



# Albemarle County

## Legislation Text

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**File #:** 17-317, **Version:** 1

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**AGENDA DATE:** 5/3/2017

**TITLE:**

Q3 FY 17 Unaudited Quarterly Financial Report; Q3 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 March 31, 2017. 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.

**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) reflects year-to-date (YTD) data through March 31, 2017, the end of the third quarter (Q3) of FY 17. 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 17 were \$143,606,745 compared to \$136,241,227 in Q3 FY 16. In percentage terms, FY17 YTD actual revenues as a percentage of FY 17 Revised Budget revenues were 55.43%, compared to 54.37% in FY 16.

*Expenditures - YTD Actual* YTD total expenditures in Q3 FY 17 were \$192,208,415 compared to \$184,778,815 in Q3 FY 16. In percentage terms, FY 17 YTD actual expenditures as a percentage of FY 17 Revised Budget expenditures were 74.19%, compared to 73.74% in FY 16.

*County Executive Authorized Transfers and Appropriations* - A table listing the County Executive authorized transfer and appropriations made during the third quarter of FY 17 is included on page 8.

*ACPS Quarterly Financial Report* - As requested by the Board, the Albemarle County Public Schools Quarterly Financial Report as of March 31, 2017 is included as a table on page 11 of the QFR. An *Investment Activity Summary* for the Quarter Ended March 31, 2017 is included on page 12.

#### 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 \$6.654 million. This result reflects better-than-expected growth in most major revenue streams. Expenditures, including transfers, are projected to be \$4.831 million above March 31, 2017 appropriated expenditures. Note that the difference between the March 31, 2017 appropriated expenditures and forecasted FY 17 expenditures is due primarily to the FY 16 year-end surplus that the Board appropriated in April of 2017. For purposes of balancing the budget, supplemental appropriations made by the Board during FY17 have identified excess FY16 fund balance as the source of funding the additional expenditures, however, because of stronger than expected revenues, it is unlikely that use of fund balance will be necessary. As a result of better than expected revenue collections and better than expected expenditure savings, the County can expect to add \$1.8M to the existing excess fund balance at the end of FY17.

The result of the surplus in revenues plus the anticipated expenditures and transfers is a projected net increase of \$1.823 million additional fund balance by the end of FY 17.

#### 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, grew between Q2 FY 16 and Q2 FY 17 (the most recent quarter for which complete data is readily available for all of the revenue streams), although there was substantial variation in the performance of the revenue streams. The unemployment rate in Albemarle declined slightly between Q2 FY 16 and Q2 FY 17, dropping from 3.37% to 3.33%. This essentially flat year-over-year performance was consistent with the behavior of the national and state unemployment rates. Nominally, the County appears to have reached "full employment." The County's jobs base, meanwhile, appears to have experienced robust growth between Q1 FY 16 and Q1 FY 17, again the most recent quarter for which information is available. The total number of jobs increased from 51,873 to 53,394. This growth of 1,521 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 March 31, 2017. 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 affect 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: Gen. Fund Rev. Financial Projections

Attachment C: Gen Fund. Rev. Financial Projections Table

Attachment D: Q3 FY 17 Quarterly Economic Indicators Report

Attachment E: Q3 FY 17 Quarterly Economic Indicators Report Table I