

Town of Brunswick, Maine

Finance Committee Meeting

Thursday, January 15, 2015

3:30 – 5:00 PM

85 Union Street – Conference room #206

Meeting Minutes (Approved 2/19/15)

Committee Members: Sarah Brayman, Jane Millet, John Richardson

Staff: John Eldridge, Julie Henze, Jim Oikle

Others: Kathy Wilson, Rich Ellis (School Board)
Bernie Breitbart

1. Acknowledgement that Meeting was Properly Noticed

Sarah Brayman & John Eldridge confirmed that the meeting was on the Town Calendar

2. Committee approved 11/20/14 meeting minutes

Received 12/16/14 meeting minutes – for approval at next meeting

3. Adjustments to agenda / Public comment

Moved item #4 (Open questions) to later in meeting – after RKO presentation

4. Runyon Kersteen Ouellette auditors present results of 2013-14 audit

Hank Farrah, principal, and Tim Gill, supervisor with RKO, described the audit process, auditors' and management's responsibilities. Brunswick audit is a positive experience and goes smoothly. Auditor is engaged to express an opinion about whether the financial statements are fairly presented. RKO issued an unmodified ("clean") opinion.

Documents:

- a. Letter to Finance Committee – spells out conditions of the audit engagement and outcome of the audit process; includes management representation letter.
- b. CAFR – prepared by Town staff, auditors review and generate report (p 11-13 of CAFR).
- c. Single Audit – required under US Generally Accepted Auditing Standards, Government Auditing Standards, and OMB Circular A-133. Auditors conduct testing of internal controls, compliance with federal grant requirements with specific testing of major federal programs. No significant deficiencies or material weaknesses were found.
- d. Management letter – offers comments on opportunities for strengthening internal controls and operating efficiencies. Management responses are included in letter.

The Committee asked a number of questions about the comments in the management letter. Jim Oikle answered the questions related to the School Department and described the actions to be taken in response. John Eldridge clarified that even though the Accrued Compensated Absences comment is directed at the School department, the issue is being addressed on the Town side as well.

The Committee accepted the auditors' presentation and tasked management to follow through with the actions as stated in the management letter responses.

(John Richardson needed to leave at this point in the meeting – shared his thoughts on the Governor's budget: Concerned with timing of State budget decisions in relation to Town's budget development process. Town needs to be prepared to look at serious curtailment. Recommends departments identify 1%, 2.5%, 5% cuts. Also see item 7b)

5. Open Questions: Communications policy – agenda/packet/minutes

Question about how formal the committee should be. How long in advance do members want the meeting packets? Should meeting materials be available to the public online?

Decision: Aim for agenda and packet to members minimum 2 days ahead of meeting. Option to sign up for emailed agenda – informal at this time.

6. Discussion of TIF options/calculations for Cooks Corner Road project

Description: build two roads in the Cooks Corner area, and repair/upgrade Thomas Point Road.

Background: Town Council's intent to make efforts at economic development in Cooks Corner; the DOT traffic movement permit requires improvements to the Bath Rd/Thomas Point Rd intersection; current availability of developer interest.

Actions to date: Town Council authorized funding for a traffic study and road design. Directed Town staff to develop financing model.

Materials presented:

- a. Map of proposed road construction, and schedule of costs
 - i. Gurnet Rd to Thomas Point Rd connector – Approx \$750KI
 - ii. Thomas Point Rd upgrade – Approx \$950K
 - iii. Thomas Point Rd to Tibbets Drive connector (cost to be assumed by developer) – Approx \$310K
- b. Debt service structure – after use of \$100K Big Box fees, \$1.6M 15 year bond, with payment schedule ramped up to match estimated available TIF revenues
- c. Development build-out plan/schedule – Cathy Jamison estimated values based on buildings proposed by developer. Estimated 5 year build out.

Committee discussed the project's merits and risks. JE discussed structuring the authorization to restrain action on the road until the developer has reached a certain level of commitment. Jane Millet recommends review of how this project fits in to Cooks Corner goals. JE stated that proposed development is not for retail – primarily medical, offices, perhaps bank, restaurant. How to encourage certain types of development... Restrictions can be problematic.

7. Financial Planning

- a. December financials – not discussed
- b. Governor's budget – Discussion about implications of the reductions in revenue sharing and adding the value of non-profits' real property to the tax rolls. JE pointed out that increasing the tax base shifts state aid to education away from Brunswick.
- c. CIP schedule – not discussed