



# CITY OF RICHMOND

## INTRACITY CORRESPONDENCE

**TO:** The Honorable Mayor Levar M. Stoney  
  
The Honorable Michael Jones  
Chair of the Finance and Economic Development Committee  
  
The Honorable Members of City Council  
  
Lincoln Saunders, Chief of Staff, Office of the Mayor

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

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

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

**DATE:** August 15, 2019

**RE:** Fiscal Year 2019 Fourth Quarter Revenue & Expenditure Projection Report

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The Fiscal Year 2019 Fourth Quarter Revenue and Expenditure Projection Report is provided to the Finance and Economic Development Committee to describe the City's Fiscal Year 2019 year-to-date financial performance. The report includes revenues and expenditures up-to-date through June 30, 2019 – utilizing twelve (12) months of data, depending on the timing of accruals.

A brief overview of the projected FY2019 general fund revenues and expenditures is provided below. Details, as well as a write up of major variances, are provided further within the report.

### **General Fund Revenues**

General Fund revenues are currently forecast to be above budget with a preliminary projected surplus of \$8,833,795. Several sources of revenue are projected to be above budget while others are projected to come in below budget. Keep in mind that although the fiscal year ended on June 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 revenue figures to be presented within the City's Comprehensive Annual Financial Report (CAFR).

A surplus is projected in the following major revenue sources: Machinery & Tools Taxes, Personal Property Taxes – Current, Real Property Taxes – Current and Delinquent, Business License Taxes, Local Sales Taxes, Lodging Taxes, Permits and Other Licenses, and Miscellaneous. All projected surpluses indicate a healthy, local economy – both in sales, lodging, housing assessments (real estate collections), investment in construction (permits and other licenses) and again indicates the fine efforts taken by Finance staff to collect taxes owed the City.

A shortfall is projected in the following revenue sources: Penalties and Interest – Penalties, Personal Property - Delinquent Taxes, Motor Vehicle Licenses, Communication Sales and Use Taxes, revenues associated with reimbursements for Social Services related expenditures, and the Transfers-In category.

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

### **General Fund Expenditures**

General Fund expenditures are trending in a positive direction, with a preliminary, projected savings of \$6,593,661 which is net of a preliminary encumbrance roll of \$4,157,237 and \$8,866,214 in anticipated savings in the expense account for payment of the debt associated with the construction of three new schools. Both preliminary amounts will be earmarked within the committed/assigned portion of the City's fund balance, respectively, which are separate reserves from the City's unassigned fund balance.

The citywide projections include a projected personnel surplus of an estimated \$1.5M, which represents a very minor surplus of approximately 0.53% of the total personnel budget for the City.

A projected operating surplus of \$18.1M, a portion of which is tied to departments' requests to roll encumbrances from FY19 into FY20 (an estimated \$4,157,237), is attributed to anticipated savings within Non-Departmental, specifically for unspent funds earmarked from the 1.5% increase in meals tax (an estimated \$8,866,214), to be used for the payoff of debt associated with new school construction. Both projected savings amounts will be earmarked within the City's committed/assigned portions of the fund balance which are both separate from the City's unassigned fund balance. Additionally, operating savings can be attributed to departmental staff engaging in practices that promote operational efficiencies, implementing best practices (designed to save rather than exhaust additional tax payer dollars), etc. An example of a best financial management practice, contributing to the surplus, is debt service savings resulting from reduced borrowing costs (interest rates) directly tied to the City's favorable credit ratings. Additional operating savings are associated with departments not projected to fully expend their operating budgets.

## Summary of FY2019 Projected Balances as of 6/30/2019

It is important to note that it is the Administration's intent to review and recommend commitments/assignments in the FY2019 fund balance, based on available fund balances, after all fund balance policy requirements have been met.

\*Note, the 4<sup>th</sup> quarter report projects that the City will exceed the budget for the 1.5% increase in the meals tax. The original, adopted budget was set at \$9,113,276 and was modified upwards as part of the 3<sup>rd</sup> quarter re-appropriation paper to \$9,249,975. The 4<sup>th</sup> quarter projections estimate that the City will generate an estimated \$9,285,235 in meals tax revenue that is associated with the 1.5% increase. The City's collection of the 1.5% increase in meals tax will continue to be allocated towards the pay-off of the construction of three new schools. As of June 30<sup>th</sup>, an estimated \$8,901,474 has not been spent towards this pay-off. This amount includes approximately \$8,866,214 that is not projected to be spent as well as an additional \$35,260 in revenue that is projected to come in above the revenue budget. The estimated amounts combined will be moved to a special reserve, within the City's committed/assigned fund balance, specifically for the pay-off of the debt associated with the construction of three new schools. Both amounts are not calculated as part of the City's general fund net surplus.

\*\*Note, Ordinance 2018-057, which adopted the FY2019 General Fund budget, directed the Finance Director to credit all revenue from delinquent real estate taxes collected or received in excess of \$10,340,235 (the adopted budget for delinquent real estate taxes), as presented in the budget submitted by the Mayor, to the "Delinquent Tax Sales" special fund of the Office of the City Attorney for the purpose of offsetting any deficit in that special fund. The 4<sup>th</sup> quarter report projects a surplus of \$2.5M in delinquent real estate taxes. The Finance Department has estimated, at 6/30/2019, that there is a deficit of \$117,041 in the City Attorney's Delinquent Tax Sales special fund. As a result, \$117,041 is planned to be booked as a committed/assigned fund balance to offset this special fund deficit and is not be calculated as part of the City's general fund net surplus.

\*\*\*Note, Richmond retirees last received a COLA in 2008. This was 11 years ago. Prior to the calculation of the FY2019 general fund surplus, as outlined in City Code Section 12-251(a)(1), the City Administration recommends that \$6,200,000 be committed/assigned to provide a one-time, 1% Cost of Living Adjustment (COLA) for City retirees, and \$1,000,000 be committed/assigned for the reduction of the unfunded liability of the Richmond Retirement System (RRS). In a May 6, 2019 presentation to City Council's Organizational Development Committee, the Executive Director of RRS indicated that each percent of a one-time ad hoc COLA would increase RRS liabilities by approximately \$6.2 million, and RRS Board decisions made as a result of the Experience Study would increase the unfunded liability of the system as of 7/1/19 by approximately \$62 million. In the January 28, 2019 Five Year Forecast presentation to City Council, a 1% COLA was included in the projections, but due to a lack of resources, it ultimately wasn't included in the FY2020 Proposed or Adopted budget.

\*\*\*\*Note, Prior to the calculation of the FY2019 general fund surplus, as outlined in City Code 12-251(a)(1), the City Administration recommends that \$962,558 be committed/assigned to provide a one-time, increase to the following capital projects:

- \$500,000 for Community Center Enhancements,
- \$282,558 for Tredegar/Brown’s Island Accessibility Project, and
- \$180,000 for Universal Access

The above projects were reduced as part of the FY2020 CIP budget process. Restoration of these funds will help ensure that there is more funding to address needed improvements to community facilities throughout the City as well as provide much needed ADA access to the City’s river and riverfront.

It is also important to note that the City, via the 3<sup>rd</sup> quarter re-appropriation paper, budgeted to utilize approximately \$1.6M from the City’s Budget and Revenue Stabilization Contingency Reserve Fund, to meet projected obligations. The City is not projected to utilize funds from this reserve, due to a projected increase in revenue collections, supplemented by lower than projected expenditures at the fourth quarter.

A summary of the Fourth Quarter 2019 report is provided below. Details of the report as well as a write up of variances are provided on the next several pages.

<b>Summary of FY2019 Projected Balances as of 6/30/2019</b>	
<b>Projected Total FY2019 General Fund Revenue</b>	<b>739,270,328</b>
<i>Plus FY2018 Encumbrance Roll</i>	5,432,399
<i>*Less Projected Surplus Revenue from 1.5% Meals Tax – (Excess above budget) – To be committed/assigned to special reserve fund</i>	(35,260)
<i>**Less Projected Surplus Delinquent Real Estate Tax Revenue – (Per Ordinance No. 2018-057) – To be committed/assigned to cover projected deficit within City Attorney’s Office “Delinquent Tax Sales” special fund</i>	(117,041)
<b>Projected Total FY2019 General Fund Expenditures</b>	<b>716,251,818</b>
<i>Less Preliminary Estimated FY2019 Rolled Encumbrances to FY2020</i>	(4,157,237)
<i>*Less Preliminary Estimated 1.5% (Unspent) Meals Tax – To be committed/assigned to special reserve fund</i>	(8,866,214)
<i>***Less potential commitment/assignment for 1% COLA for City retirees</i>	(6,200,000)
<i>***Less potential commitment/assignment for reduction in the unfunded RRS liability</i>	(1,000,000)
<i>****Less potential commitment/assignment for restoration of CIP funding for Community Center enhancements and ADA river/riverfront access</i>	(962,558)
<b>FY2019 Projected Budgetary Surplus/(Shortfall)</b>	<b>\$7,112,599</b>

Note very minor discrepancies may exist due to rounding

**City of Richmond  
Finance & Administration Portfolio  
FY2019 Fourth Quarter Report**

**Sources**

	FY2019 Budget	FY2019 Amended Budget	FY2019 Collections as of 6/30/2019	FY2019 4th Quarter Projection	Variance: Amended Budget vs. Preliminary Year End surplus (shortfall)	
<b>Revenue from Local Sources</b>						
<b>General Property Taxes</b>						
Machinery & Tools Taxes	13,253,366	13,253,366	14,928,191	14,911,636	1,658,270	113%
Penalties and Interest- Interest	2,654,921	2,654,921	2,984,386	3,103,509	448,588	117%
Penalties and Interest- Penalty	3,691,547	3,691,547	2,589,308	2,708,402	(983,145)	73%
Personal Property Taxes- Current	33,214,880	33,519,880	36,157,888	36,854,438	3,334,558	110%
Personal Property Taxes- Delinquent	9,818,555	9,823,555	5,823,743	5,823,743	(3,999,812)	59%
Real and Personal Public Service Corporation Property Taxes- Personal Property Current	9,374,856	9,374,856	9,049,824	9,311,482	(63,374)	99%
Real and Personal Public Service Corporation Property Taxes- Personal Property Delinquent	905,899	905,899	689,811	689,811	(216,088)	76%
Real and Personal Public Service Corporation Property Taxes- Real Property Current	1,995,564	1,995,564	1,840,979	2,166,397	170,833	109%
Real Property Taxes- Current	261,699,765	263,639,712	266,829,408	270,422,233	6,782,521	103%
Real Property Taxes- Delinquent	10,340,235	10,340,235	12,864,927	12,889,862	2,549,627	125%
<b>Total General Property Taxes</b>	<b>346,949,588</b>	<b>349,199,535</b>	<b>353,758,464</b>	<b>358,881,513</b>	<b>9,681,978</b>	<b>103%</b>
<b>Other Local Taxes</b>						
Admission Taxes	3,360,273	3,360,273	2,583,906	3,016,047	(344,226)	90%
Bank Stock Taxes	8,381,729	8,381,729	8,812,736	8,812,736	431,007	105%
Business Licenses Taxes	34,915,311	34,915,311	35,611,439	35,958,527	1,043,216	103%
Consumer Utility Taxes	17,973,304	17,973,304	15,512,565	18,095,921	122,617	101%
Local Sales & Use Tax	35,150,480	35,150,480	30,394,735	36,873,005	1,722,525	105%
Motor Vehicle Licenses	7,836,450	7,836,450	6,484,846	6,633,205	(1,203,245)	85%
Other Local Taxes	626,756	626,756	340,601	370,907	(255,849)	59%
Prepared Food Taxes	36,453,104	36,316,405	33,331,678	36,454,838	138,433	100%
Prepared Food Taxes - School Facilities	9,113,276	9,249,975	8,489,750	9,285,235	35,260	100%
Short-Term Rental Tax	122,418	122,418	132,513	160,682	38,264	131%
Transient Lodging Taxes	8,528,415	8,528,415	8,186,263	9,764,089	1,235,674	114%
<b>Total Other Local Taxes</b>	<b>162,461,515</b>	<b>162,461,515</b>	<b>149,881,032</b>	<b>165,425,193</b>	<b>2,963,677</b>	<b>102%</b>
<b>Permits, Privilege Fees, and Regulatory Licenses</b>						
Animal Licenses	-	-	-	-	-	-
Permits and Other Licenses	8,705,255	8,705,254	9,751,923	10,746,201	2,040,947	123%
<b>Total Permits, Privilege Fees, and Regulatory Licenses</b>	<b>8,705,255</b>	<b>8,705,254</b>	<b>9,751,923</b>	<b>10,746,201</b>	<b>2,040,947</b>	<b>123%</b>
<b>Fines &amp; Forfeitures</b>						
Fines & Forfeitures	-	-	6,347	4,662	4,662	-
<b>Total Fines &amp; Forfeitures</b>	<b>-</b>	<b>-</b>	<b>6,347</b>	<b>4,662</b>	<b>4,662</b>	<b>0%</b>
<b>Revenue from Use of Money and Property</b>						
Revenue from Use of Money	5,407,204	5,407,204	257,200	5,430,236	23,032	100%
Revenue from Use of Property	239,300	239,300	343,640	372,744	133,444	156%
<b>Total Revenue from Use of Money and Property</b>	<b>5,646,504</b>	<b>5,646,504</b>	<b>600,840</b>	<b>5,802,980</b>	<b>156,476</b>	<b>103%</b>
<b>Charges for Services</b>						
Charges for Finance	785,482	785,482	627,601	627,716	(157,766)	80%
Charges for Fire and Rescue Services	87,000	87,000	136,282	138,201	51,201	159%
Charges for Information Technology	16,500	16,500	15,860	16,006	(494)	97%
Charges for Law Enforcement and Traffic Control	148,000	148,000	147,660	150,747	2,747	102%
Charges for Library	67,700	67,700	61,022	63,820	(3,880)	94%
Charges for Maintenance of Highways, Streets, Bridges, and Sidewalks	-	-	-	-	-	-
Charges for Other Protection	125,000	125,000	131,877	125,000	-	100%
Charges for Parks and Recreation	88,530	88,530	69,181	83,373	(5,157)	94%
Charges for Planning and Community Development	70,000	70,000	50,930	50,640	(19,360)	72%
Charges for Sanitation and Waste Removal	18,083,812	18,083,812	15,670,634	18,289,705	205,893	101%
Court Costs	6,469,685	6,469,685	6,763,471	6,523,644	53,959	101%
Other	9,496	9,496	12,874	13,867	4,371	146%
<b>Total Charges for Services</b>	<b>25,951,206</b>	<b>25,951,206</b>	<b>23,687,392</b>	<b>26,082,719</b>	<b>131,513</b>	<b>101%</b>
<b>Miscellaneous Revenue</b>						
Miscellaneous	2,856,385	2,860,885	4,009,531	4,061,540	1,200,654	142%
Payments in Lieu of Taxes from Enterprise Activities	22,759,977	22,759,977	16,464,422	22,759,977	-	100%
<b>Total Miscellaneous Revenue</b>	<b>25,616,362</b>	<b>25,620,862</b>	<b>20,473,953</b>	<b>26,821,517</b>	<b>1,200,654</b>	<b>105%</b>
<b>Recovered Costs</b>						
Recovered Costs	5,927,619	5,927,619	5,190,582	5,862,576	(65,043)	99%
<b>Total Recovered Costs</b>	<b>5,927,619</b>	<b>5,927,619</b>	<b>5,190,582</b>	<b>5,862,576</b>	<b>(65,043)</b>	<b>99%</b>
<b>Revenue from Local Sources Total</b>	<b>581,258,050</b>	<b>583,512,496</b>	<b>563,350,532</b>	<b>599,627,361</b>	<b>16,110,203</b>	<b>103%</b>

	FY2019 Budget	FY2019 Amended Budget	FY2019 Collections as of 6/30/2019	FY2019 4th Quarter Projection	Variance: Amended Budget vs. Preliminary Year End surplus (shortfall)	
<b>Other Financing Sources</b>						
<b>Non-Revenue Receipts</b>						
Insurance Recovery	-	-	-	-	-	-
<b>Total Non-Revenue Receipts</b>	-	-	-	-	-	-
<b>Revenue from Other Financing Sources Total</b>						
<b>Revenue from the Commonwealth</b>						
<b>Non-Categorical Aid</b>						
Auto Rental Tax	983,878	983,878	1,098,204	1,204,155	220,277	122%
Communications Sales and Use Tax	15,440,463	15,440,463	13,229,278	14,413,205	(1,027,258)	93%
Miscellaneous Non-Categorical Aid	250,000	250,000	377,529	467,270	217,270	187%
Mobile Home Titling Taxes	9,522	9,522	7,257	7,257	(2,265)	76%
Personal Property Tax Reimbursement	16,708,749	16,708,749	1,618,469	16,708,749	-	100%
Rolling Stock Tax	142,446	142,446	121,257	277,048	134,602	194%
Tax on Deeds	1,078,407	1,078,407	806,166	1,058,973	(19,434)	98%
<b>Total Non-Categorical Aid</b>	<b>34,613,465</b>	<b>34,613,465</b>	<b>17,258,158</b>	<b>34,136,657</b>	<b>(476,808)</b>	<b>99%</b>
<b>Shared Expenditures (Categorical)</b>						
State Shared Expenses- City Treasurer	147,785	147,785	124,892	136,800	(10,985)	93%
State Shared Expenses- Commonwealth Attorney	3,423,176	3,423,176	3,030,173	3,289,126	(134,050)	96%
State Shared Expenses- Finance	773,803	773,803	672,506	806,365	32,562	104%
State Shared Expenses- General Registrar	90,525	90,525	-	93,525	3,000	103%
State Shared Expenses- Sheriff	15,400,000	16,450,000	15,092,677	16,365,790	(84,210)	99%
State Shared Expenses- Welfare and Social Services	-	-	-	-	-	-
<b>Total Shared Expenditures (Categorical)</b>	<b>19,835,289</b>	<b>20,885,289</b>	<b>18,920,249</b>	<b>20,691,606</b>	<b>(193,683)</b>	<b>99%</b>
<b>Categorical Aid</b>						
Education	-	-	-	-	-	-
Library	185,000	185,000	136,589	182,120	(2,880)	98%
Public Safety	19,010,953	19,010,953	18,211,664	18,735,780	(275,173)	99%
Public Works	-	-	-	-	-	-
Welfare and Social Services	13,072,025	13,072,025	13,776,996	15,085,211	2,013,186	115%
<b>Total Categorical Aid</b>	<b>32,267,978</b>	<b>32,267,978</b>	<b>32,125,249</b>	<b>34,003,111</b>	<b>1,735,133</b>	<b>105%</b>
<b>PILOT (Payments in Lieu of Taxes)</b>						
Service Charges	3,808,790	3,808,790	3,487,959	3,861,392	52,602	101%
<b>Total PILOT (Payments in Lieu of Taxes)</b>	<b>3,808,790</b>	<b>3,808,790</b>	<b>3,487,959</b>	<b>3,861,392</b>	<b>52,602</b>	<b>101%</b>
<b>Revenue from the Commonwealth Total</b>						
	<b>90,525,522</b>	<b>91,575,522</b>	<b>71,791,616</b>	<b>92,692,766</b>	<b>1,117,244</b>	<b>101%</b>
<b>Revenue from the Federal Government</b>						
<b>Non-Categorical Aid</b>						
Other Federal Revenue	-	-	-	-	-	-
<b>Total Non-Categorical Aid</b>	-	-	-	-	-	-
<b>Categorical Aid</b>						
Social Services	30,583,848	30,583,848	21,797,476	23,768,014	(6,815,834)	78%
<b>Total Categorical Aid</b>	<b>30,583,848</b>	<b>30,583,848</b>	<b>21,797,476</b>	<b>23,768,014</b>	<b>(6,815,834)</b>	<b>78%</b>
<b>Revenue from the Federal Government Total</b>						
	<b>30,583,848</b>	<b>30,583,848</b>	<b>21,797,476</b>	<b>23,768,014</b>	<b>(6,815,834)</b>	<b>78%</b>
<b>Utilities</b>						
<b>Utilities</b>						
Utilities	64,000	64,000	78,292	78,292	14,292	122%
<b>Total Utilities</b>	<b>64,000</b>	<b>64,000</b>	<b>78,292</b>	<b>78,292</b>	<b>14,292</b>	<b>122%</b>
<b>Revenue from Utilities Total</b>						
	<b>64,000</b>	<b>64,000</b>	<b>78,292</b>	<b>78,292</b>	<b>14,292</b>	<b>122%</b>
<b>Transfers-In</b>						
<b>Transfers-In</b>						
Transfers-In	17,470,800	24,700,667	5,173,037	23,103,896	(1,596,771)	94%
<b>Total Transfers-In</b>	<b>17,470,800</b>	<b>24,700,667</b>	<b>5,173,037</b>	<b>23,103,896</b>	<b>(1,596,771)</b>	<b>94%</b>
<b>Grand Total:</b>						
	<b>719,902,219</b>	<b>730,436,532</b>	<b>662,190,953</b>	<b>739,270,328</b>	<b>8,833,795</b>	<b>101%</b>
<b>Rolled Encumbrance (General Fund Portion) Total:</b>						
		<b>5,432,399</b>		<b>5,432,399</b>	-	
<b>General Fund Revenue Grand Total:</b>						
	<b>719,902,219</b>	<b>735,868,931</b>	<b>662,190,953</b>	<b>744,702,727</b>	<b>8,833,795</b>	<b>101.20%</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.

\*Note very minor discrepancies may exist due to rounding

## Uses

Agency	FY 2019 Adopted Budget	FY 2019 Current Budget	Expenditures through June 30th	FY 2019 Year- End Projection	Variance: Current vs Projection surplus/(shortfall)	
<b>Culture &amp; Recreation</b>						
Library	5,785,353	5,909,257	5,853,550	5,962,718	(53,461)	100.9%
Parks Rec	16,385,768	16,907,252	16,302,687	16,788,349	118,903	99.3%
<b>Debt</b>						
Debt	70,124,320	69,049,320	68,451,233	68,701,233	348,087	99.5%
<b>Education</b>						
RPS	169,146,483	169,192,064	156,721,265	169,192,064	-	100.0%
<b>General Government</b>						
Assessor	3,627,087	3,379,772	3,319,576	3,384,351	(4,579)	100.1%
Auditor	1,731,296	1,682,732	1,515,196	1,566,121	116,611	93.1%
Budget	1,345,718	1,282,409	1,114,683	1,164,352	118,057	90.8%
Chief Admin Officer	924,843	964,980	927,879	941,814	23,166	97.6%
City Attorney	3,243,116	8,607,209	8,450,291	8,579,856	27,353	99.7%
City Clerk	917,351	917,650	672,826	797,957	119,693	87.0%
City Council	1,419,558	1,380,212	1,314,254	1,339,949	40,263	97.1%
City Treasurer	166,242	185,824	180,251	185,323	501	99.7%
Citizen Service & Response	1,297,165	1,013,574	876,713	896,053	117,521	88.4%
Council Chief of Staff	1,152,224	1,142,121	1,066,136	1,078,953	63,168	94.5%
Econ Dev	4,533,855	4,521,558	3,559,905	3,664,690	856,868	81.0%
Finance	10,765,422	11,184,112	9,753,659	10,773,633	410,479	96.3%
General Registrar	1,780,952	1,786,585	1,537,694	1,641,145	145,440	91.9%
Housing & Comm Development	2,039,026	4,109,652	3,263,772	3,345,768	763,884	81.4%
Human Resources	3,262,867	3,210,342	2,880,684	3,021,795	188,547	94.1%
Info Tech	-	-	-	-	-	#DIV/0!
Inspector General	464,503	242,318	204,360	221,852	20,466	91.6%
Mayor's Office	1,157,478	1,162,897	1,137,456	1,153,721	9,176	99.2%
Minority Business Development	817,716	792,437	730,450	742,770	49,667	93.7%
Planning & Dev Review	11,207,295	11,147,455	10,232,335	10,437,593	709,862	93.6%
Press Secretary	487,626	488,936	466,029	481,799	7,137	98.5%
Procurement Serv.	1,135,025	1,257,195	1,207,786	1,257,195	-	100.0%
<b>Highways, Streets, Sanitation &amp; Refuse</b>						
Public Works	34,916,914	36,989,844	34,867,142	36,248,919	740,925	98.0%
<b>Human Services</b>						
Justice Services	9,134,419	9,263,628	8,872,932	9,059,499	204,129	97.8%
Office of DCAO/HS	1,494,733	1,345,750	1,267,349	1,313,533	32,217	97.6%
RCHI - Health	4,030,490	4,030,490	4,030,490	4,030,490	-	100.0%
Social Services	56,634,080	56,749,015	49,125,270	53,444,943	3,304,072	94.2%
Office of Community Wealth Building	1,968,115	1,883,235	1,668,179	1,786,225	97,010	94.8%
<b>Non-Departmental</b>						
Non-Departmental	84,627,897	86,506,041	77,825,640	86,933,595	(427,554)	100.5%
Non-Departmental - Prepared Food Taxes-School Facilities	9,113,276	9,249,975	383,761	383,761	8,866,214	4.1%
<b>Public Safety &amp; Judiciary</b>						
Animal Control	1,614,585	1,985,128	1,971,791	1,990,408	(5,280)	100.3%
Emergency Communications	5,215,443	5,972,687	4,561,631	4,779,621	1,193,065	80.0%
Fire & Emer Svcs	51,475,418	51,707,456	51,044,597	52,254,092	(546,636)	101.1%
J & DR Court	236,911	236,338	234,473	239,654	(3,316)	101.4%
13th District Court Services Unit	218,010	226,796	205,856	225,121	1,675	99.3%
Jail/Sheriff	37,573,663	41,577,568	38,918,878	40,457,088	1,120,480	97.3%
Judiciary - Adult Drug Ct	612,504	630,474	630,073	630,050	424	99.9%
Judiciary - Cir Ct	3,912,492	3,864,079	3,669,980	3,742,613	121,467	96.9%
Judiciary - CW Atty	6,561,304	6,518,783	6,221,998	6,348,090	170,693	97.4%
Judiciary - Other	256,108	282,430	207,496	227,693	54,737	80.6%
Police	95,387,568	95,331,350	92,821,380	94,835,369	495,981	99.5%
<b>Grand Total</b>	<b>719,902,219</b>	<b>735,868,930</b>	<b>680,269,587</b>	<b>716,251,818</b>	<b>19,617,112</b>	<b>97.3%</b>
<b>Estimated General Fund Rolled Encumbrances Total From Surplus</b>					<b>4,157,237</b>	
<b>Estimated Unspent Portion of the 1.5% Meals Tax to be earmarked as a Committed Fund Balance</b>					<b>8,866,214</b>	
<b>Estimated FY19 Expenditure Surplus Less General Fund Rolled Encumbrances and Meals Tax Commitment</b>					<b>6,593,661</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.

\*Note very minor discrepancies may exist due to rounding

## **FY2019 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 more than the FY2019 budget by \$8,833,795 or 1.20%. The explanations are in order as they appear in the prior table.

### **Machinery and Tools Taxes Projected Revenue Surplus: \$1.7M**

FY19 fourth quarter projections of \$14,911,636 place the Machinery and Tools Taxes 13% over the budgeted amount. The projected revenue surplus of the Machinery and Tools Taxes reflects a strong city economy and private investments in new equipment.

### **Penalties and Interest- Interest Projected Revenue Surplus: \$448K**

FY18 actuals have collections for this source at \$4.9M. In the third quarter, based on prior year trends and current efforts, it was expected that FY19 results will be slightly lower than FY18, but slightly higher than budgeted for FY19. The fourth quarter projections are in line with previous projections.

### **Penalties and Interest- Penalty Projected Revenue Shortfall: \$983K**

FY19 budget for this source is reflecting a shortfall due to a declining trend in actual revenue from this source in recent years.

### **Personal Property Taxes- Current Projected Revenue Surplus: \$3.3M**

FY18 actual collections for this source were higher than budgeted for FY18. The trend has continued with an increase in the FY19 collections related to higher assessed values.

### **Personal Property Taxes- Delinquent Projected Revenue Shortfall: \$4M**

Projections were revised down to align with recent year collection trends. With collection of current personal property taxes projected to be above the budgeted amount, the amount of personal property taxes that are delinquent will continue to be reduced in relation to the increase of collections in current personal property taxes.

### **Real and Personal Public Service Corporation - Personal Property Taxes Current and Delinquent plus Real Property Current: Projected Revenue Shortfall: \$109K**

When combined, the three Public Service Corporation property tax categories are projected to be within 1% of budget, as some variances are noted for the individual sub-categories.

### **Real Property Taxes- Current Projected Revenue Surplus: \$6.8M**

The surplus is a result of an increase in the City's taxable assessed values, along with higher collections of the tax levy than had been presumed.

### **Real Property Taxes- Delinquent Projected Revenue Surplus: \$2.5M**

This source is forecasted to be higher than the FY19 budget due to the dedicated efforts of staff and continued success of the City Attorney's delinquent tax sale program.



**Admission Taxes** **Projected Revenue Shortfall: \$344K**

The shortfall of Admissions Taxes is directly related to the closing of the Coliseum in December 2018.

**Bank Stock Taxes** **Projected Revenue Surplus: \$431K**

This source is projected to have a surplus due to the banks within the City reporting an increase in capital gains from their financial investments.

**Business License Taxes** **Projected Revenue Surplus: \$1M**

Business License Taxes are projected to be in surplus of the 2019 Budget by 3%. This reflects a strong economy in the city as well as an effective Business License Tax collection effort.

**Local Sales and Use Tax** **Projected Revenue Surplus: \$1.7M**

Local Sales and Use Tax is projected in the fourth quarter to have a surplus over budget of 5%, as evidence of a growing local economy.

**Motor Vehicle Licenses** **Projected Revenue Shortfall: \$1.2M**

The FY19 budget from this source was based on an increase in the related fees and prior year activity. FY18 actual collections indicate that this source fell below FY18 budget. Current collections show that the trend will continue.

**Other Local Taxes** **Projected Revenue Shortfall: \$256K**

This revenue source is projected to have a shortfall due to the FCC (Federal Communications Commission i.e. Telephone Commission Taxes) ruling which has placed a mandatory cap on how much fees can be charged to inmates (and their families) using the telephone system in the City Jail.

**Short-Term Rental Tax** **Projected Revenue Surplus: \$38K**

Short-Term Rental Tax was projected to perform slightly under the FY19 Budgeted amount in the third quarter. In the fourth quarter Short-Term Rental Tax has surged to provide a budget surplus of 31% due to a strong local economy.

**Transient Lodging Taxes** **Projected Revenue Surplus: \$1.2M**

Transient Lodging Taxes are projected to be in surplus of the 2019 Budget by 14%, which reflects a growing trend, as a result of increased tourism and rental of hotel rooms.

**Permits and Other Licenses** **Projected Revenue Surplus: \$2M**

This revenue source is projected to have a surplus due to a significant increase in the collection of building inspection fees, reflecting positive signs of building activity within the City. Additionally, the projection also includes the collection of betting parlor fees, which is attributed to the opening of an off-track betting facility in the City.

**Revenue from Use of Property** **Projected Revenue Surplus: \$133K**

This revenue source is projected to have a surplus as a result of an increase in the collection of general property rental payments.

**Charges for Finance** **Projected Revenue Shortfall: \$158K**

Collections from this source have increased significantly from prior years, but are projected to be below the budgeted amount.

**Charges for Fire and Rescue Services** **Projected Revenue Surplus: \$51K**

This revenue source is projected to have a surplus due to an increase in false alarm fee revenues collected.

**Charges for Library** **Projected Revenue Shortfall: \$4K**

This revenue source is projected to have a shortfall that is attributed to fewer fines for overdue, lost and damaged books resulting from increased e-book circulation.

**Charges for Parks and Recreation** **Projected Revenue Shortfall: \$5K**

This revenue source is projected to have a shortfall due to consistently low enrollment for adult athletics. This has resulted in a decline for field rental requests.

**Charges for Planning and Community Development** **Projected Revenue Shortfall: \$19K**

This revenue source is projected to have a shortfall due to a decreasing number of rehab applications within the Assessor's Office. The number of applicants has continued to drop over the past few fiscal years and this trend is expected to continue.

**Other – Charges for Services** **Projected Revenue Surplus: \$4k**

The projected increase in this source of revenue is attributed to an increase in returned check revenue.

**Miscellaneous** **Projected Revenue Surplus: \$1.2M**

This revenue source has fluctuated over the years. This surplus represents GRCCA's reimbursement revenue generated in the City in FY2018 above the 50% cost share in addition to the projected receipt of reimbursement revenue, from FEMA, associated with last year's Hurricane Florence.

**Auto Rental Tax** **Projected Revenue Surplus: \$220K**

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.

**Communications Sales and Use Tax** **Projected Revenue Shortfall: \$1.0M**

This FY19 revenue source projects a shortfall due to the wired communications tax base having a declining trend.

**Miscellaneous Non-Categorical Aid** **Projected Revenue Surplus: \$217K**

Miscellaneous Non-Categorical Aid is a revenue stream which is difficult at best to forecast due to its erratic nature. However, FY19 is reflecting a surplus as a result of an increase in debt set-off revenues received from the State.

**Mobile Home Titling Taxes****Projected Revenue Shortfall: \$2K**

FY19 revenues from this source are projected to be below the budgeted amount based on funds received through the end of the fourth quarter. Motor homes, due to their transient nature show annual shifts as witnessed between FY17 and FY18 actuals and FY19 fourth quarter projected amounts.

**Rolling Stock Tax****Projected Revenue Surplus: \$135K**

FY19 revenues from this source are projected to be above the budgeted amount based on funds received through the end of the fourth quarter. This revenue source fluctuates considerably – but a 3-year increase in trend may be due to an increase in online shopping and associated shipping.

**State Shared Expenses - Treasurer****Projected Revenue Shortfall: \$11K**

This revenue source is projected to have a shortfall due to the Compensation Board reimbursing the City for the newly elected Constitutional Officer's salary which is lower than that of their predecessor.

**Welfare and Social Services****Projected Revenue Surplus: \$2M**

The projected surplus in this category is due to an adjustment in calculating administrative revenue received from the state and federal shares. This surplus is offset by a projected shortfall in the Social Services category.

**Social Services****Projected Revenue Shortfall: \$6.8M**

The projected shortfall in this category is due in part to an adjustment in calculating administrative revenue received from the state and federal shares. This shortfall is partially offset by a projected surplus in the Welfare and Social Services category. Additionally, the projected shortfall is also due to the high number of vacancies as well as lower overall expenditures within the Department of Social Services.

**Utilities****Projected Revenue Surplus: \$14K**

This account is incorrectly used to track revenue associated with police off-duty charges. RPD is working with Finance to re-categorize the revenue. However, this revenue source is projected to have a surplus due to an increase in funeral escorts provided by off-duty RPD officers. Additionally, RPD has witnessed an increase in reimbursements associated with RPD officer time spent directing traffic related to private vendor paving and church services.

**Transfers-In****Projected Revenue Shortfall: \$1.6M**

The projected shortfall within the Transfers-In revenue category reflects the lack of a need to utilize the Budget and Revenue Stabilization Contingency Reserve, which was budgeted as part of the 3<sup>rd</sup> quarter re-appropriation ordinance. This lack of need is due to current, general fund revenue and expenditure projections which is projecting an overall, net surplus at the 4<sup>th</sup> quarter.

## **FY2019 Fourth Quarter – Expenditure Projections**

Overall, the Fourth quarter forecast shows projected expenditures trending in a positive direction, with a projected, estimated savings of \$6,593,661 or 0.90% of the modified budget. *This savings amount is net of a preliminary recommended encumbrance roll amount (from FY19 into FY20) of \$4,157,237 for FY19 obligations as well as the estimated (unspent) balance of the 1.5% increase in meals tax, \$8,866,214, which is dedicated for the payoff of the construction of Richmond Public Schools' facilities.*

**It is important to note that these projections are based on data collected for FY19 as of June 30, 2019. 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.

### **Auditor **Projected Budget Surplus: \$117k****

The Auditor's Office is projected to have a surplus of \$24k in personnel that is primarily attributed to departmental vacancies. Operating savings of \$93k is projected and is attributed to savings related to the external audit and consulting contracts. Additional operating savings is also associated with a request to roll encumbrances.

### **Budget **Projected Budget Surplus: \$118k****

The Department of Budget and Strategic Planning is projected to have a surplus of \$94k in personnel that is primarily attributed to departmental vacancies. Operating savings of \$24k is projected and is primarily associated with a request to roll encumbrances.

### **City Clerk **Projected Budget Surplus: \$120k****

The Office of the City Clerk is projected to have a surplus of \$63k in personnel that is primarily attributed to departmental vacancies. Operating savings of \$57k is projected and is attributed to a delay in the purchasing of records retention related items as well as savings in advertising expenses.

### **Citizen Service and Response **Projected Budget Surplus: \$118k****

The Department of Citizen Service and Response is projected to have a surplus of \$57k in personnel that is attributed to departmental vacancies. Operating savings of \$61k is projected and associated with savings in information technology and telephone related costs.

### **Council Chief of Staff **Projected Budget Surplus: \$63k****

The Office of the Council Chief of Staff is projected to have a surplus of \$9k in personnel that is primarily attributed to departmental vacancies. Operating savings of \$54k is projected is associated with savings within the operating supplies categories. Additional savings is attributed to the Department not utilizing budgeted financial consulting services.

### **Economic Development **Projected Budget Surplus: \$857k****

The Department of Economic Development is projected to have a surplus of \$65k in personnel that is primarily attributed to departmental vacancies. Operating savings of \$791k is projected

and is primarily associated with a request to roll encumbrances.

**General Registrar** **Projected Budget Surplus: \$145k**

The Office of the General Registrar is projected to have a \$74k savings in personnel that is attributed to the existence of vacancies. Operating savings of \$71k is projected and attributed to the Registrar having a smaller, less costly primary election – which was held earlier in FY2019 - as well as the postponement of purchasing a ballot machine.

**Housing and Community Development** **Projected Budget Surplus: \$764k**

The Department of Housing and Community Development is projected to have a \$764k savings in operating which is primarily associated with the Department’s request to roll encumbrances.

**Human Resources** **Projected Budget Surplus: \$189k**

The Department of Human Resources is projected to have a surplus of \$146k in personnel that is attributed to departmental vacancies, including the Director position. Operating savings of \$42k is projected and is attributed to anticipated savings within contractual and professional services as well as operating supplies. Additional operating savings is attributed to the Department reducing intended FY19 software purchases.

**Inspector General** **Projected Budget Surplus: \$20k**

The Office of the Inspector General is projected to have savings in personnel of \$9k that is attributed to the existence of vacancies throughout the year. Additionally, operating savings of \$11k is projected and is the direct result of less expenses for training due to the aforementioned departmental vacancies.

**Minority Business Development** **Projected Budget Surplus: \$50k**

The Department of Minority Business Development is projected to have a slight shortfall in personnel of \$10k, primarily due to the department filling positions throughout the fiscal year. However, operating savings of \$59k is projected and is primarily associated with the Department’s request to roll encumbrances.

**Planning and Development Review** **Projected Budget Surplus: \$710k**

The Department of Planning and Development Review is projected to have a very minor surplus of \$24k in personnel due to vacancies in the Department. Operating savings of \$686k is projected and is attributed to: lower than anticipated costs associated with abatement, less than anticipated costs for new equipment associated with the Department filling new positions, as well as a decrease in demolition and stabilization costs. Additionally, operating savings is also associated with a request to roll encumbrances.

**Public Works** **Projected Budget Surplus: \$741k**

The Department of Public Works is projected to have a very minor surplus of \$98k in personnel due to vacancies in the Department. Operating savings of \$643k is projected and is primarily attributed to a request to roll encumbrances.

**Social Services****Projected Budget Surplus: \$3.3M**

The Department of Social Services is projected to have a surplus of \$1.0M in personnel. The department continues to carry a high number of vacancies and is working internally, as well as working with the State, to develop strategies to enhance recruitment and retention. The department is projected to have a surplus in operating of \$2.3M. This surplus is due to a variety of factors that were not reflected in previous quarters. Notably:

- The procurement of vehicles for staff has been delayed due to a decrease in staffing levels;
- The payment schedule for auxiliary grants has shifted from being at the end of the month to the first of the month. This shift was a change in May of 2019. As a result, the third quarter projections reflected 12 months of auxiliary grant payments. However, this recent change now only reflects 11 months of payments. This results in expenses – 1 month of expenses - that are not projected to be captured in FY2019; and
- The largest variance between the third and fourth quarter projections are expenses associated with foster care and adoption services. The third quarter projection included the anticipated liquidation of encumbrances (projected to be spent) within foster care and adoption. However, to date, DSS has not received invoices for those encumbrances, which would very likely mean that those expenses would be charged to FY2020 rather than FY2019.
  - Additionally, the third quarter projections, projected 300 youth that would be served in foster care. To date, only 280 youth were in foster care – resulting in less expenditures.

**Office of Community Wealth Building****Projected Budget Surplus: \$97k**

The Office of Community Wealth Building is projected to have savings of \$51k in personnel that is primarily attributed to departmental vacancies. Operating savings of \$46k is projected and is attributed to the Department implementing cost savings measures within the Department.

**Non-Departmental – Prepared Food Taxes – School Facilities Projected Budget Surplus: \$8.9M**

This item in Non-Departmental is dedicated funding, specifically from the 1.5% increase in the meals tax, for the construction of new public school facilities. The portion of the funding that has not been spent on debt issuance for the construction of new schools, will be moved to a special reserve, notably the committed/assigned portion of fund balance that will only be used for the payoff of future school construction related costs. Currently, the forecast projects a savings of \$8.9M that will be moved to the committed/assigned fund balance. Note that the 4<sup>th</sup> quarter revenue projections estimates that an additional \$35k of revenue will be collected as part of the 1.5% meals tax. That additional revenue, \$35k, in addition to the \$8.9M, will be reserved within the committed/assigned portion of the City's fund balance for the above noted purpose.

**Emergency Communications****Projected Budget Surplus: \$1.2M**

The Department of Emergency Communications (DEC) is projected to have a very minor surplus of \$5k in personnel. Operating savings of \$1.2M is projected and is attributed to the postponement of the implementation of a citywide public safety domain. Funding was included in DEC's budget for the implementation of a consultant's recommendation that a public safety technology domain be established. The delay of implementing this recommendation resulted

in operating savings. Also contributing to the operating savings is the Department's request to roll encumbrances.

**Fire and EMS**

**Projected Budget Shortfall: \$547k**

The Fire Department is projected to have a shortfall of \$550k in personnel that is primarily attributed to the department using overtime to supplement departmental vacancies as well as increased payouts for retiring employees. Very minor operational savings of \$4k is projected.

**Sheriff**

**Projected Budget Surplus: \$1.1M**

The Sheriff's Office is projected to have a minor surplus of \$142k in personnel that is attributed primarily to the existence of departmental vacancies. Operating savings of \$984k is projected – a continuation and slight increase from the third quarter - and is attributed to steps the Department has taken to reduce the total departmental shortfall that was projected earlier in the year through operational efficiencies. Additionally, operating savings are partially associated with a request to roll encumbrances.

**Judiciary – Other**

**Projected Budget Surplus: \$55k**

The Judiciary – Other is projected to have a surplus of \$55k, which is attributed to Court appointed attorney fee expenses being lower than anticipated for the Traffic and Criminal/Manchester Court. Additionally, the surplus can also be attributed to the postponement of equipment expenses in the Special Magistrate Court and savings in office supplies and employee training in Civil Court. Additional savings are also associated with a request to roll encumbrances.