January 2026 Financial Report

PROGRESS REPORT

Six Month Update

James A. Bennett

Agenda

- Progress on Recommendations
- New Items
- Expected Timelines
- Questions

Dashboard of Progress

1	Separate benefit cost		10	'Gross' budgeting	
2	Evaluating staff performance via #1		11	Review special revenue accounts	
3	Health Insurance budgeting		12	Understanding/use 'TIF'	
4	Change use of fund balance		13	Economic development strategy	
5	Change process for MVR		14	PO system and encumbrances	
6	Capital Improvement Planning		15	Solid Waste Review	
7	Timely financial reporting		16	Personal property assessing	
8	Recreation program budgeting		17	Trend analysis	
9	Budget transparency				

#1 Fringe Benefit Budgeting

Recommendation: Remove employee related costs from individual budgets

Status:: **Completed**

Details: change made in FY27 budget

#2 DH Budget Evaluation

Recommendation: Once benefit costs moved, easier to evaluate DH compliance with budget constraints

Status:: **Completed**

Details: change made in FY27 budget; fully appreciate at the end of FY27

#3 Budgeting Fringe Based on Actual

Recommendation: Budget fringe benefits based on actual employee elections

Status:: **Completed**

Details: change made in FY27 budget

#4 Fund Balance Use

Recommendation: Fund balance for one-time uses and not to buy down tax rate

Status:: **60% Completed**

Details: change made in FY27 budget; was only used to compliment the contingency allocation.

#5 MVR Process

Recommendation: Calculation of municipal valuation report (MVR) to be done by Town Manager, Finance Director and Assessor independently

Status:: **Incomplete**

Details: is only incomplete because the FY27 MVR will not be completed until July/August. Will be completed when FY27 taxes are committed

#6 Robust CIP Process

Recommendation: Use capital improvement planning process as required in charter; consider formalizing policies/changing charter for funding improvement

Status:: **50% Complete**

Details: Process was followed 1st time in FY27, although done in 'light' version; improvements should be made going forward

#7 Public Financial Reporting

Recommendation: Timely (monthly and quarterly financial public reporting

Status:: **Incomplete**

Details: Expected to be implemented for FY27 budget; MUNIS challenge regarding flaw in software (only 2 periods open at time FY25 unaudited)

#8 Recreation Programs to Special Revenue Acct

Recommendation: recreation programing transition from general fund to special revenue account budgeting

Status:: **Complete**

Details: Completed with FY27 budget

#9 Transparency and Understanding Goals for Budget

Recommendation: Build budget documents and process to increase citizen understanding and transparency

Status:: **90% Complete**

Details: Completed with FY27 budget; done with integrated excel sheets; needs to be done with MUNIS software

#10 Use 'Gross' Budgeting

Recommendation: Town has history of 'netting' out expenses; 'gross' budgeting is recommended by GASP

Status:: **75% Complete**

Details: Completed with FY27 budget using gross budget for general fund; concerned about history and culture impacting future

#11 Review Existing Special Revenue Accts

Recommendation: Council review existing special revenue accounts to determine appropriateness; eliminate, reassign if needed

Status:: **Not Started**

Details: Until the FY25 audit is completed, the account balances are not dependable. Should be done when FY25 audit is completed

#12 Understading and Use TIF's

Recommendation: Use TIF where practical to shelter the impacts of new growth on state formulas

Status:: **25% Completed**

Details: Education about TIF's done earlier; development of a TIF policy should be considered

#13 More Aggressive Economic Development

Recommendation: Be more aggressive economic development to shift burden from single family homes

Status:: **10% Completed**

Details: With exception of downtown Lisbon Falls plans, there does not appear to be an overall ED strategy; new Town Manager plans to bring a request to bring in private sector assistance to develop plan.

#14 Use PO System and Encumberances

Recommendation: Using the purchase order (PO) system ensures that all items are booked into the financial records immediate; improves management oversight and information

Status:: **Initiated**

Details: Implementing the PO system requires high level finance personnel involvement. The priority of getting the books in order for the FY25 and FY26 audit is the highest priority. Slow roll out has started with a goal of full implementation by end of FY27

#15 Comprehensive Review of Solid Waste

Recommendation: review of solid waste operations supported by property taxes vs other Maine communities to determine appropriate service levels

Status:: **In Process**

Details: Major changes occurred in the FY27 budget process; process should continue prior to the presentation of FY28 budget

#16 Improve Personal Property Tax Assessment

Recommendation: State of Maine requires local assessors to determine that value of all real and personal property. Lisbon, like some other communities, did not have a good process.

Status:: **Significantly Completed**

Details: The Assessor hired an consultant to assist in the process in FY27. When the FY27 tax commitment is completed, this will be completed

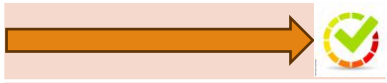
#17 Understand the Impact of Increasing Home Values on State Formulas

Recommendation: Lisbon's home values are increasing faster than Androscoggin County and the State averages. It will decrease state funding and thereby increase the tax burden, even with flat local budgets

Status:: **Initiated and Ongoing**

Details: There is more understanding of this issue. Assessor is considering the 'income approach' in FY28 for properties that generate revenue, including rentals. Consider a state of the Lisbon presentation annually in December to assist decision making.

Dashboard of Progress

1	Separate benefit cost		10	'Gross' budgeting	
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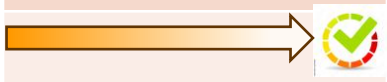
4	Change use of fund balance		13	Economic development strategy	
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New & Updated Information

Timing of Report:

- January 6, 2026
  - 8 weeks on the job
  - Not only focus
- June 15, 2026
  - 8 months of involvment
  - Completed FY27 budget process
  - New Finance Director and team members

Updated Findings

Conditions of Financial Records

- Challenges with internal records understated
- Lack of understanding of GAAP standards/practices
- Lacking proper accounting controls and practices

Property Tax Administration

- Two key process not completed
- FY25 tax liens not filed (last day eligible August 8, 2025)
- FY24 Notices of Impending Foreclosure (date due November 3, 2025)

Actual Impact of FY25

- Budget adopted with Council authorizing $500,000 from fund balance to offset taxes
- Misc. revenue forecast adjusted by $1,937,241 to bring forecast to $2,438,741 with note saying fund balance use to balance budget (Acct #100020200-40991)

FY25 Operational Forecasts: High Level
(Not Completed At Level To Be Considered Report)

Today's View

- Results from operations (general fund only)
- Under expenditures & over collection on non-property taxes
  - $700,000
- Expected overlay contribution
  - $75,000
- Impact: reduces use of fund balance by $775,000

Outstanding Impacts (Might Impact Forecast)

- Finding more errors, bad accounting practices or other new discoveries
- Net changing in tax collection

  Total property taxes collected (including previous year) vs FY25 committed amount
- Impact of borrowed funds and capital purchases

FY26 Operational Forecasts: High Level
(Not Completed At Level To Be Considered Report)

Today's View

- Results from operations (general fund only)
- Under expenditures & over collection on non-property taxes
  - $300,000
- Expected overlay contribution
  - $250,000
- Impact: reduces use of fund balance by $550,000

Outstanding Impacts (Might Impact Forecast)

- Finding more errors, bad accounting practices or other new discoveries
- Net changing in tax collection

  Total property taxes collected (including previous year) vs FY25 committed amount
- Year still ongoing
- Benefit of new team members during last two quarters

- Cashflow Pro-Forma
- Investment Strategy
  - Investment earnings (Acct #1000202000-44409)
  - July 30, 2026

New Recommendation

The state of Lisbon's financial records & decisions are an accumulation of a few years; it will take a full year to significantly put things back in proper order

Seen As A Story of Success

Lisbon is significantly on a better recovery path today than December 2025

Questions & Thank You

James A. Bennett,
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