



Albemarle County

Legislation Text

File #: 17-175, **Version:** 1

AGENDA DATE: 2/1/2017

TITLE:

Q2 FY 17 Unaudited Quarterly Financial Report; Q2 FY 17 General Fund Revised Financial Projections Report; and Q2 FY 17 Quarterly Economic Indicators Report

SUBJECT/PROPOSAL/REQUEST: Most recent financial indicators, general fund revenue and expenditure projections, and County economic indicators.

ITEM TYPE: Consent Information Item

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

PRESENTER (S): N/A

LEGAL REVIEW: Not Required

REVIEWED BY: Douglas C. Walker

BACKGROUND: The attached Unaudited Quarterly Financial Report (UQFR) (Attachment A) provides information regarding the County's FY 17 General Fund and School Fund performance as of December 31, 2016. The General Fund Revised Financial Projections Report (Attachments B and C) includes projected General Fund revenues and expenditures for FY 17. The Quarterly Economic Indicator Report (Attachments D and E) provides an overview of recent general economic conditions in the County. Early in the FY 18 Budget Work-session process, the Office of Management and Budget will include a discussion of the variances between actual revenues and expenditures as compared to FY 17 Budget, the Current Year End Fund Balance, and the recommended uses of Fund Balance in the Recommended FY 18 Budget.

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:

Quarterly Financial Report

The Quarterly Financial Report (QFR) (Attachment A) reflects year-to-date (YTD) data through December 31, 2016, the end of the second quarter (Q2) of FY17. 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 Q2 FY17 were \$117,999,512 compared to \$111,936,722 in Q2 FY16. In percentage terms, FY17 YTD actual revenues as a percentage of FY17 Revised Budget revenues were 45.62%,

compared to 44.36% in FY16.

Expenditures - YTD Actual

YTD total expenditures in Q2 FY17 were \$121,504,450 compared to \$115,419,054 in Q2 FY16. In percentage terms, FY17 YTD actual expenditures as a percentage of FY 17 Revised Budget expenditures were 46.98%, compared to 45.72% in FY16.

County Executive Authorized Transfers and Appropriations

A table listing the County Executive authorized transfer and appropriations made during the second quarter of FY17 is included on page 8.

ACPS Quarterly Financial Report

As requested by the Board, the Albemarle County Public Schools Quarterly Financial Report as of December 31, 2016 is included as a table in the QFR. An *Investment Activity Summary* for the Quarter Ended December 31, 2016 is included on page 13.

General Fund Revised Financial Projections Report

The General Fund Revised Financial Projections Report (GFRFPR) (Attachment B) provides a streamlined summary of forecasted revenues and expenditures. The GFRFPR indicates that by June 30, 2017, actual revenues, including transfers, are forecasted to be above appropriated revenues by \$5.722 million. This result reflects better-than-expected growth in most major revenue streams. Expenditures, including transfers, are projected to be \$0.969 million below appropriated expenditures. The difference between appropriated expenditures and forecasted expenditures is due primarily to savings associated with salary lapse and insurance. The result of the surplus in revenues plus the anticipated expenditures savings is a projected net increase of \$6.691 million additional fund balance by the end of FY 17. Please note that this projected \$6.691 million in additional fund balance equals only 2.6% of the forecasted \$257.681 million FY 17 expenditures and transfers; this small percentage “buffer” reflects a fairly tight budgetary environment. Staff will provide recommendations for the use or allocation of this additional projected fund balance during our upcoming budget work sessions.

Quarterly Economic Indicators Report

The Quarterly Economic Indicators Report (QEIR) (Attachment D) shows the state of the County’s economy. The QEIR contains data taken from the most recently available quarter and compares this data with data from the same quarter of previous fiscal years. General economic activity, as measured by six select revenue streams, collectively grew between Q1 FY 16 and Q1 FY 17 (the most recent quarter for which complete data is readily available), although there was substantial variation in the performance of the revenue streams. The unemployment rate in Albemarle declined between Q1 FY 16 and Q1 FY 17, dropping from 3.80% to 3.57%. This year-over-year decline was consistent with drops in national and state rates. Nominally, the County appears to have reached “full employment.” The County’s jobs base, meanwhile, appears to have experienced robust growth between Q4 FY 15 and Q4 FY 16, again the most recent quarter for which information is available. The total number of jobs increased from 53,280 to 54,793. This growth of 1,513 positions is consistent with a healthy local labor market. The revenue stream, unemployment rate, and jobs data suggest that the County’s economy grew at a reasonably healthy pace in the most recent year, a situation that is consistent with the U.S. and state economies.

BUDGET IMPACT: Revenues and expenditures data contained in the UQFR reflects the state of the County’s FY 17 budget-to-actual financial performance as of December 31, 2016. Year-end projections contained in the

GFRFPR are subject to change, based on the result of actual collections and expenditures through June 30, 2017. 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:

Attachment A - Unaudited Quarterly Financial Report

Attachment B - General Fund Revenue Financial Projections

Attachment C - General Fund Revenue Financial Projections Table

Attachment D - Q2 FY 17 Quarterly Economic Indicators Report

Attachment E - Q2 FY 17 Quarterly Economic Indicators Report Table