

Town of Brunswick, Maine

**Finance Committee Meeting
Thursday, October 17, 2019
6:00 – 7:30 PM
85 Union Street – Council Chambers**

Meeting Minutes (approved 11/21/19)

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

Staff: John Eldridge, Julia Henze, Branden Perreault

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 9/19/19

DA moved, CW seconded, (JP abstained), approved.

4. 2018-19 Audit – Hank Farrah, Runyon Kersteen Ouellette

Hank Farrah, Partner with Runyon, Kersteen Ouellette, explained that though RKO has been in Town for two weeks and is nearing the end of their fieldwork, the audit is not complete, and he will not be presenting results at this time. The auditors will return to their office to complete several review steps and confirmations. Hank described the audit process, which starts in May/June with a week of on-site pre-audit test work. This is when the auditors test the financial processes for accuracy, proper approvals and documentation. Testing includes cash receipts, payroll, cash disbursements. Sample-based testing enables the auditors to identify areas which might warrant more attention and testing during the fall audit, and to make recommendations for improvements to the Town/School procedures.

In October, the auditors do two weeks of field work in which they review the financial reporting and verify all balance sheet items, tying detail listings to amounts listed. This includes reviewing assets such as accounts receivable, capital assets, and liabilities including accrued payroll and debt. Currently reviewing the financial statements for accuracy, completeness of statements, and proper note disclosures. Expressed appreciation for preparation by the finance/business office staff, making the auditors' job smoother and easier.

JH clarified to the elected officials that the auditors work for them, and Hank encouraged any school board or town council member to contact him directly with any questions or concerns.

5. Update on Property Tax Assistance Program

BP opened with a brief historical review of Brunswick's Property Tax Assistance Program (PTAP) and qualification requirements. Brunswick's program benefits are tied to the amount the applicant received under the State of Maine's Property Tax Fairness Credit (PTFC). The FC reviewed income limits (as well as what is considered income), benefit bases (and how much of the property tax or rent paid counts toward the benefit calculation), and how the State of Maine PTFC is calculated.

BP presented several scenarios so the committee could understand benefit levels under the State's program at various income and property tax / rent amounts paid. As of October 16, 2019, the town is estimating that \$30,103 rebated under Brunswick's PTAP. This estimated rebate is expected to increase, as final applications are not due until November 1, 2019 which is still more than two weeks out.

Brunswick has already:

- a. Advertised the PTAP on the Town's website
- b. Reached out to the newspapers asking them to report about the program
- c. Talked to People Plus as well as Curtis Memorial Library about potential applicants they may be able to refer
- d. Informed AARP about Brunswick's program so they can fill out applications for residents when completing their 2019 tax returns during the 2020 tax season.

The Town will be adding an insert and/or verbiage to the March 2020 tax bill.

6. Kate Furbish Elementary School – modeling possible debt service

JH presented several debt service models beginning with the original model and transitioning to \$26M over 25 years at 3% interest rate, which is the current best estimate as to where the project will end up.

Debt service under the various models were presented as level principal, level payment, or "smoothed" which is level payments for 15 years and then declining payments for the next 10 years. The Town is suggesting a "smoothed" debt service approach as the initial impact to the tax rate is less than a level principal approach and when the declining payment period begins (after 15 years), increased budgets for repair and maintenance costs are offset by the declining payments.

The Town is hopeful that the interest rate for the bonds to be issued in early 2020 will be better than the estimated 3%.

7. Next meeting reminder – 11/7/19 CIP Workshop

8. Adjourn