



# CITY OF RICHMOND

## INTRACITY CORRESPONDENCE

**TO:** The Honorable Kathy Graziano  
Chair of Finance and Economic Development Committee

**THROUGH:** Mayor Dwight Jones

**THROUGH:** Selena Cuffee-Glenn  
Chief Administrative Officer

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

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

**DATE:** August 15, 2016

**RE:** Fiscal Year 2016 Fourth Quarter Revenue & Expenditure Projection Report

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The Fiscal Year 2016 Fourth Quarter Revenue and Expenditure Projection Report is provided to the Finance and Economic Development Committee to describe the City's Fiscal Year 2016 year-to-date financial performance. The report includes revenue and expenditures up-to-date through June 30, 2016.

If you recall, the Fiscal Year 2016 First Quarter Revenue and Expenditure Projection Report projected a net deficit of \$12,392,424. It was indicated that staff was tasked during the fall of 2015 to generate efficiencies, identify savings, and enhance revenue collection efforts to help eliminate or reduce the projected deficit. We are encouraged – due to the efforts of the Finance Department in collecting revenues and many City Departments, generally, curbing their expenditures - that at the fourth quarter the initial projected deficit is ***“forecasted”*** to be eliminated and a projected, modest surplus is estimated. **Keep in mind that the forecasted projections in this report are unaudited and reflect estimated year-end results based on actuals posted in the city's financial system through June 30<sup>th</sup> and any known adjustments that need to occur.**

A summary of the 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 FY2016 Projected Balances as of 6/30/2016

<b>Projected Total FY2016 General Fund Revenue</b>	<b>707,674,920</b>
<i>Plus FY2015 Encumbrance Roll</i>	<i>7,788,553</i>
<b>Projected Total FY2016 General Fund Expenditures</b>	<b>704,552,808</b>
<i>Less Preliminary Estimated FY2016 Rolled Encumbrances to FY2017</i>	<i>(6,389,489)</i>
<b>Total: FY2016 Projected Budgetary Surplus/(Shortfall)</b>	<b>4,521,176</b>

**City of Richmond**  
**Finance & Administration Portfolio**  
**FY2016 Fourth Quarter Report**

**Sources**

**Internal Work Papers - City of Richmond, VA**  
**Department of Budget and Strategic Planning**  
**FY2016 4th Quarter Status Report and Forecast - 100.00% Year Past**

	FY2016 Budget	FY2016 Amended Budget	FY2016 Collections as of 06/30/2016	FY2016 Year End Projection- 06/30/2016	Variance: Amended Budget vs. Preliminary Year End surplus(shortfall)	
<b>General Property Taxes</b>						
<b>Real Property Taxes</b>						
Current	230,681,016	232,291,917	212,672,186	232,164,437	(127,480)	99.95%
Delinquent Real Estate Tax	9,547,841	9,706,367	9,359,873	10,268,321	561,954	105.79%
<b>Subtotal: Real Property Taxes</b>	<b>240,228,857</b>	<b>241,998,284</b>	<b>222,032,059</b>	<b>242,432,758</b>	<b>434,474</b>	<b>100.18%</b>
<b>Personal Property Taxes</b>						
Personal Property Tax	29,857,971	31,642,566	44,721,202	32,642,566	1,000,000	103.16%
Personal Property Tax Relief	16,708,700	16,708,749	0	16,708,749	0	100.00%
Delinquent Personal Property Tax	11,547,375	6,164,163	7,294,144	8,422,118	2,257,955	136.63%
<b>Subtotal: Personal Property Tax</b>	<b>58,114,046</b>	<b>54,515,478</b>	<b>52,015,346</b>	<b>57,773,433</b>	<b>3,257,955</b>	<b>105.98%</b>
<b>Other Property Taxes</b>						
Machinery & Tools Tax	15,500,000	12,672,500	13,467,856	13,471,451	798,951	106.30%
Mobile Home Title Tax	6,050	9,995	3,975	10,063	68	100.68%
<b>Subtotal: Other Property Tax</b>	<b>15,506,050</b>	<b>12,682,495</b>	<b>13,471,831</b>	<b>13,481,513</b>	<b>799,018</b>	<b>106.30%</b>
<b>Total General Property Taxes</b>	<b>313,848,953</b>	<b>309,196,257</b>	<b>287,519,236</b>	<b>313,687,704</b>	<b>4,491,447</b>	<b>101.45%</b>
<b>Other Local Taxes</b>						
<b>Consumer Utility Taxes</b>						
Electric Consumer tax	12,325,598	12,480,277	10,505,466	12,605,478	125,201	101.00%
Gas Consumer Tax	4,600,000	4,595,743	4,188,917	4,467,916	(127,827)	97.22%
Utility Sales Tax Telephone	0	352,665	483,893	483,393	130,728	137.07%
Utility Pole & Conduit Tax	157,933	161,356	68,699	161,356	0	100.00%
<b>Subtotal: Consumer Utility Taxes</b>	<b>17,083,531</b>	<b>17,590,041</b>	<b>15,246,975</b>	<b>17,718,143</b>	<b>128,102</b>	<b>100.73%</b>
<b>Consumer Taxes</b>						
Local Sales & Use Tax	33,204,968	33,399,594	28,253,160	33,604,385	204,791	100.61%
Prepared Food (Meals) Tax	31,419,954	33,397,690	33,433,656	35,721,606	2,323,916	106.96%
Lodging (Hotel) Tax	7,070,496	7,265,543	7,471,379	7,892,416	626,873	108.63%
Admissions Tax	2,990,397	2,455,846	2,693,790	2,873,788	417,942	117.02%
Vehicle Rental Tax	960,634	1,079,804	801,934	927,314	(152,490)	85.88%
Short Term (1% Property) Rental Tax	147,588	95,887	79,202	95,887	0	100.00%
<b>Subtotal: Consumer Taxes</b>	<b>75,794,037</b>	<b>77,694,364</b>	<b>72,733,121</b>	<b>81,115,397</b>	<b>3,421,033</b>	<b>104.40%</b>
<b>State Distributed Local Taxes</b>						
Sales & Use Tax for Education	24,833,935	24,833,935	17,419,862	24,833,935	0	100.00%
Communications Tax	17,227,534	16,276,207	13,774,715	16,245,812	(30,395)	99.81%
Recordation Tax	801,368	1,208,683	954,478	1,156,543	(52,140)	95.69%
<b>Subtotal: State Dist. Local Taxes</b>	<b>42,862,837</b>	<b>42,318,825</b>	<b>32,149,055</b>	<b>42,236,290</b>	<b>(82,535)</b>	<b>99.80%</b>
<b>Business Taxes</b>						
Bank (Stock) Franchise Tax	8,454,227	9,011,594	9,471,666	9,011,594	0	100.00%
Telephone Commissions Tax	642,295	605,654	499,375	605,654	(0)	100.00%
<b>Subtotal: Business Taxes</b>	<b>9,096,522</b>	<b>9,617,248</b>	<b>9,971,041</b>	<b>9,617,248</b>	<b>(0)</b>	<b>100.00%</b>
<b>Other Taxes</b>						
Penalty & Interest on Delinquent Taxes	4,880,809	5,435,901	6,517,378	7,629,893	2,193,992	140.36%
<b>Subtotal: Other Taxes</b>	<b>4,880,809</b>	<b>5,435,901</b>	<b>6,517,378</b>	<b>7,629,893</b>	<b>2,193,992</b>	<b>140.36%</b>
		<b>152,656,379</b>	<b>136,617,570</b>			
<b>Total Taxes</b>	<b>463,566,689</b>	<b>461,852,636</b>	<b>424,136,806</b>	<b>472,004,674</b>	<b>10,152,038</b>	<b>102.20%</b>

## Sources

	FY2016 Budget	FY2016 Amended Budget	FY2016 Collections as of 06/30/2016	FY2016 Year End Projection- 06/30/2016	Variance: Amended Budget vs. Preliminary Year End surplus(shortfall)	
<b>Licenses, Permits &amp; Fees</b>						
Business License	34,154,693	32,239,266	33,219,574	33,384,096	1,144,830	103.55%
Vehicle License	3,989,495	3,947,422	4,175,619	4,417,093	469,671	111.90%
Parking Fees & Permits	0	0	35,593	0	0	
Utility Right-of-Way Fees	780,210	1,019,624	367,654	1,019,624	0	100.00%
Other Licenses, Permits & Fees	1,354,263	958,964	903,257	958,731	(233)	99.98%
<b>Total Licenses Permits &amp; Fees</b>	<b>40,278,661</b>	<b>38,165,276</b>	<b>38,701,698</b>	<b>39,779,544</b>	<b>1,614,268</b>	<b>104.23%</b>
<b>Intergovernmental Revenue</b>						
Federal Revenue	514,951	400,000	10,580	10,580	(389,420)	2.65%
State Payment for Social Services	41,997,067	43,425,956	267,646	40,527,014	(2,898,942)	93.32%
State House Bill 599	13,600,000	13,894,018	13,894,020	13,894,018	0	100.00%
Reimbursement for State Shared Expenses	19,053,921	20,636,053	17,694,352	21,115,856	479,803	102.33%
Street Maintenance	24,539,222	26,304,943	26,304,943	26,304,943	0	100.00%
State Block Grant	4,280,605	4,091,322	3,628,249	4,091,322	0	100.00%
State Payment in Lieu of Taxes (PILOT)	3,422,138	3,414,378	2,307,556	3,466,419	52,041	101.52%
All Other State Revenue	757,998	618,284	35,012,401	612,385	(5,899)	99.05%
<b>Total Intergovernmental Revenue</b>	<b>108,165,902</b>	<b>112,784,954</b>	<b>99,119,747</b>	<b>110,022,537</b>	<b>(2,762,417)</b>	<b>97.55%</b>
<b>Fines and Forfeits</b>						
Circuit Court Fines & Fees	4,172,973	5,506,114	4,967,402	6,345,281	839,167	115.24%
General District Court Fines & Fees	1,441,724	879,222	872,373	1,079,360	200,138	122.76%
Juvenile & Domestic Relations Court	5,461	5,722	4,691	5,722	0	100.00%
Parking Violations		0	1,282,939	0	0	0.00%
Overdue Book Fines	93,592	72,408	73,017	77,012	4,604	106.36%
<b>Total Fines &amp; Forfeits</b>	<b>5,713,750</b>	<b>6,463,466</b>	<b>7,200,421</b>	<b>7,507,375</b>	<b>1,043,909</b>	<b>116.15%</b>
<b>Utility Payments to the General Fund</b>						
Utility Payment in Lieu of Taxes	27,760,230	27,760,230	12,919,539	27,760,230	0	100.00%
Payment for Collection Services	570,000	570,000	0	570,000	0	100.00%
Payment for Administrative Services	3,554,065	3,554,065	4,018,787	4,018,787	464,722	113.08%
Utility Dividend Payments	3,419,714	5,541,472	1,385	5,542,857	1,385	100.02%
<b>Total Utility Payments to the General Fund</b>	<b>35,304,009</b>	<b>37,425,767</b>	<b>16,939,711</b>	<b>37,891,874</b>	<b>466,107</b>	<b>101.25%</b>
<b>Charges for Goods &amp; Services</b>						
Building Service Charges	939,151	994,959	995,518	1,072,094	77,135	107.75%
Rental of Property	416,869	275,097	261,739	272,521	(2,576)	99.06%
Safety Related Charges	202,346	201,737	176,896	185,516	(16,221)	91.96%
Other Service Charges	2,000,889	1,612,159	536,582	1,790,646	178,487	111.07%
Refuse Collection Fees	11,933,793	12,227,138	11,200,403	12,208,135	(19,003)	99.84%
Commercial Dumping Fees	325,624	449	449	449	0	100.00%
Recycling Proceeds	1,650,723	1,574,820	1,444,682	1,574,345	(475)	99.97%
Inspection Fees	4,885,588	4,768,040	4,347,675	4,611,994	(156,046)	96.73%
Health Related Charges	47,488	92,958	99,177	106,652	13,694	114.73%
Other Sales	209,389	316,156	155,480	316,156	0	100.00%
Printing and Telecommunication Charges	510,275	362,502	366,307	367,114	4,612	101.27%
Risk Management	5,944,424	4,941,604	1,034,922	5,652,938	711,334	114.39%
<b>Total Charges for Goods &amp; Services</b>	<b>29,066,559</b>	<b>27,367,619</b>	<b>20,619,829</b>	<b>28,158,560</b>	<b>790,941</b>	<b>102.89%</b>

## Sources

	FY2016 Budget	FY2016 Amended Budget	FY2016 Collections as of 06/30/2016	FY2016 Year End Projection- 06/30/2016	Variance: Amended Budget vs. Preliminary Year End surplus(shortfall)	
<b>Other General Fund Revenue &amp; Resources</b>						
Administrative Payments	1,754,478	3,256,424	4,238,194	3,612,536	356,112	110.94%
Internal Service Fund Payments	353,416	353,416	0	353,416	0	100.00%
Data Sharing & Other Transfers	3,000,000	0	0		0	0.00%
Other Payment to the General Fund	1,120,745	0	0		0	0.00%
All Other Revenue	936,725	16,063,327	6,097,837	8,344,404	(7,718,923)	51.95%
<b>Total Other General Fund Revenue</b>	<b>7,165,364</b>	<b>19,673,167</b>	<b>10,336,030</b>	<b>12,310,356</b>	<b>(7,362,812)</b>	<b>62.57%</b>
<b>Subtotal General Fund Revenue</b>						
	<b>689,260,934</b>	<b>703,732,885</b>	<b>617,054,242</b>	<b>707,674,920</b>	<b>3,942,035</b>	<b>100.56%</b>
<b>All Other Resources</b>						
Rainy Day/Unassigned Fund Balance						
Other Reserves						
<b>Total All Other Resources</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>General Fund Revenue Grand Total</b>						
	<b>689,260,934</b>	<b>703,732,885</b>	<b>617,054,242</b>	<b>707,674,920</b>	<b>3,942,035</b>	<b>100.56%</b>
<b>Rolled Encumbrance Total:</b>						
		<b>7,788,553</b>	<b>0</b>	<b>7,788,553</b>		
<b>Grand Total:</b>						
	<b>689,260,934</b>	<b>711,521,438</b>	<b>617,054,242</b>	<b>715,463,473</b>	<b>3,942,035</b>	<b>100.55%</b>

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.

## Uses

Internal Work Papers - City of Richmond, VA Department of Budget and Strategic Planning DRAFT FY2016 4th Quarter Status Report and Forecast - 100.00% Year Past						
Agency	FY 2016 Adopted Budget	FY 2016 Current Budget	Expenditures through June 30th	FY 2016 Year- End Projection	Variance: Current vs Projection surplus/(shortfall)	
<b>Culture &amp; Recreation</b>						
Library	5,732,713	5,597,189	4,994,315	5,443,937	153,252	97.3%
Parks Rec	16,334,467	16,470,467	14,123,336	16,226,236	244,231	98.5%
<b>Debt</b>						
Debt	61,399,750	59,000,250	58,572,605	58,568,825	431,425	99.3%
<b>Education</b>						
RPS	170,833,592	170,833,592	128,125,192	170,833,592	-	100.0%
<b>General Government</b>						
Assessor	3,038,863	2,955,384	2,757,897	2,924,615	30,769	99.0%
Auditor	1,673,890	2,031,965	1,578,617	1,992,165	39,800	98.0%
Budget	1,260,775	1,268,885	1,168,610	1,234,994	33,891	97.3%
Chief Admin Officer	1,294,391	1,258,246	1,197,496	1,257,833	413	100.0%
City Attorney	2,739,943	2,630,445	2,112,509	2,595,712	34,733	98.7%
City Clerk	926,711	887,453	799,984	843,222	44,231	95.0%
City Council	1,325,096	1,284,592	1,157,659	1,237,405	47,187	96.3%
City Treasurer	184,507	178,018	159,291	166,148	11,870	93.3%
Council Chief of Staff	1,155,089	1,151,828	1,083,743	1,139,878	11,950	99.0%
Econ & Comm Dev	5,118,237	5,030,689	3,727,937	3,753,049	1,277,640	74.6%
Finance	22,151,953	25,298,135	21,789,460	25,482,435	(184,300)	100.7%
General Registrar	2,170,483	2,166,064	1,841,497	1,963,555	202,509	90.7%
Human Resources	2,858,061	3,047,876	2,574,487	2,853,148	194,728	93.6%
Info Tech	17,985,820	19,483,975	16,836,761	17,985,545	1,498,430	92.3%
Mayor's Office	970,793	986,394	940,542	988,414	(2,020)	100.2%
Minority Business Development	571,433	577,238	552,777	582,010	(4,772)	100.8%
Planning & Dev Review	9,453,732	10,399,856	9,004,952	9,516,901	882,955	91.5%
Press Secretary	516,120	522,139	472,585	522,209	(70)	100.0%
Procurement Serv.	1,146,608	1,147,877	1,035,465	1,084,855	63,022	94.5%
<b>Highways, Streets, Sanitation &amp; Refuse</b>						
Public Works	58,140,890	61,916,390	53,030,941	64,287,613	(2,371,223)	103.8%
<b>Human Services</b>						
Justice Services	8,814,093	9,054,657	8,362,852	9,311,941	(257,284)	102.8%
Office of DCAO/HS	2,178,841	1,844,501	1,530,251	1,784,804	59,697	96.8%
RCHI - Health	3,781,490	3,781,490	3,702,286	3,781,490	-	100.0%
Social Services	54,887,391	55,472,227	43,366,257	55,358,966	113,261	99.8%
Office of Community Wealth Building	-	1,307,504	733,902	1,108,180	199,324	84.8%
<b>Non-Departmental</b>						
Non-Dept	50,755,465	57,164,558	54,732,931	54,653,238	2,511,320	95.6%
<b>Public Safety &amp; Judiciary</b>						
Animal Control	1,580,169	1,609,208	1,579,136	1,675,191	(65,983)	104.1%
Emergency Communications	4,105,961	4,246,054	3,741,266	4,135,534	110,520	97.4%
Fire & Emer Svcs	44,067,952	46,466,590	42,383,860	45,909,288	557,303	98.8%
J & DR Court	236,325	232,630	210,660	231,983	647	99.7%
13th District Court Services Unit	225,036	225,148	138,321	219,583	5,565	97.5%
Jail/Sheriff	34,190,271	36,959,560	34,907,320	36,751,832	207,728	99.4%
Judiciary - Adult Drug Ct	589,785	573,211	543,069	580,539	(7,328)	101.3%
Judiciary - Cir Ct	3,770,679	3,766,711	3,474,399	3,652,778	113,933	97.0%
Judiciary - CW Atty	5,934,896	5,923,458	5,471,020	5,910,697	12,761	99.8%
Judiciary - Other	299,109	329,220	219,280	243,650	85,570	74.0%
Police	84,859,553	86,439,764	80,153,617	85,758,818	680,946	99.2%
<b>Grand Total</b>	<b>689,260,933</b>	<b>711,521,438</b>	<b>614,889,086</b>	<b>704,552,808</b>	<b>6,968,629</b>	<b>99.0%</b>
<b>Rolled Encumbrances Total From Surplus</b>					<b>6,389,489</b>	
<b>Estimated FY16 Expenditure Surplus Less Rolled Encumbrances</b>					<b>579,140</b>	

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.

## **FY2016 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 come in over the FY2016 budget by \$3.9 million or 0.55%. **Please note that the third quarter projection will remain unchanged ONLY if there is no change in current assumptions and no change in the expected overall national, state, and local economic conditions.** The explanations are in order as they appear in the prior table.

### **Delinquent Real Estate **Projected Revenue Surplus: \$562k****

Delinquent Real Estate has a projected surplus of \$562k based on enhanced collection efforts by the Department of Finance.

### **Personal Property Tax **Projected Revenue Surplus: \$1.0 million****

This revenue source is projected to generate \$32.6m in FY2016. In FY2015, preliminary estimates show that \$32.6m was collected in personal property. In FY2015, statutory assessments were made increasing personal property collections. This increased the revenue amount in FY2015. We are expecting this to continue to be the case in FY2016.

### **Delinquent Personal Property Tax **Projected Revenue Surplus: \$2.3 million****

Delinquent Personal Property collections are forecast to generate \$8.4m in FY2016. Concerted collection efforts by the Department of Finance have increased this forecast for the revenue source. The FY2016 projection is in line with what the department collected in FY2015.

### **Machinery & Tools Tax **Projected Revenue Surplus: \$800k****

Machinery & Tools Tax has a projected revenue surplus compared to the third quarter projection, though the projected figure is less than what was originally budgeted in FY2016. Higher than previously forecast assessments account for this increase in this revenue.

### **Utility Sales Tax Telephone **Projected Revenue Surplus: \$131k****

Utility Sales Tax Telephone has a revenue surplus compared to the third quarter of FY2016. Higher than anticipated collections at the end of the fiscal year are driving this surplus. We are working with the Department of Finance to understand this large variance to the modified budget.

### **Prepared Food Tax **Projected Revenue Surplus: \$2.3m****

Prepared Food Tax has a projected revenue surplus compared to the third quarter. After the 3<sup>rd</sup> quarter forecast was conducted, the Department of Finance posted an extra \$3.2m in revenue for this source. This \$3.2 m was revenue collected between July 2015 and March 2016. However, these were only posted to RAPIDS between April and June of 2016 and, as such, were not accounted for in prior quarterly projections.

### **Lodging Tax **Projected Revenue Surplus: \$627k****

Lodging taxes are projected to be higher than forecast at the 3<sup>rd</sup> quarter. Higher than expected hotel bookings account for part of this surplus. However, after the 3<sup>rd</sup> quarter forecast was conducted, the Department of Finance posted an extra \$433k in revenue for this source. This was revenue collected

between July 2015 and March 2016. However, these were only posted to RAPIDS between April and June of 2016 and, as such, were not accounted for in prior quarterly projections.

**Admissions Tax** **Projected Revenue Surplus: \$418k**

Admissions Tax has a projected revenue surplus. Higher than expected events account for part of this increase in revenue. However, after the 3<sup>rd</sup> quarter forecast was conducted, the Department of Finance posted an extra \$196k in revenue for this source. This was revenue collected between July 2015 and March 2016. However, these were only posted to RAPIDS between April and June of 2016 and, as such, were not accounted for in prior quarterly projections.

**Vehicle Rental Tax** **Projected Revenue Shortfall: \$152k**

Vehicle Rental Tax is projected to be \$927k in FY2016. This is paid quarterly from the State. Weaker than expected collections for the last quarter of the fiscal year account for this revenue shortfall.

**Recordation Tax** **Projected Revenue Shortfall: \$52k**

This source is projected to bring in \$1.2m in FY2016. This source is usually transmitted to the City in 4 quarterly payments. In FY2016, the payment from the State in July was not accrued back to FY2015. With this extra amount, there will be five payments in FY2016, resulting in this revenue source being higher than what would be expected in FY2016. However, weaker payments than expected account for the shortfall compared to the third quarter. Without this extra payment, this source would be expected to generate just over \$900k in FY2016.

**Business License** **Projected Revenue Surplus: \$1.1m**

This License fee is based on a percentage of gross receipts and is paid by a person or business engaging in any business, trade, profession, or occupation unless exempted. Licenses expire annually on December 31st and must be renewed by March 1st. The FY2016 projection is based on historical trends, billed amounts and collection rates for this revenue source. Higher than predicted billing amounts and collections compared to the 3<sup>rd</sup> quarter account for this projected revenue surplus.

**Vehicle License** **Projected Revenue Surplus: \$470k**

Vehicle License revenue for FY2016 is expected to be in surplus compared to the 3<sup>rd</sup> quarter forecast by \$470k. Higher than expected billed and collection amounts by the Department of Finance account for this variance.

**Federal Revenue** **Projected Revenue Shortfall: \$389k**

The majority of this payment is usually reimbursements by the Federal Government to the Department of Social Services. In FY2015, this amount was not recorded and only \$1,263 for this category was received as revenue. To date, there has been no confirmation that we expect any further payments in FY2016.

**Social Services State Revenue** **Projected Revenue Shortfall: \$2.9m**

Social Services State Revenue has a projected revenue shortfall of \$2.9m due to lower than projected reimbursement payments to the city based on Social Services reimbursements from the State. We are working with the Department of Social Services to understand this large variance compared to the 3<sup>rd</sup> quarter forecast. This end of year projection is based on all payments received by the State for FY2016

**Reimbursement for State Shared Expenses** **Projected Revenue Surplus: \$480k**

Revenue for this source is projected to be \$21.1m. Compared to the budget, this shows a surplus of \$480k. Higher than anticipated reimbursement payments from the state are the cause of this projected surplus. For example, the Sheriff's office received a one-time payment of \$800k for medical related costs that was not expected at the time of the 3<sup>rd</sup> quarter forecast.

**Circuit Court Fines & Fees** **Projected Revenue Surplus: \$839k**

Circuit Court Fines & Fees is projected to have a surplus of \$839k in FY2016. Two payments made in the accrual period were not booked in FY2015, and will therefore remain in FY2016 resulting in higher than normal revenue. This will result in 14 payments to the General Fund instead of 12.

**General District Court Fines & Fees** **Projected Revenue Surplus: \$200k**

General District Court Fines & Fees is projected to have a surplus of \$200k. Two payments made in the accrual period were not booked in FY2015, and will therefore remain in FY2016 resulting in higher than normal revenue. This will result in 14 payments to the General Fund instead of 12.

**Overdue Book Fines** **Projected Revenue Surplus: \$4k**

FY2016 projections for overdue book fines are \$77k. This is based on monthly payment receipts provided by the Library and for forecasted payments in the accrual period.

**Payments for Administrative Services** **Projected Revenue Surplus: \$464k**

Based on discussions with the Department of Public Utilities, FY2016 projected revenue for Utility Dividend Payments will be \$464k over the adopted budget, bringing estimated revenue for this source to \$4m.

**Building Service Charges** **Projected Revenue Surplus: \$77k**

Building Service Charges are projected to be \$1.1m in FY2016, in line with FY2014 and FY2015 revenues. Higher than previously forecasted collections in Special Use Permits, Elevator Installation Fees, and Zoning Conformance Certificates account for this projected increase in revenue.

**Safety Related Charges** **Projected Revenue Shortfall: \$16k**

FY2016 projected revenue is \$185k. The \$16k projected shortfall is due to a further projected decrease in Special Police Applicant Fees compared to the 3<sup>rd</sup> quarter forecast. Since 2011 this revenue has averaged \$180k per year, but this year has only generated \$72k.

**Other Service Charges** **Projected Revenue Surplus: \$178k**

Other Service Charges are projected to bring in \$1.8m in FY2016, which is higher than the 3<sup>rd</sup> quarter projection by \$178k. With the recent presidential primaries occurring, the City received an extra \$163k that was not finalized until after the completion of the 3<sup>rd</sup> quarter.

**Health Related Charges** **Projected Revenue Surplus: \$14k**

Health Related Charges are projected to generate \$107k in revenue in FY2016. This is higher than the projected amount at the end of 3<sup>rd</sup> quarter. Higher than anticipated revenues account for this revenue surplus.

**Risk Management**

**Projected Revenue Surplus: \$711k**

Risk Management revenue is expected to be \$5.6m. Higher than anticipated payments from the Department of Public Utilities, as well as a general increase in Risk Management revenue account for this revenue surplus.

**Administrative Payments**

**Projected Revenue Surplus: \$356k**

Administrative Payments to the General Fund will have a revenue surplus of \$356k with total projected revenues of \$3.61m. The surplus is due to higher than budgeted revenues for the Sheriff's Office Reimbursement for Administrative Costs, and Richmond Retirement System reimbursements, as well as a projected increase in revenue being accounted to the revenue suspense account.

**All Other Revenue**

**Projected Revenue Shortfall: \$7.7m**

With higher than forecasted revenues, we are not anticipating the use of reserve funds or the unassigned fund balance to balance the budget, as projected at the end of the third quarter. Without the need to use these funds, which have been budgeted, this line item shows a \$7.7m shortfall compared to the budget.

## **FY2016 Fourth Quarter Expenditure Projections**

Overall, the fourth quarter forecast shows that the expenditure budget is trending in a positive direction, with a preliminary, projected savings of \$579,140. This savings amount is net of ***a preliminary recommended encumbrance roll amount (from FY16 into FY17) of \$6,389,489 for FY16 obligations.***

**It is important to note that these projections are based on data collected for FY16 as of June 30, 2016. As a result, these projections could change as more data becomes available at year end closing and as adjustments and accruals are made by the Finance Department. Below are explanations of major variances in the preliminary end of year expenditure projections.** The explanations are in order as they appear in the prior table. Variances of +/- 3% or +/- \$250,000 are detailed below.

### **Debt **Projected Budget Surplus: \$431k****

Debt Service is expected to be favorable to budget on 1.) The refunding of the Series 2005A and 2005B GO Bonds by the 2015A GO Bonds at lower interest rates on October 12, 2015; 2.) The lower amount of borrowings and lower than budgeted variable interest rates paid on the Series 2014 Bank of America Line of Credit during the first half of the year; 3.) Lower than budgeted interest rates being paid on the Series 2013 Variable Rate (Redskins Project) Note during the first half of the year and 4.) A higher than budgeted reimbursement from the State of the interest costs on the New Justice Center resulting in savings to the General Fund.

### **City Clerk **Projected Budget Surplus: \$44k****

Projected savings of \$44k are attributed to operating savings across several department functions, including, but not limited to, advertising and security services.

### **City Council **Projected Budget Surplus: \$47k****

Projected savings of \$47k is associated with the Department curtailing operating spending within the equipment and conferences/conventions accounts during the third and fourth quarters of the fiscal year. Out of this projected savings, the Department has requested to roll \$18,646 in encumbrances from FY16 to FY17.

### **Treasurer **Projected Budget Surplus: \$12k****

Savings of \$8.5k is primarily associated with a departmental vacancy. Operating savings of \$3.3k is projected resulting from the department reducing discretionary spending.

### **Economic and Community Development **Projected Budget Surplus: \$1.3m****

Operating savings of \$1.3m is projected, of which \$1.3m is associated with a request to roll obligations from FY16 to FY17.

### **General Registrar **Projected Budget Surplus: \$203k****

Savings of \$203k is attributed to a projected shortfall of \$97k in personnel resulting from increased costs of the March and June primaries as well as the voting rights restoration for non-violent offenders. Projected operating savings of \$300k is the result of the department reducing discretionary spending and savings associated with not procuring additional cages for storing voting equipment. \$20k of the projected operating savings is associated with a request to roll encumbrances from FY16 to FY17.

**Human Resources****Projected Budget Surplus: \$195k**

The Human Resources Department is projected to have a \$195k surplus in operating that is associated with a request to roll encumbrances from FY16 into FY17.

**Information Technology****Projected Budget Surplus: \$1.5m**

Projected savings of \$318k in personnel is attributed to departmental vacancies and several retirements. Projected operating savings of \$1.16m is associated with a request to roll funds from FY16 to FY17.

**Planning and Development Review****Projected Budget Surplus: \$883k**

The Department of Planning and Development Review is projected to have a shortfall of \$437k in personnel that is associated with the department filling positions that were not fully funded. However, operating savings of \$1.32m of which \$585k is associated with a request to roll encumbrances from FY16 to FY17 is projected. Additional cost savings in other projects such as demolitions contributed to the projected operating savings.

**Procurement Services****Projected Budget Surplus: \$63k**

Projected savings of \$59k in personnel is attributed to departmental vacancies. Operating savings of \$4k is also projected and is the result of the Department reducing discretionary spending.

**Public Works****Projected Budget Shortfall: \$2.4m**

The Public Works Department is projected to have a surplus of \$463k in personnel that is primarily due to vacancy and healthcare savings. The Department is projected to have a shortfall of \$2.8m in operating that is attributed to: increased operating supply costs for the citywide recycling program, increased security and janitorial services for City Hall, Public Safety and 730 building, increased temporary services for leaf collection, grass cutting, bulk & brush; utilities charges for June, additional expenditures associated with the UCI event, and various unpaid invoices not received by August 5, 2016 for the fiscal year ending June 30, 2016.

**Justice Services****Projected Budget Shortfall: \$257k**

A projected shortfall in personnel of \$61k is attributed to the department filling vacant positions that were not fully funded. Additionally, a projected operating shortfall of \$196k is the result of providing an increase in mental health, substance abuse, community monitoring and pre-trial services.

**Office of the DCAO for Human Services****Projected Budget Surplus: \$60k**

A projected shortfall of \$34k in personnel is attributed to the resignation and payouts of two positions. However, operating savings of \$94k is projected and is the result of the agency generating savings within programs and related equipment and supplies.

**Office of Community Wealth Building****Projected Budget Surplus: \$199k**

Savings of \$18k is projected in personnel and is the result of a delay in hiring staff. Operating savings of \$181k is projected and is attributed to the Department being unable to finalize acquisition of services and goods through contract negotiations prior to the City's accounts payable cut-off period. As a result, the Department has requested to roll \$169k from FY16 to FY17.

**Non Departmental****Projected Budget Surplus: \$2.5m**

Non Departmental is projected to have a deficit of approximately \$646k in personnel, primarily attributed to anticipated overages in retiree healthcare costs. Projected operating savings of \$3.1m is the result of savings in Tax Relief for the Elderly, HDL, Family Advocacy the DROP Program, as well as savings of \$1.8M associated with a request to roll funds from FY16 to FY17.

**Fire & Emergency Services****Projected Budget Surplus: \$557k**

The Department of Fire and Emergency Services is projected to have a shortfall in personnel of approximately \$290k that is primarily the result of vacation payouts of staff that have left the department. Operating savings of \$848k is projected of which \$286k is associated with a request to roll encumbrances from FY16 to FY17.

**Judiciary – Other****Projected Budget Surplus: \$86k**

Operating savings of \$86k is projected of which \$70k is associated with a request to roll encumbrances from FY16 to FY17.

**Police****Projected Budget Surplus: \$681k**

A projected shortfall of \$485k in personnel is attributed to additional expenses for overtime and employee payouts related to recent staff resignations. A projected savings in operating of \$1.2m is the result of not fully executing a lease for a new property and evidence facility, fuel savings, as well as savings of \$308k associated with a request to roll funds from FY16 to FY17.