



# CITY OF RICHMOND

## INTRACITY CORRESPONDENCE

**TO:** Mayor Dwight C. Jones

The Honorable Kathy Graziano  
Chair of Finance and Economic Development Committee

The Honorable Members of City Council

Grant Neely, Chief of Staff, Office of the Mayor

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

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

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

**DATE:** May 16, 2016

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

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The Fiscal Year 2016 Third 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 March 31, 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 that at the third quarter the projected deficit has been reduced. However, we are still projecting a net deficit.

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 3/31/2016

<b>Projected Total FY2016 General Fund Revenue</b>	<b>696,200,866</b>
<i>Plus FY2015 Encumbrance Roll</i>	<i>7,788,553</i>
<b>Projected Total FY2016 General Fund Expenditures</b>	<b>708,176,689</b>
<b>Total: FY2016 Projected Budgetary Surplus/(Shortfall)</b>	<b>(4,187,270)</b>

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

**Sources**

	FY2016 Budget	FY2016 Amended Budget	FY2016 Collections as of 03/31/2016	FY2016 Year End Projection	Variance: Amended Budget vs. Preliminary Year End surplus(shortfall)	
<b>General Property Taxes</b>						
<b>Real Property Taxes</b>						
Current	230,681,016	230,681,016	96,801,211	232,291,917	1,610,901	100.70%
Delinquent Real Estate Tax	9,547,841	9,547,841	7,241,194	9,706,367	158,526	101.66%
<b>Subtotal: Real Property Taxes</b>	<b>240,228,857</b>	<b>240,228,857</b>	<b>104,042,405</b>	<b>241,998,284</b>	<b>1,769,427</b>	<b>100.74%</b>
<b>Personal Property Taxes</b>						
Personal Property Tax	29,857,971	29,857,973	3,897,952	31,642,566	1,784,593	105.98%
Personal Property Tax Relief	16,708,700	16,708,700	0	16,708,749	49	100.00%
Delinquent Personal Property Tax	11,547,375	11,547,376	4,711,353	6,164,163	(5,383,213)	53.38%
<b>Subtotal: Personal Property Tax</b>	<b>58,114,046</b>	<b>58,114,049</b>	<b>8,609,305</b>	<b>54,515,478</b>	<b>(3,598,571)</b>	<b>93.81%</b>
<b>Other Property Taxes</b>						
Machinery & Tools Tax	15,500,000	15,500,000	370,696	12,672,500	(2,827,500)	81.76%
Mobile Home Title Tax	6,050	6,050	1,797	9,995	3,945	165.21%
<b>Subtotal: Other Property Tax</b>	<b>15,506,050</b>	<b>15,506,050</b>	<b>372,493</b>	<b>12,682,495</b>	<b>(2,823,555)</b>	<b>81.79%</b>
<b>Total General Property Taxes</b>	<b>313,848,953</b>	<b>313,848,956</b>	<b>113,024,203</b>	<b>309,196,257</b>	<b>(4,652,699)</b>	<b>98.52%</b>
<b>Other Local Taxes</b>						
<b>Consumer Utility Taxes</b>						
Electric Consumer tax	12,325,598	12,325,598	6,385,777	12,480,277	154,679	101.25%
Gas Consumer Tax	4,600,000	4,600,000	0	4,595,743	(4,257)	99.91%
Utility Sales Tax Telephone	0	271,609	352,665	352,665	81,056	129.84%
Utility Pole & Conduit Tax	157,933	157,933	0	161,356	3,423	102.17%
<b>Subtotal: Consumer Utility Taxes</b>	<b>17,083,531</b>	<b>17,355,140</b>	<b>6,738,442</b>	<b>17,590,041</b>	<b>234,901</b>	<b>101.35%</b>
<b>Consumer Taxes</b>						
Local Sales & Use Tax	33,204,968	33,375,585	16,949,329	33,399,594	24,009	100.07%
Prepared Food (Meals) Tax	31,419,954	31,419,954	20,071,983	33,397,690	1,977,736	106.29%
Lodging (Hotel) Tax	7,070,496	7,070,496	4,688,506	7,265,543	195,047	102.76%
Admissions Tax	2,990,397	2,990,398	1,444,970	2,455,846	(534,552)	82.12%
Vehicle Rental Tax	960,634	960,634	497,183	1,079,804	119,170	112.41%
Short Term (1% Property) Rental Tax	147,588	147,588	41,711	95,887	(51,701)	64.97%
<b>Subtotal: Consumer Taxes</b>	<b>75,794,037</b>	<b>75,964,655</b>	<b>43,693,681</b>	<b>77,694,364</b>	<b>1,729,709</b>	<b>102.28%</b>
<b>State Distributed Local Taxes</b>						
Sales & Use Tax for Education	24,833,935	24,833,935	11,296,591	24,833,935	0	100.00%
Communications Tax	17,227,534	17,227,533	8,411,450	16,276,207	(951,326)	94.48%
Recordation Tax	801,368	801,368	441,772	1,208,683	407,315	150.83%
<b>Subtotal: State Dist. Local Taxes</b>	<b>42,862,837</b>	<b>42,862,836</b>	<b>20,149,813</b>	<b>42,318,825</b>	<b>(544,011)</b>	<b>98.73%</b>
<b>Business Taxes</b>						
Bank (Stock) Franchise Tax	8,454,227	8,454,227	189,020	9,011,594	557,367	106.59%
Telephone Commissions Tax	642,295	370,686	381,319	605,654	234,968	163.39%
<b>Subtotal: Business Taxes</b>	<b>9,096,522</b>	<b>8,824,913</b>	<b>570,339</b>	<b>9,617,248</b>	<b>792,335</b>	<b>108.98%</b>
<b>Other Taxes</b>						
Penalty & Interest on Delinquent Taxes	4,880,809	4,880,806	4,398,302	5,435,901	555,095	111.37%
<b>Subtotal: Other Taxes</b>	<b>4,880,809</b>	<b>4,880,806</b>	<b>4,398,302</b>	<b>5,435,901</b>	<b>555,095</b>	<b>111.37%</b>
<b>Total Taxes</b>	<b>463,566,689</b>	<b>463,737,306</b>	<b>188,574,780</b>	<b>461,852,636</b>	<b>(1,884,670)</b>	<b>99.59%</b>

## Sources

	FY2016 Budget	FY2016 Amended Budget	FY2016 Collections as of 03/31/2016	FY2016 Year End Projection	Variance: Amended Budget vs. Preliminary Year End surplus(shortfall)	
<b>Licenses, Permits &amp; Fees</b>						
Business License	34,154,693	34,154,691	25,078,442	32,239,266	(1,915,425)	94.39%
Vehicle License	3,989,495	3,989,495	877,878	3,947,422	(42,073)	98.95%
Parking Fees & Permits	0	0	35,073	0	0	
Utility Right-of-Way Fees	780,210	780,210	281,446	1,019,624	239,414	130.69%
Other Licenses, Permits & Fees	1,354,263	1,354,263	580,643	958,964	(395,299)	70.81%
<b>Total Licenses Permits &amp; Fees</b>	<b>40,278,661</b>	<b>40,278,659</b>	<b>26,853,483</b>	<b>38,165,276</b>	<b>(2,113,383)</b>	<b>94.75%</b>
<b>Intergovernmental Revenue</b>						
Federal Revenue	514,951	395,778	205	400,000	4,222	101.07%
State Payment for Social Services	41,997,067	42,100,922	30,056	43,092,931	992,009	102.36%
State House Bill 599	13,600,000	13,600,000	10,420,515	13,894,018	294,018	102.16%
Reimbursement for State Shared Expenses	19,053,921	17,614,740	8,255,059	20,636,052	3,021,312	117.15%
Street Maintenance	24,539,222	24,539,223	19,728,707	26,304,943	1,765,720	107.20%
State Block Grant	4,280,605	4,280,605	2,043,882	4,091,322	(189,283)	95.58%
State Payment in Lieu of Taxes (PILOT)	3,422,138	3,422,138	2,065,120	3,414,378	(7,760)	99.77%
All Other State Revenue	757,998	2,582,269	18,225,443	600,284	(1,981,985)	23.25%
<b>Total Intergovernmental Revenue</b>	<b>108,165,902</b>	<b>108,535,675</b>	<b>60,768,987</b>	<b>112,433,928</b>	<b>3,898,253</b>	<b>103.59%</b>
<b>Fines and Forfeits</b>						
Circuit Court Fines & Fees	4,172,973	4,206,120	3,139,554	5,506,114	1,299,994	130.91%
General District Court Fines & Fees	1,441,724	1,408,578	425,881	879,222	(529,356)	62.42%
Juvenile & Domestic Relations Court	5,461	5,461	2,177	5,722	261	104.78%
Parking Violations		0	1,197,980	0	0	0.00%
Overdue Book Fines	93,592	93,592	13,876	72,408	(21,184)	77.37%
<b>Total Fines &amp; Forfeits</b>	<b>5,713,750</b>	<b>5,713,751</b>	<b>4,779,467</b>	<b>6,463,466</b>	<b>749,715</b>	<b>113.12%</b>
<b>Utility Payments to the General Fund</b>						
Utility Payment in Lieu of Taxes	27,760,230	27,760,229	0	27,760,230	1	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	2,679,208	3,554,065	0	100.00%
Utility Dividend Payments	3,419,714	3,419,714	0	5,541,472	2,121,758	162.04%
<b>Total Utility Payments to the General Fund</b>	<b>35,304,009</b>	<b>35,304,008</b>	<b>2,679,208</b>	<b>37,425,767</b>	<b>2,121,759</b>	<b>106.01%</b>
<b>Charges for Goods &amp; Services</b>						
Building Service Charges	939,151	1,047,209	700,316	994,959	(52,250)	95.01%
Rental of Property	416,869	416,870	157,183	275,097	(141,773)	65.99%
Safety Related Charges	202,346	202,347	19,640	201,737	(610)	99.70%
Other Service Charges	2,000,889	1,905,816	258,847	1,612,159	(293,657)	84.59%
Refuse Collection Fees	11,933,793	12,028,867	6,121,060	12,227,138	198,271	101.65%
Commercial Dumping Fees	325,624	325,624	449	449	(325,175)	0.14%
Recycling Proceeds	1,650,723	1,650,723	790,439	1,574,820	(75,903)	95.40%
Inspection Fees	4,885,588	4,777,527	3,532,017	4,768,040	(9,487)	99.80%
Health Related Charges	47,488	47,488	67,178	92,958	45,470	195.75%
Other Sales	209,389	209,390	136,954	316,156	106,766	150.99%
Printing and Telecommunication Charges	510,275	339,656	237,319	362,502	22,846	106.73%
Risk Management	5,944,424	5,944,424	39,934	4,941,604	(1,002,820)	83.13%
<b>Total Charges for Goods &amp; Services</b>	<b>29,066,559</b>	<b>28,895,941</b>	<b>12,061,336</b>	<b>27,367,621</b>	<b>(1,528,320)</b>	<b>94.71%</b>

## Sources

	FY2016 Budget	FY2016 Amended Budget	FY2016 Collections as of 03/31/2016	FY2016 Year End Projection	Variance: Amended Budget vs. Preliminary Year End surplus(shortfall)	
<b>Other General Fund Revenue &amp; Resources</b>						
Administrative Payments	1,754,478	2,875,223	586,487	3,256,424	381,201	113.26%
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	8,839,692	7,751,950	8,882,333	42,641	100.48%
<b>Total Other General Fund Revenue</b>	<b>7,165,364</b>	<b>12,068,331</b>	<b>8,338,437</b>	<b>12,492,173</b>	<b>423,842</b>	<b>103.51%</b>
<b>Subtotal General Fund Revenue</b>						
	<b>689,260,934</b>	<b>694,533,671</b>	<b>304,055,697</b>	<b>696,200,866</b>	<b>1,667,195</b>	<b>100.24%</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>694,533,671</b>	<b>304,055,697</b>	<b>696,200,866</b>	<b>1,667,195</b>	<b>100.24%</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>702,322,224</b>	<b>304,055,697</b>	<b>703,989,419</b>	<b>1,667,195</b>	<b>100.24%</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

Agency	FY 2016 Adopted Budget	FY 2016 Current Budget	Expenditures through March 31st	FY 2016 Year- End Projection	Variance: Current vs Projection surplus/(shortfall)	
<b>Culture &amp; Recreation</b>						
Library	5,732,713	5,755,953	3,729,403	5,597,189	158,764	97.2%
Parks Rec	16,334,467	16,489,444	10,022,626	16,470,467	18,977	99.9%
<b>Debt</b>						
Debt	61,399,750	61,176,421	59,163,458	59,000,250	2,176,171	96.4%
<b>Education</b>						
RPS	170,833,592	170,833,592	85,416,796	170,833,592	-	100.0%
<b>General Government</b>						
Assessor	3,038,863	3,085,868	2,064,193	2,955,384	130,484	95.8%
Auditor	1,673,890	1,919,731	1,023,691	2,031,965	(112,234)	105.8%
Budget	1,260,775	1,282,474	903,455	1,268,885	13,589	98.9%
Chief Admin Officer	1,294,391	1,318,589	889,344	1,258,246	60,343	95.4%
City Attorney	2,739,943	2,856,107	1,789,071	2,630,445	225,662	92.1%
City Clerk	926,711	959,487	541,884	887,453	72,034	92.5%
City Council	1,325,096	1,341,347	863,078	1,284,592	56,755	95.8%
City Treasurer	184,507	187,129	122,991	178,018	9,111	95.1%
Council Chief of Staff	1,155,089	1,177,737	819,010	1,151,828	25,909	97.8%
Econ & Comm Dev	5,118,237	5,193,866	2,902,464	5,165,689	28,177	99.5%
Finance	22,151,953	22,288,877	17,897,447	22,538,135	(249,258)	101.1%
General Registrar	2,170,483	2,180,893	1,032,242	2,166,064	14,829	99.3%
Human Resources	2,858,061	2,929,457	1,988,277	2,847,876	81,581	97.2%
Info Tech	17,985,820	19,277,259	13,960,051	19,483,975	(206,716)	101.1%
Mayor's Office	970,793	986,408	728,962	986,394	14	100.0%
Minority Business Development	571,433	579,067	417,416	577,238	1,829	99.7%
Planning & Dev Review	9,453,732	10,479,909	6,958,665	10,399,856	80,053	99.2%
Press Secretary	516,120	537,455	351,124	522,139	15,316	97.2%
Procurement Serv.	1,146,608	1,166,461	860,299	1,147,877	18,584	98.4%
<b>Highways, Streets, Sanitation &amp; Refuse</b>						
Public Works	58,140,890	59,788,116	36,350,284	61,916,390	(2,128,274)	103.6%
<b>Human Services</b>						
Justice Services	8,814,093	8,896,467	6,272,499	9,055,933	(159,466)	101.8%
Office of DCAO/HS	2,178,841	1,927,315	1,189,523	1,844,501	82,814	95.7%
RCHI - Health	3,781,490	3,781,490	2,756,913	3,781,490	-	100.0%
Social Services	54,887,391	55,197,189	30,675,944	55,139,202	57,987	99.9%
Office of Community Wealth Building	-	1,317,436	734,485	1,312,504	4,932	99.6%
<b>Non-Departmental</b>						
Non-Dept	50,755,465	56,174,301	38,559,549	56,989,558	(815,257)	101.5%
<b>Public Safety &amp; Judiciary</b>						
Animal Control	1,580,169	1,599,385	1,150,088	1,609,208	(9,823)	100.6%
Emergency Communications	4,105,961	4,183,908	3,010,319	4,246,054	(62,146)	101.5%
Fire & Emer Svcs	44,067,952	44,672,244	32,124,609	46,466,591	(1,794,346)	104.0%
J & DR Court	236,325	242,638	121,993	232,629	10,009	95.9%
13th District Court Services Unit	225,036	226,350	99,087	225,148	1,202	99.5%
Jail/Sheriff	34,190,271	34,512,489	26,404,624	36,959,560	(2,447,071)	107.1%
Judiciary - Adult Drug Ct	589,785	597,175	426,652	555,211	41,964	93.0%
Judiciary - Cir Ct	3,770,679	3,784,378	2,627,862	3,766,711	17,667	99.5%
Judiciary - CW Atty	5,934,896	5,992,609	4,134,796	5,923,458	69,151	98.8%
Judiciary - Other	299,109	337,114	140,488	329,220	7,894	97.7%
Police	84,859,553	85,088,088	60,855,931	86,439,764	(1,351,676)	101.6%
<b>Grand Total</b>	<b>689,260,933</b>	<b>702,322,224</b>	<b>462,081,591</b>	<b>708,176,689</b>	<b>(5,854,465)</b>	<b>100.8%</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 Third 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 \$1.6 million or 0.24%. **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.

### **Real Estate Projected Revenue Surplus: \$1.6m**

Real Estate tax has a projected surplus of \$1.6 million based on increased assessments provided by the City Assessor's Office.

### **Personal Property Tax Projected Revenue Surplus: \$1.8 million**

This revenue source is projected to generate \$31m 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. Lower revenues are projected in FY2016, due to the depreciation of the existing personal property tax base.

### **Delinquent Personal Property Tax Projected Revenue Shortfall: \$5.4 million**

Average collections over the last six years have been \$5.6m, with \$8.8m raised in FY2015. Increased collection efforts spiked this revenue source in FY2015. Projections show this source returning back towards the mean, with FY2016 projections coming in around \$6.2 million. Lower staffing levels in the Department of Finance have greatly impacted this source.

### **Machinery & Tools Tax Projected Revenue Shortfall: \$2.8 million**

Machinery & Tools Tax has a projected revenue shortfall. Revenue was under the budgeted amount for FY2013 and FY2014 and FY2015. In FY2013 it declined to \$15,001,324 and in FY2014 fell again to \$13,607,934. Preliminary (unaudited) FY2015 revenues again show this category to come in under budget, with \$12.8m being collected. The projection for FY2016 is estimated to be aligned to FY2015 revenues with a projection of \$12.6 million. The existing capital base continues to depreciate, however in future years this source should increase with Stone Brewery and other manufacturers investing in new Machinery & Tools.

### **Mobile Home Title Tax Projected Revenue Surplus: \$4k**

The Mobile Home Title Tax is expected to have a revenue surplus of \$4k. This revenue source generated \$9k in FY2015. This payment comes from the State every quarter, and based on current payments and projections for FY2016, revenue for this source will remain relatively stable in FY2016 at \$10k.

### **Prepared Food Tax Projected Revenue Surplus: \$2.0m**

Prepared Food Tax has a projected revenue surplus. Preliminary FY2015 revenues show a collection of \$31.7m. This upward trend is expected to continue in FY2016, with projected revenues expected to be \$33.4m.

**Admissions Tax****Projected Revenue Shortfall: \$500k**

Admissions Tax has a projected revenue shortfall. Actual revenues in FY2014 were \$2.9m. Preliminary FY2015 revenue figures show a decrease in revenue to \$2.3 million. In FY2016, projections show this revenue source remaining relatively stable at \$2.5m. However, the budgeted amount of \$2.9m is not expected to be realized, resulting in this shortfall.

**Vehicle Rental Tax****Projected Revenue Surplus: \$119k**

Vehicle Rental Tax is projected to be \$1.1m in FY2016. In FY2014, this source realized \$856K, and preliminary FY2015 revenues show collections of \$937k. Based on increased vehicle rentals in the City, this revenue source is trending to show a moderate increase in FY2016.

**Short-Term (1% Property) Rental Tax****Projected Revenue Shortfall: \$52k**

Short-Term Rental tax is projected to have a revenue shortfall of \$52k. This revenue is generated from businesses paying taxes on revenue made from renting their property (e.g., video stores renting DVD's). In FY2015, the estimated revenue is projected to decrease to \$82k. The rise of streaming media, for example, has resulted in lower revenue for the City since it is not taxed in the city. This lower collection is expected to continue in FY2016, with projected revenue expected to be \$95,887.

**Communications Tax****Projected Revenue Shortfall: \$951k**

This source of revenue has been on a downward trend over the last few years. FY2015 actuals are estimated to be \$16.7m. This payment is received monthly from the State based on taxable services including but not limited to: Landline and wireless telephone services, Cable Television, and Teleconferencing. Based on the payments from the State for this source, it is estimated that this revenue will be projected to bring in \$16.2m in FY2016, which is \$951k lower than the budgeted amount of \$17.2m. We are working with the Department of Taxation to understand the declining revenue.

**Recordation Tax****Projected Revenue Surplus: \$407k**

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. Without this extra payment, this source would be expected to generate just over \$900k in FY2016.

**Bank Stock (Franchise Tax)****Projected Revenue Surplus: \$557k**

This revenue source is projected to bring in \$9m in FY2016. As a result of a recent merger of banks, the amount of capital in the City increased significantly. This resulted in a larger tax base for this revenue source, generating upwards of \$2m, from the second quarter, in revenue for the City.

**Telephone Commissions Tax****Projected Revenue Surplus: \$235k**

In FY2014 and FY2015 this revenue source generated \$523k and \$538k respectively. This source has been relatively stable, and in FY2016 will see a slight uptick in revenue. This revenue is primarily paid by the Sheriff's Office from Telephone Services charged to residents of the Justice Center. Based on monthly payments in FY2016, it is expected that this revenue source will generate \$606k. However, in future years this revenue source is expected to decline due to recent FCC rulings affecting the charges for such services.



**Penalty & Interest on Delinquent Taxes**

**Projected Revenue Surplus: \$556k**

Year-to-date figures have been trending higher compared to prior fiscal years, and with better collections, the projected revenue for FY2016 will be \$5.6m, resulting in a \$556k surplus compared to the Budget.

**Business License**

**Projected Revenue Shortfall: \$1.9m**

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. Audits of business license issuance as well as a review of the City's business inventory will result in relatively flat revenue for FY2016 compared to FY2015.

**Utility Right-of-Way Fees**

**Projected Revenue Surplus: \$239k**

In FY2014 and FY2015 this revenue source generated \$1.25m and \$1.02m respectively. This source has been relatively stable, and in FY2016 will see revenues trending at FY2015 levels. This revenue is primarily paid by Telecommunication companies paying for lines held in Richmond's Right-of-Ways. Based on prior year revenues, and with fees for the current year remaining flat by VDOT, there is not expected to be any major swing in the revenue source.

**Other Licenses, Permits, and Fees**

**Projected Revenue Shortfall: \$395k**

FY2016 projected revenue is at \$959k, which is lower than the adopted revenue of \$1.35m. To date, several accounts have not brought in the anticipated revenue, which accounts for this shortfall. However, the year-end projection is in line with preliminary FY2015 actuals of \$970k.

**Social Services State Revenue**

**Projected Revenue Surplus: \$992k**

Social Services State Revenue has a projected revenue surplus of \$992k due to higher than projected reimbursement payments to the city based on Social Services reimbursements from the State.

**State House Bill 599**

**Projected Revenue Surplus: \$294k**

This revenue source is paid quarterly by the State. Based on the three equal quarterly payments issued by the State, projected FY2016 revenue is \$13.9m which is \$294,020 over the budgeted amount for this source.

**Reimbursement for State Shared Expenses**

**Projected Revenue Surplus: \$3.0m**

Revenue for this source is projected to be \$20.6m. Compared to the budget, this shows a surplus of \$3.0m. However, it is important to note that this is not the true surplus, but is due to how one of the budgeted accounts has been classified. An account holding the remaining budget is classed under All Other State Revenue. Therefore, this category is showing a budget lower than what is the case, and All Other State Revenue is showing a budget higher than what is the case. The overall budget has not changed, but what has changed is how it is classified. Once this budget is reclassified, the projection vs budget will be more aligned.

**Street Maintenance**

**Projected Revenue Surplus: \$1.7m**

Based on payments made by the State and in talking to the Department of Public Works, projected revenue for this source is expected to be \$26.3m which is \$1.7m more than the budgeted amount.

**State Block Grant****Projected Revenue Shortfall: \$200k**

The revenue for this source is dependent on the inmate populations which have been declining from discussions with the Sheriff's Office. This source has been relatively stable in FY2016 based on payments from the State, but is trending lower than FY2015 and continuing a decline from FY2014. Adult Confinement is projected to bring in \$2.5m, whilst Juvenile Confinement is projected to bring in \$1.6m.

**All Other State Revenue****Projected Revenue Shortfall: \$2.0m**

As stated in the Reimbursement for State Shared Expenses section, this shortfall is due to the classification of accounts. Once the budget account is reclassified to the aforementioned category, the shortfall will no longer exist, aligning the budget to projection for this category.

**Circuit Court Fines & Fees****Projected Revenue Surplus: \$1.3m**

Circuit Court Fines & Fees is projected to have a surplus of \$1.3m in FY2016. As with the Recordation Tax, a payment made in the accrual period was not booked in FY2015, and will therefore remain in FY2016 resulting in higher than normal revenue. This however is only a partial reason for the revenue increase. Compared to FY2015 Fines & Fees in general are higher, with handgun permit fees also trending higher. With the expected correction of the accrual issue in FY2017, this revenue source should decrease from this artificial high.

**General District Court Fines & Fees****Projected Revenue Shortfall: \$529k**

General District Court Fines & Fees is projected to have a shortfall of \$529k. This is primarily being driven by the Traffic Court and Fees line item. At the end of the third quarter, collections from this revenue source were down 55%. We are working with the applicable court and the Department of Finance to investigate this issue.

**Overdue Book Fines****Projected Revenue Shortfall: \$21k**

FY2016 projections for overdue book fines are \$72k. This is based on monthly payment receipts provided by the Library, and forecasting using existing trends.

**Utility Dividend Payments****Projected Revenue Surplus: \$2.1m**

Based on discussions with the Department of Public Utilities, FY2016 projected revenue for Utility Dividend Payments will be \$2.1m over the adopted budget, bringing estimated revenue for this source to \$5.5m.

**Building Service Charges****Projected Revenue Shortfall: \$52k**

Building Service Charges are projected to be \$995k in FY2016, lower than FY2014 and FY2015 revenues of \$1.1m in each year. Lower revenues from Lot Clearance Demolition fees, Elevator Installation Fees, and Misc. Plan and Permit Fees are driving this source down with Lot Clearance Fees down by \$100k compared to FY2015.

**Rental of Property****Projected Revenue Shortfall: \$142k**

FY2016 projected revenue will be \$275k. This revenue source has declined from FY2014 and FY2015 levels, with rentals attributable to the Department of Economic and Community Development behind this decrease. We are working with this department, and the department of Finance to investigate this issue.

**Other Service Charges**

**Projected Revenue Shortfall: \$293k**

Other Service Charges are projected to bring in \$1.6m in FY2016, compared to the budget for FY2016 of \$1.9m. Revenue sources which were expected to increase in FY2016 are not predicted to materialize, and collections in FY2016 are in line with historical collections for this revenue source.

**Commercial Dumping Fees**

**Projected Revenue Shortfall: \$325k**

Commercial Dumping Fees has a projected revenue shortfall of \$325k. This revenue source is generated when businesses as well as the Department of Public Utilities pay for permits and fees for disposal of inert solid waste. The projected revenue shortfall is due to businesses using the inert solid waste site at a lower frequency.

**Health Related Charges**

**Projected Revenue Surplus: \$45k**

Health Related Charges are projected to generate \$93k in revenue in FY2016. This is higher than the budgeted amount of \$47,488 and in line with historical and current collections for this revenue source.

**Other Sales**

**Projected Revenue Surplus: \$107k**

This revenue source will end the year with a projected surplus of \$107k. Revenue from both sales of City documents, and Salvage sales have been higher than budgeted and previously forecast. Salvage sales in particular can fluctuate wildly from year to year and in this year sales are already over 50% higher than FY2015 resulting in the FY2016 projected surplus.

**Printing and Telecommunication Charges**

**Projected Revenue Surplus: \$23k**

Printing and Telecommunication Charges are expected to exceed the budgeted amount by \$23k, but will come in lower than FY2015 actuals. Revenue generated by DIT has decreased this year due a slowdown in sales by the print shop from external customers. However, this is expected to pick up again in FY2017.

**Risk Management**

**Projected Revenue Shortfall: \$1m**

Risk Management revenue is expected to be \$4.9m, lower than the budgeted amount of \$5.9m due to lower than anticipated revenues. The majority of this revenue is from the Department of Public Utilities who are expected to pay approximately \$4.7m in FY2016. Other revenue recoveries account for approximately \$200k in FY2016.

**Administrative Payments**

**Projected Revenue Surplus: \$381k**

Administrative Payments to the General Fund will have a revenue surplus of \$381k with total projected revenues of \$3.25m. The surplus is due to higher than budgeted revenues for the Sheriff's Office Reimbursement for Administrative Costs, and Richmond Retirement System reimbursements.

## **FY2016 Third Quarter Expenditure Projections**

Overall, the third quarter forecast shows projected expenditures to exceed the current budget by \$6,454,465 or 0.9%.

**It is important to note that these projections are based on data collected for FY16 as of March 31, 2016. As a result, these projections could change as more data becomes available at year end closing. 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: \$2.2m**

Savings is attributed to the lower usage and lower interest rates on the Line of Credit (approximately \$700,000 in savings) plus the reimbursement of interest costs on the jail project from the State was higher than anticipated. When applied toward jail interest in 2016 it will save the general fund about \$1,400,000.

### **Assessor Projected Budget Surplus: \$130k**

Savings of \$130k is primarily attributed to vacancy savings of \$122k. Minor operating savings of \$8k is due to continued efficiencies in the department.

### **Auditor Projected Budget Shortfall: \$112k**

A deficit of \$112k is attributed to the department prospectively filling two vacant positions and contractual obligations associated with single audit work for the FY2014 CAFR.

### **Chief Administrative Officer Projected Budget Surplus: \$60k**

Savings of \$60k is associated with the Department curtailing spending during the third and fourth quarters of the fiscal year.

### **City Attorney Projected Budget Surplus: \$226k**

The City Attorney's Office is projected to have a surplus of \$226k that is primarily associated with departmental vacancies.

### **City Clerk Projected Budget Surplus: \$72k**

Projected savings of \$72k includes \$30k associated with personnel savings resulting from an early retirement of an employee (the agency has decided to not fill the position). Operating savings of \$42k are projected across several department functions, including, but not limited to advertising and security services.

### **City Council Projected Budget Surplus: \$57k**

Savings of \$57k is associated with the Department curtailing operating spending during the third and fourth quarters of the fiscal year.

### **Treasurer Projected Budget Surplus: \$9k**

Savings of \$9k is associated with a department vacancy.

**Public Works****Projected Budget Shortfall: \$2.1m**

The Public Works Department is projected to have a surplus of \$358k in personnel that is primarily due to vacancy and healthcare savings. The Department is projected to have a shortfall of \$2.5m in operating that is attributed to: increased contractual obligations for the citywide recycling program implemented in FY16, increased janitorial costs, additional expenditures associated with the UCI event, and operating expenditures associated with the recent snowstorms – to include covering prior year deficits in the winter storm special fund. Acting as a partial offset are favorable utilities and fleet expenditures which are primarily the result of lower than anticipated fuel and depreciation costs.

**Office of the DCAO for Human Services****Projected Budget Surplus: \$83k**

Savings of \$83k is primarily attributed to departmental vacancies.

**Non Departmental****Projected Budget Shortfall: \$815k**

The shortfall in Non Departmental is due to a projected deficit of approximately \$218k in personnel, attributed to anticipated overages in retiree healthcare costs, and an approximately \$597k deficit in operating. The operating deficit is the result of additional expenses related to the Greater Richmond Convention Center – associated with a corresponding increase in lodging tax revenues. Additional operating savings relating to entities not being able to meet their contractual obligations partially offsets the increase for the Convention Center.

**Fire & Emergency Services****Projected Budget Shortfall: \$1.8m**

The Department of Fire and Emergency Services is projected to have a shortfall in personnel of approximately \$2m that is primarily the result of overtime spending. The Department maintains a minimum staffing of 102 firefighters. The Department implemented overtime to cover unplanned absences in order to maintain full operational staffing. Additionally, there were personnel changes relating to fire fighter promotions based upon meeting the criteria associated with the Career Development Program and implementing a twenty-four person recruit class to fulfill current vacancies and upcoming vacancies during FY2016. Minor operating savings of \$240k is projected and is associated with procurement related delays that may push some operating purchases into the next fiscal year.

**Juvenile and Domestic Relations Court****Projected Budget Surplus: \$10k**

Savings of \$10k is associated with the Department curtailing spending during the third and fourth quarters of the fiscal year.

**Jail/Sheriff****Projected Budget Shortfall: \$2.4m**

The shortfall of \$2.4M in the Sheriff's Office is due to increased (and somewhat unpredictable) inmate medical costs and prescription/drugs contractual costs. Additionally, personnel is projected to be over budget due to filling vacant positions that were not fully funded.

**Judiciary – Adult Drug Court****Projected Budget Surplus: \$42k**

Savings of \$42k is associated with a department vacancy.

**Police****Projected Budget Shortfall: \$1.4m**

A shortfall of \$1.8m in the Police department is due to the department filling vacant positions that were not fully funded and utilizing overtime to backfill vacant positions, for special event, holidays, etc. Minor

operating savings of \$419k is projected and is the result of not fully executing a lease for a new property and evidence facility as well as fuel savings.