

BUDGET COMMITTEE MEETING MINUTES

THURSDAY, OCTOBER 4, 2018

Presiding: Ed Morgan

Members Present: Paul Donnellan, William Jones, Steve McClean, Sue McIntyre, Ed Morgan, Justin Reinhardt

Members Absent: Howard Burnham

Selectmen Present: Joanne Andrews, Dorothy Richard, Wendy Thorne

Guests: Laura May, Town of Limerick Treasurer; John McIntyre, Limerick Resident

1. Call to order – count for quorum

The meeting was called to order at 7: 00 p.m.
A quorum was established

2. Acceptance of Meeting Minutes of September 6, 2018

A motion was made by Bill Jones to accept the minutes of September 6, 2018, seconded by Paul Donnellan. Motion passed with all in favor.

3. Presentation by Wendy Thorne, Select Board Member

Topic: A Review of the Town’s Current Financial Status and Potential Forecast

Ed welcomed Wendy Thorne, Select Board Member to the meeting. He then distributed a Balance Sheet / Spreadsheet that was comprised by Wendy for review.

Wendy began her presentation stating that this balance sheet was a replica of what had been presented in the Audit Report of 2017. She added that there had been several discussions among Limerick residents pertaining to the “unassigned” balance of \$2.5 million shown at the end of December 2017, also known as “slush fund” or “surplus”. What this amount means is that after all liabilities are taken care of, deferred revenues having been taken into account, etc., this amount is what is available to spend for future budget requisites.

She noted that some residents had questioned why more monies had not been transferred from this “unassigned balance” to reduce the tax commitment, to offset taxes. Wendy replied that we probably should of or could have transferred more to offset taxes. However, a large sum was approved by voters at the start of the Town Meeting, to be put aside for the Fire Department Building. Another voter approved transfer of \$100,000 took place going from the “unassigned” account to be put aside to offset the tax commitment.

Other items / articles were additionally approved transferring from the unassigned account to other funds, including the Town’s Fund Balance Policy requiring the Town to keep a 3 – month reserve total of \$1,325,280.00, thus reducing significantly that initial \$2.5 million to a residual unassigned amount of \$178,614. It was additionally noted that this residual amount of \$178,614 did not include / reflect the other approved expenditures from the Capital Reserve Account, which is a sub-category of the “unassigned” account, as these have not been expended yet, but have been set aside by voter approval for

various funds / projects, etc.

She stressed to the Committee the importance of being vigilant and being mindful of cash flow explaining that the Town would not want to find itself in a position that it would need a Tax Anticipation Note (TAN). Different projected scenarios / financial forecasts were also provided. These projections were calculated by using historical data that reflected actual receipts, expenses, and monthly bank balances going all the way back to 2014. It assisted with the calculation on the impact of the fund balance if all of the unassigned balance was expended at once, and/or how it might impact the fund balance with spending all funds for all projects, etc., and setting aside special revenues. These projections reflected any revenues coming in until the end of the year, as well as, expected expenses from now until end of year.

Wendy spoke of the huge expense for the Fire Department noting that we have set aside some funds for it, however, we do not know what the actual final total expense will eventually be, including other on-going projects, plus monies such as restricted funds, committed funds, and assigned funds. Once a final expense figure has been arrived at for the Fire Department, she felt that the Town should consider taking a bond which would help keep our cash flow running smoothly and would also allow to keep taxes down. She also felt that the Town's revenues do not keep up with the Town's expenses. Wendy felt that we are spending more then we are taking in and feels that there could be a "potential" cash flow problem, if we are not careful.

An explanation of Budget terms followed along with a short discussion on the value of establishing a separate "reserve account", which the Town does not have. As of the end of September, the Town had approximately \$929,858.99 which Wendy noted is less than the recommended 3-month reserve amount of \$1,325,280.00. She presented extreme projected scenarios explaining how these scenarios could impact on the fund balance. Noting that we still do not know what will happen with the rest of the year, for instance, "Did we understate in our projection of revenues again?" "Did we overstate in our projection of expenditures"? She felt that a wise accounting practice would be to hold these funds in separate cash accounts. Changing the fiscal year from July to June was also discussed as a consideration. Taxes would probably be billed twice a year vs. once a year. It would provide a truer picture of what is in the fund account.

A question and answer period followed along with a discussion on how to avoid this same scenario for next year. It was also noted that a larger effort is needed to educate the residents / taxpayers prior to voting for expenditures at the Town Meeting on how their vote may affect an increase in taxes due to certain expenditures. It is important as we all move forward that everyone be mindful of what they are requesting for their Department. Sometimes more and more monies are requested but then some of those funds end up not being used. These remaining funds end up back into the unassigned account and subsequently are not used to offset taxes. Wendy also recommended avoiding any Special Town meetings between March and September that include requests for additional funds unless it is a total emergency. As far as expenditures for the school system, historically the increases have averaged about 3% annually. As a municipality though, our expenditures have been creeping up while our revenues have not kept up. We need to produce more revenue. Discussion ensued on various options to bring up revenue such as increasing fees and pursuing an aggressive effort with the promotion of the Business Park. Another positive factor for keeping better track of revenue and expenses would be changing the fiscal year to July to June. The question was asked to Wendy if anything really stuck out to her or "raised her eyebrows" while working on these figures and that may have given her cause for concern. She replied "cash flow" is her main concern and that everything runs smoothly. Question was also asked whether the \$300,000 that had initially been suggested by one of the Selectmen back in the Spring at one of the Board meetings, had been acted upon and used to offset taxes, as proposed, if whether that action would have reduced taxes this year. The reply was "yes". We would not have been looking at a .40 cent mil rate increase. However,

cash flow would still be an important factor.

Wendy recommended that as a Municipality we all need to pay attention to the cash flow as well as expenditures. Right now, revenues remain stagnant and budgets keep increasing. Some budgets are requesting more than they need. She also recommended that a bond be considered for the Fire Department.

A brief discussion ensued about the Business Park. There are seven lots available. The question was asked as to why these are not being advertised. It was noted that last year a decrease in the lot price had been considered due to the loss of two potential businesses who had serious interest in locating at the park, however these potential buyers “pulled away” when told that the price would be \$90,000. Negotiations or effort to negotiate, did not take place with these prospective buyers. It was stated that the price should not be the Town’s goal. The goal should be to get buildings into the Park to begin generating some revenue. The Board has the ultimate authority to set the price but would have to get that authority thru a special town meeting by getting the voters’ consent.

In summary, Wendy felt that she would be able to provide to the Limerick residents, “this is what your total expenses are, this is what your total revenues are, and this is what your anticipated mil rate will be”. She felt this could be projected pretty accurately.

(Complete detailed information on Wendy’s presentation can be found on the SRC-TV website).

4. Review and Recommendation of Proposed Transfer Station Budget

Joanne Andrews provided her updated 2019 Solid Waste Budget along with a 5-year Capital Plan noting the challenges to Department Heads come from trying to “predict” and knowing what will happen in the next year citing an unexpected increase in tipping fees within her own Department. She strongly supports changing our Fiscal Year.

EcoMaine recycling service will remain the same; new EcoMaine contract for Household Waste tipping fees have increased to \$107,625. Household waste has increased by 100 tons and Joanne noted that she does not understand why the tonnage has increased so much. Transfer Station Operational Budget is \$93,730.25. The bid for Door-to-Door pick-up will be unsealed at the next Board Meeting.

A discussion ensued pertaining to several options to reduce tonnage and to increase revenue at the Transfer Station. A warrant article to increase the fees for the disposal of items at the Transfer Station was Proposed since fees have not been raised in 10 years. Another warrant article to charge a fee per bag of household waste disposed of at the Transfer Station was also suggested. Joanne will bring these two items up before the next Board of Selectmen meeting.

It was decided to table a vote to accept the total amount for the Solid Waste Budget until the next meeting upon which time the “Door-to-Door” pick-up bid will have since been opened.

5. Review and Recommendation of Proposed Planning Board Budget

The Planning Board Budget was presented by Dottie Richard, Chairman of the Planning Board.

The Planning Board’s Total Budget for 2019 has decreased by \$2,417.00. Motion was made by Steve McLean to accept the Planning Board budget as presented, seconded by Paul Donnellan. Motion passed with 6 Yes.

Old Business:

Reply from Maine Municipal Association’s Legal Counsel:

Ed distributed a response from the Legal Department of the Maine Municipal Association pertaining to any information / data that is requested from Department Heads by the Budget Committee. According to legal services department, staff attorney, the Budget Committee is not prevented from requesting information as long as it is not something that may be considered way out of the ordinary such as the creation of reports or analyses that do not already exist. It was also noted that the ordinance does not differentiate between an elected department head and a volunteer department head, therefore, the Budget Committee may require additional financial data regardless of volunteer status.

New Business

Review of Special Town Meeting Warrants

A quick review of the following Warrant Articles for the Special Town Meeting scheduled for October 20, 2018 ensued:

Article 3. *“To see if the Town will vote to authorize the Board of Selectmen to transfer \$12,018.97 from the Health Reimbursement Account to the Administrative Account and transfer \$175 from the Health Reimbursement Account to the Grange Hall account to cover expenses for the remainder of year and to expend any necessary funds as needed.”*

Steve McClean motioned to recommend a yes vote on Article 3, seconded by Paul Donnellan. Motion passed with 6 Yes.

Article 4. *“To see if the Town will vote to authorize the Board of Selectmen to accept a \$10,000 grant from the Maine Community Foundation and authorize their expenditure for the purpose of re-pointing the Brick Town Hall.”*

Suzanne McIntyre motioned to recommend a yes vote on Article 4, seconded by Steve McClean. Motion passed with 6 Yes.

Update on Budget Proposals Received

Ed distributed an updated list of Proposed Budgets that have been received so far. The received Budget Proposals that have been received up to now reflect a 13% increase.

6. Review and Recommendation of Proposed Treasurer’s Budget

The Treasurer’s Budget reflects a \$10,449 increase. Laura May noted that there is an increase in her budget but a decrease in her Deputy’s budget, who is also Deputy to the Town Clerk and Tax Collector. The increase reflects a 3% COLA increase in salary, monies for advertising for the new Deputy position, as well as new Deputy training.

Steve McClean motioned to accept the Treasurer’s Budget as presented, seconded by Suzanne McIntyre. Motion passed with 6 Yes.

Paul Donnellan made a motion to adjourn. It was seconded by Justin Reinhardt. Motion carried with all in favor.

Adjournment: Meeting adjourned at 8:40 p.m.

Next Meeting: Thursday, October 18, 2018 at 7:00 p.m.

Respectfully Submitted,
Suzanne McIntyre
Recording Secretary