


City of Alexandria, Virginia

MEMORANDUM

DATE: OCTOBER 12, 2006

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: MONTHLY FINANCIAL REPORT FOR THE PERIOD ENDING
SEPTEMBER 30, 2006

ISSUE: Monthly Financial Report for the Period Ending September 30, 2006.

RECOMMENDATION: That City Council receive the following Monthly Financial Report for the period ending September 30, 2006.

DISCUSSION: This report provides financial information on revenues and expenditures of the General Fund for the three months ended September 30, 2006. This report presents revenues and expenditures for the same period for fiscal year (FY) 2006 for comparative purposes (Attachments 1 and 2) and also provides charts of selected economic indicators (Attachment 3).

REVENUES (Attachment 1): As of September 30, 2006, actual General Fund revenues totaled \$54.3 million, an increase of \$5.8 million over the same period last year. This is primarily attributable to a change in the way the City is now reimbursed by the Commonwealth for vehicle personal property tax relief as discussed below.

Real Property Taxes: Second half real estate taxes are due November 15. Revenues-to-date are \$1.4 million and represent payments before the due date. Final analysis cannot be concluded for the remaining 2006 calendar year real estate tax revenues until receipts are tabulated after November 15, but a continued high collection rate is expected.

Personal Property Taxes: Collections-to-date in the amount of \$17.5 million are 10 percent higher than this time last year, primarily because of the level of payments made by taxpayers before the due date. Personal property tax bills were due on October 5, 2006. The FY 2007 Approved Budget includes a \$31.5 million revenue projection for tax revenue collected directly by the City (including \$16.0 million for vehicles and \$15.5 million for businesses) and includes an additional \$23.6 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 year is now capped and the State has made a change in the way this tax payment is computed and reimbursed. This amount approximates 69 percent of most taxpayers' bill or 1 percent less than last year's 70 percent. The total for all budgeted revenues related to personal property tax for FY 2007 is \$55.1 million. An early analysis of the August personal property tax billing projects that the FY 2007 personal property tax collection (vehicle and business property and State reimbursement) may exceed the budget by as much as \$1.5 million. The total tax on all vehicles in the August billing, including the portion that the State reimburses the City under the PPTRA, increased by 5.25 percent. The total number of business personal property taxes billed and the total of the assessments of business personal property increased by 3.3 percent when compared to last year. However, the estimate may change based on actual collections, most of which will not be known until the October collections are tabulated.

Personal Property Tax (in millions)	FY 2006 Actual-to-Date	FY 2007 Budget	FY 2007 Actual-to-Date
City share	\$ 15.8	\$ 31.5	\$ 17.5
Commonwealth reimbursement	<u>10.0</u>	<u>23.6</u>	<u>12.0</u>
Total	\$ 25.8	\$ 55.1	\$ 29.5

The associated personal property tax relief payment included in intergovernmental revenue is higher than that collected in the previous year because the State now pays a pre-determined amount instead of the City billing the State as the related taxes are paid. The City received the first payment of \$11.9 million, or about half of the State tax relief payment, in August.

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.

Utility	FY 2007 Year-to-Date Receipts	FY 2006 Year-to-Date Receipts	Increase/ (Decrease)
Telephone - Tax on Local Services	\$1,140,994	\$837,104	\$303,890
Electricity	985,624	998,917	(13,293)
Water	380,524	336,949	43,575
Natural Gas	306,650	307,911	(1,261)

The increase in telephone tax represents the timing of the receipt of payment early from the largest provider. Based on FY 2006, it is likely that telephone tax revenues for land line phones will continue to decrease.

Business License Taxes: The City's business license tax is due January 31. Collections-to-date, in the amount of \$0.6 million, represent filings by new businesses and payments on delinquent accounts.

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 in the amount of \$1.0 million represent a decrease of \$0.3 million from prior year collections and reflect a slowing real estate market.

Cell Phone Tax: New in FY 2006, the effective date for the cell phone tax was September 1, 2005. This report reflects cell phone tax revenue of \$0.5 million collected in July and August and remitted to the City in September.

Other Local Taxes: The increase in other local taxes represents a timing difference in the collection of the City's miscellaneous telecommunication taxes.

Intergovernmental Revenues: The City's General Fund revenues from the federal government are primarily for federal prisoner per diem. The City has billed \$1.1 million for housing federal prisoners through the period ending September 30, 2006. However, one payment had been received as of September 30. The federal government generally pays the City for housing federal prisoners between 45 and 60 days after the end of the billing period.

Charges for Services: The decrease represents the budgeted transfer of all sewer related charges to a separate Special Fund for the full year in FY 2007.

Revenue from Use of Money & Property: Increased revenues represent increased interest earnings on short-term City investments. Interest rates are almost 1.5 percentage points higher than the rate earned at this time last year.

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

Transfer from Sewer Fund: This transfer represents the portion of the City's general obligation debt that is attributable to sewer projects and is being paid from the related sewer fees as approved in the FY 2007 Budget. These funds will be transferred when the associated debt service is paid.

EXPENDITURES (Attachment 2): As of September 30, 2006, actual General Fund expenditures totaled \$98.0 million, a decrease of \$8.5 million, or 8.0 percent, below expenditures for the same period last year primarily for a budgeted decrease in the City's planned transfer to

the Capital Projects Fund. The Approved General Fund Budget is 4.9 percent higher than FY 2006. Except as noted below, increases in expenditures over those budgeted are attributable to budgeted expenditures for annual equipment replacement charges made at the beginning of the fiscal year and this expenditure pattern reflects the Approved FY 2007 Budget.

Personnel: Expenditures-to-date represent budgeted tuition assistance payments to City employees.

Other Planning Activities: General Fund expenditures in this category reflect first quarter contribution payments to community agencies except for the payment to the Alexandria Convention and Visitors Association, which represents the first semi-annual payment for FY 2007.

Transit Subsidies: Expenditures-to-date reflect the City's first quarterly payment to the Washington Metropolitan Area Transit Authority (WMATA) for FY 2007.

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

Other Education Activities: Expenditures-to-date reflect the first quarter contribution payment to the Northern Virginia Community College.

Non-Departmental: General Fund expenditures in this category reflect the City's contributions to the closed public safety defined benefit pension plan, senior citizens' rent relief, and payment for the City's liability insurance. The increase is primarily attributable to a budgeted increase in the payment made for the greatly expanded Affordable Home Ownership real estate relief program, as well as for the closed public safety pension plan.

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.

Transfer to Housing: All housing programs are now reported in a separate Special Fund. These expenditures represent the cost of operations transferred to the fund. The budget also includes cash match funds for housing grants that will be transferred at the end of the 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, Deputy 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 SEPTEMBER 30, 2006 AND SEPTEMBER 30, 2005**

	FY2007 APPROVED BUDGET	FY2007 REVENUES THRU 09/30/06	% OF BUDGET	FY2006 REVENUES THRU 09/30/05
General Property Taxes				
Real Property Taxes.....	\$ 265,646,462	\$ 1,365,160	0.5%	\$ 1,096,348
Personal Property Taxes.....	31,500,000	17,477,944	55.5%	15,830,539
Penalties and Interest.....	1,500,000	106,123	7.1%	152,475
Total General Property Taxes	\$ 298,646,462	\$ 18,949,227		\$ 17,079,362
Other Local Taxes				
Local Sales and Use Taxes.....	\$ 26,100,000	2,042,029	7.8%	\$ 2,004,763
Consumer Utility Taxes.....	17,900,000	2,813,792	15.7%	2,480,881
Business License Taxes.....	31,000,000	604,267	1.9%	354,218
Transient Lodging Taxes.....	8,200,000	1,180,553	14.4%	1,163,255
Restaurant Meals Tax.....	10,700,000	1,569,448	14.7%	1,419,112
Tobacco Taxes.....	2,800,000	464,725	16.6%	475,760
Motor Vehicle License Tax.....	2,400,000	1,135,018	47.3%	1,137,546
Real Estate Recordation.....	5,125,640	1,015,778	19.8%	1,291,315
Admissions Tax.....	1,200,000	212,426	17.7%	243,222
Cell Phone Tax.....	2,400,000	469,277	19.6%	-
Other Local Taxes.....	3,829,000	215,442	5.6%	149,733
Total Other Local Taxes	\$ 111,654,640	\$ 11,722,755	10.5%	\$ 10,719,805
Intergovernmental Revenues				
Revenue from the Federal Government.....	\$ 5,328,909	\$ 537,904	10.1%	\$ 442,687
Personal Property Tax Relief from the Commonwealth.....	23,600,000	11,990,018	50.8%	9,975,508
Revenue from the Commonwealth.....	21,185,396	4,973,324	23.5%	4,726,486
Total Intergovernmental Revenues	\$ 50,114,305	\$ 17,501,246	34.9%	\$ 15,144,681
Other Governmental Revenues And Transfers In				
Fines and Forfeitures.....	\$ 4,072,300	\$ 778,457	19.1%	\$ 869,807
Licenses and Permits.....	4,909,800	1,706,733	34.8%	1,488,658
Charges for City Services.....	10,988,543	1,084,967	9.9%	1,339,415
Revenue from Use of Money & Property.....	8,644,000	2,415,431	27.9%	1,771,673
Other Revenue.....	427,000	178,633		141,108
Transfer from Sewer Fund.....	1,063,895	-	0.0%	-
Total Other Governmental Revenues	\$ 30,105,538	\$ 6,164,221	20.5%	\$ 5,610,661
TOTAL REVENUE	\$ 490,520,945	\$ 54,337,449	11.1%	\$ 48,554,509
Appropriated Fund Balance				
General Fund.....	3,154,819	-	0.0%	-
Reappropriation of FY 2006 Encumbrances And Other Supplemental Appropriations.....	-	-	0.0%	-
TOTAL	\$ 493,675,764	\$ 54,337,449	11.0%	\$ 48,554,509

CITY OF ALEXANDRIA, VIRGINIA
COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION
GENERAL FUND
FOR THE PERIODS ENDING SEPTEMBER 30, 2006 AND SEPTEMBER 30, 2005

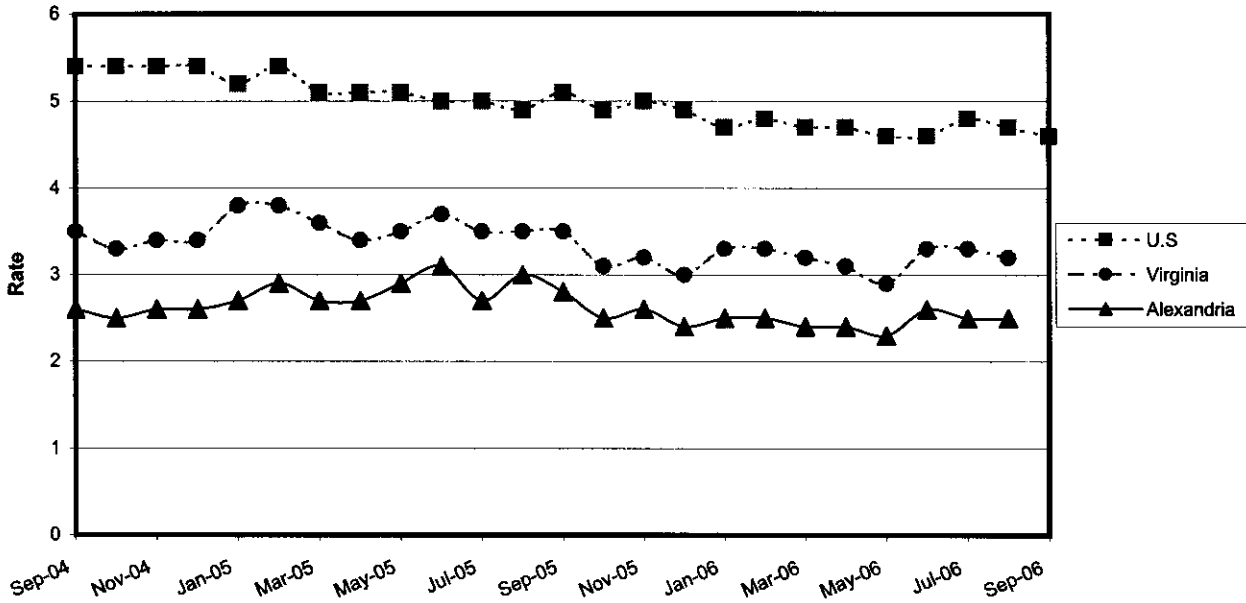
FUNCTION	FY2007	FY2007	% OF	FY2006
	APPROVED BUDGET	EXPENDITURES THRU 09/30/06		BUDGET
Legislative & Executive.....	\$ 5,920,849	\$ 1,336,686	22.6%	\$ 1,143,058
Judicial Administration.....	\$ 34,752,220	\$ 8,483,690	24.4%	\$ 8,150,474
Staff Agencies				
Information Technology Services.....	\$ 7,886,468	\$ 1,593,973	20.2%	\$ 1,709,228
Management & Budget.....	1,118,851	269,853	24.1%	195,744
Finance.....	8,650,724	2,127,412	24.6%	1,717,062
Real Estate Assessment.....	1,482,679	285,036	19.2%	264,807
Personnel.....	3,112,879	832,295	26.7%	620,888
Planning & Zoning.....	4,247,618	948,562	22.3%	851,804
Other Planning Activities.....	2,798,072	1,106,143	39.5%	1,236,014
City Attorney.....	2,553,609	512,559	20.1%	473,231
Registrar.....	1,070,781	233,941	21.8%	202,990
General Services.....	12,470,596	2,462,034	19.7%	2,469,104
Total Staff Agencies	\$ 45,392,277	\$ 10,371,808	22.8%	\$ 9,740,872
Operating Agencies				
Transportation & Environmental Services.....	\$ 25,031,982	\$ 6,895,722	27.5%	\$ 5,800,775
Fire.....	35,345,199	8,818,342	24.9%	7,828,321
Police.....	49,062,143	12,635,118	25.8%	11,089,363
Transit Subsidies.....	6,825,042	1,587,938	23.3%	3,366,126
Mental Health/Mental Retardation/				
Substance Abuse.....	520,755	251,869	48.4%	260,560
Health.....	7,762,441	780,421	10.1%	997,550
Human Services.....	11,354,084	3,493,785	30.8%	2,898,328
Historic Resources.....	2,667,623	581,817	21.8%	601,201
Recreation.....	19,812,500	5,161,580	26.1%	4,912,774
Total Operating Agencies	\$ 158,381,769	\$ 40,206,592	25.4%	\$ 37,754,998
Education				
Schools.....	\$ 149,873,621	\$ 25,048,421	16.7%	\$ 23,798,478
Other Educational Activities.....	12,548	3,137	25.0%	6,495
Total Education	\$ 149,886,169	\$ 25,051,558	16.7%	\$ 23,804,973
Capital, Debt Service and Miscellaneous				
Debt Service.....	\$ 29,606,972	\$ 914,110	3.1%	\$ 995,360
Non-Departmental.....	11,762,087	3,448,587	29.3%	2,539,997
Cash Capital.....	4,579,105	4,579,105	100.0%	18,859,735
Contingent Reserves.....	336,500	-	-	-
Total Capital, Debt Service and Miscellaneous	\$ 46,284,664	\$ 8,941,802	19.3%	\$ 22,395,092
TOTAL EXPENDITURES	\$ 440,617,948	\$ 94,392,136	21.4%	\$ 102,989,467
Cash Match (Mental Health/Mental Retardation/				
Substance Abuse, Human Services and Library and Transfers to the Special Revenue Fund)...	33,606,921	-	0.0%	-
Transfer to Housing.....	5,172,340	299,580	5.8%	238,557
Transfer to Library.....	6,941,531	1,735,383	25.0%	1,609,607
Transfer to DASH.....	7,337,024	1,834,256	25.0%	1,585,500
TOTAL EXPENDITURES & TRANSFERS	\$ 493,675,764	\$ 97,961,775	19.8%	\$ 106,423,131

**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	130.7	125.0	+4.6%
(As of July 31, 2006)			
(Source: Published bi-monthly by United States Department of Labor, Bureau of Labor Statistics)			
<u>Unemployment Rates</u>			
Alexandria	2.5%	3.0%	-17%
Virginia	3.2%	3.5%	-9%
(As of August 31, 2006)			
(Source: United States Department of Labor, Bureau of Labor Statistics, as adjusted)			
<u>United States</u>	4.6%	5.1%	-10%
(As of September 30, 2006)			
(Source: United States Department of Labor, Bureau of Labor Statistics)			
<u>Interest Rates</u>			
(As of September 30, 2006)			
Prime Rate	8.25%	6.75%	+22%
Federal Fund Rate	5.23%	3.76%	+39%
(Source: SunTrust Economic Monitor)			
<u>New Business Licenses</u>			
(During September)			
(Source: Finance Department, Business Tax Branch)	75	64	+17%
<u>Office Vacancy Rates</u>			
(As of June 30, 2006)			
Alexandria	11.7%	9.8%	+19%
Northern Virginia	11.9%	12.0%	-1%
Washington DC Metro Area	7.9%	11.9%	-34%
(Source: Grubb & Ellis)			
<u>New Commercial Construction</u>			
(As of July 31, 2006)			
Number of New Building Permits	-	-	-
Value of New Building Permits	-	-	-
(Source: Fire Department Code Enforcement Bureau)			
<u>Residential Real Estate Indicators</u>			
(for the eight months ended August 31, 2006)			
Residential Dwelling Units Sold	1,789	2,519	-29%
Average Residential Sales Price	\$506,348	\$477,714	+6%
(Source: Department of Real Estate Assessments)			

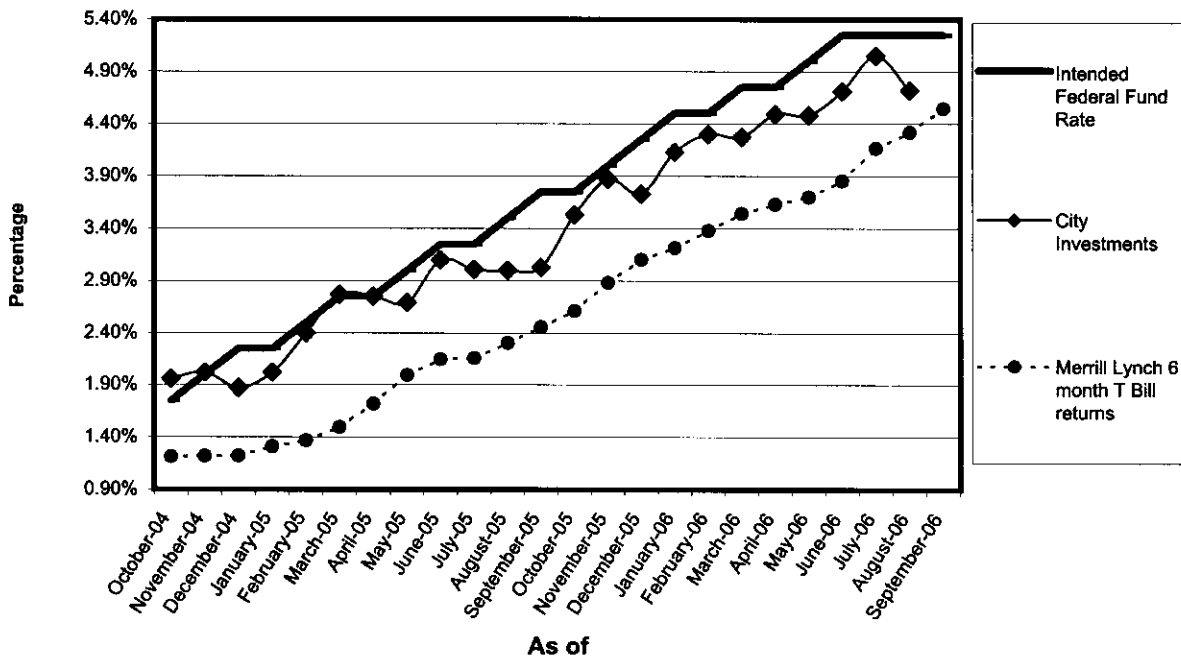
**City of Alexandria
Selected Economic Indicators**

Unemployment Rates - US, Virginia and Alexandria



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

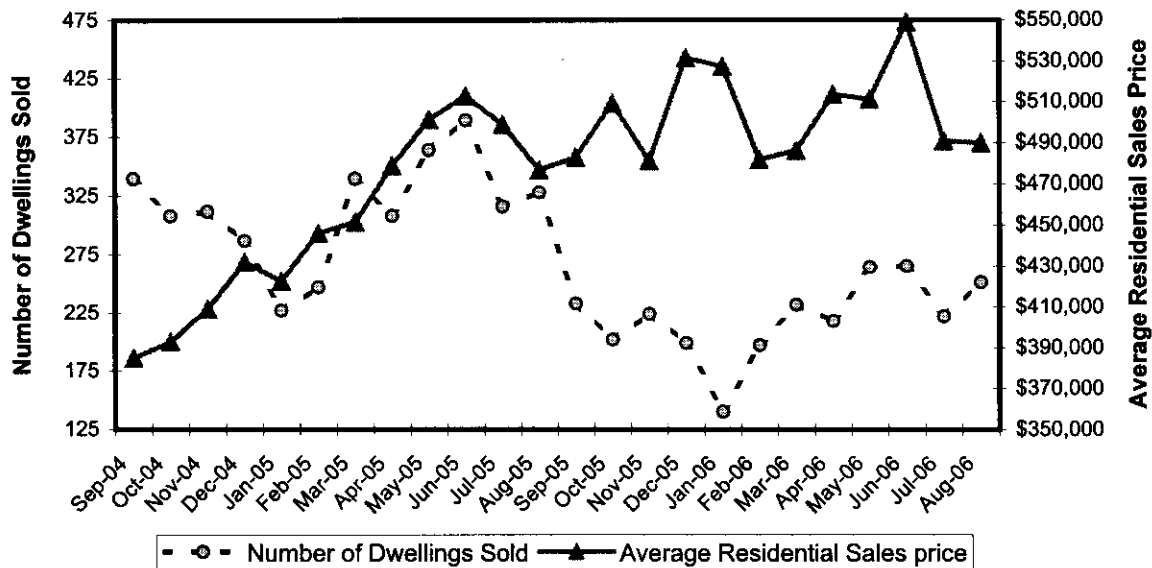
Selected Interest Rates



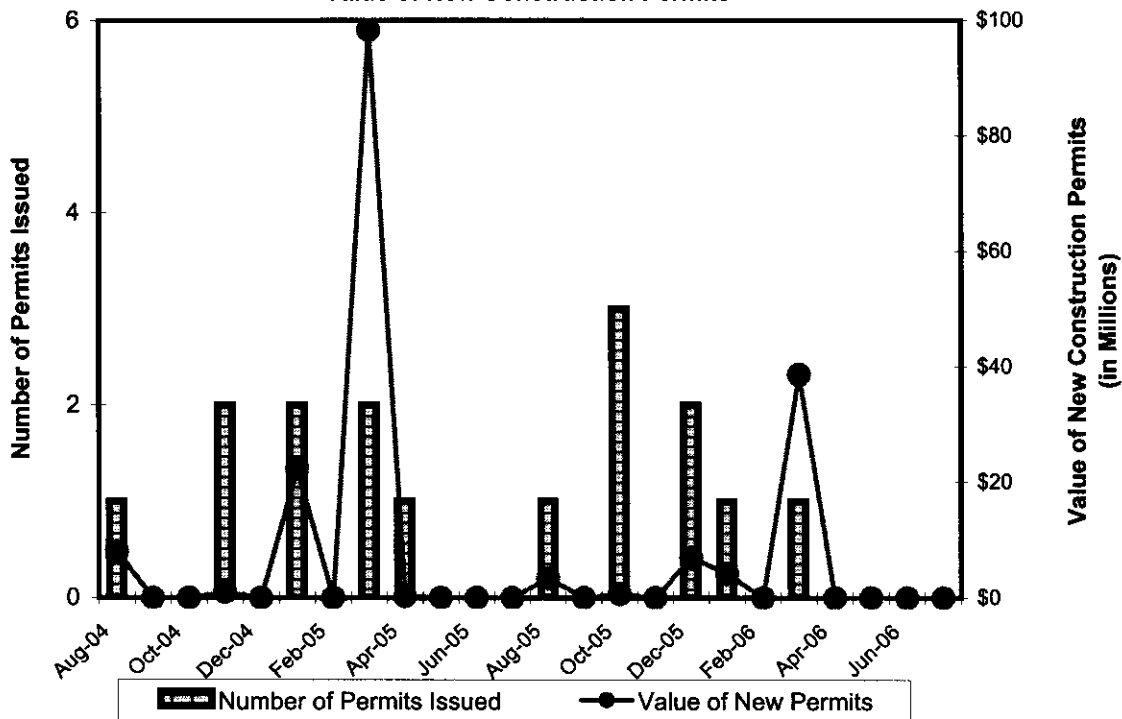
Source: Suntrust Economic Monitor

City of Alexandria
Selected Economic Indicators

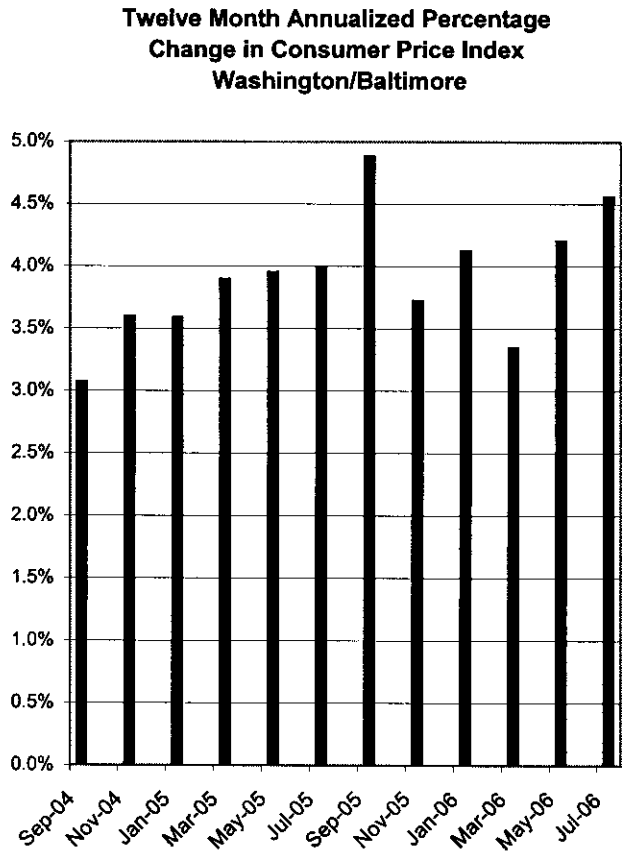
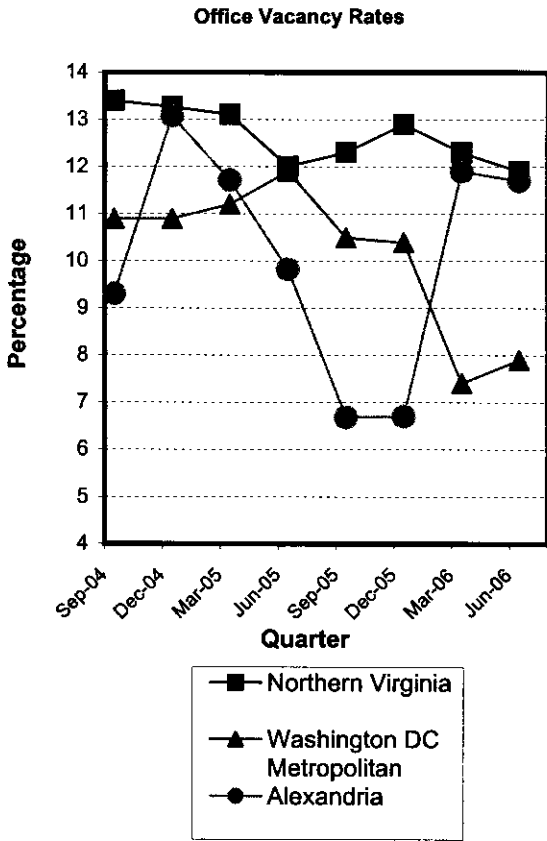
Selected Residential Real Estate Indicators



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



**City of Alexandria
Selected Economic Indicators**



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

