

**BOARD OF SUPERVISORS
REGULAR MEETING
DECEMBER 9, 2014**

At the regular meeting of the Board of Supervisors of Floyd County, Virginia, held on Tuesday, December 9, 2014 at 8:30 a.m. in the Board Room of the County Administration Building, thereof;

PRESENT: Case C. Clinger, Chairman; Virgel H. Allen, Vice Chairman; J. Fred Gerald, Joe D. Turman, Lauren D. Yoder, Board Members; Daniel J. Campbell, County Administrator; Terri W. Morris, Assistant County Administrator.

The Chairman called the meeting to order at 8:30 a.m. with the reading of the handicapping statement.

The Opening Prayer was led by Supervisor Gerald.

Supervisor Yoder led in the Pledge of Allegiance.

The minutes of November 13, 2014 and November 25, 2014 were presented to the Board for review and approval.

On a motion of Supervisor Gerald, seconded by Supervisor Yoder, and unanimously carried, it was resolved to approve the minutes of November 13, 2014 and November 25, 2014 as presented.

Supervisor Yoder – aye
Supervisor Turman – aye
Supervisor Gerald – aye
Supervisor Allen – aye
Supervisor Clinger - aye

The monthly disbursements were presented to the Board for consideration, along with a list of additional expenses. Questions and discussion followed.

On a motion of Supervisor Turman, seconded by Supervisor Allen, and carried, it was resolved to approve the monthly disbursements and additional expenses as presented.

Supervisor Yoder – aye
Supervisor Turman – aye
Supervisor Gerald – abstain
Supervisor Allen – aye
Supervisor Clinger - aye

Mr. Eric Branscom, newly appointed Commonwealth's Attorney, next appeared before the Board. He reported: I'm just getting settled into the office but everything is in good shape. The item that the County is involved in is, Stephanie Shortt, before she left, instigated the search

to get a full-time Assistant. That search is on-going; we have interviewed a number of candidates. We are getting back to them and following up with them, but it has been complicated by the holiday season but that is on-going. Hopefully we'll have some news by the next time you meet. Everything is going well; the office is in good shape.

Chairman Clinger questioned if the applicants were mostly those right out of school?

Mr. Branscom – it is an interesting mix. We've had some people with a little bit of experience, actually we're finding that some are right out of school but several have been doing other types of jobs that are interested in going into prosecution. We have a lot that want to get into law enforcement in some way or another. When they get right out of law school, they take whatever job is convenient and then look for other positions. If they have some type of experience in the system, it is very helpful. Mr. Hapgood will stay until whenever. He's had some other jurisdictions that have asked for his help; Patrick and Pittsylvania County are both short-handed. He is a wealth of experience, it is hard to beat. He's done it all like seven different times over. He is a great person to go to for advice.

Ms. Tracie Brewster, Social Services Director, next appeared before the Board. She reported:

Caseload Statistics for November 2014:

- Foster Care were 13 again, however, one infant was returned to relatives during the month;
- Child Protective Services – 14 family assessments, 5 new investigations and 6 on-going cases where we provided services to the family;
- Adult Protective Services – 30 investigations, 5 cases where we provided companion services to the elderly in the community, 5 new nursing home/assisted living screenings, 31 guardianship reporting cases;
- VIEW – 2 new cases making it a total of 18 for the month;
- Daycare – 1 new case making a total of 8;
- Medicaid – 1393 cases;
- SNAP – 53 new applications in November making the total case load 843;
- TANF – 56 cases;
- Fuel – total cases for the whole project were 553, last year we were at 540 cases.
- Fuel emergency assistance has already begun for repairs to the heating systems. January 1 we will begin taking crises cutoff applications.
- Available position has been posted, will be doing interviews this week. Three of the applicants have a great deal of DSS experience. Hope to find someone who can hit the ground running.

Agenda Item 7a – Subdivision plats as approved by Agent for November 2014. Mr. Campbell presented the report and commented that it was a routine month. He also presented a copy of the building permit report for November 2014.

Agenda Item 7b – Resolution of Appropriation – FY15 budget – second six months. Mr. Campbell noted that the resolution was similar to the first six months resolution except for zeroing out the School Debt Service since it was appropriated at 100% earlier.

On a motion of Supervisor Yoder, seconded by Supervisor Turman, and unanimously carried, it was resolved to approve the Resolution of Appropriation for the second six months of FY15 as presented (Document File Number _____).

Supervisor Yoder – aye
Supervisor Turman – aye
Supervisor Gerald – aye
Supervisor Allen – aye
Supervisor Clinger - aye

Agenda Item 7c – Appointment of member and alternate to New River/Mount Rogers Workforce Investment Area Consortium Board.

On a motion of Supervisor Turman, seconded by Supervisor Yoder, and carried, it was resolved to reappoint the County Administrator as member and the Chairman as alternate to the New River/Mount Rogers Workforce Investment Area Consortium Board for a one year term.

Supervisor Yoder – aye
Supervisor Turman – aye
Supervisor Gerald – aye
Supervisor Allen – aye
Supervisor Clinger – abstain

Agenda Item 7d – Resolution requesting approval of name change of New River Valley Planning District Commission. Mr. Campbell reported that the name would change to New River Valley Regional Commission. He noted that the Commission’s activities have expanded so much over just planning as it originally began. This request comes from a recommendation of an analysis performed on the agency several years ago.

On a motion of Supervisor Gerald, seconded by Supervisor Allen, and unanimously carried, it was resolved to adopt the resolution as presented requesting a name change of the New River Valley Planning District Commission to New River Valley Regional Commission (Document File Number _____).

Supervisor Yoder – aye
Supervisor Turman – aye
Supervisor Gerald – aye
Supervisor Allen – aye
Supervisor Clinger - aye

Agenda Item 7e – Discussion of 2015 Legislative Program. Mr. Campbell provided a draft recommendation list for the Board’s consideration. Discussion followed on the proposal. Recommendation to include under item (q) – funding for training that is mandated by the State.

On a motion of Supervisor Turman, seconded by Supervisor Allen, and unanimously carried, it was resolved to approve the draft 2015 Legislative Program as presented and authorize the County Administrator to submit same to the County's legislators (Document File Number).

Supervisor Yoder – aye
Supervisor Turman – aye
Supervisor Gerald – aye
Supervisor Allen – aye
Supervisor Clinger – aye

The Chairman next called for the Public Comment Period.

After no comments from the audience, the Chairman declared the Public Comment Period closed.

On a motion of Supervisor Allen, seconded by Supervisor Turman, and unanimously carried, it was resolved to go into closed session under Section 2.2-3711, Paragraph A.1, discussion, consideration or interviews of prospective candidates for employment, assignment, appointment, promotion, performance, demotion, salaries, disciplining or resignation of specific public officers, appointees or employees of any public body.

Supervisor Yoder – aye
Supervisor Turman – aye
Supervisor Gerald – aye
Supervisor Allen – aye
Supervisor Clinger – aye

On a motion of Supervisor Yoder, seconded by Supervisor Gerald, and unanimously carried, it was resolved to come out of closed session.

Supervisor Yoder – aye
Supervisor Turman – aye
Supervisor Gerald – aye
Supervisor Allen – aye
Supervisor Clinger – aye

On a motion of Supervisor Yoder, seconded by Supervisor Gerald, and unanimously carried, it was resolved to adopt the following certification resolution:

**CERTIFICATION RESOLUTION
CLOSED MEETING**

WHEREAS, this Board convened in a closed meeting on this date pursuant to an affirmative recorded vote on the motion to close the meeting to discuss personnel in accordance with Section 2.2-3711, Paragraph A.1 of the Virginia Freedom of Information Act;

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

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby certifies that, to the best of each member's knowledge (1) only public business matters lawfully exempted from open meeting requirements under the Virginia Freedom of Information Act were heard, discussed or considered in the closed meeting to which this certification applies; and (2) only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered in the meeting to which this certification applies.

Before a vote is taken on this resolution, is there any member who believes that there was a departure from the requirements of number (1) or number (2)? If so, identify yourself and state the substance of the matter and why in your judgment it was a departure.

Hearing no statement, I call the question.

Supervisor Yoder – aye
Supervisor Turman – aye
Supervisor Gerald – aye
Supervisor Allen – aye
Supervisor Clinger – aye

This Certification Resolution was adopted.

Mr. David Clarke, Virginia Department of Transportation, next appeared before the Board. He reported:

- Introduced Ms. Elaine Barker, a new engineer with VDoT, who is in her residency training and will be working with him for a few months;
- Staff has been working on snow related items and clean-up; machining and stone placement; mowing and brush cutting, especially on Low Gap and Ridgeview Roads;
- Haycock Road – State crews are continuing their work – drainage work is complete but surface treatment will not be able to be done until Spring;
- Pipe was replaced on Epperly Mill Road;
- Patching completed on Macks Mountain Road;
- Indian Valley Post Office Road had shoulder repairs completed;
- Route 221 guard rail was replaced from an accident damage;
- Met with Linda Wagner concerning Town sidewalk and crosswalk issues – we should be able to make those improvements easily.

Supervisor Clinger noted that the Route 221/8 crosswalk has about a 3” drop – have seen motorized wheelchairs actually get stuck on it. It's the one at the corner at Farmers Supply.

Supervisor Gerald – noticed several potholes on Route 221 coming into the meeting this morning.

Supervisor Allen – Franklin Pike, just south of Harvestwood Road, very deep pothole.

Supervisor Turman – hated to send the e-mail about the road closure on Buffalo Mountain Road but folks were upset that there was no notice.

Mr. Clarke – it was an emergency situation. The contractor had to pull away from another bridge project and went to the next one on the list. We hated that it happened that way too.

Supervisor Turman – appreciate the culvert replacement on Turnip Patch Road.

Supervisor Yoder – I had also had complaints about the pothole on Franklin Pike, glad Supervisor Allen mentioned it. There are also very deep potholes on Route 221 North going out of town.

Supervisor Turman – Rock Hill Road has several shady spots where more gravel is needed. Gardner Road also needs gravel.

Supervisor Clinger – appreciate gravel placement on Sams Road. Any update on the guardrail on Route 8 south?

Mr. Clarke – actually one of our employees and Mr. Campbell met at the site last week to review, it is proceeding.

Supervisor Clinger – Route 221/615 intersection – where tractor trailers keep getting stuck making the right turn, have you had a chance to look at it?

Mr. Clarke – we will have to address it with gravel for a while, we do have to stay on our right-of-way.

Mr. Corbin Stone and Mr. Scott Wickham, Robinson, Farmer, Cox and Associates, next appeared before the Board. They presented the FY14 audit and internal control recommendations. Mr. Stone – the audit went pretty well. This was our first year working here with you. Mr. Wickham was in charge of your audit and was instrumental in getting everything completed. Anytime you have a first year audit, it is almost like an audit and a half because you validate your beginning balance sheet, the income statement and the ending balance sheet. I think by the time we left, your staff was glad to get rid of us. Overall, I felt the audit went well, particularly being a first year audit. In the Audit Presentation report, page 1 shows our management comments from the audit. As highlights, under Administration, we noticed and talked with Dan, we really felt there was just a case of not having enough manpower to get some of these things taken care of. When we were here working, we noticed that everybody was working hard, nobody was laying down taking naps, there were just not enough hours in the day and enough bodies in the building. One thing that we noticed in the EMS billings is that you're delinquent in sending out bills. Bills are not being sent out currently. What you would like to do is, once you provide the service, get that bill out within a couple of weeks. That increases the chance that you're going to get paid and there won't be a write-off of that account. We saw that when we were here in September that bills had been entered into the system through April 30 but had not been printed and mailed. That is something that certainly needs to improve. On the

billing process, you have one person handling everything. Accountants are very particular about this notion of segregation of duties. What we want to see is that the person billing the account not have the ability to adjust that same account and also take in collections. What you do is you bill an account, the person comes in, the most common scenario we see is meter readings for water use. If the clerk has the ability to say, we have a bad meter reading and write this account off, you come in and pay, she puts down on your account bad meter reading, write off the bill, you pay in cash and it goes in her pocket. You really have lack of segregation in duties in the Treasurer's Office, payroll and a lot of functional areas. So it is not just limited to the billing process. We just don't want one person responsible for everything; you need some level of oversight. At the minimum, you need somebody reviewing the accounts and looking for void or unusual transactions that go through the system. The third item is a Fund Balance Policy. You were mandated a couple of years ago by GASB, just like you will be mandated next year for this new accounting standard, to implement a Fund Balance Policy. We presented your financial statements using the most generic one but we do think you need to go through and formally adopt a Fund Balance Policy. On the Economic Development Authority, I think you have one of the most active EDA's I've seen. I didn't expect that and there are a lot of complicated transactions. You're loaning money, you're getting rather unusual grants and things like that. It is pretty impressive but at the same time a little bit fragmented. We had multiple accounts handled by different people. What we want to do is consolidate all that and get it into one software package so we can get the complete picture in one shot. And also consider that the person keeping the books, we don't want them to have the ability to write checks, just tighten the controls. We didn't see anything wrong but we want to tighten the controls. I think I looked at every transaction in the EDA to just get a handle on what was going on. It is a pretty impressive little operation. The Treasurer's Office, I talked about the notion of segregation of duties. The same thing here. Your Bright software has the ability to print a void transaction report. When we were here, Scott printed that and talked to the Treasurer about it. What we want to do, since you have Clerks taking in money and they have some ability to adjust accounts, we want someone to print that report periodically, review for any unusual activity. If I know you came in and pay your taxes in cash every year, I then see a void transaction on your account, that doesn't make sense. If you have cash, you didn't write a check for the wrong amount before you got here; it analyzes stuff before it goes through. Bank reconciliations, it is not a big deal. Right now, the bank cuts your account off not at the end of the month, maybe the 27th. We want them to move the date to the end of the month, because it makes the reconciliations so much easier. You can imagine, if you have to reconcile at the end of the month and your bank statement comes with your balance on the 27th, then all the transactions that happen between the 27th and 30th, you have to consider in that reconciliation. Uncollectible taxes, you have some old years out there that can be written off. On the third page, Comprehensive Services Act. The State started a program a couple of years ago, and this is the first time that I've seen the State go to local governments and say, you've spent the money in the right way, you did what we thought you were going to do with it, but you didn't have your files in good order so we want you to pay some of that money back. They have a checklist of what they want in your files and you have to cross every t and dot every i. We didn't find those files to be in the best of order when we came here. It is our recommendation that you start using that checklist for all your CSA files to protect yourself. Not saying that any money has been spent incorrectly, it just needs to be documented to protect yourself. One of my Social Services Directors told me, she said Social Services employees are not good bookkeepers, they are social workers, not accountants. I do understand

that. On credit card purchases, we need the complete detailed copy. When you go to a restaurant, most people just take the slip that shows total purchase and tip. We don't want to see that slip, we want to see what was bought. We want to make sure, since we do have Federal dollars involved in the Social Services Department, we need to make sure people are not buying beer or cigarettes or things like that. The next couple of pages, starting on page 5, we go through the County's financial statements and comparing you back to the prior four years. On page 5, we're looking at net position which is essentially if you were to sell everything today and close shop, how much money would be walked away with? So we're taking all assets, depreciating them appropriately, and saying if we close shop today, we're worth about \$10 million. The unrestricted net position, which means what is not tied up in assets, tangible that can be spent on anything, stands at about \$6 million. If you flip the page, you'll see that is pretty close to what your unassigned fund balance was. Your financial statements now have two exhibits, exhibit one and two, that talk about net position, which is on the full accrual basis of accounting. We're looking at the County as a whole. Your buildings are included as assets. Your long-term debt is included as a liability. Your general fund balance is really kind of a short-term view of the County since we don't include long-term assets or long-term liabilities. We typically expect it to be right around the same number as your unrestricted net position. Unassigned general fund balance was about \$6 million. In a typical County that has tax collections once a year, we say that number needs to be about 10% of the school and County budget less the transfer from the County budget to the school budget. In your case, since tax collections came in June 5, it probably needs to be a little higher. So we would say a target for Floyd County would be about \$7.8 million. You're not really too far off of that right now. That means that your low points in the year, probably in May and October, that you have enough to operate for around five weeks and then tax collections come in and it bumps back up. Unassigned General Fund balance as an percentage of annual expenditures, it dropped to 33% this year, primarily because you issued some debt and purchased a building which shows up as a community development expense in the general fund. That dropped the percentage a little bit. On a normal year, the target would be about 50% because of June tax collections. The collections come in June 5, you should have enough to operate on for 50% of the year, then tax collections come in December 5 and you can replenish the fund. Page 7 shows the quick ratio. Yours is a little skewed because of your June tax collections because you get a big infusion of cash just before the end of the year and that quick ratio bumps up. Really, we should look at the quick ratio at your low points of the year, like in May and October. The main thing we want there, which is current assets over current liabilities, to be greater than 1 at a minimum, ideally greater than 2. That basically means that on a short run, your assets are enough to pay your bills that are currently due. Page 8, Capital asset values. What this tells you is that, on average, your buildings and improvements have been depreciated to 64% of their original purchase price remembering that we take the original cost, and then we depreciate. If you have an old courthouse that the original price was low, so it is not impacting these number as much as more recent purchases. The equipment, you can see it is standing at about 19% of their original cost which is indicating to us that you've got some equipment that is becoming outdated and worn out. Kind of the same thing for the School Board, kind of a decrease down to 25% in 2014, indicating to us some older equipment that will need replacing in the next couple of years. Vehicles are included in equipment. You still need to do assessments of your buildings and equipment, this just points you in that direction. Debt Service to Tax Revenue on page 9, this is saying what percent of the tax revenue coming in do we need to pay debt service. You stood at 18%. Thinking about this percentage, localities that

are 40-50%, I think they are in trouble. Localities in the 18-35% range, I'm not worried about. The next page substantiates that line of thought. Your levy is very low. General bonded debt per capita, which means it will be repaid with tax revenue. To give you an idea of where you stand, the State stopped publishing averages back in 2011. In 2011 the bonded debt per capita for counties in the State was \$2077. The average county, for every person in the county, they owed \$2077 in debt. In Floyd County, you stood at \$692 so you are well below that state average. I will tell you, when we look at the larger localities like Fairfax, they are well above that \$2000 average. When you weight that average, it goes up to \$2700 debt per capita. The heavily populated areas might have \$8-10,000 in debt per capita because they have the populations and incomes to support it. On page 11, gives you an idea of how the School Board trended. If we went back, I didn't have data prior to 2010; the general trend we saw was there was a ramping up of State Aid in 2008-2009. That State Aid fell off and we got Stimulus money to take its place. Then the Stimulus money went away. In 2010 you'll see the tail end of the Stimulus money and a decrease in the School Board expenditures as they dropped down there. You can see at the top State/Federal aid in 2010 was \$14,200,000, for 2014 was \$13,000,000. It is an unusual time in that there has basically been a decrease in State/Federal aid which is kind of unheard of in this five year period. It is not unique to your school board. That State Aid just dropped off when the Stimulus money showed and it has not been picked back up so localities were having to take up the slack, which is what you all tried to do. We are starting to see it pick back up a little bit but it is not enough to get them back to where they were. The next couple of pages, pages 12-13, VRS is getting ready to implement this new standard called GASB 67 for them, 68 for you. They asked us to do testing at the local level to make sure that their numbers were right. They asked to make sure that if you reported Dan to them as a 38 year old female, that we tell him no, he's a 50 year old male and things like that. We didn't find any problems with your system and reporting. As they come through and do calculations next year, they can feel the numbers they are sending you are correct in terms of your overall retirement liability. The profile of a 38 year old female, in terms of how long she will live in retirement, is a lot different than the profile of a 50 year old male and how long he would receive retirement. We didn't find any problems. We did find problems in some places that we've been that had people incorrectly recorded, ages were incorrect, genders were incorrect, but we found no problems here, everything looked good. The last pages of the report, we are required to give a communication with management. Basically, if people don't cooperate with us during the audit, if we run into problems, we're supposed to report it in this letter. I can tell you that we had no problems here, everyone cooperated with us, when we asked for something, we got it and got it immediately. We were not being held off at any point. Following behind that are all the adjusting entries that we recommended to the County during our audit. A lot of those were to get balances back to where they needed to be at the beginning of the year. We audit at the beginning of the year, during the year and then the end of the year so we had to back out the prior year adjustments as well as look at end of the year adjustments. More adjustments than we would see in a typical year. The last thing I'll mention is the other handout, GASB 67 and GASB 68. Most of the numbers that we talked about today will be drastically affected by this new standard. Basically, for local, state and federal governments, there has been no requirement that they book a liability for the retirement they will provide to their employees. Industry has to do that. If industry has a defined benefit plan, you're going to pay somebody when they leave a defined amount; you have to book that as a liability in your accounts. Governments haven't had to do that. What has happened at a national level is, governments haven't funded those retirements as they should have because there was no one

pointing a finger at them saying you're underfunded, you haven't put enough money aside. This standard changes all that. This standard, particularly 68, says that you will report a liability for what you owe your employees once they retire. That liability is offset for any funds that are held, in your case funds are held at VRS. It goes a step further. Up to this point, VRS calculated that liability based on their assumptions, what's in place, how long will this person live in retirement, what kind of rate of return will we earn on your investments. This standard says you can't use your assumptions anymore; we're going to give you the assumptions. So even though VRS has reported to you, and it is put in the overall liability for the County, about \$3.2 million, on page 53 of the audit, that number will change next year. We expect to see that number increase. When we talked about net position of \$10 million, that is going to be significantly impacted when we put a \$3-4 million liability against it. The School Board is going to report a liability for their non-professional employees, people in administration, bus drivers, etc. which last year stood at about \$2 million. They will also have to pick up a portion of the State-wide liability for teacher retirement which will be a very large number. So next year, theoretically if you sold the County today, how would things look? It won't be the \$10 million that I spoke about earlier, because of long-term retirement, it will be significantly less. For the School Board, we may have a negative equity amount. I think it will force the State to take a long look at how they are funding retirement. You've already seen the Hybrid Plan and the various changes in the past two years in VRS, they are trying to get out in front of this and reduce the liability because they know it will have a major impact on the state.

Mr. Campbell – it seems we should be credited a proportionate amount in our audit for the State share.

Mr. Stone – it is a fair request, they send you money in retirement funds and then you turn around and pay a percentage of your teacher salaries back in. Unfortunately, they will not commit to funding that long-term. They will never say they guarantee you \$3 million a year for the next 20 years.

Mr. Campbell – that would have a negative effect on their bond rating.

Mr. Stone – sure. Everybody is going to look bad once this standard is implemented. Virginia will look bad but California will look a lot worse. What we're going to see is a re-tooling of the methods used to assess your financial ability. Virginia will be compared to California and New Jersey and everyone else and how they look relative to those other states will determine the kind of bond rating they get. The same thing with Floyd County, how you look relative to Montgomery County, your surrounding counties, will determine the bond rating you get. I think everyone will drop down but how you stand relative to others will dictate your bond rating.

Mr. Campbell – it will skew and make the audit less usable?

Mr. Stone – yes, I think you'll see that. For the local boards and most people that use the audits, we'll fall back to those fund basis statements that don't include long-term liabilities. The quick view of the short term how we look this year compared to last year. That's what I plan to do. It is a huge number to put in there as a liability which you'll pay off over 30 years. Your

trend overall is very positive and your borrowing ability is very good. Your tax rate of \$0.50/\$100 is probably the second or third lowest that I'm aware of. I look at it as if your tax rate was \$0.80 and your fund balance was low, you have problems because you don't have the ability to raise revenue, it has to come off the expenditure side. The trend is very positive and especially with a \$0.50 tax rate.

Supervisor Clinger questioned if the other counties with the low tax rate have as large a fund balance as Floyd?

Mr. Stone – Grayson and Wythe County's rates are below the \$0.50. They both have fairly strong fund balances. You all are bucking the trend that we usually see. Your fund balance did drop off a little but you have had growth. Some counties have a significant debt burden. The only way to get out of debt is local taxes; the State will not send money to pay off your debt. Montgomery County's is very significant.

Mr. Campbell – your firm was very efficient. Your experience and expertise took less of our staff time.

Mr. Stone – I will be back this winter to look over some of the internal controls. The Bright system is somewhat different in that each transaction is a four entry system; most accounting systems are two entries. We want to work on that and clean it up some. We'll be back in April to do preliminary work. Our contact numbers are on the front of the report; please call us with any questions. Don't worry about getting a bill in the mail the next day, anything we can help you with is our job.

Dr. Kevin Harris, School Superintendent, next appeared before the Board. He provided a copy of the School Board meeting highlights and reported:

- Certificates of recognition were presented to Boys/Girls cross country team and Volleyball team;
- Policy revisions were approved;
- HIPAA Privacy and Procedures Policy was approved;
- Board approved a resolution concerning the appropriate funding of public education in Virginia;
- Public hearing is scheduled for January 12, 2015 at 6:00 p.m. for comments on the FY16 budget. I think we all are aware of the needs that the school system has. I think I've asked you every year that I've been here, is there anything that I've asked for that is inappropriate? I think we all realize that we have some salary needs, transportation, the buses are a big issue. We have some physical facility needs. Unless you have the ability to increase our funding, really, let's be honest, unless you can increase the funding somewhat so we can do those things, my best bet is to just change the date on this year's budget and hand it to you and have you approve it. We've gone through a lot the last several years, I think it served a purpose, it brought to the attention the needs of the school system. What we really need at this point is funding. There is no use arguing over what we should do and what we can't do unless we have funding to do it. First and foremost, I believe our board will ask for consideration of some salary increases for folks, we're way behind the curve in terms of salaries. We're falling behind just due to

inflation. We lost 25 teachers last year. Let's face it, our teachers are smart. They are looking for other opportunities where they can make more money, be it in other fields of work or not. We had a teacher leave last year making \$40,000 as a teacher at Willis; she's now working at the Pentagon making \$85,000 a year. We had teachers leave for various reasons, some were to be closer to home to have their parents help with children, some left to be closer to home to not drive as far. We've never lost 25 teachers at one time. We need to address salaries, at least to try to keep them even with inflation. The other huge problem we have to address is transportation, the buses. Our buses are just plain wearing out. No matter what we do, we're putting engines in buses, we've replaced transmissions, fuel tanks, we're doing lots of maintenance on the buses, they simply wear out. The location will be determined by the number that sign up. It will either be at the School Board office or at the high school.

- November enrollment was 2003 students; budget was based on 1950 students. Average daily membership is 1993. We should be able to cover the expenses for the three additional teachers.
- The School Board and I met with Senator Smith and Delegate Rush last week at the high school. They were very impressed with the students who prepared and served our meal. They used all locally grown meats and vegetables. We showed them the types of programs that we provide in our schools. They are very supportive of education. They didn't think the big picture was quite as bleak as people thought. State revenue grew 6% in September and were hoping the October numbers would be as promising. They didn't think there would be a lot of new money coming but not a lot of cuts either.
- Appreciate Mr. Yoder, Clinger and Gerald participating in our tour of the schools to look at the conditions. Will be meeting with the architect before the holidays to review their findings. We will be coming up with a plan for our schools. We do have good basic structures but systems do wear out with time.
- Tennis courts – we were given a donation of \$88,600 to re-do our tennis courts. We put this out to bid three times. We have been cautioned on this go-round of bids that simply just putting another lift of asphalt over the existing court is not a good way to spend our money. They can almost guarantee that it will come back. Ms. Ryan found a document from 2006 from the Parker Design Group that recommended that the courts be demolished and replaced. We did not follow this recommendation in 2006; rather another lift of asphalt was put over the courts. Eight years later we're right back where we started. If you look at the bids that came in, we really don't have enough money to do the job as it needs to be done. We will continue to look at this. If we don't do something soon, they will be unplayable. I will meet with the donor and talk about what he wants us to do. It would not be proper to spend money on a problem that we've been told cannot be fixed. We didn't take the engineer's advice the first time and we're in the same place we were in 2006.
- The Girls Basketball Team has been invited to a tournament in Myrtle Beach at the end of December. Everything is paid for except the transportation.
- Special education count is now at 292 students. We receive only about 20% of the cost of special education, the rest is funded by the locality. When the public law was enacted that created special education in 1994, the Federal government promised they would fund at 100%. They have never funded any higher than 20%. This is a significant portion of our budget.

- Willis Elementary school improvement process is going very well;
- School Board member Bishop has requested that meetings be held on a different day in 2015 – will be considered at the Board’s re-organizational meeting in January.
- Financial forecast shows \$127,000 in the red at this date.

Supervisor Allen questioned information he had received that a boy’s basketball team roster was posted before try-outs were held. This is not fair to all students and is a further indication of the “boys club” at the high school.

Dr. Harris explained the situation, that the posting was done in error and was immediately removed. He further explained the Athletic Director’s concerns with the part-time position, teaching three classes and assisting with the girl’s basketball team. The cutting of coaching supplements in the FY09 year also caused a great deal of trouble with staff.

Agenda Item 7f – Discussion of proposed amendments to the Floyd County Subdivision Ordinance. Mr. Campbell commented that the Board could change the ordinance and send it back to the Planning Commission, take no action, or adopt it with recommended changes. The Board members reported complaints they had received from their respective constituents. Mr. Campbell noted that there has been adequate enforcement and there is adequate proof in writing.

Ms. Lydeana Martin, Subdivision Agent, noted that the 50’ requirement suggestion was put in the draft because VDoT now requires 50’ for entrance into their system. Also, the affidavit is the most important part because it is recorded with the deed. It would show up when an attorney does a title search which would in turn enforce the ordinance.

After considerable discussion, consensus of the Board was to refer the draft back to the County Attorney for inclusion with a three year post ownership requirement and the affidavit process be included. Draft would be considered again at the next meeting after the Attorney incorporates the changes requested.

Agenda Item 8 – Old/New Business.

Mr. Campbell presented a proposal from Anderson and Associates for removal of the oil/water separator tank at the Floyd Flex Building. Removal of the tank would be based on their engineering design. This process would be at the expense of the County. Oversight and site visits would be under the purview of the engineer and are included in the proposal cost.

On a motion of Supervisor Yoder, seconded by Supervisor Turman, and unanimously carried, it was resolved to accept the proposal from Anderson and Associates for the oil/water separator removal design as presented for the Floyd Flex Building and authorize the County Administrator to execute same (Document File Number _____).

- Supervisor Yoder – aye
- Supervisor Turman – aye
- Supervisor Gerald – aye
- Supervisor Allen – aye

Supervisor Clinger – aye

On a motion of Supervisor Turman, seconded by Supervisor Gerald, and unanimously carried, it was resolved to adjourn to Tuesday, January 13, 2015 at 8:30 a.m. for the Board's reorganizational and regular meeting.

Supervisor Yoder – aye

Supervisor Turman – aye

Supervisor Gerald – aye

Supervisor Allen – aye

Supervisor Clinger – aye

Daniel J. Campbell, County Administrator

Case C. Clinger, Chairman, Board of Supervisors