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MEMORANDUM

To: Bar Harbor Town Council and Warrant Committee
cc: Department Heads
From: Kevin Sutherland, Town Manager
Date: January 28, 2022
Re: Questions raised at the 1/27 presentation budget workshop

There were two questions raised during the meeting last night that this memo addresses.

1) **How many full-time equivalent employees does Mount Desert have?**

This was in context of the shared Human Resource Manager position with Mount Desert and the intent was to serve as a comparison to Bar Harbor's full-time equivalent of 90 positions.

Mount Desert has 44 full-time equivalent employees (or 33% of FTEs for both communities)

2) **Does Bar Harbor have a Fund Balance Policy and what is the process for its use?**

Councilor Hochman so eloquently explained this during the meeting and here is the link to our Fund Balance Policy: <http://barharbormaine.gov/DocumentCenter/View/50/Fund-Balance-Policy>

Reading through the policy, any audited surplus (we still don't have our final audit report) can be proposed to be transferred by the Manager, for necessary projects in the Capital Improvement Program Fund during the budget process. My proposal was to use one-time money for one-time items in the budget - not specifically items in the capital program

The final paragraph of the policy provides a solution to this. **“It is recognized, as part of this policy, that good budgeting practices suggest that fund balance shall not be routinely used to reduce taxes in the following year. Accordingly, use of fund balance to fund operating expenses shall require a two-thirds vote of the Town Council.”**

I fully support this part of the policy. It's a further safe guard against using fund balance to pay for on-going operations. My proposal is that one-time expenses should be the ideal use of additional surplus.

So, given the current policy, once the Council makes any additional changes to the budget, a final motion on the 10th should be: “motion to use fund balance for one-time item associated with X,Y,Z.” This will require a 2/3 majority vote (5 of 7 Councilors).