

Regular Meeting of the
Candia Budget Committee
September 11, 2013
Town Hall, Candia, NH
Approved Minutes of the Public Session

Present: Chairman Matthew Broadhead, Christine Watson, Todd Allen, Allyn Chivers, Carla Penfield, Paul Leblond, Judith Szot, Selectman's Rep. Carleton Robie, School Board Rep. Emily Roster

Also Present: Road Agent Dennis Lewis, Marlene Montminy

Call to Order

Chairman Broadhead called the meeting to order at 7:00 pm and after a moment of silence in acknowledgement and remembrance of the 9/11 tragedy, led the attendees in the Pledge of Allegiance.

Administrative Business

Approval of Minutes

Motion: To approve the minutes of August 14, 2013 as written. Motion by Allyn Chivers, second by Carla Penfield. All in favor, motion carried with Paul Leblond and Emily Roster abstaining.

Old/New Business

Moore Highway Trust Discussion

In an effort to put the issue of concern over the physical custody of the town's stock certificates to rest, Chairman Broadhead read an email he received from Tom Giffen, Treasurer for Trustees of the Trust Fund, that summarized the most recent modernization efforts being made to ensure the stock certificates were directly registered. Due to the age of some of the certificates and the changes in company names and registration agents over the years, the task of registration is quite time consuming, resulting in the administrative support person doing approximately 20 hours per month in research and related tasks. It is expected that an increase in the clerical budget line will be necessary to ensure the research and registration can continue, however, decreases in other budget lines can be made to offset the cost to make the increase more acceptable.

Chairman Broadhead stated that once the Budget Committee receives the budget from the Selectboard each member of the committee will be able to voice an opinion on the matter but felt that the registration of the stock certificates was important and should be supported.

Christine Watson asked what the stock certificates were worth. Chairman Broadhead stated that he had been told the amount third hand and did not want to speculate to the value. Christine Watson stated that an increase to the clerical budget line versus the value of the certificates could pay for itself or it could be determined that the certificates are worthless but the research needs to be done.

Judith Szot asked if it would be in the best interest to move the funds to a brokerage account where, although there are fees involved, the broker would do the research and tracking. Maybe a broker in town could do it. Chairman Broadhead noted that the certificates would still need to be directly registered and the fees of a broker could become costly. Todd Allen stated that the Trustees have looked into it and it is more cost effective to utilize the clerical staff.

After further discussion, Chairman Broadhead closed the topic with a reminder of how the concern over the physical custody of the stock certificates came to his attention when the trust documents were requested and provided and wanted to pass the information on, noting that steps are being taken to correct the issue.

Projecting Budget Expenses for 2014

Chairman Broadhead noted that last meeting a request was made to have "Projecting Budget Expenses for 2014" on the agenda. With regard to high school tuition expenses as a warrant article, reference was made to a letter provided by the School Board that was addressed to Superintendent Littlefield from attorney Gordan Graham regarding the 2006 discontinuation of drafting a separate warrant article for high school tuition for vote at the annual meeting.

Attorney Graham's review of the records, along with Candia's adoption of SB2 and the legislature's adoption of RSA 32:10, I(e), indicates that if a separate warrant article is defeated, there is no opportunity to reconsider. Also, Candia is obligated under RSA 189:1 to educate all its students until a diploma has been acquired or the student has reached the age of 21. Putting tuition in a warrant article to have it defeated would mean the School District is prevented from providing an education as stipulated in RSA 189:1 or it violates the Municipal Budget Law where it would need to expend funds for a purpose which was defeated.

In summary, the Municipal Budget Law does not authorize the Budget Committee to require the School District to divide portions of the operating budget into separate warrant articles. In an SB2 district, a default budget would exclude appropriations voted separately and the required tuition expenditure would not be included in the calculation of the default budget which could result in the inability to pay the entire cost of tuition if the proposed budget and the warrant article are both defeated.

The letter provided also included a copy of a Rockingham County Superior Court citation dated 02/05/2001, Salem School District v. Budget Committee of the Town of Salem, in support of Attorney Graham's response on the matter.

Chairman Broadhead asked all committee members to review the order, although it is not binding, it is interesting to note the court's reasoning.

Emily Roster stated that prior to Candia becoming an SB2 town, if a warrant article failed you could amend the operating budget to put the funds back in. But because we are SB2, it cannot be put into the operating budget.

In continuation of the topic of projecting School Board budget expenses and the RSA's noted above to purchase or mitigate any losses for the following year, Todd Allen asked how to address the School Board budget; by trends, an arbitrary reduction, reductions by the number of students constantly over budgeted.

Chairman Broadhead expressed concern for the potential of maximum enrollment despite it not having occurred in recent history. The Budget Committee needs to plan for that possibility. Additionally, there is always the possibility of a new student requiring significant services that could deplete a large amount of the appropriated funds.

Judith Szot noted that a Special Education fund existed and Emily Roster agreed and stated that the fund should not be depleted every year. Judith also noted that there is \$120,000 in the budget for textbooks that were purchased last year with leftover funds. Funds were also appropriated for building repairs, approximately \$35,000, that were also done with left over funds from the previous year, leaving approximately \$150,000 in the budget as unassigned.

Carla Penfield stated that this has been discussed for years without a conclusion. This past year was probably more ominous than in other years. Todd Allen stated he would prefer to have the discussion now while things are calm rather than during the budget season.

Allyn Chivers noted that a budget has not been received or presented yet, and agreeing with Todd Allen that a calm discussion would be desirable, until it is presented opinions on the budget is preemptive at this point. Tuition is always funded at the maximum number of students. Emily Roster said the tuition appropriation is formula driven, for every student that is in ninth, tenth, and eleventh grade this year and eighth graders next year multiplied by "X" gives you the amount needed. There are some factors or reasons why the line item is over budgeted such as capital costs that Manchester pays, as noted in the memo provided last meeting. Manchester does get aid from the state, although not guaranteed, so the School Board has to budget for that amount. The funds provided by the state are being reduced and Candia will be getting less money this year for aid for our students. If every student were to attend the schools that we need to provide tuition to, then all funds would be spent. There is nothing extra built into it.

Christine Watson stated that it would be nice to apply the same logic to every other line based on the same inherent risk. One severe winter cannot dictate a budget request for the next year. We need to take a responsible budget approach to all the items. Maybe the School Board will shock us.

Referring back to Judith Szot's comment on the undesignated funds, Emily Roster stated that the \$35,000 will be spent this year on the building repairs and not sent back to the town. It was recommended that everyone take a walk through the building. At the next School Board meeting a presentation will be done showing the process gone through to do the repairs thus far. There wasn't any money spent that wasn't worthwhile to maintain a facility that is the center of town and the only place this town has to meet.

Paul Leblond brought up Hazardous Waste Day, asking how it was going to be put into the budget for next year. Christine Watson stated it should be in the budget itself to avoid having residents dispose of their hazardous waste in undesirable ways.

Emily Roster stated that fewer warrant articles would be nice since we usually have so many. Christine Watson felt that the committee did a really good job with the budget last year, being very conscientious about it. A fact based approach was taken. Chairman Broadhead thought it went well.

Meeting Schedule for the 2014 Budget Season

Chairman Broadhead asked for feedback on last year's process, the number of meetings needed, and general scheduling. Finalization of the schedule was not needed today but should be finalized at the next meeting and also approve the language for the flyer. The committee was asked to keep it in mind and bring forward any proposed edits. Chairman Broadhead felt last years flyer was perfect and should just be updated with new dates.

With regard to scheduling meetings, discussion was had about last year and how to best go forward with the 2014 budget meeting schedule. Allyn Chivers went over the schedule for last year noting that the Budget Committee did not meet after the joint meeting with the Selectboard to discuss the town budget. Carla Penfield suggested the committee meet immediately following the joint meeting with the Selectboard.

Emily Roster indicated she would provide the meeting schedule for the School Board and Chairman Broadhead asked Selectman Robie if he knew when the Selectmen would be making their budget recommendations to the Budget Committee. Selectman Robie stated the department heads would be presenting their budgets on Saturday (9/14/13) so the Budget Committee could expect the recommendations shortly thereafter, presumably by next meeting currently scheduled for 10/9/13.

After further discussion, Chairman Broadhead stated that he would circulate some proposed dates before the next meeting for the committee to review and to ensure there are no conflicting dates with the School Board and Selectmen.

Referring back to budgeting expenses for 2014, Carla Penfield stated a request was made last year from the charitable organizations to provide a report reflecting what the funds were going to be used for. A budget from the town library was never received. In order to be fair all the way around, should a budget report be requested from the library if they are asking for funding through the town. Chairman Broadhead stated the difference between the library and the charitable organizations is that the library is a service available to all residents whereas the charitable organizations are not services that are available to all residents but reports should still be provided in an effort to show how the community benefits.

Carla Penfield noted that the library is typically level funded; they are very good with their money and did not believe they would be against providing a budget to the committee.

Todd Allen wanted to make sure that the residents of Candia were being provided the services that the charitable funds were designated for. If funds are requested from the town of Candia, they should be used for the residents of Candia.

School Board Budget Reports

Starting with the expenditure report, after much debate over which reports were really needed, Emily Roster shared that the School Board met last week and that there was nothing really unusual to share at this point since we were only about a week and a half into the school year. Christine Watson asked if there had been any significant special needs students that were unanticipated. Emily stated no but there was some damage from a lightning strike that occurred over Labor Day weekend that was expected to be covered by insurance.

Allyn Chivers inquired about line item "Purchase Service Assessment" in the budget reports, specifically what it was for. Emily Roster said it was for the services received from the Superintendent's office. Allyn Chivers then asked what would happen if Hooksett left. Emily Roster replied that the state would not let them and advised the Budget Committee that the fees associated with the on-going legal battle was not being absorbed within the School Board budget.

Judith Szot asked for an explanation regarding the salary for the Psychologist. Emily Roster said that despite the efforts of the School Board, they were unable to fill the vacant part-time Psychologist position and decided to change the position to a contracted position. The budget transfer done from Salaries to Contracts was for the purpose of funding the contract. Chairman Broadhead asked if the long-term plan was to continue contracting. Emily Roster confirmed that it was. Judith Szot asked if we were getting more services under the contract than we did as a part-time position since it appears we are paying more for it. Emily Roster could not answer the question but stated she would find out. Christine Watson asked if it was a function of not just the salary but the related payroll lines, such as benefits, versus a contracted position where the benefits are no longer being paid out.

Emily Roster noted that the funded position was only part-time so there were no benefits (retirement, health insurance) but the School Board felt the person they have contracted with is very qualified and would provide great service to the kids. Todd Allen commented that when you outsource for services it is expected that you will pay more simply because there are costs associated with outsourcing.

Referring to the high school tuition budget line, Emily Roster stated that the way it has to be budgeted is that all the funds are designated under public tuition but because we have some students who attend Pinkerton Academy some funds are reclassified to public academy for reporting to the state per their requirements to show how much is spent on public versus an academy.

With review of the enrollment statistics, Emily Roster said that the town was down a significant number of students. Noting that the number enrolled on October 1st is the day used to report to the state as required. Also noting that the number enrolled last year on opening day was 405 and this year was 379. Carla Penfield asked where the students were going. Emily Roster said that a very large class of eight graders graduated last year and the kindergarten enrollment was only 23. People are not moving into town with kids and the population is aging. Selectman Robie concurred.

Todd Allen, referring to last meeting, stated that the School Board representative was not present and asked if there was anything that needed to be discussed regarding the end of the last school year. Chairman Broadhead mentioned the two budget adjustments that were discussed last meeting that there was some confusion with, specifically the dates. Emily Roster believed that a change had to be made which was why there were two with the same date but with different amounts but would have to look back to the meeting minutes to confirm. Chairman Broadhead stated it was after the budget had passes and the School Boards first meeting after that. The reports in question will be forwarded to Emily Roster for follow up at the next meeting.

Chairman Broadhead said it appeared that a lot of the unused funds from the last school year were not going to be used to lower the tax rate in the next budget. Emily Roster stated that the unused balance was not known yet since the books have not been closed yet.

Town Budget Reports

Selectman Robie stated that everything seems to be going along fine. Judith Szot noted that the revenue was down \$74,000 and asked if it was going to affect the budget in any way. Selectman Robie said it would not be known until the end of the year. There were several things still due from the federal government including grants.

Judith Szot asked if the increase in the police budget was due to the purchase of the new cruiser noting the expenses were up \$23,000 over the same period last year. Selectman

Robie stated it was due to the cruiser. A cruiser was not purchased last year; two were purchased two years ago.

Chairman Broadhead inquired about the Special Detail Fund. Selectman Robie indicated that the town should not expect to see much money from it and noted that he was no longer handling it. Christine Watson asked if it was going to self-sustain like it was supposed to. Selectman Robie said we would have to wait and see but there is usually never enough money to offset the purchase of a cruiser like we had hoped. Chairman Broadhead said it will be kept in mind when a cruiser is requested in the budget. Allyn Chivers said we are not getting reimbursed like we are supposed to be so it is not working. Carla Penfield referred to the process as a paper shuffle. Todd Allen asked if the town had any special details. Selectman Robie said they were down considerably.

New Business

Chairman Broadhead noted the Selectboard was meeting this Saturday (9/14/13) at 9:00 am at town hall to discuss the budget proposals. All department heads and members of the Budget Committee are invited to attend.

Chairman Broadhead proposed to have the same budget that was recommended last year taking into account the flyer that gets distributed. Asking for feedback from the committee, any recommendations to increase or decrease the budget recommendation. Allyn Chivers noted the \$250 designated for printing and asked what the actual cost was for printing the flyer. Chairman Broadhead said he believed it was just under the \$250. Postage was also approximately \$250. The other line items were adequate and did not feel any changes were necessary. Selectman Robie noted the funds for the Secretary were only 25% expended. Chairman Broadhead noted that the committee did not have a secretary for two months leaving funds unexpended during that time. Printing supplies and postage do not get expended until it is time to print the flyer which will be in early November. Allyn Chivers stated that the flyer went out too early last year. Too much time had passed between the mailing of the flyer and the first meeting. Judith Szot asked if it would be something that would be printed in the newspaper. Chairman Broadhead said a legal notice could be done and posting on the town website could be done at no expense. Further discussion regarding the mailing of the flyer will be done at the next meeting.

Adjourn

Lacking further business, Chairman Broadhead entertained a motion to adjourn.

Motion: To adjourn. Motion by Todd Allen, second by Christine Watson. All in favor. Motion carried.

The meeting adjourned at 8:01 pm.

Recorded by Marlene Montminy