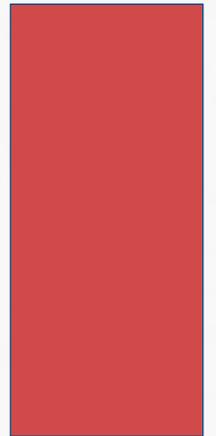


CITY OF RICHMOND
FY2017-18 MID-YEAR BUDGET REVIEW

FEBRUARY 6, 2018



FY2016-17 YEAR-END BUDGET UPDATE

Revenues – June 2017 (unaudited)

0001-GENERAL FUND	ORIGINAL BUDGET	REVENUE ADJ.	REVISED ESTIMATED REVENUES	ACTUAL YTD REVENUE	REMAINING REVENUE	100%Threshold PCT COLLECTED
30 PROPERTY TAXES	37,296,608	-	37,296,608	36,970,268	326,340	99.1%
31 SALES & USE TAX	40,906,608	-	40,906,608	41,620,188	(713,580)	101.7%
32 UTILITY USERS TAX	44,657,538	-	44,657,538	44,966,488	(308,950)	100.7%
33 OTHER TAXES	10,802,864	-	10,802,864	12,566,579	(1,763,715)	116.3%
34 LICENSES,PRMTS & FEES	5,663,753	-	5,663,753	8,166,615	(2,502,862)	144.2%
35 FINES & FORFEITURES	1,063,088	-	1,063,088	1,048,582	14,506	98.6%
37 CHARGES FOR SRVCS	3,311,778	33,517	3,345,295	4,520,177	(1,174,883)	135.1%
OTHER REVENUE	481,839	65,846	547,685	629,854	(82,169)	115.0%
39 RENTAL INCOME	731,472	-	731,472	836,219	(104,747)	114.3%
GRANTS	2,938,968	275,949	3,214,917	1,994,854	1,220,063	62.0%
90 OPER XFERS IN	4,068,506	-	4,068,506	9,468,371	(5,399,865)	232.7%
TOTAL	151,923,022	375,312	152,298,334	162,788,196	(10,489,862)	106.9%

Expenditures – June 2017 (unaudited)

0001-GENERAL FUND	ORIGINAL BUDGET	REVISED BUDGET	YTD EXPENDED	ENCUMBS.	AVAILABLE BUDGET	100%Threshold PCT USED w/ ENCUMBS
40 SALARIES AND WAGES	71,347,338	69,838,695	72,535,059		(2,696,364)	103.9%
41 PYROLLFRINGE BENEFIT	44,997,853	45,002,762	47,650,694		(2,647,931)	105.9%
42 PROF & ADMIN	8,000,858	9,558,476	8,178,368	7,213	1,372,896	85.6%
43 OTHER OPERATING	5,696,654	5,667,510	5,804,378		(136,868)	102.4%
44 UTILITIES	3,342,610	3,293,340	3,604,361		(311,021)	109.4%
45 EQPT & CONTRACT SVCS	1,329,936	1,387,191	1,520,734		(133,543)	109.6%
46 PROVISN FOR INS LOSS	12,000	3,178	3,178		-	100.0%
47 COST POOL	15,671,586	15,857,586	16,027,075		(169,489)	101.1%
48 ASSET/CAPITAL OUTLAY	121,567	194,419	237,615		(43,196)	122.2%
49 DEBT SVC EXPENDITURE	1,213,080	1,238,028	1,005,345		232,683	81.2%
4A A87 COST PLAN REIMBS	(5,895,770)	(5,895,770)	(6,015,728)		119,958	102.0%
50 GRANT EXPENDITURES	357,736	237,613	122,226		115,387	100.0%
91 OPER XFERS OUT	6,277,632	6,277,632	7,606,666		(1,329,034)	121.2%
<i>Targeted Operating Savings</i>	(550,000)	(550,000)				
TOTAL	151,923,080	152,110,662	158,279,970	7,213	(6,176,521)	104.1%

Revenue and Expenditure Summary

	FY2016-17 Adopted Budget	FY2016-17 Revised Budget	FY2016-17 Unaudited Actuals
Total Revenue	151,923,022	152,298,334	162,788,196
Total Expenditures	151,923,081	152,110,662	158,279,970
Net Operating Surplus/(Deficit)	(59)	187,672	4,508,226

General Fund - Three-Year Summary

	FY2014-15 Audited Actuals	FY2015-16 Audited Actuals	FY2016-17 Unaudited Actuals
Total Revenue	141,580,607	144,133,155	162,788,196
Total Expenditures	140,354,865	143,417,497	158,279,970
Surplus/(Deficit)	1,215,742	715,658	4,508,226

Year-End Clean-Up

- Negative cash balances in other funds cleared with General Fund surplus
 - Approved by the City Council on October 17, 2017

Fund	Amount	Action Plan
Point Molate Fund – 1008	364,758	Fund to be closed permanently
Parks Fund – 2006	1,038,082	Fund to be closed permanently
Compensated Absences Fund – 5008	1,653,563	Fund to remain active
Total	3,056,403	

Negative Cash Balances

To be cleared over time with various action plans

Fund	Amount	Action Plan
Transportation Operation (R-Transit) - 1003	1,749,243	Pending review. Will be discussed in more detail at a future council meeting
2005 Taxable Pension Obligation Bond - 3001	1,117,277	Five-year repayment plan to be completed in FY2021-22
2007 Refunding & Civic Center - 3005	1,208,843	Five-year repayment plan to be completed in FY2020-21
Planning & Building Cost Recovery – 1050	2,682,030	Revenue increasing – will improve over time
Engineering Cost Recovery - 1051	2,208,899	Increase General Fund subsidy
Code Enforcement Cost Recovery – 1053	2,439,356	Excess General Fund reserves when available (fund closed)
Housing Department Funds	3,143,929	Revenue expected to increase starting in FY2019-20
Traffic Impact Fee - 2111	296,233	Revenue increasing. Expecting surplus by end of FY2017-18
Stormwater - 4006	1,416,114	Pending review
Total	16,261,924	

OPEB Funding Policy

- The City will meet the objective of placing into a Trust half of any one-time revenues and one half of any year-end surplus in excess of the City's Minimum Reserve Policy into the Trust.

Unaudited General Fund Ending Balance	17,962,808
FY2017-18 GF total expenditure budget	160,345,694
7% of total GF expenditure budget	11,224,199
Excess over 7% policy minimum	6,738,609
One-time GF revenue	237,128
Excess over 7% less one-time revenue	6,501,481
Half of excess over 7% minimum	3,250,741
Half of one-time revenue	118,564
Total amount to be transferred to OPEB Trust	3,369,305

FY2017-18 PROPOSED MID-YEAR BUDGET

Revenues – December 2017

0001-GENERAL FUND	REVISED BUDGET	REVENUE ADJ.	PROPOSED MID-YEAR BUDGET	ACTUAL YTD REVENUE	REMAINING REVENUE	50%Threshold PCT COLLECTED
30 PROPERTY TAXES	38,782,023	(420,758)	38,361,265	18,920,817	19,440,448	49.3%
31 SALES & USE TAX	42,299,235	577,424	42,876,659	11,308,362	31,568,297	26.4%
32 UTILITY USERS TAX	45,916,543	711,300	46,627,843	26,641,257	19,986,586	57.1%
33 OTHER TAXES	11,593,174	500,000	12,093,174	4,157,623	7,935,551	34.4%
34 LICENSES,PRMITS&FEES	8,414,290	-	8,414,290	3,790,048	4,624,243	45.0%
35 FINES & FORFEITURES	943,088	-	943,088	377,541	565,547	40.0%
37 CHARGES FOR SERVICES	3,763,174	88,440	3,851,614	2,376,281	1,475,333	61.7%
OTHER REVENUE	357,551	113,973	471,524	792,364	(320,840)	168.0%
39 RENTAL INCOME	808,222	-	808,222	446,221	362,001	55.2%
GRANTS	1,391,112	(880,177)	510,935	311,907	199,028	61.0%
90 OPER XFERS IN	6,212,080	-	6,212,080	6,915,160	(703,080)	111.3%
GF REVENUE TOTAL	160,480,492	690,202	161,170,694	76,037,580	85,133,114	47.2%
FY2016-17 – Dec 2016	152,276,874	43,083	152,319,957	69,799,290	82,520,667	45.8%

Expenditures – December 2017

0001-GENERAL FUND	REVISED BUDGET	EXPENSE ADJ.	PROPOSED MID-YEAR BUDGET	YTD EXPENDED	ENCUMBS.	AVAILABLE BUDGET	50% Threshold PCT USED	50%Threshold PCT USED w/ ENCUMBS
40 SALARIES AND WAGES	70,856,333	93,254	70,949,587	36,475,528		34,474,059	51.4%	51.4%
41 PYROLLFRINGE BENEFIT	49,762,965		49,762,965	24,876,789		24,886,176	50.0%	50.0%
42 PROF & ADMIN	8,692,899	290,082	8,982,981	3,649,471	2,678,489	2,655,021	40.6%	70.4%
43 OTHER OPERATING	5,942,320		5,942,320	2,596,385	1,990,887	1,355,049	43.7%	77.2%
44 UTILITIES	3,377,559		3,377,559	1,649,588	386,314	1,341,657	48.8%	60.3%
45 EQPT & CONTRACT SVCS	1,632,813	165,000	1,797,813	537,619	284,392	975,802	29.9%	45.7%
46 PROVISN FOR INS LOSS	4,000		4,000	3,143		857	78.6%	78.6%
47 COST POOL	16,249,385	293,631	16,543,016	8,124,677		8,418,339	49.1%	49.1%
48 ASSET/CAPITAL OUTLAY	792,755	(328,919)	463,836	33,301	77,776	352,759	7.2%	23.9%
49 DEBT SVC EXPENDITURE	1,249,533		1,249,533	617,221		632,312	49.4%	49.4%
4A A87 COST PLAN REIMBS	(4,433,155)	(51,454)	(4,484,609)	(2,288,565)		(2,196,044)	51.0%	51.0%
50 GRANT EXPENDITURES	-		-	94,630		(94,630)	100.0%	100.0%
91 OPER XFERS OUT	6,599,286	351,928	6,951,214	2,977,983		3,973,231	42.8%	42.8%
<i>Targeted Operating Savings</i>	(381,000)		(381,000)					
TOTAL	160,345,693	813,522	161,159,215	79,347,769	5,417,858	76,393,588	49.2%	52.6%
FY2016-17 – Dec 2016	152,011,730	306,335	152,318,065	75,774,643	4,942,831	71,600,591	49.7%	53.0%

Revenue and Expenditure Summary

	FY2017-18 Adopted Budget	FY2017-18 Revised Budget	FY2017-18 Mid-Year Budget
Total Revenue	160,346,136	160,480,492	161,170,693
Total Expenditures	160,345,693	160,356,367	161,169,889
Net Operating Surplus/(Deficit)	442	124,124	805

Proposed Mid-Year Adjustments

Department	Fund	Funding Source Increase (Decrease)	Expense Increase (Decrease)	Net Impact
General Fund Requests*				
City Attorney	0001		50,000	(50,000)
City Clerk	0001	(17,000)		(17,000)
City Manager	0001	10,972		10,972
Community Services	0001	1,275	1,275	-
Police	0001	(778,451)	(161,549)	(616,902)
Fire	0001	105,440	126,934	(21,494)
Capital Improvement	0001		165,000	(165,000)
Infrastructure Maintenance and Operations	0001		35,000	(35,000)
Non-Departmental	0001	1,367,966	596,862	771,105
General Fund Total		690,202	813,522	(123,320)
Non-General Fund Requests*				
Non-General Fund Total		3,851,703	3,774,612	77,091

*For details, refer to pages 9 and 10 in the Mid-Year budget document

General Fund Summary

	February 6, 2018
Beginning Balance	\$14,900,497
Total Revenue (adopted 6/27/17)	160,346,136
Proposed Mid-Year Adjustments	690,202
Previous Adjustments	134,356
Revised Total Revenue	161,170,694
Total Expenditures (adopted 6/27/17)	160,345,693
Proposed Mid-Year Adjustments	813,522
Previous Adjustments	10,674
Revised Total Expenditures	161,169,889
Operating Surplus (Deficit)	805
Estimated Ending Balance (9.2% of total expenditures)	14,901,302
OPEB Funding Policy Amount	3,369,305
Revised Ending Balance (7% of total expenditures)	\$11,531,192

Credit Rating Upgrade

- Standard & Poor's (S&P) Global Ratings raised the City's issuer credit rating to "A-" from "BBB+
- The outlook is positive primarily due to:
 - Recent track record of stable to positive budgetary performance, which is expected to continue
 - Budgetary flexibility to a level viewed as strong, or above 8% as a percent of operating expenditures
 - Speculation that there is a 1/3 chance of further rating upgrade
- Concerns around large pension and Other Employment Benefits (OPEB) liabilities continue

FIVE-YEAR FINANCIAL FORECAST

Five-Year Financial Forecast

- Financial forecast last updated with FY2016-17 budget data
- Update in progress
 - Staff working with Public Financial Management (PFM) Solutions LLC and will return at later date to present current projections

CONCLUSION

What's Next

- Update General Fund five-year financial forecast
- Prepare a balanced budget for FY2018-19
- Revise City's cash reserve policy to coverage rate equal to 10%-15% of total expenditures
- Continue to monitor pension and other retirement costs