

Members Present: Chairman Ian Johnson, J. J. Malone, Polly Howard, Jo Lown, Cliff Watts, John Arnold, Judy Lucas, Carolyn Spring (arrived at 7:16 p.m.). Absent: Ronn Moody.
At 7:02 p.m. Chairman Johnson called the meeting to order in the Selectmen's Meeting Room.

Open Forum

There were no requests to address the Committee.

Approval of minutes – Meeting No. 1, July 10, 2006

Mr. Arnold moved approval of the minutes of Meeting No. 1, July 10, 2006. The vote to approve the minutes was 7 in favor with 7 members present. Ms. Dunkle will send out the final minutes.

Discussion on Liaison Expectations and Role of FinCom

Letters to Committee Chairs identifying the liaison to their committee were sent out at the end of August. The Board of Selectman has also instituted a liaison role with committees.

- Mr. Watts would like a roster of committee members and contact information. The letter to committees should also include contact information for their liaison.
 - To increase communication, could committee make use of the town web site? Mr. Malone spoke with the MIS/GIS Department last year and they made some suggestions for use, but the department has been given more work since then and may not be able to do much of the work.
 - Mr. Arnold, as liaison, will contact MIS/GIS for information on updating the web site.
 - Mr. Malone suggests Advisory Finance Committee members obtain email addresses from the town, and Mr. Arnold indicated he would follow up on this as well.
- Mr. Arnold would like a list of common questions for the liaison to ask each department or committee.

The committee discussed the following liaison goals:

 1. understand Department
 2. determine the issues facing each department
 - ◆ analyzing increases and decreases in expenditures from prior years
 - ◆ analyzing capital expenditures
 3. look at potential budget pressures in the next two to three years (e.g., head counts.)
 4. gather questions from Departments to be brought to AFC.
 5. emphasize that these questions will be beneficial to departments in preparing presentations for town meeting.
- Ms. Howard has a meeting with the Soldier's Memorials next Tuesday.
- Ms. Lown suggested comparing budget vs. final actual figures for last year for each department. Analyzing discrepancies can help future budgeting.
- Ms. Lown wondered if there was a way to bring the information gathered by each liaison back to the committee? Mr. Johnson will add a Liaison Report to the agenda for each meeting.
- Mr. Danis has sent out the capital expenditure request letter to each department for Fiscal Year 2007-2008.

Discussion on Additional Presentations of Financial Information

Mr. Watts has gathered a number of suggestions on what additional information from town departments would be useful for the AFC:

- Board of Selectman should discuss budget and goals for year before town coordinator letter goes out. Advisory Finance Committee would like to meet with the Board of Selectman. Mr. Johnson will discuss this with the Selectmen.
- Year-to-year, capital expenditure planning items move around.
It would be helpful to have a firm time line on capital expenditures. Mr. Arnold suggests better tracking of proposed expenditures against actual expenditures and how much time projects have been delayed. Ms. Lown pointed out that departments do prioritize projects but this could be put on a rating scale. Mr. Arnold would like to find out if projects are being delayed because new, more urgent expenditures pop up or because the projects are not necessary. Should we be asking what are your needs based on mission vs. what are things people want that don't actually fit into the mission? Needs should be on a planning list, but non-priority projects people want should also be discussed. Ms. Lown will present these suggestions to the Capital Expenditure Committee.
- Report, every six months, on all open capital expenditure items.
Mr. Johnson asks who would produce this report? Does anyone already do this? Liaisons could request this information from committees. Mr. Arnold would like this information included in the Advisory Finance Committee booklet for Town Meeting. Mr. Malone points out that once money is borrowed it is not included in the budget report. Mr. Watts gives the example of Town Meeting approval to buy the Vee Arc Building for the new Public Safety Building. When do we get more information on this? Ms. Spring asks when does unspent money from prior fiscal years become available? Mr. Malone answers that this happens when the department head is sure the project is finished. Liaisons will check on the status of all open budget articles. Ms. Lucas would like "original budget" column to be included in budget report, but this may be difficult for accountant and the information is available from prior Town Meeting notes. Mr. Watts suggests this action should be coordinated with the Selectman before instituting an ongoing tracking system.
- Mr. Johnson would like to look at the percent of budget spent to date compared with the percent of budget spent last year to date. Department expenditures are not always even over time, so a year-to-date comparison report would be useful. Mr. Watts will discuss this with Ms. Talbot.
- Mr. Arnold would like a report on cross-departmental expenditures on autos, fuel, insurance, etc. We do get this information, or at least most of it. This could also be added to the Town Meeting booklet as a pie chart for the town budget.

Discussion on Obtaining Better Understanding of School Budget

In the past, this has been problematic and, in some years, adversarial. A lengthy and lively discussion of this issue brought out the following points:

- The School Department budget is the largest of the town department budgets. It is also the most complicated, and is a fluid process, with legitimate changes occurring daily.
- The School Department's job is to do what is best for the children within what the town can afford.
- The School Department has control over what expenditures are made within the budget approved at Town Meeting. However, some expenditures affect more than the just the School Department. For example, the hiring of new personnel in excess of the numbers approved means a change in the amount of insurance and benefits, which impacts other town budgets. This type of expenditure needs to be communicated to the Advisory Finance Committee before it is made.
- The Advisory Finance Committee is charged with making recommendations on all articles, including budgets, presented at Town Meeting for approval. When changes occur in how much money is requested an explanation should be included so the AFC can make informed recommendations.

Keeping these points in mind, the AFC discussed how to proceed with the next budget process. There are distinct differences between the School Department budget and other town department budgets.

- The School Department budget is so fluid that they may not be able to present committed budget figures.
- The School Department is currently in contract negotiations, which will make a meaningful budget request difficult until the negotiations are complete.
- Evaluation of School Department budget is difficult. Should we look at per pupil cost? How do we find out if they are realizing their goals with the most efficient use of money?

The discussion brought out the following ideas:

- An effort should be made to improve communication with the School Department and to learn more about how to evaluate their budget. AFC should ask them what to look at. We ask them to communicate in terms of budget and maybe it would help if we communicate in terms of objectives. We could look at measurement of objectives not just from a fiscal view, and scrutinize academic goals and objectives to explain why goals are set and are they meeting their goals. It would be helpful to get specific information from the School Department on evaluation of an actual program, and on how they manage a revolving account such as the Community Education.
- It may be useful for the AFC to define areas of particular interest to us, such as personnel hiring which impacts other town budgets. Other items within their budget don't matter so much, such as moving funds to buy books from one grade to another.
- AFC would like more time to analyze this very complicated budget before Town Meeting. However, getting the information earlier may not be possible, especially this year. It may be helpful to have a representative of the AFC attend each School Committee meeting during the budget process.
- AFC should request more information on the various sources of funding for the School Department.
- AFC should consider an alternative way to give budget target – perhaps giving a per pupil expenditure figure rather than a total budget figure would be helpful.
- AFC needs, in the end, to make a total budget recommendation. That will not change.

Deleted:

The next steps in this process will be:

- Ms. Lucas will contact Dr. Towle to set up a meeting. Dr. Malone would like to ask for information to better evaluate budget requests, and notes that information should include goals and how to evaluate them. Mr. Arnold would like to know what surprises them each year (i.e. what is the School Department equivalent of snow plowing?)

Comments and concerns of Committee members

- Ms. Spring will not be attending the next AFC meeting on October 2.
- Dr. Malone spoke with Mr. Danis two weeks ago, and at that time there was no need for a Special Town Meeting.
- Mr. Arnold attended the first meeting of the Government Study Committee last Wednesday. The Committee will meet weekly until they better determine the scope of the project. Members brought a wealth of viewpoints and open minds to the meeting.
- Mr. Johnson presented more information on the Association of Town Finance Committees Fall Conference to be held Saturday October 28. Mr. Watts and Ms. Lown will attend. A final list will be made at the October 2 meeting.

Adjournment

At 8:45 p.m. Mr. Watts moved to adjourn the meeting. The vote to adjourn was unanimous (8 present and in favor).