



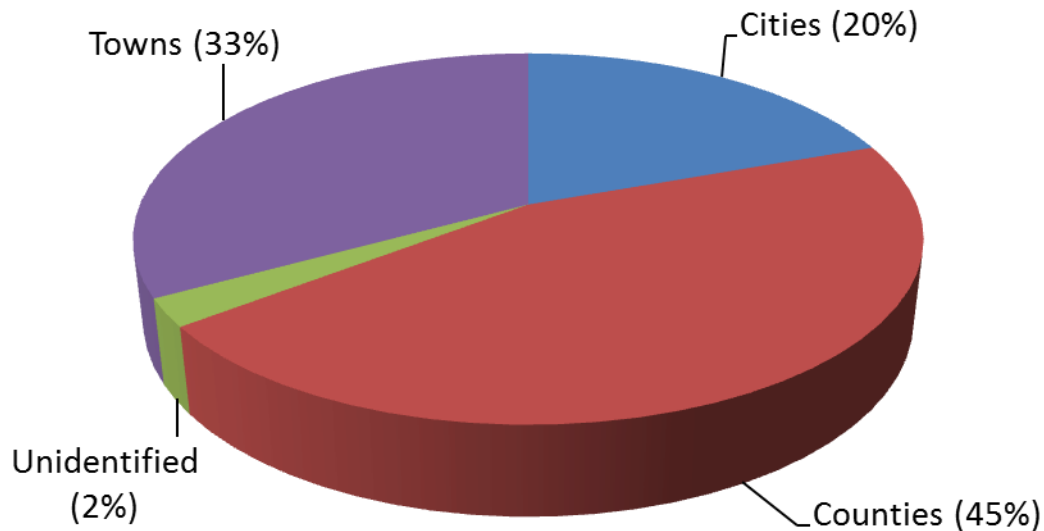
Virginia Local Fiscal Conditions 2018 Survey of Local Officials

VML-VACo Finance Forum

January 3, 2018

Virginia Local Fiscal Conditions Survey

- Conducted during November/December 2017 for presentation to the VML-VACo Finance Forum.
- Surveys were distributed to each Virginia City, County, and Town that has a professional manager. Responses were received from 82 localities:

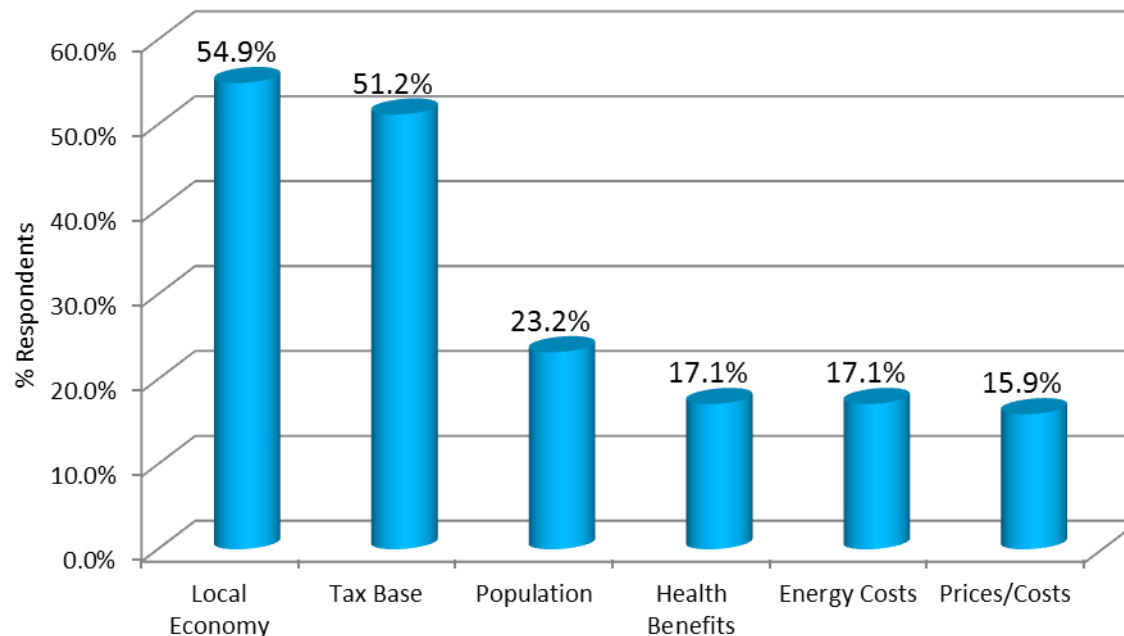


Virginia Local Fiscal Conditions Survey

- Modeled after the National League of Cities' "City Fiscal Conditions" survey.
- *Questions to be answered:*
 1. Where do Virginia localities stand today in terms of their overall fiscal condition?
 2. Have they recovered from the Great Recession?
 3. What local revenue & budget actions are planned this year and beyond?

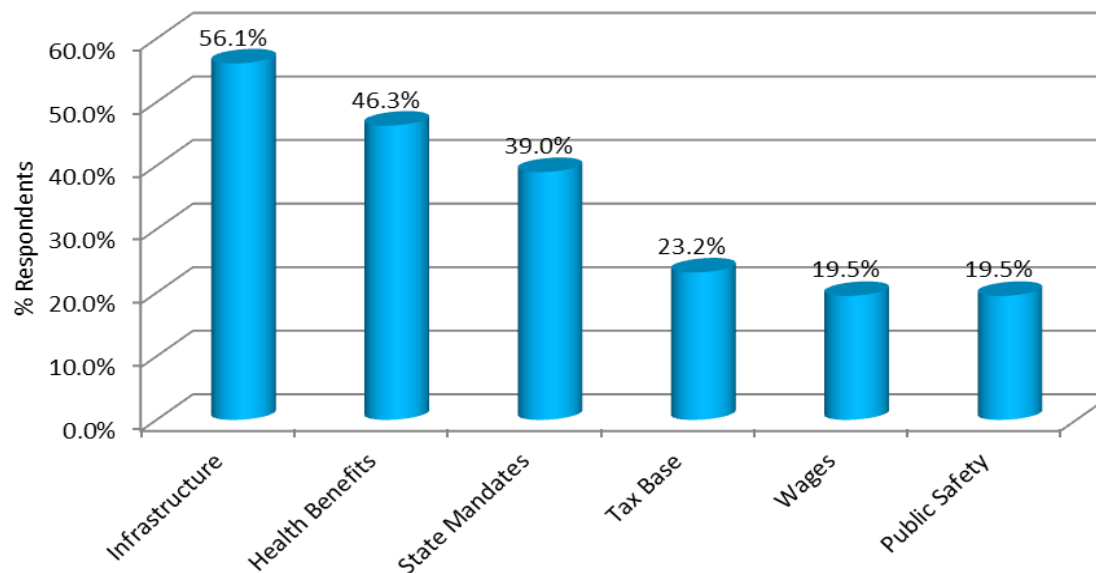
Positive Factors impacting local budgets

- The majority of local economies are growing, with healthy tax bases.
- **Top Three** Positive Factors identified by localities:



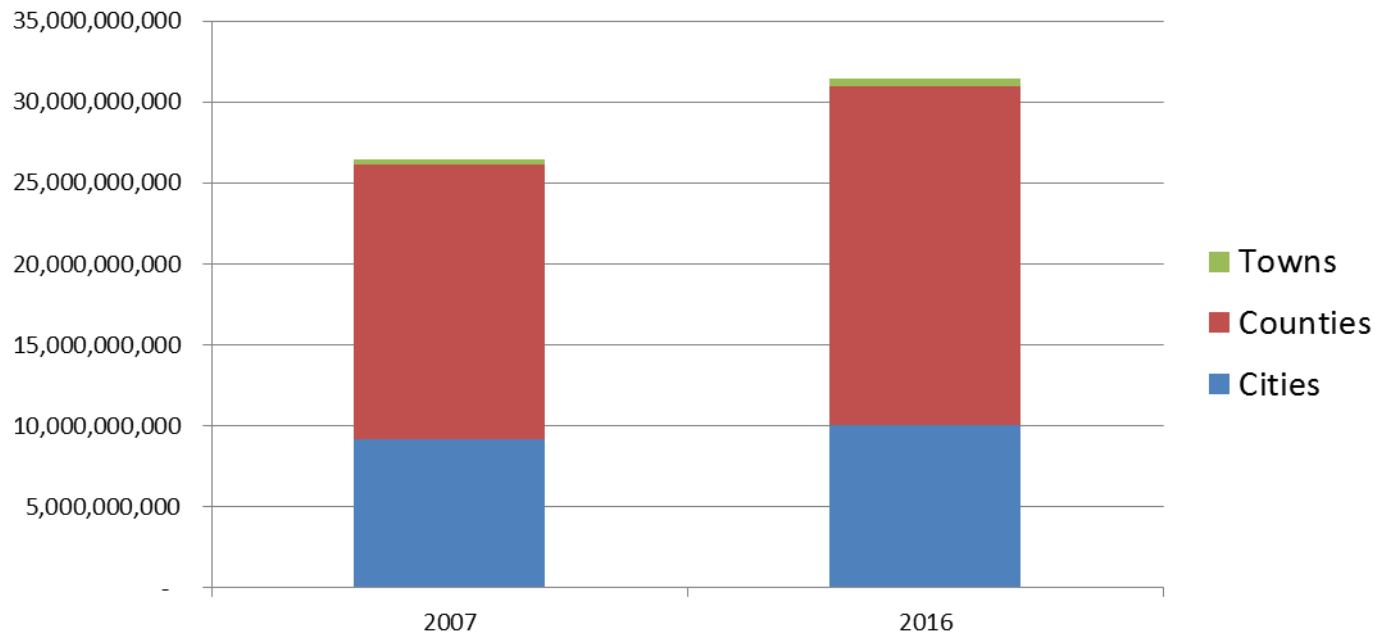
Negative Factors impacting local budgets

- Major challenges include Infrastructure requirements, health benefit costs, and state mandates.
- Many localities are not sharing in the benefits of growing economies and tax bases.
- Top Three Negative Factors** identified by localities:



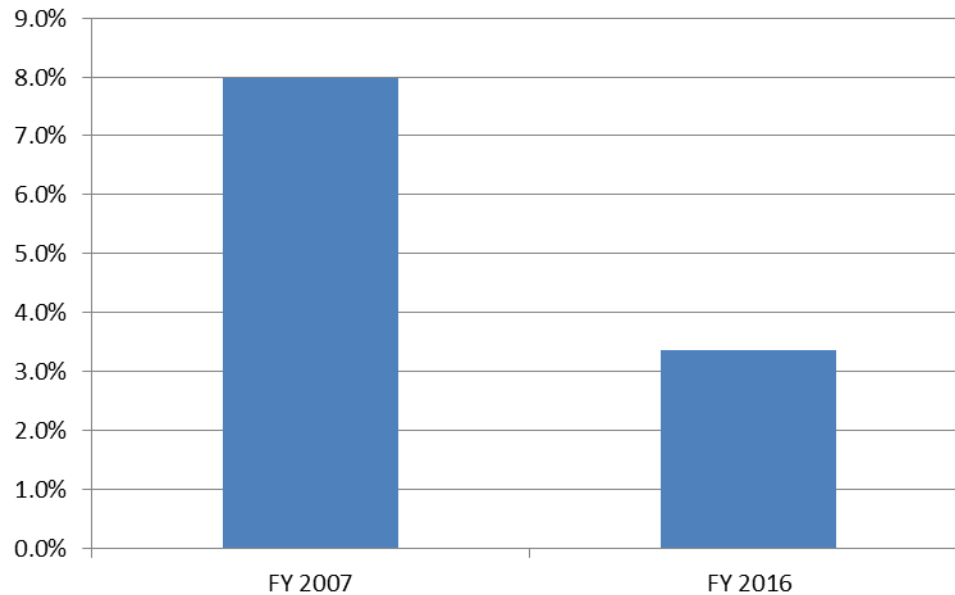
Local Revenues: Pre-recession and Now

- Virginia local government revenues exceed pre-recession levels but by relatively small amounts.



Local Revenue Growth: Pre-recession and Now

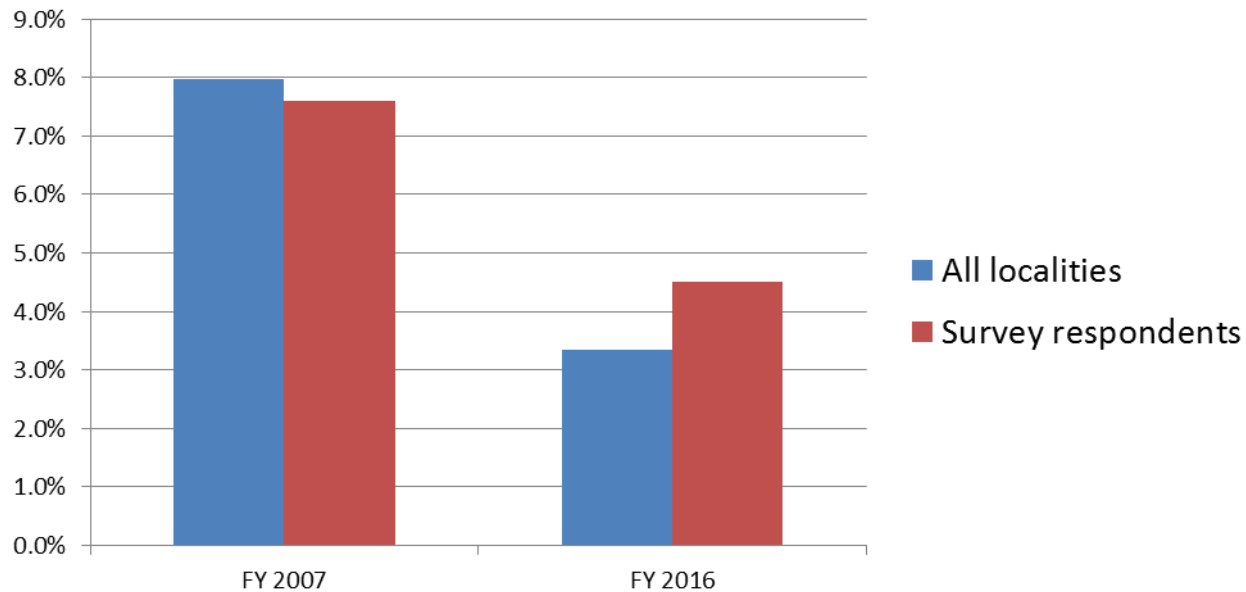
- Revenue growth is markedly slower today than before the recession.



Source: Auditor of Public Accounts

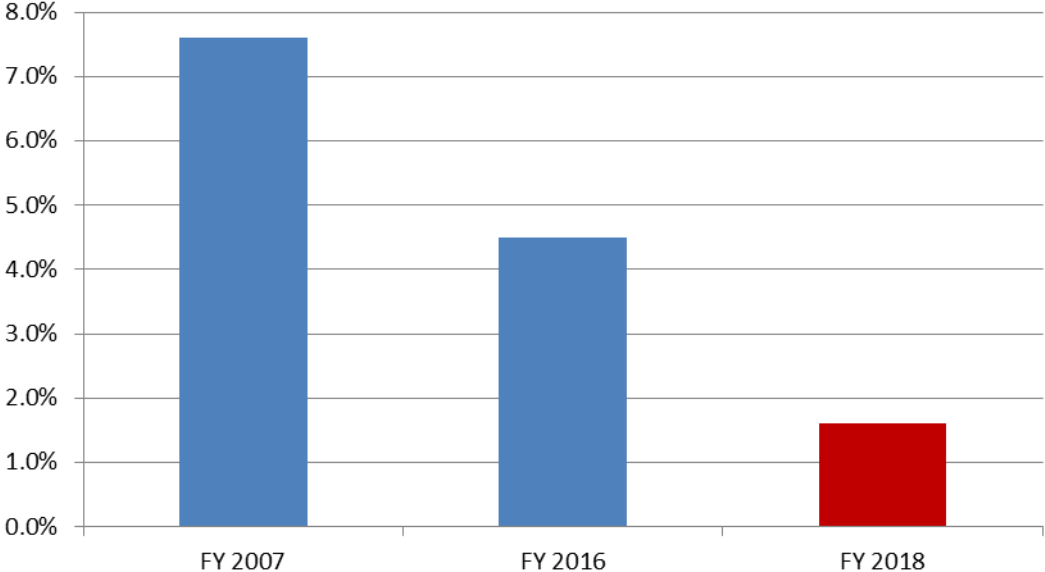
Local Revenue Growth: Pre-recession and Now

- Survey respondents report slowing in revenue growth rates similar to statewide APA data.



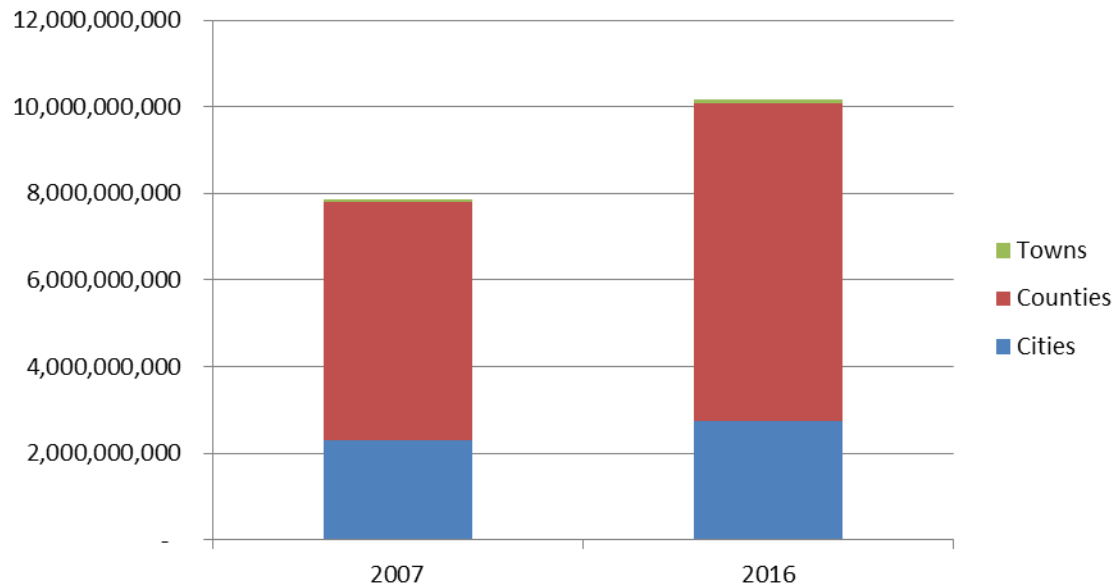
Local Revenue Growth: Outlook

- Survey respondents project even slower revenue growth in FY 2018.



Real Estate Tax Revenues: Pre-recession and Now

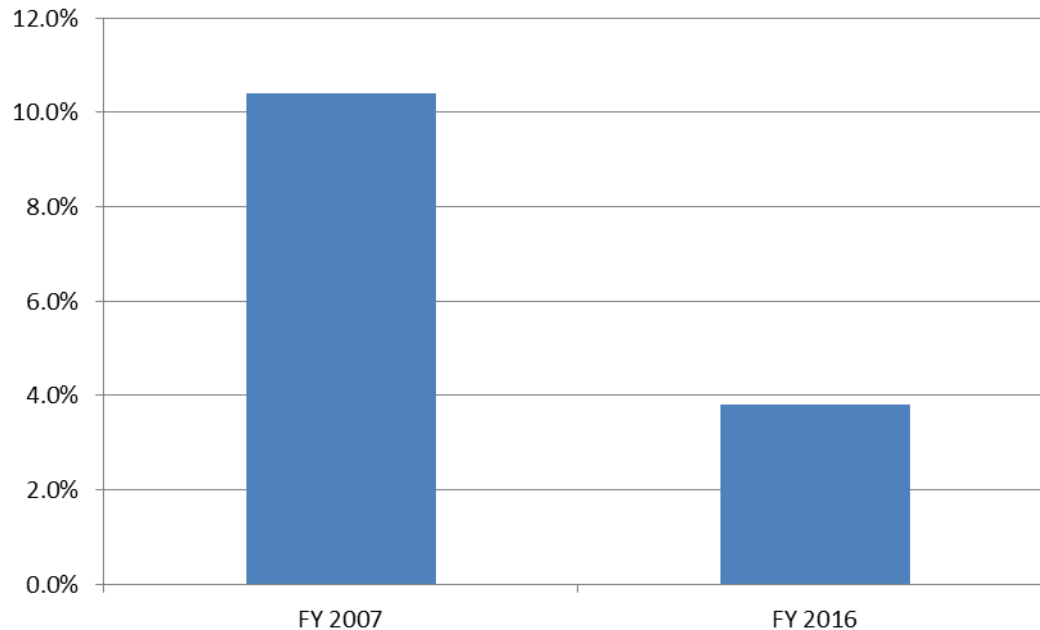
- Virginia local government revenues exceed pre-recession levels but by relatively small amounts.



Source: Auditor of Public Accounts

Real Estate Tax Revenue Growth : Pre-recession and Now

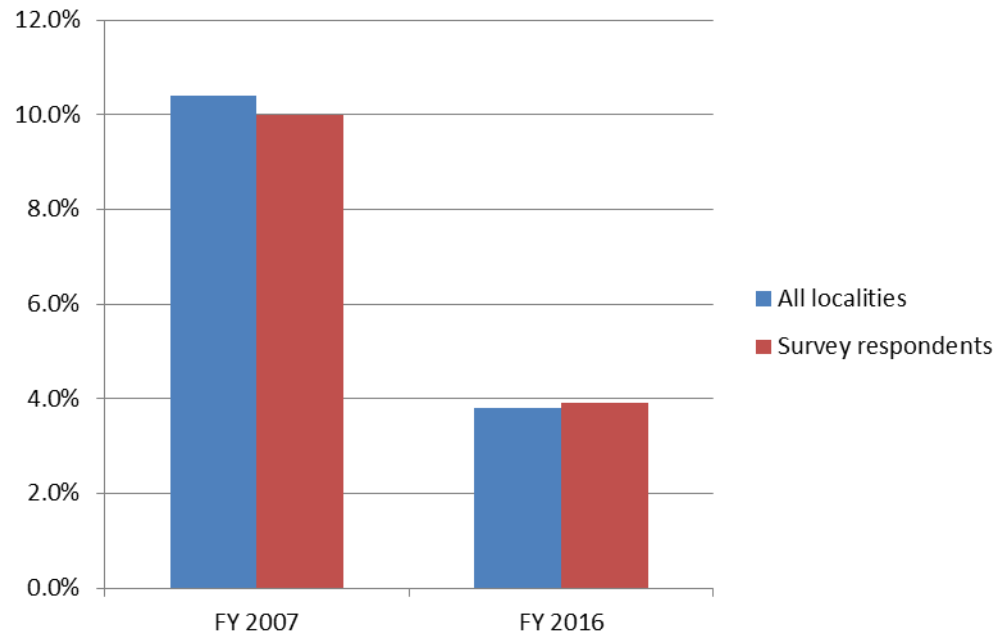
- At the same time, revenue growth is markedly slower today than before the recession.



Source: Auditor of Public Accounts

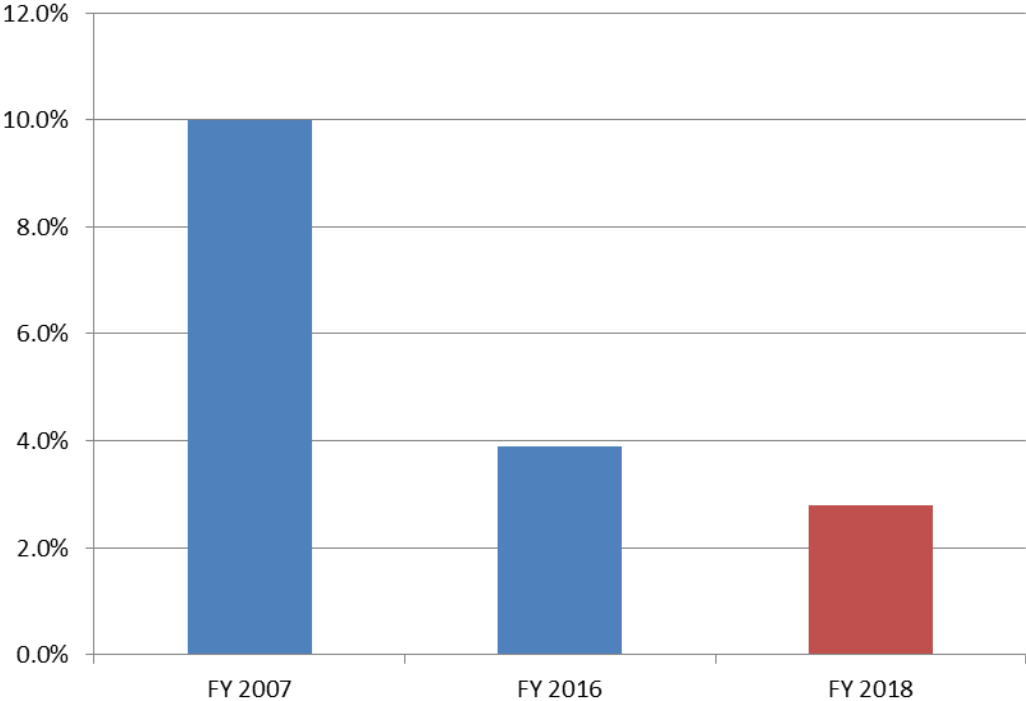
Real Estate Tax Revenue Growth: Pre-recession and Now

- Again, survey respondents report slowing in revenue growth rates similar to statewide APA data.



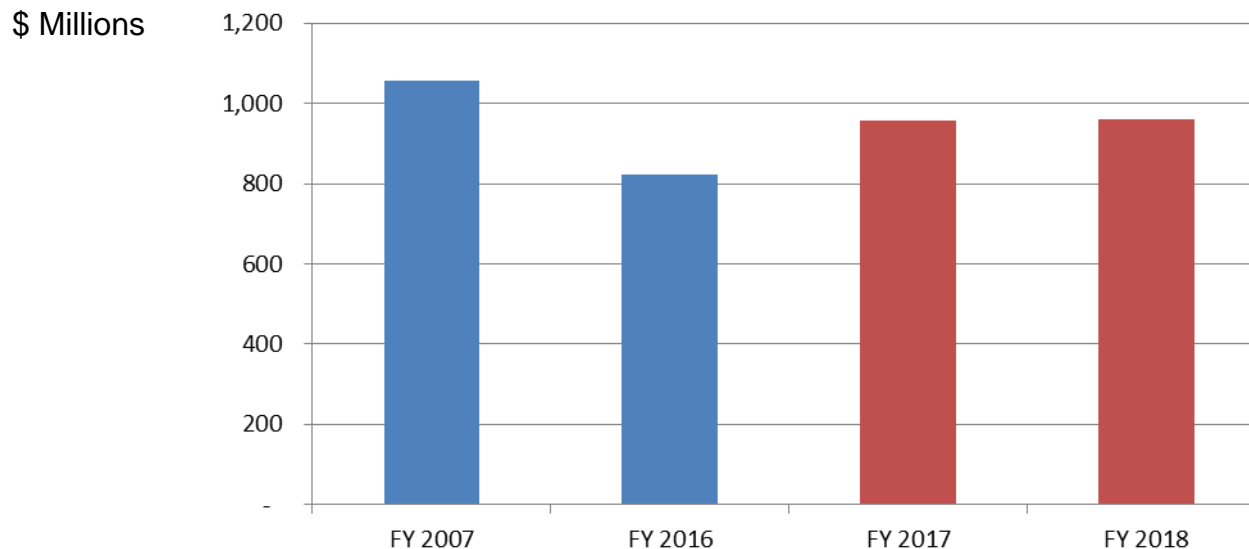
Real Estate Tax Revenue Growth: Outlook

- Survey respondents project still slower revenue growth in FY 2018.



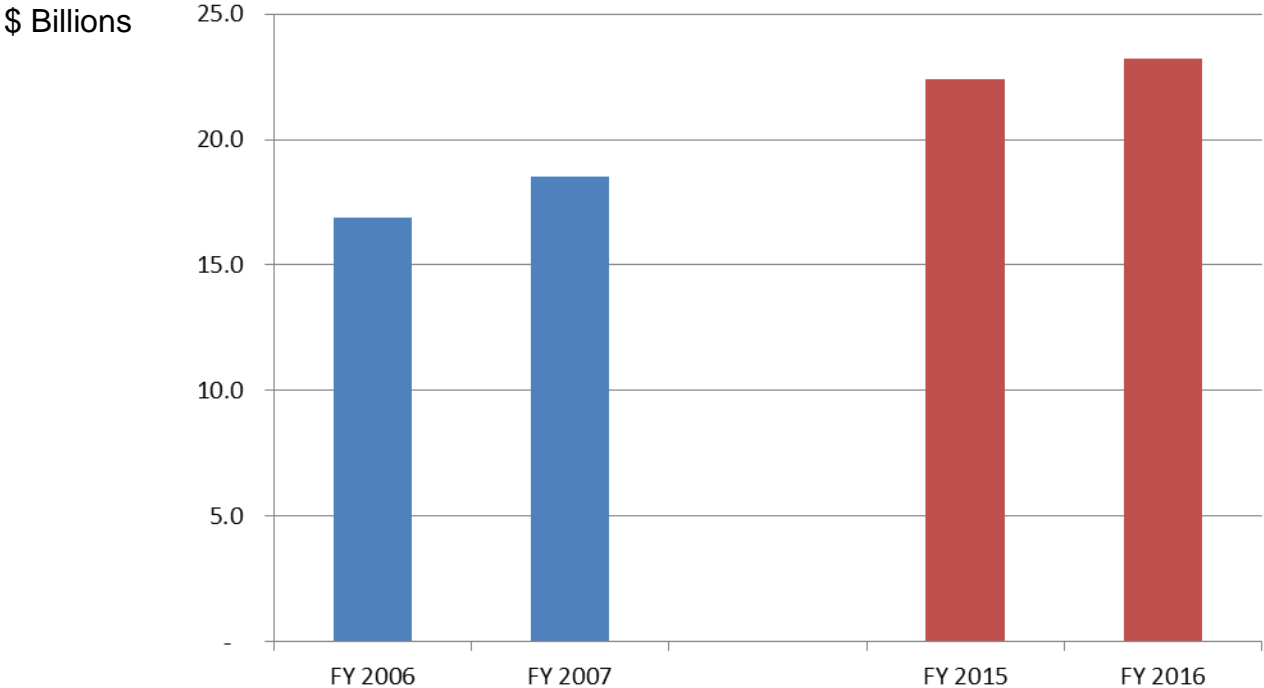
Debt Issuance for Capital Projects

- Debt issued per year is approaching pre-recession levels among survey respondents.



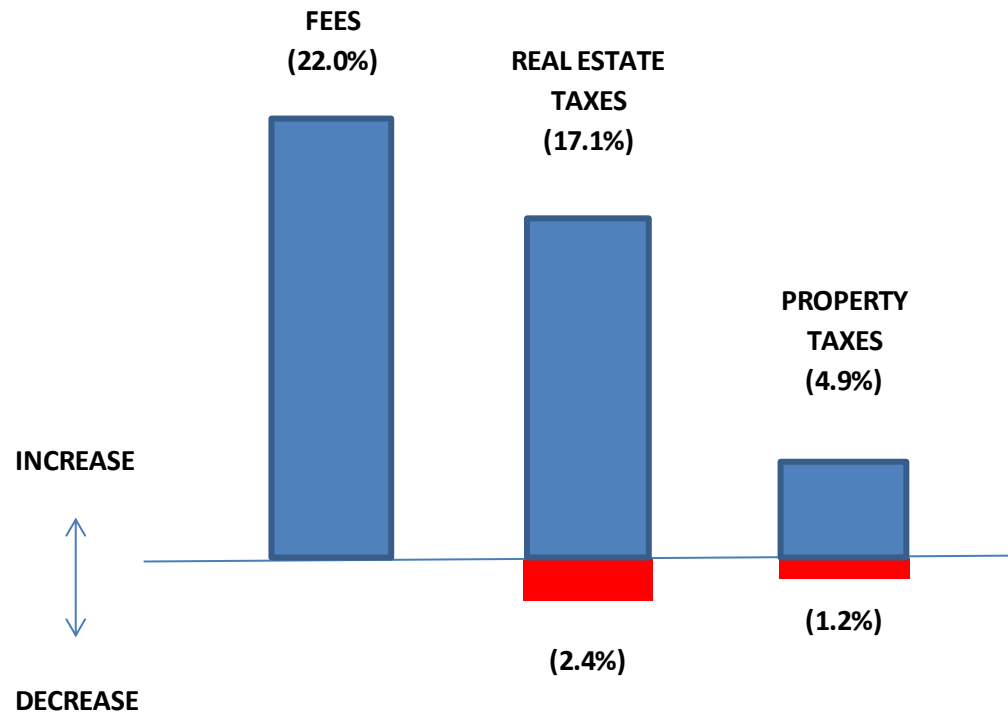
Outstanding Debt

- Total outstanding debt among survey respondents exceeds pre-recession levels.



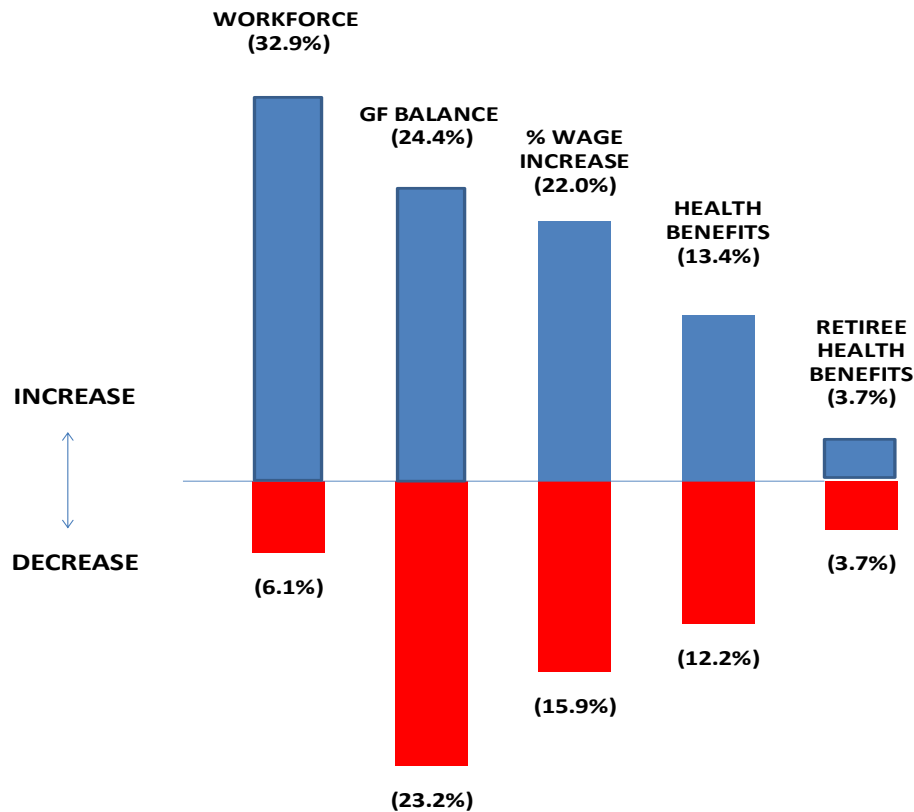
Local Revenue Actions

- Given slow revenue growth rates, one-fifth of localities are implementing fee, tax increases in FY 2018.



Local Budget Actions

- Few localities are scaling back work forces, and there are no clear trends with regard to government-wide budget actions.



Virginia Local Fiscal Conditions Survey: Conclusions

- Virginia local governments mirror the economy as a whole, with generally positive growth in tax bases but at rates slower than before the Great Recession.
- Large areas of the Commonwealth are not sharing in the benefits of a growing economy.
- There are no clear trends in terms of government-wide budget actions by local governments, possibly because of disparity between regions.
- The three major budgetary challenges facing local governments are **Infrastructure Requirements, Health Benefit Costs, and State Mandates.**
- Local governments appear to be in a vulnerable position were a recession to occur in the near future.



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