

**AT A CALLED BUDGET WORK SESSION OF THE BOARD OF SUPERVISORS OF  
ROCKBRIDGE COUNTY VIRGINIA, HELD AT THE ROCKBRIDGE COUNTY  
ADMINISTRATIVE OFFICE BUILDING AT 150 SOUTH MAIN STREET,  
LEXINGTON, VIRGINIA ON MONDAY, MARCH 17th, 2015,  
AT 4:00 P.M.**

**PRESENT:** CHAIRMAN J.M. HIGGINS,  
**MEMBERS:** R.R. CAMPBELL, A.W. LEWIS, JR., R. Ford  
D.W. HINTY, JR.

**COUNTY ADMINISTRATOR  
AND CLERK TO BOARD:** SPENCER H. SUTER  
**FISCAL SERVICES  
DIRECTOR:** STEVEN J. BOLSTER

**Call to Order**

Chairman Higgins called the meeting to order at 4:02 P.M and explained that the purpose of the meeting was for the Board to further discuss the School Division's presentation at the joint meeting on March 12<sup>th</sup>.

Mr. Campbell commented on the savings which he did not believe were acknowledged after consolidation of the County's two middle schools. He presented the Board with a handout of relevant news articles in which claimed savings were predicted.

Mr. Higgins posed a question regarding how the Virginia Retirement System (VRS) escrow fund is used and how much of it remains. Mr. Suter indicated that \$210,000 is included in the current (FY15) budget and that the remainder being budgeted for next year (FY16) is approximately \$174,000.

Mr. Higgins noted that he had, earlier in the day, received confirmation from School Superintendent Jack Donald that the Average Daily Membership (ADM) being used for revenue t projections is 2525.

Mr. Ford questioned where the \$200,000 in current year insurance savings had been spent. Mr. Higgins asked whether the schools' budget had been adjusted after the lower health insurance premium was revealed. Mr. Lewis noted that the schools had clearly explained this in their handout. He recommended that the Board assemble a list of questions and provide it to the School Board to answer at their public hearing on March 19th.

Mr. Higgins noted that he had asked several times how much money the schools projected to have remaining at the end of the year and had not gotten an answer. He noted that he still does not see any increase in state revenue reflected in the schools' proposed request, and that the only increase he sees is coming from the County.

Mr. Lewis noted that this is a categorical request to the County, and that Lexington's contribution is by formula and that the state's contribution is what it is. He noted that the schools do not have their budget ready and that it will be fully advertised when it is done.

Mr. Campbell stated that he cannot go along with the schools' budget request as presented.

Mr. Lewis asked Mr. Campbell if Dr. Donald had asked Mr. Campbell to stop by and go over the budget today.

Mr. Campbell replied that he had been in Waynesboro all day. He then noted that he had asked for a detailed budget last year, clearly communicating that he expected such detail to be provided for this year's budget proceedings.

In response to the earlier question about savings from consolidation, Mr. Hinty noted that every dollar of the consolidation went to savings.

Mr. Higgins noted that last year, the schools received \$1.7M in additional funding from the state, and over \$300,000 of the capital reserve was used. He noted that he had begged the schools last year not to use the additional state funds for ongoing expenditures.

Mr. Lewis indicated that Mr. Campbell had stated that we should avoid a tax increase, yet our projections published in 2012 show that we were anticipating a 2.8 cent increase in FYE2016. He noted that other savings could be found in the budget, and that we have cut schools - which is impacting the quality of education. He suggested that revenues be scraped to provide the funding.

In reference to after school programs, Mr. Ford noted that the 2016 session of the general assembly was to include measures to relieve some of the pressure on school divisions related to SOL performance.

Mr. Higgins stated that it is time to make a decision on what we will do on Thursday night. He noted that he has no problem helping the schools with raises, but he has trouble giving support without knowing the schools' revenues. He suggested starting with level funding and then asking the schools to answer some questions, so that we could work from there.

Questions to be forwarded were as follows:

- How much surplus is anticipated to remain at the end of the current fiscal year?
- What is the projection of new revenue from Lexington and the State?
- Is the insurance line the same as last year?
- What is the anticipated use of the \$174,000 VRS rainy day fund for next year?

Mr. Campbell stated that he had asked for a budget last year and that it has not been produced. He said that if he does not get one, he would vote for level funding.

Mr. Ford noted that the schools spent \$413,000 on salary increases last year and that he is looking to the schools to share from their savings in helping fund new increases.

Mr. Campbell noted that the School Board Chair had told him that the schools cannot complete a budget until they have a revenue number from the County, but that the schools could present an anticipated budget and then adjust it as needed. Mr. Hinty stated that he thinks "anticipated" is a good word and that the schools should start an anticipated budget early in the process.

Mr. Higgins noted that perhaps we should meet with the full school board throughout the year so that the schools can explain their budget. He noted that personnel is most of it.

Mr. Campbell stated that he would like to see how the schools close out their budget and set aside funding for future capital improvements.

Mr. Hinty suggested meeting every 2 months.

Mr. Lewis noted that Mr. Suter had approved the schools' CIP.

However, Mr. Suter replied that it is not his place to approve the CIP - that this is a matter for the full Board to approve. He added that it is important for the two boards to develop the CIP in tandem. With reference to the Supervisors' long-range fiscal planning goals as suggested by Davenport, he reminded the Board that we are looking to pay off 50% of our debt every 10 years. With an agreed-upon CIP, there is strong incentive for everyone to concentrate on setting surplus aside to fund projects and still meet long range goals.

Mr. Hinty noted that, with regard to planned capital improvements, an astroturf field would allow more teams to practice on a regular basis.

Mr. Higgins observed that every school board member works hard, but that, as a Board, they need to acquire a better knowledge of big-picture finances. He then stated that the consensus of the Board is to provide level funding.

Mr. Lewis suggested that there was not a consensus on this matter.

At that point, Mr. Higgins polled the Board as to support for beginning with level funding for the schools.

Mr. Ford and Mr. Campbell affirmed. Mr. Hinty affirmed, but noted that the need is there, just not the money. Mr. Lewis opposed. Mr. Higgins noted that he has no problem starting at the baseline and then

moving up if justified. Mr. Ford noted that the penny rate is always subject to change. He then commended staff for their hard work on the budget.

Chairman Higgins continued the meeting to Thursday, March 19<sup>th</sup> at 4:00 PM at the Rockbridge County High School for a joint meeting with the School Board.