

BOARD OF SUPERVISORS MEETING

March 25, 2014

BUDGET WORK SESSION

3:00 p.m.

1. Chairman Simpson will call the reconvened meeting to order.
2. Presentation of County Administrator's Budget:
 - Letter of Transmittal with Attachments
 - Budget Summary Presentation (*Separate Attachment – Bound Power Point Presentation*)
 - FY 15 Budget Worksheets (*Separate Attachment - Black Binder*)
3. Additional Budget Handouts:
 - Donation Requests (*Separate Attachment - White Binder*)
4. Correspondence:
 - a. E-mail from Virginia Department of Social Services, RE: HOPE
 - b. Letter from Michele Schumacher, RE: Fire/EMS Levy

Recess Until April 1, 2014 at 2:00 p.m.



March 25, 2014

TO: Prince Edward County Board of Supervisors
FROM: W.W. Bartlett, County Administrator
SUBJECT: FY 15 County Budget

ENCLOSURES: (1) Projected Fund Balance Chart for FY14
(2) Projected Fund Balance Chart for FY15
(3) Capital/One-Time Expenditures
(4) Library Funding History
(5) VFD & Rescue Squad Data
(6) Net Local Cost – Constitutional Offices

INTRODUCTION

I am pleased to present to the Board of Supervisors my recommended budget for Prince Edward County for Fiscal Year 2015 (FY15). I look forward to the Board's feedback and response to the many difficult decisions that will be required during this year's budgetary process. The failure of the General Assembly to pass a budget has left many unanswered questions regarding the amount of revenue local governments can expect to receive from the Commonwealth. I developed the County budget under the most conservative assumption - that revenues from the Commonwealth would not increase. Once the General Assembly passes a budget and it is found to contain additional funding for Prince Edward the Board can adjust the budget to reflect those additional revenues.

Locally, revenues are flat. Prior to any tax rate adjustments I forecast total local revenues for FY15 to be \$15,840,195 a decrease of \$63,942 or 4 tenths of one percent (0.4%). It appears the closing of several businesses over the course of the last year (Kroger, Roses, Country Cooking, etc.) has had only a modest impact on local revenues. The County's unemployment rate for January 2014, the most current month reported by the Virginia Employment Commission, was 8.2%. This is a slight improvement over the January 2013 rate of 8.9%.

As was the case last fiscal year the most difficult issue will be the increase in expenses associated with the regional jail. When last year's budget was developed there were several unresolved issues at the regional jail. That is no longer the case but the end result has been an increase in the costs associated with the jail. The proposed budget contains an expense of \$1,400,000 for the regional jail. The Board will need to expect this to be an on-going expense.

The increased cost associated with the jail, the flat revenue stream and the failure of the General Assembly to adopt a budget made the development of the budget very challenging. To balance this year's budget I am recommending an increase in the Real Estate Tax rate of eight cents (\$.08). Prince Edward is not the only County facing the pressure of increasing costs. Many of our neighboring Counties either raised taxes last year or are contemplating doing so this year.

FORECAST OF FY14 BUDGET RESULTS

Before discussing the new budget which starts on July 1, 2014, I think it is appropriate to review the current budget and to forecast the state of the County's finances at the start of the new fiscal year. Enclosure (1) is a chart of projected fund balances for our major budgetary funds at the end of the current fiscal year. When totaling the funds together I predict the fund balance will decrease by \$1,016,857 to a total of \$10,137,449. Of the amount in cash \$478,187 is contained in the School Cafeteria Fund and can only be used for costs associated with the operations of the cafeteria. An additional \$1,754,903 is found in the landfill construction fund which has historically been used to pay cash for the opening and closing of landfill cells. There is no mandatory requirement to pay such costs in cash, thus those funds are available for use at the discretion of the Board of Supervisors. It is anticipated a landfill cell will be partially closed and a new cell constructed beginning late in FY14 with most of the work being completed in FY15 at a cost of \$1,212,000 which will decrease the fund balance a like amount.

The General Fund is our primary source of revenue and supports the majority of all County operations. I project the General Fund will end FY14 with a decrease in the fund balance of \$733,470 and end with a cash reserve of \$6,622,880. While this is a significant decrease, the result is much better than anticipated. The existing budget anticipated a use of more than \$1.3 million from the fund balance. The initial budget adopted for FY14 called for a draw from fund balance of \$251,688. During the course of the fiscal year the Board approved additional appropriations which increased the anticipated draw from the fund balance. The largest of these appropriations were \$700,000 for jail expenses, \$178,569 to reappropriate funds for grants and capital projects that began in FY13 and carried over into FY14, \$65,600 to increase funding for the Volunteer Fire Departments and Rescue Squads, \$50,000 for the YMCA loan and \$40,500 for a new case management system for the Commonwealth's Attorney. The ability to absorb approximately one-half of these expenditures is the result of savings in expenditure lines as projected revenues closely match initial budgeted revenues.

While projected revenues, in total, are expected to match budgeted revenues, some revenue streams exceeded expectations while others did not. Collections of General Property taxes are expected to exceed FY14 budget estimates by \$220,737. This is mainly the result of collections in personal property taxes exceeding the budget by almost \$88,000, Public Service Corporation taxes being almost \$50,000 greater than budgeted, and real estate having a positive variance of almost \$38,000. Collection in local sales tax is expected to fall about 3.7% (\$99,338) below our budget estimate and is probably the result of the business closings mentioned earlier. A major loss of revenue has occurred in landfill charges. It is anticipated collections will be almost \$230,000 less than budgeted. This is the result of the company that purchased Arena Trucking using their own landfill to dump the waste they collect. This loss of revenue is expected to continue into FY15. A positive aspect of this development will be a decrease in the amount of trash placed in our landfill. This decrease will extend the life of our cells. The largest expenditure savings can primarily be found in planning (\$118k), CSA (\$92k), refuse (\$54k), general property (\$44k), and juvenile detention (\$30k) budgets being under expended.

Almost every department in the County has under-expended its budget. I want to commend all County employees and Constitutional Officers and their employees for the hard work necessary to achieve such a positive outcome.

Another major revenue source is the Landfill Construction Fund. Revenues from customers of the landfill who are located outside Prince Edward County are placed in this fund and accumulated and then used to pay for the closure and construction of new landfill cells. The balance in this fund will increase by \$299,559 to \$1,754,903 but as mentioned earlier the majority will be used in FY15 to close a landfill cell and open a new cell.

Water and Sewer fund balances will decrease a total of \$325,000 primarily due to debt payments.

FY15 BUDGET

For FY15, after deducting the transfers between funds, the proposed budget for all funds is \$43,839,565. The budget is balanced but requires an increase in the real estate tax rate of eight cents from \$.42 to \$.50 which is anticipated to increase revenues by \$1,200,000. In addition I recommend transferring \$664,286 from the IDA fund to the General Fund and use \$110,392 from the cash reserves of the General Fund. The transfer from the IDA fund represents payment from the sale of land in the business park (\$640,000) and payment from businesses for various loans made to assist the business in expansion and job creation.

As mentioned above, we must open a new landfill cell during FY15. This cost is estimated to be \$1,212,000, and I recommend \$973,857 be used from the fund balance of the landfill construction fund to pay for this project. This will still leave a fund balance of \$770,446 in the Landfill Construction fund.

After adjusting for the non-cash expense of depreciation, to balance the water and sewer funds required the use of \$236,987 and \$90,980 from the fund balance. This is an ongoing issue that will need to be addressed in the next budget cycle.

The total anticipated decrease in fund balance for FY15 is \$1,411,916. Almost 70% of that decrease is associated with the landfill construction fund and the opening of a new cell. This expense will not reoccur in FY16.

Enclosure (2) is a chart that shows the revenues, expenses and projected fund balances of the various funds at the end of FY15.

FACTORS SHAPING THE FY15 PROPOSED BUDGET

The \$1,400,000 expense from the regional jail and the loss of \$230,000 in landfill revenues were the primary factors driving the development of the FY15 budget. The overriding theme of the FY15 proposed budget is level funding. With very few exceptions all expenses have been held at level funding. This includes the schools, charitable donations and County departments. No pay increase is proposed. The County's health insurance premiums did not increase thus, those are also held steady.

The state and local economies are improving but at a very slow rate. Construction appears to be increasing with 19 building permits issued for single family dwellings from November 2013 – February 2014 compared with 12 for the same period one year earlier. The Commissioner of Revenue informed me she mailed 161 more personal property tax application forms this year than last. This is an indication the County will see an increase in personal property tax collections in FY15. The Commissioner still has much work to accomplish before a more definitive estimate of revenues from personal property can be made. Therefore the initial budget assumes collections from Personal Property will remain flat for FY15. Luck Stone continues to move forward with the development of its quarry, but I did not include any anticipated revenue from this project in the FY15 budget. Finally, Longwood continues to see growth in its student population which will pump additional money into Prince Edward County's economy.

Revenues from General Property taxes are projected to increase \$206,071 when compared to the same amount in last year's initial budget. This is offset by the decrease in revenues from landfill charges which are projected to be \$203,098 less than the FY14 initial budget amount. Various other revenues are forecast to see minor changes with the final result that projected FY15 local revenues will be about \$64,000 less than the beginning FY14 budgeted amounts.

The County's engineers anticipate we will have to close a landfill cell during FY15. It is anticipated this will cost \$1,212,000.

There are a number of outside factors that may still impact the FY15 budget. Final decisions and implementing instructions regarding the Commonwealth's budget have not been received. Thus, there is still uncertainty regarding the final disposition of State and Federal funding at the local level, but we must proceed with the information we have at hand. I have attempted to budget in a conservative manner. Positive news on any of the factors mentioned earlier will either decrease costs or increase revenues to the County.

FY15 BUDGET DEVELOPMENT STRATEGIES

As stated before the overriding factor in developing the FY15 budget was how to fund the \$1,400,000 expense for the regional jail. This is a mandated cost which cannot be avoided. The second major factor to overcome was the loss of about \$230,000 in revenue from landfill charges.

Enclosure (3) lists the capital/one-time purchases contained in the various funds. The total amount is \$1,422,900. The largest expenditure is the \$1,212,000 required to close/open a landfill cell. Repairs to the Courthouse roof are estimated to be \$50,000 and the sheriff is requesting \$90,000 to purchase three new vehicles, \$29,000 for mapping system for dispatch and \$5,000 for a camera and audio system for the interview room.

Most of the Constitutional officers requested pay increase of 5% for their employees and the Sheriff requested an increase for one of his employees. I did not recommend any pay increases for any employees.

Most outside agencies have been recommended to receive level funding. The exceptions are the volunteer fire departments and the rescue squads which requested additional funding. Over the last few years the Board has demonstrated a strong desire to fund these agencies requests. Therefore I recommend the 10% increase requested by the Firefighters Association be honored. This will increase expenses for fire and rescue by \$100,506 when compared to the initial budget amount approved in FY14.

The only other outside agency recommended for an increase is the Piedmont Senior Resources (PSR). It is recommended that funding be restored to this agency. Funding was suspended to PSR in FY14 due to the turmoil in the program. Since that time a new board has been seated, a new director hired and the program has been completely revamped. They have greatly expanded the number of citizens they have served and have also expanded the programs being offered. Due to the positive results I recommend the budget request of \$2,018 be honored.

The proposed budget includes a transfer of \$8,346,800 to the schools. This is the same amount contained in the approved FY14 budget. The School Board requested an additional \$960,672 in local revenues. To honor the schools request would require an increase in the real estate tax rate of \$.064, over and above the \$.08 I am recommending. I recommend the real estate tax rate be increased by \$.08 to \$.50.

Conclusion

I look forward to our future work sessions and realize the Board may make changes to the proposed budget. That is understandable and expected. Thank you for the opportunity to present this budget for the citizens of Prince Edward County.

**PRINCE EDWARD COUNTY
ESTIMATED FUND BALANCE 06/30/2014**

23-Mar-14

	<u>Audited Fund</u> <u>Balance</u> <u>06/30/13</u>	<u>Estimated</u> <u>Revenues</u> <u>FY14</u>	<u>Estimated</u> <u>Exp/</u> <u>Transfers</u> <u>FY14</u>	<u>Estimated</u> <u>Fund</u> <u>Balance</u> <u>06/30/14</u>	<u>Net (Decrease)</u> <u>Increase</u>
GENERAL	\$7,396,350	\$21,579,464	\$22,352,934	\$6,622,880	-\$773,470
FORFEITED ASSETS	\$113,452	\$14,532	\$53,252	\$74,732	\$ (38,720)
POPLAR HILLS CDA	\$46,794	\$0	\$0	\$46,794	\$0
GRANITE FALLS CDA	-\$3,030	\$0	\$1,546	-\$4,576	-\$1,546
DARE	\$3,585	\$6	\$0	\$3,591	\$6
ECONOMIC DEVELOPMENT	\$743,464	\$0	\$6,340	\$737,124	-\$6,340
PIEDMONT COURT SERVICES	\$336,579	\$524,828	\$534,250	\$327,157	-\$9,422
RETIREMENT	\$1,974	\$13,108	\$13,108	\$1,974	\$0
SOCIAL SERVICES	\$0	\$2,706,479	\$2,703,360	\$3,119	\$3,119
TOTAL GENERAL GOVERNMENTAL	\$8,639,168	\$24,838,417	\$25,664,790	\$7,812,795	-\$826,373
WATER	\$550,108	\$1,037	\$238,317	\$312,828	\$ (237,280)
SEWER	(\$182,008)	\$1,537	\$89,257	\$ (269,728)	\$ (87,720)
TOTAL ENTERPRISE FUNDS	\$368,100	\$2,574	\$327,574	\$43,100	\$ (325,000)
LANDFILL CONSTRUCTION	\$1,455,344	\$309,409	\$9,850	\$1,754,903	\$ 299,559
RECREATION FUND	\$28,414	\$50	\$0	\$28,464	\$ 50
VDOT - REVENUE SHARING	\$165,093	\$1,068,213	\$1,233,306	\$0	\$ (165,093)
TOTAL CAPITAL FUNDS	\$1,648,851	\$1,377,672	\$1,243,156	\$1,783,367	\$ 134,516
Subtotal	\$10,656,119			\$9,639,262	\$ (1,016,857)
SCHOOLS	\$0			\$0	\$ -
CAFETERIA	\$478,187			\$478,187	\$ -
SCHOOL CONSTRUCTION	\$0			\$0	\$ -
UNDERGROUND STORAGE TANK	\$20,000	\$0	\$0	\$20,000	\$ -
TOTAL SCHOOL FUNDS	\$498,187			\$498,187	\$ -
TOTAL ALL FUNDS	\$11,154,306			\$10,137,449	\$ (1,016,857)

NOTES:

1. Revenues do not contain draws from Fund Balances
2. Expenditures do not contain deposits to Fund Balances
3. Exenditures do not contain the non-cash Expense of Depreciation

AGENCY & INTERNAL SERVICE FUNDS

IDA	\$207,600	\$160,470	\$197,700	\$170,370	-\$37,230
-----	-----------	-----------	-----------	-----------	-----------

Enclosure (1)

PRINCE EDWARD COUNTY ESTIMATED FUND BALANCE 06/30/2015

23-Mar-14

	<u>Projected</u> <u>Fund</u> <u>Balance</u> <u>06/30/14</u>	<u>Estimated</u> <u>Revenues</u> <u>FY15</u>	<u>Estimated</u> <u>Exp/</u> <u>Transfers</u> <u>FY15</u>	<u>Estimated</u> <u>Fund</u> <u>Balance</u> <u>06/30/15</u>	<u>Net (Decrease)</u> <u>Increase</u>
GENERAL	\$6,622,880	\$21,818,992	\$21,929,384	\$6,512,488	-\$110,392
FORFEITED ASSETS	\$74,732	\$250	\$0	\$74,982	\$ 250
POPLAR HILLS CDA	\$46,794	\$0	\$0	\$46,794	\$0
GRANITE FALLS CDA	-\$4,576	\$0	\$0	-\$4,576	\$0
DARE	\$3,591	\$0	\$0	\$3,591	\$0
ECONOMIC DEVELOPMENT	\$737,124	\$0	\$0	\$737,124	\$0
PIEDMONT COURT SERVICES	\$327,157	\$563,159	\$563,159	\$327,157	\$0
RETIREMENT	\$1,974	\$13,320	\$13,320	\$1,974	\$0
SOCIAL SERVICES	\$3,119	\$2,761,176	\$2,761,176	\$3,119	\$0
TOTAL GENERAL GOVERNMENTAL	\$7,812,795	\$25,156,897	\$25,267,039	\$7,702,653	-\$110,142
WATER	\$312,828	\$777	\$237,764	\$75,841	\$ (236,987)
SEWER	(\$269,728)	\$855	\$91,835	\$ (360,708)	\$ (90,980)
TOTAL ENTERPRISE FUNDS	\$43,100	\$1,632	\$329,599	-\$284,867	\$ (327,967)
LANDFILL CONSTRUCTION	\$1,754,903	\$238,143	\$1,212,000	\$781,046	\$ (973,857)
RECREATION FUND	\$28,464	\$50	\$0	\$28,514	\$ 50
VDOT - REVENUE SHARING	\$0	\$0	\$0	\$0	\$ -
TOTAL CAPITAL FUNDS	\$1,783,367	\$238,193	\$1,212,000	\$809,560	\$ (973,807)
Subtotal	\$9,639,262			\$8,227,346	\$ (1,411,916)
SCHOOLS	\$0			\$0	\$ -
CAFETERIA	\$478,187			\$478,187	\$ -
SCHOOL CONSTRUCTION	\$0			\$0	\$ -
UNDERGROUND STORAGE TANK	\$20,000	\$0	\$0	\$20,000	\$ -
TOTAL SCHOOL FUNDS	\$498,187			\$498,187	\$ -
TOTAL ALL FUNDS	\$10,137,449			\$8,725,533	\$ (1,411,916)

NOTES:

1. Revenues do not contain draws from Fund Balances
2. Expenditures do not contain deposits to Fund Balances
3. Expenditures do not contain the non-cash Expense of Depreciation

AGENCY & INTERNAL SERVICE FUNDS

IDA	\$170,370	\$737,026	\$737,026	\$170,370	\$0
-----	-----------	-----------	-----------	-----------	-----

Enclosure (2)

FY15 CAPITAL/ONE-TIME EXPENDITURES

FUND	DEPARTMENT	AMOUNT	DESCRIPTION
General			
	Sheriff	\$ 5,000	Interview Room Equip
		\$ 29,000	Mapping Equip
		\$ 90,000	Vehicles
	Refuse	\$ 12,000	Compactor boxes
	General Properties	\$ 50,000	Courthouse Roof
	Various	\$ 24,900	ADP Equipment
Subtotal		\$ 210,900	
Landfill			
	Landfill	\$ 1,212,000	Closure of Cell
GRAND TOTAL		\$ 1,422,900	

LIBRARY FUNDING

<u>FISCAL YEAR</u>		<u>Prince Edward</u>	<u>Farmville</u>	<u>Buckingham</u>	<u>Commonwealth</u>	<u>Total</u>
2014	O&M	204,663	45,000	152,800	121,080	523,543
	Debt	226,300	113,150			
	Total	430,963	158,150	152,800	121,080	
2013	O&M	192,156	35,000	148,440	135,284	510,880
	Debt	227,379	113,689			
	Total	419,535	148,689	148,440	135,284	
2012	O&M	186,559	35,000	144,113	98,424	464,096
	Debt	246,281	123,141			
	Total	432,840	158,141	144,113	98,424	
2011	O&M	166,559	65,000	144,113	145,340	521,012
	Debt	246,281	123,141			
	Total	412,840	188,141	144,113	145,340	
2010	O&M	152,059	35,000	144,113	93,825	424,997
	Debt	246,281	123,141			
	Total	398,340	158,141	144,113	93,825	
2009	O&M	152,059	35,000	144,113	111,758	442,930
	Debt					
	Total	152,059	35,000	144,113	111,758	
2008	O&M	152,059	30,000	136,168	87,179	405,406
	Debt					
	Total	152,059	30,000	136,168	87,179	

VFD STATISTICAL DATA

Company	UNIT	2013 Calls	Proposed FY15 Funding	Cost Per Call
1	Farmville	305	74,800	\$245
2	Hampden - Sydney	180	74,800	\$416
3	Pamplin	62	74,800	\$1,206
4	Prospect	114	74,800	\$656
5	Meherrin	119	74,800	\$629
6	Darlington-Heights	61	74,800	\$1,226
7	Rice	105	74,800	\$712

RESCUE SQUAD STATISTICAL DATA

Company	UNIT	2013 Calls	Proposed FY15 Funding	Cost Per Call
	Prince Edward	2623	66,000	\$25
	Pamplin	69	7,700	\$112
	Meherrin	236	13,000	\$55
	HSC 1st Responders	56	5,500	\$98

NET LOCAL COST FY15

Enclosure (6)

<u>FUNCTION</u>	FY15	FY15	FY15	FY14	Increase (Decrease)	Percent Change
	<u>Proposed Budget</u>	<u>State Funding</u>	<u>Budgeted Net Local Cost</u>	<u>Budgeted Net Local Cost</u>		
Comm of Revenue	295,688	90,176	205,512	209,126	(3,614)	-1.73%
Treasurer	357,308	88,484	268,824	269,058	(234)	-0.09%
Clerk of Court	523,722	293,176	230,546	219,679	10,867	4.95%
Commonwealth Attorney	636,850	399,209	237,641	238,415	(774)	-0.32%
Sheriff	2,308,497	1,058,241	1,250,256	1,157,070	93,186	8.05%
Victim Witness	61,439	46,709	14,730	15,981	(1,251)	-7.83%
Registrar/Electoral Board	129,533	36,231	93,302	95,030	(1,728)	-1.82%
SUBTOTAL	4,313,037	2,012,226	2,300,811	2,204,359	96,452	4.38%

Wade Bartlett

From: Morris, Roma (VDSS) <Roma.Morris@dss.virginia.gov>
Sent: Thursday, March 20, 2014 9:19 AM
To: Wade Bartlett
Subject: FW: HOPE Community Services
Attachments: IM -116.pdf; HOPE Letter from ACF 3-14.pdf

FYI

Roma R. Morris, Director
Prince Edward County
Department of Social Services
(434)392-3113 Ext. 146
(434)392-8453 Fax
e-mail: roma.morris@dss.virginia.gov

From: Inge, Fran (VDSS)
Sent: Wednesday, March 19, 2014 4:51 PM
To: Pullen, Martha (VDSS); Apperson (III), Braxton (VDSS); Blackwell, Karen (VDSS); Newcomb, Dorothy (VDSS); Reitmeier, Robert (VDSS); Morris, Roma (VDSS); Oswell, Paul (VDSS)
Cc: Frazier, Jack B (VDSS)
Subject: HOPE Community Services

All,

I want to update you on the status of HOPE Community Services (New Horizons Community Action Partnership). After talking with ACF, my office has submitted the paperwork to the Governor's Office to request HOPE be de-designated as a community action agency. Also, it is my understanding that there are now multiple federal agencies involved in the criminal investigation.

The process is complicated and as you know, this is the first time Virginia has de-designated, for cause. At this point, the state has made the case for de-designation and all documentation submitted. HOPE Community Services appealed the decision. I have attached the letter received from ACF responding to their appeal.

VDSS has worked with ACF very closely throughout each step of this process and ACF is aware that we have requested the Governor de-designate the organization. When we receive direction from the Governor's Office, I will notify you and we will begin the process of engaging the community and moving forward to insure citizens benefit from a solid community action program. Your help will be needed.

Please feel free to pick up the phone and call me if you want more information. I am more than happy to discuss it with you. Also, in case you are interested, I have attached the guidance document from ACF on the de-designation process. Yep, and there is another one written just like that one for how we identify a new community action program! Stay tuned...

Fran

Fran Inge
Director, Office on Volunteerism and Community Service
Virginia Department of Social Services

801 East Main Street, 15th Floor
Richmond, VA 23219

Phone: (804) 726-7644

Fax: (804) 726-7088

E-Mail: fran.inge@dss.virginia.gov

Web: www.vaservice.org



VIRGINIA DEPARTMENT OF
SOCIAL SERVICES



ADMINISTRATION FOR
CHILDREN & FAMILIES

901 D Street SW., Washington, DC 20447 • www.acf.hhs.gov

FEB 26 2014

Mr. Ellsworth Bennett
Board President
New Horizons Community Action Partnership
103 South Main Street
Farmville, Virginia 23901

Dear Mr. Bennett:

I am providing an update related to for your letter dated October 4, 2013, requesting that the U.S. Department of Health and Human Services, Administration for Children and Families, Office of Community Services (OCS), review the Virginia Department of Social Services' (VDSS) decision to de-designate the New Horizons Community Action Partnership (NHCAP). More specifically, you indicated your decision to appeal VDSS's de-designation decision was based on procedural errors that affected NHCAP's ability to address VDSS findings and reasons for de-designation.

In accordance with the complaints procedures set forth at 45 C.F.R. § 96.50, the OCS has reviewed your letter and is in the process of gathering additional information from VDSS to determine if any violation of the CSBG statute has occurred. This office intends to conduct a thorough examination.

If additional information is required we may need to contact you. Otherwise, you will be notified upon the completion of the investigation. Thank you for your continued commitment to this program and the individuals and families it serves.

Sincerely,

A handwritten signature in black ink that reads "Jeannie Chaffin".

Jeannie L. Chaffin

Director

Office of Community Services

cc: Virginia Department of Social Services

RECEIVED

MAR 4 - 2014

Office on Volunteerism
and Community Service

**COMMUNITY SERVICES BLOCK
GRANT PROGRAM**

Information Memorandum

U.S. Department of Health and Human Services
Administration for Children and Families
Office of Community Services
Division of State Assistance
370 L'Enfant Promenade, S.W.
Washington, D.C. 20447
<http://www.acf.hhs.gov/programs/ocs/csbg/>

Transmittal No. 116

Date: December 4, 2009

TO: State Community Services Block Grant Program (CSBG) Administrators, U.S. Territory CSBG Program Administrators, State CSBG Financial Officers

SUBJECT: Guidance on Corrective Action, Termination or Reduction of Funding for CSBG Eligible Entities

PURPOSE: To ensure a consistent understanding of legal requirements and procedures for termination or proportional reduction of funding to eligible entities receiving CSBG funds

RELATED

REFERENCES: Community Services Block Grant Act (Public Law 105-285, the Community Opportunities, Accountability, and Training and Educational Services Act of 1998); U.S. Code of Federal Regulations (45 CFR, Section 96.92).

This Information Memorandum (IM) provides background on statutory and regulatory requirements for terminating organizational eligibility or otherwise reducing the share of funding allocated to any CSBG-eligible entity. A step-by-step description is provided outlining necessary actions and considerations for terminating or reducing funds to a CSBG-eligible entity for cause. A sample tool is provided for State documentation of State actions. Although described as a series of discrete steps, some activities described in this IM can be implemented concurrently. States are encouraged to review internal monitoring, corrective action, and hearing procedures to assure compliance with the CSBG Act and applicable regulations cited in this memorandum. In addition, States are strongly encouraged to develop tools and procedures for timely action in circumstances requiring corrective action, reduction, or termination of funding to assure accountability and prevent waste, fraud, or abuse of CSBG funds.

Note: The IM is intended as a guidance tool to support State implementation of requirements of specific sections of the CSBG Act. Key sections of the CSBG Act are referenced throughout the IM. It is strongly recommended that the referenced sections of the CSBG Act be read along with this guidance in order to assure an understanding of the specific language of the statute. The CSBG Act may be obtained online at the following web address:

http://www.acf.hhs.gov/programs/ocs/csbg/pdf/csbg_law_508.pdf

Background

CSBG funds are awarded to States, U.S. Territories, and eligible Tribal governments and Tribal Organizations based on a statutorily defined formula outlined in the CSBG Act. States are required under the CSBG Act to distribute at least 90 percent of block grant funds to specific eligible entities within the State to support services focused on the reduction of poverty, the revitalization of low-income communities, and the empowerment of low-income families in rural and urban areas to become fully self-sufficient.

States may retain up to ten percent of grant funds for administrative expenses (which may not exceed the greater of \$55,000 or five percent of the total State award) and other discretionary activities.¹ For example, if a State receives a CSBG allocation of \$10 million, the State may retain up to \$1 million for discretionary activities, but may not use more than \$500,000 of these funds for administrative expenses.

Eligible entities are non-profit or public agencies that meet the requirements of Section 673(1)(A) and Section 676B the CSBG Act. Nonprofit eligible entities must administer the CSBG program through a tripartite board, one-third of whom must be elected public officials or their representatives, not-less than one-third of whom must be democratically-selected representatives of low-income families and individuals in the neighborhoods served, and the remainder of whom are officials or members of business, industry, labor, religious, law enforcement, education, or other major groups and interests in the community served.

Public eligible entities must also have a tripartite board, which must assure that not fewer than one-third of the members are democratically-selected representatives of low-income individuals and families in the neighborhood served, reside in the neighborhood served, and are able to participate actively in the development, planning, implementation, and evaluation of programs funded through the CSBG grants. States may also specify an alternate mechanism to assure decision-making and participation by low-income individuals in the development, planning, implementation, and evaluation of public entity programs funded under the CSBG grant.

The majority of eligible entities in the CSBG program are Community Action Agencies or public agencies with a longstanding involvement in the CSBG program. The list of eligible entities within a State is generally consistent from year-to-year. States may add or remove organizations from the list of eligible entities but must do so consistent with procedures outlined in the CSBG Act. States award funds to eligible entities based on State-defined formulas. However, any changes that adversely affect the proportional share of funding awarded to an eligible entity must be conducted in accordance with the CSBG Act.

Proportional Share Requirements for Eligible Entities

The CSBG Act requires that as a part of the annual submission of an application and plan for CSBG funding, States must assure that any eligible entity in the State that received funding in the previous fiscal year through a Community Services Block Grant will not have its funding terminated, or reduced below the proportional share of funding the entity received in the previous fiscal year unless, after providing notice and an opportunity for a hearing on the record, the State determines that cause exists for such termination or such reduction. The CSBG Act

¹ In the supplemental appropriation for the American Recovery and Reinvestment Act of 2009 (Public Law 111-5), States were instructed to award 99% of appropriated funds to eligible entities.

also specifies that a State's determination is subject to Federal review by the Department of Health and Human Services. The time lines and procedures for Federal review are discussed later in this IM.

An eligible entity's "proportional share" refers to the amount of non-discretionary grant funds awarded to that entity compared to the amount of non-discretionary grant funds awarded to all eligible entities in the State. For example, if an eligible entity received \$1 million in non-discretionary grant funds in the prior year and the total of all non-discretionary grant funds awarded to all eligible entities in the State in the prior year was \$10 million, the eligible entity's proportional share would be ten percent.

Cause for Changes of Proportional Share to Eligible Entities

Under Section 676(c) of the CSBG Act, there are two major causes for changing the proportional share of funding awarded to eligible entities.

Statewide Redistribution of Funds - The first, and most common, cause for changing the proportional share of funding to eligible entities is not related to performance deficiencies of a specific organization. Under Section 676(c)(1)(A) of the CSBG Act, States may implement a Statewide redistribution of funds to respond to the results of the most recently available census data or other appropriate data, the designation of a new eligible entity², or severe economic dislocation. Statewide changes to the distribution formulas require a public hearing. The CSBG Act requires at least one legislative hearing every three years in conjunction with the development of the State plan and States may utilize this legislative hearing to consider changes to distribution formulas. States may also conduct special administrative hearings in response to specific demographic or economic changes, or the designation of a new eligible entity to address an unserved area.

Failure to Comply with State Plan, Standard or Requirement - The second cause for reducing funding or terminating eligibility for CSBG funding is related to deficiencies in the activities of an individual eligible entity. Under Sections 676(c)(1)(B) and 676(c)(2) of the CSBG Act, States may reduce funding or terminate eligibility for CSBG funding based on an eligible entity's failure to comply with the terms of an agreement or a State plan, or to meet a State requirement, to provide services, or to meet appropriate standards, goals, and other requirements established by the State, including performance objectives.

State Monitoring and Review

Section 678B(a) of the CSBG Act requires that States conduct monitoring visits and a full on-site review of each eligible entity at least once during each three-year period. The CSBG Act also requires that States conduct an on-site review of each newly-designated entity immediately after the completion of the first year in which the entity receives CSBG funds.

States are required under the regular CSBG program to conduct follow-up reviews including prompt return visits to eligible entities, and their programs, that fail to meet the goals, standards, and requirements established by the State. The CSBG Act also requires that States conduct other

² Procedures for designating a new eligible entity are outlined in Section 676A of the CSBG Act.

reviews as appropriate, including reviews of entities with programs that have had other Federal, State, or local grants other than assistance provided under CSBG terminated for cause.

It is an expectation of the Office of Community Services (OCS) that State CSBG Lead Agencies will conduct reviews when informed that an eligible entity has grant funds terminated for cause under a related program, such as Head Start, the Low Income Home Energy Assistance Program (LIHEAP), the Weatherization Assistance Program, or other Federal programs. State CSBG Lead Agencies should include questions in routine monitoring visits and contacts about whether an eligible entity has had grant funds terminated for cause in any Federal, State, or local programs other than CSBG. State CSBG Lead agencies are expected to review the cause of termination for other Federal programs to assure that comparable issues do not exist for CSBG funds.

It is also the expectation of OCS that State CSBG Lead Agencies will thoroughly investigate any instances of “whistleblower” complaints or allegations of fraud or abuse of CSBG funds or funds from closely-related programs. In any instances in which complaints or allegations of fraud are considered credible and raise significant “red flags,” OCS should be informed of findings and may assist with additional compliance review or referral to appropriate investigative authorities.

Note: Allegations of fraud or abuse may also be referred directly to the HHS hotline maintained by the Office of the Inspector General using the following contact information:

1-800-HHS-TIPS (1-800-447-8477)

<http://oig.hhs.gov/fraud/hotline/>

Determination of Performance Deficiencies or Failure to Comply with State Requirement

Based on routine State monitoring, reviews, or investigations related to specific complaints or allegations, the State CSBG office may determine that an eligible entity has failed to comply with the terms of an agreement or a State plan, or to meet a State requirement. The State’s determination may be based on the agency’s failure to provide CSBG services, or to meet appropriate standards, goals, and other requirements established by the State, including performance objectives. The State should document the basis for such determination and the specific deficiency or deficiencies that must be corrected.

Communication of Deficiencies and Corrective Action Requirements

When a State CSBG Lead Agency has determined that an eligible entity has a specific deficiency, the State must communicate the deficiency to the eligible entity and require the eligible entity to correct the deficiency. To establish compliance with the requirements of the CSBG Act, records of correspondence or other communications related to an enforcement action against an eligible entity should be maintained.

Technical Assistance to Correct Deficiencies

The State must offer training and technical assistance, if appropriate, to help an eligible entity correct identified deficiencies or failures to meet State requirements. Technical assistance may be offered concurrently with the notification of a deficiency or deficiencies and should focus on the specific issues of the eligible entity to the extent possible.

The CSBG Act requires that the State prepare and submit to the Secretary a report describing the training and technical assistance offered. Alternately, if the State determines that training and technical assistance are not appropriate, the State must prepare and submit a report to the Secretary stating the reasons that technical assistance is not appropriate.

Some examples of situations in which a State may determine that technical assistance is not appropriate may include, but are not limited, to the following:

- A deficiency for which the eligible entity has the expertise and skills available within the organization to make corrective actions without assistance;
- A deficiency for which the State has previously provided technical assistance and the eligible entity has failed to institute corrective actions;
- Multiple, widespread, and/or repeated deficiencies that cannot feasibly be addressed through technical assistance;
- A deficiency that involves organizational misuse of funds, evidence of fraudulent reporting or use of funds, or other evidence of criminal wrongdoing.

Quality Improvement Plan

Section 678C(a)(4) of the CSBG Act allows for State discretion in the implementation of a quality improvement plan by an eligible entity to correct an identified deficiency or deficiencies. The Act specifies that States must consider the seriousness of the deficiency and the time reasonably required to correct the deficiency.

Examples of instances in which a State may exercise discretion on whether a quality improvement plan is appropriate or necessary may include, but are not limited to the following:

- A deficiency for which an eligible entity has previously instituted a corrective action plan and has repeated findings;
- A deficiency that involves organizational misuse of funds, evidence of fraudulent reporting or use of funds, or other evidence of criminal wrongdoing and therefore presents a risk requiring immediate action.

If a State determines that an eligible entity should be allowed to develop and implement a quality improvement plan, the CSBG Act requires the State to allow the eligible entity to develop and implement their plan within 60 days after being informed of a deficiency. The quality improvement plan should identify actions that will be taken to correct the deficiency within a reasonable period of time as determined by the State. States may exercise discretion based on the specific circumstances.

If a quality improvement plan is allowed, the State must review and issue a decision on whether to approve the plan not later than 30 days after receiving the plan from an eligible entity. If the State does not accept the plan, the State must specify the reasons why the proposed plan cannot be approved.

Opportunity for a Hearing

A key statutory requirement for funding termination or reductions, as outlined in Section 678C(a)(5) of the CSBG Act is that States must provide adequate notice and opportunity for a hearing prior to terminating organizational eligibility for CSBG funding or otherwise reducing the proportional share of funding to an entity for cause. The CSBG Act does not include any State or Federal authority to waive the requirement of an opportunity for a hearing. Hearing procedures should be consistent with any applicable State policies, rules or statutory requirements.

Pursuant to Section 678C(b) of the CSBG Act, OCS shall, upon request, review any final State determination to terminate or reduce funding of an eligible entity. In order to conduct such review, the requestor and State should submit to OCS all necessary documentation relating to the determination, including, for example, transcripts of the hearing and any documentation used in reaching the State's decision. For the purposes of any Federal review, it is suggested that States provide the following information to OCS:

- A copy of the notice provided in advance of the hearing that includes the date of the notice and the date of the hearing;
- The name of the presiding hearing official;
- The name(s) of official(s) or individual(s) responsible for determination of hearing findings or decisions (e.g. the CSBG State Official);
- The names of the individuals participating in the hearing; and
- Documentation of evidence presented at the hearing.

State Proceedings to Terminate or Reduce Funding

After providing an opportunity for a hearing, the State may initiate proceedings to terminate the designation of or reduce the funding to an eligible entity unless the entity corrects the deficiency. If a State CSBG Lead Agency determines that funding will be reduced or that eligibility for CSBG funds will be terminated, the State must notify both the eligible entity and the OCS of the decision.

Opportunity for Federal Review

A Federal review of the State decision to reduce or terminate funding may be initiated through a request from the affected organization. In accordance with 45 CFR §96.92, an eligible entity has 30 days following notification by the State of its final decision to request a review by the Secretary of the Department of Health and Human Services (HHS).

If a request for a review has been made, the State may not discontinue present or future funding until the Department responds to the request. Requests for Federal review must be received by OCS within 30 days of notification of a State decision. If no request for review is made within the 30-day limit, the State's decision will be effective at the expiration of the time.

Section 678C(b) of the CSBG Act specifies that a review by the Department of Health and Human Services shall be completed no later than 90 days after the Department receives from the State all necessary documentation relating to the determination to terminate the designation or reduce the funding. If the review is not completed within 90 days, the Act specifies that the determination of the State shall become final at the end of the 90th day.

Expedited Federal Review and Technical Assistance

While the CSBG Act specifies that a Federal review of State documentation for terminating the designation or reducing funding to an eligible entity must be completed within 90 days, an expedited Federal review may be possible in some instances. This is particularly true in circumstances in which the State has consulted closely with OCS before and during proceedings and has provided documentation at each step of the process as described above. In some instances, particularly those involving potential waste, fraud and abuse, an on-site Federal review may be arranged to expedite the review of documentation and assist with CSBG procedures and requirements. A documentation tool outlining information required for Federal review is included as an attachment to this guidance.

Address to Request Federal Review

Information on how to request a Federal review should be provided to all eligible entities that are subject to a termination or reduction of funding hearing and decision. To ensure that requests are received in time for Federal review, it is strongly recommended that requests be sent via overnight mail with a signed certification of receipt. Requests for review must be sent to the attention of the Division of State Assistance in the Office of Community Services at the following address:

U.S. Department of Health and Human Services
Administration for Children and Families
Office of Community Services
Division of State Assistance
Attention: Community Services Block Grant Program
370 L'Enfant Promenade S.W., 5th Floor West
Washington, D.C. 20447

Overnight mail submissions may be sent directly to the assigned Office of Community Services' CSBG Program Services - Regional Contacts to provide notification that a request has been submitted. This contact information is available on the CSBG program website at the following weblink:

<http://www.acf.hhs.gov/programs/ocs/csbg/aboutus/staffassignments.html>.

Potential for Direct Federal Assistance to an Eligible Entity

Section 678C(c) of the CSBG Act specifies that whenever a State terminates or reduces the funding of an eligible entity prior to the completion of a required State hearing and other statutorily-required considerations and procedures as outlined in this document, the Department of Health and Human Services is authorized to provide financial assistance directly to the eligible entity until the State violation of the CSBG Act requirements is corrected. In such instances, the State's CSBG allocation under the block grant would be reduced by the amount provided to the eligible entity.

State Award of Funds to a New Eligible Entity

In the event that the State terminates the designation of an organization as an eligible entity, or otherwise reduces funds, any resulting funding may be awarded only to an organization that is an eligible entity for CSBG funds. Section 676A of the CSBG Act outlines procedures for

designation and re-designation of eligible entities in un-served areas. In accordance with the CSBG Act, a State may solicit applications and designate as an eligible entity either:

- A private nonprofit organization that is geographically located in the un-served area that is capable of providing a broad range of services designed to eliminate poverty and foster self-sufficiency and meets the requirements of the CSBG Act; or
- A private nonprofit eligible entity that is geographically located in an area contiguous to or within reasonable proximity of the un-served area and is already providing related services in the un-served area.

States must grant the designation to an organization of demonstrated effectiveness in meeting the goals of the CSBG Act, and may give priority to an eligible entity in a contiguous area that is already providing related services in the un-served area. If no private, nonprofit organization is identified or determined to be qualified as an eligible entity to serve the area, the State may designate an appropriate political subdivision of the State to serve as an eligible entity for the area.

Any nonprofit or public agency receiving CSBG funds must meet the tripartite board requirements specified in Section 676B of the CSBG Act. The process of soliciting applications to select a new eligible entity may take place during the period in which the Department of Health and Human Services is reviewing a State decision to terminate an organization's eligibility for CSBG funds. However, the State may not award the funds to a new eligible entity until the Department confirms the State's finding for cause or the 90-day period for Federal review has passed.

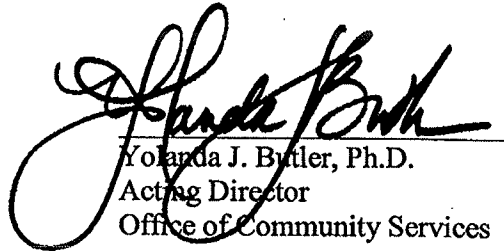
Additional Options to Protect Federal Funds

Although the CSBG Act provides for a specific process for terminating an organization's status as an eligible entity or otherwise reducing an entity's proportional share of funding, States have considerable additional authority to assure appropriate expenditures of Federal funds. Where State laws and procedures permit, States may consider use of cost-reimbursement funding approaches to assure a detailed review of actual expenditures and State approval prior to reimbursement. In some instances, particularly when substantial risks have been identified, States may consider cost reimbursement strategies for some or all funds during a period of corrective action or implementation of a Quality Improvement Plan. The Office of Community Services encourages consideration of all applicable State laws and procedures in circumstances in which credible allegations of waste, fraud, or abuse of funds are under formal investigation, but not yet conclusively documented. This may include circumstances in which the office has received whistle-blower complaints, referrals from a State or Federal investigative office, or evidence of misuse of funds in a related Federal or State program.

Conclusion

The appropriate use of CSBG funds is a shared responsibility between the Office of Community Services, State CSBG Lead Agencies, and eligible entities at the community level. The CSBG Act provides protections and responsibilities for organizations at each level. While the procedures for terminating eligibility or reducing funding for cause related to a deficiency are expected to apply to only a small percentage of eligibility entities, all State and Federal officials

involved with the CSBG program must be familiar with required procedures. It is strongly recommended that State CSBG Lead Agencies work closely with the Office of Community Services at each stage of the process to assure appropriate documentation of the process. The Office of Community Services will work closely with State CSBG Lead Agencies to assure due process for any affected organizations, to assure that procedures are executed efficiently and correctly in instances where warranted to prevent waste, fraud and abuse, and to promote the appropriate and effective use of funds to alleviate the causes and conditions of poverty in communities nationwide.



Yolanda J. Butler, Ph.D.
Acting Director
Office of Community Services

Attachment:

- **Sample Documentation Tool for Corrective Actions, Reductions, or Terminations of CSBG Funding For Cause**

ATTACHMENT

**Sample Documentation Tool
for Corrective Actions, Reductions, or
Terminations of CSBG Funding For Cause**

The table provided below may be used by State CSBG Lead Agencies to assure appropriate documentation at each stage of the required process for corrective action, termination, or reduction of funding for organizational deficiencies. Some steps may be instituted concurrently and documentation (e.g. reports or correspondence) may include multiple steps. For example, a State may notify an eligible entity of deficiencies, offer appropriate technical assistance, and require a plan of correction within a single item of correspondence. The statutory requirements are described here as a series of discrete steps in order to assure that all key requirements are documented. Highlighted notes provided below are intended as a guidance regarding appropriate documentation and may be removed in an actual working document.

Community Services Block Grant (CSBG) Legislative Requirement – Section 678C	Activities Undertaken by the State with respect to the Eligible Entity in Compliance with Section 678C	Documentation in the Proceedings
<p>Step 1: State conducts review pursuant to section 678B.</p> <p>§678C(a), 42 U.S.C. §9915(a)</p>	<p><i>Describe the review dates, procedures, key participants.</i></p>	<p><i>Cite monitoring reports, working papers, or key correspondence.</i></p>
<p>Step 2: State determines, on the basis of a final decision in a review pursuant to section 678B, that an eligible entity fails to comply with the terms of an agreement, or the State plan, to provide services under this subtitle or to meet appropriate standards, goals, and other requirements established by the State (including performance objectives).</p> <p>§678C(a), 42 U.S.C. §9915(a)</p>	<p><i>Describe the basis for State determination.</i></p>	<p><i>Cite monitoring reports, working papers, and key correspondence relevant to State determination.</i></p>

Community Services Block Grant (CSBG) Legislative Requirement – Section 678C	Activities Undertaken by the State with respect to the Eligible Entity in Compliance with Section 678C	Documentation in the Proceedings
<p>Step 3: State informs the entity of the deficiency to be corrected.</p> <p>§678C(a)(1), 42 U.S.C. §9915(a)(1)</p>	<p><i>Describe the dates and method of notification.</i></p>	<p><i>Cite relevant correspondence, meeting notes and other documentation of communication.</i></p>
<p>Step 4: State requires the entity to correct the deficiency.</p> <p>§678C(a)(2), 42 U.S.C. §9915(a)(2)</p>	<p><i>Describe communication of State requirements, any associated deadlines or documentation requirements for eligible entities.</i></p>	<p><i>Cite relevant correspondence, meeting notes and other documentation of communication.</i></p>
<p>Step 5: State determines whether training and technical assistance are appropriate.</p> <p>§678C(a)(3)(B), 42 U.S.C. §9915(a)(3)(B)</p>	<p><i>Describe the rationale for determining whether training and technical assistance are appropriate to correct the deficiency. If training and technical assistance are not appropriate describe the basis for this determination.</i></p>	<p><i>Cite meeting notes and other documentation of communication.</i></p>
<p>Step 6 (if appropriate): State offers training and technical assistance, if appropriate, to help correct the deficiency.</p> <p>§678C(a)(3)(A), 42 U.S.C. §9915(a)(3)(A)</p>	<p><i>If applicable, describe the document, the State's offer of training and technical assistance offered to correct the deficiency.</i></p>	<p><i>Cite relevant correspondence, meeting notes and other documentation of communication.</i></p>
<p>Step 7: State either (A) prepares and submits to the Secretary a report describing the training and technical assistance offered; or (B) if the State determines that such training and technical assistance are not appropriate, prepares and submits to the Secretary a report stating the reasons for the determination.</p> <p>§678C(a)(3), 42 U.S.C. §9915(a)(3)</p>	<p><i>Provide a report documenting either:</i></p> <ul style="list-style-type: none"> <i>the specific training and technical assistance offered; or</i> <i>the State rationale for not providing technical assistance.</i> <p><i>If training and technical assistance is offered, document whether the offer was accepted, when training and/or technical assistance was provided, and whether it was successful in addressing the deficiency.</i></p> <p><i>Note: In instances in which training and/or technical assistance are provided and the eligible entity successfully addresses the deficiency, the State should maintain documentation and may provide to the Office of Community Services for future reference.</i></p>	<p><i>Cite report submitted to HHS.</i></p>

<p>Step 8 (Discretionary): At the discretion of the State (taking into account the seriousness of the deficiency and the time reasonably required to correct the deficiency), the State allows the entity to develop and implement, within 60 days after being informed of the deficiency, a quality improvement plan to correct such deficiency within a reasonable period of time, as determined by the State; and not later than 30 days after receiving from an eligible entity a proposed quality improvement plan, either approve such proposed plan or specify the reasons why the proposed plan cannot be approved.</p> <p>§678C(a)(4), 42 U.S.C. §9915(a)(4)</p>	<p>Maintain documentation of any quality improvement plans. State deadlines to correct identified deficiencies, whether or not the State approves the quality improvement plan.</p> <p>Note: In instances in which a quality improvement plan is implemented and the deficiency is corrected, the State should maintain documentation and may provide to the Office of Community Services for future reference.</p>	<p>Cite Quality Improvement Plans – If Applicable</p>
<p>Step 9: State provides adequate notice and an opportunity for a hearing.</p> <p>§678C(a)(5), 42 U.S.C. §9915(a)(5)</p>	<p>Describe communication to eligible entity regarding the opportunity for a hearing, date of communication, and any applicable State policies, rules, or procedures.</p> <p>If applicable, describe conduct of hearing to present and consider evidence relevant to State determination consistent.</p> <p>If applicable, describe outcomes or findings of hearing.</p>	<p>Cite correspondence or public communication regarding the date and procedures for hearing.</p> <p>If applicable, cite documentation of the hearing, including official minutes or record, of the presiding hearing official, official(s) or individual(s) responsible for determination of hearing findings or decisions, a list of individuals participating in the hearing, evidence presented at the hearing, and any outcomes or findings.</p>

<p>Step 10: State initiates proceedings to terminate the designation of or reduce the funding under this subtitle of the eligible entity unless the entity corrects the deficiency.</p> <p>§678C(a)(5), 42 U.S.C. §9915(a)(5)</p>	<p><i>Notification to eligible entity and HHS of State decision to terminate or reduce funding.</i></p> <p><i>Upon request, OOS review of State determination.</i></p> <p><i>Designation or redesignation of eligible entity to serve un-served areas in accordance with CBSG Act.</i></p>	<p><i>Cite official correspondence to eligible entity and HHS.</i></p> <p><i>If applicable, cite OOS approval or disapproval of State decision.</i></p>
--	--	---

Wade Bartlett

From: Michele N. Schumacher, Esq. <mnschumacher@earthlink.net>
Sent: Monday, March 24, 2014 10:09 AM
To: Wade Bartlett
Subject: FIRE/EMS Tax Redistricting
Attachments: Letter re Fire-EMT.pdf

Mr. Bartlett, please see my letter attached, which I have mailed to you, Mr. Robert Jones as well as each member of the Board of Supervisors. It is my understanding that the Committee that made the recommendation is meeting this week and I would like the letter delivered to each Board Member on that committee prior to the meeting. I am uncertain if the mailed letter will reach each member of the Committee prior to their meeting. Insofar as I do not have email addresses for the members, and I assume you do, I would ask that you email or deliver the letter to the members of that committee.

Also please make sure that this letter is attached as correspondent to the Agenda for the next meeting.

Thank you.

Michele N. Schumacher

Michele N. Schumacher, J.D.
mnschumacher@earthlink.net
434-390-4057 (cell)
540-831-5434 (work)

Michele N. Schumacher, Esq.
P.O. Box 39
Rice, VA 23966

March 24, 2014

Mr. Robert M. Jones
3286 Poor House Road
Rice, VA 23966

Mr. Jones:

I have read with interest the Fire/EMS committee's recommendations to the Board of Supervisors, and the various articles written in the Farmville Herald concerning this recommendation. After reading this material I am left with questions that seem not to have been asked prior to making the recommendation.

As such I am hoping that you, or if any other Board member that receives this letter can do so they will be able to provide the answers to the following questions:

First and foremost, the summary sheet provided to the Board of Supervisors at its last meeting states "The Committee has not completed its work, but wishes to make the following recommendation to the Board of Supervisors:" If the Committee has not yet completed its work how can it make an informed, smart recommendation when it has not completed its work? On what basis was the recommendation made? What happens if upon completion of the work of the Committee the recommendation is no longer viable?

From my read of the recommendation it appears to be another way for the County to raise taxes. Once again it was put on the agenda at the last minute so that there was no time for anyone to react to the request. As I have noted in the past this happens time and time again in this County, and it really needs to stop. Not only should each Board member receive the material at least a week in advance so too should the citizens have a chance to review the material and ask pertinent questions before decisions are made.

In that regard I would like answers to the following questions:

1. What is the tax rate recommendation going to be by the Fire/EMS Committee to the Board?
2. What is the total assessed value of property real and personal for PE County (please use the most current figures)?

3. Exactly how much money from PE County Taxpayers goes to fire and EMS now? How much per department? How is that number determined? Is it envisioned that this amount will be eliminated once the new tax goes into effect?
4. What happens if the County no longer contributes to each Fire/EMS as noted above in 3, and the tax levy is not sufficient to pay for the needs of the individual Fire/EMS departments? Do you envision the Fire/EMS Departments to do fundraising? If citizens are taxed have you considered what happens to the fundraising currently done by those fire departments? Do you think people will pay via taxes and then contribute to fund raising efforts? I don't, the citizens of this county simply do not have the funds to pay twice.
5. How much is the insurance money that goes to each fire/EMS department and how much per each department? How is that number determined?
6. Has the committee reviewed the accounting books for each Fire/EMS department? Some departments have more money needs than others; for example, some may not have to pay for building up-keep or items related to that or are getting money elsewhere—such as the Farmville Fire Department, how would that effect each department?
7. How would the needs of each department be determined without seeing their financial information and without the submittal of a budget?
8. How exactly are the accounts of each Department handled now? I'm assuming (and maybe wrongly) that the county has the funds earmarked for the departments, bills are summited to be paid, they are paid via the county checks, the county sends each department a statement showing what remains in the account.

It's my understanding that this method of distribution is fairly recent and that at one time the money was deposited in the Fire/EMS personal accounts for the individual departments to handle. Why was that changed?
9. If the tax levy is passed, how will this be handled? Will there be someone to oversee the account to prohibit the misuse of spending and other problems that may occur? What guarantees can be provided that the money will not be put into the general fund of the County?
10. There are already districts that each Fire/EMS departments are responsible for, what is the need to redistrict these areas? Since Pamplin and Meherrin serve part of Prince Edward County, would they still be included in the

districting and in the tax levy? Or will the districts change to not include departments that are not in the county? If voted in, how much of the tax levy would go (if any) to outsiders?

11. Do you think that in the future this could lead to the County having paid Fire/EMS and eliminating the departments as they are now? And creating fewer departments?

I would greatly appreciate your answers to the questions I have presented to you in this letter. Your prompt response would be greatly appreciated. Also by copy of this letter I am also requesting if any other Board member or Mr. Bartlett can answer these questions that they please provide me with the answers I seek.

Thank you.

Sincerely,



Michele N. Schumacher, Esq.
Taxpayer - Lockett District - Prince Edward County, VA

Cc: Prince Edward County – Board of Supervisors
Mr. Wade Bartlett – County Administrator & Clerk to the Board of Supervisors