

General Fund Revised Financial Projections Report



As of January 20, 2016

Introduction

The Albemarle County General Fund Revised Financial Projections Report (GFRFPR) reflects staff's forecast, as of January 20, 2016, for the County's FY 2015/16 revenues and expenditures through June 30, 2016.

The revenue projections contained in this report represent recent work performed by the County's Revenue Team. This group consists of the following members:

Lori S. Allshouse, Director, Office of Management and Budget
Betty J. Burrell, Director, Department of Finance
Mark Graham, Director, Department of Community Development
Bob Willingham, County Assessor, Department of Finance
L. Rocio Lamb, Chief of Revenue Administration, Department of Finance
Steven A. Allshouse, Manager of Economic Analysis and Forecasting, Department of Finance
Laura F. Vinzant, Senior Budget Analyst, Office of Management and Budget
Tim Conrad, Business Auditor, Department of Finance

The Revenue Team, additionally, consulted with the following County staff in order to generate the projections shown in this report:

Jackson Zimmermann, Executive Director of Fiscal Services, Schools Division
Faith McClintic, Director, Economic Development Office
Peter Lynch, Assistant County Assessor, Department of Finance
Kevin Wasilewski, CPA, Chief of Business Services, Department of Social Services
Tammy Critzer, Management Analyst II, Department of Finance

The expenditure projections contained in this report were developed by the County's Office of Management and Budget.

Background

The County's revenue and expenditure situation in FY 2015/16 continues to reflect only a modest pace of economic growth. For additional information regarding the County's economy, please see the Albemarle County *Quarterly Economic Indicators* report.

Discussion

A. General Fund Revenue Projections

Within the context of a somewhat challenging environment, and based on the performance of the first half of FY 16, revenues, excluding Transfers and Fund Balance Appropriations, at the end of FY 2015/16 are estimated to total \$243.066 million, or roughly \$1.959 million (0.80%) below Budget. Combined with the use of \$3.064 million in transfers from other funds, and \$2.148 million in budgeted use of fund balance, the sum of Revenues, Transfers, and Use of

Fund Balances could be expected to total \$248.279 million, or \$1.959 million (0.78%) below budget.

The following points provide a brief revenue analysis for FY 2015/16 through June 30, 2016:

- Property Tax Revenue is expected to come in below budget by \$1.899 million (1.18%). Note that property tax revenue includes, among other revenues, Real Property Tax, Personal Property Tax, and Delinquent Tax Collections.
 - Real Property Tax Revenue is forecasted to end the year at \$128.983 million, \$0.695 million (or 0.54%) below budget. Note: This estimated result assumes that the real property tax rate of \$0.819 per \$100 of assessed value will not change in April 2016. The deficit results from slightly lower-than-expected January 1, 2016 reassessments as well as a reduction in assumed new growth in construction.
 - Local Personal Property Tax revenue is expected to equal \$23.181 million, or roughly \$0.061 million (0.26%) below budget.
 - Delinquency Collections are expected to come to roughly \$1.582 million, or about \$0.973 million (38.1%) below budget. The projected deficit is based on the unexpected under-performance of this stream in FY 15 as well as the current value of delinquency collections in the first half of FY 16. The Director of Finance mentioned this potential shortfall at the Board's October 2015 meeting as part of the overview of the draft FY 15 Unaudited Financial Report.
- Other Local Tax Revenue overall is forecasted to be \$50.065 million, or slightly below budget by \$0.037 million. Major categories of interest within this broad revenue stream include Sales Tax, Business License Tax, Consumer Utility Tax, and Food & Beverage Tax.
 - Sales Tax revenue is forecasted to be \$14.824 million, \$0.379 million (or 2.62%) above Budget.
 - Business License Tax is estimated to come to \$10.965 million, \$0.283 million (or 2.65%) above Budget.
 - Consumer Utility Tax is forecasted to equal \$8.871 million, roughly \$0.170 million (1.88%) below Budget.
 - Food & Beverage Tax revenue is estimated to end the year at \$7.072 million, \$0.237 million (or 3.48%) above budget.
- Other Local Revenues (a broad category which includes Permits, Fines & Forfeitures, Use of Money and Property, Charges for Services, Miscellaneous Revenues, and Recovered Costs) is expected to come to \$6.064 million. This amount is \$0.199 million (3.18%) below budget.

- State Revenues are forecasted to equal \$23.388 million, or roughly \$0.197 million (0.85%) above budget.
- Federal Revenues are expected to come to \$4.810 million. This amount is roughly \$0.022 million (or 0.46%) below budget.
- Transfers from other funds are forecast to be \$3.064 million, equal to budget.
- Budgeted use of fund balance is \$2.148 million. This amount represents primarily transfer to capital and is expected to be fully utilized.

B. General Fund Expenditure Projections

General Fund expenditures, including transfers, are forecast to total \$249.055 million at the end of the fiscal year. This amount is \$1.182 million (or 0.47%) less than budget.

Departmental expenditures are expected to be \$95.481 million, roughly \$0.868 million (or 0.90%) less than budget.

Non-Departmental expenditures consist of the County's revenue sharing payment to the City of Charlottesville, reserves, and refunds. Collectively, these items are forecast to total \$17.443 million, \$0.314 million (or 0.77%) below budget.

Transfers are expected to equal \$136.131 million at the end of the fiscal year. This amount includes Transfers to the School Division (\$114.042 million) and Transfer to Capital, Debt, and Other Funds (\$22.089 million). These transfer amounts are equal to budget.

C. Budget Impact

The Q2 FY 2015/16 General Fund Revised Financial Projections Report indicates that forecasted revenues, including transfers, will be \$248.279 million, or \$1.959 million below appropriated revenues and transfers. Expenditures, including transfers, are forecasted to be \$249.055 million, \$1.182 million less than appropriated expenditures and transfers. Therefore, the projected net result (revenues minus expenditures) at June 30, 2016 will be a negative \$0.777 million. However, please note the amounts budgeted for various contingencies are conservatively projected to be expended by year end. Additionally, if there continues to be a projected shortfall after the third quarter FY 16, the revenue sharing formula would result in a reduction of the transfer to schools.