



MEMORANDUM

TO: Board of Supervisors

From: Kathleen D. Guzi, County Administrator *KDG*

DATE: February 14, 2011

SUBJECT: Fiscal Year 2012 Revenue Projections

In keeping with our recent practice, we begin the County's budget deliberations with an estimation of anticipated revenues. These funds flow from local, state and federal sources to support a variety of services and programs. Over the past few years, economic realities have driven revenue estimates down. The currently adopted, Fiscal Year 2010-2011, budget includes revenues totaling \$83,644,678.

A key element of local revenues is the general property taxes category. The Fiscal Year 2011-2012 budget will incorporate the real estate values from the recent reassessment which concluded in the Fall of 2010. You will recall that Mr. Don Thomas with Wingate advised the Board in the Fall that countywide values were expected to decrease 2.7%. Actual calculations reflect a 3.7% decline.

The Board's long-standing practice has been to equalize the tax rate whenever possible. As a result, during those years when assessed values of property increased countywide, the property tax rate was reduced in an effort to equalize revenues received through property taxes. In keeping with that philosophy, staff's revenue estimates are built around the assumption that the Board will again equalize the tax rate. However, unlike years past, because property values have decreased countywide, this would mean an increase in the tax rate of 3 cents per hundred. This will take the rate from 0.50 cents/\$100 to 0.53 cents/\$100. If the Board elects to reconsider this practice, revenue estimates would be adjusted accordingly.

It is also important to note that taxpayers in the County will be impacted due to the State's Personal Property Tax Relief Act (PPTRA). The Board will recall that, as originally

proposed, this state initiative was intended to do away with the personal property tax. Localities were to be reimbursed by the State for lost revenue. As the fiscal impact of this proposal became more apparent to the State, the program was changed to a capped payment.

Bedford receives \$6,086,051 and annually attempts to set the percentage relief in an amount equal to this. In order to fully apply the \$6,086,051 and balances that remained from prior year allocations, the current rate of relief is set at 68%. Staff anticipates the relief rate to be 60% in the coming year.

In addition, state revenues and the impact of state budget deliberations are as yet unclear. Governor McDonnell announced his amendments on December 17, 2010. The work of the General Assembly commenced on January 12th. As is always the case, the General Assembly's work on the state budget will impact our local budget. Regardless of the outcome of those discussions, it is evident that prior reductions in support to localities will not be restored. The proposed budget anticipates those reductions and reflects the additional local impact accordingly.

State budget negotiations are anticipated to continue over the next several days—perhaps weeks. However, in order to meet deadlines for the adoption of a balanced budget as mandated by Code and to allow sufficient time for the Commissioner of Revenue and Treasurer's office to prepare and distribute tax tickets, it is vital that we have a clear and conservative estimate of the revenues that will be available to us as we build our funding plan.

Based upon our most recently available information, staff is projecting Fiscal Year 2011-2012 General Fund Revenues totaling **\$85,750,058**. As context, this is \$1,773,490 less than the actual revenues received in Fiscal Year 2008.

The projected revenues do anticipate a 2.1% increase from current year budgeted revenues. This is, in part, due to our very conservative history of budgeting for revenues. More specifically, Local Revenues are forecast to increase 3.4% based upon:

- An increase in local property tax revenues due to growth and new construction since the last assessment;
- An increase in Sales Taxes based upon recent trends and the expansion of commercial activity in the County; and
- An increase in Meals Taxes, primarily due to additional restaurants in the Forest area.

State (Commonwealth) revenues are expected to remain relatively level with a projected increase of 1.2%. Federal revenues are anticipated to drop approximately 3.7%.

Of the available revenues projected at this time, roughly \$2.1 million is attributed to growth in "discretionary revenues." Should the Board elect to continue the practice of transferring half of new funds realized through discretionary revenue categories to the School Division, an additional \$1,130,414 would be transferred to the Schools in the coming fiscal year budget.

Based upon this past practice, the current draft of the staff adjusted budget anticipates this additional transfer amount. If the Board elects to reconsider this practice, expenditures would be adjusted accordingly. It should be noted that the Governor's proposed amendments to the budget result in a significant loss of State funding for Bedford County Schools. Specifically, the Governor's proposals may result in a reduction of anywhere from \$3,000,000 to \$5,000,000 in school support.

While projected revenues do reflect a modest increase, it is important to note that staff anticipates certain expenditure increases to consider. Contractual obligations for mandated services such as Comprehensive Services Act (CSA), adult corrections and juvenile detention will increase. Maintenance requirements of our facilities are on-going needs. Of particular note is the uncertainty around health insurance renewal rates. Current estimates indicate a potential increase in those costs of 4-12% (\$76,000 to \$228,000). In addition, the Board will recall that the CIP has essentially not been funded beyond debt service for the past two years. Similarly, employee compensation has not been raised since December 2008. During your upcoming work sessions, these and other expenditure items will be fully reviewed for your consideration and direction.

Staff will continue to monitor the shifting proposals at the state level as well as any changes within our local revenues. We will advise the Board accordingly. We look forward to working with you as we consider our expenditure priorities in light of our constrained resources.

KDG/fjr

Attachment

General Fund Revenues

Local

Account Description	FY09 Actual	FY10 Actual	FY11 Budget	FY12 Proposed
REAL ESTATE TAXES-CURRENT	36,616,167	36,778,867	36,959,926	37,736,425
REAL ESTATE TAXES-DELINQUENT	1,053,060	1,369,268	450,000	1,000,000
PUBLIC SERVICE CORPORATION TAXES	1,137,530	1,236,991	1,238,000	1,238,000
PERSONAL PROPERTY TAXES-CURRENT	11,072,267	8,943,215	8,954,272	9,200,000
PERSONAL PROPERTY TAXES-DELINQUENT	359,599	470,214	350,000	375,000
MACHINERY & TOOLS TAXES-CURRENT	2,017,370	2,144,910	2,100,000	2,500,000
MACHINERY & TOOLS TAXES-DELINQUENT	24,829	1,948	15,000	2,000
MERCHANT'S CAPITAL TAXES-CURRENT	308,894	205,106	218,000	218,000
MERCHANT'S CAPITAL TAXES-DELINQUENT	1,312	3,429	1,500	1,000
MOBILE HOME TAXES-CURRENT	135,495	134,536	136,000	135,000
MOBILE HOME TAXES-DELINQUENT	14,270	12,841	15,000	10,000
PENALTIES	408,784	453,093	385,000	400,000
INTEREST	174,046	251,871	175,000	200,000
SUBTOTAL - GENERAL PROPERTY TAXES	53,323,623	52,006,288	50,997,698	53,015,425
LOCAL SALES & USE TAXES	4,213,475	3,828,994	3,800,000	4,000,000
CONSUMER UTILITY-ELECTRIC	864,440	852,811	840,000	850,000
CONSUMER UTILITY-GAS	17,013	16,163	15,000	16,000
CONSUMER UTILITY-TELEPHONE	-	3,258	-	-
BUSINESS LICENSE TAX	501	501	501	501
LOCAL CONSUMPTION TAXES-ELECTRIC	303,034	299,289	275,000	300,000
LOCAL CONSUMPTION TAXES-GAS	1,449	3,272	1,200	1,300
UTILITY LICENSE TAXES-TELEPHONE	77,916	113,020	70,000	70,000
MOTOR VEHICLE LICENSES	46,386	369	-	-
BANK STOCK TAXES	214,553	215,066	200,000	200,000
RECORDATION TAXES	702,690	646,904	750,000	700,000
TAXES ON DEEDS	144,968	149,679	175,000	160,000
TAXES ON WILLS	16,267	18,794	16,000	16,000
TRANSIENT OCCUPANCY TAXES	325,998	311,559	300,000	325,000
MEALS TAXES	1,262,291	1,301,995	1,310,000	1,400,000
COMMUNICATIONS SALES TAXES	2,060,398	1,956,409	2,000,000	1,975,000
SUBTOTAL - OTHER LOCAL TAXES	10,251,380	9,718,081	9,752,701	10,013,801
ANIMAL LICENSES	70,747	66,706	57,000	54,000

General Fund Revenues

Local

Account Description	FY09 Actual	FY10 Actual	FY11 Budget	FY12 Proposed
BUILDING PERMITS	261,114	250,421	250,000	275,000
LAND USE APPLICATION FEES	7,006	8,424	6,800	6,000
TRANSFER FEES	2,195	2,218	2,300	2,100
EROSION & SEDIMENT CONTROL PERMITS	26,350	18,300	20,000	16,000
FLAMMABLE LIQUIDS PERMITS	3,370	3,000	3,000	3,000
PLANNING & ZONING FEES	131,989	120,108	125,000	125,000
SUBTOTAL - PERMITS, FEES & LICENSES	502,771	469,177	464,100	481,100
FINES & FORFEITURES	140,160	208,456	150,000	160,000
PARKING FINES	-	-	-	5,000
SUBTOTAL - FINES & FORFEITURES	140,160	208,456	150,000	165,000
REVENUES FROM USE OF MONEY	498,725	170,176	200,000	240,000
RENTAL OF PROPERTY	63,510	27,796	24,541	24,541
PROPERTY RENTALS-FOREST REC CENTER	16,280	9,595	8,000	7,500
PROPERTY RENTALS-HOSPICE	-	25	-	-
PROPERTY RENTALS-FALLING CREEK	1,355	1,710	1,200	2,000
SUBTOTAL - USE OF MONEY & PROPERTY	579,871	209,302	233,741	274,041
EXCESS FEES OF THE CLERK	183,952	82,078	75,000	42,000
SHERIFF'S FEES	4,204	4,804	4,204	4,204
COURTHOUSE MAINTENANCE FEES	25,142	25,769	22,500	24,000
COURTHOUSE SECURITY FEES	85,868	92,894	72,000	85,000
JAIL ADMISSIONS FEES	7,170	5,764	6,000	5,500
NON-CONSECUTIVE JAIL TIME FEES	33	63	100	100
BLOOD TEST/DNA FEES	822	742	500	650
COMMONWEALTH ATTORNEY FEES	1,945	1,572	1,500	1,500
SECURITY FEES	87,232	67,244	60,000	64,500
COUNTY ATTORNEY FEES	3,799	8,137	15,000	2,000
VPA CLIENT SHARE OF SERVICE	22,027	69,955	20,000	25,000
REFUNDS & COLLECTIONS-CSA-COUNTY	58,320	38,017	50,000	30,000
DCSE COLLECTIONS-CSA-COUNTY	86,723	60,076	62,500	48,000
REFUNDS & COLLECTIONS-CSA-CITY	12,706	7,320	8,000	8,000
DCSE COLLECTIONS-CSA-CITY	13,882	4,516	9,000	9,000
VISITATION-SOCIAL SVCS ADMINISTRATION	1,350	-	-	-
COUNSELING FEES	-	450	5,000	500
RECREATION FEES-YOUTH	315	384	300	400
RECREATION FEES-ADULT	2,100	700	2,000	700
SALES OF PUBLICATIONS AND MAPS	10	5	-	-
STREET SIGNS	1,940	1,815	1,800	1,500

General Fund Revenues

Local

Account Description	FY09 Actual	FY10 Actual	FY11 Budget	FY12 Proposed
CANNERY, FEES AND SALES	3,347	5,529	3,500	3,500
EMS SERVICES COLLECTIONS	1,775,662	1,286,336	1,400,000	1,400,000
SUBTOTAL - CHARGES FOR SERVICES	2,378,548	1,764,169	1,818,904	1,756,054
REVENUE SHARING-BEDFORD CITY	18,316	35,546	18,000	18,000
INSURANCE ADJUSTMENTS	18,343	8,370	5,500	3,000
BAD CHECK FEES	2,431	1,440	1,500	1,000
DMV STOP FEES	65,460	52,520	55,100	55,000
COPIES	623	201	100	200
TREASURER ADMINISTRATIVE FEES	1,025	32,133	250	25,000
REBATES & REFUNDS	12,656	101,593	15,000	20,000
RECREATION-ELDERFEST	1,163	846	1,200	850
RECREATION-CONCESSION FEES	30	21	-	-
SALE OF STREET MAPS	691	291	500	250
SALE OF SURPLUS PROPERTY	860	20	-	-
SALE OF VEHICLES	-	9,200	5,000	5,000
SALE OF EQUIPMENT	15,862	-	-	-
MISCELLANEOUS	4,431	20,871	5,000	5,000
SHERIFF-MISCELLANEOUS	39,028	45,592	10,000	25,000
SHERIFF-DARE	13,979	15,719	-	-
RECREATION-MISCELLANEOUS/TRIPS	110,351	100,370	7,000	72,000
TUITION - FIRE/EMS TRAINING	4,175	6,183	2,000	1,000
ADOPTION FEES	3,133	-	7,500	-
DOMESTIC VIOLENCE, MISCELLANEOUS	26,287	50,423	14,487	13,749
DONATIONS TO INTERNET CRIMES	300	-	-	-
ANIMAL SHELTER DONATIONS	20	2,725	-	-
GEOGRAPHIC INFO SYSTEMS-MISCELLANEOUS	75	-	-	-
TOURISM REVENUE	40,832	42,380	33,900	39,700
ESCHEATED DELINQUENT TAXES	102,175	-	-	-
ANIMAL SHELTER BOARDING FEES & SALES	3,582	4,362	3,500	3,500
FIRE & RESCUE MISCELLANEOUS	-	6	-	-
SUBTOTAL - MISCELLANEOUS	485,827	530,811	185,537	288,249
CITY OF BEDFORD-JUDICIAL ADMINISTRATION	48,393	70,059	78,101	66,455
CITY OF BEDFORD - PUBLIC SAFETY	449,441	375,453	431,346	327,139
CITY OF BEDFORD - PUBLIC WORKS	91,201	88,509	96,113	91,316
CITY OF BEDFORD - HEALTH & WELFARE	641,512	637,377	863,953	819,466
CITY OF BEDFORD-COMMUNITY DEVELOPMENT	222,611	218,284	119,690	85,353
CITY OF BEDFORD - DEBT SERVICE	99,798	102,217	99,220	83,823
RECOVERED COSTS - LIBRARY	35,000	35,000	35,000	35,000
RECOVERED COSTS - TLAC	6,000	6,000	6,000	6,000
RECOVERED COSTS - NURSING HOME	154,897	179,525	145,000	165,000
RECOVERED COSTS - CENTRAL GARAGE	103,703	110,555	90,000	105,000
SUBTOTAL - RECOVERED COSTS	1,852,557	1,822,978	1,964,423	1,784,552
GRAND TOTAL - LOCAL	69,514,736	66,729,263	65,567,104	67,778,222

**General Fund Revenues
Commonwealth**

Account Description	FY09 Actual	FY10 Actual	FY11 Budget	FY12 Proposed
PERSONAL PROPERTY TAX RELIEF	6,086,051	6,086,051	6,086,051	6,086,051
RENTAL TAX	26,456	25,751	25,000	25,000
MOBILE HOME TITLING TAX	153,428	105,074	125,000	75,000
RECORDATION TAXES	293,100	275,673	275,000	240,000
RAILROAD ROLLING STOCK TAXES	144,853	158,102	130,000	150,000
REDUCTION IN STATE AID	(243,162)	(244,500)	(300,000)	(300,000)
SUBTOTAL - NON-CATEGORICAL AID	374,675	320,101	255,000	190,000
SHARED EXPENSES-COMMONWEALTH ATTY	530,301	503,070	489,639	498,096
SHARED EXPENSES-SHERIFF	1,795,395	2,109,826	2,208,298	2,266,527
SHARED EXPENSES-COMM OF THE REVENUE	208,136	188,699	172,744	173,957
SHARED EXPENSES-TREASURER	179,550	161,100	136,836	136,748
SHARED EXPENSES-ELECTORAL BOARD	20,608	9,072	9,382	8,297
SHARED EXPENSES-REGISTRAR	97,787	44,178	46,998	41,567
SHARED EXPENSES-CLERK OF THE COURT	412,828	467,269	375,507	384,814
SHARED EXPENSES-COMMUNICATIONS	100,459	128,812	134,573	134,756
SUBTOTAL - SHARED EXPENSES	3,345,063	3,612,027	3,573,977	3,644,762
WELFARE ADMINISTRATION	598,192	648,735	637,213	600,430
PUBLIC ASSISTANCE	1,442,963	1,372,264	1,562,373	1,577,876
CSA-COUNTY	1,247,687	1,384,445	1,872,104	2,023,219
CSA-CITY	491,846	396,890	402,980	442,431
CSA-ADMINISTRATION	17,948	17,948	17,613	17,613
STATE INTERNET CRIMES	750,000	50,000	-	-
PRIMARY ELECTION REIMBURSEMENT	23,391	-	-	-
EMS FOUR FOR LIFE FUNDS	121,946	70,235	30,000	30,000
FIRE FUNDS/EMERGENCY MGMT GRANTS	178,866	310,307	80,000	80,000
VICTIM WITNESS COORDINATOR	14,974	11,968	15,957	15,957
DOMESTIC VIOLENCE VICTIM FUND GRANT	47,925	29,418	-	-
SPAY AND NEUTER FUND	169	472	-	-
DOMESTIC VIOLENCE GRANT	146,148	116,386	124,812	126,372
VJCCA	96,406	53,037	67,475	67,475
VA DT HCD - SHARE SHELTER GRANT	9,649	10,528	10,528	10,528
WIRELESS E-911 GRANT	82,817	88,441	82,800	91,200
VIRGINIA TOURISM COOPERATIVE GRANT	1,408	-	-	-
RECORDS PRESERVATION GRANTS	74,308	20,711	-	-
CIRCUIT COURT RECORDS PRESERVATION	1,456	-	-	-
VA COMMISSION OF ARTS-SEDALIA CENTER	-	-	5,000	5,000
JUROR & WITNESS FEE REIMBURSEMENTS	27,779	34,958	20,000	20,000
TICRC GRANTS	62,447	24,532	-	-
MISCELLANEOUS REVENUES	243	3,167	-	-
RENTAL OF PROPERTY-SOCIAL SERVICES	45,558	28,371	27,445	27,846
RECOVERED COSTS-SOCIAL SERVICES MAINT	15,186	32,589	35,592	36,112
SUBTOTAL - CATEGORICAL AID	5,499,312	4,705,401	4,991,892	5,172,059
GRAND TOTAL - COMMONWEALTH	15,305,102	14,723,580	14,906,920	15,092,872

**General Fund Revenues
Federal**

Account Description	FY09 Actual	FY10 Actual	FY11 Budget	FY12 Proposed
PAYMENTS IN LIEU OF TAXES	66,763	37,935	29,000	29,000
SUBTOTAL - PAYMENTS IN LIEU OF TAXES	66,763	37,935	29,000	29,000
PUBLIC ASSISTANCE - ARRA	40,173	113,769	129,907	67,742
VA COMMISSION OF THE ARTS - ARRA	5,000	-	-	-
SHARED SERVICES - SHERIFF - ARRA	635,634	142,264	-	-
SHARED SERVICES-COMMUNICATIONS-ARRA	39,378	-	-	-
SUBTOTAL - ARRA	720,184	256,033	129,907	67,742
WELFARE ADMINISTRATION	1,519,097	1,537,152	1,538,031	1,501,731
PUBLIC ASSISTANCE	952,020	775,921	1,000,718	1,005,062
SHERIFF DMV GRANTS	25,880	26,066	-	-
LOCAL LAW ENFORCEMENT BLOCK GRANTS	1,464	53,502	-	-
OVERTIME REIMBURSEMENT	3,955	203,917	-	-
INTERNET CRIMES GRANTS	459,006	286,894	-	-
BULLETPROOF VEST GRANT	5,004	6,025	-	-
LAW ENFORCEMENT GRANTS	27,170	96,757	-	-
VICTIM WITNESS COORDINATOR	59,896	35,903	46,976	46,976
V-STOP GRANT - DOMESTIC VIOLENCE	7,940	10,328	5,721	5,721
VIOLENCE AGAINST WOMEN STIMULUS	-	15,141	19,558	-
FEDERAL SHELTER SUPPORT GRANT	4,608	4,911	4,965	4,965
RENTAL OF PROPERTY-SOCIAL SERVICES	100,452	62,938	60,843	62,054
RECOVERED COSTS-SS CAP INDIRECT	98,657	75,679	75,000	75,000
RECOVERED COSTS-SS MAINTENANCE	33,486	72,433	79,135	80,713
SUBTOTAL - CATEGORICAL AID	3,298,636	3,263,567	2,830,947	2,782,222
GRAND TOTAL - FEDERAL	4,085,583	3,557,535	2,989,854	2,878,964

**General Fund Revenues
Other Financing Sources**

Account Description	FY09 Actual	FY10 Actual	FY11 Budget	FY12 Proposed
TRANSFER FROM HEALTH INSURANCE PREMIUM	30,800	180,800	180,800	-
TRANSFER FROM EDA	-	5,000	-	-
SUBTOTAL - OTHER FINANCING SOURCES	30,800	185,800	180,800	-
GRAND TOTAL - GENERAL FUND REVENUES	88,936,221	85,196,177	83,644,678	85,750,058

**EQUALIZED TAX RATE CALCULATION
WORKING PAPERS**

2010 REAL PROPERTY TAX LEVY	38,506,241	A	Original Assessment-Deferred-Elderly Relief
101% OF 2010 LEVY PER STATE CODE 58.1-3321	38,891,303	B	A*1.01
2011 TOTAL TAXABLE ASSESSED VALUE	8,667,394,900	C	Prelim Book
LESS:			
ESTIMATED ASSESSED VALUE TAX RELIEF PROPERTIES	(49,910,908)	D	FY 10 Value
ESTIMATED ASSESSED VALUE DEFERRED PROPERTIES	<u>(1,203,559,000)</u>	E	Prelim Book
2011 TAXABLE ASSESSED VALUE NET OF EST ASSESSED VALUES FOR TAX RELIEF AND DEFERRED PROPERTIES	7,413,924,992	F	C-D-E
ASSESSED VALUE DUE TO NEW CONSTRUCTION	(69,891,067)	G	CO's less Manufactured Homes
NET 2011 TAXABLE ASSESSED VALUE WITHOUT NEW CONSTRUCTION	<u>7,344,033,925</u>	H	F-G
EQUALIZED TAX RATE	\$ 0.53	I	B/H
YIELD FOR ONE PENNY OF REAL ESTATE TAX	\$ 741,392	J	F/100*.01
YIELD FOR ONE PENNY OF REAL ESTATE TAX, ESTIMATED COLLECTION RATE 96%	711,737		