



Section B

Revenues

Detail Summary Revenues

	<u>FY 2008 Adopted</u>	<u>FY 2008 Actual</u>	<u>FY 2009 Adopted</u>	<u>FY 2010 Adopted</u>
General Property Taxes	18,458,473	18,678,094	20,888,346	20,743,727
Other Local Taxes	3,210,413	3,830,788	3,688,744	3,247,000
Licenses, Permits and Fees	747,598	652,558	654,025	424,277
Fines and Forfeitures	312,500	212,546	210,000	221,000
Revenues from Use of Money and Property	577,050	681,451	927,635	619,110
Charges for Services	1,341,299	1,440,796	1,112,126	984,694
Miscellaneous Revenue	2,000	111,163	10,000	10,000
Recovered Costs	223,223	322,442	153,712	13,586
Revenue from the Commonwealth	4,093,101	4,231,232	3,980,828	4,007,880
Revenue from the Federal Government		306,050	-	-
Insurance Recoveries and Transfers	<u>193,690</u>	<u>21,208</u>	<u>-</u>	<u>125,000</u>
TOTAL REVENUES	<u><u>29,159,347</u></u>	<u><u>30,488,328</u></u>	<u><u>31,625,416</u></u>	<u><u>30,396,274</u></u>

General Fund

General Property Taxes

General Property Taxes include revenues received from levies made on real and personal property owned as of January 1 by county residents and businesses.

The real property tax is by far the most important source of tax revenue for New Kent County as it is for many other localities in the Commonwealth. Real estate property taxes on residential and business land and buildings are expressed as a rate per \$100 of assessed value, which is adopted by the Board of Supervisors for the calendar year during the budget process. The adopted tax rate is then applied to the values of individual property as of January 1 of the current calendar year.

Two processes, in accordance with statutes in the Virginia Code, determine real property values. New construction and subdivided property, created during the prior calendar year, are assessed based on market values established during the most recent reassessment expressed as a percentage of completion. Real property that existed as of January 1 during the year of general reassessment is assessed on the basis of market evaluation with those values remaining in effect as the basis for taxation until the next general reassessment and/or until such property is improved or subdivided. The most recent general reassessment became effective on January 1, 2008.

Personal property taxes are assessed by classifications as permitted by statute in the Virginia Code. The rate(s) adopted during the annual budget process and applied in accordance with state law are separate from those classifications used for valuation purposes according to the classes outlined in state law and are not to be considered separate classes for rate purposes.

The Commissioner of the Revenue is responsible for assessing all property at its actual fair market value. The Commissioner of the Revenue values most tangible personal property by means of a recognized pricing guide or as a percentage of original costs. Methods of valuing property may differ among the separate categories, so long as each method used is uniform with each category, it is consistent with requirements of this section, and may be reasonably expected to determine actual fair market value as determined by the Commissioner of the Revenue.

The State Corporation Commission, in conjunction with the Virginia Department of Taxation, establishes real and personal property values on property owned by regulated public utilities, which include electric, telephone, and water companies.

General Fund

Revenue Summary:

	FY 09 Adopted Budget	FY 10 Adopted Budget	Dollar Change	% Change
Real Estate Tax	16,440,303	17,040,303	600,000	3.7%
Public Service	679,858	540,000	(139,858)	-20.6%
Personal Property Tax	3,524,745	2,947,019	(577,726)	-16.4%
Mobile Home	18,727	13,279	(5,448)	-29.1%
Airplane	9,438	9,871	433	4.6%
Machinery & Tools	275	255	(20)	-7.3%
Penalties & Interest	215,000	193,000	(22,000)	-10.2%
Total Property Taxes	20,888,346	20,743,727	(144,619)	-.7%

Budget Comments:

This adopted budget is based on a real estate tax rate of \$0.73 and a personal property tax rate of \$3.75.

General Fund

Other Local Taxes

Other Local Taxes

Other local taxes include all taxes collected locally, other than real estate and personal property taxes. These rates vary and many are fixed or capped by state law (i.e. general sales taxes).

Local Sales Tax

The County of New Kent levies a 1% local sales tax as allowed by state law. These revenues are collected by the Commonwealth of Virginia Department of Taxation along with the 4% state sales and use tax.

Local Consumer Taxes

The restructuring of local consumer taxes on telephones and other communication equipment took affect January 1, 2007. A 5% communications and sales and use tax is paid by customers of landline and wireless phones, satellite TV and radio services, and other communication services to the Commonwealth. The Commonwealth then submits a prorata share of these funds to the locality. This tax also affects E-911 fees.

Business License Taxes

Business license taxes are charged per local ordinance to all businesses in the county, with varying amounts charged. On January 1, 2001 a new tax was imposed on consumers of electricity and natural gas in the Commonwealth. A local consumption tax was established to replace the local business license (gross receipts) tax levied against electric and gas suppliers.

Cable Television Franchise Taxes

Cable television franchise taxes are charged to the local cable TV firm, based on a \$0.20 per month per subscriber fee. Portions of this payment have been advanced to New Kent County and therefore no revenues have been budgeted for FY10.

Bank Stock Taxes

Bank stock taxes represent revenue received from the tax imposed on bank deposits in the county, less certain allowable deductions.

Recordation Taxes

The recordation taxes are fees levied for documents recorded at the Clerk's Office. Fees vary based on the type of document. The principal fee service is based on real estate transfers. Deeds of conveyance taxes are also collected in the Clerk's Office.

General Fund

Lodging Tax

A two-percent (2%) lodging tax was added effective July 1, 2005; and the tax is collected from all hotel, motel, and campground customers in the county.

Revenue Summary:

	FY 09 Adopted Budget	FY 10 Adopted Budget	Dollar Change	% Change
Local Sales Tax	1,063,297	1,000,000	(63,297)	-6.0%
Commun./E-911 State Tax	670,000	630,000	(40,000)	-6.0%
Consumer Utility Tax	190,000	190,000	0	0.0%
Business License Tax	877,947	637,500	(240,447)	-27.4%
Consumption Utility Tax	50,000	55,000	5,000	10.0%
Franchise Fee - Cable TV	0	0	0	0.0%
Motor Vehicle Decals	465,000	465,000	0	0.0%
Bank Stock Taxes	25,000	18,500	(6,500)	-26.0%
Recordation Tax	325,000	240,000	(85,000)	-26.2%
Admissions Tax	9,500	1,000	(8,500)	-89.5%
Lodging Tax	13,000	10,000	(3,000)	-23.1%
Total Other Local Taxes	3,688,744	3,247,000	(441,744)	-12.0%

Budget Comments:

Sales Tax

Sales tax revenue estimates are based on prior year's receipts and projected decreases in retail sales based on staff estimates. Local sales tax revenue accounts for 3.3% of the county's general fund adopted budget.

Local Consumer Taxes

The local consumer taxes on telephones and other communication equipment took affect on January 1, 2007. Our share of the receipts from the state will be proportional to our percentage of the statewide total.

With the elimination of the local consumer utility tax on telecommunications, we will only collect a consumer utility tax on electric services and natural gas.

Cable Television Franchise Fees

Cable television franchise fees were not budgeted for in FY09 although we received \$25,000 in FY08. The \$25,000 consisted of a one-time grant of \$5,000 and a pre-payment of \$20,000 for the \$0.20 per month per subscriber fee contained in the negotiated contract. Monthly assessments average \$530 per month. Due to the remaining balance of the prepaid funds, there will not be any estimated revenue budgeted for FY10.

General Fund

Motor vehicle decal revenue has continued to grow in accordance with growth in county population.

The decline in the number of home sales and refinancing activity is reflected in the reduction in recordation taxes.

General Fund

Licenses, Permits, and Fees

This budget revenue source is derived from various permits, fees, and licenses required by local ordinances. Permits include building, electrical, plumbing and mechanical. Other licenses and fees include dog licenses and fees for zoning, plan review, land transfers, plat and land use.

Revenue Summary:

	FY 09 Adopted Budget	FY 10 Adopted Budget	Dollar Change	% Change
Animal Licenses	14,000	22,000	8,000	57.1%
Permits and Other Licenses	640,025	402,277	(237,748)	-37.2%
Total Permits, Fees and Licenses	654,025	424,277	(229,748)	-35.1%

Budget Comments:

Construction activity in the County is expected to show a significant decrease due to the slowdown in the economy. In addition, the Board has directed staff to implement a 15% reduction to the Business License Tax (BPOL) in order to support our existing business base and promote expansion of new business development. Also, for the period of March 17 – December 30, 2009 fees will be waived for commercial planning, zoning and environmental activities in order to stimulate new business development that will reduce the County's dependency on the residential tax base. Commercial building permit fees that are generated through this program will be refunded as an incentive to have new business properties in the tax base by June 30, 2011.

General Fund

Fines and Forfeitures

This budget provides for revenue derived from fines collected locally and costs expended by the county and then recovered for various reasons.

Revenue Summary:

	FY 09 Adopted Budget	FY 10 Adopted Budget	Dollar Change	% Change
Fines and Forfeitures	210,000	221,000	11,000	5.2%

Budget Comments:

The budget amount is based on prior year's receipts and FY09 collections through February.

General Fund

Revenue from Use of Money and Property

This budget provides for revenues earned by the county from investment of funds and the rental of property.

The County Treasurer invests funds that are available, but not needed for immediate disbursements. Investments are made for periods ranging from a single day to 18 months. The 18-month CDs can be redeemed one-time without penalty.

Rent is received for multi-jurisdictional programs hosted by New Kent County. Rent received for space used by the State Health Department, Social Services, Quin Rivers, and Bay Transit is included in this category. This will be the first full-year of rental income from the Health and Human Services building. Rental income is also received for the use of the Quinton Community Center and the Quinton Park pavilion.

Revenue Summary:

	FY 09 Adopted Budget	FY 10 Adopted Budget	Dollar Change	% Change
Revenue from Use of Money	800,000	390,000	(410,000)	-51.3%
Revenue from Use of Property	127,635	229,110	101,475	79.5%
Total - Use of Money & Property	927,635	619,110	(308,525)	-33.3%

Budget Comments:

Investment earnings are a function of interest rates and the amount of cash available for investment purposes. During the downturn in the economy, interest rates have dropped drastically.

General Fund

Charges for Services

Charges for services include all charges of various offices for programs operated by New Kent County. The program fees charged by Off-track betting (OTB) proceeds from Colonial Downs and the Parks and Recreation office are the larger items in this budget.

New Kent County receives partial reimbursement for the Circuit Court Judge's office expenditures from King William, King & Queen and Charles City. The off-setting expenditures for this amount can be found in the Circuit Court budget.

Revenue Summary:

	FY 09 Adopted Budget	FY 10 Adopted Budget	Dollar Change	% Change
Excess Fees of Clerk	45,000	10,000	(35,000)	-77.8%
Courthouse Security Funding	60,000	80,000	20,000	33.3%
Reimbursable Costs - Cir Court	55,998	55,066	(932)	-1.7%
Recreation Fees	175,000	220,000	45,000	25.7%
Theme Park Tickets	14,000	12,000	(2,000)	-14.3%
OTB and Live Track Proceeds	727,850	574,300	(153,550)	-21.1%
Animal Protection - Boarding	4,000	3,200	(800)	-20.0%
Other	30,278	30,128	(150)	-.50%
Total Charges for Services	1,112,126	984,694	(127,432)	-11.5%

Budget Comments:

Excess Fees of Clerk

Amendments to the State's budget propose changing the distribution of excess fees collected by Clerks of the Circuit Courts. Currently, localities retain two-thirds of the fees and the Commonwealth receives one-third. The adopted budget flips the distribution for FY2010 by appropriating two-thirds of the fees to the state and one-third to localities.

Courthouse Security Funding

Courthouse security funding has been increased based on last fiscal year receipts and the first eight months of collection in FY2009.

Recreation Fees

Recreation Fees are projected to be \$45,000 more than what was budgeted in FY2009 due to increased programs and participants.

General Fund

OTB (Off-track Betting) and Live Horse Racing Proceeds

Colonial Downs, located in New Kent County, currently has 8 Off Track Betting Centers (OTBs) located around Virginia. An Off Track Betting Center also known as a "Satellite Wagering Facility" in some states, is a location where you can wager on simulcast horse racing year round on tracks across the country. We have 3 locations in Western Virginia, 2 in Richmond, 1 in Southern Virginia, and 2 in Eastern Virginia (one of these is located in New Kent County). Virginia Code § 59.1-392 dictates that a quarter percent of pari-mutuel pools generated by wagering at each Virginia satellite facility will be distributed to the locality in which the racetrack is located. On live horse racing, the Code also provides for a one-quarter percent distribution to New Kent County.

The largest decrease in Charges for Services is OTB proceeds. The decrease is due to the closing of one of the Chesapeake OTBs, general reductions in revenues from all OTBs, and due to the fact that New Kent County was overpaid by Colonial Downs for a three (3) year period of time. Pari-mutuel taxes collected for live track racing were collected by approximately 33% too much for calendar Years 2006-2008. The additional reduction is estimated due to the downturn in the economy.

General Fund

Miscellaneous Revenues

	FY 09 Adopted Budget	FY 10 Adopted Budget	Dollar Change	% Change
Total Miscellaneous	10,000	10,000	(0)	0.0%

Budget Comments:

Miscellaneous Revenues include various items that come into the county treasury during the year, but are not consistently present. These items include various donations, document reproduction reimbursement, and numerous other items.

General Fund

Recovered Costs

The county is reimbursed for various costs.

Revenue Summary:

	FY 09 Adopted Budget	FY 10 Adopted Budget	Dollar Change	% Change
9th Judicial Court	15,915	13,586	(2,329)	-14.6%
Proffer Agreement - Personnel	28,936	0	(28,936)	-100.0%
School Resource Officers	107,975	0	(107,975)	-100.0%
Victim Witness Reimbursement	886	0	(886)	-100.0%
Total Recovered Costs	153,712	13,586	(140,126)	-91.2%

Budget Comments:

New Kent County receives reimbursement for a portion of the costs for the 9th Judicial Court (Juvenile Detention) from Charles City County. The offsetting expenditures for this are in the budget for Court Services.

A proffer agreement with Farms of New Kent allowed the county to recover 100% of the cost of a Community Development position including benefits for FY07 (\$48,849), 75% for FY08 (\$37,575), and 50% for FY09 (\$28,936). These funds are not available for FY10.

Upon direction from the Board, the School Resource Officers will be entirely funded with General Fund dollars. The County will no longer receive funds that were previously billed to the New Kent County School Board for School Resource Officers.

A partial funding of the Victim Witness program was budgeted in FY09 to come from Charles City County. Charles City has recently notified the county it will not participate in the funding of this program.

The Treasurer uses the services of the Department of Motor Vehicles (DMV) when collecting delinquent personal property taxes. DMV charges \$20 per occurrence per individual to withhold that person's ability to renew their vehicle registration. This DMV "stop" fee is repaid to the County by the taxpayer. The Treasurer's office, with the approval of the Board of Supervisors, collects an additional \$20 administrative fee. The collection of these funds will be appropriated throughout FY2010.

General Fund

Revenue from the Commonwealth

This budget provides for revenue received from the Commonwealth of Virginia in three categories – Non-Categorical Aid, Shared Expenses (Categorical), and Categorical Aid. Non-Categorical Aid includes revenues which are raised by the state and shared with the local governments. The use of such revenue is at the discretion of the local government. An example of Non-Categorical Aid is Tax on Rental Cars. Shared expenses include revenues received from the Commonwealth for the State’s share of expenditures in activities that are considered to be joint responsibilities such as the Constitutional Officers. The reimbursement of Commonwealth Funds for Constitutional Officers is distributed by the State Compensation Board. The primary functions of the Compensation Board originate in Article VII, Section 4 of the Constitution of Virginia. It is here that the five “Constitutional Officers” are enumerated as being elected by voters in each county and city. The assumption of the Commonwealth sharing in the funding of these offices is based on the realization that these officers provide services that benefit local citizenry, but indirectly and in some instance directly, benefit all citizens of Virginia by providing funding from the Commonwealth to allow for a basic level of service in each locality. Categorical aid includes revenues received from the Commonwealth which are designated by the Commonwealth for a specific use by local government. An example of Categorical aid is the Victim Witness Assistance Grant.

Revenue Summary:

	FY 09 Adopted Budget	FY 10 Adopted Budget	Dollar Change	% Change
Constitutional Officers	1,457,366	1,545,185	87,819	6.0%
Other Categorical Aid	193,220	213,724	20,504	10.6%
Non-Categorical Aid	112,359	121,671	9,312	8.3%
Car Tax Reimbursement	2,217,883	2,217,883	0	0.0%
Reduction in State Aid to Localities	0	(90,583)	(90,583)	-100.00%
Total State Revenue	3,980,828	4,007,880	27,052	.7%

Budget Comments:

Due to the growth in the number of qualified vehicles under the Personal Property Tax Relief Act (PPTRA) program, the percentage of relief to be granted under this program has decreased from 58% in 2006 to 52.5% for 2008. The estimated percentage of relief for 2009 (FY10) is not available at this time.

General Fund

Revenue from the Federal Government

This budget provides for all money received in the General Fund from federal sources.

Revenue Summary:

	FY 09 Adopted Budget	FY 10 Adopted Budget	Dollar Change	% Change
Plum Point Rehabilitation	0	0	0	0.0%
Total Revenue - Federal	0	0	0	0.0%

Budget Comments:

The Plum Point Rehabilitation Grant continues to be administered. The funds received in prior fiscal years are carried forward after the budget is adopted.

Each year the County prepares a Central Services Cost Allocation Plan, which uses federal and state guidelines to distribute various overhead costs of County functions used by social services. This information is transmitted to the Virginia Department of Social Services, and each year a portion of these indirect costs are returned to the County. While these Federal funds have historically been returned to our Social Services Department, in the future, these funds will be returned to the General Fund directly.

General Fund

Transfers In

For FY10, Meals Tax is being transferred to the General Fund to off-set the reduced revenues from Business License Tax (BPOL) and various fees in Building and Community Development due to the implementation of a “Business Friendly” Initiative. This included the implementation of a 15% reduction to the Business License Tax (BPOL) in order to support our existing business base and promote expansion of new business development. Also, for the period of March 17 – December 30, 2009 fees will be waived for commercial planning, zoning and environmental fees in order to stimulate new business development that will reduce the County’s dependency on the residential tax base. Commercial Building Permit Fees that are generated through this program will be refunded as an incentive to have new business buildings in the tax base by June 30, 2011.

Revenue Summary:

	FY 09 Adopted Budget	FY 10 Adopted Budget	Dollar Change	% Change
Transfer from Meals Tax – Economic Development		125,000	125,000	100%
Total Transfers In	0	125,000	125,000	100%

Social Services Fund

The New Kent Department of Social Services protects over 1,500 county citizens from the worst impacts of poverty and other social problems using multiple financial and social work programs. The appropriations included in the operating budget do not include certain entitlement payments provided by the state and federal governments, which are paid directly to the appropriate recipients. Fuel Assistance, Food Stamps, and Medicaid are examples of non-appropriated benefits for which the eligibility is determined by the department; however, the payment/benefits are paid directly by the state to the individuals. Last Fiscal Year the total amount of benefits paid directly to individuals was \$5,489,442.

The administration of the New Kent Department of Social Services is supported through a blend of federal, state, and local funding. The majority of general fund appropriations to the Department of Social Services are based on the required match for various federal and state revenues. The requirements for the local funding match range from 0% to 100% depending on the type of revenue. For administration, the average percentage of local match required is approximately 43%, which means that the locality is responsible for less than half of all administrative costs for the Department.

Revenue Summary:

	FY 09 Adopted Budget	FY 10 Adopted Budget	Dollar Change	% Change
Estimated Revenue – State & Federal	801,877	838,681	36,804	4.6%
Transfer from General Fund	235,211	252,794	17,583	7.5%
Transfer from Capital for Vehicle		19,519	19,519	100%
Total Revenue for Social Services	1,037,088	1,110,994	73,906	7.1%

Budget Comments:

The budget for social services expenditures is \$1,110,994, which is an increase of \$73,906 from last year. The local appropriation for the social services budget is \$272,313 for next year, which is approximately 24.5% of the total Social Services budget.

The projected revenues from the Commonwealth and Federal government are \$838,681.

Comprehensive Services Fund

The Comprehensive Services Act (CSA) is a state mandated program implemented in 1993, which provides funds to serve at risk youth and their families. The CSA was intended to cut costs while improving service delivery effectiveness through a comprehensive reorganization of fiscal and management resources.

Local communities pay a share of program costs under CSA. New Kent County's base match rate is 43.29% for most CSA dollars and 21.6% for Medicaid dollars. As of January 1, 2009, residential/congregate care services local match will be 49.78% after \$100,000 in expenditures has been reached. The match rate for other mandated services will remain the same.

While CSA improved interagency coordination and established a comprehensive framework for managing services, overall program costs have continued to rise each year. Growth in the number of cases is, by far, the most significant cause of rising CSA costs. To a great extent, CSA costs are hostage to demographics and societal factors. The total under-21 population is increasing, and the population of youth considered at-risk is increasing even more quickly. The percentage of school-aged children in special education programs is also increasing. Overall, these factors account for an increase in caseload size, which roughly equates to the rise in total CSA costs.

Budget Summary:

	FY 09 Adopted Budget	FY 10 Adopted Budget	Dollar Change	% Change
State Reimbursement	1,371,071	1,450,004	78,933	5.8%
Transfer from General Fund	1,217,744	1,139,902	(77,842)	-6.4%
Transfer from GF, VJCCCA	7,500	6,750	(750)	-10.0%
Total	2,596,315	2,596,656	341	.01%

E-911 Wireless Fund

The E-911 Wireless Fund consists of monies received from the State that must be allocated for salaries and equipment specifically related to E-911 cell phone usage.

Revenues:

	FY 09 Adopted Budget	FY 10 Adopted Budget	Dollar Change	% Change
E-911 Wireless - State	40,000	40,000	0	0.00%
Total	40,000	40,000	0	0.00%

Budget Comments:

The expenditures related to this revenue can be found in the Wireless E-911 Budget.

Clean Community Committee Fund

The Clean Community Committee/Litter Control Fund was established during the 1980's as a part of the Clean Community Campaign.

Revenues:

	FY 09 Adopted Budget	FY 10 Adopted Budget	Dollar Change	% Change
Litter Control Grant - State	6,508	6,337	(171)	-2.6%
Transfer From General Fund	2,000		(2,000)	-100.0%
Total	8,508	6,337	(2,171)	-25.5%

Like the DMV Grants, it is very difficult to predict state funding for this project; therefore, the fund will be adjusted accordingly when/if the grant is funded in FY 2010. The expenditures associated with this revenue can be found in the Clean Community/Litter Control Fund Budget.

Meals Tax Fund

In FY05, the Board of Supervisors adopted a four-percent (4%) meal and beverage tax after a passed referendum. For FY07 a new Fund – Fund 20 was created to track Meal and Beverage Tax. The meals tax was designated to be divided between the Schools, Parks & Recreation, and Economic Development as 50%, 25%, and 25% respectively for a period of up to three (3) years. For FY10, the Economic Development share is being used to off-set the 15% reduction in Business License Tax (BPOL) in the General Fund.

Revenues:

	FY 09 Adopted Budget	FY 10 Adopted Budget	Dollar Change	% Change
Meals Tax - Schools	242,500	250,000	7,500	3.1%
Meals Tax – Economic Development	121,250	125,000	3,750	3.1%
Meals Tax – Parks & Recreation	121,250	125,000	3,750	3.1%
Total	485,000	500,000	15,000	3.1%

Budget Comments:

Meals Tax revenues have been a good source of revenue for the county. Meals tax revenue is projected to increase even in tough economic times. The expenditures (transfers) to off-set this revenue can be found in the Meals Tax Fund.

Airport Fund

The adopted Airport Fund budget is supported by local, state and federal funding.

Revenues:

	FY 09 Adopted Budget	FY 10 Adopted Budget	Dollar Change	% Change
Fuel Sales	52,500	66,500	14,000	26.7%
Hangar Rental	84,132	72,960	(11,172)	-13.3%
Local Fees and Donations	2,100	1,600	(500)	-23.8%
Department of Aviation	88,300	43,900	(44,400)	-50.3%
Interest on Investments	3,000	0	(3,000)	-100.0%
Federal Aviation Agency	0	76,000	76,000	100.00%
Transfer from General Fund	55,374	64,745	9,371	16.9%
Transfer from Capital Fund	12,000	46,600	34,600	288.3%
Total	297,406	372,305	74,899	25.2%

Budget Comments:

During FY 2010, New Kent County will seek grants for various projects. A sizeable amount of revenue is generated from hanger rentals and fuel sales.

The Airport Fund will be supported by a transfer from the General Fund in the amount of \$64,745, an increase of \$9,371 from FY 2009. Transfer from the Capital Projects Fund is \$46,600.