

City of Alexandria, Virginia

MEMORANDUM

DATE:

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: RASHAD M. YOUNG, CITY MANAGER

SUBJECT: MONTHLY FINANCIAL REPORT FOR THE PERIOD ENDING AUGUST, 2013

ISSUE: Receipt, on an informational basis, of the City's Monthly Financial Report for the period ending August 31, 2013.

DISCUSSION: That City Council receive the following Monthly Financial Report for the period ending August 31, 2013.

Final revenues and expenditures for FY 2013 will be reported later this fall in the City's audited Comprehensive Annual Financial Report (CAFR).

ECONOMIC HIGHLIGHTS:

The Federal Reserve decided in September not to begin phasing out its quantitative easing program of purchasing financial assets to stimulate the economy out of concern that the national economic recovery may not be strong enough to sustain momentum on its own. New York Federal Reserve President William Dudley and other members of the Federal Reserve cited the labor market, rising mortgage rates and federal budget negotiations as the cause for the lack of confidence.

Census data released in September indicated that the City's median household income decreased by \$1,588, or 1.9 percent, from \$82,748 in 2011 to \$81,160 in 2012. Statewide, the median household income decreased by 2.2 percent. Regional economists in Northern Virginia and Hampton Roads attributed the decrease to federal budget cutbacks and uncertainty. Staff will evaluate the potential impact on the City's revenue and debt ratios as part of the budget development process and continue to monitor this and other economic indicators throughout the process.

In Alexandria, real estate activity in July, the three-month trailing average number of residential properties sold in July increased by 4.2 percent over June and 17.9 percent over July 2012, while the median sales price decreased by 2.7 percent from June but was 6.5 percent higher than July 2012. Average three-month foreclosures were down from 12 in July 2011 to six in July 2012.

REVENUE HIGHLIGHTS:

Year-to-Date Revenues: As of August 31, 2013, actual General Fund revenues totaled \$28.8 million, which is 10% less than the report for the same period last year. Government accounting principles require that most taxes and intergovernmental revenues received in July and August are counted as revenue for the fiscal year ended June 30, 2013. See the online reference for more information. Two months does not provide enough data to recognize any trends either positive or negative.

EXPENDITURE HIGHLIGHTS:

Year-to-Date Expenditures: As of August 31, 2013, actual General Fund expenditures totaled \$89.4 million, an increase of \$2.7 million, or 3.1 percent above expenditures for the same period last year.

- **Debt Service:** The increase in debt service reflects planned expenditures for the General Obligation bonds issued in FY 2013.
- **Schools:** The City will provide approximately 75.8 percent of the estimated funds required to operate the City public school system in FY 2014.
- **City Departments:** Increase in expenses for a few of the departments is due to the timing of the processing of bills which is impacted by the implementation of the new financial system.

Contingent Reserves

FY 2014 Contingent Reserves through the month of September include \$646,654 for the following purposes:

- Childcare Fee Subsidy Waiting List (\$400,669)
- Affordable Housing Initiatives (\$174,235)
- King Street Lights (\$6,750)
- Car Seat Installation (\$10,000)
- Smoking Cessation Program (\$35,000)
- Community Engagement (\$20,000)

The FY 2014 budget included \$950,000 in Contingent Reserves to address the child care fee system waiting list. Council released \$549,331 in June to serve all children on the waiting list under age five, fund a social worker position to manage increased caseload, and replace sequestration cuts to Head Start, leaving \$400,669 for additional recommendations to be submitted in September.

Council also released \$42,900 from Contingent Reserves in June to fund a Senior Mental Health Therapist position in the Department of Community and Human Services to serve the inmate population of the William G. Truesdale Detention Center.

Council released \$210,000 in September for recycling initiatives to be funded from residential refuse collection fee revenues.

Attachment 1 Revenue

Attachment 2 Expenditures

Attachment 3 Economic tables

For more information, see online references at

<http://www.alexandriava.gov/FinancialReports#monthly>

STAFF:

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