



Albemarle County

Legislation Text

File #: 16-303, **Version:** 1

AGENDA DATE: 5/4/2016

TITLE:

Q3 FY 16 Unaudited Quarterly Financial Report; Q3 FY 16 General Fund Revised Financial Projections Report; and Q3 FY 16 Quarterly Economic Indicators Report

SUBJECT/PROPOSAL/REQUEST: Quarterly Financial and Economic Indicators

ITEM TYPE: Consent Information Item

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

PRESENTER (S): N/A

LEGAL REVIEW: Yes

REVIEWED BY: Thomas C. Foley

BACKGROUND: The attached Unaudited Quarterly Financial Report (UQFR) (Attachment A) provides information regarding the County's FY 16 General Fund and School Fund performance as of March 31, 2016. The General Fund Revised Financial Projections Report (Attachments B and C) includes projected General Fund revenues and expenditures for FY 16. The Quarterly Economic Indicator Report (Attachments D and E) provides an overview of recent general economic conditions in the County.

STRATEGIC PLAN: Operational Capacity: Ensure County government's ability to provide high quality service that achieves community priorities. Economic Prosperity: Foster an environment that stimulates diversified job creation, capital investments, and tax revenues that support community goals.

DISCUSSION:

Unaudited Quarterly Financial Report

The Quarterly Financial Report (QFR) reflects year-to-date (YTD) data through March 31, 2016, the end of the third quarter of FY 16. The data in the attached QFR is organized in a way that is consistent with Exhibit 12 of the County's Comprehensive Annual Financial Report (CAFR). Most line item titles in the QFR match the line item titles in the CAFR. Highlights from the QFR include:

Revenues - YTD Actual

YTD total revenues in Q3 FY 16 were \$136,241,227 compared to \$128,104,421 in Q3 FY 15. In percentage terms, FY 16 YTD actual revenues as a percentage of FY 16 Revised Budget revenues were 54.37%, compared to 52.85% in FY 15.

Individual revenue streams performed fairly consistently in Q3 FY 16 when compared to Q3 FY 15. Five revenue streams did experience significant year-to-year variance. These revenue streams included Other Local Taxes, Permits and Fees, Use of Money and Property, Contributions from Other Entities, and Revenues from Federal Government. For additional information about this revenue variance, please see the analysis on

page 2 of the QFR.

Expenditures - YTD Actual

YTD total expenditures in Q3 FY 16 equaled \$184,778,815 compared to \$184,695,025 in Q3 FY 15. In percentage terms, FY 16 YTD actual expenditures as a percentage of FY16 Revised Budget expenditures, were 73.74%, compared to 76.19% in FY 15.

Individual expenditure streams performed fairly consistently in Q3 FY 16 when compared with Q3 FY 15. Ten expenditure streams did experience significant year-to-year variance. These expenditure streams included the Fire/Rescue, Fire Rescue Services, Contributions to Public Safety, General Services, Contributions to Agencies and Tax Relief, Transfer to Schools Debt Service, Contributions to Libraries, Contributions to Community Development, Transfers Out to Accounts, and Refunds. For additional information about these expenditure variances, please see the analysis on pages 2 through 4 of the QFR.

ACPS Quarterly Financial Report

As requested by the Board, the Albemarle County Public Schools Quarterly Financial Report as of March 31, 2016 is included as a table in the QFR.

General Fund Revised Financial Projections Report

The General Fund Revised Financial Projections Report (GFRFPR) provides a streamlined summary of forecasted revenues and expenditures. The GFRFPR indicates that by June 30, 2016, actual revenues, including transfers, are forecasted to be above appropriated revenues and transfers by \$1.276 million. This amount reflects in part the real property tax rate of \$0.839 that the Board adopted on April 13, 2016. The increase in the adopted tax rate is estimated to result in an increase of \$1.6 million in real estate tax revenue in FY 16. Without this additional revenue, actual revenues plus transfers would have fallen short of budget by roughly \$0.324 million, largely as a result of a lower-than-expected increase in the January 1, 2016 reassessed value of real property. Expenditures, including transfers, are projected to be \$1.854 million below appropriated expenditures and transfers. The difference between appropriated expenditures and forecasted expenditures is due primarily to savings associated with salary lapse and insurance costs. Excess revenues and expenditures savings are projected to result in a net of \$3.130 million additional fund balance by the end of FY 16. Please note that this forecasted \$3.130 million in additional fund balance equals only 1.26% of the forecasted \$248.719 million FY 16 expenditures and transfers; this small percentage “buffer” reflects a tight budgetary environment.

Quarterly Economic Indicators Report

The Quarterly Economic Indicators Report (QEIR) offers a glimpse of the state of the County's economy. The QEIR contains data taken from the most recent quarter for which complete information is available, and compares this data with data from the same quarter of previous fiscal years. General economic activity, as measured by six select revenue streams, apparently was mixed between Q3 FY 15 and Q3 FY 16; some revenues grew while others declined. The unemployment rate in Albemarle, however, dropped from 4.13% to 3.42% between Q3 FY 15 and Q3 FY 16. This year-over-year decline (0.71 pp) was the largest in the Q3 FY 12 to Q3 FY 16 period and suggests that there is relative strength in the County's labor market. Note that the County's jobs base exhibited strong growth (+2.59%) between Q4 FY 14 and Q4 FY 15, the most recent quarter for which complete information is available. This performance, although somewhat dated, also suggests an acceleration in the recovery of the County's labor market.

BUDGET IMPACT: Revenues and expenditure data contained in the Quarterly Financial Report reflects the state of the County's FY 16 budget-to-actual financial performance as of March 31, 2016. Year-end projections contained in the General Fund Revised Financial Projections Report are subject to change, based on the result of actual collections and expenditures through June 30, 2016. Data shown in the QEIR reflects economic variables that impact the County's current and future revenues and

expenditures.

RECOMMENDATION:

These reports are for information only. Staff welcomes the Board's feedback regarding the content and presentation of these reports.

ATTACHMENTS:

- A - Unaudited Quarterly Financial Report
- B - General Fund Revised Financial Projection Report (Body)
- C - General Fund Revised Financial Projection Report (Table)
- D - Quarterly Economic Indicators Report (Body)
- E - Quarterly Economic Indicators Report (Table)