VIRGINIA: A SPECIAL MEETING OF THE SURRY COUNTY BOARD OF SUPERVISORS HELD IN THE GENERAL DISTRICT COURTROOM OF THE COUNTY GOVERNMENT CENTER ON THURSDAY, MAY 3, 2012 AT 6:00PM.

PRESENT: SUPERVISOR JUDY S. LYTTLE, CHAIRMAN
SUPERVISOR ERNEST L. BLOUNT
SUPERVISOR KENNETH R. HOLMES
SUPERVISOR GIRON R. WOODEN, SR.

ALSO
PRESENT: MR. TYRONE W. FRANKLIN, COUNTY ADMINISTRATOR
MS. TERRI HALE, DIRECTOR OF FINANCE
MR. WILLIAM HEFTY, COUNTY ATTORNEY

ABSENT: SUPERVISOR JOHN M. SEWARD, VICE-CHAIR

CALL TO ORDER

Chairman Lyttle called the meeting to order announcing that this meeting was scheduled as a work session for consideration of the upcoming FY 12-13 Consolidated Budget. Ms. Terri Hale, Director of Finance, addressed the Board and reviewed provided materials explaining revisions since the last budget presentation. ***(Presentation materials are included as an integral component of these minutes.)***

Ms. Hale stated that the initial FY 12-13 Budget Request from the School Board contained a request for an additional $1.3 million in local funding as compared to the FY 11-12 budget. However, as a result of the School Board's meeting on April 28, 2012, an approved budget had been presented requesting only $540,336 in additional local funding. This, Ms. Hale explained, is a 4.6% increase in the local share.

Supervisor Holmes asked whether the County had those funds available. Mr. Franklin responded by stating that the Board could choose to raise the local real estate tax rate by $0.06 or transfer from the Fund Balance. There was additional discussion among Board members and staff with regard to the School Board's budget and speculation regarding cuts to their earlier proposed budget.

Ms. Hale informed the Board that she was prepared to advertise a Public Hearing on the FY 12-13 Proposed Consolidated Budget for Thursday, May 17, 2012. She also advised that she would contact Mrs. Monique Barnes, School System Finance Director, to obtain answers to some of the questions that had been voiced.

Board members consulted with Mr. Hefty to inquire whether funds could be added to the School Board Budget in a manner which would designate their usage. Mr. Hefty replied that funds could be deposited within designated categories, but that the Board could not control expenditures. There was further discussion regarding expenditures by category.

Supervisor Blount stated that the Board would need to decide whether they were in favor of funding the School System as requested or whether they preferred a consolidated budget in which the School System received level funding. The Fiscal Affairs Committee of the Board expressed concern regarding the current cost per pupil, which is significantly higher than the state average, and suggested that the Board could elect to establish milestones to bring about a reasonable adjustment to that cost over time.

Board members questioned some specific line items in the Proposed FY 12-13 Consolidated Budget such as funding for outside agencies and the purchase of vehicles for the Sheriff's Department and School System.

ADJOURNMENT

At 6:45pm Chairman Lyttle announced that the Board would take a brief recess prior to their scheduled meeting to begin at 7:00pm.

Surry County, Virginia
FY13 Budget

PRESENTED TO THE
BOARD OF SUPERVISORS
APRIL 5, 2012

REVISED MAY 3, 2012

General Fund Highlights

- Balanced budget with no increase in taxes, fees or use of fund balance
- **Includes contingency of $210,442**
- Salary increases of 3% -- $192,605
- Cost to provide constitutional officers and registrar 3% salary increase -- $12,860
- SB497 requires local governments to deduct 5% of gross wage for the employee share of VRS; legislation also requires a 5% increase in wage -- $20,125
- Additional part-time sanitation worker for convenience site -- $22,225
- No increase in health insurance premiums

General Fund Highlights, Continued

- School Fund local share level-funded at $11,694,114, including the cafeteria fund (FY13 local share request = $13,047,866, an increase of $1,353,752 or 11.6%)
- VPA local share increase of $50,000 (FY13 local share request = $873,297, an increase of $174,439 or 25%)
- No new full-time positions; vacant positions are included
- Two sheriff's vehicles are included -- $52,000
- An total increase of $31,118, or 1.8% for outside agencies
- A reduction of 32.5%, or $70,285 in adult incarceration based on usage
- A reduction in the transfer to the Debt Service Fund of $93,146

General Fund, Proposed Local Revenues

Revenue Type	FY12 Budget	FY13 Budget	$ Change	% Change
Local:				
Property Taxes	$ 19,012,617	$ 19,421,493	$ 408,876	2.2%
Other Local Taxes	708,500	776,200	67,700	9.6%
Permits, Licenses	40,500	35,050	-5,450	-13.5%
Use of $/Property	100,000	85,626	-14,374	-14.4%
Charges for Services	138,949	130,975	-7,974	-5.7%
Misc. Revenue	18,102	1,200	-16,902	-93.4%
Recovered Costs	2,950	500	-2,450	-83.1%
Total Local Revenue	$ 20,021,618	$ 20,451,044	$ 429,426	2.1%

GF, Proposed Intergovernmental Revenues

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Rev Type	FY12 Budget	FY13 Budget	$ Change	% Change
State:				
Non-Cat Aid	$ 689,907	$ 719,107	$ 29,200	4.2%
Shared Exp	805,971	776,979	-28,992	-3.6%
Categorical Aid	98,444	127,653	29,209	29.7%
Total State Rev	$ 1,594,322	$ 1,623,739	$ 29,417	1.8%
Federal:				
Categorical Aid	$ 79,054	$ 72,554	$ -6,500	-8.2%
Total State/	$ 1,673,376	$ 1,696,293	$ 22,917	1.4%
Federal Revenue:				

General Fund, Proposed Expenditures

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Function	FY12 Budget	FY13 Budget	$ Change	% Change
Legislative	$ 330,989	$ **305,535**	$ **-25,454**	**-7.7%**
Administration	1,332,281	1,344,465	12,184	0.9%
Judicial Admin.	403,992	420,311	16,319	4.0%
Public Safety	2,777,315	2,889,108	111,793	4.0%
Public Works	1,070,629	**1,142,998**	**73,369**	**6.8%**
Other Agencies	589,683	601,581	11,898	2.0%
Recreation & Cultural	478,461	517,951	39,490	8.3%
Comm. Development	466,157	468,249	2,092	0.4%
Trans to Other Funds	14,443,152	**14,457,139**	**13,987**	**1.0%**
General Fund Total	$ 21,892,659	$ **22,147,337**	$ **254,678**	**1.2%**

FY13 Proposed Expenditures, Other Funds

Fund Type/Name	FY12 Budget	FY13 Budget	$ Change	% Change
General:				
Debt Service Fund 700	$ 1,718,229	$ $1,625,083	$ -93,146	-5.4%
Special Revenue:				
VPA Fund 201	$ 2,147,049	$ **1,853,266**	$ **-293,783**	**-13.7%**
CSA Fund 204	$ 122,254	$ 134,754	$ 12,500	10.2%
School Fund 205	$ 15,417,410	$ **15,195,221**	$ **-222,189**	**-1.4%**
Cafeteria Fund 207	$ 598,062	$ **598,062**	$ **0**	**0.0%**
IPR Fund 400	$ 0	$ 13,908	$ 13,908	100.0%
Economic Development F601	$ 79,160	$ 80,000	$ 840	1.1%
Capital:				
Capital Fund 200	$ 2,545,000	$ 2,185,306	$ -359,694	-14.1%
Enterprise:				
Utilities Fund 800	$ 271,915	$ 315,416	$ 43,501	16.0%
Fiduciary:				
Special Welfare Fund 350	$ 41,275	$ 35,029	$ -6,246	-15.1%
Agency on Aging Fund 390	$ 40,175	$ 37,951	$ -2,224	-8.1%
Emergency Food /Shelter F395	$ 18,746	$ 0	$ -18,746	-100.0%

What Does This Mean for the Fund Balance?

- FY11 fund balance = $9,264,148
- Current fund balance policy permits spending only up to 25% of the **UNASSIGNED** fund balance, or **$1,937,021**
- Current year General Fund is balanced using $191,063 of the unassigned fund balance, which will NOT be needed because of increased assessments on public service corporation properties
- Expect an FY12 increase in fund balance of up to $1M, which can finance the local portion of the FY13 CIP