

A JOINT MEETING OF THE BOARD OF SUPERVISORS AND THE SCHOOL BOARD OF THE COUNTY OF NEW KENT WAS HELD ON THE FIFTH DAY OF SEPTEMBER IN THE YEAR OF OUR LORD NINETEEN HUNDRED NINETY-FIVE IN THE HIGH SCHOOL AUDITORIUM BEGINNING AT 6:30 P.M. WITH ALL MEMBERS PRESENT.

Mr. Michael D. Salmon, Chairman Board of Supervisors and Mr. Jack King, Chairman of School Board called the meeting to order. Mr. Salmon said the Board of Supervisors requested this meeting and appreciates the opportunity to meet with the School Board and discuss some of the things that have transpired concerning the budget. Mr. Salmon continued by saying he knew some action had been taken to help with the shortfall and the Board would like to hear their comments and strategy. The Board of Supervisors will take this information and hopefully be able to help with some of the problems concerning the budget deficit. Mr. Salmon asked the School Board to make their presentation and if the Board would please hold their questions until after this presentation.

Mr. Jack King addressed the Board of Supervisors and the public in attendance. He said his comments would be on fact and not speculation of what he knows at this point. During the latter part of the budget process, April through June time period, they became aware of some errors in the budget. During that time, the former Superintendent of Schools, R. Joseph Adams, indicated he had some concerns relative to whether or not they would have a deficit for the '94/95 budget. Mr. King then recommended Mr. Adams contact the other board members and to bring in the audit firm that has done the schools audits for many years. The audit firm came in and looked at the records and they were told everything looked to be in order. During this process Mr. King kept the Chairman of the Board of Supervisors and Mr. Emerson, County Administrator advised of their findings. Once this was done they then focused on hiring a new Superintendent of Schools. After Dr. Geiger was hired, Mr. King asked him to look, in detail, at the budget because he still felt there were some problems. Mr. Burrell interrupted Mr. King to ask what the time frame was when he asked the new superintendent? Mr. King replied, immediately after he was appointed which was June 30th to become effective July 15th. Mr. Burrell again asked if this was the time frame the new superintendent was asked about the budget. Mr. King responded yes. Mr. Salmon requested the Board hold their questions until the School Board was finished with their presentation. Mr. King continued, after Mr. Geiger looked into the situation it became apparent they did have a deficit. The number changed from 0 by the auditors to \$300,000 or more. They were not able to get a clear picture of a number until just a few weeks ago and they asked to meet with Mr. Salmon and Mr. Emerson. They had to reconstruct the '94/95 budget to be able to come up with the numbers as close as they could. After this reconstruction, the amount of deficit was \$246,629 and they also determined the '95/96 budget did not have these expenditures in that budget. Mr. King said it was his opinion the shortfall lies in the technology area. Expenditures were made but not budgeted for or approved. The State Board of Education will be sending their specialist down this Friday to look over the situation. If they feel it necessary they will do a complete audit and make recommendations. They have taken measures to reduce this deficit which amounts to approximately \$250,000. Those areas are not filling several teacher positions left vacant, not filling the Assistant Superintendent position, along with some other cuts they are reviewing. Mr. King wanted to assure the Board of Supervisors, there has been no effort on the School Board's part to withhold information. They have been struggling to find the correct information. Also there was no effort to overspend the budget. Mr. King said they can't control what they don't know about. They have an audit every year and had no knowledge of this not being correct. Mr. Torrence, a School Board member, asked for one clarification. He inquired about the statement of Mr. Adams notifying the School Board members of this problem back in April. He was not aware of anything until June. He was curious if any of the other School Board members were aware of this back in April. Mr. King replied, he can't remember the exact time periods but he did know that at one of the School Board meetings a concern was raised about the possible deficit. Mr. King then turned the meeting over to Dr. Geiger. Dr. Geiger provided both boards with an expenditure account summary. He stated this is something that

hadn't been provided before but will now be made available to the School Board. He has been speaking with Mr. William Johnson, Accounting and Budget Officer, to see if they can get both systems to work together so this will also be readily available to each board. Dr. Geiger also handed out a budget update worksheet showing the deficit and the proposed cuts. Since the meeting between Mr. King, Mr. Salmon, Mr. Emerson and himself, a few other things have come to pass. There is an outstanding bill for Virtexco and MMM Design to close out what we have to do with the Primary School. We were under the opinion there was enough money in the Literary Fund to pay for this. There was nothing in the budget to say contrary but this is an additional \$30,000 that has to come out of the school budget to cover these bills. This was something that wasn't discussed before. In addition there is an increase in the Group Life Insurance of over \$11,000 that was unexpected. Ms. Kathy Kitchen will be coming in on Friday to do an overview of the budget and hopefully she will have some additional suggestions to help us with more cuts but not where it will hurt the children. The deficit consists of \$246,629 for late bills, under budgeted by \$227,917, the roof at the Middle School of \$43,355, plus additional problems he found of \$11,744 group life insurance and \$30,521 to close out the Literary Loan which makes a total deficit of \$560,166. Some of the cuts they have made are in a hiring freeze of \$180,000, rebid the health insurance for a savings of \$30,000. If this health insurance becomes more attractive, we may not save this amount. Also legal fees, substitute teachers, travel, part-time custodians, field trips are on hold until October, an aide that works in the Library will not be replaced along with other items listed on the worksheet. We have tried to cut everywhere but in the classroom. This makes us still short \$231,566. Hopefully when Kathy Kitchen finishes with her review she will be able to point out some other areas we have not thought of to help with this shortfall. There are some areas that are really hard to budget for. One area is the needs of special students. There is nothing built in the budget for this type of problem. There will also be an occasional unplanned maintenance problem. Just this week Mr. Ishler informed him the boiler at the Middle School was in very bad shape and needed to be replaced and the cost would be \$1,000. Dr. Geiger told him not to repair it to try and get by. Mr. Ishler replied the boiler is going to go and if we wait it will cost us more, so it was decided to fix the boiler now. These are the kinds of decisions I'm having second thoughts about but we are trying to proceed as cautiously as possible. Mr. Burrell asked Dr. Geiger about the audit that was performed in April and in all the years in the past nothing was said about problems, was that correct? Dr. Geiger responded, yes the audit was done in May of this year. Mr. Salmon interjected, the audit for the school year ending June 1995 has not been done yet. The auditor came in May to assist in updating the books for the School Board. Mr. Burrell continued, you brought in an auditor and they said everything was in order, is that not true? Mr. King replied, yes. Mr. Burrell inquired if they had auditors in previous years come in. Mr. King replied, just for the yearly audit. Mr. Burrell asked why did you have auditors come in special this year. Mr. King replied, we were unsure if we had a problem or didn't have a problem. Mr. Burrell continued and inquired of Dr. Geiger, during the many times they came to the Board on the athletic facility, was it not asked if there were any problems or anything in the future that would need additional funding? Mr. Burrell also inquired about the roof on the Middle School, why was it not brought up before? Dr. Geiger responded that the roof has had problems for a while, Mr. Burrell interjected wasn't it asked several times about spending \$635,000 for an athletic facility, why not hold off to see if there are some situations where we might need that money? Now, right after this you need \$42,000 to fix a roof, that doesn't happen over night. Dr. Geiger responded he did not approach the Board on the \$635,000, secondly the roof should have been put in the past budget because there were concerns with the repair. He was told there was enough money in the operating budget to cover this repair. Looking at the budget now, there is no room to support this repair. Mr. Burrell inquired to what part Dr. Geiger had in working on the past budget. Dr. Geiger replied he was responsible for federal budgets but had no part in the eight years he was Assistant Superintendent with the main budget. Mr. Burrell also asked if he received a letter from the County Administrator requesting each department cut their budgets by 8 1/2%. Dr. Geiger replied, no it went to the Superintendent of Schools. Mr. Burrell continued, the night we had the public hearing, you rallied the teachers for more money when we were cutting the budget very close. Dr. Geiger replied he was not aware of a deficit at that time. Mr. Burrell continued it was mentioned at a Board Meeting there was \$147,000 unaccounted for. Dr. Geiger replied that was debt service out of 1994/95. Mr. Burrell also

asked, you were short \$147,000 and it was mentioned in the June meeting, is that not true? Dr. Geiger replied he did not think that was the case. In terms of the debt service, there was no knowledge at that point in time we won't be able to pay all the bills. When the auditors came in, a meeting I was not part of, they said the books seemed to be in order. Mr. Salmon interjected the \$147,000 was not an over expenditure, it was a line item that was budgeted for debt service but the debt service did not occur and therefore the School Board had the \$147,000 to spend where they wanted to spend it. Mr. Emerson added, this is correct the debt service was over budgeted by \$147,000. Mr. Salmon continued, there was no debt service that year so they had an additional \$147,000 to spend. Mr. Emerson added, the Board requested an explanation of where the money was spent and I believe that is what Mr. Burrell is talking about. Mr. Burrell replied that no explanation was ever given. Mr. Salmon said Dr. Geiger was not involved at that time but the previous superintendent was asked for an answer. Mr. Bradby inquired about the expenditures on technology. Could you explain exactly what these were. Mr. King responded it looks like computers, maintenance of computers, printers and copiers. It looked like a good deal of money was spent on these items that was not budgeted for. Mr. Bradby asked if to his knowledge, was this all new equipment or was this updating equipment. Mr. King replied he thought it was a combination of both, he was not quite sure. Mr. Ringley followed up on Mr. Bradby's question on computer updates, would there be a possibility these could be financed or have they been paid for. Mr. King replied they are mostly on lease. Mr. Boroughs wanted to know if we went back to category, could you reroute your money to help make the payments, or would like to keep it the way it is. Dr. Geiger replied, he felt it was a bottom line situation and the only way that would help is if the bottom line was big enough to accommodate the problem. His concern is, it would mean more paperwork and more work on everyone to do it categorically. Mr. Boroughs asked how they stand on the athletic facility. Mr. Salmon interjected and asked if they could save that for later after they finish the budget discussion. Mr. Burrell said he heard a statement and it appears it was said twice, that this is based on a lack of knowledge and not knowing what was happening and it is being blamed on technology. Please explain that to me. Dr. Geiger responded this was a statement by the School Board. Some of things they said that needed to be taken care of are, one is over expenditures and the second thing has to do with building a meaningful budget document. The first problem was not checking back in the books to see if the money was actually there and that was not done. Mr. Lanham was in charge of the technology end and provided adequate information to the superintendent to budget, it didn't get in the budget. A prime example is the \$70,000 for the Apple computer. At some of the discussions I did attend, it was mentioned there isn't the kind of breakdown that should be there, what does this line mean. When you don't do that you have a budget that no one knows if it reflects the teachers needs or anything else. I was aware of the technology debate at the end of the year. There was \$190,000 for the Department of Education for updating computers. When I received the budget document when I was preparing to take over, this showed \$25,000. Everything had been moved around. I don't know if this was done to accommodate the 3% raise, but I can tell you that money is not in there. Mr. Burrell asked who was responsible. Dr. Geiger responded, I believe the person who is responsible for the budget is the superintendent. It is now my responsibility at this time. I will go on record, if it happens again you won't have to point at the School Board, you can point to the superintendent. When I was doing federal budgets, they have never been overspent and received excellent reviews in Federal audits. Mr. Ringley said it was stated by the Chairman of your Board, the School Board had not been receiving year-to-date budget expenditures in previous years and the problem was your system was not capable of doing that, but in the second paragraph of that report, it said those reports were being generated on a monthly basis but were not being shared with the School Board, is that correct. Mr. King replied, he did not see those reports. Dr. Geiger added, the first time he saw a computer generated report was May 31st. Mr. Bradby asked Dr. Geiger about the repairs on the roof to the Middle School, could that have been a temporary repair rather than the total expense of a new roof? Dr. Geiger responded he had asked that question and the response he received was no. The temporary repairs that were done previously were not holding. Dr. Geiger said in his opinion, it really needed to be done, it would have been irresponsible to the welfare of the students and teachers. Mr. Burrell is correct, a roof is not something that goes bad overnight, this certainly should have been placed in the budget but wasn't. We were told the money would

come from the operations budget to cover it. Mr. Bradby also asked, if after the meeting with Kathy Kitchen, would you be willing to give the Board of Supervisors a report? Dr. Geiger answered, certainly. Mr. Bradby continued, he was surprised to see how much the deficit was and he understood from what was said, you will be able to take care of the 1995/96 expenditures. Dr. Geiger responded, that is a good point, but we are still saddled with the \$246,000 right now. While these cuts will be able to take care of the under budgeting of the 1995/96 school years, they are not big enough to take care of both situations. Mr. Bradby said, what he is hearing is, you can take care of half of this by the cuts you have made, however you are still having difficulty on the overexpenditures from the previous years budget, is that correct. Dr. Geiger responded, yes that still counts against this year. Mr. Salmon interjected, as far as going forth from this point tonight, I suggest we wait until Kathy Kitchen has done her review and the report is presented to us as to what we can do and the impact it will have. Then the Board of Supervisors will be able to have something to look at and in conjunction with the School Board see if there is any way to restore some money, to what extent we restore that money and to what extent we will be cutting into the curriculum of our students. The students are the number one priority in my opinion and we need to come up with the money. The Board of Supervisors needs to see what is cut, what is proposed and what will be the impact of those cuts. Mr. King said he felt Mr. Salmon was exactly right, once the State gives us their recommendations, we will be in a position to come back to the Board of Supervisors with other options. Ms. Crump, of the School Board, said she didn't feel Ms. Kitchen could complete her job in one day, it may be longer than that. Mr. Salmon replied, they would wait until the report is in and he didn't have a problem calling a special meeting to address these issues. Mr. Boroughs inquired if they could get some answers on the athletic facility. Mr. Salmon asked Mr. King if he would mind if they go a little over the time limit. Mr. King responded, no that was fine. Mr. Boroughs remarked he had two calls today. One person said the Board should give the money to the schools and the second call said not to give anything to the schools until someone is accountable for what is going on. He said he wasn't willing to just jump in and give someone \$500,000 until there is some accountability so he can give some feedback to his district. The general fund is lower than it has been since he has been on the Board twelve years ago. The other thing is the late bills for 1994/95. When it comes down to the end of the year will we have 1995/96 late bills that have to carry over? Mr. Bradby said he looks forward to the report from Kathy Kitchen. Mr. Ringley said he was saddened by the fact that they weren't informed earlier in the budget process and we are really speaking to some of the wrong people right now. If we had known earlier and had any idea of the magnitude, hopefully we could have found a way to resolve this before tonight. He felt it was a real learning lesson and he hopes the new members of the School Board and the Board of Supervisors continue to be cooperative with each other because it will be very critical over the next few years. Mr. Salmon added, another item they wanted to address was the athletic facilities. Could you please bring us up to date on where this project stands. Dr. Geiger responded they would not be completing the athletic facility. The biggest problem was an architect was not involved early on. Looking back through the information and the bids, he felt they should have looked more closely because not everything was included in the bids. We are left without restrooms, there will be no lights on the tennis courts, there will be no field house and they will only have a portable concession stand. We will stop in the black. We are working with a New Kent company to give us some preliminary drawings and cost estimates for what it will take to complete this project. This will be presented to the athletic committee and to the School Board. It will be the School Board's decision whether to ask for funding or not. Dr. Geiger said his feeling is, it is an important issue but the regular budget comes first in dealing with activities for the classroom and the athletic facility comes second. Mr. Boroughs inquired of Dr. Geiger if they know how much it would cost to finish the athletic facility. Dr. Geiger replied, no. Mr. Boroughs asked Mr. Dusty Crump of the School Board, his opinion of why there wasn't enough money to finish this project. Mr. Crump explained most of the problem was in the bid and the price of labor of the general contractor. The contractor was supposed to hire sub-contractors but they only used the price of the bid and the labor and did not put in the self-help work. The concrete work and that type of work was not included in your price, nor was the storm drain. The storm drain was never thought of, it was never in any site plan and it amounted to approximately \$30,000. The paperwork for the site plans and the permits weren't obtained

during the winter months but were obtained in the spring. If this had occurred, we would have picked up the storm drain. After they started work it was determined that they would need a storm drain. Mr. Boroughs remarked he was upset because this facility is not complete and they will have to ask for more money to complete. He said his vote was the swing vote to go ahead with this project and at that time he asked to make sure they had enough money so that they won't come back and ask for more money. He would really be hard pressed to vote for more money to complete this and he is still looking for answers as to why they don't have enough money to finish the project. Mr. Burrell said it was asked at least twice during the time they were advocating building this athletic facility, is this enough money. Why was this project started realizing the bid wasn't adequate to finish the job. Mr. Burrell stated now that there is a deficit and the School Board will be coming to the Board of Supervisors and ask for more money, will they also be asking for money to complete the athletic facility? Mr. King responded, no. The good news is there is no deficit on that budget, the bad news is it isn't as complete as we had hoped. The main concern is the education of our children and the athletic facility is usable as is and this will be addressed at some future time. Mr. Burrell said that was what he wanted clarified, when do you intend to ask for more money, this year or next year. Mr. King responded, he didn't think so they needed to get the budget squared away first. Mr. Torrence said at some future time the School Board will ask to complete these facilities. Mr. Burrell inquired about the seating capacity of the football field. Mr. Crump responded approximately 2,500. Mr. Burrell said if he is on the Board and they fill two-thirds of the stadium in the next four years, he would vote for the funds to complete this project. Mr. George Otey wanted to thank the Board of Supervisors for the meeting. He said he had several concerns but was glad for the meeting and that the Board of Supervisors are willing to respond to the problem and look for the best way to resolve this matter. We will only hurt the kids if we don't solve this. It is important to work together and not let this happen again. As a new member to the School Board and some of the people I have spoken to are very concerned about what is going to happen to the students. I hope the decisions we make will keep the students as the first priority. Mr. Boroughs said as he has spoken with the citizens, it must be made clear the money is appropriated by the Board of Supervisors to the School Board and it is the School Board's responsibility to handle these funds. It is unfair for the Board of Supervisors to take the blame for the shortfall. Mr. Burrell moved to adjourn but Mr. Ringley moved to go into executive session for consultation and briefings by legal counsel, consultants, or staff members pertaining to actual or probable litigation or other legal matters requiring the provision of legal advice by counsel pursuant to § 2.1-344(a)(7) of the Code of Virginia.

James H. Burrell	Aye
E. David Ringley	Aye
Marvin D. Bradby	Aye
Robert A. Boroughs	Aye
Michael D. Salmon	Aye

Mr. Salmon said as a point of clarification, the Board of Supervisors have moved to go into executive session but there will be no action taken at this time. It is for an update on some issues they have been discussing. Mr. Boroughs moved to go back to the Administration Building.

Mr. Ringley moved to go back into regular session.

James H. Burrell	Aye
E. David Ringley	Aye
Marvin D. Bradby	Aye
Robert A. Boroughs	Aye
Michael D. Salmon	Aye

Mr. Bradby certified that to the best of each member's knowledge (i) only public business matters lawfully exempted from open meeting requirements under Virginia law, and (ii) only such public business matters as were identified in the motion by which the executive meeting was convened were heard, discussed or considered in the executive meeting.

James H. Burrell	Aye
E. David Ringley	Aye
Marvin D. Bradby	Aye
Robert A. Boroughs	Aye
Michael D. Salmon	Aye

Mr. Burrell moved to adjourn the meeting.

James H. Burrell	Aye
E. David Ringley	Aye
Marvin D. Bradby	Aye
Robert A. Boroughs	Aye
Michael D. Salmon	Aye