

MINUTES
SPECIAL MEETING OF THE TOWN COUNCIL
OF THE TOWN OF CASTLE VALLEY

Date: Monday, June 27, 2005
Place: Castle Valley Community Center

Meeting called to order at 6:47 PM

Council Members present: Bruce Keeler, Bob Lippman, Jerry Bidinger.

Absent: Robert Ryan, Darr Hatch.

Others present: Diane Vaughn, Dave Vaughn, Catherine Howells, Ron Drake.

Clerk/Recorder: Rebecca Martin.

1. Treasurer's Report

Jerry Bidinger stated that he would present the Treasurer's report in sections as they correspond to the agenda items.

2. Payment of Bills

A list of bills was presented that includes all of the bills for the month of June. The bills requiring Council approval were listed from check # 4527 to the bottom of the list.

Jerry Bidinger moved, and Bob Lippman seconded, a motion to pay the bills.*

Bob Lippman questioned whether check # 4523, to Catherine Howells, had been paid or was still in question. It was explained that this was paid at the June 9 meeting but was her regular Water Agent hours, not the check covering her portion of the grant money. Bruce explained that Catherine's grant bill can be paid after Mike Lowe approves Catherine's work. He is determining how the reimbursement works, and what the timeline needs to be, and what account the money comes from to go into the checking account before the check is paid.

***Motion passed unanimously.**

3. Discussion and possible action re: Adoption of Amendments to the Fiscal Year 2004-2005 Town Budget.

Jerry referred to extensive recent conversations between the Town and the current Auditor (Doug Rasmussen). A five-column budget worksheet shows Fiscal Year (FY) 2004, Budget FY 2005, Budget Actual FY 2005, Budget Amendments FY 2005, and Proposed Budget FY 2006. (See 5-Column Budget Worksheet)

Re: Sales tax income. \$4,294 of FY 2004 May and June Sales Tax money was withheld because we had not presented our audit report. This money came in in FY 2005. The auditor said to record the money in this FY rather than to re-open the last year's audit.

Re: Capital Expenditures. On the advice of the State Auditor, capital project revenues/expenditures and general fund revenue/expenses are now in separate budgets. (See Capital Expenditures worksheet.) Capital expenditures related to the community building and pavilion, that are not part of the loan, added up to \$37,118.00. This included lighting, fans, keys, signs, Project Manger fees, a lock box, and furniture. Direct pavilion expenditures added up to \$39,283.00. The total capital expenditures for FY 2005 equaled \$76,402.00.

Re: Four PTIF Funds. (See PTIF Funds Worksheet.) Jerry outlined a series of proposed changes in the names of the funds, and in the balances of the funds, that the Town's current auditor, Doug Rasmussen, said the Town should make.

Suggestions included **transferring \$12,800.00 from the capital reserve fund to the general fund to pay for the pavilion and community building.** This transfer includes a small amount of "leeway" in case the Auditor finds something that must be corrected. The capital reserve fund will then be left with \$3,000.00 for the community building, and \$14,295.00 for the pavilion.

Suggested name changes include changing the "Capital Reserve Fund" to "Capital Projects Fund", changing "Sales Tax Fund" to "General Fund", and creating a "Class C Roads Fund". The Council agreed to these name changes and the transfer of \$12,800.

The Town can only hold 75% of expected sales tax income in the general fund at the turning of the year. The Auditor advised that anything above that should be invested in a capital projects fund. The Town currently has more than the allowable \$87,000 in the general fund. The State Auditor noted, last year, that this was not in order and should be corrected. **Money must be transferred out of the General Fund and into a Capital Projects Fund, and a plan must be established for the Capital Projects fund, reaching out over five or six years, designating how it is to be spent.**

Jerry said that, on the advice of Doug Rasmussen, by the end of the 2005 Fiscal Year, the Town should transfer \$93,295.00 to the capital projects fund. This represents \$53,295.00 set aside for the pavilion, and \$40,000.00 set aside for the community building. During fiscal year 2005, \$39,000 was spent on the Pavilion and \$37,000 was spent on the community building, leaving \$17,295 in the Capital Projects Fund at the end of the fiscal year. Thus, in the budget that goes through the audit process, it is clear where the \$93,295.00 comes from and where it was spent.

Re: Last year's audit. The FY 2004 audit showed \$117,000 unrestricted moneys in general fund, representing \$111,000 in Sales Tax account plus money that was in the checking account. Then, there was \$10,000 more income than expenses not including capital expenditures. The unrestricted amount plus the \$10,000 amount together should not have been greater than 75% in expected Sales Tax revenues.

Re: FY 2004 Capital income/expenditures. 2004 Income included a loan of \$150,000.00 plus a grant of \$45,000.000, totaling \$195,000.00. This represented \$196,474.00 minus \$1,474.00 in interest. Expenditures included \$84,550, so we rolled over \$111,924 plus \$290 interest into FY 2005, totaling \$112,214.00. That same amount was paid back out on the building.

Re: Original Budget vs. Amended Budget. We have a larger amended budget than the original budget, by advice of the State Auditor, Doug Rasmussen. Jerry commented that next year, the task will be to compare actual expenditures and amend the budget accordingly. The issue, this year, is to put the appropriate amount into the capital projects fund.

Bruce commented that usually the actual income and expenses are both more than the best estimate of what would be expected. Jerry gave several examples of instances where income and expenses were different from expected.

Jerry moved, and Bob seconded the motion, to accept the FY 2004-2005 year end estimate and the FY 2004-2005 amended budget and to approve the transfer of \$93,295.00 and \$40,000, for a total of \$133,295, to the Capital Projects Fund. Motion passed unanimously.

Dave Vaughn commented that separating out the capital funds from the general funds correctly is important. Catherine Howells expressed admiration for the work that has been done in clarifying the “audit trail”.

4. Public Hearing re: Proposed Town Budget for Fiscal Year 2005-2006.

Public hearing opened at 7:23 PM.

Bob Lippman asked if the sales tax income is listed without any potential delinquent amount, i.e., that the Town will bring in this amount or more? Jerry said that is true. Bruce commented that the sales tax income is often from businesses that transact most of their business outside of Castle Valley.

The delinquent property tax income figure is projected to be low because the amount the Town would receive is uncertain; around \$3,000 typically comes in annually from delinquent taxes.

Jerry commented that, in the future, the capital projects fund will be reported separately from the general fund. In this year’s budget, part of the spending is listed on the capital expenditures sheet.

Catherine Howells commented that there may be more water permit application revenue than usual this year from fifteen lapsed water rights that will be paying for permits. She noted that most of the travel reimbursements from the water department ended up in the general expenses rather than under water. Jerry said that this may happen in other years as well with all travel grouped under a “travel” line item.

Questions were raised about the actual costs to run the building. The costs are still being determined, and it will be easier to estimate certain categories by January when a year will have elapsed. Costs include utilities/electricity, heating/cooling, costs associated with landscaping, lot maintenance, the purchase of tools, etc.

Bob Lippman asked if the spring trash clean-up will be covered by the Solid Waste District again next year. Bruce answered that the mineral lease money is high, and so Solid Waste should be able to cover it again.

Bob asked if there would be costs associated with animal control and the no-hunt restrictions. He noticed that the line item was listed at zero. **\$500 was added to the budget (line 5169) to cover the on-going no-hunt work, i.e., monitoring, maintaining signs, etc. To balance this expense, the amount of funds to be appropriated from the prior year’s General Fund (line 4850) was increased from \$2,700 to \$3,200.**

Catherine noticed that **the line titled “fees” (line 5305), under planning commission, could be deleted as these fees are reflected elsewhere. A \$2,000 amount that is listed here belongs under the line item “inspector labor”.**

The liquor fund increased quite a bit this year. There was some joking speculation about what that might mean.

Bruce asked whether there were further questions/comments. None were brought up.

Public hearing closed at 7:41PM.

5. Discussion & possible action re: Adoption Town Budget for Fiscal Year 2005-2006.

Jerry moved, and Bob seconded the motion, to adopt a resolution to approve the budget for FY 2005-2006. Motion passed unanimously.

6. Executive Session.

Jerry Bidinger moved, and Bob seconded the motion, to adjourn the regular meeting and move to Executive Session. Motion passed unanimously.

Ron Drake asked if there would be public comment period. Bruce explained that there would not be because this was a special meeting held to handle a specific issue, not a regular Council meeting.

The Council adjourned to the conference room at 7:43PM for an executive session.

Adjournment:

Jerry moved, and Bob seconded the motion, to adjourn to Executive Session. Motion passed unanimously. Meeting adjourned at 8:35 PM.

Attachments:

5-column budget worksheet

PTIF Funds worksheet

FY 2006 Budget sheet

ATTEST:

APPROVED:

REBECCA MARTIN, CLERK/RECORDER
