

Capital Improvement Program

Capital Projects FY 2009-2014

The Enterprise Funds

The County's proprietary or "Enterprise Funds" operate much like private business. True Enterprise Funds are stand-alone funds (separate from the General Fund) whereby users' fees – not taxes – support operational, maintenance and capital expenditures. The County's Water and Sewer Funds fall in this category. All revenues taken into these funds are designed to maintain and improve service delivery and maintain or expand current facilities.

The intent of the Board of Supervisors is that the costs of providing goods or services to the general public on a continuing basis should be financed or recovered primarily through user charges. Rates and connection fees will increase 8% annually to ensure the cost of operating the Public Utility system stays within the Enterprise fund; no general taxpayer dollars are used to support public utilities. For FY09 the total budget is \$19.4 million. This is a decrease of \$11.5 million or 37% due to completion or near completion of several major Capital Projects in FY08.

Water and Sewer Fees

Changes to the FY 2009 Water, Sewer, Connection and Availability Fees are based on increased costs associated with capital project construction, system operation and maintenance, debt service and system upgrades.

The Capital Improvement Program (CIP) provides a plan for the acquisition, development, construction, enhancement or replacement of public facilities to serve our citizens. The CIP is a five-year program for implementing the capital priorities of the County. As opposed to operations and maintenance, capital projects require major expenditures for items such as public land, structures and purchases of major equipment. Projects or programs requiring a total commitment of less than \$25,000 are generally not included in the CIP.

County departments continually review needs and requests for services and

facilities. The Planning Commission and Board of Supervisors typically review early financing and capital projects during the budget process.

The CIP is adopted annually by the Board of Supervisors and serves as a fiscal planning document. General Fund revenues – supplemented by county, state, and federal funding sources, capital leases, bond proceeds, and proffers – finance the County's capital improvements.

The FY2009-2014 CIP contains 22 separate capital projects (17 County projects, 4 Utility projects and school vehicles/buses). FY09 expenditures total \$18,223,911 the largest part of that due to

Utility Projects in the amount of \$15,625,300. Expenditures are budgeted for the Airport (\$50,000), Buildings and Grounds (\$410,000), Community Development (\$229,000), Economic Development (\$146,250), Fire Department (\$418,000), Information Technologies (\$130,000), Parks and Recreation (\$295,000), and School Buses/Vehicles (\$234,110).

New Kent County's CIP is used for planning purposes for the replacement of Vehicles, Equipment and Computers on a pay-as-you-go basis, meaning New Kent does not finance the purchase, or the purchase is made by cash.



The new high school, a \$49.9 million project, was part of the Capital Improvement Program for FY 2008.

Krista Jones photo



Surrounding Counties' Tax Rates

Adopted Budget for FY 2009

Demystifying the FY 2009 Budget

County officials and staff have worked diligently towards developing a Fiscal Year 2009 (FY09) budget that will meet the Board of Supervisors' key objective of providing the citizens of New Kent County with the highest quality services in a professional, efficient and fiscally-responsible manner.

Still, everyone wants lower property taxes, right? But it's not as simple as that – primarily because property taxes help to fund key local government services. To understand the potential impact of how State actions on property tax reductions could change services provided in New Kent, it's important to know how much you pay, what the money goes for, and what the County has already done to reduce its costs.

Your property taxes paid to the County go into the General Fund Budget, which for FY09 is \$31.6 million. You may hear about the overall budget being much larger – but those numbers include the County's two Enterprise Funds. Your property taxes are used only in the General Fund, which pays for fire and police services, parks and recreation, public works, and other general government services.

The Board of Supervisors has established eight key performance areas and the County budget is crafted around these areas. Below are highlights for each key performance area.

1. Public Safety

- Fees have started to be recovered from citizens' insurance companies for ambulance and rescue services. If a citizen does not have insurance he/she may have payment responsibility waived. These fees will be appropriated as they are received for FY09.
- Ambulance and Rescue Squad Services Recovered Revenue has enabled the Department of Fire and Rescue to increase staffing levels in order to reduce response times to outlying areas and increase service coverage to populated areas of the County. These service levels will remain steady for FY09.
- In order to reward valued volunteers and assist with recruitment of new volunteers, a reduced personal property tax rate of 50% on one vehicle per qualified Fire, Rescue or Auxiliary Deputy Volunteer has been implemented for FY09.



Funds in the amount of \$40,000 have been budgeted for Fiscal Year 2009 to further develop the first County-owned park, Quinton Community Park.

- County General funds, in the amount of \$152,000, continue to be dedicated for future Capital projects.

- Grant Funding Contingency has been budgeted in the amount of \$85,000; the same amount as FY08.

- Income limits and net worth thresholds for real estate tax relief for qualified Elderly/Disabled Citizens have been increased to state maximums to provide relief for more of our citizens.

3. Parks & Recreation

- Partially funded from Meals Tax, funds to increase parking spaces at the Quinton Community Center will enhance its marketability - \$55,000 (\$36,500 Meals Tax; \$18,500 County Funds).

- Partially funded from Meals Tax, funds have been budgeted to develop Criss Cross Park - \$185,000 (\$121,250 Meals Tax; \$63,750 County Funds).

- Funds have been budgeted to further develop Wahrani Nature Trail (\$15,000).

- \$40,000 has been budgeted to continue the development of Quinton Community Park by additional amenities and recreational equipment.

- A new position, a Program Recreation Specialist/Youth Coordinator, will assist with development of additional programs. Increased revenue from existing programs will entirely fund this position.

4. Community Assets & Amenities

- There is an increase in Debt Service due to the construction of the new High School, Maintenance Complex, second floor of the Courthouse and the construction of a new Sheriff's Complex. In addition, there is debt service for a Human Services building and for improvements to the new Middle School and old Middle School. There is partial planned revenue recovery from rental payments from agencies leasing the Human Services building.

- Increased Buildings and Grounds funds have been budgeted to maintain quality operations for the additional 99,291 square feet obtained from new structures.

- The Bay Area Transit grant is supported by \$58,425 in local dollars to provide demand-response transit service to New Kent County citizens.

- The Heritage Public Library is supported by \$184,530 which is a \$28,580 or an 18.3% increase over FY08. The increase is due to an additional \$20,000 being committed by the County for lease of its new space as well as an additional \$8,580 in operating funds.

5. High Quality Customer Service

- To provide better service to the community, 5 additional full-time positions, one part-time position and one upgrade from part-time to full-time have been approved. The Commissioner of Revenue will employ a Real Property Field Inspector, Human Resources will employ a Human Resources Assistant, the Treasurer will employ an Accounting Clerk, General Services will employ an additional custodian (start date of January 1, 2009), and Parks & Recreation will employ a Recreational Specialist/Youth Coordinator to fill the full-time positions. In addition, the County Attorney will hire a part-time Assistant County Attorney, and the part-time CSA Administrative Assistant will become full-time.

- Quarterly Newsletters will continue to be mailed to citizens to keep them informed of important dates and happenings within their County and community.

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A Message from the County Administrator:

"This budget has been constructed in one of the most challenging economic environments in recent memory. There are well-known significant national and international trends that have real and immediate local impacts. These will directly and indirectly affect the decisions of our residents and businesses. They include rising energy and health care costs, a system-wide credit crunch, and unstable real estate and stock markets. In general, these trends limit the resources available to the County to finance the services that our residents have come to expect from their government. At the same time, there is an increased demand for public schools and human service expenditures."

-County Administrator,
John A. Budesky

See p. 3, Demystifying the FY 2009 Budget

The Budget at a Glance

Total Budget Expenditures:

Totals \$73,434,035 for all funds (General Fund, Social Services, Capital Projects, Human Services, Wireless E-911, Schools, Litter Control, Meals Tax, Debt Service, Airport, Cafeteria, Computer Replacement, and Utility Enterprise Fund).

The total reflects a decrease of \$13.6 million, or 15.6 % from the adopted FY 2008 budget of \$87,034,618.

General Fund Expenditures:

Totals \$15,124,544 which reflects an increase of \$446,543 or 3% more than the FY 2008 adopted budget.

Real Estate Tax:

Increased from the equalized rate of \$0.67 to \$0.73 per \$100 of assessed value.

One Penny on the Real Estate Tax Rate:

Equivalent to approximately \$232,500 in tax revenues (includes assessed value of public service corporations and real property assessments).

Average Residential Property Value:

Projected at \$261,300.

Average Residential Real Estate Tax Bill:

\$1,908 per year based on average \$0.73 per \$100 assessed value, an increase of \$96 from FY 2008.

Personal Property Tax Rate:

Remains at \$3.75 per \$100 assessed value. A special rate for Tangible Personal Property for one vehicle per qualified Fire-Rescue Volunteer or Auxiliary Volunteer was reduced by half the rate to \$1.875. Machinery and Tools was reduced from a \$3.00 rate to \$1.50.

Meals Tax:

Remains the same at 4%.

Business Professional and Occupational License Tax:

All classifications and thresholds will remain at the current amounts.

Motor Vehicle License Fee:

\$25.00 for motor vehicle, other fees listed in fee schedule.

Consumer Utility Tax:

Tax based on the purchase of electric and gas utility services within the corporate limits of the County. The amount of the tax for residential consumers contains a monthly cap of \$1.50 per utility.

Water Service Rate:

Base rate increases 8% from \$41.58 to \$44.91 per 1,000 gallons of water consumption.

Sewer Service Rate:

Base rate increases 8% from \$57.78 to \$62.40 per 1,000 gallons of water consumption.

Sewer Connection Availability Fee:

Increases from \$3,742 to \$4,041 for new, single-family homes with a 5/8" meter.

Water Connection Fee:

Base rate increases 8% from \$3,402 to \$3,674 per 1,000 gallons of water consumption.

Personnel:

Total personnel costs for all funds (excluding schools) totals \$10,656,243, which includes an average of 1% pay-for-performance increase. A 2.50% cost-of-living increase is also included.

Capital Improvement Program:

Totals \$2,543,911.

Assessment Increase:

Total assessed value of real property, excluding additional assessment due to new constructions or improvements to property. The assessment is estimated to exceed last year's total assessed value of real property by 39.9%.

Lowered Rate necessary to Offset Increased

Assessment:

The tax rate which would levy the same amount of real estate as last year, when multiplied by the new total assessed value of real estate with the exclusions mentioned above. The lowered rate for FY08 is \$.67 per \$100 of assessed value.

Effective Rate Increase:

The County of New Kent adopted a tax rate of \$0.73 per \$100 of assessed value. The difference between the lowered tax rate and the adopted rate is \$0.06 or 8.9%. The \$0.06 difference is known as the "effective tax rate increase." Individual property taxes may, however, increase at a percentage greater than or less than the above percentage.



Voters approved a 4% meals tax through a referendum on November 2, 2004. The tax is on the sale of prepared food and beverages at restaurants, coffee shops, cafes, taverns, push cart operations and grocery and convenience stores with ready-to-eat foods sold such as the salad pictured above.

Budget Terms and What They Mean

Fiscal Year (FY) – Defined as a 12-month period for which an organization plans the use of its funds. The County operates under a fiscal year that starts July 1st and ends June 30th.

General Fund Budget – The primary operating fund of the County that receives most of the revenue derived by the County from local sources, including real estate taxes, other local taxes, licenses, permits and fees. Other sources of revenue to the General Fund include reimbursement of County expenses shared by the Commonwealth of Virginia such as cost of the Treasurer, Commissioner of the Revenue, Sheriff, and Commonwealth's Attorney. Revenue may also be received by this fund from federal, state and local grant programs. Major General Fund expenditures include the costs of general County government (administration, Public Safety, judicial, Public works, Community Development, etc.) transfers to other funds (ie. general fund support to other areas of the budget such as the schools and debt service). This plan is revised each year to take into account changes in inflation, changes in condition in the community, and changes in the amount of services necessary to maintain the County's standards of excellence. There is only one General Fund.

Capital Budget – Just as individuals or businesses may set aside money for home or vehicle repairs, the County plans ahead for long-term maintenance, renovation and repair, improvements, and major additions. These efforts are funded through the County's Capital Projects Budget. Through the Capital Projects Budget the County proactively addresses long-term needs by identifying projects costs, future operating costs, and any outside funding sources. Thus the County has already determined how it will pay for many of its long-term renovation and replacement needs. Capital improvements include such items as public buildings and other expenditures over \$25,000.

County Revenues – Locally raised tax and fees as well as state and federal funds.

Debt - Just as individuals may borrow money for a house or a car, the County occasionally borrows funds for major improvements. For instance, the County is currently paying off debt for funds borrowed to improve the Elementary schools and the Courthouse. The County's current debt level is about 8.6% of the total budget.

Demystifying the FY 2009 Budget, continued from front

- New Kent University has commenced for 2008 and educates citizens about New Kent County Government. The first year was deemed a success, a full class is in place for 2008 and there are citizens on the waiting list for 2009 to participate.

6. Quality Education

- The adopted local appropriation to the School increased by \$834,000 or 8.6%.
- Overall General Funds devoted to Debt Service for FY09 have increased by \$965,279 primarily for new/improved School Facilities.
- Revenue, for the fifth year, has been earmarked to fund debt service for school construction projects.
 - Six (\$0.06) cents of the Real Estate revenue (\$1,395,000).
 - 50% of the Meals Tax revenue (\$242,500).
 - 50% of the Vinton Off-Track Betting revenue (\$20,000).
 - Brickshire proffers equivalent to one cent (\$0.01) of the Real Estate Revenue (\$232,500), have been earmarked to fund debt service for school projects.

7. Land Use Planning

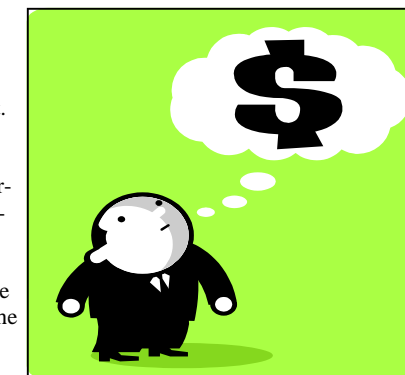
- The County has continued to budget for Purchase of Development Rights (\$154,000) and Village Improvements (\$50,000). The adopted FY09 budget does not include funds for VDOT Revenue Sharing.

8. Economic Development & Tourism

- An Economic Development Incentive Fund was established in FY08 and in FY09 funding has been adopted in the amount of \$121,250 to be funded with Meals Tax revenue. These funds are to be used for such incentives as utility extensions, education grants, site development or acquisition, fee or utility hook-up payments, engineering/consultant services, business development grants and similar inducements to influence business location decisions.
- A new Small Business Site Improvement Program will be developed with \$25,000 of capital funds. This program will provide grants to existing businesses to make improvements to their property in the form of façade improvements, lighting, landscaping and signage.
- Machinery and Tools Tax has been reduced by half from \$3.00 to \$1.50 to incentivize new businesses to locate in the County.

What Do I Get for My Property Tax Dollars?

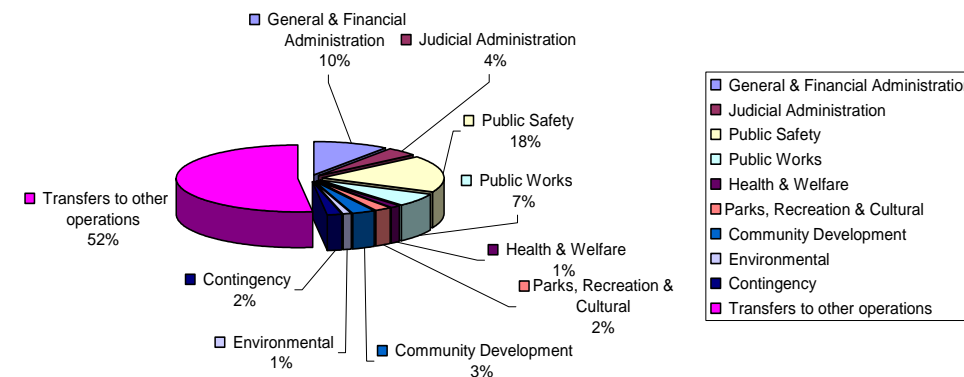
Of particular importance is the fact that 44.7% of the general fund budget supports the New Kent County Schools operation and debt. The second highest allocation (17.6%) is to Public Safety, which includes both Fire-Rescue and Sheriff's departments. These three entities' budgets total \$19.7 million while the FY 2009 proposed budgeted real estate property tax revenue is \$16.4 million. As you can see, the real estate property tax revenue alone will not support these three vital activities within the County of New Kent, let alone the entire general fund budget. See below left for all general fund expenditures.



The County has seen dramatic increases in costs over the last five years. Fuel costs for the County's general fund fleet have risen by 20.4% from FY 2008, while liability insurance has increased by 25.5% due to new County buildings. The Comprehensive Services Act (CSA) budget includes funds from the State and local dollars to pay for citizens covered by this act. Previously the School Board, Social Services and other agencies provided these individual services. Law now requires that we separate this funding and provide these services directly. The total adopted budget for this fund is \$2,596,315 with the County contributing \$1,225,244, an increase in local funds of \$219,970 or 21.9% over FY 2008.

The Budget Management Team, made up of the County Administrator, County Financial Services staff and a different staff member each year sits in on this team, took the requests provided by the departments, met with departments and molded the budget. The Budget Management Team worked hard to pare down the budget by almost \$2 million from the original operating and capital requests received from departments and agencies. The adopted budget is based on a real estate rate of \$0.73. See page 4 for surrounding counties' tax rates.

General Fund Expenditures



Approximately 18% of the adopted FY09 General Fund expenditures are budgeted to provide Public Safety to the general population of the County. The largest portion of budget is for transfers to other operations - 52%. Transfers are contributions of general fund tax dollars to other areas of the budget: School Operating - 33%, Debt Service (Schools) - 11.5%, Debt Service (County) - 2.2%, Human Service - 3.9%, Airport - .2%, Social Services - .7% and Capital Projects - .5%.



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