

FINANCE COMMITTEE MINUTES

Meeting Date: 10 January, 2008

CALL TO ORDER

The Meeting was called to order at 7:05 P.M. in the First Floor Meeting Room, Town Hall

COMMITTEE MEMBERS IN ATTENDANCE

Brian Morton (chair), Paul Bobrowski, Alice Carlozzi, Kay Moran, Douglas Slaughter, Andrew Steinberg

OTHERS PRESENT

John Musante (Finance Director/Treasurer), Eva Schiffer, Fred VanDerbeck, Walter Wolnik,

COMMITTEE AGENDA

1. Finance Committee Report to Town Meeting – Format
2. Financial Policies Review and Adopt Final Version
3. FY 08 Budget vs. Actual to Date
4. Three-year Plan
5. Budget Review Calendar
6. Member Reports
7. Minutes
8. Next Meeting and Agenda
9. Miscellaneous

COMMITTEE ACTION

Steinberg moved to adopt the Financial Management Policies and Objectives as amended following discussion of the January 10, 2008 draft. The motion was seconded by Slaughter and passed 6-0.

Moran moved that the Committee accept the minutes of the November 1, 2007 meeting as amended. The motion was seconded by Slaughter and passed 6-0.

DISCUSSION

Finance Committee Report to Town Meeting (Format) – Morton asked the Committee to review proposals received at prior meetings to change the report to Town Meeting to show the personnel benefit costs for each department and interdepartmental contributions and support. An example of interdepartmental assistance from the discussion of the 2008 budget at Town Meeting is DPW's assistance to LSSE. Musante assured the committee that he and Shaffer are considering these support expenses as they examine the cost and benefit of the various LSSE programs. Carlozzi said that it would be helpful to show the benefit of our departments working together but that it might be cumbersome to do so as part of the budget. Moran said that we should at least seek to show the assistance of one entity to another, such as the information technology support provided to the libraries.

Musante said that this could be reported in the narrative. Slaughter was concerned about the cost

of obtaining information. Steinberg suggested that we ask the department heads about assistance they provide and receive during the budget presentations, to include in the budget narrative. Carlozzi pointed out one department or entity often contributes to the goals of another, as when a librarian helps a student. Musante observed that such costs are assumed into the calculation of appropriate overhead costs to charge to enterprise funds. He continued by stating that the big costs for departments that are grouped under general government are benefits and insurance. Steinberg pointed out that other general government functions, such as tax collection and accounting, support all departments.

Bobrowski observed that it is difficult to anticipate all amendments that might be proposed so that it's difficult to fully quantify changes that would result from the addition or deletion of proposed staff or programs. By at least showing the benefits expenses for departments, Town Meeting will be aware of this expense.

Discussion followed about the advantage to having Town Meeting consider General Government after other components of municipal government so that adjustments to employee benefits can be made to reflect changes affecting personnel adopted in other budgets. Moran and Steinberg were concerned that insufficient funds might be left as available for essential general government functions.

Financial Policies Review and Adopt Final Version – Musante explained changes reflected in the January 10 draft, in accordance with the committee's discussion of the previous draft. There was discussion about how the authority and requirement for some policies is presented, the introduction, and the new section regarding revolving funds. Minor modifications were incorporated and a motion was passed to adopt the policies.

FY 08 Budget vs. Actual to Date – Musante distributed and then explained reports regarding the FY08 budgets and how income and expenditures are comparing to the projections incorporated into the budget. He is not concerned about the income budget at this time and notes that it doesn't yet reflect revenue from the agreement with the University. Regarding expenditures, he continues to monitor health insurance, there will be some costs associated with the retirement of some long-term employees of the police department, the DPW allocation for snow and ice removal will be exhausted soon, and the budget will be tight for that department due to fuel prices. Shaffer and Musante are cautious about filling vacancies to generate savings, though this strategy puts stress on staff to meet obligations. They are trying to pay one-time expenses with savings elsewhere in the budget. There will be a shortfall in the veterans' benefits.

Three-year Plan – Morton distributed copies of the three-year financial plan recommended by the Committee last year and asked whether the committee would make changes to it if asked to recommend a similar plan this year. The plan had five key elements. Slaughter suggested that the last three (pursue additional revenues and property tax relief, pursue increased tax revenue through appropriate economic development, and grow reserves to 8% of operating budgets) shouldn't change. The other elements of the plan will depend upon the conclusions of the Budget Coordinating Group (BCG) and the budget-making boards about what we would like to do and should do as a community. The committee reviewed the four options regarding planning and an override identified by the BCG and how a long-term plan fits into them.

The committee heard a report from Morton and Steinberg about the BCG. Steinberg explained that the BCG is working separately on a long-term process and the 2009 budget. The BCG is pursuing the Finance Committee suggestion to involve Town Meeting. Morton reported that he talked with the Moderator and, with input from Musante, they have possible warrant language that will be discussed at the next BCG meeting.

The committee reviewed a draft calendar for the 2009 budget process and departmental presentations, and offered comments and suggestions. This included the scheduling of a joint meeting with the Select Board to hear a presentation of the regional and elementary school budgets.

Since the BCG report was provided earlier, the one member report was from Carlozzi who represents the Finance Committee in the consideration of amendments to the regional school compact. One amendment the special regional committee is considering will increase the amount of carryover in the unreserved and undesignated fund balance (E&D) from 3.5% of the next year's expected budget to the maximum permitted by state law, 5.0%. No vote has been taken. The other issue being discussed, at the state's urging, is to shift elementary transportation costs from the region to the member towns. Carlozzi described three alternative methods to allocate the costs and said that the subcommittee agreed to a method based upon the miles driven.

The November 1, 2007 minutes were reviewed, revised and approved.

Next Meeting and Agenda – The next Finance Committee meeting will be on January 17, 2008. The agenda will include the Town Manager's presentation of his budget, a report from the BCG, and an update on the Finance Committee 2008 schedule.

ADJOURNMENT

The meeting adjourned at 9:00 P.M.

Respectfully submitted,

Andrew Steinberg
Acting Clerk

Approved Jan. 17, 2008