

Enfield Budget Committee MINUTES

Monday July 31st, 2017 DPW Building 6:31PM

Members present: Sam Eaton, Chair; Shirley Green, Vice Chair; Eric Crate; Mike Diehn; James Buffington; Nancy Smith; Holly West; Dominic Albanese

Excused: Fred Cummings, Selectboard (SB) representative to the Enfield Budget Committee (EBC).

Others Present: John Kluge, Selectman; Meredith Smith, Selectwoman; Francine Lozeau, Library Trustee; Ryan Aylesworth, Town Manager; Alisa Bonnette, Assistant Town Manager; Tim Green, Auditor; Keith Thomas; Bob Cusick; Annabelle Bamforth; Dan Kiley; Bob Lacroix; Steve Patten; Jean Patten; Kurt Gotthardt

Administrative: Sam called the meeting to order at 6:31 p.m.

Approval of Minutes:

Minutes approved with following corrections:

1. Correct misspelled TIFF [sic] to TIF
2. List Fred as a SB representative
3. Mark Eisner was excused
4. Dominic Albanese was present
5. Add Sam's and Shirley's titles
6. Correct misspelled dissolve [sic] to dissolve
7. Give Alisa both of her letter Ns in her last name.
8. Give the name of the recorder of the minutes in the minutes.

New Business:

Tim Green, the Auditor for the town visited to answer questions and explain fund accounting.

Following are notable items from his presentation:

- 2014 - large overspending happened due to overestimated revenue and underestimated solid waste costs during the budgeting work in 2013. There were also a few unexpected retirements not budgeted for.
- 2015 - overestimated property sales during the 2014 budgeting season.
- 2016 - large revenue deficit and large unexpended budget caused by mistakenly putting all of a lease in the revenue that year instead the year's worth. DRA did not receive our warrant and budget for pre-review for 2016. Had they received it for pre-review the error may have been caught according to Mr. Green
- The result is in our fund accounting, we see a deficit of \$682,576, which is not money owed to anyone. There was additional discussion on review processes and controls to avoid future mistakes.

- It is recommended the town send the budget to the DRA early enough for them to complete their pre-review going forward.

The EBC asked Tim what, besides the mistakes he pointed out above, has most contributed to the deficit. He believes overestimated revenues and underestimated non-discretionary spending contributed to the current deficit. The EBC also asked how we compare to other similar towns in terms of the number of mistakes we make, Mr. Green noted that we are not better or worse than other towns.

It was strongly agreed upon by all members of the EBC and the SB that the town be more conservative with revenue estimates in future and work diligently to reduce the deficit.

Paying The School Tax Bill

There were questions from the public about how and when we pay the school district. Someone had heard that the town is behind and does not have money to pay. The EBC, SB, Town Manager, and Auditor took turns explaining and answering questions. The summary is the town is not behind and is current with payments to the school district. It was explained that because the property taxes are due a month after the school bill is due, we did not have cash on hand to pay the bill, so the town took out a short term loan called a Tax Anticipation Note (TAN), once property tax revenue is received by the town, the town pays of the TAN.

In the past the town used TANs as a matter of course, after instituting twice annual property tax billing the town did not take out TANs for many years. The town took out TANs in 2016 and 2017. The cost of the interest on the TAN is relatively small, the cost in 2017 was about \$6,000. There was also brief discussion on potential to change processes so TANs are not required in the future.

TIF Discussion

The TIF district is scheduled to expire April 1st, 2020, barring any outstanding debt. The original debt for the Route 4 sewer bond was about \$2.9 million and it is not likely this bond will be paid in full by then. Dissolution of the TIF district is not an automatic process, this would need to be looked into. Most people voicing an opinion seem to believe the TIF district is not doing anything for the town and think that it would be better to dissolve the TIF district and transfer the fund balance of ~\$750,000 plus the ~\$324,000 annual revenues to the general fund.

If the town dissolves the TIF district, we would not see the ~\$324,000 on a line anywhere, it would appear as an additional amount in the tax revenues. We currently pay \$162,247 a year on the Route 4 sewer bond debt. Bob Cusick pointed out and others agreed that we could save a lot of money by paying off the \$2.9 million faster using the extra revenue. It was noted this is something that the TIF Committee has tried to do for the past three years.

Someone asked about commitments already made from TIF. Francine Lozeau pointed out the the \$150,000 to the Library capital campaign. It was explained that the Library "commitment" from the TIF was a verbal approval.

Water and Sewage (W&S) Deficit

The explanation for the large deficit is that the town undercharges for sewage, this has been occurring for many years and the deficit has grown over time. It was asked where the money comes from to pay Lebanon for our sewage disposal when our W&S fees do not cover it and were told it is paid out of the general fund.

People voiced frustration with the town undercharging sewer users and the increasing deficit. It was noted that if the issue of undercharging sewer users is not addressed then the deficit will grow once Lakeview is using town sewer. It was also noted that non-sewer users should not have to help pay down the deficit.

Kurt Gotthardt noted that the City of Lebanon publishes rates and rate increases so the Town of Enfield should be able to use that information when assessing rate increases. Others agreed that it should be a relatively simple process to come up with a rate that will cover the sewer costs and pay down the accumulated deficit. It was noted that it will take several years to pay down deficit. Some people were sympathetic with the political and social difficulties associated with raising rates to cover the costs.

Holly West called for the SB and W&S Department to draft a plan over the next few months (and before Lakeview begins using the town sewer) that would bring the rates up to a level that would cover costs and pay off the sewer deficit. Everyone agreed that should be done and everyone also acknowledged the rate increases should be eased in as gently as possible and that deficit reductions would probably take a long, long time.

EBC Meeting Minutes

Mike Diehn moved that the EBC offer the position of Minutes Recorder to Annabelle Bamforth. The motion was seconded and the floor opened for discussion.

During discussion, Sam said he'd abstain from the discussion and voting because any income Annabelle would earn will benefit him as they are married and he wished to avoid a conflict of interest. Sam passed control of the meeting over to Shirley, the Vice Chair.

It was pointed out that Annabelle did the minutes for the EBC for years while serving on it. Her work is excellent. She was present and accepted our offer.

Shirley called the question. The motion carried 7/0, with Sam abstaining.

Shirley passed control of the meeting back to Sam.

Adjournment:

Sam adjourned the meeting at 8:27 p.m.

Minutes recorded and respectfully submitted to the committee by Mike Diehn.