

TOWN OF
EAST MONTPELIER, VERMONT
Capital Improvement Committee

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To: Selectboards of the Towns of Calais & East Montpelier

Re: Calais & East Montpelier Emergency Services Capital Needs

As part of the ongoing work of the East Montpelier Capital Improvement Committee (CIC) we have attempted to review the East Montpelier Fire Department (EMFD) capital plan. This was undertaken because of the unique nature of the EMFD position; the building is on the town books, the equipment is on the EMFD books, and all are the responsibility of the local taxpayers. We also would like to note that the EMFD represents a substantial portion of the overall town budget (about 20%), at least in East Montpelier.

Although this is a complex situation we will attempt to keep our comments simple. The CIC has undertaken two separate evaluations of the EMFD capital plan, using equipment information that we do have available, and developed a simple estimate of capital budget needs. Both analyses developed virtually identical results. The current EMFD capital plan is inadequate. Further, the EMFD is accounting on a cash basis, which does not comply with generally accepted accounting principles, as pointed out by the EMFD independent auditors report. As a result of the accounting basis there is a lack of clarity in the financial statements as provided to the selectboards. This does not imply mismanagement. As a result of EMFD accounting on a cash basis the actual deposit holdings and the capital reserve contributions cannot be reconciled on a year to year basis.

The EMFD capital reserve should be a completely separate fund whether as part of the EMFD accrual accounting system or as part of the existing town capital plans.

Due to the amount of taxpayer money involved in EMFD this committee urges accurate financial data that reflects EMFD's current financial situation and future needs. The development of a realistic Capital Plan for EMFD will help maintain a stable tax consequence while meeting the needs of both towns and EMFD.

The CIC is willing to help. We can, in conjunction with the EMFD Board, put together a listing of capital equipment, costs, and life expectancies, and project yearly contribution needs to keep the equipment current. Our hope is to elicit a response, open a dialogue, and hopefully improve the current situation.

Thank you for your consideration.

