

Proposed FY 2013 Budget

Overview of Expenditures and Revenues

Town of Dumfries, Virginia

April 3, 2012

Overview of Expenditures

The FY 13 Budget recommended expenditures represent our best effort to provide the same level of services to the Town's citizens without increasing their tax burden, while taking into consideration the \$100,000+ revenue shortfall between the Town Departments' original budget requests and the available revenues. Staff worked together to compile this fiscally conservative budget, which includes a Real Estate Tax rate decrease of two cents and BPOL tax rate decreases of two cents. This budget does not, however, include any transfer of funds back into an interest earning account, keeping our reserves at FY 12 Budget levels. Considering all of this, at a time when many localities are raising tax rates and looking to their general fund to produce balanced budgets, this is a solid, defensible plan. The Town Manager would like to thank Staff for their commitment to continuing to provide quality service within the limits of the Town's financial resources.

Salary Adjustments

The proposed budget does include a 1.65% cost of living adjustment (COLA) but no merit/performance increase.

Retirement

The contribution rate for employee retirement has risen by 6.47% for an expenditure increase of almost \$77,000. In anticipation of the governor signing SB 497 before July 1, 2012, we have moved 5% of the current retirement costs into salary expenditure to meet the requirements of the legislation.

Benefits

The Town sponsors a health insurance program for employees. The program is the Local Choice program, a program administered by the Commonwealth on behalf of political subdivisions. The town pays 80% of the cost of the insurance coverage for the employee and 20% of the cost of insurance for dependents of employees. By altering the choice of plan, the rates remained stable for FY 13.

Vehicles

There are no new vehicle purchases funded in this budget.

Capital Outlay

Capital outlay expenses include upgrades to the camera system in Council Chambers, computer equipment, and some improvements to Town owned buildings and grounds.

New Positions

There are no new positions proposed for this fiscal year.

Discussion of FY 13 Revenues

As previously stated, this is a fiscally conservative budget, and the projected revenues are no exception. Staff utilized the best available information in making these revenue estimates. Mid-year and estimated final 6 month expenditures among other things were considered in making the revenue projections, Again, these projections are conservative, and should the Town come in under budget at the end of FY 2013, any surplus would be transferred into the LGIP or other investment account.

Real Property—Current

Property values have increased with initial assessment values increasing by \$12,313,800 subject to any appeals adjustments. The estimated 2012 total, per the County, is \$310,196,400. This compares to \$297,886,700 in 2011, an increase of 4.13%. This budget proposes that the Real Estate tax rate be decreased to .3133 cents per \$100 of assessed value. According to the Town's Auditors, real estate taxes should be calculated at a 100% collection rate. In the past because the Town only collects approximately 96% to 97% historically, former Town Managers have directed the Treasurer to use a 96% calculation rate. I believe that we should follow accepted governmental accounting practices and as a result I have directed the treasurer to use the 100% calculated rate,

Real Property—Delinquent

The Town is currently owed \$57,661 in delinquent taxes. Projected revenue from this source was reduced to \$25,000 at FY 12 mid-year and that number will be used for the projected FY 13 revenue projection.

Real Property—Public Service Corporations

Prince William County provided an estimated assessed value of \$8,061,350. These revenues are based on a 100% collection rate.

Real Property—Penalty

This amount remains at the FY12 projected amount.

Real Property—Interest

This amount is based on what has actually been received in FY 12 with projections through the end of the year.

Sales Tax

The sales tax that the Town receives is a share of the state sales tax received by the County and distributed to all towns within the County based upon the proportion of school aged children within the town as compared to the total number of school aged children in the entire County. This method of distribution is stipulated in §58.1-605.H., code of Virginia, 1950, as amended. We are estimating a slight increase in the FY 13 distributions

Rental Tax

The Town receives a portion of the use tax placed upon the rental of motor vehicles by the Commonwealth and distributed back to jurisdictions based upon the rental agencies within the jurisdiction. This revenue increased in FY 12 by about 12% and we are forecasting a 6% increase over FY 12 collections in FY 13.

Rolling Stock Tax

The rolling stock tax is imposed by the Commonwealth of Virginia upon railroads and motor vehicle carriers pursuant to §58.1-2652 through §58.1-2659, Code of Virginia, 1950, as amended. One half of the collection is distributed to local governments in such percentage as the fair market value of roadway and track located within the jurisdiction bears to the total market value of roads and track in the Commonwealth. As we have no railroad track within the Town and our total portion of roadways is small compared with the total mileage in the state, our share of the rolling stock tax is quite small. For FY 12, I estimate that we will receive \$70 for this item. This is based on the FY 12 projected amount.

Consumer Utility Taxes

The Town imposes a tax on consumers of natural gas and electricity. This takes the form of a consumption tax. These sources are fairly consistent, with increases coming primarily from growth and development (more connections means higher collections) and occasionally as a result of extreme weather patterns that would maximize consumption. This amount is based on the FY 12 projected amount.

Right-Of-Way Use Fees

Each telecommunications company that utilizes Town owned rights-of-way pays the Town a fee established by the Commonwealth for the privilege of such usage. At present, this includes Verizon and several small companies. No projections are available for FY 13 so the amount budgeted is consistent with FY 12 numbers.

Telecommunications Tax

The Commonwealth began a process of uniform billing and collection of the tax, with redistribution to the localities, starting in January 2007. We are projecting no decrease based on FY 11 actual and projected numbers.

Business Licenses

The Town of Dumfries has a business license ordinance that conforms to the Code of Virginia. The current established FY 12 tax rates for each class of business is as follows:

Contractors	\$30.00 or \$.122 per \$100 of gross receipts
Real estate, prof. services repair, personal, business, and financial services	\$30.00 or \$.32 per \$100 of gross receipts

Service	\$30.00 or \$.21 per \$100 of gross receipts
Retail sales	\$30.00 or \$.155 per \$100 of gross receipts
Wholesale	\$.05 per \$100 of gross receipts
Telephone businesses	.5% of gross receipts
Telegraph businesses	.5% of gross receipts
Water, heat, light, power	.5% of gross receipts
Savings institutions	\$50.00

This budget proposes lowering BPOL taxes all categories by two cents. The licenses are due and payable by March 1 of each year; however, businesses locating or starting within the Town must acquire a business license for the year in which business commences and payments are due for the license prior to commencement. The new BPOL revenues have been calculated using FY 12 numbers adjusted by the 2% recommended decrease.

During the FY 11 license year, the Town issued licenses as follows:

Category	License Fee Collected
Contractors	\$24,163
Retail Sales	\$105,029
Real Estate, Professional Services	\$42,539
Repair, Personal/Business Services	\$164,041
Wholesale, Other	\$45,915

The Town hopes to prioritize seeking out those businesses that have not obtained licenses and requiring that a license be acquired. This should result in greater collections.

Franchise License

This is based on FY 12 projected and actual numbers.

Parking Lot Lease & Maintenance Fee

This amount is based on actual numbers per the Town’s contract/lease agreement with Mr. Singh.

Vehicle Tags

That Town requires that each motor vehicle be licensed through the Town by the purchase of a motor vehicle sticker. This includes cars, trucks, motorcycles, scooters, motor homes, buses and the like. Although many other jurisdictions have eliminated the sticker and just charge the fee, this is typically done when payment for the personal property tax is due. Because the Town does not have a personal property tax, it must continue to use the sticker method for collecting the fee. The license year runs from April 15 to April 14. Approximately 3,000 tags are sold each year, at the current rate of \$27.00. This is a fairly constant number, changing only through the increase or decrease in the number of residents and businesses. I am estimating that in FY 12, the number of tags sold will be approximately 2,037, for a total fee collection of \$55,000.

Bank Stock Tax

The Town has a bank franchise tax that conforms to the Code of Virginia. The tax is imposed at a rate of 80% of the state imposed rate. The current rate that the Town imposes (which is the maximum permitted by law) is \$.80 per \$100 of net capital as defined by §58.1-1205, Code of Virginia, 1950, as amended, with the net capital being prorated among the various branches owned or held by each bank. The amount generated in this line item only changes when there is a substantial change in net capital or when a new bank is located within the jurisdiction. The Town has one bank that pays this tax, Bank of America. As a result, this number is based on FY 12 totals.

Transient Occupancy Tax

The Town charges a tax on the rental of rooms for temporary occupancy. The primary contributors to this revenue are the two chain motels on Rt. 1. Many of these rooms are rented to construction workers on a regular basis with tourist and other business occupancy representing the remainder. This amount is based on FY 12 year to date and end of FY projections.

Meals Tax

The Town charges a tax on the sale of foods prepared for immediate consumption, on or off premises, as allowed by law. Next only to real property taxes, this is the second largest source of revenue to the Town. Traditionally, the largest portion of this revenue has been received from the restaurants located on Rt. 234 at the northern edge of the Town where highway travelers pull in for easy access to a quick meal. While other revenues continue to decline, meals taxes throughout the state have actually increased. This amount is projected to increase by slightly based on FY 12 projected and actual numbers.

Permits and Fees

Permits and fees include such things as the fees charged for building permits, dance permits, and other miscellaneous fees not including those fees charged for zoning and subdivision activities. This amount is based on FY 12 projected and actual numbers and the assumption that Council will approve the suggested new permit and fee schedule effective July 1, 2012.

Planning/Zoning Fees

This line item represents the estimated fees that will be received by the Town for zoning permits, site plan reviews, subdivision applications, requests for zoning amendments and the like. This amount is based on FY 12 projected and actual numbers and charges included in the proposed fee schedule change.

Court Fines/Forfeitures

This revenue source is not very predictable as it is dependent upon the commission of illegal activities by the public, the effectiveness of law enforcement and general enforcement, and the success in the legal system to produce the revenues. Due to restructuring and retraining efforts within the Police Department, this number has been decreased. This amount is based on FY 12 projected and actual numbers.

Interest

Interest rates continue to bottom out. This amount is based on FY 12 projected and actual numbers. The Town Manager and Treasurer will be watching this situation carefully to make investment decisions to maximize the return on investment to the Town.

Miscellaneous Revenue

This line item includes all other local revenue not classified in other areas, including revenue from the sale of property, refunds and rebates, and miscellaneous fees. This amount is based on FY 12 projected and actual numbers.

Street/Highway Maintenance

The Commonwealth, through the Virginia Department of Transportation, pays jurisdictions that maintain the public highways the amount that is calculated to be the average VDOT cost of maintenance per lane mile. This revenue figure is based on actual numbers provided by the Public Works Director.

Litter Control

The Commonwealth provides a small amount of funds to localities to address litter control. Funds are distributed on the basis of population and come from a special state tax on manufacturers, distributors, and wholesalers of certain packaging and products. The funds are available on a discretionary basis and must be used for litter prevention activities. Available funds for FY 11 are based on actual numbers provided by the Public Works Director.

Sanitation Fees—Delinquent

There are still outstanding delinquent sanitation fees due to the Town from prior years. Although the Town no longer charges a separate sanitation fee, it does collect some of these fees as real property ownership is transferred and through other legal action on the part of the Town. Although with time these delinquent collections drop off, the Town has become more aggressive in the collection of these fees. This amount is based on FY 12 projected and actual numbers.

Blighted Property

This is the projected amount to be collected for repairs to blighted properties. This amount is based on FY 12 projected and actual numbers.

Police Aid (599 Funds)

The Commonwealth provides a supplement to those jurisdictions that provide police services. This amount continues to decline each year but the state budget has yet to be finalized so we are anticipating a 4% reduction in this funding for FY 13.

DCJS/LLEG

We will not be awarded any FY 13 funding from this source due to cutbacks at the Federal and State funding levels.

Byrnes/JAG Grant

This is a projected grant amount based upon a pending grant allocation. Unlike last year, we have a separate expenditure item listed in Community Services for the amount of the requested grant. Should we not get the grant, the revenue and expenditure items will be zeroed out.

DMV Grants

This is a projected grant amount. Funds are typically used to reimburse overtime costs for highway safety enforcement.

Cigarette Tax

The cigarette tax that is imposed by the Town and administered by the Northern Virginia Cigarette Tax Board has been in effect since FY 04. This amount was calculated using a 16% reduction based on FY 12 actual and projected numbers.

CDBG

No grant funds have been budgeted for FY 13, as the application was not approved.

Community Center Fees

The Town does not charge a set fee for the usage of the community center as it did when the center was available for rental to the general public. There are certain activities that occur within the center for which the Town receives a contribution, including art classes and the occasional use by authorized Town officials or staff. A policy for use of the Community Center will be presented to Council for approval but should not involve any significant increase in the collection of user fees. This amount is projected to remain the same as the FY12 budgeted amount.

Parks & Recreation Fees

No funds have been budgeted. However, this line item was added in FY 12 in anticipation of eventually establishing a Parks & Rec program within the Town.

Town Events

The Town receives “rental” payments from vendors for several of the events that it sponsors. These funds are shown in this line item. This amount is based on FY 12 actual and projected numbers.

Transfer from General Funds

No funds have been budgeted.

Transfer from SWM Funds

No funds have been budgeted.

Transfer from LGIP

No funds have been budgeted.

Christmas in Dumfries

The police department solicits funds from businesses and individuals each year to take children from low-income families in the Dumfries community on a shopping trip on a day prior to Christmas. Funds collected are placed in this line item. Funds not spent in a preceding year are re-appropriated for this purpose. This amount is based on FY 12 actual and projected numbers.

Fire Programs Fund

The Commonwealth places a surcharge on property insurance premiums paid by individuals and utilizes the funds collected to help offset the cost of providing local fire protection programs. Funds received by the Town are provided to the fire department for use in acquiring additional equipment. This number is based on the actual grant award budgeted in FY 12.

Storm Water Management

The Town has an established fee schedule for storm water management that is collected from property owners at the same time as real property taxes. This amount is based on the projected FY 12 collected amount.