

MEMORANDUM

DATE: September 24, 2002
TO: The Board of Supervisors
FROM: Suzanne R. Mellen, Director of Budget and Accounting
SUBJECT: Financial Results - FY 2002

The County's books have been turned over to the independent auditors for review and audit.

FY 2002 Current Year revenues exceeded Current Year budget by approximately 2.9 percent or \$2.9 million. Current Year Expenditures were under budget by approximately 1.4 percent or \$1.4 million. Of these variances, almost \$4 million had already been appropriated to the FY 2003 Capital Improvement budget. The remaining \$300,000 would be applied to the reserve in accordance with the financial advisor's recommendations.

The major sources of variances are detailed below.

Revenues

Real Estate - Current and Delinquent

Real Estate collections were approximately \$1.3 million over FY 2002 projections. This is attributed mostly to higher supplemental billings due to growth. Those supplemental billing values are included in the FY 2003 landbook values.

Personal Property - Current and Delinquent

Personal Property collections were approximately \$1.5 million over FY 2002 projections. These collections have already been accounted for in the projections for FY 2003; however, the first supplemental billing in FY 2003 was lower than projected. Mid-year review of personal property collections will provide more information regarding any change in trend.

Machinery and Tools

Machinery and Tools collections were approximately \$150,000 over FY 2002 projections. FY 2003 projections had included a 5 percent increase from the 2002 budget; however, with the closing of the John Deere factory, taxes are expected to stay flat.

Meals Taxes

Meals tax collections were approximately \$200,000 over FY 2002 projections. Continued strong attendance at Busch Gardens and the opening of the Ruby Tuesday restaurant should keep these collections healthy.

Local Sales Taxes

Local Sales Tax collections were approximately \$400,000 under budget. Reviews are underway to ensure that the County is receiving sales tax receipts from businesses that are located in the County; however, collections continue to decrease in most business sectors. Increases have been noted in the food group; however, with the opening of the Wal-Mart in York County, decreases in this area can be expected.

State Revenues

State Sales Tax for Education was approximately \$400,000 under budget. For the FY 2003 budget, State estimates were used. The State has recently revised its total State sales tax forecast for FY 2003, down by about 3.6 percent, which, if applied to the County forecast, would result in a \$200,000 shortfall.

The State share of expense for the Constitutional Officers was approximately \$300,000 over budget. However, the budget for FY 2003 was not increased to account for the first round of State budget cuts. Further cuts to these budgets are anticipated but not yet known.

Investment Income

Earnings from investments were approximately \$600,000 under budget. Interest rates over the past fiscal year have fallen by 50 percent. As of June 30, 2002, investments in the core portfolio were earning an average of 3.2 percent while overnight interest rates are earning less than 2 percent. Although prior economic forecasts included a projection of higher interest rates, the current projection includes a possible "double dip" recession and further possible interest rate cuts.

Expenditures

Underspending among departments is consistent with policy that no division shall overspend its operating budgets and Operating Contingency that was not used would fall to reserves. Most notable areas in underspending were the Police and Emergency Communications divisions who experienced high turnover during FY 2002 and the Solid Waste division where the recycling contract came in under projection.

I would be happy to answer any questions that you may have.

Suzanne R. Mellen

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