

# FY2017-2018 County Administrator's Proposed Budget

Board of Supervisors' Budget Work Session

March 7, 2017

# Revenue Outlook for FY2017-2018

In comparison to FY2017 Budget:

▶ Anticipated RE increase not realized	(\$75,000)
▶ No one-time road construction money (misc. rev.)	(250,000)
▶ Unrealized miscellaneous revenue	(95,000)
▶ No hard billing EMS	(83,500)
▶ Use of Fund Balance to balance FY2017	(180,800)
▶ Other Adjustments	<u>72,900</u>
<b>TOTAL REVENUE <u>REDUCTION</u></b>	<b>(\$611,400)</b>

# FY2017-2018 Budget Status

▶ “Level funded” FY18 budget expenditures

▶ Revenue shortfall (\$611,400)

▶ Initial Expenditure reductions \$99,400

▶ Current deficit (\$512,000)

▶ 1 cent on tax rate = 125,100

▶ 4.1 cents needed to cover current deficit

# Expenditure Outlook

- ▶ Budget documentation includes FY17 Adjusted Budget
  - ▶ Will include amendments approved by Board for specific items
    - ▶ Grants
    - ▶ One-time spending
- ▶ Health Insurance Premium Increase: 10.8%
  - ▶ Completely absorbed by County/ employer
  - ▶ Impact of \$50,000
- ▶ No salary increases anticipated for FY2017-18
- ▶ Holiday bonus included (\$6,750)
- ▶ Increase in expenses related to landfill closure

# Expenditure Outlook

- ▶ No reassessment costs in FY18 (\$48,000)
- ▶ Reductions in some outside agency support
- ▶ Contingency fund increased- closer but still short of policy
  - ▶ .5% of the General Fund Budget “whenever practicable”

# Expenditure reductions

- ▶ Legal Services -planned decreased usage in FY2018 (33,979)
- ▶ Management Services -eliminated software for employee evaluation (14,542)
- ▶ Assessor - No reassessment expenditure (47,927)
- ▶ Treasurer- eliminated credit card fees (28,066)
- ▶ Juv. & Dom. Relations -decrease juvenile detention center per diem (25,800)
- ▶ Clerk of Cir. Court -reduction in professional svcs. (25,559)
- ▶ Ambulance and Rescue Services -grants awarded (35,221)
- ▶ Sheriff-reduced fee from Regional Jail (15,476)
- ▶ Building and Zoning- Reclassify Director to Planner (34,828)

# Expenditure reductions

- ▶ General Properties -reduction in repair & maint. to offset maintenance contract (26,102)
- ▶ Technology -reduction in equipment purchases replaced in FY2017 (19,005)
- ▶ Bay Aging- 10% decrease to all contributions (11,061)
- ▶ Parks & Recreation Partners -eliminated tax rebate for River Fitness (16,207)
- ▶ Essex County Museum- \$10,000 reduction (10,000)
- ▶ Misc Programs- eliminated funding for Legal Aid, Versability Resources (17,792)

# Expenditure reductions & Increases

▶ Various operating adjustments to balance	<u>(34,624)</u>
<b>Total cuts to General Fund Expenditures</b>	<b>(\$396,189)</b>
▶ Health insurance (approx.)	\$50,000
▶ Contingency Fund (financial policy)	59,061
▶ Misc. Changes (net)	<u>6,360</u>
<b>Total increases to General Fund Expenditures</b>	<b>\$115,421</b>
<b>Total Change, General Fund Expenditures: (\$280,768)</b>	



# Revenue Options Available

- ▶ Merchants Capital- rates are frozen at their January 1, 1978 rates and assessed ratios per Code of Virginia 58.1-3509
  - ▶ Unable to adjust Merchant's Capital structure/ revenue
- ▶ BPOL - Retailers in Town of Tappahannock pay BPOL to Town, Merchant's Capital to County
- ▶ To replace MC with BPOL...
  - ▶ Lose MC revenue from inside Town
  - ▶ Significantly increase taxes on retailers outside of Town to remain revenue neutral
- ▶ Remaining option- BPOL outside town for categories other than retailers

# Revenue Options Recommended by CA

- ▶ Restructure Machinery & Tools and Business Personal Property taxes to \$1.20 rate at 50% of original cost \$164,000
  - ▶ Targeted effective rate near middle of peer group
  - ▶ 50% assessment ratio allows for “depreciation” of older property
- ▶ Increase RE tax rate 2 cents (\$0.90/\$100) \$254,400
- ▶ BPOL and fees on all categories except Retail \$15,000

# BPOL

- ▶ Revenue budgeted in FY18 very conservatively because business population (non-retail, outside Town) and estimated gross receipts unknown.
- ▶ County can charge a fee (up to \$30), a tax (max. rates established by category in CoVa), or both
  - ▶ Fee structure would provide census of all businesses
  - ▶ Enforcement mechanism for BPOL & other taxes
  - ▶ Taxes for gross receipts above a threshold (\$50,000 & \$100,000 most commonly used)

## BPOL (continued)

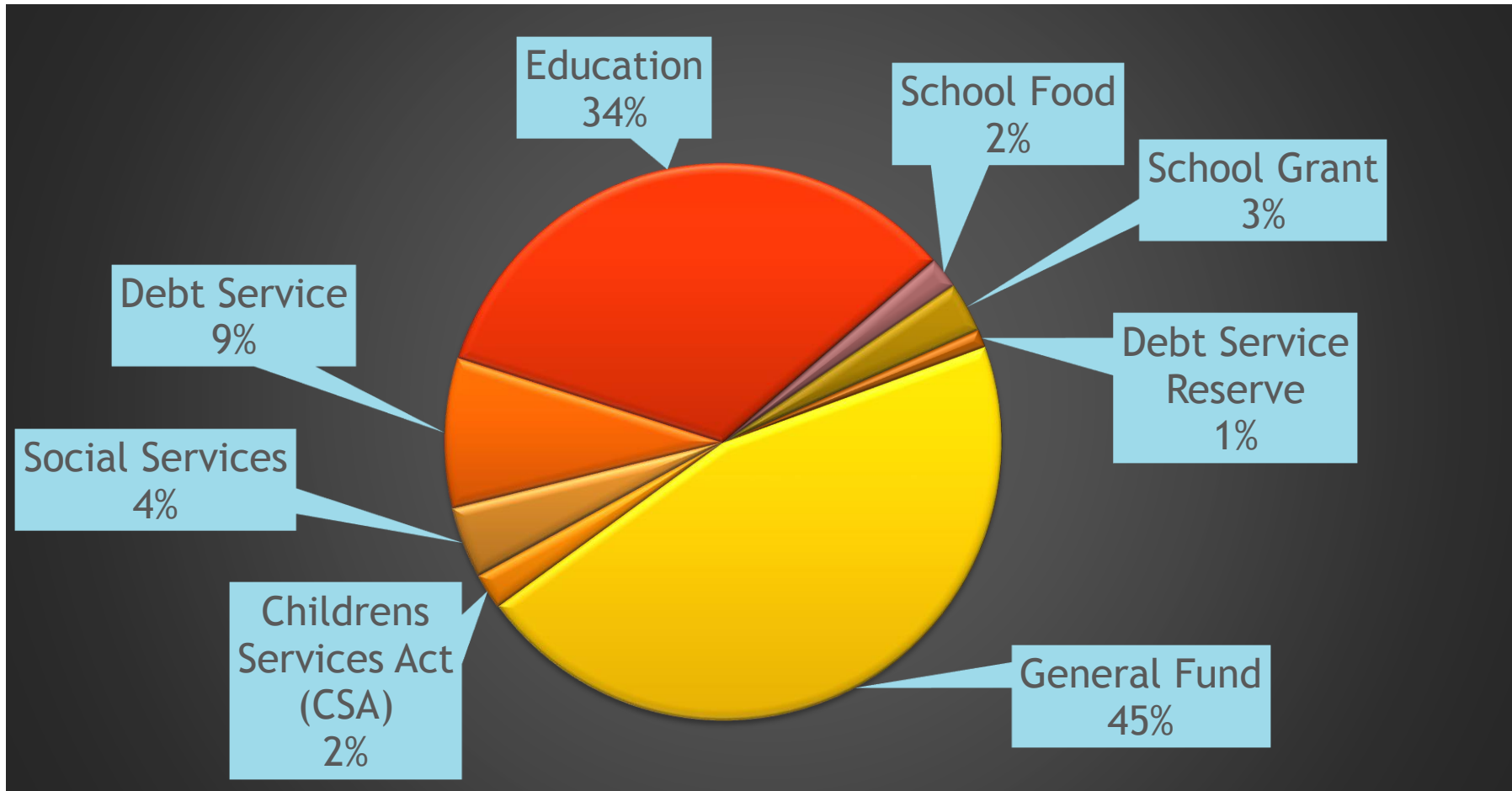
Business Category	Maximum Tax Rate
Contracting	\$0.16 per \$100 GR
Repair, Personal and Business Services	\$0.36 per \$100 GR
Financial, Real Estate & Professional	\$0.58 per \$100 GR
Wholesale	\$0.05 per \$100 GF

- ▶ Code of Va requires businesses to apply for a license between March 1 and May 1
- ▶ Implementation of BPOL would be effective for calendar 2018, with licenses being issued in spring 2018 on the basis of calendar 2017 gross receipts.

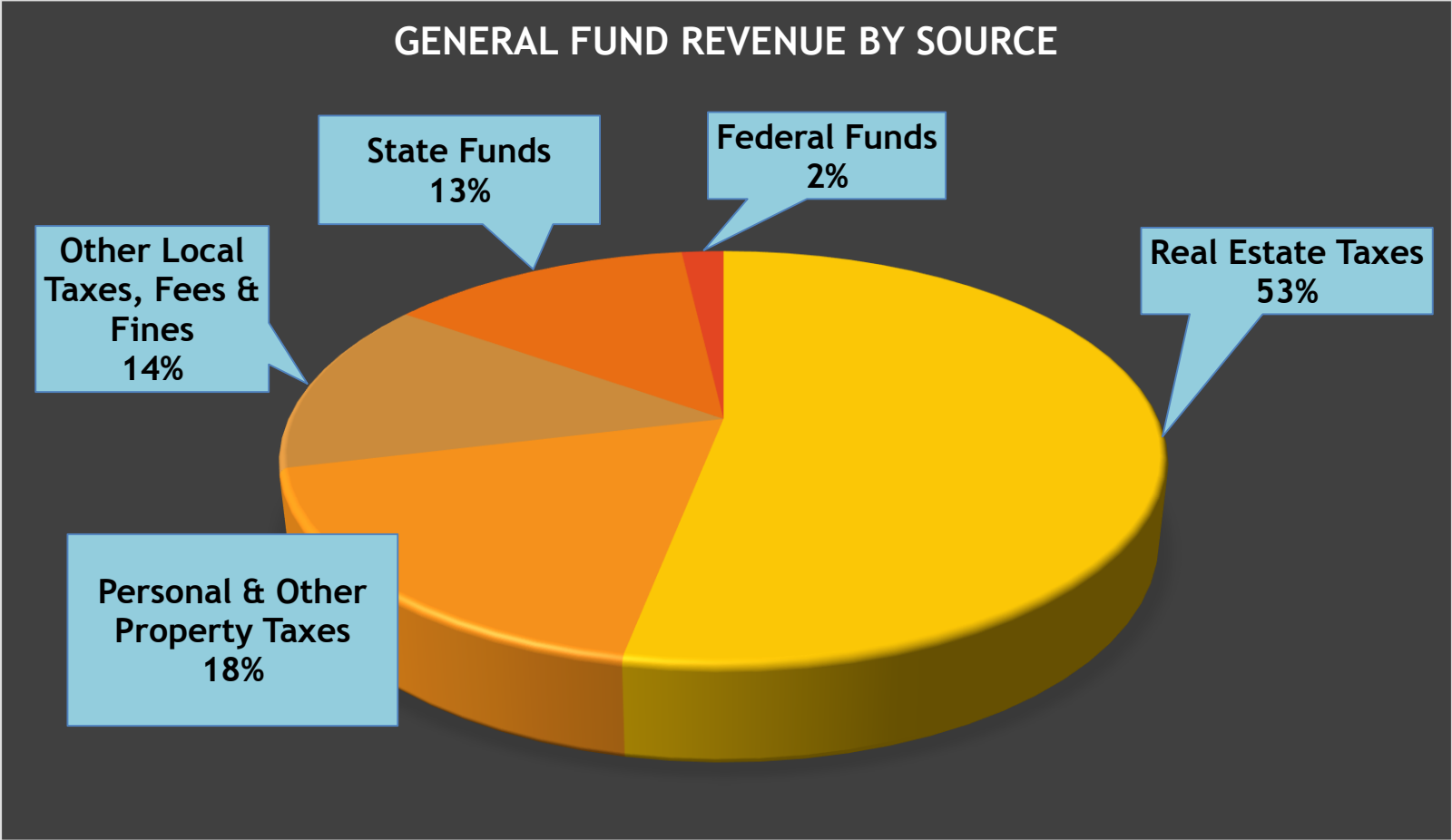
# Other Considerations Not Included in FY2018 Proposed Budget

▶ Reducing contributions to the volunteer fire departments	207,500
▶ Changing Land Use eligibility	????
▶ Other Outside Agency reductions:	
▶ Rappahannock Community College	15,400
▶ Essex Youth Football Association	5,000
▶ Essex County Little League	5,500
▶ 4 <sup>th</sup> of July Essex Little League	500
▶ Part-Time Extension Salary (4H)	18,094

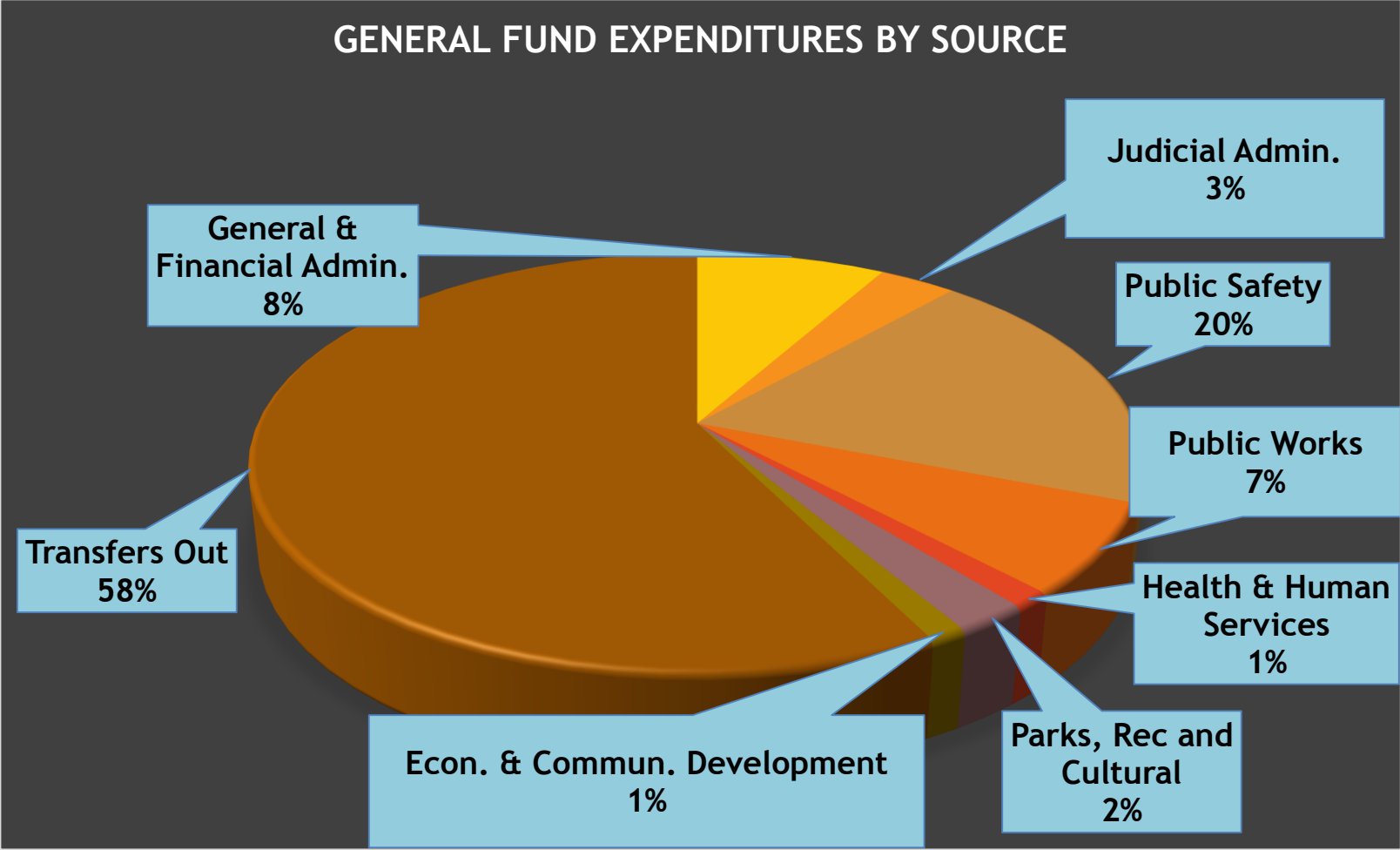
# County Administrator's FY17-18 Proposed Budget- All Funds \$47,849,212



# General Fund Revenues \$21,777,474



# General Fund Expenditures \$21,777,474





# Next Steps

- ▶ **Budget Work Sessions**
  - ▶ Focus on expenditure side of budget
  - ▶ Service level decisions
  - ▶ Changes for consideration
- ▶ **Decision matrix spreadsheet**

# Budget Calendar- Upcoming Dates

- ▶ March 14 4:00pm Work Session
  - ▶ Schools
  - ▶ Departments available for questions
- ▶ March 29 6:00pm Public Hearings & Work Session
  - ▶ FY18 Proposed budget
  - ▶ Tax Year 2017 Tax Rates
  - ▶ Decision matrix & Final adjustment
- ▶ April 11 7:00pm Adoption of County Budget and Tax Rates

Questions/ Comments