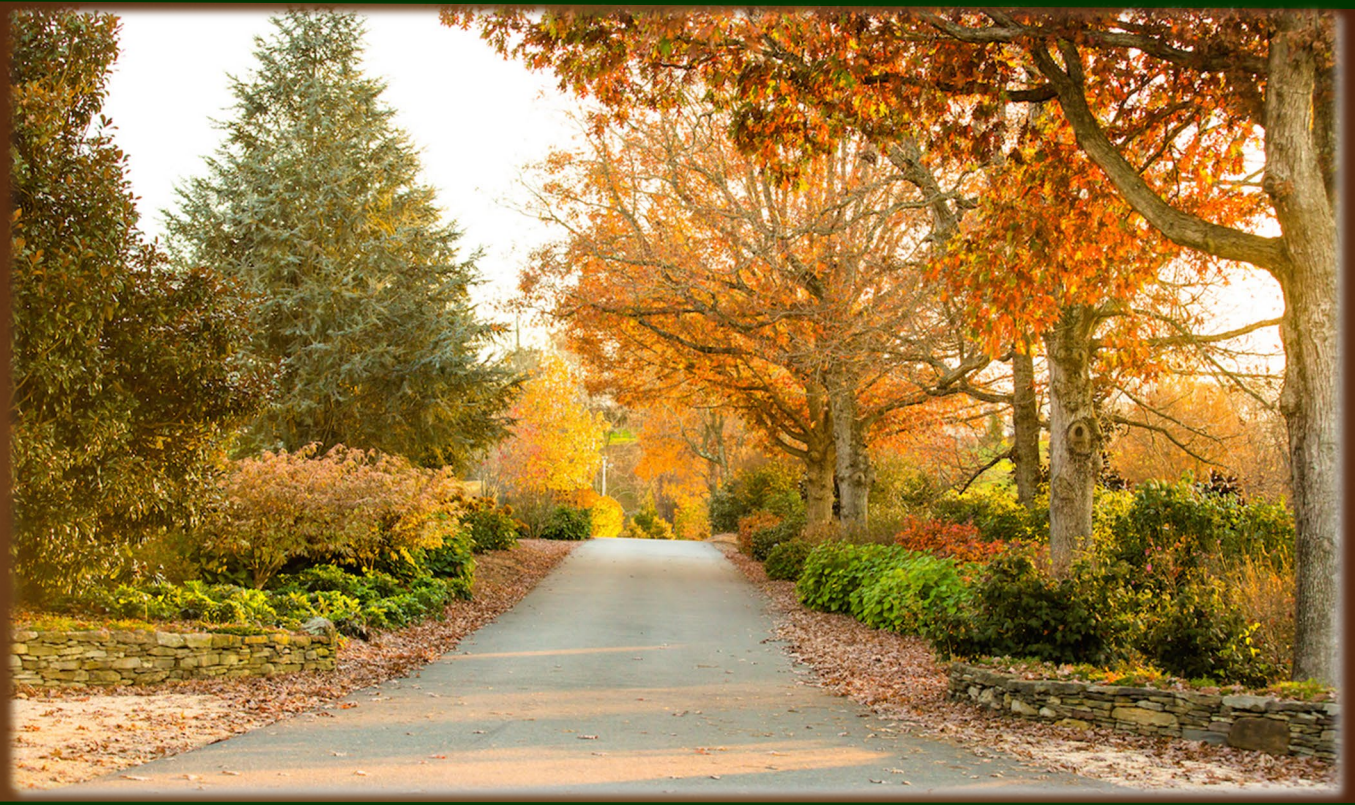
Public Hearing for Proposed Budget
Fiscal Year 2020-2021



Orange County, Virginia

April 21, 2020

BOARD OF SUPERVISORS FINANCIAL POLICIES

(ADOPTED 1.27.2015; AMENDED 7.26.16)

FINANCIAL PHILOSOPHY

Orange County will have appropriately scaled local government services and programs that are funded at levels to sufficiently meet the needs and expectations of our citizens and businesses consistent with the revenues and economic capacity of the County.

FINANCIAL POLICY GOALS

- Contributes significantly to the County's ability to insulate itself from fiscal crisis
- Enhances short term and long term financial credit ability by helping to achieve the highest credit and bond ratings possible
- Promotes long-term financial stability by establishing clear and consistent guidelines
- Directs attention to the total financial picture of the County rather than single issue areas
- County services are maintained at existing levels and standards as a function of population changes, keeping a strong focus on maintaining high quality public education, law enforcement, and Fire/EMS
- Short Term Debt, such as lease purchase agreements used primarily for capital equipment purchases, should be used for aiding and smoothing cash flow
- First priority is to expand the County's economy as a growing source of tax revenue to lessen the tax burden on residential real estate, which currently funds 22% of the total consolidated annual budget
- Not to raise tax rates and to do so only in cases where the County must meet legal mandates, fund specific capital projects, or when a revenue source is significantly diminished or lost

FY2020-2021 BUDGET DEVELOPMENT HIGHLIGHTS

- Budget guidance from the Board of Supervisors directed that the adopted Financial Policies be applied in developing the County Administrator's proposed FY2020-2021 Operating and Capital Budgets.
- In keeping with the Board of Supervisors' *Tax Revenue Generation Policy* no effective increase for any local tax rate is recommended in the County Administrator's proposed FY2020-2021 Operating and Capital Budgets.
- The main change in the structure of the FY21 budget is the separation of a portion of the real estate levy (11 cents per $100 in real estate value) to directly support the activities of Fire, EMS and Emergency Management. A new fund was created to account for the activities supported by the levy. Additional funding sources include revenue recovery from EMS services and state grants earmarked for Fire, EMS and Emergency Management. All operational, capital and debt service costs related to these functions are now included within the separate fund. This change was made to provide transparency and to illustrate the value of these services.

CONSOLIDATED BUDGET COMPARISON

	2020 Adopted Consolidated Budget	2021 Proposed Consolidated Budget	Increase (Decrease)	Percent Change
General Fund	27,814,625	$ 23,375,949	$ (4,438,676)	-15.96%
Law Library Fund	13,000	13,000	-	0.00%
Virginia Public Assistance	3,724,577	3,854,419	129,842	3.49%
Fire/EMS Levy Fund	-	5,531,799	5,531,799	N/A
Capital Projects - County	1,608,878	2,092,904	484,026	30.08%
Capital Projects - 2020 Financing-County	-	3,033,000	3,033,000	N/A
Capital Projects - 2020 Financing-Schools	-	8,896,000	8,896,000	N/A
Debt Service Fund - County	3,515,109	4,168,461	653,352	18.59%
Debt Service Fund - School	5,930,360	6,119,050	188,690	3.18%
Airport Fund - operations	563,645	569,733	6,088	1.08%
Airport Fund - capital	1,242,000	105,000	(1,137,000)	-91.55%
Landfill Fund - operations	2,383,584	2,549,236	165,652	6.95%
Landfill Fund - capital	205,636	3,226,636	3,021,000	1469.10%
Landfill Fund - debt	26,414	488,732	462,318	1750.28%
School Operating Fund	52,227,212	52,631,646	404,434	0.77%
Child Care Fund	328,500	-	(328,500)	-100.00%
Food Services Fund	2,227,491	2,286,241	58,750	2.64%
School Textbook Fund	675,000	675,000	-	0.00%
Headstart Fund	1,650,000	1,450,747	(199,253)	-12.08%
Adult Educations Fund	378,280	419,530	41,250	10.90%
School Debt Service Fund	1,327,000	1,593,409	266,409	20.08%
School Capital Project Fund	778,000	778,666	666	0.09%
Total All Funds	**106,619,311**	**$123,859,158**	**$ 17,239,847**	**16.17%**
Less: Major Capital Projects (Proposed Financing)	-	$ (14,962,000)	(14,962,000)	N/A
Total Omitting Major Financed Capital Projects	**106,619,311**	**108,897,158**	**2,277,847**	**2.14%**

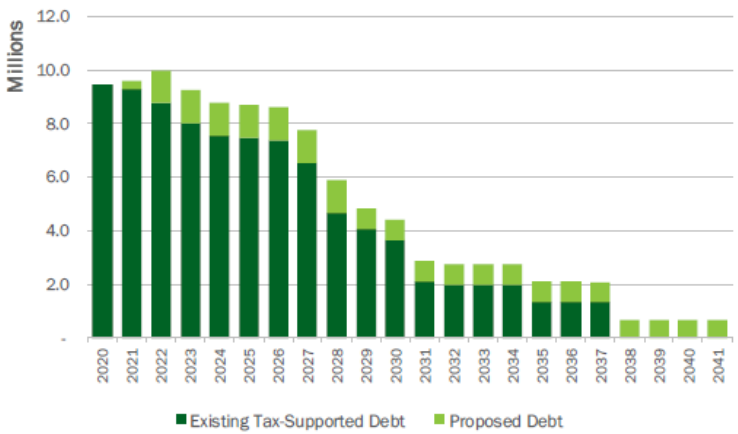
PROPOSED FY21 MAJOR CAPITAL PROJECTS (FOR FINANCING)

Landfill Expansion Cell	$3,033,000
Broadband Initiative	$3,033,000
Blue Bell Building Rehabilitation for Voc-Tech	$2,527,000
Gordon-Barbour Elementary Addition/Roof	$6,369,000
Grand Total (Including issuance costs)	$14,962,000

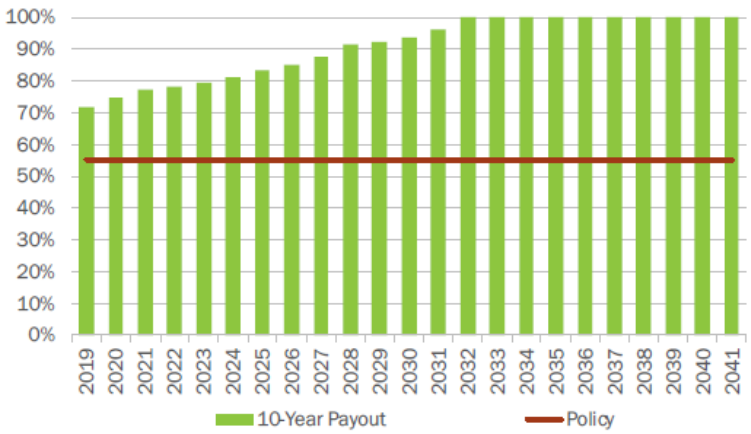
Total debt service for projects above in FY21 budget - $1,225,246

PROPOSED FY21 FINANCING MEETS POLICY GUIDELINES

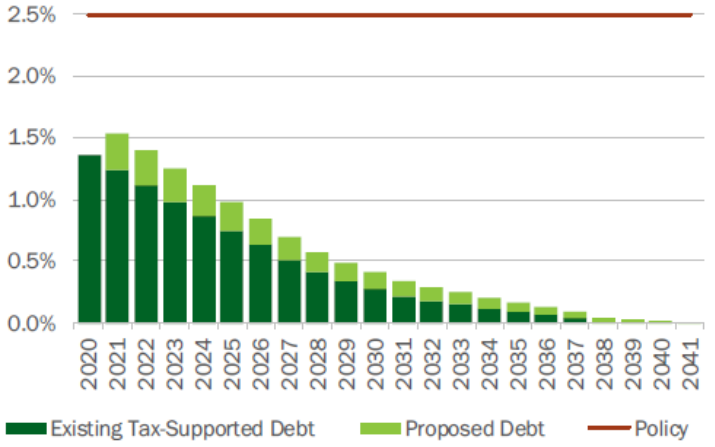
Existing & Proposed Debt Service



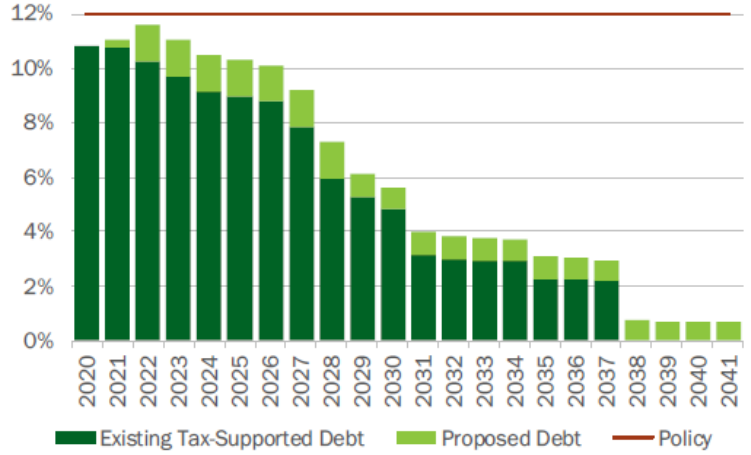
10-Year Payout



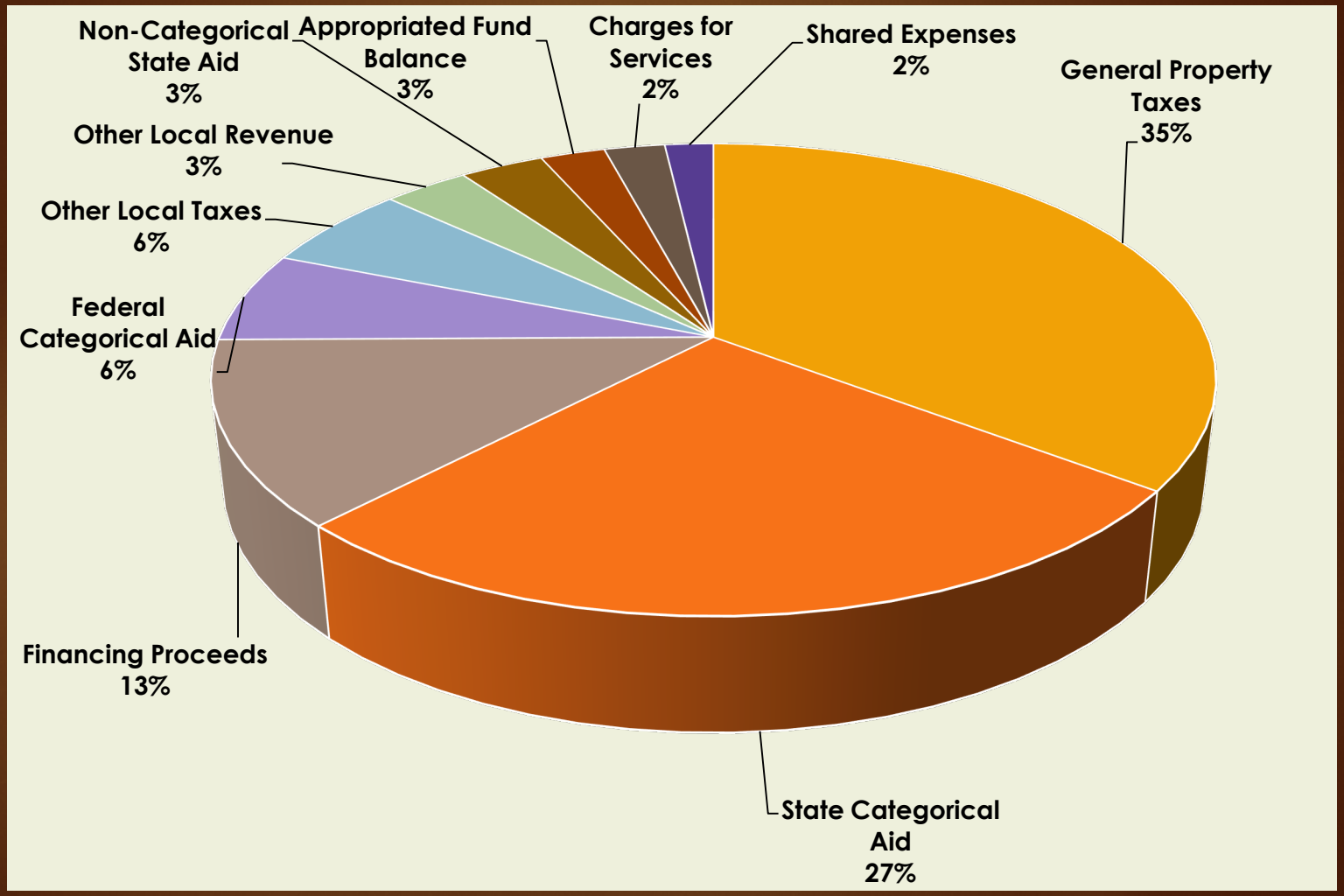
Debt to Assessed Value



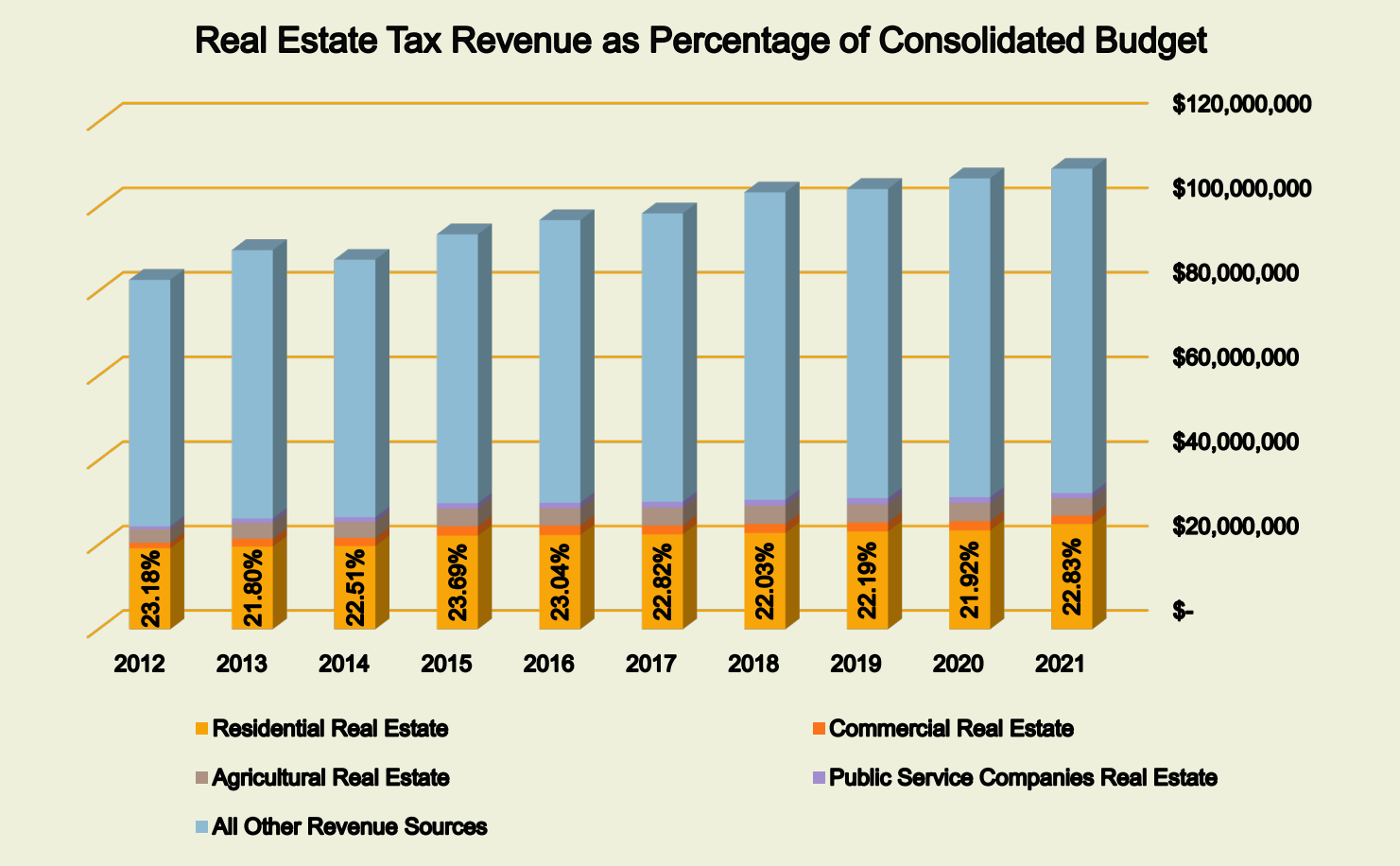
Debt Service to Expenditures



CONSOLIDATED BUDGET- REVENUE SOURCES SUMMARY



PERCENTAGE OF RESIDENTIAL REAL ESTATE REVENUE TO CONSOLIDATED BUDGET



* 2021 Consolidated Budget adjusted for major capital projects of $14,962,000 (proposed financing)
** Estimated levy for FY21

GENERAL REVENUE COMPARISON
(FY21 GENERAL AND FIRE & EMS FUND COMBINED)

Revenue Classification	FY2020 Adopted	FY2021 Proposed	Variance	Percent Change
Real Estate	$30,287,000	$31,719,487	$1,432,487	4.7%
Public Service	1,470,019	1,266,126	(203,893)	-13.9%
Personal Property	7,888,274	8,205,844	317,570	4.0%
Business Equipment	850,946	829,983	(20,963)	-2.5%
Machinery and Tools	943,830	942,119	(1,711)	-0.2%
Merchants Capital	204,086	195,367	(8,719)	-4.3%
Boats	172,222	153,407	(18,815)	-10.9%
Penalties and Interest	575,000	575,000	-	0.0%
Other Local Taxes	6,911,230	7,240,710	329,480	4.8%
Permits, Fees and License	442,251	466,130	23,879	5.4%
Fines and Forfeitures	180,000	182,000	2,000	1.1%
Use of Money and Property	458,967	539,301	80,334	17.5%
Charges for Services	1,864,978	2,030,804	165,826	8.9%
Miscellaneous	279,800	276,500	(3,300)	-1.2%
Recovered Costs	1,487,409	1,610,639	123,230	8.3%
Subtotal Local Revenue	**54,016,012**	**56,233,417**	**2,217,405**	4.1%
Non-Categorical Aid	4,087,418	3,996,835	(90,583)	-2.2%
Shared Expenses	2,270,452	2,351,747	81,295	3.6%
State Revenue	2,265,123	2,344,432	79,309	3.5%
Federal Revenue	89,343	87,796	(1,547)	-1.7%
Subtotal Intergovernmental Revenue	**8,712,336**	**8,780,810**	**68,474**	0.8%
Total Revenue	**62,728,348**	**65,014,227**	**2,285,879**	**3.6%**
Transfers from other funds	1,416	1,444	28	2.0%
Use of Fund Balance Reserve	1,404,678	2,699,630	1,294,952	92.2%
Total Revenue and Reserve	**$64,134,442**	**$67,715,301**	**$3,580,859**	**5.6%**

FY21 PROPOSED USE OF UNDESIGNATED GENERAL FUND REVENUES

Education (Operations Only), 38%

Debt Service, 19%

Public Safety, 11%

Public Works, 8%

General Government Administration, 6%

Health & Human Services, 6%

Community Development, 3%

Judicial Administration, 3%

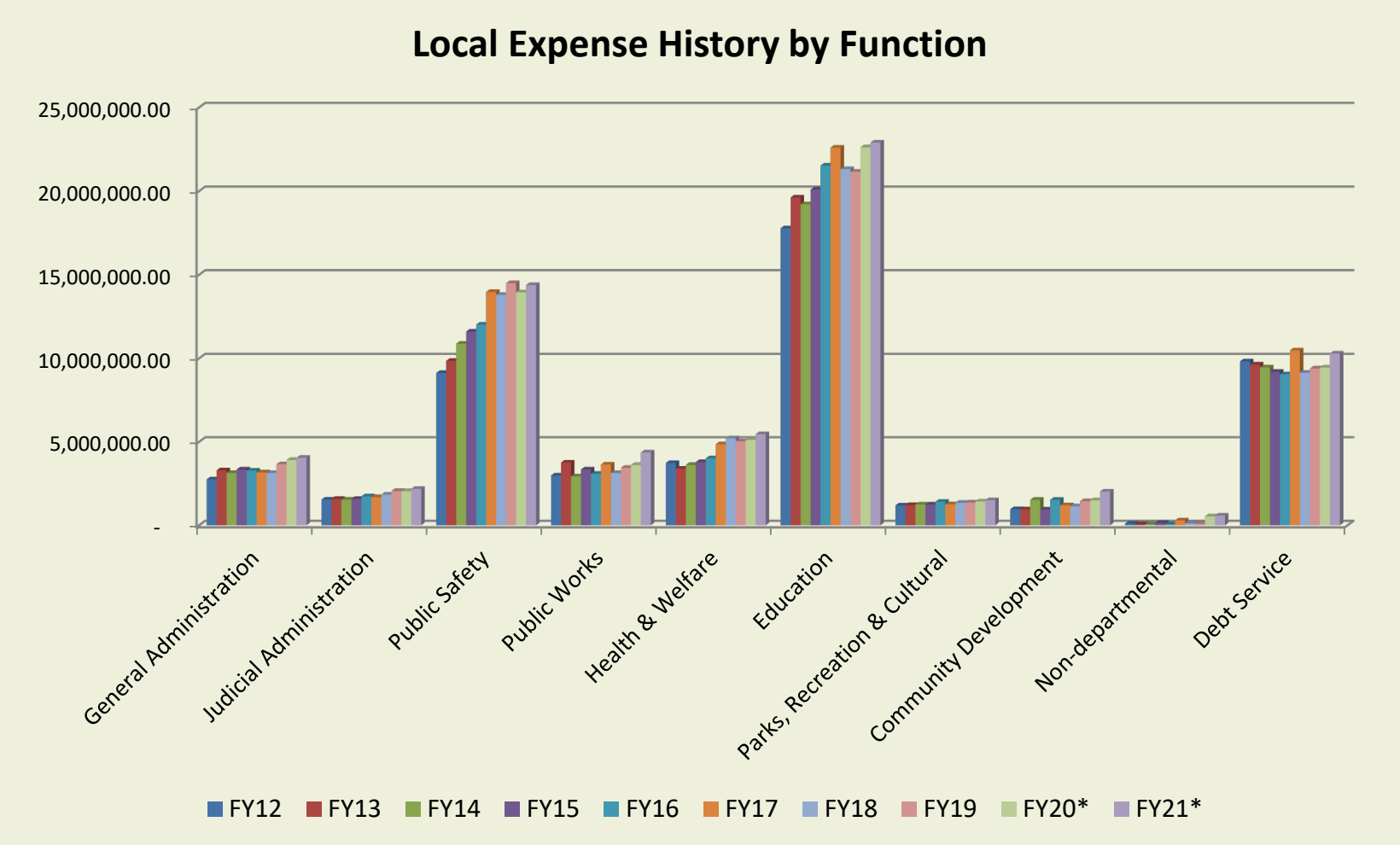
Capital Projects, 2%

Parks/Recreation & Culture, 2%

Non-departmental, 1%

A total of $7,636,870 in General Fund revenue is restricted for a particular program or activity, leaving a total of $53,702,546 in undesignated General Fund revenue sources.

TRENDS IN LOCAL EXPENDITURES BY FUNCTION



* FY20 and FY21 are Budget Estimates

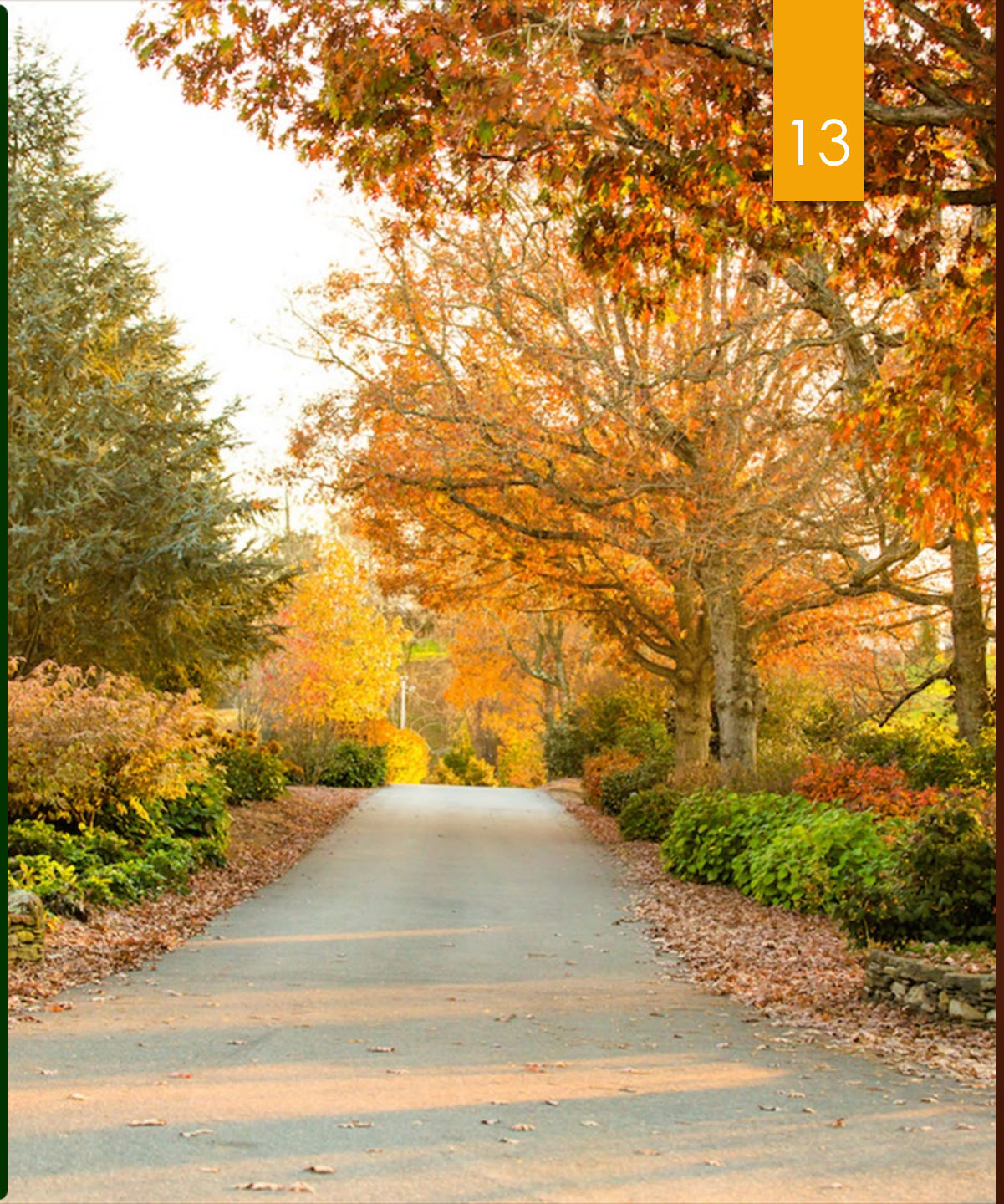
GENERAL FUND BALANCE REMAINS WITHIN POLICY GUIDELINES

General Fund Balance Available for Appropriation
Per County Fund Balance Policy

Actual Operating Expenditures & transfers out (GAAP Statements)	FY19 GAAP Statements	FY20 Year End Estimate	(General & Fire/EMS) FY21 Budget Estimate
General Fund Expenditures & Transfers Out	$ 62,111,197	$ 63,575,808	$ 67,715,301
Less Transfer to School Operating Fund	$ (19,412,955)	$ (20,565,314)	$ (20,696,199)
General Fund (Net)	$ 42,698,242	$ 43,010,494	$ 47,019,102
School Operating Fund Expenditures & Transfers Out	$ 51,723,815	$ 53,066,166	$ 53,348,313
	$ 94,422,057	$ 96,076,660	$ 100,367,415
Unassigned FY19 general fund balance (exhibit 3)	$ 21,807,728	$ 21,807,729	$ 18,368,247
Add back approp. for FY20 Budget		$ 1,404,678	
Assigned for Broadband Innitiatives		$ (1,532,850)	
Est FY20 Revenues (estimated worst case)		$ 62,964,128	
Est FY20 Expenditures		$ (63,575,808)	
Reduce by approp. for FY21 Budget		$ (2,699,630)	
Estimated FY20 unassigned general fund balance		$ 18,368,247	$ 18,368,247
As % of operating expenditures	23.10%	19.12%	18.30%
Committed per Board's Fund Balance Policy			
Original 15% Fiscal Stability Funds	$ (14,163,309)	$ (14,411,499)	$ (15,055,112)
3% Additional Fiscal Stability Funds	$ (2,832,662)	$ (2,882,300)	$ (3,011,022)
Net Fund Balance Available for Approp. Per Policy	$ 4,811,758	$ 1,074,448	$ 302,112
As % of operating expenditures	5.10%	1.12%	0.30%

Questions from the Board?

Comments from the public:

(by mail to Attn: Alyson Simpson, P. O. Box 111, Orange, Virginia 22960 or by email to asimpson@orangecountyva.gov.

Must be received by 5:00 p.m. on Monday, April 27, 2020, as the Board intends to review public comment and take action on Tuesday, April 28, 2020)