

## BUDGET SUMMARY

Revenue Category	FY15 Budget as		FY16		% Change
		Amended	Proposed	Increase/ Decrease	
General Property Taxes	\$	23,351,554.00	\$ 23,944,396.00	\$ 592,842.00	2.5%
Other Local Revenue	\$	5,524,532.00	\$ 5,655,103.00	\$ 130,571.00	2.4%
State Revenue	\$	2,901,527.00	\$ 2,921,613.00	\$ 20,086.00	0.7%
Federal Revenue	\$	533,030.00	\$ 575,119.00	\$ 42,089.00	7.9%
State/Federal Grants	\$	604,124.00	\$ 533,410.00	\$ (70,714.00)	-11.7%
Year Ending Balance (carryover)	\$	2,333,388.00	\$ 2,835,326.00	\$ 501,938.00	21.5%
	\$	35,248,155.00	\$ 36,464,967.00	\$ 1,216,812.00	3.5%

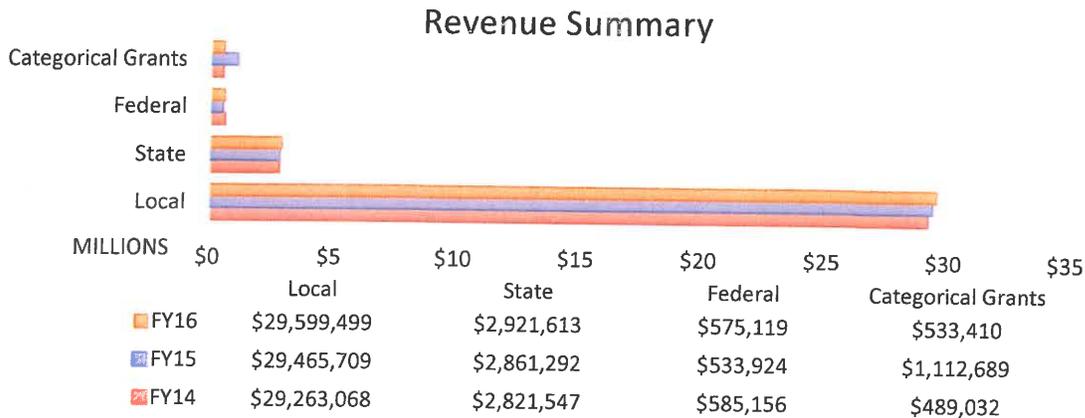
Expenditure Category	FY15 Budget as		FY16		% Change
		Amended	Proposed	Increase/ Decrease	
Government Administration	\$	1,739,963.00	\$ 1,679,028.00	\$ (60,935.00)	-3.5%
Judicial Administration	\$	778,183.00	\$ 787,534.00	\$ 9,351.00	1.2%
Public Safety	\$	4,881,739.00	\$ 4,895,375.00	\$ 13,636.00	0.3%
Public Works	\$	2,032,084.00	\$ 2,050,869.00	\$ 18,785.00	0.9%
Recreation & Community Dev.	\$	655,830.00	\$ 654,459.00	\$ (1,371.00)	-0.2%
Agencies & Non-Departmental	\$	1,918,000.00	\$ 1,971,278.00	\$ 53,278.00	2.8%
Capital Outlay	\$	1,761,300.00	\$ 600,550.00	\$ (1,160,750.00)	-65.9%
Refunds	\$	30,000.00	\$ 30,000.00	\$ -	0.0%
Transfers (out)	\$	19,992,942.00	\$ 22,199,115.00	\$ 2,206,173.00	11.0%
Contingency	\$	1,458,114.00	\$ 1,596,759.00	\$ 138,645.00	9.5%
	\$	35,248,155.00	\$ 36,464,967.00	\$ 1,216,812.00	3.5%

## March 10, 2015--FY16 General Fund Budget Summary

### OVERALL REVENUES

Overall, General Fund Revenues inclusive of use of fund balance are projected to increase by \$1.2 million (3.5%) over the current FY15 budget. Primary sources of revenue include local, state and federal.

The three year trend in the major sources of revenue are depicted in the graph below. Other than grants, which typically can show strong fluctuations, other types of revenue reflect only marginal increases. Average annual increases of revenue over the 3 year period is 3.2% for federal, 1.7% for state, and 1.4% for local.



### LOCAL REVENUE

#### General Property Taxes

General Property taxes continue to represent the largest source of General Fund Revenues (66%). The FY16 projection reflects an increase of \$592,000 over the current budget. This increase represents 49% of the overall revenue increase. General Property Taxes include Real and Personal Property, Machinery and Tools tax, and Public Service tax. Also included is delinquent tax collections, penalties, and interest. Tax rates are established on a calendar year basis even though the county budget is presented on a fiscal year basis (July-June). For example, the FY16 budget will include the second half tax billing for calendar year 2015 and the first half billing for calendar year 2016.

**Real Estate Tax** is the largest source of revenue for the county and is expected to generate 17.5 million in FY16. This represents a \$342,641 increase over the FY15 budget amount. The FY16 projection assumes the current tax rate of \$0.72 per \$100 assessed value and 1% growth in value for both CY2015 and CY2016. The Calendar Year 2014 value of taxable real estate after Land Use deferrals and elderly/veteran tax relief is \$2.4 billion (\$2,428,764,250) which generates approximately \$230,500 of estimated collectible real estate tax revenues for each penny of the tax rate. Comparatively, the value of the penny using the 1% growth estimates would be \$232,800 for 2015 and \$235,100 for 2016.

**Public Service tax** is levied on the real estate and personal property owned by railroads, utilities, pipelines, and other businesses required to register with the State Corporation Commission (SCC). Public Service Corporation assessments are prepared by the Virginia Department of Taxation and the SCC. The Department of Taxation conducts an annual statewide sales study of real property to determine current fair market values. A ratio is established comparing the results of the annual sales study to locally assessed values which is then applied to public service values prepared by the SCC. Public Service tax is expected to generate \$770,000 in FY16 which reflects an increase of \$241,210 over the FY15 budget amount. The FY15 budgetary estimate was based on an assumption of reduced values similar to the trend from the 2014 county reassessment. However, utility property maintained market value and experienced growth.

**Personal Property Tax** is levied on vehicles and other tangible non-real estate property. Qualified vehicles are eligible for a pro rata share of personal property tax relief (PPTR) which the state provides to the county as a fixed payment of \$1.7 million. Personal Property tax collections and the tax relief payment from the state in FY16 are projected to decrease by less than 1% from the FY15 budget amount. In fact, projections for FY15 are anticipated to come in \$33,000 less than budget. The current tax rate (CY2014) is \$3.45 per \$100 of assessed value which is an increase over the CY2013 rate of \$2.95. The FY16 budget assumes no change in the tax rate.

**Mobile Home Tax** is levied on manufactured homes not classified as real estate. Mobile Homes are assessed as tangible personal property, yet taxed at the real estate property tax rate. Mobile Home tax is expected to generate \$30,000 in FY16 which is no change from the FY15 budget amount.

**Machinery and Tools Tax** is levied on certain business equipment used in manufacturing and certain other commercial activities. This tax is anticipated to generate \$12,000 in FY16, an increase of \$2,000 over the FY15 budget. Machinery and Tools Tax represents less than ¼ percent of overall General Property Taxes. The statutory tax rate is \$1.25 per \$100 assessed value based on original cost. However, an assessment ratio is applied to the value as follows:

Tax Years	Ratio (%)	Effective Rate per \$100
1 to 5	40	\$0.50
6 to 10	30	\$0.38
11 to 15	20	\$0.25
16 plus	10	\$0.13

**Late Tax Penalties and Interest** is anticipated to generate \$355,000 in FY16 which is an increase of \$20,000 over the FY15 budget. A ten percent penalty is charged the day after the due date and ten percent annual interest is accrued beginning 25 days after the due date. Delinquent tax collections continue to be a significant portion of overall property tax collections and are reflected in the budget within each category of tax. Delinquent real estate collections are anticipated to be about \$960,000 in FY16. Personal Property delinquent collections are anticipated to be approximately \$385,000. Together delinquent tax collections and associated penalty and interest make up 7% of all General Property Taxes.

**Other Local Revenue**

In addition to property taxes, local revenue generally includes other local taxes (utility, vehicle license, recordation, meals, and lodging), permits and license fees, court fines and fees, interest earnings, and various recovered costs. Other local revenue is expected to generate over \$5.65 million in FY16 which is an increase of \$130,571 over the FY15 budget amount. Significant changes are noted in the chart below.

FY15 to FY16	Changes
Local Sales Tax	\$26,320
Utility Tax	\$12,289
Meals & Lodging Tax	\$133,500
Building Permits	\$15,000
Tax Sale Proceeds	\$25,000
Land Use Application Fees	-\$70,000
Colleen Connection Fees	-\$19,262

**STATE REVENUE**

State revenues, excluding non-recurring grants, are anticipated to increase by \$20,056 in FY16 from the FY15 budget amount. State revenues include **non-categorical aid** from motor vehicle carriers tax, mobile home titling tax, deeds tax, and communications sales tax. Non-categorical aid is anticipated to generate \$645,000 in FY16 which is a decrease of \$8,000 from FY15.

**Categorical state aid** primarily provides for at risk youth programs (CSA) and public assistance and welfare programs administered by the local Department of Social Services. Increases in funding for public assistance is the most significant factor contributing to the overall increase expected in state revenues. The County expects to receive \$875,000 in categorical state aid in FY16 which is an increase of almost \$15,000.

The largest source of state funding relates to **state shared expenses**. State shared expenses represent the State’s share of activities that are considered to be a shared state and local responsibility. Shared responsibilities include Constitutional Offices and the Registrar/Electoral Board. Constitutional Offices include the Sheriff, Commonwealth Attorney, Commissioner of

Revenue, Treasurer, and Clerk of the Circuit Court. State shared expenses are expected to be \$1.4 million which is an increase of \$13,000 from FY15.

### **FEDERAL REVENUE**

Federal revenue, excluding non-recurring grants, is expected to provide \$575,000 in FY16. This is a \$42,000 or 7.9% increase over the FY15 budget amount. Federal funding includes payment in lieu of taxes and public assistance and welfare. Payments in lieu of taxes have historically been received for forest land located in Nelson County. These funds must be approved during the federal budget process. Federal funds are also received for public assistance and welfare programs and are the largest source of ongoing federal funding. Public assistance funds are expected to increase by \$42,000 accounting for the overall increase in federal revenue.

### **STATE AND FEDERAL GRANTS**

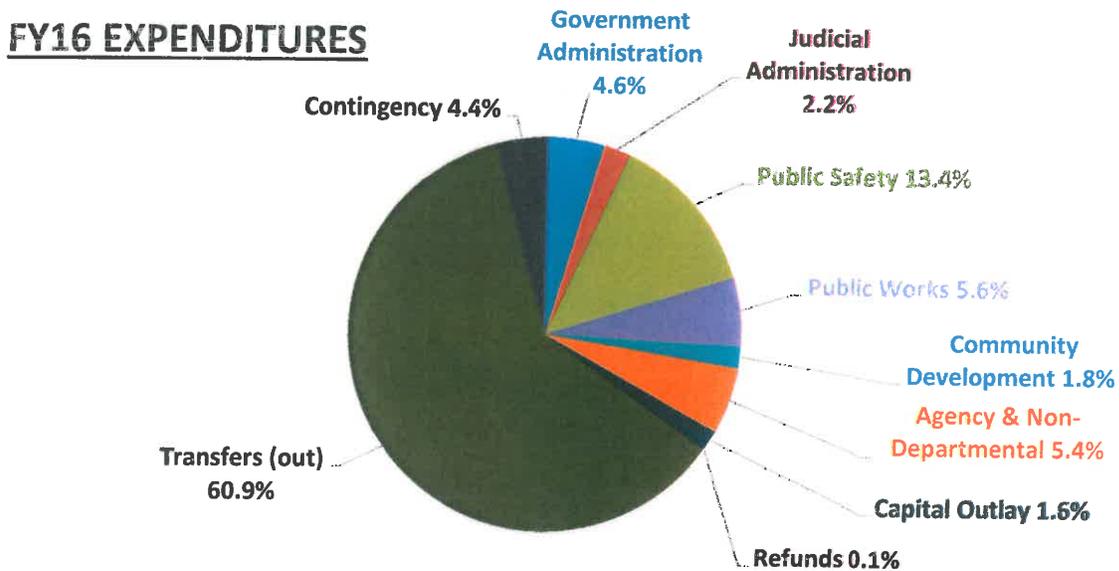
In FY16, the county expects to receive \$533,410 in non-recurring grants from state and federal sources. This reflects a decrease of \$70,714 from FY15. Grants are generally not budgeted until they are awarded. Some grants may be awarded mid-year and amended into the budget at the time of award.

### **USE OF FUND BALANCE**

The FY16 proposed budget anticipates the use of \$2.8 million in fund balance which is an increase of about \$500,000 from the FY15 budget. Of the \$2.8 million, about \$1.4 million is carryover from FY15 resulting from \$60,500 in unexpended funds for Broadband Improvements and \$1,348,601 in unexpended contingency funding. The County also expects to use about \$1.4 million for the existing courthouse renovation project to reduce the amount of borrowed funds for the project.

**OVERALL EXPENDITURES**

Overall, recommended expenditures in FY16 are increasing by 1.2 million primarily due to the inclusion of fund balance to reduce the amount financed for renovation of the existing courthouse. Total recommended expenditures for FY16 is \$36.4 million as compared to the current FY15 budget of \$35.2 million. The graph below reflects the allocation of FY16 expenditures between the various categories of expense. Transfers is by far the largest category of expense which includes funding for the School Division, Social Services, and Debt Service.



**Government Administration**

Government Administration includes the Board of Supervisors and the following departmental operations: 1)County Administration 2)County Attorney 3)Commissioner of Revenue 4)Treasurer 5) Finance & Accounting 6)Technology 7)Land Use Panel 8)Board of Elections 9)Registrar. Overall, governmental administration expenditures are recommended at \$1.68 million which reflects a decrease of \$61,000 from the FY15 current budget. An increase of 8.5% in health insurance premiums add \$9,900 to administration expenditures in FY16. The most significant decreases were within the Board of Supervisors, Finance & Accounting, and Technology budgets. These decreases are attributable to non-recurring expense items or changes in personnel from FY15 to FY16.

### **Judicial Administration**

Judicial Administration includes operational expense for General District Court, J&D District Court, Court Services Unit, Circuit Court, and the Commonwealth Attorney. Judicial Administration expenditures for FY16 are recommended at \$787,000 which is an increase of \$9,351 over the FY15 budget. The increases are primarily attributable to the health insurance increase within the Circuit Court Clerk and Commonwealth Attorney budgets.

### **Public Safety**

Public Safety includes operational expense for the Sheriff, Public Safety (Emergency Services), Emergency Services Council, E911 Program, Forest Fire Service, Paid EMS, Regional Jail, Building Inspections, Animal Control, and Medical Examiner. Public Safety expenditures for FY16 are recommended at just under \$4.9 million which is an overall increase of \$13,636 from the FY15 budget. The increase in health insurance adds about \$46,000 plus \$26,484 is added to make one part-time Animal Control Officer full-time. The E911 Program reflects an increase of \$114,000 which includes increased maintenance cost for the radio system and adds \$54,733 for upgrade of the recording system. However, the upgrade of the recording system is 100% offset by grant funds. Due to a lower jail population trend, the regional jail expense is expected to be \$114,000 less than in FY15. The Paid EMS program reflects an increase of \$45,000 which is primarily the impact of a 3% pay adjustment for employees with associated benefit costs and the purchase of an auto-CPR device. The Sheriff's Department budget reflects an overall reduction of \$62,000 which is primarily due to \$73,000 in non-recurring grants within the Sheriff's FY15 budget.

### **Public Works**

Public Works includes operation expense for Waste Management, Building and Grounds, and the Motor Pool. Public Works expenditure for FY16 are recommended at just over \$2 million which is an \$18,785 increase over FY15. This increase is reflective of the health insurance increase as well as anticipated increases in solid waste transportation cost and electric service

expense. The Motor Pool budget includes the purchase of 2 police vehicles which is the same number of police vehicles purchased in FY15.

**Recreation & Community Development**

Recreation and Community Development includes operation expense for Recreation, Planning, and Tourism/Economic Development. The overall budget for FY16 reflects a reduction of \$1,371. This sector had increased health insurance expense of \$3,500 and various other incremental reductions.

**Agencies & Non-Departmental**

Agencies and other Non-Departmental expense increased by \$53,000. Agencies were level funded and no new agencies received funding. Non-Departmental funding includes \$135,000 for a 3% pay adjustment for county employees inclusive of associated benefit costs and reflects a reduction in the Crozet Tunnel Project budget.

**Capital Outlay**

Capital Outlay expenditures in FY16 are expected to decrease by \$1.1 million. This is primarily due to the completion of the radio project in FY15. The following capital expense is proposed for FY16.

Voting Equipment	120,050
Callohill Bldg. Renovation	\$100,000
Emergency Services Vehicles	\$320,000
Broadband Network Improvements	\$60,500
Total Capital Outlay	\$600,550

**Refunds**

Revenue refunds are anticipated to remain at \$30,000 in FY16.

**Transfers**

This category of expenditure reflects funds moved to various other accounting funds and is by far the largest category of expenditures. Transfers are proposed for the 1)Debt Service Fund 2)Reassessment Fund 3)Broadband Fund 4)VPA (Social Services) Fund 5)Piney River Water/Sewer 6)Courthouse Project Fund and 7)School Fund. Overall Transfer Expenditures in FY16 are proposed at \$22.2 million which is an increase of \$2.2 million from FY15.

Changes in Transfers are denoted in the chart below.

<b>Fund Category</b>	<b>Change</b>
Debt Service (new CH Debt)	\$100,721
Broadband (planning study)	\$50,000
CDBG Broadband Grant Match	\$100,000
Courthouse Project	\$1,426,225
VPA (Social Services)	\$70,148
School Operations (3% COLA)	\$517,300
School Capital	-\$58,221
<b>Overall Increase</b>	<b>\$2,206,173</b>

Please note that the School Board budget request will not be approved until March 12<sup>th</sup>. As such, the requested school budget is denoted using the FY15 approved budget amounts with the changes noted above as recommendations. Once the approved budget request is received, school funding will need to be reconsidered.

**Contingency**

Contingency Reserves are expected to be almost \$1.6 million (Recurring-\$1,256,700, Non-Recurring-\$340,051). This is an increase of about \$139,000 from FY15.

**Expenditure Considerations**

Attached is a list of considerations detailing the more significant changes requested within the various departments. The list indicates the cost for each item and whether or not funding is included in the draft budget.

## Considerations:

<u>Department</u>	<u>1st Draft Budget</u>	
<b><u>Sheriff</u></b>		
PT Clerical to Full Time	\$23,845	Not Funded
3 Ballistic Vests	\$1,740	Funded
<b><u>Emergency Services Council</u></b>		
New Cost of Fire Equipment Testing	\$5,678	Funded
Training & Supplies (FY14 funding was \$10,000)	\$15,000	Funded
Expense Reimbursement Savings FY14 to FY15	-\$8,766	
<b><u>E911 Program</u></b>		
Emergency Notification System	\$8,500	Not Funded
Increased Radio Maintenance	\$47,350	Funded
Recording System Upgrade (PSAP Grant)	\$54,733	Grant Funded
<b><u>Paid EMS</u></b>		
Additional Coverage 7A-5P Sat/Sun	\$41,600	Not Funded
3% Employee COLA	\$15,323	Funded
Additional Health Insurance Contribution	\$9,086	Funded
Auto CPR Device-County Ambulance	\$13,500	Funded
<b><u>Building Inspections</u></b>		
FT Asst. Building Code Official	\$58,576	Not Funded
<b><u>Animal Control</u></b>		
PT ACO to Full Time	\$26,484	Funded
PT Shelter Attendant to Full Time	\$20,446	Not Funded
<b><u>Motor Pool</u></b>		
2 Sheriff Vehicles (1 Dodge Charger/1 Ford)	\$64,350	Funded
2 Vehicle camera systems	\$7,868	Funded
2 Building Inspections Vehicles (Ford Explorers)	\$60,000	Not Funded
<b><u>Planning</u></b>		
Summer Intern	\$3,869	Not Funded
FT Planner	\$56,584	Not Funded
<b><u>Non-Departmental</u></b>		
3% COLA for County Employees & associated benefit cost	\$135,000	Funded
8.5% Health Insurance Increase (within each dept)	\$59,078	Funded
<b><u>Agencies Requesting Increased Funding</u></b>		
Health Department	\$678	Not Funded
Region Ten	\$12,809	Not Funded
Regional Library	\$8,730	Not Funded
JAUNT	\$16,740	Not Funded
MACAA	\$3,996	Not Funded
Shelter for Help	\$356	Not Funded
OAR	\$3,500	Not Funded
Nelson County EDA	\$3,400	Not Funded

**Agencies Not Previously Funded**

ReadyKids (Formerly Children Youth & Family Services)	\$1,500	Not Funded
Piedmont Workforce Network	\$2,255	Not Funded

**Capital Outlay**

Voting Equipment	\$120,050	*Funded
Callohill Maintenance Bldg. Renovation	\$100,000	*Funded
Emergency Vehicles (50% Ambulance/80% Fire Truck)	\$320,000	*Funded
Broadband Improvements (Carried over from FY14)	\$60,500	Funded

**Transfer to Schools (Official request has not been received)**

School Nursing (BRMC requested increase)	\$20,000	Not Funded
3% COLA for School Employees & associated benefit cost	\$517,300	Funded
2 School Buses	\$190,000	*Funded
Capital Improvements	TBD	

**Transfer to Other Funds**

Increase to Debt Service Fund (existing CH renovations)	\$100,721	*Funded
Transfer to CH Project Fund (balance needed for \$2 mil)	\$1,426,225	Funded
Transfer to Broadband Fund (for operations)	\$100,000	Funded
Transfer to Broadband Fund (for planning study)	\$50,000	Funded
Transfer to CDBG Fund (CDBG Match for Broadband)	\$100,000	*Funded

<b>Total Funded</b>	<b>\$3,531,220</b>	
<b>Total Not Funded</b>	<b>\$347,384</b>	
	<b><u>\$3,878,604</u></b>	

\* Funded from non-recurring contingency