

**VIRGINIA:**

At a recessed meeting of the Washington County Board of Supervisors held Tuesday, February 26, 2008, at 6:00 p.m., at the County Administration Building in Abingdon, Virginia the following were present:

**PRESENT:**

Kenneth O. Reynolds, Chairman  
 Jack R. McCrady, Jr., Vice Chairman  
 Phillip B. McCall  
 Dulcie M. Mumpower  
 Odell Owens  
 Paul O. Price (arrived at 6:23 PM)  
 Thomas G. Taylor

Mark K. Reeter, County Administrator  
 Lucy E. Phillips, County Attorney  
 Mark W. Seamon, Accounting Manager  
 Naoma A. Norris, Recording Clerk

Fred Parker, Treasurer  
 David Henry, Commissioner of Revenue

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**1. Call to Order**

The meeting was called to order by Mr. Kenneth Reynolds, Chairman of the Board, who welcomed everyone in attendance.

**2. Presentation of Revenue Projections for Fiscal Year 2008-2009**

County Treasurer Fred Parker and Commissioner of Revenue David Henry presented the Board with preliminary local revenue projections for FY 2008-09.

Mr. Parker reviewed the current revenue projects by line item for FY 2007-2008, and the projected figures for FY 2008-2009. He explained these projections are at best tentative because of the accelerated budget process for FY 2008-2009. Mr. Parker stated that in the next few months as the General Assembly finishes work on the State's budget the figures presented now will most likely change. The following is an overview of the presentation:

- The real estate tax revenues for the current fiscal year and the projected and proposed figures for FY 2008-2009 were reviewed. Mr. Parker explained the figure projected for FY 2008-2009 is \$17,900,000, which is an increase of \$300,000 from the current fiscal year. He stated the increase is normal growth in a non-reassessment year. Mr. Parker advised the Board that the issuance of building permits are down because there is not a lot of residential growth happening right now in the County. He is anticipating that revenue will be made up in commercial growth.

- Mr. Parker explained that the delinquent tax collections for the current fiscal year are estimated to be \$550,000, this exceeds the projected amount. For FY 2008-2009 the amount for delinquent tax collections is projected at \$500,000, which is the standard rate.
- Mr. Parker explained that there is a projected reduction in the estimated public service cooperation tax receipts of approximately \$120,000 from the current fiscal year to FY 08-09. He further explained that public service corporation tax is based on a ratio of the real estate tax assessments. Historically, the revenues generated from this tax decreases in the year before the reassessment and than goes back up after the reassessment.
- Mr. Parker reviewed the machinery & tools line item and advised the Board that there is a projected reduction in estimated machinery & tools tax revenue of \$1,400,000 from the current fiscal year to FY 2008-2009.
- Mr. Parker explained there is a projected reduction in the Utility License Tax of \$100,000 for FY 2008-2009.
- Mr. Parker provided the Board with five year historical data regarding sales tax. He explained sales tax for the current fiscal year is below the projected amount at this time. Mr. Parker further explained that the projected sales tax for the Highlands Shopping Center for the current fiscal year was based on information provided by the developers and the projected opening date of the stores. He reported that the Highlands Shopping Center has not had a negative impact on their competitors. Mr. Parker stated that a couple of new stores are expected to open between now and June, which may bring the sales tax revenue in-line with the projections. He explained the sales tax revenue proposed for FY 2008-2009 is projected to increase by \$300,000.00.

Mr. Seamon explained that based upon preliminary revenue estimates, current fiscal year projected revenues are reflecting a decrease of \$241,022 when compared to the FY 2008 Amended Budget. He further explained that FY 2009 Proposed Revenues are currently reflecting a decrease of \$754,540 when compared to the FY 2008 Amended Budget. Mr. Seamon explained that some of the projected loss in revenue could possibly be made up with carryover funds.

Discussions ensued among the Board. The Board discussed the possibility of using money in the County's Capital Reserve Account to make up for the projected decrease in revenue. It was also discussed that there is a danger that taking a significant amount of funds from this account could hurt the County's bond rating.

Mr. Reeter advised the Board that he has met with the County's financial advisor, and that the County's undesignated fund balance is not currently at the level that the bond rating companies would prefer. They want to see this balance at no less than 10% of the County's total budget, but would prefer to see a balance of 15%. He discussed proposed fiscal policies for Board consideration that would get the County to the level of an undesignated fund balance that the bond rating agencies prefer.

Mr. Parker stated that if the Board takes funds from their Capital Reserve Account to balance the budget, he would recommend they replenish the funds as soon as possible in order to preserve the County's strong bond rating.

Further discussions ensued among the Board.

Chairman Reynolds thanked Mr. Parker and Mr. Henry for their presentation.

*Sciivener's Note: The Local Revenue Projections for FY 2008-2009 referenced above is included as Minutes Exhibits Item 2008-02-26-A.*

**4. Adjourn to 7:00 PM Regular Meeting**

*On motion of Mr. Owens, second by Mr. McCall, it was resolved to adjourn the meeting.*

*The vote on this motion was as follows: (7-0)*

<i>Mr. McCall</i>	<i>Aye</i>
<i>Mr. McCrady</i>	<i>Aye</i>
<i>Mrs. Mumpower</i>	<i>Aye</i>
<i>Mr. Owens</i>	<i>Aye</i>
<i>Mr. Price</i>	<i>Aye</i>
<i>Mr. Reynolds</i>	<i>Aye</i>
<i>Mr. Taylor</i>	<i>Aye</i>

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**Prepared by:**

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Naoma A. Mullins, Recording Clerk

**Approved by the Washington County Board of Supervisors:**

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Kenneth O. Reynolds, Chairman