

Supervisor Walters calls the meeting to order at 8:11 a.m.

**TOWN BOARD MEMBERS**

**PRESENT:**

Steven J. Walters	Supervisor
D. Mark Cavalcoli	Councilman
Kathleen C. Hochul	Councilwoman
Joan A. Kesner	Councilwoman
Thomas Quatroche, Jr.	Councilman

**OTHERS PRESENT:** Catherine Rybczynski, Town Clerk  
Richard Boehm, Deputy Town Attorney; James Spute, Finance Director; James J. Parkes, III, CPA, Fox & Company; John Kania, Senior Auditor, Fox & Company

Supervisor Walters says that before they go into Executive Session Councilman Cavalcoli asked Fox & Company to come in to answer some questions.

Councilman Cavalcoli says that primarily the reason he asked Jim Parks and John Kania is that there have been so many, either misunderstandings, or misstatements or confusions as to the fund balance, and the properties of the fund balance, and the history of the fund balance and since Fox & Company are our consultants in this area he thought it would best if they all sat at the table at the same time to ask questions and clarify those things. He thought it would work out better today, and not in a big public session, to give them a chance to do this. He asked, through Jim Spute, to have them give information on the fund balance and they can ask questions.

Jim Parkes, Fox & Company, says that it is a pleasure to join them this morning. He explains that he wasn't the engagement partner on the audit, it was Richard Pell, but he was unable to come this morning due to a conflict. They understand that there is some confusion relative to fund balance and they thought they would put together a hand out that recaps fund balance, by fund, over the last couple of years. They will answer any questions. Starting at the top, what they did was take the fund balance as of December 31, 2003, by fund, and plot it off the financial statements. Then, they took the excess deficiency for the year 2004 and plot that down. That was the year that the Town Board had some discussion as to fund balance, and the thinking was that the fund balance was higher than they wanted, and that is why you see all the numbers across that result in a reduction of the fund balance for that year. That was an intentional plan on the part of the Board to bring the fund balances down. Particularly in the Part Town fund.

Jim Spute comments that was the year they created a lot of the reserves for tax stabilization.

Councilman Quatroche comments that to clarify their decision making process, when you use revenues over expenditures they chose not to raise revenues anymore and use the fund balance. It is not that they overspent, it was decided not to tax more and use fund balances.

Jim Parkes comments that brings them down to December 31, 2004 and the adjustment to the fund balance at that point is listed across the column lines. In the year 2005 you can see that fund by fund, in the general fund there was an actual profit of \$225,000 which increased the fund balance and that year they budgeted to use appropriated fund balance to balance the budget. Because of the conservative budgeting approach that they normally take, which in their opinion is good fiscal management on the part of the Town Board, by not over anticipating revenues and then getting surprised and over inflating or under inflating expenses and have that boomerang on you. That conservative budgeting approach has saved many a municipality the embarrassment of

of going under in their fund balance. It has always been the policy here, since he has been here, to take that approach in preparing the budgets for the Town. If you are conservative you are not going to boomerang. The State has been cutting back on aid to municipalities and it has been recommended that municipalities be very careful on budgeting State aid because you will likely get less than what you budget. The other area is pension cost, the pension cost at a fair market value up here, dipped way down and they had significant losses in the pension plan, so in Albany they said ok what are we going to do and the actuaries said you've got to come back up to your prior levels or beyond in order to retire the people that you have within the system and they worked out the demographics of all the municipalities in terms of people that need to retire to project what you need in that pension plan. It was way down here because they had mismanaged it, allowed it to dip, normally in an investment program you have stops to allow it to go down so far before a stop will kick in and it will go out of that investment and go into Treasury Bills or something else. They didn't manage it well and bottom line it dipped way down and they needed to replenish it in order to retire the people that are projected to retire in the baby boomer bunch that are coming up. So they taxed municipalities. They have seen municipalities, even school districts, where they had previously paid \$4,000 to \$8,000 per year and are now paying \$285,000 per year, numbers like that, that they have to build into their budget. So they always recommend to municipalities and Towns and Cities be careful what you budget for pension costs because you will probably get a surprise that will be higher. They have taken that approach, and budgeted prudently and conservatively in that particular area. Those are the two boomerang areas that can hurt a Town and many Towns are not as well managed as your Town and they don't anticipate those kinds of things and those two areas can get you. You can budget in the traditional conventional budgeting method, following last years plus inflation and not anticipate that increase in the pension cost and all of a sudden you are in a big loss position. Then how do you make it up? Then you have to raise taxes by 15% to 20%. The Town hasn't done that, they have good strong balances in their funds and have followed a good fiscal management in terms of the overall Town. This brings them down to December 31, 2005 balance, which you can see across the board. That is the number that you will find in the financial statements that they have audited. What they did then was take the 2006 budget Appropriations and listed those across in each fund and then they took a percent and said what coverage do they have there, and unreserved fund balance has a percent of the 2006 budget appropriation in the general fund as 37%. So what does that mean? That means that you have almost 1/3 in fund balance against your budget appropriations for next year. So, if you lost 37% of your revenue you would still balance your budget in terms of using you fund balance. The State recommends that Towns carry a fund balance between 8% & 15%. That is their recommendation in terms of keeping a

municipality strong and well positioned for anything that might come up in a subsequent year. They would have the coverage for it. You can see you are well covered in the general fund, 37%, well covered in the part-time fund part-town fund, 34%, and right on the number in the Highway fund at 8% and 9% and the fire protection & lighting districts are well over the recommended number.

Mr. Spute comments that the reason for the lighting districts is that they hired an independent firm to go in and check what we are being charged and so forth and they got some mammoth rebates and that shows the rebates in there.

Councilman Cavalcoli states so, the rebates brought that up then.

Mr. Spute responds, exactly, like the general fund was so hefty that one year because the mortgage tax.

Councilman Cavalcoli comments normally they would use that mortgage tax and sales tax conservatively and put at least ½ half back into the fund balance to replenish what was used earlier in the year.

Mr. Spute responds, right.

Jim Parkes says overall the fund balances in each one of the funds are very strong and they are in a very good position going into the next year with sufficient coverage in all areas. He doesn't see any problems or flags that they want to alert them to. A lot of times municipalities are running with a very skinny fund balance which can get them in trouble in subsequent years if they are not careful. They always bring that to their attention in a management letter or meetings with them.

Councilwoman Hochul questions if someone were to examine their fund balance in mid year for example, that is not an accurate representation because many of the funds will be replenished on December 31<sup>st</sup>. She works for the County and they do the mortgage tax. So if someone looked at it today and it looked low, that is not the story for the year correct?

Mr. Parkes responds correct. Your revenues come in different times during the year. So if you are looking at a snap shot of a particular fund prior to the revenues coming in, you will see a big loss in that fund, a negative fund balance, which will be replenished as soon as the revenues come in that are already budgeted for and anticipated. That is typical. You have to be careful about looking at statements throughout the year because the whole year captures the entire picture and the balance of where you stand. Everything is taken into account at the end of the year so that you are not missing anything in terms of revenues that should be there or expenditures or contingencies that should be accrued for.

Councilman Quatroche questions on the two December 31<sup>st</sup> numbers, is the first what they budgeted for and the second what they actually had?

John Kania responds that the unreserved fund balance takes out the reserve that you have in fund balance for tax stabilization because when the State sets their guidelines they usually don't include reserves because those are set aside for specific things.

Mr. Spute comments that he gives them a sheet showing fund balance and then he starts deducting things like payroll, encumbrances and the reserves. So they see a lesser number than what they are showing, they are showing the total number of everything.

Supervisor Walters questions what they have available right now for the 2007 budget.

Mr. Spute responds that what they are doing is putting together the numbers of what they anticipate, and Mary just finished yesterday, what people will anticipate unexpended and also unanticipated revenue so they can add that to the fund balance. This will increase the fund balance, the numbers he showed them in the fund balance schedule should be on the low side. They can actually increase those numbers up.

Mr. Parkes comments that what you do when you put the 2007 budget together is list down all the revenues that you anticipate, being careful to be conservative and not overestimating them, get a grand total and then list all the expenditures that you know you will be incurring and have a cushion in there because you want to be conservative and not underestimate any of them and be in trouble, and then you take the revenues minus the anticipated expenditures and you come up with a number. If that number is a loss that means you don't have enough revenue to cover the anticipated expenditures. At that point, you go to fund balance and you say how much fund balance, and you have got plenty of it, \$5,324,000, some of it you have set up in reserves for tax stabilization and other things, you go to your unrestricted fund balance and you say how much of that do we want to use to balance our budget? If you are doing a conservative budget, like he is explaining, most of the time you will come up with a loss because you have a cushion in there in the expenses. So you have a loss, so you are going to say ok we'll use \$1,935,459 on the audited statements to balance next years budget. Now, if that goes in as an anticipated, just think of it in terms of another revenue source, now all of a sudden you are balanced. Your total revenues plus that fund balance equal the total expenditures, you did that last year and you anticipated using \$1,634,000 in fund balance and in actuality the financial statements show that you had a profit. You had anticipated, in the budget, \$1,634,000 and in the final budget \$1,675,000 that you thought you were going to erode the fund balance in order to run the town for the year in the general fund. In actuality, you got more revenue and had less expenditures and had a profit of \$225,000. So this was a complete turn around, not only did you not have a need for that fund balance, but you actually added to your overall net worth of the Town by having a profit of \$225,000. You might say, well that's crazy, why would we anticipate a big loss and then have a big profit? It is a conservative approach to budgeting because if you don't do that and you are anticipating it the other way then as your managers and Department heads are running the budgets you are liable to spend more. It is a restraint on them to control the spending patterns of the municipality in the general fund. So that at the end of the year you hopefully have a break even, so you haven't used any fund balance and maybe added to it a little bit so you have a cushion.

Councilman Cavalcoli comments that in public, questions were raised that they dipped into their savings and that was improper. When he runs his household, the savings is there to offset those unexpected occurrences of appropriations and you build up that savings as much as you can. He is always putting extra money into the shares account and tries to build that up and moves from checking to shares and he does that so that if the school taxes go up or an unexpected bill comes in or his son or daughter needs a hand with a project then that money is there to be used for that. It is not like they are creating a deficiency.

Mr. Parkes comments that in a municipality everything is timing. The four state aid payments come into the municipality and many municipalities find themselves cash short and they say how are we going to make it? If you don't have savings built up, you couldn't make it through that period of time and you couldn't pay the payroll and somebody could walk in and say you are going broke, when in fact you are only waiting for the State aid payment, that is due to you to come in and that payment check might be \$1,200,000 and so what most municipalities will do is float a RAN, which is a Revenue Anticipation Note. You go to the bank and say on the full faith and credit of our financial statements, which are here and audited, look them over, will you loan us \$1,200,000 with the guarantee that when that state aid money comes in you will get paid back.

Mr. Spute comments that school districts do that.

Mr. Parkes comments that you can float a BAN and get money in advance, or if you have enough cash set aside in your savings you can manage it that way. That is a better way to do it because you don't have to incur the interest on the borrowing.

Councilman Cavalcoli comments that on the savings, they are getting interest on that money, so it is more revenue income, so not only are they not paying interest on the loan, but they are collecting interest on the money that is sitting there to help increase the fund balance.

Councilman Quatroche questions our bond rating, what kind of indication is that of financial health?

Mr. Parkes questions what is the bond rating?

Councilman Quatroche responds AAA.

Mr. Parkes responds that is a very good rating and if the underwriters give you that rating then the bond market believes that you are a good risk.

Councilwoman Kesner comments, so that is an independent rating on their fiscal health.

Mr. Parkes responds yes, they analyze your financial statements.

Councilwoman Kesner comments if they saw a deficiency they wouldn't give it to you also right?

Mr. Parkes responds right. They have worked with bond rating companies, Standard and Poors and they worked with bond counsel on a regular basis and they do a very thorough job of looking at municipalities, how they function, what State they are located in and how that State is operating and what they can expect, and then they give the rating. People are always trying to improve their rating. Your rating is very good. You wouldn't get that rating if the underwriters didn't think you were worth it.

Councilman Cavalcoli questions if that is something they have to ask for with a bond rating or something that is done on a regular basis, every year?

Mr. Spute responds that if you are going out for a large bond they may ask you to get re-rated, but there is a sizable cost to it. It costs \$10,000 to get rated. They provide all the data to them, but they are the ones that do it.

Mr. Parkes comments that they don't rely so much on internal data as they do outside independent certified financial statements from a CPA. They look at the CPA that is doing the job also, they specialize in governmental accounting and have done it for fifty years.

Mr. Spute comments that on their financial statements, on the fund balance, that he gives the Board for budgetary purposes, he deducts all the amount that they have appropriated towards the current year budget that they are in. So, when you are looking ahead, he is taking as much away from that as he can just to be conservative. He has been accused of this for thirty years, but that keeps you in the plus. That is why the numbers at the bottom that he is showing them is so much different, because he is showing every single potential expenditure. He is saying that the revenues that come in are only what they anticipate and they are going to spend everything that is in the budget. He is happy to report that they don't do that. At the end of the year they do closing entries and that is the exact numbers that he is quoting.

Supervisor Walters comments they will know that at the end of the year.

Mr. Spute responds yes, officially. His office is going through and forecasting ahead and if another disaster comes up will those numbers be good, that is why he is conservative because things can come up. He doesn't want to anticipate that Mr. Connolly is not going to spend all of his budget because he knows they could have a snow storm the last week of December and wipe out all of their salt supply, that has happened.

Supervisor Walters comments that he is looking at two different numbers. He is looking at the number with the sheet Mr. Parkes just handed out and the Part town fund that says 3.3 unreserved fund balance as of December 31, 2005 and then he is looking at a sheet from Mr. Spute that says all that is available for the Part Town fund for the 2007 budget is \$853,000.

Mr. Spute comments that part of that is because if you look at the numbers the column before it will say how much more they are anticipating to use this year.

Supervisor Walters says you have it initially starting out at about 2.87.

Mr. Spute responds that they appropriated to use, this year, 1.6 million dollars and they are not showing that because we haven't used it yet.

Mr. Parkes shows Supervisor Walters the audited statements and points out the part town fund and points to other numbers that it is made up of, they are looking at total fund balance. He explains the sheet further.

Supervisor Walters comments he was told that they have \$853,000 available for the 2007 budget in that fund.

Mr. Spute comments that they are looking at all the revenue accounts to see what will be over and new revenue coming in and the same with expenditures.

Councilman Quatroche comments that he thinks the key is that they are conservative with revenues, so that shows \$853,000, but there are more revenues that could potentially come in. They have always done that.

Mr. Spute responds that they know they are going to get several hundred thousand dollars more in sales tax because there is an extra quarter percent there.

Supervisor Walters comments, here is the other side of the coin. You said that, based upon conservative estimates, this is what we have available for the 2007 budget. They won't know how those estimates play out until the books are closed. Is it wise to say historically this has happened, so they should say there is another million to use on top of this, or is that unwise to speculate.

Councilman Quatroche responds that if they wanted to do that they would budget their revenues like that. You would budget it, not in your unreserved fund balance, but you would budget it in your revenues. So, you would say the Town is going to bring in x amount of revenues and is going to spend y and that then your fund balance would be one million dollars higher. They don't do that because they have had past years when the State aid comes in at 50% and then you are in trouble. This also keeps the Department Heads from overspending because there are more revenues than expenditures.

Mr. Spute comments that when Jack Quinn was Supervisor and they went into a brand new year and received a letter from the state that said you won't get your per capita this year, the entire Board had to go back to the Department Heads and say they needed a 10% cut because the revenue they were anticipating was not coming in. They used a lot of the fund balance to stabilize but they needed more than just the fund balance. They needed cuts also, so they ended up cutting 10% out of the budget.

Councilman Cavalcoli comments that they could anticipate the CHIPS money coming in and the

State could say, guess what, no more consolidated highway money we aren't going to give it to you next year and you lose \$300,000 to \$600,000.

Councilman Quatroche comments that if they budgeted those revenues then the public would interpret that as they are not being conservative in their approach and then they would say why didn't you bring in x amount of revenue when you said you were going to. This is the way they have always approached it.

Councilwoman Kesner comments, so, that number shows how conservative they really are.

Councilman Cavalcoli comments that the other thing that this helps clarify is that if somebody came in and looked at this and saw, wow you have this big deficiency between 2003 and 2004 and then you show another deficiency you could get the misunderstanding that they had overspent or gone into deficit, which they are not allowed to do. But, by showing the deficiency it is confusing.

Councilman Quatroche responds it was a conscious decision not to raise revenues anymore. They decided to use what was available in fund balance.

Councilman Cavalcoli comments that at that point they had gotten a censure from their auditors saying you have too much money and you have to bring that fund balance down, you are exceeding what the State recommends.

Councilwoman Kesner remembers taxpayers in the audience pointing that out to them. They said that is our taxpayer dollars, there is too much in there, send it back, and they did.

Mr. Spute comments that one of the things they may end of doing also is they elected to take ten sewer districts next year and have the county take over the maintenance of them. There is a fund balance in each of those ten sewer districts, so if the County is taking over the maintenance, as soon as the debt is paid off the money is going to sit there. So they may issue a negative tax on those districts. Another words, return that money to those people. They are small enough that you wouldn't have to do that. The Comptrollers Office says basically if there is no more that \$500.00 it would cost more than that to return it, so you can put that into the general fund. But you have to look at it district by district.

Mr. Parkes comments in this part town fund they are looking at \$3.4 million and doing the 2006 fund balance what was the \$800,000 number.

Mr. Spute responds that he starts with that number and then he reduced down what they had pledged against 2006. They are pledging over a million dollars to balance the budget. This also contains a reserve.

Mr. Parkes comments if you had to break that down, your fund balance would be the amount that you appropriated to balance the budget for 2006, plus other moneys which would add up to what?

Mr. Spute responds that he can get it down to what is available for 2007 which is the \$800,000 figure.

Mr. Parkes comments plus you still have your reserves.

Mr. Spute responds correct. Plus they have also pledged some of those reserves for that, it is not just a one line reserve, it is a couple of different lines that are being pledged for reserves for last year. What the Board did was, when they had the increase for the Police retirement, that was the highest increase they had because they are in a different retirement than the general, and most of the other municipalities had at least a 7% increase and we went with a 3.8% increase and used the fund balance to cover the tax. That is where the money went, to cover the retirement thing. December of 2006 we will have that paid off.

Councilman Cavalcoli comments so in 2007 they don't have to pledge any more money.

Mr. Spute comments are they low now in the "B" fund? Yes, but now they can start rebuilding their savings.

Councilwoman Hochul questions is there any way reading these numbers that it is accurate to say they a 2.5 million dollar deficit?

Councilman Quatroche comments that is different from what they are talking about. That is the difference between, when you start at the beginning of the year, that is the submitted expenditures versus the revenues, if they stay equal to 2006. That is where the Supervisor is saying there is a gap. That is different than fund balance.

Councilwoman Kesner comments so it is their job to go in and take a look at those expenditures.

Councilman Quatroche comments you can lower expenditures, raise revenues or use fund balance.

Councilwoman Kesner comments that in the past the Department Heads have always submitted wish lists.

Councilman Quatroche comments as an example, the recommendation is anywhere from 8% to 15%. That would mean if they were to be at 10% for 2006, for example, it would be \$987,000 approximately for "B" fund and about \$1,400,000 for "A" fund and they are above that. He questions, with most municipalities, what range are they in, is it around the 10% range?

Mr. Burke responds that anytime they take over a new account, sometimes they see a situation where they tried to keep taxes low to the detriment of the financial stability of the municipality and you end up with negative fund balances. It is usually because they are budgeting incorrectly, they are not budgeting in a conservative manner, but he can see where they are coming from looking at it in the "B" fund in the way they just mentioned it. They have to keep in mind that once you set your budget, that's your best guess at that point in time, then you monitor that as you go through the year. Again, cash flow is a different thing than the budget. You may think if you spend a lot of money when you haven't got a lot of revenue you are in trouble, not necessarily, if you don't have the revenue coming in yet it is a matter of timing and cash flow.

Supervisor Walters comments, but as you go through a fiscal year, you have to assume until you close the books on that fiscal year that you are going to use every penny in the budget.

Mr. Burke responds that in a way you will assume that, but in the back of your mind you will know that you budgeted conservatively and unless there are surprises that you already know have come into that budget and you haven't dealt with them then you will say you know that you got hit with this issue that you didn't budget for and didn't do a thing about it so that little cushion that we have built into the budget is not going to be there to the extent that you thought it was and that could erode the fund balance.

Supervisor Walters comments such as a catastrophic storm.

Mr. Burke responds yes, if you have a storm of that nature you have to look at what will be the impact on the municipality and will you get FEMA or State money to fill in the blanks and when will you get the money. You may have to borrow for a short term or you may have to loan it between funds. You have other funds that have money in fund balance and you can loan between funds, the State allows you to do that as long as there is a methodology to pay it back and it can be paid back.

Mr. Spute responds that they have done that. In the Sewer Districts they did some major work and found out it would be cheaper to do it immediately so they borrowed it from Master Sewer District and paid it back the next budget year.

Councilman Cavalcoli comments that this is the perfect time to ask these questions because they just came through a catastrophic storm and spent a lot of extra money. If they now, spent an extra ½ a million dollars in clean up expenses they have been told that they can anticipate FEMA monies. So, to say that they have overspent and may not get that money is less likely.

Supervisor Walters responds they were told they will get the money, but when?

Councilman Cavalcoli comments that brings us to the next question. If we are low in our "B" account or highway account and have to put more money in to pay our workers and to pay for trucks and gas, etc. they are anticipating that money to come in. So, they have to find out when and we have money to back us up, so they will just put that money in and then that money gets

re-disbursed back to the reserve or general fund to build it back up.

John Kania comments that since you will be receiving that money it will really have no affect on your fund balance because you will set it up as a receivable, so in theory, you will have two sets, you will have your fund balance into the savings and you will actually have your actual cash savings. The money will be in your fund balance because you will have the expense but then you will have the revenue to offset it with the receivable, but you won't have it in your cash savings.

Councilman Cavalcoli keeps going back to what his wife tells him about managing the money. If she builds up a reserve in their checking or shares account and they get unanticipated bills, the engine goes on his car and he has to pay \$3,000, she will say wait a minute we won't go out to dinner next week and they will hold off until they can build that back up again.

Councilman Quatroche comments that the other side of this is that the fund balance is based on anticipated revenues. If someone had 5 part time jobs and lost three of them, that is kind of what they are dealing with. They are dealing on the expenses side, but tend to budget conservatively on both sides of that equation and the Department Heads have been wonderful about staying within the budget and they are spending less money now, in those funds, than in 1994. So, they have done a great job of cutting back.

Mr. Spute comments that another thing on this fund balance, on the sheet that he gave them, he already used that for 2006. He is showing the numbers as of 2005 going into 2006. Plus he is allocating how much he will use for 2007 and giving the balance for that.

Supervisor Walters questions what do you mean allocating.

Mr. Spute responds that he is showing what they anticipate the end of 2006 will look like. Then how much they have used in doing the budget, how much they have put in there for 2007 and giving a forecasted balance for funds to use in 2008. This is what makes those number move a little bit is because they are forecasting that far in advance.

Councilman Quatroche comments that is what the County wasn't doing.

Councilman Cavalcoli comments what he is saying is that you're anticipating, based on past practice, what they are likely to use to balance the taxes and keep them in a reasonable range for next year already.

Councilwoman Hochul comments that there have been comments that they have been running deficits for years, is that true or false?

Councilman Quatroche comments that a deficit is where a municipality has a negative fund balance at the end of the year and then they have to fill that for the next year.

Mr. Parkes comments that is a serious problem. The fund balance, if you want to look at it in another term, is net worth. If you have a negative net worth you have a problem. There is a fluke in the accounting system, and he thought maybe that was part of the problem, in the capital fund. They have issued audited financial statements in the capital fund and if you look at that it has a fund balance but for the year it has a \$2,000,000 loss. If you look at it you would say, wow, that is staggering, but it's a fluke in the way that the State requires that you report it. On the asset side you have bond anticipation notes of \$3,000,000 and as soon as you turn them into a serial bond the State will allow you to recognize the revenue which more than offsets that construction cost of \$2,300,000 that is showing as a loss for the year, it wipes it out and turns it into a profit.

Councilman Quatroche comments that he deals with this with reporters all the time, with these issues and also with cash accounting, when you end up the year with \$6,000,000, but you have a \$7,000,000 payment coming due two months later from the previous year, he deals with that all the time.

Councilwoman Hochul questions if this clarifies things for the Supervisor. She doesn't want to leave there until he has a better understanding of the true figures when he speaks publically that this perception becomes clarified because there is an allegation that our Town is in serious financial trouble and that they run deficits and she would like, based on his expertise today, to put that to bed so they can move on and do their next budget without that hanging over their heads. So, if there is any uncertainty in the Supervisors mind she would like them to work that through now so they can leave with a full understanding of what the auditors are saying and the true picture of their financial health.

Supervisor Walters comments this is what he is saying, and he doesn't think it has still been adequately clarified. He is saying that last year \$1.7 million and change was used in the 2006 budget, part town fund only, to balance the budget. He is having Mr. Spute tell him now that they have \$853,000 and change to use towards the 2007 budget to do that same thing.

Mr. Spute responds that is correct, if they use all of this and with their retirement payment.

Supervisor Walters comments so they cannot budget \$1.7 million in next years budget.

Mr. Spute replies for fund balance no. So you have to make an adjustment of how much you have available in fund balance.

Supervisor Walters responds so we are going to have to cover that approximately 1 million dollars other ways, either through cuts or tax increases.

Councilwoman Hochul comments but based on this our fund balance is higher than the State recommends anyway.

Mr. Spute comments that this is 2005, you have to take this number and deduct what they have allocated for 2006, which is \$1.6 million and there is a reserve in there for the retirement so that brings you down to that \$800,000. Now, when that number adjusts because this year the sales tax has gone up at least \$200,000, then how much are the expenditures in the "B" fund that aren't spent, again, he doesn't know. Mary just completed it and has been talking with the Department Heads this last week.

Councilman Quatroche comments again, they have been very conservative on the revenue side and that is why he is seeing those figures. That is why, before this budget process, they talked about discussing those things because they do this every year, they do that consciously to make sure that no unanticipated revenue things happen and they don't find themselves in a jam and they budget conservatively so that they keep their bond rating and get good audits. That was what our conversation was before, do you want to discuss any of those things and they didn't do that. If he would have talked to them maybe they could have helped him understand.

Supervisor Walters comments that this \$853,000 was what's available.

Councilman Quatroche responds based on what they budgeted.

Supervisor Walters responds that if they have revenues sent back to them or unexpended allocations from the Department's, if they have unanticipated revenues that come in that would go into the fund balance to be used in 2008.

Mr. Spute comments on 2007. If you have known revenues that you will get this year and the Board wants to allocate it towards the 2007, then they can do that.

Supervisor Walters comments but until they close the books, and they don't know.

Mr. Spute responds but if you have something that is coming in that you know, for example the 1/4 percent on the sales tax, he will try and keep them from spending it because he wants to use it for next year.

Councilwoman Hochul comments that this is unanticipated revenue because that was not in place last year, that is additional on top of the sales tax that they already have, and mortgage tax. She gave them the mortgage tax figure and it was pretty hefty. You cannot take a snap shot of the budget.

Councilman Quatroche comments that when they met at Tim Horton's his comment was not derogatory towards Mr. Spute about overestimation, his comment was he budgets conservatively so that they don't over anticipate their revenues and they keep these healthy fund balances. So when he was sitting there saying there is a crisis, he is saying you have to talk to Mr. Spute because there are dollars that they may be getting that are above those dollars.

Supervisor Walters comments he keeps saying that he didn't talk to Mr. Spute and he did talk to

Mr. Spute.

Councilwoman Kesner responds not like they did. When they compare on how they have worked on the budget in the past years to what they did this year it is completely different. It isn't a matter of a couple of questions. It is a matter of 3-4 hours, all of them sitting at the table and pulling up their sleeves and getting into these numbers and he didn't do that. That is your choice, you had other people helping you with the budget and that is his right. But, in the past they have always started 4 months prior getting into every number and sitting at the table for many hours.

Councilman Cavalcoli comments that they are here to clarify things because in the past they had the opportunity and for him its pretty close to a programmed approach because they know what the anticipated things will be, they know roughly that they budgeted this way in the past and short of a disaster things move along much the same and if you follow a similar pattern every year, it is much the same as a household budget. His wife keeps a yellow pad for each year and she hand writes everything she spends for each month. As she is looking at the budget for next year she goes back and says ok in 2006 we had these expenses and in 2005 we had these expenses and they can predict increases in insurance or gas or utilities. So she goes back and predicts, based on previous years record, with a margin for increased cost of living, which is all they are doing here. There are more numbers and control, but it is the same thing. He is comfortable predicting next years budget and expenses and revenues based on what they have done in the past.

Councilman Quatroche comments that even if that was their fund balance at the end of the year, it is still within what the State recommends, it is within the 8% to 15% probably right around 8%.

Councilwoman Kesner comments that if this number stays the same without the mortgage tax and sales tax, but they know for a fact that is coming.

Councilman Cavalcoli comments that they know that they have already set aside a certain amount of money to balance the taxes for next year, that is already taken out.

Councilwoman Kesner comments that they don't have the pension bill hanging over them from the Police retirement.

Councilman Cavalcoli comments that \$381,000 will not have to used next year and that is how they start to build up the savings account back to what it was.

Councilwoman Hochul thinks that it is important that the public understands that things are well run, they are well managed and everything they do is intentional and they aren't being caught off guard. Our auditor is saying they are using conservative budgeting practices and the community benefits from that, they don't have to have a 20% to 60% tax increases like they first

heard in September. She is proud of their track record and doesn't want it called into question anymore. If there are anymore questions about how they have done it she wants to take care of it at the table and move on united because they are a Town Board that people expect to work together and put together a budget that is reasonable based on their track record.

Supervisor Walters responds that he asked Mr. Spute what is available to use for next year and he told him the \$853,000, last year they used over \$1.7 million and if we have an increase of \$500,00 or \$1,000,000 in expenditures in that fund, they have \$1,000,000 less to use out of the fund balance for the 2007 budget and they have to make up that \$2 million, correct or incorrect.

Councilman Quatroche responds that in cutting expenses and raising revenues they are using fund balance, that's the difference, its budgeting.

Councilman Cavalcoli comments that he is saying there is a \$2 million loss and he doesn't feel there is.

Mr. Spute responds that it is the difference between. You have the appropriations, so you got paid for those appropriations, then you have revenue and still have a balance left over. Last year they had \$1 million dollars in fund balance that they used, is that \$1 million available this year? No. Are they going to have more money available? Yes, because they are not going to spend all the money and they are going to receive some money. Is that taken into consideration yet? No.

Supervisor Walters questions isn't that supposed to roll back into the fund balance so that there is something when the 2008 budget rolls around. Because if you say you are going to use everything in the current fund balance and then all the anticipated stuff you will throw into 2007, then when 2008 rolls around, you can't take the unanticipated revenues, unexpended allocations and apply those to the 2007 budget you have to roll those back into fund balance and then you are able to apply those to the 2008 budget.

Councilman Quatroche comments that they could, they can do that because they budget conservatively, but if you didn't budget conservatively you would max out your revenues and then that money would not be available. They know that money is available from year to year because they are conservative. But, God forbid, even if five of those major revenue items have problems they would still be ok. That's how the conservative budget approach has helped them to stay on track and build the fund balances they have built. It's choices and priorities. So, Mr. Spute is giving him, based on what's budgeted, the amount that what would be left over, but there will always be other revenues.

Supervisor Walters comments that is because Mr. Spute uses the 2 year rule with the fund balance.

Councilman Quatroche responds that's how they stay healthy.

Mr. Spute responds yes.

Supervisor Walters comments they have used the two year rule on fund balance since at least 2000 and now you are saying they should use the one year rule.

Mr. Spute responds a two year rule, looking at the fund balance and using it over a two year period.

Supervisor Walters in other words you don't use the expenses that you get back at the end of this year and the unanticipated revenue at the end of this year, that gets applied to the 2008 budget and that is your two year rule. That is how you have always done it and he agrees that is how it should be done but now what he is hearing is let's include that anticipated revenue.

Mr. Spute comments that was the decision of the Town Board to pay for the retirement increase, most of the Towns went with a 7% tax increase and we elected not to.

Councilman Cavalcoli comments that is the point, the two year rule is great, but there are times you have to modify that because of an unanticipated problem. That is what the savings are for. He can't emphasize that more, because what they said to the taxpayers was, it's no fair to raise the taxes 7% to cover this because they have enough savings built up. You can do that for two years, not raise the taxes to that level that is uncomfortable and they still have enough reserve behind them. So when they get past those two years they can now come back up to what was the previous two year plan in which they hold that much in reserve. They consciously, purposely, did that to save the taxpayers. They could have raised the taxes, just like everyone else, and blamed it on the State, but they didn't do that. They said they have enough built up that they can do it for two years, that was a two year plan, they haven't deviated from that. Now they get into 2007 they will have the extra \$381,000 to go back into fund balance and they can still be conservative.

Supervisor Walters comments he thinks they are talking about two different things. What he is talking about is long term planning. What he is talking about, in budgeting, how much is available with fund balance, you don't base what you can spend in 2007 with what is available at the stroke of midnight on December 31, 2006.

Councilman Quatroche responds, yes you do, that is how you budget, you budget on forecasts and have enough money in reserves in case something happens.

Supervisor Walters comments that Mr. Spute just said you use the two year rule so we go by what is available as of January 2006.

Councilman Quatroche responds that they do both.

Councilman Cavalcoli says explain.

Councilman Quatroche responds that he is looking at not only what the expenditures were in 2006 and what is unanticipated but also history in 2005, but they will be similar and in fact you

hope 2006 will be better. The bottom line is, they have enough money either way. That is why he says to Mr. Connolly don't give me \$10,000 keep it for overtime in case of a snowstorm and then they can put that in the fund balance. What they are doing is similar.

Supervisor Walters comments that the difference is that you could be wrong.

Councilman Quatroche responds that you could be wrong for the whole year, you could budget for January 2007 to December 2007 and an atomic bomb could hit, you budget based on past history and forecasting and looking at a few months at the end of 2006 is what you do. You have to forecast and you have to anticipate.

Councilwoman Hochul comments that this is experience based budgeting, they have a track record that has been recognized, not only by their auditors, but by Standard and Poor when they set the bond rating. It is the same people on the Board and primarily the same person doing the finances and there is no difference in this year, last year and the next year.

Supervisor Walters comments that, in all due respect, you haven't done that in the past. You have always used the two year rule when it comes to determining how much fund balance to use in the budget.

Councilman Cavalcoli asks Mr. Spute to define the two year rule.

Mr. Spute responds that if you have \$1 million in fund balance you will try and use ½ the one year and ½ the next year.

Councilman Cavalcoli questions if they have deviated from that.

Mr. Spute responds that, other than the pension and they had to allocate for that they knew that the sales tax was higher and they added some of that money to it, no.

Councilman Cavalcoli questions was this intentionally done to save the taxpayers money.

Mr. Spute comments that they are only talking about "B" fund, that is the only thing affected by this and it was only affected because of the pension cost.

Councilman Cavalcoli questions Mr. Parkes if that was a prudent thing to do.

Mr. Parkes responds yes.

Councilman Cavalcoli comments that when they have paid that off, at the end of this year, are they going to rake the fund balance and take more out to bring the taxes down to zero? No. Will they then increase the "B" fund balance back to what it was?

Mr. Spute comments it will take a while.

Councilman Cavalcoli comments that is fine, but, it was an intentional thing they did and they deviated for a 2 year period of time to save the taxpayers, tax increases, is that what the fund is for?

Mr. Spute responds yes.

Councilman Cavalcoli responds then he doesn't see a problem. Steve, was it intentional, yes, did it put them in financial crisis, no, that's what he is hearing, did he hear anything different. He knows he is hung up on the two year plan and having that fund balance where it was two years ago. It will get back there with prudent management by this 5 member board.

Supervisor Walters responds that what he is hearing, and he had confirmation of this, that they used \$1.7 million last year to balance the budget out of fund balance, expenses have gone up for 2007 and they now have only \$853,000 that they can apply towards fund balance to use to balance the budget and that means they have to make up that \$1 million that they no longer have in fund balance to budget plus the increase in expenses from 2006 to 2007. Which initially was, with the Department Head budget, over \$2 million. Now working together he and Mr. Spute were able to trim it down to \$1.4 million. They don't have fund balance to use to offset that \$1.4 million.

Councilwoman Hochul responds because we aren't going to get the sales tax money? This will go in there, higher than last year, unanticipated revenues, goes into that account, what is she missing here?

Councilman Cavalcoli comments and the extra \$381,000 from the pension payment will go into that account.

Councilwoman Kesner comments you are saying we are \$1.4 million short. But, they will receive approximately \$350,000 from sales tax and will have the \$381,000 to work with so that is another \$700,000 approximately that will lower that amount. They still have a gap of approximately \$700,000 to raise. So, they will look back to their departments and if there is a tax increase that will add to that revenue, what else.

Councilman Cavalcoli responds that the increasing of revenues has been suggested and that's how you do it. There could also be staffing changes.

Councilwoman Kesner responds so then they look at the overall expenditures and put their priorities in place.

Supervisor Walters questions Mr. Spute if they did what is being suggested here, what will happen to the fund balance for next year. If we are now going to a one year rule as opposed to the two year rule on fund balance.

Mr. Spute responds that they will have to look at the sales tax, how much you anticipate coming

in and how much you will allocate against this year and anything over that will go into the fund balance. As far as the expenditures, the same thing, how much are you willing to raise taxes in the "B" fund that is what you have to look at.

Supervisor Walters comments that he doesn't like going off of the two year rule with the fund balance.

Mr. Spute responds that the two year rule is his rule, as he told him, they had a three year rule at one time, when he started he had a fund balance and tried to use it over a three year time period. As times changed the three year rule went to a two year rule, there is nothing in the law about that. It is just his management philosophy.

Councilman Quatroche comments that everyone has stated that fund balances are for a rainy day and it rained. The State came in with a huge pension payment for the Police, it rained. So now they have to build it back up before it rains again, but you can't control when it rains. Yes they could have raised taxes 7% but it rained for everyone else too so they made a conscious decision to do a prudent tax increase and kind of almost split the cost, and not just plop it onto the taxpayers this year.

Councilwoman Kesner comments that as an elected official she is going to take a good look at the Town. She wants to see that they just sold some major properties, \$6 - \$7 million and they will be getting the mortgage tax from some major properties, they will be looking at what is going on at the Ford Plant, they will be looking at how our housing stock is improving, are we losing people? In the City of Buffalo they are hemorrhaging, they are losing their citizens and tax base. She sees us as very stable and moving forward, not moving backwards. So, if the Ford Plant closes, they will have to sit back at this table, do they have control over it, not really, but she sees them reinvesting in the Plant, she sees subdivisions going up everywhere. She sees prosperity going on here, is she wrong in her assessment?

Mr. Parkes comments that the two year plan is his creation but is a good measure. If he was in his shoes he would be doing the same thing and looking out and projecting fund balance for a three to five year period and then running his expenditures out and revenues out and seeing what does the trend look like and that is what he is doing, trending for the future, but going year to year on the actual which is what you have to do because that is the reality of the situation. But always with a feel for what's there next year and the following year. It is a proactive planning process. A Town that plans year to year with tunnel vision on just the yearly activity will get in trouble because they are not going to anticipate what might happen in a couple of years. If the fund balance were to be projected out for 5 years and be a loss they wouldn't be able to react to it, where otherwise they could make changes so that it wouldn't be a loss but could go into a positive position. So he thinks what they are doing is prudent and a good way to manage the operations of the Town.

Councilman Cavalcoli says and dipping into his two year vision that he tried to follow, that they consciously took more out than normal to balance out that pension cost rather than taking out a

portion of it with bond notes or something like that and paying the interest on it which would have been a further incurrence of expenditure, so now if they get back to the two year vision, they took care of the glitch in the actuals based on their projected long term vision.

Councilwoman Kesner comments that if they didn't have to take care of that bill they would be set. They don't have that bill next year.

Mr. Parkes comments they had a blimp in the screen that they had to deal with and they dealt with it in a manner that cost the Town as little as possible and now they are planning for the future with a different budget looking forward on a two year and beyond plan, that is the only prudent way to approach it.

Supervisor Walters comments that \$381,000 is not new money they have this year it is just an expense they don't have this year.

Councilman Quatroche questions Supervisor Walters if he had sat at the table with them going through the budget process would he have raised the taxes more than spend the fund balance in order to pay the pension?

Supervisor Walters responds that he would have tried to cut expenses.

Councilman Quatroche responds this year there was a 7% tax increase in "B" fund in the budget that he proposed this year and he didn't make enough cuts to bring that down.

Councilwoman Hochul comments that a year ago you proposed a zero percent tax increase. What information did you have a year ago because that was proposed and he passed out literature that said that. Did he sit down and talk to auditors at the time, is there something they are missing that somehow they would have been able to get to zero if they followed his plan?

Councilman Quatroche comments that every year they are faced with these decisions and every year they would like to make them together, so moving forward lets do that. Let's make decisions together and if they disagree that's ok there's nothing wrong with that. These are tough decisions

and when you are sitting there looking at giving people a 7% tax increase or cutting services, or using fund balance they are budget decisions and you have to realize the economic situation that is going on at that time and balance all of that. They can disagree on that but the point is, it's ok to say the Town Board did "x", but to say that they did something that put the Town in financial crisis is not fair.

Councilwoman Kesner responds or say that they wrote paper checks and are in a deficit isn't fair.

Councilman Quatroche comments he saw how hard it is, it is not an easy process. If it was they would have a zero percent increase.

Councilman Cavalcoli comments that was a conscious choice that they made, they cut back on some services, did some merging and rearranging and they will do that again this year. They will adjust some revenues and will still go to fund balance for a portion of it knowing that it will be replaced next year. He just thinks that Supervisor Walters has put on blinders to this two year plan and the \$2 million dollars and he is choosing not to look at the overall impact that this has on the citizens, on the tax base, on our services, what we provide as a Town. He is hoping that this discussion maybe helps to better understand that they are not depleting that fund balance. They will be increasing that fund balance next year once they get beyond the two year glitch. He feels like he is just repeating this over and over again like he is repeating the shortfall over and over again and maybe his approach isn't the best approach but it has worked for the 23 years that he has been here and they have served the people and taken a stand as to what they want to provide in services. He is trying to make the best decision overall, tax increase, what everybody else is facing, what services they expect from their Town, if they did everything just in nuts and bolts, just Highway, sewers and water, they would save a bundle of money. But is that their role? Their role is to provide a community that people live in, are happy to move here for and it is sometimes difficult to put a measure on this. He kind of looked at the overall expenses because they are facing some serious possibilities with the senior programs, the youth programs and other expenditures and you say all right, if you take the senior population who have been paying taxes for all the years that they have lived here and he continues to pay school taxes. He hasn't had kids in school for over 20 years, but he continues to pay school taxes, why? Because it provides the younger generation an education it provides a community service. If he has been paying taxes all these years and he wants to go to the senior center and work out in the fitness room, or becomes disabled and has to go to the Adult Day Care he would hope that the younger generation is willing to pay their portion of that for him while he has been paying for their kids to go to school. It comes down to a broader vision, if they are meeting that vision and are not in financial crisis and are not doing improper or unbalanced things then what is wrong? That's where he ends up.

Councilwoman Kesner comments that Supervisor Walters paints a picture of Hamburg that they have a real difficult time dealing with. She remembers his first public speech, t the Chamber of Commerce, that he didn't know if he wanted to raise his son in Hamburg. He painted this picture then that we were going downhill. Then she sees him on TV with the Mayor of the City of Buffalo saying that our kids are all on drugs and it is a real bad situation here, when in essence, we are not dealing with anymore issues than any other Town. Then she sees him on TV and talking on the radio about a 66% tax increase, that they have been writing paper checks, that they are close to Enron.

Supervisor Walters comments that he didn't say that, they asked if the Town was and he said no.

Councilwoman Kesner comments he didn't say no she has the tape.

Councilman Quatroche comments he said "I wouldn't go that far".

Councilwoman Kesner says that he implied that they could be like Enron, then he went on with

the Dispatch and scared people saying it cost \$1,000 more in taxes then later you said no it was \$198.00, but he was still wrong in his number. Her point is this is a wonderful Town and every time, you as the leader of this Town Board, do this to get attention are degrading the Town. Now you are saying that the Town is not fiscally stable when in essence all of the experts that guide them are telling them they are doing a great job. She questions why he ran for office, did he do it to come in and pull this Town right down on it's knees or did you do it to keep it a quality community that people do want to raise their children in. She remembers after he said that, she is on the school board at St. Francis, they were livid with you. They feel they have the best all boy school and they took offense to his saying that. People take these things to heart and he has a responsibility as a Supervisor of this Town to help this Town and not pull it down on it's knees and she doesn't think they are in a position where they are on their knees. She feels she has shown him that they are professionals, they left everything at the door on January 1 and helped him to do his job. But why he chooses to keep taking them down those paths she doesn't know. Do you feel that because you are the only Republican on this Board that it is your job to fight with them and blow holes in everything that they do. She looks back at Jack Quinn, what he did was brilliant, he worked with everybody, Democrats got him elected in every race throughout many Towns because he showed that he could work with people. What she is seeing with him, he is wearing blinders, he isn't working with them. They are here saying to him let's work this out, he has questions and they have experts there.

Councilman Quatroche comments you don't have to agree with everything, but, let's say they don't agree, and make it a public statement and a professional statement. They have disagreed on many things that they weren't happy with each other, but they didn't go shooting at each other. He doesn't say you are a development stopper, Kathy. He says I agree with this project because he thinks it is good for the business community and Kathy might say I disagree because of the residents that are affected. She has her opinions and he has his. The reason they brought the auditors in today, maybe they should have brought them in earlier, they are just asking for the rhetoric to be realistic and professional as they move forward, but to make it political, which may be advice he is getting from other people he doesn't know, but they don't want to do that. He can use it in his campaign that he disagreed with them or whatever, but lets try and not say the things he has. You can see that the Town isn't going belly up, the auditors have told him, Mr. Spute has told them so. Every time he has done a budget, he always consults the CFO, he always consults the auditors, he always consults the Department Heads, because he is not a Recreation Specialist, a Police Chief, or a Senior Services Professional. He is a Health care and Marketing Administrator and he knows a lot about budgets but he is not a CFO he doesn't have that background. That is why they rely on these folks and all they are saying moving forward is that you can't discount what they are saying just because you stuck to a message. You can still have that message, but it has to be different. It can't be I disagree with the people who have 30 years of experience. Moving forward, if you want to disagree on something, great, but let's recognize the facts.

Councilwoman Kesner suggests that they sit down quarterly to review and discuss where their expenditures are and where revenues are and keep gauging it so that they all feel comfortable.

Councilman Cavalcoli comments that as the leader of the Board, next year, they should start to work on programs and build up the fund balance to what he would be comfortable with.

Supervisor Walters wants to make this clear, it is not the amount of fund balance it is this line right here in the budget that concerns him. B599 were they use 1763 out of fund balance. He would rather have a fund balance sitting at that 8% to 15% range. He doesn't want to have the B599 Appropriated Fund Balance line sitting at \$1.7 million and change. In terms of the non recurring expenses, he is all for using the fund balance to pay for the nonrecurring expenses. But when they get into using the fund balance to help balance their recurring expenses that's where he has an issue. He has an issue using nonrecurring revenues to pay for recurring expenses. In other words let's use recurring revenues to pay the recurring expenses.

Councilman Quatroche comments but then they would be maxing out our revenues and putting ourselves in jeopardy because they wouldn't be budgeting conservatively. Philosophically he disagrees with that approach because then they would be anticipating revenues that could potentially have problems. One year they got hit by the State for money.

Supervisor Walters responds that is what the fund balance is for.

Councilman Quatroche comments they won't have a fund balance if they are maxing out revenues and the Department Heads are trying to meet expenses to that. In other words that is why they keep their revenues down and the expenses down so when they have overages in revenues they go into fund balance and also underages in expenses.

Supervisor Walters comments we can still have those overages in revenues or underages in expenses go into the fund balance. You can still do that, they are just not allocating fund balance to pay for salaries. In other words we aren't saying we are going to use our savings account to pay for our groceries, although when the year is out, in your household budget, you may have \$2,000 more than you brought in that can go into your savings account, but that doesn't mean that next year you have \$2,000 to take out of savings to use for groceries.

Councilman Quatroche responds remember where the money is coming from for fund balance, the money is coming from overages in revenues and underages in expenses. So, when they move forward, it isn't like your household, in some ways, specifically a tax increase, you won't get a 7% wage increase every year. So, they have the ability to raise and set revenue so if they choose to be at 7% they can use some of the fund balance and they have gone up and down in some of those ebbs and flows and cut expenses. Every single year, other than the things they can't control, they have been cutting their Department budgets. They have had lay-offs they have consolidated Departments and they are trying to be more efficient. It is a balancing act, it is a balance between revenues, expenditures and fund balance. Some years you end up in a positive position and some years you end of in a flat position.

Councilwoman Kesner comments that if they didn't get the large payment for the Police pension they wouldn't be challenging each other.

Councilman Cavalcoli comments that it is the “B” account that is in such dire straights right now.

Mr. Spute comments that you could go back about 15 years and just the reverse happened, where they had a major impact on the “A” fund, the general fund and the “B” fund was very healthy and actually helped out the “A” fund.

Councilman Cavalcoli comments that he doesn’t want to keep the auditors there any longer. In light of the fact that there is still some confusion and some concerns he ask that Mr. Parkes and Mr. Kania be available at their November 6<sup>th</sup> meeting in case some questions come in from the public. They could be there to answer any questions about the audit, financial stability or financial situation.

**1.**

On a motion of Supervisor Walters, seconded by Councilman Quatroche, the following resolution was

ADOPTED	Ayes	5	Walters, Cavalcoli, Hochul, Kesner, Quatroche
	Noes	0	

**RESOLVED**, that the Town Board move into Executive Session.