



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: February 15, 2019

RE: Fiscal Year 2019 Second Quarter Revenue & Expenditure Projection Report

The Fiscal Year 2019 Second Quarter Revenue and Expenditure Projection Report is provided to the Finance and Economic Development Committee to describe the City's Fiscal Year 2019 year-to-date financial performance. The report includes revenue and expenditures up-to-date through December 31, 2018 – utilizing only six months of data.

A brief overview of the projected FY2019 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 above budget with a preliminary projected surplus of \$6,226,671, or .86% of the current modified budget. There are several sources of revenue that are projected to come in above budget to include: Penalty and Interest – Interest, Personal Property Taxes – Current, Real Property Taxes – Current, Real Property Taxes – Delinquent, Business License Taxes, Prepared Food (Meals) Taxes, and State Shared Expenses-Sheriff. There are a few sources of revenue that are projected to come in lower than budget but these sources are not projected, in total, to exceed the sources that are currently projected to be favorable to budget.

Although, this forecast utilizes just 6 months of data, the second quarter projections reflect conservative budgeting methods, strong and enhanced collection efforts, and the overall general health of Richmond's local economy.

General Fund Expenditures

General Fund expenditures are trending in a negative direction, with a projected shortfall of \$4,194,267, only 0.58% of the current modified budget. The shortfall is primarily attributed to a projected increase in overtime expenditures in the Sheriff's Office, in addition to a recent notification that an expense for demolition was inappropriately charged to the capital fund that now must be recognized as an expense in the City's operating budget.

Although more details of the projected increase in expenditures can be found further within the expenditure section of the report, the Department of Housing and Community is showing an additional expense of \$3 million which is the result of the Department, in the past, charging demolition expenses associated with the Armstrong development project to a capital project. After completion of the demolition on the site, the property was then titled to the Richmond Redevelopment Housing Authority. Since the property is no longer the City of Richmond's, the costs associated with demolition of that property can no longer qualify as a capital expense since there is no city owned asset. As a result, the demolition capital expenses will need to be moved from the capital budget to the City's operating budget. The estimated demolition expenses are being shown within the Department of Housing and Community Development projections.

Additionally, the Sheriff's Office indicated that there's a need to pay staff overtime significantly more than what was spent in prior years, to ensure that Department of Correction standards, associated with direct supervision of the facility, are being met. The Sheriff's Office is in the process of filling permanent full-time positions, which is also contributing to the departmental shortfall, but is secondary to the projected overtime expenses. Working with the Administration, the Sheriff's Office requested a budget amendment (approved in January 2019), reflecting additional reimbursement (revenue) from the State for existing authorized positions, which will (1) aid the Sheriff in covering more of the costs associated with that office filling full time positions and will (2) help reduce their total departmental projected deficit. At this time, however, this amendment is not projected to eliminate the total departmental projected deficit which again is primarily attributed to increased overtime costs. It is important to note that the expenditure projection for the Sheriff's Office has decreased from the first quarter and the corresponding amendment in the third quarter will reduce the identified shortfall even more. The Administration will continue to work with the Sheriff's Office in order to ensure that safety standards in the Justice Center are met while keeping the costs to the City reasonable.

There are other departments that are projected to have a surplus; however, those surpluses are not projected to fully offset the shortfall in the Department of Housing and Community Development and the Sheriff's Office.

A summary of the Second Quarter 2019 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 FY2019 Projected Balances as of 12/31/2018	
Projected Total FY2019 General Fund Revenue	\$731,570,789
Projected Total FY2019 General Fund Expenditures	\$729,538,384
Total: FY2019 Projected Budgetary Surplus/(Shortfall)	\$2,032,405

*Note very minor discrepancies may exist due to rounding

City of Richmond
Finance & Administration Portfolio
FY2019 Second Quarter Report

Sources

	FY2019 Budget	FY2019 Amended Budget	FY2019 Collections as of 12/30/2018	FY2019 2nd Quarter Projection	Variance: Amended Budget vs. Preliminary Year End surplus (shortfall)	
Revenue from Local Sources						
General Property Taxes						
Machinery & Tools Taxes	13,253,366	13,253,366	44,158	13,746,708	493,342	104%
Penalties and Interest- Interest	2,654,921	2,654,921	1,092,896	3,491,865	836,944	132%
Penalties and Interest- Penalty	3,691,547	3,691,547	939,269	4,190,794	499,247	114%
Personal Property Taxes- Current	33,214,880	33,214,880	158,626	34,571,482	1,356,602	104%
Personal Property Taxes- Delinquent	9,818,555	9,823,555	3,557,058	8,665,967	(1,157,588)	88%
Real and Personal Public Service Corporation Property Taxes- Personal Property Current	9,374,856	9,374,856	(13,883)	8,698,204	(676,652)	93%
Real and Personal Public Service Corporation Property Taxes- Personal Property Delinquent	905,899	905,899	786,899	943,918	38,019	104%
Real and Personal Public Service Corporation Property Taxes- Real Property Current	1,995,564	1,995,564	17,712	1,472,391	(523,173)	74%
Real Property Taxes- Current	261,699,765	261,699,765	28,805,151	265,434,663	3,734,898	101%
Real Property Taxes- Delinquent	10,340,235	10,340,235	6,777,101	12,371,892	2,031,656	120%
Total General Property Taxes	346,949,588	346,954,588	42,164,988	353,587,883	6,633,295	102%
Other Local Taxes						
Admission Taxes	3,360,273	3,360,273	871,115	2,827,172	(533,101)	84%
Bank Stock Taxes	8,381,729	8,381,729	-	8,592,900	211,171	103%
Business Licenses Taxes	34,915,311	34,915,311	467,149	36,199,410	1,284,099	104%
Consumer Utility Taxes	17,973,304	17,973,304	5,510,363	18,139,093	165,789	101%
Local Sales & Use Tax	35,150,480	35,150,480	11,642,019	35,509,643	359,163	101%
Motor Vehicle Licenses	7,836,450	7,836,450	585,307	7,154,955	(681,495)	91%
Other Local Taxes	626,756	626,756	61,611	412,027	(214,729)	66%
Prepared Food Taxes	36,453,104	36,453,104	13,439,208	36,809,927	356,823	101%
Prepared Food Taxes - School Facilities	9,113,276	9,113,276	3,423,036	9,375,678	262,402	103%
Short-Term Rental Tax	122,418	122,418	41,151	94,262	(28,156)	77%
Transient Lodging Taxes	8,528,415	8,528,415	3,325,003	8,761,930	233,515	103%
Total Other Local Taxes	162,461,515	162,461,515	39,365,961	163,876,997	1,415,482	101%
Permits, Privilege Fees, and Regulatory Licenses						
Animal Licenses	-	-	-	-	-	-
Permits and Other Licenses	8,705,255	8,705,255	3,296,947	7,816,756	(888,499)	90%
Total Permits, Privilege Fees, and Regulatory Licenses	8,705,255	8,705,255	3,296,947	7,816,756	(888,499)	90%
Fines & Forfeitures						
Fines & Forfeitures	-	-	1,922	991	991	0%
Total Fines & Forfeitures	-	-	1,922	991	991	0%
Revenue from Use of Money and Property						
Revenue from Use of Money	5,407,204	5,407,204	2,165,909	5,224,324	(182,880)	97%
Revenue from Use of Property	239,300	239,300	174,792	235,096	(4,204)	98%
Total Revenue from Use of Money and Property	5,646,504	5,646,504	2,340,702	5,459,420	(187,084)	97%
Charges for Services						
Charges for Finance	785,482	785,482	285,319	785,597	115	100%
Charges for Fire and Rescue Services	87,000	87,000	45,324	105,000	18,000	121%
Charges for Information Technology	16,500	16,500	6,198	16,568	68	100%
Charges for Law Enforcement and Traffic Control	148,000	148,000	65,289	159,420	11,420	108%
Charges for Library	67,700	67,700	22,946	48,658	(19,042)	72%
Charges for Maintenance of Highways, Streets, Bridges, and Sidewalks	-	-	-	-	-	-
Charges for Other Protection	125,000	125,000	57,729	125,000	-	100%
Charges for Parks and Recreation	88,530	88,530	16,777	76,200	(12,330)	86%
Charges for Planning and Community Development	70,000	70,000	20,211	57,299	(12,701)	82%
Charges for Sanitation and Waste Removal	18,083,812	18,083,812	5,723,953	18,083,812	-	100%
Court Costs	6,469,685	6,469,685	2,805,794	6,000,710	(468,975)	93%
Other	9,496	9,496	4,358	7,122	(2,374)	75%
Total Charges for Services	25,951,206	25,951,206	9,053,898	25,465,387	(485,819)	98%
Miscellaneous Revenue						
Miscellaneous	2,856,385	2,860,885	1,223,340	2,854,705	(6,181)	100%
Payments in Lieu of Taxes from Enterprise Activities	22,759,977	22,759,977	878,199	22,759,977	-	100%
Total Miscellaneous Revenue	25,616,362	25,620,862	2,101,540	25,614,682	(6,181)	100%
Recovered Costs						
Recovered Costs	5,927,619	5,927,619	2,238,562	5,992,386	64,767	101%
Total Recovered Costs	5,927,619	5,927,619	2,238,562	5,992,386	64,767	101%
Revenue from Local Sources Total	581,258,050	581,267,550	100,564,520	587,814,502	6,545,961	101%

	FY2019 Budget	FY2019 Amended Budget	FY2019 Collections as of 12/30/2018	FY2019 2nd Quarter Projection	Variance: Amended Budget vs. Preliminary Year End surplus (shortfall)	
Other Financing Sources						
Non-Revenue Receipts						
Insurance Recovery	-	-	-	-	-	-
Total Non-Revenue Receipts	-	-	-	-	-	-
Revenue from Other Financing Sources Total						
Revenue from the Commonwealth						
Non-Categorical Aid						
Auto Rental Tax	983,878	983,878	513,650	629,682	(354,196)	64%
Communications Sales and Use Tax	15,440,463	15,440,463	6,106,692	14,822,844	(617,619)	96%
Miscellaneous Non-Categorical Aid	250,000	250,000	17,849	263,618	13,618	105%
Mobile Home Titling Taxes	9,522	9,522	1,560	9,522	-	100%
Personal Property Tax Reimbursement	16,708,749	16,708,749	1,618,469	16,708,749	-	100%
Rolling Stock Tax	142,446	142,446	121,257	142,446	-	100%
Tax on Deeds	1,078,407	1,078,407	256,648	959,782	(118,625)	89%
Total Non-Categorical Aid	34,613,465	34,613,465	8,636,123	33,536,644	(1,076,822)	97%
Shared Expenditures (Categorical)						
State Shared Expenses- City Treasurer	147,785	147,785	56,507	147,785	-	100%
State Shared Expenses- Commonwealth Attorney	3,423,176	3,423,176	1,368,281	3,421,425	(1,751)	100%
State Shared Expenses- Finance	773,803	773,803	316,711	762,817	(10,986)	99%
State Shared Expenses- General Registrar	90,525	90,525	-	93,525	3,000	103%
State Shared Expenses- Sheriff	15,400,000	15,400,000	5,437,076	16,426,719	1,026,719	107%
State Shared Expenses- Welfare and Social Services	-	-	-	-	-	-
Total Shared Expenditures (Categorical)	19,835,289	19,835,289	7,178,575	20,852,271	1,016,983	105%
Categorical Aid						
Education	-	-	-	-	-	-
Library	185,000	185,000	45,530	182,120	(2,880)	98%
Public Safety	19,010,953	19,010,953	8,782,791	18,770,094	(240,859)	99%
Public Works	-	-	-	9,000	9,000	-
Welfare and Social Services	13,072,025	13,072,025	6,377,462	16,942,390	3,870,365	130%
Total Categorical Aid	32,267,978	32,267,978	15,205,783	35,903,604	3,635,626	111%
PILOT (Payments in Lieu of Taxes)						
Service Charges	3,808,790	3,808,790	1,591,314	3,698,501	(110,289)	97%
Total PILOT (Payments in Lieu of Taxes)	3,808,790	3,808,790	1,591,314	3,698,501	(110,289)	97%
Revenue from the Commonwealth Total	90,525,522	90,525,522	32,611,794	93,991,020	3,469,499	104%
Revenue from the Federal Government						
Non-Categorical Aid						
Other Federal Revenue	-	-	-	-	-	-
Total Non-Categorical Aid	-	-	-	-	-	-
Categorical Aid						
Social Services	30,583,848	30,583,848	9,317,605	26,806,068	(3,777,780)	88%
Total Categorical Aid	30,583,848	30,583,848	9,317,605	26,806,068	(3,777,780)	88%
Revenue from the Federal Government Total	30,583,848	30,583,848	9,317,605	26,806,068	(3,777,780)	88%
Utilities						
Utilities						
Utilities	64,000	64,000	31,400	56,000	(8,000)	88%
Total Utilities	64,000	64,000	31,400	56,000	(8,000)	88%
Revenue from Utilities Total	64,000	64,000	31,400	56,000	(8,000)	88%
Transfers-In						
Transfers-In						
Transfers-In	17,470,800	17,470,800	-	17,470,800	-	100%
Total Transfers-In	17,470,800	17,470,800	-	17,470,800	-	100%
Grand Total:	719,902,219	719,911,719	142,525,318	726,138,390	6,226,671	101%
Rolled Encumbrance (General Fund Portion) Total:		5,432,399		5,432,399	-	
General Fund Revenue Grand Total:	719,902,219	725,344,118	142,525,318	731,570,789	6,226,671	100.86%

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.

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Uses

Agency	FY 2019 Adopted Budget	FY 2019 Current Budget	Expenditures through Dec. 31st	FY 2019 Year- End Projection	Variance: Current vs Projection surplus/(shortfall)	
Culture & Recreation						
Library	5,785,353	5,962,284	2,624,739	5,782,704	179,580	97.0%
Parks Rec	16,385,768	16,385,768	8,130,750	16,274,470	111,298	99.3%
Debt						
Debt	70,124,320	70,124,320	40,313,480	70,124,320	-	100.0%
Education						
RPS	169,146,483	169,146,483	84,573,242	169,146,483	-	100.0%
General Government						
Assessor	3,627,087	3,664,313	1,538,375	3,425,529	238,784	93.5%
Auditor	1,731,296	1,731,996	601,080	1,671,883	60,113	96.5%
Budget	1,345,718	1,345,718	577,577	1,337,939	7,779	99.4%
Chief Admin Officer	924,843	963,094	465,330	963,094	-	100.0%
City Attorney	3,243,116	3,243,116	1,251,523	3,236,730	6,386	99.8%
City Clerk	917,351	923,177	271,107	846,973	76,204	91.7%
City Council	1,419,558	1,427,537	606,918	1,418,297	9,241	99.4%
City Treasurer	166,242	166,242	85,435	181,716	(15,475)	109.3%
Citizen Service & Response	1,297,165	1,297,165	373,353	1,271,158	26,007	98.0%
Council Chief of Staff	1,152,224	1,180,203	536,619	1,200,607	(20,404)	101.7%
Econ Dev	4,533,855	4,577,050	2,586,524	4,269,865	307,185	93.3%
Finance	10,765,422	11,142,868	4,595,932	11,293,140	(150,272)	101.3%
General Registrar	1,780,952	1,780,952	771,839	1,693,445	87,507	95.1%
Housing & Comm Development	2,039,026	2,069,026	400,299	4,920,123	(2,851,097)	237.8%
Human Resources	3,262,867	3,270,878	1,269,917	3,247,223	23,655	99.3%
Info Tech	-	-	-	-	-	#DIV/0!
Inspector General	464,503	464,503	93,652	257,043	207,460	55.3%
Mayor's Office	1,157,478	1,162,897	512,429	1,162,897	-	100.0%
Minority Business Development	817,716	817,716	298,603	757,241	60,475	92.6%
Planning & Dev Review	11,207,295	11,507,411	4,921,832	11,238,916	268,495	97.7%
Press Secretary	487,626	490,968	217,096	488,588	2,380	99.5%
Procurement Serv.	1,135,025	1,135,025	524,264	1,259,220	(124,195)	110.9%
Highways, Streets, Sanitation & Refuse						
Public Works	34,916,914	35,313,206	14,308,939	35,403,062	(89,856)	100.3%
Human Services						
Justice Services	9,134,419	9,136,305	4,136,624	9,132,452	3,853	100.0%
Office of DCAO/HS	1,494,733	1,494,733	524,716	1,373,289	121,444	91.9%
RCHI - Health	4,030,490	4,030,490	2,015,245	4,030,490	-	100.0%
Social Services	56,634,080	56,675,418	20,366,934	56,668,736	6,682	100.0%
Office of Community Wealth Building	1,968,115	2,026,603	843,876	1,928,863	97,740	95.2%
Non-Departmental						
Non-Departmental	84,627,897	86,871,992	19,906,464	86,951,143	(79,151)	100.1%
Non-Departmental - Prepared Food Taxes-School Facilities	9,113,276	9,113,276	-	9,375,678	(262,402)	102.9%
Public Safety & Judiciary						
Animal Control	1,614,585	1,614,730	860,947	1,932,131	(317,401)	119.7%
Emergency Communications	5,215,443	5,986,634	2,374,751	5,736,754	249,880	95.8%
Fire & Emer Svcs	51,475,418	51,504,145	24,940,594	51,836,940	(332,795)	100.6%
J & DR Court	236,911	236,911	80,496	242,108	(5,197)	102.2%
13th District Court Services Unit	218,010	218,010	75,008	216,779	1,231	99.4%
Jail/Sheriff	37,573,663	38,398,047	18,855,324	40,650,788	(2,252,741)	105.9%
Judiciary - Adult Drug Ct	612,504	612,504	320,886	613,829	(1,325)	100.2%
Judiciary - Cir Ct	3,912,492	3,917,101	1,780,047	3,905,668	11,433	99.7%
Judiciary - CW Atty	6,561,304	6,561,304	3,007,638	6,518,783	42,521	99.4%
Judiciary - Other	256,108	264,430	103,191	282,430	(18,000)	106.8%
Police	95,387,568	95,387,568	45,464,711	95,268,857	118,711	99.9%
Grand Total	719,902,219	725,344,117	318,108,308	729,538,384	(4,194,267)	100.6%

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.

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FY2019 Second Quarter Revenue Projections

Below are explanations of variances within major accounts in the revenue projections. Explanations are offered for variances that are +/- 5% or +/- \$500,000. The current forecast projects revenues to be more than the FY2019 budget by \$6,226,671 or 0.86%. The explanations are in order as they appear in the prior table.

Penalties and Interest- Interest Projected Revenue Surplus: \$837k

FY2018 actuals have collections for this source at \$4.6M. Based on prior year trends and current efforts, it is expected that FY2019 results will be slightly lower than FY2018, but slightly higher than budgeted for FY2019.

Penalties and Interest- Penalty Projected Revenue Surplus: \$499k

FY2018 actual collections for this source were slightly less than budget for FY2018. Therefore the FY2019 budget for this source was projected lower but based upon current efforts, it is expected that FY2019 results will be slightly higher than the amount budgeted.

Personal Property Taxes- Current Projected Revenue Surplus: \$1.4M

FY2018 actual collections for this source were slightly higher than budget for FY2018. Therefore, trend reflects an increase in the FY2019 collections.

Personal Property Taxes- Delinquent Projected Revenue Shortfall: \$1.2M

Projections have been revised down to align with recent year collection trends.

Real and Personal Public Service Corporation Property Taxes Current and Delinquent Projected Revenue Shortfall: \$1.2M

The FY2018 actual revenues for the three sub categories of Public Service Corporation property taxes reflected \$11M. While allowing for a slight increase from prior year collections, FY2019 combined total for these three categories project less than the budgeted amounts.

Real Property Taxes- Current Projected Revenue Surplus: \$3.7M

Taxes are projected to be slightly higher than the FY2019 budgeted amount when considering the increase in taxable assessed values per the City Assessor and the anticipated collection rate of the tax levy.

Real Property Taxes- Delinquent Projected Revenue Surplus: \$2.0M

This source is forecasted to be significantly higher than the FY2019 budget due to proceeds from the sale of tax delinquent properties.

Admission Taxes Projected Revenue Shortfall: \$533k

Based on FY2019 second quarter collections and the prior year baseline, FY2019 is estimated to be slightly lower than budget. In addition, lower admission taxes is also due to a decline in the number of events that will be held at the Coliseum during the third and fourth quarters of this fiscal year.

Business Licenses Taxes**Projected Revenue Surplus: \$1.3M**

This source is forecasted to be higher than the FY2019 budgeted amount based on FY2018 collections and refunds that are anticipated to be issued in the current fiscal year.

Motor Vehicle Licenses**Projected Revenue Shortfall: \$681k**

The FY2019 budget from this source was based on an increase in the related fees and prior year activity. FY2018 actual collections indicate that this source fell below FY2018 budget. Current collections show that the trend will continue.

Other Local Taxes**Projected Revenue Shortfall: \$215k**

This revenue source is projected to have a shortfall due to the FCC (Federal Communications Commission i.e. Telephone Commission Taxes) ruling which has placed a mandatory cap on how much fees can be charged to inmates (and their families) using the telephone system in the City Jail.

Short-Term Rental Tax**Projected Revenue Shortfall: \$28k**

Based on FY2019 second quarter collections, FY2019 is estimated to be slightly lower than budget.

Permits and Other Licenses**Projected Revenue Shortfall: \$889k**

This revenue source is projected to have a shortfall of \$889k as articulated by the Planning Department. The shortfall is currently projected in the building inspection, electrical, and mechanical inspection revenue sources. Per the Planning Department, "second quarter revenues have shown variances over the past three reporting periods. We anticipate stronger third and fourth quarter revenue levels as a number of projects submit for permits." Budget staff will continue to work with the Planning Department to assess future revenue projections.

Charges for Fire and Rescue Services**Projected Revenue Surplus: \$18k**

This revenue source is projected to have a surplus due to an increase in false alarm fee revenues collected.

Charges for Law Enforcement and Traffic Control**Projected Revenue Surplus: \$11k**

This revenue source is projected to have a surplus based on revenue collections received to date as well as prior year collections. In addition, requests for these services, i.e. local police background checks, are trending upward.

Charges for Library**Projected Revenue Shortfall: \$19k**

This revenue source is projected to have a shortfall that is attributed to the overdue fine threshold that was raised from \$5 to \$10 and people waiting longer to pay.

Charges for Parks and Recreation**Projected Revenue Shortfall: \$12k**

This revenue source is projected to have a shortfall due to a consistent decline in athletic league participation and field rental requests.

Charges for Planning and Community Development **Projected Revenue Shortfall: \$13k**

This revenue source is projected to have a shortfall due to a decreasing number of rehab applications within the Assessor's Office. The number of applicants has continued to drop over the past few fiscal years and this trend is expected to continue.

Court Costs **Projected Revenue Shortfall: \$469k**

This revenue source is projected to have a shortfall due to the recent reorganization and the increase in assignment of state-based criminal cases over local-based cases to the Criminal/Traffic Court thereby decreasing the amount of revenue that is subsequently submitted to the City.

Other – Charges for Services **Projected Revenue Shortfall: \$2.4k**

The projected decrease in this source is from lower than anticipated returned check revenue.

Auto Rental Tax **Projected Revenue Shortfall: \$354k**

FY2019 revenues from this source are projected to be below the budgeted amount based on funds received through the end of the second quarter.

Communications Sales and Use Tax **Projected Revenue Shortfall: \$618k**

This FY2019 revenue source projects a shortfall due to the tax base having a declining trend.

Miscellaneous Non-Categorical Aid **Projected Revenue Surplus: \$14k**

Consistent with the prior year, Miscellaneous Non-Categorical aid is anticipated to slightly exceed the budgeted amount.

Tax on Deeds **Projected Revenue Shortfall: \$119k**

FY2019 revenues from this source are projected to be below the budgeted amount based on funds received through the end of the second quarter.

State Shared Expenses-Sheriff **Projected Revenue Surplus: \$1M**

This revenue source is projected to have a surplus of \$1M. This anticipated surplus is expected as the approved budget from the Compensation Board is larger than what was originally projected by the Sheriff's Office during the FY2019 budget process. Ordinance 2019-001 was adopted on January 28th (after the second quarter), appropriating an additional \$1M to the Sheriff's Office, which will bring the budget more line with the projections.

Welfare and Social Services **Projected Revenue Surplus: \$3.8M**

The projected surplus in this category is due to an adjustment in calculating administrative revenue received from the state and federal shares. This surplus is offset by the shortfall of the same amount in the Social Services category.

Social Services **Projected Revenue Shortfall: \$3.8M**

The projected shortfall in this category is due to an adjustment in calculating administrative revenue received from the state and federal shares. This shortfall is offset by the surplus of the same amount in the Welfare and Social Services category.

Utilities

Projected Revenue Shortfall: \$8k

This revenue source is projected to have a shortfall based on revenue collections received to date and prior year actuals as requests for these services are variable.

FY2019 Second Quarter – Expenditure Projections

Overall, the second quarter forecast shows projected expenditures trending in a negative direction, with a projected, estimated shortfall of \$4,194,267 or 0.58% of the modified budget.

It is important to note that these projections are based on data collected for FY19 as of December 31, 2018. As a result, these projections could change as more data becomes available throughout the fiscal year. Below are explanations of major variances in the second quarter expenditure projections. The explanations are in order as they appear in the second quarter status report. Variances of +/- 5% or +/- \$500,000 are detailed below.

City Assessor Projected Budget Surplus: \$239k

The Office of the City Assessor is projected to have a surplus in personnel of \$236k that is attributed to the existence of several departmental vacancies. Minor operating savings of \$2.3k are projected.

City Clerk Projected Budget Surplus: \$76k

The Office of the City Clerk is projected to have a surplus in personnel of \$76k that is attributed to the existence of departmental vacancies.

City Treasurer Projected Budget Shortfall: \$15k

The Office of the City Treasurer is projected to have a shortfall in personnel of \$15k that is attributed, almost exclusively, to a recently hired employee that selected a health insurance plan that was higher than what was originally budgeted. Minor operating savings are projected.

Economic Development Projected Budget Surplus: \$307k

The Department of Economic Development is projected to have a surplus of \$252k in personnel which is attributed to the existing of several vacancies, including the Director position. Operating savings of \$56k are projected.

General Registrar Projected Budget Surplus: \$88k

The Office of the General Registrar is projected to have a surplus of \$32k in personnel which is attributed to full-time positions that have been vacant since November. Operating savings of \$55k is projected and is the result of savings in printing services and telecommunications services. It is noteworthy that projected savings could decrease completely if there is a primary election held in June, as well as a potential redistricting and postage fee increases.

Housing and Community Development Projected Budget Shortfall: \$2.9M

The Department of Housing and Community Development is projected to have a shortfall of \$2.9M. Although minor personnel savings of \$108k are projected, due to the vacant Director position, subsequent to the first quarter projections, it was brought to department leadership's attention that demolition costs associated with the Armstrong development project were incorrectly booked to the capital budget. These expenses, due to the property not being a City asset, must be booked as an operating expense. As a result, the estimated costs of the demolition, an estimated \$3M, must be charged to the general fund budget.

Inspector General**Projected Budget Surplus: \$207k**

The Office of the Inspector General is projected to have personnel savings of \$207k, which is attributed to the existence of several departmental vacancies.

Minority Business Development**Projected Budget Surplus: \$60k**

The Department of Minority Business Development is projected to have personnel savings of \$66k which is attributed to the existence of several departmental vacancies. A minor operating shortfall of \$6k is projected and is attributed to the department spending more in temps in order to offset vacancies.

Procurement Services**Projected Budget Shortfall: \$124k**

The Department of Procurement Services is projected to exceed its personnel budget by \$134,695 as authorized positions are filled. This shortfall will be offset by a savings of \$10,500 in contract employee expenses, as well as the \$125,000 appropriation made by City Council on January 10th – which will be reflected during the third quarter.

Office of the DCAO for HS**Projected Budget Surplus: \$121k**

The Office of the DCAO for Human Services is projected to have personnel savings of \$119k that is attributed to the existence of several vacancies. Minor operating savings of \$2k are projected.

Animal Control**Projected Budget Shortfall: \$317k**

The Department of Animal Care and Control is projected to have a shortfall of \$68k in personnel that is attributed to the hiring of 2 critical positions that support the increased service load, cruelty cases, and overall citizen response to RACC. Additionally, an operating shortfall of \$249k is the result of increased expenses for veterinary and medical supplies for adopted animals and those involved in cruelty cases. This increased General Fund expense is a result of the reduction in animal license revenue available in Fiscal Years 2018 and 2019.

Sheriff**Projected Budget Shortfall: \$2.2M**

The City Sheriff is projected to have a shortfall in personnel of \$2.7M which is attributed, primarily to a significant increase in projected overtime related costs for the Department. Operating savings of \$493k is projected and is attributed to the department taking steps, although not the only method, to reduce the total departmental shortfall.

A response on the reason behind the shortfall was provided by the Sheriff's Office.

Per the Sheriff's Office, "a projected shortfall in personnel is attributed mainly to the department overtime expenses which is being paid to each non-exempt employee who work to ensure that all mandated direct supervision post(s) are properly covered which creates overtime. The facility was designed to be such and now the overtime costs are associated with maintaining the appropriate security levels. As stated previously, there are certain posts which are mandated by DOC that has to be manned at all times for a Direct Supervision Facility, which this building was designed to be. The main overtime costs are associated with these posts".

The existence of departmental vacancies is also contributing to the shortfall but is secondary to the overtime needs articulated by the City Sheriff. The Sheriff's Office noted that "additional revenue (is projected and can be) appropriate (d) based on the final budget approved by the Comp Board (for full time positions), reducing the (total department wide) shortfall." This additional revenue was approved in January and will show on the third quarter projections. It is not projected to fully offset the total projected shortfall for this department.

Judiciary - Other

Projected Budget Shortfall: \$18k

The Judiciary – Other is projected to have a shortfall of \$18k, which is attributed to an increase in the costs associated with public defender fees in the Criminal /Manchester Court. There has been an increase in cases heard by Criminal Manchester as well as the reassignment of cases previously heard in the Traffic Court.