

# Martinsville Reversion: Overview and Financial Analysis

**HENRY COUNTY BOARD OF SUPERVISORS**

**JULY 28, 2020**

# Contents

- ▶ Overview of Reversion
- ▶ Community Demographics
- ▶ Martinsville Financial Analysis
  - ▶ High Level Financial Snapshot
  - ▶ Revenue Performance
  - ▶ Expenditure Performance
  - ▶ Long-Term Debt Indicators
- ▶ Financial Impact of Reversion to Henry County
  - ▶ Revenues Post-Reversion
  - ▶ Services and Expenditures Post-Reversion

# Overview of Reversion

# Reversion process

- ▶ What is reversion? In essence, a partial consolidation of city and county.
- ▶ Initiated by action of city council. The city authorized reversion at its December 10, 2019, city council meeting.
- ▶ The city will file a notice and evidence with the Commission on Local Government ("COLG"). Virginia Code § 15.2-2907; 1 VAC § 50-20-180.
- ▶ Henry County is a necessary party. It will have the opportunity to respond and participate in the process.
- ▶ COLG will hold a hearing and then issue a report containing its findings of fact and recommendations. Virginia Code § 15.2-2907.

## Reversion process (cont.)

- ▶ Matter will then proceed to a three judge panel to be appointed by the Virginia Supreme Court.
- ▶ COLG report is admissible to the court, but it is not binding on the court. Virginia Code § 15.2-2907.
- ▶ If court permits reversion, it can set terms and conditions for the reversion.
- ▶ The city could elect not to accept reversion up to 21 days following the court's order.
- ▶ Three judge panel remains in place for ten years to enforce terms and conditions of its order.
- ▶ Negotiation and/or mediation can occur at any time.

# Legal standard for reversion

Court shall enter an order permitting reversion if it finds:

- ▶ Reversion will not substantially impair the ability of the county to meet the service needs of its population;
- ▶ Reversion will not result in a substantially inequitable sharing of the resources and the liabilities of the town and the county;
- ▶ In the balance of the equities, reversion is in the best interests of the city, the county, the Commonwealth, and the people of the county and the city; and
- ▶ Reversion is in the best interests of the Commonwealth in promoting strong and viable local governments.

Virginia Code § 15.2-4106.

# Court order can impose terms and conditions

Court may impose such terms and conditions as it deems appropriate to:

- ▶ Ensure an orderly transition from city status to town status;
- ▶ Adjust financial inequities;
- ▶ Balance the equities between the parties; and
- ▶ Ensure protection of the best interests of the city, the county, the Commonwealth, and the people of the county and the city.

Virginia Code § 15.2-4106.

# Issues relevant to reversion

- ▶ Past, present and projected future population and population density of city and county.
- ▶ Past, present and projected future number of public school students and number of school age children.
- ▶ Cost of education per pupil in average daily membership.
- ▶ Current and past assessed values and ratios of assessed values to true values for real property, personal property, machinery and tools, and public service corporation property for the city and county.
- ▶ Current and past property and non-property tax rates for the city and county.
- ▶ Current and past revenue collections for the city and county.

## Issues relevant to reversion (cont.)

- ▶ Services that the city proposes that the county provide post-reversion and their related cost.
- ▶ Services that town intends to provide post-reversion and their related cost.
- ▶ City property proposed to be transferred to the county, along with the fair market value and debt associated with the property.
- ▶ City property proposed to be retained by the town, along with the fair market value and debt associated with the property.
- ▶ Indebtedness of city and any city debt proposed for transfer to county.
- ▶ Estimate of county revenues to be collected from the town post-reversion.

## Issues relevant to reversion (cont.)

- ▶ Estimate of intergovernmental aid to be received by the county post-reversion.
- ▶ Net aggregate fiscal impact on the county for ensuing five years.
- ▶ Estimated adjustment to the county real property tax rate.
- ▶ Net aggregate fiscal impact on the city for ensuing five years.
- ▶ Estimated adjustment to the city real property tax rate.
- ▶ Proposed terms and conditions for final order.

Virginia Code § 15.2-4105; 1 VAC § 50-20-601.

# Why is the city considering reversion?

- ▶ The city says it cannot afford to continue to provide services to its residents at current levels.
- ▶ It apparently is unwilling to reduce services or raise taxes.
- ▶ It routinely uses its fund balance to balance its budget.
- ▶ The city says it can provide the same services it has today at a savings to city taxpayers with more money for capital/infrastructure needs.
- ▶ It wants to shift some services and expenditures to the county.
- ▶ The city likely is interested in pursuing annexation.

# Services the county will be responsible for in the town after reversion

- ▶ Public Education
- ▶ Constitutional officers and their offices
- ▶ Courts
- ▶ Jail Services
- ▶ Social Services
- ▶ Health and Mental Health Services
- ▶ Registrar/Electoral Board

# Services the town likely will continue to provide after reversion

- ▶ Police, fire, EMS
- ▶ Public works (water, sewer)
- ▶ Street, bridge and sidewalk maintenance
- ▶ Parks and recreation
- ▶ Zoning
- ▶ Building code enforcement
- ▶ Refuse collection/recycling

# City revenues the county will collect post-reversion

- ▶ State and Federal School funding; School cafeteria funds
- ▶ Compensation Board funding for constitutional officers
- ▶ Property taxes from town residents and businesses
  - ▶ Real estate, personal property, machinery & tools, public service corporation
- ▶ Portion of sales and use tax generated in town
- ▶ Jail per diems
- ▶ Court fines and forfeitures
- ▶ Recordation tax and grantor's tax

# Negative impacts of reversion

- ▶ Increased county revenues will not be sufficient to pay for the new services the county will be providing.
- ▶ The city estimates a \$1.9 million deficit for the county and suggests the county impose a \$0.05 tax increase on county residents to cover the deficit.
- ▶ This is best case scenario based on methodology. The county believes reversion could bring \$3 million deficit and require up to a \$0.10 tax increase.
- ▶ The county will be forced to raise taxes, cut services, eliminate personnel, or some combination or all three.

# Annexation

- ▶ County's fiscal situation will only worsen if the town pursues annexation.
- ▶ Town could pursue annexation of prime county areas:
  - ▶ Patriot Centre
  - ▶ Martinsville Industrial Park/Martinsville Speedway
  - ▶ Virginia Avenue retail corridor
  - ▶ Chatmoss residential area
- ▶ County would lose consumers utility tax, meals tax, lodging tax, bank franchise tax, and BPOL taxes from annexed areas.

# Buildings and debt

- ▶ Will the city try to transfer any of its buildings and associated debt to the county?
  - ▶ Requires court approval to transfer. Virginia Code § 15.2-4114.
- ▶ Disposition of specific city-owned real estate?
  - ▶ Jail
  - ▶ Courthouse
  - ▶ School buildings
- ▶ Social Services and Health Department buildings

# Jobs and compensation

- ▶ Job losses
  - ▶ Reductions in force to reduce costs
  - ▶ Elimination of duplication of services in personnel
- ▶ Equalization of salaries between county employees and former city employees
  - ▶ For schools, constitutional officers, and other any consolidated operations/offices
  - ▶ City's report already purportedly takes into account \$1.25 million in cost savings at the schools.
  - ▶ Supplements to Compensation Board funding for employees of constitutional officers will be county's responsibility.

# Other potential costs/impacts

- ▶ Solid Waste and Parks & Recreation
  - ▶ Town residents will have access to county services in addition to town services.
  - ▶ Added costs for the county even though town will also provide similar services.
- ▶ The process of consolidating operations
  - ▶ Logistics of merging departments and operations
  - ▶ Where to station personnel?
  - ▶ Operate from one location or multiple locations?
- ▶ One-time capital outlays and onboarding expenses
  - ▶ Additional workspaces, supplies and costs associated with bringing on new employees and services

# Other reversion issues

- ▶ Election districts
- ▶ Regional Organizations and Agreements
  - ▶ 911
  - ▶ Library
  - ▶ Economic Development
  - ▶ Revenue Sharing Agreements
- ▶ Reversion incentives
  - ▶ Status of LCI adjustment
  - ▶ Hold harmless funding under Virginia Code § 15.2-1302
  - ▶ Other state aid

# Reversion elsewhere in the Commonwealth

- ▶ South Boston (1995)
  - ▶ Contentious
  - ▶ Litigated to conclusion
  - ▶ Only reversion heard on the merits
- ▶ Clifton Forge (2001)
  - ▶ Began as litigation but ultimately negotiated
  - ▶ Settled with voluntary agreement while pending before the COLG
- ▶ Bedford (2013)
  - ▶ Never really adversarial
  - ▶ Negotiated a voluntary settlement agreement

# Issues negotiated in other reversions

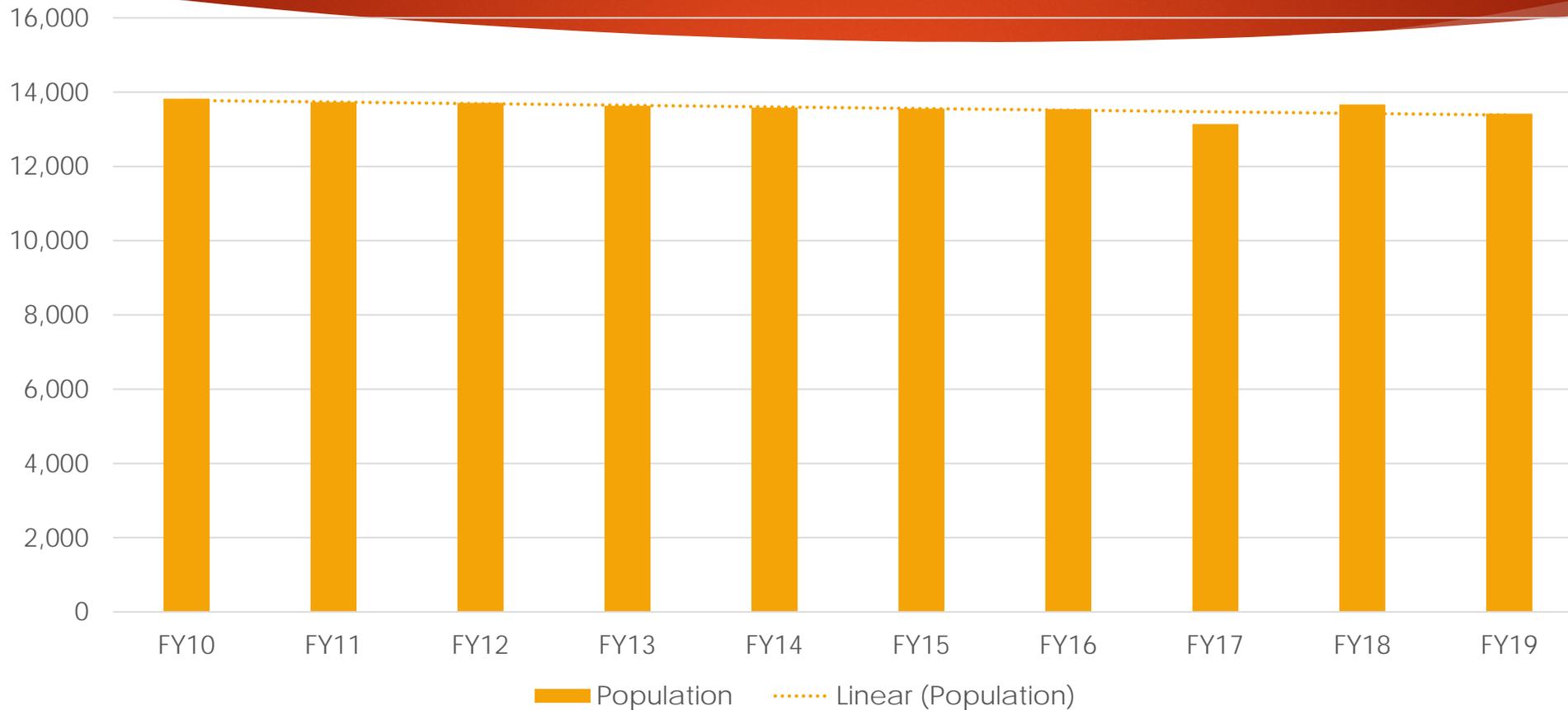
- ▶ Agreed limits on future annexation
- ▶ Phased and structured annexation and boundary line adjustments
- ▶ Acquisition/disposition of real and personal property
- ▶ Provision of services in town and related expenses
- ▶ Joint and regional services and related expenses
- ▶ Disposition of revenue, economic growth sharing and other agreements
- ▶ Joint exercise or delegation of duties
- ▶ Agreed to approach General Assembly about reversion incentives.

# Next Steps

- ▶ Consider other options besides reversion:
  - ▶ School consolidation
  - ▶ Consolidation of courts and constitutional officers
  - ▶ Revisit regional and revenue sharing agreements
  - ▶ Boundary adjustment agreement
- ▶ If reversion is going to occur, what terms and conditions should be imposed to protect the county and (all of) its residents?
- ▶ Meet and attempt to negotiate a voluntary settlement agreement.
- ▶ Litigate before COLG and three-judge panel.

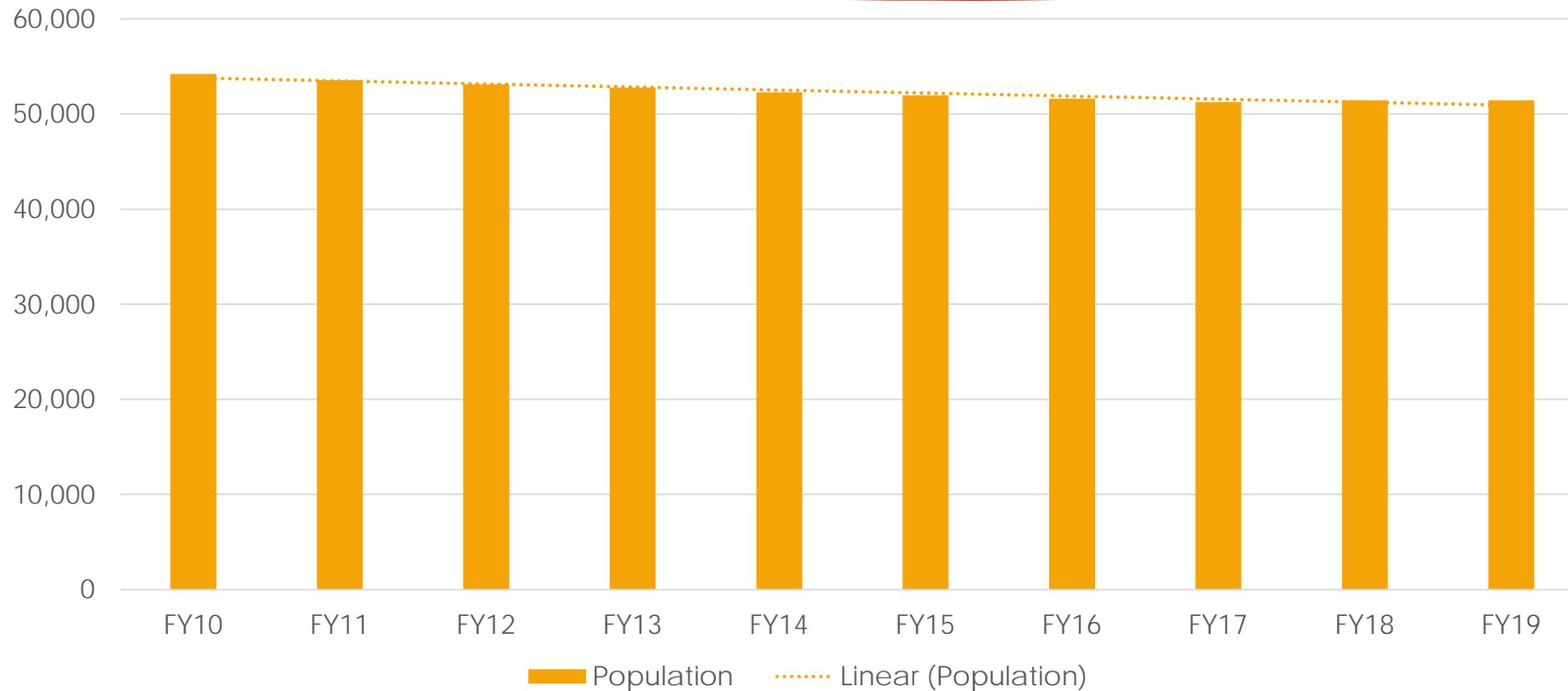
# Community Demographics

# Martinsville's Population is Stable



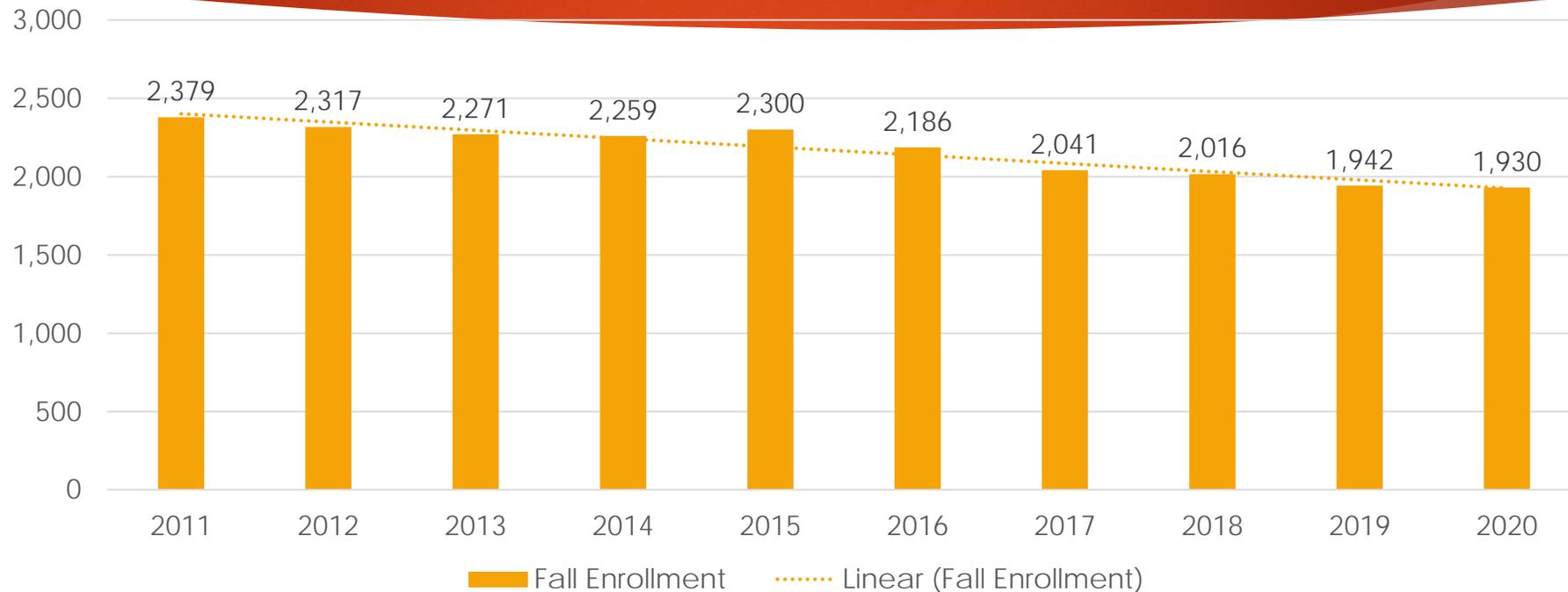
Source: City of Martinsville CAFR, FY19

# Henry County's Population is Stable Following a Slight Decline



Source: Henry County CAFR, FY19

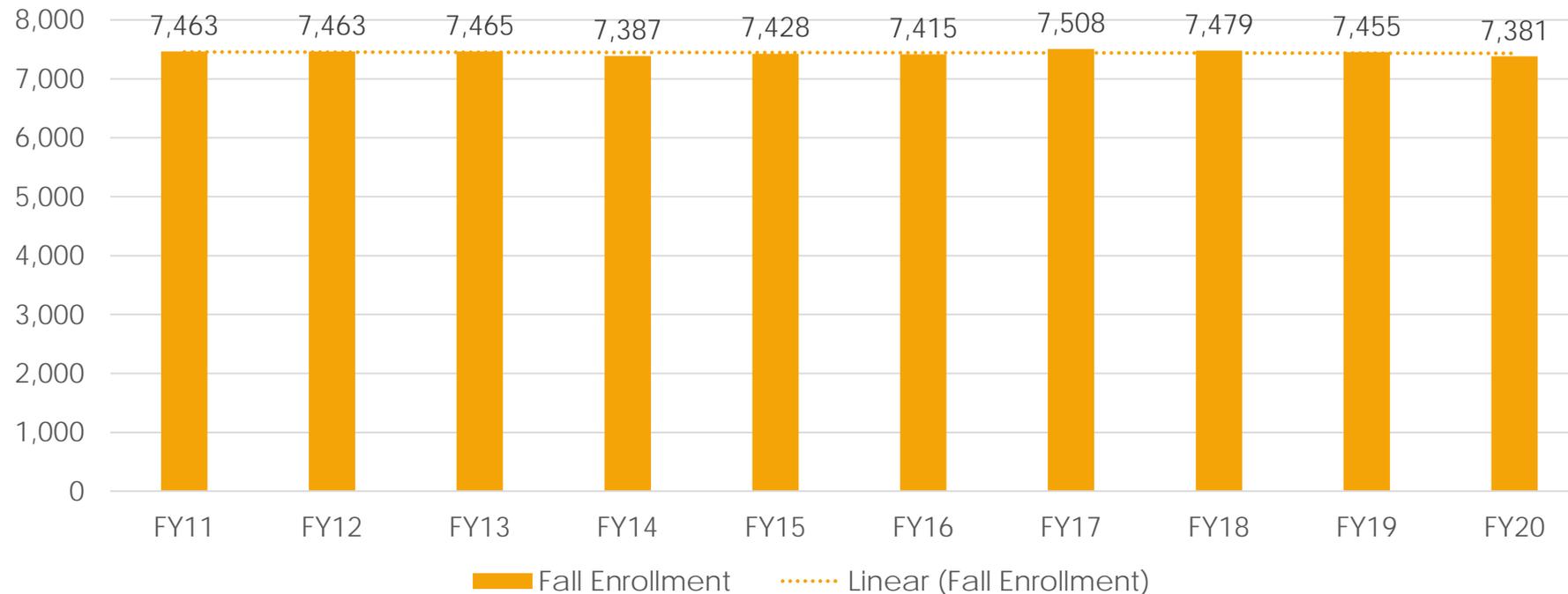
# Martinsville's Student Enrollment is Declining



Source: Virginia Department of Education ([vdoe.virginia.gov](http://vdoe.virginia.gov))

Note: The Troutman Saunders report to Martinsville City Council dated 12/10/19 projected the FY20 enrollment at 1,716. Enrollment per VDOE was 1,930.

# Henry County's Student Enrollment is Stable



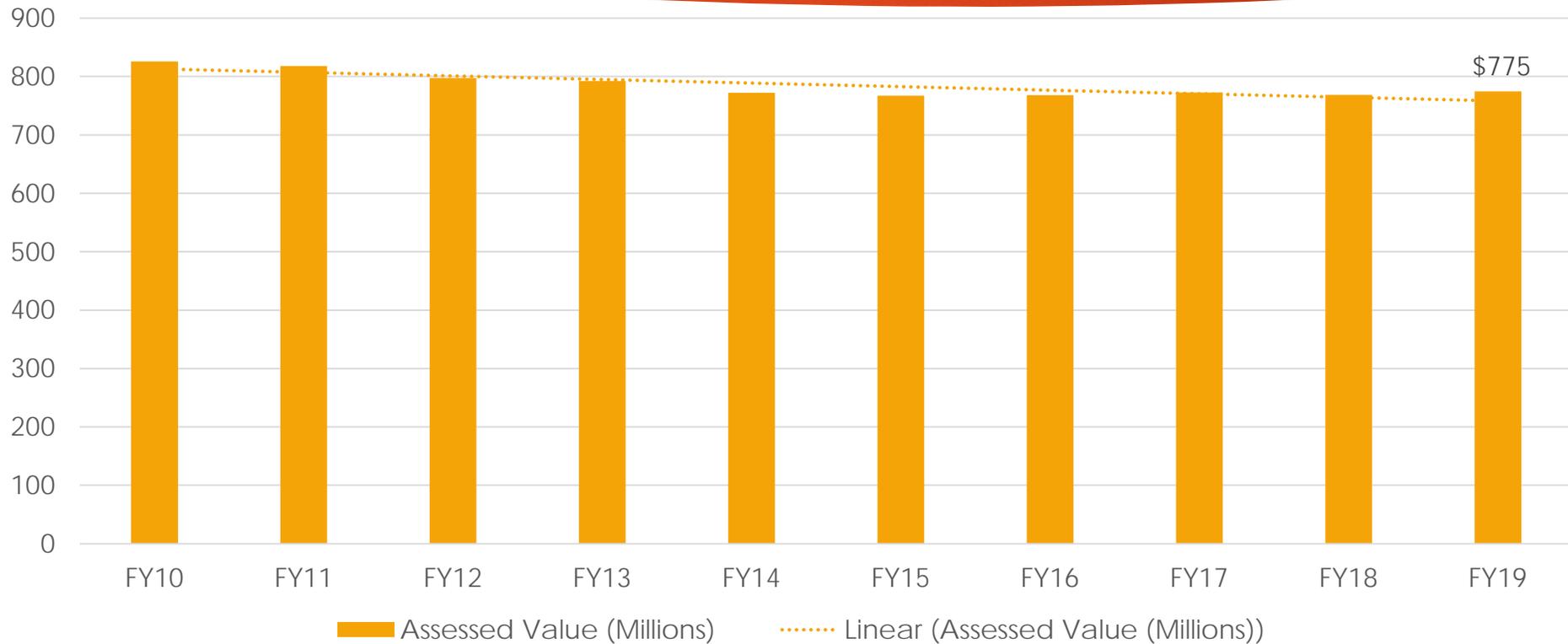
Source: Virginia Department of Education ([vdoe.virginia.gov](http://vdoe.virginia.gov))

Note: The Troutman Sanders report to Martinsville City Council dated 12/10/19 projected the FY20 enrollment at 7,447. Enrollment per VDOE was 7,381.

# Martinsville Financial Analysis

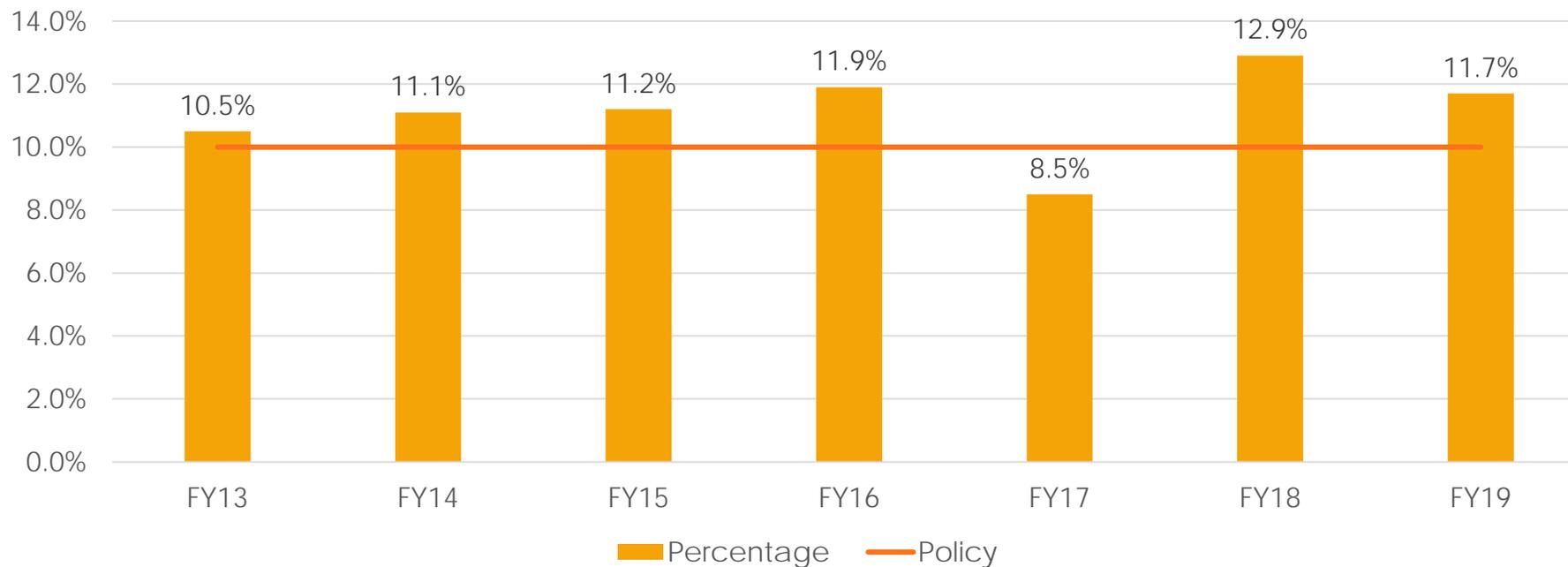
# Martinsville High Level Financial Snapshot

# Martinsville's Total Assessed Value has Stabilized Following a Decline



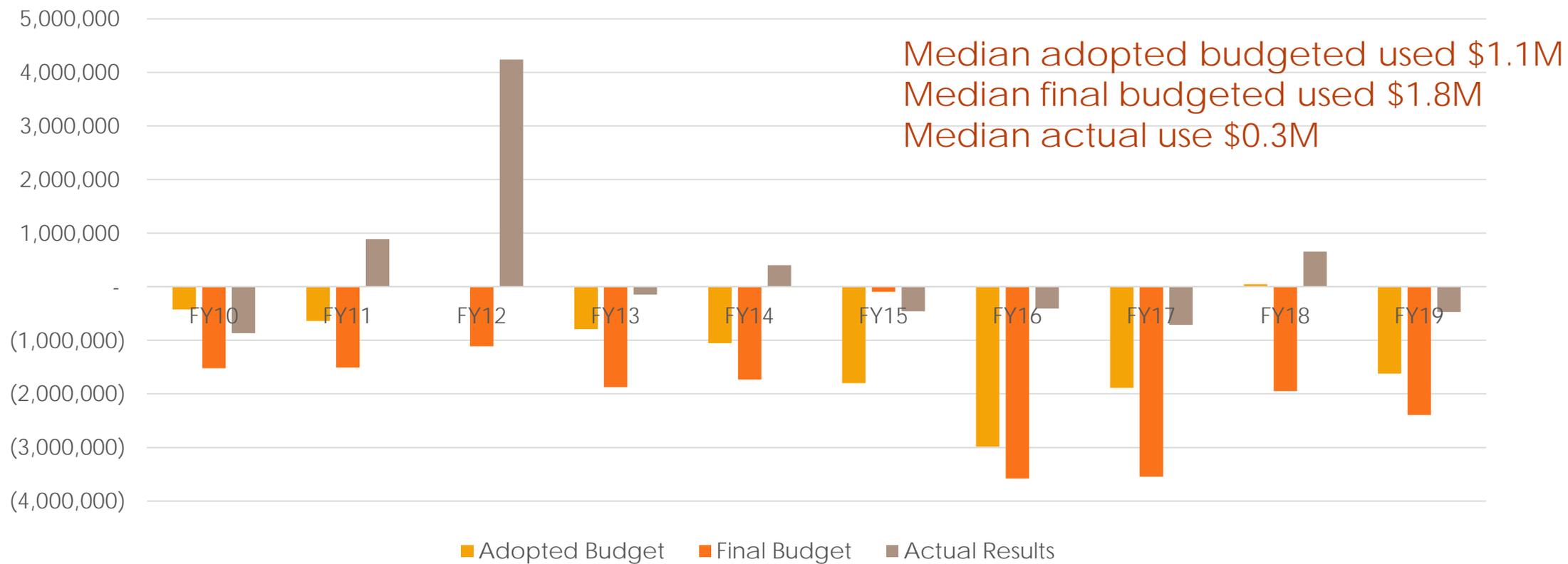
Source: City of Martinsville CAFR, FY19

# Martinsville's Unassigned Fund Balance Exceeds 10% Policy Requirement



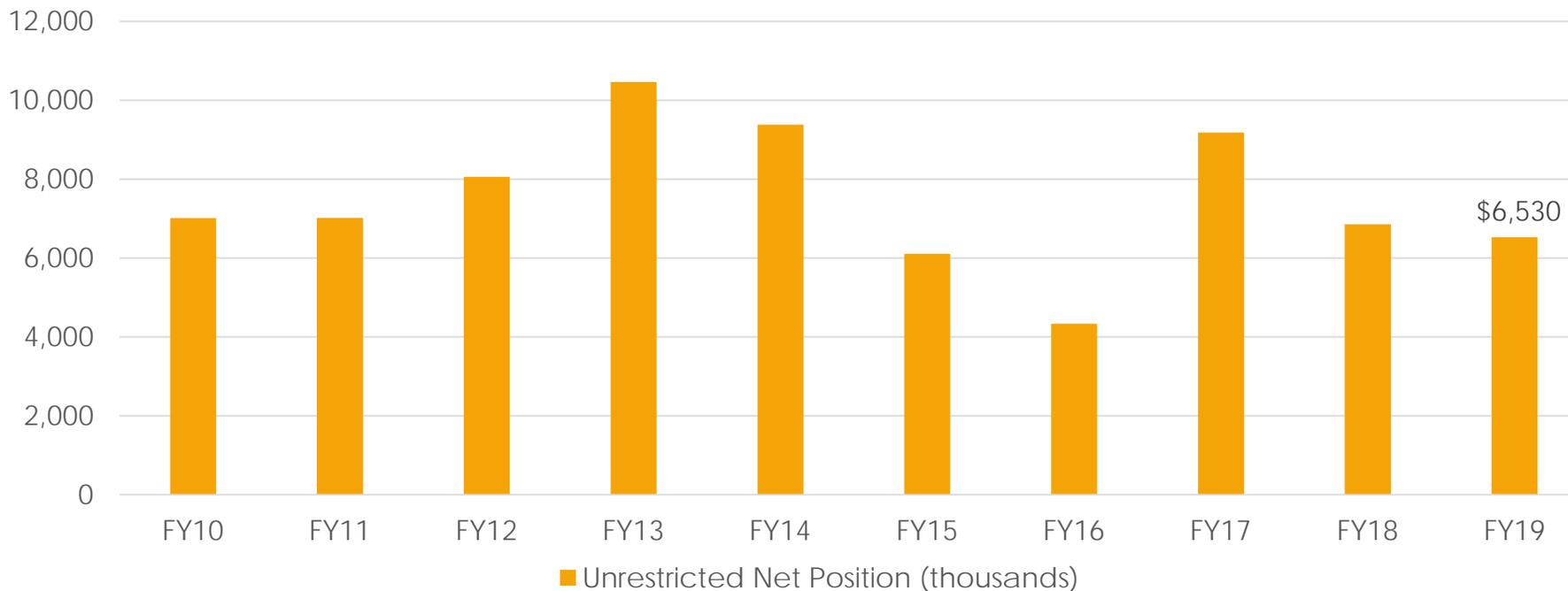
Source: City of Martinsville CAFR, FY19

# Martinsville Actual Change in Fund Balance Significantly Better Than Budgeted Change in Fund Balance



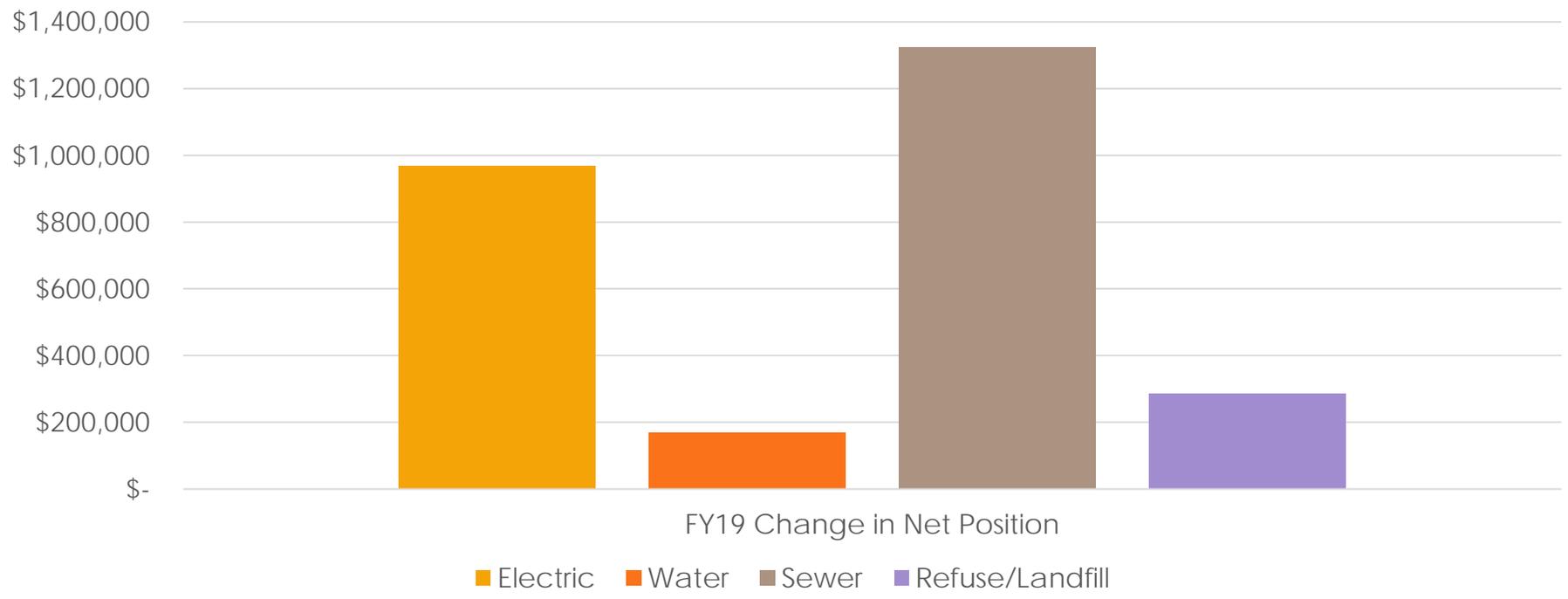
Source: City of Martinsville CAFR, FY19

# Martinsville Unrestricted Net Position of Business-type\* Activities (in thousands)



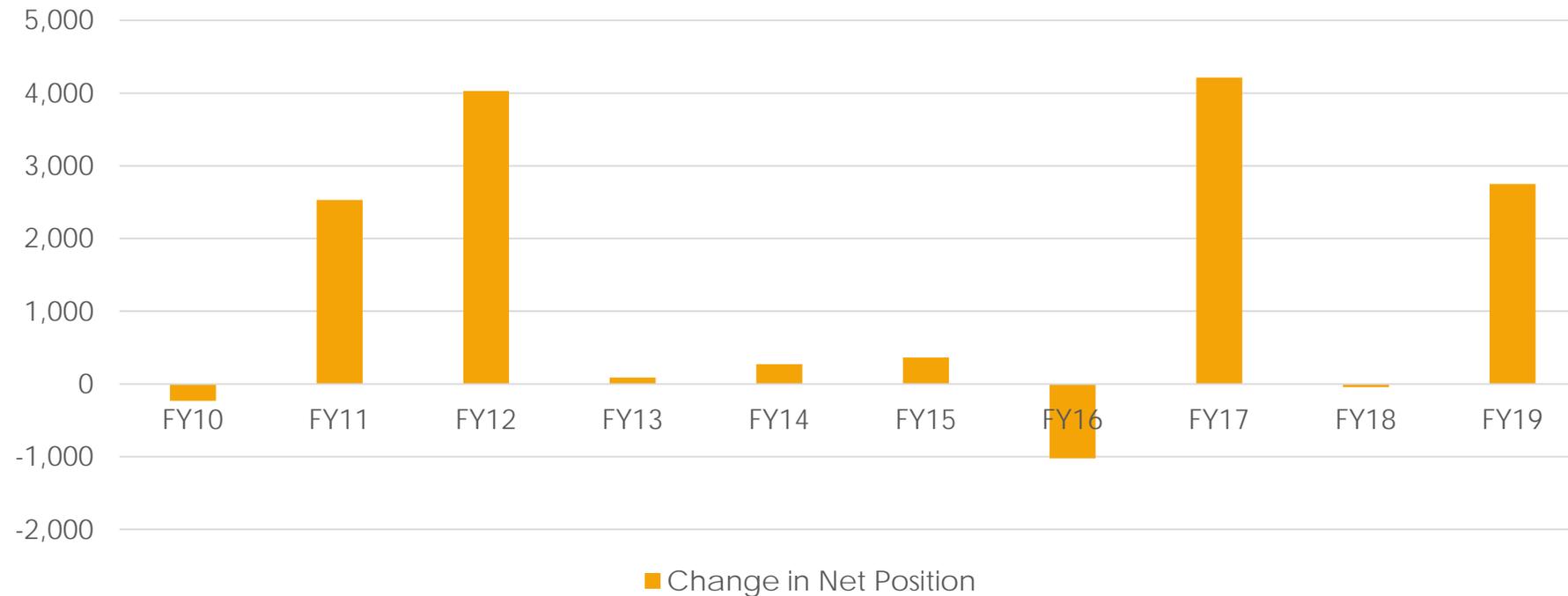
\* Combines Electric, Water, Sewer and Refuse Collection/Landfill Enterprise Funds  
Source: City of Martinsville CAFR, FY19

# Martinsville Reports Increase in Total Net Position in All Enterprise Funds in FY19



Source: City of Martinsville CAFR, FY19

# Martinsville Change in Net Position of Business-type Activities FY10 – FY19

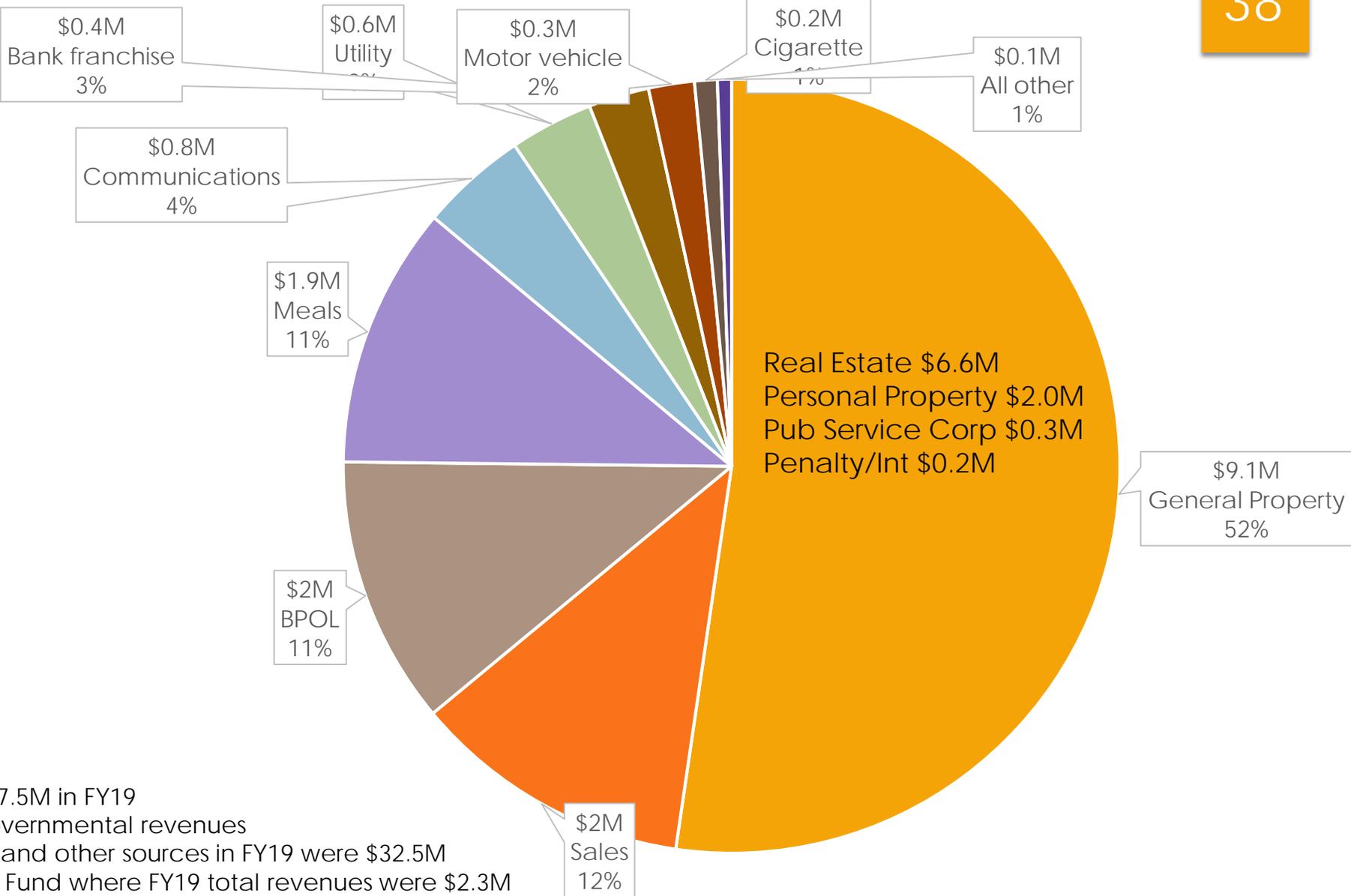


Source: City of Martinsville CAFR, FY19

# Martinsville Revenue Performance

# Martinsville Local Taxes FY19

- General Property
- Sales
- BPOL
- Meals
- Communications
- Utility
- Bank franchise
- Motor vehicle
- Cigarette
- All other



Notes: Local taxes totaled \$17.5M in FY19  
 Some are reported as intergovernmental revenues  
 Total General Fund revenues and other sources in FY19 were \$32.5M  
 There is a separate Meals Tax Fund where FY19 total revenues were \$2.3M

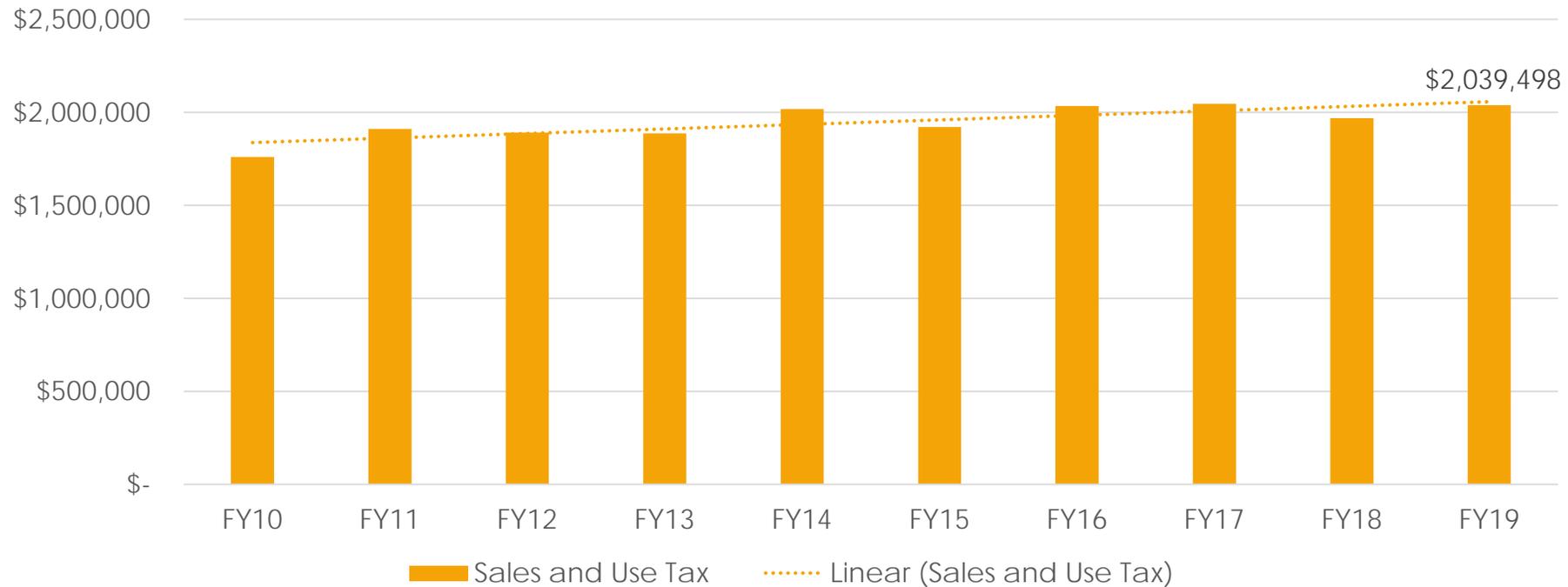
# Martinsville General Property Tax Revenues are Stable



Includes revenues from real property, personal property, machinery and tools and public service corporation taxes. Source: City of Martinsville CAFR, FY19

# Martinsville Sales and Use Tax Characterized by Modest Growth

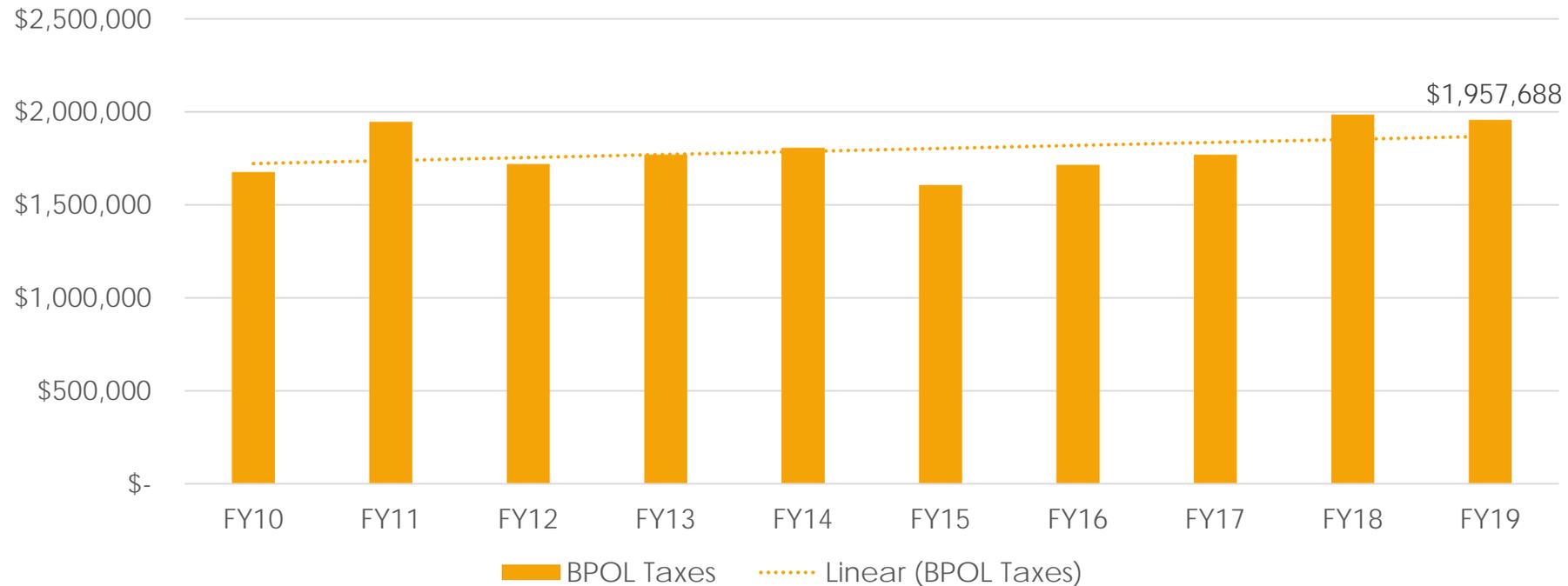
40



Sales tax growth averaged just under 2% from FY10 to FY19

Source: City of Martinsville CAFR, FY19

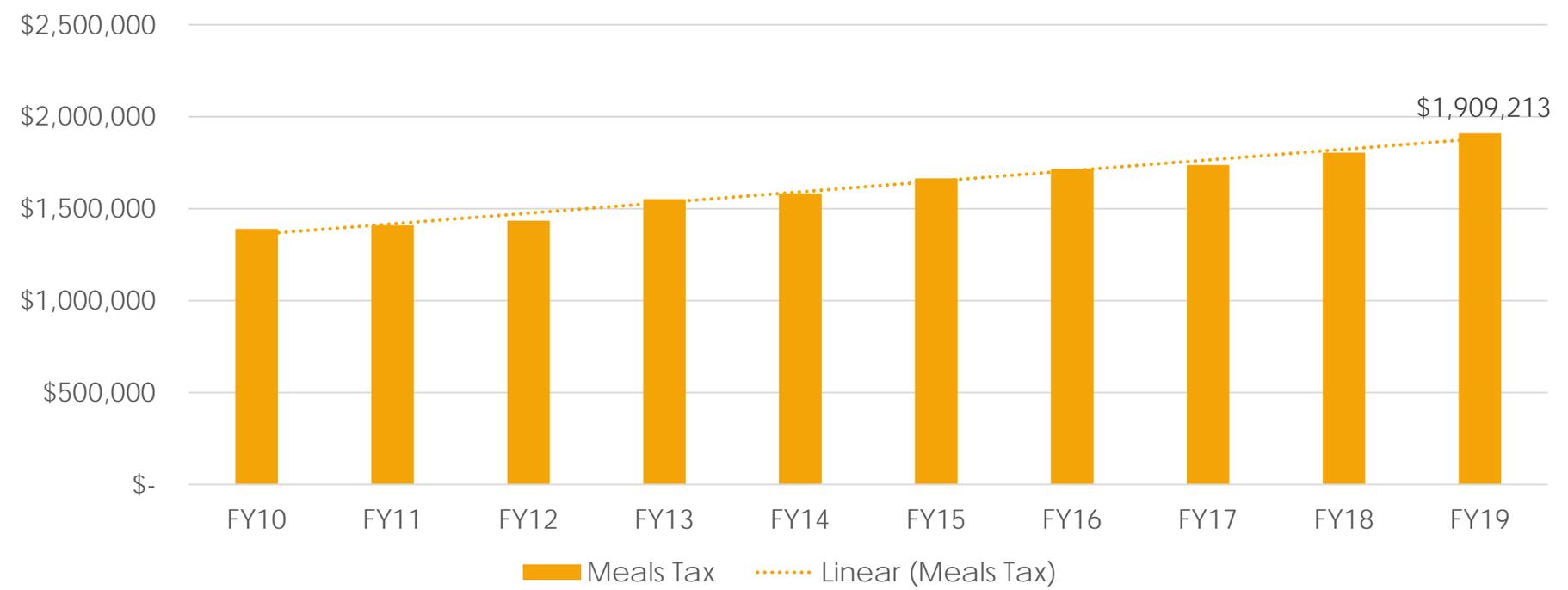
# Martinsville BPOL Taxes Demonstrate Growth with Ups and Downs



Average annual growth from FY10-19 was just over 2%

Source: City of Martinsville CAFR, FY19

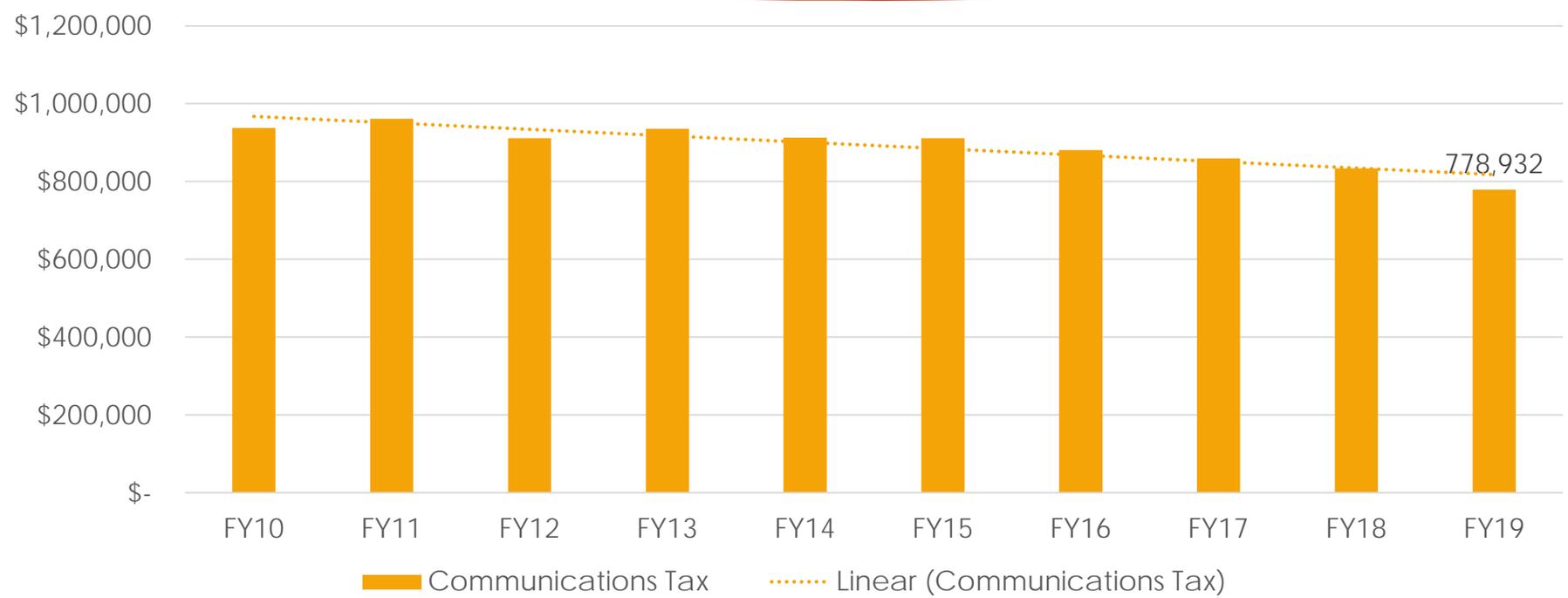
# Steady Growth for Martinsville Meals Tax



Average annual growth from FY14-19 was nearly 4%

Source: City of Martinsville CAFR, FY19

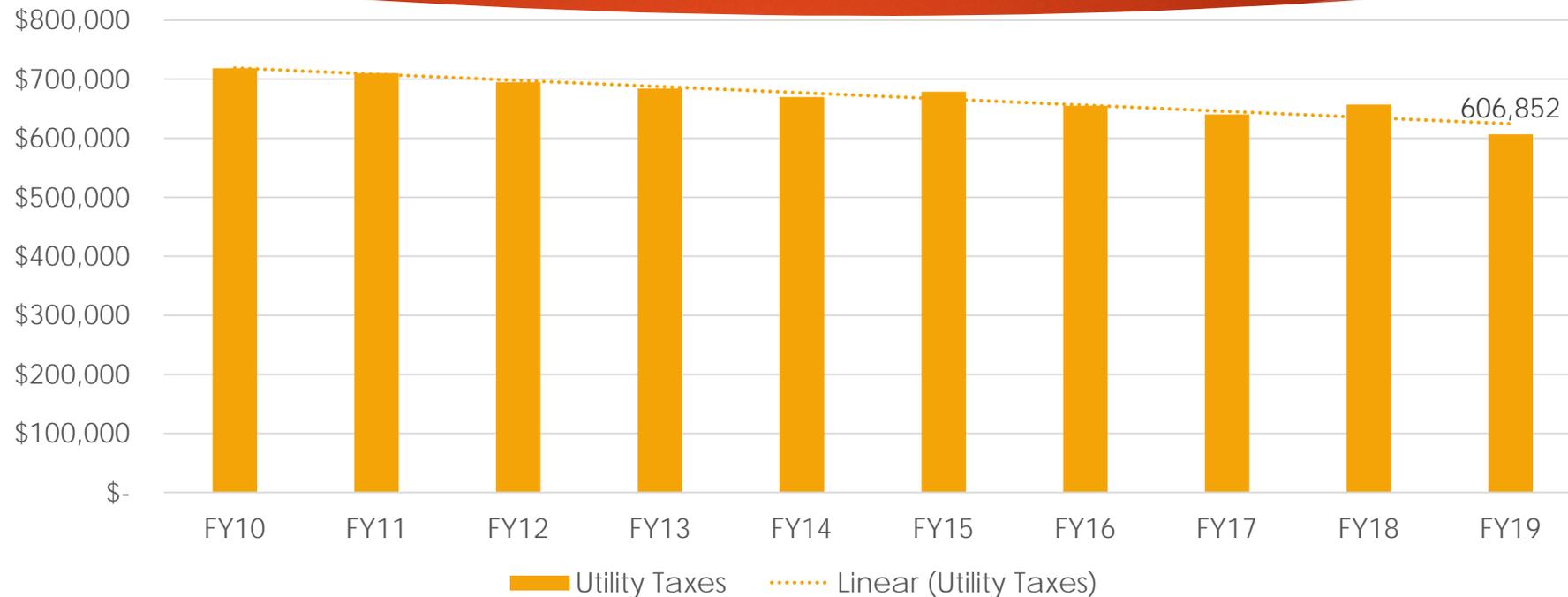
# Growing Decline in Martinsville Communications Tax



Revenue has declined an average of 2% throughout the FY10 to FY19 period

Source: City of Martinsville CAFR, FY19

# Steady Annual Decline in Martinsville Consumer Utility Taxes

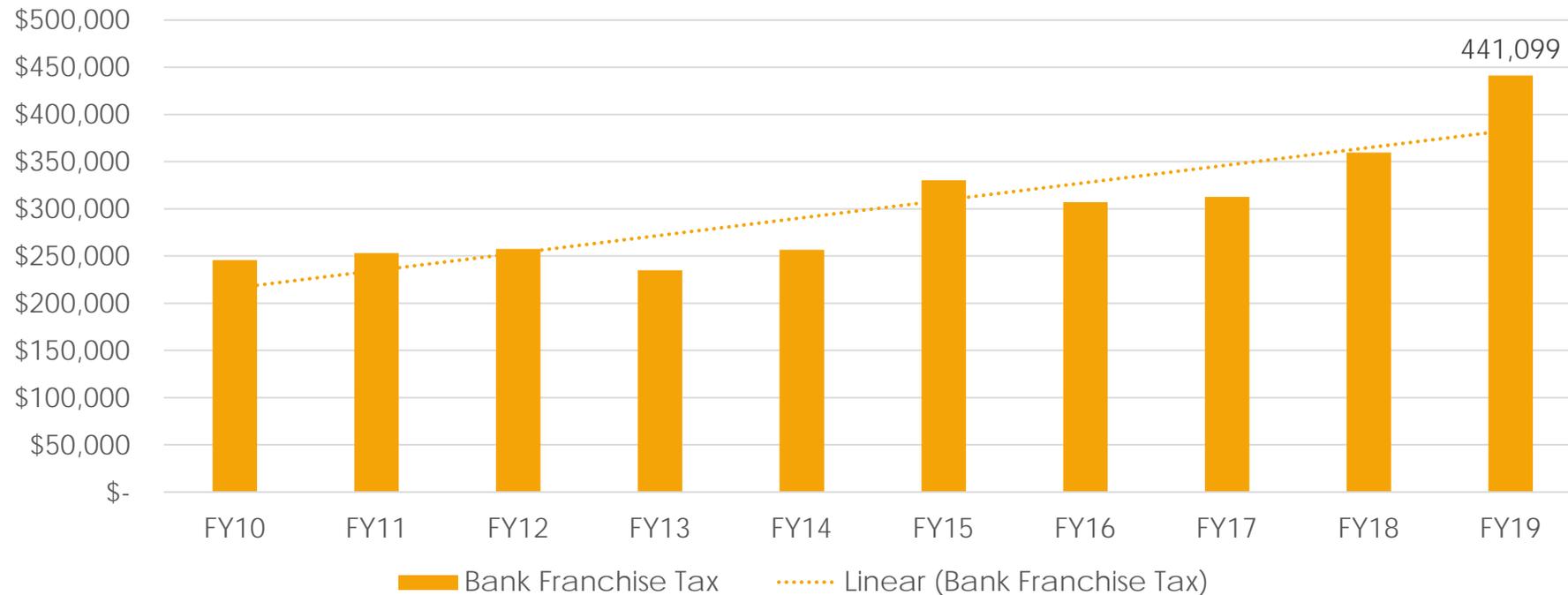


Revenue has declined nearly 2% throughout the FY10 to FY19 period

Martinsville imposes consumer utility taxes on electric, natural gas and water.

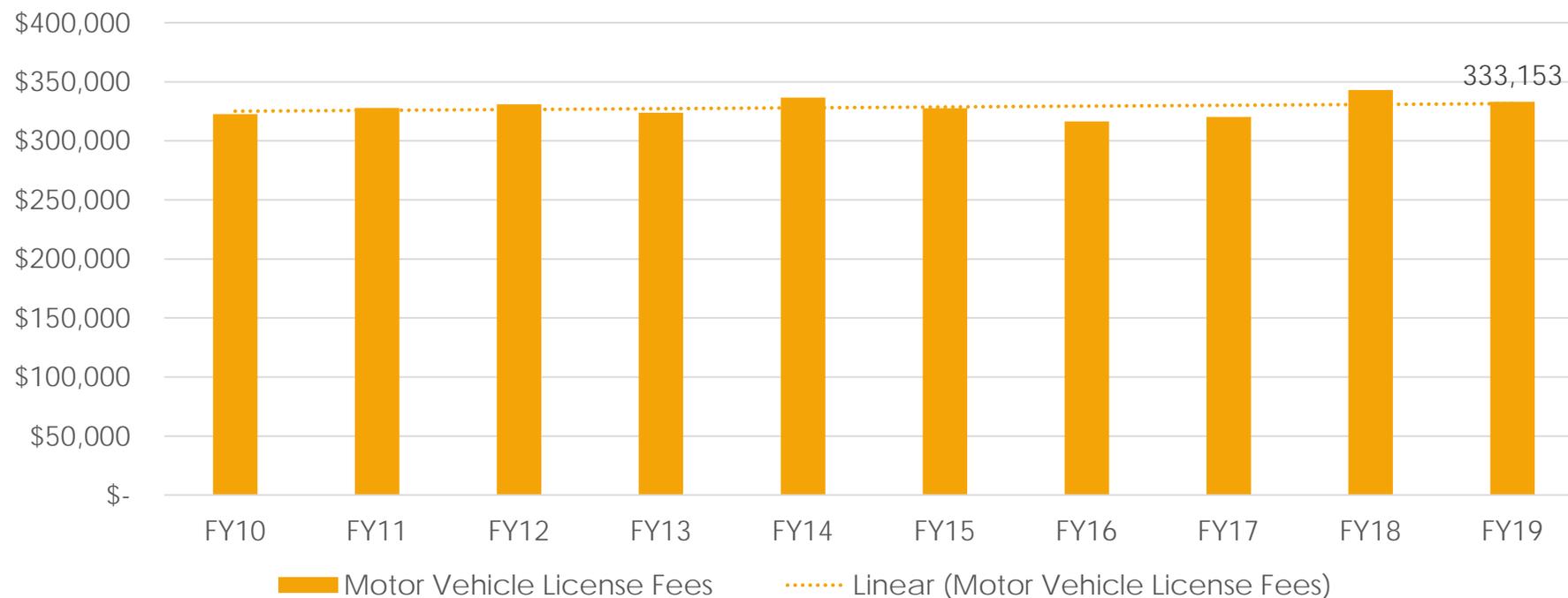
Source: City of Martinsville CAFR, FY19

# Strong Growth in Martinsville Bank Franchise Tax



Revenue has grown about 7.5% annually from FY10 to FY19

# Slight Growth with Inconsistency in Martinsville Motor Vehicle License Fees



Average annual growth from FY10-19 was .4%

Source: City of Martinsville CAFRs, FY10-19

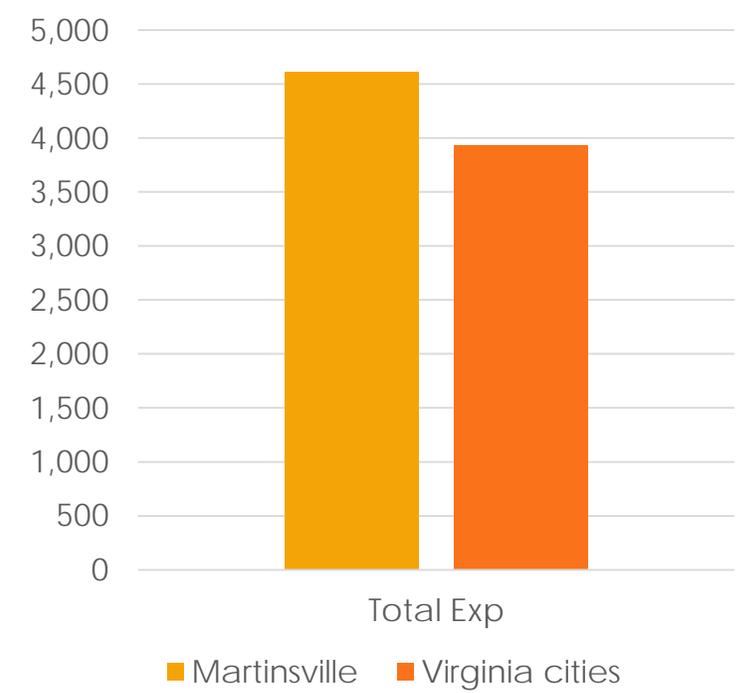
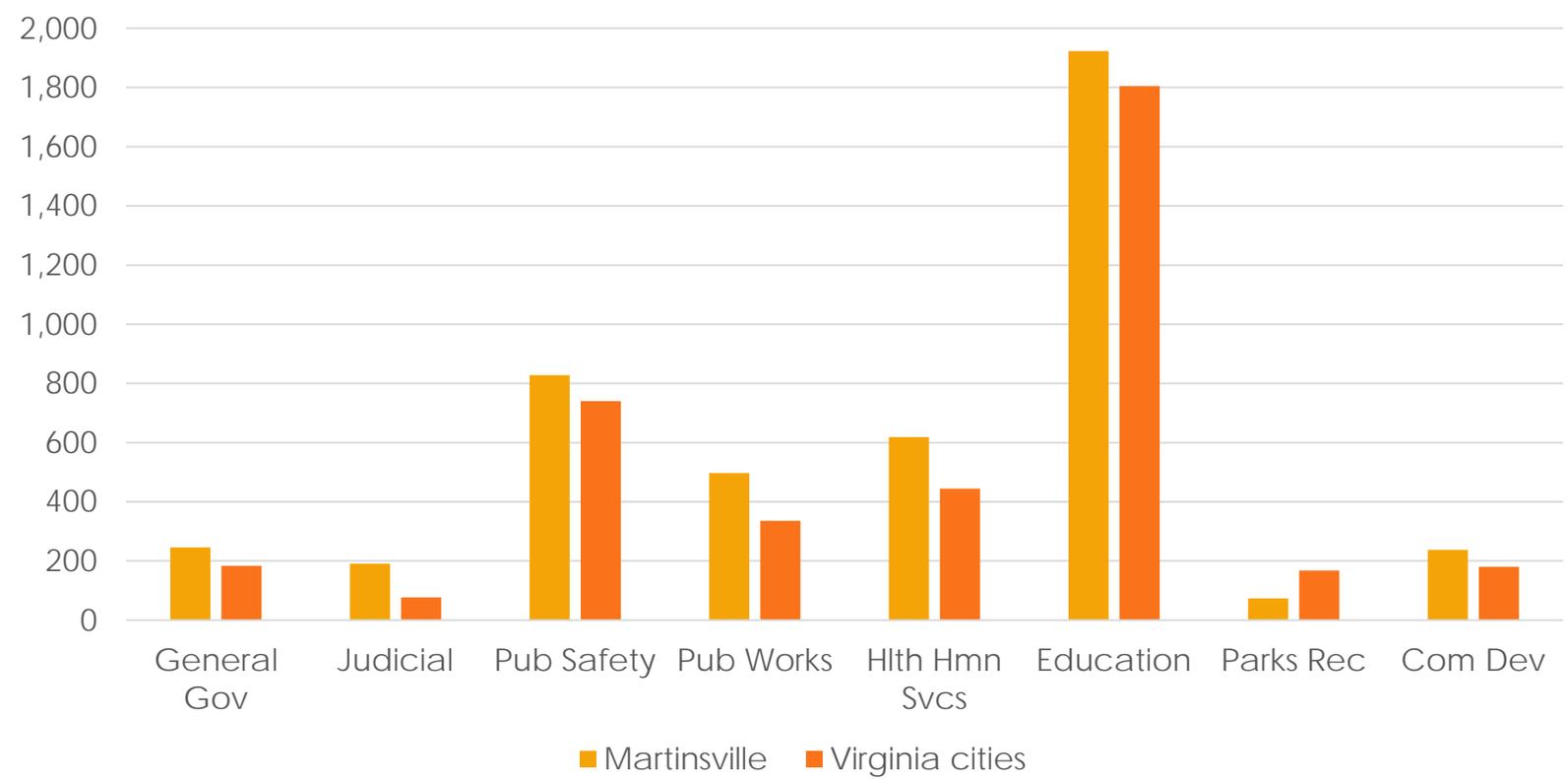
# Martinsville Expenditure Performance

Data in this section was sourced from the APA Comparative Cost Report FY19

[http://www.apa.state.va.us/APA\\_Reports/LG\\_ComparativeReports.aspx](http://www.apa.state.va.us/APA_Reports/LG_ComparativeReports.aspx)

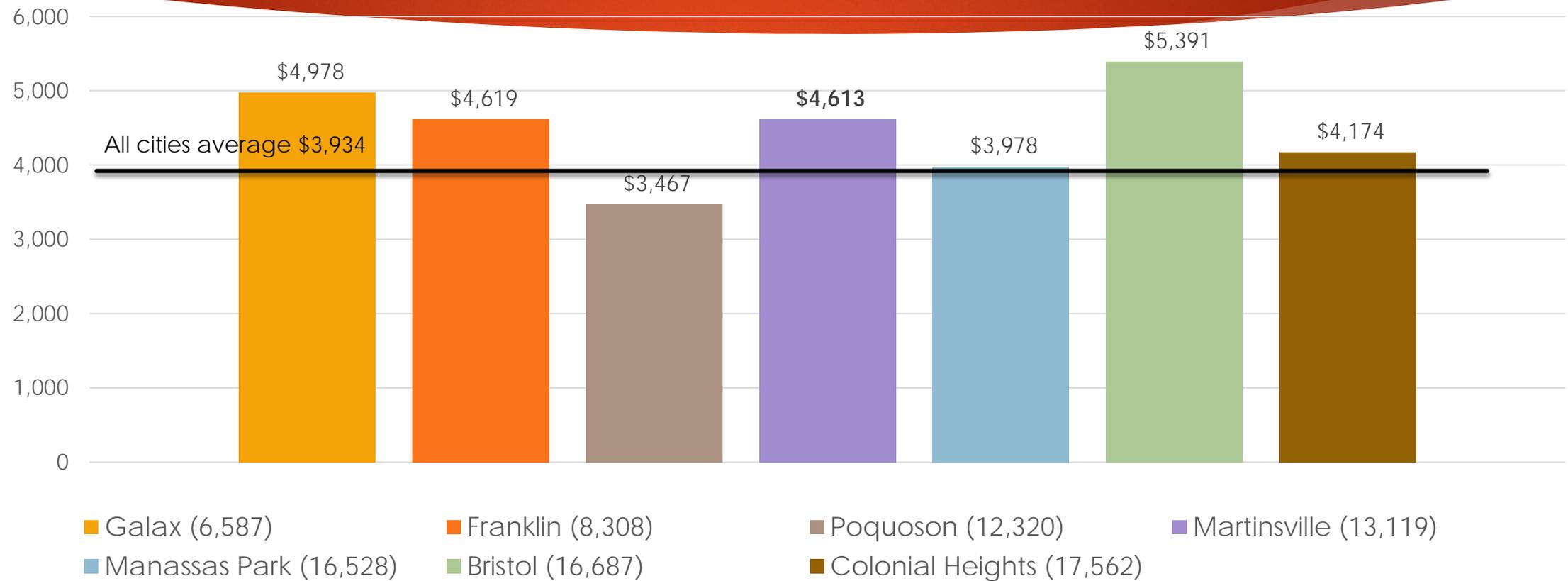
Cities selected for comparison range from 50% to 135% of Martinsville's population

# Martinsville per Capita Costs Exceeds All Cities Averages

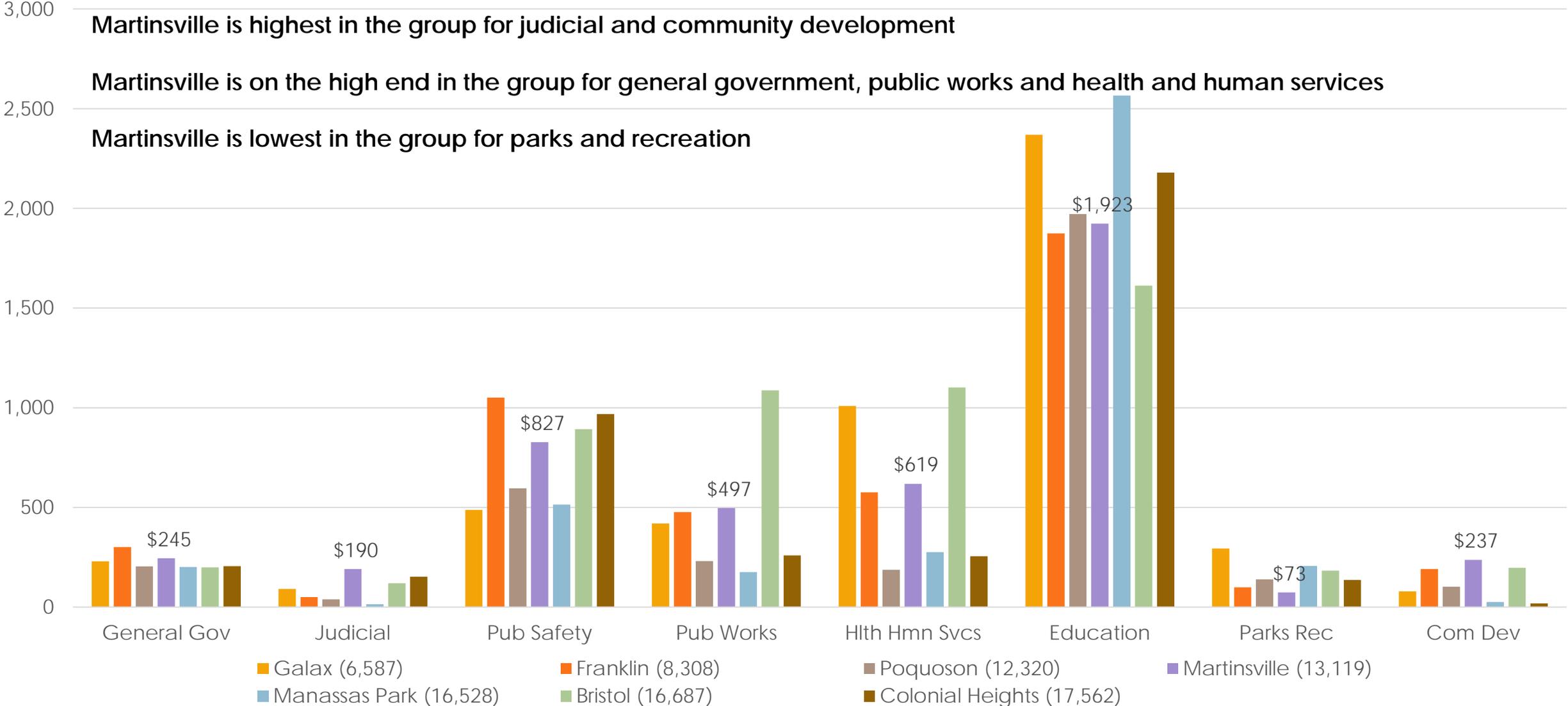


The average population of Virginia cities is 66,353 and the median population is 24,762

# Martinsville Total Expenditures per Capita in Line with Cities of Comparable Population



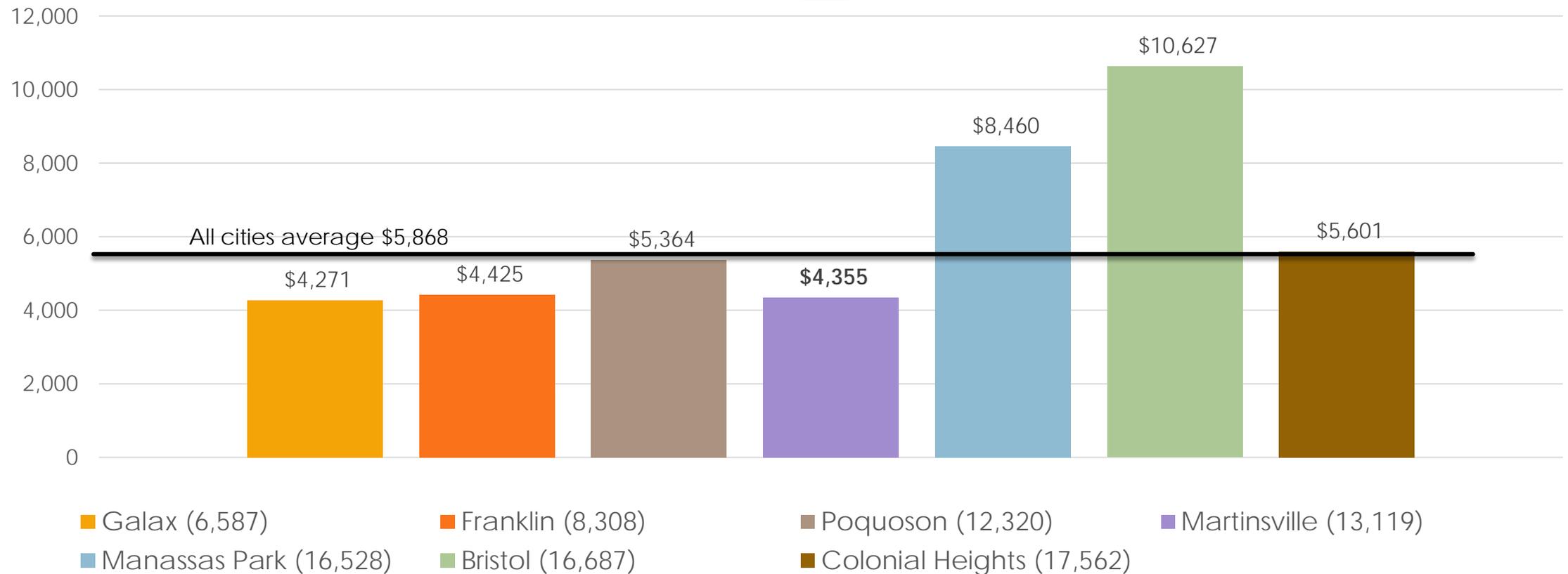
# Martinsville per Capita Expenditures FY19 Compared with Cities of Population Between 50% and 135% of Martinsville's 13,119



# Martinsville Long-term Debt Indicators

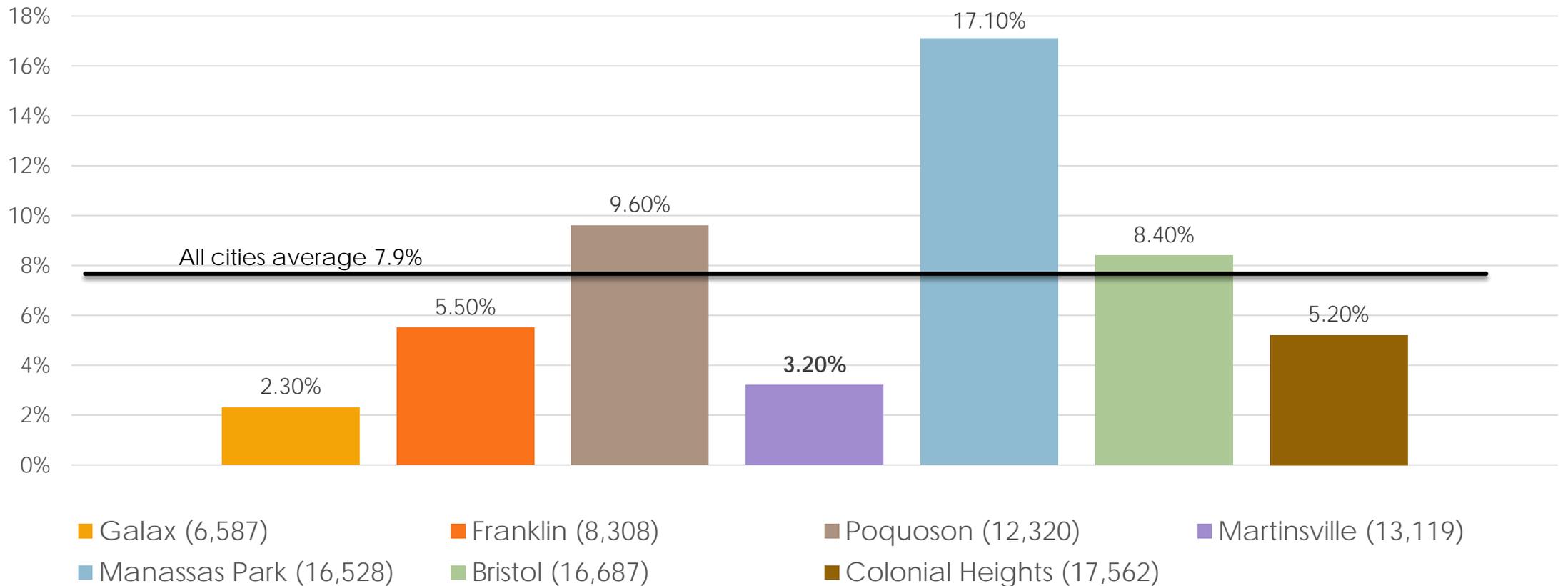
# Martinsville General Government Net Debt per Capita on Low End vs Cities of Comparable Population

52



# Martinsville Debt Service as % Expenditures on Low End vs Cities of Comparable Population

53



# Financial Impact of Reversion to Henry County

# Revenues Post- Reversion

# Taxes Imposed by Both County and Town on Property Located in Town

- ▶ Real estate
- ▶ Personal property tax
- ▶ Machinery and tools tax
- ▶ Public service corporation

The town indicates it will reduce its tax rates from the current city rates

# Real Property Tax

	Current			Future		
	Martinsville City	Henry County	Combined	Martinsville Town	Henry County	Combined
Assessed value taxable property*	631,445,800	2,883,174,054	3,514,619,854	631,445,800	3,514,619,854	NA
Tax rate	1.0621	0.555		0.5071	0.555	1.0621
Taxes assessed	\$ 6,706,586	\$ 16,001,616	\$ 22,708,202	\$ 3,202,062	\$ 19,506,140	\$ 22,708,202
Change in tax assessment				\$ (3,504,524)	\$ 3,504,524	
Estimated revenue per 1¢ tax rate	\$ 63,145	\$ 288,317		\$ 63,145	\$ 351,462	
Note: this analysis does not consider amounts billed but not collected.						

Notes:

\* Source: FY19 CAFRs

Future town tax rate derived from city rate less county rate.

Martinsville reassessments are on a two year cycle whereas Henry County's are on a four year cycle.

# Public Service Corporation Tax Real Estate

58

	Current			Future		
	Martinsville City	Henry County	Combined	Martinsville Town	Henry County	Combined
Assessed value taxable property*	24,296,670	188,776,216	213,072,886	24,296,670	213,072,886	NA
Tax rate	1.0621	0.555		0.5071	0.555	1.0621
Taxes assessed	258,055	1,047,708	1,305,763	123,208	1,182,555	1,305,763
Change in tax assessment				(134,847)	134,847	
Estimated revenue per 1¢ tax rate	2,430	18,878		2,430	21,307	
Note: this analysis does not consider amounts billed but not collected.						

\* Source: FY19 CAFRs and locality workpapers

# Public Service Corporation Tax Personal Property

59

	Current			Future		
	Martinsville City	Henry County	Combined	Martinsville Town	Henry County	Combined
Assessed value taxable property*	571,227	97,419	668,646	571,227	668,646	NA
Tax rate	2.30	1.55		0.75	1.55	2.30
Taxes assessed	13,138	1,510	14,648	4,284	10,364	14,648
Change in tax assessment				(8,854)	8,854	
Estimated revenue per 1¢ tax rate	57	10		57	67	
Note: this analysis does not consider amounts billed but not collected.						

\* Source: FY19 CAFRs and locality workpapers

# Machinery and Tools Tax

	Current			Future		
	Martinsville City	Henry County	Combined	Martinsville Town	Henry County	Combined
Assessed value taxable property*	6,702,953	355,931,097	362,634,050	6,702,953	362,634,050	NA
Tax rate	1.85	1.55		0.30	1.55	1.85
Taxes assessed	124,005	5,516,932	5,640,937	20,109	5,620,828	5,640,937
Change in tax assessment				(103,896)	103,896	
Estimated revenue per 1¢ tax rate	670	35,593		670	36,263	
Note: this analysis does not consider amounts billed but not collected.						

\* Source: FY19 CAFRs

Note: Assessed value of machinery and tools is based on depreciated cost. The depreciation schedules for the two localities differ, therefore additional detail will be needed to determine a more precise revenue impact. Amounts shown here are approximate.

# Personal Property Tax

	Current			Future		
	Martinsville City	Henry County	Combined	Martinsville Town	Henry County	Combined
Assessed value taxable property*	111,703,797	416,199,483	527,903,280	111,703,797	527,903,280	NA
Tax rate	2.30	1.55		0.75	1.55	2.30
Taxes assessed	2,569,187	6,451,092	9,020,279	837,778	8,182,501	9,020,279
Change in tax assessment				(1,731,409)	1,731,409	
Estimated revenue per 1¢ tax rate	11,170	41,620		11,170	52,790	
Note: this analysis does not consider amounts billed but not collected.						

\* Source: FY19 CAFRs

Note: A significant portion of the assessed value of personal property is based on depreciated cost. The depreciation schedules for the two localities differ, therefore additional detail will be needed to determine a more precise revenue impact. Amounts shown here are approximate.

# Citizen Impact: Personal Property Tax Relief (PPTRA)

62

- ▶ The Commonwealth funds localities to in turn provide taxpayer relief on qualifying vehicles
  - ▶ Vehicles with assessed values < \$1,000 receive full relief
  - ▶ Assessed values over \$20,000 and business vehicles do not receive relief
  - ▶ Values between \$1,000 and \$20,000 receive partial relief – a percentage is computed annually for use by each locality in preparing tax bills for vehicle owners
- ▶ Henry County and Martinsville will continue to receive these same dollar amounts post-reversion
- ▶ Henry County's PPTRA will be spread over the combined qualifying tax base, while Martinsville's PPTRA will continue to apply to the tax base applicable to Martinsville alone
- ▶ **Personal property taxes will increase approximately \$5.50 for a vehicle assessed at \$5,000, the average assessed value of vehicles qualifying for relief in the county**
- ▶ Vehicles assessed at \$10,000 will result in increased taxes of \$11, vehicles at \$15,000 will result in increased taxes of \$16.50

# Incremental Penalties and Interest

Henry County revenues			FY19 Revenue	Change in Revenue*
Penalties			331,158	65,662
Interest			244,018	48,384
			<b>575,176</b>	<b>114,046</b>
Property tax revenues FY19				27,655,618
Estimated additional property tax revenue				5,483,530
Percentage increase				19.8%
* computed as 19.8% of FY19 revenue				

# Taxes Imposed by One Locality or the Other but Not Both

Tax	Method of Taxation
Sales and use*	Point of transaction
Business, professional and occupancy license (BPOL)	Location of business
Meals	Point of transaction
Communication sales and use	Location of residence or business
Consumer utility	Location of residence or business
Bank franchise	Location of bank
Transient occupancy (lodging)	Based on location of lodging facility

\* Though sales tax imposed based on location of transaction, distribution to locality is significantly altered for town vs city – subsequent slide will detail

# Sales and Use Tax

	School Age Population*	FY19 Revenue	Change in Revenue	Revenue Upon Reversion
Henry County	8,951	4,655,032	1,284,944	5,939,976
Martinsville	2,605	2,039,498	(1,284,944)	754,554
<b>Combined</b>	<b>11,556</b>	<b>6,694,530</b>		<b>6,694,530</b>
<b>Town allocation:</b>				
sales tax received by county x		6,694,530		
x .5		0.5		
x school age population of town		2,605		
/ school age population of entire county		11,556		
<b>Revenue allocated to town</b>		<b>754,554</b>		
* based on latest estimate provided by Weldon Cooper Center for Public Service				

# General Fund Incremental Revenues

## Estimated Using Martinsville CAFR FY19

General property taxes	5,209,353
Penalties and interest	114,046
Sales tax	1,284,944
Other local taxes	67,597
Permits, Privilege Fees, and Licenses	90,450
Revenue from use of money and property	10,000
Charges for services	58,117
Miscellaneous	-
Recovered costs	131,931
State funding:	
Noncategorical aid	-
Shared expenses	2,994,206
Other categorial aid	690,652
Federal funding:	
Other categorial aid	84,719
<b>General Fund Total</b>	<b>10,736,015</b>

# Annexation – A Loss of Revenues

- ▶ Two year moratorium
- ▶ After that expires, the town will pursue annexation of prime county areas:
  - ▶ Patriot Centre
  - ▶ Martinsville Industrial Park/Martinsville Speedway
  - ▶ Virginia Avenue retail corridor
  - ▶ Chatmoss residential area
- ▶ County would lose consumers utility tax, meals tax, lodging tax, bank franchise tax, and BPOL taxes from annexed areas

# Services and Expenditures Post-Reversion

# Martinsville Public Services Upon Reversion

Provided by Town	Provided by County	Jointly or Regionally Provided
Police	Schools	Library
Fire	Sheriff/Jail	E-911
Public works	Judicial administration	Economic development
Street, bridge, sidewalk maintenance	Registrar	
Parks and recreation	Electoral board	
Administrative and financial	Treasurer and Commissioner of Revenue	
Planning and zoning	Social services (currently jointly governed)	
Electric, water, sewer utilities	Health/behavioral health services	
Refuse and recycling		

# General Fund Incremental Expenditures

## Estimated Using Martinsville CAFR FY19

General Government	764,178	
Judicial Administration	2,401,821	
Public Safety	3,473,582	
Health and Welfare	1,229,160	
Education	6,164,347	
Community Development	39,114	
<b>General Fund Total</b>	<b>14,072,202</b>	

# Additional Expected Expenditures

- ▶ Capital outlays and onboarding costs
- ▶ Salary equalization
- ▶ Salary supplements for Comp Board positions
- ▶ Increased Parks & Recreation and Solid Waste collection costs
- ▶ Significant one-time costs (legal, experts, public information, staff time, etc.)
- ▶ Increased responsibility for funding of regional entities
  - ▶ 911
  - ▶ Library
  - ▶ Economic development

# General Fund Estimated Deficit Post-Reversion

## General Fund Estimated Increment

Revenues	10,736,015	Slide 66
Expenditures	14,072,202	Slide 70
Surplus/ (Deficit)	(3,336,187)	

# Henry County Post Reversion Budget Balancing Options

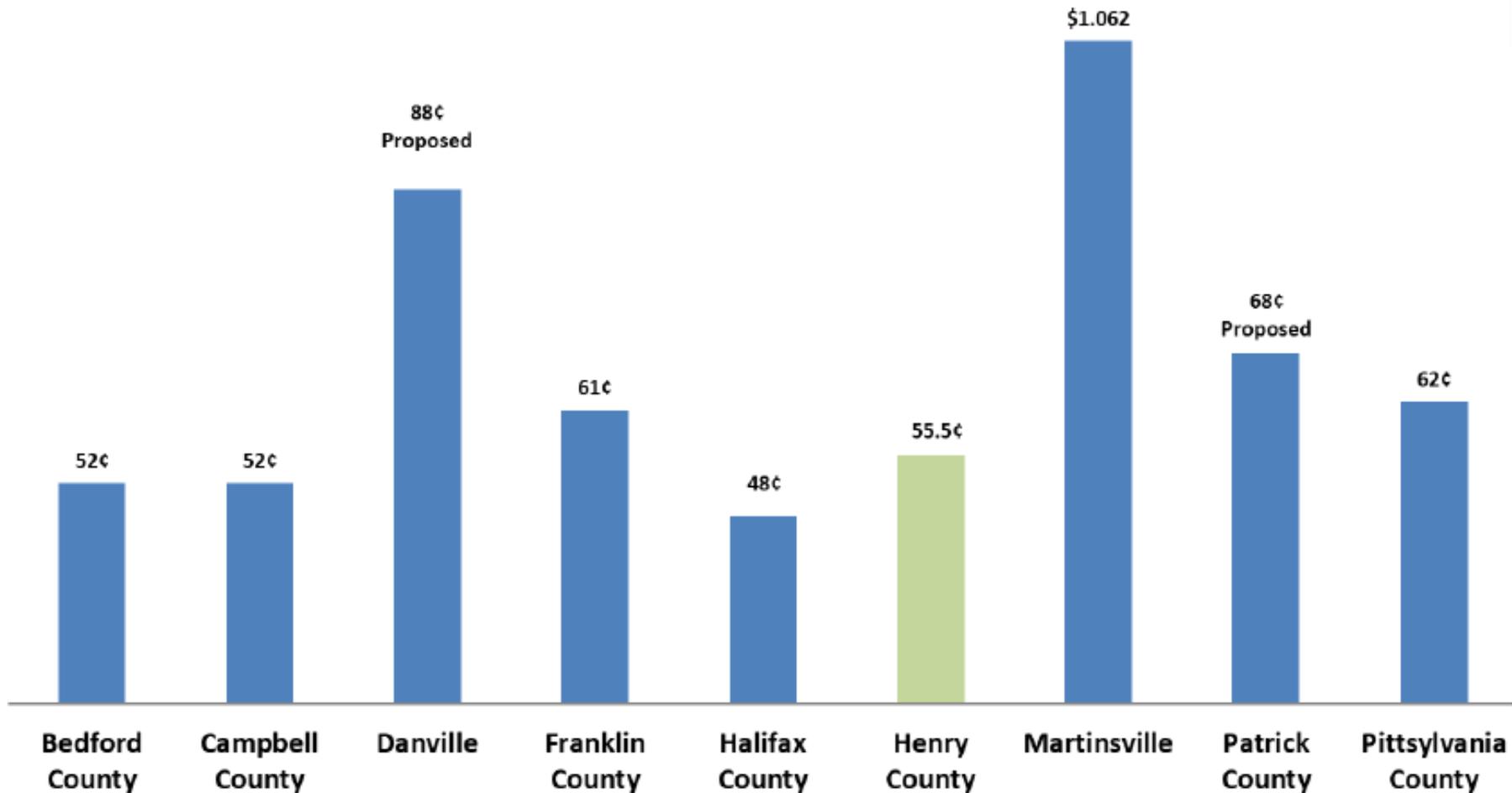
## ▶ Revenues

- ▶ Real estate tax - \$351,000 per 1 cent increase in tax rate (currently \$.555)
- ▶ Prepared food and beverage tax - \$600,000 per 1% increase in tax rate (rate currently 4%; maximum rate 6%)
- ▶ Motor vehicle license tax - \$54,000 per \$1 increase in tax rate (currently \$20.75; Virginia county median \$25, Martinsville \$29)
- ▶ Cigarette tax – up to 40¢ per twenty pack – estimated revenues TBD

## ▶ Expenditures

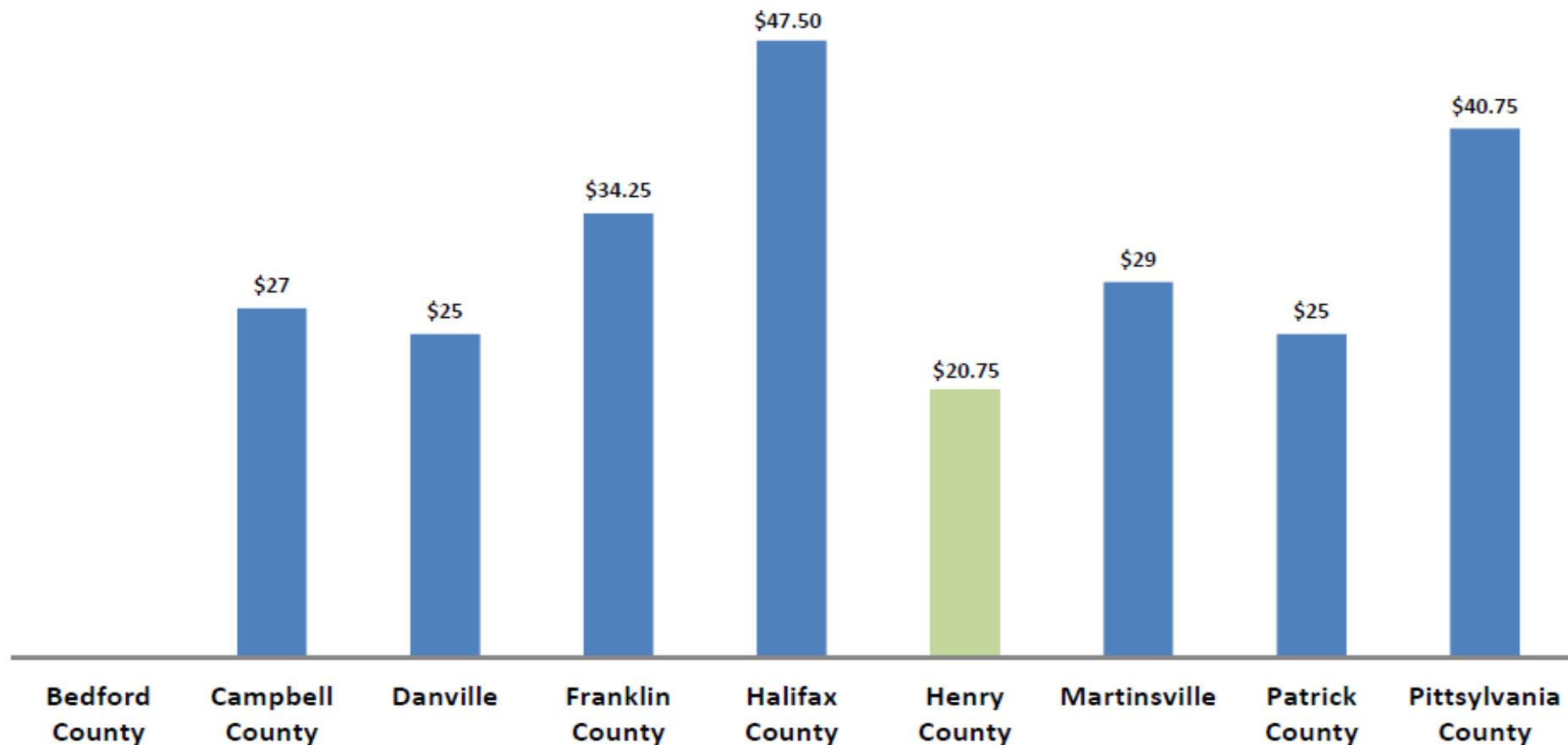
- ▶ \$141,000 per 1 percent reduction in incremental expenditures
- ▶ Working group of affected departments can evaluate ways to gain efficiencies and reduce costs

# Real Estate Tax Rate Comparison



Source: Henry County  
Budget Document FY20

# Motor Vehicle License Rate Comparison



# School Fund Incremental Revenues

## Estimated Using Martinsville CAFR FY19

Revenue from local sources	1,109,043
Transfer from primary government	6,144,512
Revenue from the Commonwealth	15,061,200
Revenue from the federal govt	63,121
<b>School Fund Total</b>	<b>22,377,876</b>

# School Fund Estimated Surplus Post-Reversion

School Fund Estimated Increment			
Revenues	22,377,876	Slide 76	
Expenditures	21,172,980		
Surplus	1,204,896		

Excess school funding results from additional state funding without an offsetting decline in local funding. This may enable the local share of school funding to decline. At a minimum, it appears that the School Board Component Unit will be held harmless post-reversion.

It is assumed that the School Cafeteria revenues will be adequate to fund expenditures post-reversion with no need for adjustment.



# Thank You!



**Ann Shawver**  
**(540) 580-6162**  
**ann.shawver@gmail.com**

**Guynn Waddell**  
**Carroll & Lockaby®**

**Jeremy E. Carroll**  
**(540) 387-2320**  
**jeremyc@guynnwaddell.com**