

**Town of Eliot  
Budget Committee Meeting  
Wednesday, April 12, 2023**

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**1. Call to Order**

Chair Donna Murphy called the meeting to order at 5:00pm. In attendance in person were Donna Murphy, Jean Hardy, Denny Lentz, Jeff Leathe, and Gene Wypyski, and remotely was Reggie Fowler. Diane Holt was absent as she was traveling. Ann Lukejord, recording secretary, was in attendance. There were no members of the public in attendance.

**2. Public Comment**

There was no public comment.

**3. Approval of the Minutes**

Donna moved and Reggie seconded to approve the minutes as amended for the March 15, 2023, meeting. The motion passed with a roll call vote of 4-0. Jean Hardy and Jeff Leathe abstained as they were not in attendance at the March 15 meeting.

Donna moved and Gene seconded to approve the minutes as amended for the March 8, 2023, meeting. The motion passed with a roll call vote of 6-0.

**4. Articles 18 and 19**

The Chair opened the discussion on Articles 18 and 19 which the Budget Committee had tabled for voting as members needed more information. Gene said he spoke with the Town Manager about the information in the two articles and directed members to look at the information the Town Manager had sent them for details. Donna said she does not see the details that the Committee is asking for. Gene responded that that is the detail right there. Donna said that that is not the level of detail the Budget Committee has received in the past. Gene flipped through the pages and read aloud the detail provided on each page. Donna asked Gene to look at the Community Services Department (CSD) capital improvement amount of \$35,664 and asked Gene what that number represented and how did the Town Manager come to that number. Gene answered that that was the existing number for that account from the 2021 audit. He said that that number is fixed and that the anticipated estimate for 2022 is that number again. He added that the number is estimated as that amount has not been audited. Jean asked if it was the 2021 or 2022 audit that is not finished, Gene answered 2022. Donna stated that this money was already in these accounts. Gene agreed.

The Chair reiterated that members understood the numbers and were looking for detailed information that is not provided, particularly an explanation of the Town Manager's comment that by doing the budget this way the Town would free up \$400,000 for other projects. She asked why the Committee would not have the details on that explanation. She posed the question as to why, if there is already \$400,000 in the budget, would the Town Manager not reduce the budget by \$400,000, and why is the Town Manager putting money in there that is already there. Gene said the details the members are requesting about the \$468,000 are on the back page on the left in red under reduction of accounts. Gene read aloud the accounts that were done away with that resulted in the \$468,000. Members looked at page 12. Donna asked Gene if he had added those numbers,

and did he get a total of over \$400,000 because she did not. Members reviewed the numbers to see how they added up and could not see how the total came to \$468,000. Gene thought the total came to \$498,000. Donna read the list and totals and said they do not come near \$498,000. Gene said he believed the rest of it was in the balance for FY22 in sick leave and other items that were reduced to \$120,000. Donna disagreed. Gene held up his spreadsheet and pointed out to members the entries he was referring to and said that if the Committee added the columns there that it would give them the \$468,000.

Jean addressed the members and said she had read the minutes from the Select Board meeting on September 22, 2022, and that her understanding from those minutes was that this was the 2021 audit that the Town was required to do by state statute. She said the auditor had negative comments about the finances of the Town of Eliot and about the Reserve Accounts, specifically that things just did not add up and that they could not reconcile the Reserve Accounts. Jean asked how the Committee can look at Capital Improvements and Reserve Accounts if the Committee does not have correct information, which has been the Committee's challenge all along. She noted that these remarks by the auditor were on page 15 of the September 22, 2022, Select Board minutes. She said that the Town finances are a mess and that the Select Board and the Town Manager do not have the correct numbers. Denny commented that in spite of that, the Select Board still voted on those numbers. Jean agreed and asked how did the Select Board come up with that vote, where was the documentation on those numbers. She asked what is the amount that the Town has in its Reserves right now. Donna said that was an excellent question and said if members look at the information provided to them, they already voted the money in so why is the Town putting money back that is already there. She said that has not been answered satisfactorily and that she was concerned that the Chair of the Select Board said at the public meeting that the attorneys did not agree with the auditors and that he was not in agreement with what the Town Manager was proposing based on what the auditors had proposed. She pointed out that it was concerning and that the Select Board Chair is an accountant and has been familiar with the Town books for years. Jean noted that the Select Board Chair said that taxes have gone down over the past two years because property evaluation has gone up. Donna said the Select Board had said that if people's property taxes went up, it would be because they did something to their home, but that Jean's comment was more accurate. Donna noted that the Town Assessor has been working on revaluation to bring those figures up to what was expected by the state.

Jean shifted the conversation to the TIF (Tax Increment Financing) for Eliot Commons and asked for clarity on it. Members turned to the page to look at the TIF. Donna said it is a private TIF. Denny agreed, saying that it is a 95% TIF. Donna said the original plan and proposal for Eliot Commons was to build a hotel and create jobs that would be beneficial to the Town. She added that there had been two call centers in the building that had hired 200-300 people and have since been lost. She said the locations of the gas station and cannabis shop were designated for condominium lots. Donna said that the deal has turned out to be good for the owner of Eliot Commons but not for the Town of Eliot.

Jean read again from the September 22, 2022, Select Board minutes where the auditor stated that recommendations on improving the Town finances was forthcoming and was not "going to be pretty." Donna said it should be noted that these minutes were the most recent minutes but were

from six months ago and that the Budget Committee does not have minutes for Select Board meetings from between that time and now. Jean continued reading the auditor's remarks from the Select Board's September 22, 2022, minutes as follows: "part of the issue is going to be the bank reconciliation because when you have the auditors come in here, and I can't audit figures because your bank reconciliation is not done, that's an issue, then we reconcile it and we come to find out that there are hundreds of thousands of dollars that aren't even posted." Jean asked if the other members were concerned that these figures were not posted. Gene said he attended that Select Board meeting, and he was very alarmed then and is still alarmed that it has not been done. Jean continued saying that that was just with two main accounts and did not include the Reserve Accounts with special revenues and capital projects which were not reconciled. She cited from the Select Board's September 2022 minutes that the auditor said the accounts were an actual disaster. Jean asked members how can the Committee vote on the Reserve Accounts with what the Select Board has given the Budget Committee when these accounts have not been reconciled.

Donna said Eliot townspeople voted on these funds, there were suggestions that the votes were "not kosher," but she could not see how the votes could not be valid. She asked why the Town is putting money in there that should already be in there. Denny posed the questions: what is Article 19 really asking us to do, and if it was asking for more money or is the money already there. Donna asked if the Town Manager and Select Board are asking for those funds again. Gene said the funds are already there, they just have to be designated in the correct account. Donna said it was already done through the votes. Denny asked if this was really a Budget Committee issue.

Donna said, "There was a comment made that the votes were not kosher, I'm putting the word kosher in there. And that the money that appeared to be there, isn't there. And they are pulling it out now and putting it there. But that makes no sense because this Town voted on those numbers, the money should be there, they spent some of the money, how could they spend money that wasn't there."

Denny said we are not asking taxpayers for more money. Donna answered it would be taken from the undesignated fund balance. Denny asked if there was an ordinance for moving money. Donna said no that the Town has to go back to the Legislative Body and ask that the Town be allowed to spend that money. Discussion continued on the process of moving funds for spending, use of undesignated funds, and consolidating accounts.

Donna asked when the money is earmarked for specific uses, then when you consolidate those accounts into one, what happens to the funds that were earmarked for specific uses and what is the process. Denny asked if this moving of funds was a Budget Committee issue. Donna said the Select Board and the Town Manager cannot just go into the undesignated funds account and spend funds, doing so needs to be voted on by the townspeople. Members discussed the lack of information and clarity from the Town Manager and Select Board which was making it difficult for members to understand the intent of moving the funds.

Donna shared her concern about the Administrative Reserve account being crunched down into one number. She directed members to that account and what she labeled as items 3-10. She asked if this money wasn't there, how could the Town spend it? She noted that funds for a new police vehicle

are approved every year, but the auditors are saying the money was never there, so how could the Town have spent that money? Donna noted that Police spent \$34,000, Fire spent \$43,643, and Public Works \$717,000. Denny asked if that money was from the undesignated fund, and Donna said she did not know. Gene said, "The money is there." Donna asked then why does the money need to be put back in there as the Town Manager is requesting. Members reviewed their pages.

Donna directed members to the Public Works line and noted that the audit found \$626,000 in FY21 and \$694,000 in FY22, so that money should be there as the Town spent \$717,000. She posed the question that if the money wasn't there and the votes were not approved, then is that a legal expenditure.

Donna asked Jeff if he had any insight to share given his financial background. Jeff shared his thoughts on how the money has been assigned and re-characterized and said he found nothing that concerned him but that he was interested in hearing an update on the current FY22 audit and its completion. He said he would feel better about the \$2.1 million and \$1.6 million if the auditors came to an agreement on those numbers.

Members continued to try to find answers but had more questions and cited a lack of information to best understand the proposed budget. Jeff said the Committee may need the Town Manager and possibly the auditor to help walk them through the numbers. Jean shared that the State of Maine posts municipal audits on its website for every city and town and that Eliot's FY22 is not posted. Members agreed the audit is not complete. Jeff said if the FY22 audit were complete and posted he would feel a lot better. Denny said he was not comfortable voting on it. Reggie agreed with Denny, adding that he is unclear as to whether the money is there or isn't there.

Jean shared additional auditor's remarks from the September 2022 Select Board meeting from line 474-475, "The finances for the Town of Eliot are in shambles." Donna reiterated that Jean is quoting from the most recent Select Board minutes available which is from September 2022, and as such, the Committee does not have current information on whether these issues have been updated or rectified. Members shared their frustrations.

Donna suggested the members bring these questions to the joint meeting with the Select Board the following night on April 13 and then vote on the articles once they have answers to their questions. Donna said the Committee does not want any more animosity coming its way as was the case last year, but the Committee needs to do its job.

Members discussed questions they have for the following night's joint meeting. One question would be on the purpose and efficacy of consolidating accounts. Another on use of funds last year in the undesignated funds balance and how the Town accessed and used those funds if the funds weren't there. Donna added she would like clarification on comments about freeing up the \$468,000 for use for something else. She stressed she does not want spending to happen that voters have not approved. Gene commented on getting clarity on the \$468,000, and Donna suggested he pose the question in the joint meeting. She directed all members to write their questions down and bring them tomorrow night. She said if members wanted to email their questions to her no later than 10pm that evening, she would send them on to the Select Board and Town Manager. Members

discussed the time of the joint meeting the following night and the agenda. Donna reviewed procedures in voting for making motions to reconsider an article, reminding members if they voted in the negative, they cannot move or second to reconsider.

Gene moved and Jeff seconded that the Committee reconsider its vote on Article 22. Members discussed the proposed funding of \$3500 for Eastern Trails Management under Article 22. Gene shared findings from the recent survey done by the Town's Comprehensive Planning Committee in which seven hundred residents responded and rated woodlands and biking and hiking trails as "very important" or "somewhat important." Members shared their love for the outdoors and for hiking and biking and that they understood and agreed with townspeople's desire for more of that. Members discussed the Town's history with Eastern Trails Management and that the organization had yet to do any work in Eliot. Jean shared Eastern Trails' letter to the Town Manager in which the organization stated it would not be doing any work in Eliot in the coming year. Jeff shared that he attended a presentation made by Eastern Trails at a Planning Board retreat last year that was quite compelling in being beneficial to Eliot. Donna said Eastern Trails Management has asked for these funds going back ten or so years and has yet to do any work in Eliot. Members voted on the motion to reconsider its vote on Article 22. The motion failed with a roll call vote of 3-3. Donna said the Committee can reconsider its vote on Article 22 tomorrow night after receiving full information from the Select Board and Town Manager.

#### **5. Letter to the voters and letter for Town Book.**

Donna suggested the Committee get through their votes tomorrow night at the joint meeting and then work on writing the letter. Donna reviewed upcoming meetings and due dates for the letter. She asked members their availability during the last week of April to meet to draft the letter. Members agreed to meet Wednesday, April 26 at 5:30pm. Jeff said he will draft the letter and asked about the template. Denny said the main concern is putting information in the letter that is factual. Donna said dissenting members may add their own information in the letter on how they voted. Denny said he did not feel good about denying \$300 in funds to the Aging in Place Committee and \$3500 to Eastern Trails. Donna said she appreciated Denny's comment but was also mindful of how the Town is using taxpayers' money. Jean shared her personal support and appreciation for local efforts and organizations but that as a committee member she has to be vigilant in how she spends taxpayers' money. Discussion turned to an ongoing conversation that members have concerning the two hats they wear: supporting organizations and donating to them as private citizens and upholding their responsibility as elected officials approving the use of taxpayer funds.

#### **6. Adjournment**

Reggie motioned and Donna seconded that the meeting be adjourned. The motion passed by a roll call vote of 6-0. The meeting adjourned at 6:30pm.

**Respectfully submitted,**

**Donna Murphy, Chair**

**Date Approved: May 10, 2023**

**Jean Hardy, Secretary**