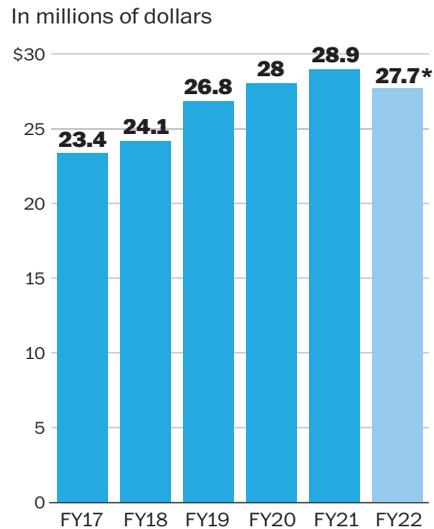


Rappahannock FY22 Budget



*FY2022 is proposed budget; other years amended to reflect actual receipts and expenses

County tax revenue rises

(though property tax rates remain same)



BY LUKE CHRISTOPHER

Rappahannock budget shakes off some pandemic cautions

Help comes from U.S. aid, sales tax surge

By TIM CARRINGTON
For Foothills Forum

Behind Rappahannock's newly unveiled \$27.7 million budget for Fiscal Year 2022 is a slow transition from the cautious clench of the pandemic year to the less menacing familiarities of ordinary county challenges.

Three economic factors account for the almost audible sigh of relief resounding as the current fiscal year winds down and the county prepares for a new fiscal year beginning in July:

► **Conservative spending**, characterized by fencing programs into contingency status, where funds were spent only when the supporting revenues landed in the county bank account.

► **Accepting help from Washington, D.C.** in the shape of the Coronavirus Aid Relief and Economic Security (CARES) Act, which infused more than \$500,000 into the county schools and provided with other assistance.

► **Riding a surge in sales taxes** that flowed in when residents (including those who came to the county seeking low-COVID geography) increasingly ordered food and other essentials online.

Having avoided the economic setbacks policymakers most feared during the pandemic, planners

found the process of mapping the new budget far less fraught than last year. Some unspent funds will be rolled into the new fiscal year. Tax rates for real estate and personal property will stay at current levels, and county employees will enjoy a 5 percent pay increase, partly funded by the state.

But in presenting the Fiscal 2022 budget to the Board of Supervisors, County Administrator Garrey Curry underscored some of the realities that will challenge the county long after the pandemic has faded. Taxes on real estate and personal property provide \$13.4 million, about 49 percent of the entire budget. "That's a very large proportion," Curry told Supervisors as he presented the new budget. "That's symptomatic of the fact that we don't have businesses here. We're not benefitting from some large retailer."

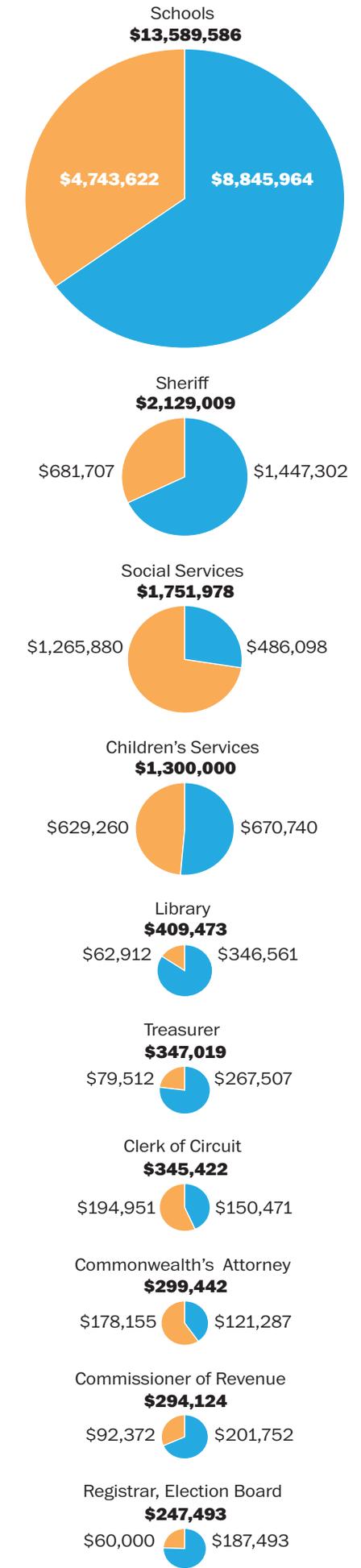
The good news — in the pandemic year and beyond — is the increasingly robust contribution from online sales taxes. In 2019, Virginia enacted a law requiring an out-of-state retailer to collect Virginia taxes on sales in the state. Companies are exempt if they take in less than \$100,000 in Virginia sales or if the number of all those sales dips below 200.

Following a national swing toward online buying during the pandemic, online sales taxes surged. In December, for example, sales

How the money would be allocated

A look at how the FY22 budget breaks down, and how federal, state and local support is allocated:

Federal/state funds Local funds



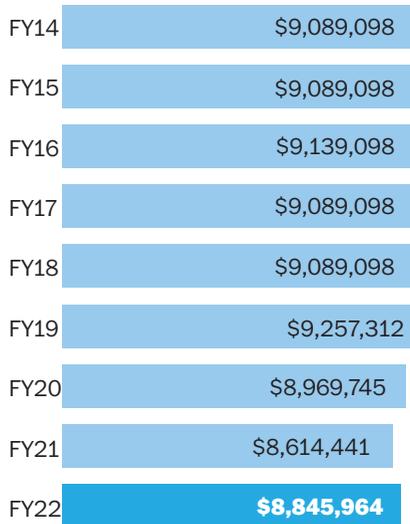
*Includes Library Investment Fund support. Federal/State figures may include comparatively small funds from grants, foundation
Source: Rappahannock County Administrator's Proposed FY2022 Budget

Graphics by LAURA STANTON for Foothills Forum

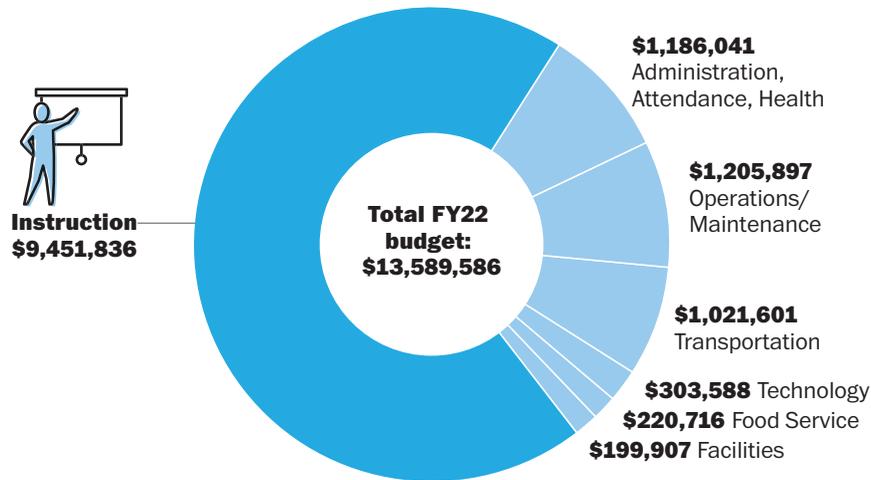
Schools: Rappahannock's largest single financial commitment

The Rappahannock County Public Schools represent by far the largest financial commitment in the county budget. The schools plan to spend **\$13.6 million** in the fiscal year that begins July 1. The county will put up **\$8,845,964**, while the state, federal government and a handful of grant-making organizations is expected to inject **\$4,743,622**.

County support for schools

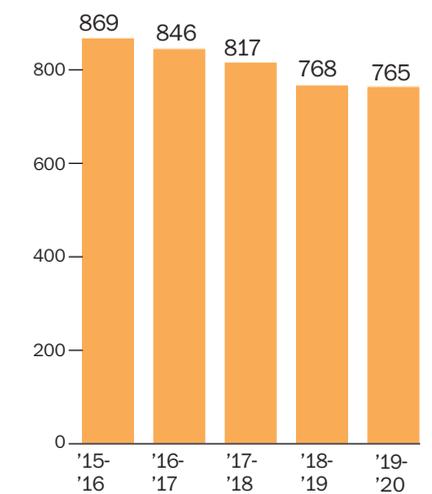


How school funds would be allocated



Student body

Average daily membership
1,000—



Special COVID-related expenses, and federal and state assistance to meet those outlays, continue to be a part of the planning. But normalcy is beginning to return, and the schools are thinking about strategies to fill educational gaps resulting from a year of upended routines and at-home learning. For Superintendent Dr. Shannon Grimsley, the focus will gradually return to building “life-ready” young adults, who have weathered the pandemic.

U.S. help to Rappahannock schools in the pandemic season

(mostly in Fiscal Year 2021)



\$143,064

under the Coronavirus Air Relief and Economic Security Act (CARES) to offset outlays made in response to the COVID crisis.



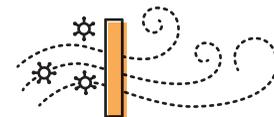
\$526,748

in CARES funds allocated to county and reallocated to schools; used to maintain operations, buy protective equipment, improve ventilation, and mitigate risks.



\$29,873

from Elementary & Secondary School Emergency Relief (ESSER) fund and the Governor's Emergency Education Relief (GEER) funds to offset additional expenditures in facilities, maintenance, and technology, such as additional custodial services for deep cleaning facilities and establishing mobile hotspots for families with limited internet access.



\$128,000

to install decontamination systems and air scrubbers in common areas and classrooms under Cares Relief Set-aside Fund (CRF)



\$503,000

for Fiscal Years 2022 and 2023 to support safe reopening.

Source: Rappahannock County Administrator's Proposed FY2022 Budget

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taxes pushed to \$89,801, up from \$65,542 a year earlier. Sales taxes were only \$52,479 in December 2018, before the law on online purchases took hold. Curry estimates that from March 2020 until March 2021 the county took in \$763,525 in sales taxes.

Since the county historically resists increases in property taxes, it may rely on the less significant source of meals and lodging taxes. These provided \$282,154 under the March-to-March accounting. The new budget would double the lodging tax to 4 percent from 2 percent, a change which is expected to add \$40,000 to county coffers in the new fiscal year. Under state law, the county could hike meals and lodging taxes up to 6 percent. But real estate and personal property taxes speak for 49 percent of the budget while sales, meals and lodging taxes amount to only 6 percent.

Any scrutiny of real estate taxes shines a spotlight on the extensive tax breaks afforded by conservation easements and land-use tax deferrals, both of which are considered crucial to maintaining the county's exceptional, unspoiled landscape. But with 33,635 acres under conservation easement and 83,364 acres in land-use, the county has only 19,582 acres, or 14 percent of all taxable land, that is taxed at fair-market value.



BY LUKE CHRISTOPHER

County Administrator Garrey Curry told the supervisors that taxes on real estate and personal property provide \$13.4 million, or 49 percent of the entire budget. “That’s a very large proportion,” he said.