

## **TOWN PUBLIC INFORMATION MEETING**

**August 26, 2013**

**The August 26, 2013 Informational meeting was held at 5:00 pm in the A. James Bold Meeting Room at the New Town Hall with the following members present:**

Melinda A. Wormuth, Supervisor  
Walter F. Polak, Councilman  
Paul L. Hotaling, Councilman  
Craig A. Hayner, Councilman  
John P. Wasielewski, Councilman  
Lyn A. Murphy, Town Attorney  
Lynda A. Bryan, Town Clerk

**Supervisor Wormuth:** This meeting was scheduled for the constituents and people from the community to ask some questions specific about the Comptroller's Audit Report for the fiscal conditions of the General and the Highway fund in the Town of Halfmoon. At the time we did not have our current Director of Finance, Bonnie Hatter who is here with us this evening and Nelson Ronsvalle who was the previous Director of Finance here. We felt they had a lot of the institutional knowledge to answer the questions that are being asked to talk about where we are headed in the future, because they are certainly a key part of that. So we set up this time to spend about an hour or so going over questions that were asked previously or new questions that may have come up since then and are here to answer them.

We will use the same format that we do at our Board meeting; if you have a question, please raise your hand and I will acknowledge you, come up, use the microphone, state your name and address for the record and we will try to shed light on it or anything that we can.

**Deanna Stephenson, 7 Cindy Lane:** I have several questions today, I will start and I know you Lyn, you have been able to answer a lot of these at the previous meetings. I am addressing these to the Town Board Members that are the voting members of this budget and to the two finance experts considered by the board to do this.

**Attorney Murphy:** As long as it is not a legal

**Deanna Stephenson:** a legal question, I agree with you. OK. The board has the responsibility to initiate corrective action. A written corrective action that addresses the findings and recommendations in this report should be prepared and forwarded to our office in 90 days. I am reading from the OSC Report, Section 35 of the general municipal law. Here's the question; Has the board adopted a time table for responding required cap within 90 days? Now I am not talking about the response from the town that was done, I am talking about the corrective action plan.

**Supervisor Wormuth:** Yes, the Board is currently meeting with the Department heads as we go through our annual budget process and with the department heads talking about laying out a multi-year plan, which is part of what they had asked for and that will be addressed as we go through the budget process as well as other time tables that have been addressed and both the former Director of Finance and the current Director of Finance are working on putting together the responses for the specific things that were asked for, and they will be done within the 90 days.

**Deanna Stephenson:** OK. Will you, Ms. Wormuth, be included in the process in developing the cap, will the cap be discussed at future Town Board Meetings, and here is my other question, seeing how Mr. Tollisen will be the upcoming and incoming Supervisor, would it be possible that Mr. Tollisen be included in those,

because you are outgoing, he is going to be incoming, would he be included in those budget talks?

**Supervisor Wormuth:** I haven't discussed it with him and as far as I am concerned, it is my responsibility until December 31<sup>st</sup> to do any of the duties as Supervisor of the town and I will continue to do those.

**Deanna Stephenson:** Reading from the report: Town Officials should develop a multi-year financial plan, which you just talked about, that establishes priorities, and you are saying that that will be included in the cap, correct? Multi-years, how many years will you be going out? 5 – 10 – 15?

**Supervisor Wormuth:** I think that 5 would be a very realistic plan that we can look at. The problem that I have with the auditor's suggestion on a multi-year plan is that if we have any number of things have happen within the past 5 years come up, that plan is going to need to be adjusted. The State really doesn't have a multi-year plan that they stick with, the County doesn't have a multi-year plan that they stick with that becomes realistic because of the change in the economy. So we will do our best to come up with a plan, but it is going to be a moving target in order for it to be successful and it will have to be reviewed on an ongoing basis, which is what we do now, it is just not formulized into a written plan. We very often talk about whether or not we have to lay people off, whether or not we have to adjust our spending, whether or not we have to look at every time something changes in our economy, every time we get a payment in, whether it be mortgage tax or sales tax or the Highway Superintendent comes in and asks for more money for paving, we look at should we have a Highway tax? We go through all of those things. They are looking for us to do it in a more formal fashion. I will let Nelson comment on that because I know he has been involved in a lot of discussions about that.

**Nelson Ronsvalle:** Right and we are in the midst of putting together based on past as well as projecting to the future, because that is pretty much what we have to work with is the past. Then you can make some assumptions on the past, so we are looking at various projections based on various assumptions. That is in the midst of being put together now. But again, as Mindy was saying, as events change, you have to look at your assumptions. Some of them may prove out to be correct and some of them not.

**Deanna Stephenson:** I can see that Nelson but, with any good business, any business that runs a Fortune 500 company, this is a business. The town is still running like a business. I would assume that you are going to carry through, you are going to have some sort of strategic plan going forward. Things change in any business as well. You have to incorporate the good and the bad and that is what happens, so that is why I am asking that question as a strategic plan wise.

**Supervisor Wormuth:** OK

**Attorney Murphy:** Just to comment on that briefly. There is a strategic plan and that is why we don't have a shortfall. That is why we have a surplus of funds. He has been strategically planning for the last however many years he is in the process

**Deanna Stephenson:** OK. I am going to get to that. Is that a legal question? Is that legal?

**Attorney Murphy:** Yes, it was because it is based on how we go about our projections

**Supervisor Wormuth:** and Deanna, Mrs. Murphy is here as an advisor to the Board as well as to the general public, so if she has a comment to add, I value her opinion and that is one of the reasons why we pay her for her expertise. So if it has to do with a comment that she feels is relevant, I am going to allow her to make it, just as I would allow you to ask a question.

**Deanna Stephenson:** I am just thinking that the Town Attorney sits here to be consulted as legal. She is not a voting member from the budget that is what

**Supervisor Wormuth:** She is not a voting member on the budget, but she is a very integral part of decisions that we make and advises us and we will continue to use her in that manner.

**Deanna Stephenson:** OK. The town's response included in Exhibit A to the report, specifically the paragraph on addressing the plan to eliminate the Highway fund balances references a more detailed plan is included with this response. Here is the question; what do you provide as the detailed plan and what will be its broad parameters as you write? Do you know that as of yet?

**Supervisor Wormuth:** We are in the process of working on that as we look at this year's budget and review where our sales tax numbers are and coming back with a plan. One of the suggestions may be to put up a public referendum as to whether or not town residents would like to see a Highway tax. That been a suggestion that has been discussed. That would be put up for a referendum and then it would be a decision by the voters should the Board choose to do that and pay it back all at once or whether or not we do it over a period of time as we are seeing an increase in our sales tax and our mortgage tax to date.

**Deanna Stephenson:** OK. Next. The town's responses included as Exhibit A to the reports specifically the last line of the response says: "managers already devoting time and effort to our towns financial issues", what financial issues are these managers addressing and what is the severity of these issues?

**Supervisor Wormuth:** We took the auditor's report and starting looking at breaking down the things that we have just discussed developing a strategic plan talking about, one of the things we have not incurred, is over spending on our funding's, so looking at different ways to control the accuracy of our revenues that are coming in. We developed an ambulance tax which was suggested by Moody's actually, we did borrowing. The Comptroller's report also talks about the fact that it may affect our future bonding. Moody's didn't agree with that. We just rebonded, and they left us at the same rating, which is a AA rating. It actually talked about looking at if we trend the way we have been, removing the negative outlook that was placed on the town three years ago, based on the fact that we developed an ambulance tax. These are things that we have been doing over a period of time.

**Deanna Stephenson:** So let's go back to that. Now you noted a Highway tax, which I want to say and you noted an ambulance tax, which we were not calling it a tax before, but you are calling it a tax today.

**Supervisor Wormuth:** It's a taxing district. It's an ambulance district that taxes people for a service that they have paid. We never, ever said it wasn't.

**Deanna Stephenson:** OK, I'll go back to that at the end. Alright, Appendix B, note 2 states: "Our concern is not that Town Officials use fund balances as a financing source in the annual budget, but rather that they budgeted for the use of the fund balances in the excess of the amount that was actually available". The Town's response does not address how fund balance the board use in the budget process was incorrect. I think that they were lower than what was actually available. So, how was the fund balance downstated?

**Supervisor Wormuth:** Nelson, do you want to

**Bonnie Hatter:** When you are deciding a budget and right now we are working on 2014. When you are looking at how much fund balance you want to use to balance your budget, you haven't even completed this year. You are doing estimation. So

when you estimate something and it doesn't come to fruition that is where that happens

**Deanna Stephenson:** So you are speculating at this point

**Bonnie Hatter:** You are estimating, you are forecasting something in the future. You do not know what your fund balance at the end of this year. I am working on a budget right now, it is something that you try to forecast

**Deanna Stephenson:** OK, and how

**Supervisor Wormuth:** We use historical data. We go back to; well if we were off by this much last year, what should we do this year? Once we have those firm numbers, and we also get information from Sam Pitcherale, who is the Treasurer of the County. He does forecasting, predictions and historical data and sends it to us on a monthly basis, as far as where our mortgage tax and sales tax is, where revenues are up and where revenues are down, and how they see things trending. So we have that information, we do use historical data to do it.

**Deanna Stephenson:** Have any changes been implemented so that such information given to the Board is reasonably correct? So you are telling me that the speculated information is just what the voting members see.

**Supervisor Wormuth:** Any time the Board has questions, they have access to the full random of financial people that we have here and have come in and I am assuming still do ask questions if they have concerns. They get a copy of the Supervisor's Report monthly that has financial data in it. It is accessible to all of them at any given time. Again, all of these budgets that we are talking about were voted on by all of the members of the Board. It wasn't like one person made a decision and "Hey this is where we are going to go" I mean, our budget goes through several stages. It goes through public hearings; it goes through lots of processes. The whole Board is involved at all times, as much or as little as they choose to be, but they have access to everything.

**Deanna Stephenson:** So, that will lead me to my next question. To the elected officials, so I am talking to Walt, Paul, John Craig,

**Supervisor Wormuth:** Mindy

**Deanna Stephenson:** but you are already, you are stating that you are the CFO. To the elected officials other than the Supervisor, are you all involved in every step of the budget process? Do you see every detail from the beginning to the end? Do you feel that you see every piece from the beginning of this process to the very end when it's open to the public?

**Attorney Murphy:** You need to be a bit more specific in that question because there are parts that only the financial people will see. They do get the end result and they do get all of the steps along the way but there are the estimates that come from the state and go to the county that the county uses to forecast its projections. They then provide to us, that is they will get a final number, but they don't see all of the internal data

**Deanna Stephenson:** Do you guys feel comfortable that you see every step of the way? Do you think that you have every detail that you need? Paul, John?

**Councilman Wasielewski:** There are certain things that I have to rely on the department heads and the people who put these numbers together. It's many, many pieces to this puzzle. I need to look at their results and evaluate what I see in front of me.

**Supervisor Wormuth:** One of the things that we do Deanna, is when I assign people at the beginning of the year to liaison different departments, I will ask those department heads to work with those board members on their budgets and review them before even I see them so that they understand because they have a little more day to day contact with some of that stuff. So if the department head and the board member sit down and go through that process, they have access to it. What we've done this year and again based on a recommendation from comments made from the audience and from the auditor's report. As soon as I got the base line report requests, from the department managers for their budget, the Board members were copied on everything. So they are going to see what they requested, then they will see my budget as I put it together for what I feel is realistic. Then it starts going through the public process, the public hearing process, that's the voting process, it is certainly going to be more detailed now than it was before based on suggestions from the auditor's. But, they always had access to all of that information that they wanted. When I was a board member and liaison to certain departments, I choose to come in a sit with the current Supervisor and that department head and go over the budget.

**Deanna Stephenson:** Do you guys get to do that? John?

**Councilman Wasielewski:** For example, I am the Animal Control liaison. I spoke with them about their current needs this year and what they project next year. I can formulate my liaison piece of the puzzle. I did also see the summary reports for every other department in the town. While I do not have direct working, for example, highway, that is a big chunk of the puzzle. Walt, as the highway head, he is the one who is going to go into the nuts and bolts of the highway piece of that.

**Deanna Stephenson:** So you guys all saw this coming though

**Attorney Muphy:** What did they see coming?

**Deanna Stephenson:** I am going to get to the end of this. I am talking about a deficit. Let's go with that, Lyn

**Supervisor Wormuth:** Let's not raise our voices and yell at anybody

**Councilman Wasielewski:** Deanna, just to clarify, I am talking about formulating next year's budget.

**Deanna Stephenson:** Right. OK. So, Lyn, you did tout that there is about \$5 million and I was not in this meeting, but \$5 million in like a bank account that you call sitting in a bank account. Now, I would like to know of that \$5 million, what we call unreserved appropriated that should be going somewhere, your unreserved unappropriated is was what you would call a rainy day fund, and your capital which is committed expenses. Now, unless you are going to tell me that we are in a deficit that we have held for two years. When I did this two years ago, Nelson could not explain to me the unappropriated unreserved fund balance that was at a negative. Let me finish. Let me finish. He could not understand, he couldn't give me an answer as to why it was like that. Now I looked at the budget last year that Mindy put out at the end of 2011 going into 2012, negative \$400,000 about, same thing for this coming year; negative deficit. Now you are saying that there is \$5 million, you call your capital; you put all of your capital into your non-capital. Unless you are going to sell a building, a road, your infrastructure, whatever you are going to do, tell me how much you have in an unreserved, unappropriated fund.

**Attorney Murphy:** I do not know the

**Supervisor Wormuth:** Bonnie or Nelson, you guys need to

**Attorney Murphy:** I know that you were not at the meeting, but the bottom line is never a point in time that the town is not able to pay the bills, the money is there.

**Deanna Stephenson:** Let me ask this. In 2011, how close did we get to not being able to pay for the ambulance bill that came through?

**Attorney Murphy:** Not close at all.

**Deanna Stephenson:** Were we not late for that payment?

**Supervisor Wormuth:** We were not late for that payment. We negotiated with them when we were making that payment based on the infrastructure changes that they had over there and the amount of money that they were requesting. They almost went bankrupt and didn't have people to stay over there and continue things and changed the whole infrastructure of how they were running the ambulance. The Board felt it prudent to pay them in portions based on seeing other places in the state where companies just folded up and went away. They had all of the money in the beginning of the year, and six months through it and couldn't continue their commitment to the community. That is exactly what happened with the Care Links program and we did the same thing with them because we saw a structural imbalance in their infrastructure with their people and how they were handling things. So we were doing our best to preserve the taxpayer's money. They agreed to that.

**Deanna Stephenson:** Were we not late in paying that bill? We paid it on time? I am asking a question.

**Attorney Murphy:** Yes, the Comptroller requires that they provide us with information prior to paying the bills. They hadn't provided the information because they had changed their entire infrastructure. They were in agreement with the delay in payment based on their changes and our concerns, again, being stewards of the taxpayer's money. So no, it was not late.

**Deanna Stephenson:** Clifton Park paid when they pay in March say, and we pay in November

**Attorney Murphy:** Clifton Park is in an Ambulance District. They have what you just referred to is a tax. So they

**Deanna Stephenson:** No, you referred to it as a tax. Or Mindy referred to it as a tax. Sorry. So, anyway going back to the unappropriated unreserved

**Supervisor Wormuth:** What exactly do you want to know?

**Deanna Stephenson:** What's sitting in the unappropriated, unreserved account right now?

**Supervisor Wormuth:** Which is going to be different than the auditor's report, you understand that?

**Deanna Stephenson:** You're telling me that it changes all of the time, so I am just wondering what sits in it today.

**Bonnie Hatter:** I do not know that right now.

**Deanna Stephenson:** OK, that's all I have. Thank you.

**Attorney Murphy:** Just so you know, it's 67% above what we budgeted for.

**Deanna Stephenson:** Speculated

**Attorney Murphy:** Budgeted

**Deanna Stephenson:** OK, thank you.

**Doug Goglia, 19 Stage Run:** I want to follow up on some of Deanna's questions. I am focusing on going forward. We are obviously in a situation, the town being in a situation that is that we can address. Deanna asked briefly about the corrective action plan and you indicated that we are in the process of developing one now. Where are we exactly in the process of preparing that? At what stage are we at? Can you elaborate on that?

**Supervisor Wormuth:** We are starting to put together thought processes and ideas that we will utilize. Talking to our auditors about making sure that we are matching up with what the Comptroller sees as standard accounting practices. We've broken down the questions that they have and have some questions back for them that we will ask them specifically what they are asking for. We are moving forward through it.

**Doug Goglia:** Who are our auditors that you just referred to, who are we using?

**Supervisor Wormuth:** Bollam, Sheedy & Torani. They have been the auditor's for at least the past 6 or 7 years.

**Doug Goglia:** Is there a person on the Board itself who is going to be taking lead or the primary responsibility with respect to the corrective action plan?

**Supervisor Wormuth:** It would be me.

**Doug Goglia:** It would be you?

**Supervisor Wormuth:** All of the Board members will have access to any of the information and they will be invited to any of the meetings that they would like to come to and see all of the correspondences.

**Doug Goglia:** OK, that's going to be the Board meetings that they are allowed to see the correspondence and the backup material?

**Supervisor Wormuth:** The Board members?

**Doug Goglia:** Is that what you just said?

**Supervisor Wormuth:** That's what I said, yes. I wasn't sure if that was a question

**Doug Goglia:** It is and I am just curious about public comments in particular. During the process or drafts or the backup information going to be allowed to be reviewed by the public and commented on by the members of the Halfmoon community?

**Supervisor Wormuth:** As far as the corrective plan of action?

**Doug Goglia:** Let's start, that is my first question, right now. I am focusing on

**Supervisor Wormuth:** I am not sure of the answer to that. As far as the budget, absolutely the Board will be

**Doug Goglia:** I will get to that. I really want to focus on the corrective action plan. What's the tentative schedule? Do you have any plan as to what the time frame is going to be? I know that it is due at the 90 days from the date that the

**Supervisor Wormuth:** It is to meet that timeframe.

**Doug Goglia:** Do you have any interim dates toward deadlines that you are establishing to make sure it is done in a timely fashion?

**Supervisor Wormuth:** No, and we know what we need to do and we are working at doing it. We are also in the middle of developing new budget for the following years, so all of those things still have to kind of happen on specific dates.

**Doug Goglia:** OK, Deanna also asks you some questions about a multi-year financial plan and that was raised by the Comptroller in the audit report. What are we doing to create the multi-year plan? I am sorry if I am duplicating her questions. What steps are we taking to affirmatively create the multi-year plan as opposed to the corrective action plan to the extent that they are different?

**Attorney Murphy:** I am just going to step in here. The corrective action plan, we just have to respond to their suggestions, and many of the responses to the Comptroller's comments are, we have already done that or that is something that we already used as part of our process.

**Doug Goglia:** I think you just said that that you had already, you were creating a corrective action plan

**Attorney Murphy:** You're calling it a corrective action plan

**Doug Goglia:** I thought that you used that term later and you indicated earlier that the comments that were affixed to the auditor's reports weren't going to be the corrective action plan. That

**Attorney Murphy:** That is not a legal term.

**Supervisor Wormuth:** I think Deanna said she wanted to know what the corrective action plan was other than the comments that we has already made. She didn't want that to be our answer to the corrective action plan

**Doug Goglia:** That's right. I assume that going forward, that that is not going to be your response to the Comptroller's report thus far, is not the corrective action plan?

**Supervisor Wormuth:** Correct. We don't

**Doug Goglia:** I'm using the term, excuse me for using the term if it's misleading, but I am using the term that was used by the Comptroller. The Comptroller on the first page reports suggests that you have 90 days to come up with the corrective action plan or response.

**Supervisor Wormuth:** And we will, and some of it will be corrective action and some of it may be a response that we don't feel is realistic. Again, we are working our way through those issues with the people who are involved and ultimately going to have to implement that plan.

**Doug Goglia:** OK. Again, I want to switch gears and focus on the multi-year financial plan which I understand is going to be a projection somewhat speculative based on contingent events which may or may not happen, but what are we doing in terms of creating a multi-year plan?



**Supervisor Wormuth:** As we meet with the department managers to go through their budgets for this year, we are asking them to look at long term plans for each department, and where they see them and how we can support them.

**Doug Goglia:** Again, you willing to be primarily responsible as the Supervisor for leading that initiative?

**Supervisor Wormuth:** Any of the Board members are more than welcome to sit in on any of those meetings that they would like and they all are, have always met with their departments before their budgets are submitted to me, so I would assume that they are still doing that, but that might be a question that you ask them.

**Doug Goglia:** I'm just asking who is going to be primarily responsible for the multi-year financial plan. Who is taking the lead on the project? Is there going to be such a person who is going to coordinate the process with your hired auditors and the department heads to make sure it gets done. That is all that I am asking.

**Supervisor Wormuth:** Well, the whole Board will vote on anything that is done, and again, the Board can choose to be involved as much or as little as they want. You would have to ask them Doug, I can't answer for them.

**Doug Goglia:** Is there someone you are assigning to be responsible primarily, or are you doing it? Who's in charge?

**Attorney Murphy:** The finance department puts together the projection, they always have, and they are based on the last four years and the information that we are given from the county which they get from the state. Understand that they are the ones who actually do these forecasts for us

**Doug Goglia:** I understand that, but someone still has to take the primary responsibility for making sure, and no offence, with all respect, I am not even sure of your name, so I apologize. You are not an elected official, which elected official is going to be ultimately responsible for making sure that this gets done and in a timely fashion?

**Supervisor Wormuth:** I will. I am the elected official. That is what I was elected to do

**Doug Goglia:** OK, but that somewhat leads to a question that Deanna asked, you are only going to be sitting and serving until December 31<sup>st</sup>, what then? What is the transition or are we planning for the transition at this point? You are not going to be the Supervisor after December 31<sup>st</sup>.

**Supervisor Wormuth:** The election process works that I am the elected official to serve until December 31<sup>st</sup>. On January 1, whoever is elected, my assumption is that it will be Judge Tollisen

**Doug Goglia:** That's right

**Supervisor Wormuth:** Although I've heard that there are other people throwing their hat in the ring at this late date, so I don't know. It's not my job to tell him

**Doug Goglia:** Wouldn't it benefit the town if there was some plan to make sure that there is some continuity?

**Supervisor Wormuth:** I'll always be available to help whoever is there in whatever manner they would like, but until then, it's what I'm charged to do

**Doug Goglia:** I understand what you are charged to do until December 31<sup>st</sup>, and again, I am curious as to what continuity plan the town has to right now, so that we know that this multi-year plan that you are in the process of preparing is reflective of the status quo and changes in the economy, changes in the fiscal condition of the town over time. And since you're only going to be here 3 more months or 4 more months, it strikes me that we are planning beyond 4 months, so maybe someone else should be involved. That's what Deanna was

**Attorney Murphy:** Doug, you are the last person who needs any kind of instruction. As you know all government is set up so that there are civil servants who are consistent, because all government goes through changes. Our entire system is set up based on that elections happen. So when the new Supervisor comes in, whoever that is, they'll have the opportunity to amend that budget should they not agree with that 5 year plan. It's the way government has worked

**Doug Goglia:** I understand that, and I understand that when you are in government, no matter what level, someone's got to be accountable. Period. Somebody has to be accountable, and what I am asking for. I just want some sense that there is some long term planning going on as the Comptroller has suggested here. This need not be an issue that repeats itself. I would think, and it would strike me that the best way to deal with that to make sure it does not happen again, is by taking measures to include first of all: to address the issue, to make sure that the people who will be in government after December 31<sup>st</sup>, will be able to have some say in what's going on so there isn't a need to stop mid-stream and shift gears so to speak. Am I somewhat making myself clear? And I want to know what steps are being taken to ensure that there is some continuity in the efforts made to address this problem.

**Attorney Murphy:** The entire civil service sector is made up of all of the employees that are here long term. They don't leave because of the change in the election.

**Doug Goglia:** No, but they

**Attorney Murphy:** They are the ones that create the nuts and bolts of the budget.

**Doug Goglia:** They don't create policy though. They implement policy, that propagated enacted by the elected officials who are accountable to the electorate.

**Supervisor Wormuth:** If we look at a 5 year multi-level plan, you could have the potential to have 3 different Supervisor's during that plan. A Supervisor's only elected for 2 years at a time. So it could change, again, there is no way to guarantee that

**Doug Goglia:** I understand that

**Supervisor Wormuth:** Whoever is there is going to have the right to amend the budget, amend the 5 year plan. This is what the Comptroller's Office has asked us to do. They didn't say; wait until after the election and do it then and so that we are sure that's what it's going to be for the next 2 years

**Doug Goglia:** I'm not suggesting that we do that, but what I am suggesting is that the hypothetical: we know who is next Supervisor is going to be. Almost to a degree of definiteness and it would seem to be prudent if that we already know who that person is going to be, that maybe they should be involved so that they can know what's going on and have input so there doesn't need to be a switch on December 31<sup>st</sup> or January 1<sup>st</sup> in our policy as a town. And I am wondering if that is something that can be perhaps considered, but we are not getting anywhere with that so I'll move on.

I want to ask a couple of specific questions, and I tried to ask these at a Board meeting. I think that these largely prompted this meeting. On page 6 of the Auditor's Report, it mentions that the Town Officials miscalculated the amount of the unreserved fund balance in the general fund at the end of 2010. At this point do we know how we miscalculated the amount of the unreserved balance in 2010?

**Bonnie Hatter:** As I told Ms. Stephenson earlier, when you are creating a budget, we are creating it now. There is no way that you would have an exact number for what fund balance would be at the end of the year. So it is a forecast or a projection. That's how it happens. The projection or the forecast was off.

**Doug Goglia:** So what you are saying is it wasn't a miscalculation

**Bonnie Hatter:** It's not a calculation. You don't have anything to calculate. You would actually have to have set figures for it to be a miscalculation. They are forecasting or projecting in the future.

**Doug Goglia:** The projection was wrong, is that is what you are telling me?

**Bonnie Hatter:** It was off, yes.

**Doug Goglia:** And the projection was wrong the following year in 2011 in the same manor?

**Bonnie Hatter:** It can happen the same way. Right now I don't know what my fund balance is going to be at year end. I'm in September, August actually.

**Attorney Murphy:** We are 67% up from where we thought that we would be or where we were at this time last year

**Doug Goglia:** What do you mean 67% up?

**Attorney Murphy:** The revenues that came in for mortgage tax are up 67% above what we forecasted.

**Supervisor Wormuth:** Sales tax is up 10.5%

**Doug Goglia:** So we have a surplus to some degree right now?

**Supervisor Wormuth:** Last year we were off in our estimates for our revenues by \$9,000.00.

**Doug Goglia:** So we got close

**Supervisor Wormuth:** We got a lot closer comparing to the size of the budget that we are talking about

**Doug Goglia:** Now we have a surplus?

**Supervisor Wormuth:** As we stand today, we are ahead in the projections that we made for revenues this year compared to where we were last year

**Doug Goglia:** Do we have a surplus or are we still...are these unreserved, unappropriated, funds, we're in the black right now as our unreserved, unappropriated funds? Do I understand correctly?

**Bonnie Hatter:** Our revenues right now, for what we projected for this year are above what we projected at this point in time, and we hope that trend continues for the rest of the year.

**Doug Goglia:** Do we have those funds earmarked for something right now, the surplus funds?

**Bonnie Hatter:** That's how we fund our whole budget. The surplus is not but mortgage tax and sales tax are what fund our whole budget. We don't have any other revenue sources other than a small amount of chips money for Highway.

**Supervisor Wormuth:** And, we've been in the black, if you take all of the monies that we have in pooled cash. Monies move from fund to fund, but we have never been in a negative amount where we do not have money to pay bills. And this is one of the things that our auditor's talk about is using a pooled cash system and reconciling to that on a more accurate basis because that's the way we do it.

**Doug Goglia:** I think that you misspoke. You said that you weren't in the black, or you never were in the black. I think that you meant you were never in the red.

**Supervisor Wormuth:** Yes

**Doug Goglia:** Just to be clear. I just want to make sure. So, overall, if we are in the black, we do have some amount of surplus funds that are unaccountable or unaccounted for, or unattributed or unappropriated.

**Supervisor Wormuth:** Yes

**Doug Goglia:** I am curious. If we had that kind of surplus, why was there a need, or why couldn't that surplus be used to fund the ambulance district rather than implement a separate charge?

**Attorney Murphy:** It was recommended by Moody's when they came in and did our bond rating, and the ambulance district themselves asked that we do it so that it is a more consistent number with the ambulance district formulated, they know what their budget is going to be from year to year. Before, we were out getting money from our general fund, so what we were doing was negotiating with them annually. It was difficult for them to set their budgets without knowing what we were going to do with our budget. They asked for the ambulance district because it is a asset amount. It also makes us consistent with Clifton Park, so it was one organization half paid for by ambulance district, half paid by contractual relationship.

**Doug Goglia:** I understand that and I do not know if that quite addresses my question. I understand the mechanism that we adopted in order to provide some continuity in payment to them, so they could bank on receiving payments on fixed dates as opposed to unfixed dates over the course of the year. But even so, if we had a surplus of funds available, I am curious as to why that surplus couldn't be used to fund the ambulance district, even on fixed dates?

**Supervisor Wormuth:** Just to go back to the fixed dates Doug, the ambulance district came to us and said "we can't provide you with the information that you require in order for us to pay you because we've had a complete overturn of our whole board and we are restructuring everything." Which made the entire board say "Wait a minute, what's going to happen? Are these guys going to fold and where are we going to be left? What do we need to do to protect our taxpayers?" So that happened one time during one year. That was based on them not providing the information and them then agreeing to split it into payments. So I take a little bit of umbrage to the fact that you are referring to us not paying the bill on time.

**Doug Goglia:** I wasn't suggesting that at all, and I don't think that I used those terms. In fact, I think that you used the terms and suggested that they wanted a more continuous flow of funding. They wanted a regular flow of funding that they

could count on and I didn't suggest they we didn't pay bills. I never said that at all, so if you take umbrage, I do not know why, but I apologize if I said something that impugns anything.

My real question is why didn't we use our surplus of funds to pay that?

**Attorney Murphy:** The experts that we have that come in and look at our budget, said that we should go to this other form and the ambulance district requested it, so we granted the ambulance district's request together with complied with our auditor's and the Moody's recommendation.

**Doug Goglia:** Let me switch gears.

**Supervisor Wormuth:** The other thing Doug, I guess is we could see the fund balance decreasing. We knew where we were using it to balance the budget, and again, the voting members of the board, all chose to spend that money rather than institute a general town tax or a highway tax. Everybody voted on that. Everybody consciously knew that we were depleting the fund balance and using that instead of burdening the taxpayers with just a tax for living here when they hadn't paid for it in 25 years. Whereas the ambulance district is a specific service that they are receiving

**Doug Goglia:** I understand that but, I am somewhat confused, and I am not an accountant first of all, but I'm having trouble reconciling the fact that we had this unappropriated unreserved fund or surplusage that we are using to balance or shifting it between accounts as Lyn said it the last meeting, shifting between the bank account and the checking account to cover bills. Is there a deficit or is there a surplus? I am not sure from what you are telling me. You are telling me that there are surplusages fund, we're not in the red at all, we are in the black. How much are we in the black?

**Attorney Murphy:** I do not know if they know to date

**Doug Goglia:** Well give me a ballpark, I mean

**Attorney Murphy:** The ballpark is that there is no danger of the town not being able to pay its bills. The Comptroller just did a list of fiscally endangered towns. You will notice that we are nowhere near that list. Our budget is fine.

**Doug Goglia:** And I guess the other question that I have is that we just refinanced our mortgage, I think it's on this building, if I'm not mistaken, I don't know

**Supervisor Wormuth:** We did two bonds. We did one last year and we did one this year.

**Doug Goglia:** Why not use some of the surplus to pay down

**Attorney Murphy:** We are not allowed

**Doug Goglia:** the debt, we're not allowed too? You can't use the, you can't pay down a debt?

**Attorney Murphy:** We lowered the interest rate which reduces the

**Doug Goglia:** That's something else, we just refinanced the debt, right?

**Attorney Murphy:** Right. Correct.

**Doug Goglia:** What precludes us from paying down the debt, the principle as opposed to, you reduce the interest by refinancing

**Supervisor Wormuth:** Money that we save from refinancing a bond can only be used to pay down debt. The reason, or if there is extra money that you bonded in a project and you don't expend it all, you just can't put it into your general fund. It has to be used to pay down the debt.

**Doug Goglia:** I understand that. We have surplusages in the general fund, right? I think that you just said that. That's unallocated, non appropriated for any

**Supervisor Wormuth:** And we keep that there for a rainy day, for the economy going bad, for our forecasting being off. We do not want to take it down to \$0 and not be able to handle something if a road fails, or if there is an emergency, or there is a storm that comes through and does catastrophic damage to the town. We want to have money in fund reserves to do that, and we have been able to do that without a town tax and without a highway tax for over a quarter of a century. This board's goal is to continue that trend. If anybody wanted to talk about or bring things forward as far as a referendum to change that, we certainly would have considered it.

**Doug Goglia:** I'm not faulting anyone and I'm not suggesting that it's not prudent to have some kind of rainy day fund, but how much is the question, and how much of a surplus do we have and I do not think that you're prepared to answer and I'm not suggesting, I do not think that you are prepared to answer the question as to what that surplus is right now. Is that right?

**Supervisor Wormuth:** Can you tell him what it was at the end of the audit? Either the internal one or, I mean that one would be more accurate than the Comptroller's because that one only went through a certain period of time

**Bonnie Hatter:** \$3,985,448.00 that's general

**Attorney Murphy:** That's general fund so it's unappropriated.

**Doug Goglia:** Unappropriated, unreserved fund, thank you

**Nelson Ronsvalle:** Again the way to look at this though, I am not sure why the tension on the unreserved unappropriated, whatever the term is because that is not the terms that we are looking at when we are looking at our financial statement. When we are looking at our financial statement, we are looking at all of the funds that are available to us in the general fund, or the highway fund, or whatever the fund might be. At the end of 2012, the fund balance, the number that Bonnie quoted you \$3,985,448.00, roughly \$4million, just shy of \$4 million.

**Doug Goglia:** Do you know historically, what amounts have been taken out of the rainy day fund to pay for emergency appropriations, road repairs, just historically to get some sense, and what I'm looking at is that we have this balance of \$4 million dollars, how much of that \$4 million dollars should stay in the rainy day fund and how much could be used for perhaps to alleviate the need for things like the ambulance district or to pay down some of the principle on the debt, if it's legal or not.

**Nelson Ronsvalle:** The Comptroller typically wants to see, and this is just a target that they use, is a 20% target

**Supervisor Wormuth:** Of your total budget

**Nelson Ronsvalle:** That what you have in the rainy day fund, that's what we are calling it.

**Supervisor Wormuth:** Again, with the financial crisis that the whole nation has faced, we have seen having to use between \$1 million and \$1.5 million dollars to keep everyone employed, keep the services that people in the town request and asked for. Any of the bonding that was done was all done by public hearing, by public referendum. The Town Park that was built, the new Town Hall, all of those were done through surveys, were all subject to public referendum, were all subject to public input for the borrowing. So, it's not like five of us sat in a box and decided that this is what we are going to do.

**Doug Goglia:** I didn't suggest that. I wasn't suggesting that

**Supervisor Wormuth:** I'm just saying that the debt that we have, there is a reason why we have it

**Doug Goglia:** But we've incurred that debt.

**Supervisor Wormuth:** People asked for it. It was done opened, it was done publically.

**Doug Goglia:** And I'm not focusing on why we incurred the debt and frankly, I'm perfectly happy with the Park and the Town Hall. I am more curious about, now that we have this debt, to the extent that we have extra money, to use Lyn's analogy: I'll take money out of my savings account and pay down my credit card debt when I have extra money so I can carry a lower balance and not pay the interest.

**Attorney Murphy:** In recent years the forecasting has been so off that the town took the conservative approach and didn't do that because the forecasting from the state level had been so far off. So it is just a matter of being conservative and making sure we don't dip into the taxpayer's money and keeping it there so they do not have to worry about their town functioning on a day to day basis.

**Doug Goglia:** OK, and I asked this question earlier, before I close. The plan that you are building, it seems that you are doing a budget in the multi-year plan and the corrective action plan sort of as one initiative, is that right?

**Supervisor Wormuth:** All of those things need to happen within the same timeframe. So as we're meeting with department managers, we're including those three tasks as being completed because they will all end up needing to be finalized at the same time, so we are trying to use the same source management of our resources as we can.

**Doug Goglia:** Obviously you have to have it done within the remainder of 90 days. Do you have any sense of when that is going to be completed or when that's going to be available perhaps to public inspection? I assume you are going to publish it at some point?

**Supervisor Wormuth:** We absolutely will, and no, I do not have any specific dates, but I can work on putting some of those together for you.

**Doug Goglia:** OK, that would be great. Thank you.

**Supervisor Wormuth:** Just while we are between speakers, Councilman Wasielewski asked me to apologize for him having to leave. He had a meeting with his other job and he needed to be out of here by 5:30. He apologizes for his absence

at the meeting. If anyone has any questions specifically for him, if you call my office, he would set up a time to answer them for you.

Anyone else wishing to speak the public? We have about another 20 minutes or so before we need to move on to our Planning Board meeting tonight. So if there is anyone else who would like to speak, I would like to give them the opportunity.

**Deanna Stephenson, 7 Cindy Lane:** I just want to go back to this one more time because it, Doug, I don't know if he clouded it or what. Nelson, I heard you talk about; you don't speak to a fund balance as unreserved, unappropriated. I'm looking at a balance sheet from the accountant's that is broken down by fund balance. It's unreserved, appropriated, unreserved, unappropriated, total fund balance, encumbrance's capital. That's how you break it down. So, I want to just ask one more time, can you give me an unreserved, unappropriated balance right now? Not capital.

**Nelson Ronsvalle:** No, not right now, but I can give you the number that was quoted in the report from the Comptroller for the general fund, the time period that they were looking at ending at 2011, that amount was in the positive of \$247,184.00, almost a quarter of a million dollars,

**Supervisor Wormuth:** Some of the reserved fund balance, Deanna it can be expended by a public hearing. It doesn't mean that the town doesn't have access to the money. It doesn't mean that the town can't utilize that money. It doesn't mean that that money is set aside only for a certain thing, it is just that if we're going to expend it, we have a public hearing and allow the public to weigh in on it. It doesn't mean it is not available

**Deanna Stephenson:** OK, so I'm looking at your budgets from 2011 to 2012, and what you said is a line item unappropriated, unexpended, was two years in a row, same number; \$401,569.00 negative. This would be what you put out for your preliminary.

**Supervisor Wormuth:** Well that might not have been what was adopted as the final

**Deanna Stephenson:** Well, I'm looking at it, and you've got it two years in a row, so I think that it's, wow, odd.

**Supervisor Wormuth:** Bonnie, I don't know if that was the final

**Deanna Stephenson:** Let's see, actual 2010 amended page 33 going for tentative 2012, oh, same page numbers too, 33 for the year 2013. Numbers on all but not changing a lot, I just wanted to point that out. Thanks.

**Supervisor Wormuth:** Anyone else? Thank you very much.

Respectfully Submitted,

Lynda A. Bryan, Town Clerk  
Town of Halfmoon