

Northumberland County
Joint Finance Committee Meeting
Wednesday, February 5, 2025- 5:30 p.m.
General District Courtroom- 220 Judicial Pl., Heathsville

Co-chair, Dr. Karen Pica, called the Joint Finance Committee meeting to order at 5:30 p.m. in the General District Courtroom located at 220 Judicial Place, Heathsville, VA 22473. She announced that the agenda for tonight had been shared with co-chair, Dr. Blizzard, who was unable to come to the meeting. She also stated that it's her understanding that other participants from the school were unable to attend tonight's meeting as well.

A. Retrospective of 24/25 Budget Process

- **JFC Overview**

Dr. Pica stated that last year was the first year of the Joint Finance Committee and the committee had two primary goals. One was transparency in the budget and elements within that was the budget being submitted in major classifications, with line items, and to ensure that the process used by both the County and the school system was observable and transparent. Dr. Pica explained that the goal was fully met as the budget was submitted in the line item format, there were categories, and there were presentations that occurred on both sides of the process that were transparent. In addition, the second goal was to have the budget completed in a timely manner. Dr. Pica stated that the process was timely from the start, however the budget was submitted two months late by the School Board and then the Board of Supervisors completed their process of approving the budget equally two months late as well. She explained that the benefit from having the approval process shift to a later date was that there were multiple rounds of questions that were asked and answered during this period which were made public and transparent for the County citizens.

Dr. Pica asked the two Board of Supervisor representatives, Mr. Haynie and Mr. Brann, what their thoughts were on the success and/or challenges of last year's process.

Mr. Haynie and Mr. Brann agreed with Dr. Pica and stated that it takes time to get the information they request and as the information is received, more questions arise. Mr. Haynie believes the entire process needs to start sooner.

- **Public Dialogue regarding process**

Dr. Pica asked the citizens in the room for their opinion on the budget process last year and whether they believed it was transparent. She stated that silence is consent, meaning the transparency is where it should be.

No one commented in relation to the transparency of the budget last year.

Dr. Pica then stated that she wasn't going to ask for a lot of input on the timeliness of the process as that is not something the citizens can control with respect to the budget. She explained that the school has to go through a process before it is submitted to the County and then the County has a process before it reaches approval. Dr. Pica believes that transparency is the most important piece and that they are in a good position on that.

Ms. Kim believed that the timeliness issue needed to be discussed as the budget is an annual process and completely predictable.

Dr. Pica stated that Ms. Kim would have to ask the School Board why it took them two months to submit the Budget to the Board of Supervisors, and unfortunately there is no School Board representative present tonight. She informed Ms. Kim that there will be a School Board meeting on Monday, and she believes that it would be an excellent opportunity to ask them that question.

Ms. Lynn Stuart explained that it is the first time she can recall questions being asked between the School Board, Board of Supervisors, and the County citizens in relation to the budget and it spoke loudly to the transparency issue. Ms. Stuart stated that it was an important lag time in her opinion that those questions be put forth, published, and to allow the school a chance to respond to those questions.

Dr. Pica explained that last year the process consisted of questions being asked, the School Board responded, but the questions and answers could not be posted online until either the Joint Finance Committee or the Board of Supervisors had a meeting. She asked if there is a possibility that the questions and answers be posted online prior so that the community has a chance to look over them before the meeting.

County Administrator Tadlock stated that the questions and answers could be posted on the County website.

Dr. Pica stated that they'd look into posting them on the website sooner so it could help with the timeliness issue.

Mr. Haynie stated that they need to have more meetings and all those involved should be present at the meetings as this would speed up the process as well.

Mr. Brann stated that the Board of Supervisors needs to communicate their expectations to all departments on what this County can afford. He believes that unrealistic requests need to be turned away up front so the department can start over and present a more realistic budget request to them.

Mr. Haynie stated that they'd make this a priority at their next Board of Supervisors meeting.

Mr. Haynie referenced the school's \$1.5M increase in their request this year, and stated that that's only one agency request, and they have several more coming.

B. Budget Management- Quarterly Review and Observations

- **JFC Citizen Representative Input**

Dr. Pica stated that she's been doing some analysis based on the public documents presented at the School Board meetings and there are a few areas in particular that she'd like to highlight. She provided a chart to the participants and citizens present at the meeting so they could follow along. The chart can be accessed on the County website under this meeting date, February 5, 2025.

Dr. Pica provided an overview of her school budget observations listed in the chart and explained that the Board of Supervisors cut \$613,292 from the School Board's budget request, approving 97% of their total request. Dr. Pica stated that the Superintendent then cut roughly \$730,000 from the Instruction, Technology, and Building categories in total, but added money to the Administration, Transportation, and Operations & Maintenance categories. Dr. Pica asked how the school could cut \$612,277 out of the Instruction category but still fund the health insurance and employee salary increases that amount to nearly \$500,000. She believes the school asked for \$1M too much since they were able to cut the total amount in the category and still fund the health insurance and salary increase. Additionally, she stated that the Instruction category was \$13M until 2022 and then it increased to \$15M and \$16M in the last couple of years, but the school division only added three teacher positions. Dr. Pica believes it's very unclear how many teaching positions there are in the school system.

Dr. Pica then provided the Board with her analysis of the monthly expenditure and revenue reports that are approved at the School Board meetings. She explained that she looked at the revenue figures across the months of September, October, and November. She asked Mrs. Booth a series of questions, and she kindly responded, but it turned out that the wrong report was posted for the month of September. The School Board then approved a revised revenue report in November that was \$2M less in revenue and five different accounting lines disappeared. Dr. Pica explained that she asked the finance director about this and went to the December School Board meeting, but so far, the information hasn't been forthcoming about where the \$2M went in the report. She stated that she suspects that a \$2M federal/state reimbursement that the school received was booked in the month of September when it should have been booked in the month of June to document it under last fiscal year. Dr. Pica explained that if that money is truly an error in which year it was reported, the County audit will show a \$2M surplus for the schools. If it does not show up in the audit, then there is \$2M that disappeared and five line items that are no longer being reported.

Dr. Pica then brought attention to two school funds that are in the negative, but money is continuously being spent out of them. She stated that revenue will

likely come in at some point, however if the revenue comes in less than what's anticipated, that money is already spent and will need to be made up from somewhere. She asked if money continues to be spent from those line items, is the County going to get caught paying for their over expenses.

Dr. Pica then spoke on the forensic audit and stated her concern about people working for the school with no contract, no documentation, and no background checks on file. Additionally, there is a significant amount of increased spending in the Instruction, Transportation, and Operations & Maintenance categories.

Mr. Brann asked Mr. Tadlock if the school was supposed to come back to the Board in order to move money from category to category. Mr. Brann stated that never took place.

County Administrator Tadlock stated the Board asked Mr. Tadlock to get with the School Division on how they would like that money distributed amongst their categories and that information was presented to the Board of Supervisors.

Dr. Pica stated that she believes the Board of Supervisors was taken advantage of because the Board cut the school's budget, but the school increased the cut line items by moving their money from category to category.

- **Public Dialogue**

Mr. James Long asked Dr. Pica if she had someone checking behind her numbers.

Dr. Pica stated that she'd be happy to give him her spreadsheets and documentation.

Mr. Long asked if she has discussed this information with the School Board.

Dr. Pica stated that she has communicated this with them for the last two months.

Mr. Long believes that Dr. Pica is putting an attack on the kids.

Dr. Pica stated that she disagrees and that she is standing up for the kids. She explained that she could show Mr. Long the website that proves the three added positions in the school division and that the documentation she is presenting is all derived from the documentation that the School Board posts every month.

Mr. Long asked if Dr. Pica was looking at all the department budgets because it seems that she is attaching one agency.

Dr. Pica stated that her attention has been on the school because the school's test scores have consistently decreased, employers can't find kids that can read or do math enabling them to work in their jobs, and she doesn't want her taxes to go up. She stated that her attention is on the largest consumer of taxpayer dollars, but

she'd be happy to turn to every other department, but she is a volunteer and there are so many hours in a day.

Ms. Kim stated that she read through the County forensic audit, and she was disturbed by the lack of employment contracts and background checks. She believes that the kids are being hurt by this and the only people profiting are the "executive branch."

Dr. Pica moved on to provide recommendations to the Finance Committee based on her findings.

1. The school budget should include the total number of employees and names of those employees in filled positions as well as the number of vacant positions by category. Dr. Pica doesn't believe this information should be made public. Additionally, in that list should include many current employees who have contracts and full documentation on file.
2. Included should be full revenue accounting for each category and major line of accounting for the past four years.
3. Included should be an accounting of what the expenses to date are along with a comparison of what they were last year at this time.

Mr. Brann believes the expense report in comparison to last year is more doable than going back three or four years. He stated that he doesn't want to overlook what occurred in the past because a lot of things were not done correctly, but they can't keep going back when they are trying to fix what is happening now.

Dr. Pica stated that those recommendations mentioned are for the Board member to present to the Board of Supervisors, if appropriate, before the School Board budget gets voted on, along with a corrective action plan.

Dr. Pica mentioned Mr. Haynie wanting more regular meetings.

Mr. Haynie stated that when they begin receiving information from the school in relation to the budget, they need to stay up to date and look at it weekly instead of dragging it out for months.

Dr. Pica asked if the Committee wanted her to start looking at the school's chart of accounts and build questions.

Mr. Brann and Mr. Haynie suggested she wait until the School Board approved the chart of accounts, because changes may be made.

Dr. Pica stated that she will start a list of questions for the Joint Finance Committee once the School Board approves the chart of accounts.

Ms. Kim asked what the next steps are with the forensic audit.

Mr. Haynie stated that the Board of Supervisors will have to discuss that at their next meeting. Mr. Brann explained that to date they've requested a corrective action plan be put together for the Board's review.

Ms. Kim asked at what point does the County get the state involved. She stated that some issues found in the audit report are basic accounting. Ms. Kim believes this is dereliction of duty and gross negligence, and employees would lose their jobs in the industry she works in.

Mr. Haynie stated that they will start with the corrective action plan at their next meeting.

Mr. Brann stated that the Board needs to develop a plan for if improvements are not made by June, what other steps need to be taken.

Ms. Lynn Stuart stated that the citizens have been fighting this battle for 4-5 years, so she doesn't believe putting a timeline for June to see improvements is appropriate.

The Joint Finance Committee scheduled their next meeting on March 5, 2025 at 5:30 p.m.

Dr. Pica adjourned the meeting at 6:28 p.m.