

At a **budget work session** of the Southampton County Board of Supervisors held in the Board Room of the Southampton County Office Center at 26022 Administration Center Drive, Courtland, Virginia on April 7, 2010 at 6:30 PM.

SUPERVISORS PRESENT

Dallas O. Jones, Chairman (Drewryville)
Walter L. Young, Jr., Vice-Chairman (Franklin)
Walter D. Brown, III (Newsoms)
Carl J. Faison (Boykins-Branchville)
Ronald M. West (Berlin-Ivor)
Moses Wyche (Capron)

SUPERVISORS ABSENT

Anita T. Felts (Jerusalem)

OTHERS PRESENT

Michael W. Johnson, County Administrator (Clerk)
Julia G. Williams, Finance Director
Susan H. Wright, Administrative Secretary

Chairman Jones called the meeting to order. After the *Pledge of Allegiance*, Supervisor Faison gave the invocation.

Mr. Johnson stated that, as was typical with our first budget workshop, he expected tonight's meeting to be brief. He would like to provide them with a status update as to where we were with this FY 2011 draft budget, and go over some of the bigger highlights. Then they could take the budget home and look it over before they began to delve into it next week.

Mr. Johnson advised that before he went any further, he wanted to thank Mrs. Julia Williams, Finance Director, who had worked evenings and weekends for the last 5-6 weeks, and Susan Wright, Administrative Secretary, who copied and assembled the budget books.

Mr. Johnson stated that this budget was different than in years past, particularly in light of the fact that it was still a work in progress – the budget was not yet balanced. The draft FY 2011 budget, as currently drafted, totaled \$53,263,570, which was already \$3.6 million less than last year's budget. They had gone through the budget and cut \$3.6 million out of it. In addition to those cuts, they had already factored in the 3¢ increase on the real estate tax rate that they all knew was coming to help service the debt. However, there was still a gap in this budget of about \$1.85 million. To put that in perspective, if they were to try and bridge that gap with nothing but a real estate tax increase, that would be another 13.3¢ on the real estate rate. There were only 3 tools at their disposal to balance the budget: 1) further reduce expenses, 2) identify alternative revenue sources, or 3) a combination of the 2. Driving the gap was that state and federal revenues, which accounted for about 50% of their budget in the current fiscal year, would be decreased by 10% next fiscal year. In addition, general property taxes, the source of most local revenue, were down about 4%. There were 3 primary factors driving the local revenue decrease. One was increased enrollment in the land use program. We now had a substantial amount of property enrolled in that program. It equated to the equivalent of about 17¢ on the real estate tax rate. Another was that applications for elderly and handicapped tax relief had almost doubled, which was equivalent to about \$66,000 in revenue. Lastly, the values of personal property had dropped substantially. Even with the 50¢ increase on the rate the Board authorized last year, personal property taxes were expected to bring in \$700,000 less next fiscal year.

Mr. Johnson continued that there were also some new expenses that were unavoidable. Work must begin on the 2012 real property reassessment, which added \$180,000 to the bottom line. In addition, the new Courtland wastewater treatment plant was scheduled to go on-line July 1. Associated with that were increased staffing requirements (6 additional employees) and additional operating expenses. He noted that rate increases for water and sewer customers were proposed. He stated that in years past, they had had relied heavily on the Unappropriated General Fund Reserve. That strategy was not sustainable in the long term. However, this draft budget did propose to utilize up to \$551,335 of the Reserve. At this level, under the worst of conditions, the

fund balance could drop to \$3 million by the end of FY 2011, the minimum necessary to avoid cash flow problems.

Mr. Johnson advised that this draft budget did not currently include additional local funding for school operations. Local funding for schools was increased by 2.52% to a total of \$11,042,525, with all of the increase set aside to service debt on Riverdale Elementary. Overall, even with the additional debt service for Riverdale, the **total** school budget was 7.24% lower than last year. From an operational standpoint, Southampton County Schools would have almost \$2.6 million less to spend in FY 2011. The current proposed funding level was actually \$644,000 short of the school boards request. He noted that the draft budget provided level or reduced funding for 64% (32 of 50) of departments and agencies included in the general fund, and provided for no salary increases for county employees.

Mr. Johnson discussed the following proposed revenues and expenditures:

PROPOSED REVENUES				
<u>REVENUE SOURCE</u>	<u>FY 2010</u>	<u>DRAFT FY 2011</u>	<u>INCREASE (DECREASE)</u>	<u>PERCENT CHANGE</u>
General property taxes	\$16,914,365	\$16,624,556	(\$289,809)	(1.71)%
Other local taxes	1,540,000	1,552,849	12,849	0.83%
Permits, fees, licenses	98,190	112,690	14,500	14.77%
Fines & forfeitures	554,554	560,238	5,684	1.03%
Interest	87,000	45,000	(42,000)	(48.28)%
Charges for services	374,401	413,526	39,125	10.45%
Miscellaneous revenue	763,705	751,612	(12,093)	(1.58)%
Transfer - General Fund Reserve	1,102,671	551,336	(551,335)	(50.00)%
Other County Sources	529,680	670,380	140,700	26.56%
Enterprise Fund	2,845,045	2,818,403	(26,642)	(0.94)%
Building Fund	3,897,635	2,020,299	(1,877,336)	(48.17)%
Revenue from the Commonwealth	24,608,253	22,964,849	(1,643,404)	(6.68)%
Revenue from Federal Sources	3,569,720	2,357,349	(1,212,371)	(33.96)%
TOTAL	<u>\$56,885,219</u>	<u>\$51,443,087</u>	<u>(\$5,442,132)</u>	<u>(9.57)%</u>

PROPOSED EXPENDITURES				
<u>EXPENDITURE SOURCE</u>	<u>FY 2010</u>	<u>DRAFT FY 2011</u>	<u>INCREASE (DECREASE)</u>	<u>PERCENT CHANGE</u>
General & Financial Administration	\$1,945,395	2,006,198	60,803	3.13%
Judicial Administration	1,645,668	1,560,088	(85,580)	(5.20)%
Public Safety	6,238,294	6,197,523	(40,771)	(0.65)%
Public Works	2,966,722	2,923,047	(43,675)	(1.47)%
Health and Welfare	489,539	504,724	15,185	3.10%
Parks, Recreation, Culture	301,883	306,147	4,264	1.41%
Community Development	492,081	496,238	4,157	0.84%
Non-Departmental	36,000	34,000	(2,000)	(5.56)%
School Fund	31,795,467	29,493,734	(2,301,733)	(7.24)%
School Food	1,093,000	1,093,000	0	0.00%
Public Assistance Fund	2,496,400	2,489,150	(7,250)	(0.29)%
Building Fund	4,197,635	2,585,763	(1,611,872)	(38.40)%
Enterprise Fund	3,187,135	3,573,958	386,823	12.14%
TOTAL	<u>\$56,885,219</u>	<u>\$53,263,570</u>	<u>(\$3,621,649)</u>	<u>(6.37)%</u>

Mr. Johnson discussed the following General Fund Summary of Changes:

SOUTHAMPTON COUNTY BOARD OF SUPERVISORS

Fiscal Year 2011 ★ Draft Budget

Introduction

GENERAL FUND SUMMARY OF CHANGES

	2009-2010	2010-2011	Change	%
General Government Administration				
Board of Supervisors	\$ 261,563	\$ 212,986	\$ (48,577)	(18.57)
County Administration	334,654	309,736	(24,918)	(7.45)
Commissioner of the Revenue	274,401	264,488	(9,933)	(3.62)
Board of Assessors	7,800	180,000	172,400	2,268.42
Treasurer	276,516	271,709	(4,807)	(1.74)
Delinquent Tax Collection	20,000	5,000	(15,000)	(75.00)
Accounting	233,543	220,232	(13,311)	(5.70)
Data Processing	217,407	215,331	(2,076)	(0.95)
Insurance/County Code	168,300	177,820	9,520	5.66
Registrar	151,411	148,916	(2,495)	(1.65)
	<u>1,945,395</u>	<u>2,006,198</u>	<u>60,803</u>	<u>3.13%</u>
Judicial Administration				
Circuit Court	72,865	64,771	(8,094)	(11.11)
Combined District Court	24,866	24,866	-	-
Special Magistrates	1,366	1,366	-	-
Clerk of Circuit Court	469,273	469,545	272	0.06
Sheriff - Bailiff	430,556	378,194	(52,362)	(12.16)
Courthouse Security	69,008	70,154	1,146	1.66
Commonwealth's Attorney	509,580	481,981	(27,599)	(5.42)
Victim Witness Assistance Program	68,154	69,211	1,057	1.55
	<u>1,645,668</u>	<u>1,560,088</u>	<u>(85,580)</u>	<u>(5.20)</u>
Public Safety				
Sheriff - Law Enforcement	1,665,682	1,642,095	(23,587)	(1.42)
Enhanced 911	155,513	162,433	6,920	4.45
Wireless 911	44,375	45,256	881	1.99
School Resource Officer	48,482	49,656	1,174	2.42
Volunteer Fire Departments	293,413	293,413	-	-
Volunteer Rescue Squads	920,879	920,879	-	-
State Forestry Service	23,367	23,367	-	-
Sheriff - Detention	2,667,937	2,565,629	(102,308)	(3.83)
Probation	105,614	105,355	(259)	(0.25)
Inspections	120,838	123,553	2,715	2.25
Animal Control	98,571	150,559	51,988	52.74
Medical Examiner	500	500	-	-
Emergency Services	93,123	114,828	21,705	23.31
	<u>6,238,294</u>	<u>6,197,523</u>	<u>(40,771)</u>	<u>(0.65)</u>
Public Works				
Streetlights	45,987	45,987	-	-
Assign-A-Highway	53,415	54,320	905	1.69
Refuse Collection	730,810	679,774	(51,036)	(6.98)
Refuse Disposal	1,665,562	1,666,372	810	0.05
Buildings & Grounds	470,948	476,594	5,646	1.20
	<u>2,966,722</u>	<u>2,923,047</u>	<u>(43,675)</u>	<u>(1.47)</u>
Health & Welfare				
Health Department	316,606	304,000	(12,606)	(3.98)
WTCSB	76,605	68,944	(7,661)	(10.00)
Senior Services	13,825	13,000	(825)	(5.97)
Comprehensive Services Act	80,882	117,159	36,277	44.85
STOP Organization	1,621	1,621	-	-
	<u>489,539</u>	<u>504,724</u>	<u>15,185</u>	<u>3.10</u>
Parks, Recreation & Cultural				
Community Concert Association	5,700	5,500	(200)	(3.51)
Rawls Museum Arts	14,250	14,250	-	-
Historical Society	28,500	28,500	-	-
W.C. Rawls Library	253,433	257,897	4,464	1.76
	<u>301,883</u>	<u>306,147</u>	<u>4,264</u>	<u>1.41</u>
Community Development				
Planning	279,376	283,388	4,012	1.44
Economic Development	150,000	150,000	-	-
Soil & Water Conservation	9,766	9,911	145	1.48
Cooperative Extension	52,939	52,939	-	-
	<u>492,081</u>	<u>496,238</u>	<u>4,157</u>	<u>0.84</u>
Non-Departmental				
Non-Departmental Operating	36,000	34,000	(2,000)	(5.56)
	<u>36,000</u>	<u>34,000</u>	<u>(2,000)</u>	<u>(5.56)</u>
TOTAL GENERAL FUND EXPENDITURES	\$ 14,115,582	\$ 14,027,965	\$ (87,617)	(0.62)

Supervisor West remarked that perhaps they needed to take another look at land use. Supervisor Brown commented that the owners of many farms enrolled in the land use program in Southampton County resided in North Carolina.

Mr. Johnson noted that he was looking at some other potential savings, including employee furloughs.

There being no further business, the meeting was adjourned at 7:28 PM.

Dallas O. Jones, Chairman

Michael W. Johnson, Clerk

April 7, 2010

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