



Frequently Asked Questions

Budget

Highlights

- Includes FAQs regarding the general budget process.
- Provides specific information on budget revenues and expenditures.
- Includes further information about accessing the budget and getting involved.

For more information on the budget, please visit the budget web-site:

www.albemarle.org/budget

Or contact the Office of Management and Budget

401 McIntire Rd.

Charlottesville, VA 22902

(434) 872-4516

GENERAL BUDGET INFORMATION

WHAT IS IN THE COUNTY BUDGET?

A budget is a plan of financial activity for a fiscal year indicating all planned revenues and expenses for the budget period. The Albemarle County budget is divided into three major parts:

- The **operating budget** is the total and complete budget used to finance all of the day-to-day operations of local government. It consists of several major sections including general government operations, the transfer to school operations, school debt service, capital outlay, and the City-County revenue sharing payment. Funding for this budget is derived primarily from taxes, fees, licenses, fines, and state and federal revenues.
- The **Capital Improvements Program (CIP)** is used to purchase or finance the construction of capital items ranging from the building of schools, parks, and libraries to the upgrading of computer and phone-system equipment. Funding for these projects is obtained primarily from long-term debt which is typically borrowed for the building of school facilities or from transfers from the operating budget for projects funded on a "pay-as-you-go" basis.
- The **school budget** consists of the operations of the County's schools. It is prepared by the Superintendent's Office and is approved by the School Board. The schools have their own budget calendar, which is separate from that of other budgets. Funding for the school budget is derived mainly from transfers from the General Fund, fees, and inter-governmental revenues (i.e., state and federal funding).

WHY DO WE BUDGET?

The County adopts a budget in accordance with state requirements in order to allocate resources to programs and services to achieve the County's mission. The primary purpose of budgeting is to formally convert Albemarle County's long-range plans and policies into current year services and programs. The budget provides detailed financial information on the costs of services and the expected revenues for the upcoming fiscal year. The budget process also provides a forum for reviewing progress made in the current year and the levels of service provided by local government and for setting priorities for services in the upcoming years to meet the needs and requirements of our citizens.

WHAT TIME PERIOD DOES THE COUNTY'S OPERATING BUDGET FUND?

According to state requirements, all Virginia localities must have a fiscal year beginning on July 1 and ending on June 30 and must approve a balanced budget.

WHAT IS A BALANCED BUDGET?

A balanced budget is one in which the available revenues and appropriated fund balances equal estimated expenditures for a fiscal year.

REVENUES AND EXPENDITURES

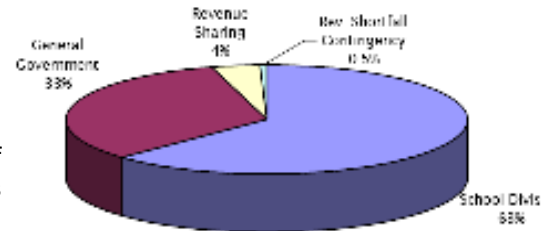
WHAT ARE THE MAJOR SOURCES OF COUNTY REVENUE?

The major source of County revenue is local property taxes. Property taxes together with other local revenues, including sales tax, meals tax and other local tax sources, account for approximately 60% of our total revenues in FY 08/09. Other sources include federal and state revenues and bond proceeds.

Frequently Asked Questions

WHAT ARE INDIVIDUAL MAJOR AREAS OF EXPENDITURE FOR THE COUNTY'S BUDGET?

The largest areas of expenditure for the County are School Division operations and General Government operations. Taken together, School Division operations, School self-sustaining and School capital and debt expenditures account for almost 65% of the County's expenditures in FY 08/09. Other areas of expenditure include general government capital debt and revenue sharing.



WHAT ARE THE MAJOR CATEGORIES OF GENERAL FUND EXPENDITURES?

General Government is broken down into seven major functional areas:

Administration, Judicial, Public Safety, General Services, Public Works, Human Development, Parks, Recreation and Culture, and Community Development.

WHAT IS THE REVENUE SHARING AGREEMENT?

In 1982, Albemarle County and the City of Charlottesville entered into a revenue sharing agreement in which both jurisdictions agreed to share tax revenues in return for total immunity from any annexation attempts by the City. The City was proposing a significant annexation of County territory at that time to increase the City tax base. The proposed agreement was approved by County voters in a referendum.

For as long as the agreement remains in effect, both the County and the City are required to contribute annually to a Revenue and Economic Growth Sharing Fund which is then divided between them on the basis of a formula related to population changes and "true real property tax rates" as determined by the Virginia Department of Taxation. There is a cap on the amount that can be paid by the County to the City that is equivalent to approximately ten cents of the County's tax rate on the tax base used in the computations.

Due to the nature of the formula and the conditions in the City and the County since 1982, the effect of the agreement is that the County has paid the City a revenue sharing amount every year equivalent to the ten cent tax rate cap. Last year, the revenue sharing payment totaled \$13 million, this year we anticipate that the revenue sharing payment will increase by \$4.4 million.

The agreement remains in effect until one of the following occurs:

- The City and County are consolidated or otherwise combined into a single political subdivision, or
- The concept of independent cities is altered by state law in such manner that real property in the City becomes part of the County tax base, or
- The City and County agree to cancel or change the agreement.

FACTORS THAT IMPACT THE BUDGET

WHAT ROLE DO THE COUNTY'S VISION, MISSION AND STRATEGIC GOALS PLAY IN THE BUDGET DEVELOPMENT PROCESS?

Albemarle County's strategic planning process is the cornerstone of our service and operations delivery. We believe that before we can allocate our available resources, we must first understand the needs and desires of County residents and the factors that will affect us in the future. Working in partnership with citizens and the Board of Supervisors, we develop goals and measurable objectives to respond to community priorities. Our strategic plan helps us assure that our efforts are purposefully designed and focused to meet the present and future needs of the County. Critical decisions regarding resource allocation during the budget process are evaluated

Frequently Asked Questions

WHAT IS THE FIVE-YEAR FINANCIAL PLAN?

The local government Five-Year Financial Plan is an important long term planning tool that provides the Board of Supervisors with reasonable projections for the next five years so they can provide staff with direction regarding their long range goals and priorities. The Plan is based on a set of assumptions regarding how the County's revenues and expenditures are likely to change over time, based on the best information available at the time the Plan is reviewed. While the plan is not a budget document, it sets directions that will influence budget decisions in the years to come. The plan is reviewed and updated on an annual basis.

WHAT ARE SOME OF THE COUNTY'S FINANCIAL POLICIES?

The County's Financial Management Policies provide a framework wherein sound financial decisions can be made for the long-term betterment and stability of the County. The County adheres to a fiscal policy, which effectively insulates the County from fiscal crises and enhances the County's credit ability by achieving the highest credit rating and bond rating possible. The County also adheres to the operating budget policies consistent with guidelines established by the Government Finance Officers Association. The County approves an annual capital budget in accordance with the Capital Improvements Program. The County maintains a policy system for maintenance, replacement, and enhancement of the County's and School Division's physical plant.

WHAT ARE THE COUNTY'S UNFUNDED MANDATES?

Unfunded mandates are instances where the state or federal government establishes laws and/or regulations that require the County to incur costs that are not reimbursed by the state or federal government. A general example would be if Congress required new voting machines and provided no funding to assist local governments with the purchase of these machines. These mandates require the County to divert local tax dollars to support federal and state programs. A significant example of an unfunded mandate in Albemarle County is the Comprehensive Services Act (CSA) which was created by the state in 1993 to purchase services for at-risk youth.

WHAT HAS BEEN THE COUNTY'S RATE OF POPULATION GROWTH DURING THE PAST 10 YEARS?

Albemarle County's population has been growing at a steady and moderate pace for the last ten years as is indicated by the data below which is compiled by UVA's Weldon Cooper Center. This growth rate translates into approximately 1400 new residents next year in the County.

2007 population = 93,600

10 year change = 13,400

Total 10 Year Change = 16.7%

Annualized rate of growth (1997-2007) = 1.56%.

WHY ISN'T BUDGET GROWTH PROPORTIONAL TO POPULATION GROWTH?

Our budget is affected significantly by our county's continuing transition from a predominantly rural and suburban county to an urbanizing locality that is facing challenges and service pressures more similar to a small city. As jurisdictions evolve and grow, the costs to support this growth do not increase in a linear incremental fashion. Programs we are funding today to meet our community's emerging needs, from paid firefighters to storm water management to affordable housing to acquisition of conservation easements, simply did not exist even as recently as ten years ago.

In past years our budget has responded to the impacts of our steady population growth, while it also provided funds to our capital budget to address the intensive development in our urban areas such as sidewalk and road construction as well as improved public safety and increased human services. While these projects have been recognized as critical to the needs of the communities they will serve, the cumulative effects of constructing and operating the facilities have a significant effect on the budget that does not correspond with our community's rate of population growth.

The County is also experiencing significant growth in a number of obligated expenditures that again do not correspond to the rate of population growth. These expenditures, which include items like the Regional Jail and the Comprehensive Services Act (CSA), are legal obligations of the County that we have no control over but which drive much of the growth in our budget. For example, the Revenue Sharing Agreement with the City of Charlottesville, will increase by \$4.4 million in the next fiscal year, which is not proportional to our population growth of approximately 1.5%.

Frequently Asked Questions

TAX INFORMATION

HOW ARE PROPERTY TAXES SET BY THE COUNTY?

General property taxes are based on the assessed value of real and personal property owned by businesses, individuals, and public service corporations. Real estate reassessments in Albemarle County are done on an annual basis and, as required by Virginia law, property is assessed at 100% of fair market value. The assessed value is used to calculate property taxes, which are the product of the assessed value and the tax rate, with tax rates being established annually by the Board of Supervisors.

Both real and personal property are assessed at 100% valuation with tax rates applied per \$100 of assessed value. Real estate and personal property taxes are paid in 2 installments due June 5 and December 5. General property taxes consist of real estate, public service, personal property, mobile home, and machinery and tools taxes.

WHAT IS ALBEMARLE COUNTY'S REAL ESTATE TAX RATE?

The real estate tax rate is \$0.71 per \$100 assessed value.

HOW DOES THE COUNTY'S TAX RATE COMPARE TO SIMILAR JURISDICTIONS IN VIRGINIA?

Albemarle County's tax rate historically has been in the lower half of the Top 20 most populated counties in Virginia. Albemarle's tax rate is adjusted to reflect the impact of revenue sharing, which means that the County actually operates on a ten cent lower rate because of the amount allocated to the City of Charlottesville. When the tax rate is adjusted, Albemarle's rate is consistently among the lowest third of those counties.

WHAT IS ALBEMARLE COUNTY'S PERSONAL PROPERTY TAX RATE?

The personal property tax rate is \$4.28 per \$100 assessed value. Personal property tax is levied on vehicles and other tangible non-real estate property owned by individuals, businesses, trusts, and taxable non-profit organizations. Qualifying vehicles assessed at \$1,000 or less are eliminated.

CITIZEN INVOLVEMENT IN THE BUDGET PROCESS

IS THERE A CALENDAR OF THE COUNTY'S BUDGET PROCESS AND HOW I CAN PARTICIPATE IN THIS PROCESS?

The County's budget document contains a budget calendar. This document can be accessed from the County's website www.albemarle.org/budget. This calendar includes information and dates of public hearings. Hearings on recommended budgets and proposed tax rates are held in March and April.

HOW CAN I REVIEW THE COUNTY'S BUDGET?

The County's Proposed and Approved Budgets, both current and for past years, are available for review on the County's website, www.albemarle.org/budget. The budgets are divided into sections in PDF format for easier viewing and downloading. In addition to the online budget, a copy of the FY 08/09 budget document is available at local libraries and in the County Executive's Office for public viewing. Bound print and/or CD-ROM copies of the budget are available for purchase in the County Executive's Office.

WHAT IF I HAVE QUESTIONS REGARDING THE BUDGET?

For more information about the County's budget or budget process, click the link at the bottom of the Budget webpage on the County's website. Feel free to email your comments and questions regarding the budget to budget@albemarle.org. Questions can also be directed to:

Office of Management and Budget
401 McIntire Road
Charlottesville, VA 22902