

**Approved
Candia Budget Committee
Meeting Minutes
May 9, 2012**

Members Present: Matt Broadhead, Lynn Chivers, Carla Penfield, Todd Allen, Judith Szot, Paul LeBlond, Richard Snow, Selectmen's Representative, and Kim Royer, School Representative. Christine Watson arrived at 7:10.

The meeting was called to order at 7:00. Matt led the Pledge of Allegiance.

Old Business

Approve minutes

On the minutes of April 11, 2012, Lynn Chivers asked to add to the section "answer questions from last month's meeting" after "...but will check with Karen to be sure...to add "Later in the meeting, Lynn reviewed last year's town report, and confirmed that the \$202,000 was to be removed from the capital reserve maintenance fund and since it wasn't expended, it will simply remain in the fund and has nothing to do with offsetting taxes."

Also, on page 3, last full paragraph before "other", Lynn asked to add the following wording "Judith Szot questioned whether they were going to ignore the vote of the people."

Dick Snow added that any reference to the by-laws should be changed to "Rules of Procedure".

Todd Allen made a motion to accept the minutes as amended. Seconded by Carla Penfield. All in favor. Motion carried.

School Board Representative Report

Kim Royer reported that the school does not have a clause in the transportation contract to address any increase in gas costs. However; the contract with Student Transportation of America (STA) does say that the bus company is responsible for the first \$1.90 per gallon and the district is responsible for anything over that. The bus company buys in bulk so they get a better price than at the pump, but if the price goes up, the school does pay more.

Kim also reported the purpose for the Capital Reserve funds for the school are to offset the high cost of purchasing things such as textbooks and technology in the future. They are to help prevent large spikes in expenses. The funds can only be used for the specific purpose it is set up for. Matt Broadhead asked if there is a minimum withdrawal amount out of the funds. Kim replied no. She said the School Board talked about minimums or maximums for the funds, but they are waiting on Administration to make a recommendation.

Regarding the different expense reports, Kim reported that the State Adequacy Grant is paid in September, November, December, and April. The last report the Committee looked at was March and that grant is not funded in March, so that is why the report showed a zero.

The State Education Tax comes from the town along with the district assessment money. The town does not distinguish between the two amounts, so when the SAU gets it, it is put into the district assessment account, and when that one is fully funded, they put the rest in the State Education Tax account. Matt

Broadhead clarified that on the report #7833, the State Adequacy grant states current period and reported period of July through June. It shows how much was paid and how much is outstanding. The final payment will be received in April. There is no revenue report for this month, since they are produced quarterly. Matt asked if the Committee could get a revenue report from the SAU for the next meeting.

Town Representative Report

Dick Snow wanted to make the committee aware of two new reports from the Town. One is a draft of a report to show assets, liabilities, and fund equity and the cash flow. In the cash flow, there are really two components to it. One is the cash flow from the money that is coming into the town and the other is the cash flow of the general fund. This isn't pure as to the cash flow that is coming into the town that you need to have to pay the bills, but the Treasurer's cash flow report shows all the moneys coming into the general fund over the month of April. If you have these reports for all the months, you could look at them and know what came in, what went out, and what the fund balance is. Not an audited fund balance, but an estimate of the fund balance. The fund balance is of interest to the Budget Committee because that is the amount that when we get to the point of setting tax rate, we have an unreserved fund balance that we can work with. The report shows the details of the revenues received, but there are a lot of duplicates in this report. Dick didn't see the value of providing the Committee with each deposit that came in, so Dick will combine them and show a total of Town Clerk deposits, Tax Collector deposits, Selectmen deposits and miscellaneous deposits and interest earned. For the payments made, Dick would group the manifests so that it shows total payroll and A/P manifests. One of the new procedures will be to put the A/P manifests in as part of the input to the Board of Selectmen meetings and they will sit there as an attachment to the minutes of the monthly meetings. Making these changes will shrink the size of this report and it can be put on the same report as the balance sheet. He stated that this is the same report you see in the town report. Dick explained that the report shows the assets and the different liabilities and if you take the assets minus the liabilities, it equals the fund balance. Some of the fund balance is assigned and some is not. The unassigned fund balance (\$1.7 million) is going to change because over time money will be taken out of that and money will be added to it. Dick said if you take the fund balance amount in the town report, and add all the revenues and subtract all the expenditures, you would then have, at that point in time, the fund balance. Judith Szot asked for clarification on what the "Due From" and "A/R" is made up of and what is under "Other Current Assets". Dick said the "Due From" and "A/R" is money that is due from somebody somewhere. He is not sure he can classify that specifically, or if it is made up of a lot of different things. He feels the amount is not enough to worry about. Judith stated that it is not a large amount of money, but we wouldn't want to lose \$12,000. Carla Penfield asked to see a detail breakdown of the "Due From". Dicks said he will get the components that make up the "Due From". Judith asked if these are all funds owed to the town, why are they not grouped together under "A/R". Dick did not know the answer, but said he would find out. He explained this is something he feels has value to the Budget Committee to be able to use to have the management information they need to know what is going on. It can be drilled down as far as they want. Todd Allen feels it is great to have information, but he feels it has no value to the Budget Committee to have this information. It creates more questions than it answers and won't help the Committee define next year's budget. Carla also asked if any of this information benefits the Committee. She feels that since most of the A/R is presumably property taxes, there isn't much use to this info, but we will spend a lot of time talking about it. Christine Watson agreed. She feels it is the town's responsibility to manage the budget in terms of collecting taxes. It is the Budget Committee's job to see that we are making the right choices in how the money is spent. These reports are more of a management report only. Todd feels there is value in the sources of revenue report, because it shows the committee where it is coming from, but this cash flow report doesn't help the budget committee at

all because it doesn't give enough detail. Dick asked everyone to just look at them. He stated the balance sheet format comes right out of the town report. Carla, Todd, and Matt all questioned if any of these new reports are useful to the BC. **Lynn made a motion to table the new reports. Seconded by Carla. All in favor. Motion carried.**

New Business

Review Fund Balances

Kim reported on the school fund balances as follows:

Capital Reserve = \$530,482

Special Education = \$113,329

Technology = \$62,671, but the School Board just approved a purchase of \$45,117.11, so the balance will be \$17,553

Textbook = \$15,000

Building Maintenance = \$34,889, with a payment approved for \$6,693.50 for the generator, which leaves a balance of \$28,195.50

Gym Fund = \$39,609

Playground Fund = \$2,000

Dick stated that it is the same as the Trustee of Trust Fund report in the town report. Todd asked about the Gym Fund and if there are any plans to use this fund. Kim reported that there were no plans as far as she was aware of. School Board members sitting in the audience Deb LeBlond and Nicole LaFlamme stated that they had not even been aware of such a fund until now. Todd asked if there is no future use for the fund, the School Board should explore turning the fund back to the taxpayers. Dick Snow reported that the Gym Fund is a private fund designated for building expansion at the school that would include a gymnasium. Todd commented that plan has been voted down by voters every year it comes up for a vote.

Review town budget expenses and revenues

Expenses

Todd asked if the budget being looked at represents the default budget that was approved by the Board of Selectmen. Dick reported that was the case. Judith Szot asked about the over-expenditure in the gravel line. Dick reported that on Currier Road this year they had a big problem with mud and they had to purchase a lot of gravel. Paul LeBlond asked about the \$6,000 expense under the Old Library Maintenance line. Dick felt this was probably the expense paid to the architect for the work at the old library for the Heritage Commission and will be reimbursed by the grant. Carla commented that if that is the case, the grant money should show up in the revenue report. Dick agreed, but stated that the money has to be spent first, and then we are reimbursed later. Judith Szot asked Dick to find out for sure for the Committee.

Lynn stated that at the town deliberative session there was talk of raises for employees, and she noted that the stipend line for the Welfare Director has been increased to \$10,000. Dick commented that this is a result of the default budget calculation because the amount was \$10,000 last year, so it was carried forward. He explained that the Welfare Department is under the direction of Joe Duarte, and he is currently under the process of defining that job and what it should entail. Judith asked why it was raised again when at the Board of Selectmen meeting it was explained that the wages had been cut. Dick replied that the Board felt it was the appropriate thing to do. Carla asked if the Welfare Director's wages were doubled, what about raises for the other employees? Dick said that this is two separate issues. He said that the Board has talked about finding some money to do some kind of COLA for all

employees, or a year-end bonus, or something to reward the employees and try to make up the cost of living increases. There have been no decisions made about raises at this point.

Revenues

In looking at the new format of the revenue report, Lynn asked where the numbers for the estimated revenues column came from. Dick reported that it is the same format as in the town report and the estimates are just guesses based on last year. Todd felt that there is value in this information for budget preparation, but he questions the math that creates the numbers. He asked if it was based on the past 10 years, or 15 years, or what. Judith commented that it shows an estimated \$30,000 in dog fees, which would mean about 5,000 dogs. Christine feels it is hard to understand this report and it is not good for budgeting. Dick said he would check the estimated figures. Carla and Lynn said that we have never had that column on our report before. Todd said he would rather see an average of a certain number of past years. He would rather have fact based information. Dick said it is the same format as in the town report. **Carla made a motion to put the revenue report back to the format it used to be presented in, without estimated revenues.** There was further general discussion of what the Committee wants to see on the revenue reports. There was no second. Carla withdrew her motion. **Todd made a motion to go back to the comparative revenue report the committee used to get. Seconded by Lynn. All in favor. Motion carried.**

Dick passed out a copy of the payment schedule for the Candia School District from the Town. He explained the town collects the money from taxes and pays it out to the school. If you look at cash flow over the year, it is not a linear spread, and this is the big driver. The November payment, when the Manchester tuition is due, shows the expenditures varying dramatically month to month based on the payments the town makes to the school district. This is an agreement between the school district and the town on how the town flows the cash over to the school. It has a significant impact on what the town is doing, because the bulk of the town revenues come in July and December. You match those incomes to the expenses and that's when you start worrying about cash flow to be able to pay the town's bills. This is a management tool.

Dick passed out a copy of the report of the equalized value from the Department of Revenue Administration. The modified local assessed valuation is \$408 million. Last year was around \$404. That tells us, all other things being equal, there is \$40,000 more that you could use to reduce the tax rate or pay for extra expenditures. Judith asked if we have had \$4,000,000 worth of building in the town, or has the economic climate has gone up, even when we have people losing their houses to foreclosures? Dick said it could be houses, it could be re-assessments, but that is the number the state is going to use to set the tax rate.

Dick also passed out a packet of reports for the past four months out of the town's accounting system and felt that the Committee should be using these reports instead of the expenditure reports they are currently receiving each month. Matt Broadhead interrupted Dick and informed him that the Budget Committee requests what information they want to see from the town, not the other way around. He feels the Committee had a good process established and he doesn't see a need to change. Matt said everyone can look at them and it will be talked about at the next meeting. Dick commented that there is a cost associated with having someone put together the reports for the committee the way they want them. He was looking for a way to give better data at a lower cost. Judith asked how that could be a lower cost when he is passing out a ream of paper reports.

Review school budget expenses and revenues

Lynn Chivers asked about report #7944, on page 3, if the Special Tutoring Services and Nurse Professional expenses were for the student that requires a full time nurse. Kim did not know. Lynn also asked, on page 6, the Nurse Professional Services budget was \$2,300, but \$40,000 was spent – is that for the same student? Kim is not sure, but will check. Judith asked, on page 7, under “PT –OT Services” it says that \$19,000 will be encumbered at the end of the year. Is this for an additional student? Kim will check. She stated that the school does not have a full time PT - OT, but the \$60,000 is for contracted services, so she doesn’t know how many students that helps. Judith asked about, on page 9, Principle Services – Principal’s Secretary Salary had a budget of \$44,959 and the actual spent will be \$50,578. She asked if someone got a 12% raise. Kim stated that the revised budget for that line was \$48,576. Kim said that she did receive a raise, but she is not sure how much. Judith asked about the expenditure report and projected financial position. The expenditure report says \$399,000 remaining at year end and the financial position report shows \$290,000 remaining. Kim reported that the expenditure report shows a different amount because it includes the transfers to the capital project funds and the other one shows the transfers to the food services and the transfer to the expendable trust account. Carla asked which report is right. Kim replied, both, and the School Board won’t know what the actual amount left over is until the next meeting. Lynn asked if there are any plans for encumbering anything if there is a surplus left over. Kim said yes. She had met with Dr. Littlefield and he explained that the school needs to be in compliance with the “Common Core Standards”. To do that they need to look at purchasing a K-8 math program to meet those standards. They may be able to use supplemental purchases to add to the current program to be in compliance, but that is not known yet. The estimate could be \$60,000 or more. Kim said they are also looking at a Language Arts program for 6, 7, and 8 grades to continue the “Imagine It” program beyond the 5th grade. There is currently about \$15,000 in the textbook fund that could be used. Todd stated that, on a personal level, he feels that if the school has a large expense that is coming up, they should forgo other expenses to make up some of the impact. That would be appreciated. Judith asked if these are the only things they are thinking of encumbering. Kim said there could be more items. She would know after the June School Board meeting. Judith said she read in the School Board minutes that they are thinking of encumbering \$70,000 to pay for the retirement costs for this past year. Kim agreed that was talked about. Judith stated that if the School Board is encumbering the \$70,000, it is adding to the budget in spite of the vote, and the budget will be over what was approved by the voters, and more than what they originally asked for. Judith asked if there wasn’t someplace else in the budget that the funds could come from instead of encumbering. Kim stated in the adjustment report, they spoke of transferring out of the high school tuition line, but that was only as a last resort. Judith said the people cut your budget and you are increasing it anyway. Dick said that the decision will be made at the June meeting to encumber any funds. He stated that he needed to know what would be coming back to the town. Kim said that it is true the town voted for a bottom line budget for expenses, and the Board had to make a decision on what was the best way to move forward for the kids and what was coming up. They did not vote for a budget for us to return the money to the town. Kim said in good faith, they will do their best to not transfer the high school tuition money. Dick said that any funds that come back from the school will help in keeping a stable tax rate, and wanted to know how much is going to come back. Kim said that the people voted for a budget, and they will address what needs there are and if there are funds left over, they will give it back to the town. Dick stated he needs that number to know what the tax rate will be. He said the town numbers are already set and the last piece of the tax rate setting information is how much is coming back from the school. Todd wanted to clarify his point that he didn’t want to see an addition to the budget without cutting somewhere else. It is a simple balance.

The Committee looked at the enrollment reports. There has been an increase of 20 students. Dick asked to see reports for the past 13 months. Kim will get those reports for Dick. Kim reported that in

Oct, 2011, there were 377 students. Now there are 388. Total with the Kindergarten is 426. In May it was 406 and October had 416.

Other

Matt reported that he had received a private letter regarding the conduct of a Budget Committee member at a public meeting. He did not want to mention any names, but wanted to make it clear that what he is trying to do is to bridge a divide that has been growing for some time. He wants to work in collaboration with the political bodies, not opposed to them. Everyone has a constitutional right to free speech, but if a member has specific knowledge or uses reference to their authority, that becomes an issue because one person cannot speak for the budget committee. The Committee acts as a body. Anything that requires your specialized knowledge or if you have questions or issues, we have a forum right here. Please bring your enthusiasm to this meeting. Speak your mind, ask questions, this is the forum. Matt does not want the Budget Committee's reputation in the community to be effected by one, two, or three individuals. When we act outside this meeting, we are acting as citizens, not as members of the Budget Committee. Matt wanted to go over some of the roles and responsibilities of the board. He passed out copies of the Municipal Budget Law RSA 32:1 (Purpose) and 32:16 (Duties and Authority of the Budget Committee). Matt recommends that everyone get an updated copy of the LGC Law of Budgeting book. The Budget Committee has the authority to request information and act like an appropriations committee and do similar functions like that. The Committee's powers fall short of effecting policy. When we start using our authority to start bullying other organizations, that is exceeding the scope of our committee. We have every right to be bull-ish on expenditures and our goal is to make our government as efficient as possible, reducing costs where they can be reduced, but not at the cost of sacrificing vital services. As a way of bridging this divide, Matt will meet with the Chairs of the Board of Selectmen and the School Board and develop a road map to try to bridge this heightened political discourse that shouldn't be involved in this level of government. Lynn commented that in the past meetings have been scheduled with the Board's. Sometimes it worked, sometimes it didn't. The level of discourse is always different, depending on how much the Committee agrees with or not with the Boards. If they agree, everything is great. If not, it's not.

Kim feels that a meeting with the School Board is a good idea. She claims that what took place last Thursday caused damage to be done. She stated the Board is going to need help to be able to collaborate with the Budget Committee because of what happened. She feels it is too bad, because it is not the whole group, just one individual. She is glad Matt is addressing it. We need the road map because the School Board had a meeting prior to the School Board meeting on communication, and building a plan, and how to work collaboratively together with the other agencies and how to communicate and how to bridge that. And then everything just kind of collapsed. It is going to take a while, but this is a good starting point. We felt we were attacked last Thursday.

Rules of Procedure

Todd asked, since all the Committee members are elected, do we really have the authority to remove a member if they miss some meetings. Dick doesn't think so, suggestion to schedule at the next agenda to review and revise the rules of procedure. If not, that section needs to be removed from the Rules of Procedures. **Dick made a motion to table any talk on the Rules of Procedure until everyone can look at them and have an agenda item for the next meeting to discuss them and amend them. Seconded by Christine. All in favor. Motion carried.**

Dick passed out copies of a Town & City article "Selecting the Rules for Boards of Selectmen" to explain rules of meetings and questioned Matt on which version of Roberts Rules of Order is he going by.

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Christine asked about the LGC training for Budget Committee and whether we have any new information. It will be in Plaistow in August.

Matt asked everyone to come to the next meeting with their proposed edits to the Rules of Procedure.

Kim reported that Karen Lessard, starting in July, will be able to break down the High School Capital Costs from the Tuition for the Budget Committee. Christine asked her to extend the Committee's thanks to Karen.

At 8:45, Judith Szot made a motion to adjourn. Seconded by Paul LeBlond. All voted in favor. Motion carried.

Minutes respectfully submitted by,
Cheryl Eastman