

Public Hearing on Effective Tax Rate

7:00 p.m.
April 20, 2020



Impact of the Reassessment

- The Code of Virginia sets the requirements for setting the real estate tax rate after a general property reassessment
- The current real estate tax rate is \$0.79 per \$100 of valuation (first adopted in 2016)
- The Board is proposing no increase above the current rate



Public Hearing on FY 21 Budget and Tax Rates

7:15 p.m.
April 20, 2020



Preparing for the Future

- Major budget considerations
- Revenues by Major Category
- Expenditures by Major Category
- Capital Improvement Projects
- Impact of COVID-19
- Schedule



Considerations

- Funding for County school division
- Funding for County facility needs
- Funding for County & School Capital projects
- Personnel additions & compensation adj'ts
- Use of fund balance for one-time projects
- No tax rate increase included in the budget
- No COLA increase in County budget
- Lending consideration to the potential negative impact of COVID-19 when appropriating the FY21 Budget



FY 21 Projected Revenues

- **General Fund Sources:**
 - **Local - \$58.4M**
 - **State - \$11.3M**
 - **Federal - \$1.2M**
- **General Fund Total - \$70.9M**
 - Increase of 6.9% or \$4.6M
- **Use of Fund Balance \$1.4M**
- **School Fund Total - \$34.5M**
 - Decrease of 0.4% or \$0.2M
- **All Revenues - \$106.8M**
 - Increase of 5.8% or \$5.8M



FY 21 Projected Revenues

- **Local Revenues: \$4.5M (8.3%) increase vs FY20 Budget**
 - Includes impact of real estate reassessment and real growth
 - Continued growth in personal property taxes
 - Realization of public service corporation tax growth (AEP, Roanoke Gas)
 - Growth in machinery & tools taxes, meals taxes and other local taxes
 - Decrease in building permit revenues
 - Decrease in earnings on deposits / investments
 - Projected revenue growth may be impacted by COVID-19 pandemic



FY 21 Projected Revenues

- **State Revenues: \$295k (0.3%) increase**
 - Compensation Board funding budgeted at FY20 level
 - Decrease in projected EMS grants
 - Increase in Welfare reimbursements
 - Large \$ increase (\$177k) in CSA reimbursements
 - Flat \$3.4 million PPTRA Block Grant
- **Federal Revenues: \$94k (8.2%) increase**
 - Decrease in interest rate subsidy (School Energy Savings Project)
 - Increase in Federal Welfare receipts
 - Increase projected for PILT (payments in lieu of taxes)



FY 21 Projected Expenditures

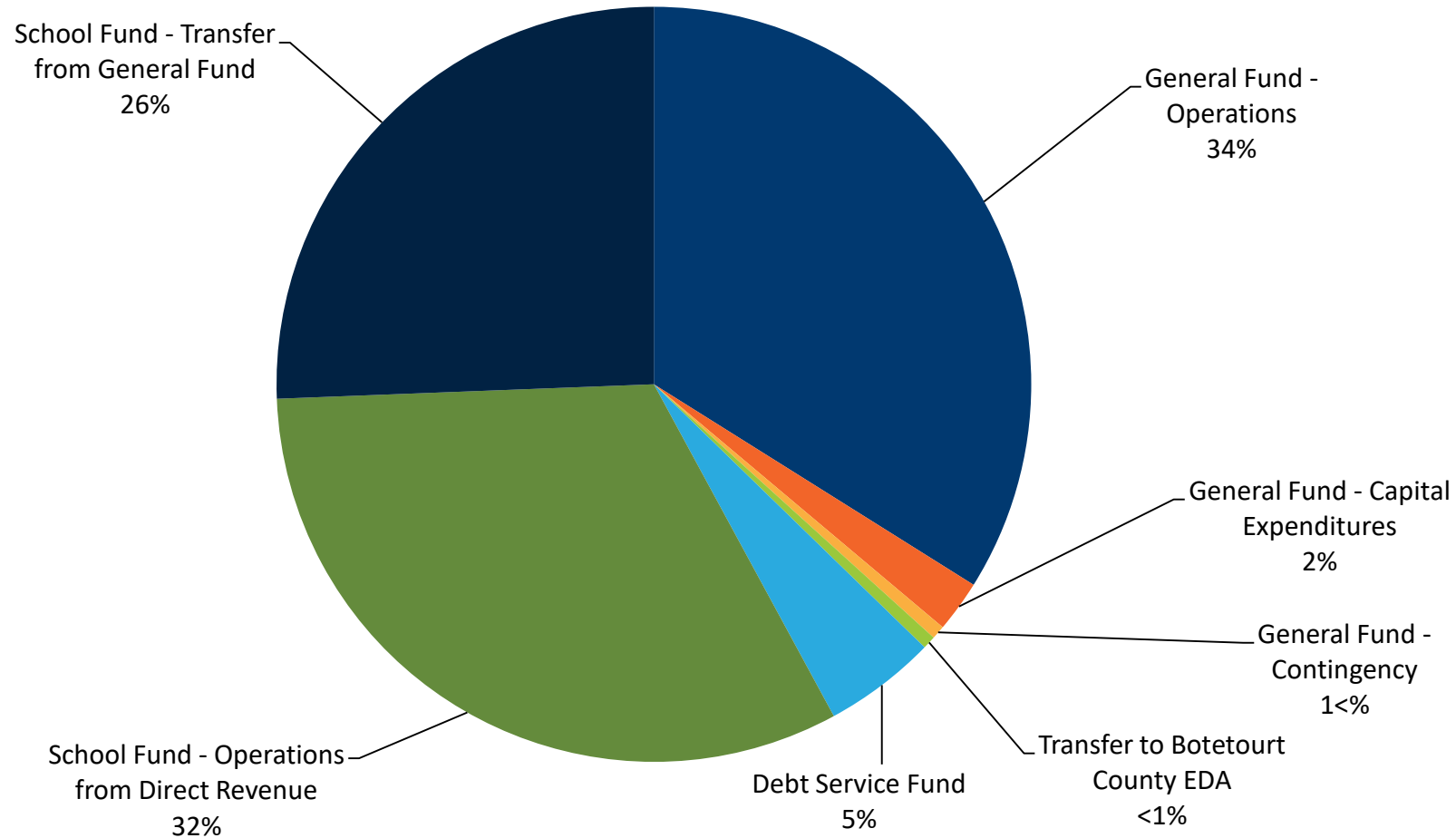
- **General Fund - \$39.2M**
 - Increase of 9.0% or \$2.4M
(Includes \$598K EDA Transfer)
- **Debt Service - \$5.2M**
 - Increase of 12.3% or \$564K
- **School Fund - \$61.8M**
 - Operations increase (all areas) of 1.4% or \$855K
 - CIP funding of \$1.4M
- **Contingency - \$621K**
- ***All Expenditures - \$106.8M***
 - *Increase of 5.8% or \$5.8M*

School funding includes \$1 million in additional contributions from the County.



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FY 21 Projected Expenditures



FY 21 Projected Expenditures

- *Public Safety*

- Additional School Resource Officer
- *Fire-EMS – 4 positions (1/1/21 start – Read Mountain Firer Station (24 / 7 coverage)*
- *Increase in Juvenile Detention Center activity*
- *Market-based compensation adjustments from FY20*

- *Education*

- \$1 million increase in County funding (operations)
- \$1.4 million in County funding for Capital Projects



FY 21 Projected Expenditures

- *Community Development*
 - Community Partnerships
 - Regional and community organizations
 - *Comprehensive Plan Update*
- *Economic Development*
 - Small business assistance
 - Business retention and expansion
 - Exit 150 Area redevelopment
 - Greenfield development
 - Performance agreements



FY 21 Projected Expenditures

- *County Government Accessibility & Services*
 - Upkeep of County buildings including Courthouse renovation planning
 - Relocation of offices within Fincastle and to Greenfield
 - Technology enhancements
 - County-wide portable radio replacement program
 - Planning for replacement of County Radio System
 - Market-based compensation (Phase 3) adjustments



FY 21 School Budget

- Increased funding from State (\$954k, 3.6%)
- Flat funding from Federal and other sectors
- Budget includes \$1.5 M in identified savings
- Additional \$2.4 M in prioritized operation needs
 - 6 SPED teachers, 1 Ass't Principal, 2 Teachers, 1 Counselor (FTE's)
 - \$996k for step increases, salary studies implementation and admin salary increases
 - Increased spending for Transportation, Finance, & Technology depts.
 - Planning to absorb \$167k (8.5%) insurance increase
 - State funding and absorbed insurance costs to be used to offset \$1.1 million of the \$2.4 million in operation needs



Summary

- Strategic use of real estate reassessment funds
- County budget requests (Operations & CIP) were scrutinized and reduced (total \$3.4 million) during the various phases of the budget process
- Providing for the \$564k (12%) increase in debt service
- Budget provides for additional County funding for Schools (\$2.4 million including CIP)
- Budget attempts to preserve funds for significant future capital projects



Impact of COVID-19

- Actively analyzing potential impact on revenues
 - Consumer-based revenues such as meals tax, sales tax, transient occupancy tax, and building permit fees are most at risk for impact
- Hiring Freeze in effect immediately for non-Public Safety positions
- Discretionary Spending Freeze for operations and capital expenses
 - Some departments have already offered up reductions
- Delaying larger purchases and reassessing the timing of those capital expenses
- Travel suspension unless required by law
- Consider quarterly appropriations for the FY21 Budget
- Enhanced budget monitoring



Next Steps

- **April 28, 2020** – Adopt tax rates
- **Early May 2020** – Budget subcommittee meets
- **May 12, 2020** – Adopt School Budget
- **May/June 2020** – Update meetings as needed
- **June 23, 2020** – Adopt County Budget



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Thank you!

