



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, CPA
Deputy Chief Administrative Officer, Finance & Administration

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

DATE: August 15, 2018

RE: Fiscal Year 2018 Fourth Quarter Revenue & Expenditure Projection Report

The Fiscal Year 2018 Fourth Quarter Revenue and Expenditure Projection Report is provided to the Finance and Economic Development Committee to describe the City's Fiscal Year 2018 year-to-date financial performance. The report includes revenues and expenditures up-to-date through June 30, 2018 – utilizing twelve (12) months of data, depending on the timing of accruals.

A brief overview of the projected FY2018 general fund revenues and expenditures is provided below. Details, as well as a write up of major variances, are provided further within the report.

General Fund Revenues

General Fund revenues are currently forecast to be slightly above budget with a preliminary projected surplus of \$2,653,452. Several sources of revenue are projected to be above budget while others are projected to come in below budget. Keep in mind that although the fiscal year ended on June 30th, the Finance Department performs its accrual process through August 15th. As a result, there will likely be changes to the final revenue figures to be presented within the City's Comprehensive Annual Financial Report (CAFR).

A surplus is projected in the following major revenue sources: Real Property Taxes – Current and Delinquent, Personal Property Taxes, Penalties and Interest (Interest), Prepared Food Taxes, Lodging Taxes, Permits and Other Licenses, and Court Costs. All projected surpluses indicate a healthy, local economy – both in sales (prepared food), housing assessments (real estate collections), investment in construction (permits and other licenses), etc. as well as indicate the fine efforts taken by Finance staff to collect taxes.

A shortfall is projected in the following revenue sources: Personal property delinquent taxes, Real and Personal Public Service Corporation Property Taxes, Motor Vehicle Licenses, Recovered Costs, and revenues associated with reimbursements for Social Services related expenditures.

Fortunately, the sources of revenues that are projected to have a surplus exceed those that are projected to have a shortfall. Specific details of the variances of numerous revenue sources are explained further in the report.

General Fund Expenditures

General Fund expenditures are trending in a positive direction, with a preliminary, projected savings of \$3,271,447 which is net of a preliminary encumbrance roll of \$7,154,793. The citywide projections include a projected personnel shortfall of an estimated \$966k and projected operating savings of \$11.4M. The projected shortfall in personnel is primarily attributed to projected increases in departments' use of overtime and temporary services (and associated fringes). Savings are projected in full time personnel, but are not projected to offset the projected shortfall in overtime and temps. The use of overtime and temps, in most cases, are being used by departments to supplement vacancies that existed, in order to ensure that critical, core services are still performed at optimum levels - particularly when there is limited or no vacancy funding.

A projected operating surplus of \$11.4M, much of which is tied to department's requests to roll encumbrances from FY18 into FY19, 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), etc. An example of a best financial management practice, contributing to the surplus, is debt service savings resulting from reduced borrowing costs (interest rates) directly tied to the City's favorable credit ratings. Additional operating savings are associated with departments not projected to fully expend their operating budgets.

Offsetting the anticipated savings are projected deficits in the Richmond Police Department, the Department of Minority Business Development, and the Department of Parks, Recreation, and Community Facilities. Despite the projected deficits in these very few departments, the City's overall general fund expenditures will be less than the total general fund's budgeted appropriation.

Summary of FY2018 Projected Balances as of 6/30/2018

It is important to note that it is the Administration's intent to review and recommend assignments in the FY2018 fund balance, based on available fund balances, and after all fund balance policy requirements have been met. An ordinance will likely be introduced in the fall to recommend that a portion of the surplus FY2018 general fund dollars be used to cover deficits identified in special fund balances. Notably, this 4th Quarter Report, depicts the impact of covering the estimated deficit (approximately \$3,450,000) in the City Attorney's Office's Juvenile & Domestic Relations – Legal Services Special Fund – a fund that was established through an agreement between the Department of Social Services and the City Attorney's Office to provide adequate legal representation to the Department of Social Services in five different courtrooms of the Richmond Juvenile and Domestic Relations Court. This special fund has had deficits for the past several years, and is projected to have a deficit in FY2018. This particular fund has revenue sources that do not cover expenditures. An initial recommendation is to cover this fund's cumulative shortfall, as well as identify any others, for possible consideration.

****Note, the Administration recognized the need to address deficit balances in special funds earlier this calendar year which resulted in a recommendation, which was also approved by City Council, for additional funding in the FY2019 general fund budget to help address shortfalls in special funds (in particular the City Attorney's Delinquent Tax Sale Fund which still remains in a deficit status).****

A summary of the Fourth Quarter 2018 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 FY2018 Projected Balances as of 6/30/2018	
Projected Total FY2018 General Fund Revenue	695,560,502
<i>Plus FY2017 Encumbrance Roll</i>	<i>7,952,757</i>
Projected Total FY2018 General Fund Expenditures	690,433,569
<i>Less Preliminary Estimated FY2018 Rolled Encumbrances to FY2019</i>	<i>(7,154,793)</i>
FY2018 Projected Budgetary Surplus/(Shortfall)	\$5,924,897
Less - Est. amount to cover negative balance in City Attorney Special Fund – "Juvenile and Domestic Relations Legal Services"	(3,450,000)
Total: FY2018 Projected Budgetary Surplus/(Shortfall) after covering City Attorney Special Fund deficit	\$2,474,897

*Note very minor discrepancies may exist due to rounding

City of Richmond
Finance & Administration Portfolio
FY2018 Fourth Quarter Report

Sources

	FY2018 Budget	FY2018 Amended Budget	FY2018 Collections as of 6/30/2017	FY2018 4th Quarter Projection	Variance: Amended Budget vs. Preliminary Year End	
Revenue from Local Sources						
General Property Taxes						
Machinery & Tools Taxes	15,388,289	14,388,289	13,990,251	13,996,260	(392,029)	97%
Penalties and Interest- Interest	4,019,239	3,019,239	4,558,016	5,076,016	2,056,777	168%
Penalties and Interest- Penalty	3,942,897	3,942,897	2,829,691	3,051,691	(891,206)	77%
Personal Property Taxes- Current	29,825,855	29,825,855	33,932,160	33,932,739	4,106,884	114%
Personal Property Taxes- Delinquent	11,679,053	11,679,053	8,607,735	8,829,735	(2,849,318)	76%
Real and Personal Public Service Corporation Property Taxes- Personal Property Current	3,035,970	3,035,970	8,612,083	8,612,083	5,576,113	284%
Real and Personal Public Service Corporation Property Taxes- Personal Property Delinquent	1,700,642	1,700,642	934,572	934,572	(766,070)	55%
Real and Personal Public Service Corporation Property Taxes- Real Property Current	11,708,143	11,708,143	1,457,813	1,460,672	(10,247,471)	12%
Real Property Taxes- Current	241,980,882	242,092,722	240,369,138	245,060,330	2,967,608	101%
Real Property Taxes- Delinquent	11,563,279	11,513,279	16,945,693	14,295,349	2,782,070	124%
Total General Property Taxes	334,844,249	332,905,089	332,237,151	335,249,447	2,343,358	101%
Other Local Taxes						
Admission Taxes	3,181,250	3,181,250	2,825,370	3,110,499	(70,751)	98%
Bank Stock Taxes	9,545,799	9,545,799	9,957,850	8,867,398	(678,401)	93%
Business Licenses Taxes	35,201,010	35,201,010	35,522,322	35,572,322	371,312	101%
Consumer Utility Taxes	17,694,507	17,694,507	14,520,422	16,989,684	(704,823)	96%
Local Sales & Use Tax	34,109,045	34,109,045	31,513,629	34,378,504	269,459	101%
Motor Vehicle Licenses	7,277,716	7,277,716	6,304,955	6,402,955	(874,761)	88%
Other Local Taxes	601,317	601,317	2,357,492	573,066	(28,251)	95%
Prepared Food Taxes	36,605,939	36,605,939	32,969,686	37,679,642	1,073,703	103%
Short-Term Rental Tax	68,112	68,112	94,423	103,007	34,895	151%
Transient Lodging Taxes	8,026,319	8,026,319	7,914,031	8,766,487	740,168	109%
Total Other Local Taxes	152,311,014	152,311,014	143,980,180	152,443,564	132,550	100%
Permits, Privilege Fees, and Regulatory Licenses						
Animal Licenses	-	-	-	-	-	-
Permits and Other Licenses	7,314,397	7,314,397	8,190,969	10,107,927	2,793,530	138%
Total Permits, Privilege Fees, and Regulatory Licenses	7,314,397	7,314,397	8,190,969	10,107,927	2,793,530	138%
Fines & Forfeitures						
Fines & Forfeitures	-	-	6,301	6,816	6,816	-
Total Fines & Forfeitures	-	-	6,301	6,816	6,816	0%
Revenue from Use of Money and Property						
Revenue from Use of Money	2,872,931	3,201,795	2,419,292	3,147,445	(54,350)	98%
Revenue from Use of Property	328,280	328,280	236,914	254,203	(74,077)	77%
Total Revenue from Use of Money and Property	3,201,211	3,530,075	2,656,206	3,401,648	(128,427)	96%
Charges for Services						
Charges for Finance	435,516	435,516	246,446	268,850	(166,666)	62%
Charges for Fire and Rescue Services	574,609	574,609	118,976	106,061	(468,548)	18%
Charges for Information Technology	17,826	17,826	16,287	16,663	(1,163)	93%
Charges for Law Enforcement and Traffic Control	147,981	147,981	164,171	188,515	40,534	127%
Charges for Library	89,031	89,031	54,006	65,341	(23,690)	73%
Charges for Maintenance of Highways, Streets, Bridges, and Sidewalks	-	-	300	-	-	-
Charges for Other Protection	125,000	125,000	107,233	115,289	(9,711)	92%
Charges for Parks and Recreation	80,000	80,000	76,372	89,301	9,301	112%
Charges for Planning and Community Development	66,250	66,250	55,431	57,073	(9,177)	86%
Charges for Sanitation and Waste Removal	16,716,635	16,716,635	14,059,247	17,110,303	393,668	102%
Court Costs	6,952,493	5,236,691	5,157,673	6,962,970	1,726,279	133%
Other	8,668	8,668	9,655	10,400	1,732	120%
Total Charges for Services	25,214,009	23,498,207	20,065,798	24,990,767	1,492,560	106%

	FY2018 Budget	FY2018 Amended Budget	FY2018 Collections as of 6/30/2017	FY2018 4th Quarter Projection	Variance: Amended Budget vs. Preliminary Year End	
Miscellaneous Revenue						
Miscellaneous	1,872,584	1,968,220	494,150	1,482,096	(486,124)	75%
Payments in Lieu of Taxes from Enterprise Activities	27,170,096	27,170,096	16,138,392	27,170,096	-	100%
Total Miscellaneous Revenue	29,042,680	29,138,316	16,632,542	28,652,192	(486,124)	98%
Recovered Costs						
Recovered Costs	7,112,448	7,112,448	4,235,790	5,992,481	(1,119,967)	84%
Total Recovered Costs	7,112,448	7,112,448	4,235,790	5,992,481	(1,119,967)	84%
Revenue from Local Sources Total	559,040,008	555,810,546	528,004,938	560,844,842	5,027,480	101%
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	1,382,844	1,382,844	812,642	886,519	(496,325)	64%
Communications Sales and Use Tax	16,134,020	16,134,020	12,909,231	15,424,125	(709,895)	96%
Miscellaneous Non-Categorical Aid	250,000	250,000	1,814,123	1,855,758	1,605,758	742%
Mobile Home Titling Taxes	6,000	6,000	11,208	11,208	5,208	187%
Personal Property Tax Reimbursement	16,708,749	16,708,749	1,618,469	16,708,749	-	100%
Rolling Stock Tax	152,250	152,250	28,682	148,958	(3,292)	98%
Tax on Deeds	1,003,113	1,003,113	747,189	896,627	(106,486)	89%
Total Non-Categorical Aid	35,636,976	35,636,976	17,941,544	35,931,943	294,967	101%
Shared Expenditures (Categorical)						
State Shared Expenses- City Treasurer	147,785	147,785	121,396	133,389	(14,396)	90%
State Shared Expenses- Commonwealth Attorney	3,423,176	3,423,176	3,000,092	3,312,287	(110,889)	97%
State Shared Expenses- Finance	772,937	772,937	662,070	722,258	(50,679)	93%
State Shared Expenses- General Registrar	78,944	78,944	74,396	74,396	(4,548)	94%
State Shared Expenses- Sheriff	16,452,561	16,452,561	14,953,713	16,327,469	(125,092)	99%
State Shared Expenses- Welfare and Social Services	27,531,449	-	(232,632)	-	-	-
Total Shared Expenditures (Categorical)	48,406,852	20,875,403	18,579,036	20,569,799	(305,604)	99%
Categorical Aid						
Education	-	-	-	-	-	-
Library	181,515	181,515	179,479	179,479	(2,036)	99%
Public Safety	18,457,784	18,457,784	17,240,557	19,066,188	608,404	103%
Public Works	-	-	-	-	-	-
Welfare and Social Services	15,188,227	16,206,342	13,935,580	15,500,239	(706,103)	96%
Total Categorical Aid	33,827,526	34,845,641	31,355,616	34,745,906	(99,735)	100%
PILOT (Payments in Lieu of Taxes)						
Service Charges	5,027,417	3,897,168	3,661,882	3,661,882	(235,286)	94%
Total PILOT (Payments in Lieu of Taxes)	5,027,417	3,897,168	3,661,882	3,661,882	(235,286)	94%
Revenue from the Commonwealth Total	122,898,771	95,255,188	71,538,077	94,909,531	(345,657)	100%

	FY2018 Budget	FY2018 Amended Budget	FY2018 Collections as of 6/30/2017	FY2018 4th Quarter Projection	Variance: Amended Budget vs. Preliminary Year End	
Revenue from the Federal Government						
<i>Non-Categorical Aid</i>						
Other Federal Revenue	-	-	-	-	-	-
Total Non-Categorical Aid	-	-	-	-	-	-
<i>Categorical Aid</i>						
Social Services	20,000	26,533,334	22,277,733	24,498,930	(2,034,404)	92%
Total Categorical Aid	20,000	26,533,334	22,277,733	24,498,930	(2,034,404)	92%
Revenue from the Federal Government Total	20,000	26,533,334	22,277,733	24,498,930	(2,034,404)	92%
<i>Utilities</i>						
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Utilities	64,000	64,000	60,936	63,217	(783)	99%
Total Utilities	64,000	64,000	60,936	63,217	(783)	1
Revenue from Utilities Total	64,000	64,000	60,936	63,217	(783)	1
<i>Transfers-In</i>						
<i>Transfers-In</i>						
Transfers-In	9,843,982	15,243,982	3,948,946	15,243,982	-	100%
Total Transfers-In	9,843,982	15,243,982	3,948,946	15,243,982	-	100%
Grand Total:	691,866,761	692,907,050	625,830,630	695,560,502	2,653,452	100%
Rolled Encumbrance (General Fund Portion) Total:		7,952,757		7,952,757	-	
General Fund Revenue Grand Total:	691,866,761	700,859,807	625,830,630	703,513,259	2,653,452	100%

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 2018 Adopted Budget	FY 2018 Current Budget	Expenditures through June 30th	FY 2018 Year- End Projection	Variance: Current vs Projection surplus/(shortfall)	
Culture & Recreation						
Library	5,531,626	5,988,400	5,238,878	5,708,107	280,293	95.3%
Parks Rec	15,834,659	16,813,463	16,438,739	17,093,740	(280,277)	101.7%
Debt						
Debt	74,668,693	70,968,693	60,037,422	70,013,215	955,478	98.7%
Education						
RPS	158,975,683	158,975,683	158,975,683	158,975,683	-	100.0%
General Government						
Assessor	3,239,563	3,276,076	3,093,670	3,199,537	76,539	97.7%
Auditor	1,879,169	2,218,061	2,059,763	2,112,190	105,871	95.2%
Budget	1,246,188	1,269,544	1,237,222	1,265,818	3,726	99.7%
Chief Admin Officer	969,302	968,214	834,279	866,932	101,282	89.5%
City Attorney	2,969,266	3,029,995	2,815,706	2,959,902	70,093	97.7%
City Clerk	940,974	975,710	748,482	832,731	142,979	85.3%
City Council	1,371,107	1,350,948	1,296,774	1,319,823	31,125	97.7%
City Treasurer	186,486	185,324	180,021	185,273	51	100.0%
Council Chief of Staff	1,160,079	1,118,090	1,050,946	1,074,963	43,127	96.1%
Econ & Comm Dev	5,763,310	5,513,939	4,882,909	5,147,431	366,508	93.4%
Finance	10,258,630	10,750,289	8,959,749	9,838,105	912,184	91.5%
General Registrar	1,629,662	1,634,506	1,426,523	1,628,557	5,949	99.6%
Human Resources	2,798,968	3,044,079	2,899,645	3,024,481	19,598	99.4%
Info Tech	-	-	-	-	-	-
Mayor's Office	1,156,014	1,158,914	1,004,836	1,021,522	137,392	88.1%
Minority Business Development	646,436	666,110	660,062	781,441	(115,331)	117.3%
Planning & Dev Review	9,866,927	10,481,691	9,423,577	10,076,061	405,630	96.1%
Press Secretary	479,536	488,674	456,798	483,545	5,129	99.0%
Procurement Serv	756,160	869,596	722,974	761,838	107,758	87.6%
Highways, Streets, Sanitation & Refuse						
Public Works	38,774,859	39,672,076	36,535,433	38,021,842	1,650,234	95.8%
Human Services						
Justice Services	9,344,734	9,469,103	9,163,974	9,424,976	44,127	99.5%
Office of DCAO/HS	1,522,126	1,333,944	1,167,418	1,203,157	130,787	90.2%
RCHI - Health	3,781,490	3,781,490	3,781,490	3,781,490	-	100.0%
Social Services	56,697,400	58,409,967	44,955,491	58,349,442	60,525	99.9%
Office of Community Wealth Building	2,101,414	2,045,325	1,705,006	1,921,090	124,235	93.9%
Non-Departmental						
Non-Dept	77,997,666	81,224,982	65,358,615	77,966,305	3,258,677	96.0%
Public Safety & Judiciary						
Animal Control	1,584,965	1,736,977	1,664,055	1,718,743	18,234	99.0%
Emergency Communications	5,522,512	5,952,841	4,641,195	4,972,612	980,229	83.5%
Fire & Emer Svcs	48,908,102	51,974,217	50,793,192	51,888,739	85,478	99.8%
J & DR Court	281,599	269,778	256,774	267,254	2,524	99.1%
13th District Court Services Unit	212,386	210,669	193,576	205,388	5,281	97.5%
Jail/Sheriff	38,186,808	38,188,850	35,458,678	36,769,483	1,419,367	96.3%
Judiciary - Adult Drug Ct	616,914	596,717	570,061	591,812	4,905	99.2%
Judiciary - Cir Ct	3,675,042	3,759,664	3,677,591	3,753,253	6,411	99.8%
Judiciary - CW Atty	6,417,815	6,441,713	6,094,572	6,390,426	51,287	99.2%
Judiciary - Other	306,606	365,737	263,785	290,517	75,220	79.4%
Police	92,475,638	93,679,760	92,900,730	94,546,144	(866,384)	100.9%
Grand Total	690,736,514	700,859,809	643,626,294	690,433,569	10,426,240	98.5%
<i>Estimated General Fund Rolled Encumbrances Total From Surplus</i>					7,154,793	
<i>Estimated FY18 Expenditure Surplus Less General Fund Rolled Encumbrances</i>					3,271,447	

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

FY2018 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 more than the FY2018 budget by \$2,653,452 or 0.40%. The explanations are in order as they appear in the prior table.

Machinery & Tools Taxes

Projected Revenue Shortfall: \$392k

FY2017 actuals have collections for this source at just over \$13.8m, a decrease of over \$230k compared to FY2016. Based on prior year trends and depreciation schedules, this source is expected to increase modestly compared to FY2017, but will be lower than the FY2018 budget.

Penalties and Interest- Interest

Projected Revenue Surplus: \$2.1m

During FY2018, there was a surge in interest payments, particularly related to the sale of tax delinquent real estate properties, resulting in higher than expected revenues.

Penalties and Interest- Penalty

Projected Revenue Shortfall: \$891k

FY2018 projections currently suggest \$3.0m collected, an 8% growth over the previous year. FY2017 actuals have collections for this source at \$2.7m. Based on prior year trends and current efforts, it is expected that FY2018 results will be slightly lower than the amount budgeted.

Personal Property Taxes- Current

Projected Revenue Surplus: \$4.1m

As stated in the FY2017 fourth quarter report, this revenue source is showing a large positive variance to budget due to how revenue is now being recorded. Due to how Public Service Corporation Personal Property and Real Estate Revenues were identified by the Assessor's Office, the funds were budgeted under PSC Real Estate whereas they should be classed as Personal Property. As such, Personal Property will show a large positive variance to budget, whereas PSC Real Estate will show a large negative variance to budget.

Personal Property Taxes- Delinquent

Projected Revenue Shortfall: \$2.8m

FY2017 results for this source show collections of \$9.1m. However Year to Date (YTD) collections are lower than FY2017 YTD actuals, so projections have been revised down to align with current collection trends.

Real and Personal Public Service Corporation Property Taxes Current and Delinquent **Projected Revenue Shortfall: \$5.4m**

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

Real Property Taxes- Current

Projected Revenue Surplus: \$3.0m

This source is forecasted to be significantly higher than FY2017 collections due to strong YTD collections that have brought in 9% more than last year.

Real Property Taxes- Delinquent

Projected Revenue Surplus: \$2.8m

During FY2018, there was a surge in interest payments, particularly related to the tax amnesty program and the sale of tax delinquent real estate properties, resulting in higher than expected revenues.

Bank Stock Taxes

Projected Revenue Shortfall: \$678k

FY2018 collections indicate that this source will fall below the modified budgeted amount, although the projection is in line with last year's actuals.

Business License Taxes

Projected Revenue Surplus: \$371k

FY2018 collections from this source reflect moderate growth from the prior year baseline, and are expected to be approximately 1% more than the budgeted amount.

Consumer Utility Taxes

Projected Revenue Shortfall: \$705k

Based on YTD collections and expected accruals, taxes in this category are projected to be below budget, as was anticipated in prior quarter projections.

Local Sales & Use Tax

Projected Revenue Surplus: \$269k

FY2017 actuals were \$34.2m, and YTD actuals are down slightly on FY17 YTD actuals. A strong Q4 is expected to finish the year at 0.8% growth for the category.

Motor Vehicle Licenses

Projected Revenue Shortfall: \$875k

The FY2018 budget was based upon increased fees in FY2017. Since the FY2017 receipts did not generate as much as expected, this will ripple through to FY2018 resulting lower than the budgeted amount.

Other Local Taxes

Projected Revenue Shortfall: \$28k

This revenue source is projected to have a shortfall primarily 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.

Prepared Food Taxes

Projected Revenue Surplus: \$1.1m

YTD collections are higher than the prior year, and when allowing for anticipated accruals, receipts are expected to exceed the budget, consistent with the third quarter.

Short-Term Rental Tax

Projected Revenue Surplus: \$35k

FY2017 revenue for this source was \$154k. This was significantly higher than FY2015 and FY2016. Based on this activity, FY2018 is estimated to be higher than the budget.

Transient Lodging Tax

Projected Revenue Surplus: \$740k

FY2017 revenue for this source was \$8.0m. YTD collections have been stronger than expected, leading to a surplus relative to budget.

Permits and Other Licenses **Projected Revenue Surplus: \$2.8M**

This revenue source is projected to be higher due to an anticipated increase in building inspection, mechanical inspection, electrical inspection, and lot clearance demolition fee, which is associated with an increase in downtown construction and housing.

Fines & Forfeitures **Projected Revenue Surplus: \$7k**

This revenue source is projected to realize a surplus due to a higher than anticipated collection of fees associated with the home electronic monitoring program.

Revenues from the Use of Property **Projected Revenue Shortfall: \$74k**

FY2018 revenues from this source are projected to be below the budgeted amount based on funds received through the end of June 2018 and including the accrual period.

Charges for Finance **Projected Revenue Shortfall: \$167k**

The \$30 administrative fee for delinquent taxes was not collected for the majority of the fiscal year, to include the rush of bill payments at the tax amnesty deadline. The hold on charging for delinquent bill processing has resulted in decreased revenue in the current fiscal year.

Charges for Fire and Rescue Services **Projected Revenue Shortfall: \$469k**

The FY2018 budget adopted fee for false alarm services projects revenue to total \$567,109. However, the fee schedule will not be implemented until a new contract with the vendor is formulated. Therefore, the FY2018 false alarm services revenue amount is projected to be closer to previous year actuals, prior to the implementation of a new fee schedule.

Charges for Information Technology **Projected Revenue Shortfall: \$1.1k**

This revenue source is projected to have a shortfall due to copying usage that has declined mainly from patrons utilizing more modern technology, such as their personal electronic devices and online features.

Charges for Law Enforcement and Traffic Control **Projected Revenue Surplus: \$41k**

This revenue source is projected to have a surplus due to reimbursement for Fire personnel assisting the "Unite the Right" rally in Charlottesville, as well as a projected increase in the issuance of tickets due to increased traffic control enforcement.

Charges for Library **Projected Revenue Shortfall: \$24k**

This revenue source is projected to have a shortfall due to an anticipated reduction in late fees/fines for overdue books that is a result of less books in circulation and not having the capability in late May and early June to collect those fines and fees via electronic payments. However, electronic payments have been implemented and therefore will start to increase.

Charges for Other Protection **Projected Revenue Shortfall: \$10k**

This revenue source is projected to have a shortfall due to less Richmond Animal Care & Control adoptions than expected.

Charges for Parks and Recreation **Projected Revenue Surplus: \$9.3k**
This revenue source is projected to have a surplus due to an increase in fee collections for the usage of park facilities.

Charges for Planning and Community Development **Projected Revenue Shortfall: \$9k**
This revenue source is projected to have a shortfall due to the City Assessor receiving less rehab applications than in previous years.

Charges for Sanitation & Waste Removal **Projected Revenue Surplus: \$393k**
This revenue source realized an increase, compared to budget, in FY2017. It is projected that this trend will continue in FY18. Specifically, the projected increase in FY18 is attributed to enhanced and more efficient collection efforts.

Court Costs **Projected Revenue Surplus: \$1.7M**
This revenue source is projected to have a surplus due to an increase, between the 3rd and 4th quarters, of real estate transactions based on the sales of valuable property and the refinancing of large apartment building complexes in the financial district.

Other **Projected Revenue Surplus: \$1.7k**
The projected increase in this revenue source is from higher than anticipated returned check revenue in FY2017. The City is expecting this to continue into FY2018, with a projected surplus of \$1.7k.

Miscellaneous **Projected Revenue Shortfall: \$486k**
FY2018 revenues from this source are projected to be below the budgeted amount based on funds received through the end of June 2018 and including the accrual period.

Recovered Costs **Projected Revenue Shortfall: \$1.1m**
This revenue source is projected to decline primarily as a result of correcting the classification of revenue received from the Richmond Retirement System. In the past this revenue was booked to the general fund. Finance staff have determined that this revenue should have been booked to the Richmond Retirement System special fund for reimbursement of costs associated with their special fund expenditures.

Auto Rental Tax **Projected Revenue Shortfall: \$496k**
At the time of the FY2018 budget development, the City was expecting to generate \$1.4m from this source. Based upon recent trends and actual collections, it is expected that the projections will not meet the FY2018 budget.

Communications Sales & Use Tax **Projected Revenue Shortfall: \$710k**
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 \$1.3m per month, this source is forecast to generate \$15.4m in FY2018, representing a further decrease.

Miscellaneous Non-Categorical Aid **Projected Revenue Surplus: \$1.6m**
This revenue source includes the additional Owens & Minor funding, per City Council authorization from FY2017, from the State's Commonwealth Development Opportunity Fund to support the City's performance agreement with the Economic Development Authority.

Mobile Home Titling Tax **Projected Revenue Surplus: \$5k**
FY2018 activity is continuing an upward trend, leading to a surplus relative to budget.

Tax on Deeds **Projected Revenue Shortfall: \$106k**
FY2018 revenues from this source are projected to be below the budgeted amount based on funds received through the end of June 2018 and including the accrual period.

State Shared Expenses – City Treasurer **Projected Revenue Shortfall: \$14k**
This revenue source is projected to decrease compared to the FY2018 budget due to reimbursement by the compensation board which will be based on the current City Treasurer's salary, which is slightly lower than the outgoing City Treasurer.

State Shared Expenses- Finance **Projected Revenue Shortfall: \$51k**
This revenue source comes from the state for reimbursable positions. The primary cause for a shortfall in this source is due to fewer reimbursable positions being staffed early in the fiscal year.

State Shared Expenses- General Registrar **Projected Revenue Shortfall: \$5k**
This revenue source is projected to have a shortfall due to the authorized compensation board reimbursement provided by the State Board of Elections which uses computed population estimates from the Weldon Cooper Center.

Categorical Aid – Public Safety **Projected Revenue Surplus: \$608k**
This revenue source is projected to realize a surplus due to an increase in the number of inmates housed at the City Jail, which is reimbursed by the State.

Categorical Aid – Welfare and Social Services **Projected Revenue Shortfall: \$706k**
This revenue source is projected to have a shortfall due to the decrease in the number of children served for Foster Care & Adoption, as well as a decrease in client benefit payments due to overallocations by the Virginia Department of Social Services.

Service Charges **Projected Revenue Shortfall: \$235k**
Payment for this source comes from the State for PILOT payment. Based on current indications and collections, it is projected that revenues from this source will not meet the modified budget.

Categorical Aid – Social Services **Projected Revenue Shortfall: \$2.0m**
This revenue source is projected to have a shortfall due to the department's high vacancy rates. Despite efforts to fill positions, the department continues to have an average of 20-25% vacancy rate. This revenue source primarily consists of the Federal and State reimbursements for DSS administrative staff.

FY2018 Fourth Quarter – Expenditure Projections

Overall, the Fourth quarter forecast shows projected expenditures trending in a positive direction, with a projected, estimated savings of \$3,271,447 or 0.50% of the modified budget. *This savings amount is net of a preliminary recommended encumbrance roll amount (from FY18 into FY19) of \$7,154,793 for FY18 obligations.*

It is important to note that these projections are based on data collected for FY18 as of June 30, 2018. 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: \$280k

The Library is projected to have savings in personnel of \$115k that is attributed to departmental vacancies. Operating savings of \$165k is projected and is associated with this department's request to roll encumbrances.

Parks and Recreation Projected Budget Shortfall: \$280k

The Parks and Recreation department is projected to have a shortfall of \$293k in personnel. The personnel shortfall is primarily attributed to the department exceeding its part time and temporary services personnel budgets in order to maintain service levels. Although savings in full time personnel is projected it is not sufficient to offset the shortfall in other personnel categories. Minor operating savings of \$14k is projected.

Debt Projected Budget Surplus: \$955k

Savings in Debt service of \$1M to date is the result of the new money issued and the refunding of existing GO bond debt that occurred in July and December 2017. The City issued its Series 2017 B & C GO bonds totaling \$229M to pay off the interim financing of CIP projects initially borrowed on the Line of Credit, as well as refunded the outstanding Series 2009A, 2010A and the 2012A GO bonds at lower interest rates. The transaction closed on July 14, 2017. Additionally, since the new 2017B GO bonds did not close until July 14, 2017 the first principal payment will not occur until July 15, 2018 (FY19), and thus there is no principal repayment on this debt in FY2018. It was assumed that this transaction would close earlier in the spring of 2017, which would have resulted in the first principal payment being made in FY2018, as planned and budgeted. Similarly, the FY2018 budget included two semi-annual interest payments on the 2017B GO bond issue, however, due to the closing in FY2018, there will only be one interest payment due in January and the next one will not be due until July 15, 2018. Savings was also achieved in a second GO bond transaction that was completed in December of 2017 (Series 2017D GO Refunding Bonds). The City's ability to refinance debt and achieve the savings in debt service, is a testament to the City's growing fund balance levels, adherence to debt policies, City management stability, and overall fiscal strength and position of the City.

Auditor **Projected Budget Surplus: \$106k**

The Auditor's Office is projected to have a surplus of \$91k in personnel that is primarily attributed to departmental vacancies, offset by utilizing temps to fill vacant positions. Minor operating savings of \$15k is projected and is attributed to projected savings in the external audit contract as well as the department's request to roll encumbrances.

Chief Administrative Officer **Projected Budget Surplus: \$101k**

The Chief Administrative Officer's Office is projected to have a very minor shortfall of \$8k in personnel and operating savings of \$109k, a portion of which is attributed to a request to roll encumbrances.

City Clerk **Projected Budget Surplus: \$143k**

The Office of the City Clerk is projected to have a personnel savings of \$125k which is attributed to departmental vacancies. Operating savings of \$18k is projected and is primarily associated with a request to roll encumbrances.

Council Chief of Staff **Projected Budget Surplus: \$43k**

The Office of the Council Chief of Staff is projected to have a \$7k savings in personnel and operating savings of \$36k which is associated with this Department's request to roll encumbrances.

Economic and Community Development **Projected Budget Surplus: \$367k**

The Department of Economic and Community Development is projected to have a shortfall of \$46k in personnel and operating savings of \$412k which is primarily associated with this Department's request to roll encumbrances as well as savings in the payment to the Coliseum.

Finance **Projected Budget Surplus: \$912k**

The Finance Department is projected to have personnel savings of \$106k which is attributed to departmental vacancies. Operating savings of \$806k is projected and is primarily associated with a request to roll encumbrances.

Mayor's Office **Projected Budget Surplus: \$137k**

The Office of the Mayor is projected to have personnel savings of \$127k that is attributed to departmental vacancies. Minor operating savings of \$10k is projected.

Minority Business Development **Projected Budget Shortfall: \$115k**

The Office of Minority Business Development is projected to have a shortfall of \$116K in personnel, primarily attributed to the transfer of personnel expenses from a filled position from DPU. Minor operating savings of \$840 is projected, but will not offset the personnel shortfall.

Planning and Development Review **Projected Budget Surplus: \$406k**

The Department of Planning and Development Review is projected to have very minor personnel savings of \$11k. Operating savings of \$395k is projected and attributed to the Department's request to roll encumbrances.

Procurement Services **Projected Budget Surplus: \$108k**

The Department of Procurement Services is projected to have a surplus of \$108k, nearly all of which is attributed to the existence of several vacancies in the department.

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

The Department of Public Works is projected to have a very minor surplus of \$64k in personnel and operating savings of \$1.6M. Operating savings is primarily attributed to a request to roll encumbrances.

Office of the DCAO for Human Services **Projected Budget Surplus: \$131k**

The Office of the DCAO for Human Services is projected to have a surplus of \$130k in personnel that is attributed to vacancies including the DCAO position. Minor operating savings of \$1k is projected.

Office of Community Wealth Building **Projected Budget Surplus: \$124k**

The Office of Community Wealth Building is projected to have a surplus of \$40k in personnel, which is attributed to vacancies, and operating savings of \$84k, primarily attributed to savings within the software category of which, the department requested to roll encumbrances.

Non-Departmental **Projected Budget Surplus: \$3.3M**

Non-Departmental is projected to have minor savings of \$56k in personnel. Operating savings of \$3.2M is projected and is primarily attributed to a request to roll encumbrances. The general fund's payment to the information technology internal service fund is projected to have savings of \$2.7M, of which \$2.2M is a request to roll general fund encumbrances. Savings are also projected in the Tax Relief for the Elderly program and other minor operating accounts.

Emergency Communications **Projected Budget Surplus: \$980k**

The Department of Emergency Communications is projected to have personnel savings of \$168k which is attributed to departmental vacancies. Operating savings of \$813k is projected and is primarily attributed to a request to roll funds from FY18 to FY19.

Sheriff **Projected Budget Surplus: \$1.4M**

The Sheriff's Office is projected to have a minor shortfall of \$64k in personnel primarily attributed to an increase in overtime expenses. Operating savings of \$1.5M is projected and is attributed to a number of delayed purchases, of which a significant portion the Sheriff's Office is requesting to roll. Minor savings are projected in food, DOC reimbursement, funds held for medical services transition, as well as savings associated with the prior inmate medical contractor (associated with failed services).

Judiciary (Other) **Projected Budget Surplus: \$75k**

The savings in the Judiciary Other is attributed to lower than anticipated expenses for public defenders within the Traffic court as well as lower than anticipated expenditures that are associated with a lower number of court cases in the Special Magistrate Office. Additionally, departmental savings are also attributed to a request to roll encumbrances.

The Police Department is projected to have a shortfall of \$1.46M in personnel which is primarily attributed to an increase in overtime costs associated with unplanned special events needing police services, throughout the fiscal year. Personnel savings in full time are projected but are not anticipated to offset the costs projected in overtime. Operating savings of \$601k is projected and attributed to savings in fleet and other operating costs.