

Approved Minutes
Norwich Finance Committee (NFC)
18 Jan. '08

The meeting was called to order by the Chair at 3:48 PM

Members present: Karen Kayen, Chair, Henry Scheier, Irv Thomae, Cheryl Lindberg and Al Converse

Also present: Roberta Robinson

1. Minutes of Jan 11 were approved as amended. Cheryl moved; Henry seconded.

2. Norwich School District Budget

The following aspects were noted:

- 1) the total expenses for Marion Cross school increases 5.71%,
- 2) the net expenses for the Norwich District, including the Dresden assessment increases 0.46 %,
- 3) the adjusted expense per student is \$12,695, \$635 below the state limit above which the excess-spending penalty is applied (Last year it was only \$55 below the limit.), and
- 4) the estimated nominal homestead tax rate is \$1.4187 per 100, down from \$1.4579 per100 last year.

While the Finance Committee is critical of the increase in expenses (item 1 above), it recognizes the good performance in the other three items.

In discussion with the Norwich School Board (NSB) it was established that there is no measure of the net expense for the Marion Cross School. The Finance Committee feels that such a measure is needed, and that it should be the basis of next year's budget guideline.

There was considerable discussion of the maintenance items in the budget and the funds allocated to the maintenance and special education reserve funds. In end it was concluded that it was prudent to both carry out the maintenance and replenish the reserve accounts.

It was moved by Irv Thomae and seconded by Henry Scheier that the budget of \$4,922,258 approved by the Norwich School Board on Jan 17, and the proposal to request \$30,000 for each of the two reserve funds, be accepted. Approved unanimously.

3. Ten-Year Study

The following study was presented by Al Converse. It is based on the published Town Reports. It indicates that expenses and property tax revenues over the period from 1996 to 2007 have increased at a compound interest rate of 7 – 7.5 %/yr, while the NE all-consumer price index has increased at a rate of 3.0 %/yr. The property tax rate however increased at a rate of only 2.6 %/yr over the period of 1996 to 2004, when reassessment occurred. From 2005 to 2007 the rate of increase has been 8 %.

It is clear that Town government expenses were increasing faster than CPI but that, at least until 2004, the rate of increase of the property tax rate was less than the CPI rate. The property tax rate was evidently stabilized by the increase in the number and assessed value of properties.

In discussing the study Henry and Cheryl pointed out that the actual expense in 2007 was \$3.359 million, not the budgeted \$3.587 million. Henry stated that, rather than the total expenses, the property tax was a better measure to track. The amount to be raised by taxes in the budget under consideration for FY 2009 calls for \$3,213,282 to be raised by taxes.

The study is a work-in-progress and needs to be brought up to date and confirmed.

FY	Total Exp. Actual	Prop. Tax Revenue	Total Exp. Actual	Prop. Tax Rate with art.	C P I NE all consum.
	w.o. art. million \$	million \$	with art. million \$		
1996	1.783	** 1.456 **	1.783	0.48	163.6
1997	1.981	1.716	1.981	0.546	167.6
1998	1.935	0.976 ??	2.057	0.53	170
1999	2.03	1.645	2.139	0.53	173.5
2000	2.092	1.594	2.229	0.511	179.4
2001	2.256	1.594	2.406	0.52	184.4
2002	2.551	1.869	2.667	0.53	188.2
2003	2.613	1.774	2.716	0.582	193.5
2004	2.925	1.901	3.044	0.582	200.2
2005	3.182	2.214	3.386	0.4077	207.5
2006	3.319	2.808	3.576	0.4533	215
	*	*	*	*	
2007	3.587	3.095	3.794	0.4790	220.5
Compd%/yr.	6.99	7.5	7.5	2.62 for 96 - '04 8.06 for 05 - '07	2.98

* budget

** Prorated from total tax and town and school rates

In 1996: $(6.855e6/2.26) \times 0.48 = 1.456e6$

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In 1997: $(7.323e6/2.33) \times .546 = 1.716$
In 1998: 300,000 carryover + 316,183 current
use +
976,000 = 1.592e6 ???

Over the same period selected departments
have:

Police	7.00%	
Fire	3.80%	variable
Highway	6.34%	
		for the period
Admin	15.40%	'01to'07
Clerk	8.90%	
Finance	7.60%	

3. Town Budget

From the NFC minutes for the meeting of Jan 11:

“As currently proposed for '08-'09:

\$ 3,875,844 without articles

\$ 4,112,578 (a 2.69% increase over last year) with the articles funded, but not the \$106,000 for the exhaust systems for the Fire House (\$65,000) and Town Garage (\$31,000). (The actual quotes are \$ 68,825 Fire Department and for the Highway Dept., \$ 31,975 for a total of \$100,800 + 5 % contingency = \$105,840, rounded to \$106,000.) Gerard questioned whether the expense for the exhaust systems should not be in the budget rather than in a separate article. The NFC felt that the \$106,000 should be added to the budget and not treated as a separate article so that the Select Board would take a position on the matter. This would bring the % increase to 5.33%. [**This was subsequently adopted by the Selectboard.**] The NFC then considered some possible ways that reserve funds might be used to reduce the tax impact. Al moved, with Paul's second, that the exhaust system in the town garage be an expenditure of the Highway Garage fund. Passed unanimously. [**This was subsequently adopted by the Selectboard.**] After some discussion, Cheryl moved, with Irv's second, that: the NFC recommend to the Selectboard to: (1) include the full costs of the ventilation systems in this year's budget, and (2) put an article on the warning asking the voters to approve the use of the Fire Training Facility Fund for the exhaust system in the firehouse. Passed unanimously. [**This was not subsequently adopted by the Selectboard.**]

Cheryl objected to the large Listers' salary item in the budget since an assessor had been hired.

The NFC expects to take a position on the Town budget at its next meeting.

Meeting adjourned at 5:50 PM

Next Meeting to be set.

Respectfully submitted,
Al Converse