

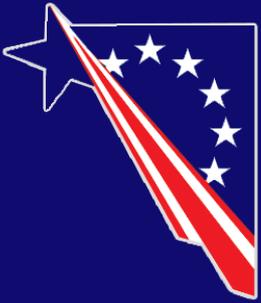
Fiscal Year 2018
March 7, 2017
Multi-Year Budget





Overview of Multi-Year Revenues and Expenses

- A Look Back at Last Year's Outlook
- FY2018 Preliminary Revenue
- FY2018 Expenditure Outlook
- 5-Year Revenue Forecast



A Look Back at Last Year's Outlook



Last Year's Outlook

Challenges Begin in Year 2

	FY2017	FY2018	FY2019	FY2020	FY2021
Projected Revenues	135,435,000	136,021,000	138,386,000	139,778,000	141,824,000
Projected Expenditures	135,435,000	138,836,000	141,220,000	144,518,000	148,549,000
Unmet Needs		- (2,815,000)	(2,834,000)	(4,740,000)	(6,725,000)

Note: Presented at the March 1, 2016, Board Meeting

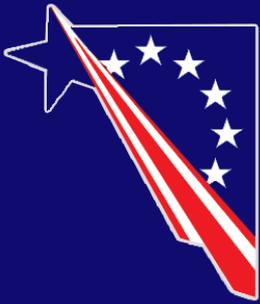


Last Year's Outlook

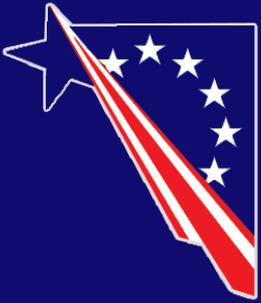
Unmet Challenges

\$1,500,000	Salaries (Schools-\$1,000,000 + County-\$500,000)
2,300,000	Sustainable CIP
1,900,000	Public Safety
<u>1,400,000</u>	Tax Base Reduction (Dominion Power)
<u>\$7,100,000</u>	Approximate Annual Total

Note: Presented at the March 1, 2016, Board Meeting



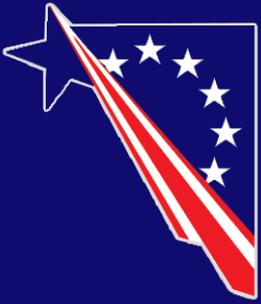
FY2018 Preliminary Revenue Outlook



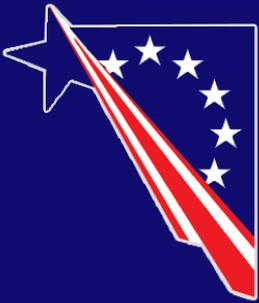
FY2018 Preliminary Revenue Outlook – 2.0% Increase

Revenues

Real Estate	\$ 1,300,000
Public Service Corporation (Power Plant)	(600,000)
Personal Property	1,500,000
State	35,000
Sales, Lodging, and Meals	400,000
Other Taxes & Fees	<u>165,000</u>
Revenue Growth Preliminary Total	<u>\$ 2,800,000</u>
Committed Transfers for Lodging & Meals Growth	<u>(\$200,000)</u>
Available Growth in General Fund Revenues	<u>\$ 2,600,000</u>



FY2018 Preliminary Expenditure Outlook

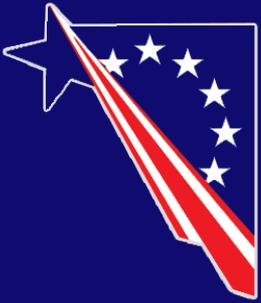


FY18 Expenditure Priorities

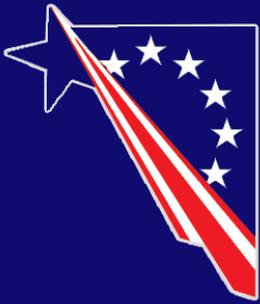
Base Budget (Natural Growth Only)

Debt Service Commitment (Schools)	\$ 700,000
Schools - Contribution*	500,000
Health Insurance - County Employees	700,000
Public Safety - SAFER Grant (6 FLS positions)	150,000
Technology Maintenance Commitments	200,000
Various Regional Support and Operational Costs	350,000
County Employees Compensation Increases	<u> ?</u>
Available for Expenditure Increases	<u><u>\$ 2,600,000</u></u>

*Excludes \$600,000 Use of Impact Aid Reserve.



FY2018 Unmet Expenditure Needs



Board's Strategic Priority Exemplary Public Safety

Public Safety Positions* \$ 320,000

2 - Fire & Life Safety

2 - Sheriff Deputies

2 – Emergency Communications

Public Safety – Retirement Multiplier (VRS)** 357,000

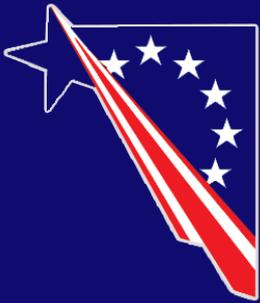
Retirement Benefit Enhancement
for Sheriff and Fire & Life Safety

Eligible Employees

Public Safety \$ 677,000

*Partial Year

**Requires Implementation Date Coordination with VRS

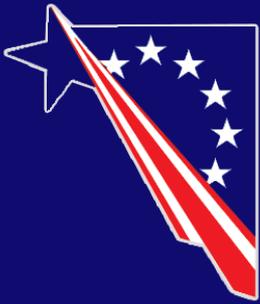


Board's Strategic Priority Quality Educational Opportunities

Contribution to Schools:

Base Budget	\$ 500,000
Additional Funds (Superintendent's Budget)	<u>847,000</u>
Subtotal County Contribution to Schools*	<u>\$ 1,347,000</u>

*Does not include school debt service and use of impact aid.



Board's Strategic Priorities

Environmental Stewardship

Public Works Hybrid Crew – 4 Positions* \$ 110,000

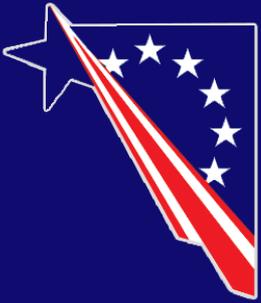
Stormwater Control

Mosquito Suppression

Grounds Maintenance

Litter Control

*Partial Year

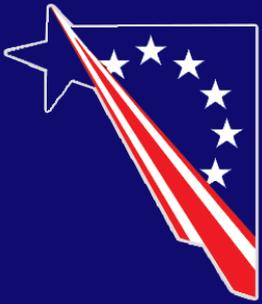


Board's Strategic Priorities

Excellent Customer Service, Exemplary Public
Safety, Quality Economic Development

Other Unmet Needs:

Compensation	\$ 1,150,000
Salary Compression	500,000
CIP Funding	600,000
Boat Tax Elimination	<u>400,000</u>
Other Unmet Needs	<u>\$ 2,650,000</u>



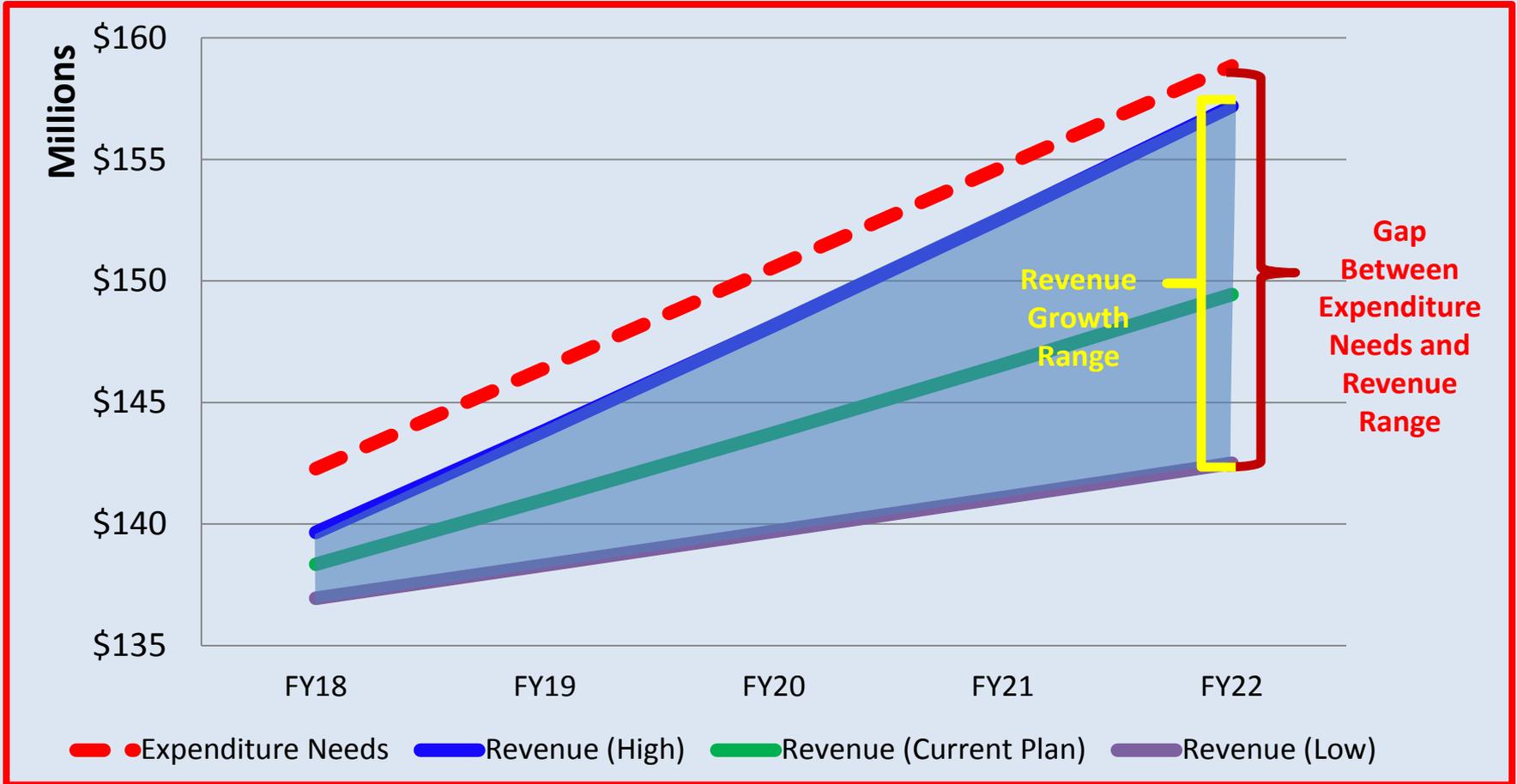
Summary of FY2018 Unmet Expenditure Needs

Compensation	\$ 1,650,000
Schools	847,000
CIP Funding	600,000
Public Safety	677,000
Public Works	110,000
Boat Tax Elimination	400,000

Unmet Needs Additional \$4 Million +



5-Year Plan Expenditure Needs Exceed Projected Revenues





Efficiency Initiatives

Within County

Merger of General Services and Environmental & Development Services into Public Works Department

- ❖ Reduction (Staffing and Equipment)
 - Blended Field Crews (Grounds, Stormwater, Mosquito Control)
 - Blended Two Engineering Teams into One

Technology Initiatives:

- ❖ Financial Management System
- ❖ Public Works Asset Management and Work Order System
- ❖ Real Estate Assessment System



Efficiency Initiatives

Shared Services with Schools

- ❖ Detailed Internal Review of County/Schools Shared Services Arrangements
- ❖ Joint Health Insurance Study
- ❖ Health Savings Accounts
- ❖ Other Post-Employment Benefit Trust (OPEB)
- ❖ Financial Management System Implementation



Regional Partnerships – Cost Sharing Reviews

Programs that York Manages & Is Fiscal Agent:

- ❖ Cost Sharing Reviews: (2017 Projects)
 - Colonial Group Home Commission
 - York/Poquoson Sheriff and Courts
 - Radio System Infrastructure Upgrade
- ❖ 911 Cost Sharing Review (2018 Project)

Independently Managed Regional Programs:

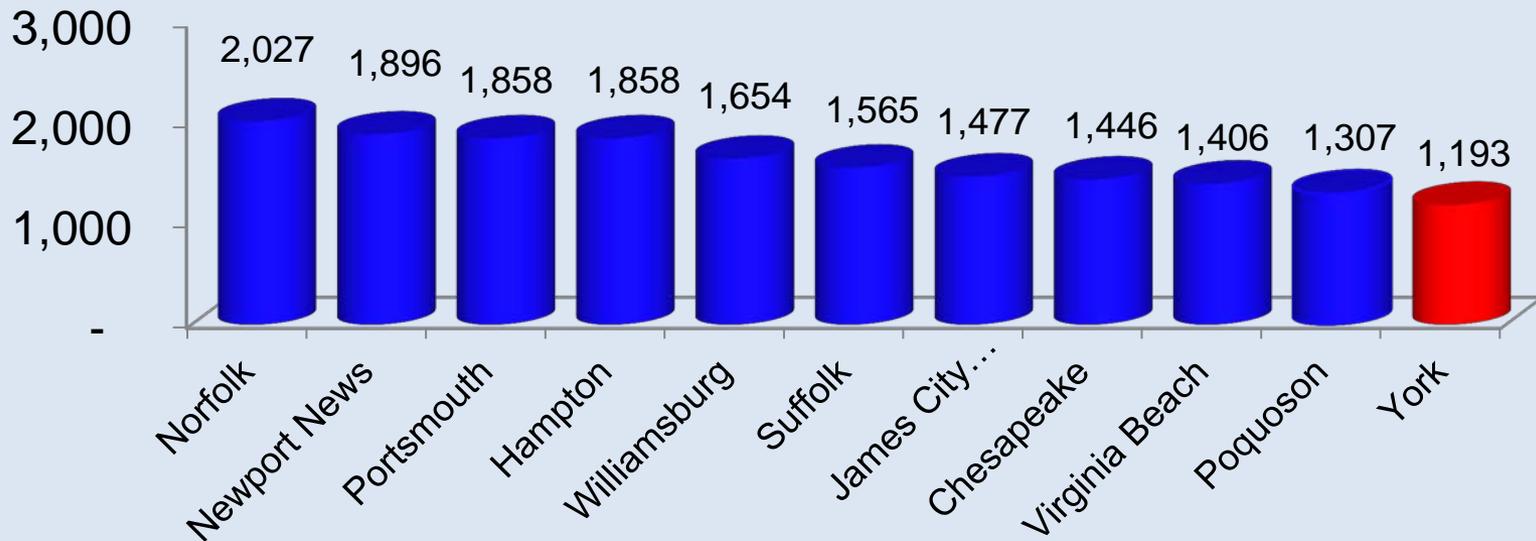
- ❖ Virginia Peninsula Regional Jail
- ❖ Merrimac Juvenile Detention Center Cost Sharing Allocation
- ❖ Regional Animal Shelter



York is Highly Efficient Relative to Our Neighbors

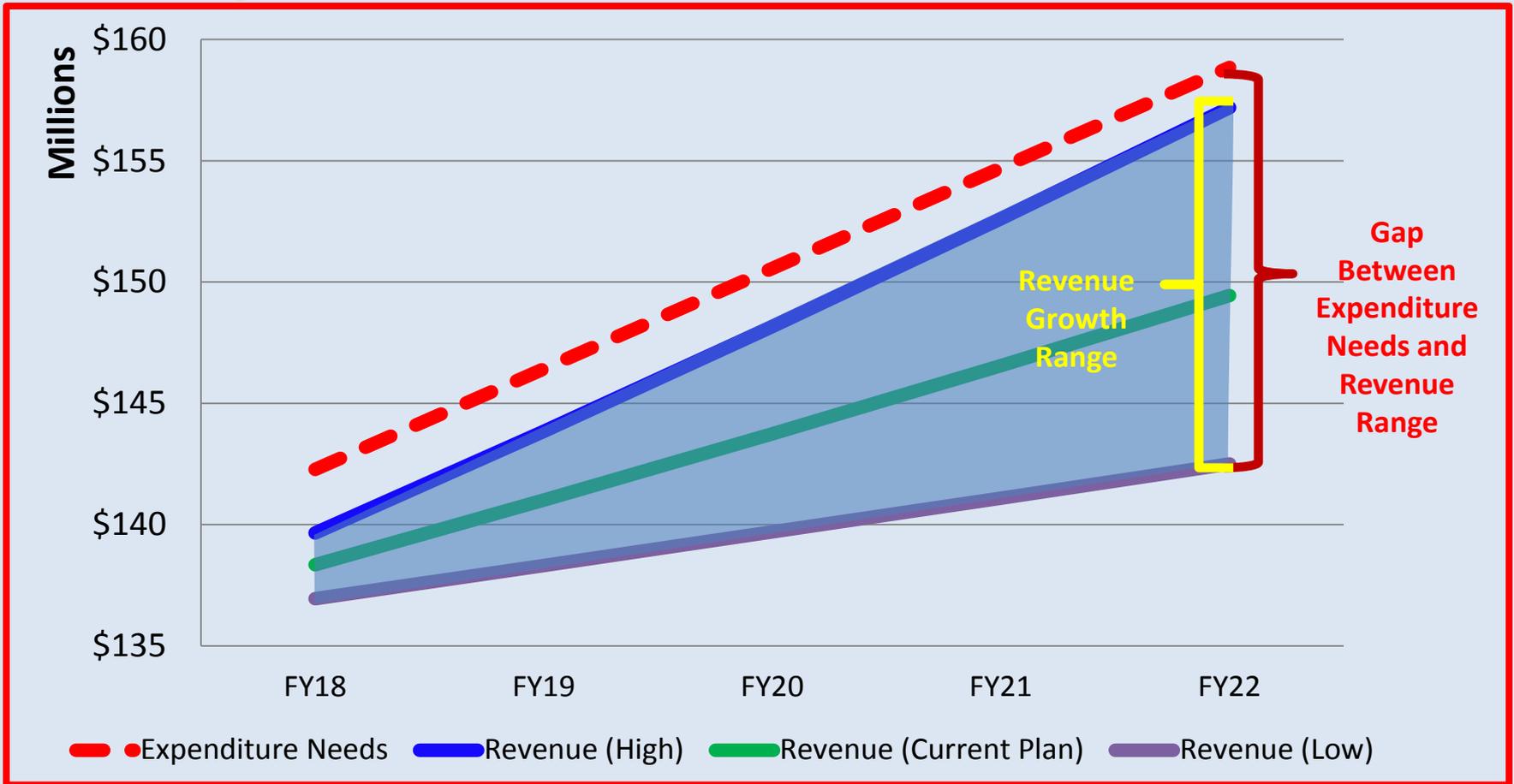
Adopted Budget Per Capita

**FY17 General Fund Adopted Budgets Per Capita
Excluding Roads & Transfer for School Ops**





5-Year Plan Expenditure Needs Exceed Projected Revenues





5-Year Financial Plan



Our 5-Year Financial Plan

Objectives:

- Maintain Financial Stability Over the Long-Term
- Identify Current Trends and Future Challenges
- Provide **Board** and Senior Management with Information:
 - For Multi-Year Planning to Reduce Risk of Being Reactive (Identify Future Risks and Prepare to Respond)
 - **To Demonstrate How Decisions Made Today Impact on the Future**
- Encourage Consistency and Financial Integrity
- Demonstrate Strong Fiscal and Operational Management
- Long-term Plan and Policy are One Key to **AAA Bond Rating**





5-Year Revenue Forecast



Total General Fund Revenues

4.6% Average Growth

1.3% Average Growth

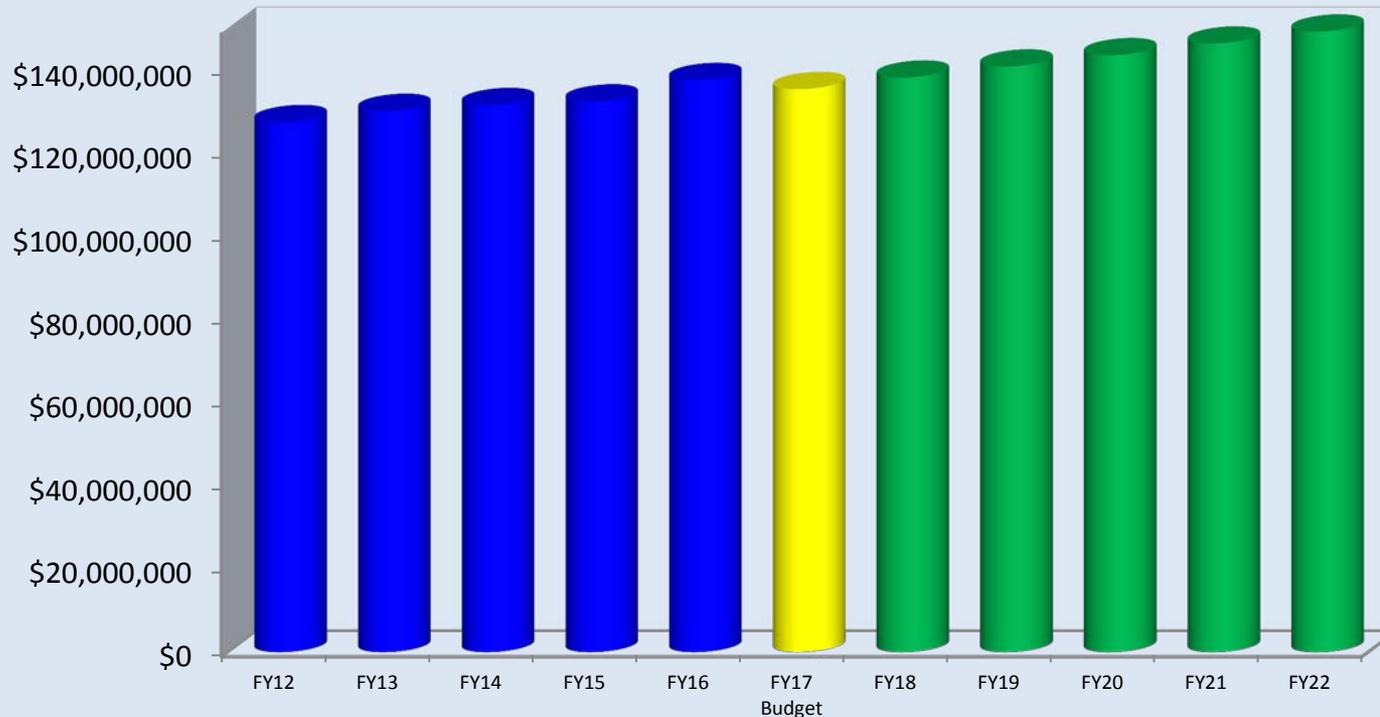




Total General Fund Revenues 5-Year Projection

**1.3% Average
Growth**

**2.0% Average
Projected Growth**



**High Level
Summary –
After
Reviewing 200
Lines of
Revenue and
the Actual
Growth for the
Past 5 Years,
the Projected
Growth for the
Next 5 Years is
2.0%.**



Developing Five-Year Revenue Forecast – Analyzing Major Revenues

	Revenue:	FY2018	%
1	Real Estate	\$ 67,829,000	49%
2	Public Service Corporation	2,476,000	2%
3	Personal Property Taxes	15,100,000	11%
4	State - PPTRA	8,742,000	6%
5	State - Other	4,925,000	4%
6	Sales Tax	9,577,000	7%
7	Occupational Licenses	6,150,000	4%
8	Motor Vehicle Licenses	1,595,000	1%
9	Lodging	3,700,000	3%
10	Meals Taxes	6,200,000	4%
11	Permit Fees and Regulatory Licenses	750,000	<1%
12	Charges for Services	2,103,000	2%
13	Other (Everything Else)	<u>9,202,000</u>	<u>7%</u>
	Total Revenues	<u>\$138,349,000</u>	<u>100%</u>

This is Only the Third Year of Our 5-Year Revenue Forecasting Process.

Positive Trends for Real Estate and Personal Property Provided for Increased Revenue Estimates for These Revenues.

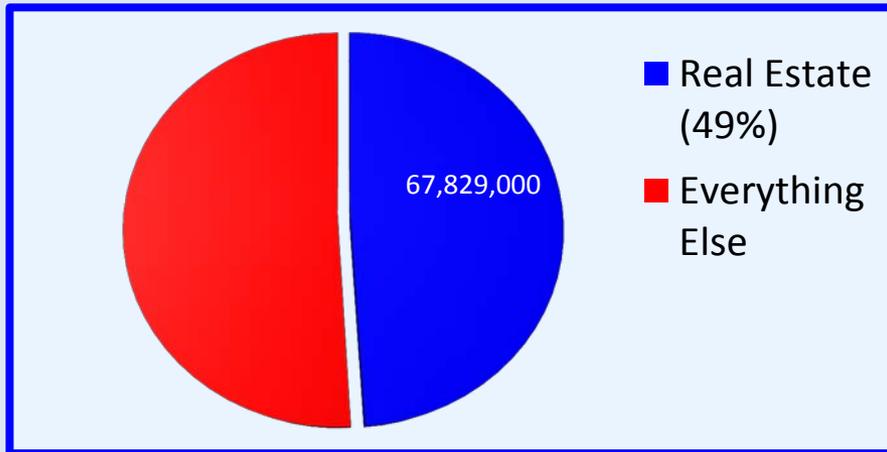


Summary Chart – Increases (Decreases) to FY18 Budget – **2.0% Growth**

	Revenue:	FY2017	FY2018	Change
1	Real Estate	\$ 66,565,000	\$ 67,829,000	\$ 1,264,000
2	Public Service Corporation	3,076,000	2,476,000	(600,000)
3	Personal Property Taxes	13,558,000	15,100,000	1,542,000
4	State - PPTRA	8,742,000	8,742,000	-
5	State - Other	4,890,000	4,925,000	35,000
6	Sales Tax	9,577,000	9,577,000	-
7	Occupational Licenses	6,183,000	6,150,000	(33,000)
8	Motor Vehicle Licenses	1,519,000	1,595,000	76,000
9	Lodging	3,568,000	3,700,000	132,000
10	Meals Taxes	5,930,000	6,200,000	270,000
11	Permit Fees and Regulatory Licenses	840,000	750,000	(90,000)
12	Charges for Services	1,999,000	2,103,000	104,000
13	Other (Everything Else)	9,142,000	9,202,000	60,000
	Total Revenues	<u>\$135,589,000</u>	<u>\$138,349,000</u>	<u>\$ 2,760,000</u>



Real Estate Revenues

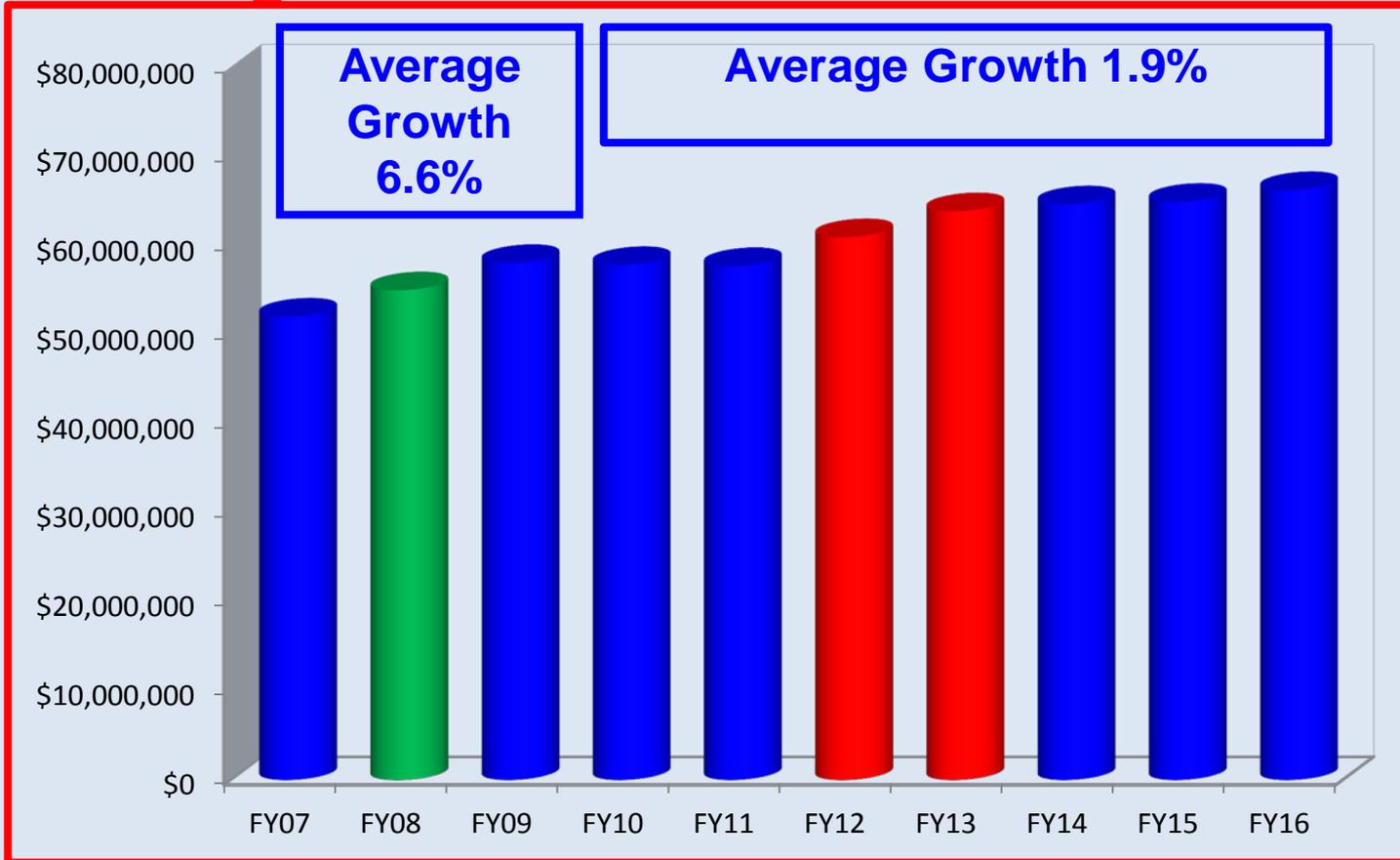


Real Estate Projection Factors:

- ❖ New Growth
- ❖ Biennial Reassessments
- ❖ Historic Tax Rate Changes



Actual Real Estate Revenues



Growth is Partially Due to Changes in Tax Rates:

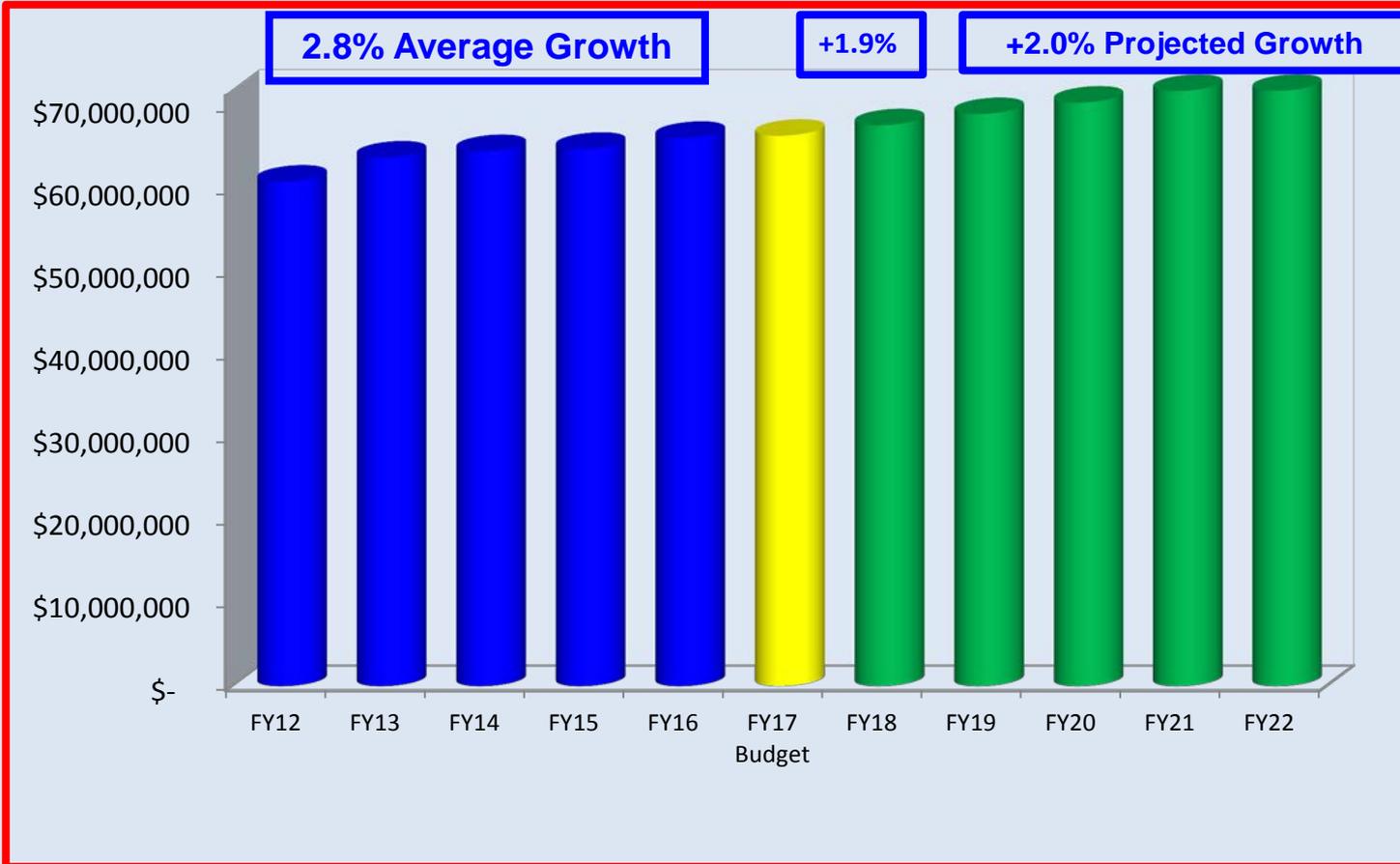
Tax Rate Increases:
FY12 = 12.8%
FY13 = 1.3%

Tax Rate Decreases:
FY08 = 5.7%

Red = Tax Rate Increases Green = Tax Rate Decreases



Real Estate Revenues 5-Year Projection



While Reassessment Growth Occurs Biennial, Each Fiscal Year is Impacted Due to Timing of Billings.

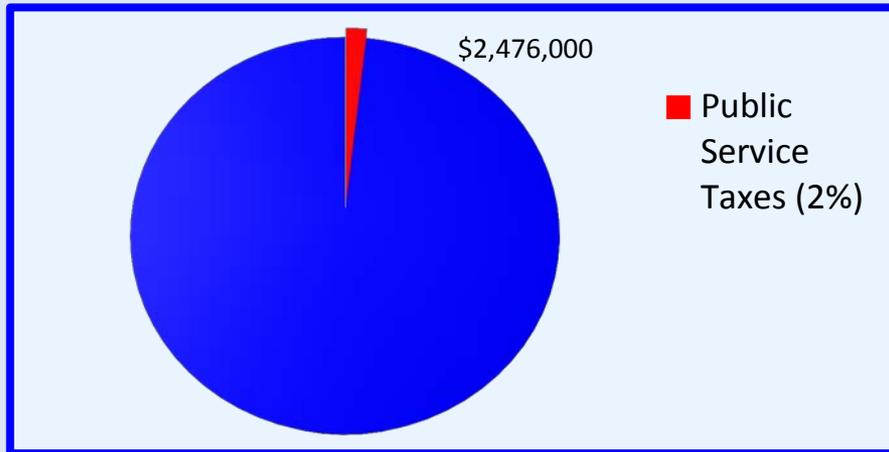
This Projection Reflects .5% New Construction Growth, .4% True-up of FY17 Higher Construction Growth, and 2% Biennial Growth which is Reflected as 1% for the Second Payment of the Year.

FY18 is projected to increase by 1.9% which reflects the true-up FY16's actual revenues being .4% below FY17's budget.



Public Service Taxes

(Assessed by State Corporation Commission)

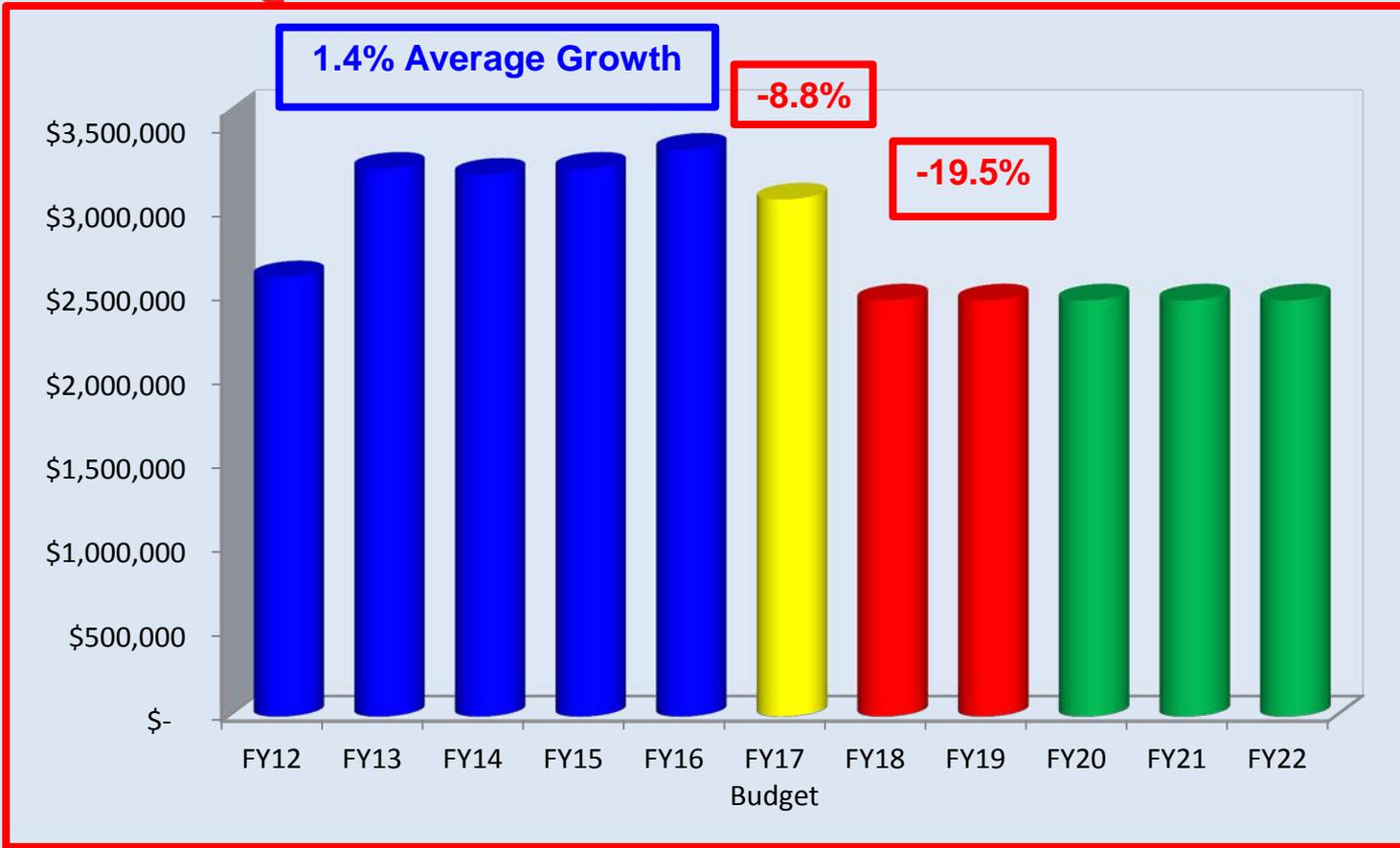


Definition:

- ❖ Public Service Taxes are Levied on Non-Locally Assessed Properties.
- ❖ The State Corporation Commission (SCC) Assesses All:
 - Telecommunications Companies,
 - Water Companies,
 - Intrastate Pipeline Distribution Companies, and
 - **Electric Light and Power Companies.**



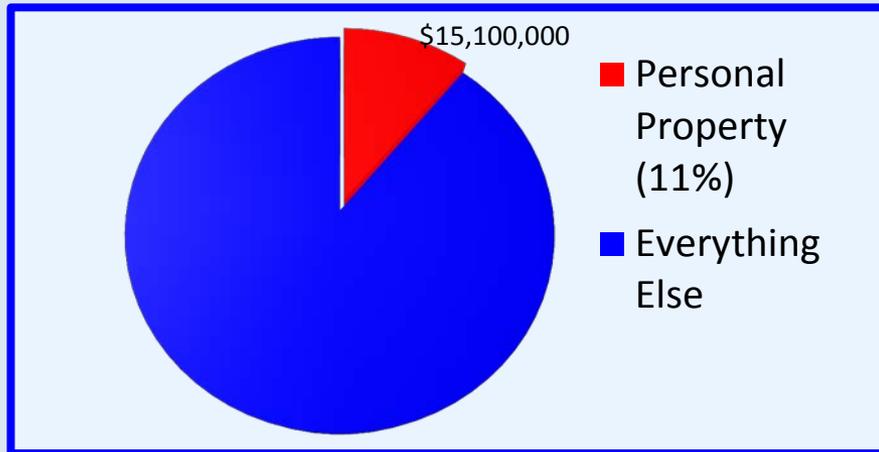
Public Service Tax Revenues 5-Year Projection



The Impact of Dominion Power Shutting Down 2 Coal-Fired Power Generation Units Included a Projected Revenue Reduction of \$200,000 in FY17 and \$600,000 in FY18. The Timing for Retiring the Oil Unit is Anticipated to be in FY23. The Impact is Expected to Reduce Revenues by An Additional \$400,000.



Personal Property Revenues

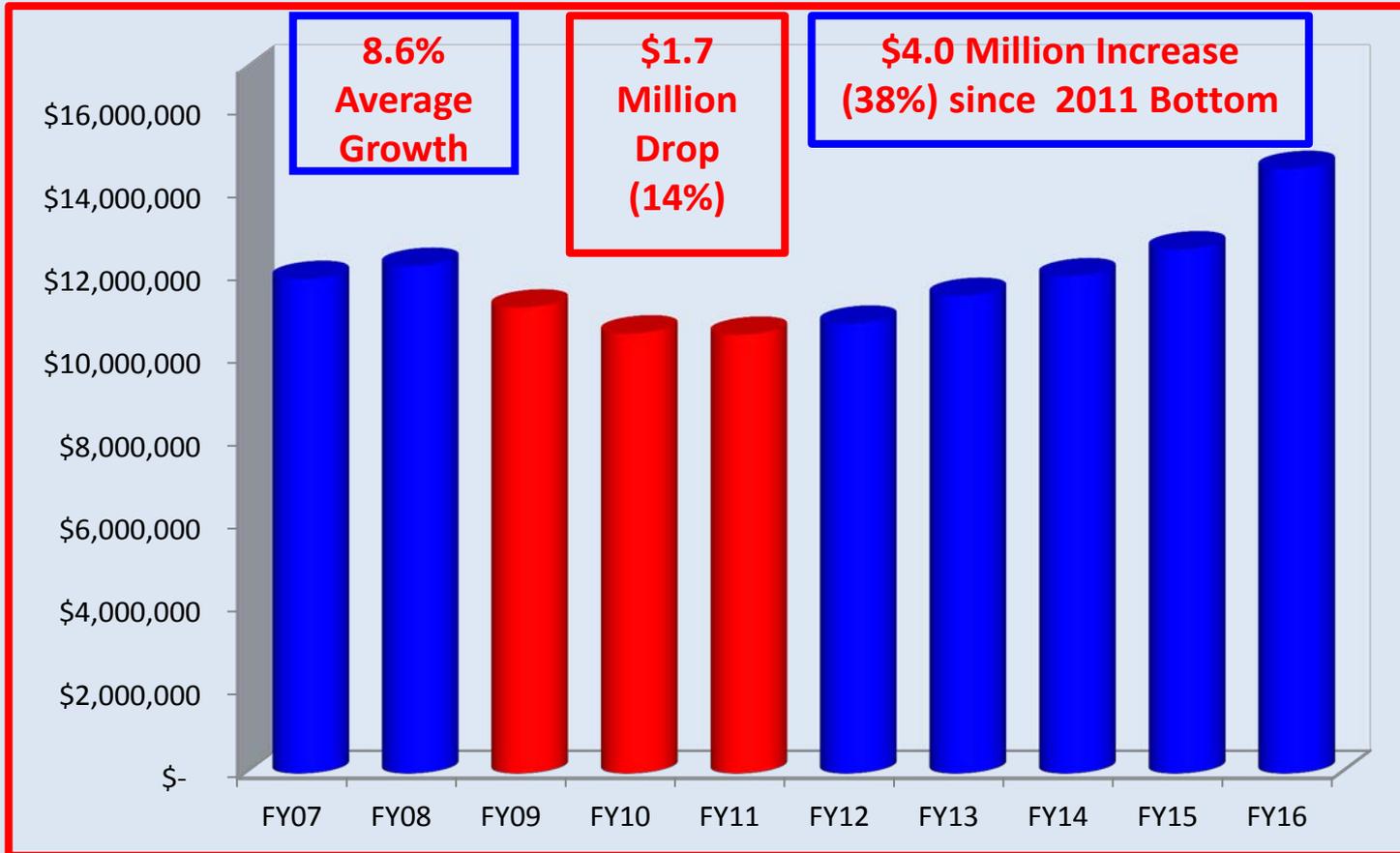


Definition:

- ❖ Taxes Assessed on Vehicles and Mobile Homes
- ❖ A Portion of the Tax Due on Personal Use Vehicles is Paid by the Commonwealth Directly to York Under the Personal Property Tax Relief Act (PPTRA).



Actual Personal Property Revenues

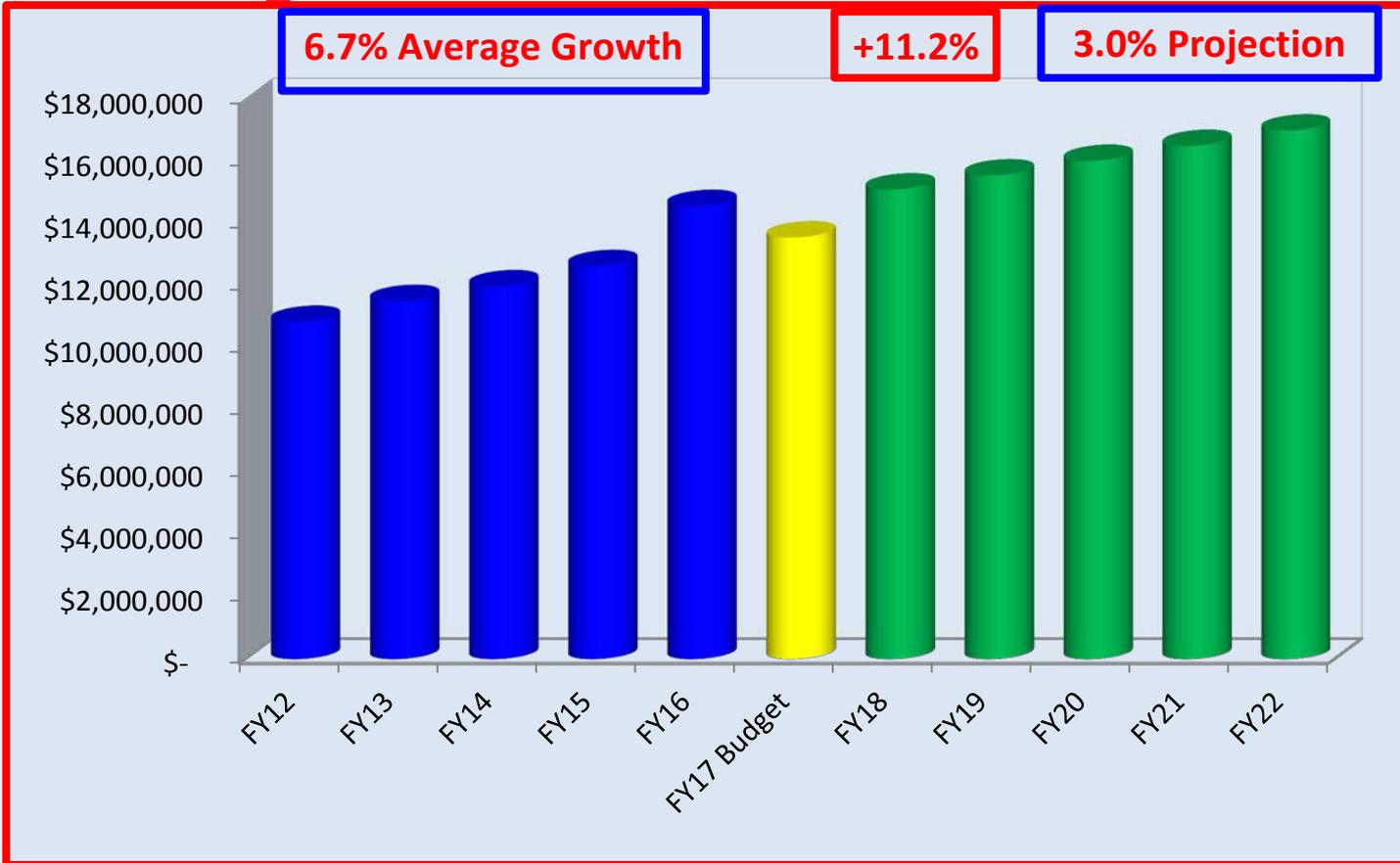


In FY15 Revenues Restored to the FY08 High Point.

FY16 Was an Extraordinary Year Experiencing \$1.9 Million (15%) Annual Growth. 4% of Growth Related to \$500,000 from Prior Year Collections which is Double the 5 Most Recent Years.



Personal Property Revenues 5-Year Projection – Positive News



FY2017's Budget is \$1 Million (6.8%) Below FY2016 Actuals Following a 15% Growth Year.

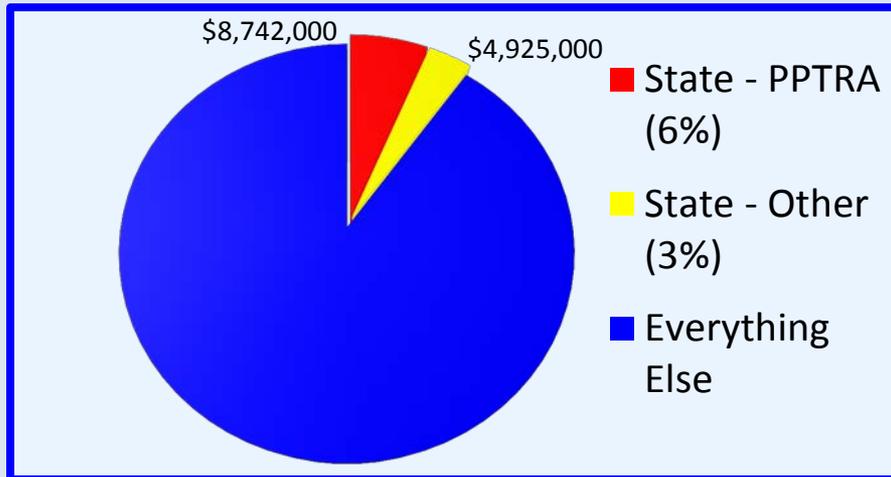
FY2018 Budget is Projected to Increase by \$1.5 Million (11.2%)

3.0% Increase is Factored in for FY2019-2022.

Note: \$500,000 of the growth in FY16 related to a nonrecurring collection of prior year taxes.



State Revenues

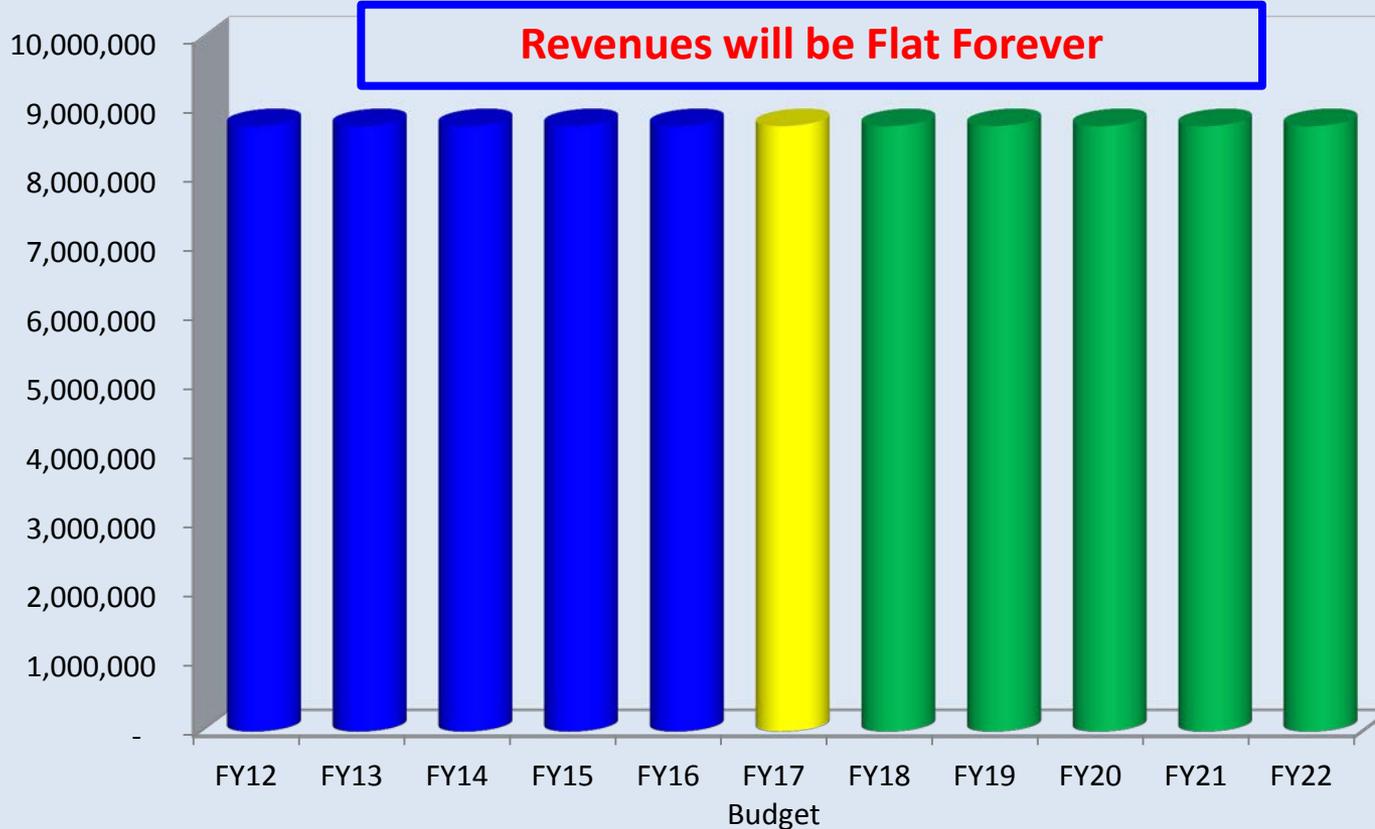


Definition:

- ❖ Personal Property Tax Relief Act
 - Payment to County is Capped at \$8.7 Million
 - Capping Revenues Requires Local Funding to Fill Gap for Future Budgetary Costs Increase
 - 6% of the General Fund and Declining
- ❖ State – Other Includes Payments for Constitutional Officers, State Grants, and State Aid
 - **Concern (Area to Watch): State Revenues Continue to be Uncertain.**



State Revenues – PPTRA 5-Year Projection

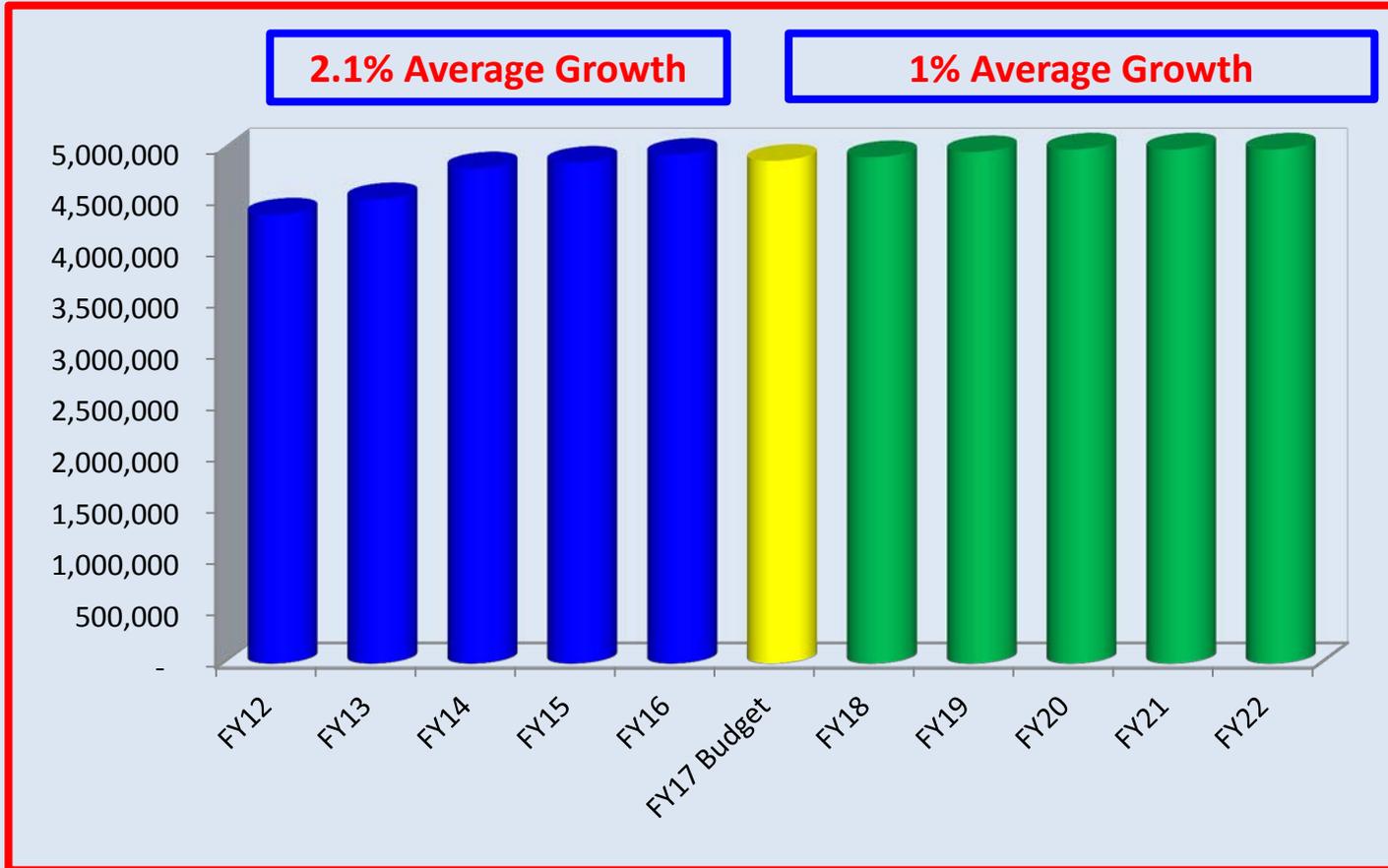


Payment to
County is
Capped at
\$8.7 Million

Capping
Revenues
Requires Local
Funding to Fill
Gap for Future
Budgetary
Inflationary
Cost Increases



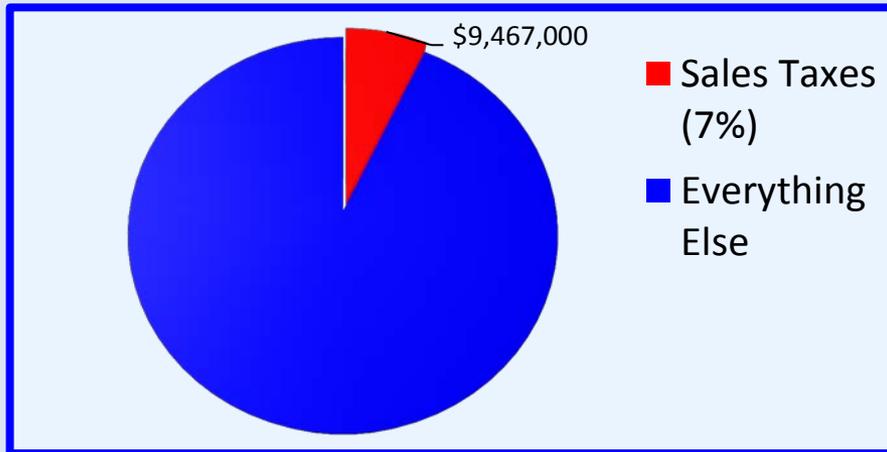
State Revenues – Grants, Constitutional Officers, Etc. (Excluding PPTRA) 5-Year Projection



FY18 Reflects an Estimated Increase of \$75,000 for Pay Increases for State Funded Positions.



Sales Tax Revenue

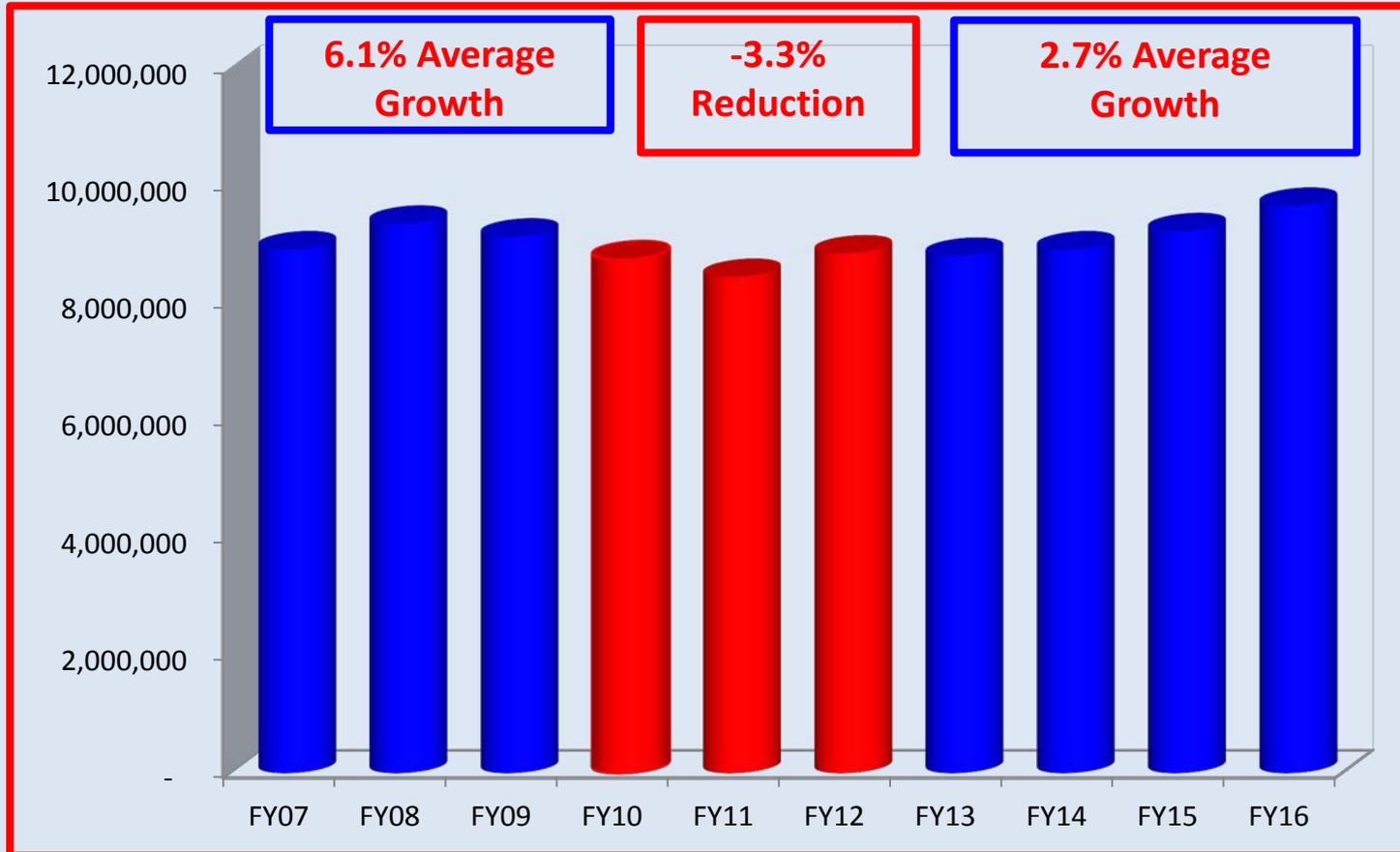


Concern (Area to Watch):

- In FY16 Sales Taxes Finally Recovered to FY08's High of \$9.4 Million
- Sales Taxes are Being Lost to Internet Sales (Marketplace Fairness Act)
- Mixed News – While FY16's Sales Increased by 4.7%, the First 6 Months of FY17 Shows a .3% Reduction.



Actual Sales Tax Revenues

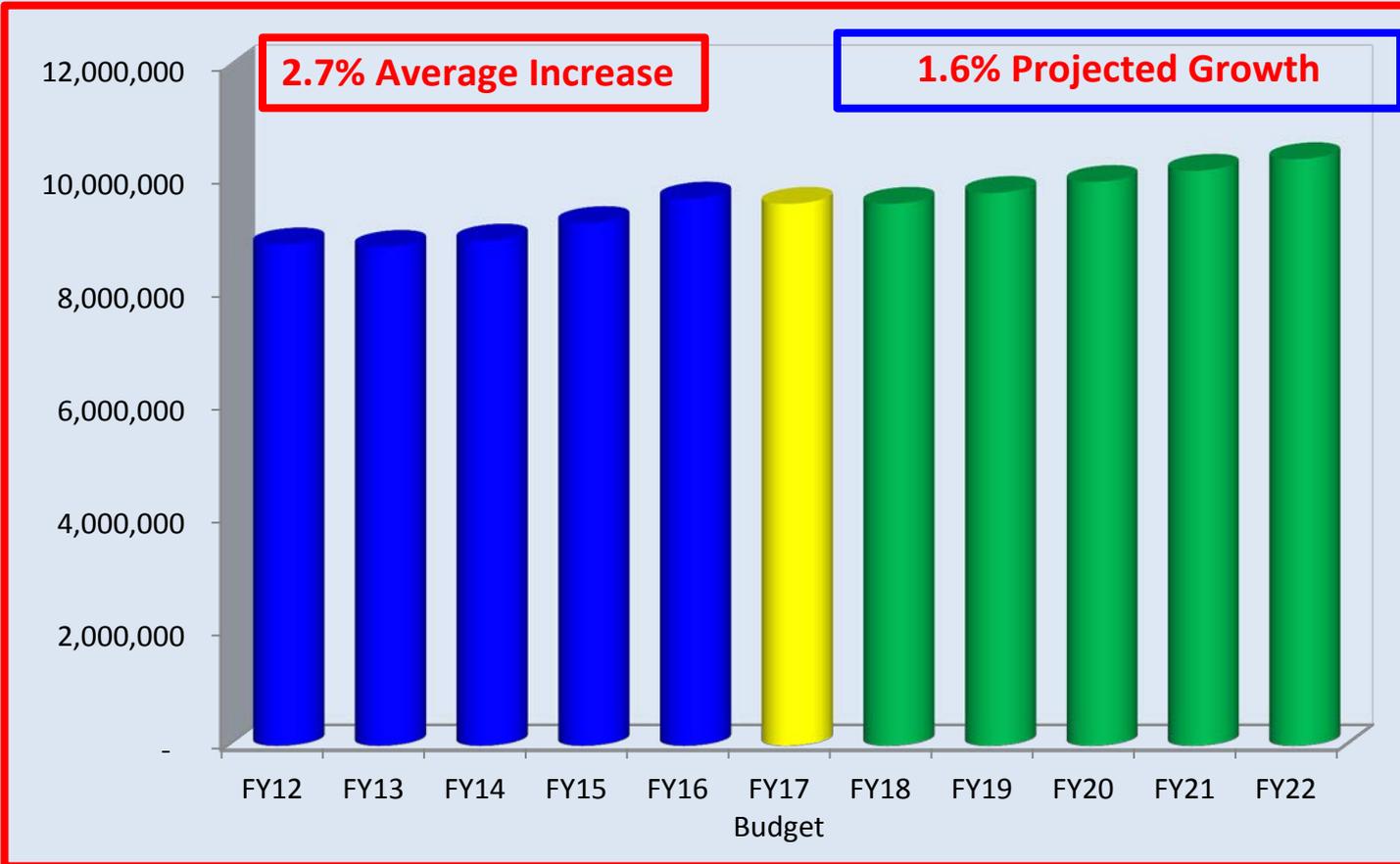


Revenues Returned to the FY08 Level in FY16.

Since Hitting the Bottom in FY11, Revenues Have Increased by \$1,200,000 Indicating a Positive Economic Trend.



Sales Taxes 5-Year Projection

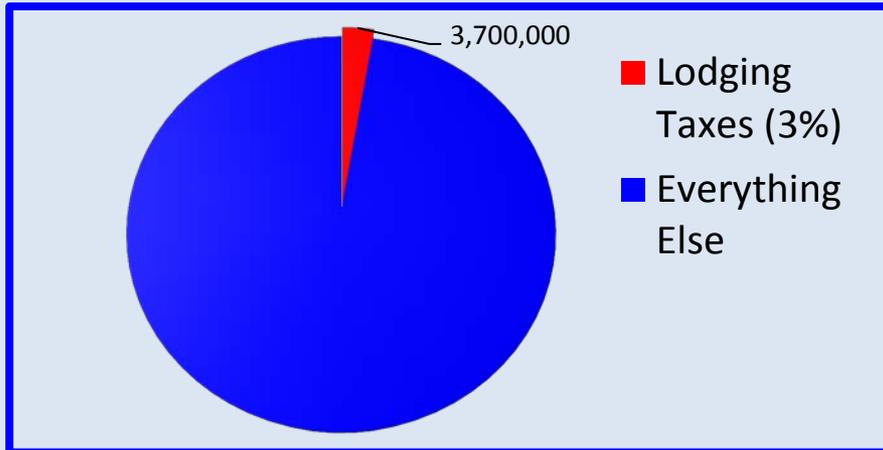


Sales Tax Revenues are Highly Volatile and Subject to the Higher Risk of Lost Revenue Related to Internet Sales.

However, Since Hitting the Bottom in FY2011, the Trend Has Been Favorable. Therefore, Moderate Growth is Projected.



Lodging Taxes



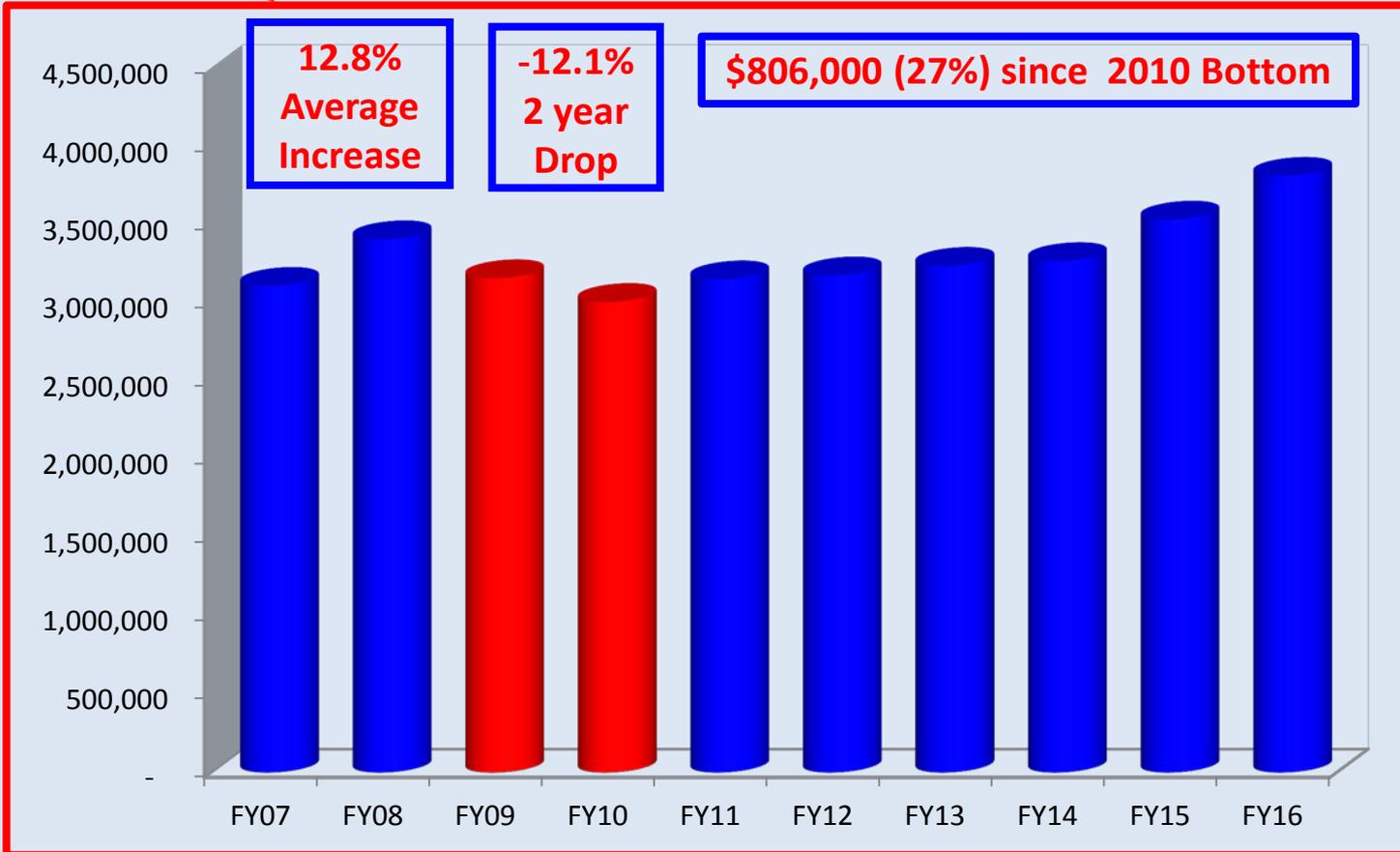
60% of Lodging Taxes Transfer to the Tourism Fund

All Positive News:

- ❖ In FY15 Lodging Taxes Recovered and Exceeded FY08's High of \$3.4 Million. There Has Been Steady Average Growth of 4.1% Since 2010, Indicating Economic Growth.
- ❖ FY15 & FY16 Reflected Extraordinary Average Growth of 8%. FY17 is Only Tracking 2% Above FY16 at the Six-Month Point.



Actual Lodging Taxes



FY08's Revenues Were High Due to the Jamestown 400 Year Anniversary Celebration

Steady Average Growth Since 2010 = 4.1%

Extraordinary Growth in FY15 (8.1%) & FY16 (7.9%)



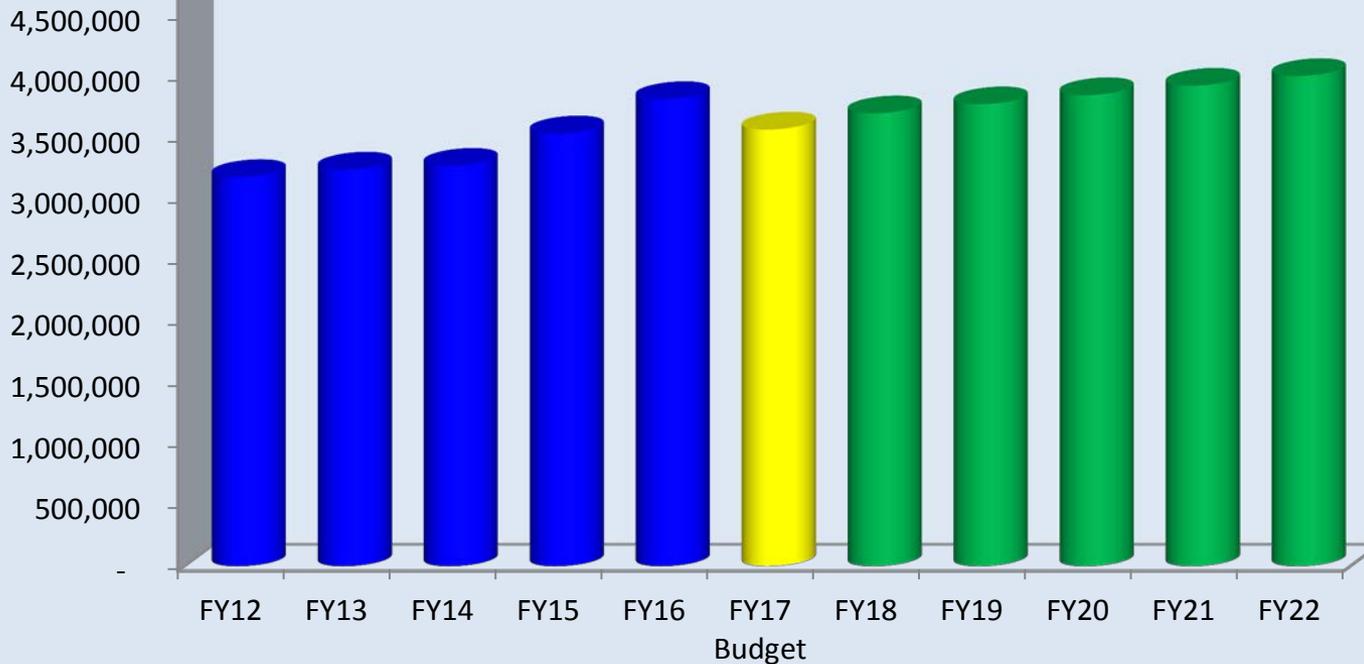
Lodging Taxes

5-Year Projection – Positive News

3.3% Average Growth

+3.7

2.0% Projection

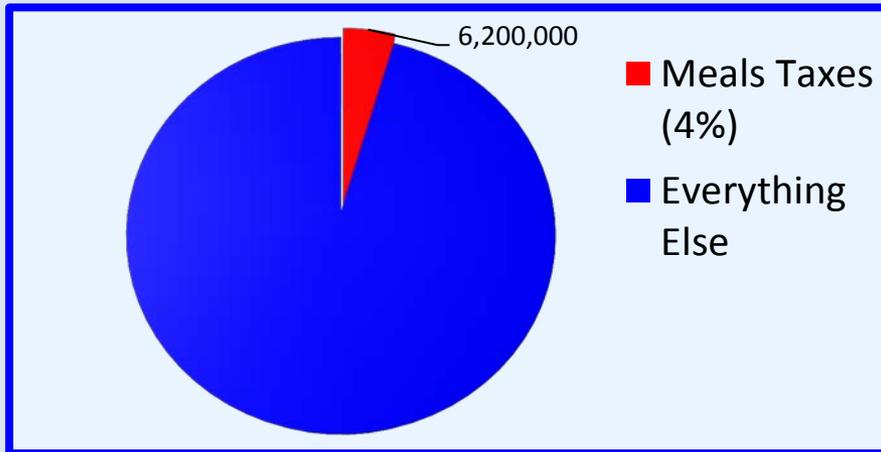


The Increase in Lodging Taxes Revenues is a **Positive Economic Indicator** That Tourists Continue to Visit the Historic Triangle.

60% of the new revenue will be transferred to the Tourism Fund



Meals Taxes



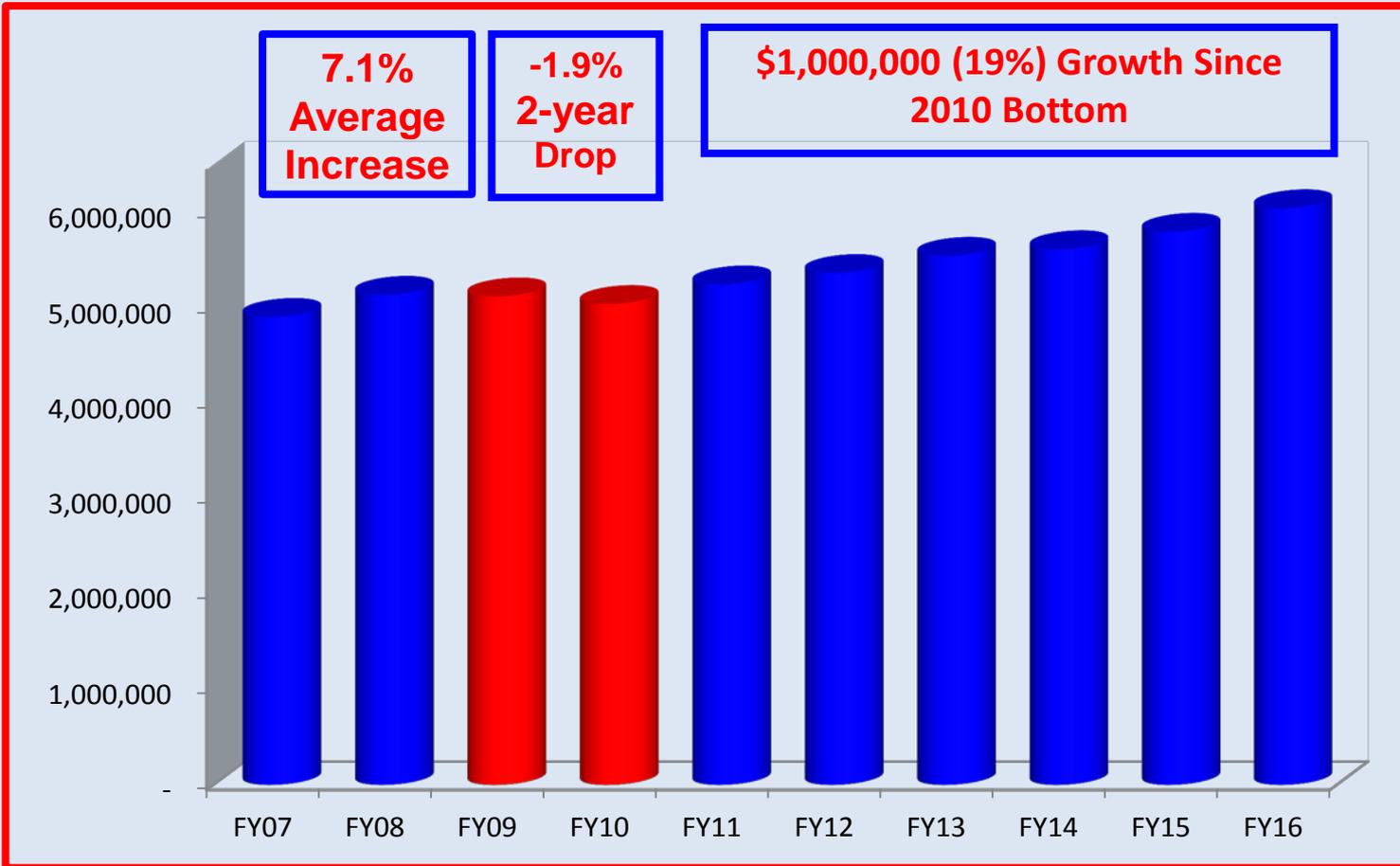
50% of the Meals Tax is Transferred to Sewer Funds

All Positive News:

- ❖ Steady Growth Since 2010
- ❖ 2.8% Average Growth Since 2010
- ❖ Adding \$160,000 a Year
- ❖ FY17 is Running At a 3.6% Growth Rate Through December



Actual Meals Taxes

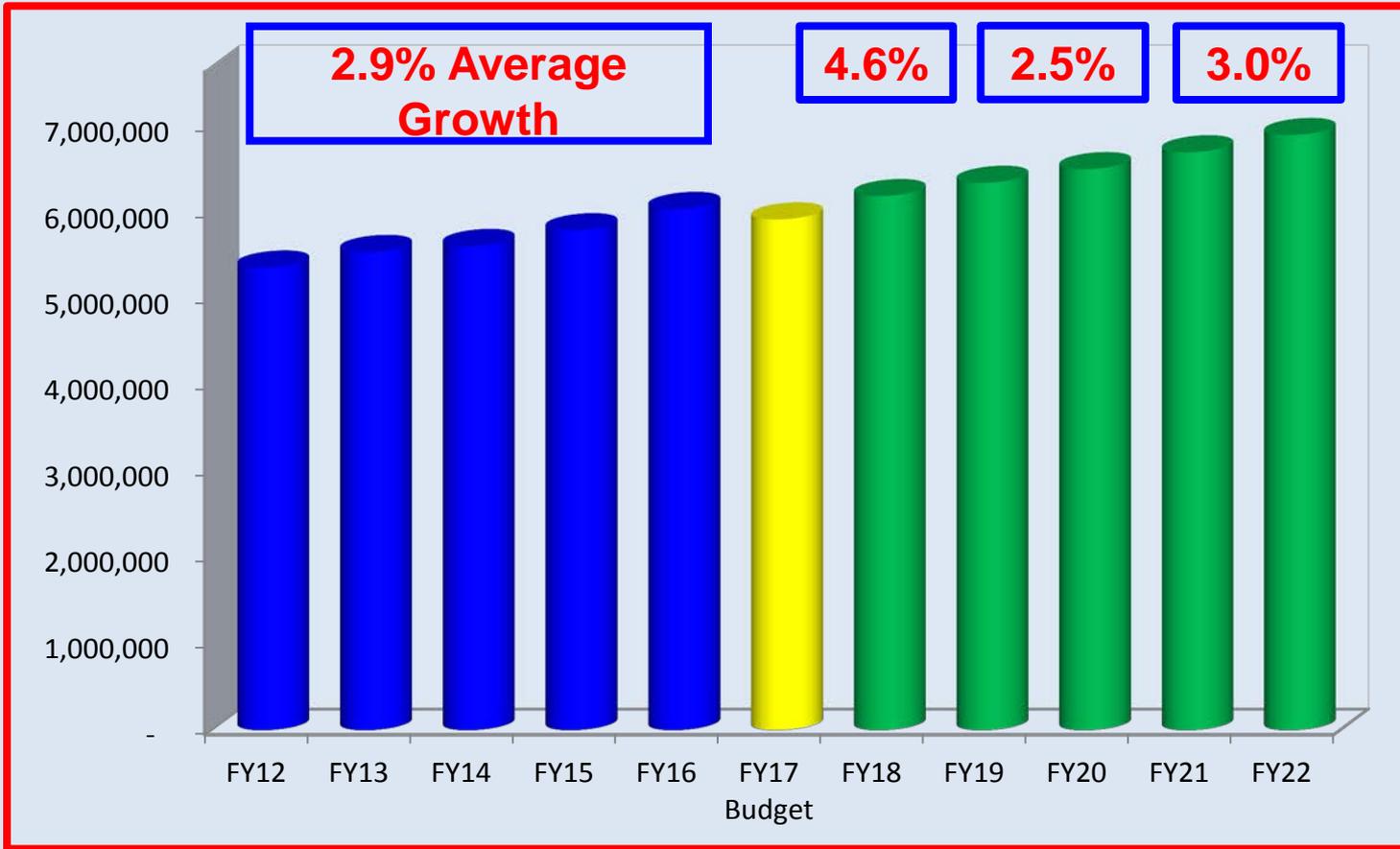


Steady Growth Since 2010.

Average Growth Since 2010 = 3.1%



Meals Taxes 5-Year Projection



The Continuous Increase in Meals Tax Revenues is a **Positive Economic Indicator** That Citizens and Tourists Have Discretionary Income to Dine Out.



Developing Five-Year Revenue Model

Assumptions for 5-Year Revenue Forecast

	FY2017 Current Year Budget	FY2018	FY2019	FY2020	FY2021	FY2022
Assumptions:						
Revenues:						
Real Estate	1.5%	1.9%	2.0%	2.0%	2.0%	2.0%
Public Service Corporation	-6.1%	-19.5%	0%	0%	0%	0%
Personal Property Taxes	7.6%	11.4%	3.0%	3.0%	3.0%	3.0%
State - PPTRA	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
State - Other	3.0%	0.7%	1.0%	1.0%	1.0%	1.0%
Sales Tax	4.2%	0.0%	2.0%	2.0%	2.0%	2.0%
Occupational Licenses	-0.3%	-0.5%	2.0%	2.0%	2.0%	2.0%
Motor Vehicle Licenses	-6.5%	5.0%	1.5%	1.5%	1.5%	1.5%
Lodging	6.0%	3.7%	2.0%	2.0%	2.0%	2.0%
Meals Taxes	2.0%	4.6%	2.5%	2.5%	3.0%	3.0%
Permit Fees and Regulatory Licenses	-1.7%	-10.7%	2.0%	2.0%	2.0%	2.0%
Charges for Services	-10.1%	5.2%	2.0%	2.0%	2.0%	2.0%
Other (Everything Else)	-0.5%	0.7%	2.0%	2.0%	2.0%	2.0%
Total Revenues	.5%	2.0%	1.9%	1.9%	2.0%	2.0%



Developing Five-Year Revenue Model

Snapshot of 5-Year Revenue Forecast

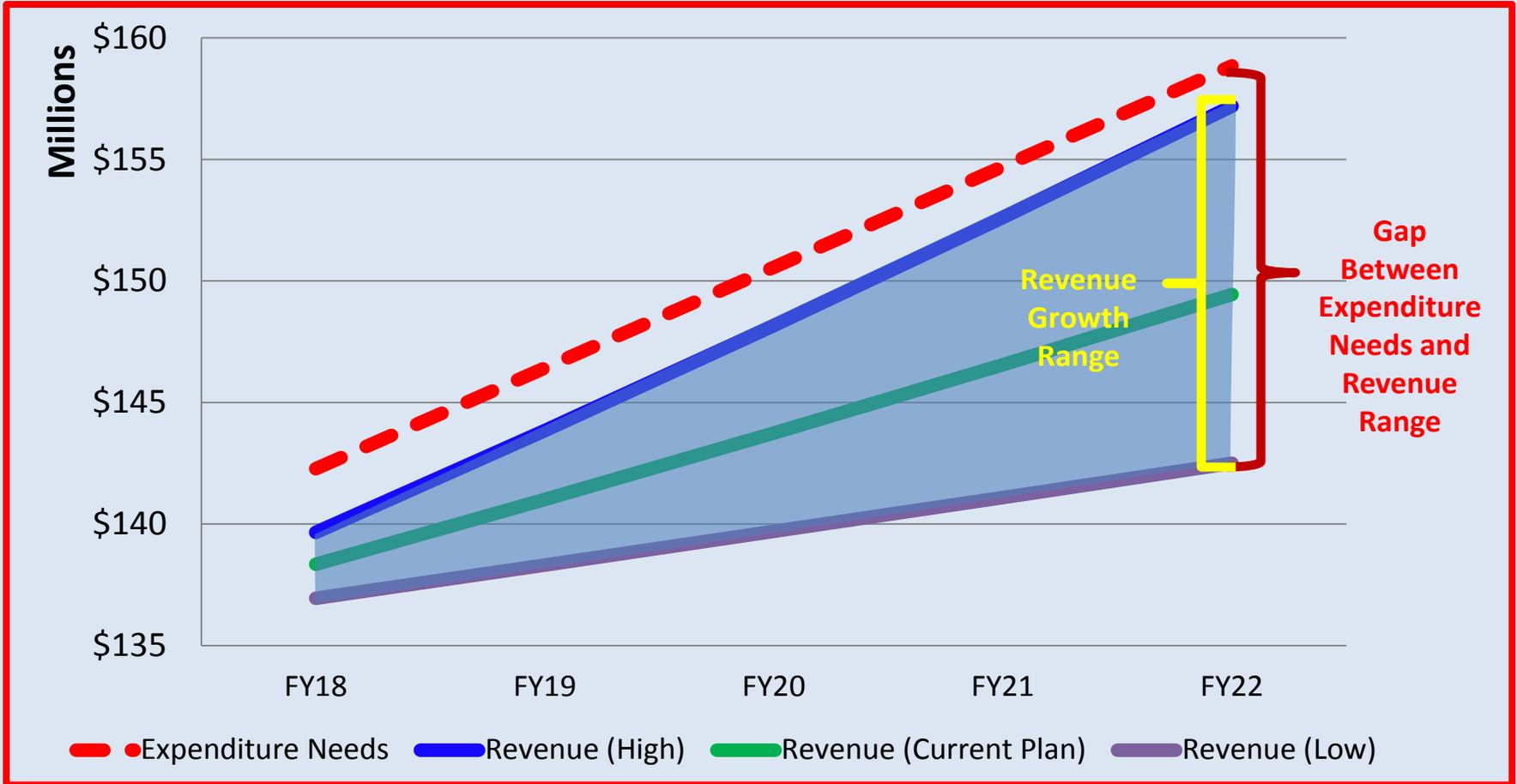
		FY2017 Current Year Budget		Forecasted Budget FY2018	FY2019	FY2020	FY2021	FY2022
Revenues:								
Real Estate	49%	66,565,000	49%	67,829,000	69,186,000	70,570,000	71,981,000	73,421,000
Public Service Corporation	2%	3,076,000	2%	2,476,000	2,476,000	2,476,000	2,476,000	2,476,000
Personal Property Taxes	10%	13,558,000	11%	15,100,000	15,553,000	16,020,000	16,501,000	16,996,000
State - PPTRA	6%	8,742,000	6%	8,742,000	8,742,000	8,742,000	8,742,000	8,742,000
State - Other	4%	4,890,000	4%	4,925,000	4,974,000	5,024,000	5,074,000	5,125,000
Sales Tax	7%	9,577,000	7%	9,577,000	9,769,000	9,964,000	10,163,000	10,366,000
Occupational Licenses	5%	6,183,000	4%	6,150,000	6,273,000	6,398,000	6,526,000	6,657,000
Motor Vehicle Licenses	1%	1,519,000	1%	1,595,000	1,619,000	1,643,000	1,668,000	1,693,000
Lodging	3%	3,568,000	3%	3,700,000	3,774,000	3,849,000	3,926,000	4,005,000
Meals Taxes	4%	5,930,000	4%	6,200,000	6,355,000	6,514,000	6,709,000	6,910,000
Permit Fees and Regulatory Licenses	1%	840,000	<1%	750,000	765,000	780,000	796,000	812,000
Charges for Services	2%	1,999,000	2%	2,103,000	2,145,000	2,188,000	2,232,000	2,277,000
Other (Everything Else)	7%	9,142,000	7%	9,202,000	9,386,000	9,574,000	9,765,000	9,960,000
Total Revenues		135,589,000		138,349,000	141,017,000	143,742,000	146,559,000	149,440,000
Total Increase				2,760,000	2,668,000	2,725,000	2,817,000	2,881,000
Projected Annual Increase				2.0%	1.9%	1.9%	2.0%	2.0%

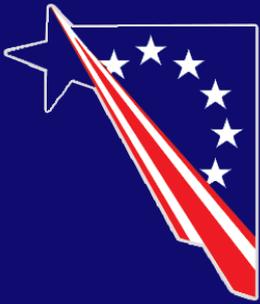


5-Year Expenditure Forecast



5-Year Plan Expenditure Needs Exceed Projected Revenues





Fiscal Year 2018
March 7, 2017
Multi-Year Budget

