



CITY OF RICHMOND

INTRACITY CORRESPONDENCE

TO: The Honorable Mayor Levar M. Stoney

The Honorable Cynthia Newbille
Chair of the Finance and Economic Development Committee

The Honorable Members of City Council

Lincoln Saunders, 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: August 15, 2017

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

The Fiscal Year 2017 Fourth 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 through June 30, 2017 – utilizing twelve (12) months of data. The City's modified accrual period runs through August 15th, so both revenues and expenditures are still being recorded as of the issuance of this report.

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.

If you recall, the FY2017 Third Quarter Revenue and Expenditure Projection Report projected an essentially level budget with a projected surplus of less than \$15,000. This projection consisted of a revenue shortfall but also expenditure savings. A third quarter re-appropriation paper was approved by City Council that re-aligned agencies' budgets (and reduced the overall general fund budget) to be more in line with the revenue projections at the time. Subsequent to the third quarter report, additional information has been realized that resulted in a revised projection. Specifically, the fourth quarter report projects a preliminary net surplus that, just as

the third quarter report, consists of a projected revenue shortfall as well as expenditure savings to be realized at June 30, 2017.

The current revenue forecast projects a shortfall in revenues of approximately \$6,594,974 – due in large part to projected shortfalls in several categories of revenues. However, the current expenditure forecast projects a preliminary surplus of approximately \$14,025,809 (net of a preliminary encumbrance roll) – due in part to operational efficiencies and savings. This results in a preliminary, projected net surplus of \$7,430,834. **Keep in mind that the forecasted projections in this report are unaudited and reflect estimated year-end results based on actuals posted in the city’s financial system through June 30th and any known adjustments that need to occur.**

General Fund Revenues

General Fund revenues are currently forecast to be less than the FY2017 budget with a projected shortfall of approximately \$6,594,974. A significant contributor to the shortfall, approximately \$5.5m, is attributable to how Insurance Recoveries from the Utilities Enterprise Funds were recorded and is fully offset by a reduction in projected Finance (Risk Management) expenditures. Following the third quarter report, additional information has been realized, resulting in a lower revenue projection. The current revenue forecast projects a shortfall in the following additional sources; Machinery & Tools Taxes, both Penalty and Interest revenues, Real and Personal Public Service Corporation Current and Delinquent Taxes, Real Property Taxes, Business License Taxes, and Bank Stock Taxes. Other sources of revenues projected to exceed the current year budget, namely: Personal Property Taxes, Prepared Food, Permits and Other Licenses, etc. However, despite the projected increases in these revenue sources, the shortfall exceeds the projected surpluses.

General Fund Expenditures

General Fund expenditures are trending in a positive direction, with a preliminary, projected savings of \$14,025,809 which is net of a preliminary encumbrance roll of \$10,029,170. This includes a projected personnel surplus of \$4,716,345 and a projected operating surplus of \$9,309,464. 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 and temporary costs are reducing the total projected personnel savings. The largest drivers of the projected shortfall in overtime at the fourth quarter include: Police, Public Works, Social Services, Fire and EMS, and Emergency Communications. Overtime, in most cases, is being used by departments to supplement vacancies that currently exist.

A projected operating surplus of \$9.3 million (net of a preliminary encumbrance roll) is in part attributed to departmental staff: engaging in practices that promote operational efficiencies, implementing best practices (designed to save rather than exhaust additional tax payer dollars), and continuing under last year’s guidance to minimize discretionary spending. Examples of fiscally prudent practices that bore savings at the fourth quarter include: lower than anticipated utility and fleet costs and debt service savings resulting from reduced borrowing

costs (interest rates) directly related to the City’s favorable credit ratings. Additional operating savings are associated with the posting of a \$5.5m expenditure credit for the Department of Public Utilities’ Risk Management related costs, as noted in the revenue summary above.

A summary of the Fiscal Year 2017 Fourth Quarter Revenue and Expenditure Projection 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 6/30/2017	
Projected Total FY2017 General Fund Revenue	708,696,400
<i>Plus FY2016 Encumbrance Roll</i>	<i>5,850,728</i>
Projected Total FY2017 General Fund Expenditures	697,087,124
<i>Less Preliminary Estimated FY2017 Rolled Encumbrances to FY2018</i>	<i>(10,029,170)</i>
Total: FY2017 Projected Budgetary Surplus/(Shortfall)	\$7,430,834

*Note very minor discrepancies may exist due to rounding

City of Richmond
Finance & Administration Portfolio
FY2017 Fourth Quarter Report

Sources

	FY2017 Budget	FY2017 Amended Budget	FY2017 Collections as of 06/30/2017	FY2017 4th Quarter Projection	Variance: Amended Budget vs. Preliminary Year End surplus(shortfall)	
Revenue from Local Sources						
General Property Taxes						
Machinery & Tools Taxes	15,022,974	15,022,974	13,753,559	13,816,495	(1,206,479)	92%
Penalties and Interest- Interest	2,340,592	2,340,592	1,614,913	1,737,513	(603,079)	74%
Penalties and Interest- Penalty	4,759,464	3,759,464	2,247,115	2,557,400	(1,202,064)	68%
Personal Property Taxes- Current	29,954,231	29,954,231	31,385,536	32,492,795	2,538,564	108%
Personal Property Taxes- Delinquent	9,899,653	9,899,653	9,102,159	9,107,904	(791,749)	92%
Real and Personal Public Service Corporation Property Taxes- Personal Property Current	1,605,448	1,605,448	7,293,004	9,426,886	7,821,438	587%
Real and Personal Public Service Corporation Property Taxes- Personal Property Delinquent	998,543	998,543	729,059	729,059	(269,484)	73%
Real and Personal Public Service Corporation Property Taxes- Real Property Current	11,367,129	11,367,129	1,630,233	1,901,538	(9,465,591)	17%
Real Property Taxes- Current	231,999,451	231,999,451	224,310,706	231,019,578	(979,873)	100%
Real Property Taxes- Delinquent	9,115,548	9,115,548	9,695,667	8,937,810	(177,738)	98%
Total General Property Taxes	317,063,033	316,063,033	301,761,951	311,726,978	(4,336,055)	99%
Other Local Taxes						
Admission Taxes	3,302,840	3,302,840	3,093,593	3,285,480	(17,360)	99%
Bank Stock Taxes	9,726,022	9,726,022	8,364,990	8,364,990	(1,361,032)	86%
Business Licenses Taxes	34,869,264	33,221,507	28,095,270	29,699,140	(3,522,367)	89%
Consumer Utility Taxes	17,565,951	17,565,951	10,834,801	17,716,112	150,161	101%
Local Sales & Use Tax	33,503,668	33,503,668	28,069,031	34,067,217	563,549	102%
Motor Vehicle Licenses	6,952,716	6,952,716	5,884,488	6,372,209	(580,507)	92%
Other Local Taxes	639,845	639,845	421,890	439,214	(200,631)	69%
Prepared Food Taxes	34,491,077	34,491,077	31,631,688	35,489,992	998,915	103%
Short-Term Rental Tax	99,692	99,692	119,106	119,106	19,414	119%
Transient Lodging Taxes	6,056,982	6,056,982	7,119,568	7,913,053	1,856,071	131%
Total Other Local Taxes	147,208,057	145,560,300	123,634,426	143,466,514	(2,093,786)	99%
Permits, Privilege Fees, and Regulatory Licenses						
Animal Licenses	-	-	2,000	2,000	2,000	-
Permits and Other Licenses	7,345,532	7,345,532	8,750,311	11,360,194	4,014,662	155%
Total Permits, Privilege Fees, and Regulatory Licenses	7,345,532	7,345,532	8,752,311	11,362,194	4,016,662	155%
Fines & Forfeitures						
Fines & Forfeitures	-	-	173,531	2,608	2,608	0%
Total Fines & Forfeitures	-	-	173,531	2,608	2,608	0%
Revenue from Use of Money and Property						
Revenue from Use of Money	5,943,231	5,943,231	6,728,713	6,119,485	176,254	103%
Revenue from Use of Property	413,393	413,393	840,909	841,142	427,749	203%
Total Revenue from Use of Money and Property	6,356,624	6,356,624	7,569,622	6,960,627	604,003	110%
Charges for Services						
Charges for Finance	97,612	97,612	780,304	836,049	738,437	857%
Charges for Fire and Rescue Services	567,109	567,109	88,854	90,062	(477,047)	16%
Charges for Information Technology	424,596	424,596	15,911	15,912	(408,684)	4%
Charges for Law Enforcement and Traffic Control	147,981	147,981	97,057	114,178	(33,803)	77%
Charges for Library	88,403	88,403	62,827	65,160	(23,243)	74%
Charges for Maintenance of Highways, Streets, Bridges, and Sidewalks	3,000	3,000	(1,248)	700	(2,300)	23%
Charges for Other Protection	81,519	85,059	110,680	119,903	34,844	141%
Charges for Parks and Recreation	124,820	124,820	70,694	89,782	(35,038)	72%
Charges for Planning and Community Development	59,084	59,084	57,528	57,458	(1,626)	97%
Charges for Sanitation and Waste Removal	16,071,635	16,071,635	13,823,001	16,574,672	503,037	103%
Court Costs	5,932,706	5,932,706	4,609,828	6,435,909	503,203	108%
Other	9,347	9,347	10,748	10,748	1,401	115%
Total Charges for Services	23,607,812	23,611,352	19,726,185	24,410,533	799,181	103%

Sources

	FY2017 Budget	FY2017 Amended Budget	FY2017 Collections as of 06/30/2017	FY2017 4th Quarter Projection	Variance: Amended Budget vs. Preliminary Year End surplus(shortfall)	
Miscellaneous Revenue						
Miscellaneous	1,556,807	2,322,258	3,960,839	2,131,615	(190,643)	92%
Payments in Lieu of Taxes from Enterprise Activities	27,994,386	27,994,386	2,593,561	27,838,412	(155,974)	99%
Total Miscellaneous Revenue	29,551,193	30,316,644	6,554,401	29,970,027	(346,617)	99%
Recovered Costs						
Recovered Costs	7,449,649	7,449,649	5,038,822	7,923,854	474,205	106%
Total Recovered Costs	7,449,649	7,449,649	5,038,822	7,923,854	474,205	106%
Revenue from Local Sources Total	538,581,900	536,703,134	473,211,250	535,823,334	(882,408)	100%
Other Financing Sources						
Non-Revenue Receipts						
Insurance Recovery	5,065,344	5,065,344	280,893	1,069,955	(3,995,389)	21%
Total Non-Revenue Receipts	5,065,344	5,065,344	280,893	1,069,955	(3,995,389)	21%
Revenue from Other Financing Sources Total	5,065,344	5,065,344	280,893	1,069,955	(3,995,389)	21%
Revenue from the Commonwealth						
Non-Categorical Aid						
Auto Rental Tax	997,443	997,443	678,049	846,322	(151,121)	85%
Communications Sales and Use Tax	16,389,389	16,389,389	13,258,989	15,936,250	(453,139)	97%
Miscellaneous Non-Categorical Aid	373,000	1,984,023	(1,777,736)	200,983	(1,783,040)	10%
Mobile Home Titling Taxes	6,559	6,559	9,474	9,474	2,915	144%
Personal Property Tax Reimbursement	16,708,749	16,708,749	1,618,469	16,708,749	-	100%
Rolling Stock Tax	261,872	261,872	22,873	139,639	(122,233)	53%
Tax on Deeds	752,013	752,013	707,128	942,127	190,114	125%
Total Non-Categorical Aid	35,489,025	37,100,048	14,517,245	34,783,544	(2,316,504)	94%
Shared Expenditures (Categorical)						
State Shared Expenses- City Treasurer	137,716	137,716	122,060	130,299	(7,417)	95%
State Shared Expenses- Commonwealth Attorney	3,168,322	3,168,322	2,882,104	3,146,400	(21,922)	99%
State Shared Expenses- Finance	779,542	779,542	676,827	738,789	(40,753)	95%
State Shared Expenses- General Registrar	74,130	74,130	75,849	75,849	1,719	102%
State Shared Expenses- Sheriff	16,483,372	16,483,372	14,997,544	16,216,445	(266,927)	98%
State Shared Expenses- Welfare and Social Services	28,058,241	26,558,241	-	26,595,325	37,084	100%
Total Shared Expenditures (Categorical)	48,701,323	47,201,323	18,754,384	46,903,107	(298,216)	99%
Categorical Aid						
Education	26,328,770	26,328,770	20,959,347	25,461,412	(867,358)	97%
Library	170,000	170,000	2,451,697	179,718	9,718	106%
Public Safety	18,359,246	18,359,246	17,808,131	17,895,051	(464,195)	97%
Public Works	26,286,871	26,286,871	26,665,865	26,665,863	378,992	101%
Welfare and Social Services	13,957,646	13,957,646	14,541,018	14,997,307	1,039,661	107%
Total Categorical Aid	85,102,533	85,102,533	82,426,059	85,199,351	96,818	100%
PILOT (Payments in Lieu of Taxes)						
Service Charges	3,329,992	3,329,992	3,415,735	3,458,874	128,882	104%
Total PILOT (Payments in Lieu of Taxes)	3,329,992	3,329,992	3,415,735	3,458,874	128,882	104%
Revenue from the Commonwealth Total	172,622,873	172,733,896	119,113,423	170,344,877	(2,389,019)	99%

Sources

	FY2017 Budget	FY2017 Amended Budget	FY2017 Collections as of 06/30/2017	FY2017 4th Quarter Projection	Variance: Amended Budget vs. Preliminary Year End surplus(shortfall)	
<i>Revenue from the Federal Government</i>						
<i>Non-Categorical Aid</i>						
Other Federal Revenue	-	-	(478,577)	1,381,368	1,381,368	-
Total Non-Categorical Aid	-	-	(478,577)	1,381,368	1,381,368	-
<i>Categorical Aid</i>						
Social Services	725,000	725,000	25,000,734	2,685	(722,315)	0%
Total Categorical Aid	725,000	725,000	25,000,734	2,685	(722,315)	0%
Revenue from the Federal Government Total	725,000	725,000	24,522,157	1,384,053	659,053	191%
<i>Utilities</i>						
<i>Utilities</i>						
Utilities	64,000	64,000	74,181	74,181	10,181	116%
Total Utilities	64,000	64,000	74,181	74,181	10,181	116%
Revenue from Utilities Total	64,000	64,000	74,181	74,181	10,181	116%
General Fund Revenue Grand Total:	717,059,117	715,291,374	617,201,904	708,696,400	(6,594,974)	99%
Rolled Encumbrance Total:		5,850,728		5,850,728		
General Fund Revenue Grand Total:	717,059,117	721,142,102	617,201,904	714,547,128	(6,594,974)	99.085%

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

Uses

Agency	FY 2017 Adopted Budget	FY 2017 Current Budget	Expenditures through June 30th	FY 2017 Year-End Projection	Variance: Current vs Projection surplus/(shortfall)	
Culture & Recreation						
Library	5,492,382	5,497,435	4,933,012	5,020,904	476,531	91.3%
Parks Rec	17,533,495	16,682,891	15,996,551	16,532,453	150,438	99.1%
Debt						
Debt	66,238,021	64,488,021	61,726,406	61,726,406	2,761,615	95.7%
Education						
RPS	177,850,679	176,983,321	133,388,010	176,983,321	-	100.0%
General Government						
Assessor	3,123,355	3,092,602	3,340,843	3,046,643	45,959	98.5%
Auditor	1,902,628	2,130,209	1,747,979	1,891,599	238,610	88.8%
Budget	1,258,226	1,256,672	1,197,056	1,231,055	25,617	98.0%
Chief Admin Officer	1,190,060	1,124,911	1,086,414	1,105,233	19,678	98.3%
City Attorney	2,681,661	2,668,848	2,567,391	2,626,239	42,609	98.4%
City Clerk	861,719	882,953	739,942	830,572	52,381	94.1%
City Council	1,308,232	1,376,726	1,328,996	1,370,211	6,515	99.5%
City Treasurer	130,201	183,144	169,002	175,033	8,111	95.6%
Council Chief of Staff	1,164,839	1,067,620	1,045,506	1,067,066	554	99.9%
Econ & Comm Dev	4,076,795	4,738,732	3,547,132	4,478,398	260,334	94.5%
Finance	24,759,006	23,903,900	16,072,239	17,769,680	6,134,220	74.3%
General Registrar	1,905,967	2,002,179	2,108,974	2,130,360	(128,181)	106.4%
Human Resources	2,899,103	2,893,014	2,435,507	2,675,486	217,528	92.5%
Info Tech	18,408,807	18,346,303	14,592,749	16,028,811	2,317,492	87.4%
Mayor's Office	998,807	996,200	972,095	985,414	10,786	98.9%
Minority Business Development	661,731	654,303	594,301	640,129	14,174	97.8%
Planning & Dev Review	10,001,956	9,697,777	8,764,367	9,162,180	535,597	94.5%
Press Secretary	527,512	560,095	540,812	553,103	6,992	98.8%
Procurement Serv.	1,156,879	1,003,002	743,270	786,094	216,908	78.4%
Highways, Streets, Sanitation & Refuse						
Public Works	61,413,070	64,410,471	54,803,602	62,737,813	1,672,658	97.4%
Human Services						
Justice Services	8,894,887	9,016,372	8,492,793	8,914,683	101,689	98.9%
Office of DCAO/HS	1,816,721	1,613,924	1,336,375	1,566,634	47,290	97.1%
RCHI - Health	3,781,490	3,781,490	3,781,490	3,781,490	-	100.0%
Social Services	56,107,739	55,766,009	46,542,882	55,628,081	137,928	99.8%
Office of Community Wealth Building	1,280,355	1,498,837	1,459,807	1,495,714	3,123	99.8%
Non-Departmental						
Non-Dept	47,051,992	51,678,967	40,332,437	48,817,472	2,861,495	94.5%
Public Safety & Judiciary						
Animal Control	1,645,929	1,642,752	1,609,325	1,647,917	(5,165)	100.3%
Emergency Communications	4,396,961	4,691,621	3,905,951	4,368,883	322,738	93.1%
Fire & Emer Svcs	46,919,046	49,712,698	44,973,925	46,392,111	3,320,587	93.3%
J & DR Court	231,028	225,308	214,917	219,452	5,856	97.4%
13th District Court Services Unit	220,722	218,389	160,892	220,027	(1,638)	100.8%
Jail/Sheriff	38,959,864	36,477,836	34,914,164	35,576,261	901,575	97.5%
Judiciary - Adult Drug Ct	559,165	559,528	561,810	545,363	14,165	97.5%
Judiciary - Cir Ct	3,684,664	3,651,083	3,554,483	3,624,606	26,477	99.3%
Judiciary - CW Atty	6,112,565	6,019,530	5,739,024	5,872,039	147,491	97.5%
Judiciary - Other	290,624	292,058	165,022	174,648	117,410	59.8%
Police	87,560,234	87,654,371	84,853,258	86,687,539	966,832	98.9%
Grand Total	717,059,117	721,142,102	617,040,711	697,087,124	24,054,979	96.7%
<i>Estimated Rolled Encumbrances Total From Surplus</i>					10,029,170	
<i>Estimated FY17 Expenditure Surplus Less Rolled Encumbrances</i>					14,025,809	

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 Fourth 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 less the FY2017 budget by \$6,594,974 or 0.92%. The explanations are in order as they appear in the prior table.

Machinery & Tools Taxes

Projected Revenue Shortfall: \$1.2m

FY2016 actuals have collections for this source at just over \$14m, an increase of over \$1m compared to FY2015. The FY2017 budget accounted for higher assessed values based on increased assessment efforts. However, at this time it is not projected that these higher assessed values will fully materialize based on current assessments and depreciation schedules.

Penalties and Interest- Interest

Projected Revenue Shortfall: \$603k

FY2016 actuals have collections for this source at \$3.5m. Based on current trends in FY2017, this revenue source is projected to decrease to \$1.7m. Stronger collections of delinquent taxes in prior years has reduced the outstanding interest on delinquent owed amounts. As such, delinquent amounts being collected have smaller interest balances due to less time for interest to accrue on these more recent delinquent balances. This has resulted in lower collections of interest on delinquent taxes compared to previous years.

Penalties and Interest - Penalty

Projected Revenue Shortfall: \$1.2m

FY2016 actuals have collections for this source at \$4.5m. Based on prevailing trends in FY2017, current collections are down compared to FY2016. This source is conservatively estimated to be lower than FY2016, and more aligned with FY2015 results for this source.

Personal Property Taxes - Current

Projected Revenue Surplus: \$2.5m

This revenue source is showing a large positive variance to budget due to how revenue is now being recorded. FY2017 revenues now recorded as current Personal Property Taxes were budgeted previously as Public Service Corporation property taxes.

Personal Property Taxes - Delinquent

Projected Revenue Shortfall: \$792k

Collections for this source are higher than at the same period in FY2016. FY2016 Delinquent Personal Property generated \$4.8m. Based on current trends, FY2017 collections should far exceed FY2016 collections, but will not increase to the amount budgeted.

Real and Personal Public Service Corporation Property Taxes Current and Delinquent Projected Revenue Shortfall: \$1.9m

The revenues for the three sub categories of Public Service Corporation property taxes will show large variances relative to the individual budgets based on new information provided by the City Assessor's Office. While there is an overall net shortfall relative to budget when combining the three subtotals, a significant portion of this is offset by revenues now being recorded as Personal Property Taxes Current.

Real Property Taxes - Current**Projected Revenue Shortfall: \$980k**

This source is forecasted to be slightly less than the FY2017 budget due to slightly lower collection rates and a lower than budgeted amount for tax relief which has an offsetting lower expenditure in the Non-Departmental budget.

Bank Stock Taxes**Projected Revenue Shortfall: \$1.3m**

FY2016 actuals for this source are \$9.9m, an increase of \$1.1m over FY2015. Based on the latest tax returns for this source, one of the entities which files taxes within the City of Richmond reported a significant decrease in deposits based within the City. As such, the taxable base for this source declined resulting in the \$1.3m shortfall.

Business License Taxes**Projected Revenue Shortfall: \$3.5m**

FY2016 actuals for this source are \$33.6m, an increase of \$1m over FY2015. Since the second quarter, the City has had to issue unanticipated refunds to entities that overpaid taxes to the City for this source related to prior years. These refunds totaled over \$3.2m, which is the primary driver in the projected deficit for this revenue source.

Local Sales and Use Tax**Projected Revenue Surplus: \$564k**

The FY2017 budget was conservatively based on prior trends and current economic conditions. Statewide, sales tax collections have grown very slightly or declined in certain localities. Based on current payments to the City, this source is estimated to grow by 0.87% to just over \$34m.

Motor Vehicle Licenses**Projected Revenue Shortfall: \$581k**

The FY2017 budget for this source was conservatively based on an increase in vehicle license fees across multiple categories. Based on billings related to vehicles sited in the City, revenues are higher than the previous year but below the FY2017 budgeted amount.

Other Local Taxes**Projected Revenue Shortfall: \$201k**

This revenue source includes funding from multiple sources. However, this category is projected to have a shortfall due to lower than anticipated telephone commission taxes in the Sheriff's Office.

Prepared Food Taxes**Projected Revenue Surplus: \$999k**

Based on current trends, the city will expect to receive approximately \$35.5m in FY2017, which is approximately \$1m over the budgeted amount.

Short-Term Rental Tax**Projected Revenue Surplus: \$19k**

FY2015 revenue for this source was \$82k, whilst FY2016 revenues show a further decrease to \$79k. For FY2017, revenues for this source have increased based on monthly collections, and based on current trends should generate \$119k.

Transient Lodging Taxes**Projected Revenue Surplus: \$1.9m**

As stated in the FY2016 fourth quarter report, revenues for several months were not posted within the correct time period. As such, when developing the FY2017 budget, this information was not available and skewed the budget for this revenue source in FY2017. Since this information is now available, 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 \$1.9m.

Permits and Other Licenses**Projected Revenue Surplus: \$4.0m**

This source includes funding from multiple sources. The projected increase is attributed to an increase in permit revenues, particularly building inspection fees, due to an increase in new construction of buildings and the expansion of businesses in downtown Richmond. Additionally, a projected increase in revenues associated with encroachment, franchise agreement and telecommunication right-of-way fees are contributing to the projected surplus.

Revenue from Use of Property**Projected Revenue Surplus: \$428k**

This revenue source has generated varying amounts in prior years. Based on this trend and current year collections, this source is projected at a surplus of \$428k. Staff will be working with Finance to obtain a greater understanding of the revenues that have posted to this account and the details of those sources.

Charges for Finance**Projected Revenue Surplus: \$738k**

This revenue source has fluctuated over the years. With the new \$33 administrative delinquent fee, this source is expected to significantly exceed the budget as the anticipated revenue was budgeted in another account. For FY2017 this is expected to generate \$836k in revenue.

Charges for Fire and Rescue Services**Projected Revenue Shortfall: \$477k**

The FY2017 budget adopted fee increases for false alarm services projecting revenue to total \$567,109. However, the new fee schedule will not be implemented until a new contract with the vendor is formulated. The FY2017 budgeted revenue amount is comprised of the new fee schedule. Projected collections are on target with previous fiscal years, before the new fee schedule was formulated.

Charges for Information Technology**Projected Revenue Shortfall: \$409k**

The Department of Information Technology is projecting a decrease in outside print job revenue (due to a trending decline) and a decrease in revenue associated with outside mailings.

Charges for Law Enforcement and Traffic Control**Projected Revenue Shortfall: \$34k**

This revenue source consists of police record check fees and special police applicant fees. Historically, it has generated varying amounts in prior years. This source is conservatively projected based on the current fiscal year trend.

Charges for Library**Projected Revenue Shortfall: \$23k**

This revenue source is projected to have a shortfall due to a reduction in late fees/fines for overdue books that is a result of less books in circulation.

Charges for Maintenance of Highways, Streets, Bridges, and Sidewalks **Projected Revenue Shortfall: \$2.3k**

This revenue source has generated varying amounts in prior years. Based on this trend and prior FY16 actuals, this source is conservatively projected at a very minor shortfall.

Charges for Other Protection **Projected Revenue Surplus: \$35k**

The Department of Animal Care and Control anticipates increasing this revenue source due to a new program enabling Animal Control Officers to sell licenses in the field. The department has also increased promotions associated with adoption specials which is aiding the increase in this source of revenue.

Charges for Parks and Recreation **Projected Revenue Shortfall: \$35k**

This source is expected to decrease compared to the FY2017 budget due to shelter and mobile stage revenues no longer being included in the general fund. These funds are now deposited into the special fund to offset repairs and replacement of aging structures and equipment. Revenues are further decreased due to a lower numbers of participating and active adult athletic leagues. Additionally, Hickory Hill, formerly used for office space, is no longer being rented.

Charges for Sanitation and Waste Removal **Projected Revenue Surplus: \$503k**

This source is expected to exceed the budget due to an increase in tonnage received from the City's waste management contractor.

Court Costs **Projected Revenue Surplus: \$503k**

Payment for this source comes from the local courts system. This particular revenue source is realizing an increase in real estate closings (fees) in the downtown area as well as an increase in homes/buildings being refinanced. Based on this increase as well 12 months of activity, the receipts from the courts are projected to exceed the FY2017 budgeted amount resulting in a \$503k surplus.

Other **Projected Revenue Surplus: \$1.4k**

The increase in this revenue source is from higher than anticipated returned check revenue in FY2017. FY2016 actuals for this source show revenue at \$8.7k. It is anticipated that this source will generate \$10.7k in FY2017 based on current trends.

Miscellaneous **Projected Revenue Shortfall: \$191k**

This revenue sources is projected to have a shortfall of \$191k. Based on prior year actuals and trends in FY17, this source is projected to be slightly under budget.

Recovered Costs **Projected Revenue Surplus: \$474k**

The increase in this revenue source is primarily attributed to an increase in reimbursement on interest from long term debt.

Insurance Recovery**Projected Revenue Shortfall: \$4.0m**

This revenue source is projecting a deficit due primarily to the way in which DPU Payments to the General Fund for associated Risk Management expenses are accounted for. For budgeting purposes, DPU's payment is shown as a revenue source to the General Fund. However, when the payment is made it is recorded as a reduction to the Risk Management's expenditure budget. As such, in this report, the Department of Finance's budget is showing larger savings compared to budget due to this transaction. Other revenue from this source are from settlements and Fleet's payment of Risk Management expenses.

Auto Rental Tax**Projected Revenue Shortfall: \$151k**

FY2016 actuals show this source at just under \$1.1m. Based on current monthly payments from the State, it is expected that this source will decline to \$846k, resulting in a \$151k shortfall.

Communications Sales & Use Tax**Projected Revenue Shortfall: \$453k**

This revenue source has been on a downward trend as the tax base for this source has been declining. Based on current average monthly payments of \$1.31m per month, this source is forecast to generate \$15.9m in FY2017, representing a further decrease in this source.

Miscellaneous Non-Categorical Aid**Projected Revenue Shortfall: \$1.8m**

This revenue source is projected to have a shortfall of \$1.8m due to the City not yet in receipt of \$1.5m in funding from the State that was approved as a payment to the EDA to incentivize Owens and Minor to locate to Richmond. In April, City Council approved an amendment to appropriate \$1.5m from the State, from the Commonwealth Opportunity Fund, for the purpose of granting, as an incentive, for Owens and Minor. As a result of not being in receipt of these funds, the expense – a payment of \$1.5m to the EDA - is not projected in FY17 as well.

Mobile Home Titling Tax**Projected Revenue Surplus: \$3k**

FY2016 actuals show this source generating \$8,266 in FY2016, a decrease from FY2015 of approximately \$800. Both of these years were significantly higher than prior years. Based on trends so far in FY2017, this source is forecasted to increase slightly to \$9,474. However, this is an increase compared to the budget of \$6,559.

Rolling Stock Tax**Projected Revenue Shortfall: \$122k**

Due to timing of payments for this revenue source, it has fluctuated over the years from \$27k to \$290k. Based on the last official CAFR at the time of the FY2017 budget development, it was expected that this source would generate the budgeted amount due to prior payment trends. However, based on FY2016 transactions, it is estimated that these fluctuations will even out and trend towards \$140k.

Tax on Deeds**Projected Revenue Surplus: \$190k**

This source is projected to bring in \$942k in FY2017, a projected surplus of \$190k, due to higher property sales activity in the City based on payment trends from the State.

State Shared Expenditures - City Treasurer **Projected Revenue Shortfall: \$7k**

Payment for this source comes from the state reimbursing the localities for submitted expenditures to the State Compensation Board. Based on 12 months of activity, the receipts from the compensation board in the last three months have been lower than anticipated resulting in a \$7k deficit compared to the budget.

State Shared Expenses - Finance **Projected Revenue Shortfall: \$41k**

This source is expected to decrease compared to the FY2017 budget due to fewer positions being reimbursed by the Compensation Board due to the number of vacancies within the Department of Finance during the four quarters of the fiscal year.

State Shared Expenditures - Sheriff **Projected Revenue Shortfall: \$267k**

Payment for this source comes from the state reimbursing the localities for submitted expenditures to the State Compensation Board. This source is expected to decrease compared to the FY2017 budget specifically due to fewer positions being reimbursed by the Compensation Board due to the number of vacancies within the Department during the four quarters of the fiscal year.

Education **Projected Revenue Shortfall: \$867k**

The State Shared Sales Tax is collected by the State and passed down to the Richmond Public Schools based on actual sales tax collected. The projection is provided by the Virginia Department of Education based on the data of sales tax collected. If there is a lower than expected Sales tax collected, the State Shared Sales Tax passed down to RPS will be projected lower. A budget amendment in FY2017 modified (reduced) the expenditure projection for RPS to match this revenue projection.

Categorical Aid - Library **Projected Revenue Surplus: \$10k**

Although, there is an excess amount of revenue posted to this account, it appears that a majority of the posted revenue should be allocated to other revenue accounts. The projection takes this into consideration and projects a surplus of \$10k, which is based on anticipated revenue from the State for Library aid.

Public Safety **Projected Revenue Shortfall: \$464k**

Payment from this source comes from the State for mostly inmate per diem. Due to the reduced average daily population at the jail, this source or revenue is projected to have a shortfall.

Categorical Aid - Public Works **Projected Revenue Surplus: \$379k**

This source is expected to realize an increase of \$379k based upon information provided by VDOT regarding FY2017 funding.

Categorical Aid - Welfare and Social Services **Projected Revenue Surplus: \$1m**

This source is expected to realize a surplus that is attributed to the increasing number of cases served in the foster care division, which is a reimbursable expense.

Service Charges**Projected Revenue Surplus: \$129k**

Payment for this source comes from the State for PILOT payment. Based on current indications, this source is projected to come in above budget by \$129k.

Other Federal Revenue**Projected Revenue Surplus: \$1.4m**

This source is expected to realize a surplus that is attributed to the central services cost allocation reimbursement from the State for Social Services.

Revenue from the Federal Government - Social Services **Projected Revenue Shortfall: \$722k**

Revenue for this source in FY2015 were just over \$1k, with preliminary audited figures for FY2016 recognizing \$11k in revenues. There appears to be actual revenue posted to this account in error that will need to be reclassified. The cause for this low revenue compared to prior years is being investigated, but to be conservative, this revenue source has been reduced by \$722k to show a projection of only \$2.7k.

Utilities**Projected Revenue Surplus: \$10k**

The current budget for this source was based on actual collections year to date. The current projection is based on monthly payment receipts through June 30th.

FY2017 Fourth Quarter – Expenditure Projections

Overall, the fourth quarter forecast shows projected expenditures trending in a positive direction, with a projected, estimated savings of \$14,025,809 or 1.9% of the modified budget. This savings amount is net of ***a preliminary recommended encumbrance roll amount (from FY17 into FY18) of \$10,029,170 for FY17 obligations***

It is important to note that these projections are based on data collected for FY17 as of June 30, 2017. As a result, these projections could change as more data becomes available during year end closing and the accrual period. Below are explanations of major variances in the preliminary end of year expenditure projections. The explanations are in order as they appear in the fourth quarter status report. Variances of +/- 3% or +/- \$250,000 are detailed below.

Library **Projected Budget Surplus: \$477k**

The Richmond Public Library is projected to have savings of \$79k in personnel that is attributed to departmental vacancies. Operating savings of \$398k is projected and is primarily the result of a delay in issuing an RFP for the ILS (Integrated Library System) which will replace the current online catalog system. The department is requesting to roll this funding from FY17 to FY18.

Debt **Projected Budget Surplus: \$2.8m**

Savings in Debt service of \$2.8m is attributed to both slower than anticipated CIP expenditures and 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) and the debt issued to fund the Leigh Street training camp project.

Auditor **Projected Budget Surplus: \$239k**

The Office of the City Auditor is projected to have a departmental surplus of \$239k, which consists of a projected personnel shortfall of \$145k attributed to the department filling vacant positions that were not funded and projected operating savings of \$383k, which is the result of the department not incurring costs associated with conducting a citizen survey as well as a request of the department to roll funds from FY17 to FY18 to cover costs associated with the external audit and the network assessment.

City Clerk **Projected Budget Surplus: \$52k**

The Office of the City Clerk is projected to have minor personnel savings of \$2.5k and operating savings of \$50k. Operating savings are primarily the result of lower than anticipated expenditures within postage – due to the agency taking measures to only mail expedient items. Additionally, the department is requesting to roll \$25,815 in encumbrances from FY17 to FY18.

City Treasurer **Projected Budget Surplus: \$8k**

The Office of the City Treasurer is projected to have savings of \$7k that is associated with a departmental vacancy. Minor operating savings of \$1.1k is projected within the department's operating supplies category.

Economic and Community Development**Projected Budget Surplus: \$260k**

The Department of Economic and Community Development is projected to have minor personnel savings of \$2k and operating savings of \$258k. Out of this projected operating savings, the department is requesting to roll \$148k in encumbrances from FY17 to FY18. The remaining savings is within the management services category and is due to (operating) cost savings associated with vacancies that occurred throughout the fiscal year as well as HUD payments that have yet to be processed.

Finance**Projected Budget Surplus: \$6.1m**

The Finance Department is projected to have \$873k in personnel savings that is attributed to multiple vacancies within the department. Additional operating savings of \$5.3M is projected which is primarily attributed to the Department of Public Utilities' payment for risk management related costs to the City. This revenue posted as an expenditure credit rather than as revenue to the general fund. As a result of this entry posting as an expenditure credit/reimbursement, there is a savings within Finance (similar to prior years) but there will be a corresponding reduction in realized general fund revenue in FY17.

General Registrar**Projected Budget Shortfall: \$128k**

The Office of the General Registrar is projected to have a shortfall of \$128k which includes a projected personnel shortfall of \$163k and operating savings of \$34k. The personnel shortfall is attributed to an overage in personnel due to special election coverage, the delivery of new poll books in the summer of 2016 and 50 rental voting machines delivered in October 2016 which required additional part-time staff hours for acceptance testing and preparing for the November election, and an increase in temporary services related costs. Additionally, the Office was budgeted for 95,074 voter registration transactions in FY 2017. It actually processed 148,580. Additional overtime and contract staff were used to meet this mandate.

Human Resources**Projected Budget Surplus: \$217k**

The Department of Human Resources is projected to have a surplus of \$217k, which includes personnel savings of \$56k that is attributed to departmental vacancies and operating savings of \$161k, which is associated with a request to roll funds from FY17 to FY18 as well as departmental reimbursements from advertisements, background checks, and medical services.

Information Technology**Projected Budget Surplus: \$2.3m**

The Department of Information Technology is projected to have savings of \$384k in personnel that is attributed to the duration of the process to fill vacancies following staff separations. Projected operating savings of \$1.9m is primarily associated with a request to roll funds from FY17 to FY18. The Department's request to roll funds includes funding to support the remaining purchase of the telephone replacement/upgrade.

Planning and Development Review**Projected Budget Surplus: \$536k**

The Department of Planning and Development review is projected to have a surplus in personnel of \$140k that is attributed to departmental vacancies and operating savings of \$396k that is primarily associated with a request to roll funds from FY17 to FY18.

Procurement Services**Projected Budget Surplus: \$217k**

The Department of Procurement Services is projected to have a surplus of \$77k in personnel that is associated with departmental vacancies and operating savings of \$140k that is primarily associated with a request to roll funds from FY17 to FY18.

Public Works**Projected Budget Surplus: \$1.7m**

The Department of Public Works is projected to have a surplus of \$1.7m of which \$959k is projected in personnel savings, which is partially offset by increased costs for overtime. Personnel savings is associated with numerous departmental vacancies. Operating savings of \$713k is projected and is attributed to anticipated savings in utilities and fleet related costs as well as a request to roll funds from FY17 to FY18.

Non Departmental**Projected Budget Surplus: \$2.9m**

Non Departmental is projected to have a budgetary surplus of \$2.9m. \$1.8m of the projected savings is associated with a request to roll encumbrances from FY17 to FY18, particularly for the Owens and Minor state grant payment to the EDA. Additional savings are projected in other categories such as: Tax Relief for the Elderly, Retiree Healthcare, Boulevard Relocation, etc. as well as savings associated with several organizations in which the full amount of funding will not be spent.

Emergency Communications**Projected Budget Surplus: \$323k**

The Department of Emergency Communications is projected to have a surplus of \$323k which consists of a projected shortfall of \$136k in personnel, associated with increased overtime and temporary costs resulting from back filling vacant positions and projected operating savings of \$458k that is primarily associated with a request to roll funds from FY17 to FY18.

Fire and Emergency Services**Projected Budget Surplus: \$3.3m**

The Department of Fire and Emergency Services is projected to have a surplus of \$3.3m, \$1.2m in personnel savings is associated with multiple department vacancies. Additionally, operating savings of \$2m is primarily associated with a request to roll funds from FY17 to FY18, particularly for the purchase of essential safety equipment i.e. self-contained breathing apparatuses (SCBAs). The items are still in the procurement phase and will be purchased in FY2018. The current SCBAs have reached the end of their useful life and are beginning to deteriorate. This purchase is a life/health/safety issue and is necessary to ensure the safety of employees as well as citizens.

Jail/Sheriff**Projected Budget Surplus: \$902k**

The Office of the Sheriff is projected to have departmental savings of \$902k of which \$759k is personnel savings attributed to numerous departmental vacancies and operating savings of \$143k attributed to savings in utilities and fleet.

Judiciary - Other**Projected Budget Surplus: \$117k**

The Judiciary (which includes the Civil, Traffic, Magistrate, and Criminal/Manchester courts) is projected to have savings of \$117k. This savings is primarily the result of a request to roll funds from FY17 to FY18 as well the courts reducing discretionary spending.

Police

Projected Budget Surplus: \$967k

The Police Department is projected to have a total departmental savings of \$967k, of which \$86k is associated with personnel savings and \$881k is associated with operating savings, which is primarily the result of a request to roll funds from FY17 to FY18.