 30, 2002, General Fund expenditures exceeded General Fund revenues by \$10.7 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.

Year-to-date revenues reflect the impact (in transient lodging, restaurant meals and sales taxes) from the terrorist attack on the Pentagon, the three-week suspension of flights into and out of Reagan Washington National Airport, the gradual resumption of flights, and reduced business travel (down nationwide). While tourism and business travel have increased from their extremely low levels of mid-September, levels remain below last year at this time. This is because tourism and business travel levels continue to be impacted by the status of Reagan Washington National Airport (phase III flight levels began on January 2, 2002, and were authorized to increase to 77 percent of pre-September 11 flight levels on March 1, 2002, and to 100 percent flight levels on April 15), airline scheduling and the public's perceptions of flying safety, as well as the state of the national economy and corporate travel budgets. In addition,

after the Federal Reserve cut short-term interest rates for the eleventh time in twelve months to the lowest level in 40 years and then maintained those low interest rates, the City's earnings on its short-term investments also declined.

As discussed in the FY 2003 budget process, projecting current year revenues has been a much more complicated task with more unknowns than usual. Finance and OMB staff have made projections of the revenues by category. While projecting City General Fund revenue losses remains difficult, if the current rate of revenue shortfalls continues (about \$0.3 million per month), then the revenue shortfall in certain key revenue categories (sales, restaurant meals, transient lodging taxes and interest earnings) for FY 2002 could cumulatively total approximately \$3.7 million by the end of FY 2002. However, real and personal property tax revenues, business license and recordation taxes and consumer utility taxes in FY 2002 are projected to exceed budgeted levels. In addition, expenditure budget savings arising from budget management actions instituted starting in October will help avoid a budget shortfall in FY 2002. In fact, these additional revenues and reduced expenditures are expected to produce a surplus that has been used to fund the FY 2003 Proposed Operating and Capital Budgets, and helped finance part of the cost of the three cent reduction in the real estate tax rate.

The City's unemployment rate has ranged from a high of 4.5 percent in October before dropping to 3.3 percent in February and back up to 3.5 percent in March. This rate remains higher than Arlington and Fairfax Counties. The cause of this higher unemployment is likely due to a higher concentration of Alexandria residents in lower paying or airline-related service industry (hotels, restaurants, transportation, etc.) jobs, which continue to be impacted by September 11. While the 3.5 percent Alexandria unemployment rate for March is less than the Virginia 4.0 percent unemployment rate and less than the current national rate of 6.0 percent, it remains higher than the 1.9 percent Alexandria unemployment rate of March 2001.

REVENUES (Attachment 1): As of April 30, 2002, actual General Fund revenues totaled \$240.9 million. As discussed above, lower revenues from some taxes (such as transient lodging, sales and meals taxes) reflect the effects of the events of September 11, as well as higher office vacancy rates and higher unemployment. Lower interest rates have already impacted interest earnings. However, personal property, business license, consumer utility and recordation tax collections, coupled with increased CY 2002 real estate assessments, will more than offset these tax losses.

As part of the preparation of the FY 2003 Proposed Budget, City staff undertook a detailed analysis of the City revenue trends and have reprojected FY 2002 revenues. Based on preliminary data for the first ten months of the fiscal year, projected positive variances (i.e., revenues in excess of budget) are currently projected to be \$8.2 million which has not changed from the updated projections assumed in the FY 2003 Approved Operating Budget. This amount is \$0.8 million lower than the April projections because of the decrease in the real estate tax rate from the proposed rate of \$1.09 to the adopted rate of \$1.08. Of the total additional revenues, \$8.2 million was used to help balance the FY 2003 Approved Operating Budget, as well as provide a source for increased cash capital for needed City and Schools Capital Projects in the FY 2003 to FY 2008 Proposed Capital Improvement Program.

Staff notes that this preliminary projection is based on ten months of activity and will continue to monitor revenues and update projections on a monthly basis through the end of the fiscal year.

The following chart and text describe the sources of the \$8.2 million in net positive variances:

FY 2002 PROJECTIONS
(Amounts in millions)

	<u>FY 2002 BUDGET</u>	<u>FY 2002 BUDGET PROJECTIONS</u>	<u>BUDGET VERSUS PROJECTIONS</u>
Real Property	\$ 163.6	\$ 165.7	\$ 2.1 ¹
Personal Property-local share	29.6	38.2	8.6
Penalties and Interest	2.0	1.6	(0.4)
Sales Tax	21.6	20.7	(0.9)
Consumer Utility Tax	15.0	16.6	1.6
Business License Tax	20.8	21.3	0.5
Transient Lodging Tax	6.2	4.7	(1.5)
Restaurant Meals Tax	8.7	8.4	(0.3)
Tobacco Taxes	1.6	1.6	-
Motor Vehicle License Tax	2.3	2.3	-
Recordation Taxes	1.4	2.3	0.9
Other Local Taxes	3.5	4.3	0.8
Intergovernmental	43.5	45.3	1.8
Fines and Forfeitures	4.4	3.8	(0.6)
Licenses and Permits	3.8	4.0	0.2
Charges for City Services	9.1	9.0	(0.1)
Use of Money and Property	9.2	8.2	(1.0)
Other Revenue	0.4	0.4	-
Fund Balance	<u>3.5</u>	<u>-</u>	<u>(3.5)</u>
Total - Revenue Projections	\$350.2	\$358.4	\$ 8.2 ²

¹ Reflects 3-cent rate reduction to \$1.08 approved May 6, 2002 in conjunction with the adoption of the FY 2003 Approved Budget.

² Funds used to balance the FY 2003 approved operating and capital budget.

Real Estate Taxes: Second half CY 2001 real estate taxes were due November 15. Revenues to date are \$80.0 million, or 8.4 percent higher than collections at this time last year. As projected in the FY 2002 Budget, real estate billings totaled \$81.0 million, or 10 percent higher than billings in the prior year. The difference between the revenue collected and the amount billed relates to the timing of collection of delinquent taxes. First half CY 2002 real estate taxes will be due on June 15 and will be driven by the CY 2002 assessments, which increased an average of 11.2 percent. This assessment increase, at the lower \$1.08 real estate tax rate, would increase expected FY 2002 real estate tax revenues to \$166.0 million, or \$2.4 million above the FY 2002 budget, which assumed a 5 percent increase in the real estate tax base in CY 2002. In addition, the City's waste-to-energy plant operator has recently filed for Chapter 11 reorganization. As a result, staff has reduced the FY 2002 real estate revenue estimate to \$165.7 million to reflect the delay in collection of a portion of these taxes, which are likely to be collected in FY 2003 instead of FY 2002. This projection is \$0.8 million less than the \$166.5 reflected in the March report to reflect the approved tax rate of \$1.08.

Personal Property Taxes: Personal property tax bills were due on October 5, 2001. Personal property tax revenues consist of both personal property (primarily vehicles) and business property (machinery, equipment, computer and furniture). As shown in the following chart, to date, the City has collected \$37.8 million for personal property taxes collected directly by the City (\$14.1 million relating to motor vehicles, and \$23.7 million to business personal property) and an additional \$21.0 million of intergovernmental revenue that the City collected 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 year is 70.0 percent of most taxpayers' tax bill. The State's share for FY 2001 was 47.5 percent.

The actual to-date revenues for FY 2002 represents a \$10.9 million, or 22.8 percent, increase when compared to receipts collected at the same time last year. Included in this increase is \$7.8 million, which the City received from the Mirant Corporation (an independent wholesale power producer) for business personal property tax on the personal property (specifically machinery and tools) purchased from the Potomac Electric Power Company (PEPCO), a public service corporation, at the end of calendar year 2000. As explained at the last Council Retreat, under Virginia Code, the personal property (including machinery and tools) of a public service corporation is taxed at the real estate tax rate (such as at \$1.08). For calendar year 2002, State law did not treat independent power producers as a public service corporation, and as a result Mirant will pay taxes on its machinery and tools at a tax rate of \$4.50. State law in 2003 states that wholesale power distributors like Mirant are to be taxed similar to public service corporations. There is at least one other locality in the State where the same taxation situation occurred. Until the end of February, Mirant could have filed an appeal to the City on the machinery and tools assessment. They did not file with the City; however, they have recently filed an appeal with the Virginia Department of Taxation. Any basis of appeal is likely to focus on what is assessable as machinery and tools and not on the rate of taxation.

The remaining personal property tax revenue increases primarily result from a 1.4 percent increase in the number of vehicles to which taxes have been billed and paid this year compared to last year, a 4.0 percent increase in the average vehicle value, and a 10 percent increase in

business personal property tax revenues (excluding Mirant). Based on collection patterns and the one time revenue, staff currently projects that total personal property collections will be at least \$59.2 million, comprised of \$38.2 million in local collections and \$21.0 million from the State. This is an increase of \$9.5 million (\$8.6 million for local collections and \$0.9 million from the State) over the original budget. This projection has not changed since the adoption of the FY 2003 Operating Budget. Staff will continue to monitor these revenues and will recommend adjustments, as warranted.

(amounts in millions)

Personal Property Tax (in millions)	Projection FY 2002	Budget FY 2002	Actual to Date FY 2002	Actual to Date FY 2001
Personal property tax collected by City	38.2	29.6	37.8	34.7
Commonwealth reimbursement	<u>21.0</u>	<u>20.1</u>	<u>21.0</u>	<u>13.2</u>
Total	\$59.2	\$49.7	\$58.8	\$47.9

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 approximately equal to collections at this time last year. Penalties and interest collections are highly variable, and, with decreased personal property tax bills due to the State-funded tax relief, more taxpayers are most likely paying their bills on time, which results in reduced penalties and interest. Based on collections to date, staff estimates FY 2002 penalties and interest revenues will total approximately \$1.6 million, which is \$0.4 million less than the original FY 2002 budget estimate.

Local Sales and Use Taxes: Businesses remit sales tax to the Commonwealth within 30 days of the end of the month in which the sales occurred. The Commonwealth wires the City's portion of the sales tax approximately one month later. Sales taxes received by the City in April represent revenues collected by merchants in February and reflect less than a one percent decrease when compared to February 2001. Year-to-date revenues through the end of April in the amount of \$13.3 million, have decreased slightly from the prior year. Within the last few days we have received the May sales tax payment from the State (for March sales). The 2002 May payment totaled \$1.8 million, which is \$0.1 million less than the May 2001 payment. Therefore, when next month's Monthly Financial Report is compiled, it will show a year-to-date amount of \$15.2 million, or \$0.2 million less than the prior year-to-date figures.

In checking tax payments in detail on a business-by-business basis, City staff have concluded that the variability in late payments by a few major businesses can affect the percentage increase or decrease statistics in the sales tax areas. As a result, small percentage changes for each month are less meaningful than year-to-date statistics. The conclusion for sales tax revenues is that

while they may be up slightly in one month and down slightly in the next month, year-to-date sales tax revenues through the end of March sales taxes are running slightly below last year's collections. A large portion of this drop in sales tax revenues can be attributed to lower hotel occupancies and room rates. At this time it is projected that FY 2002 sales tax receipts will total \$20.7 million, which would be equal to FY 2001 collections but \$0.9 million less than budgeted for FY 2002. This projection has not changed since the adoption of the FY 2003 Operating Budget.

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 February.

**City of Alexandria Consumer Utility Tax Receipts
Through February 28, 2002 and 2001**

Utility	FY 2002 Year to Date Receipts	FY 2001 Year to Date Receipts	Increase/ (Decrease)	Notes
Telephone - Tax on Local Service	\$5,181,109	\$4,728,906	\$452,203	See following paragraph
Electricity	3,911,475	3,919,681	(8,206)	
Water	1,460,438	1,203,735	256,703	FY 2002 revenue includes an additional month's receipts paid early
Natural Gas	1,600,428	1,451,249	149,179	See following paragraph

Telephone tax collections include approximately \$50,000 in revenue from one provider that paid early, and a payment of almost \$100,000 from one provider for two years of back taxes. The remaining difference is attributed to the timing of receipts from telephone companies, an increase in the number of companies providing local telephone service, an increased number of lines for new development and additional phone lines for existing customers. As a result of mandatory State legislation, the basis of calculating the utility tax on gas and electric utilities was changed from a cost basis to a consumption basis effective January 1, 2001. Prior to the change, apartments that received natural gas service through a group meter were not taxed on a per unit basis on their minimum bill. However, after the change, these group metered apartments were assessed a per unit minimum tax. The increase in utility tax on natural gas can be primarily attributed to this change. Based on collections to date, staff projects utility taxes will be \$16.6 million, an increase of \$1.6 million over the original budget. This projection has not changed since the adoption of the FY 2003 Operating Budget.

Business License Taxes: The City's business license tax (for most taxpayers) was due March 1 for CY 2002. Collections as of April 30, 2002, in the amount of \$19.6 million, are \$1.5 million,

or 8.1 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 9.7 percent, including an increase in gross receipts of professional services of 18.8 percent. Gross receipts of the retail sector increased 1.5 percent, while gross receipts of wholesalers decreased 11.3 percent. Similar to last year, many firms did not file by the March 1 due date. Staff estimates that they will collect an additional \$1.7 million in the remainder of the year, including \$1.4 million in quarterly payment and \$0.2 million from non-filers, delinquent taxpayers and audits of tax return. Staff's current estimate for business tax receipts for FY 2002 is \$21.3 million, which is \$0.5 million over the Approved FY 2002 budget. This projection has not changed since the adoption of the FY 2003 Operating Budget. 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 March. Collections of both the 5.5 percent and \$1 transient lodging tax for the month of March were 13.7 percent, or \$78,573, less than collections a year ago. On a year-to-year comparison it appears that this drop is due to both lower taxable occupancies (down about 8.5 percent) and lower room rates (down about 12.9 percent) when compared to March 2001. Budget and mid-range hotels also had higher vacancy rates than full-service hotels. However, this 13.7 percent drop in revenues is not as great as the 19.1 percent drop in March nor the 22.1 percent drop in February. As discussed above, these revenues are still subject to a great deal of uncertainty and are likely to fall significantly short of initial budget expectations of a 6 percent growth in the months ahead. Based on collections to date, staff projects that transient lodging taxes will be \$4.7 million, a decrease of \$1.5 million below the Approved FY 2002 Budget. This projection has not changed since the adoption of the FY 2003 Operating Budget.

Restaurant Meals Tax: Meals and alcoholic beverage taxes are due to the City within 30 days of the month the sales occurred. Collections for sales through March are \$0.2 million, or 3 percent, higher than March 2001. As discussed above, restaurants are dependent on tourists, and the events of September 11 and the general slowdown in business travel have negatively impacted many restaurants. These revenues are still subject to a great deal of uncertainty and are likely to fall short of budget expectations of a 4 percent growth in FY 2002. Based on collections to date, staff projects that restaurant meals taxes will be \$8.4 million, a decrease of \$0.3 million below the Approved FY 2002 Budget. This projection has not changed since the adoption of the FY 2003 Operating Budget.

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. Collections to date in FY 2002, in the amount of \$1.9 million, have increased \$0.4 million, or 31.0 percent, over collections at this time last year. The increase is primarily attributed to several large commercial property sales at the beginning of the fiscal year, as well as additional home sales and refinancings. Staff projects that recordation taxes will be \$2.3 million, an increase of \$0.9 million over the Approved FY 2002 Budget. This projection has not changed since the adoption of the FY 2003 Operating Budget.

Other Local Taxes: The increase in other local taxes is primarily attributed to an increase in the City's E-911 tax from \$0.25 per line to \$0.50 per line, effective September 15, 2000. At this time, staff projects that FY 2002 other local taxes will total \$4.3 million, which is \$0.8 million more than budgeted for FY 2002 due to higher collections being received from telecommunications firms. This projection has not changed since the adoption of the FY 2003 Operating Budget.

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 \$4.2 million for housing federal prisoners through the period ending April 30, 2002. However, only \$3.9 million has been received as of April 30. The federal government generally pays the City for housing federal prisoners between 45 and 60 days after the end of the billing period. Based on collections to date, staff projects that revenues from the federal government will total at least \$5.2 million, an increase of \$0.9 million over the Approved FY 2002 Budget. This projection has not changed since the adoption of the FY 2003 Operating Budget.

Revenues from the Commonwealth: Revenues from the Commonwealth increased \$8.9 million, or 32.3 percent, over the prior year. This is primarily the result of an increase in reimbursements from the Commonwealth for vehicle personal property tax relief. As discussed above, the FY 2002 Budget included \$20.1 million to reflect the Commonwealth's payment to the City of 70 percent of motor vehicle tax bills for most vehicles. In FY 2001, the City was reimbursed 47.5 percent of the tax bill for most vehicles. As of April 30, 2002, the City has billed and received \$21.0 million from the Commonwealth, an increase of \$7.8 million over that received in FY 2001. Based on collections to date, staff projects that revenues from the Commonwealth for the car tax reimbursement will be at least \$21.0 million, an increase of \$0.9 million over the Approved FY 2002 Budget. This projection has not changed since the adoption of the FY 2003 Operating Budget.

While the car tax reimbursements will exceed budget expectations, reduction in Law Enforcement Aid of at least \$0.2 million is projected as part of the State's budget reduction plans for FY 2002. This will be countered to some degree by a \$0.2 million increase in highway maintenance revenues. Based on these collections patterns, staff currently projects that revenues from the Commonwealth (including the car tax reimbursements) will total \$40.2 million, an increase of \$0.9 million (including \$0.9 million for car tax reimbursements) over the Approved FY 2002 Budget and nets to \$0.1 million higher than the previous projections. This reflects the \$0.3 million increase in the car tax reimbursement discussed in the personal property section of this report, less a \$0.2 million further reduction in Law Enforcement Aid. This projection has not changed since the adoption of the FY 2003 Operating Budget.

Fines and Forfeitures: Revenues from the collection of fines decreased \$0.3 million, or 10.1 percent, below collections at this time last year. This is attributed in part to the timing of collection of parking revenues, as well as reduced parking fines from the provision of free parking at meters on City streets and in City parking garages after 5 p.m. and on weekends from October through the end of December. Staff projects that revenues from fines and forfeitures will be \$3.8 million, a decrease of \$0.6 million below the Approved FY 2002 Budget. This projection has not changed since the adoption of the FY 2003 Operating Budget.

Licenses and Permits: Revenues year-to-date total \$3.0 million, \$0.5 million less than collections at this time last year. Staff have projected that revenues from licenses and permits would be \$4.0 million, an increase of \$0.2 million over the Approved FY 2002 Budget. This projection has not changed since the adoption of the FY 2003 Operating Budget.

Revenue from Use of Money and Property: Year-to-date interest revenues decreased \$2.1 million compared to last fiscal year, largely due to declining market interest rates on City short-term investments. Based on current interest rates, staff projects that FY 2002 interest revenue will continue to fall significantly short of the budgeted \$9.2 million. This large decrease is due to the substantial federal fund rate reductions approved by the Federal Reserve Board (from 5.50 percent in February 2001 to 1.69 percent in March 2002). Based on current interest rates, staff projects that revenue from money and property will be \$8.2 million, a decrease of \$1.0 million below the Approved FY 2002 Budget. This projection has not changed since the adoption of the FY 2003 Operating Budget.

Other Revenue: Other revenues include gifts and donations, damage recoveries and recovered costs. On April 9, 2002, City Council approved the receipt of \$0.1 million from Dominion Telecom, Inc. for fees associated with installation of fiber optic cables in the public right of way. Accordingly, staff have increased the projection of other revenues by \$0.1 million, offsetting the previous projection of a \$0.1 million decrease in this category. This projection has not changed since the adoption of the FY 2003 Operating Budget.

EXPENDITURES (Attachment 2): As of April 30, 2002, actual General Fund expenditures totaled \$251.6 million, an increase of \$20.7 million, or 9.0 percent, over expenditures for the same period last year. The increase is primarily attributed to increases of \$2.6 million for cash capital, \$4.5 million in budgeted transfers to the School Operating Fund, and \$1.7 million in annual equipment replacement funding charges made at the beginning of the fiscal year. While most of the costs associated with the September 11 terrorist attack, such as Police and Fire overtime, will be reimbursed by the federal government and will not be General Fund expenses, some costs will not be reimbursed. This is also the case for capital and operating costs related to the higher state of security at the City's Public Safety Center, where federal reimbursement of additional City expenses is also being sought. Except as noted below, this expenditure pattern reflects the Approved FY 2002 Budget.

In October, with a high degree of uncertainty over the effect on revenues and expenditures of the September 11th terrorist attack and the subsequent closing and only gradual phasing back in of flights at Reagan Washington National Airport, the City instituted a contingency savings plan process for City departments, as well as instituted a selective hiring freeze. The intent of these actions was to identify personnel and non-personnel savings that could be instituted if needed, as well as to create savings by holding non-critical vacant positions open. It is expected that these savings plans will produce about \$2 million in operating budget savings, as well as about a \$3 million savings from capital projects in FY 2002. While the selective hiring freeze has been lifted, City non-public safety departments have been directed to underexpend by at least 2% of their budgets for FY 2002. It should be noted that some of the capital savings are short-term, as

they are derived from project deferrals that have been rescheduled and funded for later years in the Capital Improvement Plan.

Judicial Administration: General Fund expenditures in this category reflect all quarterly contribution payments to regional organizations that provide legal, correctional and animal welfare services.

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

City Attorney: Expenditures to date reflect outside legal fees which are budgeted in a non-department 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 these expenditures with budget authority.

Registrar: Expenditures to date reflect budgeted costs for the State's gubernatorial election and costs associated with the March 19, 2002 School Board District "C" Special Election.

Fire: Expenditures to date reflect annual equipment replacement charges made at the beginning of the fiscal year.

Transit Subsidies: The decrease from FY 2001 reflects increased State transit aid and gas tax revenue that allowed the City to reduce some of its planned General Fund payments to the Washington Metropolitan Area Transit Authority operating budget for FY 2002.

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

Schools: For FY 2002 the City Council approved a \$107.3 million transfer to the City Schools, and it is expected that the transfer will be fully utilized by the Schools. At this time the Schools are projecting about a \$0.7 million State revenue shortfall, down from earlier expectations of a \$1.2 million shortfall, due to expected State aid reductions, as well as a greater than expected mid-year decline in student enrollment which may result in a reduction in State-per-pupil funding. The Schools have put in place a number of measures which they believe should keep their FY 2002 budget in balance and offset the expected reduction in State aid. These include a cut of unencumbered non-personnel funds, a review of all vacant positions on a case-by-case basis and the freezing of non-critical positions, and eliminating all non-essential overtime.

Other Education Activities: Expenditures to date reflect all the quarterly contribution payments to the Northern Virginia Community College.

Non-Departmental: General Fund expenditures in this category reflect budgeted expenditures for the City's contributions to the old public safety pension plan, senior citizens' rent relief, payment for the City's liability insurance, and the public safety radio system maintenance charges.

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 for Fiscal and Financial Affairs

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 APRIL 30, 2002 AND APRIL 30, 2001**

	FY2002 APPROVED BUDGET	FY2002 REVENUES THRU 04/30/02	% OF BUDGET	FY2001 REVENUES THRU 04/30/01
General Property Taxes				
Real Property Taxes.....	\$ 163,620,000	\$ 79,978,487	48.9%	\$ 73,789,539
Personal Property Taxes.....	29,597,220	37,817,611	127.8%	34,666,360
Penalties and Interest.....	2,000,000	1,313,244	65.7%	1,465,684
Total General Property Taxes	\$ 195,217,220	\$ 119,109,342	61.0%	\$ 109,921,583
Other Local Taxes				
Local Sales and Use Taxes.....	\$ 21,600,000	\$ 13,332,929	61.7%	\$ 13,459,867
Consumer Utility Taxes.....	15,000,000	12,153,450	81.0%	11,303,571
Business License Taxes.....	20,800,000	19,574,070	94.1%	18,101,853
Transient Lodging Taxes.....	6,200,000	3,575,053	57.7%	4,245,573
Restaurant Meals Tax.....	8,700,000	6,122,383	70.4%	5,918,223
Tobacco Taxes.....	1,600,000	1,195,671	74.7%	1,190,767
Motor Vehicle License Tax.....	2,300,000	2,229,990	97.0%	2,186,912
Real Estate Recordation.....	1,400,000	1,889,277	134.9%	1,441,710
Other Local Taxes.....	3,528,000	2,287,797	64.8%	1,572,646
Total Other Local Taxes	\$ 81,128,000	\$ 62,360,620	76.9%	\$ 59,421,122
Intergovernmental Revenues				
Revenue from the Federal Government....	\$ 4,290,000	\$ 3,857,927	89.9%	\$ 3,308,067
Revenue from the Commonwealth.....	39,218,000	36,433,609	92.9%	27,535,522
Total Intergovernmental Revenues	\$ 43,508,000	\$ 40,291,536	92.6%	\$ 30,843,589
Other Governmental Revenues				
Fines and Forfeitures.....	\$ 4,376,000	\$ 3,104,060	70.9%	\$ 3,451,555
Licenses and Permits.....	3,800,000	2,993,524	78.8%	3,504,434
Charges for City Services.....	9,068,600	6,296,564	69.4%	5,700,480
Revenue from Use of Money & Property..	9,208,730	6,275,773	68.2%	8,385,001
Other Revenue.....	359,000	498,342	138.8%	423,006
Total Other Governmental Revenues	\$ 26,812,330	\$ 19,168,263	71.5%	\$ 21,464,476
TOTAL REVENUE	\$ 346,665,550	\$ 240,929,761	69.5%	\$ 221,650,770
Appropriated Fund Balance				
General Fund.....	3,506,000	-	-	-
Reappropriation of FY 2001 Encumbrances And Other Supplemental Appropriations..	4,637,080	-	-	-
TOTAL	\$ 354,808,630	\$ 240,929,761	67.9%	\$ 221,650,770

83.3% of Fiscal Year Completed
82.69% of Payrolls Processed

Attachment 2

CITY OF ALEXANDRIA, VIRGINIA
COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION
GENERAL FUND
FOR THE PERIODS ENDING APRIL 30, 2002 AND APRIL 30, 2001

FUNCTION	FY2002 APPROVED BUDGET	FY2002 EXPENDITURES THRU 04/30/02	% OF BUDGET	FY2001 EXPENDITURES THRU 04/30/01
Legislative & Executive.....	\$ 4,633,195	\$ 3,361,871	72.6%	\$ 3,264,907
Judicial Administration.....	\$ 24,728,232	\$ 20,653,541	83.5%	\$ 19,404,457
Staff Agencies				
Information Technology Services.....	\$ 6,464,373	\$ 4,626,889	71.6%	\$ 3,777,088
Management & Budget.....	906,525	525,477	58.0%	469,650
Finance.....	7,161,029	5,184,829	72.4%	4,883,261
Real Estate Assessment.....	947,458	748,289	79.0%	704,878
Personnel.....	2,002,799	1,637,145	81.7%	1,449,664
Planning & Zoning.....	3,152,394	2,070,824	65.7%	1,522,255
Other Planning Activities.....	2,063,648	2,029,472	98.3%	1,708,574
City Attorney.....	1,340,573	1,408,371	105.1%	1,058,973
Registrar.....	755,861	640,597	84.8%	657,215
General Services.....	8,979,446	7,354,798	81.9%	7,041,288
Total Staff Agencies	\$ 33,774,106	\$ 26,226,691	77.7%	\$ 23,272,846
Operating Agencies				
Transportation & Environmental Services.....	\$ 20,962,341	\$ 15,833,551	75.5%	\$ 14,471,095
Fire.....	25,405,132	21,182,383	83.4%	19,116,860
Police.....	35,619,737	29,137,145	81.8%	26,465,533
Transit Subsidies.....	2,923,687	2,565,052	87.7%	3,424,518
Housing.....	921,854	640,257	69.5%	625,423
Mental Health/Mental Retardation/ Substance Abuse.....	551,906	489,284	88.7%	422,583
Health.....	6,621,731	4,795,868	72.4%	3,591,409
Human Services.....	7,030,246	5,728,020	81.5%	5,436,299
Historic Resources.....	2,120,035	1,649,283	77.8%	1,553,104
Recreation.....	14,294,968	11,582,529	81.0%	10,839,175
Total Operating Agencies	\$ 116,451,637	\$ 93,603,372	80.4%	\$ 85,945,999
Education				
Schools.....	\$ 107,269,189	\$ 76,657,038	71.5%	\$ 72,131,558
Other Educational Activities.....	12,923	12,923	100.0%	13,017
Total Education	\$ 107,282,112	\$ 76,669,961	71.5%	\$ 72,144,575
Capital, Debt Service and Miscellaneous				
Debt Service.....	\$ 16,353,036	\$ 11,525,300	70.5%	\$ 10,423,382
Non-Departmental.....	7,838,172	3,734,643	47.6%	3,667,662
Cash Capital.....	12,420,000	12,420,000	100.0%	9,846,000
Contingent Reserves.....	603,850	-	-	-
Total Capital, Debt Service and Miscellaneous	\$ 37,215,058	\$ 27,679,943	74.4%	\$ 23,937,044
TOTAL EXPENDITURES	\$ 324,084,340	\$ 248,195,379	76.6%	\$ 227,969,828
Cash Match (Mental Health/Mental Retardation/ Substance Abuse, Human Services and Library)				
Transfers to the Special Revenue Fund.....	26,641,460	-	-	-
Transfer to DASH.....	4,082,830	3,400,997	83.3%	2,955,659
TOTAL EXPENDITURES & TRANSFERS	\$ 354,808,630	\$ 251,596,376	70.9%	\$ 230,925,487

**CITY OF ALEXANDRIA
SELECTED ECONOMIC INDICATORS**

	<u>Current Year</u>	<u>Prior Year</u>	<u>Percent Change</u>
<u>Consumer Price Index (CPI-U)</u> for the Washington-Baltimore, DC-MD-VA-WV Area (As of March 31, 2002) (Source: Published bi-monthly by United States Department of Labor, Bureau of Labor Statistics)	111.9	109.7	2.0%
<u>Unemployment Rates</u>			
Alexandria	3.5%	1.9%	84.2%
Virginia (As of March 31, 2002) (Source: United States Department of Labor, Bureau of Labor Statistics)	4.0%	2.7%	48.1%
United States (As of April 30, 2002) (Source: United States Department of Labor, Bureau of Labor Statistics)	6.0%	4.5%	33.3%
<u>Interest Rates</u> (As of April 30, 2002)			
Prime Rate	4.75%	7.50%	<36.7%>
Federal Fund Rate (Source: SunTrust Economic Monitor)	1.76%	4.54%	<61.2%>
<u>New Business Licenses</u> (During April) (Source: Finance Department, Business Tax Branch)	90	102	<11.8%>
<u>New Commercial Construction</u> (As of March 31, 2002)			
Number of New Building Permits	13	61	<78.7%>
Value of New Building Permits (Source: Fire Department Code Enforcement Bureau)	\$39.8 million	\$104.0 million	<61.7%>
<u>Residential Real Estate Indicators</u> (for the twelve months ended December 31, 2001)			
Residential Dwelling Units Sold	3,804	3,449	10.3%
Average Residential Sales Price (Source: Department of Real Estate Assessments)	\$249,596	\$229,424	8.8%