

# East Montpelier Recreation Committee (EMRC)

## Proposal Regarding EMRC Function

**Issue:** As identified and pointed out by the last two auditors of the town, monies held by various committees (including the EMRC) are funds that belong to the town and should therefore be held by and managed by the Town Clerk. The most recent auditor has deemed all funds held by the EMRC to be part of the general fund.

**History:** The original purpose (per our understanding) for establishing the EMRC by the town was to function as the stewards for maintaining the facilities known as the East Montpelier Recreation fields located at 40 Vincent Flats Road and to encourage recreational activities by residents. In order to accomplish this objective, there has been a monetary allocation in the town's budget for field maintenance as well as a few other programs (swimming lesson subsidies, baseball support, and an annual Easter Egg hunt). Since at least FY05, this budgetary allocation has been \$3,000. This allocation has not been used to cover the cost of mowing the fields or liability insurance which comes from another part of the town's budget.

Beginning in FY08, youth sports programs for soccer and basketball (which previously had been organized and operated by EMES staff) were assumed by the EMRC. In order to adequately support the sports programs, participant fees are charged on a per sport per participant basis. These fees have fully funded the sports programs over the years and often generate a surplus which is used to build a reserve for larger equipment purchases as well as uniforms.

At the time that the EMRC assumed the role of organizing the sports programs, the books and records of EMRC, which had its own bank account and were not part of the town's books, were handed over from Terry Conti (who was a member of the EMRC as well as Town Clerk at the time) to Kathy Richardson who joined the committee in March 2008.

Kathy has continued to maintain the books and records, sign checks and make deposits into the EMRC's bank account (under the town's tax ID number) since that time. Annually, the detailed general ledger, bank account reconciliations, and copies of bills/deposits are made available to the town's auditors.

Generally, as a committee we meet monthly to discuss needs and concerns of the fields and also to organize, develop, and run the sports programs that we operate. Over the years, we have looked at expanding the recreational opportunities that we currently offer and will hopefully be offering a youth lacrosse team for 5<sup>th</sup> and 6<sup>th</sup> graders within the school district next spring. We currently spend approximately 75% - 90% of our time running the sports programs with the remainder of our time focused on facilities needs or the other non-funding programs.

**Proposal for Future:** As a committee we feel we are currently functioning in two related but separate activities – stewards of the fields and organizers of youth sports programs. We wholeheartedly understand the need for the Town Clerk to assume the role of managing the annual budget as it relates to the recreation fields and propose making this effective July 1 to coincide with the new fiscal year. We will ensure that all recurring invoices which have previously been coming to us directly will go to the Town Clerk's office (rubbish, port-o-let, and East Montpelier Home Center). Annually or as the need arises, we will contact the Town Clerk regarding cash needs for field maintenance and will ensure appropriate invoices or reimbursement requests are submitted to the Town Clerk on a timely basis. In addition, the bank account currently operated by the EMRC will be closed. Our proposal for the

distribution of remaining funds is below. As part of this transition, we would welcome input as to what is required from us in order to use the annual budget towards field maintenance needs (special forms for reimbursement, any rules for hiring out work, any pre-approvals needed etc.)

For the secondary function related to the organization and sponsoring of youth sports, we intend to create a new non-profit organization. We believe this is the most sensible approach to keep the Town Clerk from being over burdened with the accounting of the transactions related to the sports programs and to alleviate the town from the responsibility it bears in relation to the operation of these programs. In addition, this will eliminate any ambiguity as to whether or not the funds generated by the sports programs are general funds or available for future sports programs/expansion. This will also enable us to make decisions independently regarding the running of these programs (choosing volunteer coaches, rules to follow, programs to offer, fees to charge, expenditures to enhance the programs etc.). While Don Welch, the current Town Clerk, has indicated he would separate these funds, there is no guarantee that future Town Clerks would be so accommodating or that the funds wouldn't be reclassified by the town's auditor.

Given the inter-relationship between running the sports programs and the maintenance and scheduling of the physical fields, we envision proceeding with the new non-profit and the historic function of EMRC under one of two options.

#### **Dual Role**

- Continue with an EMRC, members of which are appointed by the select board;
- All members of the EMRC would also be members of the new non-profit;
- The EMRC would continue to identify an anticipated budgetary need for the maintenance of the fields;
- *Potential concern:*
  - Care would need to be taken to differentiate in what capacity business was being conducted (either EMRC or non-profit)

#### **Formal Agreement**

- Discontinue the EMRC;
- Create a formal written agreement between the town and the new non-profit that does the following:
  - Establishes the non-profit as the entity designated by the town to act as stewards of the fields;
  - Allows access by the non-profit to run sports programs on the fields;
  - Identifies specific responsibilities of the non-profit to keep the town informed of the facilities conditions and future maintenance needs
- Funding could be handled in one of two ways:
  - The town pays for all costs related to the field maintenance via an annual budgetary allocation OR
  - The non-profit makes an annual funding request to cover costs agreed to in the formal written agreement to make the fields functional
- *Potential concern:*
  - Ensuring the agreement is sufficient for the select board to feel they have oversight on the fields

## EAST MONTPELIER RECREATION COMMITTEE

Historical Financial Data, FY08-FY15 (through mid-May)

	GENERAL FUNDS	RESTRICTED DONATIONS	SPORTS PROGRAM FUNDS	TOTAL
<b>Revenues, not restricted:</b>				
Concession Stand income			2,949.58	2,949.58
In-kind/program donations	4,160.00		522.00	4,682.00
Program Fees & donations (Soccer & Basketball) FY08- FY15			27,660.00	27,660.00
Rally Day t-shirt sales	456.00			456.00
Swimming Lessons fees collected	1,785.00			1,785.00
Town Appropriation FY07 - FY14	24,000.00			24,000.00
Use of fields	1,400.00			1,400.00
<b>Restricted donations:</b>				
Basketball, backboards		943.25		943.25
EMES playground renewal		626.00		626.00
Soccer goals		1,276.00		1,276.00
Softball		500.00		500.00
<b>Cash in all sources FY08-FY15</b>	31,801.00	3,345.25	31,131.58	66,277.83
<b>Expenditures:</b>				
Direct sports program costs				
Athletic Director Fees			(2,000.00)	(2,000.00)
Awards			(1,267.29)	(1,267.29)
Bank Fees			(60.00)	(60.00)
Concession fundraiser			(570.36)	(570.36)
Equipment (non-capitalized - baseball in general funds)	(1,937.43)	(1,290.66)	(4,683.48)	(7,911.57)
Program Supplies (baseball in general funds as no fees collected)	(270.02)		(4,633.93)	(4,903.95)
Referees			(4,825.00)	(4,825.00)
Tournament fees			(1,455.00)	(1,455.00)
Uniforms			(6,983.57)	(6,983.57)
Other program costs:				-
Easter Egg Hunt	(2,049.08)			(2,049.08)
Swimming Lesson subsidies	(3,762.00)			(3,762.00)
Rally Day Support	(250.00)			(250.00)
Special Projects:				-
Breakaway bases for baseball field	(999.98)			(999.98)
EMES playground renewal donation		(626.00)		(626.00)
Field Maintenance Costs				-
Field maintenance/upgrades [includes work on baseball/softball fields]	(14,127.29)			(14,127.29)
Rubbish	(3,710.93)			(3,710.93)
Port-o-let	(5,150.12)			(5,150.12)
Miscellaneous supplies	(239.48)			(239.48)
<b>Cash out for Expenses</b>	(32,496.33)	(1,916.66)	(26,478.63)	(60,891.62)
<b>Capital Expenditures</b>				
Soccer goals, 3 sets of aluminum goals		(1,276.00)	(2,888.95)	(4,164.95)
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Net Cash In/(out) - FY08 - FY15 YTD	(695.33)	152.59	1,764.00	1,221.26
Funds in Bank Account as of 6/30/2007 (FY07 ending cash balance)	2,635.15			2,635.15
<b>Cash as of 5/12/2015</b>	1,939.82	152.59	1,764.00	3,856.41

	GENERAL FUNDS	SPORTS PROGRAM*	TOTAL
<b>Component of Current Cash Balance:</b>	1,939.82	1,916.59	3,856.41
<b>Anticipated Expenditures for Remainder of Year:</b>			
Monthly costs [port-o-let, rubbish]	(205.00)		(205.00)
Maintenance costs [from EMHC, already purchased]	(350.00)		(350.00)
Maintenance costs for fixing shed [best guess estimate]	(750.00)		(750.00)
	<u>(1,305.00)</u>		<u>(1,305.00)</u>
<b>Anticipated Funds at 6/30/2015</b>	634.82	1,916.59	2,551.41
	Funds to be retained by the Town of EM	Funds requested to be transferred to the new non-profit	

NOTE: FY15 approved funds of \$3,000 have not been paid to EMRC as of 5/18/2015. This means that the unspent fund balance for the EMRC is actually at \$3,635.

\*this includes the remaining \$152.59 of unspent funds from a donation specific to the Softball program