



# 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:** November 15, 2017

**RE:** Fiscal Year 2018 First Quarter Revenue & Expenditure Projection Report

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The Fiscal Year 2018 First 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 September 30, 2017 – utilizing only three (3) 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 \$8,844,563. There are several sources of revenue, particularly in the general property and other local tax category as well as reimbursements for Social Services and Sheriff related expenditures that are projected to be less than the FY2018 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 fully 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 \$4,472,053. The total general fund savings is primarily attributed to anticipated savings within the City’s Debt Service. Specifically, debt savings is the result of refunding of the Series 2009A, 2010A and 2012A 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. The Department of Fire and Emergency Services, however, is projected to exceed its budget due to an anticipated increase in overtime, which is offsetting the total projected savings. Specific details of departmental variances are explained further in the report.

A summary of the First 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.

<b>Summary of FY2018 Projected Balances as of 09/30/2017</b>	
<b>Projected Total FY2018 General Fund Revenue</b>	<b>\$683,138,538</b>
<b>Projected Total FY2018 General Fund Expenditures</b>	<b>\$686,380,812</b>
<b>Total: FY2018 Projected Budgetary Surplus/(Shortfall)</b>	<b>\$(3,242,274)</b>

\*Note very minor discrepancies may exist due to rounding

**City of Richmond**  
**Finance & Administration Portfolio**  
**FY2018 First Quarter Report**

**Sources**

	FY2018 Budget	FY2018 Amended Budget	FY2018 Collections as of 09/30/2017	FY2018 1st Quarter Projection	Variance: Amended Budget vs. Preliminary Year End surplus(shortfall)	
<b>Revenue from Local Sources</b>						
<b>General Property Taxes</b>						
Machinery & Tools Taxes	15,388,289	15,388,289	97,392	13,721,081	(1,667,208)	89%
Penalties and Interest- Interest	4,019,239	4,019,239	245,431	2,619,495	(1,399,744)	65%
Penalties and Interest- Penalty	3,942,897	3,942,897	299,273	3,928,660	(14,237)	100%
Personal Property Taxes- Current	29,825,855	29,825,855	214,836	32,820,066	2,994,211	110%
Personal Property Taxes- Delinquent	11,679,053	11,679,053	2,167,582	9,319,545	(2,359,508)	80%
Real and Personal Public Service Corporation Property Taxes- Personal Property Current	3,035,970	3,035,970	-	10,077,796	7,041,826	332%
Real and Personal Public Service Corporation Property Taxes- Personal Property Delinquent	1,700,642	1,700,642	15,266	892,512	(808,130)	52%
Real and Personal Public Service Corporation Property Taxes- Real Property Current	11,708,143	11,708,143	42,555	2,111,473	(9,596,670)	18%
Real Property Taxes- Current	241,980,882	242,092,722	31,185	242,092,722	-	100%
Real Property Taxes- Delinquent	11,563,279	11,563,279	2,093,985	12,023,333	460,054	104%
<b>Total General Property Taxes</b>	<b>334,844,249</b>	<b>334,956,089</b>	<b>5,207,504</b>	<b>329,606,683</b>	<b>(5,349,406)</b>	<b>98%</b>
<b>Other Local Taxes</b>						
Admission Taxes	3,181,250	3,181,250	403,276	3,125,925	(55,325)	98%
Bank Stock Taxes	9,545,799	9,545,799	-	8,326,739	(1,219,060)	87%
Business Licenses Taxes	35,201,010	35,201,010	1,357,698	34,344,079	(856,931)	98%
Consumer Utility Taxes	17,694,507	17,694,507	-	17,719,725	25,218	100%
Local Sales & Use Tax	34,109,045	34,109,045	-	34,336,547	227,502	101%
Motor Vehicle Licenses	7,277,716	7,277,716	451,671	6,622,638	(655,078)	91%
Other Local Taxes	601,317	601,317	83,361	331,077	(270,240)	55%
Prepared Food Taxes	36,605,939	36,605,939	5,249,162	36,334,928	(271,011)	99%
Short-Term Rental Tax	68,112	68,112	5,009	124,425	56,313	183%
Transient Lodging Taxes	8,026,319	8,026,319	1,190,170	8,202,856	176,537	102%
<b>Total Other Local Taxes</b>	<b>152,311,014</b>	<b>152,311,014</b>	<b>8,740,348</b>	<b>149,468,939</b>	<b>(2,842,075)</b>	<b>98%</b>
<b>Permits, Privilege Fees, and Regulatory Licenses</b>						
Animal Licenses	-	-	-	-	-	-
Permits and Other Licenses	7,314,397	7,314,397	889,020	7,313,360	(1,037)	100%
<b>Total Permits, Privilege Fees, and Regulatory Licenses</b>	<b>7,314,397</b>	<b>7,314,397</b>	<b>889,020</b>	<b>7,313,360</b>	<b>(1,037)</b>	<b>100%</b>
<b>Fines &amp; Forfeitures</b>						
Fines & Forfeitures	-	-	36,867	-	-	0%
<b>Total Fines &amp; Forfeitures</b>	<b>-</b>	<b>-</b>	<b>36,867</b>	<b>-</b>	<b>-</b>	<b>0%</b>
<b>Revenue from Use of Money and Property</b>						
Revenue from Use of Money	2,872,931	2,872,931	402,357	2,872,931	-	100%
Revenue from Use of Property	328,280	328,280	29,710	343,290	15,010	105%
<b>Total Revenue from Use of Money and Property</b>	<b>3,201,211</b>	<b>3,201,211</b>	<b>432,067</b>	<b>3,216,221</b>	<b>15,010</b>	<b>100%</b>
<b>Charges for Services</b>						
Charges for Finance	435,516	435,516	59,097	858,577	423,061	197%
Charges for Fire and Rescue Services	574,609	574,609	17,447	72,700	(501,909)	13%
Charges for Information Technology	17,826	17,826	3,730	14,500	(3,326)	81%
Charges for Law Enforcement and Traffic Control	147,981	147,981	26,072	150,489	2,508	102%
Charges for Library	89,031	89,031	10,305	47,650	(41,381)	54%
Charges for Maintenance of Highways, Streets, Bridges, and Sidewalks	-	-	-	-	-	-
Charges for Other Protection	125,000	125,000	21,797	125,000	-	100%
Charges for Parks and Recreation	80,000	80,000	7,903	80,000	-	100%
Charges for Planning and Community Development	66,250	66,250	8,602	66,617	367	101%
Charges for Sanitation and Waste Removal	16,716,635	16,716,635	2,807,482	17,583,812	867,177	105%
Court Costs	6,952,493	6,952,493	1,230,458	6,968,086	15,593	100%
Other	8,668	8,668	2,333	9,724	1,056	112%
<b>Total Charges for Services</b>	<b>25,214,009</b>	<b>25,214,009</b>	<b>4,195,227</b>	<b>25,977,155</b>	<b>763,146</b>	<b>103%</b>
<b>Miscellaneous Revenue</b>						
Miscellaneous	1,872,584	1,877,084	440,627	2,244,991	367,907	120%
Payments in Lieu of Taxes from Enterprise Activities	27,170,096	27,170,096	516,781	27,170,096	-	100%
<b>Total Miscellaneous Revenue</b>	<b>29,042,680</b>	<b>29,047,180</b>	<b>957,408</b>	<b>29,415,087</b>	<b>367,907</b>	<b>101%</b>
<b>Recovered Costs</b>						
Recovered Costs	7,112,448	7,112,448	1,123,299	7,206,674	94,226	101%
<b>Total Recovered Costs</b>	<b>7,112,448</b>	<b>7,112,448</b>	<b>1,123,299</b>	<b>7,206,674</b>	<b>94,226</b>	<b>101%</b>
<b>Revenue from Local Sources Total</b>	<b>559,040,008</b>	<b>559,156,348</b>	<b>21,581,738</b>	<b>552,204,120</b>	<b>(6,952,228)</b>	<b>99%</b>

## Sources

	FY2018 Budget	FY2018 Amended Budget	FY2018 Collections as of 09/30/2017	FY2018 1st Quarter Projection	Variance: Amended Budget vs. Preliminary Year End surplus(shortfall)	
<b>Other Financing Sources</b>						
<b>Non-Revenue Receipts</b>						
Insurance Recovery	-	-	-	-	-	-
<b>Total Non-Revenue Receipts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Revenue from Other Financing Sources Total</b>						
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Revenue from the Commonwealth</b>						
<b>Non-Categorical Aid</b>						
Auto Rental Tax	1,382,844	1,382,844	-	988,440	(394,404)	71%
Communications Sales and Use Tax	16,134,020	16,134,020	-	15,695,456	(438,564)	97%
Miscellaneous Non-Categorical Aid	250,000	250,000	1,508,393	1,758,393	1,508,393	703%
Mobile Home Titling Taxes	6,000	6,000	1,524	9,158	3,158	153%
Personal Property Tax Reimbursement	16,708,749	16,708,749	-	16,708,749	-	100%
Rolling Stock Tax	152,250	152,250	116,767	155,901	3,651	102%
Tax on Deeds	1,003,113	1,003,113	-	1,033,596	30,483	103%
<b>Total Non-Categorical Aid</b>	<b>35,636,976</b>	<b>35,636,976</b>	<b>1,626,683</b>	<b>36,349,693</b>	<b>712,717</b>	<b>102%</b>
<b>Shared Expenditures (Categorical)</b>						
State Shared Expenses- City Treasurer	147,785	147,785	-	142,392	(5,393)	96%
State Shared Expenses- Commonwealth Attorney	3,423,176	3,423,176	-	3,423,176	-	100%
State Shared Expenses- Finance	772,937	772,937	-	734,640	(38,297)	95%
State Shared Expenses- General Registrar	78,944	78,944	-	90,525	11,581	115%
State Shared Expenses- Sheriff	16,452,561	16,452,561	-	15,869,964	(582,597)	96%
State Shared Expenses- Welfare and Social Services	27,531,449	7,240,854	-	7,262,562	21,708	100%
<b>Total Shared Expenditures (Categorical)</b>	<b>48,406,852</b>	<b>28,116,257</b>	<b>-</b>	<b>27,523,259</b>	<b>(592,998)</b>	<b>98%</b>
<b>Categorical Aid</b>						
Education	-	-	1,295,661	-	-	-
Library	181,515	181,515	44,870	181,515	-	100%
Public Safety	18,457,784	18,457,784	3,958,159	18,627,393	169,609	101%
Public Works	-	-	-	-	-	-
Welfare and Social Services	15,188,227	8,965,488	1,386,149	8,976,072	10,584	100%
<b>Total Categorical Aid</b>	<b>33,827,526</b>	<b>27,604,787</b>	<b>6,684,839</b>	<b>27,784,980</b>	<b>180,193</b>	<b>101%</b>
<b>PILOT (Payments in Lieu of Taxes)</b>						
Service Charges	5,027,417	5,027,417	453,637	3,592,976	(1,434,441)	71%
<b>Total PILOT (Payments in Lieu of Taxes)</b>	<b>5,027,417</b>	<b>5,027,417</b>	<b>453,637</b>	<b>3,592,976</b>	<b>(1,434,441)</b>	<b>71%</b>
<b>Revenue from the Commonwealth Total</b>						
	<b>122,898,771</b>	<b>96,385,437</b>	<b>8,765,160</b>	<b>95,250,908</b>	<b>(1,134,529)</b>	<b>99%</b>
<b>Revenue from the Federal Government</b>						
<b>Non-Categorical Aid</b>						
Other Federal Revenue	-	-	-	-	-	-
<b>Total Non-Categorical Aid</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Categorical Aid</b>						
Social Services	20,000	26,533,334	2,107,539	25,773,605	(759,729)	97%
<b>Total Categorical Aid</b>	<b>20,000</b>	<b>26,533,334</b>	<b>2,107,539</b>	<b>25,773,605</b>	<b>(759,729)</b>	<b>97%</b>
<b>Revenue from the Federal Government Total</b>						
	<b>20,000</b>	<b>26,533,334</b>	<b>2,107,539</b>	<b>25,773,605</b>	<b>(759,729)</b>	<b>97%</b>
<b>Utilities</b>						
<b>Utilities</b>						
Utilities	64,000	64,000	7,453	65,923	1,923	103%
<b>Total Utilities</b>	<b>64,000</b>	<b>64,000</b>	<b>7,453</b>	<b>65,923</b>	<b>1,923</b>	<b>1</b>
<b>Revenue from Utilities Total</b>						
	<b>64,000</b>	<b>64,000</b>	<b>7,453</b>	<b>65,923</b>	<b>1,923</b>	<b>1</b>
<b>Transfers-In</b>						
<b>Transfers-In</b>						
Transfers-In	9,843,982	9,843,982	-	9,843,982	-	100%
<b>Total Transfers-In</b>	<b>9,843,982</b>	<b>9,843,982</b>	<b>-</b>	<b>9,843,982</b>	<b>-</b>	<b>100%</b>
<b>Grand Total:</b>	<b>691,866,761</b>	<b>691,983,101</b>	<b>32,461,890</b>	<b>683,138,538</b>	<b>(8,844,563)</b>	<b>99%</b>

All Projections are based on data collected at a point in time.  
 All Projections could change as more data becomes available at year end closing.  
 \*Note very minor discrepancies may exist due to rounding

## Uses

Agency	FY 2018 Adopted Budget	FY 2018 Current Budget	Expenditures through Sept. 30th	FY 2018 Year-End Projection	Variance: Current vs Projection surplus/(shortfall)	
<b>Culture &amp; Recreation</b>						
Library	5,531,626	5,531,626	1,045,418	5,543,332	(11,707)	100.2%
Parks Rec	15,834,659	15,834,659	3,613,897	16,005,585	(170,926)	101.1%
<b>Debt</b>						
Debt	74,668,693	74,668,693	34,870,536	68,518,693	6,150,000	91.8%
<b>Education</b>						
RPS	158,975,683	158,975,683	-	158,975,683	-	100.0%
<b>General Government</b>						
Assessor	3,239,563	3,239,563	620,625	3,192,957	46,606	98.6%
Auditor	1,879,169	1,879,170	501,929	2,167,160	(287,990)	115.3%
Budget	1,246,188	1,246,188	266,268	1,245,574	614	100.0%
Chief Admin Officer	969,302	969,302	197,512	968,335	967	99.9%
City Attorney	2,969,266	2,969,266	561,521	2,914,796	54,470	98.2%
City Clerk	940,974	940,974	134,453	908,503	32,471	96.5%
City Council	1,371,107	1,371,107	259,557	1,351,440	19,667	98.6%
City Treasurer	186,486	186,486	30,801	177,118	9,368	95.0%
Council Chief of Staff	1,160,079	1,160,079	223,531	1,155,679	4,400	99.6%
Econ & Comm Dev	5,763,310	5,763,310	1,207,482	5,671,100	92,210	98.4%
Finance	10,258,630	10,258,640	1,626,785	10,193,861	64,769	99.4%
General Registrar	1,629,662	1,629,662	194,960	1,624,180	5,485	99.7%
Human Resources	2,798,968	2,798,968	678,324	2,795,329	3,639	99.9%
Info Tech	-	-	-	-	-	#DIV/0!
Mayor's Office	1,156,014	1,156,014	185,801	1,155,853	161	100.0%
Minority Business Development	646,436	646,436	138,990	644,474	1,962	99.7%
Planning & Dev Review	9,866,927	9,866,927	1,991,459	9,969,332	(102,405)	101.0%
Press Secretary	479,536	479,536	99,477	479,471	65	100.0%
Procurement Serv.	756,160	756,160	225,558	781,875	(25,715)	103.4%
<b>Highways, Streets, Sanitation &amp; Refuse</b>						
Public Works	38,774,859	38,774,859	8,363,210	38,594,194	180,665	99.5%
<b>Human Services</b>						
Justice Services	9,344,734	9,344,734	1,775,990	9,344,539	195	100.0%
Office of DCAO/HS	1,522,126	1,522,126	223,883	1,391,154	130,972	91.4%
RCHI - Health	3,781,490	3,781,490	-	3,781,490	-	100.0%
Social Services	56,697,400	56,697,400	10,706,666	56,683,109	14,291	100.0%
Office of Community Wealth Building	2,101,414	2,101,414	427,894	2,105,271	(3,857)	100.2%
<b>Non-Departmental</b>						
Non-Dept	77,997,666	78,114,006	8,739,617	78,190,565	(76,559)	100.1%
<b>Public Safety &amp; Judiciary</b>						
Animal Control	1,584,965	1,584,965	310,011	1,593,325	(8,360)	100.5%
Emergency Communications	5,522,512	5,522,512	1,077,788	5,519,693	2,819	99.9%
Fire & Emer Svcs	48,908,102	48,908,102	10,726,237	50,194,293	(1,286,191)	102.6%
J & DR Court	281,599	281,599	33,036	278,495	3,104	98.9%
13th District Court Services Unit	212,386	212,386	33,662	210,530	1,856	99.1%
Jail/Sheriff	38,186,808	38,186,808	7,368,830	38,143,002	43,809	99.9%
Judiciary - Adult Drug Ct	616,914	616,914	149,199	615,434	1,480	99.8%
Judiciary - Cir Ct	3,675,042	3,675,042	791,207	3,681,547	(6,504)	100.2%
Judiciary - CW Atty	6,417,815	6,417,815	1,291,972	6,444,494	(26,677)	100.4%
Judiciary - Other	306,606	306,607	83,534	298,739	7,868	97.4%
Police	92,475,638	92,475,639	19,790,673	92,870,609	(394,970)	100.4%
<b>Grand Total</b>	<b>690,736,514</b>	<b>690,852,867</b>	<b>120,568,293</b>	<b>686,380,812</b>	<b>4,472,053</b>	<b>99.4%</b>

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

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

\*Note very minor discrepancies may exist due to rounding

## **FY2018 First 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 \$8,844,563 or -1.28%. The explanations are in order as they appear in the prior table.

### **Machinery & Tools Taxes Projected Revenue Shortfall: \$1.7m**

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: \$1.4m**

FY2017 actuals have collections for this source at \$1.9m. This is lower than FY2016 partly due to a significant refund the City issued in FY2017. 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.

### **Personal Property Taxes - Current Projected Revenue Surplus: \$3.0m**

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: \$2.4m**

FY2017 results for this source show collections of \$9.1m. Due to the Tax Amnesty Program projections for this source for FY2018 show collections coming in higher than FY2017, but will be lower than budgeted based on current trends.

### **Real and Personal Public Service Corporation Property Taxes Current and Delinquent Projected Revenue Shortfall: \$3.4m**

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- Delinquent Projected Revenue Surplus: \$460k**

This source is forecasted to be significantly higher than FY2017 collections due to better than expected Tax Amnesty Returns. As such, it is expected to exceed the FY2018 budget by \$460k.

**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: \$900k**

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.

**Motor Vehicle Licenses****Projected Revenue Shortfall: \$655k**

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

**Other Local Taxes****Projected Revenue Shortfall: \$270k**

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.

**Prepared Food Taxes****Projected Revenue Shortfall: \$271k**

FY2017 results have this source generating \$35.6m, an increase of under one percent. Based on current activity, it is expected that revenue in FY2018 will grow by 2% to \$36.3m. However, this will be slightly lower than what was budgeted in FY2018.

**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.

**Revenue from the Use of Property****Projected Revenue Surplus: \$15k**

This revenue source is projected to have a very modest surplus of \$15k which is attributed to an anticipated increase in rental and lease payments to the City based on projected and actual collections to date.

**Charges for Finance****Projected Revenue Surplus: \$423k**

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 slightly exceed this in FY2018, with the collections of \$859k far exceeding the FY2018 budget of \$436k.

**Charges for Fire and Rescue Services** **Projected Revenue Shortfall: \$502k**

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: \$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: \$41k**

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 Sanitation & Waste Removal** **Projected Revenue Surplus: \$867k**

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.

**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: \$368k**

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.

**Auto Rental Tax** **Projected Revenue Shortfall: \$394k**

At the time of the FY2018 budget development, the City was expecting to generate \$1.3m 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: \$439k**

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 \$15.7m 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 \$1,209. Based upon these trends this source is expected to not deviate much from prior year results. However, it will be slightly higher than the budgeted amount.

**Tax on Deeds****Projected Revenue Surplus: \$30k**

This source is projected to bring in \$1m in FY2018, a projected surplus of \$30k, due to higher property sales activity in the City based on payment trends from the State.

**State Shared Expenses – City Treasurer****Projected Revenue Shortfall: \$5k**

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 - Finance****Projected Revenue Shortfall: \$38k**

This revenue source is expected to decrease compared to the FY2018 budget due to fewer positions being reimbursed by the compensation board due to the number of vacancies within the Department of Finance so far this year.

**State Shared Expenses – General 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 – Sheriff****Projected Revenue Shortfall: \$583k**

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.

**Service Charges****Projected Revenue Shortfall: \$1.4m**

Payment for this source comes from the State for PILOT payments. Based on current indications, this source is projected to come in above the FY2017 results by \$134k. However, it is not expected that the extra PILOT revenue amended by City Council will materialize.

**Social Services****Projected Revenue Shortfall: \$760k**

This revenue source is projected to have a shortfall due to an anticipated reduction in the department's central services (cost) allocation revenue.

## **FY2018 First Quarter – Expenditure Projections**

Overall, the first quarter forecast shows projected expenditures trending in a positive direction, with a projected, estimated savings of \$4,472,053 or 0.65% of the modified budget.

**It is important to note that these projections are based on data collected for FY18 as of September 30, 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 first quarter expenditure projections.** The explanations are in order as they appear in the first quarter status report. Variances of +/- 3% or +/- \$250,000 are detailed below.

### **Debt Projected Budget Surplus: \$6.1M**

Savings in Debt service of \$6.1M 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 first 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 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.

### **Auditor Projected Budget Shortfall: \$288k**

The Auditor's Office is projected to have a \$288k shortfall in personnel 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: \$32k**

The Office of the City Clerk is projected to have a surplus in personnel of \$32k that is attributed to the existence of departmental vacancies.

### **City Treasurer Projected Budget Surplus: \$9k**

The Treasurer's Office is projected to have a personnel savings of \$9k that is attributed to the existence of a departmental vacancy.

### **Procurement Projected Budget Shortfall: \$26k**

The Department of Procurement Services is projected to have a shortfall of \$26k that is attributed to the planned filling of several vacancies in the department.

**Office of the DCAO/HS****Projected Budget Surplus: \$131k**

The Office of the Deputy Chief Administrative Officer for Human Services is projected to have a personnel savings of \$130k that is attributed to the existence of the vacant Deputy Chief Administrative Officer position. Minor operating savings of \$1.3k is projected.

**Fire and Emergency Services****Projected Budget Shortfall: \$1.3M**

The Department of Fire and Emergency Services is projected to have a shortfall of \$1.5M in personnel that is attributed to a projected increase in overtime that is associated with numerous department vacancies and the critical need to maintain minimum staffing levels in the field. Operating savings of \$213k is projected and is attributed to departmental efficiencies and identified cost saving measures to assist in reducing the total estimated shortfall for the Department.

**Police****Projected Budget Shortfall: \$395k**

The Police Department is projected to have a shortfall of \$207k in personnel that is attributed to an increase in overtime related costs associated with the Monument Avenue protests and unbudgeted costs for a cash match for an anticipated grant to hire additional School Resource Officers. A minor operating shortfall of \$188k is projected and is attributed to increased costs associated with the Monument Avenue protests, specifically, for the purchase of body worn cameras, etc.