

Minutes

Town of Norwich
Finance Committee Meeting
Tuesday, May 20, 2008
Tracy Hall, Norwich, Vermont

Members present: Karen Kayen (Chair), Alvin Converse, Stephen Flanders (Secretary), Stephen Lajoie

Members absent: Cheryl Lindberg

Also Present: Dennis Kaufman, Roberta Robinson, Steve Soares

Chairperson Kayen called the meeting to order at 4:05 PM

Agenda Items Discussed

1. Review/Approval of Minutes:

- a. *Minutes of Meeting of April 22, 2008* – Flanders moved and Kayen seconded that the minutes of the meeting of April 22, 2008 be approved. The vote was unanimous in favor.

2. Old Business:

- a. *Review NFC meeting* – The NFC will meet the third Tuesday of every month, plus July 8, the day before tax day. There will be no other meeting in July and none is scheduled for August.
- b. *Review meeting schedule of other bodies* – NFC members are expected to cover the night meetings of other bodies, i.e. the Dresden School Board, the Norwich School Board and the Norwich Select Board. NFC observers should be able to report back to the NFC.

Action: Kayen to request that Flanders and Lajoie to receive mailings from the Norwich School Board meeting.

Action: Kayen to obtain the annual meeting schedule from the Norwich and Dresden School Boards for distribution to the NFC.

- c. *Reminder from the Chair* – The town still needs auditors, whose main duties are to review financial reports and assemble the town report.

3. New Business:

- a. *Review and discussion of R&E report* – (Discussed first to accommodate Ms Robinson’s schedule) Robinson reported on the May 1, 2008 Revenue & Expenditure (R&E) Report, noting that it emphasizes the closing out the current fiscal year (FY) on 30 June.
- Regarding *revenues*, Robinson is predicting revenues of \$4.003M (\$125K to the good over the expected amount). Property tax revenue appears to be accurate. Kaufman’s form 411, sent to the VT Dept. of Education will result in a rebate of approximately, \$48K.
 - Kaufman reports that this year 959 homestead owners have reported to the state. He reported that there are approximately 200 homeowners who have not filed homestead status, who should have. He discussed the potential penalties for non-reporting, which to date the state has not enforced. The new grand list will be published 4 June. Grievance hearings will commence on 19 June. The Grand List will be published 3 July and will provide the number that sets the tax rate, subject to board of civil authority adjustments. All of Bragg Hill and its tributaries have been reassessed. The previous GL was \$679M the new one will be ca. \$699M. The new tax bill will be 17 August.

Action: The NFC encouraged Kaufman to discuss with local legislators the inability of the listing software to allow the town to act on non-compliant homeowners.

- Regarding *expenditures*, Robinson reported expenses are close to being within budget. Projected under-spending of the fire department budget, because a chief has not been hired, results in a surplus of expenditures over revenues of \$55K for that department and \$64K overall. She reported that the year-end encumbrances are not currently known. All encumbrances must be cleared by 90 days after the end of the FY. Encumbrances are contracted obligations that have not been billed or disbursed by the end of the FY.
- Robinson predicts a new Fund Balance of ca. \$750K. This balance reflects the fact that only some of the anticipated FEMA funding will be received, as projected in the Town Meeting vote, earmarking it for paving. Initial thoughts are to treat these funds as

an encumbrance for paving in the next fiscal year, which would then decrease the fund balance by the actual amount received for paving.

- b. *Town budget suggested guidelines* – Kayen reported that the NFC is interested in helping the Norwich Select Board adopt guidelines for the town departments to use, when drafting their budgets. Guidelines are needed for capital expenditures, as well. Kayen handed out copies of the newly adopted Debt Policy. Soares identified salaries and benefits as the dominant type of budget cost.
- Regarding *salaries and benefits*, Kayen recommended a review of the benefits of all town employees. Soares reported that police and DPW are unionized. The town manager negotiated with the police union and hired an attorney for the DPW labor contract. For salary cost of living increases, Norwich uses CPI-U (Northeast), as reported for November.

For health benefits, municipalities often provide complete coverage. Schools health benefits are typically 80% covered by the municipality and 20% covered by the employee. Cigna provides the current plan through VLCT. As administrator of the town health plan, VLCT chooses the best-value company to work with. The town does not pay health coverage for retirees. The town has a pension fund (VMERS) with a matching arrangement.

The current union contract for the Police and Equipment Operators expires in June 2009 and will be negotiated during the FY2010 budgeting period.

- Regarding *budgetary guidelines*, Kayen reported that in the past this has been a percentage increase over the previous year's budget. The NFC discussed the basis for normalization. Bases include: percentage of last year's budget, people served, units of infrastructure maintained. Discussed the fact that personnel costs (salaries and benefits) are the dominant cost. Increased productivity of current employees can sometimes absorb increases in workload with better tools and techniques, which must be considered in the capital plan.

Action: NFC to consider some kind of index to tailor the budget to

the services required by the town. Members can send Kayen a proposal on budget concepts for consideration at the next meeting.

4. Other New Business:

- a. *Other matters* – Soares reported that the Norwich Select Board passed the debt management policy. He recommends that the NFC revisit the issue of the grant presentation and whether statute requires including grant income in the General Budget.

Action: Soares to have Robinson provide the NFC with the current guidance from other Vermont town financial officers and outside auditors on how to handle grants in town budgets.

5. Adjournment:

Converse moved and Flanders seconded that the committee adjourn. The vote was unanimous. Adjourned at 5:55 pm.

Next meeting date: Tuesday, June 17, 2008 at 4:00 PM in Tracy Hall