

**AT A JOINT MEETING OF THE GLOUCESTER COUNTY BOARD OF SUPERVISORS AND THE GLOUCESTER COUNTY SCHOOL BOARD HELD ON TUESDAY, SEPTEMBER 29, 2009, AT 6:00 P.M., IN THE DUKE ROCK CAFÉ AT THE GLOUCESTER HIGH SCHOOL, 6680 SHORT LANE, GLOUCESTER, VIRGINIA:**

**THERE WERE PRESENT:** Michelle R. Ressler, Chair  
Charles R. Allen, Jr.  
Teresa L. Altemus  
Robert A. Crewe  
Christian D. Rilee  
Louise D. Theberge  
Brenda G. Garton, County Administrator  
Edwin "Ted" Wilmot, County Attorney

**THERE WERE ABSENT:** Gregory Woodard, Vice Chair

**IN RE: CALL TO ORDER & ROLL CALL**

Mrs. Ressler, Chair, called the meeting to order and Ms. Dawn Hobgood, Deputy Clerk, took roll call.

**IN RE: SCHOOL BOARD CALL TO ORDER & ROLL CALL**

Ms. Betty Jane Duncan, Deputy Clerk, took roll call. The following members were present: Ann F. Burruss, Chair; Anita F. Parker, Vice-Chair; Starr F. Belvin; George R. (Randy) Burak; Jean E. Pugh, Ph.D.; and Kevin M. Smith. Other individuals present included H. Ben Kiser, Ed.D., Superintendent of Schools; John E. Hutchinson, Assistant Superintendent for Administrative Services; and Joanne C. Wright, Director of Finance.

**IN RE: INVOCATION & PLEDGE OF ALLEGIANCE**


The Board paused for a moment of silence and then all in attendance recited the Pledge of Allegiance to the Flag of the United States of America.

**IN RE: ADOPTION OF THE AGENDA**

Ms. Theberge moved, seconded by Mr. Crewe, that the agenda be adopted as presented. The motion was approved by the following vote: Mr. Allen, yes; Ms. Altemus, yes; Mr. Crewe, yes; Mr. Rilee, yes; Ms. Theberge, yes; Mr. Woodard, absent; Mrs. Ressler, yes.

**IN RE: UPDATE ON BUDGET FOR FY08/09 – NICKIE CHAMPION – FINANCE DIRECTOR**

Ms. Champion gave the following update in a PowerPoint presentation.

|                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                       |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Estimated Economic Condition at<br/>June 30, 2009</p>  <p>September 29, 2009<br/>Joint Meeting</p> | <p>Disclaimer</p> <ul style="list-style-type: none"><li>• Figures to be presented tonight are incomplete at June 30, 2009</li><li>• Figures to be presented tonight are unaudited at June 30, 2009</li><li>• Figures include estimates</li><li>• Figures <u>WILL</u> change</li></ul> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

An abbreviated version of information presented at the September 15<sup>th</sup> Board meeting of preliminary figures. The figures presented are preliminary and incomplete and the reason for the disclaimer.

| Last Reported in July 2009      |               |               |                | New Estimate for June 30th      |               |               |                |
|---------------------------------|---------------|---------------|----------------|---------------------------------|---------------|---------------|----------------|
|                                 | Adjusted      | 6/30/2009     | 6/30/2009      |                                 | Adjusted      | 6/30/2009     | 6/30/2009      |
|                                 | Budget 09     | Forecast      | Over/(Under)   |                                 | Budget 09     | Estimate      | Over/(Under)   |
| Total General Fund Revenue      | \$ 55,671,922 | \$ 54,040,384 | \$ (1,631,538) | Total General Fund Revenue      | \$ 55,725,390 | \$ 53,910,654 | \$ (1,814,736) |
| Total General Fund Expenditures | \$ 55,671,922 | \$ 53,433,722 | \$ (2,238,200) | Total General Fund Expenditures | \$ 55,725,390 | \$ 52,719,200 | \$ (3,006,190) |
| Total Revenue Over Expenditures | \$ -          | \$ 606,662    | \$ 606,662     | Total Revenue Over Expenditures | \$ -          | \$ 1,191,454  | \$ 1,191,454   |

Information reported at the July 7<sup>th</sup> Board meeting. New estimate presented at the September 15<sup>th</sup> Board meeting.

Mrs. Ressler asked Ms. Champion to elaborate on why the new estimated balance was higher than estimated previously.

Ms. Champion explained that the County deferred as many items as possible which included maintenance and capital items while freezing positions that become vacant.

Mr. Alvin (Jay) McGlohn, Jr., School Board Member arrived at this time and joined the meeting.

| School Fund Estimate at June 30th |               |               |                | School Capital Projects       |              |
|-----------------------------------|---------------|---------------|----------------|-------------------------------|--------------|
|                                   | Adjusted      | 6/30/2009     | 6/30/2009      |                               |              |
|                                   | Budget 09     | Estimate      | Over/(Under)   |                               |              |
| Local Revenue                     | \$ 121,118    | \$ 203,304    | \$ 82,186      | TC Walker roof                | \$ 86,182    |
| Transfer to School Fund           | \$ 21,984,025 | \$ 21,432,874 | \$ (551,151)   | TC Walker windows             | \$ 106,028   |
| State                             | \$ 33,953,376 | \$ 33,191,690 | \$ (761,686)   | TC Walker sewer lift stations | \$ 84,391    |
| Federal                           | \$ 3,131,799  | \$ 2,969,063  | \$ (162,736)   | Page roof                     | \$ 160,695   |
| Total School Fund Revenue         | \$ 59,190,318 | \$ 57,796,930 | \$ (1,393,388) | Peasley roof                  | \$ 97,828    |
| Total School Fund Expenditures    | \$ 59,190,318 | \$ 57,796,930 | \$ (1,393,388) | Peasley sewer lift stations   | \$ 87,060    |
| Total Revenue Over Expenditures   | \$ -          | \$ 0          | \$ 0           | GHS roof                      | \$ 275,073   |
|                                   |               |               |                | GHS HVAC                      | \$ 95,453    |
|                                   |               |               |                | School busses                 | \$ 289,596   |
|                                   |               |               |                | Paving                        | \$ 116,143   |
|                                   |               |               |                | Engineering projects          | \$ 31,711    |
|                                   |               |               |                |                               | \$ 1,430,159 |

The Transfer to the School Fund came in under budget by \$551,151. The school system also incurred reductions in state and federal revenue. The school system completed these small capital projects in FY 2009. These projects were funded with approximately \$179,673 in State receipts, \$500,000 from the Designated for Future Capital Projects Fund Balance, \$728,693 from the General Fund fund balance, and \$22,000 from an operating transfer from the General Fund. The school system does not have an appropriation in the FY 2010 budget for the Capital Fund.

| School Construction                                                                                                                        |                           | Fund Balance Estimate |                                |                     |                     |
|--------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|-----------------------|--------------------------------|---------------------|---------------------|
| <ul style="list-style-type: none"> <li>Completion of Abingdon Elementary School renovations and expansion project = \$3,123,343</li> </ul> |                           |                       | 6/30/2008                      | 6/30/2009           |                     |
|                                                                                                                                            |                           | Reserved              | Asset Forfeiture               | \$ 291,985          | \$ 181,105          |
|                                                                                                                                            |                           |                       | Prepaid items                  | \$ 203,591          | \$ 57,180           |
|                                                                                                                                            |                           | Unreserved/Designated | Mosquito Control               | N/A                 | N/A                 |
|                                                                                                                                            |                           |                       | Tourism                        | \$ 112,678          | \$ 84,460           |
|                                                                                                                                            |                           |                       | Daffodil Festival              | \$ 61,976           | \$ 62,629           |
|                                                                                                                                            |                           |                       | Subsequent Exp                 | \$ 756,955          | \$ -                |
|                                                                                                                                            |                           |                       | Probation                      | \$ 13,844           | \$ 2,936            |
|                                                                                                                                            |                           |                       | Cable TV Services              | \$ 7,321            | \$ 53,188           |
|                                                                                                                                            |                           |                       | <b>Unreserved/Undesignated</b> | <b>\$12,014,293</b> | <b>\$12,178,492</b> |
|                                                                                                                                            | <b>Total</b>              | <b>\$13,462,643</b>   | <b>\$12,619,990</b>            |                     |                     |
|                                                                                                                                            | % Unreserved/Undesignated | 12.49%                | 13.20%                         |                     |                     |

The school division also completed the renovations and expansion of Abingdon Elementary School in FY 2009 from debt proceeds.

Ms. Garton asked Ms. Champion to explain why the percentage was higher but the balance was lower.

Ms. Champion explained the calculation on how to determine the unreserved/undesignated balance is based on governmental expenditures. She noted a combination of different budgets is considered. She advised that since the budget went down in FY10 you could expect to see the percentage of the fund balance rise. In other words, since budgets were reduced the same amount of money would represent a bigger percentage.

| Capital Fund                |              |                |
|-----------------------------|--------------|----------------|
| Revenue                     |              |                |
| PSAP Grant (E-911)          | \$           | 150,000        |
| Total Revenue               |              | \$ 150,000     |
| Expenditures                |              |                |
| Communications System       | 1,164,588.00 |                |
| Schools                     | 500,000.00   |                |
| Office Space                | 317,143.00   |                |
| Page Athletic Field Lights  | 140,628.00   |                |
| Total Expenditures          |              | 2,122,359.00   |
| Difference                  |              | \$ (1,972,359) |
| Fund Balance, June 30, 2008 |              | \$ 5,480,580   |
| Fund Balance, June 30, 2009 |              | \$ 3,508,221   |
| FY 2010 Commitments         |              |                |
| Communications System       |              | \$ (2,852,792) |
| Fund Balance Uncommitted    |              | \$ 655,429     |

One other pot of money that may be used in an emergency is the amount that sits in the Capital Fund and is designated for future capital projects. The Board over several years swept some of the excessive fund balance from the general fund over into the capital fund and designated for future capital projects. Several times some of the money was used for school projects. All capital projects were stopped which includes addressing office space needs.

Ms. Altemus asked for clarification on the use of the capital fund balance.


Ms. Champion advised that since an appropriation was not done for FY10 the Board has the option to appropriate the capital fund balance for another purpose other than the original idea of using the funds for office space needs.

Ms. Altemus noted that the funds would be there in the case of an emergency.

Mr. Allen felt that the County and School staff should be commended for all the work that has been done through a tough year and thanked everyone.

**IN RE: IMPACT OF GOVERNOR’S CUTS ON SCHOOL FUNDING AND OTHER AREAS FY09/10 – NICKIE CHAMPION – FINANCE DIRECTOR**

Ms. Champion gave the following update in a PowerPoint presentation.

|                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                              |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>State Budget Cuts</p>  <p>September 29, 2009<br/>Joint Meeting</p> | <p>State Budget Cuts</p> <ul style="list-style-type: none"> <li>• Constitutional Officers ≈ \$220,000 reduction to Gloucester County</li> <li>• School sales tax/Basic Aid offset ≈ net reduction of \$37.6 million statewide</li> <li>• \$68.9 million of FY 2011 State Fiscal Stabilization Fund will be used in FY 2010</li> <li>• Teacher retirement reimbursement ≈ \$300,000 reduction to Gloucester County</li> </ul> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

On September 8<sup>th</sup>, Governor Kaine announced his executive spending reduction plan, which included budget cuts, policy changes, cash transfers, and fund swaps to address the revenue shortfalls in FY09 and FY10. These cuts are in addition to all previous reductions which include the \$100 million reduction that was spread over FY 2009 and FY 2010. (Note: The County’s

portion of the \$100 million was \$355,258 spread over 2 years) While no one knows all the impacts of the spending reduction plan, better information is beginning to come in each day.

One of the more controversial items is a proposal to “defer” employer retirement contributions in the last quarter of this fiscal year. The payments will not be made up in FY11 – instead the governor wants to amortize the contribution over the next 30 years. What this means is Gloucester will not receive reimbursement from the state for our payments for teacher retirement – or a reduction of approximately \$300,000 to the School Fund. Another item of concern to local governments is the accelerated use of the State Fiscal Stabilization Fund. Sheriffs = 6.9% Commonwealth Attorney = 9.9% Circuit Court Clerk = 15.6% Treasurer & COR = 17.6%

Latest school figures using 5,779 ADM sees loss of \$572,685. School budget uses 5,860.

Ms. Wright advised there is a proposed premium holiday for public schools for the last quarter of the fiscal year. So, in April, May, and June school divisions will not pay the employer share of retirement of group life and retirement healthcare credit. She noted there would be savings on the expenditure side; however, the revenue that would be reimbursed for the funded SOQ positions will go away for that quarter. She indicated there would be a net savings of \$580,000 when you net the revenue loss against the expenditure savings. She noted the critical thing is the General Assembly and the Governor receive the rates from VRS for what is needed to keep the system healthy and those rates are adjusted to balance the budget. She indicated that by not paying in the full amount, even though the schools will pay the member share during those three months, it will cost more in the future for renewals because the retirement system will be underfunded.

Mrs. Ressler asked what the average increase in rates was per year.

Ms. Wright noted she did not have that information.

Mrs. Ressler asked if the rates have ever gone down.

Ms. Wright indicated that the rates have gone down before.

Ms. Altemus heard that there were going to be bills proposed that localities will or can reduce the contribution of the employee share to 80/20 or 90/10.

Ms. Wright recalled a bill was introduced at the last session. She explained the way the fund works now is once an election is made to pay the employee share it cannot be revoked and would require action from the General Assembly to change. She advised the school system has two retirement groups in VRS. She noted the VRS has labeled the two groups as professional and non-professional. She indicated the holiday will only apply to the professional group.

Ms. Altemus advised it sounded to her like there would be more than one bill introduced. She suspected that any changes would not take effect until July 1.

Ms. Wright advised the member share is five percent which has remained constant as far back as she could remember. She mentioned the re-forecasted sales tax, that Ms. Champion alluded to, is down by 85.3 million dollars. She explained sales tax is a component of the basic aid calculation. She noted when the sales tax is re-forecasted basic aid increases but not at the same increment to make up the difference. She advised the present projections show Gloucester Public Schools losing about \$415,000 in sales tax and about \$214,000 of that would potentially be made up in basic aid. She noted funding is contingent on the average daily membership which is presently estimated, for March 31, at 5,860.

### State Budget Cuts

- Aid to libraries ≈ \$8,700 reduction
- Elections ≈ \$4,600 reduction
- Community Service Boards = 5% reduction
- Comprehensive Services Act
- Health Department
- 4 for Life
- Bay Agency
- Soil and Water Conversation District

A few more reductions related directly to Gloucester County or agencies that are of interest to the citizens. Some of the impacts of the governor's plan are known – but most are not. It will take time to work through the rhetoric and paperwork.

Mrs. Ressler asked both Board' to keep in mind that based on what was presented tonight the County has been able to save a lot of money in the general fund by deferring and putting off things; however, looking forward to 2010 that may negate those savings.

Ms. Wright advised that one of the components the Governor is using to balance the budget is to recommend that 68.9 million dollars of State Fiscal Stabilization Funds be used to offset the basic aid and has not yet been approved by the United States Department of Education (USDOE). She noted the proportionate share the Gloucester Public Schools received is \$393,983. She explained that if the USDOE does not approve the funds the potential is there that this reduction can pass back to the school system. She indicated stabilization money would be greatly reduced next year because of this measure. She advised the sales tax, VRS, and revenue reductions amount to approximately \$559,000 revenue loss. She approximated expenditure savings in the amount of \$891,000 for a total net savings of \$332,000. She advised that due to some class sizes there was a need to add additional positions that were not budgeted which includes four teachers and one paraprofessional for an approximate cost of \$265,000. She explained that although there is a potential savings of \$332,000, \$265,000 is committed for the additional personnel leaving an estimated savings of \$67,400 with a potential liability of almost \$400,000 of stabilization funds which would create a negative balance.


Dr. Kiser advised the budget was built on an ADM of 58.60 and current enrollment is 59.63 which required some additional positions as Ms. Wright mentioned. He noted one of his elementary principals called him this afternoon to let him know that two kindergarten classes enrollment have jumped to 25 each. He indicated he was looking at hiring another kindergarten teacher to get the number of students down to a reasonable level. The question has been asked, "Where are the children coming from?" He noted new houses were not being built. He advised most of the increase in children, which is anecdotal from principals, is a result of families moving in with other families in Gloucester. He indicated that was a reflection of the economy. He mentioned some also are coming from the private and home school sector. He advised one principal told him that they have 40 plus additional children,

not counting the kindergarten numbers, who are attributed directly to families moving in with other families.

**IN RE: CARRYOVER REQUESTS AND POLICY - NICKIE CHAMPION - FINANCE DIRECTOR**

Mrs. Ressler advised the Board has discussed carryover requests and the policy. She requested that Ms. Champion present the recommendations she made at the September 15 meeting. She noted the general consensus of the Board was to hold off on making any decisions until the Board found out what the financial status was. She indicated the Board thought a discussion between the two Boards would be an opportunity for input.

Ms. Champion gave the following PowerPoint presentation on the County's fund balance policy.

|                                                                                                                                                                   |                                                                                                                                                                                                                                                                        |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Fund Balance Policy</b></p>  <p>September 29, 2009<br/>Joint Meeting</p> | <p><b>Current Fund Balance Policy</b></p> <ul style="list-style-type: none"> <li>• Unreserved/Undesignated at an amount equal to a minimum of 10% of governmental fund expenditures</li> <li>• Corrective action plan required when balance falls below 10%</li> </ul> |
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The Board adopted the Fund Balance policy in April 2000.

| <p><b>Possible Revisions</b></p> <ul style="list-style-type: none"> <li>• Unreserved/Undesignated to be between 10% and 12% of governmental fund expenditures</li> <li>• Corrective action plan needed for less than 10%</li> <li>• <u>May</u> transfer excess of 12% to Capital Fund and designate for future capital projects</li> </ul> | <p><b>Fund Balance Estimate</b></p> <table border="1"> <thead> <tr> <th></th> <th></th> <th>6/30/2008</th> <th>6/30/2009</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Reserved</td> <td>Asset Forfeiture</td> <td>\$ 291,985</td> <td>\$ 181,105</td> </tr> <tr> <td>Prepaid items</td> <td>\$ 203,591</td> <td>\$ 57,180</td> </tr> <tr> <td rowspan="5">Unreserved/Designated</td> <td>Mosquito Control</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>Tourism</td> <td>\$ 112,678</td> <td>\$ 84,460</td> </tr> <tr> <td>Daffodil Festival</td> <td>\$ 61,976</td> <td>\$ 62,629</td> </tr> <tr> <td>Subsequent Exp</td> <td>\$ 756,955</td> <td>\$ -</td> </tr> <tr> <td>Probation</td> <td>\$ 13,844</td> <td>\$ 2,936</td> </tr> <tr> <td></td> <td>Cable TV Services</td> <td>\$ 7,321</td> <td>\$ 53,188</td> </tr> <tr> <td>Unreserved/Undesignated</td> <td></td> <td>\$12,014,293</td> <td>\$12,178,492</td> </tr> <tr> <td>Total</td> <td></td> <td>\$13,462,643</td> <td>\$12,619,990</td> </tr> <tr> <td>% Unreserved/Undesignated</td> <td></td> <td>12.49%</td> <td>13.20%</td> </tr> </tbody> </table> |              |              | 6/30/2008 | 6/30/2009 | Reserved | Asset Forfeiture | \$ 291,985 | \$ 181,105 | Prepaid items | \$ 203,591 | \$ 57,180 | Unreserved/Designated | Mosquito Control | N/A | N/A | Tourism | \$ 112,678 | \$ 84,460 | Daffodil Festival | \$ 61,976 | \$ 62,629 | Subsequent Exp | \$ 756,955 | \$ - | Probation | \$ 13,844 | \$ 2,936 |  | Cable TV Services | \$ 7,321 | \$ 53,188 | Unreserved/Undesignated |  | \$12,014,293 | \$12,178,492 | Total |  | \$13,462,643 | \$12,619,990 | % Unreserved/Undesignated |  | 12.49% | 13.20% |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|-----------|-----------|----------|------------------|------------|------------|---------------|------------|-----------|-----------------------|------------------|-----|-----|---------|------------|-----------|-------------------|-----------|-----------|----------------|------------|------|-----------|-----------|----------|--|-------------------|----------|-----------|-------------------------|--|--------------|--------------|-------|--|--------------|--------------|---------------------------|--|--------|--------|
|                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 6/30/2008    | 6/30/2009    |           |           |          |                  |            |            |               |            |           |                       |                  |     |     |         |            |           |                   |           |           |                |            |      |           |           |          |  |                   |          |           |                         |  |              |              |       |  |              |              |                           |  |        |        |
| Reserved                                                                                                                                                                                                                                                                                                                                   | Asset Forfeiture                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | \$ 291,985   | \$ 181,105   |           |           |          |                  |            |            |               |            |           |                       |                  |     |     |         |            |           |                   |           |           |                |            |      |           |           |          |  |                   |          |           |                         |  |              |              |       |  |              |              |                           |  |        |        |
|                                                                                                                                                                                                                                                                                                                                            | Prepaid items                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | \$ 203,591   | \$ 57,180    |           |           |          |                  |            |            |               |            |           |                       |                  |     |     |         |            |           |                   |           |           |                |            |      |           |           |          |  |                   |          |           |                         |  |              |              |       |  |              |              |                           |  |        |        |
| Unreserved/Designated                                                                                                                                                                                                                                                                                                                      | Mosquito Control                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | N/A          | N/A          |           |           |          |                  |            |            |               |            |           |                       |                  |     |     |         |            |           |                   |           |           |                |            |      |           |           |          |  |                   |          |           |                         |  |              |              |       |  |              |              |                           |  |        |        |
|                                                                                                                                                                                                                                                                                                                                            | Tourism                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | \$ 112,678   | \$ 84,460    |           |           |          |                  |            |            |               |            |           |                       |                  |     |     |         |            |           |                   |           |           |                |            |      |           |           |          |  |                   |          |           |                         |  |              |              |       |  |              |              |                           |  |        |        |
|                                                                                                                                                                                                                                                                                                                                            | Daffodil Festival                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | \$ 61,976    | \$ 62,629    |           |           |          |                  |            |            |               |            |           |                       |                  |     |     |         |            |           |                   |           |           |                |            |      |           |           |          |  |                   |          |           |                         |  |              |              |       |  |              |              |                           |  |        |        |
|                                                                                                                                                                                                                                                                                                                                            | Subsequent Exp                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | \$ 756,955   | \$ -         |           |           |          |                  |            |            |               |            |           |                       |                  |     |     |         |            |           |                   |           |           |                |            |      |           |           |          |  |                   |          |           |                         |  |              |              |       |  |              |              |                           |  |        |        |
|                                                                                                                                                                                                                                                                                                                                            | Probation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | \$ 13,844    | \$ 2,936     |           |           |          |                  |            |            |               |            |           |                       |                  |     |     |         |            |           |                   |           |           |                |            |      |           |           |          |  |                   |          |           |                         |  |              |              |       |  |              |              |                           |  |        |        |
|                                                                                                                                                                                                                                                                                                                                            | Cable TV Services                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | \$ 7,321     | \$ 53,188    |           |           |          |                  |            |            |               |            |           |                       |                  |     |     |         |            |           |                   |           |           |                |            |      |           |           |          |  |                   |          |           |                         |  |              |              |       |  |              |              |                           |  |        |        |
| Unreserved/Undesignated                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | \$12,014,293 | \$12,178,492 |           |           |          |                  |            |            |               |            |           |                       |                  |     |     |         |            |           |                   |           |           |                |            |      |           |           |          |  |                   |          |           |                         |  |              |              |       |  |              |              |                           |  |        |        |
| Total                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | \$13,462,643 | \$12,619,990 |           |           |          |                  |            |            |               |            |           |                       |                  |     |     |         |            |           |                   |           |           |                |            |      |           |           |          |  |                   |          |           |                         |  |              |              |       |  |              |              |                           |  |        |        |
| % Unreserved/Undesignated                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 12.49%       | 13.20%       |           |           |          |                  |            |            |               |            |           |                       |                  |     |     |         |            |           |                   |           |           |                |            |      |           |           |          |  |                   |          |           |                         |  |              |              |       |  |              |              |                           |  |        |        |

The recommendation was to change the current floor of 10% to reflect a range of 10% to 12% of governmental fund expenditures. If the balance should fall below 10%, a plan would need to be developed to comply with the policy within 12 months. If the balance should have excess above 12% - the board would have the option to transfer to the Capital Fund. Sweeping the excess fund balance to the Capital Fund is a very appropriate use of fund balance.

| <p><b>Amount in Excess of 12%</b></p> <table border="1"> <thead> <tr> <th></th> <th>At 06/30/2009</th> </tr> </thead> <tbody> <tr> <td>Governmental Expenditures</td> <td>\$ 92,571,086</td> </tr> <tr> <td>12% of Governmental Expenditures</td> <td>\$ 11,108,530</td> </tr> <tr> <td>Estimated Unreserved/Undesignated Fund Balance</td> <td>\$ 12,178,492</td> </tr> <tr> <td>Amount Over 12% (Estimated)</td> <td>\$ 1,069,962</td> </tr> </tbody> </table> |                 | At 06/30/2009            | Governmental Expenditures | \$ 92,571,086 | 12% of Governmental Expenditures | \$ 11,108,530 | Estimated Unreserved/Undesignated Fund Balance | \$ 12,178,492 | Amount Over 12% (Estimated) | \$ 1,069,962 | <table border="1"> <thead> <tr> <th></th> <th>Original Amount</th> <th>Balance at June 30, 2009</th> <th>Last Payment</th> </tr> </thead> <tbody> <tr> <td colspan="4"><b>SCHOOL DEBT</b></td> </tr> <tr> <td colspan="4"><b>General Obligation Bonds VPSA</b></td> </tr> <tr> <td>High School, etc.**</td> <td>4,335,000</td> <td>645,000</td> <td>Dec 15, 2012</td> </tr> <tr> <td>High School, etc.**</td> <td>2,100,000</td> <td>365,000</td> <td>Dec 15, 2012</td> </tr> <tr> <td>Refunded Bond***</td> <td>8,565,000</td> <td>340,000</td> <td>Dec 15, 2011</td> </tr> <tr> <td>Bethel Elementary</td> <td>2,800,000</td> <td>1,120,000</td> <td>July 15, 2016</td> </tr> <tr> <td>Achilles &amp; Botetourt</td> <td>7,525,000</td> <td>6,295,000</td> <td>July 15, 2023</td> </tr> <tr> <td>Abingdon Elementary</td> <td>6,505,000</td> <td>6,105,000</td> <td>July 15, 2026</td> </tr> <tr> <td>Abingdon</td> <td>6,364,713</td> <td>6,024,278</td> <td>July 15, 2027</td> </tr> <tr> <td>Total VPSA Debt</td> <td></td> <td>20,964,978</td> <td></td> </tr> <tr> <td colspan="4"><b>State Literary Fund Loans</b></td> </tr> <tr> <td>Page</td> <td>1,678,784</td> <td>334,784</td> <td>Dec 15, 2012</td> </tr> <tr> <td>Abingdon</td> <td>1,604,993</td> <td>308,993</td> <td>Dec 15, 2012</td> </tr> <tr> <td>Peasley</td> <td>2,489,419</td> <td>489,419</td> <td>Dec 15, 2012</td> </tr> <tr> <td>Bethel</td> <td>4,970,324</td> <td>2,470,324</td> <td>July 15, 2018</td> </tr> <tr> <td>Total Literary Fund Debt</td> <td></td> <td>3,603,520</td> <td></td> </tr> <tr> <td><b>Total School Debt</b></td> <td></td> <td><b>24,568,498</b></td> <td></td> </tr> <tr> <td colspan="4"><b>PRIMARY GOVERNMENT DEBT</b></td> </tr> <tr> <td>Courthouse Series 2000</td> <td>9,275,000</td> <td>405,000</td> <td>Nov 1, 2009</td> </tr> <tr> <td>Courthouse Series 2006 Refunding</td> <td>8,205,000</td> <td>8,100,000</td> <td>Sept 14, 2030</td> </tr> <tr> <td>Communications System</td> <td>11,245,000</td> <td>10,559,460</td> <td>July 1, 2017</td> </tr> <tr> <td><b>Total County Debt</b></td> <td></td> <td><b>19,064,460</b></td> <td></td> </tr> <tr> <td><b>Grand Total Debt</b></td> <td></td> <td><b>43,632,958</b></td> <td></td> </tr> </tbody> </table> |  | Original Amount | Balance at June 30, 2009 | Last Payment | <b>SCHOOL DEBT</b> |  |  |  | <b>General Obligation Bonds VPSA</b> |  |  |  | High School, etc.** | 4,335,000 | 645,000 | Dec 15, 2012 | High School, etc.** | 2,100,000 | 365,000 | Dec 15, 2012 | Refunded Bond*** | 8,565,000 | 340,000 | Dec 15, 2011 | Bethel Elementary | 2,800,000 | 1,120,000 | July 15, 2016 | Achilles & Botetourt | 7,525,000 | 6,295,000 | July 15, 2023 | Abingdon Elementary | 6,505,000 | 6,105,000 | July 15, 2026 | Abingdon | 6,364,713 | 6,024,278 | July 15, 2027 | Total VPSA Debt |  | 20,964,978 |  | <b>State Literary Fund Loans</b> |  |  |  | Page | 1,678,784 | 334,784 | Dec 15, 2012 | Abingdon | 1,604,993 | 308,993 | Dec 15, 2012 | Peasley | 2,489,419 | 489,419 | Dec 15, 2012 | Bethel | 4,970,324 | 2,470,324 | July 15, 2018 | Total Literary Fund Debt |  | 3,603,520 |  | <b>Total School Debt</b> |  | <b>24,568,498</b> |  | <b>PRIMARY GOVERNMENT DEBT</b> |  |  |  | Courthouse Series 2000 | 9,275,000 | 405,000 | Nov 1, 2009 | Courthouse Series 2006 Refunding | 8,205,000 | 8,100,000 | Sept 14, 2030 | Communications System | 11,245,000 | 10,559,460 | July 1, 2017 | <b>Total County Debt</b> |  | <b>19,064,460</b> |  | <b>Grand Total Debt</b> |  | <b>43,632,958</b> |  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|--------------------------|---------------------------|---------------|----------------------------------|---------------|------------------------------------------------|---------------|-----------------------------|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|-----------------|--------------------------|--------------|--------------------|--|--|--|--------------------------------------|--|--|--|---------------------|-----------|---------|--------------|---------------------|-----------|---------|--------------|------------------|-----------|---------|--------------|-------------------|-----------|-----------|---------------|----------------------|-----------|-----------|---------------|---------------------|-----------|-----------|---------------|----------|-----------|-----------|---------------|-----------------|--|------------|--|----------------------------------|--|--|--|------|-----------|---------|--------------|----------|-----------|---------|--------------|---------|-----------|---------|--------------|--------|-----------|-----------|---------------|--------------------------|--|-----------|--|--------------------------|--|-------------------|--|--------------------------------|--|--|--|------------------------|-----------|---------|-------------|----------------------------------|-----------|-----------|---------------|-----------------------|------------|------------|--------------|--------------------------|--|-------------------|--|-------------------------|--|-------------------|--|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | At 06/30/2009   |                          |                           |               |                                  |               |                                                |               |                             |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |                 |                          |              |                    |  |  |  |                                      |  |  |  |                     |           |         |              |                     |           |         |              |                  |           |         |              |                   |           |           |               |                      |           |           |               |                     |           |           |               |          |           |           |               |                 |  |            |  |                                  |  |  |  |      |           |         |              |          |           |         |              |         |           |         |              |        |           |           |               |                          |  |           |  |                          |  |                   |  |                                |  |  |  |                        |           |         |             |                                  |           |           |               |                       |            |            |              |                          |  |                   |  |                         |  |                   |  |
| Governmental Expenditures                                                                                                                                                                                                                                                                                                                                                                                                                                        | \$ 92,571,086   |                          |                           |               |                                  |               |                                                |               |                             |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |                 |                          |              |                    |  |  |  |                                      |  |  |  |                     |           |         |              |                     |           |         |              |                  |           |         |              |                   |           |           |               |                      |           |           |               |                     |           |           |               |          |           |           |               |                 |  |            |  |                                  |  |  |  |      |           |         |              |          |           |         |              |         |           |         |              |        |           |           |               |                          |  |           |  |                          |  |                   |  |                                |  |  |  |                        |           |         |             |                                  |           |           |               |                       |            |            |              |                          |  |                   |  |                         |  |                   |  |
| 12% of Governmental Expenditures                                                                                                                                                                                                                                                                                                                                                                                                                                 | \$ 11,108,530   |                          |                           |               |                                  |               |                                                |               |                             |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |                 |                          |              |                    |  |  |  |                                      |  |  |  |                     |           |         |              |                     |           |         |              |                  |           |         |              |                   |           |           |               |                      |           |           |               |                     |           |           |               |          |           |           |               |                 |  |            |  |                                  |  |  |  |      |           |         |              |          |           |         |              |         |           |         |              |        |           |           |               |                          |  |           |  |                          |  |                   |  |                                |  |  |  |                        |           |         |             |                                  |           |           |               |                       |            |            |              |                          |  |                   |  |                         |  |                   |  |
| Estimated Unreserved/Undesignated Fund Balance                                                                                                                                                                                                                                                                                                                                                                                                                   | \$ 12,178,492   |                          |                           |               |                                  |               |                                                |               |                             |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |                 |                          |              |                    |  |  |  |                                      |  |  |  |                     |           |         |              |                     |           |         |              |                  |           |         |              |                   |           |           |               |                      |           |           |               |                     |           |           |               |          |           |           |               |                 |  |            |  |                                  |  |  |  |      |           |         |              |          |           |         |              |         |           |         |              |        |           |           |               |                          |  |           |  |                          |  |                   |  |                                |  |  |  |                        |           |         |             |                                  |           |           |               |                       |            |            |              |                          |  |                   |  |                         |  |                   |  |
| Amount Over 12% (Estimated)                                                                                                                                                                                                                                                                                                                                                                                                                                      | \$ 1,069,962    |                          |                           |               |                                  |               |                                                |               |                             |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |                 |                          |              |                    |  |  |  |                                      |  |  |  |                     |           |         |              |                     |           |         |              |                  |           |         |              |                   |           |           |               |                      |           |           |               |                     |           |           |               |          |           |           |               |                 |  |            |  |                                  |  |  |  |      |           |         |              |          |           |         |              |         |           |         |              |        |           |           |               |                          |  |           |  |                          |  |                   |  |                                |  |  |  |                        |           |         |             |                                  |           |           |               |                       |            |            |              |                          |  |                   |  |                         |  |                   |  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Original Amount | Balance at June 30, 2009 | Last Payment              |               |                                  |               |                                                |               |                             |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |                 |                          |              |                    |  |  |  |                                      |  |  |  |                     |           |         |              |                     |           |         |              |                  |           |         |              |                   |           |           |               |                      |           |           |               |                     |           |           |               |          |           |           |               |                 |  |            |  |                                  |  |  |  |      |           |         |              |          |           |         |              |         |           |         |              |        |           |           |               |                          |  |           |  |                          |  |                   |  |                                |  |  |  |                        |           |         |             |                                  |           |           |               |                       |            |            |              |                          |  |                   |  |                         |  |                   |  |
| <b>SCHOOL DEBT</b>                                                                                                                                                                                                                                                                                                                                                                                                                                               |                 |                          |                           |               |                                  |               |                                                |               |                             |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |                 |                          |              |                    |  |  |  |                                      |  |  |  |                     |           |         |              |                     |           |         |              |                  |           |         |              |                   |           |           |               |                      |           |           |               |                     |           |           |               |          |           |           |               |                 |  |            |  |                                  |  |  |  |      |           |         |              |          |           |         |              |         |           |         |              |        |           |           |               |                          |  |           |  |                          |  |                   |  |                                |  |  |  |                        |           |         |             |                                  |           |           |               |                       |            |            |              |                          |  |                   |  |                         |  |                   |  |
| <b>General Obligation Bonds VPSA</b>                                                                                                                                                                                                                                                                                                                                                                                                                             |                 |                          |                           |               |                                  |               |                                                |               |                             |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |                 |                          |              |                    |  |  |  |                                      |  |  |  |                     |           |         |              |                     |           |         |              |                  |           |         |              |                   |           |           |               |                      |           |           |               |                     |           |           |               |          |           |           |               |                 |  |            |  |                                  |  |  |  |      |           |         |              |          |           |         |              |         |           |         |              |        |           |           |               |                          |  |           |  |                          |  |                   |  |                                |  |  |  |                        |           |         |             |                                  |           |           |               |                       |            |            |              |                          |  |                   |  |                         |  |                   |  |
| High School, etc.**                                                                                                                                                                                                                                                                                                                                                                                                                                              | 4,335,000       | 645,000                  | Dec 15, 2012              |               |                                  |               |                                                |               |                             |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |                 |                          |              |                    |  |  |  |                                      |  |  |  |                     |           |         |              |                     |           |         |              |                  |           |         |              |                   |           |           |               |                      |           |           |               |                     |           |           |               |          |           |           |               |                 |  |            |  |                                  |  |  |  |      |           |         |              |          |           |         |              |         |           |         |              |        |           |           |               |                          |  |           |  |                          |  |                   |  |                                |  |  |  |                        |           |         |             |                                  |           |           |               |                       |            |            |              |                          |  |                   |  |                         |  |                   |  |
| High School, etc.**                                                                                                                                                                                                                                                                                                                                                                                                                                              | 2,100,000       | 365,000                  | Dec 15, 2012              |               |                                  |               |                                                |               |                             |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |                 |                          |              |                    |  |  |  |                                      |  |  |  |                     |           |         |              |                     |           |         |              |                  |           |         |              |                   |           |           |               |                      |           |           |               |                     |           |           |               |          |           |           |               |                 |  |            |  |                                  |  |  |  |      |           |         |              |          |           |         |              |         |           |         |              |        |           |           |               |                          |  |           |  |                          |  |                   |  |                                |  |  |  |                        |           |         |             |                                  |           |           |               |                       |            |            |              |                          |  |                   |  |                         |  |                   |  |
| Refunded Bond***                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 8,565,000       | 340,000                  | Dec 15, 2011              |               |                                  |               |                                                |               |                             |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |                 |                          |              |                    |  |  |  |                                      |  |  |  |                     |           |         |              |                     |           |         |              |                  |           |         |              |                   |           |           |               |                      |           |           |               |                     |           |           |               |          |           |           |               |                 |  |            |  |                                  |  |  |  |      |           |         |              |          |           |         |              |         |           |         |              |        |           |           |               |                          |  |           |  |                          |  |                   |  |                                |  |  |  |                        |           |         |             |                                  |           |           |               |                       |            |            |              |                          |  |                   |  |                         |  |                   |  |
| Bethel Elementary                                                                                                                                                                                                                                                                                                                                                                                                                                                | 2,800,000       | 1,120,000                | July 15, 2016             |               |                                  |               |                                                |               |                             |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |                 |                          |              |                    |  |  |  |                                      |  |  |  |                     |           |         |              |                     |           |         |              |                  |           |         |              |                   |           |           |               |                      |           |           |               |                     |           |           |               |          |           |           |               |                 |  |            |  |                                  |  |  |  |      |           |         |              |          |           |         |              |         |           |         |              |        |           |           |               |                          |  |           |  |                          |  |                   |  |                                |  |  |  |                        |           |         |             |                                  |           |           |               |                       |            |            |              |                          |  |                   |  |                         |  |                   |  |
| Achilles & Botetourt                                                                                                                                                                                                                                                                                                                                                                                                                                             | 7,525,000       | 6,295,000                | July 15, 2023             |               |                                  |               |                                                |               |                             |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |                 |                          |              |                    |  |  |  |                                      |  |  |  |                     |           |         |              |                     |           |         |              |                  |           |         |              |                   |           |           |               |                      |           |           |               |                     |           |           |               |          |           |           |               |                 |  |            |  |                                  |  |  |  |      |           |         |              |          |           |         |              |         |           |         |              |        |           |           |               |                          |  |           |  |                          |  |                   |  |                                |  |  |  |                        |           |         |             |                                  |           |           |               |                       |            |            |              |                          |  |                   |  |                         |  |                   |  |
| Abingdon Elementary                                                                                                                                                                                                                                                                                                                                                                                                                                              | 6,505,000       | 6,105,000                | July 15, 2026             |               |                                  |               |                                                |               |                             |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |                 |                          |              |                    |  |  |  |                                      |  |  |  |                     |           |         |              |                     |           |         |              |                  |           |         |              |                   |           |           |               |                      |           |           |               |                     |           |           |               |          |           |           |               |                 |  |            |  |                                  |  |  |  |      |           |         |              |          |           |         |              |         |           |         |              |        |           |           |               |                          |  |           |  |                          |  |                   |  |                                |  |  |  |                        |           |         |             |                                  |           |           |               |                       |            |            |              |                          |  |                   |  |                         |  |                   |  |
| Abingdon                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 6,364,713       | 6,024,278                | July 15, 2027             |               |                                  |               |                                                |               |                             |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |                 |                          |              |                    |  |  |  |                                      |  |  |  |                     |           |         |              |                     |           |         |              |                  |           |         |              |                   |           |           |               |                      |           |           |               |                     |           |           |               |          |           |           |               |                 |  |            |  |                                  |  |  |  |      |           |         |              |          |           |         |              |         |           |         |              |        |           |           |               |                          |  |           |  |                          |  |                   |  |                                |  |  |  |                        |           |         |             |                                  |           |           |               |                       |            |            |              |                          |  |                   |  |                         |  |                   |  |
| Total VPSA Debt                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                 | 20,964,978               |                           |               |                                  |               |                                                |               |                             |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |                 |                          |              |                    |  |  |  |                                      |  |  |  |                     |           |         |              |                     |           |         |              |                  |           |         |              |                   |           |           |               |                      |           |           |               |                     |           |           |               |          |           |           |               |                 |  |            |  |                                  |  |  |  |      |           |         |              |          |           |         |              |         |           |         |              |        |           |           |               |                          |  |           |  |                          |  |                   |  |                                |  |  |  |                        |           |         |             |                                  |           |           |               |                       |            |            |              |                          |  |                   |  |                         |  |                   |  |
| <b>State Literary Fund Loans</b>                                                                                                                                                                                                                                                                                                                                                                                                                                 |                 |                          |                           |               |                                  |               |                                                |               |                             |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |                 |                          |              |                    |  |  |  |                                      |  |  |  |                     |           |         |              |                     |           |         |              |                  |           |         |              |                   |           |           |               |                      |           |           |               |                     |           |           |               |          |           |           |               |                 |  |            |  |                                  |  |  |  |      |           |         |              |          |           |         |              |         |           |         |              |        |           |           |               |                          |  |           |  |                          |  |                   |  |                                |  |  |  |                        |           |         |             |                                  |           |           |               |                       |            |            |              |                          |  |                   |  |                         |  |                   |  |
| Page                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 1,678,784       | 334,784                  | Dec 15, 2012              |               |                                  |               |                                                |               |                             |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |                 |                          |              |                    |  |  |  |                                      |  |  |  |                     |           |         |              |                     |           |         |              |                  |           |         |              |                   |           |           |               |                      |           |           |               |                     |           |           |               |          |           |           |               |                 |  |            |  |                                  |  |  |  |      |           |         |              |          |           |         |              |         |           |         |              |        |           |           |               |                          |  |           |  |                          |  |                   |  |                                |  |  |  |                        |           |         |             |                                  |           |           |               |                       |            |            |              |                          |  |                   |  |                         |  |                   |  |
| Abingdon                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 1,604,993       | 308,993                  | Dec 15, 2012              |               |                                  |               |                                                |               |                             |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |                 |                          |              |                    |  |  |  |                                      |  |  |  |                     |           |         |              |                     |           |         |              |                  |           |         |              |                   |           |           |               |                      |           |           |               |                     |           |           |               |          |           |           |               |                 |  |            |  |                                  |  |  |  |      |           |         |              |          |           |         |              |         |           |         |              |        |           |           |               |                          |  |           |  |                          |  |                   |  |                                |  |  |  |                        |           |         |             |                                  |           |           |               |                       |            |            |              |                          |  |                   |  |                         |  |                   |  |
| Peasley                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 2,489,419       | 489,419                  | Dec 15, 2012              |               |                                  |               |                                                |               |                             |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |                 |                          |              |                    |  |  |  |                                      |  |  |  |                     |           |         |              |                     |           |         |              |                  |           |         |              |                   |           |           |               |                      |           |           |               |                     |           |           |               |          |           |           |               |                 |  |            |  |                                  |  |  |  |      |           |         |              |          |           |         |              |         |           |         |              |        |           |           |               |                          |  |           |  |                          |  |                   |  |                                |  |  |  |                        |           |         |             |                                  |           |           |               |                       |            |            |              |                          |  |                   |  |                         |  |                   |  |
| Bethel                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 4,970,324       | 2,470,324                | July 15, 2018             |               |                                  |               |                                                |               |                             |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |                 |                          |              |                    |  |  |  |                                      |  |  |  |                     |           |         |              |                     |           |         |              |                  |           |         |              |                   |           |           |               |                      |           |           |               |                     |           |           |               |          |           |           |               |                 |  |            |  |                                  |  |  |  |      |           |         |              |          |           |         |              |         |           |         |              |        |           |           |               |                          |  |           |  |                          |  |                   |  |                                |  |  |  |                        |           |         |             |                                  |           |           |               |                       |            |            |              |                          |  |                   |  |                         |  |                   |  |
| Total Literary Fund Debt                                                                                                                                                                                                                                                                                                                                                                                                                                         |                 | 3,603,520                |                           |               |                                  |               |                                                |               |                             |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |                 |                          |              |                    |  |  |  |                                      |  |  |  |                     |           |         |              |                     |           |         |              |                  |           |         |              |                   |           |           |               |                      |           |           |               |                     |           |           |               |          |           |           |               |                 |  |            |  |                                  |  |  |  |      |           |         |              |          |           |         |              |         |           |         |              |        |           |           |               |                          |  |           |  |                          |  |                   |  |                                |  |  |  |                        |           |         |             |                                  |           |           |               |                       |            |            |              |                          |  |                   |  |                         |  |                   |  |
| <b>Total School Debt</b>                                                                                                                                                                                                                                                                                                                                                                                                                                         |                 | <b>24,568,498</b>        |                           |               |                                  |               |                                                |               |                             |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |                 |                          |              |                    |  |  |  |                                      |  |  |  |                     |           |         |              |                     |           |         |              |                  |           |         |              |                   |           |           |               |                      |           |           |               |                     |           |           |               |          |           |           |               |                 |  |            |  |                                  |  |  |  |      |           |         |              |          |           |         |              |         |           |         |              |        |           |           |               |                          |  |           |  |                          |  |                   |  |                                |  |  |  |                        |           |         |             |                                  |           |           |               |                       |            |            |              |                          |  |                   |  |                         |  |                   |  |
| <b>PRIMARY GOVERNMENT DEBT</b>                                                                                                                                                                                                                                                                                                                                                                                                                                   |                 |                          |                           |               |                                  |               |                                                |               |                             |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |                 |                          |              |                    |  |  |  |                                      |  |  |  |                     |           |         |              |                     |           |         |              |                  |           |         |              |                   |           |           |               |                      |           |           |               |                     |           |           |               |          |           |           |               |                 |  |            |  |                                  |  |  |  |      |           |         |              |          |           |         |              |         |           |         |              |        |           |           |               |                          |  |           |  |                          |  |                   |  |                                |  |  |  |                        |           |         |             |                                  |           |           |               |                       |            |            |              |                          |  |                   |  |                         |  |                   |  |
| Courthouse Series 2000                                                                                                                                                                                                                                                                                                                                                                                                                                           | 9,275,000       | 405,000                  | Nov 1, 2009               |               |                                  |               |                                                |               |                             |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |                 |                          |              |                    |  |  |  |                                      |  |  |  |                     |           |         |              |                     |           |         |              |                  |           |         |              |                   |           |           |               |                      |           |           |               |                     |           |           |               |          |           |           |               |                 |  |            |  |                                  |  |  |  |      |           |         |              |          |           |         |              |         |           |         |              |        |           |           |               |                          |  |           |  |                          |  |                   |  |                                |  |  |  |                        |           |         |             |                                  |           |           |               |                       |            |            |              |                          |  |                   |  |                         |  |                   |  |
| Courthouse Series 2006 Refunding                                                                                                                                                                                                                                                                                                                                                                                                                                 | 8,205,000       | 8,100,000                | Sept 14, 2030             |               |                                  |               |                                                |               |                             |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |                 |                          |              |                    |  |  |  |                                      |  |  |  |                     |           |         |              |                     |           |         |              |                  |           |         |              |                   |           |           |               |                      |           |           |               |                     |           |           |               |          |           |           |               |                 |  |            |  |                                  |  |  |  |      |           |         |              |          |           |         |              |         |           |         |              |        |           |           |               |                          |  |           |  |                          |  |                   |  |                                |  |  |  |                        |           |         |             |                                  |           |           |               |                       |            |            |              |                          |  |                   |  |                         |  |                   |  |
| Communications System                                                                                                                                                                                                                                                                                                                                                                                                                                            | 11,245,000      | 10,559,460               | July 1, 2017              |               |                                  |               |                                                |               |                             |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |                 |                          |              |                    |  |  |  |                                      |  |  |  |                     |           |         |              |                     |           |         |              |                  |           |         |              |                   |           |           |               |                      |           |           |               |                     |           |           |               |          |           |           |               |                 |  |            |  |                                  |  |  |  |      |           |         |              |          |           |         |              |         |           |         |              |        |           |           |               |                          |  |           |  |                          |  |                   |  |                                |  |  |  |                        |           |         |             |                                  |           |           |               |                       |            |            |              |                          |  |                   |  |                         |  |                   |  |
| <b>Total County Debt</b>                                                                                                                                                                                                                                                                                                                                                                                                                                         |                 | <b>19,064,460</b>        |                           |               |                                  |               |                                                |               |                             |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |                 |                          |              |                    |  |  |  |                                      |  |  |  |                     |           |         |              |                     |           |         |              |                  |           |         |              |                   |           |           |               |                      |           |           |               |                     |           |           |               |          |           |           |               |                 |  |            |  |                                  |  |  |  |      |           |         |              |          |           |         |              |         |           |         |              |        |           |           |               |                          |  |           |  |                          |  |                   |  |                                |  |  |  |                        |           |         |             |                                  |           |           |               |                       |            |            |              |                          |  |                   |  |                         |  |                   |  |
| <b>Grand Total Debt</b>                                                                                                                                                                                                                                                                                                                                                                                                                                          |                 | <b>43,632,958</b>        |                           |               |                                  |               |                                                |               |                             |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |                 |                          |              |                    |  |  |  |                                      |  |  |  |                     |           |         |              |                     |           |         |              |                  |           |         |              |                   |           |           |               |                      |           |           |               |                     |           |           |               |          |           |           |               |                 |  |            |  |                                  |  |  |  |      |           |         |              |          |           |         |              |         |           |         |              |        |           |           |               |                          |  |           |  |                          |  |                   |  |                                |  |  |  |                        |           |         |             |                                  |           |           |               |                       |            |            |              |                          |  |                   |  |                         |  |                   |  |

A Board member requested information on total County debt. This is a condensed version of the debt information provided each year in the adopted budget document.

| Debt – Bonds in Particular                                                                                                                                                              | Suggestion                                                                                |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• Municipal market</li> <li>• Institutional buyers</li> <li>• Tax treatment</li> <li>• Regulatory oversight</li> <li>• Bond indenture</li> </ul> | <ul style="list-style-type: none"> <li>• Foregoing debt</li> <li>• Paying cash</li> </ul> |

The majority of debt are bonds sold in the municipal market. The buyers of bonds are usually looking for instruments that preserve capital while generating tax free income. The lease purchase for the communications system does allow for one opportunity to make a prepayment at an amount not to exceed \$4.5 million.

|                               |              |
|-------------------------------|--------------|
| Petsworth sewer lift stations | \$ 85,000    |
| Achilles casework             | \$ 75,000    |
| School carpeting              | \$ 146,000   |
| TC Walker                     | \$ 135,000   |
| GHS & Page restrooms          | \$ 250,000   |
| Peasley lockers               | \$ 200,000   |
| GHS paving                    | \$ 60,000    |
| GHS track                     | \$ 192,000   |
|                               | \$ 1,143,000 |

There is no budget appropriation in FY 2010 for school capital needs (Capital Fund). This is a summary of several projects the school division listed in their school budget proposal documents of projects needing funding – but were not funded. These are an excellent example of projects that could (and probably should) be funded using cash – whether the cash comes from excess fund balance or operating cash.

Dr. Kiser reminded the Board of Supervisors that although there are no capital expenditures in the current operating budget, an appropriation was made from the stimulus money of \$500,000 which is being used for some capital projects. He noted, assuming the effect of what the Governor is proposing with the reductions in this year’s budget and how that will affect the stimulus revenue that might be expected next year then in FY 2011, he did not envision any federal money being directed toward capital projects.

Mrs. Ressler asked if the debt listed in the PowerPoint only included debt in the general fund and did not include the enterprise funds debt. She asked what the figure was for the enterprise fund debt. She indicated her reason was because she was questioned by a citizen regarding the total amount of debt the County has incurred.

Ms. Champion confirmed the debt did not include enterprise fund debt and she was not sure what the figure was.

Mr. Burak asked what the enterprise fund was.

Ms. Champion advised the enterprise fund was the utility fund and the debt incurred was to build the reservoir and reverse osmosis plant.

Ms. Burruss noted that every time the schools have carryover funds the money goes toward capital improvements and she did not want to see that end.

Ms. Altemus asked Ms. Champion to provide her with the total figure of the enterprise fund debt.

Ms. Champion noted there was a schedule in the CAFR that is being prepared that would provide that information.

Ms. Theberge noted money is not pulled from the general fund for the enterprise fund since the Board stopped supplementing the fund this year. She explained those funds come from sewer and water fees. She explained the taxes that are being collected now do not go toward paying any enterprise fund debt.

Ms. Champion advised the enterprise debt consist of revenue bonds.

Ms. Altemus questioned whether the Board does make a supplemental payment noting that the Board has paid almost a million dollars before.

Ms. Champion advised the supplement was eliminated during the last budget and utility rates were raised.

Ms. Altemus recalled the increase of 37 and a half percent. She explained if the Board did not increase the rates there would still be a supplement from the general fund going to the enterprise fund.

Mr. Allen felt that it was important to address Ms. Burruss about carryover funds versus fund balance which are two different subjects. He noted the fund balance is the County's difference and carryover is what the schools do not spend.

Ms. Burruss indicated she felt it was important to mention so that when funds became available they can be shifted from one pot or another.

Mr. Allen noted a large amount of the fund balance were funds the school system did not spend.

Mrs. Ressler disagreed with Mr. Allen. She pointed out that the schools revenue and expenditures balanced, where the County's revenue exceeded its expenditures.

Ms. Champion agreed the school fund balanced. She clarified that the school budget is not allowed to finish the year at anything less than that. She explained the budget appropriation written to the school is set so that the school system can spend what state money they receive, federal money and the local appropriation in total; however, the school system cannot keep any extra funds.

Mrs. Ressler noted the money returned from the school system totaled \$500,000. She indicated the County was already looking at \$660,000.

Ms. Champion advised the \$660,000 that was discussed at the July meeting included about \$200,000 from the school system.

Mrs. Ressler felt it was fair to say that both Boards were doing due diligence on savings. She suggested that to flat out say the extra funds would go back to the school system, in her opinion, the assumption is being made that the County is going to take the same stand and everything that the County has put off the excess funds are going to be used. She did not think that was a fair assumption at this point.

Mr. Allen was not implying that was what the Board was going to do.

**IN RE: CONSOLIDATION – BRENDA GARTON – COUNTY ADMINISTRATOR AND DR. BEN KISER – SUPERINTENDENT OF SCHOOLS**

Mrs. Ressler briefly went over the following chart comparing two different positions, one from the County and one from the School.

| COUNTY                                                                                                                           |                                     |                       | SCHOOLS                                                                                                                                                                                                                                                                     |                                                   |                       |
|----------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|-----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|-----------------------|
| <b>FULLTIME EMPLOYEE</b>                                                                                                         |                                     |                       | <b>FULLTIME EMPLOYEE</b>                                                                                                                                                                                                                                                    |                                                   |                       |
| <u>Standard Workweek</u>                                                                                                         | <u>Annualized</u>                   |                       | <u>Standard Workweek</u>                                                                                                                                                                                                                                                    | <u>Annualized</u>                                 | <u>Contract Days</u>  |
| 40 hours                                                                                                                         | 2080 hours                          |                       | 37.5 hours                                                                                                                                                                                                                                                                  | 1950                                              | 246                   |
| <b>Position: Custodian</b>                                                                                                       |                                     |                       | <b>Position: Custodian</b>                                                                                                                                                                                                                                                  |                                                   |                       |
| <u>Salary (min-mid-max)</u>                                                                                                      | <u># of FTE Incumbents</u>          | <u>Average salary</u> | <u>Salary (min-mid-max)</u>                                                                                                                                                                                                                                                 | <u># of FTE Incumbents</u>                        | <u>Average salary</u> |
| \$17,777 - \$22,222 - \$26,666                                                                                                   | 10.4                                | \$19,460              | \$19,134 - \$25,448 - \$31,763                                                                                                                                                                                                                                              | 28                                                | \$21,541              |
| <b>Position: IT Support Technician</b>                                                                                           |                                     |                       | <b>Position: Technology Technician II</b>                                                                                                                                                                                                                                   |                                                   |                       |
| <u>Salary (min-mid-max)</u>                                                                                                      | <u># of FTE Incumbents</u>          | <u>Average salary</u> | <u>Salary (min-mid-max)</u>                                                                                                                                                                                                                                                 | <u># of FTE Incumbents</u>                        | <u>Average salary</u> |
| \$31,837 - \$39,797 - \$47,756                                                                                                   | 2.5                                 | \$32,312              | \$27,470 - \$36,535 - \$45,600                                                                                                                                                                                                                                              | 1                                                 | \$38,671              |
| <b>FULLTIME BENEFITS</b>                                                                                                         |                                     |                       | <b>FULLTIME BENEFITS</b>                                                                                                                                                                                                                                                    |                                                   |                       |
| <b>VRS &amp; Group Life contribution - Employer Paid</b>                                                                         |                                     |                       | <b>VRS &amp; Group Life contribution - Employer Paid</b>                                                                                                                                                                                                                    |                                                   |                       |
| <b>VRS Retiree Health Ins. Credit: Min 15 yrs VRS service; contribution is \$1.50 per year of service per month; \$45.00 cap</b> |                                     |                       | <b>VRS Retiree Health Ins. Credit: Min 15 yrs VRS service; Non-professional group (custodian) - \$1.50 per year of service per month, \$45.00 cap; Professional group (Technology Tech) - \$4.00 per year of service per month, no cap</b>                                  |                                                   |                       |
| <b>Health Insurance</b>                                                                                                          |                                     |                       | <b>Health Insurance</b>                                                                                                                                                                                                                                                     |                                                   |                       |
| Employer Contribution ranges from \$366.02 to \$658.00                                                                           |                                     |                       | Employer Contribution ranges from \$360.00 to \$890.00                                                                                                                                                                                                                      |                                                   |                       |
| <i>Coverage Level</i>                                                                                                            | <i>Emp Only</i>                     | \$366.02              | <i>Coverage Level</i>                                                                                                                                                                                                                                                       | <i>Emp Only</i>                                   | \$360.00              |
|                                                                                                                                  | <i>Emp + 1 Minor</i>                | \$407.74              |                                                                                                                                                                                                                                                                             | <i>Emp + 1 Minor</i>                              | \$490.00              |
|                                                                                                                                  | <i>Emp + Spouse</i>                 | \$618.64              |                                                                                                                                                                                                                                                                             | <i>Emp + Spouse</i>                               | \$585.00              |
|                                                                                                                                  | <i>Emp +Family</i>                  | \$658.00              |                                                                                                                                                                                                                                                                             | <i>Emp +Family</i>                                | \$675.00              |
|                                                                                                                                  |                                     |                       |                                                                                                                                                                                                                                                                             | Family - Both (husband & wife employed w/GCPS FT) | \$890.00              |
| <b>Short Term Disability: No employer paid plan</b>                                                                              |                                     |                       | <b>Short Term disability: Employer paid - provides 66 2/3% of reg. weekly wage for up to 24 weeks, must exhaust all sick leave</b>                                                                                                                                          |                                                   |                       |
| <b>Additional Retiree Health Contribution</b>                                                                                    |                                     |                       | <b>Additional Retiree Health Contribution</b>                                                                                                                                                                                                                               |                                                   |                       |
| No                                                                                                                               |                                     |                       | In lieu of sick leave payout eligible retirees may receive a health insurance contribution of \$4.00 per full year of consecutive GCPS service per month capped at 30 years. Contribution ranges from \$60 to \$120 per month. 51 employees grandfathered under old policy. |                                                   |                       |
| <b>PAID TIME OFF</b>                                                                                                             |                                     |                       | <b>PAID TIME OFF</b>                                                                                                                                                                                                                                                        |                                                   |                       |
| <b>Holidays: 12 plus any special state holidays announced by Governor</b>                                                        |                                     |                       |                                                                                                                                                                                                                                                                             |                                                   |                       |
| <b>Personal Leave: No</b>                                                                                                        |                                     |                       | <b>Personal Leave: 2 days/yr - max accrual 5 days - beyond 5 days credits to sick leave</b>                                                                                                                                                                                 |                                                   |                       |
| <b>Sick Leave</b>                                                                                                                |                                     |                       | <b>Sick Leave</b>                                                                                                                                                                                                                                                           |                                                   |                       |
|                                                                                                                                  | Earn: 8hrs/month - no accrual limit |                       |                                                                                                                                                                                                                                                                             | Earn: 1 day/month - no accrual limit              |                       |
| Paid at Separation:                                                                                                              |                                     |                       | Paid at Separation:                                                                                                                                                                                                                                                         |                                                   |                       |
| Hrs Accrued Prior to 7/1/2004                                                                                                    | Hrs Accrued After 7/1/2004          |                       | Voluntary Separation                                                                                                                                                                                                                                                        | Retire after 7/1/08                               |                       |
| 0 to 12 months - no payment                                                                                                      | 0 to 60 months - no payment         |                       | 0 to 60 months - no payment                                                                                                                                                                                                                                                 | Less than 5 yrs - no payment                      |                       |
| 13 to 60 months - 25%                                                                                                            | 61 to 120 months - \$2.00/hr        |                       | beyond 60 months - \$25/day                                                                                                                                                                                                                                                 | 5 to 19 yrs - \$40 per day                        |                       |
| beyond 60 months - 50%                                                                                                           | 121 to 180 months - \$3.00/hr       |                       |                                                                                                                                                                                                                                                                             | 20 to 24 yrs - \$45 per day                       |                       |
| (Note: payment is a % of base rate in effect on 6/30/04)                                                                         | 181 to 240 months - \$4.00/hr       |                       |                                                                                                                                                                                                                                                                             | 25+ years - \$50 per day                          |                       |
|                                                                                                                                  | beyond 240 months - \$5.00/hr       |                       |                                                                                                                                                                                                                                                                             |                                                   |                       |
| <b>Annual Leave Earn &amp; Max Accrual</b>                                                                                       |                                     |                       | <b>Annual Leave Earn &amp; Max Accrual</b>                                                                                                                                                                                                                                  |                                                   |                       |
| 0 to 4 yrs of service - 8 hrs/mth - 192 hrs/max accrual                                                                          |                                     |                       | 0 to 59 months of service - 1.00 day/mth - 24 days/max accrual                                                                                                                                                                                                              |                                                   |                       |
| 5 to 9 yrs of service - 10 hrs/mth - 240 hrs/max accrual                                                                         |                                     |                       | 60 to 119 months of service - 1.25 days/mth - 30 days/max                                                                                                                                                                                                                   |                                                   |                       |

|                                                                                                                                       |                                                                                                      |
|---------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|
|                                                                                                                                       | accrual                                                                                              |
| 10 to 14 yrs of service - 12 hrs/mth - 288/hrs max accrual                                                                            | 120 to 179 months of service - 1.5 days/mth - 36 days/max accrual                                    |
| 15 + yrs of service - 14 hrs/mth -336 hrs/max accrual                                                                                 | 180 to 239 months of service - 1.75 days/mth - 36 days/max accrual                                   |
|                                                                                                                                       | 240+ months of service - 2.00 days/mth - 36 days/max accrual                                         |
| <b>Annual Leave Paid at Separation</b>                                                                                                | <b>Annual Leave Paid at Separation</b>                                                               |
| Unused hours, up to max accrual limit, paid at base rate of pay                                                                       | Unused hours, up to max accrual limit, paid at per diem amount                                       |
| <b>Funeral Leave:</b> 3 consecutive days                                                                                              | <b>Funeral Leave:</b> No ( <i>up to 5 days of sick leave can be used</i> )                           |
| <b>Military Leave:</b> 15 days per federal fiscal year                                                                                | <b>Military Leave:</b> 15 days per federally funded tour of duty                                     |
| <b>Volunteer/School Leave</b>                                                                                                         | <b>Volunteer/School Leave</b>                                                                        |
| Volunteer Fire & Rescue: Members receive paid leave to respond to calls during normal working hrs (8 am -4:30 pm)                     | Parent-Teacher Conferences: 1 hour per school-aged child each semester for parent-teacher conference |
| Blood Donation Leave: 2 hrs paid leave to donate blood (Gloucester Red Cross Blood Drives) during normal working hrs (8 am - 4:30 pm) |                                                                                                      |
| School Leave: 8 hrs/yr to meet w/child's teacher/attend child's school function/volunteer in schools                                  |                                                                                                      |

Mrs. Ressler requested that the chart be compiled since the word “consolidation” has been discussed recently. She felt that in order for a decision to be made regarding whether to put any time and energy into consideration of consolidation, that at least two examples needed to be examined, because the biggest hurdle to overcome would be the difference between personnel, salaries, benefits, hours worked, etc. She envisioned the decision being made before the end of the meeting whether to pursue consolidation.

Mr. Smith believed that the County and School Board tried before and it did not work.

Ms. Theberge indicated it worked in moderation. She mentioned purchasing was consolidated.

Dr. Pugh advised that consolidation was done twice. She indicated there were two different committees.

Mrs. Ressler recalled from the report that it was not a matter that it could not work, but that a decision was made not to pursue the matter based on the recommendations of things that needed to be done in the committee report.

Mr. Crewe advised that according to the report in Fall of 1999 there was going to need to be a two part RFP to accomplish and the County Administrator recommended to the Board to discontinue the consolidation effort due to organizational difficulties and costs associated with consolidating services. He noted nowhere did it say it could not be done. He noted times have changed and maybe it could work, but unless you try, who knows.

Ms. Theberge indicated the expenditure difficulties dealt with transportation and the need for a two or three million dollar building without funds. She felt transportation could still be consolidated once there was funding available to build a new building since there is no location large enough. She noted the staffing issue came down to requiring salaries to be cut or increased on one side or the other. She mentioned there was discussion about having two people working side by side with different pay scales or monetary levels.

Mr. Smith considered how costly it would have been in 1999 to consolidate compared to 2009.

Ms. Garton mentioned the study was originally performed by Municipal Advisors Incorporated in 1998 which is now Springstead Incorporated. She noted the study said there were areas of potential consolidation that could be considered. She advised the two recommendations that were made when the County chose not to do. She indicated those recommendations were a unification of the Pay and Personnel Policy and an economic feasibility study to determine if consolidation occurred, whether there would be any savings.

Mr. McGlohn recalled that payroll, finance, and purchasing were consolidated. He advised the payroll did not work. He agreed that the perception is that you could save a lot of money by consolidating but by the time the budget is complete there may not be enough personnel or time to do anything.

Mrs. Ressler advised a decision needed to be made to determine whether to pursue consolidation, not pursue consolidation or place it on the back burner for a couple of years.

Mr. McGlohn felt that once the budget was finished that there may not be enough FTE's or enough positions to consider. He did not want to spend thousands to save a couple hundred.

Mrs. Ressler was getting the general consensus that the School Board did not feel it would be worth pursuing at this time. She did not feel the County was in a financial position to pursue consolidation. She felt the consolidation could work.

Ms. Altemus recalled, as a member of the committee, the biggest issue was the full-time 40 hour employee working for the County and the 37.5 hour employee working for the School Board and how County employees felt they were getting lower wages and working more. She thought that frustration outweighed the desire to move forward. She noted there was an attempt to consolidate some of the services. She heard someone mention that a consolidation might incorporate the loss of employees in the next fiscal year. She suggested putting this matter to the side and after the 2011 budget, making a decision on whether to take another look at the matter.

Mr. Crewe agreed with Ms. Altemus and felt that the timing during the economic downturn was not the time and felt that it would be closer to 2012 before looking at the matter again. He noted the uncertainty with the State. He acknowledged that something definitely needed to be done with vehicle maintenance, which will require some capital improvements on both sides.

Dr. Pugh proposed tabling the matter until 2012 or 2013.

Ms. Burruss advised there were not many differences between the two positions except for the hours worked.

Mrs. Ressler pointed out that the average salaries were different.

Ms. Burruss noted if the roles were reversed she would not want to see the County's employees salary reduced. She stressed that the Boards cannot spend the rest of the year saying how much worse it was going to get.

Ms. Theberge suggested that both Boards, when the economy turns and the matter is revisited, make the commitment that the first thing done, before investing a

lot of money and staff time, is a feasibility study to determine whether there would actually be a savings.

Dr. Kiser noted he did not disagree with his colleagues and everyone. He indicated if a financial commitment is made he suggested that another commitment would need to be made. He advised that commitment is a willingness to truly consolidate where there is a clear line of authority, a clear delineation of resources, and that way there is a decision making infrastructure in place to make everything work. He indicated that neither he nor Ms. Garton want to mediate decisions and issues when there is a superficial consolidation with two separate operations.

Mrs. Ressler mentioned without the study no one would know which side would be best at doing the job.

It was the consensus of both Boards that due to the financial situation the discussion on consolidation be revisited in 2012. It was noted that before the Board does anything consideration be given to getting a feasibility study first.

Ms. Altemus felt 2012 was too far away and felt the discussion should be had every year at the joint meeting.

Ms. Garton suggested having the item as a standing agenda item for the joint meeting in September or October. She mentioned there are things that may occur naturally that makes that the moment to look at consolidation for a particular department. She gave the example of the County being at a point to build a new vehicle maintenance facility, which would be the time to look at consolidating the two departments.

Mr. McGlohn advised transportation was one of the things that would be addressed when Page Middle School is remodeled.

Mrs. Ressler checked with both Boards and the consensus was to have a discussion on consolidation as a standing item once a year.

Dr. Kiser asked to go back to Item D. He advised the past practice of the Board of Supervisors appropriating carryover money for one time capital projects has been quite beneficial to the School Board being able to maintain almost a million square feet of facilities and 300 acres of grounds. He understood that if the Board of Supervisors approves the fund balance policy changes they would not establish a future practice of what the Board might do with carryover money but just establishes the range the Board will hold as a fund balance.

Mrs. Ressler noted an addition was made that the fund balance policy would say that everything reverts back to the general fund. She read the following excerpt from the policy, "Fund balances in the School Fund and any other governmental funds are encumbrances and/or reappropriation of prior year balances unless an amount is designated for specific purposes by the Board." She advised there were some questions by Board members as to the wording and a desire to tighten that up to automatically revert back to the general fund. She mentioned the Board decided, at their last meeting, the discussion would be held off since the Board did not know where financially they stood. She noted the reason for bringing this up was to get suggestions from the School Board to consider.

Dr. Kiser understood that the policy change would not preclude future Boards from appropriating carryover if at that time the Board of Supervisors chose to do so.

Mrs. Ressler agreed that was correct. She noted Ms. Champion's recommendations did not go there and there have been discussions on the Board about having that added or not.

**IN RE: DISCUSSION/DECISION OF SCHEDULING JOINT MEETINGS  
REGULARLY – BRENDA GARTON – COUNTY ADMINISTRATOR**

Ms. Garton advised there have been quarterly meetings with the Chairs of the two bodies, Dr. Kiser and her. In those meetings they have talked about the advantage of having regularly scheduled meetings between the two full Boards. She mentioned they could be as frequently as quarterly but at least twice a year.

Ms. Parker asked if the meetings would be over and above the meetings for the budget.

Mrs. Ressler thought that when the yearly calendar was being made that the School Board could give up one of their second meetings and the Board of Supervisors could give up one of their second meetings. She noted that way there would be joint meetings scheduled without requiring additional meetings. She advised that she attended a VACo Education Steering Committee meeting where this idea was brought forward. She mentioned there was a School Board Member who became a Board of Supervisors member and discussions were had on how important it was to get both Boards together during these economically tough times, especially with stimulus funding for the school systems. She indicated the recommendation was for the two Boards to meet quarterly, the Superintendent along with both Boards Chair and the County Administrator would meet monthly, and then the Superintendent and the County Administrator would meet weekly. She explained that although when it was started it was a challenge they found they were able to avoid a lot of hot issues because discussions would start when the issues started. It was mentioned the biggest problem most Boards had was meeting around budget time. She noted the two Boards really need to meet another time during the year when money is not an issue. She pointed out that there are other issues that both Boards are dealing with that need to be talked about. She suggested rather than jumping into quarterly meetings that the two Boards meet twice a year, once during the budget and the other one like what was being done this evening. She felt the meeting thus far had been very productive even though a lot of major decisions were not made. She noted there had been a lot of discussion this evening with no heated subject that had to have a decision made other than consolidation. She suggested a meeting in August, September, or October and a budget meeting in late April.

Dr. Kiser advised the budget meeting was usually held in late March.

Ms. Theberge suggested September and March.

Mrs. Ressler asked when the School Boards proposed budget was done.

Dr. Kiser advised that the School Board usually acts on their proposed budget at their March meeting and they meet up through the second week in March to work through their process.

Mrs. Ressler asked how a joint budget meeting would be beneficial if the School Board would have already adopted their budget.

Dr. Kiser noted that past practice has been to discuss the proposed budget. He explained that if the intent is to discuss the budget prior to the School Board adopting their proposed budget that the practice would need to be changed.

Mrs. Ressler advised that that was part of the issue since no discussion was being had prior to the School Board adopting their proposed budget. She asked if it would be more beneficial to have the joint meeting prior to the adoption of the proposed budget.

Mr. McGlohn asked if the meeting was held earlier whether the School Board would need to come back again to discuss issues that may arise.

Mrs. Ressler indicated she was trying to work out the logistics to make the process better and the reason for the joint meetings.

Ms. Theberge noted that by late March both Boards would know what the General Assembly numbers would be and to try to make a budget or have discussions in January or February would be guessing. She explained that the School Board needs to work through their process because the Board is not going to tell the School Board how to put their budget together.

Dr. Kiser advised that there were constant communications between Ms. Garton, Ms. Champion, Ms. Wright and himself between the first of January and March. He indicated he wanted Ms. Garton and Ms. Champion to take their time in order to have the best possible number for local funding and to press establishing the appropriation of local dollars in February or March may be premature.

Ms. Altemus indicated her issue deals with the School Board wanting a certain percentage that the County does not have. She gave the example of the School Board requesting a ten percent increase in local funding and the County only being able to provide five percent. She wanted conversations done up front. She noted there was no way of knowing what the General Assembly was going to do, especially when they have problems ranging from transportation to CSA. She agreed with Dr. Kiser about needing to have the numbers right. She thought that in February everyone should have an idea of what they were going to do. She was okay with having the joint meeting in March.

Mr. Smith advised that, in the past, the County provides what it can and the School Board goes back and revises the proposed budget. He noted the process works.

Mrs. Ressler understood Mr. Smith and agreed with Ms. Altemus. She felt the School Board's budget should reflect what the County could afford and not what is perceived as a wish list that gets cut. She explained the thought process is that if the discussions were had before the proposed budget is adopted it would alleviate that misperception.

Mr. Burak advised he liked the March timeframe because that would allow the School Board time to go through their process and give them an opportunity to better explain the reasons why they were requesting "X" amount of money.

Ms. Belvin indicated a lot of time is spent at the end of January through the month of February with work sessions preparing the proposed budget and holding

public hearings for citizen comment. She felt that a projected figure could be provided to the School Board toward the end of February.

Ms. Burruss advised that Ms. Garton and Dr. Kiser worked well together coming up with a realistic figure to provide to both Boards, and wanted to let them continue to work through the process.

Mr. McGlohn agreed with Ms. Belvin. He noted they put a lot of time and effort into their budget process and he felt if an individual interprets the proposed budget as a wish list, they have not paid any attention to all the effort put into the budget process. He suggested reconsidering revenue sharing.

Ms. Altemus advised that her point was to keep everyone from wasting their time, especially if a number could be provided early on.

Ms. Garton advised that was done last year once there was an idea of what the projected revenue figures would be.

Mrs. Ressler reiterated that the joint meetings would be in March and September. She advised the Board would give up their September meeting and the School Board would give up their second meeting in March.

Mr. Burak thought that would work best since the School Board has the later meeting in March.

Mrs. Ressler advised the Board meets on the third Tuesday.

Mr. Burak advised the School Board meets the fourth Thursday.

It was the consensus of both Boards to have the School Boards second meeting in March a joint meeting and the Boards second meeting in September a joint meeting.

**IN RE: CIP PROCESS FOR NEXT YEAR'S BUDGET FY10/11**

Mrs. Ressler noted the CIP process for next year was skipped.

Ms. Garton explained that last year the process was outlined. She advised a CIP Committee would be set up this year and although there may not be funding for any projects, the requests still need to be looked at and projected out.

**IN RE: ADJOURNMENT**

Ms. Theberge moved, seconded by Mr. Rilee, that the meeting be adjourned. The motion carried upon the following vote: Mr. Allen, yes; Ms. Altemus, yes; Mr. Crewe, yes; Mr. Rilee, yes; Ms. Theberge, yes; Mr. Woodard, absent; Mrs. Ressler, yes.

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Michelle R. Ressler, Chair

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Brenda G. Garton, County Administrator