



## FY 2016 Recommended Budget Budget Question

Board Question #: 24

### **BUDGET QUESTIONS:**

Provide a list of recommended budget savings.

### **RESPONSE:**

Please see the attached response which was previously provided directly to the Board by the CBRC on February 25.

County Administration has requested that Budget staff provide the Board with observations made concerning the CBRC's response to this request. Staff's observations are summarized below and provide the Board with additional background information concerning the budget line items the CBRC has identified. Staff also provided this response to the CBRC and the CBRC may provide the Board with direct comments in response to staff's observations..

- Staff does not know why FY 2014 was the year chosen as the level of budget and service to which the CBRC suggests the County should return.
- The portion of the CBRC response related to the School transfer indicates that the Schools should receive \$400K in funding above the \$115.8M recommended for FY 2016 because their final FY 2014 expenditures were \$116.2M. It is important to note that \$114.8M of the FY 2014 School actuals was on-going funding. The balance was a combination of \$750K in one-time funding from the Fund Balance, and School carryover from prior fiscal years.
- The CBRC recommends borrowing \$5.2M instead of using cash to fund the Judicial Center, CAD, and Fire/Rescue Equipment projects. This action would:
  - Add nearly \$800K in on-going debt service to the General Fund in FY 2016 and beyond; and
  - Increase the total cost of the projects by \$610K over the term of the bonds, as this is the cost of the added interest paid to finance vs. cash-fund these projects; and
  - Assuming the purpose of this proposal is to free up cash funding for a purpose other than capital projects, cause the County to be in violation of the existing fiscal policy requiring the transfer of cash equal to 3% of General Fund revenues to fund capital projects in FY 2016. This action would put us \$2.7M short of a 3% transfer of cash. The rating agencies have a very positive view of the transfer of cash to the CIP because it could be a source of budgetary flexibility should problems arise during the course of a budget year. Reducing the transfer of cash may be viewed as negative by the rating agencies because it reduces the associated budgetary flexibility.

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- Executive Services – \$1M of the \$1.5M non-personnel budget in this function in FY 2016 is the annual budget contingency and reserve for proposed merit-based bonuses.
  - The annual budget contingency (required by fiscal policy) is budgeted in this department. Then, as the Board approves the use of contingency throughout the year, the funds are moved to the department(s) where the expenditures are to occur. The contingency included in the FY 2016 Recommended Budget is \$540K.
  - The FY 2016 Recommended Budget also includes \$0.5M in the Executive Services function to pilot a merit pay program
  
- Administrative Services – As the County Administrator noted in his budget message and presentation to the Board, technology continues to be a key factor in providing local government services. \$760K of the \$863K increase in the Administrative Services function from FY 2014 to FY 2016 is related to Information Services.
  
- Sheriff – During its presentation to the Board on February 24, the CBRC noted “certain activities in the Sheriff’s department” as being an example of “non-essential and non-revenue positive activities,” yet the CBRC’s listing for suggested reductions includes a reduction of \$0 for the Sheriff’s Office. This is confusing.
  
- FREM – The \$447K increase in the FREM budget from FY 2014 actuals to FY 2016 includes increases in the following. Those already reduced as part of the 3% cuts included in the County Administrator’s FY 2016 Recommended Budget are marked with an asterisk.
  - Mandated physicals, vaccines & other testing - \$39K
  - Background checks - \$20K
  - Equipment inspections - \$86K\*
  - Training courses & materials - \$95K\*
  - Auto repairs & maintenance - \$37K\*
  - Insurance – vehicles & illness/injury - \$131K
  - Four For Life Funds - \$33K (this expense has offsetting revenue such that if the expense is reduced, the revenue line will need to be reduced, as well.) No savings there.
  - Miscellaneous - \$6K
  
- Court Services - \$37K of the \$72K increase is related to the Office on Youth and Chaplin Youth Center merger and has an offsetting decrease in the Chaplin Youth Center budget, which is included in the Regional Detention Group. \$27k is due to an anticipated increase in the cost of the space leased for the Office on Youth.
  
- Building Division – This is a Code Compliance Fund program, not General Fund. Increase is associated with funding Other Post-Employment Benefits (OPEB) costs.

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- Public Works - \$2.1M was identified by the CBRC for this function. However, \$1.9M of this is associated with the Utilities Fund budget, not the General Fund. Any savings in Utilities would be associated with the Utilities Fund, not the General Fund and could not be used for General Fund purposes such as a transfer to Schools.
- Health and Welfare - \$1.2 million was identified by the CBRC for this function. However, \$1.1M of this is associated with DSS and CSA programs which we are mandated to provide and for which we receive various levels of offsetting revenue from the State.
- Planning – \$24K of the \$29K identified is associated with a telecommunications consultant budget that has associated revenue. If the \$24K in expenditures is not budgeted, we will need to reduce revenue by an equivalent \$24K. No savings there.
- Economic Development – \$15K was identified by the CBRC for this function. There is a \$22K increase from FY 2014 to FY 2016 for approved incentives. There is already budgeted a \$7K decrease in other Economic Development expenditures to net to the \$15K identified by the CBRC.
- Extension Office – The \$28K difference between the FY 2016 Budget and FY 2014 Actuals is due to Extension Agent vacancies in FY 2014 which have now been filled.
- Zoning – There is a \$473K increase in the FY 2016 Budget compared to FY 2014 actuals. Of this amount, \$73K is related to OPEB expenditures and \$367K is associated with the required new storm water management program, for which there is offsetting revenue. Any savings in this Code Compliance Fund program would generally not be available for use in the General Fund.
- Transportation – The \$95K identified here is an increase in the Joint Fleet operations. Joint Fleet is a separate fund, not a General Fund function. If we were to decrease this expenditure, there would have to be a matching reduction in expenditures from the combined School Operating and General Funds, and maintenance on someone's vehicles would have to be reduced and/or eliminated.

**Back up details for CBRC presentation 2/24/15**

<b>Item</b>	<b>FY14</b>	<b>FY16</b>	<b>Delta</b>	<b>Final Savings</b>	<b>Comment</b>
School Transfer	116.2M	115.8M	0.4M	116.2M	p.80
<b>Recommend Bonds not cash</b>					
Judicial Center				183,000	p.165
Computer Aided Dispatch				2,850,000	p.169
FREM Firetrucks/Ambulances				2,180,340	p.200
Good use of remaining 2005Bond					
Judicial Center			7,851,779		p.165
Sheriff's Office Renovation			1,050,418		p.166
<b>Return to FY14 Actual level for Operating Budget</b>				<b>Final Budget</b>	<b>no debt service/no personnel</b>
General Fund	37,969,786	41,498,921	3,529,135		p.74
all subseq numbers in \$Millions					
Executive Services	0.314	1.48	1.166	0.314	
Admin Services	3.033	3.896	0.863	3.033	
Voter Services	0.101	0.104	0.003	0.101	
Judicial Admin	0.443	0.468	0.025	0.443	
Sheriff	2.414	2.21	-0.204	2.21	
FREM	3.483	3.93	0.447	3.483	
Regional Detension	5.816	5.816	0	5.816	
Court Services	0.134	0.206	0.072	0.134	
Building Div	0.082	0.259	0.177	0.082	
Public Works	11.602	13.674	2.072	11.602	1.9M self sustaining
Health and Welfare	11.8	12.927	1.127	11.8	
Parks and Rec	0.868	0.858	-0.01	0.858	library same
Planning	0.07	0.099	0.029	0.07	
Economic Dev	0.177	0.192	0.015	0.177	
EDO Fund	0.633	0.514	-0.119	0.514	
Tourism	0.464	0.364	-0.1	0.364	
VA Co-op Ext	0.061	0.089	0.028	0.061	
Zoning	0.078	0.551	0.473	0.078	
Transportation	1.559	1.654	0.095	1.559	
	43.132	49.291	6.159	42.699	
Final Savings				6.592	