

MINUTES OF THE SELECTMEN'S MEETING
WITH THE BIT EXECUTIVE COMMITTEE PARTICIPATING
TOWN OF FRYE ISLAND
AUGUST 4, 2007

The meeting was conducted at the Town Community Center Meeting Room.

The meeting was called to order at 09:00 AM by John Nun.

SELECTMEN: John Nun, Brian Walker, Grace Morin.

BIT EXECUTIVE COMMITTEE: Bruce Nisula, Joe Potts, Debbie Anthony, Bob Miner, John Nun, Brian Walker, Grace Morin.

TOWN MANAGER: Wayne Fournier

TREASURER: Joe Potts

PETITIONS FROM THE PUBLIC

None

OLD BUSINESS

Project Updates

Toomey Appeal Update:

Wayne reported no change; the court still has to set a date for briefs.

Frye Island vs. State of Maine Update:

Wayne reported that the Town has appealed the Superior Court decision to the State Supreme Court.

Water System Upgrade:

Wayne reported that he will set up a meeting with CDM on the water system study. He and John Crosby have talked to two contractors about doing the installation with town help; their rates look good. He is getting quotes from three suppliers. He does not feel that we need an engineering study of the installation; we should be able to do this in-house using the data we now have.

Long Beach Marina Dredging:

Wayne reported that the dredging permit application has been submitted to DEP and fees have been paid. We still plan to do the dredging after slip removal in the fall.

East Pump House:

The foundation and flooring have been poured. Building construction is scheduled to start August 6.

Town 2006 Audit:

Wayne provided copies of the audit to the EC members. The auditor will be available after next week for discussions. Wayne will set up a meeting; Joe Potts expects this to be a somewhat lengthy meeting as he has several questions.

Pending Permits/Applications:

Wayne stated that the town still has only two pending permits; 1- Marina dredging, noted above, and 2 – Permit to operate the Transfer Station. He expects DEP action by late August or September. Wayne also reported that there have only been five (vs eight budgeted) new housing start applications this year; that upgrade applications are up. We are running \$4-5K short of budgeted permit application fees.

Ferry E-Tickets:

Wayne reported that he is still shooting for a trial run this year, probably after the high season. Bob Russo was not happy with the scanning equipment he got for the store, which he was hoping would work for the ferry, so he is searching for an alternative.

E-Checks for Town Business:

Wayne has the application; needs board approval to sign. He needs to set up a web site for transactions. The current approach would let Gorham Savings Bank pull funds rather than customers pushing funds from their banks.

MOTION by Nun to approve signing of application by the Town Manager; Town Manager to set up details of the process in coordination with the Treasurer, second by Morin – UNANIMOUS.

Winter Office:

Joe Potts, Bob Miner and Debbie Anthony still questioned why the Town needs a winter office; that we need to do an analysis that justifies and quantifies the requirements. Wayne agreed to come up with a list of reasons to justify the request. There was a discussion of the services currently provided by the town; Joe questioned why the town is required to provide these services in the winter. Other Board members again agreed that the Town could not discontinue services in the winter; that access to town records was sometimes necessary and that fiscal transactions must take place year-around. Wayne indicated that the town

might be able to take advantage of federal highway department funding by going with consolidated town usage of a possible ferry terminal being considered by the Transportation Committee; that would not be available for a year or two. All board members were reticent to rent space from a town employee. Action was again deferred.

Polling Place Survey:

Wayne reported that the Town could contract with another community, e.g., Raymond, to host or actually perform polling place services. Depending on the outcome of the Town winter office issues he will take appropriate action to set up a polling place.

Fee Complaints from Paul Murphy Lot #1724, David O'Grady Lot # 1112 & Derek Yates Lot #1941:

The Town was never legally served notice of these complaints; the law requires serving by an authorized official. Derek Yates said that all the complaints were being handled by the individuals without legal counsel. He said that he would contact Murphy & O'Grady and let them know that the town's hands were tied until the notices were legally served.

Transportation Committee:

Wayne reported that the naval architect is still looking at ferry options. Wayne is meeting with the land use surveyor on the Willis property.

Dock Fees:

Wayne reported that Paul White had shown him four shoreland zoning ordinances that made docks a structure and, therefore, subject to permitting fees. Potts said there should be a difference between temporary structures (docks in this case) and permanent structures. Bob Miner said that DEP had overruled Paul in the case of a boat lift because it came in and out of the water seasonally. Nun said that he had been told by Steve Kaplan that the Planning Board had ruled that docks were temporary and not subject to permit fees a couple of years ago. Dave Tracey could not remember the planning board looking into the issue but said they would; Wayne said he would send a letter to the Planning Board requesting resolution of the issue.

Other Old Business:

Parking in Office Store Area:

Town DPW has improved the small parking area by the split on Sunset Road for parking of town employees. Wayne will have DPW take actions necessary to improve the area off of Recreation Lane for additional parking; permits may be required.

Lot 273 Violation:

The owner's attorney had called Wayne and the Consent Agreement was not ready yet.

ATV/Utility Vehicle Problem:

Bob Miner said that he had already talked to Wayne about a red utility vehicle driving on High Point at speeds well over the 20mph limit. Wayne has had other complaints on the same vehicle; he has asked the police to watch for violations. If another complaint comes up he will provide a warning to the owner.

NEW BUSINESS

Water Hook-up Fees for Leisure Living Properties:

Wayne reported that he has not had a reply from the town attorney; his initial impression is that the town has no obligation to honor the LLP agreement. Board resolution is deferred.

SAD-6 Special Referendum and Warrant:

Wayne reported that the SAD-6 Special Referendum (voted down in June 2007 by SAD-6 voters) Warrant passed this time around. He had also received our new billing from SAD-6; our monthly payment will go up from \$68K to \$75K.

Bonny Eagle NEASC Report:

Wayne said that we had received the report; no action required on the part of the Town.

Fireworks Display:

Wayne reported that the fireworks display fund contributions were still short by \$458 of the required \$5,500. The Town has paid the bill. Additional donations are not likely.

Approve expenditure of \$7500 from the Golf Club Equipment Reserve to Purchase a Used TORO Fairway Mower:

MOTION by Nun to approve expenditure of \$7500 from the Golf Club Equipment Reserve to purchase a used TORO fairway mower, second by Walker – UNANIMOUS.

Use of Beaches:

The Beach Committee reported to Wayne that a significant number of boats without island stickers are using the beach areas. It is difficult to patrol. Wayne needs guidance for enforcement since they are now town beaches. No action was taken.

Golf Course Damage:

Wayne reported that some youths (2 local and 2 visiting) had done some damage with a golf cart to one of the greens. They were apprehended and their parents agreed to community service workoff in lieu of formal charges. This was well handled by the Town Manager and Police.

UPS/FEDEX Deliveries:

Wayne reported that the amount of deliveries is increasing and that these deliveries terminate at the mainland ferry landing leaving delivery to the island to the ferry crews. There have been missing packages, medications being delivered and perishable items being delivered. The ferry crews have no indication of package contents and, when they are busy, the packages may wait to be delivered, sometimes getting wet. UPS and FEDEX managers have said they will pay \$1 per package to have them taken across. Wayne is arranging to have somebody from the island transport the packages to the mailroom and that person(s) will receive the \$1 per package from the town.

Other New Business:

None

REVIEW and APPROVALS**Meeting Minutes:**

MOTION by Nun to approve minutes of 7 July 2007 Board meeting, previously provided; seconded by Morin – UNANIMOUS.

Treasurers Report:

Potts provided a summary of the extensive report attached to these minutes.

Golf Report:

Bruce Nisula provided a summary of the details in the 1 July 2007 Minutes of the Golf Committee.

Marina Report:

None

Year to Date Financials:

Wayne presented financials through July with detailed discussion of significant items. Overall, the numbers are still in good shape compared to last year at the same time. The ferry projections are still on the positive with \$18 – 20K surplus unless something bad happens. Legal fees are running at 300% due to the number of actions we have had to consult with our attorneys. There is still some income to reserves showing up as operating expenses; these need to be corrected.

Potts said he would like to serve on the Budget Committee rather than sit back as Treasurer.

Nisula asked if Wayne had an indication of lead times for loan(s) for the water system replacement. Wayne said that the 2007 budgeted \$72K was being spent on schedule but that we did not yet have enough detail to do annual costing for the next phases so he has not talked to Gorham Savings Bank yet about loans. He also plans to compare Gorham with Maine Municipal Bank. The

total bill could come in well below \$3M with our doing a lot of the work in-house. Considering the cost of money (interest) we could also consider increasing taxes significantly in the short run. These will all come up in the next few weeks as budget issues for the Town Meeting.

The 1 September 2007 Budget Committee meeting is a formal public hearing of the 2008 Town Budget, with a presentation lead by the Town Manager. Since FII has a Stockholders meeting the same day at 09:00AM, it was decided to delay the start of the Budget Committee meeting to 10:00AM to give maximum opportunity to the members and the public.

Anthony recommended we start EC meetings earlier next year.

MOTION by Nun to adjourn at 11:26AM, seconded by Morin – UNANIMOUS.

Respectfully submitted,
John B. Nun

Treasurer's Report – August 4, 2007

The following paragraphs highlight the focus of work during the past month:

1. **Training.** A representative from Trio Software came to the Island on July 9th to conduct a day of one-on-one training. It went very well. In addition to the instructor-lead training, he loaded the Trio software on my laptop, along with Trio data files from 2004, 2005, 2006, and first half of 2007. The 2004-2006 files are finalized archive files of Town finances; these files are being used by me to analyze past transactions. In addition, the 2007 file is being used in a training mode, e.g. learning trio entry procedures, developing custom reports, testing out unused Trio features (having no effect on actual 2007 books). The Trio telephone technical support people have been very responsive to questions and requests for mini-training sessions.

Several hours have been spent with Calvin to better understand the processes used to handle the Town finances. It is planned to extend these interactions with other Town employees that are involved in the handling of money.

2. **Remote Access.** The remote access to the Town server that has been used in the past by Wayne is no longer usable. The PC that was providing that access was an old machine running Windows 98, and the access software is no longer supported by the company that developed it. After working with the computer consultant trying to get the old access arrangement to work, he recommended replacing the PC with a new one running Windows XP Professional (Trio is not compatible with Windows Vista). The new PC is on order from Dell, with an expected delivery in early August. In the meantime, I have been able to work remotely (albeit in isolation) due to the software and files placed on my laptop by the Trio representative.
3. **Trio/Audit Report Reconciliation.** The majority of time spent in the past weeks has been in the analysis of fiscal year 2005. The linkage of the Trio accounts and the Auditor's statements in the Audit Report is not obvious. I have mapped each of the Trio accounts to one of the line entries of the Auditor's statement. A copy of that analysis was provided to the BoS/EC on July 25th via email. The analysis shows good news (i.e., some numbers match exact or close) and other areas raise questions for the auditor. A presentation of the 2005 analysis will be given at the August 4th BoS/EC meeting. A similar analysis will be made with the 2006 financial information when the Audit Report arrives. A lengthy meeting will then be scheduled with the auditor to resolve the differences. The result will be some modifications to the Trio bookkeeping system so that it clearly links to the Audit Reports, and provides useful management information.
4. **Reserve Transaction Process.** Currently, when the BoS/EC authorize an expenditure from a Reserve Fund (e.g., \$35,000 to make ferry ramp improvements) the entire amount is removed from the Reserve Fund and placed in the operating checking account; a new capital expenditure account is created in Trio and a budget in the amount of the authorization is established; checks are then issued to cover expenses as they come in for payment. This strikes me as a less than desirable method to handle the Reserve fund transactions (e.g., a mid-year modification to the approved Town budget, a reduction in earnings, not a clean separation of operating and reserve monies, complications with multiyear projects). There is another process in Trio using what is referred to as an "encumbrance transaction". It is my recommendation that this encumbrance technique be utilized in the future.

5. **Enterprise Cash Flow.** In past years there have been cash flow problems for enterprise operations (e.g., the Golf Club). Revenues typically come in once the Island season begins, but start-up expenses occur before the income is available to use. You will notice in the Trio General Ledger there is only one checking account in the General Fund; there is no checking account in the Enterprise Fund. When an Enterprise expense is paid it is paid out of the General Fund checking account with an entry in the “296-xx Due To/From Enterprise Fund” account. This allows for the repayment by the Enterprise Fund. This is a win-win situation: it has passed the audit review process, and it assists the Enterprise Fund operations (i.e., Ferry Service and Golf Club) in early year cash flow.
6. **Bank Account Reconciliation.** Reconciliation of bank accounts is a critical part of the bookkeeping process. If you remember from the June 2007 Balance Sheet report provided to the BoS/EC by Wayne for the July 7th meeting, there was a negative \$1,979.62 balance in the “110-10 Bank of America Checking” account. This occurred when all of the BoA monies were moved to Gorham Savings Bank accounts. This is the result of inadequate bank account reconciliations being done in 2006. In talking about this problem with Calvin, he admits to not doing reconciliation in a timely basis and feels that the negative balance was caused by checks that did not clear the bank (those checks should have been voided in Trio). The good news is Calvin is current through May 2007 with Gorham Savings Bank account reconciliation, and is currently working on the June reconciliation. The problem is one of setting priorities. I will be setting some objectives on doing reconciliations, and monitoring the process regularly.

The reconciliation process is much more complicated than one might think. The complication comes from the fact that the credit card transactions are handled by another banking institution that makes deposits & charges in our operating bank account. Instead of a two-way reconciliation between our Trio books and the bank’s monthly statement, what we have is a three-way reconciliation process when we add the credit card company’s monthly statement in the process. Time complications arise since the bank statement and the credit card company statement arrive at different times of the month.

7. **Conference Room Availability.** While making the bank deposits at the Gorham Savings Bank (GSB) in Windham, I noticed they have a nice conference room that holds 6-8 people. I stopped into talk to the GSB Customer Relationship Manager Kristy Luders and asked if the Town could use the conference room in the Island off-season for Town business (e.g., discussions with a vendor or contractor). She said YES, of course you can. All we have to do is contact her (207-892-2621 or kluders@gorhmsavingsbank.com) to make an appointment to eliminate conflicts with other uses.

Any questions that a BoS/EC member may have can be raised at the upcoming meeting.

Joseph Potts, Treasurer – Town of Frye Island