

City of Alexandria, Virginia

MEMORANDUM

DATE: SEPTEMBER 6, 2013

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: RASHAD M. YOUNG, CITY MANAGER

SUBJECT: MONTHLY FINANCIAL REPORT FOR THE PERIOD ENDING JULY 31, 2013

ISSUE: Receipt of the City's Monthly Financial Report for the period ending July 31, 2013, the first month of fiscal year (FY) 2014. The August report will be docketed for the October 8, 2013 Council meeting. At that time, we will discuss the preliminary FY 2013 year-end results.

RECOMMENDATION: That City Council receive the following Monthly Financial Report for the period ending July 31, 2013, the first month of FY 2014.

DISCUSSION: This report includes highlights of the City's financial condition and provides FY 2014 financial information on revenues and expenditures of the General Fund for the period ending July 31, 2013. Detailed economic, revenue, and expenditure charts are available from the City of Alexandria website at alexandriava.gov/financialreports.

Final revenues and expenditures for FY 2013 will be reported later this fall in the City's audited Comprehensive Annual Financial Report (CAFR). We expect to realize the revenues as projected in the FY 2014 budget process. Final Expenditures are still being reviewed.

As discussed with Council in June, we are including the ACPS quarterly capital reports as they become available. See attachment 4.

ECONOMIC HIGHLIGHTS:

The national economy continues to exhibit slow growth. The consumer confidence index grew, but only slightly, in August to 81.5 from 81.0. National retail sales were up 1.6 percent over the previous month and 6.7 percent over the previous year in July. Local retail sales grew 4.2 percent month to month but were 4.2 percent below the previous year in June. Both local meals tax and transient occupancy tax revenues were up in July over June and the previous year.

Despite these trends, federal budget troubles loom once again on the horizon. On the heels of the sequestration reductions already in effect, the current federal budget continuing resolution will expire at the end of September and the federal debt is projected to reach its ceiling in mid-October. Failure to raise the debt ceiling could directly impact the City's debt rating, which was

recently returned by Moody's Investor Services to a stable outlook. This, in addition to the continued debate related to the tax-exempt status of municipal bonds and a potential federal government shutdown as a result of a budget impasse could impact the City's budget.

REVENUE HIGHLIGHTS:

Year-to-Date Revenues: As of July 31, 2013, actual General Fund revenues totaled \$2.0 million, which is the same as this period last fiscal 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.

EXPENDITURE HIGHLIGHTS:

Year-to-Date Expenditures: As of July 31, 2013, actual General Fund expenditures totaled \$45.0 million, an increase of \$5.4 million, or 13.6 percent above expenditures for the same period last year even though they are in line with the approved budget. One month does not provide enough data to recognize any trends either positive or negative. Most increases in expenses are due to the timing of the processing of bills which is impacted by the implementation of the new financial system.

- **Schools:** The City will provide approximately 75 percent of the estimated funds required to operate the City public school system in FY 2014.

The City's Contingency Reserves currently included \$326,856 in unallocated funding from FY 2013 designated for:

- Fire Safety Improvements (\$222,696)
- Urban Forestry (\$80,000)
- Community Engagement (\$20,000)
- Sister Cities Initiatives (\$4,160)

The Contingent Reserves funds will revert to fund balance, and will need to be re-appropriated to be used in FY 2014.

For FY 2014, Contingent Reserves include \$856,654 for the following purposes:

- Childcare Fee Subsidy Waiting List (\$400,669)
- Affordable Housing Initiatives (\$174,235)
- Recycling Initiatives (\$210,000)
- 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.

Attachment 1 Revenue

Attachment 2 Expenditures

Attachment 3 Economic tables

Attachment 4 ACPS Quarterly Capital Report

For more information, see online references at
<http://www.alexandriava.gov/FinancialReports#monthly>

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