

**MINUTES**  
**FINANCE COMMITTEE MEETING**  
**Monday, September 21, 2020 – 5:30 p.m.**  
**On-line via Zoom**

**Present:** Councilor James Hager, Chair; Councilor Lee Pratt and Councilor Janet Kuech.

**Also Present:** Town Manager, Ephrem Paraschak; Finance Director, Sharon Laflamme.

**1. Consideration of the minutes of June 22, 2020 Meeting**

Councilor Hager noted that the minutes reflected the incorrect date of June 27, 2020 and therefore need to be edited to reflect the correct date of June 22, 2020.

A motion was MADE by Councilor Pratt, SECONDED by Councilor Kuech, and VOTED to amend the minutes to reflect the correct date of June 22, 2020. Unanimous vote.

A motion was MADE by Councilor Pratt, SECONDED by Councilor Kuech, and VOTED to accept the amended minutes of the June 22, 2020 Finance Committee Meeting. Unanimous vote.

**2. Current Business**

- a. Review and discuss June financials.

No action items were discussed or assigned. Finance Director Sharon Laflamme referred to the June financial statement that she provided and shared that the Town ended the fiscal year in a good position despite the pandemic. Expenditures were underspent at 97.7 percent of the budgeted amount. The Town also collected more in non-property tax revenue than was anticipated. Ms. Laflamme additionally said that because the comprehensive annual financial report (CAFR) has not completed, she is unable to show what the Capital Part II balance will be; however, it should be fairly healthy. She noted that the Town is a little behind in the revenue collected compared to last year, which may be due to the Town's delay of the second half of the property tax payment due date to June 15<sup>th</sup> instead of the normally scheduled due date of May 15<sup>th</sup> due to the pandemic. Ms. Laflamme further said that the Town has collected 96 percent of property tax revenue this year and the Town had collected 97.5 percent in September of 2019.

A discussion ensued between Councilor Hager and Ms. Laflamme regarding the potential need to reallocate revenue for taxes collected after July 1, 2020 for the previous fiscal year. Councilor Hager referred to a conversation he had with an auditor from the Town's financial auditing firm Runyon Kersteen and Ouelette (RKO), in which the RKO representative said that taxes collected after July 1, 2020 for the fiscal year ending June 30, 2020 would need to be moved around. Ms. Laflamme clarified that that statement applied to only excise taxes and not property taxes. She noted that she has already performed the reallocation of FY 19-20 excise taxes received on and after July 1, 2020 back to FY 19-20. She further noted that FY 20-21 June financials and FY 21-22 July financials will be skewed when compared to FY 20-21 July and August financials since folks that normally pay late will have had their excise fees reallocated to the previous month.

Town Manager Ephrem Paraschak commented that the only area that the Town may see a financial gain is where people pay their taxes late and incur/pay interest.

Councilor Hager asked Ms. Laflamme why she suspects the Town received approximately 20 percent more revenue on non-property taxes. Ms. Laflamme reviewed the financials and shared that the Town collected \$603,000 more in excise tax revenues and \$438,868 more in state revenue sharing, and \$170,000 more in building permit revenue. Additionally, she was able to move \$76,000 more in TIF revenue. The Town also received \$147,818 in revenue on the sale of Town trash bags.

Councilor Pratt questioned if the rescue fees noted on the financials reflected what was billed out and not collected, to which Ms. Laflamme responded “yes.” Ms. Laflamme explained that she had to perform an adjustment to reduce the revenue due to uncollected debt.

Councilor Pratt commented that the materials and supplies expenditures reflected on the June financials were significant, which he assumed were mostly COVID-related based on how they were coded. Mr. Paraschak commented that some expenditures may be COVID-related, but not COVID-reimbursable. He further said that some departments had to purchase home office supplies in order to allow employees to work from home and keep Town operations running, which would not be reimbursable expenses. He suspects that some of those expenses may be part of the increased materials and supplies expenditures; some may be encumbrances; some may expenses related to the purchase of riot gear when Gorham PD was called to help with riots in Portland. Pandemic supplies that are reimbursable were pulled out of encumbrances. Some emcumberances were maintenance-related and caused a department to go over budget.

Ephrem said that he instructed all departments to spend any additional remaining budgeted funds before the close of the fiscal year ending June 30, 2020 on pandemic supply expenses in the event that the Federal government did not cover the expenses. Councilor Hager referred to an email that the full Town Council received via a Town website webform from resident Joanne Phillips dated June 8, 2020 in which Ms. Phillips said that she had met with a State Representative or the State Senator and Appropriations Committee and asked that each Town keep track of COVID expenditures as it may be helpful for future meetings at the state level in regard to CARES Act funds and revenue sharing discussions. Ms. Laflamme commented that she had begun tracking COVID pandemic supply expenditures immediately as the Town began to incur them.

Councilor Kuech asked why there were funds remaining under the Health and Wellness, and General Assistance line items on page four of the attachment 2-A – she wasn’t sure if the remaining balance meant that there was \$8,000 leftover, because people did not ask for help. Mr. Paraschak responded that there was \$8,000 total remaining under the Health and Wellness line item, of which there was a balance of \$2,100 remaining specifically under General Assistance. Ms. Laflamme confirmed that the Town is reimbursed by the State for General Assistance expenditures at a rate of approximately 75 percent. Ms. Laflamme further explained that the Contracted Services line item is Gorham’s share of the contract expenses for the shared Windham/Gorham General Assistance Director. Mr. Paraschak said that the Town has to monitor this expense carefully, because the Town is required by the State of Maine to provide this service to the community regardless if it is budgeted or not.

Mr. Paraschak commented on a number of revenues that the Town will see a significant decrease in, including building permit revenue. He said that though the Town has seen a significant increase in building permit revenue, he cautioned that the Town could see a hard stop with that revenue due to the rising cost of building materials. Additionally, the Town has seen a drop in applications for new subdivisions. Revenue sharing will also take a hit based on where state projections are going. A drop in excise tax can also be expected. He further said that trash bag and tag revenue needs to be monitored – although Public Works Director Bob Burns and Ms. Laflamme invested a lot of time with projections, it does not mean that the revenue stream will be 100 percent in alignment with projections.

Councilor Hager commented on the inflated costs of commodities, including building materials. Councilor Pratt commented that ODAT is paying more for raw materials and receiving less in return for recycled materials.

Mr. Paraschak shared that the Recreation department applied through the School department and received a significant grant (\$100k+) to help pay for the staffing of providers at School-age day camps that the Recreation department is running while kids are not in school. The grant funds will not pay for everything, but it will reduce the cost of the day camp program through the rest of the school year. He further said that he has to watch Recreation department revenues closely as the year progresses. Fortunately, there is a demand for these services through the Recreation department that the School department cannot provide. If there wasn't a demand, we would be looking at a totally different model.

b. Review requests for write-off of Accounts Receivables.

Ms. Laflamme referred to attachment 2 B and said that they were old Accounts Receivables (A/R) for police service and street signs that were never paid back to the Town. Ms. Laflamme said that Assistant Finance Director Alisha Barrows has been very thorough and careful with reviewing and sending outstanding statements to customers and keeping up with Accounts Receivables. She identified an outstanding invoice due from the School Athletic department that was for Gorham Youth expenses that were over seven years old that the Town will be unable to collect. Councilor Hager asked about the July 2014 A/R item for a street sign. Ms. Laflamme commented that she wasn't certain of the specifics, but it may have been a street sign for a private road; however, Public Works always bills for private road street signs. Councilor Pratt said that he supports Finance staff moving forward with writing off the uncollected A/R items on the list as the amount collected will be less than the cost of staff time.

A motion was MADE by Councilor Pratt, SECONDED by Councilor Kuech, and VOTED to write off the uncollected A/R line items on attachment 2 B – Accounts Receivables. Unanimous vote.

c. Review request to waive late fees on real estate taxes.

Ms. Laflamme said that she typically writes off late fees on real estate taxes if the amount is under 1 dollar, and she then refers accounts with late fees in excess of 1 dollar to the Finance Committee for review and consideration.

Councilor Hager referred to attachment 2 C, a letter that was sent to his attention, in which a resident requested that the Town consider abating the late fee that she was assessed due to the

Town Office being closed to the public and issues with the scheduling of her appointment. She was able to make payment on July 2, 2020, which was the first available appointment with the Town Clerk's Office. Mr. Paraschak supports the Finance Committee, if they so wish, to instruct staff to waive any small amount; however, the problem will happen at any time again in the future. At some point, a line needs to be drawn and staff will look to the Town Council and Finance Committee members for their guidance. Mr. Paraschak further said that sometimes a small amount such as \$25 goes to lien and more fees are assessed on top of that lien over time which adds up to a more substantial amount when several hundred liens are issued for similar amounts – he cautioned the committee on waiving fees for one person on a small amount and to consider setting a concrete policy for the future. Ms. Laflamme said that she could verify how many accounts she writes off late fees for in a given year that owe less than \$10. Councilor Pratt shared the example of an account with a lien of \$8 that, with compounded interest, would soon owe \$10. He further said that he likes the system in which Ms. Laflamme is following where she writes off or abates taxes if less than \$10 is owed. Ms. Laflamme said that she cannot find a written policy that provides guidance on the amount and threshold under which the Finance Director has the authority to write off taxes.

A discussion ensued in which committee members and Mr. Paraschak discussed drafting a policy for Finance to follow. Mr. Paraschak said that staff will seek out a policy and look at what other Towns are using and provide a formal draft policy for the committee's review at a future meeting.

A motion was MADE by Councilor Hager, SECONDED by Councilor Kuech, and VOTED to abate the late fee on account number 5833, Map and Lot 116/65. Unanimous vote.

A motion was MADE by Councilor Pratt, SECONDED by Councilor Kuech, and VOTED to authorize the Finance Director to abate up to \$10 and less on property tax late fees. Unanimous vote.

### **3. Items Referred by Town Council to Committee for Future Meetings/Action**

- a. Review Sewer rates for the Portland Water District in the Town of Gorham (referred by the Town Council on January 7, 2020).

### **4. Other Business**

No other items were discussed under 'Other Business.'

### **5. Schedule next meeting and discuss agenda items for next meeting**

The Committee discussed that the next meeting date will be December 7, 2020 at 5:30pm.

- A. Revenue

### **6. Adjournment**

There being no further business, a motion was MADE by Councilor Pratt, SECONDED by Councilor Kuech, and VOTED to adjourn at 6:24pm. Unanimous vote.

Respectfully,

Jessica Hughes  
Executive Assistant