

A Special Report to Citizens, April 2008

Focus on the 2008/09 (FY09) Budget



Albemarle County Citizens,

I appreciate this opportunity to share with you information about the recently adopted Albemarle County budget for Fiscal Year 08/09. This budget responds to both current economic conditions created by the housing market slowdown and to the potential for future revenue reductions, and is focused on meeting our commitments and continuing our delivery of essential services.

We experienced a spirited and energetic budget process featuring considerable public involvement in the three forums/public hearings that were held on the budget. While the perspectives were varied and the viewpoints diverse, a strong common theme of care for and commitment to the County's future and well-being was clearly expressed.

After much intense discussion and consideration, the Board of Supervisors voted to increase the real property tax rate from \$0.68 to \$0.71. This decision was in response to concern about adequately funding critical core government services and about uncertainty regarding the County's revenue picture for the upcoming year. As a condition of the tax rate increase, the value of one cent of the increase, or \$1.6 million, will be put aside in a special revenue shortfall fund that will not be used unless revenues fall below projected levels. If unused by the end of the fiscal year, these funds will be transferred to the Capital Improvements Program budget to support future infrastructure needs.

As was noted many times in the public hearings, we faced challenging budget choices this year and will continue to face them for some time. Our focus on financial stewardship, while always a critical aspect of our operations, has gained new urgency as we respond to changing economic conditions over the next year and beyond. This budget incorporates significant savings and efficiency efforts. We will continue to focus on those efforts in the years ahead, with thoughtful program and service reviews being top priorities for local government.

Even in challenging financial times, County government is obligated to fulfill our value of stewardship – the careful and responsible management of the things entrusted to our care – by ensuring the continued delivery of essential services. This budget funds the School Division's needs, adds two new police officers and a Volunteer Recruitment Program for Fire Rescue, makes up reduced federal funding for Social Services, addresses major reductions in state funding, and, in general, focuses available resources on critical functions that directly serve and protect our citizens and our environment.

In closing, I would like to thank you for your sincere and productive involvement in this year's budget process.

*Robert W. Tucker, Jr.
County Executive*

A Closer Look at the 2008/2009 Budget

BUDGET HIGHLIGHTS:

- The 2008 real estate tax rate was set at \$0.71 per \$100 of assessed value - (the 2007 tax rate was \$0.68) - with the value of one cent of that increase, or \$1.6 million, being set aside in a contingency fund to be used only in the event of a revenue shortfall in FY09, in response to continued national economic uncertainty
- The total Operating and Capital Budget is \$334.6 million
- The operating budget totals \$270.2 million, an increase of 2.6% over FY08
- The capital budget totals \$49.2 million, an increase of 69.8% over FY08 with the majority of that increase dedicated to three major school expansion projects
- The revenue sharing payment to the City of Charlottesville totals \$13.6 million, an increase of 3.2% over FY08
- The Board set aside a contingency of \$1.6 million for a potential revenue shortfall in FY09
- The local transfer to the schools totals \$101.2 million, an increase of \$2.8 million (2.8%) over FY08
- The Board supported funding for two police officers and a volunteer fire/rescue incentive program
- The Board maintained a reserve of \$447,118 to consider additional items for funding during the upcoming

fiscal year, including affordable housing, recycling, and filling critical vacant staff positions

- The budget reflects county reform and efficiency efforts - additional review will be ongoing in the year ahead
- Taxes for a house valued at \$300,000 will be \$2,130, an increase of \$90 from FY08

Tax Relief For the Elderly and Disabled

Albemarle offers Real Estate Tax Relief to taxpayers 65 years of age or older or taxpayers determined to be permanently and totally disabled.

This year, the Board of Supervisors significantly increased the amount of income and assets a taxpayer can have and still qualify for real estate tax relief.

Currently, the following eligibility requirements are in place: Total combined income cannot exceed \$69,452, net financial worth (excluding house and ten acres of land) cannot exceed \$200,000.

For further information please contact the Albemarle County Finance Department at (434) 296-5851.