



CITY OF RICHMOND

INTRACITY CORRESPONDENCE

TO: The Honorable Kathy Graziano
Chair of Finance and Economic Development Committee

THROUGH: Mayor Dwight C. Jones

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: February 12, 2016

RE: Fiscal Year 2016 Second Quarter Revenue & Expenditure Projection Report

The Fiscal Year 2016 Second Quarter Revenue and Expenditure Projection Report is provided to the Finance and Economic Development Committee to describe the City's Fiscal Year 2016 year-to-date financial performance. The report includes revenue and expenditures up-to-date through December 31, 2015.

If you recall, the Fiscal Year 2016 First Quarter Revenue and Expenditure Projection Report projected a net deficit of \$12,392,424. It was indicated that staff was tasked during the fall of 2015 to generate efficiencies and identify savings to help eliminate or reduce the projected deficit. We are encouraged that at the second quarter the projected deficit has been reduced. However, we are still projecting a net deficit. Of particular importance was the unforeseen and unpredicted, recent snowstorm. The fiscal impacts of this storm, as well as a larger projected deficit within the Fire Department, offset much of the savings generated by departments.

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

Summary of FY2016 Projected Balances as of 12/31/2015	
Projected Total FY2016 General Fund Revenue	692,252,157
<i>Plus FY2015 Encumbrance Roll</i>	<i>7,788,553</i>
Projected Total FY2016 General Fund Expenditures	709,702,545
Total: FY2016 Projected Budgetary Surplus/(Shortfall)	(9,661,835)

**Finance & Administration Portfolio
FY2016 Second Quarter Report**

Sources

	FY2016 Budget	FY2016 Amended Budget	FY2016 Collections as of 12/31/2015	FY2016 Year End Projection	Variance: Amended Budget vs. Preliminary Year End surplus(shortfall)	
General Property Taxes						
Real Property Taxes						
Current	230,681,016	230,681,016	20,574,647	231,406,338	725,322	100.31%
Delinquent Real Estate Tax	9,547,841	9,547,841	4,816,058	8,471,749	(1,076,092)	88.73%
Subtotal: Real Property Taxes	240,228,857	240,228,857	25,390,705	239,878,087	(350,770)	99.85%
Personal Property Taxes						
Personal Property Tax	29,857,971	29,857,973	-3,078,455	31,016,428	1,158,455	103.88%
Personal Property Tax Relief	16,708,700	16,708,700	0	16,708,749	49	100.00%
Delinquent Personal Property Tax	11,547,375	11,547,376	3,377,628	8,811,657	(2,735,719)	76.31%
Subtotal: Personal Property Tax	58,114,046	58,114,049	299,173	56,536,834	(1,577,215)	97.29%
Other Property Taxes						
Machinery & Tools Tax	15,500,000	15,500,000	-73,991	12,950,912	(2,549,088)	83.55%
Mobile Home Title Tax	6,050	6,050	0	6,015	(35)	99.42%
Subtotal: Other Property Tax	15,506,050	15,506,050	-73,991	12,956,927	(2,549,123)	83.56%
Total General Property Taxes	313,848,953	313,848,956	25,615,887	309,371,848	(4,477,108)	98.57%
Other Local Taxes						
Consumer Utility Taxes						
Electric Consumer tax	12,325,598	12,325,598	2,184,118	12,386,552	60,954	100.49%
Gas Consumer Tax	4,600,000	4,600,000	0	4,792,116	192,116	104.18%
Utility Sales Tax Telephone	0	271,609	125,276	278,551	6,942	102.56%
Utility Pole & Conduit Tax	157,933	157,933	0	161,356	3,423	102.17%
Subtotal: Consumer Utility Taxes	17,083,531	17,355,140	2,309,395	17,618,575	263,435	101.52%
Consumer Taxes						
Local Sales & Use Tax	33,204,968	33,375,585	5,538,566	33,310,936	(64,649)	99.81%
Prepared Food (Meals) Tax	31,419,954	31,419,954	13,504,166	31,874,330	454,376	101.45%
Lodging (Hotel) Tax	7,070,496	7,070,496	3,418,290	6,025,447	(1,045,049)	85.22%
Admissions Tax	2,990,397	2,990,398	674,924	2,995,415	5,017	100.17%
Vehicle Rental Tax	960,634	960,634	147,639	955,853	(4,781)	99.50%
Short Term (1% Property) Rental Tax	147,588	147,588	26,415	95,887	(51,701)	64.97%
Subtotal: Consumer Taxes	75,794,037	75,964,655	23,310,000	75,257,868	(706,787)	99.07%
State Distributed Local Taxes						
Sales & Use Tax for Education	24,833,935	24,833,935	2,948,534	24,833,935	0	100.00%
Communications Tax	17,227,534	17,227,533	2,697,950	16,603,181	(624,352)	96.38%
Recordation Tax	801,368	801,368	190,155	752,013	(49,355)	93.84%
Subtotal: State Dist. Local Taxes	42,862,837	42,862,836	5,836,639	42,189,129	(673,707)	98.43%
Business Taxes						
Bank (Stock) Franchise Tax	8,454,227	8,454,227	189,020	7,363,775	(1,090,452)	87.10%
Telephone Commissions Tax	642,295	370,686	196,406	380,512	9,826	102.65%
Subtotal: Business Taxes	9,096,522	8,824,913	385,426	7,744,287	(1,080,626)	87.75%
Other Taxes						
Penalty & Interest on Delinquent Taxes	4,880,809	4,880,806	3,155,485	4,456,769	(424,037)	91.31%
Subtotal: Other Taxes	4,880,809	4,880,806	3,155,485	4,456,769	(424,037)	91.31%
Total Other Local Taxes						
Total Taxes	463,566,689	463,737,306	60,612,832	456,638,476	(7,098,830)	98.47%

Sources

	FY2016 Budget	FY2016 Amended Budget	FY2016 Collections as of 12/31/2015	FY2016 Year End Projection	Variance: Amended Budget vs. Preliminary Year End surplus(shortfall)	
Licenses, Permits & Fees						
Business License	34,154,693	34,154,691	1,095,632	32,540,135	(1,614,556)	95.27%
Vehicle License	3,989,495	3,989,495	515,218	4,325,884	336,389	108.43%
Parking Fees & Permits					0	
Utility Right-of-Way Fees	780,210	780,210	89,346	788,051	7,841	101.00%
Other Licenses, Permits & Fees	1,354,263	1,354,263	319,812	1,133,244	(221,019)	83.68%
Total Licenses Permits & Fees	40,278,661	40,278,659	2,020,009	38,787,314	(1,491,345)	96.30%
Intergovernmental Revenue						
Federal Revenue	514,951	395,778	200	396,451	673	100.17%
State Payment for Social Services	41,997,067	42,100,922	215	42,292,631	191,709	100.46%
State House Bill 599	13,600,000	13,600,000	3,473,505	13,894,020	294,020	102.16%
Reimbursement for State Shared Expenses	19,053,921	17,232,991	3,031,638	19,086,486	1,853,495	110.76%
Street Maintenance	24,539,222	24,539,223	6,576,236	26,286,871	1,747,648	107.12%
State Block Grant	4,280,605	4,280,605	1,019,494	4,368,521	87,916	102.05%
State Payment in Lieu of Taxes (PILOT)	3,422,138	3,422,138	626,265	3,414,378	(7,760)	99.77%
All Other State Revenue	757,998	2,582,269	6,758,270	774,325	(1,807,944)	29.99%
Total Intergovernmental Revenue	108,165,902	108,153,926	21,485,821	110,513,683	2,359,757	102.18%
Fines and Forfeits						
Circuit Court Fines & Fees	4,172,973	4,206,120	1,229,645	4,258,415	52,295	101.24%
General District Court Fines & Fees	1,441,724	1,408,578	157,213	1,415,874	7,296	100.52%
Juvenile & Domestic Relations Court	5,461	5,461	855	5,601	140	102.56%
Parking Violations					0	
Overdue Book Fines	93,592	93,592	13,876	87,418	(6,174)	93.40%
Total Fines & Forfeits	5,713,750	5,713,751	1,401,588	5,767,308	53,557	100.94%
Utility Payments to the General Fund						
Utility Payment in Lieu of Taxes	27,760,230	27,760,230	0	27,760,230	0	100.00%
Payment for Collection Services	570,000	570,000	0	570,000	0	100.00%
Payment for Administrative Services	3,554,065	3,554,065	0	3,554,065	0	100.00%
Utility Dividend Payments	3,419,714	3,419,714	0	5,500,000	2,080,286	160.83%
Total Utility Payments to the General Fund	35,304,009	35,304,009	0	37,384,295	2,080,286	105.89%
Charges for Goods & Services						
Building Service Charges	939,151	1,047,209	428,710	1,042,518	(4,691)	99.55%
Rental of Property	416,869	416,870	78,832	395,005	(21,865)	94.75%
Safety Related Charges	202,346	197,936	9,041	200,176	2,240	101.13%
Other Service Charges	2,000,889	1,905,816	144,625	1,751,458	(154,358)	91.90%
Refuse Collection Fees	11,933,793	12,028,867	5,088,074	12,068,541	39,674	100.33%
Commercial Dumping Fees	325,624	325,624	373	55,147	(270,477)	16.94%
Recycling Proceeds	1,650,723	1,650,723	656,943	1,578,216	(72,507)	95.61%
Inspection Fees	4,885,588	4,777,527	2,178,845	4,842,473	64,946	101.36%
Health Related Charges	47,488	47,488	89,867	81,548	34,060	171.72%
Other Sales	209,389	209,390	64,857	203,513	(5,877)	97.19%
Printing and Telecommunication Charges	510,275	339,656	3,010	345,231	5,575	101.64%
Risk Management	5,944,424	5,944,424	14,512	5,944,424	0	100.00%
Total Charges for Goods & Services	29,066,559	28,891,530	8,757,690	28,508,250	(383,280)	98.67%

Sources

	FY2016 Budget	FY2016 Amended Budget	FY2016 Collections as of 12/31/2015	FY2016 Year End Projection	Variance: Amended Budget vs. Preliminary Year End surplus(shortfall)	
Other General Fund Revenue & Resources						
Administrative Payments	1,754,478	2,875,223	452,694	5,350,712	2,475,489	186.10%
Internal Service Fund Payments	353,416	353,416	0	353,416	0	100.00%
Data Sharing & Other Transfers	3,000,000	0	0	0	0	0.00%
Other Payment to the General Fund	1,120,745	0	0	0	0	0.00%
All Other Revenue	936,725	8,948,703	5,596,239	8,948,703	0	100.00%
Total Other General Fund Revenue	7,165,364	12,177,342	6,048,933	14,652,831	2,475,489	386.10%
Subtotal General Fund Revenue						
	689,260,934	694,256,523	100,326,873	692,252,157	(2,004,366)	99.71%
All Other Resources						
Rainy Day/Unassigned Fund Balance						
Other Reserves						
Total All Other Resources	0	0	0	0	0	
General Fund Revenue Grand Total						
	689,260,934	694,256,523	100,326,873	692,252,157	(2,004,366)	99.71%
Rolled Encumbrance Total:						
		7,788,553		7,788,553		
Grand Total:						
	689,260,934	702,045,076	100,326,873	700,040,710	(2,004,366)	99.71%

All Projections are based on data collected at a point in time.
 All Projections could change as more data becomes available at year end closing.

Uses

Agency	FY 2016 Adopted Budget	FY 2016 Current Budget	Expenditures through Dec 31st	FY 2016 Year-End Projection	Variance: Current vs Projection surplus/(shortfall)	
Culture & Recreation						
Library	5,732,713	5,755,953	2,831,196	5,634,743	121,210	97.9%
Parks Rec	16,334,467	16,489,444	7,289,668	16,481,714	7,730	100.0%
Debt						
Debt	61,399,750	61,399,750	39,102,624	60,262,250	1,137,500	98.1%
Education						
RPS	170,833,592	170,833,592	-	170,833,592	-	100.0%
General Government						
Assessor	3,038,863	3,085,868	1,377,229	3,039,957	45,911	98.5%
Auditor	1,673,890	1,696,402	696,013	1,885,862	(189,460)	111.2%
Budget	1,260,775	1,282,474	639,909	1,243,572	38,902	97.0%
Chief Admin Officer	1,294,391	1,318,589	587,510	1,281,431	37,158	97.2%
City Attorney	2,739,943	2,856,107	1,197,140	2,833,526	22,581	99.2%
City Clerk	926,711	959,487	374,114	909,765	49,722	94.8%
City Council	1,325,096	1,341,347	576,085	1,341,002	345	100.0%
City Treasurer	184,507	184,507	82,412	177,303	7,204	96.1%
Council Chief of Staff	1,155,089	1,177,737	559,276	1,166,109	11,628	99.0%
Econ & Comm Dev	5,118,237	5,193,866	1,851,383	5,222,081	(28,215)	100.5%
Finance	22,151,953	22,273,533	13,445,706	23,113,519	(839,986)	103.8%
General Registrar	2,170,483	2,180,893	587,471	2,153,432	27,461	98.7%
Human Resources	2,858,061	2,929,457	1,432,005	2,865,215	64,242	97.8%
Info Tech	17,985,820	19,277,259	9,405,452	19,592,242	(314,983)	101.6%
Mayor's Office	970,793	986,408	507,294	986,401	7	100.0%
Minority Business Development	571,433	579,067	246,976	607,415	(28,348)	104.9%
Planning & Dev Review	9,453,732	10,479,909	4,870,760	10,479,909	-	100.0%
Press Secretary	516,120	537,455	225,619	533,490	3,965	99.3%
Procurement Serv.	1,146,608	1,166,461	602,342	1,158,670	7,791	99.3%
Highways, Streets, Sanitation & Refuse						
Public Works	58,140,890	59,788,116	23,042,591	61,782,430	(1,994,314)	103.3%
Human Services						
Justice Services	8,814,093	8,952,717	4,103,424	9,122,945	(170,228)	101.9%
Office of DCAO/HS	2,178,841	1,927,315	890,974	1,805,174	122,141	93.7%
RCHI - Health	3,781,490	3,781,490	-	3,781,490	-	100.0%
Social Services	54,887,391	55,197,189	24,523,424	55,164,655	32,534	99.9%
Office of Community Wealth Building	-	1,317,436	448,707	1,225,127	92,309	93.0%
Non-Departmental						
Non-Dept	50,755,465	56,169,301	31,035,148	56,670,099	(500,798)	100.9%
Public Safety & Judiciary						
Animal Control	1,580,169	1,599,385	691,703	1,658,463	(59,078)	103.7%
Emergency Communications	4,105,961	4,183,908	2,130,262	4,353,094	(169,186)	104.0%
Fire & Emer Svcs	44,067,952	44,725,594	21,930,153	46,532,310	(1,806,716)	104.0%
J & DR Court	236,325	242,638	83,580	237,762	4,876	98.0%
13th District Court Services Unit	225,036	226,350	69,053	225,139	1,211	99.5%
Jail/Sheriff	34,190,271	34,206,419	18,140,422	36,725,891	(2,519,472)	107.4%
Judiciary - Adult Drug Ct	589,785	597,175	264,260	604,383	(7,208)	101.2%
Judiciary - Cir Ct	3,770,679	3,784,378	1,805,958	3,761,853	22,525	99.4%
Judiciary - CW Atty	5,934,896	5,934,896	2,811,237	5,931,897	2,999	99.9%
Judiciary - Other	299,109	337,114	97,850	306,703	30,411	91.0%
Police	84,859,553	85,088,088	41,513,789	86,009,928	(921,840)	101.1%
Grand Total	689,260,933	702,045,074	262,070,719	709,702,545	(7,657,471)	101.1%

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.

FY 2016 Second Quarter Revenue Projections

Below are explanations of variances within major accounts in the revenue projections. Explanations are offered for variances that are +/- 3% or +/- \$100,000. The current forecast projects revenues to come in under the FY2016 budget by \$2 million or 0.29%. **Please note that the second quarter projection will remain unchanged ONLY if there is no change in current assumptions and no change in the expected overall national, state, and local economic conditions.** The explanations are in order as they appear in the prior table.

Real Estate **Projected Revenue Surplus: \$725k**

Real Estate tax has a projected surplus of \$0.7 million based on increased assessments provided by the City Assessor's Office.

Delinquent Real Estate Tax **Projected Revenue Shortfall: \$1.1 million**

Average collections over the last six years have been \$8.7m, with \$9.2m raised in FY2015. Increased collection efforts spiked this revenue source in FY2015, and similar efforts occurring this fiscal year should bring revenue to \$8.5m. However, with fewer delinquent accounts, there is less potential revenue to be generated, resulting in the projected shortfall compared to the Budget.

Personal Property Tax **Projected Revenue Surplus: \$1.2 million**

This revenue source is projected to generate \$31m in FY2016. In FY2015, preliminary estimates show that \$32.6m was collected in personal property. In FY2015, statutory assessments were made to increase personal property collections. This increased the revenue amount in FY2015. Lower revenues are projected in FY2016, due to the depreciation of the existing personal property tax base.

Delinquent Personal Property Tax **Projected Revenue Shortfall: \$2.8 million**

Average collections over the last six years have been \$5.6m, with \$8.8m raised in FY2015. Increased collection efforts spiked this revenue source in FY2015, and similar efforts occurring this fiscal year should bring revenue to \$8.8m. However, with fewer delinquent accounts, there is less potential revenue to be generated, resulting in the projected shortfall compared to the Budget.

Machinery & Tools Tax **Projected Revenue Shortfall: \$2.5 million**

Machinery & Tools Tax has a projected revenue shortfall. Revenue was under the budgeted amount for FY2013 and FY2014 and FY2015. In FY2013 it declined to \$15,001,324 and in FY2014 fell again to \$13,607,934. Preliminary (unaudited) FY2015 revenues again show this category to come in under budget, with \$12.8m being collected. The projection for FY2016 is estimated to be aligned to FY2015 revenues with a projection of \$12.9 million.

Gas Consumer Tax **Projected Revenue Surplus: \$192k**

The Gas Consumer Tax is expected to have a revenue surplus of \$0.2m. This revenue source is generally stable, but can be highly seasonal depending on weather conditions. With a reduction in the charge of purchasing natural gas being passed onto consumers the overall revenue generated will be lower than FY2015. With a budget of \$4.6m in FY2016, it is expected that increased demand will generate extra revenue in excess of the budgeted amount.

Prepared Food Tax**Projected Revenue Surplus: \$454k**

Prepared Food Tax has a projected revenue surplus. Preliminary FY2015 revenues show a collection of \$31.7m. This upward trend is expected to continue in FY2016, with projected revenues expected to be \$31.9m.

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

Lodging Tax has a projected revenue shortfall. Actual revenues in FY2014 were \$6.0m. Preliminary FY2015 revenue figures show a decrease in revenue to \$5.5 million. In FY2016, the impact of various facets will continue this shortfall. Some hotels have reduced the number of rooms, resulting in a lower taxable amount. With the rise of third-party discount sites, the number of overall room bookings may be higher, but with the associated discount the overall revenue generated will be lower, resulting in a variance between potential and actual revenue.

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

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

Communications Tax**Projected Revenue Shortfall: \$624k**

This source of revenue has been on a downward trend over the last few years. FY2015 actuals are estimated to be \$16.7m. Based on the trend for this source, it is estimated that this revenue will be projected to bring in \$16.6m in FY2016, which is \$624,352 lower than the budgeted amount of \$17.2m.

Recordation Tax**Projected Revenue Shortfall: \$49k**

This source is projected to bring in \$752k in FY2016. This is based on the estimate provided by the state, and on the basis of the first of four quarterly payments made by the State to the City.

Bank Stock (Franchise Tax)**Projected Revenue Shortfall: \$1.1m**

This revenue source is projected to bring in \$7.4m in FY2016. The City just recently found out that due to an error by Bank of America, the bank had overpaid this tax to several localities over the last few years. Since Richmond collects a large proportion of the total tax take, the amount owed to Bank of America is over \$5m. This will be spread out over five years beginning this fiscal year, resulting in lower than anticipated revenue for this source.

Penalty & Interest on Delinquent Taxes**Projected Revenue Shortfall: \$424k**

Projected revenue for FY2016 will be \$4.4m, resulting in a \$424k shortfall. With less revenue being generated from fewer delinquent accounts, there will be less money collected in penalty and interest on delinquent taxes, causing this revenue shortfall.

Business License**Projected Revenue Shortfall: \$1.6m**

This License fee is based on a percentage of gross receipts and is paid by a person or business engaging in any business, trade, profession, or occupation unless exempted. Licenses expire annually on December 31st and must be renewed by March 1st. The FY2016 projection is based on historical trends

for this revenue source. Additionally, refunds and appeals concerning licenses will mean that revenues for this source will remain relatively flat compared to FY2015.

Vehicle License **Projected Revenue Surplus: \$336k**

Based on projected assessments in FY2016, the revenue projected for FY2016 is \$4.3m, which is \$336k above the budgeted amount for this revenue stream.

Other Licenses, Permits, and Fees **Projected Revenue Shortfall: \$221k**

FY2016 projected revenue is at \$1.1m, which is lower than the adopted revenue of \$1.35m. To date, one license delinquent account has not brought in the anticipated revenue, which accounts for this shortfall. We are working with the applicable agency to investigate this issue.

Social Services State Revenue **Projected Revenue Surplus: \$192k**

Social Services State Revenue has a projected revenue surplus of \$192k due to higher than projected reimbursement payments to the city based on Social Services departmental expenditures for programs.

State House Bill 599 **Projected Revenue Surplus: \$294k**

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

Reimbursement for State Shared Expenses **Projected Revenue Surplus: \$1.9m**

Revenue for this source is projected to be \$19.1m. Compared to the budget, this shows a surplus of \$1.9m. However, it is important to note that this is not a true surplus, but is due to how one of the budgeted accounts has been classified. An account holding the remaining budget is classed under All Other State Revenue. Therefore this category is showing a budget lower than what is the case, and All Other State Revenue is showing a budget higher than what is the case. The overall budget has not changed, but what has changed is how it is classified. Once this budget is reclassified, the projection vs budget will be more aligned.

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

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

All Other State Revenue **Projected Revenue Shortfall: \$1.8m**

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

Overdue Book Fines **Projected Revenue Shortfall: \$6k**

FY2016 projections for overdue book fines are \$87,418. This is in line with current payments and historical data. The City should realize a slight increase in this revenue source, but not to the budgeted amount.

Rental of Property

Projected Revenue Shortfall: \$22k

FY2016 projected revenue will be \$395k. An organization that had a contract to rent rooms at one of the City facilities no longer rents the facility on a monthly basis representing a loss of rental income of about \$32k. Slight increases in rental revenue will offset this loss in revenue, but compared to the Budget, this revenue source will come in less than budgeted.

Other Service Charges

Projected Revenue Shortfall: \$154k

Other Service Charges are projected to bring in \$1.75m in FY2016, compared to the budget for FY2016 of \$1.9m. Revenue sources which were expected to increase in FY2016 are not predicted to materialize, and collections in FY2016 are in line with historical collections for this revenue source.

Commercial Dumping Fees

Projected Revenue Shortfall: \$270k

Commercial Dumping Fees has a projected revenue shortfall of \$270k. This revenue source is generated when businesses as well as the Department of Public Utilities pay for permits and fees for disposal of inert solid waste. The projected revenue shortfall is due to businesses using the inert solid waste site at a lower frequency.

Recycling Proceeds

Projected Revenue Shortfall: \$73k

In FY2016, recycling proceeds are projected to generate \$1.58m. This amount will be lower than the budgeted amount of \$1.65m, but in line with historical collections for this revenue source. This projection is based on current payments received to date.

Health Related Charges

Projected Revenue Surplus: \$34k

Health Related Charges are projected to generate \$81,548 in revenue in FY2016. This is higher than the budgeted amount of \$47,488 and in line with historical and current collections for this revenue source.

Administrative Payments

Projected Revenue Surplus: \$2.5m

Administrative Payments to the General Fund will have a revenue surplus of \$2.5m with total projected revenues of \$5.4m. The Richmond Retirement System (RRS) paid their reimbursement to the City for FY2014 in FY2016 (approximately \$1.2m), and we are expecting an additional payment for FY2015 in FY2016 of around \$1.2m, resulting in this surplus.

Utility Dividend Payments

Projected Revenue Surplus: \$2.1m

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

FY2016 Second Quarter Expenditure Projections

Overall, the second quarter forecast shows projected expenditures to exceed the current budget by \$7,657,471 or 1.1%

It is important to note that these projections are based on data collected for FY16 as of December 31, 2015. 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 second quarter status report. Variances of +/- 3% or +/- \$250,000 are detailed below.

Debt **Projected Budget Surplus: \$1.1million**

The Debt agency is projected to have a surplus of \$1.1m that is attributed to the: Refunding of the Series 2005A and 2005B GO bonds by the 2015A GO Bonds at lower interest rates on October 12, 2015, lower amount of borrowings, and lower than budgeted variable interest rates paid on the Series 2014 Bank of America Line of Credit during the first half of the year, and lower than budgeted interest rates being paid on the Series 2013 Variable rate.

Auditor **Projected Budget Shortfall: \$189k**

The Auditor's Office is projected to have a \$189k shortfall. \$31k of the projected shortfall is associated with prospectively filling two vacant positions. A projected operating shortfall of \$158k is associated with projected contractual obligations for the new External Audit Contract.

City Clerk **Projected Budget Surplus: \$50k**

The City Clerk's Office has a total projected savings of \$50k. \$30k of this surplus is associated with personnel savings resulting from an early retirement of an employee (the agency has decided to not fill the position). Operating savings of \$20k are projected across several department functions, including, but not limited to advertising and security services.

Treasurer **Projected Budget Surplus: \$7k**

The Treasurer's Office is projected to have personnel savings of \$7k that is attributed to the existence of a vacant position.

Finance **Projected Budget Shortfall: \$840k**

The Department of Finance is projected to be over budget by \$840k. Personnel savings of \$236k is projected and is the result of several vacancies throughout the department. An operating shortfall of \$1.1m is projected and is due to contracted temporary personnel which are being hired to cover existing vacancies. Other overage costs are associated with audit reports and contractual items.

Information Technology **Projected Budget Shortfall: \$315k**

The Department of Information Technology is projected to have savings of approximately \$81k in personnel that is attributed to attrition and the difficulty in filling several positions. An operating

shortfall of \$397k is attributed to Microsoft Software License expenses, Rapids contract increases and cloud storage costs, and unanticipated overage charges in the Enterprise Print Governance program.

Minority Business Development

Projected Budget Shortfall: \$28k

The Office of Minority Business Development is projected to have a personnel shortfall of \$63k that is attributed to filling positions that were not fully funded and utilizing temporaries to back fill other vacant positions. Operating savings of \$35k is projected and is based on the department restructuring programs and delaying some basic services until FY2017.

Public Works

Projected Budget Shortfall: \$2million

The Public Works Department is projected to be over budget by \$724k in personnel that is primarily due to overtime costs related to the recent snowstorm that would not be fully covered in the Winter Storm Special Fund. Acting as a partial offset was not filling several vacant positions due to the overall projected deficit for the Agency. The Department is projected to have a shortfall of \$1.3m in operating that is primarily attributed to: operating expenditures associated with the recent snowstorm – to include covering prior year deficits in the winter storm special fund - increased costs of the Citywide recycling program implemented in FY16 and increased janitorial costs. Acting as a partial offset are favorable utilities and fleet expenditures which are primarily the result of lower than anticipated fuel and depreciation costs.

Office of the DCAO for Human Services

Projected Budget Surplus: \$122k

The Office of the DCAO for Human Services is projected to have departmental savings of \$122k. Personnel savings of \$92k is attributed to the existence of vacancies and the department delaying the filling of those vacant positions. Operating savings of \$30k is the result of a delay in the procurement of goods, services and equipment purchases.

Office of Community Wealth Building

Projected Budget Surplus: \$92k

The Office of Community Wealth Building is projected to have a savings primarily due to the delay in hiring of personnel. As the agency transitions from the Office of the DCAO for Human Services, it is anticipated that no additional hiring will take place prior to year end that will impact the personnel budget.

Non Departmental

Projected Budget Shortfall: \$501k

The shortfall in Non Departmental is attributed to a projected deficit in the retiree healthcare account.

Animal Control

Projected Budget Shortfall: \$59k

The Office of Animal Care and Control is projected to have a shortfall of approximately \$59k in personnel. This shortfall is the result of the agency filling vacant positions that were not fully funded.

Emergency Communications

Projected Budget Shortfall: \$169k

The Department of Emergency Communications is projected to have a shortfall in personnel of \$394k. This shortfall is attributed to the department filling vacant positions that were not fully funded and utilizing Overtime to backfill vacant positions. Projected operating savings of \$224K is the result of savings related to the non-renewal of the Priority Dispatch system and savings in the ILEC system.

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

The Department of Fire and Emergency Services is projected to have a shortfall in personnel of approximately \$2m. This projected shortfall is attributed to: the advancement of firefighters meeting all qualifications in the career development program, the department promoting several employees into higher classifications, and the use of overtime to backfill vacant positions and to assist in meeting minimum staffing requirements. Minor operating savings of \$240k is projected and is primarily associated with procurement related delays that may push some operating purchases into the next fiscal year.

Jail/Sheriff**Projected Budget Shortfall: \$2.5m**

The Sheriff's Office is projected to be \$2.5 million over budget due to increased (and somewhat unpredictable) inmate medical costs and prescription/drugs contractual costs. Additionally, personnel is projected to be over budget primarily due to the payout of the 2% salary increase approved by the State (funding was approved by City Council in January to offset this increase) and the filling of vacant positions that were not fully funded. Utilities are favorable to budget due to lower than projected Natural Gas costs.

Judiciary (Other)**Projected Budget Surplus: \$30k**

Operating savings are projected within the civil and traffic court divisions. Savings are projected within the training and travel and the repair and renovation accounts.

Police**Projected Budget Shortfall: \$922k**

The Police department is expected to realize a \$1.3 million shortfall in personnel that is the result of the department filling vacant positions that were not fully funded and utilizing Overtime to backfill vacant positions, in addition to utilizing Overtime for special events, holidays, etc. Operating savings of \$345k is projected and is the result of not fully executing a lease of a new property and evidence facility.