

## Durham Budget Committee Questions

### Initial Review of TM Budget

#### Financial Questions

1. FMLA is going live in May, did the town budget for the expense of needing to cover personal who are utilizing FMLA?

- 1. No. We are not budgeting to hire any temporary employees if someone takes medical leave under the Maine Paid Family and Medical Leave (PFML) law. Similarly, we don't budget to hire any temporary employees if someone were to go out on unpaid leave under Federal Family Medical Leave Act (FMLA) or Maine Family Medical Leave Act (Maine FMLA) laws. Under all three laws, employee can use their accumulated paid time off (vacation and sick time) and so, conceivably, if someone were out for such an extended period of time that would require the Town to hire a temp to replace them, we could be paying two wages for one position. But, eventually, if the employee were out on leave long enough, they would run out of their vacation and sick time and the town would then only be paying one person again for the position. So, it's not a significant concern.*

2. In the budget summary, the final paragraph states that if we use \$500,000 from the fund balance, then It will mean that FY28's budget would not be able to use as much of fund balance to offset taxes as FY27's budget is contemplating – which could result in a significant tax jump in FY28. a. What amount is recommended to allow a steady use of the fund balance each year?

*2A. The concept of the question is flawed – it presumes that there will or should always be a budgeted use of fund balance each year. Once the Town's unassigned fund balance is within the target range of 2 to 3 months' of expenditures, then a prudent budget would not have any budgeted use of fund balance. The reason is because, once it's in the target range, you want to keep it there. The only time the Town should be budgeting to use fund balance, once it's within the target range, is in a year subsequent to a year where there was an actual surplus. The target range, based on FY27's current budgeted expenditures is \$2.2 million to \$3.2 million. So, the Town, with its projected FY26 ending fund balance of \$3.1 million, is already within the target range – on the high end. If the goal is to be essentially at the mid-point of that range (\$2.7 million), then a budgeted use of fund balance of \$400,000 for FY27 would get the to that midpoint by the end of FY27, if the town comes in exactly on budget. Let's assume, then, that the Town achieves that and, so, for FY28's budget, the Town wouldn't want to budget any use of fund balance – because doing so would be a plan to go below that midpoint and be at the low end (or below) the target range. That's not prudent. Instead, for FY28's budget, there would be \$0 budgeted use of fund balance. Then, if for FY28, there is an actual surplus (so, for example, let's say that there was a surplus of \$150,000), the Town could then budget to use that surplus for FY29's budget to try to keep the Town's unassigned fund balance at roughly the midpoint of the target range. Keep in mind, too, that expenditures*

*increase over time, so the targeted range will also slowly increase – which will need to be factored in each year. So, to answer 2a., there is no recommended amount that will “allow a steady use of fund balance each year”. In fact, that’s not the goal. The goal is to have an unassigned fund balance within the target range, and then once within the range, to keep it there by having a balanced budget each year (i.e., budgeted revenues equal budgeted expenditures). The goal has been to slowly get the unassigned fund balance within the target range to avoid any significant subsequent-year increases in the tax levy. In order to do that for FY27’s budget, the Town could budget a \$300,000 budgeted use of fund balance, and then for FY28 budget a \$100,000 use of fund balance, and then for FY29 budget \$0. But, that’s just one potential plan.*

b. If we went with this lower amount, how would you propose we adjust the budget: increase taxes or decrease spending?

*2b. Increase taxes.*

3. Pg 10 line 20-7015 How are you calculating the staff wages because the 2026 budget wages are on average 20% more than actual?

*3. To answer the question – all wages are budgeted by taking the planned wage rates and multiplying them by the planned total number of hours for the year. For example, if we are planning on paying Joe Schmoe \$20.00 next year and are expecting him to work 1,950 hours for the year, then we budget \$39,000. Variances between the budgeted wages and actuals are a result of (a) actual wage rates being different than planned, or (b) actual hours are different than planned, or (c) a combination of the two. To address the assertion that account number 20-7015’s FY26 budget is “on average 20% more than actual” - that is incorrect. As of 2/28/26, account 20-7015 is on pace to come in about 8% under budget (total for that account through 2/28/26 is \$156,106, which is on a pace to end the fiscal year around \$201,000).*

4. Pg 10 20-7072 Unemployment: Is this a new budget line for FY 2027 or has it been separated from another line? If so, which line?

*4. This is new for FY27. The Town, like many municipalities, is a “direct bill” entity with the Maine Dept of Labor. That means that it doesn’t pay unemployment premiums as part its payroll taxes to the state, like businesses are required to pay. Instead, whenever a former employee of the Town makes an unemployment claim, the DOL bills the Town directly for the benefit payments paid to the employee. These benefit payments max out, per employee, at \$15,470 (\$595/week for 26 weeks). Most claimants, of course, do not end up receiving the maximum benefit, but it’s always possible. It has been added to FY27’s budget because in FY26 the Town did receive bills for claimants’ benefits (\$875 total so far), so it was deemed prudent to at least budget a few thousand to cover the potential cost.*

5. Pg 11 26-7404 Why are we budgeting 50% more than we budgeted for FY 2026 especially since we haven't spent even half that amount in the last 3 years.

*5. The hardware line is typically funded at \$5000 to mostly replace computers as we have 2 or 3 replacements on rotation every year. We have yet to replace the couple of computers this year, but we will soon, so that budget-line will end up closer to being spent. We put an extra \$2500 in the budget this year to purchase tablets for the select board.*

6. Pg 15 line 40-7257 Is this lower because CMP is going to contribute payment for the repair and paving of Stackpole Rd?

*6. No, this is lower because of the pressure to cut costs. Small costs here and there (e.g., \$1,000 in one line, \$5,000 in another line, etc.) do not have much of an effect on the overall tax levy. In order to reduce the tax levy by one mil, we need \$389,647 in expenditure cuts (and, actually, it will be a bit more because this figure is based on FY26's valuations instead of FY27's). So, cutting a \$1,000 here or there needs to be found in 400 different lines. Or, there could be 80 different expenditures that we cut \$5,000. Or, 40 different lines where we can cut \$10,000. That's just not practical or really workable – particularly given the Variable and Discretionary Cost accounts. Instead, areas where large cuts could be made are targeted. Paving is one of them. The PW Director/Road Commissioner wanted to budget to pave one-and-a-quarter mile of Stackpole Road and a half mile on Bowie Hill Road. Stackpole road is projected to cost \$152,062 (and is budgeted), and Bowie Hill Road was projected to cost \$58,479. Given the pressures to keep taxes low, the Bowie Hill project was taken out of the budget and will be done in a future year.*

7. For at least 15 years, the town government officials have been convincing our town that we need to do about 4 miles of road maintenance and repaving every year to stay on schedule. Why is it proposed that our paving budget and plans by over 50%?

*7. Same answer as #6. Four miles of roads costs about \$400,000 to \$450,000. That would be another \$250,000 to \$300,000 beyond what is currently being budgeted for. We'd be more than happy to budget for that, if that's what the budget committee suggests. But it will require an increase in taxes.*

8. Debt Service, pg 19, why did the principal go up and the total debt service go up?

*8. Debt service did not go up. That's just a result of the "% Norm Var" calculation applied to all lines in the departmental pages. When the 12-month period for FY27 (July 2026 to June 2027) is compared to the same 12-month period prior (July 2025 to June 2026), the variance is a 1.8% decrease (\$624,111 for FY27 compared to \$635,446 for July 2025 to June 2026).*

9. Can you clarify pg 20. a. Is this a summary of FY2026 revenue and projected expenditures?

*9A. Yes, this page shows the projected revenues and expenditures for fiscal year 2026 based on activity year-to-date (i.e., we simply extrapolate current data through the end of the year).*

9b. If yes, what are proposed revenue and proposed expenditures for FY2027 especially in regards to Capital Improvement Funds?

*9B. The projected expenditures for the capital funds (Public Works Capital Fund, Fire Rescue Capital Fund, and Municipal Buildings Capital Fund) are found in their respective capital plans. The Revaluation Fund is projected to expend its entire balance on the revaluation. The Recreation Fund is for recreation-related expenditures and that depends on what comes up during the year. There are no other projected expenditures for other funds. They may end of having expenditures, but it's nothing that is planned ahead of time. So, for example, the Contingency Fund is for exactly that – contingencies. The Grants Matching Fund and Grants Non-Matching Fund are for any grants that we may receive during the year. We don't know what, if any, grants we will apply for and receive. The Union Church Restoration Fund is for restoration expenditure reimbursements, when requested. Revenues for these funds are only interest income and grant revenues. So, it's not anything that we project.*