

Minutes
Floyd County Board of Supervisors
July 23, 2024

1. Called to Order – Chairman Turman called the meeting to order at 7:00 p.m. or thereafter.

2. Opening Prayer – The opening prayer was offered by Supervisor Bechtold.

3. Pledge of Allegiance – Deputy County Administrator Chiddo offered the Pledge of Allegiance.

4. Quorum – Dr. Millsaps called the roll. A quorum was found for all Supervisors.

5. Approval of Agenda –

On a motion by Supervisor Boothe seconded by Supervisor Cox and unanimously carried to approve the agenda as amended moving board time after Public Comments.

6. Approval of Disbursements –

On a motion by Supervisor Cox seconded by Supervisor Bechtold and unanimously carried to approve the disbursements as presented.

7. Approval of minutes –

On a motion by Supervisor Boothe, Seconded by Supervisor Kuchenbuch and unanimously carried to approve the minutes of 07/09/2024, and 07/17/2024.

8. Presentations:

- a. David Martens, Virginia Tech Intern
 - i. Financial Policy Research

Mr. Martens provided the following PowerPoint presentation to the Board and discussed the details of collecting the data for the presentation and research.

FLOYD

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Financial Policies Research

David Martens
Virginia Tech MPA Graduate Intern
July 2024

Importance of Financial Policies

- ▶ Promotes long-term financial stability
- ▶ Provides an overview of the County's economic status
- ▶ Establishes financial parameters and guidelines
- ▶ Supports long-term, policy, and strategic direction of the Board of Supervisors
- ▶ A study done in partnership with the Virginia Municipal League and the College of Liberal Arts and Human Sciences at Virginia Tech found that, of the localities surveyed, 93.75% found financial policies very important or extremely important to prepare for an economic downturn

Overview of Project

- This project consisted of obtaining data from a variety of local governments in Virginia. The localities were selected upon recommendations of the Board of Supervisors' 2022 Board Retreat presentation, and recommendations of the County Administrator.
 - Focus on both similar-sized communities as well as those that have traditionally been leaders in creating BOS-level policy documents to help direct staff activity and drive strategic direction.
 - Data was obtained and analyzed, and the recommendations presented reflect data from all localities and benchmarks local governments.

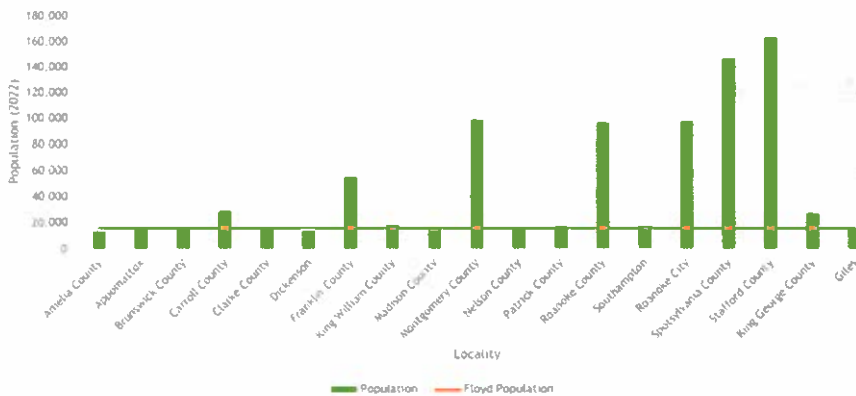
All Localities Analyzed

| | | | | | |
|------------------|-----------------|--------------------|---------------------|--------------------|---------------------|
| Alleghany County | Amelia County | Appomattox County | Brunswick County | Carroll County | Stafford County |
| Dickenson County | Franklin County | King George County | King William County | Madison County | Montgomery County |
| Nelson County | Patrick County | Roanoke City | Roanoke County | Southampton County | Spotsylvania County |
| | | Stafford County | | | |

Benchmark Localities Analyzed

- ▶ Benchmark localities identified based on each locality's population and similar characteristics as Floyd County (15,619 population)
- ▶ Benchmark Localities
 - ▶ Brunswick County-15,921 population
 - ▶ Clarke County-15,266 population
 - ▶ Giles County-16,453 population
 - ▶ Nelson County-14,652 population
 - ▶ Patrick County-17,643 population
 - ▶ Carroll County-29,147 population

Localities Population Graph



▶ Financial Policies

- Unassigned Fund Balance
- Debt Service to General Fund Expenditure Ratio
- Debt to Assessed Value Ratio
- Capital Improvement Plan
- Budget Stabilization Fund
- Capital Projects/Pay-as-you-go Financing

▶ Unassigned Fund Balance Policy

Unassigned Fund Balance Policy

- ▶ The Unassigned fund balance policy is the fund balance that can be used for any purpose and is reported in the general fund.
- ▶ Unassigned fund balance policies are important because they contribute to the County's ability to insulate itself from fiscal crisis and promote resiliency
- ▶ Sufficient unassigned fund balance ensures proper cash flow over a fiscal year due to revenue collection in June and December; not monthly
- ▶ Unassigned fund balance reflects the difference between revenues and expenditures in the general fund on June 30th of each fiscal year.
- ▶ The Government Finance Officers' Association recommends 2 Months of general fund expenditures or roughly a ratio of 15-20% of general fund expenditures.

Unassigned Fund Balance Policy Cont.

- ▶ Current Status: Floyd County's unassigned fund balance as a percentage of general fund expenditures as of June 30, 2023, was 11% (Davenport & Company, 2023).
- ▶ Recommendation:
 - ▶ The County should consider adopting an unassigned fund balance target of 15% of general fund expenditures.
 - ▶ Achieving this goal is a process in developing conservative revenue forecasts and conservative expenditure forecasts and will take time to achieve this target.

Debt Service to General Fund

- ▶ Expenditure Ratio

Debt Service to General Fund Expenditure Ratio

- ▶ Calculated each year as a part of the audit.
- ▶ The Debt service to general fund expenditure ratio is important because it ensures that the County can pay debt service on bond issuances without unnecessarily reducing expenses and services.
- ▶ On average, the ratio for analyzed and benchmarks localities is between 8% and 12%

Debt Service to General Fund Expenditure Recommendation

- ▶ **Current Status:** Floyd County's debt service to expenditures ratio for FY2023 was 6.38% and was calculated at 5.76% for FY2024.
- ▶ **Recommendation:**
 - ▶ The County should consider adopting a debt service to general fund expenditure ratio of 10%.
 - ▶ This is in line with the policies for the majority of the localities that have debt service to general fund expenditure policies.
 - ▶ There is not a GFOA (Government Finance Officers Association) recommendation for debt service to general fund expenditures.

Debt to Assessed Value Ratio

Debt to Assessed Value

- ▶ The debt to assessed value ratio is important because it considers the total amount of long-term debt issued as compared to total assessed value of all property in the County.
- ▶ This ratio measure the debt burden of the County
- ▶ Of the analyzed localities, the average debt to assessed value ratio is 3.32%
- ▶ Of the benchmark localities, the average debt to assessed value ratio is 3.58%

Debt to Assessed Value Ratio Recommendation

- ▶ **Current Status:** Floyd County's debt to assessed value ratio was 1.56% in FY2023 and 1.45% in FY2024.
- ▶ **Recommendation:**
 - ▶ The County should consider the adoption of a debt to assessed value ratio that does not exceed 3.58% to match the benchmark localities.
 - ▶ There is no GFOA recommendation for debt to assessed value ratios.

Capital Improvement ▶ Plan

Capital Improvement Plan

- ▶ The Capital Improvement Plan(CIP) is important because it helps prioritize and develop a plan of financing for capital projects
- ▶ The CIP is updated annually as part of the annual budget process
- ▶ The CIP includes projects that have a cost of more than \$50,000 and a useful life of five years
- ▶ Of the localities analyzed, only 55% had a CIP available.
- ▶ Of the benchmark localities, only Brunswick County, Carroll County, and Clarke County had CIPs available.

Capital Improvement Plan Cont.

- ▶ **Current Status:** Floyd County does not currently have an annual capital improvement plan.
- ▶ **Recommendation:**
 - ▶ The County should establish a process to create an annual CIP.
 - ▶ The GFOA recommends the “preparation and adoption of a comprehensive, fiscally sustainable, and multi-year capital plan”

- ## Budget
- ▶ Stabilization Fund

Budget Stabilization Fund Policy

- ▶ A Budget stabilization fund policy is important to provide additional cash reserves over and above the unassigned fund balance
- ▶ Budget stabilization funds are utilized only in the event of unexpected deficits due to a fiscal crises or other local fiscal
- ▶ The analyzed localities have established budget stabilization funds between 2% and 5%.

Budget Stabilization Fund Policy Cont.

- ▶ Of the localities analyzed that responded or had their financial policies readily available, 50% have budget stabilization policies
- ▶ Of the benchmark localities, only Carroll County, Clarke County, and Giles County had budget stabilization policies with Giles County having a policy of 1%, Carroll County having a policy of 3%, which is combined with the school board, and Clarke County having a policy of 5%

Budget Stabilization Fund Recommendation

- ▶ Current Status: Floyd County does not currently have a budget stabilization fund policy.
- ▶ Recommendation:
 - ▶ The County should consider establishing a 3% budget stabilization policy.
 - ▶ By having a 3% budget stabilization policy, Floyd County will match Carroll County and will be in the range of the analyzed localities budget stabilization policies.
 - ▶ The GFOA does not have a recommendation for budget stabilization fund policies
 - ▶ Note: The County should build sufficient unassigned fund balance levels first (15% of general fund expenditures) and then prioritize establishment of the budget stabilization fund.

Capital Projects/ Pay-as-you-go ▶ Financing

Capital Projects Reserve/Pay-as-you-go Financing

- ▶ Capital projects reserves/pay-as-you-go financing are important because they provide cash towards capital projects or can be used to reduce borrowing costs for large capital projects
- ▶ Typically in the policy, 10% of general fund expenditures is identified for a capital projects reserve
- ▶ However, Analyzed localities and benchmark localities, allocate their surplus of unassigned fund balance (over policy) toward capital projects reserve
 - ▶ If a local government established a 15% unassigned fund balance and exceeded that target on June 30 resulting in a 17% unassigned fund balance, then 2% could be reallocated to a capital projects reserve in assigned fund balance

Capital Projects Reserve/Pay-as-you-go Financing

- ▶ Current Status: Floyd County does not currently have a capital projects reserve policy or pay-as-you-go financing policies.
- ▶ Recommendation:
 - ▶ The County should establish a capital projects reserve/pay-as-you-go financing policy that allocates 10% of general fund expenditures or surplus unassigned fund balance over the 15% target policy each fiscal year
 - ▶ This percentage was chosen to match the typical amount allocated towards this policy.
 - ▶ The GFOA emphasizes pay-as-you-go financing policies as an important type of policy to consider regarding capital planning.

Conclusion and Questions

- ▶ Floyd County does not have formal policies for the policies that were discussed. While currently compliant with some of the policy recommendations, the absence of formal policies is an issue. Floyd County should begin discussing the implementation of these financial policies and in the long term should implement financial policies in the areas discussed.
- ▶ A financial policy document was provided in the board's packet for board consideration

9. Public Comments:

Les Walton, Burks Fork

Mr. Walton noted the purchase of the property in Willis by the County. Mr. Walton shared that he heard it was going to be a green box site or a park. Mr. Walton asked what the procedure for that is. Mr. Walton asked the Board a few questions, however, Supervisor Turman informed Mr. Walton that the Public Comment time is for the public to comment, and the Board to listen, however, the Board of Supervisors does not interact. Mr. Walton ended his comments at this time.

10. Old Business:

a. Equipment Committee Meeting – August 27, 2024

Dr. Millsaps updated the board and suggested August 27, 2024, for the next meeting of the Equipment Committee meeting.

A conversation ensued and it was agreed to meet on August 27th, at 5:00 p.m. Dr. Millsaps will reach out to the committee to schedule.

b. Buffalo Park Update – Forestry Grant Extension

Dr. Millsaps updated the board and informed them that the County obtained an extension of the Forestry Grant until December 2025.

11. Closed Session:

No closed session

12. New Business:

a. Contract Proposal of Environmental Services, Landfill

Dr. Millsaps updated the Board of the proposal and referenced it as our annual contract with TRC.

On the motion by Supervisor Boothe, Seconded by Supervisor Kuchenbuch and unanimously carried to approve the Contract Proposal of Environmental Service with TRC and appropriate staff signatures.

b. PSA Resolution

On a motion by Supervisor Boothe, Seconded by Supervisor Kuchenbuch and carried to approve the PSA Resolution and authorize appropriate signatures.

Supervisor Boothe – yes
Supervisor Kuchenbuch – yes
Supervisor Bechtold – no
Supervisor Cox – yes
Supervisor Turman - no

c. Appointment of Montgomery Floyd Regional Library Board position for a 4-year term.

On a motion by Supervisor Kuchenbuch, seconded by Supervisor Bechtold and unanimously carried to appoint Ms. Kamala Bauers to the Montgomery Floyd Regional Library board position for a 4-year term.

13. Board Time

Supervisor Kuchenbuch shared her disappointment with some of the behaviors of those primarily in Supervisor Cox's district.

Supervisor Kuchenbuch continued to share that those involved with the event and the staff who are putting the event on did everything they were supposed to do all with the utmost professionalism.

However, Supervisor Kuchenbuch expressed that she is troubled to understand that a volunteer had a jar of pickles thrown at him. Disgruntled individuals at no time have the right to injure someone, this is unacceptable.

Supervisor Kuchenbuch shared that the County of Floyd does not have zoning. The people of Floyd County told us that they did not want it.

Supervisor Kuchenbuch asked that everyone take a deep breath and time to calmly allow his event to happen and to not do something they may regret.

Supervisor Kuchenbuch thanked the Chairman for the time to speak.

Supervisor Turman shared that he would like staff to look into a timer that can face the Public during public comment time so they would know how much time they have and have left.

Supervisor Turman noted that he understands the FOIA process is the right of people, however, he would ask that those requesting it do not for frivolous reasons. Supervisor Turman continues to state the time and cost it has to our County Staff and it is not okay if the reason for the FOIA is not valid.

A conversation continued among the board that due to the increase in FOIA requests the Board may consider an additional line item in the budget for the additional cost. As well Supervisor Bechtold stated that this may eventually lead to an additional staff member, the FOIA officer.

14. Administrator Report: Dr. Linda Millsaps, County Administrator reported

- a. Radio Towers update
- b. Floyd Recovery Ecosystem
- c. Franklin Pike's Update
- d. Audit Update
- e. NRV Regional Commission Annual Meeting October 9th
- f. PSA Status
- g. PSA Joint Meeting
- h. Willis Site Update
- i. Indeed Posting
- j. VaCo Meeting August 15th

15. Correspondence –

Deputy County Administrator/CFO Chiddo updated the board on the documents in the correspondence folder.

16. Adjournment:

On a motion by Supervisor Kuchenbuch, seconded by Supervisor Bechtold and unanimously carried for the approval to adjourn the meeting until the next scheduled meeting of 08/13/2024, 8:30 a.m.



Dr. Linda Millsaps, County Administrator



Joe Turman, Chairman

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