



Mecklenburg County Revenue Update

March 19, 2013



Property Taxes

<u>Property Taxes</u>	FY2013 <u>As of 2-28-2013</u>	FY2012 <u>As of 2-28-2012</u>
Total budgeted tax levy	\$920,536,400	\$902,971,782
Total levy billed through February 28	909,578,398	941,258,901
Tax collections through February 28	870,942,236	882,012,300
Collections through February 28 as a % of billed levy	95.75%	93.71%
Collections through February 28 as % of budgeted levy	94.61%	97.68%
Total Tax Levy for FY2012		947,064,890
Total tax collections for FY2012		927,878,581
FY2012 Collection Rate		97.9%



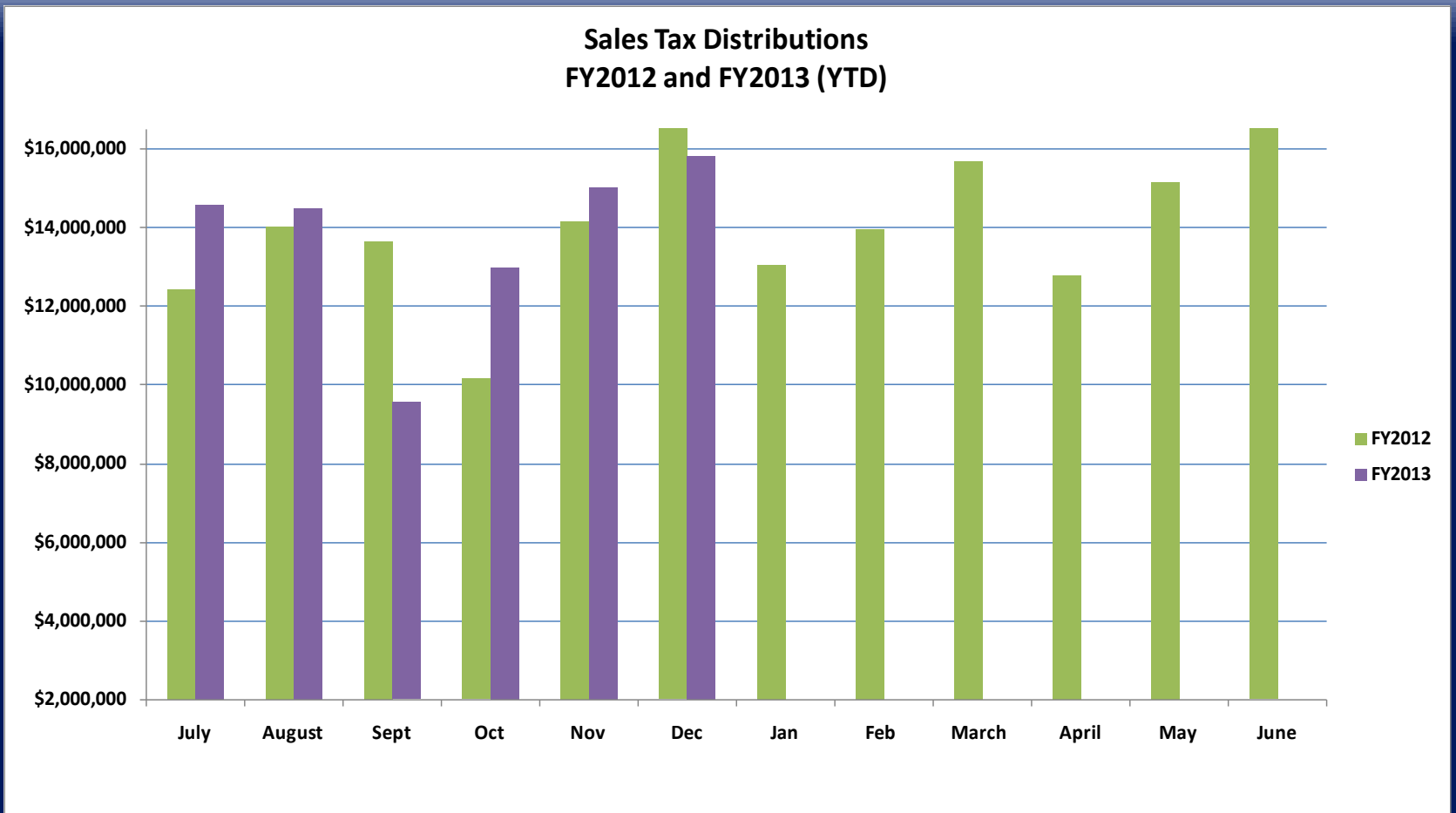
Sales Tax

Sales Taxes	FY2013 (As of March 2013)	FY2012 (As of March 2013)
Total sales tax budgeted	\$165,758,000	\$151,515,000
Sales tax revenue through January	82,426,862	82,054,830
Sales tax revenue to date as a percent of total sales tax budgeted	49.72%	54.16%
Total sales tax collected June 30, 2012		\$169,332,135

Distributions through March reflect retail sales through December 2012.

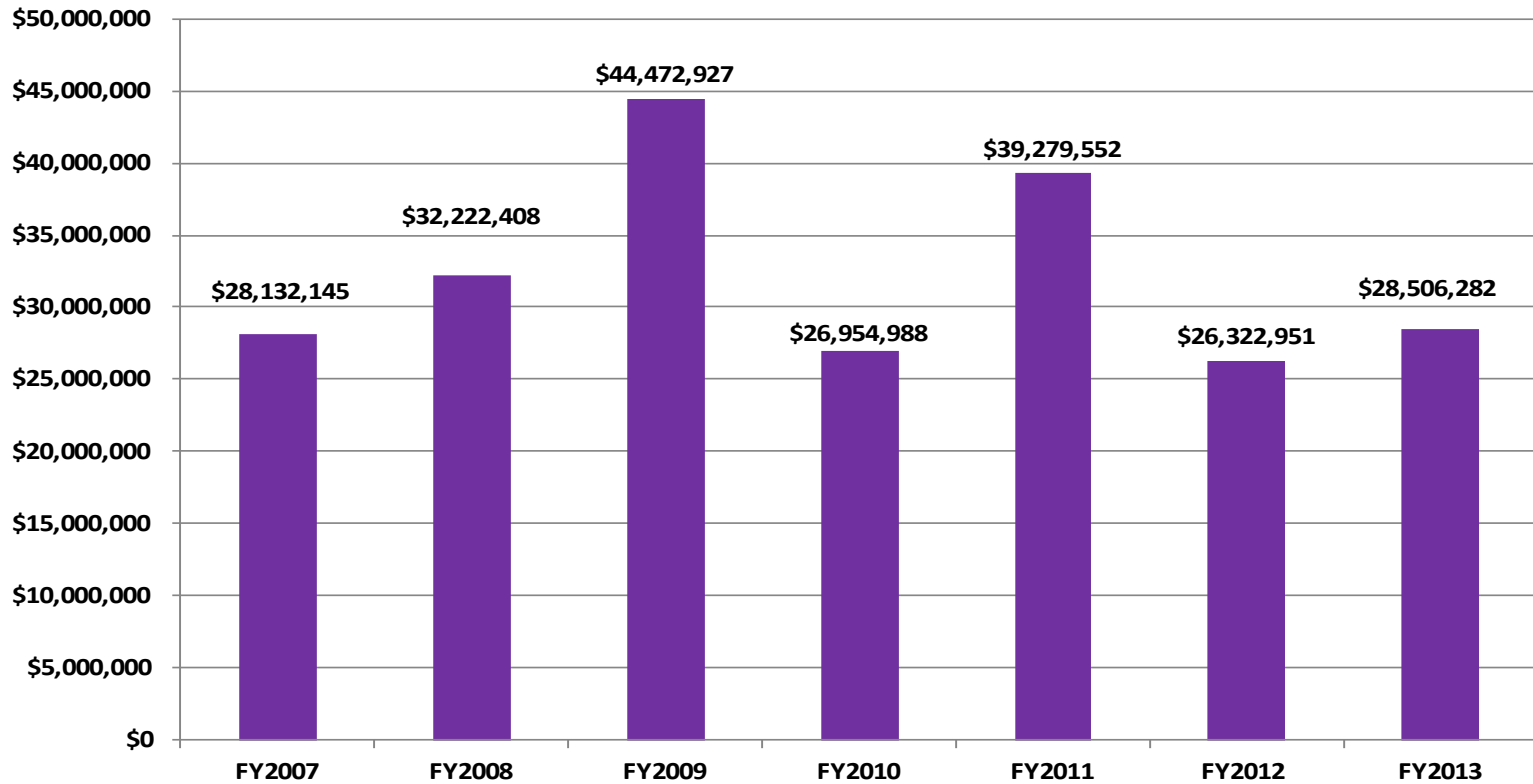


Sales Tax





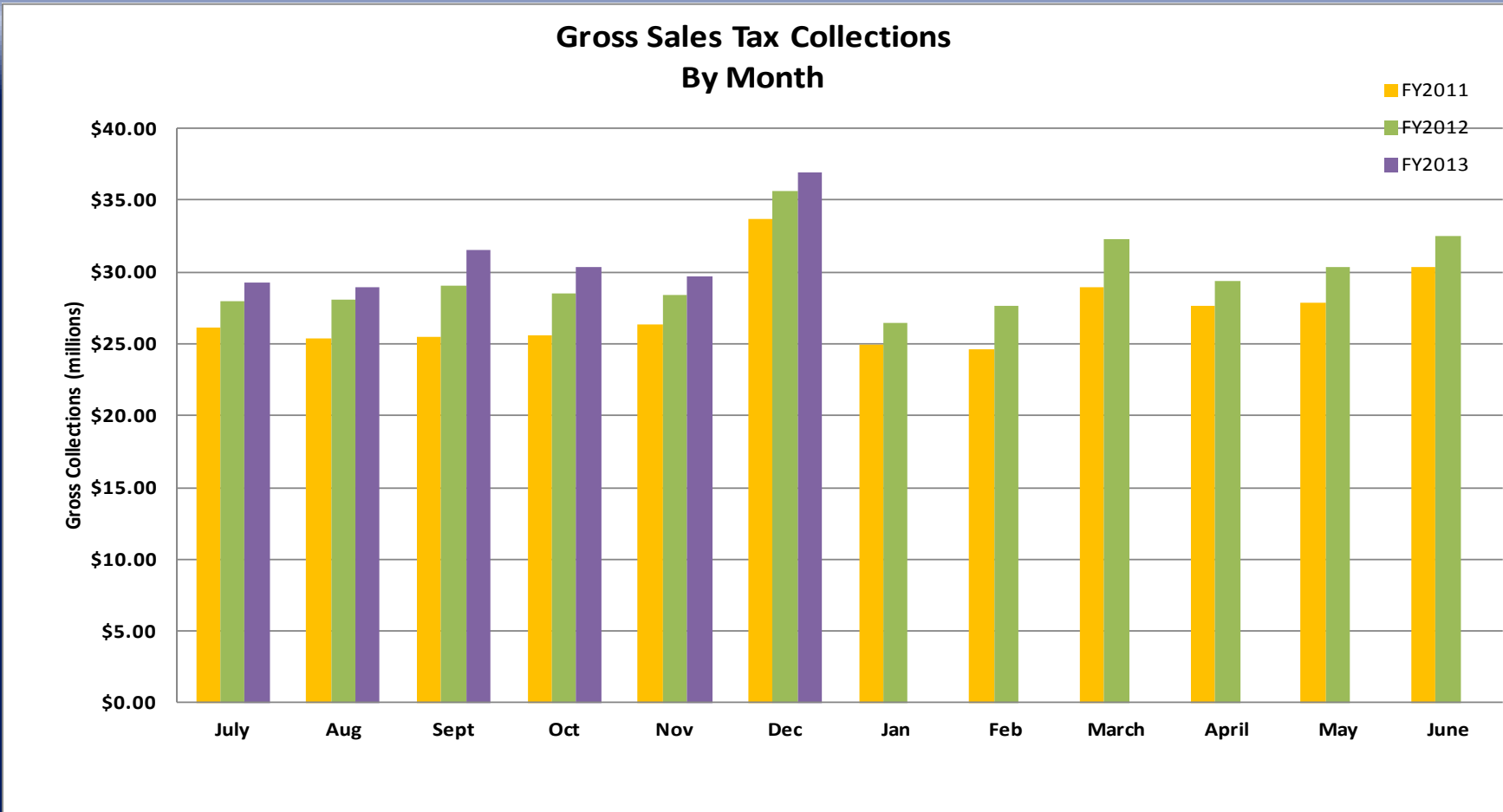
Sales Tax Refunds FY2008 through FY2013



Sales tax refunds continue to impact the County's distribution



Sales Tax



Gross sales tax collections in geographic Mecklenburg are up 5% over FY2012 year to date, and 14.8% over FY2011 for the same period



Investment Income

Investment Income	FY2013 As of 2-28-13	FY2012 As of 2-28-12
Interest revenue budgeted for the year	\$2,680,000	\$2,790,000
Interest revenue through February 28	1,778,131	2,541,287
Interest revenue through February 28 as a percent of combined funds budgeted	66.35%	91.09%
Total investment income	\$3,078,244*	\$2,878,368**

* Projected investment income for FY2013

** Actual investment income for FY2012



FY2013 Revenue Forecast

Assessed Valuation & Property Taxes

	Assessed Valuation	Property Tax
FY2013 Adopted Budget	116,200,000,000	897,522,990
FY2013 Projected	115,574,494,305	892,691,615
Variance	(625,505,695)	(4,831,375)

Rate of appeals loss is higher than projected.

Will result in an estimated shortfall in property tax revenue of \$4.8 million.



FY 2013 Projected Revenue General Fund

Revenue Source	FY2013 (Adopted Budget)	FY2013 (Forecast)	Variance
Property Tax	\$659,603,490	*\$654,772,115	(\$4,831,375)
Other Taxes	18,977,500	20,055,000	1,077,500
Sales Tax	127,958,000	*127,958,000	-
Intergovernmental	154,193,299	149,623,114	(4,570,185)
Investment Income	2,140,000	2,841,168	701,168
Licenses & Permits	15,934,200	17,383,000	1,448,800
Charges for Services	58,868,478	63,292,943	4,424,465
Other	8,671,770	7,813,040	(858,730)
Total	\$1,046,346,737	\$1,043,738,380	(\$2,608,357)

*Remainder of property and sales tax in the debt service fund.



FY2014 Estimates

Assessed Valuation & Property Taxes

	Assessed Valuation
*FY2013 Projected	\$115,574,494,305
**Plus Projected Growth	1,729,353,323
**Less Appeals Loss & Releases	<u>(625,505,695)</u>
FY2014 Estimate	\$116,353,957,141
***Estimated Property Taxes	\$898,712,150
Variance from FY2013 adopted budget	\$1,189,160

* Includes prior year discoveries

** Excludes prior year discoveries

*** Assumes current property tax rate of 79.22 cents



FY2014 Estimates

Initial estimate for FY2014 does not reflect the work of Pearson's Appraisal Group.

**Pearson's Appraisal Group identified 58 neighborhoods with "major issues".
Pearson's Appraisal Group identified 138 neighborhoods with "minor issues".**

"Major issue" is defined as instances of inequity or where erroneous data were discovered that have a significant impact on the valuation of the neighborhood as a whole.

"Minor issue" is defined as instances of inequity or where erroneous data were discovered and that these instances of inequity or incorrect information, did not have a major effect on the overall valuation of the neighborhood.



FY2014 Estimates

Assumptions:

- **The values of property in neighborhoods identified with major issues will have some adjustments to their value**
- **The values of property in neighborhoods identified with minor issues will not have adjustments to their value**
- **The PTC appeals reviewed in Eastover resulted in a reduction in value of 19.7%.**



FY2014 Estimates

Issue	Neighborhood Count	Parcel Count	2013 Current Value
Major	58	28,177	\$16,155,877,121
Minor	138	33,339	\$5,983,782,894
Total	196	61,516	\$22,139,660,015

Value in Neighborhoods with Major Issues: \$16,155,877,121

Reduction %	Reduction in Value	Reduction in Taxes
20%	(3,231,175,424)	(24,957,437)
15%	(2,423,381,568)	(18,718,078)
10%	(1,615,587,712)	(12,478,719)
5%	(807,793,856)	(6,239,359)



Possible Impact

In addition to reductions in value, the County will continue to pay refunds as appeals are settled.

Refunds paid to date (as of February 28, 2013):

2011 Tax Year: \$23.5 million

2012 Tax Year: \$1.2 million

Total: \$24.7 million

Estimated loss in value of pending appeals (as of 3/1/13):

\$1,275,867,448

Refunds on this amount may range from \$10 million to \$22 million depending on settlement date.

Does not include refunds for adjustments made to properties with no pending appeals in neighborhoods identified with "major issues".



Possible Impact

Reductions in value could impact the County's capital program

Fiscal Year	Value of Penny	Pay-as-you-go (3 cents)	Debt Service Fund (21 cents)
FY2013 Adopted Budget	\$11,329,500	\$33,988,500	\$237,919,500
FY2014 Estimate	11,014,460	33,043,381	231,303,668
Variance	(\$315,040)	(\$945,118)	(\$6,615,831)



FY2015 and Beyond

Possible Impact of Pending Legislation

- 1. Continued reductions to assessed valuation and the impact on future operating budgets**
- 2. Continued payment of refunds and impact on the County's reserves**
- 3. Continued payment of interest on refunds**
- 4. Operating budget impact due to additional appraisal & legal fees**
- 5. Perception by the rating agencies of instability in the tax base**



QUESTIONS