



CITY OF RICHMOND
CITY AUDITOR

DATE: July 15, 2019

TO: Selena Cuffee-Glenn
Chief Administrative Officer

FROM: Louis Lassiter *LL*
City Auditor

SUBJECT: APA Comparative Cost Report Analysis FY2018

The City Auditor's Office has completed an analysis of the FY2018 Virginia Auditor of Public Accounts (APA) Comparative Report of Local Government Revenues and Expenditures.

We obtained information from the APA report and performed further analysis to compare the City of Richmond with similar cities in the Commonwealth with populations of approximately 100,000 or more, as well as Arlington County, Virginia. These particular localities were chosen to provide relative benchmarks due to similar services provided by larger more urban localities. This analysis is provided to the Administration and City Council for reference and continued analysis of possible improvement opportunities.

This work provides an objective summary of information from the APA's report. However, as required by Government Auditing Standards (2018 Revision) section 3.64 issued by the U.S. Government Accountability Office, we must communicate that this evaluation does not constitute an audit conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS).

We would like to thank the Finance Department of the City of Richmond for their assistance. Please contact us if you have any questions regarding this analysis.

Attachment

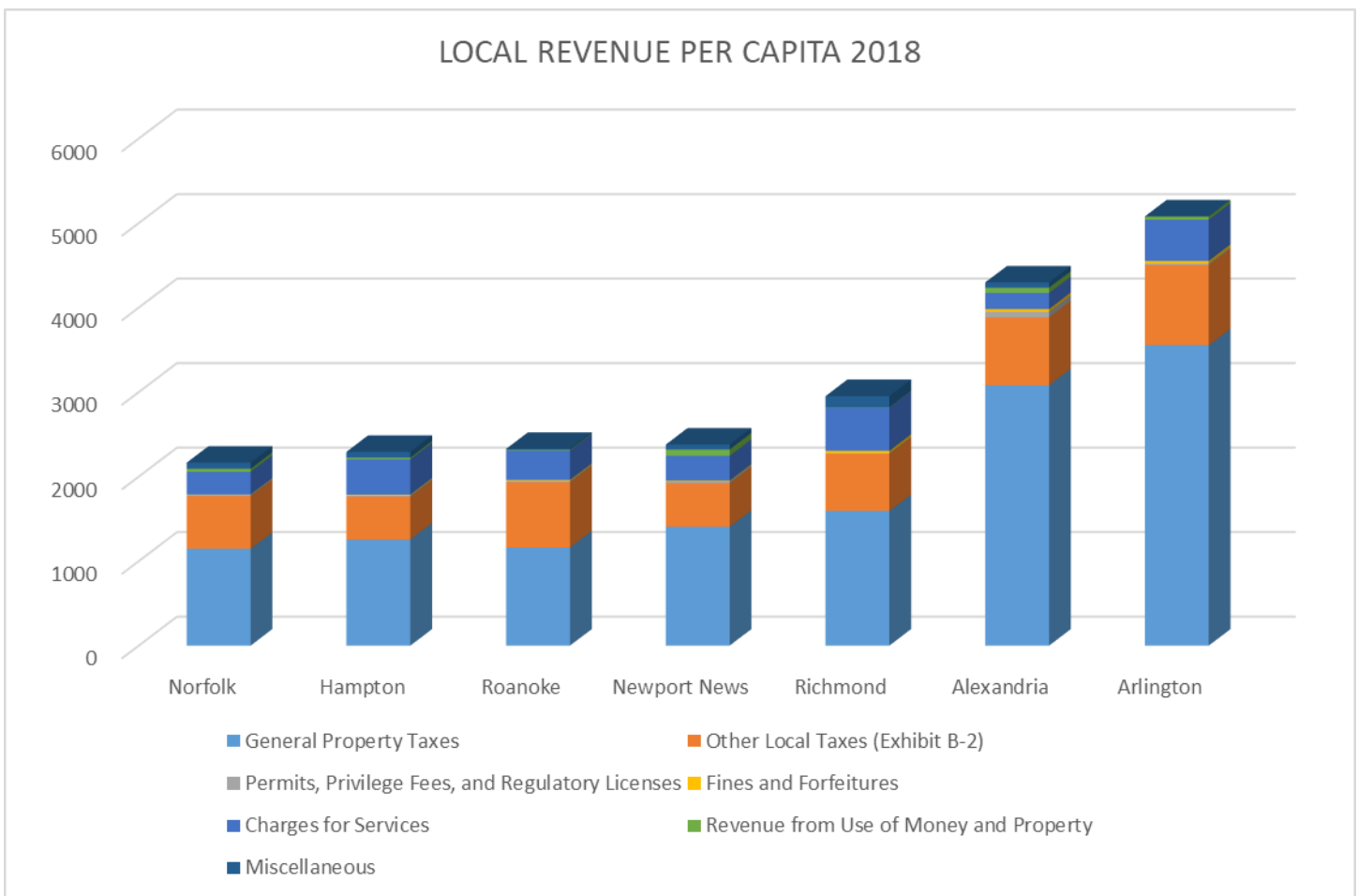
cc: The Richmond Audit Committee
The Richmond City Council
Ms. Lenora Reid, DCAO Finance and Administration
Mr. John Wack, Director of Finance

FY2018 ANALYSIS SUMMARY

The charts and schedules that follow show a high level ranking amongst various categories from the FY18 Comparative Cost Report.

The charts and tables that follow represent the Local Revenue and Expenses per Capita for Fiscal Year 2018 as well as other demographic information. As the APA noted the “report provides a uniform presentation of fiscal information; however, we caution users not to base conclusions solely on this report's data.” Therefore this information should not be used solely as an indicator of efficiency or performance without further analysis of the scope of services amongst those entities being ranked.

FY2018 Revenue Analysis



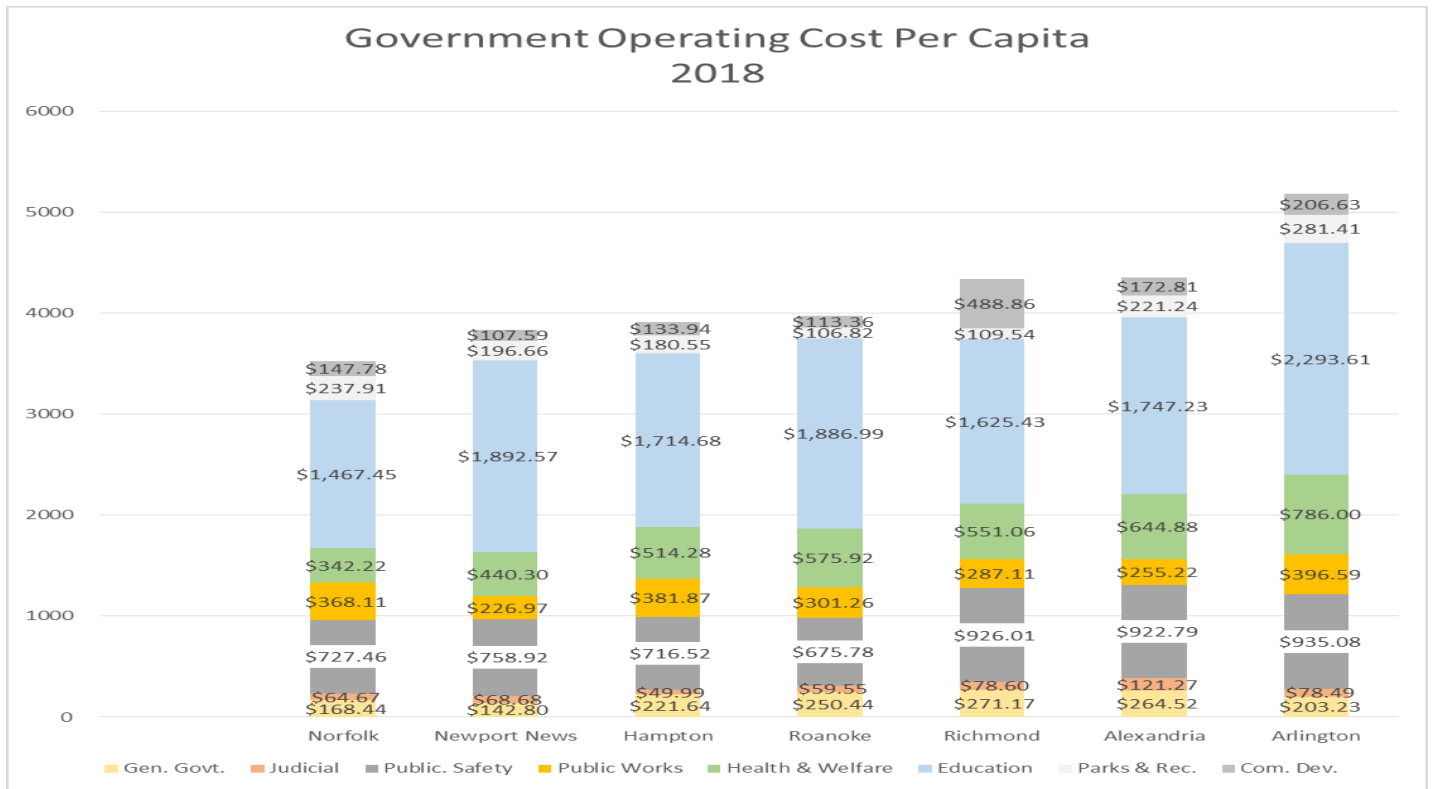
Richmond ranked 3rd highest in revenue per capita. Richmond ranked lowest in revenue from permits, privilege fees and regulatory licenses, as well as revenue from use of money and property. Richmond ranked highest in miscellaneous revenue. This category includes: payments in lieu of taxes from enterprise activities, annexation payments, donations from private sources, and income from the sale of property.

The other local taxes category is composed of local sales and use, consumer utility, business license, franchise license, motor vehicle license, bank stock, recordation and will, tobacco, admissions, hotel and motel room, and restaurant food taxes. Richmond was the only locality of the seven which did not receive any revenue from tobacco taxes in FY2018.

Locality	General Property Taxes	Other Local Taxes (Exhibit B-2)	Permits, Privilege Fees, and Regulatory Licenses	Fines and Forfeitures	Charges for Services	Revenue from Use of Money and Property	Miscellaneous	Total
Alexandria 2017	\$2,985.46	\$799.24	\$59.85	\$30.78	\$182.75	\$41.65	\$85.39	\$4,185.10
Alexandria 2018	\$3,081.01	\$804.21	\$65.35	\$31.26	\$190.10	\$63.86	\$61.08	\$4,296.88
Arlington 2017	\$3,488.43	\$960.45	\$20.13	\$29.83	\$454.85	\$32.71	\$1.61	\$4,988.00
Arlington 2018	\$3,552.42	\$950.08	\$18.14	\$30.68	\$488.79	\$36.89	\$1.24	\$5,078.25
Hampton 2017	\$1,226.49	\$491.59	\$14.21	\$11.35	\$403.48	\$15.69	\$71.21	\$2,234.02
Hampton 2018	\$1,255.58	\$507.15	\$14.39	\$10.07	\$416.10	\$20.81	\$68.63	\$2,292.74
Newport News 2017	\$1,366.55	\$500.68	\$20.33	\$9.43	\$310.74	\$67.34	\$105.78	\$2,380.84
Newport News 2018	\$1,406.09	\$514.38	\$21.99	\$9.56	\$293.87	\$75.69	\$57.60	\$2,379.19
Norfolk 2017	\$1,109.65	\$602.51	\$14.47	\$3.73	\$273.70	\$31.95	\$56.92	\$2,092.92
Norfolk 2018	\$1,144.68	\$625.85	\$13.37	\$4.34	\$268.43	\$35.40	\$72.72	\$2,164.77
Richmond 2017	\$1,411.13	\$651.05	\$6.48	\$29.71	\$349.31	\$2.32	\$192.32	\$2,642.32
Richmond 2018	\$1,592.61	\$677.25	\$7.79	\$26.82	\$511.21	\$4.07	\$132.26	\$2,952.01
Roanoke 2017	\$1,134.04	\$721.69	\$9.99	\$12.16	\$312.67	\$4.59	\$15.47	\$2,210.61
Roanoke 2018	\$1,162.05	\$772.18	\$13.93	\$11.68	\$346.91	\$9.70	\$11.72	\$2,328.18

FY2018 Cost Analysis

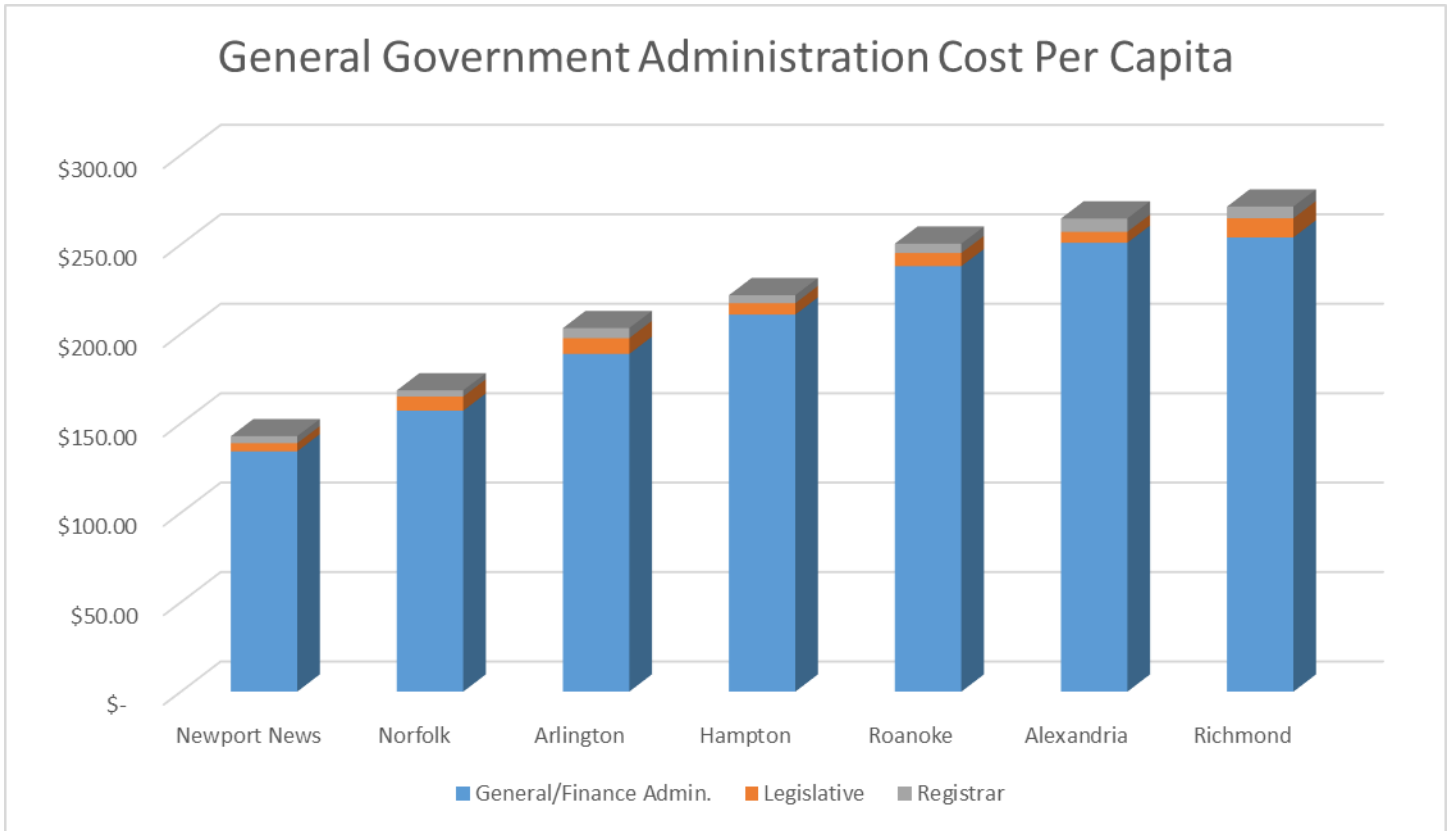
The first chart below is a roll up for all General Government Operations with subsequent charts providing further details for these categories.



Richmond ranks 3rd highest in general operating cost per capita. It is worth noting the significant drop in general government costs and the significant increase in community development costs from FY2017 to FY2018. Details of these are discussed under each of these categories.

Locality	Gen. Govt.	Judicial	Public Safety	Public Works	Health & Welfare	Education	Parks & Rec.	Com. Dev.	Total
Norfolk 2017	\$117.55	\$61.20	\$665.32	\$347.61	\$336.34	\$1,479.27	\$246.40	\$142.49	\$3,396.18
Norfolk 2018	\$168.44	\$64.67	\$727.46	\$368.11	\$342.22	\$1,467.45	\$237.91	\$147.78	\$3,524.04
Newport News 2017	\$135.64	\$66.09	\$747.65	\$250.65	\$433.28	\$1,845.12	\$195.17	\$151.65	\$3,825.25
Newport News 2018	\$142.80	\$68.68	\$758.92	\$226.97	\$440.30	\$1,892.57	\$196.66	\$107.59	\$3,834.50
Hampton 2017	\$213.03	\$52.89	\$673.84	\$328.49	\$522.20	\$1,703.37	\$176.26	\$184.25	\$3,854.33
Hampton 2018	\$221.64	\$49.99	\$716.52	\$381.87	\$514.28	\$1,714.68	\$180.55	\$133.94	\$3,913.48
Roanoke 2017	\$142.59	\$63.39	\$726.16	\$320.86	\$611.13	\$1,865.88	\$121.51	\$116.17	\$3,967.69
Roanoke 2018	\$250.44	\$59.55	\$675.78	\$301.26	\$575.92	\$1,886.99	\$106.82	\$113.36	\$3,970.12
Richmond 2017	\$414.41	\$69.63	\$829.18	\$299.24	\$545.52	\$1,561.83	\$96.57	\$381.56	\$4,197.94
Richmond 2018	\$271.17	\$78.60	\$926.01	\$287.11	\$551.06	\$1,625.43	\$109.54	\$488.86	\$4,337.77
Alexandria 2017	\$253.51	\$119.25	\$922.63	\$271.78	\$631.50	\$1,708.48	\$217.96	\$161.65	\$4,286.76
Alexandria 2018	\$264.52	\$121.27	\$922.79	\$255.22	\$644.88	\$1,747.23	\$221.24	\$172.81	\$4,349.97
Arlington 2017	\$202.96	\$77.27	\$935.96	\$397.87	\$784.47	\$2,193.03	\$280.37	\$218.91	\$5,090.84
Arlington 2018	\$203.23	\$78.49	\$935.08	\$396.59	\$786.00	\$2,293.61	\$281.41	\$206.63	\$5,181.04

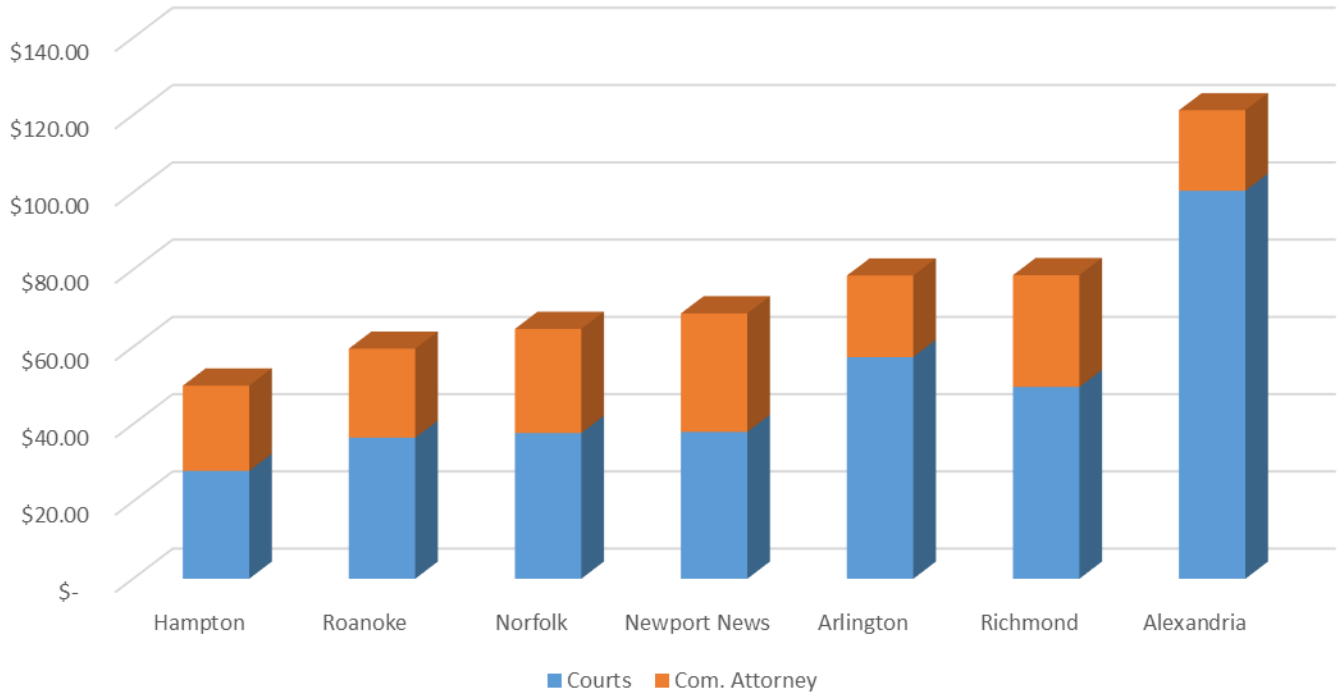
FY2018 ANALYSIS BY FUNCTIONAL AREAS



Locality	General/Finance Admin.	Legislative	Registrar	Total
Newport News	\$134.31	\$4.57	\$3.92	\$142.80
Norfolk	\$157.07	\$7.90	\$3.47	\$168.44
Arlington	\$188.80	\$8.80	\$5.62	\$203.23
Hampton	\$210.82	\$6.32	\$4.50	\$221.64
Roanoke	\$237.82	\$7.36	\$5.26	\$250.44
Alexandria	\$250.97	\$6.05	\$7.51	\$264.52
Richmond	\$253.93	\$10.73	\$6.52	\$271.17

Richmond ranked the highest of the seven and well above the average of \$217. Figures for FY2018 General Government Administration Costs show a decrease of \$143.24 over the FY2017 cost per capita figure of \$414.41. The primary cause of the decrease is proper categorization of \$102.30 per capita for GRTC and GRCCA costs to the Payments to Enterprise Type Authorities section of the report. These costs had been incorrectly captured in both areas for the FY2017 report.

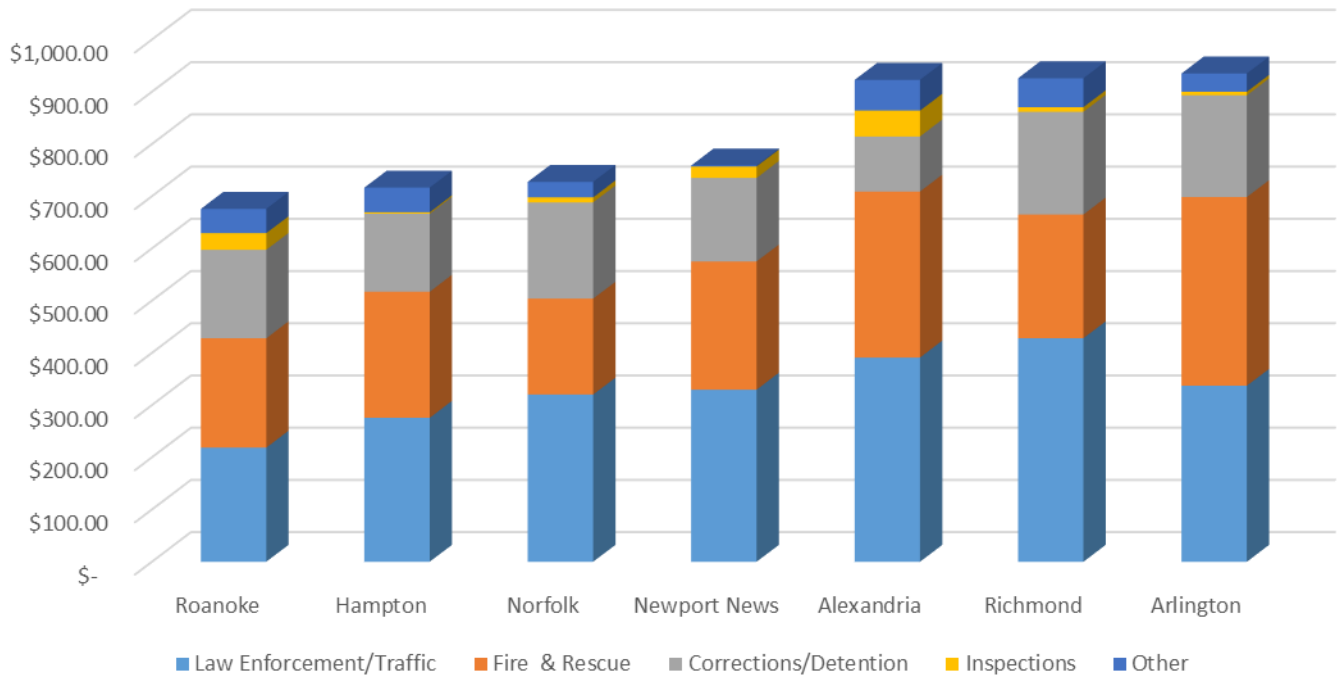
Judicial Administration Cost Per Capita



Locality	Courts	Com. Attorney	Total
Hampton	\$27.92	\$22.07	\$49.99
Roanoke	\$36.50	\$23.06	\$59.55
Norfolk	\$37.71	\$26.96	\$64.67
Newport News	\$38.01	\$30.67	\$68.68
Arlington	\$57.38	\$21.11	\$78.49
Richmond	\$49.64	\$28.96	\$78.60
Alexandria	\$100.44	\$20.83	\$121.27

Richmond ranked 6th highest of the seven and slightly above the average of \$74.

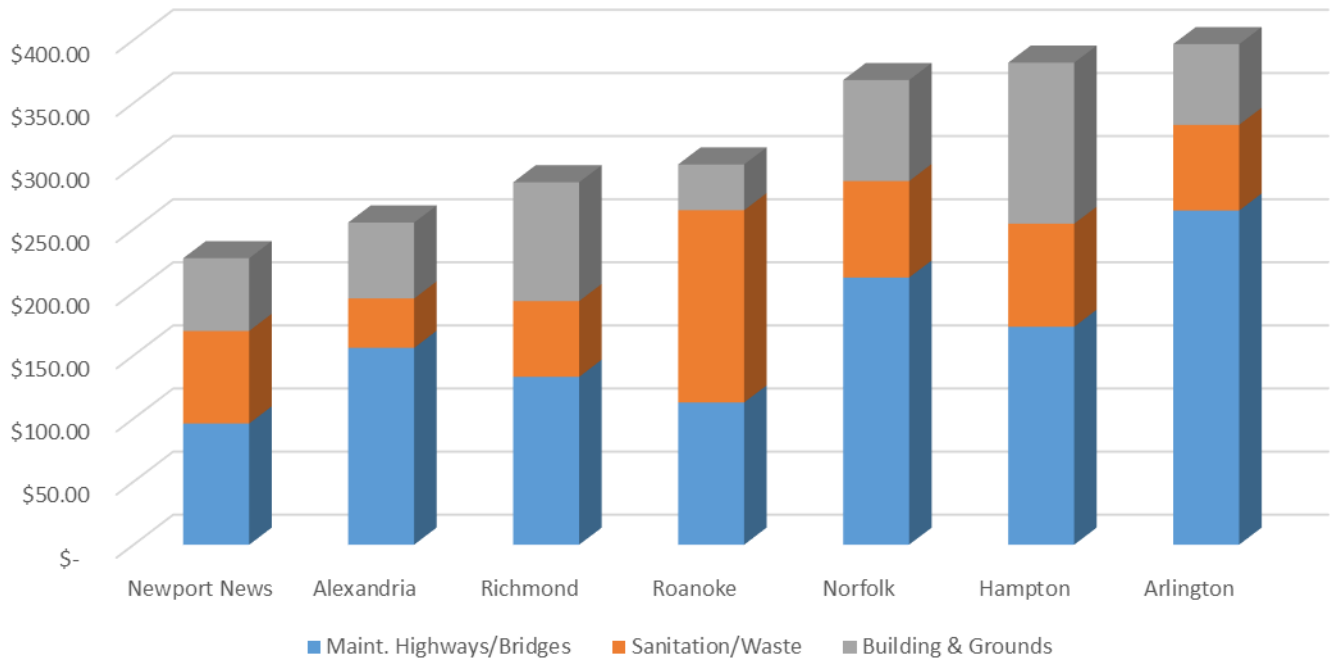
Public Safety Cost Per Capita



Locality	Law Enforcement/Traffic	Fire & Rescue	Corrections/Detention	Inspections	Other	Total
Roanoke	\$218.56	\$209.50	\$169.47	\$31.83	\$46.41	\$675.78
Hampton	\$275.68	\$241.46	\$149.29	\$3.03	\$47.07	\$716.52
Norfolk	\$320.26	\$183.65	\$184.24	\$9.61	\$29.71	\$727.46
Newport News	\$329.56	\$245.59	\$159.96	\$21.90	\$1.90	\$758.92
Alexandria	\$391.04	\$318.07	\$105.33	\$49.54	\$58.82	\$922.79
Richmond	\$428.16	\$236.83	\$196.61	\$8.85	\$55.56	\$926.01
Arlington	\$337.11	\$361.44	\$194.84	\$6.72	\$34.97	\$935.08

Richmond ranked 6th highest of the seven and above the average of \$809. Richmond’s law enforcement, and Corrections and Detention costs are the highest.

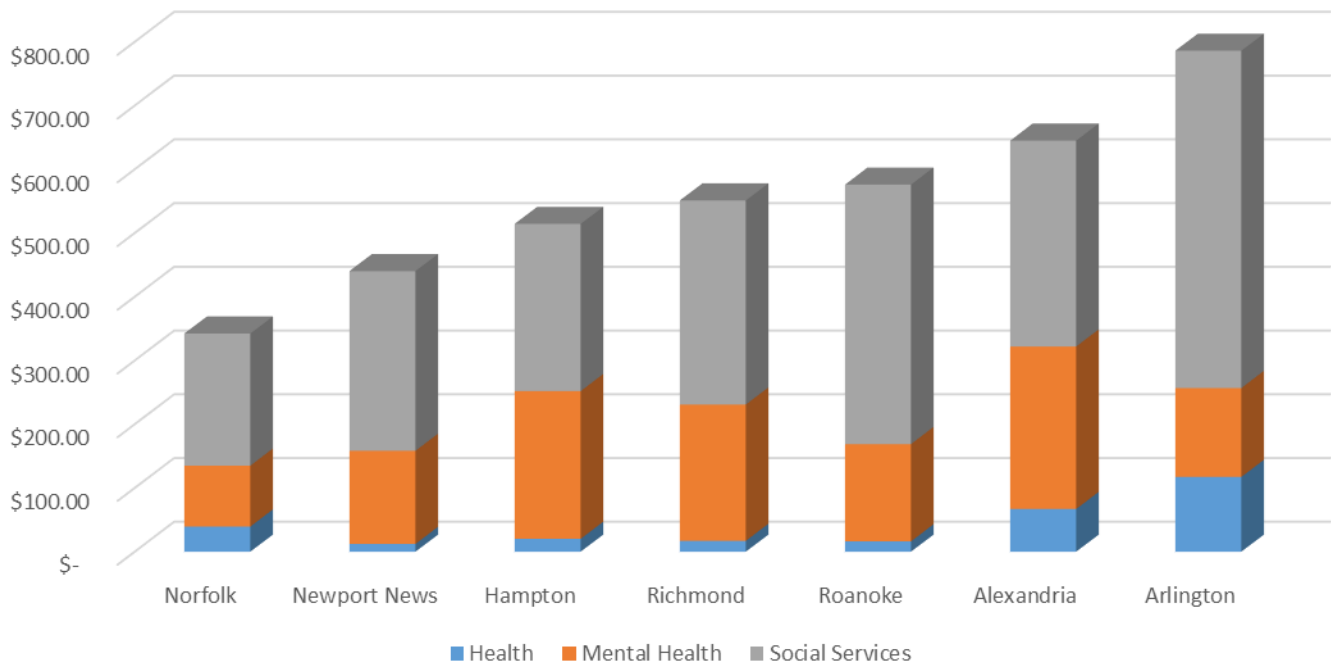
Public Works Cost Per Capita



Locality	Maintenance Highways/Bridges	Sanitation/Waste	Building & Grounds	Total
Newport News	\$96.06	\$73.28	\$57.63	\$226.97
Alexandria	\$155.97	\$39.12	\$60.13	\$255.22
Richmond	\$132.99	\$60.03	\$94.09	\$287.11
Roanoke	\$112.67	\$152.36	\$36.24	\$301.26
Norfolk	\$211.69	\$76.39	\$80.03	\$368.11
Hampton	\$172.61	\$81.70	\$127.56	\$381.87
Arlington	\$264.73	\$67.91	\$63.95	\$396.59

Richmond ranked 3rd lowest of the seven and below the average of \$317. Maintenance of highways and bridges and Sanitation and Waste are below the averages of \$164 and \$79 respectively.

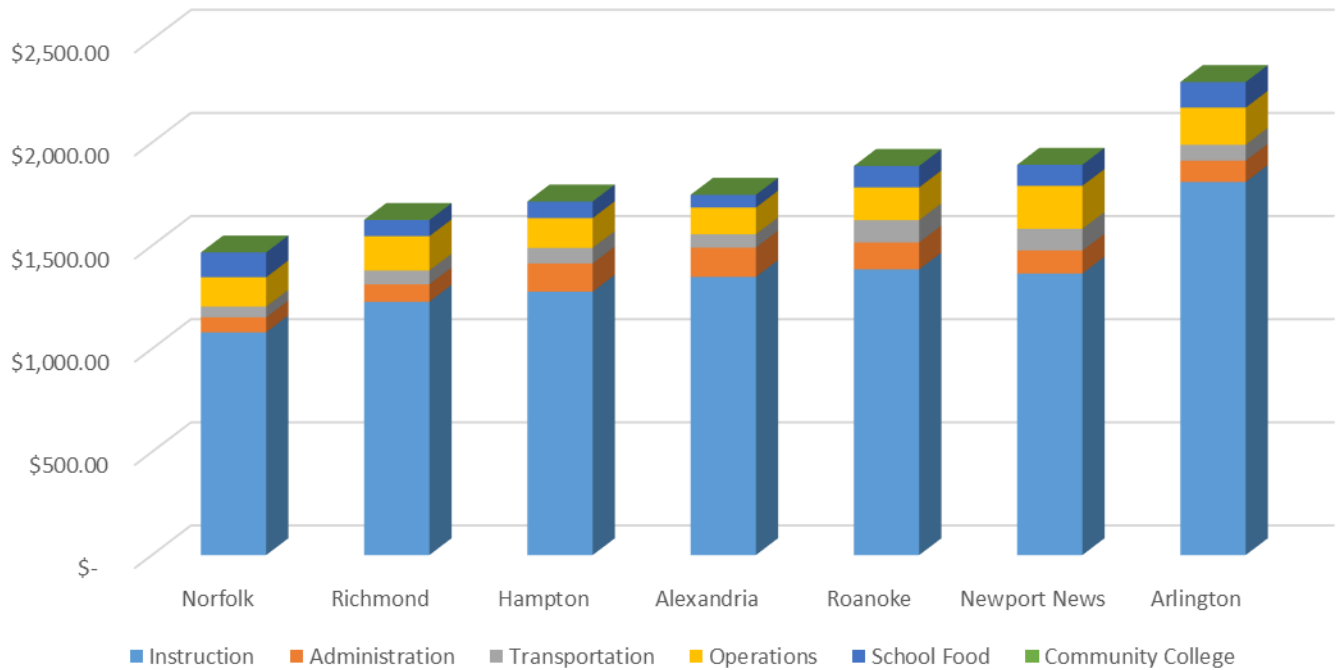
Health and Welfare Cost Per Capita



Locality	Health	Mental Health	Social Services	Total
Norfolk	\$39.47	\$95.58	\$207.17	\$342.22
Newport News	\$12.26	\$146.04	\$282.00	\$440.30
Hampton	\$20.24	\$231.65	\$262.39	\$514.28
Richmond	\$16.97	\$213.90	\$320.19	\$551.06
Roanoke	\$16.26	\$152.57	\$407.09	\$575.92
Alexandria	\$67.05	\$254.84	\$322.99	\$644.88
Arlington	\$117.36	\$139.48	\$529.16	\$786.00

Richmond ranked 4th of the seven and at the average of \$551.

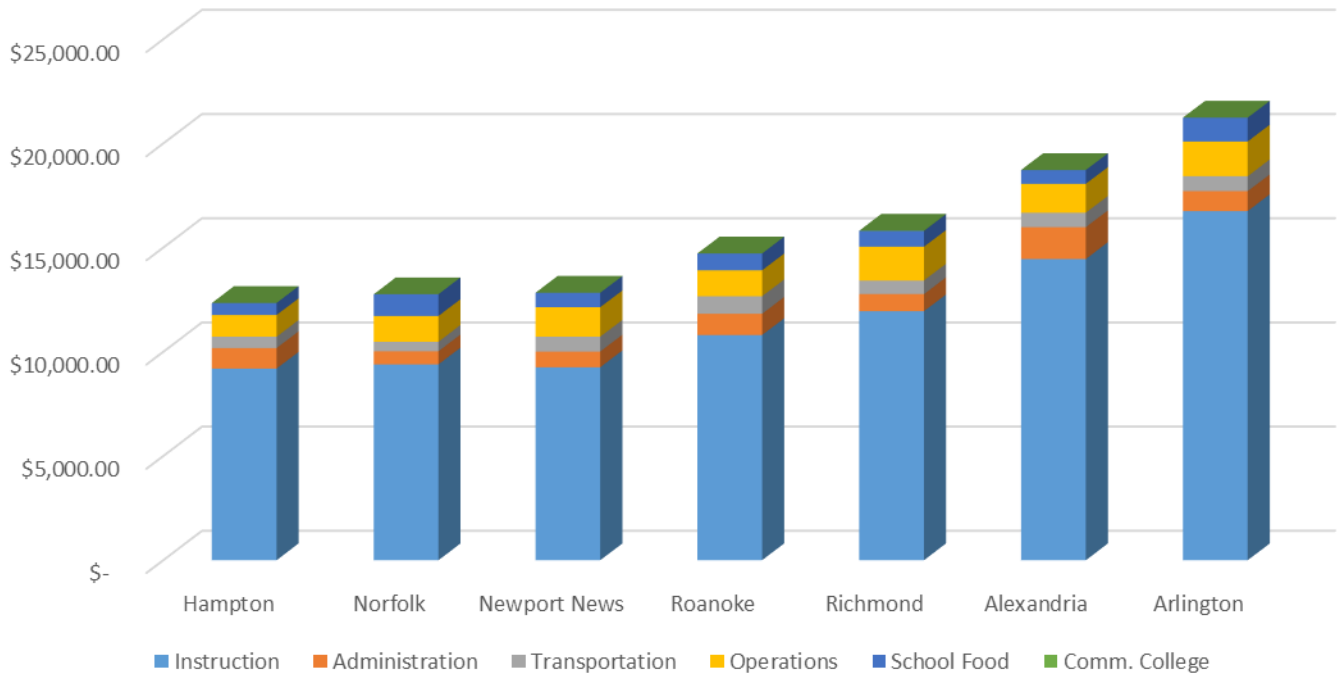
Education Cost Per Capita



Locality	Instruction	Administration	Transportation	Operations	School Food	Community College	Total
Norfolk	\$1,080.05	\$72.51	\$52.76	\$141.97	\$120.16	\$0.00	\$1,467.45
Richmond	\$1,228.67	\$84.19	\$67.21	\$166.20	\$78.28	\$0.88	\$1,625.43
Hampton	\$1,277.29	\$137.01	\$75.36	\$144.32	\$80.70	\$0.00	\$1,714.68
Alexandria	\$1,348.69	\$142.54	\$64.69	\$129.52	\$61.71	\$0.08	\$1,747.23
Roanoke	\$1,385.29	\$130.71	\$108.06	\$159.00	\$103.93	\$0.00	\$1,886.99
Newport News	\$1,365.40	\$111.39	\$105.09	\$208.66	\$102.03	\$0.00	\$1,892.57
Arlington	\$1,809.07	\$103.54	\$77.28	\$179.91	\$123.73	\$0.08	\$2,293.61

Richmond ranked 2nd lowest of the seven and below the average of \$1,804.

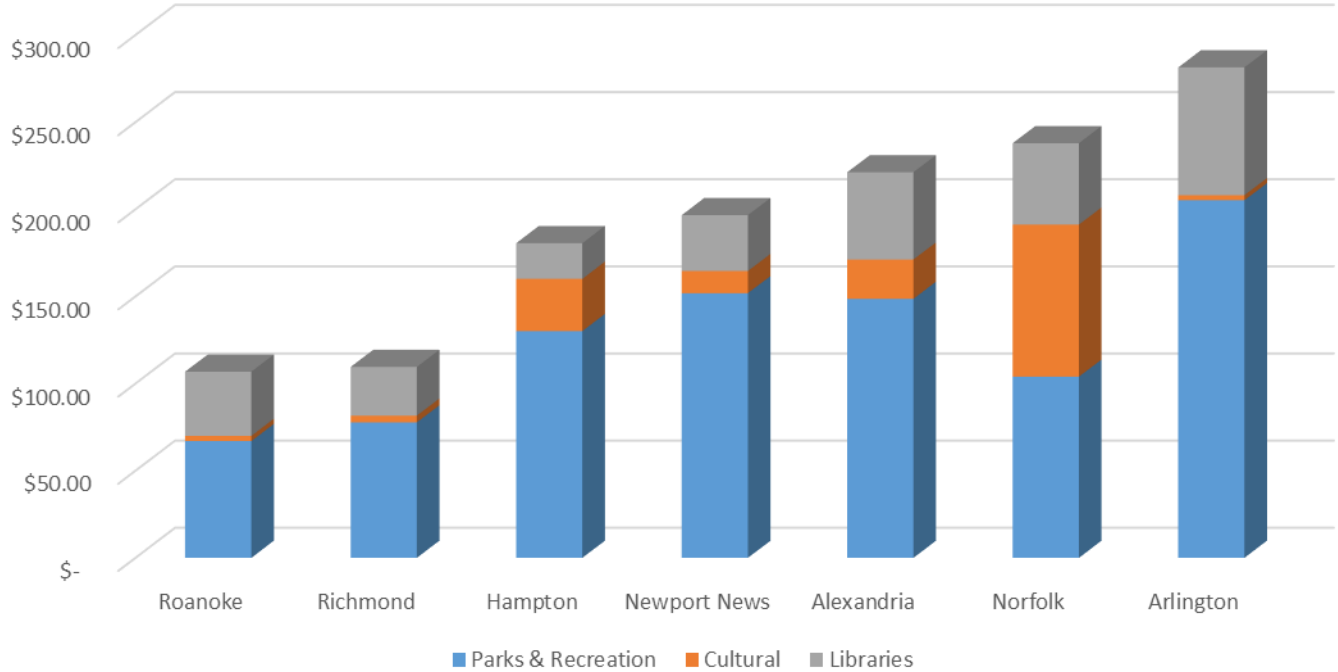
Education Cost Per Student



Locality	Instruction	Administration	Transportation	Operations	School Food	Comm. College	Total
Hampton	\$9,195.95	\$986.44	\$542.53	\$1,039.02	\$581.02	\$0.00	\$12,344.96
Norfolk	\$9,394.37	\$630.71	\$458.90	\$1,234.87	\$1,045.13	\$0.00	\$12,763.98
Newport News	\$9,259.82	\$755.44	\$712.72	\$1,415.07	\$691.95	\$0.00	\$12,835.01
Roanoke	\$10,807.81	\$1,019.77	\$843.09	\$1,240.47	\$810.87	\$0.00	\$14,722.01
Richmond	\$11,952.03	\$819.00	\$653.77	\$1,616.74	\$761.44	\$8.57	\$15,811.55
Alexandria	\$14,454.27	\$1,527.60	\$693.32	\$1,388.13	\$661.32	\$0.82	\$18,725.46
Arlington	\$16,752.55	\$958.83	\$715.63	\$1,665.98	\$1,145.82	\$0.70	\$21,239.51

Richmond ranked 3rd highest of the seven and slightly above the average of \$15,492.

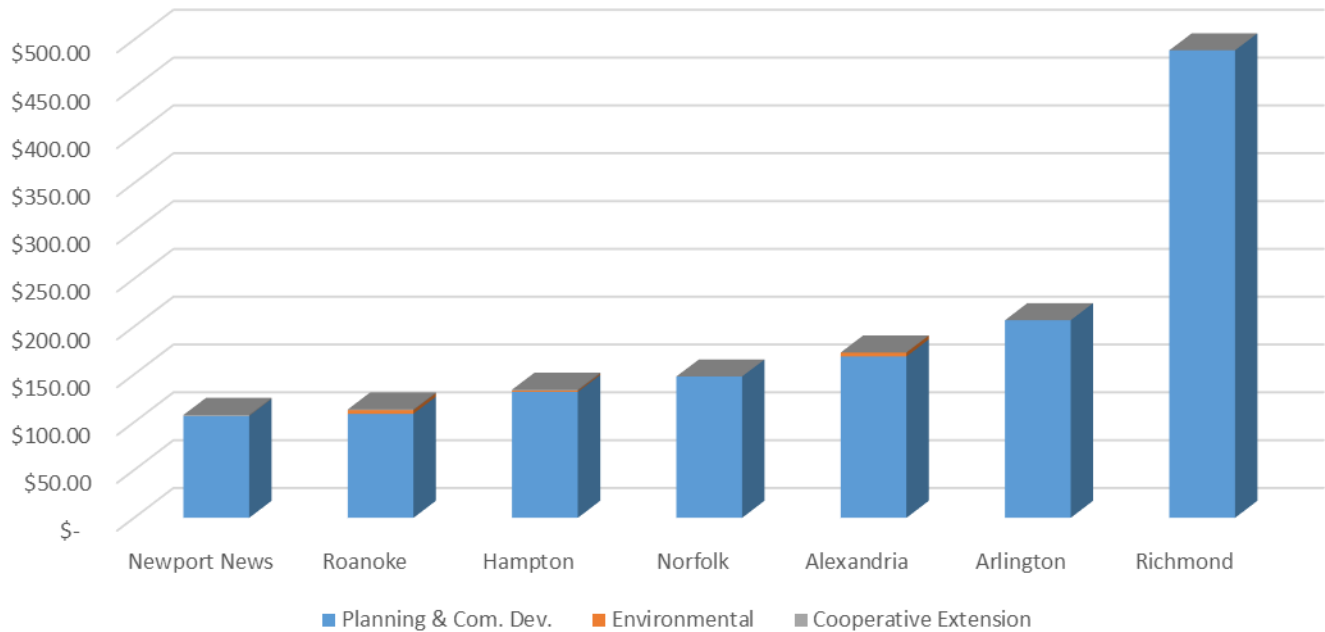
Parks & Recreation Cost Per Capita



Locality	Parks & Recreation	Cultural	Libraries	Total
Roanoke	\$67.01	\$2.97	\$36.85	\$106.82
Richmond	\$77.72	\$3.92	\$27.90	\$109.54
Hampton	\$130.12	\$29.99	\$20.44	\$180.55
Newport News	\$151.87	\$12.72	\$32.07	\$196.66
Alexandria	\$148.62	\$22.55	\$50.07	\$221.24
Norfolk	\$103.96	\$87.28	\$46.67	\$237.91
Arlington	\$205.18	\$2.93	\$73.30	\$281.41

Richmond ranked 2nd lowest of the seven and well below the average of \$191.

Community Development Cost Per Capita



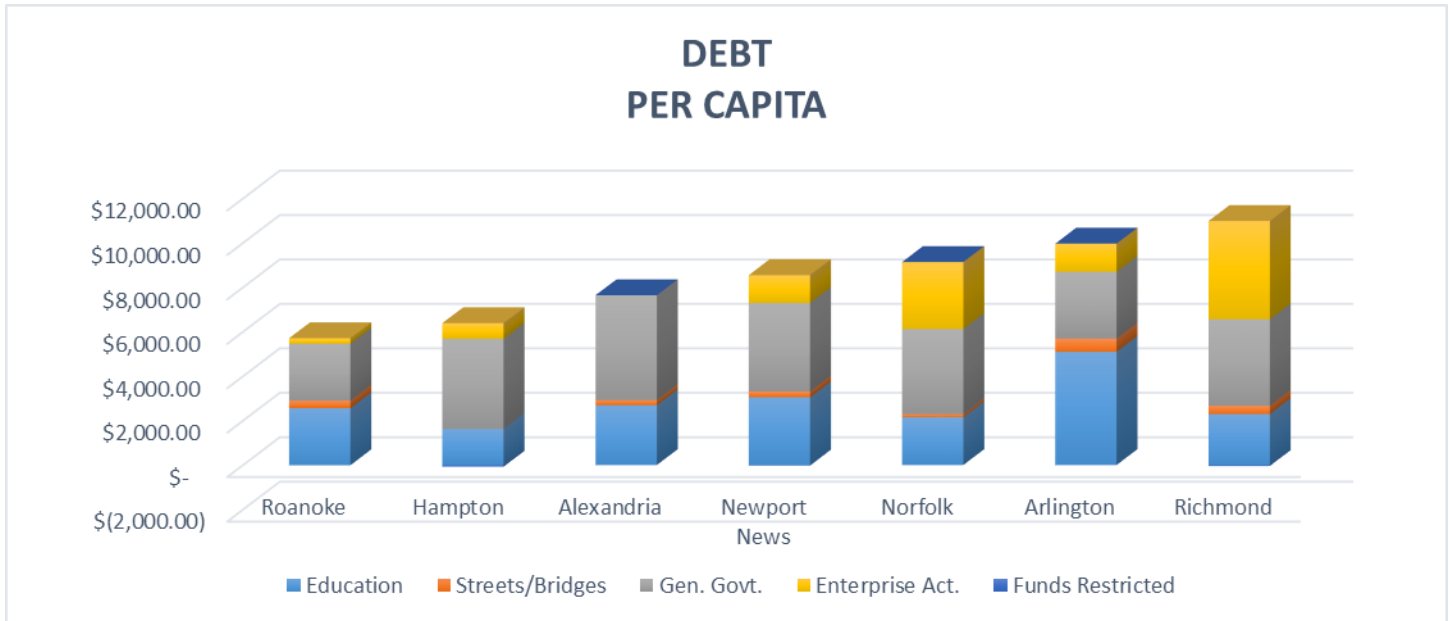
Locality	Planning & Com. Dev.	Environmental	Cooperative Extension	Total
Newport News	\$106.37	\$0.00	\$1.22	\$107.59
Roanoke	\$108.78	\$3.78	\$0.80	\$113.36
Hampton	\$131.64	\$1.39	\$0.91	\$133.94
Norfolk	\$147.78	\$0.00	\$0.00	\$147.78
Alexandria	\$168.72	\$4.09	\$0.00	\$172.81
Arlington	\$206.63	\$0.00	\$0.00	\$206.63
Richmond	\$488.86	\$0.00	\$0.00	\$488.86

Richmond ranked the highest of the seven and well above the average of \$196. The primary cost driver for the cost per capita (\$488.86) for Richmond is the Richmond Redevelopment and Housing Authority with \$65.2 million of the \$108.9 million reported for Community Development Costs. Richmond has additionally seen a significant increase from \$381.56 per capita in FY2017. The primary factor for the increase is an increase from \$4.2 million to \$18.5 million in Economic & Community Development costs.

The higher cost for Economic & Community Development is partially due to payments of \$10.4 million, or about three quarters of the \$14.3 million variance reported for this category, as follows:

- \$5.5M Projects/Grants
- \$2.9M General District Special Assessments
- \$2.0M Main Street Station

FY2018 Other Information



Locality	Education	Streets/Bridges	Gen. Govt.	Enterprise Act.	Funds Restricted	Total
Roanoke	\$2,562.40	\$337.28	\$2,564.70	\$244.07	-\$0.42	\$5,708.04
Hampton	\$1,627.06	\$0.00	\$4,054.46	\$705.08	-\$66.36	\$6,320.24
Alexandria	\$2,696.09	\$229.71	\$4,719.44	\$0.00	\$0.00	\$7,645.24
Newport News	\$3,053.87	\$258.31	\$3,982.21	\$1,255.33	-\$12.50	\$8,537.23
Norfolk	\$2,157.37	\$131.38	\$3,832.81	\$3,017.98	\$0.00	\$9,139.54
Arlington	\$5,099.48	\$593.16	\$3,005.89	\$1,267.59	\$0.00	\$9,966.11
Richmond	\$2,295.41	\$374.58	\$3,891.01	\$4,423.85	-\$34.57	\$10,950.29

Richmond ranked the highest of the seven and well above the average of \$8,323.81. Richmond’s Enterprise Activities are a primary reason debt per capita is higher and this debt is supported by user fees. Enterprise activities also serve customers outside of the city limits but in the Richmond region which can be a factor for this cost. The table to the right shows that General Government debt service to capita to be 2nd lowest out of the seven.

Locality	Service Per Capita
Hampton	\$241.52
Richmond	\$266.61
Roanoke	\$271.05
Norfolk	\$324.46
Newport News	\$335.71
Alexandria	\$415.92
Arlington	\$471.14

The chart below lists demographic information for the localities selected for comparison in this report. Like localities were chosen based on similarities in population, urban and industrial regions, and services provided. Localities selected were cities approximately 100,000 in population or more, from various regions of the Commonwealth of Virginia. The County of Arlington was also included due to its similarity in structure to the City of Richmond.

Locality	Population	Land Area (Square Miles)	Population Density	Unemployment Rate (%)	Average Daily Membership in Public Schools	Percent in Poverty (%) ¹
Alexandria	160,719.00	15.03	10,693.21	2.40	14,996.30	10.1
Arlington	239,074.00	25.97	9,205.78	2.20	25,817.13	5.7
Hampton	136,743.00	51.41	2,659.85	4.30	18,993.26	15.5
Newport News	182,155.00	68.71	2,651.07	3.80	26,859.50	17.2
Norfolk	246,256.00	54.12	4,550.18	3.90	28,311.60	20.9
Richmond	222,853.00	59.81	3,726.02	3.80	22,909.30	24.0
Roanoke	99,908.00	42.56	2,347.46	3.70	12,805.68	19.3

¹ Percent in Poverty attained from U.S. Census Bureau, Small Area Income and Poverty Estimates (SAIPE) Program.