

TOWN OF RUTLAND
SELECT BOARD

MINUTES: January 29, 2015

Board members present: Steve Hawley, Mary Ashcroft, Don Chioffi, Joe Diction and John Paul Faignant

The meeting opened at 6:05 P.M.

Board members met with Town Attorney Mr. Kevin Brown and with Town Auditors Mr. Norm Ladabouche and Mr. Andrew Simons, who are with the CPA firm A. M. Peisch, and they discussed the unrestricted funds in the Town's bank account.

Mr. Chioffi said the meeting is a Committee meeting of the whole Board in the budget process prior to the finalization of the whole budget. Mr. Zingale said the meeting had 48 hours' notice, so technically the meeting is a regular Board meeting.

Mr. Ladabouche told Board members that they should concentrate on the General Fund rather than the Enterprise Funds or the Fiduciary Funds when viewing the Town's financial statements.

Mr. Ladabouche made the following statements:

- There are restricted and unrestricted funds in the General Fund
- The restricted monies are for highway, fire and recreation in depreciation accounts
- He said there is also a couple of hundred thousand dollars left over from the Fire Station bond
- He said most of the other monies are unrestricted
- His research goes back to 2008
- It appears the Town has had a million dollar surplus since at least 2008
- The surplus in June 2010 jumped up to **\$1.127** million dollars primarily from revenue from the options tax
- He said the amount is now **\$3.36** million dollars in surplus
- He said that because the Town has historically been very, very conservative in the budget process and has been using the local option tax to lower taxes, the Town keeps coming up with a surplus every year.
- He said maybe the option tax money should be moved over to other funds, moving forward.
- He said the Town does a disaggregated budget. He said the budget is never brought all together. He said the budget should be brought together and then see where the Town stands.

Mr. Cioffi said he is confused and he asked if the surplus money is dedicated to anything. Mr. Ladabouche said the surplus money is unrestricted money, and that the Board should do something with the money.

Former Town Clerk & Treasurer Ms. Marie Hyjek said:

- Mr. Ladabouche came up with the **\$3 million** dollar figure as of June 30th when the fiscal year ended.
- She said the local option runs for the fiscal year.
- She said the local option money goes into the big account that is being questioned
- She said the 4 quarters of local option money is used when the Tax rate is set by the Board
- She said the **\$3 million** dollars is committed for tax purposes

Mr. Ladabouche said his opinion given to the Board is a cash based opinion. He said what is received is available. Ms. Hyjek said the **\$3 million** is allocated and is not just sitting in the account.

- Ms. Hyjek said in addition to the local option tax money; all income, revue, fund balances and the water & sewer account funds are all in the same account
- She said she told Mr. Brown exactly how the Town would be doing things once it started receiving 1% revenue
- She said the money is committed funds to Town budgets

Mr. Faignant asked Ms. Hyjek if she reduced the tax rate by applying funds after she figured out the tax rate. Ms. Hyjek said that is what she did. Mr. Faignant said that is what the voters said they want done with the option tax money.

Mr. Faignant asked Ms. Hyjek if she considered the money, not as a surplus but as part of the operating way her office deals with bills coming up in the budget. Ms. Hyjek said that is what she did. She said the short balance is used for cash to open. Mr. Ladabouche said the Town always had a million in the account specifically to have cash to open as explained by Ms. Hyjek.

Town Clerk & Treasurer Ms. Donna Zeller passed out budget information for Board consideration. Ms. Hyjek said that as of June 30th there was more than **\$1 million** dollars in the account.

Ms. Zeller reviewed the budget information which she gave Board members. She said the information shows that Ms. Hyjek deposited the four quarters of the local option tax revenue into the account and it was applied to the general Fund. She said what is left in the General Fund is then applied to the other accounts.

Ms. Zeller said in 2006 the account in question went from **\$1.2 million** dollars in Water & Sewer money up to the present amount of **\$3.6 million** dollars. Ms. Zeller said when she began working for the Town she did not know the account existed because the banking person who would have advised her, had taken another job. Ms. Zeller said the fund has not been touched since June 30, 2014. Ms. Zeller said local option and tax

money have been passed through the regular checking account. She said anything above **\$1.2 million** dollars in the account has not been touched.

Ms. Zeller said there is **\$1.2 million** dollars in water & sewer funds, which leaves **\$2.4 million** dollars. Ms. Hyjek referred to page two of Ms. Zeller's handout and said the **\$1.2 million** dollars is in the money market account and was deposited last year and is to offset what is coming up this year.

Mr. Ladabouche said the Town had **\$3.3 million** dollars to start the year. He said the amount does not include; funds for the Fire Station construction; depreciation funds or water and sewer funds. He said there was about **\$1.2 million** dollars in the fund in 2008 or 2009.

He said a million dollars was added in 2009 and then a continual average surplus of **\$250,000.00** has been added each year for the last 4 years. Ms. Ashcroft cited the fact that according to Ms. Hyjek the Water & Sewer money is in the money market yet the information from Ms. Zeller seems to say the money is another account.

Mr. Ladabouche said the Town actually had **\$5.4 million** in the bank as of June 30, 2014, when the Water & Sewer Fund money is included. Mr. Ladabouche said the unrestricted fund has jumped from the **\$1 million** dollars the Board likes to have as a cushion.

Mr. Hawley said the Board liked to have the amount around **\$1 million** dollars and that the amount would fluctuate a little bit from year to year. Mr. Ladabouche said the **\$1 million** dollars is exclusive of depreciation funds.

Mr. Ladabouche cited the following:

- The General Fund tax is about **\$1.00 per \$100,000.00** of assessed value
- He said everything else (which is out of general Fund Monies) is being specifically voted by the taxpayer
- He said the taxpayers vote for; ballot Items, the Fire budget, the Recreation budget and the Highway budget

Ms. Hyjek said the Town should never let the money market account go below what the Town will receive in local option money coming in for the year. Ms. Hyjek said she does not want the Town to deplete everything then in June not have any money to pay bills.

Mr. Ladabouche cautioned Board members not to mix up the money market account money with money in the General Fund. Mr. Chioffi asked someone to explain what comes out of the **\$3.2 million** dollar amount.

Mr. Ladabouche made the following comments:

- There is **\$5.446 million** dollars in various Town cash accounts

- When you take out **\$1,092,000.00 million** from the Water & Sewer Funds it brings the total down to **\$4.4 million** dollars
- He said it leave **\$4.353 million** dollars in Governmental activities, which includes restricted funds
- He said the Recreation, Highway, Police and Fire accounts are all restricted funds
- He said there is **\$786,891.00** in the depreciation funds
- He said there is **\$206,064.00** leftover from the Fire Station Bond
- He said the Town has **\$3.36 million** in General Fund money to utilize for all general Fund activity
- Mr. Ladabouche said the reason there are two figures (**\$3.2 million & \$3.26 million**) is because **\$147,064.00** of the total is in restricted cash. He said
- **\$100, 00.00** of the money is carry over from the Highway Budget

Mr. Fagnant moved to go into executive session at 6:50 PM to consult with the Town attorney regarding unrestricted Town funds. Mr. Chioffi made a second to the motion. The motion passed unanimously.

Mr. Hawley declared the executive session closed at 7:25 PM.

Mr. Fagnant made a motion to ask the voters to establish an “opening cash account from surplus monies in an amount not to exceed **\$1.5 million dollars** from surplus funds in lieu of borrowing the money as a reserve account”. Ms. Ashcroft made a second to the motion. The motion passed unanimously.

Mr. Fagnant made a motion to ask the voters to establish a reserve account of **\$50,000.00** from the excess surplus money from the Fire Station bond not to exceed **\$50,000.00** for use in the removal of the underground storage tanks at the McKinley Fire Station. Mr. Chioffi made a second to the motion. The Board had further discussion. The motion passed unanimously.

Mr. Fagnant made a motion to ask the voters to establish a reserve account for a capital construction project for a Town garage from surplus monies not to exceed **\$700,000.00** in lieu of borrowing the money. Ms. Ashcroft made a second to the motion. The Board had further discussion. The motion passed unanimously.

Mr. Fagnant moved to ask the voters to authorize the Board to have a reserve account for the payment of the Fire Station Bond from surplus monies in an amount not to exceed **\$1 Million** dollars, in lieu of raising the money by taxes. Mr. Chioffi made a second to the motion. The Board had further discussion.

Mr. Diction asked what the total liability in interest the Town will have to assume on the Bond. Mr. Ladabouche said he would have to get back to Mr. Diction with an answer. The motion passed unanimously.

Mr. Chioffi asked Mr. Fagnant to read the motions which the Board had just voted. Mr. Fagnant read the motions.

Mr. Chioffi made a motion to ask the voters that any additional surplus funds be allocated to a capital building fund and any and all future surpluses be deposited in that capital building fund for municipal building purposes voted by the taxpayers any expenditures from which shall be voted by the taxpayers.

Board members discussed the motion. Mr. Fagnant made a second to the motion.

Mr. Chioffi amended his motion to read that any additional surplus funds be allocated to a capital reserve fund and any and all future surpluses be deposited in that capital building fund for municipal building purposes voted by the taxpayers any expenditures from which shall be voted by the taxpayers.

Board members and those present had more discussion. The Board and Mr. Chioffi agreed that his motion would read the same as the language of Article 25 in the 2015 Town report, page 4.

The motion passed unanimously.

Mr. Fagnant made a motion to reinstate the part-time officer that had previously been deleted until the Board confirmed that the **\$13,000.00** was not real, and that the Board received proof tonight. Mr. Chioffi made a second to the motion. Ms. Ashcroft asked whether the **\$13,000.00** had been doubled counted. The motion passed unanimously.

Ms. Zeller informed the Board that she recently found out the Town budgets **\$8,000.00** a year for insurance with Kinney & Pike. She said the insurance is to Bond the Town Clerk and the Town Delinquent Tax Collector. She said she and the Delinquent Tax Collector are now bonded.

Ms. Zeller reviewed changes she had made to the proposed General Budget with the Board. Mr. Chioffi asked if the Town Transfer Station employees were also bonded. Mr. Chioffi said they handle a significant amount of cash. Mr. Hawley said the attendants are not supposed to be handling cash, only checks.

Ms. Zeller said they bring in a couple thousand dollars each month. The Board said the attendants should also be bonded.

Mr. Fagnant moved to place the General, the Police, the Fire, the Highway and Recreation Budgets for the March ballot. Ms. Ashcroft made a second to the motion. The motion passed unanimously.

Mr. Zingale reported that the Brookfield Services generator maintenance bid does included two emergency calls in the annual price of **\$2,300.00** for three generators. He said the Caterpillar bid was **\$5,400.00** and only for two generators.

Mr. Diction made a motion to accept the Brookfield Services one year contract for the three Town generators. Mr. Faignant made a second to the motion. The motion passed unanimously.

Mr. Chioffi cited the fact that 11 Town have signed and returned the Town's Solar Resolution. Mr. Chioffi read from the January 9th edition of the VLCT Newsletter regarding reference to the Board's solar resolution language.

Mr. Faignant moved at 8:04 P.M. to go into executive session. Mr. Chioffi made a second to the motion. Mr. Hawley asked Chief Cioffi to attend the executive session.

Mr. Hawley declared the executive session closed at 8:18 P.M. Amendments to the Town's Personnel Policy were passed out for review.

Mr. Diction moved to close the meeting at 8:23 P.M. Ms. Ashcroft made a second to the motion. The motion passed unanimously.

