

City of Alexandria, Virginia

MEMORANDUM

DATE: SEPTEMBER 30, 2013

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: RASHAD M. YOUNG, CITY MANAGER

SUBJECT: MONTHLY FINANCIAL REPORT FOR THE PERIOD ENDING
SEPTEMBER, 30, 2013

ISSUE: Receipt of the City's Monthly Financial Report for the period ending September 30, 2013.

DISCUSSION: That City Council receive the following Monthly Financial Report for the period ending September 30, 2013.

Final revenues and expenditures for FY 2013 (ending June 30, 2013) will be reported later this fall in the City's audited Comprehensive Annual Financial Report (CAFR). We expect to realize the revenue surplus we reported to Council during budget deliberations.

ECONOMIC HIGHLIGHTS:

The federal government was partially closed from October 1 until October 16, when a continuing resolution was passed, ending the shutdown. The government is now funded through January 15, 2014. It is too early to gauge the effect of the shutdown on Alexandria's economy and the City's revenue stream from economically sensitive revenues such as sales tax, meals tax, and transient lodging. Going forward, City staff will monitor the revenue effects of the shutdown and identify and present them as they become available.

For the month of August, the average interest rate on a 30-year fixed rate loan increased to 4.49%, the highest level since July, 2011. However, Alexandria home sales continued to be strong. Overall home sales in August increased by almost 20% compared to last August, and the median value of a sold home increased by a little less than 3%. However, one interesting change in Alexandria's housing market is that for the first time since 2006, beginning in July, the inventory of Alexandria homes for sale increased compared to the same month the previous year. Because of the increase in the number of home sales, the months' worth of inventory has stayed relatively constant at a little above two months, and it remains a sellers' market.

REVENUE HIGHLIGHTS:

Year-to-Date Revenues: As of September 30, 2013, actual General Fund revenues totaled \$55.0 million, which is 6% less than the report for the same period last year. This is mainly due

to the fact that personal property taxes were billed, and thus collected, earlier 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.

Based on preliminary collections for the fiscal year and the continued uncertainty of federal spending, we will monitor local taxes carefully. With regard to **Other Local Taxes**, we are concerned about the following:

- **Local Sales and Use Tax:** A preliminary review shows some decreases related to the closure of some local grocery stores. We will continue to monitor and make projection adjustments as needed.
- **Transient Lodging Taxes:** There were indications early in October that the shutdown was affecting reservation activity. According to Smith Travel Research and via hotelnewsnow.com, Washington, DC ended the week of October 5 with a 12.1% decline in occupancy rates. Local hotels have indicated they have seen some slowdown in reservation activity from the sequestration and the federal government shutdown. We will continue to monitor and make adjustments as needed.
- **Communications Sales and Use Taxes:** This is collected by the State, but we continue to see refunds to large providers. The most recent refund related to a provider requesting a refund for non-taxable sales. We will continue to monitor and make adjustments as needed.

EXPENDITURE HIGHLIGHTS:

Year-to-Date Expenditures: As of September 30, 2013, actual General Fund expenditures totaled \$131.4 million, a decrease of \$0.9 million, or one percent below expenditures for the same period last year.

- **Debt Service:** The increase in debt service reflects planned expenditures for the FY 2013 General Obligation bonds.
- **Schools:** The City will provide approximately 75.8 percent of the estimated funds required to operate the City public school system in FY 2014.

Contingency Reserves

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)

If unused in FY 2013, Contingent Reserves would need to be re-appropriated by Council in order

to be used in FY 2014.

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

Item	Budget	Balance
Childcare Fee Subsidy Waiting List	\$900,000	\$400,669
Affordable Housing Initiatives	\$174,235	\$174,235
Recycling Initiatives	\$210,000	-
King Street Lights	\$6,750	\$6,750
Car Seat Installation	\$10,000	\$10,000
Smoking Cessation Program	\$35,000	-
Community Engagement	\$20,000	\$20,000
Senior Mental Health Therapist	\$42,900	-

Actions to Date: 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. In September, Council released \$210,000 for recycling initiatives and in October, \$35,000 for the smoking cessation program.

[Attachment 1 Revenue](#)

[Attachment 2 Expenditures](#)

[Attachment 3 Economic tables](#)

For more information, see online references at

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

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