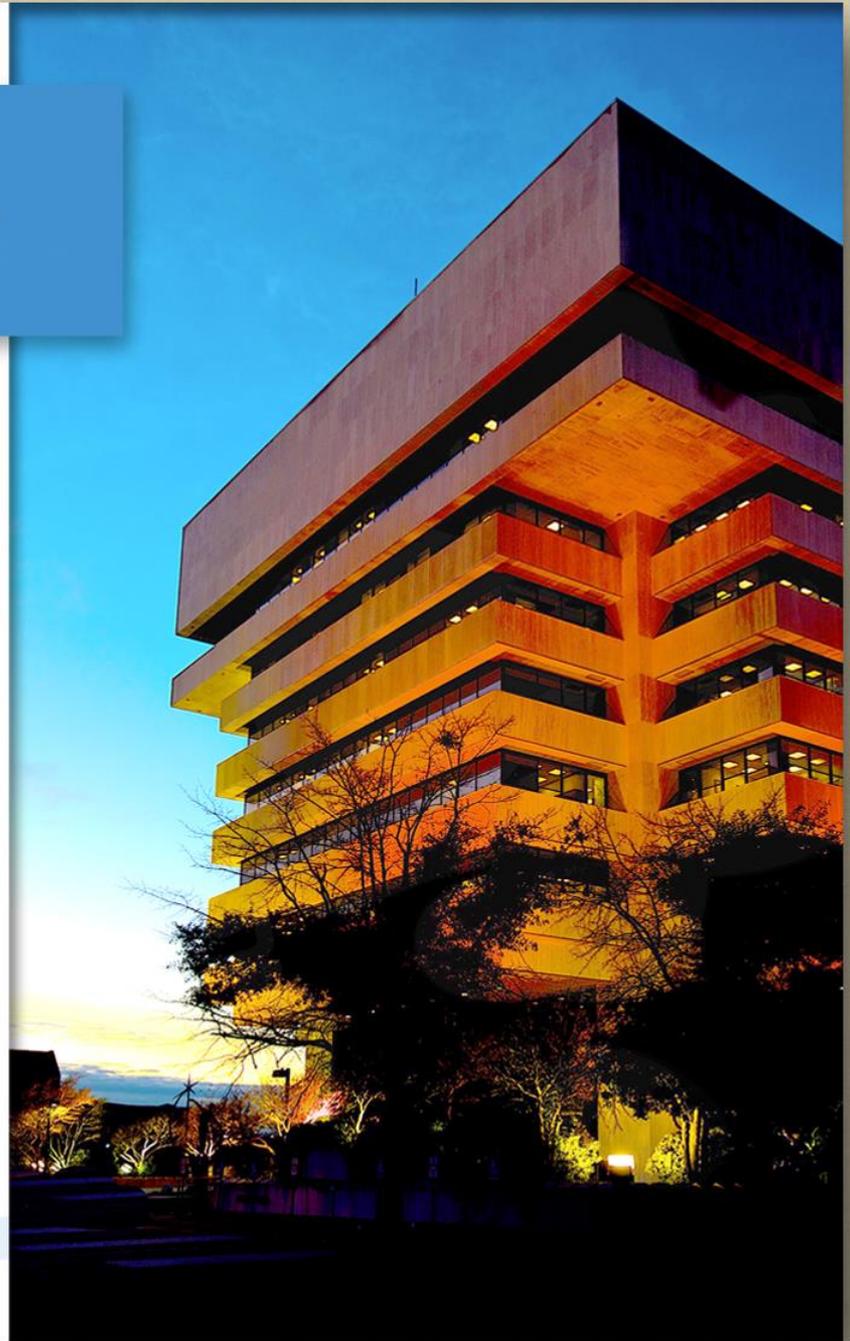


# HAMPTON VA

## **Preliminary Revenue Projections Fiscal Year 2018**



# Revenues: Review of Preliminary Projections for FY2018

## Total General Fund Revenues

	Approved Budget FY2017	Projections FY2018	\$ Amount Incr/(Decr) Apprv VS Proj	% % Incr/(Decr) Apprv VS Proj
Recurring Revenues	\$ 327,931,449	\$ 330,524,708	\$ 2,593,259	0.8%
One-Time Revenues	\$ 6,283,656	\$ 5,628,989	\$ (654,667)	-10.4%
	<u>\$ 334,215,105</u>	<u>\$ 336,153,697</u>	<u>\$ 1,938,592</u>	<u>0.6%</u>

- **Increase in recurring revenues of \$2.6 Million or .8%**
- **Decrease in use of one-time revenues (use of fund balance) of \$.7 million.**
- **The major revenue drivers: general property taxes, other local taxes and revenues from use of money and property(90% of the total increase).**

# Revenues: Review of Preliminary Projections for FY2018

## General Property Taxes

(In Thousands)

Approved Budget FY2017	Projections FY2018	\$ Amount Incr/(Decr) Apprv VS Proj	% Incr/(Decr) Apprv VS Proj
\$ 180,648	\$ 181,983	\$ 1,335	0.7%

## Real Estate Taxes

- **The Assessor is projecting that total taxable assessments will increase by .65% (weighted average).**
- **Translates to a \$1 M increase in revenues - from \$124.9 M to \$125.9 M (represents 37% of the revenue budget).**
- **No change in collection rate - 98.4%**

# Revenues: Review of Preliminary Projections for FY2018

## General Property Taxes - continued

### Real Estate Taxes - continued

- Each penny = \$1,015,635
- Other cities are expecting:
  - 2.7% Virginia Beach
  - 1.5% City of Norfolk
  - 2.0% City of Chesapeake
  - .42% City of Portsmouth

# Revenues: Review of Preliminary Projections for FY2018

## General Property Taxes - continued

(In Thousands)

Approved Budget FY2017	Projections FY2018	\$ Amount Incr/(Decr) Apprv VS Proj	% Incr/(Decr) Apprv VS Proj
\$ 180,648	\$ 181,983	\$ 1,335	0.7%

## Personal Property Taxes

- **We're working with the Commissioner of Revenue to finalize the estimate for personal property. We don't have enough information at this time to update the projection. We hope to finalize the estimate within the next couple of weeks.**

# Revenues: Review of Preliminary Projections for FY2018

## Other Local Taxes

(In Thousands)

Approved Budget FY2017	Projections FY2018	\$ Amount Incr/(Decr) Apprv VS Proj	% Incr/(Decr) Apprv VS Proj
\$ 78,510	\$ 79,052	\$ 542	1%

- **The Largest Five Other Local Taxes:**

- 1) Meal tax
- 2) Sales and Use tax
- 3) Business License tax
- 4) Communications Sales tax
- 5) Utility taxes – Electric and Gas

- Represents approximately 78% of the total other local taxes projection.

# Revenues: Review of Preliminary Projections for FY2018

## Other Local Taxes - continued

(In Thousands)

Approved Budget FY2017	Projections FY2018	\$ Amount Incr/(Decr) Apprv VS Proj	% Incr/(Decr) Apprv VS Proj
<u>\$ 78,510</u>	<u>\$ 79,052</u>	<u>\$ 542</u>	<u>1%</u>

- **Meal tax is tracking approximately 1.1% over the prior fiscal year. We expect this revenue to trend near the 3% growth average for the past three years – driven by the addition of some new restaurants and the expected impact from an increase in inflation. Therefore, we have projected it to increase to \$20.7 million, an increase of approximately \$600,000.**

# Revenues: Review of Preliminary Projections for FY2018

## Other Local Taxes - continued

(In Thousands)

Approved Budget FY2017	Projections FY2018	\$ Amount Incr/(Decr) Apprv VS Proj	% Incr/(Decr) Apprv VS Proj
\$ 78,510	\$ 79,052	\$ 542	1%

- **Year-to-date sales tax collections are tracking 4.1% less than the prior fiscal year. We believe the decline is due to a number of things: 1) closing of Macy's in March 2016, 2) the impact of E-commerce on retail stores, 3) We received taxes in FY16 that were reported to Newport News in error.**
- **We expect some recovery in this tax during fiscal year 2018. We are maintaining the sales tax revenue estimate at \$15.5 million.**

# Revenues: Review of Preliminary Projections for FY2018

## Other Local Taxes - continued

(In Thousands)

Approved Budget FY2017	Projections FY2018	\$ Amount Incr/(Decr) Apprv VS Proj	% Incr/(Decr) Apprv VS Proj
<u>\$ 78,510</u>	<u>\$ 79,052</u>	<u>\$ 542</u>	<u>1%</u>

- **Business license tax estimate will remain the same as last year at \$11.9 million.**

# Revenues: Review of Preliminary Projections for FY2018

## Other Local Taxes - continued

(In Thousands)

Approved Budget FY2017	Projections FY2018	\$ Amount Incr/(Decr) Apprv VS Proj	% Incr/(Decr) Apprv VS Proj
\$ 78,510	\$ 79,052	\$ 542	1%

- **The state communication taxes became effective on January 1, 2007.**
- **It is composed of a 5% tax on all communication services, state E-911 tax of \$.75 per access line and a public right-of-way use fee of \$1.11 per cable subscriber per month.**
- **Replaced the City's utility tax on telephone, local E-911 service tax, utility tax on cable service and cable franchise fee. For fiscal year 2006, these taxes generated approximately \$9.9 million for the City.**

# Revenues: Review of Preliminary Projections for FY2018

## Other Local Taxes - continued

(In Thousands)

Approved Budget FY2017	Projections FY2018	\$ Amount Incr/(Decr) Apprv VS Proj	% Incr/(Decr) Apprv VS Proj
\$ 78,510	\$ 79,052	\$ 542	1%

- **The City's communication taxes under the state program has not exceeded what we were collecting under our local taxes.**
- **Communication taxes are expected to decline by \$249,000 for a projection of approximately \$8.7 million.**
- **Utility taxes-Electric and Gas are expected to be flat at \$5 million.**

# Revenues: Review of Preliminary Projections for FY2018

## Other Local Taxes - concluded

(In Thousands)

Approved Budget FY2017	Projections FY2018	\$ Amount Incr/(Decr) Apprv VS Proj	% Incr/(Decr) Apprv VS Proj
\$ 78,510	\$ 79,052	\$ 542	1%

- **Boat license fee (new fee in FY16) is tracking in line with the current revenue estimate. We will maintain FY18 revenue estimate at \$200,000.**
- **Based on current trends, we expect lodging taxes to grow to \$3.2 M in FY18 – an increase of \$100,000.**

# Revenues: Review of Preliminary Projections for FY2018

## License, Permits and Privileged Fees

(In Thousands)

Approved Budget FY2017	Projections FY2018	\$ Amount Incr/(Decr) Apprv VS Proj	% Incr/(Decr) Apprv VS proj
<u>\$ 1,296</u>	<u>\$ 1,365</u>	<u>\$ 69</u>	<u>5%</u>

- **Expect the license and permit activity to increase in FY2018.**
- **Therefore, we have increased the FY18 estimate by \$69,000.**

# Revenues: Review of Preliminary Projections for FY2018

## Fines and Forfeitures

(In Thousands)

Approved Budget FY2017	Projections FY2018	\$ Amount Incr/(Decr) Apprv VS Proj	% Incr/(Decr) Apprv VS Proj
<u>\$ 1,640</u>	<u>\$ 1,517</u>	<u>\$ (123)</u>	<u>-8%</u>

- **Dedicated fees for courthouse/courtroom security and courthouse maintenance have declined with the reduction in number of court cases. For FY18, we have reduced revenues by \$123,000.**

# Revenues: Review of Preliminary Projections for FY2018

## Revenues from Use of Money & Property

(In Thousands)

Approved Budget FY2017	Projections FY2018	\$ Amount Incr/(Decr) Apprv VS Proj	% Incr/(Decr) Apprv VS Proj
\$ 439	\$ 895	\$ 456	104%

- **This revenue category is primarily composed on interest income that we earn on cash balances and investments.**
- **The Federal Reserve increased the federal funds rate in December 2015 and December 2016. It is anticipated that they will increase the rate three times in 2017.**
- **Therefore, we have increased our interest income estimate for FY18 by \$456,000.**

# Revenues: Review of Preliminary Projections for FY2018

## Charges for Services

(In Thousands)

Approved Budget FY2017	Projections FY2018	\$ Amount Incr/(Decr) Apprv VS Proj	% Incr/(Decr) Apprv VS Proj
\$ 8,948	\$ 9,036	\$ 88	1%

- **Based on current trends, EMS transport fees (\$3.9 M) and Landfill Host fees (\$800,000) are expected to remain flat for FY18.**
- **Fees for School Age Programs increased by \$12,325 to \$1.29 million.**
- **Park and Recreation fees are projected to increase by \$51,000 to \$1.1 M (Bluebird Gap Farm & Blackbeard Festival).**

# Revenues: Review of Preliminary Projections for FY2018

## Miscellaneous Revenue

(In Thousands)

Approved Budget FY2017	Projection FY2018	\$ Amount Incr/(Decr) Apprv VS Proj	% Incr/(Decr) Apprv VS Proj
<u>\$ 4,478</u>	<u>\$ 4,424</u>	<u>\$ (54)</u>	<u>-1%</u>

- **\$52,000 reduction in reimbursements from schools.**

# Revenues: Review of Preliminary Projections for FY2018

## State/Federal Revenues

	(In Thousands)			
	Approved Budget FY2017	Projections FY2018	\$ Amount Incr/(Decr) Apprv VS Proj	% % Incr/(Decr) Apprv VS Proj
Recovered Costs	\$ 8,519	\$ 8,529	\$ 10	0%
Shared Expenses-State	9,353	9,353	-	0%
Non-Categorical-State	814	814	-	0%
Categorical-State\Fed	31,257	31,526	269	1%
Federal	31	31	-	0%
	<u>\$ 49,974</u>	<u>\$ 50,253</u>	<u>\$ 279</u>	<u>1%</u>

- **Staff has not adjusted the state revenues (except for state and highway maintenance funds) yet. We are waiting on some state agencies like the Compensation Board to release detailed information on the budget impact for each locality.**
- **An increase of \$269,000 in State and Highway Maintenance Funds (\$16.2M).**

# Revenues: Review of Preliminary Projections for FY2018

## Transfers and Fund Balance

	(In Thousands)			
	Approved Budget FY2017	Projections FY2018	\$ Amount Incr/(Decr) Apprv VS Proj	% % Incr/(Decr) Apprv VS proj
Fund Balance	\$ 6,284	\$ 5,629	\$ (655)	-10%
Transfer from School Op Fund	\$ 2,000	\$ 2,000	\$ -	0%
	<u>\$ 8,284</u>	<u>\$ 7,629</u>	<u>\$ (655)</u>	<u>-8%</u>

- **Plan to use \$3.6 million from unassigned fund balance (savings account) for the 2018 CIP.**
- **Plan to use \$354,588 for the PC replacement program.**

# Revenues: Review of Preliminary Projections for FY2018

## Net Recurring Revenues Available for the Budget

Net increase in recurring revenues \$ 2,593,259

## Net Change in Committed/Dedicated Revenues

2+2 meals and lodging taxes dedicated to Conv Ctr \$ 185,141

Business Improvement & Service Districts 15,042

State & Highway maintenance funds 268,367

Court Fines - Court Security & Court Maintenance (123,403)

School funding formula 258,074

Hall of Fame (14,570)

Net Increase \$ 588,651

Net recurring revenues available for the budget \$ 2,004,608

# Revenues: Review of Preliminary Projections for FY2018

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