General Fund Revised Financial Projections Report

As of November 11, 2015

Introduction

The Albemarle County General Fund Revised Financial Projections Report (GFRFPR) reflects staff's forecast, as of November 11, 2015, 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, Division Manager of Revenue and Taxation, 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, Revenue Manager, 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 growing but somewhat challenging environment, and based on the performance of Q1, revenues, *excluding Transfers and Fund Balance Appropriations*, at the end of FY 2015/16 are estimated to total $244.201 million, or roughly $0.756 million (0.31%) below Budget. Combined with the use of $2.970 million in transfers from other funds, and $1.4

million in budgeted use of fund balance, the sum of Revenues, Transfers, and Use of Fund Balances could be expected to total $248.571 million, or $0.756 million (0.30%) 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 $1.042 million (0.65%). 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 $129.439 million, $0.239 million (or 0.18%) below budget. Note: This estimated result assumes a real property tax rate of $0.819 per $100 of assessed value and assumes that 2016 reassessments will increase by an average of 2.0%.

    - Local Personal Property Tax revenue is expected to equal $23.848 million, or roughly $0.606 million (2.61%) above budget.

    - Delinquency Collections are projected to come to roughly $1.438 million, or about $1.117 million (43.7%) below budget. Staff currently is reviewing this revenue line item in order to determine if the difference between the projected amount and the budgeted amount reflects a tax category reporting issue, rather than an actual variance.

- Other Local Tax Revenue overall is forecasted to be $50.228 million, or slightly above budget by $0.127 million (0.25%). 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 $14.987 million, $0.542 million (or 3.75%) above Budget.

    - Business License Tax is estimated to come to $10.935 million, $0.252 million (or 2.36%) above Budget.

    - Consumer Utility Tax is forecasted to equal $8.738 million, roughly $0.302 million (3.34%) below Budget.

    - Food & Beverage Tax revenue is estimated to end the year at $7.276 million, $0.442 million (or 6.47%) 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 $6.227 million. This amount is essentially equal to budget.

- State Revenues are forecasted to equal $23.296 million, or roughly $0.155 million (0.67%) above budget.

- Federal Revenues are expected to come to $4.853 million. This amount is roughly $0.036 million (or 0.75%) above budget.

- Transfers from other funds are forecast to be $2.970 million, equal to budget.

- Budgeted use of fund balance is $1.4 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 $248.520 million at the end of the fiscal year. This amount is $0.807 million (or 0.32%) less than budget.

Departmental expenditures are expected to be $94.897 million, roughly $0.7 million (or 0.73%) 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 $17.737 million, $0.107 million (or 0.6%) below budget.

Transfers are expected to equal $135.885 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 ($21.852 million). These transfer amounts are equal to budget.

C. Budget Impact

The Q1 FY 2015/16 General Fund Revised Financial Projections Report indicates that forecasted revenues, including transfers, will be $248.571 million, or $0.756 million below appropriated revenues and transfers. Expenditures, including transfers, are forecast to be $248.520 million, $0.807 million less than appropriated expenditures and transfers. The net result is that, at June 30, 2016, projected revenues and transfers will be only slightly above expected expenditures and transfers.