

Town of Mount Desert
Selectboard Minutes
May 1, 2023

Selectboard Members present: Chair John Macauley, Rick Mooers, Martha Dudman, Geoffrey Wood, Wendy Littlefield

Town Officials Present: Town Manager Durlin Lunt, Finance Director Jake Wright

Members of the Public were also in attendance.

I. Call to order at 6:30 p.m.

Chair Macauley called the Meeting to order at 6:30PM.

II. New Business

A. Review and approve annual audit report for the fiscal year ended June 30, 2022, prepared by James W. Wadman, C.P.A.

CPA James Wadman and Kelly Beaudoin were in attendance. Mr. Wadman reported on the audit for the fiscal year ending June 30, 2022. Points highlighted include:

- The Opinion Letter is three pages in length. The Town received a clean, unmodified opinion on the financial statements and notes.
- Pages 4 – 10 provide a management discussion and analysis narrative of the financial highlights for the year. This analysis includes a funds highlight paragraph. The Town ended the year with a total combined fund balance of \$18,275,928.00. \$3,640,150.00 is the general unassigned fund balance.
- The Town ended the year with an approximate 17% unfunded balance surplus. The MMA recommends 10 – 12% as a healthy position.
- The Town budgeted to decrease the surplus by \$500,000.00 last year. The surplus actually decreased by \$138,522.00.
- Both liquid and capital assets of the Town are included in the financials.
- Page 9 begins the budgeted versus actual results for the year.
- Financial Statements begin on page 11, starting with a statement of deposition.
- Liability for post-employee benefits are included in the report. This includes items like pensions, health insurance and life insurance benefits anticipated to be paid out over the lifetime of retirees.
- Pages 17 – 19 show the financial statements for business activities and statement of cashflow for such operations like the marina.
- Page 60 begins the budget versus actual operating results for the year.
- Page 70 begins the report on budgeted revenues versus actual and page 72 begins budgeted expenses versus actual.
- Page 74 shows the Town's surplus account.
- Pages 85 and 86 address the CIP funds.
- Page 89 is a report of scheduled expenditures of federal awards. The report is required regardless of how much is spent.
- There were no written communications or manager comments.
- The auditors noted that delays in receiving information and documentation from the school have continued to result in delays in both audit preparation and finalization.

1 Ms. Dudman asked about the solid waste deficit. Page 72 shows Budgeted versus Actual for
2 Public Works. Mr. Wadman noted that if Waste Management were not in the budget, Public
3 Works would have favorable operating results. Finance Director Wright noted that
4 ratification of the Waste Management overage was one of the Articles on the Town Meeting
5 Warrant.

6
7 Mr. Mooers inquired about the donation reserve noted on page 77. Director Wright
8 explained this was the NEHAS donation of \$135,000.00 approved at the Special Town
9 Meeting. It offset payroll costs associated with adding the Ambulance Service to the Fire
10 Department payroll. The balance shown for this reserve as of June 30, 2022 was
11 extinguished in fiscal year 2023.

12
13 Covid related issues and federal funding requirements play a part in the School's delay of
14 providing financials to the auditors. However, the School financial submittals have regularly
15 been late and been falling further behind every year.

16
17 Ms. Littlefield felt that both the large amounts of reporting now necessary and the lack of
18 qualified staff on hand during summer months exacerbated the issue. Mr. Wood pointed out
19 there is no penalty for submitting their financials late; there is no leverage to encourage
20 timely submittal.

21
22 Mr. Wadman believed an end of October deadline for submittals would be adequate. He
23 noted other schools are submitting late as well. Mr. Wadman noted that, excluding school
24 activity, the Town has been able to submit financial reporting to the auditors within the ideal
25 timeframe being discussed.

26
27 Mr. Mooers suggested perhaps an ordinance that sets deadlines. Perhaps requiring the
28 financials be provided to the auditors by a certain date every year, or the Town will be
29 unable to favorably review their budget. The Town can't approve a new budget if they have
30 no information on the actual performance under the previous year's budget.

31
32 Discussion on the issue ensued. Director Wright noted the typical auditing process is that
33 there comes a point when the information is sent to the auditors. From there it becomes a
34 collaborative process to reach a point when the financials are finalized. This portion of the
35 process should be occurring in October through December. Four to six months after the
36 year's end is a typical audit turn-around. Mr. Wood noted the elementary school shuts down
37 spending after March 31 to keep their end-of-year budgeting simple. He added that none of
38 those working on the financials are employees of the Town, making it complicated.

39
40 Mr. Wadman suggested meeting with the school's central office, the AOS Board, and the
41 Towns. Mr. Wood suggested the various school boards work together to discuss the
42 problem with the central office. He suggested perhaps Manager Lunt could reach out to the
43 other Town Managers.

44
45 Mr. Wadman did not believe superintendents and principals were aware of the situation.

46
47 MOTION: Mr. Mooers moved, with Ms. Littlefield seconding, acceptance and approval of
48 the Annual Audit Report as presented.

49 Motion approved 5-0.
50

Ms. Dudman suggested scheduling a meeting to discuss the school budget. It was agreed to have Manager Lunt add an item regarding school budget audit deadline compliance to a Selectboard Meeting in June. The Board requested Principal Gloria Delsandro, Mike Zboray, Nancy Thurlow, Brian Henkle and Finance Director Wright be invited to the meeting.

III. Other Business

A. Such other business as may be legally conducted

There was no Other Business.

IV. Adjournment

MOTION: Mr. Mooers moved, with Mr. Wood seconding, to adjourn.

Motion approved 5-0.

The Meeting adjourned at 7:09PM.

Respectfully Submitted,



Geoffrey Wood