



FY 2020 and 2021 Budget Update

May 14, 2020



COVID RESPONSE - FY20 & FY21 BUDGET

- During the FY21/22 Budget Process, the County declared a Local State of Emergency in response to COVID-19.
- Staff quickly shifted gears with the FY 2021/22 Budget Process and Released an updated FY 2021/22 Budget Proposal:
 - Removed all enhancement requests
 - No Tax Increases
 - Reduced Projections for Vulnerable Revenue Sources – Personal Property, Sales Tax, Interest Income, P&R Revenues, Community Developments Fees, etc.
- Implemented Hiring Freeze and Non-essential Spending Limitations through June 30, now extended to at least Sept. 30



FY 2020 BUDGET UPDATE

- Departments have implemented cost saving measures since mid-March
 - Salary Savings – holding vacant positions, limiting temp. staffing, and reduction in OT across the system
 - Essential Spending Only
- These reduction measures have created approximately \$750k of additional savings in FY20
- Similar savings will realized into first half of FY21 with continued savings
- Salary savings from vacant positions will be more impactful in FY21 – leave payouts upon separation reduces savings in current year



FY 2020 REVENUE UPDATE

- March 2020 Sales Tax Receipts:
 - Approx. \$950,000 which is 12.7% increase over March 2019
 - YTD in comparison to same period of FY19 is 9.8% increase
 - If last quarter of FY20 has a 10% drop similar to FY21 projection, we will end FY20 ahead of the adopted budget for sales tax by 1.3% or \$130k
- Real Estate collections on par to FY19
- Personal Property filings while down in last weeks of March, have started to come back up
- County initial unemployment claims peaked early April, but continued claims less than initial claims
 - March unemployment 2.8%, up 0.5% from Feb and 0.1% from March 2019
 - Total initial claims as of May 4 = 3,963, with 2,443 continued claims



FY 2021 BUDGET – REVENUE

FY 2021 General Fund Proposed Budget vs Adopted Budget Key Revenue Adjustments

<u>Description</u>	<u>FY21 Proposed</u>	<u>FY21 Adopted</u>	<u>\$ Change</u>	<u>% Change</u>	<u>% Of GF Revenue</u>
Real Estate Tax*	\$ 103,791,198	\$101,531,854	\$ (2,259,344)	-2.18%	53.1%
Personal Property Tax	\$ 30,300,000	\$ 27,410,000	\$ (2,890,000)	-9.54%	14.3%
Sales Tax	\$ 10,246,500	\$ 9,312,000	\$ (934,500)	-9.12%	4.9%
Business Licenses	\$ 1,750,000	\$ 1,450,000	\$ (300,000)	-17.14%	0.8%
Recordation Tax	\$ 1,850,000	\$ 1,650,000	\$ (200,000)	-10.81%	0.9%
Community Development Fees	\$ 1,482,283	\$ 1,297,283	\$ (185,000)	-12.48%	0.7%
Interest Income	\$ 875,000	\$ 500,000	\$ (375,000)	-42.86%	0.3%

These adjustments account for a 53% reduction or \$4.9 million in the estimated revenue growth, excluding the \$2.26 million attributed to real estate tax increase in the proposed budget.



FY 2021 BUDGET - EXPENDITURES

- Eliminated all new enhancements
- Held budgets primarily to FY20 Adopted Budget levels, except for mandated or contractual increases
- Held School Local Transfer to FY20 Adopted Budget level
- Appropriate FY21 Budget on Quarterly Basis
- Limiting certain adopted budget expenditures – Class and Comp adjustments, etc. (\$350k)
- Continuing spending freeze (hiring and non-essential purchasing) until at least September 30



FY21 BUDGET MONITORING

We will continue to monitor and assess varying impacts on COVID on local economy which may take 3-6 months to fully realize:

- Each % reduction in total General Fund revenues is \$1.9 million
 - Each % of additional revenue reduction, for most vulnerable revenues, is approximately \$460k
 - These revenues sources account for approx. 22% of General Fund
- 1% reduction in Payroll costs, across the board, is approx. \$600k
 - Reduced by positions that are supported by non-local revenues



COVID FEDERAL FUNDING

CARES Act – Approved Late March 2020

- Provided for COVID response funding in multiples ways to program and services
 - Not all source of funding is yet realized, but have received minor payments to offset ambulance revenue recovery funding losses and DSS support
- State released guidance May 12 for local government allocations through Virginia
- Local government allocation on per capita basis
- For direct costs, not revenue shortfalls
- Many unknowns at this time, as to what is or is not allowable for use, but primarily for response efforts