

## **The General Fund**

The General Fund, the governmental general operating fund of the County, accounts for all current financial transactions and resources not required by law, accounting standards, or administrative action to be accounted for in another fund. The General Fund Revenues section includes revenue projections, schedules and graphs. This section contains an analysis of each category of revenues with a description, history, and variables used in the revenues projections.

- The General Fund Revenues section includes the following:
  - Revenue projections
  - Property tax analysis
  - Personal property tax analysis
  - Personal property tax rates and effective rates
  - Other local taxes
  - Intergovernmental revenues
  - Other local revenue

The General Fund Revenues are presented in the FY2021 Adopted Budget in accordance with the Auditor of Public Accounts Uniform Financial Reporting Manual. This presentation provides greater comparability to other localities in the Commonwealth and to annual financial statements.

# REVENUE PROJECTION

FY2021 Adopted Budget

Operating Revenue	FY2019 Actual	FY2020 Adopted Budget	FY2021 Adopted Budget	Changes '20 to '21	
<b>Property Taxes</b>					
Real Estate Property Tax	\$173,284,552	\$183,605,214	\$185,045,442	\$1,440,228	0.8%
Exonerations and State Mandated Relief	(6,003,793)	(7,343,462)	(8,659,619)	(1,316,157)	17.9%
Roll Back	237,104	250,000	250,000	0	0.0%
Public Service Corps	4,701,847	4,540,522	4,920,619	380,097	8.4%
Personal Property	38,577,046	38,652,000	41,066,000	2,414,000	6.2%
Mobile Homes	173,587	150,398	140,078	(10,320)	-6.9%
Merchants Capital	913,703	656,693	1,118,000	461,307	70.2%
Penalties & Interest	2,158,478	2,175,000	2,241,857	66,857	3.1%
<b>Total Property Taxes</b>	<b>\$214,042,524</b>	<b>\$222,686,365</b>	<b>\$226,122,377</b>	<b>\$3,436,012</b>	<b>1.5%</b>
<b>Local Non-Property Taxes</b>					
Sales & Use	14,974,136	15,566,953	15,404,729	(162,224)	-1.0%
Consumer Utility	9,739,385	9,615,395	9,837,993	222,598	2.3%
Motor Vehicle Licenses	2,737,472	2,725,269	2,792,221	66,952	2.5%
Bank Stock Taxes	620,560	535,000	664,759	129,759	24.3%
Recordation Taxes	3,410,207	3,447,177	3,612,158	164,981	4.8%
Meals Tax	9,103,132	9,118,000	9,844,873	726,873	8.0%
Other Taxes	84,984	84,200	87,588	3,388	4.0%
<b>Total Local Non-Property Taxes</b>	<b>\$40,669,876</b>	<b>\$41,091,994</b>	<b>\$42,244,321</b>	<b>\$1,152,327</b>	<b>2.8%</b>
<b>Permits, Fees, and Licenses</b>					
Animal License & Fees	30,188	22,260	23,160	900	4.0%
Zoning Permits & Fees	923,564	819,350	819,169	(181)	0.0%
Fire and Rescue Charges	412,247	417,555	368,584	(48,971)	-11.7%
Building Permits & Fees	2,645,724	3,029,906	2,312,672	(717,234)	-23.7%
Securities Fees	334,667	285,937	271,122	(14,815)	-5.2%
<b>Total Permits, Fees, and Licenses</b>	<b>\$4,346,390</b>	<b>\$4,575,008</b>	<b>\$3,794,707</b>	<b>(\$780,301)</b>	<b>-17.1%</b>
<b>Fines &amp; Forfeitures</b>					
Court Fines and Fees	468,766	525,566	250,000	(275,566)	-52.4%
Court Maintenance Fees	47,738	53,603	47,750	(5,853)	-10.9%
Delinquent Court Fines and Fees	373,383	325,000	399,977	74,977	23.1%
Other	5,219	2,600	2,600	0	0.0%
<b>Total Fines &amp; Forfeitures</b>	<b>\$895,106</b>	<b>\$906,769</b>	<b>\$700,327</b>	<b>(\$206,442)</b>	<b>-22.8%</b>
<b>Use of Money &amp; Property</b>					
Interest	2,314,998	1,018,500	445,531	(572,969)	-56.3%
Rental of Property	323,463	670,886	313,620	(357,266)	-53.3%
<b>Total Use of Money &amp; Property</b>	<b>\$2,638,461</b>	<b>\$1,689,386</b>	<b>\$759,151</b>	<b>(\$930,235)</b>	<b>-55.1%</b>
<b>Charges for Services</b>					
Excess Fees of Clerk	127,029	177,100	127,000	(50,100)	-28.3%
Miscellaneous Charges	397,319	404,502	373,509	(30,993)	-7.7%
Animal Services Fees	21,305	27,972	21,216	(6,756)	-24.2%
Ambulance Charges	2,369,240	2,000,000	2,486,747	486,747	24.3%
Parks and Recreation Charges	1,533,151	1,545,629	769,527	(776,102)	-50.2%
Planning Charges	379,009	542,500	486,998	(55,502)	-10.2%
Code Administrative Charges	1,266,390	1,363,719	1,082,675	(281,044)	-20.6%
<b>Total Charges for Services</b>	<b>\$6,093,443</b>	<b>\$6,061,422</b>	<b>\$5,347,672</b>	<b>(\$713,750)</b>	<b>-11.8%</b>
<b>State Revenue</b>					
Other State Sources	1,143,051	866,299	1,366,052	499,753	57.7%
Personal Property PPTRA	12,542,261	12,542,261	12,542,261	0	0.0%
DMV Revenue	86,185	71,000	92,324	21,324	30.0%
State Social Services	1,878,578	2,145,994	2,129,920	(16,074)	-0.7%
Other State Grants	703,326	619,209	650,417	31,208	5.0%
Children's Services Act	3,202,434	3,819,440	3,360,012	(459,428)	-12.0%
<b>Total State Revenue</b>	<b>\$19,555,835</b>	<b>\$20,064,203</b>	<b>\$20,140,986</b>	<b>\$76,783</b>	<b>0.4%</b>

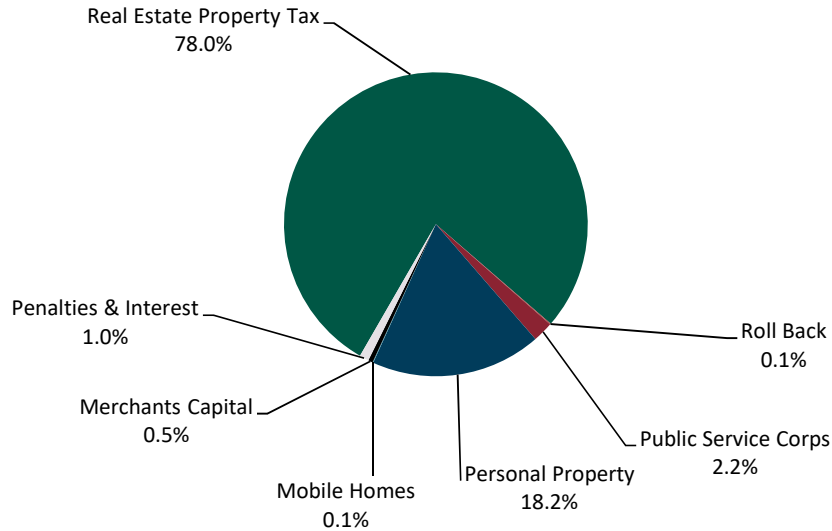
# REVENUE PROJECTION

FY2021 Adopted Budget

Operating Revenue	FY2019 Actual	FY2020 Adopted Budget	FY2021 Adopted Budget	Changes '20 to '21	
<b>Shared Expenses</b>					
Commonwealth's Attorney	1,142,919	1,166,131	1,166,131	0	0.0%
Sheriff	4,013,871	4,230,873	4,230,873	0	0.0%
Commissioner of Revenue	257,987	266,272	266,272	0	0.0%
Treasurer	264,804	274,906	274,906	0	0.0%
Registrar/Electoral Board	53,899	53,000	54,000	1,000	1.9%
Clerk of Circuit Court	787,336	712,905	712,905	0	0.0%
<b>Total Shared Expenses</b>	<b>\$6,520,816</b>	<b>\$6,704,087</b>	<b>\$6,705,087</b>	<b>\$1,000</b>	<b>0.0%</b>
<b>Federal Funds</b>					
Federal Payment in Lieu of Taxes	6,266	6,000	6,300	300	5.0%
Federal Grant Revenue	912,336	195,229	195,229	0	0.0%
Federal Social Services	3,711,963	4,029,631	4,017,936	(11,695)	-0.3%
<b>Total Federal Funds</b>	<b>\$4,647,532</b>	<b>\$4,230,860</b>	<b>\$4,219,465</b>	<b>(\$11,395)</b>	<b>-0.3%</b>
<b>Miscellaneous Revenue</b>					
Grant Revenue	222,622	358,000	358,000	0	0.0%
Payment in Lieu of Taxes	340,000	340,000	340,000	0	0.0%
Other Misc. Revenue	3,116,687	3,103,636	3,136,631	32,995	1.1%
Misc. Social Services	44,507	105,969	57,000	(48,969)	-46.2%
Sales	1,413	700	800	100	14.3%
Sheriff Misc. Revenue	627,696	440,587	445,380	4,793	1.1%
<b>Total Miscellaneous Revenue</b>	<b>\$4,352,925</b>	<b>\$4,348,892</b>	<b>\$4,337,811</b>	<b>(\$11,081)</b>	<b>-0.3%</b>
<b>Transfers In/Other</b>					
Transfer in from Schools	0	616,077	414,697	(201,380)	-32.7%
Transfer in from Tourism Fund	779,223	820,808	391,819	(428,989)	-52.3%
Transfer in from Transportation Fund	26,000	35,000	32,000	(3,000)	-8.6%
Transfer in from R-Board	796,333	279,584	336,464	56,880	20.3%
Transfer in from Other Funds	97,671	0	0	0	0.0%
Transfer in from Utilities Fund	854,620	207,103	78,095	(129,008)	-62.3%
Other Financing Sources	534,110	65,214	25,714	(39,500)	-60.6%
<b>Total Transfers In/Other</b>	<b>\$3,087,957</b>	<b>\$2,023,786</b>	<b>\$1,278,789</b>	<b>(\$744,997)</b>	<b>-36.8%</b>
<b>Total Operating Revenue</b>	<b>\$306,850,865</b>	<b>\$314,382,772</b>	<b>\$315,650,693</b>	<b>\$1,267,921</b>	<b>0.4%</b>
<b>Planned Use of One Time Revenue</b>	<b>FY2019 Actual</b>	<b>FY2020 Adopted Budget</b>	<b>FY2021 Adopted Budget</b>	<b>Changes '20 to '21</b>	
<b>One-Time Revenue</b>					
Use of Prior Year Fund Balance	0	4,469,931	3,907,644	(562,287)	-12.6%
Proffers	105,000	0	1,378,230	1,378,230	1378.2%
<b>Total One Time Revenues</b>	<b>\$105,000</b>	<b>\$4,469,931</b>	<b>\$5,285,874</b>	<b>\$815,943</b>	<b>18.3%</b>
<b>Total Operating and One Time Revenue</b>	<b>\$306,955,865</b>	<b>\$318,852,703</b>	<b>\$320,936,567</b>	<b>\$2,083,864</b>	<b>0.7%</b>

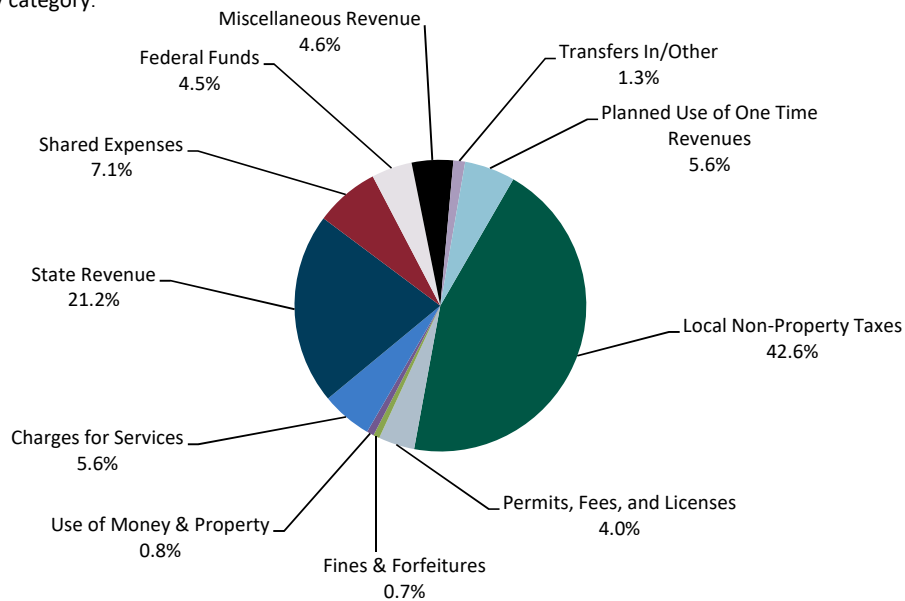
### Property Taxes

This graph depicts the percentage allocation of property taxes by category.



### Other Revenues

This graph depicts the percentage allocation of other revenues in the General Fund by category.



## Fund Balance Analysis

This schedule indicates the allocation of the general fund balance at June 30, 2019 and the budgeted estimate for the end of FY2020. Maintaining an adequate general fund balance is an essential element of financial strength and stability. Adequate fund balance ensures maximum flexibility, and is available to be used for:

- Funding for emergency repairs
- Self-insurance to help offset any extraordinary costs
- A cash reserve to help stabilize monthly cash flow requirements
- A source of funding for capital projects to reduce reliance on debt
- A cash reserve to be combined with other temporary cash balances to promote higher interest rates for all short-term investments
- A cushion to help provide long-term financial stability

As part of its strategy to enhance the County's bond rating, the Board of Supervisors has established these goals for fund balance:

- The County shall maintain an unassigned fund balance that is no less than 12% of annual general fund revenues, not including transfers, reserves, and grants.
- Any amount in excess of the minimum unassigned fund balance will be assigned to these reserves, according to the following hierarchy and formulas:
  1. Revenue Stabilization Reserve (RSR): minimum of 2% of General Fund revenues.
  2. Capital Projects Reserve of \$1,500,000 will be used to reduce reliance on debt, to provide cash flow for capital projects, and to pay down high interest debt when advantageous.
  3. Stafford Opportunity Fund Reserve: \$500,000
  4. Any health care savings, after all expenditure and reserve needs have been met, will be set aside for a contribution to OPEB.
  5. Rollback Tax Revenue will be dedicated to the County's Purchase of Development Rights and land conservation programs. Local PDR funds will be used to match other sources of funding at a rate no more than 50% local dollars.
  6. The County will maintain at minimum a \$300k reserve for expenditures for the Children's Services Act (CSA) program. In any year when CSA costs for private day school expenditures exceed the budget, 20% of the total overage amount may be funded by utilizing the CSA reserve. At the end of a fiscal year if the County has utilized the reserve for overages, the reserve will be replenished in the amount of 20% of the overage equally from unspent funds in both the County and the Schools budget. When CSA costs for private day school expenditures are below the budget, 20% of the savings will increase the reserve and the balance will be equally divided between the County and Schools Capital Project Reserves.
  7. Any remaining monies available after the above reserve minimums are fully funded will go to the Capital Projects Reserve.
  8. Schools capital project reserve of \$1,500,000 will be used to reduce reliance on debt, to provide cash flow for capital projects, and to pay down high interest debt when advantageous. Funds above the minimum level may be added to the reserve from unspent school funds.

As of June 30, 2019, all reserves were fully funded.

### FY2020

Due to the advent of the Coronavirus pandemic, FY2020 revenues, specifically consumption taxes, are projected to be negatively impacted. The FY2020 Budget assumed the real estate tax rate at \$1.01, but the Calendar Year 2020 rate was adopted at \$0.97. In combination with expenditure savings, it is anticipated that Revenue Stabilization Fund of \$2.4M and other reserves in the amount of \$0.9M will be leveraged.

Beginning Fund Balance	\$94,408,377
o Revenue Stabilization Reserve	6,377,054
o Stafford Opportunity Fund	500,000
o Capital Projects Reserve	4,409,330
o Schools' Capital Project Reserve	1,500,000
o Other reservations	43,359,369
o Unassigned	\$38,262,624 (12%)

### FY2021

In response to the Coronavirus pandemic, the County anticipates the Board will review the FY2020 year end fund balance and the use of fund balance in the amount of \$236,950 to balance the budget and plan the replacement of the funds. It is assumed that the year-end unassigned fund balance and revenue stabilization reserve will be at the FY2020 year end level through FY2021.

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# FUND BALANCE ANALYSIS

FY2021 Adopted Budget

	FY2018 Actual	FY2019 Actual	FY2020 Projection	FY2021 Projection
<b>Fund balance, beginning of year</b>	\$70,812,475	\$79,088,056	\$94,408,377	\$80,514,086
Operating Revenue	296,274,483	306,955,865	314,382,772	315,650,693
Proffers			0	1,378,230
Projected Use of Fund Balance and Proffers	0	0		0
<b>Total revenues</b>	\$296,274,483	\$306,955,865	\$314,382,772	\$317,028,923
Operating Expenditures	(287,998,902)	(291,635,544)	(314,382,772)	(315,650,693)
Planned Use of One-Time Expenditures	0	0	(4,469,931)	(5,285,874)
Projected Use of Fund Balance and Proffers			(9,424,360)	0
<b>Total expenditures</b>	(287,998,902)	(291,635,544)	(328,277,063)	(320,936,567)
<b>Fund balance, end of year</b>	\$79,088,056	\$94,408,377	\$80,514,086	\$76,606,442
<b>Fund Balance Allocation</b>				
<b>Non-spendable</b>	432,115	456,906	456,906	456,906
<b>Restricted</b>	4,646,807	5,072,636	4,664,500	4,664,500
<b>Committed:</b>	25,028,902	32,062,380	24,850,533	22,113,230
<b>Assigned</b>	12,364,759	18,553,831	12,279,523	11,109,182
<b>Unassigned</b>	36,615,473	38,262,624	38,262,624	38,262,624
% of revenues	12%	12%	12%	12%
Target Unassigned Fund Balance <sup>(1)</sup>	36,615,473	38,262,624	38,262,624	38,903,368
Variance above (below) <sup>(2)</sup>	0	0	0	(640,700)
<b>Fund balance, end of year</b>	\$79,088,056	\$94,408,377	\$80,514,086	\$76,606,442

<sup>(1)</sup> Assumes undesignated fund balance and revenue stabilization reserve will be calculated based on the greater of the current year's or next year's revenues.

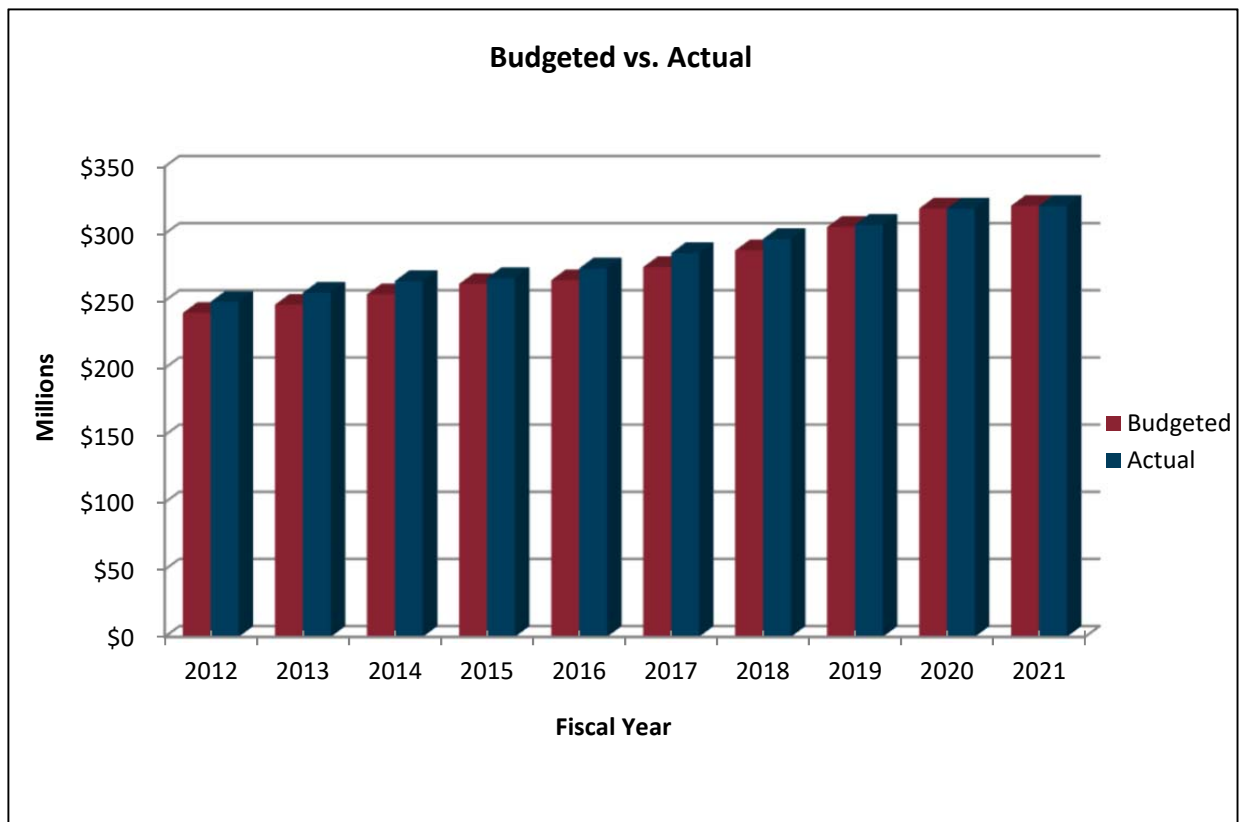
<sup>(2)</sup> Due to the negative and on-going economic impact of the Coronavirus Pandemic, assumptions of meeting the increased Unassigned Fund Balance are not included.

## TEN-YEAR REVENUE ANALYSIS

FY2021 Adopted Budget

The chart below illustrates the percentage change of actual revenue over the previous fiscal year. FY2020 reflects the adopted revenue budget. The average change for this ten-year period is calculated to be 3.5%.

Fiscal Year	Budgeted Revenues	Actual Revenues	Prior Year % Change
2012	241,174,370	249,558,058	1.0%
2013	247,291,942	256,235,437	2.7%
2014	255,015,445	264,973,284	3.4%
2015	262,739,908	267,159,993	0.8%
2016	265,534,885	274,319,436	2.7%
2017	275,311,159	285,685,281	4.1%
2018	287,683,279	296,274,483	3.7%
2019	305,128,954	306,850,865	3.6%
2020	318,852,703	318,852,703	3.9%
2021	320,936,567	320,936,567	0.7%
<b>Average</b>			<b>3.0%</b>





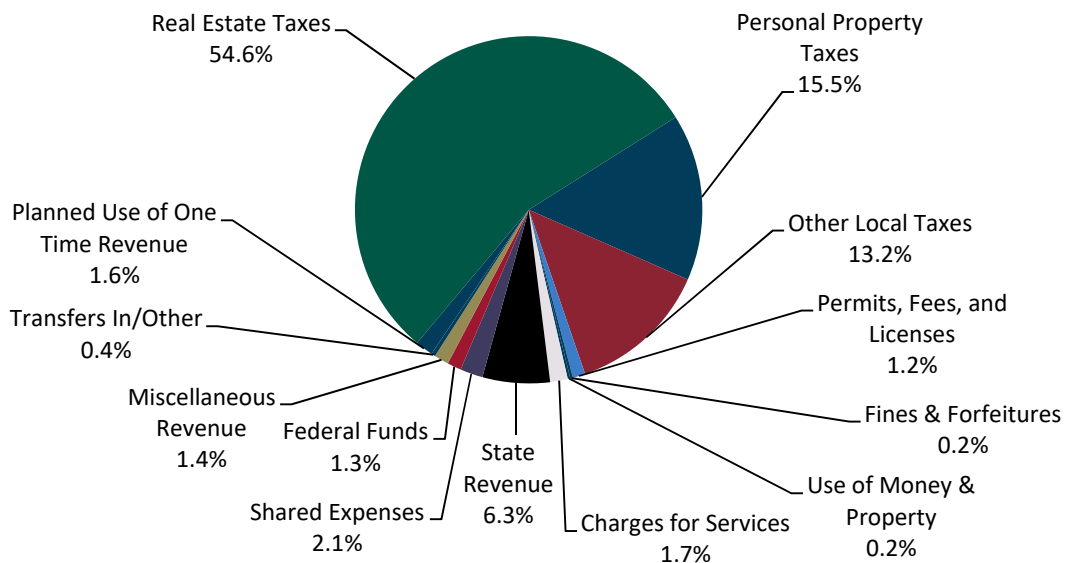
# GENERAL FUND REVENUE

FY2021 Adopted Budget

Category	FY2020 Adopted Budget	FY2021 Adopted Budget	Changes '20 to '21	Budget as % of Total
Real Estate Taxes (1)	\$176,261,752	176,385,823	\$124,071	0.1%
Personal Property Taxes	46,424,613	49,736,554	3,311,941	7.1%
Other Local Taxes	41,091,994	42,244,321	1,152,327	2.8%
Permits, Fees, and Licenses	4,575,008	3,794,707	(780,301)	-17.1%
Fines & Forfeitures	906,769	700,327	(206,442)	-22.8%
Use of Money & Property	1,689,386	759,151	(930,235)	-55.1%
Charges for Services	6,061,422	5,347,672	(713,750)	-11.8%
State Revenue	20,064,203	20,140,986	76,783	0.4%
Shared Expenses	6,704,087	6,705,087	1,000	0.0%
Federal Funds	4,230,860	4,219,465	(11,395)	-0.3%
Miscellaneous Revenue	4,348,892	4,337,811	(11,081)	-0.3%
Transfers In/Other	2,023,786	1,278,789	(744,997)	-36.8%
Planned Use of One Time Revenue	4,469,931	5,285,874	815,943	18.3%
<b>Total</b>	<b>\$318,852,703</b>	<b>\$320,936,567</b>	<b>\$2,083,864</b>	<b>0.7%</b>

(1) Real Estate Taxes are presented net of State Mandated Tax Relief for 100% Disabled Veterans and Exonerations

This graph depicts the allocation of General Fund revenues between the major categories.

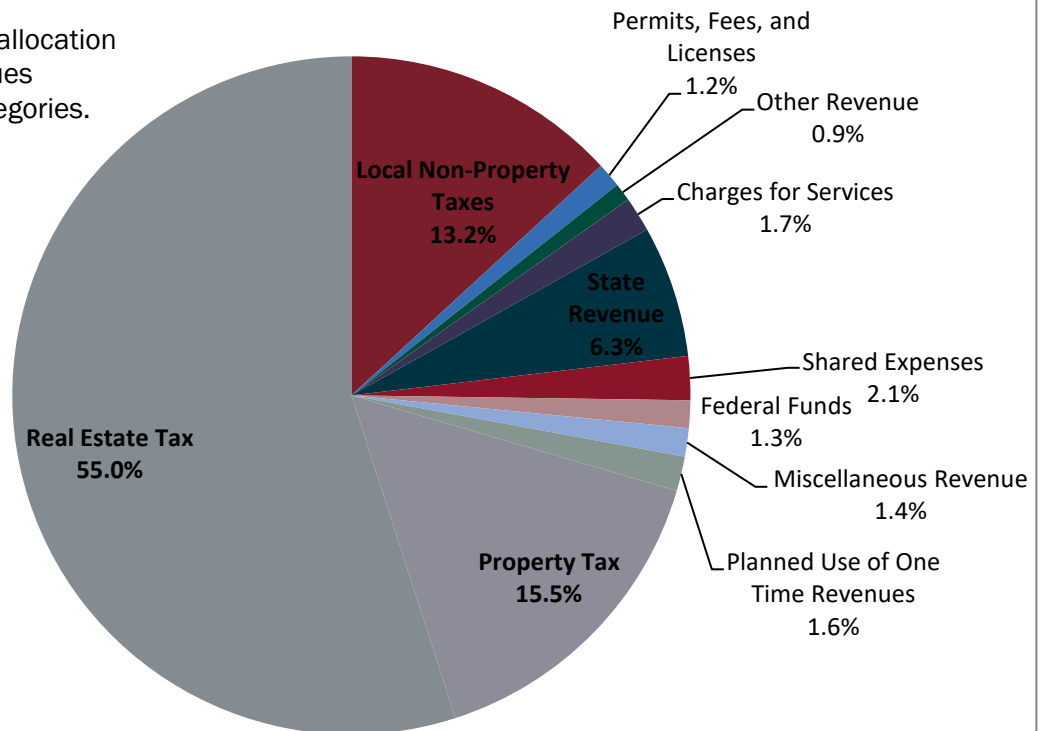


## GENERAL FUND REVENUE ANALYSIS

FY2021 Adopted Budget

General Property Taxes	FY2019 Actual	FY2020 Adopted Budget	FY2021 Adopted Budget	Changes '20 to '21	
Real Estate Property Tax	\$173,284,552	\$183,605,214	\$185,045,442	\$1,440,228	0.8%
Exonerations and State Mandated Relief	(6,003,793)	(7,343,462)	(8,659,619)	(1,316,157)	17.9%
Roll Back	237,104	250,000	250,000	0	0.0%
Public Service Corps	4,701,847	4,540,522	4,920,619	380,097	8.4%
Personal Property	38,577,046	38,652,000	41,066,000	2,414,000	6.2%
Merchants Capital	913,703	656,693	1,118,000	461,307	70.2%
Mobile Homes	173,587	150,398	140,078	(10,320)	-6.9%
Penalties	1,404,500	1,410,000	1,470,497	60,497	4.3%
Interest	753,978	765,000	771,360	6,360	0.8%
<b>Total</b>	<b>\$214,042,524</b>	<b>\$222,686,365</b>	<b>\$226,122,377</b>	<b>\$3,436,012</b>	<b>1.5%</b>

This graph depicts the allocation of General Fund revenues between the major categories.



## Real Property

The real estate tax is the single largest revenue source for the County, and is expected to generate \$176.4 million (net of Exonerations and State Mandated Relief) in FY2021. Real estate tax is approximately 55.0% of General Fund Operating revenues (excludes the planned use of one-time revenues). Each penny on the tax rate yields approximately \$1.8 million in estimated collectible real estate tax revenues.

This tax is levied on the assessments of real property (land, buildings, and improvements) as determined by the Commissioner of the Revenue. The Commissioner of the Revenue conducts a general assessment every two years. The purpose of a reassessment is to distribute the tax burden fairly and equitably. The most recent reassessment was completed January 1, 2020. Taxable assessed value of real property grew to \$18.7 billion, an increase of 11.0%, reflecting the continuing recovery of market conditions.

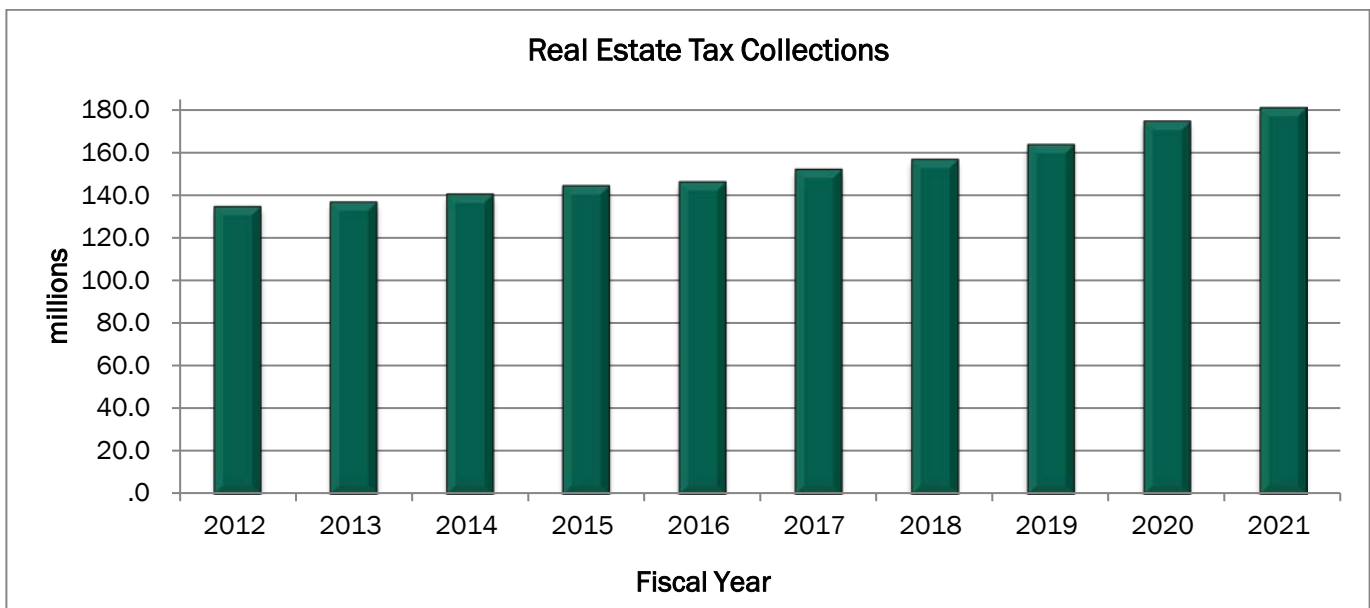
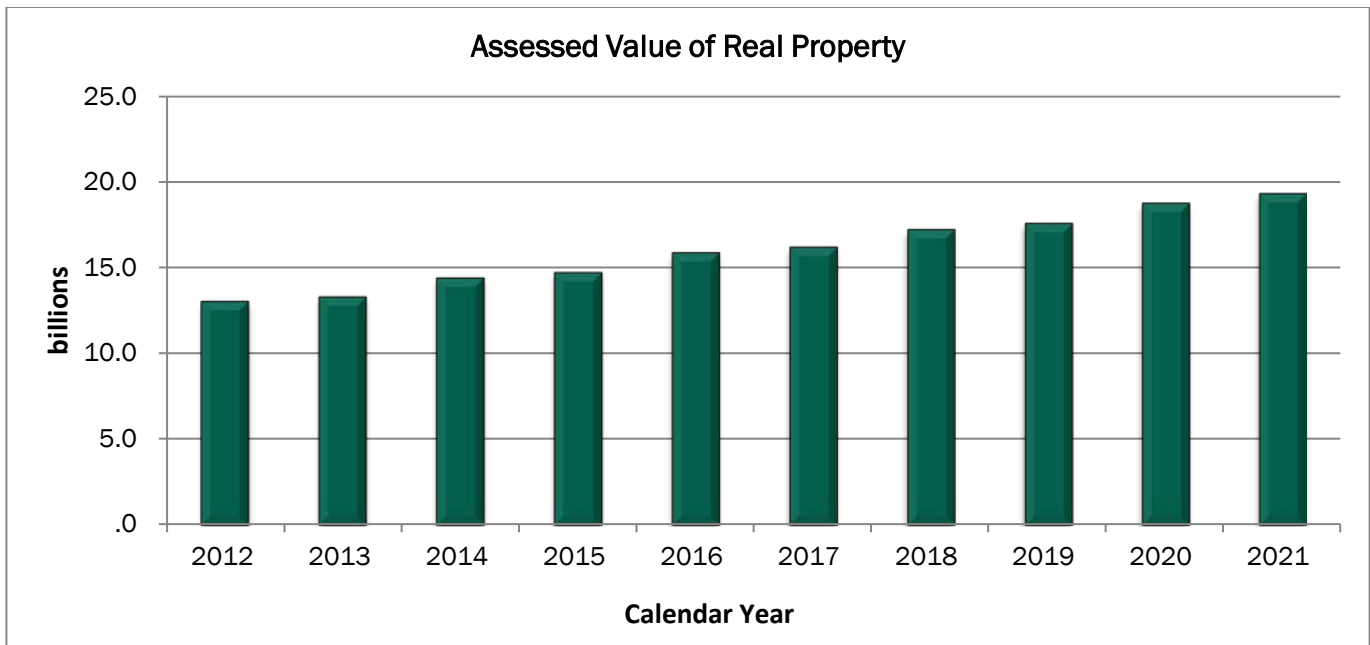
January 1, 2020 Change in Assessed Value	
Agricultural	-0.5%
Residential	7.0%
Multifamily	8.1%
Commercial	2.0%
<b>Total Increase</b>	<b>11.0%</b>

The real estate tax rate for calendar year 2020 is adopted at \$0.97, and the FY2021 Adopted Budget assumes the same tax rate. Taxes for real property are paid in two installments, due on December 5th and June 5th of each year.

The FY2021 real property revenue projection is based on the following assumptions:

- 1.3% growth in properties in the County
- \$0.97 real estate tax rate
- Collection rate of 98.0%
- State Mandated Exonerations for 100% Disabled Veterans assumes 15% growth

The following charts illustrate historical and projected assessed value of taxable real estate and tax collections. The charts assume growth in assessed value of 1.0% in the upcoming year and 1.0% per year thereafter. It is assumed that the real estate tax rate remains level.



The growth in exonerations has reduced the real property tax that has been collected. Particularly in Stafford County, the increased Veteran Relief is projected to reduce FY2021 Real Estate Tax collections by \$8.7 million.

### Personal Property

Personal property includes vehicles, mobile homes, airplanes, boats, merchants' capital, machinery and tools, and motor carrier transportation.

**Public Service Corps**

The Division of Public Service Taxation (PST) is responsible for the assessment of all property of Public Service Corporations for local taxation. This includes electric, gas, telecommunications, and water companies. The goal of PST is to effectively and equitably assess all property and to accurately distribute the assessed values to each city, county, and town in which the property is located. The change in assessment, provided by the PST, determines the revenue projection.

**Vehicles**

Nationwide, vehicle sales have rebounded from the lows seen during the recession. At midyear, the value of vehicles has increased over the same period last year. The FY2021 projection assumes that this trend continues.

The Calendar Year 2020 Personal Property rate was maintained the same rate adopted in Calendar Year 2019 of \$6.46 per \$100.00 of assessed value, which is established at forty percent (40%) of estimated fair market value. The effective rate would be stated as \$2.58 per \$100.00 of estimated fair market value.

The rate is \$0.0001 per \$100.00 of assessed value for one vehicle owned or operated by Fire and Rescue and Sheriff's deputy volunteers and 100% disabled veterans. There is a special personal property category for vehicles equipped for disabled individuals set at \$0.10 cents per \$100.00 of assessed value.

**Boats**

In 2013, the personal property tax on boats was set at \$0.0001 per \$100.00 of assessed value, effectively eliminating this tax.

**Aircraft**

In 2009, the Board reduced the personal property tax rate on aircraft to \$.0001 per \$100.00 of assessed value, effectively eliminating this tax.

**Machinery & Tools**

Machinery & Tools are equipment used in manufacturing, mining, processing or reprocessing, radio or television broadcasting, cable television, dairy, dry cleaning or laundry business, and trucks used for hire that qualify as common carriers. In 2013, the Board adopted a tax rate of \$0.0001 for machinery and tools and motor carrier transportation, effectively eliminating these taxes.

**Merchants' Capital**

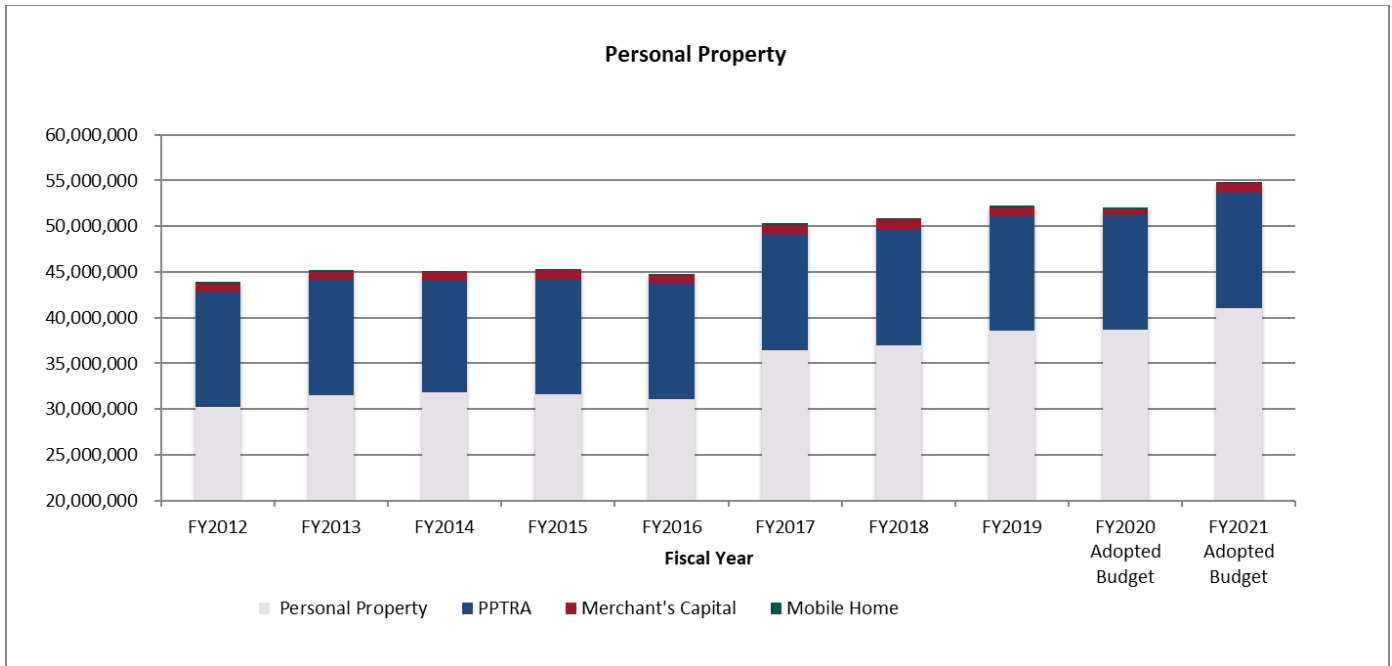
Merchants' capital is defined as inventory of stock on hand; daily rental vehicles as defined in § 58.1-2401; and all other taxable personal property of any kind whatsoever, except money on hand and on deposit and except tangible personal property not offered for sale as merchandise, which tangible personal property shall be reported and assessed as such.

In 2016, the Board adopted a special category of Merchants' Capital for pharmaceutical wholesalers, setting the rate at \$0.00.

In 2019, the Board adopted a special category of Merchants' Capital for wholesale distribution centers over 100,000 square feet, setting the rate at \$0.0001.

# GENERAL FUND REVENUE ANALYSIS

FY2021 Adopted Budget



The following table lists the personal property tax rates for calendar year 2021:

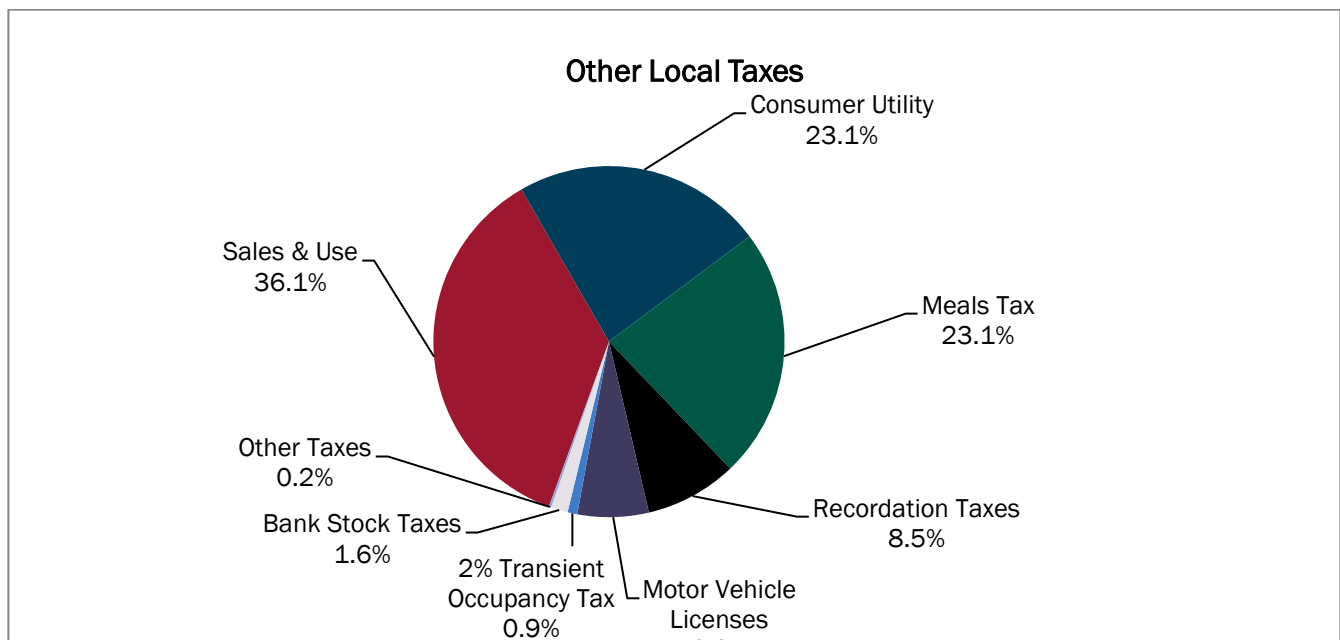
Classification	Rate	Effective Rate
Tangible Personal Property		
Aircraft	\$0.0001	\$0.0000
Boats or Watercraft	\$0.0001	\$0.0000
Business Property	\$5.49	\$1.92
Camping Trailers & Recreational Vehicles	\$5.49	\$2.20
Computer Equipment	\$5.49	\$1.92
Disabled Veteran's Vehicle	\$0.0001	\$0.0000
Motor Vehicles Specially Equipped for Disabled	\$0.10	\$0.04
Personal Property Volunteer F&R	\$0.0001	\$0.0000
Personal Property Volunteer Sheriff	\$0.0001	\$0.0000
All Other	\$6.46	\$2.58
Motor Carrier Transportation	\$0.0001	\$0.0000
Machinery & Tools	\$0.0001	\$0.0000
Merchants' Capital of Pharmaceutical Wholesalers	\$0.0001	\$0.0000
Merchants' Capital of Warehouses over 100,000 square feet	\$0.0001	\$0.0000
Merchants' Capital	\$0.50	\$0.50
Mobile Homes	\$0.970	\$0.970

### Personal Property Tax Relief Act

The General Assembly implemented the Personal Property Tax Relief Act (PPTRA) in 1998. Originally, under PPTRA, Virginia residents were to pay a decreasing percentage of personal property tax on qualifying vehicles until the entire tax was to be relieved in 2002. The program relieved the tax up to \$20,000 of a vehicle's assessed value; owners with vehicles assessed over \$20,000 pay 100% of the remainder of the tax. However, while the original intent was to give residents full relief in 2002 and provide the County with 100% state reimbursement for qualifying vehicles, the implementation was altered due to fiscal constraints at the state level. Since FY2006, each locality receives a flat, recurring revenue reimbursement for car taxes. The state reimbursement equates to Stafford's calendar year 2004 collection. Stafford expects to receive that same amount – \$12.5 million – from the state annually.

### Other Local Taxes

Other Local Taxes	FY2019 Actual	FY2020 Adopted Budget	FY2021 Adopted Budget	Changes '20 to '21	
Sales & Use	14,974,136	\$15,566,953	15,404,729	(\$162,224)	-1.0%
Consumer Utility	9,739,385	9,615,395	9,837,993	222,598	2.3%
Meals Tax	9,103,132	9,118,000	9,844,873	726,873	8.0%
Recordation Taxes	3,410,207	3,447,177	3,612,158	164,981	4.8%
Motor Vehicle Licenses	2,737,472	2,725,269	2,792,221	66,952	2.5%
2% Transient Occupancy Tax	769,223	810,808	381,819	(428,989)	-52.9%
Bank Stock Taxes	620,560	535,000	664,759	129,759	24.3%
Other Taxes	84,984	84,200	87,588	3,388	4.0%
<b>Total</b>	<b>\$41,439,099</b>	<b>\$41,902,802</b>	<b>\$42,626,140</b>	<b>\$723,338</b>	<b>1.7%</b>

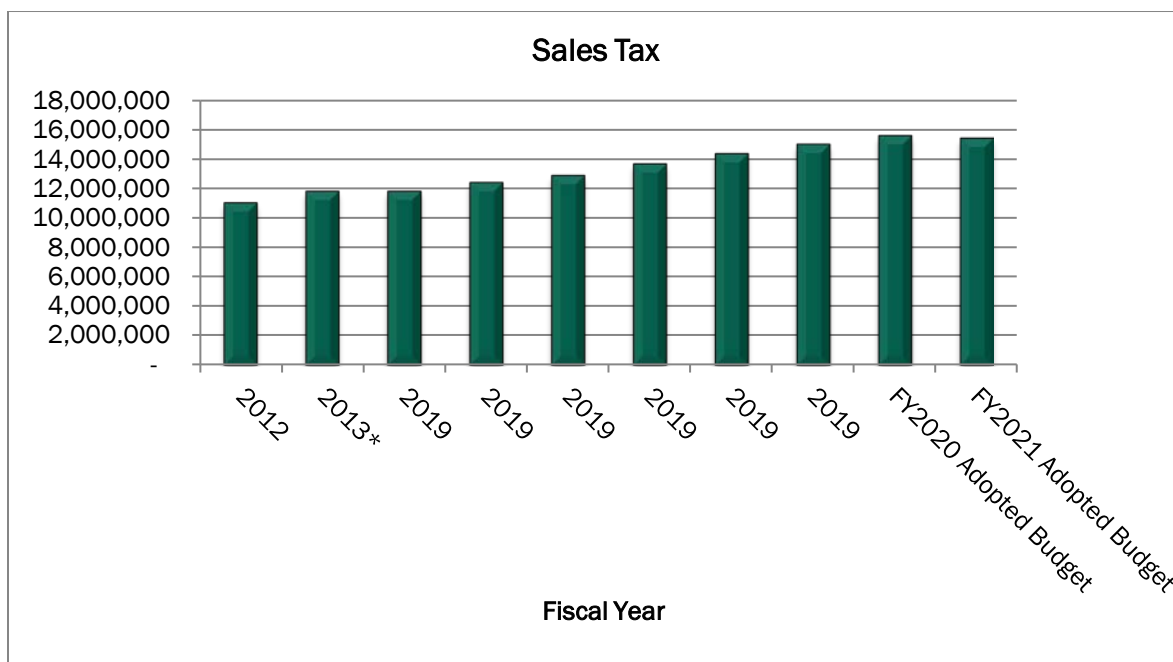


## Local Sales & Use Tax

The State collects and distributes the local option 1% Sales and Use Tax in accordance with §58.1-605 and §58.1-606 of the Code of Virginia. Actual distributions are made to the County based on the amount of sales tax collected in the County.

Due to the Coronavirus Pandemic, Sales tax revenue is projected to decrease in the fourth quarter of FY2020 by 20% of the Adopted Budget. The FY2021 forecast maintains that conservative projection and does not reflect any growth.

This chart reflects the recent history of sales tax revenue:



\*FY2013 receipts reflect a one-time adjustment of \$337k for a prior year adjustment.

## Consumer Utilities Revenue

### Utility Consumer's Tax

The Utility Consumer's Tax is a tax levied by the County. It is collected by the utility companies and remitted to Stafford from residential, industrial, and commercial users of electric and gas services. This tax was amended in 2000 by Ordinance 000-78 to comply with changes in State law, which required local consumer utility tax rates to be consumption-based for electricity and gas utility service. The County's rates are:

#### Electric

- Residential: \$.0014955 per kilowatt hour (kWh), with a minimum of \$1.40 and maximum of \$3.00 per month.



- Commercial and industrial: \$.006434 per kWh, with a minimum of \$1.15 and a maximum of \$200.00 per month

**Gas**

- Residential: \$0.06 per 100 units of cubic feet (CCF), with a minimum tax of \$1.40 per month and a maximum of tax of \$3.00 per month
- Commercial and industrial: \$0.85 per CCF delivered with a minimum tax of \$2.29 per month and a maximum of tax of \$100.00 per month

**Communications Sales and Use Tax**

The 2006 General Assembly reformed the Consumers' Utility Tax. Effective January 1, 2007 House Bill 568 replaced most of the previous state and local taxes and fees on communications services. The bill repealed the Consumers' Utility Tax on:

- Landline and wireless telephone service
- Local E911 tax on landline telephone service
- VA Relay Center assessment on landline telephone service
- The portion of local BPOL Tax on public service companies exceeding .05% currently billed to customers in some grandfather localities
- Local video programming excise tax on cable television service
- Local consumer's utility service tax on cable television service

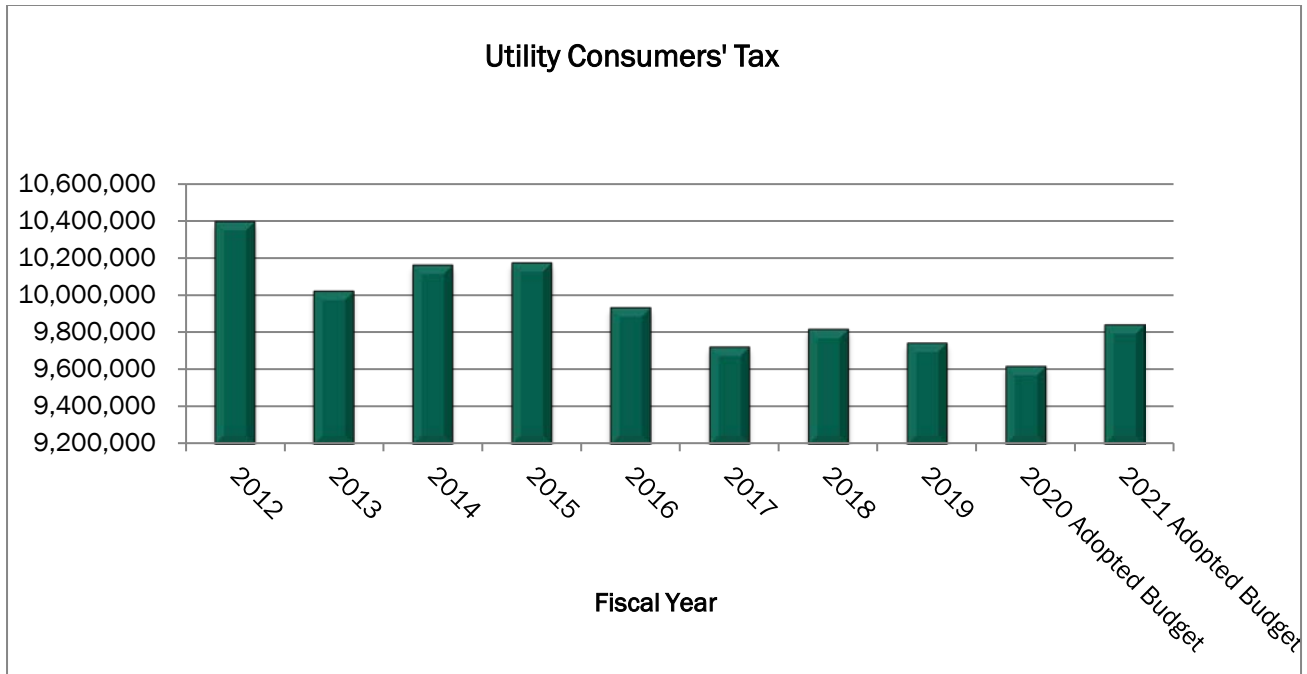
The bill imposed new taxes and fees on:

- State Communications Sales and Use Tax
- State E911 Tax on landline telephone service
- Public Rights-of-Way use fee extended to cable television providers

The "State Communications Sales and Use Tax" applies to the following services:

- Local exchange (local telephone calls)
- Inter-exchange (a new tax applied to long distance calls)
- Wireless (a new tax)
- Paging (a new tax)
- Cable and satellite television (the tax on satellite is a new tax)

Communications sales and use tax revenue is collected by the Virginia Department of Taxation and distributed to localities monthly, according to the percentage of telecommunications and cable television tax each locality received relative to the statewide total in FY2006.



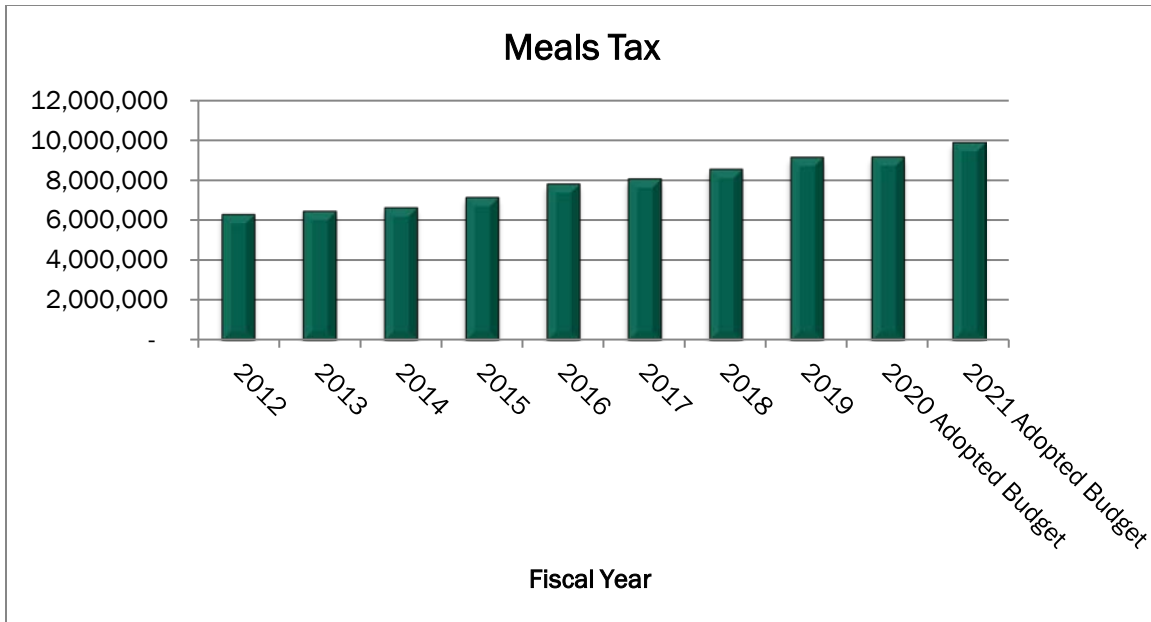
### Local Meals Tax

A meals tax of 4.0% is a tax levied on the sale of all food and beverage sold for human consumption by a restaurant or caterer. On June 2, 2020, the Board of Supervisors modified the meals tax rate on Ordinance O20-50 from 4.0% to 5.0% effective January 1, 2021. Meals Tax revenues in FY2020 are anticipated to be reduced by \$2.3M due the impact of the Coronavirus pandemic. The FY2021 Adopted Budget continues with a conservative projection due to the on-going economic impacts of the Coronavirus. The increased tax rate accounts for projected growth.

The meals tax revenue is collected in accordance with section 58.1-3833, of the Code of Virginia (1950), as amended. The revenues generated from this source have been designated to support the local share of school funding.

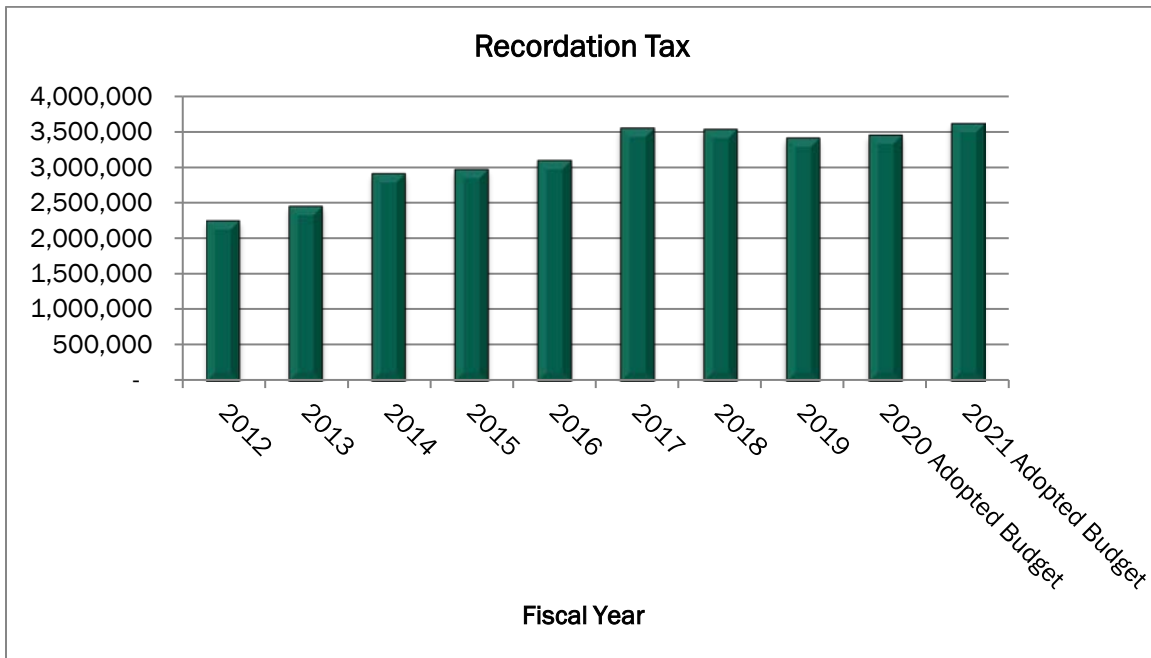
## GENERAL FUND REVENUE ANALYSIS

FY2021 Adopted Budget



### Recordation Taxes

This tax is levied on the probate of every will or grant of administration (deeds, deeds of trust, mortgage, leases and contracts) by any court within the County. The tax is equal to one-third (1/3) of the amount of the state tax on each such probate of a will or grant of administration. These revenues are collected by the Clerk of the Circuit Court and paid monthly to the Treasurer. General Assembly action in 2004 increased the amount on each probate of a will or grant of administration from \$0.15 to \$0.25. Recordation revenues declined during the recession, due to the slowdown of both the real estate market and the crisis in the financial sector and have steadily increased since the end of the recession. The projection assumes modest growth based on FY2020 collections and continued low interest rate environment.



### Motor Vehicle Licenses

## GENERAL FUND REVENUE ANALYSIS

FY2021 Adopted Budget

A license tax is charged on every motor vehicle, trailer or semi-truck normally garaged, stored or parked in Stafford. The costs of the licenses vary and are based on the type and weight of the vehicle. The fee for the license varies according to the type of item being registered; licenses for most passenger vehicles are \$23.00. The budget assumes \$2.8 million for this fee, allowing for a conservative growth in eligible vehicles and is consistent with recent history.

### Transient Occupancy Tax

Transient occupancy taxes are collected in accordance with Section 58.1-3819 of the Code of Virginia (1950), as amended. It is a tax on hotels/motels not to exceed 5% of the amount charged for the occupancy of any room or space occupied for a period of less than 30 days. Of the 5% tax, 3% are dedicated to promote tourism, travel or business that generates tourism or travel in the locality and recorded in the Tourism Fund. The remaining 2% are transferred to the General Fund. Revenues designated to tourism are shown in the Tourism Fund (under "Other Funds"). The FY2021 Adopted Budget projects a significant decline in transient occupancy tax due to the Coronavirus Pandemic. FY2020 revenue collections anticipate that the fourth quarter collections will be reduced by approximately 75%. The FY2021 Adopted Budget anticipates the economic impacts of Coronavirus will limit the overall collection of this tax and provides a conservative projection.

### Bank Stock Taxes

Bank Stock Tax revenues are collected in accordance with Section 58.1-1210 of the Code of Virginia (1950), as amended. These revenues are collected from a tax levied on shareholders by the State at the rate of \$1.00 per one hundred dollar (\$100.00) value of stock and distributed 80% to Stafford and 20% to the State.

Service Charges & Other	FY2019 Actual	FY2020 Adopted Budget	FY2021 Proposed Budget	Changes '20 to '21	
<b>Permits, Fees, and Licenses</b>					
Animal License & Fees	\$30,188	\$22,260	\$23,160	\$900	4.0%
Zoning Permits & Fees	923,564	819,350	819,169	(181)	0.0%
Fire and Rescue Charges	412,247	417,555	368,584	(48,971)	-11.7%
Building Permits & Fees	2,645,724	3,029,906	2,312,672	(717,234)	-23.7%
Securities Fees	334,667	285,937	271,122	(14,815)	-5.2%
<b>Total Permits, Fees, and Licenses</b>	<b>\$4,346,390</b>	<b>\$4,575,008</b>	<b>\$3,794,707</b>	<b>(\$780,301)</b>	<b>-17.1%</b>
<b>Charges for Services</b>					
Excess Fees of Clerk	\$127,029	\$177,100	\$127,000	(50,100)	-28.3%
Miscellaneous Charges	397,319	404,502	373,509	(30,993)	-7.7%
Animal Services Fees	21,305	27,972	21,216	(6,756)	-24.2%
Ambulance Charges	2,369,240	2,000,000	2,486,747	486,747	24.3%
Parks and Recreation Charges	1,533,151	1,545,629	769,527	(776,102)	-50.2%
Planning Charges	379,009	542,500	486,998	(55,502)	-10.2%
Code Administrative Charges	1,266,390	1,363,719	1,082,675	(281,044)	-20.6%
<b>Total Charges for Services</b>	<b>\$6,093,443</b>	<b>\$6,061,422</b>	<b>\$5,347,672</b>	<b>(\$713,750)</b>	<b>-11.8%</b>

## Permits & Licenses

The revenues generated in this category are those collected for permits, fees, and licenses along with several other miscellaneous revenues. The majority of revenue in this category is related to development. Building permit revenues are estimated based upon projections of new households as well as commercial and industrial establishments. The County has followed a policy of charging user fees to cover the cost of providing services related to special interests. Departments of Public Works and Planning & Zoning continually review and revise fees to capture the costs associated with the processing of development applications.

The economic impact of the Coronavirus Pandemic is projected to reduce the collections of permits and licenses in the fourth quarter of FY2020. The FY2021 Adopted Budget reflects the continued lowered collections of permits and licenses.

## Ambulance Charges

The United States Census Bureau estimates that approximately 90% of Virginians have health insurance coverage. In some areas of the Commonwealth, more than 92% of the local population is covered by health insurance that will pay for ambulance transportation if billed for necessary emergency transports. As such, the third-party billing (cost recovery) concept has gained favor in numerous Virginia localities and throughout the U.S. as they recognize this untapped resource. Implementation of a comprehensive cost recovery program for ambulance service and transportation has resulted in additional funding to enhance ambulance services and staffing as the County strives to improve response time and address our greatest response deficits.

The FY2007 budget included ambulance cost recovery fees for the first time. Ambulance fees are designated to the Fire and Rescue department to be used to address the growing needs of our system and our community. The County outsources fee collection.

Fees have been set using the Centers for Medicare and Medicaid customary rates for our region. The “loaded mile” rate is established to cover the cost of the vehicle maintenance and fuel usage, both to and from emergency calls. The fees are evaluated annually to maximize cost recovery and adhere to Medicare’s national fee schedule. The Board approved an increase to the rates in December, 2013. The current approved rates are:

Basic Life Support	\$ 505.00
Advanced Life Support - 1	\$ 656.50
Advanced Life Support - 2	\$ 808.00
Loaded Mile	\$ 12.12

## Fines and Forfeitures

These revenue sources are collected by the courts and are designated to deter behavior contrary to the health, safety, and welfare of the citizens of Stafford. Court fines and forfeitures are related to the costs of holding court and processing court records and papers. The Commonwealth of Virginia abolished driver license suspension for non-paid Court fines and fees on July 1, 2019 which negatively impacted the FY2020 collections, and is reflected in a lowered FY2021 Adopted Budget. Traffic fines include such local violations as driving while intoxicated (DWI) and speeding, as well as non-moving violations such as defective equipment.

## Parks and Recreation Fees

Parks and recreation charges include charges for gymnastic, aquatic, recreation programs, admission fees and field and concession fees. Due to the Coronavirus Pandemic, the Board eliminated all summer programs due to

## GENERAL FUND REVENUE ANALYSIS

FY2021 Adopted Budget

the public health crisis. This action impacted revenues and decreased them to \$769,527, a 50.2% reduction in comparison with the FY2020 Adopted Budget.

Intergovernmental	FY2019 Actual	FY2020 Adopted Budget	FY2021 Adopted Budget	Changes '20 to '21	
<b>State - Shared Expenses</b>					
Commonwealth's Attorney	\$1,142,919	\$1,166,131	\$1,166,131	\$0	0.0%
Sheriff	4,013,871	4,230,873	4,230,873	0	0.0%
Commissioner of Revenue	257,987	266,272	266,272	0	0.0%
Treasurer	264,804	274,906	274,906	0	0.0%
Registrar/Electoral Board	53,899	53,000	54,000	1,000	1.9%
Clerk of Circuit Court	787,336	712,905	712,905	0	0.0%
<b>State &amp; Federal - Social Services</b>	5,661,048	6,316,594	6,236,856	(79,738)	-1.3%
<b>State -Children's Services Act</b>	3,202,434	3,819,440	3,360,012	(459,428)	-12.0%
<b>State Categorical Aid:</b>					
State Reimbursement	384,511	164,688	503,525	338,837	205.7%
State Fire Program Fund	446,372	446,372	469,696	23,324	5.2%
Emergency Medical Service	134,909	124,149	132,033	7,884	6.4%
<b>State – Non-Categorical Aid</b>	550,234	510,299	573,147	62,848	12.3%
<b>Federal</b>	935,569	201,229	201,529	300	0.1%
<b>Total</b>	<b>\$17,835,893</b>	<b>\$18,286,858</b>	<b>\$18,181,885</b>	<b>(\$104,973)</b>	<b>-0.6%</b>

### State Shared Expenses

The County receives partial reimbursement for the expenses of Sheriff, Commonwealth's Attorney, and Clerk of the Circuit Court, Treasurer, and the Commissioner of the Revenue from the State Compensation Board. The Compensation Board reimburses part of the costs of salaries, benefits, office expenses, and equipment.

### State & Federal – Social Services

This revenue is the total amount of State and Federal revenue received to fund Social Services. The Director of Social Services projects this revenue each year using estimates received from State and Federal agencies.

### State – Children's Services Act

Services provided to eligible mandated children under the Children's Services Act (CSA) are partially reimbursed by the state. Stafford continues to maximize the use of community based services and collaborate in partnership with all of the agencies represented within the CSA system. Private Day school placements for special education students continue to be the significant cost driver under CSA. The FY2022 Adopted Budget assumes a decreased participation and a reduced revenue as compared to the FY2021 Adopted Budget. The remaining CSA revenues support other eligible mandated populations under this act. This budget assumes that staff continues to

collaborate with the Schools and other agencies, enabling us to meet the needs of all children and those requiring special education services in our local environment.

### **State Categorical Aid**

These revenues are designated for specific purposes in Stafford. Recipient departments and agencies project these revenues based upon the latest information available from State agencies.

### **State Non-Categorical Aid**

These revenues are collected by the Commonwealth and shared with the County. The budget includes projected revenues from rolling stock tax, motor vehicle carrier tax, mobile home titling tax, and auto rental tax. Ratios, rate and distribution formulas are subject to change each year by the General Assembly.

### **Planned Use of One Time Revenue**

The FY2021 Adopted Budget plans for the use of prior year fund balance for one-time expenditures of \$3.7M and to balance the Board's priorities with available revenues in the amount of \$0.2M.

### **Planned Use of Proffers**

The FY2021 Proposed Budget plans for the use of proffer funds of \$1.4M for capital improvement projects for Transportation and Parks and Recreation projects.

## ASSESSED VALUE OF REAL PROPERTY

FY2021 Adopted Budget

Stafford County geographically represents 277 square miles or 177,280 acres of land. The Federal government occupies 20%, which is not taxable property of Stafford.

The Commissioner of the Revenue reassesses all real property every two years. The most recent reassessment was completed January 1, 2020. The reassessment, reflects the strong market conditions in Stafford County, resulted in an increase of 11% in the overall assessed value of real property in Stafford County. The value of residential properties increased by 7%; the value of commercial properties increased by 2%; and multifamily increased by 8%.

