



CITY OF RICHMOND

INTRACITY CORRESPONDENCE

TO: Mayor Dwight C. Jones

The Honorable Kathy Graziano
Chair of the Finance and Economic Development Committee

The Honorable Members of City Council

Mark Kronenthal, Chief of Staff, Office of the Mayor

THROUGH: Selena Cuffee-Glenn
Chief Administrative Officer

THROUGH: Lenora Reid
Deputy Chief Administrative Officer, Finance & Administration

FROM: Jay A. Brown, Ph.D.
Budget & Strategic Planning Director

DATE: November 15, 2016

RE: Fiscal Year 2017 First Quarter Revenue & Expenditure Projection Report

The Fiscal Year 2017 First Quarter Revenue and Expenditure Projection Report is provided to the Finance and Economic Development Committee to describe the City's Fiscal Year 2017 year-to-date financial performance. The report includes revenue and expenditures up-to-date through September 30, 2016 – utilizing only three (3) months of data.

A brief overview of the projected FY2017 general fund revenues and expenditures is provided below. Details, as well as a write up of major variances, are provided further within the report.

General Fund Revenues

General Fund Revenues are currently forecast to be slightly more than what was budgeted with a projected surplus of \$411,210, or 0.06% higher than the modified revenue budget. At the first quarter there are several projected revenue sources which will exceed the modified budget. These include Personal Property Tax, the Prepared Food Tax, and the Lodging Tax. Stronger collection efforts coupled with a growing economy are the factors behind the growth in these sources. However, some revenue sources are projected to be less than budgeted. These include the State Communications Tax, Penalty & Interest on Delinquent

Taxes and State Payment for Social Services. Continued trend decreases, lower reimbursements from the State, as well as lower than anticipated collection of penalty and interest tax revenues due to the change in interest rate happening on January 1, 2017 instead of the anticipated date of July 1, 2016, have been the primary causes of these projected decreases.

General Fund Expenditures

General Fund expenditures are trending in a positive direction, with a preliminary, projected savings of \$2,383,350 or 0.3% of the current (modified) budget. This includes a projected personnel surplus of \$3,612,307 and a projected operating shortfall of **(\$1,228,958)**. Projected savings within personnel is primarily attributed to turnover and vacancy savings as well as health insurance savings (resulting from lower than anticipated health insurance employer premium rates). However, a projected shortfall in citywide overtime costs are reducing the total potential personnel savings. The largest drivers of the projected shortfall in overtime at the first quarter include: Public Works, Police, Parks and Recreation, and Social Services. Overtime, in most cases, is being used by departments to supplement existing staffing levels.

A projected operating shortfall of \$1.2 million is primarily attributed to an anticipated increase in the payment to the Greater Richmond Convention Center Authority (GRCCA) of \$2.2 million. This increase in expenditures is attributed to an anticipated increase in the amount of lodging tax revenue that will be generated by the City. Currently, the total amount of lodging tax revenue that the City receives is earmarked for operations of the convention center. As a result, a net increase in the collection of the City’s lodging taxes will result in a corresponding increase in the payment to the GRCCA.

A summary of the First Quarter 2017 report is provided below. Details of the report as well as a write up of variances are provided on the next several pages.

Summary of FY2017 Projected Balances as of 09/30/2016	
Projected Total FY2017 General Fund Revenue	\$717,475,327
Projected Total FY2017 General Fund Expenditures	\$714,680,760
Total: FY2017 Projected Budgetary Surplus/(Shortfall)	\$2,794,567

*Note very minor discrepancies may exist due to rounding

City of Richmond
Finance & Administration Portfolio
FY2017 First Quarter Report

Sources

	FY2017 Budget	FY2017 Amended Budget	Collections as of 09/30/2016	FY2017 Year End Projection	Variance: Amended Budget vs. Preliminary Year End surplus(shortfall)	
General Property Taxes						
Real Property Taxes						
Current	243,366,580	243,366,580	164,059	243,366,580	(0)	100.00%
Delinquent Real Estate Tax	9,115,548	9,115,548	3,111,575	10,093,921	978,373	110.73%
Subtotal: Real Property Taxes	252,482,128	252,482,128	3,275,634	253,460,500	978,372	100.39%
Personal Property Taxes						
Personal Property Tax	31,559,679	31,559,679	73,030	32,409,679	850,000	102.69%
Personal Property Tax Relief	16,708,749	16,708,749	0	16,708,749	0	100.00%
Delinquent Personal Property Tax	10,898,196	10,898,196	2,058,130	10,098,196	(800,000)	92.66%
Subtotal: Personal Property Tax	59,166,624	59,166,624	2,131,160	59,216,624	50,000	100.08%
Other Property Taxes						
Machinery & Tools Tax	15,022,974	15,022,974	42,617	14,822,974	(200,000)	98.67%
Mobile Home Title Tax	6,559	6,559	3,963	6,559	0	100.00%
Subtotal: Other Property Tax	15,029,533	15,029,533	46,580	14,829,533	(200,000)	98.67%
Total General Property Taxes	326,678,285	326,678,285	5,453,374	327,506,657	828,372	100.25%
Other Local Taxes						
Consumer Utility Taxes						
Electric Consumer tax	12,425,873	12,425,873	3,100,000	12,425,873	0	100.00%
Gas Consumer Tax	4,872,384	4,872,384	470,470	4,872,384	0	100.00%
Utility Sales Tax Telephone	267,694	267,694	0	0	(267,694)	0.00%
Utility Pole & Conduit Tax	164,604	164,604	0	164,604	0	100.00%
Subtotal: Consumer Utility Taxes	17,730,555	17,730,555	3,570,470	17,462,861	(267,694)	98.49%
Consumer Taxes						
Local Sales & Use Tax	33,503,668	33,503,668	2,677,035	33,964,607	460,939	101.38%
Prepared Food (Meals) Tax	34,491,077	34,491,077	4,415,978	35,754,926	1,263,849	103.66%
Lodging (Hotel) Tax	6,056,982	6,056,982	1,081,536	8,259,209	2,202,227	136.36%
Admissions Tax	3,302,840	3,302,840	291,444	3,302,840	0	100.00%
Vehicle Rental Tax	997,443	997,443	91,508	1,004,292	6,849	100.69%
Short Term (1% Property) Rental Tax	99,692	99,692	0	83,465	(16,227)	83.72%
Subtotal: Consumer Taxes	78,451,702	78,451,702	8,557,501	82,369,339	3,917,637	104.99%
State Distributed Local Taxes						
Sales & Use Tax for Education	26,328,770	26,328,770	1,950,893	26,328,770	0	100.00%
Communications Tax	16,389,389	16,389,389	0	16,035,315	(354,074)	97.84%
Recordation Tax	752,013	752,013	0	865,721	113,708	115.12%
Subtotal: State Dist. Local Taxes	43,470,172	43,470,172	1,950,893	43,229,806	(240,366)	99.45%
Business Taxes						
Bank (Stock) Franchise Tax	9,726,022	9,726,022	0	9,726,022	0	100.00%
Telephone Commissions Tax	475,241	475,241	86,590	480,461	5,220	101.10%
Subtotal: Business Taxes	10,201,263	10,201,263	86,590	10,206,483	5,220	100.05%
Other Taxes						
Penalty & Interest on Delinquent Taxes	7,102,340	7,102,340	580,715	6,503,803	(598,537)	91.57%
Subtotal: Other Taxes	7,102,340	7,102,340	580,715	6,503,803	(598,537)	91.57%
Total Other Local Taxes	156,956,032	156,956,032	14,746,169	159,772,291	2,816,259	
Total Taxes	483,634,317	483,634,317	20,199,543	487,278,949	3,644,632	100.75%

Sources

	FY2017					
	FY2017 Budget	FY2017 Amended Budget	Collections as of 09/30/2016	FY2017 Year End Projection	Variance: Amended Budget vs. Preliminary Year End surplus(shortfall)	
Licenses, Permits & Fees						
Business License	34,869,264	34,869,264	221,869	34,936,958	67,694	100.19%
Vehicle License	6,260,406	6,260,406	267,120	6,260,406	0	100.00%
Utility Right-of-Way Fees	806,193	806,193	0	806,193	0	100.00%
Other Licenses, Permits & Fees	858,199	858,199	58,546	858,199	0	100.00%
Total Licenses Permits & Fees	42,794,062	42,794,062	547,535	42,861,756	67,694	100.16%
Intergovernmental Revenue						
Federal Revenue	725,000	725,000	0	20,000	(705,000)	2.76%
State Payment for Social Services	42,015,887	42,015,887	0	40,664,003	(1,351,884)	96.78%
State House Bill 599	14,341,364	14,341,364	3,600,341	14,341,364	0	100.00%
Reimbursement for State Shared Expenses	20,568,952	20,568,952	2,689,942	19,651,654	(917,298)	95.54%
Street Maintenance	26,286,871	26,286,871	6,666,466	26,665,864	378,993	101.44%
State Block Grant	4,017,882	4,017,882	430,807	3,709,892	(307,990)	92.33%
State Payment in Lieu of Taxes (PILOT)	3,329,992	3,329,992	432,194	3,329,992	0	100.00%
All Other State Revenue	879,002	879,002	4,989,035	712,174	(166,828)	81.02%
Total Intergovernmental Revenue	112,164,950	112,164,950	18,808,785	109,094,944	(3,070,006)	97.26%
Fines and Forfeits						
Circuit Court Fines & Fees	4,378,138	4,378,138	450,082	4,780,949	402,811	109.20%
General District Court Fines & Fees	1,548,975	1,548,975	50,130	1,086,986	(461,989)	70.17%
Juvenile & Domestic Relations Court	5,593	5,593	0	5,593	0	100.00%
Parking Violations	0	0	17,866	0	0	0.00%
Overdue Book Fines	87,903	87,903	12,000	74,108	(13,795)	84.31%
Total Fines & Forfeits	6,020,609	6,020,609	530,078	5,947,635	(72,974)	98.79%
Utility Payments to the General Fund						
Utility Payment in Lieu of Taxes	27,994,386	27,994,386	687,506	27,994,386	0	100.00%
Payment for Collection Services	282,385	282,385	0	282,385	0	100.00%
Payment for Administrative Services	3,173,708	3,173,708	793,427	3,173,708	0	100.00%
Utility Dividend Payments	5,888,881	5,888,881	0	5,888,881	0	100.00%
Total Utility Payments to the General Fund	37,339,360	37,339,360	1,480,933	37,339,360	0	100.00%
Charges for Goods & Services						
Building Service Charges	968,200	968,200	104,473	968,200	0	100.00%
Rental of Property	413,393	413,393	15,000	280,761	(132,632)	67.92%
Safety Related Charges	715,090	715,090	32,773	305,278	(409,812)	42.69%
Other Service Charges	1,644,651	1,644,651	73,823	1,644,651	0	100.00%
Refuse Collection Fees	13,884,691	13,884,691	2,406,373	14,443,998	559,307	104.03%
Commercial Dumping Fees	11,000	11,000	0	11,000	0	100.00%
Recycling Proceeds	2,175,944	2,175,944	310,629	1,880,824	(295,120)	86.44%
Inspection Fees	4,792,650	4,792,650	731,033	4,792,650	0	100.00%
Health Related Charges	81,519	81,519	16,340	95,360	13,841	116.98%
Other Sales	224,374	224,374	152	224,374	0	100.00%
Printing and Telecommunication Charges	424,596	424,596	2,202	0	(424,596)	0.00%
Risk Management	5,065,344	5,065,344	0	5,596,151	530,807	110.48%
Total Charges for Goods & Services	30,401,452	30,401,452	3,692,798	30,243,246	(158,206)	99.48%

Sources

	FY2017					
	FY2017 Budget	FY2017 Amended Budget	Collections as of 09/30/2016	FY2017 Year End Projection	Variance: Amended Budget vs. Preliminary Year End surplus(shortfall)	
Other General Fund Revenue & Resources						
Administrative Payments	2,981,918	2,981,918	4,918,659	2,981,918	0	100.00%
Internal Service Fund Payments	370,050	370,050	0	370,050	0	100.00%
Data Sharing & Other Transfers	0	0	70	70	70	0.00%
Other Payment to the General Fund	0	0	0		0	0.00%
All Other Revenue	1,352,399	1,357,399	2,370	1,357,399	0	100.00%
Total Other General Fund Revenue	4,704,367	4,709,367	4,921,099	4,709,437	70	100.00%
Subtotal General Fund Revenue						
	717,059,117	717,064,117	50,180,771	717,475,327	411,210	100.06%
All Other Resources						
Rainy Day/Unassigned Fund Balance						
Other Reserves						
Total All Other Resources	0	0	0	0	0	
General Fund Revenue Grand Total						
	717,059,117	717,064,117	50,180,771	717,475,327	411,210	100.06%
Rolled Encumbrance Total:						
	0	0	0	0		
Grand Total:						
	717,059,117	717,064,117	50,180,771	717,475,327	411,210	100.06%

All Projections are based on data collected at a point in time.
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Uses

Agency	FY 2017 Adopted Budget	FY 2017 Current Budget	Expenditures through Sept. 30th	FY 2017 Year- End Projection	Variance: Current vs Projection surplus/(shortfall)	
Culture & Recreation						
Library	5,492,382	5,492,382	910,249	5,376,877	115,505	97.9%
Parks Rec	17,533,495	17,533,494	4,087,967	17,532,219	1,275	100.0%
Debt						
Debt	66,238,021	66,238,021	28,332,811	65,688,025	549,996	99.2%
Education						
RPS	177,850,679	177,850,679	-	177,850,679	-	100.0%
General Government						
Assessor	3,123,355	3,123,355	635,823	3,156,104	(32,749)	101.0%
Auditor	1,902,628	1,902,628	325,575	2,058,254	(155,626)	108.2%
Budget	1,258,226	1,258,226	202,955	1,255,173	3,053	99.8%
Chief Admin Officer	1,190,060	1,175,060	221,111	1,175,060	-	100.0%
City Attorney	2,681,661	2,681,661	538,477	2,673,135	8,526	99.7%
City Clerk	861,719	861,719	137,962	856,646	5,067	99.4%
City Council	1,308,232	1,308,232	257,889	1,308,647	(415)	100.0%
City Treasurer	130,201	130,201	36,915	183,105	(52,904)	140.6%
Council Chief of Staff	1,164,839	1,164,839	217,702	1,084,508	80,331	93.1%
Econ & Comm Dev	4,076,795	3,566,795	693,022	3,537,502	29,293	99.2%
Finance	24,759,006	24,759,006	7,189,655	24,199,695	559,311	97.7%
General Registrar	1,905,967	1,905,967	206,456	1,923,775	(17,808)	100.9%
Human Resources	2,899,103	2,899,103	524,198	2,877,232	21,871	99.2%
Info Tech	18,408,807	18,408,807	3,854,004	18,321,889	86,918	99.5%
Mayor's Office	998,807	998,807	196,942	995,591	3,216	99.7%
Minority Business Development	661,731	661,731	118,596	655,346	6,385	99.0%
Planning & Dev Review	10,001,956	10,001,956	1,800,012	9,962,261	39,695	99.6%
Press Secretary	527,512	527,512	107,059	476,831	50,681	90.4%
Procurement Serv.	1,156,879	1,156,879	170,499	1,019,106	137,773	88.1%
Highways, Streets, Sanitation & Refuse						
Public Works	61,413,070	61,413,070	9,313,434	61,256,734	156,336	99.7%
Human Services						
Justice Services	8,894,887	8,894,887	1,648,198	8,885,952	8,935	99.9%
Office of DCAO/HS	1,816,721	1,816,721	370,931	1,785,299	31,422	98.3%
RCHI - Health	3,781,490	3,781,490	-	3,781,490	-	100.0%
Social Services	56,107,739	56,107,739	13,725,308	54,951,356	1,156,383	97.9%
Office of Community Wealth Building	1,280,355	1,280,355	352,756	1,607,804	(327,449)	125.6%
Non-Departmental						
Non-Dept	47,051,992	47,581,992	9,451,559	49,680,121	(2,098,129)	104.4%
Public Safety & Judiciary						
Animal Control	1,645,929	1,645,929	330,495	1,658,586	(12,657)	100.8%
Emergency Communications	4,396,961	4,396,961	691,648	4,383,903	13,058	99.7%
Fire & Emer Svcs	46,919,046	46,919,046	9,612,743	46,739,624	179,422	99.6%
J & DR Court	231,028	231,028	38,883	230,820	208	99.9%
13th District Court Services Unit	220,722	220,722	36,035	222,920	(2,198)	101.0%
Jail/Sheriff	38,959,864	38,959,864	6,859,413	37,514,808	1,445,056	96.3%
Judiciary - Adult Drug Ct	559,165	559,165	123,624	621,793	(62,628)	111.2%
Judiciary - Cir Ct	3,684,664	3,684,664	742,731	3,652,275	32,389	99.1%
Judiciary - CW Atty	6,112,565	6,112,565	1,193,838	5,932,003	180,562	97.0%
Judiciary - Other	290,624	290,624	31,379	290,624	-	100.0%
Police	87,560,234	87,560,234	18,105,466	87,316,988	243,246	99.7%
Grand Total	717,059,117	717,064,116	123,394,321	714,680,760	2,383,350	99.7%

All Projections are based on data collected at a point in time.

All Projections could change as more data becomes available at year end closing.

*Note very minor discrepancies may exist due to rounding

FY2017 First Quarter Revenue Projections

Below are explanations of variances within major accounts in the revenue projections. Explanations are offered for variances that are +/- 3% or +/- \$250,000. The current forecast projects revenues to be more than the FY2017 budget by \$411,210 or 0.06%. The explanations are in order as they appear in the prior table.

Delinquent Real Estate

Projected Revenue Surplus: \$978k

For the first three months of FY2017, revenues from this source have exceeded those collected in FY2016. With aggressive collection efforts being undertaken by the Department of Finance, it is expected that this pattern will continue and that this source will realize a surplus of \$978k as compared to the adopted budget.

Personal Property Tax

Projected Revenue Surplus: \$850k

This revenue source is projected to generate \$32.4m in FY2017. Increases in revenue from PSC Personal Property as well as Business Personal Property tax are the drivers behind this revenue increase.

Delinquent Personal Property Tax

Projected Revenue Shortfall: \$800k

This revenue source is projected to generate \$10.0m in FY2017. This is in line with preliminary (unaudited) FY2016 actual revenues for this source. It is hoped that this will increase in subsequent quarters due to enhanced revenue collections, but to be conservative we are keeping projections in trend with the prior year.

Utility Sales Tax Telephone

Projected Revenue Shortfall: \$268k

For the last two fiscal years, this revenue source has been incorrectly shown as Utility Sales Tax Telephone receipts. In investigating the documentation behind this revenue, the correct source of this revenue is listed under Business License Tax. To ensure correct reporting of this revenue, the projected revenue for this source has been decreased to \$0, whilst the Business License Revenue line item has been increased by \$268k.

Local Sales & Use Tax

Projected Revenue Surplus: \$461k

Preliminary (unaudited) figures for this revenue source has FY2016 revenue for this source at \$33.7m. The first three months of FY2017 suggest further growth in this revenue source, however not to the level of the preliminary estimates provided by the State in the spring.

Prepared Food Tax

Projected Revenue Surplus: \$1.3m

Preliminary (unaudited) FY2016 revenues show a collection of \$35.5m. For the first three months of FY2017, revenue has been stronger than in FY2016, and it is expected to continue with forecasted revenues of \$35.7m due to enhanced revenue collections.

Lodging Tax

Projected Revenue Surplus: \$2.2m

The revenue forecast has been increased to show a modest, continued growth in this revenue source, but with a large positive variance to budget of \$2.2m.

Short-Term (1% Property) Rental Tax**Projected Revenue Shortfall: \$16k**

FY2015 revenue for this source was \$82k, whilst FY2016 (unaudited) revenues show a further decrease to \$79k. For FY2017, revenues are projected to bounce back slightly to \$83k due to an anticipated increase in rentals from businesses.

Communications Tax**Projected Revenue Shortfall: \$354k**

This source of revenue has been on a downward trend over the last few years. In FY2015, the city generated \$16.7m, and FY2016 is forecast to generate \$16.2m. Based on the first payments in FY2017, this revenue source is showing lower receipts compared to FY2016. As such, it is projected to generate \$16.0m in FY2017.

Recordation Tax**Projected Revenue Surplus: \$114k**

This source is projected to bring in \$865k in FY2017, a projected surplus of \$114k, due to higher property sales activity in the City based on payment trends from the State.

Penalty & Interest on Delinquent Taxes**Projected Revenue Shortfall: \$600k**

As part of the FY2017 budget, the revenue projected for this source was dependent on the interest rate on delinquent taxes being raised from 5% to 10%. After a successful appeal by a delinquent taxpayer, this rate could not become effective until, at a minimum, January of 2017. In light of this uncertainty and the volatility of this source, the revenue forecasted to be generated is decreased by \$600k, with the hopeful expectation that this shortfall could decrease in subsequent quarters.

Federal Revenue**Projected Revenue Shortfall: \$705k**

Revenues for this source in FY2015 were just over \$1k, with preliminary (unaudited) figures for FY2016 recognizing \$11k in revenues. The cause for this low revenue compared to prior years is being investigated, but to be conservative this revenue source has been reduced by \$705k to show a projection of \$20k in FY2017.

Social Services State Revenue**Projected Revenue Shortfall: \$1.4m**

Preliminary (unaudited) FY2016 revenue for this source is \$40m in FY2016. Continuing into FY2017 the department has a significant number of state-reimbursable vacancies which is the largest part of this projected shortfall.

Reimbursement for State Shared Expenses**Projected Revenue Shortfall: \$917k**

Revenue for this source is projected to be \$19.7m in FY2017 with preliminary (unaudited) FY2016 revenues for this source showing \$20.6m. The projected decrease in revenues is primarily associated with the Sheriff's Office. At present, this office is generating approximately \$100k less per month than in FY2016 due to two factors- higher number of vacancies and the elimination of reimbursable positions by the Compensation Board.

Street Maintenance**Projected Revenue Surplus: \$379k**

Based on the equal quarterly payments made by the State (which has increased in FY2017), projected revenue for this source is expected to be \$26.7m which is \$379k higher than the budgeted amount.

State Block Grant**Projected Revenue Shortfall: \$308k**

The primary driver in this decrease in revenue is that generated by adult confinement. Per quarter, this revenue is generally stable in a given fiscal year. However, the first payment in FY2017 was lower than the prior year. This was slightly offset by an increase in revenue from juvenile confinement. Based on similar levels of reimbursement for the remaining three quarters, this source is expected to realize \$3.7m in revenue in FY2017.

All Other State Revenue**Projected Revenue Shortfall: \$167k**

This source is projected to show a shortfall compared to budget, based on timing of receipt of payments for the Rolling Stock Tax Distribution.

Circuit Court Fines & Fees**Projected Revenue Surplus: \$403k**

Circuit Court Fines & Fees is projected to have a surplus of \$403k in FY2017. Revenue from the Circuit Court has been trending higher in FY2016, and a similar pattern is expected in FY2017. Based on current payments it is projected that revenue will be approximately \$4.8m in FY2017.

General District Court Fines & Fees**Projected Revenue Shortfall: \$462k**

General District Court Fines & Fees is projected to have a shortfall of \$462k. Preliminary (unaudited) revenues in FY2016 show a decrease in this source from FY2015 of approximately \$200k. There are no significant changes in revenue expected in FY2017, and this source has been reduced to trend closer to FY2016 revenues and with the expectation of no changes in revenue.

Overdue Book Fines**Projected Revenue Shortfall: \$14k**

FY2017 projections for overdue book fines are \$74k. This revenue source has trended lower in the prior two fiscal years, and it is expected that this will continue in FY2017.

Rental of Property**Projected Revenue Shortfall: \$133k**

FY2016 (unaudited) revenue is projected to be \$289k. This revenue source has declined from FY2014 and FY2015 levels, and it is expected this will continue in FY2017 with projected revenue at \$281k. Rentals attributable to the Department of Economic and Community Development are behind this decrease.

Safety Related Charges**Projected Revenue Shortfall: \$410k**

As part of the FY2017 budget, False Alarm Fees were raised and a registration fee for alarm systems implemented. However, these changes were not disseminated widely and the predicted number of alarms has fallen short of initial estimates. Additionally, the entity charged with collecting fees was not expected to have its contract renewed in FY2017, but the contract has since been extended. The logistics of implementing the new fees as well as enforcing collections in house was greater than anticipated. As such, revenues projected have been forecast down by \$410k.

Refuse Collection Fees**Projected Revenue Surplus: \$559k**

As part of the FY2017 budget, refuse collection fees were increased from \$17.50 to \$20.00. This source over the last few years has been very stable generating approximately \$1m per month. Since the implementation of the new fee, this source has increased to just under \$1.2m per

month. Based on this increased generation, it is expected to exceed the budget by \$559k in FY2017.

Recycling Proceeds

Projected Revenue Shortfall: \$295k

As part of the FY2017 budget, the fee for this revenue source was increased. In FY2016, this revenue source generated \$1.6m. For FY2017, we will generate more than what was collected in FY2016, however, based on current year payments to date, the revenue generated is not expected to match what was budgeted based on figures provided by the Department of Public Works.

Health Related Charges

Projected Revenue Surplus: \$14k

Preliminary (unaudited) FY2016 revenues for this source increased from FY2015 to \$99k. Since this revenue can fluctuate year-on-year but has seen a marked improvement from prior year revenues, it is anticipated that FY2017 revenues will exceed to adopted budget by \$14k.

Printing and Telecommunication Charges

Projected Revenue Shortfall: \$425k

Since the adoption of the FY2017 budget, the way in which Printing and Telecommunication charges are accounted for has changed. Rather than being shown as revenue generated to the City, the expenses for providing such services are now deducted from DIT's expenses resulting in a revenue shortfall, but also an expected corresponding decrease in expenditures, thus not having an impact on the bottom line.

Risk Management

Projected Revenue Surplus: \$531k

Since the adoption of the FY2017 budget, the amount to be paid in FY2017 by the Department of Public Utilities has increased by \$531k due to increased insurance premiums resulting from prior year case settlements.

FY2017 First Quarter – Expenditure Projections

Overall, the first quarter forecast shows projected expenditures trending in a positive direction, with a projected, estimated savings of \$2,383,350 or 0.3% of the modified budget.

It is important to note that these projections are based on data collected for FY17 as of September 30, 2016. As a result, these projections could change as more data becomes available at year end closing. Below are explanations of major variances in the preliminary end of year expenditure projections. The explanations are in order as they appear in the first quarter status report. Variances of +/- 3% or +/- \$250,000 are detailed below.

Debt Projected Budget Surplus: \$550k

Savings in Debt service of \$550k is attributed to the lower than budgeted variable interest rates (The Feds held off on raising rates) being paid on the City's line of credit BAN (Bond Anticipation Note).

Auditor Projected Budget Shortfall: \$156k

The Auditor's Office is projected to have a \$231k shortfall in personnel due to an increase in personnel costs. A projected operating savings of \$75k within the Department's management services account is projected but will not fully offset the projected shortfall in personnel.

City Treasurer Projected Budget Shortfall: \$53k

The Treasurer's Office is projected to have a personnel shortfall of \$53k that is attributed to an increase in personnel costs.

City Council Chief of Staff Projected Budget Surplus: \$80k

The Office of the Council Chief of Staff is projected to have personnel savings of \$80k that is attributed to the existence of departmental vacancies.

Finance Projected Budget Surplus: \$559k

The Department of Finance is projected to have a surplus of \$559k in personnel due to the fact that a large number of budgeted positions are being filled during the first half of the fiscal year. The majority of positions that were vacant on July 1st have already been filled, and the Department's goal is to have little to no vacant positions at the end of the calendar year.

Press Secretary Projected Budget Surplus: \$51k

The Press Secretary Office is projected to have a surplus in personnel of \$51k that is primarily attributed to the existence of departmental vacancies.

Procurement Services Projected Budget Surplus: \$138k

The Office of Procurement Services is projected to have a projected surplus of \$138k in personnel that is attributed to the existence of departmental vacancies.

Social Services Projected Budget Surplus: \$1.2m

The Department of Social Services is projected to have a surplus of \$1.2m which is primarily attributed to the existence of multiple vacancies and recent staff turnover. A corresponding

reduction in State reimbursements/revenue to the general fund for Social Services, as a result of a projected reduction in expenditures, is also projected.

Community Wealth Building **Projected Budget Shortfall: \$327k**

The Office of Community Wealth Building is projected to have a shortfall of \$327k in personnel due to an increase in personnel costs.

Non Departmental **Projected Budget Shortfall: \$2.1m**

The Non Departmental budget is projected to have a shortfall of \$2.1m, which is exclusively attributed to an anticipated increase in the payment to the Greater Richmond Convention Center Authority (GRCCA). Currently, the City allocates 100% of the collected lodging taxes to the Convention Center. The first quarter revenue projection shows a \$2.2m increase in anticipated lodging taxes that will be collected in FY17. This additional revenue is projected to be spent for GRCCA within the Non Departmental budget.

Jail/Sheriff **Projected Budget Surplus: \$1.4m**

The Sheriff's Office is projected to have a surplus of \$1.4m in personnel that is attributed to departmental vacancies and the elimination of compensation board funded positions by the State.

Adult Drug Court **Projected Budget Shortfall: \$63k**

The Adult Drug Court is projected to have a shortfall of \$63k due to an increase in personnel costs.