

Town of Brunswick, Maine

**Finance Committee Meeting
Thursday, August 18, 2022 at 6:00 PM
85 Union Street – Council Chambers
and by electronic devices**

Meeting Minutes (Approved 9/15/22)

Elected Officials: Councilor Christopher Watkinson
Councilor Sande Updegraph
Councilor Kathy Wilson

Staff: Julia Henze
John Eldridge

1. Acknowledgement that meeting was properly noticed

CW called meeting to order. JH confirmed the meeting was properly noticed.

2. Adjustments to agenda / Public comment

None.

3. Review of meeting minutes from 7/21/22

CW moved to accept minutes from 7/21/22. Seconded by SU. Approved unanimously.

4. Review Investment Policy

JH provided the Town's Investment Policy for the Finance Committee's annual review, and gave a brief overview of the goals of the policy. Emphasized the three priorities of investing municipal funds: Safety, Liquidity and Yield, in that order.

SU noted the special considerations to invest for the betterment of the local economy. Committee discussed the policy, and noted the differentiation between the Town's operating funds and Trust Funds. JH stressed the importance of internal controls and explained collateralization. No changes to the policy recommended at this time.

No action required by Finance Committee.

5. Review 6/30/22 cash

- a. Account Structure – JH presented a chart of the Town's bank accounts for its operating funds, and explained the method for receiving deposits and disbursing payments, while also maximizing interest revenue. Explained that the Town pools its cash when this is not allowed, such as for bond proceeds, impact fees and certain other funds. JE clarified that while cash is pooled, balances for the individual funds are accounted for separately.
- b. Cash Flow graphs – JH explained two graphs – the first showing the operating bank account cash balance fluctuations during the year, and the second indicating balances in the other bank accounts. JH noted that the amount accumulated in the enterprise funds

(primarily for the landfill closure) reached \$6.4M in 2020, and as of 6/30/22 has been reduced to \$1.2M.

- c. General Fund DTF/Advances – JH provided an accounting of projects where the general fund has ‘advanced’ cash to other funds over the years. Pointed out that maintaining a strong cash balance allows for internal loans. Committee discussed situations where this has been used in the past.
- d. Fed Funds Rate & Yield Curve – JH presented two graphs included to demonstrate interest rate trends, and briefly explained the significance of the Fed Funds Rate to the Town’s interest revenue, and the meaning of the yield curve.
- e. Rating agencies – JH provided the reports from S&P and Moody’s, pointing out where the Town’s cash balance is considered as an element in the Town’s credit rating.

Committee discussed the reasons for maintaining a certain level of cash, and the relationship between cash and fund balance.

6. Proprietary Funds (Enterprise Funds)

JH reviewed the accounting for business-type activities, and reviewed the Town’s five enterprise funds:

- a. Graham Road Landfill – JH presented a chart of the operations of the landfill since 2004, and comparative income statements from FY17 to FY22 for the fund, noting that operations ceased and closure began in April, 2021. JH pointed out that monitoring of the landfill will continue for 30 years, at an estimated \$78K per year, so the Town has recognized a liability of \$2.4M. The Town has not funded/set aside the cash for this, so the fund reflects a negative balance. Committee discussed the annual postclosure costs, and that this could be covered by Pay-per-Bag revenues, or general fund subsidy, or the State Landfill Closure Program reimbursement.
- b. Pay-per-Bag Program – JH provided a comparative income statement of the fund from FY16 to FY22, pointing out the transfer of \$4.8M to cover the landfill closure. Committee discussed how PPB fees will be used in the future, and JE mentioned several options including landfill postclosure costs, the cost to join ecomaine as a member, or covering annual trash collection and disposal costs.
- c. Processing Facility – JH explained the income statement and graph for the Processing Facility, pointing out up to December 2021 the facility was open two days a week, and now is open only one day per week. JH pointed out that in FY22 the program realized a ‘loss’ of \$13,861, and is expected to require a subsidy in some form.
- d. Mere Point Wastewater System – JH described the advance for the Webb Field forcemain, and that the currently fund owes the general fund, but is projected to ‘pay back’ the reserve within four years and begin to build a reserve for future capital needs.
- e. Train Station/Visitors Center – JH presented the comparative income statement for the fund, and explained that beginning in FY22 the Town is recognizing the cost of paying BDA to run the Visitors Center in this fund, separating this from the annual appropriation for BDA.

7. Updated Committee meeting schedule

Committee reviewed and agreed to schedule.

8. Adjourn