

On behalf of the Budget Committee (Clif Tweedy, Tyler Carraway, Ronna Johnson-Davis, and Minna Norris), I am pleased to present the proposed Fiscal Year 2018-2019 Campbell County Budget. This proposal was built based upon direction provided by members of the Board of Supervisors. The proposed budget also addresses many of the issues identified during the Budget Public Forum.

Revenues

As discussed during the Board’s Revenue Work Session on January 16th, County General Fund revenues continue a steady trend reflecting modest, but meaningful growth. The budget proposal presented here projects a total increase in revenues of \$1,890,585 for a proposed budget of **\$73,282,378**. While this represents a 2.6% increase over the adopted Fiscal Year 2017-2018 Budgeted Revenues, the proposed budget represents a 1.7% increase over Fiscal Year 2016-2017 Actual Revenues.

Of that \$1,890,585 in total revenue growth, Local Revenues are anticipated to increase \$1,590,861. This revenue increase can be seen across several local revenue sources as reflected in the following table:

Local Revenue	Adopted FY18 Budget	Proposed FY19 Budget	Increase/Decrease
General Property Taxes	\$38,708,272	\$39,845,372	\$1,137,100
Other Local Taxes	\$9,254,668	\$9,664,304	\$409,636
Permits, Fees, Licenses	\$1,968,063	\$1,978,787	\$10,724
Fines & Forfeitures/Use of Money	\$139,764	\$136,359	(\$3,405)
Charges for Services	\$399,573	\$438,672	\$39,099
Miscellaneous Revenue	\$2,396,276	\$2,491,656	\$95,380
Recovered Costs	\$371,470	\$362,806	(\$8,664)
Use of Money & Property	\$356,112	\$267,103	(\$89,009)
Total	\$53,594,198	\$55,185,059	\$1,590,861

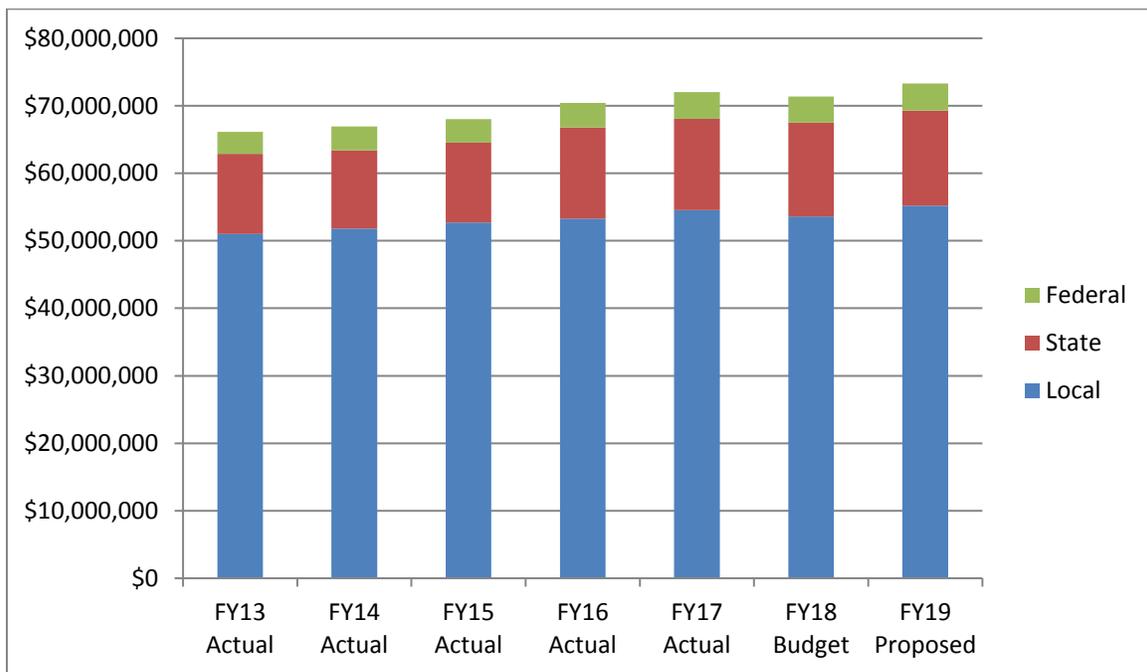
State Revenues are anticipated to increase \$199,644 to a total of \$14,127,508.

State Revenue	Adopted FY18 Budget	Proposed FY19 Budget	Increase/Decrease
Non-Categorical	1,777,643	\$1,830,780	\$53,137
Shared Expenses	\$3,538,279	\$3,610,018	\$71,739
Welfare/DSS	\$4,480,669	\$4,480,348	(\$321)
Other/Categorical	\$4,131,273	\$4,206,362	\$75,089
Total	\$13,927,864	\$14,127,508	\$199,644

And finally, Federal Revenues are projected to be \$3,969,811. An increase of \$100,080

Federal Revenue	Adopted FY18 Budget	Proposed FY19 Budget	Increase/Decrease
Categorical-Public Safety	\$221,474	\$217,111	(\$4,363)
E-rate	\$2,000	\$5,609	\$3,609
Categorical-Social Services	\$3,646,257	\$3,747,091	\$100,834
Total	\$3,869,731	\$3,969,811	\$100,080

On the whole, this revenue growth reflects a trend going back several years.



*Note: In FY16 Communications Taxes were reclassified from Local Revenue to State Revenue

This revenue growth, when coupled with recent efforts to contain and reduce costs, enables us to present a budget that is balanced and responsive to the direction from the Board as well as reflective of the input received at the Public Forum.

Board Priorities

Throughout the development of this budget, Board members have most consistently conveyed a desire to address: economic development; deputy pay; and public education. The proposed budget addresses each of the identified areas of emphasis.

Economic Development

It is widely understood that continued economic development enhances the vitality of a community and provides critical employment and resources for the provision of services. The proposed budget reflects the importance of the County's continued economic development efforts. The proposal includes:

- Continued funding for the Lynchburg Regional Business Alliance for the purpose of marketing and promoting the region and county for economic development;
- A new program to assist local businesses in receiving Cyber Security clearance required to obtain federal contracts;
- Increased funding for advertising;
- Increased funding for tourism;
- Increased funding for the Small Business Development Center; and
- An additional transfer to the Capital Improvement Plan as part of a new initiative to fund Economic Development Site Enhancements.

Staff also anticipates continuance of the Board's recent practice of dedicating a portion of year end funds toward future economic development incentive needs. Since implementing this practice at the close of Fiscal Year 2015, the Board has earmarked \$798,464 to date.

Public Safety Compensation

Public Safety is a cornerstone of any local government. Over the past several years, the County has worked diligently to strengthen this critical service. The Fiscal Year 2018 budget included a 4% increase for all Public Safety employees. Staff is again recommending in Fiscal Year 2019 that Public Safety providers (deputies, dispatchers, EMT/Firefighters, and Animal Control Officers) receive a 4% raise. This strategy is intended to recognize the vital service these employees provide but it is also designed to strengthen our ability to recruit and retain qualified and dedicated individuals in these positions. If the Board concurs with this recommendation, these classifications of Public Safety employees will have received a 2% raise in Fiscal Year 2016, a 4% raise in Fiscal Year 2018 and a 4% raise in Fiscal Year 2019.

For context, the following table compares Campbell County's compensation for these positions with surrounding jurisdictions. Also included is a comparison to Campbell County's salaries should the Board approve the proposed 4% increase.

Locality	Starting Deputy	Academy Grad	EMT/FF	Dispatcher
Altavista	\$36,254	N/A	N/A	N/A
Amherst County	\$31,824	\$34,447	\$34,447	\$27,162
Bedford County	\$34,641	\$36,441	\$34,641	\$31,737
Campbell County	\$34,284	\$36,612	\$35,442 (BLS) \$37,213 (ALS)	\$27,766
Charlotte County	\$33,210	N/A	N/A	N/A
Lynchburg	\$36,795	\$38,635	\$36,795	\$32,843
Pittsylvania	\$32,700	\$34,700	N/A	\$30,657
Campbell County +4%	\$35,655	\$38,077	\$36,860 (BLS) \$38,701 (ALS)	\$28,877

In addition to the 4% pay increase proposed, the recommended Fiscal Year 2018-2019 Budget includes funding to promote three existing EMS providers to the rank of Lieutenant. This initiative is designed to provide continuity of leadership across shifts and to enable Captains to best utilize their time. An additional benefit is the creation of a career ladder for providers which, hopefully, will assist with retention of good staff. Most importantly, this structure lends itself to quality service to citizens.

The proposed budget includes funds for an additional career EMS/Firefighter crew. A career crew was included in the current, Fiscal Year 2017-2018 budget to meet the service needs resulting from the closure of the Altavista Rescue Squad. However, based upon the demands of the system, and a request endorsed by a majority of the volunteer fire departments, staff is again proposing funds in the Fiscal Year 2018-2019 proposed budget to meet the growing need for support in response to fire and rescue emergencies.

A request was received from Campbell County Rescue, Concord Rescue and Citizens Rescue to provide each an additional \$8,000 toward their yearly allocation for the purpose of: purchasing supplies, vehicle maintenance and personal protective equipment. I am recommending that in lieu of that proposal, the Board consider additional compensation for agencies in recognition of their willingness to house our staff. Thus, the proposed budget earmarks \$15,000 toward compensating emergency service agencies that host our career staff in their facilities. Specifically, this would include Campbell County Rescue, Concord Rescue and Altavista Fire. As proposed, agencies housing 24/7 crews would receive an additional \$6,000 each (Altavista Fire and Campbell County Rescue). Agencies housing daytime crews would receive an additional \$3,000 (Concord).

Education

Funding for the local school division remains the single largest cost in the General Fund budget. This year the School System requested additional funding from the County for four (4) additional School Resource Officer (SRO) positions. The proposed budget includes an increase of \$215,778 in the local transfer for the School Operating Funds. Staff recommends that these funds be included in the transfer to the Schools, but notes that the ultimate disposition of these funds remains the purview of the School Board.

Debt service payments decrease \$198,254 in Fiscal Year 2019. In keeping with the practice that was initiated last fiscal year, staff is again recommending that funds in an amount equal to this decrease in the annual debt service payments be applied toward school maintenance needs. As you review the document, you will note that this increases the funds assigned for school maintenance from \$184,145 in Fiscal Year 2018 to \$382,399 in Fiscal Year 2019.

As with economic development incentives, the County has also assigned year end funds from the Schools for school facility needs. Since the close of Fiscal Year 2016, the Schools have retained \$1,573,941 for facility needs rather than reverting them to the County’s unassigned fund balance. Barring any unforeseen circumstances, staff intends to recommend continuing this strategy with any remaining balances at the close of Fiscal Year 2018.

Public Forum

On February 6, 2018 the Board of Supervisors conducted a public forum. The intent of the forum was to provide the community with an opportunity to weigh in on budget priorities early in the budget development process and before the statutorily required public hearing on the proposed budget. Several citizens spoke and offered a number of areas of concern. I am pleased to report that the budget, as proposed, attempts to address virtually all of the comments received. Below is a summary of actions included in the budget that reflect back to citizen input from the Public Forum.

What We Heard	What is Proposed
Support for the Museum/Historical Society	Funding for a librarian position with duties to include serving as liaison to the Historical Society; CIP funds for the Historic Courthouse
Economic Development	Additional funds for advertising and tourism; cyber security grant program; additional funds for the Small Business Development Center; site preparation funds
Support for Schools	Additional school operating funds; additional school maintenance funds
Public Safety Compensation	4% raise for deputies, dispatchers and EMT/Firefighters (2 nd year in a row)
Parks and Recreation programming	Part-time funding to assist with staff resources; CIP funds in 2023 for park development
Assistance for Brookneal	Continued funding in the amount of \$51,000 for the town. Operational funding to support of the Brookneal Airport. CIP funds for Brookneal Airport

Animal Shelter	N/A
More deputies	Additional Courthouse security deputy (see also additional funds for schools—these funds may be used for additional SROs at the discretion of the School Board)
More EMTs	Funding for an additional crew
Employee Compensation	2% across the board increase (2 nd year in a row)
Funding for Youth Commission	\$1,000 to support work of the Youth Commission.

Expenditures

This proposed budget is balanced within projected revenues without any proposed tax or fee increases. This is made possible by the aforementioned revenue growth, as well as continued constraint on expenditures. I commend the staff for their continued efforts to reduce and contain costs across all areas of the organization.

Of particular note, the proposed budget recognizes significant reductions related to: anticipated health insurance costs; Blue Ridge Regional Jail Funding; and fuel costs. These reduced expenditures, when coupled with the various other line item reductions and the increased revenues, enable staff to present a proposed budget of **\$73,282,378**.

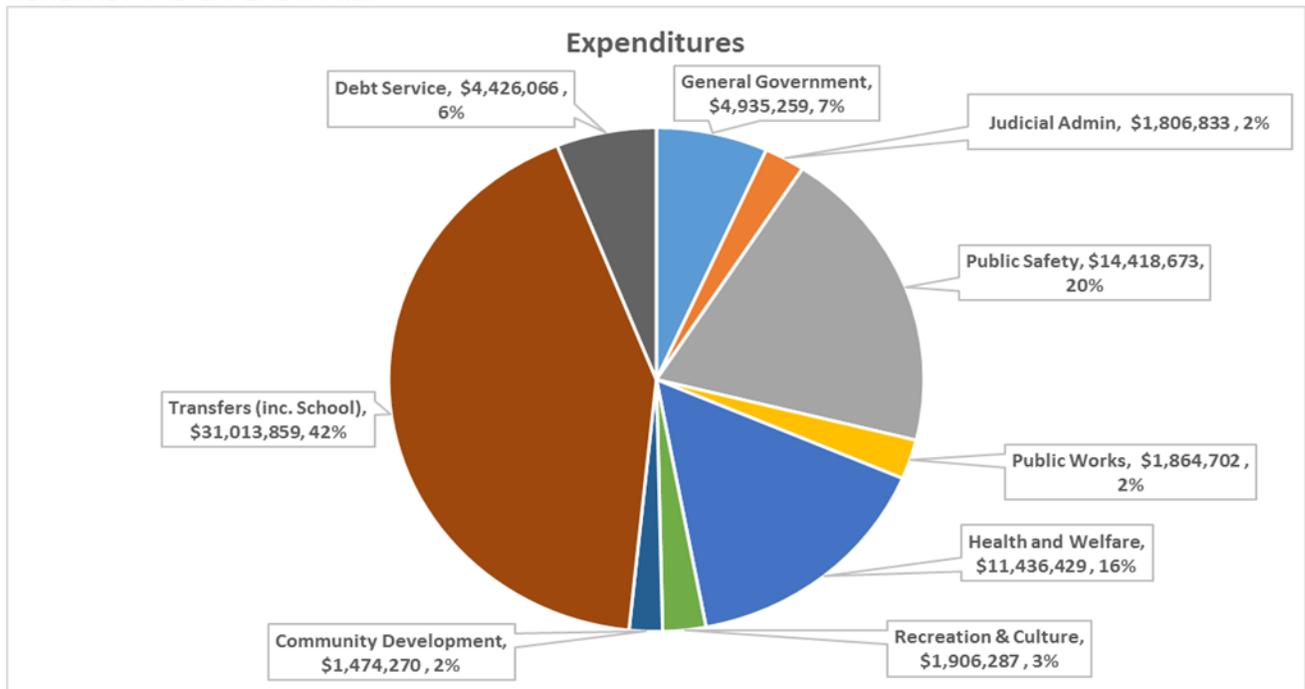
I would respectfully remind the Board that during the Revenue Work Session on January 16th, staff identified key financial challenges on the horizon. The table below summarizes action taken with regard to each of those issues.

Challenge	Status
Financial Software Replacement	Included in the Adopted CIP; Year-end funds may be directed toward this expense
Phone System Replacement	Included in the Adopted CIP; Year-end funds may be directed toward this expense.
Continued Public Safety System Investments	\$300,000 proposed for additional staff resources; Funding for Lieutenant Program; Additional support for agencies that house career staff
CIP Needs: Parks, Facilities, Apparatus, IT Infrastructure	Included in the Adopted CIP
Solid Waste Options post 2029	No Funds/Strategies identified

<p style="text-align: center;">School Maintenance Needs</p>	<p style="text-align: center;">\$382,399 for school maintenance items. In addition, the Board has directed that the Joint Committee begin a review/discussion of the School's CIP needs; continued assignment of year-end funds will be recommended</p>
<p style="text-align: center;">Continued Health Insurance Costs & HSA Contributions</p>	<p style="text-align: center;">Recent experience has improved; funds are included for Health Insurance Increase; continued assignment of year end funds will be recommended</p>

In conclusion, the proposed budget as presented attempts to address Board Priorities; Public Forum input; and known fiscal challenges in a fiscally responsible way. The following pages provide a more detailed accounting of key changes and line item specifics for all County operations. Staff looks forward to the Board's work session on April 10th to review and discuss this proposed budget.

GENERAL FUND EXPENDITURES



As stated previously, total budgeted expenditures for the General Fund of \$73,282,378 are \$1,890,585 greater than the current year budget for an increase of 2.6%.

LOCAL EXPENDITURE INCREASES FOR GOVERNMENT OPERATIONS:

There is a proposed compensation increase for county staff of 2% to begin July 1st. Also proposed is an additional 2% for the Sheriff's Department and Public Safety front line employees. Expenditure increases listed below of \$10,000 or more, excluding compensation lines, and initiated by departments total \$1,766,810.

1. \$300,000 is included as an assignment for future Public Safety staffing needs.
2. \$250,000 increase transfer for capital improvements for newly added items like financial software and new phone systems.
3. \$215,778 increase in transfer from the General Fund to County Schools operations.
4. \$198,254 increase in the assignment to major schools maintenance needs which will be directed to capital improvements like aging HVAC systems.
5. \$125,000 increase in transfer from General Fund to Economic Development for new initiative to enhance site development opportunities.
6. \$209,091 increase Special Needs Adoption through Social Services. The funds are fully reimbursed to the County by Federal and State funds. These maintenance fees are paid to the adoptive family and continue until the adopted special needs person reaches the age of 21.
7. \$159,568 increase in the transfer out to the Solid Waste Fund to accommodate increased expenses in tipping fees and waste hauling.
8. \$54,298 increase in medical equipment for EMS services to the County. The equipment includes heart rate monitor and new training equipment. These may be funded through grants.

9. \$35,000 increase in Miscellaneous Fees from the Treasurer for increase in DMV stops. These pass through costs are recovered in the corresponding DMV Stop revenue line.
10. \$25,193 increase in Clerk of the Circuit Court for record indexing system. The funds will be fully reimbursed to the County.
11. \$25,000 increase in Juvenile Detention Care for expected increase in costs based on the monthly utilization rate for FY18.
12. \$25,000 increase in Economic Development for a new initiative to provide assistance to small manufacturers who need cyber security clearances to meet federal regulations.
13. \$24,351 increase to Public Assistance Services in Fostering Futures to support youth who turn 18 while in care until they reach age 21.
14. \$19,800 increase in the Sheriff's Department for wireless modem services in 33 field vehicles.
15. \$15,700 increase for Planning/Zoning for technology related to website hosting, GPS replacement, GIS software and permit software along with ongoing maintenance contracts.
16. \$15,000 increase in EMS for consumable medical supplies like oxygen.
17. \$12,500 increase for Rustburg Rescue Squad pertaining to maintenance and building repair. In the adopted budget for FY18, repairs were not included.
18. \$12,000 increase in EMS Services for expenditures related to collection services. These charges were previously charged to the revenue.
19. \$11,790 increase in E-911 System for phone and console maintenance which was previously paid for through the initial contract. The systems used include Openfox and VSPNet.
20. \$11,500 increase for Maintenance and Repair to County buildings
21. \$11,500 increase for Social Services telephone system, which includes landlines and cell phones. However, 76% is expected to be reimbursed by State and Federal funds to the County for actual expenditures.
22. \$10,487 for employee tuition assistance.

EXPENDITURE DECREASES FOR GOVERNMENT OPERATIONS:

Expenditure decreases listed below of \$10,000 or more initiated by departments total \$741,477. All of these expenditure decreases result in reductions in local cost.

EXPENDITURE DECREASES:

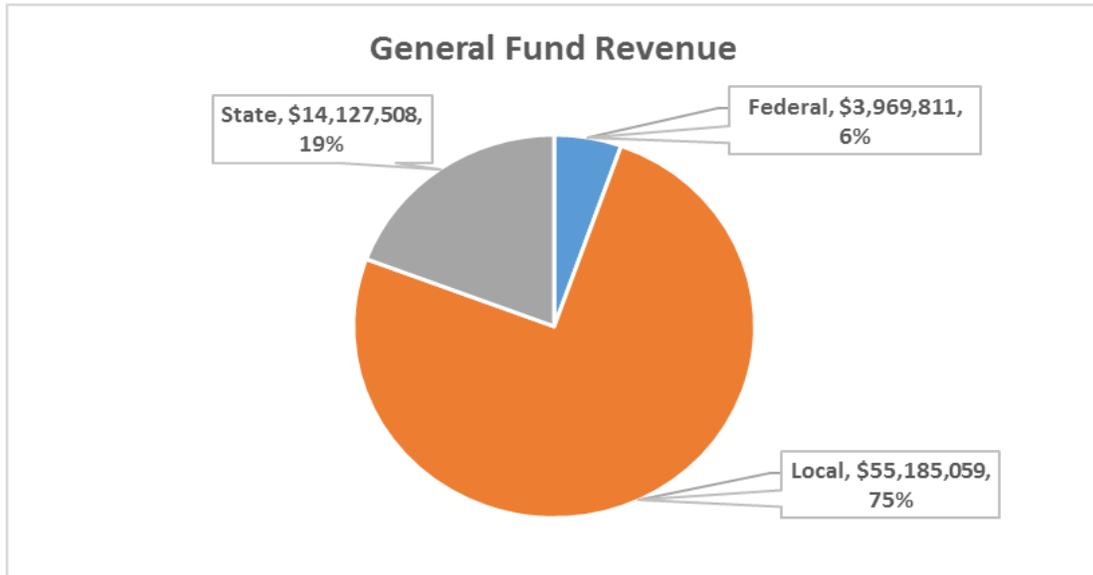
1. \$245,964 reduction in principle and interest payments to outstanding debt. Of this amount \$198,254 is related to School debt.
2. \$100,000 reduction to Blue Ridge Regional Jail based on less expensive costs expected to house inmates.
3. \$70,000 reduction in Non-departmental related to compensation increases proposed.
4. \$50,000 reduction in gas, oil and grease charges for vehicles based on expected lower fuel costs in FY19.
5. \$49,577 reduction in Non-Departmental Expenses for Employer Cost for Health Insurance. Calendar year 2017 expenses were less than expected and the trend suggests this line could be reduced since a nominal increase is expected for calendar year 2019.
6. \$39,000 reduction in Legal Fees for Social Services for expected decrease in cases related to adult/child welfare cases and personnel issues.
7. \$35,000 reduction in office supplies run by the County Store. Office supplies will be ordered directly by departments from vendors instead of the County buying and holding supplies and then selling to individual departments.

8. \$35,000 reduction to Altavista Rescue Squad since it closed operations.
9. \$28,505 reduction in costs for juveniles who will be placed in group homes instead of secured detention.
10. \$20,000 reduction in budget set aside because of more detailed budgeting overall.
11. \$16,000 reduction in gas, oil and grease for Volunteer Ambulance and Rescue due to anticipated lower oil prices.
12. \$15,753 reduction in rent charges to the County from Social Services due to depreciation charges expiring.
13. \$13,000 reduction in Public and Employee Relations resulting from continued budget refinement in the new department and software reductions due to elimination of a module contained in employee management software package.
14. \$12,000 reduction in Social Services day care initiative as the program has been eliminated by the state.
15. \$11,678 reduction in Detention Outreach based on utilization.

DEBT SERVICE

Debt Service for principal and interest of \$4,426,066 is down in the amount of \$245,964 due to the retirement of VPSA Bond issued in 1997 and interest payments decreasing as outstanding principle continues to decrease. School facilities debt payment on outstanding loans makes up \$3,049,406 of total FY 2018 debt service. The corresponding reduction in debt payments related to Schools is \$198,254.

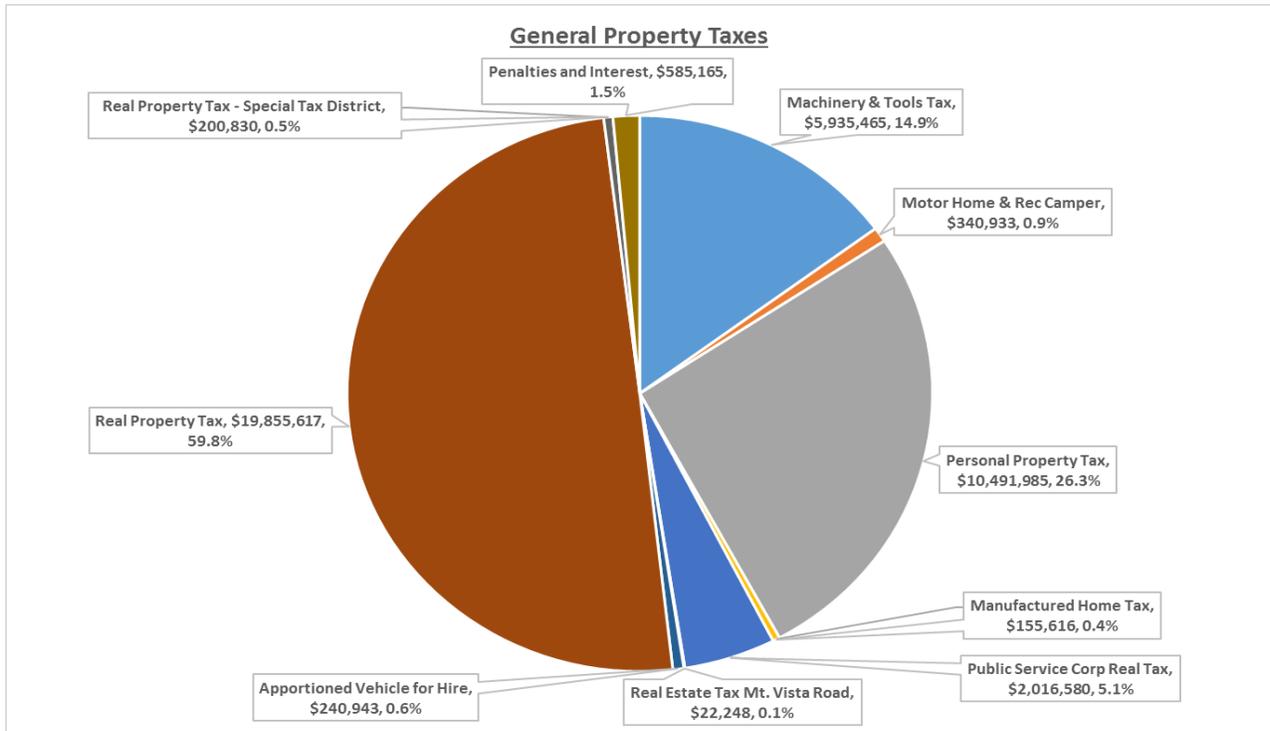
GENERAL FUND REVENUES



As stated previously, total budgeted revenues for the General Fund at \$73,282,378 are \$1,890,585 more than the current fiscal year budget (up 2.6%). State and federal funding revenue of \$18,097,319 represent 25% of the total General Fund revenue budget. In total, state funding increases by \$199,644 and federal funding increased by \$100,080 for a net combined revenue increase of \$299,724 or 2.7%.

LOCAL REVENUE SUMMARY:

There are no proposed changes in either tax rates or fees charged to the public. Overall, budgeted local revenues increase by \$1,590,861 or 2.7% to \$55,185,059. Local revenues make up 75% of total budgeted revenues for the General Fund. The first ten revenues listed below for local revenues each increasing by \$20,000 or more total \$1,621,836. Please note that all of the primary indicators of a continually improving economy at the local level are reflected in these revenue projections.



LOCAL REVENUE INCREASES OF \$20,000 OR MORE:

1. \$647,401 increase in personal property taxes due to increase in the number of vehicles, assessed values and new businesses which are non-manufacturing.
2. \$166,134 increase in local real estate taxes due to new homes, Centra land purchase, BWXT expansion and Sheets' new building.
3. \$127,649 increase in Public Service Corporation Tax (PSC) assessed by the State Corporation Commission.
4. \$188,833 increase in Machinery and Tools tax due to BWXT, Abbott Laboratories and Georgia Pacific expansions.
5. \$290,842 increase in local sales tax due to Wendy's, Chili's and Dollar General.
6. \$45,132 increase in Business, Professional and Occupational Tax (BPOL) due to Wendy's, Chili's, Dollar General and increased local construction.
7. \$42,862 increase in County Recordation Tax
8. \$38,032 increase in Motor Homes and Recreational Campers due to more of these types of units bought.
9. \$27,438 increase in Off-duty deputy fees due to greater demand.
10. \$25,570 increase in Leesville Road Waterline due to new water hook-ups expected.

LOCAL REVENUE DECREASES OF \$20,000 OR MORE:

1. \$89,198 decrease in interest on investments.
2. \$50,000 decrease in Fuel Sales revenue due to expected drop in usage based on trends. There is an equal pass-thru expenditure reduction amount as departments are charged for the gasoline issued.
3. \$35,000 decrease in Stores Sales-Other due to closure of county store for office supplies

CAPITAL IMPROVEMENT FUND

The original Capital Improvement Plan (CIP) as approved by the Board on March 6, 2018 is recommended with the proposed budget and no revisions. The transfer from the General Fund for FY 2019 is \$1,550,000 pending Board approval of the FY19 budget. The transfer to CIP from General Fund increases by \$250,000 over FY18 and with no transfer from the Solid Waste Fund to CIP for FY 2019. The transfer to CIP from Solid Waste Fund in FY18 was \$300,000.

SOLID WASTE MANAGEMENT FUND

FY 2019 marks the tenth year landfill operations have been provided by the Regional Services Authority. For FY 2019 the county is projected to receive \$662,027 in payments from the Regional Authority as revenue recovery for payment of tipping fees at the Campbell facility. Also, included in the FY 2019 revenue budget is a transfer of appropriation from the General Fund in the amount of \$1,100,000 in order to fund budgeted expenditures in the Solid Waste Management Fund. The budgeted transfer from the General Fund increased by \$159,568 or 17% from FY 2018. Expenditures for Tipping Fees paid to the Regional Authority of \$634,000 decreased by \$131,000 from the current year budget based on tonnage estimates provided by the Regional Authority.

SCHOOLS

LOCAL FUNDING:

Local funding for the Schools for FY 2019 as recommended by the County Administrator is as follows:

School Debt Service	3,049,406
Major School Maintenance	382,399
School Operations Transfer	<u>27,536,460</u>
	\$30,968,265

The total local allocation results in an increase in operations funding for the schools from the county in the amount of \$215,778 (up .9%) and \$382,399 towards major school maintenance. School debt service has decreased from the previous year by \$198,254.

STATE FUNDING:

State funding for schools is projected to increase from \$48,083,808 for the FY 2018 adopted budget to \$49,272,318 for the FY 2019 budget for an increase of \$1,188,510 (up 2.5%).

FEDERAL FUNDING:

Federal funding for schools is projected to decrease from \$5,072,250 for the adopted FY 2018 budget to \$4,694,303 for FY 2019, a reduction of \$377,947 or 8%.

On a combined basis State and Federal funding for education of \$53,966,621 is up \$810,563 or 1.5%.

OVERALL ANALYSIS FOR SCHOOLS:

For comparison purposes, the General Fund transfer to schools since FY2012 were as follows:

<u>Year</u>	<u>Adopted Budget</u>
FY 2018	\$27,320,682
FY 2017	\$27,320,682
FY 2016	\$27,862,965
FY 2015	\$27,183,695
FY 2014	\$24,648,202
FY 2013	\$24,158,202
FY 2012	\$20,908,202

The school budget provided to the Board of Supervisors on April 3rd provides a means to share the School Board’s priorities, funding issues, and circumstances. The Board of Supervisors, as always, has the option to adjust tax rates within the final budget, either upward or downward, which in turn would affect the actual funding provided to the county and school operations. The Board of Supervisors does not have the authority to fund school-related items on a line item basis. Once a funding amount is provided by the Board of Supervisors, the School Board has the statutory responsibility to determine how to allocate those funding resources for educational purposes.

CLOSING COMMENTS

The draft County budget was developed collaboratively to address key issues and provide adequate resources for services. In all cases, the requesting agencies strongly considered their own fiscal responsibilities and those of the Board while developing their respective budget requests. The Budget Committee then exercised their responsibility to review detailed proposals, with the exception of a detailed review of the schools, and made adjustments with consideration of the fiscal direction of the Board, the needs of the citizens, and the county’s ability to provide needed and desired services.

In order to assist the Board in the overall review of the budget document, there are four separate sections: Budget Message, Synopsis, Revenue Projections, and Expenditure Projections. Staff maintains detailed backup of all department budget requests which will be available at the budget workshops to answer any questions the Board may have about specific budgets or to clarify any information presented.

For the Board’s information, the following tax revenue projections are provided:

1. Each 1 cent of current real estate tax generates \$410,346
2. Each 1 cent of personal property tax generates \$23,577
3. Each 1 cent of machinery and tools tax generates \$18,032

We hope the Board finds the attached draft budget easily readable and adequate toward meeting expectations. We would like to point out that this presentation represents the most accurate numbers available at this time. As always, we will make adjustments based on the information received and generate the final document during May, following the Board's approval.

Please inform staff if you have any questions before we proceed with the review process.

The Commissioner of Revenue, Calvin Massie, was instrumental in helping to establish the local tax revenue budget.

RECOMMENDATIONS:

Staff recommends the Board review the information presented and take action on the following three items at the April 10th budget workshop (and or April 12th assuming this second budget workshop is needed.)

- 1) Adjust expenditures as deemed appropriate;
- 2) Adjust revenues as deemed appropriate;
- 3) Authorize permission to advertise with the same tax rates as the existing year for a May 1st public hearing;

A public hearing has been scheduled for May 1st at 7:00 p.m. The final budget presentation, adoption and approval of appropriations is scheduled for May 15th at 6:00 pm for FY 2019.

READING THE SUPPORTING FINANCIALS:

The suggested reading method of the supporting budget details is to review the summary of each section: County Revenues, County Expenditures, School Revenues and School Expenditures. Following each summary; the detail is broken out to individual lines which when totaled, equal the summary pages. The connecting piece for Expenditures are the department numbers and Fund numbers for Revenues. In Expenditures, a positive number indicates increasing costs and a negative number indicates a decreasing cost. Revenues are listed as negative numbers following the previously submitted budget format. A negative number indicates an increase in Revenue while a positive number indicates a decrease. For all submitted budget numbers the column listed as "Variation FY18 Adpt & FY19 Admin" is calculated by subtracting Adopted FY18 from Admin Budget FY19.