

COUNTY OF FLUVANNA

"Responsive & Responsible Government"

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June 6, 2007

To the Honorable Members of the Board of Supervisors County of Fluvanna, Virginia

This budget represents the culmination of a great deal of effort on the part of our staff and was assembled with input from our County Departments and Agencies. We believe the format of this budget document serves the information needs of our citizens by providing complete and accurate information about our budget.

GOALS AND OBJECTIVES

Budget:

- Maintain a reasonable County tax structure by effectively and responsibly balancing the increasing demands for services with available resources to achieve maximum value for Fluvanna County residents.

Long Term (non-financial):

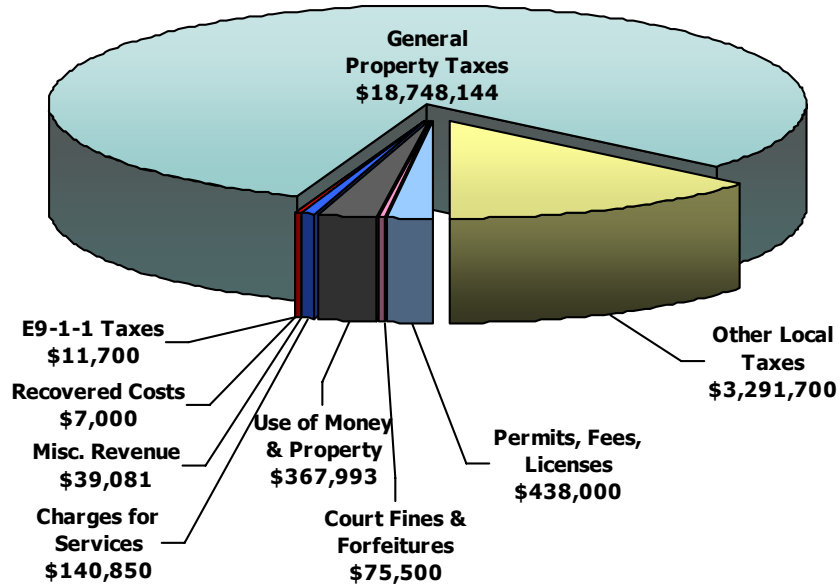
- Develop a strategic plan to improve government and enhance the quality of life for our citizens.
- Facilitate the development of a quality educational environment that provides for high quality educational and job readiness skills for all Fluvanna County residents.
- Continue to promote the development of an accountable, responsive local government with demonstrated efficiency and effectiveness.

TAX RATES AND FEES

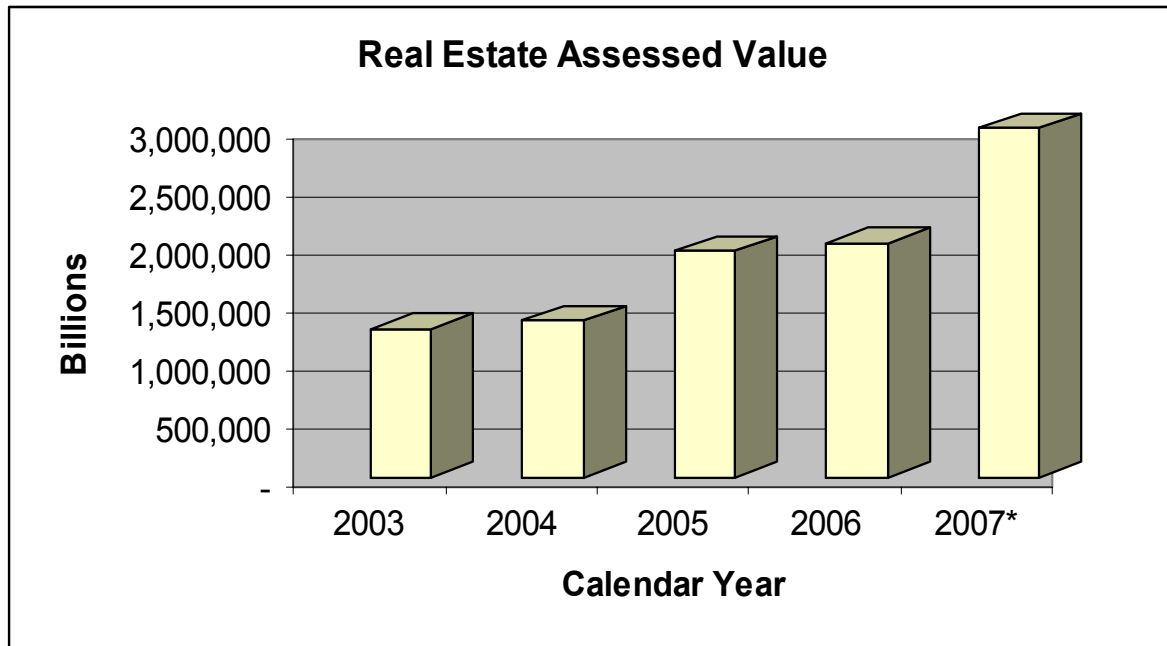
The budget for fiscal year 2008 is established on a real estate tax rate of \$0.43 per \$100. Due to the increase value on real estate from the reassessment conducted in 2006, the County reduced the tax rate. The tax rates for personal property and machinery and tools remain the same at \$3.70 per \$100 and \$2.00 per \$100, respectively.

TOTAL REVENUES

A significant portion of fiscal year 2008 revenues are generated from general property taxes. The graph below depicts the sources of local revenue for the County.



Real property values are shown in the graph below, and are projected to increase by 48.9 percent, and will constitute 20% percent of the County's revenues for fiscal year 2008. The rate of increase does not reflect the rate of growth in the County, however, it reflects the increase value in property in the County.



*estimated

ENTERPRISE FUNDS

Landfill Fund – For fiscal year 2008, the landfill will close on December 31, 2007. The site will be environmental remediate according to Departmental Environmental Quality. Revenue from the Landfill Fund will diminish.

Fork Union Sanitary District (FUSD) – This fund is operated as an enterprise operation, which means that the costs of providing the service are recovered from those who use the services. Anticipated revenues are expected to be \$313,000.

COMPONENT UNIT – SCHOOL FUNDS

State Revenues will provide \$19,832,193 or 54.57 percent of the school funds for the fiscal year 2008. These revenues are divided into three categories:

Sales tax – Includes revenue from a 1 percent portion of the State sales tax returned to localities, designated for public school education. This component of State sales tax is distributed on the basis of a locality's school age population.

Standards of Quality Funds – These are distributed upon an "equalized" formula that takes into account a locality's ability to pay. The "composite index" is applied to various revenue accounts to ensure an equitable distribution of State funds to all school districts. The State assumes a 50/50 sharing of the costs to fund the Standards of Quality (SOQ). Fluvanna's Composite Index is .3749. The State provides 62.51 percent of the estimated SOQ costs with Fluvanna County providing 37.49 percent. For each SOQ item, the State has established a per pupil cost for each locality based upon the school district's cost experience and the State's established staffing for the specific initiative. State revenue from the item is established by multiplying the number of students in average daily membership by the per pupil amount, then by the composite index.

State Categorical Funds – This funding stream is offered as an offset to specific services provided by the local school district. Funds are provided in direct relation to the cost and level of services provided.

Federal Revenue – Amounts in this section of the revenue budget represent the Federal offset of certain specific programs. Some of these programs require a local funding match, while other programs are fully funded (self-sustaining). Most of the self-sustaining programs are mandated or grant initiatives. It is expected that at the end of the year these programs will be cost/revenue neutral. Federal funds will provide \$1,386,100 of the school's estimated revenue.

Other Revenue – Revenue in this section is derived from non-government sources. For the most part these funds represent fees for services and specific cost recoveries. Other revenues will provide \$553,343 of the school's budget.

Food Services – The food service program is funded by fees charged for meals eaten in the cafeteria and from State and Federal sources. The revenues are projected at \$1,668,263, an increase of \$109,138 or 7.0 percent over fiscal year 2007.

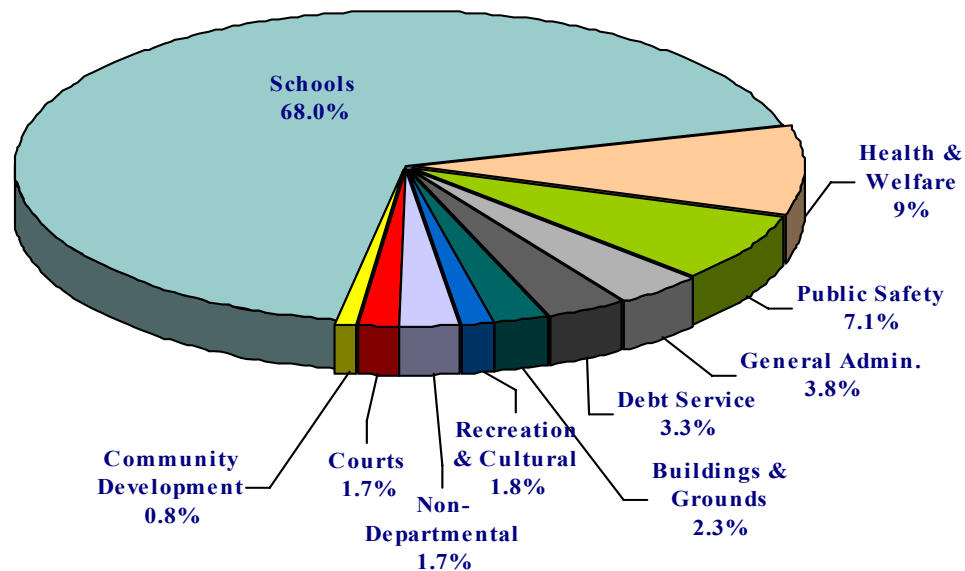
TOTAL EXPENDITURES

The fiscal year 2008 Budget is \$61,904,272 including \$36,343,976 for Schools and \$25,560,296 for all other funds. This represents an increase of \$4.7 million or 8.2% increase from the fiscal year 2007 budget.

The County's budget is financed through various types of funds for its operations. Outlined below is a summary of the major expenditure functions.

<i>Major Expenditure Function</i>	<i>FY2008 Authorized Budget</i>	<i>Change from FY2007</i>
Governmental Fund		
General government administration	\$2,025,551	\$44,264
Judicial administration	909,635	57,855
Public safety	3,792,486	229,319
Public works	1,213,761	74,078
Health and welfare	4,982,059	264,310
Education	36,343,976	2,119,656
Parks and recreation	737,800	35,846
Community development	446,338	18,334
Non-departmental	3,010,145	505,715
Capital Fund	5,189,038	618,161
Enterprise Fund		
Recreation program	67,900	56,400
Landfill	1,144,387	555,387
Fork Union Sanitary District	313,000	(37,589)
School food services	1,668,263	109,138
Utility	59,933	n/a
Total expenditures	\$61,904,272	\$4,710,807

Overall Operational Expenditures



HIGHLIGHTS OF EXPENDITURE INCREASES

General Government Administration –

Treasurer: The budget increase of \$17 thousand for technology upgrades.

Information Technology: The budget increase of \$32 thousand for full-time IT director position.

Judicial Administration –

Commonwealth's Attorney: The budget increase of \$54 thousand for the Victim Witness Coordinator position.

Clerk of Court: The budget increase for record preservation grant.

Public Safety –

Sheriff: The budget increase of \$94 thousand for fuel and vehicle repair costs.

Animal Control: The budget increase of \$57 thousand for additional full-time position and vehicle.

E911: The E911 fund will be eliminated in FY 08 and merged into the General Governmental Fund under Public Safety. The revenue generated by the E911 tax was not sufficient to maintain the program in a separate fund.

Public Works – The budget increase by \$74 thousand for additional groundskeeper position and half-year for a full-time clerk position. The department will be purchasing a vehicle for replacement of a maintenance van. Due to the cost exceeding \$20 thousand, this item is budgeted in the Capital Improvements Program.

Health and Welfare – The CSA fund will be eliminated in FY 08 and merged into the General Governmental Fund under Health and Welfare. Due to the rising costs of preventative and rehabilitative care for eligible youth, the budget increase by \$130 thousand. A part-time data entry clerk position was added to the CSA staff.

Education – The budget increase by \$2.1 million for increases in salaries, supplies, and programs.

Parks and Recreation – Three part-time positions were made full-time positions.

Community Development – The budget increase of \$26 thousand for the Planner position made full-time in FY 08.

Non-Departmental – The budget increase by \$388 thousand for a 4.0 percent cost of living adjustment (COLA) and health insurance to employees.

Landfill – The budget authorized is \$1.1 million. This reflects costs for the closure of the landfill by December 31, 2007.

COMPONENT UNIT – SCHOOL FUNDS

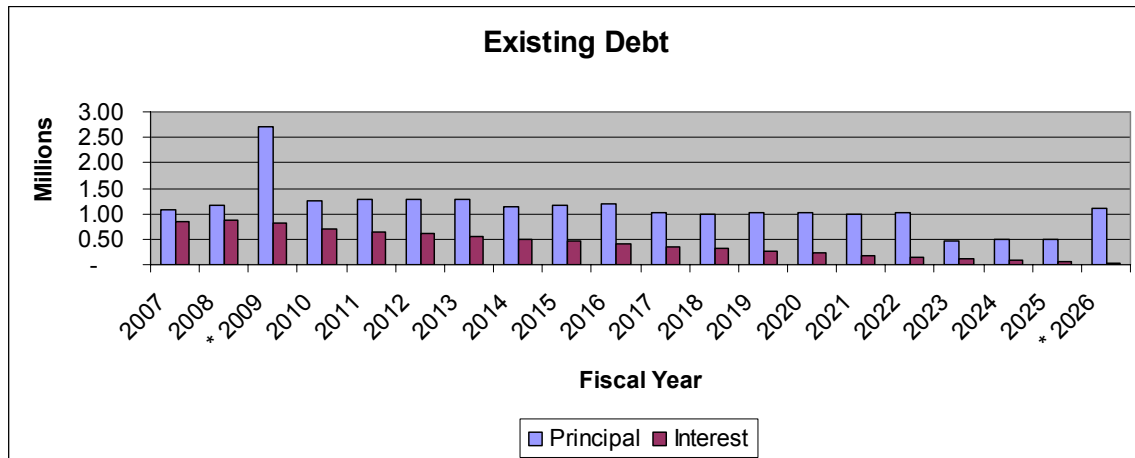
The contribution to the Fluvanna County Public School System, which includes funding for both ongoing operations and debt service for school facilities, is \$14,572,340. This represents 67.9 percent of the County’s authorized General Fund budget, and is a 7.5 percent increase from the fiscal year 2007 contribution of \$13,550,012.

Below is a table of the County’s contribution to the Schools.

Year	Local Funding	% Change	Total Budget	% Change
FY08	14,572,340	7.5%	36,343,976	6.2%
FY07	13,550,012	3.6%	34,224,320	10.6%
FY06	13,076,906	6.3%	30,956,006	10.6%
FY05	12,304,105	3.8%	28,000,000	7.1%
FY04	11,854,001	8.0%	26,152,339	8.3%
FY03	10,973,757	11.4%	24,157,221	7.6%
FY02	9,848,849	10.0%	22,445,348	8.0%
FY01	8,955,975	6.9%	20,782,627	6.8%
Average increase FY01-08:		7.1%		8.1%

DEBT SERVICE

The County incurred debt in FY 2007 of \$4.195 million for the construction of a new library and architect and engineering services for the construction of a new high school. This additional debt caused debt service to increase by \$147 thousand. These payments are interest only for the fiscal year 2008. In FY 09, the principal of \$1.5 million will mature and it’s anticipated that it will be refinanced with the construction loan for the new high school. Following is a graph of the existing debt service payments.



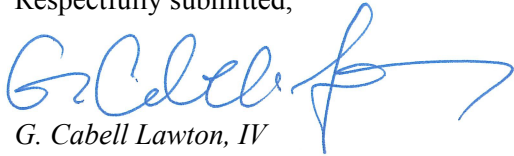
* principal balloons

CHANGES IN FUND BALANCE

Included in the fiscal year 2008 budget is a decrease in the General Fund balance. This decrease is expected to be \$866,750. Primarily the use of the fund balance will be for capital projects identified in the Capital Improvement Plan for FY 08. These particular projects are considered to be “one-time only” expenditures, because of this we felt accumulated undesignated funds should be used as opposed to raising taxes to cover these expenditures.

I would like to thank our staff for their many hours of hard work and their contributions to the development of this budget. As well as the input of the Board of Supervisors in establishing priorities.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "G. Cabell Lawton, IV". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

G. Cabell Lawton, IV
County Administrator