

# Richmond County FY17 Budget Overview



**BOARD OF SUPERVISORS MEETING**  
**JANUARY 14, 2016**

# Outline



- I. Current FY16 Budget – How Are We Doing?
- II. FY17 Budget Challenges
- III. Revenue Trends and Debt Service Analysis
- IV. FY17 Budget Positives
- V. FY17 Budget Priorities

# Current FY16 Budget...How Are We Doing?



- Expenses – Expenses through December 31, 2015 (50% of year), are tracking well. All Budgets are around the 50% mark and barring an unforeseen circumstance, we should continue that way over the second half of the year.
- Revenues – Revenues are also trending well through the first half of the year and Local Tax collections are at consistent levels as in previous years.

# FY17 Budget Challenges



- **Flat Local Revenues**

○ Local Sales Tax -	\$1,250,000	+/- \$0
○ Personal Property Tax	\$1,526,000	+/- \$0
○ Real Estate Tax-	\$5,210,000	+/- \$0
○ Fines, Fees, Permits, Etc...		+/- \$0

- **Loss of \$124,800 in Revenue from Northumberland County**

- Repayment – Northern Neck Regional Jail

- **Employee Morale**

- Health Insurance Continues to Rise...
  - ✦ ...mixed with fewer benefit plans
- Lack of Cost of Living Raises (FY15 and FY16)
- Salaries that severely trail the regional averages

# FY17 Budget Challenges



- **Capital Projects/Maintenance Funding**
  - Not being adequately funded for future projects, repairs and improvements
- **Budget Cuts**
  - Departments over the past few years have been cut to unattainable levels
    - ✦ Can not afford continued cuts
- **Unknown Variable Costs**
  - Expenses such as Comprehensive Services Act, At-Risk Youth, Department of Social Services, Juvenile Detention Facilities...
    - ✦ We can budget for these costs and work to manage them as best as possible, but the bottom line is we are required to fund them at whatever the costs may be.

# FY17 Budget Challenges



- Revenues stable and/or decreasing and Expenditures increasing...
- Lack and inability to invest in ourselves for Economic Development
- Continuation of the \$3,000,000 annual Revenue Anticipation Note

# Issue with NNRJ and Why it is Important to Begin Planning for Yearly Funding



- Since the creation of the Northern Neck Regional Jail in the 90's, the three counties that own the jail have ***never*** had to contribute annual operational funds to the jail.
- Why? - Federal Inmate population
  - In the good years, the NNRJ routinely housed between 225-300 Federal Inmates per day.
  - Our current Average Daily Population (ADP) now hovers around 175 Federal Inmates per day.

# Issue with NNRJ and Why it is Important to Begin Planning for Yearly Funding



- **Why? - Prosecution of crimes**
  - Our main contract was with the U.S. Marshalls and the Eastern District of Virginia, which used to carry an ADP of about 2,000 inmates per day.
  - Current 2015-2016 numbers show that population to be 600.
- **There are a handful of local regional jails (6) that contract with the Eastern District**
  - Meaning we used to spread a big pie to all of the jails, and now we spread a little pie



# Issue with NNRJ and Why it is Important to Begin Planning for Yearly Funding



- Why does this matter?
  - At \$55 dollars per day, per inmate, our revenue generated used to be about \$4,500,000 per year
- Our current revenue stream from this source is about \$3,500,000
- What has been done so far? Over the last few fiscal years, staff and operations have been cut significantly, in order to adjust to the lower numbers.
- However, the continued loss of revenue will ultimately result in the three Counties having to pick up a portion of the burden in the forms of daily per diems.

# Issue with NNRJ and Why it is Important to Begin Planning for Yearly Funding



- So what does this mean?
- This means that on average, Richmond County houses roughly 30 inmates per day in the NNRJ.
  - \$20/day Per diem =  $30(\text{ADP}) * 20(\text{Per diem}) * 365 = \$219,000$
  - \$30/day Per diem = \$328,500
  - \$40/day per diem = \$438,000
  - \$50/day per diem = \$547,500

## Issue with NNRJ and Why it is Important to Begin Planning for Yearly Funding

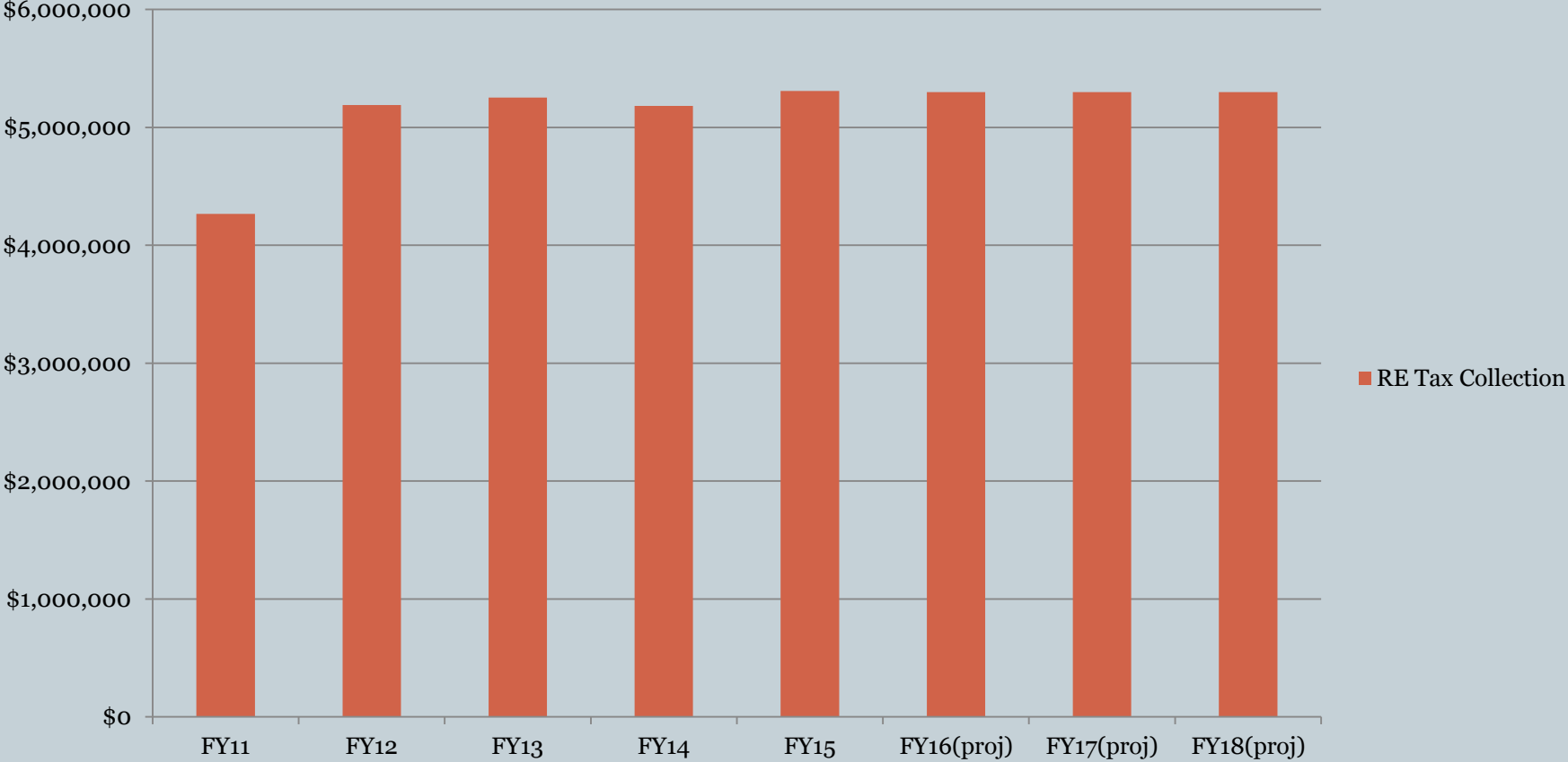


- The bottom line: We have been very fortunate for many years to ride this wave. We are the **ONLY** regional jail in the Commonwealth with a \$0 cost to the localities annually.
- We must begin preparing for this burden to be laid upon us at some time in the near future and as soon as 2019 or 2020.

# Real Estate Tax Collection Projections



## RE Tax Collection

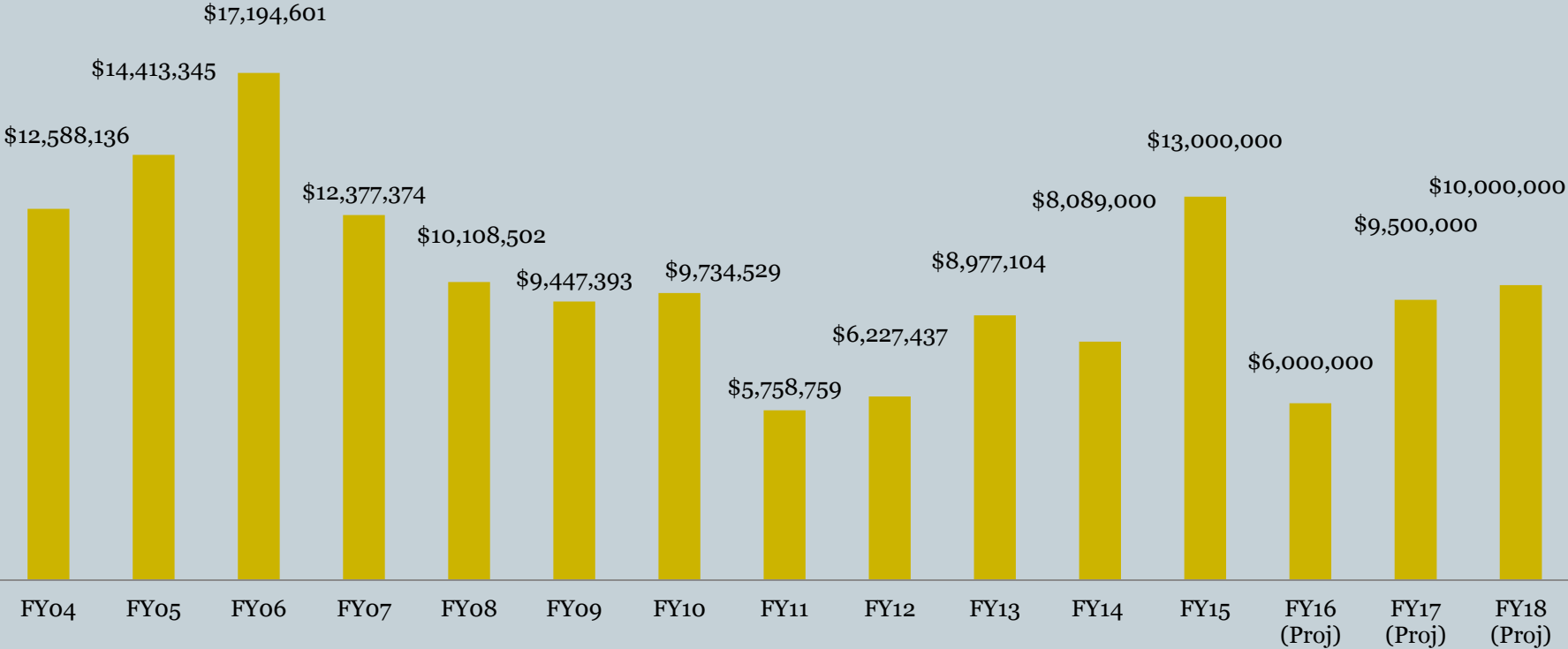


# Annual New Construction Projections



## 10 Year New Construction

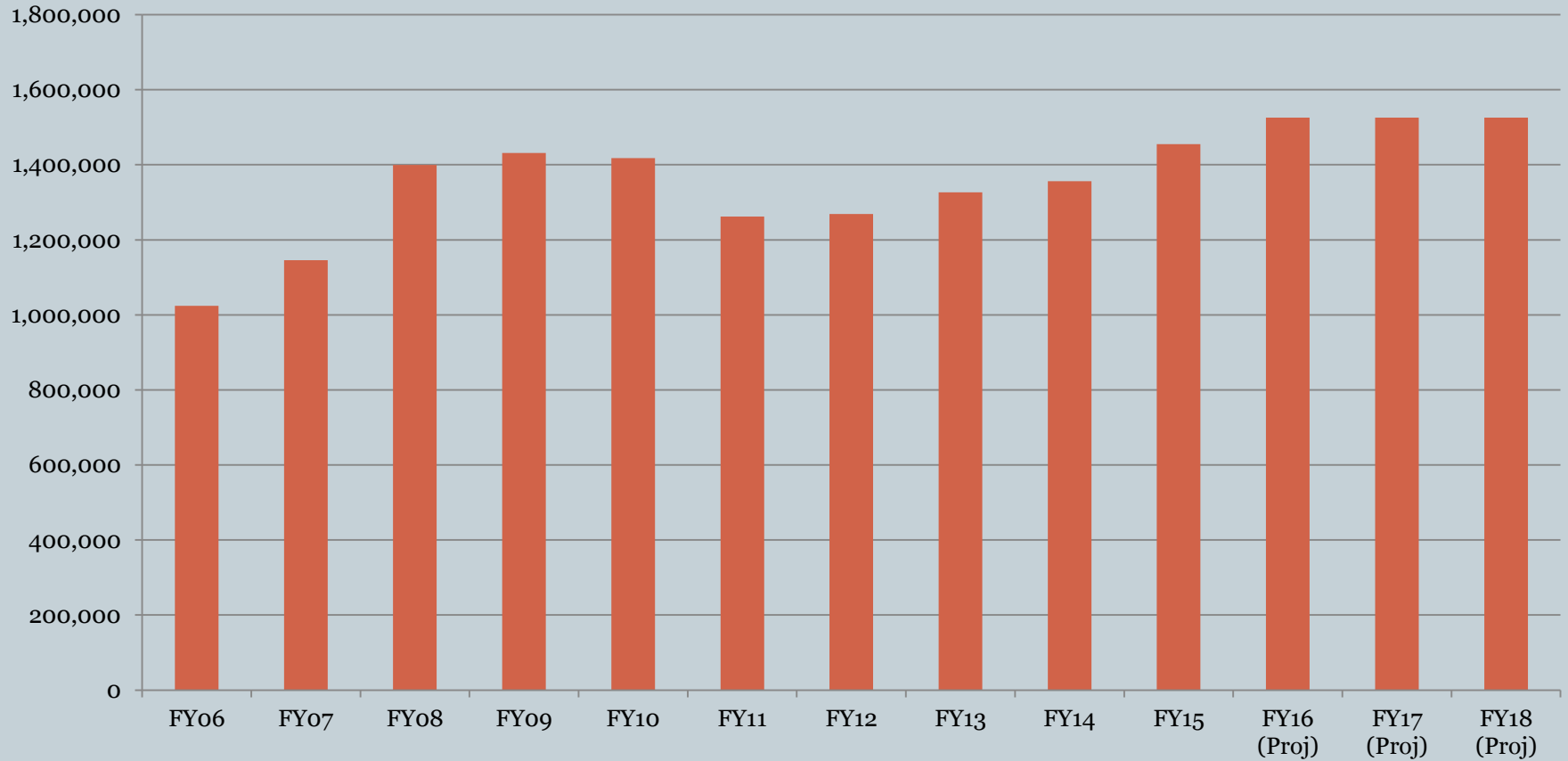
■ 10 Year New Construction



# Personal Property Tax Collection Projections



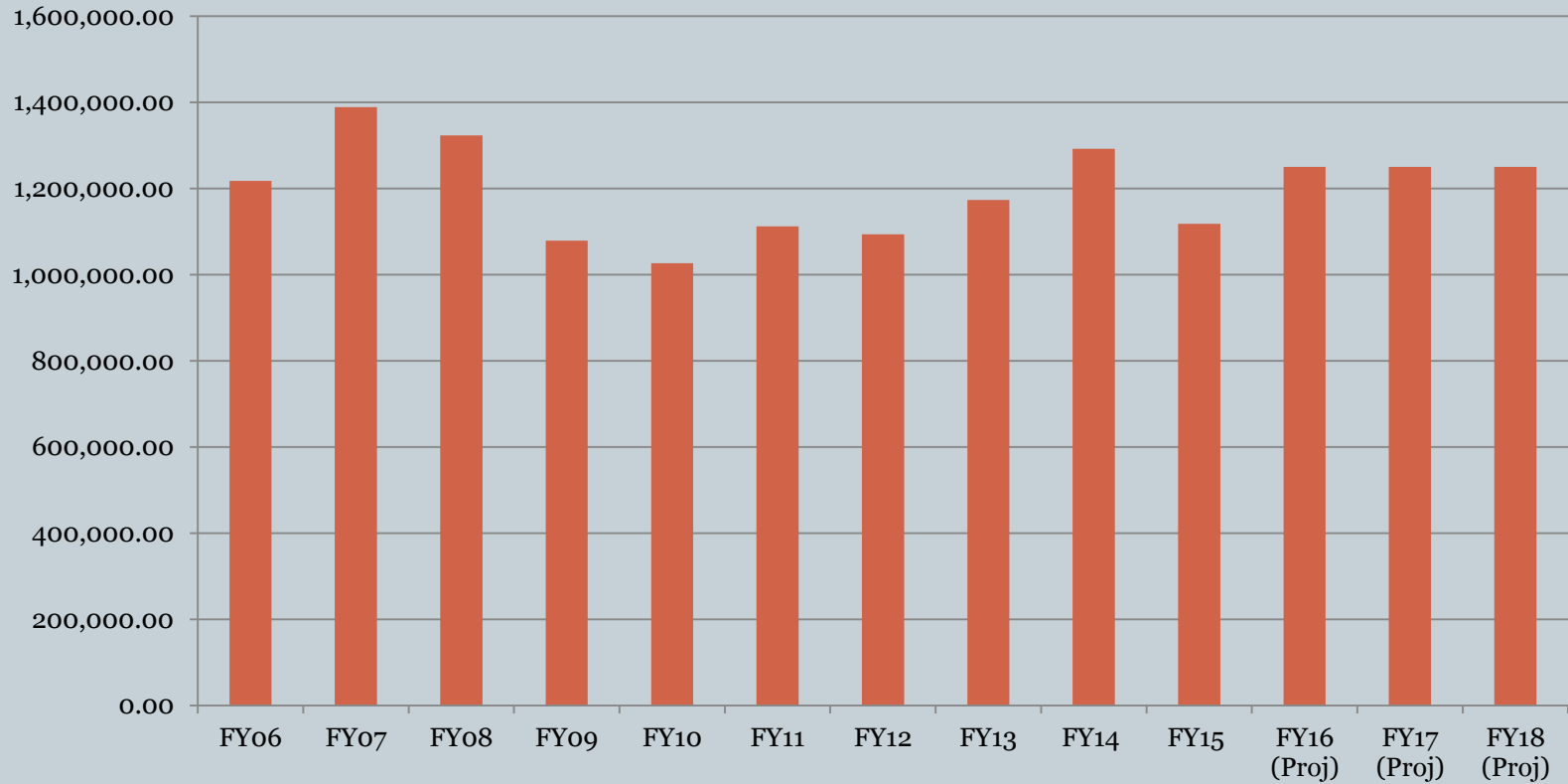
## Personal Property



# Local Sales Tax Collection Projections



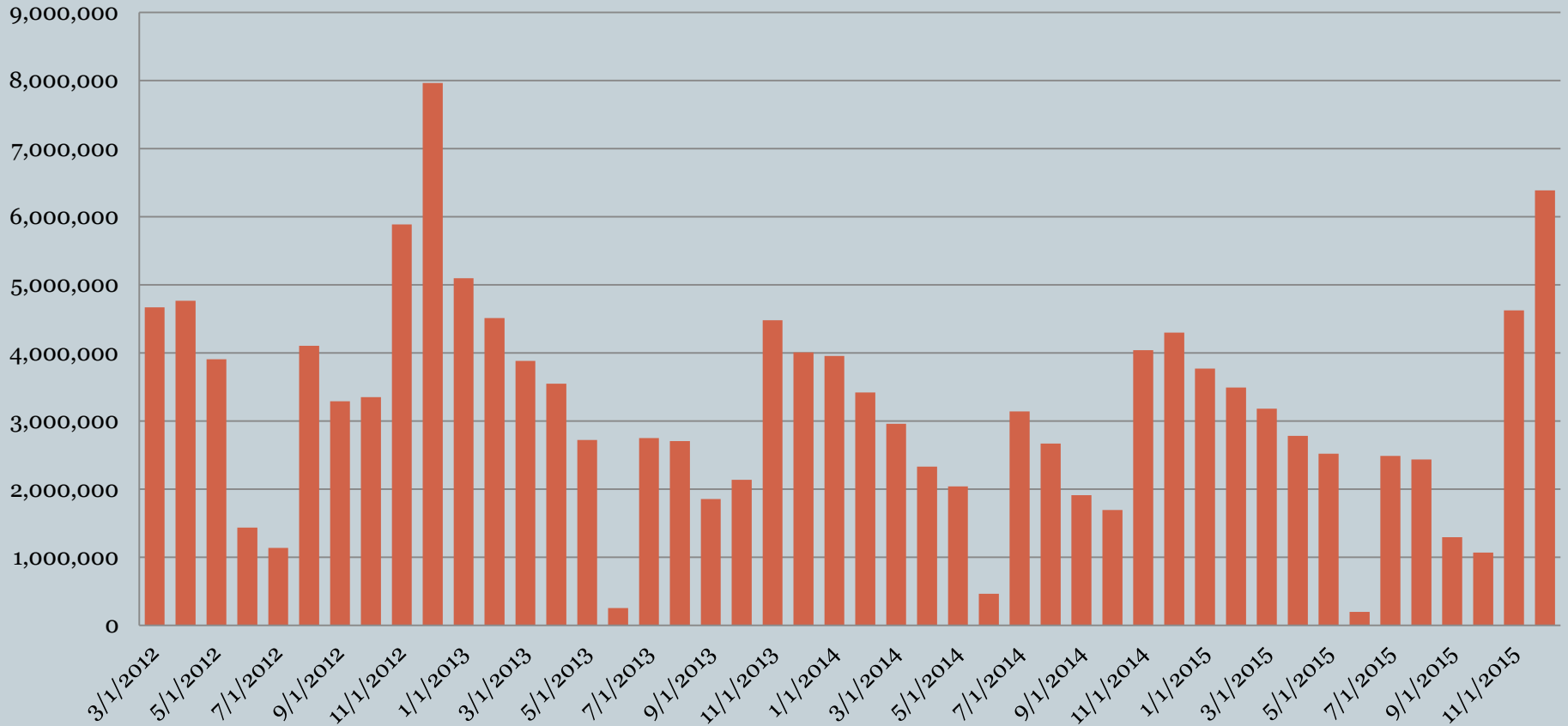
## Local Sales Tax Revenue



# Richmond County Available Cash



## Available Cash





# County Debt Service

	1998 GO School	2011B VRA (re-fi)	2009 QSCB	QSCB Int	2010 USDA	2012 QSCB	2012 VPSA	2015 VML/VACO	YEARLY TOTAL
2017	\$123,625	\$394,693	\$147,059	\$234,000	\$7,265	\$167,345	\$381,907	\$17,614	\$1,473,508
2018	\$120,175	\$389,236	\$147,059	\$234,000	\$7,265	\$167,345	\$381,226	\$17,614	\$1,463,920
2019	\$116,725	\$393,911	\$147,059	\$234,000	\$7,265	\$182,555	\$371,094	\$17,614	\$1,470,223
2020		\$393,515	\$147,059	\$234,000	\$4,238	\$304,258	\$366,639	\$17,614	\$1,467,323
2021			\$147,059	\$234,000		\$382,500	\$571,206	\$8,807	\$1,343,572
2022			\$147,059	\$234,000		\$382,500	\$569,415		\$1,332,974
2023			\$147,059	\$234,000		\$382,500	\$568,641		\$1,332,200
2024			\$147,059	\$234,000		\$382,500	\$570,809		\$1,334,368
2025			\$147,059	\$234,000		\$303,467	\$640,554		\$1,325,080
2026			\$147,059	\$234,000		\$303,467	\$640,652		\$1,325,178
2027			\$147,059	\$234,000		\$303,467	\$639,957		\$1,324,483
2028				\$234,000		\$303,467	\$732,807		\$1,270,274
2029				\$234,000		\$303,467	\$731,912		\$1,269,379
2030				\$234,000		\$303,467	\$733,307		\$1,270,774
2031				\$234,000		\$303,467	\$734,092		\$1,271,559
2032				\$234,000		\$303,467	\$734,267		\$1,271,734
2033				\$234,000		\$303,467	\$733,832		\$1,271,299
2034				\$234,000		\$303,467	\$732,787		\$1,270,254
2035				\$234,000		\$303,467	\$747,112		\$1,284,579
2036									
2037									
2038									
2039									
2040									
2041									
	\$360,525	\$1,571,355	\$1,617,649	\$4,446,000	\$26,033	\$5,689,640	\$11,582,216	\$79,263	\$25,372,681

# Current Year Delinquent Taxes Comparison



- 2012 Taxes as of December 31, 2012 - \$703,553
- 2013 Taxes as of December 31, 2013 - \$627,469
- 2014 Taxes as of December 31, 2014 - \$683,407
- 2015 Taxes as of December 31, 2015 - \$650,154

✦ \*\*Not overall delinquent, just current year taxes and their outstanding balances as of 12/31 of that year\*\*

# Delinquent Prior Year Taxes as of December 31



- 2011 Taxes as of December 31, 2012 - \$187,974
- 2012 Taxes as of December 31, 2013 - \$226,912
- 2013 Taxes as of December 31, 2014 - \$216,590
- 2014 Taxes as of December 31, 2015- \$177,831

✦ \*\*Just the prior year delinquent, not the prior 5 in total\*\*

# FY17 Budget Positives



- **State Funding for Education**

- This year's top priority of both the Governor and General Assembly is more State dollars towards education.
- At this time, the impact is unknown, but any additional State funding towards education is a positive that will take much of the financial burden off of the localities.
- Education funding was severely cut at the State level from 2008-2010, of which the localities were forced to contribute more local dollars into education to make up for those losses.
- This will be the first substantial investment into K-12 education since the recession.

- **Drop in Local Composite Index (LCI)**

- Our LCI for the 2016-2018 Biennium has dropped from .3364 to .3180
- Our LCI dropped from .3599 to .3364 in the 2014-2016 Biennium, which resulted in an additional \$270,000 from the State for Education.
- This drop is not as significant, but increased State revenue is expected.

# FY17 Budget Positives



- **Lowering of VRS Employer Rate from 10.84% to 9.14%**
  - This is the rate in which Richmond County pays into VRS on behalf of the employee. The employee also contributes an additional 5% from their paycheck.
  - This will be year 5/5 of implementing the 1% Raise and 1% employee contribution for our Plan 1 employees (Employees since July 1, 2012).
- **Recent changes to Land Use values and PPTRA percentages**
  - Last year's changes to both the PPTRA Rate and Land Use Values were very important to the County. Both of these programs we becoming a money loser for the County, but the changes were well timed, and should prevent further revenue losses.
  - Both programs need to be monitored and managed overtime to ensure their survival.

# County Administrator's FY17 Budget Priorities



- Employee Morale
- Fund Balance Position
- Capital Improvement Plan Funding
- Preparation for future funding of NNRJ

# FY17 Proposed Budget Adoption Schedule



- Monday, December 7, 2015 – Budget Request Letters submitted to Departments
- Monday, January 11, 2016 – Planning Commission Public Hearing on FY17-FY21 Capital Improvement Plan
- Friday, January 29, 2016 – Department Budget Requests due to County Administrator
- Thursday, February 11, 2016 – Board of Supervisors Public Hearing on FY17-FY21 Capital Improvement Plan
- Friday, February 26, 2016 – FY17 Budget Requests given to Board of Supervisors
- Thursday, March 10, 2016 – FY17 Budget Presentations from Departments (1:00 – 5:00 PM)
- Monday, March 21, 2016 – FY17 Budget Worksession – County Administrator’s Recommended Budget Presentation (6:00 PM)
- Monday, March 28, 2016 – FY17 Budget Worksession (6:00 PM)
- Thursday, April 14, 2016 – FY17 Budget Worksession (1:00 or 6:00 PM)
- Thursday, April 21, 2016 – FY17 Budget Public Hearing (7:00 PM)
- Thursday, May 12, 2016 – FY17 Budget Adoption (7:00 PM)