



Albemarle County

Legislation Text

File #: 19-168, **Version:** 1

AGENDA DATE: 2/20/2019

TITLE:

Q2 FY 19 Quarterly Financial Report; Q2 FY 19 General Fund Revised Financial Projections Report; and Q2 FY 19 Economic Indicators Report

SUBJECT/PROPOSAL/REQUEST: Most recent financial indicators; and County economic indicators

ITEM TYPE: Consent Information Item

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

PRESENTER (S): N/A

LEGAL REVIEW: Not Required

REVIEWED BY: Jeffrey B. Richardson

BACKGROUND: The attached Quarterly Financial Report (QFR) (Attachment A) provides information regarding the County's FY 19 General Fund and School Fund performance as of December 31, 2018. The General Fund Revised Financial Projections Report (Attachments B and C) includes projected General Fund revenues and expenditures for FY 19. The Quarterly Economic Indicator Report (Attachments D and E) provides an overview of recent general economic conditions in the County.

STRATEGIC PLAN: Quality Government Operations: Ensure County government's capacity 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 December 31, 2018, the end of the second quarter (Q2) of FY 19. 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 FY 19 were \$129,428,012 compared to \$123,899,488 in Q2 FY 18. In percentage terms, FY 19 YTD actual revenues as a percentage of FY19 Revised Budget revenues were 44.09%, compared to 44.61% in FY 18.

Expenditures - YTD Actual

YTD total expenditures in Q2 FY 19 were \$133,690,574 compared to \$128,096,505 in Q2 FY 18. In percentage terms, FY 19 YTD actual expenditures as a percentage of FY 19 Revised Budget expenditures

were 45.54%, compared to 46.12% in FY 18.

County Executive Authorized Transfers and Appropriations A table listing the County Executive authorized transfer and appropriations made during the first quarter of FY 19 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, 2018 is included as a table on page 11 of the QFR.

An *Investment Activity Summary* for the Quarter Ended December 31, 2018 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, 2019, actual revenues, including transfers, are forecasted to be above appropriated revenues by \$0.269 million. This result reflects better-than-expected growth in most major revenue streams. Expenditures, including transfers, are projected to be \$1.323 million below appropriated expenditures. The difference between appropriated expenditures and forecasted expenditures is due primarily to the fact that funding for the Public Safety Pay Scale adjustment has not yet been distributed to departments. The result of the surplus in revenues plus the anticipated expenditures savings is a projected net increase (rounded) of \$1.592 million additional fund balance by the end of FY 19. Please note that this projected \$1.592 million in additional fund balance equals only 0.54% of the forecasted \$292.249 million FY 19 expenditures and transfers; this small percentage “buffer” would seem to indicate a disciplined budgetary environment.

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 five select revenue streams, collectively grew between Q2 FY 18 and Q2 FY 19 (the most recent quarter for which complete data is readily available), although revenue in one stream fell steeply, while revenue in other streams was either relatively flat or grew substantially. The unemployment rate in Albemarle declined between Q2 FY 18 and Q2 FY 19, dropping from 2.97% to 2.37%. This year-over-year decline was consistent with drops in national and state rates. Nominally, the County appears to be experiencing a labor shortage. The County's jobs base, meanwhile, appears to have experienced growth between Q1 FY 18 and Q1 FY 19, again the most recent quarter for which information is available. The total number of jobs increased from 55,871 to 56,103. Note that this growth of 0.42% year-over year was much more subdued than in recent quarters. This result suggests that the local labor market might have cooled in Q1 FY 19. Despite reasonably good strength in the County's labor market, the inflation-adjusted average weekly wage remained essentially flat between Q1 FY 18 and Q1 FY 19. The Federal Housing Finance Agency's Home Price Index for the region, meanwhile, grew by 3.22%. Collectively, the data suggests that the County's economy grew at a healthy pace in the most recent year, a situation that is consistent with the U.S. and state economies. The outlook for the County's economy in coming quarters generally looks good, but there exist foreseeable scenarios in which growth might slow or reverse.

BUDGET IMPACT: Revenues and expenditures data contained in the UQFR reflects the state of the County's FY 19 budget-to-actual financial performance as of December 31, 2018. 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 Revised Financial Projections Report

Attachment C - General Fund Revised Financial Projections Table

Attachment D - Q2 Economic Indicators Report

Attachment E - Q2 Economic Indicators Report Table