

NORTHAMPTON COUNTY

The Fact-Based Financial “Picture”

August 2009

PRESENTATION BY JEFFREY K. WALKER &

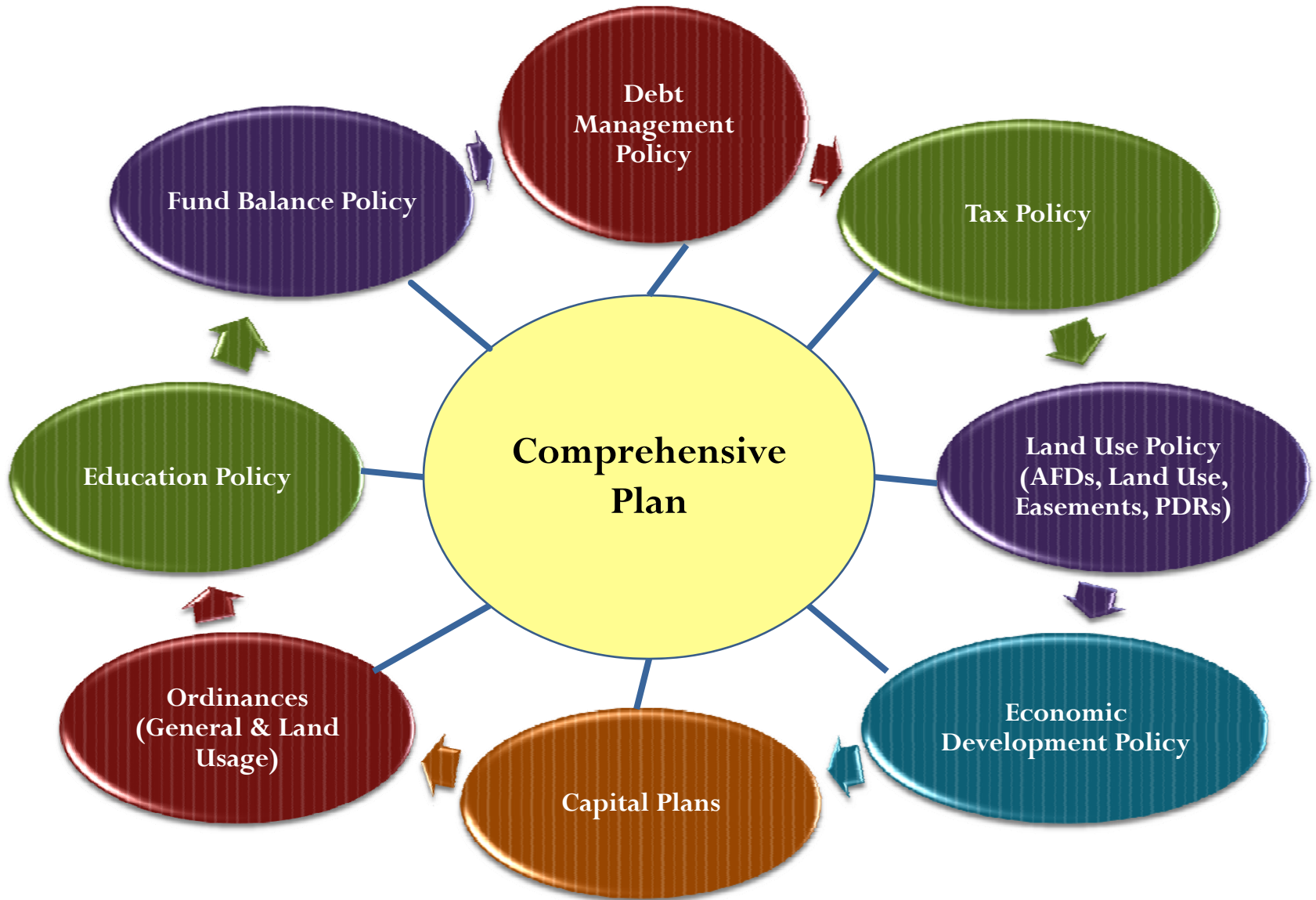
H. SPENCER MURRAY

(BOARD OF SUPERVISORS DISTRICTS 3 & 4 REPRESENTATIVES)

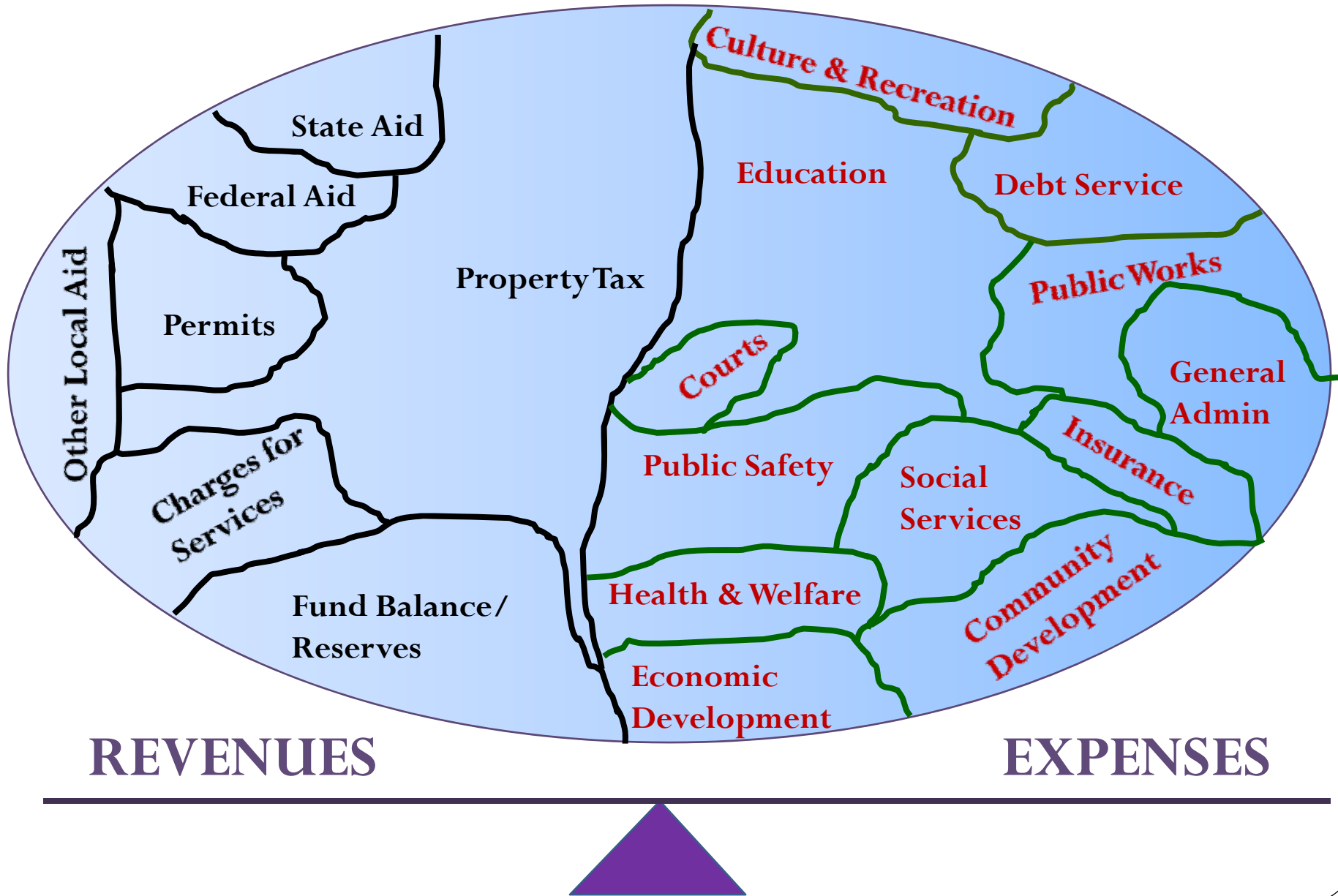
AGENDA

- Introductions & Opening Comments
- The “Picture”
- Trends: 2000 – 2009
- The Financial Challenge – 2010 & Beyond
- Land Use Policy and Its Impact on Budget
- Discussion & Questions

The Policy Wheel



The Financial Picture



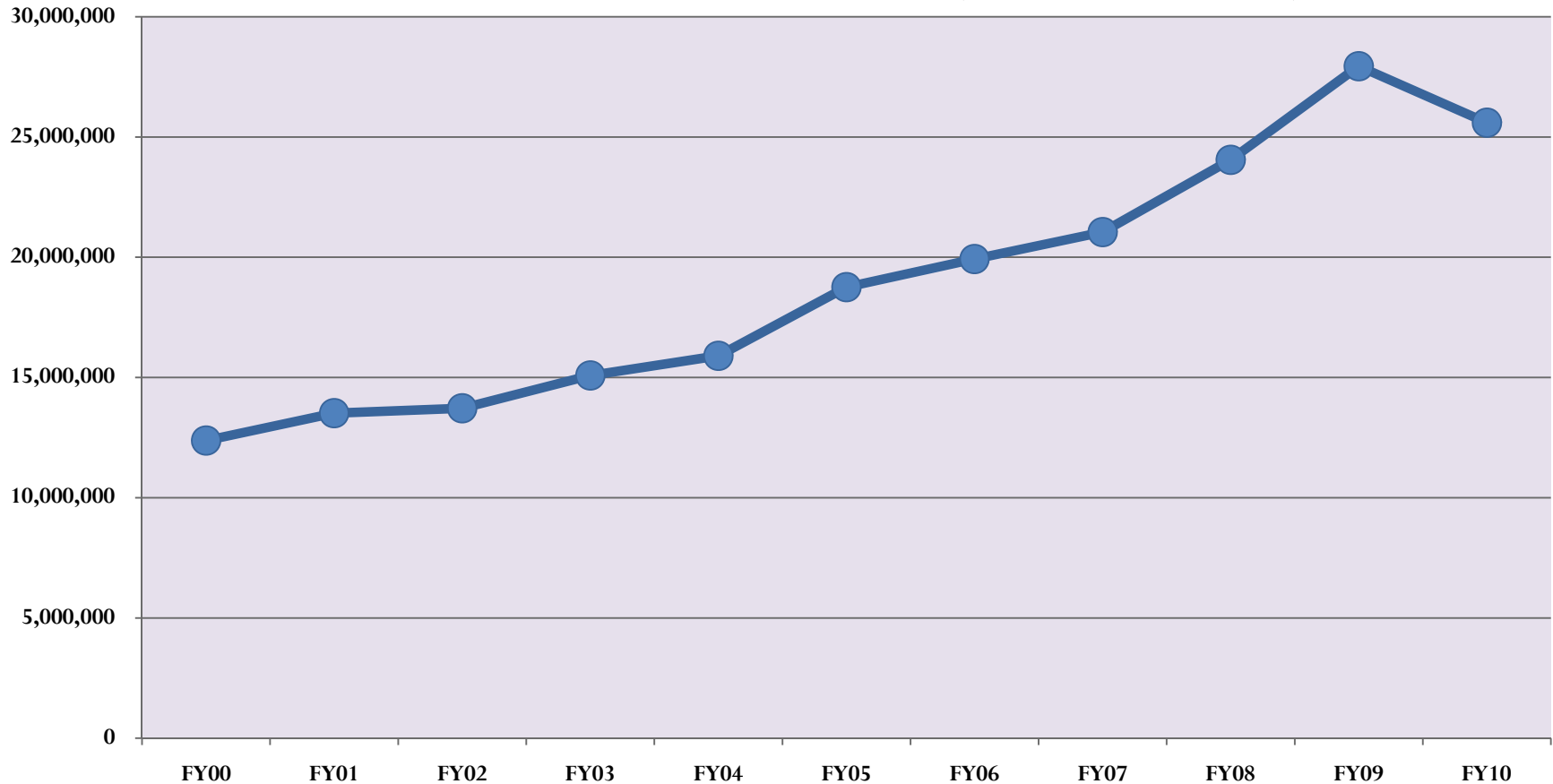
BACKGROUND

- 2000 – 2004:
 - CBBT Toll – Potential of No Toll / Land Speculation
 - Bay Creek Development = High End & High Density
 - Interstate on Seaside was discussed
 - Protection of Natural Resources
 - Land Use Tax Policy changes
 - Implementation of Deferred Capital Plans – New Courthouse, Social Services, Jail
 - Solid Waste Decisions Reached
 - Poor Reassessment in 2004 – achieved less than **70% FMV**

BACKGROUND (cont')

- 2005 – 2009:
 - Comprehensive Plan Update
 - Capital Plans continue – conversion of Temporary Housing Unit into Sheriff's Office; Court Services building, County Admin renovations
 - Solid Waste: Transfer Station, landfill capping, manned waste collection centers
 - Reassessment in 2008 – brought us to **92% FMV**
 - Composite Index - \$2.3 million reduction
 - Flat Population & Flat Workforce

GENERAL FUND REVENUES (including jail)



3 Largest Revenue Sources in FY10

Property Taxes: \$15,438,655 or 60%

State Aid: \$5,532,445 or 21.62%

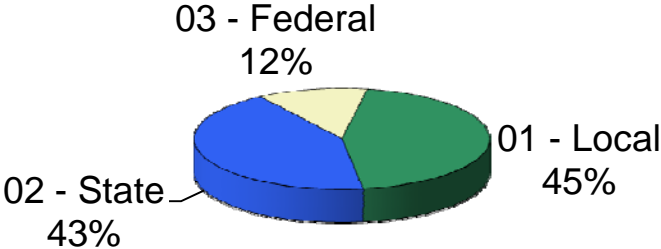
Other Local Taxes: \$2,916,019 or 11.39%

Totals: \$23,887,119 or 93%

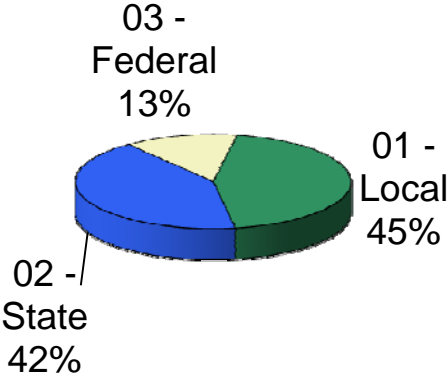
The remaining 7% of revenue comes from Charges for Services, Use of Fund Balance, Permits & Fees and Federal Aid totally \$1,707,011

Revenue by Type FY02 to FY10 Comparison

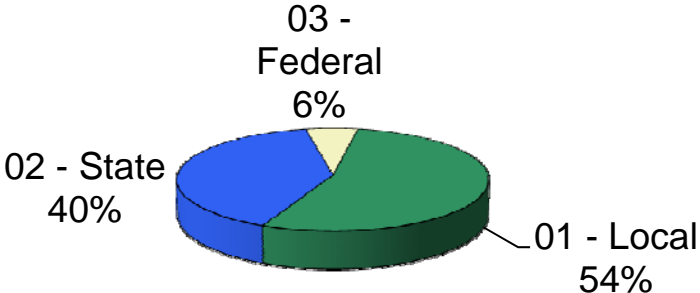
FY02 Revenues by Type



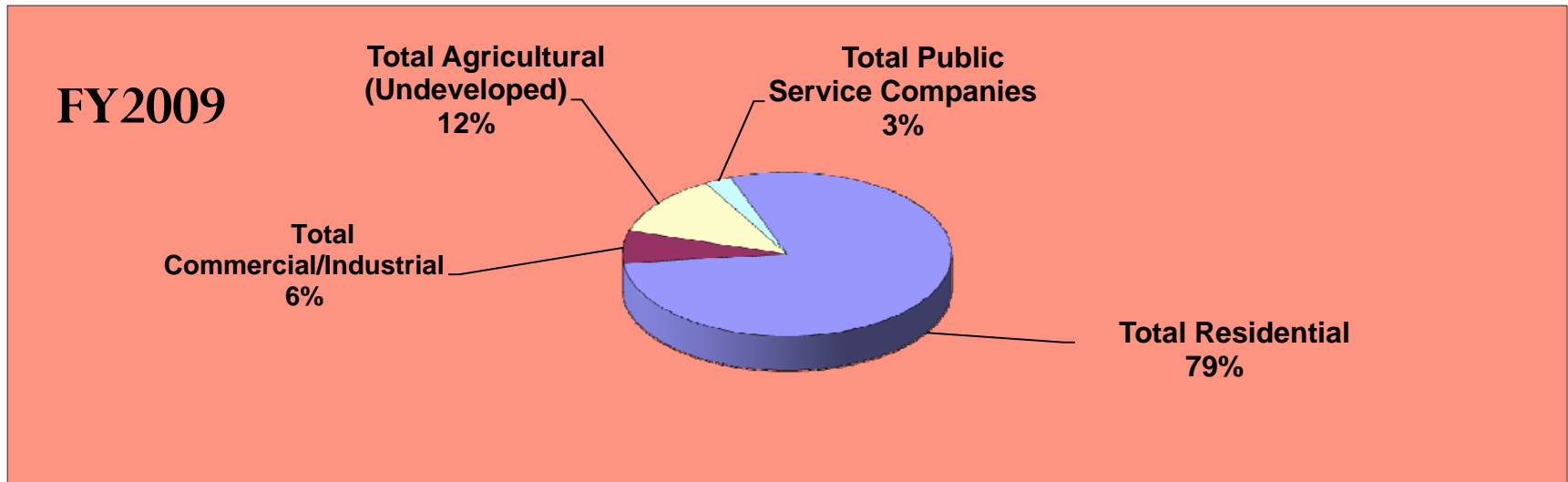
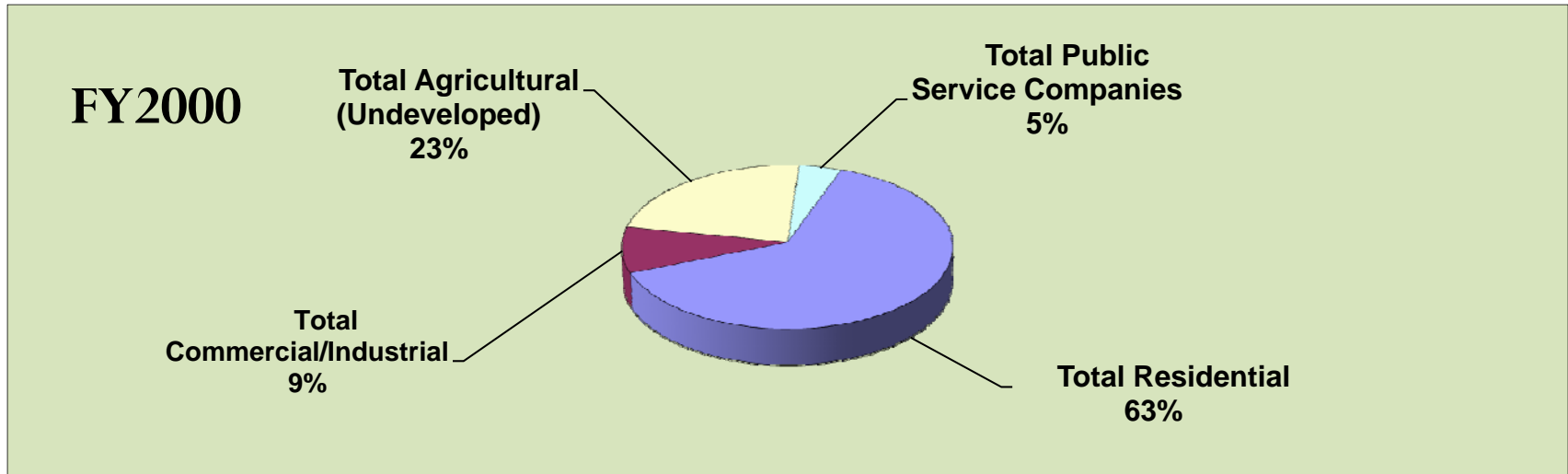
FY07 Revenues by Type



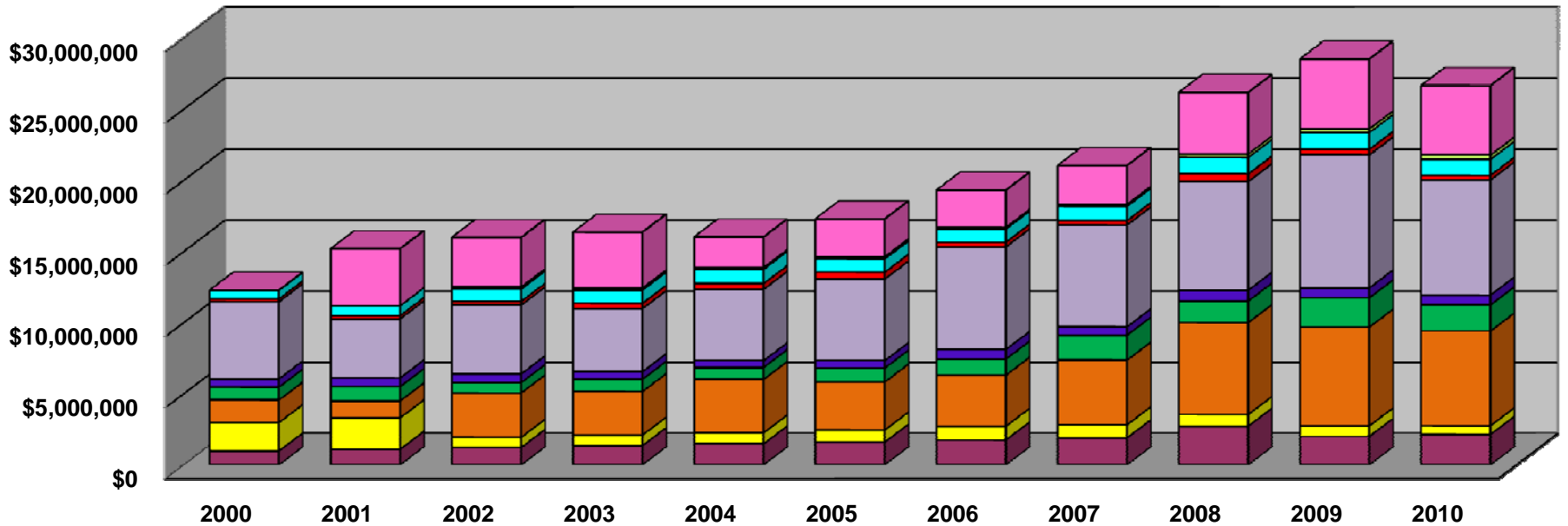
FY10 Revenues by Type



Comparison of Real Estate Tax Revenue by Type: FY00 to FY09



General Fund Expenditures by Function (Includes Jail Operations)



■ General Government Administration

■ Public Safety

■ Health and Welfare

■ Parks, Rec and Cultural

■ Debt Service Equip Leases

■ Judicial Administration

■ Public Works

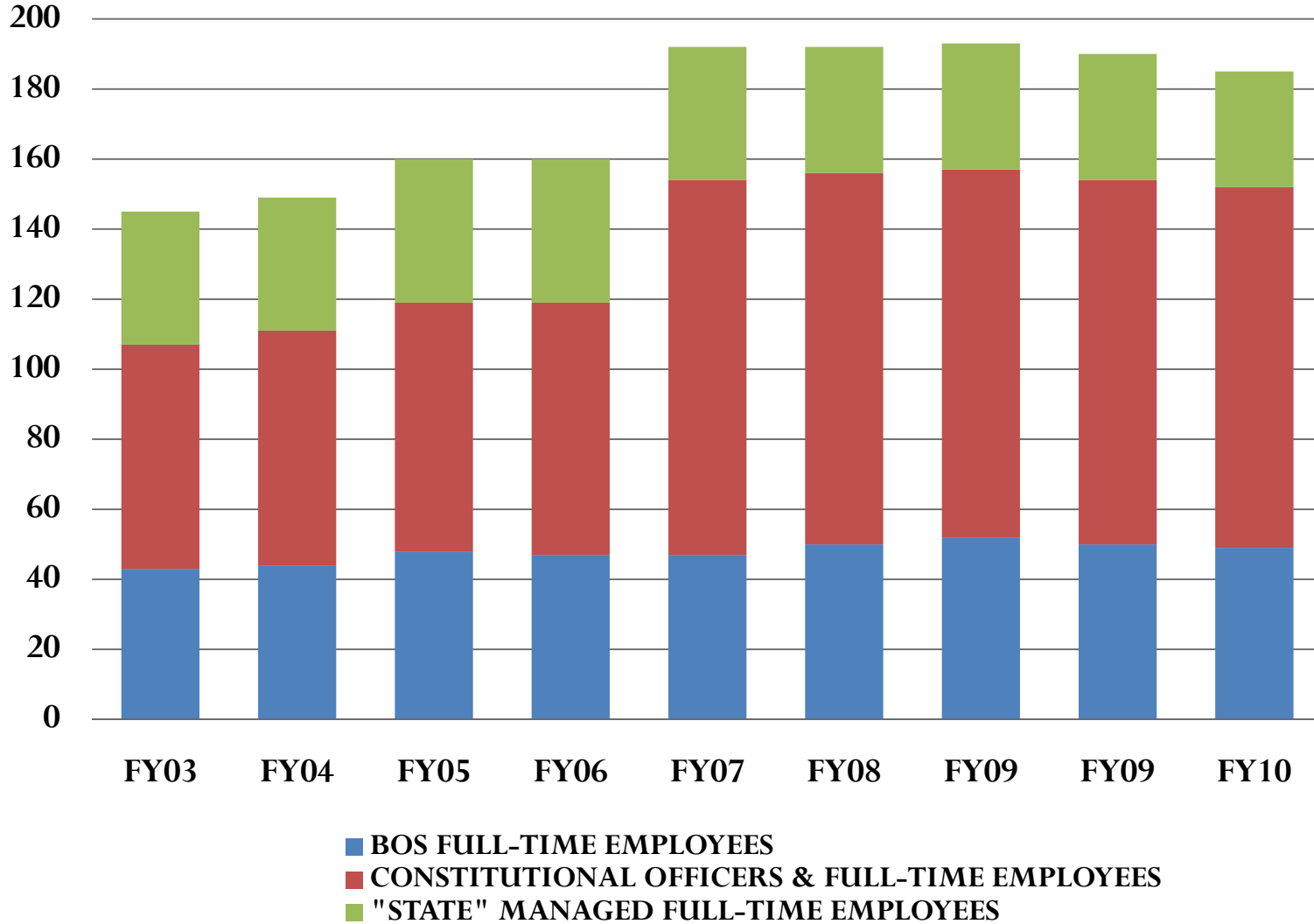
■ Education

■ Community Development

■ Transfers Out (Includes Debt Service Funds)

FULL-TIME COUNTY EMPLOYEES

FY03 - FY10



FY 2010 County Operations & Staff – WAGES ONLY

BOARD OF SUPERVISORS' EMPLOYEES				
DEPARTMENT	FULL-TIME		PART-TIME	
	#	WAGES	#	WAGES
Board of Supervisors	6	24,001		
County Administrator	3	192,968		
County Attorney	1	30,434		
Finance	4	197,932		
Information Technology	2	104,060		
Emergency Medical Services	10	345,406	15	77,890
Building Inspections	3	141,486		
Public Works	1	72,786		
Solid Waste Services	5	209,666	20	160,144
Facilities Management	4	91,146	2	17,139
Public Utilities	1	21,745		
Parks & Recreation	1	43,372	25	52,633
Harbors & Boats	0	-	2	4,614
Planning & Zoning	6	271,765		
Code Compliance	2	71,262		
TOTAL EMPLOYEES	49	1,818,029	64	312,420

CONSTITUTIONAL OFFICERS & THEIR EMPLOYEES				
DEPARTMENT	FULL-TIME		PART-TIME	
	#	WAGES	#	WAGES
Commissioner of Revenue	4	157,896		
County Treasurer	4	159,288		
Clerk of Circuit Court	4	177,253		
Commonwealth Attorney	3	225,466	1	3,316
Sheriff	26	981,239	1	2,500
Regional Jail	60	2,098,953		
Animal Control	2	65,504		
TOTAL EMPLOYEES	103	3,865,599	2	5,816
<i>NOTE: STATE FUNDING IS PROVIDED TO OFFSET THE COST OF SOME OR ALL OF THE WAGES FOR CONSTITUTIONAL OFFICERS/EMPLOYEES & "STATE" MANAGED EMPLOYEES</i>				
"STATE" MANAGED EMPLOYEES				
DEPARTMENT	FULL-TIME		PART-TIME	
	#	WAGES	#	WAGES
Electoral Board	1	44,444	2	31,735
Magistrate	0	-	3	8,312
Social Services	32	1,182,108		
Extension Service Admin	0	-	3	13,826
TOTAL EMPLOYEES	33	1,226,552	8	53,873

	# WAGES – FULL TIME	# WAGES – PART TIME
GRAND TOTAL	185 \$6,910,180	74 \$372,109

FY2010 COUNTY OPERATIONS & STAFF – FULL PERSONNEL EXPENSE

(Includes County Contributions for Health Insurance, Retirement, FICA, Medicare)

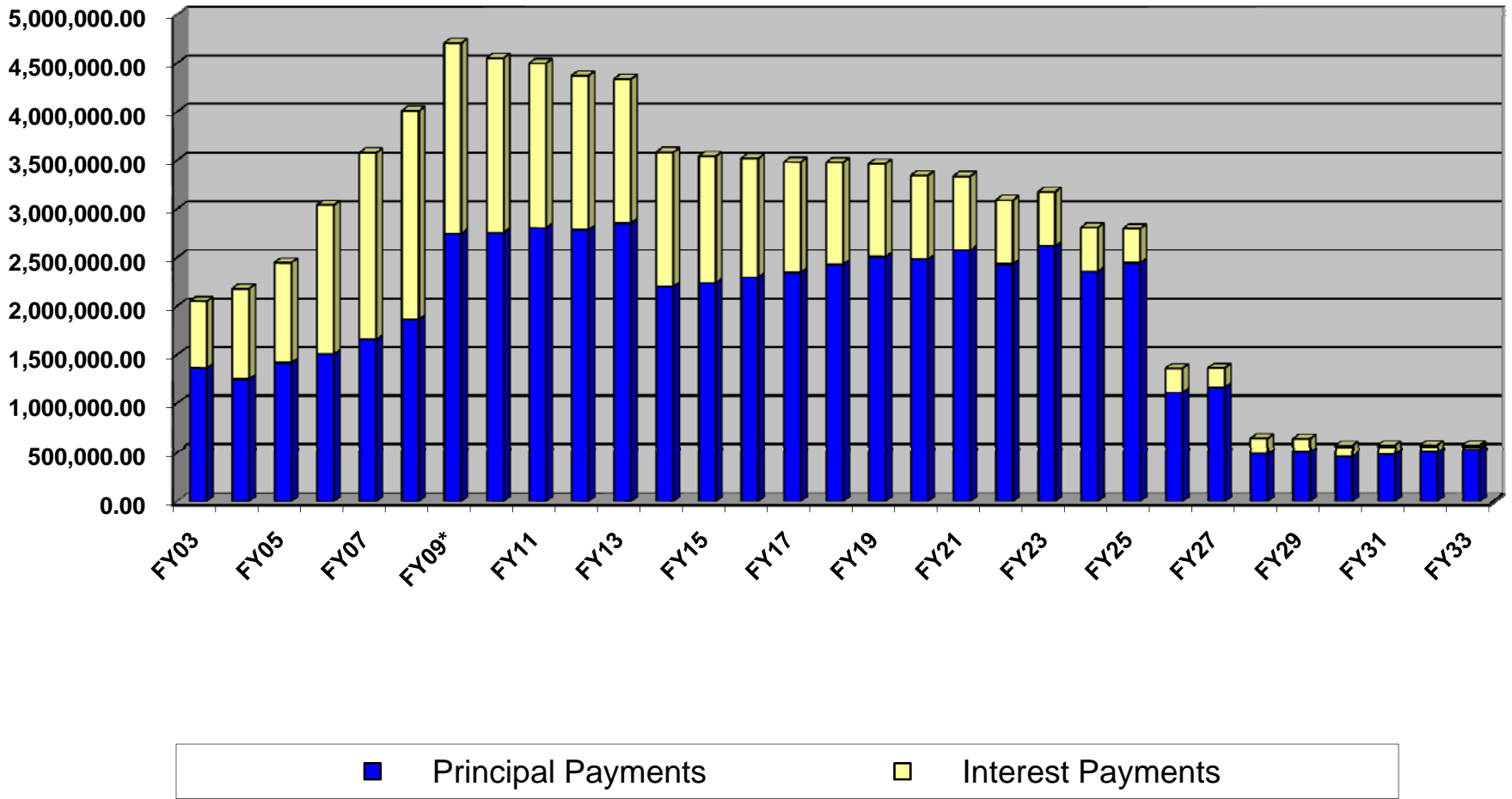
BOARD OF SUPERVISORS' EMPLOYEES				
DEPARTMENT	FULL-TIME		PART-TIME	
	#	TOTAL WAGE	#	TOTAL WAGE
Board of Supervisors	6	25,983		
County Administrator	3	247,469		
County Attorney	1	32,870		
Finance	4	258,931		
Information Technology	2	135,226		
Emergency Medical Services	10	483,638	15	88,752
Building Inspections	3	187,101		
Public Works	1	93,670		
Solid Waste Services	5	280,264	20	179,728
Facilities Management	4	130,393	2	18,849
Public Utilities	1	31,321		
Parks & Recreation	1	57,959	25	58,123
Harbors & Boats	0	-	2	4,961
Planning & Zoning	6	359,035		
Code Compliance	2	97,071		
TOTAL EMPLOYEES	49	2,420,931	64	350,413

CONSTITUTIONAL OFFICERS & THEIR EMPLOYEES				
DEPARTMENT	FULL-TIME		PART-TIME	
	#	WAGES	#	WAGES
Commissioner of Revenue	4	210,427		
County Treasurer	4	211,276		
Clerk of Circuit Court	4	233,014		
Commonwealth Attorney	3	286,752	1	3,612
Sheriff	26	1,316,585	1	2,712
Regional Jail	60	2,842,791		
Animal Control	2	89,069		
TOTAL EMPLOYEES	103	5,189,914	2	6,324
<i>NOTE: STATE FUNDING IS PROVIDED TO OFFSET THE COST OF SOME OR ALL OF THE WAGES FOR CONSTITUTIONAL OFFICERS/EMPLOYEES & "STATE" MANAGED EMPLOYEES</i>				
"STATE" MANAGED EMPLOYEES				
DEPARTMENT	FULL-TIME		PART-TIME	
	#	WAGES	#	WAGES
Electoral Board	1	58,432	2	34,389
Magistrate	0	-	3	8,989
Social Services	32	1,581,528		
Extension Service Admin	0	-	3	15,028
TOTAL EMPLOYEES	33	1,639,960	8	58,406

	#	WAGES - FULL-TIME	#	WAGES - PART TIME
GRAND TOTAL	185	9,250,805	74	415,143

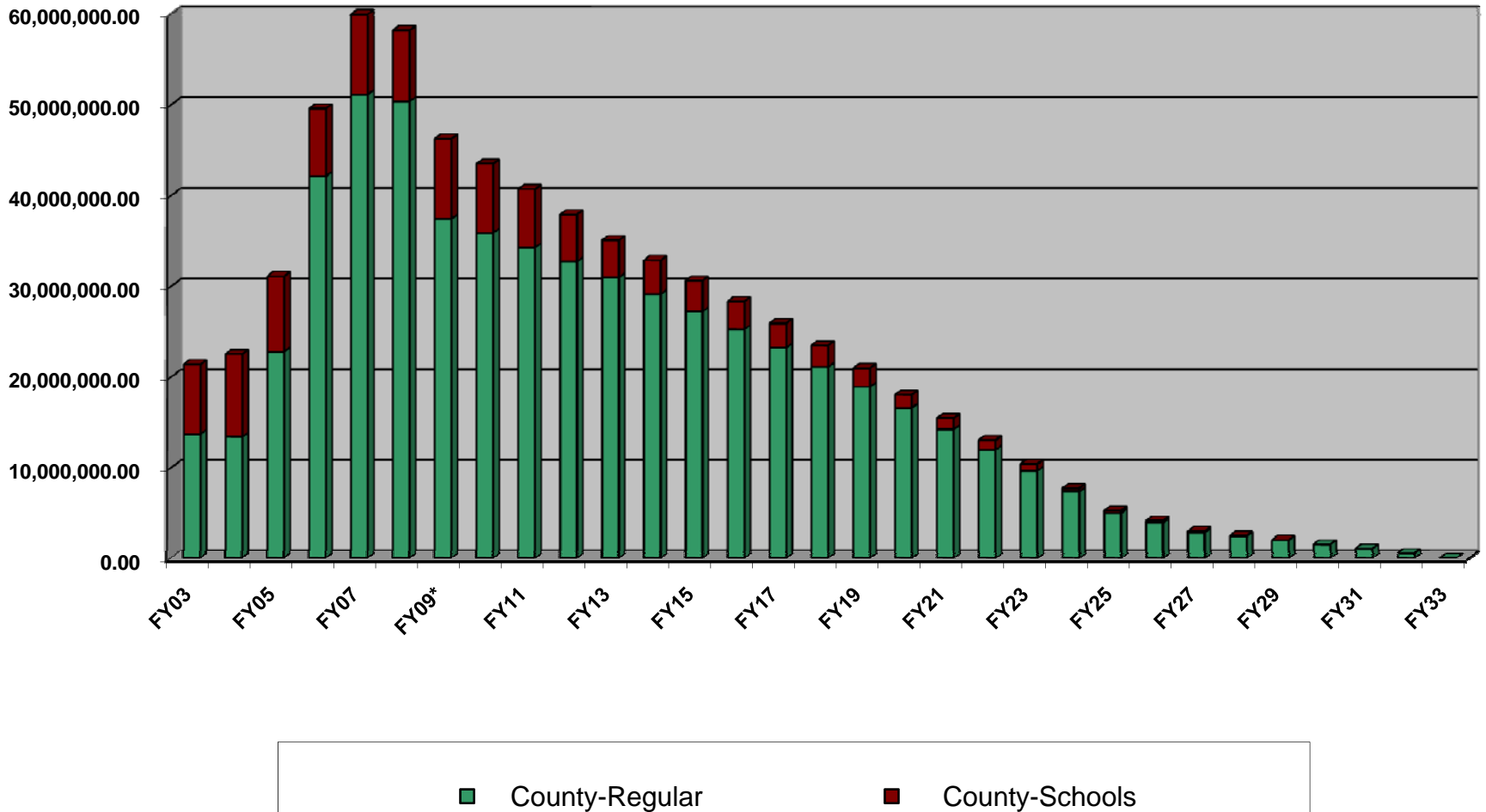
Debt Service Expenditures

(FY09 excludes principal payments for the payoff of the Jail Note (\$9,822,050) & IDA Bond (\$1,690,000))

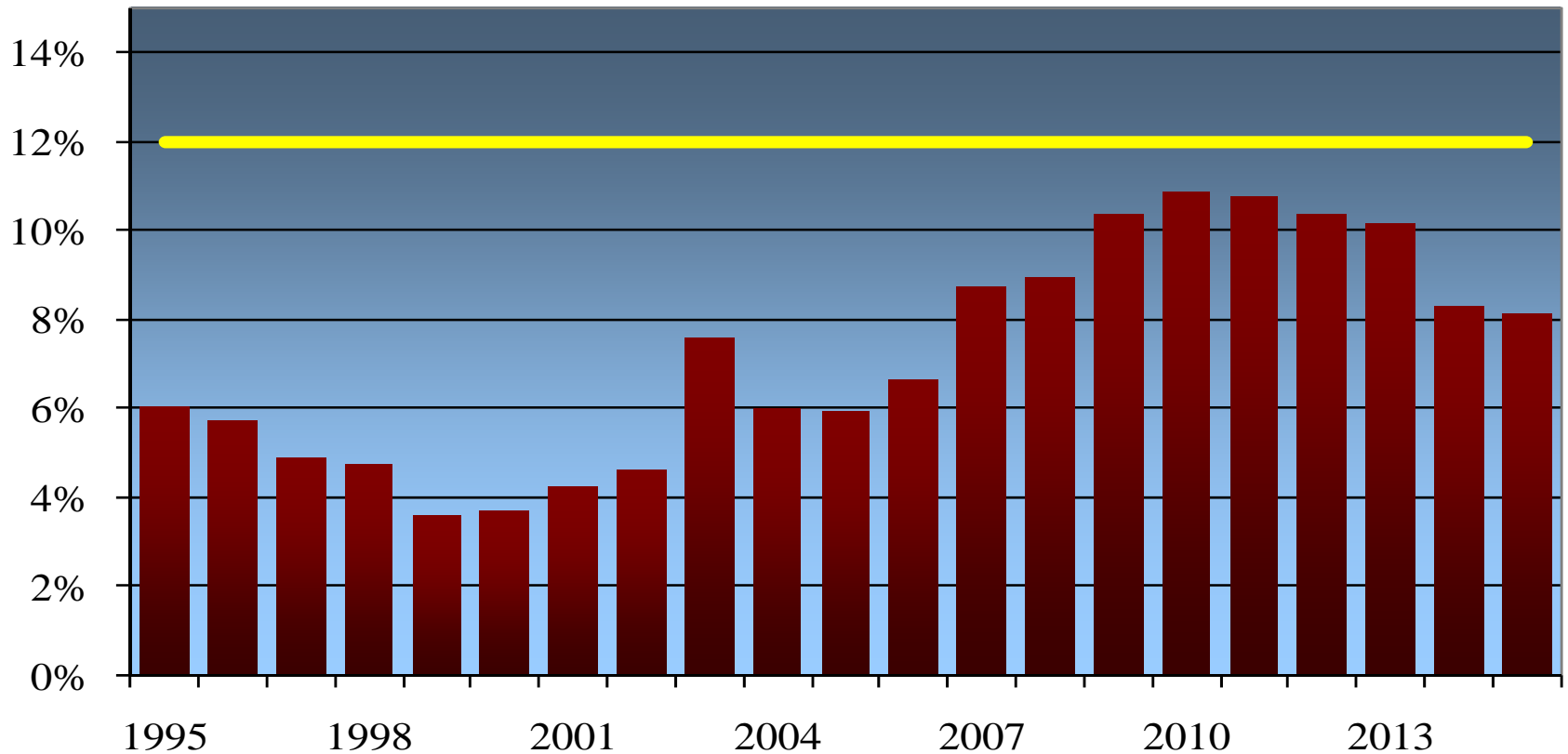


Total Outstanding Debt Balances

(In FY09, the Jail Note (\$9,822,050) & IDA Bond (\$1,690,000) were paid in full)

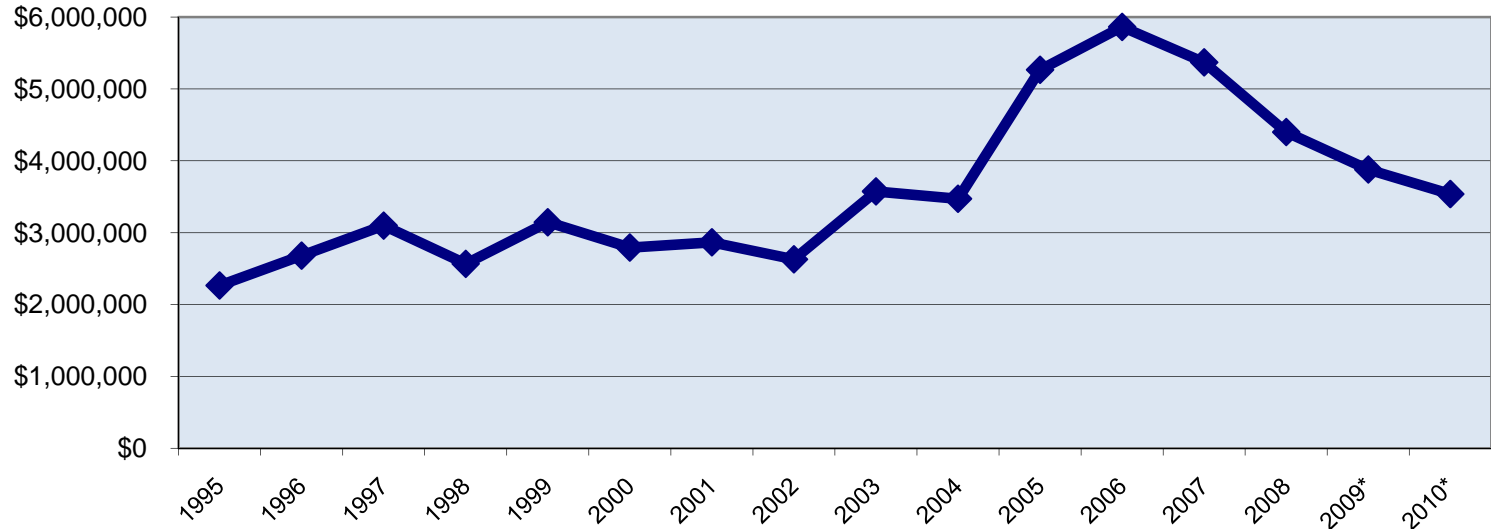


Debt Service vs. Expenditures

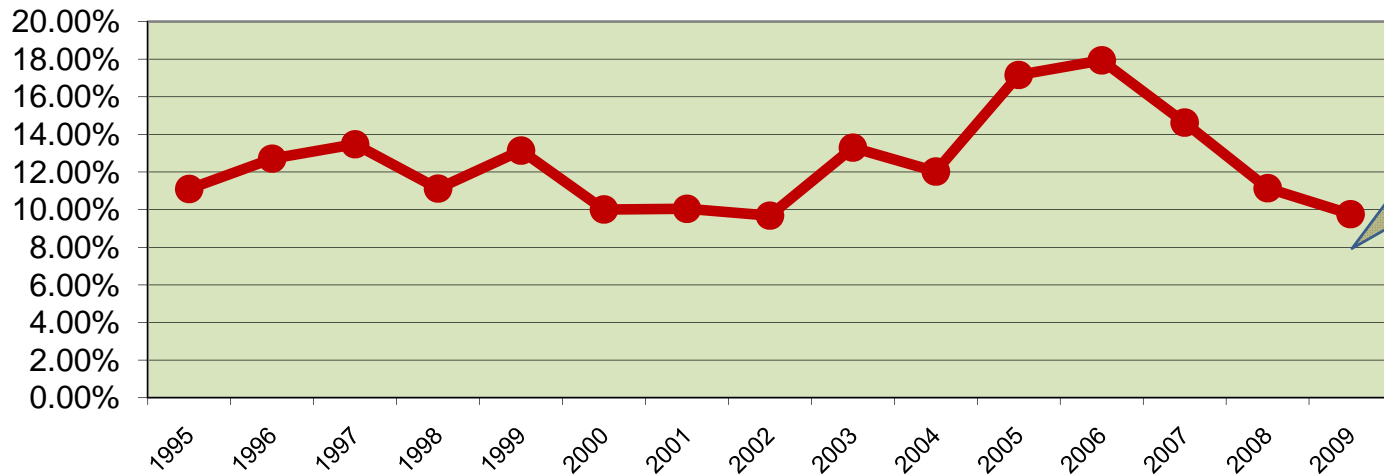


*Assumes annual 1% growth assumption in Expenditures.

General Fund Unreserved Fund Balance



General Fund Unreserved Fund Balance as % of Exp. Per Policy (Minimum recommended is 8% or one month's expenditures)



**FY10:
Minimum =
\$3,312,816**

FY10 – New Challenges & Cuts

- In FY09, all state agencies were required to cut 25%; this resulted in certain local aid revenue streams to be re-evaluated and eliminated by the state.
- Governor Kaine has issued requests for submittals of new state budgets with 5, 10 & 15% budget reduction scenarios for this fiscal year (FY2010) and the next two budget years (FY2011 & FY2012). This impacts the County through funding for the Constitutional Offices, State Aid for Education.
- Local & state revenue projects are continuing to decline; state is utilizing additional stimulus funds to fill the “holes” in local aid contributions in the areas of public safety and education. What happens when stimulus funds expire in FY2012?
- The Local Composite Index will be recalculated in fall 2009 for the FY2011 budget. This is the funding formula for state education aid as well as determining local required contribution for education funding.

The Financial Challenge 2010 & Beyond

- We cannot “save” ourselves into prosperity!
- The problem is a “REVENUE”, not “EXPENSE” issues.
- Continued economic decline and inflation could push the County into financial extremes.
- Borrowing could be cut off or prohibited by a decline in credit quality.
- Managed commercial growth around towns must be encouraged & additional sources of revenue must be sought.

LAND USE TAX POLICY & ITS IMPACT ON REVENUES

- VA Code: Objectives of AFDs & Land Use
- Northampton County Comp Plan – “Agriculture as a Major Economic Engine”

Tools Currently Utilized by County to Promote Agriculture

- Purchase of Development Rights (PDRs): Created through local ordinance in July 2005; funded through 1% of Transient Occupancy Tax and state & federal grants.
- Agricultural-Forestal Districts (AFDs): First one created in October 1987; 10-year commitment; Roll Back Tax provisions apply.
- Special Assessments for Real Estate (Land Use): Created through local ordinance in June 2004; Annual program; roll back tax provisions apply.

Northampton County accepts SLEAC use value recommendations:

Latest Northampton County Average Farmland Assessment per Acre:	\$ 6,000
Current SLEAC Use Value for Northampton per Acre:	<u>\$-1,500</u>
DIFFERENCE:	\$ 4,500

Key Facts: 2000 - 2009

- Population : Flat & Aging Year 2000: 13,093 Year 2007: 13,176
- Workforce: Decreasing
- Acreage:
 - Approximate acreage in crops: 50,000 acres
 - Non Taxable/Exempt Acreage: 12,945
 - Taxable Acreage: 95,301** (Within this acreage amount, the acreage of land use parcels reside.)

** This is approximate. County land records do not contain acreage amounts for all parcels.

	"LAND USE"		AFDS		PRESERVATION EASEMENTS		TOTAL	
YEAR	ACREAGE	REVENUE LOSS	ACREAGE	REVENUE LOSS	ACREAGE	REVENUE LOSS	ACREAGE	REVENUE LOSS
2009	29,127	\$828,695	9,470	\$276,371	9,912	\$281,864	48,509	\$1,386,930

NOTE: Several parcels are in more than one program and several are in all three programs. Therefore, if you qualify in more than one program, then you are allocated as follows: 1) preservation easements; 2) AFDs; and then 3) Land Use

TAX BASE – REAL ESTATE

	IN 2005	IN 2009
TOTAL REAL ESTATE TAX REVENUES RAISED:	\$9,000,711	\$14,100,836
TOTAL AFD/LAND USE/PRESER. EASEMENTS TAX LOSS:	\$ 362,598	\$ 1,386,930
% of Real Estate Tax Loss:	<u>3.8%</u>	<u>9.84%</u>

Without revenues to replace these growing tax losses to farm land and open space, other tax payers must make up the difference. This is unsustainable.

FINAL THOUGHTS

- Commitment to Agriculture – Comp Plan states “maintain rural character”
- There is a price to be paid for maintaining our rural way of life It requires revenue from both property and commerce sources.
- New revenue sources must be added to the tax base or current residents and land owners will pay an even greater share.
- This balance is what the BOS is trying to achieve with the new zoning ordinance and other County policy changes.

QUESTIONS &

DISCUSSION