



CITY OF RICHMOND

INTRACITY CORRESPONDENCE

TO: The Honorable Mayor Levar M. Stoney

The Honorable Michael Jones
Chair of the Finance and Economic Development Committee

The Honorable Members of City Council

THROUGH: Lincoln Saunders
Chief Administrative Officer

FROM: Jason May, CBEO
Budget & Strategic Planning Director

DATE: November 15, 2021

RE: Fiscal Year 2022 First Quarter Revenue & Expenditure Projection Report

The Fiscal Year 2022 First Quarter Revenue and Expenditure Projection Report is provided to the Finance and Economic Development Committee to describe the City's Fiscal Year 2022 year-to-date financial performance. The report includes revenue and expenditures up-to-date through September 30, 2021 – utilizing up to three (3) months of data, depending on the timing of accruals.

It is important to note that the City continues to remain in a state of emergency due to the coronavirus pandemic. There is no definitive timeline on when the pandemic will end, nor a timeline on when citizens will return to their pre-COVID behaviors. With the advent of a vaccine and the beginning of a relaxation of governmental restrictions, it is probable that an economic recovery is forthcoming. Still, the continuation of the pandemic, including the increase related to the Delta variant, will continue to have economic implications for the City and its finances. This projection assumes that the pandemic will continue, although a recovery is underway and a return to pre-covid behaviors is likely, in the near future.

A brief overview of the City's current fiscal assessment process, a summary of the status of the City's reimbursement for the pandemic as well as other costs, and finally a brief overview of the projected FY2022 general fund revenues and expenditures are all provided below. Details, as well as a write up of major variances in revenues and expenditures, are provided further within the report.

General Fund Revenues

General Fund Revenues are currently forecast to be less than budget with a preliminary projected shortfall of \$220,729. At this point in the fiscal year, DBSP has no concerns about this small projected shortfall.

General Fund Expenditures

General Fund Expenditures are trending lower than budgeted with a projected, estimated surplus of \$2,722,940 or projected savings of 0.39% of the total general fund budget.

The projected expenditure savings in the General Fund is primarily related to the following departments: Finance, Public Works, Justice Services, and the Police Department. Specific details of these departmental variances as well as other departmental variances are explained further in the report.

Summary of FY2022 Projected Balances as of 09/30/2021	
Projected Total FY2022 General Fund Revenue	\$772,611,230
Projected Total FY2022 General Fund Expenditures	\$769,801,550
Total: FY2022 Projected Budgetary Surplus/(Shortfall)	\$2,809,680

*Note very minor discrepancies may exist due to rounding

Internal Work Papers - City of Richmond, VA
 Department of Budget and Strategic Planning
 DRAFT FY2022 1st Quarter Status Report and Forecast - 25.00% Year Past

	FY2022 Budget	FY2022 Amended Budget	FY2022 Collections as of 9/30/2021	FY2022 1st Quarter Projection	Variance: Amended Budget vs. Preliminary Year End surplus	
Revenue from Local Sources						
General Property Taxes						
Machinery & Tools Taxes	(13,899,915)	(13,899,915)	(541,519)	(13,899,915)	-	100%
Penalties and Interest- Interest	(2,969,891)	(2,969,891)	(345,644)	(2,969,891)	-	100%
Penalties and Interest- Penalty	(2,786,614)	(2,786,614)	(468,804)	(2,786,614)	-	100%
Personal Property Taxes- Current	(36,751,456)	(36,751,456)	(1,063,746)	(36,751,456)	-	100%
Personal Property Taxes- Delinquent	(6,959,963)	(6,959,963)	(385,876)	(6,959,963)	-	100%
Real and Personal Public Service Corporation Property Taxes- Personal Property Current	(9,151,418)	(9,151,418)	-	(9,151,418)	-	100%
Real and Personal Public Service Corporation Property Taxes- Personal Property Delinquent	(497,012)	(497,012)	(2,761)	(497,012)	-	100%
Real and Personal Public Service Corporation Property Taxes- Real Property Current	(2,205,476)	(2,205,476)	-	(2,205,476)	-	100%
Real Property Taxes- Current	(330,726,962)	(330,726,962)	(1,701,843)	(330,726,962)	-	100%
Real Property Taxes- Delinquent	(11,829,380)	(11,829,380)	(655,284)	(11,829,380)	-	100%
Total General Property Taxes	(417,778,087)	(417,778,087)	(5,165,479)	(417,778,087)	-	100%
Other Local Taxes						
Admission Taxes	(1,405,941)	(1,405,941)	(137,949)	(1,405,941)	-	100%
Bank Stock Taxes	(9,496,071)	(9,496,071)	(193,262)	(9,496,071)	-	100%
Business Licenses Taxes	(31,448,626)	(31,448,626)	(227,210)	(31,448,626)	-	100%
Cigarette Tax	(3,155,000)	(3,155,000)	(596,657)	(3,155,000)	-	100%
Consumer Utility Taxes	(18,316,946)	(18,316,946)	(2,025,407)	(18,316,946)	-	100%
Local Sales & Use Tax	(36,880,579)	(36,880,579)	(10,405,348)	(36,880,579)	-	100%
Motor Vehicle Licenses	(6,557,458)	(6,557,458)	(452,562)	(6,557,458)	-	100%
Other Local Taxes	(525,689)	(525,689)	(36,101)	(603,903)	(78,214)	115%
Prepared Food Taxes	(28,252,499)	(28,252,499)	(4,111,907)	(28,252,499)	-	100%
Prepared Food Taxes - School Facilities	(7,196,057)	(7,196,057)	(1,047,324)	(7,196,057)	-	100%
Short-Term Rental Tax	(125,153)	(125,153)	-	(125,153)	-	100%
Transient Lodging Taxes	(5,762,109)	(5,762,109)	(939,438)	(5,762,109)	-	100%
Total Other Local Taxes	(149,122,128)	(149,122,128)	(20,173,164)	(149,200,342)	(78,214)	100%
Permits, Privilege Fees, and Regulatory Licenses						
Animal Licenses	-	-	-	-	-	-
Permits and Other Licenses	(13,262,601)	(13,262,601)	(2,637,406)	(13,341,402)	(78,801)	101%
Total Permits, Privilege Fees, and Regulatory Licenses	(13,262,601)	(13,262,601)	(2,637,406)	(13,341,402)	(78,801)	101%
Fines & Forfeitures						
Fines & Forfeitures	(8,000)	(8,000)	(2,281)	(8,000)	-	100%
Total Fines & Forfeitures	(8,000)	(8,000)	(2,281)	(8,000)	-	0%
Revenue from Use of Money and Property						
Revenue from Use of Money	-	-	-	-	-	-
Revenue from Use of Property	(208,648)	(208,648)	(604,809)	(708,648)	(500,000)	340%
Total Revenue from Use of Money and Property	(208,648)	(208,648)	(604,809)	(708,648)	(500,000)	340%
Charges for Services						
Charges for Finance	(801,192)	(801,192)	(55,518)	(801,192)	-	100%
Charges for Fire and Rescue Services	(185,000)	(185,000)	(15,934)	(147,700)	37,300	80%
Charges for Information Technology	(4,000)	(4,000)	(1,469)	(8,575)	(4,575)	214%
Charges for Law Enforcement and Traffic Control	(161,000)	(161,000)	(18,214)	(161,000)	-	100%
Charges for Library	(4,000)	(4,000)	(961)	(3,482)	518	87%
Charges for Maintenance of Highways, Streets, Bridges, and Sidewalks	-	-	-	-	-	-
Charges for Other Protection	(125,000)	(125,000)	(37,486)	(125,000)	-	100%
Charges for Parks and Recreation	(135,400)	(135,400)	(63,979)	(133,255)	2,145	98%
Charges for Planning and Community Development	(54,000)	(54,000)	(233)	(237)	53,763	0%
Charges for Sanitation and Waste Removal	(17,891,033)	(17,891,033)	(4,618,901)	(17,891,033)	-	100%
Court Costs	(6,772,739)	(6,772,739)	(1,836,906)	(6,211,781)	560,958	92%
Other	(9,515)	(9,515)	(6,556)	(9,515)	-	100%
Total Charges for Services	(26,142,879)	(26,142,879)	(6,656,157)	(25,492,770)	650,109	98%
Miscellaneous Revenue						
Miscellaneous	(1,076,522)	(1,076,522)	(588,004)	(1,173,916)	(97,394)	109%
Payments in Lieu of Taxes from Enterprise Activities	(21,078,214)	(21,078,214)	(944,153)	(21,078,214)	-	100%
Total Miscellaneous Revenue	(22,154,736)	(22,154,736)	(1,532,157)	(22,252,130)	(97,394)	100%
Recovered Costs						
Recovered Costs	(5,617,302)	(5,617,302)	(581,371)	(5,590,622)	26,680	100%
Total Recovered Costs	(5,617,302)	(5,617,302)	(581,371)	(5,590,622)	26,680	100%
Revenue from Local Sources Total	(634,294,381)	(634,294,381)	(37,352,823)	(634,372,001)	(77,620)	100%

	FY2022 Budget	FY2022 Amended Budget	FY2022 Collections as of 9/30/2021	FY2022 1st Quarter Projection	Variance: Amended Budget vs. Preliminary Year End surplus	
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	(893,846)	(893,846)	(361,538)	(893,846)	-	100%
Communications Sales and Use Tax	(14,440,680)	(14,440,680)	(1,963,216)	(14,440,680)	-	100%
Miscellaneous Non-Categorical Aid	(241,593)	(241,593)	(4,665)	(63,785)	177,808	26%
Mobile Home Titling Taxes	(9,807)	(9,807)	-	(9,807)	-	100%
Personal Property Tax Reimbursement	(16,708,749)	(16,708,749)	(1,078,979)	(16,708,749)	-	100%
Rolling Stock Tax	(139,639)	(139,639)	(135,074)	(139,639)	-	100%
Tax on Deeds	(1,000,000)	(1,000,000)	-	(1,000,000)	-	100%
Total Non-Categorical Aid	(33,434,314)	(33,434,314)	(3,543,472)	(33,256,506)	177,808	99%
Shared Expenditures (Categorical)						
State Shared Expenses- City Treasurer	(147,949)	(147,949)	(24,820)	(147,465)	484	100%
State Shared Expenses- Commonwealth Attorney	(3,625,970)	(3,625,970)	(578,545)	(3,623,875)	2,095	100%
State Shared Expenses- Finance	(775,802)	(775,802)	(145,615)	(775,802)	-	100%
State Shared Expenses- General Registrar	(98,531)	(98,531)	-	(98,531)	-	100%
State Shared Expenses- Sheriff	(17,430,000)	(17,430,000)	(1,196,796)	(17,386,850)	43,150	100%
State Shared Expenses- Welfare and Social Services	-	-	-	-	-	-
Total Shared Expenditures (Categorical)	(22,078,252)	(22,078,252)	(1,945,777)	(22,032,523)	45,729	100%
Categorical Aid						
Education	-	-	-	-	-	-
Library	(210,000)	(210,000)	(52,246)	(208,984)	1,016	100%
Public Safety	(19,817,858)	(19,817,858)	(4,353,728)	(19,798,582)	19,276	100%
Public Works	-	-	-	-	-	-
Welfare and Social Services	(14,646,480)	(14,646,480)	(1,727,903)	(14,614,306)	32,174	100%
Total Categorical Aid	(34,674,338)	(34,674,338)	(6,133,877)	(34,621,872)	52,466	100%
PILOT (Payments in Lieu of Taxes)						
Service Charges	(3,698,683)	(3,698,683)	-	(3,698,683)	-	100%
Total PILOT (Payments in Lieu of Taxes)	(3,698,683)	(3,698,683)	-	(3,698,683)	-	100%
Revenue from the Commonwealth Total						
	(93,885,587)	(93,885,587)	(11,623,126)	(93,609,584)	276,003	100%
Revenue from the Federal Government						
Non-Categorical Aid						
Other Federal Revenue	(6,843)	(6,843)	(35,382)	(35,382)	(28,539)	517%
Total Non-Categorical Aid	(6,843)	(6,843)	(35,382)	(35,382)	(28,539)	-
Categorical Aid						
Social Services	(25,234,120)	(25,234,120)	(2,240,025)	(25,186,947)	47,173	100%
Total Categorical Aid	(25,234,120)	(25,234,120)	(2,240,025)	(25,186,947)	47,173	100%
Revenue from the Federal Government Total						
	(25,240,963)	(25,240,963)	(2,275,407)	(25,222,329)	18,634	100%
Utilities						
Utilities						
Utilities	(4,000)	(4,000)	-	(288)	3,712	7%
Total Utilities	(4,000)	(4,000)	-	(288)	3,712	7%
Revenue from Utilities Total						
	(4,000)	(4,000)	-	(288)	3,712	7%
Transfers-In						
Transfers-In						
Transfers-In	(19,407,028)	(19,407,028)	-	(19,407,028)	-	100%
Total Transfers-In	(19,407,028)	(19,407,028)	-	(19,407,028)	-	100%
Grand Total:						
	(772,831,959)	(772,831,959)	(51,251,357)	(772,611,230)	220,729	100%

Agency	FY 2022 Adopted Budget	FY 2022 Current Budget	Expenditures through Sept. 30th	FY 2022 Year- End Projection	Variance: Current vs Projection surplus/(shortfall)
Culture & Recreation					
Library	5,656,459	5,656,459	1,135,285	5,680,059	(23,600)
Parks Rec	18,805,233	18,805,233	4,603,310	18,691,748	113,485
Debt					
Debt	84,422,421	84,422,421	42,836,284	84,422,421	-
Education					
RPS	187,142,096	187,142,096	-	187,142,096	-
General Government					
Assessor	4,126,549	4,126,549	770,791	3,806,959	319,590
Auditor	2,248,018	2,248,018	273,802	2,132,832	115,186
Budget	1,358,788	1,358,788	184,900	1,233,047	125,741
Chief Admin Officer	904,437	904,437	178,791	337,462	227,299
City Attorney	4,298,801	4,298,801	723,157	4,067,605	231,196
City Clerk	947,892	947,892	159,481	916,609	31,283
City Council	1,347,845	1,347,845	257,114	1,296,733	51,112
City Treasurer	229,039	229,039	38,319	229,039	-
Citizen Service & Response	2,479,071	2,479,071	335,360	2,321,369	157,702
Council Chief of Staff	1,131,416	1,131,416	144,058	794,542	336,874
Econ Dev	3,095,149	3,095,149	403,870	3,064,337	30,812
Finance	10,273,687	10,273,687	1,482,240	8,968,088	1,305,599
General Registrar	3,872,008	3,872,008	291,999	4,123,613	(251,605)
Housing & Comm Development	1,619,229	1,619,229	206,225	1,619,093	136
Human Resources	4,784,088	4,784,088	804,003	4,628,529	155,559
Info Tech	-	-	-	-	-
Inspector General	582,755	582,755	112,483	582,284	471
Mayor's Office	1,143,469	1,143,469	204,557	1,126,806	48,870
Minority Business Development	836,001	836,001	177,590	832,742	3,259
Planning & Dev Review	11,659,415	11,659,415	1,925,014	11,658,829	586
Press Secretary	-	-	45,791	-	-
Procurement Serv.	1,557,585	1,557,585	303,770	1,556,400	1,185
Highways, Streets, Sanitation & Refuse					
Public Works	43,408,521	43,408,521	5,436,871	42,637,367	771,154
Human Services					
Justice Services	9,613,244	9,613,244	1,551,840	9,111,346	501,898
Office of DCAO/HS	1,882,381	1,882,381	673,114	2,209,599	(327,218)
RCHI - Health	4,633,490	4,633,490	-	4,633,490	-
Social Services	53,226,215	53,226,215	12,194,447	53,141,763	84,452
Office of Community Wealth Building	2,191,589	2,191,589	463,384	1,958,158	233,431
Non-Departmental					
Non-Departmental	90,307,456	90,307,456	13,648,137	90,307,456	-
Public Safety & Judiciary					
Animal Control	1,932,887	1,932,887	389,142	1,942,126	(9,239)
Emergency Communications	6,587,923	6,587,923	1,206,522	6,618,233	(30,310)
Fire & Emer Svcs	54,761,361	54,761,361	9,987,398	55,996,110	(1,234,749)
J & DR Court	231,775	231,775	42,479	230,926	849
13th District Court Services Unit	242,134	242,134	41,104	239,551	2,583
Jail/Sheriff	41,429,890	41,429,890	6,972,750	42,107,282	(677,392)
Judiciary - Adult Drug Ct	674,899	674,899	134,135	777,753	(102,854)
Judiciary - Cir Ct	4,045,028	4,045,028	782,900	4,055,903	(10,875)
Judiciary - CW Atty	7,114,480	7,114,480	1,397,645	7,086,337	28,143
Judiciary - Other	211,035	211,035	47,252	216,531	(5,496)
Police	95,816,200	95,816,200	16,951,854	95,298,378	517,822
Grand Total	772,831,959	772,831,959	129,519,169	769,801,550	2,722,940

City of Richmond
FY2022 First Quarter Report

FY2022 First Quarter Revenue Projections

Below are explanations of variances within major accounts in the revenue projections. Explanations are offered for variances that are +/- 5% or +/- \$500,000. The current forecast projects revenues to be flat with a slight shortfall under the FY2022 budget of \$220,729 or about (0.03%). The explanations are in order as they appear in the prior table.

Other Local Taxes **Projected Revenue Surplus: \$78K**

This revenue source is projected to have a surplus as the result of receiving additional commissions on behalf of jail residents.

Revenue from Use of Property **Projected Revenue Surplus: \$500K**

This revenue source is projected to have a surplus as a result of a one-time payment for a recoverable grant related to the Reskins Facility.

Charges for Fire and Rescue Services **Projected Revenue Shortfall: (\$37K)**

Fire and Emergency Services will have a significant decrease in revenue as was previously provided in the FY22 Budget. The budget was based upon full staffing within the Fire Prevention Division. Since that time, within the Fire Prevention Division, 5 civilian positions have been frozen and 5 of the 6 sworn staff have either ended employment or are now transferred to Fire Operations due to significant staffing shortages.

Charges for Information Technology **Projected Revenue Surplus: \$4.6K**

This revenue source is projecting a surplus due to an increase in the use of copiers now that facilities are re-opening.

Charges for Library **Projected Revenue Shortfall: (\$520)**

This revenue source is projecting a slight shortfall due to a lower amount of books in circulation.

Court Costs (Multiple-Terrance) **Projected Revenue Shortfall: (\$561K)**

This revenue source is projecting a shortfall due to economic impacts of the pandemic and the on-going erratic nature of the courts at this time.

Miscellaneous **Projected Revenue Surplus: \$97K**

The Sheriff's Office is projected to have a surplus of approx. \$57K as a result of increased participation in the home electronic monitoring program, home electronic incarceration program, weekender residents, and work release program. The surplus can also be attributed to the fees associated with Parks' rental facilities and fields as COVID restrictions have been lifted to allow for these events, as well as changes within the department's fee structure allowing customers more flexibility when making reservations.

FY2022 First Quarter Expenditure Projections

General Fund Expenditures are trending lower than budgeted with a projected, estimated surplus of \$2,724,040 or projected savings of 0.39% of the total general fund budget.

It is important to note that these projections are based on data collected for FY22 as of September 30, 2021. As a result, these projections could change as more data becomes available during year end closing and the accrual period. Below are explanations of major variances in the preliminary end of year expenditure projections. The explanations are in order as they appear in the First quarter status report. Variances of +/- 5% or +/- \$500,000 are detailed below.

City Assessor **Projected Budget Surplus: \$320K**

The Office of the City Assessor is projected to have personnel savings of \$320k that is attributed to agency vacancies.

City Auditor **Projected Budget Surplus: \$115K**

The Office of the City Auditor is projected to have personnel savings of \$69k that is attributed to departmental vacancies. The department is projecting an operating savings of \$46k due to cost sharing of SEA Citizen survey with Citizen Service and Response and anticipated contract savings.

Budget & Strategic Planning **Projected Budget Surplus: \$126K**

The Department of Budget & Strategic Planning is expected to have a savings of \$126K that is solely attributed to departmental vacancies.

City Attorney **Projected Budget Surplus: \$231K**

The Office of the City Attorney is projected to have personnel savings of \$231k that is attributed to agency vacancies.

Citizen Service & Response **Projected Budget Surplus: \$158K**

The Department of Citizen Service & Response is projected to have personnel shortfall of \$12k that is attributed to the approval to hire a Deputy Director during the position control process. The reallocation of funds has not yet been processed. An operating savings of \$170k is due to the cost for the Digital Engagement Software not having been finalized.

Council Chief of Staff **Projected Budget Surplus: \$337K**

The Office of the Council Chief of Staff is projected to have personnel savings of \$337k that is attributed to agency vacancies.

Finance **Projected Budget Surplus: \$1.3M**

The Finance Department is projecting a savings of \$1.3M in the first quarter. The expected savings is mainly attributed to departmental vacancies. Additional positions will still need to be filled, upon approval, throughout the fiscal year.

General Registrar **Projected Budget Shortfall: (\$252K)**

The Department of the General Registrar is projected to have personnel shortfall of \$252k that is attributed to higher personnel costs associated with the general election which experienced higher voter turnout than anticipated.

Public Works **Projected Budget Surplus: \$771K**

The Department of Public Works is projected to have a significant personnel savings of \$1.2M that is attributed to departmental vacancies. An operating shortfall of \$381k is primarily attributed to an increase in spending on contract and temporary services.

Justice Services **Projected Budget Surplus: \$502K**

The Department of Justice Services is projected to have personnel savings of \$453k that is attributed to departmental vacancies. An operating savings of \$49k is projected due to the department leveraging Special Fund dollars more intentionally, when possible.

Office of the DCAO for Human Services **Projected Budget Shortfall: (\$327K)**

The Office of the DCAO for Human Services is projected to have personnel savings of \$116k that is attributed to departmental vacancies. An operating shortfall of \$443k is currently projected that is a result of the encumbrance roll that had not yet occurred in the 1st Qtr. This overage will be covered once the encumbrance roll has occurred.

Office of Community Wealth Building **Projected Budget Surplus: \$233K**

The Office of Community Wealth Building is projected to have personnel savings of \$228k that is attributed to departmental vacancies. A slight operating savings of \$5k is projected due to current, projected operational needs.

Fire & Emergency Services **Projected Budget Shortfall: (\$1.2M)**

Fire and Emergency Services is projecting an overage of \$1.2M in the first quarter. The expected overage is mainly attributed to overtime and exit payouts (\$1.8M). The significant amount expensed to overtime is attributed to sworn vacancies; overall leave absences that relate to the various leave categories that can relate to family medical leave, vacation leave, vacation, etc. In addition, the Department is continuing to manage COVID-19 related leave. As of October 24th, the Department has 42 sworn and 7 civilian vacancies.

The operating savings of \$578K projected is subject to change as the Department continues to evaluate mission critical needs that will be purchased.

City Sheriff **Projected Budget Shortfall: (\$677K)**

The City Sheriff is projecting a shortfall in personnel of \$172k that is primarily due to overtime. The department is projecting an operating shortfall of \$505k in operating that is a result of the encumbrance roll that had not yet occurred in the 1st Qtr. This overage will be covered once the encumbrance roll has occurred.

Judiciary – Adult Drug Court **Projected Budget Shortfall: (\$103K)**

The Adult Drug Court is projected to have personnel shortfall of \$103k that is attributed to the recruitment of positions.

Police Department**Projected Budget Surplus: \$518K**

The Department of Police is projected to have personnel savings of \$2.7M that is attributed to departmental vacancies. An operating shortfall of \$2.1M is projected due to one-time expenditures to offset salary savings for items such as painting and carpet at various precincts; fencing at the 2nd and 4th precincts, 250 Body Armor Active Shooter Tac Gear, and clothing and gear for the 2nd recruit class.