

15, 2009**KENDALL-DEAN SCHOOL****8:00 A.M.**

The meeting was called to order at 8:00 A.M. The prayer and the pledge to the flag were waived. Council members present were Dr. Benoit, Mr. Biron, Mr. Leclerc, Mr. Zwolenski and Mr. Lovett. Town Administrator Hamilton and Town Solicitor Nadeau were also in attendance.

The meeting was called to receive an update from Mrs. Hamilton and the finance department regarding this year's budget as well as the 2009/2010 proposed budget.

FISCAL YEAR 2008/2009 BUDGET

Interim Finance Director Donald Gray expects the town to underexpend the total budget by approximately \$200,000. He anticipates revenues to fall short by approximately \$1.5 million. Much of that comes from shortfalls in collection of fees from the town clerk's office and the building inspector's office. Each is about \$200,000 short. Additionally, there was a sizable reduction in revenue sharing. Mr. Gray expects to use the fund balance to cover the deficit.

Incoming Finance Director Ted Pryzbyla commented that it is a mistake to rely on the fund balance to cover deficits and the Council

needs to look at restoring those funds in the future. He encouraged the administration to put in a line item to cover the fund balance. Bond rating agencies are concerned with the number of cities and towns that are using fund balances. Mr. Pryzbyla was also concerned with the cuts to staffing and services.

Mr. Gray added that this year's budget included a one hundred percent tax collection rate that, in actuality, is closer to ninety-eight percent. The town started off with a \$480,000 shortage because of it.

Approximately \$300,000 from the third party billing account is also expected to be used to cover the deficit.

When asked, Mr. Pryzbyla felt the fund balance line item should probably include \$100,000 each year until it is to a point that achieves an objective.

Assistant Tax Collector Diane Vadenais explained the collection rate thus far this year is ninety-five percent. Also there are 374

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properties on tax sale and taxes paid on those properties could result in collection of \$694,000.

FISCAL YEAR 2009/2010 BUDGET

Mr. Gray is estimating this budget to be \$33,958,020. He has included

a ninety-nine percent collection rate.

Mr. Zwolenski asked if the collection rate could be cut to ninety-eight percent.

Mr. Gray answered if that is done, then \$253,000 would have to be cut from the appropriations side.

Although this has never been done before and Mr. Gray does not recommend it, he has included \$275,750 from prior years taxes as revenue. No state revenue sharing is anticipated.

The idea of a North Smithfield Municipal Court was mentioned and that it could result in significant savings for the town.

On the expenditure side, Mr. Gray stated they kept salaries and benefits as they are for this year. Two positions will be eliminated from the highway department as well as the Tax Assessor's secretary. Three police officers will be reinstated, leaving one position unfilled.

Mr. Gray suggested paying the Town Council members and the Probate Judge through accounts payable and not paying FICA. Everyone would receive a 1099 form.

There has been \$100,000 included in a line item to replenish the fund

balance. Mr. Gray feels this should be done every year until the undesignated fund balance reaches 8.3 percent of the total town budget.

Level funding is being proposed for the school budget.

Mr. Biron questioned the increase in overtime for the police department.

Mr. Gray responded that historically the department has spent \$140,000 and has been underfunded.

(Mr. Leclerc left at 9:15 A.M.)

Mr. Nadeau firmly believed that the extraordinary litigation account is also underfunded.

Mr. Gray commented that some legal bills are not being paid because the account has been overexpended. He is in the process of transferring funds from various other departments to cover the shortage.

There was discussion about the salary line items for the Public Works Director and the Parks and Recreation Director. Some felt the two amounts should be reversed.

MOTION by Dr. Benoit, seconded by Mr. Biron, and voted unanimously on an aye vote to adjourn at 10:05 A.M.

Respectfully submitted,

Debra A. Todd, Town Clerk