



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, 2018

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

The Fiscal Year 2018 Third 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 revenues and expenditures up-to-date through March 31, 2018 – utilizing nine (9) 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 \$4,646,622. There are several sources of revenues, particularly in the general property and in the other local tax category as well as court related and 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, penalties and interest, delinquent personal property taxes, real and personal public service corporation current and delinquent taxes, bank stock taxes, motor vehicle licenses, etc.

Adding to the projected shortfall is a projected reduction in court fines and fees in addition to 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.

There are other sources of revenues 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.

General Fund Expenditures

General Fund expenditures are trending in a positive direction, with a preliminary, projected savings of \$3,715,802. General fund savings are almost exclusively attributed to anticipated savings within the City’s contribution to Debt Service. Specifically, debt savings is the result of the new money issued and the refunding of existing GO bond debt that occurred in July and December 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 bonds did not close until July 14, 2017 the first principal payment will not occur until July 15, 2018 (FY19), and thus there is no principal repayment on this debt in FY2018. It was assumed that this transaction would close earlier in the spring of 2017, which would have resulted in the first 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. Savings was also achieved on a second GO bond transaction that was completed in December of 2017 (Series 2017D GO Refunding Bonds) as well as additional interest savings attributed to the slower pace of capital spending.

Offsetting the full anticipated savings are projected shortfalls in the Departments of Fire and Emergency Services and Social Services.

A summary of the Third 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 03/31/2018	
Projected Total FY2018 General Fund Revenue	\$700,109,236
Projected Total FY2018 General Fund Expenditures	\$699,909,807
Total: FY2018 Projected Budgetary Surplus/(Shortfall)	\$199,429

*Note very minor discrepancies may exist due to rounding

City of Richmond
Finance & Administration Portfolio
FY2018 Third Quarter Report

Sources

	FY2018 Budget	FY2018 Amended Budget	FY2018 Collections as of 3/31/2017	FY2018 3rd 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	155,711	13,487,840	(1,900,449)	88%
Penalties and Interest-Interest	4,019,239	4,019,239	1,635,795	2,382,980	(1,636,259)	59%
Penalties and Interest-Penalty	3,942,897	3,942,897	1,498,987	3,018,540	(924,357)	77%
Personal Property Taxes- Current	29,825,855	29,825,855	295,744	32,748,672	2,922,817	110%
Personal Property Taxes- Delinquent	11,679,053	11,679,053	6,584,090	8,521,856	(3,157,197)	73%
Real and Personal Public Service Corporation Property Taxes- Personal Property Current	3,035,970	3,035,970	(115,722)	8,716,766	5,680,796	287%
Real and Personal Public Service Corporation Property Taxes- Personal Property Delinquent	1,700,642	1,700,642	932,575	1,004,389	(696,253)	59%
Real and Personal Public Service Corporation Property Taxes- Real Property Current	11,708,143	11,708,143	(598,113)	1,968,917	(9,739,226)	17%
Real Property Taxes- Current	241,980,882	242,092,722	125,569,976	245,363,987	3,271,265	101%
Real Property Taxes- Delinquent	11,563,279	11,563,279	9,513,258	12,327,504	764,225	107%
Total General Property Taxes	334,844,249	334,956,089	145,472,302	329,541,450	(5,414,639)	98%
Other Local Taxes						
Admission Taxes	3,181,250	3,181,250	1,899,488	3,320,859	139,609	104%
Bank Stock Taxes	9,545,799	9,545,799	3,511	8,448,640	(1,097,159)	89%
Business Licenses Taxes	35,201,010	35,201,010	30,277,660	35,777,660	576,650	102%
Consumer Utility Taxes	17,694,507	17,694,507	9,350,676	17,466,973	(227,534)	99%
Local Sales & Use Tax	34,109,045	34,109,045	19,797,519	34,471,160	362,115	101%
Motor Vehicle Licenses	7,277,716	7,277,716	1,685,385	6,553,188	(724,528)	90%
Other Local Taxes	601,317	601,317	2,441,721	577,474	(23,843)	96%
Prepared Food Taxes	36,605,939	36,605,939	23,379,288	38,277,421	1,671,482	105%
Short-Term Rental Tax	68,112	68,112	66,585	134,654	66,542	198%
Transient Lodging Taxes	8,026,319	8,026,319	5,447,853	8,814,572	788,253	110%
Total Other Local Taxes	152,311,014	152,311,014	94,349,666	153,842,602	1,531,588	101%
Permits, Privilege Fees, and Regulatory Licenses						
Animal Licenses	-	-	-	-	-	-
Permits and Other Licenses	7,314,397	7,314,397	6,241,196	10,234,220	2,919,823	140%
Total Permits, Privilege Fees, and Regulatory Licenses	7,314,397	7,314,397	6,241,196	10,234,220	2,919,823	140%
Fines & Forfeitures						
Fines & Forfeitures	-	-	4,342	4,342	4,342	-
Total Fines & Forfeitures	-	-	4,342	4,342	4,342	0%
Revenue from Use of Money and Property						
Revenue from Use of Money	2,872,931	3,201,795	1,270,137	3,201,795	-	100%
Revenue from Use of Property	328,280	328,280	158,347	325,399	(2,881)	99%
Total Revenue from Use of Money and Property	3,201,211	3,530,075	1,428,484	3,527,194	(2,881)	100%
Charges for Services						
Charges for Finance	435,516	435,516	182,741	233,949	(201,567)	54%
Charges for Fire and Rescue Services	574,609	574,609	92,942	98,115	(476,494)	17%
Charges for Information Technology	17,826	17,826	-	12,717	(5,109)	71%
Charges for Law Enforcement and Traffic Control	147,981	147,981	95,706	225,140	77,159	152%
Charges for Library	89,031	89,031	-	42,609	(46,422)	48%
Charges for Maintenance of Highways, Streets, Bridges, and Sidewalks	-	-	300	400	400	-
Charges for Other Protection	125,000	125,000	433	125,000	-	100%
Charges for Parks and Recreation	80,000	80,000	-	86,000	6,000	108%
Charges for Planning and Community Development	66,250	66,250	33,682	66,000	(250)	100%
Charges for Sanitation and Waste Removal	16,716,635	16,716,635	11,249,499	17,969,115	1,252,480	107%
Court Costs	6,952,493	6,952,493	3,451,606	4,636,602	(2,315,891)	67%
Other	8,668	8,668	5,633	10,092	1,424	116%
Total Charges for Services	25,214,009	25,214,009	15,112,542	23,505,739	(1,708,270)	93%
Miscellaneous Revenue						
Miscellaneous	1,872,584	1,968,220	1,083,434	2,032,942	64,722	103%
Payments in Lieu of Taxes from Enterprise Activities	27,170,096	27,170,096	1,946,946	27,170,096	-	100%
Total Miscellaneous Revenue	29,042,680	29,138,316	3,030,379	29,203,038	64,722	100%
Recovered Costs						
Recovered Costs	7,112,448	7,112,448	2,711,841	6,344,740	(767,708)	89%
Total Recovered Costs	7,112,448	7,112,448	2,711,841	6,344,740	(767,708)	89%
Revenue from Local Sources Total	559,040,008	559,576,348	268,150,751	556,203,325	(3,372,683)	99%

	FY2018 Budget	FY2018 Amended Budget	FY2018 Collections as of 3/31/2017	FY2018 3rd Quarter Projection	Variance: Amended Budget vs. Preliminary Year End surplus (shortfall)	
Other Financing Sources						
Non-Revenue Receipts						
Insurance Recovery	-	-	-	-	-	-
Total Non-Revenue Receipts	-	-	-	-	-	-
Revenue from Other Financing Sources Total						
Revenue from the Commonwealth						
Non-Categorical Aid						
Auto Rental Tax	1,382,844	1,382,844	580,926	970,834	(412,010)	70%
Communications Sales and Use Tax	16,134,020	16,134,020	9,194,924	15,594,476	(539,544)	97%
Miscellaneous Non-Categorical Aid	250,000	250,000	1,527,745	1,722,616	1,472,616	689%
Mobile Home Titling Taxes	6,000	6,000	7,773	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	28,777	148,958	(3,292)	98%
Tax on Deeds	1,003,113	1,003,113	498,837	985,980	(17,133)	98%
Total Non-Categorical Aid	35,636,976	35,636,976	13,457,449	36,140,998	504,022	101%
Shared Expenditures (Categorical)						
State Shared Expenses- City Treasurer	147,785	147,785	86,946	140,615	(7,170)	95%
State Shared Expenses- Commonwealth Attorney	3,423,176	3,423,176	2,175,724	3,296,644	(126,532)	96%
State Shared Expenses- Finance	772,937	772,937	483,994	721,487	(51,450)	93%
State Shared Expenses- General Registrar	78,944	78,944	-	78,944	-	100%
State Shared Expenses- Sheriff	16,452,561	16,452,561	9,095,488	15,982,820	(469,741)	97%
State Shared Expenses- Welfare and Social Services	27,531,449	27,531,449	-	-	-	-
Total Shared Expenditures (Categorical)	48,406,852	48,406,852	11,842,152	20,220,510	(654,893)	97%
Categorical Aid						
Education	-	-	-	-	-	-
Library	181,515	181,515	-	179,479	(2,036)	99%
Public Safety	18,457,784	18,457,784	13,632,855	18,580,320	122,536	101%
Public Works	-	-	-	-	-	-
Welfare and Social Services	15,188,227	16,206,342	10,294,634	12,723,910	(3,482,432)	79%
Total Categorical Aid	33,827,526	34,845,641	23,917,489	31,483,709	(3,361,937)	90%
PILOT (Payments in Lieu of Taxes)						
Service Charges	5,027,417	5,027,417	2,235,224	3,610,293	(1,417,124)	72%
Total PILOT (Payments in Lieu of Taxes)	5,027,417	5,027,417	2,235,224	3,610,293	(1,417,124)	72%
Revenue from the Commonwealth Total	122,898,771	96,385,437	51,452,315	91,455,510	(4,929,927)	95%
Revenue from the Federal Government						
Non-Categorical Aid						
Other Federal Revenue	-	-	-	-	-	-
Total Non-Categorical Aid	-	-	-	-	-	-
Categorical Aid						
Social Services	20,000	26,533,334	15,643,540	30,185,320	3,651,986	114%
Total Categorical Aid	20,000	26,533,334	15,643,540	30,185,320	3,651,986	114%
Revenue from the Federal Government Total	20,000	26,533,334	15,643,540	30,185,320	3,651,986	114%
Utilities						
Utilities						
Utilities	64,000	64,000	39,516	68,341	4,341	107%
Total Utilities	64,000	64,000	39,516	68,341	4,341	107%
Revenue from Utilities Total	64,000	64,000	39,516	68,341	4,341	107%
Transfers-In						
Transfers-In						
Transfers-In	9,843,982	14,243,982	3,948,946	14,243,982	-	100%
Total Transfers-In	9,843,982	14,243,982	3,948,946	14,243,982	-	100%
Grand Total:	691,866,761	696,803,101	339,435,068	692,156,479	(4,646,622)	99%
Rollled Encumbrance (General Fund Portion) Total:		7,952,757		7,952,757		
General Fund Revenue Grand Total:	691,866,761	704,755,858	339,435,068	700,109,236	(4,646,622)	99.34%

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

All Projections could change as more data becomes available at year end closing.

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Uses

Agency	FY 2018 Adopted Budget	FY 2018 Current Budget	Expenditures through March 31st	FY 2018 Year- End Projection	Variance: Current vs Projection surplus/(shortfall)	
Culture & Recreation						
Library	5,531,626	6,056,017	3,768,701	5,988,400	67,617	98.9%
Parks Rec	15,834,659	16,586,291	11,558,087	16,813,463	-227,172	101.4%
Debt						
Debt	74,668,693	76,668,693	61,623,478	69,968,693	6,700,000	91.3%
Education						
RPS	158,975,683	158,975,683	138,891,573	158,975,683	0	100.0%
General Government						
Assessor	3,239,563	3,290,940	2,214,766	3,276,076	14,864	99.5%
Auditor	1,879,169	2,047,225	1,307,390	2,218,061	-170,836	108.3%
Budget	1,246,188	1,269,995	895,438	1,269,544	451	100.0%
Chief Admin Officer	969,302	987,097	632,594	968,214	18,883	98.1%
City Attorney	2,969,266	3,057,602	1,983,297	3,029,995	27,607	99.1%
City Clerk	940,974	976,321	496,487	975,710	611	99.9%
City Council	1,371,107	1,388,092	915,763	1,350,948	37,144	97.3%
City Treasurer	186,486	186,486	121,920	185,324	1,162	99.4%
Council Chief of Staff	1,160,079	1,181,721	769,086	1,118,090	63,631	94.6%
Econ & Comm Dev	5,763,310	5,822,524	2,611,623	5,563,939	258,585	95.6%
Finance	10,258,630	10,913,918	6,036,823	10,750,289	163,629	98.5%
General Registrar	1,629,662	1,638,419	985,192	1,634,506	3,913	99.8%
Human Resources	2,798,968	2,996,767	2,108,262	3,044,079	-47,312	101.6%
Info Tech	-	-	-	-	0	#DIV/0!
Mayor's Office	1,156,014	1,159,144	706,780	1,158,914	230	100.0%
Minority Business Development	646,436	667,301	480,713	666,110	1,191	99.8%
Planning & Dev Review	9,866,927	10,495,855	6,665,347	10,481,691	14,164	99.9%
Press Secretary	479,536	489,094	330,845	488,674	420	99.9%
Procurement Serv.	756,160	879,124	483,978	869,596	9,528	98.9%
Highways, Streets, Sanitation & Refuse						
Public Works	38,774,859	39,438,310	27,110,747	39,672,076	-233,766	100.6%
Human Services						
Justice Services	9,344,734	9,477,708	6,494,162	9,469,103	8,605	99.9%
Office of DCAO/HS	1,522,126	1,540,954	764,367	1,333,944	207,010	86.6%
RCHI - Health	3,781,490	3,781,490	2,836,118	3,781,490	0	100.0%
Social Services	56,697,400	57,343,001	33,180,016	58,409,967	-1,066,966	101.9%
Office of Community Wealth Building	2,101,414	2,125,800	1,285,475	2,045,325	80,475	96.2%
Non-Departmental						
Non-Dept	77,997,666	80,563,312	39,172,283	81,224,981	-661,669	100.8%
Public Safety & Judiciary						
Animal Control	1,584,965	1,605,274	1,180,369	1,736,977	-131,703	108.2%
Emergency Communications	5,522,512	5,735,483	3,293,220	5,952,841	-217,358	103.8%
Fire & Emer Svcs	48,908,102	50,933,556	37,449,100	51,974,217	-1,040,661	102.0%
J & DR Court	281,599	287,519	158,263	269,778	17,741	93.8%
13th District Court Services Unit	212,386	214,166	125,463	210,669	3,497	98.4%
Jail/Sheriff	38,186,808	38,188,853	25,606,188	38,188,850	3	100.0%
Judiciary - Adult Drug Ct	616,914	627,283	469,067	596,717	30,566	95.1%
Judiciary - Cir Ct	3,675,042	3,690,179	2,681,348	3,759,664	-69,485	101.9%
Judiciary - CW Atty	6,417,815	6,417,816	4,398,620	6,441,712	-23,896	100.4%
Judiciary - Other	306,606	380,152	172,322	365,736	14,416	96.2%
Police	92,475,638	93,540,444	66,980,715	93,679,760	-139,316	100.1%
Grand Total	690,736,514	703,625,609	498,945,986	699,909,807	3,715,802	99.5%

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 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 than the FY2018 budget by \$4,646,622 or .66%. 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: \$924k

FY2018 projections currently suggest \$3.0m collected, an 8% growth over the previous year. 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: \$2.9m

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: \$3.2m

FY2017 results for this source show collections of \$9.1m. However Year to Date (YTD) collections are 10.7% lower than FY2017 YTD actuals, so projections have been revised down to align with current collection trends.

Real and Personal Public Service Corporation Property Taxes Current and Delinquent Projected Revenue Shortfall: \$4.8m

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: \$3.3m**

This source is forecasted to be significantly higher than FY2017 collections due to strong YTD collections that have brought in 9% more than last year. It is expected that a similar trend will continue into the fourth quarter (Q4).

Real Property Taxes- Delinquent**Projected Revenue Surplus: \$764k**

The third quarter experienced sales of 57 properties totaling approximately \$1.3 million. Average property sales in past years have been around 50 properties for the entire fiscal year, so this 57 property sell off should greatly improve collections for the period. Of the \$1.3 million sold, \$738k is expected to contribute to collections for this category.

Admissions Taxes**Projected Revenue Surplus: \$140k**

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 with little growth realized for the remainder of the fiscal year.

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

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 Surplus: \$577k**

FY2017 actuals for this source are \$29.7m, a decrease of \$3.9m compared to FY2016. This decrease was due to the City issuing unanticipated refunds to entities that overpaid taxes to the City for this source related to prior years. Little growth was expected in this category, but YTD collections have been stronger than anticipated as they have surpassed prior year collections. Q4 revenue is expected to remain similar to Q4 FY2017.

Local Sales & Use Tax**Projected Revenue Surplus: \$362k**

FY2017 actuals were \$34.2m, and YTD actuals are down slightly on FY17 YTD actuals. A strong Q4 is expected to finish the year at 0.86% growth for the category.

Motor Vehicle Licenses**Projected Revenue Shortfall: \$725k**

\$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.

Prepared Food Taxes**Projected Revenue Surplus: \$1.7m**

YTD collections are up \$1.97m, constituting a 9.2% growth in this revenue source. Strong collections are expected to continue into Q4 as the summer season tends to provide a substantial portion of yearly collections.

Short-Term Rental Tax **Projected Revenue Surplus: \$67k**
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 \$67k.

Transient Lodging Tax **Projected Revenue Surplus: \$788k**
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 +12.7%. The current projection assumes fourth quarter collections will trend in a similar pattern compared to prior fiscal years with conservative growth built-in.

Permits and Other Licenses **Projected Revenue Surplus: \$2.9M**
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.

Charges for Finance **Projected Revenue Shortfall: \$202k**
The \$30 administrative fee for delinquent taxes was not collected for the majority of the current fiscal year, to include the rush of bill payments at the tax amnesty deadline. Other factors include a high turnover and understaffing in delinquent collections. The hold on charging for delinquent bill processing has resulted in decreased revenue in the current fiscal year.

Charges for Fire and Rescue Services **Projected Revenue Shortfall: \$476k**
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: \$5.1k**
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 Law Enforcement and Traffic Control **Projected Revenue Surplus: \$77k**
This revenue source is projected to have a surplus due to a projected increase in the issuance of tickets due to increased traffic control enforcement.

Charges for Library **Projected Revenue Shortfall: \$46k**
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 Parks and Recreation **Projected Revenue Surplus: \$6k**
This revenue source is projected to have a surplus due to an increase in fee collections for the usage of park facilities.

Charges for Sanitation & Waste Removal**Projected Revenue Surplus: \$1.2m**

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: \$2.3m**

This 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 subsequent to 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 \$1.4k.

Recovered Costs**Projected Revenue Shortfall: \$768k**

This revenue source is projected to decline primarily 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: \$412k**

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: \$540k**

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.

State Shared Expenses – City Treasurer **Projected Revenue Shortfall: \$7.1k**

This revenue source is projected to decrease compared to the FY2018 budget due to reimbursement by the compensation board which will be based on the current City Treasurer's salary, which is slightly lower than the outgoing City Treasurer.

State Shared Expenses – Commonwealth Attorney **Projected Revenue Shortfall: \$127k**

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 vacant positions as well a reduction in insurance proceeds.

State Shared Expenses- Finance **Projected Revenue Shortfall: \$51k**

This revenue source comes from the state for reimbursable positions. The primary cause for a shortfall in this source is due to fewer reimbursable positions being staffed in the last few months.

State Shared Expenses – City Sheriff **Projected Revenue Shortfall: \$470k**

This revenue source is projected to a 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.

Categorical Aid – Welfare and Social Services **Projected Revenue Shortfall: \$3.5m**

This revenue source is projected to a have a shortfall due to it now being classified in a different category in order to clearly distinguish received Social Services versus Comp Board state revenues.

(PILOT) Service Charges **Projected Revenue Shortfall: \$1.4m**

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 \$151k. However, it is not expected that the extra PILOT revenue added to the FY2018 budget by City Council amendment will materialize.

Categorical Aid – Social Services **Projected Revenue Surplus: \$3.7m**

This revenue source is projected to a have a surplus due to it now being classified in a different category in order to enhance reporting by identifying the specific type of state revenue that is received.

Utilities **Projected Revenue Surplus: \$4.3k**

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

FY2018 Third Quarter – Expenditure Projections

Overall, the Third quarter forecast shows projected expenditures trending in a positive direction, with a projected, estimated savings of \$3,715,802 or .53% of the modified budget.

It is important to note that these projections are based on data collected for FY18 as of March 31, 2018. As a result, these projections could change as more data becomes available throughout the fiscal year. Below are explanations of major variances in the Third quarter expenditure projections. The explanations are in order as they appear in the Third quarter status report. Variances of +/- 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 issued and the refunding of existing GO bond debt that occurred in July and December 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 bonds did not close until July 14, 2017 the first principal payment will not occur until July 15, 2018 (FY19), and thus there is no principal repayment on this debt in FY2018. It was assumed that this transaction would close earlier in the spring of 2017, which would have resulted in the first 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. Savings was also achieved in a second GO bond transaction that was completed in December of 2017 (Series 2017D GO Refunding Bonds). The City's ability to refinance debt and achieve the savings in debt service, is a testament to the City's growing fund balance levels, adherence to debt policies, City management stability, and overall fiscal strength and position of the City.

Auditor

Projected Budget Shortfall: \$171k

The Auditor's Office is projected to have a \$286k 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. This is offset by an anticipated operating surplus of \$115k that is projected and is attributed to savings in this office's external audit contract.

Council Chief of Staff

Projected Budget Surplus: \$64k

The Office of the Council Chief of Staff is projected to have a \$64k savings that is primarily attributed to the existence of a vacancy.

Economic & Community Development

Projected Budget Surplus: \$259k

The Department of Economic & Community Development is projected to have a surplus of \$259k. Projected savings of \$67k is anticipated in personnel and is due to the existence of departmental vacancies. A projected operating surplus of \$192k is due to a lower than anticipated payment for the Richmond Coliseum.

Office of the DCAO for Human Services

Projected Budget Surplus: \$207k

The Office of the DCAO for Human Services is projected to have a surplus of \$207k, primarily in personnel, which is attributed to the existence of several departmental vacancies.

Social Services

Projected Budget Shortfall: \$1.1M

The Department of Social Services is projected to have a surplus of nearly \$1.8M in personnel that is attributed to the existence of numerous departmental vacancies. A projected operating shortfall of \$2.8M is primarily attributed to the department underreporting and unplanned expenditures in prior year CSA/SSI (supplemental security income) expenditures in addition to a projected increase in the current year, local match to CSA. These are mandated costs.

Office of Community Wealth Building

Projected Budget Surplus: \$80k

The Office of Community Wealth Building is projected to have a surplus of \$80k, primarily in personnel, which is attributed to the existence of several departmental vacancies.

Non-Departmental

Projected Budget Shortfall: \$662k

Non-Departmental is projected to have a savings of \$152k in personnel that is primarily attributed to savings within retiree healthcare. Savings are based on projected expenses for the fiscal year.

A total operating shortfall of \$814k is projected and attributed to: an increase in the payment to the Greater Richmond Convention Center Authority, which corresponds to an increase in lodging tax revenue of approximately \$788k and a \$502k FY17 contractual payment to Venture Richmond, due to a wire transfer issue, that was charged to FY18. Specifically, payment was wired to Venture in February 2017. When the transfer was made, the payment was not simultaneously posted to the non-departmental budget. At the end of the fiscal year the payment had not been posted and the funds were not properly encumbered so the remaining funds were transferred to fund balance. The payment was posted in October 2017 but funds were drawn from the FY18 budget leaving the FY18 Venture Richmond non-departmental budget without sufficient funds to make the full FY18 payment.

Additional savings, included in the total projected shortfall, include anticipated savings in the general fund transfer to the Information Technology Internal Service Fund in the amount of \$464k. This is primarily due to the existence of vacancies.

Animal Care & Control

Projected Budget Shortfall: \$132k

The Department of Animal Care and Control is projected to have a shortfall of \$29k in personnel that is attributed to the department utilizing overtime to offset vacancies. A projected operating shortfall of \$103k is attributed to increased contractual obligations for veterinary services.

Emergency Communications

Projected Budget Shortfall: \$217k

The Department of Emergency Communications is projected to have a surplus of \$193k in personnel that is attributed to departmental vacancies. However, an operating shortfall of \$410k is projected and is attributed to the Department upgrading the CAD system.

Fire and Emergency Services

Projected Budget Shortfall: \$1.0M

The Department of Fire and Emergency Services is projected to have a shortfall in personnel of \$1.5M that is almost exclusively associated with an increase in overtime related costs. Savings in full time personnel are anticipated but are not projected to offset the projected shortfall in overtime and associated benefits. Additionally, operating savings of \$424k are projected and has been identified by the Department as a measure to assist in the projected shortfall in personnel. However, the projected operating savings are not enough to offset the projected shortfall in personnel.

Juvenile and Domestic Relations Court

Projected Budget Surplus: \$18k

The projected savings in the Juvenile Domestic and Relations Court is due to departmental efficiencies.

Judiciary – Adult Drug Court

Projected Budget Surplus: \$31k

The Adult Drug Court is projected to have savings in personnel that is attributed to the existence of a vacant position.

Judiciary – Other

Projected Budget Surplus: \$14k

The savings in the Judiciary Other is attributed to lower than anticipated expenses for public defenders within the Traffic court as well as lower than anticipated expenditures that are associated with a lower number of court cases in the Special Magistrate Office.

