

City of Galveston

Long Range Financial Forecast

Fiscal Years 2019-2023



**LONG RANGE FINANCIAL FORECAST
FY 2019-2023**

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City of Galveston

OFFICE OF THE CITY MANAGER

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June 15, 2018

Honorable Mayor James D. Yarborough and Members of Council

This is to provide you with the FY 2019-2023 Long Range Financial Forecast. The Forecast includes the General, Debt Service, a Utilities Fund consolidated to include the current Waterworks and Sewer funds, and the Convention Center Surplus Fund. The purpose is to highlight and provide information on some of the major issues that will be a part of this year's budget process. When setting the budget for next year, it is important for the City to make best strategic use of its available funds. For that reason, I urge this Forecast be used as the starting point for discussing those issues with policy makers, city staff, and elected officials.

The premise is to show the implications from using a set of baseline projections to help frame the issues for the upcoming budget and Capital Improvement Plan. The baseline projections are based upon current economic conditions and include commitments previously made in the budget process or by other action of the City Council. The FY 2019 Budget and FY 2019-2023 CIP are being prepared to address the issues and implications of the projections in the forecast.

Citywide Highlights

Major revenue sources are showing continued, steady growth. Based on preliminary information received from the Galveston County Appraisal District, values are showing little or perhaps no growth. We are preparing to address this situation while maintaining basic service levels and keeping the Capital Improvement Plan on schedule. This is proposed to be accomplished through a different temporary use of the Infrastructure and Debt Service Fund set aside that will comprise seven percent of the General Fund in FY 2019.

Employee compensation is a priority with increases for classified personnel in police and fire budgeted as outlined in the collective bargaining agreements through FY 2019. Likewise, two percent increases are budgeted for non-classified personnel citywide in FY 2019. A general allowance for annual increases of two percent for all employees' pay is included in the remaining four years of the forecast.





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This forecast presents a Combined Utility System fund that encompasses the Waterworks and Sewer System funds. This is in keeping with best practices by the cities in our area, and has the support of the city's external auditor and financial advisor. The forecast indicates that an overall rate adjustment in the range of four percent will be necessary to (1) fund new bonds required to keep the water and sewer CIP projects on schedule; and (2) cover the expected increase in the Gulf Coast Water Authority's cost of water paid by the City. The analysis provided includes an accounting for the estimated savings achieved by repairing the major leak discovered last November. We expect to have a full discussion of water and sewer rates and options associated with those rates at the July Council workshop.

Hotel Occupancy Tax revenues that flow or "trickle down" to the city through its Convention Center Surplus Fund are proposed to be used to operate the trolley systems, and the new Seawall police district. A newly recognized portion of the five year HOT revenue forecasts includes a \$5 million Convention Center capital improvements program that will reduce the City's "trickle down" revenue by approximately \$500,000 per year. The Convention Center Surplus Fund presents a full commitment of the city's Convention Center Surplus Fund revenues for current tourism related projects and programs.

We look forward to discussing these issues, and invite your comments, suggestions and recommendations for the FY2019 Budget and CIP. Please let me know if I can provide further information.

Brian Maxwell, City Manager



FY2019 Budget Calendar

June 15	Distribute Long Range Financial Forecast
June 21*	Discuss Long Range Financial Forecast in Council Workshop City Council priorities requested by City Manager
July 19	Distribute Proposed Capital Improvement Plan (CIP)
July 26*	Proposed CIP Council Workshop Water and sewer rates workshop
August 9*	Present Proposed FY 2019 Budget City Council adopts proposed property tax rate and calls public hearings on the property tax rate and Proposed Budget
August 23*	Budget and CIP Council Workshop Public Hearing on Proposed Budget Public Hearing on Tax Rate
September 13*	Council consideration of adoption of the FY 2018 Operating and Capital Public Hearing on Tax Rate Consider FY 2019 Budget adoption Consider FY 2019 CIP adoption
September 20*	Adopt FY 2019 Budget (if not yet adopted) Adopt FY 2019 CIP (if not yet adopted) Adopt Property Tax Rate.

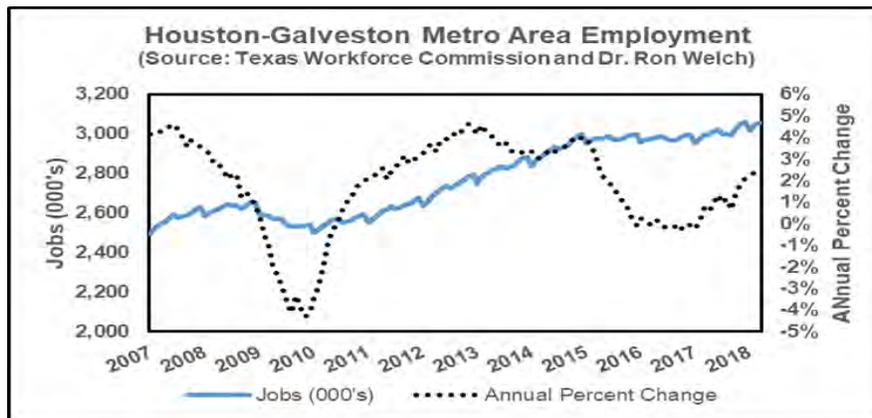
*City Council meeting dates.

FY 2019-2023 LONG RANGE FINANCIAL FORECAST ECONOMIC OUTLOOK AND MAJOR REVENUE FORECAST

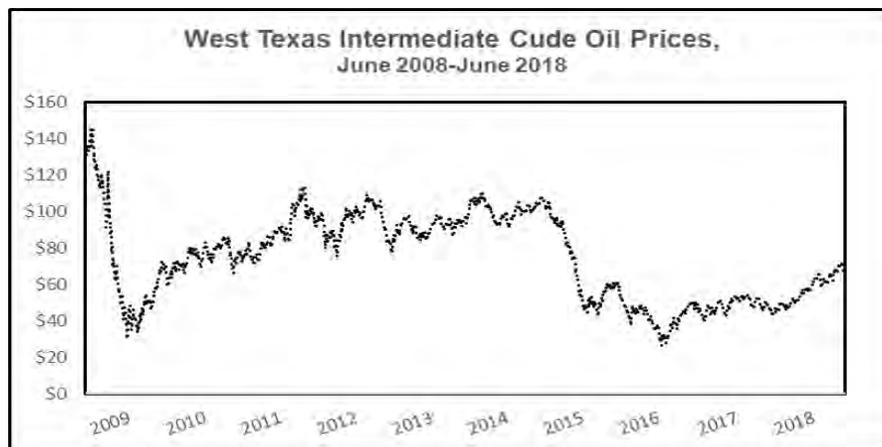
Economic Overview

Galveston is continuing to show signs of economic vibrancy that are connected with gradual regional economic improvement, continued growth in the national economy as well as expansion and improvement of the City's infrastructure and beaches. The economic growth of the region is highly dependent on energy and particularly the price of oil. Galveston's economy is heavily influenced by the region's economic health, but also has strong ties to national economic growth. These connections are based largely on Galveston's tourism industry which continues to grow.

In the last twelve years, employment in the metro area has shown strong growth overall in spite of two economic downturns in 2008-2009 and in 2015-2017. Average annual employment growth for the period shown in the graph below was 1.73 percent, which explains the long-term two percent growth trend assumptions generally used by local forecasters.

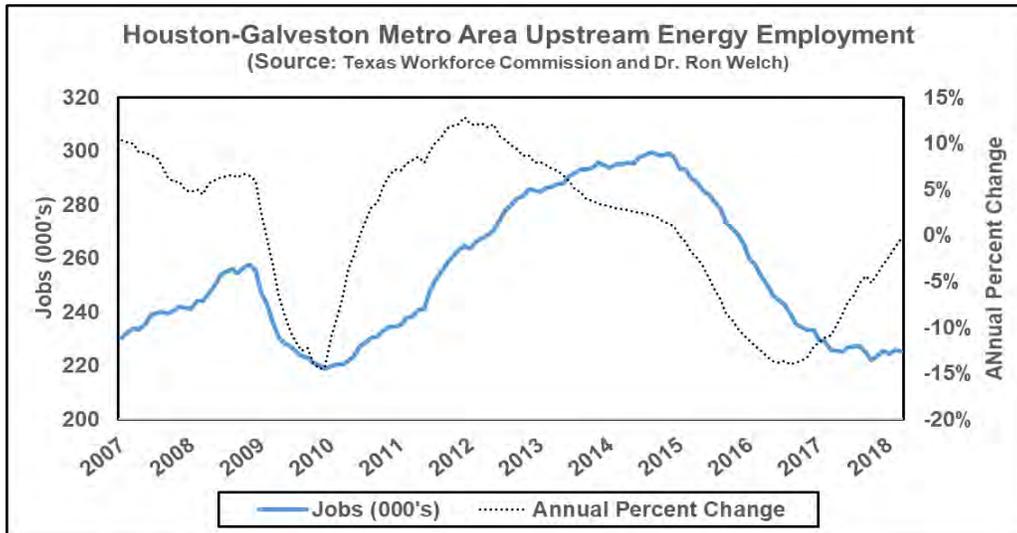


The metro area's economic growth is based largely on two factors: energy and the U.S. economy. Oil prices (West Texas Intermediate crude) have been extremely volatile over the last ten years (see below).



After dropping to the \$40 per barrel range at the start of 2009, prices recovered to a peak of \$105 per barrel in June, 2014, only to drop again. Since February 11, 2016, when a barrel was priced at

\$26.21, today's price is in the mid \$60's. Experts tell us that worldwide supply and demand drive the price, making the world economy a third major economic driver of the metro economy. The effect on upstream energy employment has been dramatic, and somewhat inconsistent.



As shown in the graph above, the high oil prices in the 2012-2015 period drove upstream energy employment growth to its peak of 300,000 jobs in November 2014. In the 2015 to 2016 period when prices were dropping, upstream energy jobs also dropped. The approximately 75,000 jobs lost since the November 2014 high have yet to begin being recovered. Today, that trend is just beginning to reverse itself with energy companies exercising much caution in the way they rebuild their workforce. Increased use of parallel drilling techniques, while much more efficient and productive are likely to slow this upstream energy employment recovery even more.

Currently, according to Dr. Robert Gilmer of the University of Houston's Institute for Regional Forecasting, the national economy is the critical source of support for the metro area's growth now. The U.S economy is expected by many forecasters (i.e. Kiplinger, The Conference Board) to grow for the near term on a "real basis" (adjusted for inflation) in the range of 2.5 to 3 percent in 2018 and 2019, largely due to the federal tax cuts and an overall healthy U.S. economy. The Congressional Budget Office's (CBO) Real Gross Domestic Product annual growth rate is a bit higher for 2018 and lower after that period. CBO's other assumptions show interest rates rising steadily and inflation remaining in the 2 to 2.5 percent range.

Dr. Gilmer is projecting a continuing regional recovery and a return to historical employment growth rates in the 2 percent range. The 2018-2019 forecast for gasoline prices is based on the Energy Information Agency's numbers. The remainder of the assumptions shown on the next page have been adopted for this forecast based on the regional and national forecasts and Galveston's own recent history. The forecast is based on a one percent annual growth rate for Galveston in terms of population and the number of water customers.

BASELINE ECONOMIC CHANGE ASSUMPTIONS

Area/Indicator	FY 2018 Est.	FY 2019 Forecast	FY 2020 Forecast	FY 2021 Forecast	FY 2022 Forecast	FY 2023 Forecast
National						
National Inflation Rate (1)	1.8%	2.2%	2.2%	2.2%	2.2%	2.2%
U.S. Real Gross Domestic Product (1)	3.3%	2.4%	1.8%	1.5%	1.6%	1.6%
Ten Year Treasury Note (1)	3.3%	3.9%	4.2%	4.2%	3.9%	3.7%
3-month Treasury Bill (1)	2.3%	3.2%	3.7%	3.7%	3.4%	3.0%
Metropolitan Area						
Employment Annual Growth Rate (2)	1.30%	1.52%	1.87%	2.20%	1.60%	1.60%
Inflation Rate (3)	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Fuel Prices (3)	15.3%	2.0%	2.0%	2.0%	2.0%	2.0%
Health Care Inflation (3)	1.9%	10.0%	8.0%	8.0%	8.0%	8.0%
City of Galveston						
Population Growth Rate (3)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Population (3)	50,497	51,002	51,512	52,027	52,547	53,073
City Water Customers Growth Rate (3)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Investment Pool Earnings Rate (3)	1.7%	2.2%	3.0%	3.3%	3.4%	3.0%
New Construction (\$Millions - Prior CalYr) (3)	\$72.6	\$75.0	\$60.0	\$60.0	\$60.0	\$60.0

SOURCES:

- (1) Congressional Budget Office, using calendar year that overlaps nine months of the City's fiscal year
- (2) Dr. Robert Gilmer, Bauer College of Business, University of Houston
- (3) U.S. Energy Information Administration for 2018-2019 and City of Galveston Finance Department thereafter.

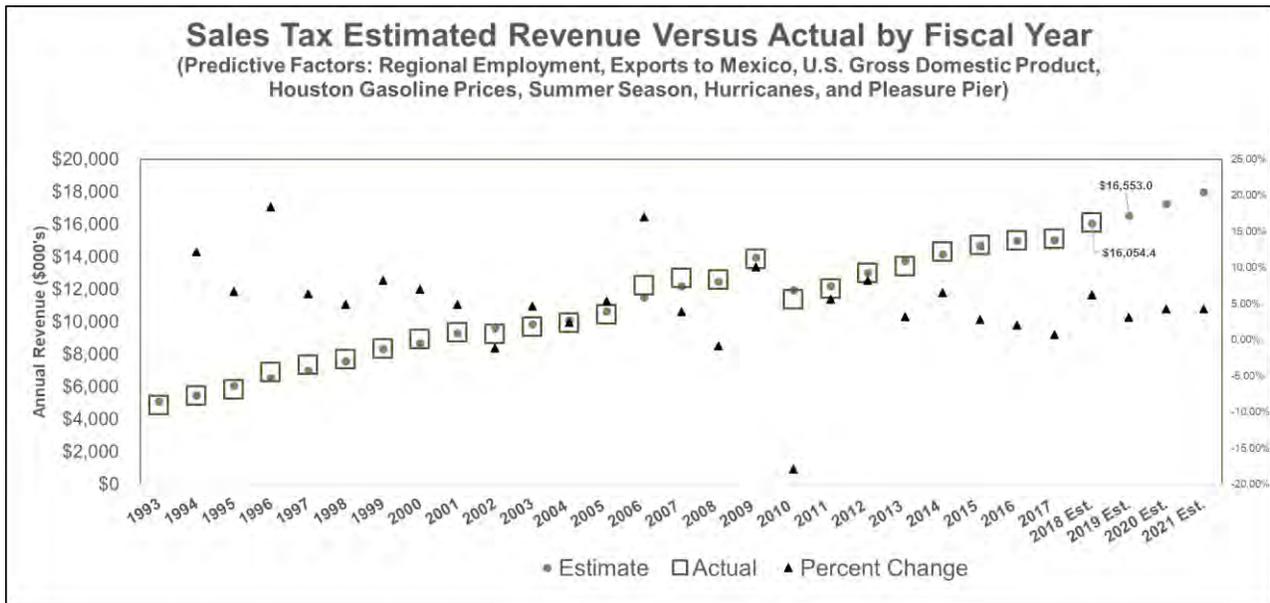
Sales tax is the primary revenue source that is impacted by regional employment and national economic trends. After three years of slow growth in FY 2015-2017, FY 2018 sales tax receipts are estimated to have grown six percent by the end of the fiscal year. This is the result of the surge in metro area jobs resulting from Hurricane Harvey and the growth in Real U.S. Gross Domestic Product.

The sales tax model used to produce the estimates above is a tool that helps to explain the economic impact on sales tax revenue through a regression model using sales tax revenue and economic variables from FY 1992 forward. Testing shows that 98.5 percent of the change in Galveston sales tax revenue is explained by the following variables adjusted as described.

- Houston Metro Area Employment – This is the total jobs for the area as reported by the Bureau of Labor Statistics (BLS) and adjusted by Dr. Ron Welch for local municipalities. The model utilizes a two quarter moving average of this series. Fully 89 percent of the variation in sales tax revenue is explained by this single economic variable.
- Houston Metro Area Gasoline Price Index – This statistical series is also maintained by the BLS as a component of the Consumer Price Index for the Houston metro area. It is lagged one quarter in the statistical model and it drives sales tax revenue higher with higher gasoline prices.
- U.S. Exports to Mexico – This is the value of exports as reported by the Federal Reserve Bank of St. Louis. The previous quarter's export values are used to explain sales tax revenues in the model.
- U.S. Real Gross Domestic Product – Also provided through the Federal Reserve Bank of St. Louis, this series is lagged three quarters and measured on a two month moving average to gauge the most effect on Galveston's revenue.
- Summer Season Adjustment Variable – Based on historical observation, this series applies weighted factors to the third (April to June) and fourth (July through September) fiscal quarters to

explain the increased revenue during tourist season. Houston area inflation is used to adjust the series over time.

- Galveston Storm Variable – Based on historical observation, this series applies weighted factors to explain the effect of Hurricane Ike on sales tax revenues immediately prior and following the storm.
- Pleasure Pier Adjustment – Based on historical observation, this series helps explain the large variation between revenue during tourist season and winter since 2012 when the venue opened.

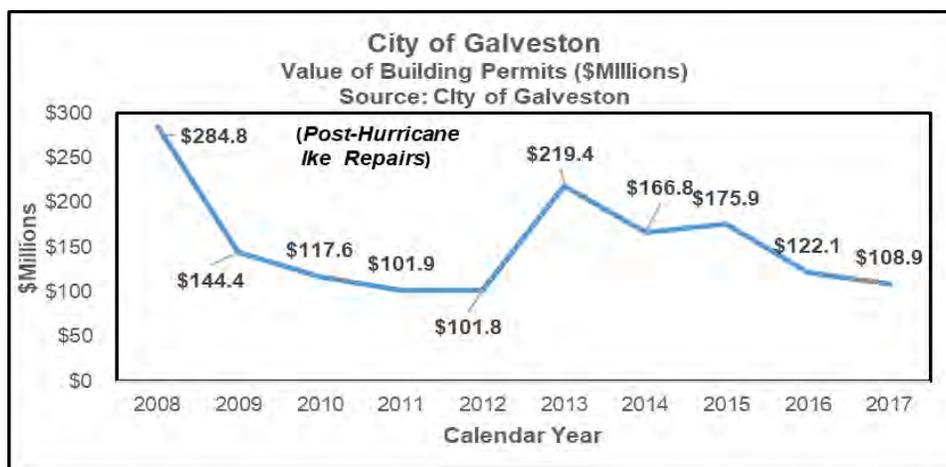


Projected sale tax revenue for the forecast period is based on slightly higher economic growth rates than seen in the 2015-2017 period based largely on the improvement in regional employment growth forecasted by Dr. Gilmer of the University of Houston.

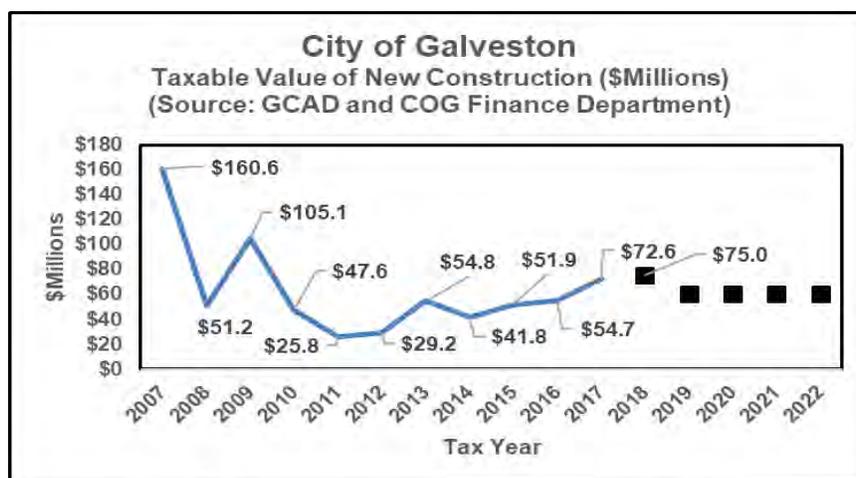
Property tax revenue is driven by taxable values which in turn are derived from updated valuations of the current property tax base by the Galveston County Appraisal District (GCAD). Changes in market value and the addition of new construction and improvements are the basis for GCAD’s valuations. Property owners of a substantial portion of properties on the tax roll appeal initial values and GCAD adjusts total value appropriately according to the results of this appeal process. GCAD also adds the value of new construction completed and/or underway as of January 1 each year. Building permits issued by the City of Galveston provide a leading indicator of the new construction value increase each year.

The tax roll is based on the value of property as of January 1 of each year. So the connection between the economy and City revenue is delayed by what amounts to two years. Using the current fiscal year as the example, here is the real estate/tax roll/fiscal year cycle:

- Economic activity (Real estate market and new construction) occurred in calendar year 2017;
 - January 1 values in 2018 form the basis for the 2018 tax roll and
 - The 2018 tax roll will be certified in late July, forming the basis for tax revenue being received between October 1, 2018 and September 30 2019, FY 2019.



While the value of building permits in total has dropped off since 2013 when it peaked at \$219.4 million, new construction related taxable value as set by GCAD (see below) has remained relatively constant. For this reason, new construction is expected to add approximately one percent to the tax roll as it has the last several years.



In most years, the total percent increase in the taxable roll is largely comprised of increases in value, whatever they happen to be in a given tax year. As of May 2018, the preliminary tax roll for Tax Year 2018/Fiscal Year 2019 is 4.4 percent higher than the current roll for Tax Year 2017/FY 2018. As the protest process moves forward, GCAD is providing updates for the outcome of the protest process.

This year's initial roll (\$6.45 billion in taxable value) is actually less than last year's initial value (\$6.50 billion), and is the smallest increase over the prior year in the twelve years shown in the chart. The increase over last year (approximately \$270 million) is primarily composed of new construction (\$75 billion estimated) and the net reduction in homestead property taxable value protected by the cap on taxable value increases (approximately \$90 million). Of the remaining increase in value, some taxable value will be lost to an increase in the number of taxpayers eligible for the tax freeze.

Approximately \$2 billion in value is currently involved in the protest process and is assumed to lose seven percent as a result of that process. This is a lower loss ratio than has been experienced in

prior years, but is not out of the ordinary for a year in which values are largely stable. The result is retention of 2.1 percent of the 4.4 percent initial increase in the overall roll.

**CITY OF GALVESTON PROPERTY TAX ROLLS
PRE-PROTEST AND FINAL TAXABLE VALUE**

Tax Year	Fiscal Year	Initial Value	Value Lost in Protests	Net taxable Value	Percent Loss in Protests	Net Increase	Initial Increase
2007	2008	\$4,173,803,003	(\$153,530,255)	\$4,020,272,748	-3.7%		
2008	2009	\$4,397,647,451	(\$90,707,745)	\$4,306,939,706	-2.1%	7.1%	9.4%
2009	2010	\$3,867,916,387	(\$172,881,661)	\$3,695,034,726	-4.5%	-14.2%	-10.2%
2010	2011	\$4,339,578,504	(\$295,077,791)	\$4,044,500,713	-6.8%	9.5%	17.4%
2011	2012	\$4,312,300,922	(\$118,014,116)	\$4,194,286,806	-2.7%	3.7%	6.6%
2012	2013	\$4,510,802,981	(\$187,955,326)	\$4,322,847,655	-4.2%	3.1%	7.5%
2013	2014	\$4,686,443,571	(\$151,378,426)	\$4,535,065,145	-3.2%	4.9%	8.4%
2014	2015	\$4,901,091,851	(\$138,178,611)	\$4,762,913,240	-2.8%	5.0%	8.1%
2015	2016	\$5,484,694,099	(\$189,588,687)	\$5,295,105,412	-3.5%	11.2%	15.2%
2016	2017	\$6,160,829,855	(\$315,289,572)	\$5,845,540,283	-5.1%	10.4%	16.3%
2017	2018	\$6,498,782,493	(\$322,149,985)	\$6,176,632,508	-5.0%	5.7%	11.2%
2018	2019	<i>\$6,446,502,802</i>	<i>(\$141,823,000)</i>	<i>\$6,304,679,802</i>	-2.2%	2.1%	4.4%

Estimates shown in bold and italics

Because of recent years' experience with significant net increases in the tax roll, the forecast is based on a 2.1 percent increase in taxable value for each fiscal year after FY 2018. As you can see from the table above, this is a conservative assumption in all but the most unusual of years.

The chart on the next page illustrates the effect of the projected tax roll on FY 2019 property tax revenue. At the current tax rate allocation, and using a 98.3 percent collection rate, the General Fund would realize about \$194,000 in revenue growth over FY 2018. Combined with other revenues, the total increase in General Fund revenues would not be sufficient to cover mandatory cost increases in FY 2019. For reasons to be discussed in the next chapter, an alternate scenario is presented here that holds the overall tax rate constant, but reduces the portion of the tax rate allocated to debt service from \$0.07 to \$0.05 per \$100 of taxable value.

The approximately \$1.1 million difference required to pay anticipated General Obligation bond debt service in FY 2019 would then be made up with either (1) a transfer from the Infrastructure and Debt Service Fund to the Debt Service Fund itself, (2) a reduction in departmental expenditures and/or (3) a combination of the two. A four percent annual average growth rate in taxable property value is assumed for the FY 2020-2023 period. This would enable the change in the composition of the property tax rate to be restored one-half cent per fiscal year, reaching \$0.07 for debt service in FY 2023. This is discussed in greater detail in the next two chapters of the Forecast.

Charter Property Tax Cap

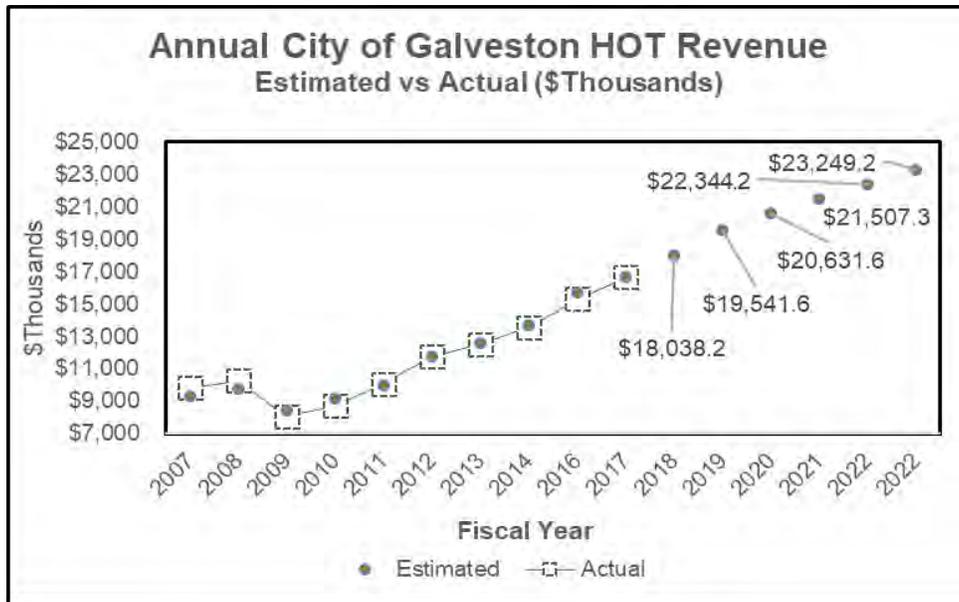
The Forecast does not propose or contemplate any increase in the overall property tax rate. But it is important to understand how it is derived. Article VIII Section 2 provides for a seventy cent total tax rate per \$100 of taxable value. Article VIII Section 2(b) also provides that one half of one percent of the two percent sales tax rate goes to reduce the effective property tax rate that can be set by City Council. This is approximately \$5 million that in any given year reduces the \$0.70 property tax rate cap by approximately 9.5 to 11.8 cents. Years in which the sales tax grows faster than the tax roll, the reduction is greater. Using this year's adjustment (\$0.095), the cap is \$0.605 per \$100 of taxable

value. This is \$0.044 greater than the current \$0.561 tax rate. This leaves an additional \$2.59 million available in property tax revenue if the City chose to raise the total rate to the charter cap. Of course, existing State restrictions regarding the rollback and effective rates would apply.

**PROPERTY TAX ROLL PRELIMINARY ESTIMATES
JUNE 2018 (FOR BUDGETARY PLANNING PURPOSES ONLY)**

DESCRIPTION	FY15 ACTUAL	FY16 ACTUAL	FY17 ACTUAL	FY18 BUDGETED	FY18 EST MAY	FY19 EST MAY CURRENT RATE	FY19 EST MAY ADJUSTED RATE
NET PROPERTY TAX LEVY							
Total Taxable Value (\$millions)	\$4,755.6	\$5,297.6	\$5,845.5	\$6,201.3	\$6,176.6	\$6,300.0	\$6,300.0
Less TIRZ	(\$380.6)	(\$247.4)	(\$300.8)	(\$309.0)	(\$304.8)	(\$323.8)	(\$323.8)
Less 60% MUD Value	(\$35.5)	(\$49.0)	(\$57.7)	(\$55.3)	(\$62.9)	(\$64.3)	(\$64.3)
Net Taxable Value	\$4,339.5	\$5,001.2	\$5,487.1	\$5,837.0	\$5,808.8	\$5,911.9	\$5,911.9
Times Tax Rate per \$100 of Taxable Value	\$0.533890	\$0.529000	\$0.526000	\$0.561000	\$0.561000	\$0.561000	\$0.561000
Total Tax Levy (\$Thousands Revenue)	\$25,389.7	\$28,024.3	\$30,747.5	\$34,789.1	\$34,650.7	\$35,343.0	\$35,343.0
Less: Freeze Acct Total Value Revenue Equivalent (Over 65 and Disabled)	(\$2,118.7)	(\$2,344.1)	(\$2,658.9)	(\$3,432.2)	(\$3,417.9)	(\$3,806.3)	(\$3,806.3)
Plus: Freeze Acct collectible Revenue (Over 65 & Disabled)	\$1,825.3	\$1,907.4	\$2,019.2	\$2,413.4	\$2,376.2	\$2,614.9	\$2,614.9
Less: Taxes Lost to Tax Freeze	(\$293.4)	(\$436.7)	(\$639.8)	(\$1,018.8)	(\$1,041.7)	(\$1,191.4)	(\$1,191.4)
Net Current Year Tax Levy (\$000's Revenue)	\$25,096.3	\$27,587.6	\$30,107.7	\$33,770.3	\$33,609.0	\$34,151.6	\$34,151.6
Effective Taxable Value	\$4,700.6	\$5,215.0	\$5,723.9	\$6,019.7	\$5,990.9	\$6,087.6	\$6,087.6
Less TIRZ Incremental Values	(\$380.6)	(\$247.4)	(\$300.8)	(\$309.0)	(\$304.8)	(\$323.8)	(\$323.8)
Effective Taxable Value Retained by City	\$4,320.0	\$4,967.6	\$5,423.1	\$5,710.7	\$5,686.1	\$5,763.8	\$5,763.8
DISTRIBUTION OF NET LEVY (\$ THOUSANDS)							
Net Current Year Levy (\$000's)	\$25,096.3	\$27,587.6	\$30,107.7	\$33,770.3	\$33,609.0	\$34,151.6	\$34,151.6
Less TIRZ Increment	(\$2,032.0)	(\$1,308.7)	(\$1,581.9)	(\$1,733.5)	(\$1,710.0)	(\$1,816.5)	(\$1,816.5)
Net Current Year Levy Retained by the City	\$23,064.3	\$26,278.9	\$28,525.8	\$32,036.8	\$31,899.0	\$32,335.1	\$32,335.1
General Fund Share (including MUD 30) of NCL	\$18,860.4	\$21,557.1	\$23,917.4	\$25,184.2	\$25,075.6	\$25,418.4	\$26,571.2
Debt Service Share of NCL	\$2,043.6	\$2,237.7	\$1,896.7	\$3,997.5	\$3,980.3	\$4,034.7	\$2,881.9
Library Fund Share of NCL	\$2,160.0	\$2,483.8	\$2,711.6	\$2,855.4	\$2,843.0	\$2,881.9	\$2,881.9
Net Current Year Levy Retained by the City	\$23,064.0	\$26,278.6	\$28,525.7	\$32,037.1	\$31,898.9	\$32,335.0	\$32,335.0
COLLECTION OF TAXES (\$ THOUSANDS)							
Estimated/Actual Collections	FY15 ACTUAL	FY16 ACTUAL	FY17 ACTUAL	FY18 BUDGETED	FY18 EST MAY	FY19 EST MAY	FY19 EST MAY
General Fund Net Current Levy Total	\$20,466.1	\$22,439.1	\$24,954.1	\$26,648.5	\$26,464.2	\$26,771.9	\$27,905.1
General Fund Delinquent Taxes	\$337.8	\$358.9	\$289.6	\$330.0	\$330.0	\$330.0	\$330.0
General Fund Penalty & Interest	\$339.3	\$312.1	\$304.0	\$315.0	\$315.0	\$315.0	\$315.0
Less TIRZ Increment	(\$1,945.9)	(\$1,308.1)	(\$1,487.3)	(\$1,733.5)	(\$1,710.0)	(\$1,816.5)	(\$1,816.5)
Less MUD 30 Rebate	(\$186.2)	(\$258.0)	(\$297.0)	(\$310.2)	(\$353.1)	(\$360.5)	(\$360.5)
General Fund Total	\$19,011.1	\$21,544.0	\$23,763.4	\$25,249.8	\$25,046.1	\$25,239.9	\$26,373.1
Debt Service Net Current Levy Total	\$2,006.4	\$2,193.1	\$1,865.4	\$3,957.5	\$3,932.5	\$3,966.1	\$2,832.9
Debt Service Delinquent Taxes	\$39.1	\$37.2	\$30.6	\$40.0	\$35.0	\$35.0	\$35.0
Debt Service Fund Total	\$2,045.5	\$2,230.3	\$1,896.0	\$3,997.5	\$3,967.5	\$4,001.1	\$2,867.9
Library Net Current Levy Total	\$2,121.0	\$2,436.8	\$2,665.0	\$2,826.8	\$2,808.9	\$2,832.9	\$2,832.9
Library Delinquent Taxes	\$37.7	\$41.3	\$33.0	\$26.3	\$30.0	\$30.0	\$30.0
Library Fund Total	\$2,158.7	\$2,478.1	\$2,698.0	\$2,853.1	\$2,838.9	\$2,862.9	\$2,862.9
GRAND TOTAL COLLECTIONS	\$23,215.3	\$26,252.4	\$28,357.4	\$32,100.4	\$31,852.5	\$32,103.9	\$32,103.9
Estimated Current Collection Rate (of NCL)	98.0%	98.1%	97.9%	99.0%	98.8%	98.5%	98.5%
Estimated Total Collection Rate (of NCL)	101.0%	100.8%	100.1%	101.1%	100.9%	100.4%	100.4%
Tax Rate							
General Fund Operations and Maintenance	\$0.436584	\$0.433955	\$0.441025	\$0.441000	\$0.441000	\$0.441000	\$0.461000
Debt Service Fund Interest and Sinking	\$0.047306	\$0.045045	\$0.034975	\$0.070000	\$0.070000	\$0.070000	\$0.050000
Library Fund	\$0.050000	\$0.050000	\$0.050000	\$0.050000	\$0.050000	\$0.050000	\$0.050000
Total Rate	\$0.533890	\$0.529000	\$0.526000	\$0.561000	\$0.561000	\$0.561000	\$0.561000
			ESTIMATE	BUDGET	ESTIMATE	ESTIMATE	ESTIMATE
Estimated Current Taxes Collection rate	98.00%	98.10%	97.90%	99.00%	98.80%	98.30%	98.30%
TOTAL COLLECTIONS	\$25,347.4	\$27,818.5	\$30,141.7	\$34,144.1	\$33,915.6	\$34,280.9	\$34,280.9

Hotel Occupancy Tax revenue reached an all-time high in 2017 of \$16.7 million raised from the local nine percent tax rate. As is the case with Sales Tax revenue, a statistical model has been developed that explains 96.4 percent of the variation of HOT revenue on a quarterly basis.



The economic variables used in the HOT model include U.S. Real Gross Domestic Product (which serves to capture the overall health of the national economy and its effect on the tourism industry), as well as data series that capture the effect of the Pleasure Pier and Summer Season. The source of the GDP forecast is the Congressional Budget Office’s April 2018 quarterly forecast. Fiscal Year 2018 HOT revenue is projected to end the year at \$18.0 million, driven primarily by the strong U.S. economy and growth in Real GDP.

**GENERAL FUND OVERVIEW, FY 2019-2023
LONG RANGE REVENUE FORECAST (\$000's)**

Revenue Sources	FY 2018 Estimate	FY 2019 Forecast	FY 2020 Forecast	FY 2021 Forecast	FY 2022 Forecast	FY 2023 Forecast
Property Taxes	\$25,026	\$26,373	\$27,130	\$27,906	\$28,701	\$29,514
Sales Taxes	\$16,160	\$16,553	\$17,260	\$18,006	\$18,744	\$19,513
Other Taxes	\$927	\$976	\$1,016	\$1,058	\$1,101	\$1,146
Franchise Taxes	\$5,559	\$5,451	\$5,560	\$5,671	\$5,784	\$5,900
Licenses and Permits	\$1,124	\$1,170	\$1,193	\$1,217	\$1,241	\$1,266
Intragovernmental	\$2,078	\$2,205	\$2,271	\$2,339	\$2,409	\$2,481
Charges for Services	\$226	\$308	\$314	\$320	\$326	\$329
Fines and Forfeits	\$1,442	\$1,471	\$1,500	\$1,530	\$1,561	\$1,592
Investment Earnings	\$250	\$376	\$508	\$523	\$539	\$555
Miscellaneous	\$1,158	\$1,113	\$1,113	\$1,113	\$1,113	\$1,113
Total Revenue	\$53,950	\$55,996	\$57,865	\$59,683	\$61,519	\$63,409
GROWTH RATE ASSUMPTIONS						
Property Taxes		5.4%	2.9%	2.9%	2.8%	2.8%
Sales Taxes		2.4%	4.3%	4.1%	4.1%	4.1%
Mixed Drink/Other Taxes		2.6%	4.1%	4.1%	4.1%	4.1%
Franchise Taxes		0.0%	2.0%	2.0%	2.0%	2.0%
Licenses and Permits		2.0%	2.0%	2.0%	2.0%	2.0%
Intragovernmental		3.0%	3.0%	3.0%	3.0%	3.0%
Charges for Services		2.0%	2.0%	2.0%	2.0%	1.0%
Fines and Forfeits		2.0%	2.0%	2.0%	2.0%	2.0%
Investment Earnings		20.0%	35.0%	3.0%	3.0%	3.0%
Miscellaneous		0.0%	0.0%	0.0%	0.0%	0.0%

Other Taxes is primarily mixed drink taxes that grow at approximately the same rate as sales taxes. **Franchise taxes** are paid to the city by privately owned utilities, and the decline projected for FFY 2019 is due to reduced revenues from the electricity and cable TV franchise holders. **Licenses and permits** are largely comprised of building permit and inspection fees. **Intragovernmental** revenues are payments from the City's five enterprise funds for administrative support provided by the General Fund as well as payments in lieu of taxes for use of the general rights of way maintained with General Fund monies. **Charges for Service** include zoning fees and other administrative or special district fees. Fines and Forfeits include moving and parking violations as well as fines paid for violation of city ordinances collected by the Municipal Courts. This category does not include such fees that are remitted directly to the State nor special fees set aside in Special Revenue funds for court technology, security and juvenile services. **Investment Earnings** come from the interest earned by the city's investment pool based on the General Fund's share of that pool. **Miscellaneous** revenues include payments in lieu of taxes by the Port, Moody Gardens, and the convention center operator, payments for city administrative costs for TIRZ's and Waterman's PID, as well as sales proceeds from General Fund equipment.

As a general rule, other revenue sources are based on population growth (assumed to be one percent now) or their historical trends over the last ten years. **Water and Sewer revenue** collected for metered services are assumed to grow at the one percent rate.

**FY 2019-2023 LONG RANGE FINANCIAL FORECAST
GENERAL FUND SUMMARY**

General Fund Balanced Budget Overview

Total General Fund projected revenue exceeds projected expenditures in every fiscal year of the Forecast period. This is based on the proposed balancing of the General Fund budget utilizing a combination of expenditure reductions from the “base” for FY 2019 and use of Infrastructure and Debt Service fund monies to pay some portion of debt service. The latter step will enable the property tax rate to be distributed differently with a larger portion going to the General Fund.

**LONG RANGE FINANCIAL FORECAST
SUMMARY GENERAL FUND BASELINE PROJECTIONS
(\$THOUSANDS)**

	FY 2018 Estimate(1)	FY 2019 Base	FY 2019 Forecast	FY 2020 Forecast	FY 2021 Forecast	FY 2022 Forecast	FY 2023 Forecast
Beginning Balance	\$17,757	\$17,452	\$17,452	\$17,220	\$17,286	\$17,510	\$17,913
Revenue	\$53,951	\$55,785	\$55,996	\$57,865	\$59,683	\$61,519	\$63,409
Expenditures	\$53,817	\$55,685	\$55,988	\$57,799	\$59,459	\$61,115	\$62,621
Revenues Over/(Under) Expenditures	\$133	\$99	\$8	\$66	\$224	\$404	\$788
Subtotal	\$17,890	\$17,551	\$17,460	\$17,286	\$17,510	\$17,913	\$18,701
Transfer to One-Time Projects	\$439	\$235	\$240	\$0	\$0	\$0	\$0
Ending Balance	\$17,451	\$17,316	\$17,220	\$17,286	\$17,510	\$17,913	\$18,701
Policy Goal - 90 Days of Working Capital	\$13,270	\$13,731	\$13,805	\$14,252	\$14,661	\$15,070	\$15,441

(1) FY 2018 Estimate is taken from Second Quarter Budget Status Report.

FY 2019 Baseline and Forecast Changes

The FY 2019 General Fund Baseline for expenditures starts with the FY 2018 Estimate and then is adjusted to include \$1.9 million in cost increases over the FY 2018 Estimate for:

1. Net adjustments for a full year’s cost of current staffing and compensation;
2. Mandated increases in FY 2019, including Collective Bargaining Agreement compensation changes and pension fund contribution changes;
3. A reserved amount for a two percent pay increase for non-civil service personnel, and
4. The \$625,000 increase in the transfer to the Infrastructure and Debt Service Fund bringing it to seven percent of General Fund revenue.

The Proposed Budget is expected to maintain the approximately \$1 million balance in the Pension Reform Special Revenue Fund as a reserve to address the issue of police pension funding until more specifics are available, including a combination of changes in contributions as well as benefits.

The FY 2019 Forecast then includes estimated potential effects of inflation. Forecast revenue includes \$699,000 in natural net growth in non-property tax revenue, or just enough to cover the increase in the transfer to the Infrastructure and Debt Service Fund. The 2.1 percent estimated growth in taxable property value, which is pending the outcome of the value protest process, would produce approximately \$194,000 in additional General Fund revenue. Natural revenue growth, totaling \$893,000 can be viewed then as approximately half of the mandatory increases shown in the table below.

**LONG RANGE FINANCIAL FORECAST
GENERAL FUND BASELINE COSTS
CUMULATIVE CHANGE (\$000'S)**

Category	FY 2018 Budget	FY 2018 Estimate	FY 2019 Base	FY 2019 Base vs FY 2018 Estimate
Various personnel costs: Annualized cost of salary adjustments and additional positions and longevity pay	\$33,727	\$33,234	\$34,267	\$1,034
Civilians 2% COLA	\$254	\$0	\$255	\$255
Police Collective Bargaining Increases	\$37	\$37	\$261	\$225
COPS Grant Reimbursement	\$0	(\$100)	(\$350)	(\$250)
Police Overtime	\$600	\$1,235	\$970	(\$265)
Police Pension	\$1,499	\$1,680	\$1,787	\$107
Fire Collective Bargaining Increases	\$175	\$175	\$309	\$135
Fire Overtime	\$358	\$277	\$286	\$8
Fire Pension	\$1,119	\$1,262	\$1,382	\$121
Personnel Services Subtotal	37,768	37,800	39,167	\$1,368
Inflation on supplies, services and equipment	\$1,587	\$1,407	\$1,444	\$38
Electricity/Gas	\$818	\$822	\$819	(\$3)
Transit System Operations - Local match	\$800	\$800	\$580	(\$220)
Garage charges (fuel and repairs)	\$1,698	\$1,892	\$1,875	(\$17)
Contractual Services	\$4,163	\$4,136	\$3,904	(\$232)
Technology-Hardware needs and software implementation	\$1,332	\$1,332	\$1,332	\$0
Travel/Training	\$350	\$321	\$305	(\$17)
Other Charges & Services	\$888	\$522	\$781	\$259
Vehicle Capital Outlay	\$1,427	\$459	\$1,000	\$541
Capital Outlay	\$87	\$87	\$78	(\$9)
Operating Transfers	\$888	\$964	\$499	(\$464)
Non Personnel Costs Subtotal	14,039	12,742	12,618	(\$125)
Transfer to Infrastructure and Debt Service Fund	\$3,275	\$3,275	\$3,900	\$625
Total Cumulative Increase	\$55,082	\$53,817	\$55,685	\$1,868

General Fund Targets: Balancing the Budget

As in prior years, General Fund departments have been provided initial spending targets that are equal to the FY 2019 Base (FY 2018 Estimate plus mandatory increases). In addition, each department is being asked to determine how their FY 2019 Base can be reduced two percent. The budget instructions include a supplemental request form that allows each department to justify retention of the funds proposed for reduction to meet their target. The supplemental form can also be used to request funding for other high priority projects and needs. The City Manager's Office, supported by the Budget Office, will review the proposed reductions to determine their viability as well

as the possibility of reductions in other accounts. The result of this process will be the expenditures included in the Proposed Budget presented to Mayor and City Council in August by the City Manager.

GENERAL FUND BASELINE FORECAST FUND BALANCE, REVENUE AND EXPENDITURES FY 2019 - FY2023 (\$THOUSANDS)								
	FY 2018 Budget	FY 2018 Estimate	FY 2019 Base	FY 2019 Forecast	FY 2020 Forecast	FY 2021 Forecast	FY 2022 Forecast	FY 2023 Forecast
Estimated Beginning Balance	\$17,757	\$17,757	\$17,452	\$17,452	\$17,220	\$17,286	\$17,510	\$17,913
Revenue								
Property Taxes	\$25,251	\$25,026	\$26,373	\$26,373	\$27,130	\$27,906	\$28,701	\$29,514
Sales Taxes	16,160	16,160	16,553	16,553	17,260	18,006	18,744	19,513
Other Taxes	927	927	951	976	1,016	1,058	1,101	1,146
Franchise Taxes	5,643	5,559	5,451	5,451	5,560	5,671	5,784	5,900
Licenses and Permits	1,199	1,124	1,147	1,170	1,193	1,217	1,241	1,266
Intergovernmental	2,078	2,078	2,140	2,205	2,271	2,339	2,409	2,481
Charges for Services	223	226	302	308	314	320	326	329
Fines and Forfeits	1,699	1,442	1,442	1,471	1,500	1,530	1,561	1,592
Investment Earnings	250	250	313	376	508	523	539	555
Miscellaneous	1,154	1,158	1,113	1,113	1,113	1,113	1,113	1,113
Total Revenue	\$54,584	\$53,951	\$55,785	\$55,996	\$57,865	\$59,683	\$61,519	\$63,409
Expenditures by Department								
General Government	\$4,695	\$4,627	\$4,504	\$4,541	\$4,643	\$4,746	\$4,852	\$4,961
Finance	1,807	1,804	1,956	1,967	2,011	2,057	2,103	2,151
Public Safety	31,876	32,186	32,543	32,652	33,597	34,392	35,407	36,240
Public Works	3,557	3,499	3,771	3,813	3,905	3,999	4,096	4,196
Parks and Recreation	2,861	2,822	2,890	2,909	2,981	3,051	3,122	3,195
Planning & Comm. Development	2,554	2,526	2,575	2,593	2,652	2,712	2,774	2,837
Non-Departmental	7,733	6,354	7,447	7,513	8,011	8,502	8,760	9,040
Total Expenditures	\$55,082	\$53,817	\$55,685	\$55,988	\$57,799	\$59,459	\$61,115	\$62,621
Revenues Over/(Under) Expenditures	(\$498)	\$133	\$99	\$8	\$66	\$224	\$404	\$788
Subtotal	\$17,259	\$17,891	\$17,551	\$17,460	\$17,286	\$17,510	\$17,913	\$18,701
Transfer to One-Time Projects	4,674	439	235	240	0	0	0	0
Ending Balance	\$12,585	\$17,452	\$17,316	\$17,220	\$17,286	\$17,510	\$17,913	\$18,701
Policy Goal - 90 Days of Working Capital	\$13,582	\$13,270	\$13,731	\$13,805	\$14,252	\$14,661	\$15,070	\$15,441

FY 2019 Property Tax Revenue

The reductions in General Fund Departmental budgets that are the result of the target review process are expected to bring General Fund expenditures below the \$55.7 million level shown above. The chart above essentially shows a worst case scenario in which no such reductions are possible, and additional revenue is needed. This scenario utilizes an adjustment in the composition of the total current property tax rate to provide this added revenue (shown below). While the final property tax roll presented to the City in late July by the Galveston County Appraisal District cannot be predicted with certainty, it is likely that taxable property value will grow only slightly if at all. Therefore, the FY 2019 Forecast shown above adjusts property tax revenue as shown in the table below:

Property Tax Revenue Allocation Categories	Current Rate Distribution (per \$100 of Taxable Value)	Assumed Rate Distribution	Increase/ (Decrease) in Rate	Increase/ (Decrease) in Revenue (\$000's)
General Fund Operations and Maintenance	\$0.441	\$0.461	\$0.020	\$1,133.2
Debt Service Fund Interest and Sinking	\$0.070	\$0.050	(\$0.020)	(\$1,133.2)
Library Fund	\$0.050	\$0.050	\$0.000	\$0.0
Total Property Tax Rate	\$0.561	\$0.561	\$0.000	\$0.0

The result of this adjustment, reflected in the FY 2019 General Fund Forecast Summary, includes a 5.3 percent increase in property tax revenue, or \$2.33 million. This includes 0.8 percent or \$194,000 from what is assumed to be the General Fund's share of growth in taxable value, and 4.5 percent or \$1,133,000 from the redistribution of the property tax rate as shown in the table above. This is the most net revenue that would be needed if no target reductions could be achieved, and all inflationary increases would be needed.

Reducing the property tax revenue in the Debt Service Fund in FY 2019 would require a larger transfer from the Infrastructure and Debt Service Fund to the Debt Service Fund than originally planned. (Note: Last year's forecast assumed that \$967,000 would be needed from the Infrastructure and Debt Service Fund in FY 2019's Debt Service Fund. See the Debt Service Fund chapter for the specifics.) The baseline forecast for the General Fund and Debt Service Fund assumes that the two cent change in the M&O and debt service tax rates would be reversed one-half cent a year until the current rates were restored in FY 2023.

**LONG RANGE FINANCIAL FORECAST
GENERAL FUND BASELINE COSTS
CUMULATIVE CHANGE (\$000'S) FROM FY 2018 BUDGET**

Category	FY 2019 Forecast	FY 2020 Forecast	FY 2021 Forecast	FY 2022 Forecast	FY 2023 Forecast
Inflation/Growth from FY 2018 Budget					
Allowance for Employee Raises (2 percent)	\$845	\$1,708	\$2,594	\$3,504	\$4,439
Various costs: Annualized cost of salary adjustments and additional positions and longevity pay	\$591	\$492	\$378	\$256	\$125
Overtime cost and related fringe benefit cost	\$362	\$392	\$423	\$455	\$487
Grant reimbursements	(\$470)	(\$362)	(\$404)	(\$247)	(\$291)
Health insurance, life insurance, and workers compensation	\$96	\$274	\$461	\$657	\$859
Personnel Services Subtotal	\$1,424	\$2,504	\$3,452	\$4,625	\$5,620
Inflation on supplies, services and equipment	(\$111)	(\$79)	(\$45)	(\$11)	\$23
Electricity/Natural Gas	\$19	\$37	\$56	\$75	\$95
Transit System Operations - Local match	(\$207)	(\$194)	(\$181)	(\$167)	(\$153)
Justice Center - Jail expenses	\$7	\$11	\$16	\$20	\$25
Garage charges (fuel and repairs)	\$219	\$261	\$304	\$348	\$393
Contractual Services	(\$225)	(\$141)	(\$55)	\$78	\$220
Technology-Hardware needs and software implementation	\$29	\$59	\$90	\$121	\$153
Other Charges & Services	(\$84)	(\$55)	(\$25)	\$5	\$36
Vehicle Capital Outlay	(\$405)	(\$677)	(\$383)	(\$360)	(\$336)
Capital Outlay	(\$7)	(\$6)	(\$4)	(\$2)	(\$0)
Operating Transfers	(\$378)	(\$376)	(\$364)	(\$362)	(\$351)
Non Personnel Costs Subtotal	(\$1,144)	(\$1,159)	(\$592)	(\$256)	\$104
Transfer to Capital Improvement and/or Debt Service Account	\$625	\$1,354	\$1,500	\$1,647	\$1,798
Total Cumulative Increase	\$906	\$2,699	\$4,359	\$6,016	\$7,521

Baseline Cost Growth

The chart above captures the cumulative change in baseline costs built into the Forecast. Using the FY 2018 Budget as the starting point, by FY 2023, a total of \$7.5 million in expenditures is estimated to have been added to the General Fund budget. Over the next two fiscal years, the transfer to the Infrastructure and Debt Service Fund will add \$1.35 Million to the General Fund Budget which is half of the total overall increase of \$2.7 million in the Fund for that period. Beginning in FY 2021, the transfer to the Infrastructure and Debt Service Fund will be maintained at 8 percent of what is expected to be a growing General Fund budget. But this annual growth will require much less in the way of available revenue growth annually. The forecast assumes constant staffing, and the 2.9 percent annual increase in the General Fund's share of property tax revenue as mentioned previously.

Over the five year period ending in FY 2023, the largest increase in annual General Fund expenses as compared with FY 2018 is in the pay increase category, a total of \$4.4 million. This includes increases already approved for FY 2019 and a general two percent pay allowance for employees for the balance of the forecast period. The second largest cumulative increase in the annual budget for the five year period of the forecast is in the transfer to the Infrastructure and Debt Service fund. That amount will be approximately \$1.8 million higher in FY 2023 than in FY 2018 with increases beginning FY 2021 simply tracking to the proportional change in the overall General Fund Budget.

**GENERAL FUND BASELINE FORECAST
EXPENDITURES BY DEPARTMENT
FY 2019 - FY2023 (\$THOUSANDS)**

	FY 2018 Budget	FY 2018 Estimate	FY 2019 Base	FY 2019 Forecast	FY 2020 Forecast	FY 2021 Forecast	FY 2022 Forecast	FY 2023 Forecast
General Government								
City Secretary	\$547	\$532	\$532	\$536	\$548	\$561	\$573	\$586
Elections	70	70	68	69	71	73	74	76
Municipal Court	760	755	755	763	781	799	817	837
City Manager	762	760	811	815	833	851	869	888
City Auditor	279	275	279	280	286	292	299	305
Legal	920	914	927	931	952	973	995	1,018
Human Resources	558	521	552	554	566	579	592	605
Transportation	800	800	580	593	606	619	633	647
Subtotal - General Government	\$4,695	\$4,627	\$4,504	\$4,541	\$4,643	\$4,746	\$4,852	\$4,961
Finance								
Administration	\$295	\$294	\$378	\$381	\$389	\$398	\$406	\$415
Accounting	948	941	966	972	994	1,017	1,041	1,065
Purchasing	272	271	245	246	252	257	263	270
Budget	293	297	367	368	376	384	393	402
Subtotal - Finance	\$1,807	\$1,804	\$1,956	\$1,967	\$2,011	\$2,057	\$2,103	\$2,151
Public Safety								
Police	\$19,824	\$19,985	\$20,186	\$20,248	\$20,881	\$21,374	\$22,079	\$22,594
Fire	11,180	11,318	11,446	11,477	11,752	12,033	12,321	12,616
Emergency Management	250	261	288	291	297	304	311	318
Emergency Medical Service	566	566	566	579	592	605	618	632
City Marshal	56	57	57	57	58	59	60	62
Subtotal - Public Safety	\$31,876	\$32,186	\$32,543	\$32,651	\$33,579	\$34,374	\$35,389	\$36,222
Public Works								
Streets	\$1,418	\$1,477	\$1,688	\$1,694	\$1,738	\$1,783	\$1,829	\$1,876
Traffic	2,139	2,022	2,082	2,118	2,167	2,217	2,268	2,320
Subtotal - Public Works	\$3,557	\$3,499	\$3,771	\$3,813	\$3,905	\$3,999	\$4,096	\$4,196
Parks and Recreation								
Administration	\$865	\$872	\$883	\$889	\$911	\$931	\$952	\$974
Parks and Parkways	1,996	1,950	2,007	2,020	2,070	2,119	2,170	2,222
Subtotal - Parks and Recreation	\$2,861	\$2,822	\$2,890	\$2,909	\$2,981	\$3,051	\$3,122	\$3,195
Developmental Services								
Planning	\$1,174	\$1,153	\$1,148	\$1,161	\$1,187	\$1,213	\$1,240	\$1,268
Code Enforcement	764	748	753	758	776	793	812	830
Building Inspection	617	625	673	674	690	706	722	739
Subtotal - Developmental Services	\$2,554	\$2,526	\$2,575	\$2,593	\$2,652	\$2,712	\$2,774	\$2,837
Non-Departmental/Central Accounts								
Civilian COLA	\$254	\$0	\$255	\$255	\$260	\$265	\$271	\$276
Vehicle Purchases	\$1,427	\$709	\$1,000	\$1,022	\$750	\$1,044	\$1,067	\$1,091
Governmental Expenditures	\$357	\$276	\$265	\$271	\$277	\$283	\$290	\$296
Facility Maintenance	\$1,610	\$1,608	\$1,610	\$1,639	\$1,669	\$1,700	\$1,776	\$1,860
Transfer to Separation Pay Fund	\$416	\$416	\$416	\$425	\$425	\$435	\$435	\$444
Pension setaside	\$393	\$69	\$0	\$0	\$0	\$0	\$0	\$0
Transfer to Infrastructure and/or Debt Service	\$3,275	\$3,275	\$3,900	\$3,900	\$4,629	\$4,775	\$4,922	\$5,073
Subtotal - Non-Departmental	\$7,733	\$6,354	\$7,447	\$7,513	\$8,011	\$8,502	\$8,760	\$9,040
Total General Fund	\$55,082	\$53,817	\$55,685	\$55,988	\$57,782	\$59,441	\$61,097	\$62,603

**FY 2019-2023 LONG RANGE FINANCIAL PLAN
GENERAL DEBT SERVICE FUND**

Overview of Assumptions

The General Debt Service Fund is the depository of property tax revenue collected to make all payments of principal and interest for purely property tax supported bonds. The Fund also includes as revenue transfers from the Infrastructure and Debt Service Fund to be used for tax supported debt service payments as required to stabilize property tax rates. The Infrastructure and Debt Service Fund transfer amounts incorporated in the forecast below are based on a sufficient portion of each year's set aside of General Fund revenue to meet the goal of completing all projects in five years.

The property tax rate dedicated to the payment of debt service is assumed to begin the period at \$0.05 per \$100 of taxable value, two cents less than in FY 2018. As discussed in the General Fund Forecast, this "worst case scenario" compensates for what is expected to be the lack of normal growth in this year's property tax roll. It is expected to be addressed in part by reduced General Fund spending that is not a part of this forecast but is expected to be a part of the Proposed Budget.

**GENERAL DEBT SERVICE FORECAST
FY 2018-2023 (\$THOUSANDS)**

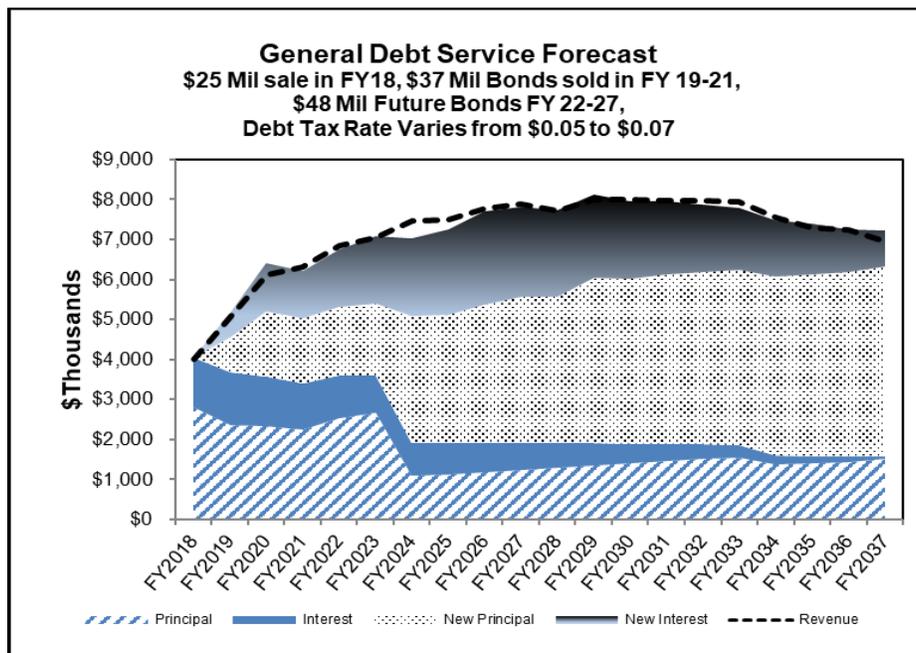
	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
REVENUE						
Property Taxes	\$3,960	\$2,867	\$3,280	\$3,722	\$4,193	\$4,696
Infrastructure & Debt Service Fund Transfer	\$0	\$2,145	\$2,778	\$2,546	\$2,626	\$2,315
Interest Income	\$35	\$40	\$45	\$48	\$37	\$39
TOTAL REVENUE	\$3,995	\$5,052	\$6,103	\$6,316	\$6,856	\$7,050
EXPENSE						
Current Debt Service (includes 2017 Bonds)						
Principal	\$2,818	\$2,356	\$2,339	\$2,250	\$2,543	\$2,660
Interest	\$1,232	\$1,329	\$1,236	\$1,146	\$1,054	\$941
Paying Agent Fees	\$5	\$5	\$5	\$5	\$5	\$5
Subtotal Current Debt Service	\$4,055	\$3,690	\$3,580	\$3,401	\$3,602	\$3,606
Projected Future Bonds Debt Service						
Principal	\$0	\$872	\$1,625	\$1,647	\$1,717	\$1,793
Interest	\$0	\$629	\$1,197	\$1,172	\$1,441	\$1,691
Subtotal Future Bonds Debt Service	\$0	\$1,501	\$2,822	\$2,819	\$3,158	\$3,484
TOTAL EXPENSE	\$4,055	\$5,191	\$6,402	\$6,220	\$6,760	\$7,090
Revenue Over/(Under) Expense	(\$60)	(\$139)	(\$299)	\$96	\$96	(\$40)
Beginning Fund Balance	\$1,713	\$1,653	\$1,514	\$1,215	\$1,311	\$1,407
Ending Fund Balance	\$1,653	\$1,514	\$1,215	\$1,311	\$1,407	\$1,366
	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Taxable Value (\$millions)	\$5,686.1	\$5,763.8	\$5,994.4	\$6,234.2	\$6,483.6	\$6,742.9
Debt Service Tax Rate	\$0.070000	\$0.050000	\$0.055000	\$0.060000	\$0.065000	\$0.070000
Property Tax Growth	6.0%	1.4%	4.0%	4.0%	4.0%	4.0%
Investment Pool Earnings Rate	1.0%	1.5%	2.1%	2.6%	2.8%	2.8%
General Fund Transfer to Infrastructure & Debt Service Fund	\$3,266.5	\$3,900.0	\$4,629.2	\$4,629.2	\$4,774.6	\$4,629.2
Percent I&DS Fund transferred to Debt Service Fund	0.0%	55.0%	60.0%	55.0%	55.0%	50.0%
Future Bond Issue (\$000's) NOTE	\$0	\$20,000	\$17,000	\$0	\$8,000	\$8,000
Outstanding Principal (\$000's) FY End	\$33,949	\$50,721	\$63,757	\$59,860	\$63,600	\$67,147
Overall Interest Rate	3.09%	3.84%	4.09%	4.09%	4.09%	4.09%
Interest Rate Diff with FY18 Rates	0.00%	0.75%	1.00%	1.00%	1.00%	1.00%

2017 Bond Election and Future Bond Sales

In May, 2017, the voters approved the issuance of \$62 million for street and drainage projects. In July, the City sold the first \$25 million toward the bond election authorization, and these bond proceeds are expected to be fully appropriated for projects by the end of October 2018. Plans are underway, pending City Council approval, to sell an additional \$20 million in October to keep the bond election project list on schedule. The first principal and interest payments for this issue will be due in FY 2019, and the schedule above reflects those payments.

Given current project schedules, and the goal of having all projects finished in five years, the remaining bond election authorization of \$17 million would need to be sold in the August to October 2019 timeframe, at the start of FY 2020. The first payments for that sale are also reflected in the forecast for FY 2020. The forecast anticipates that the transfer from the Infrastructure and Debt Service Fund will need to be set at 55 percent in FY 2019, 60 percent in FY 2020, and 55 percent in FY 2021 and 2022. It can then be reduced to 50 percent in FY 2023 to pay the debt service required by these back to back sales as the property tax rate returns to its current level of \$0.07 per \$100 of taxable value.

After the May 2017 authorized bonds are sold, the forecast illustrates the effect of additional sales of \$8 million annually beginning in FY 2022. This is to demonstrate that the city's capacity for tax supported debt service will not be exhausted by the issuance of the May 2017 voter authorized bonds.



Notable in the graph above are the following:

- The City's tax-supported debt that predates the May 2017 authorized issuances will be paid off in FY 2024.
- The contribution to debt service paid on future bonds by the Infrastructure and Debt Service Fund in the scenario presented here is set to ensure the ending Debt Service Fund balance is \$1.2 to \$1.6 million each year.
- The increase in payments for debt service on current debt in FY 2023 and 2024 presents a "spike" when uniform debt service allocations for a series of annual bond sales are layered on top

of the existing debt service payment in those same fiscal years. This has been smoothed by adjusting principal payments for several years' sales prior to the "spike."

- This forecast includes no new bond sales beyond FY 2027 and features how annual debt service payments decline after that time.
- The use of increased Infrastructure and Debt Service Fund monies to pay debt service still leaves a balance of \$10.9 million available over the forecast for PAYGO projects, as compared with \$12.5 million in last year's forecast.

GENERAL DEBT SERVICE FUND FORECAST FY2018-2027 (\$THOUSANDS)

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
REVENUE										
Property Taxes	\$3,960	\$2,867	\$3,280	\$3,722	\$4,193	\$4,696	\$4,884	\$5,080	\$5,283	\$5,494
Infrastructure & Debt Service Fund Transfer	\$0	\$2,145	\$2,778	\$2,546	\$2,626	\$2,315	\$2,538	\$2,353	\$2,423	\$2,330
Interest Income	\$35	\$40	\$45	\$48	\$37	\$39	\$38	\$50	\$56	\$66
TOTAL REVENUE	\$3,995	\$5,052	\$6,103	\$6,316	\$6,856	\$7,050	\$7,460	\$7,483	\$7,762	\$7,890
EXPENSE										
Current Debt Service (includes 2017 Bonds)										
Principal	\$2,818	\$2,356	\$2,339	\$2,250	\$2,543	\$2,660	\$1,093	\$1,134	\$1,182	\$1,240
Interest	\$1,232	\$1,329	\$1,236	\$1,146	\$1,054	\$941	\$823	\$778	\$731	\$672
Paying Agent Fees	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5
Subtotal Current Debt Service	\$4,055	\$3,690	\$3,580	\$3,401	\$3,602	\$3,606	\$1,921	\$1,917	\$1,918	\$1,917
Projected Future Bonds Debt Service										
Principal	\$0	\$872	\$1,625	\$1,647	\$1,717	\$1,793	\$3,175	\$3,209	\$3,151	\$3,950
Interest	\$0	\$629	\$1,197	\$1,173	\$1,442	\$1,692	\$1,933	\$2,141	\$2,349	\$2,272
Subtotal Future Bonds Debt Service	\$0	\$1,501	\$2,822	\$2,820	\$3,159	\$3,485	\$5,108	\$5,350	\$5,500	\$6,222
TOTAL EXPENSE	\$4,055	\$5,191	\$6,402	\$6,221	\$6,761	\$7,091	\$7,029	\$7,267	\$7,418	\$8,139
Revenue Over/(Under) Expense	(\$60)	(\$139)	(\$299)	\$95	\$95	(\$41)	\$431	\$216	\$344	(\$249)
Beginning Fund Balance	\$1,713	\$1,653	\$1,514	\$1,215	\$1,310	\$1,405	\$1,363	\$1,794	\$2,010	\$2,354
Ending Fund Balance	\$1,653	\$1,514	\$1,215	\$1,310	\$1,405	\$1,363	\$1,794	\$2,010	\$2,354	\$2,105
	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
Taxable Value (\$millions)	\$5,686.1	\$5,763.8	\$5,994.4	\$6,234.2	\$6,483.6	\$6,742.9	\$7,012.6	\$7,293.1	\$7,584.8	\$7,888.2
Debt Service Tax Rate	\$0.070000	\$0.050000	\$0.055000	\$0.060000	\$0.065000	\$0.070000	\$0.070000	\$0.070000	\$0.070000	\$0.070000
Property Tax Growth	6.0%	1.4%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Investment Pool Earnings Rate	1.0%	1.5%	2.1%	2.6%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%
General Fund Transfer to Infrastructure & Debt Service Fund	\$3,266.5	\$3,900.0	\$4,629.2	\$4,629.2	\$4,774.6	\$4,629.2	\$5,075.8	\$5,228.1	\$5,385.0	\$5,546.5
Percent I&DS Fund transferred to Debt Service Fund	0.0%	55.0%	60.0%	55.0%	55.0%	50.0%	50.0%	45.0%	45.0%	42.0%
Future Bond Issue (\$000's) NOTE	\$0	\$20,000	\$17,000	\$0	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000
Outstanding Principal (\$000's) FY End	\$33,949	\$50,721	\$63,757	\$59,860	\$63,600	\$67,147	\$70,879	\$74,536	\$78,203	\$81,013
Overall Interest Rate	3.09%	3.84%	4.09%	4.09%	4.09%	4.09%	4.09%	4.09%	4.09%	4.09%
Interest Rate Diff with FY18 Rates	0.00%	0.75%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Future Debt Service Schedules	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
Principal										
FY2019		\$872	\$884	\$896	\$756	\$720	\$1,082	\$1,144	\$958	\$972
FY2020			\$741	\$751	\$762	\$770	\$782	\$792	\$802	\$814
FY2021				\$0	\$0	\$0	\$0	\$0	\$0	\$0
FY2022					\$199	\$204	\$358	\$362	\$368	\$373
FY2023						\$99	\$604	\$208	\$212	\$368
FY2024							\$349	\$354	\$108	\$362
FY2025								\$349	\$354	\$358
FY2026									\$349	\$354
FY2027										\$349
Subtotal Principal	\$0	\$872	\$1,625	\$1,647	\$1,717	\$1,793	\$3,175	\$3,209	\$3,151	\$3,950
Interest										
FY2019		\$629	\$614	\$597	\$579	\$563	\$546	\$519	\$490	\$464
FY2020			\$583	\$576	\$562	\$546	\$528	\$508	\$486	\$461
FY2021				\$0	\$0	\$0	\$0	\$0	\$0	\$0
FY2022					\$301	\$299	\$295	\$287	\$278	\$268
FY2023						\$284	\$283	\$272	\$268	\$263
FY2024							\$281	\$278	\$272	\$270
FY2025								\$277	\$274	\$268
FY2026									\$281	\$278
FY2027										\$277
Subtotal Interest	\$0	\$629	\$1,197	\$1,173	\$1,442	\$1,692	\$1,933	\$2,141	\$2,349	\$2,272
Total by Year										
FY2018										
FY2019		\$1,501	\$1,498	\$1,493	\$1,335	\$1,283	\$1,628	\$1,663	\$1,448	\$1,436
FY2020			\$1,324	\$1,327	\$1,324	\$1,316	\$1,310	\$1,300	\$1,288	\$1,275
FY2021				\$0	\$0	\$0	\$0	\$0	\$0	\$0
FY2022					\$500	\$503	\$653	\$649	\$646	\$641
FY2023						\$383	\$887	\$480	\$480	\$631
FY2024							\$630	\$632	\$380	\$632
FY2025								\$626	\$628	\$626
FY2026									\$630	\$632
FY2027										\$277
Subtotal by Year	\$0	\$1,501	\$2,822	\$2,820	\$3,159	\$3,485	\$5,108	\$5,350	\$5,500	\$6,150

**GENERAL DEBT SERVICE FUND FORECAST
FY2028-2037 (\$THOUSANDS)**

	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035	FY2036	FY2037
REVENUE										
Property Taxes	\$5,656	\$5,883	\$6,118	\$6,363	\$6,617	\$6,882	\$7,157	\$7,231	\$7,188	\$6,901
Infrastructure & Debt Service Fund Transfer	\$2,000	\$2,060	\$1,818	\$1,561	\$1,286	\$993	\$341	\$0	\$0	\$0
Interest Income	\$59	\$56	\$55	\$55	\$56	\$58	\$62	\$64	\$61	\$61
TOTAL REVENUE	\$7,715	\$7,999	\$7,991	\$7,979	\$7,959	\$7,933	\$7,560	\$7,295	\$7,249	\$6,962
EXPENSE										
Current Debt Service (includes 2017 Bonds)										
Principal	\$1,293	\$1,352	\$1,411	\$1,463	\$1,516	\$1,559	\$1,380	\$1,410	\$1,445	\$1,505
Interest	\$610	\$545	\$478	\$410	\$353	\$292	\$230	\$174	\$118	\$60
Paying Agent Fees	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5
Subtotal Current Debt Service	\$1,908	\$1,902	\$1,894	\$1,878	\$1,874	\$1,856	\$1,615	\$1,589	\$1,563	\$1,570
Projected Future Bonds Debt Service										
Principal	\$3,755	\$4,060	\$4,119	\$4,249	\$4,309	\$4,398	\$4,463	\$4,555	\$4,625	\$4,747
Interest	\$2,172	\$2,070	\$1,953	\$1,829	\$1,695	\$1,553	\$1,402	\$1,244	\$1,080	\$910
Subtotal Future Bonds Debt Service	\$5,927	\$6,130	\$6,072	\$6,078	\$6,004	\$5,951	\$5,865	\$5,799	\$5,705	\$5,657
TOTAL EXPENSE	\$7,835	\$8,032	\$7,966	\$7,956	\$7,878	\$7,807	\$7,480	\$7,388	\$7,268	\$7,227
Revenue Over/(Under) Expense	(\$120)	(\$33)	\$25	\$23	\$81	\$126	\$80	(\$93)	(\$19)	(\$265)
Beginning Fund Balance	\$2,105	\$1,984	\$1,951	\$1,976	\$1,998	\$2,079	\$2,206	\$2,286	\$2,193	\$2,174
Ending Fund Balance	\$1,984	\$1,951	\$1,976	\$1,998	\$2,079	\$2,206	\$2,286	\$2,193	\$2,174	\$1,909
	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035	FY2036	FY2037
Taxable Value (\$millions)	\$8,203.7	\$8,531.8	\$8,873.1	\$9,228.0	\$9,597.1	\$9,981.0	\$10,380.2	\$10,795.4	\$11,227.2	\$11,676.3
Debt Service Tax Rate	\$0.070000	\$0.070000	\$0.070000	\$0.070000	\$0.070000	\$0.070000	\$0.070000	\$0.068000	\$0.065000	\$0.060000
Property Tax Growth	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Investment Pool Earnings Rate	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%
General Fund Transfer to Infrastructure & Debt Service Fund	\$5,712.9	\$5,884.3	\$6,060.8	\$6,242.6	\$6,429.9	\$6,622.8	\$6,821.5	\$7,026.1	\$7,236.9	\$7,454.0
Percent I&DS Fund transferred to Debt Service Fund	35.0%	35.0%	30.0%	25.0%	20.0%	15.0%	5.0%	0.0%	0.0%	0.0%
Future Bond Issue (\$000's) NOTE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Outstanding Principal (\$000's) FY End	\$75,965	\$70,553	\$65,023	\$59,311	\$53,486	\$47,529	\$41,686	\$35,721	\$29,651	\$23,399
Overall Interest Rate	3.83%	3.83%	3.83%	3.83%	3.83%	3.83%	3.83%	3.83%	3.83%	3.83%
Interest Rate Diff with FY18 Rates	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Future Debt Service Schedules	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035	FY2036	FY2037
Principal										
FY2019	\$986	\$1,000	\$1,016	\$1,030	\$1,046	\$1,064	\$1,080	\$1,098	\$1,116	\$1,134
FY2020	\$826	\$838	\$850	\$864	\$876	\$889	\$904	\$918	\$933	\$949
FY2021	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
FY2022	\$378	\$383	\$389	\$464	\$470	\$476	\$482	\$488	\$496	\$502
FY2023	\$373	\$378	\$383	\$389	\$394	\$400	\$406	\$412	\$418	\$426
FY2024	\$368	\$373	\$378	\$383	\$389	\$419	\$425	\$431	\$437	\$443
FY2025	\$362	\$368	\$373	\$378	\$383	\$389	\$394	\$400	\$406	\$412
FY2026	\$108	\$362	\$368	\$373	\$378	\$383	\$389	\$419	\$425	\$431
FY2027	\$354	\$358	\$362	\$368	\$373	\$378	\$383	\$389	\$394	\$400
Subtotal Principal	\$3,755	\$4,060	\$4,119	\$4,249	\$4,309	\$4,398	\$4,463	\$4,555	\$4,625	\$4,747
Interest										
FY2019	\$435	\$405	\$373	\$340	\$305	\$266	\$225	\$182	\$139	\$94
FY2020	\$434	\$406	\$376	\$344	\$311	\$277	\$241	\$204	\$166	\$127
FY2021	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
FY2022	\$257	\$245	\$232	\$219	\$202	\$185	\$167	\$148	\$128	\$108
FY2023	\$253	\$242	\$230	\$217	\$204	\$190	\$175	\$159	\$143	\$126
FY2024	\$261	\$251	\$240	\$228	\$215	\$202	\$187	\$171	\$154	\$137
FY2025	\$260	\$251	\$241	\$230	\$218	\$205	\$192	\$178	\$163	\$147
FY2026	\$272	\$270	\$261	\$251	\$240	\$228	\$215	\$202	\$187	\$171
FY2027	\$274	\$268	\$260	\$251	\$241	\$230	\$218	\$205	\$192	\$178
Subtotal Interest	\$2,172	\$2,070	\$1,953	\$1,829	\$1,695	\$1,553	\$1,402	\$1,244	\$1,080	\$910
Total by Year										
FY2018										
FY2019	\$1,421	\$1,405	\$1,389	\$1,370	\$1,351	\$1,330	\$1,305	\$1,280	\$1,255	\$1,228
FY2020	\$1,260	\$1,244	\$1,226	\$1,208	\$1,187	\$1,166	\$1,145	\$1,122	\$1,099	\$1,076
FY2021	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
FY2022	\$635	\$628	\$621	\$683	\$672	\$661	\$649	\$636	\$624	\$610
FY2023	\$626	\$620	\$613	\$606	\$598	\$590	\$581	\$571	\$561	\$602
FY2024	\$629	\$624	\$618	\$611	\$604	\$621	\$612	\$602	\$591	\$580
FY2025	\$622	\$619	\$614	\$608	\$601	\$594	\$586	\$578	\$569	\$559
FY2026	\$380	\$632	\$629	\$624	\$618	\$611	\$604	\$621	\$612	\$602
FY2027	\$274	\$268	\$260	\$251	\$241	\$230	\$218	\$205	\$192	\$178
Subtotal by Year	\$5,573	\$5,772	\$5,710	\$5,710	\$5,631	\$5,573	\$5,482	\$5,410	\$5,311	\$5,257

**FY 2019-2023 LONG RANGE FINANCIAL FORECAST
COMBINED UTILITY SYSTEM FUND**

Overview

As a part of the Proposed FY 2019 Budget, it is recommended that the Waterworks and Sewer System Enterprise Funds be combined into one Combined Utility System Fund. The FY 2019-2023 Forecast presents these two funds as a single fund in which water and sewer revenue and costs will be kept separate for cost accounting purposes. Cash and fund balances will be pooled to meet bond coverage requirements, and the full cost of the closely related systems will be reported in the budget and financial reports as one.

**LONG RANGE FINANCIAL FORECAST
COMBINED UTILITY SYSTEM FUND SUMMARY (\$000's)**

	FY 2018 Estimate	FY 2019 Forecast	FY 2020 Forecast	FY 2021 Forecast	FY 2022 Forecast	FY 2023 Forecast
Beginning Fund Balance(1)	\$13,190	\$12,308	\$11,977	\$10,567	\$10,087	\$9,073
Water Revenue	\$20,712	\$21,122	\$21,333	\$21,756	\$22,186	\$22,626
Wastewater Revenue	\$15,569	\$15,882	\$16,045	\$16,209	\$16,376	\$16,544
Potential Rate Increase Revenue (2)	\$0	\$1,554	\$3,234	\$5,381	\$7,026	\$6,716
Total Revenue	\$36,281	\$38,558	\$40,611	\$43,346	\$45,588	\$45,885
Operating Expenses:						
City Water M&O	\$6,604	\$6,856	\$7,175	\$7,537	\$7,853	\$8,194
City Wastewater M&O	\$10,360	\$9,814	\$10,144	\$10,527	\$11,685	\$11,434
Cost of Water (2)	\$10,972	\$11,950	\$12,122	\$12,564	\$13,026	\$10,446
Subtotal Operating Expense	\$27,936	\$28,620	\$29,440	\$30,627	\$32,563	\$30,074
Debt Service:						
Existing Debt	\$6,694	\$6,676	\$6,537	\$5,946	\$5,737	\$3,347
New Debt (3)	\$0	\$577	\$2,084	\$3,789	\$4,972	\$7,242
Subtotal Debt Service	\$6,694	\$7,252	\$8,621	\$9,735	\$10,708	\$10,589
Transfer to Water Improvement Fund	\$1,178	\$1,264	\$1,460	\$964	\$830	\$610
Transfer to Wastewater Improvement Fund	\$1,355	\$1,754	\$2,500	\$2,500	\$2,500	\$2,500
Subtotal Transfer to Improvement Funds	\$2,533	\$3,018	\$3,960	\$3,464	\$3,330	\$3,110
Total Expense	\$37,162	\$38,890	\$42,021	\$43,826	\$46,601	\$43,772
Revenue Over/(Under) Expense	(\$881)	(\$332)	(\$1,409)	(\$481)	(\$1,014)	\$2,113
Ending Fund Balance	\$12,308	\$11,977	\$10,567	\$10,087	\$9,073	\$11,186
90 Day Reserve	\$9,163	\$9,589	\$10,361	\$10,807	\$11,491	\$10,793
Ending Balance Over/(Under) 90 Days	\$3,145	\$2,387	\$206	(\$720)	(\$2,418)	\$393
Notes;						
(1) Combined Waterworks Fund and Sewer Fund Beginning Balances						
(2) Rate increases required to pay principal and interest on new bonds and cumulative increases in Cost of Water						
Category	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	
New Debt	\$577	\$1,507	\$1,705	\$1,183	\$2,270	
Gulf Coast Water Authority (Cost of Water increasing at 5 percent per year)	\$978	\$172	\$442	\$462	(\$2,580)	
Net Annual Increase	\$1,554	\$1,679	\$2,147	\$1,645	(\$310)	
Annual Percent Increase in Revenue/Rates	4.28%	4.54%	5.74%	4.33%	-0.80%	
Cumulative Increase	\$1,554	\$3,234	\$5,381	\$7,026	\$6,716	
(3) New bond sales are projected to support the Capital Improvement Plan as follows (\$thousands):						
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	
Water Program Projects	\$15,046	\$12,682	\$24,216	\$15,058	\$19,153	
Sewer Program Projects	\$0	\$6,646	\$3,552	\$4,206	\$17,815	
Total Bond Sales	\$15,046	\$19,328	\$27,768	\$19,264	\$36,968	

Combined Utility System Fund

Combining the two major utility funds is advantageous for several reasons:

1. It is consistent with the sale of long-term bonds for water and wastewater systems that are most commonly purposed to fund capital improvements to both systems. The City of Galveston's water and wastewater bond sales are conducted in this fashion, requiring rating

agencies, city staff and interested investors to review two sets of financial records in determining how to rate and whether to purchase the bonds. The City's financial advisors, Hutchinson Shockey Erley & Co. support the funds consolidation recommendation.

2. A single set of financial records from a consolidated fund will make for more efficiency in accounting and auditing as well. The City's auditors, Whitley Penn, support the consolidation.
3. Records for water and sewer system revenue and expense will be maintained separately, to support cost allocation and rate studies. This will continue to make rate setting and financial reporting transparent to system customers and the general public.
4. Consolidated utility systems funds are a "best practice" in use in the following local cities: Pearland, Pasadena, La Marque, League City, Alvin, Angleton, Beaumont, Rosenberg, Seabrook, Sugar Land, Baytown and Friendswood. Of the cities surveyed who run their own water and wastewater systems, only one, Texas City maintains separate funds for each system like the City of Galveston does.

It is contemplated that the combined fund would be a part of the Proposed FY 2019 Budget, and the Comprehensive Annual Financial Report for FY 2018 would be prepared using the consolidated fund approach as well.

Capital Investments and Rates

In FY 2016, the City began an active program of addressing critical and unmet capital needs in the City's water and wastewater systems. This took the form of additional cash being set aside for "pay as you go" capital project costs as well as additional revenue to pay the cost of debt service on revenue supported bonds. Also in FY 2016, the Gulf Coast Water Authority (GCWA) increased the city's cost of water by \$2.2 million for the following reasons.

1. Additional water supply acquired by GCWA - \$774,000;
2. Capital renewal (some deferred) in the Thomas Mackey Water Purification Plant that serves the City of Galveston - \$445,000;
3. Ongoing Mackey plant operating costs that were funded in prior years with GCWA cash reserves that are no longer available - \$495,000; and
4. Review of and capital investment in the City of Galveston water supply lines that come from the mainland - \$494,000.

The need for rate increases has been reviewed annually and the water and sewer rate structure that was implemented effective October 1, 2015 is still in place today. The principle behind the 2015 increase was to cover price increases passed through by Gulf Coast Water Authority and the cost of implementing the CIP, including principal and interest on new bonds. The projected increases in revenue that would cover increases in GCWA's cost and new bonds require some form of rate or fee increase can be deferred or funded in several ways.

1. An across-the-board increase in all fees and charges to all classes of customers;
2. Increases to certain classes of customers;
3. Adjustments to base charges alone, that cover the cost of access to the system;
4. Increases in special fees and charges based on the cost of the service involved (i.e. meter installation, later payment fees, et al);
5. Cancellation or rescheduling of specific CIP projects;
6. Reductions in the City's cost of maintaining and operating the system;
7. Improved collections of receivables; or
8. Some combination of any or all of the above.

Included in the projections are savings from the leak discovered last November as shown below:

Contract Category	FY 2018 Budget	FY 2018 Budget Estimate	Unaffected	Affected	Comment
Contract Bond Payments					
GCWA Bonds 2011A (1998)	\$2,443,518	\$2,443,518	\$2,443,518	\$0	Fixed payment schedule
GCWA Bonds 2012 (2002)	\$861,027	\$861,027	\$861,027	\$0	Fixed payment schedule
GCWA Bonds 2016A	\$230,711	\$230,711	\$230,711	\$0	Fixed payment schedule
Subtotal - GCWA Bond Payments	\$3,535,256	\$3,535,256	\$3,535,256	\$0	Fixed payment schedule
Water Purchase (Note)					
Raw Water	\$2,107,657	\$2,107,657	\$2,107,657		COG rights to 20.99 MGD
Capital Outlay & Replacements	\$1,592,411	\$1,592,411	\$1,592,411		Plant improvements & repairs 20.99 MGD
Maintenance and Operations	\$2,945,660	\$2,424,000	\$0	\$2,424,000	Based on 14.125 MGD per day in FY17 versus 11.625 MGD in FY18
Subtotal M&O	\$6,645,728	\$6,124,068	\$3,700,068	\$2,424,000	
Other Costs					
Distribution TMWTP South Line	\$602,699	\$602,699	\$602,699	\$0	COG rights to 20.99 MGD
Causeway M&O	\$69,769	\$69,769	\$69,769	\$0	
Causeway Capital	\$640,000	\$640,000	\$640,000	\$0	
Subtotal - Other Costs	\$1,312,468	\$1,312,468	\$1,312,468	\$0	
Totals	\$11,493,452	\$10,971,792	\$8,547,792	\$2,424,000	

The long-term water loss was stopped immediately, and the year-over-year difference in consumption is estimated at between 2 and 3 million gallons per day based on a daily comparison of GCWA water purchased by the City. The variable cost savings applies to the portion of GCWA's water bill to the City that is based on the volume of water purchased. Almost eighty percent of GCWA's charges to the City is fixed (e.g. debt service payments on bonds issued for the City's share of the system, raw water supply, and capital outlay). Of the remaining one fifth, \$2.4 million, approximately \$522,000 is estimated to be the annual savings from having stopped the leak. This is based on the assumption that the savings will average 2.5 million gallons per day annually. FY 2019 GCWA costs in the Forecast are based on preliminary information received from GCWA. They are expected to be well within the range of GCWA's final numbers and are presented here for discussion purposes. Final rates, and the proposed CIP will be under discussion and review as we move into July.

Rates and Charges

The City's rate consultant, Stantec, is reviewing the City's cost of service for a variety of special services and will present this information so that it is available along with water and sewer rates themselves. We expect to present alternatives to the tiered rate structure currently in place to relieve rate pressure and still cover the increased costs associated with repair, replacement and improvement of the city's water and sewer capital infrastructure. The following is preliminary information for discussion only.

FY 2019 Impact on 500 Cubic Feet Customer

Service	Current	Forecast	Increase
Water	\$17.64	\$18.40	\$0.76
Sewer	\$30.20	\$31.49	\$1.29
Total	\$47.84	\$49.89	\$2.05
	Percent Change		4.28%

**FY 2019-2023 LONG RANGE FINANCIAL FORECAST
SPECIAL ISSUE: HOTEL OCCUPANCY TAX AND
THE CONVENTION CENTER SURPLUS FUND
(REVISED JUNE 19, 2018)**

The City's "trickle down" funds, deposited in the Convention Center Surplus Fund, is the amount that reverts to the City after key distributions are made to the Park Board, debt service on the convention center bonds, and convention center operations. The distribution of the Hotel Occupancy Tax is well known but the results are rarely seen in a single place. This excerpt from the FY 2019-2023 Long Range Financial Forecast is specifically intended to show that distribution as projected conservatively for the FY 2019-2023 period while demonstrating that the City's share is growing and continual planning is needed to make productive use of these funds. ***This revision shows that the Convention Center Surplus Fund will end FY 2019 with a positive balance, but strategic decisions regarding its use will be required from FY 2020 to FY 2023.***

**LONG RANGE FINANCIAL FORECAST
HOTEL OCCUPANCY TAX PROJECTIONS
FY 2019-2023, (\$000'S)**

Category	FY 2018 Estimate	FY 2019 Forecast	FY 2020 Forecast	FY 2021 Forecast	FY 2022 Forecast	FY 2023 Forecast
SOURCES						
Local Hotel Occupanct Taxes	\$18,038	\$19,542	\$20,632	\$21,507	\$22,344	\$23,249
State Hotel Occupancy Taxes (Local Share)	\$3,570	\$3,863	\$4,184	\$4,418	\$4,604	\$4,784
TOTAL SOURCES	\$21,608	\$23,405	\$24,816	\$25,925	\$26,948	\$28,033
USES						
Park Board						
Advertising (1)	\$6,013	\$6,514	\$6,877	\$7,169	\$7,448	\$7,750
Beach Maint/Patrol (2)	\$5,867	\$6,355	\$6,710	\$6,994	\$7,267	\$7,563
Subtotal Parks Board	\$13,174	\$14,065	\$14,905	\$15,694	\$16,483	\$16,483
Convention Center						
Convention Center Operations (3)	\$480	\$480	\$480	\$480	\$480	\$480
CC Operator and Developer Fees (4)	\$125	\$125	\$125	\$125	\$125	\$125
CC Capital Improvements(5)	\$922	\$1,060	\$1,090	\$1,000	\$900	\$1,050
CC Budget for Arts (6)	\$251	\$271	\$287	\$299	\$310	\$323
CC Surplus Allocation (7)	\$2,411	\$2,697	\$2,927	\$3,108	\$3,295	\$3,496
Subtotal CC Operator	\$4,189	\$4,633	\$4,909	\$5,012	\$5,110	\$5,474
City						
Arts Council (8)	\$1,503	\$1,628	\$1,719	\$1,792	\$1,862	\$1,937
Transfer to Historical Bldgs Special Fund (9)	\$251	\$271	\$287	\$299	\$310	\$323
CC HOT Debt Service (10)	\$1,768	\$1,788	\$1,811	\$1,837	\$1,866	\$1,886
City Surplus Allocation (11)	\$2,311	\$2,597	\$2,827	\$3,008	\$3,195	\$3,396
Subtotal City	\$4,330	\$4,656	\$4,925	\$5,144	\$5,371	\$5,605
TOTAL USES	\$21,567	\$23,026	\$24,399	\$25,690	\$26,983	\$26,983
HOT Growth Assumption	8.2%	8.3%	5.6%	4.2%	3.9%	4.1%
City Surplus Allocation Growth Percentage	4.5%	12.4%	8.9%	6.4%	6.2%	6.3%
HOT Allocation to Convention Center M&O and Debt Service	\$7,407	\$8,017	\$8,685	\$9,169	\$9,559	\$9,931
Notes:						
(1) Equal to 3% of the 9% local tax.						
(2) Equal to 1% of the 9% local tax and includes the State tax allocation to the City (2% of the 6% total).						
(3) Monthly transfer in the aggregate amount of \$40k. (distributed from 4% referenced in #9)						
(4) Annual allocation to developer. (distributed from 4% referenced in #9)						
(5) Convention Center Capital Improvements paid by operator and reimbursed from reserves that are then replenished with current year HOT revenue.						
(6) Equal to 0.125% of the 9% local tax.						
(7) Unexpended balance comprises the majority of the surplus.						
(8) Equal to 0.75% of the 9% local tax.						
(9) Equal to 0.125% of the 9% local tax.						
(10) Bond covenant allocates 4% of the 9% to Debt Service and related reserves. (See last line of chart above.) Debt						
(11) Unexpended balance comprises the majority of the surplus.						

The lion's share of HOT proceeds goes to the Park Board, totaling \$14 million in FY 2019. The Convention Center Capital Improvements category is for major maintenance and replacement items that

are authorized by the Convention Center development and operations agreement. Funds for a list of specific qualified projects are approved by the Galveston Island Convention Center oversight committee. The amounts used in the Forecast come from a detailed planning list provided by the committee. The City's share of the HOT proceeds that "trickle down" is growing faster than the total HOT proceeds are for a simple reason: debt service payments on the convention center are basically flat, leaving a progressively larger balance remaining each year. However, with that said, maintenance costs and capital asset sustainability costs are increasing as the building and its fixtures age. These costs introduce unknowns into the City's ability to forecast the net funding that will flow to the City following all associated uses.

**LONG RANGE FINANCIAL FORECAST
CONVENTION CENTER SURPLUS FUND HISTORY
FY 2013-2018, (\$000'S)**

Category	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Estimate
REVENUE						
Convention Center Surplus (Hotel Occupancy Taxes)	\$1,154	\$1,565	\$1,978	\$3,251	\$2,154	\$2,311
SUBTOTAL - HOT REVENUE	\$1,154	\$1,565	\$1,978	\$3,251	\$2,154	\$2,311
EXPENDITURES						
Special Events (City)						
Mardi Gras	\$315	\$327	\$250	\$160	\$251	\$248
Special Events Services (City)	0	40	40	50	79	94
Subtotal - Special Events (City)	\$315	\$367	\$290	\$210	\$330	\$342
Seawall and Related Activities (City)						
Sawall Police Services	\$0	\$0	\$0	\$0	\$0	\$350
Seawall Parking (Capital Outlay)	470	0	74	0	0	0
Seawall Parking Operations/ Enforcement	96	172	183	19	0	0
Seawall Litter Detail	42	35	0	0	0	0
Seawall Amenities Match	0	7	0	0	0	0
Restrooms Operations & Maintenance	0	39	46	23	4	20
Economic Study	0	0	0	0	9	0
West End Beach Access Cans	2	49	10	0	0	0
Subtotal Seawall Activities (City)	\$610	\$302	\$313	\$42	\$13	\$370
Park Board						
Downtown Advertising	100	100	100	40	0	0
Advertising	0	400	0	0	0	0
West End Beach Trash Removal	0	0	300	300	300	300
Seawall Litter Detail	0	35	100	100	100	100
Cultural Arts District	2	16	0	0	0	0
Shoreline/Beach Services	0	20	10	0	0	0
East End Lagoon Operations & Maintenance	0	0	75	75	75	0
Transportation Study	0	0	30	0	0	0
Subtotal - Park Board Activities	\$102	\$571	\$615	\$515	\$475	\$400
Island Transit						
Trolley Bus Operations	0	0	0	0	200	560
Transportation Study	0	0	0	0	54	113
Seawall Boulevard Improvements Phase II (TxDOT Overlay Project)	0	0	0	466	0	0
Trolley System Track Repair Project	0	0	0	240	238	0
Trolley Car Bus Purchases	0	0	0	0	810	0
Trolley Rail Car Restoration Project	0	0	0	0	1,978	101
Trolley Maintenance Building	0	0	0	0	162	0
Trolley Project Management & Design	0	0	0	0	200	0
Trolley System Reserve	0	0	0	0	200	200
Subtotal Island Transit	0	0	0	706	3,842	974
Historic Preservation/Promotion Activities						
Historic Broadway Median Replanting Project	0	0	0	1,966	0	0
Historic Broadway Lighting Improvements	0	0	0	0	0	0
Historic City Hall Remodeling	0	0	0	0	0	0
Subtotal - Historic Preservation/Promotion Activities	0	0	0	1,966	0	0
Other Costs						
Capital Reserve/Grant Contingency	0	0	0	0	0	26
Revenue Bond/Bank Fees	0	3	4	4	0	0
Subtotal - Other Costs	0	3	4	4	0	26
SUBTOTAL - EXPENDITURES	\$1,027	\$1,243	\$1,222	\$3,443	\$4,660	\$2,112
REVENUE OVER/ (UNDER) EXPENDITURES	\$127	\$322	\$756	(\$192)	(\$2,506)	\$199
BEGINNING FUND BALANCE	\$2,361	\$2,488	\$2,810	\$3,566	\$3,374	\$868
ENDING FUND BALANCE	\$2,488	\$2,810	\$3,566	\$3,374	\$868	\$1,067

In FY 2016, the City Finance Department made a one-time adjustment to its "trickle down" revenue by changing to a modified accrual basis of accounting for its share of the Hotel Occupancy Tax revenue.

The five year forecast below includes allocations for the program categories deemed eligible for HOT funding through the Convention Center Surplus Fund. This includes spending for special events (including Mardi Gras which is costing less than before), Seawall programs and activities, and Park Board programs and activities total approximately \$800,000 per year, leaving residual funds for use in transit, historical preservation and other HOT-eligible projects.

**LONG RANGE FINANCIAL FORECAST
CONVENTION CENTER SURPLUS FUND FORECAST
FY 2018-2023, (\$000'S)
REVISED JUNE 19, 2018**

Category	FY 2018 Estimate	FY 2019 Forecast	FY 2020 Forecast	FY 2021 Forecast	FY 2022 Forecast	FY 2023 Forecast
REVENUE						
Convention Center Surplus (Hotel Occupancy Taxes)	\$2,311	\$2,597	\$2,827	\$3,008	\$3,195	\$3,396
SUBTOTAL - HOT REVENUE	\$2,311	\$2,597	\$2,827	\$3,008	\$3,195	\$3,396
EXPENDITURES						
Special Events (City)	\$342	\$342	\$342	\$342	\$342	\$342
Seawall Activities (City)	\$20	\$20	\$20	\$21	\$21	\$22
Seawall Police Service (See note below)	\$350	\$440	\$449	\$458	\$467	\$476
Park Board Contract Activities	\$400	\$300	\$300	\$300	\$300	\$300
Island Transit						
Rail Trolley System Operations	0	478	975	995	1,015	1,035
Rail Trolley System Maintenance	301	50	50	50	50	50
Bus Trolley System Operations	560	673	686	700	714	728
Transportation Study	113	0	0	0	0	0
Subtotal - Trolley System	\$974	\$1,201	\$1,712	\$1,745	\$1,779	\$1,813
Historic Preservation						
Historic Broadway Lighting Improvements	0	400	0	0	0	0
Historic City Hall Remodeling	0	400	0	0	0	0
Subtotal - Historic Preservation	\$0	\$800	\$0	\$0	\$0	\$0
Reserves and Other Costs	\$26	\$125	\$798	\$762	\$919	\$1,115
SUBTOTAL - EXPENDITURES	\$2,112	\$3,228	\$3,621	\$3,628	\$3,828	\$4,068
REVENUE OVER/ (UNDER) EXPENDITURES	\$199	(\$631)	(\$794)	(\$620)	(\$633)	(\$672)
BEGINNING FUND BALANCE	\$868	\$1,067	\$436	(\$358)	(\$978)	(\$1,611)
ENDING FUND BALANCE	\$1,067	\$436	(\$358)	(\$978)	(\$1,611)	(\$2,283)

Note: The Seawall Police Services line was inadvertently excluded from the "SUBTOTAL - EXPENDITURES" line in the original Forecast document published on June 15, 2018.

The forecast above demonstrates how the City's "trickle down" monies can be used to fund bus trolley operations for all of FY 2019 and rail trolley operations beginning in spring 2019, as well as a full twelve months of operating the Seawall Police District implemented in January 2018. The allocations above also assume that the City's \$100,000 in funding for the Park Board's Seawall litter removal service will be funded from net Seawall parking revenue beginning in FY 2019.

Beginning in FY 2020, given the revenue assumptions used to arrive at the City's "trickle-down" share of the Hotel Occupancy Tax and the HOT allocations to the Park Board, Convention Center and City in this forecast, decisions will have to be made that balance the Convention Center Surplus Fund beginning in FY 2020. This will involve conversations with the Convention Center operator to ensure that the Convention Center capital improvements for the FY 2020-2023 period are adequately supported and that best use is made of available Hotel Occupancy Tax funds.

**FY 2019-2023 LONG RANGE FINANCIAL FORECAST
EXPENDITURE GROWTH ASSUMPTIONS**

Expenditure Forecast Approach

Like the revenue forecast, expenditures begin with a base for FY 2019 that is the FY 2018 Estimate adjusted for increases in ongoing costs and deductions for one-time costs.

Expenditure Growth Assumptions

General Fund expenditures are increased in this forecast using the percent change assumptions shown below. They are based on the idea that inflationary effects on supplies and services are largely beyond the City's control. The core Consumer Price Index increase is the basis for the general inflationary increase, and the Congressional Budget Office's CPI assumption has been used here.

EXPENDITURE GROWTH ASSUMPTIONS						
EXPENDITURE CATEGORY	EXPLANATION	FY 2019 Forecast	FY 2020 Forecast	FY 2021 Forecast	FY 2022 Forecast	FY 2023 Forecast
Personnel Services						
Salaries						
Police	Collective Bargaining Agreement	101.85%	102.2%	102.2%	102.2%	102.2%
Fire	Collective Bargaining Agreement	102.60%	102.2%	102.2%	102.2%	102.2%
Civilians	Policy issue for City Council's consideration	100.0%	102.0%	102.0%	102.0%	102.0%
Other Pay		100.0%	102.0%	102.0%	102.0%	102.0%
Social Security	Standard percent of salaries in all but Fire	6.200%	6.200%	6.200%	6.200%	6.200%
Medicare	Standard percent of salaries	1.450%	1.450%	1.450%	1.450%	1.450%
Pension						
Civilians	Based on percent of pay as shown; Required by state law and Collective Bargaining Contract	9.0%	9.0%	9.0%	9.0%	9.0%
Police		14.83%	14.83%	14.83%	14.83%	14.83%
Fire		17.00%	17.00%	17.00%	17.00%	17.00%
Health Insurance	Increase in FY 19/Core CPI	100.00%	105.00%	105.00%	105.00%	105.00%
Supplies						
Energy Supplies	Utility CPI	102.20%	102.20%	102.20%	102.20%	102.20%
General Supplies	Core CPI	102.20%	102.20%	102.20%	102.20%	102.20%
Maintenance Supplies	Influenced by energy CPI	107.70%	107.70%	107.70%	107.70%	107.70%
Small Capital	Core CPI	102.20%	102.20%	102.20%	102.20%	102.20%
Services						
Maintenance Services	Core CPI	102.20%	102.20%	102.20%	102.20%	102.20%
Water purchase	GCWA Contract	101.80%	102.00%	102.00%	102.00%	102.00%
Vehicle Maintenance	Core CPI	102.20%	102.20%	102.20%	102.20%	102.20%
Office Services	Core CPI	102.20%	102.20%	102.20%	102.20%	102.20%
Technology Services	Increase in FY 19/Core CPI	102.20%	102.20%	102.20%	102.20%	102.20%
Other Services	Core CPI	102.20%	102.20%	102.20%	102.20%	102.20%
Professional Services	Core CPI	102.20%	102.20%	102.20%	102.20%	102.20%
Utilities	Electricity contract price	100.00%	100.00%	100.00%	116.09%	116.09%
Utilities for water services	Core CPI	100.00%	100.00%	100.00%	102.20%	102.20%
Refuse Disposal	Core CPI	102.20%	102.20%	102.20%	102.20%	102.20%
Capital Outlay						
Motor Pool Replacement	Core CPI	102.20%	102.20%	102.20%	102.20%	102.20%
Vehicles and Equipment	Core CPI	102.20%	102.20%	102.20%	102.20%	102.20%
Transfers						
General Fund to Infrastructure Fund	Increase by 1% of General Fund Budget per year as required by City Charter until maxed out at 8% in FY 2020	7.00%	8.00%	8.00%	8.00%	8.00%

**CITY OF GALVESTON PROPERTY TAX COLLECTIONS
MONTHLY AND YEAR TO DATE TOTALS FY 2001-2018
INCLUDING TAXES PASSED THROUGH TO TAX INCREMENT ZONES AND MUDS**

MONTHLY PROPERTY TAX COLLECTION TOTALS												
Fiscal Year	October	November	December	January	February	March	April	May	June	July	August	September
2001	787,825.87	1,180,230.78	3,034,365.48	3,241,440.50	466,468.38	581,638.87	130,105.29	288,877.96	519,134.21	285,510.57	94,264.80	197,138.66
2002	751,814.67	1,190,757.11	2,030,894.32	4,658,653.81	1,475,947.37	158,229.62	146,960.81	296,916.96	725,872.42	260,766.70	94,882.88	58,542.51
2003	541,761.51	883,462.58	2,516,716.78	4,901,540.05	1,690,711.18	209,512.29	182,300.22	165,804.04	702,100.22	451,102.01	90,913.22	69,799.27
2004	545,559.91	726,004.97	2,247,751.99	4,892,878.85	3,460,870.63	339,050.13	224,463.27	220,117.51	260,845.06	145,964.86	148,383.14	76,902.32
2005	318,694.08	1,044,425.62	3,119,177.92	4,392,435.91	3,059,616.36	1,184,353.79	253,964.48	203,980.34	237,276.32	281,125.73	149,855.48	74,236.02
2006	249,647.97	1,086,704.01	2,691,382.26	5,201,874.01	4,209,818.91	1,314,480.23	247,130.47	304,917.96	231,280.50	299,228.01	116,647.19	104,763.33
2007	81,892.35	873,501.30	2,447,900.61	9,040,744.94	2,985,713.01	446,983.62	246,559.35	243,989.66	443,778.66	267,909.47	127,570.61	115,800.89
2008	95,989.77	871,935.25	3,841,038.00	10,259,362.16	3,040,369.56	437,809.17	391,382.19	283,065.96	316,961.02	312,456.24	87,740.68	40,624.46
2009	237,091.46	573,291.64	4,411,061.67	9,968,805.14	2,895,853.58	1,072,345.07	512,264.90	355,989.08	444,948.45	380,407.63	193,310.10	84,059.74
2010	113,485.20	1,988,051.57	5,992,362.38	7,053,547.43	3,182,849.21	883,974.42	277,390.37	410,380.57	325,826.61	187,608.61	152,264.16	62,864.65
2011	96,974.35	1,698,932.92	7,297,951.54	6,477,364.21	4,937,057.69	579,777.98	347,847.74	308,698.88	341,432.63	220,337.51	189,774.99	114,282.30
2012	133,094.40	2,315,531.59	5,738,318.27	8,765,207.46	3,829,476.69	733,352.94	368,230.26	337,271.17	502,887.33	385,508.95	173,258.09	84,010.18
2013	568,708.27	2,310,809.14	6,095,486.25	8,590,115.69	3,561,183.93	611,729.89	423,407.73	398,529.19	774,840.36	407,645.70	154,076.93	97,458.99
2014	153,256.92	2,736,129.65	7,543,885.32	6,537,213.76	5,005,794.47	1,151,319.17	279,017.80	309,910.52	661,582.36	488,155.24	111,661.34	111,330.19
2015	169,888.49	2,683,715.51	8,274,453.01	6,681,300.75	4,815,928.25	652,116.02	343,979.83	284,433.23	599,863.00	615,405.54	127,765.94	98,593.98
2016	125,450.76	2,308,589.39	9,991,483.24	8,280,842.27	3,500,614.68	1,062,987.33	344,712.13	384,931.06	846,836.59	678,021.90	192,588.96	101,432.48
2017	423,460.29	3,403,255.33	10,096,330.16	9,497,387.52	3,773,411.95	747,398.19	278,797.27	455,229.12	794,204.79	585,206.49	109,372.46	74,277.26
2018	238,607.73	3,784,907.42	11,504,770.93	10,905,734.30	3,703,564.59	734,126.51	597,565.52					
YEAR TO DATE PROPERTY TAX COLLECTION TOTALS												
	October	November	December	January	February	March	April	May	June	July	August	September
2001	787,825.87	1,968,056.65	5,002,422.13	8,243,862.63	8,710,331.01	9,291,969.88	9,422,075.17	9,710,953.13	10,230,087.34	10,515,597.91	10,609,862.71	10,807,001.37
2002	751,814.67	1,942,571.78	3,973,466.10	8,632,119.91	10,108,067.28	10,266,296.90	10,413,257.71	10,710,174.67	11,436,047.09	11,696,813.79	11,791,696.67	11,850,239.18
2003	541,761.51	1,425,224.09	3,941,940.87	8,843,480.92	10,534,192.10	10,743,704.39	10,926,004.61	11,091,808.65	11,793,908.87	12,245,010.88	12,335,924.10	12,405,723.37
2004	545,559.91	1,271,564.88	3,519,316.87	8,412,195.72	11,873,066.35	12,212,116.48	12,436,579.75	12,656,697.26	12,917,542.32	13,063,507.18	13,211,890.32	13,288,792.64
2005	318,694.08	1,363,119.70	4,482,297.62	8,874,733.53	11,934,349.89	13,118,703.68	13,372,668.16	13,576,648.50	13,813,924.82	14,095,050.55	14,244,906.03	14,319,142.05
2006	249,647.97	1,336,351.98	4,027,734.24	9,229,608.25	13,439,427.16	14,753,907.39	15,001,037.86	15,305,955.82	15,537,236.32	15,836,464.33	15,953,111.52	16,057,874.85
2007	81,892.35	955,393.65	3,403,294.26	12,444,039.20	15,429,752.21	15,876,735.83	16,123,295.18	16,367,284.84	16,811,063.50	17,078,972.97	17,206,543.58	17,322,344.47
2008	95,989.77	967,925.02	4,808,963.02	15,068,325.18	18,108,694.74	18,546,503.91	18,937,886.10	19,220,952.06	19,537,913.08	19,850,369.32	19,938,110.00	19,978,734.46
2009	237,091.46	810,383.10	5,221,444.77	15,190,249.91	18,086,103.49	19,158,448.56	19,670,713.46	20,026,702.54	20,471,650.99	20,852,058.62	21,045,368.72	21,129,428.46
2010	113,485.20	2,101,536.77	8,093,899.15	15,147,446.58	18,330,295.79	19,214,270.21	19,491,660.58	19,902,041.15	20,227,867.76	20,415,476.37	20,567,740.53	20,630,605.18
2011	96,974.35	1,795,907.27	9,093,858.81	15,571,223.02	20,508,280.71	21,088,058.69	21,435,906.43	21,744,605.31	22,086,037.94	22,306,375.45	22,496,150.44	22,610,432.74
2012	133,094.40	2,448,625.99	8,186,944.26	16,952,151.72	20,781,628.41	21,514,981.35	21,883,211.61	22,220,482.78	22,723,370.11	23,108,879.06	23,282,137.15	23,366,147.33
2013	568,708.27	2,879,517.41	8,975,003.66	17,565,119.35	21,126,303.28	21,738,033.17	22,161,440.90	22,559,970.09	23,334,810.45	23,742,456.15	23,896,533.08	23,993,992.07
2014	153,256.92	2,889,386.57	10,433,271.89	16,970,485.65	21,976,280.12	23,127,599.29	23,406,617.09	23,716,527.61	24,378,109.97	24,866,265.21	24,977,926.55	25,089,256.74
2015	169,888.49	2,853,604.00	11,128,057.01	17,809,357.76	22,625,286.01	23,277,402.03	23,621,381.86	23,905,815.09	24,505,678.09	25,121,083.63	25,248,849.57	25,347,443.55
2016	125,450.76	2,434,040.15	12,425,523.39	20,706,365.66	24,206,980.34	25,269,967.67	25,614,679.80	25,999,610.86	26,846,447.45	27,524,469.35	27,717,058.31	27,818,490.79
2017	423,460.29	3,826,715.62	13,923,045.78	23,420,433.30	27,193,845.25	27,941,243.44	28,220,040.71	28,675,269.83	29,469,474.62	30,054,681.11	30,164,053.57	30,238,330.83
2018	238,607.73	4,023,515.15	15,528,286.08	26,434,020.38	30,137,584.97	30,871,711.48	31,469,277.00					

**CITY OF GALVESTON PROPERTY TAX COLLECTIONS
MONTHLY AND YEAR TO DATE TOTALS FY 2001-2018
INCLUDING TAXES PASSED THROUGH TO TAX INCREMENT ZONES AND MUDS**

YTD PROPERTY TAX COLLECTION TOTALS AS PERCENT OF YEAREND TOTAL												
	October	November	December	January	February	March	April	May	June	July	August	September
2001	7.3%	18.2%	46.3%	76.3%	80.6%	86.0%	87.2%	89.9%	94.7%	97.3%	98.2%	100.0%
2002	6.3%	16.4%	33.5%	72.8%	85.3%	86.6%	87.9%	90.4%	96.5%	98.7%	99.5%	100.0%
2003	4.4%	11.5%	31.8%	71.3%	84.9%	86.6%	88.1%	89.4%	95.1%	98.7%	99.4%	100.0%
2004	4.1%	9.6%	26.5%	63.3%	89.3%	91.9%	93.6%	95.2%	97.2%	98.3%	99.4%	100.0%
2005	2.2%	9.5%	31.3%	62.0%	83.3%	91.6%	93.4%	94.8%	96.5%	98.4%	99.5%	100.0%
2006	1.6%	8.3%	25.1%	57.5%	83.7%	91.9%	93.4%	95.3%	96.8%	98.6%	99.3%	100.0%
2007	0.5%	5.5%	19.6%	71.8%	89.1%	91.7%	93.1%	94.5%	97.0%	98.6%	99.3%	100.0%
2008	0.5%	4.8%	24.1%	75.4%	90.6%	92.8%	94.8%	96.2%	97.8%	99.4%	99.8%	100.0%
2009	1.1%	3.8%	24.7%	71.9%	85.6%	90.7%	93.1%	94.8%	96.9%	98.7%	99.6%	100.0%
2010	0.6%	10.2%	39.2%	73.4%	88.9%	93.1%	94.5%	96.5%	98.0%	99.0%	99.7%	100.0%
2011	0.4%	7.9%	40.2%	68.9%	90.7%	93.3%	94.8%	96.2%	97.7%	98.7%	99.5%	100.0%
2012	0.6%	10.5%	35.0%	72.6%	88.9%	92.1%	93.7%	95.1%	97.2%	98.9%	99.6%	100.0%
2013	2.4%	12.0%	37.4%	73.2%	88.0%	90.6%	92.4%	94.0%	97.3%	99.0%	99.6%	100.0%
2014	0.6%	11.5%	41.6%	67.6%	87.6%	92.2%	93.3%	94.5%	97.2%	99.1%	99.6%	100.0%
2015	0.7%	11.3%	43.9%	70.3%	89.3%	91.8%	93.2%	94.3%	96.7%	99.1%	99.6%	100.0%
2016	0.5%	8.7%	44.7%	74.4%	87.0%	90.8%	92.1%	93.5%	96.5%	98.9%	99.6%	100.0%
2017	1.4%	12.7%	46.0%	77.5%	89.9%	92.4%	93.3%	94.8%	97.5%	99.4%	99.8%	100.0%
2001-17 Avg	2.1%	10.1%	34.8%	70.6%	87.2%	90.9%	92.5%	94.1%	96.9%	98.8%	99.5%	100.0%
5 Yrs Max Rev	0.5%	8.7%	37.4%	67.6%	87.0%	90.6%	92.1%	93.5%	96.5%	98.9%	99.6%	100.0%
5 Yrs Min Rev	2.4%	12.7%	46.0%	77.5%	89.9%	92.4%	93.3%	94.8%	97.5%	99.4%	99.8%	100.0%
5 Yrs Avg	1.1%	11.2%	42.7%	72.6%	88.4%	91.6%	92.9%	94.2%	97.0%	99.1%	99.6%	100.0%
FY 2018 Projected (Trends only - Partial Payment Plan Considerations not included)												
2001-17 Avg	\$11,524,000	\$39,675,000	\$44,674,000	\$37,442,000	\$34,554,000	\$33,945,000	\$34,034,000					
5 Yrs Max Rev	\$47,722,000	\$46,247,000	\$41,519,000	\$39,104,000	\$34,641,000	\$34,075,000	\$34,169,000					
5 Yrs Min Rev	\$9,942,000	\$31,681,000	\$33,757,000	\$34,108,000	\$33,523,000	\$33,411,000	\$33,729,000					
5 Yrs Avg	\$21,304,000	\$35,796,000	\$36,349,000	\$36,410,000	\$34,108,000	\$33,717,000	\$33,889,000					
2018 Budgeted	\$34,144,100	\$34,144,100	\$34,144,101	\$34,144,101	\$34,144,101	\$34,144,101	\$34,144,102					
2018 Estimated	\$34,144,100	\$34,144,100	\$33,709,600	\$33,709,600	\$33,709,600	\$33,717,000	\$33,889,000					
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Aug

CITY OF GALVESTON SALES TAX MODEL
QUARTERLY TAX REVENUE EXPLAINED USING LOCAL, REGIONAL AND NATIONAL FACTORS

Sales Tax Econometric Forecast
 Date: 6/15/2018

			Employment + 1 Quarter	Exports to Mexico FAS + 1 Qtr		Summer Season Adjustment Var #1		Houston Gasoline Price Index + 1 Qtr		Galveston Storm Variable		Pleasure Pier Adjustment		U.S. Real GDP + 2 Qtrs 2 Qtr Moving Average				
COEFFICIENTS			1.317	-0.02076		1.504		1.192		479.6		277.1		0.2185				
FY	Fiscal Year	DATA	DATA	PRODUCT OF DATA AND COEFFICIENT = B	DATA	PRODUCT OF DATA AND COEFFICIENT = H	DATA	PRODUCT OF DATA AND COEFFICIENT NT = D	DATA	PRODUCT OF DATA AND COEFFICIENT NT = E	DATA	PRODUCT OF DATA AND COEFFICIENT T = F	DATA	PRODUCT OF DATA AND COEFFICIENT = G	DATA	PRODUCT OF DATA AND COEFFICIENT NT = G	MODEL ESTIMATE (\$000's) = A+B+C+D+E+F+ G+H	ACTUAL (\$000's)
1992	1992-2	(3,150)	1,795.0	2,364.0	\$9,188.9	(190.8)	0.00	0.0	106.07	126.4	0.0	0.0	0.00	0.00	\$8,955.85	1,956.9	\$1,106.5	\$1,106.6
1992	1992-3	(3,150)	1,765.6	2,325.3	\$9,789.5	(203.2)	129.10	194.2	100.00	119.2	0.0	0.0	0.00	0.00	\$8,996.85	1,965.8	\$1,251.3	\$1,292.8
1992	1992-4	(3,150)	1,789.3	2,356.5	\$10,391.3	(215.7)	188.40	283.4	102.67	122.4	0.0	0.0	0.00	0.00	\$9,069.70	1,981.7	\$1,378.3	\$1,300.2
1993	1993-1	(3,150)	1,781.9	2,346.8	\$10,204.4	(211.8)	0.00	0.0	106.33	126.7	0.0	0.0	0.00	0.00	\$9,173.25	2,004.4	\$1,116.1	\$1,142.6
1993	1993-2	(3,150)	1,808.7	2,382.1	\$10,207.1	(211.9)	0.00	0.0	102.77	122.5	0.0	0.0	0.00	0.00	\$9,268.35	2,025.1	\$1,167.8	\$1,070.7
1993	1993-3	(3,150)	1,786.0	2,352.2	\$10,235.8	(212.5)	132.40	199.1	98.33	117.2	0.0	0.0	0.00	0.00	\$9,359.85	2,045.1	\$1,351.1	\$1,235.5
1993	1993-4	(3,150)	1,815.6	2,391.1	\$10,765.7	(223.5)	192.90	290.1	101.77	121.3	0.0	0.0	0.00	0.00	\$9,415.30	2,057.2	\$1,486.2	\$1,420.4
1994	1994-1	(3,150)	1,825.2	2,403.8	\$9,825.6	(204.0)	0.00	0.0	99.50	118.6	0.0	0.0	0.00	0.00	\$9,452.10	2,065.3	\$1,233.7	\$1,222.8
1994	1994-2	(3,150)	1,847.9	2,433.7	\$10,753.7	(223.2)	0.00	0.0	97.73	116.5	0.0	0.0	0.00	0.00	\$9,503.20	2,076.4	\$1,253.4	\$1,127.4
1994	1994-3	(3,150)	1,826.3	2,405.2	\$11,859.3	(246.2)	137.10	206.2	93.13	111.0	0.0	0.0	0.00	0.00	\$9,589.90	2,095.4	\$1,421.6	\$1,487.0
1994	1994-4	(3,150)	1,862.7	2,453.2	\$12,620.1	(262.0)	201.80	303.5	97.77	116.5	0.0	0.0	0.00	0.00	\$9,700.85	2,119.6	\$1,580.8	\$1,626.9
1995	1995-1	(3,150)	1,869.6	2,462.3	\$13,043.3	(270.8)	0.00	0.0	104.33	124.4	0.0	0.0	0.00	0.00	\$9,814.80	2,144.5	\$1,310.4	\$1,393.5
1995	1995-2	(3,150)	1,905.2	2,509.1	\$13,320.8	(276.5)	0.00	0.0	101.67	121.2	0.0	0.0	0.00	0.00	\$9,910.55	2,165.5	\$1,369.3	\$1,335.3
1995	1995-3	(3,150)	1,891.6	2,491.2	\$11,594.2	(240.7)	139.00	209.1	98.03	116.9	0.0	0.0	0.00	0.00	\$9,996.10	2,184.1	\$1,610.6	\$1,514.5
1995	1995-4	(3,150)	1,919.7	2,528.2	\$10,867.7	(225.6)	203.10	305.5	103.50	123.4	0.0	0.0	0.00	0.00	\$10,069.70	2,200.2	\$1,781.7	\$1,585.5
1996	1996-1	(3,150)	1,930.4	2,542.3	\$11,715.2	(243.2)	0.00	0.0	101.87	121.4	0.0	0.0	0.00	0.00	\$10,104.50	2,207.8	\$1,478.3	\$1,529.7
1996	1996-2	(3,150)	1,956.6	2,576.8	\$12,115.0	(251.5)	0.00	0.0	94.90	113.1	0.0	0.0	0.00	0.00	\$10,165.45	2,221.2	\$1,509.6	\$1,595.5
1996	1996-3	(3,150)	1,936.1	2,549.8	\$13,000.4	(269.9)	143.00	215.1	99.00	118.0	0.0	0.0	0.00	0.00	\$10,245.00	2,238.5	\$1,701.5	\$1,818.1
1996	1996-4	(3,150)	1,965.3	2,588.3	\$13,659.5	(283.6)	207.10	311.5	110.67	131.9	0.0	0.0	0.00	0.00	\$10,314.95	2,253.8	\$1,851.9	\$1,957.3
1997	1997-1	(3,150)	1,973.3	2,598.8	\$14,347.2	(297.8)	0.00	0.0	103.63	123.5	0.0	0.0	0.00	0.00	\$10,439.05	2,280.9	\$1,555.4	\$1,675.2
1997	1997-2	(3,150)	2,013.8	2,652.2	\$15,784.5	(327.7)	0.00	0.0	105.87	126.2	0.0	0.0	0.00	0.00	\$10,578.10	2,311.3	\$1,612.0	\$1,670.1
1997	1997-3	(3,150)	2,004.7	2,640.2	\$15,671.8	(325.3)	145.00	218.1	104.63	124.7	0.0	0.0	0.00	0.00	\$10,682.95	2,334.2	\$1,841.9	\$1,958.4
1997	1997-4	(3,150)	2,042.3	2,689.7	\$17,053.3	(354.0)	210.80	317.0	101.57	121.1	0.0	0.0	0.00	0.00	\$10,780.00	2,355.4	\$1,979.2	\$2,036.7
1998	1998-1	(3,150)	2,061.8	2,715.4	\$18,581.2	(385.7)	0.00	0.0	104.70	124.8	0.0	0.0	0.00	0.00	\$10,902.55	2,382.2	\$1,686.7	\$1,745.7
1998	1998-2	(3,150)	2,108.6	2,777.0	\$20,082.2	(416.9)	0.00	0.0	100.73	120.1	0.0	0.0	0.00	0.00	\$11,054.10	2,415.3	\$1,745.5	\$1,767.0
1998	1998-3	(3,150)	2,107.5	2,775.6	\$19,566.7	(406.2)	146.40	220.2	92.73	110.5	0.0	0.0	0.00	0.00	\$11,167.15	2,440.0	\$1,990.1	\$2,094.6
1998	1998-4	(3,150)	2,148.5	2,829.6	\$19,253.2	(399.7)	213.70	321.4	92.17	109.9	0.0	0.0	0.00	0.00	\$11,265.75	2,461.6	\$2,172.8	\$2,094.9
1999	1999-1	(3,150)	2,170.9	2,859.1	\$19,219.3	(399.0)	0.00	0.0	90.33	107.7	0.0	0.0	0.00	0.00	\$11,376.10	2,485.7	\$1,903.5	\$2,030.1
1999	1999-2	(3,150)	2,200.7	2,898.3	\$20,733.4	(430.4)	0.00	0.0	88.97	106.0	0.0	0.0	0.00	0.00	\$11,505.80	2,514.0	\$1,937.9	\$1,999.7
1999	1999-3	(3,150)	2,172.7	2,861.4	\$18,947.4	(393.3)	148.30	223.0	84.03	100.2	0.0	0.0	0.00	0.00	\$11,675.65	2,551.1	\$2,192.4	\$2,121.1
1999	1999-4	(3,150)	2,182.1	2,873.8	\$20,375.6	(423.0)	215.90	324.7	95.53	113.9	0.0	0.0	0.00	0.00	\$11,817.70	2,582.2	\$2,321.6	\$2,183.9
2000	2000-1	(3,150)	2,191.1	2,885.7	\$22,400.4	(465.0)	0.00	0.0	102.33	122.0	0.0	0.0	0.00	0.00	\$11,913.60	2,603.1	\$1,995.8	\$2,150.1
2000	2000-2	(3,150)	2,219.5	2,923.1	\$25,185.5	(522.9)	0.00	0.0	109.07	130.0	0.0	0.0	0.00	0.00	\$12,037.80	2,630.3	\$2,010.5	\$2,057.3
2000	2000-3	(3,150)	2,206.7	2,906.2	\$26,069.9	(541.2)	153.40	230.7	120.17	143.2	0.0	0.0	0.00	0.00	\$12,218.20	2,669.7	\$2,258.6	\$2,285.1
2000	2000-4	(3,150)	2,240.4	2,950.6	\$27,594.8	(572.9)	223.90	336.7	131.13	156.3	0.0	0.0	0.00	0.00	\$12,341.20	2,696.6	\$2,417.3	\$2,428.5
2001	2001-1	(3,150)	2,249.6	2,962.7	\$29,289.1	(608.0)	0.00	0.0	133.90	159.6	0.0	0.0	0.00	0.00	\$12,475.80	2,726.0	\$2,090.3	\$2,094.2
2001	2001-2	(3,150)	2,277.7	2,999.7	\$28,395.2	(589.5)	0.00	0.0	124.97	149.0	0.0	0.0	0.00	0.00	\$12,600.10	2,753.1	\$2,162.3	\$2,253.3
2001	2001-3	(3,150)	2,263.8	2,981.4	\$26,688.3	(554.0)	159.60	240.0	120.80	144.0	0.0	0.0	0.00	0.00	\$12,643.50	2,762.6	\$2,424.0	\$2,476.4
2001	2001-4	(3,150)	2,288.9	3,014.5	\$25,252.5	(524.2)	230.00	345.9	139.07	165.8	0.0	0.0	0.00	0.00	\$12,661.30	2,766.5	\$2,618.5	\$2,532.2
2002	2002-1	(3,150)	2,284.9	3,009.2	\$24,399.0	(506.5)	0.00	0.0	120.67	143.8	0.0	0.0	0.00	0.00	\$12,676.80	2,769.9	\$2,266.4	\$2,262.9
2002	2002-2	(3,150)	2,292.2	3,018.8	\$24,956.7	(518.1)	0.00	0.0	100.57	119.9	0.0	0.0	0.00	0.00	\$12,690.20	2,772.8	\$2,243.4	\$2,060.3
2002	2002-3	(3,150)	2,265.8	2,984.1	\$22,607.9	(469.3)	158.60	238.5	95.97	114.4	0.0	0.0	0.00	0.00	\$12,687.70	2,772.3	\$2,490.0	\$2,449.9
2002	2002-4	(3,150)	2,283.2	3,007.0	\$24,875.7	(516.4)	232.10	349.1	119.23	142.1	0.0	0.0	0.00	0.00	\$12,763.80	2,788.9	\$2,620.7	\$2,478.9
2003	2003-1	(3,150)	2,274.9	2,996.0	\$24,805.1	(515.0)	0.00	0.0	115.93	138.2	0.0	0.0	0.00	0.00	\$12,857.65	2,809.4	\$2,278.6	\$2,145.5
2003	2003-2	(3,150)	2,285.7	3,010.3	\$25,181.4	(522.8)	0.00	0.0	119.27	142.2	0.0	0.0	0.00	0.00	\$12,924.40	2,824.0	\$2,303.7	\$2,309.0
2003	2003-3	(3,150)	2,258.6	2,974.6	\$22,677.8	(470.8)	162.50	244.4	132.47	157.9	0.0	0.0	0.00	0.00	\$12,959.90	2,831.7	\$2,587.8	\$2,573.9
2003	2003-4	(3,150)	2,267.9	2,986.8	\$23,909.5	(496.4)	237.90	357.8	124.33	148.2	0.0	0.0	0.00	0.00	\$12,997.60	2,840.0	\$2,686.4	\$2,655.3
2004	2004-1	(3,150)	2,254.6	2,969.3	\$24,379.3	(506.1)	0.00	0.0	128.27	152.9	0.0	0.0	0.00	0.00	\$13,091.65	2,860.5	\$2,326.6	\$2,308.7
2004	2004-2	(3,150)	2,270.5	2,990.2	\$26,445.1	(549.0)	0.00	0.0	120.90	144.1	0.0	0.0	0.00	0.00	\$13,262.25	2,897.8	\$2,333.1	\$2,308.3
2004	2004-3	(3,150)	2,257.3	2,972.9	\$25,869.5	(537.1)	169.50	254.9	133.97	159.7	0.0	0.0	0.00	0.00	\$13,450.55	2,938.9	\$2,639.3	\$2,611.7
2004	2004-4	(3,150)	2,277.0	2,998.8	\$27,729.9	(575.7)	245.20	368.8	154.23	183.8	0.0	0.0	0.00	0.00	\$13,567.60	2,964.5	\$2,790.2	\$2,687.7
2005	2005-1	(3,150)	2,276.2	2,997.8	\$27,854.7	(578.3)	0.00	0.0	151.93	181.1	0.0	0.0	0.00	0.00	\$13,656.35	2,983.9	\$2,434.5	\$2,440.5
2005	2005-2	(3,150)	2,304.4	3,034.9	\$29,277.2	(607.8)	0.00	0.0	157.63	187.9	0.0	0.0	0.00	0.00	\$13,768.50	3,008.4	\$2,473.4	\$2,457.1
2005	2005-3	(3,150)	2,294.6	3,022.0	\$28,141.6	(584.2)	174.60	282.6	155.03	184.8	0.0	0.0	0.00	0.00	\$13,890.60	3,035.1	\$2,770.3	\$2,726.1
2005	2005-4	(3,150)	2,332.3	3,071.6	\$29,882.8	(620.4)	254.50	382.8	178.07	212.3	0.0	0.0	0.00	0.00	\$14,024.75	3,064.4	\$2,960.7	\$2,825.3
2006	2006-1	(3,150)	2,347.3	3,091.4	\$30,111.5	(625.1)	0.00	0.0	211.00	251.5	0.0	0.0	0.00	0.00	\$14,135.90	3,088.7	\$2,656.5	\$2,769.6
2006	2006-2	(3,150)	2,380.8	3,135.5	\$32,111.6	(666.6)	0.00	0.0	207.97	247.9	0.							

CITY OF GALVESTON SALES TAX MODEL
QUARTERLY TAX REVENUE EXPLAINED USING LOCAL, REGIONAL AND NATIONAL FACTORS

Sales Tax Econometric Forecast
 Date: 6/15/2018

		Employment + 1 Quarter			Exports to Mexico FAS + 1 Qtr		Summer Season Adjustment Var #1		Houston Gasoline Price Index + 1 Qtr		Galveston Storm Variable		Pleasure Pier Adjustment		U.S. Real GDP + 2 Qtrs 2 Qtr Moving Average			
COEFFICIENTS		1.317			-0.02076		1.504		1.192		479.6		277.1		0.2185			
FY	Fiscal Year	DATA	DATA	PRODUCT OF DATA AND COEFFICIENT = B	DATA	PRODUCT OF DATA AND COEFFICIENT = H	DATA	PRODUCT OF DATA AND COEFFICIENT = D	DATA	PRODUCT OF DATA AND COEFFICIENT = E	DATA	PRODUCT OF DATA AND COEFFICIENT = F	DATA	PRODUCT OF DATA AND COEFFICIENT = G	DATA	PRODUCT OF DATA AND COEFFICIENT = G	MODEL ESTIMATE (\$000's) = A+B+C+D+E+F+G+H	ACTUAL (\$000's)
2006	2006-3	(3,150)	2,417.4	3,183.7	\$32,483.1	(674.3)	181.80	273.4	197.70	235.7	0.0	0.0	0.00	0.00	\$14,332.60	3,131.7	\$3,000.2	\$3,268.7
2006	2006-4	(3,150)	2,423.6	3,191.9	\$34,056.7	(707.0)	264.60	398.0	247.40	294.9	0.0	0.0	0.00	0.00	\$14,459.75	3,159.5	\$3,187.3	\$3,405.2
2007	2007-1	(3,150)	2,443.7	3,218.4	\$33,103.7	(687.2)	0.00	0.0	236.70	282.1	0.0	0.0	0.00	0.00	\$14,567.85	3,183.1	\$2,846.4	\$2,850.4
2007	2007-2	(3,150)	2,485.9	3,273.9	\$34,078.3	(707.5)	0.00	0.0	183.47	218.7	0.0	0.0	0.00	0.00	\$14,596.10	3,189.2	\$2,824.3	\$2,988.6
2007	2007-3	(3,150)	2,483.1	3,270.2	\$32,157.0	(667.6)	184.30	277.2	192.60	229.6	0.0	0.0	0.00	0.00	\$14,659.75	3,203.2	\$3,162.6	\$3,292.4
2007	2007-4	(3,150)	2,534.1	3,337.4	\$34,410.4	(714.4)	266.40	400.7	250.16	298.2	0.0	0.0	0.00	0.00	\$14,721.45	3,216.6	\$3,388.5	\$3,566.1
2008	2008-1	(3,150)	2,548.4	3,356.2	\$34,836.2	(723.2)	0.00	0.0	236.56	282.0	0.0	0.0	0.00	0.00	\$14,782.35	3,229.9	\$2,994.9	\$3,165.6
2008	2008-2	(3,150)	2,583.1	3,401.9	\$34,514.4	(716.5)	0.00	0.0	242.61	289.2	0.0	0.0	0.00	0.00	\$14,888.60	3,253.2	\$3,077.8	\$3,014.3
2008	2008-3	(3,150)	2,564.8	3,377.8	\$35,745.6	(742.1)	191.20	287.6	259.83	309.7	0.0	0.0	0.00	0.00	\$14,965.15	3,269.9	\$3,352.9	\$3,406.4
2008	2008-4	(3,150)	2,597.9	3,421.4	\$38,174.1	(792.5)	279.40	420.2	312.79	372.8	(1.0)	(479.6)	0.00	0.00	\$14,940.65	3,264.5	\$3,056.8	\$3,000.6
2009	2009-1	(3,150)	2,590.4	3,411.6	\$40,339.7	(837.5)	0.00	0.0	318.52	379.7	1.0	479.6	0.00	0.00	\$14,926.45	3,261.4	\$3,544.8	\$3,496.6
2009	2009-2	(3,150)	2,607.1	3,433.6	\$36,960.7	(767.3)	0.00	0.0	190.92	227.6	0.5	239.8	0.00	0.00	\$14,927.50	3,261.7	\$3,245.4	\$3,339.2
2009	2009-3	(3,150)	2,556.1	3,366.4	\$29,068.3	(603.5)	191.00	287.3	154.24	183.9	0.5	239.8	0.00	0.00	\$14,734.30	3,219.4	\$3,543.3	\$3,568.9
2009	2009-4	(3,150)	2,534.9	3,338.5	\$29,515.9	(612.8)	277.90	418.0	191.69	228.5	0.5	239.8	0.00	0.00	\$14,476.00	3,163.0	\$3,625.0	\$3,452.6
2010	2010-1	(3,150)	2,502.5	3,295.8	\$33,779.8	(701.3)	0.00	0.0	212.28	253.0	0.0	0.0	0.00	0.00	\$14,365.30	3,138.8	\$2,836.3	\$2,580.7
2010	2010-2	(3,150)	2,513.1	3,309.8	\$36,528.0	(758.3)	0.00	0.0	212.12	252.8	0.0	0.0	0.00	0.00	\$14,379.05	3,141.8	\$2,796.1	\$2,558.2
2010	2010-3	(3,150)	2,480.1	3,266.3	\$37,439.1	(777.2)	194.40	292.4	223.55	266.5	0.0	0.0	0.00	0.00	\$14,472.20	3,162.2	\$3,060.2	\$2,969.8
2010	2010-4	(3,150)	2,559.9	3,371.3	\$40,419.8	(839.1)	283.00	425.6	235.53	280.8	0.0	0.0	0.00	0.00	\$14,573.35	3,184.3	\$3,272.9	\$3,271.6
2011	2011-1	(3,150)	2,556.1	3,366.4	\$41,341.3	(858.2)	0.00	0.0	222.38	265.1	0.0	0.0	0.00	0.00	\$14,675.35	3,206.6	\$2,829.9	\$2,646.2
2011	2011-2	(3,150)	2,583.8	3,402.8	\$44,464.5	(923.1)	0.00	0.0	235.55	280.8	0.0	0.0	0.00	0.00	\$14,795.70	3,232.9	\$2,843.4	\$2,764.0
2011	2011-3	(3,150)	2,570.6	3,385.4	\$46,096.9	(957.0)	201.50	303.1	272.97	325.4	0.0	0.0	0.00	0.00	\$14,892.25	3,254.0	\$3,160.9	\$3,200.0
2011	2011-4	(3,150)	2,620.8	3,451.6	\$49,637.2	(1,030.5)	293.50	441.4	326.26	388.9	0.0	0.0	0.00	0.00	\$14,910.15	3,257.9	\$3,359.3	\$3,406.7
2012	2012-1	(3,150)	2,629.4	3,462.9	\$50,904.9	(1,056.8)	0.00	0.0	306.67	365.6	0.0	0.0	0.00	0.00	\$14,935.45	3,263.4	\$2,885.1	\$2,671.3
2012	2012-2	(3,150)	2,660.9	3,504.4	\$51,649.6	(1,072.2)	0.00	0.0	278.18	331.6	0.0	0.0	0.00	0.00	\$15,005.35	3,278.7	\$2,892.5	\$2,844.2
2012	2012-3	(3,150)	2,660.8	3,504.3	\$52,954.0	(1,099.3)	205.50	309.1	303.36	361.6	0.0	0.0	1.00	277.10	\$15,105.70	3,300.6	\$3,503.4	\$3,564.9
2012	2012-4	(3,150)	2,718.8	3,580.7	\$53,111.5	(1,102.6)	295.70	444.7	318.76	380.0	0.0	0.0	1.00	277.10	\$15,240.65	3,330.1	\$3,760.0	\$3,928.4
2013	2013-1	(3,150)	2,736.7	3,604.2	\$54,216.3	(1,125.5)	0.00	0.0	303.71	362.0	0.0	0.0	0.00	0.00	\$15,326.70	3,348.9	\$3,039.6	\$2,927.6
2013	2013-2	(3,150)	2,781.2	3,662.9	\$55,593.2	(1,154.1)	0.00	0.0	287.53	342.7	0.0	0.0	0.00	0.00	\$15,371.60	3,358.7	\$3,060.2	\$3,101.1
2013	2013-3	(3,150)	2,776.0	3,656.0	\$53,698.4	(1,114.8)	207.70	312.4	299.70	357.2	0.0	0.0	1.20	332.50	\$15,382.55	3,361.1	\$3,754.4	\$3,530.8
2013	2013-4	(3,150)	2,823.9	3,719.1	\$57,007.1	(1,183.5)	302.40	454.8	301.63	359.5	0.0	0.0	1.20	332.50	\$15,438.10	3,373.2	\$3,905.6	\$3,865.4
2014	2014-1	(3,150)	2,832.7	3,730.6	\$56,795.9	(1,179.1)	0.00	0.0	300.73	358.5	0.0	0.0	0.00	0.00	\$15,506.75	3,388.2	\$3,148.2	\$3,059.1
2014	2014-2	(3,150)	2,872.9	3,783.6	\$58,452.9	(1,213.5)	0.00	0.0	272.83	325.2	0.0	0.0	0.00	0.00	\$15,581.45	3,404.5	\$3,149.8	\$3,131.8
2014	2014-3	(3,150)	2,863.1	3,770.7	\$57,650.5	(1,196.8)	214.00	321.9	284.62	339.3	0.0	0.0	1.20	332.50	\$15,717.60	3,434.3	\$3,851.9	\$3,849.3
2014	2014-4	(3,150)	2,918.8	3,844.1	\$61,111.3	(1,268.7)	310.40	466.8	308.23	367.4	0.0	0.0	1.20	332.50	\$15,770.45	3,445.8	\$4,037.9	\$4,261.6
2015	2015-1	(3,150)	2,932.9	3,862.6	\$61,351.5	(1,273.7)	0.00	0.0	296.31	353.2	0.0	0.0	0.00	0.00	\$15,823.90	3,457.5	\$3,249.6	\$3,294.6
2015	2015-2	(3,150)	2,985.4	3,931.8	\$60,894.0	(1,264.2)	0.00	0.0	242.67	289.3	0.0	0.0	0.00	0.00	\$15,997.65	3,495.5	\$3,302.4	\$3,358.3
2015	2015-3	(3,150)	2,964.9	3,904.8	\$57,171.2	(1,186.9)	213.20	320.7	183.93	219.2	0.0	0.0	1.20	332.50	\$16,140.60	3,526.7	\$3,967.0	\$3,929.0
2015	2015-4	(3,150)	2,982.3	3,927.7	\$60,182.7	(1,249.4)	311.20	468.0	216.05	257.5	0.0	0.0	1.20	332.50	\$16,227.85	3,545.8	\$4,132.1	\$4,124.1
2016	2016-1	(3,150)	2,972.0	3,914.1	\$60,225.4	(1,250.3)	0.00	0.0	212.31	253.1	0.0	0.0	0.00	0.00	\$16,321.60	3,566.3	\$3,333.2	\$3,366.5
2016	2016-2	(3,150)	2,994.0	3,943.1	\$58,624.7	(1,217.0)	0.00	0.0	170.99	203.8	0.0	0.0	0.00	0.00	\$16,414.55	3,586.6	\$3,366.5	\$3,413.4
2016	2016-3	(3,150)	2,967.8	3,908.5	\$55,397.6	(1,150.1)	216.40	325.5	147.74	176.1	0.0	0.0	1.20	332.50	\$16,472.80	3,599.3	\$4,041.8	\$4,018.7
2016	2016-4	(3,150)	2,983.6	3,929.4	\$57,692.8	(1,197.7)	314.00	472.3	180.71	215.4	0.0	0.0	1.20	332.50	\$16,507.85	3,607.0	\$4,208.9	\$4,202.5
2017	2017-1	(3,150)	2,968.6	3,909.6	\$57,897.6	(1,202.0)	0.00	0.0	180.02	214.6	0.0	0.0	0.00	0.00	\$16,617.55	3,630.9	\$3,403.1	\$3,455.1
2017	2017-2	(3,150)	2,991.0	3,939.2	\$58,713.7	(1,218.9)	0.00	0.0	180.11	214.7	0.0	0.0	0.00	0.00	\$16,720.80	3,653.5	\$3,438.5	\$3,512.2
2017	2017-3	(3,150)	2,974.2	3,917.0	\$58,702.5	(1,218.7)	221.00	332.4	189.15	225.5	0.0	0.0	1.20	332.50	\$16,814.75	3,674.0	\$4,112.7	\$4,085.3
2017	2017-4	(3,150)	3,012.2	3,967.1	\$60,090.9	(1,247.5)	323.70	486.8	198.61	236.7	(0.5)	(239.8)	1.20	332.50	\$16,877.40	3,687.7	\$4,073.5	\$4,056.5
2018	2018-1	(3,150)	2,995.9	3,945.6	\$60,693.9	(1,260.0)	0.00	0.0	200.06	238.5	0.0	0.0	0.00	0.00	\$16,967.63	3,707.4	\$3,721.3	\$3,742.6
2018	2018-2	(3,150)	3,044.4	4,009.5	\$63,501.2	(1,318.3)	0.00	0.0	202.55	241.4	0.0	0.0	0.00	0.00	\$17,097.88	3,735.9	\$3,518.5	\$3,532.3
2018	2018-3	(3,150)	3,051.4	4,018.7	\$58,702.5	(1,218.7)	225.40	339.0	222.55	265.3	0.0	0.0	1.20	332.50	\$17,225.20	3,763.7	\$4,350.5	
2018	2018-4	(3,150)	3,034.8	3,996.8	\$60,090.9	(1,247.5)	330.20	496.6	222.55	265.3	0.0	0.0	1.20	332.50	\$17,287.00	3,777.2	\$4,470.9	
2019	2019-1	(3,150)	3,065.6	4,037.4	\$60,693.9	(1,260.0)	0.00	0.00	202.55	241.4	0.0	0.0	0.00	0.00	\$17,527.56	3,829.8	\$3,698.6	

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		Employment + 1 Quarter			Exports to Mexico FAS + 1 Qtr		Summer Season Adjustment Var #1		Houston Gasoline Price Index + 1 Qtr		Galveston Storm Variable		Pleasure Pier Adjustment		U.S. Real GDP + 2 Qtrs 2 Qtr Moving Average				
COEFFICIENTS		1.317			-0.02076		1.504		1.192		479.6		277.1		0.2185				
FY	Fiscal Year	DATA	DATA	PRODUCT OF DATA AND COEFFICIENT = B	DATA	PRODUCT OF DATA AND COEFFICIENT = H	DATA	PRODUCT OF DATA AND COEFFICIENT = D	DATA	PRODUCT OF DATA AND COEFFICIENT = E	DATA	PRODUCT OF DATA AND COEFFICIENT = F	DATA	PRODUCT OF DATA AND COEFFICIENT = G	DATA	PRODUCT OF DATA AND COEFFICIENT = G	MODEL ESTIMATE (\$000's) = A+B+C+D+E+F+G+H	ACTUAL (\$000's)	
2019	2019-2	(3,150)	3,054.1	4,022.2	\$63,501.2	(1,318.3)	0.0	0.0	202.55	241.4	3,863.5	0.0	0.0	0.00	0.00	\$17,682.11	3,863.5	\$3,658.8	
2019	2019-3	(3,150)	3,094.1	4,074.9	\$58,702.5	(1,218.7)	229.90	345.8	222.55	265.3	0.0	0.0	1.20	332.50	\$17,777.80	3,884.4	\$4,534.2		
2019	2019-4	(3,150)	3,080.9	4,057.5	\$60,090.9	(1,247.5)	336.80	506.5	222.55	265.3	0.0	0.0	1.20	332.50	\$17,852.78	3,900.8	\$4,665.1		
2020	2020-1	(3,150)	3,115.6	4,103.2	\$60,693.9	(1,260.0)	0.0	0.0	202.55	241.4	0.0	0.0	0.00	0.00	\$17,948.22	3,921.7	\$3,856.3		
2020	2020-2	(3,150)	3,107.5	4,092.6	\$63,501.2	(1,318.3)	0.0	0.0	202.55	241.4	0.0	0.0	0.00	0.00	\$18,086.00	3,951.8	\$3,817.5		
2020	2020-3	(3,150)	3,149.8	4,148.3	\$58,702.5	(1,218.7)	234.50	352.7	222.55	265.3	0.0	0.0	1.20	332.50	\$18,150.99	3,966.0	\$4,696.1		
2020	2020-4	(3,150)	3,138.5	4,133.4	\$60,090.9	(1,247.5)	343.50	516.6	222.55	265.3	0.0	0.0	1.20	332.50	\$18,174.14	3,971.0	\$4,821.3		
2021	2021-1	(3,150)	3,175.4	4,182.0	\$60,693.9	(1,260.0)	0.0	0.0	202.55	241.4	0.0	0.0	0.00	0.00	\$18,271.29	3,992.3	\$4,005.7		
2021	2021-2	(3,150)	3,169.7	4,174.5	\$63,501.2	(1,318.3)	0.0	0.0	202.55	241.4	0.0	0.0	0.00	0.00	\$18,411.55	4,022.9	\$3,970.5		
2021	2021-3	(3,150)	3,219.1	4,239.6	\$58,702.5	(1,218.7)	239.20	359.8	222.55	265.3	0.0	0.0	1.20	332.50	\$18,450.49	4,031.4	\$4,859.9		
2021	2021-4	(3,150)	3,207.5	4,224.3	\$60,090.9	(1,247.5)	350.40	527.0	222.55	265.3	0.0	0.0	1.20	332.50	\$18,446.75	4,030.6	\$4,982.2		

ASSUMPTIONS													
Cal Year	Calendar Year Employment Growth	Fiscal Year	Fiscal Year Employment Growth	U.S. Real GDP Growth	Exports to Mexico	CPI	Projected COG Sales Tax (\$Millions)	Fiscal Year	Model Total (\$000's)	Total Actual Tax (\$000's)	Actual Over/Under (Model)	Pct Actual Over/Under Model	Pct Change
2016	-0.10%	FY 2016	-0.11%	1.00%	-1.24%	1.32%	\$14.95	1993	\$5,121.2	\$4,869.2	(\$252.0)	-5.18%	
2017	1.18%	FY 2017	0.92%	2.09%	0.00%	2.02%	\$15.03	1994	\$5,489.5	\$5,464.1	(\$25.4)	-0.46%	12.22%
2018	1.30%	FY 2018	1.30%	2.40%	0.00%	2.00%	\$16.06	1995	\$6,072.0	\$5,828.8	(\$243.2)	-4.17%	6.67%
2019	1.63%	FY 2019	1.52%	2.55%	0.00%	2.00%	\$16.56	1996	\$6,541.3	\$6,900.6	\$359.3	5.21%	18.39%
2020	1.92%	FY 2020	1.87%	2.23%	0.00%	2.00%	\$17.19	1997	\$6,988.5	\$7,340.4	\$351.9	4.79%	6.37%
2021	2.20%	FY 2021	2.20%	2.03%	0.00%	2.00%	\$17.82	1998	\$7,595.1	\$7,702.2	\$107.1	1.39%	4.93%
								1999	\$8,355.4	\$8,334.8	(\$20.6)	-0.25%	8.21%
								2000	\$8,682.2	\$8,921.0	\$238.8	2.68%	7.03%
								2001	\$9,295.1	\$9,356.1	\$61.0	0.65%	4.88%
								2002	\$9,620.5	\$9,252.0	(\$368.5)	-3.98%	-1.11%
								2003	\$9,856.5	\$9,683.7	(\$172.8)	-1.78%	4.67%
								2004	\$10,089.2	\$9,916.4	(\$172.8)	-1.74%	2.40%
								2005	\$10,638.9	\$10,449.0	(\$189.9)	-1.82%	5.37%
								2006	\$11,520.5	\$12,224.2	\$703.7	5.76%	16.99%
								2007	\$12,221.8	\$12,697.5	\$475.7	3.75%	3.87%
								2008	\$12,482.4	\$12,586.9	\$104.5	0.83%	-0.87%
								2009	\$13,958.5	\$13,857.3	(\$101.2)	-0.73%	10.09%
								2010	\$11,965.5	\$11,380.3	(\$585.2)	-5.14%	-17.88%
								2011	\$12,193.5	\$12,016.9	(\$176.6)	-1.47%	5.59%
								2012	\$13,041.0	\$13,008.8	(\$32.2)	-0.25%	8.25%
								2013	\$13,759.8	\$13,424.9	(\$334.9)	-2.49%	3.20%
								2014	\$14,187.8	\$14,301.8	\$114.0	0.80%	6.53%
								2015	\$14,651.1	\$14,706.0	\$54.9	0.37%	2.83%
								2016	\$14,950.4	\$15,001.1	\$50.7	0.34%	2.01%
								2017 Est.	\$15,027.8	\$15,109.1	\$81.3	0.54%	0.72%
								2018 Est.	\$16,061.2	\$16,096.3	\$35.1	0.22%	6.30%
								2019 Est.	\$16,556.7				3.09%
								2020 Est.	\$17,191.2				3.83%
								2021 Est.	\$17,818.3				3.65%

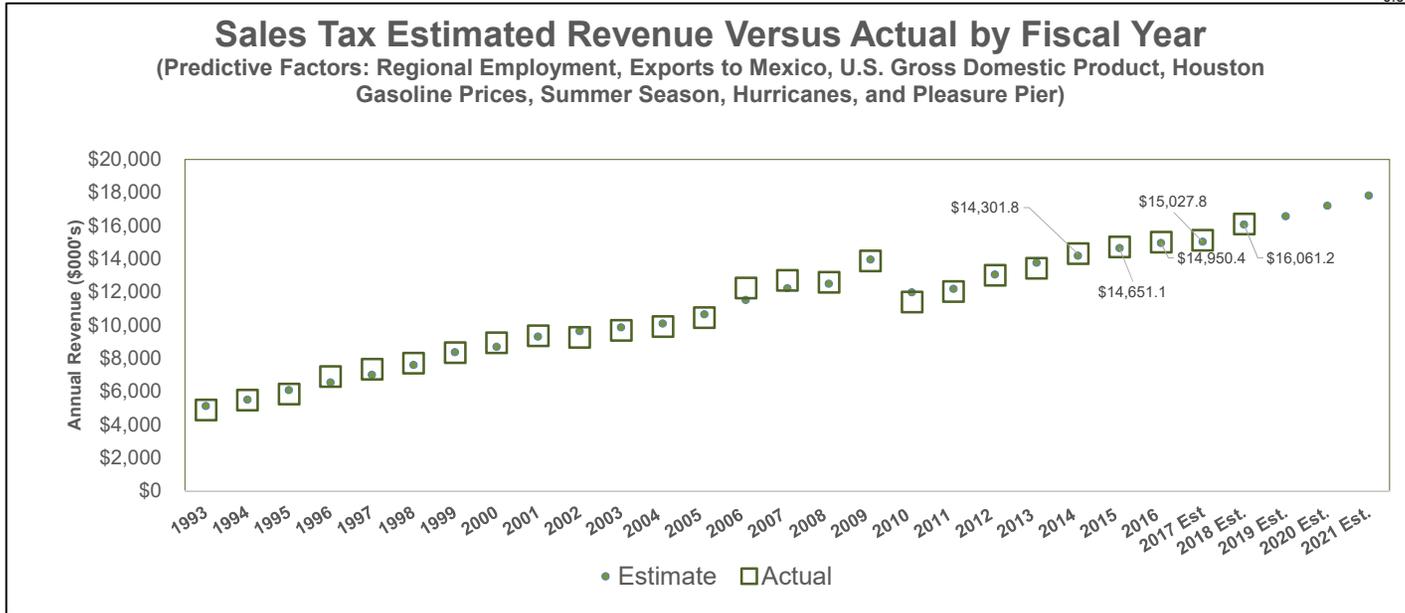
CITY OF GALVESTON SALES TAX MODEL
QUARTERLY TAX REVENUE EXPLAINED USING LOCAL, REGIONAL AND NATIONAL FACTORS

Sales Tax Econometric Forecast
 Date: 6/15/2018

			Employment + 1 Quarter		Exports to Mexico FAS + 1 Qtr		Summer Season Adjustment Var #1		Houston Gasoline Price Index + 1 Qtr		Galveston Storm Variable		Pleasure Pier Adjustment		U.S. Real GDP + 2 Qtrs 2 Qtr Moving Average			
COEFFICIENTS			1.317		-0.02076		1.504		1.192		479.6		277.1		0.2185			
FY	Fiscal Year	DATA	DATA	PRODUCT OF DATA AND COEFFICIENT = B	DATA	PRODUCT OF DATA AND COEFFICIENT = H	DATA	PRODUCT OF DATA AND COEFFICIENT = D	DATA	PRODUCT OF DATA AND COEFFICIENT = E	DATA	PRODUCT OF DATA AND COEFFICIENT = F	DATA	PRODUCT OF DATA AND COEFFICIENT = G	DATA	PRODUCT OF DATA AND COEFFICIENT = G	MODEL ESTIMATE (\$000's) = A+B+C+D+E+F+G+H	ACTUAL (\$000's)

0.51%

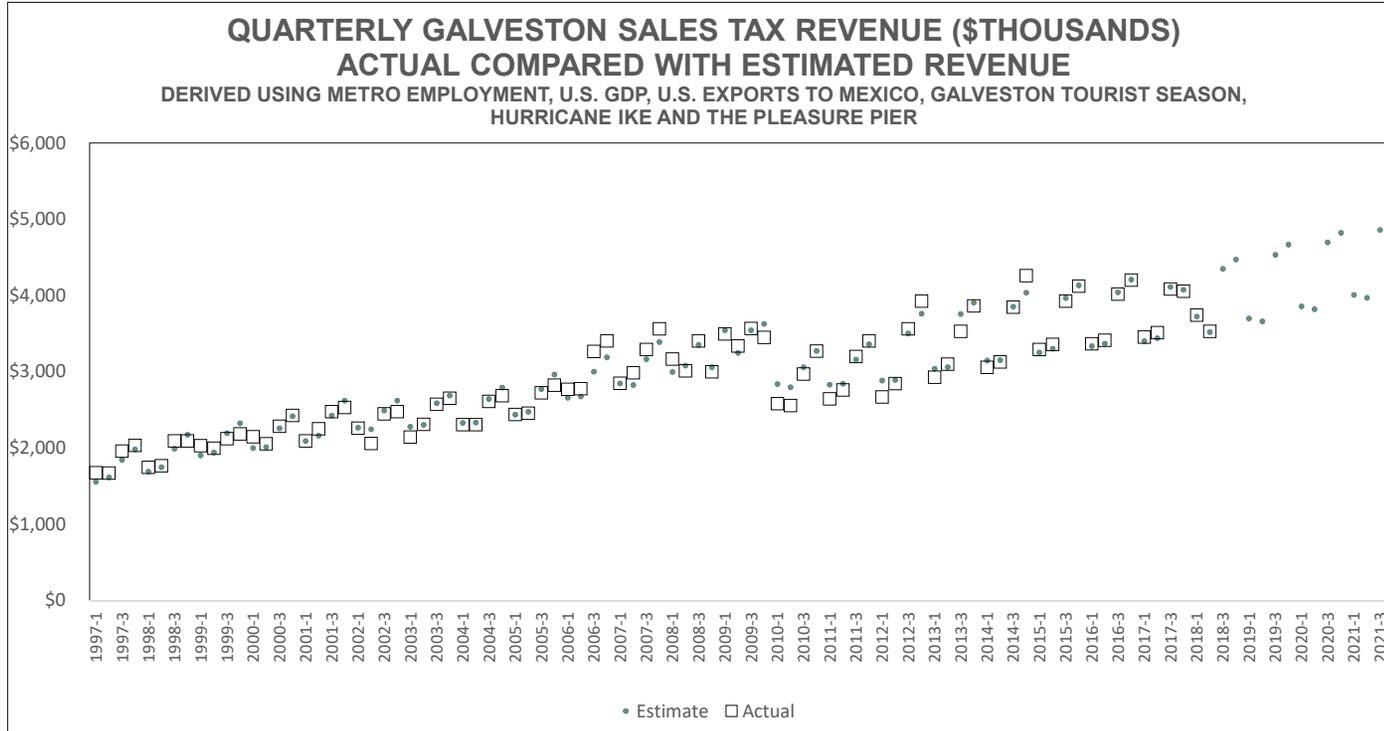
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CITY OF GALVESTON SALES TAX MODEL
QUARTERLY TAX REVENUE EXPLAINED USING LOCAL, REGIONAL AND NATIONAL FACTORS

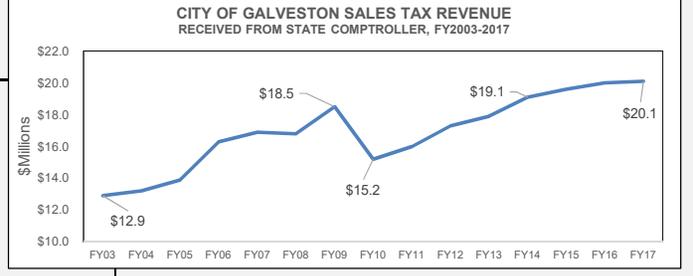
Sales Tax Econometric Forecast
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			Employment + 1 Quarter	Exports to Mexico FAS + 1 Qtr	Summer Season Adjustment Var #1	Houston Gasoline Price Index + 1 Qtr	Galveston Storm Variable	Pleasure Pier Adjustment	U.S. Real GDP + 2 Qtrs 2 Qtr Moving Average									
COEFFICIENTS			1.317	-0.02076	1.504	1.192	479.6	277.1	0.2185									
FY	Fiscal Year	DATA	DATA	PRODUCT OF DATA AND COEFFICIENT = B	DATA	PRODUCT OF DATA AND COEFFICIENT = H	DATA	PRODUCT OF DATA AND COEFFICIENT = D	DATA	PRODUCT OF DATA AND COEFFICIENT = E	DATA	PRODUCT OF DATA AND COEFFICIENT = T = F	DATA	PRODUCT OF DATA AND COEFFICIENT = G	DATA	PRODUCT OF DATA AND COEFFICIENT = G	MODEL ESTIMATE (\$000's) = A+B+C+D+E+F+G+H	ACTUAL (\$000's)



**CITY OF GALVESTON SALES TAX COLLECTIONS RESULTS FOR FULL 2% TAX (1.5% TO CITY, 0.5% TO IDC)
APRIL 2018 MERCHANTS' COLLECTIONS, PAID INTO STATE COMPTROLLER IN MAY, RECEIVED BY CITY IN JUNE 2018**

MONTH TAX COLLECTED BY RETAILER	2013 (Full 2% Receipts)	2014 (Full 2% Receipts)	2015 (Full 2% Receipts)	2016 (Full 2% Receipts)	2017 (Full 2% Receipts)	2018 (Full 2% Receipts)	Pct Over Same Mo Last FY	General Fund Share (75% of Total Receipts)	GENERAL FUND PROJECTIONS (1.5%)				FULL 2% PROJECTIONS					
									LOW	AVERAGE	HIGH	AVG FY10-16	LOW	AVERAGE	HIGH			
October	1,259,799.43	1,291,651.32	1,394,471.33	1,366,645.51	1,453,825.27	1,583,869.29	8.94%	1,187,901.97										
November	1,140,069.77	1,206,491.83	1,271,065.03	1,346,250.59	1,409,900.59	1,508,187.73	6.97%	1,131,140.80										
December	1,503,560.37	1,580,661.09	1,727,234.37	1,775,748.53	1,743,007.96	1,898,024.07	8.89%	1,423,518.05										
January	1,248,434.02	1,196,353.19	1,267,941.59	1,345,136.83	1,365,509.84	1,338,215.41	-2.00%	1,003,661.56										
February	1,183,430.49	1,306,266.44	1,326,316.48	1,287,680.31	1,512,079.09	1,355,370.24	-10.36%	1,016,527.68										
March	1,702,991.96	1,673,131.09	1,883,450.03	1,918,408.51	1,805,353.93	2,016,199.59	11.68%	1,512,149.69										
April	1,341,757.16	1,543,703.81	1,521,566.83	1,520,201.92	1,597,398.76	1,628,106.23	1.92%	1,221,079.67										
May	1,464,185.50	1,571,501.29	1,608,255.60	1,728,972.75	1,707,408.24													
June	1,901,816.89	2,017,138.85	2,108,830.18	2,109,070.02	2,142,210.36													
July	1,867,947.38	2,131,203.89	1,932,921.75	1,840,685.72	2,072,163.35													
August	1,702,391.19	1,908,135.36	1,754,317.72	1,970,226.10	1,541,184.53													
September	1,583,462.97	1,642,812.02	1,811,499.15	1,792,464.01	1,795,376.55													
	17,899,847.13	19,069,050.18	19,607,870.06	20,001,490.80	20,145,418.47	11,327,972.56		8,495,979.42										
	3.2%																	
YTD Totals									LOW	AVERAGE	HIGH	AVG FY10-16	LOW	AVERAGE	HIGH			
October	1,259,799.43	1,291,651.32	1,394,471.33	1,366,645.51	1,453,825.27	1,583,869.29	8.94%	16,453,000	17,174,000	18,503,000	14,844,000	21,937,000	22,898,000	24,671,000				
November	2,399,869.20	2,498,143.15	2,665,536.36	2,712,896.10	2,863,725.86	3,092,057.02	7.97%	16,308,000	17,373,000	21,159,000	15,395,000	21,744,000	23,164,000	28,212,000				
December	3,903,429.57	4,078,804.24	4,392,770.73	4,488,644.63	4,606,733.82	4,990,081.09	8.32%	16,022,000	16,774,000	18,230,000	15,290,000	21,362,000	22,365,000	24,306,000				
January	5,151,863.59	5,275,157.43	5,660,712.32	5,833,781.46	5,972,243.66	6,328,296.50	5.96%	15,445,000	16,351,000	17,462,000	15,294,000	20,593,000	21,801,000	23,283,000				
February	6,335,294.08	6,581,423.87	6,987,028.80	7,121,461.77	7,484,322.75	7,683,666.74	2.66%	15,512,000	16,136,000	17,363,000	15,169,000	20,683,000	21,515,000	23,151,000				
March	8,038,286.04	8,254,554.96	8,870,478.83	9,039,870.28	9,289,676.68	9,699,866.33	4.42%	15,521,000	16,080,000	17,158,000	15,179,000	20,695,000	21,440,000	22,877,000				
April	9,380,043.20	9,798,258.77	10,392,045.66	10,560,072.20	10,887,075.44	11,327,972.56	4.05%	15,638,000	16,105,000	17,016,000	15,159,000	20,850,000	21,473,000	22,688,000				
May	10,844,228.70	11,369,760.06	12,000,301.26	12,289,044.95	12,594,483.68													
June	12,746,045.59	13,386,898.91	14,109,131.44	14,398,114.97	14,736,694.04													
July	14,613,992.97	15,518,102.80	16,042,053.19	16,238,800.69	16,808,857.39													
August	16,316,384.16	17,426,238.16	17,796,370.91	18,209,026.79	18,350,041.92													
September	17,899,847.13	19,069,050.18	19,607,870.06	20,001,490.80	20,145,418.47													
COG 1.5%	13,424,885.35	14,301,787.64	14,705,902.55	15,001,118.10	15,109,063.85													
Percent of Year									Highest Percent YTD	Average Percent YTD	Lowest Percent YTD	Average Percent YTD FY11-17						
October	7.04%	6.77%	7.11%	6.83%	7.22%				7.22%	6.92%	6.42%	6.91%						
November	13.41%	13.10%	13.59%	13.56%	14.22%				14.22%	13.35%	10.96%	13.22%						
December	21.81%	21.39%	22.40%	22.44%	22.87%				23.36%	22.31%	20.53%	22.02%						
January	28.78%	27.66%	28.87%	29.17%	29.65%				30.73%	29.03%	27.18%	28.61%						
February	35.39%	34.51%	35.63%	35.60%	37.15%				37.15%	35.71%	33.19%	35.21%						
March	44.91%	43.29%	45.24%	45.20%	46.11%				46.87%	45.24%	42.40%	44.67%						
April	52.40%	51.38%	53.00%	52.80%	54.04%				54.33%	52.75%	49.93%	52.25%						
May	60.58%	59.62%	61.20%	61.44%	62.52%				62.52%	60.96%	58.17%	60.48%						
June	71.21%	70.20%	71.96%	71.99%	73.15%				73.15%	71.82%	69.80%	71.40%						
July	81.64%	81.38%	81.81%	81.19%	83.44%				83.44%	81.65%	80.35%	81.56%						
August	91.15%	91.38%	90.76%	91.04%	91.09%				91.38%	90.61%	89.87%	90.76%						
September	100.00%	100.00%	100.00%	100.00%	100.00%				100.00%	100.00%	100.00%	100.00%						



FY17 ACTUAL	15,109,064
FY18 ESTIMATE	16,160,000
FY18 BUDGET	16,160,000

**WATER BILLED BY MONTH
FY 2004-2018
(ADJUSTED FOR RATE OVERCHARGES IN FY 2013-2015 PERIOD)**

PERIOD	Consumption Month	FY08 (1)	FY09	FY10	FY11	FY12 (2)	FY13 (6)	FY14 (3) (6)	FY15 (4) (6)	FY16	FY17 (7)	FY18 (8)	FY18 Over/(Under) FY17	Monthly Budget FY 2018
1	October	1,026,266	1,103,484	1,208,674	1,062,315	1,370,651	1,462,953	1,406,416	1,531,876	1,980,495	1,798,033	1,822,567	1.4%	2,062,700
2	November	1,267,637	1,016,879	948,211	1,169,355	1,202,275	1,172,268	1,105,351	1,201,595	1,472,169	1,735,283	1,671,082	-3.7%	1,525,462
3	December	933,029	932,044	1,147,118	1,025,036	1,193,222	1,187,989	1,220,912	1,130,961	1,661,710	1,713,271	1,402,429	-18.1%	1,718,838
4	January	1,068,960	923,329	1,040,955	915,744	1,168,942	1,191,141	1,090,597	1,290,354	1,572,610	1,448,479	1,470,569	1.5%	1,633,000
5	February	888,484	987,761	888,149	1,137,213	1,097,829	1,192,587	1,052,712	971,541	1,293,101	1,288,374	1,213,156	-5.8%	1,353,600
6	March	917,690	1,007,157	841,597	1,151,092	1,142,824	1,203,169	1,299,312	1,090,198	1,464,200	1,577,075	1,384,379	-12.2%	1,525,500
7	April	1,209,989	1,139,332	1,365,231	1,228,110	1,259,938	1,199,872	2,000,757	1,182,676	1,601,530	1,519,366	1,661,458	9.4%	1,654,400
8	May	1,119,457	1,193,925	1,330,843	1,508,009	1,557,077	1,540,987	1,627,127	1,134,449	1,556,558	1,819,959			1,611,500
9	June	1,257,551	1,629,747	1,500,336	1,518,666	1,616,019	1,662,271	1,481,916	1,461,962	1,643,370	2,008,489			1,718,900
10	July	1,673,163	1,715,539	1,480,708	1,650,726	1,660,664	1,644,346	969,975	1,763,127	2,334,289	1,821,316			2,406,400
11	August	1,037,331	1,489,421	1,417,067	1,476,042	1,584,469	1,526,923	1,548,922	1,732,325	2,245,392	2,179,099			2,342,000
12	September	1,377,121	1,310,263	1,294,547	1,438,046	1,451,898	1,462,720	1,409,943	1,471,078	1,860,832	1,788,294			1,933,700
	FY TOTALS	13,776,680	14,448,883	14,463,436	15,280,354	16,305,808	16,447,225	16,213,940	15,962,142	20,686,256	20,697,037			21,486,000
PERIOD	YTD Totals	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY18 Over/(Under) FY17	YTD Budget FY 2018
1	October	1,026,266	1,103,484	1,208,674	1,062,315	1,370,651	1,462,953	1,406,416	1,531,876	1,980,495	1,798,033	1,822,567	1.4%	2,062,700
2	November	2,293,904	2,120,364	2,156,884	2,231,670	2,572,926	2,635,221	2,511,767	2,733,471	3,452,664	3,533,316	3,493,649	-1.1%	3,588,162
3	December	3,226,933	3,052,408	3,304,002	3,256,705	3,766,148	3,823,210	3,732,679	3,864,432	5,114,374	5,246,587	4,896,078	-6.7%	5,307,000
4	January	4,295,894	3,975,737	4,344,957	4,172,449	4,935,090	5,014,351	4,823,276	5,154,786	6,686,983	6,695,065	6,366,647	-4.9%	6,940,000
5	February	5,184,378	4,963,498	5,233,106	5,309,662	6,032,918	6,206,938	5,875,988	6,126,327	7,980,085	7,983,440	7,579,803	-5.1%	8,293,600
6	March	6,102,068	5,970,655	6,074,703	6,460,754	7,175,743	7,410,107	7,175,301	7,216,524	9,444,285	9,560,515	8,964,182	-6.2%	9,819,100
7	April	7,312,057	7,109,987	7,439,934	7,688,863	8,435,681	8,609,979	9,176,057	8,399,201	11,045,815	11,079,880	10,625,640	-4.1%	11,473,500
8	May	8,431,514	8,303,912	8,770,777	9,196,873	9,992,758	10,150,966	10,803,184	9,533,650	12,602,373	12,899,839			13,085,000
9	June	9,689,066	9,933,659	10,271,113	10,715,539	11,608,776	11,813,237	12,285,100	10,995,612	14,245,743	14,908,328			14,803,900
10	July	11,362,228	11,649,198	11,751,822	12,366,266	13,269,441	13,457,582	13,255,075	12,758,739	16,580,032	16,729,644			17,210,300
11	August	12,399,559	13,138,619	13,168,889	13,842,308	14,853,909	14,984,505	14,803,998	14,491,064	18,825,424	18,908,743			19,552,300
12	September	13,776,680	14,448,883	14,463,436	15,280,354	16,305,808	16,447,225	16,213,940	15,962,142	20,686,256	20,697,037			21,486,000

**WATER BILLED BY MONTH
FY 2004-2018
(ADJUSTED FOR RATE OVERCHARGES IN FY 2013-2015 PERIOD)**

PERIOD	% YTD of Actual	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18 Projected (Using Avg)	Average FY04-17 w/o FY09, FY14	
1	October	7.4%	7.6%	8.4%	7.0%	8.4%	8.9%	8.7%	9.6%	9.6%	8.7%	21,915,000	8.3%	
2	November	16.7%	14.7%	14.9%	14.6%	15.8%	16.0%	15.5%	17.1%	16.7%	17.1%	21,745,000	16.1%	
3	December	23.4%	21.1%	22.8%	21.3%	23.1%	23.2%	23.0%	24.2%	24.7%	25.3%	20,909,000	23.4%	
4	January	31.2%	27.5%	30.0%	27.3%	30.3%	30.5%	29.7%	32.3%	32.3%	32.3%	20,834,000	30.6%	
5	February	37.6%	34.4%	36.2%	34.7%	37.0%	37.7%	36.2%	38.4%	38.6%	38.6%	20,312,000	37.3%	
6	March	44.3%	41.3%	42.0%	42.3%	44.0%	45.1%	44.3%	45.2%	45.7%	46.2%	20,080,000	44.6%	
7	April	53.1%	49.2%	51.4%	50.3%	51.7%	52.3%	56.6%	52.6%	53.4%	53.5%	20,210,000	52.6%	
8	May	61.2%	57.5%	60.6%	60.2%	61.3%	61.7%	66.6%	59.7%	60.9%	62.3%	-	61.3%	
9	June	70.3%	68.8%	71.0%	70.1%	71.2%	71.8%	75.8%	68.9%	68.9%	72.0%	-	70.9%	
10	July	82.5%	80.6%	81.3%	80.9%	81.4%	81.8%	81.8%	79.9%	80.1%	80.8%	-	81.0%	
11	August	90.0%	90.9%	91.0%	90.6%	91.1%	91.1%	91.3%	90.8%	91.0%	91.4%	-	91.5%	
12	<u>September</u>	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	100.0%	

Notes

- (1) Hurricane Ike effect in September 2008.
- (2) Council Approved Rate Increase of 1.5% (October 1, 2012).
- (3) Implementation of new Utility Billing Software (CUSI).
- (4) Credits issued in the amount of \$1.71M (August 2015).
- (5) Adopted Budget FY16 (Burton & Associates).
- (6) Fiscal Years 2013 to July 2015 were adjusted to reflect Council Approved rate increase Oct 1, 2012. The rebate program began in August 2015.
- (7) The monthly revenues stated do not include accruals recorded at year-end.
- (8) Galveston experienced a hard freeze event January 18-19, 2018. Galveston was under a water conservation mandate due to bursting pipes and water leaks.

SEWER BILLED BY MONTH
FY 2004-2018
(ADJUSTED FOR RATE OVERCHARGES IN FY 2013-2015 PERIOD)

PERIOD	Consumption Month	FY08 (1)	FY09	FY10	FY11	FY12 (2)	FY13 (6)	FY14 (3) (6)	FY15 (4) (6)	FY16	FY17 (7)	FY18 (8)	FY18 Over/(Under) FY17	Monthly Budget FY 2018
1	October	865,245	960,266	906,107	760,341	957,079	1,081,810	1,077,646	1,177,037	1,255,861	1,163,205	1,251,166	7.6%	1,209,760
2	November	1,034,013	816,119	735,318	875,522	872,020	919,724	835,742	923,386	1,020,359	1,159,339	1,189,764	2.6%	1,209,760
3	December	783,080	737,924	953,431	757,647	913,367	931,277	924,075	883,472	1,156,091	1,206,249	1,086,617	-9.9%	1,240,004
4	January	918,770	765,165	824,147	713,154	889,759	974,020	901,192	1,013,899	1,117,668	1,102,726	1,161,656	5.3%	1,149,272
5	February	776,096	790,109	645,695	909,127	868,193	859,201	860,106	780,149	992,412	1,011,493	1,037,586	2.6%	1,058,540
6	March	798,741	799,495	742,150	864,582	888,106	915,089	1,000,981	812,036	1,130,585	1,205,061	1,136,495	-5.7%	1,255,126
7	April	1,004,610	859,831	937,843	880,160	995,885	873,167	967,599	941,364	1,138,186	1,093,401	1,220,794	11.7%	1,134,150
8	May	908,674	880,529	953,956	1,123,964	1,137,558	1,128,822	1,206,430	884,914	1,147,865	1,194,918			1,240,004
9	June	1,011,646	1,165,207	1,073,377	1,088,993	1,246,681	1,221,575	412,190	1,130,599	1,209,374	1,374,260			1,421,468
10	July	1,306,123	1,226,650	1,109,919	1,238,984	1,238,184	1,193,203	1,982,664	1,256,796	1,362,298	1,279,550			1,330,736
11	August	795,784	1,068,508	1,019,560	1,019,041	1,167,198	942,245	1,133,011	1,235,798	1,369,124	1,496,221			1,557,566
12	September	1,116,050	954,440	943,341	1,054,688	1,042,362	1,064,360	1,016,904	1,066,429	1,245,600	1,267,306			1,315,614
	FY TOTALS	11,318,833	11,024,246	10,844,845	11,286,202	12,216,392	12,104,494	12,318,540	12,105,879	14,145,423	14,553,730			15,122,000
PERIOD	YTD TOTALS	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY18 Over/(Under) FY17	YTD Budget FY 2018
1	October	865,245	960,266	906,107	760,341	957,079	1,081,810	1,077,646	1,177,037	1,255,861	1,163,205	1,251,166	7.6%	1,209,760
2	November	1,899,258	1,776,385	1,641,425	1,635,863	1,829,099	2,001,534	1,913,388	2,100,423	2,276,220	2,322,544	2,440,930	5.1%	2,419,520
3	December	2,682,338	2,514,310	2,594,856	2,393,510	2,742,467	2,932,811	2,837,463	2,983,895	3,432,311	3,528,793	3,527,547	0.0%	3,659,524
4	January	3,601,109	3,279,475	3,419,003	3,106,664	3,632,225	3,906,831	3,738,655	3,997,794	4,549,979	4,631,519	4,689,203	1.2%	4,808,796
5	February	4,377,205	4,069,584	4,064,698	4,015,791	4,500,418	4,766,032	4,598,761	4,777,944	5,542,391	5,643,012	5,726,789	1.5%	5,867,336
6	March	5,175,946	4,869,079	4,806,849	4,880,372	5,388,524	5,681,121	5,599,742	5,589,980	6,672,976	6,848,073	6,863,284	0.2%	7,122,462
7	April	6,180,556	5,728,910	5,744,692	5,760,532	6,384,409	6,554,289	6,567,341	6,531,344	7,811,162	7,941,475	8,084,078	1.8%	8,256,612
8	May	7,089,230	6,609,440	6,698,648	6,884,497	7,521,967	7,683,111	7,773,772	7,416,258	8,959,027	9,136,393			9,496,616
9	June	8,100,876	7,774,647	7,772,025	7,973,489	8,768,648	8,904,686	8,185,961	8,546,857	10,168,401	10,510,653			10,918,084
10	July	9,407,000	9,001,297	8,881,944	9,212,473	10,006,832	10,097,888	10,168,625	9,803,652	11,530,699	11,790,203			12,248,820
11	August	10,202,783	10,069,805	9,901,504	10,231,514	11,174,030	11,040,133	11,301,637	11,039,450	12,899,823	13,286,424			13,806,386
12	September	11,318,833	11,024,246	10,844,845	11,286,202	12,216,392	12,104,494	12,318,540	12,105,879	14,145,423	14,553,730			15,122,000

SEWER BILLED BY MONTH
FY 2004-2018
(ADJUSTED FOR RATE OVERCHARGES IN FY 2013-2015 PERIOD)

PERIOD	% YTD of Actual	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18 Projected (Using Avg)	Average FY04-17 w/o FY14
1	October	7.6%	8.7%	8.4%	6.7%	7.8%	8.9%	8.7%	9.7%	8.9%	8.0%	15,344,000	8.2%
2	November	16.8%	16.1%	15.1%	14.5%	15.0%	16.5%	15.5%	17.4%	16.1%	16.0%	15,464,000	15.8%
3	December	23.7%	22.8%	23.9%	21.2%	22.4%	24.2%	23.0%	24.6%	24.3%	24.2%	15,115,000	23.3%
4	January	31.8%	29.7%	31.5%	27.5%	29.7%	32.3%	30.3%	33.0%	32.2%	31.8%	15,255,000	30.7%
5	February	38.7%	36.9%	37.5%	35.6%	36.8%	39.4%	37.3%	39.5%	39.2%	38.8%	15,169,000	37.8%
6	March	45.7%	44.2%	44.3%	43.2%	44.1%	46.9%	45.5%	46.2%	47.2%	47.1%	15,153,000	45.3%
7	April	54.6%	52.0%	53.0%	51.0%	52.3%	54.1%	53.3%	54.0%	55.2%	54.6%	15,189,000	53.2%
8	May	62.6%	60.0%	61.8%	61.0%	61.6%	63.5%	63.1%	61.3%	63.3%	62.8%		62.0%
9	June	71.6%	70.5%	71.7%	70.6%	71.8%	73.6%	66.5%	70.6%	71.9%	72.2%		71.0%
10	July	83.1%	81.7%	81.9%	81.6%	81.9%	83.4%	82.5%	81.0%	81.5%	81.0%		81.4%
11	August	90.1%	91.3%	91.3%	90.7%	91.5%	91.2%	91.7%	91.2%	91.2%	91.3%		91.7%
12	September	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%		100.0%

Notes: The monthly revenues stated do not include accruals recorded at year-end.

- (1) Hurricane Ike September 2008
- (2) Council Approved Rate Increase of 1.5% (October 1, 2012)
- (3) Implementation of new Utility Billing Software (CUSI)
- (4) Credits issued in the amount of \$1.72 M (August 2015)
- (5) Adopted Budget FY15 (Burton & Associates)
- (6) Fiscal Years 2013 to July 2015 were adjusted to reflect Council Approved rate increase Oct 1, 2012. The rebate program began in August 2015.
- (7) The monthly revenues stated do not include accruals recorded at year-end.
- (8) Galveston hard freeze event January 18-19, 2018. Galveston was under a water conservation mandate due to bursting pipes and water leaks.

**CITY OF GALVESTON HOTEL OCCUPANCY TAX MODEL
 QUARTERLY REVENUE EXPLAINED BY U.S. REAL GDP, PLEASURE PIER AND TOURISM SEASONAL ADJUSTMENT**

Hotel Occupancy Tax Model
 DATE 6/15/2018

		U.S. Real GDP		Summer Season Adjustment Var #2		Pleasure Pier Adjustment with CPI						
COEFFICIENTS		0.6445		5.592		206.7						
National	Fiscal Year	CONSTANT = A	DATA	PRODUCT OF DATA AND COEFFICIENT = B	DATA	PRODUCT OF DATA AND COEFFICIENT = D	DATA	PRODUCT OF DATA AND COEFFICIENT = D	MODEL ESTIMATE (\$000's) = C+E+G	ACTUAL (\$000's)	ACTUAL OVER/ (UNDER) ESTIMATE (\$000'S)	
2007	2007-1	-8027	14,716.9	9,485.0	0.00	0.0	0.00	0.0	\$1,458.0	\$1,474.3	\$16.3	23.5%
2007	2007-2	-8027	14,726.0	9,490.9	36.00	201.3	0.00	0.0	\$1,665.2	\$1,757.2	\$92.0	5.0%
2007	2007-3	-8027	14,838.7	9,563.5	202.70	1,133.5	0.00	0.0	\$2,670.0	\$3,034.6	\$364.6	12.0%
2007	2007-4	-8027	14,938.5	9,627.9	339.80	1,900.2	0.00	0.0	\$3,501.1	\$3,550.4	\$49.3	1.4%
2008	2008-1	-8027	14,991.8	9,662.2	0.00	0.0	0.00	0.0	\$1,635.2	\$1,694.8	\$59.6	3.5%
2008	2008-2	-8027	14,889.5	9,596.3	37.10	207.5	0.00	0.0	\$1,776.8	\$1,984.1	\$207.3	10.4%
2008	2008-3	-8027	14,963.4	9,643.9	210.30	1,176.0	0.00	0.0	\$2,792.9	\$3,190.0	\$397.1	12.4%
2008	2008-4	-8027	14,891.6	9,597.6	356.50	1,993.5	0.00	0.0	\$3,564.1	\$3,416.0	(\$148.1)	-4.3%
2009	2009-1	-8027	14,577.0	9,394.9	0.00	0.0	0.00	0.0	\$1,367.9	\$1,288.8	(\$79.1)	-6.1%
2009	2009-2	-8027	14,375.0	9,264.7	37.70	210.8	0.00	0.0	\$1,448.5	\$1,928.5	\$480.0	24.9%
2009	2009-3	-8027	14,355.6	9,252.2	210.10	1,174.9	0.00	0.0	\$2,400.1	\$2,104.3	(\$295.8)	-14.1%
2009	2009-4	-8027	14,402.5	9,282.4	354.60	1,982.9	0.00	0.0	\$3,238.3	\$2,769.2	(\$469.1)	-16.9%
2010	2010-1	-8027	14,541.9	9,372.3	0.00	0.0	0.00	0.0	\$1,345.3	\$1,216.5	(\$128.8)	-10.6%
2010	2010-2	-8027	14,604.8	9,412.8	38.30	214.2	0.00	0.0	\$1,600.0	\$1,503.4	(\$96.6)	-6.4%
2010	2010-3	-8027	14,745.9	9,503.7	213.80	1,195.6	0.00	0.0	\$2,672.3	\$2,668.5	(\$3.8)	-100.1%
2010	2010-4	-8027	14,845.5	9,567.9	361.10	2,019.3	0.00	0.0	\$3,560.2	\$3,325.1	(\$235.1)	-107.1%
2011	2011-1	-8027	14,939.0	9,628.2	0.00	0.0	0.00	0.0	\$1,601.2	\$1,399.5	(\$201.7)	-114.4%
2011	2011-2	-8027	14,881.3	9,591.0	39.00	218.1	0.00	0.0	\$1,782.1	\$1,729.2	(\$52.9)	-103.1%
2011	2011-3	-8027	14,989.6	9,660.8	221.60	1,239.2	0.00	0.0	\$2,873.0	\$3,102.8	\$229.8	7.4%
2011	2011-4	-8027	15,021.1	9,681.1	374.50	2,094.2	0.00	0.0	\$3,748.3	\$3,868.7	\$120.4	3.1%
2012	2012-1	-8027	15,190.3	9,790.1	0.00	0.0	0.00	0.0	\$1,763.1	\$1,604.7	(\$158.4)	-9.9%
2012	2012-2	-8027	15,291.0	9,855.0	40.20	224.8	0.00	0.0	\$2,052.8	\$2,085.1	\$32.3	1.5%
2012	2012-3	-8027	15,362.4	9,901.1	226.00	1,263.8	2.05	423.7	\$3,561.6	\$3,670.6	\$109.0	3.0%
2012	2012-4	-8027	15,380.8	9,912.9	377.30	2,109.9	2.04	421.7	\$4,417.5	\$4,398.1	(\$19.4)	-0.4%
2013	2013-1	-8027	15,384.3	9,915.2	0.00	0.0	0.00	0.0	\$1,888.2	\$1,797.8	(\$90.4)	-5.0%
2013	2013-2	-8027	15,491.9	9,984.5	40.70	227.6	0.00	0.0	\$2,185.1	\$2,280.5	\$95.4	4.2%
2013	2013-3	-8027	15,521.6	10,003.7	228.50	1,277.8	2.49	514.7	\$3,769.2	\$3,473.9	(\$295.3)	-8.5%
2013	2013-4	-8027	15,641.3	10,080.8	385.90	2,158.0	2.50	516.8	\$4,728.6	\$4,985.7	\$257.1	5.2%
2014	2014-1	-8027	15,793.9	10,179.2	0.00	0.0	0.00	0.0	\$2,152.2	\$2,250.1	\$97.9	4.4%
2014	2014-2	-8027	15,757.6	10,155.8	41.80	233.7	0.00	0.0	\$2,362.5	\$2,101.8	(\$260.7)	-12.4%
2014	2014-3	-8027	15,935.8	10,270.6	235.40	1,316.4	2.57	531.2	\$4,091.2	\$3,490.3	(\$600.9)	-17.2%

**CITY OF GALVESTON HOTEL OCCUPANCY TAX MODEL
 QUARTERLY REVENUE EXPLAINED BY U.S. REAL GDP, PLEASURE PIER AND TOURISM SEASONAL ADJUSTMENT**

		U.S. Real GDP		Summer Season Adjustment Var #2		Pleasure Pier Adjustment with CPI						
	COEFFICIENTS		0.6445		5.592		206.7					
National	Fiscal Year	CONSTANT = A	DATA	PRODUCT OF DATA AND COEFFICIENT = B	DATA	PRODUCT OF DATA AND COEFFICIENT = D	DATA	PRODUCT OF DATA AND COEFFICIENT = D	MODEL ESTIMATE (\$000's) = C+E+G	ACTUAL (\$000's)	ACTUAL OVER/ (UNDER) ESTIMATE (\$000'S)	
2014	2014-4	-8027	16,139.5	10,401.9	396.10	2,215.0	2.57	531.2	\$5,121.1	\$5,742.7	\$621.6	10.8%
2015	2015-1	-8027	16,220.2	10,453.9	0.00	0.0	0.00	0.0	\$2,426.9	\$2,746.7	\$319.8	11.6%
2015	2015-2	-8027	16,350.0	10,537.6	42.70	238.8	0.00	0.0	\$2,749.4	\$2,556.8	(\$192.6)	-7.5%
2015	2015-3	-8027	16,460.9	10,609.0	234.50	1,311.3	2.56	529.2	\$4,422.5	\$4,404.6	(\$17.9)	-0.4%
2015	2015-4	-8027	16,527.6	10,652.0	397.10	2,220.6	2.58	533.3	\$5,378.9	\$5,579.3	\$200.4	3.6%
2016	2016-1	-8027	16,547.6	10,664.9	0.00	0.0	0.00	0.0	\$2,637.9	\$2,495.9	(\$142.0)	-5.7%
2016	2016-2	-8027	16,571.6	10,680.4	42.80	239.3	0.00	0.0	\$2,892.7	\$2,919.5	\$26.8	0.9%
2016	2016-3	-8027	16,663.5	10,739.6	238.00	1,330.9	2.60	537.4	\$4,580.9	\$4,696.7	\$115.8	2.5%
2016	2016-4	-8027	16,778.1	10,813.5	400.70	2,240.7	2.60	537.4	\$5,564.6	\$5,195.4	(\$369.2)	-7.1%
2017	2017-1	-8027	16,851.4	10,860.7	0.00	0.0	0.00	0.0	\$2,833.7	\$2,734.4	(\$99.3)	-3.6%
2017	2017-2	-8027	16,903.2	10,894.1	43.60	243.8	0.00	0.0	\$3,110.9	\$3,182.0	\$71.1	2.2%
2017	2017-3	-8027	17,031.1	10,976.5	243.1	1359.4	2.65	547.8	\$4,856.7	\$5,033.6	\$176.9	3.5%
2017	2017-4	-8027	17,163.9	11,062.1	409.3	2288.8	2.66	549.8	\$5,873.7	\$5,715.9	(\$157.8)	-2.8%
2018	2018-1	-8027	17,286.5	11,141.1	0	0	0.00	0.0	\$3,114.1	\$3,154.0	\$39.9	1.3%
2018	2018-2	-8027	17,379.7	11,201.2	44.5	248.8	0.00	0.0	\$3,423.0	\$3,370.0	(\$53.0)	-1.6%
2018	2018-3	-8027	17,532.0	11,299.4	248.4	1389.1	2.71	560.2	\$5,221.7			
2018	2018-4	-8027	17,696.0	11,405.1	418.3	2339.1	2.72	562.2	\$6,279.4			
2019	2019-1	-8027	17,845.0	11,501.1	0	0	0.00	0.0	\$3,474.1			
2019	2019-2	-8027	17,963.0	11,577.2	45.5	254.4	0.00	0.0	\$3,804.6			
2019	2019-3	-8027	18,072.0	11,647.4	253.9	1419.8	2.77	572.6	\$5,612.8			
2019	2019-4	-8027	18,172.0	11,711.9	427.5	2390.6	2.78	574.6	\$6,650.1			
2020	2020-1	-8027	18,265.0	11,771.8	0	0	0.00	0.0	\$3,744.8			
2020	2020-2	-8027	18,354.0	11,829.2	46.5	260	0.00	0.0	\$4,062.2			
2020	2020-3	-8027	18,435.0	11,881.4	259.5	1451.1	2.83	585.0	\$5,890.5			
2020	2020-4	-8027	18,512.0	11,931.0	436.9	2443.1	2.84	587.0	\$6,934.1			
2021	2021-1	-8027	18,585.0	11,978.0	0	0	0.00	0.0	\$3,951.0			
2021	2021-2	-8027	18,653.0	12,021.9	47.5	265.6	0.00	0.0	\$4,260.5			
2021	2021-3	-8027	18,720.0	12,065.0	265.2	1483	2.89	597.4	\$6,118.4			
2021	2021-4	-8027	18,787.0	12,108.2	446.5	2496.8	2.90	599.4	\$7,177.4			
2022	2022-1	-8027	18,855.0	12,152.0	0	0	0.00	0.0	\$4,125.0			
2022	2022-2	-8027	18,927.0	12,198.5	48.5	271.2	0.00	0.0	\$4,442.7			
2022	2022-3	-8027	19,002.0	12,246.8	271	1515.4	2.95	609.8	\$6,345.0			
2022	2022-4	-8027	19,077.0	12,295.1	456.3	2551.6	2.96	611.8	\$7,431.5			
2023	2023-1	-8027	19,154.0	12,344.8	0	0	0.00	0.0	\$4,317.8			

**CITY OF GALVESTON HOTEL OCCUPANCY TAX MODEL
 QUARTERLY REVENUE EXPLAINED BY U.S. REAL GDP, PLEASURE PIER AND TOURISM SEASONAL ADJUSTMENT**

		U.S. Real GDP			Summer Season Adjustment Var #2		Pleasure Pier Adjustment with CPI					
		0.6445			5.592		206.7					
National	Fiscal Year	CONSTANT = A	DATA	PRODUCT OF DATA AND COEFFICIENT = B	DATA	PRODUCT OF DATA AND COEFFICIENT = D	DATA	PRODUCT OF DATA AND COEFFICIENT = D	MODEL ESTIMATE (\$000's) = C+E+G	ACTUAL (\$000's)	ACTUAL OVER/ (UNDER) ESTIMATE (\$000'S)	
2023	2023-2	-8027	19,228.0	12,392.4	49.6	277.4	0.00	0.0	\$4,642.8			
2023	2023-3	-8027	19,306.0	12,442.7	277	1549	3.01	622.2	\$6,586.9			
2023	2023-4	-8027	19,387.0	12,494.9	466.3	2607.5	3.03	626.3	\$7,701.7			

**HOTEL OCCUPANCY TAX BY FISCAL YEAR
 MODELED ESTIMATES VERSUS ACTUAL (\$000's)**

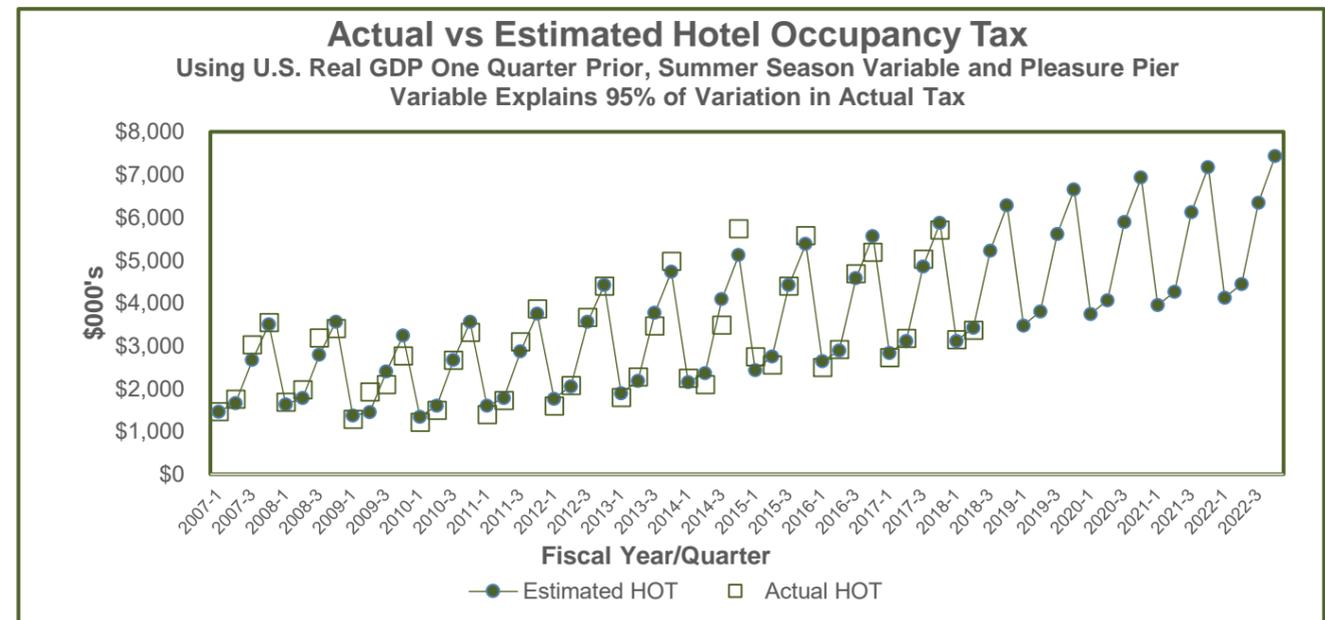
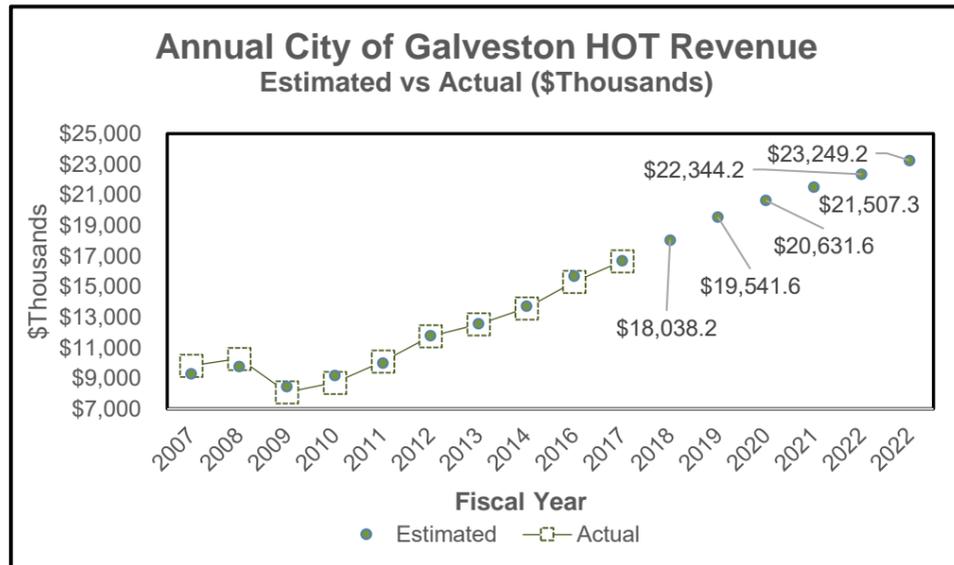
FY	Estimate	Actual	Actual Over/ (Under) Est.	Amount per Penny	Pct Chg from Prior FY	Est Over/ (Under) Actual
2007	\$9,294.3	\$9,816.5	\$522.2	\$1,090.7		5.3%
2008	\$9,769.0	\$10,284.9	\$515.9	\$1,142.8	4.8%	5.0%
2009	\$8,454.8	\$8,090.8	(\$364.0)	\$899.0	-21.3%	-4.5%
2010	\$9,177.8	\$8,713.5	(\$464.3)	\$968.2	7.7%	-5.3%
2011	\$10,004.6	\$10,100.2	\$95.6	\$1,122.2	15.9%	1.0%
2012	\$11,795.0	\$11,758.5	(\$36.5)	\$1,306.5	16.4%	-0.3%
2013	\$12,571.1	\$12,537.9	(\$33.2)	\$1,393.1	6.6%	-0.3%
2014	\$13,727.0	\$13,584.9	(\$142.1)	\$1,509.4	8.4%	-1.1%
2016	\$15,676.1	\$15,307.5	(\$368.6)	\$1,700.8	0.1%	-2.4%
2017	\$16,675.0	\$16,665.9	(\$9.1)	\$1,851.8	8.9%	-0.1%
2018	\$18,038.2			\$2,004.2	8.2%	
2019	\$19,541.6			\$2,171.3	8.3%	
2020	\$20,631.6			\$2,292.4	5.6%	
2021	\$21,507.3			\$2,389.7	4.2%	
2022	\$22,344.2			\$2,482.7	3.9%	
2022	\$23,249.2			\$2,583.2	4.1%	

ASSUMPTIONS

Fiscal Year	Annual Change in U.S. Real GDP	CPI
FY 2017	2.08%	2.39%
FY 2018	3.10%	2.20%
FY 2019	2.69%	2.20%
FY 2020	1.87%	2.20%
FY 2021	1.49%	2.20%
FY 2022	1.54%	2.20%
FY 2023	1.62%	2.20%

**CITY OF GALVESTON HOTEL OCCUPANCY TAX MODEL
 QUARTERLY REVENUE EXPLAINED BY U.S. REAL GDP, PLEASURE PIER AND TOURISM SEASONAL ADJUSTMENT**

		U.S. Real GDP		Summer Season Adjustment Var #2		Pleasure Pier Adjustment with CPI					
COEFFICIENTS		0.6445		5.592		206.7					
National	Fiscal Year	CONSTANT = A	DATA	PRODUCT OF DATA AND COEFFICIENT = B	DATA	PRODUCT OF DATA AND COEFFICIENT = D	DATA	PRODUCT OF DATA AND COEFFICIENT = D	MODEL ESTIMATE (\$000's) = C+E+G	ACTUAL (\$000's)	ACTUAL OVER/ (UNDER) ESTIMATE (\$000'S)



**CITY OF GALVESTON - LOCAL HOTEL OCCUPANCY TAX - GROSS COLLECTIONS REPORT
MARCH OCCUPANCY AND APRIL COLLECTIONS BY PARK BOARD**

Month of Occupancy	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	Month Over/ (Under) Same Month Last Yr		
October	\$566,603.98	\$649,601.76	\$639,696.99	\$858,676.11	\$1,273,005.15	\$892,938.06	\$1,015,895.74	\$1,107,179.49	9.0%		
November	\$474,036.48	\$584,677.19	\$685,798.10	\$861,261.82	\$838,200.99	\$872,362.01	\$816,077.11	\$1,058,984.58	29.8%		
December	\$358,869.95	\$370,422.69	\$472,320.24	\$530,191.42	\$635,474.94	\$730,641.58	\$902,418.26	\$987,874.60	9.5%		
January	\$385,821.19	\$416,526.68	\$489,796.45	\$477,859.59	\$573,936.66	\$691,506.50	\$726,111.74	\$742,164.89	2.2%		
February	\$463,624.03	\$556,338.30	\$662,290.02	\$611,617.14	\$815,772.67	\$783,600.85	\$928,371.67	\$846,191.38	-8.9%		
March	\$879,705.14	\$1,112,272.85	\$1,128,453.40	\$1,012,287.24	\$1,167,060.11	\$1,444,396.17	\$1,527,514.96	\$1,781,668.66	16.6%		
April	\$811,548.49	\$908,341.22	\$902,403.03	\$944,120.47	\$1,120,372.30	\$1,213,005.59	\$1,279,130.86	\$1,320,636.41	3.2%		
May	\$812,563.94	\$1,005,816.52	\$1,059,210.25	\$1,398,247.05	\$1,334,699.85	\$1,324,156.41	\$1,384,806.34				
June	\$1,478,676.42	\$1,756,462.71	\$1,512,258.09	\$1,147,935.08	\$1,949,550.21	\$2,159,510.89	\$2,369,703.73				
July	\$1,891,503.23	\$1,847,095.93	\$2,476,120.72	\$3,109,028.17	\$2,596,952.83	\$2,304,051.16	\$2,639,528.58				
August	\$1,249,302.15	\$1,725,676.56	\$1,849,894.39	\$1,681,498.78	\$1,809,908.82	\$1,492,338.64	\$1,563,148.58				
September	\$727,916.77	\$825,373.66	\$659,731.22	\$952,144.67	\$1,172,423.31	\$1,399,092.70	\$1,513,221.44				
Totals	\$10,100,171.77	\$11,758,606.07	\$12,537,972.90	\$13,584,867.54	\$15,287,357.84	\$15,307,600.56	\$16,665,929.01				
	15.9%	16.4%	6.6%	8.3%	12.5%	0.1%	8.9%				
Amt per Penny	\$1,122,241.31	\$1,306,511.79	\$1,393,108.10	\$1,509,429.73	\$1,698,595.32	\$1,700,844.51	\$1,851,769.89				
YTD Totals	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	YTD Over/(Under)	FY18 Estimate wh 3 Year Avg	FY18 Est per Penny of HOT
October	\$566,603.98	\$649,601.76	\$639,696.99	\$858,676.11	\$1,273,005.15	\$892,938.06	\$1,015,895.74	\$1,107,179.49	9.0%	\$16,395,000	\$1,822,000
November	\$1,040,640.46	\$1,234,278.95	\$1,325,495.09	\$1,719,937.93	\$2,111,206.14	\$1,765,300.07	\$1,831,972.85	\$2,166,164.07	18.2%	\$17,887,000	\$1,987,000
December	\$1,399,510.41	\$1,604,701.64	\$1,797,815.33	\$2,250,129.35	\$2,746,681.08	\$2,495,941.65	\$2,734,391.11	\$3,154,038.67	15.3%	\$18,667,000	\$2,074,000
January	\$1,785,331.60	\$2,021,228.32	\$2,287,611.78	\$2,727,988.94	\$3,320,617.74	\$3,187,448.15	\$3,460,502.85	\$3,896,203.56	12.6%	\$18,465,000	\$2,052,000
February	\$2,248,955.63	\$2,577,566.62	\$2,949,901.80	\$3,339,606.08	\$4,136,390.41	\$3,971,049.00	\$4,388,874.52	\$4,742,394.94	8.1%	\$17,934,000	\$1,993,000
March	\$3,128,660.77	\$3,689,839.47	\$4,078,355.20	\$4,351,893.32	\$5,303,450.52	\$5,415,445.17	\$5,916,389.48	\$6,524,063.60	10.3%	\$18,540,000	\$2,060,000
April	\$3,940,209.26	\$4,598,180.69	\$4,980,758.23	\$5,296,013.79	\$6,423,822.82	\$6,628,450.76	\$7,195,520.34	\$7,844,700.01	9.0%	\$18,314,000	\$2,035,000
May	\$4,752,773.20	\$5,603,997.21	\$6,039,968.48	\$6,694,260.84	\$7,758,522.67	\$7,952,607.17	\$8,580,326.68				\$0
June	\$6,231,449.62	\$7,360,459.92	\$7,552,226.57	\$7,842,195.92	\$9,708,072.88	\$10,112,118.06	\$10,950,030.41				\$0
July	\$8,122,952.85	\$9,207,555.85	\$10,028,347.29	\$10,951,224.09	\$12,305,025.71	\$12,416,169.22	\$13,589,558.99				\$0
August	\$9,372,255.00	\$10,933,232.41	\$11,878,241.68	\$12,632,722.87	\$14,114,934.53	\$13,908,507.86	\$15,152,707.57				\$0
September	\$10,100,171.77	\$11,758,606.07	\$12,537,972.90	\$13,584,867.54	\$15,287,357.84	\$15,307,600.56	\$16,665,929.01				\$0

