

**MINUTES OF SPECIAL MEETING HELD
WEDNESDAY, OCTOBER 28, 2009 – 7:00 P.M.
COLONIAL BEACH TOWN CENTER**

**MAYOR:
VICE MAYOR:
COUNCIL:**

**FREDERICK C. RUMMAGE – *absent*
TRISH KING
DAVID COOMBES
BURKETT LYBURN - *absent*
STEPHEN KENNEDY
KAREN PAYNE
RONALD RIDGELY**

**TOWN MANAGER:
TOWN ATTORNEY:
CHIEF FINANCIAL OFFICER:
TOWN CLERK:**

**VAL FOULDS
ANDREA ERARD
JOAN GRANT
BARBARA A. GOFF**

CALL TO ORDER:

Ms. King called the Special Meeting of Wednesday, October 28, 2009 to order at 7:00 p.m. and stated the meeting is a continuation from the Special Meeting that was held on October 21, 2009. We are in recess and the meeting is now called to order. The Mayor called and said he was not feeling well tonight and we all hope that he is feeling well soon. We have a very short agenda with only one item on the agenda. The item on the agenda is the Approval of an Agreement between the Town of Colonial Beach and the Colonial Beach School Board.

Mr. Coombes asked if a brief recess could be taken to review the agreement since we just received it a few minutes ago?

Ms. King agreed.

The Town Council reconvened after 10 minutes and the following resolution was read:

AGENDA - #81-09

RESOLUTION – AGREEMENT BETWEEN THE TOWN OF COLONIAL BEACH AND THE COLONIAL BEACH SCHOOL BOARD

WHEREAS, concerns have arisen regarding the manner in which the Colonial Beach School Board accounts for and manages its funds as a result of information received from the Town's auditor; and

WHEREAS, any failure of the Colonial Beach School Board to manage and account for its funds in accordance with federal and state laws and regulations could have a serious and negative impact on the Town's bond rating; and

WHEREAS, any failure of the Colonial Beach School Board to manage and account for its funds in accordance with federal and state laws and regulations could result in the loss of state and/or federal funds that have already been received, or are anticipated to be received; and

WHEREAS, the Town's auditor has indicated that, as a result of financial management and accounting issues with the Colonial Beach School Board, she will not be able to render an opinion as to the School Board finances for the 2008-09 audit; and

WHEREAS, any loss in state and/or federal funding that has already been received, or are anticipated to be received, would likely have to be made up for with local funds; and

WHEREAS, the Town of Colonial Beach wishes to resolve any and all financial management and accounting issues in a cooperative and conciliatory manner between the Town of Colonial Beach and the Colonial Beach School Board.

NOW THEREFORE BE IT RESOLVED THAT, the Colonial Beach Town Council hereby approves the enclosed Agreement; and

BE IT FURTHER RESOLVED THAT, the Colonial Beach Town Council implores the Colonial Beach School Board to work with the Town Council to maximize the resources available to students and to most efficiently manage the financial resources available by approving the enclosed Agreement by November 4, 2009.

Motion was made by Mr. Kennedy to approve, second by Ms. Payne.

Mr. Ridgely stated the agreement did not stop the hemorrhaging and he was not in favor of the agreement.

Mr. Coombes stated one fact is that the auditor has told us that she will not be able to render an opinion as to the financial status of the school for the last fiscal year which is being audited. That simply translated into other terms, she will not be able to complete an audit. State law requires by November 30th that the Town and any county have an audit completed for the prior fiscal year. Any municipality or county that has a school system attached to it or within it will also be audited as part of the Town's audit. This is a major segment of the Town's audit which will not be done. That according to the auditor has significant potential impact on the Town's bond rating and credit rating. She told us in no uncertain terms that in all likelihood the Town's bond rating will go down. Thereby making it more expensive should we need to float bonds and more difficult to get the bonds in an already difficult recessionary time. The other statement in this resolution talks about federal and state funds. Without going into a lot of detail, I will simply say if those funds need to be pulled back for some reason by the feds or the state, we are in even more trouble. I asked the auditor how much money are we talking about should the worst happen and she gave us the figure of \$1 – \$2 million dollars. Just imagine by taking the \$1 million if that were pulled back by the granting agency the question immediately comes to mind where is the repayment going to come from? The school certainly can't do it which then it falls upon the Town and the taxpayers. I will tell you there is no reserve. In any account we have, there is a \$20K or \$30K contingency and that is it for this year's budget. So what does it mean? It means we either don't pay it or we have to go with a special assessment of taxes. I will do everything I can, and the others can speak for themselves, to avoid that. Hence we are in a position where we find ourselves there tonight. I would hope and pray that the school system will look at this as us wanting to cooperate and help them as much as we can. It is in the interest of the overall Town. I just want everyone to understand that the school is not an isolated entity financially. Yes, it is a separate corporation but the impact of this difficulty on the citizens of the Town could be immense.

Ms. King stated without going into details, the Council is really trying to reach out to help the school because we are all actually one unit. In this agreement we are saying we will help you

with professional outside help. There is even a paragraph about some financial help on that basis. I want the citizens to understand we are not just saying okay, fix it and we are going to walk away. In doing this we are also saying, we want to help you because we need to help you for the betterment of the whole community. We need to have an involvement in the manner in which the help is given. We just can't give it and then leave it. The Town and the Council is willing to say we are going to help you financially. We are going to help you get this outside help from people who are not within the system currently perhaps but need to come together on this. This is it. It just has to be done. It is that serious. The auditor represents not just taking an audit, but the state looks to what she says and the federal government looks at what she reports. What she says and what she reports has an impact on the school, the Town and ultimately the citizens and taxpayers and that is all of us. I am asking that we put personal feelings aside and let's come together for the betterment of the entire community.

Mr. Coombes stated the auditor also told us with respect to the federal government that any auditor and in this case, Nancy Miller, when she audits federal money she is acting as a federal agent by regulation. With that being the case, the feds are here.

Ms. Erard stated she acts as an auditor really on behalf of the state as well and she is not a part of the Town. She is an independent entity. Her role is to make sure that the Town and the all of the agencies, departments and boards are handling financial matters as they are supposed to.

Mr. Coombes stated the auditor also said in no uncertain terms that in her 20+ years experience doing this, she has never seen anything like this in the State of Virginia nor have any of her colleagues and that is serious. Those were her words. This is a first in her arena in the State of Virginia.

With no further discussion on Resolution - #81-09, Vice Mayor King called for a vote.

Mr. Trivett asked Vice Mayor King if the School Board could make any comments?

Ms. King responded it is not on the agenda. We will be voting for acceptance from the Council first. The Council hasn't even voted to accept this.

Mr. Coombes **aye**, Mr. Kennedy **aye**, Ms. King **aye**, Ms. Payne **aye**, Mr. Ridgely **nay**, motion carried and the **Agreement between the Town of Colonial Beach and the Colonial Beach School Board was Approved. Mayor Rummage and Mr. Lyburn were absent from the vote. Motion Carried.**

MOTION TO ADJOURN:

Vice Mayor King called for a motion to adjourn the Special Meeting of Wednesday, October 28, 2009. Motion was made by Mr. Kennedy, second by Mr. Ridgely. With no objection the Special Meeting was adjourned at 7:20 p.m. at the Colonial Beach School Board. **Mayor Rummage and Mr. Lyburn were absent from the vote. Motion Carried.**

Respectfully submitted:

Barbara A. Goff,
Town Clerk

Trish King,
Vice Mayor