

General Fund Revised Financial Projections Report



As of November 8, 2016

Introduction

The Albemarle County General Fund Revised Financial Projections Report (GFRFPR) reflects staff's forecast, as of November 8, 2016, for the County's FY 2016/17 revenues and expenditures through June 30, 2017.

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
Peter Lynch, 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
Tammy Critzer, Management Analyst II, Department of Finance
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
Kevin Wasilewski, CPA, Chief of Business Services, Department of Social Services

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 2016/17 continues to reflect a slightly stronger-than-expected 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 slightly better-than-expected economy, the County's revenues, excluding Transfers and Fund Balance Appropriations, at the end of FY 2016/17 are estimated to total \$257.309 million, or roughly \$4.201 million (1.66%) above Budget. Combined with the use of \$3.229 million in transfers from other funds, and \$2.044 million in budgeted use of fund balance, the sum of Revenues, Transfers, and Use of Fund Balances is expected to total \$262.583 million, or \$4.201 million (1.63%) above budget.

The following points provide a brief revenue analysis for FY 2016/17 through June 30, 2017:

- Property Tax Revenue is expected to come in above budget by \$3.649 million (2.19%). 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 \$137.168 million, \$1.470 million (or 1.08%) above budget. Note: This estimated result assumes a real property tax rate of \$0.839 per \$100 of assessed value and assumes that 2017 reassessments will increase by an average of 1.8%.
 - Local Personal Property Tax revenue is expected to equal \$25.629 million, or roughly \$1.082 million (4.4%) above budget.
 - Delinquency Collections are expected to come to roughly \$1.646 million, or essentially equal to budget.
- Other Local Tax Revenue overall is forecasted to be \$52.338 million, or slightly above budget by \$0.471 million (0.90%). 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 \$15.685 million, \$0.399 million (or 2.60%) above Budget.
 - Business License Tax is estimated to come to \$11.931 million, \$0.558 million (or 4.90%) above Budget.
 - Consumer Utility Tax is forecasted to equal \$8.553 million, roughly \$0.361 million (4.0%) below Budget. This weakness reflects a shift from landline telephones to other means of telecommunications, such as Skype and FaceTime, that are not subject to taxation.
 - Food & Beverage Tax revenue is estimated to end the year at \$7.367 million, essentially equal to 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 \$6.159 million, or 6.31% above budget, primarily due to higher-than-expected development-related fee revenue.
- State Revenues are forecasted to equal \$23.056 million, or roughly \$0.209 million (0.90%) below budget.

- Federal Revenues are expected to come to \$5.215 million. This amount is roughly \$0.032 million (or 0.60%) below budget.
- Transfers from other funds are forecast to be \$3.229 million, equal to budget.
- Budgeted use of fund balance is \$2.044 million. This amount represents primarily transfer to capital and is expected to be fully utilized. The County is expected, however, to experience cost savings which will result in new fund balance by the end of the fiscal year.

B. General Fund Expenditure Projections

General Fund expenditures, including transfers, are forecast to total \$257.444 million at the end of the fiscal year. This amount is \$0.939 million (or 0.36%) less than budget.

Departmental expenditures are expected to be \$97.986 million, roughly \$0.939 million (or 0.95%) 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 \$18.490 million, equal to budget.

Transfers are expected to equal \$140.967 million at the end of the fiscal year. This amount includes Transfers to the School Division (\$116.893 million) and Transfer to Capital, Debt, and Other Funds (\$24.075 million). These transfer amounts are equal to budget.

C. Budget Impact

The Q1 FY 2016/17 General Fund Revised Financial Projections Report indicates that forecasted revenues, including transfers, will be \$262.583 million, or \$4.201 million above appropriated revenues and transfers. Expenditures, including transfers, are forecast to be \$257.444 million, \$0.939 million less than appropriated expenditures and transfers. The net result is that, at June 30, 2017, projected revenues and transfers are projected to be \$5.140 million above expected expenditures and transfers.