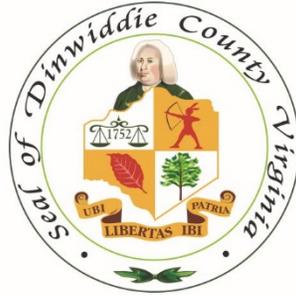


MESSAGE FROM THE COUNTY ADMINISTRATOR



To: District 5 Supervisor, the Honorable Brenda Ebron-Bonner, Chairwoman
District 1 Supervisor, the Honorable Harrison A. Moody, Vice Chairman
District 2 Supervisor, the Honorable Mark E. Moore
District 3 Supervisor, the Honorable William D. Chavis
District 4 Supervisor, the Honorable Daniel D. Lee

From: W. Kevin Massengill
County Administrator

Subj: County Administrator's FY 2022 Budget Message

I am pleased to submit the official proposed budget for Fiscal Year 2022. The purpose of this document is to inform you, and the citizens that we serve, about the current fiscal condition of Dinwiddie County, and the manner in which together we will effectively carry out the services that ultimately meet the needs of the overall community throughout the upcoming fiscal year.

As you are aware, the method of developing a budget for Dinwiddie County is an open and collaborative process that allows the Board of Supervisors, County staff, Constitutional Officers, the public school system, various outside agencies, and the citizens of the County to work together to establish priorities in spending. In essence, a budget is a spending plan that informs the businesses, citizens, and other taxpayers of the County on the current and future funding and policy decisions of the local governing body.

The adoption of an annual budget is one of the most important actions that a local Board of Supervisors can take. Once adopted, the budget serves as a financial roadmap, which provides the citizens, media, community stakeholders, and ultimately the Board of Supervisors, with a public record that shows where the County is headed with the delivery of its services. Moreover, the adoption of the budget also serves as a work action plan for all County employees that establishes and prioritizes the manner in which they will deliver services throughout the budget year.

In accordance with the Code of Virginia, the proposed budget presented for your consideration is balanced. Staff and I have taken sufficient measures to ensure that the revenue and expenditure projections provided in this budget are accurate and based on the very best information available at the time of submittal.

I thank you for your active involvement with the budgeting process, and I am equally appreciative of the individuals that have provided critical input, countless man hours, and the necessary leadership to afford us the opportunity to continue to provide a high level of services to our citizens, businesses and visitors of Dinwiddie County.

FY22 Budget Goals

- Develop a conservative budget realistically aligned with the current COVID-19 health pandemic.
- Maintain current level of service for Dinwiddie citizens and enhance delivery of services where feasible.
- Fully implement Phase 1 of the Classification and Compensation Study for Dinwiddie Government and Constitutional Officers' employees.
- Continue to partner with the Dinwiddie County Public Schools to make investments in teacher and division compensation.
- Make strategic decisions and investments using the Coronavirus Aid, Relief, and Economic Security Act (CARES) and the American Rescue Plan Act (ARPA) funds.

COVID-19 Health Pandemic

During the FY21 budget development process, COVID-19 began to affect the Dinwiddie community. Due to that health crisis and the uncertainty of an impending economic crisis at that time, County Administration recommended the FY21 expenditure budget remain the same as FY20 as much as possible. It was our belief that this financially conservative approach was prudent and necessary for the unprecedented times that our nation, our commonwealth, and our local government was experiencing.

Over the last year, COVID-19 has negatively affected the private sector, government sector, school system, social activities, cultural and religious services, and the daily lives of each of our County residents. Early in the pandemic, the tourism and leisure industry was significantly impacted. I am very proud of the resiliency of this business sector to find creative ways to reinvent their operations to conform to required health guidelines and limit the spread of COVID-19 in the Dinwiddie community.

I am very pleased to report that the prudent and conservative budgeting practices in FY21, coupled with sound financial oversight of daily operations, created a favorable environment for the composition of the proposed FY22 budget before you.

Adopted Calendar 2021 Tax Rates per \$100 of Assessed Valuation (NO CHANGE FROM 2020)

Real Estate	.79
Mobile Homes	.79
Mineral Land	.79
Public Service	.79
Personal Property	4.75
Personal Property – Volunteers	.25
Machinery and Tools	3.30
Heavy Construction Equipment	3.30
Airplanes	.50

Revenues

Before the COVID-19 health crisis last year, the County was conservatively forecasting approximately \$2 million in General Fund revenue growth. Due to the uncertain financial times, County Administration decided to remove all forecasted revenue growth. As such, the proposed FY21 General Fund revenue budget was \$76,737 less than FY20. I am pleased to report that the General Fund revenue for FY21 is anticipated to be \$50,645,852. This is \$1,891,762 more than previously budgeted for FY21. County Administration used these positive baseline projections and assumptions to develop the FY22 General Fund revenue budget with an increase of \$2,798,160 over FY21.

The following is a breakdown of revenue sources that total \$51,552,250 for FY22:

- Local: \$44,841,124 - Increase of \$2,775,091
- Commonwealth of Virginia: \$ 6,706,526 - Increase of \$26,724
- Federal: \$ 4,600 - Decrease of (\$3,655)

Historically, Dinwiddie County government has done an excellent job in conservatively projecting revenues that ultimately yield additional funds by the end of each fiscal year. Moreover, the planned and projected expenditures of the County are based on those conservative revenue estimates. As a result, overall County spending has traditionally been well within budget. County departments, Constitutional Officers, and outside agencies supported by the County are due much praise for consistently working within their respective budgets, especially during this COVID-19 health pandemic.

As you are aware, over the past several years, the County has worked to develop and maintain a diversification of stable revenues that will protect the local government from fluctuations in any one revenue source. This diversification helps ensure that services are delivered with confidence and without interruption. Moreover, it is the practice of the County to have on-going expenditures funded through on-going revenues. One-time revenues will not be used to finance continuing County operations, but instead will be used for planned capital projects. County-wide revenues are also conservatively estimated, with total resources for FY22 budgeted at \$135,729,536. As you are aware, the Board elected to maintain the real estate tax rate at \$.79 for the ninth straight year. The FY22 budget assumes a 96% collection rate on both real estate taxes and personal property taxes.

County Administration is actively evaluating additional revenue considerations that the Board of Supervisors could elect to adopt during FY22.

- **Cigarette Tax** - Effective July 1, 2020 the Virginia General Assembly authorized all counties to levy tax on cigarettes. Under prior law, only cities, towns, and two counties were authorized to tax cigarettes. The 2021 General Assembly Session in SB1326 defined a regional board and established a cap for those localities currently taxing cigarettes and also those about to enact the tax. Dinwiddie County is actively working with numerous localities to evaluate the optional regional approach.
- **Increasing Lodging Tax** - VA Code Section 58.1-3819 removed the cap on the local transient occupancy tax, which had previously been at 5%. Dinwiddie County presently is at 5%. The following is a breakdown of municipalities lodging tax rates in comparison to Dinwiddie County.

• Emporia	11%	Petersburg	10%
• Chesterfield	8%	Colonial Heights	8%
• Hopewell	8%	Prince George	7%
• Smithfield	6%	South Hill	5.5%
• Isle of Wight	5%	Mecklenburg	5%
• Greenville	5%	Brunswick	5%
• Dinwiddie	5%	Sussex	2%

Expenditures

The proposed FY22 expenditure budget accomplishes the budget goals as outlined earlier. The budget before you is balanced and the County is using on-going revenue to pay for on-going expenditures. The following is a breakdown of General Fund operations and transfers.

Description	Amount	Percentage of Total
County Operations	\$27,834,106	54%
DCPS Operations/Capital Transfer	\$15,840,100	31%
Debt Transfers	\$6,490,217	12%
Social Svcs/Children’s Svcs Transfer	\$1,362,827	3%
Community Dev Transfer	\$25,000	0%

Dinwiddie County Public Schools

The proposed FY22 County budget provides an additional \$507,612 to the Dinwiddie County Public Schools for their operations fund. This fully funds the revised FY22 operational request from the Dinwiddie County Public Schools. With this additional investment, the County is pleased to collaborate with the Schools to provide the necessary funding to ensure teachers will receive a 5% increase in compensation.

The following is a breakdown of local funding to support K-12 education:

School Operating Fund	\$ 15,690,100
School Debt Service – General Fund Transfer	\$ 2,844,705
School Debt Service – Meals Tax Fund Transfer	\$ 1,000,000
<u>School Capital</u>	<u>\$ 150,000</u>
Total	\$ 19,684,805

County Workforce

Dinwiddie County is very blessed to have an exemplary workforce comprised of individuals who are dedicated and committed to providing the very best in government services.

As you will recall, In FY19 the Board of Supervisors authorized a classification and compensation study for all employees of Dinwiddie County government and Constitutional Officers and their employees. The County contracted with Management Advisory Group, Inc. for a study to specifically achieve the following:

- External Parity – Determine the market value of jurisdictions neighboring Dinwiddie County and evaluate the market with peer jurisdictions (similar in overall size and function).
- Internal Parity – Evaluate internal structure of all positions based on overall job functions, roles, and responsibilities, and complexity of positions to ensure fairness and equity.
- Compression - Address the compensation issue that occurs when there is little difference in pay between long term employees making nearly the same as those newly hired to the organization.

Due to the uncertainty of the COVID-19 pandemic, County Administration recommended a delay in implementation of the class and compensation study last year.

The proposed FY22 County budget provides funding for Phase 1 of the Classification and Compensation Implementation to achieve the following:

- Moves each employee to the market minimum of their position.
- Internal parity by placing each employee on an appropriate grade and step within a newly created pay scale.
- Begins to address compression by providing additional compensation to those positions needing longevity adjustments.
 - 1/3 of the longevity adjustment to be made in FY22
 - I am proposing the remaining 2/3 longevity adjustments be paid out in subsequent fiscal years (FY23 and FY24).
- At a minimum, each employee will receive a 4% adjustment.
 - 2% Proposed for FY21 (Delayed due to COVID-19)
 - 2% Proposed for FY22

- Constitutional Officers have the ability to opt in or out of the implementation. Employees of Constitutional Officers are also included in the implementation.
- As you are aware, I requested not to be included in the implementation.

The top budget priority established by the Board of Supervisors for FY22 was to implement the new Class and Compensation Plan, and I am very pleased to report that has been accomplished.

Additional County Workforce Investments

The FY22 proposed budget includes funding to make strategic investments in the following County operations.

Department	Position	Personnel Action
County Attorney’s Office	Program Support Specialist	Part Time to Full Time
Accounting	Accounting Specialist	New Hire
Animal Control	Animal Control Officer (ACO)	Reduce Part Time Animal Shelter Attendant Hours & Incr to Full Time ACO
Information Technology	Information Technology Technician	New Hire
Public Works	Park Services Crew Leader	Additional Part Time Hours

Constitutional Officers

The proposed FY22 County budget also provides additional funding to the five Constitutional Officers. County Administration and the Board of Supervisors believe that a strong working relationship with the Constitutional Officers is vital to the overall success of the County. Constitutional Officers and their staff are included in the classification and compensation implementation for FY22

Debt Service

No additional debt has been proposed in the FY22 budget. The County has maintained a Standard & Poor’s rating of AA for general obligation bonds and AA- for lease revenue bonds since 2014.

Capital Improvement Plan

Dinwiddie County will receive approximately \$5.5M in American Rescue Plan Act (ARPA) funding that can be spent over the next two fiscal years on certain types of capital projects. It is also anticipated that Dinwiddie County Public Schools will receive approximately \$6.7M as well. The goal of County Administration is to develop a CIP with prioritized spending for FY22 by the end of FY21, maximizing federal COVID-19 relief funding. A public hearing will then be required to adopt the plan and appropriate the funding.

General Fund Balance

Per County financial policy, the unassigned general fund balance is not to be used to balance the FY22 operational budget. The Board of Supervisors has adopted a financial policy that requires maintenance of a 15% general fund balance based on the total expenditure budget less annual debt service payments and bonds proceeds expenditures. This minimum amount is calculated for FY22 at \$14,312,710, and the General Fund balance at June 30, 2022 is budgeted at \$20,104,090.

Conclusion

The status of the overall Dinwiddie economy appears to be improving when comparing key economic indicators to prior years in light of the COVID-19 pandemic. While it remains unclear what the impact of COVID-19 will have on the local, state, and federal economy long term, I believe that our budget approach for FY22 is not only conservative, but also prudent for positioning our local government to outlast this global health crisis and emerge financially sound.

With this in mind, I am confident that each stakeholder in the FY22 budget is determined to deliver high quality services and is dedicated to working collectively to implement the budget before you in these uncertain and unpredictable times.

I would like to express my sincere appreciation to all individuals that were involved in developing this proposed budget. I am extremely impressed and proud of the true commitment and dedication of the Dinwiddie County workforce for consistently demonstrating their ability to address our financial challenges by embracing change and improving the services and programs that we provide. Together through their hard work and the vision of the Board of Supervisors, we have made significant strides towards making the local government more accountable, more representative of the times, and more strategic in our approach to making Dinwiddie a better community.

Thank you for your time and consideration of this document and for allowing me to be of service to you, the staff and the citizens of Dinwiddie County.

Sincerely,

A handwritten signature in black ink, appearing to read "W. Kevin Massengill". The signature is fluid and cursive, written over a light blue horizontal line.

W. Kevin Massengill
County Administrator