

Revenue

Summary

The City's **General Fund** is supported by four primary sources of revenue: taxes (real estate, personal property and other excise taxes), state aid, local user fees and charges, and reserve and other fund transfers. General Fund fiscal year 2012 revenues, totaling a little over \$77.3 million, are projected to increase by a little under \$2.4 million or 3.2%, from fiscal year 2011.

Local taxes fund the largest share of the City's budget (60% in FY 2012). The **Property Tax**, estimated to total \$43 million in FY2012, includes the allowable 2.5% increase (\$1,013,900) under Proposition 2½ plus estimated new construction growth of \$500,000, and the local share of debt service payments for bonds issued for the JFK Middle School, Fire Station Headquarters, and Northampton High School building projects approved by the voters as property tax **debt exclusions**. In FY2012, these debt exclusions total \$962,960, a **decrease** of \$141,463 (10.5%) from FY2011. As bonds financed by these overrides are paid off over their scheduled life, the annual amounts added to the tax levy as debt exclusions declines.

Motor vehicle excise tax collections are estimated at \$2,124,890, a slight **increase** from FY2011 of \$61,890. In FY2010 the City adopted two new local option taxes, a 2% increase in the Hotel/Motel Excise tax and a 0.75% Meals tax. These two taxes went into effect in October 2009 (FY 2010). Based upon projected collections in FY 2011 to date, the City estimates that the 6% **Hotel/Motel excise tax** revenue for FY2012 will be \$485,830 and that the **Meals tax** revenue will be \$515,560. This is a combined increase of \$152,790 (18%) over FY 2011 projections.

State Aid continues to decline. We are currently working with the budget proposed by the Governor. **State Local Aid** is projected to **decrease 1.7%** in FY2012 (\$268,084). This reduction in state aid drops the percentage of state support of our General Fund budget to 20% of the City's revenue base for FY2012.

Federal revenues support less than 1% of the City's operating budget. Medicaid reimbursements for school services provided to eligible children are estimated at \$227,704, a decrease of \$72,296 from FY2011. This estimated amount has been reduced in FY2012 due to changes in the administration of this program at the State level. We estimate that revenues under the **Medicare Part 'D'** program will total only \$50,000 in FY2012. This is a **reduction** from FY2011 due to plan design changes in the Retiree Health Insurance program offered by the City. Due to a 16% reduction in the anticipated FY 2012 **CDBG** allocation, the City is absorbing Indirect Costs related to grant activities reducing this revenue source to zero.

Revenue from all **user fees and charges** comprise 9% of operating revenues and is projected to increase by 5% over FY2011 to a little over \$7 million. **Smith Vocational out-of-district tuition receipts** and **Parking Meter Fund revenues** represent the lion's share (92%) of user charge receipts. Tuition for regular and special education students at Smith Vocational and Agricultural High School is projected to total \$5,047,300, an increase of \$244,000 from FY2011 due to an increase in tuition fees. The Parking Meter Fund, whose revenues are generated from meter receipts from the City's on and off-street parking lots and the E. John Gare Parking Garage, is used to fund 100% of the operating and capital costs of the Parking Commission and Parking Enforcement, DPW maintenance, six police officers and three police cruisers, Parking Clerk staff in the Collector's Office, and a transfer of \$35,000 in support of the Northampton Business Improvement District (NBID). Parking Meter Fund receipts in support of the General Fund and NBID are estimated to increase by \$32,605 over FY2011.

Estimated revenues from **licenses and permits** are projected at \$1,006,170, an **increase** of 1.4% from FY 2011. This small increase (\$13,895) is attributed to a projected uptick in Building and Inspections (2.5%) due to the slowly recovering economy.

Fines and forfeits revenues are projected at \$1,076,100, or 1.4% of total operating revenue, an **increase** of \$277,100 from FY2011. These include **parking violations fines** and **motor vehicle citations**. **Parking violations** revenues are estimated at \$925,000, an increase of \$300,000 (48%) due to increasing the fine amount from \$10 to \$15. **Criminal motor vehicle infractions (CMVI)** revenues are estimated at \$112,600.

Interfund operating transfers are proposed at \$5,176,302, an **increase** of \$541,462 (11.7%) over FY 2011. The largest increase in this category is for internal transfers from energy savings to fund the **ESCO Debt Service**, a new category this year to cover the \$6.5 million in energy savings projects the City has completed in the last 18 months. This debt service is guaranteed to be funded by the energy savings over the next 15 years. The **Ambulance Fund**, now in its second full year, is projected to increase \$167,600 (10.7%) over FY 2011. **Water, Sewer, and Solid Waste Enterprise Funds** reimburse the General Fund for support services and fringe benefits. This support is projected to decrease by \$84,288 over FY2011 and is due primarily to the Solid Waste Fund's Host Community Fee being reduced to zero. Dedicated **Wetlands Filing Fees** of \$6,235 and **Waterways Fund** receipts of \$3,922 as well as a projected \$8,760 in support from the Community Preservation Act funds are appropriated in the Planning Department budget to support Conservation Commission and CPA Committee activities. **Cemetery Perpetual Care Trust Funds and Sale of Lots funds** totaling \$10,000 will be used to support the operations of the DPW

Cemetery Division. The transfer in the amount of \$165,000 from the **Comcast I-Net Reimbursement Reserve** account is in support of the ten-year debt service on the new Wide-area network and telephone systems.

Investment income is estimated at \$100,000, a **decrease** of \$10,150 (-9.2%) over FY2011 due to historically low interest rates. Four years ago, investment income exceeded \$600,000. While low interest rates save on borrowing costs, they also constrain investment earnings on the City's liquid assets. The City has spearheaded an effort to regionalize **Veteran's Services** in Hampshire County. FY 2012 will see the addition of two more towns and will realize a concomitant **increase** in the assessment revenue from \$50,749 to \$97,876. Other **miscellaneous revenues** include allocations from **Smith Charities** (\$8,000) to support the Smith Vocational and Agricultural High School budget and \$122,837 from **Five Colleges, Inc.** for a partial reimbursement of the Pioneer Valley Transit Authority assessment.