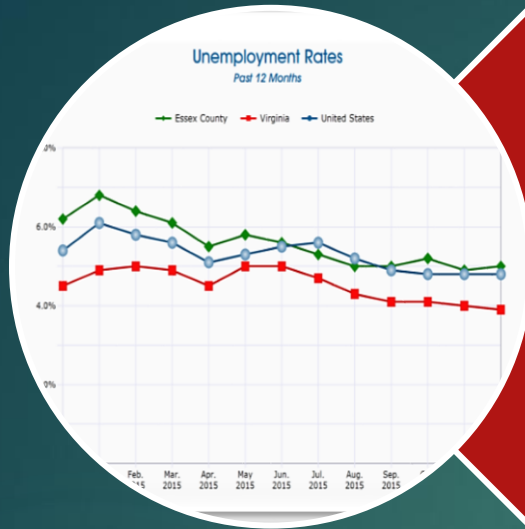


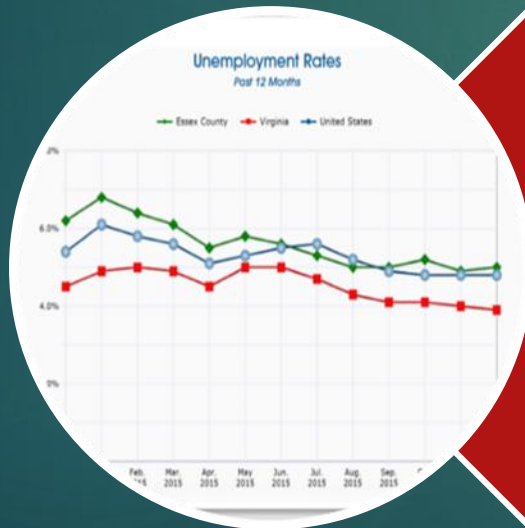
Essex County
FY 2017 Proposed
Budget
MARCH 2016



**THE
IMPACTS OF
THE GREAT RECESSION
ARE
SLOWLY DISAPPATING**

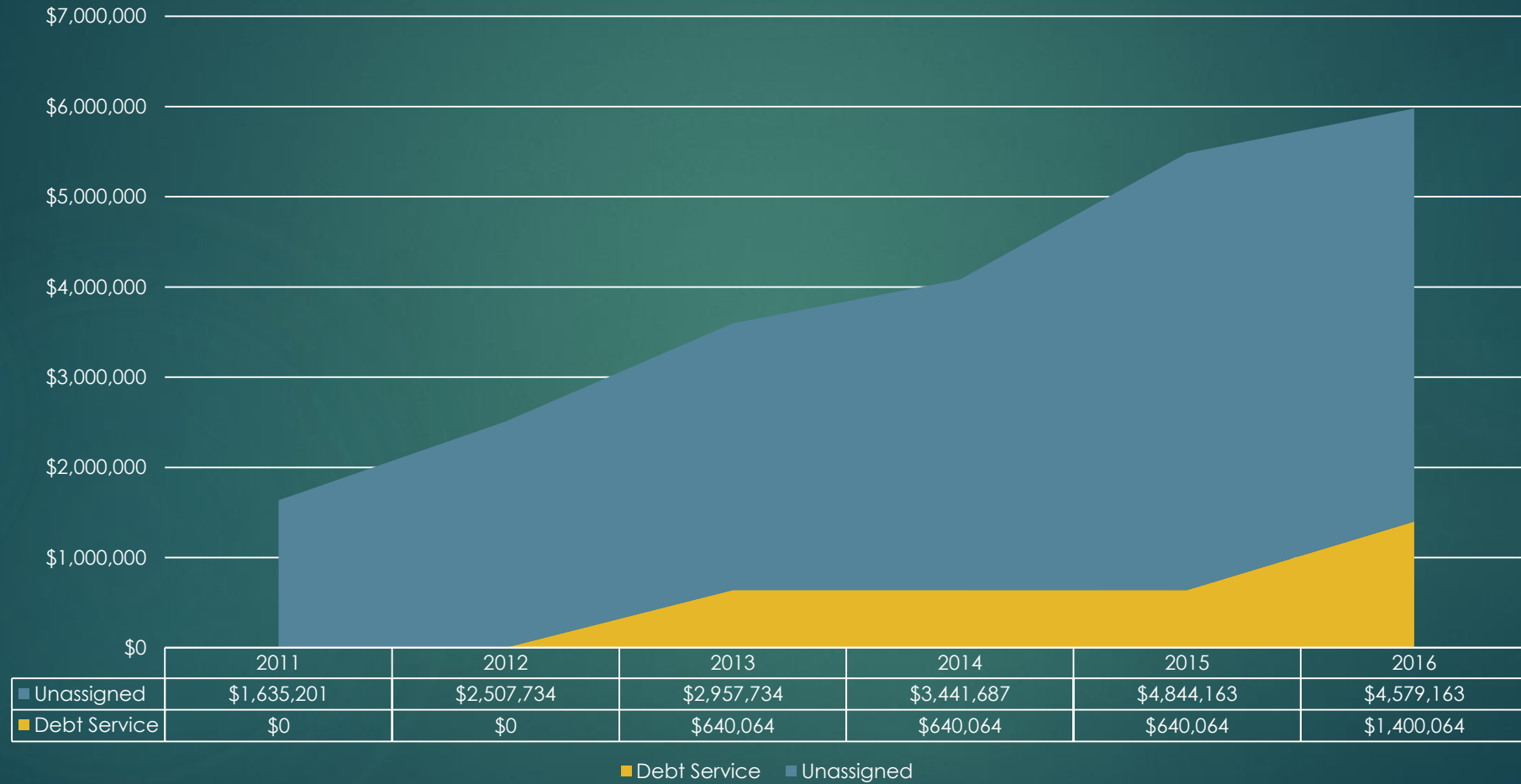


As of December 2015, Essex County had an unemployment rate of 5% compared to the Virginia average of 3.9%



Our unemployment while not at the recessionary peak of over 9%, is still relatively high compared to the state and national levels

Reserves



Proposed Fiscal Year 2017 Budget

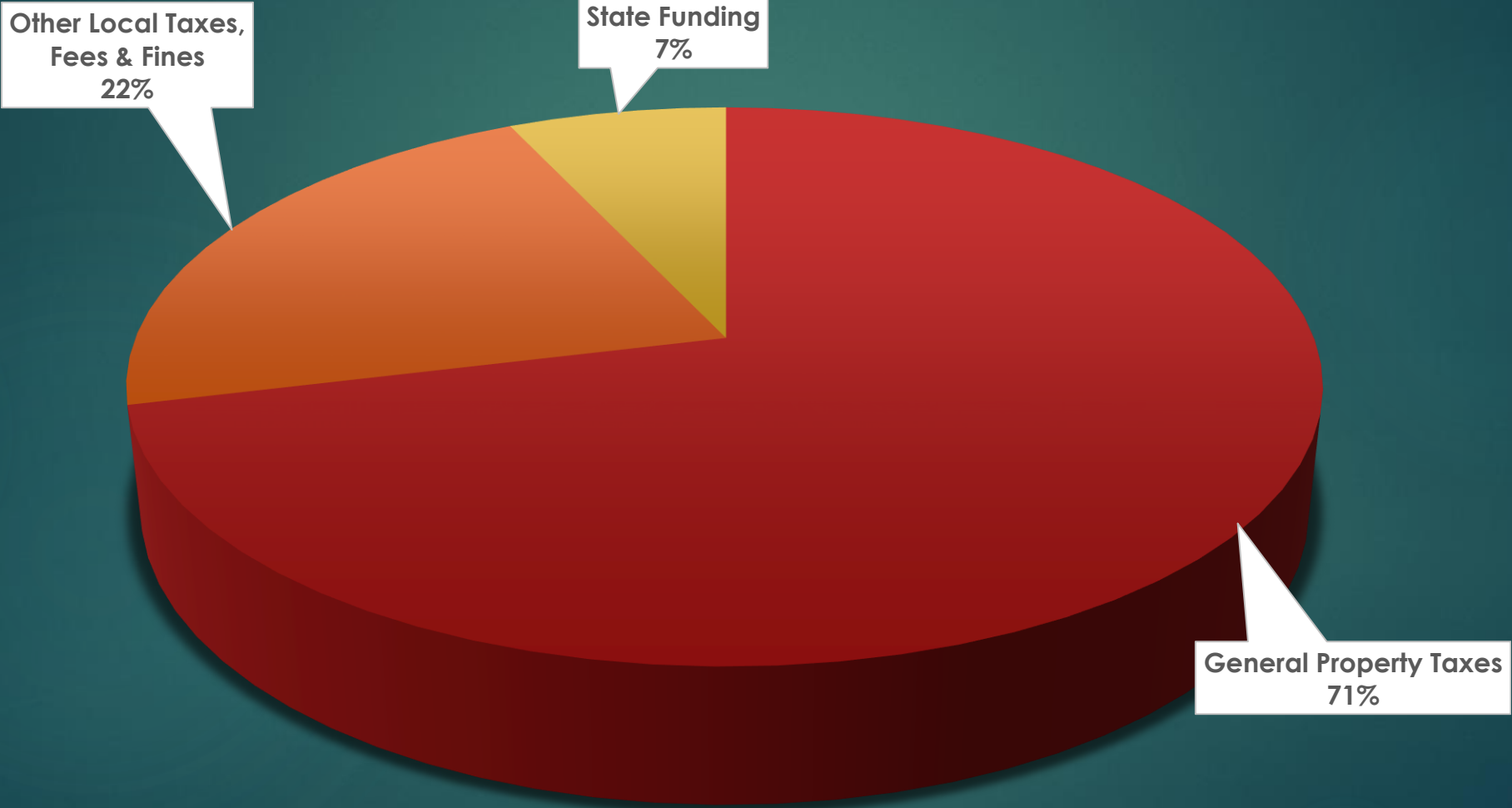
- ▶ Based on no increase in tax rates.
- ▶ Provides level funding for Social Services and Schools.
- ▶ Does not include a compensation proposal for County employees.
- ▶ The decline in Revenues were offset by the elimination of one time expenses (e.g. reassessment, voting machines) and reducing operating expenses (e.g. building maintenance).
- ▶ Flexibility has been built in for the Board to increase debt service payments, fund a compensation package or restore cuts.

Proposed Fiscal Year 2017 Budget

	CURRENT FISCAL YEAR 2016	PROPOSED FISCAL YEAR 2017
TOTAL COUNTY BUDGET GENERAL FUND REVENUES	\$34,682,802	\$33,285,827
TOTAL COUNTY BUDGET NET EXPENDITURES	\$34,182,886	\$33,196,520
Additions to Capital Maintenance Reserve	\$222,996	\$61,498
Additions to Glebe Fund Balance	\$3,400	\$14,000
Beginning General Fund Unassigned Balance* - July 1, 2016	\$4,579,163	
Increase (Decrease) in Unassigned Balance		\$13,809
Ending General Fund Unassigned Balance - June 30, 2017		\$4,592,972

** Beginning Balance adjusted to reflect transfers subsequent to Budget Adoption*

General Fund Revenue by Source



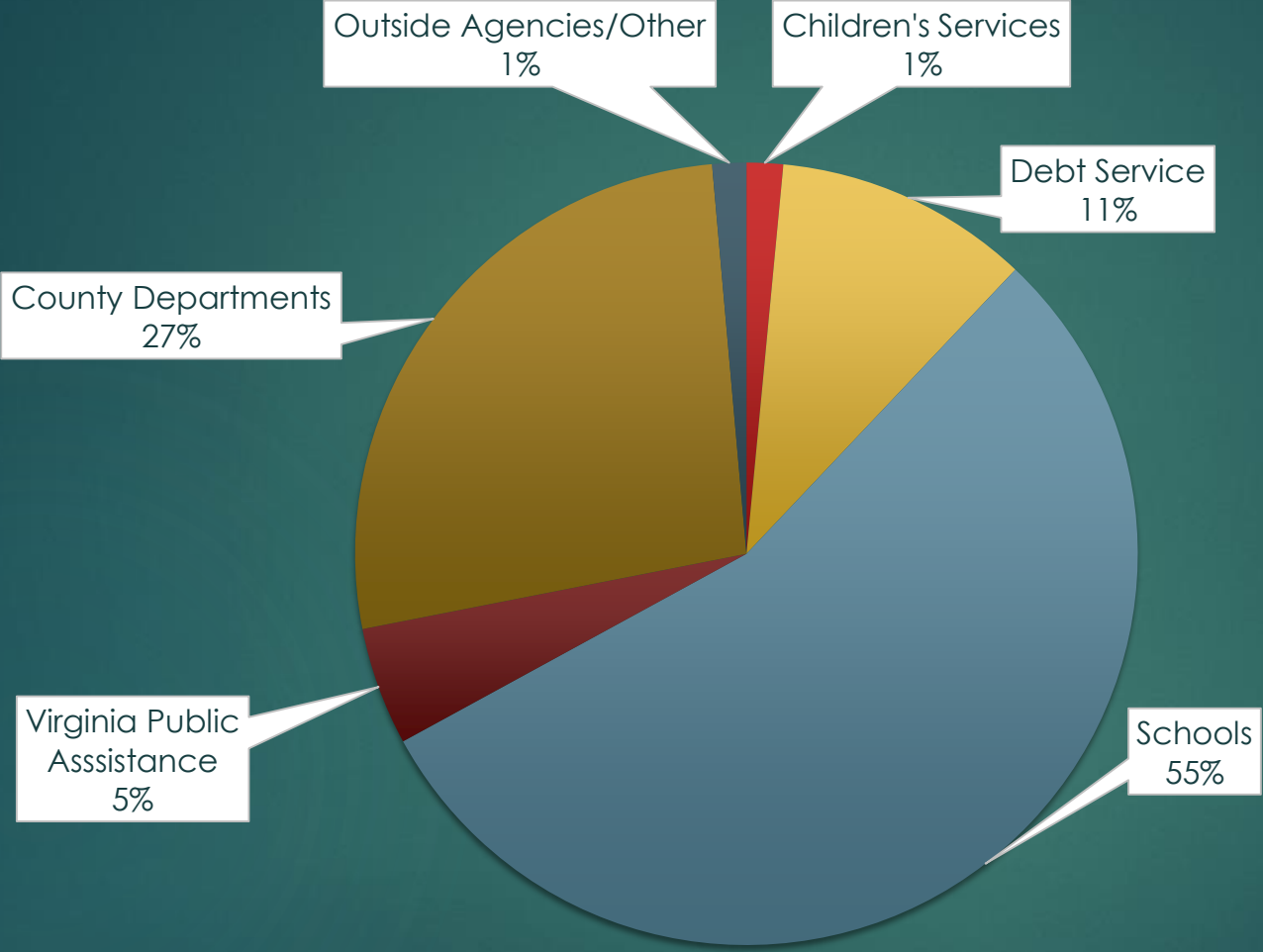
General Fund-Revenues

Revenue Estimates	CURRENT FISCAL YEAR 2016	PROPOSED FISCAL YEAR 2017
FUND #100 General Funds		
General Property Tax	\$ 15,476,200	\$ 14,578,966
Other Local Taxes	\$ 2,350,000	\$ 2,250,000
Permits, Privilege, and Regulatory Fees	\$ 46,800	\$ 47,450
Fines and Forfeitures	\$ 30,000	\$ 40,000
Revenue from Use of Money and Property	\$ 37,994	\$ 44,994
Charges for Services	\$ 538,609	\$ 507,950
Miscellaneous Revenue	\$ 30,700	\$ 70,170
Non-Categorical Aid (State)	\$ 1,524,171	\$ 1,513,271
Shared Expenses (State)	\$ 1,230,641	\$ 1,230,641
Other Categorical Aid (State)	\$ 236,784	\$ 195,301
Revenue from Federal Government	\$ 398,075	\$ 398,075
Total General Funds	\$ 21,899,974	\$ 20,876,818

Other Funds-Revenue

Other Funds		
Fund #102 Childrens Services Act (CSA)	\$ 474,000	\$ 250,000
Fund #105 Social Services	\$ 1,075,761	\$ 1,073,601
Fund #154 Glebe	\$ 3,400	\$ 14,000
Fund #205 Education	\$ 8,760,947	\$ 8,735,797
FUND #207 School Food	\$ 871,411	\$ 878,832
FUND #208 School Grant	\$ 1,374,313	\$ 1,395,281
Fund #310 Capital Maintenance Reserve	\$ 222,996	\$ 61,498
Total Other Funds	\$ 12,782,828	\$ 12,409,009
TOTAL REVENUE ESTIMATES	\$ 34,682,802	\$ 33,285,827

Where the Dollars Are Spent



General Fund-Expenditures

	CURRENT FISCAL YEAR 2016	PROPOSED FISCAL YEAR 2017
Total Direct Expenditures	\$9,571,999	\$9,319,627
TRANSFERS	2016	2017
CSA Fund	\$474,000	\$250,000
Virginia Public Assistance	\$542,478	\$542,478
Debt Service Fund	\$3,532,527	\$3,503,507
School Fund - Local	\$7,247,397	\$7,247,397
Debt Reserve Fund	\$760,000	\$0
School - H.S. Construction	\$300,000	\$0
Total Transfers	\$12,556,402	\$11,543,382
TOTAL REQUIREMENT - GENERAL FUND	\$22,128,401	\$20,863,009

Total Expenditures

	CURRENT FISCAL YEAR 2016	PROPOSED FISCAL YEAR 2017
Fund #100- Direct Expenditures	\$9,571,999	\$9,319,627
FUND #102 Childrens Services Act (CSA)	\$948,000	\$500,000
FUND #105 Social Services	\$1,618,239	\$1,616,079
FUND #110 Debt Service	\$3,532,527	\$3,503,507
FUND #154 Glebe	\$105,073	\$0
FUND #205 Education	\$16,008,344	\$15,983,194
FUND #207 School Food	\$871,411	\$878,832
FUND#208 School Grant	\$1,374,313	\$1,395,281
FUND #310 Capital Maintenance Reserve	\$152,980	\$0
TOTAL COUNTY BUDGET NET EXPENDITURES	\$34,182,886	\$33,196,520

Level School Funding

- ▶ Since 2012, the County has invested over \$20 million in school capital projects and increased school general fund spending by approximately \$1.6 million or 28%.
- ▶ Also, during this same time period, enrollment has declined by 164 students.
- ▶ Per student expenditures funded by the general fund have risen from \$3,652 in 2012 to \$5,240 in the proposed FY 2017 Budget.
- ▶ Additionally, the school system is provided \$1.4 million in supplemental federal funds targeted at disadvantaged students.

The Schools - Who Pays



	2012-13	2013-14	2014-15	2015-16	2016-17
■ Other	\$171,233	\$96,679	\$89,748	\$89,828	\$92,000
■ Local	\$5,650,918	\$6,169,044	\$6,436,477	\$7,247,397	\$7,247,397
■ State	\$8,041,930	\$8,039,531	\$8,639,277	\$8,671,119	\$8,643,797

CSA Funding

- ▶ The unassigned fund balance is used as a fiscal stability reserve, which may be used from time to time to meet **unexpected expenditures or revenue shortfalls**.
- ▶ The fund balance is a **one-time source** of revenue – once the fund balance or any portion of the fund balance is used, it is gone.
- ▶ At the end of FY 2017, the unassigned fund balance is expected to exceed the minimum 12% by \$674,800 which may be needed to fund nonrecurring CSA expenditures in FY 2017.

Five Year General Fund Projection - Revenue

- ▶ Current housing and sales indicators are showing only marginal growth.
- ▶ Overall revenue outlook over the next five years projects that ongoing growth will be less than one percent

Five Year General Fund Projection - Expenditures

- ▶ An annual salary increases of two percent and health insurance premium increases of five percent per year will result in an annual deficit in revenues of over \$600,000 by FY2021.
- ▶ In addition, over \$20 million in capital improvements have been identified as needed over the next five years.
- ▶ Even if the Elementary School renovation can be avoided by going to a two school system, it leaves \$ 7 million of the identified projects unfunded.

Five Year General Fund Projection – Tax Rate by 2021

- ▶ To meet FY2021 annual deficit in revenues of over \$600,000 would take about an additional five cents on the real property tax rate.
- ▶ To fund \$7 million in capital projects on a pay as you go basis would add an additional 14 cents to the tax rate.
- ▶ This increase along with the five cents increase discussed earlier would bring the tax rate to \$1.07.

Essex County Vision-Mission-Values :

2015-2016 Strategic Initiatives

- ▶ INITIATIVE TWO: PRACTICE GOOD GOVERNANCE.
 - ▶ Conduct an efficiency/effectiveness audit of county sponsored programs and services with particular focus on cost and program need. (2016)
 - ▶ Explore options for delivering county services and programs in collaboration with other public entities, as well as private sector providers, for the purpose of stretching/saving taxpayer dollars. (2016)

Financial Policies:

- ▶ BUDGET POLICY
 - ▶ At least once every four years, the County will reassess services and service levels

Next Steps

- ▶ Budget hearing scheduled March 15th, 22nd and 29th
- ▶ Tax Rate Public Hearing April 12th
- ▶ Adopt Budget and Appropriate FY 2017 spending May 3rd

March 22, 2016

Addendum

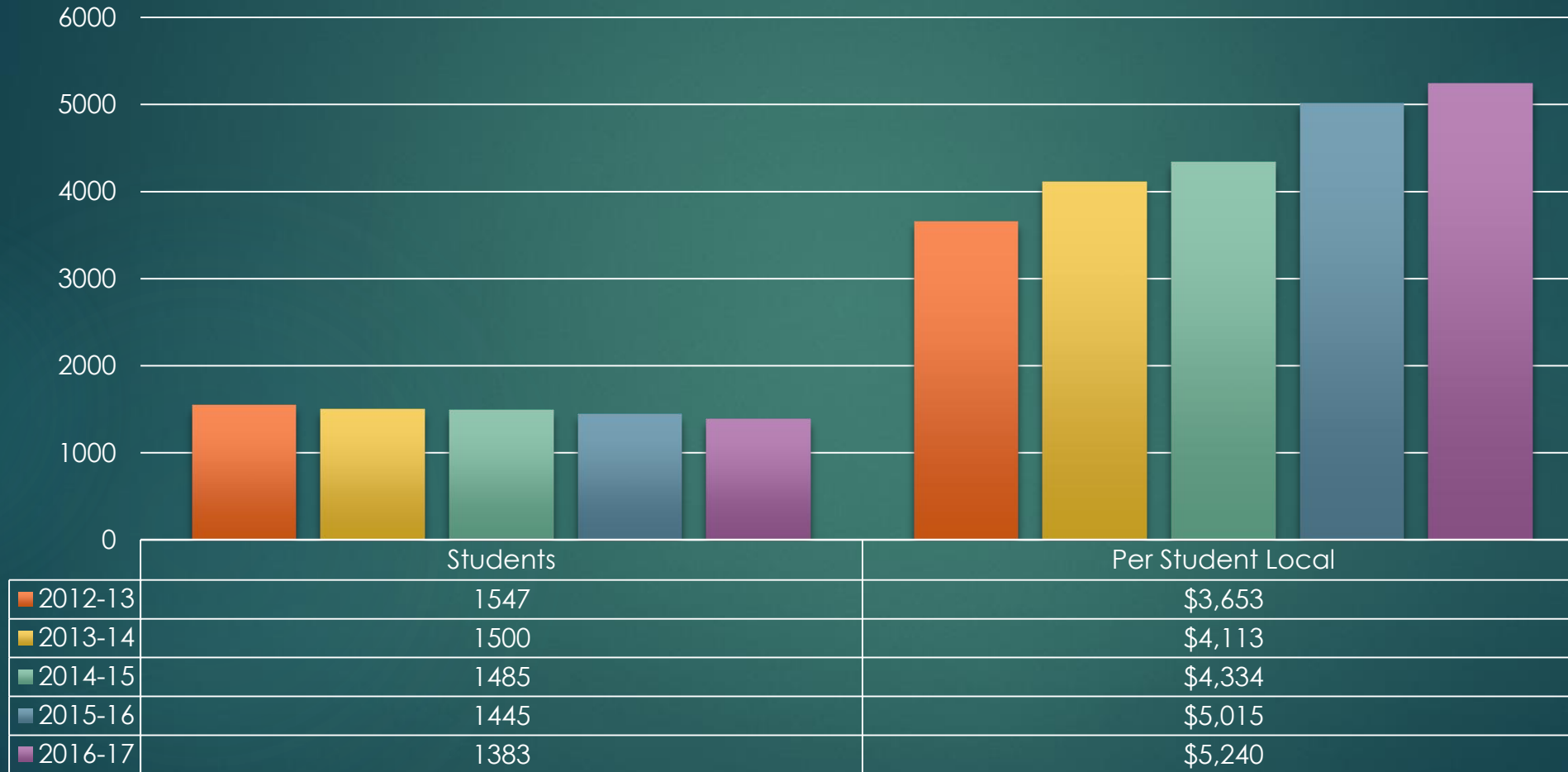
School Funding FY15-FY16

	BUDGETED FISCAL YEAR 2015	BUDGETED FISCAL YEAR 2016	INC/DEC	% INC/DEC
TRANSFERS				
Schools - Transfer to Education Fund	\$6,758,786	\$7,247,397	\$488,611	7.23%
TOTAL FUNDING				
FUND #205 Education (Including General Fun	\$15,359,188	\$16,008,344	\$649,156	4.23%

Sources for Increase

- ▶ Two Cent Tax Increase - \$250,000
- ▶ Reduction in Solid Waste Disposal - \$102,000
- ▶ Reduction in CSA - \$75,000

Student Populations and Local Cost Per Student Spending



TAX RATE ROLLBACK

One/Two Cent(s)

Option 1



<i>ONE CENT</i>	CURRENT FISCAL YEAR 2016	PROPOSED FISCAL YEAR 2017	INC./DEC.	%INC./DEC.
FUND #105 Social Services	\$1,618,239	\$1,609,534	(\$8,705)	-0.54%
FUND #205 Education	\$16,008,344	\$15,866,899	(\$141,445)	-0.88%
<i>TWO CENTS</i>				
FUND #105 Social Services	\$1,618,239	\$1,600,829	(\$17,410)	-1.08%
FUND #205 Education	\$16,008,344	\$15,750,604	(\$257,740)	-1.61%

Option 2

State Comp Board Funded Offices

- ▶ 5 FTE's not approved - \$252,521
- ▶ 3 FTE's approved but unfunded - \$151,100

Tax Rate Hearing

Three Options

Option 1

- ▶ Level General Fund Spending Budget - No Rate Increase
 - ▶ School Division reduced by \$393, 847
 - ▶ Jail increase and CSA taken out of unassigned balance

Tax Rate Hearing

Three Options

Option 2

- ▶ General Fund Maintenance Service Level Budget – 4.5 cent real property increase
 - ▶ School Division general funds increased by \$393,847
 - ▶ Jail general funds increased by \$167,562
 - ▶ CSA general funds increased by \$250,000 (one time funds from the 4.5 cents being collected for the first half of CY2016)

Tax Rate Hearing

Three Options

Option 3

- ▶ General Fund High Service Level Budget – 7.4 cent real property increase
 - ▶ School Division general funds increased by \$646,402
 - ▶ Jail general funds increased by \$167,562
 - ▶ Social Services general funds increased by \$104,535
 - ▶ CSA general funds increased by \$250,000 (one time funds from the 7.4 cents being collected for the first half of CY2016)

March 29, 2016

Addendum

Investigate spending in Current Year

Are there savings in FY2016?

Fiscal Year 2016 Year End Balance	
Revenues above budget	
Estimate between 350,000 to 450,000	400,000
Expenditures under budget	
2.5% of direct expenditures	238,790
Expenditures of fund balance already approved	
Pool rehabilitation	(133,508)
Additional CSA	(224,000)
Additional jail expenditures	<u>(82,195)</u>
Remaining to go to debt reserve	<u><u>199,087</u></u>

Are there additional expenditure reductions that can be made in FY2017?

- Non-essential items
 - Transparency and efficiency softwares such as Boarddocs, Google Apps, Facility Dude, OpenGov, NeoGov, Online P & R Registration, etc. \$28,870
 - All outside agencies and governmental partners \$271,905
 - Essex Youth Football
 - 4th of July Essex Little League
 - River Fitness
 - Bay Aging
 - Essex County Museum
 - Many Others

Are there fees that we could increase in FY2017?

EMS Fee Increases						
Start charging \$75 per patient refusal and public service call.						
We average about 100 of these type calls each year.						
May be an additional \$7,500						
Change EMS billing from soft billing to hard billing						
may add an additional \$100,000 . This will impact our						
low income families.						
					EMS Billing Fees	
Increase EMS billing rates by \$50					BLS	\$450
and increase transport mileage					ALS	\$550
\$1.00 may add an additional \$16,000					ALS	\$650
					Mileage	\$13.00

Are there fees that we could increase in FY2017?

Parks Fee Increases					
				15/16	16/17
Program Cost		Sports		\$30.00	\$45.00
		After School		\$30.00	\$45.00
		Summer Camp		\$50.00	\$75.00
		Pool		\$1.00	\$2.00
50% increase in all Parks fees, net approx. \$10,000 add'l. revenue					
50% increase in Pool fee, net approx. \$2,000 add'l revenue					

The Parks and Recreation Advisory Commission is tasked with recommending fee changes and voted against raising the admission fee to the pool at its March 10, 2016 meeting.

Fee Comparison						
Building Fees	Essex	Middlesex	Northumberland	Richmond	Gloucester	Essex Proposed
Minimum Building Permit	\$20.00	\$40.00	\$35.00	\$30.00	\$35.00	\$35.00
Living Area (per square foot)	\$0.10	\$0.10	\$0.08	\$0.12	\$0.12	\$0.12
Porches, Garages, & Decks	\$0.08	\$0.10	\$0.08	\$0.08	\$0.10	\$0.10
Modulars, Double Wides, & Mobiles	\$0.08	\$0.10	\$0.08	\$0.08	\$0.10	\$0.10
Electrical	\$35.00	\$40.00	\$30.00	\$40.00	\$40.00	\$40.00
Plumbing	\$30.00	\$40.00	\$30.00	\$40.00	\$40.00	\$40.00
Commercial	\$6.00 per 1,000, over 1,000,000 = \$600 + \$2 per 1,000	\$0.20	\$0.12	\$0.12	\$0.12	Leave as is

Increasing all Building Fees would generate \$1,000 to \$2,000 in revenue.

Zoning Fees	Essex	Middlesex	Northumberland	Richmond	Gloucester	Essex Proposed
Zoning Permit	\$25.00	\$30.00	\$40.00	\$40.00	\$35.00	\$30.00
Zoning Amendment	\$200.00	\$300.00	\$400.00	\$500.00	\$275.00	\$400.00
Rezoning	\$200.00	\$300.00	\$300.00	\$500.00	\$275.00	\$400.00
Zoning Variance	\$200.00	\$300.00	\$300.00	\$400.00	\$275.00	\$400.00
Conditional Use	\$200.00	\$300.00	\$150.00	\$400.00	\$275.00	\$300.00
E&S Permit	\$50.00	\$50.00	\$40.00	\$75.00	\$45.00	Leave as is
Wetlands	\$200.00	\$150.00	\$200.00	\$250.00	\$200.00	\$250.00
Subdivision (minor)	\$25 per plat +\$10 per lot	\$150+\$15 per lot	\$50 per plat +\$15 per lot	\$50 per plat + \$30 per lot	\$100 per plat	\$100 + \$25 per lot
Subdivision (major)	\$100 per plat	\$400 per plat+\$25 per lot	\$300 per plat+\$25 per lot	\$300 per plat +\$30 per lot	\$100 preliminary plat, \$100 final plat	\$300 + \$25 per lot

Increasing all Zoning fees would generate \$3,000 - \$5,000 in revenue.

Are there fees that we could increase in FY2017?

Treasurer - Credit Card Fees

- At the \$5.00 fee per transaction, we are collecting \$7,000 and paying out \$36,444.
- If we changed the fee to 3% of the transaction, we would collect approximately \$38,843 and be charged \$36,444. This fee would more approximate the charge we are paying.

Tax Rate Hearing Additional Options

Option 2 (4.5 cents) Alternative

- ▶ Repeal Land Use effective January 1, 2017 (can not be suspended) and hold tax rate at 88 cent for both CY 2016 & 2017 .
- ▶ Does not require another tax rate hearing in April.

Tax Rate Hearing Additional Options

Option 2 (4.5 cents) Alternative

- ▶ Increase real property 2.5 cents and personal property 25 cents
- ▶ Would require a new public hearing notice (April 20) and new hearing date (April 27) and a new budget adoption date (May 4)

Tax Rate Hearing Additional Options

Option 3 (7.4 cents) Alternative

- ▶ Increase real property 3.5 cents and personal property 50 cents and vehicle license tax \$5
- ▶ Would require a new public hearing notice (April 20) and new hearing date (April 27) and a new budget adoption date (May 4)

April 25, 2016

Addendum

Compensation

Personnel Contingency in the proposed budget contains \$91,380 to fund a 2% increase for all County and Social Services employees.

- Option 1 - July 1st \$95,617
- Option 2 – December 1st \$60,385

Expenditures

393,847	School Division increase for loss of State revenue due to change in composite index
252,555	Additional request from School Division for FY2017
167,562	Increase in funding required for jail in General Fund
250,000	Expected increase in CSA local funding for FY2017
104,535	Additional request from Social Services for 3 new positions
14,357	20400 - Restore additional part-time position requested by Clerk of the Circuit Court
1,050	20100 - Office on Youth requested an additional amount for Essex share of database purchase
1,397	52100 - Mental Health - increase above what was requested
(33,989)	31000-8107 Designated fund balance to be used for maintenance of armored vehicle
(250,000)	4-301 Capital Projects Fund currently designated to school construction - one time savings should be used for one time expenditures
(16,207)	71300-7715 River Fitness return of taxes - require facility to file tax exempt paperwork
(278,700)	Suggested cuts per S. Langford net of items above - department heads need to be consulted as these cuts may affect service levels

Revenues

948,209	Increase Real Estate Tax 7.4 cents, .01 cent equals 128,136
450,000	Repeal land use - \$150,000 savings in FY2017 are included in proposed budget from moving to SLEAC values
157,867	Increase Personal Property tax .25 cents
42,857	Increase Vehicle License tax \$5.00
31,843	Increase credit card transaction fee to 3%
7,500	\$75 Patient refusal and public service call fee
100,000	Hard billing - collection agency, liens, no sliding scales
16,000	Increased EMS billing rate by \$50, increase mileage rate
12,000	Increase all Parks fees by 50%
5,500	Increase all Building and Zoning fees as presented

May 1, 2016

Addendum

Level Service - Zero Real Property Increase Proposal

Assumptions

- No increase in the Real Property Tax Rate
- Level Service Funding with salary increases to be funded internally
- Fund unforeseen or mandated budget increases (CSA, State Education Aid decrease, Teacher's VRS , Regional Jail)
- Fund Balance drawdown replenished in FY18 when there is a full year's collection of SELAC Ag values.
- A service level review and multiyear budget plan be developed prior to the FY18 budget cycle.

Revenues

157,867	Increase Personal Property tax .25 cents
42,857	Increase Vehicle License tax \$5.00
31,843	Increase credit card transaction fee to 3%
7,500	\$75 Patient refusal and public service call fee
50,000	Hard billing - collection agency, liens, no sliding scales
16,000	Increased EMS billing rate by \$50, increase mileage rate
12,000	Increase all Parks fees by 50%
5,500	Increase all Building and Zoning fees as presented
250,000	4-301 Capital Projects Fund currently designated to school construction - one time money should be used for one time expenditures
120,000	Miscellaneous revenue - asset sale, assessment growth, land use increase forestry, land use revalidation
693,567	Total

Expenditures

393,847 School Division increase for loss of State revenue due to change in composite index

62,834 School Division VRS increase

167,562 Increase in funding required for jail in General Fund

250,000 Expected increase in CSA local funding for FY2017

14,357 20400 - Restore additional part-time position requested by Clerk of the Circuit Court

1,050 20100 - Office on Youth requested an additional amount for Essex share of database purchase

1,397 52100 - Mental Health - increase above what was requested

(33,989) 31000-8107 Designated fund balance to be used for maintenance of armored vehicle

857,058 Total

Summary – Proposed Level Service Budget

TOTAL COUNTY BUDGET GENERAL FUND REVENUES	\$	34,642,743	\$	33,919,405
TOTAL COUNTY BUDGET NET EXPENDITURES	\$	34,182,886	\$	33,999,361
Additions to Capital Maintenance Reserve		\$222,996		\$61,498
Additions to Glebe Fund Balance		\$3,400		\$14,000
<i>Beginning General Fund Unassigned Balance* - July 1, 2016</i>		\$4,579,163		
Increase (Decrease) in Unassigned Balance				(\$155,454)
<i>Ending General Fund Unassigned Balance - June 30, 2017</i>				\$4,423,709