

**Approved
Candia Budget Committee
Meeting Minutes
April 10, 2013**

Members Present: Matt Broadhead, Lynn Chivers, Carla Penfield, Todd Allen, Paul LeBlond, Judith Szot, Christine Watson, Emily Roster, School Board Representative, and Carleton Robie, Board of Selectmen Representative.

Matt called the meeting to order at 7:00.

Election of Officers

Matt entertained any motions for election of officers. **Carla nominated Matt Broadhead as Chair. Seconded by Judith. Todd made a motion to keep the officers the same as last year – Matt as Chair, Lynn as Vice-Chair, and the Secretary the same as last year.** Christine said she was the Secretary last year and did not want to do it again this year, so she would like to see them voted separately. **Vote for Matt as Chair was 9 to 0. Motion carried. Todd made a motion for Lynn as Vice-Chair. Seconded by Judith. Vote was 9 to 0. Motion carried. Todd made a motion to nominate Paul as Secretary.** In answer to a question from Paul, Matt explained that in Cheryl's absence, Paul would take the minutes of the meeting. **Seconded by Carleton. All in favor. Motion carried.**

Old Business

Approve Minutes

Matt made a motion to approve the minutes of January 17, February 2, and February 11 meetings as written. Seconded by Lynn. All in favor, with the exception of Carleton who abstained because he was not at those meetings.

New Business

Discussion of Election Results

Todd feels it is interesting that on the town side of the ballot, any article that had financial impact had at least 200 votes against it. Anything on the school side that was financial had at least 400 votes against it. When the Budget Committee said no on anything, there was an additional 200 vote shift against it. Matt asked on items that had a close vote by the Budget Committee, was the ballot vote also close – as opposed to a 9 to 0 vote by the Budget Committee. Todd said it appeared to be more along the "recommended" or "not recommended" lines more than the number vote of the Budget Committee. Emily felt that it would be a good idea to put the numbers of the Budget Committee vote on the school ballot instead of just a recommendation or not. Matt questioned at training last year who decides if the numbers of the Budget Committee vote gets printed on the ballot. Todd said it is decided by the governing body. The Board of Selectmen control what goes on the town ballot and the School Board controls what goes on the school ballot. Emily said that next year she will make sure the vote totals of the Budget Committee gets on the school ballot. Todd said that there was also some misinformation sent out before the election. He saw something that came out that said the school default budget is \$150,000 less than what they were asking for, with absolutely no reason why they want the higher amount. Emily said that next year the School Board will try to sell their budget better. The unofficial information that went out this year didn't have a lot of facts behind it and unfortunately that is what went to people's homes and that is what they saw. Carla felt that the voters, by saying no to the school budget, felt they were saving a significant amount of money – compared to if they had said no to the

town budget. It was a much larger number. But on the other hand, they voted in all of the social agencies except one. The Budget Committee had discussion last year about whether they should recommend them or not. Some people feel if they want to donate money, they can do that, but we shouldn't compel taxpayers to donate money through their tax payments. Clearly the voters wanted them to pass. Carla feels that people think these social programs directly affect them. Lynn said maybe they think they are good causes. Christine said that those programs are well established, well known organizations that the town has been approving for years. The Budget Committee didn't give any specific reason why not to vote for them except for lack of information. The voters have never seen that kind of behavior from the Budget Committee before. Matt informed the Committee that information from all the social agencies had been submitted to the Board of Selectmen during the budget process, but the representative from the Board of Selectmen did not communicate that to the Committee. It should have been. Todd still feels that those funds should not be coming from tax money. If someone wants to help these agencies, they can do so on their own. Matt commented that the total of all the social agency articles was roughly \$28,000 and that was approved, but the voters said no to a \$12,000 new copier in the Selectmen's office. The copier has a direct impact on the town's effectiveness. Paul said that he was surprised that on a lot of ballots, there were only one or two items voted on. The ballot is too long. Carleton said that regarding the charitable contributions people in the community use those services for a lot more value than \$28,000. There are a lot of people that are not as fortunate as we are, and it would cost the town a lot more money in assistance if these services were not there. Judith feels that the bottom line is that people vote for the smaller number, no matter what. Emily said that in prior years the higher number on budgets has passed. Lynn feels that people are still reacting to the previous year. It was such a huge increase in the school budget and a lot of people that were complacent in the past got really angry about the proposed increase. Road Agent Dennis Lewis said that one flyer that came out right before the election said that the town had spent \$2.5 million on Patten Hill Road. That is not true. He contacted the person who paid for the flyer and he said he had no idea where the number came from. It was in a note that was given to him. That kind of mis-information does hurt. That particular article passed, but by the smallest majority ever.

Review of School Expenditures/Revenues

Emily supplied information regarding budget adjustments and estimated fund balance for June 30, 2013. The school had looked at ways to make sure they fund some of the facility needs we have been talking about, meet the default budget for next year, and also fund some more technology that is needed. They have estimated that at the end of June, 2013, they will have approximately \$450,000 surplus due to savings and not using the \$90,000 for bussing that was in the budget. At the advice of the Budget Committee, they School Board will not be returning surplus funds at the end of this year. It will be utilized for purchasing the new math program, among other things. The School Board feels it is not right to purchase a new program in July and throw it in front of the teachers a couple weeks before the start of the school year. The School Board will buy the program now and let the teachers have the entire summer to go over it and be prepared. Emily explained that the funds were in next year's budget, but they will be purchasing the program out of the surplus after June 30, 2012. They will be spending approximately \$90,000 out of the surplus and taking the net out of the Textbook Fund and they will be closing out the Textbook Fund. The packet Emily presented outlined the proposed facility improvements that will be done over the summer. This summer will be a short summer, but Peter Barbuto said they will get as much done as possible. As for the technology, there is not enough technology to go around for all the classrooms. They decided to buy Chrome Books. They are a lot less expensive than buying iPads and they have keyboards so the kids can practice typing also. They will be purchasing 60 of them. They will also be re-aligning some of the technology they already have and getting them into the classrooms for better utilization. In summary, the projection was that there would

be \$450,000 left over in the budget at the end of the 12-13 year. From that, subtract the two warrant articles that passed in March, 2013 to be funded from the surplus for a total of \$62,500. Then subtract the amount that is being front-loaded by purchasing items out of this budget so that the 13-14 budget can be reduced to meet the approved default amount. Subtract \$120,625 for the maintenance items that are going to be completed this summer. Then subtract \$27,300 for technology purchases to enable them to reduce the 13-14 budget by that amount. It is undecided if they will be closing out the Technology Fund at this point. Emily feels it should be kept open because there are always needs for Technology. The standardized testing that will be done next year is also another reason for the need for updated technology. They are starting to run the testing now, but there are issues with computers locking up with it because they are running the tests on older computers. Todd said he is interested in seeing what the variance report at the end of the fiscal year says. The Budget Committee went through a lot for the budget that we are currently using and there was a lot of talk about being underfunded. But, we get towards the end of the year and there is almost a half a million dollars left over; or there would be if we weren't pre-funding items for next year. If items are in the budget, then the Budget Committee in the past has not had a problem with expending more money on it, but when they start pre-buying for next year for things that were budgeted for next year, that is where he has a problem. Why did the Budget Committee spend all that time on the budget if items are going to be pre-bought out of the prior budget? Todd added that the school could have operated under the budget that the Committee cut to. It is kind of hard to look at a budget and wonder if it is factual or is there a crap-load of fluff in there? How do we look at a budget and not know if it is good or bad. Christine said it is one thing to want to reward good behavior for saving money, but this is a lot of money. It's one thing if it is \$100,000 or \$200,000. But half a million dollars is a lot of money when we had such a spirited debate on it last year. Carla said that last year the Budget Committee kept saying that the School can do it with the Budget Committee proposed budget and it got loud and nasty, but this doesn't look good when you show us that what we said initially was correct. Emily said that the \$90,000 can be taken out right off the bat because they didn't use the two additional buses. Christine reminded her that there was a spirited debate over that issue as well. She feels it was a good decision to not do it, but when they suddenly switch after all the research and debate, it contributes to the concern over the numbers. Emily asked to table this part of the discussion until she can do some research and bring back some analysis to find out which lines were affected. There are huge swings from the proposed budget and actual. There was \$70,000 for a nurse for a Special Education student that was not needed because the student moved away. But it had to be in the budget originally. We also saved money by keeping Special Education students in district as opposed to private schools. That is all great, but we had to budget for it at the time. Todd said that is why he wants to look at the actual numbers after June 30, 2012. Judith said that the school is doing the same thing this year that they did last year. They used funds that were from the previous year's budget and encumbered them to pay expenses they were going to have in this school year. That freed up an amount of money out of the next year's budget. Judith said that by doing this, the School has gone against the wishes of the voters. Emily disagreed because it is a bottom line budget and the voters don't vote on whether the school buys pencils as opposed to toilet paper. She explained that by pre-funding the teacher retirements last year, it freed up money to do the facility work that really needs to get done. The budget next year is a tight budget. This is the first year that the insurance amounts were real numbers at budget time and not estimates. Lynn said the item that bothers her is the \$179,000. The townspeople voted for the default budget. That is what they want you to spend next year. So basically, the School Board is just taking money from this year that they have left over and will increase the amount. That is going against the wishes of the taxpayers. Todd said it is a matter of perspective. He said if he was on the School Board he would probably be doing the same thing. It is hard for budgeting because it is hard to know if we are putting forward a good budget or a bad budget. There was some general discussion of fiscal year end reports that the Budget Committee

would like to see. Matt would like to see the original, approved budget before adjustments vs the actual expenses. Todd is concerned with the time that the Committee has to wait after June 30 to see the reports. The Committee would like to see the reports sooner, even if they are unaudited. Carla said she would like to not see the list of improvements be so large all at one time. She feels that whoever at the school is in charge of these maintenance items should be addressing them throughout the year. Emily said that we had talked about the maintenance items that needed to be done at great length last year. We knew this was coming. She went on to say that the advice of the Budget Committee this year was to not return funds to the town and instead fix the issues with the building. Every year there has been enormous pressure for the school to return as much money as possible and so these things weren't done. We have been fixing this equipment over and over and over again. Now it needs to be replaced. Peter Barbuto is a fantastic maintenance person and he saves the school a lot of money by fixing things instead of replacing them. Carla stated that is his job and he gets paid well to do it. He does a good job. He does what he is supposed to do. But, these things should not be piling up like this. If he is doing his job he has a duty to come to the School Board and say, we need a new fan, rather than to wait however many years we have waited for this list to get to be \$120,000. Carla would like to tell the School Board to make it clear to Mr. Barbuto that he is to keep a close eye on things and let you know when something needs to be fixed so we don't have this huge bill again. Emily said that is what they are doing now. We have a five year plan that has many things on it that needs to be fixed. They are working on it. She doesn't know what else to say about this because we have all been talking about this for a long time. Emily said again that Peter has saved the district a lot of money by being able to fix things and get several more years use out of them instead of replacing them first. Todd pointed out that any Board or Committee that changes from year to year runs into this type of problem. One Board didn't put a lot of priority on fixing things, but this one now is. We need to get these things taken care of. Christine said that this Budget Committee is trying to get them to budget for things each year and handle them as they come up. We should give them a little time to move towards that. Emily said that we are not going over budget; we are spending the amount the town approved. Matt asked if the proposed budget had passed, would the school be returning \$127,000 back to the town instead. Emily said that the math program would still have been purchased this year. She said that the decision was made months ago to purchase the math program this year no matter which way the vote went. Carleton asked if the School Board knew months ago that they would have that much money left over at the end of the year. Emily said yes, there is usually that much left over any year. In an 8.2 million dollar budget, having a \$100,000 surplus is very good budgeting. Judith asked why it appears everything that was on the 5 year plan at a proposed \$35,000 per year is going to be done this year. Emily said they are planning on doing a lot of it because they have the money. Judith said it was not the intent to have all the work done in one year, but to spread it over several years. She added that \$450,000 is one dollar on the tax rate. Carla said that the town voted in the default budget and thinks that is what the school will be getting, but in fact they will be getting a lot more. Todd said no because the budgets for each year are voted by the people and the school is not going to spend more than the amount approved. They are just shifting it around.

Question on Town Items

Carla said that \$48,000 was expended out of last year's winter road maintenance fund, even though we didn't even have any snow last year. So Carla would like Carleton to let the Budget Committee know what the \$48,000 was spent on last year. Judith added that there is a line item in the operating budget for \$141,000 also. Cheryl said that spreader runs when it is icy instead of snowing comes out of that line. When we spend more money on salt and sand than was budgeted, that comes out of that line also. We run completely through the operating budget lines before we go to the warrant article. Carleton said he wasn't here last year but if he was, he would have looked at that \$48,000 because it didn't snow.

He added that everything that happens from January through March is storm related, between payroll, salt, and sand. Through March in 2012, the total spent on those items was \$181,000. If you look at the same time period in 2013, when it snowed quite a bit, the total spent is \$256,000. The difference is \$68,000. In the budget this year, the winter road maintenance lines are over-expended now. Road Agent Dennis Lewis confirmed that as of now, we are currently into the Excess Winter Road Maintenance article by \$15,000. Carleton added that there will be FEMA funds coming for the February storm that will bring us approximately even. Carla said she didn't like what happened last year with this fund and asked if when moneys are going to be taken from that fund, is that something that the Board of Selectmen makes a decision as a group to do, or is that just automatically done in the office. Carleton said that he can't speak for what happened last year, but this year, Dennis came to the Selectmen and said the funds for winter maintenance are depleted and asked the Board if they wanted to cut back on his summer maintenance program, or go ahead and do the summer maintenance program and if it storms next November and December, do they want to use the Excess Winter Road Maintenance. Dennis said when we get into that situation he goes to the Board for that discussion. In 2012, it wasn't until the last couple weeks of the year that put the budget over. One week alone was a \$25,000 expenditure. Carla asked about the Moore Highway Fund. She wanted to know if funds are withdrawn from that fund, is it by a decision of the Board of Selectmen. Carleton said that he can't speak for last year, but the two years prior to that, the Road Agent was going to bring a project that he wanted to do to the Board for approval. The Board could also say no for any project for that year. Carleton likes to put a little bit of money into the infrastructure because he feels that it is a good investment for our community. Carla asked again if the Board discussed as a group taking any money out of the Moore Trust Fund. Carleton said, yes, hopefully. Dennis explained that last year the fund was not used because of all the discussion that had occurred last year with the Budget Committee. They left it alone. Carla said that the Budget Committee does not have a clear understanding of the highway money. Carleton said he thought if the Moore Highway Fund doesn't get expended, it is supposed to go into the general fund. Dennis said the Moore Highway Fund had never been brought to him until three years ago when it was used to do a \$13,000 (+/-) project. Carleton said that in the past the funds were put into the general fund. Dennis commented that it would indirectly fund the highway department, just like the State Highway Block Grant. It is money that doesn't have to be appropriated. Cheryl agreed, saying that was the way it was handled up until two years ago. Carleton said that was when Mr. Snow wanted to do a special project and that was when it started coming out and going directly to that project – for those two years – instead of going into the operating budget. This past year, there was no special project. Carla said she wants this Board to know what went on in the Highway Department. Carleton said it only happened for two years. Carla said that the Budget Committee should know about that when it happens. Carleton said he had been very outspoken about how that was handled the first time. Judith would like to know how the Moore Highway Fund is structured – what it is targeted for? What are the provisions for that fund? Is it written so the money can go to the Town, or is it written so that it goes to the roads? Carleton thinks the fund was intended for a special road project each year. Until recently, the Board of Selectmen in the past had misinterpreted it and used it for the roads through the general budget. Dennis explained that if the intent of the fund is to do a project and use the fund to pay for that individual project and the bottom line of his budget stays the same, it can be done that way. Starting two years ago, it was used to do a project over and above the operating budget. Carleton said that until two years ago, the money was put back into the general fund. Two years ago, the Board of Selectmen was by-passed by the liaison to the Highway Department and the funds were used for a project. Carla asked if it is Mr. Snow they should be talking to because he authorized the withdrawal of the funds. Carleton said after that happened once they brought it back under the control of the Board of Selectmen. Carla said she feels we get a lot of bang for our buck with the Highway department, but it is the Budget Committee's job to make sure the

bookkeeping is done right. Carleton and Cheryl will do the research and pull the time sheets and show where the money was spent. Matt wants to table the discussion until we get some more facts. He wants to see the documents to see what was spent and where it came from. He will add this to the agenda for the next meeting. Carla is wondering if, since at this point in the year, all the winter road maintenance has already been spent, and she assumes the budget is fairly tight, if the purchase of the cruiser might be postponed until later in the year, until the Board finds out how the budget looks in the fall. Carleton questioned that issue at the last Selectmen's meeting and was told that the cruiser had already been ordered, as soon as the budget passed. The Board was told that the cruiser was in, but it was the wrong color and came in over budget. Carleton questioned if the purchase had been brought to the Selectmen prior to ordering it. The Chief told him that the Selectmen had included it in their budget, the Budget Committee included it in their budget, and the people voted for the budget. So, that was enough to place the order and the cruiser came to Hillsboro Ford on April 8 a couple thousand over budget, and the wrong color. No one else at the Selectmen's meeting had a comment on it, or asked who is going to pay to have it painted the right color. Carleton went on to say that the budget is very tight with the winter weather we have had so far, the pay raises that were given out with no increases to the budget. He doesn't know where that money is going to come from down the road. Carleton said he was gone for a year and Cheryl has since left. He had been working very closely with Cheryl on the budget and could get information from her quickly. It will take a while to get up to speed again. Carla said that for the two unapproved raises that were given the Budget Committee was not consulted and the tax payer was not consulted either. Carla questioned the total of the two raises. Cheryl said there had been a 3% raise given at half the year, and on January 1, 2013, an additional 1.7%. Carla said that now it is compounded because recently the Selectboard have given the two women in the office salary increases in addition to the last increases. Carleton said that all happened prior to his return to the Board. Judith said that there is a position (Cheryl's) that they are not filling. They have increased the work load of the two in the office since Cheryl left. Carla commented that they haven't increased their hours – work is work – if you work 8 hours, you work 8 hours. Todd corrected that one position went from part time to full time hours. Carleton said that is irrelevant to the question. Carla asked if automatically a salary increase is given when someone goes from part time to full time. Judith said it increases benefits when someone goes to full time. Carla said she is not very happy about this. The town voted that it didn't want to give anybody raises. Carleton said that he wasn't a part of that, but he understands Carla's frustration. He said he gets frustrated also. On one hand he is told that no one needs to ask authority to order a piece of equipment because the people voted for it in the budget. But on the other hand the employees still pick up their paychecks that include a raise that people did not vote for. It doesn't go both ways. One thing was in the budget, but the other thing wasn't, but either way is OK because it suits them on that particular day. Judith said the 1.7% granted on Jan 1, 2013 was never submitted in the budget from the Selectmen. The Budget Committee was working on the budget and the Board voted to grant the raises without including it in the budget. It was kind of done behind the scenes. Cheryl confirmed that the Board submitted an almost level funded budget, and after it was submitted to the Budget Committee and did not include any raises in it, they voted to grant the raises. Carla said she is bringing this up because it was difficult to ask questions and get information from Mr. Snow last year. She would like Carleton to go back to the Select Board with the questions that were asked here. It is about organization, it is about bookkeeping, and it is about the will of the people. Carleton said there was a big swing last year in the Select Board. It went from being one way to completely the other way, with a new member that didn't know what was going on, trying to learn. We all know the history here. There was turmoil as far as budgeting and keeping it going on a good, smooth track. Now, Carleton thinks we will have to increase the budget at some point because they have opened the door and the fox gets in. There is going to be some issues. Carleton and the Board and Cheryl worked very diligently to get a budget that was acceptable to everybody and had been for two

years – and there was enough in there to cover anything that needed to be covered. But not now with the pay increases and a few certain other things. Carla asked what was the total of the raises granted? Carleton said 5% of close to a million dollar payroll is close to \$50,000.

Review of Town Reports

Lynn asked about the expense report, under Election Administration, the Program Voting Booth line is looking to be overspent. She asked what that was for. It was determined that number may be a typo. Carleton will look into that. Lynn asked about the amount spent on the line for Police Special Details. It is showing the \$5,000 budget, and we have spent \$14,000 year to date. Cheryl explained that this particular case is a matter of setting up the revolving fund and transferring the expenditures from January through today into that new fund. The new fund line has not been set up in the accounting system yet. The \$14,000 is the total of expenses so far this year. That will be transferred to the new fund as soon as it is set up. Carla asked if the money from police details will be shown as revenue when it comes in. Carleton said no, it will be going directly into the revolving fund. Carleton said it is a separate fund. He commented that we have a real hard time keeping track of funds, but we keep voting them in. Carla asked if the Animal Control budget had been reduced. Matt asked Carleton if he is at all concerned that if somebody is working for 10 minutes on a phone call that they are billing for a full hour? Carleton said he is greatly concerned. Matt understands that sometimes Police Officers get paid travel or wait time to go to court, but it is very different for someone that is working another job to place a phone call and then charge an hour's time for it. Matt asked Carleton to put that issue on his radar. Carleton responded that it is on everyone's radar, but the Animal Control in Candia is managed by the Police Department. Judith asked if it is true that the Selectmen have the authority to say they don't want this practice to continue? Matt said they should. Carleton said they could, but he is only one. If it was just him, he would tell the police to do it themselves and do away with Animal Control. Lynn said that Animal Control is fine, but if he works for 15 minutes, he should bill for only 15 minutes and not an hour. He always bills for an hour, no matter if he makes one phone call, or works for 10 minutes. This was at the instruction of the Chief. All that the Budget Committee is asking is that it be changed so that he bills only for the actual time he works. Judith said the Board of Selectmen is in charge of the employees of the town. She added that because the Budget Committee is there to look after the taxpayer's money, they would like him to go back to the Board and tell them that the Budget Committee is concerned about the fact that this man is being allowed to charge for time he is not working for the town. They increased his budget because he was over on his budget, but the reason he was over was because he charges an hour for anything. Matt added that kind of waste drives him nuts. Carleton feels that is a slippery slope. Matt asked if the Board of Selectmen sign off on payroll. Carleton said yes. He went on to ask if he was going to get up in the middle of the night to go pick up a dead cat. Matt said if he does that, he should get paid for it. Carleton said, if it only takes 20 minutes, do you want him to only get 20 minutes, in the middle of the night?

Christine made a motion to adjourn. Matt asked her to withdraw the motion because Todd has one more point to bring up. Christine withdrew her motion.

Other

Todd asked if the town and the school have a purchasing and procurement policy that is very specific and detailed, that includes minimum language that would be in the RFP that is sent out, minimum number of comparable bids or quotes that will be obtained prior to engaging any vendor, who has approval authority, who has to approve the RFP's before they are sent out? Matt summarized the question to 1.) does a policy exist? and if so, 2) what does it say? Carleton said the RFP's are written as needed. He said he is still figuring it out. Matt said it might be good to come up with something

standardized. Maybe that would eliminate confusion around if there are adequate procedures and if they are being followed. Todd explained that he is concerned that we keep going to the same bus company for the school for twenty years when we have never competed the bid for services. He feels that every five years that vendor should have to compete with at least two other vendors to provide services to the school. He also brought up shipping costs. There is \$3,000 worth of shipping costs for supplies budgeted for. With the size of the school, they shouldn't even have to pay delivery charges. Judith said also the repairs to the buildings. Do we know that a fan will cost that much. What about \$20,000 for locks? Did we get competitive bids on these? Matt will add that to the agenda for the next meeting. Carla said a lot of companies would ship for free to get that large of an order. Todd added that they also need to look at quality before the purchase is made. Matt said that when a budget is submitted to the Committee, it is an estimate of what they think it will cost. They don't make an RFP when they are making a budget for next year. They make an RFP when they are ready to purchase. Christine added that there should be language to cover ourselves for liability issues such as in vendor defaults as well.

At 8:45, Christine made a motion to adjourn. Seconded by Todd. All in favor. Motion carried.

Minutes respectfully submitted by
Cheryl Eastman