

WISCASSET BOARD OF SELECTMEN
MARCH 4, 2008

(Tape Recorded Meeting)

Present: Bill Curtis, Phil DiVece, Vice Chairman David Nichols, Nicole Viele and
Town Manager Arthur Faucher

Absent: Chairman Duane Goud

1. Call to Order

Vice Chairman David Nichols called the meeting to order at 6:30 p.m.

2. Pledge of Allegiance to the Flag of the United States of America

Arthur Faucher announced that nomination papers would be available on March 14, 2008 for the Board of Selectmen, School Board, Budget Committee, Water District Trustee and Road Commissioner. Nomination papers must be returned to the Clerk's office by 1 p.m. April 25, 2008.

3. Approve Minutes of February 28, 2008

Bill Curtis moved, Phil DiVece seconded, to accept the minutes as printed. Vote 4-0.

New Business

4. 2006/07 Fiscal Year Audit Report, RHR Smith & Co. to present

Ron Smith and Charemon Willey-Staples of RHR Smith & Company were present to discuss the audit. Mr. Smith explained the Balance Sheet as of June 30, 2007 which showed total assets of \$2,670,062, liabilities of \$861,283. The total fund equity was \$1,808,779, of which \$1,363,829 was designated for specific purposes, \$444,950 was undesignated. He recommended keeping 30 to 60 days operating expenses in reserve, which would amount to \$7-800,000 (30 days) or \$2-2.4 million (90 days). In addition to the \$444,950, Wiscasset has approximately \$13 million in reserve funds for General Equipment, Capital Reserve, Construction Reserve, Cemetery Perpetual Care, Recreation Building Reserve and Non-major Funds, which have been invested with Edward Jones. The town has used in the past the interest earned on the investment account to stabilize the mill rate. He recommended developing a fund balance policy to govern the reserve accounts.

In response to Phil DiVece's question regarding considering a new investment counselor, Ron Smith said that the town had been investing with Edward Jones for four or five years and the Selectmen should review Edward Jones' performance, and also talk to other investment firms. Arthur Faucher said the Selectmen and Budget Committee would be meeting with Edward Jones in May.

Ron Smith said that last year Wiscasset took in \$17.3 million which included a carryover; the town appropriated and spent \$15.526 million. The actual revenues were \$15,355,000; less than was what spent. The excess was paid for from the carryover

balance. In addition, actual revenues were greater than estimated revenues. He recommended resetting the budget every year to avoid large carryovers.

Phil DiVece asked how the Town could determine what figure to use for excise taxes. Ron Smith said that the Town had used a conservative number the past few years and people had bought more cars than the town estimated because of low interest rates offered. However, with the turndown in the economy, car sales will be down which will affect registration fees. He said an indication of the economy would also be reflected in the county recording fees for home sales.

In response to Dick Hanson's question on budget estimates, Ron Smith said that in addition to the change in fiscal years, one of the problems was that there was also the practice of not including anticipated fees in the revenue side of the budget. He recommended that Wiscasset hire a financial manager for the town, which he described as a \$20 million organization when the schools were included; the treasurer does not have time to manage the funds and establish policies and procedures. A financial manager could be shared with another town.

One of his recommendations, which will also be given to the schools, was to use actual numbers from the previous year, not projections. With regard to lapsed or carried over balances, some are state-mandated and the town may have some legitimate carryovers, but the number of carryovers that the town now has is cumbersome and makes budgeting difficult. A fund balance policy is needed to determine the disposition of the actual surplus, whether to return it to the reserve fund or to use it to reduce the mill rate.

The overdraft in the Tax Increment Financing account was discussed. Ron Smith said that any new valuation of property in the TIF district goes into the TIF account from which 50% is put into the town's TIF account and 50% goes back to the developer. Evidently, there had been some confusion about the valuation, but that was cleared up by the revaluation. The financial statement shows an overdraft of \$42,753. The shortage occurred because the debt service wasn't included in the budget.

Arthur Faucher pointed out the CDBG grant of \$99,500, which was included in the actual revenue for 2006-07. This amount is reimbursement for the construction of the roadway in the i.park. A warrant article will be on the ballot in June to accept the road which has been paid for by CDBG funds.

Ron Smith explained the calculation of the overlay which is used for abatements for errors in assessments.

In response to Steve Mehrl's question on the school budget, Ron Smith reiterated his recommendation against net budgeting and to use actual numbers for the budget.

In response to Ben Rines, Jr.'s question on the overlay account, which was overdrawn, Ron Smith said that a warrant article was necessary to spell out how the overlay should be spent. If the overlay is not sufficient, the voters will have to approve taking funds from the undesignated balance. At any rate, the town should have a fund balance policy to address the issue. Ben Rines spoke in favor of keeping Edward Jones as the fund manager.

In response to Paul Grover's question regarding the school budget, Nicole Viele explained that because of the school consolidation process, seven or eight warrant articles will be brought up at an open town meeting; each article will be debated and the amount may be increased or decreased. Ten days later secret paper ballots will be used to vote for or against the numbers determined earlier. If an article does not pass, the process will start over.

In response to Steve Mehrl's question on the school carryover, Ron Smith said that the town needs a mechanism to deal with unfunded teacher's salaries over the summer. The town has a legal obligation to pay the teachers through the summer, which will cost approximately \$350,000 more than is budgeted. Even if the school consolidation takes place as of July 1, the town will still have to pay the teachers through August.

6. Other Board Business - None

7. Citizen Comments

Bob Blagden commented that the town had changed its fiscal year to coincide with the school system and now that the schools have changed their fiscal year again, he suggested that the town return to a January to December fiscal year.

8. Adjourn

At 8:30 p.m., Phil DiVece moved, Bill Curtis seconded, to adjourn the meeting. Vote 4-0.