

CHAPTER 3

ADMINISTRATION AND FINANCES

INTRODUCTION

The Campbell County Board of Supervisors is an elected group consisting of seven members who serve in the capacity as the legislative body charged with the code and policy making responsibilities for the County. The Board operates using a traditional council/manager form of government and employs a County Administrator to oversee the day-to-day workings of the County and to guide the operations of the various County departments. Direct oversight is provided for Community Development, Economic Development, Human Resources, Information Technology, Libraries, Management Services, Public Safety, Public Works, Recreation, and Youth, Adult and Community Services. Management and budget oversight is provided for the County school system, the Social Services Department, and the five constitutional offices: Clerk of the Court, Commissioner of the Revenue, Commonwealth Attorney, Sheriff and Treasurer. The Board is also responsible for providing support and appointment oversight for the Campbell County Utilities and Services Authority and a variety of boards, commissions and committees.

The Board of Supervisors is responsible for formulating County policy that staff implements. The County Administrator provides direct oversight of the general administration, human resources and budgeting functions of the County and works with the Board to promote regional cooperation and maintain effective working relationships with the various constitutional officers, state agencies, and appointed Boards and Commissions.

Financial administration is handled through the Department of Management Services that provides oversight of Accounting, Purchasing, Budget, Finance and Reassessment functions. Additionally, the Management Services Department acts as the primary liaison with the operational functions of the Commissioner of the Revenue and Treasurer. Policy oversight is under the Board of Supervisors through the County Administrator.

FINANCIAL ANALYSIS

REVENUE SOURCES

Of the combined revenue for the County and County Schools for FY2013, 54.75% of the total funding was provided by state and federal transfers of funds (46.91% of the total from the state and 7.84% of the total from the federal government). Local funding comprised the remaining 45.25% of total revenue for FY2013 for the County. This relationship between state/federal funding versus local funding for the County is exactly reversed for the state weighted average for all counties. In contrast, 39.29% of total revenue for all counties comes from state and federal funding (31.66% of the total from the state and 7.63% of the total from federal government) with local funding comprising the remaining 60.71% of total revenues for all counties (see Table F1 and Graph F1A).

LOCAL REVENUE

Local tax revenues make up 76.8% of total County local revenue compared to 84.8% of total local revenue for all counties in the state (see Table F2). On a per capita basis at \$1,090.41 the County generates local revenue at approximately one-half of the level for the state weighted average per capita of \$2,081.60 local revenue all counties.

GENERAL PROPERTY TAX REVENUES

County property taxes on a combined basis per capita at \$662.98 are 54% lower than the weighted average per capita for all counties of \$1,451.07.

Real estate taxes for the County account for 52.24% of total property tax revenue (see Table F3 and Graph F3). For all counties in the state, *real estate taxes* account for 70% of total property tax revenue. *Real estate tax* revenues per capita for the County at \$346.32 are only 30.07% of the weighted average for all counties per capita of \$1,151.57. The County's real estate tax rate of \$.53 per \$100 of assessed value for tax year 2013 is 12% below the median rate of \$.60 per \$100 of assessed value for all counties (See Table F4).

Note: The County decreased the real estate tax rate to \$.52 for the tax year 2014 which will decrease FY2015 real estate tax revenues in the amount of \$365,000.

Personal property tax revenues are the second largest contributor to County property tax revenue at 28.36% of total property tax revenue. *Personal property tax* revenues per capita for the County at \$188.00 are only 84.62% of the weighted average for all counties per capita of \$222.17. The County's effective personal property tax rate of \$2.23 per \$100 of assessed value for tax year 2013 is 19% below the median effective rate for all counties of \$2.74 per \$100 of assessed value. (See Table F4).

GENERAL PROPERTY TAX REVENUES (CONTINUED)

Machinery and tools taxes (M&T) are much more important to the County at 14.50% of total County property tax revenue than is true for the weighted average for all counties where machinery and tools taxes average 1.41% of their total property tax revenue. M&T per capita County revenues are almost 5 times the weighted average for all other counties. M&T effective tax rates cannot be compared with other localities since there are so many differences in the basis of assessment and the assessment schedules used throughout the state. The County is fortunate to have a relatively high manufacturing base in comparison to most Virginia counties. This relatively high manufacturing base is the reason for the County's high percentage of total property tax coming from M&T. This tax revenue source has helped subsidize the County's low effective real estate and property tax rates.

OTHER LOCAL TAX REVENUES

Business, Professional & Occupational License taxes: BPOL taxes generated revenue in the amount of \$1,780,960 in FY2013 and are classified as Other Local Taxes. Another component of Other Local Taxes, *Sales Tax*, generated \$4,581,181 in revenue in FY2013. On a combined basis Other Local Taxes for the County per capita of \$173.92 is a little more than half of the state average of \$313.15 per capita.

CONCLUSION

Campbell County relies on local tax funding to a significantly lesser degree than is true for the average county in Virginia. In most local tax categories and in total local tax revenues per capita the County is half or less than half of the average for all counties. This means that Campbell County residents carry a low local tax burden in relation to the average county in the state. The potential for revenue increases via local tax increases by the Board of Supervisors is a viable option while still keeping the local tax burden well below the average for Virginia counties.

OPERATIONAL EXPENDITURES

Total operational expenditures for the County are only 75.56% of the State weighted average for all Virginia counties on a per capita basis comparison, \$2,286 per capita for the County versus \$3,025 per capita for all counties (see Table F5). On a per capita basis, County governmental operations expenditures are 30% lower than the per capita State weighted average for all counties. On a per capita basis, County expenditures for the schools are 23.4% lower than the per capita state weighted average for all counties.

As a percent of total operational expenditures, the County and the schools expend 61.60% of their combined budgets on the education function not counting the annual debt service for school construction projects. This compares to 58.3% of total spent on Education for all counties as a percent of total operational expenditures. The second largest function for the County for operation expenditures is Health & Welfare at 13.8% of total versus 10.7% of total for all counties. The third largest function for the County is Public Safety at 13.2% of total as compared to 14.6% of total for all counties in Virginia.

CONCLUSION

Operational expenditures for the County are more heavily concentrated in the Education and Health & Welfare functions as a percent of total operational expenditures that is true for all counties in Virginia on a weighted average basis. However, operational expenditures for all functions on a per capita basis with the exception of Health & Welfare are less than the weighted average for all counties on a per capita basis.

CAPITAL IMPROVEMENT EXPENDITURES

Capital improvements in FY2013 were centered in General Government rather than in Education (See Table F6). Education capital improvements charged in the School Capital Improvement Fund amounted to \$35,681 in FY2013. Capital improvements in the Capital improvement Fund for the General Government totaled \$2.7 million in FY2013.

LONG TERM DEBT AND DEBT SERVICE

Long term debt outstanding for Education capital expenditures totaled \$30,959,485 at the end of FY2013 versus \$16,484,828 for the General Government capital expenditures. Combined long term debt for General Government and Education per capita of \$862.15 is well below the state weighted average for all counties on a per capita basis.

Education debt service for FY2013 amounted to \$4 million as compared to only \$1.4 million for the General Government.

CONCLUSION

Long term debt, debt service, and net bonded debt per capita are all heavily concentrated in Education. Local revenues per capita are half of the weighted average for all counties. Since debt load is normally financed via local revenue, the County will need to increase its local revenue stream in order to pay for future large capital projects for Education or for the General Government.

Note: The County's Annual Audit is available at www.co.campbell.va.us under Budget Information/Financial Statements. A printed copy is available for review in the Administrative offices.

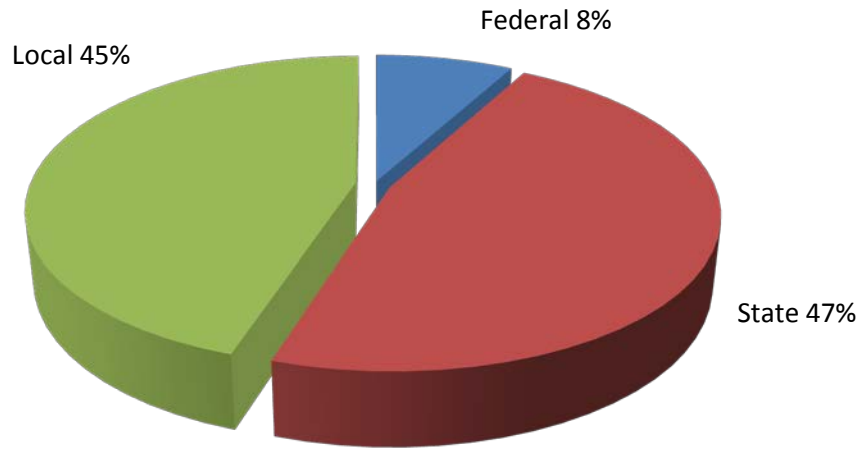
TABLE F1
MAJOR REVENUE SOURCES FOR FISCAL YEAR ENDING JUNE 30, 2013
CAMPBELL COUNTY & CAMPBELL COUNTY SCHOOLS

| | CAMPBELL COUNTY | TOTAL ALL COUNTIES | PERCENT OF STATE AVERAGE PER CAPITA |
|---------------------------|----------------------------|-------------------------------|--|
| LOCAL REVENUE | | | |
| Amount | \$60,005,523 | \$11,500,704,546 | |
| Per Capita | \$1,090.41 | \$2,028.42 | 53.76% |
| Percent of Total | 45.25% | 60.71% | |
| FROM COMMONWEALTH | | | |
| Amount | \$62,202,969 | \$5,998,717,087 | |
| Per Capita | \$1,130.35 | \$1,058.02 | 106.84% |
| Percent of Total | 46.91% | 31.66% | |
| FROM FEDERAL GOV'T | | | |
| Amount | \$10,389,045 | \$1,143,705,711 | |
| Per Capita | \$185.07 | \$201.72 | 91.75% |
| Percent of Total | 7.84% | 7.63% | |
| TOTAL REVENUES | | | |
| Amount | \$132,597,537 | \$18,944,653,130 | |
| Per Capita | \$2,409.55 | \$3,341.34 | 72.11% |
| Percent of Total | 100% | 100% | |

SOURCE: *Comparative Report of Local Government Revenues and Expenditures*, Year Ended June 30, 2013. Auditor of Public Accounts, Commonwealth of Virginia, 2014.

GRAPH F1A

**Sources of Revenue
For Campbell County 2013
Percent of Total**



**Sources of Revenue
For All Counties 2013
Percent of Total**

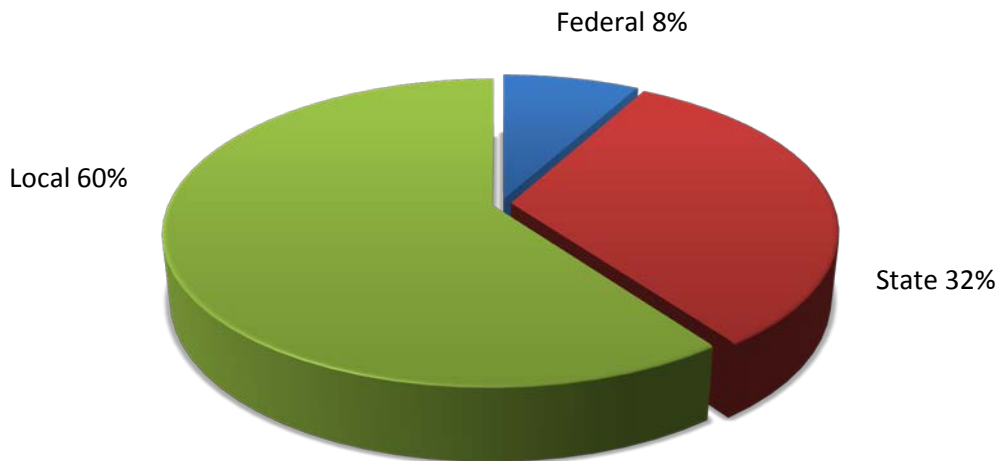


TABLE F2
LOCALLY GENERATED REVENUE – 2013

| | CAMPBELL COUNTY | TOTAL ALL COUNTIES | PERCENT OF STATE AVERAGE |
|---|----------------------------|-------------------------------|-------------------------------------|
| GENERAL PROPERTY TAXES (1) | | | |
| Amount | \$36,483,531 | \$8,227,229,944 | |
| Per Capita | \$662.98 | \$1,451.07 | 45.69% |
| Percent of Total Revenue | 60.80% | 69.71% | |
| OTHER LOCAL TAXES (2) | | | |
| Amount | \$9,571,055 | \$1,775,465,513 | |
| Per Capita | \$173.92 | \$313.15 | 55.54% |
| Percent of Total Revenue | 15.95% | 15.04% | |
| CHARGES FROM SERVICES | | | |
| Amount | \$12,699,511 | \$1,243,458,606 | |
| Per Capita | \$230.77 | \$219.31 | 105.23% |
| Percent of Total Revenue | 21.16% | 10.54% | |
| USE OF MONEY & PROPERTY | | | |
| Amount | \$174,989 | \$123,868,810 | |
| Per Capita | \$3.18 | \$21.85 | 14.56% |
| Percent of Total Revenue | 0.29% | 1.05% | |
| PERMITS, FEES & LICENSES | | | |
| Amount | \$309,438 | \$156,221,019 | |
| Per Capita | \$5.62 | \$27.55 | 20.41% |
| Percent of Total Revenue | 0.52% | 1.32% | |
| OTHER LOCAL REVENUES (MISC.) (3) | | | |
| Amount | \$766,999 | \$275,986,440 | |
| Per Capita | \$13.94 | \$48.68 | 28.63% |
| Percent of Total Revenue | 1.28% | 2.34% | |
| TOTAL LOCAL REVENUE | | | |
| Amount | \$60,005,523 | \$11,802,230,332 | |
| Per Capita | \$1,090.41 | \$2,081.60 | 52.38% |
| Percent of Total Revenue | 100% | 100% | |

- NOTES:** (1) Includes real and personal property, public service corporations, machinery and tools, and manufactured home taxes.
(2) Other taxes include the local option sales tax, bank stock, recordation tax, Business & Professional License tax (BPOL), and the consumer utility tax along with various taxes such as the motor vehicle license fee and the cigarette tax.
(3) Includes fines and forfeitures.

SOURCE: *Comparative Report of Local Government Revenues and Expenditures*, Year Ended June 30, 2013, Auditor of Public Accounts, Commonwealth of Virginia, 2014.

TABLE F3**GENERAL PROPERTY TAX LEVIES – 2013**

| | CAMPBELL COUNTY | TOTAL ALL COUNTIES | PERCENT OF STATE AVERAGE |
|------------------------------------|----------------------------|-------------------------------|---|
| REAL PROPERTY | | | |
| Amount | \$19,057,861 | \$6,529,160,274 | |
| Per Capita | \$346.32 | \$1,151.57 | 30.07% |
| Percent of Total | 52.24% | 79.36% | |
| PUBLIC SERVICE CORPORATIONS | | | |
| Amount | \$1,256,664 | \$240,725,612 | |
| Per Capita | \$22.84 | \$42.46 | 53.79% |
| Percent of Total | 3.44% | 2.93% | |
| PERSONAL PROPERTY (1) | | | |
| Amount | \$10,345,410 | \$1,259,677,944 | |
| Per Capita | \$188.00 | \$222.17 | 84.62% |
| Percent of Total | 28.36% | 15.31% | |
| MACHINERY & TOOLS | | | |
| Amount | \$5,289,867 | \$115,981,374 | |
| Per Capita | \$96.13 | \$20.46 | 469.92% |
| Percent of Total | 14.50% | 1.41% | |
| MERCHANTS CAPITAL | | | |
| Amount | 0 | \$11,058,688 | |
| Per Capita | 0 | \$1.95 | N/A |
| Percent of Total | 0 | 0.13% | |
| PENALTIES & INTEREST | | | |
| Amount | \$533,729 | \$70,626,052 | |
| Per Capita | \$9.70 | \$12.46 | 77.86% |
| Percent of Total | 1.46% | 0.86% | |
| TOTAL | | | |
| Amount | \$36,483,531 | \$8,227,229,944 | |
| Per Capita | \$662.98 | \$1,451.07 | 45.69% |
| Percent of Total | 100% | 100% | |

NOTE: (1) Includes general and mobile home property tax levies.

SOURCE: *Comparative Report of Local Government Revenues and Expenditures*, Year Ended June 30, 2013. Auditor of Public Accounts, Commonwealth of Virginia, 2014.

TABLE F4

2014 TAX YEAR PROPERTY TAX RATE COMP

| | Stated Rate | Effective Rate | Comparison of County Effective Rate to Median Effective Rate All Counties | % of Total Campbell County Property Tax Revenue Realized FY2013 |
|---------------------------|--------------------|-----------------------|--|--|
| Real Estate: | | | | |
| Campbell County | \$0.53 | \$0.53 | 88.3% | 55.6% |
| Median of 95 VA Counties | \$0.60 | \$0.60 | | |
| Personal Property: | | | | |
| Campbell County | \$4.45 | \$2.23 | 81.4% | 28.4% |
| Median of 95 VA Counties | N/A | \$2.74 | | |

*All Stated tax rates are based on each \$100 of assessed value

NOTE: Property Tax on Public Service Corporations is not included in comparison.

SOURCE: *2013 Tax Rates in Virginia's Cities, Counties, and Selected Towns.* Weldon Cooper Center for Public Service, University of Virginia, 2013.

TABLE F5**OPERATIONAL EXPENDITURES BY FUNCTION FYE 2013**

| | Amount | Percent of Total | Per Capita County | Per Capita All Counties |
|--------------------------------------|---------------|-----------------------------|------------------------------|------------------------------------|
| General Administration | \$4,304,163 | 3.42% | \$78.21 | \$119.68 |
| Judicial Administration | \$2,294,725 | 1.82% | \$41.70 | \$50.03 |
| Public Safety | \$16,599,112 | 13.20% | \$301.64 | \$443.55 |
| Public Works | \$4,271,860 | 3.40% | \$77.63 | \$117.47 |
| Health and Welfare | \$17,363,858 | 13.80% | \$315.53 | \$322.46 |
| Parks, Recreation, Library & Culture | \$1,626,247 | 1.29% | \$29.55 | \$82.11 |
| Community Development | \$1,839,518 | 1.46% | \$33.43 | \$124.99 |
| Education | \$77,487,097 | 61.60% | \$1,408.09 | \$1,764.81 |
| Total | \$125,786,580 | 100.00% | \$2,285.78 | \$3,025.09 |

SOURCE: *Comparative Report of Local Government Revenues and Expenditures*, Year Ended June 30, 2013. Auditor of Public Accounts, Commonwealth of Virginia, 2014

TABLE F6**CAPITAL IMPROVEMENT EXPENDITURES, DEBT SERVICE, LONG TERM DEBT,
AND NET BONDED DEBT – FYE 2013**

| | General Government | Education | Total |
|--|-------------------------------|------------------|--------------|
| Capital Improvement Expenditures in 2013 | \$2,741,895 | \$35,681 | \$2,777,576 |
| Debt Service: | | | |
| Redemption of Debt Principal | \$660,000 | \$2,592,633 | \$3,252,633 |
| Debt Interest Costs | \$780,568 | \$1,390,422 | \$2,170,990 |
| Total Debt Payment | \$1,440,568 | \$3,983,055 | \$5,423,623 |
| Gross Debt Outstanding | \$16,135,000 | \$30,959,485 | \$47,094,485 |
| Per Capita | \$287.43 | \$551.51 | \$838.94 |

SOURCE: *Comparative Report of Local Government Revenues and Expenditures*, Year Ended June 30, 2013. Auditor of Public Accounts, Commonwealth of Virginia, 2014.
Campbell County Comprehensive Annual Financial Report, 2013.

TABLE F7

**RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND
NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS – CAMPBELL COUNTY**

| Fiscal Year | Population (1) | Assessed Value | Gross & Net Bonded Debt (2) | Percentage of Actual Value of Taxable Property | Net Bonded Debt Per Capitol |
|--------------------|-----------------------|-----------------------|--|---|------------------------------------|
| 2013 | 56136 | \$4,363,085,671 | \$47,444,313 | 1.01% | \$862.15 |
| 2012 | 55030 | \$4,300,349,446 | \$50,717,454 | 1.10% | \$921.63 |
| 2011 | 55032 | \$4,218,786,432 | \$53,997,489 | 1.20% | \$981.20 |
| 2010 | 54842 | \$4,167,370,603 | \$57,475,193 | 1.20% | \$1,100.00 |
| 2009 | 52237 | \$4,359,380,606 | \$60,071,059 | 1.29% | \$1,142.00 |
| 2008 | 52595 | \$4,246,667,447 | \$62,689,977 | 1.38% | \$1,203.00 |
| 2007 | 52112 | \$3,308,357,263 | \$30,263,372 | 0.85% | \$581.81 |
| 2006 | 52016 | \$3,244,984,620 | \$32,744,352 | 1.26% | \$638.29 |
| 2005 | 51300 | \$3,187,063,292 | \$35,001,651 | 1.38% | \$689.01 |
| 2004 | 50800 | \$2,991,363,165 | \$28,601,432 | 0.96% | \$557.00 |

NOTES: (1) Weldon-Cooper center for Public Service years 2004 – 2013, Bureau of the Census.

(2) Includes all long term general obligation debt and Literary Fund loans.

SOURCE: *Campbell County Comprehensive Annual Financial Report, Year Ended June 30, 2013.*

TABLE F8
COUNTY OF CAMPBELL, VIRGINIA
GOVERNMENT REVENUES BY SOURCE (1)

| REVENUES | 2013 | 2012 | 2011 |
|---|---------------------|---------------------|---------------------|
| General Property Taxes | \$36,483,531 | \$31,394,666 | \$30,862,061 |
| Other Local Taxes | \$9,571,055 | \$8,871,212 | \$8,455,611 |
| Permits, Privilege Fees & Regulatory Licenses | \$309,438 | \$309,389 | \$267,595 |
| Fines and Forfeitures | \$161,464 | \$178,962 | \$260,671 |
| Revenue from Use of Money and Property | \$147,132 | \$215,468 | \$282,899 |
| Charges for Services | \$2,233,755 | \$2,156,890 | \$1,930,024 |
| Miscellaneous | \$338,473 | \$287,780 | \$618,547 |
| Recovered Costs | \$314,854 | \$295,141 | \$345,738 |
| Intergovernmental | \$16,573,746 | \$16,022,763 | \$17,283,862 |
| TOTAL REVENUE | \$66,133,448 | \$59,732,271 | \$60,307,008 |

NOTE: (1) Includes General, Special Revenue Funds of the Primary Government, and all funds of the Discretely Presented Component Units.

SOURCE: Campbell County Comprehensive Annual Financial Report, Year Ended June 30, 2013.