



# 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

**THROUGH:** J.E Lincoln Saunders  
Acting Chief Administrative Officer

**FROM:** Jason May, CBEO  
Acting Budget & Strategic Planning Director

**DATE:** August 13, 2021

**RE:** Fiscal Year 2021 Fourth Quarter Revenue & Expenditure Projection Report

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The Fiscal Year 2021 Fourth Quarter Revenue and Expenditure Projection Report is provided to the Finance and Economic Development Committee to describe the City's Fiscal Year 2021 year-to-date financial performance. The report includes revenue and expenditures up-to-date through June 30, 2021 – utilizing up to twelve (12) months of data, depending on the timing of accruals.

It is important to note that the City continues to remain in a state of emergency due to the coronavirus pandemic. There is no definitive timeline on when the pandemic will end, nor a timeline on when citizens will return to their pre-COVID behaviors. With the advent of a vaccine and the beginning of a relaxation of governmental restrictions, it is probable that an economic recovery is forthcoming. Still, the continuation of the pandemic, including the increase related to the Delta variant, will continue to have economic implications for the City and its finances. This projection assumes that the pandemic will continue, although a recovery is underway and a return to pre-covid behaviors is likely, in the near future.

A brief overview of the City's current fiscal assessment process, a summary of the status of the City's reimbursement for the pandemic as well as other costs, and finally a brief overview of the projected FY2021 general fund revenues and expenditures are all provided below. Details, as well as a write up of major variances in revenues and expenditures, are provided further within the report.

## **Technical Budget and Policy Review Meetings – Overview and highlights**

City Council adopted Resolution 2020-R035, which laid out a process for both City Council and Administrative staff to jointly review financial data and reports on a monthly basis and make recommendations for any necessary amendments to the City's FY2021 budget to address needed changes in revenue projections and appropriations for expenditures in response to COVID-19. In January, it was decided that the City would conduct a 2<sup>nd</sup> quarter re-appropriation, based on the financial information available at that time, and wait for additional information including the tax amnesty results to determine if a 3<sup>rd</sup> quarter re-appropriation was necessary. Based on the results of the third quarter report, the Administration requested a small re-appropriation; it appeared the 2<sup>nd</sup> quarter paper was very effective in accomplishing the goal of providing for the needs of the City's Departments. This conclusion is furthered in the 4<sup>th</sup> Quarter report with the city showing a very small shortfall and only a few agencies projected to be overspent.

### **Civil Unrest and Damages to City Property**

The City of Richmond, through its Office of Risk Management, files claims for expenses related to damages of City property, as well as other costs associated with civil unrest and other events. The fourth quarter projection maintains \$5 million in estimated insurance recovery revenue.

Additionally, the City is projected to receive \$2.2M in reimbursement for civil unrest for the period of 5/29 through 8/30 by the State, per the Department of Fire and EMS.

### **CARES Reimbursement**

Ordinance 2020-185 authorized the acceptance and appropriation of \$40,209,306 from the State as part of the State's allocation of funds from the Federal Coronavirus Relief Fund for the purpose of funding necessary expenditures incurred due to the public health emergency with respect to the COVID-19 pandemic. Per financial reporting guidance received in July of 2020, it was concluded that these Coronavirus Aid, Relief, and Economic Security (CARES) Act funds should be included in the City's general fund budget. As a result, and per Ordinance 2020-185, these funds were added to the Department of Fire and Emergency Services' general fund budget.

At this time, the City has received a total of \$40,209,306 in CARES funding, \$3,023,226 of which was accrued back to FY2020 to offset expenditures related to that fiscal year. The Fourth quarter projections indicate that approximately \$37,186,080 is anticipated to be expended by the City and/or posted to the financial system by the end of the Fiscal Year 2021. As a reminder, the deadline for expending all funds was extended to December 30, 2021 earlier this year. This amount is included in both the revenue and expenditure projections.

### **FEMA reimbursement**

State, local, tribal, and territorial government entities and certain private non-profit organizations can apply for Public Assistance (PA) reimbursements for emergency protective

measures taken during the pandemic. FEMA assistance will be provided at a 100 percent federal cost share. Under the COVID-19 Emergency Declaration, FEMA may provide assistance for emergency protective measures that fall within their programmatic guidelines. Some of these costs overlap with the CARES program, however the CARES program allows for more costs that can be applied as opposed to the FEMA reimbursement.

### **General Fund Revenues**

General Fund Revenues are currently forecast to be less than budget with a preliminary projected shortfall of \$6,803,406. Several sources of general fund revenue are projected to come in above budget, while others are projected to come in below budget. Although the fiscal year ended on June 30<sup>th</sup>, the Finance Department performs its accrual process through August 15<sup>th</sup>. As a result, there will likely be changes to the final audited revenue figures to be presented within the City's Comprehensive Annual Financial Report (CAFR).

**It is important to note that the Fourth quarter projections do not include the planned use of the revenue stabilization fund.** At the time of the 2<sup>nd</sup> Quarter report, a planned use of \$9.4M in revenue stabilization was obtained from City Council. This plan was updated at the time of the Third quarter projections, reducing the forecasted use to approximately \$5.6M. With the presentation of the 4<sup>th</sup> Quarter report, the planned use of the revenue stabilization fund is being reduced to zero due to the projected expenditure savings and increases in revenues.

### **General Fund Expenditures**

General Fund Expenditures are trending lower than FY 21 Budgeted amounts, a surplus of \$12.8M is projected. This surplus is reduced to an overall year end estimated shortfall of **(-\$372,838)** or just 0.047% of the total general fund budget – which is the net of a preliminary encumbrance roll of \$6,136,049, the projected shortfall of revenues **(-\$6,803,046)** and anticipated delta (\$251,904) between the expense account for payment of the debt associated with the construction of three new schools (-\$312,880) and the surplus of revenue from the 1.5% Meals Tax (\$564,784). The \$251,904 will be earmarked within the assigned portion of the city's fund balance with is a separate reserve from the City's unassigned fund balance.

The projected expenditure savings in the General Fund is primarily related to the following departments: Non-Departmental (which corresponds to a commensurate reduction in projected revenues), Department of Social Services, as well as several other agencies and departments. Specific details of these departmental variances as well as other departmental variances are explained further in the report.

Guiding the City, financially, through this fiscal year has been a challenge; note that the adopted budget is nearly \$40M less than the proposed budget. To project that the city is primed to utilize none of its revenue stabilization funds, have revenues and expenditures within a small fraction of a percent of each other, and be able to hopefully turn the corner on a tumultuous fiscal year is a sign of the dedicated staff and leadership within the City of Richmond.

## Summary of FY2021 Projected Balances as of 6/30/2021

<b>Projected Total FY2021 General Fund Revenue</b>	<b>783,586,071</b>
<i>Plus FY2020 Encumbrance Roll</i>	<i>2,036,065</i>
<i>*Less Projected Surplus Revenue from 1.5% Meals Tax – (Excess above budget) – To be assigned to a special reserve fund</i>	<i>(251,904)</i>
<b>Projected Total FY2021 General Fund Expenditures</b>	<b>779,607,021</b>
<i>Less Preliminary Estimated FY2021 Rolled Encumbrances to FY2022</i>	<i>(6,136,049)</i>
<i>*Less Preliminary Estimated 1.5% (Unspent) Meals Tax – To be assigned to a special reserve fund</i>	<i>(0)</i>
<b>FY2021 Projected Budgetary Surplus/(Shortfall)</b>	<b>(\$372,838)</b>

*\*Note very minor discrepancies may exist due to rounding*

Internal Work Papers - City of Richmond, VA  
 Department of Budget and Strategic Planning  
 DRAFT FY2021 4th Quarter Status Report and Forecast - 100.00% Year Past

	FY2021 Budget	FY2021 Amended Budget	FY2021 Collections as of 06/30/2021	FY2021 4th Quarter Projection	Variance: Amended Budget vs. Preliminary Year End surplus	
<b>Revenue from Local Sources</b>						
<b>General Property Taxes</b>						
Machinery & Tools Taxes	13,399,915	13,867,682	14,039,503	14,039,503	171,821	101%
Penalties and Interest- Interest	2,969,891	3,772,308	3,324,972	3,325,996	(446,312)	88%
Penalties and Interest- Penalty	2,786,614	2,850,316	3,152,369	3,152,369	302,053	111%
Personal Property Taxes- Current	37,262,847	35,103,669	38,642,237	38,642,237	3,538,568	110%
Personal Property Taxes- Delinquent	6,459,963	6,534,593	6,414,886	6,414,886	(119,707)	98%
Real and Personal Public Service Corporation Property Tax:	9,451,418	9,111,449	8,557,624	8,557,624	(553,825)	94%
Real and Personal Public Service Corporation Property Tax:	497,012	497,012	(696,993)	497,012	-	100%
Real and Personal Public Service Corporation Property Tax:	2,205,476	2,288,895	1,905,737	1,905,737	(383,158)	83%
Real Property Taxes- Current	301,250,623	306,395,876	307,634,774	307,643,357	1,247,481	100%
Real Property Taxes- Delinquent	11,629,380	10,803,821	12,012,595	11,966,881	1,163,060	111%
<b>Total General Property Taxes</b>	<b>387,913,139</b>	<b>391,225,621</b>	<b>394,987,704</b>	<b>396,145,602</b>	<b>4,919,981</b>	<b>101%</b>
<b>Other Local Taxes</b>						
Admission Taxes	2,405,941	153,126	163,408	163,408	10,282	107%
Bank Stock Taxes	9,996,071	9,418,200	11,649,226	11,649,226	2,231,026	124%
Business Licenses Taxes	31,448,626	32,713,959	34,911,768	34,912,307	2,198,348	107%
Cigarette Tax	2,755,000	3,123,014	2,913,243	2,913,243	(209,771)	93%
Consumer Utility Taxes	18,316,946	18,657,087	15,432,516	15,763,845	(2,893,242)	84%
Local Sales & Use Tax	35,416,829	37,329,884	33,165,952	33,165,952	(4,163,932)	89%
Motor Vehicle Licenses	6,857,458	6,522,334	7,661,743	7,662,307	1,139,973	117%
Other Local Taxes	510,689	1,164,415	1,168,385	1,216,573	52,158	104%
Prepared Food Taxes	33,468,822	21,654,236	23,794,096	23,871,639	2,217,403	110%
Prepared Food Taxes - School Facilities	8,524,681	5,515,445	6,060,479	6,080,229	564,784	110%
Short-Term Rental Tax	125,153	76,939	74,203	74,203	(2,736)	96%
Transient Lodging Taxes	8,312,409	3,334,350	3,740,924	3,821,580	487,230	115%
<b>Total Other Local Taxes</b>	<b>158,138,625</b>	<b>139,662,989</b>	<b>140,735,943</b>	<b>141,294,511</b>	<b>1,631,522</b>	<b>101%</b>
<b>Permits, Privilege Fees, and Regulatory Licenses</b>						
Animal Licenses	-	-	1,014	1,014	1,014	-
Permits and Other Licenses	15,885,147	13,433,917	11,717,909	12,456,156	(977,761)	93%
<b>Total Permits, Privilege Fees, and Regulatory Licenses</b>	<b>15,885,147</b>	<b>13,433,917</b>	<b>11,718,923</b>	<b>12,457,170</b>	<b>(976,747)</b>	<b>93%</b>
<b>Fines &amp; Forfeitures</b>						
Fines & Forfeitures	-	4,443	6,289	6,701	2,258	151%
<b>Total Fines &amp; Forfeitures</b>	<b>-</b>	<b>4,443</b>	<b>6,289</b>	<b>6,701</b>	<b>2,258</b>	<b>151%</b>
<b>Revenue from Use of Money and Property</b>						
Revenue from Use of Money	-	-	-	-	-	-
Revenue from Use of Property	209,000	212,959	187,542	177,455	(35,504)	83%
<b>Total Revenue from Use of Money and Property</b>	<b>209,000</b>	<b>212,959</b>	<b>187,542</b>	<b>177,455</b>	<b>(35,504)</b>	<b>83%</b>
<b>Charges for Services</b>						
Charges for Finance	801,192	801,192	848,786	848,786	47,594	106%
Charges for Fire and Rescue Services	158,623	149,500	122,903	150,842	1,342	101%
Charges for Information Technology	16,805	800	146	1,272	472	159%
Charges for Law Enforcement and Traffic Control	212,000	95,204	133,419	133,420	38,216	140%
Charges for Library	23,750	800	1,806	1,806	1,006	226%
Charges for Maintenance of Highways, Streets, Bridges, and	-	-	-	-	-	-
Charges for Other Protection	111,000	103,000	124,426	124,426	21,426	121%
Charges for Parks and Recreation	127,122	37,710	83,946	119,183	81,473	316%
Charges for Planning and Community Development	47,009	71,703	24,415	71,424	(279)	100%
Charges for Sanitation and Waste Removal	17,891,033	17,891,033	16,420,627	18,011,382	120,349	101%
Court Costs	5,717,702	6,617,896	8,159,184	8,963,712	2,345,816	135%
Other	9,515	9,515	34,455	34,455	24,940	362%
<b>Total Charges for Services</b>	<b>25,115,751</b>	<b>25,778,353</b>	<b>25,954,112</b>	<b>28,460,707</b>	<b>2,682,354</b>	<b>110%</b>
<b>Miscellaneous Revenue</b>						
Miscellaneous	1,318,385	3,746,533	3,566,089	3,369,574	(376,959)	90%
Payments in Lieu of Taxes from Enterprise Activities	19,527,456	19,527,456	18,345,559	18,645,516	(881,940)	95%
<b>Total Miscellaneous Revenue</b>	<b>20,845,841</b>	<b>23,273,989</b>	<b>21,911,649</b>	<b>22,015,090</b>	<b>(1,258,899)</b>	<b>95%</b>
<b>Recovered Costs</b>						
Recovered Costs	5,522,979	5,199,529	2,789,936	3,641,341	(1,558,187)	70%
<b>Total Recovered Costs</b>	<b>5,522,979</b>	<b>5,199,529</b>	<b>2,789,936</b>	<b>3,641,341</b>	<b>(1,558,187)</b>	<b>70%</b>
<b>Revenue from Local Sources Total</b>	<b>613,630,482</b>	<b>598,791,800</b>	<b>598,292,097</b>	<b>604,198,578</b>	<b>5,404,520</b>	<b>101%</b>

	FY2021 Budget	FY2021 Amended Budget	FY2021 Collections as of 06/30/2021	FY2021 4th Quarter Projection	Variance: Amended Budget vs. Preliminary Year End surplus	
<b>Other Financing Sources</b>						
<b>Non-Revenue Receipts</b>						
Insurance Recovery	-	5,000,000	-	5,000,000	-	100%
<b>Total Non-Revenue Receipts</b>	-	<b>5,000,000</b>	-	<b>5,000,000</b>	-	<b>100%</b>
<b>Revenue from Other Financing Sources Total</b>	-	<b>5,000,000</b>	-	<b>5,000,000</b>	-	<b>100%</b>
<b>Revenue from the Commonwealth</b>						
<b>Non-Categorical Aid</b>						
Auto Rental Tax	893,846	893,846	1,001,964	1,001,964	108,118	112%
Communications Sales and Use Tax	14,440,680	14,440,680	11,605,577	14,440,680	-	100%
Miscellaneous Non-Categorical Aid	240,000	3,223,952	281,071	2,503,801	(720,151)	78%
Mobile Home Titling Taxes	9,807	9,807	5,235	5,235	(4,572)	53%
Personal Property Tax Reimbursement	16,708,749	16,708,749	1,618,469	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%
<b>Total Non-Categorical Aid</b>	<b>33,432,721</b>	<b>36,416,673</b>	<b>14,512,316</b>	<b>35,800,069</b>	<b>(616,604)</b>	<b>98%</b>
<b>Shared Expenditures (Categorical)</b>						
State Shared Expenses- City Treasurer	147,425	140,408	128,661	140,402	(6)	100%
State Shared Expenses- Commonwealth Attorney	3,413,358	3,387,264	3,119,775	3,452,079	64,815	102%
State Shared Expenses- Finance	738,859	738,859	787,675	859,874	121,015	116%
State Shared Expenses- General Registrar	93,839	100,000	-	100,000	-	100%
State Shared Expenses- Sheriff	16,600,000	16,507,624	15,533,866	16,889,599	381,975	102%
State Shared Expenses- Welfare and Social Services	-	-	-	-	-	-
<b>Total Shared Expenditures (Categorical)</b>	<b>20,993,481</b>	<b>20,874,155</b>	<b>19,569,978</b>	<b>21,441,955</b>	<b>567,800</b>	<b>103%</b>
<b>Categorical Aid</b>						
Education	-	-	-	-	-	-
Library	185,000	210,000	160,376	209,956	(44)	100%
Public Safety	19,730,547	19,797,964	18,699,800	19,656,663	(141,301)	99%
Public Works	-	-	-	-	-	-
Welfare and Social Services	15,630,263	16,065,995	12,313,804	12,393,804	(3,672,191)	77%
<b>Total Categorical Aid</b>	<b>35,545,810</b>	<b>36,073,959</b>	<b>31,173,980</b>	<b>32,260,423</b>	<b>(3,813,536)</b>	<b>89%</b>
<b>PILOT (Payments in Lieu of Taxes)</b>						
Service Charges	3,698,683	3,698,683	2,201,088	2,201,088	(1,497,595)	60%
<b>Total PILOT (Payments in Lieu of Taxes)</b>	<b>3,698,683</b>	<b>3,698,683</b>	<b>2,201,088</b>	<b>2,201,088</b>	<b>(1,497,595)</b>	<b>60%</b>
<b>Revenue from the Commonwealth Total</b>	<b>93,670,695</b>	<b>97,063,470</b>	<b>67,457,361</b>	<b>91,703,534</b>	<b>(5,359,936)</b>	<b>94%</b>
<b>Revenue from the Federal Government</b>						
<b>Non-Categorical Aid</b>						
Other Federal Revenue	-	37,379,472	36,581,853	37,379,472	0	100%
<b>Total Non-Categorical Aid</b>	-	<b>37,379,472</b>	<b>36,581,853</b>	<b>37,379,472</b>	<b>0</b>	-
<b>Categorical Aid</b>						
Social Services	24,608,836	24,284,901	19,929,836	23,229,836	(1,055,065)	96%
<b>Total Categorical Aid</b>	<b>24,608,836</b>	<b>24,284,901</b>	<b>19,929,836</b>	<b>23,229,836</b>	<b>(1,055,065)</b>	<b>96%</b>
<b>Revenue from the Federal Government Total</b>	<b>24,608,836</b>	<b>61,664,373</b>	<b>56,511,689</b>	<b>60,609,308</b>	<b>(1,055,065)</b>	<b>98%</b>
<b>Utilities</b>						
<b>Utilities</b>						
Utilities	-	65,820	47,887	47,887	(17,933)	73%
<b>Total Utilities</b>	-	<b>65,820</b>	<b>47,887</b>	<b>47,887</b>	<b>(17,933)</b>	<b>73%</b>
<b>Revenue from Utilities Total</b>	-	<b>65,820</b>	<b>47,887</b>	<b>47,887</b>	<b>(17,933)</b>	<b>73%</b>
<b>Transfers-In</b>						
<b>Transfers-In</b>						
Transfers-In	12,140,104	18,431,678	12,070,177	22,026,764	3,595,086	120%
Use of Revenue Stabilization Fund	-	9,371,977	-	-	(9,371,977)	0%
<b>Total Transfers-In</b>	<b>12,140,104</b>	<b>27,803,655</b>	<b>12,070,177</b>	<b>22,026,764</b>	<b>(5,776,891)</b>	<b>79%</b>
<b>Grand Total:</b>	<b>744,050,117</b>	<b>790,389,118</b>	<b>734,379,211</b>	<b>783,586,071</b>	<b>(6,803,046)</b>	<b>99%</b>

Agency	FY 2021 Adopted Budget	FY 2021 Current Budget	Expenditures through June 30th	FY 2021 Year- End Projection	Variance: Current vs Projection surplus/(shortfall)		
<b>Culture &amp; Recreation</b>							
Library	5,743,900	5,821,485	5,410,294	5,551,404	270,081	95.4%	
Parks Rec	18,216,520	18,137,586	16,959,036	17,724,437	413,149	97.7%	
<b>Debt</b>							
Debt	77,966,859	76,692,003	75,815,687	76,692,003	-	100.0%	
<b>Education</b>							
RPS	181,694,074	181,694,074	181,694,074	181,694,074	-	100.0%	
<b>General Government</b>							
Assessor	4,782,289	5,461,637	3,882,711	4,035,730	1,425,908	73.9%	
Auditor	1,988,484	1,912,535	1,728,642	1,776,529	136,006	92.9%	
Budget	1,420,707	1,385,899	1,231,525	1,323,787	62,112	95.5%	
Chief Admin Officer	564,761	708,782	509,765	660,881	47,901	93.2%	
City Attorney	4,042,992	3,989,433	3,612,064	3,740,204	249,229	93.8%	
City Clerk	993,029	952,984	877,261	899,702	53,282	94.4%	
City Council	1,488,704	1,590,564	1,367,396	1,470,008	120,556	92.4%	
City Treasurer	218,888	220,168	214,296	220,557	(389)	100.2%	
Citizen Service & Response	2,239,787	2,228,987	1,959,882	2,182,503	46,484	97.9%	
Council Chief of Staff	1,321,975	1,220,977	939,959	963,191	257,786	78.9%	
Econ Dev	2,664,858	2,648,533	2,267,209	2,413,089	235,444	91.1%	
Finance	9,985,678	10,203,817	8,251,268	9,463,306	740,511	92.7%	
General Registrar	3,930,368	4,028,759	3,352,098	3,956,532	72,227	98.2%	
Housing & Comm Development	1,476,055	1,463,962	813,864	1,142,544	321,418	78.0%	
Human Resources	4,275,416	4,184,869	3,820,874	4,014,709	170,160	95.9%	
Info Tech	-	-	-	-	-	-	
Inspector General	579,728	581,387	565,473	585,339	(3,952)	100.7%	
Mayor's Office	1,175,676	1,163,273	1,125,674	1,156,090	7,183	99.4%	
Minority Business Development	995,268	993,095	802,764	945,957	47,138	95.3%	
Planning & Dev Review	10,722,320	11,344,683	9,900,768	10,761,154	583,529	94.9%	
Press Secretary	512,851	478,012	397,033	419,472	58,540	87.8%	
Procurement Serv.	1,589,853	1,607,738	1,462,589	1,531,945	75,793	95.3%	
<b>Highways, Streets, Sanitation &amp; Refuse</b>							
Public Works	37,638,619	46,013,107	31,962,726	45,908,358	104,749	99.8%	
<b>Human Services</b>							
Justice Services	9,499,191	8,886,406	7,893,669	8,105,893	780,513	91.2%	
Office of DCAO/HS	1,321,643	3,371,745	2,394,753	3,267,218	104,528	96.9%	
RCHI - Health	4,563,490	4,563,490	2,281,745	4,563,490	-	100.0%	
Social Services	54,247,515	54,245,311	51,029,172	51,296,789	2,948,522	94.6%	
Office of Community Wealth Building	2,165,455	2,081,597	1,740,635	2,037,153	44,444	97.9%	
<b>Non-Departmental</b>							
Non-Departmental	84,663,220	82,257,271	73,140,396	81,087,241	1,170,030	98.6%	
<b>Public Safety &amp; Judiciary</b>							
Animal Control	1,862,745	2,040,875	2,018,716	2,117,475	(76,600)	103.8%	
Emergency Communications	5,121,004	5,360,400	3,507,825	5,265,322	95,077	98.2%	
Fire & Emer Svcs	52,037,737	54,137,317	51,145,795	53,124,535	1,012,782	98.1%	
		**Fire & Emer Svcs - CARES Funding					
		-	37,186,080	36,581,854	37,186,080	-	100.0%
J & DR Court	222,995	221,465	203,995	217,943	3,522	98.4%	
13th District Court Services Unit	222,352	217,291	191,061	211,602	5,689	97.4%	
Jail/Sheriff	42,064,115	43,187,970	40,143,106	41,503,234	1,684,736	96.1%	
Judiciary - Adult Drug Ct	647,643	648,515	558,158	603,341	45,173	93.0%	
Judiciary - Cir Ct	4,034,893	3,995,894	3,723,713	3,925,970	69,924	98.3%	
Judiciary - CW Atty	6,528,098	6,777,726	6,479,348	6,713,394	64,332	99.1%	
Judiciary - Other	246,665	183,265	125,368	160,534	22,731	87.6%	
Police	96,371,697	96,334,216	93,965,601	96,986,304	(652,088)	100.7%	
***Default			344,000				
<b>Grand Total</b>	<b>744,050,117</b>	<b>792,425,183</b>	<b>738,393,838</b>	<b>779,607,021</b>	<b>12,818,162</b>	<b>98.4%</b>	

**City of Richmond  
FY2021 Fourth Quarter Report**

**FY2021 Fourth 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 less than the FY2021 budget by \$6,803,046 or about (0.86%). The explanations are in order as they appear in the prior table.

**Penalties and Interest - Interest Projected Revenue Shortfall: (\$446K)**

Penalties and Interest – Interest revenues are projected to reflect a shortfall as a result of the interest written off as part of the Tax Amnesty program.

**Penalties and Interest - Penalty Projected Revenue Surplus: \$302K**

Penalties and Interest – Penalty revenues are projected to reflect a surplus as a result of overages in other categories, such as Personal Property Taxes – Delinquent which are associated with the payment of Penalties and Interest.

**Personal Property Taxes - Current Projected Revenue Surplus: \$3.5M**

Personal Property Taxes – Current are projected to reflect a surplus due to an increase in collections related to higher assessed values.

**Real and Personal Public Service Corporation - Personal Property Taxes Current and Delinquent plus Real Property Current: Projected Revenue Shortfall: (\$937K)**

When combined, the three Public Service Corporation property tax categories are projected to be within 7% of budget, as some variances are noted for the individual sub-categories.

**Real Property Taxes - Current Projected Revenue Surplus: \$1.2M**

Real Property Taxes – Current are projected to reflect a surplus as the current trend has resulted in an increase in collections as related to higher assessed values on a higher than normal seller's market.

**Real Property Taxes - Delinquent Projected Revenue Surplus: \$1.2M**

Real Property Taxes – Delinquent are projected to reflect a surplus as a result of all accounts had to be current in order to qualify for a payment plan through the Tax Amnesty program.

**Admissions Taxes Projected Revenue Surplus: \$10K**

Admissions Taxes are possibly the revenue stream impacted the most by the pandemic. However, the proposed surplus in Admissions Taxes is attestable to both deservedly conservative budget amendments and novel business strategies of Richmond's entertainment industry.

**Bank Stock Taxes Projected Revenue Surplus: \$2.2M**

Bank Stock Taxes are projected to reflect a surplus in the fourth quarter due to less banks within city limits, with more customers making deposits, and aided by new mortgage loans.



**Business License Taxes** **Projected Revenue Surplus: \$2.2M**

Business License Taxes projected surplus is a result of business owners having to bring their accounts current to be able to participate in the Tax Amnesty program that removed all penalties and interest from their accounts.

**Cigarette Tax** **Projected Revenue Shortfall: (\$209K)**

Cigarette Tax projected shortfall based on limited FY monthly values (i.e., 1-year) adjusted by COVID-19 impact forecasting has it falling just short of the increased budget amount.

**Consumer Utility Taxes** **Projected Revenue Shortfall: (\$2.9M)**

Consumer Utility Taxes are projected to fall short of the amended budget value due to the increase in delinquent utility taxes. It is projected that these revenues will be received but recorded in the new fiscal year versus FY2021.

**Local Sales and Use Tax** **Projected Revenue Shortfall: (\$4.2M)**

Local Sales and Use Tax is one of the few monthly remitted consumer based taxes which has not been reduced by COVID-19. This projection takes the conservative approach of only including collections as of 6/30/2021, therefore the projected shortfall is due to the timing of receiving and recording of the monthly payment from the State.

**Motor Vehicle Licenses** **Projected Revenue Surplus: \$1.1M**

Motor Vehicle Licenses were projected in the fourth quarter to outperform the amended budget value by 17.5%. The combination of conservative budget amendments for this revenue stream married with the enhanced reliance on single occupant motor vehicles resulting from a decrease in the utilization of public transit and other mass transit yields a considerable surplus.

**Prepared Food Taxes** **Projected Revenue Surplus: \$2.2M**

The revenue budget amendment for Prepared Food Taxes, along with their Admissions and Lodging counterparts, were impacted by the pandemic. Richmond restaurants and other prepared food vendors novel service strategies and increased pickup/delivery business were projected to bring Prepared Foods Taxes in well over the amended budget amount by 10.2%.

**Prepared Food Taxes – School Facilities** **Projected Revenue Surplus: \$565K**

Prepared Food Taxes – School Facilities revenues are directly correlated to the Prepared Food Taxes statement above. This is reduced by the expenditure overage of \$313K, to produce a final number of \$251,905 going to the Special Revenue Fund.

**Transient Lodging Taxes** **Projected Revenue Surplus: \$487K**

Transient Lodging Taxes are projected to be a surplus, as a result of increased tourism and rental of hotel rooms since there has been some return to normal since the City and State has reopened.

**Permits and Other Licenses** **Projected Revenue Shortfall: (\$978K)**

This revenue source is projected to have a shortfall that is primarily due to less betting parlor license fees being received and less than budgeted telecom-right of way permits were issued in

FY2021. The shortfall is also attributed to the Fire Department issuing less permits and conducting less inspections in FY21 due to the ongoing pandemic.

**Fines and Forfeitures** **Projected Revenue Surplus: \$2.3K**

This revenue source is projected to have a surplus of \$2.3K due to higher case load referrals for electronic monitoring as an incarceration alternative in light of COVID-19.

**Revenue from Use of Property** **Projected Revenue Shortfall: (\$36K)**

This revenue source is projected to have a slightly below budget as related to rental and lease payments to the City. The shortfall is also attributed to the Department of Social Services not receiving rent for the convenience store in Marshall Plaza due to the pandemic.

**Charges for Finance** **Projected Revenue Surplus: \$48K**

Charges for Finance are projecting a surplus as a result of the higher than normal delinquent collections due to the Tax Amnesty Program, which includes an Administrative Fee.

**Charges for Information Technology** **Projected Revenue Surplus: \$472**

This revenue source is projected to have a surplus of \$472 due to the increase in usage of the Copy Sales Center following the re-opening of libraries.

**Charges Law Enforcement and Traffic Control** **Projected Revenue Surplus: \$38K**

This revenue source is projecting a surplus due to an increase in requests for incident reports, accident reports, and FOIA record requests.

**Charges for Library** **Projected Revenue Surplus: \$1K**

This revenue source is projected to have a surplus of \$1K due to charges associated with lost and damaged books.

**Charges for Other Protection** **Projected Revenue Surplus: \$21K**

This revenue source is projected to have a surplus of \$21K due to a lesser number of adoption specials in RACC due to COVID.

**Charges for Parks and Recreation** **Projected Revenue Surplus: \$81K**

This revenue source is projected to have a surplus due an increase in rental revenues as facility rentals resumed in Spring 2021. Additional surplus is due to revenues that were previously booked to Parks' various special funds, which are now being booked to the general fund for summer camp and football registrations.

**Court Costs** **Projected Revenue Surplus: \$2.3M**

This revenue source is projected to have a surplus of \$2.3M primarily due to low interest rates in the real estate market interest rates, a high number of real estate purchases, and a high number of refinances which have caused the increase in real estate recordings. This surplus is partially offset by shortfalls due to the non-suspension of licenses due to non-payment of court costs, the postponing and rescheduling of cases to accommodate social distancing for COVID-19, and less citizens paying fees due to the removal of penalties associated with lack of payment.

**Other** **Projected Revenue Surplus: \$25K**

This revenue source is projected to have a surplus of \$25K due to the high amount of returned checks and the fees associated with those return checks.

**Miscellaneous** **Projected Revenue Shortfall: (\$377K)**

Miscellaneous revenues are projected to fall short of the amended budget value in the fourth quarter due to revenues being properly identified and categorized in the correct revenue strings. The shortfall is partially offset by revenues that were previously booked to Parks' various special funds, as well as on 3/31/2020 VCU terminated their lease on the Lower Level, 1st, 2nd and 3rd floors at Theatre Row.

**Payments in Lieu of Taxes from Enterprise Activities** **Projected Revenue Shortfall: (\$882K)**

Payments in Lieu of Taxes from Enterprise Activities continue to reflect a shortfall in both personal property taxes and income taxes, offset by over \$4M increase in real estate and consumption taxes.

**Recovered Costs** **Projected Revenue Shortfall: (\$1.6M)**

Recovered Costs is a revenue stream which is difficult at best to forecast due to its erratic nature. This projection takes the conservative approach of only including collections as of 6/30/2021, therefore the projected shortfall may be due to the timing of receiving and recording in this revenue stream.

**Auto Rental Tax** **Projected Revenue Surplus: \$108K**

Similar to Short-Term Rental Tax and Transient Lodging Tax, there is seasonal flux in this revenue stream. In the fourth quarter it has gone from a projected shortfall to a surplus as evidence of a strong local economy since the City and State have reopened.

**Miscellaneous Non-Categorical Aid** **Projected Revenue Shortfall: (\$720K)**

This revenue source is projecting a shortfall due to a reimbursement related to civil unrest. The City applied for a \$2.9M reimbursement from the Virginia Public Assistance Program (VPAP) related to the civil unrest that took place in 2020; the VPAP granted the city \$2.2M.

**Mobile Home Titling Taxes** **Projected Revenue Shortfall: (\$4.6K)**

This revenue source is projected to be below the budgeted amount based on funds received through the end of the fourth quarter.

**State Shared Expenses - Finance** **Projected Revenue Surplus: \$121K**

State Shared Expenses – Finance is reflecting a surplus as a result of the State increasing their share of salaries for the Treasury side of Finance which was not included in the City's budget.

**Welfare and Social Services** **Projected Revenue Shortfall: (\$3.7M)**

This revenue source is projected to have a shortfall due to lower than anticipated expenditures. Specifically, there has been a decrease in spending in certain areas due to lack of

applicants requesting various services in general relief services and long term care services. There were also waivers to VIEW programs that suspended client work activities and other supportive services, i.e. transportation services, due to the pandemic which resulted in a decrease in expenditures. Other savings is the result of a decrease in the number of youth in foster care and the number of finalized adoptions. As such, there are a decrease in expenditures for these groups with regard to various activities such as financial maintenance, transportation, and independent living services for youth in the legal custody of RDSS. Lastly, the department continues to carry a high number of vacancies, which also results in less reimbursement from the State.

**Service Charges** **Projected Revenue Shortfall: (\$1.5M)**

Service Charges for the RE Tax PILOT is reflecting a shortfall as a result of capturing what has been received as of June 30, 2021, whereas once all has been accrued back for the FY2021, the revenues should have been received and recorded from the State.

**Social Services** **Projected Revenue Shortfall: (\$1.1M)**

This revenue source is projected to have a shortfall due to lower than anticipated expenditures. Specifically, there has been a decrease in spending in certain areas due to lack of applicants requesting various services in general relief services and long term care services. There were also waivers to VIEW programs that suspended client work activities and other supportive services, i.e. transportation services, due to the pandemic which resulted in a decrease in expenditures. Other savings is the result of a decrease in the number of youth in foster care and the number of finalized adoptions. As such, there are a decrease in expenditures for these groups with regard to various activities such as financial maintenance, transportation, and independent living services for youth in the legal custody of RDSS. Lastly, the department continues to carry a high number of vacancies, which also results in less reimbursement from the State.

**Utilities** **Projected Revenue Shortfall: (\$18K)**

This revenue source primarily consists of charges for law enforcement off-duty services for various events, i.e. funeral escorts, which declined during the height of COVID-19, but have begun to increase as COVID restrictions have decreased.

**Transfers-In** **Projected Revenue Surplus: (\$5.7M)**

This revenue source is projected to have a shortfall due to no longer utilizing Revenue Stabilization funding.

## **FY2021 Fourth Quarter – Expenditure Projections**

General Fund Expenditures are trending lower than FY 21 Budgeted amounts, a surplus of \$12.8M is projected. This surplus is reduced to an overall year end estimated shortfall of **(-\$372,838)** or just 0.047% of the total general fund budget.

***This shortfall amount is net of a preliminary recommended encumbrance roll amount (from FY21 into FY22) of \$6,136,049 for FY21 obligations as well as the estimated (unspent) balance of the 1.5% increase in meals tax and overages on the account, \$251,904 for FY21, which is dedicated for the payoff of the construction of new Richmond Public Schools' facilities.***

**It is important to note that these projections are based on data collected for FY21 as of June 30, 2020. 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 +/- 5% or +/- \$500,000 are detailed below.

### **City Assessor Projected Budget Surplus: \$1.4M**

The department is projecting a shortfall in personnel of \$92K due to an increase in retirement for various staff members, as well as staff bonuses given in order to retain staff. A surplus of \$1.5M in operating is projected due to lower legal fees as a result of less legal challenges, less fleet expenses, and lower supply costs related to the BOE. The majority of the savings, however, is related to a request for an encumbrance roll of \$1,378,260 for the replacement of the CAMA system which has had several delays due to COVID, DIT approvals, and portions of the procurement process in preparation for the RFP.

### **City Auditor Projected Budget Surplus: \$136K**

The City Auditor's Office is projecting a savings in personnel of \$54k due to vacant positions. The department is projecting an operating surplus of \$82K as a result of a portion of the external audit costs budgeted for in FY21 were paid in FY20. Additionally, the Citizens/SEA survey was postponed one year due to the pandemic.

### **Chief Administrative Officer Projected Budget Surplus: \$48K**

The Chief Administrative Office is projecting a surplus of \$48K in personnel due to efficiencies in personnel gained throughout the course of the fiscal year.

### **City Attorney Projected Budget Surplus: \$249K**

The department is projecting a savings in personnel of \$54K due to vacancies. A surplus of \$195K in operating is projected due primarily to less than anticipated expenditures for mandated City Code re-codification and encumbrances for legal fees associated with re-districting.

### **City Clerk Projected Budget Surplus: \$53K**

The department is projecting a savings in personnel of \$27K due to vacancies. A surplus of \$26K in operating is projected due to savings in advertising and encumbrances for Council Chamber furnishings associated with resumption of meetings in Council Chambers.

**City Council****Projected Budget Surplus: \$121K**

The department is projecting a savings in personnel of \$35K due to vacancies. A surplus of \$86K in operating is projected for encumbrances associated with redistricting expenses, Council conference room refurbishing and software upgrades.

**Council Chief of Staff****Projected Budget Surplus: \$258K**

The Office of the City Council Chief of Staff is projected to have personnel savings of \$79K that is attributable to vacant positions. A surplus of \$179K in operating is projected primarily for the encumbrance associated with City Council's Restructuring Study and Executive Search contract.

**Economic Development****Projected Budget Surplus: \$235K**

The department is projecting a shortfall in personnel of \$97K due to salary incentives for various staff. A surplus of \$332K in operating is projected and is primarily attributed to reduced in-person economic development marketing activities due to the COVID-19 pandemic, FY21 expenses that have been realized but not yet paid, and strategic initiatives started in late FY21. Funding for these items is essential to advancing the City's short-term and long-term economic development and redevelopment objectives.

**Finance****Projected Budget Surplus: \$741K**

The Department of Finance is projected to have slight personnel savings of \$7K which is the result of various vacation payouts and COVID related extraordinary bonuses offset by department vacancies. A surplus of \$734K in operating is projected and is a result of efficiencies in internal work processes, offset by unplanned expenses for Finance's share of DSS's building security and rent, lobbying services (CAO) and consulting services (CAO). The majority of the savings, however, is related to a request for an encumbrance roll request of \$682,726.

**Housing & Community Development****Projected Budget Surplus: \$321K**

The department is projecting slight personnel savings of \$1.9K. An operating surplus is projected and is due to having internal department staff develop the new Five Year Consolidated Plan (2021-2025) and the FY21-22 Action Plan given the COVID-19 Pandemic. Previously these tasks were handled by using contractual services and as a result of using internal staff, operational efficiencies are projected to be realized. Of the operating savings, \$105K is related to a request for an encumbrance roll.

**Planning & Development Review****Projected Budget Surplus: \$584K**

The department is projecting slight personnel savings of \$42K due to position vacancies. The department is projecting an operating savings of \$542K which is due to multiple factors including the current pandemic, contractual service activities, and not spending the re-appropriation of Unspent Building funds. Due to the pandemic there were savings in contractual elevator services. There was also a savings in contractual services for Richmond 300 due to the Department by transferring some of the responsibilities in house. The Department had additional savings in contractual services for demolition services as the Department's strategy is to save and rehab properties which will continue to bring tax revenue

to the City. The Department also had savings in contractual services for abatement services due to the lack of qualified available vendors to meet the demand.

**Press Secretary** **Projected Budget Surplus: \$59K**

The Office of the Press Secretary is projecting a \$47K surplus in personnel which is solely attributed to a vacant Public Info Manager, reallocated to a Deputy Director as of July 1, that isn't expected to be hired until FY22. Operating savings of \$12K is projected due to less public outreach due to the pandemic.

**Justice Services** **Projected Budget Surplus: \$781K**

The Department of Justice Services is projecting a \$43K surplus in personnel which is attributed to vacancies. An operating savings of \$738K is projected primarily for encumbrances associated with the move of staff from the Safety Building to Theatre Row, contracts savings associated with substance abuse disorder services, alternative sentencing, and jail diversion project services as well as electronic monitoring services.

**Social Services** **Projected Budget Surplus: \$2.9M**

The Department of Social Services is projecting a shortfall in personnel of \$1.1M due to the projected recruitment of positions, as well as funds to support pay band increases for staff. The department is projecting a savings in operating of \$4M which is due to the moratorium on discretionary spending, a reduction in rent expenses for the Marshall Plaza Building and COVID-19 Non-Discretionary spending prohibition savings (training, transportation, etc.). Additionally, savings are a result of Social Services philosophy of emphasizing long term family preservation and stabilization environments for at-risk children we serve. This philosophy resulted in a decrease for the number of our children requiring long term out of home services, especially for foster care.

**Non-Departmental** **Projected Budget Surplus: \$1.2M**

The Non-Departmental budget is currently projected to have a surplus of \$1.2M which is attributed to multiple factors:

- Savings of \$528K for Tax Relief for the Elderly which reflects the amount of relief granted;
- Overage of \$487K for the city's GRCCA payment which must trend lodging tax revenues;
- Overage of \$564K for the payment for RPS Construction which must trend meals tax revenues;
- Savings of \$20K for East End Teen Center;
- Savings of \$450K and \$440K for the Stone Development Grant and Stone Lease Grant respectfully;
- Savings of \$50K for the Greater Richmond Partnership;
- Savings of \$120K for Wyeth;
- Savings of \$300K for Clayco; and
- Unspent \$300K from the COVID Reserve

It is recommended that balances totaling \$962K for the Stone Grants, Greater Richmond Partnership, Wyeth, and Clayco be included in the encumbrance roll to FY2022.

**Fire & Emergency Services****Projected Budget Surplus: \$1M**

The Department of Fire & Emergency Services is projecting a \$672K surplus in personnel which is attributed to department vacancies. An operating savings of \$341K is projected due to an encumbrance roll request of \$335K for backordered firefighter gear and dive team equipment, pending promotional assessments, and pending annual firefighter physical invoices.

**City Sheriff****Projected Budget Surplus: \$1.7M**

The City Sheriff's Office is projecting a savings of \$690K in personnel that is attributed to department vacancies. Much of this savings, however, is offset by overtime. The department is projecting a surplus of \$995K in operating that is attributed to COVID reimbursements. Of this, however, \$476,809 is part of the encumbrance request to roll to FY22.

**Judiciary – Adult Drug Court****Projected Budget Surplus: \$45K**

Adult Drug Court is projecting a \$20K surplus in personnel which is attributed to department vacancies. An operating savings of \$25K is projected due to a decline in treatment services related to COVID-19 pandemic, reducing related expenses.

**Judiciary – Other****Projected Budget Surplus: \$23K**

Judiciary is projecting to have a surplus of \$23K which will be utilized for an encumbrance for specialized furniture for judges' chambers.

**Police Department****Projected Budget Shortfall: (\$652K)**

The Police Department is projecting a \$1.1M shortfall in personnel which is attributed primarily to overtime, though much of this overage is offset by resignations, vacancies, and retirements. An operating savings of \$420K is the result of fleet savings related to fuel and vehicle repair costs.