



## MEMORANDUM

TO: Board of Supervisors

FROM: Kathleen D. Guzi, County Administrator *KDG*

DATE: April 4, 2011

SUBJECT: Fiscal Year 2012 Budget

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As we move forward to the public hearing on April 11<sup>th</sup>, it might be helpful to have a recap of the budget. You are aware that the budget advertised is based upon an equalized tax rate of 0.53 cents/\$100. The total General Fund Budget as advertised is \$85,750,058.

The advertised budget of \$85,750,058 represents a \$2,105,380 increase over the currently adopted budget. This is due in part to anticipated increases in the Sales Tax, Meals Tax and Transient Occupancy Tax. Of this figure, \$1,130,414 is anticipated to be transferred to the School Division—in keeping with the Board's past practice. As examples of expenditures in the General Fund toward which the remaining \$974,966 is applied, I would again draw your attention to:

- a \$250,000 increase in costs to house inmates at the Blue Ridge Regional Jail;
- a \$200,000 budgeted increase for costs of juvenile detention;
- an \$87,560 budgeted increase for additional vehicle replacements;
- a \$305,252 increase in the transfer to the CIP;
- an \$86,000 increase in computer replacements;
- \$40,458 for mandated Line of Duty costs; with
- the remaining \$5,696 applied toward other increases throughout the budget.

You will recall that on February 22<sup>nd</sup>, we had a discussion regarding the details behind changes in the various County budgeted cost centers. Of the sixty-nine (69) departments or cost centers,

approximately 65% are either reduced or level funded. The remaining 35% reflect an increase ranging from a low of \$73 for the New London Cannery to the high of \$1,130,414, which is the transfer to the schools. The specific reasons for any increase in a County cost are as follows:

1. 1245 Fiscal Management Increases \$2,706 or 0.57% to fund a required OPEB (Other Post Employment Benefits) Actuarial Update.
2. 1251 Information Technology Increases \$93,049 or 21.68% due to the additional \$86,000 noted above for computer replacement.
3. 1310 Electoral Board increases \$62,475 or 86.51% due to costs incurred for anticipated Primaries.
4. 2120 General District Court increases \$1,280 or 9.73% to fund a replacement phone and headset.
5. 3220 Volunteer Fire Companies increases \$16,474 or 1.72% to fund the mandated Line of Duty benefit.
6. 3230 Volunteer Rescue Squad increases \$23,984 or 1.96% to fund the mandated Line of Duty benefit.
7. 3315 Blue Ridge Regional Jail (BRRJ) increases \$250,000 or 23.40% as noted above to fund contractual obligations for detention of inmates.
8. 3335 Juvenile Secure Detention increases \$200,000 or 44.44% as noted above to fund contractual obligations for detention of juvenile offenders.
9. 3550 Emergency Services increases \$90,551 or 6.30% to fund previously approved career staffing; \$5,000 for public education; costs associated with hosting the Wildland Fire Academy; gas and hazmat equipment.
10. 3560 Communications Center increases \$45,583 or 2.58% to fund costs associated with the regional radio system.
11. 4230 Refuse Collection increases \$7,724 or 0.28% to fund part-time wages.
12. 4321 Central Garage increases \$15,089 or 5.49% to fund vehicle repair and maintenance.

These costs are billed to user departments.

13. 5130 Central Virginia Area Agency on Aging (CVAAA) increases \$2,500 or 3.08% to reflect the Board's action in the present budget year to restore the reduction to Bedford Ride.
14. 5150 Central Virginia CSB increases \$5,219 or 5.26% to fund them at the FY 2010 level.
15. 5330 Youth & Family Services increases \$46,873 or 16.33% to reflect the transfer of funds previously budgeted in 3331 Juvenile Detention Prevention.
16. 7100 Recreation increases \$36,846 or 3.03% due to the inclusion of expenditures related to trips. There is an offsetting revenue for this.
17. 7201 Cultural Enrichment increases \$1,075 or 0.89% to reflect the Board's action in the present budget year to restore the reduction to the Bedford Museum and reduction in funding for the Bedford Agricultural Council.
18. 7320 Regional Library increases \$24,965 or 1.97% to fully fund their requested local support.
19. 8142 Board of Building Appeals increases \$54 or 7.46 percent to fund salary and fringes associated with calling members in and conducting an organizational meeting.
20. 8150 Economic Development increases \$28,128 or 8.4% reflecting salary and fringes for the Director position and dues to Region 2000.
21. 8151 Revenue Sharing increases \$10,000 or 1.25% reflecting increased revenues and the contractually obligated payment to the City.
22. 8220 Erosion & Sediment Control increases \$5,570 or 2.87% based upon actual enrollment in health insurance.
23. 8302 New London Cannery increases \$73 or 0.21% for operating costs such as gas etc.
24. 9921 Vehicle Replacement Fund increases \$87,560 or 41.22% to be applied toward the replacement of County vehicles.
25. 9921 Transfer to Schools increases 41,130,414 or 3.18 percent as noted above to reflect the Board's past practice of transferring 50% of new, discretionary revenues to the School Division.

As you consider your budget strategies it may also be helpful to remember the strategies in place since 2009 to ensure a sound fiscal plan for the County. As economic conditions became increasingly bleak, staff took preliminary steps during Fiscal Year 2009 such as freezing vacancies, tightening a review of travel and conference requests, review of all publicaitons etc. to ensure that expenditures stayed within available resources.

The Fiscal Year 2010 budget document was the first year wherein the dramatically changing economy was reflected in the County's budget. In order to balance the FY2010 budget the following steps were taken:

- Fiscal Year 2009-2010 Department budget requests were reduced in excess of \$1,800,000;
- Funding for projects in the Capital Improvement Program (CIP) was eliminated;
- The FY2010 transfer to the School Division was reduced by \$1,500,000;
- Vacancy savings of \$227,140 were realized through the hiring freeze;
- A transfer from the Health Insurance Fund in the amount of \$180,800 was utilized to offset increased County costs associated with rising health care costs;
- Funding for scheduled computer replacements in the amount of \$80,000 was eliminated; and
- No increases were funded for wages/salaries.

Again, the Fiscal Year 2011 Budget presented unprecedented challenges. In order to bring the Fiscal Year 2011 budget to balance the Board relied upon:

1. Realizing \$701,567 in vacancy savings;
2. Reducing the budget for new vehicles by 50% (\$212,440);
3. Not funding any requests for support from outside agencies not previously funded;
4. Reducing support for outside agencies by 5% (Bedford Ride and the Bedford Museum were later made whole with a Fund Balance appropriation);
5. Reducing Convenience Center hours (this reduction too was later offset by an appropriation from Fund Balance); and
6. No increases to wages/salaries.

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As we move forward with the development of the Fiscal Year 2012 Budget, the Board will note that requests are again reduced whenever possible. And, while revenues are up 2.5% due largely to growth in local revenues, total projected revenues currently anticipated for FY12 are 2.0% less than the actual revenues received in Fiscal Year 2008. Thus, our expenditure are at Fiscal Year 2008 levels while the county continues to experience an overall growth in population.

Staff respectfully awaits direction from the Board such that we can prepare any necessary options for your review and consideration. As always, I am happy to answer any questions you may have.

KDG/fjr