

VIRGINIA:

At a regular meeting of the Board of Supervisors of the County of Northampton, Virginia, held in the Board Chambers of the County Administration Building, 16404 Courthouse Road, Eastville, Virginia, on the 10th day of September, 2013, at 4:00 p.m.

Present:

Willie C. Randall, Chairman	Laurence J. Trala, Vice Chairman
Richard L. Hubbard	Larry LeMond
Oliver H. Bennett	

The meeting was called to order by the Chairman.

Closed Session

Motion was made by Mr. Trala, seconded by Mr. Bennett, that the Board enter Closed Session in accordance with Section 2.2-3711 of the Code of Virginia of 1950, as amended:

(A) Paragraph 1: Discussion or consideration of employment, assignment, appointment, promotion, performance, demotion, salaries, disciplining, or resignation of specific public officers, appointees or employees of any public body.

*Appointments to boards, committees.*

(B) Paragraph 3: Discussion or consideration of the condition, acquisition, or use of real property for public purpose, or of the disposition of publicly held property.

(C) Paragraph 5: Discussion concerning a prospective business or industry or the expansion of an existing business or industry where no previous announcement has been made of the business' or industry's interest in locating or expanding its facilities in the community.

(D) Paragraph 7: Consultation with legal counsel and briefings by staff members, consultants, or attorneys pertaining to actual or probable litigation, and consultation with legal counsel employed or retained by the Board of Supervisors regarding specific legal matters requiring the provision of legal advice by counsel.

All members were present and voted "yes." The motion was unanimously passed.

After Closed Session, the Chairman reconvened the meeting and said that the Board had entered the closed session for those purposes as set out in paragraphs 1, 3, 5 and 7 of Section 2.1-3711 of the Code of Virginia of 1950, as amended. Upon being polled individually, each Board member confirmed that these were the only matters of discussion during the closed session.

The Chairman read the following statement:

*It is the intent that all persons attending meetings of this Board, regardless of disability, shall have the opportunity to participate. Any person present that requires any special assistance or accommodations, please let the Board know in order that arrangements can be made.*

Board and Agency Presentations:

- (1) Robbie Lewis, Area Forester: annual update

Mr. Lewis briefed the Board regarding on-going activities within the Department of Forestry including forest management, education, water quality and fire suppression, affecting in excess of 1500 acres in Northampton County since October 2012. He also distributed copies of “Evaluating and Conserving Green Infrastructure Across the Landscape: A Practitioner’s Guide”, as developed by the Virginia Department of Forestry and the Green Infrastructure Center, Inc.

Consent Agenda:

- (2) Minutes of the meetings of August 13 and 26, 2013.
- (3) Consider a proclamation declaring September 17, 2013 as “Constitution Day” and September 15-21, 2013 as “Constitution Week”.

**PROCLAMATION**

WHEREAS, the Constitution of the United States of America, the guardian of our liberties, embodies the principles of limited government in a Republic dedicated to rule by law; and

WHEREAS, September 17, 2013, marks the two hundred twenty-sixth anniversary of the

framing of the Constitution of the United States of America by the Constitutional Convention;  
and

WHEREAS, it is fitting and proper to accord official recognition to this magnificent document and its memorable anniversary, and to the patriotic celebrations which will commemorate it; and

WHEREAS, Public Law 915 guarantees the issuing of a proclamation each year by the President of the United States of America, designating September 15 through 21 Constitution Week.

NOW, THEREFORE, I, Willie C. Randall, by virtue of the authority vested in me as Chairman of the County of Northampton, Virginia, do hereby proclaim September 17, 2013 as **CONSTITUTION DAY**, and the week of September 15 through 21 as **CONSTITUTION WEEK**,

And ask our citizens to reaffirm the ideals the Framers of the Constitution had in 1787 by vigilantly protecting the freedoms guaranteed to us through this guardian of our liberties.

\* \* \* \*

(4) Consider a resolution to move the meeting time for the September work session from 5:00 p.m. to 7:00 p.m.

BE IT RESOLVED by the Northampton County Board of Supervisors, this 10th day of September, 2013, that the recessed meeting of the Board, scheduled for Monday, September 23, 2013 at 5:00 p.m., in the Board Chambers of the County Administration Building, 16404 Courthouse Road, Eastville, Virginia, be changed to Monday, September 23, 2013 at 7:00 p.m. in the Board Chambers of the County Administration Building, 16404 Courthouse Road, Eastville, Virginia; and

BE IT FURTHER RESOLVED that, following this meeting, the date, time and place of the recessed meeting of the Northampton County Board of Supervisors shall revert to the fourth Monday of each month in the Board Chambers, 16404 Courthouse Road, Eastville, Virginia, at 5:00 p.m.

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Motion was made by Mr. Trala, seconded by Mr. Hubbard, that the Consent Agenda be approved as presented. All members were present and voted "yes." The motion was unanimously passed.

County Officials' Reports:

(5) Mrs. Leslie Lewis, Director of Finance, presented the following Budget Amendment and Appropriation Requests for the Board's consideration:

**TO:** Board of Supervisors  
**FROM:** Leslie Lewis, Director of Finance  
**DATE:** September 6, 2013  
**RE:** Budget Amendments and Appropriations – FY 2013

Your approval is respectfully requested for the following budget amendments and supplemental appropriations:

**\$2,865.00** – This represents a new Byrne Justice Assistance Grant. These funds will be transferred to the Sheriff's Office Supplies line item (100-3102-55350).

**\$3,500.00** – This represents funding from the Virginia Department of Emergency Management to support the County's Radiological Emergency Response Plan. These funds will be transferred to the EMS Office Supplies line item (100-3205-55350).

**\$75,000.00** – This represents a Virginia Department of Emergency Management Grant that will be carried forward to FY 2014. Please transfer these funds to the E-911 Fund – Communications Equipment line item (730-3104-58500).

**\$40,000.00** – This represents grant funding received from the Virginia Port Authority for improvements to the Willis Wharf & Morley's Wharf facilities. These funds will be transferred to the Harbors & Ramps Construction Improvement line item (100-7107-57850). Grant funding of \$30,000.00 will be matched with \$10,000 from Appropriated Fund Balance.

\* \* \* \* \*

Motion was made by Mr. Bennett, seconded by Mr. Hubbard, that the first budget amendment and supplemental appropriation be approved as presented above. All members were present and voted "yes." The motion was unanimously passed.

Motion was made by Mr. Trala, seconded by Mr. LeMond, that the second budget amendment and supplemental appropriation be approved as presented above. All members were

present and voted “yes.” The motion was unanimously passed.

Motion was made by Mr. Bennett, seconded by Mr. Hubbard, that the third budget amendment and supplemental appropriation be approved as presented above. All members were present and voted “yes.” The motion was unanimously passed.

Motion was made by Mr. Bennett, seconded by Mr. LeMond, that the fourth budget amendment and supplemental appropriation be approved as presented above. All members were present and voted “yes.” The motion was unanimously passed.

**TO:** Board of Supervisors  
**FROM:** Leslie Lewis, Director of Finance  
**DATE:** September 6, 2013  
**RE:** Budget Amendments and Appropriations – FY 2014

Your approval is respectfully requested for the following budget amendments and supplemental appropriations as requested by the School Division:

**\$21,000.00** – This represents funding awarded by the Virginia Department of Education under the 2013-2014 Career and Technical Education – Jobs for Virginia Graduates grant. The funding will be used for costs associated with assisting students at risk of dropping out and providing additional supports that enable these students to graduate, secure and retain quality jobs.

**\$1,948.47** – This represents increased funding for FY 2014 Career & Technical Education Awards from the Office of Career and Technical Education Services in the form of “Workplace Readiness Skills” and “CTE Equipment Allocation”.

**\$24,855.00** – This represents a Race to GED grant by the Virginia Department of Education to the Eastern Shore Community College. The School System has agreed to act as fiscal agent.

**\$215,853.00** – This represents funding for the School’s FY 2014 Capital Improvement Program from the County’s School Capital Fund Balance as outlined on the attached schedule.

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Motion was made by Mr. Bennett, seconded by Mr. Hubbard, that the first budget amendment and supplemental appropriation be approved as presented above. All members were present and voted “yes.” The motion was unanimously passed.

Motion was made by Mr. LeMond, seconded by Mr. Hubbard, that the second budget amendment and supplemental appropriation be approved as presented above. All members were present and voted “yes,” with the exception of Mr. Bennett who abstained. The motion was passed.

Motion was made by Mr. Bennett, seconded by Mr. LeMond, that the third budget amendment and supplemental appropriation be approved as presented above. All members were present and voted “yes.” The motion was unanimously passed.

It was the consensus of the Board to table discussion of the fourth budget amendment and supplemental appropriation request until later in the evening.

Mrs. Lewis shared the following memorandum with the Board:

TO: Katie Nunez, County Administrator

From: Leslie Lewis

Date: August 20, 2013

RE: Recommendation on Financing for Lease Purchase of FY 2014 budgeted capital acquisitions.

On July 10, 2013 Northampton County and Northampton Schools jointly released an RFP seeking proposals for capital lease financing of capital equipment that was approved in FY 2014 operating budget. Solicitations were sent to the following financial institutions:

- BBT
- Shore Bank
- Bank of America
- RBC

- PNC Bank
- SunTrust
- CFG Community Bank

Responses were requested no later than Friday, August 10, 2013.

Proposals were timely received from the following:

- PNC Bank
- SunTrust
- CFG Community Bank
- BB & T
- Bank of America

Interest rates ranged from 1.0600 % to 2.78%.

Upon review, the Finance Department recommends that the County accepts the proposal received from the CFG Community Bank at 1.0600 % per annum for the 3 year term of the lease. The county had budgeted this debt in FY2014 using a 3.00% per annum interest rate for the term of this lease.

Per conversation with Ms. Brook Thomas, the school board has accepted the CFG Community Bank proposal their FY 2014 capital lease at rate of 1.2800% per annum for a 5 year term. The school had included this debt in their FY 2014 Budget using a 5% annum interest rate.

CFG Community Bank proposal remains in effect until September 16, 2013.

\* \* \* \* \*

Motion was made by Mr. Bennett, seconded by Mr. LeMond, that the Board approve the FY 14 lease purchase financing proposal from CFG Community Bank at 1.0600% per annum for the 3-year term of the lease in accordance with its proposal. All members were present and voted “yes.” The motion was unanimously passed.

The final memorandum was from the County Administrator as set out below:

**TO:** Northampton County Board of Supervisors  
**FROM:** Katherine H. Nunez, County Administrator  
**DATE:** September 6, 2013

**SUBJECT:** New Traffic Position

Sheriff Doughty has requested the Board's consideration to create a new Traffic Enforcement position. The annual cost of this position (salary/benefits) is approximately \$52,000 and would be offset by increased traffic fine collection revenue. Board action is sought.

For the Board's information, we are also working on the FY 2013 traffic fine plan to supplement the Sheriff's budget and will be bringing this before the Board at its September 23<sup>rd</sup> work session.

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Motion was made by Mr. Bennett, seconded by Mr. LeMond, that the Board approve the additional Traffic Enforcement position within the Sheriff's Office. All members were present and voted "yes." The motion was unanimously passed. Mr. Bennett asked that the Sheriff be requested to research the feasibility of placing cameras alongside certain county roads which are heavily littered.

Mrs. Lewis distributed the 4<sup>th</sup> Quarter FY 2013 financial statements and read the introductory memorandum as follows

**TO:** Board of Supervisors, Northampton County

**FROM:** Leslie M. Lewis, CPA Finance Director

**DATE:** September 10, 2013

**SUBJECT:** June 30, 2013 Quarterly Financial Package

Enclosed, please find the financial package as of June 30, 2013. In the General Fund, 103% of budgeted revenues and 98% of expenditures have been recorded for the year compared to 102% and 97% last year at the same time. These reports are inclusive of year-end revenue and expenditure accruals. Although the audit is not yet complete, large additional adjustments are not anticipated. Revenues for the year exceeded expenditures in the General Fund by \$1,200,239 largely due to actual general property tax collection exceeding estimates used during the budget process. Overall, General Fund revenues were \$722,478 over year-end estimates, and expenditures were \$495,551 under estimates. Following this memo is a summary of the General Fund year-end estimates for revenues and expenditures vs. the recorded actual amounts.

For the current fiscal year, the School Operating Funds reflect revenue collections at 96% of the budget and expenditures at 95% compared to 100% last year. The Social Services operating fund reflects revenue collections at 89% of the budget and expenditures at 89% compared to 82% and 83% respectively last year. The Eastern Shore Regional Jail Fund shows revenue collections at 100% of the budget and expenditures at 94% compared to 98% and 101% respectively last year. Information on all capital projects' budget performance for the year and life-to-date is included behind the Capital Projects Performance Report divider.

A chart depicting the County's cash flow pattern is included in this report after the Treasurer's statement of account tab. At June 30, 2013, operating cash balances were \$11,775,650 as compared to \$9,881,451 last year at the same time. As stated in the chart behind the "Collections" tab, delinquent tax revenue through June 30, 2013 increased by \$1,433,378 from last year's totals. For more information on delinquent tax collections, please see the Delinquent Tax Report section of this report. Included in this section are the Top 40 reports as of June 30, 2013, collection percentage reports and other information on delinquent tax collections.

We will begin the annual budget process earlier than normal due to the upcoming bi-annual real estate tax billing. The budget process will begin in October for the FY15 budget with plans to have an adopted budget by April 22, 2014. Minimal growth in local revenue is expected to continue for FY 15 and the level of state and federal funding remains in question as we continue the formulation of the County's next operating budget.

\* \* \* \*

At 6:00 p.m., the Board recessed for supper.

At 7:00 p.m., the Chairman reconvened the meeting.

The invocation was offered by Rev. Kelvin Jones.

The Pledge of Allegiance was recited.

(6) In the absence of Ms. Katherine H. Nunez, County Administrator, the following bi-monthly report was presented for the Board's review.

(i) 9/16/13: Public Information Session Hosted by the Eastern Shore of Virginia Public Service regarding the proposed Southern Node Commercial Wastewater Tax District.

(ii) 9/23/13: Work Session: Public hearing on creation of Southern Node Commercial Service District

(iii) 10/28/13: Work Session: Topic to be announced

The County Administrator's bi-monthly report was presented as follows:

**TO:** Board of Supervisors  
**FROM:** Katie H. Nunez, County Administrator  
**DATE:** September 6, 2013  
**RE:** Bi-Monthly Report

**I. Projects:**

**A. Public Service Authority:**

The next meeting of the PSA is Monday, September 16, 2013 @ 7:00 p.m. in the Cheriton Fire Station. As part of their meeting, the PSA is hosting a public information meeting on the proposed wastewater project and the scheduled public hearing of the Board of Supervisors regarding the creation of a tax district to fund the construction costs of the proposed project.

**B. Computer Assisted Mass Appraisal Systems (CAMA Systems):**

We issued a Request for Proposals (RFP) for new Computer Assisted Mass Appraisal System software, known as CAMA software and opened responses on August 8, 2013. We received a total of 6 responses and the committee, comprised of staff from the Commissioner of Revenue's office (Anne Sayers, Bonny Lewis & Todd Simpson) as well as IT Director Mark Heneghan and I, have evaluated the proposals and interviewed the top 3 firms. We are negotiating a proposed contract and are scheduled to provide an award recommendation to the Board at your work session on Monday, September 23, 2013.

**C. Regional Meeting with Army Corps of Engineers and Coast Guard:**

On August 16, 2013, the 2 counties met with representatives from the Army Corps of Engineers and the Coast Guards to discuss the Eastern Shore Federal Navigation Channels and to outline the local sponsor priorities. We reviewed the current status of funding and budget process of the Army Corps of Engineers and discussed the priorities for future dredging projects. The Coast Guard outlined the conditions they are faced with in maintaining the navigation aids and indicated that it is possible to transfer ownership to the counties to maintain the navigation aids. The county representation was not supportive of advancing that initiative and feels that there needs to be a concerted effort of the 2 counties, working in partnership with the Army Corps of Engineers, the Coast Guard, and the state, to fund and manage the waters in and around the Eastern Shore. It was determined that our next steps will focus on getting a full study for the Shore, both on economic impact of our coastal waters and physical condition survey, to assist in developing a full priority and ranking list of dredging needs for the Shore. The 2 counties will receive a presentation concerning the creation of an advisory board for this issue and to examine a dedicated funding stream to assist in maintaining our waterways.

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Citizen Information Period:

Rev. Kelvin Jones shared concerns with the Board as a result of a new school bus routing policy enacted by the School Board where children are being asked to walk considerable distances, up to one mile, to get to the bus stop. Rev. Jones indicated that when parents called the School Board office to question this policy, rude answers were provided to them. He also noted that school buses were stopping in the medians of Route 13 and allowing students to cross both sides of the road. He relayed the actions from last night's PTA meeting at Kiptopeke Elementary School where the Director of Transportation and the Superintendent were present as well as 45-50 members of the community. When directly questioned, the Superintendent refused to provide any comment with regard to this policy. Rev. Jones stated that he was not sure of a superintendent who felt that safety was not of paramount concern and who did not have a vested interest in the community.

There were no additional comments.

Mr. Bennett stated that he had received many calls relative to this issue and relayed what he called a "wrong answer", when school administration staff told parents that "they are doing it in Richmond".

Mr. Hubbard said that the Board of Supervisors was not happy with the situation but urged the public to also address this matter with the School Board, whom he called the "controlling factor".

Chairman Randall relayed an incident this morning involving a parent and two small children walking along Rt. 13, apparently in the direction of the bus stop. He said that this was clearly a safety issue.

Mr. Trala said that it appeared to be “poor planning” and that the Board owes it to the community to investigate further.

It was the consensus of the Board that staff be directed to write a letter to the Chairman of the School Board regarding this bus routing policy and request a response from the School Board on how and when they plan to address these concerns.

Action Items:

(7) Consider adoption of financial policy amendments.

Motion was made by Mr. Trala, seconded by Mr. Bennett, that the following financial policies be adopted. All members were present and voted “yes.” The motion was unanimously passed.

**DEBT POLICY**

1. General

A debt policy addresses the level of indebtedness the County can reasonably expect to incur without jeopardizing its existing financial position and ensures the efficient operation of the County. The debt policy is to be used in conjunction with the Annual Operating Budget, the Capital Improvement Program (CIP) and the County’s other financial policies.

2. Standards

- a. National Federation of Municipal Analysts
- b. Government Accounting Standards Board
- c. Government Finance Officers Association (GFOA)

3. Planning and Performance

- a. The planning, issuance and review of outstanding and proposed debt issuances will ensure that compliance with the debt policy is maintained.
- b. The County may issue debt for the purpose of acquiring or constructing capital projects including buildings, machinery, equipment, furniture and fixtures.
- c. Debt issuances will be pooled together when feasible to minimize issuance costs.
- d. Whenever a need for financing is identified, an analysis will be completed to determine the optimum type of financing to be used which will consider issuance costs, required debt service reserves, flexibility of terms and any other factors deemed appropriate.

- e. The County will issue debt only as authorized by the Code of Virginia.
- f. The County will establish a Capital Improvements Plan which will include all debt-related projects, and which will identify the debt service impact on operations and tax rates.

4. Issuance Guidelines

- a. The County will not use long-term borrowing to finance current operating needs.
- b. Long-term debt will be issued only in compliance with all aspects of the debt policy.
- c. The maturity of any debt will not exceed the expected useful life of the project for which the debt is issued.
- d. Each project proposed for financing will include an analysis for potential tax impact and future operating costs associated with the project and its debt service.
- e. ~~Debt as a percentage of the assessed value of real estate will not exceed 4%.~~ **The County will maintain total tax-supported debt, including leases, as a percent of total taxable Real Estate and Personal Property Assessed Value of the County at a level not to exceed 4%.**
- f. ~~The ratio of debt service expenditures as a percent of governmental fund expenditures should not exceed 12%.~~ **The County will maintain annual tax-supported debt service Governmental Fund expenditures plus School Expenditures net of interfund transfers at a level of not to exceed 12%.**
- g. **The County intends to maintain its 10 year tax-supported debt and lease payout ratio at or above 60% at the end of each adopted five year CIP. The payout ratio shall be no less than 55% in any one year during that period.**
- h. The County recognizes the importance of underlying and overlapping debt in analyzing financial condition. The County will regularly analyze total indebtedness including underlying and overlapping debt.
- i. The County will follow a policy of full disclosure in every financial report and in Official Statements related to bond issues.
- j. All issuances of debt require the approval and appropriation of the proceeds by the Board of Supervisors.
- k. When it has been determined that a project will be financed, the Board of Supervisors may use the County's General funds to initiate the project with the intent of reimbursing the funds after the proceeds of the financing are received by adopting a reimbursement resolution prior to incurring project-related expenses.
- l. In most cases, proceeds of bond issues will be invested with Virginia State Non-arbitrage Program (SNAP) in order to track any arbitrage liability that may accumulate from interest earnings.

**FUND BALANCE POLICY**

1. General

The term *fund balance* describes the net assets of the County's governmental funds calculated in accordance with Generally Accepted Accounting Principles (GAAP). It is

intended to serve as a measure of the financial resources available in a governmental fund. The County's policy on fund balance recognizes the importance of this measure in determining credit worthiness to bond rating agencies, investors and others interested in the economic condition of the County. This policy establishes a minimum acceptable level of Unreserved General Fund Balance and describes the factors which were considered in order to establish it. This policy also establishes the action to be taken if fund balance falls below the minimum acceptable level.

2. Standards

- a. Governmental Accounting Standards Board (GASB)
- b. Government Finance Officers Association (GFOA)

3. Planning

- a. Reserved – Reservations of fund balance will be recorded in all governmental funds in accordance with Generally Accepted Accounting Principles (GAAPs). The County will reserve portions of fund balance as needed for outstanding encumbrances, amounts reserved for future debt service, capital outlay and perpetual care.
- b. Unreserved – Unreserved Fund Balance is the portion of fund balance in governmental funds that is available for spending. It is essential that an adequate level of unreserved fund balance be maintained to mitigate current and future risks (e.g. revenue shortfalls and unanticipated expenditures) and to ensure stable tax rates.
  - i. Unreserved Fund Balance in governmental funds other than the General fund will be reviewed on an annual basis in order to determine an appropriate level, whether adjustments are necessary, and what actions to take in order to achieve those adjustments.
  - ii. In order to establish an appropriate level of Unreserved Fund Balance in the General fund, the following factors were considered:
    1. Predictability of revenues and volatility of expenditures – The County's General Fund revenue sources are very stable and predictable, however because of the annual tax billing, cash flows are much greater in the late fall and winter than in the spring and summer. The level of the County's unreserved General Fund balance must be sufficient at June 30<sup>th</sup> of each year to cover this fluctuation in revenue collection. General Fund expenditures are generally stable and spread fairly evenly over the course of the year. The County does experience unanticipated expenditures due to a variety of events including equipment breakdowns, funding requests from other agencies, and natural disasters.
    2. Availability of resources in other funds/drains upon resources from other funds – The vast majority of resources in other funds is reserved for a specific purpose and is therefore not available. The County has a component unit school board fund and a social services fund that accumulate no fund balance. These funds combined are larger than the County's General Fund. The County's Unreserved General Fund

Balance must be sufficient to cover fluctuations in the revenue of these funds and to cover any reimbursable expenditure of those funds prior to reimbursement by other agencies.

3. Liquidity –The County experiences some liquidity issues due to the annual tax billing cycle. Other factors affecting liquidity are the financing of initial capital project expenses with General fund balance. These expenditures are reimbursed once the financing proceeds are received. The County also frequently has grant-funded capital projects underway, which are funded on a reimbursement basis. Unreserved General Fund Balance should be sufficient to cover these liquidity issues.
4. Designations – Some portions of Unreserved General Fund Balance may be designated for a specific purpose and may require higher levels as appropriate.
5. GFOA’s recommendation – GFOA recommends that all General-purpose governments maintain at a minimum Unreserved General Fund Balance of five to fifteen percent of regular General Fund operating revenues and no less than one to two months of regular General Fund operating expenditures.

#### 4. Performance

Based on the factors listed above, the following policy has been adopted by the Board of Supervisors of Northampton County:

Unreserved Fund Balance in the General Fund shall be measured annually at June 30<sup>th</sup>, and shall be an amount equal to at least ~~8%~~ 10% of the combined budgeted expenditures of the General Fund, Social Services Fund, Eastern Shore Regional Jail Fund and School Operating Fund (net of interfund transfers) for the fiscal year ending on that day. In determining the level of fund balance for purposes of year-end disclosure in the Comprehensive Annual Financial Report, combined actual operating expenditures (net of interfund transfers) of the General Fund, Social Services Fund, Eastern Shore Regional Jail Fund and School Operating Fund shall be used and the percentage shall also meet the minimum ~~8%~~ 10% reserve balance. If at any time the Unreserved Fund Balance falls below the minimum acceptable amount, appropriate action will be taken by the Board to either increase revenues or reduce expenditures in the current fiscal year in order to bring the next year’s fund balance amount to an acceptable level.

**The County will segregate the Unreserved Fund Balance as follows:**

- A. **Fiscal Reserve Fund Balance, comprised of the minimum 10% of combined budgeted expenditures of the General Fund, Social Services Fund, Eastern Shore Regional Jail Fund and School Operating Fund (net of interfund transfers) of the fiscal year ending on June 30<sup>th</sup> shall be reported as Committed or Restricted Fund Balance. The Fiscal**

Reserve Fund Balance shall be reported as Committed or Restricted Fund Balance within the General Fund.

- B. When the County issued its 2012 refunding bonds through the Virginia Resource Authority (VRA), the County pledged to maintain its General Fund unassigned fund balance equal to a minimum of \$4,200,000 for FY2013 and annually thereafter through the term of the Lease with VRA through 2033 (known as the “VRA Covenant”). The unassigned fund balance will be measured as of June 30 of each fiscal year. This commitment may be met through the Fiscal Reserve Fund Balance as listed under 4A, above. If the Fiscal Reserve Fund Balance should not meet this VRA Covenant, then the Fiscal Reserve Fund Balance policy shall be amended to meet the obligations of the VRA Covenant.
- C. An Unassigned and/or Assigned to Capital Projects Reserve Fund line item(s) will be comprised of any amount exceeding 4A, above and shall be utilized by the Board of Supervisors to meet unforeseen circumstances or to provide funding for capital equipment, property, or building improvements.

## **BUDGET POLICY**

### 1) General

- a) The County’s budget policy will address the processes by which a budget is formulated from departmental requests to Board of Supervisors adoption.
- b) A budget policy addresses the authorization levels for the approval of the annual budget and all budget adjustments for revenues and expenditures of all funds.

### 2) Standards

- a) Generally Accepted Accounting Principles (GAAP).
- b) Uniform Financial Reporting Model of the Auditor of Public Accounts of the Commonwealth of Virginia.
- c) Government Finance Officers Association’s Criteria for Distinguished Budget Award.
- d) Code of Virginia.

### 3) Budget Objectives

- a) The County Administrator will identify proposed budget objectives and budget schedule to be presented to the Board of Supervisors.
- b) The budget objectives will be used as the foundation in the formulation of the County Administrator’s recommended budget and the budget schedule will identify important dates throughout the budget preparation and adoption period.
- c) The following objectives shall be annual budget objectives:
  - i. Adoption of budget and review of the Capital Improvements Plan.

- ii. Funding of schools through a reasonable funding formula.
    - iii. Anticipated property tax rate levels.
    - iv. Provision of adequate employee compensation.
    - v. Compliance with financial policies and maintaining bond ratings.
    - vi. Vehicle replacement program.
  - d) The following items will occur in conjunction with the budget preparation and adoption process unless it has been determined that the proposed item is needed in a more expedited manner, in which case the Board of Supervisors approval is required.
    - i. Ordinance changes involving fee/rate changes.
    - ii. New positions or changes to existing positions.
    - iii. Reimbursement resolutions for debt financed capital projects that would allow certain appropriated expenditures to occur prior to the receipt of debt proceeds.
    - iv. Approval of acquisition of vehicles.
- 4) Capital Improvements Program (CIP)
- a) CIP is a plan for capital expenditures and a means of financing facilities, equipment and vehicles during the next five years with a unit cost greater than \$50,000.
  - b) Included in the CIP formulation is the operating impact of the proposed project, including personnel, operating expenditures, capital outlay and debt service.
  - c) To the extent feasible, General government projects will be funded by General Fund revenues (i.e., “pay-as-you-go funding”).
- 5) Budget Preparation
- a) The Finance Department and County Administrator will establish a budget schedule by ~~December 4~~ **October 1**, which will include important dates throughout the budget preparation period.
  - b) All departments, excluding the School Board, will submit their requested budget to the Finance Department by ~~February 15~~ **November 15**, with the requested budget providing detail to personnel, operating and capital requests, including five year capital improvement program requests, and performance objectives.
  - c) County Commissions, Volunteer Organizations and Other Organizations
    - i. All community organizations shall submit their requests for contributions to the Finance Director.
    - ii. The Volunteer Associations for Fire and Rescue Squads shall assist in the formation of the Fire and Rescue Squad budgets, respectively.
    - iii. The Community Services Board and Social Services Board shall approve the departmental budget of their respective organizations prior to submission to the County Administrator.
  - d) The School Board is requested to submit their budget request by ~~February 15~~ **December 31**.
  - e) At the Board of Supervisors’ meeting on the second ~~Monday~~ **Tuesday** in ~~April~~ **March**, the County Administrator shall submit to the Board of Supervisors a proposed budget, which includes proposed expenditures, segregated at the departmental level between personal services, operating expenditures and capital outlay, and a means of financing the expenditures for the fiscal year commencing July 1.

- f) A consolidated public hearing on the budget, ordinance changes and personal property tax rates with a separate public hearing on the real property tax rate, if applicable, shall be held no later than five weeks after the County Administrator submits the proposed budget to obtain citizen comments.
  - g) The consolidated public hearing notices shall appear at least seven days prior to the public hearing date.
- 6) Budget Adoption
- a) Following the public hearing, the Board of Supervisors adopts a balanced budget. The budget is considered balanced when net revenue equals appropriations.
  - b) The budget is legally enacted through passage of an appropriations resolution for all governmental and proprietary fund types that places legal restrictions on expenditures at the function level or category level.
  - c) For all funds except the School Funds, the level of control (level at which expenditures may not exceed budget) is the function level as established by the Commonwealth of Virginia Auditor of Public Accounts.
  - d) For the Education Funds, the level of control is the activity level as established by the Commonwealth of Virginia Department of Education.
  - e) Although legal restrictions on expenditures are established at the function or activity level, effective administrative control over expenditures is maintained through the establishment of more detailed line-item budgets.
  - f) At all times the County will maintain compliance with the Code of Virginia in appropriating, advertising public notices, ordinance changes, requests for referendums and any other legal restrictions imposed upon localities.
  - g) The Adopted Budget Document will be forwarded to the GFOA and other interested parties within 90 days of budget adoption for the Distinguished Budget Award program.
- 7) Budget Amendments
- a) Department Heads and Constitutional Officers may approve transfers within their own operating budgets (with the exception of transfers affecting salaries and related accounts.) The County Administrator is authorized to transfer budgeted amounts between departments, but any revisions that alter total expenditures must be approved by the Board of Supervisors through legislative action. All supplemental appropriations must be reported in a public meeting of the Board of Supervisors and made a matter of record in the minutes.
  - b) Per the Code of Virginia, any supplemental appropriation which increases the total budget by 1% of the total budget to be advertised for a public hearing at least seven days prior to the Board of Supervisors' approval of appropriation.
  - c) If deficits appear to be forthcoming within a fiscal year, recommended spending reductions would be proposed by the County Administrator during the fiscal year in order to sufficiently offset the deficit.
- 8) Budgetary Accounting
- a) Budgets are adopted on a modified accrual basis for all government funds and on full accrual for the proprietary fund. The budgetary basis and the accounting basis are the

same. The modified accrual basis recognizes revenues as they are measurable and available to meet the current period's expenditures, and recognizes expenditures as they are incurred. Full accrual recognizes the financial effect of transactions, events, and interfund activities when they occur, regardless of the timing of related cash flows.

- b) All budget data in the Comprehensive Annual Financial Report represents the revised budget (adopted budget, re-appropriations, supplemental appropriations and budget transfers).

\* \* \* \* \*

#### Matters Presented by the Board Including Committee Reports & Appointments

Motion was made by Mr. Hubbard, seconded by Mr. Bennett, that Mrs. Elizabeth Gordon be appointed to the Eastern Shore Public Library Board, with a term of office commencing July 1, 2013. All members were present and voted "yes." The motion was unanimously passed.

With regard to the tabled budget amendment and supplemental appropriation from earlier in the evening, Mr. Bennett asked that the School Board present the Board with a plan for taking care of their facilities (track, bathrooms, etc.). In addition, Mr. Bennett requested a plan from the School Board (hopefully before September 23<sup>rd</sup>), indicating how the School Board would be addressing the concerns with the new bus routing policy. Motion was made by Mr. Bennett, seconded by Mr. Trala, that action on the subject budget amendment and supplemental appropriation be tabled until receipt of the requested plans, with the exception of the Northampton High School boiler repair line item, estimated at \$71,000.00. All members were present and voted "yes." The motion was unanimously passed.

With the concurrence of the Board, Mr. Bennett recognized Mr. Ron West for his Coast Guard's volunteer team's First Place award in the Search & Rescue Competition.

Chairman Randall reported on a "State of the County" forum he was planning with the assistance of staff on September 25<sup>th</sup>, at 7:00 p.m. at Kiptopeke Elementary School and encouraged the public to attend.

Recess

Motion was made by Mr. LeMond, seconded by Mr. Bennett, that the meeting be recessed until 7:00 p.m., Monday, September 23, 2013 in the Board Room of the County Administration Building, 16404 Courthouse Road, Eastville, Virginia, in order to conduct the regular work session. All members were present and voted “yes.” The motion was unanimously passed.

The meeting was recessed.

\_\_\_\_\_CHAIRMAN

\_\_\_\_\_ COUNTY ADMINISTRATOR