State of Vermont — Chartered in 1781

MORRISTOWN

SELECTBOARD MINUTES DECEMBER 16, 2002

Members Present: Brian Greenia, James Paige, Mark Struhsacker, Lee Sturtevant and Shaun Bryer (arrived at 6:05 PM)

Department Heads: Paul D. McGinley, TA; Mary Ann Wilson, Carol Bradley

Guests: Jean Giard, R. F. Lavigne & Company

Chair Brian Greenia called the meeting to order at 6:00 PM at the Morrisville Water & Light Facility.

GUESTS

Auditor Jean Giard explained that due to GASB 34 the first two sheets of the financial statement the *Assets, Liabilities and Fund Balance* and the *Income and Expenses* pages will be on a full accrual basis in 2003 - 2004, therefore will look totally different than what the Board is use to seeing. The Town of Morristown will not be required to change its whole accounting procedures, but will need to make the necessary changes for the first two schedules, including a list of the town's fixed assets. The auditors will make the necessary changes after getting the information from the Fiscal Office. GASB 34 does not take affect until 2003 – 2004, which gives the town a full year to prepare.

Ms. Giard stated their report of the Town of Morristown's financial statements, although not an objective of the audit gave a clean opinion on compliance. There was a transaction error made by the bank in the Duhamel investment fund during fiscal year 2001 that has been corrected. The auditors have reviewed the bank's correction in 2002 and found it to be accurate. The necessary changes have been made to the FY 2002 financial statements under investment income; therefore debt service in the current year is understated by the same dollar figure of $11,745. There was another bank issue regarding collateral confirmation, which will be discussed later in the meeting.

The *Unreserved Fund* balance of $212,915 at the end of June listed in Exhibit A, included money from the bank note in May for purchases not paid for until July, therefore it is not money that can be rolled over or considered as extra. There was not much change from last year's balance of $183,724. The *Special Revenue* funds are up due to an increase in Zoning fees and grant income. The *Trust and Agency* development funds increased due to the Town of Morristown assuming the responsibility of the Pleasant View Cemetery funds. Jean explained that *General Long-term Debt* group looks different this year as the *Retirement and Employee Benefit Costs*, which includes sick time and vacation time that would be paid to a retiring employee. Vacation time has always been there, but sick time was added this year. Jean recommended the Selectboard look at the number of employees who may be getting close to retirement and establish a fund for covering those potential expenses.

Exhibit B under *Special Revenues* approximately $130,000 of the revenue was grant income and $52,000 of that listed under the expenditures was sent to the River Arts Association as it was income from their grant. Ms. Giard explained that the bank's error discussed previously is stated under *Debt Service.*

$80,000 of the *Unreserved Fund Balance* was once again discussed. It was explained further to the Selectboard that the money is not there to be spent it has been spent now for the Ambulance. *Proceeds of Long-term Debt* were explained as being money received from a note and paid back over a long period of time.

Increases to the *Intergovernmental* account included FEMA and grant income. *Departmental Services* increases under revenues included Police Special Services, which actually just pass through the accounts. The appearance of an increase in *Public Safety* was due in part to the budget being prepared one way with wages spread out in different categories and half way through the year the wages were pulled out of the multiple accounts and a new *Salaries and Wages* section was established. *Highways and Streets* figures included sidewalk construction from grants and the purchase of the non-budgeted sand screen. Carol Bradley recommended putting an asterisk to note that reason. *Debt Service* was the payoff of the Duhamel note.

The Auditor expressed that she was very glad they chose to break everything out in their report, so when the townspeople look at this balance they won't think that the $332,721 is money that can be utilized. They will be able to see that the town has a purpose for it. It was explained that on Exhibit D, the Note 11 Cemetery Fund Assets were not expendable.

Note 2 on page 4 of the summary sheets pertaining to *Cash and Categories of Risk*, Jean stated that she had a different dollar amount listed as uncollateralized than the bank. The bank did not have specific accounts listed as being collateralized. Instead they had *various accounts* listed. She also received two different lists of accounts from the bank. In her summary, Jean recommended the Town require the bank to be more specific and gave an example of *"All accounts in the Name of the Town of Morristown are included in the agreement, up to the specified value of the collateral, with the exception of Town accounts otherwise collateralized."*

Each account under Note 5 *Notes Receivable* on page 5 was identified along with the terms.

In Note 7 *Long-term Debt* Jean once again explained the added funds for vacation and 75% of accrued sick time for potential retirement payoffs. It was also stated that the final payment on the Freightliner Rescue Truck would be paid next week.

Under *General Fund* in Note 10 on page 8, Jean informed the Selectboard that the $8,831 for the Enhancement Sidewalk Grant and $81,275 for the Ambulance Department required Board action to reserve that money from the FY 2002 budget fund balance. The other items that are listed have already been acted upon.

On a motion by James Paige, seconded by Lee Sturtevant, the Board voted to approve the reservation of the following items for FY 2003; the Ambulance Department $81,275 and Enhancement Sidewalk Grant funds of $8,831.

Ms. Giard expressed her appreciation for Carol's understanding of the financial statements and how closely she checks the figures.

On the *Memorandum of Internal Control and Other Matters* report, it was noted that all other Town accounts except for the *Cemetery Funds* were computerized. The auditors recommended that now that the funds are the responsibility of Town management, that cash transactions and investment transactions should be computerized to save bookkeeping time and make it easier to monitor activity. They further recommended consolidating the funds with a local broker. Mary Ann Wilson, Town Treasurer and one of the Trustees of Public Funds reported that she has been working with Edward Jones Co. and all four of the investments are in the process of being transferred into to the Edward Jones office. The Treasurer's concern was who actually owns the funds. Did PVC give the funds to the Town or just turn over the responsibility of managing the funds? She reported that the Pleasant View Cemetery Association has its own Federal ID number that at least some of the accounts are listed under. As far as the audit is concerned, it shows the Town as the owner. There was a lengthy discussion pertaining to ownership of the funds, the resolvement of the Commissioners, the PVC Association bylaws and if the Town owns the funds, do they need to be under regulations written specifically for Associations. The Commissioners did not have control of all funds; some funds were under the PVC Association for sale of lots and perpetual care. It was felt the ownership issue needs to be clarified. The Selectboard only has what was documented at Town Meeting, which is very unclear. The Administrator stated they were not the Commissioners' or the Association's funds. The funds although may be managed by the Association, belong to the Cemetery for perpetual care and if they are improperly invested are losing a lot of money. Mary Ann Wilson stated she has talked with the Town Attorney, and he is not sure either. It was determined that there still needs to be a resolution.

There is a question regarding the Copley House funding, a grant received by the Town from the State, and whether the money was strictly a grant or whether it needed to be paid back. The Town Attorney had drafted an on demand mortgage note in the amount of $435,000. The auditors have not recorded the loan on the Town's records at this time until the Selectboard determines if this note/grant does need to be repaid. It appears that LHP used the Town as a pass through for this grant money, but the question of why an on demand mortgage was created is unknown if so. This also is an issue that needs to be resolved in order for the auditors to make the necessary entries.

The *Collateral Agreement* with the bank was revisited. Jean and Mary Ann will discuss further.

The Administrator asked the auditor to clarify the amount of cash in the *Unreserved Fund Balance*, and whether she felt comfortable with that amount for a town the size of Morristown. She stated the amount was not out of line at all. She felt it important not to have a deficit fund balance, as it would look like the town was not managing the budget very well. You need to have funds available for the unexpected. Jean and Carol left at this time.

BUDGET REVIEW

The Town Administrator asked the Selectboard members take time to read his 12/16/02 memo regarding his budget recommendations. After reading the memo, Jim Paige informed the other members that his initial reaction is to lean towards Paul's recommendations. Chair Greenia stated he agreed that money should be included in the budget to continue with the Municipal Facility study for reasons like Wayland Wells brought up tonight, i.e. where will you put the building and how much will it cost? He felt it important that the Selectboard be able to have these answers. There is also the fact of the publicity in the papers regarding a new "Town Hall". Member Paige asked the TA what percentage the Board should aim for, 4%? The Administrator stated he felt 3% would be a fair figure.

Discussion included the Library's increased request and the fact that there was an incorrect figure in their proposed budget. The TA said whatever was decided on the Library's request; the Board needed to notify them of their decision.

Last years total increase totaled over 8%, but only 1% was from the Town, the balance was from the school. A revised VLCT insurance quote was received today, which was just under $7,000 lower than the original quote and not figured in the budget. The only unknown at this time not listed in the budget book is the County Tax figure. Chair Greenia had a copy of the County budget and stated that the Town's share of the tax increase is only about $900. He gave a copy to the TA.

State of Vermont — Chartered in 1781

MORRISTOWN

SELECTBOARD MINUTES DECEMBER 16, 2002

OLD BUSINESS

MINUTES:

On a motion by Lee Sturtevant, seconded by Shaun Bryer, the Selectboard approved both the December 9, 2002 and the December 12, 2002 minutes. James Paige abstained, as he was absent from the last meeting.

MPC & MCC VACANCIES:

Peter J. Wright; Planning & Marketing Director of Copley Health Systems submitted a letter of interest to serve on the Morristown/Morrisville Planning Commission. This is the only letter of interest the Town has received for either the MPC or the MCC notice of Board vacancy. The Selectboard asked for input from the MPC and will act on their recommendation at the January 6, 2003 Selectboard meeting.

COEFFICIENT OF DISPERSION:

The Town Administrator has not been able to talk with Lynn Miller as she has been out of the office. It was determined that the matter could be addressed at the January 6th meeting and still be within the 30 day time limit. The Head Lister needs to advise the Selectboard of her opinion as to the best way to handle.

NEW BUSINESS

COPLEY HEALTH SYSTEMS (CHS) CORPORATION:

Chair Brian Greenia received a letter thanking him for supporting CHS as a corporator this past year. Chair Greenia stated he was unaware that he was a member of this committee and asked if any other Selectman was interested in serving. None were. He completed the 2003 Membership Application to be returned to CHS.

OTHER BUSINESS

Board Member Struhsacker asked "why does the Town plow when there is only ¼" of snow on the road?" Member Greenia explained that while it may have only snowed ¼" - ½ " in some areas (point A), it may have snowed 2" to 4" in areas in higher elevations (point B) and the crew has to go from point A to get to point B.

WARRANTS

On a motion by James Paige, seconded by Shaun Bryer, the Selectboard approved the warrant as listed on the Memorandum dated 12/16/02. (Attached)

TOWN ADMINISTRATOR

The Administrator reviewed his December 13, 2002 report with the Board. Other issues not included in his report were two Town Highway Structures Program grant applications. One was for work on Bridge 40 on Town Highway 23 in the amount of $72,934 and the second was for work on Bridge 37 on Town Highway 7 in the amount of $9,346. The grants require a 10% match from the Town and require Board action.

On a motion by Lee Sturtevant, seconded by James Paige, the Board approved the two Highway Structures Program applications for Bridge 40 on Town Highway 23 in the amount of $72,934 and Bridge 37 on Town Highway 7 in the amount of $9,346.

The Administrator stated that he would talk with the Listers regarding Equalization of the Grand List. It was stated that the Coefficient of Dispersion is at 19.14% and when it is over 20% there are penalties.

The Selectboard expressed their appreciation for the Budget presentation to the Administrator as well as to the Administrative Assistant for all that she does. Lee Sturtevant stated that he especially liked receiving information via email.

There will be a luncheon sponsored by the Vermont Association of Chiefs of Police on January 14, 2003 at the Capital Plaza Hotel in Montpelier. All Selectboard members and the Administrator were invited to attend if interested.

ADJOURN

On a motion by James Paige, seconded by Lee Sturtevant, the Board adjourned as Board of Selectmen at 8:00 PM and resumed the meeting as the Board of Liquor Control to address the

State of Vermont Chartered in 1781

MORRISTOWN

First Class and Cabaret Liquor License applications for Sam's Hospitality Services, Inc. d.b.a. Sam's Charlmont Restaurant.

BOARD OF LIQUOR CONTROL

On a motion by Lee Sturtevant, seconded by Mark Struhsacker, the Selectboard approved the First Class and Cabaret Liquor License applications for Sam's Hospitality Services, Inc. d.b.a. Sam's Charlmont Restaurant. James Paige opposed.

On a motion by Lee Sturtevant, seconded by James Paige, the Board of Liquor Control adjourned at 8:02 PM.

Respectfully submitted and filed this 17th day of December 2002

Barbara Cochran, Scribe

Minutes to be submitted for approval at the January 6, 2003 meeting.

______________________________ ____________

Minutes Filed Date