

# FISCAL YEAR 2021 BUDGET PUBLIC HEARING

---

THE COUNTY OF LOUISA, VIRGINIA

April 6, 2020



# Budget Approach due to COVID-19 Impacts

1. Potential (negative) revenue impact of ~\$200K/month (detail to follow)
2. Due to data availability, precise impact difficult to determine prior to adoption.
3. Services and operations must continue, therefore approval of a budget is required.
4. Therefore, recommend budget approval as presented, **but delay appropriation of certain capital projects and compensatory increases** to hedge against potential revenue impacts.
5. Monitor revenues on a monthly basis to determine timing of appropriation of items delayed in #4.



# Summary

- Total Budget: \$131.8M
  - Operating Expenses: \$6.6M / +6.0%
  - Revenues: \$6.2M / +5.4%
  - No tax rate increase: \$0.00M / +0.0%
  - Operating Surplus: \$4.9M
  - Capital Projects Total: \$15.8M
  - Debt/Borrowed Funds: \$8.5M (JES Addition project)
- 
- Leaves unrestricted fund balance of \$5.2M
  - Leaves Long-Term Projects Capital Reserves of \$8.26M



# Budget Summary

|  | Fiscal Year           |                       |                       | Inc./Dec.            | % Chg.        |
|--|-----------------------|-----------------------|-----------------------|----------------------|---------------|
|  | FY2019<br>Actual      | FY2020<br>Budget      | FY2021<br>Recommended |                      |               |
| <b>Revenues</b>                              |                       |                       |                       |                      |               |
| General Property Taxes                       | \$ 60,874,074         | \$ 62,410,239         | \$ 64,712,253         | \$ 2,302,014         | 3.69%         |
| Other Local Taxes                            | 9,281,127             | 9,035,000             | 9,282,500             | 247,500              | 2.74%         |
| Permits, Privilege Fees and Licenses         | 560,491               | 530,000               | 558,500               | 28,500               | 5.38%         |
| Fines and Forfeitures                        | 89,689                | 60,000                | 60,000                | -                    | 0.00%         |
| Revenue from the Use of Money and Property   | 897,744               | 671,000               | 855,000               | 184,000              | 27.42%        |
| Charges for Services                         | 4,693,669             | 5,075,116             | 5,423,274             | 348,158              | 6.86%         |
| Miscellaneous                                | 196,439               | 125,000               | 190,000               | 65,000               | 52.00%        |
| Recovered Costs                              | 127,037               | 135,000               | 135,000               | -                    | 0.00%         |
| Intergovernmental                            | 35,522,301            | 36,643,597            | 39,681,282            | 3,037,685            | 8.29%         |
| CIP Bond Revenue                             | -                     | -                     | 8,500,000             | 8,500,000            | 0.00%         |
| <b>TOTAL REVENUES</b>                        | <b>\$ 112,242,571</b> | <b>\$ 114,684,952</b> | <b>\$ 129,397,809</b> | <b>\$ 14,712,857</b> | <b>12.83%</b> |
| Fund Balance - Usage of / (Surplus Added to) | \$ 9,302,692          | \$ (0)                | \$ 2,411,235          |                      |               |
| <b>TOTAL RESOURCES</b>                       | <b>\$ 121,545,263</b> | <b>\$ 114,684,952</b> | <b>\$ 131,809,044</b> |                      |               |
| <b>Expenditures</b>                          |                       |                       |                       |                      |               |
| General Government Administration            | \$ 3,552,047          | \$ 3,875,429          | \$ 3,800,511          | \$ (74,918)          | -1.93%        |
| Judicial Administration                      | 2,102,555             | 2,195,818             | 2,302,616             | 106,798              | 4.86%         |
| Public Safety                                | 14,091,349            | 14,328,413            | 14,889,279            | 560,866              | 3.91%         |
| General Services                             | 3,749,552             | 3,865,433             | 4,172,861             | 307,428              | 7.95%         |
| Health and Welfare                           | 9,143,499             | 9,698,774             | 10,615,250            | 916,476              | 9.45%         |
| Education                                    | 61,865,090            | 66,104,247            | 70,521,547            | 4,417,300            | 6.68%         |
| Parks, Recreation, and Cultural              | 1,586,661             | 1,643,536             | 1,701,623             | 58,087               | 3.53%         |
| Community Development                        | 2,565,026             | 1,716,793             | 1,841,929             | 125,136              | 7.29%         |
| Non-departmental                             | -                     | 825,406               | 813,000               | (12,406)             | -1.50%        |
| Debt Service                                 | 5,216,404             | 5,152,111             | 5,318,694             | 166,583              | 3.23%         |
| Capital Projects                             | 17,673,080            | 5,278,992             | 15,831,735            | 10,552,743           | 199.90%       |
| <b>TOTAL EXPENDITURES</b>                    | <b>\$ 121,545,263</b> | <b>\$ 114,684,952</b> | <b>\$ 131,809,044</b> | <b>\$ 17,124,093</b> | <b>14.93%</b> |

4/6/2020



# Changes since Public Hearing Notice

- (\$197,701) – Health Insurance Savings (3.2% reduced to 1.2%)
- (\$78,659) – Add'l Revenue for State Supported positions
  - Compression/Other Salary Adjustments & 2% Bonus
- \$12,600 – Scheduling Software for Fire Stations
- (\$1,687) – Salary Adjustments (Turnover savings/Minimum Wage changes)
- \$5,600 - Increase FEMS Property & Liability Insurance
- \$493 - Increase for Outside Agency Funding added
  - CVPED
- (\$278,028) - Capital Project Reductions – Moving to FY20

Total Difference = (\$537,382)



# Revenue Highlights

- Future revenue updates may be required due to COVID-19 fiscal impacts
- General Property Revenue: 3.7% Increase (\$2.3M)
- Other Local Taxes: 2.7% Increase (248K)
- Education Funding State/Federal: 8.8% Increase (\$2.4M)
- CSA Revenues (State): 14.0% Increase (\$200K)
- DHS Revenues (State): 9% Increase (\$366K)
- Local Sources (includes Meals Taxes): 5.1% Increase (\$93K)
- Revenue Recovery Fees: 14.3% Increase (\$200K)
- Borrowed Funds: \$8.5 M



# Expenditure Highlights - Operating

- 1.2% increase in Health Insurance – County and School
- 3% staff compensation increase
- .93% VRS Retirement Increase
- Additional positions, including 3 for Sheriff's Office
- Sheriff: Add'l \$136K for Vehicle Maintenance, Computer Equip, Training, Supplies
- Volunteer Fire/EMS: Add'l \$82K; Maint. of Vehicles/Equip/Buildings, Gear Washers
- CSA/DHS: increase in Services Costs; mostly offset with state/federal funding
- Landfill: Increased Operational Costs; offset with revenues
- Debt Service – Includes \$230K –Jouett Addition



# Outside Agencies

- Discussions are still underway for the following agencies:
  - ❖ Child Health Partnership
  - ❖ Region Ten
  - ❖ Jefferson Madison Regional Library
  - ❖ MACAA
  - ❖ Historical Society
  - ❖ Virginia Career Works
  - ❖ CVPED





# Expenditure Highlights - Schools

- Compensation (3%) and Step Increases
- 1.2% Health Insurance Increase
- VRS Rate Increases
- JROTC Continuation (\$50K)
- Three Reading Aides, Reading Specialist LCMS (\$168K)
- Supplies, Technology, Insurance Cost Increases— (\$220K)



# Expenditure Highlights – Capital

- Louisa Wastewater Plant Ammonia-Nitrogen Upgrade: \$334K
- Bowler's Mill Dam Improvements: \$250K
- NEC WTP Sludge Vac System - \$250K
- Replacement of IGC HVAC Units: \$325K
- Building/Space Improvements - \$1M
- Lake Anna Rescue Station: \$800K
- Permanent Pool Enclosure: \$1.04M
- LCPS: \$1.6M for buses, technology, equipment
- LCPS: Jouett Addition - \$8.5M



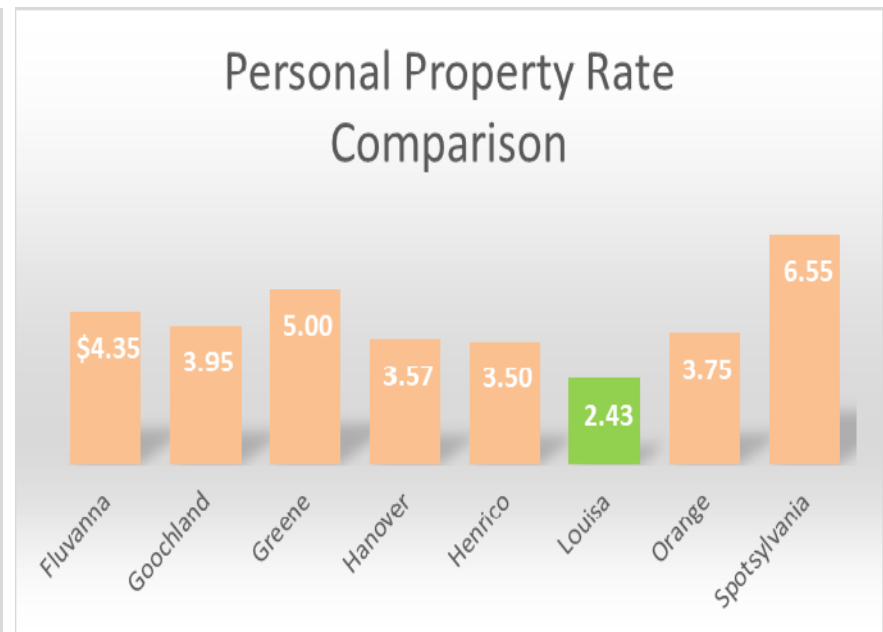
# Fund Balance Detail

|  |                                  |
|--|----------------------------------|
| <i>Audited Fund Balance</i>                  | 55,067,907                       |
| <i>Cash Flow Requirements</i>                | (12,000,000)                     |
| <i>NAPS Fund</i>                             | (15,800,000)                     |
| <i>Other Assigned Funds</i>                  | (678,028)                        |
| <i>OPEB / Accrued Leave Liabilities</i>      | (15,562,936)                     |
| <i>FY20 Usage and Transfers</i>              | (3,402,844)                      |
| <i>FY20 Pending Usage &amp; Transfers</i>    | -                                |
| <b><i>Available Fund Balance</i></b>         | <b><u><u>7,624,099</u></u></b>   |
| <br>   |                                  |
| <b><i>Recommended - FY21</i></b>             | <b><u><u>(2,411,235)</u></u></b> |
| <b><i>Impact of FY21 Approved Budget</i></b> | <b><u><u>5,212,863</u></u></b>   |

\*\*Unaudited figure



# Current Tax Rates



FY2020 rates; Several localities are proposing rate increases for FY2021.



# COVID -19 Budget Impacts (FY21)

Potential monthly revenue impacts are listed below

- Meals Taxes - \$42K (assumed 40% loss per month)
- Sales Taxes - \$81K (assumed 25% loss per month)
- Transient Occupancy Taxes – \$8K (assumed 50% loss per month)
- Building & Zoning Permits - \$20K (assumed 50% loss per month)
- Parks & Recreation Programming Fees - \$48K (assumed full loss per month)
- Interest on Deposits - \$1K (1% assumed loss)
  
- Potential estimated Monthly Impact = \$200K



# COVID – 19 Potential Offsets

Exact COVID-19 Budget Impacts are unknown at this time, but the following are recommended to offset revenue shortfalls:

- Delay (approve but not appropriate) Salary Increases to County & School employees
  - Saves approximately \$189,511 per month delayed
  - Increases dependent on when Revenue Collections become in-line with Projections
- Delay (approve but not appropriate) Non-Essential Capital Projects
- Delay Non-essential Operating purchases via direction to staff



## Recommended Capital Projects – Delayed Appropriation

| <b>Project Title</b>             |                    |
|----------------------------------|--------------------|
| Replacement of Voting Equipmen   | \$18,085           |
| Lake Anna Rescue Station         | \$800,000          |
| MVFD Apparatus Bay Drywall & F   | \$29,430           |
| LVRS Parking Lot Repair          | \$100,000          |
| HGVFD Sleeping Area Remodel      | \$28,600           |
| HGRS Seal Driveway               | \$20,000           |
| Landfill Closure Fund            | \$175,000          |
| Landfill New Cell Development    | \$150,000          |
| Replacement of County Vehicles   | \$75,000           |
| Solid Waste Equipment Replacem   | \$109,000          |
| Building / Space Improvements    | \$1,000,000        |
| Digital Camera System/Security C | \$15,000           |
| Maintenance Vehicle Replacemen   | \$26,075           |
| LED Lighting                     | \$50,000           |
| TES Sinks & Mirrors              | \$30,000           |
| LCMS Bathroom Renovations        | \$25,000           |
| Permanent Pool Enclosure         | \$1,043,050        |
| EDE Project Funds                | \$100,000          |
| Bowler's Mill Dam Improvements   | \$250,000          |
| LRWWTP Ammonia-Nitrogen          | \$334,000          |
| NEC WTP Sludge Vac System        | \$250,000          |
| <b>Grand Total of Projects</b>   | <b>\$4,628,240</b> |



# Next Steps

- State revenues are not finalized.
  - Department of Education Funding
  - Compensation Board funding
  - Children's Services Act/DHS funding
- Outside Agency & Capital Project discussions (funding levels)
- COVID-19 Considerations
- Adoption of the O & M and CIP Budgets – April 20, 2020
- Establish & Adopt Tax Rate – April 20, 2020
- Appropriation of the O & M and CIP Budgets – May 4, 2020

