



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
Deputy Chief Administrative Officer, Finance & Administration

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

DATE: May 15, 2019

RE: Fiscal Year 2019 Third Quarter Revenue & Expenditure Projection Report

The Fiscal Year 2019 Third 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 revenue and expenditures up-to-date through March 31, 2019 – utilizing nine months of data.

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 \$6,923,043 or .95% of the current modified budget. There are several sources of revenue that are projected to come in above budget to include: Penalty and Interest – Interest, Personal Property Taxes – Current, Real Property Taxes – Current, Real Property Taxes – Delinquent, Business License Taxes, etc. There are a few sources of revenue that are projected to come in lower than budget but these sources are not projected, in total, to exceed the sources that are currently projected to be favorable to budget.

Although, this forecast utilizes nine months of data, the third quarter projections reflect conservative budgeting methods, strong and enhanced collection efforts, and the overall general health of Richmond's local economy.

General Fund Expenditures

General Fund expenditures are trending in a negative direction, with a projected shortfall of (\$8,519,814) or 1.17% of the current modified budget. The shortfall is primarily attributed to a projected increase in Sheriff overtime expenditures and increased personnel costs associated with the Sheriff's department increasing pay to address retention, in addition to a notification that a portion of an expense for demolition was inappropriately charged to the capital fund that now must be recognized as an expense in the City's operating budget, and the need to cover special fund deficits, that have accumulated over the years, within the City Attorney's Office.

Although more details of the projected increase in expenditures can be found further within the expenditure section of the report, the Department of Housing and Community is showing an additional expense of \$2.1 million (down from \$3 million at the second quarter) which is the result of the Department, in the past, charging demolition expenses associated with the Armstrong development project to a capital project. After completion of the demolition on the site, the property was then titled to the Richmond Redevelopment Housing Authority. Since the property is no longer the City of Richmond's, the costs associated with demolition that were not tied to a City asset can no longer qualify as a capital expense since there is no city owned asset. As a result, a portion of the demolition capital expenses will need to be moved from the capital budget to the City's operating budget. The estimated demolition expenses are being shown within the Department of Housing and Community Development projections.

Additionally, the Sheriff's Office indicated that there's a need to pay staff overtime significantly more than what was spent in prior years to ensure that Department of Correction standards, associated with direct supervision of the facility, are being met. Additionally, the Sheriff's Office is projecting further personnel increases associated with increased pay to staff in order to improve retention rates.

It is important to note that the expenditure projection for the Sheriff's Office has decreased from the first quarter and a corresponding re-appropriation amendment after the third quarter should eliminate the projected shortfall. The Administration will continue to work with the Sheriff's Office in order to ensure that safety standards in the Justice Center are met while keeping the costs to the City reasonable.

Finally, the City Attorney's Office has two special funds that have accumulated negative balances over several years. The projection for this department includes the planned expense to cover those deficits at \$5,383,096. The City has earmarked funds within the assigned fund balance in the amount of \$5,383,096 specifically to cover the deficits, as of June 30, 2018, of these special funds. The City is drafting a re-appropriation ordinance, similar to past practice that will appropriate funds from the assigned fund balance for this specific expense.

There are departments that are projected to have a surplus; however, those surpluses are not projected to fully offset the shortfall, in the Department of Housing and Community Development, Sheriff's Office, and the Office of the City Attorney.

A summary of the Third 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.

Summary of FY2019 Projected Balances as of 3/31/2019	
Projected Total FY2019 General Fund Revenue	\$734,092,160
Projected Total FY2019 General Fund Expenditures	\$735,688,931
Total: FY2019 Projected Budgetary Surplus/(Shortfall)	(\$1,596,771)

*Note very minor discrepancies may exist due to rounding

City of Richmond
Finance & Administration Portfolio
FY2019 Third Quarter Report

Sources

	FY2019 Budget	FY2019 Amended Budget	FY2019 Collections as of 3/31/2019	FY2019 3rd Quarter Projection	Variance: Amended Budget vs. Preliminary Year End surplus (shortfall)	
Revenue from Local Sources						
General Property Taxes						
Machinery & Tools Taxes	13,253,366	13,253,366	47,500	13,746,708	493,342	104%
Penalties and Interest- Interest	2,654,921	2,654,921	2,095,720	3,609,813	954,892	136%
Penalties and Interest- Penalty	3,691,547	3,691,547	1,658,286	3,290,794	(400,753)	89%
Personal Property Taxes- Current	33,214,880	33,339,880	166,970	34,571,482	1,231,602	104%
Personal Property Taxes- Delinquent	9,818,555	9,823,555	4,599,094	8,065,967	(1,757,588)	82%
Real and Personal Public Service Corporation Property Taxes- Personal Property Current	9,374,856	9,374,856	(13,883)	8,698,204	(676,652)	93%
Real and Personal Public Service Corporation Property Taxes- Personal Property Delinquent	905,899	905,899	676,205	943,918	38,019	104%
Real and Personal Public Service Corporation Property Taxes- Real Property Current	1,995,564	1,995,564	61,086	1,472,391	(523,173)	74%
Real Property Taxes- Current	261,699,765	262,099,765	136,019,844	265,434,663	3,334,898	101%
Real Property Taxes- Delinquent	10,340,235	10,340,235	10,661,952	12,371,892	2,031,656	120%
Total General Property Taxes	346,949,588	347,479,588	155,972,774	352,205,832	4,726,244	101%
Other Local Taxes						
Admission Taxes	3,360,273	3,360,273	1,722,759	2,827,172	(533,101)	84%
Bank Stock Taxes	8,381,729	8,381,729	-	8,997,491	615,762	107%
Business Licenses Taxes	34,915,311	34,915,311	33,468,653	36,199,410	1,284,099	104%
Consumer Utility Taxes	17,973,304	17,973,304	10,409,969	18,139,093	165,789	101%
Local Sales & Use Tax	35,150,480	35,150,480	21,187,881	35,509,643	359,163	101%
Motor Vehicle Licenses	7,836,450	7,836,450	1,177,381	6,154,955	(1,681,495)	79%
Other Local Taxes	626,756	626,756	265,821	413,488	(213,268)	66%
Prepared Food Taxes	36,453,104	36,453,104	24,820,574	36,316,405	(136,699)	100%
Prepared Food Taxes - School Facilities	9,113,276	9,113,276	3,423,036	9,249,975	136,699	102%
Short-Term Rental Tax	122,418	122,418	89,576	94,262	(28,156)	77%
Transient Lodging Taxes	8,528,415	8,528,415	5,540,379	8,761,930	233,515	103%
Total Other Local Taxes	162,461,515	162,461,515	102,106,031	162,663,824	202,308	100%
Permits, Privilege Fees, and Regulatory Licenses						
Animal Licenses	-	-	190	-	-	-
Permits and Other Licenses	8,705,255	8,705,254	5,614,798	8,567,704	(137,551)	98%
Total Permits, Privilege Fees, and Regulatory Licenses	8,705,255	8,705,254	5,614,988	8,567,704	(137,551)	98%
Fines & Forfeitures						
Fines & Forfeitures	-	-	3,141	4,662	4,662	-
Total Fines & Forfeitures	-	-	3,141	4,662	4,662	0%
Revenue from Use of Money and Property						
Revenue from Use of Money	5,407,204	5,407,204	3,518,958	5,591,994	184,790	103%
Revenue from Use of Property	239,300	239,300	219,425	228,481	(10,819)	95%
Total Revenue from Use of Money and Property	5,646,504	5,646,504	3,738,383	5,820,475	173,971	103%
Charges for Services						
Charges for Finance	785,482	785,482	405,803	785,597	115	100%
Charges for Fire and Rescue Services	87,000	87,000	76,888	107,000	20,000	123%
Charges for Information Technology	16,500	16,500	12,595	16,766	266	102%
Charges for Law Enforcement and Traffic Control	148,000	148,000	85,595	98,679	(49,321)	67%
Charges for Library	67,700	67,700	45,274	60,274	(7,426)	89%
Charges for Maintenance of Highways, Streets, Bridges, and Sidewalks	-	-	-	-	-	-
Charges for Other Protection	125,000	125,000	89,442	125,000	-	100%
Charges for Parks and Recreation	88,530	88,530	37,120	71,400	(17,130)	81%
Charges for Planning and Community Development	70,000	70,000	31,643	42,301	(27,699)	60%
Charges for Sanitation and Waste Removal	18,083,812	18,083,812	12,820,274	18,583,812	500,000	103%
Court Costs	6,469,685	6,469,685	4,355,790	6,307,054	(162,631)	97%
Other	9,496	9,496	7,054	7,054	(2,442)	74%
Total Charges for Services	25,951,206	25,951,206	17,967,479	26,204,938	253,732	101%
Miscellaneous Revenue						
Miscellaneous	2,856,385	2,860,885	3,527,080	4,029,085	1,168,200	141%
Payments in Lieu of Taxes from Enterprise Activities	22,759,977	22,759,977	16,006,762	22,759,977	-	100%
Total Miscellaneous Revenue	25,616,362	25,620,862	19,533,842	26,789,062	1,168,200	105%
Recovered Costs						
Recovered Costs	5,927,619	5,927,619	3,711,748	6,062,254	134,635	102%
Total Recovered Costs	5,927,619	5,927,619	3,711,748	6,062,254	134,635	102%
Revenue from Local Sources Total	581,258,050	581,792,549	308,648,385	588,318,750	6,521,540	101%

	FY2019 Budget	FY2019 Amended Budget	FY2019 Collections as of 3/31/2019	FY2019 2nd Quarter Projection	Variance: Amended Budget vs. Preliminary Year End surplus (shortfall)	
Other Financing Sources						
Non-Revenue Receipts						
Insurance Recovery	-	-	-	-	-	-
Total Non-Revenue Receipts	-	-	-	-	-	-
Revenue from Other Financing Sources Total	-	-	-	-	-	-
Revenue from the Commonwealth						
Non-Categorical Aid						
Auto Rental Tax	983,878	983,878	716,979	629,682	(354,196)	64%
Communications Sales and Use Tax	15,440,463	15,440,463	9,711,409	14,622,844	(817,619)	95%
Miscellaneous Non-Categorical Aid	250,000	250,000	152,678	271,572	21,572	109%
Mobile Home Titling Taxes	9,522	9,522	3,810	9,522	-	100%
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	142,446	-	100%
Tax on Deeds	1,078,407	1,078,407	550,155	959,782	(118,625)	89%
Total Non-Categorical Aid	34,613,465	34,613,465	12,874,757	33,344,598	(1,268,868)	96%
Shared Expenditures (Categorical)						
State Shared Expenses- City Treasurer	147,785	147,785	90,707	136,800	(10,985)	93%
State Shared Expenses- Commonwealth Attorney	3,423,176	3,423,176	2,193,375	3,421,425	(1,751)	100%
State Shared Expenses- Finance	773,803	773,803	526,990	787,146	13,343	102%
State Shared Expenses- General Registrar	90,525	90,525	-	93,525	3,000	103%
State Shared Expenses- Sheriff	15,400,000	16,450,000	9,920,866	16,464,170	14,170	100%
State Shared Expenses- Welfare and Social Services	-	-	-	-	-	-
Total Shared Expenditures (Categorical)	19,835,289	20,885,289	12,731,938	20,903,066	17,777	100%
Categorical Aid						
Education	-	-	-	-	-	-
Library	185,000	185,000	91,060	182,116	(2,884)	98%
Public Safety	19,010,953	19,010,953	13,401,198	18,631,951	(379,002)	98%
Public Works	-	-	-	-	-	-
Welfare and Social Services	13,072,025	13,072,025	9,926,921	15,327,510	2,255,485	117%
Total Categorical Aid	32,267,978	32,267,978	23,419,178	34,141,577	1,873,599	106%
PILOT (Payments in Lieu of Taxes)						
Service Charges	3,808,790	3,808,790	1,811,243	3,698,501	(110,289)	97%
Total PILOT (Payments in Lieu of Taxes)	3,808,790	3,808,790	1,811,243	3,698,501	(110,289)	97%
Revenue from the Commonwealth Total	90,525,522	91,575,522	50,837,116	92,087,742	512,220	101%
Revenue from the Federal Government						
Non-Categorical Aid						
Other Federal Revenue	-	-	-	-	-	-
Total Non-Categorical Aid	-	-	-	-	-	-
Categorical Aid						
Social Services	30,583,848	30,583,848	14,805,011	25,092,360	(5,491,488)	82%
Total Categorical Aid	30,583,848	30,583,848	14,805,011	25,092,360	(5,491,488)	82%
Revenue from the Federal Government Total	30,583,848	30,583,848	14,805,011	25,092,360	(5,491,488)	82%
Utilities						
Utilities						
Utilities	64,000	64,000	46,790	57,013	(6,987)	89%
Total Utilities	64,000	64,000	46,790	57,013	(6,987)	89%
Revenue from Utilities Total	64,000	64,000	46,790	57,013	(6,987)	89%
Transfers-In						
Transfers-In						
Transfers-In	17,470,800	17,720,800	5,173,037	23,103,896	5,383,096	130%
Total Transfers-In	17,470,800	17,720,800	5,173,037	23,103,896	5,383,096	130%
Grand Total:	719,902,219	721,736,718	379,510,338	728,659,761	6,923,043	101%
Rolled Encumbrance (General Fund Portion) Total:		5,432,399		5,432,399	-	
General Fund Revenue Grand Total:	719,902,219	727,169,117	379,510,338	734,092,160	6,923,043	100.95%

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.
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Uses

Agency	FY 2019 Adopted Budget	FY 2019 Current Budget	Expenditures through March 31st	FY 2019 Year- End Projection	Variance: Current vs Projection surplus/(shortfall)	
Culture & Recreation						
Library	5,785,353	5,981,181	4,063,189	5,909,257	71,924	98.8%
Parks Rec	16,385,768	16,549,145	11,957,302	16,907,252	(358,107)	102.2%
Debt						
Debt	70,124,320	70,124,320	67,905,670	69,049,320	1,075,000	98.5%
Education						
RPS	169,146,483	169,192,064	117,506,763	169,192,064	-	100.0%
General Government						
Assessor	3,627,087	3,664,313	2,329,217	3,379,772	284,541	92.2%
Auditor	1,731,296	1,731,996	1,142,109	1,682,732	49,264	97.2%
Budget	1,345,718	1,346,716	819,192	1,282,411	64,305	95.2%
Chief Admin Officer	924,843	966,429	652,799	964,980	1,449	99.9%
City Attorney	3,243,116	3,249,621	1,899,800	8,607,209	(5,357,588)	264.9%
City Clerk	917,351	924,328	436,742	917,650	6,678	99.3%
City Council	1,419,558	1,427,537	913,913	1,380,212	47,325	96.7%
City Treasurer	166,242	166,242	128,300	185,824	(19,582)	111.8%
Citizen Service & Response	1,297,165	1,297,165	600,145	1,013,574	283,591	78.1%
Council Chief of Staff	1,152,224	1,180,203	803,228	1,142,121	38,082	96.8%
Econ Dev	4,533,855	4,577,050	2,973,354	4,521,558	55,492	98.8%
Finance	10,765,422	11,169,101	7,043,395	11,184,112	(15,011)	100.1%
General Registrar	1,780,952	1,796,461	1,108,666	1,786,584	9,877	99.5%
Housing & Comm Development	2,039,026	2,069,026	801,234	4,109,652	(2,040,626)	198.6%
Human Resources	3,262,867	3,270,878	1,957,728	3,210,342	60,536	98.1%
Info Tech	-	-	-	-	-	#DIV/0!
Inspector General	464,503	464,503	142,415	242,318	222,185	52.2%
Mayor's Office	1,157,478	1,163,766	839,570	1,162,897	869	99.9%
Minority Business Development	817,716	817,901	448,605	792,437	25,464	96.9%
Planning & Dev Review	11,207,295	11,592,071	7,283,208	11,147,455	444,616	96.2%
Press Secretary	487,626	490,968	331,596	488,936	2,032	99.6%
Procurement Serv.	1,135,025	1,260,025	812,167	1,257,195	2,830	99.8%
Highways, Streets, Sanitation & Refuse						
Public Works	34,916,914	35,363,430	22,160,618	36,989,844	(1,626,414)	104.6%
Human Services						
Justice Services	9,134,419	9,157,593	6,566,772	9,263,628	(106,035)	101.2%
Office of DCAO/HS	1,494,733	1,497,406	846,229	1,345,750	151,656	89.9%
RCHI - Health	4,030,490	4,030,490	3,022,868	4,030,490	-	100.0%
Social Services	56,634,080	56,749,707	37,199,871	56,749,014	692	100.0%
Office of Community Wealth Building	1,968,115	2,031,950	1,202,733	1,913,235	118,715	94.2%
Non-Departmental						
Non-Departmental	84,627,897	87,005,256	48,410,346	86,476,041	529,215	99.4%
Non-Departmental - Prepared Food Taxes-School Facilities	9,113,276	9,113,276	356,229	9,249,975	(136,699)	101.5%
Public Safety & Judiciary						
Animal Control	1,614,585	1,619,566	1,310,704	1,805,128	(185,562)	111.5%
Emergency Communications	5,215,443	5,995,261	3,080,127	5,972,687	22,574	99.6%
Fire & Emer Svcs	51,475,418	51,507,734	37,110,963	51,707,456	(199,722)	100.4%
J & DR Court	236,911	236,911	138,191	236,338	573	99.8%
13th District Court Services Unit	218,010	218,010	156,111	226,796	(8,786)	104.0%
Jail/Sheriff	37,573,663	39,448,047	28,370,215	41,577,568	(2,129,521)	105.4%
Judiciary - Adult Drug Ct	612,504	617,607	464,358	630,474	(12,867)	102.1%
Judiciary - Cir Ct	3,912,492	3,917,101	2,674,046	3,864,080	53,022	98.6%
Judiciary - CW Atty	6,561,304	6,561,304	4,503,246	6,518,783	42,521	99.4%
Judiciary - Other	256,108	264,430	137,678	282,430	(18,000)	106.8%
Police	95,387,568	95,361,028	67,970,452	95,331,350	29,678	100.0%
Grand Total	719,902,219	727,169,117	500,582,063	735,688,931	(8,519,814)	101.2%

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.

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FY2019 Third 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 \$6,923,043 or .95%. The explanations are in order as they appear in the prior table.

Penalties and Interest- Interest Projected Revenue Surplus: \$955K

FY2018 actuals have collections for this source at \$4.6M. Based on prior year trends and current efforts, it is expected that FY2019 results will be slightly lower than FY2018, but slightly higher than budgeted for FY2019.

Penalties and Interest- Penalty Projected Revenue Shortfall: \$401K

FY2018 actual collections for this source were slightly less than budgeted for FY2018. Therefore, the FY2019 budget for this source was projected lower and it is expected that FY2019 results will be slightly lower than the amount budgeted.

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

FY2018 actual collections for this source were slightly higher than budgeted for FY2018. Therefore, the trend reflects an increase in the FY2019 collections.

Personal Property Taxes- Delinquent Projected Revenue Shortfall: \$1.8M

Projections have been revised down to align with recent year collection trends.

Real and Personal Public Service Corporation Property Taxes Current and Delinquent Projected Revenue Shortfall: \$1.2M

The FY2018 actual revenues for the three sub categories of Public Service Corporation property taxes reflected \$11M. While allowing for a slight increase from prior year collections, FY2019 combined total for these three categories project less than the budgeted amounts.

Real Property Taxes- Current Projected Revenue Surplus: \$3.3M

Taxes are projected to be slightly higher than the FY2019 budgeted amount when considering the increase in taxable assessed values per the City Assessor and the anticipated collection rate of the tax levy.

Real Property Taxes- Delinquent Projected Revenue Surplus: \$2.0M

This source is forecasted to be slightly higher than the FY2019 budget due to the dedicated efforts of staff to collect a minimum of 97% of delinquent taxes.

Admission Taxes Projected Revenue Shortfall: \$533K

Based on FY2019 third quarter collections and the prior year baseline, FY2019 is estimated to be lower than budget. This may be due in part to the shuttering of the Coliseum and reduction of associated admissions.

Bank Stock Taxes **Projected Revenue Surplus: \$616K**

This source is forecasted to be higher than the FY2019 budgeted amount based on FY2018 collections and taxes that are anticipated to be paid in the remainder of the current fiscal year.

Business Licenses Taxes **Projected Revenue Surplus: \$1.3M**

This source is forecasted to be higher than the FY2019 budgeted amount based on the current growth of businesses within the City.

Motor Vehicle Licenses **Projected Revenue Shortfall: \$1.7M**

The FY2019 budget from this source was based on an increase in the related fees and prior year activity. FY2018 actual collections indicate that this source fell below FY2018 budget. Current collections show that the trend will continue.

Other Local Taxes **Projected Revenue Shortfall: \$213K**

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 Shortfall: \$28K**

Based on FY2019 third quarter collections, FY2019 is estimated to be slightly lower than budget.

Charges for Fire and Rescue Services **Projected Revenue Surplus: \$20K**

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

Charges for Law Enforcement and Traffic Control **Projected Revenue Shortfall: \$49K**

This revenue source is expected to have a shortfall due to lower charges related to fingerprint requests, criminal background checks and Billiard & Pawn Shop Permits. These revenues are volatile in nature and can fluctuate from month to month or annually based on the number of requests that are received.

Charges for Library **Projected Revenue Shortfall: \$7.5K**

This revenue source is projected to have a shortfall that is attributed to the overdue fine threshold that was raised from \$5 to \$10 and people waiting longer to pay.

Charges for Parks and Recreation **Projected Revenue Shortfall: \$17K**

This revenue source is projected to have a shortfall due to a consistent decline in athletic league participation and field rental requests.

Charges for Planning and Community Development **Projected Revenue Shortfall: \$28K**

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.

Charges for Sanitation and Waste Removal **Projected Revenue Surplus: \$500k**

This revenue source is projected to have a surplus due to an improved collection rate of utility fees (refuse fees are provided on the utility bills).

Other – Charges for Services **Projected Revenue Shortfall: \$2.4k**

The projected decrease in this source is from lower than anticipated 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 Shortfall: \$354K**

FY2019 revenues from this source are projected to be below the budgeted amount based on funds received through the end of the third quarter.

Communications Sales and Use Tax **Projected Revenue Shortfall: \$818K**

This FY2019 revenue source projects a shortfall due to the tax base having a declining trend.

Miscellaneous Non-Categorical Aid **Projected Revenue Surplus: \$22K**

FY2019 revenues from this source are projected to be above the budgeted amount based on funds received through the end of the third quarter.

Tax on Deeds **Projected Revenue Shortfall: \$119K**

FY2019 revenues from this source are projected to be below the budgeted amount based on funds received through the end of the third quarter.

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: \$2.2M**

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: \$5.5M**

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 within the Department of Social Services.

Utilities**Projected Revenue Shortfall: \$7K**

This revenue source is projected to have a shortfall based on revenue collections received to date and prior year actuals as requests for these services are variable.

Transfers-In**Projected Revenue Surplus: \$5.4M**

The projection for Transfers-In reflects the anticipated use of \$5,383,096 in prior year, general fund assigned balance to address accumulated deficits in two City Attorney special funds, which is subject to appropriation in the third quarter re-appropriation paper.

FY2019 Third Quarter – Expenditure Projections

Overall, the third quarter forecast shows projected expenditures trending in a negative direction, with a projected, estimated shortfall of (\$8,519,814) or 1.17% of the modified budget.

It is important to note that these projections are based on data collected for FY19 as of March 31, 2019. As a result, these projections could change as more data becomes available throughout the fiscal year. Below are explanations of major variances in the third quarter expenditure projections. The explanations are in order as they appear in the third quarter status report. Variances of +/- 5% or +/- \$500,000 are detailed below.

Debt Service Projected Budget Surplus: \$1.1M

The General Fund Transfer to Debt Service is projected to have savings of \$1.1M that is attributed to: the negotiation of favorable variable rate pricing from commercial bank lines of credit that is being used to provide interim financing of capital projects, the fact that the Federal Reserve has not raised short term rates as quickly as initially projected, and slower than anticipated monthly capital spending on CIP projects.

City Assessor Projected Budget Surplus: \$285K

The Office of the City Assessor is projected to have a surplus in personnel of \$284k that is attributed to the existence of several departmental vacancies. Minor operating savings are projected.

City Attorney's Office Projected Budget Shortfall: \$5.4M

The Office of the City Attorney is projected to have a surplus in personnel of \$289k that is attributed to the existence of several departmental vacancies. An operating shortfall of \$5.6M is projected and is primarily attributed to the department needing funds, assigned within the City's fund balance at June 30, 2018, to cover deficits within two of its special funds – Juvenile & Domestic Relations – Legal Services and Delinquent Tax Sales special funds. These special funds have accumulated negative balances over the years and funds were earmarked within the assigned portion of the fund balance to cover these accumulated deficits at June 30, 2018.

City Treasurer Projected Budget Shortfall: \$20k

The Office of the City Treasurer is projected to have a shortfall in personnel of \$20k that is attributed, almost exclusively, to a recently hired employee that selected a health insurance plan that was higher than what was originally budgeted. Minor operating savings are projected.

Citizen Service and Response Projected Budget Surplus: \$284k

The Department of Citizen Service and Response is projected to have a surplus of \$307k in personnel that is attributed to the existence of numerous vacancies throughout the fiscal year. Although one of these positions has recently been filled and all other positions have recently been recruited, there is still significant savings projected. A shortfall of \$23k in operating is projected and is attributed to the department utilizing temps to supplement vacancies in personnel.

Housing and Community Development **Projected Budget Shortfall: \$2M**

The Department of Housing and Community Development is projected to have a shortfall of \$2M. Although minor personnel savings of \$116k are projected, due to the vacant Director position (which was recently filled), subsequent to the first quarter projections, it was brought to department leadership's attention that demolition costs associated with the Armstrong development project were incorrectly booked to the capital budget. The expenses, those that are not associated with a City asset, must be booked as an operating expense. As a result, the estimated costs of the non-capitalized portion of the demolition, a revised estimate of \$2.1M, is anticipated to be charged to the general fund budget.

Office of the Inspector General **Projected Budget Surplus: \$222k**

The Office of the Inspector General is projected to have a total savings of \$222k, which is primarily attributed to the existence of several departmental vacancies.

Public Works **Projected Budget Shortfall: \$1.6M**

The Department of Public Works is projected to have a total departmental shortfall of \$1.6M that is primarily due to increased costs in the department's recycling contract. The costs of recycling has increased because China no longer accepts recycled goods and other countries have increased the costs for acceptance. Additionally, the department is no longer receiving a rebate for waste products. Also contributing to the shortfall were expenditures associated with the snow program and the need for repairs at the Hopkins Road transfer station. The snow program expenditures exceeded the budget by \$200k and the funding for the transfer station requires an additional \$240K. Personnel savings is forecasted but is not projected to offset the total shortfall projected in operating.

Office of the DCAO for HS **Projected Budget Surplus: \$152k**

The Office of the DCAO for HS is projected to have a surplus of \$152k in personnel, which is attributed to the existence of several vacancies that were filled in the 3rd and 4th quarter.

Office of Community Wealth Building **Projected Budget Surplus: \$119k**

The Office of Community Wealth Building is projected to have a surplus of \$203k in personnel, which is attributed to the existence of several vacancies, including the Director, which was recently filled. An operating shortfall of \$84k is projected and is attributed to the Department paying the security related costs at the East District Initiative facility.

Animal Care and Control **Projected Budget Shortfall: \$186k**

The Department of Animal Care and Control is projected to have a deficit of \$186k that is attributed to the department filling critical positions to address a rise in animal related crimes and adoptions. Additionally, the department is projecting a shortfall in their special funds. A portion of the projected deficit is to cover that shortfall.

City Sheriff **Projected Budget Shortfall: \$2.1M**

The City Sheriff is projected to have a shortfall in personnel of \$2.9M which is attributed, primarily to a significant increase in projected overtime related costs for the Department in addition to increase pay for retention of deputies and staff in order to offer competitive

salaries. Operating savings of \$726k is projected and is attributed to the department taking steps, although not the only method, to reduce the total departmental shortfall.

A response on the reason behind the shortfall was provided by the Sheriff's Office.

Per the Sheriff's Office, "a projected shortfall in personnel is attributed mainly to the department overtime expenses which is being paid to each non-exempt employee who work to ensure that all mandated direct supervision post(s) are properly covered which creates overtime. The facility was designed to be such and now the overtime costs are associated with maintaining the appropriate security levels. As stated previously, there are certain posts which are mandated by DOC that has to be manned at all times for a Direct Supervision Facility, which this building was designed to be. The main overtime costs are associated with these posts".

Judiciary (Other)

Projected Budget Shortfall: \$18k

The Judiciary – Other is projected to have a shortfall of \$18k, which is attributed to an increase in the costs associated with public defender fees in the Criminal /Manchester Court. There has been an increase in cases heard by Criminal Manchester as well as the reassignment of cases previously heard in the Traffic Court.