

December 20, 2007

At the reconvened meeting of the Board of Supervisors of Prince Edward County, held in the Third Floor Conference Room of the Court House, on Thursday the 20th day of December, 2007, at 5:00 p.m., there were present:

William G. Fore, Jr., Chairman

Howard F. Simpson, Vice-Chairman

Pattie Cooper-Jones

Sally W. Gilfillan

Robert M. Jones

Charles W. McKay

James C. Moore

Lacy B. Ward

Also Present: Wade Bartlett, County Administrator; Sarah Puckett, Assistant County Administrator; Jonathan L. Pickett, Director of Planning and Community Development; James R. Ennis, County Attorney; Sharon Carney, Director of Economic Development and Tourism; Mattie P. Wiley; Bill Hefty, Law Firm of Hefty & Wiley; Jeff Gore, Law Firm of Hefty & Wiley; and Fred Pribble, Draper Aden Associates.

Chairman William G. Fore, Jr. called the meeting to order.

In Re: Lowe's

Sharon Carney, Director of Economic Development and Tourism, told the Board of an invitation to a luncheon on January 4, 2008 at Lowe's, and announced that all are invited to attend the "Board Cutting" at Lowe's on Saturday, January 5, 2008, at 9:00 a.m., the opening date of Lowe's. She said they have requested Chairman Fore to attend and make comments. Afterwards, the store will open to the public. She said Lowe's will hold their grand opening the following week. Mrs. Carney said Lowe's advertised 150 jobs, and over 2,600 applications were received, and said, on an economic development point, this proves that people would come to Prince Edward County to work. She said, "this is a great opportunity for us; not only are we recruiting a business and jobs, we're recruiting people to live in our community."

In Re: Closed Session

Supervisor Pattie Cooper-Jones made a motion that the Board convene in Closed Session for consultation with legal counsel retained by the County to discuss legal matters regarding the provision of water and sewer service to County residents, pursuant to the exemptions provided for in Section 2.2-3711(A)7 of the *Code of Virginia*. The motion carried:

Aye:	Pattie Cooper-Jones William G. Fore, Jr. Sally W. Gilfillan Robert M. Jones Charles W. McKay James C. Moore Howard F. Simpson Lacy B. Ward	Nay: None
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The Board returned to regular session by motion of Mr. Moore and adopted as follows:

Aye:	Pattie Cooper-Jones William G. Fore, Jr. Sally W. Gilfillan Robert M. Jones Charles W. McKay James C. Moore Howard F. Simpson Lacy B. Ward	Nay: None
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On motion of Mr. Simpson and carried by the following roll call vote:

Aye:	Pattie Cooper-Jones William G. Fore, Jr. Sally W. Gilfillan Robert M. Jones Charles W. McKay James C. Moore Howard F. Simpson Lacy B. Ward	Nay: None
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the following Certification of Closed Meeting was adopted in accordance with the Virginia Freedom of Information Act:

WHEREAS, the Prince Edward County Board of Supervisors convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of The Virginia Freedom of Information Act; and

WHEREAS, Section 2.2-3712 of the *Code of Virginia* requires a certification by this Board of Supervisors that such closed meeting was conducted in conformity with Virginia law;

NOW, THEREFORE, BE IT RESOLVED that the Prince Edward County Board of Supervisors hereby certifies that to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed, or considered by the Prince Edward County Board of Supervisors.

In Re: Proposed Financial Policy

After a brief recess for the dinner break, Chairman Fore said the recommendation of the Administrator concerning the financial policy was a change that the Board should consider. He said it was detailed enough for discussion and to make a decision based on what Mr. Bartlett presented, and the mechanics used to carry out the policy, if approved. He added it proposed major changes.

Mr. McKay said he had a concern about Section 1.03 D., which stated "the Board shall adopt a balanced budget annually." He gave an example, stating if the County would receive a large sum of money, the County could not access the funds until a budget was adopted. Mr. Bartlett said Virginia State Code requires every locality in the Commonwealth to adopt a balanced budget, and Prince Edward County has always adopted a balanced budget. He said some communities spend more than their revenues that year, but they still have a balanced budget because they also have a revenue line called "From Fund Balance," which is similar to taking funds from a savings account, which is a source of revenue. Mr. Bartlett said if the County would receive a windfall, then the County would have a balanced budget by claiming the windfall as a non-cash expense called "To Fund Balance," expending that money by putting it back into the savings account.

Mr. Moore asked if the Board adopts the Fund Balance and there would be a request for funding which would be approved, would that affect the Fund Balance. Mr. Bartlett said in a budgetary manner, the outcome would not be known until the end of the fiscal year. Mrs. Gilfillan said, as she understood the proposed policy, it would not change the Board's control because the Board would adopt the budget. While the Administrator would be responsible [to spend it during the year], if a funding request would be made that had not been included in the budget, the Board would still be required to approve an amendment to the budget. Mrs. Sarah Puckett, Assistant County Administrator, said appropriations would be made to

cover anything not in a department's budget. She said under the proposed policy, action would still be required if an item was not originally approved in the department's budget.

Mr. McKay then said "the County Administrator is authorized to transfer monies within the funds established by the Board of Supervisors", and asked if there was a limit to the amount. Mr. Bartlett said the Board could set a limit to the amount. Chairman Fore asked for an advantage whereby the Administrator could move money from one fund to another without the approval of the Board.

Mrs. Puckett gave an example of the process that was used historically, as follows: the Board of Supervisors budget and the County Administrator's budget each contain a line item called "Professional services". If legal advice was engaged from a law firm and the Board of Supervisors' professional services line item was over-expended, the next bill would be put into the County Administrator's department. From the financial management perspective, it had been harder to track the actual spending practices. She said it would be beneficial if the funds could be transferred to the department in which it had been spent.

Chairman Fore asked for the mechanics of why it would be necessary. Mr. Bartlett said it would allow flexibility to the School Board as well as the County Administrator to make minor adjustments. He said action had already been taken at the School Board category level. He said limits could be set on the amount. He said control of expenditures was lost in certain departments; money would be expended from proper categories and line items for better management in the long run. He added it would allow the County to know exactly what costs are incurred in each department.

Mr. Jones said it would make it easier the following year when the budget would be set and departments would not be over-inflated.

Chairman Fore said Mr. Bartlett is asking for an in-depth tracking system in the County Administrator's office, and the attention is directed to dollars spent in the departments and in the final analysis, the reports would show that the money was spent but not what it was spent on. Mr. Bartlett said the audits currently presented the information in that manner, but at least the Administrative staff and the departments would know exactly what was purchased through the Accounts Payable system. The information would be available and the flexibility would be there to cover an unanticipated cost in a department and would allow transfer of monies as appropriate as needed for those items.

Mr. Ward said he recalled instances when, in the past, requests had been made to transfer funds from one line item to another within the same department. He said he felt it should be delegated to the Chief Administrator's office.

Mr. Simpson said the Board had been doing the budget in the same manner for years, and asked why part should be turned over to the County Administrator. Mr. Bartlett said it isn't about building the budget, but about execution of the budget. Mrs. Gilfillan said "Once we've approved the budget, and we've agreed, that then during the year as things go along, by doing it this new way, when we get ready to do the budget for the next year, we'll know what a particular activity costs, because any money moved around will have to be done in this way so it would be recorded in the proper place..." Mr. Bartlett added this would allow the Board better information during the budgetary process to make decisions. Mr. Ward said the Board has asked for this in the past.

Mr. Bartlett then asked for comments on the six main items. He said the first item was the school board submitting a proposed budget by March 1; he said that should be changed to the first meeting in March. He said the main reason for this is to enable the County Administrator to have an understanding of the size of the request. He said the school is the single largest item in the budget, but it is less than half of the budget. Discussion followed on a timetable for the school to submit their budget each year. Mr. McKay suggested the school submit their budget on the Friday prior to the March Board meeting; Mr. Bartlett said the school should then submit their approved budget by the Friday prior to the April Board meeting. All Board members concurred.

Supervisor Pattie Cooper-Jones left the meeting at this time.

Mr. Bartlett moved on to item two: hold a consolidated public hearing on the County and the School Budgets, CIP, and tax rates. He said he felt this would enable the Board to obtain a complete picture of the responses throughout the community. Mr. Bartlett said by state law, the school budget must be approved by May 1. He added, "if [the Board] approves the school budget without approving... or even talking about the County budget, a third of your budget is done and then you may have something – maybe the Sheriff needs something, maybe you need to do something on construction or what-not, well, you've

tied your hands because you've already done one-third of the budget. If you increase or decrease the school budget, you may not have the flexibility to do something else that you may want to do outside of the school system."

Mr. Jones said he felt holding the public hearings on the school budget and county budget together was good as it would allow both those interested in the school budget as well as those interested in the county budget to hear other funding requests, and may make them more agreeable for compromise.

Mrs. Puckett added that in the public hearing for the budget, the limit of the taxes is set, because the public hearing, in fact, advertises the tax rates which sets the maximum spending ability. She said the Board could reduce the tax rate and reduce spending without holding another public hearing. The Board concurred.

Mr. Bartlett moved on to Item 3: the budget is approved with restriction on expenditures at the fund level for the County Administrator and category for the School Board. He said this topic had already been discussed at some length, but was open for more discussion. He said it was at the department level at that time. Some discussion on funds and departments followed. Mr. McKay asked if the schools were required to submit an update on the funds. Mrs. Puckett said the schools submit a Finance Report every month, which is itemized by category, with revenues, expenditures and a comparison from the previous year. The Board concurred.

Mr. Bartlett moved on to Item 4: County Administrator is authorized to transfer monies within a fund. He said this is mostly to allow flexibility and for something to happen in a timely fashion without having to wait a month for the Board meeting. He gave a few examples as to when this procedure would assist other departments, such as the Clerk of the Courts and the Commonwealth's Attorney's office. Further discussion followed. Mrs. Gilfillan asked if this item could be agreed upon under the conditions that a report of any money transferred would be included in the Board pack, and a limit on the amount that may be transferred. Mr. Bartlett said a reporting form would be used to show amount, line items and why the monies were requested. He said this would also justify the transfers to the auditors at the end of the fiscal year. The Board concurred.

Mr. Bartlett said Item 5 was that the Board of Supervisors must approve grant submissions requiring expenditure of County funds. He said some grants require matching funds from the County, and

should a constitutional officer apply for a grant, matching funds may be necessary once the grant would be awarded. The Board concurred.

Mr. Bartlett continued with Item 6, and said the County Administrator would be authorized to approve all warrants and report to the Board the amounts expended by fund for the previous month. Mr. Bartlett said he felt this would be an administrative issue that could be instituted throughout the County. He said 30% of the invoices were monthly invoices, such as phone, electricity, utility bills. Ten percent were contracts already entered into. He said very few things that were expended that were not approved in the budget process. He said 99% were regular items – administrative supplies, vehicle supplies for the Sheriff, and all of those were obligated before they reached the Board. Mr. Bartlett said this item was not a big change; the Board’s control was over the budget process. He said this would allow the County to claim discounts and would not have to pay penalties for late payments. He said a form and the invoices would be submitted by each department, certified for payment by [the department head]. He said the forms would be kept in a file for auditing purposes. Further discussion on auditing practices followed.

Mr. Simpson said he would like an inventory of all items owned by the County; Mrs. Puckett said an inventory was underway. She said an ID number would be placed on each item, and the computer tracking system was set up. Mr. Bartlett said the inventory was different from “fixed assets.”

Mr. Bartlett said in the event of an emergency, there is no legal authority for the County Administrator to expend any funds. The Board concurred on Item 6.

Mrs. Gilfillan asked for clarification on what information will be provided to the Board on the monthly expenditures. Mr. Bartlett said the information would be departmental instead of line-item, and said the line-by-line monthly expenditure can also be included.

Chairman Fore asked what was planned for the CIP. Mr. Bartlett said that anything over \$5,000 would be put in the CIP. He said it could be made into a separate fund, and a plan could show a previous year, the current year, and then three or four coming years and what may need to be purchased. He said each department would receive forms which would include justifications as to why the items are needed.

Chairman Fore asked for clarification of Section 1.02 Budget Preparation, C. 2. “The Social Services Board shall approve the departmental budget of their respective organizations prior to submission to the County Administrator.” Mr. Bartlett said that the Social Services Board must approve the budget for

Social Services prior to presenting it to the Board. He said this may be normal procedure, but its inclusion was just to ensure it would be done in this manner in the future. He added this was requested because they have their own board.

Chairman Fore then turned the attention to Section 1.04 Revenue Policies, "The County will follow an aggressive policy of collecting revenues." Mr. Bartlett said that this was also being done, and the Treasurer did a very good job, but it should be made part of the policy. He said this would include all revenues, not just taxes. Mr. Bartlett said a Treasurer's check is not part of the accounts payable process, and is largely a control issue. Mrs. Puckett and Mrs. Barbara Poulston, Accounts Payable, said erroneous assessments and tax refunds would be issued through Treasurer's checks. Further discussion on the procedure for Treasurer's checks followed.

Chairman Fore asked, under the new system, which [departments] must be handled differently. Mrs. Puckett said one such department was the School Cafeteria Fund, and added that the SAS 112 that came into effect in December 2006 tightened restrictions on what auditors can do for localities. If the localities cannot do it themselves, they may have to hire accountants to help them. She said Mr. Bartlett was hired in July and was able to prepare a large amount of what needed to be done. She said that had the County not been able to meet a threshold level of preparedness for the audit this year, the County would have failed the audit process. Mrs. Gilfillan said that under the new rules, the auditors cannot "come in and touch the records..." Mrs. Puckett said that another separation that would have to occur in the County Administrator's office is the payroll and human resources [offices]; she said currently one person handles both duties. She said the SAS 112 has made sweeping changes for local governments. Mr. Bartlett said more discussion will follow in January with the auditors.

Mrs. Gilfillan asked that, with the change of constitutional officer in the Commissioner of Revenue office, an audit committee be appointed to meet with the auditor. Chairman Fore asked Mrs. Puckett to add that item to the January agenda.

On motion of Mr. Moore and adopted by the following vote:

Aye: William G. Fore, Jr.
Sally W. Gilfillan
Robert M. Jones
Charles W. McKay
James C. Moore
Howard F. Simpson
Lacy B. Ward

Nay: None

the meeting was adjourned at 8:10 p.m. until Thursday, January 8, 2008 at 7:00 p.m.