

Board of Aldermen Committee Minutes

Date: 5/7/15 Chair: Siliski Convened: 5:30 Adjourned: 6:05

Committee	☐	Charter & Ordinance	☐	Inter-municipal
	☐	Community & Economic Development	☐	Public Safety
	X	Finance	☐	Public Works
	☐	General	☐	Recreation
	☐	Human Resources	☐	Special Liquor

Committee	X	Dave Allaire	☐	Ed Larson
Members	☐	Matt Bloomer	☐	William Notte
Present	X	Sharon Davis	☐	Melinda Humphrey
	☐	Tom DePoy	X	Christopher Siliski
	☐	Gary Donahue	X	Jon Skates
	☐	Christopher Etori		

Others	☐	Dave Allaire	☐	Ed Larson	X	Treasurer Wilton
Present	☐	Matt Bloomer	X	William Notte	☐	Assessor Keefe
	☐	Sharon Davis	☐	Melinda Humphrey	☐	City Attorney Romeo
	☐	Tom DePoy	☐	Christopher Siliski	X	John Coffin
	☐	Gary Donahue	☐	Jon Skates	X	Mary Markowski
	X	Christopher Etori	☐	Mayor Louras	☐	Randal Northrop

Motions/Discussion:

Reviewed FY 2014 Audit:

1. The committee confirmed the audit statement: "We believe that our audit provides a reasonable basis for our opinion on compliance for each major program...in our opinion, the City of Rutland, Vermont complied, in all material respects". (page 2)
2. The auditor started the meeting with unusual amounts of praise for City officials. He stated that, up until 5 to 7 years ago, the City received negative, adverse opinions for approximately 22-years. When he did the audit 5-7 years ago, there were more than 110 required adjustments and almost no control of cash or borrowing; typically a bad or unqualified opinion requires 7-10 adjustments. When asked, he said that, given the teamwork across the City, the changes have been systematic and not tied to any one particular personality reducing the risk of any one person moving on.
3. Pension concern, page 14. Given new regulations, the City is now required to highlight total unfunded pension obligations in its audit, which for Rutland City is \$14,418,864. This is the total liability based on current life expectancy and retirement age minus the value of cash/investments "on-hand" at FY year-end. He stated that VEEMERS currently has a growing liability and debt; so just because the City has moved to this option, it does not mean that a close watch should be avoided. He then stated that there's plenty of legal precedent that the City will 100% be obligated to cover its obligations and will not be able to adjust them if the

money "runs out". Thus, it needs to plan accordingly even though normal cost now appears to have been met.

4. Sewer fund debt, page 22. The next biggest concern relates to the Sewer Enterprise fund debt, which is listed at \$629,912; however, it was highlighted that the total debt is this number plus another line item of \$454,216, i.e. the amount this fund owes the general fund. Given the service fee adjustments via the tax rate issue a year ago, the City is bringing in an extra \$300k per year that is being applied to these amounts. Thus, the debt is starting to be reduced.

5. When asked, the auditor stated that various Rec. Dept. issues uncovered last year have been resolved and proper systems are now in place with general fund monies returned.

6. When queried about the City's "unassigned fund balance" policy of maintaining 10-15% as compared to the FY budget, the auditor emphasized that this is best practice and an industry standard. The City, via the Treasurer, is now down to appr. 7 to 8%. The auditor emphasized his recommendation for the City to adhere to such a policy and reminded/instructed Aldermen that the unassigned fund balance is "not just carrying FY general fund budget cash needs but other cash cycle needs as well."

7. When asked if any other issues exist, he said that there is always room for improvement and that he speaks with the City Treasurer throughout the year; however, it's his opinion that the appropriate, umbrella-like issues necessary to be raised to the Board have been presented.