

REPORT OF THE TOWN CLERK AND TOWN TREASURER 2008

The old saying “Time flies when you’re having fun.” must be true because it does not seem possible that this is the tenth (10th!) annual report that we have prepared together. Wasn’t it just yesterday that you first elected me as Lyndon’s clerk and treasurer? How can it be that a decade has passed by?

How things have changed in those ten years, the reliance on computers to process, store and transfer information; sweeping changes in election laws; changes in the participants in various government positions; and that thing that changes every year – education funding. Some of these things have been easily accepted by many, some have not come about without growing pains. We should be proud that Lyndon entered the 21st century providing a high quality of service to all who seek it. The fact that our office staff continually steps up to the challenges put before them in order to keep our municipality in compliance with federal and state laws and puts service to our community at the top of our list of priorities, is also a source of pride.

Nowhere was this more evident than with the 2008 General Election. The election law failures that came to light in the 2000 General Election (remember Florida?) brought about sweeping election law changes for the entire country. The most notable for us was the Statewide Voter Checklist. Created in-house by the Secretary of State’s office, it has been a work in progress for several years. Using grant money, Lyndon was able to purchase the equipment necessary to have the statewide checklist up and running at the polls on Election Day. To be able to key in a person’s name and be able to tell them where they were registered to vote was deeply satisfying and a huge improvement in the level of service we are able to provide. Another big change was the loosening of rules relating to voting early. What was once referred to as an absentee ballot, is now referred to as an early ballot. Voters had a choice of having their early ballot mailed to them, stopping in and voting it at the Town Clerk’s office, or taking the ballot home with them. A record breaking 532 voters cast early ballots in the 2008 General Election. Many of these were spurred to action by the media reports of expected long lines at the polls, but Lyndon never experienced those long lines. We work very hard at setting up the polling place just the right way to facilitate the efficient flow of voters through the voting process. None of this would have been possible without the continued training of our staff and the Justices of the Peace, as well as the countless volunteers that take the time to help Lyndon on Election Day. Their service is invaluable and is yet another reminder of how blessed we are to have such selfless neighbors.

Lyndon is the daily beneficiary of selfless acts with its many volunteer boards, public safety departments, and recreational organizations. The magnitude of the area’s generosity became very evident in April when K9 Officer Savannah required life-saving surgery and Police Chief Jack Harris did not have the financial means to move forward with it. Over \$3,700 was generously donated to cover the cost of Savannah’s medical care. Monies in excess of what was needed to cover her costs have been set aside for any future medical costs of the Town’s K9 officers.

Just as the Town Clerk is charged with the safe-keeping of the public records, the Treasurer of a Vermont municipality is charged with the safe-keeping of public funds. However, the Treasurer

does not have the authority to spend those public funds. That is the Selectboard's responsibility. It is the system set up by the laws of the State of Vermont, and it works quite nicely at dividing authority up among public officials and provides checks and balances to insure the safety of public monies.

Now that you know what it is the Treasurer can do, let me show you what the Treasurer did do and guide you through the financial information included in your Town Report. This will be a look at what the Town did in 2008 and where we would like it to go in 2009. The Town Report truly is a one year history of a Town. I can't begin to tell you how many times we go back to an old Town Report to find a piece of information. It is a look back and a look forward, an amazing document.

THE FINANCIAL STATEMENTS

Included in the Town Report is a set of GAAP basis (well, almost) financial statements for all funds of the Town. What's GAAP? GAAP is short for Generally Accepted Accounting Principles. These are the "rules" that say how financial information is to be reported so that everyone is speaking the same language. Accounting is the language of business, and it is important in analyzing financial data that the user understands what language is being spoken. There is actually a different "dialect" of accounting language that is used by governmental agencies. So if you think the financial statements presented here look "different" from the financial statements of the company you work for, or from the company you own stock in, you're right, they are different. The requirements of GASB-34 (that's Governmental Accounting Standards Board Statement 34) are an attempt at bringing these two different "dialects" closer together.

Speaking of GASB-34, the Town has complied with all of the applicable requirements of it. The biggest noticeable change is the financial reporting model. That is, the audited financial statements look much different. Governmental fund types, which use to be just the General Fund and Highway Fund, now include those two plus the Capital Project Fund, Special Revenue Fund, Trust Funds, and Account Groups. The Wastewater Fund and Sanitation Fund remain as proprietary funds, or "business-type activities." In effect, the new financial statement model takes a broader view of the Town's financial activity. This "big picture" is appropriate for some users of the financial statements (i.e. federal and state government agencies), but adds a layer of statements for those looking for detail. And it is that detail that is important to the Selectboard, taxpayers, and voters of Lyndon. It is my job to present the Town's financial information in a way that is most useful to the most users. Accordingly, I have decided to use the reporting model that I have used in the previous ten town reports. I feel the information is much more understandable, more user friendly, and provides a level of detail that shows a true picture of the Town's financial activity during 2008. If you would like to see the GASB-34 compliant financial reporting presentation, please stop by the office to see the audited financial statements.

Back to the financial statements, so what's a fund? Well, governments have so many different things that they are responsible for and fund accounting was created to help keep track of it all. (Those of us who truly love governmental accounting call it "fun" accounting). The Town of Lyndon has the following funds:

General Funds

General Fund – This is where the general activity of running the Town is recorded. It includes the activity of the Clerk, Treasurer, Municipal Administrator, Selectboard, Zoning, Listers, Public Safety, Bridges, etc.

Highway Fund – This is where the activity of maintaining the Town’s roads and sidewalks is recorded.

Capital Project Funds

This fund records the activity of the Community Development Funds.

Special Revenue Funds

This fund records the activity of the Town’s restricted cash. When Lyndon sets aside money for a specific purpose (i.e. saving for highway equipment), that money is put aside in a separate bank account and kept track of in this fund. Lyndon currently has 31 categories of restricted savings.

Enterprise Funds

Enterprise Funds are paid for by user fees.

Wastewater Fund – This fund records the activity relating to operating the wastewater system.

Sanitation Fund – This fund records the activity relating to residential rubbish pickup.

Nonexpendable Trust Funds

These funds record the activity of monies given to the Town of Lyndon in trust (usually as a bequest) to be used for a specific purpose. Lyndon now has nine such trust funds.

Account Groups

Fixed Assets – This is where the Town records its fixed assets (equipment, buildings, roads, etc.) of the general funds.

Long-term Debt – This is where the Town records its debt (what we owe on those fixed assets) of the general funds.

BALANCE SHEET

The balance sheet is like a photograph. It is a picture of what the Town owns and owes at a point in time. Since the Town operates on a calendar year basis, our financial statements are prepared as of December 31st. So our balance sheet is a picture of what we have on December 31st. The Combined Balance Sheet – All Fund Types and Account Groups is the “wide angle” view of the Town. It shows everything. The individual fund balance sheets are the “close up” view of each particular fund.

STATEMENT OF REVENUES AND EXPENDITURES

This financial statement is the story of what the Town did during the year. It shows where money came from, where money went, and the changes in the Town’s worth during the year as a result of that activity.

STATEMENT OF REVENUES & EXPENDITURES-ACTUAL COMPARED TO BUDGET

This is the “where we thought we would go, where we went, and where we think we are going” statement. It shows the details of where money came from and where money went and compares the actual results of what the Town did during the year to what we thought we would do (i.e. the budget). This statement also includes the proposed budget for the coming year. This is the budget that will be voted on at Annual Town Meeting.

2008 ACTUAL VERSUS BUDGET AND THE 2009 BUDGET

Let’s highlight some of the larger areas of where actual activity differed from what we thought would happen, as well as what’s new in the 2009 budget.

GENERAL FUND

Revenues take up the first four pages of the general fund “budget to actual” report. The 2009 general fund budget will require an additional \$24,000 in tax dollars, or less than one cent on the tax rate (all things staying equal and excluding any increases in special appropriations.) Here’s a look at the General Fund by department.

Elections: Only one election (Town Meeting) in 2009.

Municipal Office Building: As everyone knows, energy costs continue to increase. Rents have been raised to help offset these increased costs. Needed repairs to the lobby roof will be paid for out of savings originally set aside for a generator for the building. CNSU has again asked for help in paying for the electrical infrastructure needed for their renovation project.

Office Expense: With the increase in recording fees to \$8 per page, now \$2 of revenue from each page recorded goes to record preservation. Preserving the property transfer tax returns will continue in 2009.

Fire Department: A Homeland Security Grant of \$475,000 will be used to purchase a new aerial truck costing \$500,000. The Town’s \$25,000 share will be paid for out of the fire department budget with no additional debt being incurred.

Skateboard Park: The Town set aside \$10,000 for a skateboard park in 2004, which has been carried over to 2009. The cost of this project, to be built at Powers Park, is included in the 2009 budget.

Cemetery: The cemetery mapping project will be completed in 2009.

Dogs: Fundraising continues to offset the cost of spaying and neutering the animals before they are adopted out.

Interest: The Town borrows money in anticipation of taxes midway through the year.

Bridges: Replacement of Bridge #6 (South Wheelock Road) has been scheduled for 2009. The Town is the recipient of a grant from the State that will cover 90% of the cost of this project.

Center Street Bridge: The “temporary” pedestrian bridge was such a hit that townspeople asked to have it be made permanent. The Town has been awarded a grant to do just that. The rest of the money will come from savings left over from the Center Street Bridge project.

Randall Covered Bridge: Work on this bridge will be paid for with an enhancement grant from the Agency of Transportation, money from historic preservation, and savings.

Audit: Since most of the indebtedness that makes it necessary for a large audit is in the wastewater department, 80% of the cost of the audit is budgeted for in the wastewater fund.

Police Department: The 2009 budget is for a two-man force for the full year plus an additional officer beginning in August.

Health Insurance: In an attempt to cut health insurance costs the Town began offering a high deductible health insurance plan coupled with a health savings account in 2008. Over half of the Town’s employees opted to make the switch to this plan in 2008 for a net savings to the Town of \$15,581. Additional savings will be realized in future years.

Overview: The “bottom line” of the General Fund for 2008 is a surplus of \$30,618, which is carried over to 2009 as cash on hand. Let’s reconcile the difference between the two different “bottom lines” as presented on the General Fund financial statements. This difference arises from the budget statement being reported on a cash basis while the other statement is reported on the modified accrual basis.

Net per Statement of Revenues, Expenditures, & Changes in F.B.	\$ 70,938.42
Less: Loan payment-fire truck	<u>40,320.00</u>
Net per Statement of Revenues & Expenditures-Actual to Budget	\$ 30,618.42

The cash on hand at the end of 2008 is carried over into the 2009 budget as follows, with the remaining cash to pay for 12/31/08 payables and belonging to the Highway Fund, Wastewater Fund, and Sanitation Fund:

Skate Park	\$ 9,600	Cemetery	4,430
CSO	37,500	Bridge Project	7,032
Unrestricted	50,000		

HIGHWAY FUND

The Lyndon road crew continues to do a great job under the leadership of Robert Nutting. Pinehurst Street was paved in 2008 in conjunction with the water and wastewater line replacement projects. The record breaking snowfall of the '07-'08 winter took a toll on the

highway budget with increased labor, equipment, and material costs. Accordingly, some projects that had been planned for 2008 were not undertaken in an effort to preserve the budget. A dump truck and the bucket loader were replaced in 2008 with money coming out of savings. Another dump truck is scheduled for replacement in 2009, again being paid for out of savings. High fuel costs continue to be felt in the highway budget. In an attempt to further cut the cost of health insurance, all Town employees are now participating in the high deductible health insurance plan coupled with a health savings account. As discussed in the General Fund, about half of the employees made this change in 2008. Those making the switch in 2009 have saved the Town \$19,948. Additional savings will be realized in future years. The highway fund ended 2008 with a deficit of \$41,735, which was absorbed by the \$150,000 of cash on hand at the beginning of the year. The 2009 highway fund budget will require an additional \$26,391 in tax dollars, or about one cent on the tax rate (all other things staying the same). We will continue to ask our representatives to preserve the amount of State highway aid money sent to towns.

WASTEWATER FUND

Wastewater rates have been increased effective January 1, 2009, to cover the cost of debt service and the increased cost of operating the system. The Miscellaneous Plant Improvements Project will be completed in 2009. This project is funded by grants (75%) and bonds (25%). Design work on a new plant will continue in 2009, funded by a planning and design loan from the State of Vermont. Eighty percent of the cost of the Town's annual audit, due in large part to activities in the wastewater department, has been included in the 2009 budget.

Let's reconcile the difference between the two different "bottom lines" as presented on the Wastewater Fund financial statements. This difference arises from the budget statement being reported on a cash basis while the other statement is reported on the modified accrual basis.

Net per Statement of Revenues, Expenditures, & Changes in R/E	\$(174,343.50)
Plus: Transfer from Savings	16,030.88
Less: Capital Expenditures	(70,631.45)
Principal paid on debt	<u>(24,964.08)</u>
Net per Statement of Revenues & Expenditures-Actual to Budget	\$(253,908.15)

SANITATION FUND

The Selectboard has set the rate for sanitation service at \$175 per residential unit for 2009. This is the same as the 2008 rate. The 2009 budget is expected to require \$22,900 of cash on hand. The Town encourages all residents to recycle, reduce, and reuse as much as possible in order to decrease the amount of trash needing to be land filled. The more trash recycled, the less money we pay for landfilling. The Town's "Bulky Events" continue to be well attended. Lyndon residents are indeed fortunate to have this opportunity to properly dispose of large items. This year marks the 39th anniversary of Green Up Day. Set aside the first Saturday in May for this fun event. It doesn't take very long to make a big difference in how our Town looks. Make every day Green Up Day. If you have any questions about recycling or other disposal issues, please contact the Northeast Kingdom Waste Management District at 626-3532.

THE TAX RATE

The amount needed in taxes (including PILOT and Current Use) for the General Fund in 2009 will be \$1,188,812. This is \$24,000 more than was needed in taxes in 2008, excluding special appropriations. This would mean an increase in the tax rate of less than one cent, which should be offset by any increases in the grand list.

The amount needed in taxes for the Highway Fund in 2009 will be \$917,240. This is \$26,400 more than was needed in taxes in 2008. This would mean an increase in the tax rate of just over one cent, which should be offset by increases in the grand list.

It is impossible to predict at this time what the proposed tax rates will be for 2009. There are two pieces to that calculation, what we need to raise in taxes and what the grand list is. Although we know the first number, we will not know what the grand list is until its completion in the early summer. Historically, the grand list increases by at least 1% every year.

CONCLUSION

So there you have it, the Town's financial history for 2008 and a look ahead into 2009. The detail supporting this information is available for review, so if you would like to see any one of the thousands of checks we write every year, or see where our over 120 employees worked, or look at the almost 12,000 bills we send out every year, stop by.

Those 100+ employees we pay aren't really all employed by the Town of Lyndon. In addition to our duties to the Town (and to the Village of Lyndonville), we also perform payroll functions for the Lyndon Outing Club, Lyndon Area Sports Association, Cobleigh Public Library, and Village Improvement Society. Our office also performs the bookkeeping duties for the Cobleigh Public Library. Good thing we love numbers!

ASSISTANT CLERKS AND TREASURER WHAT'S NEW - 2008

Through the efforts of Laurie Willey, the Town of Lyndon again received a Leader Program award from the Vermont League of Cities and Towns. The 2008 award amounted to \$4,245. This money was used to purchase Yaktraks (anti-slip devices) for all Town, Village, and library employees as well as to pay for wellness and safety programs. Laurie continues to perform the duties of wellness coordinator as well as bookkeeper.

Gail Donnelly left us midyear due to a move to Chittenden County, but continues to maintain the municipal website lyndonvt.org. Town reports, minutes of Selectboard meetings, zoning bylaws, and the town plan are just a few of the things you'll find on the website. With Gail leaving, Michele Maccalous stepped in and added another day to her part-time schedule. Should you have a question about a water, wastewater, or sanitation bills, Michele is the person to call.

Michele was instrumental in keeping us on track during the election process with all of the early/absentee ballots, and she continues to fill in the holes of missing information with the cemetery project.

And the face that most of you think of when you think of the Town Clerk's office is that of Linda Lee. Linda is the "money taker" in the office as well as the recording clerk and delinquent tax collector. If you owe money to the Town, Linda is the person to talk to.

In closing, if you have any questions, please ask. I love to talk accounting. Thank you for the opportunity to serve as your Clerk and Treasurer. I am blessed to have a career that I truly enjoy and to be able to work with such dedicated and caring people.

Lisa J. Barrett, CPA
Clerk and Treasurer, Town of Lyndon