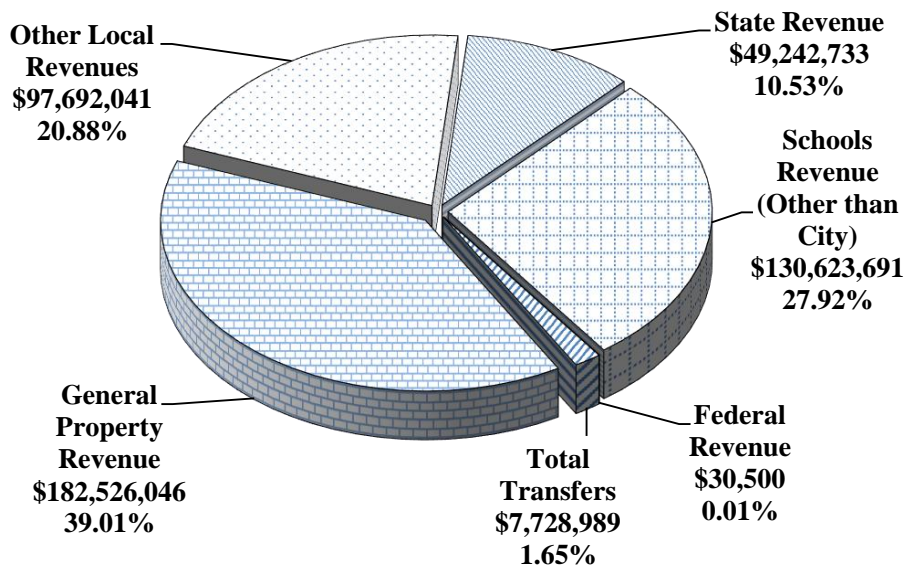


**GENERAL FUND
REVENUES SUMMARY
Fiscal Years 2016 - 2018**

Revenues	FY16 Actual	FY17 Budget	FY17 Adjusted Budget	FY18 Budget	Increase/ (Decrease)	% Change
General Property Taxes	180,355,534	180,647,876	180,647,876	182,526,046	1,878,170	1.04%
Other Local Taxes	77,912,842	78,309,567	78,309,567	78,949,938	640,371	0.82%
License, Permit & Privilege Fees	1,408,572	1,296,144	1,296,144	1,364,600	68,456	5.28%
Fines and Forfeitures	1,549,731	1,640,293	1,640,293	1,616,270	(24,023)	(1.46%)
Revenue from Use of Money/Property	558,308	438,592	438,592	1,034,950	596,358	135.97%
Charges for Services	9,329,554	9,147,513	9,147,513	9,236,130	88,617	0.97%
Miscellaneous Revenues	5,400,099	5,533,584	5,533,584	5,490,153	(43,431)	(0.78%)
Unrestricted State Revenues	854,445	813,825	813,825	829,828	16,003	1.97%
State Revenue for City/State Depts.	23,681,761	24,227,362	24,227,362	24,297,060	69,698	0.29%
State Revenue for City Departments	23,565,316	23,846,193	23,846,193	24,115,845	269,652	1.13%
Federal Funding for City Departments	15,139	30,500	30,500	30,500	0	0.00%
Total before Schools & Transfers	324,631,301	325,931,449	325,931,449	329,491,320	3,559,871	1.09%
School Funds From Other Than City	123,684,054	128,979,001	128,979,001	130,623,691	1,644,690	1.28%
Total Transfers from Other Funds	18,493,293	8,283,656	8,283,656	7,728,989	(554,667)	(6.70%)
Total Revenues	<u>\$466,808,648</u>	<u>\$463,194,106</u>	<u>\$463,194,106</u>	<u>\$467,844,000</u>	<u>4,649,894</u>	<u>1.00%</u>

FY 2018 General Fund Revenues



**GENERAL FUND
REVENUES DETAIL**

Description	FY16 Actual	FY17 Budget	FY17 Adjusted Budget	FY18 Budget	Increase/ (Decrease)
GENERAL PROPERTY TAXES					
Current Real Property Tax	124,267,440	124,929,893	124,929,893	126,346,668	1,416,775
Real Estate 1st, 2nd & 3rd Prior	1,662,143	1,878,589	1,878,589	1,778,589	(100,000)
Real Estate BID Tax	802,718	795,346	795,346	810,388	15,042
Delinquent Taxes Collected	466,336	450,000	450,000	450,000	0
Special Assessment - PTC	3,798,348	4,377,463	4,377,463	4,377,463	0
Special Assessment - H20	1,757,334	539,170	539,170	539,170	0
Current Personal Property Tax	38,001,773	39,193,143	39,193,143	38,879,899	(313,244)
Personal Property Tax 1st, 2nd & 3rd Prior	2,332,512	1,787,138	1,787,138	2,235,382	448,244
Public Service Tax	3,998,751	3,789,802	3,789,802	4,112,534	322,732
Machinery & Tool Tax	2,392,120	2,307,422	2,307,422	2,396,043	88,621
Mobile Home Taxes - Current	42,182	40,910	40,910	40,910	0
Refunds	(253,347)	(450,000)	(450,000)	(450,000)	0
Penalties	1,087,225	1,009,000	1,009,000	1,009,000	0
Total	180,355,534	180,647,876	180,647,876	182,526,046	1,878,170
OTHER LOCAL TAXES					
Utility Tax-Electric & Gas	5,055,966	5,000,000	5,000,000	5,000,000	0
Communications Sales & Use Tax	8,866,648	8,941,603	8,941,603	8,692,370	(249,233)
Right-of-Way Fee	494,928	550,383	550,383	550,383	0
Tobacco Tax	4,623,960	4,550,000	4,550,000	4,550,000	0
Business License Tax	12,092,083	12,390,000	12,390,000	12,390,000	0
Short Term Rental Tax	101,258	72,000	72,000	95,199	23,199
Sales & Uses Tax	15,368,336	15,556,505	15,556,505	15,556,505	0
Recordation Tax	1,634,798	1,450,000	1,450,000	1,450,000	0
Lodging-Transient Tax	3,612,818	3,600,000	3,600,000	3,775,000	175,000
Amusement Tax	1,065,986	1,218,306	1,218,306	1,218,306	0
Meal Tax	20,072,472	20,100,000	20,100,000	20,700,529	600,529
Motor Vehicle License Tax	4,374,912	4,403,135	4,403,135	4,403,135	0
Bank Stock Tax	548,675	477,635	477,635	568,511	90,876
Total	77,912,842	78,309,567	78,309,567	78,949,938	640,371
LICENSE, PERMIT & PRIVILEGE FEES					
Animal License	41,306	55,000	55,000	55,000	0
Street and Taxi Permit	198,406	168,000	168,000	168,000	0
Zoning, Land and Site Fee	308,315	245,000	245,000	285,000	40,000
Building Permit	823,375	806,544	806,544	835,000	28,456
Miscellaneous Permit	37,170	21,600	21,600	21,600	0
Total	1,408,572	1,296,144	1,296,144	1,364,600	68,456

**GENERAL FUND
REVENUES DETAIL**

Description	FY16 Actual	FY17 Budget	FY17 Adjusted Budget	FY18 Budget	Increase/ (Decrease)
FINES AND FORFEITURES					
Fines and Forfeitures	1,549,731	1,640,293	1,640,293	1,616,270	(24,023)
Total	1,549,731	1,640,293	1,640,293	1,616,270	(24,023)
REVENUE FROM USE OF MONEY & PROPERTY					
Parking Fee	40,192	48,000	48,000	48,000	0
Interest from Investment + Net Apprec.	312,130	220,000	220,000	814,271	594,271
Rental of Property	42,712	33,016	33,016	33,016	0
Sales of Property, Material	77,777	65,019	65,019	65,019	0
Vending Machines-Other	15,940	3,000	3,000	3,000	0
Revenue from Advertising & Commission	69,557	69,557	69,557	71,644	2,087
Total	558,308	438,592	438,592	1,034,950	596,358
CHARGES FOR SERVICES					
Fees-Community Develop. Technology	47,530	65,000	65,000	65,000	0
Fees-Court Officers	33,043	27,000	27,000	27,000	0
Fees-DMV Select	77,617	55,000	55,000	75,000	20,000
Fees-Sheriff + Animal Control	16,566	14,741	14,741	14,741	0
Fees-Excess Of Clerk	44,616	60,000	60,000	60,000	0
Fees-Recreation	1,064,424	1,020,120	1,020,120	1,080,350	60,230
Fees-Ambulance Service	4,045,715	3,919,061	3,919,061	3,919,061	0
Fees-Healthy Family Partnership Class	9,321	10,450	10,450	7,638	(2,812)
Fees-Teen Center	48,129	75,000	75,000	68,000	(7,000)
Fees- School Age Program	1,395,185	1,278,383	1,278,383	1,290,708	12,325
Fees-Cobra Administration	576	1,000	1,000	1,000	0
Fees-Housing Federal Prisoners	588	1,000	1,000	1,000	0
Fees-Funeral Escort Fees	41,000	53,000	53,000	53,000	0
Fees for Work Release Program-Sheriff	51,551	39,635	39,635	39,635	0
Fees-Jail Admission Fee	13,101	8,350	8,350	8,350	0
Fire Prevention	214,413	205,600	205,600	211,750	6,150
Fort Monroe - payment in lieu of taxes	983,960	983,960	983,960	983,960	0
Library Fines & Fees	32,578	50,000	50,000	50,000	0
PEG Capital Grant Surcharge Fee	206,884	200,000	200,000	200,000	0
Passport Application Fees	34,400	50,000	50,000	50,000	0
Landfill Host Fees + Hazmat	726,263	800,000	800,000	800,000	0
Radio Maintenance Fees	16,607	30,213	30,213	29,937	(276)
Boat License Fee	225,487	200,000	200,000	200,000	0
Total	9,329,554	9,147,513	9,147,513	9,236,130	88,617
MISCELLANEOUS REVENUES					
Miscellaneous Revenue	210,952	150,000	150,000	150,000	0
Administrative Fees (CDA + Operating)	1,139,582	1,173,600	1,173,600	1,173,600	0
Payment In Lieu of Taxes	0	75,000	75,000	75,000	0
Miscellaneous Fees and Donations	27,957	0	0	0	0

GENERAL FUND REVENUES DETAIL

Description	FY16 Actual	FY17 Budget	FY17 Adjusted Budget	FY18 Budget	Increase/ (Decrease)
MISCELLANEOUS REVENUES (continued)					
Reimbursement For Services-School	1,518,632	1,534,539	1,534,539	1,482,426	(52,113)
Returned Check Fees	7,445	14,010	14,010	14,010	0
Unemployment Fees	4,258	4,000	4,000	4,000	0
Indirect Costs-Solid Waste	356,470	356,470	356,470	356,470	0
Indirect Costs-Steam Plant	218,000	218,000	218,000	218,000	0
Indirect Costs-Wastewater Management	456,000	456,000	456,000	456,000	0
Indirect Costs-Others	123,275	123,275	123,275	123,275	0
Reimb for Radio Main. - Coliseum	48,437	50,837	50,837	50,369	(468)
Reimb for Radio Main. - Fleet Services	1,845	1,918	1,918	1,901	(17)
Reimb for Radio Main. - Storm Water	27,217	28,296	28,296	28,036	(260)
Reimb for Radio Main. - Wastewater	22,604	23,500	23,500	23,284	(216)
Return on Investment - Wastewater	0	113,292	113,292	113,292	0
Reimb for Radio Main. - Solid Waste	36,904	38,847	38,847	38,490	(357)
Return on Investment - Solid Waste	0	116,000	116,000	116,000	0
Recovered Costs-NASA Fire Station	906,000	906,000	906,000	916,000	10,000
Recovered Costs-Miscellaneous	294,522	150,000	150,000	150,000	0
Total	5,400,099	5,533,584	5,533,584	5,490,153	(43,431)
UNRESTRICTED STATE REVENUES					
Vehicle Rental Tax	386,625	384,190	384,190	405,000	20,810
Mobile Home Titling Tax	21,119	25,119	25,119	20,312	(4,807)
Tax on Deeds	431,391	394,000	394,000	394,000	0
Railroad Tax	15,310	10,516	10,516	10,516	0
State Share Isabel (FEMA)	0	0	0	0	0
Total	854,445	813,825	813,825	829,828	16,003
STATE REVENUE FOR CITY/STATE DEPTS.					
Sheriff and Jail	6,304,186	6,531,245	6,531,245	6,594,123	62,878
City Treasurer	271,135	274,743	274,743	266,623	(8,120)
Clerk of the Circuit Court	796,696	812,346	812,346	814,236	1,890
Commissioner of the Revenue	293,842	297,629	297,629	300,897	3,268
Commonwealth's Attorney	1,349,260	1,384,843	1,384,843	1,402,569	17,726
Social Services - Federal/State	13,515,985	13,863,769	13,863,769	13,863,769	0
VA. Juvenile Block Grant	316,533	279,725	279,725	315,704	35,979
Recovered Costs - Sheriff Jail	720,257	722,460	722,460	677,495	(44,965)
Recovered Costs-Probation	7,750	8,500	8,500	8,500	0
Electoral Board and Voter Registrar	105,916	52,102	52,102	53,144	1,042
Other State Revenues	200	0	0	0	0
Total	23,681,761	24,227,362	24,227,362	24,297,060	69,698
STATE REVENUE FOR CITY DEPTS.					
E911 Wireless Grant	434,905	409,000	409,000	409,000	0
Recovered Costs-Police	6,523,452	6,732,202	6,732,202	6,733,487	1,285
Street & Highway Maintenance	15,902,855	15,902,855	15,902,855	16,171,222	268,367
Healthy Families Program - Federal/State	541,685	640,081	640,081	640,081	0
Public Library Books	162,419	162,055	162,055	162,055	0
Total	23,565,316	23,846,193	23,846,193	24,115,845	269,652

**GENERAL FUND
REVENUES DETAIL**

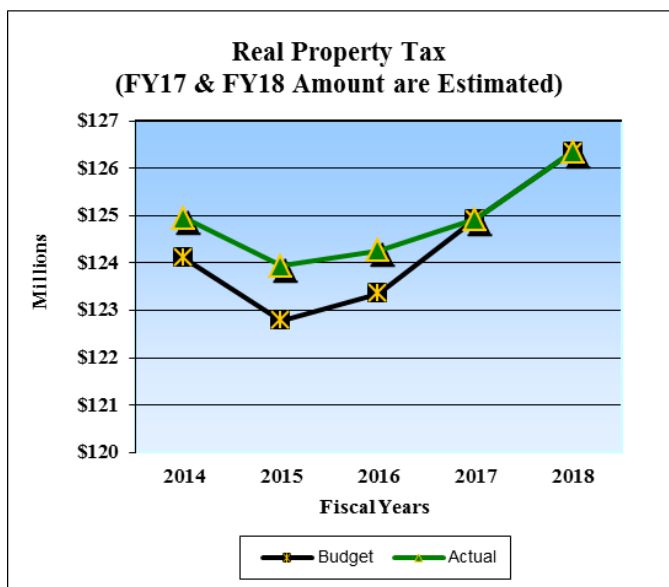
Description	FY16 Actual	FY17 Budget	FY17 Adjusted Budget	FY18 Budget	Increase/ (Decrease)
FEDERAL FUNDING FOR CITY DEPTS.					
Indirect Costs	5,000	10,000	10,000	10,000	0
Federal Assistance - Other	610	0	0	0	0
Rad. Emergency Response	9,529	20,500	20,500	20,500	0
Total	15,139	30,500	30,500	30,500	0
TOTAL (BEFORE SCHOOLS & TRANSFERS)					
	324,631,301	325,931,449	325,931,449	329,491,320	3,559,871
SCHOOL FUNDS FROM OTHER THAN CITY					
State Funds	98,923,954	88,184,578	88,184,578	92,303,250	4,118,672
State Lottery Profits	0	14,981,167	14,981,167	13,154,824	(1,826,343)
Other Funds	2,507,176	2,722,500	2,722,500	2,622,500	(100,000)
Share 1% Sales Tax	21,434,790	22,150,756	22,150,756	21,603,117	(547,639)
Federal Projects	818,133	940,000	940,000	940,000	0
Total	123,684,054	128,979,001	128,979,001	130,623,691	1,644,690
TOTAL (INCLUDING SCHOOL BUT NOT TRANSFERS)					
	448,315,355	454,910,450	454,910,450	460,115,011	5,204,561
TRANSFERS					
Unassigned General Fund Balance	11,970,755	3,651,372	3,651,372	3,624,401	(26,971)
Transfer from EDA	119	0	0	0	0
Transfer from School Operating Fund	2,000,000	2,000,000	2,000,000	2,000,000	0
Transfer from P/Y Encumbrance	1,708,448	0	0	0	0
Committed Fund Balance	0	350,000	350,000	0	(350,000)
Committed Fund Balance-Debt Reserve	592,984	757,984	757,984	857,984	100,000
Committed Fund Balance-Budget Savings	1,990,660	1,365,000	1,365,000	892,016	(472,984)
Committed Fund Balance-Drainage Program	229,292	0	0	0	0
Committed Fund Balance-ATF Funds	0	159,300	159,300	0	(159,300)
Committed Fund Balance-PC Replacement Program	0	0	0	354,588	354,588
Transfer from Federal Grant Fund	1,035	0	0	0	0
Total	18,493,293	8,283,656	8,283,656	7,728,989	(554,667)
GRAND TOTAL					
	466,808,648	463,194,106	463,194,106	467,844,000	4,649,894

REVENUE DESCRIPTIONS

The General Fund revenues (before school funding and transfers) are projected to increase by \$3,559,871, or 1.09%. These estimates are based on historical trends, current market condition, and consultation with the Commissioner of Revenue, the Treasurer, Assessor, other city staff, and the Commonwealth of Virginia's 2016-2018 Biennium Budget.

The following is a brief summary of the \$467,844,000 in expected revenue sources for the City's FY 2018 Council Approved Budget.

General Property Taxes

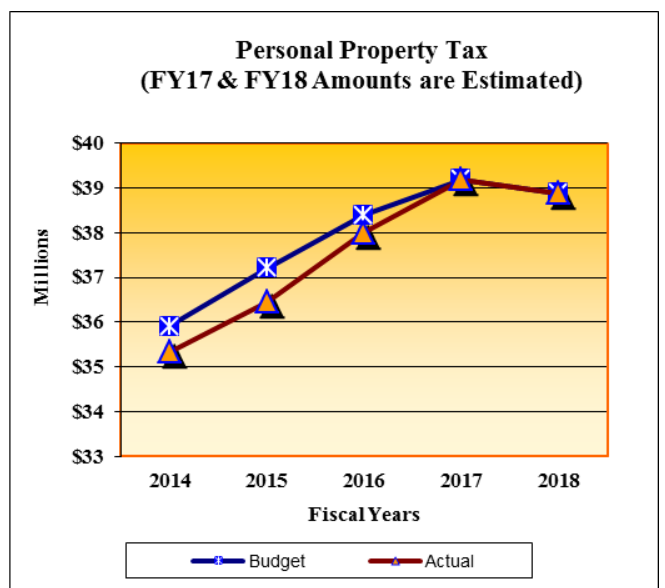


Real Property Tax represents the largest revenue source for the City. The ad valorem taxes are based on the assessed value of all real property. Current real property is assessed at fair market value as of July 1 of each year. While 74% of home values didn't change, 10% decreased and 16% increased, averaging to an overall increase of 0.47%. Multifamily and commercial properties showed gains in values of 1.61% and 0.63%, respectively.

The estimated real property tax revenues for FY18 totals \$124,346,668, an increase of \$1,416,775 over FY17. The projected collection rate for current real estate taxes is 98.4%.

The real estate tax rate for FY18 remains at \$1.24 per \$100 of assessed value.

Personal Property Tax includes taxes levied on tangible personal property, recreational vehicles, trailers, and motor vehicles owned by citizens and businesses. Taxes are levied on a calendar year basis. The estimated *decrease* in personal property tax revenues from FY17 to FY18 is \$313,244, or down 0.8%. The projected collection ratio is 95%. *The FY18 tax rate remains at \$4.50 for most personal property and \$0.000001 per \$100 assessed value for all recreational watercraft and personal property for the disabled, the elderly and 100% disabled Veterans.*

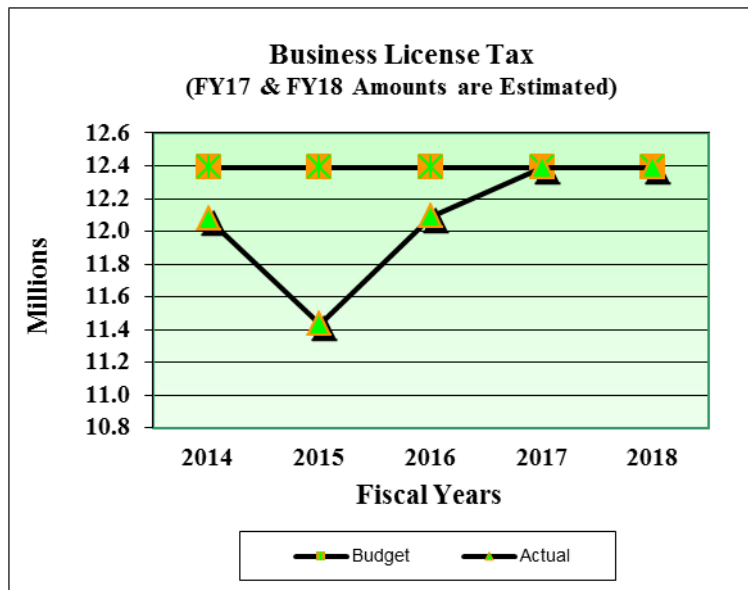


Machinery & Tool Tax is a personal property tax levied on tangible business machinery and tools. *The current rate remains the same at \$3.50 per \$100 of assessed value.* The estimated revenues for FY18 increased to \$2,396,043. The collection rate is estimated to be at 98%.

Other General Property Revenues consist of Public Service Tax, delinquent real estate and personal property tax revenues from previous years along with refunds, penalties, and mobile home taxes totaling \$5,162,444 for FY18, which is an increase of \$322,732 over 2017.

Other Local Revenues

Utility Tax - Electric & Gas: The City has the authority by the State to impose and levy a monthly tax, on a "per meter" basis, on each purchase of natural gas (delivered by pipeline) and electricity. This tax is collected by the service provider from the consumers. The total revenues for FY18 remain level to FY17 at \$5,000,000. The current rates for residential, commercial, industrial and all other consumers are listed in the *Tax and Fee Rates* section of this document.



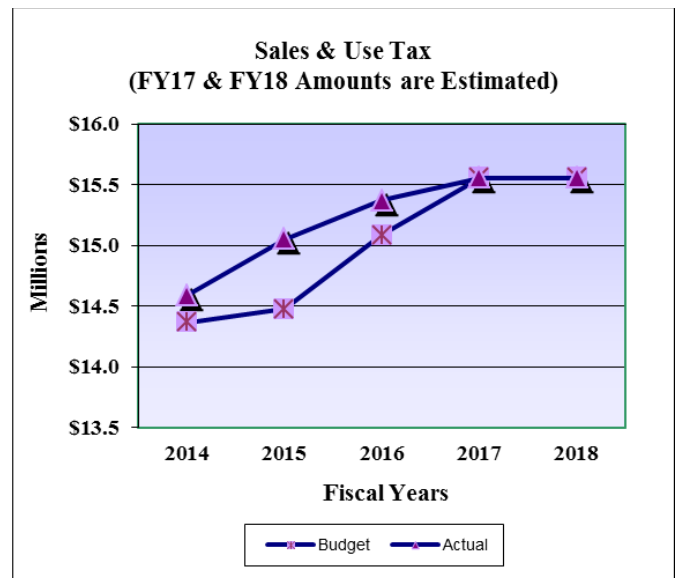
Communications Sales & Use Tax Effective July 1, 2007, the State combined the local telephone service, mobile telecommunication service, cable service, cable franchise fees, video programming excise tax and E911 service tax into one communication sales and use tax. The imposed rate will be 5% of gross receipts and imposed separate right-of-way fees for land line phones, cable lines and 911 land line services. These taxes and fees are now State imposed fees which will be collected by the State and distributed to localities. The projected revenue for FY18 decreased to \$8,692,370.

Business License Tax is generally assessed on the gross receipts of a business. Tax rates vary depending on the business category. A new business must obtain a business license from the Commissioner of the Revenue before conducting business in Hampton. The total revenues for FY18 are projected to remain level at \$12,390,000.

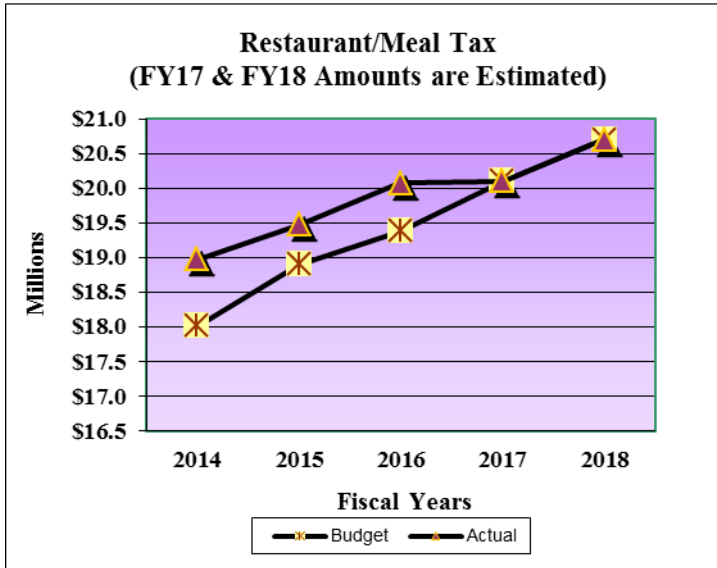
Sales & Use Tax is the retail and use taxes charged and collected by certain businesses on behalf of the Commonwealth of Virginia. One percentage point of this tax is designated as the "local portion" and is directly returned by the Commonwealth of Virginia to the localities in which the business operates. The projected revenue for FY18 is \$15,556,505, which is the same as it was in FY17.

The current sales tax rate in most of Virginia is at 5.3%. However, Northern Virginia and the Hampton Roads areas also have an additional 0.7%, bringing the total to 6%: the Commonwealth collects the majority (5%) and Hampton collects 1%. The rate on groceries is 2.5%: 1.5% for state, and 1% for Hampton.

Lodging -Transient Tax is imposed and levied by the City in the amount of 8% of the total amount paid for lodging, by or for any transient, to any hotel, plus \$1.00 per room per night (instituted back in FY 2014). Two percent of this tax rate is designated to the Convention Center Fund. Funds from this tax have been utilized to protect important cultural attractions and ensure that visitor-generating businesses continue to generate room nights for our hotel community. The projected revenue for FY18 anticipates an increase of \$175,000.



REVENUE DESCRIPTIONS



Restaurant/Meal Tax is assessed on the sales price of prepared food and beverages sold at food establishments (as defined in Section 37-226 of the City Charter) in the City. Meal Tax revenue continues to grow with a projected \$600,529 increase over FY17. The total estimated revenues for FY18 restaurant/meal tax are \$20,700,529. The Meal tax remains at 7.5%, all remaining local.

Admission/Amusement Tax is levied at a current rate of 10% of any admission charge (per person) to any place of amusement or entertainment where the admission charge is thirty-five cents (\$0.35) or more. The projected revenue total is expected to remain at \$1,218,306.

Other Local Taxes Collected are the remaining local taxes not previously mentioned including; bank stock taxes, motor vehicle license taxes, recordation taxes, short term rental

taxes, the right-of-way fee, and tobacco taxes. The projected combined total for these revenues is projected at \$11,617,228 for FY18. The boat license fee, which was classified under this category last year, is now found under “Charges for Services.”

License, Permit & Privilege Fee

These revenues are generated from various activities within the City primarily from the growth of construction by issuance of building plans; and electrical and plumbing permits to ensure the quality and appearance of the City along with the safety of our citizens. Other fees are collected for animal licenses, street and taxi permits, zoning and land fees. The projected revenue for FY18 is up to \$1,364,600, reflecting modest increases in expected construction.

Fines and Forfeitures

These collections are the results of charges ordered by the courts for violations of City ordinances. These revenues are projected to have a decrease in court appeals which results in an overall decline of \$24,043 for FY18. Funds received from this function are to be expended in the Sheriff’s budget for court security. Revenue is projected at \$1,616,270.

Revenues from Use of Money & Property

Interest earned on investments generates the majority of the revenue in this category. The projected revenue is expected to double, going from \$438,592 in FY17 to \$1,034,950 in FY2018. Most of that growth is resulting from higher investment proceeds being due and collected.

REVENUE DESCRIPTIONS

Charges for Services

This category consists of revenues from fees charged by court officers, the Sheriff's department, recreation, ambulance services, Healthy Start Programs, Healthy Family Partnership Classes, Library fines/fees, legal services, landfill host fees and miscellaneous fees. The Boat License fee is now also accounted for here.

Revenues in this category increased by \$88,617, bringing total revenues projected in this category to \$9,236,130. The primary increase is due to more fee revenues expected to be collected from the Recreation department.

Miscellaneous Revenues

This category includes School service reimbursements, payment in lieu of taxes, indirect cost from other funds to the General Fund, recovered costs, and other revenues not classified in any other category. This category reflects a decrease of \$43,431 over adopted FY17 revenues. The total estimated FY18 revenue for this category is \$5,490,153.

Unrestricted State Revenues

Non-categorical aid received from Virginia for the City's share of taxes levied on vehicle rental, mobile home titling, and deeds make up this category. The estimated FY18 revenue for this category is \$829,828 which is an increase of \$16,003 over the FY17 adopted revenues.

State Revenues for City/State Departments

This category consists of shared-expenses in which the State provides funding assistance for the Constitutional Officer's salaries/wages as determined by the State Compensation Board on an annual basis; funds for the elected official offices include Clerk of Circuit Court, Commissioner of Revenue, Commonwealth's Attorney, Electoral Board, Voter Registrar, Treasurer, Sheriff's Office and Jail. Funding is also provided for Federal/State share of Social Services' Programs. Funding for these programs is affected by the Governor's 2016-2018 Biennial Budget.

The projected revenue in this category is \$24,297,060; an increase of \$69,698 over FY17.

State Revenue for City Departments

This section includes categorical State and Federal funding. The City's police department recovers some of its costs from the "599 funds" distributed by the Commonwealth of Virginia. For Street & Highway Maintenance revenues, the Virginia

REVENUE DESCRIPTIONS

Department of Transportation has appropriated \$16,171,222 for FY18, an increase of \$268,367 over FY17. This category has an anticipated revenue increase of \$269,952 bringing the total to \$24,115,845.

School Funds from Other than City

State funding for education represents the largest categorical aid received by the City from the Commonwealth of Virginia. The *State Funds* are revenues received based on a formula comprised of a ratio of the number of school age children within the City compared to the number of school-aged children statewide.

The State has appropriated \$92,303,250 for FY18, which is an increase of \$4,118,672. The *State Lottery Profits* dedicated for the purpose of public education is estimated to decrease by \$1,826,343 in FY18 to \$13,154,824.

Other Funds include miscellaneous revenues such as fees from students, tuition from day students, Medicare reimbursement and interest earnings. Revenues are expected to decrease by \$100,000 to \$2,622,500 for FY18.

The *Federal Impact Funds* is aid from the federal government to support special education under the Individuals with Disabilities Education Act and related services for students with learning disabilities. The federal government also provides aid under Public Law 874 to assist local schools systems for the number of federal employees including military families by providing financial assistance for school construction and operations. The total revenues are expected to stay the same at \$940,000 in FY18.

Of the *Share 1% Sales Tax* collected by the State for sales and use taxes, the City contributes the entire 1% to the Hampton City Schools. This amount will decrease by \$547,639 to \$21,603,117 in FY18.

General Fund Balance

Each year, the City allocates a specific portion of unassigned fund balance to be used for one-time operational costs in the proceeding fiscal year. This amount designated shall comply with the City's financial policies regarding unassigned fund balance.

For FY18, a total of \$3,624,401 will be appropriated from unassigned fund balance for one-time funding items. The Committed Fund Balance-Debt Reserve account, which was established in FY 2007, are funds set aside to be used to mitigate debt service obligations in subsequent years.

Transfer from School Operating Fund

The Hampton City School Board has agreed to contribute \$2,000,000 from their operating fund to the City's debt service reserve for the future debt service repayment on the general obligations bonds issued for school construction.

GENERAL FUND EXPENDITURE SUMMARY Fiscal Years 2016 - 2018

	FY16 Actual	FY17 Budget	FY17 Adjusted Budget	FY18 Budget	Increase/ (Decrease)	Percent Change
Business Teams						
Constitutional, Judicial and Electoral Offices	\$16,091,636	\$15,691,685	\$15,862,417	\$15,932,825	\$70,408	(0.44%)
Economic Vitality and Neighborhoods	7,357,591	7,788,296	7,958,697	7,876,421	(82,276)	(1.03%)
Infrastructure	18,171,286	18,188,951	18,493,814	18,600,997	107,183	0.58%
Leisure Services	6,811,709	6,822,603	7,143,020	7,089,857	(53,163)	(0.74%)
Public Safety	47,507,204	47,248,223	48,589,657	49,067,185	477,528	0.98%
Quality Government	13,459,866	16,732,133	16,983,441	16,734,536	(248,905)	(1.47%)
Youth and Families	26,404,067	27,925,272	28,052,986	28,158,391	105,405	0.38%
Retirement and Employee Benefits	38,230,744	43,028,612	40,341,743	42,864,268	2,522,525	6.25%
Total Business Teams and Employee Benefits	174,034,103	183,425,775	183,425,775	186,324,480	2,898,705	1.58%
Contributions to Outside Agencies	19,303,945	20,655,161	20,655,161	21,132,043	476,882	2.31%
Debt Service	33,492,466	33,392,972	33,392,972	33,392,972	0	0.00%
Transfer to Capital Budget	15,959,882	15,913,623	15,913,623	14,038,105	(1,875,518)	(11.79%)
Transfer to Other Funds	9,415,247	9,356,158	9,356,158	9,296,293	(59,865)	(0.64%)
Total City Operations	\$252,205,643	\$262,743,689	\$262,743,689	\$264,183,893	1,440,204	0.55%
State and Federal Funds						
State Funds	\$120,358,744	\$125,316,501	\$125,316,501	\$127,061,191	\$1,744,690	1.39%
Federal Funds	818,133	940,000	940,000	940,000	0.00	0.00%
Miscellaneous Revenue	2,507,177	2,722,500	2,722,500	2,622,500	(100,000)	(3.67%)
Total State and Federal Funds	123,684,054	128,979,001	128,979,001	130,623,691	1,644,690	1.28%
Required Local Contribution according to State Law	38,245,174	37,666,384	37,666,384	37,233,502	(432,882)	(1.15%)
Local Contribution in Excess of State Requirements	32,867,049	33,805,032	33,805,032	35,802,914	1,997,882	5.91%
Total Local Contribution	71,112,223	71,471,416	71,471,416	73,036,416	1,565,000	2.19%
Total Schools' Operations	\$194,796,277	\$200,450,417	\$200,450,417	\$203,660,107	3,209,690	1.60%
	\$447,001,920	\$463,194,106	\$463,194,106	\$467,844,000	4,649,894	1.00%



EXPLANATION OF MAJOR EXPENDITURE INCREASES/ (DECREASES) for Fiscal Year 2018

Additional Information is located behind the respective tab.

<u>Business Team</u>	<u>Increases/ (Decreases)</u>	<u>Explanation</u>
Constitutional, Judicial and Electoral Offices	\$70,408	The net increase in this business team is attributed to an increase in fixed costs and the addition of an Assistant Commonwealth's Attorney position to assist with the work load created by Police body cameras, offset by a decrease in operating expenses for the court system as a result of a three-year savings trend in operating expenses.
Economic Vitality and Neighborhoods	(82,276)	The net decrease in this business team is the result of a combination of changes. The stipend for the Board of Review of Real Estate Assessments was decreased due to a reduction in the number of meetings; the addition of a permanent full-time Business Development Coordinator position in Economic Development which was offset by a reduction in operating expenses; a reduction in Community Development's personnel services due to the elimination of a vacant inspector trainee position and the salary of a vacant planner position being returned to the starting salary; and, a decrease in operating expenses for the Convention and Visitor Bureau.
Infrastructure	107,183	This increase is the result of a combination of changes. First, there was a substantial decrease in funding for parking facilities that resulted from the end of the Harbour Center parking garage lease, which was offset by increased funding for additional street lights and an increase in Fleet Services fixed costs associated with maintaining and replacing vehicles.
Leisure Services	(53,163)	The decrease in this business team is predominately attributed to eliminating a vacant Events Coordinator position and a reduction in operating expenses in the Recreation Division.
Public Safety	477,528	The net increase in this business team is attributed to adding seven new police officers, picking up the cost of enhanced police technology (including participation in the National Ballistics Network, smart phones for officers, etc.) added during fiscal year 2017 and increases in Fleet Services fixed costs associated with maintaining and replacing vehicles. These increases were partially offset by attrition in E-911 and the Citizens' Unity Commission.



EXPLANATION OF MAJOR EXPENDITURE INCREASES/ (DECREASES) for Fiscal Year 2018

Additional Information is located behind the respective tab.

<u>Business Team</u>	<u>Increases/ (Decreases)</u>	<u>Explanation</u>
Quality Government	(248,905)	The decrease in this business team is predominately attributed to funding the PC replacement program from the 15% of FY16 departmental savings per the policy change adopted for Fiscal Year 2017 (which was lower than the amount transferred in the FY17 budget), savings in legal fees in Non-Departmental and departmental funding reductions used to balance the budget. These decreases were partially offset by an increase in costs for certain leases funded in Non-Departmental, for the "Love Your City" grant program and one-time funding for the Peninsula Community Foundation.
Youth and Families	105,405	The net increase in this business team is attributed to an increased local match requirement for the Health Department and higher costs in Youth, Education and Family Services and Social Services which were partially offset by freezing a vacant Healthy Families Team.
Retirement and Employee Benefits	2,522,525	The increase in Retirement and Employee Benefits reflects the employee general wage increase of 2%, adjustments to support promotion policy changes, increased health insurance costs and market adjustments for E-911 staff. This budget also includes funding for the Citizen Satisfaction Bonus program (funded with departmental savings).
Contributions to Outside Agencies	476,882	The net increase in Contributions to Outside Agencies is driven by an increase in contributions to the Hampton Roads Regional Jail, the Peninsula Regional Animal Shelter, Hampton Roads Transit and funding the Hampton Roads Planning District Commission's regional efforts regarding sea level rise. These increases were partially offset by freezing the funding for the Regional Air Service Enhancement (RASE) Committee pending the results of the State audit. Future contributions to RASE will be funded out of the Economic Development Fund.
Transfer to Capital Budget	(1,875,518)	This decrease reflects transferring \$1 million in General Fund revenues for the Schools' One-to-One Technology capital purchases to the Schools' operating account and \$500,000 in Council Strategic Initiative funds to support public safety investments and a decrease in the Fund Balance appropriation.



EXPLANATION OF MAJOR EXPENDITURE INCREASES/ (DECREASES) for Fiscal Year 2018

Additional Information is located behind the respective tab.

<u>Business Team</u>	<u>Increases/ (Decreases)</u>	<u>Explanation</u>
Transfer to Other Funds	(59,865)	This decrease is attributed to a slight increase in the General Fund transfer to the Coliseum offset by a decrease in the City's subsidy for the Convention Center which is the result of an increase in the dedicated 2% meals and 2% lodging taxes dedicated for the Convention Center.
School Operations (Local Funds)	1,565,000	The increase in the local contribution, in excess of the State funding requirement, is in excess of the agreed upon school funding formula in which the School system receive a predetermined percentage of the growth in residential general property and utility taxes. In addition to the \$235,881 the School system was due to receive from the funding formula, plus an additional \$64,119 above the funding formula, the City is providing \$265,000 in one-time funds to support the Career Academies. At the School system's request, \$1 million was transferred from the General Fund revenue for the School system's One-to-One Technology capital purchase to support the operations of the program.
School Operations (State, Federal and Miscellaneous Funds)	1,644,690	This increase is due to a \$1,744,690 increase in state funding, which was partially offset by a \$100,000 decrease in miscellaneous funds.
Net Increase/(Decrease)	<u><u>\$4,649,894</u></u>	

**DISTRIBUTION OF
BUDGETED FUNDS**

	FY17 Budget	FY18 Budget	Increase/ (Decrease)	Percentage of FY18 Budget
City Operations				
Personnel Services	\$84,568,468	\$87,654,595	\$3,086,127	
Employee Benefits*	43,028,612	42,864,268	(164,344)	
Total Personnel Services	127,597,080	130,518,863	2,921,783	49.4%
Operating and Capital Outlay	55,828,695	55,805,617	(23,078)	21.1%
Contributions to Outside Agencies	20,655,161	21,132,043	476,882	8.0%
Debt Service	33,392,972	33,392,972	0	12.6%
Transfer to Capital Budget	15,913,623	14,038,105	(1,875,518)	5.3%
Transfer to Other Funds	9,356,158	9,296,293	(59,865)	3.5%
Total City Budget	262,743,689	264,183,893	1,440,204	100.0%
School Operations				
	FY17 Budget	FY18 Budget	Increase / (Decrease)	Percentage of FY18 School Budget
Personnel Services	\$112,606,537	\$113,788,791	\$1,182,254	
Employee Benefits	47,044,962	50,338,539	3,293,577	
Total Personnel Services	159,651,499	164,127,330	4,475,831	80.6%
Operating and Capital	40,798,918	39,532,777	(1,266,141)	19.4%
Total School Budget	200,450,417	203,660,107	3,209,690	100.0%
Total Expenditures	\$463,194,106	\$467,844,000	\$4,649,894	

* **Budget Note:** Funds are included for a 2% compensation package, the details of which can be found in the Retirement and Employee Benefits tab.

FY18 COUNCIL APPROVED BUDGET

HOW \$1 OF REVENUE IS SPENT

