

THE ROLE OF THE ECONOMY

Revenue is the income a local government needs to pay for all of the services it provides. The major sources of revenue include taxes, permit fees, charges for goods and services, fines, interest and rent, and intergovernmental transfers. Economic activity forms the basis of most local government revenues, from real property values to consumption of goods and services. The growth in revenues necessary to maintain municipal services in the face of price increases (inflation), to provide additional services to an increasing population, and to respond to an increasing menu of services mandated by state and federal governments requires growth in the local economy. The local economy, in turn, depends for its growth on markets in regional, state, national and international economies for the goods and services it produces. The income from these external markets then supports local consumption and investment. Growth in state and national economic activity also provides the fiscal basis for intergovernmental transfers - grants, cost sharing, and expenditure reimbursement for municipal services mandated or encouraged by other levels of government.

ASSUMPTIONS, RISKS & UNCERTAINTY

While it is important for the economic environment to be taken into consideration when developing the assumptions regarding revenue collections, prognostications about future economic conditions should be viewed with a healthy skepticism. In the words of economist John Kenneth Galbraith, "the only function of economic forecasting is to make astrology look respectable." Studies on economic forecast performance show that results are at best modest on the straight away and poor when it comes to turning points. International Monetary Fund economist Prakash Loungani, with a colleague, Hites Ahir, found that the record of failure to predict recessions is virtually unblemished. In addition, they found the forecasts are all much the same, whether government, institutional, or private. Similar conclusions have been drawn by other writers on the subject: Gregor Betz, Sam Savage, William Sherden, Nate Silver, Nicholas Taleb. The simple fact is: no one can predict the future with anything approaching consistency.

This understanding also applies to other "forecasts" of sequential events, including financial time series such as revenues. Tests of forecasting algorithms, such as the M-competitions show that simple trend methods generally do as well as, or better than, computationally complex multivariate methods. Embracing this reality of uncertainty, the City budget is based on a plan of revenue collections that assumes current trends will continue, modified by the known events such as changes in fees or tax rates and in real estate assessments. Economic prognostications inform the evaluation of revenue trends, but do not drive the values. The treatment of future revenues as a baseline planning scenario rather than a certain prediction of the future is an important distinction. The budget process addresses risk and uncertainty by setting aside contingency appropriations and financial reserves for unexpected variances and events, and allows for modifications through amendment based on monitoring and periodic management reviews.

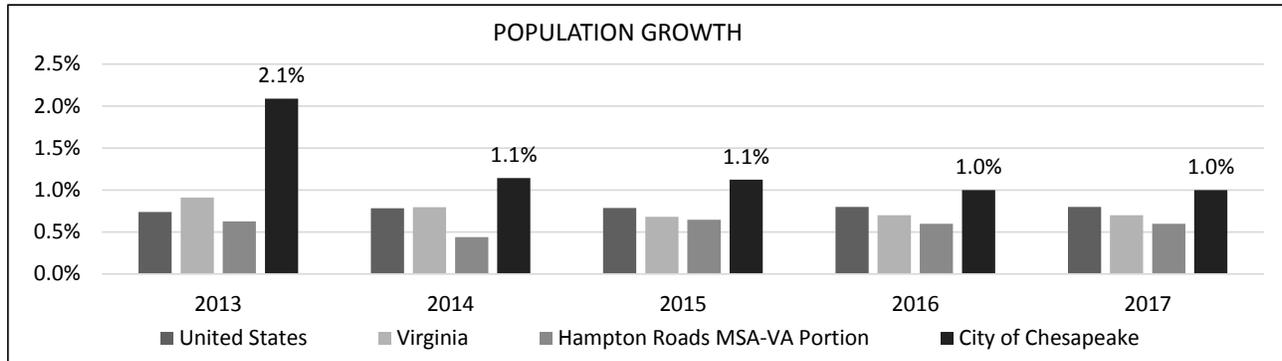
CURRENT ECONOMIC CONDITIONS AND OUTLOOK

The budget for Fiscal Year 2017 spans portions of two calendar years, running from July 2016 through June 2017. Economic data are usually reported on a calendar year basis, so the trends informing the revenue plan horizon span two calendar years, the last year of actual data being 2015 and projected estimates for 2016 and 2017. Population, employment, income and prices are the key trends given on the following pages. Detailed discussion and additional data about the economy can be obtained from the publicly available sources listed at the end of this section.

The assumption for the current and prospective fiscal periods is continued modest growth. The following charts show actual data for calendar years 2013 through 2015, although in some cases the 2015 may be subject to revision. These data are taken from the Federal or State sources listed. The rates shown for calendar years 2016 through 2017 are those assumed by the City Budget Department in evaluating whether current trends in revenues may reasonably be extended to the planning horizon or should be modified. Employment and income are key drivers for growth in the consumer activity that generates most of the municipal tax base. The data indicate continued growth in population, production and income, but a decline in size of the labor force and a continued lack of improvement, even slight decline, in the labor force participation. These are broad, aggregate trends, but combined with layoffs in shipyards and departure of some major retailers, are cause for concern about the prospects and uncertainties for growth. If job growth remains concentrated in part-time, temporary and contract employment, there may be continued erosion of the labor force through migration and non-participation, and substantive growth in the economic base for municipal revenues is likely to be delayed.

REVENUE BUDGET

ECONOMIC ASSUMPTIONS



POPULATION

Population is a key driver for revenues, particularly consumption-driven sources such as restaurant and sales tax, as well as service demand for roads, schools, public safety and social amenities. While population growth increases the tax base, it also increases the demand for infrastructure and municipal service expenditures. The population estimates shown here are prepared by the University of Virginia's Weldon Cooper Center for July of each calendar year and issued in January of the following year. Continued modest growth is assumed for the planning horizon.

Source: Census Bureau, Weldon Cooper Center for Public Service University of Virginia (UVA), City Budget Department (City)

<u>Rate of Growth</u>	<u>Actual (Census, UVA)</u>			<u>Estimated (City)</u>	
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
United States	0.74%	0.78%	0.79%	0.8%	0.8%
Virginia	0.91%	0.80%	0.68%	0.7%	0.7%
Hampton Roads MSA-VA Portion	0.63%	0.44%	0.65%	0.6%	0.6%
City of Chesapeake	2.09%	1.14%	1.12%	1.0%	1.0%

LABOR FORCE: Noninstitutional Population, Civilian, 16 Years or Older

The national statistic is taken from the Current Population Survey and includes all persons able to work. The state, regional and local measures are taken from the Local Area Unemployment Statistics and include all persons working or actively seeking employment, but not those who are unemployed but no longer seeking work. Changes in the labor force may be due to aging, migration, or changes in participation. Decline in the workforce is cause for concern if it persists. The assumption for 2016 and 2017 is that the recent decline in the State, region and local workforce will level off.

Source: Bureau of Labor Statistics (BLS), Congressional Budget Office (CBO), City Budget Department

<u>Rate of Growth</u>	<u>Actual (BLS)</u>			<u>Estimated (CBO, City)</u>	
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
United States	0.27%	0.33%	0.77%	0.70%	0.85%
Virginia	0.37%	0.37%	-0.55%	0.0%	0.0%
Hampton Roads MSA	0.54%	-0.02%	-0.74%	0.0%	0.0%
City of Chesapeake	1.07%	-0.08%	-0.72%	0.0%	0.0%

LABOR FORCE PARTICIPATION

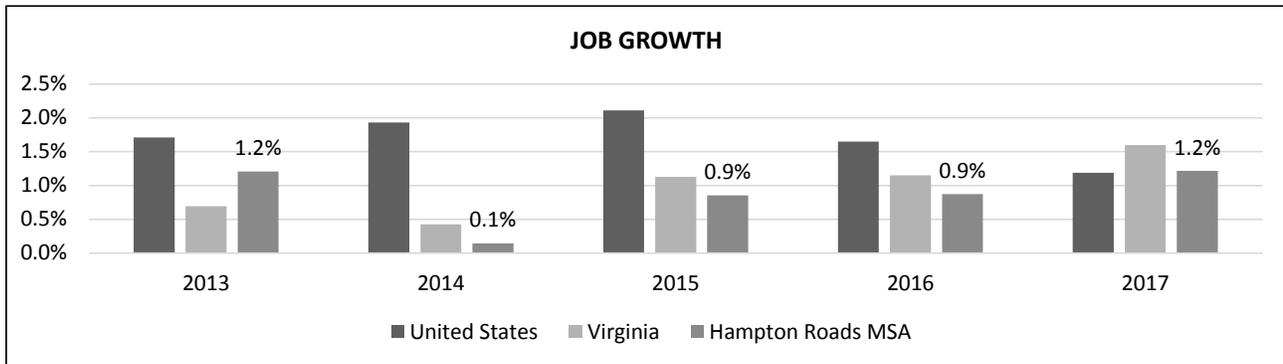
The participation rate is a measure of the active portion of the labor force. The measure refers to the number of people who are either employed or are actively looking for work. During an economic recession, many workers often get discouraged and stop looking for employment, as a result, the participation rate decreases. Changes in the participation rate reflect workers expectations of employment opportunities, and may help interpret trends in the labor supply. The assumption for 2016 and 2017 is that the recent decline in labor will level off and participation will stabilize as more jobs become available.

Source: Bureau of Labor Statistics, City Budget Department

<u>Employment/Labor Force</u>	<u>Actual (BLS)</u>			<u>Estimated (City)</u>	
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
United States	63.2%	62.9%	62.7%	62.7%	62.7%
Virginia	66.4%	66.1%	65.2%	65.2%	65.2%

REVENUE BUDGET

ECONOMIC ASSUMPTIONS



JOBS: Employment, Total Nonfarm (Establishment Survey)

Jobs are the measure of employment opportunities available to the labor force. This measure aggregates part time and full time work, does not differentiate as to the number of hours worked, and one worker can hold more than one job. As aggregate demand for goods and services increases, workers may work more hours to increase production before jobs are added. During an economic contraction, workers may see shorter hours before layoffs occur. In this way, jobs are a delayed (lagging) indicator of economic trends. The Congressional Budget Office (CBO) and Virginia Department of Taxation (VA Tax) project continued growth in number of jobs at the National and State levels. A similar continuation in job gains is assumed for the region. This should have positive effects on household employment levels, as well as workforce retention and participation, but how much is difficult to say as data includes part-time and temporary jobs.

Sources: Bureau of Labor Statistics, Congressional Budget Office, Virginia Department of Taxation, City Budget Department

<u>Employment (Jobs)</u>	<u>Actual (BLS, CBO)</u>			<u>Estimated (CBO, VA Tax, City)</u>	
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
United States	1.71%	1.93%	2.11%	1.65%	1.19%
Virginia	0.69%	0.42%	1.13%	1.2%	1.6%
Hampton Roads MSA	1.21%	0.14%	0.86%	0.9%	1.2%

EMPLOYMENT: Civilian, 16 Years or Older (Household Survey)

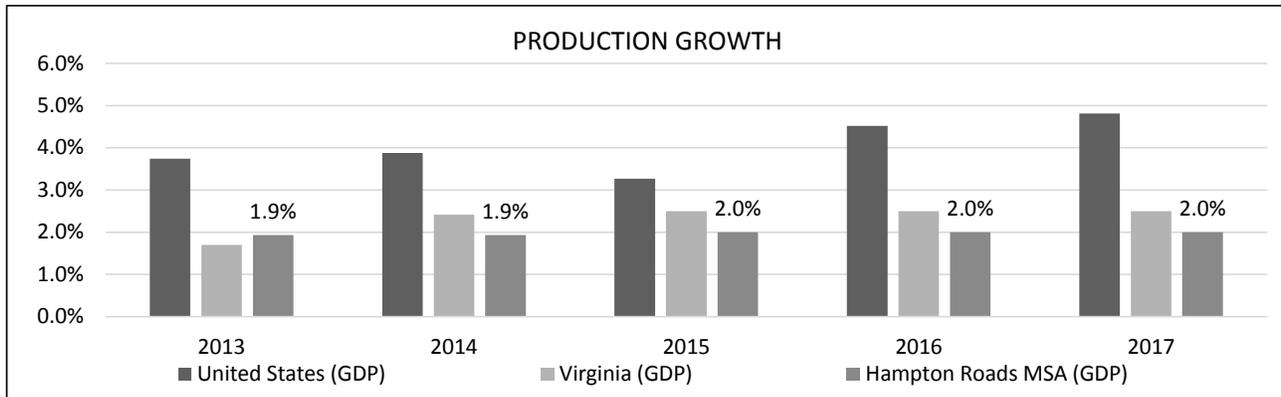
Employment reflects the level of utilization of the labor force and is the basis for personal income that in turn generates the activities and investments that constitute the fiscal base for municipal revenues. This is a measure of persons by place of residence holding one or more jobs inside or outside the place of residence. This measure does not differentiate between part-time and full-time, or levels of skill, compensation, or utilization of potential (education & skill). Growth in the number of jobs should at least halt the erosion in household employment that took place in 2015.

Sources: Bureau of Labor Statistics, Congressional Budget Office, City Budget Department

<u>Rate of Growth</u>	<u>Actual (BLS)</u>			<u>Estimated (CBO, City)</u>	
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
United States	1.03%	1.65%	1.71%	1.4%	1.1%
Virginia	0.75%	0.91%	0.10%	0.1%	0.1%
Hampton Roads MSA	1.14%	0.58%	-0.12%	0.0%	0.0%
City of Chesapeake	1.61%	0.59%	-0.11%	0.0%	0.0%

REVENUE BUDGET

ECONOMIC ASSUMPTIONS

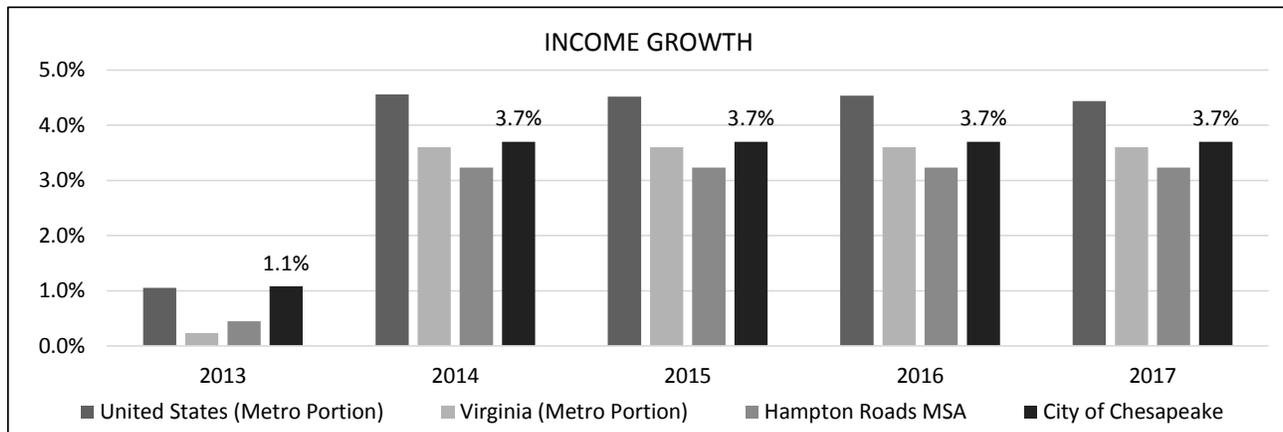


PRODUCTION (GDP)

Aggregate demand for goods and services produced in the local and regional economy is key to employment and income that support the municipal tax base. Growth in production at the national and state level both reflect expanding markets for local intermediate goods and a healthy fiscal basis for State and Federal funding support for local public services. Nominal GDP includes the effect of changes in price levels.

Sources: Bureau of Economic Analysis (BEA), Congressional Budget Office, City Budget Department

<u>Growth in Nominal Output</u>	<u>Actual (BEA)</u>		<u>Estimated (CBO, City)</u>		
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
United States (GDP)	3.74%	3.88%	3.27%	4.52%	4.81%
Virginia (GDP)	1.70%	2.42%	2.5%	2.5%	2.5%
Hampton Roads MSA (GDP)	1.93%	1.93%	2.0%	2.0%	2.0%

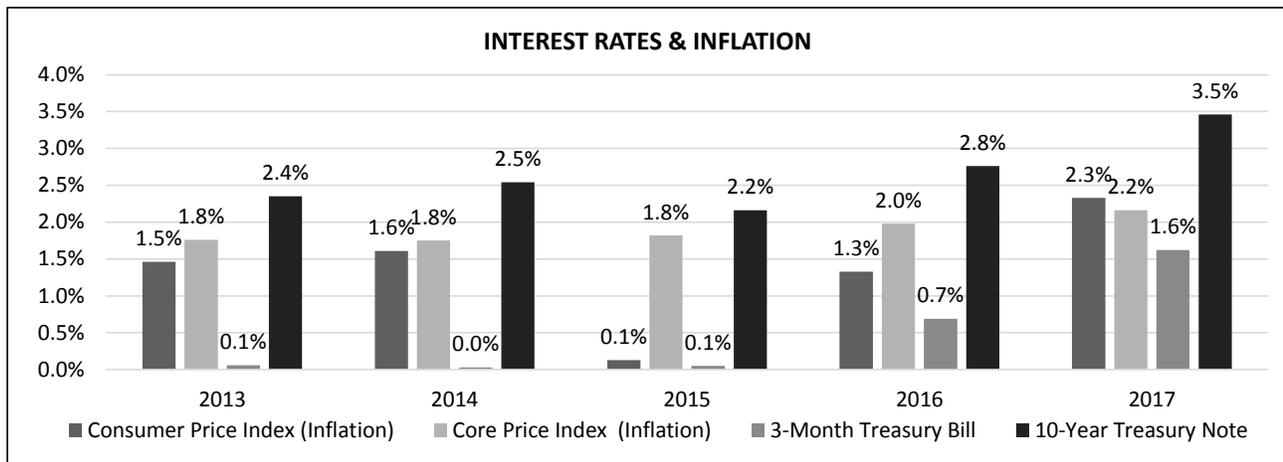


TOTAL PERSONAL INCOME

Changes in personal income directly affect consumer activity that generates revenues from taxable transactions and personal and real property ownership as well as from fee revenues associated with municipal services ranging from construction permits to recreational services. Personal income is affected by employment and production in the local economy, including goods and services sold in markets located outside the city and metro region.

Sources: Bureau of Economic Analysis, Congressional Budget Office, City Budget Department

<u>Growth in Total Personal Income</u>	<u>Actual (BEA)</u>		<u>Estimated (CBO, City)</u>		
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
United States (Metro Portion)	1.05%	4.56%	4.5%	4.5%	4.4%
Virginia (Metro Portion)	0.23%	3.60%	3.6%	3.6%	3.6%
Hampton Roads MSA	0.45%	3.23%	3.2%	3.2%	3.2%
City of Chesapeake	1.08%	3.70%	3.7%	3.7%	3.7%



PRICE LEVELS & INTEREST RATES

Inflation drive up costs for consumers as well as local government. Changes in prices of items subject to local taxes will tend to increase the revenue collected. Changes in short-term and long-term interest rates also affect borrowers, such as consumers seeking loans to purchase vehicles or homes and local government seeking to borrow funds for capital projects. On the other hand, earnings on the City's working capital cash portfolio also vary with short term interest rates.

Sources: Congressional Budget Office

Inflation and Interest Rates	Actual (CBO)			Estimated (CBO)	
	2013	2014	2015	2016	2017
Consumer Price Index (Inflation)	1.46%	1.61%	0.1%	1.3%	2.3%
Core Price Index (Inflation)	1.76%	1.75%	1.8%	2.0%	2.2%
3-Month Treasury Bill	0.06%	0.03%	0.1%	0.7%	1.6%
10-Year Treasury Note	2.35%	2.54%	2.2%	2.8%	3.5%

ECONOMIC SOURCES & REFERENCES

Methodology

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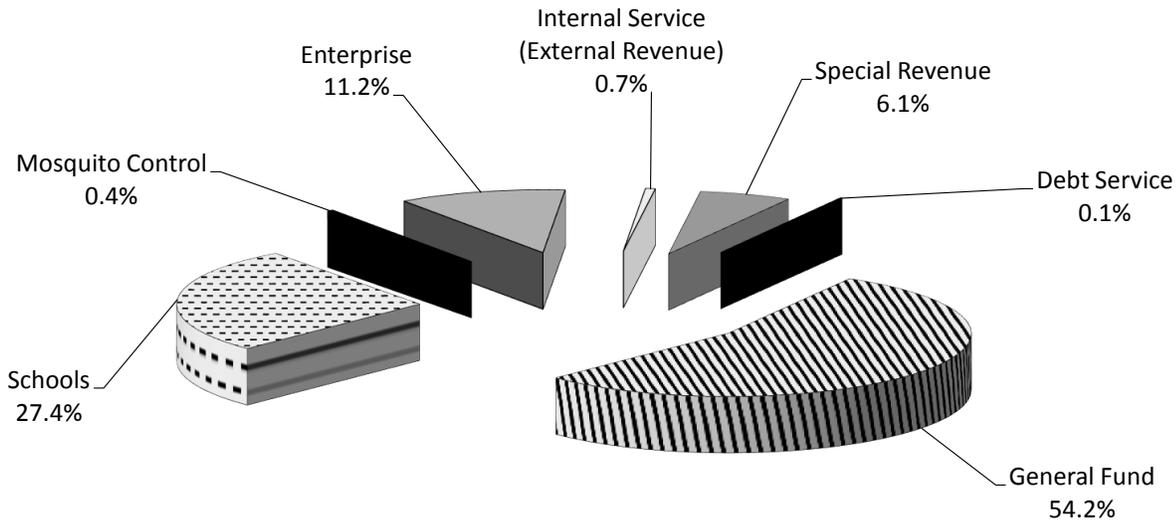
REVENUE BUDGET

DESCRIPTION OF FUNDS

FUND STRUCTURE

The budget for the City of Chesapeake is separated into over 30 different funds. The sources of revenue are specified for each fund. These funds can be grouped into one of the six classifications of funds. The pie chart below depicts the budgeted revenues. Interfund transfers such as General Fund support of schools are not reflected in these data.

REVENUES BY FUND TYPE



<u>Fund Category</u>	<u>FY 17 Budget</u>	<u>Component Share</u>
General Fund	\$ 543,680,988	54.2%
Schools	\$ 274,568,619	27.4%
Mosquito Control	\$ 4,176,400	0.4%
Enterprise	\$ 111,889,511	11.2%
Internal Service (External Revenue)	\$ 6,531,823	0.7%
Special Revenue	\$ 61,297,776	6.1%
Debt Service	\$ 1,201,952	0.1%
Total	\$ 1,003,347,069	100.0%

REVENUE BUDGET

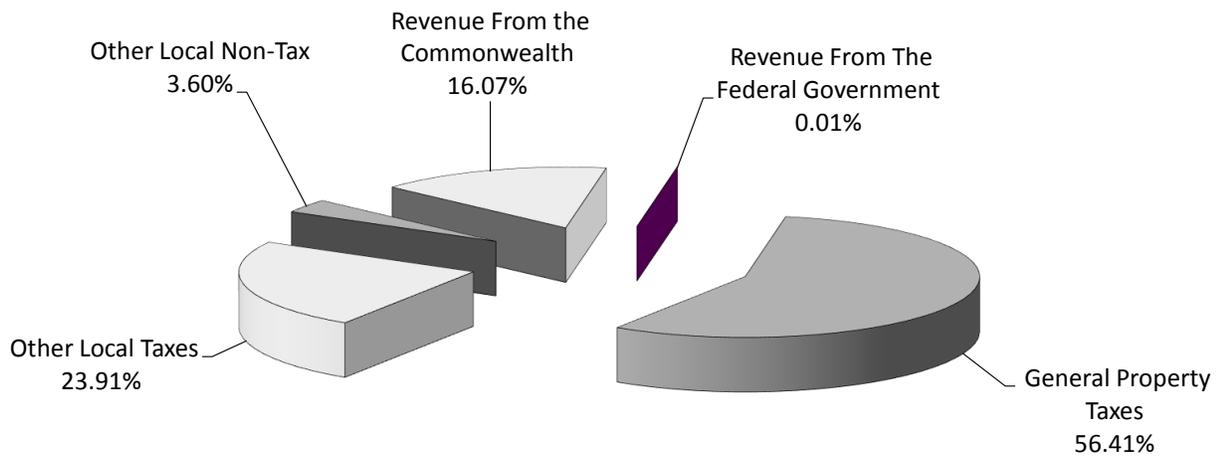
DESCRIPTION OF FUNDS

GENERAL FUND REVENUE SOURCES

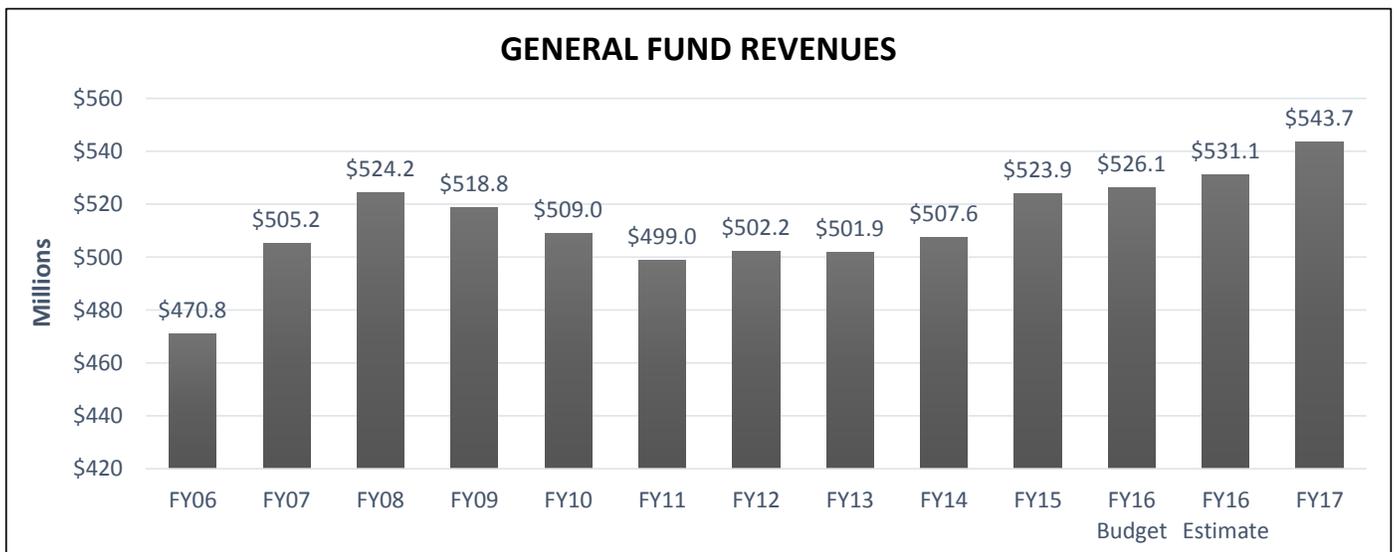
The revenues for the General Fund are made up of more than 200 specific revenue sources. Local taxes produce over 80% of the General Fund resources, intergovernmental support from the State provides about 16%, with the balance coming from local non-tax revenues and some federal support. Occasionally, there will be a large federal reimbursement for local emergency response expenses.

Each revenue source is accounted for separately and recorded when funds are received. Accounts are kept on a modified accrual basis and management is kept apprised of year-to-date totals and trends quarterly. Estimates are based on current trends using time series methods modified by judgement in the context of current economic conditions, publicly available economic forecasts, known policy changes, and operational insights (expert knowledge) from departments. Current year estimates reflect adjustments for variances of prior year budget from prior year actual plus current year trends.

GENERAL FUND SOURCES



GENERAL FUND REVENUES



REVENUE BUDGET

DESCRIPTION OF FUNDS

GENERAL FUND REVENUE TRENDS

The General Fund accounts for the majority of revenues and expenditures of the City. Revenues are derived from property taxes, other local taxes, licenses, permits and fees, fines and forfeitures, use of money and property, charges for services, revenues from the Commonwealth, and revenues from the federal government. Brief descriptions and year-to-year growth trends in the major components are given below. The amounts used are those recorded in the final, end of year, financial database. Revenues supporting specific public services are sometimes reassigned among the General, Special Revenue, Grant and Enterprise Funds. These reassignments are often accompanied by corresponding changes in interfund transfers.

FY16 revenue budget is based on collections through the end of FY14, plus early trends in FY15. Collections rose more rapidly in the second half of FY15 than anticipated, and this has extended into the first half of FY16, so that FY16 estimated is \$4.98 million higher than FY16 budget. Revenue growth is expected to continue along a modest growth projection, with a restrained federal fiscal policy, weakness in the fundamental drivers of aggregate demand at home and abroad, and political uncertainty in foreign and domestic political developments dampening anticipation of any acceleration in the recovery from the Great Recession. However, General Fund revenues are projected to grow by \$12.4 million between FY16 and FY17. Real estate values are expected to be the principal basis for rising revenue collections over the planning horizon, providing 51% of the revenue growth projected. Personal property assessments, principally motor vehicle values, are expected to contribute about 9% of the revenue growth over this period. Other local taxes are expected to produce about 23% of the revenue growth projected by FY17. Growth in demand for local permits and fee-based services is projected to be modest, contributing about 8% to total revenue growth. The principal areas of revenue concern are public service corporation taxes, affected by the shut down of the Deep Creek Power Plant coal-fired units, and continued erosion of local revenues such as court fines by actions of the State legislature.

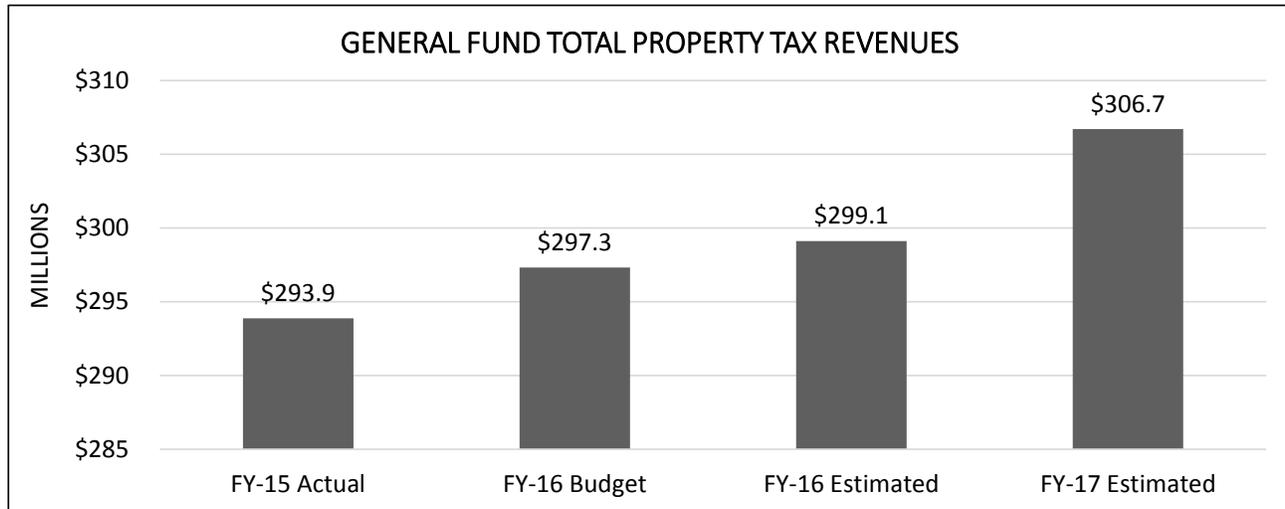
<u>GENERAL FUND REVENUES</u>	2015	2016	2016	2017	
<u>Source</u>	<u>FY-15</u>	<u>FY-16</u>	<u>FY-16</u>	<u>FY-17</u>	<u>Percent</u>
	<u>Actual</u>	<u>Budget</u>	<u>Estimated</u>	<u>Estimated</u>	<u>Change</u>
Property Taxes	\$ 293,884,026	\$ 297,313,616	\$ 299,119,816	\$ 306,716,796	2.5%
Other Local Taxes	\$ 124,129,277	\$ 122,924,102	\$ 127,139,752	\$ 129,974,902	2.2%
Permit Fees	\$ 2,565,030	\$ 2,304,970	\$ 2,429,610	\$ 2,520,840	3.8%
Fines & Forfeitures	\$ 2,585,943	\$ 2,636,393	\$ 2,588,400	\$ 2,446,400	-5.5%
Interest & Rents	\$ 1,433,972	\$ 1,122,928	\$ 1,090,428	\$ 1,243,070	14.0%
Service Charges	\$ 10,924,355	\$ 12,056,111	\$ 11,917,477	\$ 12,749,661	7.0%
Miscellaneous	\$ 551,618	\$ 581,000	\$ 562,700	\$ 517,900	-8.0%
Recovered Costs & Rebates	\$ 792,393	\$ 110,300	\$ 110,300	\$ 110,300	0.0%
Local Revenues	\$ 436,866,614	\$ 439,049,420	\$ 444,958,483	\$ 456,279,869	2.5%
State Noncategorical Aid	\$ 30,073,590	\$ 30,681,501	\$ 30,766,801	\$ 30,859,000	0.3%
State Shared Cost	\$ 14,007,021	\$ 13,528,717	\$ 13,406,255	\$ 13,415,070	0.1%
State Categorical Aid-Other	\$ 41,894,568	\$ 42,772,085	\$ 41,887,085	\$ 43,071,849	2.8%
State Aid	\$ 85,975,179	\$ 86,982,303	\$ 86,060,141	\$ 87,345,919	1.5%
Federal Aid	\$ 1,049,256	\$ 64,180	\$ 55,180	\$ 55,200	0.0%
General Fund Total	\$ 523,891,049	\$ 526,095,903	\$ 531,073,804	\$ 543,680,988	2.4%
New Revenue		\$ 2,204,854	\$ 7,182,755	\$ 12,607,184	
Percent of Prior Year		0.4%	1.4%	2.4%	
Change from Budget			\$ 4,977,901		
Percent Change			0.95%		

REVENUE BUDGET

DESCRIPTION OF FUNDS

PROPERTY TAXES

Property taxes are the largest component of General Fund revenues. Included are current and delinquent collections of real and personal property levies, public service (utility) corporation property taxes, and penalties and interest. Not included are the revenues from \$0.01/\$100 real estate and \$0.08/\$100 personal property rates levied for mosquito control (Fund 800). Also not included are revenues from changes in assessments assigned to the Tax Incentive Funds from the date these were established. There is no limit at the present time on the property tax rates that may be established by the City.



GENERAL FUND TOTAL PROPERTY TAX REVENUES

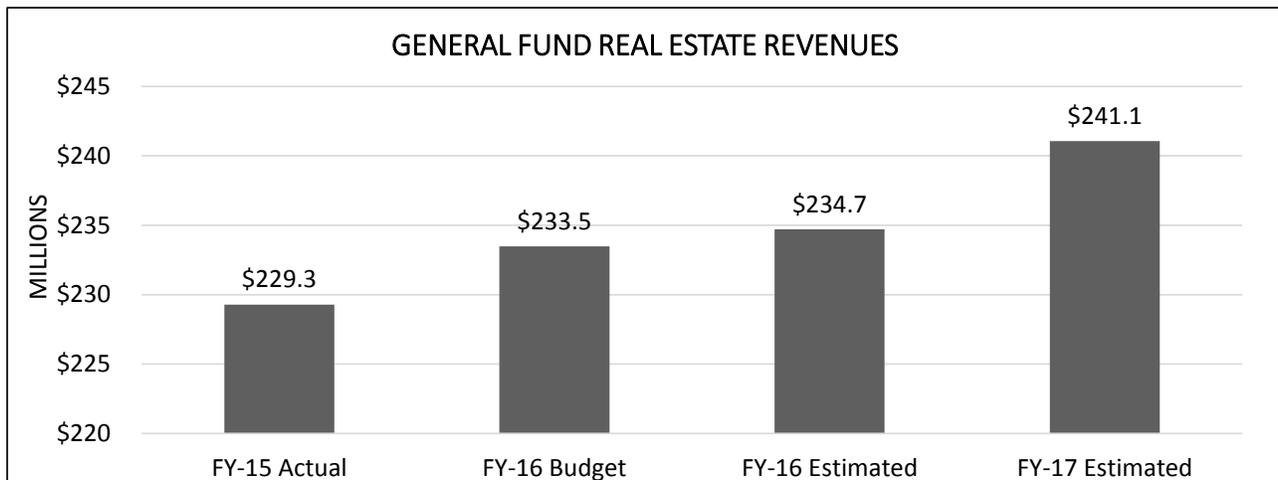
	FY-15 Actual	FY-16 Budget	FY-16 Estimated	FY-17 Estimated	Percent Change
	FY-15 Actual	FY-16 Budget	FY-16 Estimated	FY-17 Estimated	Percent Change
Taxes-Curr Real Prop	\$ 225,460,651	\$ 229,845,000	\$ 230,826,400	\$ 237,074,480	2.7%
Taxes-Curr Real Prop -Resvd	\$ (271,284)	\$ (271,284)	\$ (271,284)	\$ (271,284)	0.0%
Taxes-Delinq Real Prop	\$ 4,094,126	\$ 3,908,500	\$ 4,163,800	\$ 4,267,600	2.5%
Taxes-Curr Public Svc Corp	\$ 10,546,515	\$ 8,640,000	\$ 8,914,100	\$ 8,682,000	-2.6%
Taxes-Curr Pers Prop	\$ 40,592,127	\$ 43,500,000	\$ 42,667,600	\$ 43,770,000	2.6%
Taxes-Curr Pers Prop-Refunds	\$ (2,237,636)	\$ (2,250,000)	\$ (2,237,000)	\$ (2,250,000)	0.6%
Taxes-Delinq Pers Prop	\$ 12,775,371	\$ 11,336,100	\$ 12,192,300	\$ 12,536,700	2.8%
Taxes-Delinq Pers Prop-Recvry	\$ 0	\$ 0	\$ 0	\$ 0	0.0%
Taxes-Penalties-RE&PP	\$ 1,759,982	\$ 1,589,100	\$ 1,741,400	\$ 1,768,400	1.6%
Taxes-Interest-RE&PP	\$ 1,164,173	\$ 1,016,200	\$ 1,122,500	\$ 1,138,900	1.5%
Total Property Tax Revenue	\$ 293,884,026	\$ 297,313,616	\$ 299,119,816	\$ 306,716,796	2.5%
New Revenue		\$ 3,429,590	\$ 5,235,790	\$ 7,596,980	
Percent of Prior Year		1.2%	1.8%	2.5%	
Change from Budget			\$ 1,806,200		
Percent Change			0.61%		

REVENUE BUDGET

DESCRIPTION OF FUNDS

Real Property Taxes

A real estate property tax is levied on the assessed value of real property located within the City. New structures, new parcels (subdivision of existing parcels), rezoning for other uses, prices of properties sold, and gross receipts generated by commercial properties as rents or other income are among the chief determinants of changes in assessed value. The current General Fund real estate tax rate is \$1.04 per \$100 of assessed value plus an additional \$0.01/\$100 mosquito control tax (not included here). The ratio of assessed value to appraised value is 100% in the case of real property. Effective with the 1992-93 fiscal year, real estate taxes are payable quarterly with payments due on September 30, December 31, March 31 and June 5. The budget projections are based on projected real estate values supplied by the Real Estate Assessors Office. Real Estate Taxes also accrue to the City's two Tax Increments Funds and to the Mosquito Control Funds, but at 100% of the tax billed. Any delinquencies in the taxes collected for these funds are reported in the General Fund when collected, as are any penalty and interest payments. Only the General Fund and Tax Increment Fund portions of the revenue is shown below. Further information can be obtained from the Assessor's annual report found at the City's internet site. The estimates assume some modest improvement in the market, construction activity, and collection rates.



GENERAL FUND REAL ESTATE REVENUES

	FY-15 Actual	FY-16 Budget	FY-16 Estimated	FY-17 Estimated	Percent Change
Taxes-Curr Real Prop	\$ 225,460,651	\$ 229,845,000	\$ 230,826,400	\$ 237,074,480	2.7%
Taxes-Curr Real Prop -Resvd	\$ (271,284)	\$ (271,284)	\$ (271,284)	\$ (271,284)	0.0%
Current Real Property Taxes	\$ 225,189,367	\$ 229,573,716	\$ 230,555,116	\$ 236,803,196	2.7%
Taxes-Delinq Real Prop	\$ 4,094,126	\$ 3,908,500	\$ 4,163,800	\$ 4,267,600	2.5%
Total Real Property Taxes	\$ 229,283,493	\$ 233,482,216	\$ 234,718,916	\$ 241,070,796	2.7%
New Revenue		\$ 4,198,723	\$ 5,435,423	\$ 6,351,880	
Percent of Prior Year		1.8%	2.4%	2.7%	
Change from Budget			\$ 1,236,700		
Percent Change			0.53%		

REVENUE BUDGET

DESCRIPTION OF FUNDS

Real Estate Recapitulation

Each year, the Real Estate Assessor provides a calculation of what the real property tax rate would be if it were adjusted to maintain revenues after revaluation of existing properties. This information is provided to the City Council as an indicator of the increase in property valuations. Information on this calculation is provided below.

January 1, 2016 Total Taxable Assessed Value After Reassessment:	\$24,085,073,508
Allowable Deductions (Construction, Land Development and Rezoning):	<u>\$ (226,363,400)</u>
January 1, 2016 Adjusted Taxable Assessed Value:	\$23,858,710,108
Tax on January 1, 2016 Adjusted Taxable Assessed Value @ Current Tax Rate:	\$ 248,130,585
July 1, 2015 Taxable Land Book:	\$23,507,035,803
Adjustments for Corrections (Supplementals, Exonerations):	<u>\$ (1,012,775)</u>
July 1, 2015 Adjusted Taxable Land Book:	\$23,506,023,028
Tax on July 1, 2015 Adjusted Taxable Land Book @ Current Tax Rate:	\$ 244,462,639
Change from July 1, 2015 Adjusted Taxable Land Book to January 1, 2016 Adjusted Taxable Assessed Value:	\$ 352,687,080
Percentage Change	1.50%
Change from Tax on July 1, 2015 Adjusted Taxable Land Book @ Current Tax Rate to Tax on January 1, 2016 Adjusted Taxable Assessed Value @ Current Tax Rate:	\$ 3,667,946
Percentage Change	1.50%
FY2014-15 Tax Rate per \$100 Assessed Value:	\$1.0400
FY2015-16 Tax Rate per \$100 Assessed Value:	\$1.0400
Tax Rate per \$100 Assessed Value Necessary to Offset Change in Assessed Value:	\$1.0246
Effective Tax Rate Increase Relative to FY2015-16 Tax Rate:	\$0.0154
Effective %Tax Rate Increase Relative to FY2015-16 Tax Rate:	1.48%

Understanding the Real Estate Tax Rate

In terms commonly used in taxation, one cent (\$0.01/\$100) of tax rate equates to a tax rate of 0.01% or 10 mills of the assessed value. The mill rate is the amount of tax payable per dollar of the assessed value of a property; as each mill is one-thousandth of a currency unit, one mill is equivalent to one-tenth of a cent or \$0.001. Each cent, or ten mills, is \$10 per \$100,000 of assessed property value in tax revenue. In terms of the aggregated taxable property values in the City, each cent or ten mills represents total tax revenues as follows:

January 1, 2016 Total Taxable Assessed Value:	\$24,085,073,508
July 1, 2016 Supplements to Taxable Assessed Value (Building permits, etc.):	<u>\$ 140,642,000</u>
July 1, 2016 Estimated Land Book:	\$24,225,715,508
Total Tax Rate (General plus Mosquito Control)	<u>1.050%</u>
Total Tax Due Excluding January 2017 Supplements	\$ 254,370,013

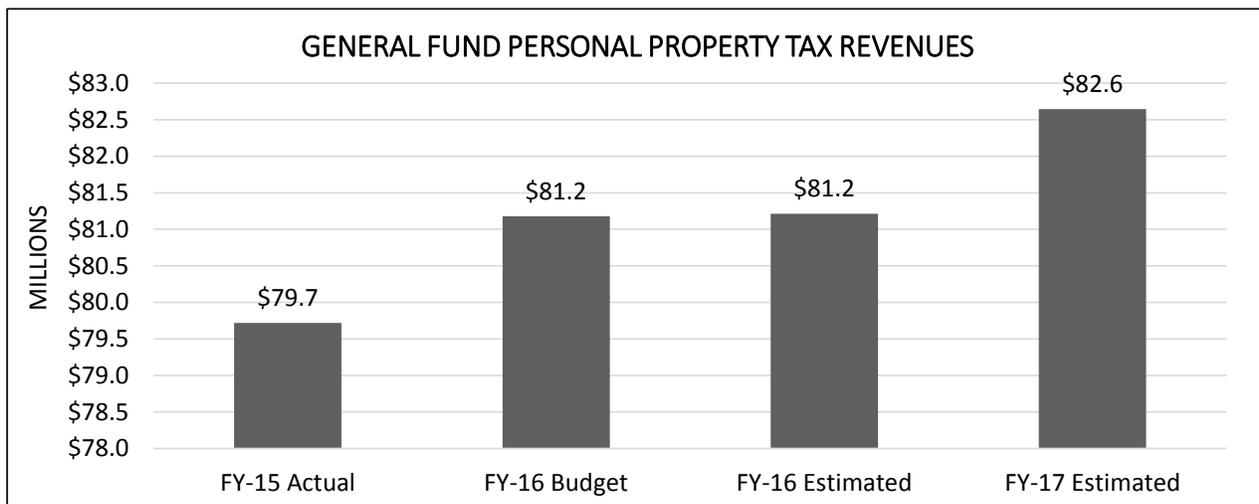
REVENUE BUDGET

DESCRIPTION OF FUNDS

Personal Property Taxes

The City also levies a tax on all taxable tangible personal property located in the City as of January 1 of the fiscal year in which such tax is due, including machinery and tools, farm equipment, recreational vehicles, motor vehicles, motor carriers, boats and aircraft. The ratio of the assessed value of property to its appraised value varies for the several classes of personal property but generally is 100% of loan or NADA "blue book" value. Before fiscal year 1986, tangible personal property taxes were collected on December 5 and June 5. Beginning in fiscal year 1986, these taxes become due and payable once a year on June 5. Motor vehicles account for 75% to 80% of personal property assessments, with values tied to the volatile used vehicle auction markets in the 4th quarter of the calendar year. Current rate for most taxable assets is \$4.00/\$100 assessed value plus \$0.08/\$100 mosquito control tax (not included here). The Mosquito Control Fund accrues 100% of the revenues billed for this tax. Any delinquencies in the tax collected for that fund are reported as revenue in the General Fund when collected, as are any penalty and interest payments.

Figures shown include state tax subsidy (Personal Property Tax Relief or PPTRA). The Personal Property Tax Relief Act (PPTRA) of 1997 provides a program of tax relief to owners of vehicles operated for personal, non-commercial use, to the extent State General Fund resources allow. Vehicle owners are responsible for any amount not covered by PPTRA. About 78% of motor vehicles in the City are PPTRA-eligible. In FY98, refunds were sent directly to the taxpayer. Since FY99, revenue from current and delinquent personal property taxes have been split between payments by individual taxpayers listed under General Property Taxes, and inter-governmental revenue (PPTRA) listed under Non-categorical Aid from the Commonwealth. In FY99, the Commonwealth reimbursed the City for 27.5% of the tax due, based on billings and receipts from taxpayers. This amount increased to 47.5% in FY00 and 70% in FY01. It is capped at the FY05 local total allocation for FY06 and thereafter, for the City as a whole at \$28,590,001, so individual taxpayers will receive a decreasing benefit over time as the number and value of vehicles increases. Currently the benefit averages about 54%.



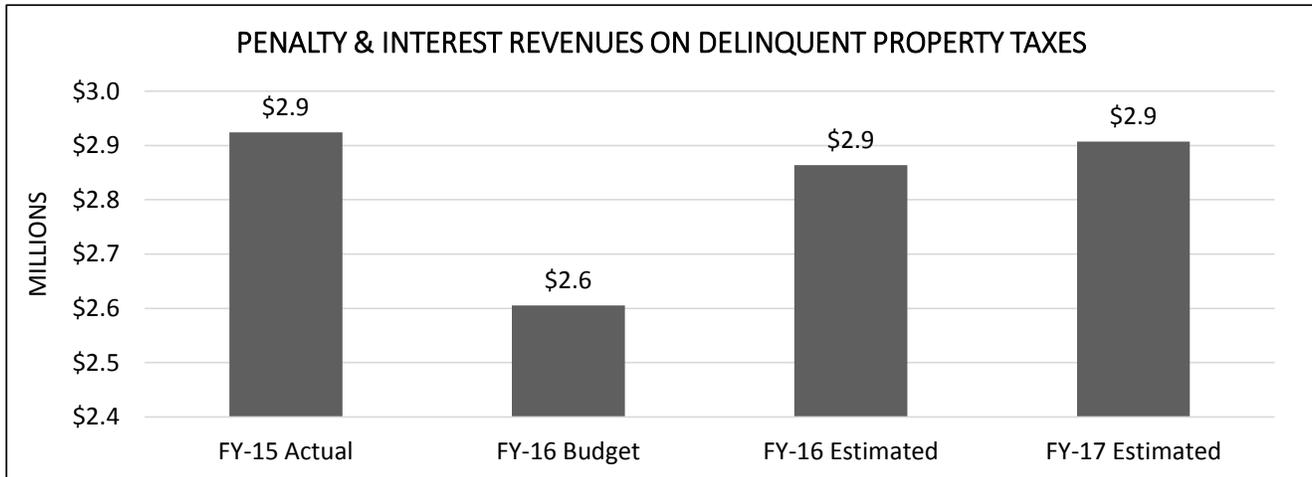
	FY-15 Actual	FY-16 Budget	FY-16 Estimated	FY-17 Estimated	Percent Change
Taxes-Curr Pers Prop	\$ 40,592,127	\$ 43,500,000	\$ 42,667,600	\$ 43,770,000	2.6%
Personal Property Tax Relief	\$ 28,590,001	\$ 28,590,001	\$ 28,590,001	\$ 28,590,000	0.0%
Current Personal Property Taxes-Curr Pers Prop-Refunds	\$ 69,182,128	\$ 72,090,001	\$ 71,257,601	\$ 72,360,000	1.5%
Net Current Personal Property Taxes-Delinq Pers Prop	\$ (2,237,636)	\$ (2,250,000)	\$ (2,237,000)	\$ (2,250,000)	0.6%
Total Personal Property New Revenue	\$ 66,944,493	\$ 69,840,001	\$ 69,020,601	\$ 70,110,000	1.6%
Percent of Prior Year		1.8%	1.9%	1.8%	
Change from Budget			\$ 36,800		
Percent Change			0.05%		

REVENUE BUDGET

DESCRIPTION OF FUNDS

Property Tax Penalties and Interest

The penalty for late payment of property taxes is 10% of the amount due. The interest on delinquent taxes and penalties accrue at a rate of 10% per annum. In cases of property on which delinquent taxes are not paid within three years, the City records a lien on the property effective for twenty years and the property is eligible to be sold through judicial proceedings.



PENALTY & INTEREST REVENUES ON DELINQUENT PROPERTY TAXES

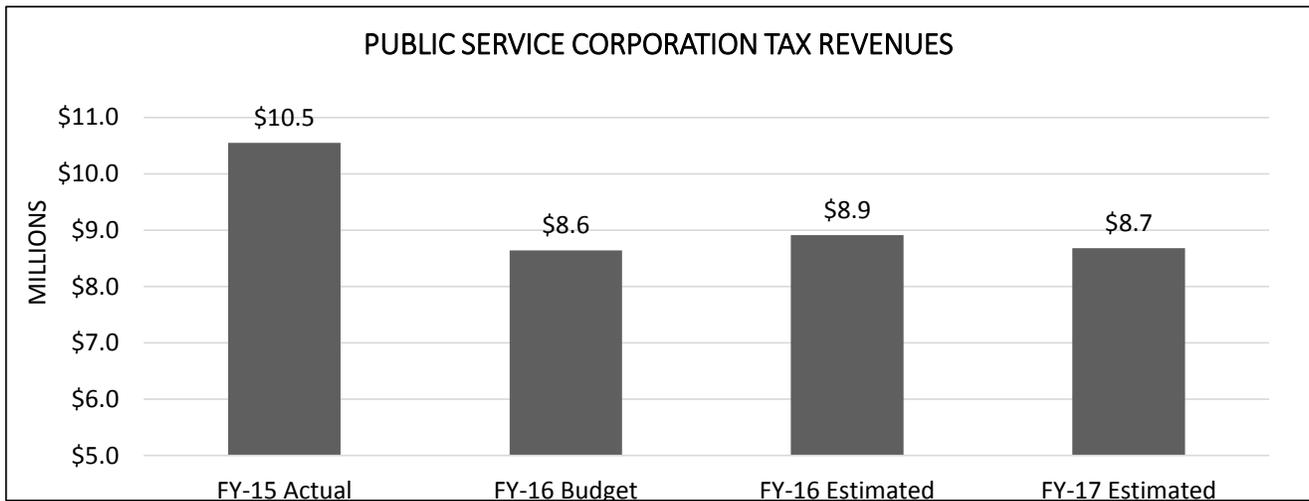
	FY-15 Actual	FY-16 Budget	FY-16 Estimated	FY-17 Estimated	Percent Change
Taxes-Penalties-RE&PP	\$ 1,759,982	\$ 1,589,100	\$ 1,741,400	\$ 1,768,400	1.6%
Taxes-Interest-RE&PP	\$ 1,164,173	\$ 1,016,200	\$ 1,122,500	\$ 1,138,900	1.5%
Current Personal Property	\$ 2,924,155	\$ 2,605,300	\$ 2,863,900	\$ 2,907,300	1.5%
New Revenue		\$ (318,855)	\$ (60,255)	\$ 43,400	
Percent of Prior Year		-10.9%	-2.1%	1.5%	
Change from Budget			\$ 258,600		
Percent Change			9.93%		

REVENUE BUDGET

DESCRIPTION OF FUNDS

Public Service Corporation Tax

This item includes both Real Property Tax and Personal Property Tax levied on Public Service Corporations ("utilities") regulated by the State Corporation Commission. Assessments of property value are made by the Virginia Department of Taxation and communicated by that agency to the Commissioner of the Revenue. The amounts shown here are only the General Fund portion of the tax. The mosquito control portion is included in the revenue for Fund 800. Closure of the Deep Creek Generating Plant in calendar year 2015 is expected to reduce this revenue by about 16% beginning in FY16, with some additional loss as the process is completed. Construction of a branch of the Atlantic Coastal Gas Pipeline with a station at or near the Deep Creek Plant is planned to be completed in 2019 and should provide some additional revenue, possibly beginning in FY20.



PUBLIC SERVICE CORPORATION TAX REVENUES

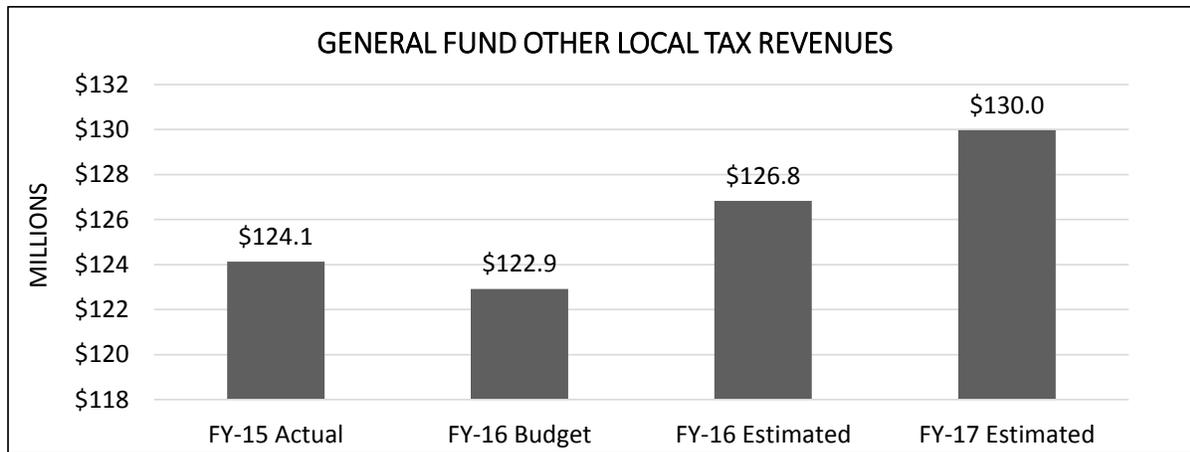
	FY-15 Actual	FY-16 Budget	FY-16 Estimated	FY-17 Estimated	Percent Change
Taxes-Curr Public Svc Corp	\$ 10,546,515	\$ 8,640,000	\$ 8,914,100	\$ 8,682,000	-2.6%
New Revenue		\$ (1,906,515)	\$ (1,632,415)	\$ (232,100)	
Percent of Prior Year		-18.1%	-15.5%	-2.6%	
Change from Budget			\$ 274,100		
Percent Change			3.17%		

REVENUE BUDGET

DESCRIPTION OF FUNDS

OTHER LOCAL TAXES

The General Fund receives various other local taxes in addition to property taxes, including sales tax; utility taxes on electric and natural gas services; local share of state sales tax on communications services; business and professional license tax on gross receipts; motor vehicle license tax; recordation tax; cigarette tax; admissions tax; hotel-motel lodging tax; and restaurant meals tax. Other local taxes are directly tied to the volume of business activity that occurs in the City and are therefore more sensitive to the business cycle than are property taxes. In some cases, such as business license taxes, revenues actually reflect business conditions in the previous calendar year (January-December) rather than the immediate fiscal year (July-June).



GENERAL FUND OTHER LOCAL TAX REVENUES

	FY-15 Actual	FY-16 Budget	FY-16 Estimated	FY-17 Estimated	Percent Change
	FY-15 Actual	FY-16 Budget	FY-16 Estimated	FY-17 Estimated	
Taxes-Sales and Use	\$ 37,236,136	\$ 37,545,100	\$ 38,339,300	\$ 40,091,200	4.6%
Taxes-Utility Consumer Gas	\$ 2,061,496	\$ 1,994,000	\$ 1,864,000	\$ 1,900,000	1.9%
Taxes-Utility Electric	\$ 8,563,190	\$ 8,470,000	\$ 8,600,000	\$ 8,600,000	0.0%
Taxes-Communications Tax	\$ 11,859,090	\$ 12,100,000	\$ 11,860,000	\$ 11,860,000	0.0%
Communications Tax-Resvd	\$ (4,947,998)	\$ (4,947,998)	\$ (4,947,998)	\$ (4,947,998)	0.0%
Taxes-Bus and Occup Licenses	\$ 25,684,602	\$ 25,500,000	\$ 26,131,800	\$ 26,500,000	1.4%
Taxes-Local Consumption	\$ 864,880	\$ 800,000	\$ 872,150	\$ 875,000	0.3%
Excavation Fees	\$ 37,258	\$ 30,000	\$ 35,000	\$ 35,000	0.0%
Taxes-Motor Vehicle License	\$ 5,452,744	\$ 5,358,000	\$ 5,529,200	\$ 5,556,000	0.5%
Taxes-Vehicle License Penalty	\$ 726,784	\$ 700,000	\$ 727,000	\$ 727,700	0.1%
Taxes-Bank Stock	\$ 1,288,227	\$ 1,350,000	\$ 1,316,100	\$ 1,400,000	6.4%
Taxes-Local Recordation	\$ 2,842,444	\$ 2,100,000	\$ 3,295,600	\$ 3,300,000	0.1%
Taxes-Tobacco	\$ 4,481,456	\$ 4,500,000	\$ 4,500,000	\$ 4,500,000	0.0%
Taxes-Admission	\$ 836,853	\$ 940,000	\$ 820,000	\$ 860,000	4.9%
Taxes-Pari Mutual Waging Pool	\$ 6,639	\$ 0	\$ 0	\$ 0	0.0%
Taxes-Sales Motel Rooms	\$ 4,143,589	\$ 4,000,000	\$ 4,200,000	\$ 4,300,000	2.4%
Taxes-Short Term Rental	\$ 693,834	\$ 485,000	\$ 588,000	\$ 618,000	5.1%
Taxes-Restaurant-Food	\$ 22,298,053	\$ 22,000,000	\$ 23,100,000	\$ 23,800,000	3.0%
Total Other Local Taxes	\$ 124,129,277	\$ 122,924,102	\$ 126,830,152	\$ 129,974,902	2.5%
New Revenue		\$ (1,205,175)	\$ 2,700,875	\$ 3,144,750	
Percent of Prior Year		-1.0%	2.2%	2.5%	
Change from Budget			\$ 3,906,050		
Percent Change			3.18%		

REVENUE BUDGET

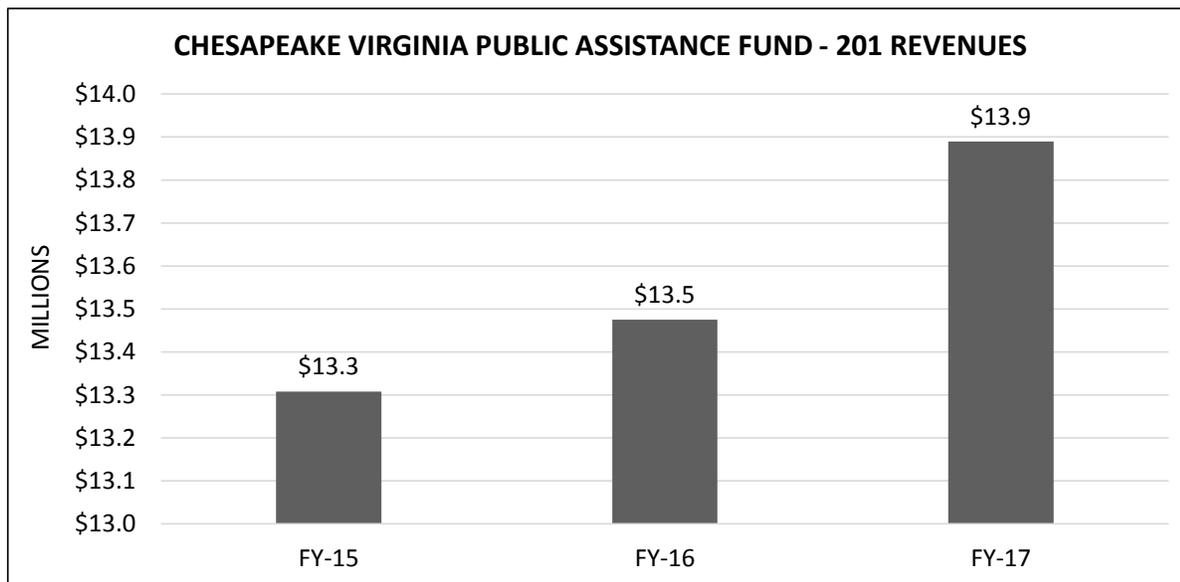
DESCRIPTION OF FUNDS

SPECIAL REVENUE FUNDS DESCRIPTIONS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special projects) that are restricted by law or administrative action to being expended for specified purposes.

Virginia Public Assistance Fund - 201

The Virginia Public Assistance Fund was established to account for the rendering of economic aid to qualifying citizens. The revenues included in this fund are primarily Revenues from the Commonwealth and Revenues from the Federal Government as Public Assistance Grants. The fund also includes revenues from Court Ordered Fees, Recoveries of Public Assistance Grants, and Recoveries and Rebates.



CHESAPEAKE VIRGINIA PUBLIC ASSISTANCE FUND - 201 REVENUES

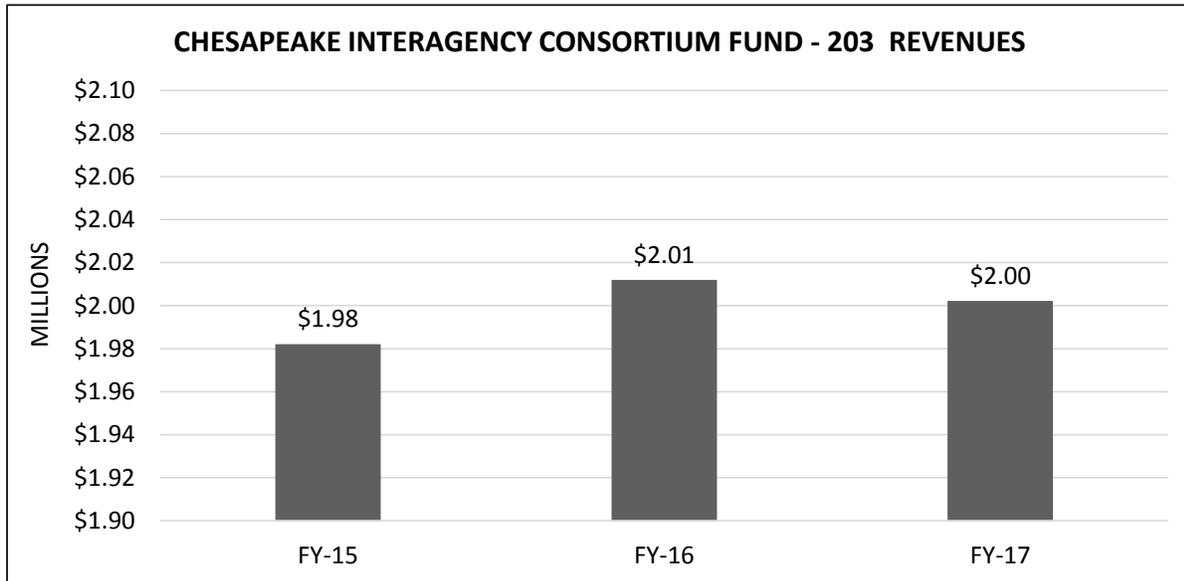
Source	2015	2016	2017	Percent Change
	FY-15 Actual	FY-16 Budget	FY-17 Estimated	
Interest & Rents	\$ 7,749	\$ 0	\$ 0	0.0%
Service Charges	\$ 465	\$ 1,200	\$ 56,993	4649.4%
Recovered Costs & Rebates	\$ 12,254	\$ 10,000	\$ 9,500	-5.0%
Local Revenues	\$ 20,468	\$ 11,200	\$ 66,493	493.7%
State Categorical Aid-Other	\$ 4,240,812	\$ 5,315,604	\$ 5,592,383	5.2%
State Aid	\$ 4,240,812	\$ 5,315,604	\$ 5,592,383	5.2%
Federal Aid	\$ 9,046,240	\$ 8,148,506	\$ 8,230,793	1.0%
Fund 201 Total	\$ 13,307,520	\$ 13,475,310	\$ 13,889,669	3.1%
New Revenue		\$ 167,790	\$ 414,359	
Percent of Prior Year		1.3%	3.1%	

REVENUE BUDGET

DESCRIPTION OF FUNDS

Interagency Consortium Fund - 203

The Interagency Consortium Fund was established to account for revenues and expenditures of the delivery system for severely emotionally and/or behaviorally disturbed children under the Virginia Comprehensive Services Act. The revenue for this fund is primarily from the Interagency Consortium Pool, which comes from the State.



CHESAPEAKE INTERAGENCY CONSORTIUM FUND - 203 REVENUES

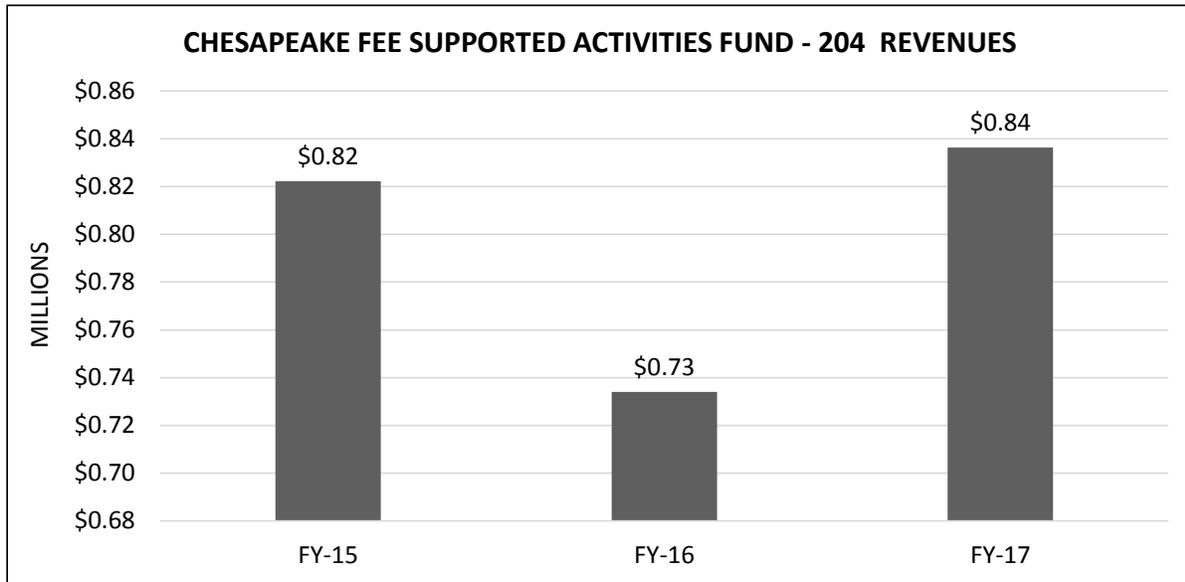
<u>Source</u>	<u>FY-15</u> <u>Actual</u>	<u>FY-16</u> <u>Budget</u>	<u>FY-17</u> <u>Estimated</u>	<u>Percent</u> <u>Change</u>
Interest & Rents	\$ 3,447	\$ 0	\$ 0	0.0%
Recovered Costs & Rebates	\$ 44,836	\$ 0	\$ 0	0.0%
Local Revenues	\$ 48,283	\$ 0	\$ 0	0.0%
State Categorical Aid-Other	\$ 1,933,758	\$ 1,905,825	\$ 2,002,132	5.1%
State Aid	\$ 1,933,758	\$ 1,905,825	\$ 2,002,132	5.1%
Federal Aid	\$ 0	\$ 106,133	\$ 0	-100.0%
Fund 203 Total	\$ 1,982,041	\$ 2,011,958	\$ 2,002,132	-0.5%
New Revenue		\$ 29,917	\$ (9,826)	
Percent of Prior Year		1.5%	-0.5%	

REVENUE BUDGET

DESCRIPTION OF FUNDS

Fee Supported Activities Fund - 204

The Fee Supported Activities Fund was established in FY99 to account for revenues and expenditures related to various fee supported activities. The programs and line items contained in this fund have varied over the years since its establishment. Current programs including Development & Permits charges for demolition of buildings, grass cutting on neglected properties, Police Department red light enforcement program, Fire Department permits, fines and cost recovery in connection with the Chesapeake Hazardous Environmental Action Team, and Fire Department inspections and permits.



CHESAPEAKE FEE SUPPORTED ACTIVITIES FUND - 204 REVENUES

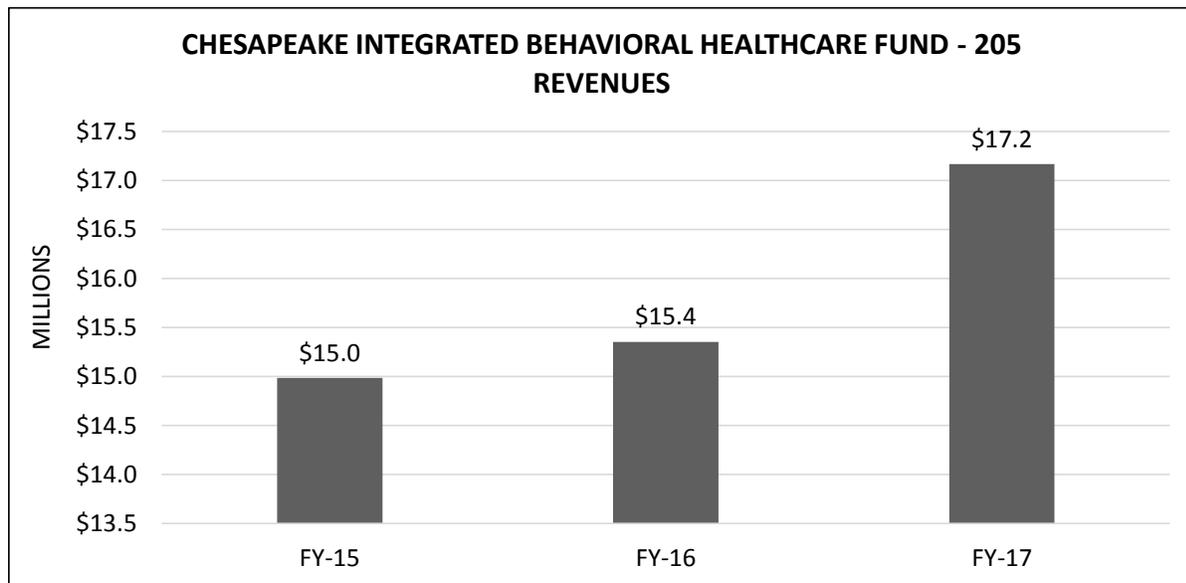
<u>Source</u>	<u>FY-15 Actual</u>	<u>FY-16 Budget</u>	<u>FY-17 Estimated</u>	<u>Percent Change</u>
Permit Fees	\$ 137,775	\$ 169,000	\$ 165,100	-2.3%
Fines & Forfeitures	\$ 267,222	\$ 175,000	\$ 300,000	71.4%
Interest & Rents	\$ 3,381	\$ 0	\$ 0	0.0%
Service Charges	\$ 404,321	\$ 385,000	\$ 365,200	-5.1%
Recovered Costs & Rebates	\$ 9,432	\$ 5,000	\$ 6,000	20.0%
Local Revenues	\$ 822,131	\$ 734,000	\$ 836,300	13.9%
Fund 204 Total	\$ 822,131	\$ 734,000	\$ 836,300	13.9%
New Revenue		\$ (88,131)	\$ 102,300	
Percent of Prior Year		-10.7%	13.9%	

REVENUE BUDGET

DESCRIPTION OF FUNDS

Integrated Behavioral Healthcare (Community Services Fund) - 205

The Chesapeake Integrated Behavioral Healthcare (CIBH) Fund accounts for revenues and expenditures from the City and the Virginia Department of Behavioral Health and Developmental Services to operate the Mental Health, Intellectual Disability and Substance Abuse Programs. Revenues in this fund come primarily from State and federal sources. The revenues also include Charges for Services provided by CIBH. Fees supporting additional services, the opening of an intermediate care facility, and the Affordable Care Act extending health care coverage so that up to 70% of clients have some insurance to pay for care account for the revenue increase.



CHESAPEAKE INTEGRATED BEHAVIORAL HEALTHCARE FUND - 205 REVENUES

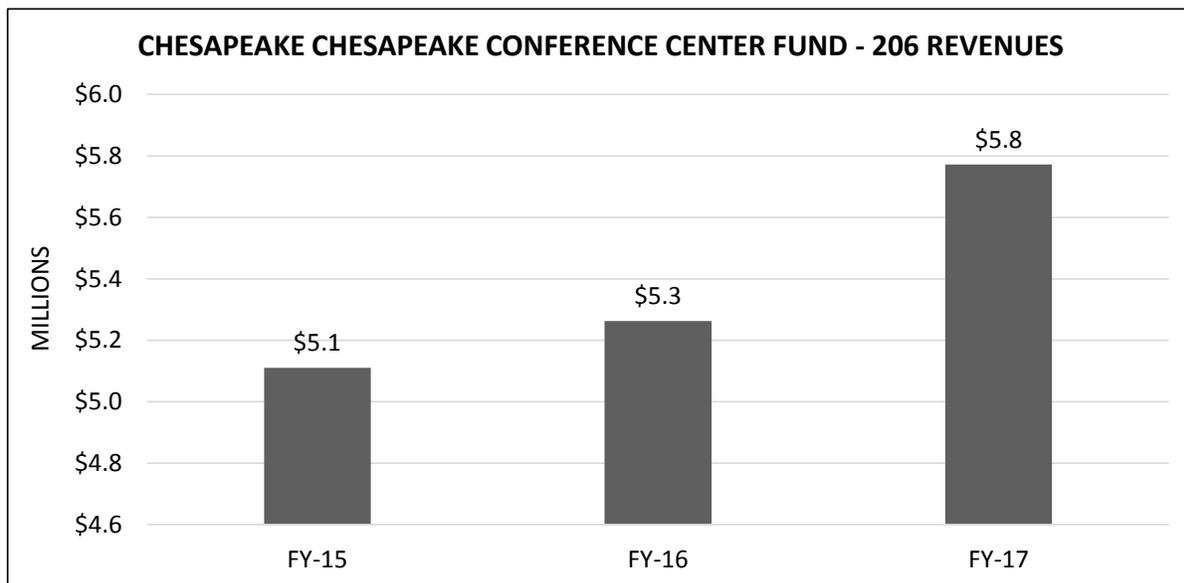
<u>Source</u>	<u>FY-15 Actual</u>	<u>FY-16 Budget</u>	<u>FY-17 Estimated</u>	<u>Percent Change</u>
Interest & Rents	\$ 17,742	\$ 0	\$ 0	0.0%
Service Charges	\$ 6,036,227	\$ 6,645,439	\$ 8,091,180	21.8%
Miscellaneous	\$ 11,850	\$ 21,600	\$ 11,600	-46.3%
Recovered Costs & Rebates	\$ 13,120	\$ 0	\$ 0	0.0%
Local Revenues	\$ 6,078,940	\$ 6,667,039	\$ 8,102,780	21.5%
State Categorical Aid-Other	\$ 7,828,532	\$ 7,613,521	\$ 7,949,739	4.4%
State Aid	\$ 7,828,532	\$ 7,613,521	\$ 7,949,739	4.4%
Federal Aid	\$ 1,079,625	\$ 1,072,125	\$ 1,115,220	4.0%
Fund 205 Total	\$ 14,987,097	\$ 15,352,685	\$ 17,167,739	11.8%
New Revenue		\$ 365,588	\$ 1,815,054	
Percent of Prior Year		2.4%	11.8%	

REVENUE BUDGET

DESCRIPTION OF FUNDS

Chesapeake Conference Center Fund - 206

The Chesapeake Conference Center Fund was established to account for revenues and expenditures related to the operation of the Chesapeake Conference Center which opened during FY 1998 and tourism promotion activities benefiting the local hospitality industry. The revenues come from Restaurant Food Tax (0.5% of 5.5% local tax) and Hotel Room Taxes (1% of 8% local tax) along with Charges for Services. Charges for Services include Food Revenue, Beverage Revenue, Sale of Services, Rent of Conference Center, Admission Fees, and Service Fees. Revenues from Hotel Room Taxes (\$1/room-night) are used to support the Tourism program, which is organizationally part of the Fund, but separate from the Conference Center facility operations. Conference Center operations are managed and staffed by a private entity, Venuworks of Chesapeake LLC, under a contract with the City beginning April 2014.



CHESAPEAKE CHESAPEAKE CONFERENCE CENTER FUND - 206 REVENUES

<u>Source</u>	<u>FY-15</u>	<u>FY-16</u>	<u>FY-17</u>	<u>Percent Change</u>
	<u>Actual</u>	<u>Budget</u>	<u>Estimated</u>	
Other Local Taxes	\$ 3,636,643	\$ 3,615,000	\$ 3,891,200	7.6%
Interest & Rents	\$ 191,836	\$ 235,719	\$ 261,600	11.0%
Service Charges	\$ 110,512	\$ 59,184	\$ 125,000	111.2%
Miscellaneous	\$ 1,144,633	\$ 1,344,143	\$ 1,502,600	11.8%
Recovered Costs & Rebates	\$ 27,117	\$ 8,495	\$ (8,465)	-199.6%
Local Revenues	\$ 5,110,742	\$ 5,262,541	\$ 5,771,935	9.7%
Fund 206 Total	\$ 5,110,742	\$ 5,262,541	\$ 5,771,935	9.7%
New Revenue		\$ 151,799	\$ 509,394	
Percent of Prior Year		3.0%	9.7%	

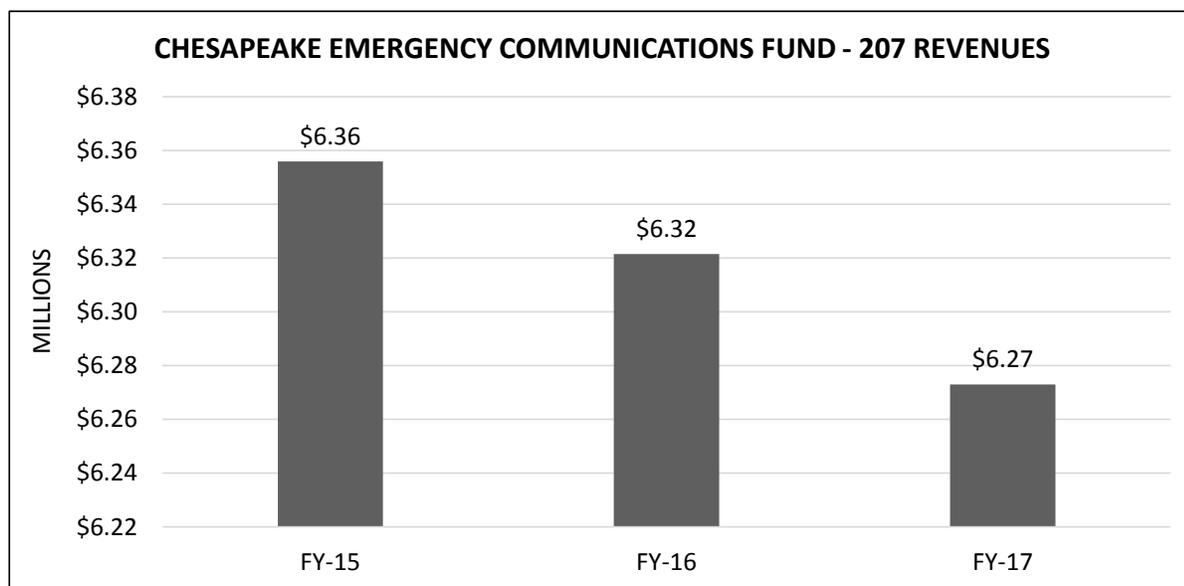
REVENUE BUDGET

DESCRIPTION OF FUNDS

Emergency Communications Fund - 207

The Emergency Communications Fund was established in FY04 to account for revenues and expenditures related to operation of the Emergency Operations Center (EOC). These activities were previously budgeted under the General Fund. The principal revenues in this fund were Wireless E911 Funding from the State and the local E-911 telephone tax, supplemented by an annual budget transfer from the General Fund.

The Telecommunications Tax Reform Act HB568 eliminated the local E-911 telephone tax by consolidating and standardizing communications taxes and rates, centralizing collections in the Virginia Department of Taxation, and sharing proceeds among localities after deducting administrative and program expenses beginning January 2007. Until FY11, the new tax was posted entirely to the General Fund and the local E-911 tax revenue was supplanted by an increased transfer from the General Fund. Starting in FY2011, new accounting rules required the transfer of telecommunications taxes from the General Fund to be reported as "committed" or "reserved" revenues.



CHESAPEAKE EMERGENCY COMMUNICATIONS FUND - 207 REVENUES

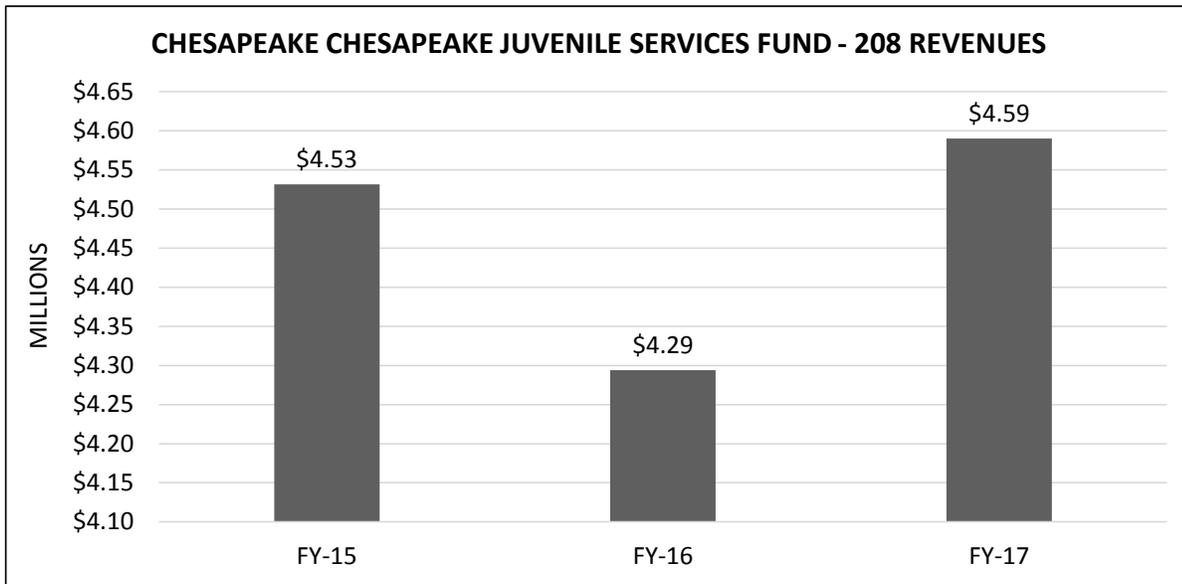
<u>Source</u>	<u>FY-15</u>	<u>FY-16</u>	<u>FY-17</u>	<u>Percent Change</u>
	<u>Actual</u>	<u>Budget</u>	<u>Estimated</u>	
Other Local Taxes	\$ 4,947,998	\$ 4,947,998	\$ 4,947,998	0.0%
Interest & Rents	\$ 8,811	\$ 0	\$ 0	0.0%
Recovered Costs & Rebates	\$ 3,440	\$ 0	\$ 0	0.0%
Local Revenues	\$ 4,960,249	\$ 4,947,998	\$ 4,947,998	0.0%
Fund 207 Total	\$ 6,355,953	\$ 6,321,569	\$ 6,272,998	-0.8%
New Revenue		\$ (34,384)	\$ (48,571)	
Percent of Prior Year		-0.5%	-0.8%	

REVENUE BUDGET

DESCRIPTION OF FUNDS

Chesapeake Juvenile Services Fund - 208

This fund was established in FY04 to account for revenues and expenditures related exclusively to operation of the Juvenile Detention Facility. These activities were previously budgeted under the General Fund. The revenues are primarily payments by other localities for juveniles served by the center and state categorical aid.



CHESAPEAKE CHESAPEAKE JUVENILE SERVICES FUND - 208 REVENUES

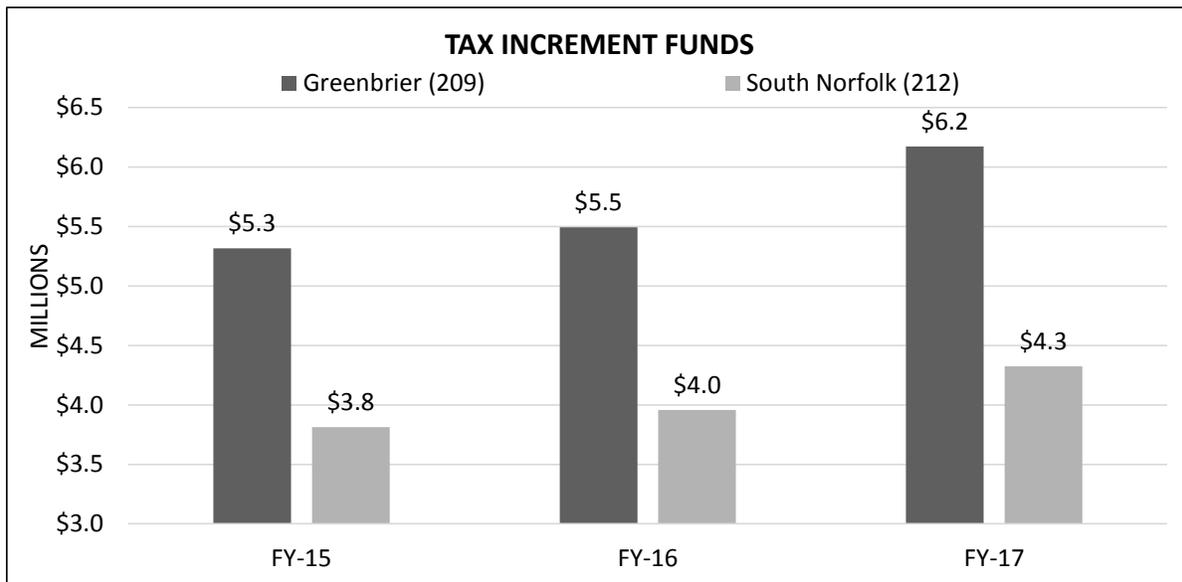
<u>Source</u>	<u>FY-15 Actual</u>	<u>FY-16 Budget</u>	<u>FY-17 Estimated</u>	<u>Percent Change</u>
Interest & Rents	\$ 4,532	\$ 0	\$ 0	0.0%
Service Charges	\$ 8,392	\$ 6,961	\$ 8,100	16.4%
Recovered Costs & Rebates	\$ 1,556,365	\$ 1,482,000	\$ 1,528,100	3.1%
Local Revenues	\$ 1,569,289	\$ 1,488,961	\$ 1,536,200	3.2%
State Categorical Aid-Other	\$ 2,962,312	\$ 2,805,072	\$ 3,053,919	8.9%
State Aid	\$ 2,962,312	\$ 2,805,072	\$ 3,053,919	8.9%
Fund 208 Total	\$ 4,531,601	\$ 4,294,033	\$ 4,590,119	6.9%
New Revenue		\$ (237,568)	\$ 296,086	
Percent of Prior Year		-5.2%	6.9%	

REVENUE BUDGET

DESCRIPTION OF FUNDS

Tax Increment Funds - 209 and 212

Fund 209 was established in FY05 to account for revenues and expenditures related to economic development activities and infrastructure improvements in the Greenbrier area. A second TIF zone located in the South Norfolk area was added to Fund 209 in FY06, and was moved to Fund 212 in FY09. Revenue is specified as real estate tax revenue from new construction and increases in assessment values within the TIF zones. Tax revenue derived from the existing assessment base at the time a TIF was established accrues to the General Fund.



GREENBRIER TAX INCREMENT FUND - 209 REVENUES

Greenbrier (209)	FY-15	FY-16	FY-17	Percent
Source	Actual	Budget	Estimated	Change
Property Taxes	\$ 5,274,315	\$ 5,491,600	\$ 6,172,600	12.4%
Interest & Rents	\$ 43,051	\$ 0	\$ 0	0.0%
Local Revenues	\$ 5,317,365	\$ 5,491,600	\$ 6,172,600	12.4%
Fund 209 Total	\$ 5,317,365	\$ 5,491,600	\$ 6,172,600	12.4%
New Revenue		\$ 174,235	\$ 681,000	
Percent of Prior Year		3.3%	12.4%	

SOUTH NORFOLK TAX INCREMENT FUND - 212 REVENUES

South Norfolk (212)	FY-15	FY-16	FY-17	Percent
Source	Actual	Budget	Estimated	Change
Property Taxes	\$ 3,794,570	\$ 3,957,700	\$ 4,323,000	9.2%
Interest & Rents	\$ 19,197	\$ 0	\$ 0	0.0%
Local Revenues	\$ 3,813,767	\$ 3,957,700	\$ 4,323,000	9.2%
Fund 212 Total	\$ 3,813,767	\$ 3,957,700	\$ 4,323,000	9.2%
New Revenue		\$ 143,933	\$ 365,300	
Percent of Prior Year		3.8%	9.2%	

REVENUE BUDGET

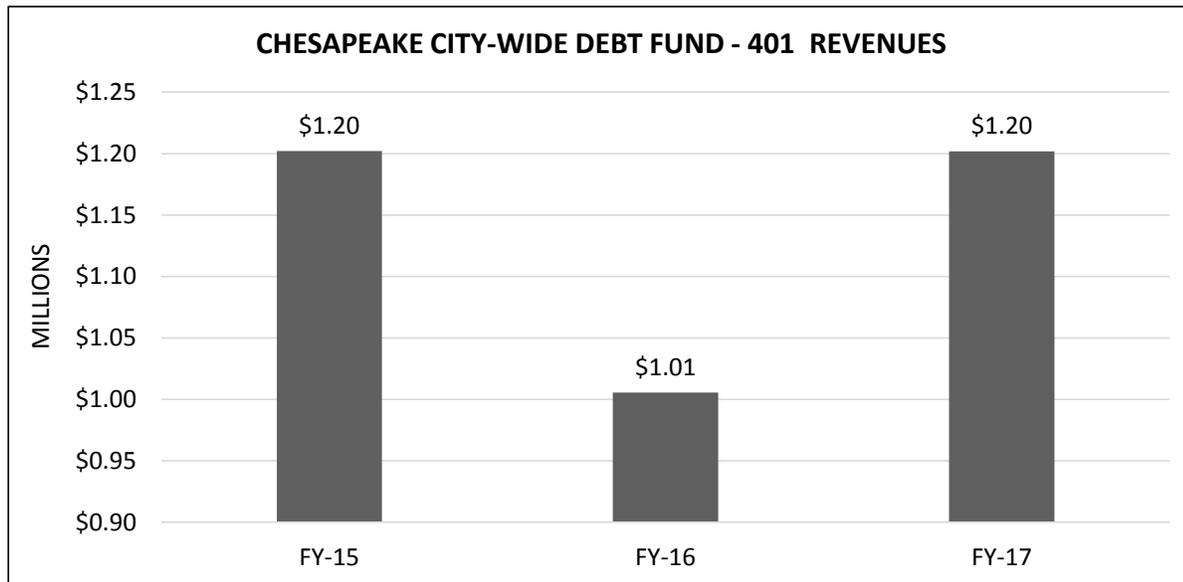
DESCRIPTION OF FUNDS

Open Space Agricultural Preservation Fund - 210

The Open Space Agricultural Preservation Fund was established to account for transactions related to the acquisition of conservation easements and other efforts to preserve open space. A specific amount (\$271,284 beginning in FY11) of General Fund real estate taxes are committed to this fund as revenues in accordance with Governmental Accounting Standards Board (GASB) Statement 54, as are any proceeds from street closure land sales.

City-Wide Debt Fund - 401

Established to service debt payments. The revenue earned in this fund would be related to interest earnings on unspent bond issues and other cash balances, as well as state payments from the Virginia Department of Corrections, and Federal interest subsidies on "Build America" bonds and qualifying school construction bonds.



CHESAPEAKE CITY-WIDE DEBT FUND - 401 REVENUES

Source	FY-15	FY-16	FY-17	Percent Change
	Actual	Budget	Estimated	
Interest & Rents	\$ 192,278	\$ 54,889	\$ 54,889	0.0%
Miscellaneous	\$ 121,384	\$ 62,171	\$ 257,051	313.5%
Local Revenues	\$ 313,663	\$ 117,060	\$ 311,940	166.5%
Federal Aid	\$ 888,431	\$ 888,431	\$ 890,012	0.2%
Fund 401 Total	\$ 1,202,094	\$ 1,005,491	\$ 1,201,952	19.5%
New Revenue		\$ (196,603)	\$ 196,461	
Percent of Prior Year		-16.4%	19.5%	

REVENUE BUDGET

DESCRIPTION OF FUNDS

ENTERPRISE FUNDS DESCRIPTIONS

The enterprise funds of the City of Chesapeake were designed to account for the revenues and expenditures of self-supporting functions that are operated by the City of Chesapeake.

Public Utilities Funds - 501 through 510

These funds account for revenues and expenditures related to the various aspect of operating the Public Utilities Department. Most of the revenues for Public Utilities are accumulated in the Utility Revenue Fund with various other funds only earning interest on their unspent cash balances. The funds include:

Utility Operating Fund - 501 where the operating expenditures of the Utilities Department are paid. Money is transferred into this fund monthly to meet operating expenses.

UTILITY OPERATING FUND - 501 REVENUES

Source	FY-15	FY-16	FY-17	Percent
	<u>Actual</u>	<u>Budget</u>	<u>Estimated</u>	<u>Change</u>
Interest & Rents	\$ 1,300	\$ 0	\$ 0	0.0%
Miscellaneous	\$ 2,250	\$ 0	\$ 0	0.0%
Recovered Costs & Rebates	\$ 326	\$ 0	\$ 0	0.0%
Local Revenues	\$ 3,876	\$ 0	\$ 0	0.0%
Fund 501 Total	\$ 3,876	\$ 0	\$ 0	0.0%

Utility Water/Sewer Construction Fund - 502 where interest is earned and expenditures are incurred for construction projects such as the upgrade to the Water Treatment Plant.

Utility Renewal and Replacement Fund- 504 where major renewal and replacement projects are funded and interest is earned on available funds.

Utility Debt Service Reserve Fund - 506 where funds are held in reserve to pay debt service, maintain bond covenants, and earn interest.

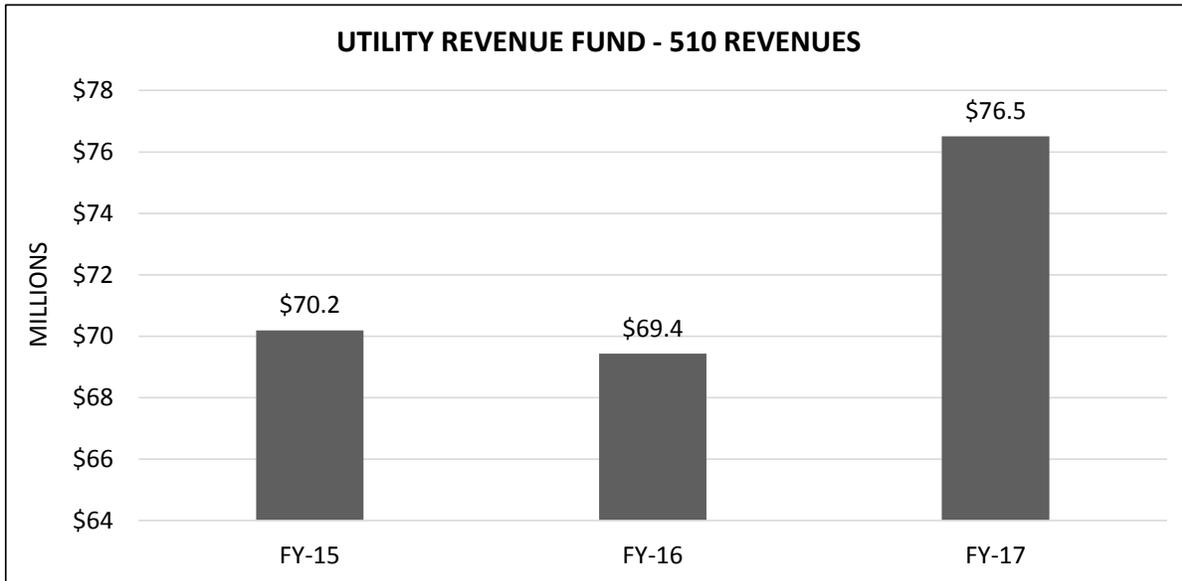
Utility Capital Improvement Fund - 507 where assets and liabilities are accumulated, debt service is paid on G.O. Bonds, and interest is earned.

Utility Revenue Bond Fund - 509 where funds are accumulated to pay debt service on Revenue Bonds issued for Public Utilities. These funds earn interest prior to distribution.

REVENUE BUDGET

DESCRIPTION OF FUNDS

Utility Revenue Fund - 510 where all of the revenues other than interest are collected for the Department of Utilities. Money is transferred out of this account monthly to fulfill the department's obligations. The primary sources of revenues include Sale of Water, Sewer Service Charge, Sewer Connection Fees, and Water Connection Fees. The department tends to project revenues conservatively. Budget includes annual water & sewer rate increases of 4.9% per year approved February 26, 2013.



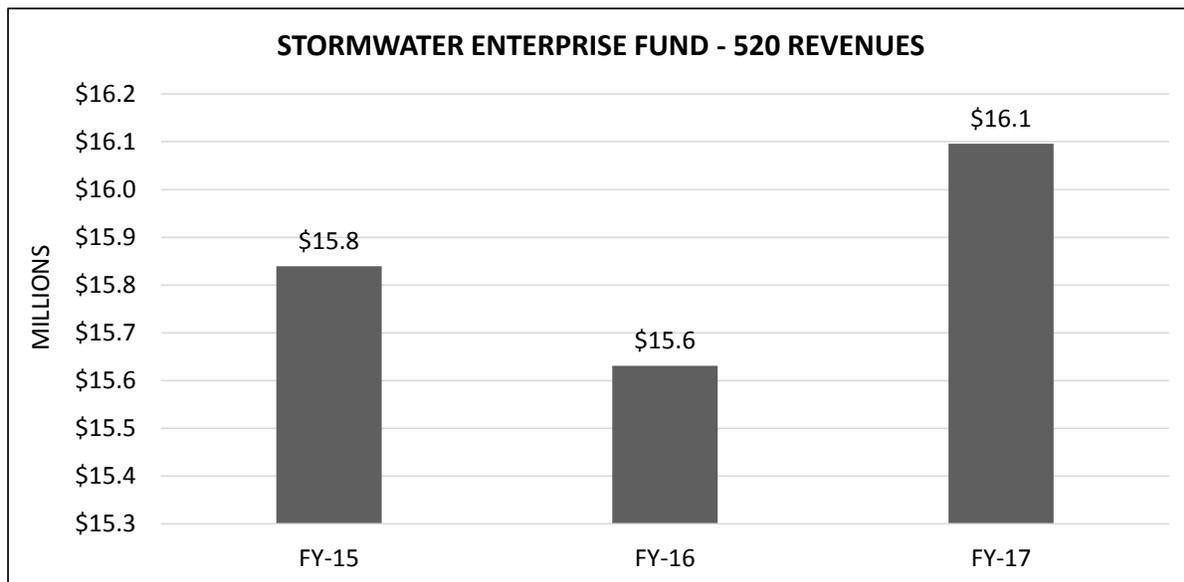
Source	FY-15	FY-16	FY-17	Percent Change
	Actual	Budget	Estimated	
Interest & Rents	\$ 1,303,319	\$ 1,303,212	\$ 1,512,320	16.0%
Service Charges	\$ 68,090,895	\$ 67,426,800	\$ 74,310,700	10.2%
Miscellaneous	\$ 188,344	\$ 50,000	\$ 81,500	63.0%
Local Revenues	\$ 69,586,464	\$ 68,780,012	\$ 75,904,520	10.4%
Federal Aid	\$ 605,166	\$ 652,820	\$ 599,991	-8.1%
Fund 510 Total	\$ 70,191,630	\$ 69,432,832	\$ 76,504,511	10.2%
New Revenue		\$ (758,798)	\$ 7,071,679	
Percent of Prior Year		-1.1%	10.2%	

REVENUE BUDGET

DESCRIPTION OF FUNDS

Stormwater Enterprise Fund - 520

This fund accounts for revenues and expenditures related to the operation of the Comprehensive Stormwater Management Program (CSMP) by the Public Works Department. The program is required under the Clean Water Act of 1987, and subsequent related State and Federal legislation, which requires cities of 100,000 or more to reduce pollution before it gets to the Chesapeake Bay. The primary source of revenue in this enterprise fund is from a Stormwater Utility Fee assessed on developed real estate. The fee is based on the "equivalent residential unit" - the amount of stormwater runoff from an average single family property. The fund also receives Interest Income on unspent cash balances along with Interest and Service Charges on delinquent Stormwater Utility Fees. The current monthly rate is \$7.35 per Residential Equivalent Unit (REU). Land Disturbance Permits have been moved from General Fund to Stormwater Fund where they are administered. The permit fees have also been modified to reflect changes in State law and regulations.



STORMWATER ENTERPRISE FUND - 520 REVENUES

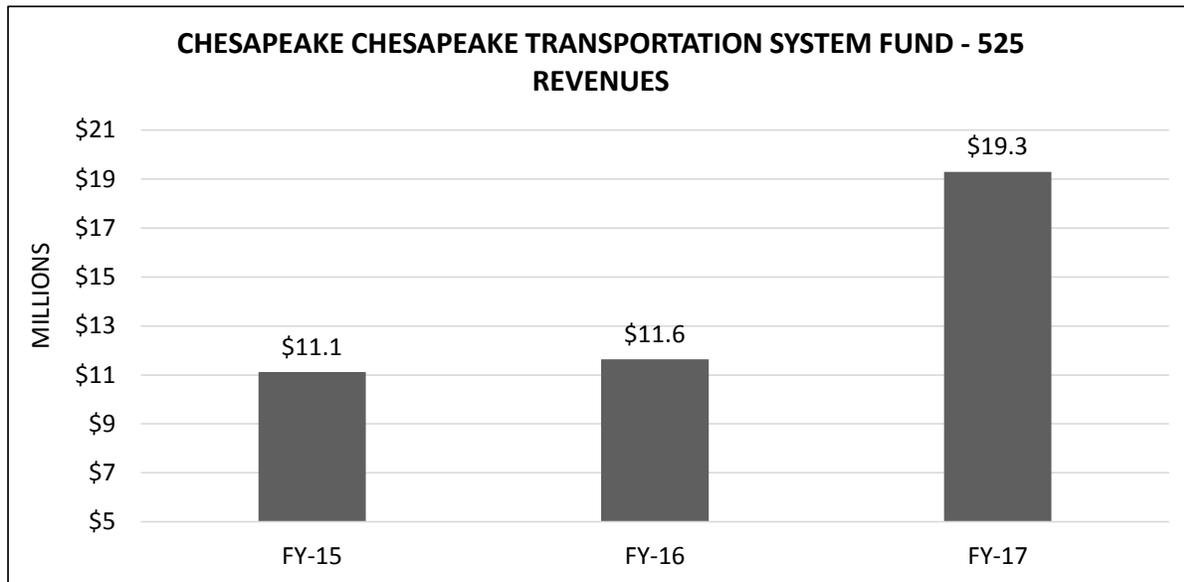
<u>Source</u>	<u>FY-15</u> <u>Actual</u>	<u>FY-16</u> <u>Budget</u>	<u>FY-17</u> <u>Estimated</u>	<u>Percent</u> <u>Change</u>
Permit Fees	\$ 303,534	\$ 100,000	\$ 216,100	116.1%
Interest & Rents	\$ 194,689	\$ 0	\$ 100,000	100.0%
Service Charges	\$ 15,313,172	\$ 15,530,700	\$ 15,779,900	1.6%
Recovered Costs & Rebates	\$ 28,136	\$ 0	\$ 0	0.0%
Local Revenues	\$ 15,839,531	\$ 15,630,700	\$ 16,096,000	3.0%
Fund 520 Total	\$ 15,839,531	\$ 15,630,700	\$ 16,096,000	3.0%
New Revenue		\$ (208,831)	\$ 465,300	
Percent of Prior Year		-1.3%	3.0%	

REVENUE BUDGET

DESCRIPTION OF FUNDS

Chesapeake Transportation System Fund - 525

Formerly the Chesapeake Expressway Fund established to account for revenues and expenditures related to the operation and debt service of Route 168, which is operated as a toll road by the Department of Public Works. The revenues in this fund come primarily from the Cash and Electronic (prepaid) Tolls. A small amount of revenue may also come from Interest, Recovered Costs and Service Charges. A toll rate increase went into effect May 1, 2011. The fund also includes a future toll road now under construction that encompasses Route 17, Dominion Boulevard, and the Steel Bridge. This road is expected to open and collect tolls in beginning FY17.



CHESAPEAKE CHESAPEAKE TRANSPORTATION SYSTEM FUND - 525 REVENUES

<u>Source</u>	<u>FY-15 Actual</u>	<u>FY-16 Budget</u>	<u>FY-17 Estimated</u>	<u>Percent Change</u>
Interest & Rents	\$ 13,316	\$ 10,000	\$ 0	-100.0%
Service Charges	\$ 11,051,934	\$ 11,614,924	\$ 19,252,600	65.8%
Recovered Costs & Rebates	\$ 49,479	\$ 10,000	\$ 36,400	264.0%
Local Revenues	\$ 11,114,729	\$ 11,634,924	\$ 19,289,000	65.8%
Fund 525 Total	\$ 11,114,729	\$ 11,634,924	\$ 19,289,000	65.8%
New Revenue		\$ 520,195	\$ 7,654,076	
Percent of Prior Year		4.7%	65.8%	

Chesapeake Transportation System Capital Funds - 526-528

These funds account for revenues and expenditures related to the various aspects of capital improvements to the Chesapeake Transportation System, principally earning interest on unspent cash balances.

REVENUE BUDGET

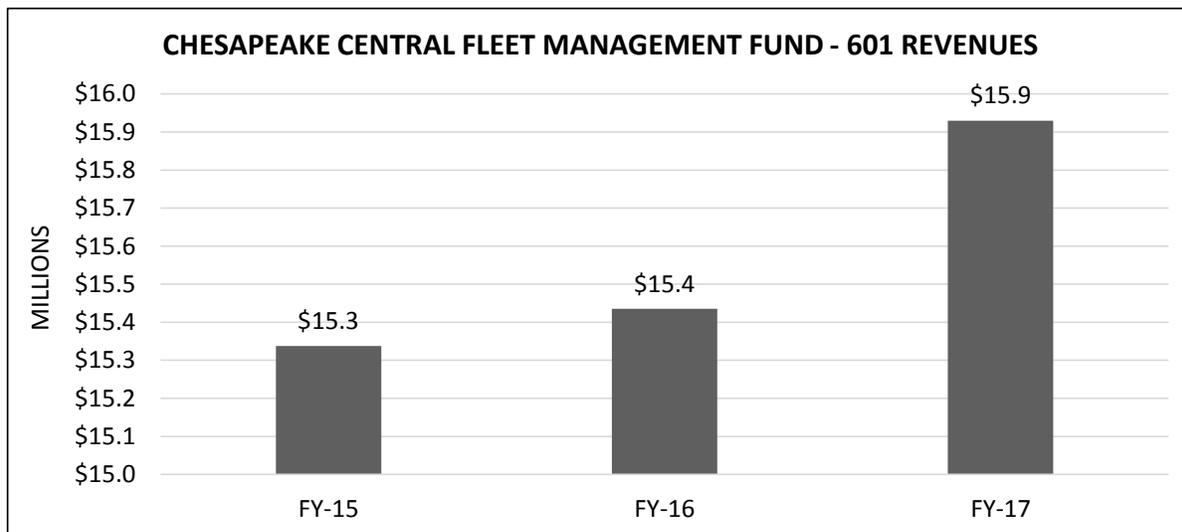
DESCRIPTION OF FUNDS

INTERNAL SERVICE FUNDS DESCRIPTIONS

The City of Chesapeake maintains three internal service funds to supply the needs of the various departments within the city. The revenues earned in each fund are related to the services that they provide to other departments and are primarily internal charges rather than true revenues. These internal service funds include:

Central Fleet Management Fund - 601

Established to account for revenues and expenditures related to the operation of the City Garage and the activities of the Sheriff's inmate work crews. The fund is used to maintain the vehicles and equipment owned by the City. Sources of revenue include vehicle lease charges to City departments and sales of fuel to Chesapeake Public Schools.



CHESAPEAKE CENTRAL FLEET MANAGEMENT FUND - 601 REVENUES

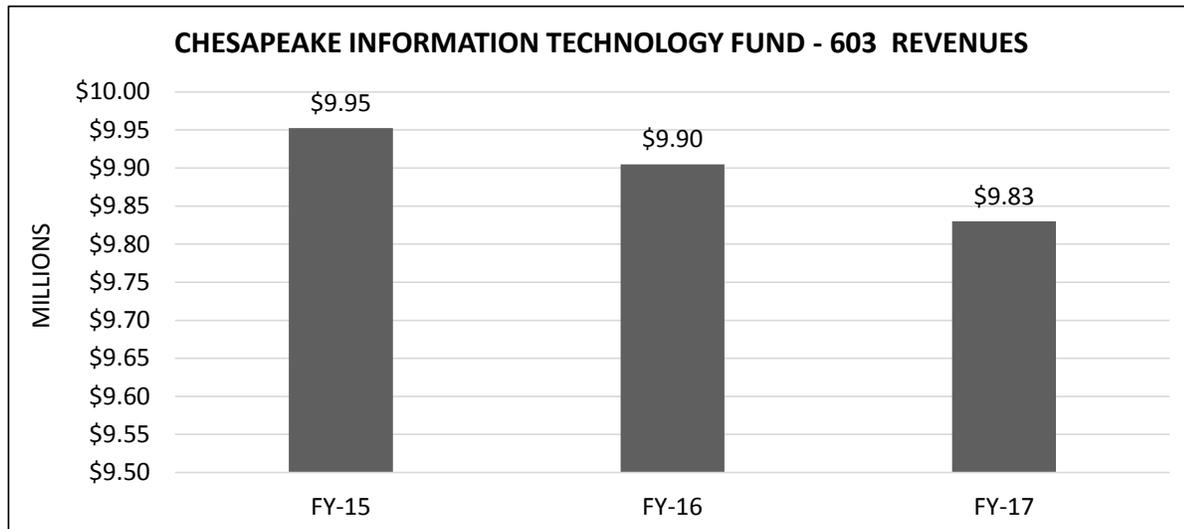
<u>Source</u>	<u>FY-15 Actual</u>	<u>FY-16 Budget</u>	<u>FY-17 Estimated</u>	<u>Percent Change</u>
Interest & Rents	\$ 361,947	\$ 0	\$ 0	0.0%
Service Charges	\$ 623,581	\$ 854,120	\$ 908,912	6.4%
Miscellaneous	\$ 14,183,671	\$ 14,581,111	\$ 15,020,854	3.0%
Recovered Costs & Rebates	\$ 168,619	\$ 0	\$ 0	0.0%
Local Revenues	\$ 15,337,819	\$ 15,435,231	\$ 15,929,766	3.2%
Fund 601 Total	\$ 15,337,819	\$ 15,435,231	\$ 15,929,766	3.2%
New Revenue		\$ 97,412	\$ 494,535	
Percent of Prior Year		0.6%	3.2%	

REVENUE BUDGET

DESCRIPTION OF FUNDS

Information Technology Fund - 603

Established to account for revenues and expenditures related to the operation of the City's Information Technology Department. The department services and maintains the City's computer and communication systems. Sources of revenue include rent of space on the City's communications tower and computer services charges to City departments and Chesapeake Public Schools.



CHESAPEAKE INFORMATION TECHNOLOGY FUND - 603 REVENUES

Source	FY-15	FY-16	FY-17	Percent Change
	Actual	Budget	Estimated	
Interest & Rents	\$ 237,850	\$ 200,000	\$ 210,000	5.0%
Miscellaneous	\$ 9,704,935	\$ 9,704,731	\$ 9,620,059	-0.9%
Recovered Costs & Rebates	\$ 9,813	\$ 0	\$ 0	0.0%
Local Revenues	\$ 9,952,598	\$ 9,904,731	\$ 9,830,059	-0.8%
Fund 603 Total	\$ 9,952,598	\$ 9,904,731	\$ 9,830,059	-0.8%
New Revenue		\$ (47,867)	\$ (74,672)	
Percent of Prior Year		-0.5%	-0.8%	

Self-Funded Health Plans Fund - 605

Established to account for revenues and expenditures related to the operation of the City's Employee Health Care Insurance Plan operations. The primary sources of revenue are health care premiums, including payments from participating internal funds and billings to current and former employees and retirees.

CHESAPEAKE SELF-FUNDED HEALTH PLANS FUND - 605 REVENUES

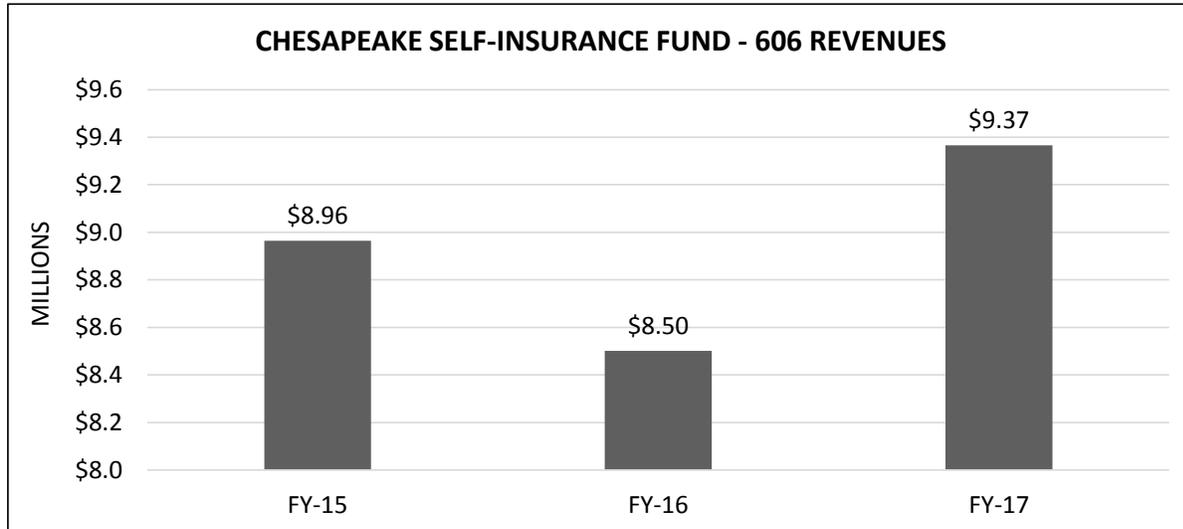
Source	FY-15	FY-16	FY-17	Percent Change
	Actual	Budget	Estimated	
Miscellaneous	\$ 0	\$ 0	\$ 34,892,450	100.0%
Recovered Costs & Rebates	\$ 0	\$ 0	\$ 33,650	100.0%
Local Revenues	\$ 0	\$ 0	\$ 34,926,100	100.0%
Fund 605 Total	\$ 0	\$ 0	\$ 34,926,100	100.0%
New Revenue		\$ 0	\$ 34,926,100	

REVENUE BUDGET

DESCRIPTION OF FUNDS

Self-Insurance Fund - 606

Established to account for revenues and expenditures related to the operation of the City's Risk Management operations. Risk Management is responsible for supplying the various insurance needs of the City. The primary source of revenue is the Sale of Service to Departments.



CHESAPEAKE SELF-INSURANCE FUND - 606 REVENUES

<u>Source</u>	<u>FY-15</u> <u>Actual</u>	<u>FY-16</u> <u>Budget</u>	<u>FY-17</u> <u>Estimated</u>	<u>Percent</u> <u>Change</u>
Interest & Rents	\$ 122,583	\$ 0	\$ 0	0.0%
Miscellaneous	\$ 7,915,854	\$ 8,501,899	\$ 9,366,167	10.2%
Recovered Costs & Rebates	\$ 925,569	\$ 0	\$ 0	0.0%
Local Revenues	\$ 8,964,006	\$ 8,501,899	\$ 9,366,167	10.2%
Fund 606 Total	\$ 8,964,006	\$ 8,501,899	\$ 9,366,167	10.2%
New Revenue		\$ (462,107)	\$ 864,268	
Percent of Prior Year		-5.2%	10.2%	

REVENUE BUDGET

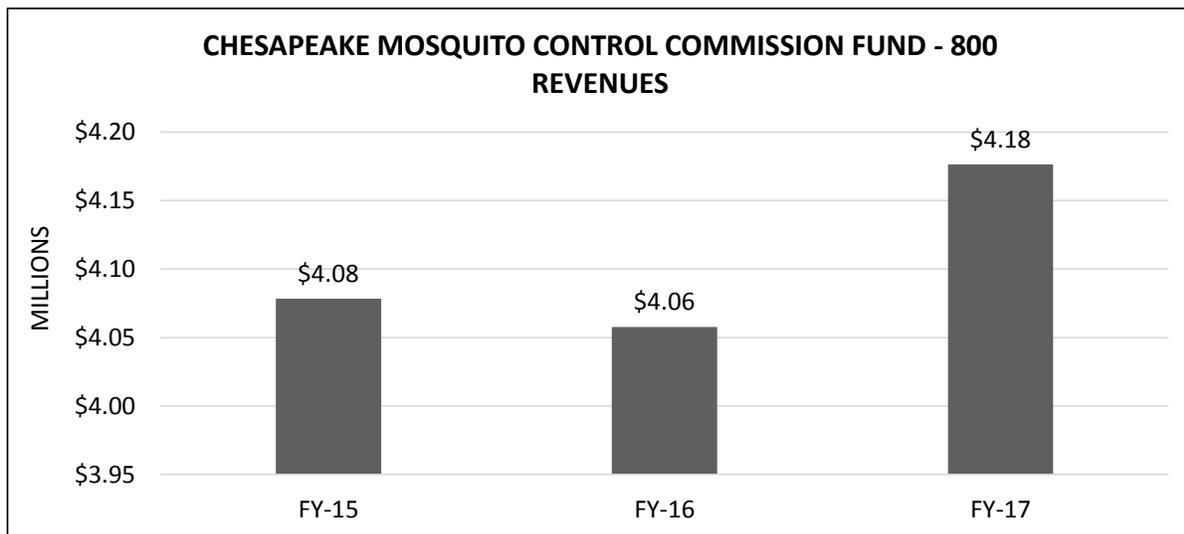
DESCRIPTION OF FUNDS

OTHER COMPONENT FUNDS DESCRIPTIONS

Other component units included in this budget document include the Mosquito Control Commission and Public Schools.

Mosquito Control Commission Fund - 800

Established to account for revenues and expenditure related to the operations of the Mosquito Control Commission of the City of Chesapeake. The primary source of revenue for the Mosquito Control Commission includes general property taxes on real estate (\$0.01/\$100), personal property (\$0.08/\$100), and public service corporation real and personal property. The Commission also receives some Interest Income on their unspent cash balances. Effective FY04, five separate district commissions were consolidated into a single fund. Effective FY09 the real estate rate was reduced from \$0.02/\$100 to \$0.01/\$100.



800

CHESAPEAKE MOSQUITO CONTROL COMMISSION FUND - 800 REVENUES

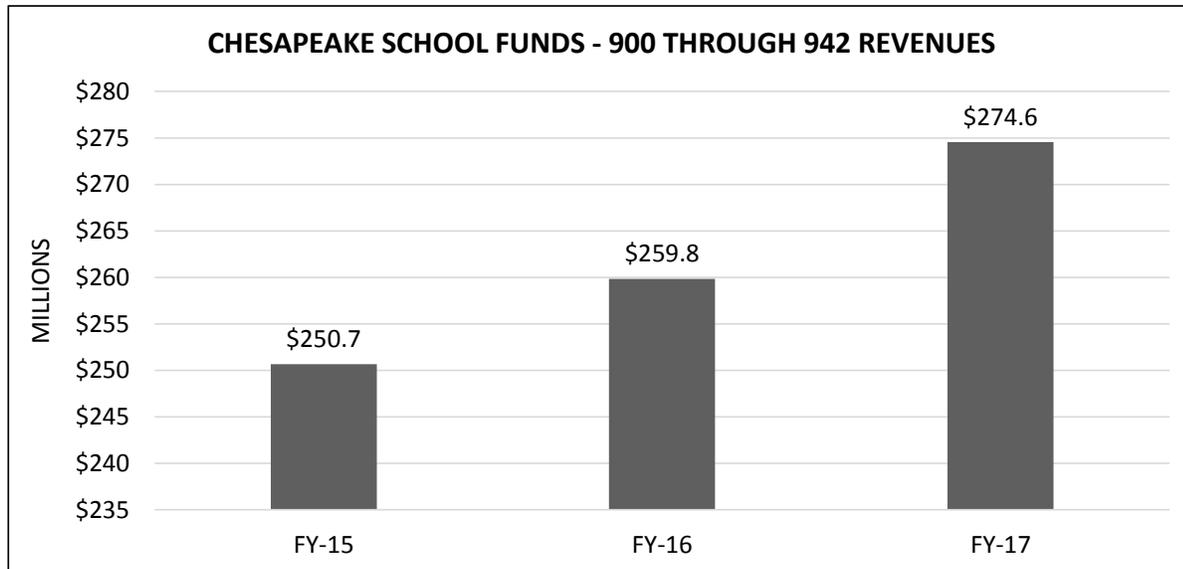
<u>Source</u>	<u>FY-15</u>	<u>FY-16</u>	<u>FY-17</u>	<u>Percent Change</u>
	<u>Actual</u>	<u>Budget</u>	<u>Estimated</u>	
Property Taxes	\$ 3,984,316	\$ 4,057,776	\$ 4,176,400	2.9%
Interest & Rents	\$ 30,548	\$ 0	\$ 0	0.0%
Miscellaneous	\$ 41,992	\$ 0	\$ 0	0.0%
Recovered Costs & Rebates	\$ 21,453	\$ 0	\$ 0	0.0%
Local Revenues	\$ 4,078,309	\$ 4,057,776	\$ 4,176,400	2.9%
Fund 800 Total	\$ 4,078,309	\$ 4,057,776	\$ 4,176,400	2.9%
New Revenue		\$ (20,533)	\$ 118,624	
Percent of Prior Year		-0.5%	2.9%	

REVENUE BUDGET

DESCRIPTION OF FUNDS

School Funds - 900 through 942

Established to account for revenues and expenditures related to the operation of the City's public school system. The revenues in these funds come primarily from State agencies for operations and Federal agencies for grants. The major revenue sources are Basic Aid, Sales Tax Revenue, and Special Education funding from the State. The School Funds also receive revenues from Grants such as National School Lunch and Breakfast Programs, and Title I and Section 611 Federal Grants, as well as from Charges for Services such as sale of meals and tuition for summer school, adult education, and driver education. The transfer from the City General Fund and support for capital expenses are not included in this chart. See Chesapeake Public School Superintendent's Proposed Budget for further details (<http://www.cpschools.com/departments/budget/index.php>).



CHESAPEAKE SCHOOL FUNDS - 900 THROUGH 942 REVENUES

<u>Source</u>	<u>FY-15 Actual</u>	<u>FY-16 Budget</u>	<u>FY-17 Estimated</u>	<u>Percent Change</u>
Public Schools Operating Fund	\$216,717,937	\$217,416,323	\$233,341,560	7.3%
Public Schools Grants Fund	\$ 21,820,729	\$ 29,592,723	\$ 27,546,542	-6.9%
Public Schools Textbook Fund	\$ 115,764	\$ 40,000	\$ 110,000	175.0%
Public Schools Food Services Fund	\$ 11,753,826	\$ 12,769,246	\$ 13,480,517	5.6%
Public Schools Cell Tower Fund	\$ 247,252	\$ 30,000	\$ 90,000	200.0%
Fund Total	\$250,655,508	\$259,848,292	\$274,568,619	5.7%
New Revenue		\$ 9,192,784	\$ 14,720,327	
Percent of Prior Year		3.7%	5.7%	

REVENUE BUDGET

DESCRIPTION OF FUNDS

Public Schools Operating Fund

This fund accounts for operating revenues of the Chesapeake Public Schools, including state and federal intergovernmental aid for K-12 education. Shown here are the revenues only.

CHESAPEAKE PUBLIC SCHOOLS OPERATING FUND REVENUES

Fund 900	FY-15	FY-16	FY-17	Percent
Source	Actual	Budget	Estimated	Change
Interest & Rents	\$ 1,008,837	\$ 1,294,000	\$ 1,294,000	0.0%
Service Charges	\$ 399,370	\$ 738,800	\$ 738,800	0.0%
Miscellaneous	\$ 1,144,771	\$ 854,135	\$ 854,135	0.0%
Local Revenues	\$ 2,552,978	\$ 2,886,935	\$ 2,886,935	0.0%
State Categorical Aid-Other	\$209,075,587	\$210,704,388	\$226,629,025	7.6%
State Aid	\$209,075,587	\$210,704,388	\$226,629,025	7.6%
Federal Aid	\$ 5,089,372	\$ 3,825,000	\$ 3,825,600	0.0%
Fund 900 Total	\$216,717,937	\$217,416,323	\$233,341,560	7.3%
New Revenue		\$ 698,386	\$ 15,925,237	
Percent of Prior Year		0.3%	7.3%	

Public Schools Grants Fund

This fund accounts for state and federal grants for K-12 education. Shown here are the revenues only.

CHESAPEAKE PUBLIC SCHOOLS GRANTS FUND REVENUES

Fund 928	FY-15	FY-16	FY-17	Percent
Source	Actual	Budget	Estimated	Change
Miscellaneous	\$ 9,687	\$ 11,000	\$ 10,000	-9.1%
Local Revenues	\$ 9,687	\$ 11,000	\$ 10,000	-9.1%
State Categorical Aid-Other	\$ 3,909,410	\$ 10,052,785	\$ 10,369,670	3.2%
State Aid	\$ 3,909,410	\$ 10,052,785	\$ 10,369,670	3.2%
Federal Aid	\$ 17,901,632	\$ 19,528,938	\$ 17,166,872	-12.1%
Fund 928 Total	\$ 21,820,729	\$ 29,592,723	\$ 27,546,542	-6.9%
New Revenue		\$ 7,771,994	\$ (2,046,181)	
Percent of Prior Year		35.6%	-6.9%	

REVENUE BUDGET

DESCRIPTION OF FUNDS

Public Schools Textbook Fund

This revenue represents operating income from textbook services, primarily sale of used textbooks and reimbursements from students for lost and damaged textbooks.

CHESAPEAKE PUBLIC SCHOOLS TEXTBOOK FUND REVENUES

Fund 940	FY-15	FY-16	FY-17	Percent
Source	Actual	Budget	Estimated	Change
Interest & Rents	\$ 19,046	\$ 35,000	\$ 0	-100.0%
Service Charges	\$ 96,718	\$ 5,000	\$ 110,000	2100.0%
Local Revenues	\$ 115,764	\$ 40,000	\$ 110,000	175.0%
Fund 940 Total	\$ 115,764	\$ 40,000	\$ 110,000	175.0%
New Revenue		\$ (75,764)	\$ 70,000	
Percent of Prior Year		-65.4%	175.0%	

Public Schools Food Services Fund

This revenue represents operating income from school cafeteria services and intergovernmental aid for school nutrition programs for eligible students.

CHESAPEAKE PUBLIC SCHOOLS FOOD SERVICES FUND REVENUES

Fund 941	FY-15	FY-16	FY-17	Percent
Source	Actual	Budget	Estimated	Change
Interest & Rents	\$ 10,314	\$ 13,400	\$ 3,000	-77.6%
Service Charges	\$ 3,833,577	\$ 4,645,846	\$ 3,154,519	-32.1%
Miscellaneous	\$ 72,383	\$ 30,000	\$ 72,000	140.0%
Local Revenues	\$ 3,916,274	\$ 4,689,246	\$ 3,229,519	-31.1%
State Categorical Aid-Other	\$ 269,120	\$ 150,000	\$ 150,000	0.0%
State Aid	\$ 269,120	\$ 150,000	\$ 150,000	0.0%
Federal Aid	\$ 7,568,432	\$ 7,930,000	\$ 10,100,998	27.4%
Fund 941 Total	\$ 11,753,826	\$ 12,769,246	\$ 13,480,517	5.6%
New Revenue		\$ 1,015,420	\$ 711,271	
Percent of Prior Year		8.6%	5.6%	

Public Schools Cell Tower Fund

This revenue represents lease income from wireless transmitter space on the Public School transmission tower.

CHESAPEAKE PUBLIC SCHOOLS CELL TOWER FUND REVENUES

Fund 942	FY-15	FY-16	FY-17	Percent
Source	Actual	Budget	Estimated	Change
Miscellaneous	\$ 247,252	\$ 30,000	\$ 90,000	200.0%
Local Revenues	\$ 247,252	\$ 30,000	\$ 90,000	200.0%
Fund 942 Total	\$ 247,252	\$ 30,000	\$ 90,000	200.0%
New Revenue		\$ (217,252)	\$ 60,000	
Percent of Prior Year		-87.9%	200.0%	