

COUNTY OF YORK

MEMORANDUM

DATE: January 15, 2025

TO: York County Board of Supervisors

FROM: Mark L. Bellamy, Jr., County Administrator *B7 for MB*

SUBJECT: Mid-Year Budget Review

At your January 21st meeting, we will provide a mid-year budget update for FY 2025. In advance of this meeting, I wanted to provide you with some information on the County's primary General Fund revenues and expenditures.

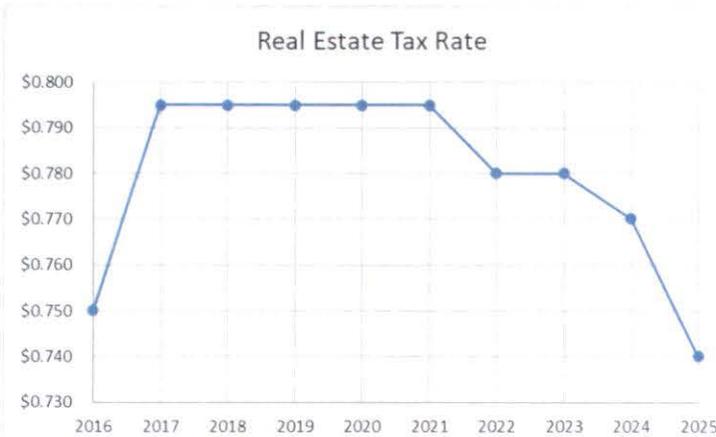
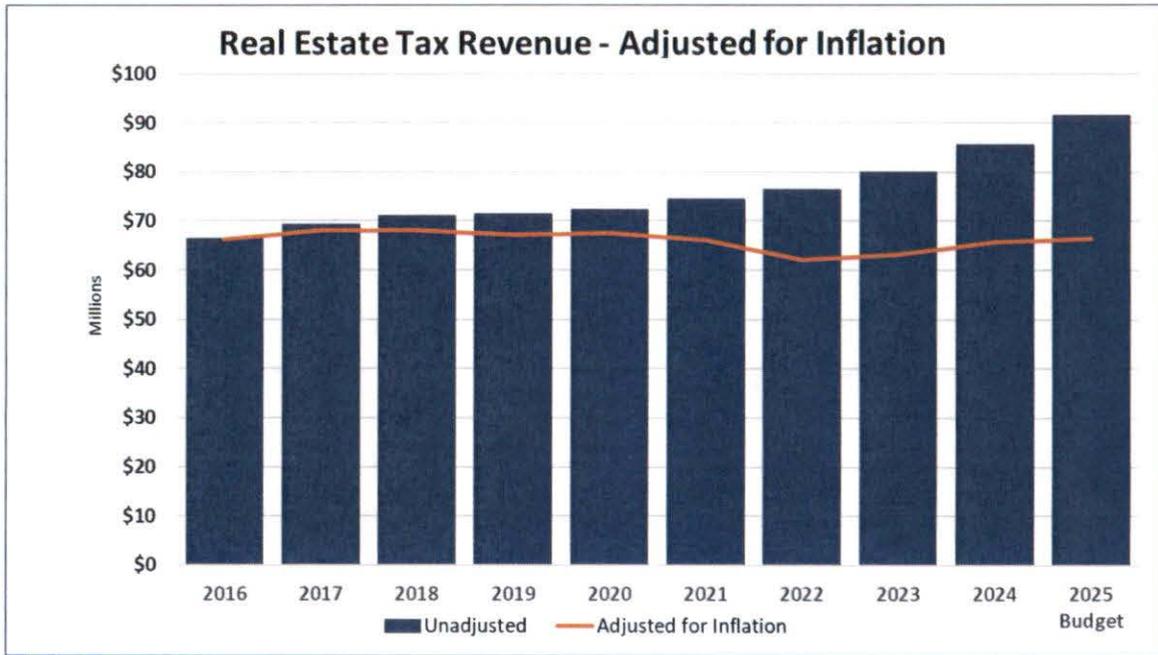
A summary of the General Fund funding sources is shown below.

| General Fund Revenue Summary | | |
|--|--------------------------|--------------------------|
| Description | FY 2025 Operating Budget | Percent of Total Revenue |
| General Property Taxes | \$ 117,700,000 | 62.3% |
| Other Local Taxes | \$ 41,600,000 | 22.0% |
| Permits, Fees & Regulatory Licenses | \$ 1,233,610 | 0.7% |
| Fines & Forfeitures | \$ 500,095 | 0.3% |
| Revenue from Use of Money & Property | \$ 1,239,121 | 0.7% |
| Charges for Services | \$ 3,184,750 | 1.7% |
| Fiscal Agent Fees & Administration | \$ 335,000 | 0.2% |
| Miscellaneous | \$ 240,000 | 0.1% |
| Recovered Cost | \$ 4,670,435 | 2.5% |
| State Revenue | \$ 15,132,245 | 8.0% |
| Federal Revenue | \$ 539,678 | 0.3% |
| Transfer from Other Funds | \$ 2,590,690 | 1.4% |
| Total General Fund Revenue Budget | \$ 188,965,624 | 100.0% |

General Property Taxes are the County's largest revenue source making up over 62% of total General Fund Revenues. The County relies heavily on General Property Taxes to fund essential government services. Since General Property Taxes are the only rates that the State allows the County to control, we must carefully manage property tax rates to ensure a balance between meeting revenue needs and minimizing the impact on taxpayers.

Revenue Growth and Inflation

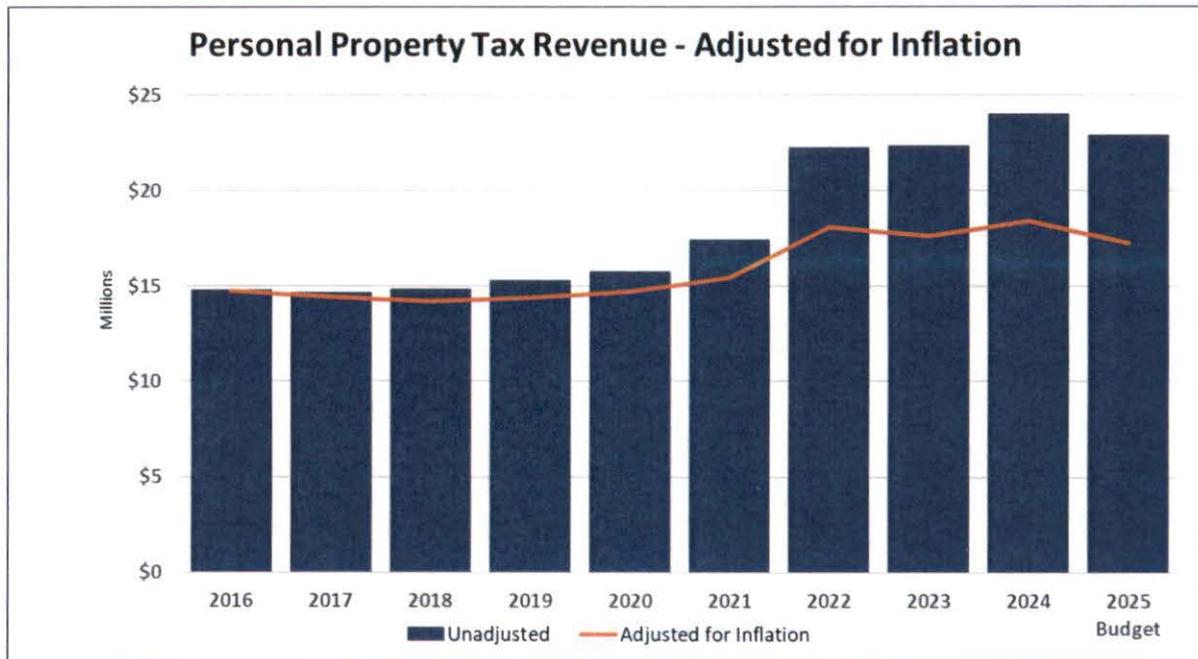
Over the past 10 years, the County’s revenue has increased in nominal terms (the actual dollar amounts collected). However, when adjusted for inflation, the revenue has effectively remained flat, meaning the purchasing power of today’s revenue is equivalent to that of 10 years ago. In simple terms, while the numbers on paper have grown, the actual value of what the revenue can buy has stayed the same due to rising costs.



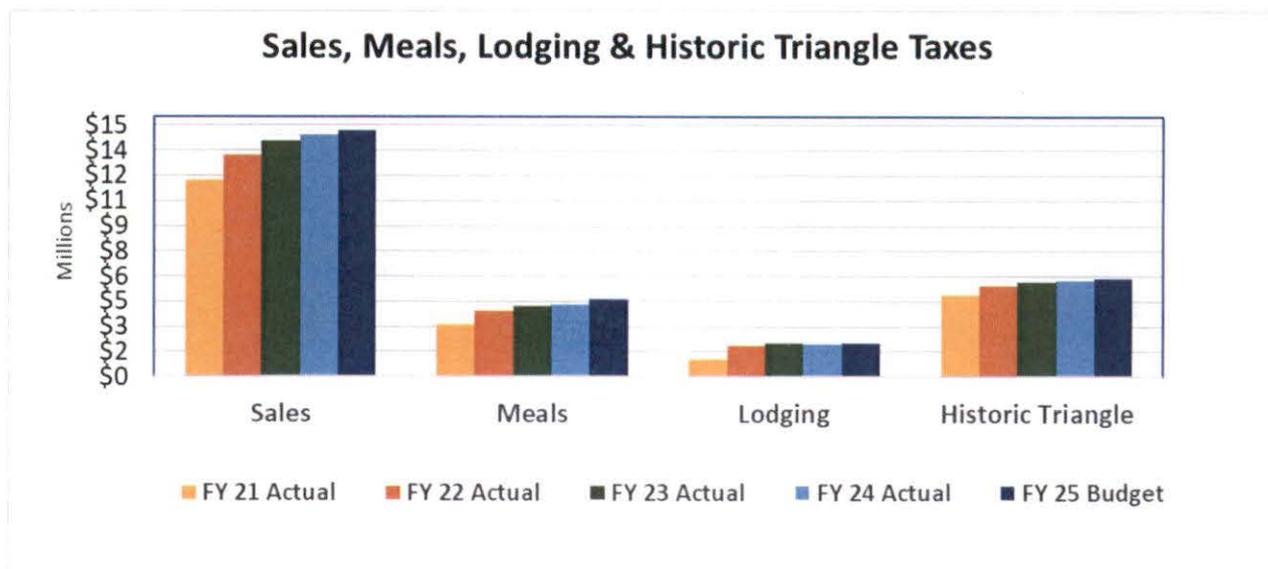
| Real Estate Disabled Veteran Tax Exemption | | |
|--|--------------|--------------|
| No. of | | |
| Year | Participants | Exemption |
| 2011 | 77 | \$ 172,454 |
| 2023 | 915 | \$ 2,764,693 |
| 2024 | 1,173 | \$ 4,053,019 |

Real estate tax revenue growth has also been affected by other factors such as tax rate reductions and the growth of the Disabled Veteran Tax Exemption Program. Since its enactment in 2011, the number of participants in the disabled veteran tax exemption program has grown significantly. In the past year alone, the total exemptions increased by \$1.3 million. With one of the higher concentrations of veterans in Virginia, it is anticipated that exemptions will continue to grow.

Like Real Estate Tax Revenue, Personal Property Tax Revenue has been similarly impacted by inflation and rate adjustments as reflected in the graph below.



Sales Tax, Meals Tax, Lodging Tax, and Historic Triangle Taxes are among the County's most consumer-sensitive revenue categories. While these revenues have seen significant growth since FY 2021, they are now stabilizing, and further substantial growth is not anticipated.



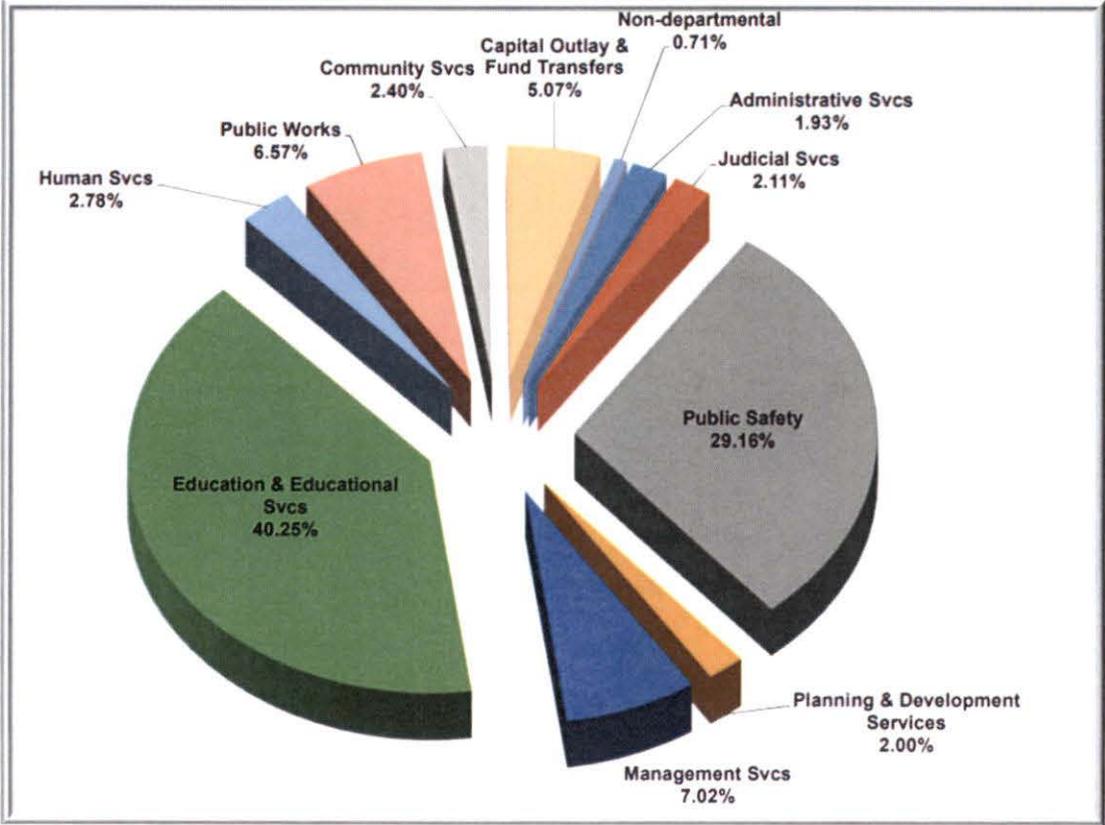


Business License taxes are due annually on March 1st and are based on a business' gross receipts for the preceding calendar year. While collections have not yet begun, this revenue category was budgeted to remain flat for FY25.

At this point in the fiscal year, total General Fund revenue for FY 25 is expected to meet budget, with early projections suggesting minimal growth for the next fiscal year.

Expenditures

The General Fund is the County's primary operating fund. Nearly 70% of the FY 2025 General Fund expenditures support Education and Public Safety.



Although inflation has moderated, year-over-year inflationary pressures have impacted the County's expenditures, driving up the costs of delivering services and maintaining operations. Key areas affected include employee compensation, goods and services, capital projects, and equipment and technology, all of which have experienced substantial cost increases over the past few years.

Finance staff continually monitor the budget to ensure funds are available to maintain essential services and make adjustments as necessary. At this point in the fiscal year, a nominal expenditure surplus is expected at year end.

More information regarding FY 25 revenue and expenditure projections will be provided at your January 21st meeting.