

Minutes for Audit Committee Meeting of December 19, 2007
Held at the Police Station Community Room.
Approved January 31, 2008

Members Present: Ernest Welker (Chair), Glenn Rosenberg, Paul Smith
Absent: Larry Eagan

Others Present: Finance Director Paul Pasterczyk

The Chair called the meeting to order at 7:04 p.m.

By separate motions, minutes of meetings held October 17, 2007 and November 15, 2007 were unanimously adopted.

Budget Format

The main agenda item for this meeting was discussion about budget presentation format in follow-up to discussion begun at the AC meeting of Nov. 15, 2007 (minutes posted on Town website). Subsequent to that meeting, as promised, Paul Pasterczyk (PP) distributed to Members copies of the FY08 detailed budget to review in preparation for this meeting's discussion. As lead on this AC project, Glenn chaired this portion of the meeting.

Discussion was extensive. Summary highlights are offered here. There was agreement that the distributed budget indeed had a great deal of important detail, more than Members generally realized. Glenn said he thought it was so detailed that a layperson would probably fail to get much out of it without explanatory help. PP remarked that it was the purpose of the Summary Budget Report of the Town Manager (Robin Crosbie) to explain the main items of interest and account for major budget changes. Paul Smith (PS) commented that he was pleased to see the TM's Summary but was surprised that some larger variances (budget item changes) were not mentioned in it. PP said the TM realizes a stronger effort is needed to communicate budget matters to Town residents and she intends to have at least one public forum at which Town officials would attempt to better clarify the budget version that goes to the Select Board. Ernie said he would like to have more years of actual history for line items accounting for much of the increase in expenditures (and revenues) presented in graphs and/or tables so longer-term trends can be seen and the longer term implications of continuing those trends might be addressed, for example, contracted employee compensation costs now account for 80% of total expenditures yet nowhere in budget numbers are total compensation costs highlighted.

After much wide discussion, Glenn directly asked PP, "What format changes would you like?" PP said he believes that adding a column showing the percentage change in line-item budget variances would be helpful (and easily do-able) so readers of the budget could readily see big-change items. PP also said that Members might get further ideas by going to the website of the Government Finance Officers Association www.gofa.org and looking at the group's list (with links to the documents) of Award Winning Budgets to see what members of that group believe are good formats and content. PS offered to undertake that work for the Committee.

Updates/discussion of other identified projects

Pension benefits (Ernie)

Pension Review Task Force was close to completing its analysis and making its report.

Health benefits (Larry)

GASB 45 OPEB liability calculation

PP reported he would be meeting with Segal to discuss some differences in contract terms to provide the actuarial work.

GIC option (option for municipalities to use state's health plans for employee health benefits)

PP reported that union representation is part of GIC plan and that there will be a Town tradeoff between possible cost savings and mandatory arbitration of disputes. As of now, he added, it is too early to consider appointment of an insurance advisory committee.

Internal controls and procedures (Glenn and PS)

Ernie distributed copies of a one page table from "Tone at the Top," a monthly bulletin of the Institute of Internal Auditors. Titled "Controls Are Everybody's Business," the table presented side-by-side Myths and corresponding Facts regarding internal controls. Commenting that internal controls too often seemed to be treated as overly costly for the benefits delivered, Ernie asked PP to see that copies are given to the TM and Select Board.

On-going matters

Current audit (Glenn)

Waiting for Scanlon to make available the draft FY07 audit report.

Other business

Town investments and interest rate risk

PP reported that the Town's investment advisor was putting together a report for presentation at a meeting on Jan. 19, place and time to be determined.

Date of next meeting Glenn to work out date agreeable to Tom Scanlon and Cmtee members.

Meeting adjourned 9:05 p.m.

Respectfully submitted,
Paul Smith
Ernest Welker