

# BUDGET MESSAGE

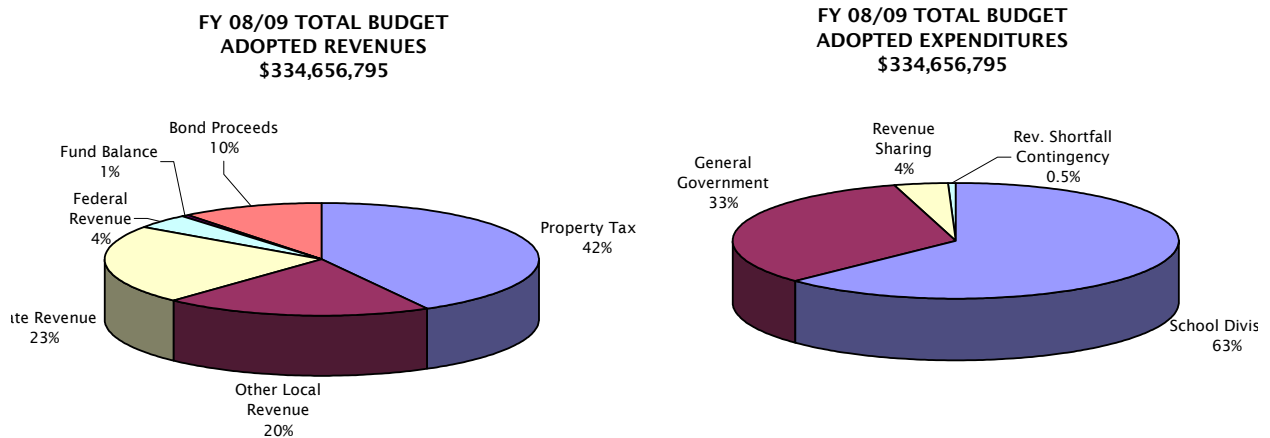


The Honorable Members of the Board of Supervisors  
 County of Albemarle  
 401 McIntire Road  
 Charlottesville, Virginia 22902

**Dear Honorable Members of the Board of Supervisors of Albemarle County:**

On behalf of the administration of the County of Albemarle, I am pleased to present to you and the citizens of Albemarle County the County’s Fiscal Year 08/09 adopted combined capital and operating budget totaling \$334,656,795, a total increase of \$29 million or 9.6% over FY 07/08.

The adopted operating budget is \$270.2 million, an increase of \$7.0 million or 2.6% over FY 07/08, and the adopted capital budget is \$49.2 million, an increase of \$20.3 or 69.8% over FY 07/08. This budget is built on a real property tax rate of \$0.71/\$100 of assessed valuation and Personal Property tax rate of \$4.28/\$100 of assessed valuation.



To present a more comprehensive picture of the County’s budget to the Board and citizens, this financial document is more than the County’s FY 07/08 adopted operating budget. This financial plan includes information on expected revenues, our adopted FY 08/09 operating budget, our FY 08/09 - FY 11/12 Capital Improvements Program budget and our Strategic Plan.

### **Overall Highlights:**

- *The budget allocates 60% of new local tax revenues to the School Division according to established practice*
- *The budget funds increases in committed obligations like revenue sharing, compensation, regional jail and courts with reductions in other operational areas to stay within minimal new revenues*
- *The budget is focused on continuing the delivery of essential services, with no enhancements to existing services except public safety priorities already identified by the Board of Supervisors*
- *The budget reflects county reform and efficiency efforts – additional review will be ongoing in the year ahead*
- *This budget reduces the transfer from the General Fund to the CIP from the equivalent of two cents on the tax rate to one cent, however this reduction will not impact projects in the proposed 5-year CIP*
- *The budget includes a 3.35% market increase in employee compensation*
- *This annual budget was developed under the guidance of the adopted Five Year Financial Plan which helps set general direction, establish priorities to respond effectively to long-range economic conditions and maintain the County's strong financial standing*

### **Reassessment Impacts**

Effective for January 2008 the County completed its first annual real property tax reassessment, in accordance with Virginia law that requires localities to assess property at 100% of fair market value. Albemarle County has consistently ranked among the top jurisdictions in the state in statewide Assessment/Sales Ratio studies conducted by the Virginia Department of Taxation.

The 2008 reassessments for the first time in recent memory reflect decreases in the value of a majority of residential properties resulting from a weakening of the residential real estate market being experienced locally as well as nationwide. The assessed value of commercial property, and the value of Albemarle County land, on the other hand, has continued to increase, resulting in a slight increase in overall assessed values, excluding new construction, measuring approximately fourteen-hundredths of 1% (0.14%).

This figure stands in stark contrast to the annual average rate of increase of 14.9% for the previous biennial reassessment period. The increase is the average for all types of property, and the results for different property types vary significantly from that number.

Continued strong demand for Albemarle County land resulted in an average 3.2% increase in the assessed value of land, while the continued strength and attractiveness of the local economy is reflected in an average 4.6% increase in the value of commercial property.

### **Financial Planning with a Purpose**

Albemarle County's Strategic Planning Process is the foundation of our service and operations delivery. We believe that before we can best use 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 objectives to respond to community priorities and create strategies that define actions and identify resources to attain our goals. The most recent strategic plan, which is included in full as part of this document, takes our financial planning to a higher level by creating a focus on long-range comprehensive funding strategies. Our Strategic Plan helps assure that our efforts are purposefully designed and focused to meet present and future needs.

**Our Budget Responds to Current Economic Conditions**

This budget is responsive to current economic conditions created by the housing market slowdown, with a 2.6% increase over the current year’s operating budget. The budget expenditures are focused on meeting our commitments and obligations to the greatest extent possible within available revenues and continuing our delivery of essential services.

Growth in expenditures outlined in the budget are mainly attributable to funding for County obligations and mandates that are due to either federal, state or local regulation or in response to a policy direction or initiative that has previously been established by the Board. Outlined below are those major obligations/commitments that require a substantial investment of new revenue beyond what was budgeted in the current year.

<b>Obligation</b>	<b>Increase</b>
School Division Funding Agreement	\$2.8 million
School Debt Service	0.7 million
Regional Jail Operations	0.5 million
Progress towards minimum police staffing standards	0.2 million
Revenue Sharing Agreement with Charlottesville	0.4 million

**Focus on Savings and Operational Efficiencies**

In order to meet these obligations and still balance the budget within available revenues, significant reductions have been made in county expenditures. Our focus on financial stewardship, while always a critical aspect of our operations, will continue to receive very careful scrutiny as we respond to changing economic conditions over the next year and beyond, with budget reform and operational efficiency through thoughtful program and service reviews being the top priorities for local government.

<b>Expenditure Reduction</b>	<b>Decrease/Savings</b>
Transfer to Capital Projects	\$1.4 million
Frozen Positions	0.7 million
Eliminated/reorganized Positions	0.3 million
Operational Savings (vehicle and computer replacement, etc.)	0.5 million

**Continued Delivery of Essential Services**

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 within available revenues. While this year’s budget reflects the reality of minimal new revenues, we are focusing available resources on those critical functions that directly serve and protect our citizens and our environment while making the best use of our financial resources. The following are some examples of how budget choices are supporting our values:

Stewardship of our Community

- Two new police officers
- Additional local funds are provided for Social Services to make up for a reduction in federal funding
- 60% of new local tax revenues are allocated to the School Division
- Funding is provided to approximately 50 community agencies, with average increases of 4% from last fiscal year

**Stewardship of Our Environment**

- Continues \$1.6 million in funding dedicated to the Acquisition of Conservation Easements (ACE) Program
- Provides additional funding to support Byrom and Preddy Creek Parks
- Continues to provide \$800,000 for the Storm Water Control Program

**Stewardship of Our Financial Resources**

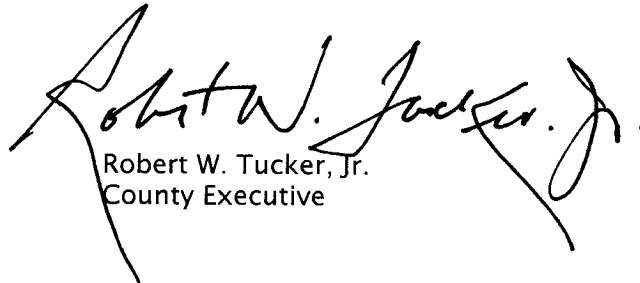
- Total operating expenditures are kept to a 2.6% increase from FY 07/08
- Increase in local government department operations are held below 2% on average
- Revenue shortfall contingency of \$1.6 million set aside if economic conditions worsen

**Special Thanks**

Each year, the Office of Management and Budget (OMB) coordinates the general government operating and capital budget process. I want to thank OMB and recognize, with sincere appreciation, the assistance and cooperation of our Department Heads, constitutional officers, regional agency Directors, School Board and School staff for their many hours of hard work and contributions to this budget. I also want to specifically recognize Brenda Neitz, Laura Vinzant, Steve Allshouse, Richard Wiggans, Robert Walters, Tom Foley, Bryan Elliott, Lee Catlin, Lori Allshouse, Andy Bowman, Diane Mullins, and Judy Martin for their efforts.

In closing, this recommended budget is responsive to current economic conditions while still focusing on our essential services to the greatest extent possible. The reality of the current situation does mean that we as a community have some very challenging budget choices ahead of us. I look forward to the upcoming discussions with you and the citizens of Albemarle as we move forward with this FY 08/09 financial plan.

Respectfully submitted,



Robert W. Tucker, Jr.  
County Executive