

March 23, 2021

Virginia:

AT A CONTINUED MEETING of the Nelson County Board of Supervisors at 1:00 p.m. in the Old Board of Supervisors Room located on the fourth floor of the Nelson County Courthouse, in Lovingston Virginia.

Present: Jesse N. Rutherford, East District Supervisor – Vice Chair
Ernie Q. Reed, Central District Supervisor – Chair
Thomas D. Harvey, North District Supervisor
J. David Parr, West District Supervisor
Robert G. “Skip” Barton, South District Supervisor
Stephen A. Carter, County Administrator
Grace Mawyer, Administrative Assistant/Deputy Clerk
Candice W. McGarry, Director of Finance and Human Resources

Absent: None

I. Call to Order

Mr. Reed called the meeting to order at 1:04 pm, with five (5) Supervisors present to establish a quorum.

II. Fiscal Year 2021-2022 Budget Work Session

Staff presented the following revenue spreadsheet:

<u>Revenues</u>	<u>FY20-21</u> <u>Amended Budget</u>	<u>FY21-22</u> <u>Proposed Budget</u>	<u>Increase/Decrease</u>	<u>% Change</u>
	<u>As of March 9, 2021</u>	<u>As of March 19, 2021</u>		
Real Estate Taxes	\$17,844,479.00	\$17,997,551.00	\$153,072.00	0.86%
Public Service Tax	\$945,000.00	\$1,073,425.00	\$128,425.00	13.59%
Personal Property Taxes	\$5,888,743.00	\$5,901,078.00	\$12,335.00	0.21%
Machinery and Tools Tax	\$69,758.00	\$69,758.00	\$0.00	0.00%
Late Tax Penalty	\$180,000.00	\$180,000.00	\$0.00	0.00%
Late Tax Interest	\$140,000.00	\$140,000.00	\$0.00	0.00%
Local Sales & Use Taxes	\$1,377,480.00	\$1,470,164.00	\$92,684.00	6.73%
Utility Taxes	\$485,000.00	\$485,000.00	\$0.00	0.00%
Business Licenses	\$35,000.00	\$35,000.00	\$0.00	0.00%
Utility Franchise Tax	\$100,000.00	\$100,000.00	\$0.00	0.00%
Motor Vehicle Licenses	\$732,396.00	\$746,200.00	\$13,804.00	1.88%
Bank Franchise Tax	\$71,895.00	\$71,895.00	\$0.00	0.00%
Recordation Taxes	\$250,000.00	\$280,000.00	\$30,000.00	12.00%
Meals & Lodging Taxes	\$1,775,393.00	\$1,835,393.00	\$60,000.00	3.38%

March 23, 2021

Dog Licenses	\$13,185.00	\$13,185.00	\$0.00	0.00%
Permit Fees	\$294,832.00	\$225,250.00	-\$69,582.00	-23.60%
Court Fines & Forfeitures	\$109,750.00	\$87,250.00	-\$22,500.00	-20.50%
Interest on Investments	\$225,000.00	\$120,000.00	-\$105,000.00	-46.67%
Rental Income & Sale of Property	\$0.00	\$2,500.00	\$2,500.00	0.00%
Court Costs	\$23,180.00	\$26,830.00	\$3,650.00	15.75%
Commonwealth Attorney Fees	\$1,800.00	\$2,200.00	\$400.00	22.22%
Landfill Fees	\$200,000.00	\$216,000.00	\$16,000.00	8.00%
Recreation Fees	\$46,800.00	\$46,800.00	\$0.00	0.00%
Sale of Literature	\$202.00	\$202.00	\$0.00	0.00%
Expenditure Refunds	\$122,880.00	\$125,633.00	\$2,753.00	2.24%
Miscellaneous	\$57,209.00	\$28,465.00	-\$28,744.00	-50.24%
Recovered Costs	\$661,842.00	\$697,500.00	\$35,658.00	5.39%
Total Local Sources Budget	\$31,651,824.00	\$31,977,279.00	\$325,455.00	1.03%
Total Local Sources Projected	\$31,651,824.00	\$32,007,711.00	\$355,887.00	1.12%
Non-Categorical State Aid	\$539,100.00	\$507,155.00	-\$31,945.00	-5.93%
Shared Expenses State Comp. Board	\$1,659,026.00	\$1,721,275.00	\$62,249.00	3.75%
Public Assistance & CSA	\$1,640,260.00	\$1,837,264.00	\$197,004.00	12.01%
Other Categorical Aid	\$959,744.00	\$97,464.00	-\$862,280.00	-89.84%
Total Commonwealth Budget	\$4,798,130.00	\$4,163,158.00	-\$634,972.00	-13.23%
Total Commonwealth Projected	\$4,798,130.00	\$5,121,358.00	\$323,228.00	6.74%
Payment In lieu of Taxes	\$62,150.00	\$62,150.00	\$0.00	0.00%
Categorical Aid Federal	\$2,547,233.00	\$4,025,701.00	\$1,478,468.00	58.04%
Total Federal Budget	\$2,609,383.00	\$4,087,851.00	\$1,478,468.00	56.66%
Total Federal Projected	\$2,609,383.00	\$2,609,383.00	\$0.00	0.00%
Non-Revenue Receipts (Insurance recovery)	\$20,000.00	\$20,000.00	\$0.00	0.00%
Bond Proceeds	\$118,328.00	\$0.00	-\$118,328.00	-100.00%
Transfers From Other Funds	\$0.00	\$255,777.00	\$255,777.00	0.00%
Total Other Financing Sources Budget	\$138,328.00	\$275,777.00	\$137,449.00	99.36%
Total Other Financing Projected	\$138,328.00	\$135,418.00	-\$2,910.00	-2.10%
Prior Year Balances Budget	\$3,063,420.00	\$1,210,782.00	-\$1,852,638.00	-60.48%
Year Ending Balance Projected	\$3,063,419.00	\$3,063,419.00	\$0.00	100.00%
TOTAL REVENUE BUDGET	\$42,261,085.00	\$41,714,847.00	-\$546,238.00	-1.29%
TOTAL REVENUE PROJECTED	\$42,261,085.00	\$41,714,847.00	-\$546,238.00	-1.29%

Mr. Carter noted that the local revenues are Staff's estimates. Mr. Barton referred to the most recent federal stimulus package and asked how that money can be used. Mr. Carter advised that the FY22 budget includes the \$2.9 million that the County is projected to receive, however, Staff still does not have a clear understanding of the uses of that funding. He added that Staff is waiting on guidance from the Department of Treasury and will report to the Board once that is received. He noted that the first half is supposed to come in within 60 days of the President signing the American Rescue Plan into law. Ms.

March 23, 2021

McGarry advised that right now, it is budgeted in the FY22 budget in a lump sum, and once we know what the parameters are for spending the funds, the Board can make those decisions. She added that the County will have two years to spend the funds. She noted that on the revenue side of the budget, it is shown in federal revenues, and on the expenditure side, it is in the non-departmental budget, which is department 91030.

Mr. Barton then asked if the County is running a big deficit without that federal money, and Mr. Carter stated no, adding that without that money, it is still a balanced budget.

Staff provided the Board with the following written overview of the FY 21-22 General Fund Budget:

**FY21-22 Draft General Fund Budget as of March 19,
2021 Overview of Introduced General Fund Budget
\$41,714,847 Balanced Budget**

FY21 EOY Projections:

FY21 Projected Revenues:	\$42,937,289	
FY21 Projected Expenditures:	<u>\$41,726,507</u>	
FY21 Carryover Funds:	\$1,210,782	Proposed Use: One-time FY22 Capital Outlay Expenses

FY21 and FY22 Revenue Comparison: Proposed Revenues are based upon current tax rates and current revenue streams.

		<u>FY21</u>	<u>FY22</u>	
	<u>\$Change</u>			
	<u>%Change</u>			
Local Revenues:	\$31,651,824	\$31,977,279	\$325,455	1.03%
State Revenues:	\$ 4,798,130	\$ 4,163,158	(\$634,972)	-13.23%
Federal Revenues:	\$ 2,609,383	\$ 4,087,851	\$1,478,468	56.66%
Other Revenues:	\$ 138,328	\$ 275,777	\$ 137,449	99.36%
Year Ending Balance:	<u>\$ 3,063,420</u>	<u>\$ 1,210,782</u>	(\$1,852,638)	-60.48
Total:	\$42,261,085	\$41,714,847	(\$546,238)	-1.29%

March 23, 2021

FY21 & FY22 Recurring Funds Available in FY22:

FY22 Recurring Funds Available		
FY21 Recurring Contingency		\$489,953
FY21 Capital Outlay Covered With Recurring Funds		\$637,103
	Subtotal FY21 Funds	\$1,127,056
FY22 Increase in Local Revenue		\$325,455
FY22 Funds Transferred In (Reassessment)		<u>\$255,377</u>
	Available Funds for FY22	\$1,707,888

Maintenance of 2020 (Current) Tax Rates Per \$100 of Assessed Value:

Real Property & Mobile Home Tax	\$.72
Tangible Personal Property	\$3.45
Machinery & Tools	\$1.25

REVENUES

FY22 LOCAL REVENUES	<u>FY22 Estimated Budget</u>	<u>\$ Change</u>	<u>% Change</u>
<u>FY21 Amended Budget</u>			
\$31,651,824	\$31,977,279	\$325,455	1.03%

Real Estate Taxes:

The 2021 preliminary land book for real estate shows an estimated total tax levy of \$21,695,964 reduced for Land Use and other tax exemptions of \$3,669,045 to yield an actual tax levy of \$18,026,919. This is 0.7179% higher than the actual tax levy for 2020. This growth rate was used to estimate the 2022 real estate tax levy at \$18,062,723 and does not include any adjustment for changes in values that may result from the 2022 reassessment effective January 2022. The FY22 Tax collection is calculated using ½ of the 2021 tax levy and ½ of the 2022 estimated tax levy and applying a collection rate of 99.48%. This estimate includes current and prior year tax collections. **The per penny tax rate equivalent of the FY22 estimated tax levy is \$249,966.**

March 23, 2021

<u>FY21 Amended Budget</u>	<u>FY22 Estimated Budget</u>	<u>\$ Change</u>	<u>% Change</u>
\$17,844,479	\$17,997,551	\$153,072	0.86%

Personal Property & Mobile Home Tax: The Commissioner of Revenue is currently developing actual tax levy information for 2021. Based on historical values, FY21 and FY22 tax revenues are estimated using growth rates of 101.7% and 102% respectively. The FY22 Tax collection is calculated using ½ of the 2021 tax levy and ½ of the 2022 estimated tax levy and applying a current tax collection rate of 98%, and a prior year tax collection rate of 3.5% for a total collection rate of 101.5%. **The tax levy presented below includes annual Personal Property Tax Relief received from the state of \$1,708,030.**

<u>FY21 Amended Budget</u>	<u>FY22 Estimated Budget</u>	<u>\$ Change</u>	<u>% Change</u>
\$5,888,743	\$5,901,078	\$12,335	.21%

In addition to the real estate and personal property tax estimates, the following estimates affect the overall increase in **FY22 Estimated Local Revenue** as compared to the FY21 Amended Budget:

- 13.59% or \$128,425 increase in Public Service Tax
- 6.73% or \$92,684 increase in Local Sales Tax
- 1.88% or \$13,804 increase in Motor Vehicle License Fees
- 12.0% or \$30,000 increase in Recordation Tax
- 9.92% or \$60,000 increase in Transient Occupancy (Lodging) Tax
- -91.82% or (\$101,000) decrease in Land Use Application Fees. (2021 was a re-application year)
- 21.24 % or \$28,031 increase in Building Permit Fees
- -20.5% or (\$22,500) decrease in Court Fines and Forfeitures
- -46.67% or (\$105,000) decrease in Interest on Investments
- 8.0% or \$16,000 increase in Landfill Tipping Fees
- 6.8% or \$35,000 increase in EMS Revenue Recovery proceeds

FY22 STATE REVENUE (Final State revenue & Compensation Board reimbursements are pending)

FY22 Total State Revenue:

<u>FY21 Amended Budget</u>	<u>FY22 Estimated Budget</u>	<u>\$ Change</u>	<u>% Change</u>
\$4,798,130	\$4,163,158	(\$634,972)	-13.23%

The following were notable estimates that affected the overall decrease between the **FY22 Estimated State Revenue** and FY21 Amended Budget:

- -5.93% or (\$31,945) in Non-Categorical State Aid such as Motor Vehicle Carriers Tax, Mobile Home Titling Tax, Tax of Deeds, and Communications Sales and Use Tax

- 3.75% or \$62,249 increase in State Reimbursements for the State Compensation Board funded Constitutional Offices and Registrar
- 12.01% or \$197,004 increase in Public Assistance & Welfare to provide for increased State Funding for Title IVE- locally administered foster care programs (Estimate is provided by the Department of Social Services)
- 17.00% or \$8,500 increase in anticipated Wireless E-911 Funds
- -100.0% or (\$506,628) in State Blue Ridge Tunnel Grant Funds
- Other changes in Categorical State Aid (mostly grant funds) will be appropriated as received in FY22. This includes Asset Forfeiture proceeds, Four for Life Grant funds, Fire Program Funds, and other various grants

FY22 FEDERAL REVENUE

FY22 Total Federal Revenue:

<u>FY21 Amended Budget</u>	<u>FY22 Estimated Budget</u>	<u>\$ Change</u>	<u>% Change</u>
\$2,609,383	\$4,087,851	\$1,478,468	56.66%

The following estimates affected the overall increase between **FY22 Estimated Federal Revenue** and FY21 Amended Budget:

- 39.07% or \$295,505 increase in Public Assistance and Welfare for Title IVE-locally administered foster care program funding (Estimate is provided by the Department of Social Services)
- -100% or (\$1,637,898) decrease in COVID-19 CARES Act Funding
- -100% or (\$77,950) decrease in COVID-19 CARES Act Municipal Utility Relief funding
- 100% or \$2,921,411 increase in 2021 COVID-19 American Rescue Plan Act funding.

FY22 NON-REVENUE RECEIPTS:

FY22 Other Non-Revenue Receipts:

<u>FY21 Amended Budget</u>	<u>FY22 Estimated Budget</u>	<u>\$ Change</u>	<u>% Change</u>
\$138,328	\$275,777	\$137,449	99.36%

FY22 Non-Revenue Receipts (Insurance recoveries, cancelled checks, bond proceeds, and transfers from other funds) increased primarily due to the transfer into the General Fund of \$255,777 in funds set-aside for the 2022 reassessment. This is offset by the full use of the FY21 budgeted bond proceeds secured to finance the completed Nelson Memorial Library expansion.

FY22 YEAR ENDING BALANCE

FY22 Year Ending Balance:	<u>FY22 Estimated Budget</u>	<u>\$ Change</u>	<u>% Change</u>
<u>FY21 Amended Budget</u>			
\$3,063,420	\$1,210,782	(\$1,852,638)	-60.48%

FY22 Year Ending Balance (Use of Prior Year Funds) consists of projected FY21 Revenues that exceed FY21 Expenditures by \$1,210,782 and are referred to as Carryover Funds. These funds are non-recurring and are best used for one-time expenses. The FY22 proposed budget utilizes 100% of these funds to cover 78% of proposed Capital Outlay expenditures.

It was noted that the increase in Public Service Tax is likely due to fiber broadband, and the increase in Local Sales & Use Taxes is likely due to the increase in online sales because of the pandemic.

Mr. Rutherford asked to get more information about the workload that the Dog License Tax entails. Mr. Parr noted that he has received a request from the Treasurer that the Board do away with this tax. He added that he has talked to Animal Control about this subject and advised that doing away with this tax would not really put any extra burden on them. Mr. Carter noted that he disagrees with this feedback, adding that the license affirms that the animal has been vaccinated, and the burden would be shifted from the Treasurer to Animal Control. Mr. Rutherford stated this is a tax that a lot of people aren't paying, and he considers it a nuisance tax. The Board noted they would talk about this subject more later.

Ms. McGarry noted the increase in Recordation Taxes is due to the low interest rate climate, as we are seeing a lot of refinances and things of that nature that require recordation taxes.

It was noted that the decrease in Court Fines and Forfeitures is primarily due to the decrease in revenue from ticket writing.

Ms. McGarry noted that Landfill Fees are anticipated to increase by \$16,000. Mr. Carter then noted that the County is having an issue with tires at the Transfer Station. He stated that instead of a per tire fee, we have an aggregate fee, and local companies who do commercial tire sales are bringing in huge amounts of tires. He advised this is a significant amount of work, and the County is not really getting any money for it. Mr. Carter asked if the Board would be okay with excluding commercial tires from being received at the Transfer Station and limiting the number of tires a person can bring in at any one time. He added that Staff will get a load of 400-500 tires at a time, and they have to unload them and load them back up onto a truck. He emphasized that it is very labor intensive, and we are not even charging as much as the tire companies charge for the tires.

Mr. Carter noted that if the Board is okay with no longer accepting huge loads from commercial entities, Staff would give the companies notice. It was noted that if it is found out that these entities are dumping

March 23, 2021

their tires somewhere, Staff would report them to DEQ. Mr. Carter added that if the County charges more and continues to take the tires, our people will still have to do all the work.

The Board directed Staff to proactively reach out to the companies and let them know that April 1st is the last day they can drop off tires. It was noted that individuals can still bring in their tires. Mr. Carter asked if individuals could be limited to eight tires per trip. Mr. Harvey noted that this subject could be worked on.

Ms. McGarry then discussed state and federal revenues from the written overview.

III. Other Business (As May Be Presented)

There was no other business considered by the Board.

IV. Adjourn

At 2:32 PM, Mr. Rutherford moved to adjourn and continue the meeting until Thursday, March 25, 2021 at 1:00 PM and Mr. Parr seconded the motion. There being no further discussion, Supervisors voted unanimously (5-0) by roll call vote to approve the motion and the meeting adjourned.