

**At A Sussex County Finance Committee Meeting held on  
Tuesday, April 26, 2011 at 6:00 p.m., in the  
Law Library, Sussex Judicial Center**

**COMMITTEE MEMBERS PRESENT**

C. Eric Fly, Sr.  
Rufus E. Tyler, Sr.

Harris L. Parker

**COMMITTEE MEMBER ABSENT**

T. Wayne Birdsong

**OTHERS PRESENT**

Wayne M. Harrell, Member, Board of Supervisors  
Henry A. Thompson, Sr., County Attorney  
Deborah A. Davis, Assistant to County Administrator  
Onnie L. Woodruff, Treasurer  
Dr. Charles H. Harris, III, Superintendent of Schools

**Item 1. Call To Order**

The April 26, 2011 meeting of the Sussex County Finance Committee was called to order by Chairman Fly.

**Item 2. Approval of the Agenda**

ON MOTION OF SUPERVISOR PARKER, seconded by SUPERVISOR TYLER and carried: RESOLVED that the April 26, 2011 agenda of the Sussex County Finance Committee is hereby approved as presented.

Voting aye: Supervisors Fly, Parker, Tyler

Voting nay: none

Absent: Supervisor Birdsong

Chairman Fly announced that the Director of Finance and the Interim County Administrator will not be in attendance.

Chairman Fly advised that the Finance Committee needs to review the School Board's budget for Fiscal Year 2012. He advised that with the most recent information provided by the Director of Finance last week, the County still has a \$500,000.00 "hole" in the budget, with the \$500,000.00 cut to the School system. He further advised that the Board needs to fill the gap in the budget and meet with the School to discuss the school's side.

Supervisor Tyler stepped out of the meeting for a few minutes to get his budget book. During that time, the Committee talked about receiving a letter from the Sheriff regarding

his department's walk-in freezer malfunctioning. Supervisor Fly advised that he understands that the Sheriff's request is to transfer funds from one line item to another line item to cover the expenses that will be incurred by the purchase of a new walk-in freezer.

Treasurer Woodruff advised that the Sheriff has spoken to him about the "canteen funds." He understands that the Sheriff would like to have the money collected and provided to the Sheriff's Department so that they (the Sheriff's Department) can open their own bank account. The Treasurer recommends that the Board discuss this issue in depth.

County Attorney Thompson advised that the Sheriff is restricted by Code as to what the canteen funds can be spent on.

Chairman Fly asked where the Board wants to pull from to cover the deficit. The budget is \$500,000.00 short and he advised that he does not think it will be a good idea to pull from the County reserves funds. He reminded the Committee that there is \$5.5 million from landfill tipping fees that are included in the budget and the Board of Supervisors has voted to reduce the School's budget by \$500,000.00; the budget also does not include financing of the \$1.5 million dollar addition to the Courthouse for the Commonwealth's Attorney's Office space.

Chairman Fly advised that the Board voted to proceed with the design of the courthouse addition and now they have to figure out a way to finance the construction; perhaps taking half from reserve funds and financing the remaining amount.

Supervisor Tyler reminded everyone that the Board had also given staff instructions to explore other financing strategies. Perhaps further discussions can be held when staff reports their findings on other funding strategies.

### **Item 3. School System Budget**

Dr. Charles H. Harris, III, Superintendent of Schools, explained that it is the legal requirement of the Board of Supervisors to approve the School's budget request by May 1<sup>st</sup>. The problem in budget approval later than May 1<sup>st</sup>, if the Board of Supervisors cut the Schools budget significantly, then the School Board will have to go back in their budget to make the necessary adjustments which may create a need to reduce staff. There is a legal timeline that School Administration has to tell staff that they no longer have jobs.

Treasurer Woodruff advised that if something happens to landfill tipping fees, the schools will suffer. He stated that he would like to see the relationship that we used to have. The Board of Supervisors cannot dictate to the School Board.

Supervisor Harrell stated that he has with him, the last eight (8) years of records of the landfill tipping fees. He advised that January, February and March have historically been the lowest months for revenue. This year for January, February and March, the County is \$200,000.00 over budget. So if everything stays that way for the year, we will be

\$800,000.00 over budget. He also advised that he believes that if the Board would approve of including \$6 million dollars in the upcoming budget; that will help to cover the \$500,000.00 budget deficit.

Treasurer Woodruff explained that he and Mr. Whitaker discussed this issue several weeks ago and they reached a compromise of \$6 million to \$6.1 million dollars and they would watch it closely.

Supervisor Tyler advised that he does not have a problem including the \$6 million dollars in the budget to help offset the deficit.

Supervisor Parker advised that he would like to include at least \$6 million dollars of the landfill revenue in the upcoming budget.

Treasurer Woodruff requested that the County Attorney provide written documentation to him regarding the Department of Corrections Payment in Lieu of Taxes being returned to the County for Fiscal Year ending June 30, 2011.

County Attorney Thompson advised that he will fulfill the request of the Treasurer.

Supervisor Tyler recommended that Sussex may need to form allies with other localities regarding this issue.

Supervisor Parker advised that he believes that the Board can finance half of the construction costs of the Commonwealth's Attorney office space and maybe take the rest from the reserve funds. He believes that it would be counter productive to keep all projects on the plate and not try to resolve them, which is one of the reasons he requested that all of the judges be involved in a meeting to discuss construction of the addition. The judges are excited about it and they support the decision that was made.

Supervisor Tyler advised that the Commonwealth Attorney has been very cooperative and if the Board waits too long, it could create some liability on our part.

Chairman Fly advised that the Board needs to put something in the budget to cover the construction cost of the Commonwealth's Attorney office. He also stated that there is nothing in the budget for the elementary schools construction project.

Dr. Harris advised that he recently forwarded a letter to the Interim County Administrator advising that invoices relative to the construction of the elementary school are forthcoming.

Treasurer Woodruff suggested that the Board authorize the use of reserves until the financing is made available and set up a liability to repay the reserves, as done in the past.

Dr. Charles H. Harris, III, Superintendent of Schools, explained the Schools budget situation to the Finance Committee. Locally, the Board of Supervisors had supported schools, but they lost \$2.5 million dollars from state over a 3 year period. They have dealt

with balancing their budget with the \$2.5 million dollar shortfall without asking the Board of Supervisors for anything. This year, the Schools lost \$525,000.00 from state, but balanced the budget. In addition, the following is what has a severe impact increase of \$225,000.00 in retirement cost; health insurance increase of \$69,000.00; projected \$240,000.00 increase in heating and diesel fuel, gas and propane; projected \$340,000.00 in fuel and have already spent \$347,000.00; in the total budget, they had to close \$1.1 million in the hole. They cut out \$14,000.00 in supplements, two (2) teacher assistant positions, four (4) teacher positions; cut instructional support meaning drivers education, instructional coaches, lead teachers for summer school, support for summer school; cut four (4) bus drivers, \$50,000.00 out of maintenance, cut \$781,000.00 from this budget; \$400,00.00 of stimulus money was used in the \$1.1 million dollar gap.

The School Board has not considered this, but in preparing to cut \$500,000.00, in personnel; can cut three (3) more teachers (layoffs); foster grandparents program; looking at furlough of teachers, jobs for education money, cut summer school; after school tutoring, alternative school program, GED program, \$60,000.00 for the Governor's school; activity buses \$60,000.00 a year cost; field costs \$20,000.00 year cost, middle school athletics; no frills, problem will be even if you fund us this year, we will be \$400,000.00 in the hole next year; will have to make up that amount; other problem is by that time other counties may start to give raises and that will put us in a deep hole.

ON MOTION OF SUPERVISOR TYLER, seconded by SUPERVISOR PARKER and carried: RESOLVED that the Finance Committee hereby recommends to the Board of Supervisors that the amount of \$6 million dollars in landfill revenues be included in the budget for Fiscal Year 2012 and be closely monitored throughout the year and make adjustments if needed.

Voting aye: Supervisors Fly, Parker, Tyler

Voting nay: none

Absent: Supervisor Birdsong

ON MOTION OF SUPERVISOR TYLER, seconded by SUPERVISOR FLY and carried: RESOLVED that the Finance Committee hereby recommends to the Board of Supervisors to take \$200,000.00 out of the Capital Projects (industrial park line item), place back in the General Fund and allocate to the Schools' budget.

Voting aye: Supervisors Fly, Parker, Tyler

Voting nay: none

Absent: Supervisor Birdsong

Dr. Harris advised that he will advise the School Board of the Finance Committee's recommendation regarding the additional \$200,000.00 allocation.

Chairman Fly requested that the Treasurer step in and help the Board and staff with the budget process.

ON MOTION OF SUPERVISOR FLY, seconded by SUPERVISOR PARKER and carried: RESOLVED that the Finance Committee hereby directs the Interim County Administrator to have the Director of Finance prepare a complete budget including the

School Construction Project (\$4,572,603.00 indebtedness); Courthouse Addition for Commonwealth's Attorney's Office (using 50% of total cost from reserve funds and the remaining 50% as indebtedness); include \$6.0 million dollars from landfill revenues in the FY 2012 budget; and copy all pertinent budget information to the Treasurer.

Voting aye: Supervisors Fly, Parker, Tyler

Voting nay: none

Absent: Supervisor Birdsong

County Attorney Thompson advised Mr. Woodruff that Mr. Whitaker stated that it would be his pleasure to meet with the Treasurer on tomorrow to coordinate the transition.

The Finance Committee set another meeting for Wednesday, May 4, 2011 at 10:00 a.m. to be held in the Administration Conference Room.

Dr. Harris stated that based on what the School Board does to balance the \$300,000.00 less; it will have an impact on the 2012-2013 budget, in one or two ways. If they cut \$300,000.00 worth of programs and services, the school system will still be \$400,000.00 in the hole. If they choose the Jobs For Education money, to help balance the budget, that will simply mean that they are \$600,000.00 to \$650,000.00 in the hole. He advised that he wants the Finance Committee to be prepared for that, because it will be critical next year.

Chairman Fly stated that there is a \$500,000.00 increase in the budget that he cannot find.

County Attorney Thompson suggested that Chairman Parker work with Mr. Whitaker during the next two days to resolve this information, to work through all the glitches in the budget.

Supervisor Fly stated "we will work through it."

County Attorney Thompson stated that he does not know if it would be as effective if Supervisor Fly works with Mr. Whitaker.

Supervisor Parker suggested that the Finance Chairman work with Mr. Whitaker with the budget process.

#### **Item 4. FYE 2011 Appropriation Recommendations**

Treasurer Woodruff distributed a document explaining the FYE 2011 Appropriation Recommendations and requested Board approval and appropriation because the money has been expended.

<b><u>Type of Appro BA or BT</u></b>	<b><u>R/E</u></b>	<b><u>FD</u></b>	<b><u>Dept</u></b>	<b><u>Acct</u></b>	<b><u>Description</u></b>	<b><u>Debit</u></b>	<b><u>Credit</u></b>
BA	3	100	18990	9	Misc from		\$107,680

Waverly  
Rescue Squad

BA	4	100	21500	1261	252	210	Vehicle Purchase Ambulance	\$150,153
----	---	-----	-------	------	-----	-----	----------------------------------	-----------

**Net appropriated expenses over revenue (General Fund) -42,473.00**

BA	3	302	41050	135	Trf from RCPF (land purchase)	250,000
BA	3	302	41050	135	Trf from RCPF (land purchase)	107,000
BA	4	135	93100	135	Trf to CPF (for land purchase)	250,000
BA	4	135	93100	135	Trf to CPF (for land purchase)	107,500
BA	4	302	95100	8215	Industrial Park Site	250,000
BA	4	302	95100	8215	Industrial Park Site	107,500
						715,000
						357,500

**Net appropriated expenses over revenues (Reduction in RCPF) -357,500.00**

Treasurer Woodruff also reminded the Committee of the following Capital Projects pending:

Elementary Schools	\$4,572,603.00
Commonwealth’s Attorney Building	1,272,000.00
Land – Route 301 (Jarratt)	1,075,000.00

ON MOTION OF SUPERVISOR TYLER, seconded by SUPERVISOR FLY and carried: RESOLVED that the Finance Committee hereby recommends to the Board of Supervisors for approval and appropriation, the following: a credit of \$107,680.00 miscellaneous from Waverly Rescue Squad and a debit of \$150,153.00 for the purchase of an ambulance, a net appropriated expense over revenue in the General Fund of \$-42,473.00; and;

FURTHER RESOLVED to transfer from the Reserve Capital Project Fund, Line Item 3 302 41500 135, the amounts of \$250,000.00 and \$107,500.00 for land purchases, to the Capital Projects Funds, Line Item 4 135 93100 135, the amounts of \$250,000.00 (Industrial Park Site Route 626) and \$107,500.00 (Industrial Park Site Route 301) for land purchases, resulting in net appropriated expenses over revenues in the Reserve Capital Project Fund of \$-357,500.00

Voting aye: Supervisors Fly, Parker, Tyler

Voting nay: none

Absent: Supervisor Birdsong

**Item 5. Recess**

ON MOTION OF SUPERVISOR PARKER, seconded by SUPERVISOR TYLER and carried: RESOLVED that the April 26, 2011 Sussex County Finance Committee meeting is hereby recessed until Wednesday, May 4, 2011 at 10:00 a.m., in the County Administration Building Conference Room.

Voting aye: Supervisors Fly, Parker, Tyler

Voting nay: none

Absent: Supervisor Birdsong