

General Fund Revised Financial Projections Report



As of April 14, 2016

Introduction

The Albemarle County General Fund Revised Financial Projections Report (GFRFPR) reflects staff's forecast, as of April 14, 2016, for the County's FY 2015/16 revenues and expenditures through June 30, 2016.

The revenue projections contained in this report represent 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
Laura F. Vinzant, Senior Budget Analyst, Office of Management and Budget
Tim Conrad, Business Auditor, Department of Finance

The Revenue Team, additionally, consulted in previous quarters 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
Tammy Critzer, Management Analyst II, Department of Finance

The expenditure projections contained in this report were developed by Laura Vinzant, Senior Budget Analyst, Albemarle County 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 nine months of FY 16, revenues, excluding Transfers and Fund Balance Appropriations, at the end of FY 2015/16 are estimated to total \$246.331 million, or roughly \$1.276 million (0.52%) above Budget. Combined with the use of \$3.102 million in transfers from other funds, and \$2.145 million in budgeted use of fund balance, the sum of Revenues, Transfers, and Use of

Fund Balances could be expected to total \$251.849 million, or \$1.276 million (0.51%) above 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 above budget by \$1.857 million (1.16%). 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 \$130.583 million, \$0.905 million (or 0.70%) above budget. This estimated result reflects the real property tax rate of \$0.839 per \$100 of assessed value, as adopted by the BOS on April 13, 2016. Note that this adopted tax rate is estimated to result in an approximate increase of \$1.6 million in real estate tax revenue in FY 16. Without this additional revenue, actual real property tax revenues would have fallen short of budget by roughly \$0.7 million, largely as a result of a lower-than-expected increase in the January 1, 2016 reassessed value of real property.
 - 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 \$2.499 million, or essentially in line with budget. The projection is based on the Department of Finance's enhanced efforts in pursuing delinquent accounts effective this quarter.
 - Other property tax revenue includes streams such as Public Service Tax, Machinery & Tools, Mobile Homes Tax, and Penalty & Interest. Collectively, these items are expected to come in over budget by about \$1.013 million, largely due to an increase in Public Service Tax revenue.
- Other Local Tax Revenue overall is forecasted to be \$49.725 million, or slightly below budget by \$0.376 million (0.75%). Major categories of note 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) are expected to come to \$6.034 million. This amount is \$0.229 million (3.66%) below budget.
- State Revenues are forecasted to equal \$23.118 million, or roughly \$0.041 million (0.18%) below budget.
- Federal Revenues are expected to come to \$4.958 million. This amount is roughly \$0.064 million (or 1.31%) above budget.
- Transfers from other funds are forecast to be \$3.102 million, equal to budget.
- Budgeted use of fund balance is \$2.145 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 \$248.719 million at the end of the fiscal year. This amount is \$1.854 million (or 0.74%) less than budget.

Departmental expenditures are expected to be \$94.820 million, roughly \$1.641 million (or 1.70%) 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 \$17.494 million, \$0.213 million (or 1.20%) below budget.

Transfers are expected to equal \$136.405 million at the end of the fiscal year. This amount includes Transfers to the School Division (\$114.034 million) and Transfer to Capital, Debt, and Other Funds (\$22.371 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 \$251.849 million, or \$1.276 million above appropriated revenues and transfers. Expenditures, including transfers, are forecasted to be \$248.719 million, \$1.854 million less than appropriated expenditures and transfers. Therefore, the projected net result (revenues minus expenditures) at June 30, 2016 will be a positive \$3.130 million.