

Budget Workshop

VACo Supervisors Forum
May 2024



Introductions and Background

Outline



Budgeting Process



Intergovernmental
Framework



Revenue Overview



Operating and Capital

Four Rules of Budget

- Plan for spending money to reach specific goals by a certain time
- Only as good as the time, effort and information people put into it
- No budget is perfect, since none of us can totally predict the future
- In order to reach our goals, all budgets must be monitored and changed as time goes on

Importance of Budgeting

- **Spending**: Provides authority for spending and ensures effective resource allocation
- **Planning**: Serves as a roadmap for community development by outlining goals and long-term strategies
- **Transparency**: Demonstrates to taxpayers how their money will be spent and prior year expenditures
- **Policy**: Sets tax rates, reflects priorities of the community and establishes sound financial management practices



Budget Presentation

Fund (Rev-Exp)

- General
- Special Revenue
- Enterprise
- Capital Projects
- Internal Service

Function (Exp)

- Admin
- Judicial
- Public Safety
- Education
- Parks and Rec
- Human Services
- Public Utilities
- Public Works

Category (Rev)

- Property Taxes
- Income Taxes
- Sales/other tax
- Permit/Lic. Fees
- Charges for Services
- Grants
- Debt
- Fund Balance

Transfer Between Funds - TEST ?

	<u>Gen Fund</u>	<u>Spec Rev Fund</u>	<u>Total</u>
<u>Rev:</u>			
Taxes	50	0	50
Grants	20	40	60
Transfers fr	0	30	0
Total	70	70	110
<u>Exp:</u>			
Oper	30	70	100
Cap	10	0	10
Transfers to	30	0	0
Total	70	70	110

Budgeting Process

Year-Round and Compact Process

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Fiscal Year Begins			Budget Kick-Off	Initial Year-End Projections	ACFR Presented to BOS	Max Real Estate Tax Rate Set	Land Book Released	Revenue Work Session	CIP/Ops BOS Work Session	Budget Adoption April 10 th	Legal Deadline to Adopt May 1 st	Can Amend before July 1 st
						School receives prelim. State revenues	County Admin Budget meetings	Supplemental Land Book Assessments	Community Meetings	Final Budget Signed by Governor		
						Governor Proposed Budget Released	Real Estate Assessment Notices Mailed	Community Meetings/ Public Hearings	Public Hearings			
County Schools State							Preliminary BOS Budget meetings	School Board Budget Submitted	School budget submitted to County Admin.			
							Work Sessions	Updated Revenue Projections				
							General Assembly Session Begins	GA Regular Session Ends				

Collaborative Budget Development

- Budget department gathers information from individual departments
 - Line-item-details
 - Additional Funding Requests
- Board of Supervisors updated on a regular basis throughout the year
 - Audit and Finance Meetings
 - Projections (Mid-year/Year-end)
- Year-round engagement with citizens (Community meetings, public hearings, etc.)



School Board Relationship Dynamics

- School Board and Superintendent responsible for submitting a budget to Board, no later than March 1st
- Board of Supervisors only approve and appropriate by major category or in total.
 - No discretion at line-item level
- Opportunity to collaborate through financial planning
 - Major Maintenance
 - Shared Services
 - Proactive approach
- Year-round discussions to establish expectations around local funding



Community Engagement



Chesterfield County Virginia Government was live.

March 25 at 6:26 PM · 🌐

Join us for our virtual town hall meeting on Facebook Live to gather community feedback on the FY2025 proposed budget leading up to the annual public hearing held during the evening session of the Monday, March 25, 2024, Board of Supervisors meeting. Please put your questions in the comments.

Matt Harris, deputy county administrator for finance and administration will present the meeting and be on hand to answer any questions after the presentation.



12

6 1

Like

Comment

Share

8 Community Meetings
Over 2-week period

Virtual Facebook Live

Spanish Speaking Townhall

blueprint
CHESTERFIELD

Approachable Financial Reporting

Providing less technical and more condense formats of traditional financial documents

Budget Document

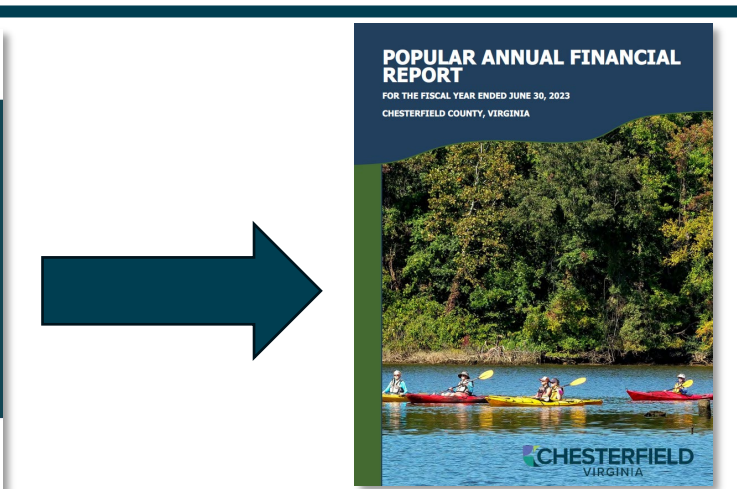
Budget-In-Brief

Comprehensive Plan

Strategic Plan



Annual Comprehensive Financial Report



Popular Annual Financial Report

Transparency Through Data Sharing



KEY FINANCIAL INDICATORS

DASHBOARD OVERVIEW

This dashboard has been designed to provide strategic insight into key financial and economic measures for Chesterfield County. Chesterfield has a long-standing history of evaluating and reviewing these measures on a regular basis. With this online dashboard, we are now able to communicate this information to a larger audience. Chesterfield remains committed to strong fiscal stewardship; this dashboard showcases relevant and informative financial, economic, and general national, state, and countywide indicators that are important in informing both current and future programs, services, and resource allocation.

Information in this dashboard is represented based on various time series: daily, weekly, monthly, quarterly, and calendar year or fiscal year basis, with accompanying comparisons where appropriate. Throughout this report are some common acronyms such as MoM for month-over-month, YoY for year-over-year, and YTD for year-to-date. Leading most data sets is a short narrative intended to offer insight on information presented.

NOTE: In order to provide up-to-date information, this dashboard provides the most current data available at the time of publishing. As such, some indicators will have more recent data than others depending on the reporting frequency of the source data.

Last updated: April 9, 2024

NAVIGATION

MONTHLY UPDATE

TRAVEL STATISTICS

CONSUMER SPENDING

EMPLOYMENT AND LABOR FORCE

ECONOMIC PULSE

FINANCE & BUDGET

HOUSING AND REAL ESTATE (LOCAL)

COMMUNITY AND DEMOGRAPHICS

For the best viewing experience, expand to fullscreen mode by clicking below

(LOCAL)

The amounts listed here are annual investment balances. Interest rate.

Two Years Ago	YoY% Change
\$186.53M	▲ +45.6%

At possible yield on investments imposed by the Commonwealth of Virginia at recent yield of 3.95%



INTEREST EARNINGS

Measures the amount that Chesterfield is earning per month on longer-term investment balances in investment vehicles permissible by State Code. In February 2024, earnings totaled \$4.66M, a 100.3% increase from the prior year. Earnings for this fiscal year are up 114.2% compared to last fiscal year, directly impacted by the Federal Reserve raising interest rate levels to fight off inflation.

Latest Date	Metric	Current Reading	Year Ago	YoY% Change	FYTD Interest Earnings
February 2024	Interest Earnings	\$4,664,000	\$2,328,000	▲ +100.3%	\$33.361M Year Ago: \$15.573M (+114.22%)

LONG-TERM LIABILITIES

As required by GAAP a long-term liability has been recorded for the VRS Plan, the County Supplemental Retirement Plan, Retiree Healthcare, and the County Line of Duty Plan for the cumulative difference between the total pension/OPEB liabilities and fiduciary new position as of the measurement date. Incremental improvement to the funded status of each could be a result of additional funding directed to the respective trust, investment returns, or program eligibility/reduction.

Fiscal Year	VRS Agent Multiple Employer	County Supplemental Retirement Plan	Retiree Healthcare	Line of Duty
FY2023	86.94%	86.97%	51.74%	74.32%
FY2022	92.92%	81.03%	45.88%	69.83%
FY2021	78.99%	94.40%	47.70%	87.20%
FY2020	83.73%	92.34%	35.70%	66.73%
FY2019	85.61%	98.77%	33.63%	59.86%

ASSESSMENT APPEALS

As an indicator of the accuracy of assessment data, this measures the number of residential assessments changed by the Board of Equalization in Chesterfield.

Fiscal Year	Total # of Applications	Total # of Appeals Reviewed by BOE	# Overturned by BOE	Average Value Changed
FY2022	239	25	3	(\$195,800)
FY2021	296	174	0	\$0
FY2020	141	12	0	\$0
FY2019	140	12	2	(\$11,949,650)
FY2018	116	8	0	\$0

TAX COLLECTION RATE

Property taxes are primarily generated from levies on real estate and personal property, and are the dominant revenue source for Chesterfield - more than half of the general fund budget. Therefore, timely collection of those revenues are critical to operations. This metric demonstrates the importance of this

FY2023	FY2022	FY2021	FY2020	FY2019
96.39%	95.96%	96.84%	96.84%	96.86%

PERCENT SPEND WITH CHESTERFIELD BUSINESSES

Measures the percent of Chesterfield businesses responding to and entering into agreements for county goods and services and construction contracts. The county continues to monitor this measure and is committed to utilizing local businesses for goods and services.

FY2022	FY2021	FY2020	FY2019	FY2018
13.80%	16.98%	11.81%	11.45%	10.04%

NET CHANGE IN FUND BALANCE

Depicts the net increase or (decrease) resulting from the use of and contribution to reserves in a given fiscal year. Each year, results of operations (both the county and schools) are set aside for revenue stabilization needs in less favorable economies as well as prudent practice. Contributions from non-fund sources

FY2023	FY2022	FY2021	FY2020	FY2019
\$24.15M	(\$18.10M)	\$110.02M	\$55.76M	\$25.95M

Data Informed Decision Making

Public dashboards on Strategic Information Sharing (StratIS) model results used for population forecasting methods
www.chesterfield.gov/stratis

DEMAND INDICATORS REPORT

Data Updated: 4/15/2024

CHESTERFIELD'S DATA JOURNEY - IDEAS TO INSIGHTS

In 2018, Chesterfield County began developing a robust data program. Through this effort, the county has curated a vast selection of datasets from internal and external sources. Today, we recognize the county's enterprise data program as StratIS Strategic Information Sharing. Through the StratIS platform, data is imported and managed in a useful way to support accurate reporting and prevents duplication of efforts throughout the organization. StratIS leverages cloud-based technology which delivers dynamic tools for trending, predictive analysis and modeling.

StratIS platform connects directly to the systems of record, ensuring accuracy of reporting. The project has established active relationships among various departments throughout the county, including Chesterfield County Public Schools, Engineering, Inspection, Planning, and Utilities.

Using an Azure Machine Learning workspace (aka cloud-based technologies), Chesterfield County in partnership with Microsoft Systems, has configured and productionized a machine learning model to assist with planning for future capital projects. The first two Community Demand Models analyzed in this report is the Student Generation Model and the Fire and EMS Demand Model. Next up is Parks and Libraries, and future efforts will review program and service delivery for police.

COMMUNITY DEMAND MODEL

The first Community Demand Model created for Chesterfield was specifically designed to predict student populations for statistically identified geographic clusters in the community. Using similar methodologies, the County's Data Analytics team formulated an additional predictive model for Fire and EMS dispatched call volumes.

Leveraging the StratIS platform, the models combined use over 4 million rows of data and have been trained on 20 years of historical data. The information in this report illustrates various components of the Community Demand Model, utilizing datasets from the community data warehouse.

MODEL COMPONENTS

DATA → MODEL → DEMAND

- Data from Reputable Sources
- Geographic Clustering
- Projected Demand by Area

2023 PROJECTED POPULATION

378,745
0.7% YoY Increase

LAND AREA

423
Square Miles

ROAD NETWORK

4,400+
Road Miles

FIRE & EMS

23
Fire Stations +
8 Rescue Squad Stations

POLICE STATIONS

5

CCPS STUDENTS

63,286
School Year 23-24

SCHOOL FACILITIES

64
40 Elementary Schools
12 Middle Schools
10 High Schools
2 Career & Technical Centers

PARKS

5,630+
Total County Park Acreage
58 Developed Parks
38+ Trail Miles
12 School Athletic Complexes
3 Recreation Centers

LIBRARIES

10

2028†	Total Change	Percent Change	Percent Capacity (2023)	Planned Percent Capacity (2028)*	
738	-3.4	-0.5%	139.02%	98.0%	
631	-57.7	-8.4%	89.60%	82.1%	
560	68.0	13.8%	82.55%	94.0%	
583	519	-64.5	-11.1%	101.39%	70.1%
624	556	-68.2	-10.9%	88.76%	79.1%
992	1,013	21.5	2.2%	106.67%	109.0%
539	524	-15.5	-2.9%	74.24%	72.1%
587	614	27.5	4.7%	79.76%	83.5%
775	825	49.9	6.4%	94.17%	100.2%
903	858	-45.4	-5.0%	102.03%	96.9%

* 2023 student counts reflect full-time student enrollment for all grades (Pre-K to 12) as of 9/30/2023.
 † 2028 student forecast estimates do not account for students who may attend school outside of their home attendance zone.
 # Schools tagged with (CIP) have adjusted 2028 capacity predictions to account for facility upgrades planned under the Capital Improvement Program. Schools without this tag are assumed to maintain their current capacity. For more information about CIP projects, visit [Capital Improvement Program | Chesterfield County, VA](#)
 *** A CIP project is planned within this school's attendance zone and should provide additional capacity to this school facility as well as nearby school facilities.

Even w/ Strategies...



Discussion

- What do you do when you have more money than expenses?
 - One-time?
 - On-going?
- What do you do when you have less money than expenses?
 - One-time?
 - On-going?

Rev > Exp? - TEST ?

On-going

- Lower taxes
- Provide new service
- Enhance current service
- Higher salaries

One-time

- Increase fund balance
- Reserve for needs
- Early debt retirement
- Issue less debt
- Acquire capital earlier
- Give bonus (not base pay adj)
- One-time donation, grant

Exp > Rev? - TEST ?

On-going

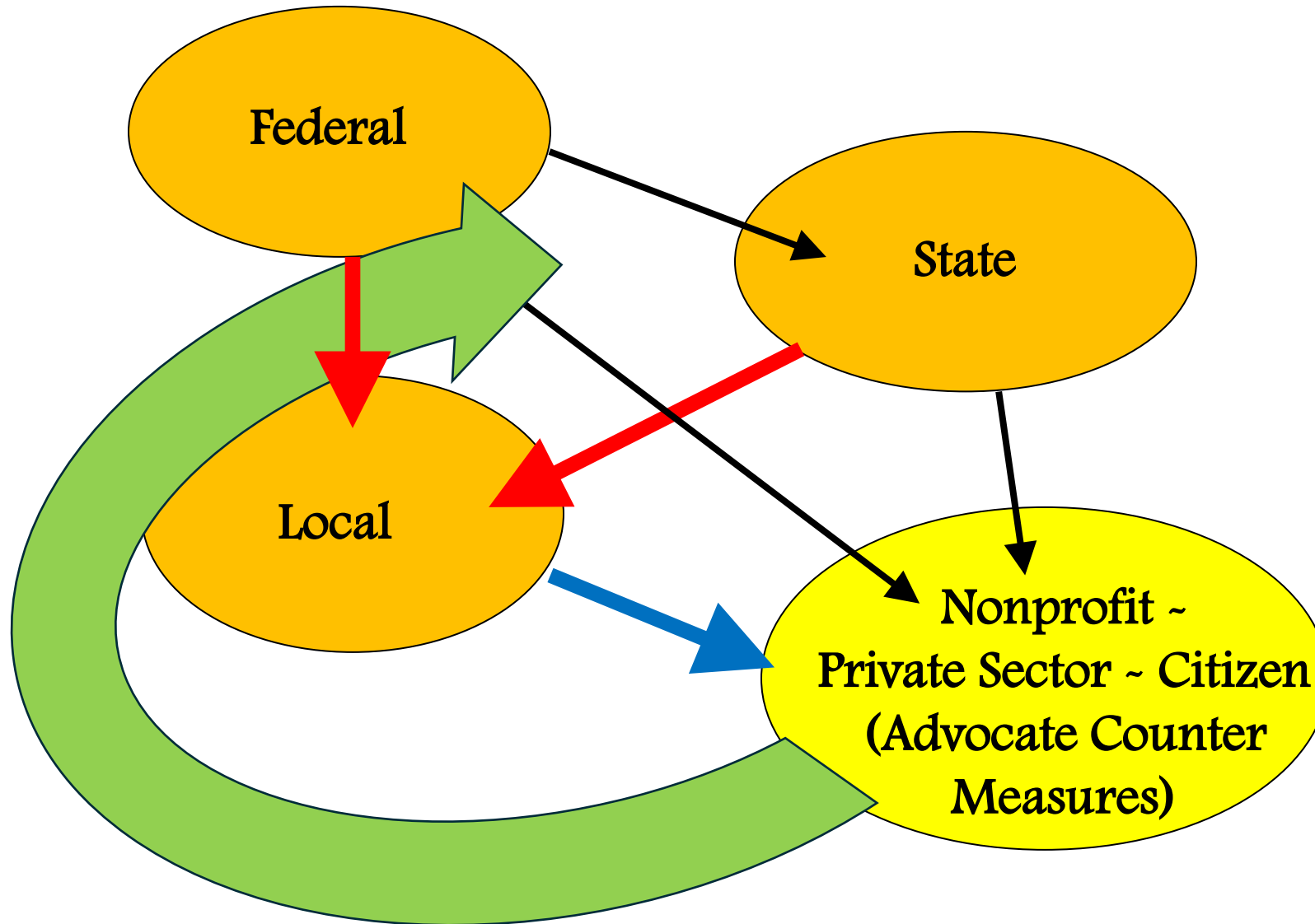
- Raise taxes
- Decrease services
- Lower salaries or increases to salaries
- Hiring freeze

One-time

- Lower fund bal
- Use reserve for needs
- Issue more debt
- Delay capital
- Sell assets
- Hiring freeze

Intergovernmental Framework

Challenge: Mandates Imposed Upon Others (Do Counter Measures Provide Balance?)



Legal Requirements Around Budget Process

Dillon Rule: Localities may only exercise powers delegated by the General Assembly

- Budget requirements dictated by Virginia State Code §15.2 Cities, Counties, and Towns; Chapter 25. Budget, Audits and Reports
- Budget must be approved by July 1
- Must provide local share for constitutional officers, social services, Children's Services Act (CSA) health department and schools
- Discretionary vs Non-Discretionary spending and the impacts of state mandates
 - Funded and Unfunded

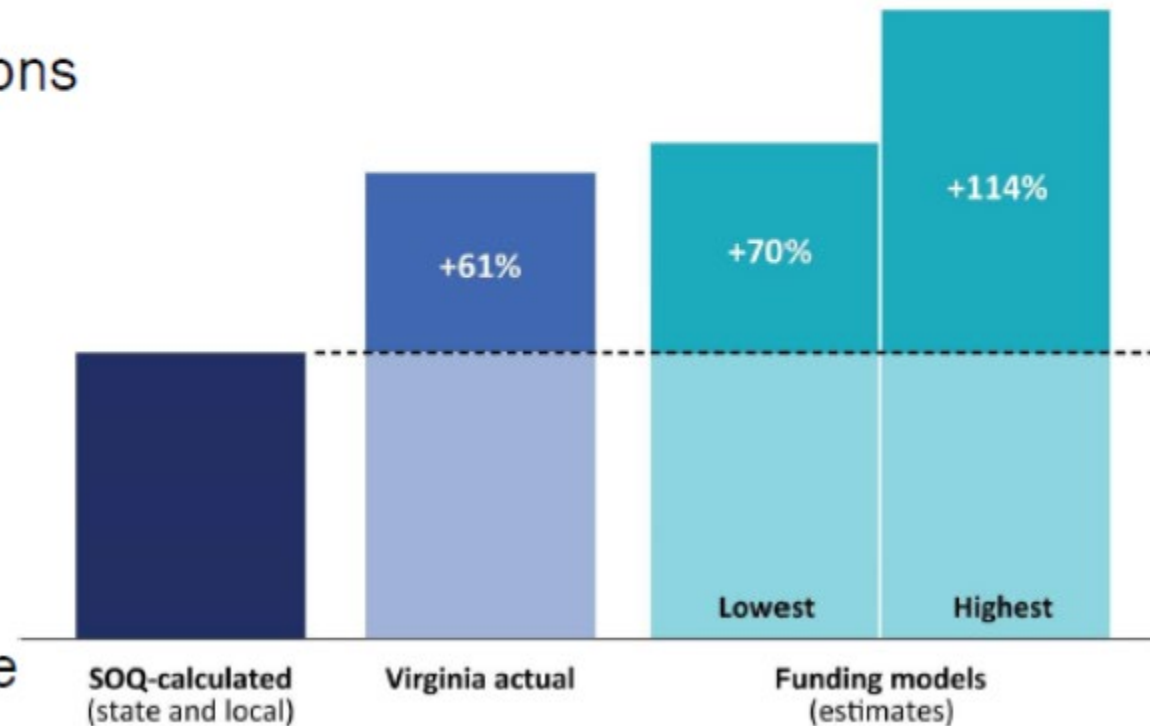
School Funding (JLARC Study)

- Article VIII of The Constitution of Virginia outlines that it is the State's responsibility to provide funding for public education in the Commonwealth of Virginia
- However, in practice, localities typically fund significantly beyond what is required by the SOQ formula

JLARC K-12 Education Funding Update

SOQ-calculated funding amounts are substantially less than actual funding and benchmarks (FY21)

- SOQ formula calculated divisions needed \$10.7B
- But divisions actually spent \$17.3B
- Most affects divisions in localities that are less able to pay

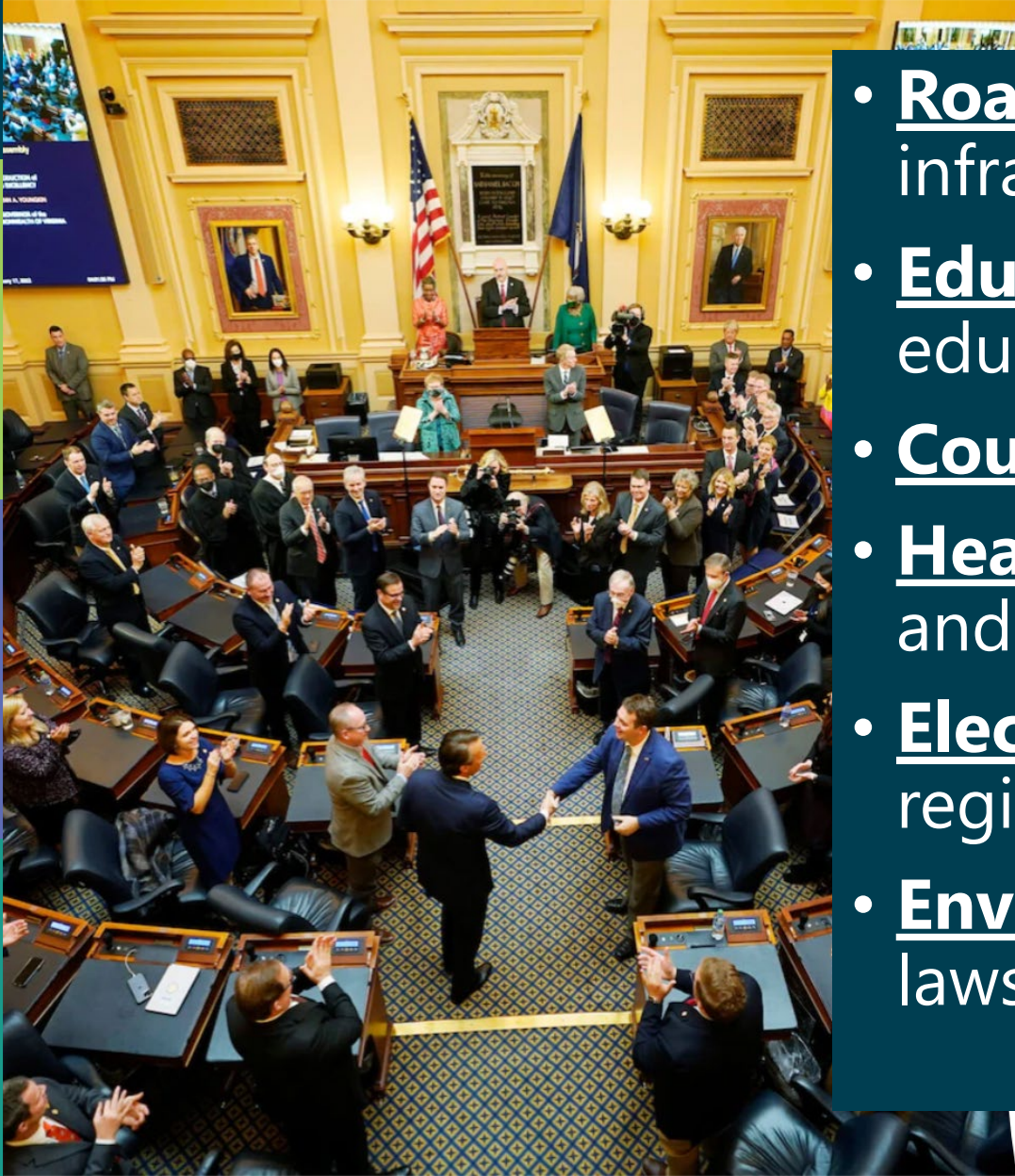


Funding of Constitutional Officers

- Similar to funding for schools, localities often end up funding constitutional offices above and beyond what is required by the state
- Examples include additional positions or salary supplements for state reimbursable positions



What The State Is Responsible For



- **Roads**: Maintaining transportation infrastructure (i.e. potholes)
- **Education**: Standards, curriculum, and higher education funding
- **Courts**: Administration of Justice
- **Health and Social Services**: Public health and social welfare programs
- **Elections**: Managing elections and voter registration
- **Environmental Regulation**: Enforcement of laws regarding the environment

Federal Funding

- Federal funds come in the form of one-time assistance, reoccurring programs, and grants
 - American Rescue Plan Act (ARPA)
 - Community Development Block Grant (CDBG)
 - Coronavirus Aid Relief and Economic Security (CARES)
- Important for localities to be informed and take advantage of federal funding opportunities whenever possible
- Be aware ITS NOT FREE MONEY
- Ensure program reporting requirements and any ongoing costs are feasible



Revenue Overview

Property Taxes Primary Revenue Driver

500+ revenue line items

Frequencies vary: annually, quarterly, monthly, daily

Top Three Revenues

- 1 Real Estate Taxes - \$586.9M
- 2 Personal Property Taxes - \$114.8M
- 3 State & Federal Aid - \$84.1M

account for over 79% of all General Fund revenues

General Property Taxes, \$701.7 M

Other Local Taxes,
\$138.7 M

State Aid, \$84.1 M

Use of
Reserves,
\$18.7 M

Use of
Money
and
Property...

Federal
Aid,
\$10.8
M

Charges for
Services, \$15.2
M

Permits,
Privilege
Fees,...

Real and Personal Property Assessments

- More attention given to assessments with recent market conditions effecting used cars and home values
 - Providing target tax relief to mitigate impact of outlier assessments
- Land Book from Real Estate Assessor comes out (January)
 - Residential vs. Commercial
 - New growth vs. Revaluation
- Personal Property Billed April, Due in June

2023/2024 Assessment Facts as of January 1, 2024

Taxable Value Increases

	2023	2024	Difference
Commercial New Construction / Growth	\$ 133,649,200	\$ 265,150,701	\$ 131,501,501
Commercial Revaluation	\$ 670,206,192	\$ 567,298,267	\$ (102,907,925)
Residential New Construction / Growth	\$ 693,399,020	\$ 616,609,669	\$ (76,789,351)
Residential Revaluation	\$ 3,483,508,355	\$ 3,931,018,427	\$ 447,510,072
Miscellaneous Adjustments	\$ 156,233,081	\$ 211,848,528	\$ 55,615,447
Total	\$ 5,136,995,848	\$ 5,591,925,592	\$ 454,929,744

County

	2023 Assessment	2023 Parcel Count	2024 Assessment	2024 Parcel Count	Value Change	Parcel Change
Exempt	\$ 3,874,087,800	1,694	\$ 4,022,052,100	1,697	\$ 147,964,300	3
Taxable	\$ 55,395,899,307	141,093	\$ 60,987,824,899	143,826	\$ 5,591,925,592	2,733
Total	\$ 59,269,987,107	142,787	\$ 65,009,876,999	145,523	\$ 5,739,889,892	2,736
Land Use Deferred	\$ 174,838,593	713	\$ 169,528,501	695	\$ (5,310,092)	(18)
Commercial	\$ 9,530,655,501	5,367	\$ 9,921,123,944	5,421	\$ 390,468,443	54
Industrial	\$ 2,214,316,806	1,145	\$ 2,595,198,734	1,164	\$ 380,881,928	19
Residential	\$ 43,650,927,000	134,581	\$ 48,471,502,221	137,241	\$ 4,820,575,221	2,660
Exempt	\$ 3,874,087,800	1,694	\$ 4,022,052,100	1,697	\$ 147,964,300	3
Total	\$ 59,269,987,107	142,787	\$ 65,009,876,999	145,523	\$ 5,739,889,892	2,736

Bermuda District

Commercial	\$ 2,227,686,666	2,043	\$ 2,293,041,719	2,056	\$ 65,355,053	13
Industrial	\$ 1,639,809,606	623	\$ 1,958,513,334	639	\$ 318,703,728	16
Residential	\$ 6,876,771,402	25,213	\$ 7,609,434,910	25,689	\$ 732,663,508	476
Exempt	\$ 785,159,500	507	\$ 807,135,000	508	\$ 21,975,500	1
Total	\$ 11,529,427,174	28,386	\$ 12,668,124,963	28,892	\$ 1,138,697,789	506
Land Use Deferred	\$ 10,004,726	48	\$ 11,322,337	48	\$ 1,317,611	-

Clover Hill District

Commercial	\$ 1,779,162,159	877	\$ 1,863,906,100	885	\$ 84,743,941	8
Industrial	\$ 278,305,100	326	\$ 315,811,300	330	\$ 37,506,200	4
Residential	\$ 9,287,380,819	28,965	\$ 10,129,570,309	29,349	\$ 842,189,490	384
Exempt	\$ 540,773,700	200	\$ 570,909,900	200	\$ 30,136,200	-
Total	\$ 11,885,621,778	30,368	\$ 12,880,197,609	30,764	\$ 994,575,831	396
Land Use Deferred	\$ 7,345,522	9	\$ 2,368,791	7	\$ (4,976,731)	(2)

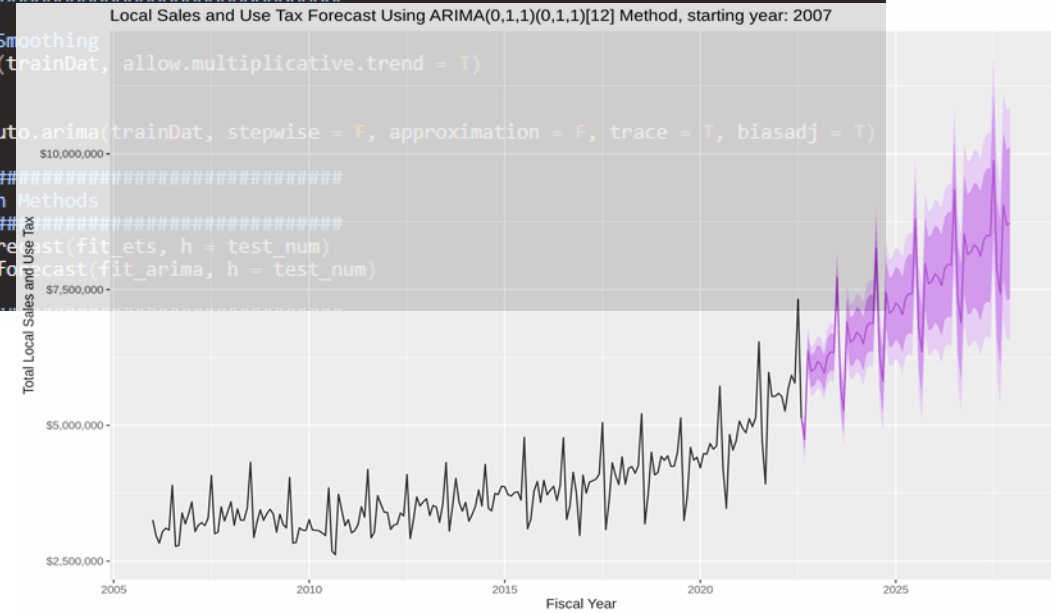
Dale District

Commercial	\$ 982,074,899	521	\$ 1,005,716,400	531	\$ 23,641,501	10
Industrial	\$ 167,924,400	115	\$ 182,503,000	115	\$ 14,578,600	-
Residential	\$ 7,228,520,347	25,672	\$ 7,955,919,246	26,011	\$ 727,398,899	339
Exempt	\$ 770,373,600	279	\$ 790,354,200	274	\$ 19,980,600	(5)
Total	\$ 9,148,893,246	26,587	\$ 9,934,492,846	26,931	\$ 785,599,600	344
Land Use Deferred	\$ 5,050,054	29	\$ 4,065,054	28	\$ (985,000)	(1)

Revenue Projections

- National, State, and Local Economic Indicators
 - Key Financial Indicators Dashboard
- Look to State and Federal budgets
- Don't just rely on state estimates
- Forecasting using Statistical Software
- Department Collaboration
 - Treasurer
 - Commissioner of the Revenue
 - Real Estate Assessor

```
for (i in start_yr:end_yr) {  
  # Subset the data based on the year  
  rev_ts_temp <- window(rev_ts_temp, start = i)  
  
  ## Split the data into training and testing sets (splitting 80/20)  
  train_num <- round(length(rev_ts_temp)*0.80,0)  
  test_num <- round(length(rev_ts_temp)*0.20,0)  
  
  trainDat <- window(rev_ts_temp, start = i, end = i + ((train_num - 1) / freq))  
  
  last_ts_date <- time(rev_ts_temp)[length(rev_ts_temp)]  
  testDat <- window(rev_ts_temp, start = (last_ts_date - ((test_num-1)/ freq)))  
  
  #####  
  # Run both exponential smoothing and arima models  
  #####  
  
  # Exponential Smoothing  
  fit_ets <- ets(trainDat, allow.multiplicative.trend = T)  
  
  # Auto Arima  
  fit_arima <- auto.arima(trainDat, stepwise = F, approximation = F, trace = T, biasadj = T)  
  
  #####  
  # Forecast Both Methods  
  #####  
  fcst_ets <- forecast(fit_ets, h = test_num)  
  fcst_arima <- forecast(fit_arima, h = test_num)  
  #####  
}
```



Operating and Capital

Chatboard Discussion

	Yr 1	Yr 2	% change	Yr 3	% Change
Oper	\$80	88	10%	\$93	6%
Capital	<u>20</u>	<u>0</u>	<u>-100%</u>	<u>10</u>	<u>>100%</u>
Total	100	88	-12%	103	17%

Budget Comparison –
Up or Down between Yr 1
to Yr 2 and Yr 2 to Yr 3

Budget "Box" - TEST ?

	<u>PY Bud</u>	<u>PY Act</u>	<u>CY Bud</u>	<u>NY Bud</u>	<u>\$ Change</u>	<u>% Change</u>
Personnel	653,600	712,051	699,166	759,458	60,292	8.6%
Operating	270,300	275,323	270,315	280,340	10,025	3.7%
Capital	13,000	13,991	13,997	15,015	1,019	7.3%
Total	936,900	1,001,365	983,477	1,054,813	71,335	7.3%
Recovered Rev.	646,461	700,956	688,434	727,821	39,387	5.7%
% of total expense	69.0%	70.0%	70.0%	69.0%		
Full-time positions	20	21	21	22		4.8%
Part-time positions	5	5	5	5		
FTE	23.0	24.0	24.0	25.0		

PY – Prior Year; CY – Current Year; NY – Next Year
 FTE – Full-time equivalent

Line-Items – TEST ?

- Personnel (On-going nearly 100%)
 - Salaries, overtime
 - Benefits: health insurance, retirement
- Operating (On-going nearly 100%)
 - Services (professional, custodial, contracted)
 - Goods (Office supplies, small purchases)
 - Training, books, memberships
 - Rent
 - Utilities
 - Other: Debt service, contributions, reserves
- Capital (> \$5000+useful life >5 yrs; one-time nearly 100%)
 - Vehicles, equipment
 - Technology (sometimes defined in operating)

TEST ?

- 10 full-time people (work 2000 hours/yr)
- 3 part-time people
 - 1: 1000 hours, 2: 300 hours, 3: 200 hours
 - Total PT hours = 1500
 - $1500/2000 \text{ hours/yr} = .75$
- $\text{FTE} = 10 + .75 = 10.75$

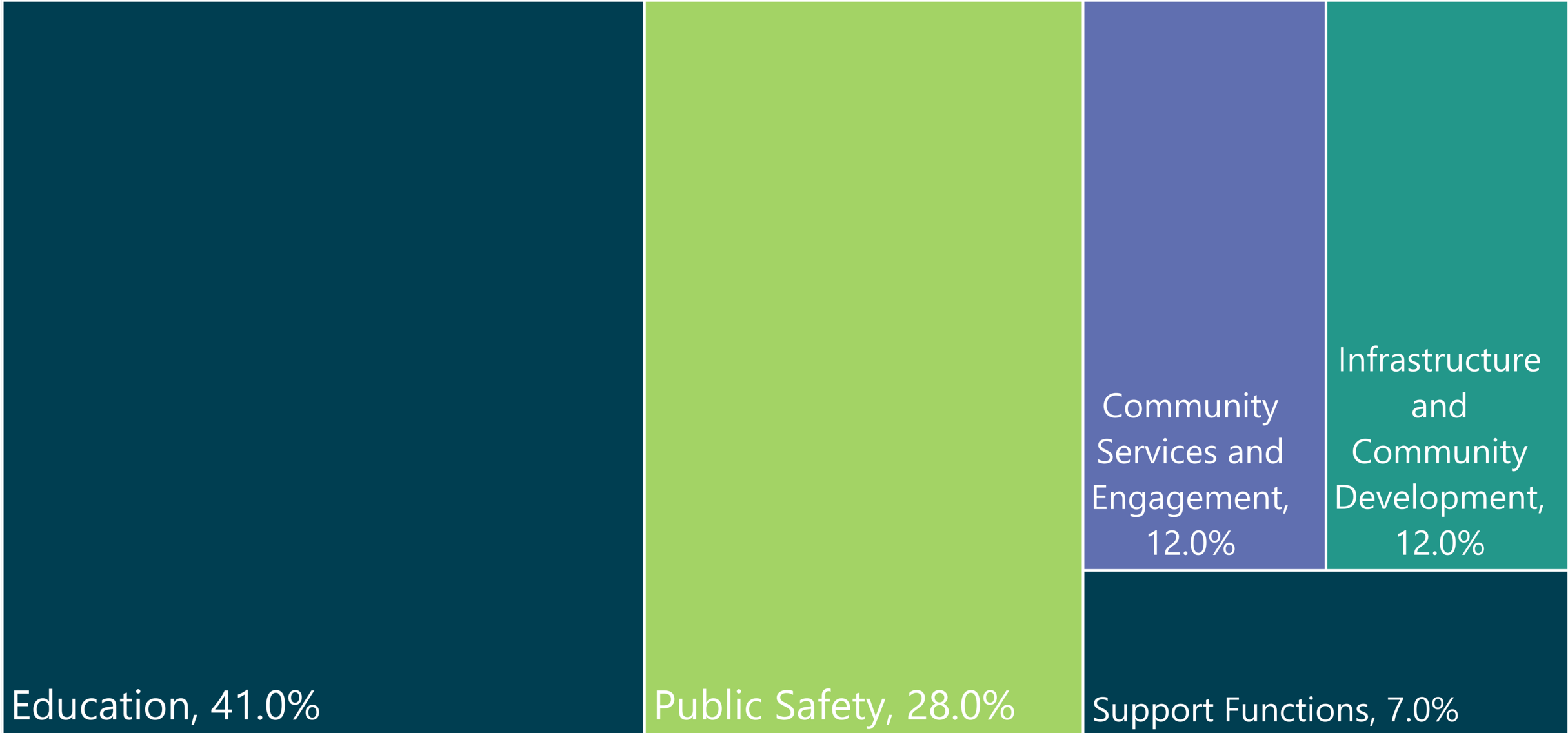
	<u>PY</u>	<u>CY</u>
FT	10	10
PT	3	5
FTE	10.75	?

Chatboard – FTE up-down?

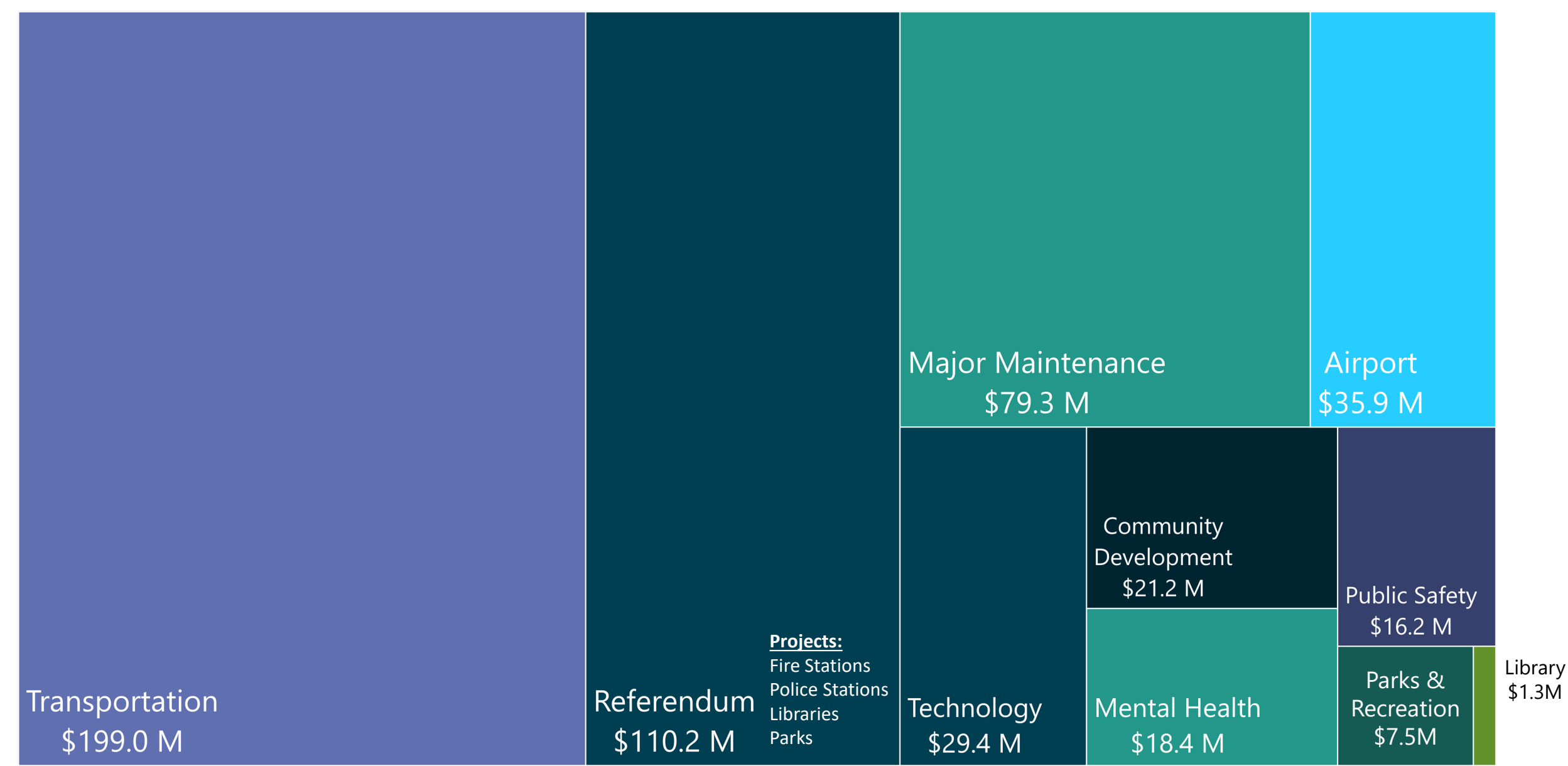
Other Expenditures

- Some exp harder to classify as a "Dept"
- Contributions –
- Debt service (principal and interest) - under separate dept classification
 - Existing obligations - budgeting easy
 - New obligations - conservative interest rates, issuance period, refunding opportunities
- Reserves for contingencies
- Transfers to other funds

General Fund Breakout



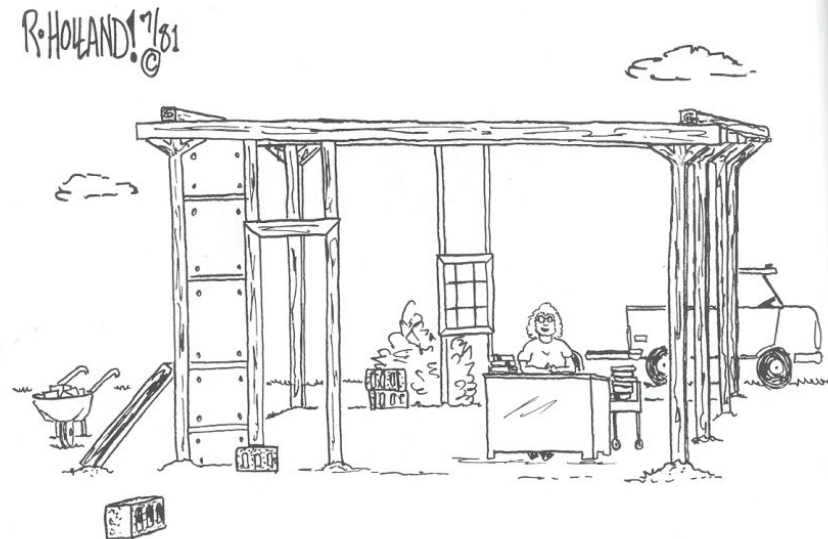
Capital Improvement Plan Breakout



Capital "Editorialized"



54



NEWS ITEM: The 1981 Hanover County budget includes funds to construct the "shell" of the Mechanicsville library.

Difference Between Operating and Capital

Operating Costs

- On-going costs of providing service
- Personnel (teacher, firefighter)
- Departmental operating costs (utilities, contracts, supplies)
- Small capital (computers, vehicles, <\$50,000/unit)
- Debt service
- All generally funded through tax rates and

Capital Costs

- Asset with value and useful life
- "See, feel, touch"
- >\$50,000 unit cost
- Land, buildings (schools), equipment and infrastructure
- "Hard" costs
- "Soft" costs includes consultants and other non-apparent "goods"

Capital Questions – TEST ?

- ▶ Why is it needed?
- ▶ What is it?
- ▶ When is it needed?
- ▶ What happens if we don't budget for it?
- ▶ How many are needed (quantity)?
- ▶ How much does it cost (unit cost)?
- ▶ Is it replacing another capital item?
- ▶ How long will it last (useful life)?
- ▶ What's the funding source and methodology?
- ▶ Where will item be located or placed (district)?
- ▶ Who is oversight department and person?
- ▶ What account codes will be charged?
- ▶ What is operating impact (on-going net costs)?

Format for CIP Worksheet

Desc.	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>Total</u>	<u>Cap Fees</u>	<u>L-T Debt</u>	<u>User Fees</u>	<u>Other Sources</u>
By Project:										
Proj A	10					10	10			
Proj B	20					20	10	10		
Proj C		30				30			15	15
Proj D			40			40		40		
Proj E				30	30	60	60			
	30	30	40	30	30	160	80	50	15	15
By Source:										
Cap Fees	20			30	30	80	80			
Debt	10		40			50		50		
User Fees		15				15			15	
Other		15				15				15
	30	30	40	30	30	160	80	50	15	15
% non-Debt	67%	100%	0%	100%	100%	69%				

Balancing Debt vs. Non-Debt Funding

Non-Debt

\$293.1M

56.6%

Debt

\$225.2M

43.4%

Utilizing a Five-Year Plan

- Longer range planning allows for strategic resource allocation
- Provides stability and certainty about the direction of finances, tax levels, etc.
 - Avoid sudden tax increases and cuts
- Incremental investment in larger initiatives
- Starting point for annual process

County Revenue	FY2025	FY2026	FY2027	FY2028	FY2029
Prior Year Revenue & Other Funding Sources Total	\$951,778,800	\$998,437,100	\$1,026,820,700	\$1,057,683,700	\$1,088,326,300
Real Estate Taxes	45,378,000	28,995,200	27,461,400	22,826,600	23,826,200
Real and Personal Public Service Corporation Taxes	(688,200)	228,400	(76,300)	76,600	77,000
Real Estate Assessments	1,655,300	6,397,600	5,580,900	5,764,300	6,820,400
Library	(160,000)	-	-	-	-
Police	(408,500)	-	-	-	-
Fire and EMS	(643,800)	-	-	-	-
Community Corrections	3,987,400	3,795,600	3,691,200	3,348,700	3,460,500
Community Engagement and Resources	-	-	-	-	-
Community Enhancement	-	-	-	-	-
Human Resources	-	-	-	-	-
Information Systems Technology	-	-	-	-	-
Learning and Performance Center	-	-	-	-	-
Parks and Recreation	-	-	-	-	-
Planning	-	-	-	-	-
Real Estate Assessments	-	-	-	-	-
Sheriff	-	-	-	-	-
Waste and Resource Recovery	-	-	-	-	-
AFR Revenue Offsets	(2,119,100)	954,700	(26,700)	(27,700)	(29,100)
Growth in Contractual Obligations	3,184,300	513,200	777,400	1,000,900	522,300
Accounting	17,000	12,000	13,000	13,000	13,000
Buildings and Grounds	293,200	(168,100)	67,100	325,700	(181,600)
Community Corrections	5,900	-	-	-	-
Community Engagement and Resources	800,000	56,000	62,900	-	-
Community Enhancement	30,000	-	-	-	-
Human Resources	13,000	7,200	7,600	8,200	8,700
Information Systems Technology	1,045,800	377,900	379,100	380,200	381,500
Learning and Performance Center	8,900	9,200	9,700	10,200	11,200
Library	16,500	1,200	1,300	6,100	8,200
Parks and Recreation	25,000	600	600	600	600
Planning	10,200	-	-	-	-
Police	95,400	-	-	-	-
Real Estate Assessments	39,800	26,400	27,800	29,100	30,600
Sheriff	622,400	64,300	65,600	66,900	68,200
Waste and Resource Recovery	161,200	126,500	142,700	160,900	181,900
Continuing Commitment to Public Safety	4,216,200	3,337,500	28,400	222,100	228,400
Circuit Court Clerk Digital Forensics & Evidence Management Operating Costs	61,500	8,000	10,000	6,000	8,000
Circuit Court Clerk Increased Compensation of Jurors	10,700	-	-	-	-
Circuit Court Clerk One (1) Full-Time Probate Principal Deputy Clerk	73,300	2,700	2,500	2,600	2,600
Community Corrections Probation/Pretial Officers	73,500	79,300	81,400	7,600	8,000
Emergency Communications Center 3rd Party Quality Assurance Review	-	-	-	-	-
Emergency Communications Center Next Generation 911 Implementation	-	358,000	-	-	-
Emergency Communications Center Systems Maintenance	-	-	-	-	-
Fire and EMS Chester Fire and Rescue Station Operating Costs	-	-	-	48,000	-
Fire and EMS Clover Hill Fire and Rescue Station Operating Costs	-	-	-	-	48,000
Fire and EMS Convert Three (3) Temporary Firefighter Positions to Permanent (Med Flight Program)	411,500	10,300	10,200	10,600	11,200
Fire and EMS Ettrick Fire and Rescue Station Operating Costs	-	-	48,000	-	-
Fire and EMS Matoaca Fire & Rescue Station Operating Costs	48,000	-	-	-	-
Fire and EMS Mobile 224 Staffing	-	768,000	19,800	20,200	20,700
Fire and EMS Mobile Integrated Health	-	917,800	21,900	23,200	23,900
Fire and EMS Paramedic Recruitment and Retention Program	863,800	-	-	-	-
Fire and EMS Peak Demand Ambulance Program	-	734,800	18,200	19,300	19,300
Police E-Summons Software and Hardware costs	239,400	(109,000)	(80,400)	5,000	5,000
Police Four (4) Full-Time Social Work Case Managers	160,900	172,700	10,900	11,300	11,500
Police Full-Time Kennelmaster and Part-Time Police Specialists - Temporary to Permanent Conversions	55,100	6,400	5,700	6,500	6,300
Police Mobile Data Extraction Storage	118,000	-	-	-	-
Police NICE Electronic Evidence Platform	225,000	-	-	-	-
Police One (1) Full-Time and Four (4) Part-Time School Resource Officers	190,100	168,400	(54,600)	6,000	6,200
Police One (1) Full-Time Human Performance Specialist	98,100	(2,400)	3,100	3,200	3,200
Police Replacement of Unmanned Aerial System	34,800	-	-	-	-
Police Three (3) Full-Time Kennelmasters	61,900	66,500	68,600	6,600	6,800
Police Three (3) Full-Time Police Service Aides	379,700	199,400	(168,400)	13,300	13,700
Police Two (2) Part-Time Police Officers	95,100	(4,800)	1,800	1,800	1,900
Sheriff K9 Replacement	20,000	(20,000)	-	-	-
Sheriff One (1) Full-Time Administrative Secretary	24,500	2,700	2,400	2,700	2,700
Sheriff One (1) Full-Time Automation Analyst Coordinator	105,700	3,900	3,500	3,600	3,800
Sheriff Six (6) Full-Time Deputy positions	566,100	(36,700)	13,700	13,900	14,400
Sheriff Three (3) Full-Time Warrants Specialists (Phase III)	185,400	7,100	6,300	6,700	6,900
Sheriff Two (2) Full-Time Security Specialists	114,100	4,400	3,800	4,000	4,300
Emphasis on Customer Service and Community Outreach	1,544,900	2,358,300	(663,300)	372,400	847,300
Commissioner of the Revenue Document Automation Management System	19,900	(18,400)	-	-	-
Commissioner of the Revenue One (1) Full-Time Tax Assessment Specialist	31,600	2,600	2,300	2,400	2,400
Commissioner of the Revenue One (1) Part-Time Tax Assessment Specialist	27,500	500	600	600	600
Constituent and Media Services One (1) Public Information Officer	106,400	3,900	3,500	3,700	3,800
General Services Administration Customer Service Part-Time to Full-Time Conversion	30,300	2,200	1,900	2,200	2,100
Library Books and Materials	75,000	75,000	75,000	75,000	75,000
Library Ettrick-Matoaca Library Expansion Operating Costs	-	-	-	-	488,900
Library New Enon Library Staffing and Operating Costs	-	1,922,300	(973,100)	27,900	28,600
Library Part-Time to Full-Time Staffing Conversions	259,200	311,900	29,400	30,300	31,200
Parks and Recreation Athletic Field Crew	610,500	44,000	184,000	192,300	200,500
Parks and Recreation Horner Park Development Operating Costs	-	-	-	24,100	-
Parks and Recreation Recreation Activity Specialists Part-Time/Temporary Conversions	-	-	-	-	-
Social Services Family and Human Services - Part-Time to Full-Time Conversions	317,600	12,000	10,800	11,400	11,800
Treasurer One (1) Full-Time Senior Customer Representative	66,900	2,300	2,300	2,500	2,400
Strengthening Core Services	2,233,600	2,966,300	768,500	673,100	92,800
Accounting Enterprise Resource Planning System Modernization Operating Costs	-	2,730,000	818,600	57,200	58,500
Accounting One (1) Full-Time Financial Reporting Analyst III	13,700	60,300	3,700	3,800	4,000
Accounting One (1) Full-Time Financial Systems Specialist	94,400	3,500	3,200	3,200	3,400

	FY2025	FY2026	FY2027	FY2028	FY2029
Total	\$951,778,800	\$987,258,100	\$1,006,466,400	\$1,036,418,400	\$1,064,792,500
15,110,400	6,880,500	6,400,000	6,497,100	6,620,700	
4,934,800	1,158,900	1,105,800	1,113,000	1,129,700	
(181,600)	81,900	75,300	76,900	78,400	
1,715,700	1,576,900	1,670,400	1,768,200	1,832,900	
(541,700)	735,200	671,700	682,500	695,900	
\$21,037,600	\$10,433,400	\$9,923,200	\$10,137,700	\$10,357,600	
5,143,200	(3,283,300)	4,414,500	(1,812,100)	1,081,200	
3,596,600	(3,596,600)	-	-	-	
(6,257,300)	371,000	(5,820,100)	(1,899,900)	(379,000)	
\$2,482,500	\$(6,508,900)	\$(1,405,600)	\$(3,712,000)	\$702,200	
20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	
(5,000,000)	(5,000,000)	-	-	-	
\$15,000,000	\$15,000,000	\$20,000,000	\$20,000,000	\$20,000,000	
382,500	962,400	1,010,500	1,061,100	1,114,100	
(1,410,200)	46,400	47,500	48,700	49,900	
(20,000)	-	-	-	-	
\$(1,047,700)	\$1,008,800	\$1,058,000	\$1,109,800	\$1,164,000	
(328,300)	10,100	-	-	-	
(1,028,600)	(445,600)	-	-	-	
(191,400)	-	-	-	-	
(1,175,700)	(728,000)	(28,500)	423,500	(325,000)	
-	-	-	-	-	
(6,000)	112,000	71,900	75,500	77,100	
736,900	326,500	333,000	339,600	346,400	
\$(1,993,100)	\$(725,000)	\$376,400	\$838,600	\$98,500	
\$987,258,100	\$1,006,466,400	\$1,036,418,400	\$1,064,792,500	\$1,097,114,800	
35,479,300	19,208,300	29,952,000	28,374,100	32,322,300	
3.73%	1.95%	2.98%	2.74%	3.04%	
\$11,179,000	\$20,354,300	\$21,265,300	\$23,533,800	\$25,224,600	
11,179,000	11,179,000	20,354,300	21,265,300	23,533,800	
9,175,300	9,175,300	9,175,300	9,175,300	9,175,300	
\$11,179,000	\$20,354,300	\$21,265,300	\$23,533,800	\$25,224,600	

Balancing Competing Priorities

- Some citizens may prioritize funding one major category over another
- While others may prioritize cutting taxes and other tax relief initiatives
- Finding balance between what constituents want, needs of locality, and best financial practices
- Can't make everyone happy





R. HOLLAND 13/88

What is a Bond Referendum?

- Process in which citizens approve general obligation (GO) bonds authorizing the financing of the county's long-range capital plan
- Borrowing rates dependent on localities credit rating (higher credit rating = lower interest rate)
- Language on ballot determines how bond proceeds can be spent
- Important to engage and inform public on upcoming referendums
- Cities not required to have referendum



Rating Agency Questions

- Rating agencies will follow up throughout the year, not just when issuing debt
- Inquires on:
 - Local economy
 - Current debt position
 - Projected year-end positions
 - Plans for debt issuances
 - Fund balance levels

Chesterfield County, VA

ECONOMY

- Are there any notable recent/ongoing residential or commercial developments in the county?
 - What are the main drivers of the recent tax base growth?
- What is the general plan for the tax levy over the next few years?
 - Was the levy adjusted in FY23?
- Has the county been the target of any cyberattacks? Does the county have an insurance policy?

DEBT AND CAPITAL PROJECTS

- Please discuss plans for new money issuances over the next five years (size, timing, projects).
 - What projects will the bonds fund?
- Are there planned cash funded projects that would require decreases in General Fund reserves?
- Has the county entered into any variable rate debt, swaps, bank loans, or derivative agreements?

FINANCES

- What would management most attribute the increase in General Fund balance in FY23 to?
 - Was there a material impact to revenues/expenditures as a result of COVID-19?
- What are expectations/projections for FY24 fund balance in the General Fund (surplus/level/deficit)?
- Did the county receive any federal funds through CARES or ARPA?
- Any notable litigation or tax appeals that could materially impact the financial position?
- Does the county have any formal fund balance policies?

Please feel free to add any additional information you think would be relevant to the discussion of the county's economic or financial situation.

Financial Policies

- **Best practices**: Provides consistency, promotes stability and continuity that extends beyond those that create them
- **Strategic focus**: Policies define shared understanding of how resources will be managed
- **Setting Boundaries**: Define the limits on staff actions and sets thresholds on key ratios that inform credit worthiness
- **Scope**: Categories can include; Debt, reserves, capital, operating, grants, revenues and more

*Need to be reviewed regularly





MEDIOCRITY

IT TAKES A LOT LESS TIME
AND MOST PEOPLE WON'T NOTICE THE DIFFERENCE
UNTIL IT'S TOO LATE.

Budgeting Basics and Financial Planning Practices

VACo Supervisors Forum
April 2024

