

Budget Committee Meeting

April 22, 2024

Present: Nick Smith, Ryan Paisley, Mary Ellen DeBenedictis, William Carrow, Carl Hutson, and Sue Muncey were in attendance.

Mr. Smith stated it is April 22nd at 6:30 p.m. This is just a quarterly review as to where we stand, budgeted versus income and expenses. Mr. Smith will be going through the pages real quick. If anybody has a question on any specific page just ask. If you are looking at the percentages, we should be between 32 and 35% unless it is a one time a year payment or quarterly payment. He did notice on the real estate tax there is a -\$72. It also triggered a -\$20 on the public safety tax. Sue will look into that. Whatever happened there triggered a negative on both sides. Mr. Smith also saw where we should probably adjust the business license from \$1,000, we are over \$250. Mr. Smith assumes we should be about done right? Mr. Paisley stated we just passed the ordinance giving the town a little bit more enforcement power. So, you can probably expect some delinquent ones to be rectified. Mrs. Muncey stated we still have a few out. Mr. Smith stated he would increase it to \$1,400. Just see where that puts us. Mr. Paisley asked about the Comcast franchise fee. Is it billed quarterly? Mr. Smith stated they pay every couple of months, right? Mrs. Muncey stated it is paid quarterly.

Mr. Smith stated on page 2 the only question he had was about the grant we received for the force main. Is there an equalized expense somewhere on the report or is it just falling under the Verdantas bill? Mrs. Muncey stated it is falling under Verdantas. Mr. Smith stated he would change the anticipated income on that line to match the grant we received so it equalizes the expense. On the next page was the fire company grant. He assumes it is an old account. Mrs. Muncey stated once you have an activity you cannot remove the account.

Mr. Smith asked about the CJC grant. Mr. Hutson stated it is right. Actually, it was \$5,852 more. The difference was that we got paid on January 28th, but we submitted it on November 29th. It was one of those deals where it was in last year, so we are good. We are right where we need to be on this year's report. Mr. Smith stated it hurt us last year but is helping us this year. Mr. Hutson stated basically last year was paid in January. Mr. Smith stated adjust the anticipated to match the income. Mr. Smith stated we are still anticipating SALLE and EIDIE? Mr. Hutson stated we already got it. It is a non-budget item. Mr. Smith asked if there was a SALLE expense on the non-budget. Mrs. Muncey stated yes. Mr. Smith stated we are at 58% on Highway Safety. Mr. Hutson stated that is whatever they give us and eventually we get reimbursed. We just got paid today. There was a backlog. About a month ago they switched their grant systems to Smart Simple. They did an update, and it did not go real well. We could not submit for reimbursements for a month.

Mr. Smith stated at the bottom of the page you will see the traffic vehicle grant that we received for the firehouse. There is an expense in here somewhere, right? Mrs. Muncey stated yes. Mr. Smith stated to change the anticipated on this to match the income. Mr. Smith asked about the town retirement health expense. We did not pay anything yet. Mrs. Muncey stated we pay once we get the tax money. This also

includes what we pay out to retirees but that needs to be changed. This should only be the investment. The expense is paid out of the retiree fund. The accountant said this account and the irrevocable trust account should not be on this sheet. They have to be completely separated. Mr. Paisley stated so you cannot budget for it? Mr. Smith stated it cannot be in the general fund. Mrs. Muncey stated it cannot be in the general fund at all. Mr. Smith asked if it comes out of the general fund as an expense. Mrs. Muncey stated it actually comes out of the retiree fund for payments. What we contribute annually should be the only expense there. Mr. Smith stated to adjust it to that expense. The amount in there includes what we pay out to retirees. It should not because it comes out of the retiree account. It was always lumped in there, but it should not be. Mr. Paisley stated when we send money out, should that be reflected as an expense? We should never be getting any revenue from that correct? Mr. Smith stated the point being is we have these funds that we have set aside for this when we pay it out to the past employees. It comes directly out of this account and not the general fund. Once a year we contribute to this account to make sure it stays good. Mrs. Muncey stated it should be that expense only. Mr. Paisley stated the current expense is reflecting what is going to the retired employees, so they need to be separated. Mr. Smith stated yes.

Mr. Smith stated the office department health expense needs to be increased 27% for the remainder. Mrs. Muncey stated only on the Blue Cross part. Mr. Smith stated we need to increase that by \$7,086.54. Increase the expense line to \$118,090. Mr. Paisley asked what the increase was. Mrs. Muncey stated \$7,086.54. Ms. DeBenedictis stated that was not right. Mr. Paisley stated if \$111,000 is for the entire year. Mr. Smith stated you cannot use that number because that is the whole year where I'm only calculating the next six months. Mr. Paisley stated you are calculating half here so if you divide that number in two you get \$5,500. Mrs. Muncey stated the only insurance that is increasing is the Blue Cross. I pulled the Blue Cross bill, and I figured out what the 27% is for each department. Mr. Smith stated that includes AFLAC and the other stuff that did not increase. Mr. Smith stated she extracted just the Blue Cross number and increased it by 27% and that is where I got my number. Mr. Paisley understood.

Mr. Smith asked about the IT expense that was all blown up. Mrs. Muncey stated we got a bill where IT is replacing the server. I am not sure if it was in the budget. It was discussed a couple of years ago. Mr. Smith stated it should be expensed to computer upgrade not IT expense. Put \$10,000 into computer upgrade. We will make the adjustment here and look at it again in six months. Mr. Smith stated property insurance will match the expense. Pratt came in and discussed this with me. Believe it or not, a lot of the expense was the value of this building. Mr. Smith stated we need to adjust the anticipated for the auditor fees to \$45,000. With the new finance officer coming on board all we should have is the audit. The auditor is Maillie. A lot of it was an overflow with the closure of '21. It will not be as expensive. The accounting consulting fee will go down. She will be here everyday when she comes in. She will be doing what Horty & Horty does. Mr. Paisley stated with regard to Horty & Horty, that is at 44% right now. With them just now getting started and doing '22 and '23 this year do we look at raising that a little bit? Mr. Smith stated he would not touch it until after the six-month mark. We can look at it again and see where we are. Mr. Smith stated 618-140 training/certification expense. Does that include the conference? We need to match the expense. Mr. Smith stated there are a few dollars left in the fire company grant that we could submit for.

Mr. Smith stated he does not see anything too crazy on the police side. We have to address the health insurance, 761-220. The monthly increase is \$4,004.76 times six is \$24,028.56. The line needs to be adjusted to \$215,000. Mr. Smith asked if there were more car payments to be made - police car purchase account 760-100. Mr. Hutson stated at least two. It would be three because of the one extra vehicle that we purchased. We never adjusted the line for it. It would be three payments. The extra payment would be around \$13,000. Mr. Smith stated to add \$15,000. Mr. Smith asked if there was anything paid off this year. Mr. Smith stated the Durango that the Lieutenant has. Mr. Smith stated make the necessary adjustments that are applicable once you know where we stand. Are you done with the supplies? Mr. Hutson stated yes, we usually get our supplies up front. It is the same as community policing. That is the giveaway stuff. Mr. Smith asked if the CJC grant expense was done. Mr. Hutson stated with the extra funds there should be some money coming out. Mr. Smith stated we need to adjust account 767-200 for \$5,848. Mr. Hutson stated the delay in that is when we order equipment for the cars that are bought through the grant. Everything is backordered. We do not pay the invoice until it comes in. Mr. Smith stated double what we budgeted. Mr. Smith asked about the EV Grant. Mr. Hutson stated the income came in last month. Mr. Smith stated we need to reflect on what came in. The income and expenses do not match. Mr. Hutson stated some of it was leftover from last year. Mr. Smith asked that account 767-220 match.

Mr. Paisley asked about the subcontractor expense. Do you expect a lot more of this? Mrs. Muncey stated it might go up because we are clearing out old permits. We received the income already, but we were not billed for it. Some of these permits are four years out. We receive the income when the person picks up the permit. A total of 73 letters were sent out. Now people are starting to close out some of those permits. We are paying the last invoice for those permits. Mr. Paisley asked if that was the permit software. Mrs. Muncey stated that is First State Inspection Agency doing the inspections. They are not going to bill us for the inspection until they complete it. Mr. Paisley asked how many permits were still open. Mrs. Muncey stated she would have to look into. Mr. Smith stated we will review it in six months. Mr. Paisley asked about the potential demolishing of that property. Do we need to account for that here? Mr. Smith stated that is something we are going to have to create and figure out how we want to pay. Mr. Paisley asked do we want to do that here? Mr. Smith stated it would be when the times comes. It would be my recommendation to the council to pay it right out of the capital, so it does not affect the general fund. It would be recouped later. It can be understood that it gets put back into the capital.

Mr. Smith stated the Public Works health insurance is an additional \$2,775.82 a month. Six months would be \$16,654.92. This is to be added. That makes a grand total of just the increase for the next six months of the year to \$47,770.02. That is just our portion. The employees are still taking the increase on their end too. Mr. Paisley stated that means the total for a year would be \$95,000. Mr. Carrow stated we are just lucky that we have some of the people who do not take our stuff. Mr. Smith stated sooner or later it is going to have to come to a head and an adjustment will need to be made. We will have to shave the expense to make it tolerable. It will have to come up in another meeting. I think it will be more on the AFLAC side than this expense if you can. If you could figure out a way to adjust the income and adjust the expense and still keep it at 85/15 for the employees on their health insurance. The main goal is to not reach into their pockets for the health insurance anymore than the increase itself. You got to see where you are annually in the budget to figure out what needs to be tightened up. There are other ways to tighten. It does not necessarily have to be a health issue. Obviously, that increase needs to be addressed one way or another. Mrs. Muncey stated by having the accountant that will cut a lot of expense,

additional expense, that we have right now. We should be able to keep on contract with the auditor. Mr. Paisley stated it would be beneficial to have this conversation at some point in the future of adjusting us on to a July 1st , June 30th fiscal year. Mr. Smith stated the problem is you cannot do it until you are one to two years into the new accounting system to be able to figure that switch. Mr. Smith stated vehicle maintenance is fine. Tipping fees are right in line at 34%. Ms. Benedictis asked how long the contract was for. Mrs. Muncey stated when they signed the last one it was for seven years. Mr. Smith asked about transformers account 786-130. We need to adjust the budgeted line to match the expense. We will get that when we get our money from the accident. Mrs. Muncey stated we already did. Mr. Smith asked where the money was applied. Mrs. Muncey stated to the expenses that were paid out. Some of the expense was the AUI bill and public works overtime. Mr. Smith asked if the income was applied to a public works overtime line. Mrs. Muncey stated she reduced the overtime line. Mr. Smith stated you cannot do that. Mrs. Muncey stated when I do the AR I have to charge the expense. Mr. Smith stated you need to create an income. Now when you look at the overtime it is not true. When I look at the salary lines for all the employees of the town, they must be true. It needs to show as an income. Mr. Smith stated when the expense goes over, we can say “x” amount was from the accident that we got reimbursed for and I can increase that expense line. Now when the buckets start later, that is a different accounting system. You cannot adjust, it affects the way we adjust our numbers. Mr. Smith stated to make the transformer reflective expense. Mr. Smith stated obviously we did not adjust the income or expense on the electric side. That is something we will have to do once we figure out what we are doing with the rate change. Mr. Paisley asked what Maryland Transit is. Mr. Smith stated that is a lease we have for Old Country Farm for them to be able to cross that railroad track. I am in the process of working with them on getting that adjusted. The total bill includes water, but now that is not ours. Mr. Smith stated so what he would expect is that these adjustments be made, and this be presented to the council at the Council Meeting on where we are. He needs the adjusted budget at least a week before.

Mr. Smith went over the 999 accounts – non-budget accounts. We deposited \$42,000 into the impact fees so far this year. The impact fees has gained \$12,000 in interest. The Electric Capital Reserves has gained \$4,200 in interest. What we have sent to this is going from the general fund into this account correct? Mrs. Muncey said yes that is the transfer that Chris Simms tells me to make monthly. Mr. Smith stated the Electric Capital Reserve is \$24,000. Mr. Smith asked what MSAF grant transfer was. Mrs. Muncey stated Municipal Street Aid Fund. Mr. Smith asked when we received it. Mrs. Muncey stated one payment was in January. They have been giving us two payments. Mr. Smith is working on getting the street mileage updated. Mrs. Muncey stated we have to submit it to them, and they have to accept it. Mr. Smith stated we cannot count Ovations and we cannot count Old Country Farm because they are not ours yet. Ovations is in their final inspection phase with Dave and First State. They are supposed to walk through. They will mark all the curbs so they can get the curbs fixed, the sidewalks fixed, and then the topcoat. Mr. Carrow stated they literally have three or four houses left and everything will be built out. Mr. Smith stated they will not get their final C.O. until they are done. Mr. Smith stated the interest so far in MSAF is \$2,300. Solar permit fees we have made \$1,050 which is also an expense. Water Capital Reserve interest is \$2,200. Mrs. Muncey stated it should be Stormwater Capital Reserve. Mr. Smith stated Sewer Capital Reserve made \$1,409. Retiree Health Insurance interest is \$4,774. Street Capital Reserve made \$787. ARPA interest is \$11,023. Capital Improvement Fund interest is \$3,953. Mr. Smith asked if the impact fee GIS was for the electric grid. Mrs. Muncey stated yes that is the mapping for the electrical. Pension grant expense is \$20,309.

Mr. Paisley asked if we need to move to recommend the amendments to the budget. Mr. Smith stated not until it is presented back with the changes at the Council Meeting. Mr. Paisley stated so the committee does not need them to vote to recommend that those adjustments be made. Mr. Smith stated the committee just need to tell her to make them and then when it comes back before council, they need to approve what is being presented. Mr. Paisley asked if you need a resolution. Mr. Smith said that day yes.

Mr. Smith asked for a motion to adjourn.

Mr. Carrow made a motion to adjourn. Ms. DeBenedictis seconded the motion. Motion carried unanimously. The meeting was adjourned at 7:25 p.m.

Recording Secretary,

Sue Muncey