

FY 2018 Budget Development Revenue Projections

Board of Supervisors Budget Work Session

February 28, 2017

Work Session Agenda

- Revenue Category Overview & Projections
- Tax Rate Information
- Next Steps

FY 2018 Revenue Overview

FY 2018 Revenue Overview

- County continues to see modest overall revenue growth – 1.82% from FY 2017 to FY 2018
 - Real Estate assessments projected approximately 1.8%
 - Personal Property Tax and Business Licenses both trending below projections
 - Sales Tax Revenue showing steady growth year-over-year
 - Hotel/Motel Tax and Meals Tax both exceeding projections
 - Intergovernmental revenues increasing primarily due to state and federal reimbursement for Social Services

General Government Revenue Projections

As of February 22, 2017

Category	Actual FY 2016	FY 2016 - 2017			Projected FY 2018	Adopted FY 2017 to Projected FY 2018 Change
		Adopted FY 2017	Adjustments FY 2017	Projected FY 2017		
Revenue Estimate Categories						
Real Estate Taxes	\$88,235,211	\$89,401,101	\$136,000	\$89,537,101	\$90,989,668	\$1,588,567
Personal Property Taxes	\$31,621,657	\$32,834,622	(\$550,000)	\$32,284,622	\$32,808,800	(\$25,822)
Intergovernmental	\$15,467,198	\$15,047,703	\$23,835	\$15,071,538	\$15,659,332	\$611,629
Other Local Taxes ¹	\$12,762,468	\$12,751,500	\$111,115	\$12,862,615	\$12,926,454	\$174,954
Sales Tax	\$10,097,025	\$10,252,000	\$46,965	\$10,298,965	\$10,484,945	\$232,945
Business License	\$6,233,126	\$6,447,000	\$0	\$6,447,000	\$6,222,000	(\$225,000)
Meals Tax	\$4,326,106	\$4,362,750	\$136,400	\$4,499,150	\$4,656,620	\$293,870
Other Fees & Revenue ²	\$3,755,554	\$3,469,885	\$260,000	\$3,729,885	\$3,929,435	\$459,550
Communications Tax	\$3,818,766	\$3,796,000	(\$53,610)	\$3,742,390	\$3,686,255	(\$109,745)
Ambulance Fees	\$3,084,613	\$3,223,233	\$0	\$3,223,233	\$3,362,698	\$139,465
Hotel/Motel Tax	\$1,387,246	\$1,184,500	\$251,299	\$1,435,799	\$1,461,052	\$276,552
Non-Revenue/Transfer	\$46,839	\$0	\$0	\$0	\$0	\$0
Subtotal Revenue Projections	\$180,835,809	\$182,770,294	\$362,004	\$183,132,298	\$186,187,259	\$3,416,965
Beginning Balance	\$0	\$488,921	\$0	\$488,921	\$410,036	(\$78,885)
Total Revenue Projections	\$180,835,809	\$183,259,215	\$362,004	\$183,621,219	\$186,597,295	\$3,338,080

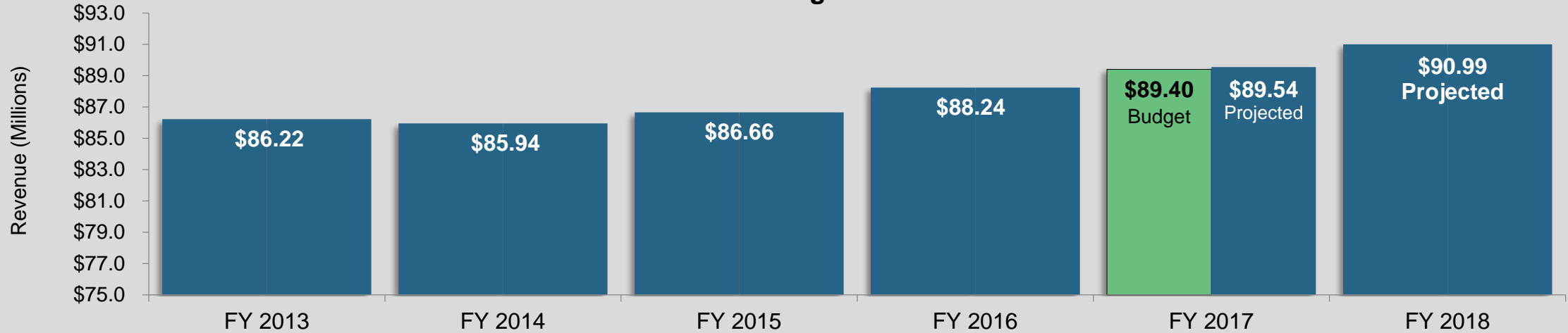
¹Other Local Taxes includes: Other Property, Consumer Utility, Bank Franchise, Motor Vehicle License, Recordation and Conveyance, Other Local Taxes

²Other Fees and Revenue includes: Permits, Fees, & Licenses, Fines and Forfeitures, Use of Money, Charges for Services, Recovered Costs, and Miscellaneous Revenue

Revenue Category Overview

Real Estate

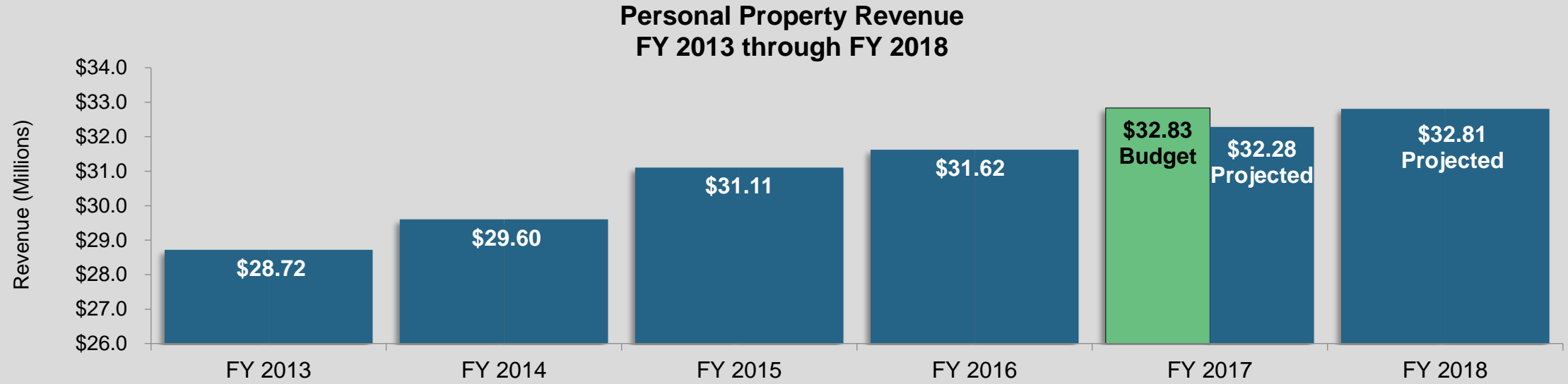
**Real Estate Revenue
FY2013 through FY2018**



- Calendar Year (CY) 2017 reassessment projected at 1.83%
 - Growth in base – 1.09%; new construction 0.74%
 - FY 2017 revenue impact of \$136,000 based on higher than projected assessment growth
- FY 2018 revenue estimate of \$90.99 million based on reassessment growth of 1.83% and 1.75% (\$1.59 million increase over FY 2017 budget)
- Value of a penny on the tax rate - \$825,000

Real Estate Revenue	
Current Rate	\$1.09/\$100 assessed (no change proposed)
Current Trend	Slightly above budget
Future Outlook	Slight Growth (1%-2%)

Personal Property

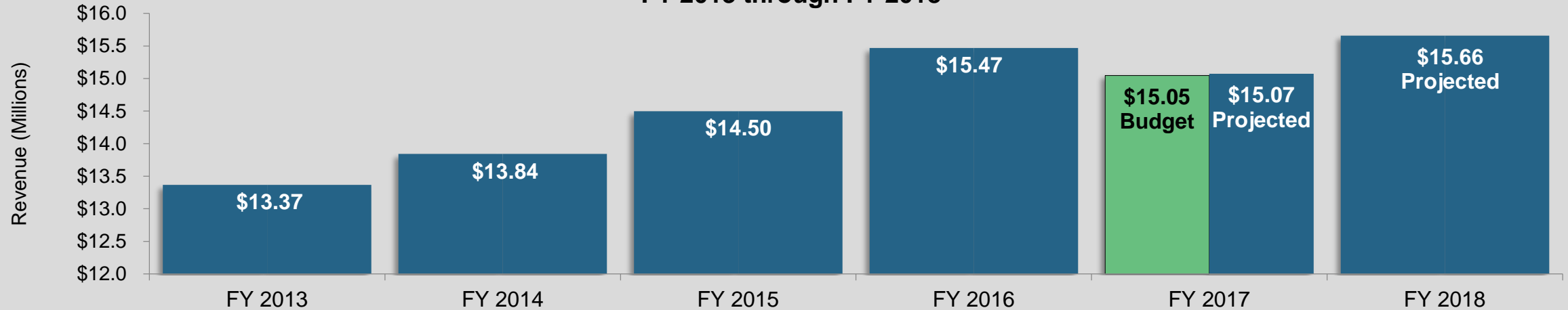


- Year-over-year growth from FY 2013 to FY 2015 was in the 3.0% - 5.0% range
- FY 2015 to FY 2016 growth was only 1.64%
- February 2017 NADA Report
 - 2016 saw continual declines in values for new and used cars
 - January used vehicle prices fell slightly month-over-month, continuing trend from throughout 2016
 - New car end of year trends were toward higher stock at dealers

Personal Property Revenue	
Current Rates	Personal Property: \$3.50/\$100 Mach & Tools: \$2.90/\$100 (no changes proposed)
Current Trend	Slightly under budget
Future Outlook	No growth in FY 2018 based on FY 2017 budget

Intergovernmental

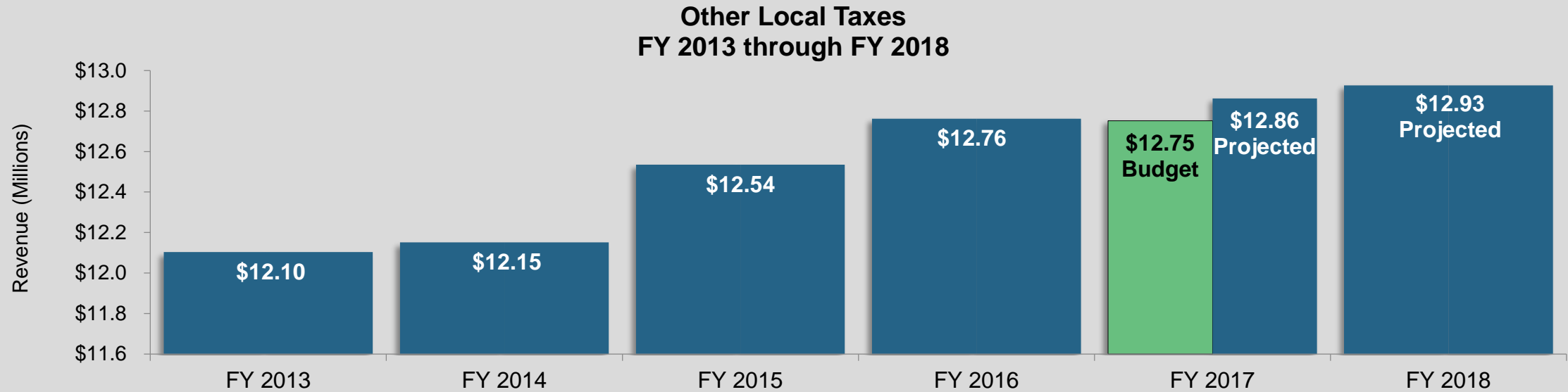
**Intergovernmental Revenue
FY 2013 through FY 2018**



- Majority of revenue increase due to Social Services reimbursements (revenue pass-through)
- Social Services has seen consistent annual increases in reimbursable services (e.g. – adoption subsidy, foster care, etc.)

Intergovernmental Revenue	
Current Rates	N/A
Current Trend	On budget
Future Outlook	High Growth (>3%)

Other Local Taxes

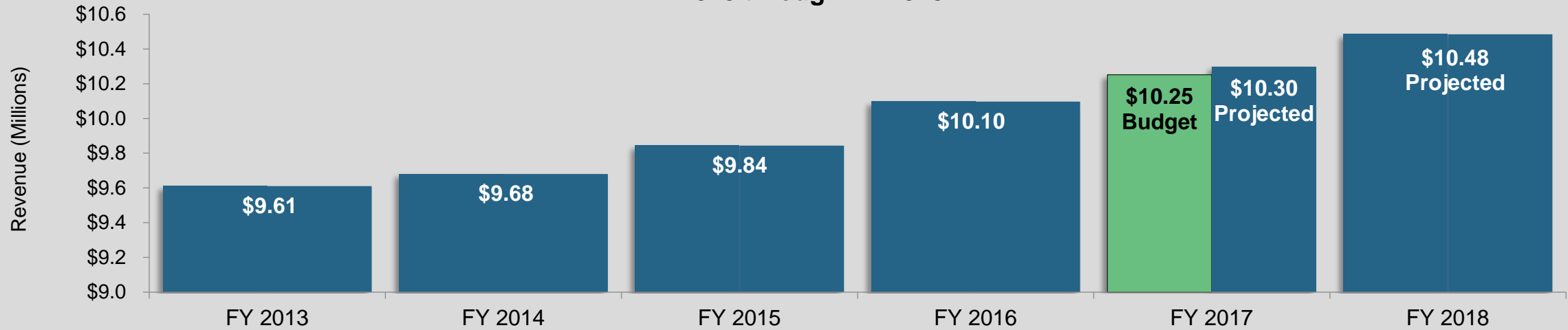


- Category includes Other Property Taxes, Consumer Utility, Bank Franchise, Motor Vehicle License, Recordation and Conveyance, Other Local Taxes
- Growth in this category primarily due to the Bank Franchise Fee (+\$150K) which has been under-budgeted in prior fiscal years

Other Local Taxes and Fees	
Current Rates	Varies
Current Trend	Above budget
Future Outlook	Slight Growth (1% - 2%)

Sales

**Sales Tax Revenue
FY 2013 through FY 2018**

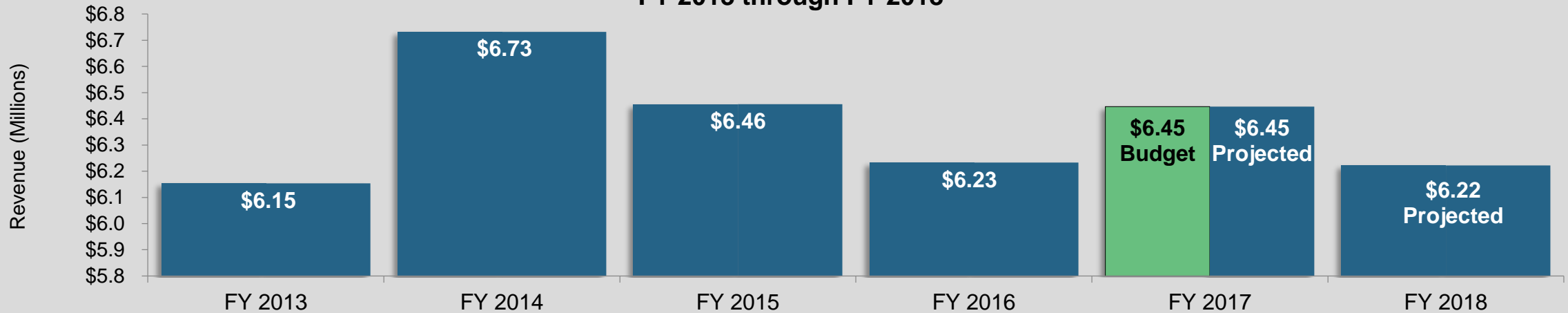


- Category is currently projecting 2.0% year-over-year growth
- FY 2018 growth expected to continue to trend positive, projecting approximately 2.0% growth over FY 2017 projected

Sales Tax Revenue	
Current Rates	4.3% State 1% Local
Current Trend	Slightly above budget
Future Outlook	Slight Growth (1% - 2%)

Business License

**Business License Revenue
FY 2013 through FY 2018**

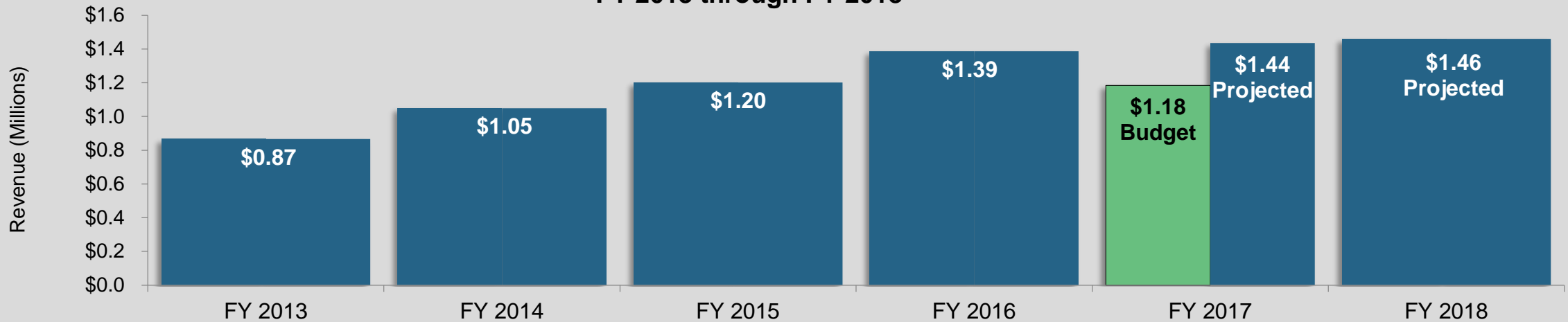


- FY 2016 revenues declined due to the loss of some large businesses
- FY 2017 projected to meet budget due to some one-time collections that will not carry-forward to FY 2018
- FY 2018 revenues budgeted to take into account FY 2016 actuals and removal of one-time collections; one-time collections can skew year-over-year comparisons

Business License Tax Revenue	
Current Rates (per \$100 gross receipts)	Contractors: \$0.16
	Repair: \$0.36
	Professional: \$0.58
	Wholesale: \$0.05
	Retail: \$0.20
Current Trend	On budget
Future Outlook	High Decline (-2% to -3%)

Hotel/Motel Tax

**Hotel/Motel Tax Revenue
FY 2013 through FY 2018**

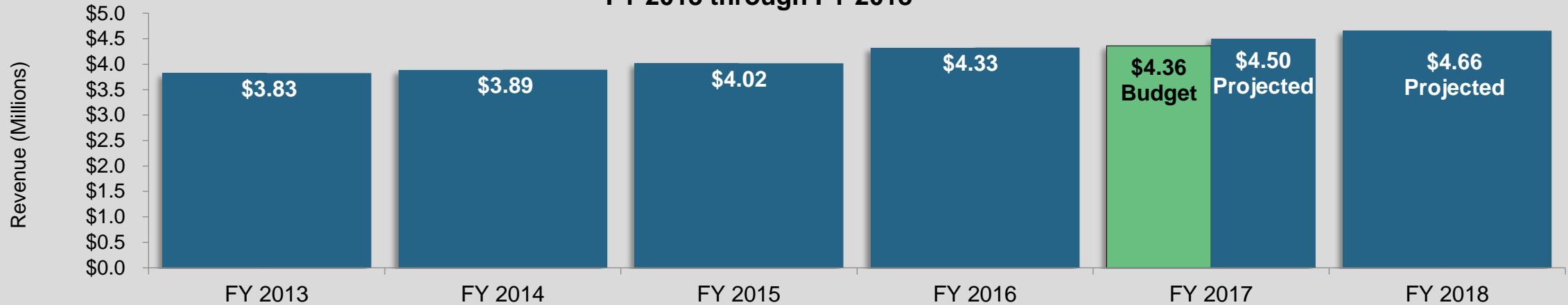


- Hotel/Motel Tax has seen positive growth since FY 2013; significant increases in FY 2015 and FY 2016 due to South Peak hotel
- Projecting slight growth in FY 2018 from FY 2017 projected as revenue likely to flatten out
- 70% of South Peak hotel collections transferred to South Peak CDA
- 42.9% of collections go to fund Visit Virginia’s Blue Ridge based on Board Ordinance

Hotel/Motel Tax Revenue	
Current Rates	7% (3% to Visit Virginia’s Blue Ridge)
Current Trend	Above budget
Future Outlook	Slight Growth (1% - 2%)

Meals

**Meals Tax Revenue
FY 2013 through FY 2018**

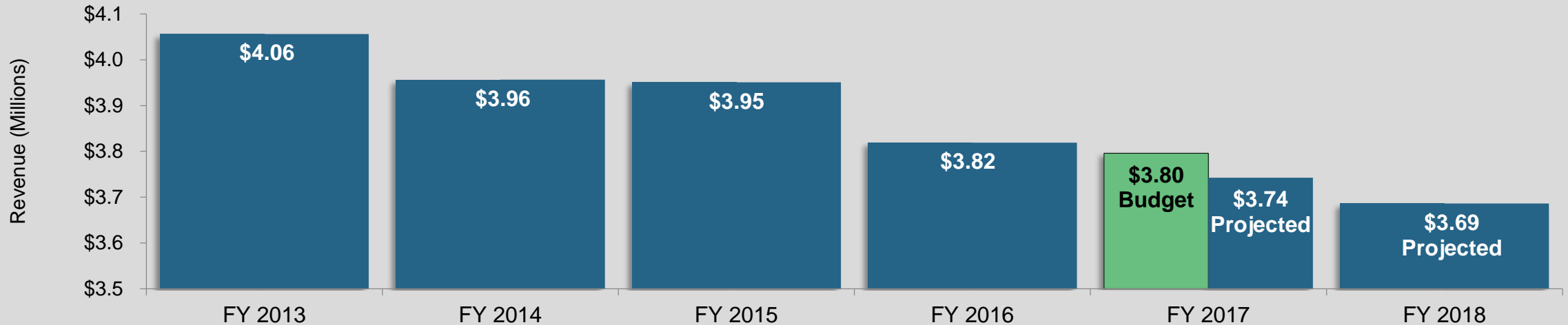


- FY 2017 year-to-date collections up over 5% compared to FY 2016; accounts for new South Peak restaurant
- 70% of South Peak Meals Tax transferred to South Peak CDA
- FY 2018 expected to continue high growth (over 3% of FY 2017 budget) based on annual trends
- County cannot adjust Meals Tax rate without State approval

Meals Tax Revenue	
Current Rate	4%
Current Trend	Above budget
Future Outlook	High Growth (>3 %)

Communications

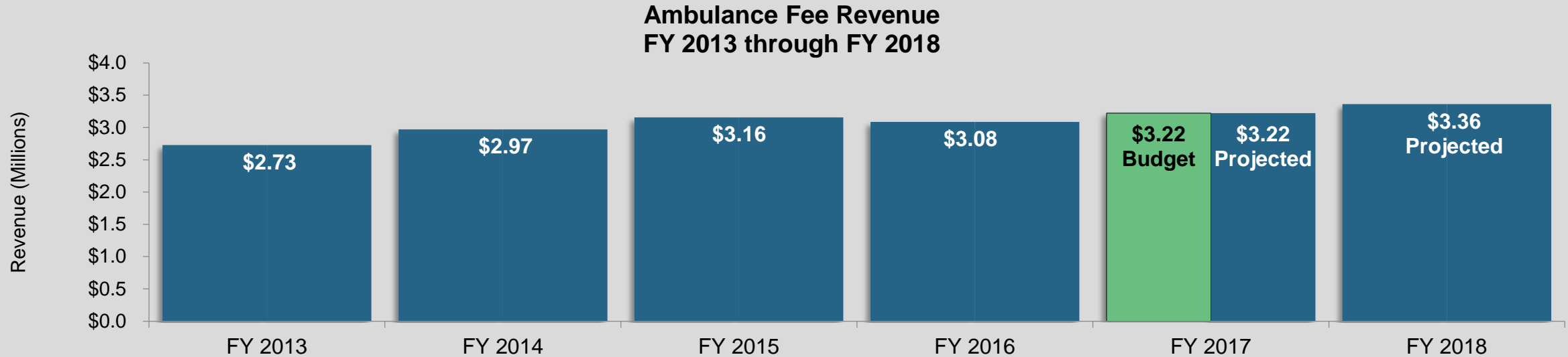
**Communications Tax Revenue
FY 2013 through FY 2018**



- FY 2017 projections projected to be under budget by (\$54,000)
- Category has been flat and/or trending down since FY 2012; trend expected to continue in FY 2018

Communications Tax Revenue	
Current Rate	\$0.75 per line
Current Trend	Under Budget
Future Outlook	Moderate Decline (-2% to -1%)

Ambulance Fees

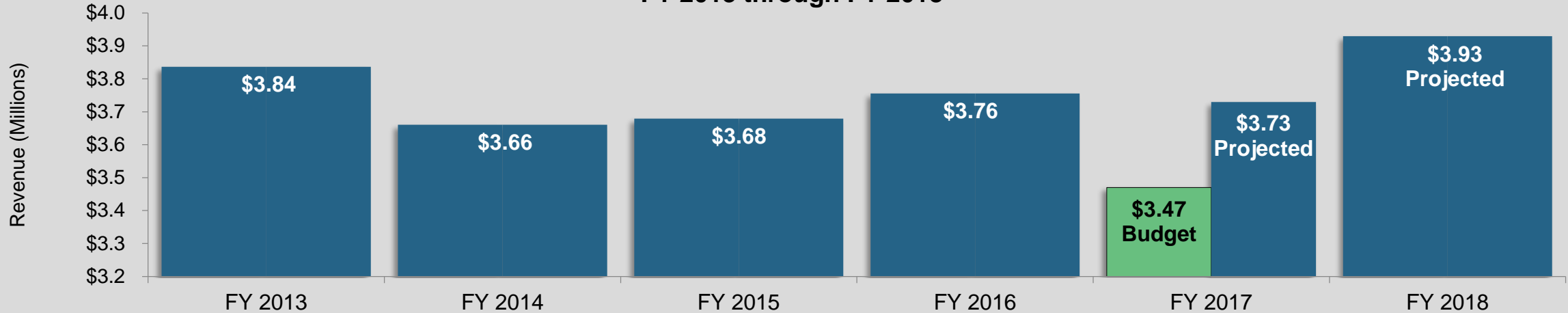


- Medicare rates are increasing; County fees proposed to be adjusted to maximize reimbursements - \$75,000 in additional revenue
- Medicare service recipients on average will not see a change in out-of-pocket costs
- Non-Medicare service recipients should see less than a 3% increase in out-of-pocket costs on average
- County rates last adjusted in FY 2014

Ambulance Fees	
Current Rates / Proposed Rates	BLS: \$375/\$390 ALS I: \$425/\$450 ALS II: \$650/\$685 Mileage: \$11/\$11
Current Trend	On budget
Future Outlook	Moderate growth (2% - 3%)

Other Fees and Revenue

**Other Fees and Revenue
FY 2013 through FY 2018**



- Category includes Permits, Fees, & Licenses, Fines and Forfeitures, Use of Money, Charges for Services, Recovered Costs, and Miscellaneous Revenue
- Fines and Forfeitures revenue continues to decrease
- Increases in FY 2017 and 2018 due to the budgeting of Courthouse Maintenance and Security revenues that have been collected consistently but not budgeted and Library revenues

Other Fees and Revenues	
Current Rate	Varies
Current Trend	Above budget
Future Outlook	High Growth (>3%)

FY 2018 New Revenue for County Service Delivery

FY 2017-2018	Amount
FY 2018 Total General Government Revenue	\$186,597,295
FY 2017 Adopted Revenue	\$183,259,215
FY 2018 General Government Revenue Increase	\$3,338,080
Additional Revenue to Children’s Services Act (CSA) Fund	(\$600,000)
Additional Federal Revenue – Social Services (Pass-Through Funds)	(\$387,294)
Schools Revenue Sharing Transfer	(\$320,524)
Library – Budgeted Revenues from Prior Years	(\$303,600)
South Peak CDA and Visit Virginia’s Blue Ridge Increase	(\$246,251)
New Revenue for County Service Delivery	\$1,480,411

Tax Rate Information

Taxes – Property Taxes

Tax	Current Rate (FY 2017 Budget)	Proposed Rate (FY 2018 Budget)	Value of a Penny on Tax Rate
Real Estate	\$1.09/\$100 of Assessed Value	\$1.09/\$100 of Assessed Value (No Change)	\$825,000 / Penny
Personal Property	\$3.50/\$100 of Assessed Value	\$3.50/\$100 of Assessed Value (No Change)	\$86,500 / Penny
Machinery and Tools	\$2.90/\$100 of Assessed Value	\$2.90/\$100 of Assessed Value (No Change)	\$9,100 / Penny

A change in tax rates impacts both current year and FY 2018 for the County but only FY 2018 for the Schools

Proposed FY 2018 – FY 2027 CIP Next Steps – Work Sessions

Work Session Topic	2017 Date
Roanoke County Fiscal Policies	January 24
FY 2016-2017 Mid-Year Revenue/Exp. Update	January 24
Joint Work Session with Schools (Schools CIP)	February 7
FY 2017-2018 Revenue Overview	February 28
FY 2017-2018 Employee Compensation and Benefits	March 28
FY 2017-2018 County Operating Budget including Outside Agencies	April 11
Joint Work Session with Schools (if needed)	April 25
FY 2018-FY 2027 Capital Improvement Program	April 25

Note: Additional work sessions may be added if necessary

Proposed FY 2018 – FY 2027 CIP

Next Steps – Tax Rate and Budget Items

Tax Rate/Budget Item	2017 Date
County Administrator's Recommended Capital Budget and 10-Year Capital Improvement Program	January 24
County Administrator's Recommended FY 2018 Operating Budget	March 14
Budget Public Hearing & Resolution to Establish the Maximum Tax Rate; Public Hearing on Effective Tax Rate	March 28
Resolution to Establish a Tax Rate, Operating and Capital Budget Public Hearing	April 11
First Reading of Ordinance to Appropriate Funds for the FY 2018 Operating & Capital Budgets, Public Hearing	May 9
Resolution to Adopt FY 2018 Operating & Capital Budget & Second Reading to Appropriate Funds for the FY 2018 Operating & Capital Budgets	May 23

Questions and Comments