



CITY OF RICHMOND

INTRACITY CORRESPONDENCE

TO: The Honorable Mayor Levar M. Stoney

The Honorable Michael Jones
Chair of the Finance and Economic Development Committee

The Honorable Members of City Council

Lincoln Saunders, Chief of Staff, Office of the Mayor

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

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

DATE: November 15, 2019

RE: Fiscal Year 2020 First Quarter Revenue & Expenditure Projection Report

The Fiscal Year 2020 First Quarter Revenue and Expenditure Projection Report is provided to the Finance and Economic Development Committee to describe the City's Fiscal Year 2020 year-to-date financial performance. The report includes revenue and expenditures up-to-date through September 30, 2019 – utilizing only one to three months of data, depending on accruals.

A brief overview of the projected FY2020 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 \$5,057,962. There are several sources of revenue that are projected to come in above budget to include: Machinery & Tools Taxes, Personal Property Taxes – Current, Real Property Taxes – Current, and Local Sales and Use Taxes. 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 3 months of data, the first quarter projections reflect conservative budgeting methods and the overall general health of Richmond's local economy.

General Fund Expenditures

General Fund Expenditures are trending in a positive direction, with a total preliminary, projected savings of \$689,067. This preliminary, projected savings represents 0.09% of the total general fund budget. The projected expenditure savings in the General Fund would be higher if it were not for a projected increase in expenditures for the Sheriff's Office, particularly increases associated with overtime. Specific details of the Sheriff's Office as well as other departmental variances are explained further in the report.

Voluntary Retirement Incentive Program

A voluntary retirement incentive program (VRIP) was authorized by City Council as part of City Council's amendments to the Mayor's Proposed FY20 budget. The VRIP projected savings of \$3 million was budgeted within the Non-Departmental budget. The Administration is still determining the estimated savings from this program as more information becomes available. As a result, the first quarter projections assumes that the full savings will be realized. It is anticipated that the determination of any estimated savings or lack thereof will be projected as part of subsequent quarterly reports.

A summary of the First Quarter 2020 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 FY2020 Projected Balances as of 09/30/2019	
Projected Total FY2020 General Fund Revenue	\$754,679,671
Projected Total FY2020 General Fund Expenditures	\$748,932,640
Total: FY2020 Projected Budgetary Surplus/(Shortfall)	\$5,747,031

*Note very minor discrepancies may exist due to rounding

City of Richmond
Finance & Administration Portfolio
FY2020 First Quarter Report

Sources

	FY2020 Budget	FY2020 Amended Budget	FY2020 Collections as of 9/30/2019	FY2020 1st Quarter Projection	Variance: Amended Budget vs. Preliminary Year End surplus (shortfall)	
Revenue from Local Sources						
General Property Taxes						
Machinery & Tools Taxes	13,426,000	13,426,000	(29,915)	13,828,602	402,602	103%
Penalties and Interest- Interest	3,126,201	3,126,201	504,315	3,261,879	135,678	104%
Penalties and Interest- Penalty	4,106,200	4,106,200	421,677	3,073,599	(1,032,601)	75%
Personal Property Taxes- Current	34,198,968	34,198,968	1,898,669	36,541,045	2,342,077	107%
Personal Property Taxes- Delinquent	8,780,045	8,780,045	673,925	7,215,540	(1,564,505)	82%
Real and Personal Public Service Corporation Property Taxes- Personal Property Current	8,810,342	8,810,342	-	9,125,252	314,910	104%
Real and Personal Public Service Corporation Property Taxes- Personal Property Delinquent	919,488	919,488	(24)	676,015	(243,473)	74%
Real and Personal Public Service Corporation Property Taxes- Real Property Current	2,022,618	2,022,618	-	2,112,069	89,451	104%
Real Property Taxes- Current	289,820,834	289,820,834	915,903	296,129,118	6,308,284	102%
Real Property Taxes- Delinquent	13,489,000	13,489,000	1,341,408	13,389,862	(99,138)	99%
Total General Property Taxes	378,699,696	378,699,696	5,725,958	385,352,981	6,653,285	102%
Other Local Taxes						
Admission Taxes	2,646,800	2,646,800	362,317	2,646,800	-	100%
Bank Stock Taxes	8,418,200	8,418,200	-	8,612,736	194,536	102%
Business Licenses Taxes	36,561,999	36,561,999	401,777	36,494,073	(67,926)	100%
Consumer Utility Taxes	17,958,600	17,958,600	516,499	18,269,541	310,941	102%
Local Sales & Use Tax	35,865,100	35,865,100	2,348,373	36,353,797	488,697	101%
Motor Vehicle Licenses	7,256,900	7,256,900	607,633	6,921,765	(335,135)	95%
Other Local Taxes	362,689	362,689	56,330	497,544	134,855	137%
Cigarette Tax	3,050,000	3,050,000	1,365,171	3,388,727	338,727	111%
Prepared Food Taxes	36,791,413	36,791,413	6,072,644	36,819,386	27,973	100%
Prepared Food Taxes - School Facilities	9,370,962	9,370,962	1,546,734	9,378,087	7,125	100%
Short-Term Rental Tax	119,055	119,055	-	122,066	3,011	103%
Transient Lodging Taxes	9,045,680	9,045,680	1,607,522	9,099,517	53,837	101%
Total Other Local Taxes	167,447,398	167,447,398	14,884,998	168,604,038	1,156,640	101%
Permits, Privilege Fees, and Regulatory Licenses						
Animal Licenses	-	-	-	-	-	-
Permits and Other Licenses	12,252,403	12,252,403	2,644,474	12,316,892	64,489	101%
Total Permits, Privilege Fees, and Regulatory Licenses	12,252,403	12,252,403	2,644,474	12,316,892	64,489	101%
Fines & Forfeitures						
Fines & Forfeitures	-	-	629	8,000	8,000	-
Total Fines & Forfeitures	-	-	629	8,000	8,000	0%
Revenue from Use of Money and Property						
Revenue from Use of Money	7,583,756	7,583,756	1,611,259	7,583,756	-	100%
Revenue from Use of Property	221,000	221,000	122,130	216,856	(4,144)	98%
Total Revenue from Use of Money and Property	7,804,756	7,804,756	1,733,390	7,800,612	(4,144)	100%
Charges for Services						
Charges for Finance	801,192	801,192	136,721	801,192	-	100%
Charges for Fire and Rescue Services	170,000	170,000	32,299	170,000	-	100%
Charges for Information Technology	21,782	21,782	2,134	15,336	(6,446)	70%
Charges for Law Enforcement and Traffic Control	148,000	148,000	38,243	148,000	-	100%
Charges for Library	65,106	65,106	6,562	42,534	(22,572)	65%
Charges for Maintenance of Highways, Streets, Bridges, and Sidewalks	-	-	-	-	-	-
Charges for Other Protection	125,000	125,000	45,907	125,000	-	100%
Charges for Parks and Recreation	66,239	66,239	19,604	86,000	19,761	130%
Charges for Planning and Community Development	102,009	102,009	6,488	102,009	-	100%
Charges for Sanitation and Waste Removal	18,826,586	18,826,586	4,253,395	18,826,586	-	100%
Court Costs	6,542,818	6,542,818	1,305,904	6,455,538	(87,280)	99%
Other	9,515	9,515	3,690	9,515	-	100%
Total Charges for Services	26,878,247	26,878,247	5,850,946	26,781,710	(96,537)	100%
Miscellaneous Revenue						
Miscellaneous	2,809,859	2,809,859	217,872	3,181,894	372,035	113%
Payments in Lieu of Taxes from Enterprise Activities	20,750,123	20,750,123	834,096	20,750,123	-	100%
Total Miscellaneous Revenue	23,559,982	23,559,982	1,051,968	23,932,017	372,035	102%
Recovered Costs						
Recovered Costs	6,261,693	6,261,693	372,760	6,101,911	(159,782)	97%
Total Recovered Costs	6,261,693	6,261,693	372,760	6,101,911	(159,782)	97%
Revenue from Local Sources Total	622,904,175	622,904,175	32,265,123	630,898,161	7,985,986	101%

Sources

	FY2020 Budget	FY2020 Amended Budget	FY2020 Collections as of 9/30/2019	FY2020 1st 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	875,000	875,000	235,833	884,373	9,373	101%
Communications Sales and Use Tax	14,530,000	14,530,000	2,291,215	14,485,271	(44,729)	100%
Miscellaneous Non-Categorical Aid	245,000	245,000	66,290	249,668	4,668	102%
Mobile Home Titling Taxes	9,807	9,807	-	9,807	-	100%
Personal Property Tax Reimbursement	16,708,749	16,708,749	-	16,708,749	-	100%
Rolling Stock Tax	139,639	139,639	-	139,639	-	100%
Tax on Deeds	1,000,000	1,000,000	-	1,000,000	-	100%
Total Non-Categorical Aid	33,508,195	33,508,195	2,593,338	33,477,506	(30,689)	100%
Shared Expenditures (Categorical)						
State Shared Expenses- City Treasurer	151,145	151,145	22,978	151,145	-	100%
State Shared Expenses- Commonwealth Attorney	3,657,139	3,657,139	525,457	3,431,681	(225,458)	94%
State Shared Expenses- Finance	739,279	739,279	138,189	747,673	8,394	101%
State Shared Expenses- General Registrar	88,527	88,527	-	88,527	-	100%
State Shared Expenses- Sheriff	16,981,929	16,981,929	1,530,950	16,989,694	7,765	100%
State Shared Expenses- Welfare and Social Services	-	-	-	-	-	-
Total Shared Expenditures (Categorical)	21,618,019	21,618,019	2,217,574	21,408,720	(209,299)	99%
Categorical Aid						
Education	-	-	-	-	-	-
Library	185,000	185,000	-	192,192	7,192	104%
Public Safety	19,484,850	19,484,850	4,259,453	18,929,000	(555,850)	97%
Public Works	-	-	-	-	-	-
Welfare and Social Services	15,490,647	15,490,647	2,467,100	16,445,401	954,754	106%
Total Categorical Aid	35,160,497	35,160,497	6,726,553	35,566,593	406,096	101%
PILOT (Payments in Lieu of Taxes)						
Service Charges	3,698,683	3,698,683	106,961	3,698,683	-	100%
Total PILOT (Payments in Lieu of Taxes)	3,698,683	3,698,683	106,961	3,698,683	-	100%
Revenue from the Commonwealth Total						
	93,985,394	93,985,394	11,644,427	94,151,502	166,108	100%
Revenue from the Federal Government						
Non-Categorical Aid						
Other Federal Revenue	-	-	-	-	-	-
Total Non-Categorical Aid	-	-	-	-	-	-
Categorical Aid						
Social Services	26,982,451	26,982,451	3,861,410	23,880,318	(3,102,133)	89%
Total Categorical Aid	26,982,451	26,982,451	3,861,410	23,880,318	(3,102,133)	89%
Revenue from the Federal Government Total						
	26,982,451	26,982,451	3,861,410	23,880,318	(3,102,133)	89%
Utilities						
Utilities						
Utilities	64,000	64,000	11,305	64,000	-	100%
Total Utilities	64,000	64,000	11,305	64,000	-	100%
Revenue from Utilities Total						
	64,000	64,000	11,305	64,000	-	100%
Transfers-In						
Transfers-In						
Transfers-In	2,225,585	2,225,585	-	2,225,585	-	100%
Total Transfers-In	2,225,585	2,225,585	-	2,225,585	-	100%
Grand Total:						
	746,161,605	746,161,605	47,782,264	751,219,567	5,057,962	101%
Rolled Encumbrance (General Fund Portion) Total:						
		3,460,104		3,460,104	-	
General Fund Revenue Grand Total:						
	746,161,605	749,621,709	47,782,264	754,679,671	5,057,962	100.67%

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 2020 Adopted Budget	FY 2020 Current Budget	Expenditures through Sept. 30th	FY 2020 Year- End Projection	Variance: Current vs Projection surplus/(shortfall)	
Culture & Recreation						
Library	6,304,636	6,304,636	1,181,857	6,434,689	(130,053)	102.1%
Parks Rec	18,017,689	18,135,893	4,563,010	18,071,488	64,405	99.6%
Debt						
Debt	74,322,485	74,322,485	31,450,965	74,059,744	262,741	99.6%
Education						
RPS	175,193,143	175,193,143	39,168,921	175,193,143	-	100.0%
General Government						
Assessor	4,539,202	4,539,202	748,411	4,538,933	268	100.0%
Auditor	1,987,464	1,990,672	285,806	1,957,198	33,474	98.3%
Budget	1,319,769	1,340,186	257,463	1,339,990	196	100.0%
Chief Admin Officer	775,316	775,316	149,120	804,889	(29,573)	103.8%
City Attorney	4,116,633	4,134,606	753,851	4,134,606	-	100.0%
City Clerk	1,140,247	1,140,247	154,375	1,091,851	48,396	95.8%
City Council	1,417,518	1,418,458	284,911	1,418,431	27	100.0%
City Treasurer	187,359	187,359	40,808	187,270	89	100.0%
Citizen Service & Response	2,044,232	2,047,773	218,517	2,035,434	12,339	99.4%
Council Chief of Staff	1,580,380	1,580,380	185,637	1,511,554	68,826	95.6%
Econ Dev	2,523,385	3,225,371	365,004	3,180,253	45,118	98.6%
Finance	11,517,973	11,629,510	1,865,896	11,588,556	40,954	99.6%
General Registrar	2,232,127	2,232,127	306,375	2,247,376	(15,249)	100.7%
Housing & Comm Development	1,845,033	2,179,534	247,537	2,142,395	37,139	98.3%
Human Resources	3,510,729	3,510,729	654,871	3,506,496	4,233	99.9%
Info Tech	-	-	-	-	-	-
Inspector General	531,886	531,886	98,409	534,341	(2,455)	100.5%
Mayor's Office	1,012,112	1,012,112	206,809	1,002,899	9,213	99.1%
Minority Business Development	727,010	773,010	201,136	768,418	4,592	99.4%
Planning & Dev Review	11,522,864	11,726,556	2,103,743	11,592,938	133,619	98.9%
Press Secretary	512,644	512,644	90,558	509,131	3,513	99.3%
Procurement Serv.	1,516,897	1,516,897	250,881	1,516,897	-	100.0%
Highways, Streets, Sanitation & Refuse						
Public Works	36,808,454	37,016,107	5,943,434	36,253,410	762,697	97.9%
Human Services						
Justice Services	9,861,905	9,865,056	1,760,940	9,469,093	395,962	96.0%
Office of DCAO/HS	1,375,954	1,375,954	314,300	1,530,492	(154,538)	111.2%
RCHI - Health	4,863,490	4,863,490	1,215,873	4,863,490	-	100.0%
Social Services	57,325,372	57,450,372	9,452,425	57,277,785	172,587	99.7%
Office of Community Wealth Building	1,985,515	1,985,515	484,191	1,981,598	3,917	99.8%
Non-Departmental						
Non-Departmental	92,606,286	92,727,987	14,120,775	92,272,802	455,185	99.5%
Public Safety & Judiciary						
Animal Control	1,969,600	1,969,600	454,587	1,973,259	(3,659)	100.2%
Emergency Communications	5,197,591	5,919,324	1,432,962	5,794,214	125,110	97.9%
Fire & Emer Svcs	53,798,275	53,798,275	10,705,440	54,154,885	(356,610)	100.7%
J & DR Court	243,914	243,914	44,701	248,411	(4,497)	101.8%
13th District Court Services Unit	220,612	222,287	49,369	226,505	(4,218)	101.9%
Jail/Sheriff	40,709,137	41,116,699	7,987,543	42,863,106	(1,746,407)	104.2%
Judiciary - Adult Drug Ct	644,973	644,973	151,467	650,220	(5,247)	100.8%
Judiciary - Cir Ct	4,116,191	4,120,721	813,130	4,031,695	89,026	97.8%
Judiciary - CW Atty	6,816,322	6,816,322	1,346,828	6,501,063	315,259	95.4%
Judiciary - Other	288,387	293,187	27,490	268,789	24,398	91.7%
Police	96,930,895	97,231,195	20,319,122	97,202,904	28,291	100.0%
Grand Total	746,161,606	749,621,707	162,459,448	748,932,640	689,067	99.9%

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

FY2020 First 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 FY2020 budget by \$5,057,962 or 0.67%. The explanations are in order as they appear in the prior table.

Penalties and Interest- Penalty Projected Revenue Shortfall: \$1.03M

As evident of the surplus in interest payments projected for FY20, this source will continue to reflect a shortfall due to less penalties being charged.

Personal Property Taxes- Current Projected Revenue Surplus: \$2.3M

Actual trends reflect an increase in collections for this source over the last several fiscal years. This trend seems to be continuing with a projected increase in the FY20 collections. However the increase in Current Personal Property Taxes and decrease in Delinquent Personal Property Taxes appears to be correlated.

Personal Property Taxes- Delinquent Projected Revenue Shortfall: \$1.6M

This projected shortfall directly correlates to a continuing increase in Personal Property Taxes-Current. While Current Personal Property Taxes are over-performing, that reduces the amount of Delinquent Personal Property Taxes to be collected.

Real and Personal Public Service Corporation- Personal Property Taxes Delinquent Projected Revenue Shortfall: \$243K

The \$243K shortfall is 74% of the FY20 budgeted amount and correlates to a continuing increase in Real Personal Public Service Corporation- Personal Property Taxes Current. An increased current collection rate yields shortfalls in delinquent collections.

Real Property Taxes - Current Projected Revenue Surplus: \$6.3M

Based on updated taxable assessed values provided by the City Assessor in early November, current real estate tax revenues are projected to be approximately \$6.3 million more than the FY2020 adopted amount.

Other Local Taxes Projected Revenue Surplus: \$135K

This source of revenue is projected to have a surplus that is primarily associated with an increase in telephone commission revenue in the Sheriff's Office. The projected increase is the result of a fee increase, imposed by the Sheriff, for inmate telephone usage.

Cigarette Tax Projected Revenue Surplus: \$339K

FY20 cigarette tax projection is slightly higher than anticipated due to the surge at the beginning of the fiscal year in the sale of cigarette stamps that had to be attached to every pack of cigarettes sold in the City of Richmond, per the new ordinance.

Charges for Information Technology

Projected Revenue Shortfall: \$6K

This revenue source is projected to have a shortfall of \$6k that is attributed to a reduction in the use of Library copying machines services. Library patrons are using other electronic means to distribute documents.

Charges for Library

Projected Revenue Shortfall: \$23K

This revenue source is projected to have a shortfall that is attributed to a reduction in overdue book fines and charges that are associated with a reduction in the circulation of books. This circulation reduction results in less fines for lost and damaged books. Additionally, Richmond Public Library has implemented fine-free youth cards. This new program is also attributing to the reduction in revenue.

Charges for Parks and Recreation

Projected Revenue Surplus: \$20K

This revenue source is projected to exceed the budget primarily due to the increased revenue at Bryan Park soccer fields which previously went to the Enrichmond Foundation.

Miscellaneous

Projected Revenue Surplus: \$372K

This revenue source is expected to be higher than budget due to the anticipated adoption of an ordinance that will institute fees associated with special events requiring police presence.

State Shared Expenses – Commonwealth Attorney

Projected Revenue Shortfall: \$225K

This revenue source is projected to be lower than budget due to the final Compensation board approved reimbursement for this office. Additionally, anticipated savings in personnel in the Commonwealth Attorney’s Office also results in a reduction in State reimbursement for allowable expenditures.

Public Safety

Projected Revenue Shortfall: \$556K

This revenue source is projected to have a shortfall of \$556k that is primarily associated with a projected reduction in State Aid for the Sheriff’s Office, particularly state per diems on the number of inmates housed at the City’s Justice Center. The City’s ADP (Average Daily Population) has decreased in past years and from when the Budget was proposed and adopted in FY20.

Welfare and Social Services

Projected Revenue Surplus: \$955K

Per the Department of Social Services, The Virginia Department of Social Services budget allocation to the City of Richmond Social Services for FY20 has decreased from \$50,113,273 in 2019 to \$47,404,142, due to a trend in decreased expenditures by DSS in the past 5 years. RDSS projects to expend funds to maximize the VDSS reimbursable allocation of 84.5% of the \$47,404,142 budget allocation.

Social Services

Projected Revenue Shortfall: \$3.1M

Per the Department of Social Services, The Virginia Department of Social Services budget allocation to the City of Richmond Social Services for FY20 has decreased from \$50,113,273 in 2019 to \$47,404,142, due to a trend in decreased expenditures by DSS in the past 5 years. RDSS projects to expend funds to maximize the VDSS reimbursable allocation of 84.5% of the \$47,404,142 budget allocation.

FY2020 First Quarter – Expenditure Projections

Overall, the first quarter forecast shows projected expenditures trending in a positive direction, with a projected, estimated savings of \$689,067 or 0.09% of the modified budget.

It is important to note that these projections are based on data collected for FY20 as of September 30, 2019. As a result, these projections could change as more data becomes available throughout the fiscal year. Below are explanations of major variances in the first quarter expenditure projections. The explanations are in order as they appear in the first quarter status report. Variances of +/- 5% or +/- \$500,000 are detailed below.

Public Works Projected Budget Surplus: \$763K

The Department of Public Works is projected to have a surplus of \$668k in personnel that is attributed to departmental vacancies. Minor operating savings of \$95k is projected.

Office of DCAO for Human Services Projected Budget Shortfall: \$155K

The Office of the DCAO for Human Services is projected to have a personnel shortfall of \$156k that is attributed to the department filling several vacant positions that were not funded. Minor operating savings of \$1.5k is projected.

Jail/Sheriff Projected Budget Shortfall: \$1.7M

The City Sheriff is projected to have a shortfall of \$1.7M, all in personnel, attributed primarily to the department's projected increase in overtime related expenses. The following factors are attributing to the increases in full time personnel as well as overtime costs.

- The starting pay for sworn personnel was increased in order to combat compression throughout the agency. Although not projected to exceed the budget (full time personnel) this initiative resulted in increases to full-time personnel expenses, reducing any potential savings that may have been able to offset overtime expenses. It is important to note that the FY20 adopted budget included a significant increase in full time personnel against the FY2019 budget to allow the Sheriff's Office to fill additional vacancies thus reducing overtime costs. However, the Sheriff's push to address compression has offset much of the additional funding added to the Sheriff's full time personnel budget, which in turn has reduced any of the anticipated vacancy savings, thus leading to less available funding to offset overtime related expenditures.
- Vacancies still remain high as there are still 69 sworn vacancies. There are certain posts which are mandated by DOC that has to be manned at all times for a Direct Supervision Facility. To ensure that all mandated posts are covered, overtime is required to ensure proper coverage for safety purposes.
- Retirements are at an all-time high which causes increases to personnel expenses due to pay-outs of vacation time earned. This reduces any potential savings that may have been able to offset overtime expenses.
- There are at least 2 training academies per year at 16 weeks per training academy in addition to all mandated training for current sworn staff. Overtime costs tend to increase during this time.

Judiciary - Other

Projected Budget Surplus: \$24K

The Judiciary – Other is projected to have a surplus of \$24k that is attributed to savings associated with research services as well as savings in the supplemental payouts given to retain city magistrate employees in the Special Magistrate’s Office.