



FY 2017-2018 Proposed Budget Overview

March 3, 2016



PROPOSED BUDGET OVERVIEW

- The Proposed Budget continues the two-year budgeting process implemented with the FY 2015 budget.
- The Proposed biennial budget includes recommendations for both FY 2017 and FY 2018.
- The Board of Supervisors, may legally, only adopt a final budget for FY 2017 and tax rates for TY 2016.
- The FY 2018 Proposed Budget includes recommendations for the future year's budget and tax rates that may be approved as a draft fiscal plan.
- The recommendations in the FY 2018 Proposed Budget are based on the approval of the FY 2017 Proposed Budget.



FY 2017 PROPOSED BUDGET

- FY 2017 Proposed Budget declines by -3.53% over the FY 2016 Adopted Budget - Totals \$286.6 million
 - Driven by timing of Capital Improvement Program projects
 - General Fund increases by 3.11%, including 2.5 cent tax increase
- Overall Real Estate Tax Rate proposed at \$1.032
 - Advertised at \$1.179 to fund all request including Schools
- County finances continue to experience a slow growth pattern
 - Primary revenue growth from Real, Personal, and Sales taxes
- Unemployment steady decline, below five and ten year averages
 - Five year = 5.2% and Ten year = 4.2%
 - Down from 3.8% Dec 2014 to 3.3% Dec 2015
- Foreclosures have returned to a pre-recession level



FY 2017 PROPOSED BUDGET

- FY 2017 General Fund revenues projected to increase by 3.11% over FY 2016 (includes 2.5 cent real estate tax rate increase)
 - Projected natural growth in revenue is approximately \$2.1 million
- Key Areas of Revenue Growth
 - Real Estate
 - Continue to experience steady, annual growth of 1-1.5% from new construction and improvements
 - Personal Property
 - Continue maintained valuations and inclusion of additional vehicles
 - Sales Tax
 - Positive annual growth, some slow down in comparison to larger annual increases in recent years
 - Similar trend throughout the State and region



FY 2017 PROPOSED BUDGET

- State FY 2017-2018 Proposed Budget Impacts:
 - County Administrator's Proposed Budget assumes flat State funding based on Governor's Proposed Budget
 - Governor's Budget projects a 2% raise in FY 2018, contingent upon FY 2017 revenues
 - Additional offsetting revenue for State supported local offices, approximately \$85,000, if approved
 - Potential for salary compression adjustments for Sheriff's Office funded and Regional Jail funded positions – years of service component with minimum of 3 years (\$80/year for Sworn and \$65/year Non-sworn)
 - Education Funding:
 - Held all Schools harmless for any reduction in funding from FY 2016 level
 - Additional instructional positions across the State
 - Increase in the per pupil funding for direct aid



FY 2017 PROPOSED BUDGET

- Education Funding, continued
 - Provides for NOVA COCA, built into direct aid
 - 2% raise for SOQ positions in FY 2018, local match required
- State Budget – General Assembly
 - House and Senate passed their amendments February 25
 - Budget Conferees selected and currently reviewing
 - General Assembly set to adjourn March 12
- Proposed House and Senate Amendments:
 - Raises/Compensation Adjustments
 - State-supported Local Offices – Still contingent on revenues
 - House – Increased to 3% mid-FY 2017, 1% in FY 2018 with Non-Supplanting Language
 - Senate – 2% Increase mid-FY 2017
 - Both – No compression adjustments at Sheriff’s level



FY 2017 PROPOSED BUDGET

- Education Funding
 - Compensation Funding
 - House – Maintains 2%, but raises given in FY 2017 count to local match
 - Senate – Moves raises to mid-FY 2017, no local match requirement
 - House and Senate Amendments – Limited revenue changes to School Division
 - No additional positions, shifts funds to offset earlier raises in Senate and increase in lottery funding in House
 - Opportunities for one-time funding initiatives, non-Central support in Senate
- CSA - House provides additional \$500,000 each year for local admin costs
- Transportation - Governor's Budget reduced revenue share funding, Senate funding back to FY 2016 level



FY 2017 PROPOSED BUDGET

- FY 2017 Proposed Budget General Fund priorities:
 - Prior Year Funding Requirements - \$60k
 - Personnel changes mid-FY 2016
 - AV/Media Technician
 - DFREM Training and Logistics Positions to 48 hours
 - Base Funding Requirements (Fixed or Mandated Costs) - \$600k
 - Overall costs reduced by VRS Rate adj. to 8.28% from 10.5% - (\$421k)
 - Projected Increase In Health Insurance of 1% - \$54k
 - Ongoing costs of Business Incubators - \$160k
 - Contribution increase (including BG and NW Regional Jail) - \$368k
 - Total dollars primarily driven by NW Regional Jail Increase - \$330k
 - Re-instate 50% of requested funding for Occoquan Monitoring Lab - \$21k
 - DFREM OT (historical costs) - \$125k
 - Landfill transfer (debt service coverage) - \$78k
 - Fleet costs - \$14k
 - Contracts (including liability insurance and software systems) - \$214k



FY 2017 PROPOSED BUDGET

- FY 2017 Proposed Budget General Fund priorities, continued:
 - \$1 million increase in direct local transfer to School Division
 - \$633k CIP Cash Funding (Does not fully fund FY 2017 projected cash requirement)
 - \$640k County Asset Replacement Fund
 - \$375k Debt Service – 3rd round of buses, Catlett-Calverton Sewer, & Public Safety Radio System
 - Additional Personnel – 13.53 FTE (March 8th Work Session Overview)
 - \$555k Sheriff's Office – 4 Patrol Deputies
 - \$510k DFREM – 4 Technicians
 - \$110k – Reassessment Coordinator
 - \$110k – IT Systems Analyst
 - \$98k – P&R Regional Superintendent
 - \$99k – General Services Kitchen Equipment Technician
 - \$44k – Finance PT P-Card Administrator
 - Fleet Mechanic – 1 FTE funded in Fleet Fund, no local tax funding impact



FY 2017 PROPOSED BUDGET

- FY 2017 Proposed Budget General Fund priorities, continued:
 - \$207k in additional non-personnel enhancements
 - \$60k - Outsourcing FMLA Administration (HR)
 - \$54k - Succession Planning & Countywide training/tuition costs (HR)
 - \$40k - LFCC Workforce Development (Economic Development)
 - Balance of funds for individual department budget increases, most not to exceed \$20k/department
- Fire and Rescue Levy Increase – 0.8 cent
 - 0.5 cent – additional DFREM career staffing, transfer to General Fund
 - 0.3 cent – increase operating contribution to Volunteer Stations



FY 2018 PROPOSED BUDGET

- FY 2018 Proposed Budget increases by 10.25 % over the FY 2017 Proposed Budget - Totals \$316 million
 - Increase primarily driven by CIP projects timeline
- General Fund increases by \$3.4 million (includes 1.5 cent tax increase)
 - Natural revenue growth projection is approximately \$1.5 million
 - Primary revenue sources and growth trends similar to FY 2017
 - Assumes flat state revenue funding
 - Minimal increases in department revenues
 - Fixed/Mandated Costs - \$670k
 - \$360k – Health Insurance Increase, Projected 3.5%
 - \$144k – Contributions (Primarily Estimated Increase Regional Jail)
 - \$150k – Fleet and Contractual increases



FY 2018 PROPOSED BUDGET

- FY 2018 Proposed Budget General Fund priorities:
 - \$1 million increase in direct local transfer to School Division
 - \$888k – 2% COLA for all Permanent County Employees
 - Additional Personnel – 11.0 FTE (March 8th Work Session Overview)
 - \$555k Sheriff’s Office – 4 Patrol Deputies
 - \$500k DFREM – 4 Technicians
 - \$121k Commissioner of the Revenue – 2 FTEs [One-time \$, first year]
 - \$55k – P&R Facilities Crew Supervisor mid-year (based on Central Sports Complex opening)
 - \$20k – Increase hours for FT Senior Asst County Attorney from 30-37.5
- Fire and Rescue Levy Increase – 0.5 cent
 - 0.5 cent – additional DFREM career staffing, transfer to General Fund



FAUQUIER COUNTY TAX RATES

- Only Proposed Increase is in Real Estate Tax Rates

Description	Tax Year 2015	Tax Year 2016 ¹
Overall Real Estate Tax Rate:	\$0.999	\$1.032
Real Estate – General	\$0.948	\$0.973
Real Estate – Fire & Rescue	\$0.045	\$0.053
Real Estate – Conservation Easement District	\$0.006	\$0.006
Stormwater Management Fee ²	\$13.640	\$13.640
Bethel Academy Street Improvement District Levy ³	\$522.06	\$522.06
Marshall Electric Light and Business Improvement District Levy	\$0.005	\$0.005
Personal Property – General	\$4.650	\$4.650
Personal Property – Fire & Rescue	\$0.250	\$0.250
Business Furniture, Fixtures, & Equipment	\$2.300	\$2.300
Motor Homes & Campers	\$1.500	\$1.500
Motor Vehicle Carriers (30+ Passengers)	\$1.000	\$1.000
Mobile Homes	\$0.999	\$1.032
Machinery & Tools	\$2.300	\$2.300
Aircraft ⁴	\$0.001	\$0.001
Specially Equipped Handicap Vehicles	\$0.050	\$0.050

¹The County Administrator has advertised a Tax Year 2016 \$1.179 overall real estate tax rate to allow the Board of Supervisors the utmost flexibility when considering the proposed budget.

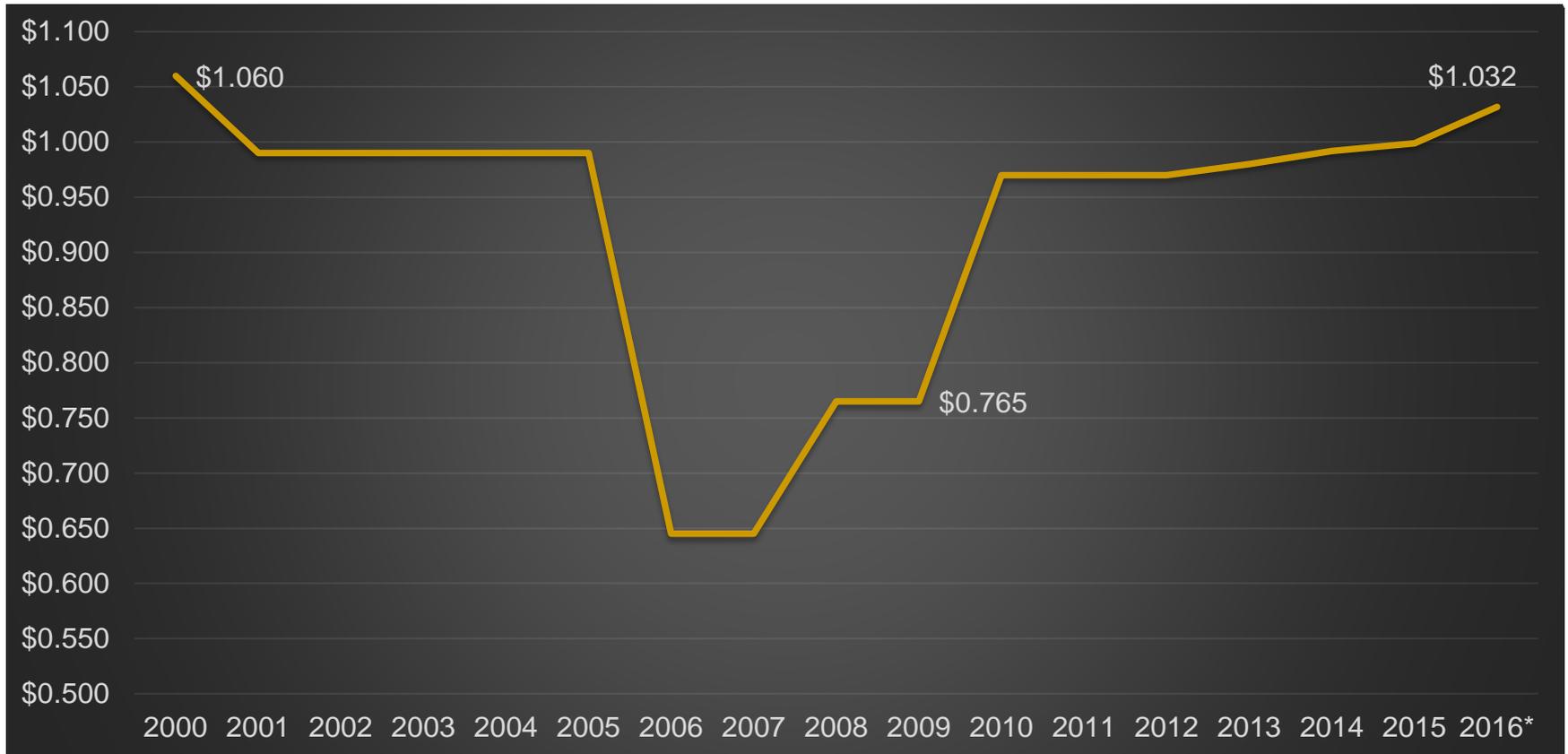
²The Stormwater Management Fee is a countywide special assessment, on a per parcel basis with the exception of any parcels excluded by act of the Board of Supervisors.

³The Bethel Academy levy consists of a special assessment on lots located within the special tax district.

⁴Aircraft stored at the Warrenton-Fauquier Airport are subject to a special maintenance fee assessment.



COUNTY HISTORICAL REAL ESTATE TAX RATES



- Tax Year 2016 is proposed rate.
- Reassessment years were 2002, 2006, 2010, and 2014.



PROPOSED TAX RATES IN THE REGION

Jurisdiction	Tax Year 2015	Tax Year 2016	\$ Change	% Increase	Impact to Tax Bill
Albemarle County ¹	\$0.819	\$0.844	\$0.025	4.88%	\$120
Alexandria City ¹	\$1.043	\$1.053	\$0.010	3.15%	\$168
Arlington County ^{1,3}	\$0.996	\$1.004	\$0.008	2.80%	\$163
Culpeper County ^{3,5}	\$0.730	TBD	TBD	TBD	TBD
Fairfax County ^{1,3}	\$1.115	\$1.158	\$0.043	5.37%	\$304
Fauquier County³	\$0.999	\$1.032	\$0.033	3.29%	\$106
Loudoun County ^{2,6}	\$1.135	\$1.135	\$0.000	0.00%	\$0
Prince William County ^{1,3}	\$1.194	\$1.218	\$0.024	4.16%	\$165
Rappahannock County ³	\$0.700	TBD	TBD	TBD	TBD
Stafford County ^{2,4}	\$1.019	\$0.990	(\$0.029)	0.00%	\$0
Spotsylvania County ^{1,4}	\$0.860	\$0.860	\$0.000	7.07%	\$110

¹Proposing not to equalize tax rate, maintain or increase current tax rate.

²Proposing equalized tax rate.

³Includes jurisdiction-wide special tax levies.

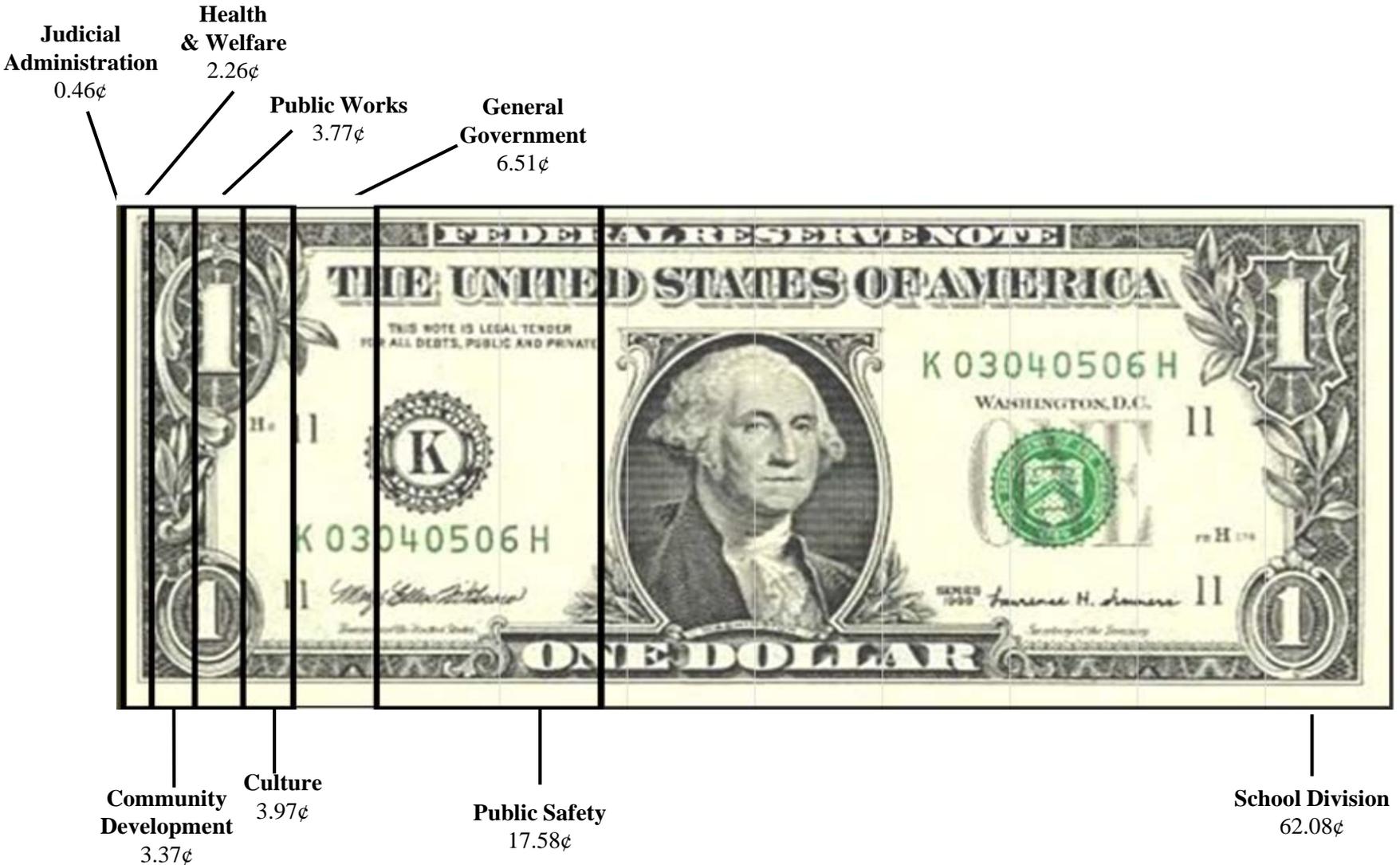
⁴Stafford and Spotsylvania conduct reassessments biennially.

⁵Culpeper equalized there rate in FY 2016 adopted budget, equating to a 10 cent decrease.

⁶Loudoun County proposed budget includes an equalized rate, however the County Administrator is recommending a higher rate of \$1.150.



HOW IS A TAX DOLLAR IS SPENT IN THE FY 2017 PROPOSED BUDGET?



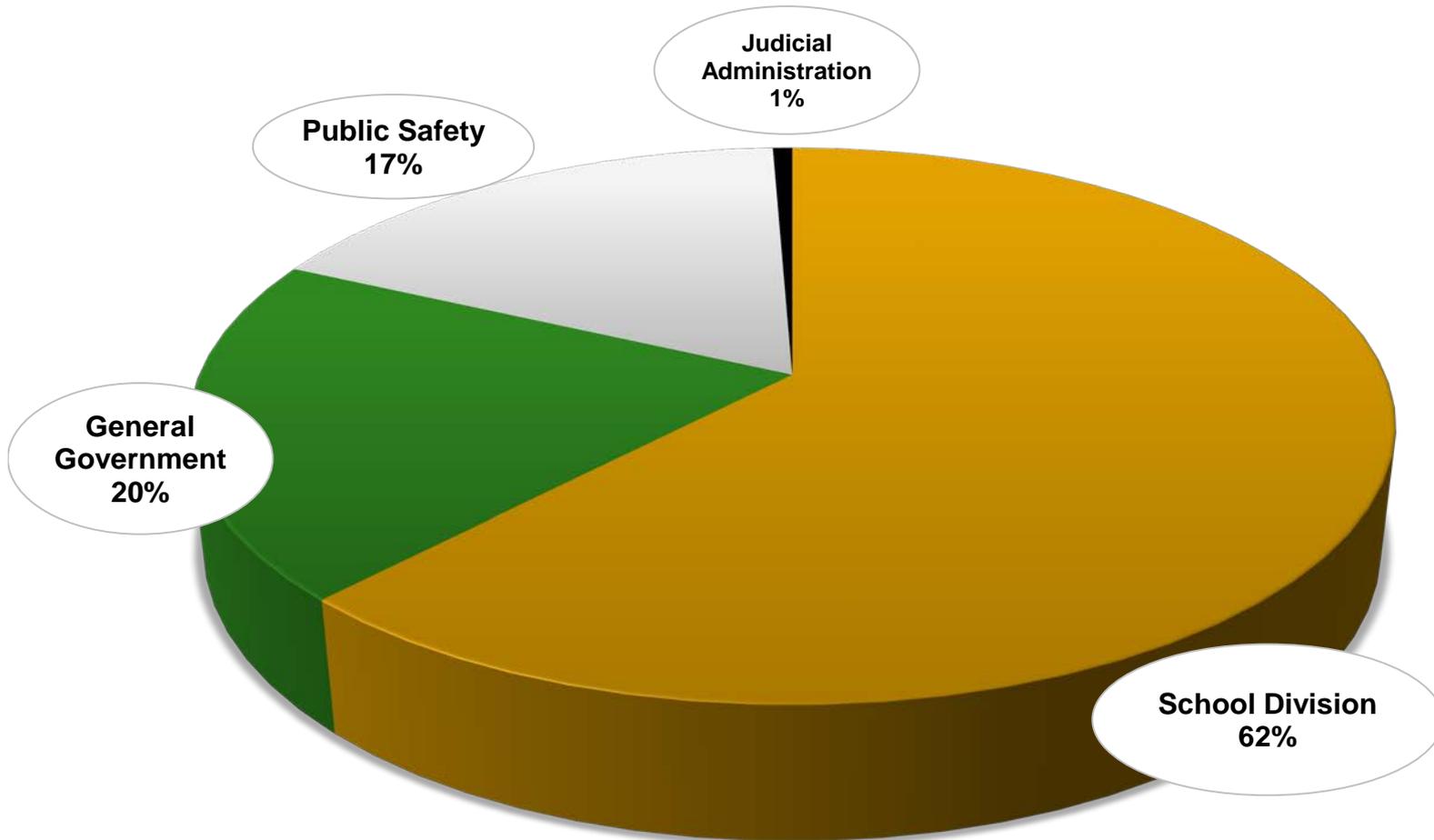


LOCAL TAX FUNDING

- All revenues not directly generated by a department through charges for services or fees
- All non-categorical State dollars
- Non-local tax dollars include revenues such as:
 - Department Generated Revenue – Parks and Rec and Comm. Dev.
 - Fines and Fees – Sheriff’s Office
 - Recordation – Clerk of the Circuit Court
 - Delinquent Fines/Debt Set-Off – Treasurer’s Collection Programs
 - Attorney Fees – County and Commonwealth’s Attorney
 - Rental Revenues – General Services
 - Donations/Grants
 - State Categorical Aid
 - Federal Dollars – Primarily Categorical

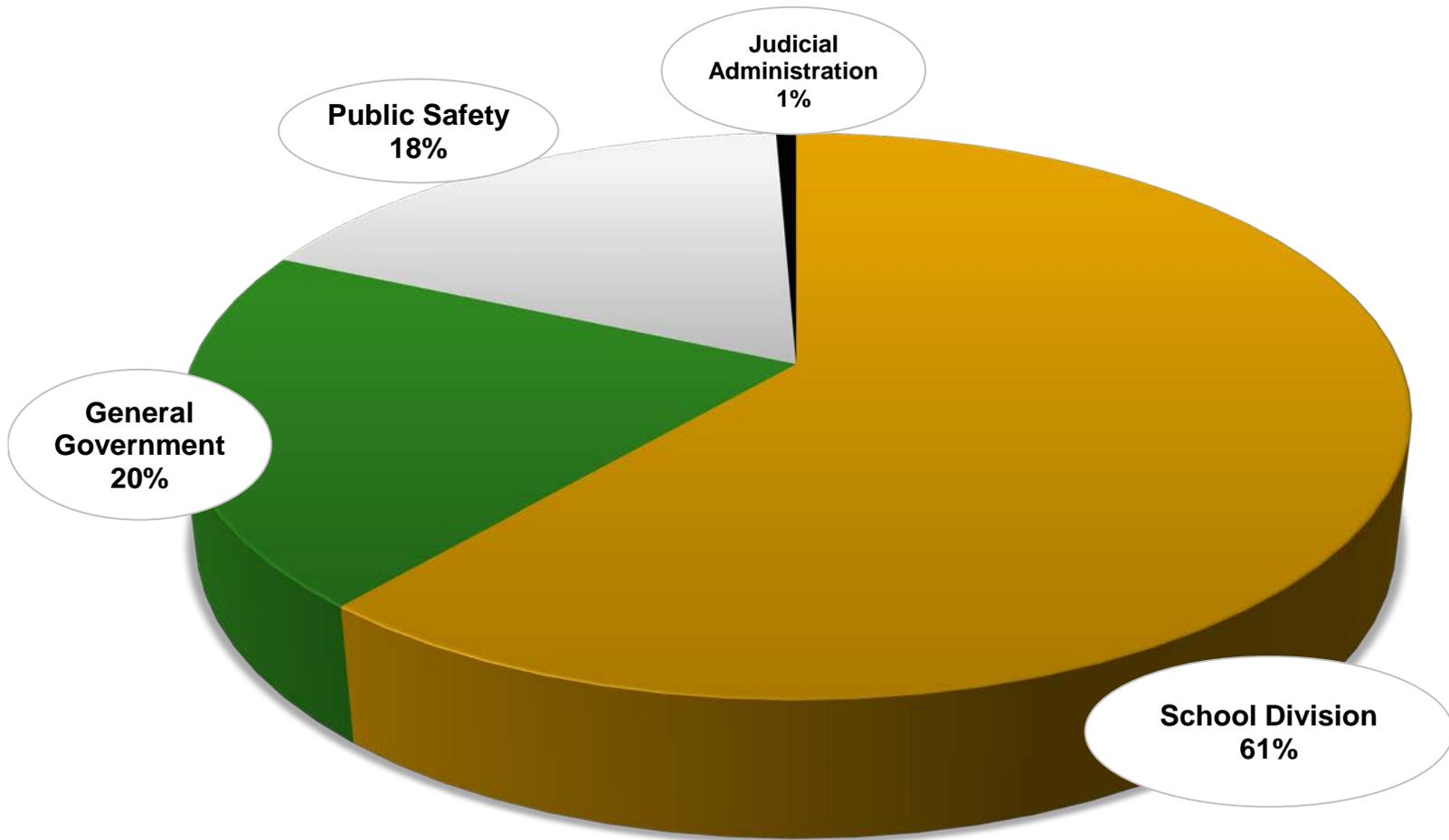


FY 2017 LOCAL TAX FUNDING



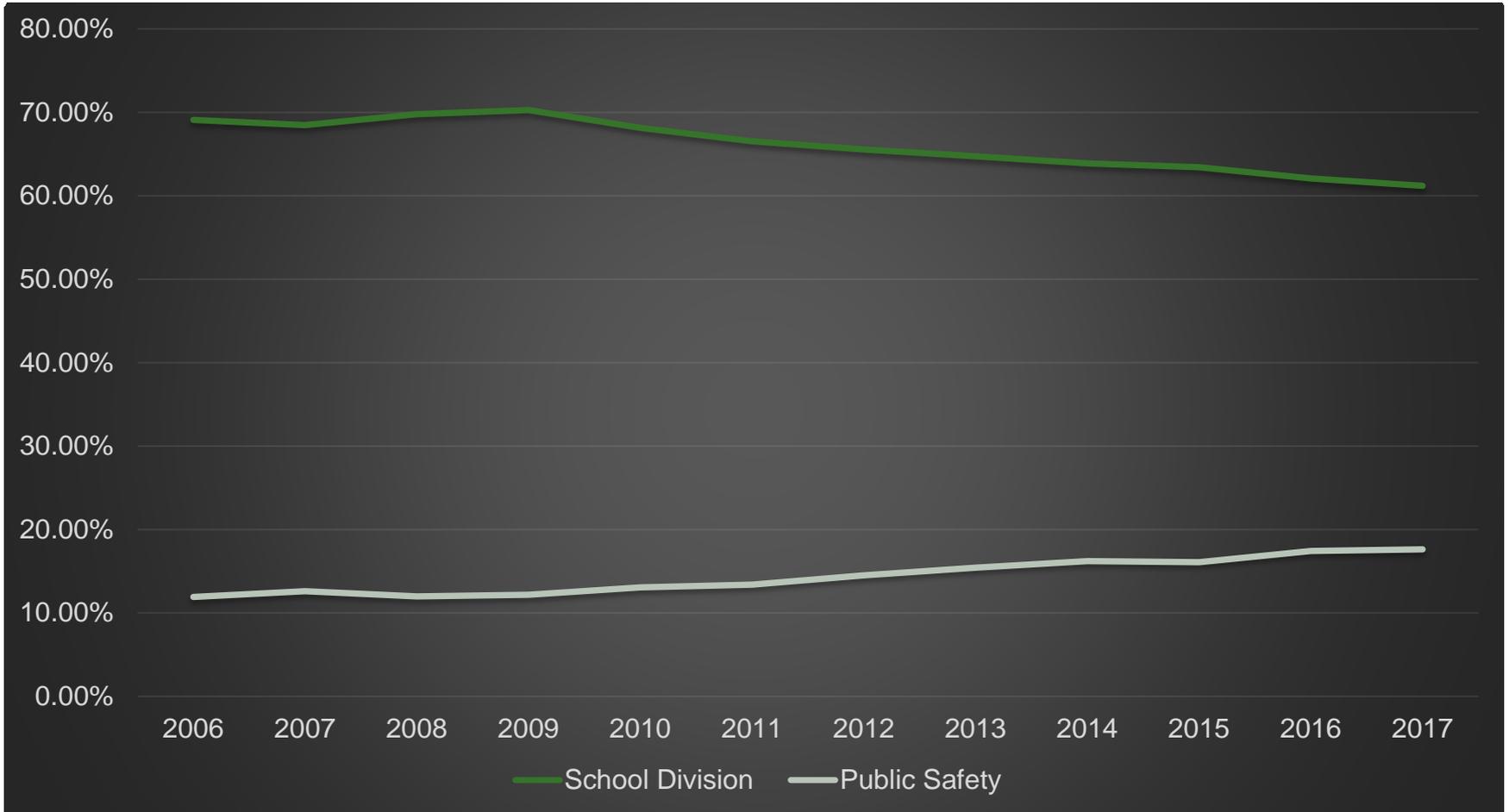


FY 2018 LOCAL TAX FUNDING





HISTORICAL ALLOCATION OF LOCAL TAX FUNDING - %





SCHOOL DIVISION REVENUE

School Division State and County Funding
as % of Total School Division Operating Revenues
excluding Consolidated Services





FUNDING LEVEL

STATE SUPPORTED LOCAL OFFICES

FY 2017 Proposed Budget

<u>State Supported Office</u>	<u>Expenditures</u>	<u>State Funding \$</u>	<u>State Funding %</u>
Commissioner of the Revenue	\$1,423,786	\$184,941	13.0%
Commonwealth's Attorney	\$1,457,043	\$491,513	33.7%
Clerk of Circuit Court	\$1,218,869	\$469,924	38.6%
Sheriff's Office ¹	\$16,566,207	\$3,717,530	22.4%
Treasurer	\$1,250,316	\$150,344	12.0%
Registrar	\$430,372	\$64,111	14.9%

¹Sheriff's Office excludes Regional Jail contribution amount as the Regional Jail receives direct State aid as well.

County Departments that receive aid or grants from State agencies:

Library	\$2,304,933	\$153,496	6.7%
Adult Court Services	\$950,963	\$505,446	53.2%
Social Services ¹	\$10,594,129	\$4,282,072	40.4%

¹Social Services also received approximately 21.9% federal funding.



STATE VS. LOCALITIES REVENUE GROWTH

- The following handouts are a series of graphs and slides prepared by Fiscal Analytics, Ltd. for the annual VML/VACO Finance Forum. Presenter – Jim Regimbal, President of Fiscal Analytics, Ltd.
- VA Local Government Revenue Growth, Since the Recession
 - Overall takeaway – The potential for State revenue growth (individual income revenues) since the recession has significantly outpaced that of Local Government (real property tax)
 - Local resources not keeping pace with inflation
 - Local Real Property Revenues have grown by 6.4% between FY 09-14
 - State Individual Income Revenues have grown by 30% between FY 09-15
 - Median Real Estate Tax Rate Change since TY 09 – VA Localities
 - Cities - \$0.14
 - Counties - \$0.09



FY 2017-2021 CAPITAL IMPROVEMENT PROGRAM

- Proposed CIP totals \$85.2 million through FY 2021
- \$10.4 million reduction over adopted plan
 - Primarily due to adjustment in timing
- 15.2% projected cash funding component, \$12.97 million
 - Ensures smaller valued projects and cash funding commitments are met without use of bonds
- No significant changes in debt amount from adopted plan
- Planning Commission completed review in February
 - All projects compliant with Comprehensive Plan
- FPIC recommendation forthcoming (March 3 meeting)
- BOS Work Session to discuss CIP is on March 17 at 2:00pm



FY 2017-18 BUDGET CALENDAR

Date	Time	Discussion	Location	Event
Thursday, March 3	2:00 p.m.	Overview	Warren Green Building	Work Session
Tuesday, March 8	4:00 p.m.	Departments – Position Changes Only	Warren Green Building	Work Session
Thursday, March 10	4:00 p.m.	School Board	Warren Green Building	Work Session
Tuesday, March 15	6:00 p.m.	Public Safety – DFREM, VFRA, Sheriff’s Office	Warren Green Building	Work Session
Thursday, March 17	2:00 p.m.	Capital Improvement Program	Warren Green Building	Work Session
Thursday, March 17	7:00 p.m.	Budget Public Hearing	Fauquier High School - Auditorium	Budget Public Hearing
Monday, March 28	6:00 p.m.	Mark-up/Mark-down	Warren Green Building	Work Session
Thursday, March 31	6:00 p.m.	Budget Adoption	Warren Green Building	Budget Adoption



QUESTIONS & DISCUSSION

