

Minutes

Town of Norwich Finance Committee Meeting Thursday, April 21, 2009 Tracy Hall, Norwich, Vermont

Members present: Stephen Lajoie (Chair), Stephen Flanders (Secretary), Cheryl A. Lindberg (Vice Chair), Keith Moran, Ann Sargent (arrived 4:50 PM), Dan Weintraub (by speakerphone)

Members absent: Unfilled position

Also Present: Peter Webster (Town Manager), Roberta Robinson (Finance Officer), Neil Fulton, Phil Dechert (Zoning Administrator/Planning Coordinator)

Chairperson Lajoie called the meeting to order at 4:31 PM.

Agenda Items Discussed

1. Review/Approval of Agenda:

Lajoie reviewed the agenda. No changes.

2. Review/Approval of Minutes:

Lajoie reviewed the minutes of the meeting of March 31, 2009. A discussion ensued.

- One editorial item was mentioned.

Motion: Lindberg moved and Moran seconded that the minutes be accepted as amended.

The motion passed unanimously.

3. Public Comments:

No members of the public volunteered a comment.

4. Financial Report:

Robinson asked whether there were any questions about a spreadsheet, which she had shared with the NFC, entitled "08-09 Projections.xls," which showed the 2008-2009 expenditures, revenues and their projections, shown in Tables 1 and 2.

- *Overall Analysis*—Robinson reported that she had circulated the report and that the numbers look good. She explained encumbrances as contractual obligations on work that's not completed by the end of the fiscal year (FY), but which must be completed, billed and paid within 90 days of the end of the FY. If the state gas tax revenues are not shared with the town at the normal level, there would be an additional \$17K in addition to the current \$5K that has not yet been shared with the town.

Table 1. 2008-2009 Expenditures and Projections.

	FY- 2009Budget	Actual as of 3/31/2009	Percentage of Paid Out Expenses	Projected 6/30/2009	% of Projected Paid Out Expenses
Total Town Expenditures	\$3,997,536	\$3,058,039	70.87%	\$3,865,623	95.21%
Total Other Monetary Articles	\$279,530	\$184,386	46.06%	\$232,734	100.00%
Total Town Expenditures with Articles	\$4,277,066	\$3,242,425	75.81%	\$4,098,357	95.82%

Table 2. 2008-2009 Revenue and Projections.

	FY- 2009 FINAL ESTIMATE	Actual as of 3/31/2009	% of Budget Received	Projected 6/30/2009	% of Budget Projected to be Received
Total Property Tax Revenues	\$3,442,770	\$3,440,402	99.93%	\$3,442,075	99.98%
Total Fees and Services	\$779,296	\$454,994	58.39%	\$605,812	77.74%
Total Town Revenues	\$4,222,066	\$3,895,396	92.26%	\$4,047,887	95.87%

- *Revenue Windfall*—Robinson further reported that, in the school district, Norwich may become a receiving school district funds with \$172K of state funds that will come back to the town as tax revenue. This is a result of the undeclared homestead properties. There were ca. \$1.069M in tax rebate/prebate, plus \$138K in circuit breaker funds from 403 taxpayers, according to Lindberg and Fulton.
- *Legislative News*—Lindberg highlighted the “Weekly Legislative Report,” available on the web through www.VLTC.org

5. Delinquent Property Tax Report:

Robinson provided a handout, titled “Town of Norwich Tax Administration—Delinquent Tax Report,” dated 04/21/2009. It details individuals and entities that owe Norwich delinquent property taxes.

- This year delinquent property taxes amounted to \$161K as of 21 April, compared with \$114K last year. Of the 34 entries owing back taxes, 20 owed back taxes only for the 2008-2009 tax fiscal year. The rest owed for multiple years. With penalties and interest, the back taxes from different tax periods summarize as shown in Table 3.

Table 3. Summary of Delinquent Taxes

Tax Fiscal Year	Total Taxes, Interest, and Penalty Owed
2005-2006	\$1,565
2006-2007	\$19,519
2007-2008	\$50,821
2008-2009	\$121,107
Totals	\$193,013

- Lindberg asked about Norwich’s tax collection policy. Webster and Fulton stated that the policy has not changed recently. Robinson added that tax sales are rare and involve selling only a sufficient portion of the property necessary to cover the delinquent tax bill. Lindberg recommended reviewing and following the tax collection policy.

Action: Webster offered look into the tax collection policy and share it with the NFC.

6. NFC Statement of Purpose:

Lajoie and Flanders drafted and fine-tuned a new version of the NFC “Statement of Purpose”, shown in the APPENDIX.

Motion: Lindberg moved to accept the redrafted statement of purpose; Moran seconded the motion.

The motion passed unanimously.

Action: Flanders to enclose the revised text with the minutes of the meeting. Lajoie to circulate the “Statement of Purpose” to the Selectboard, the Town Management, and public posting.

7. Future Agenda Items:

Lajoie introduced the following topic areas, which engendered the following discussion and propose actions.

- *Methodology to set Budgetary Guidelines*—Flanders explained that he had developed a methodology for setting budgetary guidelines for the Dresden School District. He suggested a similar methodology for the Norwich town and school district budgets. The guideline would employ Norwich data on adjusted gross income growth and grand list growth for comparison with

potential growth in the town and school budgets. It would also employ Consumer Price Index data to forecast the cost of services within those two budgets. Lajoie appointed Weintraub, Moran and Flanders as a subcommittee to develop a draft guideline methodology.

Action: The subcommittee will report to the NFC at each meeting. It will provide a draft methodology for the June NFC meeting.

- *Building & Grounds (B&G) assessment to Norwich School District*—An assessment is being made to Norwich through the Dresden School District for B&G services that are being provided by the SAU 70 personnel and assets. Lindberg would like Aubin to address this topic. The assessment is done twice within the fiscal year. Weintraub expressed concern that the decision be made with appropriate input from the NFC.

Action: Lindberg to draft letter for Aubin from NFC to be discussed at the next NFC meeting.

- *Expense Reimbursement Policy*—Webster explained that there is a town policy, which is a part of the town's reimbursement policy.

Action: Webster offered to provide a list of policies.

- *Insurance Reimbursement Policy*—It was decided that this topic would be covered by the actions in the previous topic.
- *Management Letter Comment: Grant Accounting*—Lindberg mentioned that the town independent auditors make recommendations in their Management Letter to town management that the NFC should receive and have as a basis for its advice to the town.

Action: Lajoie to obtain and provide to the NFC the FY 2008 Management Letter prior to the next meeting.

- *A capital assets management and investment plan*—Dechert explained that a new town plan is under development that does not include the capital improvement plan; the latter is under the purview of the Selectboard. Fulton explained that the town complies with GASB 34¹ capital asset accounting practices through a policy. Dechert is implementing a GIS-based inventory. Lajoie asked what will be the financing schedule for assets. Fulton explained that GASB 34 includes purchase, life and salvage value. Norwich has used its reserve funds as the principal method for maintaining capital assets. The Selectboard is looking at a fleet management and replacement policy. Fulton

¹ Governmental Accounting Standards Board Statement No. 34, "Basic Financial Statements-and Management's Discussion and Analysis for State and Local Governments." See <http://www.gasb.org/repmode/index.html> and <http://www.journalofaccountancy.com/Issues/2001/Nov/ImplementGasbNo34.htm>.

explained that the Selectboard is interesting in a methodology for establishing both functional and economic obsolescence.

Action: NFC to follow Selectboard activities on this topic.

- *Modification of budgets to show total salaries and total benefits*—What is the burdened cost of each position? What's the total impact of each position? Probably not a future agenda item.

Action: None required for now.

- *Long range budget forecast & Norwich taxpayer capacity to pay*—Incorporated in the guidelines methodology.

Action: None required for now.

- *Current spending recommendations*—Weintraub suggested that the current economic crisis suggests the need for austere spending within the current budget.

Action: Weintraub to lead discussion in an upcoming meeting.

8. Other Topics:

The following other topics were discussed.

- *Stimulus Package Funding*—(Discussed before Item 7.) Webster reported having heard no success stories for Vermont. He said the Public Works Director, Hodgdon, has applied for stimulus package funds—five bridge projects, totaling \$1M in grants. Lindberg reported that Thetford Academy received funds for a water issue. Sargent asked how does one mobilize town matching funds for unanticipated stimulus package funds. Webster and Fulton explained that the capital improvement budget would be able to cover the expenditures.
- *Town Report Preparation*—Lindberg reported that the person who publishes the Town Report will review his costs and propose what he would charge for the next report.
- *Tax Rate Setting Deadline*—Flanders reported that the tax rate will be set at the July 8 Selectboard meeting. The NFC will have to make its recommendations either at its regularly scheduled 16 June meeting or hold a special meeting before 8 July.

Action: Lajoie to schedule topic for the June 16 NFC meeting.

- *Labor Negotiations*—Webster reported that the Police and Highway labor negotiations went well.

9. Pending Items:

None discussed.

10. Next Regular Meeting:

Next meeting date: Tuesday, May 19, 2009 at 4:30 PM in Tracy Hall.

11. Adjournment

Motion: Moran moved and Sargent seconded that the committee adjourn.

The vote was unanimous. Adjourned at 6:20 PM.

Upcoming meeting dates (4:30 PM in Tracy Hall):

Tuesday, May 19, 2009

Tuesday, June 16, 2009

Tuesday, July 21, 2009

Tuesday, August 18, 2009

APPENDIX

NORWICH FINANCE COMMITTEE

Statement of Purpose

The Norwich Finance Committee (NFC) is composed of seven Norwich residents: the three who are elected to serve on the NFC, the three who are appointed to serve on the NFC by the Selectboard, and the Town Treasurer. These seven along with the seven appointed members of the Hanover Finance Committee comprise the Finance Committee for the Dresden School District.

The NFC has advisory oversight responsibilities in the creation of annual budgets for the Town of Norwich, the Norwich School District and, together with the Hanover Finance Committee, the Dresden School District. The NFC researches budgets, policies, contracts, and practices that affect Norwich town and school finances. It renders non-binding advisory recommendations, based on its findings. The NFC provides input in formulating the request for proposal (RFP) for an independent auditor of the town's finances and reviews the resulting report.

The NFC elects a Chair, Vice-chair and Secretary from among its members.

Vacancies of the NFC are filled by appointment of the Selectboard to serve until the next Town Meeting elections for elected positions or to complete the vacated term for appointed positions.

Members of the NFC serve without compensation.

April 21, 2009