

# City of Alexandria, Virginia

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## MEMORANDUM

DATE: MARCH 26, 2007

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER

SUBJECT: BUDGET MEMO #12: BUDGET QUESTIONS & ANSWERS #7-8

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Please find attached Budget Questions and Answers #7-8. These Questions and Answers are in response to questions received from City Council.

Attachment: FY 2008 Budget Questions & Answers #7-8

**FY 2008 Proposed Budget  
Questions & Answers**

**Q & A #7: Is staff putting together an analysis of our property tax rebate programs in light of declining property values this year to see what changes we should make and perhaps how much they cost?**

Although the reasons for approving the AHOP program in the first place may have been different for different members of Council, the AHOP program was not designed by City staff solely to blunt the rise in real estate taxes on a temporary basis. It was designed to extend permanent real estate tax relief beyond that available to only to the elderly and disabled to other moderate and low income homeowners. The thresholds were set modestly at first and increased over the first few years as more experience was gained by the program and some Council members expressed the opinion that targeted real estate tax relief for low and moderate income homeowners is preferable to across-the-board reductions in the tax rate for every homeowner. If Council wishes to reduce the program or eliminate it in the years when taxes are not increasing at high percentage rates, then staff will go back and develop options. If any Council member is interested in such a major change to this program, we need to know within the next week, as we are in the process of ordering the real estate tax bill forms - which include information about this program on it.

**Q&A #8: When the City gets additional revenues during the year from readjustments and otherwise, is any of that provided to help offset unanticipated/unbudgeted needs by the Schools?**

For the current fiscal year, no City revenue re-estimates are made available to the Schools unless Council appropriates additional funds to the Schools through a supplemental appropriation.

For instance, FY 2007 City revenue surpluses cannot be made available to the Schools without Council action for FY 2007 School budget shortfalls. The Schools could request a supplemental, but such requests typically have not occurred. Typically, additional City revenues in a fiscal year are used to calculate available fund balances at the end of that fiscal year, and then the City Manager's proposed budget for the subsequent fiscal year proposes fund balance designations for use either for (1) the next year's General Fund operating budget, (2) the next year's Capital Improvement Program, (3) other miscellaneous special purpose fund balance designations, or (4) to increase the undesignated fund balance. Note that both (1) and (2) provide surplus funds for both the City and Schools in the next fiscal year. Also, it should be noted that if the Schools have a revenue surplus (or under expends their budget) that the Schools are allowed to keep those funds for the next fiscal year budget that they would prepare (i.e., FY 2006 surplus in the Schools was used to help finance their FY 2008 proposed budget).