Date of Meeting: November 15, 2016

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

SUBJECT: **Quarterly Report/FY 2017 First Quarter Financial Update, Cash Proffer, and Debt Report**

ELECTION DISTRICT: Countywide

STAFF CONTACTS: Erin McLellan, Management and Budget
Megan Bourke, Management and Budget
Doug Kinney, 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 FY 2017 outlook for revenues and expenditures based on actual financial data through September 2016 (first quarter) 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 October 1, 2016. The Debt report summarizes FY 2017 debt financing activity through September 30, 2016

At the conclusion of September 2016, the General Fund is projected to yield a year-end balance of approximately $47.1 million from the Revised Budget. The balance derives from estimated unused budget authority and additional estimated revenue. Of the estimated FY 2017 balance, $10 million is committed and unavailable as it has been identified as the approximate addition to the fiscal reserve for FY 2017 for both the County and Loudoun County Public Schools, resulting in a potential available balance of $37.1 million.

Table 1 presents a high level summary of trends, forecasts, and variances for the General Fund based on data through September 30, 2016.

Table 1. General Fund Forecast Overview

	Adopted	*Revised*[1]	*Forecast*	*Variance*	
Revenues	$1,414,233,500	$1,429,177,000	$1,457,376,900	$28,199,900	2.0%
Expenditures	$1,414,233,500	$1,429,177,000	$1,410,281,100	$18,895,900	1.3%
Total				*$47,095,800*	

Revenue Drivers and Economic Summary

Table 2. General Fund Revenue Forecast

Revenue Category	*Adopted*	*Revised*	*Forecast*	*Variance*
General Property Taxes	$1,061,965,300	$1,061,965,400	$1,091,340,100	$29,374,700
Other Local Taxes	148,586,000	148,586,000	147,246,500	(1,339,500)
Permits, Fees & Licenses	22,489,400	22,489,500	22,158,300	(331,200)
Fines & Forfeitures	2,241,700	2,241,700	2,229,900	(11,800)
Revenues from Use of Money	4,394,100	4,394,000	4,933,800	539,800
Charges for Services	33,099,400	33,141,600	34,547,800	1,406,200
Miscellaneous Revenue	213,300	363,900	528,100	164,200
Recovered Costs	8,933,000	8,964,200	8,432,300	(531,900)
Intergovernmental – Commonwealth	84,555,700	88,724,300	87,480,800	(1,243,500)
Intergovernmental – Federal	4,787,900	5,647,400	5,820,300	172,900
Other Financing Sources	42,967,700	52,659,000	52,659,000	0
Total	*$1,414,233,500*	*$1,429,177,000*	*$1,457,376,900*	*$28,199,900*

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.

National Economy:

The October 2016 Wall Street Journal (WSJ) survey of 59 U.S. economic forecasters shows average expected U.S. gross domestic product (GDP) growth for 2016 of 1.8 percent – or 0.3 percentage points lower than the 2.1 percent rate expected last April when the FY 2017 Budget was adopted. Economic growth in 2017 is projected to be 2.2 percent. A recession is not predicted in 2017, but 68 percent of the respondents indicate that their current growth forecast is more likely to be too high than too low. Job growth continues and the reported number of private-sector job openings in August was just over 4.9 million. Wages are increasing moderately while mortgage rates and energy prices remain low, all of which should encourage consumer spending which

[1] The Revised Budget includes prior year encumbrances that automatically rolled to FY 2017 and use of assigned/committed fund balances.

represents 70 percent of GDP. However, despite a post-recession high for the Conference Board's Consumer Confidence Index at the end of September[2], consumer spending has not accelerated significantly; and monthly sales of new automobiles and light trucks have moderated since peaking last November. New home construction nationwide has increased but still remains below the 1.5 million unit pace traditionally associated with population growth. Barring a significant negative shock to the economy (e.g., sovereign debt default, major terrorist attack, major bank failure, etc.), the most likely outlook is for continued moderate economic growth.

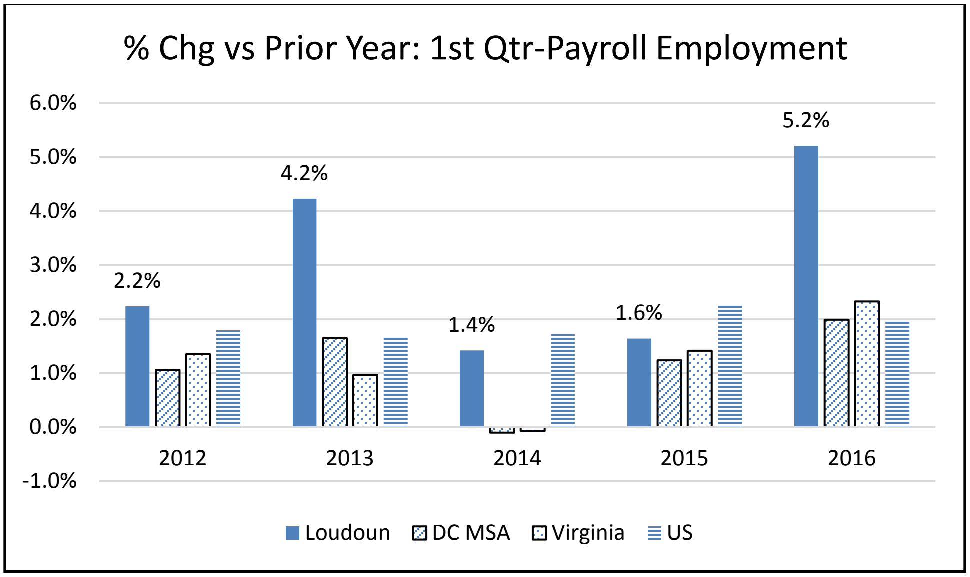
Regional and Local Economies

Labor Market: 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 $179 billion relative to its 2011 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 successfully transitioning to lines of business not dependent on federal spending. Preliminary Bureau of Labor Statistics payroll employment for the Washington, D.C. region in the first quarter of 2016 was 2.0 percent higher than in the first quarter of 2015. The same data show a 1.7 percent increase in the high-paying "Professional and Business Services" employment category which had been negatively impacted by the reductions in federal spending.

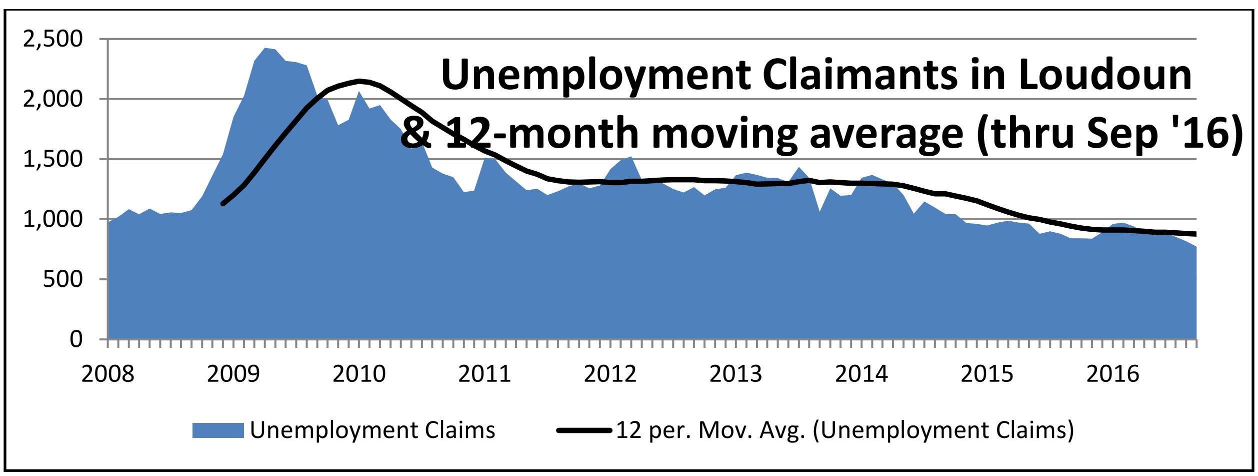
The chart below shows the latest available data on payroll employment growth within Loudoun for the first quarter (Q1) of 2016, along with corresponding data for the Washington, DC, MSA, the Commonwealth of Virginia, and the U.S. This data indicates that employment within the County was 5.2 percent (or 7,650 jobs) higher in 2016 Q1 than it was a year earlier, and the rate of increase exceeded those for the other jurisdictions. This was the third consecutive quarter exhibiting growth of more than 5.0 percent versus the prior year. The number of private-sector jobs in the "Professional and Business Services" category also increased by 5.0 percent[3].

[2] The Consumer Confidence Index is compiled from survey responses of randomly selected individuals across the U.S. regarding their assessment of current and future employment and income prospects.

[3] 2016 Q1 was the fourth consecutive quarter of high employment growth for the Professional and Business Services category. Some of this growth could be due to large construction projects underway within Loudoun (i.e., the Metrorail Silver Line, the Panda-Stonewall Energy Project, and Loudoun Water's new facility). Consulting architects, engineers, and other consulting personnel working on these projects are classified as professional employees, not construction employees.



The improved employment picture for Loudoun residents in recent months is further evidenced by declines in unemployment claims. The County's unemployment rate in August 2016 was 3.2 percent or 0.3 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 (5.0 percent, not seasonally adjusted).



Real Property: DAAR/RBI[4] market data shows that sales of existing homes--including detached homes, townhouses, and condos— for the first seven months of 2016 are 3.5 percent higher than in 2015. The active inventory of homes for sale at the start of 2016 was 10 percent below the prior year level. The 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 and have remained significantly below 2015 levels throughout the year. As a result of the lower

[4] July 2016 Local Market Insight; Dulles Area Association of REALTORS® (DAAR) is based on multiple listing data from Real Estate Business Intelligence, LLC (RBI).

inventory, there has been some modest price appreciation with the median sale price in the first seven months of 2016 registering 2.3% above its year-ago value. Also, the average number of days on the market has dropped to 47 versus 60 in 2015.

The Real Property Sales Report for Loudoun compiled from the County's own records is summarized below for the period covering the first eight months of FY 2016. Sales of newly constructed homes were down 10 percent. However, this was essentially offset by an increase in sales of existing homes, despite the reduced active inventory reported by DAAR. Permitting of new residential units in the first seven months of 2016 was 21 percent below prior-year levels, with multi-family units representing nearly 60 percent of the decline. Multi-family permitting is typically more volatile than the other housing types, and even at the current pace of activity Loudoun would still permit over 3,000 units in 2016. This would be the fifth consecutive year in which 3,000 or more units were permitted. The Residential Permit Monthly Trends report can be viewed at Monthly Permit Trends and the Real Property Sales Report can be viewed via Financial and Housing Reports.

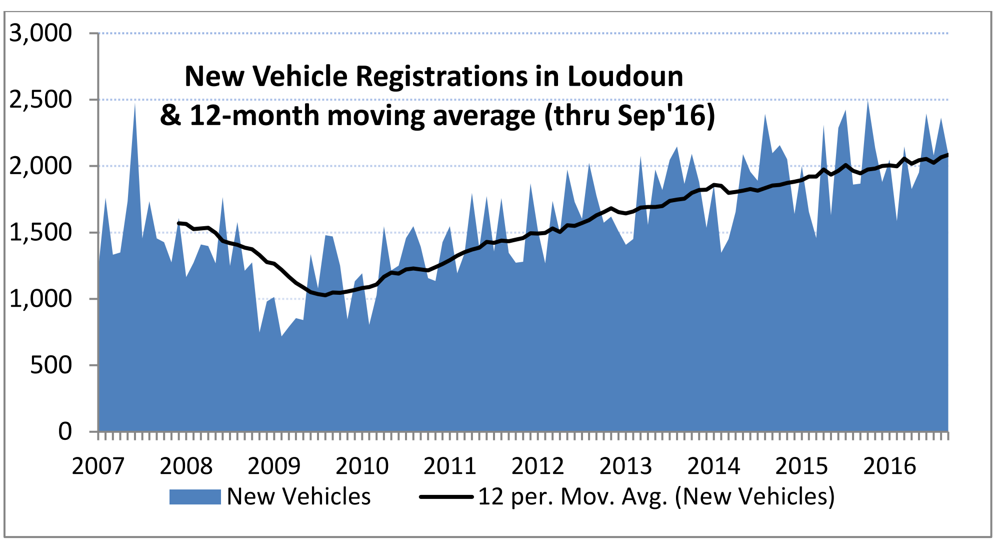
Single-Family Detached					
Time Period	**Distressed**	**New Construction**	**Pending**	**Existing**	**Total#**
8 mos.-ended Aug'15	148	901	0	1,774	2,675
8 mos.-ended Aug'16	112	773	149	1,838	2,760
Change	-36	-128	149	64	85
Pct. Chg.	-24%	-14%	#NA	4%	3%
Townhouse, Duplex, Condo					
Time Period	**Distressed**	**New Construction**	**Pending**	**Existing**	**Total#**
8 mos.-ended Aug'15	142	831	0	1,839	2,670
8 mos.-ended Aug'16	142	780	111	2,011	2,902
Change	0	-51	111	172	232
Pct. Chg.	0%	-6%	#NA	9%	9%
All Types					
Time Period	**Distressed**	**New Construction**	**Pending**	**Existing**	**Total#**
8 mos.-ended Aug'15	290	1,732	0	3,613	5,345
8 mos.-ended Aug'16	254	1,553	260	3,849	5,662
Change	-36	-179	260	236	317
Pct. Chg.	-12%	-10%	#NA	7%	6%
#Excludes Distressed sales.					

Source: Commissioner of the Revenue compiled by Department of Management and Budget

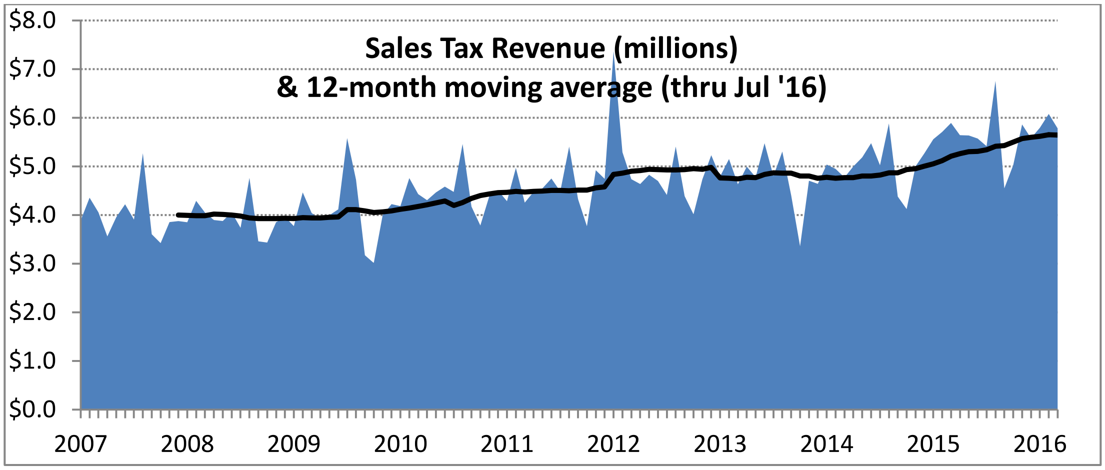
Commercial property development in Loudoun continues at a healthy pace. The Department of Economic Development reports that 2.9 million square feet of private-sector commercial space (excluding the "Other" and "Structured Parking" categories) was permitted in FY 2016, of which data centers comprised 1.5 million square feet. This total compares to 2.6 million square feet permitted in FY 2015, an increase of more than 10 percent.

Personal Property: Personal property tax revenue in FY 2017 is expected to be $26.8 million higher than projected in the budget. Higher than expected revenue on computer equipment accounts for $19.9 million of the total, another $2 million of the remainder is attributable to Furniture and Fixtures and $4.5 million to motor vehicles. The dollar value of equipment declared by data center owners in their April 2016 filings with the County far exceeded the amount previously expected. Consequently, personal property tax revenue on Computer Equipment in FY 2016 increased by more than 35 percent, marking the fourth consecutive year of annual increases exceeding 20 percent. The higher-than-expected FY 2016 computer equipment assessment and revenue result in an upward revision to expected FY 2017 revenue, which is slated to increase by 15 percent over FY 2016.

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. New vehicle registrations in the first three months of FY 2017 are 6.2 percent higher than for the corresponding period in FY 2016. The chart suggests that the pace of new car purchases is leveling off. Nationwide, sales of new vehicles have declined from record levels in recent months.



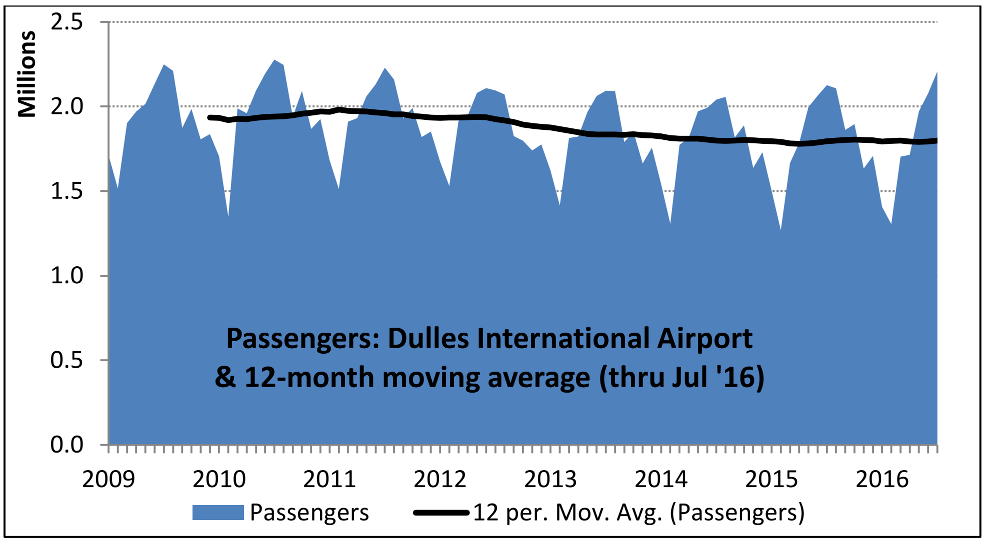
Sales Tax Revenue in FY 2017 is projected to total $69 million, which is slightly above the adopted budget amount. In both FY 2013 and FY 2014, the County's Sales & Use tax distribution was impacted by prior-period adjustments to correct distribution errors from previous years. (The potential for such corrections is always present as the State Auditor conducts its ongoing analysis of revenue distribution.) FY 2016 revenue, which also included a $1.3 million from a prior period, increased by more than 12 percent over FY 2015. The current FY 2017 estimate assumes that the rate of increase will moderate.



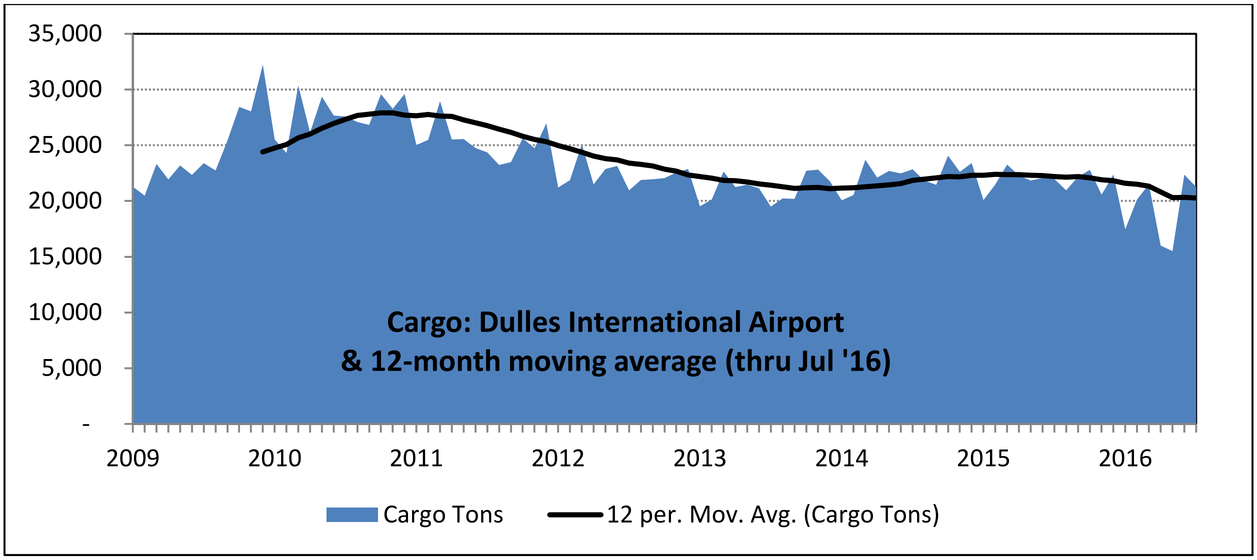
Hospitality Industry: The two-percent unrestricted portion of FY 2017 Transient Occupancy Tax (TOT) revenue is expected to be $185,000 below the budget estimate, representing a 2.7 percent increase over FY 2016. The downward revision reflects a lower rate of growth in average room prices (which have exhibited slower growth in recent months) along with stable occupancy rates. Occupancy rates for Loudoun hotels have been at or close to historic highs since May 2015. 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). The estimate of 2017 revenue also includes an estimate of revenue related to the January 2017 Presidential inauguration. Historic data shows that Loudoun hotels get a boost from this event every four 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. However, the increase was not sustained and passenger traffic has been soft in recent months Passenger volume in January 2016 was depressed due to Winter Storm Jonas. 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. Virginia's 2016-2018 biennium budget includes a $50 million grant to the airport authority to be paid over two years for the purpose of assisting it in business attraction and retention by lowering airport fees. Whether this injection of funds will have a significant impact on airport fees and utilization 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 2016 as evidenced by the recent decline in the 12-month average tonnage. The decline in January 2016 was exaggerated by snowstorm Jonas. Also, tonnage data for the months of April and May 2016 are underreported because a major carrier experienced problems with their data reporting system. 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. It should be noted that the change over time in cargo activity at Dulles is similar to that for the entire U.S. air freight industry which competes with other modes (i.e., rail, water, and truck). When petroleum prices are high, the relatively fuel-intensive air-freight industry loses traffic to other modes. The pickup in air freight in late 2014 was probably due to the dramatic decline in petroleum prices at that time.



Expenditures Overview and Year-End Forecast

The following table reflects 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 $18.9 million or 1.3 percent variance of the current Revised FY 2017 Budget. Table 3 reflects the projected year-end balance of unused appropriation for the General Fund.

Table 3. FY 2017 General Fund Expenditure Forecast

Expenditure Category	*Adopted*	*Revised*	*Forecast*	*Variance*
Personnel	$323,805,600	$326,886,200	$316,546,600	$(10,339,600)
Operating&Maintenance	862,312,700	873,404,800	865,053,100	(8,351,700)
Capital Outlay	2,358,000	1,829,800	1,625,200	(204,600)
Use of Other Sources/ Transfers	225,757,200	227,056,200	227,056,200	0
Total	*$1,414,233,500*	*$1,429,177,000*	*$1,410,281,100*	*$(18,895,900)*

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 2017 vacancy savings target is $13.2 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 actuals, is projecting a turnover rate for FY 2017 of 13 percent; actual turnover for FY 2016 was 11.2 percent.

The FY 2017 Budget includes funding for a County match of up to $20 per pay period for those employees who participate in the deferred compensation plan. The estimated cost for this match in FY 2017 was $1.8 million. Staff has been seeing growth in County matches over the first three months of the fiscal year; however, projections indicate sufficient funding is available in the program's adopted budget to accommodate any increases in enrollment during the fiscal year.

ISSUES: Staff has identified no issues that require Board action in the current FY 2017 forecast. The Department of Management and Budget will continue to monitor revenues and expenditures closely.

ATTACHMENTS:

1. FY 2017 First Quarter Department Expenditure Projections

2. FY 2017 First Quarter Cash Proffer/Condition Balance Report

3. FY 2017 First Quarter Debt Report

FY 2017 First Quarter Department Expenditure Projections

Department		Adopted		Revised		Forecast		Variance
GENERAL GOVERNMENT ADMINISTRATION								
Board of Supervisors	**$**	**2,308,900**	**$**	**2,583,700**	**$**	**2,583,700**	**$**	**-**
Personnel	$	1,678,800	$	1,911,100	$	1,911,100	$	-
Operating & Maintenance	$	630,100	$	672,600	$	672,600	$	-
Commissioner of the Revenue	**$**	**6,809,400**	**$**	**6,953,200**	**$**	**6,686,900**	**$**	**(266,300)**
Personnel	$	6,172,400	$	6,310,900	$	6,081,200	$	(229,700)
Operating & Maintenance	$	637,000	$	642,300	$	605,700	$	(36,600)
County Administrator	**$**	**3,786,800**	**$**	**4,951,700**	**$**	**4,912,600**	**$**	**(39,100)**
Personnel	$	3,175,200	$	3,779,000	$	3,765,400	$	(13,600)
Operating & Maintenance	$	611,600	$	1,172,700	$	1,147,200	$	(25,500)
County Attorney	**$**	**3,040,500**	**$**	**3,135,500**	**$**	**3,135,500**	**$**	**-**
Personnel	$	2,871,700	$	2,929,200	$	2,929,200	$	-
Operating & Maintenance	$	168,800	$	206,300	$	206,300	$	-
Elections and Voter Registration	**$**	**1,787,700**	**$**	**1,800,100**	**$**	**1,722,400**	**$**	**(77,700)**
Personnel	$	1,242,200	$	1,254,600	$	1,224,100	$	(30,500)
Operating & Maintenance	$	545,500	$	545,500	$	498,300	$	(47,200)
Finance and Procurement	**$**	**5,223,100**	**$**	**5,337,600**	**$**	**5,012,100**	**$**	**(325,500)**
Personnel	$	4,500,000	$	4,562,900	$	4,397,900	$	(165,000)
Operating & Maintenance	$	723,100	$	774,700	$	614,200	$	(160,500)
General Services	**$**	**37,777,600**	**$**	**41,682,900**	**$**	**40,928,300**	**$**	**(754,600)**
Personnel	$	10,171,800	$	10,598,200	$	10,598,200	$	-
Operating & Maintenance	$	24,722,600	$	27,524,800	$	26,770,200	$	(754,600)
Capital Outlay	$	-	$	676,700	$	676,700	$	-
Use of Other Sources/Transfers	$	2,883,200	$	2,883,200	$	2,883,200	$	-
Human Resources	**$**	**6,495,700**	**$**	**6,695,600**	**$**	**6,156,600**	**$**	**(539,000)**
Personnel	$	3,179,100	$	3,221,900	$	2,978,800	$	(243,100)
Operating & Maintenance	$	3,316,600	$	2,444,000	$	2,148,100	$	(295,900)
Use of Other Sources/Transfers	$	-	$	1,029,700	$	1,029,700	$	-
Information Technology	**$**	**28,702,400**	**$**	**31,807,600**	**$**	**31,105,500**	**$**	**(702,100)**
Personnel	$	11,885,500	$	12,050,100	$	11,630,000	$	(420,100)
Operating & Maintenance	$	16,529,300	$	19,328,000	$	19,046,000	$	(282,000)
Capital Outlay	$	287,600	$	329,500	$	329,500	$	-
Use of Other Sources/Transfers	$	-	$	100,000	$	100,000	$	-
Management and Budget	**$**	**2,035,600**	**$**	**2,371,700**	**$**	**2,335,900**	**$**	**(35,800)**
Personnel	$	1,776,100	$	2,030,200	$	2,030,200	$	-
Operating & Maintenance	$	259,500	$	341,500	$	305,700	$	(35,800)
Treasurer	**$**	**5,024,900**	**$**	**5,174,100**	**$**	**5,036,600**	**$**	**(137,500)**
Personnel	$	3,874,900	$	3,964,100	$	3,964,100	$	-
Operating & Maintenance	$	1,115,000	$	1,175,000	$	1,072,500	$	(102,500)
Capital Outlay	$	35,000	$	35,000	$	-	$	(35,000)
SUBTOTAL - General Government	**$**	**102,992,600**	**$**	**112,493,700**	**$**	**109,616,100**	**$**	**(2,877,600)**

ATTACHMENT 1

FY 2017 First Quarter Department Expenditure Projections

Department	Adopted	Revised	Forecast	Variance
PUBLIC SAFETY AND JUDICIAL ADMINISTRATION				
Animal Services	**$ 3,091,800**	**$ 3,192,500**	**$ 3,192,500**	**$ -**
Personnel	$ 2,620,100	$ 2,670,500	$ 2,670,500	$ -
Operating & Maintenance	$ 471,700	$ 522,000	$ 522,000	$ -
Clerk of the Circuit Court	**$ 4,230,200**	**$ 4,384,400**	**$ 4,354,700**	**$ (29,700)**
Personnel	$ 3,931,100	$ 4,085,400	$ 4,085,400	$ -
Operating & Maintenance	$ 299,100	$ 299,000	$ 269,300	$ (29,700)
Commonwealth's Attorney	**$ 3,481,200**	**$ 3,570,100**	**$ 3,570,100**	**$ -**
Personnel	$ 3,310,600	$ 3,402,500	$ 3,402,500	$ -
Operating & Maintenance	$ 170,600	$ 167,600	$ 167,600	$ -
Community Corrections	**$ 2,041,000**	**$ 2,139,900**	**$ 2,091,700**	**$ (48,200)**
Personnel	$ 1,904,900	$ 1,980,100	$ 1,957,000	$ (23,100)
Operating & Maintenance	$ 136,100	$ 159,800	$ 134,700	$ (25,100)
Courts	**$ 1,502,600**	**$ 1,526,900**	**$ 1,465,200**	**$ (61,700)**
Personnel	$ 1,091,500	$ 1,127,800	$ 1,127,800	$ -
Operating & Maintenance	$ 411,100	$ 399,100	$ 337,400	$ (61,700)
Fire and Rescue	**$ 72,785,100**	**$ 74,962,700**	**$ 74,962,700**	**$ -**
Personnel	$ 55,905,900	$ 56,897,200	$ 56,897,200	$ -
Operating & Maintenance	$ 16,854,200	$ 17,877,200	$ 17,877,200	$ -
Capital Outlay	$ 25,000	$ 88,300	$ 88,300	$ -
Use of Other Sources/Transfers	$ -	$ 100,000	$ 100,000	$ -
Juvenile Court Service Unit	**$ 2,096,300**	**$ 2,172,000**	**$ 2,081,200**	**$ (90,800)**
Personnel	$ 1,765,600	$ 1,789,800	$ 1,734,200	$ (55,600)
Operating & Maintenance	$ 210,700	$ 242,200	$ 207,000	$ (35,200)
Use of Other Sources/Transfers	$ 120,000	$ 140,000	$ 140,000	$ -
Sheriff's Office	**$ 87,310,600**	**$ 90,005,100**	**$ 86,267,600**	**$ (3,737,500)**
Personnel	$ 71,596,600	$ 73,375,200	$ 71,081,700	$ (2,293,500)
Operating & Maintenance	$ 15,672,300	$ 16,253,900	$ 14,809,900	$ (1,444,000)
Capital Outlay	$ 41,700	$ 276,000	$ 276,000	$ -
Use of Other Sources/Transfers	$ -	$ 100,000	$ 100,000	$ -
SUBTOTAL - Public Safety and Judicial Administration	**$ 176,538,800**	**$ 181,953,600**	**$ 177,985,700**	**$ (3,967,900)**
HEALTH AND WELFARE				
Extension Services	**$ 428,700**	**$ 434,100**	**$ 426,700**	**$ (7,400)**
Personnel	$ 319,300	$ 328,300	$ 328,300	$ -
Operating & Maintenance	$ 109,400	$ 105,800	$ 98,400	$ (7,400)
Family Services	**$ 24,662,000**	**$ 25,385,500**	**$ 23,939,200**	**$ (1,446,300)**
Personnel	$ 15,755,700	$ 15,998,300	$ 15,997,600	$ (700)
Operating & Maintenance	$ 8,815,900	$ 9,245,600	$ 7,800,000	$ (1,445,600)
Capital Outlay	$ 10,000	$ 61,200	$ 61,200	$ -
Use of Other Sources/Transfers	$ 80,400	$ 80,400	$ 80,400	$ -
Health Services	**$ 4,828,500**	**$ 4,892,200**	**$ 4,865,200**	**$ (27,000)**
Personnel	$ 2,439,900	2,481,500.00	$ 2,481,500	$ -
Operating & Maintenance	$ 2,388,600	$ 2,410,700	$ 2,383,700	$ (27,000)

FY 2017 First Quarter Department Expenditure Projections

Department	Adopted	Revised	Forecast	Variance
Mental Health, Substance Abuse, and Developmental Services	**36,660,300**	**40,376,000**	**38,015,100**	**(2,360,900)**
Personnel	29,969,700	31,230,000	29,823,600	(1,406,400)
Operating & Maintenance	6,690,600	9,146,000	8,191,500	(954,500)
SUBTOTAL - Health and Welfare	**66,579,500**	**71,087,800**	**67,246,200**	**(3,841,600)**
PARKS, RECREATION, AND CULTURE				
Library Services	**15,776,300**	**16,296,900**	**15,786,000**	**(510,900)**
Personnel	12,252,200	12,571,700	12,060,800	(510,900)
Operating & Maintenance	3,524,100	3,725,200	3,725,200	-
Parks, Recreation, and Community Services	**40,810,400**	**42,111,000**	**39,842,700**	**(2,268,300)**
Personnel	31,426,800	31,968,200	30,706,700	(1,261,500)
Operating & Maintenance	9,357,000	9,994,800	8,988,000	(1,006,800)
Capital Outlay	26,600	148,000	148,000	-
SUBTOTAL - Parks, Recreation, and Culture	**56,586,700**	**58,407,900**	**55,628,700**	**(2,779,200)**
COMMUNITY DEVELOPMENT				
Building and Development	**21,435,400**	**22,923,100**	**21,898,200**	**(1,024,900)**
Personnel	19,209,200	19,498,800	18,922,500	(576,300)
Operating & Maintenance	2,056,600	3,254,700	2,975,700	(279,000)
Capital Outlay	169,600	169,600	-	(169,600)
Economic Development	**3,341,000**	**3,430,300**	**3,409,500**	**(20,800)**
Personnel	2,462,600	2,527,400	2,527,400	-
Operating & Maintenance	878,400	902,900	882,100	(20,800)
Mapping and Geographic Information	**2,428,300**	**2,486,400**	**2,475,100**	**(11,300)**
Personnel	2,286,200	2,319,200	2,318,300	(900)
Operating & Maintenance	142,100	167,200	156,800	(10,400)
Planning Services	**7,081,600**	**7,204,700**	**7,136,500**	**(68,200)**
Personnel	6,166,500	6,275,900	6,247,000	(28,900)
Operating & Maintenance	915,100	928,800	889,500	(39,300)
Transportation & Capital Infrastructure	**28,782,300**	**28,984,600**	**26,648,000**	**(2,336,600)**
Personnel	6,963,000	6,859,700	6,345,200	(514,500)
Operating & Maintenance	21,577,300	21,837,400	20,015,300	(1,822,100)
Capital Outlay	-	45,500	45,500	-
Use of Other Sources/Transfers	242,000	242,000	242,000	-
SUBTOTAL - Community Development	**63,068,600**	**65,029,100**	**61,567,300**	**(3,461,800)**
NON-DEPARTMENTAL	**948,467,300**	**940,204,900**	**938,237,100**	**(1,967,800)**
Personnel	1,900,500	(3,113,500)	(5,678,800)	(2,565,300)
Operating & Maintenance	722,372,700	720,937,500	721,535,000	597,500
Capital Outlay	1,762,500	-	-	-
Use of Other Sources/Transfers	222,431,600	222,380,900	222,380,900	-
TOTAL - General Fund	**1,414,233,500**	**1,429,177,000**	**1,410,281,100**	**(18,895,900)**
Personnel	323,805,600	326,886,200	316,546,600	(10,339,600)
Operating & Maintenance	862,312,700	873,404,800	865,053,100	(8,351,700)
Capital Outlay	2,358,000	1,829,800	1,625,200	(204,600)
Use of Other Sources/Transfers	225,757,200	227,056,200	227,056,200	-

OFFICE OF THE COUNTY ADMINISTRATOR

MEMORANDUM

DATE: October 21, 2016

TO: Finance, Government Operations and Economic Development Committee

FROM: Tim Hemstreet, County Administrator
Julie Crim, Capital Budget Specialist, Department of Management and Budget
Amy Kresge, Proffer Manager, Building and Development

RE: Quarterly Cash Proffer/Condition Balance Report – 1st Quarter FY 2017

Attached is the cash proffer/condition balance reports reflecting balances accrued as of October 1, 2016. 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 $86.9 million, a decrease of $28.9 million from the FY 2016 4th quarter report. The County received $7.4 million in cash proffer payments between July 1, 2016 and September 30, 2016, an increase of $200,000 when compared to the cash proffer payments accepted in the 4th quarter of 2016. Please be advised, of the $86.9 million balance, $32.3 million is encumbered for capital projects in the Adopted FY 2017 - FY 2022 CIP budget.

2. **Revenues.** The following lists the largest proffer contributions received during the 1st quarter of FY 2017:

Table 1. Largest Proffer Contributions – 1st Fiscal Quarter, FY 2017

Application #	Application Name	Contribution
ZMAP-2005-0001	Seven Hills (Virginia Manor)	$1,305,453
ZMAP-2012-0012	Stone Ridge East	$968,191
ZMAP-2006-0015	Arcola Center	$794,439
ZMAP-2002-0003	CD Smith Property	$716,002
ZMAP-0005-0026	Erickson Retirement Communities	$495,241
ZMAP-2002-0001	Kirkpatrick West	$361,646
ZMAP-2005-0022	Hall Road Property	$351,916

3. **Expenditures.** The following lists the utilization of cash proffers for various capital improvement projects in the 1st Quarter of FY 2017 that were amendments to the FY 2017 CIP:

Table 2. Expenditure Activity – 1st Fiscal Quarter, FY 2017

Project	Appropriation
Tall Cedars Parkway	$1,512,513
Hillsboro - Route 9 Improvements	$482,333
Stone Ridge Park-n- Ride	$425,000
LCFR Traning Command Competency Lab	$287,881
Gloucester Pkwy & Smith Switch Rd Signal	$202,735
Gloucester Pkwy & Marblehead Dr Signal	$147,529
Byrnes Ridge Park	$78,825
Tall Cedars & Stone Springs Signal	$16,091
Claiborne Pkwy and Lansdown Blvd	$1,422

ATTACHMENT 2

1Q FY2017 CASH PROFFER BALANCES AS OF 10/1/2016 - REZONING APPLICATIONS					
CATEGORY/ADOPTED CIP PROJECT	REVENUES RECEIVED	EXPENDITURES	BALANCE	ENCUMBERED IN CIP	EST REMAINING BALANCE
ADU	$1,394,154.66	$137,213.73	$1,266,170.17		$1,266,170.17
(blank)	$1,394,154.66	$137,213.73	$1,266,170.17		$1,266,170.17
BOARD OPTION	$3,866,665.44	$3,923,411.87	$208,278.34		$208,278.34
(blank)	$3,866,665.44	$3,923,411.87	$208,278.34		$208,278.34
CAPITAL/COMMUNITY FACILITIES	$6,986,585.61	$5,728,490.95	$1,834,669.21	$1,340,590.37	$494,078.84
FY 2018 Ashburn Recreation and Community Center	$1,562,393.93	$243,520.36	$1,340,590.37	$1,340,590.37	$0.00
(blank)	$5,424,191.68	$5,484,970.59	$494,078.84		$494,078.84
CAPITAL FACILITIES	$134,789,128.73	$82,300,675.39	$53,467,722.95	$27,319,409.63	$26,148,313.32
FY 2018 Ashburn Recreation and Community Center	$10,969,420.86	$3,482,323.56	$7,508,106.30	$7,484,964.52	$23,141.78
FY 2018 Ashburn Recreation and Community Center	$24,686,310.70	$5,866,490.28	$18,981,265.30	$17,834,445.11	$1,146,820.19
FY 2018 Claude Moore Recreation Center	$6,712,788.37	$1,650,000.00	$5,062,788.37	$2,000,000.00	$3,062,788.37
(blank)	$92,420,608.80	$71,301,861.55	$21,915,562.98		$21,915,562.98
COMMUTER	$4,723,336.02	$2,210,080.27	$2,541,539.57		$2,541,539.57
(blank)	$4,723,336.02	$2,210,080.27	$2,541,539.57		$2,541,539.57
CULTURAL/HISTORIC	$630,185.00	$0.00	$630,185.00		$630,185.00
(blank)	$630,185.00	$0.00	$630,185.00		$630,185.00
FIRE	$1,990,669.91	$1,876,614.72	$121,049.95		$121,049.95
(blank)	$1,990,669.91	$1,876,614.72	$121,049.95		$121,049.95
HUMAN SERVICES	$677,295.34	$459,421.09	$292,587.71		$292,587.71
(blank)	$677,295.34	$459,421.09	$292,587.71		$292,587.71
HOUSING	$522,015.25	$305,031.02	$265,993.43		$265,993.43
(blank)	$522,015.25	$305,031.02	$265,993.43		$265,993.43
WORKFORCE HOUSING	$641,053.51	$0.00	$641,053.51		$641,053.51
(blank)	$641,053.51	$0.00	$641,053.51		$641,053.51
LIBRARY	$1,839,486.95	$750,000.00	$1,168,229.95	$70,000.00	$1,098,229.95
FY 2020 Brambleton Library	$70,353.96	$0.00	$70,353.96	$70,000.00	$353.96
(blank)	$1,769,132.99	$750,000.00	$1,097,875.99		$1,097,875.99
LANDSCAPING	$18,989.00	$0.00	$18,989.00		$18,989.00
(blank)	$18,989.00	$0.00	$18,989.00		$18,989.00
MISCELLANEOUS	$346,548.02	$331,500.00	$15,371.02		$15,371.02
(blank)	$346,548.02	$331,500.00	$15,371.02		$15,371.02

CATEGORY/ADOPTED CIP PROJECT	REVENUES RECEIVED	EXPENDITURES	BALANCE	ENCUMBERED IN CIP	EST REMAINING BALANCE
OPEN SPACE	$2,870,942.06	$1,065,547.33	$2,017,404.50		$2,017,404.50
(blank)	$2,870,942.06	$1,065,547.33	$2,017,404.50		$2,017,404.50
PARK	$1,399,382.43	$361,730.24	$1,082,086.05		$1,082,086.05
(blank)	$1,399,382.43	$361,730.24	$1,082,086.05		$1,082,086.05
RECYCLING	$90,250.00	$0.00	$90,250.00		$90,250.00
(blank)	$90,250.00	$0.00	$90,250.00		$90,250.00
RESCUE	$1,956,032.52	$1,841,361.85	$121,090.21		$121,090.21
(blank)	$1,956,032.52	$1,841,361.85	$121,090.21		$121,090.21
ROAD	$54,369,601.36	$44,059,542.68	$15,589,827.53	$3,504,875.55	$12,084,951.98
FY 2018 Waxpool/Loudoun County Parkway	$3,360,066.41	$2,572,822.00	$1,328,289.43	$788,900.60	$539,388.83
FY 2020 Glascock Boulevard - East of Arcola Boulevard	$2,514,000.00	$0.00	$2,514,000.00	$2,514,000.00	$0.00
FY 2022 Atlantic Boulevard Pedestrian Improvements	$878,670.63	$1,032,194.50	$9,974.95	$9,974.95	$0.00
FY 2022 Northstar Boulevard - Tall Cedars Parkway to Braddock Road	$192,754.24	$0.00	$192,754.24	$192,000.00	$754.24
(blank)	$47,424,110.08	$40,454,526.18	$11,544,808.91		$11,544,808.91
SCHOOL	$3,324,552.90	$3,599,508.70	$315,886.10		$315,886.10
(blank)	$3,324,552.90	$3,599,508.70	$315,886.10		$315,886.10
SIGNAL	$5,519,905.12	$500,079.55	$5,112,511.30		$5,112,511.30
(blank)	$5,519,905.12	$500,079.55	$5,112,511.30		$5,112,511.30
TRAIL	$30,630.00	$20,157.00	$10,634.99		$10,634.99
(blank)	$30,630.00	$20,157.00	$10,634.99		$10,634.99
UTILITIES	$176,878.59	$80,063.50	$113,349.62		$113,349.62
(blank)	$176,878.59	$80,063.50	$113,349.62		$113,349.62
Grand Total	**$228,164,288.42**	**$149,550,429.89**	**$86,924,880.11**	**$32,234,875.55**	**$54,690,004.56**

1Q FY2017 CASH CONDITION BALANCES AS OF 10/1/2016 - NON REZONING APPLICATIONS						
CATEGORY/ADOPTED CIP PROJECT	REVENUES RECEIVED	INTEREST*	EXPENDITURES	BALANCE	ENCUMBERED IN CIP	EST REMAINING BALANCE
BOARD OPTION	$234,409.18	$1,613.90	$82,233.00	$153,790.08		$153,790.08
(blank)	$234,409.18	$1,613.90	$82,233.00	$153,790.08		$153,790.08
COMMUTER	$10,580.00	$2,005.81	$0.00	$12,585.81		$12,585.81
(blank)	$10,580.00	$2,005.81	$0.00	$12,585.81		$12,585.81
LANDSCAPING	$2,500.00	$368.42	$0.00	$2,868.42		$2,868.42
(blank)	$2,500.00	$368.42	$0.00	$2,868.42		$2,868.42
PARK	$56,004.42	$389.59	$0.00	$56,394.01		$56,394.01
(blank)	$56,004.42	$389.59	$0.00	$56,394.01		$56,394.01
ROAD	$10,246,354.17	$2,432,446.26	$6,218,089.10	$6,460,711.33	$51,124.45	$6,409,586.88
FY 2018 Waxpool/Loudoun County Parkway	$301,956.40	$72,086.81	$373,861.00	$182.21	$99.40	$82.81
FY 2022 Atlantic Boulevard Pedestrian Improvements	$51,991.56	$11,302.29	$0.00	$63,293.85	$51,025.05	$12,268.80
(blank)	$9,892,406.21	$2,349,057.16	$5,844,228.10	$6,397,235.27		$6,397,235.27
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	$1,180,256.53	$415,825.56	$322,193.94	$1,273,888.15		$1,273,888.15
(blank)	$1,180,256.53	$415,825.56	$322,193.94	$1,273,888.15		$1,273,888.15
STORMWATER	$50,626.73	$9,535.11	$0.00	$60,161.84		$60,161.84
(blank)	$50,626.73	$9,535.11	$0.00	$60,161.84		$60,161.84
TRAIL	$75,012.23	$8,585.18	$0.00	$83,597.41		$83,597.41
(blank)	$75,012.23	$8,585.18	$0.00	$83,597.41		$83,597.41
Grand Total	**$11,885,427.19**		**$6,703,755.04**	**$8,104,019.69**	**$51,124.45**	**$8,052,895.24**
* Balance includes interest. Interest earnings on individual condition entries can be obtained in LMIS.						

FY 2017 Debt Financing

Activity Through September 30, 2016

Authorized, Unissued Bonds

	# Of Projects	Amount
Approved at Referendum:		
General Government	(29)	$ 59,044,763
Transportation	(0)	0
Schools	(19)	320,765,237
Approved for VPSA Submission:		0
Total:		**$ 379,810,000**

Outstanding Debt - Principal

At June 30, 2016	# Of Issues		Amount
GO Bonds	(25)		$ 955,640,000
Loans	.		0
Federal Loan (TIFIA)	(1)		53,604,215
Capital Leases	(14)	(4 Sch /10 Gen)	235,252,741
Total at June 30, 2016:			**$ 1,244,496,956**
Issued since July 1, 2016:			
GO Bonds	(0)		0
Federal Loan (TIFIA)			8,206,235
Capital Leases	(0)		0
Principal payments since June 30, 2016:			(28,756,834)
Total As of September 30, 2016			**$ 1,223,946,357**

Debt Service Expenditures

	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Adopted
Principal	$ 127,125,218	$ 99,663,694	$ 105,340,235	$ 117,138,395	$ 116,655,217	$ 130,666,834
Interest	52,575,310	53,286,248	45,858,532	49,035,447	48,736,238	53,640,236
Total:	**$ 179,700,528**	**$ 152,949,942**	**$ 151,198,767**	**$ 166,173,842**	**$ 165,391,455**	**$ 184,307,070**

Anticipated Debt Financings Per FY 2017 - 2022 Adopted CIP (ADOPTED - April 5, 2016)

	FY 2017 Adopted	FY 2018 Adopted	FY 2019 Adopted	FY 2020 Adopted	FY 2021 Adopted	FY 2022 Adopted	Total
General	$ 73,261,512	$ 98,025,000	$ 74,335,000	$ 62,125,000	$ 36,830,000	$ 81,515,000	$ 426,091,512
Transportation	34,763,505	10,875,000	14,000,000	19,500,000	37,500,000	40,860,000	157,498,505
Schools	114,978,000	114,138,000	133,672,000	140,975,000	87,315,000	62,175,000	653,253,000
Total:	**$ 223,003,017**	**$ 223,038,000**	**$ 222,007,000**	**$ 222,600,000**	**$ 161,645,000**	**$ 184,550,000**	**$ 1,236,843,017**
***Board Limit:**	**$ 225,000,000**	**$ 225,000,000**	**$ 225,000,000**	**$ 225,000,000**	**$ 225,000,000**	**$ 225,000,000**	**$ 1,350,000,000**

*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