



# **Proposed Franklin County 2023-2024 Budget**

**March 7, 2023**

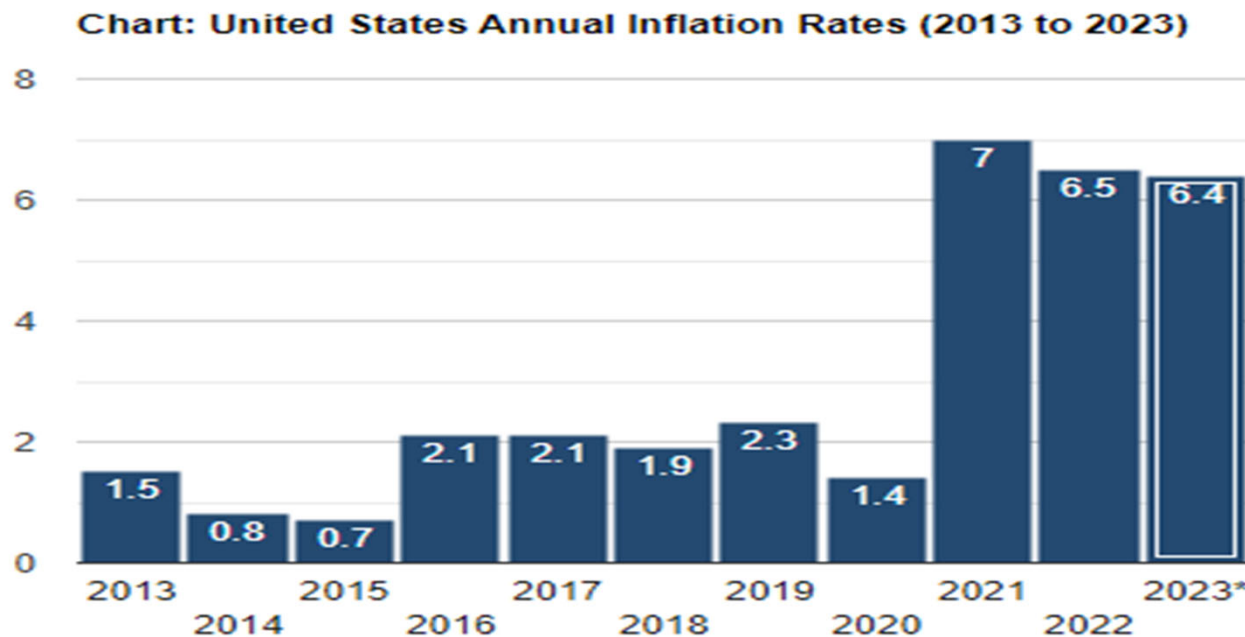


*“Be vewy vewy quiet, I’m hunting wabbits!, He-e-e-e-e!” – Elmer Fudd*



# FY 24 Budget Challenges

- ❑ The consumer price index (CPI) continues to drive up Annual Inflation with current rate of 6.4%.
- ❑ Significant, Persistent Inflation during the last two years. Continued inflation expected for the foreseeable future.







# FY 24 Budget Climate

- ❑ Inflation and various service growth demands are outpacing available, local revenues.
- ❑ While the state may report strong income tax growth, please be reminded a locality's budget primarily is guided by new discretionary revenue from general property taxes.
- ❑ In a non-reassessment year, the preliminary local discretionary revenue forecast indicates minimal growth (.65% real estate vs. 6.4 % sustained inflation; car values moderating)

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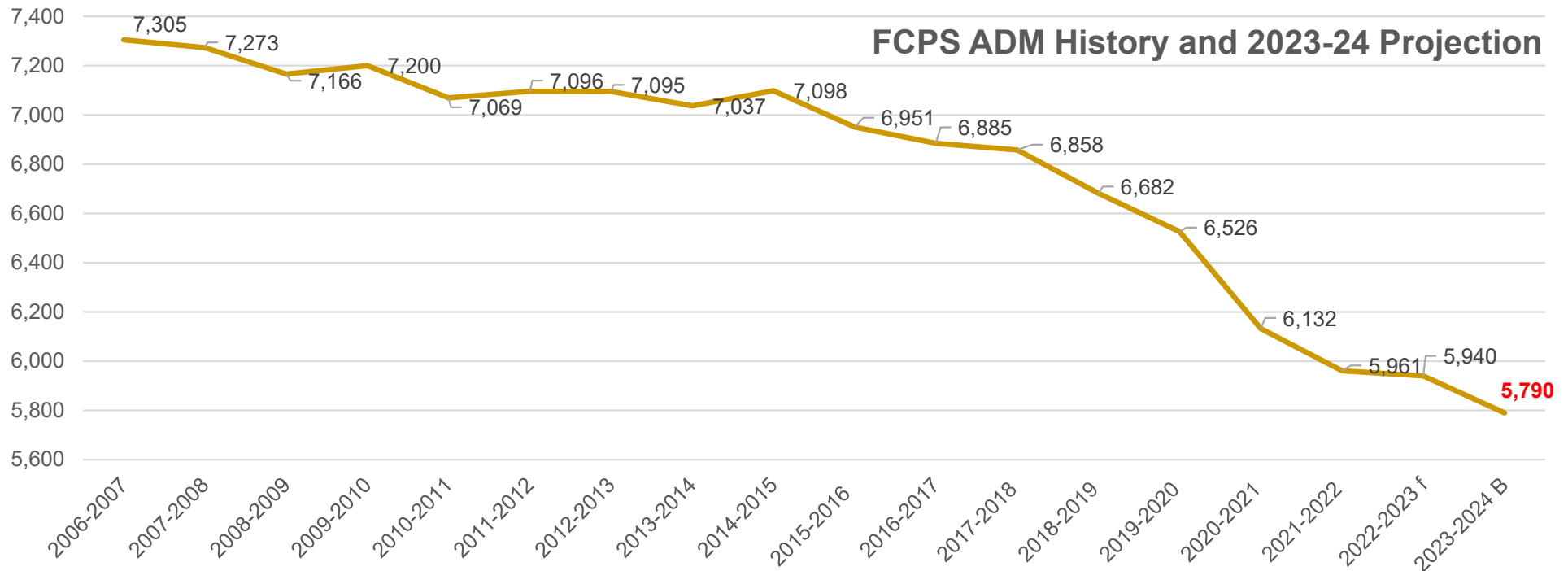
\*Above Items are Budget Assumptions and are subject to change



# School ADM Challenges

## Continued Loss of Students (ADM)

- ADM budget of 5,790 is a reduction of 50 from this year's original budget of 5,840. Forecast ADM for FY23 is 5,940, which represents a year over year reduction of 150 students. SOQ funding is based on average daily membership as of March 31<sup>st</sup>





# FY 24 Budget Pressures

## Operational Environment

- ❑ **Energy---** Higher Fuel and Utility Costs
  - ❑ **Supply Chain Issues** (i.e. apparatus, equipment, materials are driving costs)
  - ❑ **Maintenance Service Costs** (i.e. Professional Services– financial, auditing, service consulting and Technical Services– software, cybersecurity, systems monitoring, etc.)
  - ❑ **CSA** – Increased Complexity of Cases and Increasing Rates for Providers, Vendors (i.e. Group Homes, Foster Care, Therapy Services, etc.)
  - ❑ **Labor Market** – Competition with Private Sector remains strong
  - ❑ **Sustained Increase in Jail Population** (County pays more debt service of facility based on rolling average of locality's inmate count.)
  - ❑ **Juvenile Detention** - Increased rates and population
  - ❑ **Decline in School Enrollment** Results in Less State Funding
    - ❑ Loss of 1465 students since 2010 or -20% (projected loss of another 50 for next year)
  - ❑ **Minimum Wage** Increase effective 1/1/23
  - ❑ **COLA 7%** state Comp Board and SOQ match; Sustaining Competitive Market Pay
  - ❑ **Health Insurance Renewal** (significant claims year w/ health care inflation)
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# FY 24 Operational Requirements

## Local Governments NOT Immune from Inflation

- ❑ Vehicle & Equipment Fuel increase of **\$221K**
- ❑ General Maintenance Service Contracts Increase of **\$84K**
- ❑ Radio Communications System Maintenance Increase of **\$316K**
- ❑ Electrical & Utility Rate Increases of **\$90K**
- ❑ Professional Services Increases of **\$86K**
- ❑ Vehicle Maintenance Increases of **\$88K**
- ❑ Maintain Competitive Market COLA 7% **\$1.95 Million**
- ❑ Minimum Wage Increase **\$50K**
- ❑ Health insurance increase of 25% of Employer Share and 18% of Employee Share is **\$1.02 Million**

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\*\*Projections as of March 7, 2023 and subject to change





# FY 24 Operational Demands

- ❑ CSA Cost Demands Increase of **\$369K** projected for FY 24
- ❑ Sustained addition of local inmates at the WVRJ results in an increase of **\$914K** to cover expenses for FY 24
- ❑ Recent additions in the number of local juveniles at the RVJDC results in an increase of **\$168K** for next year

TOTAL of these associated inflationary operational requirements and service demands as listed is approximately **\$5,356,000**

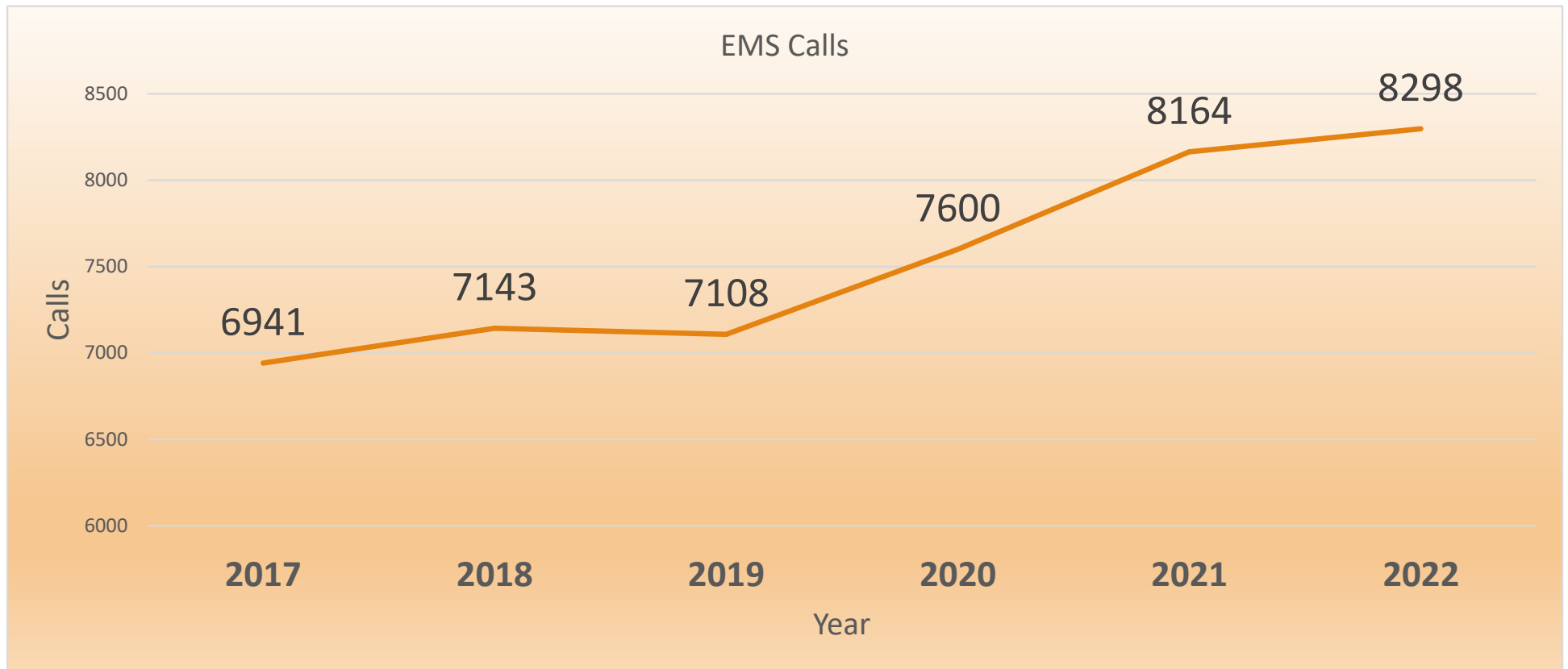


# Service Calls Increase

## 24/7 EMS Coverage Demands



15+% Increase of EMS Calls (sustained increase over last five years)





# Service Demand Increases

## ❑ Some Other Examples

- ❑ Building Inspections, Plan Reviews, and Permits
- ❑ Parks & Recreation Programs and Parks Maintenance
- ❑ General Properties Repairs and Upkeep of Aging Facilities
- ❑ Information Technology Support Requests
- ❑ Finance & Human Resources (i.e. GASB, Risk Management, Insurance, etc.)
- ❑ Solar Project Reviews
- ❑ Short Term Rental Permit Compliance
- ❑ Twice per year Collections
- ❑ Early and Absentee Voting
- ❑ Federal & State Grant Applications and Project Management
- ❑ Capital Infrastructure Planning and Development



# FY 24 Budget Challenges

- ❑ Further Operational Needs Require Revenue Growth
  - ❑ In addition to inflationary costs and service demand funding requirements, 20 new positions of approximately \$1.8 Million was requested by departments for the FY 24 Budget
- ❑ Capital Funding continues to be a challenge whether in a flat year or in a growth year of revenues.

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# FY 24 Capital Challenges

- ❑ Capital Funding has remained relatively flat
- ❑ Annual Recurring Local Funding \$2.4 million
- ❑ \$19.3 million in total FY 24 CIP County Department requests
- ❑ Structural Imbalance Deficits
- ❑ Capital budgets will continue to be increasingly challenging going forward to address items such as Aging Facilities (i.e. Roofs, HVACs, elevators, etc.), Landfill Equipment, Buses, Fire, Emergency, and other rising Apparatus & Fleet costs





# FY 24 Budget Resources

## ❑ Normalizing Revenue

- ❑ Nominal Real Estate growth in a non-reassessment year
  - 0.65% or \$280K
- ❑ Moderate Personal Property growth
  - 4.7% or \$758K
- ❑ Sales Tax
  - Continued, yet tempering growth of \$835K
- ❑ Transient Occupancy
  - Healthy growth of \$142K
- ❑ Noteworthy Interest Earnings
  - Inflation's negative impact compelled the Federal Reserve to raise rates, thereby creating a continued domino effect of higher interest rate returns on bank deposits of projected \$2 million

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\*\*Revenue Projections as of March 7, 2023 and subject to change





## FY 24 Budget Climate

“A Stop Gap can be defined as a short-term measure utilized until something more permanent is known and Maintenance is defined as the financial means of providing necessary support”. The proposed FY 24 Budget will utilize nominal revenue to sustain operations, capital, and strategic priorities.

# FY 24 Budget: Strategic Connectivity



## Board Strategic Priorities

Dynamic Community Safety

Responsible Government Operations

Enhanced Educational Opportunities

Strategic Economic Development

Conserving & Promoting  
Natural Assets

Well Planned Growth





## Responsible Government Operations - Strategic Priority

- Proposed FY24 Budget Sustains Operational Pressures
  - Meets Service Demand Increases
  - Covers Inflationary Increases
    - Fuel
    - Maintenance Contracts
    - Electricity, Utilities, etc.
    - Minimum Wage Increases
- Meets Minimum State Compensation Budget of 7% COLA
- Responsive to Board Initiated Employee Benefits Survey
  - Reduces significant 25% employee share of health insurance increase to 7%
  - Addresses VRS and other obligations, including VRS health credit afforded to other state supported employees





## Dynamic Community Safety - Strategic Priority

- ❑ Proposed FY24 Budget Sustains Community Safety Measures
  - ❑ Continued support of competitive compensation for law enforcement and public safety personnel
  - ❑ Maintains Public Safety EMS coverage structure
    - Assists to keep Stations staffed 24/7 while working to continually improve response times
  - ❑ Supports Fire-EMS Volunteers
    - Provides enhanced apparatus maintenance funding
    - Addresses apparatus replacement





## Enhanced Educational Opportunities - Strategic Priority

- ❑ Proposed FY24 Budget Enhances Educational Efforts
  - ❑ State Hold Harmless & Federal School Funding Provisions
  - ❑ Local Funding Increase Request of \$961K
  - ❑ Maintains Schools Capital Funding of \$1,420,000
  - ❑ Recommends seed funding for tuition assistance for Franklin County Ferrum College students and continues support of Franklin County VWCC Community College Access Program





## Strategic Economic Development - Strategic Priority

- ❑ Proposed FY24 Budget Supports Economic Opportunities
  - ❑ Continues support of Job Creation and Infrastructure Development funds for incentives of major private capital investment projects to new and expanding businesses
  - ❑ Provides funding support to strengthen small business growth
  - ❑ Increase of Marketing efforts
  - ❑ Sustains capacity to attract new jobs and investment, as well as provide greater business retention and expansion services







## Conserving & Promoting Natural Assets - Strategic Priority

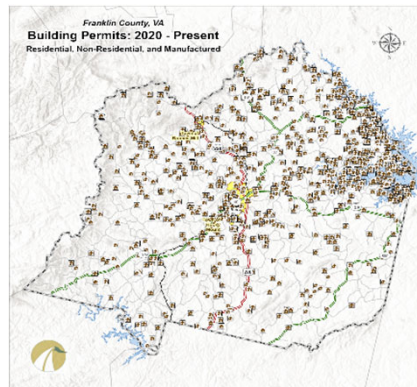
- Proposed FY24 Budget Promotes Community Assets for Visitors, Residents, and Businesses
  - Funding for Tourism Initiatives (Strengthens the County's outdoor recreation brand and opportunities which increases attractiveness for visitors and new residents).





## Well Planned Growth - Strategic Priority

- Proposed FY24 Budget Builds Infrastructure Capacities
  - Supports expansion of new Landfill Cell & facility improvements
  - Furthers Village Planning & supports Housing growth
  - Utility Expansion Projects
  - Broadband Expansion with new Fiber to the Home connections





# Proposed FY 24 Budget

- ❑ Seeks to sustain the County's strategic priority areas.
- ❑ Meets inflationary and service demand obligations.
- ❑ Addresses Board priority of supporting competitive employee retention.
- ❑ Incorporates Board direction as to no property tax rate increases.
- ❑ Utilizes the good fortune of significant interest earnings



# FY 24 Budget – Sustaining Revenue

- ❑ Strategic Revenue Investments
  - ❑ Davenport advised the Board last November to secure funds realized through last year's twice per year real estate collections into an interest account as markets were favorable for interest earnings.
  - ❑ Following direction and guidance, staff worked with the Treasurer to invest \$20 million of those funds into the Virginia Local Government Investment Pool which is currently earning 4(+)% percent, thereby generating very healthy revenue.
  - ❑ Such earnings result in the good fortune to assist other projected revenues as a stop gap measure in the FY 24 Budget.
  - ❑ Additional \$1.5 million of the twice per year collections has been identified to address various one time needs within the FY 24 Budget.
    - ❑ Scheduled Fire Apparatus Replacement
    - ❑ Broadband – VATI Investment Match
    - ❑ Seeds modest support for Ferrum College tuition assistance program



# FY 24 Proposed Budget Summary



- ❑ Balanced Budget
- ❑ No Property Tax Rate Increases
- ❑ Discretionary Revenue Increase of 5.4% narrowly sustains any market inflationary costs
- ❑ Overall Proposed FY 24 Budget is approximately \$183,813,817 (minimal 1.01 % increase)
- ❑ Stop Gap Maintenance Budget
  - ❑ Expenses are balanced with good fortune of interest earnings
  - ❑ Insufficient revenue to support new positions at this time
  - ❑ Economic Volatility will require ongoing FY 24 Budget Reviews

# FY 24 Proposed Expenditures



Schools  
59.3%

Judicial  
1.97%

Parks,  
Rec. &  
Cultural  
1.64%

Public  
Works  
2.85%

Gen.  
Admin. &  
Comm.  
Dev.  
5.37%

Law  
Enforcement  
& Public  
Safety  
12.30%

Health  
&  
Welfare  
9.52%

Capital  
Outlay,  
Utilities &  
Debt  
7.05%



# FY 24 Proposed Revenues



County  
Funds  
43.09%



State Funds  
County  
9.47%



State School  
Funds  
27.60%



Federal  
School  
Funds  
11.57%



Fund  
Balance,  
Utilities,  
County  
7.58%

Local  
School  
Funds  
.69%



# FY 24 Budget Next Steps

## ■ Budget Information

- ❑ County Website
- ❑ Libraries
- ❑ Administration & Finance

## ■ Budget Next Steps

- ❑ March 14<sup>th</sup> – Possible Budget Work Session
- ❑ Additional Work Sessions (As Needed)
- ❑ March 28<sup>th</sup> Budget Public Hearing 6:00 pm
- ❑ April 11<sup>th</sup> Budget Adoption 3:00 p.m.

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Appreciation to County Staff for Assistance in the  
Development of This Budget