

FINANCE COMMITTEE

On behalf of the Orleans Finance Committee, I am pleased to submit to Orleans citizens the Committee's annual report on its activities during calendar year 2016. The Finance Committee, currently comprised of eight members appointed by the Town Moderator, is charged under the Orleans Town Charter with independently examining and analyzing the financial affairs of Town government, including proposed budgets, Capital Improvement Plans, and other issues having material financial impact on the Town and its taxpayers.

In fulfilling its obligations under the Charter, the Committee conducted Fiscal Year 2017 budget reviews in meetings and consultations with Town officials. The Finance Committee met jointly with the Board of Selectmen numerous times between January and the May Town Meeting to jointly review the most significant sections of the budget. In addition to Charter-mandated public hearings for the Town Budget and the Capital Improvement Plan, the two bodies year convened in joint sessions for reviews of departmental budgets that comprise the majority of Town spending, including in a special joint session to review the Nauset Regional School District, Orleans Elementary School, and Cape Cod Regional Technical School Fiscal Year 2016 proposed budgets. These collaborative budget review meetings provide the members of the Finance Committee and the Board the benefit of each other's knowledge and experience in evaluating departmental budgets and eliminate duplication of the time Town and school officials are required to devote to this process.

In an effort to improve its understanding of how the Town manages its budget, the Committee began an initiative to study how the Town generates revenue to fund its operations and to pay for capital raised to finance the Capital Improvement Plan. To this end, the Committee sponsored an article in the warrant for the May, 2016 Town Meeting creating a Revenue Committee to study the Town's revenue-generating activities and to look for potential new sources of non-property-tax revenue that may be available to the Town on a regular basis. This warrant article passed at the May Town Meeting and the Revenue Committee was convened and began its work in the fall of 2016. The Finance Committee also conducted a detailed review of some of the material financial risks that the Town faces as it makes decisions on its budget, and how these risks might affect the Town and the taxpayers if they were realized. The Finance Committee has a liaison to the Water Quality Advisory Panel convened by the Board of Selectmen to engage Town stakeholders in the development of a water quality management plan for Orleans. Members of the Committee also served as liaisons to the Orleans Police Station Building Committee and the Orleans Department of Public Works Building Committee. The Committee met monthly with the Chairman of the Police Station Building Committee to receive updates and ask questions on the progress of the new police station, and the Committee made a number of recommendations to the Police Station Building Committee.

The Finance Committee's annual report, published in the 2016 Warrant for the Annual and Special Town Meetings, presented an analysis and recommendations for meeting some of the financial challenges that the Town faces. Among this analysis and recommendations were maximizing efforts to raise non-property-tax revenue in light of the significant capital

expenditures that the Town faces in the coming years, and maximizing the efficiency of that capital spending to save taxpayers from significant increases in property taxes if this spending is delayed.

The Committee continued its focus this year on analyzing Town financial practices and the roles, responsibilities, and operations of Town Departments and Committees as they impact Town spending, forwarding recommendations that emerged from these analyses to the Board of Selectmen, the Town Administrator, and the Town Finance Director as appropriate. The Committee met with the new Town Finance Director and the new Treasurer to discuss some of the key policies and procedures in the compilation and management of the Town's finances, making recommendations and building a positive working relationship with them.

The Committee has also been examining some of the material financial risks that the Town faces as it makes choices about spending, property taxes, and new sources of revenue. The Committee presented the Selectmen with a detailed risk analysis to give the Town a tool to guide its thinking in managing some of these risks.

The Finance Committee remains committed to supporting long-term planning to meet future challenges and near-term actions to address immediate priorities and improve Town government services. This commitment will continue to guide the Committee's activities to meet its Charter-mandated obligations.

Respectfully submitted,
Joshua Larson, Chairman