

City of Richmond

FY2018-19 Mid-Year Budget Review



February 5, 2019

Agenda

- FY2017-18 Pre-Audited Financials
- FY2018-19 Mid-Year Budget
- Next actions

Purpose of Mid-Year Budget Review

- ❑ To provide an assessment of the City's budgetary performance during the first six months of the fiscal year
- ❑ To estimate year-end revenues, expenditures, and reserves

FY2017-18 YEAR-END BUDGET UPDATE

Revenues— June 2018 (pre-audited)

0001-GENERAL FUND	ORIGINAL BUDGET	REVENUE ADJ.	REVISED ESTIMATED REVENUES	ACTUAL YTD REVENUE	REMAINING REVENUE	100%Threshold PCT COLLECTED
30 PROPERTY TAXES	(38,782,023)	420,758	(38,361,265)	(38,961,021)	599,756	102%
31 SALES & USE TAX	(42,299,235)	(577,424)	(42,876,659)	(44,474,973)	1,598,314	104%
32 UTILITY USERS TAX	(45,916,543)	(711,300)	(46,627,843)	(46,079,755)	(548,088)	99%
33 OTHER TAXES	(11,593,174)	(500,000)	(12,093,174)	(12,413,128)	319,954	103%
34 LICENSES,PRMTS & FEES	(8,414,290)	(250,000)	(8,664,290)	(7,361,045)	(1,303,245)	85%
35 FINES & FORFEITURES	(943,088)		(943,088)	(981,983)	38,895	104%
37 CHARGES FOR SRVCS	(3,627,454)	(224,160)	(3,851,614)	(4,138,835)	287,221	108%
OTHER REVENUE	(357,551)	(113,973)	(471,524)	(702,191)	230,667	198%
39 RENTAL INCOME	(808,222)		(808,222)	(849,639)	41,417	105%
GRANTS	(1,392,476)	793,086	(599,389)	(992,080)	392,691	171%
90 OPER XFERS IN	(6,212,080)		(6,212,080)	(6,035,115)	(176,965)	97%
TOTAL	(160,346,136)	(1,163,013)	(161,509,148)	(162,989,766)	1,480,617	101%

Expenditures – June 2018 (pre-audited)

0001-GENERAL FUND	ORIGINAL BUDGET	REVISED BUDGET	YTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	100%Threshold PCT USED w/ ENCUMBS
40 SALARIES AND WAGES	70,856,333	70,944,385	72,403,121		(1,458,735)	102%
41 PYROLLFRINGE BENEFIT	49,762,965	49,238,750	50,545,790		(1,307,040)	103%
42 PROF & ADMIN	8,692,899	9,458,028	8,556,593	(42,335)	943,770	90%
43 OTHER OPERATING	5,942,320	5,705,091	5,668,070	(8,061)	45,082	99%
44 UTILITIES	3,377,559	3,863,130	3,823,912	(10,149)	49,367	99%
45 EQPT & CONTRACT SVCS	1,632,813	1,816,240	1,756,313	(11,961)	71,888	96%
46 PROVISN FOR INS LOSS	4,000	3,143	3,143			100%
47 COST POOL	16,249,385	16,543,016	16,249,034		293,982	98%
48 ASSET/CAPITAL OUTLAY	792,755	286,783	291,699		(4,916)	102%
49 DEBT SVC EXPENDITURE	1,249,533	1,249,533	1,023,687		225,845	82%
4A A87 COST PLAN REIMBS	(4,433,155)	(4,484,606)	(4,577,163)		92,557	102%
50 GRANT EXPENDITURES		145,414	158,304		(12,890)	109%
91 OPER XFERS OUT	6,599,286	7,061,311	7,010,216		51,094	99%
<i>Targeted Operating Savings</i>	(381,000)	(381,000)			(381,000)	
TOTAL	160,345,693	161,449,218	162,912,721	(72,506.22)	(1,390,997)	101%

Revenue and Expenditure Summary

	FY2017-18 Adopted Budget	FY2017-18 Revised Budget	FY2017-18 Pre-audited Actuals
Total Revenue	(160,346,136)	(161,509,148)	(162,989,766)
Total Expenditures	160,345,693	161,449,218	162,912,721
Net Operating (Surplus)/Deficit	(443)	(59,930)	(77,045)

General Fund 3-Year Summary

	FY2015-16 Audited Actuals	FY2016-17 Audited Actuals	FY2017-18 Pre-audited Actuals
Total Revenue	(146,524,301)	(164,337,870)	(162,989,766)
Total Expenditures	145,808,644	158,318,375	162,912,721
Net Operating (Surplus)/Deficit	(715,658)	(6,019,496)	(77,045)

Negative Cash Balances

Cleared at FY2017-18 year-end with General Fund reserves

Fund	FY 2016-17	FY 2017-18	Justification
2005 Taxable Pension Obligation Bond - 3001	-	885,938	To clear negative cash using pension stabilization funds, five-year repayment plan terminated
Compensated Absences - 5008	1,653,563	156,267	To cure negative cash
Point Molate Fund - 1008	364,758	-	Fund closed
Parks Fund - 2006	1,038,082	-	Fund closed
Total	3,056,403	1,042,205	

Negative Cash Balances

To be cleared over time with various action plans

Fund	FY 2016-17	FY 2017-18	Action Plan
Transportation Operation (R-Transit) - 1003	1,749,243	2,902,517	Portion of prior year funding received in December 2018
Engineering Cost Recovery - 1051	2,208,899	2,298,974	Increase General Fund subsidy
Code Enforcement Cost Recovery - 1053	2,439,356	2,381,066	Excess General Fund reserves when available (fund closed)
2007 Refunding & Civic Center - 3005	1,208,843	1,003,477	Five-year repayment plan to be completed in FY2020-21
Stormwater - 4006	1,416,114	904,974	Revenue increasing - will improve over time
Housing Department Funds	3,143,929	3,367,762	Disallowed costs will have to be moved to General Fund
Planning & Building Cost Recovery - 1050	2,682,030	-	Fund is now in a positive cash position
Traffic Impact Fee - 2111	296,233	-	Fund is now in a positive cash position
2005 Taxable Pension Obligation Bond - 3001	1,117,277	-	Fund is now in a positive cash position
Total	16,261,924	12,858,770	

FY2018-19 PROPOSED MID-YEAR BUDGET

General Fund Highlights

- Mid-year budget is balanced with a surplus of \$142,416

- Projected cash reserves are 8% of total General Fund (GF) expenditures
 - In June 2018, City Council adopted policy increasing minimum reserves from 7% to 15% of total GF expenditures

Proposed Mid-Year Adjustments

Department	Fund	Funding Source Increase (Decrease)	Expense Increase (Decrease)	Net Impact
General Fund Requests*				
City Attorney	0001		6,500	(6,500)
City Manager	0001	(161,000)	(49,136)	(111,864)
Community Services	0001		7,500	(7,500)
Police	0001	129,623	499,220	(369,597)
Human Resources	0001		50,000	(50,000)
Finance Department	0001		25,000	(25,000)
Fire		129,464	28,000	101,464
Capital Improvement	0001		261,000	(261,000)
Infrastructure Maintenance and Operations	0001		314,476	(314,476)
Non-Departmental	0001	2,018,810	826,406	1,192,404
General Fund Total		2,116,897	1,968,966	147,931
Non-General Fund Requests*				
Non-General Fund Total		4,927,304	2,994,191	1,933,113

Revenues – December 2018

0001-GENERAL FUND	REVISED BUDGET	REVENUE ADJ.	PROPOSED MID-YEAR BUDGET	ACTUAL YTD REVENUE	REMAINING REVENUE	50%Threshold PCT COLLECTED
30 PROPERTY TAXES	(40,990,607)	(1,637,936)	(42,628,543)	(20,552,458)	(20,438,149)	48%
31 SALES & USE TAX	(46,149,234)	(228,200)	(46,377,434)	(12,007,794)	(34,141,440)	26%
32 UTILITY USERS TAX	(46,256,091)	42,869	(46,213,222)	(26,629,850)	(19,626,241)	58%
33 OTHER TAXES	(11,919,210)	(381,725)	(12,300,935)	(3,378,547)	(8,540,663)	27%
34 LICENSES,PRMITS&FEES	(8,124,618)	739,000	(7,385,618)	(2,895,063)	(5,229,554)	39%
35 FINES & FORFEITURES	(922,238)	-	(922,238)	(356,965)	(565,273)	39%
37 CHARGES FOR SERVICES	(3,581,369)	(252,464)	(3,833,833)	(2,227,803)	(1,353,566)	58%
OTHER REVENUE	(469,400)	(589,097)	(1,058,497)	(645,524)	(176,124)	61%
39 RENTAL INCOME	(840,610)	(50,000)	(890,610)	(493,307)	(347,303)	55%
GRANTS	(634,879)	(129,623)	(764,502)	(252,513)	(382,366)	33%
90 OPER XFERS IN	(8,381,513)	370,279	(8,011,234)	(8,238,131)	143,382	103%
GF REVENUE TOTAL	(168,269,769)	(2,116,897)	(170,386,666)	(77,677,955)	(90,591,813)	46%
FY2017-18 – Dec 2017	(160,480,492)	(690,202)	(161,170,694)	(76,037,580)	(85,133,114)	47%

Expenditures– December 2018

0001-GENERAL FUND	REVISED BUDGET	EXPENSE ADJ.	PROPOSED MID-YEAR BUDGET	YTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	50% Threshold PCT USED	50% Threshold PCT USED w/ ENCUMBS
40 SALARIES AND WAGES	72,928,799	226,471	73,155,270	37,346,188		35,582,610	51%	51%
41 PYROLLFRINGE BENEFIT	52,004,669	80,113	52,084,782	26,317,181		25,687,488	51%	51%
42 PROF & ADMIN	9,324,210	153,000	9,477,210	3,344,771	2,440,652	3,538,787	35%	62%
43 OTHER OPERATING	5,765,389		5,765,389	2,526,746	2,150,606	653,037	44%	81%
44 UTILITIES	3,482,591	575,476	4,058,067	2,439,922	341,714	700,955	60%	69%
45 EQPT & CONTRACT SVCS	1,684,710		1,684,710	979,930	178,530	526,250	58%	69%
46 PROVISN FOR INS LOSS	3,200		3,200	3,139		61	98%	98%
47 COST POOL	15,023,723	150,000	15,173,723	7,511,882		7,511,841	50%	50%
48 ASSET/CAPITAL OUTLAY	450,567	7,500	458,067	134,525	27,860	288,182	29%	35%
49 DEBT SVC EXPENDITURE	1,381,054	430,671	1,811,725	1,105,773		275,282	61%	61%
4A A87 COST PLAN REIMBS	(4,484,606)	95,735	(4,388,871)	(2,290,876)		-2,193,730	52%	52%
50 GRANT EXPENDITURES	159,928		159,928	47,178		112,750	29%	29%
91 OPER XFERS OUT	10,986,050	250,000	11,236,050	5,141,245		5,844,805	46%	46%
<i>Targeted Operating Savings</i>	(435,000)		(435,000)					
TOTAL	168,275,283	1,968,966	170,244,250	84,607,603	5,139,964	80,496,682	50%	53%
FY2017-18 – Dec 2017	160,345,693	813,522	161,159,215	79,347,769	5,417,858	76,393,588	49%	53%

General Fund Summary

	February 5, 2019
Estimated Beginning Balance	14,189,184
Total Revenue (adopted 6/26/18)	(168,020,865)
Proposed Mid-Year Adjustments	(2,116,897)
Previous Adjustments - grants	(248,904)
Revised Total Revenue	(170,386,666)
Total Expenditures (adopted 6/26/18)	168,020,220
Proposed Mid-Year Adjustments	1,968,966
Previous Adjustments - grants	255,064
Revised Total Expenditures	170,244,250
Operating (Surplus)/Deficit	(142,416)
Estimated Ending Balance (8% of total expenditures)	14,331,600

Non-General Fund Summary

	Revised Budget	Proposed Adj.	Mid-Year Budget
Other Operating Funds	(22,143,329)	(1,090,957)	(23,234,286)
Special Revenue Funds	(25,065,060)	-	(25,065,060)
Capital Improvement Funds	(22,877,881)	(1,612,607)	(24,490,488)
Debt Service Funds	(21,864,486)	-	(21,864,486)
Enterprise Funds	(36,417,632)	-	(36,417,632)
Internal Service Funds	(31,592,944)	(150,000)	(31,742,944)
Housing Department Funds	(4,786,934)	(2,073,740)	(6,860,674)
Total Revenues	(164,748,266)	(4,927,304)	(169,675,570)
Other Operating Funds	23,004,471	1,044,358	24,048,829
Special Revenue Funds	28,755,118	52,895	28,808,013
Capital Improvement Funds	26,350,477	774,438	27,124,915
Debt Service Funds	24,762,339	-	24,762,339
Enterprise Funds	50,094,640	423,000	50,517,640
Internal Service Funds	32,299,878	250,000	32,549,878
Housing Department Funds	8,619,987	449,500	9,069,487
Total Expenditures	193,886,910	2,994,191	196,881,101
Net (Surplus)/Deficit – Funds available in fund balance with the exception of Housing Dept.	29,138,644	(1,933,113)	27,205,531

Capital Project Highlights

- Additional \$2.1 million – Street Paving
 - Gas Tax increase: \$200,000
 - SB1 Funding from the Road Maintenance and Rehabilitation Account: additional \$1.9 million
 - Total Street Paving budget: \$6.2 million

- Increase in impact fees receipts due to housing development

Conclusion

□ General Fund:

- Mid-year operating budget is balanced with an estimated surplus of \$142,416
- The estimated cash reserve of \$14.3 million is 8% of total General Fund expenditures

□ Non-General Funds:

- Budgets are balanced with expenditures funded by a combination of current and new revenue, and fund balances

What's Next

- ❑ Present updated Five-Year Financial Model
- ❑ Work with the National Resource Network on strategic financial planning efforts and to align the budget with Council priorities
- ❑ Develop FY2019-20 operating and capital improvement budget

Thank you

Questions?