



# Albemarle County

## Legislation Text

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**File #:** 16-559, **Version:** 1

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**AGENDA DATE:** 10/5/2016

**TITLE:**

FY 16 Unaudited Annual Financial Report (UAFR) and FY 16 Annual Economic Indicators Report (AEIR)

**SUBJECT/PROPOSAL/REQUEST:** FY 16 Year-End Financial and Economic Indicators

**ITEM TYPE:** Consent Information Item

**STAFF CONTACT(S):** Foley, Letteri, Kamptner, Burrell, Breeden, L., and Allshouse, S.

**PRESENTER (S):** N/A

**LEGAL REVIEW:** Yes

**REVIEWED BY:** Thomas C. Foley

**BACKGROUND:** The attached FY 16 *Unaudited* Annual Financial Report (UAFR) (Attachment A) provides preliminary information about the County's General Fund operations and estimated Fund Balance as of June 30, 2016. The attached FY 16 Annual Economic Indicators Report (AEIR) (Attachments B and C) provides an overview of general economic conditions in the County in FY 16, as well as a forecast of these conditions in FY 17.

**STRATEGIC PLAN:** The UAFR supports the County's Mission: To enhance the well-being and quality of life for all citizens through the provision of the highest level of public service consistent with the prudent use of public funds. The AEIR supports the Aspiration/Goal of economic prosperity.

**DISCUSSION:**

*Unaudited Annual Financial Report*

The UAFR reflects year-end data through June 30, 2016, the end of FY 16. The revenue information in the attached UAFR is organized in a way that is consistent with the revenue section of the County's budget document. Expenditure data is presented following the format of Exhibit 12 of the County's Comprehensive Annual Financial Report (CAFR). Line item titles in the UAFR match the line item titles in these two documents. The columns in the UAFR show FY 16 Adopted Budget revenues and expenditures, Revised Budget revenues and expenditures, as well as Year End actual revenues and expenditures. Each of these Year End figures subsequently is expressed as a dollar difference from, as well as a percentage of, the amount of the relevant dollar amount in the FY 16 Revised Budget.

Highlights of the attached report include:

<u>FY 2016 Revenues</u>		<u>FY 2016 Expenditures</u>	
Revised Budget	\$ 252,405,150	Revised Budget	\$ 252,405,150
Actual Revenues (including Transfers In)	<u>255,007,275</u>	Actual Expenditures (including Transfers In)	<u>248,798,020</u>
Amount Over (Under Budget)	\$ 2,602,125	Amount Over (Under Budget)	\$ (3,607,130)
% Difference	1.03%	% Difference	-1.43%

Details of the significant revenue and expenditure variances are found on pages 2-5 of the UAFR.

FY 16 Fund Balance & Use of FY 16 Fund Balance

The General Fund estimated FY 16 ending fund balance will increase by approximately \$6,209,255 based on the favorable results of actual revenues and expenditures. When this amount is added to the current balance and after reserving the portion of fund balance necessary to maintain the County’s 10% fund balance policy and future approved/planned uses of fund balance, and after the audit is complete, the *anticipated* balance of \$8,635,700 which is equal to 3.42% of the FY 16 General Fund budget, will be available for potential one time uses as part of the FY 18 budget development process, for transfer to the Capital program, or for other uses as appropriated by the Board of Supervisors.

The School Division’s estimated FY16 ending fund balance will be transferred to the General Fund-School Reserve in accordance with the County’s fund balance reserve policy. The \$1,363,869 estimated fund balance is below the 2% maximum reserve and will be available for School Division purposes subject to appropriation by the Board of Supervisors.

*Annual Economic Indicators Report*

The FY 16 Annual Economic Indicators Report provides an initial overview of general economic conditions in Albemarle County at the end of the fiscal year, and presents a preliminary glimpse of the expected state of the economy in FY 17. Table I allows a multiyear comparison of data. Highlights from the report include:

General economic activity, as measured by the preliminary unaudited tax revenues in six representative streams, appears overall to have continued growing at a fairly moderate pace. Changes in these revenue streams ranged from -1.18% in Consumer Utility Tax to 41.61% in Inspection Fees. Note that these figures are tentative and subject to revision. The information in Table I suggests that the County’s economy grew at a decent pace in FY 16, comparable to the growth that took place in the previous fiscal year.

Albemarle’s average monthly unemployment rate declined from 4.26% in FY 15 to 3.43% in FY 16. The 0.83 percentage point (pp) drop resulted in a rate of unemployment that staff currently considers to be the “frictional” or “full” unemployment rate. In FY 17, the average monthly unemployment rate is expected to be 3.41% or essentially unchanged from FY 16. This flat performance does not necessarily mean that the County’s unemployment situation would be stagnant, since the rate does not tell us anything about the particular individuals entering and leaving employed status.

The average monthly total number of jobs in Albemarle County grew fairly strongly between FY 15 and FY 16, at a level reasonably consistent with the growth that took place between FY 14 and FY 15. The County is estimated to have experienced a net gain of 880 positions in FY 16, with the total number of positions rising from 51,332 to 52,212. Note that the FY 16 total jobs number is an *estimate* because the final numbers are not yet available from the Virginia Employment Commission (VEC). The numbers, furthermore, do *not* necessarily reflect a rise in full-time, permanent positions. The projection for FY 17 is that the County will experience a net gain of 1,084 jobs, resulting in a total jobs base of 53,296.

**BUDGET IMPACT:** Revenue and expenditure data contained in the UAFR reflect the state of the County's budget-to-actual performance as of June 30, 2016. Data shown in the AEIR reflect economic variables that impact the County's current and future revenues and expenditures.

**RECOMMENDATION:**

These reports are for information only and no action is required by the Board.

**ATTACHMENTS:**

- A - Unaudited Annual Financial Report
- B - Annual Economic Indicators Report
- C - Annual Economic Indicators Report - Table I