

**MINUTES OF SPECIAL (EMERGENCY) MEETING HELD
WEDNESDAY, MARCH 17, 2010 – 3:30 P.M.
COLONIAL BEACH TOWN CENTER**

MAYOR:	FREDERICK C. RUMMAGE
VICE MAYOR:	TRISH KING
COUNCIL:	DAVID COOMBES
	STEPHEN KENNEDY
	BURKETT LYBURN – <i>absent</i>
	KAREN PAYNE
	RONALD RIDGELY
TOWN MANAGER:	VAL FOULDS
TOWN ATTORNEY:	ANDREA G. ERARD
CHIEF FINANCIAL OFFICER:	JOAN GRANT
TOWN CLERK:	BARBARA A. GOFF

CALL TO ORDER:

Mayor Rummage called the Special Meeting of Wednesday, March 17, 2010 to order at 3:30 p.m. at the Colonial Beach Town Center and stated the purpose of the meeting was for discussion and review of the documentation relating to the request by the Colonial Beach School Board for a budget amendment and appropriation relating to grant funds.

Mayor Rummage asked if the word “appropriation” should be “authorization”?

Ms. Erard responded appropriation is a legal term that would authorize the School Board to actually spend the money.

Mayor Rummage stated being in legislative parliaments as you know, there is an authorization first and then an appropriation which is an award.

Ms. Erard responded we call that the budget amendment and the appropriation.

Mayor Rummage stated before we get started I would like to make a personal observation. I stopped in to pick up my packet of materials that were supplied to us by the Town Manager and while I was there she and I got to talking and I don’t want to make this sound simplistic but these dollar amounts that add up to \$360K, she said what she really needs is an award letter from the grantor. I would call that an authorization. She said if these numbers adding up to \$360K could be certified or verified in the form of an award letter, we wouldn’t have a problem. Coincidentally as I was driving towards Food Lion, I saw Tim Trivett crossing the road and I stopped deliberately and talked with him and he said he has asked the Superintendent to bring such award letters here to this meeting today. It seems to me if that is what she is lacking and they have it available, we shouldn’t have too much of a problem here.

Mr. Ridgely stated the Budget Committee asked to hold this meeting today so that we could talk to the entire Council legally regarding the data that we were supplied. This meeting is for that sole

purpose and that is for us to explain to you and let you know how we feel and where we are going rather than waiting until next Thursday at the committee meeting. This way there would be time between now and then. Karen Payne supplied a letter to Mr. Coombes and I regarding her thoughts on the budget and we had our notes. We met with Val and Joan regarding this issue without Karen. We combined our notes and we shared our same thought process on this. At this point Mr. Ridgely asked Ms. Payne go over the letter presented from her which are the committee findings on where we need to go.

Ms. Payne asked if everyone has had a chance to look at the letter as I don't want to read it verbatim and draw this out any further than we have to.

Mr. Kennedy stated he had just received it.

Mayor Rummage asked for a summary.

Ms. Payne stated this is a preliminary analysis. We may still have additional information coming from the School Board or other agencies and certainly that is welcome. In summary my outline consists of concerns that I think all of us on the committee share. I have attached to my letter five exhibits which demonstrate some of the concerns. If you look at the first page of my letter it notes that there are two apparent School Board appropriation requests. One is dated August 27, 2009. The second one is dated February 17, 2010. Neither of these requests is in a formal format as far as having been signed by the appropriate School Board parties or with any vote count. Aside from that, in looking at the numbers, only one number is the same on these two documents. That number is \$75,677.20 for the Technology Grant. Looking at this and hearing the comments that have come forward to the Council so far, saying that they have been requesting these funds since August 2009, that simply cannot be, in my opinion, accurate as these are two totally different documents, two totally different requests with all different numbers with a total sum in completely different amounts. I wanted to bring that to everyone's attention. There are three questions on the top of page 2 concerning 1.) Were both of these unsigned resolutions approved by the School Board? What was the vote count? 2.) Why is there a discrepancy of \$257,862.34? Why is only one (1) number the same between the two documents? 3.) Was Resolution No. 1 rescinded or amended after the second was adopted? Is Resolution No. 2 valid? As you follow down in my letter as everyone is aware when the August 27th resolution was presented to the Council, the School Board was advised that no action could be taken until the findings were presented in order to have those numbers verified. Unfortunately the auditor was not able to verify those amounts and because of the format and lack of details the Chief Financial Officer, Ms. Grant, also has not been able to verify these amounts. Secondly, it should also be noted that during the audit review presented by Nancy Miller, the school system acknowledged in essence that they were repaying the Town \$165,000 toward their debt of \$658,000. Much was made about the fact that this was because of their strong efforts of which I applaud them of not spending all of their funds in the last fiscal year, but now that they are requesting all of these additional carryover funds once again, that seems to have gone out of the window. The next two documents in question are two summary pages, Exhibit 3 and Exhibit 4. These bring down the \$360K request. Exhibit 4 has additional typewritten notes at the bottom which breaks things down a little bit further as far as a balanced budget and two carryovers and also new grants. The carryover request comes to a total of \$243,687.42. New grants come to \$116,725.72. With regard to the new grants, I have some serious questions about

the documentation which was provided for background for that. There does not appear to be actual letters of grant awards. Rather the documentation consists largely of printouts from websites or what grants might be available or are available. It does not say that they have been specifically awarded.

Mayor Rummage stated when you say they weren't awarded. Do you mean from the federal government?

Mr. Ridgely stated we did not receive the paperwork where they were actually awarded the grant.

Mayor Rummage stated he gets confused with the word "awarded".

Mr. Ridgely responded "awarded" means paperwork that verifies that the money is coming in.

Ms. Payne stated it means that the application was actually submitted and approved and a letter or appropriate form was received back saying "yes" that they are receiving "x" amount of dollars. On page 3, I have an outline about my concerns on each of these awards. 1.) referring to the \$61,000 – on March 31, 2009 a letter was received from DOE to former Superintendent Luttrell which provides the tentative school awards under the "No Child Left Behind Act of 2001". These are the 1003 (a) funds and these funds are awarded on a reimbursement basis to schools "in improvement" during the 2008-2009 school year. The tentative allocation if awarded to Colonial Beach is \$50,000. A handwritten note on the documentation that we received simply says \$61,000, and this \$61,000 has been requested in Exhibit 3 and Exhibit 4. Once again, there is no evidence that the paperwork was submitted, whether the award was granted, or the actual monetary amount of any award whether it be \$50,000 or \$61,000 or somewhere in between.

Ms. King stated she was trying to find the correlating documentation that was entered by the school. I am trying to match it to what you are saying. According to this, this letter was received by Mr. Luttrell on March 31st and the submission for application deadline was March 26th. I am not quite sure how that worked out. The other part is the \$60,000 was the amount according to this that they would expect. My question is how much was the original grant?

Mr. Coombes responded we can't answer that because in this package that Val got from the school there are no letters of approval. There is a lot of material like Karen said, of what is available to the various schools and sums of money. There is an application or two in here. We have no ability to know whether it was submitted or not because there are no signatures on it and the Mayor is correct, what we need are letters of approval that these grants were applied for and awarded to the school.

Mayor Rummage stated what you are saying is the same thing I got from our Town Manager. We took some time to discuss these materials. What she told me was that these numbers that add up to the \$360K, she does not have any letters of award or letters of approval or authorization. When I bumped into Tim Trivett and asked . . .

Mr. Coombes responded he understood, but they were not in the original packet.

Mayor Rummage stated I asked him when he came here today and he is here, that he have those available for us. That should resolve a lot of these problems.

Mr. Ridgely responded some of it.

Mr. Kennedy stated on the next to the last page for the \$61,000, it looks like a questionnaire that was to be filled out and returned and it is just blank.

Mr. Coombes stated I don't think we should spend a great deal of time going through all of those pieces of paper. The Budget Committee did that along with Val and the Finance Director. We are giving you the overview of what we found and what we feel that we need before we can go any further.

Mr. Ridgely stated we did not want to wait until the Budget Committee Meeting to do this which is why we are here today.

Ms. Payne stated keeping in mind of the meeting notification requirements, the three of us have not been able to get together on the Budget Committee because you cannot have more than 2 people at a time at the meeting. That is why we wanted to go this route to have all three of us as well as a full Council to take a look at this.

Mayor Rummage stated there is also another reason. If we get this resolved we can go ahead and take whatever action we need today.

Ms. Erard responded depending on another related issue which is dependent on the amount that would be amended to the budget and appropriated, we may need to advertise a public hearing for one time. So I don't think you can act on it today, but we can certainly initiate the advertisement.

Mr. Ridgely stated that is because it exceeds 1% of the total budget.

Ms. Erard stated that was the other part of the rationale for meeting today is that there are certain things that need to happen in order to make it happen.

Mayor Rummage stated the meeting is next Thursday.

Mr. Ridgely stated if we had not met today, we would not have been able to be in a position for next Thursday.

Mayor Rummage stated like I said, I did not want to oversimplify anything, but based upon what I just heard from Mr. Coombes and from what I heard from Val this morning and the verification that I got from those letters from Mr. Trivett, we can resolve a significant part of this.

Mr. Ridgely responded once we receive the information and review it, yes sir.

Mayor Rummage stated Mr. Trivett's hand is up. Is there any objection to Mr. Trivett speaking?

Mr. Ridgely responded absolutely. This is for us to speak to you. There is no public comment.

Mr. Trivett wanted to know why he couldn't comment on it? What is wrong with commenting on it?

Mr. Ridgely asked for Point of Order.

Mr. Trivett stated you want information, we are here. I've got it to give to you but it is like everything else, plus you've been doing this for a year and you don't want to hear it. You don't want to hear anything we have to say. You are the reason we don't have the money.

Mr. Coombes asked could we finish the presentation and deal with this other matter after we get through?

Mayor Rummage agreed.

Ms. Erard stated for clarification, the Mayor is running the meeting. He would be the appropriate person to rule on this.

Mr. Ridgely stated we wanted to approach the Council on what we found. We needed to give you this information so we would be ready on Thursday. That is the sole purpose of this meeting. We need documentation. If we get the documentation we can move forward.

Ms. Payne stated on page 3, Item 2, we already discussed the \$104,879.90, there is an application in the information that was given to us but there was no record of the application having been sent or the award having been approved or anything of that sort. It is just the application. Item 3, \$2,130.32 is the only document of which we have been provided the Omega Spend Down Report. That is something I consider to be crucial to understand these numbers. That report actually tells us what has been awarded and what has been spent and what the balance is.

Ms. King stated I didn't realize we had migrant children that attended our schools. I was told there weren't any migrant children of migrant workers. I could be wrong but I am just questioning if you don't have a child of a migrant worker, how do you get a grant? Maybe I don't understand the process. The other part of this is that I understand that part of what they would be spending money on would be grant money used to reimburse teachers and para-professionals for work which will further their education or aid in recertification. I don't understand how they base this on the grant.

Ms. Payne responded this is information provided from the school. Item 4 is the reported carryover from the VPSA Technology Grant. This is the one monetary amount that was the same between the two School Board resolutions, the \$75,677.20. I did look at the supporting documentation on that and there appears to be a conflict in the mathematical calculation on that document. On Item 2, there is \$104,879.90, there is a calculation error as well. If I am doing something wrong I apologize.

Ms. King asking about the Technology Grant on page 6, it says a required local match is maintained at 20% of the grant and 25% for the local match of teachers. If I understand this paragraph, the

school is required to spend 20% of the grant amount, \$75,000.00 and then they could send that verification off to the state and then the state would send them the money of the balance of the grant. Is that pretty much the process of how the grant would work?

Ms. Payne responded that was her understanding.

Mr. Coombes stated you are going to have to ask the school. All we are responding to now is the information they sent us. How it works and what it does, I have no clue.

Mayor Rummage asked Mr. Trivett to make notes while you are sitting there because I am going to call on you to respond when the committee is finished.

Mr. Trivett responded Ms. Brown is taking notes.

Ms. King stated if the state or the federal government actually issues these grant to the school, therefore the school should get the money then why is it the Town would have to pay, why not the school? They are getting the money from the state, why is it the responsibility of the Town to pay the money and wait for it from the state? It is not a Town grant.

Ms. Payne responded most of these from my understanding are reimbursed so they have to spend the money up front. They get the money from us.

Ms. King stated it is 20% matching.

Mr. Coombes stated we were talking about this last Thursday in terms of essentially, this is oversimplification, the \$360K if we approve it in some point in time, that most of it is front-end. In other words, we give the money and it is reimbursed after some period of time by whatever grantor agency is doing it. Basically you can argue whether it is a loan or not. The Town will front-end the money. The \$360K will go towards a multitude of different grants, but that doesn't mean that the school or the Town has the money from the people who are granting the money. We are prospectively giving them the money retroactively, they get it back.

Ms. King stated it says you only have to have 20% of the issued grant. You are going to get \$75,000, but you only have to spend \$8,200 so why . . .

Mr. Coombes did not agree.

Ms. King stated she was wrong then.

Mr. Ridgely stated you have to spend the money before they get the money back.

Mr. Trivett agreed.

Mr. Ridgely stated they don't send the grant money until the money is spent correct?

Ms. King responded yes, the 20%.

Ms. Payne stated Item 5, for \$5,536.00, this monetary amount doesn't seem to appear that I could see in the supporting paperwork that we have been given so far. Exhibit 4, this monetary amount is the difference between the \$106,520 and the \$112,056.00. The actual amount that the school is quoting in this request isn't shown anywhere. I had to do some mathematical calculations to come up with this and I don't understand these amounts. Item 6, for \$6189.72 is the Title II Part D Technology saying the supporting documentation may apply for a sub-grant under this No Child Left Behind award, the school has listed \$6,189.72 but the supporting documentation shows that we are eligible for \$2,444.79. Item 7, the last exhibit amounts to \$105,000.00. I was not able to locate any documentation in the packet that they gave us on that. I didn't see anything relating to that amount. Wrapping this up, there are a couple of issues that need to be addressed first of all for the request of the carryover money. To my understanding these awards are upfront, reimbursed payments. If there is any carryover money, how would we still have that money because we would not have received that money unless we already spent it? They don't give us the money until we spend it. How could they possibly have some left over?

Mayor Rummage stated he read it somewhere that there is no such thing as carryover funds. I think that was by the auditor.

Mr. Coombes agreed and stated we asked that question from Nancy when she gave the audit presentation to the Council.

Ms. Payne speaking about new grant money, does the School Board have the authority to commit to these new funds? As the grants are reimbursed something must be provided upfront by the School Board or the Town Council. Has the Town Council approved any of these monies upfront? It seems to be an assumption that this money is going to be forthcoming and Council has not looked at that. We need to look at that. We need to look at the cash flow to determine whether we have the funds. If we appropriate \$360,000, we need to take a real high look at what the cash flow is. Depending on the time of year, our money gets pretty tight. I think the Chief Financial Officer will agree with that. We just need to take a high priority look at this. There are a lot of unanswered questions. I think the package that was given to us was incomplete at best and we need further information before we can determine.

Mr. Ridgely stated we have prepared an information request which is pretty straight forward and simple on the revenue items.

Mr. Coombes stated as far as we can tell, these balances are obviously not in our budget and I don't think they are in the School Board's budget. Secondly there are a couple of items here where the school is requesting a resolution of \$360K for the fiscal year 2010-2011 which signifies that it certainly is not in our budget and I don't think it is in their budget. It may be anticipated but we have none of this money in our budget. You have to keep that in mind when Karen said cash flow.

Mayor Rummage stated I think she is saying the same thing that you were saying earlier and Val told me, if these numbers amounting to a total of \$360K can be certified or verified from the federal government, then we don't have a problem. In other words if those monies are guaranteed to be replaced when they use local funds. . .

Mr. Coombes responded that is correct but you have a potential problem in my opinion in terms of the Town being in the final quarter of the year and based upon the financial report out of the finance office when you take the amount of revenue due into us and the budgeted anticipated expenses, we have a pre-balance of slightly over \$300K. If you will recall, Nancy Miller stood in this room in her presentation, and said that we are dangerously close to having problems with our margins. We cannot go below and I am just pointing this out, I am not making any value judgments yet. As bad as things are we have to be very careful in what we do. Once we get down the road and say yes, this is verifiable, and yes they have the grants or the grants will come, then we have a second decision to make. That is, where is it coming from and if so, how much.

Mayor Rummage responded he thought that was a good point and I discussed that with the Town Manager today. Let us assume hypothetically we can work through a situation where the federal money is not forthcoming until it is spent. I am going to talk about it later as I have been insisting on having a separate bank account with us being signatories on the account. I don't like it included in our budget process. I think it should be a separate account, but when they come to us and say we want an authorization to spend \$100K and we are in that last quarter you are talking about, and we don't have a lot of money in reserve and if their account is shown to have very little if any money left, then where do they go? Do they go to a bank like a normal business would to borrow money? I don't know, but I think the whole problem is, having to put out the money before we get it back from the federal government.

Mr. Coombes stated it goes on all over the state.

Mayor Rummage understood that but felt that we have to acknowledge the fact that therein is the major problem.

Mr. Coombes responded we couldn't agree more. I am just saying to you and presenting the fact that \$322K for 3 or 4 more months on our side, Nancy Miller said we can't go below that. We can, but it is not prudent fiscal policy to do it. I don't know whether it is a bank loan. I don't know whether we go into a bank loan. That is a subject for another day once we get over the \$360K of whether or not they have it.

Mr. Kennedy asked about the timeframe for when they get reimbursed? I would like to know and it is my understanding that you spend the money and then put in for a reimbursement and get the money back.

Mr. Coombes stated he asked that question last Thursday and it really has to come from the school. I would imagine it varies depending on who the grantor is.

Ms. Brown responded it is a month.

Mr. Trivett stated we can answer everything if you will let us. It will help you tremendously.

Mayor Rummage stated the Budget Committee asked if they could complete their presentation. I said yes and that would be appropriate, but before we adjourn we want to hear from you.

Ms. King stated what she wanted to see was a process established between us and the School Board simply stating what has been done. For every award the School should give us a copy of the letter of award. Then something has to be done that allows the Town to know exactly what funds we have in our bank account that relate to each one of these grants. That is where the problem occurs. From what I am understanding the School got the money and then we didn't get reimbursed and we didn't know about it. Whatever it is, I would like to just see an absolute guarantee, checks and balances system in place that says, okay we give you the loan and this much money came in and this applies to the reimbursement to the loan that we already gave you. I don't know that it hasn't been done. You have to keep track of money going out and money coming in and the line items. Until something like that is established, it is too hard and that is how we got in this position as it is.

Ms. Payne agreed and stated part of the frustration has been the fact that we have not been on the same accounting system and we continue to not be on the same accounting system. I believe also, with some of my conversations with the Town Manager and the Chief Financial Officer, that part of the problem is the way when the money comes in, a lot of times it is not specifically detailed by which fiscal year it was or exactly what it is going to. It is more like a direct deposit into the account and then you have to back track to figure where it is going.

Ms. King felt it was important for now and for the future relations, a checks and balance system be implemented. That way everybody knows what is going on and everybody has signed off on it.

Mr. Coombes stated he would like to have a dollar for every time he has talked to the Finance Officer about this. It just seems to be an improbability as of today to find out on the Town side where this money should be applied to. I don't understand it either. It seems like a relatively, simple, straightforward process that can be established so both parties, the school and the Town will know where these payments should be applied to.

Ms. King stated and when they come in. I just don't understand. Whether you have the same system or not a dollar is a dollar. It has to have a number with it so everybody knows when they got paid, who got paid.

Mr. Ridgely responded it is straight and simple. There are four things that this committee needs. 1.) Award letters or specific award notification for all grants included in the request to Town Council titled, "Federal Grant Appropriations". This document was delivered on February 25, 2010 (a copy is attached for your reference). 2.) A signed copy of the resolution passed on August 19, 2009 in which the Board request additional appropriations totaling \$102,550.80. 3.) A signed copy of the Resolution dated February 17, 2010 in which the Board requests the change to appropriations for Federal Grants in the amount of \$360,413.14. 4.) Copies of all OMEGA Spend Down Reports for all grants included in the Resolutions in items two (2) and three (3) above.

Mr. Ridgely stated if we have this information we feel we can move forward in the right direction. We have to have it writing and we lack that information. It is not that difficult and that is what we feel we need and that is what is missing in the package. We did ask for the specific awards or the letters stating that this is the grant. We need copies of the signed resolutions and the Spend Down

Report is a great help in tracking. That is what we need to move forward. If we can get this information, we can move forward.

Mayor Rummage stated as soon as you are finished with your presentation, I will call on Mr. Trivett and he can bring whomever he wants with him to try to answer these questions. I am happy that this meeting was called because it gives us an opportunity to clear the air and get the information you are seeking before next Thursday.

Mr. Ridgely responded this information is needed in writing.

At this point, Mr. Trivett and Ms. Brown came to the lecturn.

Mr. Trivett stated obviously listening to some of the comments, there is a lot of miscommunication without a doubt and a lot of misunderstanding. I will be honest with you I don't understand it all myself but I do know when we talked about carryover a couple of times, but every year you can read it in the paper where school boards and other divisions have carry over money and actually the town or county awards it back to them if they didn't spend all of their budget in that year. I read about it every year. Those are local funds. Grants are never all used in the same years. It is for the next year or the following year. It might be a 3 year or a 27 month grant. We did get letters to show this and how it comes. It comes as a memo basically and lists all of the counties that were awarded this grant and lists the money that they actually received. But apparently in this miscommunication, this is not what you all want. We had to ask for some and we haven't gotten them all back yet. On March 10th, we got two, one for \$104K and one for the \$64K which we will provide to you. But this is all the state provides us. This is what they give us as a letter. Grants are carryovers. You have to spend the money to get it back. We didn't ask you to give us any additional money from anywhere. The money that we are going to spend is the money we already have in our budget. We are not asking you to appropriate \$360K of your money or taxpayer money or anybody else's. If you look at what we have done all year, we had money that we carried over from quarter to quarter. It doesn't matter what accounting system that you use, whether it is Bright or whatever, we have provided Joan with everything she has asked for, every month. It comes in from the state, and I think she has had issues from the way things come in from the state, but the state isn't going to change their regulations for the Town. Everybody gets it exactly the same. When they send us something that says this is money for this, it comes to Janet, she sends it to Joan and she lets Joan know which category to put it in. That is how it is received. We can't change that process. That is what the state dictates to us. If there is confusion there, we just need to work to figure out a way to straighten it out, but even going back to August . . .

Mayor Rummage stated so what you are saying is you have the \$360K in your budget. You have the money and you are not asking for anything here other than a resolution that authorizes you to spend that.

Mr. Trivett agreed and stated honestly I am baffled by this. In other words what the Mayor is saying is that we are actually going to spend the money that is in our budget. We are not asking you to give us \$360K.

Ms. Erard stated if the money is part of your budget and we approved the Town budget and appropriated it, then you don't need anything from us to spend it.

Mr. Trivett responded that the Board of Education has told us that but it is this procedure that has always been followed. The Town or County has to approve it. If we do a budget amendment to our budget to add that in there it has to be approved by the Town. They thought this whole thing is ridiculous but I am trying to do the right thing, but I think it has never been done like this with this Town, they just always spent the grant money and never asked your permission. I want to do the right thing because I was told that you had to approve it, so I tried to do the right thing, but this is what happens.

Ms. Erard asked Mr. Trivett are you amending your budget?

Ms. Brown responded we need to amend the appropriation in our budget. When our budget was approved, some of the grants were not even awarded. They came in, in May or July.

Ms. Erard stated you are amending your budget, which requires the Town to say nay or yea, but you are not asking for an appropriation.

Mr. Trivett stated you are exactly right.

Ms. Brown stated we are not asking for any extra money. We are going to spend it within our local appropriation that you approved from our original budget. In other words we want to have permission to spend federal dollars in place of spending local dollars because we will get it back.

Mr. Kennedy stated so this is your quarterly appropriation. Will this adversely affect your operations to the next quarter?

Mr. Trivett responded no. We have already carried over money in every quarter. We probably have \$200K already but . . .

Mr. Ridgely stated we were told you would not be able to meet payroll.

Mr. Trivett stated I don't know who said that but. . .

Mr. Coombes stated someone said you would be in the red . . .

Mr. Ridgely stated Dr. Power said it at the last meeting that you would not be able to make payroll and would be operating in the red.

Ms. Brown stated what she was saying was if we spent federal grants without them being appropriated and we didn't get reimbursed then it would probably put us in the red. We are not going to spend any additional money, other than our local appropriation.

Mr. Coombes stated we certainly did not understand. We took the information you all gave us and went through it and this is the result but why are we appropriating something twice?

Mr. Trivett stated it has never been in there, it is new money.

Mr. Ridgely stated but your words were appropriation in the resolution.

Ms. Brown stated that is a word we have used in other divisions.

Mr. Ridgely asked to have the Town Manager comment and explain what page we are on.

Mr. Trivett stated he welcomes the dialogue and the Town Manager can clear a lot of this up.

Ms. Foulds stated she wanted to make sure Ms. Brown understood correctly. The Town Council appropriated \$1.7 million dollars for the 4th quarter spending. You are asking if that includes the . .

Ms. Brown responded she was not asking for anything in addition to our regular appropriation.

Mr. Coombes stated then if you are not asking for anything additional, the quarterly appropriation that we approved last week is enough to cover the \$360K.

Ms. Brown agreed.

Mr. Coombes stated he is really learning something.

Ms. Brown stated it is an audit adjustment, the reason why we are here. The auditor said when you have new money sent to you and it is not in your current budget you have to add it to your budget in order to spend it.

Mayor Rummage stated and you have to ask the Council to amend it.

Ms. Brown responded to change our budget.

Mayor Rummage stated it sounds like a formality.

Ms. Brown agreed.

Mr. Trivett agreed.

Mayor Rummage asked if we are making head way?

Mr. Kennedy agreed.

Ms. Foulds stated the budget amendment that we were talking about a minute ago that had to be appropriated, are you saying outside of that \$1.7 million or whatever?

Ms. Brown responded she wanted no more than what we agreed to at the beginning of the budget process, we are not asking for anything additional.

Ms. Erard felt it was just a matter of where it comes from. The state is telling you that you are going to get money in this pot, instead of this pot so you need to amend your budget and then we just need to amend ours. Do we appropriate by category?

Ms. Foulds responded yes.

Ms. Erard stated then it will affect the category which is why the state is telling you that. That makes sense.

Mr. Trivett responded they are federal funds but we will lose them if we don't use them but they require you to spend the money first and then they are basically paying us back for spending it.

Mr. Ridgely stated all I heard through this whole process is you all needed \$360K.

Mr. Trivett stated I don't know who told you that but . . .

Ms. Brown stated we need \$360K added to our budget.

Mr. Ridgely stated you don't need \$360K of additional funds.

Mr. Coombes stated all seven of us understood that you needed \$360K until this moment. We have to be careful in terms of the words we use and how we use them. This is the best revelation I have had all year.

Mr. Trivett stated it makes me wonder what has happened in years past.

Ms. Grant stated setting aside that comment because this deals with the amendment of the appropriations, in the revenue and expenditure report right now, you have budgeted items that you have zero money budgeted for, but yet you have received revenue for. You have not come before the Council to ask to spend that money. Why?

Ms. Brown responded she would have to look and see what that line is. It may have been put in a line that doesn't belong. I will have to research.

Ms. Grant said the revenue came in specifically identified as an example, Reading First. It was not in the budget, but the revenue came in and it is has been posted to Reading First, but no one has come before the Council to discuss the spending of the money.

Ms. Brown responded because it was spent at the end of last year.

Ms. Grant stated but if it is the same process why has no one come before Council to have that conversation?

Mayor Rummage stated it seems to be this is totally miscommunication.

Mr. Ridgely stated it is poor communication. All I have heard sitting here is we need to come up with \$360K and I don't think a Councilman in here thought anything any different.

Mr. Trivett asked the Council, when did you ask us that question? Never! Not one time did anyone on Council ever ask us. If you had asked us that question, we would have answered no. You never asked us that question. You have had this since August and if that was your question, we are right next door, you could have walked over there and asked that question at any time.

Ms. Payne stated we have not had all of this since August.

Mr. Trivett stated you never asked for it.

Mr. Coombes asked for a Point of Order. This is deteriorating and we need to keep it higher up.

Mr. Ridgely stated on Thursday, March 1, 2010, I just want to read an excerpt from the minutes. *“Dr. Power responded the first thing that we do is we need to pay the local dollars before we can submit for reimbursement. In order for the reimbursement, we need to order before the date the grant runs out. There is a 45-60 day period before the actual reimbursement gets delivered. The federal local dollars are used in that 45-60 days period thereby ??? quarter allotment. We will be stretching it as far as meeting other obligations, like payroll”*. That is Dr. Power's statement.

Mayor Rummage stated that doesn't state specifically that they are running in the red.

Mr. Ridgely stated that is all the more reason we thought they needed our money now.

Mr. Kennedy asked what is the thought process to get this resolved now? We can sit here and argue back and forth but it won't get us anywhere.

Mayor Rummage stated based on the conversations that I had today with the Town Manager and Tim Trivett, what we need is an authorization letter, an award letter or whatever covering this \$360K and the four questions that have been posed by the Budget Committee answered. If those things can be answered by next Thursday, I don't see why we can't resolve this whole thing.

Ms. Erard asked about the process. Based on what I have heard, we would not need to advertise because there is no change in the dollar amount. All that would need to occur is to show what money is moving between the categories and the amount that needs to be approved. That could be done next Thursday.

Mr. Kennedy asked if it could be done today, but I don't think we have those numbers ready to be approved, but they could be. There are no additional funds coming out of the Town's budget. It is a matter of a budget adjustment.

Ms. Erard stated it will be a budget amendment, not an appropriation.

Mayor Rummage stated if the Budget Committee can come up with exactly what we have to do by next Thursday. We have to make an amendment to the school budget and the Town's budget and we have to pass a resolution for the expenditure of those funds.

Ms. Erard responded no.

Ms. King asked if there was some means or method that you can establish that we can follow a process to be able to assure in three years when money comes in, and I don't know where Ms. Grant is going to be or anybody else, but there should be an established policy that the money can be traced. The state makes mistakes also and if no one can follow it through to total completion, because Council's move around, if this was a policy and process established that can cover this, I would feel a lot better about appropriations or grants being followed.

Mr. Ridgely stated we can draw up a system and the other thing we can do if they can provide this, we will be in a better position for Thursday. I want to make one comment, I have talked to every Councilman and discussed in this room about this at one time or another and Val and Joan and everyone thought the same thing. We did not know where we were going to get this money. We were all under the same impression that we had to come up with additional dollars. It was not one or two of us. We all felt we had to cough this money up.

Mr. Trivett stated he understood and I just wish that someone would have asked us that question directly. If we caused that confusion, I apologize.

Mr. Ridgely stated when Dr. Power said she was worried about payroll, that is a flag to me that you needed more money. I had no other way but to think that. When she said she was not meeting payroll, unless we give you this amount of money, we may not meet our payroll. That is exactly what she said and I had no reason not to believe that you weren't asking for additional funds from the beginning. That was the impression we were all under.

Ms. Payne felt it was terminology because both of the resolutions used the terminology additional appropriations.

Mayor Rummage stated lets establish there are two procedures. One is authorization and the other is appropriation, then we won't get into this. When Val and I were talking earlier, I said you don't really mean an award letter from the federal government, you really need an authorization. It may sound like semantics but it leads to a lot of confusion.

Mr. Ridgely stated Tim Trivett has the Freedom of Information Request.

Ms. Foulds stated at the last Council Meeting, the Council appropriated \$1.7 million dollars and you have the authorization to spend that.

Mr. Trivett stated Ms. Grant asked me in 2008 why we didn't do this procedure.

Ms. Grant stated I was using that as an example, but I was saying there are monies that have come in and there was nothing budgeted. The revenue is here.

Ms. Brown stated the money was spent at the end of last year so we had nothing to come in and ask for a budgeted adjustment for because the reimbursement didn't come in until this year.

Ms. Grant stated that is my point that would be an appropriate discussion that the Superintendent could have with Council or the Budget Committee when she is having those discussions so that we don't get to this point at a later date. That is easily explainable. You are going to see on this report "x" and we don't need to spend it because this is the reimbursement. That would be helpful and it would close the loop that is Ms. King's point of understanding that you have the money, it eventually comes in and that would be a complete example of how that happens and close the loop.

Mr. Trivett stated I am trying every day to insure that we don't go backwards because we have had multiple issues before Ms. Brown. A lot of these things I don't know myself. When you bring them to my attention, I take them to someone who is an expert in this field and have done it their whole life. That way we can all learn from this process the right way to do it. In the past, a lot of things have not been done the right way. It has just been done.

Ms. Grant stated in six years, I have never seen the school ask for a budget amendment and not ask for the appropriation that went with the amendment.

Ms. Foulds stated to reassure you again, Resolution - #10-10 adopted on March 11, 2010 awarded 4th quarter appropriation to the school of \$1,716,470.

Ms. Erard asked if a budget amendment is in order to spend out of a particular category?

Ms. Brown responded it is an audit procedure more than anything.

Ms. Erard stated so you have enough money in the category where you need to spend it.

Ms. Brown agreed.

Ms. Erard stated so you applying and spending the money is not contingent upon Council acting next Thursday.

Ms. Brown responded as long as we know it is coming because it is more the audit. When we get ready for the audit if we spend part of the grant that wasn't in the budget and spent the money that was in the budget, then it makes it difficult. Since we have most of these grants appear in every year's budget, we can spend out of this year's money and then reimburse it on last year's grant once we get the approval so we can file the reimbursement on last years and that will take care of the problem.

Mayor Rummage stated the letter that the Chairman has presented, you have read that and it has four requests on it. Can you accommodate the committee by next Thursday?

Ms. Brown agreed.

Mr. Ridgely stated he would like time to review it before next Thursday. If we get that information and it satisfies the committee, we will be in a position to act.

Ms. King stated we need assurance from Dr. Power that she can meet with Ms. Grant and we are going to work on a process.

Mr. Ridgely stated we are going to put that in place real quick.

Mr. Trivett apologized for Dr. Power not being at the meeting. We didn't tell her about this meeting because she was scheduled to be out of town. I felt that Ms. Brown and I could answer these questions. She would have been here. She would have cancelled her appointment to be here because she cares that much about what is going on with all of this.

With no further discussion from the Town Council, the Special (Emergency) Meeting of Wednesday, March 17, 2010 was adjourned at 4:35 p.m. at the Colonial Beach Town Center. ***Mr. Lyburn was absent from the meeting.***

Respectfully submitted:

Barbara A. Goff,
Town Clerk

Frederick C. Rummage,
Mayor

