

¹MINUTES
Meeting of Lisbon Budget Advisory Committee
February 11, 2015

Present: Barry Liveston, Chairperson; Jan Marshall ; John Fitzgerald; Absent – Stanley Sudol; Tom Demers

Meeting called to order at 7:05 PM

MOTION BY BARRY LIVESTON, SECONDED BY JOHN FITZGERALD TO APPROVE THE MINUTES OF THE FEBRUARY 4, 2015 AS WRITTEN. ALL IN FAVOR.

Discussion was held on the February 9th town budget hearing. The document handed out at the budget hearing was in a different format than we the town budget advisory committee (BAC) had been working with. Other key points about the meeting (in no particular order): (Jan provided John with an extra copy of the handout as he was not able to attend the budget hearing)

- Greg Colby indicated if everything passed that the select board (BOS) was in favor of – the tax rate is projected to be \$10.80 (down from the \$11.94)
 - Based on the handouts Monday night (revenue and expenses, including warrant articles – Jan was not able to hit out to the projected tax rate of \$10.80.
 - Barry indicated the \$150,000 was not included in the revenue handout.
 - John pointed out the \$150,000 reduction with a tax base of \$108,167,899 would result in an additional reduction of \$1.39 on the tax rate.
- Another \$100,000 added to the undesignated fund balance. This will bring the total up to approximately \$600K. (25% of town gross operating budget)
 - Where is the excess money coming from? Underestimating the revenue severely or over-budgeting the expenses.
 - 2014 books have not been closed and finalized yet.
- Greg Colby quoted the undesignated fund balance should be 5% - 17% of all the amounts Lisbon is responsible for (town, county, state education and school)
 - DRA has a lot of history on Lisbon and the undesignated fund balance has never been this high – not even close.
 - If the school runs into an issue, they have always partitioned the court for a special meeting to address it. This has only happened once in the past 25 years – about 18-20 years ago.
- Greg Colby indicated \$150,000 of undesignated fund balance was going to be used to reduce taxes.
- \$129,000 for the property may be high but they should take an immediate look at whether to pay for using some of the undesignated fund balance versus bonds which will increase future years.
- Reorganizing the many capital reserve funds is a very good approach.
- Revenue needs to be given a higher priority to developing a budget. The BOS should know what the projected income is before starting the budgeting process. They should then have a target for the “amount to be raised by taxation” and work back from there.

MOTION BY JOHN FITZGERALD / SECONDED BY JAN MARSHALL: REQUEST AN AUDIT OF THE UNDESIGNATED FUND BALANCE WITH THE BAC RECEIVING A COPY OF THE AUDIT REPORT. ALL IN FAVOR.

¹ Approved at 4/1/15 meeting

The BAC needs to inform the BOS that they should act quickly to allow them the most flexibility in utilizing the undesignated fund balance in the best interest of the town – addressing some long range planning and reducing the tax rate by paying for one-time costs up front. The warrant needs to be finalized and posted by the February 20th so any changes after that date will need to be an amendment. However, if not modified by the annual meeting, they will still have the flexibility to address when setting the tax rate in September/October.

Action item: Jan Marshall will draft a response the BOS on behalf of the BAC on the issue of undesignated fund balance.

Motion to adjourn at 8:09 PM.

Respectfully submitted

John Fitzgerald