



JEFFERSON COUNTY COMMISSION

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To: Jefferson County Commission
From: Michelle Gordon, Finance Director
Date: December 6, 2018
Subject: FY20 Budget Charge

Tax Levy Rate

The County realized an increase in tax revenue of approximately \$792,000 in FY18 over FY17 (\$13,551,915 and \$12,759,741 respectively) and is projected to remain flat for FY19 at \$13,580,840. The projected increase for FY20 preliminary budget is approximately \$496,000, or from \$14,114,752 for FY19's budget to \$14,610,639 for FY20's preliminary budget. Final assessment values are not available from the Assessor until late January or early February. Preliminary numbers indicate that real property assessed values have increased by 3.2% or \$160 million in FY20 over the total assessed values of \$3.56 billion in FY19 due to new construction and increases in market value. During fiscal years 2015-2019, the County realized an average annual growth in the total assessable base of 3.4% with 1.6% of that growth being attributable to new construction. For projection purposes, the percentage used for assessable base growth is 3.5% for FY20 tax revenue estimates.

The levy rate is driven by growth in the assessable value of existing properties. New construction does not impact that calculation; however, new construction impacts the final calculation of tax revenue generated. The County reached the maximum levy rate in FY19 and the class II levy rate was \$28.60 cents per \$100 of assessed value for FY19. Based on preliminary calculations of the FY20 Levy Rate, this lower assessable base growth for existing properties will mean that tax rate will remain at the max levy rate of \$28.60 cents per \$100 of assessed value for class II property.

FY20 and Future Year Budget Projections

Revenue & Expenditure projections reflect increases or decreases in FY20 and future years based on the historical trend for all accounts except:

- **Video Lottery Revenue-** A (2.5%) decrease from FY19's projected revenue (\$2,941,500) was used to estimate FY20's revenue (\$2,868,000). Future years after FY20 reflect continued declines of 2% yearly as the revenue stream has not shown that it has stabilized.
- **Table Game Revenue-** A (11.9%) decrease from FY19's projected revenue (\$544,200) was used to project FY20's revenue (\$479,400). Future years after FY20 reflect continued declines of (5%) yearly.

- **Tax Revenue-** The assessable base has been fairly flat and the County reached the max levy rate in FY19. As a result, a conservative increase of 3.5% was used for FY20's revenue projections. Future years after FY20 include similar conservative increases of 2.9%.
- **Medical Insurance Expense-** Based on discussions with our insurance representative last fiscal year, we should plan on continued increases for FY20 and future years. For projection purposes, an increase of 5% annually was included. For FY20, that 5% increase amounts to \$115,000. Plan changes can be made to reduce that increase and some of those potential changes outlined in the Budget Charge Items.
- **Employee Salaries-**
 - **Merit Increase** - Full-time employees received an across the board increase in FY17 and FY18 of 3% and 1.2% respectively. For FY19, the County realigned the grade scale and implemented a merit based system for employee annual increases that would become effective on employee hire dates. In FY20, the cost of a full year for employee merit increases was included at \$195,000. Future increases of 2% were included in FY21 through FY24.
 - **Cost of Living Adjustments** – Because employee salaries remained flat for many years as part of the County's cost cutting measures, the County's grade scale was not regularly realigned for cost of living adjustments (COLA's). To ensure that the County is maintaining competitive salaries with neighboring States and Counties, I recommend implementing regular COLA's for employees through adjustments to the County's grade scale. The projection includes 0.7% or \$68,250 in FY20 for a COLA. Future years also include 0.7% for COLA's.

Budget Charge Items

- Zero Based Budgeting
- Continue Hiring Freeze / Review of Vacant Positions to Create Vacancy Savings
- Thorough review of Ambulance Fee to ensure that the fee being charged covers the cost of providing services.
- New Fee Consideration - Implementation of a fire fee in accordance with WV Code, §7-17, County Fire Boards. Establish a fire fee to cover the cost of contributions made to support local volunteer fire companies. Authorize Staff to begin the lengthy process:
 1. Contact legislators regarding Dual Fees.
 2. Begin the process established in §7-17-12. County fire service fees; petition; election; dedication; and increase
- Employee COLA

1%	\$110,000
2%	\$221,000
3%	\$331,000
- Employee Merit Increase – Full year funding \$195,000
- Medical Insurance Plan Revisions.
- Other

If you have questions, please call me at extension 1008.