

Town of Brunswick, Maine

**Finance Committee Meeting
Monday, July 22, 2019
6:00 – 7:30 PM
85 Union Street – Council Chambers**

Meeting Minutes (Approved 8/22/19)

Elected Officials: Christopher Watkinson (chair), Dan Ankeles
John Perreault (absent)

Staff: John Eldridge, Julia Henze

1. Acknowledgement that meeting was properly noticed

JH confirmed that the meeting was properly noticed.

2. Adjustments to agenda / Public comment

No adjustments to the agenda.

No speakers during public comment.

3. Approval of meeting minutes from 6/20/19

DA moved, CW seconded, unanimously approved by those present.

4. Cash and Investments

a. Review Investment Policy

FC completed annual review of the town's investment policy. No issues arose in review of the document. Will review again in a year.

b. Status of banking & accounts 6/30/19

JH explained the town's cash account structure. Interest rate on town accounts was at 2.69% APR as of 6-30-2019 (tied to the fed funds rate) and earnings credit rate was 2.935% as of the same time (tied to the 90-day t-bill rate).

c. Historical and projected cash flows

JH presented the committee with a graph of historic cash flows, by month, for the past three fiscal years. Committee noted peaks in valleys in cash arising from the bi-annual collection of taxes. When comparing FY18 general fund cash balance with FY19, the \$9.3MM (as of June 30, 2019) spent on the school construction costs has reduced general fund cash until a Bond Anticipation Note is issued for the project. Once issued, the general fund will be

reimbursed for any cash advances it has made thus far for the school construction project.

d. Bond Anticipation Note (BAN)

The Town is in the process of issuing a \$20MM BAN with an estimated settlement date of August 29, 2019. This BAN will cover costs to date for the school construction project plus anticipated expenditures to be incurred through January 2020 when the actual bonds for the project are issued. Once the bonds are issued and funds have been received, the Town will pay off the BAN and be left with debt service on the bonds going forward.

5. Long-term financial planning model

JH went to the presentation computer to demonstrate an Excel worksheet with eight years of actual operating expenditures (2009-2017), two years of budget (2019-2020), and modeling five years of projections based on assumptions. The model incorporates the estimated debt service from the CIP, which includes \$28M borrowing for the new elementary school.

The worksheet includes a row called “Gap” – which is revenues over/(under) expenditures, in which bracketed (negative) numbers show a budget shortfall, positive numbers show a budget surplus. Graph shows bars for revenues and expenditures, which should be equal for a balanced budget. The difference is graphed as a line which changes as the model is manipulated.

JH outlined the assumptions at the bottom of the page. Percentages can be adjusted to show how each element affects the bottom line. For example, the committee specifically reviewed the potential impact of the estimated increases in state revenue sharing that would be received in FY2021.

6. August meeting change – 8/22/19

a. 6pm Finance Committee meeting

b. 7pm – join Recycling & Sustainability Committee

The Finance Committee will shift its August meeting one week later in order to join the R&S Committee which has been tasked with identifying Town recycling options.

7. Adjourn