

# Surprise \$500,000 Surplus Catches County Off Guard

Ivy Ashe      *Thursday, March 21, 2013 - 9:13pm*

The Dukes County Advisory Board on County Expenditures was presented with an uncommon windfall during Wednesday afternoon's meeting, learning from a preliminary audit of the fiscal year 2012 budget that the county had an overall surplus of \$572,726. That figure includes a net income of \$300,000 for FY2012, as well as additional funds from FY2010 and FY2011 surpluses.

County treasurer Noreen Mavro-Flanders reported that of the \$300,000 in FY 2012 income, \$114,000 came from unanticipated revenue sources such as license plate fees, property rental (the state of Massachusetts rents courthouse space and the sheriff's parking spot from the county), and registry of deeds income. Another \$94,000 came from transfers within the county, such as deeds excise and reimbursement from retiree health plans. At the same time as the county brought in unanticipated income, Ms. Mavro-Flanders said, it was spending less than it had budgeted for, to the tune of \$91,000.

Wednesday's meeting was the first time the county advisory board had been presented with the excess funds, prompting surprise from board members. The advisory board, comprised of one selectman from each town, reviews and sets the county budget annually.

Ms. Mavro-Flanders said the numbers were previously given at a public meeting at which the results of the fiscal year audit were presented to county commissioners. Results of that audit, including the surpluses, were also listed on the county treasurer's website.

But commissioners in attendance Wednesday said they apparently overlooked the fact that there was a surplus, and advisory board members said they were not separately presented with those numbers.

The commissioners "have a tendency to just focus on the [financial] management letter," which summarizes the audit, county commission chair Thomas Hallahan said Wednesday. The financial statements provide a more detailed analysis of the audit, including balance numbers.

"If you go to the financial statements, it's right on the first page . . . that's a lesson learned," Mr. Hallahan said. "That's how the [end of fiscal year audit] goes; I just need to be more mindful of the financial statements."

Commissioner Lenny Jason echoed Mr. Hallahan on the matter of fully perusing the statements.

"The confusion I think began because unfortunately these unreserved fund balance numbers have not been presented before," said county advisory board member Arthur Smadbeck, who represents Edgartown. "It might have been in the audit which the county commission saw, but I don't recall it." Mr. Smadbeck asked that in the future copies of the year-end audits be provided to the county advisory board, as well as the commissioners. "That kind of information would be helpful so that we can make better decisions," he said.

Board member Jeffrey Kristal of Tisbury requested that quarterly expense reports sent to the commissioners also be given to the advisory board as well.

Ms. Mavros-Flanders said that the FY2012 surplus was unlikely to be repeated in the future because so many of the overages were due to one-time items. Although excises from the registry of deeds were ahead of budget because of a flurry of real estate transactions in December, most of the line items were “pretty much on schedule,” Ms. Mavros-Flanders said.

The board turned discussion to the matter of what to do with the \$300,000 FY2012 surplus, voting to return \$150,000 which the towns has already paid as part of their annual county assessment.

The funds will be moved by July 1, 2013, and go in to free cash so they will not affect the towns’ FY2013 budgets, which have already been set for town meeting approval.

The advisory board did not reach a consensus as to how to spend the remaining funds.

Mr. Smadbeck reminded the board of a goal set in 2010 to hold \$100,000 in reserve for unanticipated expenses. Other possible solutions included putting the money toward repairing the Dukes County courthouse and creating a capital fund budget for the ongoing Center For Living project, which seeks to build a dedicated space for housing the elder services program.

“The Center For Living is a big project, probably one of the biggest endeavors the county has ever taken on,” board member Jeffrey (Skipper) Manter 3rd said. “It needs a long-term plan, and I think that should involve the towns more directly.”

Mr. Manter said that instead of the county creating a fund for the Center for Living directly, the money could go to the towns so they could appropriate it back. “I think it needs to be a broader view than taking [money] to start the project,” he said. Mr. Vail added that towns would likely need to include the Center For Living in their respective strategic plans.

County manager Martina Thornton asked that some of the surplus be left with the county for projects such as upgrades to the courthouse. At the county commissioners’ last meeting on March 13, estimates for bringing the electricity up to code were approximately \$100,000. “For that building to be brought up to code is going to take a lot,” Ms. Thornton said. Community Preservation Committee funds can be used for some repairs, she said, but the county “cannot just rely on CPC money every time.”

The board members said they would work to inform their respective towns of possible Center For Living plans, and continue talks about the surplus at future meetings.

“It’s unusual that a problem arises from having more money than we thought we had,” Mr. Smadbeck said. “But I’m encouraged by the discussion that we’re having here.”