

FY 2018 Close-Out Summary & Recommendations

Saturday, October 20, 2018



County Manager Recommendations

\$21.9 million
in FY 2018 Close-out Funds



**FY 2020 Budget
Deliberations**
\$16.5 million



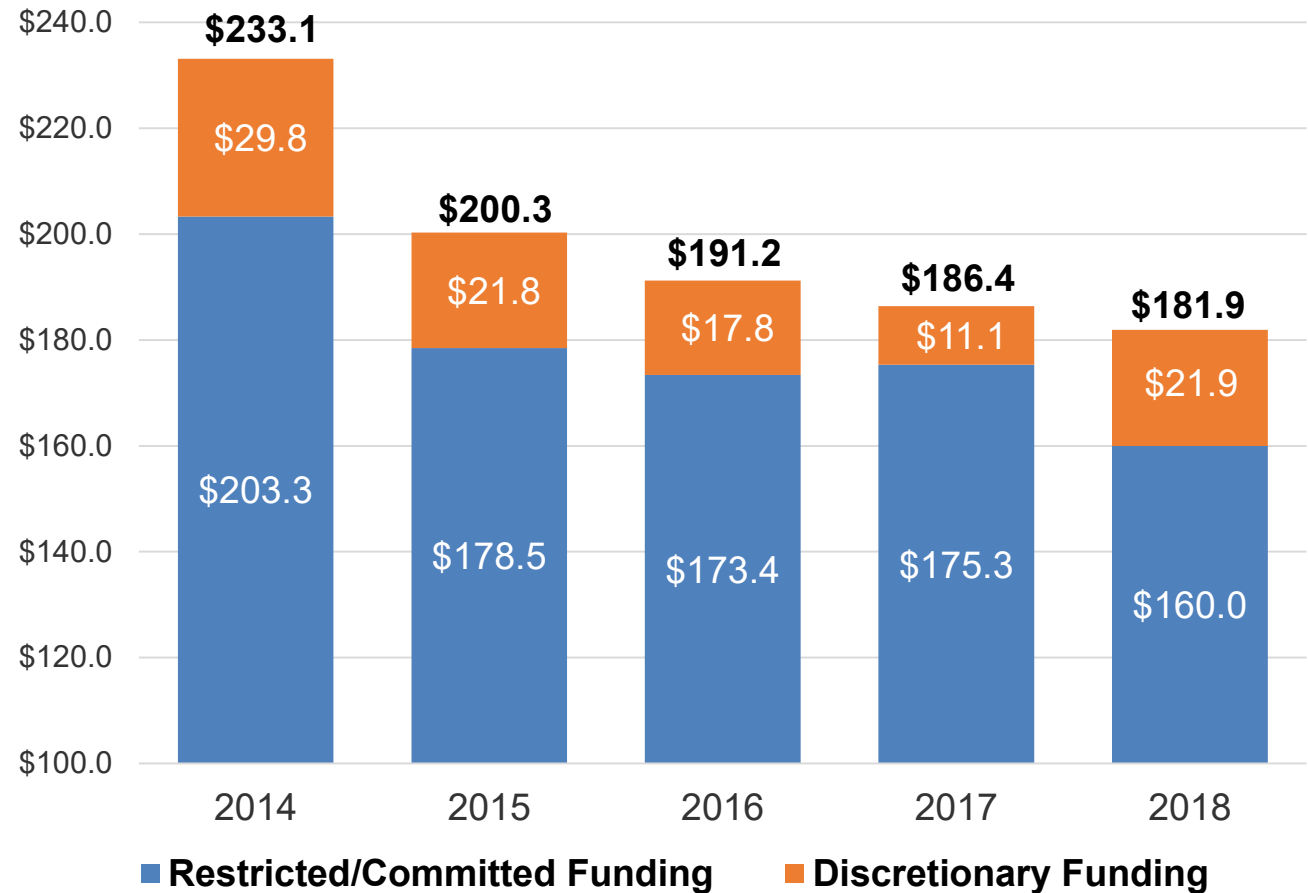
**Increase to
Operating Reserve**
\$3.4 million
Plus \$3.0 million from APS



**County Manager
Operating Contingent**
\$2.0 million

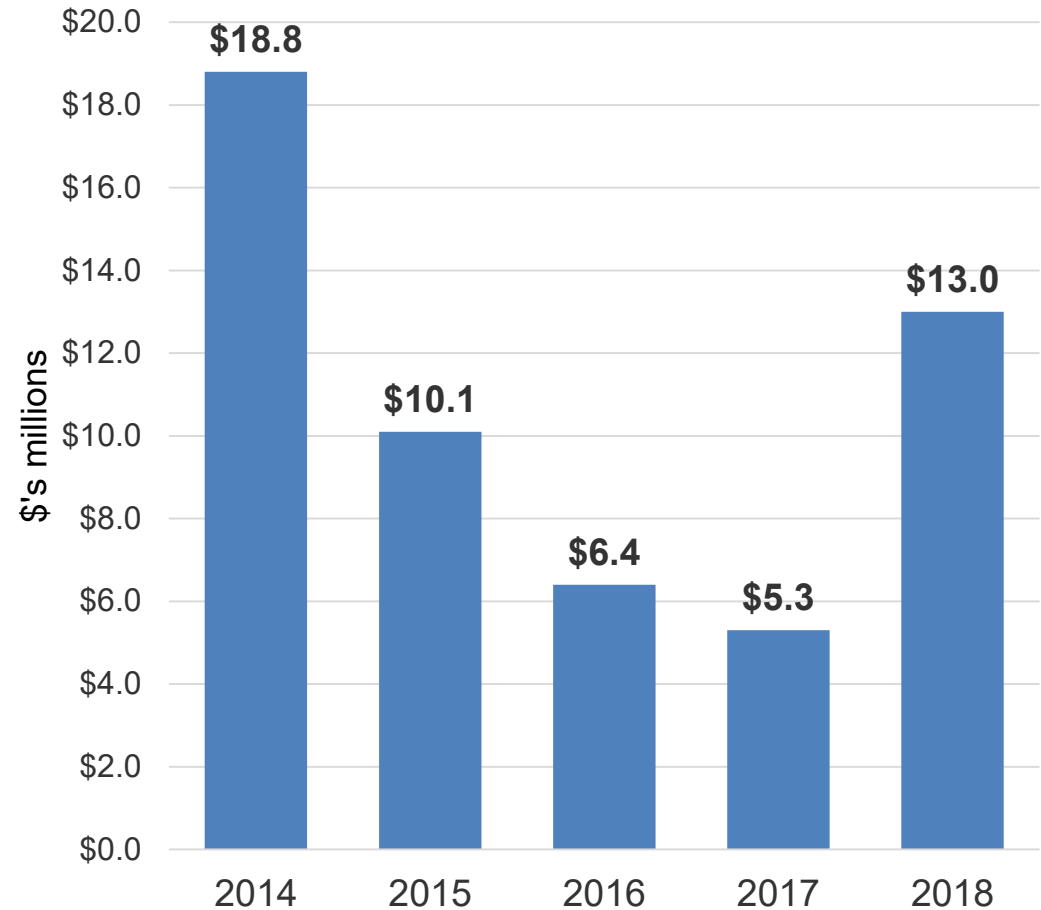
Year-End Fund Balances

- Continues to decline from FY 2014
- Majority is restricted/committed (88% in FY 2018)



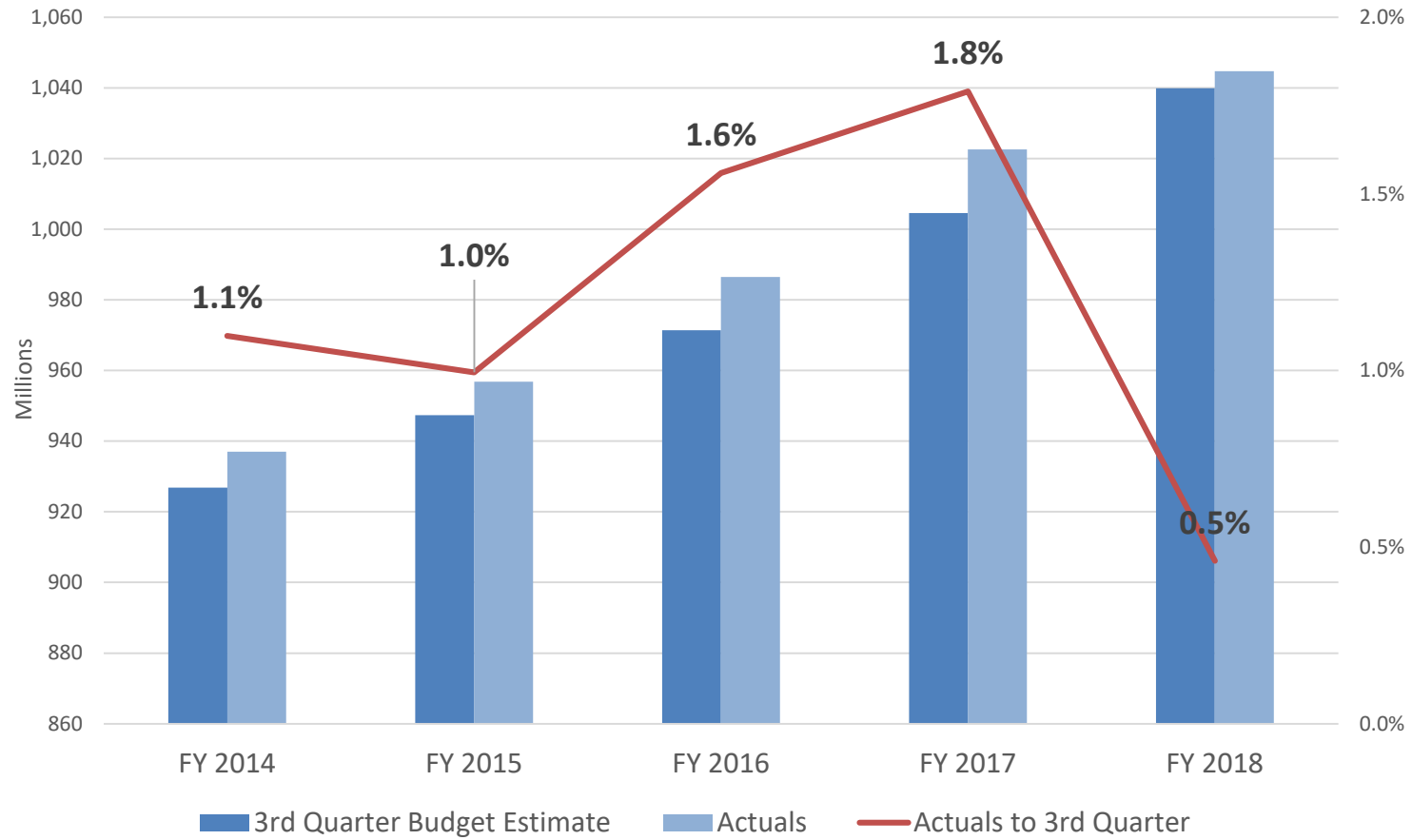
Operating Department Savings

- Varies from year to year
 - 1.5%-3.0% since FY 2014
- Increased in FY 2018 due to:
 - Departments holding vacant seats open in anticipation of FY 2019 budget reductions
 - Slower execution of work/projects due in part to hiring slowdown



Year-End Tax Revenues

On average, actual tax revenue has exceeded 3rd Qtr. estimates by 1.2%.



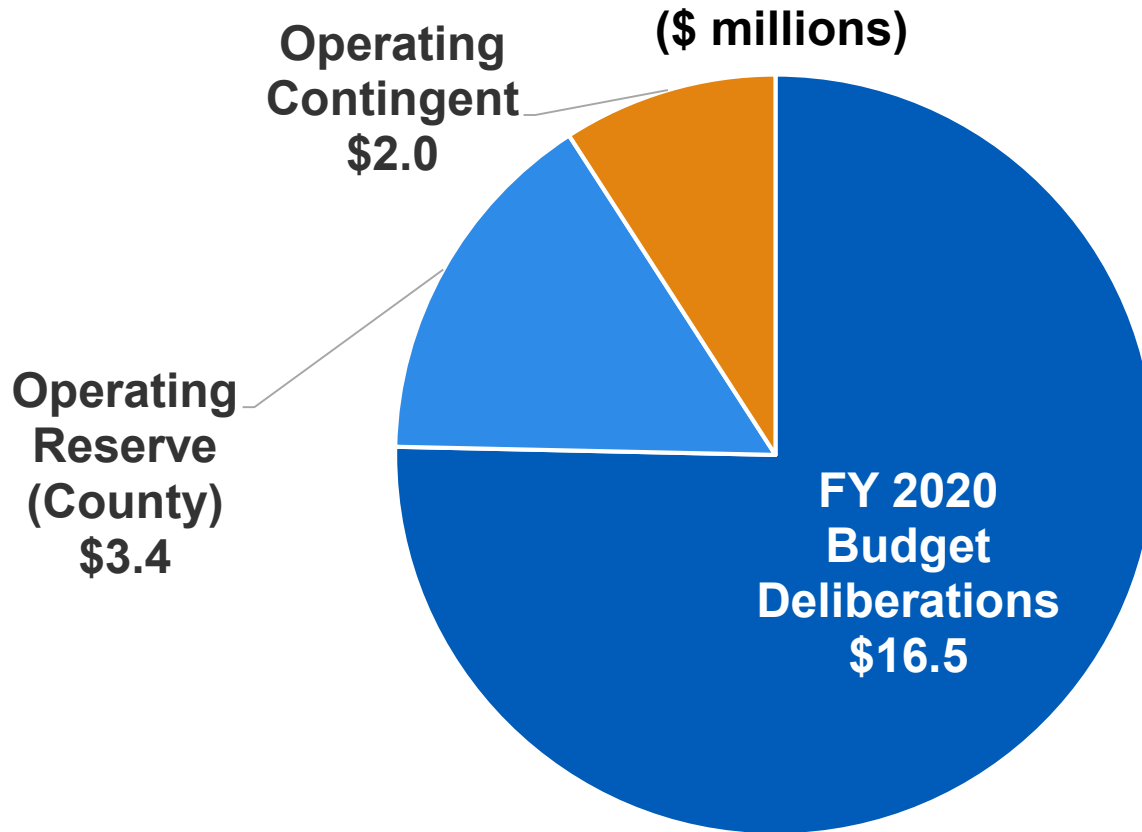
Restricted/Committed Fund Balance Allocations

88% (\$160.0 million) of fund balance restricted or already allocated per current Board policy or prior Board action

- **Carryover of Existing Reserve Funding (\$72.8 million)**
 - Required to maintain the County's triple-AAA bond rating
- **Unspent Schools Savings (\$10.0 million)**
 - Based on the Principles of revenue Sharing
- **Affordable Housing Investment Fund (\$54.0 million)**
 - \$38.5 million Allocated to projects; \$15.5 million Unallocated
- **Legally restricted funds (\$1.4 million)**
- **Projects the County Board has already taken action on (\$18.8 million)**
 - For example, \$8.9 million for various public safety and other technology equipment, \$4.6 million for items approved as a part of the FY 2019 budget adoption process, \$2.7 million for approved economic incentive grant obligations.

County Manager Recommendations

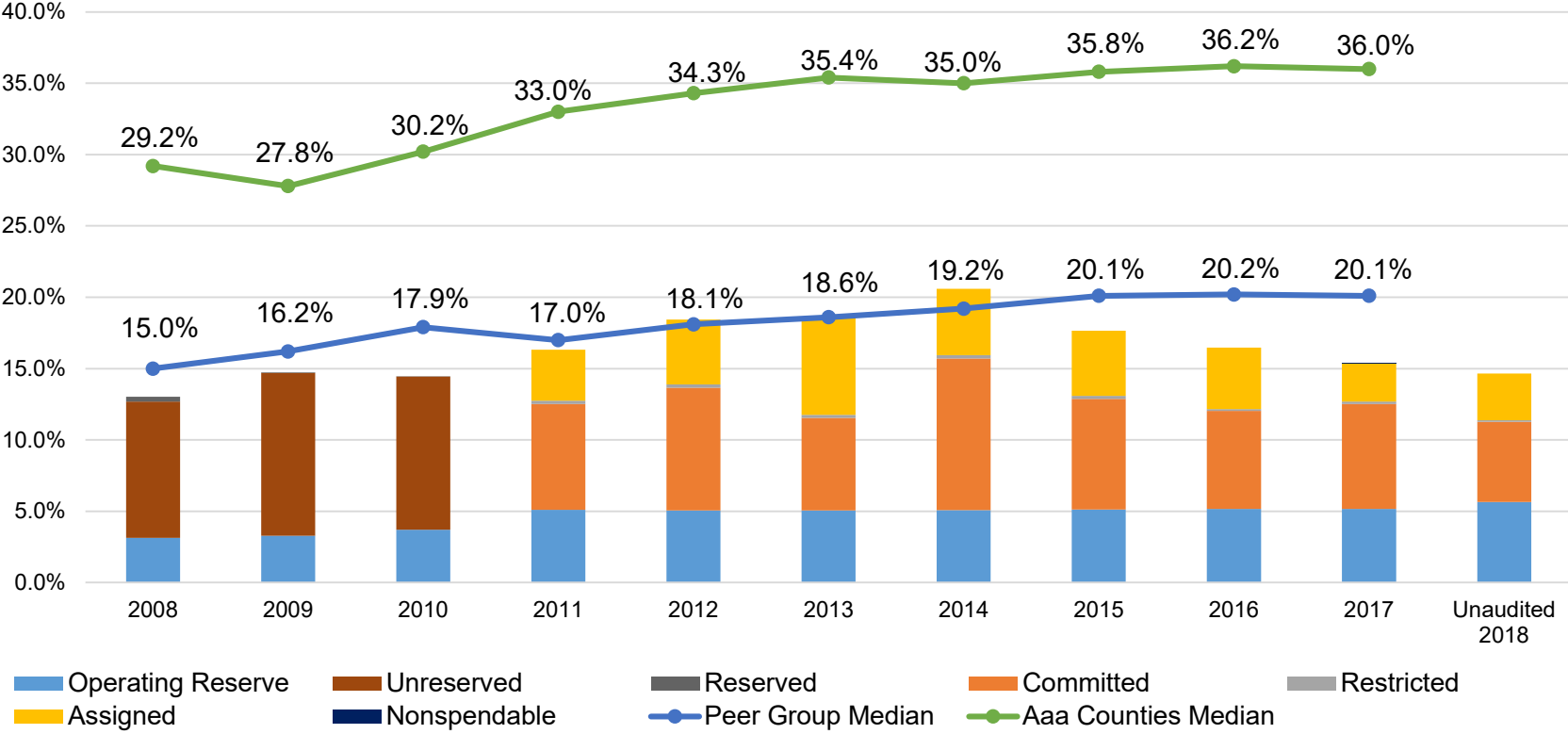
Non-Restricted or Previously Allocated Funds



- Year-End Savings in FY 2018 is 2.6%
- Since FY 2015, savings have ranged from 1.4% to 2.6%

Total General Fund Balance as a % of General Fund Revenues: Arlington's Trend

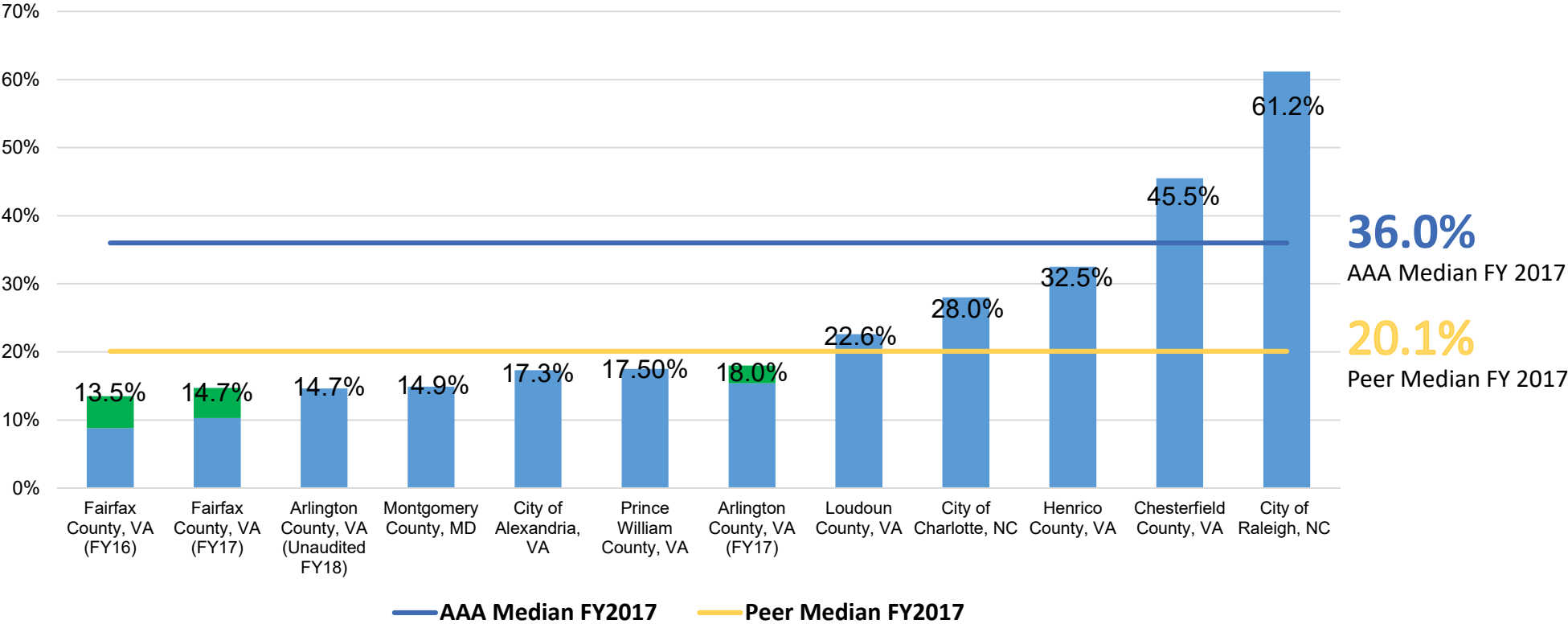
Arlington's Total General Fund Balance Ratio has declined four consecutive years since FY 2014 and is at its lowest since FY 2011, trending toward the lows realized during the Great Recession while triple-A and peer group medians for this metric have increased since 2008 and remained stable in recent years.



Source: Moody's Financial Ratio Analysis database, Arlington County CAFRs FY2008-2017, FY2018 unaudited. GASB 54 was effective in FY2011 and changed category reporting in the General Fund.

Total General Fund Balance as a % of General Fund Revenues: Peer Comparisons

Arlington's FY 2018 (unaudited) Total General Fund Balance metric is well below the Moody's Aaa-rated counties' median and below the peer group median for FY 2017.



Source: Moody's Financial Ratio Analysis database, all data is as of FY2017.
 Note: For Fairfax County & Arlington County, Moody's includes certain reserves outside of the General Fund as Available Fund Balance, illustrated by the additional shaded green area of the bar. Reserve amounts outside the General Fund for unaudited FY2018 not yet available.

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