

Virginia: At the regular work session meeting of the Essex County Board of Supervisors held on Tuesday, May 9, 2023 at 5:00 p.m. in the School Board Meeting Room, at 109 S. Cross St., Tappahannock, Virginia:

Board of Supervisors Present:                 Robert Akers, Jr., Chairman  
  Ronnie G. Gill, Vice Chairman  
  Edwin E. Smith, Jr., Supervisor  
  Sidney N. Johnson, Supervisor  
  John C. Magruder, Supervisor

County Administration Present:             April Rounds, Interim County Administrator, Deputy Clerk

### **CALL TO ORDER**

Chairman Akers called the Regular Board of Supervisors Work Session of May 9, 2023, to order.

### **ROLL CALL**

The Clerk called out the roll for the Board of Supervisors; a quorum was met.

### **AGENDA**

No changes.

### **DISCUSSION**

#### **Town of Tappahannock Briefing – Eric Pollitt**

Eric Pollitt, Town Manager, wanted to speak to where the Town is at, what it has done the past couple of years. He stated that he and April had been working to plan a joint meeting later this summer or early fall. He started his position about 2 ½ years ago and did a town council retreat. At that retreat they developed a vision statement for the community, a mission statement for the organization, and set some goals and objectives for the 2021 2022 period. They had 5 goals at the retreat: 1) Comprehensive update of staff pay, 2) acquire property for public space and recreation use, 3) addressing the water and sewer infrastructure using ARPA funds, 4) Fleet maintenance and development of old airport, 5) Enhancing revenues.

# TOWN OF TAPPAHANNOCK

2023 COUNCIL

WHERE WE ARE

WHERE WE ARE GOING

- May 9<sup>th</sup>, 2023
- Eric Pollitt, Town Manager



## WHAT DID WE ACCOMPLISH SINCE THE 2021 RETREAT?

Town Council held its first ever retreat in 2021

At the retreat, Council developed:

- 1) A vision statement
- 2) A mission statement
- 3) Set goals and initiatives for the 2021-2022 calendar year period

# VISION STATEMENT

Tappahannock is a proud community, supported by over 400 years of history and dedicated to maintaining its attractive and safe environment. Cradled on the shore of the Rappahannock River, it is strategically placed at the crossroads of Central and Tidewater Virginia. The Town hosts world class medical services, modern infrastructure and provides opportunities to live, work and recreate where tradition meets the future. We celebrate and embrace a diverse, unified and involved community. The Tappahannock experience brings you back for life.

## MISSION STATEMENT

Tappahannock maintains a safe, secure and nurturing environment, ensuring sufficient resources to maintain and grow our staff, infrastructure and programs. We are fair and consistent in our business practices and treatment of our citizens and staff. The Town accepts its responsibility to be good stewards of its finances and the environment. Tappahannock continues to seek and employ enhancements to services, facilities and programs that improve the quality of life for our citizens, both current and future.

# COUNCIL'S 2021 -2022 RETREAT GOALS



1. Comprehensive Update of Staff Pay



2. Acquire property for public space usage



3. Understanding and addressing water and sewer challenges



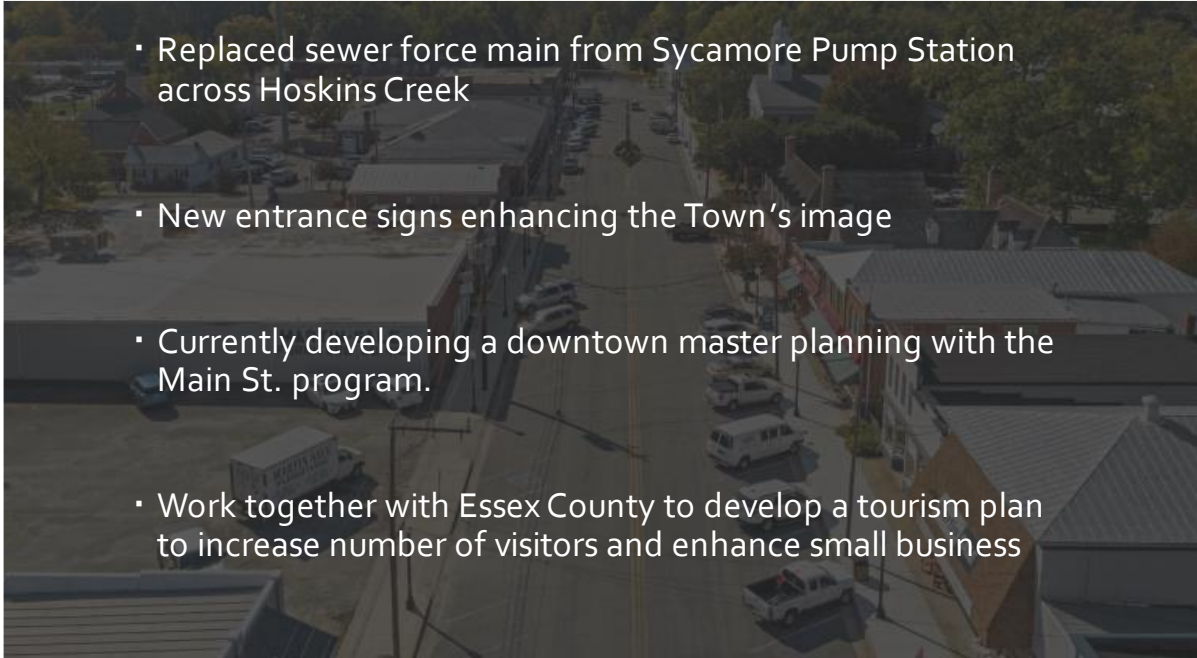
4. Fleet maintenance and development of airport (tied)



5. Enhance Revenue

## 2021-2022 OTHER INITIATIVES

- Replaced sewer force main from Sycamore Pump Station across Hoskins Creek
- New entrance signs enhancing the Town's image
- Currently developing a downtown master planning with the Main St. program.
- Work together with Essex County to develop a tourism plan to increase number of visitors and enhance small business



## 2021-2022 OTHER INITIATIVES CONT.

- Upgraded Old Creek Pump Station and other capital investments at the wastewater treatment plant.
- Updating of Comprehensive Plan and Zoning Map with Planning Commission.
- Approval of and installation of 'watch your speed' signs slowing down traffic.
- Acquired Mobile Data Terminals for Police Department.



## CURRENT STATUS

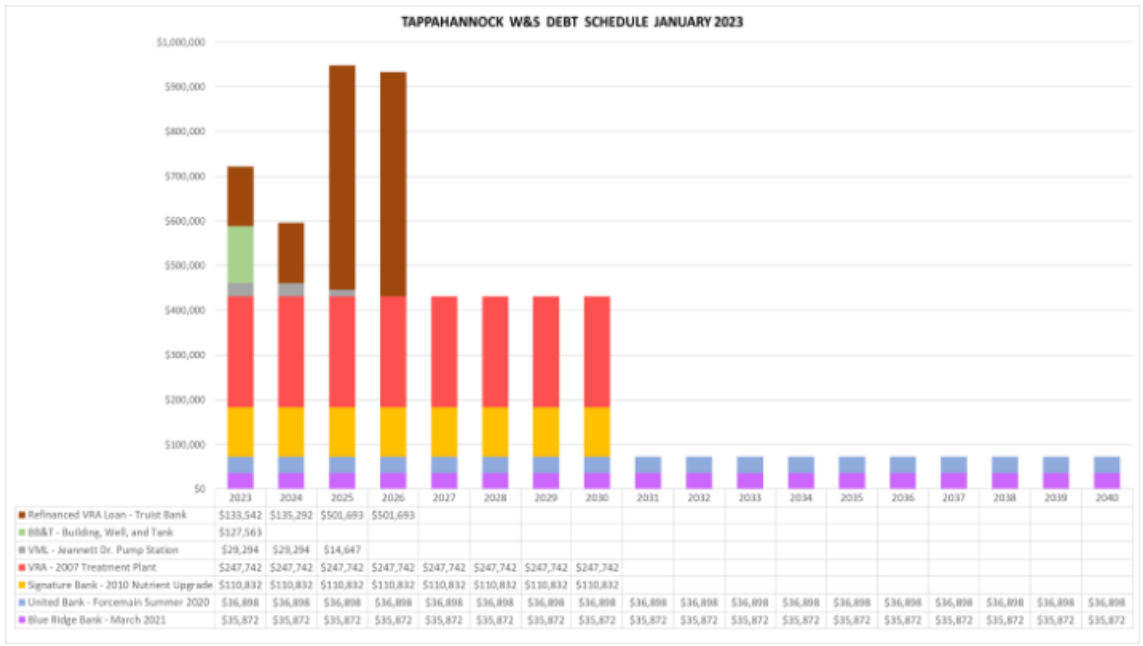


- As of this month, the Town is in good financial condition with a stable diversified economy. Not too heavily reliant on one employer, sector, or stream of revenue.
- After taking on these initiatives, our debt levels have increased. Some debt was planned and some not.

## CURRENT STATUS

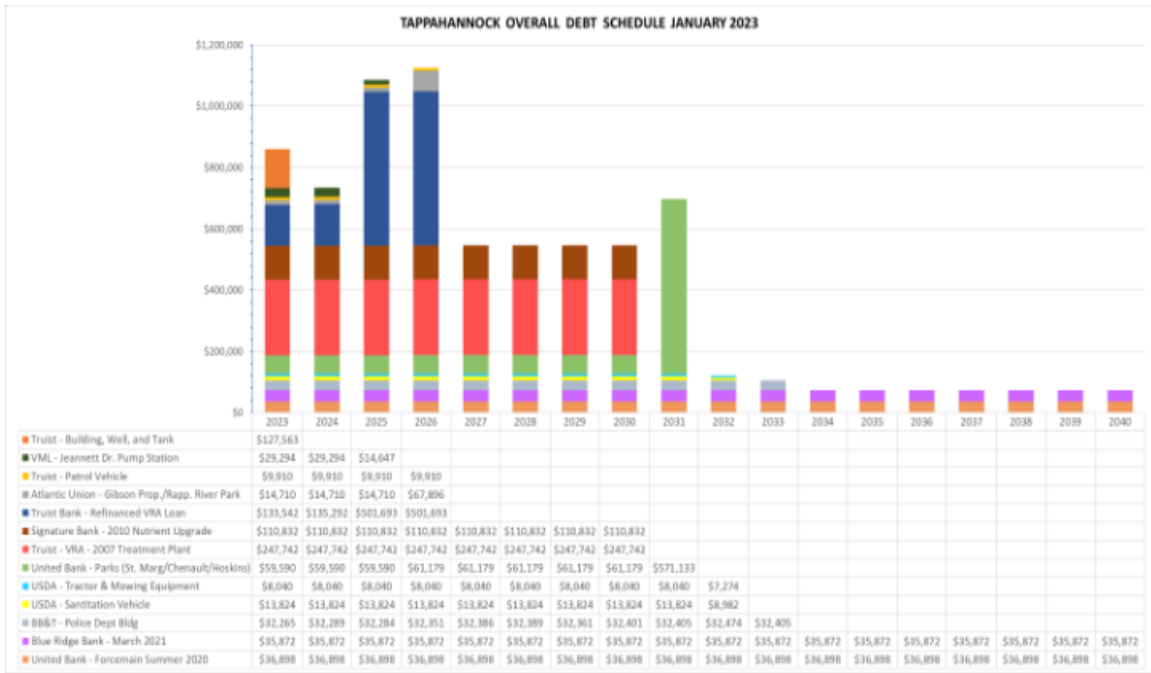


- We can maintain current debt levels for the time being without increasing structural financial risk.
- We can afford additional debt and projects but must be strategic in our investments.



Note – Refinanced VRA loan Essex County pays a portion and County will pay \$193,151 in 2025 and 2026

## WATER - SEWER FUND DEBT



Note – Can refinance United Bank Parks Loan remaining principal for an additional 10 years to avoid balloon payment

## OVERALL DEBT

## FUTURE INITIATIVES

- We are a growing, seeing more private capital investment over the last 5-10 years. Now we the Town are investing in the community in new ways we haven't before. Also, we are providing new services.
- What comes with a growing community is the need for additional staff for services in ALL areas, administration, customer service, park & facilities, water-sewer, public works, and police.
- We need to start thinking not only about our staff but our facilities capacity as well. Will need to expand some of our facilities.

# COLLABORATION

- Town Council has indicated interest in working with the Board of Supervisors on two capital projects.
- By working together, Council is expecting Town and County tax dollars to be spent on initiatives that benefit the greater community.
- There are 2 areas of future development Town Council would like to work together with Essex County:
  1. Downtown Improvements
  2. Industrial Park (Old Airport)

# PRINCE STREET AND DOWNTOWN



- The fire was devastating, but there were numerous vacancies downtown before the fire.
- A recommendation that came from the downtown master plan is enhanced streetscape features.
- Making downtown more attractive for pedestrians will draw people downtown and in turn more businesses.

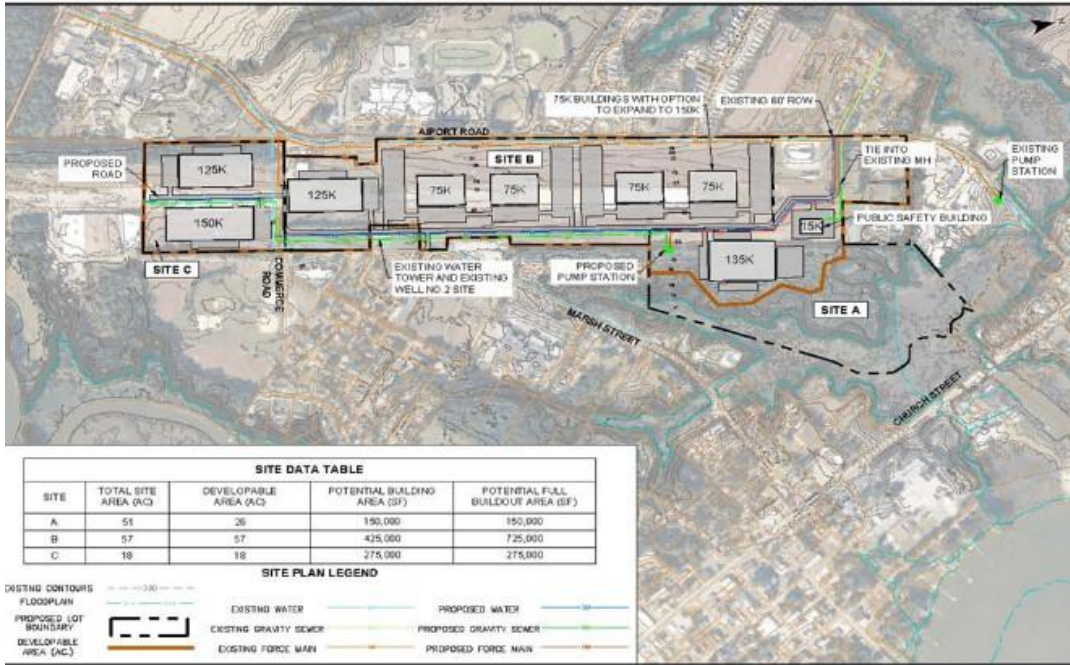




# INDUSTRIAL PARK DEVELOPMENT

- The industrial park is the greatest opportunity to attract higher wage paying employers to the region.
- It becomes much more affordable to develop this park with a thriving downtown and continued economic growth.
- This investment will benefit the tax base for both the County and Town.
- A 30 loan for \$5 million at 5% interest is roughly \$322,800 a year.





## INDUSTRIAL PARK

# BLOCKS OF DEVELOPMENT

HOSKINS CREEK

DOWNTOWN DEVELOPMENT

INDUSTRIAL PARK



## FINAL THOUGHTS

- The community desperately needs a new rescue squad building, but a plan has been finalized at the County level. This needs to be addressed together.
- They have a financial incentive to invest in Tappahannock, because it is a direct return on investment in Essex County.
- These are some areas Council would like to see the two governing bodies work together on.
- April and I are planning a joint meeting later this summer for a more in-depth discussion.

# AND NOW...



Thanks for your Attention and Patience



We look forward to working with you

## Minor Initiatives

- They had a unplanned capital project involving a sewer line going across Hoskins Creek that had to be addressed.
- They enhanced the entrance signs coming into town.
- They finished the master plan to enhance downtown not just aesthetically but also with foot traffic.
- They worked together with main street and the county on tourism plan to help promote small business.

## Other Initiatives

- Got the pump stations up to speed
- Currently working on updating comprehensive plan and adopted new zoning map.
- The speed signs that are in town.
- Getting mobile data terminals for the police department.

Currently the town is in pretty good financial condition. The economy is diversified but wanting to grow our small businesses as well. A majority of their debt system is in their utility system.

The town is growing. We have the Hampton Inn, Dunkin, Wawa. The Council is invested in the town.

## Collaboration with the Town and the County

- Capital projects not really day to day projects.

- Improving Downtown
- Development of the old airport property
- Helping to plan location and development of Rescue Squad building.

Any investment in the town is an investment in the County as well.

Supervisor Magruder asked if they could get a copy of the development plan of the old airport and the downtown plan as well? If we are going to work together on it, it would be nice to see the plan. Mr. Pollitt stated he could share the downtown master plan and the airport master plan.

Supervisor Johnson stated that he is impressed that he stepped out and reached out to them so they can begin working together.

Chairman Akers asked if part of the engineering development that they worked on had some area of that included in for the Rescue squad building correct? Mr. Pollitt stated it is on there and looks to be behind the fire station.

Chairman Akers also asked if the town had agreed to do the Boundary Line Adjustment for the new maintenance facility? Mr. Pollitt stated they liked the plan and have agreed to doing that.

Supervisor Magruder thanked April Rounds for setting this up and inviting the Town to the meeting.

#### Broadband/VATI Grant Update – Rob Hodges

Mr. Rob Hodges stated he has a two-page handout of what he is discussing. There is an update in 3 different areas. 1) 2023 VATI Announcement, 2) 2024 VATI Grant, 3) Broadband Equity Access and Deployment (BEAD).

- 1) 2023 VATI Grant we are still waiting on the Governor announcement for the award. Vice-Chairman Gill asked if any awards had been given out for Virginia yet? Mr. Hodges stated that none had been awarded. Supervisor Johnson asked what the holdup was? Mr. Hodges stated that it was the budget.
- 2) 2024 VATI planning has not started yet. It will start once the 2023 Grant is awarded. He believes they will accelerate the process. They have not announced a dollar amount yet but if it is similar to the past two years it will be in the \$50,000,000 range. It will under the DHCD umbrella.
- 3) BEAD The state, DHCD VATI is going to host three listening sessions regarding the BEAD program. May 16, May 17 and May 22. You can go in person or sign up to receive a virtual link. Vice Chairman Gill asked if Mr. Hodges would be attending that. He stated he was signed up for the May 16 session. The BEAD funding for state allocation will be on June 30<sup>th</sup>. The range for that is between \$800,000,000 and \$1,400,000,000 based off of who is remaining unserved in the state. After the 30<sup>th</sup> that is when the state will give their 5 year plan. If there are funds available after that they will start looking at smart farming, telehealth and online entrepreneurship.

BEAD dollars can't overlap other awards without a waiver. The example that impacts Essex County, through ARDOLF a couple of years ago there were three providers that won that across the state. One was Breezeline, one was SpaceX and one was Starry. The FCC has knocked out Space X and their ARDOLF award so those areas will be eligible for the BEAD awards. We would need a waiver to request federal dollars.

He believes that if we do not get the 2023 VATI Grant we would need to have a significant discussion on the ARPA funds.

Supervisor Smith asked if we do not get a VATI grant in the amount that we are looking for would we still not be able to apply for the BEAD? Mr. Hodges stated it would depend what area it was in. If it is in an area that does not have ARDOLF dollars than we could ask for federal dollars.

Vice-Chairman Gill asked if we get the VATI Grant does that preclude us from applying for 2024? Mr. Hodges stated we would not need to apply.

Vice-Chairman Gill asked if there was a specific day? Mr. Hodges said there is no specific day for announcing.

Supervisor Magruder asked if the BEAD program was federal program so they would transfer money to the state VATI and the VATI will then hand it out. Mr. Hodges stated that is correct.

#### Financial Policies Discussion – Davenport & Assoc.

Ted Cole had a presentation regarding the financial policy of the County.

# Financial Policy Discussion Materials

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Essex County, Virginia



May 9, 2023



## Contents / Agenda

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# Overview

# Overview



- Financial Policies that are adopted, adhered to, and regularly reviewed are recognized as a cornerstone of sound financial management.
  
- The Essex County Board of Supervisors has previously adopted a series of Financial Policy Guidelines dated March 10, 2015. The Adopted Financial Policy Guidelines include:
  - **Accounting Policy** - methods and procedures for accounting, fund structure and fixed assets.
  - **Audit Policy** - guidance for preparation of Annual Financial Statements.
  - **Budget Policy** - methods and procedures for preparing the Annual Budget and Amendments.
  - **Fund Balance Policy** – guidance on fund balance categories, procedures and minimum Unassigned Fund Balance Levels.
  - **Reserve Policies** – procedures for utilization/re-establishment of fund balance and establishment of Capital Improvement Reserve Fund.
  - **Debt Policies** - guidance and limitations on utilization of Long-Term Debt, including target, minimum or maximum levels for key debt ratios.
  
- As part of the FY 2024 Budget the County is reviewing existing financial policies for potential revisions and enhancements based on the current financial standing, operating and capital budgets, with a particular focus on financial policy metrics:
  - Fund Balance Policies;
  - Debt Policy Guidelines ; and
  - Other related financial / debt considerations.
  
- The County Board and staff may consider further enhancements to the existing policies related to Accounting, Auditing and Budgeting methods/procedures.



# Credit Rating Overview



# Credit Ratings and Peer Comparatives



- Essex County is not currently rated by any of the Rating Agencies.
- For perspective, the following pages compare Essex County's key financial ratios to those of rated counties in Virginia and across the Nation.

Moody's Investors Service
Aaa
Aa1
Aa2
Aa3
A1
A2
A3
Baa1
Baa2
Baa3
Non Investment Grade

## National Moody's Rated Counties

	Number of Credits	Percentage of Credits
Aaa	110	14.9%
Aa	501	67.7%
A	129	17.4%
<b>Total</b>	<b>740</b>	<b>100.0%</b>



## Virginia Moody's Rated Counties

	Number of Credits	Percentage of Credits
Aaa	11	32.4%
Aa	17	50.0%
A	8	17.6%
<b>Total</b>	<b>34</b>	<b>100.0%</b>



VA 'Aaa': Albemarle, Arlington, Chesterfield, Fairfax, Goochland, Hanover, Henrico, James City, Loudon, Prince William, Stafford

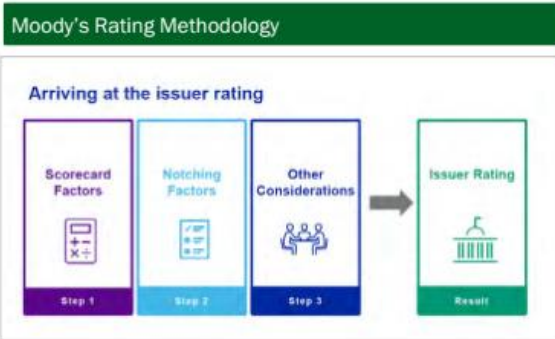
VA 'Aa': Botetourt, Campbell, Caroline, Culpeper, Franklin, Isle of Wight, King George, Montgomery, Orange, Pittsylvania, Powhatan, Prince George, Pulaski, Spotsylvania, Warren, Westmoreland, York

VA 'A': Appomattox, Henry, Smyth, Southampton, Washington, Wise

Note: The data shown in the peer comparatives is from Moody's Municipal Financial Ratio Analysis database and obtained prior to the change in data provided by Moody's.

Essex County is not rated and has not been rated. It is not because the County is not Credit worthy. The County has not needed a bond rating. The way the County as issued debt in the past by bank financing or the state resources you don't need a bond rating to go through those processes.

# Moody's Rating Agency Methodology



**Moody's Issuer Scorecard Categories**

Category	Rating Percentage	Short Term Control	Long Term Control
Economy	30%		✓
Financial Performance	30%	✓	✓
Institutional Framework	10%		✓
Leverage	30%	✓	✓

**Issuer Rating Scorecard**

<b>1. Economy</b>	
Resident Income	10%
Full Value Per Capita	10%
Economic Growth	10%
Subtotal	30%
<b>2. Financial Performance (All Funds)**</b>	
Available Fund Balance Ratio	20%
Liquidity Ratio	10%
Subtotal	30%
<b>3. Institutional Framework</b>	
Institutional Framework	10%
Subtotal	10%
<b>4. Leverage (All Funds)**</b>	
Long-term Liabilities Ratio	20%
Fixed-Costs Ratio	10%
Subtotal	30%
<b>Grand Total</b>	<b>100%</b>

Vice Chairman Gill asked how they define short term? Mr. Cole stated yearly, as part of your budget.



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# Financial Policy Discussion



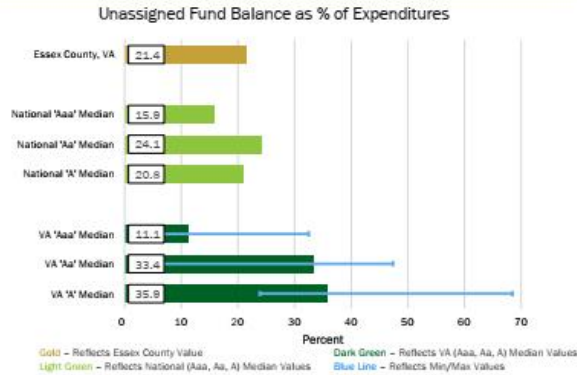
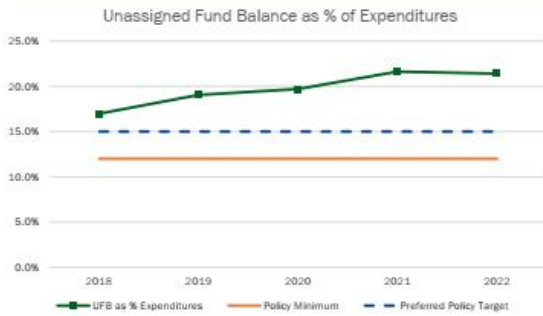
## Fund Balance / Reserve Policies - Existing



- The County's existing Fund Balance and Reserve Policies are included in Appendix A. A summary of key components is included below:
- Fund Balance Policy Overview:
  - It is the policy of Essex County to use funds from the fund balance categories in order of most restrictive to least restrictive, as appropriate. For example, for an allowable expenditure, restricted fund balances will be spent before committed, and committed before assigned fund balances when funds designated for the same purposes are available in multiple categories.
  - The County shall maintain an unassigned fund balance at fiscal year-end for the purposes of unanticipated expenditures, to provide for cash flow reserves during the fiscal year due to the timing difference between the receipt of revenues and disbursement of expenditures, and to meet reserve policies and bond covenants.
  - The County shall endeavor to achieve and thereafter maintain to the extent practicable a year-end balance at an amount equal to a minimum of 12% of governmental fund expenditures, with a preferred target of 15% of governmental fund expenditures, less any Capital Outlay projects funded with Bond Proceeds.
- Reserve Policy Overview:
  - The County Board may, from time-to-time, appropriate unassigned fund balances that will reduce available fund balances below the 12% minimum unassigned fund balance for the purposes of a declared fiscal emergency or other such global purpose as to protect the long-term fiscal security of the County. In such circumstances, the Board will adopt a plan to restore the available fund balances to the policy level within 36 months from the date of the appropriation. If restoration cannot be accomplished within such time period without severe hardship to the County, then the Board will establish a different but appropriate time period.
  - In recognition of the incremental costs of capital improvements and their future maintenance and replacement costs, the County will establish a Capital Improvements Reserve Fund. The level of the Fund will be determined on an annual basis and incorporated into the County's Annual Operating Budget. This Fund will be initially established at some minimum level based upon a further evaluation of future capital improvements needs (inclusive of pay-go capital).

Supervisor Johnson asked if the Capital Improvements Reserve Fund be determined by the Capital Improvements for the year? Mr. Cole stated that is part of it but put more structure behind the policy. You have your unassigned policy minimum 12% target 15% and we are there and then some. Then you have the Capital Improvement Reserve fund that isn't funded currently and to get in a more disciplined or defined method of how is it that money will go to that fund and what basis, how do we calculate it.

# Historical Fund Balance Performance



Fiscal Year	2018	2019	2020	2021	2022
1 Unassigned Fund Balance	\$ 6,303,974	\$ 6,687,306	\$ 7,012,368	\$ 8,138,455	\$ 8,721,629
2					
3 Expenditures					
4 Total Governmental Funds	\$ 26,959,035	\$ 24,870,730	\$ 25,106,401	\$ 26,914,975	\$ 25,320,659
5 Total School Funds	18,450,625	17,924,341	17,344,757	17,894,160	22,128,142
6 Less: Local Contribution to Schools	(8,254,762)	(7,655,307)	(6,830,476)	(7,149,884)	(6,665,207)
7 Adjusted Expenditures	\$ 37,154,898	\$ 35,139,764	\$ 35,620,682	\$ 37,659,251	\$ 40,783,594
8					
9 UFB as % Expenditures	17.0%	19.0%	19.7%	21.6%	21.4%
10 Policy Minimum	12.0%	12.0%	12.0%	12.0%	12.0%
11 Preferred Policy Target	15.0%	15.0%	15.0%	15.0%	15.0%

Note: 2021 Expenditures have been adjusted downward by \$6,140,000 for the issuance of the 2020 refunding bond through VRA and \$728,941 for the premium on that bond.



May 9, 2023

Source: Audits, Moody's MFRs

Essex County, Virginia 10

Chairman Akers asked about the Capital Improvement Reserve would be if we didn't want to change these limits we could have Capital Reserve that doesn't exceed a preferred 5% of budget and not fall below 3%. Mr. Cole stated that they could be an option as well.

Supervisor Johnson asked if the capital reserve was not in the formula for the denominator. Mr. Cole stated if you funded a capital reserve it would not be part of the formula.

Mr. Cole stated they should look at this so that they can work on a new plan to vote on next month.



# Fund Balance / Reserve Policies – Potential Enhancements



- Consider increasing Targeted Fund Balance and/or Minimum Fund balance above current levels given historical performance and known cash flow needs:
  - Current Unassigned Fund Balance Target: 15%
  - Current Unassigned Fund Balance Minimum: 12%
  
- Consider adding a more detailed calculation methodology and/or addressing the specific components involved in the calculation (e.g. General Fund vs. Governmental Fund Balance/expenditures, how the local school contribution is handled in the calculation, etc.).
  
- Consider combining current Fund Balance and Reserve Policy sections.
  
- Related to the Capital Improvements Reserve Fund (Reserve Policy #2), consider being more specific with the initial funding level or simply state that unassigned fund balances in excess of the 15% target could be held in the Capital Improvements Reserve Fund.

## Debt Polices - Existing

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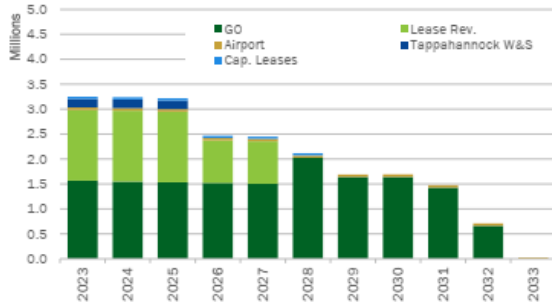


- The County will confine long-term borrowing to capital improvement or projects that cannot be financed from current revenues except where approved justification is provided.
- The County will utilize a balanced approach to capital funding utilizing debt financing, draws on capital reserves and/or fund balances in excess of policy targets, and current-year (pay-as-you-go) appropriations.
- When the County finances capital improvements or other projects by issuing bonds or entering into capital leases, it will repay the debt within a period not to exceed the expected useful life of the project. Target debt ratios will be annually calculated and included in the review of financial trends.
- Outstanding debt of the County whether general obligation, lease revenue or subject to annual appropriation, shall not exceed 3.5% of the assessed valuation of real property. Annual debt service spending should target 10% or less and shall not exceed 12% of total annual general fund expenditures net of interfund transfers and inclusive of Essex County School Board's expenditures. The ten-year payout ratio for all County debt shall target a minimum of 55% of total principal outstanding. These ratios will be measured annually.
- Where feasible, the County will explore the usage of special assessment, revenue, or other self-supporting bonds instead of general obligation bonds.
- The County will only issue tax anticipation debt due to unforeseen circumstances and where cash flow projections identify an absolute need, and will retire any such tax anticipation debt annually. Bond anticipation debt will be retired within six months after completion

# Existing Tax Supported Debt



## Tax Supported Debt Service



## Tax Supported Debt Service

FY	Principal	Interest	Total	10-Yr Payout
<b>Total</b>	<b>\$ 16,726,174</b>	<b>\$5,601,816</b>	<b>\$22,327,990</b>	
2023	2,367,302	881,858	3,249,159	99.9%
2024	2,420,385	818,391	3,238,777	100.0%
2025	2,470,045	748,191	3,218,236	100.0%
2026	1,786,895	679,155	2,465,849	100.0%
2027	1,833,347	615,990	2,449,337	100.0%
2028	1,555,313	561,719	2,117,032	100.0%
2029	1,166,847	523,811	1,690,458	100.0%
2030	1,183,752	498,240	1,681,992	100.0%
2031	1,215,748	260,879	1,476,427	100.0%
2032	692,283	17,424	709,707	100.0%
2033	24,456	560	25,016	100.0%

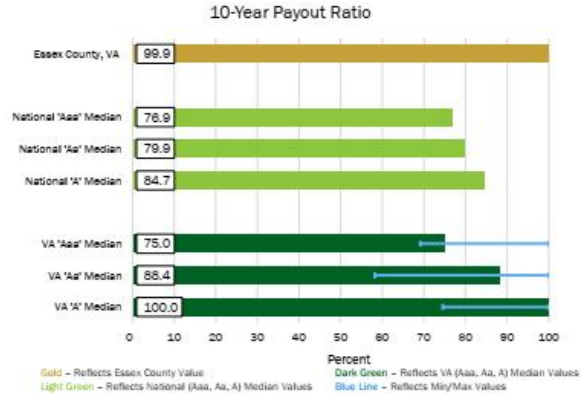
## Par Outstanding – Estimated as of 6/30/2022

Type	Par Amount
General Obligation	\$10,154,159
Lease Revenue <sup>(1)</sup>	5,440,000
Airport Obligations (County Portion) <sup>(2)</sup>	413,731
Tappahannock Water & Sewer (County Portion) <sup>(2)</sup>	483,333
County Capital Leases <sup>(3)</sup>	234,951
Other Lease Liabilities <sup>(4)</sup>	Not Included
<b>Total</b>	<b>\$16,726,174</b>

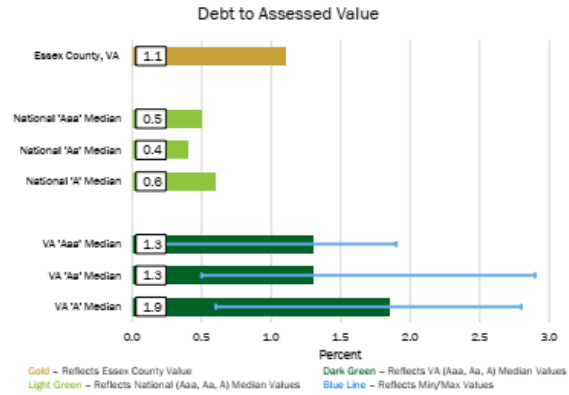
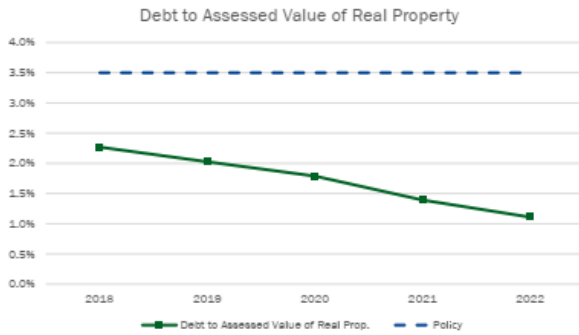
### Notes:

- 2011 VPBA QSCB debt service is shown per sinking fund requirements, gross of earnings and with gross interest expense. At 12/15/2011, the published QTCB (subsidy) rates were above/in-line with the stated coupon rate of 4.25%. Therefore, at issue, interest expense should be fully subsidized by the Federal Government. However, due to sequestration, a reduction in subsidy was implemented. Currently, the sequester reduction is 8.8%; subject to County confirmation of actual subsidy receipts.
- County debt obligations related to Tappahannock-Essex County Airport Authority and Tappahannock Water & Sewer are reflected in the Debt Profile based upon previous discussions with the County.
- Includes debt service payments related to the September 1, 2017 Lease Purchase Agreement for Mobile Radio System.
- Lease liabilities entered into by the County on 7/3/2021 (GASB 44 lease obligations) are not included for purposes of this analysis.

# Historical Performance – 10-year Payout Ratio

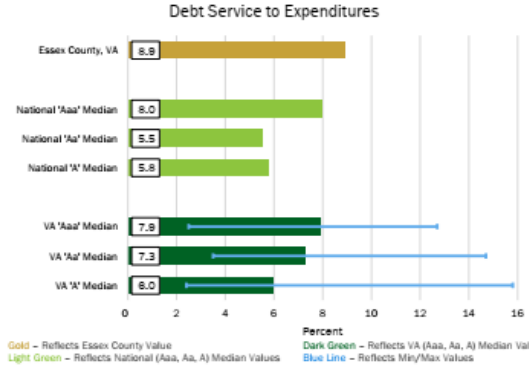
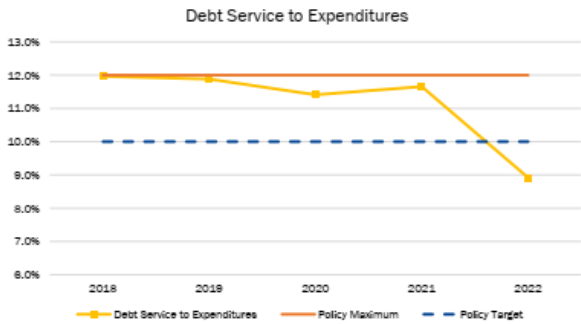


# Historical Performance – Debt to Assessed Value



Outstanding Debt as of June 30,	2018	2019	2020	2021	2022
<b>1 Tax-Supported Debt</b>					
2 County	\$ 4,692,641	\$ 4,166,235	\$ 3,623,364	\$ 2,737,561	\$ 2,272,653
3 School	23,020,493	20,693,849	18,423,540	15,700,084	13,556,457
4 Airport (County Portion)	526,717	500,329	472,741	443,895	413,732
5 Water & Sewer (County Portion)	1,028,963	902,222	769,037	629,407	483,333
<b>6 Total Tax-Supported Debt</b>	<b>\$ 29,268,814</b>	<b>\$ 26,262,635</b>	<b>\$ 23,288,682</b>	<b>\$ 19,510,947</b>	<b>\$ 16,726,175</b>
7					
8 Assessed Value of Real Estate	\$ 1,291,693,471	\$ 1,296,806,253	\$ 1,302,914,819	\$ 1,402,522,505	\$ 1,509,472,757
9					
10 Debt to Assessed Value of Real Prop.	2.3%	2.0%	1.8%	1.4%	1.1%
11 Policy	3.5%	3.5%	3.5%	3.5%	3.5%

# Historical Performance – Debt Service to Expenditures



Fiscal Year	2018	2019	2020	2021	2022
1 Governmental Debt Service	\$ 4,289,748	\$ 4,175,437	\$ 4,064,257	\$ 4,388,992	\$ 3,637,652
2					
3 Expenditures					
4 Total Governmental Expenditures	\$ 25,653,569	\$ 24,870,730	\$ 25,106,401	\$ 26,914,975	\$ 25,320,659
5 Transfers In	478,243	3,928,490	4,459,972	3,913,264	4,035,739
6 Transfers Out	(478,243)	(3,928,490)	(4,459,972)	(3,913,264)	(4,035,739)
7 Plus: Essex Co. School Board Exp.	18,450,625	17,924,341	17,344,757	17,894,160	22,128,142
8 Less: Local Contribution to Schools	(8,254,762)	(7,655,307)	(6,830,476)	(7,149,884)	(6,665,207)
9 Adjusted Expenditures	\$ 35,849,432	\$ 35,139,764	\$ 35,620,682	\$ 37,659,251	\$ 40,783,594
10					
11 Debt Service to Expenditures	12.0%	11.9%	11.4%	11.7%	8.9%
12					
13 Policy Maximum	12.0%	12.0%	12.0%	12.0%	12.0%
14 Policy Target	10.0%	10.0%	10.0%	10.0%	10.0%

Note: 2021 Debt Service has been adjusted downward by \$6,140,000 for the issuance of the 2020 refunding bond through VRA and \$728,941 for the premium on that bond. 2022 Debt Service does not include that for the GASB 44 lease obligations.

## Debt Policies – Potential Enhancements



- Consider revisiting policy levels in conjunction with the potential debt issuance and other Capital Funding needs identified in the County's Capital Improvement plan:
  - Outstanding debt of the County whether general obligation, lease revenue or subject to annual appropriation, shall **not exceed 3.5%** of the assessed valuation of real property.
  - Annual debt service spending should **target 10%** or less and shall **not exceed 12%** of total annual general fund expenditures net of interfund transfers and inclusive of Essex County School Board's expenditures.
  - The ten-year payout ratio for all County debt shall target a **minimum of 55% of total principal outstanding**.
- Consider adding more detailed calculation methodologies and/or addressing the specific components involved in each calculation (e.g. specific Tax Supported Debt, further detail expenditure calculations to define expenditure base including General Fund vs. Governmental Funds and specifics regarding school components.).
- Consider adding the following language to address potential of periods exceeding policy limits:
  - "5. In the event that the County anticipates exceeding the policy requirements stated in items 4 above, Staff may request an exception from the Governing Body setting forth the reason and need for the exception and length of time estimated to retire the debt.

## Other Related Financial / Debt Policy Considerations



- The County may consider supplementing the existing Financial Policy Guidelines to incorporate other related Financial / Debt Policy matters, including:
  - Financial Policy Review, Monitoring and Reporting: Annual review/report and re-adoption of Policies as part of Budget process.
  - School Capital Reserve: Establishment of reserves to fund School capital, subject to specific annual funding limits and maximum balances.
  - Cash and Investment Policies: Restate the constitutional authority for investment, eligible investments, internal controls, and information support to make more informed investment decisions.
  - Capital Improvement Policies: Establishment of a capital improvement plan, inclusive of all County Departments and Schools, as part of annual budget process.
  - Post Debt Issuance Guidelines: Establishment of procedures for Arbitrage Rebate compliance, Record Retention and Continuing Disclosure.
  - Budget Reporting: Establishment of a monthly/quarterly budget-to-actual financial report for the Board of Supervisors.
  - Budget Policy: In an effort to enhance transparency and consistency across all budgeting activities, consider amendments to the budget policy.



## Potential Next Steps



- Further evaluate and refine potential policy enhancements in conjunction with the County's Capital Improvement Plan, Operating Budget and Cash Flow needs.
- Revise Financial Policy document enhancements based on feedback from the Board of Supervisors.
- Work with County Staff to incorporate adjustments to existing Accounting, Auditing and Budgeting Policies outlining methods/procedures.
- Present updated financial Policy Document for Board of Supervisors consideration on June 13<sup>th</sup>.

Chairman Akers asked if the June meeting could have the work session to be able to update the financial policy.

Administrator Rounds stated that looking at it in June would be better since we are looking at a 2015 policy.



# Appendix A | Existing Financial Policies with Davenport Blacklined Comments & Observations

Financial Policies

Accounting Policy

1. General

- a. an accounting policy addresses the accounting methods utilized in the different fund types for revenues, expenditures, assets, liabilities, and fund equity;
- b. An accounting policy also addresses the process through which revenues are collected and disbursements made.

2. Standards

- a. Generally Accepted Accounting Principles (GAAP)
- b. Governmental Accounting Standards Board (GASB)
- c. Code of Virginia
- d. Commonwealth of Virginia's Library and Archives Public Records Management
- e. Auditor of Public Accounts Uniform Financial Reporting Manual

3. Financial Statements

- a. All activities for which the county exercises oversight responsibility are incorporated into the financial statements to form the reporting entity.
- b. Include legally separate organizations which:
  - i. The County appoints a majority of the governing board and either
  - ii. The County can impose its will
  - iii. Or there exists a financial benefit or burden
  - iv. Or there is a fiscal dependence
- c. The School Board and all of its funds (School Operating, Grants, Child Nutrition) are classified as a Component Unit of the County.
- d. EDA
- e. Airport Authority
- f. The County's [Comprehensive Annual Comprehensive Financial Report \(ACFRCAFR\)](#) will be prepared at the conclusion of the County audit.

4. Fund Accounting

- a. Accounts are organized on the basis of funds, each of which is considered to be a separate accounting entity.
- b. Operations of each fund are accounted for with a separate set of self-balancing accounts, which comprise its assets, liabilities, fund equities, revenues, and expenditures or expenses as appropriate.

- c. Modified accrual basis of accounting will be followed by the governmental funds and agency funds with revenues recognized when measurable and available and expenditures recognized when incurred, with the exception of interest on long-term debt, which is recognized when due.
- d. Proprietary fund types will follow accrual basis of accounting with revenues recognized when due.
- e. Purchase orders, contracts, and other commitments for expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

#### 5. Fixed Assets

- a. Fixed assets shall be capitalized for individual items greater than \$5,000, with the exception of buildings, building improvements, construction in progress, intangible assets and land.
- b. Buildings, building improvements, construction in progress and tangible assets shall be capitalized for units greater than \$50,000.
- c. Land shall be capitalized regardless of cost.
- d. Fixed assets shall be depreciated over the estimated useful life of the asset. Enterprise funds will recognize depreciation expense.

## Audit Policy

1. General
  - a. Audit policy provides guidance on the selection of an independent accounting firm to provide opinions and/or reports on the County's financial statements and internal controls in compliance with Federal and State Standards.
2. Standards
  - a. General Accepted Auditing Standards (GAAS).
  - b. Governmental Auditing Standards issued by the Comptroller General of the United States.
  - c. Specifications for Audit of Counties, Cities, and the Commonwealth of Virginia.
  - d. Office of Management and Budget (OMB) Circular 133-A Audits of States and Local Governments and Non-Profit Organizations.
  - e. Code of Virginia.
3. Planning and Performance
  - a. To obtain reasonable assurance as to whether the financial statements are free of material misstatement by examining on a test basis evidence supporting the amounts and disclosures in the financial statements.
  - b. To maintain compliance with the Single Audit Act.
  - c. To perform additional audits of County, School Board and Constitutional Officer activities based upon risk assessment of activity, function or process.
4. Selection of Auditors
  - a. Auditors will be selected to perform annual audits through a request for proposal (RFP) process every five years, unless otherwise approved by the Board of Supervisors. The selection of the auditors will be made jointly between the County and Schools.

## Budget Policy

### 1. General

- a. The County's budget policy will address the processes by which a budget is formulated from departmental requests to Board of Supervisors' adoption and other issues presented to the Board of Supervisors during the budget process.
- b. A budget policy addresses the authorization levels for the approval of the annual budget and all budget adjustments for revenues and expenditures of all funds.
- c. The state code requires that the School Board present a balanced budget, in which revenues equal expenditures, to the county on or before April 1. This budget document covers the period from July 1 through June 30.
  - i. There are three primary phases in the budget development process:
    1. Superintendent's Proposed Operating Budget (administrative recommendation presented to the School Board);
    2. School Board Proposed Budget (School Board recommendation to the County Board of Supervisors, and;
    3. School Board Adopted Budget (School Board adopted operating budget based on funding authorization/appropriation by County).
  - ii. The county approves the appropriation for the school system generally no later than May 15. Following the approval of total budget appropriation, the School Board makes the necessary adjustments to their budget proposal and adopts a final budget.
  - ~~iii. The County is responsible in setting the overall (lump sum) appropriation and does not exercise "line-item" authority over the School Budget, this is vested with the School Board. Therefore, the remainder of this policy does not apply to the School~~
- d. To maintain a budgeting control system that helps the County adhere to the budget, with monthly status reports comparing actual revenues and expenditures to budgeted amounts.
- e. To establish a risk management program to safeguard public assets held in trust and to minimize the financial liability arising from accidental injury or death.
- f. To provide for adequate maintenance of capital plant and equipment and develop a capital asset replacement schedule from the fixed asset inventory records.
- g. To remain current in payments to the Virginia Retirement System and to

- pursue legislative options that reduce or eliminate unfunded pension liabilities.
- h. To annually increase the proportion of expenditures providing direct services to total budgeted expenditures and to annually decrease the proportion of expenditures supporting administration or other non-direct service activities.
  - i. To finance recurring expenses from recurring revenue sources and to not develop a dependency, within the operating budget, on nonrecurring revenue sources.

## 2. Standards

- a. Generally Accepted Accounting Principles (GAAP)
- b. Uniform Financial Reporting Model of the Auditor of Public Accounts of the Commonwealth of Virginia.
- c. Code of Virginia.

## 3. Budget Objectives

- a. The County Administrator will identify proposed budget objectives and budget schedule to be presented to the Board of Supervisors.
- b. The budget objectives will be used as the foundation in the formulation of the County Administrator's Recommended Budget and the Budget Schedule will identify important dates throughout the budget preparation and adoption period.
- c. At least once every four years, the County will reassess services and service levels.
- d. The following objectives shall be reviewed during the annual budget process:
  - i. Anticipated property tax rate and assessment changes.
  - ii. Provision of adequate employee compensation.
  - iii. Compliance with financial policies.
  - iv. Vehicle replacement programs.
  - v. Reserve for contingencies within the budget year will be appropriated in the General Fund at an amount equal to at least 0.5 of the General Fund budget whenever practicable.
  - vi. Enterprise funds will be self-supporting through revenues generated from their enterprise activities.
- e. The following items will occur in conjunction with the budget preparation and adoption process unless it has been determined that the proposed item is needed in a more expedited manner, in which case the Board of Supervisors approval is required.
  - i. Ordinance change involving fee/rate changes.
  - ii. New positions or changes to existing positions.
  - iii. Requests for bond referendums for which the results of the referendum will occur prior to the appropriating of bond proceeds

- and expenditures.
- iv. Reimbursement resolutions for debt financed capital projects that would allow certain appropriated expenditures to occur prior to the receipt of debt proceeds.
- v. Acquisition of vehicles.
- vi. Assessment of property values for tax purposes by the Commissioner of the Revenue.
- vii. Estimate of year-end fund balances by the Treasurer.

#### 4. Budget Preparation

- a. The County Administrator will establish a budget schedule by the second Tuesday in October, which will include important dates throughout the budget preparation period.
- b. All departments, excluding the School Board will submit their requested budget to the County Administrator by February 1 or as soon as practicable thereafter, with the requested budget providing detail to personnel, operating and capital requests, including five-year capital improvement program requests, and performance objectives as well as capital improvement needs through the next ten years that are anticipated to be considered for inclusion in the CIP in five years.
- c. County Commissions, Volunteer Organization, and Other Organizations.
  - i. All community organizations shall submit their requests for contributions to the County Administrator's office.
  - ii. The volunteer fire departments and EMS shall assist in the formation of the Fire and EMS budgets.
  - iii. The Community Services Board and Social Services Board shall approve the departmental budget of their respective organizations prior to submission to the County Administrator's Office.
- d. At a meeting of the Board of Supervisors in March, the County Administrator shall submit to the Board of Supervisors a proposed budget, which includes proposed expenditures, segregated at the departmental level between personal services, operating expenditures and capital outlay, and a means of financing the expenditures for the fiscal year commencing July 1.
- e. A consolidated Public Hearing on the budget, ordinance changes, and personal property tax rates with a separate public hearing on the real property tax rate change, if applicable, shall be held no later than five weeks after the County Administrator submits the proposed budget.
- f. The consolidated Public Hearing notices shall appear at least seven days prior to the Public Hearing date, or such period of time as is required by law.
- g. The proposed budget summary shall be placed on the County's web page.



5. Budget Adoption – Consider making these policies part of the annual budget document so that they can be reviewed/discussed annually (perhaps at the Board’s January organizational meeting) and amended as needed. They can be approved/reapproved as part of the budget adoption.

- a. As soon as practicable following the Public Hearing, the Board of Supervisors will adopt a balanced budget.
- b. The budget is legally enacted through passage of an Appropriations Resolution for all governmental and proprietary fund types that places legal restrictions on expenditures at the function level or category level.
- c. Although legal restrictions on expenditures are established at the function or activity level, effective administrative control over expenditures is maintained through the establishment of more detailed line-item budgets.
- d. At all times and notwithstanding anything in these policies to the contrary, the County will maintain compliance with the Code of Virginia in appropriating funds, advertising public notices, ordinance changes, requests for referendums, and any other legal restrictions imposed upon localities.
- e. Included with the budget resolutions is approval for the re-appropriation of all encumbered balances and capital project unencumbered balances at fiscal year-end.
- f. The Adopted Budget Document will be placed on the County's web page.

6. Budget Amendments

- a. Any additional appropriation which increases the total budget by more than 1 of the total budget will be advertised for a Public Hearing at least seven days prior to the Board of Supervisors' approval of transfer, or as otherwise required by the Code of Virginia.
- b. All transfers requiring Board of Supervisors' approvals that have been initiated from Social Services must have the Social Services Board approve the transfer prior to presentation to the Board of Supervisors.
- c. If deficits appear to be forthcoming within a fiscal year the County Administrator will recommend spending reduction to be approved by the Board during the fiscal year in order to sufficiently offset the deficit.

7. Budgetary Accounting

- a. Budgets are adopted on a basis consistent with GAAP for all government funds.
- b. Budgets for the propriety funds are also adopted in accordance with GAAP, with the exception that a budget provision is made for the payment of debt principal, reduction of refundable developer capacity fees credits and rebates, and depreciation is not budgeted.
- c. All budget data in the Comprehensive Annual Financial Report represents the

d. revised budget (adopted budget, re-appropriations and budget transfers).

8. Budget Reporting

a. The Governing Body will receive a financial report at least quarterly showing year-to-date revenues and expenditures and comparing each amount to the budget as amended.

4.9. Consider Adding Capital Improvement Plan ("CIP") Policy

## Fund Balance Policy

### 1. General

- a. The County desires to maintain the financial operation of the County in a manner consistent with sound financial management principles including guidelines and criteria established by bond rating agencies and the Governmental Accounting Standards Board (GASB).
- b. Sound financial management principles include the establishment of unassigned fund balances sufficient to maintain required cash flows and provide reserve for unanticipated expenditures, revenue shortfalls and other specific uses.
- c. The County will endeavor to maintain balances at such a level that it will not regularly incur short-term borrowings as a means to fund operations.

### 2. Standards

- a. Governmental Accounting Standards Board (GASB)

### 3. Planning and Performance

- a. Classifications of Fund Balance. The County will classify fund balances in the following manner consistent with the requirements of GASB 54:
  1. Non-Spendable Fund Balance
    - i. The portion of fund balance that are not in cash or readily convertible to cash in the short term.
    - ii. Inventory balances at fiscal year-end that represent amounts invested in inventory and not available for appropriation.
    - iii. Advances to other funds at fiscal year-end that are currently not available for appropriation.
  2. Restricted Fund Balance
    - i. Funds only able to be spent for specific purposes as stipulated by contributors outside the County government.
    - ii. Includes items such as restricted grants, unspent categorical state funds
  3. Committed Fund Balance
    - i. Funds available for a specific use as designated by action of the Board of Supervisors
    - ii. Outstanding encumbrances (i.e., purchase orders, contracts and other commitments at fiscal year-end
    - iii. Funds re-appropriated to a subsequent year's budget

- 4. Assigned Fund Balance
  - i. Funds intended for a specific use as designated by the County Administrator
  - ii. Fund balances in all funds except the general fund are assigned.
- 5. Unassigned Fund Balance
  - i. All balances not restricted in use to another category.

b. Order of use

- i. It is the policy of Essex County to use funds from the fund balance categories in order of most restrictive to least restrictive, as appropriate. For example, for an allowable expenditure,
- ii. restricted fund balances will be spent before committed, and committed before assigned fund balances when funds designated for the same purposes are available in multiple categories.

c. Re-appropriations of capital project funds

- i. The County Administrator shall have the authority to re-appropriate unencumbered balances to continue appropriated capital projects into the next fiscal year.

d. Unassigned Fund Balance

~~iii.i.~~ The County shall maintain an unassigned fund balance at fiscal year-end for the purposes of unanticipated expenditures, to provide for cash flow reserves during the fiscal year due to the timing difference between the receipt of revenues and disbursement of expenditures, and to meet reserve policies and bond covenants.

~~iii.ii.~~ The County shall endeavor to achieve and thereafter maintain to the extent practicable a year-end balance at an amount equal to a minimum of 12% of governmental fund expenditures, with a preferred target of 15% of governmental fund expenditures, less any Capital Outlay projects funded with Bond Proceeds.

Let's consider adding a more detailed calculation methodology and/or addressing how the local school contribution is handled in the calculation. Consider increasing the target/minimum based on past performance and current levels.

Reserve Policies – Moved  
up from the end of the  
document. Seems to fit  
better here following the  
Fund Balance  
discussion.

1. The County Board may, from time-to-time, appropriate unassigned fund balances that will reduce available fund balances below the 12% minimum unassigned fund balance for the purposes of a declared fiscal emergency or other such global purpose as to protect the long-term fiscal security of the County. In such circumstances, the Board will adopt a plan to restore the available fund balances to the policy level within 36 months from the date of the appropriation. If restoration cannot be accomplished within such time period without severe hardship to the County, then the Board will establish a different but appropriate time period.
  
2. In recognition of the incremental costs of capital improvements and their future maintenance and replacement costs, the County will establish a Capital Improvements Reserve Fund. The level of the Fund will be determined on an annual basis and incorporated into the County's Annual Operating Budget. This Fund will be initially established at some minimum level based upon a further evaluation of future capital improvements needs (inclusive of pay-go capital).

Davenport comment – I think this is a good concept. Could be more specific with the initial funding level or simply state that unassigned fund balances in excess of the 15% target could be held in the Capital Improvements Reserve Fund.

### Debt Policies

1. The County will confine long-term borrowing to capital improvement or projects that cannot be financed from current revenues except where approved justification is provided.
2. The County will utilize a balanced approach to capital funding utilizing debt financing, draws on capital reserves and/or fund balances in excess of policy targets, and current-year (pay-as-you-go) appropriations.
3. When the County finances capital improvements or other projects by issuing bonds or entering into capital leases, it will repay the debt within a period not to exceed the expected useful life of the project. Target debt ratios will be annually calculated and included in the review of financial trends. [- Note on this, maybe tie this to an annual update and review of the County's Capital Improvements Plan.](#)
4. Outstanding debt of the County whether general obligation, lease revenue or subject to annual appropriation, shall not exceed 3.5% of the assessed valuation of real property. Annual debt service spending should target 10% or less and shall not exceed 12% of total annual ~~general-governmental~~ fund expenditures net of interfund transfers and inclusive of Essex County School Board's expenditures. The ten- year payout ratio for all County debt shall target a minimum of 55% of total principal outstanding. These ratios will be measured annually. [Confirm calculations and revisit as part of CIP modeling.](#)
- 4.5. [In the event that the County anticipates exceeding the policy requirements stated in items 4 above, Staff may request an exception from the Governing Body setting forth the reason and need for the exception and length of time estimated to retire the debt.](#)
- 5-6. [Where feasible, the County will explore the usage of special assessment, revenue, or other self-supporting bonds instead of general obligation bonds.](#)
- 6-7. [The County will only issue tax anticipation debt due to unforeseen circumstances and where cash flow projections identify an absolute need, and will retire any such tax anticipation debt annually. Bond anticipation debt will be retired within six months after completion of the project or upon availability of permanent financing.](#)

Reserve Policies – Moved  
Up in Document

- ~~1. The County Board may, from time to time, appropriate unassigned fund balances that will reduce available fund balances below the 12% minimum unassigned fund balance for the purposes of a declared fiscal emergency or other such global purpose as to protect the long-term fiscal security of the County. In such circumstances, the Board will adopt a plan to restore the available fund balances to the policy level within 36 months from the date of the appropriation. If restoration cannot be accomplished within such time period without severe hardship to the County, then the Board will establish a different but appropriate time period.~~
  
  - ~~1. In recognition of the incremental costs of capital improvements and their future maintenance and replacement costs, the County will establish a Capital Improvements Reserve Fund. The level of the Fund will be determined on an annual basis and incorporated into the County's Annual Operating Budget. This Fund will be initially established at some minimum level based upon a further evaluation of future capital improvements needs (inclusive of pay-go capital).~~
-

## Other Policy Sections for Consideration

### School Fund Balance Reserve

1. The County shall maintain and appropriate an unassigned fund balance for Essex County Public Schools at fiscal year-end for the purposes of creating Capital Reserves for School related projects as approved by the Essex County School Board.
  - a. Annual funding of these reserves will be derived from a portion of the unutilized revenue at the end of Essex County Public Schools fiscal year at a rate of 50% of the unutilized revenue.
  - b. Remaining unutilized revenue will be returned to the County's unassigned fund balance.
  - c. The limit of the School Capital Reserves will be set to not exceed 12% of the School's Annual Expenditures.
  - d. The School Capital Reserves will continue to be funded annually with the following exceptions:
    - i. School Capital Reserves meet the limit as defined.
    - ii. The County's Unassigned Fund Balance drops below its targeted reserves as defined in its financial policies.
    - iii. Utilization of the School Capital Reserves violates any standards or protocols by the Governmental Accounting Standards Board (GASB).

### Post-Issuance of Tax-Exempt Debt

1. The Director of Finance will perform the following procedures after the issuance of tax-exempt debt and through the final maturity of the debt issuance:
  - a. Monitor project expenditures for target dates of the six-month, 18-month or 24-month spending exceptions as it relates to IRS arbitrage rebate purposes and to ensure compliance with covenants and restrictions set forth in the non-arbitrage and tax certificates executed at the time of the issuance of the debt.
  - b. Consult with an arbitrage rebate firm at each five year anniversary of the debt of issuance and at final maturity to determine whether arbitrage rebate calculations and arbitrage rebate payment is required. Recognition should be made that, if required, the first arbitrage rebate payment is due within 60 days after the first five year anniversary of the debt issuance, each five year anniversary thereafter and after the final maturity date.
  - c. Consult with Bond Counsel prior to any transfer, sale or other disposition of debt-financed assets.
  - d. Consult with Bond Counsel in connection with any contemplated management



contracts, leases or other agreements with respect to the use of debt-financed assets.

#### **Record Retention**

1. The Director of Finance will retain records related to a debt issuance using the following guidelines:
  - a. All records will be retained through the final maturity of the debt issuance (including refunding obligations, if any) plus an additional three years.
  - b. All records are to be retained either in paper or electronic format.
  - c. All records will be retained through the final maturity of the debt issuance (including refunding obligations, if any) plus an additional three years.
  - d. All records are to be retained either in paper or electronic format.
  - e. Paper copies of the final debt issuance documents are retained in bound books in the Director of Finance's office. Beginning with General Obligation Bond Series 2011, final debt issuance documents are also retained in electronic format under the Finance Department's N: drive in a file folder entitled Bond Issuances with subfolders for each separate debt issuance.
  - f. Paper copies of the investment statements for the bond proceeds are retained in paper form in the Director of Finance's office. Beginning with General Obligation Bond Series 2011, the investments statements are retained in electronic format under the Finance Department's N: drive in the following subfolder(s): Archives/Bank Statements/SNAP (00134).
  - g. Records pertaining to the arbitrage rebate calculations and correspondence with SNAP are maintained in the Director of Finance's office.
  - h. A copy of all contracts and arrangements involving the use of debt-financed assets shall be maintained at the Director of Finances' office.
  - i. Copies of all invoices, trustee requisitions and project records evidencing the expenditures of the debt proceeds and investment earnings thereof shall be maintained at the Director of Finance's office.

#### **Potential Non-compliance**

1. Upon discovery of any potential non-compliance with any requirements of Federal or Virginia law necessary to preserve the tax-exempt status of interest on the County's bonds, the Director of Finance will consult with Bond Counsel to determine if non-compliance has, in fact occurred, and if so, what actions are needed to remedy such non-compliance.

### Continuing Disclosure Requirements

1. The Director of Finance will file with the Electronic Municipal Market Access (EMMA) any material events notices as required by the Securities and Exchange Commission (SEC) rule 15c2-12. Generally these filings should be made for all publicly issued debt that has been assigned a CUSIP number. The City will file with EMMA its Comprehensive Annual Financial Report within the applicable filing deadlines and other material events notices required by SEC rule 15c2-12.

### Cash Management and Investment

1. The County Board recognizes that it is the explicit constitutional responsibility of the County Treasurer to invest County Funds in accordance with Virginia Law. It is the desire of the County Board to provide the Treasurer with the timeliest information in order to best execute the powers of the Treasurer's Office. Additionally, the County is required to maintain certain controls related to the investment of restricted funds and in particular any funds derived from the issuance of debt or in some other way securing an issuance of debt.

2.



# Appendix B | Existing Tax-Supported Debt Detail



# Existing Tax-Supported Debt



Total Tax-Supported Debt Service

FY	Principal	Interest	Total
Total	\$ 16,726,174	\$5,601,816	\$22,327,990
2023	2,367,302	881,858	3,249,159
2024	2,420,385	818,381	3,238,777
2025	2,470,045	748,181	3,218,238
2026	1,768,895	879,155	2,485,849
2027	1,833,347	815,890	2,449,337
2028	1,555,313	581,719	2,117,032
2029	1,168,847	523,811	1,890,458
2030	1,183,752	498,240	1,881,992
2031	1,215,748	280,879	1,478,427
2032	882,283	17,424	709,707
2033	24,458	580	25,018

# Existing Tax-Supported Debt



### General Obligation

FY	Principal	Interest	Total
<b>Total</b>	<b>\$10,154,159</b>	<b>\$4,909,601</b>	<b>\$15,063,760</b>
2023	812,093	852,298	1,564,391
2024	813,887	835,404	1,549,390
2025	817,353	817,038	1,534,390
2026	820,895	596,496	1,519,391
2027	824,822	579,769	1,504,390
2028	1,473,545	549,810	2,023,355
2029	1,125,558	514,870	1,640,428
2030	1,150,558	491,404	1,641,959
2031	1,170,558	255,838	1,428,394
2032	845,000	14,874	859,874
2033	-	-	-

### Lease Revenue

FY	Principal	Interest	Total
<b>Total</b>	<b>\$ 5,440,000</b>	<b>\$ 517,937</b>	<b>\$ 5,957,937</b>
2023	1,235,000	183,992	1,418,992
2024	1,275,000	145,533	1,420,533
2025	1,310,000	104,382	1,414,382
2026	790,000	82,761	852,761
2027	830,000	21,288	851,288
2028	-	-	-
2029	-	-	-
2030	-	-	-
2031	-	-	-
2032	-	-	-
2033	-	-	-

### Airport Obligations (County Portion)

FY	Principal	Interest	Total
<b>Total</b>	<b>\$ 413,731</b>	<b>\$ 111,614</b>	<b>\$ 525,344</b>
2023	31,541	18,492	50,033
2024	32,985	17,048	50,033
2025	34,498	15,537	50,033
2026	36,079	13,954	50,033
2027	37,737	12,296	50,033
2028	39,473	10,560	50,033
2029	41,292	8,741	50,033
2030	43,197	6,838	50,033
2031	45,182	4,841	50,033
2032	47,263	2,750	50,033
2033	24,458	580	25,016

# Existing Tax-Supported Debt



### Tappahannock Water & Sewer Obligations

FY	Principal	Interest	Total
<b>Total</b>	<b>\$ 483,333</b>	<b>\$ 35,746</b>	<b>\$ 519,079</b>
2023	152,518	18,579	172,098
2024	161,111	12,085	173,178
2025	169,704	4,102	173,805
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029	-	-	-
2030	-	-	-
2031	-	-	-
2032	-	-	-
2033	-	-	-

### Capital Leases

FY	Principal	Interest	Total
<b>Total</b>	<b>\$ 234,951</b>	<b>\$ 26,918</b>	<b>\$ 261,870</b>
2023	38,150	7,495	43,645
2024	37,303	8,342	43,645
2025	38,483	5,152	43,645
2026	39,721	3,824	43,645
2027	40,988	2,657	43,645
2028	42,286	1,349	43,645
2029	-	-	-
2030	-	-	-
2031	-	-	-
2032	-	-	-
2033	-	-	-



# General Obligations



\$6,919,103

School Financing Bonds, Series 2007B (VPSA Subsidy)

FY	Coupon	Principal	Interest	Total
Total		2,184,159	335,841	2,520,000
2023	4.350%	356,537	100,063	457,500
2024	5.100%	358,431	84,069	442,500
2025	5.100%	361,797	65,703	427,500
2026	5.100%	365,339	47,161	412,500
2027	5.100%	369,066	28,434	397,500
2028	5.100%	372,989	9,511	382,500
2029				
2030				
2031				
2032				
2033				

Dated Date: 11/8/2007

Next Call: 8/1/2017  
100%

Purpose: Schools

Insurance: N/A

Coupon Dates: Jan 15, Jul 15  
Source: Audit

Maturity Date: 7/15/2027

\$10,000,000

School Tax Credit Bonds (QSCB), Series 2011-2 (VPSA)

FY	Coupon	Principal	Interest	Total
Total		5,000,000	3,612,500	8,612,500
2023	4.250%	555,556	425,000	980,556
2024	4.250%	555,556	425,000	980,556
2025	4.250%	555,556	425,000	980,556
2026	4.250%	555,556	425,000	980,556
2027	4.250%	555,556	425,000	980,556
2028	4.250%	555,556	425,000	980,556
2029	4.250%	555,556	425,000	980,556
2030	4.250%	555,556	425,000	980,556
2031	4.250%	555,556	217,500	768,056
2032				
2033				

Dated Date: 12/15/2011

Next Call: N/A

Purpose: Schools

Insurance: N/A

Coupon Dates: Jun 1, Dec 1  
Source: Audit

Maturity Date: 12/1/2030

\$2,970,000

School Financing Bonds, Series 2012 (VPSA)

FY	Coupon	Principal	Interest	Total
Total		2,970,000	961,260	3,931,260
2023		-	126,335	126,335
2024		-	126,335	126,335
2025		-	126,335	126,335
2026		-	126,335	126,335
2027		-	126,335	126,335
2028	4.050%	545,000	115,299	660,299
2029	5.050%	570,000	89,870	659,870
2030	3.050%	595,000	66,404	661,404
2031	4.550%	615,000	43,339	658,339
2032	4.550%	645,000	14,674	659,674
2033				

Dated Date: 5/10/2012

Next Call: 8/1/2022  
100%

Purpose: Schools

Insurance: N/A

Coupon Dates: Jan 15 Jul 15  
Source: Audit

Maturity Date: 7/15/2031

# Lease Revenue Obligations



\$4,390,000

2020 VRA Fall Pooled Bonds (Tax-Exempt)

FY	Coupon	Principal	Interest	Total
Total		3,750,000	500,456	4,250,456
2023	5.125%	675,000	174,891	849,891
2024	5.125%	710,000	139,400	849,400
2025	5.125%	745,000	102,116	847,116
2026	5.125%	790,000	62,781	852,781
2027	5.125%	830,000	21,269	851,269
2028				
2029				
2030				
2031				
2032				
2033				

Dated Date: 11/18/2020      Next Call: Non-callable  
 Purpose: Refund 2016 LR Bond      Par Call: Non-callable  
 Coupon Dates: 4/1, 10/1      Maturity Date: 10/1/2026  
 Source: Final Numbers.

\$1,750,000

2020 VRA Fall Pooled Bonds (Taxable)

FY	Coupon	Principal	Interest	Total
Total		1,690,000	17,481	1,707,481
2023	0.475%	560,000	9,102	569,102
2024	0.580%	565,000	6,133	571,133
2025	0.795%	565,000	2,247	567,247
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				

Dated Date: 11/18/2020      Next Call: Non-callable  
 Purpose: Refund 2011B VRA Bonds (2022-24 Maturities)      Par Call: Non-callable  
 Coupon Dates: 4/1, 10/1      Maturity Date: 10/1/2026  
 Source: Final Numbers.



# Airport Obligations | County Portion



\$446,286 (County Portion) of \$1,272,000 Aggregate

VRA Airports Revolving Fund Revenue Bonds Series 2007 Taxable (D4a)

Year	Coupon	Principal	Interest	Total
Total		261,924	60,448	342,372
2023	5.150%	19,364	13,243	32,607
2024	5.150%	20,374	12,233	32,607
2025	5.150%	21,437	11,170	32,607
2026	5.150%	22,555	10,052	32,607
2027	5.150%	23,731	8,875	32,607
2028	5.150%	24,969	7,637	32,607
2029	5.150%	26,272	6,335	32,607
2030	5.150%	27,642	4,965	32,607
2031	5.150%	29,084	3,523	32,607
2032	5.150%	30,601	2,006	32,607
2033	5.150%	15,894	409	16,303

Dated Date: 3/21/2007      Next Call: 8/1/2017  
 with VRA consent      100%  
 Purpose: Airport (County portion)      Insurance: N/A

Coupon Dates: Jan 1, Jul 1      Maturity Date: 7/1/2032  
 Source: From source documents provided by County Staff

\$232,571 (County Portion) of \$1,272,000 Aggregate

VRA Airports Revolving Fund Revenue Bonds Series 2007 Taxable (D4b)

Year	Coupon	Principal	Interest	Total
Total		128,653	25,584	154,236
2023	3.500%	10,693	4,310	14,403
2024	3.500%	10,450	3,954	14,403
2025	3.500%	10,818	3,585	14,403
2026	3.500%	11,200	3,203	14,403
2027	3.500%	11,596	2,808	14,403
2028	3.500%	12,005	2,398	14,403
2029	3.500%	12,429	1,974	14,403
2030	3.500%	12,868	1,536	14,403
2031	3.500%	13,322	1,081	14,403
2032	3.500%	13,793	611	14,403
2033	3.500%	7,078	124	7,202

Dated Date: 3/21/2007      Next Call: 8/1/2017  
 with VRA consent      100%  
 Purpose: Airport (County portion)      Insurance: N/A

Coupon Dates: Jan 1, Jul 1      Maturity Date: 7/1/2032  
 Source: From source documents provided by County Staff

\$46,000 (County Portion) of \$1,272,000 Aggregate

VRA Airports Revolving Fund Revenue Bonds Series 2007 Taxable (D4c)

Year	Coupon	Principal	Interest	Total
Total		26,154	5,582	31,736
2023	3.660%	2,084	938	3,022
2024	3.660%	2,161	861	3,022
2025	3.660%	2,241	782	3,022
2026	3.660%	2,324	699	3,023
2027	3.660%	2,410	613	3,022
2028	3.660%	2,499	524	3,023
2029	3.660%	2,591	432	3,023
2030	3.660%	2,687	336	3,023
2031	3.660%	2,786	237	3,022
2032	3.660%	2,889	134	3,022
2033	3.660%	1,484	27	1,511

Dated Date: 3/21/2007      Next Call: 8/1/2017  
 with VRA consent      100%  
 Purpose: Airport (County portion)      Insurance: N/A

Coupon Dates: Jan 1, Jul 1      Maturity Date: 7/1/2032  
 Source: From source documents provided by County Staff

# Tappahannock Water & Sewer Debt | County Portion



Town of Tappahannock W&S Debt

Year	Coupon	Principal	Interest	Total
Total	Estimated	483,333	35,746	519,079
2023	4.051%	152,518	19,579	172,098
2024	3.647%	161,111	12,065	173,176
2025	2.417%	169,704	4,102	173,805
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				

Dated Date: **Unknown**      Next Call: **Unknown**  
 Purpose: **W&S**      Insurance: **Unknown**  
 Coupon Dates: **3/25, 9/25**      Maturity Date: **3/25/2025**  
 Source: From County





# Appendix C | Current Essex County 5-Year Capital Improvement Plan



**CAPITAL IMPROVEMENT PLAN**

**Essex County Five-Year Capital Improvement Plan  
FY 2023 - FY 2027**

**SOURCES:**  
Dedicated General Fund Revenue  
Capital Reserve Fund  
Debt  
Grants/Donations/Partnerships  
  
State/Federal Contributions  
Unassigned General Fund Balance  
**TOTAL SOURCES**

FY 22-23 Adopted	FY 23-24 Proposed	FY 24-25 Proposed	FY 25-26 Proposed	FY 26-27 Proposed	TOTAL	NOTES
					\$ -	
					\$ -	
					\$ -	
\$ 70,000	\$ 53,000				\$ 123,000	
	\$ 2,000,000				\$ 2,000,000	ARPA Funds Allocated for Project
\$ 437,300	\$ 1,835,435	\$ 794,126	\$ 2,809,820	\$ 269,540	\$ 6,146,221	
\$ 507,300	\$ 3,888,435	\$ 794,126	\$ 2,809,820	\$ 269,540	\$ 8,269,221	

**PURPOSE:**  
**Administration**  
Broadband Initiative Local Funds  
VAT: Grant Broadband Initiative  
Sub-Total

	\$ -		\$ 2,000,000		\$ 2,000,000	
	\$ 2,000,000				\$ 2,000,000	ARPA Funds
\$ -	\$ 2,000,000	\$ -	\$ 2,000,000	\$ -	\$ 4,000,000	

**Animal Control**

Vehicle Replacement

Grading for Water Flow and Alarm System  
Sub-Total

	\$ 40,000				\$ 40,000	Currently funded within FY 2023 Operational Budget; Requesting to be moved to FY 2024 for Expenditures; Recommended all Vehicle Replacements be included in CIP Rather than Operational
	\$ 8,635	\$ 5,330			\$ 13,965	FY 23-24 Expenditure for Alarm System; FY 24-25 for Grading Impacting Water Flow
\$ -	\$ 48,635	\$ 5,330	\$ -	\$ -	\$ 53,965	

**Emergency Services**

Lucas Chest Compression System  
LIFE PAK Vital Signs Monitor/Criatic Defibrillators

Ambulance/Medium Unit Replacement

EMS Station - New Facility  
Sub-Total

\$ 66,000	\$ 32,000				\$ 98,000	Two (2) Lucas Devices at \$16K each
\$ 74,000	\$ 74,000				\$ 148,000	
\$ 135,000	\$ 145,000				\$ 280,000	Finish Out Medic Unit Using Park of Rotary Poor House Park Project Monies
	\$ 400,000	\$ 400,000			\$ 800,000	Construction of EMS Facility; Consider Using Local Funding Options for Short-Term Debt 5-7 Years
\$ 275,000	\$ 651,000	\$ 400,000	\$ -	\$ -	\$ 1,326,000	

**General Properties**

Termite Damage Repair at Administration Bldg  
Replace Windows at Various Buildings  
Replace Lighting with LED retrofits

Joint Maintenance Facility - New Construction  
Slate Roof Repairs and Inspections  
Station 5 Roof Replacement  
Circuit Court HVAC Replacement  
Generator Replacement Shelters/Tower  
Library HVAC Replacement  
Lawn Mower Replacement  
Station 5 Painting and Interior Repairs

Sheriff's Office Door Replacement  
Sub-Total

	\$ 96,500				\$ 96,500	
\$ 13,000	\$ 13,000				\$ 26,000	
\$ 9,000					\$ 9,000	
	\$ 640,000				\$ 640,000	Construction of Joint Maintenance Facility (JMF); Board Adopted Decision to Build at the Regular BoS Meeting 11.09.2021
			\$ 20,000		\$ 20,000	
				\$ 20,000	\$ 20,000	
			\$ 500,000		\$ 500,000	
		\$ 50,000	\$ 50,000		\$ 100,000	
		\$ 21,800			\$ 21,800	
		\$ 14,896			\$ 14,896	
		\$ 35,000			\$ 35,000	
						Replace two (2) Standard Steel Entry Doors and Detention Style Entry Door Due to Rust and Corrosion
			\$ 75,000		\$ 75,000	
\$ 22,000	\$ 749,500	\$ 121,696	\$ 645,000	\$ 20,000	\$ 1,558,196	

	FY 22-23 Adopted	FY 23-24 Proposed	FY 24-25 Proposed	FY 25-26 Proposed	FY 26-27 Proposed	TOTAL	NOTES
<b>Information Technology</b>							
Server Replacement Project		\$ 200,000				\$ 200,000	Replace Existing Servers at End of Life Span
Sub-Total	\$ -	\$ 200,000	\$ -	\$ -	\$ -	\$ 200,000	
<b>Parks and Recreation</b>							
Rotary Poor House Park Project		\$ 27,300	\$ 99,100	\$ 46,100	\$ 68,100	\$ 240,600	
Sub-Total	\$ -	\$ 27,300	\$ 99,100	\$ 46,100	\$ 68,100	\$ 240,600	
<b>Sheriff's Office</b>							
Communications - Dispatch Station		\$ 100,000				\$ 100,000	Construct third Dispatch Station
Vehicle Replacement	\$ 168,000	\$ 112,000	\$ 168,000	\$ 118,720	\$ 181,440	\$ 748,160	
Sub-Total	\$ 168,000	\$ 212,000	\$ 168,000	\$ 118,720	\$ 181,440	\$ 848,160	
<b>TOTAL</b>	<b>\$ 465,000</b>	<b>\$ 3,888,435</b>	<b>\$ 794,126</b>	<b>\$ 2,809,820</b>	<b>\$ 269,540</b>	<b>\$ 8,226,921</b>	

Things to Consider:

1. The BoS will need to work with the Schools to prepare a 5-year CIP for their needs and incorporate those projects into the County CIP.
2. Leverage as many CIP projects with grant funds (EMS/Public Safety) and ARPA funds.
3. Consider utilizing short-term loans from local sources for capital construction rather than utilizing UGF.
4. Due to cash flow needs throughout the fiscal year consider maintaining at a minimum of \$6,000,000 in UGF.

# Municipal Advisor Disclosure



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May 9, 2023

Essex County, Virginia 50

## Draft Transient Occupancy Tax Ordinance Overview – Tommy Blackwell

Commissioner of Revenue Tommy Blackwell has gone through and made a couple of red lines in it to make it more generic and revised the section numbers. I can have it ready for next months public hearing.

Chairman Akers asked 'any access from a rate over 2% but not exceeding 5% shall be designated and spent solely for tourism and travel marketing of tourism or initiatives, as determined after consultation with the local tourism industry organizations including representatives of lodging properties located in the county' Is that a requirement that that be in there? Commissioner Blackwell stated that that is state code.

Chairman Akers asked if we had to earmark that money. Commissioner Blackwell stated yes unless you want to go back to 2% but most localities have gone up. The town is at 6%. So the first 2% is ours, 3-5% is earmarked and if we went to 6% that would be an extra for us.

Chairman Akers asked how that record keeping would need to look? For example, to fund that 2-5% through EDA which is tourism is there a specific list of items that would need to be reported for that? Mr. Hlavin stated no there isn't, it doesn't have to be contained in the ordinance but if is in the ordinance than everyone knows what is the operational responsibility. The tracking is set aside to talk



with specific groups on tourism and lodging. Then you spend it how you deem fit for encouraging tourism.

Chairman Akers stated that it does seem better to go through EDA. Vice Chairman Gill agreed as it would also increase the EDA budget which is what they have been asking for.

Commissioner Blackwell stated that we are working at dealing with the entities to collect the taxes.

Supervisor Magruder asked if the money earmarked for tourism be done on a regional basis rather than an individual county or is it specifically for the county. Mr. Hlavin stated that the only mandate in the state code is the general folks on whom who need to consult before spending the money.

Chairman Akers asked if everyone was ok to take this to a public hearing?

Vice-Chairman Gill asked how do we establish local tourism industry organizations? Mr. Hlavin stated generally people use the Chamber of Commerce, set up a meeting with the hotel/motel association, whoever it might be locally that the county feels is looking out for the tourism.

Administrator Rounds asked about leaving the 2% in there and the board agreed.

## ARTICLE XIV. – TRANSIENT OCCUPANCY TAX

### Sec. 28-276. - Purpose.

This article requires Lodging Facilities, including Accommodations Intermediaries, operating in Essex County, Virginia to collect and remit a Transient Occupancy Tax (TOT).

### Sec. 28-277. - Authority.

This article is adopted pursuant to the authority granted by Code of Virginia, Title 58.1, Chapter 38, Article 6, as amended.

### Sec. 28-278. - Definitions.

The following words and phrases when used in this Article, for the purposes of this Article, have the meanings respectively ascribed to them in this Section, except in those instances where the context clearly indicates a different meaning:

*Accommodations* means any room or rooms, lodgings, accommodations, or space at a Lodging Facility for which tax is imposed on the retail sale of the same pursuant to this Article.

*Accommodations fee* means the room charge less the discount room charge, if any, provided that the accommodations fee must not be less than **\$0**.

*Accommodations intermediary* means any person other than an accommodations provider that (i) facilitates the sale of an accommodation and (ii) either (a) charges a room charge to the customer, and charges an accommodations fee to the customer, which fee it retains as compensation for facilitating the sale; (b) collects a room charge from the customer; or (c) charges a fee, other than an accommodations fee, to the customer, which fee it retains as compensation for facilitating the sale. For purposes of this definition, "facilitates the sale" includes brokering, coordinating, or in any other way arranging for the purchase of the right to use accommodations via a transaction directly, including one or more payment processors, between a customer and an accommodations provider.

*Accommodations intermediary* does not include a person:

- (1) If the accommodations are provided by an accommodation provider operating under a trademark, trade name, or service mark belonging to that person;

(2) Who facilitates the sale of an accommodation if (i) the price paid by the customer to such person is equal to the price paid by such person to the accommodations provider for the use of the accommodations and (ii) the only compensation received by such person for facilitating the sale of the accommodation is a commission paid from the accommodation provider to such person; or

(3) Who is licensed as a real estate licensee pursuant to Article 1 (§ 54.1-2100 et seq.) of Chapter 21 of Title 54.1 of the Virginia Code, when acting within the scope of such license.

*Accommodations provider* means any person that furnishes accommodations to the general public for compensation. The term "furnishes" includes the sale of use or possession or the sale of the right to use or possess.

*County* means the County of Essex, Virginia.

*Commissioner* shall mean the Commissioner of the Revenue of the County of Essex, Virginia, or any of his/her duly authorized deputies or agents.

*Discount room charge* means the full amount charged by the accommodation provider to the accommodation intermediary, or an affiliate thereof, for furnishing the accommodations.

*Lodging Facility* means any public or private hotel, lodge, inn, apartment hotel, hostelry, tourist camp, tourist cabin, tourist home or house, camping grounds, club, motel, rooming house, any place that offers Short-Term Lodging, or other place within the County offering accommodations for one or more persons at any one time, and the owner and operator thereof, who, for compensation, furnishes accommodations to any transients as hereinafter defined.

*Person* means individuals, firms, partnerships, associations, corporations, persons acting in representative capacity and combinations of individuals of whatever form and character.

*Room charge* means the total charge made to, or total price paid by or for, a transient in a retail sale for the use or possession of accommodations at any such Lodging Facility before taxes. "Room charge" includes any fee charged to the customer and retained as compensation for facilitating the sale, whether described as an accommodations fee, facilitation fee, or any other name.

*Retail Sale* means a sale to any person for any purpose other than for resale.

*Transient* means any person who, for any period of less than thirty consecutive days either at his own expense or at the expense of another, obtains accommodations in any Lodging Facility as hereinabove defined, for which a charge is made.

*Treasurer* shall mean the Treasurer of the County of Essex, Virginia, or any of his/her duly authorized deputies or agents.

Sec. 28-279. - Levy; amount of tax.

- (a) Pursuant to Virginia Code § 58.1-3819, in addition to all other taxes, there is hereby imposed and levied a tax equivalent to **six (6) percent** of the total room charge paid by or for any such transient for the use or possession of accommodations; provided however, that the tax imposed by this subsection will not be imposed on any transient occupancy in any Lodging Facility that is located within any town that has imposed a tax on transient occupancy.
- (b) Any excess from a rate over two percent but not exceeding five percent shall be designated and spent solely for tourism and travel, marketing of tourism or initiatives that, as determined after consultation with the local tourism industry organizations, including representatives of lodging properties located in the county, attract travelers to the locality, increase occupancy at lodging properties, and generate tourism revenues in the locality.
- (c) Any excess over five percent, combining the rates of all taxes imposed pursuant to this article, shall not be restricted in its use, and may be spent in the same manner as general revenues.

Sec. 28-280. - Exemptions.

No tax is payable hereunder on the total room charge paid for accommodations to any hospital, medical clinic, convalescent home, or home for the aged.

Sec. 28-281. - Collection of tax.

- (a) For any retail sale of accommodations facilitated by an accommodation intermediary, the accommodations intermediary will be deemed a facility making a retail sale of an accommodation. The accommodations intermediary must collect the tax imposed pursuant to this Article, computed on the total room charge, from the person paying for the accommodations at the time payment for such accommodations is made and shall be liable for the same. The accommodations intermediary shall separately state the amount of the tax on the bill, invoice, or similar documentation and shall add the tax to the room charge; thereafter, such tax shall be a debt from the customer to the accommodations intermediary, recoverable at law in the same manner as other debts.

(b) For any retail sale of accommodations not facilitated by an accommodation intermediary, the accommodations provider must collect the tax imposed pursuant to this Article, computed on the total room charge, from the person paying for the accommodations at the time payment for such accommodations is made and shall be liable for the same. The accommodations provider shall separately state the amount of the tax in the bill, invoice, or similar documentation and shall add the tax to the total price paid for the use or possession of the accommodations.

Sec. 28-282. - Report and remittance of tax.

(a) For any retail sale of accommodations facilitated by an accommodations intermediary, the accommodations intermediary must remit the tax imposed pursuant to this Article to the Commissioner.

(b) For any retail sale of accommodations not facilitated by an accommodations intermediary, the accommodations provider must remit the tax imposed pursuant to this Article to the Commissioner.

(c) For any transaction for the retail sale of accommodations involving two or more parties that meet the definition of accommodations intermediary, nothing in this Article prohibits such parties from making an agreement regarding which party will be responsible for collecting and remitting the tax, so long as the party so responsible is registered with the Commissioner for purposes of remitting the tax. In such event, the party that agrees to collect and remit the tax will be the sole party liable for the tax, and the other parties to such agreement will not be liable for such tax.

(d) The person collecting any such tax required pursuant to this Article must make out a report on such forms and setting forth such information as the Commissioner may prescribe and require, showing the amount of total room charges collected, and the tax required to be collected, and must sign and deliver the same to the Commissioner with a remittance of such tax.

(e) Such reports and remittances must be made monthly on or before the 20th day of the month and covering the amount of tax collected during the preceding month. If the remittance is by check or money order; it must be payable to the County and all remittances received hereunder by the Commissioner must be promptly delivered to the Treasurer.

(f) Each accommodations intermediary must submit to the Commissioner the property addresses and gross receipts for all accommodations facilitated by the accommodations intermediary in the County on a monthly basis.

Sec. 28-283. - Discount.

For the purpose of compensating the owner of any Lodging Facility collecting the tax imposed by this article, such owner shall be allowed **three (3) percent** of the amount of the tax due and accounted for in the form of a deduction on his monthly return, provided that the amount due is not delinquent at the time of payment.

Sec. 28-284. - Interest and penalties upon failure or refusal to remit tax.

If any accommodations provider or accommodations intermediary fails or refuses to remit to the Commissioner, the tax required to be collected and paid under this Article within the time and in the amount specified in this Article, the Commissioner will add a penalty of **ten (10) percent**, and if the tax remains delinquent and unpaid for a period of one month from the date the same is due and payable, interest will be charged on the unpaid balance at the applicable interest rate for unpaid taxes under Section 28-2, as amended. Such interest will accrue from the date on which the tax was due and payable.

Sec. 28-285. - When the Commissioner to determine the amount of tax due.

If any person required to collect and remit the tax imposed by this Article fails to file a statement and a remittance, or if the Commissioner has reasonable cause to believe that an erroneous statement has been filed; the Commissioner may proceed to determine the amount due to the County pursuant to Va. Code § 58.1-3903.

Sec. 28-286. - Tax immediately due and payable upon cessation of business.

Whenever any person required to collect and pay to the County a tax under Section 28-281 et seq. quits or otherwise disposes of the business, any tax payable under the provisions of this Article to the County becomes immediately due and payable, and such person must immediately make a report and pay the tax due.

Sec. 28-287. - Powers and duties of Commissioner generally; rules and regulations.

The Commissioner will ascertain the name of every person operating a Lodging Facility in the County liable for the collection of the tax levied by this Article. The Commissioner or Treasurer has the power to adopt rules and regulations not inconsistent with the provisions of this Article and the Code of Virginia for the purpose of carrying out and enforcing the payment, collection and remittance of the tax herein levied; and a copy of such rules and regulations will be on file and available for public examination in the Commissioner's office during regular office hours. Failure or refusal to comply with any rules and regulations promulgated under this Section is a violation of this Article.

Sec. 28-288. - Penalty for violation of Article.

Any person convicted of willful failure or refusal to file a tax return at the times required by this Article will be subject to criminal penalties. If the tax lawfully assessed in connection with the return that was not filed is \$1,000 or less, then such failure or refusal to file will be punishable as a Class 3 misdemeanor. If the tax lawfully assessed in connection with the return that was not filed is more than \$1,000, then such failure or refusal to file will be punishable as a Class 1 misdemeanor. In determining the penalty to be applied in the event that a person has not filed a tax return as required by this Article, the penalty will be based on the amount due to the County as determined by the Commissioner. Each such failure or refusal will constitute a separate offense. Such conviction will not relieve any such person from the payment, collection, or remittance of such tax, plus penalties and interests, as provided in this Article.

**ADJOURN**

Having no further discussion, Chairman Akers adjourned the Work Session meeting of the Board of Supervisors.

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Chairman

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Clerk of the Board