

SUPPLEMENTAL PACKET

BOARD OF SUPERVISORS FINANCE/GOVERNMENT OPERATIONS AND ECONOMIC DEVELOPMENT COMMITTEE

March 8, 2016

- Item 10, Quarterly Report/Budget FY 2016 Q2 (Information)
(Item not included in the FGOEDC packet distributed March 3, 2016)

Date of Meeting: March 8, 2016

#10

**BOARD OF SUPERVISORS
FINANCE/GOVERNMENT OPERATIONS AND
ECONOMIC DEVELOPMENT COMMITTEE
INFORMATION ITEM**

SUBJECT: **Quarterly Report/FY 2016 Second Quarter Financial Update,
Cash Proffer and Debt Report**

ELECTION DISTRICT: Countywide

STAFF CONTACTS: Erin McLellan, Department of Management and Budget
Megan Bourke, Department of Management and Budget
Doug Kinney, Department of Management and Budget

PURPOSE: To provide an update on revenues, expenditures, and projected fiscal year-end outlook; and a review of cash proffer activity and debt financing activity.

BACKGROUND: At the request of the Finance/Government Operations and Economic Development Committee, staff provides a report on General Fund revenues, expenditures, and projected fiscal year-end outlook on a fiscal year quarterly basis. This report provides the current outlook for revenues and expenditures based on actual financial data through January 2016 (second quarter plus January) as well as a review of Cash Proffer activity (Attachment 2) and a Debt Financing activity (Attachment 3). The Cash Proffer report summarizes the cash proffer/condition balances accrued as of December 31, 2015. The Debt report summarizing FY 2016 debt financing activity through December 31, 2015.

At the conclusion of January 2016, the General Fund is projected to yield a year-end balance of approximately \$43.4 million from the Revised Budget. The balance derives from estimated unused budget authority and additional estimated revenue. Of the estimated FY 2016 balance, \$10 million is committed and unavailable as it has been identified as the approximate addition to the fiscal reserve for FY 2016 for both the County and Loudoun County Public Schools, resulting in a potential available balance of \$33.4 million.

Table 1 presents a high level summary of trends, forecasts, and variances for the General Fund based on data through January 31, 2016.

Table 1. General Fund Forecast Overview¹

	Adopted	Revised	Forecast	Variance	
Revenues	\$1,356,277,900	\$1,406,793,500	\$1,427,842,200	\$21,048,700	1.5%
Expenditures	\$1,356,277,900	\$1,406,793,500	\$1,384,491,200	\$22,302,300	1.6%
Total				\$43,351,000	

Revenue Drivers and Economic Summary

Table 2. General Fund Revenue Forecast

Revenue Category	Adopted	Revised	Forecast	Variance
General Property Taxes	\$977,199,600	\$977,199,600	\$995,108,400	\$17,908,800
Other Local Taxes	\$139,901,600	\$139,901,600	\$142,599,700	\$2,698,100
Permits, Fees & Licenses	\$20,957,900	\$20,957,900	\$21,142,700	\$184,800
Fines & Forfeitures	\$2,175,900	\$2,175,900	\$2,039,500	\$(136,400)
Revenues From Use Of Money	\$3,847,400	\$3,850,000	\$5,155,800	\$1,305,800
Charges For Services	\$33,802,900	\$33,896,100	\$34,556,300	\$660,200
Miscellaneous Revenues	\$296,400	\$538,700	\$575,500	\$36,800
Recovered Costs	\$9,671,100	\$9,820,600	\$7,922,700	\$(1,897,900)
Intergovernment – Commonwealth	\$83,669,400	\$87,087,700	\$86,807,900	\$(279,800)
Intergovernment - Federal	\$4,647,000	\$5,870,400	\$6,693,600	\$823,200
Other Financing Sources	\$80,108,700	\$125,495,000	\$125,240,100	\$(254,900)
Total	\$1,356,277,900	\$1,406,793,500	\$1,427,842,200	\$21,048,700

More than 80 percent of General Fund revenues are derived from six sources: Real and Personal Property taxes (70 percent), Local Sales and Use taxes (5 percent), Utility taxes (2 percent), BPOL (2 percent), Recordation taxes (1 percent), and Building Permits (1 percent). The revenues from these sources depend upon the willingness and ability of individuals to invest in homes and/or businesses in the County and to purchase goods and services within the County.

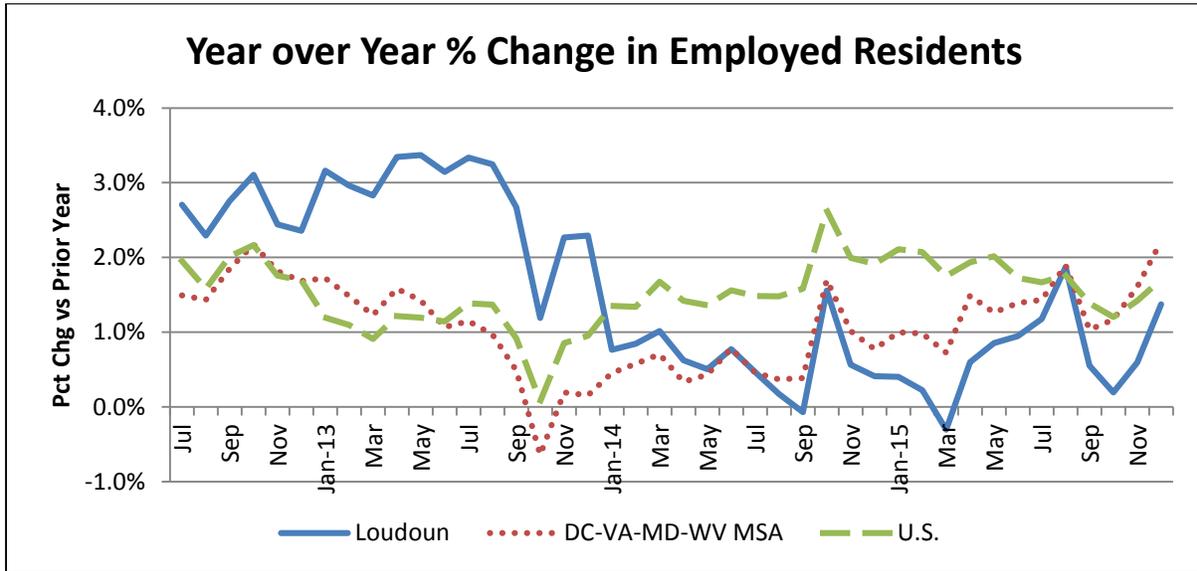
The February 2016 Wall Street Journal (WSJ) survey of U.S. economic forecasts shows average expected U.S. GDP growth for 2016 of 2.3 percent – nearly half a percentage point less than the rate expected last April when the FY 2016 Budget was adopted but better than the 1.9 percent rate estimated for 2015. No one in the WSJ survey is predicting a recession in 2016, but 84 percent of the respondents expect their future forecasts of U.S. economic activity to be lower than their current projection. Job growth remains steady; wages are starting to increase; mortgage rates and energy prices remain low, all of which should encourage consumer spending which represents 70 percent of GDP. However, apart from motor vehicles, consumer spending has not accelerated

¹ The Revised Budget includes prior year encumbrances and use of assigned/committed fund balance.

significantly. Recent episodes of financial market volatility in August 2015 and February 2016 have reduced the financial wealth of households and lowered consumer confidence. The financial market uncertainty largely stems from the economic slowdown in China and several emerging economies that supplied large amounts of raw material to China. The U.S. exports a very small percentage of its output to China, but the appreciation of the U.S. dollar has made U.S. manufactured goods more expensive abroad, thereby reducing manufacturing exports. These circumstances do not make a recession inevitable (manufacturing orders for durable goods actually increased in January), but they increase the risk of recession should an unforeseen shock occur (e.g., government shutdown, large bank failure, major terrorist attack).

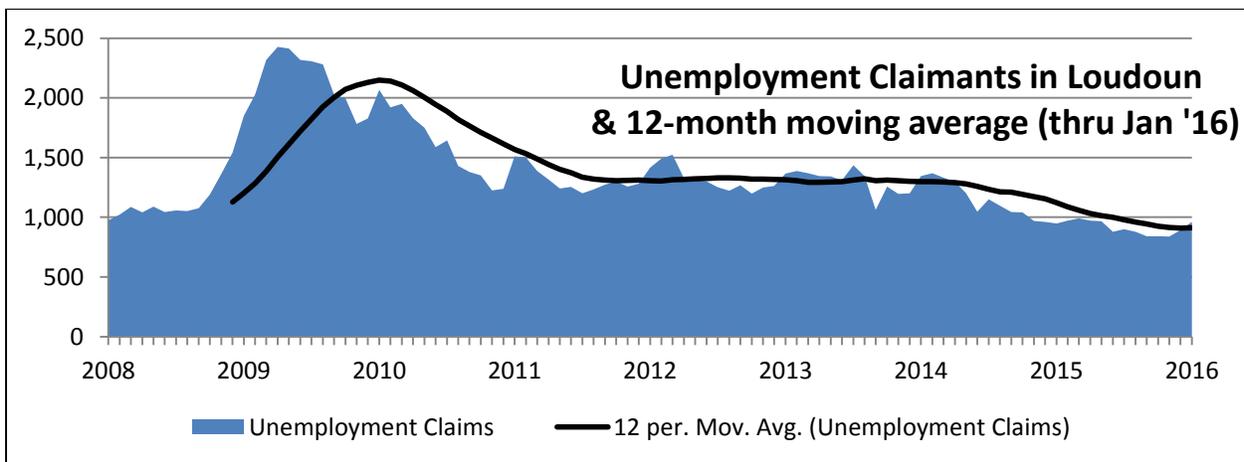
Meanwhile, economic growth in the Washington, D.C. region, including Northern Virginia, appears to be improving in 2016 after lagging the national economy for roughly two years. Employment growth in the region began slowing in the spring of 2013 from annual rates in the 1.5 to 2.0 percent range to less than 0.5 percent as of year-end 2013. This coincided with phased reductions in Federal discretionary spending imposed by the Budget Control Act of 2011 (BCA) which have reduced annual discretionary spending by \$170 billion relative to its 2010 peak. The reductions mandated by the BCA negatively impacted the regional economy, but federal spending has now stabilized; and the regional economy appears to be reallocating the resources released by the federal government to other uses. Payroll employment in the Washington, DC region in the second quarter of 2015 was 1.5 percent higher than in the second quarter of 2014. Of the approximate 46,000 job increase, an estimated 13,300 were in the highly-paid “Professional and Business Services” category. The following sections provide further discussion of the local economy.

Labor Market – Employment Growth and Unemployment: The chart below shows the year-over-year percent growth in the number of employed residents (including self-employed) for the United States, Loudoun, and for the Washington, D.C. Metropolitan Statistical Area (“MSA”), which includes the District of Columbia and many surrounding counties. Prior to the summer of 2013, employment growth among Loudoun residents significantly exceeded the rates of both the U.S. and the DC region. Since then, however, growth in employment among residents of the region, including Loudoun, fell below the national rate; but as of December 2015, these rates of employment growth have increased to rates comparable to that of the U.S. (Please see previous discussion of the BCA.)



The latest available data on payroll employment within Loudoun is preliminary for the second quarter (Q2) of 2015. This data indicates that employment within the County was 2.8 percent higher in 2015 Q2 than it was a year earlier. The number of jobs in the “Professional and Business Services” category increased by 5.4 percent. The improving regional employment situation should help to bolster the housing market as discussed below.

The improved employment picture for Loudoun residents in recent months is further evidenced by declines in unemployment claims. The County’s unemployment rate in December 2015 was 3.1 percent or 0.5 percentage points lower than a year prior. Moreover, Loudoun’s rate continues to be lower than either Virginia’s (3.9 percent) or the U.S. rate (4.8 percent, not seasonally adjusted).



Real Property: DAAR/RBI² market data for all of 2015 show that sales of existing homes, including detached homes, townhouses, and condos, are 11.8 percent higher than in 2014. Due to the significant increase in active inventory at the start of 2015, the extent of price appreciation was negligible. The dramatic increase in sales activity in 2015 was likely due to continuing low interest rates, improving regional employment, and the increase in sale inventory at the start of 2015. DAAR reports that at year's end, the active inventory is 10 percent lower than the number of a year ago, which should exert upward pressure on sale prices in the coming months.

The Real Property Sales Report for Loudoun compiled from the County's own records is summarized below. 2015 sales of existing homes (all types) were 17 percent higher than in 2014. Sales of newly constructed homes were down 16 percent. The number of new residential dwelling units permitted during 2015 was 11 percent higher than in 2014. Permits for multi-family and group quarters units were up sharply (i.e., 148 percent) while permits for single-family detached homes declined 12 percent versus 2014. Single-family attached permits in 2015 were almost the same as in 2014. The decline in the number of existing homes on the market together with improving regional employment should tend to promote new home construction in future months. Lagging new home construction has been evident both nationally and locally with most of the increased activity involving multi-family units. However, the February 2016 value of the Housing Market Index component representing home builders' expectation for sales of new single-family homes over the next six months is still higher than it was a year ago even though the value has declined from the high reported in October 2015³. Both the Residential Permit Monthly Trends report and the Real Property Sales Report can be viewed via <http://www.loudoun.gov/index.aspx?nid=2528>.

² Year-end Housing Market Update-2015, Loudoun County, VA; Dulles Area Association of REALTORS® (DAAR) is based on multiple listing data from Real Estate Business Intelligence, LLC (RBI).

³ National Association of Home Builders and Wells Fargo, Housing Market Index (HMI) <https://www.nahb.org/en/research/housing-economics/housing-indexes/housing-market-index.aspx>

Single-Family Detached

Year	Distressed	New Construction	Pending	Existing	Total (excl. distressed)
2014	189	1466	1	2071	3538
<u>2015</u>	<u>226</u>	<u>1268</u>	<u>0</u>	<u>2472</u>	<u>3740</u>
Change	37	-198	-1	401	202
Pct. Chg.	20%	-14%	NA	19%	6%

Townhouse, Duplex, Condo

Year	Distressed	New Construction	Pending	Existing	Total (excl. distressed)
2014	162	1555	1	2283	3839
<u>2015</u>	<u>210</u>	<u>1274</u>	<u>2</u>	<u>2630</u>	<u>3906</u>
Change	48	-281	1	347	67
Pct. Chg.	30%	-18%	100%	15%	2%

All Types

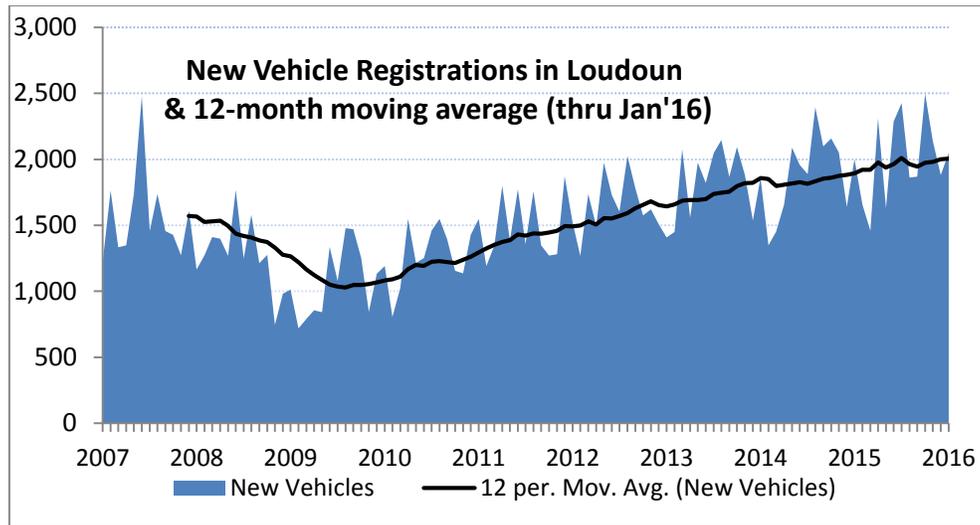
Year	Distressed	New Construction	Pending	Existing	Total (excl. distressed)
2014	351	3021	2	4354	7377
<u>2015</u>	<u>436</u>	<u>2542</u>	<u>2</u>	<u>5102</u>	<u>7646</u>
Change	85	-479	0	748	269
Pct. Chg.	24%	-16%	0%	17%	4%

Source: Commissioner of the Revenue compiled by Dept. of Mgmt. and Budget

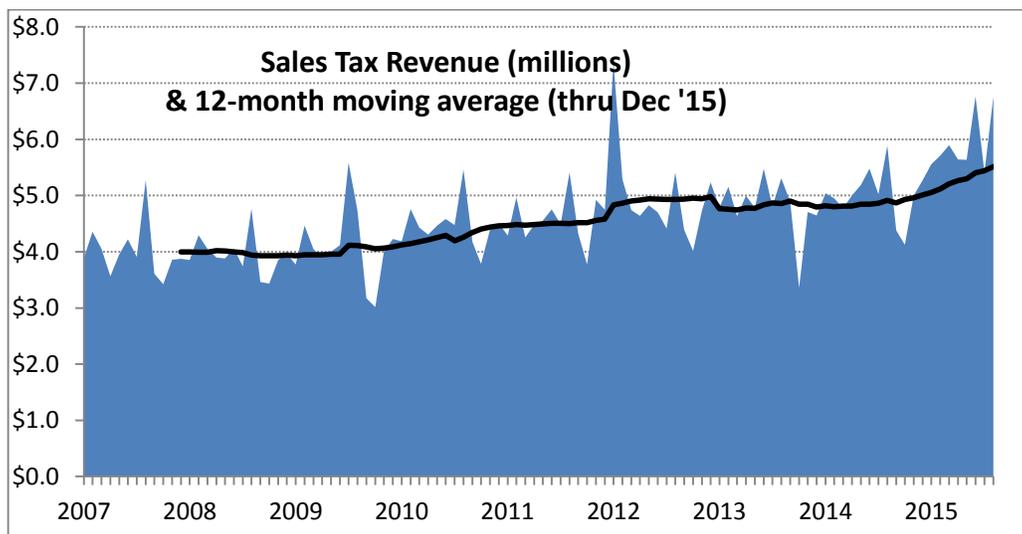
Commercial property development in Loudoun continues at a healthy pace. The Department of Economic Development reports that 3.14 million square feet of commercial space was permitted in 2015, as compared to 1.93 million in 2014, an increase of more than 60 percent.

Personal Property: Personal property tax revenue in FY 2016 is expected to be \$19.2 million higher than projected in the budget. Higher than expected revenue on computer equipment accounts for \$14 million of the total, with most of the remainder attributable to Furniture and Fixtures. The dollar value of equipment declared by data center owners in their April 15 filings with the County far exceeded the amount previously expected. Consequently, personal property tax revenue on Computer Equipment in FY 2015 increased by more than 20 percent for the third consecutive year. The higher-than-expected FY 2015 assessment and revenue result in an upward revision to expected FY 2016 revenue, which is slated to increase by 15 percent over FY 2015.

The chart below shows that since mid-2009 Loudoun residents have continued to purchase new automobiles and light trucks in greater numbers (source: VADA). New vehicle purchases exhibit substantial month-to-month swings due to such things as weather variations and sales promotions. The severe winter weather in early 2014 negatively impacted vehicle purchases causing the moving average to decline and flatten for several months, but improving sales since mid-2014 pushed the average to a new peak of 2,009 vehicles in July 2015. New vehicle registrations in the first seven months of FY 2016 are 3.4 percent higher than for the corresponding period in FY 2015.



Sales Tax Revenue in FY 2016 is projected to total \$64.5 million, which is \$1.3 million above the adopted budget amount. In both FY 2013 and FY 2014, the County’s Sales & Use tax distribution was impacted by prior-period adjustments to correct distribution errors from previous years. (The potential for such corrections is ever present as the State Auditor conducts its ongoing analysis of revenue distribution.) With the exception of October 2015, year-over-year growth in Loudoun sales tax revenue through December has consistently exceeded the assumed 5 percent rate of increase in the FY 2016 forecast. This strong performance accounts for the upward revision to the expected FY 2016 revenue from this source.

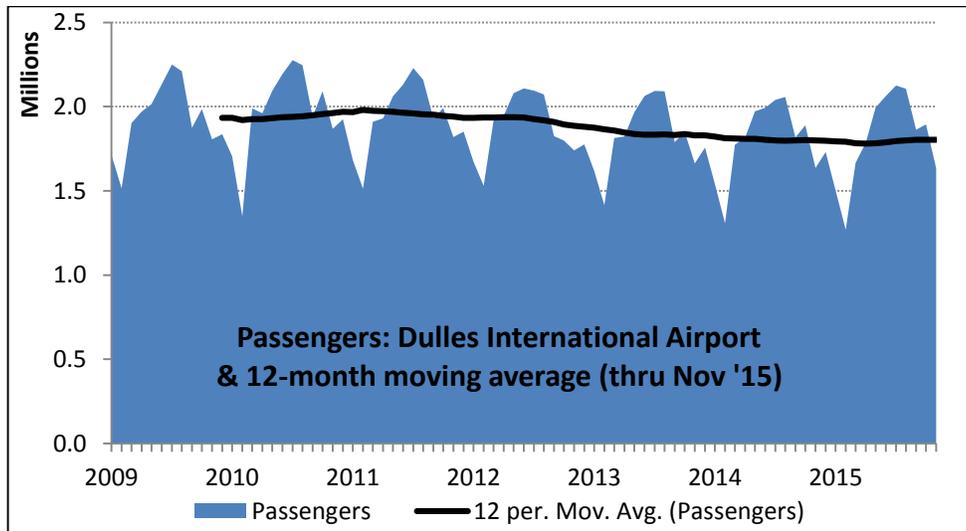


Hospitality Industry: The two-percent unrestricted portion of FY 2016 TOT revenue is expected to be \$390,000 above the budget estimate, an increase of nearly 20 percent. FY 2015 revenue was 21 percent higher than in FY 2014. According to STR Global, Loudoun’s hotel industry has experienced two consecutive summers of high occupancy rates and higher prices for

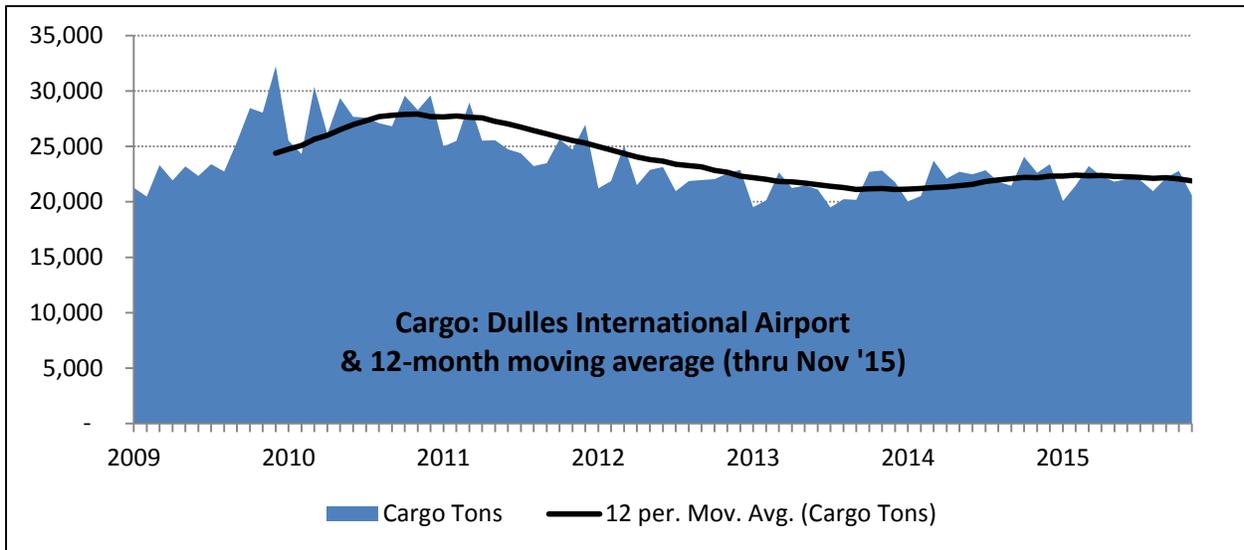
rooms. Occupancy rates for Loudoun hotels in May and June 2015 exceeded 80 percent and are the highest reported rates since the summer of 2000. These unusually high occupancy rates may partly be due to temporary circumstances (e.g., large construction crews at the Panda-Stonewall Energy Project and the 2015 Police and Fire Games). Nevertheless, the twelve-month moving average occupancy rate has exceeded its previous historic high value (i.e., approximately 65 percent in 2005-2007) since June 2015. Both occupancy rates and room rates in the fourth quarter of 2015 were above prior year levels. The latest TOT revenue estimate assumes that the occupancy rate will stabilize at the current high level, and room prices will increase moderately since they are currently below the levels experienced during previous high-occupancy years.

Areas of Concern

Passenger counts at Dulles International Airport stabilized in the first half of 2015 due to a pickup in domestic passenger traffic. It is unclear whether this increase is sustainable or whether there will be a return to established trend of declining domestic volume that is partially offset by increased international travel. Domestic passenger traffic at Dulles has been negatively impacted by the FAA’s decision to allow longer-distance domestic flights to and from Reagan National Airport. Governor McAuliffe’s proposed budget includes a \$50 million grant to the airport to be paid over two years for the purpose of assisting it in business attraction and retention by lowering airport fees. Whether such a temporary injection of funds would have a significant impact on airport fees in the long-run remains to be seen.



Cargo traffic through Dulles International Airport had exhibited a steeper decline than passenger traffic. In 2014 increased international cargo, which accounts for approximately 60 percent of all cargo traffic at Dulles, picked up significantly. However, this increase has not been sustained in 2015 as evidenced by the recent decline in the 12-month average tonnage. The airport faces stiff competition for this business from other U.S. airports (notably Atlanta and Memphis), which have far more international cargo flights than Dulles.



Expenditures Overview and Year-End Forecast

The following tables reflect the projected year-end expenditure balances for the General Fund. These projections take into account previous year spending patterns, current vacant positions, projected turnover of staff, established contractual requirements, and future obligations.

Staff refines year-end projections on a monthly basis and works with County departments to identify revenue collection and spending trends as well as discusses any issues that could have an adverse impact on department budgets. The current projected year-end balance for the General Fund expenditure is \$22.3 million or 1.6 percent of the current Revised FY 2016 Budget. Table 3 reflects the projected year-end balance of unused appropriation for the General Fund.

Table 3. FY 2016 General Fund Expenditure Forecast

Expenditure Category	Adopted	Revised	Forecast	Variance
Personnel	\$313,836,300	\$315,779,100	\$306,192,600	\$9,586,500
Operating & Maintenance	\$795,816,300	\$852,451,900	\$842,927,500	\$9,524,400
Capital Outlay	\$2,387,600	\$2,584,600	\$2,458,300	\$126,300
Use of Other Sources/Transfers	\$244,237,700	\$235,977,900	\$232,912,800	\$3,065,100
Total	\$1,356,277,900	\$1,406,793,500	\$1,384,491,200	\$22,302,300

Attachment 1 reflects the projected year-end totals for each department in summary format. The variance column reflects the projected year-end balance or unused appropriation by department.

The FY 2016 Revised vacancy savings target is \$11.8 million; countywide personnel savings is projected to meet and exceed this vacancy factor, as shown in the table above. The Department of Human Resources tracks turnover closely and, based on January actuals, is projecting a turnover rate for FY 2016 of 11.1 percent; actual turnover for FY 2015 was 11.1 percent.

Attachment 1 includes a detailed summary of department expenditure projections.

ISSUES:

On February 2, 2016, the Board of Supervisors was presented with a report estimating the cost of emergency response and staffing related to the declaration of local emergency for Winter Storm Jonas. At the February 2 Business Meeting, the Board appropriated \$3.5 million of anticipated FY 2016 General Fund balance to account for these unforeseen expenditures during the local emergency. While the full costs of the response are still being finalized, the second quarter report projects that all but an estimated \$435,000 of the incurred expenditures can be absorbed through General Fund department budgets at this time. It is likely a significant amount of the approved use of current year fund balance will be unused and returned to year-end fund balance. Staff will provide an update on the cost of storm response in its third quarter report.

Staff has identified no issues that require Board action in the current FY 2016 forecast. The Department of Management and Budget will continue to monitor revenues and expenditures closely.

ATTACHMENTS:

1. FY 2016 Second Quarter plus January Department Expenditure Projections
2. FY 2016 Second Quarter Cash Proffer/Condition Balance Report
3. FY 2016 Second Quarter Debt Report

Department	Adopted	Revised	Forecast	Variance
GENERAL GOVERNMENT ADMINISTRATION				
Board of Supervisors	\$ 2,181,500	\$ 2,197,700	\$ 2,100,400	\$ (97,300)
Personnel	\$ 1,653,100	\$ 1,641,900	\$ 1,547,500	\$ (94,400)
Operating & Maintenance	\$ 528,400	\$ 555,800	\$ 552,900	\$ (2,900)
Commissioner of the Revenue	\$ 6,514,400	\$ 6,573,100	\$ 6,245,500	\$ (327,600)
Personnel	\$ 5,909,300	\$ 5,945,800	\$ 5,650,300	\$ (295,500)
Operating & Maintenance	\$ 605,100	\$ 627,300	\$ 595,200	\$ (32,100)
County Administrator	\$ 3,720,600	\$ 3,823,100	\$ 3,703,400	\$ (119,700)
Personnel	\$ 3,214,400	\$ 3,136,800	\$ 3,115,300	\$ (21,500)
Operating & Maintenance	\$ 506,200	\$ 686,300	\$ 588,100	\$ (98,200)
County Attorney	\$ 2,856,500	\$ 3,618,500	\$ 3,614,800	\$ (3,700)
Personnel	\$ 2,694,000	\$ 2,737,700	\$ 2,737,700	\$ -
Operating & Maintenance	\$ 162,500	\$ 880,800	\$ 877,100	\$ (3,700)
Elections and Voter Registration	\$ 1,793,100	\$ 1,810,400	\$ 1,696,500	\$ (113,900)
Personnel	\$ 1,245,900	\$ 1,251,400	\$ 1,186,400	\$ (64,900)
Operating & Maintenance	\$ 547,200	\$ 559,000	\$ 510,100	\$ (49,000)
Finance and Procurement	\$ 4,883,600	\$ 5,681,100	\$ 5,237,200	\$ (443,900)
Personnel	\$ 4,270,400	\$ 4,602,000	\$ 4,262,100	\$ (339,900)
Operating & Maintenance	\$ 613,200	\$ 1,079,100	\$ 975,100	\$ (104,000)
General Services	\$ 33,279,700	\$ 37,327,900	\$ 37,058,100	\$ (269,800)
Personnel	\$ 9,403,600	\$ 9,778,600	\$ 9,778,600	\$ -
Operating & Maintenance	\$ 22,838,000	\$ 26,243,300	\$ 25,973,500	\$ (269,800)
Capital Outlay	\$ -	\$ 267,900	\$ 267,900	\$ -
Use of Other Sources/Transfers	\$ 1,038,100	\$ 1,038,100	\$ 1,038,100	\$ -
Human Resources	\$ 6,570,000	\$ 6,798,900	\$ 6,502,000	\$ (296,900)
Personnel	\$ 3,312,200	\$ 3,365,700	\$ 3,212,700	\$ (153,000)
Operating & Maintenance	\$ 3,257,800	\$ 2,403,500	\$ 2,259,600	\$ (143,900)
Use of Other Sources/Transfers	\$ -	\$ 1,029,700	\$ 1,029,700	\$ -
Information Technology	\$ 26,145,300	\$ 28,846,400	\$ 28,215,400	\$ (631,000)
Personnel	\$ 11,771,400	\$ 11,703,200	\$ 11,424,200	\$ (279,000)
Operating & Maintenance	\$ 14,294,900	\$ 16,941,500	\$ 16,591,200	\$ (350,300)
Capital Outlay	\$ 79,000	\$ 194,700	\$ 193,000	\$ (1,600)
Use of Other Sources/Transfers	\$ -	\$ 7,000	\$ 7,000	\$ -
Management and Budget	\$ 2,027,600	\$ 1,957,900	\$ 1,751,800	\$ (206,100)
Personnel	\$ 1,742,900	\$ 1,630,600	\$ 1,546,300	\$ (84,400)
Operating & Maintenance	\$ 284,700	\$ 327,300	\$ 205,500	\$ (121,800)
Treasurer	\$ 4,756,700	\$ 4,929,900	\$ 4,761,900	\$ (168,000)
Personnel	\$ 3,655,800	\$ 3,761,400	\$ 3,594,400	\$ (167,000)
Operating & Maintenance	\$ 1,065,900	\$ 1,133,500	\$ 1,132,500	\$ (1,100)
Capital Outlay	\$ 35,000	\$ 35,000	\$ 35,000	\$ -
SUBTOTAL - General Government	\$ 94,729,000	\$ 103,564,900	\$ 100,887,000	\$ (2,677,900)

Department	Adopted	Revised	Forecast	Variance
PUBLIC SAFETY AND JUDICIAL ADMINISTRATION				
Animal Services	\$ 3,068,600	\$ 3,129,600	\$ 2,838,900	\$ (290,700)
Personnel	\$ 2,577,900	\$ 2,599,700	\$ 2,356,100	\$ (243,600)
Operating & Maintenance	\$ 490,700	\$ 529,900	\$ 482,800	\$ (47,100)
Clerk of the Circuit Court	\$ 3,921,000	\$ 4,031,600	\$ 4,015,500	\$ (16,100)
Personnel	\$ 3,658,900	\$ 3,769,500	\$ 3,764,800	\$ (4,700)
Operating & Maintenance	\$ 262,100	\$ 262,100	\$ 250,700	\$ (11,400)
Commonwealth's Attorney	\$ 3,384,600	\$ 3,405,300	\$ 3,357,000	\$ (48,300)
Personnel	\$ 3,246,200	\$ 3,266,500	\$ 3,220,800	\$ (45,700)
Operating & Maintenance	\$ 138,400	\$ 138,800	\$ 136,200	\$ (2,600)
Community Corrections	\$ 1,925,400	\$ 2,066,500	\$ 2,042,700	\$ (23,800)
Personnel	\$ 1,789,100	\$ 1,849,000	\$ 1,835,100	\$ (13,900)
Operating & Maintenance	\$ 136,300	\$ 217,500	\$ 207,600	\$ (9,900)
Courts	\$ 1,451,700	\$ 1,487,500	\$ 1,417,400	\$ (70,100)
Personnel	\$ 1,047,800	\$ 1,080,300	\$ 1,069,200	\$ (11,100)
Operating & Maintenance	\$ 403,900	\$ 407,200	\$ 348,200	\$ (58,900)
Fire, Rescue and Emergency Services	\$ 71,160,500	\$ 73,767,800	\$ 72,633,900	\$ (1,133,900)
Personnel	\$ 55,217,300	\$ 56,073,700	\$ 56,073,700	\$ -
Operating & Maintenance	\$ 15,780,300	\$ 17,518,500	\$ 16,384,600	\$ (1,133,900)
Capital Outlay	\$ 162,900	\$ 175,600	\$ 175,600	\$ -
Juvenile Court Service Unit	\$ 2,051,300	\$ 2,087,600	\$ 2,022,600	\$ (65,000)
Personnel	\$ 1,718,700	\$ 1,718,700	\$ 1,682,100	\$ (36,600)
Operating & Maintenance	\$ 332,600	\$ 368,900	\$ 340,500	\$ (28,400)
Sheriff's Office	\$ 83,694,800	\$ 86,000,000	\$ 83,828,000	\$ (2,172,000)
Personnel	\$ 70,290,400	\$ 71,660,600	\$ 70,854,300	\$ (806,300)
Operating & Maintenance	\$ 12,753,400	\$ 13,253,000	\$ 11,887,300	\$ (1,365,700)
Capital Outlay	\$ 651,000	\$ 1,086,400	\$ 1,086,400	\$ -
SUBTOTAL - Public Safety and Judicial Administration	\$ 170,657,900	\$ 175,975,900	\$ 172,156,000	\$ (3,819,900)
HEALTH AND WELFARE				
Extension Services	\$ 403,500	\$ 405,500	\$ 404,200	\$ (1,300)
Personnel	\$ 298,200	\$ 315,800	\$ 315,800	\$ -
Operating & Maintenance	\$ 105,300	\$ 89,700	\$ 88,400	\$ (1,300)
Family Services	\$ 23,974,700	\$ 25,350,200	\$ 23,945,400	\$ (1,404,800)
Personnel	\$ 15,637,300	\$ 15,949,400	\$ 14,954,000	\$ (995,400)
Operating & Maintenance	\$ 8,247,000	\$ 9,259,200	\$ 8,849,800	\$ (409,400)
Capital Outlay	\$ 10,000	\$ 61,200	\$ 61,200	\$ -
Use of Other Sources/Transfers	\$ 80,400	\$ 80,400	\$ 80,400	\$ -
Health Services	\$ 4,646,700	\$ 4,674,100	\$ 4,644,600	\$ (29,500)
Personnel	\$ 2,367,800	\$ 2,383,100	\$ 2,374,400	\$ (8,600)
Operating & Maintenance	\$ 2,278,900	\$ 2,291,000	\$ 2,270,200	\$ (20,900)
MHSADS	\$ 34,522,600	\$ 37,323,900	\$ 35,252,600	\$ (2,071,300)
Personnel	\$ 28,335,200	\$ 29,200,700	\$ 27,639,800	\$ (1,560,900)
Operating & Maintenance	\$ 6,187,400	\$ 8,123,200	\$ 7,612,800	\$ (510,400)
SUBTOTAL - Health and Welfare	\$ 63,547,500	\$ 67,753,700	\$ 64,246,800	\$ (3,506,900)
PARKS, RECREATION, AND CULTURE				
Library Services	\$ 14,628,700	\$ 14,968,600	\$ 14,670,800	\$ (297,800)

Department	Adopted	Revised	Forecast	Variance
Personnel	\$ 11,391,800	\$ 11,408,700	\$ 11,141,300	\$ (267,400)
Operating & Maintenance	\$ 3,236,900	\$ 3,359,200	\$ 3,328,800	\$ (30,400)
Capital Outlay	\$ -	\$ 200,700	\$ 200,700	\$ -
Parks, Recreation and Community Services	\$ 39,333,900	\$ 40,848,900	\$ 38,637,100	\$ (2,211,800)
Personnel	\$ 30,194,300	\$ 30,399,200	\$ 28,964,700	\$ (1,434,500)
Operating & Maintenance	\$ 9,127,500	\$ 10,341,200	\$ 9,563,900	\$ (777,300)
Capital Outlay	\$ 12,100	\$ 108,500	\$ 108,500	\$ -
SUBTOTAL - Parks, Recreation and Culture	\$ 53,962,600	\$ 55,817,500	\$ 53,307,900	\$ (2,509,600)
COMMUNITY DEVELOPMENT				
Building and Development	\$ 20,617,000	\$ 21,577,100	\$ 19,236,900	\$ (2,340,200)
Personnel	\$ 18,673,200	\$ 18,719,100	\$ 17,473,400	\$ (1,245,700)
Operating & Maintenance	\$ 1,774,200	\$ 2,688,400	\$ 1,718,500	\$ (969,900)
Capital Outlay	\$ 169,600	\$ 169,600	\$ 45,000	\$ (124,600)
Economic Development	\$ 3,226,800	\$ 3,391,900	\$ 3,236,800	\$ (155,100)
Personnel	\$ 2,342,700	\$ 2,361,200	\$ 2,207,300	\$ (153,900)
Operating & Maintenance	\$ 884,100	\$ 1,030,700	\$ 1,029,500	\$ (1,200)
Mapping and Geographic Information	\$ 2,395,800	\$ 2,447,400	\$ 2,313,000	\$ (134,400)
Personnel	\$ 2,256,300	\$ 2,268,800	\$ 2,156,500	\$ (112,300)
Operating & Maintenance	\$ 139,500	\$ 178,600	\$ 156,500	\$ (22,100)
Planning Services	\$ 6,508,200	\$ 6,793,400	\$ 6,346,500	\$ (446,900)
Personnel	\$ 6,162,700	\$ 6,195,600	\$ 5,829,700	\$ (365,900)
Operating & Maintenance	\$ 345,500	\$ 597,800	\$ 516,800	\$ (81,000)
Transportation & Capital Infrastructure	\$ 29,720,400	\$ 31,699,700	\$ 28,427,500	\$ (3,272,200)
Personnel	\$ 6,704,500	\$ 6,753,800	\$ 6,248,800	\$ (505,100)
Operating & Maintenance	\$ 22,720,400	\$ 23,861,600	\$ 21,094,400	\$ (2,767,100)
Capital Outlay	\$ 43,000	\$ 285,000	\$ 285,000	\$ -
Use of Other Sources/Transfers	\$ 252,500	\$ 799,300	\$ 799,300	\$ -
SUBTOTAL - Community Development	\$ 62,468,200	\$ 65,909,500	\$ 59,560,700	\$ (6,348,800)
NON-DEPARTMENTAL	\$ 910,912,700	\$ 937,772,000	\$ 934,332,800	\$ (3,439,200)
Personnel	\$ 1,053,000	\$ (1,749,400)	\$ (2,024,700)	\$ (275,300)
Operating & Maintenance	\$ 665,768,000	\$ 706,498,000	\$ 706,399,200	\$ (98,800)
Capital Outlay	\$ 1,225,000	\$ -	\$ -	\$ -
Use of Other Sources/Transfers	\$ 242,866,700	\$ 233,023,400	\$ 229,958,300	\$ (3,065,100)
TOTAL - General Fund	\$ 1,356,277,900	\$ 1,406,793,500	\$ 1,384,491,200	\$ (22,302,300)

DATE: February 9, 2016
 TO: Finance, Government Operations and Economic Development Committee
 FROM: Charles Yudd, Assistant County Administrator
 Daniel Csizmar, Capital Budget Manager, DTCI
 Amy Kresge, Proffer Manager, Building and Development
 RE: Quarterly Cash Proffer/Condition Balance Report – 2nd Quarter FY 2016

Attached is the cash proffer/condition balance reports reflecting balances accrued as of December 31, 2015. This information includes an accounting of cash received from rezoning applications as well as cash received from special exception, subdivision and site plan approvals.

1. **Current Balance.** The current balance of rezoning related cash proffers is \$118.8 million, an increase of \$4.1 million from the FY 2016 1st quarter report. The County received \$6.7 million in cash proffer payments between October 1, 2015 and December 31, 2015, a decrease of \$11.8 million from the FY 2016 1st quarter report. Please be advised, of the \$118.8 million balance, \$52 million is encumbered for capital projects in the Adopted FY 2016 - FY 2020 CIP budget.
2. **Revenues.** The following lists the largest proffer contributions received during the 2nd quarter of FY 2016:

Table 1. Largest Proffer Contributions – 2nd Fiscal Quarter, FY 2016

Application #	Application Name	Contribution
ZMAP 2005-0001	Seven Hills (Virginia Manor)	\$1,126,680
ZMAP 2002-0003	CD Smith Property	\$1,086,558
ZMAP 2005-0026	Erickson Retirement Communities	\$812,557
ZMAP 2012-0012	Stone Ridge East	\$501,359
ZMAP 2002-0009	Goose Creak Preserve	\$406,413
ZMAP 2004-0022	Dawson's Cornoer	\$400,791

3. **Expenditures.** The following lists the utilization of cash proffers for various capital improvement projects in the 2nd Quarter of FY 2016 that were amendments to the FY 2016 CIP:

Table 2. Expenditure Activity – 2nd Fiscal Quarter, FY 2016

Project	Appropriation
Sterling Library	\$1,650,000

A summary of the programmed proffers in the FY 2016 – FY 2020 Adopted CIP is reported in the “Encumbered in CIP” column of this Quarterly Proffer Report. Transportation proffers, including cash contribution agreements, are under continuous review for applicability to potential road and transit related projects.

2Q FY2016 CASH PROFFER BALANCES AS OF 1/1/2016 - REZONING APPLICATIONS

CATEGORY/ADOPTED CIP PROJECT	REVENUES RECEIVED	EXPENDITURES	BALANCE	ENCUMBERED IN CIP	EST REMAINING BALANCE
ADU	\$1,178,812.74	\$137,213.73	\$1,053,746.91		\$1,053,746.91
(blank)	\$1,178,812.74	\$137,213.73	\$1,053,746.91		\$1,053,746.91
BOARD OPTION	\$3,917,096.47	\$3,973,842.87	\$224,648.59	\$140,389.00	\$84,259.59
FY 2017 Ashburn Recreation and Community Center	\$17,663.97	\$0.00	\$18,245.10	\$18,230.00	\$15.10
FY 2017 Ashburn Senior Center	\$50,431.03	\$50,431.00	\$7,243.13	\$7,243.00	\$0.13
FY 2017 Hanson Regional Park	\$114,400.00	\$0.00	\$115,006.94	\$114,916.00	\$90.94
(blank)	\$3,734,601.47	\$3,923,411.87	\$84,153.42		\$84,153.42
CAPITAL/COMMUNITY FACILITIES	\$20,469,788.79	\$16,736,371.70	\$5,623,084.12	\$5,454,616.48	\$168,467.64
FY 2017 Ashburn Recreation and Community Center	\$3,930,839.24	\$1,188,926.04	\$3,180,925.28	\$3,178,431.00	\$2,494.28
FY 2017 Ashburn Senior Center	\$6,712,128.16	\$6,940,676.80	\$678,029.17	\$677,497.48	\$531.69
FY 2017 Hanson Regional Park	\$6,320,373.68	\$4,984,725.00	\$1,566,985.35	\$1,565,757.00	\$1,228.35
FY 2018 Leesburg South Fire and Rescue Station	\$67,800.00	\$38,285.00	\$32,957.73	\$32,931.00	\$26.73
(blank)	\$3,438,647.71	\$3,583,758.86	\$164,186.59		\$164,186.59
CAPITAL FACILITIES	\$152,042,604.04	\$83,592,077.67	\$69,796,047.58	\$43,178,701.00	\$26,617,346.58
FY 2017 Ashburn Recreation and Community Center	\$10,638,572.21	\$5,866,490.28	\$4,959,457.32	\$4,954,900.00	\$4,557.32
FY 2017 Ashburn Recreation and Community Center - FY 2018 Ashburn Recreation and Community Center	\$1,174,415.92	\$0.00	\$1,179,139.71	\$1,178,216.00	\$923.71
FY 2017 Ashburn Senior Center	\$12,449,805.63	\$7,251,596.88	\$5,401,205.91	\$3,680,260.00	\$1,720,945.91
FY 2017 Hanson Regional Park	\$61,820,805.79	\$42,094,685.86	\$20,424,325.25	\$14,488,033.00	\$5,936,292.25
FY 2018 Ashburn Recreation and Community Center	\$24,089,777.79	\$3,127,255.00	\$21,017,730.45	\$18,625,223.00	\$2,392,507.45
FY 2018 Leesburg South Fire and Rescue Station	\$3,357,251.45	\$3,168,475.65	\$288,863.47	\$252,069.00	\$36,794.47
(blank)	\$38,511,975.25	\$22,083,574.00	\$16,525,325.47		\$16,525,325.47
COMMUTER	\$6,647,330.38	\$4,014,147.71	\$2,739,007.53		\$2,739,007.53
(blank)	\$6,647,330.38	\$4,014,147.71	\$2,739,007.53		\$2,739,007.53
CULTURAL/HISTORIC	\$830,185.00	\$0.00	\$831,902.70	\$201,102.00	\$630,800.70
FY 2017 Hanson Regional Park	\$200,000.00	\$0.00	\$201,260.54	\$201,102.00	\$158.54
(blank)	\$630,185.00	\$0.00	\$630,642.16		\$630,642.16
DATE	\$2,000.00	\$2,000.00	\$151.00		\$151.00
(blank)	\$2,000.00	\$2,000.00	\$151.00		\$151.00
FIRE	\$1,663,868.48	\$1,523,805.21	\$143,492.46		\$143,492.46
(blank)	\$1,663,868.48	\$1,523,805.21	\$143,492.46		\$143,492.46

CATEGORY/ADOPTED CIP PROJECT	REVENUES RECEIVED	EXPENDITURES	BALANCE	ENCUMBERED IN CIP	EST REMAINING BALANCE
HUMAN SERVICES	\$676,795.34	\$459,421.09	\$297,879.66		\$297,879.66
(blank)	\$676,795.34	\$459,421.09	\$297,879.66		\$297,879.66
HOUSING	\$488,975.15	\$305,031.02	\$233,199.25		\$233,199.25
(blank)	\$488,975.15	\$305,031.02	\$233,199.25		\$233,199.25
WORKFORCE HOUSING	\$393,231.15	\$0.00	\$394,164.67		\$394,164.67
(blank)	\$393,231.15	\$0.00	\$394,164.67		\$394,164.67
LIBRARY	\$1,681,810.85	\$750,000.00	\$1,029,109.51	\$85,000.00	\$944,109.51
FY 2020 Brambleton Library	\$70,353.96	\$0.00	\$85,225.47	\$85,000.00	\$225.47
(blank)	\$1,611,456.89	\$750,000.00	\$943,884.04		\$943,884.04
LANDSCAPING	\$18,989.00	\$0.00	\$19,701.78		\$19,701.78
(blank)	\$18,989.00	\$0.00	\$19,701.78		\$19,701.78
MISCELLANEOUS	\$346,548.02	\$331,500.00	\$17,785.31		\$17,785.31
(blank)	\$346,548.02	\$331,500.00	\$17,785.31		\$17,785.31
NOISE	\$10,000.00	\$10,000.00	\$137.07		\$137.07
(blank)	\$10,000.00	\$10,000.00	\$137.07		\$137.07
OPEN SPACE	\$2,708,635.49	\$1,065,547.33	\$2,024,997.29	\$57,554.00	\$1,967,443.29
FY 2017 Hanson Regional Park	\$476,297.84	\$466,607.00	\$57,599.49	\$57,554.00	\$45.49
(blank)	\$2,232,337.65	\$598,940.33	\$1,967,397.80		\$1,967,397.80
PARK	\$1,510,530.17	\$537,222.24	\$1,020,454.78	\$167,638.00	\$852,816.78
FY 2017 Hanson Regional Park	\$472,382.96	\$316,780.00	\$200,122.89	\$167,638.00	\$32,484.89
(blank)	\$1,038,147.21	\$220,442.24	\$820,331.89		\$820,331.89
RECYCLING	\$90,250.00	\$0.00	\$91,991.15		\$91,991.15
(blank)	\$90,250.00	\$0.00	\$91,991.15		\$91,991.15
RESCUE	\$1,623,335.04	\$1,482,648.65	\$143,532.85		\$143,532.85
(blank)	\$1,623,335.04	\$1,482,648.65	\$143,532.85		\$143,532.85
ROAD	\$71,840,049.32	\$51,846,749.58	\$27,038,233.87	\$2,776,700.00	\$24,261,533.87
FY 2017 Arcola Boulevard	\$259,000.00	\$0.00	\$260,910.53	\$260,700.00	\$210.53
FY 2019 Glascock Road - East of Arcola Boulevard	\$2,514,000.00	\$0.00	\$2,519,179.73	\$2,516,000.00	\$3,179.73
(blank)	\$69,067,049.32	\$51,846,749.58	\$24,258,143.61		\$24,258,143.61
SCHOOL	\$3,022,175.58	\$3,305,730.35	\$306,116.60		\$306,116.60
(blank)	\$3,022,175.58	\$3,305,730.35	\$306,116.60		\$306,116.60
SIGNAL	\$6,193,057.35	\$1,068,347.56	\$5,634,133.69		\$5,634,133.69
(blank)	\$6,193,057.35	\$1,068,347.56	\$5,634,133.69		\$5,634,133.69

CATEGORY/ADOPTED CIP PROJECT	REVENUES RECEIVED	EXPENDITURES	BALANCE	ENCUMBERED IN CIP	EST REMAINING BALANCE
TRAIL	\$30,630.00	\$20,157.00	\$12,158.62		\$12,158.62
(blank)	\$30,630.00	\$20,157.00	\$12,158.62		\$12,158.62
UTILITIES	\$176,878.59	\$80,063.50	\$128,664.34		\$128,664.34
(blank)	\$176,878.59	\$80,063.50	\$128,664.34		\$128,664.34
Grand Total	\$277,563,576.95	\$171,241,877.21	\$118,804,341.33	\$52,061,700.48	\$66,742,640.85

2Q FY2016 CASH CONDITION BALANCES AS OF 1/1/2016 - NON REZONING APPLICATIONS

CATEGORY/ADOPTED CIP PROJECT	REVENUES RECEIVED	INTEREST*	EXPENDITURES	BALANCE	ENCUMBERED IN CIP	EST REMAINING BALANCE
BOARD OPTION	\$234,409.18	\$1,097.70	\$82,233.00	\$153,273.88		\$153,273.88
(blank)	\$234,409.18	\$1,097.70	\$82,233.00	\$153,273.88		\$153,273.88
COMMUTER	\$10,580.00	\$1,965.30	\$0.00	\$12,545.30		\$12,545.30
(blank)	\$10,580.00	\$1,965.30	\$0.00	\$12,545.30		\$12,545.30
LANDSCAPING	\$2,500.00	\$362.87	\$0.00	\$2,862.87		\$2,862.87
(blank)	\$2,500.00	\$362.87	\$0.00	\$2,862.87		\$2,862.87
PARK	\$41,004.42	\$238.49	\$0.00	\$41,242.91		\$41,242.91
(blank)	\$41,004.42	\$238.49	\$0.00	\$41,242.91		\$41,242.91
ROAD	\$10,231,152.19	\$2,409,411.30	\$5,419,612.68	\$7,220,950.81	\$66,300.00	\$7,154,650.81
FY 2017 Arcola Boulevard	\$144,517.23	\$205.79	\$0.00	\$144,723.02	\$66,300.00	\$78,423.02
(blank)	\$10,086,634.96	\$2,409,205.51	\$5,419,612.68	\$7,076,227.79		\$7,076,227.79
ROAD RIGHT-OF-WAY	\$29,683.93	\$51,577.71	\$81,239.00	\$22.64		\$22.64
(blank)	\$29,683.93	\$51,577.71	\$81,239.00	\$22.64		\$22.64
SIGNAL	\$1,196,411.53	\$411,759.69	\$338,372.41	\$1,269,798.81		\$1,269,798.81
(blank)	\$1,196,411.53	\$411,759.69	\$338,372.41	\$1,269,798.81		\$1,269,798.81
STORMWATER	\$50,626.73	\$9,341.51	\$0.00	\$59,968.24		\$59,968.24
(blank)	\$50,626.73	\$9,341.51	\$0.00	\$59,968.24		\$59,968.24
TRAIL	\$75,012.23	\$8,324.35	\$0.00	\$83,336.58		\$83,336.58
(blank)	\$75,012.23	\$8,324.35	\$0.00	\$83,336.58		\$83,336.58
Grand Total	\$11,871,380.21		\$5,921,457.09	\$8,844,002.04	\$66,300.00	\$8,777,702.04

* Balance includes interest. Interest earnings on individual condition entries can be obtained in LMIS.

FY 2016 Debt Financing*Activity Through December 31, 2015*

<u>Authorized, Unissued Bonds</u>		
	# Of Projects	Amount
<i>Approved at Referendum:</i>		
General Government	(41)	\$ 84,562,413
Transportation	(1)	3,180,000
Schools	(17)	363,361,000
<i>Approved for VPSA Submission:</i>		
		0
Total:		\$ 451,103,413

<u>Outstanding Debt - Principal</u>		
	# Of Issues	Amount
GO Bonds	(26)	\$ 978,795,000
Loans	(0)	0
Federal Loan (TIFIA)	(1)	11,271,200
Capital Leases	(12) (4 Sch /8 Gen)	158,762,958
Total at June 30, 2015:		\$ 1,148,829,158
<i>Issued since July 1, 2015:</i>		
GO Bonds	(0)	0
Federal Loan (TIFIA)		13,786,505
Capital Leases	(2) (1 Sch / 1 Gen)	85,390,000
Principal payments since June 30, 2015:		(112,355,217)
Total As of December 31, 2015:		\$ 1,135,650,446

<u>Debt Service Expenditures</u>						
	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Adopted
Principal	\$ 110,040,253	\$ 127,125,218	\$ 99,663,694	\$ 105,340,235	\$ 117,138,395	\$ 118,770,615
Interest	53,803,224	52,575,310	53,286,248	45,858,532	49,035,447	52,725,151
Total:	\$ 163,843,477	\$ 179,700,528	\$ 152,949,942	\$ 151,198,767	\$ 166,173,842	\$ 171,495,766

<u>Anticipated Debt Financings Per FY 2015 - 2020 Amended CIP (ADOPTED - April 1, 2015)</u>							
	FY 2015 Actual	FY 2016 Adpoted	FY 2017 Adopted	FY 2018 Adopted	FY 2019 Adopted	FY 2020 Adopted	Total
General	\$ 33,580,000	\$ 83,920,845	\$ 98,069,132	\$ 75,895,000	\$ 58,955,000	\$ 52,573,000	\$ 402,992,977
Transportation	15,000,000	32,495,000	19,117,000	20,000,000	7,500,000	15,000,000	109,112,000
Schools	120,560,000	79,766,056	75,963,000	101,500,000	125,710,000	114,545,000	618,044,056
Total:	\$ 169,140,000	\$ 196,181,901	\$ 193,149,132	\$ 197,395,000	\$ 192,165,000	\$ 182,118,000	\$ 1,130,149,033
*Board Limit:	\$ 200,000,000	\$ 200,000,000	\$ 200,000,000	\$ 200,000,000	\$ 200,000,000	\$ 200,000,000	\$ 1,200,000,000

*On January 6, 2016, the Board amended the Fiscal Policy to increase the annual debt issuance guideline from \$200 million to \$225 million effective in FY 2017