

**Northumberland County**  
**Joint Finance Committee Meeting**  
**Wednesday, March 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.

To begin the meeting, Dr. Pica noted that she met with the Superintendent, Interim Finance Director, and Finance Specialist and they had a very collaborative meeting. She stated that she's looking forward to further engagement and it looks like the finance team has surfaced information that will go a long way towards explaining the \$2M difference in revenue last fall. Dr. Pica explained that hopefully they'll be able to get that sorted out by Monday's School Board Meeting.

**A. Budget/Financial Management – Review**

- **Revenue and Expense Reviews**

Dr. Pica provided a chart that shows the revenue and expenses last year in comparison to this year. This chart can be accessed on the County's webpage under this meeting date. She explained that the revenues are down this year in comparison to 2024, but the expenses this year are slightly exceeding last year's figures. Dr. Pica explained that there are line items flagged red that are currently being overspent, and a question came up last year in relation to how the school deficit spends out of accounts that have zero appropriations and how do they decide which accounts they can deficit spend. She stated that the school's response to this last year was that a journal entry would be done to move the money into the appropriation account. Dr. Pica stated that we are nine months into the fiscal year and those accounts are still showing negatives and they are still showing \$54,000 a month in salary expenditures. She wonders where this money is coming from.

Dr. Pica moved on and stated that the right column gives the figures from last fiscal year's close out. She expressed how disappointed she is that the County audit is not yet finished, so the most reliable information that is accessible to provide these figures is the final expense and revenue report that the school published in July. Her purpose for fulling this report is to see if the negative line items get resolved once the reimbursements start to come back in from the Federal Government. Dr. Pica stated that her conclusion is that this did not happen last year, and the line items remained in the red as negative line items. She explained that the fund one accounts had revenue left over and the federal program accounts were overspent.

Dr. Pica stated that she's unable to get an answer from the school finance team on whether the expense reports that are published represent the full expenses of the school. She explained that the expenses shown in the July 2024 report equaled roughly \$360,000, but the check register that same month totaled over \$800,000. Dr. Pica would like to know the amount of money that is actually being spent in the school.

- **Chart of Accounts and January Budget Proposal Analysis**

Dr. Pica informed the Joint Finance Committee that the Superintendent presented a draft School Board budget to the School Board in December 2024 and January 2025, but to date the School Board has not asked any questions. No questions have been asked in public form where they can be accessed by the citizens. She believes that the School Board budget is padded, meaning that they have more money than needed. She presented the Board with a chart showing the salary and health insurance increases, backing up her analysis. This chart can be accessed on the County's webpage under this meeting date.

Dr. Pica referenced her chart showing the year-to-year comparison and stated that the school is at 61% revenue and 100% expenses, so one of two things is going to happen. She believes that there will be a huge deficit at the end of the year or there was a lot of padding in the budget last year. Dr. Pica stated that if there is more money in the school system than needed, then this needs to be addressed.

- **Audits**

Dr. Pica shared her concern for the County audits as their findings were very different from the forensic audit. She doesn't know that the County can trust those figures based on what happened with the forensic audit.

Dr. Pica then started discussing the corrective action plans and stated that she doesn't believe several of the school's responses will address the issues that were found. She suggested that the Board of Supervisors get the corrective action plan redone and get clarification on what is going on with the expenditure report.

Mr. Brann asked Mr. Tadlock what he last heard from the County auditor.

County Administrator Tadlock stated that he contacted the auditor last week because he had not heard from them and they were going to work on the draft today, but he had not heard anything further.

Mr. Haynie asked if the draft was going to be ready for their next board meeting.

Mr. Tadlock stated that it was a question that he had as well because he needs the audit information to compile the County budget. He explained that the auditor's response was that the timing of completion is dependent on how fat it can go

through quality control once the report is drafted. Mr. Tadlock stated that staff purposely left the afternoon session lighter for the March meeting in the event the auditor could come and present.

- **Community Engagement**

Mr. Maurice Johnson believes that the forensic audit is as close to the truth as the County is going to get and it's not going to get us to the absolute truth or to decent practices. He stated that this isn't working and it's not a challenge for anyone.

Dr. Pica stated that it is, and the County needs to come up with a solution. She asked Mr. Johnson what his correction action plan would be.

Mr. Johnson stated that the meeting tonight is a joint meeting with members of the school who no longer participate and there needs to be consequences. He believes it's supposed to be a collaborative effort and it's not. He also mentioned that there is clearly padding in their budget, and he'd like to roll the school back a couple of years until they can reach a zero balanced budget. Mr. Johnson asked why the school is submitting their request this year based on last year's request instead of their expenditures.

Dr. Pica and Mr. Johnson stated that their budget looks as though the covid expenditures are baked into their budget and once the County doesn't have the revenue to cover them anymore, then they will have to bump up the County revenue in some way. Mr. Johnson stated that zero-based budgeting needs to occur in order to get a clear path forward.

## **B. Recommendations and Next Actions**

Dr. Pica summarized and stated her recommendations would be to find out if the reports show all the expenditures at the school and to have them revise their corrective action plan.

Mrs. Withers explained that they hope to have a School Board budget presented at their meeting on Monday and she described to Dr. Pica how they must budget for health insurance for their employees although some may not accept the benefit. It also may be because the positions were not filled.

Dr. Wargo explained that the ESSER funds have been spent and reimbursed, so there was a lot of money coming in that perhaps created that return Dr. Pica saw. Dr. Wargo believes the school should be heading towards a place of not having all those federal reimbursements and being able to do better with all of that.

Mrs. Withers also stated that you must have a little flexibility within the budget because you never know when a student is going to come in and have intensive needs.

Dr. Pica adjourned the meeting at 6:26 p.m.