

## BUDGET COMMITTEE MINUTES- VEAZIE

Date: October 21, 2013

Attendance: Pat Rice, Chuck Osgood, Jeff Wheelden, Mark Leonard, Julie Reed, Robert Young, Scott Nichols, Rick Lyons, and the Business Manager assigned to the Veazie school.

Absent: Pat Joyce

Meeting called to order at 6:36 pm by Mark Leonard.

### **New Business:**

The first order of business was to elect a Chairperson and Secretary. Osgood nominated Pat Rice as Chair, seconded by Wheelden and the motion passed. Rice nominated Chuck Osgood, seconded by Wheelden, and the motion passed. Mr. Leonard indicated that he had an interested party to fill the committee vacancy who will be presented to the Council for approval.

Discussion ensued about meeting schedules as Ms. Rice wanted to ensure adequate time to review the budget prior to the Public Hearing on May 12, 2014. Mr. Leonard agreed to prepare a schedule which has subsequently been received.

### School update:

The school will carry a \$408,790 surplus at the end of the year so a determination will need to be made whether to carry it forward or not.

The RSU loan and related payment of \$54,126 is now paid in full.

The school lunch program \$50,000 allocation was drawn down in full to get the program started, to be supported by future reimbursements.

Pay scales were unchanged with just step raises in place. Contract negotiations will begin after Christmas.

Health insurance is increasing and will be a topic of ongoing discussion.

An RFP for special services (Supt and admin) has been sent out.

When asked about janitorial services, Mr. Nichols responded that he would look into it.

Mr. Nichols also stated that there were 9 students in the pre-K class at the present time and it is policy to add another class section when enrollment is above 12.

Other Business:

A general discussion and review of each department was conducted. Discussion about line items 7100 and 7200 on the revenue report ensued- it was agreed that Mr. Osgood will have a representative of Bangor Savings Bank provide information about the investment portfolio.

A discussion about the budget format indicated that there was general agreement that a better presentation would assist the committee in its review. Within the limitations of the software, Mr. Leonard indicated that he would look into it, and requested samples from the committee.

There being no further business, the meeting was adjourned at 8pm.

Respectfully submitted by:

C. Osgood, Secretary

## BUDGET COMMITTEE MINUTES- VEAZIE

Date: January 21, 2014

Attendance: Pat Rice, Chuck Osgood, Jeff Wheelden, Mark Leonard, Sharon Soucy (school business manager), and Gavin Batchelder (chariman of the school board).

Absent: Pat Joyce,

Meeting called to order at 6:30 pm by Pat Rice.

The minutes from the October 21, 2013 were approved.

### Veazie School update:

Sharon Soucy gave an update on the budget and indicated that overall she was pleased with actual expenses vs. budget, especially since this was a challenging year for budgeting given the withdrawal from the RSU. The Secondary Tuition will be over budget by approximately \$11,000 since they budgeted for a 1% increase and actual increases have averaged closer to 2.25%. However, she felt that there were other line items that will be under budget, such as the diesel fuel budget, that will offset the over budget secondary tuition expense. She indicated that the food service budget should end the year in the black at \$17,000 and that they are looking at a \$58,000 carry over in total, which combined with contingencies and previous carry over total well in excess of \$400,000.

Pat Rice asked about the custodial budget and whether the contract was put out to bid. Mr. Batchelder responded that they renewed the contract with the existing contractor for 1 more year at the same price as last year rather than go out to bid. Ms. Rice expressed her concern that the custodial line item appears very high and this has been an area that the budget committee has suggested be put out to bid on several occasions.

Mr. Batchelder indicated that the teachers are operating under a 1 year contract, and in January discussions will be underway to negotiate a new 3 year contract. He asked if the budget committee had any guidance for budgeting purposes, and other than concentrating of those items that could be reviewed, Ms. Rice indicated that we were awaiting guidance from the Town Council- Mark Leonard thought that such guidance would be forthcoming within a month.

There was detailed discussion on how the financial statement for the school did not reflect the Town's fiscal year, i.e. 7/1 to 6/30, although the format indicated that it did. The confusion is in the salaries and benefits categories which are based on the teacher's contract terms which start Sept 1- thus expenditures for YTD are adjusted by "encumbrances" for tracking purposes. It was suggested that for financial reporting purposes we receive actual expenses for the fiscal year- Ms. Soucy indicated that she would look into it.

### Town Budget:

Mr. Leonard distributed a Legislative Bulletin from the Maine Municipal Association concerning revenue sharing. The revenue sharing that the Town of Veazie receives has steadily declined from \$194,149 in

2009, to \$129,068 this year, to \$119,139 proposed for next year. However, if the current bill, LR 2721 is not enacted, that amount could be reduced to \$39,713.

The committee expressed its appreciation to Mr. Leonard for changing the financial reporting format to more easily review changes from the previous year as well as year to date expenditures as they relate to the current budget. Mr. Leonard indicated that he plans to include revenue as well. Additional line item detail for the Fire Department and Capital Projects will be broken out to allow a year to year comparison. A general review of the budget indicated that there have been substantial cost reductions across the board in many categories.

Mr. Leonard expressed his concern that the Recreation revenue budget will not be met given the personnel cutbacks.

The Public Works department in the current budget may be eliminated next fiscal year since for all practical purposes the Town no longer has a Public Works Department. Categories such as road salt, street sweeping and highway maintenance will either have to be absorbed in General Government or another category to be formed.

Comments from the Public:

Tony Cappuccio expressed his concern that there was not a sufficient training budget for the Fire Department, and that the 11 volunteers we currently have is not enough. He wanted to make sure the Budget Committee took that into consideration when reviewing the Fire Dept budget. Mr. Osgood stated that the budget approved by the Budget Committee for this year was substantially reduced by the Town Council, and that his concerns might be more appropriately addressed there.

Mr. Osgood stated for the record that he was concerned about the relevance of the Budget Committee, given the substantial changes to its recommended budget made either by the Council (Fire Department , Public Works, and Recreation Dept), without previous guidance to the Budget Committee, or at the Town Meetings.

There being no further business, the meeting was adjourned at 8pm.

Respectfully submitted by:

C. Osgood, Secretary

## BUDGET COMMITTEE MINUTES- VEAZIE

Date: March 18, 2014

Attendance: Pat Rice, Chuck Osgood, Jeff Wheelden, Mark Leonard

Absent: Pat Joyce

Meeting called to order at 6:30 pm by Pat Rice.

The minutes from March 11, 2014 were approved.

Mr. Leonard provided the Committee with FY 12-13 actual spending and YTD spending reports per our request last week.

### **Action Items from March 11, 2014 Meeting:**

1. Need for a reserve for Revaluation Expense: after consulting with the Assessor, if records are kept up to date there should be no on-going need for updated revaluations.
2. Employees participating in both Social Security and the Maine State Retirement System: participation in both retirement programs for police and fire department employees is mandated under Sec. 218 which was approved by the Town Council in 2004.
3. Remove \$300 annual internet cost from Economic Development: This has been transferred to Utilities in the general government section.
4. Research possibility of establishing an Economic Development Committee: communication with Michelle Beal, City Manager in Ellsworth, was initiated and further communication will take place with their economic development director to discuss details of setting up a committee. Mr. Leonard also found binders from Veazie's previous Committee that met from 1995-2000 and will review that data.
5. Obtain industry data, if any, for recommended reserve amounts for the insurance risk pool and unemployment reserves: there is no industry standard per the Town's Auditor.

### **School Budget:**

Supt. Lyons presented a draft of the July 1, 2014- June 30, 2015 School Budget and was supported by Scott Nichols, Principal, plus the Gavin Batchelder, Chairman of the School Board and various other school management representatives.

Mr. Lyons provided an overview of the budget followed by a review by department. The total school budget difference between revenue and expenses is proposed to increase 1.8% or \$76,888.68 which is mainly due an increase in the balance carry forward from \$240,179.06 to \$340,000.00. Approximately \$68,000 will be proposed to start an undesignated fund balance; Mr. Lyons indicated that the goal is to build undesignated fund balances gradually to a recommended industry standard for a school of this size to \$400,000 (10% of revenue), which will provide a cushion for cash flow timing issues and preclude the necessity of borrowing via a revenue bond, something other schools have had to do. This goal is tempered by the necessity to control overall expenses.

The Veazie part of the budget is estimated to reduce \$10,188.57 or 0.37%.

Total regular instruction is budgeted to increase 3.2% or \$70,037.22. K-2 teacher salary increased \$22,926 or 6.8%, offset by a decline in 3-8 salary of \$35,573 or 6.1%, since a senior teacher left and additional federal funds were obtained. Gifted and Talented salary increased \$10,540 or 126% which represented going from a contracted 1 day per week to 2 days in order to meet a mandated increase for math courses. Increased teacher health insurance continues to increase. A \$9,350 increase for tuition paid for 1 student in K-8 was to cover a special needs student. Mr. Nichols responded to a question about the different costs charged the town by different high schools and that there has never been any consideration for instituting a surcharge for higher tuition schools, such as John Bapst.

There are currently 8 Pre K students and one class, with more than 12 the cutoff for an additional class- this would not trigger the need for another teacher.

Secondary tuition increases \$48,389 or 5.6%. There is a 3% budgeted increase in this figure for anticipated increased tuition charges from area schools. The \$73,210 contingency fund is the same as last year- this fund was fully expended last year due to the increased number of secondary school students.

Total special education increases \$55,896 or 7.3% with \$44,487 of the increase, or a 100% increase, from Ed Tech insurance. This is due to the decision to upgrade the coverage from "adult" to "adult with child", adding approximately \$6,000 per person in cost to the school under the new contract, reportedly due to not providing salary increases for ed techs this year. Other salary related increases are due to normal step raises.

Mr. Lyons provided a master list of salary levels which shows the base increasing this year by \$600, \$700 next year, and \$800 the following year. Entry level base salary with a B.A. is \$33,600, \$35,600 with a Masters. Top salary after 17 years experience is \$66,600. Step raises are not changed from the previous year at \$1,450 and remain constant through 2017. At Step 8, an average, the step increase is 3.3%. He stated that the average salary for Veazie is about \$2,500 higher than the state average mostly due to the longer tenure of the Veazie teachers.

There are no increases in the number of teachers, other than the gifted and talented increase mentioned previously.

CTE instruction is up \$10,361 due to increased enrollment. This is a pass through cost per student from UTC.

Student and Staff Support expense is budgeted to increase \$22,107 or 12%, \$8,883 of which is increased cost of curriculum development, which according to Mr. Nichols is related to summer activity and is less than historical costs, other than last year which had no budget. Another \$5,630 is from library increases, mostly from a 47% increase in ed tech insurance. The Guidance Director salary is budgeted for a \$2,800 increase, or 7.3%.

System Administration cost is reduced \$8,234, or 8.5%, mostly due to a \$12,204 reduction in Finance Office Support due to reduced responsibilities. School committee stipends doubled to \$2,050 mostly due to increasing the Board from 3 to 5 members.

School Administration is budgeted for a \$987 decrease, or ½%, mostly due to an individual loss of a high cost grandfathered insurance plan.

Facilities and Maintenance increases \$18,518 or 8.2% due to higher energy expense of \$7,518 and an \$11,000 increase for building and grounds maintenance. Mr. Nichols indicated that the increase is due to cut backs last year for window replacement and sky lights which has to be done in order to maintain the building in good order.

Debt Service is lower by \$86,287 due to lower interest expense on the mortgage and the elimination of the RSU debt. Adding back this amount into the overall budget produces an increase of \$163,175, or 3.8% for other departments.

School Lunch program is budged for a \$10,000 decrease due to not replacing staff. Mr. Nichols indicates that the program is functioning well with two full time people.

Comments from the Public:

None

Next meeting will be Tuesday, April 8 at 6:30pm to review all municipal department budgets.

There being no further business, the meeting was adjourned at 8:30pm.

Respectfully submitted by:

C. Osgood, Secretary

## BUDGET COMMITTEE MINUTES- VEAZIE

Date: April 8, 2014

Attendance: Pat Rice, Chuck Osgood, Jeff Wheelden, Mark Leonard

Absent: Pat Joyce

Meeting called to order at 6:30 pm by Pat Rice.

The minutes from March 18, 2014 were approved.

### **Action Items from March 18, 2014 Meeting:**

None

### **School Budget:**

Sup't Lyons, Principal Nichols, and Business Manager Soucy reviewed the financial statements for the 9 month period ended March 31, 2014. Mr. Lyons remarked that the budget looked good for the rest of the year, especially since it was doubtful there would be any State curtailments. It was noted by the Budget Committee once again that it is difficult to track actual to budget given the 9/1 year end for teacher salary and a 6/30 year end for all other expenditures. This is accounted for by the use of "encumbrances" which anticipates salary and benefit expense for teachers from 7/1 to 9/1. Theoretically under an ideal budget scenario YTD expenses plus encumbrances would show -0- percent remaining for the budgeted period. Non encumbered expenses can be skewed by timing differences for billing of such items as teacher's insurance, so for practical purposes the statements are not particularly useful when looking at cost centers such as Regular Instruction which has a combination of salary (encumbrances) and other benefits (unencumbered) .

Looking at the largest items in the Regular Instruction Budget, K-2 teacher salary and 3-8 teacher salary, the percent remaining is 5.4% and 8.29%, respectively, so it appears that salary expense is slightly under budget with the "encumbrance" adjustment. Mr. Nichols indicated that this is likely due to 2 teachers with less experience replacing teachers at a higher pay scale. Note that the budgeted contingency of \$73,210.85 is fully available.

Special Education teacher salary and ed tech salary, after encumbrances, are (2.69%) and 0.48%, respectively, which is about \$2,000 over budget. Mr. Nichols indicated that this number may increase with 2 potential new students that may need outside schooling. There is a \$40,000 special ed contingency which is fully available.

Other non-instruction categories have various timing issues making review of the budget difficult.

The lunch program is fully expensed at \$50,000, with a proposed reduction next year to \$40,000. Ms. Soucy indicated that any carry forward due to lower cost this year would reduce next year's expense. In response to a question about the summer program balances, Ms. Soucy said that the summer program in the current budget was for the 2013 program and any excess funds would be carried forward.



Mr. Lyons informed the Committee that a new 3 year contract with the teachers was approved last night. We were not given any specifics. Mr. Lyons indicated that if there are issues with future budgets, the School is required to give the teachers a 90 day notice if there are any changes.

For revenue through March 31, a balance forward of \$408,790.42 is included from FY 2013, \$68,000 of which is earmarked to unallocated assets. Mr. Lyons indicates that an industry goal is to build unallocated assets to 10% of revenue, or \$400,000, for unexpected revenue delays, contingencies, and cash flow. The remaining \$340,000 is expected to be a carry forward surplus for next year.

The Budget Committee informed Mr. Lyons et al that the direction provided to the Committee from the Town Council was to have a school budget that would be flat funded, which meant gross expense vs. the Town's allocation.

The Budget committee requested a copy of the final audited numbers from the past school year as well as the current secondary school enrollment numbers.

**Municipal Departments:**

The committee briefly reviewed the comparative YTD expenses with no major issues. It was noted by the Committee that a few items, such as electricity and postage might be reduced for FY 15.

The Committee asked for a copy of the Community Investment reserves balances.

**Comments from the Public:**

None

The next meeting will be Tuesday, April 15 at 6:30pm for review of the Municipal Departments FY 14/15 Budget.

There being no further business, the meeting was adjourned at 7:30pm.

Respectfully submitted by:

C. Osgood, Secretary

## BUDGET COMMITTEE MINUTES- VEAZIE

Date: April 15, 2014

Attendance: Pat Rice, Chuck Osgood, Jeff Wheelden, Mark Leonard ; Town Councilor Walker

Meeting called to order at 6:32 pm by Pat Rice.

The minutes from April 8, 2014 were approved.

### **Action Items from April 8, 2014 Meeting:**

Request of the School Committee for the final audit from the past school year as well as the current secondary school enrollment numbers. Mr. Leonard has requested these items from Mr. Lyons but has not received them as of this writing.

The Committee asked for a copy of the Community Investment reserve balance. We reviewed balances given to us by Mr. Leonard at the meeting.

### **Municipal Departments:**

Mr. Leonard presented the Committee with a summary sheet for all departments based on current information, subject to change. The summary sheet shows an overall increase over last year's budget of \$149,755.43, primarily due to increased capital costs (mostly Highway Projects which were not funded last year at the Town Meeting) and increases in the Fire Department budget.

The committee reviewed the municipal proposed budget by department as follows:

#### **Executive Department:**

The only change from our last budget committee meeting of 3/11/14 was the inclusion of \$300 for annual software licensing related to the website which was moved from the Community Investment expense category as recommended by the Committee. A review of the YTD 9 month expense report through March 31, 2014 generated the following discussion: Assessor is an hourly employee but is budgeted under a contract; CEO is under a contract; health insurance showing only 58.7% usage is due to timing and is anticipated to be fully utilized; electricity at 43.3% utilized is down due to malfunction of heat pumps- when functioning properly they will increase electricity usage but decrease oil (heating) usage.

The Committee recommends approval of the Executive Department 2014-15 budget as written with no changes.

#### **Police Department:**

The only difference from the last review of the proposed budget was a decrease of \$1,200 in the animal control expense due to the successful negotiation by Mr. Leonard to replace those services provided by the Bangor Animal Shelter with services contracted with the Old Town Animal Orphanage. The net result is an overall reduction of \$1,218 from last year. A review of expenses YTD through 3/31

generated the following discussion: Cruiser Repair at just 40% usage- skewed due to timing of purchases scheduled before year end such as tires; computer maintenance at 7%- new operating system scheduled to be installed; Issued Equipment at 42% usage- new boots and general gear purchases scheduled by year end.

The Committee recommends approval of the Police Department 2014-15 budget as written with no changes.

#### Fire Department:

There are no changes from the last review of 3/11/14 which shows a budgeted increase of \$26,923. This is a net \$36,864 reduction from the 2012-13 budget and is seen by Mr. Leonard as a more reasonable level of cost to properly function as a meaningful Fire Department. Discussion ensued about the increase in personnel costs, which represents about 44% of the increase. Mr. Leonard stated that the on call staff increase is needed to ensure more than one firefighter is available for response and coverage has been a problem with reliance on neighboring municipalities. The Department once had 19 firefighters and now has 11. The other major increase is maintenance, up \$5,500, deferred last year due to the substantial reduction in the budget, which according to Mr. Leonard was not sustainable.

The Committee recommends approval of the Fire Department 2014-15 budget as written with no changes.

#### Public Works:

No changes from the last minutes of 3/11/14.

The committee recommends approval of the Public Works Department 2014-15 budget as written with no changes.

#### Recreation Department:

There were no changes since the last minutes of 3/11/14. Mr. Leonard is still in negotiations with the Town of Orono Parks and Recreation department about providing services to Veazie. The results of those negotiations could substantially reduce the budget, and as a result the Committee deferred taking any action until we have more detail from Mr. Leonard.

#### Community Investment:

No changes from the last minutes of 3/11/14. Community Programs budgeted at \$2,300 needs further clarification. The Committee deferred taking any action until more information is provided.

#### Capital Accounts:

This category was not completed at the last review. The Manager's request is for \$165,000, all of which is an increase from last year given that no funds for this category were approved at last year's Town Meeting. The attempt this year will be to clearly define how these funds will be expended, which is ongoing. Specific expenditures include \$3,000 for a new laptop for a police cruiser (replacing one that is 14 years old); \$1,000 to upgrade cameras in police cruisers, \$3,000 to replace two 8 and 10 year old

computers at the Town Office; \$5,000 for a lease payment should the Council approve a new rescue truck for the Fire Department; \$3,000 to expand the cemetery (an estimate that will be firmed up with a contractor's proposal this week); and \$150,000 for highway repairs with specific projects to be chosen by the Council prior to the Town Meeting.

The committee recommends approval of the Capital Projects 2014-15 budget as written with no changes.

#### Reserve Account:

There are no changes to report from the minutes of 3/11/14. Mr. Leonard previously reported that according to the Town's Auditor, there are no industry standards for a reserve for an insurance risk pool or unemployment reserves. The insurance risk pool currently has a balance of \$52,355 which will increase to \$77,355. Mr. Leonard does not anticipate increasing the reserve level beyond this, but the fund may have to be replenished in the future if drawdowns are needed. The risk pool balance reflects that the Town has fewer employees than when the balance approached \$200,000. The Sick/Vacation request of \$15,000, which was not budgeted last year, is recommended by the Town's Auditors as it currently has a -0- reserve balance.

The Committee recommended that Mr. Leonard consider setting up a reserve account for heat pumps, which appear to need replacement in the relatively near future.

The committee recommends approval of the Reserve Account Summary 2014-15 budget as written with no changes.

#### Fixed Costs Summary:

There are no changes to report from the minutes of 3/11/14. A review of the 9 months YTD expenses shows heating costs budgeted at the same level as last year, although the plan is to repair heat pumps which would lower heating costs. Mr. Leonard indicated that he was uncomfortable lowering the budget until actual savings were recorded. Other categories are in line or are impacted by timing issues with no recommended changes. Discussion ensued about the need to fund cemetery maintenance out of the town budget vs. the Perpetual Care Fund. Mr. Leonard did not feel there were sufficient balances over and above the required minimums to fund 100% of the cemetery care.

The Committee recommended that cemetery fees be reviewed especially in light of the proposed expansion.

The committee recommends approval of the Fixed Costs Summary 2014-15 budget as written with no changes.

#### Mandatory Summary:

The Committee will review the Mandatory Summary upon receipt of the final School Budget and therefore made no recommendation at this meeting.

**Comments from the Public:**

None

The next meeting will be Tuesday, April 29 at 6:30pm for review of School Department FY 14/15 Budget.

There being no further business, the meeting was adjourned at 8:30pm.

Respectfully submitted by:

C. Osgood, Secretary

## BUDGET COMMITTEE MINUTES- VEAZIE

Date: April 29, 2014

Attendance: Pat Rice, Chuck Osgood, Jeff Wheelden, Brian Perkins, Mark Leonard ; School Superintendent Lyons

Meeting called to order at 6:30 pm by Pat Rice.

The minutes from April 15, 2014 were approved.

### **Action Items from April 15, 2014 Meeting:**

- 1) Community Investment account: detail needed on \$2,300 Community Programs expense.

This amount is the same as last year and covers a \$500 rental fee for the community room located at Graham Senior Housing, with the remaining \$1,800 for future donation requests. The Council approves such requests- last year there were none approved.

The Budget Committee recommends approval of the Community Investment budget as written with no changes.

- 2) Mandatory budget awaiting final School budget

- 3) The Recreation Department budget was awaiting further detail on the negotiations with the Town of Orono. Mr. Leonard indicates that although the Council has approved \$60,000 for the Recreation Department, he is comfortable with the proposed budget of \$54,553.

The Budget Committee recommends approval of the Recreation Department budget as written with no changes.

Mr. Leonard also updated us on the Capital Accounts budget, requesting a change of use for the Fire Department's \$5,000 request: move future potential lease/purchase funding for a new rescue truck to the Fire Department reserve account which currently has a balance of \$71,713.15, and utilize the Capital Accounts budget for replacing 3 complete sets of gear. The Budget Committee approved this change of use to the Capital Accounts budget, which did not change the budget amount request.

### **School Budget:**

Mr. Lyons informed the Committee that he was not prepared to present the revised budget which will meet the requirements of the Town Council for a flat funded budget. He indicated that the revision will require a personnel change, which needed to be presented to the School Committee on Monday May 5<sup>th</sup>. Also, the Audit, which is now done, will be presented to the School Committee at that time. Mr. Lyons indicated that he would be able to discuss both items at the May 6 Budget Committee meeting.

### **Comments from the Public:**

None

The next meeting will be Tuesday May 6 at 6:30pm for review of School Department FY 14/15 Budget.

There being no further business, the meeting was adjourned at 7:00 pm.

Respectfully submitted by:

C. Osgood, Secretary