

## Board of Supervisors - May 13, 2019 Recessed Meeting

---

The Wise County Board of Supervisors met in a Recessed Meeting on Monday, May 13, 2019 @ 4:00 PM in the School Board Education Center located at 628 Lake Street in Wise. The following members were present:

Honorable Dana G. Kilgore – Chairman  
Honorable Robert E. Robbins, Jr., - Vice-Chairman  
Honorable J. H. Rivers  
Honorable John Schoolcraft  
Honorable Robert R. Adkins  
Honorable Steve Bate  
Honorable Bobby Cassell  
Honorable Fred Luntsford – members of said Board and  
Michael W. Hatfield – County Administrator  
Karen T. Mullins – County Attorney  
Annette Underwood – Executive Secretary

### IN RE: MINUTES OF APRIL 11, 2019

There being a need for further clarification on the motion made by Supervisor Robbins at the meeting held on 4-11-2019, regarding the real & personal property tax rate increase for 2019/20, a motion was made by J. H. Rivers, seconded by Bob Adkins, to table any action on those Minutes until the June meeting. The motion was unanimously approved.

### IN RE: COUNTY (PROPOSED) BUDGET FY 2019/20

Administrator Hatfield provided a power point presentation reviewing the following draft of the County proposed budget for FY 2019/20:

#### **DRAFT BUDGET UPDATE**

Revenues	\$56,711,940.70
Expenditures	\$57,656,394.51
Balanced budget	\$ -944,453.81

#### **REVENUES /CHANGES FROM FY 2019**

- General property taxes down
- Slight coal Severance increase
- Slight sales tax decrease
- Other revenue unfavorable vs. 2019
- Overall local revenues down \$1,100,000
- Federal & state schools revenues increase by \$1,948,757
- Tax increase –real estate 7-cents & personal property 7-cents
- 3 cents to school debt
- 2 cents to County office facility
- 2 cents to general fund

#### **EXPENDITURES / CHANGES FROM FY 2019**

- School debt increase by \$660,000
- VRS increase from FY 2019 – new rate is 11.44%
- Health insurance increase of 11.1%
- Employee portion also increase 11.1%
- Slight decrease capital outlay expenses
- Increase in several other departments (Mandated or required)
- \$176,903 decrease in landfill cost mainly due to debt service on landfill expansions (VRA) and less capital improvements being required
- 3% COLA included for County employees

### **SIGNIFICANT EXPENDITURES / GENERAL FUND BUDGET / AMOUNTS OVER \$1M**

- \$15,892,321.00 – Wise County schools – local fund
- \$ 9,478,681.00 – Social Services –approximately 13% funded by local
- \$ 4,842,852.00 – Law enforcement & 911 (approximately \$2.5M funded by State)
- \$ 3,452,852.48 – Regional Jail –All local funded
- \$ 2,987,479.00 – Landfill & Collection costs –all local funded
- \$ 1,299,879.00 – Commonwealth Attorney (\$76K funded by state)

### **OTHER INFORMATION**

- Wise County School Board
- School Board requests level local funding
- I recommend that the Board decrease funding to the School Board by \$944,453 due to sufficient state funding to fund teacher increases and the need to save fund balance for school debt service
- CONTINUED EFFORT TO DECREASE COSTS IN ALL COUNTY DEPARTMENTS IN THE COMING YEAR

### **NOTES FOR THE BOARD**

- Total draft school funding is \$15,889,321 (\$811,451 increase from FY 2019) This amount is \$398K from operations, add to debt service of \$663K and, a \$250K decrease in capital outlay
- This amount is 44% of local Revenues and 27.6% of the draft total budget
- The debt service payment increases in FY 2020 by \$663K, and another \$102K in FY 2021 with additional increases through FY 2027 for a total increase of \$1.5M
- **REMINDER:** We refinanced debt in 2015 to allow for economic development & time to adjust for larger principal payments

A chart showing Wise County School projected operational funding by the Board of Supervisors for FY 2015 – FY 2022 was reviewed.

Supervisor Rivers stated that the County budget deficit and the proposed cuts for the School Board were the same.

Administrator Hatfield stated that he has recommended cutting the school budget to balance the County budget.

Supervisor Rivers questioned several of the cuts that were being made. He noted that he would like for the poll workers and Electoral Board to get a pay increase, and also find money to pay for the increase in insurance for the County employees.

Board members discussed the cuts that have been made to the County departments.

Administrator Hatfield stated that departments have been cut \$6,000,000. If further cuts are made in some departments, it will be personnel.

Supervisor Schoolcraft questioned whether or not this budget cut would affect the raises for the school. He would like to see where the cuts will be made in the School budget.

Administrator Hatfield stated that the State funds 50% of those raises. In reviewing the school budget, there is sufficient funding to cover those raises even with the \$944,000 cut that he has recommended.

Supervisor Cassell stated that he appreciated the work that has been put into getting the budget together for the Board's review, and the hours spent in meeting with the department heads to discuss their budgets for possible cuts and needs. He made a motion to approve the budget. Bob Adkins seconded the motion.

It was noted that a public hearing must be held on the budget for public input before it can be approved.

Mr. Cassell withdrew his motion and Bob Adkins withdrew his second.

Supervisor Bates wanted to know how this decrease would affect the school system, and where their budget would be cut. He doesn't want to hurt the school system now that it's doing well. It's hard to cut their budget since the taxes have been raised 7 cents.

Chairman Kilgore stated that last year the auditors reported that the School Board had extra money that they took and paid over \$800,000 in prepaid. Checks for \$1.2M were written and held until mid-November, and this is because the County has been over funding them. This money should have been left in the bank to draw interest until payments were due. She further noted that this money could have been used to buy school supplies for classrooms, and to pay for aides that the public has been told they don't have. However, she wanted to see where those cuts would be made.

Supervisor Robbins noted that for the past several years, cuts have been made to the County departments but no cuts to the School Board budget.

Supervisor Rivers said there needs to be more discussion and more time to review both budgets before sending out to public hearing. He does not agree with all the cuts that have been made and he cannot vote to set a public hearing at this time.

There was some discussion on the Appropriation Fund Balance.

After further discussion, a motion was made by Bobby Cassell, seconded by Bob Adkins, to set a public hearing for June 13, 2019 @ 6:00 PM in the School Board Education Center to receive citizens' comments regarding the County's proposed FY 2019/20 budget, which includes a reduction in the School Board budget by \$944,453.81.

Aye- Dana Kilgore  
Robby Robbins  
Fred Luntsford  
Bobby Cassell  
Bob Adkins

Nay - Steve Bates  
J. H. Rivers  
John Schoolcraft

Motion carried.

Treasurer Smith reviewed and discussed with the Board the status of the County's cash and investments as of April 30, 2019 as follows:

Analysis of cash balances – General Fund for the period of July 2018 thru April 2019

July 2018 beginning checking cash balance ....\$663,372  
 July 2018 ending balance for cash & Investment ...\$15,979,261

April 2019 beginning checking cash balance .... (\$357,182)  
 April 2019 ending cash & investment balance ... \$10,742,358

SUMMARY OF CASH BALANCES – GENERAL FUND AS OF April 30, 2019

Total cash & Investments 04/30/18....\$14,010,738  
 Total cash & Investments 04/30/19....\$10,742,358

Debt Reserve 04/30/18.....(\$4,549,862)  
 Budget Reserve 4/30/18.... (\$5,517,383)  
 Remaining Balance Unreserved... (\$3,943,493)

Debt Reserve 04/30/19..... (\$4,133,366)  
 Budget Reserve 04/30/19..... (\$5,012,869)  
 Remaining Balance Unreserved 04/30/19.....\$1,596,123

BUDGET ALLOCATIONS REMAINING

04/30/19 ....Public Schools	(\$3,747,258)
04/30/19.....Landfill & Sewer	(\$ 618,507)
04/30/19.....Social Services (Local)	<u>(\$ 312,752)</u>
Total	(\$3,082,394)

ESTIMATED COLLECTIONS

Estimated Collections RE 1st half & early 2nd	\$7,395,719
Estimated Collections PSC 1st half	<u>\$4,951,924</u>
Total estimated thru June 30, 2019	\$ 12,347,643
Actual collections thru April 2019.....	(\$178,539)
Remaining estimated collections.....	\$12,169,104

Estimated collections remaining after commitments & restrictions.....\$9,086,710

VARIANCE OF CASH BALANCED FOR THE PERIOD APRIL 2018 THRU APRIL 2019

April 2018... Beginning Balance cash & investment..... \$11,382,164  
 Monthly Variance....(\$3,593,706)

April 2019....Ending balance..... \$10,742,358  
 Monthly Variance .....(\$4,233,512)  
 Ending net cash balance .....(\$4,233,512)

Ms. Smith stated that the Board has done away with all the "cushion" that has been there over the years and now realize that economic times have changed, and the County needs to get in line with those

changes. A major change is that a tax from the coal companies is no longer there, and the population has decreased, which means less revenue from real estate and personal property taxes.

IN RE: APPROPRIATIONS (THIRD MONTH) OF 4TH QUARTER

County Administrator Hatfield provided a power point on the June (4th quarter) appropriations for FY 2019 with a short fall in revenues of \$950,000.

He recommended that the general fund appropriations be decreased by \$950,000 with the following cuts to meet this shortfall:

- County Administrator -- \$99,500
- Legal Services -- \$20,000
- Treasurer -- \$33,300
- Registrar -- \$34,800
- Clerk of Circuit Court - \$60,600
- Commonwealth Attorney -- \$55,400
- Building & Zoning -- \$50,000
- Courthouse --\$93,300
- Social Services - \$130,000
- Schools -- \$400,000

He stated that he has spoken with the School Superintendent regarding the cut he has recommended for the school budget.

Supervisor Rivers voiced his opposition to cutting the schools another \$400,000.

After further discussion, a motion was made by Bob Adkins, seconded by Robby Robbins, to approve the 4th quarter appropriations as presented.

Aye-	Fred Luntsford	Nay-	J. H. Rivers
	Bobby Cassell		
	Steve Bates		
	John Schoolcraft		
	Dana Kilgore		
	Bob Adkins		
	Robby Robbins		

Motion carried.

ADJOURN

There being no further business to come before the Board, a motion was made by Bob Adkins, seconded by Robby Robbins, to adjourn the meeting at 5:50 PM. The motion was unanimously approved.

ATTEST:

WISE COUNTY BOARD OF SUPERVISORS

---

Michael W. Hatfield, Clerk

---

Dana G. Kilgore, Chairman