



# CITY OF RICHMOND

## INTRACITY CORRESPONDENCE

**TO:** The Honorable Mayor Levar M. Stoney  
The Honorable Cynthia Newbille  
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. *JAB*  
Budget & Strategic Planning Director

**DATE:** May 15, 2017

**RE:** Fiscal Year 2017 Third Quarter Revenue & Expenditure Projection Report

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The Fiscal Year 2017 Third Quarter Revenue and Expenditure Projection Report is provided to the Finance and Economic Development Committee to describe the City's Fiscal Year 2017 year-to-date financial performance. The report includes revenue and expenditures through March 31, 2017 – utilizing nine (9) months of data.

A brief overview of the projected FY2017 general fund revenues and expenditures is provided below. Details, as well as a write up of major variances, are provided further within the report.

If you recall, the FY2017 Second Quarter Revenue and Expenditure Projection Report projected a net surplus of \$5,546,653, which was primarily attributed to a projected revenue surplus of \$2.6m and a projected expenditure savings of \$2.9m. Subsequent to the Second Quarter report, additional information has been realized that resulted in a revised, lower projection. Specifically, the third quarter projections notes an overall flat projection – projecting a net surplus of less than \$15,000 - when assessing general fund revenues that are anticipated to be collected and projecting anticipated expenditures to be realized at June 30, 2017. The current revenue forecast projects a shortfall in revenues of approximately \$4,135,518 – due in large part to the issuance of refunds and reductions in state aid. However, the current expenditure

forecast projects a preliminary surplus of approximately \$4,147,757 – due largely to anticipated personnel savings. This results in a preliminary, projected net surplus of only \$12,239.

### **General Fund Revenues**

General Fund revenues are currently forecast to be less than the FY2017 budget with a projected shortfall of approximately \$4,135,518. Following the second quarter report, additional information has been realized that resulted in a lower, revenue projection. Notably, the current revenue forecast projects a shortfall in revenues due largely to the issuance of refunds resulting from entities that overpaid taxes to the City (business licenses) in prior years. This equates to a projected reduction of approximately \$3.6m in revenues. There are other sources of revenues that are projected to be lower than the current year budget, specifically, reductions in: state aid for Social Services, penalty payments, bank stock taxes, etc. partially offset by sources of revenues projected to exceed the current year budget, namely: prepared food taxes, lodging taxes, personal property taxes (public service corporation), etc. However, despite the projected increases in these revenue sources, the shortfall exceeds the surpluses.

### **General Fund Expenditures**

General Fund expenditures are trending in a positive direction, with a preliminary, projected savings of \$4,147,757 or 0.58% of the current (modified) budget. This includes a projected personnel surplus of \$8,231,924 and a projected operating shortfall of (\$4,084,167). Projected savings within personnel is primarily attributed to turnover and vacancy savings as well as health insurance savings (resulting from lower than anticipated health insurance employer premium rates). However, a projected shortfall in citywide overtime costs are reducing the total potential personnel savings. The largest drivers of the projected shortfall in overtime at the third quarter include: Police, Fire and EMS, Public Works, and Social Services. Overtime, in most cases, is being used by departments to supplement vacancies that currently exist.

A projected operating shortfall of \$4 million is primarily attributed to an anticipated increase in the payment to the Greater Richmond Convention Center Authority (GRCCA) of \$1.9 million. This increase in expenditures is attributed to an anticipated increase in the amount of lodging tax revenue that will be generated by the City. Currently, the total amount of lodging tax revenue that the City receives is earmarked for operations of the convention center. As a result, a net increase in the collection of the City's lodging taxes will result in a corresponding increase in the payment to the GRCCA. Additionally, this projection includes a \$2 million expense to purchase self-contained breathing apparatuses for employees of the Fire department, and an additional \$700,000 and \$400,000 for alley repairs and grass cutting respectively, as well as \$235,000 for the purchase of sonar related technology. The aforementioned items (alley repair, grass cutting, sonar technology) were not included in the second quarter projections.

A summary of the Third Quarter 2017 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 FY2017 Projected Balances as of 3/31/2017**

<b>Projected Total FY2017 General Fund Revenue</b>	<b>\$713,689,050</b>
<b>Projected Total FY2017 General Fund Expenditures</b>	<b>\$713,676,811</b>
<b>Total: FY2017 Projected Budgetary Surplus/(Shortfall)</b>	<b>\$12,239</b>

\*Note very minor discrepancies may exist due to rounding

**City of Richmond**  
**Finance & Administration Portfolio**  
**FY2017 Third Quarter Report**

**Sources**

	FY2017					
	FY2017 Budget	FY2017 Amended Budget	Collections as of 03/31/2017	FY2017 Year End Projection	Variance: Amended Budget vs. Preliminary Year End surplus/(shortfall)	
<b>Revenue from Local Sources</b>						
<b>General Property Taxes</b>						
Machinery & Tools Taxes	15,022,974	15,022,974	375,260	14,678,869	(344,105)	98%
Penalties and Interest- Interest	2,340,592	2,340,592	1,114,910	2,507,666	167,074	107%
Penalties and Interest- Penalty	4,759,464	4,759,464	1,382,930	2,366,542	(2,392,922)	50%
Personal Property Taxes- Current	29,954,231	29,954,231	(204,483)	29,225,312	(728,919)	98%
Personal Property Taxes- Delinquent	9,899,653	9,899,653	7,374,686	9,048,407	(851,246)	91%
Real and Personal Public Service Corporation Property Taxes- Personal Property Current	1,605,448	1,605,448	0	2,976,441	1,370,993	185%
Real and Personal Public Service Corporation Property Taxes- Personal Property Delinquent	998,543	998,543	131,484	1,507,486	508,943	151%
Real and Personal Public Service Corporation Property Taxes- Real Property Current	11,367,129	11,367,129	125,259	11,302,740	(64,389)	99%
Real Property Taxes- Current	231,999,451	231,999,451	115,086,670	232,080,307	80,856	100%
Real Property Taxes- Delinquent	9,115,548	9,115,548	7,486,363	9,897,934	782,386	109%
<b>Total General Property Taxes</b>	<b>317,063,033</b>	<b>317,063,033</b>	<b>132,873,079</b>	<b>315,591,704</b>	<b>(1,471,329)</b>	<b>100%</b>
<b>Other Local Taxes</b>						
Admission Taxes	3,302,840	3,302,840	1,839,319	3,164,029	(138,811)	96%
Bank Stock Taxes	9,726,022	9,726,022	3,050	8,669,391	(1,056,631)	89%
Business Licenses Taxes	34,869,264	34,869,264	22,761,886	31,230,343	(3,638,921)	90%
Consumer Utility Taxes	17,565,951	17,565,951	10,065,189	17,500,061	(65,890)	100%
Local Sales & Use Tax	33,503,668	33,503,668	19,450,880	33,595,569	91,901	100%
Motor Vehicle Licenses	6,952,716	6,952,716	1,705,063	7,252,716	300,000	104%
Other Local Taxes	639,845	639,845	367,937	419,985	(219,860)	66%
Prepared Food Taxes	34,491,077	34,491,077	21,404,585	35,845,147	1,354,070	104%
Short-Term Rental Tax	99,692	99,692	63,281	96,224	(3,468)	97%
Transient Lodging Taxes	6,056,982	6,056,982	4,834,322	7,924,333	1,867,351	131%
<b>Total Other Local Taxes</b>	<b>147,208,057</b>	<b>147,208,057</b>	<b>82,495,512</b>	<b>145,697,798</b>	<b>(1,510,259)</b>	<b>99%</b>
<b>Permits, Privilege Fees, and Regulatory Licenses</b>						
Animal Licenses	-	-	2,000	2,000	2,000	-
Permits and Other Licenses	7,345,532	7,345,532	5,880,513	8,198,410	852,878	112%
<b>Total Permits, Privilege Fees, and Regulatory Licenses</b>	<b>7,345,532</b>	<b>7,345,532</b>	<b>5,882,513</b>	<b>8,200,410</b>	<b>854,878</b>	<b>112%</b>
<b>Fines &amp; Forfeitures</b>						
Fines & Forfeitures	-	-	115,973	-	-	-
<b>Total Fines &amp; Forfeitures</b>	<b>-</b>	<b>-</b>	<b>115,973</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Revenue from Use of Money and Property</b>						
Revenue from Use of Money	5,943,231	5,943,231	422,918	5,937,804	(5,427)	100%
Revenue from Use of Property	413,393	413,393	670,873	456,427	43,034	110%
<b>Total Revenue from Use of Money and Property</b>	<b>6,356,624</b>	<b>6,356,624</b>	<b>1,093,790</b>	<b>6,394,231</b>	<b>37,607</b>	<b>101%</b>
<b>Charges for Services</b>						
Charges for Finance	97,612	97,612	460,495	678,096	580,484	695%
Charges for Fire and Rescue Services	567,109	567,109	63,284	78,479	(488,630)	14%
Charges for Information Technology	424,596	424,596	11,912	12,163	(412,433)	3%
Charges for Law Enforcement and Traffic Control	147,981	147,981	75,790	101,054	(46,927)	68%
Charges for Library	88,403	88,403	45,909	66,121	(22,282)	75%
Charges for Maintenance of Highways, Streets, Bridges, and Sidewalks	3,000	3,000	(345)	1,250	(1,750)	42%
Charges for Other Protection	81,519	81,519	82,165	115,000	33,481	141%
Charges for Parks and Recreation	124,820	124,820	56,032	77,401	(47,419)	62%
Charges for Planning and Community Development	59,084	59,084	33,661	47,070	(12,014)	80%
Charges for Sanitation and Waste Removal	16,071,635	16,071,635	12,576,768	16,071,740	105	100%
Court Costs	5,932,706	5,932,706	3,073,995	6,108,680	175,974	103%
Other	9,347	9,347	7,247	11,583	2,236	124%
<b>Total Charges for Services</b>	<b>23,607,812</b>	<b>23,607,812</b>	<b>16,486,914</b>	<b>23,368,637</b>	<b>(239,175)</b>	<b>99%</b>

## Sources

	FY2017					Preliminary
	FY2017 Budget	FY2017 Amended Budget	Collections as of 03/31/2017	FY2017 Year-End Projection	Variance: Amended Budget vs. Year-End surplus/(shortfall)	
<b>Miscellaneous Revenue</b>						
Miscellaneous	1,556,807	2,322,258	2,540,792	2,561,985	239,727	110%
Payments in Lieu of Taxes from Enterprise Activities	27,994,386	27,994,386	2,361,332	27,838,412	(155,974)	99%
<b>Total Miscellaneous Revenue</b>	<b>29,551,193</b>	<b>30,316,644</b>	<b>4,902,124</b>	<b>30,400,397</b>	<b>83,753</b>	<b>100%</b>
<b>Recovered Costs</b>						
Recovered Costs	7,449,649	7,449,649	4,222,049	7,779,498	329,849	104%
<b>Total Recovered Costs</b>	<b>7,449,649</b>	<b>7,449,649</b>	<b>4,222,049</b>	<b>7,779,498</b>	<b>329,849</b>	<b>104%</b>
<b>Revenue from Local Sources Total</b>	<b>538,581,900</b>	<b>539,347,351</b>	<b>248,071,953</b>	<b>537,432,674</b>	<b>(1,914,677)</b>	<b>100%</b>
<b>Other Financing Sources</b>						
<b>Non-Revenue Receipts</b>						
Insurance Recovery	5,065,344	5,065,344	138,576	5,562,361	497,017	110%
<b>Total Non-Revenue Receipts</b>	<b>5,065,344</b>	<b>5,065,344</b>	<b>138,576</b>	<b>5,562,361</b>	<b>497,017</b>	<b>110%</b>
<b>Revenue from Other Financing Sources Total</b>	<b>5,065,344</b>	<b>5,065,344</b>	<b>138,576</b>	<b>5,562,361</b>	<b>497,017</b>	<b>110%</b>
<b>Revenue from the Commonwealth</b>						
<b>Non-Categorical Aid</b>						
Auto Rental Tax	997,443	997,443	452,797	834,420	(163,023)	84%
Communications Sales and Use Tax	16,389,389	16,389,389	7,987,240	15,843,898	(545,491)	97%
Miscellaneous Non-Categorical Aid	373,000	373,000	(2,026,154)	370,500	(2,500)	99%
Mobile Home Titling Taxes	6,559	6,559	6,684	8,045	1,486	123%
Personal Property Tax Reimbursement	16,708,749	16,708,749	1,618,469	16,708,749	-	100%
Rolling Stock Tax	261,872	261,872	22,873	139,933	(121,939)	53%
Tax on Deeds	752,013	752,013	420,384	840,768	88,755	112%
<b>Total Non-Categorical Aid</b>	<b>35,489,025</b>	<b>35,489,025</b>	<b>8,482,293</b>	<b>34,746,313</b>	<b>(742,712)</b>	<b>98%</b>
<b>Shared Expenditures (Categorical)</b>						
State Shared Expenses- City Treasurer	137,716	137,716	93,099	134,751	(2,965)	98%
State Shared Expenses- Commonwealth Attorney	3,168,322	3,168,322	2,080,073	3,142,106	(26,216)	99%
State Shared Expenses- Finance	779,542	779,542	490,919	738,766	(40,776)	95%
State Shared Expenses- General Registrar	74,130	74,130	-	75,437	1,307	102%
State Shared Expenses- Sheriff	16,483,372	16,483,372	9,780,401	15,996,589	(486,783)	97%
State Shared Expenses- Welfare and Social Services	28,058,241	28,058,241	3,900,882	25,534,230	(2,524,011)	91%
<b>Total Shared Expenditures (Categorical)</b>	<b>48,701,323</b>	<b>48,701,323</b>	<b>16,345,374</b>	<b>45,621,879</b>	<b>(3,079,444)</b>	<b>94%</b>
<b>Categorical Aid</b>						
Education	26,328,770	26,328,770	14,730,820	25,461,412	(867,358)	97%
Library	170,000	170,000	2,271,979	179,717	9,717	106%
Public Safety	18,359,246	18,359,246	13,198,804	18,459,604	100,358	101%
Public Works	26,286,871	26,286,871	19,999,399	26,653,374	366,503	101%
Welfare and Social Services	13,957,646	13,957,646	5,889,152	14,350,342	392,696	103%
<b>Total Categorical Aid</b>	<b>85,102,533</b>	<b>85,102,533</b>	<b>56,090,154</b>	<b>85,104,449</b>	<b>1,916</b>	<b>100%</b>
<b>PILOT (Payments in Lieu of Taxes)</b>						
Service Charges	3,329,992	3,329,992	2,166,147	3,657,348	327,356	110%
<b>Total PILOT (Payments in Lieu of Taxes)</b>	<b>3,329,992</b>	<b>3,329,992</b>	<b>2,166,147</b>	<b>3,657,348</b>	<b>327,356</b>	<b>110%</b>
<b>Revenue from the Commonwealth Total</b>	<b>172,622,873</b>	<b>172,622,873</b>	<b>83,083,968</b>	<b>169,129,989</b>	<b>(3,492,884)</b>	<b>98%</b>

## Sources

	FY2017		FY2017		FY2017	
	FY2017 Amended Budget	FY2017 Amended Budget	Collections as of 03/31/2017	FY2017 Year End Projection	Variance: Amended Budget vs. Preliminary Year End surplus(shortfall)	
<b>Revenue from the Federal Government</b>						
<b>Non-Categorical Aid</b>						
Other Federal Revenue	-	-	3,905,193	1,504,762	1,504,762	-
<b>Total Non-Categorical Aid</b>	<b>-</b>	<b>-</b>	<b>3,905,193</b>	<b>1,504,762</b>	<b>1,504,762</b>	<b>-</b>
<b>Categorical Aid</b>						
Social Services	725,000	725,000	10,401,394	1,200	(723,800)	0%
<b>Total Categorical Aid</b>	<b>725,000</b>	<b>725,000</b>	<b>10,401,394</b>	<b>1,200</b>	<b>(723,800)</b>	<b>0%</b>
<b>Revenue from the Federal Government Total</b>	<b>725,000</b>	<b>725,000</b>	<b>14,306,587</b>	<b>1,505,962</b>	<b>780,962</b>	<b>208%</b>
<b>Utilities</b>						
Utilities	64,000	64,000	36,306	58,064	(5,936)	91%
<b>Total Utilities</b>	<b>64,000</b>	<b>64,000</b>	<b>36,306</b>	<b>58,064</b>	<b>(5,936)</b>	<b>91%</b>
<b>Revenue from Utilities Total</b>	<b>64,000</b>	<b>64,000</b>	<b>36,306</b>	<b>58,064</b>	<b>(5,936)</b>	<b>91%</b>
<b>Grand Total:</b>	<b>717,059,117</b>	<b>717,824,568</b>	<b>345,637,391</b>	<b>713,689,050</b>	<b>(4,135,518)</b>	<b>99%</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 2017 Adopted Budget	FY 2017 Current Budget	Expenditures through Mar. 31st	FY 2017 Year- End Projection	Variance: Current vs Projection surplus/(shortfall)	
<b>Culture &amp; Recreation</b>						
Library	5,492,382	5,474,107	3,326,246	5,397,392	76,715	98.6%
Parks Rec	17,533,495	17,533,494	12,017,253	16,678,040	855,454	95.1%
<b>Debt</b>						
Debt	66,238,021	66,238,021	57,610,413	64,488,021	1,750,000	97.4%
<b>Education</b>						
RPS	177,850,679	177,850,679	88,925,340	176,983,321	867,358	99.5%
<b>General Government</b>						
Assessor	3,123,355	3,123,355	2,588,720	3,092,602	30,753	99.0%
Auditor	1,902,628	1,902,628	1,215,154	1,917,180	(14,552)	100.8%
Budget	1,258,226	1,258,226	825,055	1,240,885	17,341	98.6%
Chief Admin Officer	1,190,060	1,175,060	781,528	1,124,911	50,149	95.7%
City Attorney	2,681,661	2,681,661	1,864,598	2,665,956	15,705	99.4%
City Clerk	861,719	859,987	521,574	867,503	(7,516)	100.9%
City Council	1,308,232	1,308,232	959,791	1,376,726	(68,494)	105.2%
City Treasurer	130,201	130,201	130,340	183,144	(52,943)	140.7%
Council Chief of Staff	1,164,839	1,161,845	733,746	1,067,620	94,225	91.9%
Econ & Comm Dev	4,076,795	3,529,222	2,066,084	3,628,308	(99,086)	102.8%
Finance	24,759,006	24,632,335	16,125,592	23,890,320	742,015	97.0%
General Registrar	1,905,967	1,905,967	1,623,605	1,989,909	(83,942)	104.4%
Human Resources	2,899,103	2,890,523	1,900,116	2,707,014	183,509	93.7%
Info Tech	18,408,807	18,385,085	10,878,415	17,754,866	630,219	96.6%
Mayor's Office	998,807	996,300	739,351	996,200	100	100.0%
Minority Business Development	661,731	661,731	409,918	654,303	7,428	98.9%
Planning & Dev Review	10,001,956	9,968,340	6,310,961	9,247,990	720,350	92.8%
Press Secretary	527,512	525,890	414,263	560,095	(34,205)	106.5%
Procurement Serv	1,156,879	1,154,135	517,622	1,003,002	151,134	86.9%
<b>Highways, Streets, Sanitation &amp; Refuse</b>						
Public Works	61,413,070	61,329,034	39,661,685	64,028,851	(2,699,817)	104.4%
<b>Human Services</b>						
Justice Services	8,894,887	8,894,887	5,995,397	9,016,372	(121,485)	101.4%
Office of DCAO/HS	1,816,721	1,812,808	1,034,405	1,613,924	198,884	89.0%
RCHI - Health	3,781,490	3,781,490	2,836,118	3,781,490	-	100.0%
Social Services	56,107,739	55,985,895	34,341,918	55,691,165	294,730	99.5%
Office of Community Wealth Building	1,280,355	1,280,355	1,125,337	1,449,175	(168,820)	113.2%
<b>Non-Departmental</b>						
Non-Dept	47,051,992	47,619,565	26,199,798	48,202,307	(582,742)	101.2%
<b>Public Safety &amp; Judiciary</b>						
Animal Control	1,645,929	1,645,929	1,177,647	1,639,212	6,717	99.6%
Emergency Communications	4,396,961	4,396,961	2,910,833	4,380,358	16,603	99.6%
Fire & Emer Svcs	46,919,046	46,793,185	32,513,991	49,426,321	(2,633,136)	105.6%
J & DR Court	231,028	231,028	156,032	225,308	5,720	97.5%
13th District Court Services Unit	220,722	220,722	102,575	218,389	2,333	98.9%
Jail/Sheriff	38,959,864	38,825,711	25,690,753	36,427,608	2,398,103	93.8%
Judiciary - Adult Drug Ct	559,165	559,165	428,442	559,528	(363)	100.1%
Judiciary - Cir Ct	3,684,664	3,684,664	2,567,541	3,651,083	33,581	99.1%
Judiciary - CW Atty	6,112,565	6,112,565	4,127,906	6,019,530	93,035	98.5%
Judiciary - Other	290,624	290,624	185,877	287,250	3,374	98.8%
Police	87,560,234	89,012,956	61,220,726	87,543,633	1,469,323	98.3%
<b>Grand Total</b>	<b>717,059,117</b>	<b>717,824,568</b>	<b>454,762,666</b>	<b>713,676,811</b>	<b>4,147,757</b>	<b>99.4%</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

## **FY2017 Third Quarter Revenue Projections**

Below are explanations of variances within major accounts in the revenue projections. Explanations are offered for variances that are +/- 3% or +/- \$250,000. The current forecast projects revenues to be less the FY2017 budget by \$4,135,518 or 0.58%. The explanations are in order as they appear in the prior table.

### **Machinery & Tools Taxes Projected Revenue Shortfall: \$344k**

FY2016 actuals have collections for this source at just over \$14m, an increase of over \$1m compared to FY2015. The FY2017 budget accounted for higher assessed values based on increased assessment efforts. However, at this time it is not projected that these higher assessed values will fully materialize based on current assessments.

### **Penalties and Interest - Interest Projected Revenue Surplus: \$167k**

FY2016 actuals have collections for this source at \$3.49m. Based on current trends in FY2017, this revenue source is projected to decrease to \$2.5m, which is \$167k over the FY2017 budget.

### **Penalties and Interest - Penalty Projected Revenue Shortfall: \$2.4m**

FY2016 actuals have collections for this source at \$4.5m. Based on prevailing trends in FY2017, current collections are down 50% compared to FY2016. Until further data becomes available, this source is conservatively estimated to be lower than FY2016, and more aligned with FY2015 results for this source.

### **Personal Property Taxes - Current Projected Revenue Shortfall: \$729k**

FY2016 actuals have this source at \$28.5m. FY2016 growth over FY2015 is at 3%. Based on current forecasts, it is anticipated that this revenue source will grow by 2.5% in FY2017. This will result in an increase for FY2017 versus FY2016, but not to the budgeted amount.

### **Personal Property Taxes - Delinquent Projected Revenue Shortfall: \$851k**

Collections for this source are 50% higher at the period in FY2016. FY2016 Delinquent Personal Property generated \$4.8m. Based on current trends, FY2017 collections should far exceed FY2016 collections, but will not increase to the amount budgeted.

### **Real and Personal Public Service Corporation Property Taxes - Personal Property Current**

#### **Projected Revenue Surplus: \$1.4m**

FY2016 actuals have this source at \$3.3m, which is down from \$5m in FY2015. In FY2017 it is forecasted there will be a small decrease in this source to \$3m until more data becomes available.

### **Real and Personal Public Service Corporation Property Taxes - Personal Property Delinquent**

#### **Projected Revenue Surplus: \$509k**

FY2016 actuals have this source at \$1.59m, which is slightly above the FY2015 actual of \$1.5m. In FY2017, it is forecasted there will be a slight decrease in this source to \$1.5m, but still higher than the budgeted amount.



**Real Property Taxes- Delinquent** **Projected Revenue Surplus: \$782k**

FY2016 actuals for this source are \$9.7m, an increase of \$600k over FY2015. In FY2017, it is forecast that this source will again increase based on current collection trends.

**Admissions Taxes** **Projected Revenue Shortfall: \$139k**

FY2016 actuals for this source are \$2.9m, an increase of \$500k over FY2015. Based on current collection trends, it is estimated that this source will continue to grow over FY2016 to an estimated \$3.2m. However, this growth will not match the current FY2017 budget which assumed a higher percentage growth over FY2016.

**Bank Stock Taxes** **Projected Revenue Shortfall: \$1.1m**

Unaudited FY2016 actuals for this source are \$9.9m, an increase of \$1.1m over FY2015. Based on the latest tax returns for this source, one of the entities which files taxes within the City of Richmond reported a significant decrease in deposits based within the City. As such, the taxable base for this source declined resulting in the \$1.1m shortfall.

**Business License Taxes** **Projected Revenue Shortfall: \$3.6m**

FY2016 actuals for this source are \$33.6m, an increase of \$1m over FY2015. Since the second quarter report, the City has had to issue unanticipated refunds to entities that overpaid taxes to the City for this source related to prior years. These refunds totaled \$3.2m, which is the primary driver in the projected deficit for this revenue source.

**Motor Vehicle Licenses** **Projected Revenue Surplus: \$300k**

The FY2017 budget was conservatively based on an increase in vehicle license fees across multiple categories. One example was for vehicles under 4001 lbs from \$23 to \$30. However, the City now matches the State's fee which in the above example is \$33. This increase to match the State is conservatively expected to generate an extra \$300k for this source.

**Other Local Taxes** **Projected Revenue Shortfall: \$220k**

This revenue source includes funding from multiple sources. However, this category is projected to have a shortfall due to lower than anticipated telephone commission taxes in the Sheriff's Office.

**Prepared Food Taxes** **Projected Revenue Surplus: \$1.4m**

FY2016 revenue for this source is \$35.5m in FY2016. Continuing into FY2017 this source has increased 1.1% over FY2016. It is forecast that this growth will continue suggesting growth to just under \$35.9m in FY2017.

**Short-Term Rental Tax** **Projected Revenue Shortfall: \$3k**

FY2015 revenue for this source was \$82k, whilst FY2016 revenues show a further decrease to \$79k. For FY2017, revenues for this source have increased based on monthly collections, and based on current trends should generate \$96k, which is within 3% of the budgeted amount.

**Transient Lodging Taxes** **Projected Revenue Surplus: \$1.9m**

As stated in the FY2016 fourth quarter report, revenues for several months were not posted within the correct time period. As such, when developing the FY2017 budget, this information

was not available and skewed the budget for this revenue source in FY2017. Since this information is now available, the revenue forecast has been increased to show a modest continued growth in this revenue source, but with a large positive variance to budget of \$1.9m.

**Permits and Other Licenses** **Projected Revenue Surplus: \$853k**

This source includes funding from multiple sources. The projected increase is attributed to an increase in permit revenues particularly due to an increase in new construction of buildings and the expansion of businesses in downtown Richmond. Additionally, a projected increase in revenues associated with encroachment, franchise agreement and telecommunication row fees are contributing to the projected surplus.

**Revenue from Use of Property** **Projected Revenue Surplus: \$43k**

This source is forecasted to increase due to the collection of lease revenue from the Port of Richmond.

**Charges for Finance** **Projected Revenue Surplus: \$580k**

This revenue source has fluctuated over the years. With the new \$30 administrative delinquent fee, this source is expected to significantly exceed the budget as the anticipated revenue was budgeted in another account. For FY2017 this is expected to generate \$678k in revenue.

**Charges for Fire and Rescue Services** **Projected Revenue Shortfall: \$489k**

The FY2017 budget adopted fee increases for false alarm services projecting revenue to total \$567,109. However, the new fee schedule will not be implemented until a new contract with the vendor is formulated. The FY2017 budgeted revenue amount is comprised of the new fee schedule. Projected collections are on target with previous fiscal years, before the new fee schedule was formulated.

**Charges for Information Technology** **Projected Revenue Shortfall: \$412k**

The Department of Information Technology is projecting a decrease in outside print job revenue (due to a trending decline) and a decrease in revenue associated with outside mailings.

**Charges for Law Enforcement and Traffic Control** **Project Revenue Shortfall: \$47k**

This revenue source consists of police record check fees and special police applicant fees. Historically, it has generated varying amounts in prior years. Based on the current fiscal year trend this source is conservatively projected.

**Charges for Library** **Projected Revenue Shortfall: \$22k**

This revenue source is projected to have a shortfall due to a reduction in late fees/fines for overdue books that is a result of less books in circulation.

**Charges for Maintenance of Highways, Streets, Bridges, and Sidewalks: Projected Revenue Shortfall: \$1.7k**

This revenue source has generated varying amounts in prior years. Based on this trend and prior FY16 actuals, this source is conservatively projected at a very minor shortfall.

**Charges for Other Protection** **Projected Revenue Surplus: \$33k**

The Department of Animal Care and Control anticipates increasing this revenue source due to a new program enabling Animal Control Officers to sell licenses in the field. The department has also increased promotions associated with adoption specials which is aiding the increase in this source of revenue.

**Charges for Parks and Recreation** **Projected Revenue Shortfall: \$47k**

This source is expected to decrease compared to the FY2017 budget due to picnic shelter revenues no longer being included in the general fund, a decrease in the number of participating and active athletic leagues, and a decrease in the number of youth participants. It is hopeful that participation will increase, however, the trend is projected to continue. Additionally, Hickory Hill, formerly used for office space, is no longer being rented. The previous tenants vacated in 2015 and the department continues to have challenges finding a replacement.

**Charges for Planning and Community Development** **Projected Revenue Shortfall: \$12k**

A projected shortfall in this revenue source – specifically partial tax exemption applications for residential and commercial properties – is due to a lower than anticipated number of applications that will be submitted.

**Other** **Projected Revenue Surplus: \$2k**

The increase in this revenue source is from higher than anticipated returned check revenue in FY2017. FY2016 actuals for this source show revenue at \$8.7k. It is anticipated that this source will generate \$11.6k in FY2017 based on current trends.

**Miscellaneous** **Projected Revenue Surplus: \$240k**

This revenue source has fluctuated over the years. It is projected that this surplus will be realized based on current actuals posted to the financial system.

**Recovered Costs** **Projected Revenue Surplus: \$330k**

The projected increase in this revenue source is from higher than anticipated reimbursement on interest of long term debt.

**Insurance Recovery** **Projected Revenue Surplus: \$497k**

Since the adoption of the FY2017 budget, the amount to be paid in FY2017 by the Department of Public Utilities has increased by \$358k due to increased insurance premiums resulting from prior year case settlements. This is the primary driver in the increase of this revenue source.

**Auto Rental Tax** **Projected Revenue Shortfall: \$163k**

FY2016 actuals show this source at just under \$1.1m. Based on current monthly payments from the State, it is expected that this source will decline to \$834k, resulting in a \$163k shortfall.

**Communications Sales & Use Tax** **Projected Revenue Shortfall: \$545k**

This revenue source has been on a downward trend as the tax base for this source has been declining. Based on current average monthly payments of \$1.31m per month, this source is forecast to generate \$15.8m in FY2017, representing a further decrease in this source.

**Mobile Home Titling Tax****Projected Revenue Surplus: \$1k**

FY2016 actuals show this source generating \$8,266, a decrease from FY2015 of approximately \$800. Both of these years were significantly higher than prior years. Based on trends so far in FY2017, this source is forecasted to decrease slightly to \$8,045. However, this is an increase compared to the budget of \$6,559.

**Rolling Stock Tax****Projected Revenue Shortfall: \$122k**

Due to timing of payments for this revenue source, it has fluctuated over the years from \$27k to \$290k. Based on the last official CAFR at the time of the FY2017 budget development, it was expected that this source would generate the budgeted amount due to prior payment trends. However, based on FY2016 transactions, it is estimated that these fluctuations will even out and trend towards \$140k.

**Tax on Deeds****Projected Revenue Surplus: \$89k**

This source is projected to bring in \$841k in FY2017, a projected surplus of \$89k, due to higher property sales activity in the City based on payment trends from the State.

**State Shared Expenses- Finance****Projected Revenue Shortfall: \$41k**

This source is expected to decrease compared to the FY2017 budget due to fewer positions being reimbursed by the compensation board due to the number of vacancies within the Department of Finance during the first three quarters of the fiscal year.

**State Shared Expenses – Sheriff****Projected Revenue Shortfall: \$487k**

This source is expected to decrease compared to the FY2017 budget due to fewer positions being reimbursed by the Compensation Board due to the number of vacancies within the Department. In addition, the Compensation Board has eliminated approximately 19 positions in the Sheriff's Office. Due to this expenditure reduction, there will be a reduction in reimbursable revenue from the Commonwealth for Sheriff related expenses.

**State Shared Expenses – Welfare and Social Services****Projected Revenue Shortfall: \$2.5m**

This source is expected to decrease compared to the FY2017 budget due to fewer positions being reimbursed by the State due to the number of vacancies within the Department of Social Services during the first three quarters of the fiscal year.

**Education****Projected Revenue Shortfall: \$867k**

The State Shared Sales Tax is collected by the State and passed down to the Richmond Public Schools based on actual sales tax collected. The projection is provided by the Virginia Department of Education based on the data of sales tax collected. If there is a lower than expected Sales tax collected, the State Shared Sales Tax passed down to RPS will be projected lower.

**Categorical Aid – Library****Projected Revenue Surplus: \$10k**

Although, there is an excess amount of revenue posted to this account, it appears that a majority of the posted revenue should be allocated to other revenue accounts. The projection takes this into consideration and projects a surplus of \$10k, which is based on anticipated revenue from the State for Library aid.

**Categorical Aid – Public Works**

**Projected Revenue Surplus: \$367k**

This source is expected to realize an increase of \$367k based upon information provided by VDOT regarding FY2017 funding.

**Categorical Aid – Welfare and Social Services**

**Projected Revenue Surplus: \$393k**

This source is expected to realize a surplus that is attributed to the increasing number of cases served in the foster care division, which is a reimbursable expense.

**Service Charges**

**Projected Revenue Surplus: \$327k**

Payment for this source comes from the State for PILOT payment. Based on current indications, this source is projected to come in above budget by \$327k.

**Other Federal Revenue**

**Projected Revenue Surplus: \$1.5m**

Although, there is an excess amount of revenue posted to this account, it appears that a majority of the posted revenue should be allocated to other revenue accounts. This source is expected to realize a surplus that is attributed to the central services cost allocation reimbursement from the State for Social Services.

**Revenue from the Federal Government - Social Service**

**Projected Revenue Shortfall: \$724k**

Revenue for this source in FY2015 were just over \$1k, with preliminary audited figures for FY2016 recognizing \$11k in revenues. There appears to be actual revenue posted to this account in error that will need to be reclassified. The cause for this low revenue compared to prior years is being investigated, but to be conservative, this revenue source has been reduced by \$724k to show a projection of only \$1.2k.

**Utilities**

**Projected Revenue Shortfall: \$6k**

The current budget for this source was based on prior year actual revenue receipts. The current projection is based on monthly payment receipts through March 31st and forecasting using existing trends.

## **FY2017 Third Quarter – Expenditure Projections**

Overall, the third quarter forecast shows projected expenditures trending in a positive direction, with a projected, estimated savings of \$4,147,757 or .58% of the modified budget.

It is important to note that these projections are based on data collected for FY17 as of March 31, 2017. As a result, these projections could change as more data becomes available at year end closing. Below are explanations of major variances in the preliminary end of year expenditure projections. The explanations are in order as they appear in the third quarter status report. Variances of +/- 3% or +/- \$250,000 are detailed below.

### **Parks and Recreation Projected Budget Surplus: \$855k**

Parks and Recreation is projected to have an \$855k surplus that is primarily associated with non-payment of the Coliseum Debt. The Coliseum Debt is funded and projected to be expensed from the Debt service budget. The debt savings is approximately \$836k.

### **Debt Projected Budget Surplus: \$1.8m**

Savings in Debt service of \$1.7M is attributed to the lower than budgeted variable interest rates (The Feds held off on raising rates) being paid on the City's line of credit BAN (Bond Anticipation Note) and the debt issued to fund the Leigh Street training camp project.

### **Richmond Public Schools Projected Budget Surplus: \$867k**

Richmond Public Schools is projected to have an \$867k surplus that is exclusively associated with a reduction in State Shared Sales Tax Revenue. This revenue is a pass through from the State to the City and then to Richmond Public Schools. A reduction in State revenue corresponds to a reduction in projected expenditures for RPS.

### **Chief Administrative Officer Projected Budget Surplus: \$50k**

The Office of the Chief Administrative Officer is projected to have a surplus in operating due to the department curtailing operating spending in the third and fourth quarters.

### **City Council Projected Budget Shortfall: \$68k**

The Office of City Council is projected to have a shortfall of \$152k in personnel that is attributed to vacation and severance payouts of former employees. Operating savings of \$83k is projected and is attributed to anticipated savings within the management and media services accounts.

### **City Treasurer Projected Budget Shortfall: \$53k**

The Treasurer's Office is projected to have a personnel shortfall of \$53k that is attributed to the department filling a vacant position that was not funded.

### **Council Chief of Staff Projected Budget Surplus: \$94k**

The Office of the Council Chief of Staff is projected to have a budget surplus that is primarily attributable to departmental vacancies. Minor operating savings is projected and is due to lower than anticipated expenditures within the conferences and conventions accounts.

**Finance** **Projected Budget Surplus: \$742k**

The Department of Finance is projected to have a surplus of \$742k which is the result of current vacancies and turnover of personnel within the department.

**General Registrar** **Projected Budget Shortfall: \$84k**

The Office of the General Registrar is projected to have a shortfall in personnel that is attributed to an unplanned special election that was not budgeted. The special elections were held on January 10<sup>th</sup> and February 7<sup>th</sup> and resulted in increased expenditures within overtime and temporary services.

**Human Resources** **Projected Budget Surplus: \$184k**

The Human Resources Department is projected to have a surplus in personnel that is attributed to several departmental vacancies, two of which are senior level executives (Director and Division Manager). Also, decreased spending in employee training and public information and public relation services are also contributing to the projected savings.

**Information Technology** **Projected Budget Surplus: \$630k**

The Department of Information Technology is projected to have a budget surplus of \$630k which is primarily attributed to operating savings of \$435K primarily associated with the cancellation of a PO for leased MDCs and a credit from Verizon related to telecommunications overpayments. Personnel savings of \$195k is also projected and is the result of vacancies within the department.

**Planning & Development Review** **Projected Budget Surplus: \$720k**

The Department of Planning and Development Review is projected to have personnel savings of \$591k that is attributed to several vacancies within the department. Operating savings of \$128k is projected and is attributed to savings in the Board and Commissions payments to members, transportation cost, office supplies, employee training, and abatement/demolitions to/of unsafe structures.

**Press Secretary** **Projected Budget Shortfall: \$34k**

The Press Secretary's Office is projected to have a shortfall of \$34k in personnel that is attributed to the severance payment of a former employee.

**Procurement** **Projected Budget Surplus: \$151k**

The Department of Procurement services is projected to have a surplus in personnel that is primarily attributed to several vacancies.

**Public Works** **Projected Budget Shortfall: \$2.7M**

The Department of Public Works is projected to have a shortfall of \$2.7 million due to increased costs associated with providing higher levels of services associated with alley maintenance and grass cutting, increased contractual obligations for security and janitorial services, increased costs associated with the winter storm, and increased costs in contracted temporary services.

**Office of the DCAO for Human Services** **Projected Budget Surplus: \$199k**

Personnel is currently projected to be under budget primarily due to savings in temporary services and the departure of the former DCAO for Human Services.

**Social Services** **Projected Budget Surplus: \$294k**

The Department of Social Services is projected to have a surplus in personnel of \$1.89M due to the existence of multiple vacant positions. An operating shortfall of \$1.6m is projected due to an increase in local costs for the Children's Services Act.

**Community Wealth Building** **Projected Budget Shortfall: \$168k**

The Office of Community Wealth Building is projected to have a personnel shortfall of \$237k that is associated with the department filling unfunded vacant positions. Operating savings of \$69k is projected and attributed to administrative cost reductions within the Center for Workforce Innovation.

**Non Departmental** **Projected Budget Shortfall: \$582k**

The Non Departmental budget is projected to have a shortfall of \$582k, which is primarily attributed to an anticipated increase in the payment to the Greater Richmond Convention Center Authority (GRCCA). Currently, the City allocates 100% of the collected lodging taxes to the Convention Center. The third quarter revenue projection shows a \$1.9m increase in anticipated lodging taxes that will be collected in FY17. This additional revenue is projected to be spent for GRCCA within the Non Departmental budget. Additionally, there are savings in the Retiree VRIP payment, Drop Program extension administrative costs, and Tax Relief for the Elderly program. The VRIP payment cost is included in the City-wide retirement rates and the Richmond Retirement System does not currently charge the City for the management of the DROP Program.

**Fire and Emergency Services** **Projected Budget Shortfall: \$2.6m**

The Department of Fire and Emergency Services is projected to have a shortfall of \$720k in personnel that is attributed to an increase in overtime that is associated with departmental vacancies, employee payouts, and Human Resources settlements resulting in back pay for specific employees. A shortfall of \$1.9m is projected in operating and is attributed to the department planning to purchase essential safety equipment, self-contained breathing apparatuses (SCBAs), for fire fighters. The current SCBAs have reached the end of their useful life and are beginning to deteriorate. This purchase is a life/health/safety issue and is necessary to ensure the safety of employees as well as citizens.

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

The Sheriff's Office is projected to have a surplus of \$2.3m in personnel that is attributed to departmental vacancies and the elimination of compensation board funded positions by the State. This projected expenditure reduction also results in a reduction in state reimbursement.

**Police** **Projected Budget Surplus: \$1.5M**

The Police department is projected to have a surplus of \$1.2m in personnel that is attributed to departmental vacancies and resignations. A minor operating surplus of \$221k is projected as the result of lower than anticipated fuel costs.