

MINUTES
COUNCIL FINANCE COMMITTEE MEETING
WEDNESDAY, FEBRUARY 25, 2015
4:00 P.M. to 5:05 P.M.
Municipal Building / Council Chamber A

- 1. Call to Order.** Shawn Babine, Finance Chair, called the meeting to order at 4:00 p.m. Finance Committee Members present – Shawn Babine, William Donovan and Peter Hayes; also present were Thomas Hall, Town Manager, and Ruth Porter, Finance Director.

Public Comment:

- Mr. Ellis of 4 Thurston Lane stated that during these difficult times the Finance Committee and the Town Manager have a difficult task ahead going through the budget process. Mr. Ellis stated that some individuals are posturing that the Town has too much debt and it is going up but they forgot that the general public voted on the projects that brought it on. Its part of the evolution of government if you want to have good infrastructure and take care of the capital needs then you need to do that. .Mr. Ellis urged the Finance Committee to stay the course and look at the bigger picture in two to three year increments.

S. Babine, Finance Chair closed Public comment at 4:05 p.m.

- 2. Approval of Minutes.** Minutes not available.

S. Babine, Finance Chair stated that the County Government was scheduled to be part of this meeting due to a scheduling conflict the County Commissioner and County Manager are unable to be in attendance. County Government will now be scheduled for the next Finance Committee meeting. S. Babine gave his sincere apologies for the mix-up.

- 3. Discussion Items.**

- a. Review and Discussion of Year to Date Financial Report

1. Ruth Porter, Finance Director gave a brief overview of the year-to-date financial report. The Director indicted that the Town and School combined are at 72% and revenues are at 82.6% collected. At this time the we show more than half of the taxes collected and on track as well the expenditures are on track and within budget. R. Porter stated that the Town Manager and she had been discussed providing the Finance Committee with a higher level overview of the financial trends but at this time there were no major watch items to report.

b. Discussion on Trend Analysis

1. S. Babine, Chair stated that this discussion will lead us towards a trend analysis type of review and reporting of our financials and the state of our community. The Chair indicated that the five page document on reporting was a great start on making reporting easier to understand the financials. This format is a year to year and would be good in reporting the month to month while only tweaking a few things within the report.
2. B. Donovan stated that reporting on outstanding bonds can we show what the future bonds hold as they are going down it may aid people in understanding our debt and how it is decreasing or increasing.
3. T. Hall, Town Manager stated that he should mention that we will be embarking on a long range facility planning effort with all departments and others such as the Library or School Department. This will give us a better understanding of what the capital project needs going forward are. It is the Manager's plan through collaboration to come up with a master list of all future projects. The final piece of the analysis is to be sensitive to the debt service appetite by looking at the amortization schedule. By looking at the amortization schedule we will see where debt is being shed and when we would be in a position to take on more debt while keeping the debt service level. Our goal has been in recent years to keep our debt service level obligation stable so we don't have a variability in the tax rate.
4. S. Babine stated this was a good analysis but would recommend in the same chart to show the annual debt reduction of the debt service. Then it would show how much we are paying off each year.
5. P. Hayes said this would be helpful benchmarking to know where Scarborough stands in comparison to other communities of our size.
6. R. Porter, Finance Director stated that the State sets the requirements of what we may have for debt service. Scarborough is nowhere near what is allowed for debt we are at 2.6 %
7. T. Hall, Town Manager stated that at this time Scarborough leads the pack at debt service as we have borrowed at times of low interest to maintain and keep our infrastructure. Similar communities are now beginning to catch up to our debt service as they work to maintain their own infrastructure.
8. R. Porter, Finance Director stated that Scarborough continued to grow during the recession when other communities were not so lucky. Scarborough's values maintained and actually gained.
9. T. Hall, Town Manager stated that the state limits on debt are much higher than what Scarborough carries for debt. Scarborough has its own policy on debt management and limits.

10. R. Porter stated property tax and excise tax are our largest revenue sources. You can see in the graph where excise has had an upward trend and shows the economic trend at this time.
11. S. Babine look at the net budget for Town and School it is not a year to year change but the volatility over time. If you look what causes these drastic % changes over time. What were major causes even in 2011 increase was 10.2 for school.
12. T. Hall, Town Manager stated that the school department had lost roughly 40 positons then there was the correction year that shows a drastic increase. The Town Manager stated that we are a victim of our own success and the result is a loss of revenue at the state level.

S. Babine, Finance Chair stated that he would like to do an overview presentation to the full Town Council on the process used in this year's budget considerations by the Finance Committee. With agreement by the other Finance Committee members S. Babine will inquire with the Town Council Chair as to date that would be appropriate to do so.

4. Future Agenda Items.

- Solid Waste Recycling
- Discussion on County Government

5. Future Meeting Dates and Times.

- Wednesday, March 11, 2015@ 4:30 to 5:30 p.m.
(Finance Committee Meeting)
- Thursday, March 12, 2015 - 1:30 – 3:30 p.m.
(Joint Finance Committee Town/School Workshop)
- Tuesday, March 24, 2015 10:00 to 10:30 a.m.
(Joint Finance Committee Town/School Workshop)
- Wednesday, March 25, 2015@ 4:30 to 5:30 p.m.
(Finance Committee Meeting)

6. Adjourn. Motion by P. Hayes, seconded by W. Donovan, to adjourn at 5:05 p.m.
Vote – 3 Yeas.

Respectfully Submitted

Colette A. Mathieson
Recording Secretary