A G E N D A

JAMES CITY COUNTY BOARD OF SUPERVISORS

WORK SESSION

County Government Center Board Room

October 24 , 2001

4:00 P.M.

A. CALL TO ORDER

B. ROLL CALL

C. BOARD DISCUSSION

1. End of Fiscal Year Report - FY 2001
2. Meeting with Legislators

D. PRESENTATION

1. Impact of the September 11 Terrorist Attacks on Area Tourism - Dave Schulte, Executive Director, Visitors and Convention Bureau

E. ADJOURNMENT

M E M O R A N D U M

DATE: October 24, 2001

TO: The Board of Supervisors

FROM: Suzanne R. Mellen, Accounting Supervisor

SUBJECT: Financial Results - FY 2001

The County's annual audit is essentially complete. Attached is an analysis of Fiscal Year 2001 results. Actual revenues exceeded previously budgeted revenues by approximately $7.8 million. This represents, relative to prior fiscal years, an unusually large sum. The Board had previously appropriated approximately $3.1 million of this total to the FY 2002 Capital Improvements budget. Staff analysis of these unbudgeted revenues has grouped them into three categories:

Recurring

These are revenues that are recurring and unbudgeted, the benefits of which will be seen in future budgets. There is approximately $2.9 million in this category, 60 percent of which is in Personal Property taxes. The following reasons account for most of the unbudgeted Personal Property tax revenues:

Surge in purchases of new vehicles due to the State Personal Property Relief Act (PPTRA);

Increase in the collection rate from 90 percent in the year billed to 95 percent in FY 2001. This is due to smaller amounts due, in part because of the PPTRA and in part because of twice-yearly billing;

Increase in number of individuals and businesses paying a full year of taxes on June 5; and

Underestimation of supplemental billings due to twice-yearly billing change.

Other possible reasons include an assessment process that does not rely exclusively on a local taxpayer filing with the Commissioner, but on DMV records as well, and the fact that the County does not charge an on-going vehicle decal fee.

One Time

Revenues that are not expected to occur next year or those revenues that will be recurring in nature and have been budgeted for in future years, yielding a one time effect. These revenues total approximately $3.85 million, of which $3.1 million has already been appropriated to the FY 2002 Capital Improvements budget.

Accounting Change

A required change in financial reporting standards as adopted by the Governmental Accounting Standards Board, GASB 33, has yielded an additional month of sales tax revenue reported. Future years will reflect 12 months of revenue, based on a July–June sales transaction date. Previously, sales tax was based on receipt of money from the State. The impact of this change, including both local sales taxes and the State Sales Tax for Education, is approximately $1.1 million in additional revenue.

The purpose of the work session is to fully explain the numbers on the attachment and answer any questions as they relate to the unbudgeted FY 2001 revenues. In working with the auditors, staff has concluded that the approximately $2.9 million in recurring unbudgeted revenues should be included in the financial statements as “Undesignated Fund Balance.” Absent any other guidance by the Board of Supervisors, these funds would be included as a source of funds in the recommendation for the FY 2003 Capital Budget. In any case, these funds are currently available and unappropriated.

The remaining unbudgeted revenues, identified as one-time or resulting from an accounting change and totaling $1,835,000, are being added to the County’s reserves under the Board’s recently amended fiscal policies. Davenport and Company, the County’s financial advisor, has recommended that the reserve be set in the 8 percent-12 percent range of revenues and the Board has agreed. The addition of $1,835,000 will create a reserve fund that is 10 percent of revenues at the mid-point of the adopted policy target.

The impact of unbudgeted recurring revenues on both the current FY 2002 budget, as well as the anticipated FY 2003 and FY 2004 budgets, is obviously positive. They should help mitigate the expected negative fiscal consequences in both local and State funding sources, resulting from the economic downturn. Staff would be happy to respond to any questions.

Suzanne R. Mellen

CONCUR:

John E. McDonald

SRM/gb
2001result.mem

Attachment