

VIRGINIA:

A special meeting of the Lancaster County Board of Supervisors was held in the Administrative Building Board/Commission Meeting Room of said county on Thursday, January 9, 2014.

Members Present: B. Wally Beauchamp, Chair
 Jason D. Bellows, Vice Chair
 F. W. Jenkins, Jr., Board Member
 Ernest W. Palin, Jr., Board Member
 William R. Lee, Board Member

Staff Present: Frank A. Pleva, County Administrator
 Crystal Whay, Building/Land Use Secretary

Mr. Beauchamp called the meeting to order at 4:30 p.m.

CONSIDERATION ITEM

1. Consideration of the School Board Request for a \$59,200 Supplemental Appropriation of County Funds to the Administration, Attendance and Health Expenditure Category of the Fiscal Year 2013-14 School Budget for Compensation of the Interim Division Superintendent

Mr. Beauchamp asked Mr. Pleva if he had any comments before he called on Dr. Robert Westbrook, School Board Chairman.

Mr. Pleva stated that the issue was to consider the School Board request for a \$59,200 Supplemental Appropriation of County Funds to the Administration, Attendance and Health Expenditure Category of the Fiscal Year 2013-14 School Budget for Compensation of the Interim Division Superintendent.

Mr. Beauchamp congratulated Dr. Westbrook on his election to the School Board.

Dr. Westbrook thanked the Board of Supervisors for their time and for calling the special meeting. He stated that they have changed direction with the School Board and they have hired Mrs. Sandy Spears as the Acting Superintendent. He stated that they are concerned about the money because they still have to pay Dr. Lukich through the remainder of his contract. He stated that it might be possible that they have enough money to do both, but as insurance, the School Board requested that Dr. Westbrook ask the Board of Supervisors for the money for Mrs. Spears. He stated that he thought it

would be money well spent and Mrs. Spears will be an asset for the school. He stated that Mrs. Spears will only be with the school for six months, but that six months can make a big difference.

Dr. Westbrook stated that he would also like to request that the second half of the allocation no longer be categorized. He stated that they could shift money around as they saw fit and it would be a big help.

Mr. Lee stated that he had known Mrs. Spears for a long time and she was a wonderful person. He stated that his question was why another person was brought in, when essentially the school had an assistant superintendent in Mr. John Tupponce. He stated that Mr. Tupponce worked directly under Dr. Lukich and was already on the payroll.

Dr. Westbrook replied that the feeling was that they needed to change direction and they were concerned whether Mr. Tupponce would see things through fresh eyes after serving under Dr. Lukich. He stated that he did not want to be unfair to Mr. Tupponce, but they wanted someone who the teachers would have confidence in and had a track record with the school. He further stated that he would encourage Mr. Tupponce to apply for the superintendent's position.

Mr. Beauchamp stated that he had approximately seven phone calls from teachers that stated Mrs. Spears was the right choice and that morale has changed overnight.

Mr. Lee stated that he was looking at it from a money standpoint with Mr. Tupponce already being on the payroll and the administrative costs already being top-heavy.

Dr. Westbrook stated that he was changing the subject somewhat but that they are also behind on the budget process. He stated that, in his opinion, they should have already had something to give to the Board of Supervisors on the upcoming school budget. He stated that it did not have anything to do with today's request, but that they would be addressing these issues.

Dr. Westbrook stated that Mrs. Spears has been hired, whether the school receives the additional money or not. He stated that it would be a big help if they did not have to take \$59,200 out of the instruction category to go into administration. He stated that he agreed with Mr. Lee's comment on the administration costs being top-heavy. He stated that administration is supposed to be there to support education and instruction and right now the balance is off.

Mr. Jenkins asked about a recent resignation in administration.

Dr. Westbrook replied that Carol Badenoch recently resigned. He stated that she handled the Medicaid billing for the schools. He stated that Sue Salg, the school finance

director, stated that Ms. Badenoch's position was paid largely by a federal grant and is not a position to leave vacant.

Mr. Jenkins stated that the county auditor's interim report shows that at the end of the last fiscal year, the school system had left unspent \$234,000. He asked why the school system was not more confident that the money for the interim superintendent was already there, considering the amount left over from last year.

Dr. Westbrook stated that he hoped the money was there. He stated that he knew if the Board of Supervisors allocates the money and the school finds the money, then it will come back to the County.

Dr. Westbrook stated that speaking of an audit, he would be in favor of a different company doing an audit of the schools that would satisfy Jack Larson, George Bott and anyone else who may be interested. He stated that he is talking about trust, transparency and accountability and wants to have a good working relationship with the Board of Supervisors.

Mr. Palin referred to the leftover unspent funds and stated that he had dealt with this budget area since 1998. He stated that some of those monies were with federal programs and in order to spend the grant funds, the school division has to request it from the local funds, then be reimbursed to go back to the County. He stated that when he was handling the grants, he always carried over approximately \$100,000. He stated that he did not know how they handled it now, but as much as fifty percent of the unspent figure could be in federal grants. He stated that the reason he carried over what he did was because some of those grants covered professional development during the summer time. He stated that there was also another grant, which supported salaries. He stated that he wanted to carry over a certain amount so in case they lost the grant, they would have time to find other monies for salaries and would not need to lay people off.

Mr. Jenkins asked if Mr. Pleva understood the issue. He asked if they put money up front and the federal or state reimbursement lags behind, how does the auditor, Paul Lee, handle it, such as a carry-over.

Mr. Pleva stated that Mr. Jenkins wants to know if the expense is accrued back to the prior fiscal year.

Mr. Bellows stated that, in the final months of the last fiscal year, the school system spent money like it grew on trees. He stated that they had over \$600,000 in invoices that went out in a few short months. He stated that it appears that they are running the budget in reverse.

Dr. Westbrook stated that he did not think that would happen this year if they spend their money responsibly. He stated that it is better to have the money and not need it than to need the money and not have it. He stated that he and Mrs. Spears are on the same page and no money will be spent that does not need to be spent.

Mr. Bellows stated that he had met with Mrs. Spears and asked her if the school budget was changed from categorized to a lump sum, would she be able to meet the financial obligations for the remainder of the school year and she stated that she thought she could.

Dr. Westbrook stated that his concern is that if they need to hire someone on the instructional side, they have enough money to attract a qualified person.

Mr. Bellows stated that he is still convinced that there is enough money in the school budget. He stated that he did not think there will be much more instructional hiring for the present school year because they are halfway through.

Dr. Westbrook stated that he did not think they were quite halfway through and stated that there were six months to go. He stated that he hopes things are going good and they will be receiving an academic report on the schools next week, but at this point he does not know what that report will include.

Mr. Bellows stated that he felt very comfortable with the person they have now and is confident with the job she will do.

Mr. Bellows made a motion to do away with the categorized budget and appropriate the remaining monies in a lump sum.

Mr. Jenkins stated that while he had a great deal of confidence in Mrs. Spears and Dr. Westbrook, he believed the exercise and discipline of categorical spending is a benefit to the School Board. He stated that, with the lump sum, it is very easy to not know where and why money is being spent.

Mr. Bellows stated that, in his opinion, the buck will stop with Mrs. Spears and there will be no frivolous spending.

Dr. Westbrook stated that he and Mrs. Spears would like to have the opportunity to show what they can do and rebuild the trust between the two boards.

Mr. Bellows stated that by getting rid of the categorized budget, it sends a message that the Board of Supervisors has confidence in the school board and Mrs. Spears.

Mr. Jenkins stated that he wants to support Mrs. Spears and the school board. He stated that with the categorized budget, it was going to give the Board of Supervisors a full year to see how the money was actually being spent. He stated that Mr. Bellows' motion would be throwing that away as a planning tool for the Board of Supervisors as well as the school board.

Dr. Westbrook asked who signs the checks for the school board. He stated that check signing ability is with Mrs. Spears, Sue Salg and himself.

Mr. Bellows stated that Mrs. Spears had told him that there would be no money spent without her authorization and he believes her. He stated that he had worked with her for nine years and that is the way she is.

Mr. Lee stated that he agreed with Mr. Jenkins. He stated that the categorized budget was put in place for a reason.

Mr. Jenkins stated that they have a process under the current categorized budget that allows transfers from one category to another. He stated that it is done in an open forum with the press present. He stated that the Board of Supervisors can always have a special meeting to discuss future matters on an emergency basis, if needed.

Mr. Palin stated that he has heard what everyone is saying and is inclined to want to leave the budget categorized, but grant the \$59,200 for the interim superintendent.

Mr. Bellows restated his motion, which was to appropriate the remaining funds from categorized to lump sum with no additional money.

VOTE:	B. Wally Beauchamp	Aye
	Jason D. Bellows	Aye
	F. W. Jenkins, Jr.	Nay
	Ernest W. Palin, Jr.	Nay
	William R. Lee	Nay

Motion failed 2-3.

Mr. Palin made a motion to add \$59,200 to the administrative category for the salary of Mrs. Spears.

VOTE:	B. Wally Beauchamp	Nay
	Jason D. Bellows	Nay
	F. W. Jenkins, Jr.	Aye
	Ernest W. Palin, Jr.	Aye
	William R. Lee	Aye

Motion carried 3-2.

OTHER BUSINESS

Mr. Jenkins asked about the status of a finance director for the County.

Mr. Pleva stated that the Board would get three or four names at the next meeting.

Mr. Jenkins stated that the Board had already done a second allocation with the school funds without any analysis. He stated that it could have been done more expeditiously with a finance director and they need to get up to speed for the upcoming budget process.

Dr. Westbrook stated that he had a question about a previous comment he had made concerning the school audit. He asked who pays for the school's audit and decides on the auditing firm.

Mr. Jenkins replied that the Commonwealth of Virginia has a requirement that everything that goes through the Treasurer's office must be audited by an accredited auditing firm. He stated that, if the school system chooses, it has a right to conduct its own audit, in addition to the County audit. He stated that there are different types of audits and the school system might want to consider researching firms that offer audits for inefficiencies.

Dr. Westbrook stated that he had heard the term forensic audit, but was told that the school might need a special audit, in which you tell the firm what to look for and at certain things. He stated that he had heard that the current County auditor, Robinson, Farmer and Cox, were cheaper than other firms and that is why they got the business.

Mr. Pleva stated that Robinson, Farmer and Cox had quite a bit of experience in local government auditing and that is probably why they have the County's business. He stated that the firm gives a total picture, in that the general fund and the school fund is done in one audit. He stated that to meet the state code, an independent, qualified firm must be hired to do a comprehensive review of all county finances. He stated that they would not perform a detailed fraud audit, unless contracted to do so.

Dr. Westbrook stated that it may be worth an additional fee for a special audit, because the Board of Supervisors had not been happy in the past with the school's numbers. He stated that he would like everyone to be on the same page.

Dr. Westbrook asked if there were two audits a year.

Mr. Pleva replied that there was one audit per year.

Mr. Beauchamp stated that he agreed with Mr. Jenkins on the finance director and would like to see it expedited. He stated that he would like to see the Board of

Supervisors, along with the County Administrator and Jack Larson, conduct the interviews.

Mr. Bellows stated that he would like to see the budget process not drag on like it did last year. He stated that the school system has to have their budget in time to get the best people in place, before they are offered contracts in other localities.

Mr. Beauchamp stated that it was the consensus of the Board of Supervisors to have Mr. Pleva get a package to them with the candidates for the finance director as soon as possible.

ADJOURNMENT

Motion was made by Mr. Lee to adjourn.

VOTE:	B. Wally Beauchamp	Aye
	Jason D. Bellows	Aye
	F. W. Jenkins, Jr.	Aye
	Ernest W. Palin, Jr.	Aye
	William R. Lee	Aye