



Fiscal Year 23-24 County Administrator's Proposed Operating Budget & Five-Year Capital Improvement Plan

Presented April 6, 2023

Adopted May 18, 2023

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Surry County Board Of Supervisors



“Unity In The Community”



Pictured Left to Right: Breyon Pierce, Carsley District, Robert Elliott, Jr., Chair, Claremont District, Judy S. Lytle, Vice Chair, Bacon's Castle District, William T. Calhoun, Surry District, and Brenton Byrd, Dendron District

County Administrator

Melissa D. Rollins

Deputy County Administrator

David A. Harrison

Form of Government

Surry County (County) operates under the traditional, or County Administrator, form of government (as defined under Virginia Law). The Board of Supervisors (Board) is a five-member body, elected by the voters of the Electoral District in which they live. The Chairman and Vice Chairman of the Board are elected annually by its members. Each member serves a four-year term. This body enacts ordinances, appropriates funds, sets tax rates, establishes policies and generally oversees the operation of the County government. The County Administrator is appointed by, and serves at the pleasure of, the Board of Supervisors. As the Chief Executive Officer of the County, he or she

is responsible for developing an annual budget and carrying out policies and laws which are reviewed and approved by the Board. The County Administrator assisted by the County's Deputy Administrator directs business and administrative policies and recommends to the Board those methods, procedures, and policies which will properly govern the County.

Department Directors & Supervisors

Lola Perkins
County Attorney

Steven Morris
Finance Director

Horace Wade
Planning & Community Development

Renee Chaplin
Economic Development Consultant

Ray Phelps
Chief of Emergency Management

Darryl Rawlings
Parks & Recreation

LaJeune Stone
Dept. of Youth & Family Resources

Matt Westheimer
Building Official

Antonio Rawlings
Maintenance Supervisor

Derrick Moore
Solid Waste & Recycling

LaSonya White
VCE Unit Coordinator

Constitutional Officers and State Officials

Carlos Turner, Sheriff
Jonathan Judkins, Commissioner of the Revenue
Onike Ruffin, Treasurer
Gail Clayton, Clerk, Surry Circuit Court
Sharna' White, Registrar
Janeen Jackson, District Court Clerk

School System & Social Services

*Dr. Serbrenia Simms, Division Superintendent
Valerie Pierce, Director of Surry Social Services*

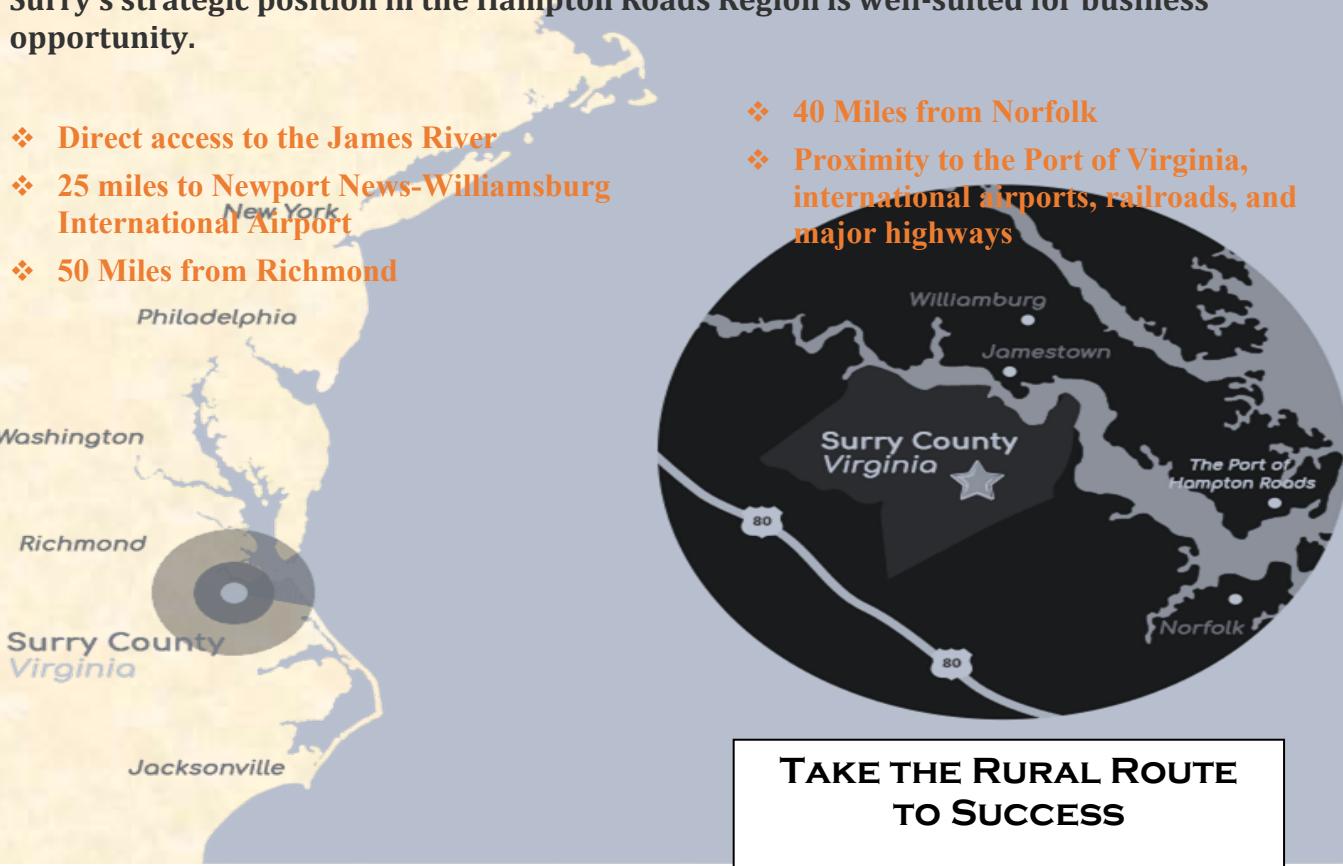
Surry County is a 306-square-mile county located on the James River in southeastern Virginia, with unique location attributes that position it well for energy production, including an existing nuclear facility, and for manufacturing, especially agriculture products such as wood pellets. The county's workforce comes from the Hampton Roads and Richmond MSA to the East and West and from Williamsburg just a ferry ride North. Besides serving as an energy, agriculture and production hub, Surry is popular for residents seeking unique waterfront housing and small town and rural communities.

Fully Wired for Broadband

Surry County, a rural locality in the Commonwealth is proud of its designation as a fully wired community. Every home in Surry County has access to high speed, and reliable internet service through the County's partnership with Prince George Electric Cooperative's Ruralband broadband initiative.

Surry County is known for its strong economic development potential, passion for the community and rural charm. Nationwide we are known for historical landmarks like Bacon's Castle, Chippokes State Park and nearby Jamestown and Williamsburg. The waterfront location affords access to multiple natural refuges and parks and boat recreation on the river and the Grays Creek Marina offers stunning views and access to the onsite Surry Seafood Company, boating, fishing and kayaking. A growing winery location, the county also produces large hauls of peanuts, cotton and soybeans each year for the state.

Surry's strategic position in the Hampton Roads Region is well-suited for business opportunity.



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Public Hearings and Work Sessions Schedule

The Board of Supervisors of Surry County invites comments on the Proposed Budget for the fiscal year ending June 30, 2023. The Public Hearing is tentatively scheduled for May 12, 2022.

April 6, 2023	Thursday	<ul style="list-style-type: none">• 7:00 P.M. – Budget Presentations County & School Board
April 10, 2023	Monday	<ul style="list-style-type: none">• Notice for Tax Rate Public Hearing Notice Appears in Paper- 30 day requirement
April 12, 2023	Wednesday	<ul style="list-style-type: none">• 2nd Notice for the Tax Rate Public Hearing Appears in Paper
April 13, 2023	Thursday	<ul style="list-style-type: none">• 6:00 P.M. - Budget Work session #3 with the Board of Supervisors
April 26, 2023	Wednesday	<ul style="list-style-type: none">• Notice for the Budget Public Hearing Appears in Paper
May 4, 2023	Thursday	<ul style="list-style-type: none">• Regular Scheduled Meeting (Budget Update if Applicable)
May 11, 2023	Thursday	<ul style="list-style-type: none">• 7:00 P.M. Board of Supervisors Conducts Public Hearing on the Tax Rate Notice• 7:30 P.M. Board of Supervisors Conducts the Public Hearing on the Proposed Budget
May 18, 2023	Thursday	<ul style="list-style-type: none">• 7:00 P.M. Board of Supervisors considers action on FY 23-24 Budget, sets tax rates and adopts Budget Resolutions

- Comments on the budget can be emailed to: budget@surrycountyva.gov. Budget information will be available on the County's website at www.surrycountyva.gov
- Copies of the Proposed Budget will be available at the County Administrator's Office – Government Center located at 45 School Street, Surry, VA and at the Blackwater Regional Library.

Stay Engaged with the County!

VISIT US ON THE WEB! https://www.surrycountyva.gov/

LIKE US ON FACEBOOK!



https://www.facebook.com/surrycounty/

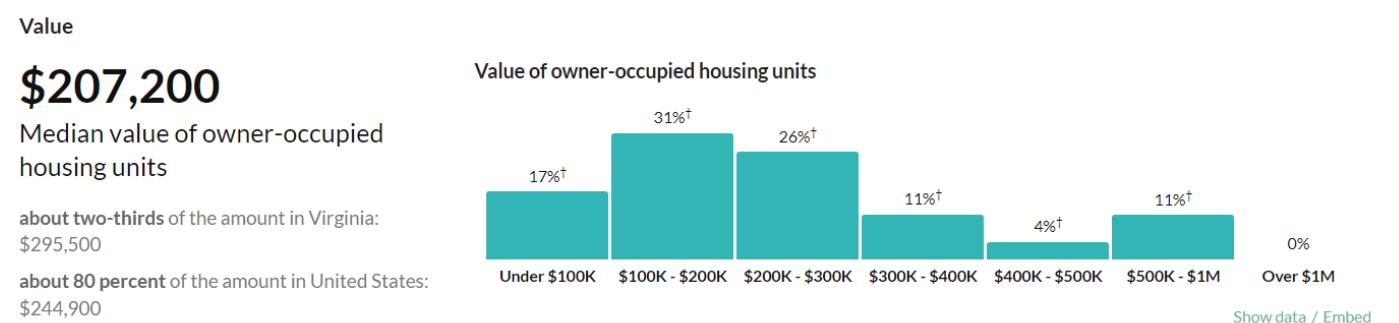
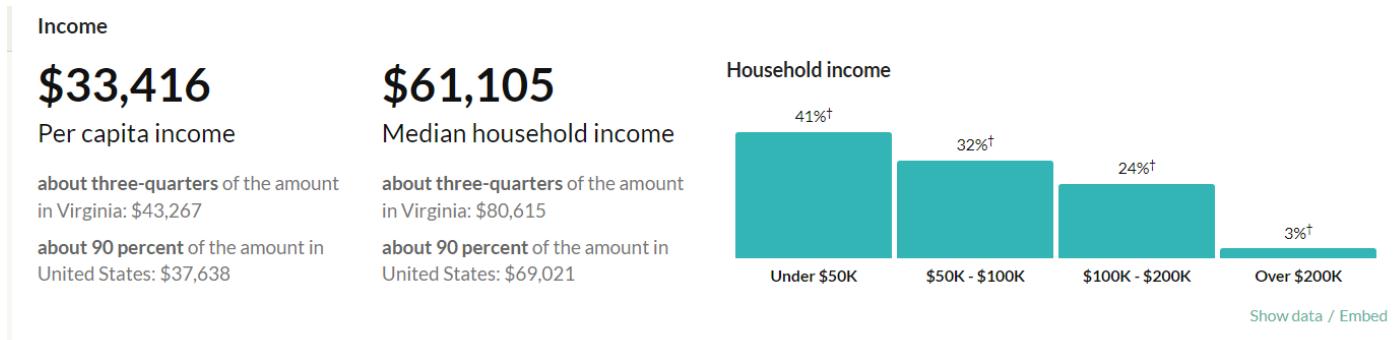
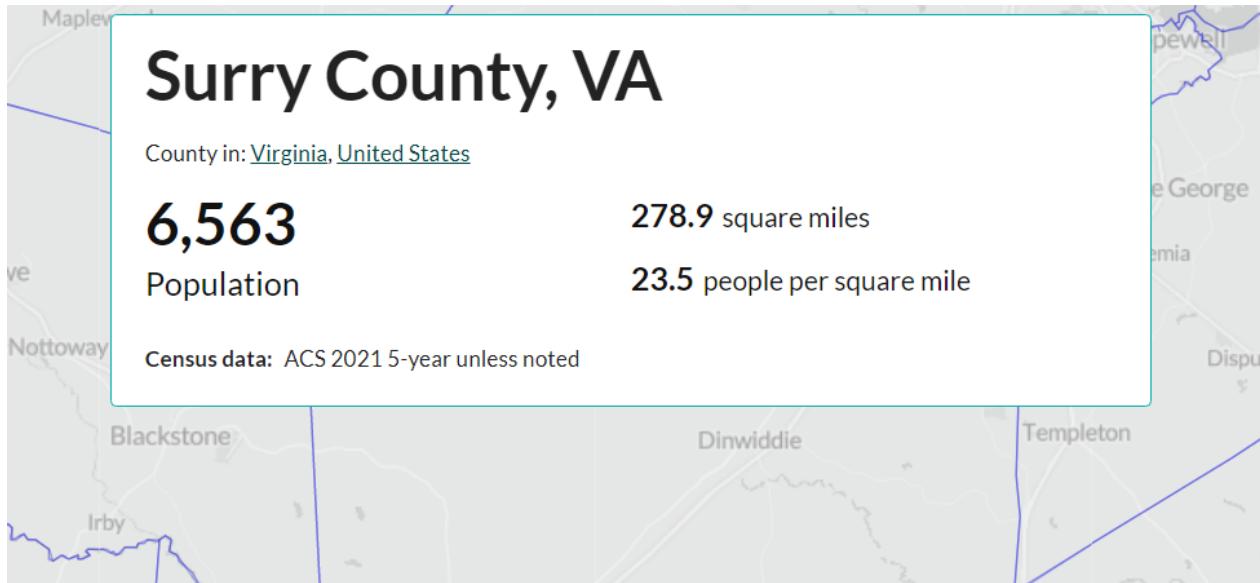
SURRY COUNTY

Budget in Brief

The budget document is being further developed to include revenue and expenditure summaries, departmental discussions CIP, and supplemental documents. The power point presentation and the accompanied narrative are components to the document.

SURRY COUNTY PROFILE

2021 Census Data



Age

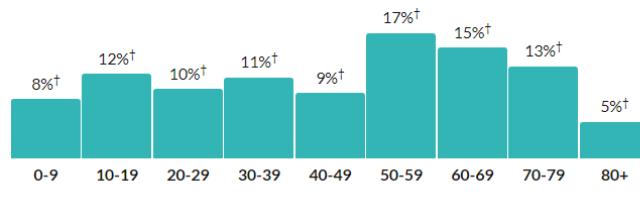
50.4

Median age

about 1.3 times the figure in Virginia:
38.5

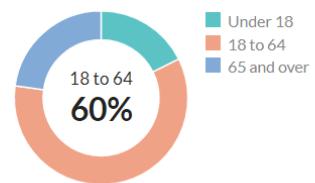
about 1.3 times the figure in United
States: 38.4

Population by age range



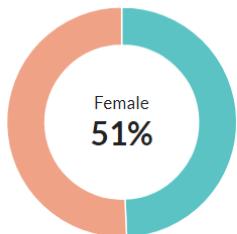
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Population by age category



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Sex



Male
Female

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Race & Ethnicity



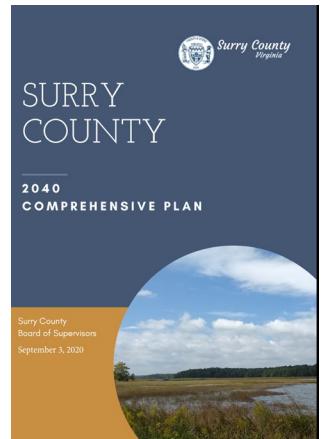
* Hispanic includes respondents of any race. Other categories are non-Hispanic.

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The Surry County Comprehensive Plan serves as a guide to landowners, developers, businesses, citizens and County officials about future land use and other community development decisions.

The themes of the 2020 Adopted Comprehensive Plan are consistent with the strategic initiatives of the Board of Supervisors.

- Preserve Surry's Character
- Grow Surry's Economy
- Enhance Quality of Life for All Residents



2023 STRATEGIC PLANNING EXERCISE OF THE BOARD OF SUPERVISORS

- USE EXISTING ASSETS TO PROMOTE SPORTS TOURISM AND AGRI-TOURISM
- USE TAX DOLLARS GENERATED FROM PROPERTY TAXES TO BUILD AND GROW ACCESS TO PARKS, RECREATION AND CULTURAL AMENITIES
- RIGHT SIZING TEACHER PAY
- ATTRACTION AND RETENTION OF TALENTED AND QUALITY STAFF
- POLICY PROVISIONS FOR CONSTITUTIONAL OFFICERS PAY
- BRANDING THE COUNTY FOR ECONOMIC & COMMUNITY DEVELOPMENT OPPORTUNITIES—“BE THE BEST SURRY WE CAN BE”

Prior Year Strategic Priorities

The Board of Supervisors responsibilities remain unchanged: “.... *We will strive to maintain a strong commitment towards efficient and effective governmental services and to create positive impacts on the public safety, health, education & welfare of*

the citizens of Surry. The Board will encourage the orderly growth and development of the community to enhance the quality of life for the citizens of Surry County”.

The Strategic Action agenda establishes the framework for goal setting in the five core areas:

- ❖ **COMMUNITY (DEVELOPMENT, ENGAGEMENT, OPPORTUNITY)**
- ❖ **ECONOMIC DEVELOPMENT (BUSINESS RETENTION & EXPANSION, HEALTH & WELLNESS, WORKFORCE & TOURISM PROMOTION)**
- ❖ **EDUCATION (RENEWED RELATIONSHIPS, COLLABORATION AND SHARED ACCOUNTABILITY)**
- ❖ **FISCAL RESPONSIBILITY (ACCOUNTABILITY AND TRANSPARENCY, FISCAL POLICIES)**
- ❖ **TRANSPORTATION (SEEK OPPORTUNITIES TO REMOVE BARRIERS FOR CITIZENS AND BUSINESSES)**

Community - Surry County's unique historic assets, natural environment, rural charm, strong family roots, homegrown hospitality, sense of community will be preserved while considering growth opportunities including revitalization of main corridors and other beautification efforts. Community engagement initiatives and activities will be broadened to keep an informed, engaged, and participatory citizenry; recognizing the population trends, the county will work through collaboration and key strategies to help reverse adverse trends, fill community business gaps and identify programs and services for the aging population and to attract the younger generation; these strategies include enhancing parks and recreational offerings and amenities.

Economic Development – The County will identify areas in the County “ripe” for development and continue to identify ways to capitalize on the County’s assets an. The County will lead in building regional, state and national partners in identifying business and growth opportunities suitable and or unique to Surry County; business growth will afford opportunities to work with existing and new corporate partners to enhance workforce opportunities. Broadband implementation will continue to be supported as the cornerstone of educational, quality of life, business growth, and overall quality of life improvement. Health and wellness will be an integral component of enhancing the economic and social well-being of the entire County.

Education – Continue to recognize and engage with the School System as a vital partner in the vision and goal setting of the County (i.e. shared accountability). Develop means to highlight the successes and achievements of the School Division county-wide and to brand the “educational system” as a desire to locate, work and do business in Surry County. Support and collaborate on joint facility planning and educational opportunities such as technical programs and internships aimed to prepare students for an advanced and competitive workforce. Prepare for collaborative and participatory dialogue on school facility needs.

Fiscal Responsibility – Continue to balance quality of government services with fiscal responsibility; solidify tax dollars with services needed and desired for a wholesome quality of life and delivery of quality services. Continue to develop transparent communication tools on fiscal matters. Continue practices that ensure strong financial management.

Transportation – Identify the potential opportunities of the proximity of Route 10, 31 and Route 40 in Surry County to major thoroughfares and expanded highways as Interstates 95, 64 and Route 460 and to waterways, rail and the Ports of Virginia and Richmond. Collaborate with state legislators on potential for expansion of route 10, the County’s major highway; begin dialogue on transportation needs in the county over the next 10-20 years (i.e. bridge/tunnel); seek development opportunities as a result of main infrastructure that has been installed along Route 31. Create a bicycle/pedestrian plan to provide a safe

route and alternative transportation nodes to connect the Town of Surry to various activity centers such as the Jamestown Scotland Ferry.

County Mission Statement

We will exemplify and work to achieve unity in the community.

This is essential to maintaining a strong commitment towards effective and efficient operations and to having a safe, healthy, and educated community..... a good quality of life for all citizens.

Budget Overview

Budget Amendment Process

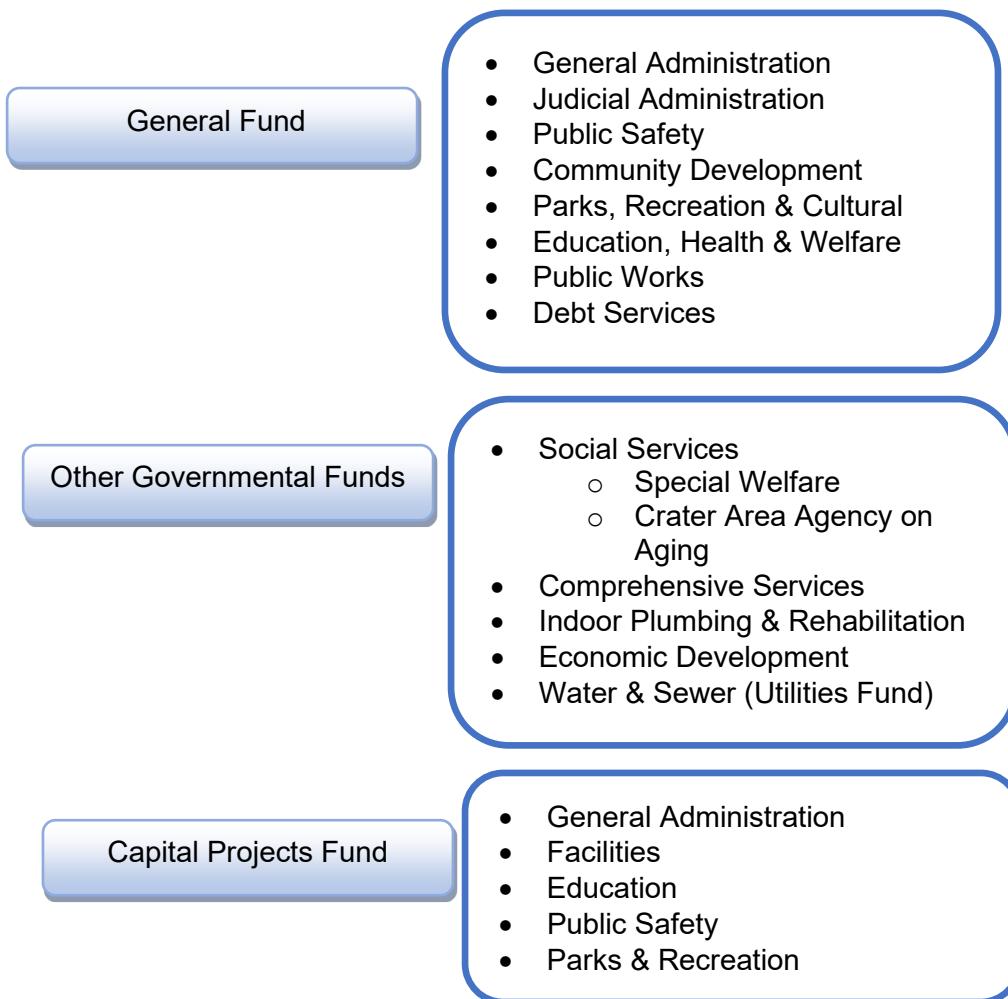
The budget may be amended in one of two ways. If the amendment would change total revenues, then the governing body must formally approve the transfer of funds from one appropriation group to another. The recommendation going forth is that this will be done via an appropriation resolution. In certain instances, as outlined in the State Code, a public hearing may be required before the governing body can take action.

The County Administrator is authorized to transfer funds between departments within an appropriation group or between budget line items within a particular department throughout the year to manage operations. The County Administrator is authorized to apply for an accept grants requiring a local match up to \$5,000.

Budget Organization

The General Fund of the County is divided into functional areas, General Administration, Judicial Administration, Public Safety, Community Development, Parks, Recreation & Cultural, Education, Health & Welfare and Public Works. Each department within a functional area has its own budget; for example: Sheriff & Emergency Medical Services (EMS) are within the functional area of Public Safety. The budget format presents expenditures by functional area and departments within a specific function.

Structure of County Funds



Explanation of Governmental and Other Funds

- General Fund - The general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund due to legal, contractual, statutory or financial management requirements. It is funded through taxes and other revenue sources.
- Special Revenue Funds - Used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- Capital Projects Fund - Used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary funds).
- Debt Service Fund - Used to account for the accumulation of resources for, and the payment of, long-term debt principal and interest.
- Economic Development Fund –Money in the Fund reflects a transfer in 2016 to dedicate financial resources toward economic development. Planned uses of the fund could include, but are limited to business incentives, professional services, property acquisition, etc.
- Comprehensive Services Act Fund (CSA) The CSA Fund is used to account for the revenues and expenditures related to services provided to at-risk youth and families. Revenue is derived from the state and local funding. CSA services are administered by the Family Assessment and Planning Team (FAPT) who works directly with you and families to refer cases to the Community Policy and Management Team (CPMT) for approval. The fund mandates a local share for CSA expenditures.
- Special Welfare/Agency on Aging – A part of the VPA fund used to account for activities associated with specific groups as senior population; special revenue funds are used where legal or contractual requirements restrict the use of resources to specific purposes.
- VPA Fund – Virginia Public Assistance Fund (VPA) supports the activities of administration of the health and welfare services in the County. Services are provided to the needy individuals and their families. It is supported with federal, state and local funds.
- Indoor Plumbing Rehabilitation (IPR - Special Revenue Fund)- The Department of Housing and Community Development (DHCD) program with the County to provide 0% forgivable loans to eligible participants for the installation of indoor plumbing to owners of substandard housing where indoor plumbing is non-existent or where the existing plumbing has failed ended in 2016. The IPR Fund reflects program income received from prior recipients to continue projects until Funds are depleted.
- Water & Sewer – used to account for activities specific to maintenance of the County's water system and sewer collection activities. It is considered an Enterprise Fund where operations are supported by user charges financed and operated similar to a private business. The Fund should be self-supporting.
- School & Cafeteria Fund – the component unit School Board as identified in the County's CAFR as a unit of the primary government; it is defined by having a fiscal dependence on the primary government. It supports activities association with Education of K-12 students; the cafeteria fund supports the operations of the food service programs.

Monetary transfers are made from the general fund to the following funds: Capital Projects, Virginia Public Assistance, School and Cafeteria, Comprehensive Services, Economic Development, Debt Service and the Water & Sewer/Utilities Fund.

Budget Directives, Performance Measurement, and Monitoring

The County Administrator sets the stage to the departments at the beginning of the budget cycle the tone and the focus of the overall budget. This information is based on guidance from the Board of Supervisors.

Operational initiatives are provided by each department and are presented on each department's budget page. Also included in the departmental sections are the key performance measures.

The budget is monitored through the monthly financial management reports. These reports indicate actual financial results compared to budget. These reports are reviewed by the user departments, Finance, and County Administration.

Budgetary control is maintained on a line-item basis. Purchases of goods and services are generally accomplished by the use of a formal purchase order. Funds are encumbered based on purchase orders to best ensure funds are reflect as obligated and are not available to be spent.

Operating and Capital Budgets

There are many features that distinguish the Operating Budget from the Capital Budget. The Operating Budget includes expenditures that are generally of a recurring nature and are appropriated for one year only. It provides for the provision of all County services but does not result in major physical assets for the community. Year-to-year changes in the Operating Budget are expected to be fairly stable and represent incremental changes in the cost of doing business, the size of the County, and the types and level of service that are provided. Resources for the Operating Budget generally come from taxes, user fees, and intergovernmental payments that typically recur from year to year. The Capital Budget on the other hand, includes one-time costs for projects that may last several years. The projects result in major physical assets in the community. Wide fluctuations are expected in the Capital Budget from year to year depending on how projects are phased in and/or completed. Resources for the Capital Budget generally come from bond sales, grants, other one-time sources, and transfers from the Operating Budget. Despite these differences, the Operating and Capital Budgets are closely linked. The most obvious connection is that the Operating Budget assumes the cost of maintaining and operating new facilities that are built under the Capital Budget. In addition, a portion of the funding for capital projects are transfers from the Operating Fund. In some cases, operational needs drive the Capital Budget, such as an increase in school enrollment, which may generate a need for a building expansion. The resources that support the Operating and Capital Budgets are also linked. Revenue generated in the Operating Fund is channeled to the Capital Budget by means of a transfer. The retirement of bonds issued for the construction of new schools will compete with the service requirements that are funded in the Operating Budget. The Capital Budget on its own does not generate revenue. This means that some of the revenues that are generated and transferred to the Capital Budget are realized through property tax revenue. This relationship will impact the tax rate and the property taxes that the citizens of James City County will be required to pay. In order to view the upcoming year's budget, it is important that County officials, employees, and the citizens understand the linkage between these budgets

The Operating Budget includes expenditures that are generally of a recurring nature and are appropriated for one year only. It provides for the provision of all County services, but does not result in major physical assets for the county. Year-to-year changes in the Operating Budget are expected to be fairly stable and represent incremental changes in the cost of doing business, the size of the County and the types and level of service that are provided. Resources for the Operating Budget generally come from taxes, user fees, and intergovernmental payments that typically recur from year to year.

The Capital Budget on the other hand, includes one-time costs for projects that may last several years. The projects result in major physical assets in the county and may include projects associated with public safety, general government administration, parks and recreation, public works and education. Wide fluctuations are expected in the Capital Budget from year to year depending on the phasing of projects. Resources for the Capital Budget generally come from bond sales, grants, other one-time sources and transfers from the Operating Budget to support capital projects. Capital projects may produce ongoing operating costs and such is reflected in the operating budget of the perspective department. (Example: a new building will require electricity and such costs will be in the Maintenance Dept. operating budget).

Fiscal Policies

A fiscally efficient government is one of the strategic goals of the Board of Supervisors. Financial policies provide a framework for the County's departments to make sound financial decisions, promote fiscal transparency, and to ensure compliance with prevailing local, state and federal laws and regulations.

While the County's current policies require a refresh and formal adoption by the Board of Supervisors, the below standards are recognized as effective financial practices.

- The County will establish and maintain an internal control structure and accounting practices to ensure compliance with Generally Accepted Accounting Principles (GAAP).
- An independent firm of certified public accountants will perform an annual financial and compliance audit according to generally accepted auditing standards in the United States of America; Government Auditing Standards issued by the Comptroller General of the United States; Specifications for Audit of Counties, Cities and Towns issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the Uniform Guidance. The financial statements and the results of the audit will be presented annually to the Board of Supervisors.
- The County will annually seek the GFOA's Certificate of Achievement for Excellence in Financial Reporting.
- The County Administrator will propose a balanced and a five-year Capital Improvements Program that are linked to the County's Strategic Plan and Comprehensive Plan. The Board of Supervisors shall adopt the first year of the Capital Improvement Plan as the Capital Improvement Budget.
- The CIP will include both school, general government, and utility capital needs; it will provide a description and estimated cost for each project.
- A diversified revenue system, inclusive of state and federal funds as well as user fees for services that support specific programs.
- Financing recurring expenses from recurring revenue sources and not rely on non-recurring revenue to fund on-going, operating expenditures.
- The County shall maintain a budgeting control system to monitor actual-to-budget performance, and shall take immediate corrective action if revenue and expenditure estimates project a year-end operating deficit.
- At least quarterly, the County will publicly publish financial information including budget to actual performance. A monthly report has been provided.

Debt Management

In consultation with the County's financial advisor, financing for the County's five-year Capital Improvements Program shall:

- Consider a five-year forecast of revenues and expenditures.
- Include an evaluation of pay-as-you-go projects and debt financing.
- Avoid financing if the term of the indebtedness exceeds the expected useful life of the project.
- When feasible, bundle capital projects to limit the number of borrowings as well as to reduce the costs of issuance by achieving greater economies of scale.

The County shall maintain the following standards regarding debt:

- Net bonded debt shall not exceed 3% of the assessed valuation of real and personal property.
- General fund debt service expenditures should not exceed 12% of annual general fund expenditures. The County should maintain a target of 10% for this ratio.

Fund Balance (Reserves) – The county shall maintain a fund balance position that meets the County's needs and challenges and mitigate current and future

- The County shall maintain a General Fund Unassigned Fund Balance at the end of the fiscal year in an

amount no less than 25% of annual general fund revenues, not including transfers.

- Monies in excess of 25% may be considered to supplement pay as you go capital outlay or remain in the undersigned fund balance to be used for other purposes as authorized by the Board of Supervisors.
- The County should not use fund balance to finance current operations as it is not sustainable.
- The use of the General Fund's Unassigned Fund Balance may be necessary from time to time to meet unexpected events including, but not limited to: catastrophic (emergency funds in the event of natural or man- made disasters); financial opportunity (to enhance the well-being of Surry County; Following any use of fund balance that draws the balance below the minimum funding level, the Board of Supervisors will adopt and timeline to replenish the balance to its minimum funding level of 25%.

Cash and Investments

- The County shall follow the Cash and Investment Policies established by the Treasurer, a Constitutional Officer of the Commonwealth of Virginia. Such policies shall be reviewed and updated annually, and be in accordance will all applicable laws and regulations.
- The Treasurer will provide the Board of Supervisors, at least monthly, with a report of investments held by the County.

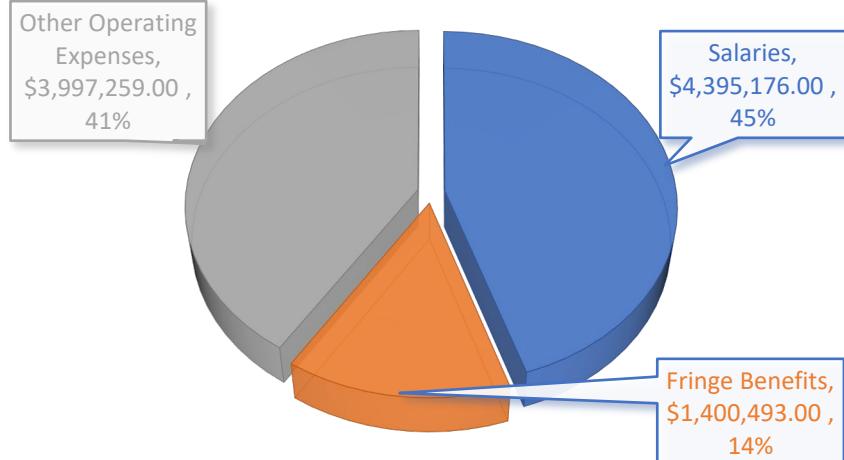
Expenditure Composition of the General Fund

Where is the Money Spent

Transparency

FY 21-22 actual expenditures of the General Fund were \$9,792,928 To get a better understanding of where general fund dollars are spent, a review of actual expenditure is shown below. As with most governments, personnel costs represent most general government expenditures.

FY 20-21 GENERAL FUND ACTUAL EXPENDITURES



Advertising	\$41,454	Cost for legal ads and tourism promotion (\$28,698)
Agency Contributions (Except Fire & Rescue)	\$551,540	Agency Breakdown Provided in Budget Document; includes all contributions except fire and rescue
Auditing	\$50,320	Auditing services and cost to produce financial reports
Boards and commissions	\$8,500	Compensation to Various Boards and Commissions appointed by the Board
Building Repairs	\$65,207	Repairs to several government buildings; this amount will fluctuate; breakdown of buildings and facilities maintained by the County is included in the budget document
Communications	\$145,554	Verizon telephone, monthly fees for mobile devices including IPADs, internet services
Contractual Services	\$192,066	Maintenance service contractors, emergency services contracts (instant alert, generator maintenance, EMS radio maintenance county-wide including fire and rescue agencies, utility marking services, 911 dispatch equipment)

Contributions to Public Safety Volunteer Agencies	\$232,830	Quarterly contributions to the volunteer fire and rescue squad; the rescue squad is paid 7% of the monthly fees collected from ambulatory billing services as administrative costs
Convention & Education	\$30,645	Cost to attend trainings to include travel, mileage, meals, conference registration; some revenue recovery is associated with this expense
Detention/Prisoner Care	\$302,153	The cost for prisoner care in Riverside Regional Jail (\$270,275) and Crater Youth Detention for the youth population (\$31,878)
Electricity Services	\$156,135	The cost for Dominion and PGEC electrical services for all County Buildings
Fuels	\$143,299	Vehicle fuel for all County fleet vehicles and marina fuel
Indexing/microfilming	\$16,618	The annual cost for microfilming and indexing circuit court records
Legal Fees	\$100,818	Cost paid to the County attorney for legal fees
Maintenance Contracts	\$151,608	Information technology (\$80,606) associated with county copiers, printers, financial software system, municode, postage meters, phone system maintenance. E911 annual maintenance (\$22,963), sheriff related services (\$22,271)
Mileage	\$2,162	Reimbursement for use of personal vehicles during business travel
Motor Vehicle Insurance	\$30,815	Motor vehicle insurance (VA Association of County Pooled Insurance Program)
Office Supplies & Equipment	\$78,826	Office supplies and equipment for all departments
Paid Rescue Squad Services	\$447,568	Contract service cost to provide 24/7 paid rescue services; fee recovery for FY 20-21=\$193,000) or 43%
Postage	\$22,701	Cost for postage services (mostly tax billing related)
Professional Services	\$323,750	Interim Finance Services from vacant salaries, election officers, parks and rec sports officials; includes information technology services rendered, planning & community and economic development services, sanitation landfill monitoring and remediation services; this line item will fluctuate
Property Insurance	\$40,898	Property insurance for all county buildings (VA Association of Counties Pooled Insurance Program) and Public officials Insurance
Rent for Office Space	\$13,200	Rent paid to the Commonwealth Attorney for use of space and to the Victim Witness Program; a small portion (\$300) is for facility rental used during elections
Repairs & Maintenance	\$269,707	Repairs and Maintenance various departments
Uniforms	\$23,436	Cost associated for uniforms (Sheriff, Public Works, EMS and Animal Control)
Veterinary services	\$25,444	Cost for medical services for the care of animals

Waste Disposal at Landfill	\$210,402	Cost for disposal of waste at the landfill; the county pays the tipping fees
Water & Sewer	\$14,408	Paid to the Town of Surry for water utilities
Other Operating Expenses	<u>\$26,396</u>	Other expenses not identified above
Total Primary General Operating Expenditures	\$3,997,259	TOTAL AMOUNT SPENT FOR OPERATING THE GENERAL FUND EXCLUDING PERSONNEL IN FY 20-21

○

SECTION A

BUDGET MESSAGE & FINANCIAL SUMMARIES



To Surry County Virginia Citizens

In the closing months of Fiscal Year 2023, I am impressed by the work accomplished by County employees and excited by the community's enthusiastic involvement in shaping our strategic initiatives for the future. The March Community Engagement meeting at Surry Parks and Recreation on initiatives to seek grant funding and opportunities to provide amenities to the community such as a community pool, an amphitheater, walking/biking trails, banquet facilities and overall improvements to the park grounds and facility was met with excitement and letters of support from various groups in the community.

The County continues to offer a high level of service and has made significant progress on critical projects, such as the new public safety mobile radio communication system that will increase coverage throughout the County, a game changer for emergency response and other public safety stakeholders. These investments will enhance economic development opportunities in the county, provide better response times and reduce risks while protecting the lives of people and property. The County has begun extensive work in preparing for the financial software system implementation that will replace a 22-year-old system. The new system will offer efficiency in our operations and provide for greater transparency and accountability and financial information in real time. The County has purchased a new fire engine and acquired new fire related apparatus and equipment to serve the needs of fire and rescue agencies and ultimately the citizens of the community. We have made and will continue to make provisions to address community blight and derelict structures throughout the County. The County completed the sale of the Surry Seafood Restaurant to Pack Brothers Hospitality. The County's return on investment for the river based economic opportunity afforded by the restaurant and surrounding amenities has been a game changer for the community and continues to brand the County has a designation spot for boaters, tourists, and residents! The beauty of Surry and its pristine waterfront will continue to be one of the greatest assets to attract residents and visitors alike. The Surry Local Market is making construction progress every day, albeit the challenges of renovating an older structure. And.... Surry County, despite our rural designation is fully wired for reliable, high speed broadband service. This initiative was a major hurdle that many areas in the US are still struggling to achieve and yet Surry County has accomplished the task of making fiber to the home available to all business and residents in the county. **Surprising Surry!**

Community events have been numerous and are exemplary of the Unity and Spirit of the Surry Community. The proposed budget will recommend funding to implement social and recreational opportunities for the growing 55+ demographic. **Come, Conversate and Connect!**

There are numerous strategic initiatives and projects ongoing in the county— all while maintaining the lowest real estate tax rate of your neighboring counties, Isle of Wight, James City County, Prince George and nearly all other cities and counties in the Hampton Roads and Crater Region. In the Fiscal Year 2024 Proposed Budget, I am recommending no change to the real estate tax rate of 72 cents per \$100 of assessed value. I recognize that real property values have increased again and that this rate is two cents above the effective tax rate due to the latest assessment, which can be viewed as a negative. While assets have grown in value, I am certain that many are not in favor of a higher tax bill. Undoubtedly, the same financial pressures you are facing in your home, counties and cities are facing in our budgets. The cost of doing business, from fuel to repairs and maintenance, contractual services to the recruitment and retention of workers, has significantly increased due to the pandemic, unprecedented inflation, and changing workforce expectations. Despite it all, the County still has an obligation to meet the needs, demands and desires of the community. We can recommend the use tax dollars to fund ongoing capital initiatives that do not meet debt financing criteria. **Our financial position is strong!**

Broad budget priorities are: 1. Use existing tax revenue from assessments to plan for and invest in amenities in Surry County for Surry County residents and businesses, "Why Not Surry". 2. Brand the community for economic development opportunities, 3. Address the struggle for talent recruitment and retention and teacher pay concerns that local governments are experiencing nationwide and 4. Implement collaborative strategies that will address service and program duplication and build capacity necessary for the health, vitality, and long-range planning needs of the organization. These priorities will support the organizational goal of making **Surry County the "Best Surry" we can be!**

Your input on the proposed budget is welcomed during the public hearing scheduled for May 11, 2023, at 7:00 p.m. during open comment period. Comments can be sent to budget@surrycountvva.gov. Adoption of the FY24 budget is scheduled for May 18th. Despite challenges and uncertainty, I am encouraged by our budget focus this year and I am looking forward to the great things in store for the community. Thank you for your continued engagement.

Sincerely,

Melissa D. Rollins, County Administrator, ICMA-CM



"The Countrie it selfe, I must confesse is a very pleasant land, rich in commodities; and fertile in soyle..."
Samuel Argall, ca. 1609

Board of Supervisors

Robert Elliott, Jr., Chair
Judy S. Lyttle
Breyon Pierce
Brenton Byrd
Timothy Calhoun

Melissa D. Rollins
County Administrator

April 6, 2023

Dear Members of the Board of Supervisors:

It is my pleasure to submit to you for your consideration the Proposed Budget for Fiscal Year 2023-2024, for all County funds. The intent of the budget message is to describe the important features of the budget and communicate any major changes for the current year in financial policies, expenditures, and revenues, along with the reasons for such changes. It also includes information on debt service, capital improvement projects and other information that will assist the Board and public in understanding the dynamics and components of the budget.

The budget process for FY2024 involved several key considerations, including providing exceptional services to the community, employee retention and recruitment, community appearance, making quality of life and economic improvements for Surry citizens, and paying for ongoing and deferred capital improvement projects with ongoing revenue. These factors, in addition to the County's strategic initiatives, helped to shape this proposed budget.

Unprecedented employment conditions in the United States and the Commonwealth of Virginia have resulted in extreme difficulty in hiring and retaining employees qualified to provide the exemplary service expected of Surry County. In addition, significant inflationary pressures continue to affect both our employees and the County as a whole. This budget provides for a 5% cost of living increase, consistent with both the State and surrounding localities that compete for talent. Limited funding is also included to provide merit-based pay increases for high performing staff, and retention pay for public safety positions. Fringe benefit rates remain level for FY24, except that workers compensation costs continue to decrease due to enhanced claims management. This includes no increase in the County's health insurance premiums.

The FY2024 Proposed Budget does not include any new positions. Current economic conditions have also played a role in shaping the FY2024 Proposed Budget. During FY2023, continued rising prices and supply chain shortages created difficulties in obtaining necessary goods and equipment. The County has adapted its operations to meet these challenges where possible, but this budget includes additional funding related to the increasing cost of fuel, vehicles, operating supplies, and construction projects.

There is no tax rate change recommended in the Proposed Budget. In FY2023, the real estate tax rate was reduced to 72 cents per \$100 valuation to provide relief to taxpayers. The FY2024 real estate values reflect a limited scope reassessment that was performed in 2023 to ensure that the County's sales assessment ratio remains at or near 100%. Home values have increased nationwide, without this reassessment, the County risked losing Public Service Corporation tax revenue. The limited scope reassessment and new development in the County have contributed to a projected increase in real estate tax revenue of \$600K and \$53K, respectively, for FY2024. These amounts are offset by the County's continued tax relief program, which is estimated to reduce revenue by \$160K for FY24.

During 2022 and 2023, vehicle values rose sharply, creating valuation increases for Surry and other localities. Knowing that this increase was temporary, staff estimated personal property revenue conservatively for FY23 to avoid creating a built-in deficit for FY24. As expected, valuations for tangible personal property (excluding boats and business property) are projected to decline by 19.4% for FY24, and total personal property valuations are projected to decline by 7.8%, resulting in a drop of \$293K in projected billed revenue. However, due to conservative estimates for FY23, budgeted personal property tax revenue will increase slightly, by \$74K. The Personal Property Tax Relief Act (PPTRA) percentage will increase from 29% in FY23 to 31% in FY24 as a result of the valuation declines, providing additional tax relief to eligible taxpayers.

The Proposed Budget includes fee increases related to recreation services. These fees would become effective July 1, 2023.

A total of \$1,247,398 in American Rescue Plan Act (ARPA) funds were allocated to the County and received in FY22 and FY23. These funds can be used for purposes allowed by the U.S. Treasury through December 31, 2026. The County intends to use these funds to provide government services. Planned expenditures include water and sewer projects and other capital projects.

Budget Considerations and Challenges:

The FY2023-24 Budget reflects the results of a countywide reassessment of real property. The last general reassessment was completed in 2016. The reassessment equalizes property values and is intended to represent current market value. We recommend that the Board perform reassessments on a more frequent basis, even if limited in scope, to minimize the impact and to ensure parity in property values.

The County remains heavily dependent on Public Service Corporation (PSC) tax revenue, which comprises 53% of total revenue. The proposed budget includes funding for new positions and dollars targeted at strategic initiatives to spur economic development and reduce the County's dependency on this tax source. In addition, the budget includes \$150,000 towards the revenue stabilization fund, to provide a source of cash to allow the County to manage fluctuations in this revenue source.

The proposed FY 2023-2024 Annual Operating Budget and the FY 2024-2027 CIP were developed to advance the Board of Supervisor's strategic vision of enhancing the quality of life for the citizens of Surry. Key management considerations in the formulation of the budget were:

- Providing adequate compensation for County and School staff;
- Providing adequate staffing resources to deliver services effectively; and
- Responsibly and sustainably funding County obligations.

The major differences and budget drivers from FY 2023 to FY 2024 include:

FY 2023-24 Major Operating Budget Drivers

Item	Amount	Explanation
<u>Major Revenue Changes:</u>		
Limited Scope Reassessment – Real Estate	\$511,000	Limited scope reassessment to maintain sales assessment ratio; no change in tax rate recommended, equalized tax rate is 70 cents, funds are invested in community
Reassessment – Public Service Corp	299,000	The sales assessment ratio is maintained at 100% due to reassessment; expected 1.9% growth
Investment Income	285,000	Increased interest income due to rising rates; cashflow modeling on FY24 work plan to better plan investable funds
Sales Tax	150,000	Strong results in FY22 & 23; tough to predict, revenue stabilization fund serves as buffer
Carryover funds	160,500	Reappropriating one time fees received in FY23 for the Solar/Align projects into CIP
Personal Property Tax	74,396	Slight budget increase even with decreasing values; staff budgeted conservatively in FY23 knowing that the bump in values was temporary
Permits/Fees	64,800	Increased fees for building activity
Recreation Fees	20,000	Fee increases and expanded programs
Other revenue changes	78,072	
Total Revenue Changes	\$1,642,768	
<u>Major Expenditure Changes:</u>		
Equivalent of 2 cents on FY23 tax rate for new debt	\$642,000	Per work session with Financial Advisor, new debt will fund quality of life and economic development projects for Surry
5% COLA for County and State employees, incentive pay	387,720	Provides a 5% COLA for County staff and Constitutional Officers, consistent with State employees, as well as limited funds for merit and retention
Equivalent of 3 cents on tax rate and one-time fees for CIP	372,348	Provides a source of ongoing funding for major projects and investments in the community
County support of Schools	209,895	Provides a 5% COLA for teachers and school staff
Increased costs for Attorney and Human Resources	117,757	Includes staff support for Attorney
Salary Study	40,000	
Outside Agencies	37,904	
Registrar cost for election compliance, election cost	36,250	
Jail Expense	34,477	
Transfer to EDA	30,000	
Supplement for Constitutional Officer	15,725	
Medical Transport Services	15,456	
Funding for recreation programs for 55+ population	15,000	
Volunteer Rescue Squad	-84,500	Rescue function brought in house
Eliminate funding for Virginia Gateway	-46,312	
Eliminate one inspector position	-43,800	
Reduced GF support of Utilities fund - restaurant sale	-41,460	
Reduction in Professional Services for Finance Dept	-37,000	
Reduction in amount transferred to Econ Dev Fund	-30,000	
Reduction in disposal costs	-15,000	
Other expenditure changes	-12,692	
Workers Comp	-1,000	Continued improvement in claims
Total Expenditure Changes	\$1,642,768	

All Funds

The FY2024 Proposed Budget combined total for all County Funds is \$65.2 million, reflecting an increase of \$2.2 million (3.5%) over FY2023. The summary of all funds is shown in the table below:

FUND	FY 2022-23	FY 2023-24	CHANGE	
	ADOPTED	PROPOSED	\$	%
GENERAL	\$ 29,672,448	\$ 31,315,216	\$ 1,642,768	5.5%
CIP	7,241,395	9,656,500	2,415,105	33.4%
VPA	2,137,816	1,857,397	(280,419)	-13.1%
CSA	553,238	614,867	61,629	11.1%
TASK FORCE	25,000	25,000	-	0.0%
SPECIAL WELFARE	40,973	40,973	-	0.0%
AGENCY ON AGING	32,288	32,288	-	0.0%
INDOOR PLUMBING	11,730	11,730	-	0.0%
ECONOMIC DEVELOPMENT	80,000	680,000	600,000	750.0%
DEBT SERVICE	2,308,506	2,942,946	634,440	27.5%
UTILITIES	134,100	92,640	(41,460)	-30.9%
TOTAL COUNTY FUNDS	\$ 42,237,494	\$ 47,269,557	\$ 5,032,063	11.9%
SCHOOL OPERATING	\$ 20,231,317	\$ 17,386,598	\$ (2,844,719)	-14.1%
SCHOOL CAFETERIA	562,725	587,998	25,273	4.5%
TOTAL SCHOOL FUNDS	\$ 20,794,042	\$ 17,974,596	\$ (2,819,446)	-13.6%
TOTAL - ALL FUNDS	\$ 63,031,536	\$ 65,244,153	\$ 2,212,617	3.5%

EXPENDITURES		
Expenditures Before Transfers to Other Funds	Transfers to Other Funds	Total
\$ 13,328,785	\$ 17,986,431	\$ 31,315,216
9,656,500		9,656,500
1,857,397		1,857,397
614,867		614,867
25,000		25,000
40,973		40,973
32,288		32,288
11,730		11,730
80,000	600,000	680,000
2,942,946		2,942,946
92,640		92,640
17,366,598	20,000	17,386,598
587,998		587,998
\$ 46,637,722	\$ 18,606,431	\$ 65,244,153

Summary

The proposed budget was prepared with a strategic focus to make investments in quality-of-life improvements for Surry citizens and in economic initiatives that will yield dividends in future years. The budget provides resources to support community projects and economic development and to ensure that the County can attract and retain highly qualified staff during a challenging employment environment.

Included in the budget document that follows is a listing of FY 2022-2023 Highlights and Accomplishments which demonstrate the commitment of County departments to provide outstanding services to the citizens of Surry, to foster win-win solutions, and to be a model rural community. Further details about the proposed budget, including major changes from the current fiscal year, are addressed throughout the document. The proposed spending plan and tax rates have been and will be the subject of work sessions by the Board of Supervisors, followed by a public hearing and further consideration until the Budget is adopted, currently scheduled for May 18, 2023.

Preparation of this budget proposal resulted from a team effort by all departments and school division leadership. The FY 23-24 proposed budget continues existing County services and provides resources to support needed infrastructure and quality of life improvements for the community. With continued forward-thinking, creative strategic planning and a renewed commitment to collaboration and unity, we will be better able to seek the opportunities ahead for the good of the community. I would like to recognize and express my sincerest gratitude to the County's Leadership Team throughout the budget process and for the support of the Board of Supervisors. I look forward to working with you throughout the remainder of the budget process.

Respectfully Submitted,



Melissa D. Rollins
County Administrator