

Fiscal Year 2021-22 Year-end Clean up

City of Richmond City Council Meeting
October 18, 2022

Fiscal Year 2021-22 Revenues (unaudited)

ACCOUNT DESCRIPTION	Original Budget	Revised Budget	Estimated Actual	% Used
PROPERTY TAXES	47,460,890	45,233,561	47,362,317	105%
SALES & USE TAX	50,060,211	51,993,736	53,453,323	103%
UTILITY USERS TAX	45,452,324	46,522,663	48,373,587	104%
OTHER TAXES	18,269,102	20,953,343	26,573,076	127%
LICENSES PRMITS&FEES	11,806,326	10,354,335	11,132,527	108%
FINES & FORFEITURES	550,000	468,897	405,439	86%
USE OF MONEY&PROPRTY	236,079	236,079	168,426	71%
CHARGES FOR SERVICES	3,383,931	3,424,459	3,752,529	110%
OTHER REVENUE	158,977	1,473,927	804,601	55%
RENTAL INCOME	733,206	747,268	797,763	107%
INTERGOV STATE TAXES	90,000	90,000	127,228	141%
INTERGOV STATE GRANT	160,000	187,878	219,234	117%
INTERGOV OTHER GRANT	153,569	153,569	272,254	177%
PROC FR SLE PROP	100,000	100,000	6,788	7%
LOAN/BOND PROCEEDS	-	36,400	93,800	258%
OPER XFERS IN	9,856,182	10,204,224	9,859,938	97%
Total Revenues	188,470,796	192,180,338	203,402,830	106%

Fiscal Year 2021-22 Expenditures & Net (Unaudited)

ACCOUNT DESCRIPTION	Original Budget	Revised Budget	Estimated Actual	% Used
SALARIES AND WAGES	75,424,602	75,790,274	70,437,323	93%
PYROLLFRINGE BENEFIT	62,145,202	62,136,825	60,166,323	97%
PROF & ADMIN	11,201,880	16,993,833	10,651,402	63%
OTHER OPERATING	10,680,893	7,222,218	5,441,249	75%
UTILITIES	4,565,743	5,009,003	4,739,848	95%
EQPT & CONTRACT SVCS	2,628,158	2,561,348	2,153,676	84%
PROVISN FOR INS LOSS	25,725	27,673	26,673	96%
COST POOL	14,130,436	14,455,436	14,130,436	98%
ASSET/CAPITAL OUTLAY	1,602,890	1,451,585	1,033,373	71%
DEBT SVC EXPENDITURE	1,065,359	1,065,359	1,054,108	99%
A87 COST PLAN REIMBS	(3,516,104)	(3,516,104)	(3,471,526)	99%
GRANT EXPENDITURES	2,500	82,500	90,781	110%
OPER XFERS OUT	7,884,939	12,801,419	9,908,051	77%
Total Expenditures	187,842,223	196,081,371	176,361,718	90%
Net Surplus/(Deficit)	628,573	(3,901,032)	27,041,113	

Partial Use of Surplus (Clear Negative Cash)

This is an opportunity to cure some of historic negative cash balances in other funds and to make budgetary adjustments. The City staff request to use part of General Fund surplus balance from FY2021-22 to clear out negative cash balances in the funds below.

Amount	Fund
\$3,489,599	Fund 1051-Engineering Cost Recovery Fund
\$2,654,027	Fund 4006-Stormwater Fund
\$307,650	Fund 4501-RHA Administration for Building Acquisition
\$104,908	Fund 6999-Payroll Liabilities
\$6,556,184	Total

Partial Use of Surplus (OPEB Contribution)

Contribution to OPEB Trust

\$6,102,459

FY2021-22 OPEB Policy

- a. The City will meet the objective of placing into Trusts half of any one-time revenues.
- b. The City will place half of any year-end surplus in excess of the City's Minimum Reserve Policy into the Trusts.
- c. The City will seek to contribute the Actuarially Determined Contribution rate annually, though it maintains the flexibility to reduce contributions when fiscally necessary.
- d. For the purposes of the ADC calculation, investment return assumptions will be evaluated by an independent investment advisor on a regular basis (at a minimum of every two years), and should reflect the nature of the investments held in the Plans, and the historical and projected return rates anticipated for the investments.

All General Fund Adjustments

REF	OBJECT DESCRIPTION	AMOUNT	COMMENTS
Negative Cash Balances			
1	Operating Transfer Out	3,489,599	Negative cash due to deficit spending
2	Operating Transfer Out	2,654,027	Fund 4006 Stormwater-To payback advance from Risk Management Fund
3	Operating Transfer Out	104,908	Various payroll expenditures that were not directly charged to the employee's Department. Staff recommendation is to clear the balance from FY21-22 Operating Surplus
4	Admin Building from RHA	307,650	RHA debt reduction for fair market value of the admin building per repayment agreement dated 1/25/2022
	Contribution to OPEB Reserve	6,102,459	50% of operating surplus after meeting minimum reserve requirement
Total General Fund Negative Cash Clearing		12,658,643	
General Fund Administrative Budget Adjustments			
5	Operating Transfer In	(24,629)	JAG grant correction
6	Operating Transfer Out	8,089	Bond Admin Costs
7	Kids First Initiative	129,172	Balance to make for 1% of total General Fund revenue transferred to department of Children and Youth per Charter Article XV
Total General Fund Administrative		112,632	
Grand Total General Fund		12,771,275	

Non-General Fund Adjustments

REF	OBJECT DESCRIPTION	AMOUNT	COMMENTS
Non-General Fund Administrative Budget Adjustments			
8	Kids First Initiative	(129,172)	Balance to make for 1% of total General Fund Revenue transferred to department of Children and Youth per Charter Article XV
9	Operating Transfer In	(3,489,599)	To cover negative cash due to deficit spending
10	Operating Transfer In	(2,654,027)	From General Fund to payback advance from fund 5001 - Risk Management
11	Operating Transfer Out	2,654,027	Payback advance from fund 5001-Risk Management
12	Operating Transfer In	(8,089)	Bond Admin Costs
13	Transfer in from GF for Building	(307,650)	RHA Debt Reduction for fair market value of the admin building per Repayment Agreement dated 1/25/2022
14	Operating Transfer In	1,868,008	Reversal of mid-year budget adjustment
15	Operating Transfer In	(2,654,027)	From fund 4006-Stormwater for advance paid back
16	Operating Transfer In	(104,908)	Various payroll expenditures that were not directly charged to the employee's
17	Impact Fee Admin Fee	117	Impact Fee Admin Fee
18	Impact Fee Admin Fee	8,232	Impact Fee Admin Fee
19	Impact Fee Admin Fee	946	Impact Fee Admin Fee
20	Impact Fee Admin Fee	4,691	Impact Fee Admin Fee
21	Impact Fee Admin Fee	506	Impact Fee Admin Fee
22	Impact Fee Admin Fee	2,263	Impact Fee Admin Fee
23	Impact Fee Admin Fee	1,364	Impact Fee Admin Fee
24	Impact Fee Admin Fee	3,593	Impact Fee Admin Fee
25	Impact Fee Admin Fee	6,087	Impact Fee Admin Fee
26	Impact Fee Admin Fee	(27,799)	Impact Fee Admin Fee
Total Non-General Fund		(4,825,437)	

Changes in Fund Balance Assignments (Unaudited)

Descriptions	Resolution	June 30, 2021	Changes	June 30, 2022	Releasing Assignments & Commitments	FY 21/22 Projected Year-End
COVID-19	25-20	(1,500,000)	167,633	(1,332,367)	1,332,367	-
Reimaging Public Safety	78-21	(1,300,000)	1,066,066	(233,934)	233,934	-
Community Facility Improvement	78-21	(1,700,000)	289,515	(1,410,485)	-	(1,410,485)
One-time Staff Compensation	78-21	(2,300,000)	1,893,333	(406,667)	406,667	-
Contribution to Reserve	78-21	(3,000,000)	3,000,000	-	-	-
Committed Fund Balance		(9,800,000)	6,416,547	(3,383,453)	1,972,968	(1,410,485)
Measure U Shortfall	126-21	(2,000,000)	-	(2,000,000)	2,000,000	-
FY 21/22 Additional Expenses	126-21	(229,000)	-	(229,000)	229,000	-
Assigned Fund Balance		(2,229,000)	-	(2,229,000)	2,229,000	-
Grand Total		(12,029,000)	6,416,547	(5,612,453)	4,201,968	(1,410,485)

Estimated Reserve, June 30, 2021-22 (Unaudited)

General Fund Reserve		Amounts
General Fund Operating Surplus		
Operating General Fund Surplus		27,041,113
1051-Engineering Cost Recovery		(3,489,599)
4006-Stormwater Fund Advance Write-off		(2,654,027)
RHA Debt Reduction in lieu of Admin Building		(307,650)
Historic Payroll Liability Correction		(104,908)
Transfer to OPEB Trust		(6,102,459)
FY2021-22 Net Operating Surplus		14,382,470
General Fund Unassigned Fund Balance (Reserve)		
Beginning Unassigned Fund Balance (Reserve)		22,285,626
Released Commitments and Assignments		4,201,968
Adjustments to other Fund Balance Categories		6,558,851
FY2021-22 Net Operating Surplus		14,382,470
Ending Unassigned Fund Balance (Reserve 22.95%)		47,428,915

GFOA Guidance on Reserve Level

City staff will also perform analysis around an adequate reserve level considering the risk factors shown below under the GFOA Fund Balance Guidelines for General Fund and bring back a recommendation for the City Council in the coming months. The risk factors are:

- The predictability of its revenues and the volatility of its expenditures
- Its perceived exposure to significant one-time outlays (e.g., disasters, immediate capital needs, state budget cuts)
- The potential drain upon general fund resources from other funds, as well as the availability of resources in other funds
- The potential impact on the entity's bond ratings and the corresponding increased cost of borrowed funds
- Commitments and assignments (i.e., governments may wish to maintain higher levels of unrestricted fund balance to compensate for any portion of unrestricted fund balance already committed or assigned by the government for a specific purpose).

Next Steps

- City staff will continue to work on the Annual Audit and prepare an Annual Certified Financial Report (ACFR) and present to the City Council in December 2022 or January 2023
- Perform Risk Factors Based analysis to determine adequate reserve level per GFOA guidance.

Thanks

- Questions?