

FY 2017 Budget Public Hearing



Frederick County, VA



Brenda G. Garton
County Administrator
March 23, 2016

Board Budget Priorities and Objectives

- Concentrate on public safety issues
- Attempt to keep property tax rates constant, though a reduction would be desirable
- Consider use of a portion of fund balance to balance the budget
- Allocate new funding with the school system on a basis consistent with current funding allocations
-

Board Budget Priorities and Objectives

- Identify and quantify deferred capital investments to accomplish the development of a prioritized plan to catch up on these issues
- Continue to minimize the size of government wherever possible
- Consider Public Safety and Education needs of our community a priority

County Administrator Budget

Priorities and Objectives

- Provide sufficient funding for employee compensation to continue implementation of recommendations from pay study to remain competitive
- Provide reasonable funding for schools, using historic 57%/43% sharing of new revenues
- Identify alternative revenue sources where possible
- Preserve the fund balance at an appropriate level, per Board policy and best practices

County Administrator Budget

Priorities and Objectives

- Ensure that funding levels throughout departments are at sufficient and reasonable levels, justified by historical spending and projected needs
- Provide for a sufficient Contingency Fund to handle unexpected needs and to consolidate emergency funds in one place
- Reduce overtime throughout the budget where possible

County Administrator Budget

Priorities and Objectives

- Provide for additional staff in critical areas
- Follow best budgeting practices, not recommending use of fund balance for ongoing expenses
- Reduce operating costs and promote efficiencies where possible
- Ensure realistic and justifiable budget funding recommendations

County Administrator Budget

Priorities and Objectives

- Provide for capital funding, whether by ongoing revenues or fund balance, if necessary
- Maintain service levels in all functional areas
- Carefully consider funding requests for new initiatives
- Address Public Safety needs

County Administrator Budget

Priorities and Objectives

- Provide for continued support of technology to ensure equipment and infrastructure are up-to-date
- Support community non-profits to extent desired by the Board of Supervisors to ensure special populations are served
- Ensure that critical county and school capital needs are met

County Administrator Budget Priorities and Objectives

- Create a County Administrator's Budget Committee to work through the budget process
- Meet with all requestors to ensure a thorough understanding of budget requests
- Provide opportunities for partnership with Department Directors and Constitutional Officers in making budget recommendations

County Administrator Budget

Priorities and Objectives

- Utilize an open, transparent, and collaborative process
- Provide detailed information for the Board of Supervisors so that Supervisors can make informed decisions in budget adoption and setting tax rates

County Administrator Budget Priorities and Objectives

- Communicate proposed budget information clearly and as frequently as possible with Board members, Department Directors and Constitutional Officers, county staff, School Board Superintendent, the press, and the public

Initial General Fund Figures

Initial revenue estimates	\$156,133,714
Initial expenditure requests	<u>\$184,324,280</u>
Deficit in revenues compared to expenditure requests	(\$28,190,566)

Initial Request from Schools

Initial Operating Expend Request	\$159,775,709
Less Last Year's Operating Budget	<u>\$148,028,927</u>
Increase in Operating Request	\$ 11,746,782
Less Incr in Fed, State, Other Funds	<u>\$ 1,726,924</u>
Incr in Local Operating Request	\$ 10,019,858
Capital Increase Request	\$ 5,188,451
Debt Service Increase Request	<u>\$ 1,308,170</u>
Total Local Increase Request	\$ 16,516,479

Initial Revenue Projections

Initial FY 17 Local Tax Revenue Proj	\$7,858,647
Less Use of Fund Balance from FY15-16	<u>-\$7,300,000</u>
New initial revenue to share with schools	\$558,647
School share (57%)	\$318,429
County share (43%)	\$240,218

What are the most critical needs?

- Schools to open a new Middle School, for which they requested an increase in \$1.2M
- Personnel shortage in Fire and Rescue to provide adequate 24/7 coverage and to reduce overtime demands on existing staff
- Compensation system for county and school employees needs to be competitive in the market in order to attract and retain qualified employees
- School and county have increases in debt service

What are the most critical needs?

- Increases in costs over which the county has no control, such as VRS rates for staff
- Additional deputies needed for Sheriff's Office
- Personnel needs in other areas – Human Resources for training program, County Attorney's office, Commonwealth's Attorney's office, Social Services

What are the most critical needs?

- Both county and school sides of the house have significant, often delayed, capital costs
- Funding is needed to keep infrastructure and buildings in good repair

County Administrator's Proposed FY 16-17 Budget

- Proposes an \$.08 increase in the real estate tax rate, from \$.56 to \$.64
- Proposes an increase in transient occupancy tax from 2% to 2.5%, with the entire increase being dedicated to tourism

County Administrator's Proposed FY 16-17 Budget

- New revenues, both from natural increases and from the increase in RE tax rate, split 57%/43% with schools
- Board addressed capital needs by appropriating \$7M from the fund balance (\$4 for schools, \$3M for county) in a FY 15-16 budget amendment earlier this year

Summary of Funds – Non-School

Fund	FY 2016 Adopted	FY 2017 Proposed	Change
General Fund	\$154,813,644	\$162,706,583	\$7,892,939
Regional Jail	\$20,063,860	\$21,161,388	\$1,097,528
Landfill	\$6,086,520	\$7,035,435	\$948,915
Division of Court Services	\$620,639	\$703,154	\$82,515
Shawneeland Sanitary District	\$811,026	\$942,848	\$131,822
Airport Authority	\$2,283,228	\$1,802,568	-\$480,660
Lake Holiday Sanitary District	\$800,570	\$779,998	-\$20,572
EMS Revenue Recovery	\$1,501,000	\$1,802,974	\$301,974
Economic Development Authority	\$573,198	\$577,495	\$4,297
Subtotal	\$187,553,685	\$197,512,443	\$9,958,758

Summary of School Related Funds

Fund	FY 2016 Adopted	FY 2017 Proposed	Change
School Operating	\$148,028,927	\$152,907,983	\$4,879,056
School Capital Projects	\$500,000	\$3,000,000	\$2,500,000
Nutrition Services	\$6,626,934	\$6,669,757	\$42,823
Debt Service	\$15,236,485	\$16,408,135	\$1,171,650
School Private Purpose	\$75,000	\$75,000	\$0
School Textbook	\$1,900,544	\$2,666,452	\$765,908
NREP Operating	\$5,259,238	\$5,404,109	\$144,871
NREP Textbook	\$40,000	\$50,000	\$10,000
Consolidated Services	\$3,600,000	\$3,600,000	\$0
Subtotal	\$181,267,128	\$190,781,436	\$9,514,308

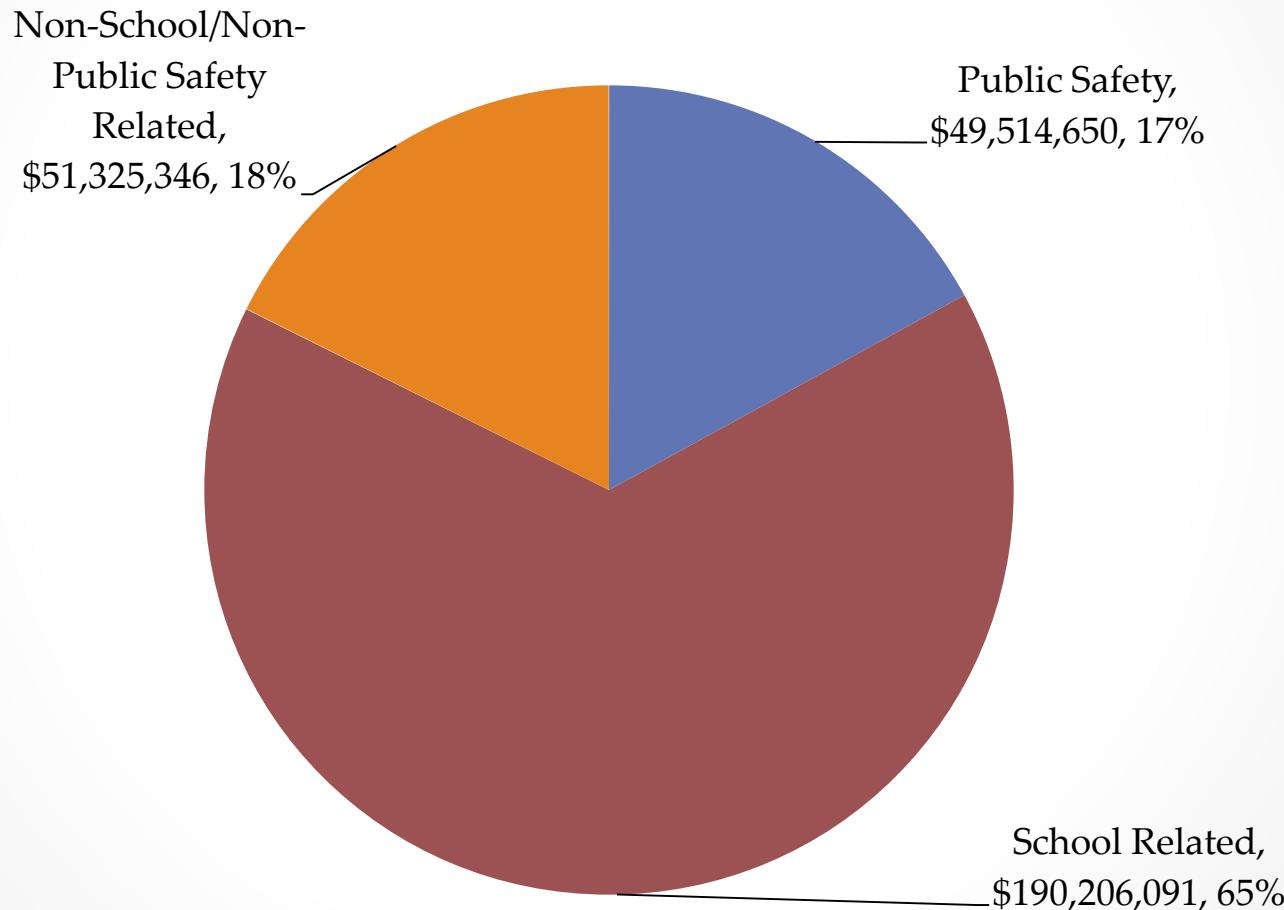
Summary of All Funds

Fund	FY 2016 Adopted	FY 2017 Proposed	Change
Non-School Funds	\$187,553,685	\$197,512,443	\$9,958,758
School Funds	\$181,267,128	\$190,781,436	\$9,514,308
Sub-Total	\$368,820,813	\$388,293,879	\$19,473,066
Less Transfer Between Funds	-\$92,936,349	-\$97,247,792	-\$4,311,443
Total – All Funds	\$275,884,464	\$291,046,087	\$15,161,623

FY 2017 Advertised Budget – All Funds

\$291,046,087

Where Does It Go?

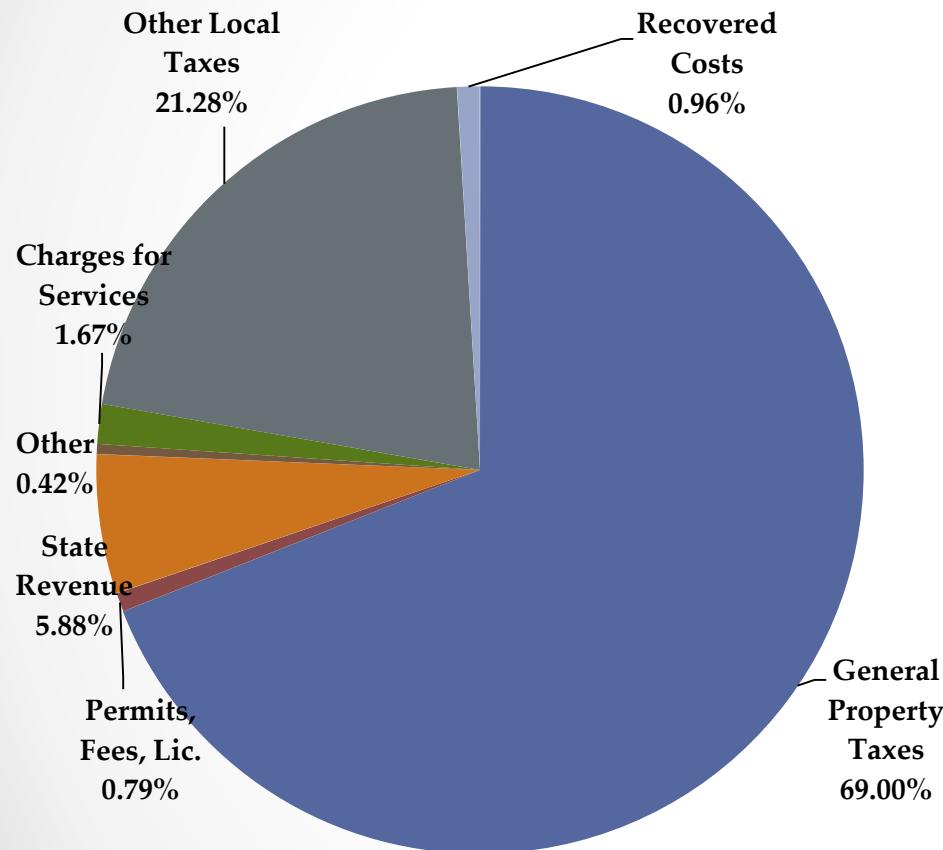


General Fund Revenues – FY 2016 to FY 2017

Category	FY 2016	FY 2017	Difference
General Property Taxes	100,608,073	112,267,439	11,659,366
Other Local Taxes	31,899,849	34,631,980	2,732,131
Permits/Privilege Fees	1,636,682	1,283,923	-352,759
Fines/Forfeitures	355,000	324,197	-30,803
Use of Money/Property	152,466	159,359	6,893
Charges for Services	2,478,226	2,710,296	232,070
Misc. Revenues	174,528	165,885	-8,643
Recovered Costs	1,317,191	1,567,510	250,319
State	8,852,629	9,559,994	707,365
Federal	39,000	36,000	-3,000
Fund Balance	7,300,000	0	-7,300,000
Total	154,813,644	162,706,583	7,892,939

FY 2017 Proposed General Fund Revenue

\$162,706,583



Category	Amount
General Prop. Taxes	112,267,439
Other Local Taxes	34,631,980
Permits/Fees	1,283,923
State Revenue	9,559,994
Charges for Services	2,710,296
Recovered Costs	1,567,510
Other – Misc.	685,441
	162,706,583

Analysis of Proposed General Fund Revenues

Total estimated increase in GF	\$8,792,939
Increase in RE tax rate	<u>\$6,400,000</u>
Total increase in revenues proposed	\$15,192,939
Elimination of use of fund balance	- <u>7,300,000</u>
Actual increase in funds available	\$ 7,892,939

Analysis of Proposed General Fund Revenues

Total estimated increase in GF	\$ 8,792,939
Elimination of use of fund balance	<u>- 7,300,000</u>
Funds available w/o tax increase	\$ 1,492,939
Proposed increase in RE tax rate	<u>\$ 6,400,000</u>
Actual increase in funds available	\$ 7,892,939

Analysis of Proposed General Fund Revenues

Total estimated natural increase in GF	\$8,792,939
Increase available to share with schools	<u>\$7,858,647</u>
Difference not available for schools	\$ 934,292
Natural increase available to share	\$7,858,647
Less use of fund balance	- 7,300,000
Add new revenue for proposed tax incr	<u>6,400,000</u>
Available to share with schools	\$6,958,647

Analysis of Proposed General Fund Revenues

Available to share with schools	\$6,958,647
School portion (57%) – local increase	\$3,966,429
County portion (43%)	\$2,992,218
Difference not available for funds	<u>\$ 934,292</u>
Total county increase	\$3,926,510

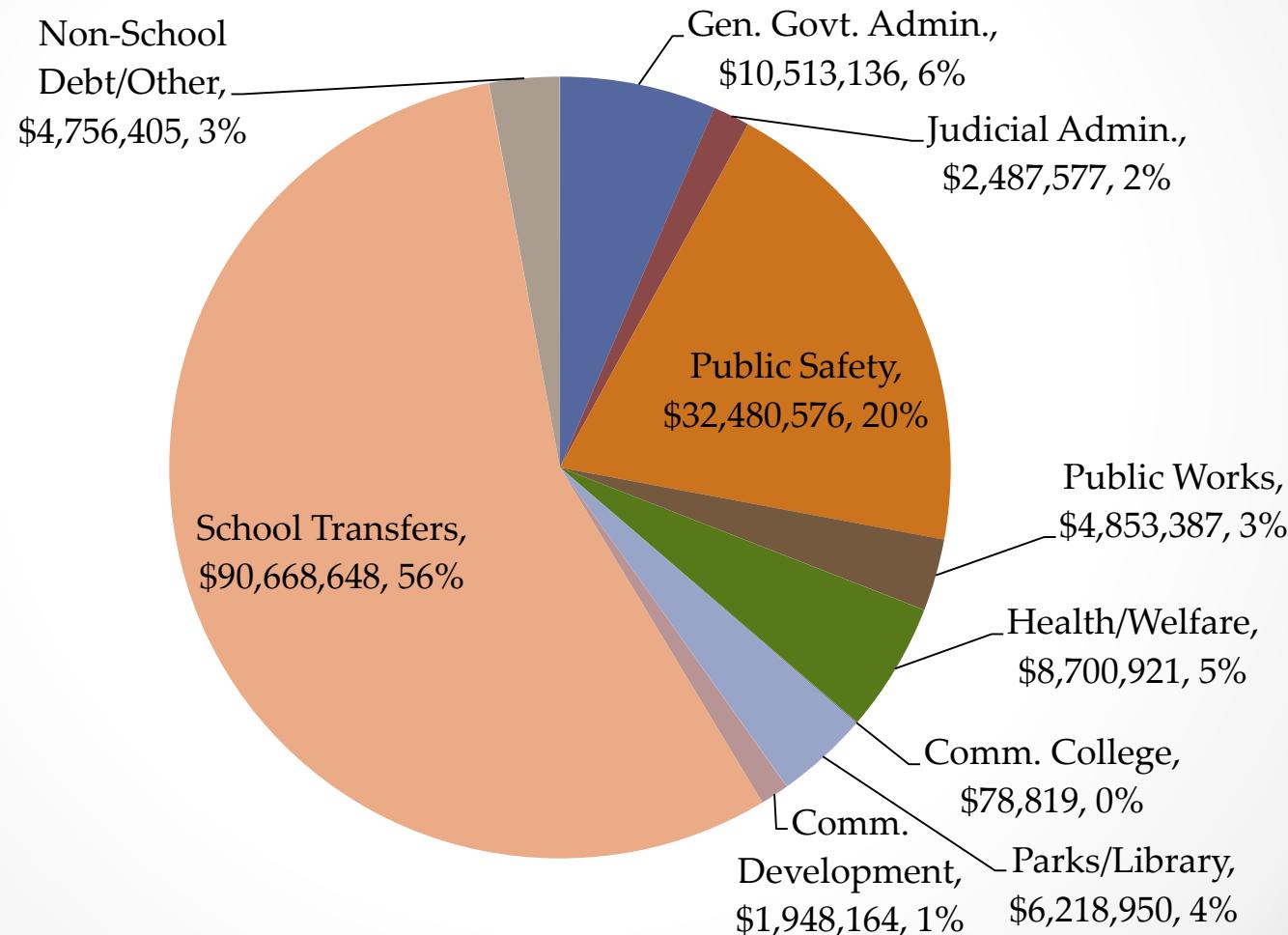
Analysis of Proposed General Fund Revenues

School portion (57%) – local increase	\$3,966,428
Less debt service increase	<u>- 1,308,170</u>
Operating increase for schools	\$2,658,258

FY 2017 Proposed General Fund Budget Expenditures

\$162,706,583

Where Does It Go?



How are increased local revenues being spent?

- Increase in local funding for schools of approx. \$4M, including operating and debt service
- 3% reserve for raises for county staff
- Increase in debt service

How are increased local revenues being spent?

- Increased county staffing in critical areas
 - 10 Firefighters/EMS positions w/ equipment
 - 6 Deputies w/ equipment
 - Assistant County Attorney
 - HR Specialist (for training programs)
 - Attorney - Commonwealth's Attorney's
 - Adult Protective Services Supervisor

How are increased local revenues being spent?

- Increases in funding for health department, social services, community services board (both jointly funded with the state)
- Increase in regionally funded operations: airport, tourism, library
- Regional jail contribution increase
- CSA Fund transfer increase

How are increased local revenues being spent?

- Increased insurance costs: health insurance for employees, line of duty, retiree health insurance
- Increase in refuse collection fee for county citizens at regional landfill due to rate increase
- Various increases and decreases in operating costs throughout the general fund

What is NOT funded in the Proposed General Fund Budget

- The full local funding request from the schools (\$7.4M less than requested for operating)
- New position requests
 - 12 of the 18 deputies requested by the Sheriff
 - 13 of the 23 positions requested by F & R
 - Additional Planner
 - Program Coordinator in Parks and Recreation

What is NOT funded in the Proposed General Fund Budget

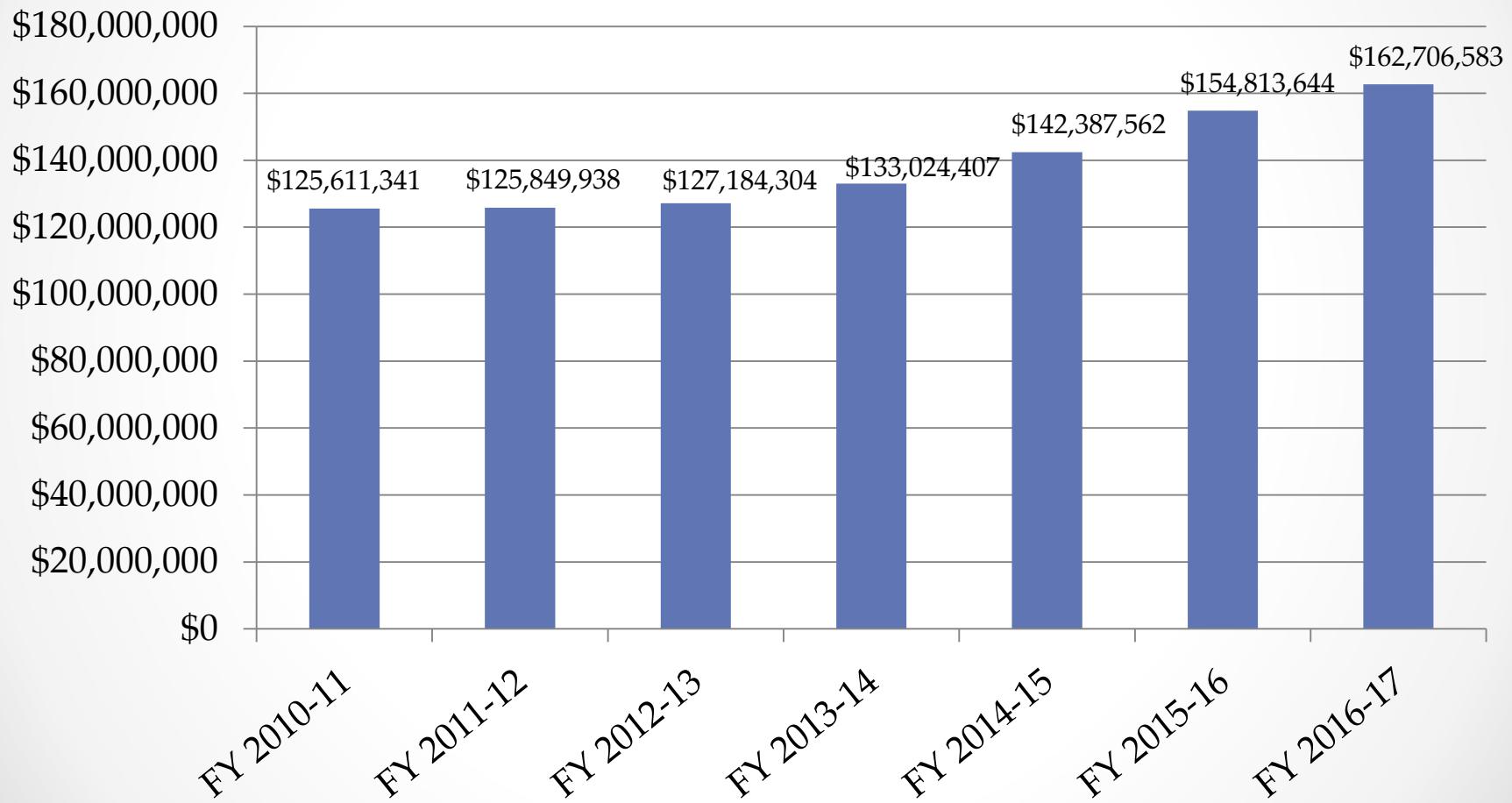
- Capital requests
- Overtime funding requests
- Various requests for increases and new initiatives throughout the general fund budget

Adopted General Fund Budgets

Fiscal Year	General Fund Total
FY 2010	\$126,078,818
FY 2011	\$125,611,341
FY 2012	\$125,849,938
FY 2013	\$127,184,304
FY 2014	\$133,024,407
FY 2015	\$142,387,562
FY 2016	\$154,813,644
FY 2017	\$162,706,583
Proposed	

The annual average increase for the adopted General Fund budget is 3.7%.

Adopted General Fund Budgets - History



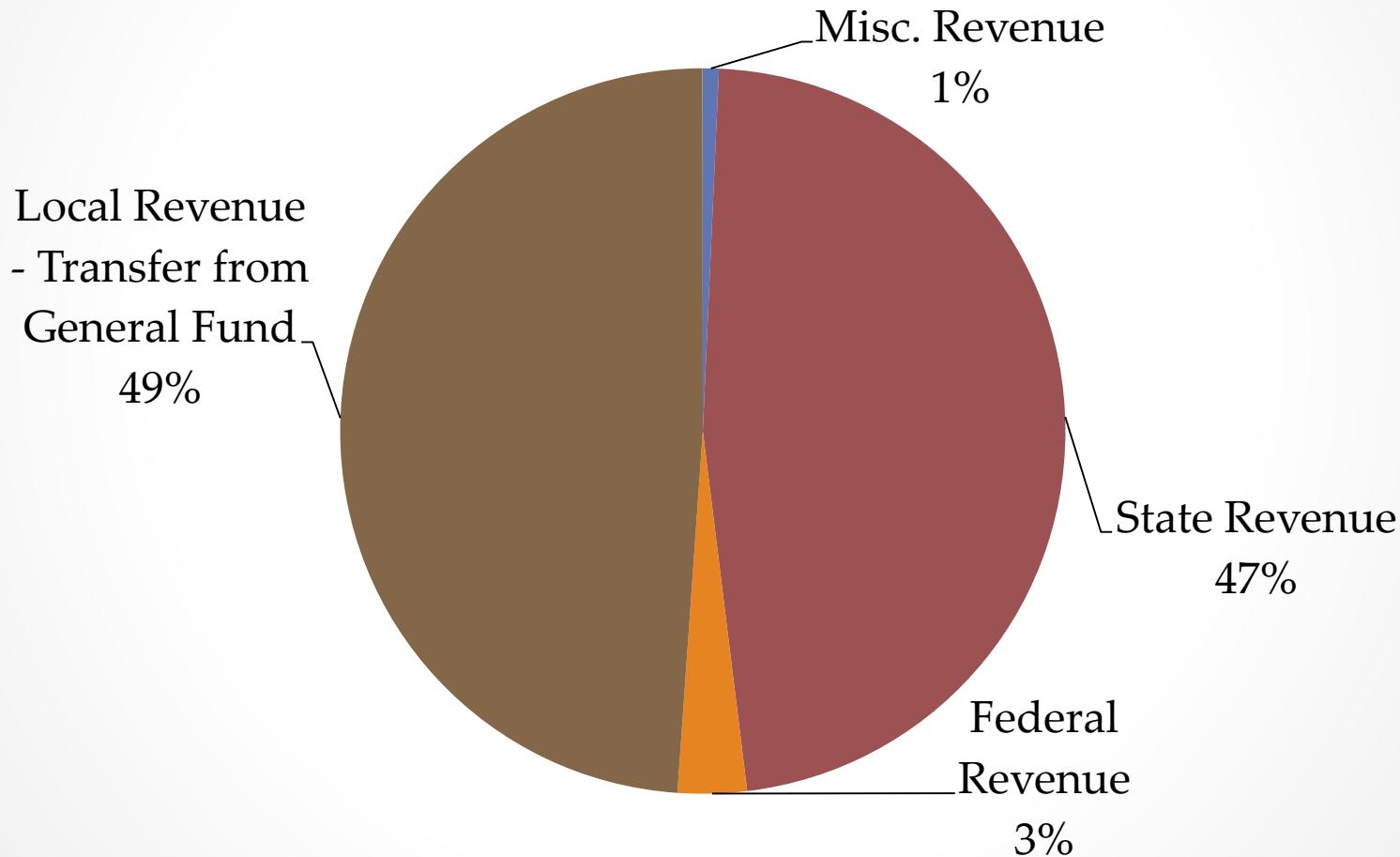
School Operating Fund Revenues

FY 2016 to FY 2017

Category	FY 2016	FY 2017	Difference
Revenue from Local Sources	1,056,305	1,083,436	27,131
State	70,040,965	72,394,546	2,353,581
Federal	4,855,589	4,695,674	-159,915
General Fund Transfer	72,076,068	74,734,327	2,658,259
Total	148,028,927	152,907,983	4,879,056

School Operating Fund Revenues

\$152,907,983



Frederick County Public Schools

Budget Facts

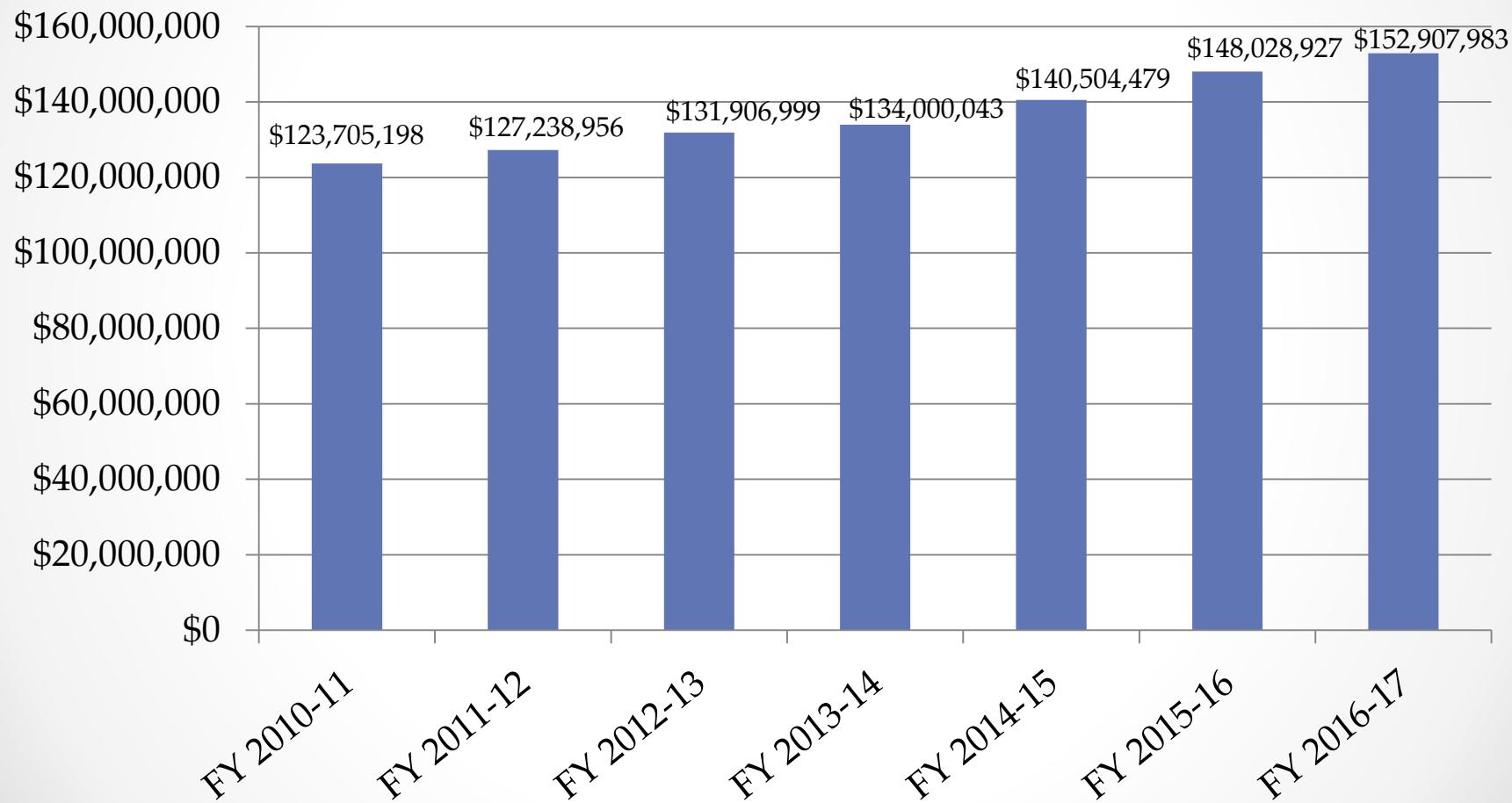
- Student population for FCPS is expected to increase for FY 2017 by 25 students for a total of 13,117.
- For FY 2017, the FCPS cost per student is projected to be \$12,511. In comparison, cost per student for FY 2015 was \$11,010 and FY 2014 was \$10,483.
- The proposed increase in the local transfer to the School Operating Fund is \$2,658,259, or 3.7%.

Adopted School Operating Fund Budgets

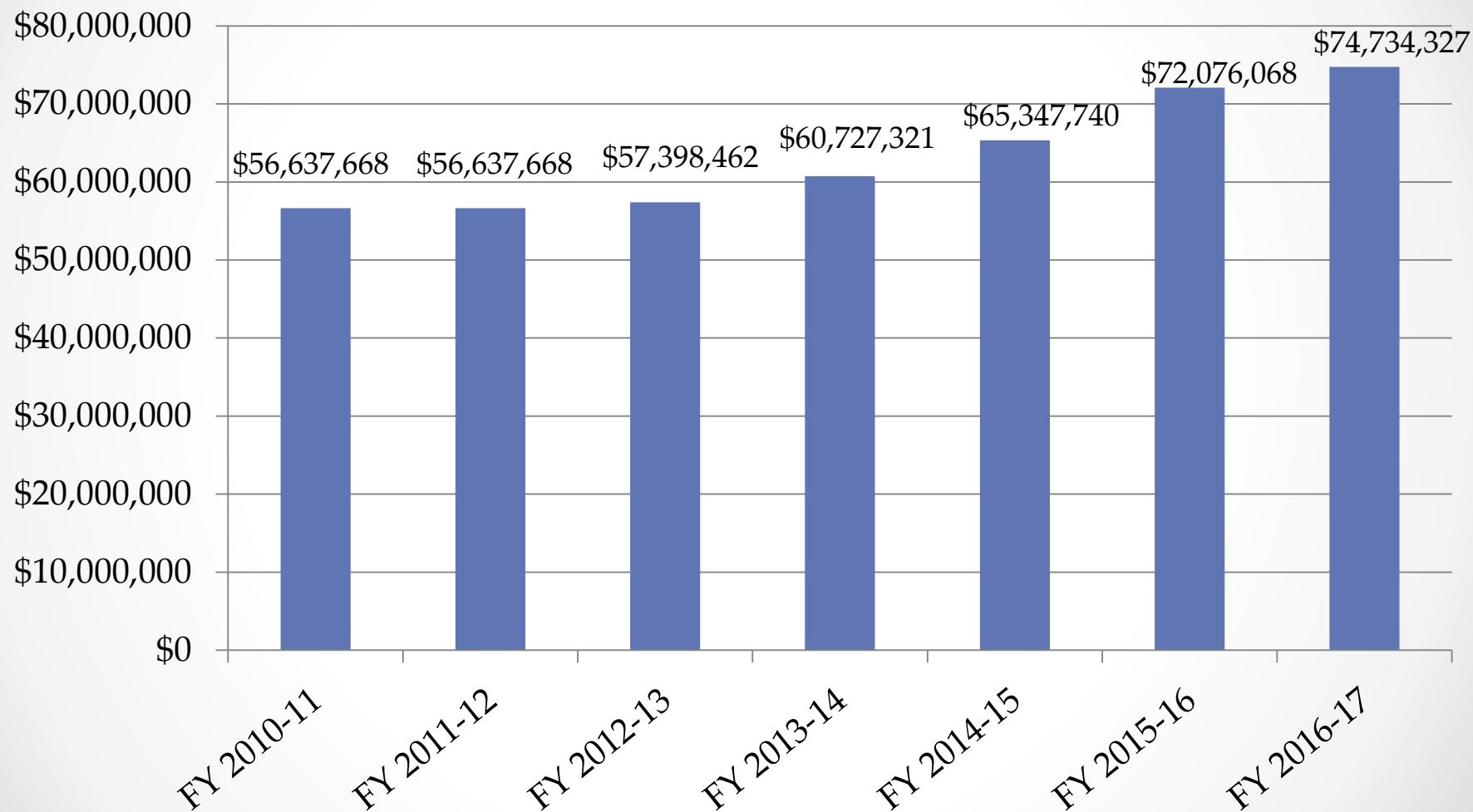
Fiscal Year	General Fund Total
FY 2010	\$131,151,560
FY 2011	\$123,705,198
FY 2012	\$127,238,956
FY 2013	\$131,906,999
FY 2014	\$134,000,043
FY 2015	\$140,504,479
FY 2016	\$148,028,927
FY 2017 Proposed	\$152,907,983

The annual average increase for the adopted School Operating Fund budget is 2.3%.

Adopted School Operating Fund Budgets - History



Transfer to School Operating Fund - History



Frederick County

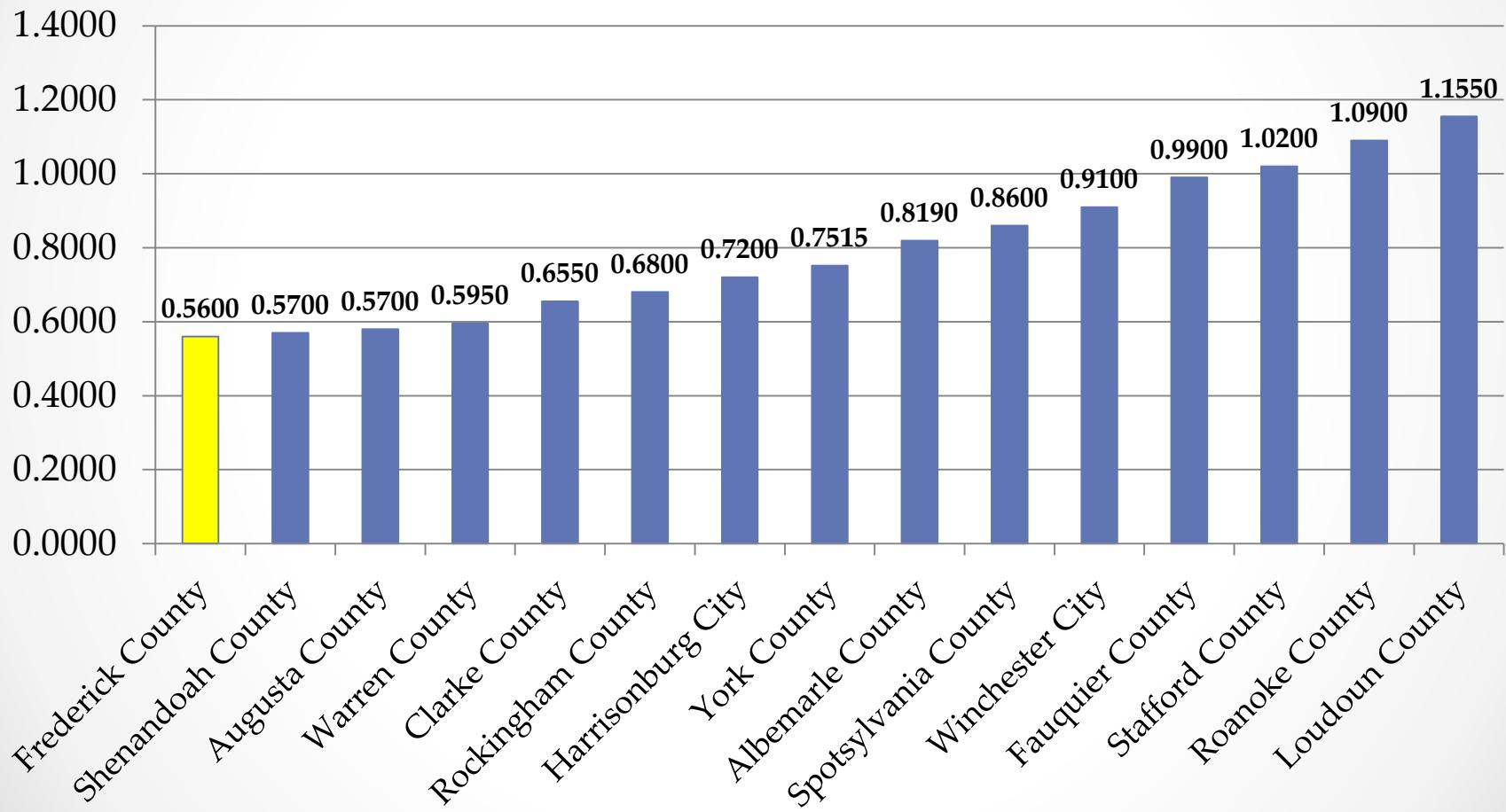
Actual Local School Funding vs. Required State Funding Levels

	Local Required Funding	Local Actual Funding	% Above
FY 2017 Proposed	\$34,634,931	\$74,734,327	116%
FY 2016	\$31,302,120	\$72,076,068	130%
FY 2015	\$31,058,115	\$65,347,740	110%
FY 2014	\$28,159,554	\$60,727,321	115%

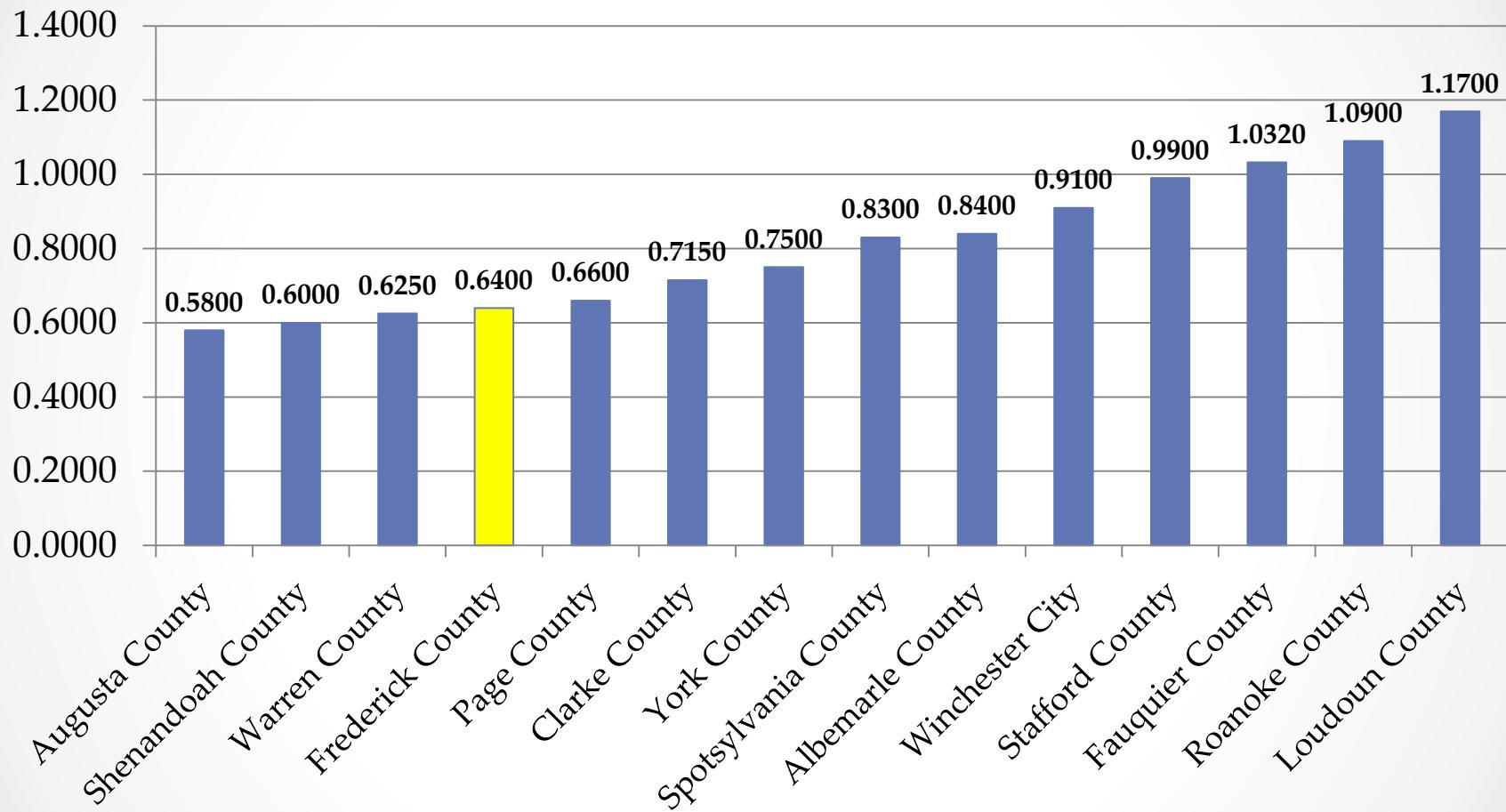
Proposed Changes to Tax Rates and Fees for FY 2016-2017

Tax Rate/Fee	Adopted FY 2016	Proposed FY 2017	Estimated Increase in Revenue
Real Estate Tax	\$0.56	\$0.64	\$6,400,000
Transient Occupancy Tax	2.0%	2.5%	\$132,850
Landfill Fees:			
Municipal Solid Waste	\$14 per ton	\$18 per ton	\$192,200
Municipal Sludge	\$32 per ton	\$36 per ton	\$74,400

Current Real Estate Tax Rates of Surrounding and Similar Localities

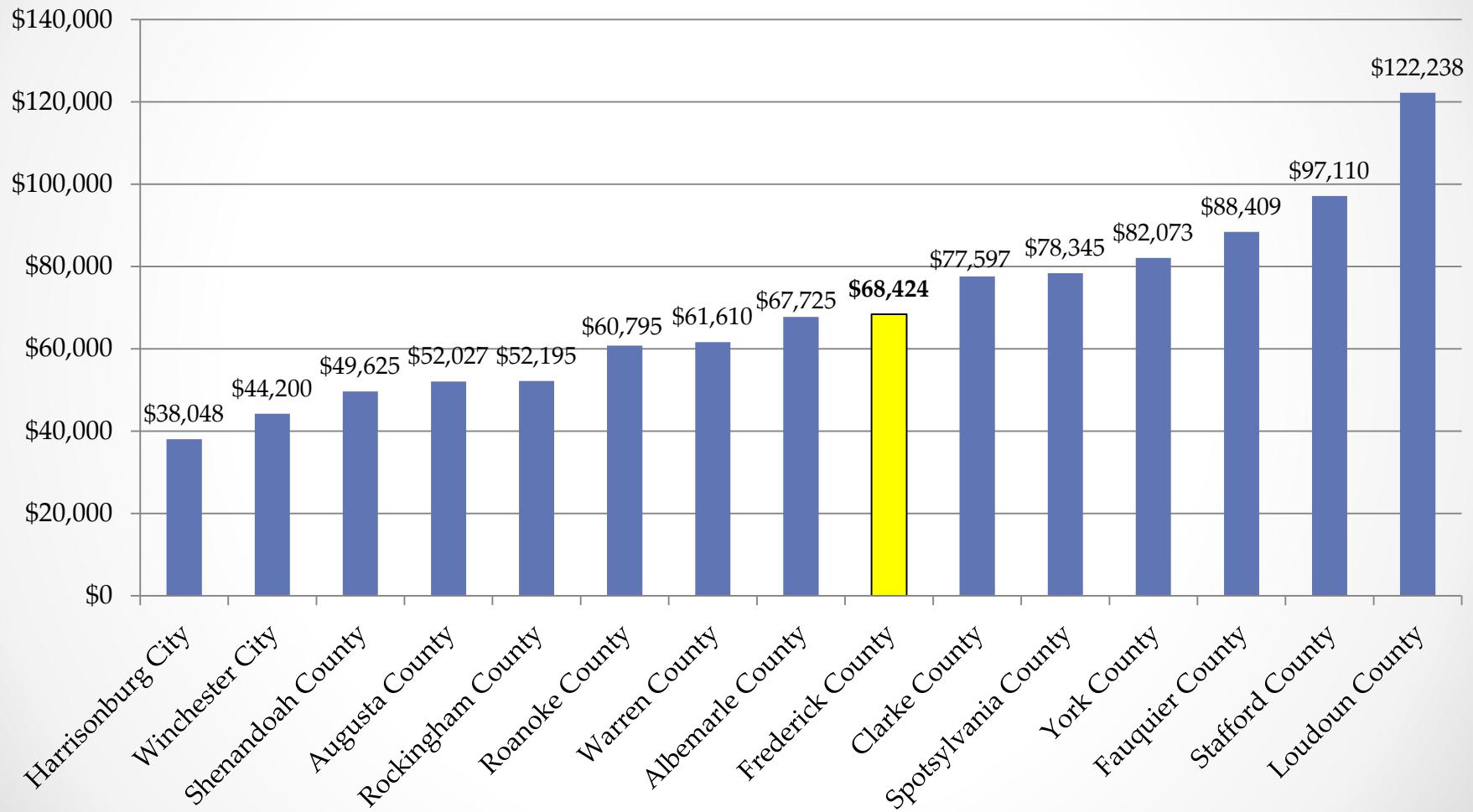


Proposed Real Estate Tax Rates of Surrounding and Similar Localities

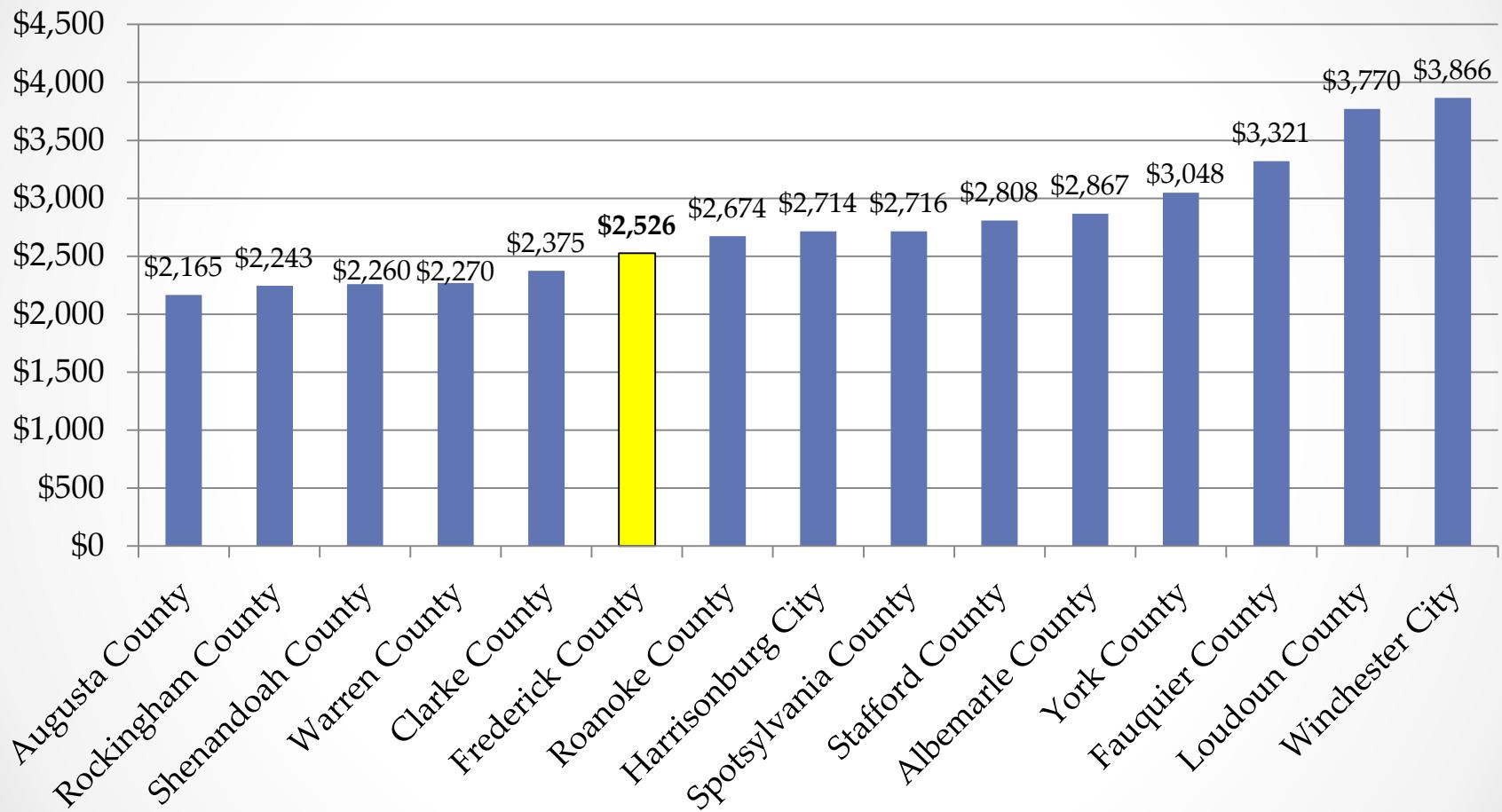


Rockingham County and City of Harrisonburg rates not available

Median Income of Surrounding and Similar Localities



Per Capita Expenditure Comparison of Surrounding and Similar Localities



Source: APA 2014 Comparative Cost Report. 2015 data not yet available.

County Administration and staff will continue to work with the Board towards the budget objectives discussed during the budget work sessions, the development of final tax rates, and a balanced budget within these constraints.

