

At a budget workshop meeting of the Southampton County Board of Supervisors held in the Board Room of the Southampton County Office Center, 26022 Administration Center Drive, Courtland, Virginia on April 8, 2015 at 6:30 PM.

SUPERVISORS PRESENT

Ronald M. West, Vice Chairman (Berlin-Ivor)
Dr. Alan W. Edwards (Jerusalem)
Carl J. Faison (Boykins-Branchville)
Glenn H. Updike (Newsoms)
Barry T. Porter (Franklin)
S. Bruce Phillips (Capron)

SUPERVISORS ABSENT

Dallas O. Jones, Chairman (Drewryville)

OTHERS PRESENT

Michael W. Johnson, County Administrator (Clerk)
Lynette C. Lowe, Deputy Administrator CFO
Beth Lewis, Director of Community Development
Amanda N. Smith, Administrative Assistant

OTHERS ABSENT

Julien W. Johnson, Jr. Public Utilities Director
Richard E. Railey, Jr., County Attorney

Vice-Chairman West called the meeting to order. I will be presiding tonight in the absence of our Chairman Dallas Jones. The first thing I will do is recognize our guest. Mr. Garner it is good to see you this evening.

After the Pledge of Allegiance, Supervisor Faison gave the invocation.

Vice-Chairman West states before we start I would like to take this time to thank you Mr. Johnson and the staff. Mrs. Lowe and the many weekend hours and long hours you have put in; the secretary that has been involved in the preparation. This is no small task. It is prepared for us each year and is presented so easily and we take it for granted sometimes. Thank you for taking this time and if each one of you would take a look at the preliminary top sheet the budget approval process; April 8th is the County Administrator draft budget presentation and then next week we will follow-up with the Departmental presentations. At this time Mr. Johnson without further ado you may start your process.

Mr. Michael Johnson states I will echo what Mr. West just said. I would like to begin by thanking Lynette. She has really worked countless hours over the last 60 days, nights and weekends in putting these numbers together so I wanted to thank her for all of her work. The bound books you have in front of you tonight. Amanda worked very hard to get those bound up for us so we want to thank her for her work as well. I will start again with the budget approval calendar. You all have seen this but I like to keep it in front of everybody. As Ronnie just mentioned, we do have a budget work session coming up next Wednesday night and we will hear the department presentations. We will follow-up the following Wednesday night with a third work session and then hopefully the last Wednesday night of this month on April 29th we will have a draft budget finalized and ready to publish in the Tidewater News for public comment and that is scheduled for Monday, May 18th. The following Wednesday night on May 20th we will have another work session to discuss and perhaps incorporate some of the public comments that you received at the public hearing. Then we would have this on your agenda for consideration of adoption at your regular May meeting on the 26th. So, that is the schedule. I will also share with you the entire draft budget; all 110 pages are already available online on our website on the home page. That does include the executive summary, the organizational chart, all the detail line items, the personnel schedules and salaries, all of the information on the county debt, the debt amortization, and much more. The entire book is available online for anybody that wants to take a look at it. Let's get started. Your FY 2015 budget was \$56.28 million. The initial draft of FY 2016 is \$55.8 million.

The bottom line is we are looking at a budgetary decrease of \$477,889.00 or 0.85%. We will talk about what is driving that in a minute. We talk about it every time; there are three sources of revenue; your state revenue, your federal revenue, and your local revenue. In the initial draft budget your local revenue comprises 53% of the total budget; state revenue is about 43% and federal revenue is 4%. This slide is the one that summarizes all of your revenue streams. You start with your general property taxes which is your biggest revenue stream. You can see here we are projected a modest amount of growth in FY 2016; an increase of \$467,029 or 2.27%. The problem is some of the other major revenue streams we expect decreases. The other local taxes, and we talked about this at the public hearing back in March, sales tax right now is lagging so we reduced that revenue under the other local taxes. We expect that to decrease by about \$83,000. Other substantial changes include those charges for service. We made adjustments to both service fees for ambulance transport and the solid waste management fees based on the trends we are seeing right now, so we went in and reduced those revenue lines by \$289,632. The miscellaneous revenue is also down by \$53,000. That is primarily the shared revenue we get from Franklin from what we call the "golden mile." We did include this year a transfer in from the general fund reserve of \$244,000 but it is not because we just wanted to use reserve funds. These funds are actually in your FY 2015 budget. They were set aside to purchase the new equipment that will go for the courthouse security. Obviously our plans are not far enough along yet to be able to purchase that equipment. That money won't be spent in the current fiscal year. We will simply roll that money over and rebudget it again in FY 2016. As you all know, at the end of the fiscal year anything not spent get puts back into that unappropriated general fund reserve. We will just take it from there and put it back into next year's budget, but it does show up as a transfer from the reserve. Other than that you see the Enterprise went up some the Building Fund went down some and that is primarily related to the way our debt is structured. We made our last payment on the Public Safety radio system this year which was in the building fund. That payment went away but the way our debt is structured the payments in the Enterprise Fund on the debt went up by approximately a corresponding amount. That is why you see those differences there. The big thing that jumps out at you from this chart is the reduction in state revenue; \$917,563 less in FY 2016 then FY 2015. Those are the revenue sources. We have talked about it before, all of the federal revenue you receive either goes towards educational programs or school food. We don't have any discretion in how that money is spent. The state revenue that we receive, almost all of that money is earmarked for certain programs. We expect to receive \$23,812,326 in FY 2016; of that amount \$17,295,754 is earmarked for education; \$2.68 million to the Sheriff's Office; a little over \$2 million to the Department of Social Services, and then you can see the smaller amounts to the rest of the Constitutional Officers as well as the \$299,911 which goes towards funding services associated with the comprehensive services act. All in all, we are looking at a substantial decrease in state revenue. The local funds; to give you an idea of how they are broken down and spent, when you look at your \$29,559,153 of local funds, \$11.38 million goes to support the departments, programs, and agencies that are included in your general fund. About \$9.28 million goes towards school operating fund; \$5.68 million goes to service your debt; \$1.65 million goes to water and sewer operations and the balance goes to capital projects, school food program, and social services. Switching over to expenditures, as you know it has to equal the amount of revenue and it does; \$55,799,534. The way it is broken down in this initial draft, about 54.6% of that would go to Southampton County Public Schools; 2.2% would go towards the school food program; 3.1% is the capital projects and the building fund; water and sewer is about 7.4%; your general fund programs and departments are 28.5%, and social services is about 4.2%. So, looking at the expenditures on a categorical basis you can see by looking at the general fund category there is very little change. We really did try to hold the line in cases where we could. We try to reduce these expenditures. You can see we are projecting about a 1.21% decrease in General and Financial Administration next year. That is a net savings of \$28,318. Judicial Administration is going up just a little bit; less than 1% at .57%. Public Safety did increase by 2.3%. That is because that's where a lot of your people are in both law enforcement and detention in those areas. Some of the cost that we couldn't control is your health insurance premiums and some of your unfunded mandates that come from your Line of Duty Act, OPEB Liability, etc. That is where a lot of those cost fall categorically and that is why you see that fairly modest increase. It does amount to a little bit of money; \$172,899.

Supervisor West states Mr. Johnson without getting into a can of worms as one would say, detention; those officers that are paid for that work in detention, are their salaries and benefits fully paid by the state? I am remembering some years ago when we took on hospitalization for each officer. Did we not do something like that to help with raises? My point is how much is being paid locally out of this draft budget?

Mr. Michael Johnson states correct me if I am wrong Lynette; all of the positions in detention have some amount of funding that comes from the state compensation board attached with the positions. What we receive from the compensation board is not the full amount of the salary under our pay plan. So, there is a local piece attached to each one of those positions. It's small but it is some.

Mrs. Lynette Lowe states it is the same for law enforcement and detention. There is no distinction as far as detention getting lesser benefits or more benefits than any other position there.

Mr. Michael Johnson states I suspect what you are remembering with that health insurance and you are going way back, is, there use to be a stipend that was paid; a flat amount for a month to employees that did not participate in the health insurance plan. I don't remember the amount but it was a modest amount, and we eventually phased that out. We no longer do anything with that.

Supervisor West states okay, I remember that. That was the point I was getting too. I thought the road deputies might be supported more from local funds than the detention deputies.

Mr. Michael Johnson states that is probably true because the road deputy's position is a higher grade under our pay and classification plan. We made that change either last year or year before last to make that distinction because up until then a deputy sheriff was a deputy sheriff and the Sheriff said there is a distinction in the amount of training and skill necessary for my guys in law enforcement compared to the guys in detention. So, there is a distinction there regarding the grade and I am not sure if the compensation board fully recognizes that or not.

Supervisor West states okay, thank you.

Mr. Michael Johnson states continuing down this chart to Public Works we see a very modest decrease, 1/2 of 1%. Again, Health and Welfare not much has change there. Not much has changed in Parks, Recreation, and Culture. We do see an increase under Community Development. This is in response to the expiration of that State Stormwater Grant, which had offset some of the cost in the initial years of administering that stormwater program. Those grant funds will not be coming in FY 2016 so what you see here is a slight increase in the amount of local funds that will be required; \$52,000.

Supervisor West states is it just not budgeted anymore or just phasing out of the program period?

Mr. Michael Johnson states the grant is over. The purpose of the grant was to get your staff hired, get them trained, and get them ready to administer the program.

Supervisor Phillips states do we have someone that is trained now?

Mr. Michael Johnson states yes.

Supervisor Porter states now don't forget we do collect additional fees to cover some of the cost of those people.

Mr. Michael Johnson states but this nets out those fees.

Supervisor Porter states but we collected those fees this year as well, but in addition to this year we also received the grant which basically covered the cost of these people for the year. That \$52,000 is half of what it would be if we had not combined Community Development with Franklin. Then we would be paying over \$100,000 because we had two people we were required to put on staff. Since we can share those two people with Franklin, it only cost us half of what it would have cost us. That is an additional \$50,000 savings that we have accrued by combining Community Development.

Mr. Michael Johnson states just so you know what it is; non-departmental is the revenue that we share back with the City of Franklin for the Hampton Farms facility. We share a portion of that revenue in accordance with our revenue sharing agreement with Franklin because they are connected to city utilities. This is the line that shows the amount of money that goes back to Franklin. It did reduce because the assessment of that building went down. We saw a 28% reduction in the amount of revenue that will go back. The school fund, obviously because the state revenue has taken the hit that it has, this is where the big hit is in the expenditure line. You can see

that overall, we are expecting the expenditures to be \$748,400 less than budgeted in FY 2015. The building fund again, that reduction you see there is related to the last payment last year on the public safety radio system. The enterprise fund went up barely by a corresponding amount because of the debt on the Courtland sewer plant was scheduled to go up to take that savings into account. So, total expenditures are .85% less than last year.

Supervisor Updike states before you move on does this include the DEQ fine for \$10,000.

Mr. Michael Johnson states what DEQ fine is that?

Supervisor Updike states at the Boykins plant.

Mr. Michael Johnson states I am not aware of any fine.

Supervisor Updike states okay.

Mr. Michael Johnson states since schools are a big piece of the budget at 54.6% this is a good place to start. To look at the schools and their actual revenue streams, their state aid for operations in FY 2015 was \$17.45 million. It is projected at \$16.56 million in FY 2016 for an overall reduction of \$891,874. This is based on an adjusted Average Daily Membership. Dr. Parrish after your retreat went back and looked at what the Department of Education projection was for Average Daily Membership. She looked at her current enrollment; looked at the number of people that would be graduating; looked at the number of people that would be coming into kindergarten; took into account some other things that she was aware of that will affect enrollment. She is confident at this point that she will have at least 38 more students than what is projected by the Department of Education. We have used in these revenue estimates her projections and not the Department of Education's. So, we have already factored in that additional state revenue that would come from those 38 extra students. But, even with the 38 extra students you are looking at \$891,874 less overall than they received in FY 2015. The other state aid is earmarked for specific programs. They don't have any discretion in how that is spent. That is another reduction of \$77,880 but that really doesn't affect their day to day operations.

Supervisor Porter states so that is really \$891,000 less than we had budgeted last year.

Mr. Michael Johnson states yes less than what we budgeted in FY 2015.

Supervisor Porter states what you see is actually \$891,000 less than we budgeted correct?

Mr. Michael Johnson states correct. We expect to receive.

Supervisor Porter states okay so we expect to receive, so it's really about \$100,000 less in actual dollars in what they actually received this year.

Mr. Michael Johnson states correct. This is budget to budget comparison. Federal aid is projected to go up by a little over \$200,000 but that really doesn't help them. They don't have any discretion on how that is spent. That is for administration of specific federal programs. You can see the local funds here. We are basically projecting to give them what we gave them last year minus the decrease in debt service plus \$66,000 to purchase five new buses. That equates to an overall increase of \$8,523.00. But when you net all of those things out, the schools will have about \$750,000 less to spend than what they did last year. What does that really mean? At this point I can't tell you. Hopefully Dr. Parrish will tell you this next week. What I can tell you, once you zero out those federal and state programs and zoom in on what the school board controls these are the seven major categories that they control spending in. In FY 2015 under these seven major categories they had budgeted \$26.7 million. What we know when they zero out all of those other federal and states programs and know what local resources we have to work with, we know the total in FY 2016 will equal \$25,868,272, which is that \$847,920 less than they had last year. Dr. Parrish along with others and I met last Thursday and I shared with her where we were from a revenue standpoint and she shared with me where they were in adjusting the ADM and some of the other things they were looking at. She said she would rather have some additional time before she came up with the actual categorical funding recommendations so she could explain to you all the impact that this will have on Southampton County Public Schools. I expect her to address that with you all next week during her presentation. This is the same graph you saw at your public

hearing but I want to keep it in front of you. What we see here is a clear trend of state revenue continues to decrease and local revenue has increased historically to try and at least partially mitigate that. At this point we have sort of reached the saturation level where we are no longer able to make up for the decreases in state revenue. I point out again in FY 2009 state funding was at \$19.35 million. It is at \$17.31 million for FY 2015. Local funding was at \$9.23 million and we are up to \$11.5 million. Basically we have been making up for what the state has not provided. The overall school budget has been staying fairly close to level, but that trend is just not sustainable. Moving on to the general fund; that is 28.5% of your total budget. Again, there is nothing remarkable there. This is sort of a repeat of the slide we looked at a few minutes ago. Overall expenses are up 1.26% and that is really related to things we don't have much control over. The building fund is \$1.75 million or 3.1% of your total budget. The sources of revenue for your building fund include utility taxes that we all pay; they are a little less than \$500,000 a year. The meal taxes that are collected and remitted to the treasurer is \$170,000. The rent that we collect from Social Services and the Health Department for their space in this building is a little over \$60,000 a year. The rent that we collect from the Wetland Bank out at the Turner Tract is \$150,000 in FY 2016. We have about \$471,000 and some change in carryover funds. A lot of that is the money we are holding in escrow for the fire departments and rescue squads that haven't been drawn down and we are also looking at the transfer in from the general fund of about \$405,000 to come up with that total of \$1,752,903. The uses of those funds; we pay the debt service on the Turner Tract out of that; that is \$840,000 next year. The leases on the Sheriff's vehicles are \$73,681. The lease on the refuge truck we acquired this year is \$38,637. When I say lease they are lease to purchases. Basically at the end of the lease we own the equipment is the way those are structured. Fire and Rescue capital projects; a little less than \$600,000 is set aside for that. We have \$60,000 set aside for other vehicles by the Sheriff's Office if they need to buy a new vehicle or something like that. That is set aside to be able to address those issues. We have earmarked to finance the cafeteria at the Jail Farm, \$37,000. That would be sufficient enough to finance a project of about \$300,000 +/- . We have earmarked \$73,000 to finance the Courthouse Security. That is the building piece of it. Remember I said that we would buy the equipment from the Courthouse Security fees that came out of the general fund. In order to do the building improvements we included here \$73,000 and that is sufficient to finance a little less than \$600,000 worth of building improvements. We have \$7,800 set aside to monitor the wetlands out at the Turner Tract in order to provide the reports and things that we have to provide to the Corp of Engineers. Then, we have \$26,000 set aside for replacement or refurbishment of our Solid Waste containers, purchase recycle boxes, and etc. Moving on to water and sewer; that is about 7.4% of your total budget at \$4.1 million. The sources of funds for this; we collect about \$1,255,200 in water and sewer fees from the customers that are connected to the system, but we transfer in from the general fund a little less than \$2.5 million to service the associated debt. Then we transferred in another slightly less than \$400,000 to help support utility operations. The use of those funds as I mentioned the debt payments in FY 2016, \$394,282 of that will be for Boykins, Branchville, and Newsoms. A little over \$2 million is for the Courtland Wastewater Treatment Plant and about \$21,243 is for the utility pickups lease purchase we did this past year. That leaves about \$1.65 million for water and sewer operations. That does include the funding necessary to finance the painting of the water tanks in Branchville, Newsoms, and the Agri-Business Park. To give you a snapshot again of where you are with your unappropriated reserve funds, this shows the historical trend going all the way back to 1996. You can see it has been as high as \$6.5 million back in 2007 and we are currently a little below \$3.9 million. It has been lower than that. It has been as low as \$3.5 million but we have reached the bottom as far low we would want to go. We want to maintain a fund balance at least of that amount and we certainly would like to grow it if the revenues are there to be able to grow it and give us more comfort. Proposed tax levies; there are no proposed changes. It is pretty much the same rates as we have in the current fiscal year and you can see what those rates are here. The same is true for all of the water and sewer fees as well as the solid waste management fee. That concludes my remarks Vice-Chairman. I will be glad to answer any questions.

Fiscal Year 2016 Initial Draft Budget

Wednesday, April 8, 2015
6:30 p.m.



Budget Approval Process

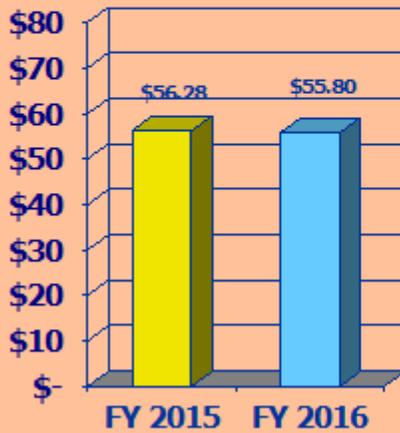
February 3, 2015	Liaisons meet with School Bd. Budget Committee
February 6, 2015	Budget request forms issued
February 27, 2015	Budget request forms returned
March 3, 2015	Liaisons meet with School Bd. Budget Committee
March 10, 2015	Budget Workshop/Retreat
March 23, 2015	Citizen comment received
April 8, 2015	County Administrator's draft budget presented
April 15, 2015	Budget work session – department presentations
April 22, 2015	Budget work session
April 29, 2015	Budget work session (draft budget finalized)
May 18, 2015	Public hearing on proposed budget (SHS)
May 20, 2015	Budget work session
May 26, 2015	Board adopts FY 2016 budget
May 26, 2015	Board adopts CY 2015 tax rates and fees

Transparency

- Entire initial draft budget (over 100 pages) available online on the county website www.southamptoncounty.org
- Includes an executive summary, organizational charts, detailed line items for both revenues and expenditures, personnel schedules and salaries, summary of outstanding debt, debt amortization schedule and much more!

Total Budget – All Funds

Millions



FY 2015 \$56,277,423

FY 2016 \$55,799,534

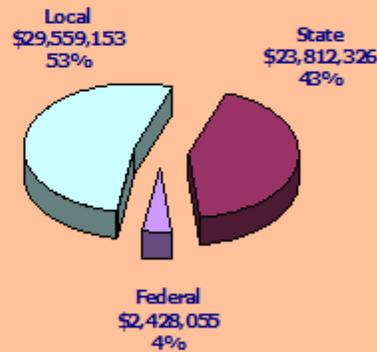
Decrease \$ 477,889

**Budgetary Decrease
0.85%**

Initial Draft FY 2016 Budget

Revenue Sources

State	\$23,812,326
Federal	2,428,055
Local	<u>29,559,153</u>
TOTAL	\$55,799,534



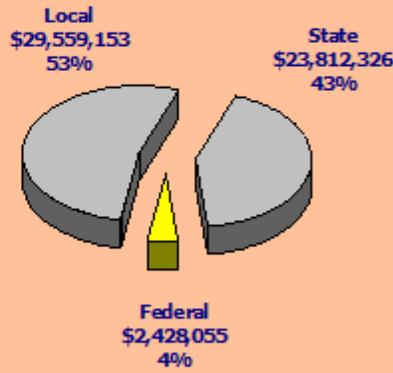
Initial Draft FY 2016 Budget

REVENUE SOURCE	FY 2015	PROJECTED 2016	INCREASE (DECREASE)	PERCENT CHANGE
General property taxes	\$ 20,609,943	\$ 21,076,972	\$ 467,029	2.27
Other local taxes	1,892,568	1,809,341	(83,227)	(4.40)
Permits, fees, licenses	21,840	21,500	(340)	(1.56)
Fines & forfeitures	714,823	697,222	(17,601)	(2.46)
Interest	4,000	50	(3,950)	(98.75)
Charges for services	1,859,237	1,569,605	(289,632)	(15.58)
Miscellaneous revenue	1,002,691	949,549	(53,142)	(5.30)
Transfer - General Fund Reserve	-	244,000	244,000	100.00
Other County Sources	579,690	587,991	8,301	1.43
Enterprise Fund	1,191,334	1,255,200	63,866	5.36
Building Fund	1,473,859	1,347,723	(126,136)	(8.56)
Revenue from the Commonwealth	24,729,889	23,812,326	(917,563)	(3.71)
Revenue from Federal Sources	2,197,549	2,428,055	230,506	10.49
TOTAL REVENUES	\$ 56,277,423	\$ 55,799,534	\$ (477,889)	(0.85)

Initial Draft FY 2016 Budget

Federal Funds

- All used for education or school food program

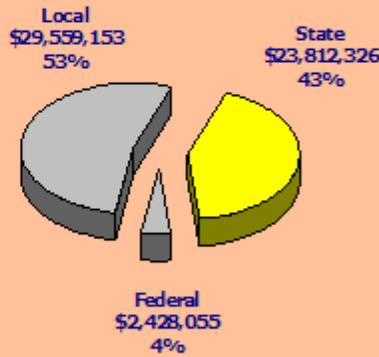


Initial Draft FY 2016 Budget

State Funds

Allocation

Southampton County Schools	\$17,295,754
Sheriff's Office	2,688,712
Department of Social Services	2,082,481
Commonwealth's Attorney	375,195
Clerk of Court	320,987
Jail Costs	256,647
At-Risk Juveniles	299,911
Non-Categorical	216,000
Other	135,462
Commissioner of the Revenue	95,795
Treasurer	80,742
Voter Registrar	<u>36,640</u>
TOTAL	\$23,312,326

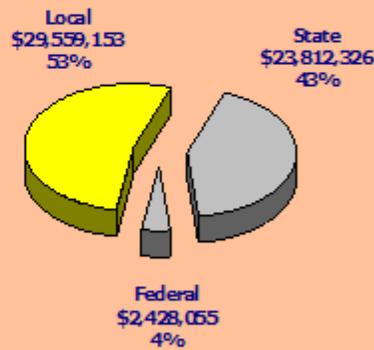


Initial Draft FY 2016 Budget

Local Funds

Allocation

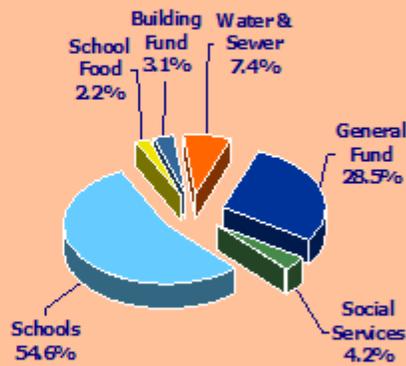
General Fund	11,386,499
School (Operating)	9,282,317
Debt Service	5,684,937
Water & Sewer (Operating)	1,651,692
Capital Projects	800,577
School Food	419,991
Social Services	<u>333,140</u>
TOTAL	\$29,559,153



Initial Draft FY 2016 Budget

Expenditures

General Fund	\$15,896,838
Social Services	2,345,621
Schools	30,460,540
School Food	1,202,606
Building Fund	1,752,903
Water & Sewer	<u>4,141,026</u>
	\$55,799,534



Initial Draft FY 2016 Budget

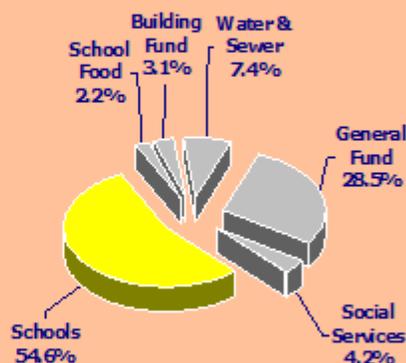
Total Expenditures

EXPENDITURE SOURCE	FY 2015	PROJECTED 2016	INCREASE (DECREASE)	PERCENT CHANGE
General & Financial Administration	\$ 2,341,270	\$ 2,312,952	\$ (28,318)	(1.21)
Judicial Administration	1,948,413	1,959,587	11,174	0.57
Public Safety	7,502,898	7,675,797	172,899	2.30
Public Works	2,412,008	2,399,298	(12,708)	(0.53)
Health & Welfare	842,881	849,628	6,745	0.80
Parks, Recreation & Culture	254,631	268,720	4,089	1.55
Community Development	357,182	409,258	52,096	14.59
Non-Departmental	30,000	21,600	(8,400)	(28.00)
School Fund	31,208,940	30,460,540	(748,400)	(2.40)
School Food	1,178,431	1,202,606	28,175	2.22
Public Assistance Fund	2,321,657	2,345,621	23,964	1.03
Building Fund	2,027,589	1,752,903	(274,686)	(13.55)
Enterprise Fund	3,843,545	4,141,026	297,481	7.74
TOTAL EXPENDITURES	\$ 56,277,423	\$ 55,799,534	\$ (477,889)	(0.85)

Initial Draft FY 2016 Budget

Expenditures

General Fund	\$15,896,838
Social Services	2,345,621
Schools	30,460,540
School Food	1,202,606
Building Fund	1,752,903
Water & Sewer	<u>4,141,026</u>
	\$55,799,534



Initial Draft FY 2016 Budget

Schools Revenue Sources

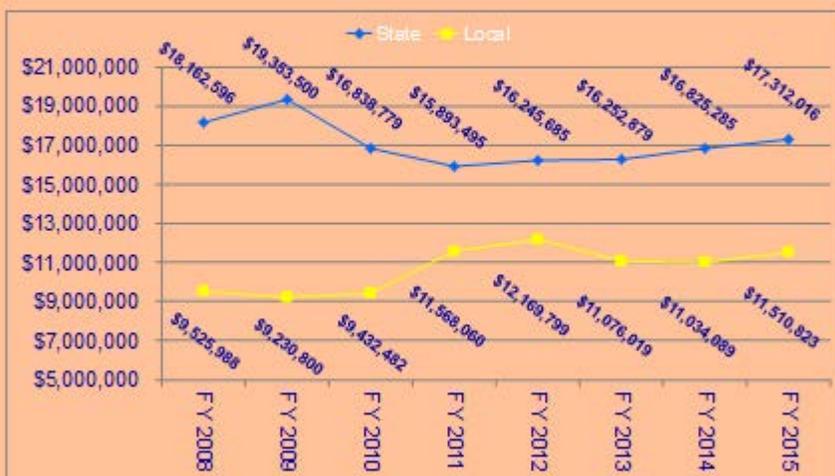
	FY2015	FY2016	CHANGE	%
State Aid (Operations)	17,454,989	16,563,115	(891,874)	-5.11%
Other State Aid	788,519	708,639	(77,880)	-9.90%
Federal Aid	1,412,309	1,625,140	212,831	15.07%
Federal - School Operating	44,300	44,300	-	0.00%
Local - Southampton County Funds	11,510,823	11,519,346	8,523	0.07%
	31,208,940	30,460,540	(748,400)	-2.40%

Initial Draft FY 2016 Budget

Schools Categorical Expenditures

	FY2015	FY2016	CHANGE	%
Instruction	18,821,042	TBD	TBD	TBD
Administration, Attendance & Health	1,034,776	TBD	TBD	TBD
Management & Direction - Transportation	2,884,476	TBD	TBD	TBD
Operation and Maintenance Services	3,188,295	TBD	TBD	TBD
School Food Service and Non-Operating	72,427	TBD	TBD	TBD
Facilities	168,709	TBD	TBD	TBD
Technology/School Operating	546,467	TBD	TBD	TBD
	28,716,192	25,868,272	(847,920)	-3.17%

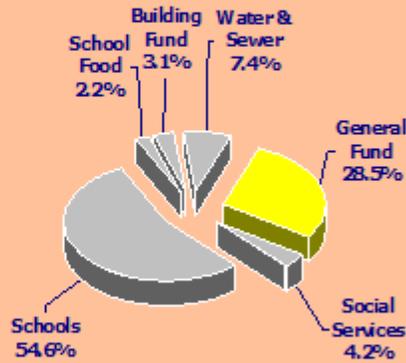
School Funding



Initial Draft FY 2016 Budget

Expenditures

General Fund	\$15,896,838
Social Services	2,345,621
Schools	30,460,540
School Food	1,202,606
Building Fund	1,752,903
Water & Sewer	4,141,026
	\$55,799,534



Initial Draft FY 2016 Budget

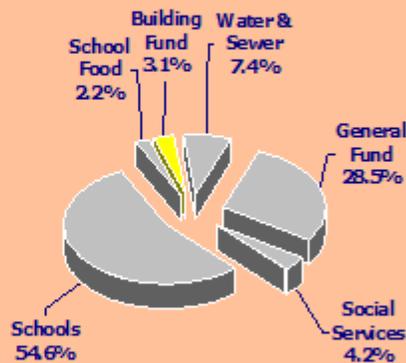
General Fund Expenditures

EXPENDITURE SOURCE	FY 2015	PROJECTED 2016	INCREASE (DECREASE)	PERCENT CHANGE
General & Financial Administration	\$ 2,341,270	\$ 2,312,952	\$ (28,318)	(1.21)
Judicial Administration	1,948,413	1,959,587	11,174	0.57
Public Safety	7,502,898	7,675,797	172,899	2.30
Public Works	2,412,006	2,399,298	(12,708)	(0.53)
Health & Welfare	842,881	849,626	6,745	0.80
Parks, Recreation & Culture	264,631	268,720	4,089	1.55
Community Development	357,162	409,258	52,096	14.59
Non-Departmental	30,000	21,600	(8,400)	(28.00)
TOTAL EXPENDITURES	\$ 15,699,261	\$ 15,896,838	\$ 197,577	1.26

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Expenditures

General Fund	\$15,896,838
Social Services	2,345,621
Schools	30,460,540
School Food	1,202,606
Building Fund	1,752,903
Water & Sewer	4,141,026
	\$55,799,534



Building Fund Sources of Funds

Utility Taxes	\$	495,312
Meals Taxes		170,000
Office Center Rent		60,556
Wetland Bank Rent		150,000
Building Fund Carryover		471,855
Transfer-In from General Fund		405,180
	\$	1,752,903

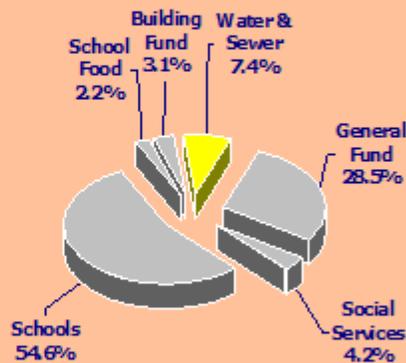
Building Fund Uses of Funds

• Debt Payments		
– Turner Tract	\$	840,008
– Sheriff’s Vehicle Lease		73,681
– Refuse Truck Lease		38,637
• Fire & Rescue Capital Projects		596,777
• Sheriff’s Office Vehicles		60,000
• Earmarked to finance Jail Farm cafeteria		37,000
• Earmarked to finance Courthouse Security		73,000
• Wetland Bank Monitoring		7,800
• Solid Waste Sites/Containers		26,000
		\$1,752,903

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Enterprise Fund Sources of Funds

Charges for Services	\$	1,255,200
Transfer-In from General Fund (Debt Service)		2,489,338
Transfer-In from General Fund (Operations)		396,488
	\$	4,141,026

Enterprise Fund Uses of Funds

- Debt Payments
 - Boykins, Branchville, Newsoms \$ 394,282
 - Courtland WWTP 2,073,809
 - Utility Pickups Lease 21,243
- Water & Sewer Operations 1,651,692
- \$ 4,141,026
- Includes funding to finance the painting of water tanks in Branchville, Newsoms, and the Agri-Business Park

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Unappropriated Reserve Fund Balance



Proposed Tax Levies

	FY 2015	PROPOSED FY 2016
REAL ESTATE		
General	\$0.77/\$100	\$0.77/\$100
Public Service Corporations	\$0.77/\$100	\$0.77/\$100
PERSONAL PROPERTY		
General	\$5.00/\$100	\$5.00/\$100
Machinery & Tools	\$2.40/\$100	\$2.40/\$100
Mobile Homes	\$0.77/\$100	\$0.77/\$100
Public Service Corporations	\$5.00/\$100	\$5.00/\$100
Merchants Capital	\$0.50/\$100	\$0.50/\$100
Farm Machinery	\$1.95/\$100	\$1.95/\$100
Farm Machinery/Single Product	\$1.25/\$100	\$1.25/\$100
Construction Machinery	\$1.95/\$100	\$1.95/\$100
Motor Carriers	\$2.40/\$100	\$2.40/\$100

Proposed Fees

	FY 2015	PROPOSED FY 2016
<u>WATER</u>		
Monthly Residential Base Rate (≤ 4,000 gal.)	\$26.00	\$26.00
Monthly Commercial Base Rate (≤ 4,000 gal.)	\$26.00	\$26.00
Monthly Rate per 1,000 (> 4,000 gal.)	\$5.00	\$5.00
<u>SEWER</u>		
Monthly Residential Base Rate (≤ 4,000 gal.)	\$34.00	\$34.00
Monthly Commercial Base Rate (≤ 4,000 gal.)	\$34.00	\$34.00
Monthly Rate per 1,000 (> 4,000 gal.)	\$7.00	\$7.00
AEC per 1,000 (Industrial Process)	\$1.50	\$1.50
<u>SOLID WASTE</u>		
Solid Waste Management Fee	\$200.00	\$200.00

Vice-Chairman West states gentlemen you have heard the comments and thank you Administrator for what you have provided for us this evening. At this time we will have a round table discussion and start with Supervisor Faison. Do you have a question that you would like to address or any situations or things we need to know about?

Supervisor Faison states not really. I think the budget has been put together very well. It addresses all of the issues and I certainly don't know anything off the top of my head. I look forward to reviewing it for the week.

Vice-Chairman West states good and thank you. He called on Supervisor Edwards.

Supervisor Edwards states have we heard the final word from the schools?

Mr. Michael Johnson states that is to be determined.

Supervisor Edwards states so we have not.

Mr. Michael Johnson states no.

Supervisor Edwards states now is there a feeling that we may get some more for schools? What is the feeling there?

Mr. Michael Johnson states get some more...

Supervisor Edwards states money.

Mr. Michael Johnson states no.

Supervisor Edwards states no.

Mr. Michael Johnson states no. If you want to do additional funding for school you will have to provide it locally. You will have to identify the revenue stream which is... I think I said it in the budget message that is code speak for raising taxes.

Vice-Chairman West states any other comments sir?

Supervisor Edwards nodded his head no.

Vice-Chairman West called on Supervisor Porter.

Supervisor Porter states I would like to thank Mr. Johnson and his staff for all of the work they did. I know what a job it is to put this together. At this time, I am going to reserve my comments until after I go through it and see how things develop over the next month. I think it is a little early to make judgments and I think they have done exactly what they were directed to do by the board. To present us a budget that did not require any increase in fees or taxes at this point. We are going to have to do some soul searching about everything in it and make some judgements as to what we can do and can't do for this year.

Vice-Chairman called on Supervisor Phillips.

Supervisor Phillips states Mike do we see any possibility with the Route 460 project credits being used? Is that a little premature?

Mr. Michael Johnson states it's premature but there is potential there. The rent estimate that was included in your building fund budget is based only on the base rent which we know is guaranteed.

Supervisor Phillips states through Bunrootis.

Mr. Michael Johnson states Bunrootis remits the additional funds based on sell of credits it triggers; what we call the supplemental rent. That would be a windfall for you.

Supervisor Phillips states you said tuition potentially... no I said tuition; she said new students... question; they had raised the tuition which may have taken some students out of the school system. Was there any discussion on tuition this year when you met with Dr. Parrish?

Mr. Michael Johnson states I will yield that question to Mr. Faison and Dr. Edwards but it is my understanding that the school board intended to reconsider that policy. The last I heard they were looking at considering some type of graduated scale if you had several children in the school system.

Supervisor Edwards states a family policy.

Mr. Michael Johnson states exactly.

Supervisor Phillips states okay. The only other thing that I thought of and this really doesn't have to be part of this discussion but the solid waste fee; is there any way to make that more equitable. Where people moving out July 1st and leaving with a bill for \$200 for one day so to speak and whether it could be prorated?

Mr. Michael Johnson states it would be easy to do if we had been successful in getting the legislation passed with getting it added to the light bill. That was the easiest and the fairest way. When you only bill it once a year I don't know of any real way you can prorate it. You don't know who was there for how many months. You just know who was there the month you prepared to

send the bill.

Supervisor Phillips states right. Nothing else has presented itself in a way to better achieve an accounting for who is living in the county.

Vice-Chairman West states it appeared at the time that Dominion Power was willing to work with us but the local utilities were not willing to get on board with us. That was an area they did not want to deal with at the time; the additional collection of that through their system. We had requested that through legislation through our delegates.

Supervisor Phillips states yes, you and I went to Richmond.

Vice-Chairman West states we did.

Mr. Michael Johnson states we got the legislation but they eliminated the co-op electric companies being a part of that.

Vice-Chairman West called on Supervisor Updike.

Supervisor Updike states look like we have a bitter pill to swallow. I don't see any alternatives. It is hard but people have to realize we have to live within our means. I don't see any way to start increasing one department or another department's budget. You just create disturbance in the community. We will have to say this is what we have and this is what you are going to have to live with. I don't think you can pick and choose about giving this person a raise or that person a raise. That irritates me to start picking winners and losers. I think we are going to have to bite the bullet and say no.

Vice-Chairman West states I would like to close with this comment if I may and I will ask Mr. Garner if he would like to make a comment as well. My comment is simply this; I think that we have had input by each one of you, the Administrator and the Assistant, and from that they have drawn this initial budget proposal. That being said, our neighbors, and you can see it in the Tidewater News today, Isle of Wight County has proposed and advertised .82 cents to .85 cents. I think the highest in the region is somewhere around .16 cent and that is the City of Portsmouth and Virginia Beach is even going up. That seems to be the trend to increase the rate on real estate this year. I don't see it being done on other things such as fees. I do not know at this time what the City of Franklin is proposing. Did all of you see where Dominion Power is placing a brand new billion dollar power plant in Greensville County? That was in the paper today and that is what it is about; bringing new business in. The staff has done what we have requested at this point. We will listen to the departments next week. We will be in a position soon to put this out. I am going to take the advice of Mr. Porter and that is a hasty response right now will probably do me no good, but to listen through the process and be prepared. I do want to keep my mind open to this process and therefore I won't comment on it either way at this point. Mr. Garner would you like to address us?

Mr. Carl Garner addressed the board. Basically I would like to give you an update on the ambulance fee services. We have been working on it hard. We are starting to put and finalize the details on it now; we think we have MTI convinced to do the QA program and send that feedback to the individual that completed the form to the squad captain. Any issues with the report that keeps them from being able to bill they will respond back to the provider for corrections to be made and also to the department head so they can follow up on it. So, they have agreed to do the QA process on the billing which they know the more revenue they can collect for us it increase the chances of being able to get some of that revenue. They know what is up against them. Like I said, we are finalizing it all now and hopefully we can see some results. We are going back and rebilling up to six months. The squads are working on that now and pulling a list together so we can get the demographics to the hospitals so we can rebill insurance companies that we missed out on. So, progress is being made.

Vice-Chairman West states is there a board member that would like to ask a question and I will start in the order of Supervisor Faison.

Supervisor Faison nodded no.

Vice-Chairman West called on Supervisor Edwards.

Supervisor Edwards states the comment I was going to make was the service they provide historically everybody has looked at it as a free service and that is the problem. You can see right now that there is a lot of people out there that have no idea that ambulance/fire will send them a charge. They really think it's a free service when you see people on the road putting their money in the basket. That is the attitude you are up against. There needs to be some sort of advertisement and education to the public as to what your expenses are and where this money comes from. I guarantee you 60-70% of the public think you are getting paid by bbqs and what you take up off the street.

Vice-Chairman West states to restate what he said I have a friend that was a former resident of the county in the Ivor/Berlin area who currently lives in Georgia who had an event where her heart was working irregular. She was transported to the hospital by Ivor and stayed there until everything was taken care of in the hospital. She chewed me up one side and down the other for charging for this event because they live in Georgia in a big city; what does Southampton County think they were doing charging to carry her to the hospital. She knew it went on in Georgia but not in the county.

Mr. Carl Garner states in Ivor we do a fundraiser every year and during that fund raiser we break down what it cost us per call to run our medics and what funding we get. We also try to push the subscription program and I tell you I don't know if people really understand what that program is all about. We have had them sent in from the church and they think the \$59 covers everybody in the congregation. We have been trying to do some education there. I don't know if that is something we can partner up with. That subscription program releases people from any co-pays or obligations. I don't think people really understand it.

Vice-Chairman West states I doubt they do.

Mr. Carl Garner states we get a good amount off of that. I say about \$3,000 to \$4,000 a year from that subscription program. I don't know what more we can do to educate the people.

Vice-Chairman West states and education is a hard thing. He called on Supervisor Porter.

Supervisor Porter nodded no.

Vice-Chairman West called on Supervisor Phillips.

Supervisor Phillips states I'm not sure if I even understand it. I certainly understand the principle but I am not sure what the fees are? How much did you say they were?

Mr. Carl Garner states for a family plan which covers everybody in that household I think its \$59.00 a year.

Mr. Michael Johnson states there is a form you fill out. You make a contribution to the Volunteer Rescue Squad. They certify the form that you made the contribution and that information goes to medical transport and if a call is made to your residence in that year, than you are not required to pay any of the copays or deductibles. So, basically whatever your insurance covers that is it.

Supervisor Phillips states so are you able to write that off as a contribution? I think the Tidewater News is always looking for a good article. I would urge you to explain to people when they are contemplating a contribution to advertise it that way and then it becomes a bigger contribution on their behalf.

Vice-Chairman West called on Supervisor Updike.

Supervisor Updike states I think they are doing a good job. The only thing I have and this is not referred to that; I am referring to the overall economic system of the county. We are looking in the upcoming year a 20% and maybe as much as 50% loss in the agriculture production as far as income. Prices will be down 40% to 50% unless we have another huge year. They are going to be strapped to make ends meet. I think we need to keep that in mind since we are in an agriculture community. The economic conditions are not going to be the greatest for the upcoming year.

Vice-Chairman West states I think we are all aware and certainly Mr. Garner as well; he grew up on a farm. We are well aware and thank you; a point well taken. Any other comments? Expect to meet next Wednesday same place at 6:30 p.m. The departments will meet with us at that time. If there are no further questions, I will declare this meeting adjourned.

There being no further business, the meeting adjourned at 7:16 p.m.

Ronald M. West, Vice-Chairman

Michael W. Johnson, Clerk