

**ACTION ITEM
BOARD OF SUPERVISORS**

DATE November 20, 2008

TO Board of Supervisors
FROM: Nancy Collins *N Collins*
Budget Division Director
ISSUE: FY 2010 Budget Guidance to Staff

STAFF RECOMMENDATION N/A

BUDGET IMPACT N/A

ATTACHMENTS (1)

Power Point Reso/Ord/Proc #

Reso/Ord/Proc #

Reso/Ord/Proc #

REVIEW: County Administrator's Office *[Signature]*
 Legal _____

Consent Agenda Other Business Public Hearing
 Discussion Item Presentation Unfinished Business
 New Business

PRESENTATION BY: Nancy Collins
Budget Division Director

ELECTION DISTRICT N/A



FY2010 Budget

Preliminary Outlook

Presented to the Board of Supervisors
11/20/08



Starting Point

- FY 2009
 - \$5.0 million reductions in projected revenues
 - \$0.6 projected increased expenditures
- In response to revised projections, the Board approved \$5.6 million in reductions to the FY 2009 budget
- Definition: FY 2009 Adopted Budget less reductions equals the FY 2009 Baseline budget



Looking at FY 2010

- We are projecting FY 2010 revenues to remain at the same level as FY 2009 revised
 - Personal property values are down
 - Development activity is down
 - State revenues are declining
- We project some unavoidable increased expenditures

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Forecast Minimum Needs

- Staff from Schools and County began looking at FY 2010 even before the current fiscal year began
- After updating the FY 2010 projection with the BPOL allocation, the estimated forecast minimum needs for FY 2010 would add \$19.4 million to Baseline FY 2009

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Schools – Forecast Minimum Needs

Schools (as presented by Dr. Sawyer to the Board on 5/6/08)

269 new students	\$	2.5 M
2.5% step		4.8 M
Health Insurance		2.9 M
Workers Comp		0.2 M
Utilities		0.2 M
Fuels		0.3 M
Buses (25)		2.1 M
Bond Debt Service		0.8 M
Capital Lease		1.4 M
		15.1 M
Less anticipated State revenue increase	(3.6) M
Anticipated additional Schools local funding need	\$	11.5 Million

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General Government - Forecast Minimum Needs

General Government

Debt Service (net of Crow's Nest 2008 lease revenue bonds and COPS payoff)		1.4 M
Debt Service on Jail expansion		1.1 M
Cash Capital 1% of General Fund revenues		1.1 M
Contingency 1/2% of General Fund expenses		0.5 M
1/4 Year's Operating Cost for new library		0.4 M
increased fuel electricity costs		0.5 M
OPEB (ARC) County		1.8 M
Salary increases for employees		1.8 M
FY2010 Projected Health Insurance Cost increase		0.9 M
Move Transportation personnel to General Fund		0.4 M
Loss of Merchant's Capital revenues for calendar year 2010		0.5 M
Additional costs to Comm Rev/Treas to process BPOL		0.4 M
Less estimated 75% of BPOL tax	(2.8) M
Additional increased General Government funding need	\$	7.9 Million

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Definition: FY 2010 Baseline

FY 2010 Baseline = FY 2009 Baseline plus

Schools	
New Debt Service	812 458
Health Insurance	2 860 301
Workers Comp	200 000
Increased Cost of Fuels/Energy	400 000
General Government	
New Debt Service - Gen Gov't	1 368 938
New Debt Service - Corrections	1 053 437
Health Insurance County	900 000
OPEB	1 772 000
Increased Cost of Fuels/Energy	500 000
Effect of Funding Transportation personnel in GF	380 935
Contingency (per financial guidelines)	531 000
BPOL (75% of Estimated Revenues net of loss of Merchants Capital add admin costs)	(1 972 750)

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Additional Funding Need: \$8.8 Million

How do we balance the budget?

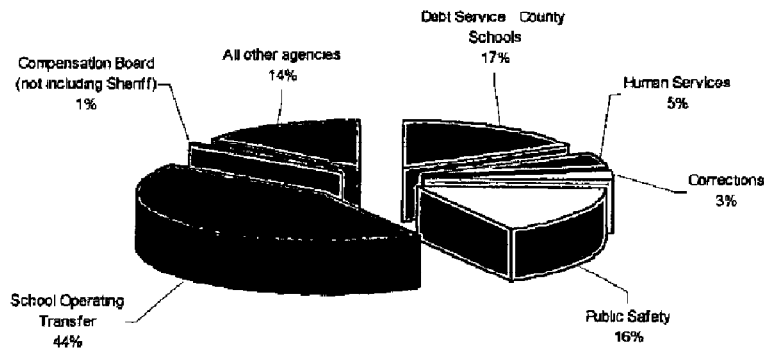
- o Reduce spending by \$8.8 million?
- o Increase Real Estate Tax Rate?
- o Increase other revenue sources?
- o Combination of increased revenues and reduced expenditures?

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Possible Budget Scenarios - Not a Recommendation

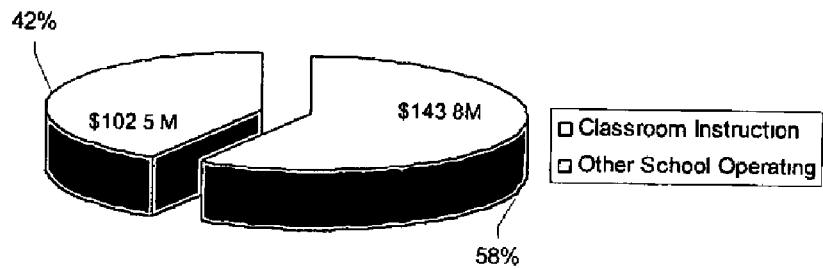
Spending Plan	Manage by	Real Estate Tax Rate	Reduce Spending By	Change from FY08 Revised	
				Non-Public Safety Governmental Agencies (applied to non-mandated expenditures)	Public Safety and Schools
FY 2010 Baseline: FY 2009 Baseline plus Refunds New Debt Service 617,408 Health Insurance 2,893,301 Military Costs 250,000 Increased Cost of Purchasing 400,000 Agency Obligations: New Debt Service (see debt) 1,589,839 New Debt Service - Corrections 1,021,437 Health Insurance County 900,000 CHPS 1,772,000 Increased Cost of Purchasing 500,000 Total of Funding Transfers received in FY 2009 3,907,999 Contingency (per Board Resolution) 537,000 Total FY09 Estimated Revenue net of Total of Mandatory Costs, self-allocated	Across All Board Reductions	84 cents	\$8,800,000	-8.2%	-8.2%
FY 2010 Baseline same as above	Across the Board Reductions, BUT NOT between Schools, Public Safety	84 cents	\$8,800,000	21.7%	0%
FY 2010 Baseline same as above	Combination of increased real estate tax and reduced expenditures	86.9 cents	\$4,400,000	-4.1%	-4.1%
FY 2010 Baseline same as above	Increase Real Estate Tax rate	88.9 cents	\$0	0.0%	0.0%
Forecasted Minimum Needs (as detailed in presentation to the Board 10/7/08 and 10/21/08, updated with DPCL review situation, see summary next page)	Increase Real Estate Tax rate	86.8 cents	\$0	0.0%	0.0%

FY 2009 General Fund Revised Expenditures





FY 2009 Schools Operating Expenditures



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Source: Stafford County School Board's FY 2009 Adopted Budget pp. 35 and 52



The Work Continues

- We continue to look for savings through more efficient practices
- We have begun to reduce services
- Future budget reductions will result in further reduction in services to County residents

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Next Steps

Guidance from the Board regarding

- County Agencies
- Schools
- Outside Agencies