




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. 
Budget & Strategic Planning Director

DATE: February 15, 2018

RE: Fiscal Year 2018 Second Quarter Revenue & Expenditure Projection Report

The Fiscal Year 2018 Second Quarter Revenue and Expenditure Projection Report is provided to the Finance and Economic Development Committee to describe the City's Fiscal Year 2018 year-to-date financial performance. The report includes revenue and expenditures up-to-date through December 31, 2017 – utilizing six (6) months of data.

A brief overview of the projected FY2018 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 below budget with a preliminary projected shortfall of \$13,166,303. There are several sources of revenue, particularly in the general property and other local tax category as well as court related costs, the Payment in Lieu of Taxes (PILOT) from the Department of Public Utilities, specifically Federal Income Tax payments, recovered costs, that are projected to be below budget.

A shortfall is projected in the following general property and other local taxes: machinery and tools, penalty and interest (interest), delinquent personal property taxes, public service

corporation current and delinquent taxes, bank stock taxes, business licenses, motor vehicle licenses, etc. There are other sources of revenue that are projected to exceed the budget, however, they are not projected to offset the total projected shortfall. Specific details of the variances are explained further in the report.

Adding to the projected shortfall is the State Payment in Lieu of Taxes (service charges) revenue. A legislative amendment to the FY2018 revenue budget assumed the collection of PILOT payments from several governmental entities. This is not expected to materialize and is also contributing to the projected revenue shortfall, but the overall net impact is mitigated by the fact that the revenue budget adopted by Council exceeds expenditures by over \$1 million.

General Fund Expenditures

General Fund expenditures are trending in a positive direction, with a preliminary, projected savings of \$8,732,921. General fund savings are primarily attributed to anticipated savings within the City’s contribution to Debt Service. Specifically, debt savings is the result of refunding of the Series 2009A, 2010A and 2012A general obligation bonds at lower interest rates and due to the fact that anticipated, budgeted interest and principal payments on GO bonds in FY2018, will not be made now until FY2019. This is due to the closing of such bonds in July of 2017. Additionally, debt savings is attributed to the refunding of GO bond transactions that was completed in December of 2017 (Series 2017D GO Refunding Bonds). Expenditure savings are also projected in the Departments of Social Services, Sheriff, Finance, and Human Services, all attributed primarily to vacancy and turnover savings. Specific details of departmental variances are explained further in the report.

A summary of the Second Quarter 2018 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 FY2018 Projected Balances as of 12/31/2017	
Projected Total FY2018 General Fund Revenue	\$689,169,555
Projected Total FY2018 General Fund Expenditures	\$692,472,689
Total: FY2018 Projected Budgetary Surplus/(Shortfall)	\$(3,303,134)

*Note very minor discrepancies may exist due to rounding

City of Richmond
Finance & Administration Portfolio
FY2018 Second Quarter Report

Sources

	FY2018 Budget	FY2018 Amended Budget	FY2018 Collections as of 12/31/2017	FY2018 2nd Quarter Projection	Variance, Amended Budget vs. Preliminary Year End surplus (shortfall)	
Revenue from Local Sources						
General Property Taxes						
Machinery & Tools Taxes	15,388,289	15,388,289	127,978	13,484,999	(1,903,290)	88%
Penalties and Interest- Interest	4,019,239	4,019,239	693,387	2,382,283	(1,636,956)	59%
Penalties and Interest- Penalty	3,942,897	3,942,897	695,194	3,526,350	(416,547)	89%
Personal Property Taxes- Current	29,825,855	29,825,855	193,383	32,578,755	2,752,900	109%
Personal Property Taxes- Delinquent	11,679,053	11,679,053	4,344,464	9,087,071	(2,591,982)	78%
Real and Personal Public Service Corporation Property Taxes- Personal Property Current	3,035,970	3,035,970	(100,277)	9,191,036	6,155,066	303%
Real and Personal Public Service Corporation Property Taxes- Personal Property Delinquent	1,700,642	1,700,642	859,108	892,512	(808,130)	52%
Real and Personal Public Service Corporation Property Taxes- Real Property Current	11,708,143	11,708,143	(400,051)	1,968,917	(9,739,226)	17%
Real Property Taxes- Current	241,980,882	242,092,722	16,041,687	245,599,404	3,506,682	101%
Real Property Taxes- Delinquent	11,563,279	11,563,279	6,082,128	11,691,273	127,994	101%
Total General Property Taxes	334,844,249	334,956,089	28,537,002	330,402,599	(4,553,490)	99%
Other Local Taxes						
Admission Taxes	3,181,250	3,181,250	875,754	3,315,429	134,179	104%
Bank Stock Taxes	9,545,799	9,545,799	-	8,173,355	(1,372,444)	88%
Business Licenses Taxes	35,201,010	35,201,010	4,313,545	33,896,608	(1,304,402)	96%
Consumer Utility Taxes	17,694,507	17,694,507	297,118	17,803,556	109,049	101%
Local Sales & Use Tax	34,109,045	34,109,045	10,994,841	34,545,926	436,881	101%
Motor Vehicle Licenses	7,277,716	7,277,716	979,909	6,701,582	(576,134)	92%
Other Local Taxes	601,317	601,317	1,424,857	282,362	(318,955)	47%
Prepared Food Taxes	36,605,939	36,605,939	12,605,021	36,377,784	(228,155)	99%
Short-Term Rental Tax	68,112	68,112	34,018	124,425	56,313	183%
Transient Lodging Taxes	8,026,319	8,026,319	3,303,464	8,363,697	337,378	104%
Total Other Local Taxes	152,311,014	152,311,014	34,828,527	149,784,724	(2,526,290)	98%
Permits, Privilege Fees, and Regulatory Licenses						
Animal Licenses	-	-	-	-	-	-
Permits and Other Licenses	7,314,397	7,314,397	3,395,613	9,503,705	2,189,308	130%
Total Permits, Privilege Fees, and Regulatory Licenses	7,314,397	7,314,397	3,395,613	9,503,705	2,189,308	130%
Fines & Forfeitures						
Fines & Forfeitures	-	-	3,250	3,250	3,250	-
Total Fines & Forfeitures	-	-	3,250	3,250	3,250	0%
Revenue from Use of Money and Property						
Revenue from Use of Money	2,872,931	2,872,931	778,648	4,003,296	1,130,365	139%
Revenue from Use of Property	328,280	328,280	110,783	338,214	9,934	103%
Total Revenue from Use of Money and Property	3,201,211	3,201,211	889,432	4,341,511	1,140,300	136%
Charges for Services						
Charges for Finance	435,516	435,516	127,583	770,081	334,565	177%
Charges for Fire and Rescue Services	574,609	574,609	65,876	61,630	(512,979)	11%
Charges for Information Technology	17,826	17,826	7,765	15,530	(2,296)	87%
Charges for Law Enforcement and Traffic Control	147,981	147,981	58,300	150,489	2,508	102%
Charges for Library	89,031	89,031	25,524	51,048	(37,983)	57%
Charges for Maintenance of Highways, Streets, Bridges, and Sidewalks	-	-	300	600	600	-
Charges for Other Protection	125,000	125,000	48,205	125,000	-	100%
Charges for Parks and Recreation	80,000	80,000	31,216	80,000	-	100%
Charges for Planning and Community Development	66,250	66,250	25,631	70,649	4,399	107%
Charges for Sanitation and Waste Removal	16,716,635	16,716,635	4,204,618	17,268,312	551,677	103%
Court Costs	6,952,493	6,952,493	2,093,495	3,720,294	(3,232,199)	54%
Other	8,668	8,668	3,780	9,566	898	110%
Total Charges for Services	25,214,009	25,214,009	6,692,294	22,323,199	(2,890,810)	89%

	FY2018 Budget	FY2018 Amended Budget	FY2018 Collections as of 12/31/2017	FY2018 2nd Quarter Projection	Variance: Amended Budget vs. Preliminary Year End surplus(shortfall)	
Miscellaneous Revenue						
Miscellaneous	1,872,584	1,877,084	772,490	2,014,149	137,065	107%
Payments in Lieu of Taxes from Enterprise Activities	27,170,096	27,170,096	760,634	22,450,692	(4,719,404)	83%
Total Miscellaneous Revenue	29,042,680	29,047,180	1,533,124	24,464,841	(4,582,339)	84%
Recovered Costs						
Recovered Costs	7,112,448	7,112,448	2,387,866	6,200,120	(912,328)	87%
Total Recovered Costs	7,112,448	7,112,448	2,387,866	6,200,120	(912,328)	87%
Revenue from Local Sources Total	559,040,008	559,156,348	78,267,108	547,023,948	(12,135,650)	98%
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	1,382,844	1,382,844	265,238	939,007	(443,837)	68%
Communications Sales and Use Tax	16,134,020	16,134,020	5,208,290	15,602,791	(531,229)	97%
Miscellaneous Non-Categorical Aid	250,000	250,000	1,581,905	1,750,000	1,500,000	700%
Mobile Home Titling Taxes	6,000	6,000	4,172	9,385	3,385	156%
Personal Property Tax Reimbursement	16,708,749	16,708,749	1,618,469	16,708,749	-	100%
Rolling Stock Tax	152,250	152,250	116,767	141,036	(11,214)	93%
Tax on Deeds	1,003,113	1,003,113	259,673	1,008,518	5,405	101%
Total Non-Categorical Aid	35,636,976	35,636,976	9,054,513	36,159,485	522,509	101%
Shared Expenditures (Categorical)						
State Shared Expenses- City Treasurer	147,785	147,785	32,251	140,961	(6,824)	95%
State Shared Expenses- Commonwealth Attorney	3,423,176	3,423,176	824,199	3,339,456	(83,720)	98%
State Shared Expenses- Finance	772,937	772,937	126,440	758,630	(14,307)	98%
State Shared Expenses- General Registrar	78,944	78,944	-	90,525	11,581	115%
State Shared Expenses- Sheriff	16,452,561	16,452,561	3,899,302	15,990,000	(462,561)	97%
State Shared Expenses- Welfare and Social Services	27,531,449	7,240,854	-	-	(7,240,854)	0%
Total Shared Expenditures (Categorical)	48,406,852	28,116,257	4,882,192	20,319,572	(7,796,685)	72%
Categorical Aid						
Education						
Library	181,515	181,515	89,740	179,480	(2,035)	99%
Public Safety	18,457,784	18,457,784	4,417,948	18,580,320	122,536	101%
Public Works	-	-	-	-	-	-
Welfare and Social Services	15,188,227	8,965,488	4,931,576	12,779,159	3,813,671	143%
Total Categorical Aid	33,827,526	27,604,787	9,439,263	31,538,959	3,934,172	114%
PILOT (Payments in Lieu of Taxes)						
Service Charges	5,027,417	5,027,417	1,710,078	3,755,804	(1,271,613)	75%
Total PILOT (Payments in Lieu of Taxes)	5,027,417	5,027,417	1,710,078	3,755,804	(1,271,613)	75%
Revenue from the Commonwealth Total	122,898,771	96,385,437	25,086,046	91,773,821	(4,611,616)	95%
Revenue from the Federal Government						
Non-Categorical Aid						
Other Federal Revenue	-	-	-	-	-	-
Total Non-Categorical Aid	-	-	-	-	-	-

	FY2018 Budget	FY2018 Amended Budget	FY2018 Collections as of 12/31/2017	FY2018 2nd Quarter Projection	Variance: Amended Budget vs. Preliminary Year End surplus(shortfall)	
Categorical Aid						
Social Services	20,000	26,533,334	7,355,671	30,104,629	3,571,295	113%
Total Categorical Aid	20,000	26,533,334	7,355,671	30,104,629	3,571,295	113%
Revenue from the Federal Government Total	20,000	26,533,334	7,355,671	30,104,629	3,571,295	113%
Utilities						
Utilities	64,000	64,000	25,726	70,418	6,418	110%
Total Utilities	64,000	64,000	25,726	70,418	6,418	1
Revenue from Utilities Total	64,000	64,000	25,726	70,418	6,418	1
Transfers-In						
Transfers-In	9,843,982	12,243,982	-	12,243,982	-	100%
Total Transfers-In	9,843,982	12,243,982	-	12,243,982	-	100%
General Fund Revenue Grand Total:	691,866,761	694,383,101	110,734,551	681,216,798	(13,166,303)	98%
Rolled Encumbrance (General Fund Portion) Total:		7,952,757		7,952,757	-	
General Fund Revenue Grand Total:	691,866,761	702,335,858	110,734,551	689,169,555	(13,166,303)	98.13%

All Projections are based on data collected at a point in time.
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Uses

Agency	FY 2018 Adopted Budget	FY 2018 Current Budget	Expenditures through Dec. 31st	FY 2018 Year- End Projection	Variance: Current vs Projection surplus/(shortfall)	
Culture & Recreation						
Library	5,531,626	6,056,017	2,479,546	6,029,073	26,944	99.6%
Parks Rec	15,834,659	16,166,291	7,993,096	16,095,042	71,249	99.6%
Debt						
Debt	74,668,693	74,668,693	36,013,957	67,968,693	6,700,000	91.0%
Education						
RPS	158,975,683	158,975,683	46,297,191	158,975,683	-	100.0%
General Government						
Assessor	3,239,563	3,290,940	1,475,752	3,236,122	54,818	98.3%
Auditor	1,879,169	2,047,225	803,838	2,339,598	(292,373)	114.3%
Budget	1,246,188	1,269,995	566,253	1,265,503	4,492	99.6%
Chief Admin Officer	969,302	987,097	424,618	964,790	22,307	97.7%
City Attorney	2,969,266	3,057,602	1,337,677	2,997,322	60,280	98.0%
City Clerk	940,974	976,321	316,583	940,513	35,808	96.3%
City Council	1,371,107	1,388,092	622,766	1,386,151	1,941	99.9%
City Treasurer	186,486	186,485	81,181	178,191	8,294	95.6%
Council Chief of Staff	1,160,079	1,181,721	520,735	1,116,913	64,808	94.5%
Econ & Comm Dev	5,763,310	5,822,524	1,947,160	5,707,656	114,868	98.0%
Finance	10,258,630	10,913,918	4,099,832	10,693,946	219,972	98.0%
General Registrar	1,629,662	1,638,419	775,733	1,628,685	9,734	99.4%
Human Resources	2,798,968	2,996,767	1,414,904	3,034,221	(37,454)	101.2%
Info Tech	-	-	-	-	-	#DIV/0!
Mayor's Office	1,156,014	1,159,144	445,233	1,125,267	33,877	97.1%
Minority Business Development	646,436	667,301	329,507	664,192	3,109	99.5%
Planning & Dev Review	9,866,927	10,495,855	4,589,421	10,615,541	(119,686)	101.1%
Press Secretary	479,536	489,094	221,460	491,344	(2,250)	100.5%
Procurement Serv	756,160	879,125	370,309	871,785	7,340	99.2%
Highways, Streets, Sanitation & Refuse						
Public Works	38,774,859	39,438,310	13,304,874	39,397,827	40,483	99.9%
Human Services						
Justice Services	9,344,734	9,477,708	4,217,528	9,432,498	45,210	99.5%
Office of DCAO/HS	1,522,126	1,540,954	524,546	1,332,729	208,225	86.5%
RCHI - Health	3,781,490	3,781,490	1,890,745	3,781,490	-	100.0%
Social Services	56,697,400	57,343,001	22,312,908	56,247,693	1,095,308	98.1%
Office of Community Wealth Building	2,101,414	2,125,800	914,964	2,090,751	35,049	98.4%
Non-Departmental						
Non-Dept	77,997,666	80,563,312	20,757,739	80,845,971	(282,659)	100.4%
Public Safety & Judiciary						
Animal Control	1,584,965	1,605,274	825,397	1,635,154	(29,880)	101.9%
Emergency Communications	5,522,512	5,735,483	2,166,212	5,594,400	141,083	97.5%
Fire & Emer Svcs	48,908,102	50,933,556	25,460,282	51,082,310	(148,754)	100.3%
J & DR Court	281,599	287,519	91,076	279,708	7,811	97.3%
13th District Court Services Unit	212,386	214,166	74,108	212,014	2,152	99.0%
Jail/Sheriff	38,186,808	38,188,853	17,150,109	37,636,221	552,632	98.6%
Judiciary - Adult Drug Ct	616,914	627,283	319,370	619,874	7,409	98.8%
Judiciary - Cir Ct	3,675,042	3,690,179	1,799,678	3,744,585	(54,406)	101.5%
Judiciary - CW Atty	6,417,815	6,417,817	2,947,200	6,404,563	13,254	99.8%
Judiciary - Other	306,606	380,152	118,420	373,644	6,508	98.3%
Police	92,475,638	93,540,444	44,867,673	93,435,027	105,417	99.9%
Grand Total	690,736,514	701,205,610	272,869,581	692,472,689	8,732,921	98.8%

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

FY2018 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 +/- \$250,000. The current forecast projects revenues to be less than the FY2018 budget by \$13,166,303 or -1.87%. The explanations are in order as they appear in the prior table.

Machinery & Tools Taxes **Projected Revenue Shortfall: \$1.9m**
FY2017 actuals have collections for this source at just over \$13.8m, a decrease of over \$230k compared to FY2016. Based on prior year trends and depreciation schedules, this source is expected to decline modestly compared to FY2017, but will be significantly lower than the FY2018 budget.

Penalties and Interest- Interest **Projected Revenue Shortfall: \$1.6m**
FY2017 actuals have collections for this source at \$1.5m. Based on prior year trends and current efforts, it is expected that FY2018 results will be higher than FY2017, but lower than the amount budgeted for FY2018.

Penalties and Interest- Penalty **Projected Revenue Shortfall: \$417k**
FY2018 projections currently suggest \$3.5m collected. FY2017 actuals have collections for this source at \$2.7m. Based on prior year trends and current efforts, it is expected that FY2018 results will be slightly lower than the amount budgeted.

Personal Property Taxes- Current **Projected Revenue Surplus: \$2.8m**
As stated in the FY2017 fourth quarter report, this revenue source is showing a large positive variance to budget due to how revenue is now being recorded. Due to how Public Service Corporation Personal Property and Real Estate Revenues were identified by the Assessor's Office, the funds were budgeted under PSC Real Estate whereas they should be classed as Personal Property. As such, Personal Property will show a large positive variance to budget, whereas PSC Real Estate will show a large negative variance to budget.

Personal Property Taxes- Delinquent **Projected Revenue Shortfall: \$2.6m**
FY2017 results for this source show collections of \$9.1m. However YTD collections are lower than expected, so projections have been revised down.

Real and Personal Public Service Corporation Property Taxes Current and Delinquent **Projected Revenue Shortfall: \$4.4m**
The revenues for the three sub categories of Public Service Corporation property taxes will show large variances relative to the individual budgets based on information provided by the City Assessor's Office. While there is an overall net shortfall relative to budget when combining the three subtotals, a portion of this is offset by revenues now being recorded as Personal Property Taxes Current.

Real Property Taxes- Current**Projected Revenue Surplus: \$3.5m**

This source is forecasted to be significantly higher than FY2017 collections due to better than expected Tax Amnesty Returns and strong YTD collections that have brought in more than last year. It is expected that this trend will continue in Q3 and Q4.

Admissions Taxes**Projected Revenue Surplus: \$134k**

FY2017 actuals for this source are \$3.3m, an increase of \$402k over FY2016. FY18 YTD collections have been on par with FY17 YTD collections. As such, it is expected that this trend will continue for the remainder of the fiscal year.

Bank Stock Taxes**Projected Revenue Shortfall: \$1.2m**

FY2017 actuals for this source are \$8.4m, a decrease of \$1.6m over FY2016. This was in large part due to one of the entities which files taxes within the City of Richmond reporting a significant decrease in deposits based within the City. Based on this, the city is projecting revenues for this source to be relatively flat compared to FY2017. However, this amount will be lower than what is budgeted.

Business License Taxes**Projected Revenue Shortfall: \$1.3m**

FY2017 actuals for this source are \$29.7m, a decrease of \$3.9m compared to FY2016. This decrease was due to the City having had to issue unanticipated refunds to entities that overpaid taxes to the City for this source related to prior years. This source for FY2018 is expected to rebound significantly this year due to this. However, the amount projected to be collected is expected to undershoot the FY2018 budget due to overly optimistic projections. This new projection assumes year-over-year natural growth of 1.79% and an extra \$650k from amnesty which pushes the FY17-18 growth to 3.78%.

Local Sales & Use Tax**Projected Revenue Surplus: \$437k**

FY2017 actuals were \$34.2m and YTD actuals are up only 0.26% on FY17 YTD actuals. Modest growth is expected throughout the rest of the fiscal year, with a total growth of 1.08% expected in this category.

Motor Vehicle Licenses**Projected Revenue Shortfall: \$576k**

\$6.44m was generated for this source in FY2017. The FY2018 budget was based upon increased fees in FY2017. Since the FY2017 result did not generate as much as expected, this will ripple through to FY2018 resulting in an increase in revenue compared to FY2017, but lower than the budgeted amount.

Other Local Taxes**Projected Revenue Shortfall: \$319k**

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

Short-Term Rental Tax **Projected Revenue Surplus: \$56k**

FY2017 revenue for this source was \$154k. This was significantly higher than FY2015 and FY2016. Based on this activity, FY2018 is estimated to be higher than the budget of \$68k, by approximately \$56k.

Transient Lodging Tax **Projected Revenue Surplus: \$337k**

FY2017 revenue for this source was \$8.0m. This was slightly lower than FY2016, which brought in \$8.1m. Based on this activity, FY2018 was expected to see little to no change. However, YTD collections have been stronger than expected, at +9.8%. The current projection assumes second half collections will trend in a similar pattern compared to prior fiscal years.

Permits and Other Licenses **Projected Revenue Surplus: \$2.2m**

This revenue source is projected to be higher due to an anticipated increase in building inspection, mechanical inspection, electrical inspection, and lot clearance demolition fees.

Revenue from Use of Money **Projected Revenue Surplus: \$1.1m**

This revenue source is projected to be higher than the modified budget due to an anticipated increase in dividend payments from the Department of Public Utilities.

Charges for Finance **Projected Revenue Surplus: \$335k**

With the implementation of the \$30 administrative fee for delinquent taxes in FY2017, this source generated \$848k. Based on delinquent collections activity, it is projected that the City will not exceed this amount due to the impact of tax amnesty on collections. But it will be significantly higher than budget.

Charges for Fire and Rescue Services **Projected Revenue Shortfall: \$513k**

The FY2018 budget adopted fee for false alarm services projects revenue to total \$567,109. However, the fee schedule will not be implemented until a new contract with the vendor is formulated. Therefore, the FY2018 false alarm services revenue amount is projected to be closer to previous year actuals, prior to the implementation of a new fee schedule.

Charges for Information Technology **Projected Revenue Shortfall: \$2.3k**

This revenue source is projected to have a shortfall due to copying usage that has declined mainly from patrons utilizing more modern technology, such as their personal electronic devices and online features.

Charges for Library **Projected Revenue Shortfall: \$38k**

This revenue source is projected to have a shortfall due to an anticipated reduction in late fees/fines for overdue books that is a result of less books in circulation and not having the capability to collect those fines and fees via electronic payments.

Charges for Planning & Community Development **Projected Revenue Surplus: \$4k**

This revenue source is projected to have a surplus due to a projected increase in the sale of city related documents in the Assessor's Office.

Charges for Sanitation & Waste Removal **Projected Revenue Surplus: \$552k**

This revenue source realized an increase, compared to budget, in FY2017. It is projected that this trend will continue in FY18. Specifically, the projected increase in FY18 is attributed to enhanced and more efficient collection efforts as well as an increase in households in the City, which result in more patrons utilizing refuse services.

Court Costs **Projected Revenue Shortfall: \$3.2m**

The revenue source is projected to have a shortfall resulting from a decline in the number of real estate transactions involving sale of properties and refinancing on apartment complexes and commercial properties. This account will be monitored closely during the third quarter for anticipated changes to this specific revenue projection.

Other **Projected Revenue Surplus: \$1k**

The projected increase in this revenue source is from higher than anticipated returned check revenue in FY2017. The City is expecting this to continue into FY2018, with a projected surplus of \$1k.

Miscellaneous **Projected Revenue Surplus: \$137k**

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

Payments in Lieu of Taxes from Enterprise Activities **Projected Revenue Shortfall: \$4.7m**

This revenue source is projected to decrease compared to the FY2018 budget due to an anticipated reduction in the Federal Income Tax payment from the Department of Public Utilities.

Recovered Costs **Projected Revenue Surplus: \$912k**

This revenue source is projected to decline as a result of correcting the classification of revenue received from the Richmond Retirement System. In the past this revenue was booked to the general fund. Finance staff have determined that this revenue should have been booked to the Richmond Retirement System special fund for reimbursement of costs associated with their special fund expenditures.

Auto Rental Tax **Projected Revenue Shortfall: \$444k**

At the time of the FY2018 budget development, the City was expecting to generate \$1.4m from this source. However, as FY2017 progressed it became apparent that this would not be reached. FY2017 results show this source having generated \$846k. Based upon recent trends, it is expected that there will be an increase over FY2017 collections, but will not be enough to meet the FY2018 budget.

Communications Sales & Use Tax **Projected Revenue Shortfall: \$531k**

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 \$1.3m per month, this source is forecast to generate \$15.6m in FY2018, representing a further decrease in this source.

Miscellaneous Non-Categorical Aid **Projected Revenue Surplus: \$1.5m**
This revenue source includes the additional Owens & Minor funding, per City Council authorization from FY2017, from the State's Commonwealth Development Opportunity Fund to support the City's performance agreement with the Economic Development Authority.

Mobile Home Titling Tax **Projected Revenue Surplus: \$3k**
FY2017 actuals show this source generating \$9,474 in FY2016, an increase from FY2016 of approximately \$1,208. Based upon these trends this source is expected to not deviate much from prior year results. However, it will be significantly higher than the budgeted amount.

Rolling Stock Tax **Projected Revenue Shortfall: \$11k**
FY2017 actuals were \$140k. FY18 YTD collections are on par with FY17 YTD collections, so a similar amount to FY17 is currently projected, bringing the current projection to slightly under budget.

State Shared Expenses – City Treasurer **Projected Revenue Shortfall: \$6.8k**
This revenue source is projected to decrease compared to the FY2018 budget due to fewer positions being reimbursed by the compensation board as a result of a vacancy within the Treasurer's Office this fiscal year.

State Shared Expenses – Registrar **Projected Revenue Surplus: \$12k**
The revenue source is projected to have a surplus based on the anticipated reimbursement from the Compensation board based on anticipated departmental expenditures.

State Shared Expenses – City Sheriff **Projected Revenue Shortfall: \$463k**
This revenue source is projected to have a shortfall due to fewer positions being reimbursed by the Compensation Board. This is due to the existence of numerous vacancies within the department.

State Shared Expenses – Welfare and Social Services **Projected Revenue Shortfall: \$7.2m**
The projected revenue shortfall in this category is due to this revenue source now being classified in a different category in order to clearly distinguish received Social Services versus Comp Board state revenues.

Categorical Aid - Welfare and Social Services **Projected Revenue Surplus: \$3.8m**
The projected surplus in this category is due to this revenue source now being classified in a different category in order to enhance reporting by identifying the specific type of state revenue that is received.

(PILOT) Service Charges **Projected Revenue Shortfall: \$1.3m**
Payment for this source comes from the State for PILOT payment. Based on current indications, this source is projected to come in above the FY2017 results by \$296k. However, it is not expected that the extra PILOT revenue amended by City Council will materialize.

Categorical Aid – Social Services

Projected Revenue Surplus: \$3.6m

The projected surplus is due to this revenue source now being classified solely in this category resulting from the consolidation of received federal revenue.

Utilities

Projected Revenue Surplus: \$6.4k

The current budget for this source was based on actual collections year to date. The current projection is based on monthly payment receipts through December 31st and prior year collections.

FY2018 Second Quarter – Expenditure Projections

Overall, the Second quarter forecast shows projected expenditures trending in a positive direction, with a projected, estimated savings of \$8,732,921 or 1.25% of the modified budget.

It is important to note that these projections are based on data collected for FY18 as of December 31, 2017. As a result, these projections could change as more data becomes available throughout the fiscal year. Below are explanations of major variances in the Second quarter 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: \$6.7M

Savings in Debt service of \$6.7M to date is the result of the new money issue and refunding of existing GO bond debt that occurred in July 2017. The City issued its Series 2017 B & C GO bonds totaling \$229M to pay off the interim financing of CIP projects initially borrowed on the Line of Credit, as well as refunded the outstanding Series 2009A, 2010A and the 2012A GO bonds at lower interest rates. The transaction closed on July 14, 2017. Additionally, since the new 2017B GO did not close until July 14, 2017, in this fiscal year, the Second principal payment will not occur until July 15, 2018 (FY19). It was assumed that this transaction would close earlier in the spring of 2017, which would result in the Second principal payment being made in FY2018 as planned and budgeted. Similarly, the FY2018 budget included two semi-annual interest payments on the 2017B GO bond issue. However, due to the closing in FY2018, there will only be one interest payment due in January and the next one will not be due until July 15, 2018. Additionally, savings is attributed to the refunding of GO bonds transaction that was completed in December of 2017 (Series 2017D GO Refunding Bonds). The savings generated in debt is testament to the exceptional financial stewardship, stability, and overall fiscal strength and position of the City.

Auditor Projected Budget Shortfall: \$292k

The Auditor's Office is projected to have a \$292k shortfall in personnel expenses due to the anticipated contribution payment, to the Richmond Retirement System, for additional years of service for the former City Auditor.

City Clerk Projected Budget Surplus: \$36k

The Office of the City Clerk is projected to have a surplus in personnel of \$36k that is attributed to the existence of departmental vacancies.

City Treasurer Projected Budget Surplus: \$8k

The Treasurer's Office is projected to have a personnel savings of \$8k that is attributed to the existence of a departmental vacancy.

City Council Chief of Staff Projected Budget Surplus: \$65k

The Office of the Council Chief of Staff is projected to have savings in personnel that is attributed to the existence of a departmental vacancy.

Office of the DCAO/HS

Projected Budget Surplus: \$208k

The Office of the Deputy Chief Administrative Officer for Human Services is projected to have a personnel savings of \$205k that is attributed to the existence of the vacant Deputy Chief Administrative Officer position. Minor operating savings of \$3k is projected.

Social Services

Projected Budget Surplus: \$1.1M

The Department of Social Services is projected to have a surplus of \$1.7M in personnel that is attributed to the existence of multiple vacancies in the department. An operating shortfall of \$640k is projected and is attributed to increased costs associated with the Children's Services Act.

Non-Departmental

Projected Budget Shortfall: \$283k

Non-Departmental is projected to have a savings of \$55k in personnel that is attributed to the existence of vacancies. An operating shortfall of \$337k is projected and is directly attributed to a projected increase in the payment to the Greater Richmond Convention Center Authority, in response to the same projected increase in lodging tax revenue.

Sheriff

Projected Budget Surplus: \$553k

The Sheriff's Office is projected to have a surplus of \$1.1M in personnel that is attributed to the existence of multiple vacancies in the department. An operating shortfall of \$500k is projected and is attributed to an anticipated increase in utilities as well as the planned procurement of a Jail Maintenance System.