

**CHARLOTTE SELECTBOARD
MINUTES OF MEETING
TOWN HALL
JULY 11, 2013**

APPROVED

SELECTBOARD MEMBERS: Charles Russell, Chair; Ellie Russell, Winslow Ladue, John Owen, Lane Morrison.

OTHERS: Peter Trono, Nancy Woods, Ed Sulva, Meg Modley, David Stewart, John Snow, Mike McDermott, Patrice Machavern, Moe Harvey, Mary Mead, Robert Mack, John Hammer, Charlotte News; Sherri Duff, Charlotte Citizen; and others.

CALL TO ORDER

Mr. Russell, Selectboard Chair, called the meeting to order at 4:00 p.m.

CVFRS BOOK-KEEPING – action item

Mr. Russell reviewed that the action requested was to move the accounting back to the Fire and Rescue. Upon consulting with Batchelder Associates, auditor, and the Town Attorney, it was recommended to draft a Resolution to clarify steps to take on the process. The financial books would stay with the Town until the audit was completed. Then the books would revert back to Fire and Rescue. Batchelder Associates would complete bill adjustments, explained Mr. Russell.

MOTION by Ms. Russell, seconded by Mr. Ladue, to approve a Resolution that Whereas:

- **The Town has confidence in the management of CVFRS; and**
- **CVFRS has made significant progress in completing the recommendations of the outside auditors (Batchelder and Associates) with regard to the Five Year Agreed Upon Procedures (with only the Memorandum of Agreement and the inventory of equipment outstanding); and**
- **the Town and CVFRS are actively working in good faith on a Memorandum of Agreement; and**
- **the draft Memorandum of Agreement includes specific language regarding budget appropriation policies and maintaining good communications between the two bodies; and**
- **the draft Memorandum of Agreement is relatively close to being completed and acceptable to both bodies; and**
- **CVFRS is close to hiring a skilled book-keeper that has excellent skills in conducting financial transactions, record-keeping and analysis; and**
- **Ed Sulva (CVFRS Treasurer) and Patrice Machavern (CVFRS Interim Bookkeeper) have agreed to maintain financial records for the current fiscal year until the new bookkeeper is hired and trained; and**
- **CVFRS has indicated that it will continue to allow an annual financial audit to be conducted of its financial transactions and records; and**

- CVFRS has indicated that all of its financial records will be available for public review;

Therefore, I move that:

1. CVFRS begin paying its own bills for the current fiscal year (beginning July 1, 2013); and
2. The Town will return all financial records for previous fiscal years to CVFRS after the fieldwork is completed for the financial audit of FY13, which is anticipated to be August 9.
3. That the CVFRS Treasurer be kept in the loop on all discussions regarding the 2012/13 CVFRS audit. This includes being provided, by the Town Treasurer or auditor when requested, general ledger and bank activity, financial statements, adjustments and emails.

DISCUSSION:

Mr. Ladue asked if CVFRS has agreed to use Batchelder Associates for the audits. Mr. Sulva replied yes. The FY2012-13 audit has not been started. Some documents were with Fire and Rescue and the Town Treasurer. Batchelder would come to the Town July 16, or 18th and two days in August. The audit may not be completed by August due to on-going questions and some of the audit work could be done in the Batchelder office.

VOTE: 5 ayes; motion carried.

CVFRS – MEMORANDUM OF AGREEMENT – discussion only

Mr. Russell reviewed Budget Appropriation, Section 2, last sentence. There was a question if Fire and Rescue would 'own' surpluses and deficits. If there was a carry over should it be put in a Capital Reserve fund, or not. One question for Fire and Rescue was if there would be a policy regarding the size of a surplus. The Town would want to lower the Town appropriation by that surplus, or it could go into the Capital Reserve fund, said Mr. Russell.

Mr. Snow said it was reasonable for a final MOA document to have a numerical cap of a surplus as a percentage of the Town appropriation to cover any future operating deficit(s). He didn't know what that number would be, said Mr. Snow.

Mr. Owen asked to have Fire and Rescue to consider a specific policy for a cap and what would return to the Town. Mr. Snow agreed that it would make sense to have a policy.

Mr. Ladue asked if it was possible to have more than one revenue source for a reserve fund. Mr. McDermott asked if Mr. Ladue was talking of a combined reserve fund composed of Special Funds. Special Funds were earmarked for special things, said Mr. McDermott. Mr. Ladue replied that Special Funds could be a part of it.

Mr. Sulva asked if there was a \$10,000 budget surplus, are you saying to put that into a specific bank account. Mr. Ladue replied that there could be a policy statement. For example, if there was a \$30,000 deficit and fire and Rescue had a \$10,000 surplus at the

end of the year. Then Fire and Rescue could share the cost of that \$30,000 through Special Funds to spare the Town from paying the entire cost, suggested Mr. Ladue. Mr. Sulva replied that the only time they would use this was for a timing issue. For example, in June when operational funds were needed, said Mr. Sulva.

Mr. McDermott said that he used the term “reserve” fund as an example only. Fire and Rescue uses an operational budget. Any deficit or surplus should be owned by Fire and Rescue. We are talking about a cap and need to decide a cap percentage, said Mr. McDermott. Mr. Snow said he thought it would be a low single digit percentage. It would be difficult to catch up with rolling deficits/surpluses over time. This would give time to catch up with an FY rolling average to smooth out the budget process, suggested Mr. Snow.

Mr. Ladue said that FY2014-15 Town budget discussions would start in the fall. Mr. McDermott replied yes. Fire and Rescue budget would take into account either a carry-forward, or a leveling out that John Snow talked about.

Ms. Woods said that historically there was one year Fire and Rescue had \$44,000 less in expenditures and that was returned to the Town in the next FY, so precedence has been set. There could be a “not to exceed” agreed upon amount voted at Town Meeting. If there was a surplus it could be put in a Capital Reserve Fund, suggested Ms. Woods. Ms. Russell said that if Fire and Rescue was talking about owning the surplus/deficit then money can't return to the Town. A Capital Reserve Fund deals with it, said Ms. Russell.

Mr. Ladue suggested that if there was a surplus, then 5 percent of it could be returned to the Town and 10 percent kept by Fire and Rescue in a Capital Reserve Fund. Mr. Snow explained that if there was a cap then it wouldn't be accumulating, which isn't a yearly appropriation. Mr. Russell suggested that if Fire and Rescue kept 10 percent, then over time the Town would back off what it gave for an appropriation.

Mr. Sulva asked if the Town had a position of what a cap policy should say. Mr. Russell replied that by throwing out the last sentence from Section 2, Fire and Rescue would be responsible for any surpluses or deficits, or you could come up with language and post a news article for public feedback and a discussion at the next meeting.

Mr. Snow said that Fire and Rescue would review the draft and at the next committee meeting would take the issue up.

Mr. Ladue asked the committee to come up with real numbers and percentages so that in December they could come to the Board with a budget. If in July there was a problem, then a carry forward percentage would go into a Capital Reserve Fund to offset taxpayer interests, suggested Mr. Ladue.

Mr. Ladue said there has been discussion related to Section 2, last paragraph, regarding accounting of any surpluses. Does Fire and Rescue have a plan on how to handle deficits or for adjustments for the last month in a FY, asked Mr. Ladue. Mr. Russell said that on

page 2 the language included a time of “10 days” prior to a final disbursement. There has been discussion that a surplus, if any, goes into a Capital Reserve Fund, or if a deficit, then Fire and Rescue owns it, said Mr. Russell. Mr. Snow said that it would be several weeks at the end of year before they would know how big a surplus was, or not. At the end of 10 days it would be a guess-timate, said Mr. Snow. Mr. McDermott said that the point where would this would be done would be after the close of the books when final adjustments were made.

Mr. Russell suggested that the Town voters should decide if a surplus went into a Capital Reserve Fund, or if the tax rate would be lowered. Ms. Russell suggested charging any excess of a cap off the Town appropriation.

Ms. Machavern said if you charge the amount of any cap overage against the current year’s appropriation then it would be adjusted in the next FY. Would that make Fire and Rescue ‘own’ it, asked Ms. Machavern. Mr. Russell replied that if there was a limit and there was an overage, then the Town wouldn’t give the overage in that year.

In response to a question by Mr. McDermott regarding short falls, Mr. Snow explained that a part of the issue was coming up with a cap policy to address deficits. Providing a cushion was what Fire and Rescue needs to do, said Mr. Snow.

Mr. Russell reviewed Section #5, communication. The intent was to have communication go through a Selectboard designee, said Mr. Russell. Mr. McDermott noted that a CVFRS Selectboard designee attended meetings and had all information. That person would report back to the Selectboard, said Mr. McDermott.

Mr. Russell asked if the general public attend Corporate Board, or Fire and Rescue meetings. Mr. McDermott pointed out that the Corporate was a private board. The answer has been no to public participation at a Board meeting. He was not sure what the policy was regarding public participation, said Mr. McDermott. Mr. Snow said that verbally the public has been welcomed to come to meetings and share information. There was no policy and nothing in the bylaws. His concern was they were not a public institution. In practice the public was encouraged to attend, said Mr. Snow.

Ms. Russell said she didn’t think it belongs in the draft MOA. Mr. Hammer said if there was a reason to invite the public to attend then put in, or if public participation wasn’t wanted, then don’t put it in.

Mr. Trono suggested that it could be looked at as a private corporation with public funds, and as a ‘shareholder’ the public could go to meetings. There need to be more transparency, said Mr. Trono.

Mr. Stewart said lines of communication are broader now then ever. Ellie Russell was the liaison for the Town and there was a Community Advisory Board. On other hand, there were privacy issues like with HIPAA laws. He was uncomfortable with it being ‘required’, said Mr. Stewart. Mr. Trono said there were ways to have open meetings and

set aside time for private issues in executive session. Mr. Snow said he would not put that in a legal agreement meant to exist over time as a force of authority. Mr. Ladue suggested that the issue was addressed via a Selectboard liaison and inviting volunteers to meetings with the advice that they couldn't participate. That was an easy solution, said Mr. Ladue.

Ms. Woods said that at the Monday, July 8th Selectboard meeting there was a discussion regarding payments on a monthly billing versus quarterly and a question on how patient revenue would fit in. How would that be addressed, asked Ms. Woods. Mr. Russell said that Batchelder Associates recommendation was that patient billing remained with Fire and Rescue and the Town would lower its appropriation.

Mr. Ladue asked if Fire and Rescue could present a monthly cash flow report with their budget. Mr. Sulva said that there were regularly occurring expenses, such as insurance, payroll, power. Other expenses were just guesswork, said Mr. Sulva. Mr. Snow said that if financial management moved to Fire and Rescue then they could create a reserve to pre-fund items. It made more sense to get money after the fact, or as a carry forward adjustment. Then they could operate with real information, said Mr. Snow. Mr. Sulva said to keep it simple. Four payments a year worked well, said Mr. Sulva.

Mr. Russell asked if it needed to be spelled out in the MOA. Mr. Snow said it says 'not more than quarterly' and one-twelfth payments were easiest. Mr. Ladue noted that the last quarterly payment was an issue. Mr. Sulva suggested four equal payments and then settle up in August.

APPROVE WARRANTS TO PAY BILLS

The Selectboard members signed CVFRS warrants.

ADJOURNMENT

MOTION by Mr. Owen, seconded by Mr. Ladue, to adjourn the meeting.

VOTE: 5 ayes; motion carried.

The meeting was adjourned at 5:00 p.m.

Minutes respectfully submitted, Kathlyn Furr, Recording Secretary.