

MINUTES
COUNCIL FINANCE COMMITTEE MEETING
WEDNESDAY, JANUARY 14, 2015
4:00 P.M. – Municipal Building / Council Chamber A

1. Call to Order. Shawn Babine, Finance Chair, called the meeting to order at 4:05 p.m. Finance Committee Members present – Peter Hayes and Shawn Babine; Finance Committee members absent – William Donovan also present were Thomas Hall, Town Manager, R. Porter, Finance Director

Public Comment:

- Mr. Rovenor of 14th Street inquired of the process for the Manager expending funds for any fuel contracts. During the process does either the Finance Committee or the Finance Director discuss these decisions before the manager makes a commitment?

Shawn Babine, Finance Chair asked the Town Manager to explain the process. Thomas Hall, Town Manager explained that during the budget process these monies are appropriated by the Town Council and approved. Funding for all fuels is accounted for within the Public Works Department's budget. Public Works then charges off the amounts used to each department. The Town Manager has the responsibility to administer the funds during the procurement of the commodity. In doing so the Town Manager is acting like a purchasing agent for the Town.

Public Comment was closed by S. Babine, Finance Chair at 4:10 p.m.

2. Approval of Minutes. Motion by S. Babine, seconded by P. Hayes, to move approval to except the minutes of September 16, 2014, Finance Committee meeting.
Motion passed: Vote – 2 Yeas.

3. Discussion Items.

- a. Review and Discussion of the Town Financial Statement – Year to date as of December 31, 2014
 1. S. Babine, Finance Chair gave a brief explanation of what the financial statement consists of that the Finance Committee receives. This financial statement gives a good overview of the six month status of the current budget.
 2. Ruth Porter Finance Director, gave a brief overview of the month-to-date financial report. The Director indicated that at this time expenditures were at 59.7% and tax collection was 50.58%. Overall the Town Expenditures and Revenues are on track.
 3. During the overview the Finance Director indicated that the balance sheet consists of the general fund of both the Town and School. The balance sheet

does not include the infrastructure but does include the fixed assets and the values. It has been within the last four years that the Finance Department has worked to update and include all of the Town assets and values.

4. P. Hayes, Councilor inquired if the Finance Director would give an explanation of what makes up the line Tax Liens under the Assets. The Finance Director stated that the line consists of properties that taxes have not been paid by the deadline. The lien process begins after the 30 day notice automatically a lien is filed the taxpayer has 18 months to pay the back taxes at which time there is an automatic foreclosure . The values showing in this line are only the amounts of the actual taxes that have not been paid.
5. S. Babine inquired as to what is the aging process that the Town keeps the property. The Finance Director stated that we keep the property until it is sold. The Town is the 1st to be paid for unpaid taxes before any other bad debt is paid once the property is sold. R. Porter, Finance Director stated that the Town follows the state rules concerning liens.
6. T. Hall, Town Manager stated that the Town just foreclosed on the 2012 liens the oldest would be 2013 taxes. The Town Manager stated that whenever the Town goes out to bond those companies always look at our collection rate. Scarborough is always rated very good as historically the Town's rate is 99% collected.
7. S. Babine, Finance Chair inquired if Councilor Hayes would agree to concentrate on accounts with balances of \$100,000 and above going forward with the financial review. Councilor Hayes was in full agreement to proceed with balances of \$100,000 and above.
8. The Finance Director reviewed and gave a brief explanation of the Town's liabilities, accounts payable goods received, what is a purchase order, encumbrances, performance guarantees, as well as the various revenue categories, expenditures, capital expenses and more. On the expenditure side everything is on track to date at 50% expended.
9. S. Babine, Finance Chair inquired as to what is the total debt of Town. R. Porter, Finance Director stated that it is roughly 96 or 97 million. T. Hall, Town Manager stated that State laws guide municipalities as to the total debt that can be incurred which is 5% of the total evaluation and Scarborough is at roughly 1%. S. Babine, Finance Chair would like a breakdown of total School debt and Town debt. The Town Manager and Finance Director will provide more clarity to the committee as to the breakdown of debt between Town and School. S. Babine, Finance Chair would like to have a trend analysis done comparing the last five years of total town debt.

b. Discussion on the Introduction FY2016 Budget Presentation

1. S. Babine, Finance Chair stated that this is an opportunity to consider a new timeline that is productive for both the Town and School. This will be an action item to be discussed at the next joint workshop on January 22, 2015 at 1:30 p.m.

T. Hall, Town Manager stated that he and the Superintendent have been in discussion and will be prepared with a proposed process and timeline to be discussed at the joint workshop.

S. Babine, Finance Chair stated that it is going to be a rigorous challenge to come up with an approved budget due to all of the timeline constraints that are beyond the Town's control.

T. Hall, Town Manager requested input for the internal review process so as to serve the Finance Committee's needs. The presented chart has been the previous year's review process for the departments.

S. Babine, Finance Chair stated that he plans to present the Council with a questionnaire requesting a priority list of areas to focus on during the budget reviews. By doing so the Finance Committee can concentrate on areas that the full Council may have an interest in.

T. Hall, Town Manager stated that in previous years a line item review has been done by each department. The Manager has proposed to Department Heads a new budget format with all the same information introduced through a new piece indicating the large budget drivers of each department. The line item detail will still be compiled and shown within the budget. The new budget format will show the big picture while providing a quick snapshot of what drives department budgets. Each department's budget is made up of five or six different categories that can show the significant information and cost for each department.

Public Comment

- Mr. Rovenor of 14th Street inquired if the next Fire Truck purchase could be a line in the budget rather than go out to referendum? Mr. Rovenor suggested that monies be placed in the budget every year until a new truck were needed then the money would be there to purchase the vehicle.

S. Babine Chair, was able to explain that due to the Town Charter any purchase over \$400,000 must go out to referendum. The Chair stated that we could look into the availability to perhaps place monies into a restricted reserve account per the reserve fund policy for such purchases.

S. Babine Chair, gave an explanation of what the Town Hall style public hearing on the budget presentation would look like for citizens.

- 1st (2) Chairs of Finance Committee's do presentation of the budget
- 2nd direct questions from the citizens regarding the budget
- 3rd what are our next steps and what do you want us to consider

S. Babine Chair anticipates through the public hearing that the citizens will give the Council an idea of the next steps to consider going forward in the budget process.

S. Babine Chair stated that with no objections from other committee members that the Finance Committee will continue to meet on the second Wednesday of each month at 4 p.m.

S. Babine Chair stated that in the near future he has asked the Town Manager and Finance Director to provide a historical trend analysis and a report on the reserve fund balance as a benchmark. The Finance Committee can then use both of these tools to look at the big factors.

4. Future Agenda Items.

- . County Government discussion with County Commissioner & County Manager
- . New Investments
- . Energy Investments
- . General Discussions

5. Adjourn. Motion by S. Babine, seconded by P. Hayes, to adjourn at 5:22 p.m.
Motion passed: Vote – 2 Yeas.

Respectfully Submitted
Colette A. Mathieson
Recording Secretary