



**Minutes of the
Colonial Beach Town Council
And
Colonial Beach School Board
Joint Meeting held on
Wednesday, August 15, 2018 at 5:00 p.m.**

Colonial Beach Town Center
22 Washington Avenue

Present, Colonial Beach Town Council

Eddie Blunt, Mayor
Dallas Leamon, Vice Mayor
Frank Alger, III, Council Member
Steve Cirbee, Council Member
Bill Dellar, Council Member
Burkett Lyburn, Council Member
Phil Rogers, Council Member

Present, Colonial Beach School Board

Tim Trivett, Chairman
Michelle Payne, Board Member
Vicki Roberson, Board Member
Patrice Lyburn, Board Member (via teleconference)

Absent

All Council members and School Board members were present.

Also Present

Town Manager, Quinn Robertson
Town Attorney, Andrea Erard
Town Clerk, Kathleen Flanagan
Deputy Town Manager, Rob Murphy
Finance Department, Gladys Gomez
Zoning Administrator, Allyson Finchum
Acting Chief of Police, Bruce Hough
School Superintendent, DeShawn Turner
School Finance Director, Stan Schoppe

Call to Order, Town Council

At 5:00 p.m. Mayor Blunt called the Town Council to order and recognized Chairman Trivett.

Call to Order, School Board

At 5:00 p.m. Chairman Trivett called the School Board to order and noted the Board has four members at this time and that the Board does have a quorum.

Discussion

Mayor Blunt thanked the School Board for their attendance at the meeting.

Mayor Blunt then requested Mr. Robertson to introduce and open each discussion item.

(i) School/Town Relationship (autonomy)

Mr. Robertson noted there has been a lot of correspondence over the last month identifying four topics for discussion.

Mr. Robertson noted that there is a certain level of autonomy in the Town/School relationship. Mr. Robertson explained that the Town is enabled to look into the school down to a categorical level and that is where the school's autonomy begins.

Mr. Trivett agreed.

(ii) Fiscal '17 School Operating Fund Balance

Mr. Robertson noted that as Fiscal '17 finances were under review, it was determined that the School Board had approximately \$300,000 in unspent funds.

According to Mr. Robertson, those funds do not carry over to the next fiscal year without a request to Council for those funds. Mr. Robertson did not find a request for those funds.

Mr. Trivett noted that he was not aware of any money left over.

Ms. Gomez reported that it was in the school's fund balance and that any unspent monies are typically returned to the governing body.

Ms. Gomez noted the new auditors have identified the unspent funds and town administration would like to take care of the disposition to avoid an audit finding.

Ms. Gomez further noted she has, in her role as consultant/advisor for audit preparation, advised the town management in year's past.

Mr. Trivett noted in 2011/2012 the School returned a large sum of money back to the town that he believed went to that debt. The debt, he believes, was old debt which was spent on engineers, etc. in the hopes of building a new school before the Town Council decided against building a new school.

Ms. Gomez responded that that is different. She was discussing fund balance and Mr. Trivett is referencing a school construction fund that was created, but has been inactive.

Ms. Gomez further noted that the old debt in the inactive school construction fund was addressed by the school's transfer of the old school building.

According to Ms. Gomez, the \$300,000 in unspent funds was found in the school's Operating Account in Fiscal '17.

Mr. Trivett asked if the school funds are comingled with town funds.

Ms. Gomez responded "No. The town and the school have pooled cash."

Mr. Trivett noted he heard that was not legal, that there should be separate accounts.

Ms. Gomez responded that pooled cash was the normal or typical way localities work.

Ms. Roberson noted that typically the money that is returned at the end of the year is given back to the school system.

Ms. Gomez noted the money has been sitting in the fund balance which means that a request and approval for the return of the funds has never happened.

Mr. Turner asked when would be appropriate to have a discussion about the funds in the fund balance for return back to the school system.

Ms. Gomez responded that early September should be appropriate and that the numbers should be available for Fiscal '18, which would show if the fund balance were the same or had increased or decreased.

Mr. Cirbee suggested when Council approves the School's budget, they include language that says if there is any surplus, any identified areas of savings or cuts made will be funded.

Ms. Gomez responded that there has to be a request and the request has to be specific operational expenses, such as text books.

Mr. Trivett asked if it was accurate to state that the state bases funding on ADM and sometimes the funding goes to the next year, not in the year the ADM was determined.

Ms. Gomez stated it is a challenge and the budget did not get set until late June and this is why accruals are crucial.

Ms. Gomez further stated that the school is a component of the Town and it is one financial statement. The school can create its own financials, but it is still a component of the Town.

(iii) Elementary School Project Close Out

Mr. Robertson opened the discussion summarizing that the new elementary school has been open for one year and the account needs to be closed out.

Mr. Turner responded that currently the school is waiting on the last delivery of chairs on the 17th, at which time the project can be closed out.

Mr. Turner proposed that the Town's Finance Manager, the School's Finance Manager and the Project Manager meet to close out the project.

(iv) Torrey Smith/Watertower Field Property

Mr. Robertson opened the discussion noting this property was previously owned by the school and was put up for sale by mutual agreement.

Mr. Rogers summarized the financing strategies behind the school construction. Mr. Rogers noted the project was projected to cost approximately \$9.4 million and a bond was secured in the amount of \$8.7 million, with the difference being made up by the sale of school property, which never happened.

The town has already provided the school with an additional appropriation of \$765,500.

According to Mr. Rogers, to give the school a credit on the water tower field property is like a double payment.

Mr. Trivett responded that his understanding was at no time was the sale of school property considered as part of the loan.

Mr. Trivett noted the town only borrowed \$8 million and decided they did not want to raise real estate taxes by \$.05 and that they could find the additional funding.

Mr. Trivett noted the only way the school could construct the cafeteria was with that \$765,000 from the town that was not included in the bond.

Mr. Trivett noted there was an MOU which addressed this issue.

Mr. Trivett continued saying the town needed to move immediately, the school offered the primary building. Thereafter the town decided to purchase the building rather than sell it.

Mr. Trivett noted there was an MOU stating the town would purchase the primary building at the appraised cost. The appraisal value was approximately \$480,000, which does not include two other portions of that land.

The county has assessed the building at \$380,000. The town and school agreed to meet in the middle as to value and reduce to zero an old balance on the books from way back.

Mr. Trivett further noted, as to the water tower field, once the town put up the other school property for sale, the school had a conversation with Coldwell Banker and decided to sell the water tower field for capital improvements to the high school.

At some point the town indicated the sale funds from the water tower property should be used against the \$765,000.

Mr. Trivett noted he was grateful for this meeting and that the School Board for the last ten years has strived to always do the right thing and, if they are not, he would like to be told that.

Mr. Trivett said “we’re either in this together or we’re not; I hope we are in it together and try to make things better for all of us.”

Mr. Cirbee stated it is everyone’s responsibility to know the rules.

Mayor Blunt noted in the past year, there has been a change of leadership and there has been a re-education taking place in the Council as they strive to “get it right.”

Mayor Blunt noted he is extremely pleased with the proceedings today and that there has been agreement to take off the \$338,000 that has been on the books for over ten years and that, according to a resolution regarding the water tower property, “the net proceeds shall be placed in the school’s construction fund until appropriated by the Town Council.”

Mayor Blunt expressed his appreciation to the Council and the School Board for this meeting and this discussion.

Ms. Gomez noted the agreement regarding the water tower property keeps that property separated from the general sale of town owned property parameters.

Ms. Gomez further stated that the budgeted cost for the school was \$9.2 million and the bond was \$8,630,000.

Ms. Gomez further noted that half of the \$765,500 came from the town capital improvement fund and half from fund balance.

Ms. Gomez further noted if the water tower property had been sold, there still would have been additional money needed to bridge the gap between loan proceeds and the actual cost.

Adjournment/Recess

At 6:01 p.m. Mr. Trivett adjourned the School Board.

At 6:01 p.m. Mayor Blunt adjourned the Town Council.

Kathleen Flanagan, Town Clerk