



County of Prince Edward
Board of Supervisors
Agenda Summary

Meeting Date: February 1, 2013
Item No.: 1
Department: County Administration
Staff Contact: W.W. Bartlett
Issue: Closed Session

Closed Session

Summary: (*Sample Motion*)

I move that the Prince Edward County Board of Supervisors convene in Closed Session for consultation with legal counsel regarding a specific legal matter related to the Prince Edward County Sheriff's Office that requires the provision of legal advice by counsel, pursuant to the exemptions provided for in Section 2.2-3711(A)(7) of the *Code of Virginia*.

Attachments:

Recommendation: Convene in Closed Session.

Motion _____
Second _____

Campbell _____
Gantt _____
Simpson _____

Cooper-Jones _____
Jones _____
Wilck _____

Fore _____
McKay _____



County of Prince Edward
Board of Supervisors
Agenda Summary

Meeting Date: February 1, 2013
Item No.:
Department:
Staff Contact: W. W. Bartlett
Issue: FY14 BUDGET GUIDANCE

Summary:

Attached are 2 documents. First, is an overview of the General Fund Budget that focuses on the expenditures in the General Fund and the constraints that exist in reducing those expenditures.

The second is a spreadsheet that displays the fund balances of the various funds on a cash basis as of June 30, 2012.

We have heard from the school and they have requested an additional \$1,450,309 for operations and a total of \$10,752,139 for a 5 year capital improvement program.

The Regional Jail's expenses continue to exceed revenues by a considerable amount. The Jail board has just begun to develop their budget for FY14 and several significant factors are still in a state of flux which will not be resolved until the end of February at the earliest. Until these issues are settled it is difficult to accurately develop a budget for the Jail and the corresponding impact on the participating Counties. From what I know at this time it appears a worst case scenario would require Prince Edward to budget between \$700,000 - \$900,000 for jail operations for FY14.

As we move deeper in the budget development cycle better information will become available which will allow an accurate forecast of both revenues and expenses.

Attachments:

1. FY14 General Fund Overview
2. Audited Fund Balance 6/30/2012

Recommendation:

Motion _____
Second _____

Campbell _____
Gantt _____
Simpson _____

Cooper-Jones _____
Jones _____
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Fore _____
McKay _____

FY14 GENERAL FUND OVERVIEW

This memo is provided for informational purposes to provide the Board of Supervisors, the School Board and the Citizens of Prince Edward County knowledge regarding the constraints that exist when attempting to reduce the County's General Fund budget. The amounts contained in the attached spreadsheet are derived from the initial budget for the current fiscal year (FY13) as approved by the Board of Supervisors.

Over the last several years the General Assembly's top priority has been to hold tax rates steady. In several cases they have actually passed amendments which have reduced revenues for the state. This premise coupled with the economic downturn has caused a significant decrease in the amount of revenue the General Assembly has available to meet its obligations. The end result has been unprecedented funding reductions for local governments, especially K-12 education. This is true for all Virginia localities and is forcing many hard choices on local elected officials, especially in the area of education. While not an easy choice, if local governments desire to offset some of the decreased revenues/increased costs it involves only two simple decisions – raise revenues or cut funding by decreasing service levels for the citizens and funding for the schools. Many local governments have increased revenues in recent years in order to continue to provide services to their citizens and ensure the educational effort is not reduced. I predict many more will do so in the near future. For local governments such as Prince Edward County, whose elected leaders have always been very conservative and have consistently funded mandated services at a minimal level and only funded essential services demanded by the citizens, the ability to reduce expenses is very limited. This paper is meant to explain those limitations.

Combined together, costs in the General Fund that can be classified as either mandated, fixed or a core function total \$17,717,735 or 87.7% of the entire General Fund budget. Assuming the funding of the schools, refuse collection/disposal, volunteer fire departments and rescue squads are core functions that are to be level funded, only \$2,477,056 or 12.2% of the budget would be classified as discretionary expenses available for reduction. These discretionary expenses fund the following departments – Board of Supervisors, County Administrator, Legal Services, Information Technology, Biosolids, General Properties, Sandy River Reservoir, Cannery, and all contributions to outside organizations, Library, Town of Farmville, Economic Development, Tourism, Soil & Water District, Cooperative Extension, and Capital Projects. Much of the effort of these discretionary departments is to provide assistance/service to the mandated departments which cannot be eliminated (payroll, accounting, legal, IT, etc) or provide help and service to our citizens. For a significant amount of the "discretionary expenses" to be eliminated there would have to be a significant reduction, and in some cases, the elimination of services afforded our citizens (biosolids, cannery, library, etc.). Assuming tax rates are to be held steady for the next budget year, any increase in funding for the Schools or increases in other expenses such as retirement, insurance and costs of operating the regional jail must be funded by either reducing the discretionary costs or using cash reserves.

MANDATES/STATE REQUIREMENTS

As can be seen in the attached spreadsheet, the five constitutional offices have a combined expense of almost \$3.8 million or 18.6% of the General Fund budget. The Board of Supervisors does have a limited ability to control the cost of the constitutional offices. But to reduce expenses in these offices would require actions that would greatly reduce the ability of the offices to serve the citizens of Prince Edward County or have a profoundly negative impact on the employees of these offices. The County must hire the number of employees mandated by the state compensation board and pay, at a minimum, the salary dictated by the state. The County currently funds five full-time and several part-time positions in the constitutional offices in excess of the positions mandated by the state. Additionally, the County supplements the state approved salary of almost every position in the constitutional offices. The Board could cease funding the additional positions and cease providing a supplement to the state reimbursed salary for the employees in the constitutional offices.

Removing the additional positions may actually decrease the amount of revenue collected, would impact the ability of each office to serve the public and could actually increase County costs. The removal of the position shared by the Treasurer and the Commissioner of Revenue would decrease the amount of time the office of the Treasurer could devote to the collection of delinquent taxes which would reduce the amount of revenue actually collected. Removing the salary supplement provided by the County would decrease the salary of almost all employees in these offices causing a decrease in morale and an incentive to seek employment elsewhere. If the turnover increases, the expense to train new employees will increase and productivity will be reduced.

The cost of items identified as "Other Judicial Expenses" are \$316,940 and represent only 1.6% of the General Fund budget. The County only pays approximately one-third of the cost of the Circuit Court because the other two counties in the circuit reimburse Prince Edward. The Victim Witness program is funded by a grant that covers approximately 81% of the cost of this program. The cost of the Jail and Juvenile Detention are driven by the number of inmates and the amount of funds provided by the state. Both of these institutions are regional and controlled by their own boards. The County has almost no ability to control the costs of these programs except through actions of the two boards.

Costs listed in the category of "Health & Welfare" are driven by state mandates and represent \$1,671,033 or 8.3% of the General Fund budget. The state reimburses the County for much of the cost of the CSA program. The County's cost for CSA is approximately \$203,000 and is mandated by the state and the Board has little ability to reduce this amount. The cost shown for Social Services is only the local cost and is also mandated by the state with little or no ability for the Board to control.

Items listed in the category labeled "State Required Functions" are mandated by the state, the County must provide these functions. These costs are \$765,007 and are only 3.8% of the General Fund budget. The county receives approximately \$41,000 from the state for the operation of the registrar and the electoral board. The Board does have a limited ability to

control the costs associated with these mandates. But to do so would also result in a decreased service level for the citizens and possibly additional training cost to the County and a possible leveling by the state of various fines for not meeting various state requirements.

CORE FUNCTIONS/FIXED COSTS

I determined the items to list as Core functions based on actions and statements by the current and past Boards. The Board of Supervisors has complete control over the costs associated with the Volunteer Fire Departments (VFD), Rescues Squads and Refuse collection/disposal. These three functions cost \$1,774,955 or 8.8% of the General fund.

The Board could cease funding all three of these functions. To do so will place the entire funding burden on the members of the VFD and Rescue Squads if those services were to continue to be available for the citizens of Prince Edward. The Board could divest itself of the refuse collection and disposal duties by turning this operation over to a private for profit firm. The result would be a decreased level of service and a considerable increase in cost for the citizens and businesses of the County.

The category labeled "Fixed Cost/Contracts totals \$1,330,538 or 6.6% of the General Fund. The majority of these costs are the existing debt payments. The Board just recently refinanced some of the debt thus there is a limited ability to reduce these costs.

SCHOOL FUNDING

You have just heard the outlook for School funding. The challenges are great. Over the last several years the Board of Supervisors has worked hard to increase the level of local dollars provided for education. In Fiscal Year 2006 the County provided \$6.6 million for Education. For the last several years this amount has been increased almost \$1.5 million or 23% to a total of \$8.1 million this fiscal year. The largest increase occurred in the Fiscal Year 2008 budget when the local funds provided to the schools was increased approximately \$1 million. Based on Table 15 of the Superintendent's Annual Report with the last fiscal year reported as 2011 only 22 Counties spend more per pupil for operations than Prince Edward County while 72 spend less. This total includes local, state and federal dollars. In FY11 the amount of local funds provided by Prince Edward on a per pupil basis exceeded that of all of our surrounding counties as did the County's local funding when compared to the required local effort. These facts display the support the Board of Supervisors have provided the Schools in an effort to overcome state funding reductions and increased costs. An effort that will become increasingly difficult to continue.

MANDATES/STATE REQUIREMENT

ITEM	FY13 BUDGET
Constitutional Offices	
Commissioner of Revenue	289,546
Treasurer	359,800
Clerk of Circuit Court	456,486
Commonwealth Attorney	616,890
Sheriff	1,668,738
Sheriff - Courts	361,120
Subtotal	3,752,580
Other Judicial Expenses	
Circuit Court	50,572
General District Court	9,350
Magistrate	3,650
Law Library	6,300
Victim witness	57,098
Jail/Juvenile Detention	190,000
Subtotal	316,970
Health & Welfare	
E-911	8,000
Health Department	177,764
CSA	906,326
Social Services (local cost)	578,943
Subtotal	1,671,033
State Required Functions	
Electoral Board	33,261
Registrar	98,919
State Forester	13,244
Line of Duty	25,552
Building official	94,727
Animal Control	127,206
Planning	194,098
Reimbursement to the State	178,000
Subtotal	765,007
Total Mandates	6,505,590

CORE FUNCTIONS/FIXED

ITEM	FY13 BUDGET
SAFETY	
VFD	487,800
Rescue	76,000
Subtotal	563,800
FIXED COSTS/CONTRACTS	
Debt	946,013
Utilities	234,400
Insurance	47,775
Audit	36,000
Telecommunications	66,350
Subtotal	1,330,538
CORE FUNCTIONS	
Schools	8,106,652
Refuse	1,211,155
Subtotal	9,317,807
Total Core Functions/Fixed	11,212,145

GRAND TOTAL = \$17,717,735

TOTAL BUDGET = \$20,194,791

**PRINCE EDWARD COUNTY
AUDITED FUND BALANCE 06/30/2012**

	<u>Audited Fund Balance 06/30/11</u>	<u>Audited Fund Balance 06/30/12</u>	<u>Net (Decrease) Increase</u>
GENERAL	\$7,287,212	\$7,527,555	\$240,343
FORFEITED ASSETS	\$92,505	\$84,615	-\$7,890
CDA	\$46,794	\$46,794	\$0
DARE	\$3,028	\$2,942	-\$86
ECONOMIC DEVELOPMENT	\$743,464	\$743,464	\$0
RETIREMENT	\$399	\$5,479	\$5,080
SOCIAL SERVICES	\$191,318	\$171,009	-\$20,309
TOTAL GENERAL GOVERNMENTAL	\$8,364,720	\$8,581,858	\$217,138
WATER	\$166,540	\$788,363	\$621,823
SEWER	(\$32,271)	(\$94,604)	(\$62,333)
TOTAL ENTERPRISE FUNDS	\$134,269	\$693,759	\$559,490
PPEA	(\$1,530)	(\$1,530)	\$0
LANDFILL CONSTRUCTION	\$871,768	\$1,199,041	\$327,273
RECREATION FUND	\$27,002	\$27,116	\$114
VDOT - REVENUE SHARING	(\$47)	\$128,168	\$128,215
TOTAL CAPITAL FUNDS	\$897,193	\$1,352,795	\$455,602
Subtotal	\$9,396,182	\$10,628,412	\$1,232,230
SCHOOLS	\$0	\$0	\$0
CAFETERIA	\$328,169	\$408,493	\$80,324
SCHOOL CONSTRUCTION	\$0	\$0	\$0
UNDERGROUND STORAGE TANK	\$20,000	\$20,000	\$0
TOTAL SCHOOL FUNDS	\$348,169	\$428,493	\$80,324
TOTAL ALL FUNDS	\$9,744,351	\$11,056,905	\$1,312,554

AGENCY & INTERNAL SERVICE FUNDS

PIEDMONT COURT SRVS	\$327,509	\$339,111	\$11,602
IDA	\$102,990	\$107,990	\$5,000