

April 1, 2021

Virginia:

AT A CONTINUED MEETING of the Nelson County Board of Supervisors at 1:00 p.m. in the Old Board of Supervisors Room located on the fourth floor of the Nelson County Courthouse, in Lovingston Virginia.

Present: Jesse N. Rutherford, East District Supervisor – Vice Chair
Ernie Q. Reed, Central District Supervisor – Chair
Thomas D. Harvey, North District Supervisor
J. David Parr, West District Supervisor
Robert G. “Skip” Barton, South District Supervisor
Stephen A. Carter, County Administrator
Grace Mawyer, Administrative Assistant/Deputy Clerk
Candice W. McGarry, Director of Finance and Human Resources

Absent: None

I. Call to Order

Mr. Reed called the meeting to order at 1:07 pm, with all Supervisors present to establish a quorum.

II. Fiscal Year 2021-2022 Budget Work Session

A. General Fund Wrap-up

Ms. McGarry presented the following contingency updates:

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		<u>FY22 Recurring Contingency Introduced</u>		\$	356,566
		<u>Original \$</u>	<u>New \$</u>		
1	Regional Jail-Revised Expenditure	\$ 995,928	\$ 969,234	\$	26,694
2	Sheriff Dept. Body Worn Camera Grant- Exp	\$ -	\$ 47,065		
	State Reimbursement for Grant-Revenue	\$ -	\$ 47,065	\$	-
3	Add Comprehensive Plan-Capital Outlay 3-30-21			\$	(50,000)
3-30-21 Adjusted Recurring Contingency				\$	333,260
		<u>FY22 Non-Recurring Contingency Introduced</u>		\$	-
		<u>Original \$</u>	<u>New \$</u>		
1	Remove 4 Sheriff's Vehicles from Capital Outlay	\$ -	\$ 206,800	\$	206,800
	Remove Radio Subscriber Upgrade & Installation County Only from Capital				
2	Outlay	\$ -	\$ 606,056	\$	606,056
*3-30-21 Adjusted Non-Recurring Contingency				\$	812,856

Items to Revisit on April 1, 2021

- TJEMS Council - C. Sheets and D. Johnson Contacted
- Foothills Child Advocacy Center- Cynthia Hurst to Provide Other Locality Funding Information
- Rockfish Senior Center Meals - Betty Clayton Contacted
- # of Pollbooks to be Purchased- 22 (2 per 9 precincts, 2 Central Absentee and 2 Spares)
- Health Department Demographics - D. Bonds Contacted

Mr. Reed asked if replacing the Nelson County Service Authority radios could be added. Mr. Harvey stated that they don't need to replace those radios and added he isn't sure that the school bus radios need to be replaced, either. Mr. Carter noted that the radios are working perfectly fine right now, but Motorola is no longer supporting them. He added that the incentive is that Motorola is offering a huge discount of over half a million dollars right now. Mr. Reed asked if some of the stimulus money could potentially be used for this. Mr. Carter noted that Staff is still waiting for guidance from the Treasury. Ms. McGarry advised that if this is left in the budget in the contingency, then it is considered unallocated, so then they would not be supplanting any funds designated in the budget with stimulus money if it were an actual line item in the budget. She clarified that Staff would rather have this item in contingency.

Mr. Harvey referred to the Local EMS Council and noted that he would like to see the County fund them \$450,000, which is more than their requested \$411,485 and the same amount as FY21 funding. He noted that they have been saving money, and they have some things coming up that will need to be funded. Mr. Reed suggested funding them an additional \$20,000 instead of \$39,000. Mr. Harvey noted that they are a key organization in the county, and he thinks they will need the money, adding it would give them some flexibility with some other things they really need to do. He also noted that the EMS agencies have not been able to do any fundraising in the last year due to Covid-19. Mr. Parr advised that

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the Piney River Volunteer Fire Department lost \$12,000 by not having their chitling supper. Mr. Harvey reiterated his suggestion of funding the Local EMS Council an even \$450,000, and Mr. Rutherford agreed. Mr. Reed agreed and noted that there is nothing more important for the county.

Ms. McGarry noted that Staff received information about funding sources for Foothills Child Advocacy Center, and Mr. Rutherford stated he is fine with going with their requested amount of \$4,000. By consensus, the Board agreed to fund the requested \$4,000.

Ms. McGarry noted that Staff has contacted Betty Clayton to ask about financial information pertaining to Rockfish Senior Center meals, and they have not heard back, yet. She noted that the Board could always provide funding after the fiscal year starts. Mr. Rutherford asked if they did any meals this past year, and Mr. Harvey stated he does not think they did. The Board directed Staff to remove \$12,367 from that budget item.

Mr. Barton made note of the increase of the County's contribution to the Charlottesville jail and advised that OAR, or Offender Aid and Restoration, attempts to help prisoners not return to jail. He stated that OAR has been a legitimate organization for decades and urged for the Board to fully fund their FY22 request. Mr. Rutherford noted his experience on the Criminal Justice Board and suggested that Mr. Barton ask the Sheriff and Commonwealth Attorney about how they have seen OAR interact with staff. He added he has heard mixed reviews. Mr. Carter noted that the jail has numerous programs to prevent recidivism. Mr. Barton stressed that incarceration is a major problem in our society. Following further discussion, the Board directed Staff to put the \$2,527 back in the budget to fulfill OAR's full FY22 request of \$8,129.

Ms. McGarry noted that with the adjustments so far today, the recurring contingency is \$305,639. Mr. Carter advised that Staff still does not have the real estate, personal property, or machinery and tools books, and yesterday, the Commissioner gave staff the tax amount of the supplements since the last book. Ms. McGarry noted that this amounted to about \$600,000, and when that is plugged in to the model Staff has been using for personal property estimates, it could add another \$500,000 if that turns out to be accurate. She added that hopefully, the Commissioner will have the personal property book ready by the end of next week.

Mr. Rutherford asked if the Board would be interested in potentially waiving the machinery and tools tax for a year, adding it is only \$69,000. Mr. Harvey noted that some people pay it under personal property and some pay it under machinery and tools. Mr. Rutherford noted that something that was learned in the last budget cycle was that people are being taxed under personal property when it should have been machinery and tools. It was noted that the Board could also discuss changing the rates. Mr. Rutherford noted he would like to have a discussion on this as well as the dog licensing tax with the Treasurer and Commissioner of the Revenue. Mr. Carter noted that Nelson's machinery and tools tax rate is one of the lowest in the state. Mr. Harvey suggested setting up a committee and having the committee discuss these subjects with both offices and bring the information back to the Board.

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Ms. McGarry noted that the Commissioner of the Revenue has talked with other Commissioners in the state, and they are noticing that the NADA values on used vehicles have gone up. She noted that the Board and staff may see a bump in the budget figure because of that as well.

Mr. Rutherford and Mr. Parr volunteered to be on the committee and noted they would coordinate with the Treasurer and Commissioner. Mr. Reed noted he is not in support of decreasing the machinery and tools tax, but he is supportive of getting more information and other people's perspective on it.

B. Other Fund Budgets

Staff went over budgets for the Piney River Water/Sewer Fund, Debt Service Fund, Capital Fund, School Textbook Fund, and School Cafeteria Fund.

PINEY RIVER WATER/SEWER FUND 3/31/2021

EXPENDITURE SYNOPSIS - Proposed					
Expenditure by Dept.	FY 20-21 Amended Budget	FY 21-22 Proposed Budget	Increase/Decrease		% Change
Engineering Services	\$10,000.00	\$10,000.00	\$0.00		0.00%
New Connection Installation	\$10,000.00	\$5,000.00	-\$5,000.00		-50.00%
Maintenance and Repairs	\$30,000.00	\$34,000.00	\$4,000.00		13.33%
Electrical Services	\$12,000.00	\$12,000.00	\$0.00		0.00%
Billing/Postal Services	\$5,500.00	\$5,500.00	\$0.00		0.00%
Water and Sewer	\$49,000.00	\$49,000.00	\$0.00		0.00%
Telecommunications	\$1,100.00	\$1,100.00	\$0.00		0.00%
Permit Fees	\$300.00	\$298.00	-\$2.00		-0.67%
Maintenance Supplies	\$25,000.00	\$25,000.00	\$0.00		0.00%
Refunds	\$200.00	\$200.00	\$0.00		0.00%
Capital Improvements	\$228,153.00	\$0.00	-\$228,153.00		100.00%
Debt Service	\$0.00	\$0.00	\$0.00		0.00%
Reserve for Contingency	\$18,770.00	\$4,424.00	-\$14,346.00		-76.43%
Total	\$390,023.00	\$146,522.00	-\$229,155.00		-62.43%
REVENUE SYNOPSIS - Proposed					

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	FY 20-21	FY 21-22		
Revenues	Amended Budget	Proposed Budget	Increase/Decrease	% Change
Piney River Water/Sewer				
Fees for Water/Sewer	\$129,376.00	\$135,098.00	\$5,722.00	4.42%
Connection/Installation Fees	\$15,000.00	\$7,000.00	-\$8,000.00	-53.33%
Transfer from General Fund (Op)	\$0.00	\$0.00	\$0.00	0.00%
Transfer from General Fund (Cap)	\$39,788.00	\$0.00	-\$39,788.00	100.00%
Transfer from Genral Fund (Debt)	\$0.00	\$0.00	\$0.00	100.00%
Year Ending Balance	\$205,859.00	\$4,424.00	-\$201,435.00	-97.85%
Total	\$390,023.00	\$146,522.00	-\$243,501.00	-62.43%

Piney River Water and Sewer Fund:

The County owns the portion of the water and sewer system in Piney River, which is operated by the Nelson County Service Authority. This system is self-sufficient and in FY22 does not require support from the General Fund for operations. **The FY22 Fund budget is balanced at \$146,522;** a decrease of (\$229,155) or -62.43% from FY21. This decrease is primarily attributable to there being no capital expenditures planned in FY22 and capital projects being completed in FY21. As of March 31, 2021, this system serves 202 sewer customers and 103 water customers with 99 customers being sewer only and 103 having both water and sewer. The sewer only base rate per month is \$38.60 (\$29.60 sewer + \$9.00 grinder pump). The water and sewer base rate per month is \$68.50 (\$29.90 water + \$29.60 sewer + \$9.00 grinder pump).

Expenditures:

FY22 Expenditures are proposed to be \$146,522 with a Contingency Reserve of \$4,424. Notable proposed changes in expenditures for FY22 include: A decrease in new connection installation charges to allow for one (1) new connection during the year and an additional \$4,000 in maintenance and repairs to include anticipated annual maintenance for the new GAC system installed in FY21 to address corrective action required by DEQ. Additionally, no new capital improvements are proposed for FY22 at this time.

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Revenues:

FY22 Revenues are proposed to be \$146,522, utilizing a Year Ending Balance of \$4,424 that is attributed to carry-over funds from FY21. Additionally, fees for water/sewer service are anticipated to increase \$5,722 and fees for connection/installation are reduced to accommodate one (1) new connection/installation during the year. The transfer from the general fund in FY21 was for repairs to the main pump station which were not anticipated or built into the original budget and are not required in FY22. The fund continues to be self-supporting and no transfer from the General Fund for operations is needed at this time.

DEBT SERVICE FUND 3/31/2021

EXPENDITURE SYNOPSIS - Proposed					
	FY 20-21	FY 21-22			
Expenditure by Dept.	Amended Budget	Proposed Budget	Increase/Decrease	% Change	
County Debt Service					
Trustee Fees	\$1,097.00	\$1,096.00	-\$1.00	-0.09%	
Principal (Courthouse Ph.2)	\$205,000.00	\$210,000.00	\$5,000.00	2.44%	
Principal (Judicial Center)	\$385,000.00	\$400,000.00	\$15,000.00	3.90%	
Principal (Radio Project)	\$175,000.00	\$180,000.00	\$5,000.00	2.86%	
Principal (VRA Library)	\$170,000.00	\$175,000.00	\$5,000.00	2.94%	
Interest (Judicial Center)	\$145,844.00	\$131,106.00	-\$14,738.00	-10.11%	
Interest (Courthouse-Phase 2)	\$120,228.00	\$110,994.00	-\$9,234.00	-7.68%	
Interest (Radio Project)	\$21,397.00	\$13,050.00	-\$8,347.00	-39.01%	
Interest (VRA Library)	\$90,969.00	\$82,128.00	-\$8,841.00	-9.72%	
Total County Debt Service	\$1,314,535.00	\$1,303,374.00	-\$2,319.00	-0.85%	
County Debt for Schools					
Principal VPSA Bonds	\$955,000.00	\$1,005,000.00	\$50,000.00	5.24%	
Principal Lease Rev. 2002/2012/2021	\$565,000.00	\$639,000.00	\$74,000.00	13.10%	
Interest VPSA Bonds	\$186,023.00	\$136,043.00	-\$49,980.00	-26.87%	
Interest Lease Rev. 2002/2012/2021	\$155,994.00	\$59,670.00	-\$96,324.00	-61.75%	
Total County Debt for Schools	\$1,862,017.00	\$1,839,713.00	-\$22,304.00	-1.20%	
Total Debt Service	\$3,176,552.00	\$3,143,087.00	-\$33,465.00	-1.05%	
REVENUE SYNOPSIS -Proposed					

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	FY 20-21	FY 21-22		
Revenues	Amended Budget	Proposed Budget	Increase/Decrease	% Change
Transfers from General Fund	\$3,176,552.00	\$3,143,087.00	-\$33,465.00	-1.05%
Transfers from Capital Fund	\$0.00	\$0.00	\$0.00	0.00%
Total Transfers	\$3,176,552.00	\$3,143,087.00	-\$33,465.00	-1.05%
Year Ending Balance	\$0.00	\$0.00	\$0.00	0.00%
Total	\$3,176,552.00	\$3,143,087.00	-\$33,465.00	-1.05%

Debt Service Fund:

The County pays principal and interest for both County and School related debt out of the Debt Service Fund. A corresponding transfer from the General Fund to the Debt Service Fund is made at the beginning of each Fiscal Year in order to facilitate these payments. **Total School and County debt service payments for FY22 will be \$3,143,087** and **total debt balances at the beginning of FY22 are \$16,567,000**. Total Debt Service payments for FY22 are a decrease of (\$33,465) or - 1.05%.

The FY22 payments for County debt total \$1,303,374, a decrease of (\$2,319) or -0.85% from FY21. This slight decrease is associated with the increase in principal payments on all debt and reductions in interest payments on all debt. **County debt balances at the beginning of FY22 are \$7,915,000** and consist of debt for the 2012 State mandated radio narrow-banding project, the 2013 and 2015 additions/renovations for the Judicial/Sheriff/Courts wing and the Circuit Court/Administration areas, and the 2018 Library Expansion project.

The FY22 payments for School debt total \$1,839,713, a decrease of (\$22,304) or -1.20% due to the decrease in interest payments being greater than the increase in principal payments. In FY21, the County refinanced 2012 VPSA debt for the same term but at a lower interest rate such that overall savings for the next seven (7) years is \$185,368; approximately \$26,000-\$27,000 per year through June 2028. **School debt balances at the beginning of FY22 are \$8,652,000** and consist of two financings for the Nelson Middle School construction and High School renovation projects.

CAPITAL FUND 3/31/2021

EXPENDITURE SYNOPSIS- Proposed					
	FY 20-21		FY 21-22		
Expenditure by Dept.	Amended Budget		Proposed Budget	Increase/Decrease	% Change
Capital Projects					
Capital Reserve (School)	\$300,500.00		\$300,500.00	\$0.00	0.00%
Capital Reserve (Unallocated)	\$404,751.00		\$404,751.00	\$0.00	0.00%
Total	\$705,251.00		\$705,251.00	\$0.00	0.00%

REVENUE SYNOPSIS - Proposed

	FY 20-21		FY 21-22		
Revenues	Amended Budget		Proposed Budget	Increase/Decrease	% Change
Capital Projects					
Interest on Investments	\$0.00		\$0.00	\$0.00	0.00%
Bond Proceeds	\$0.00		\$0.00	\$0.00	0.00%
VPSA Refunding Proceeds	\$0.00		\$0.00	\$0.00	0.00%
Transfer from General Fund	\$0.00		\$0.00	\$0.00	0.00%
Year Ending Balance	\$705,251.00		\$705,251.00	\$0.00	0.00%
Total	\$705,251.00		\$705,251.00	\$0.00	0.00%

The Capital Fund as it currently exists has been by accounting standards an "assigned" balance within the General Fund and therefore not considered when calculating unassigned General Fund Balance. Should this fund not be appropriated in FY22, these funds would become unassigned within the General Fund Balance. The \$300,500 School reserve was set aside in case its use for remediating the building envelope at Tye River Elementary School became necessary. The remaining balance is unallocated within the fund.

Capital Fund:

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The Capital Fund was created to segregate larger capital projects from the General Fund. It currently provides a holding place for **capital reserves of \$705,251**; \$300,500 of these funds were set-aside by the Board of Supervisors for remediating the building envelope at Tye River Elementary School if needed and \$404,751 is un-allocated.

This fund as it currently exists has been by accounting standards an "assigned" balance within the General Fund and therefore not considered when calculating unassigned General Fund Balance. Should this fund not be appropriated in FY22, these funds would become unassigned within the General Fund Balance.

SCHOOL TEXTBOOK FUND

EXPENDITURE SYNOPSIS- Proposed				
Expenditures	FY 20-21 <u>Amended Budget</u>	FY 21-22 <u>Proposed Budget</u>	Increase/Decrease	% Change
Textbook Fund Expenditures				
School Textbook Payments	\$834,000.00	\$531,450.00	-\$302,550.00	-36.28%
Total	\$834,000.00	\$531,450.00	-\$302,550.00	-36.28%

REVENUE SYNOPSIS - Proposed				
Revenues	FY 20-21 <u>Amended Budget</u>	FY 21-22 <u>Proposed Budget</u>	Increase/Decrease	% Change
Textbook Fund Revenues				
Interest on Investments	\$17.00	\$17.00	\$0.00	0.00%
Supplement School Operations	\$172,381.00	\$161,967.00	-\$10,414.00	-6.04%
Carryover Funds	\$661,602.00	\$369,466.00	-\$292,136.00	-44.16%
Total	\$834,000.00	\$531,450.00	-\$302,550.00	-36.28%

School Textbook Fund:

Dr. Eagle has requested an appropriation of the FY22 School Textbook Fund in the amount of \$531,450. Staff was advised that the Instructional Office and Division staff were currently working to finalize a science textbook adoption, which is anticipated to cost around \$200,000 and may be billed prior to the end of FY21. In which case, the FY22 appropriation request amount would be revised.

The FY22 School Textbook Fund is balanced at \$531,450, a decrease of (\$302,550) from FY21 or -36.28%. Expenditures are anticipated to be \$531,450 in School Textbook Payments with Revenues being primarily a supplement from School Operations of \$161,967 and anticipated FY21 Carryover Funds of \$369,466.

SCHOOL CAFETERIA FUND

EXPENDITURE SYNOPSIS- Proposed				
Expenditures	FY 20-21 Amended Budget	FY 21-22 Proposed Budget	Increase/Decrease	% Change
Cafeteria Fund Expenditures				
Food Services Equipment	\$274,838.00	\$267,475.00	-\$7,363.00	100.00%
Total	\$274,838.00	\$267,475.00	-\$7,363.00	100.00%
REVENUE SYNOPSIS - Proposed				
Revenues	FY 20-21 Amended Budget	FY 21-22 Proposed Budget	Increase/Decrease	% Change
Textbook Fund Revenues				
Carryover Funds	\$274,838.00	\$267,475.00	-\$7,363.00	100.00%
Total	\$274,838.00	\$267,475.00	-\$7,363.00	100.00%

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School Cafeteria Fund:

Dr. Eagle has requested an appropriation of the FY20 Cafeteria Fund balance as presented in the FY20 audit at June 30, 2020 in order to cover any large, unexpected expenditures for the year. She advised that the cash balance shown in the FY20 County Audit was \$267,475. **This fund is proposed to be appropriated pending any adjustments as requested with \$267,475** in Food Services Equipment expenditures and anticipated FY21 Carry-Over fund revenues of \$267,475.

C. Resolution – Authorization for Public Hearing (R2021-17)

Mr. Rutherford moved to approve Resolution **R2021-17** Authorization for Public Hearing on FY22 Budget and Mr. Harvey seconded the motion. Mr. Barton asked if the Board will have the opportunity to comment on the budget at the public hearing, and Staff stated yes. Mr. Rutherford noted that according to State law, the Board has to wait seven days after the public hearing before voting on the budget. There being no further discussion, Supervisors voted unanimously (5-0) by roll call vote to approve the motion and the following resolution was adopted:

**RESOLUTION R2021-17
NELSON COUNTY BOARD OF SUPERVISORS
AUTHORIZATION FOR PUBLIC HEARING ON FY22 BUDGET**

RESOLVED, by the Nelson County Board of Supervisors that a public hearing on the FY22 Budget is hereby authorized to be held on Tuesday, May 4, 2021 at 7:00 PM in the General District Courtroom of the Courthouse in Lovingson, Virginia.

III. Other Business (As May Be Presented)

It was noted that the public hearing for the budget would be held during an evening session on May 4th, and Staff proposed that the Board adopt the budget during the regular meeting on May 11th.

IV. Adjourn

At 2:15 PM, Mr. Rutherford moved to adjourn and Mr. Barton seconded the motion. There being no further discussion, Supervisors voted unanimously (5-0) by roll call vote to approve the motion and the meeting adjourned.