

CHAPTER 3: ADMINISTRATION AND FINANCES

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, Public & Employee Relations, Information Technology, Libraries, Finance & Strategic Initiatives, Management Services, Public Safety, Public Works, Recreation, and Youth 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 which provides oversight of Accounting, Purchasing, Payroll, Budget and Finance. 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

The combined revenue for the County and County Schools for Fiscal Year (FY) 2020 was \$167,505,190; 46.2% of the total funding was provided by state and federal transfers of funds (39.8% of the total from the state and 6.4% of the total from the federal government). Local funding comprised the remaining 53.8% of total revenue. Comparatively, 35.92% of total revenue for all Virginia counties comes from state and federal funding (29.70% of the total from the state and 6.22% of the total from federal government) with local funding comprising the remaining 64.08% of total revenues for all counties (see Table F1).

LOCAL REVENUE

Local tax revenues make up 66.6% of total County local revenue compared to 64.08% of total local revenue for all counties in the state (see Table F2). On a per capita basis at \$1,641.39 the County generates local revenue at a little more than one-half of the level for the state average per capita of \$2,656.75 local revenue all counties.

GENERAL PROPERTY TAX REVENUES

County property taxes on a combined basis per capita at \$775.68 are 40.45% lower than the average per capita for all VA counties of \$1,917.77.

Real estate taxes for the County account for 50.46% of total property tax revenue (see Table F3). For all counties in the state, *real estate taxes* account for 76.17% of total real property tax revenue. *Real estate tax* revenues per capita for the County at \$391.40 are only 26.80% of the average for all counties per capita of \$1,460.71. The County's real estate tax rate of \$.52 per \$100 of assessed value for tax year 2020 is 19.00% below the median effective rate of \$.71 per \$100 of assessed value for all counties.

Personal property tax revenues are the second largest contributor to County property tax revenue at 27.87% of total property tax revenue. *Personal property tax* revenues per capita for the County at \$216.19 are only 60.81% of the average for all counties per capita of \$355.51. The County's effective personal property tax rate of \$2.20 per \$100 of assessed value for tax year 2020 is 23.89% below the median effective rate for all counties of \$3.02 per \$100 of assessed value.

Machinery and tools taxes (M&T) are much more important to Campbell County at 14.69% of total County property tax revenue than is true for the average for all counties where machinery and tools taxes average 1.24% of their total property tax revenue. M&T per capita County revenues are greater than 4.5 times the 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 \$2,172,787 in FY2020 and are classified as Other Local Taxes. Another component of Other Local Taxes, *Sales Tax*, generated \$5,501,448 in revenue in FY2020. On a combined basis Other Local Taxes for the County per capita of \$235.21 is 63.78% of the state average of \$368.78 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 71.18% of the State average for all Virginia counties on a per capita basis comparison, \$2,598.46 per capita for Campbell County

versus \$3,661.29 per capita for all counties (see Table F4). On a per capita basis, County general administration expenditures are 27.63% lower than the per capita State average for all counties. On a per capita basis, County expenditures for Education are 25.72% lower than the per capita state average for all counties.

As a percent of total operational expenditures, the County and the schools expend 60.69% of their combined budgets on the Education function not counting the annual debt service for school construction projects. This compares to 57.13% 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 14.33% of total versus 11.00% of total for all counties. The third largest function for the County is Public Safety at 13.02% of total as compared to 15.55% of total for all counties in Virginia.

CONCLUSION

Operational expenditures for the County are more heavily concentrated in Education with second being Health & Welfare functions as a percent of total operational expenditures. For the state of Virginia, Education ranks as the highest percentage expenditure with public safety in second place. However, operational expenditures for all functions on a per capita basis with the exception of Health & Welfare are less than the average for all counties on a per capita basis.

CAPITAL IMPROVEMENT EXPENDITURES

Capital improvements in FY2020 were centered in General Government rather than in Education (See Table F5). Education capital improvements charged in the School Capital Improvement Fund amounted to \$1,244,869 in FY2020. Capital improvements in the Capital improvement Fund for the General Government totaled \$3,076,210 in FY2020.

LONG TERM DEBT AND DEBT SERVICE

Long term debt outstanding for Education capital expenditures totaled \$15,992,666 at the end of FY2020 versus \$11,067,491 for the General Government capital expenditures. Combined long term debt for General Government and Education per capita of \$548.92 is well below the state average of \$2,487.36 for all counties on a per capita basis.

Education debt service for FY2020 amounted to \$2,557,039 as compared to \$1,371,955 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 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 and/or General Government.

NOTE: The County's Annual Audit is available at www.campbellcountyva.gov 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, 2020
Campbell County & Campbell County Schools

	CAMPBELL COUNTY	ALL VIRGINIA COUNTIES	% OF STATE AVERAGE PER CAPITA
LOCAL REVENUE			
Amount	\$90,087,400	\$15,564,766,215	
Per Capita	\$1,641.39	\$2,656.75	61.78%
Percent of Total	53.78%	64.08%	
FROM COMMONWEALTH			
Amount	\$66,746,049	7,214,401,413	
Per Capita	\$1,216.11	\$1,231.43	98.75%
Percent of Total	39.84%	29.70%	
FROM FEDERAL GOVERNMENT			
Amount	\$10,671,741	1,512,148,336	
Per Capita	\$194.66	\$258.11	75.33%
Percent of Total	6.37%	6.23%	
TOTAL REVENUES			
Amount	\$167,505	\$24,291,315,964	
Per Capita	\$3,051.93	\$4,146.28	73.60%
Percent of Total	100.00%	100.00%	

*SOURCE: Comparative Report of Local Government Revenues and Expenditures, Year Ended June 30, 2020.
Auditor of Public Accounts, Commonwealth of Virginia, 2021.*

Table F2: Locally Generated Revenue - 2020

	CAMPBELL COUNTY	ALL VIRGINIA COUNTIES	CAMPBELL PERCENT OF STATE AVERAGE
GENERAL PROPERTY TAXES (1)			
Amount	\$43,034,658	\$11,235,388,383	
Per Capita	\$775.68	\$1,917.77	40.50%
Percent of Total	60.53%	72.18%	
OTHER LOCAL TAXES (2)			
Amount	\$13,049,588	\$2,160,503,729	
Per Capita	\$235.21	\$368.78	63.78%
Percent of Total	18.35%	13.88%	
CHARGES FROM SERVICES			
Amount	\$13,190,550	\$1,397,951,109	
Per Capita	\$237.75	\$238.62	99.63%
Percent of Total	18.55%	8.98%	
USE OF MONEY & PROPERTY			
Amount	\$847,020	\$303,769,568	
Per Capita	\$15.27	\$51.85	29.45%
Percent of Total	1.19%	1.95%	
PERMITS, FEES & LICENSES (3)			
Amount	\$498,835	\$245,808,021	
Per Capita	\$8.58	\$37.78	22.71%
Percent of Total	0.67%	1.42%	
TOTAL LOCAL REVENUE - COUNTY ONLY			
Amount	\$71,096,447	\$15,564,766,215	
Per Capita	\$1,281.47	\$2,656.75	48.23%
Percent of Total	100.00%	100.00%	

NOTES: (1) Includes real and personal property, public service corporations, machinery and tools, and manufactured home taxes. (2) Other taxes include the local 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 transient occupancy tax. (3) Includes fines and forfeitures.

SOURCE: Comparative Report of Local Government Revenues and Expenditures, Year Ended June 30, 20120, Auditor of Public Accounts, Commonwealth of Virginia, 2021.

Table F3: General Property Tax Levies - 2020

	CAMPBELL COUNTY	ALL VIRGINIA COUNTIES	PERCENT OF STATE AVERAGE
REAL PROPERTY			
Amount	\$21,715,389	\$8,557,681,175	
Per Capita	\$391.40	1,460.71	26.80%
Percent of Total	50.46%	76.17%	
PUBLIC SERVICE CORPORATIONS			
Amount	\$2,341,117	\$349,244,495	
Per Capita	\$42.19	\$59.61	70.78%
Percent of Total	5.44%	3.11%	
PERSONAL PROPERTY (1)			
Amount	\$11,994,694	\$2,082,790,749	
Per Capita	\$216.19	\$355.51	60.81%
Percent of Total	27.87%	18.54%	
MACHINERY & TOOLS			
Amount	\$6,324,427	\$139,315,432	
Per Capita	\$113.99	\$23.78	479.35%
Percent of Total	14.69%	1.24%	
MERCHANTS CAPITAL			
Amount	\$0.00	\$14,122,354	
Per Capita	\$0.00	\$2.41	N/A
Percent of Total	0.00%	0.13%	
PENALTIES & INTEREST			
Amount	\$659,031	\$92,234,178	
Per Capita	\$11.87	\$15.74	75.41%
Percent of Total	1.53%	0.82%	
TOTAL			
Amount	\$43,034,658	\$11,235,388,383	
Per Capita	\$775.67	\$1,917.77	40.45%
Percent of Total	100.00%	100.00%	

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

*SOURCE: Comparative Report of Local Government Revenues and Expenditures, Year Ended June 30, 2020.
Auditor of Public Accounts, Commonwealth of Virginia, 2021.*

Table F4: Operational Expenditures By Function FYE 2020

	AMOUNT	CAMPBELL COUNTY PERCENT OF TOTAL	PER CAPITA CAMPBELL COUNTY	PER CAPITAL ALL VA COUNTIES	PERCENT OF TOTAL ALL VA COUNTIES
General Administration	\$5,026,980	3.49%	\$90.61	\$135.65	3.70%
Judicial Administration	\$2,487,726	1.73%	\$44.84	\$61.48	1.68%
Public Safety	\$18,775,923	13.02%	\$338.43	\$569.21	15.55%
Public Works	\$5,513,907	3.82%	\$99.39	\$153.71	4.20%
Health & Welfare	\$20,659,654	14.33%	\$372.38	\$402.75	11.00%
Parks, Recreation, Library & Culture	\$1,724,817	1.20%	\$31.09	\$93.70	2.56%
Community Development	\$2,477,000	1.72%	\$44.65	\$153.05	4.18%
Education	\$87,496,659	60.69%	\$1,577.08	\$2,091.74	57.13%
TOTAL	\$144,162,666	100.00%	\$2,598.46	\$3,661.29	100.00%

*SOURCE: Comparative Report of Local Government Revenues and Expenditures, Year Ended June 30, 2020.
Auditor of Public Accounts, Commonwealth of Virginia, 2021*

Table F5: Capital Improvement Expenditures, Debt Service, Long Term Debt, And Net Bonded Debt – FY 2020

	GENERAL GOVERNMENT	EDUCATION	TOTAL
Capital Improvement Expenditures in FYE202	\$3,076,210	\$1,244,869	\$4,321,079
Debt Service:			
Redemption of Debt Principal	\$1,066,400	\$2,050,833	\$3,117,234
Debt Interest Costs	\$305,555	\$506,205	\$811,761
Total Debt Payment	\$1,371,955	\$2,557,039	\$3,928,995
Gross Debt Outstanding	\$11,067,491	\$15,992,666	\$27,060,157
Per Capita	\$199.49	\$349.43	\$548.92

SOURCE: Comparative Report of Local Government Revenues and Expenditures, Year Ended June 30, 2020. Auditor of Public Accounts, Commonwealth of Virginia, 2021. Campbell County Comprehensive Annual Financial Report, 2020.

Table F6: County Of Campbell, Virginia Government Revenues By Source (1)

REVENUES	2020	2019	2018	AVERAGE DISTRIBUTION OF REVENUE
General Property Taxes	\$43,034,658	\$41,064,815	\$40,201,666	53.11%
Other Local Taxes	\$13,049,588	\$11,589,019	\$11,272,113	15.34%
Permits, Privilege Fees & Regulatory Licenses	\$368,220	\$325,824	\$369,494	0.45%
Fines & Forfeitures	\$130,615	\$104,526	\$130,934	0.16%
Revenue from Use of Money & Property	\$565,939	\$647,836	\$329,896	0.66%
Charges for Services	\$2,969,635	\$2,785,004	\$3,020,169	3.75%
Miscellaneous	\$1,297,598	\$379,025	\$254,622	0.83%
Recovered Costs	\$739,101	\$699,299	\$371,420	0.77%
TOTAL REVENUE	\$84,171,248	\$75,839,002	\$74,020,817	100.00%

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, 2020.

DRAFT