

Budget Committee Minutes 10/26/11

Contributed by Lisa Fellows-Weaver
Wednesday, 04 January 2012

Budget Committee

Minutes

October 26, 2011

Official as of November 29, 2011

Vice-chairman Jim Vaillancourt calls the meeting to order at 7:02 p.m.

PRESENT: Vice-Chairman Jim Vaillancourt, Selectmen Representative Scott Bryer, School Board Representative Tim Jandebour, Ginger Dole, Mark Boucher, Kate McNally, Nona Holmes, Bonnie Sears, John Difeo, Hal Kreider, Muriel Johnson, Herb Johnson, Board Administrator Linda Smith, and Board Secretary Lisa Fellows-Weaver. Chairman Daniel McNally arrives at 8:48.

ABSENT: Water District Representative John Jacobsmeyer; Excused Betsy Colburn.

Minutes

October 6, 2011

Ms. Dole makes a motion to approve the minutes of October 6, 2011, as amended. Second by Mr. Jandebour.

Page 1: Change John Difeo absent to excused.

Page 2: Add: …represented in the special education line, 1200-5569-000.

Page 2: Delete: a…

Page 3: Change: is… to …was…; Add: 1200-5561-000; 1200-5563-000; 1200-5569-000; Change: move forward… to …evolve; Change: a… to …the…;

Motion passes; 11/0/1. Mr. Bryer abstains.

Additional discussion is held relative to notations in the October 6 minutes pending additional information from the school board representative.

Mr. Vaillancourt refers to page 2 regarding pre-testing of students. Mr. Jandebour explains that the testing is to see if any services are needed for the student and this amount is the funds for the testing. He states that the testing is for pre-kindergarten (age 3) through kindergarten. Discussion ensues as to the cost per test per child.

Mr. Vaillancourt states that another item that the committee requested information for was regarding summer school. Mr. Jandebour states that summer school is handled by the SAU and all three towns address summer school together on a rotating schedule. He states that sometimes there are grants available for summer school. He adds that summer school is held in the schools, on a round-robin basis.

Further discussion is held regarding funding for summer school. Mr. Jandebour states that it is his understanding that the majority of the students involved with summer school are special ed. students. He states that there was no funding for summer school for regular ed. students. Mr. Jandebour will check into if the summer school grant includes regular ed. In addition, he will check into the extended school year for spec ed. students. Mr. Vaillancourt states that the intent is to see that the summer school is clearly defined to see that the funds are in the budget.

Meeting Business

Mr. Bryer requests that the town be addressed first as Finance Administrator Sandy Garrett is present.

Town Second Quarter Report

Mr. Bryer states that the adopted budget for 2011 was \$3,263,099; \$292,000 is encumbered, with approximately \$1,000,000 remaining or 31%. He states that for the most part the town is right on track for this time of year.

Ms. Garrett states that there is nothing really off track in the budget. She notes that the legal lines do show deficits in some departments, as all legal is now budgeted under legal services.

Ms. Garrett states that the postage is moved quarterly from the executive office to the proper departments.

Town Clerk/Tax Collector

Mr. Kreider asks about the deputy town clerk salary line, 41504/110. Mr. Bryer states that a new person was hired and is working at a lower hourly rate than what was budgeted for the prior deputy.

Police Department

Mr. Kreider asks why the legal line for the police department, 42112/320, is an exact amount. Mr. Bryer states that there is a retainer for legal services for the police department.

Fire Department

Mr. Kreider calls attention to various lines throughout the fire department that are underspent; stipends, salaries, health and dental. Mr. Bryer explains that a person resigned from their position and the department is currently in the process of recruiting at this time. Ms. Garrett adds that another full-time employee has been out on leave since January 26, 2011. This is considered leave without pay status meaning that there is no salary going out on that line. She notes that the health and dental issues are related to this same employee as they were going to be on the family plan and it was later declined.

Ms. Dole asks about fire equipment for EMS, line 42211/612. Mr. Difeo explains that this line includes the purchase of a new cardiac monitor upgrade and other EMS supplies.

Mr. Vaillancourt states that \$390,000 was used to reduce taxes and he asks if this will be the case for this year. Mr. Bryer states that the selectmen have not set the tax rate yet and are awaiting an appointment with the Department of Revenue Administration (DRA). He explains the process and adds that there is a percentage of the town's budget, usually around 6½%, kept in reserve in case there is an emergency. He states that at this time he is unsure as to the amount in surplus. He states that if there is funding over the 6½%, the funds are typically used to buy down the tax rate. Mr. Vaillancourt states that there is an overage in the school budget and he asks how this will be addressed. Mr. Bryer explains that the selectmen can only adjust the town's tax rate.

Mr. Vaillancourt states that the town has spent \$21,000 more this year than last year as the same time (September). He adds that wages are up \$58,000 with most of that increase in the fire and police departments. He states that operating expenses are \$91,000 less, including town parade buildings and paving. Mr. Bryer states that work has been done and some invoices have not been paid as of this report. Mr. Bryer adds that the town is on task and will not overspend the budget. Ms. Garrett states that if trying to compare to prior years, it is difficult to do as each year is different with different circumstances to consider. She states that the costs of items increase on a yearly basis and mitigating circumstances always vary, gas, snow, plowing, heating fuel, etc. Ms. Garrett states that a good range at this time of year is for the budget to be between 27-31%. She further explains that the percentage decreases each month.

Parks & Recreation

Mr. Vaillancourt states that \$15,000 less has been spent in parks and recreation from last year. Mr. Bryer states that the league coordinator position has not been filled; this accounts for \$4,000.

Ms. McNally asks about the beach coordinator salary. Ms. Garrett states that no salary was drawn from this line during the summer months as the employee took a leave of absence. She explains that the employee will be returning to work. She adds that there was also no summer camp this year so no salary was drawn for camp counselors. Mr. Vaillancourt asks if there will be summer camp next year. He notes that this is an item that the committee will need to ask the department head during the budget process.

Fire-Rescue

Mr. Vaillancourt states that typically the fire department waits on purchasing equipment until the end of the year. He states that in the comparison of this year and last, more is being spent this year. He asks if more is being spent earlier this year or are there issues that need to be addressed. Ms. Garrett states that she is aware that there has been more spending within the maintenance line. Mr. Vaillancourt notes that the wages part-time line, 42211/113 is over. Ms. Garrett states that the part-time staff covers for the full-time staff. Mr. Vaillancourt refers to line 42211/610 for tools and hoses and states that \$11,000 has been spent to date. Ms. Garrett states that there are encumbered funds, which may not be spent.

Ms. Garrett provides an explanation of PO's (purchase orders); contracts and blanket purchase orders. She states that a blanket purchase order is completed by a department head for one specific vendor, for example supplies. Any remaining funds in that line would be used for another vendor. She states that a contract PO is a legal obligation to pay the company the funds. She explains that the contract funds are held until the invoice comes in and you have up to 90 days to do that after the close of the year. These are reserved funds with a great probability to be expended. She adds that another blanket PO would be for legal services, which the services are drawn against the PO as the invoices are paid.

Personnel Administration

Mr. Vaillancourt asks if unemployment, line 41552/250, is for insurance. Ms. Garrett replies yes and adds that this invoice is paid once per year, in full.

Welfare Vendor Payments

Mr. Vaillancourt referred to line 44452/440 and asks why no funds have been expended. Ms. Garrett explains that the welfare director has been able to locate other resources and utilizes those first. Mr. Bryer adds that some of these organizations may be non-profit organizations and their funds may now be depleting.

Overall Retirement

Mr. Vaillancourt asks about the expected increase in retirement. Ms. Garrett states that there were three figures provided last year and she explains that when budgeting, this area was budgeted on the high side. She explains that for the first 6 months the figure was in the mid-range. As of July 1, the rates increased and the rate decreased as of August 1. She states that this amount is the figure now through July 2012, and the next increase will be in July 2012. She states that she will be budgeting the amount quoted as no other figure is known. Mr. Bryer states that the employee is now paying 2% more for a total of 7%.

School First Quarter Report

Mr. Vaillancourt states that the documents to be referenced tonight include figures through September 30.

Mr. Vaillancourt states that the adopted budget and revised budget figures appear to be the only difference. He states that there is a transfer in food services in the revised budget of \$49,000, page 10. He notes that the adopted budget is not the budget that went to the town and refers to the town report.

Mr. Jandebour states that there have been different budgets and the adopted budget presented is the budget that the school board adopted May 12. He acknowledges and agrees that there is an issue of \$49,000; however, the adopted budget is the amount approved by the school district meeting and includes the numbers after the school board revised their budget, reducing the \$577,000 on various lines, which is the adopted budget.

Mr. Jandebour explains that the school board has just started a comprehensive line item adjustment process, which can only be approved by the school board. He states that the revised budget will change each time there are approvals to take funds from one line and move to another. Further discussion is held regarding this new process. Mr. Jandebour states that the school board will be approving the movement of all funds and overall the school board feels that this process will better track funds so that there will not be any over spending. He states that the next financial statement will show a substantial amount of funds moved in various lines.

Ms. Smith explains that the town does not change the budget, lines are over-expended. Mr. Jandebour states that there are many departments/people in the school and the school board felt that there needed to be a control so that if someone agreed to spend in a line that was not their line, the school board would be aware of it.

Additional discussion is held regarding possibly setting up some form of a notation that will indicate that there have been funds relocated in the specific lines. Ms. McNally requests that the changes be noted as she feels this information is important so that the committee is aware of the transfers. Mr. Johnson agrees and feels it is necessary to know where the overages are. Mr. Kreider states that the committee really just needs an accurate budget and the school board representative can provide a list of what has been changed. He feels that the school board is taking this step as it will help control the expenses. Mr. Jandebour states that he will ask to provide a list of changes for the next meeting.

Mr. Kreider asks what the \$2 million remaining represents. Mr. Jandebour states that the \$2 million represents what has not been spent or encumbered. He states that he feels that there are many items that should be encumbered and he has been assured that many of the items will be encumbered; therefore, the line should be much less. Discussion ensues regarding accuracy of encumbered lines.

Vocation Education

Ms. Dole refers to vocational education and states that there is \$25,923 shown in the adopted budget and remaining budget. She asks if there are students included in that tuition amount and are expecting an invoice or are there no students at this time whose tuition would be under this line, 1310/5561/000.

Mr. Jandebour replied that he believes that this should be encumbered and is not. Mr. Vaillancourt states that the encumbrances are the most important line for the committee to look at this year. Mr. Jandebour understands and adds that he is working to have the school take advantage of utilizing encumbrances.

Bonnie Sears leaves at 8:20 p.m.

Retirement

Ms. McNally asks about the retirement variations. Mr. Jandebour states that the school board figured high for retirement and there is a surplus in NHRS lines as the figures came in less. He explains that there was movement in personnel as well. Ms. McNally notes that there are some lines that are in a deficit and refers to the nurse's salary and guidance salaries. She suggests that all NHRS lines be reviewed. Mr. Jandebour will have the rates reviewed.

Mr. Vaillancourt states that the committee has already requested that the school board provide a worksheet of all employees with the retirement. Ms. McNally adds that any corrections should be noted, if applicable.

Contracted Services

Ms. McNally refers to 2140/5323/020. She states that nothing has been spent from this line. Mr. Jandebeur states that he feels that this is another section that should be shown with encumbrances. Ms. Dole states that all of the contracted services lines should be encumbrances. Ms. McNally states that there is a change in personnel and asks if there will be a change in the way that this is funded or will it be a contract. Mr. Jandebeur states that he will ask that question; however, believes this will be funded on this line.

Ms. Dole asks if it is too early in the year to pay for speech services or is there a contract and should this be encumbered. Mr. Jandebeur states that he feels that this should be an encumbered line.

A discussion is held regarding contracts. Mr. Jandebeur states that there is a speech contract. He adds that the teachers have contracts. Mr. Jandebeur states that the superintendent feels that depending on the school district, there is a budget, and everything but 5 to 6% the school board can fluctuate. He adds that the 94-95% should be encumbered funds as they would be contracts or purchase orders. Mr. Kreider states that this would depend on if the definition of encumbered equals anticipated plus the purchase orders.

Mr. Bryer explains that typically if there is an approved contract with a vendor, that figure becomes a contracted encumbrance. He states that if there is a purchase order, once the purchase order is generated from the software, that figure is encumbered. He adds that salaries typically do not get encumbered until the pay is actually earned, reason being because an employee may quit.

Mr. Vaillancourt states that the financial staff from the school is not present. He requests that Mr. Jandebeur ask the school's finance administrator and find out what is included in the encumbered lines.

Revenue

Mr. Vaillancourt notes that there is no figure provided in the revised and adopted budget on the revenue report. He states that the report does not show what was projected. Discussion ensues regarding the MS27 report and estimated figures. Mr. Jandebeur will check into this for the committee.

Mr. Vaillancourt calls for a recess at 8:41 p.m. Session resumes at 8:48 p.m.

Chairman McNally arrives at 8:48 p.m.

Other Business

School Budget Materials Due Date

Mr. McNally states that he received a request from the school regarding the date of delivering materials. He states that originally the information was to be provided on November 29, yet, Mr. Jandebeur had offered the materials to be available November 22 for members to pick up at the selectmen's meeting, which is the arrangement for the town materials. Mr. Jandebeur requests that the materials be provided November 29, and he adds that he would hope to have the information sooner and may be able to hand deliver. He states that he would appreciate the committee granting the request for additional time. Ms. Dole mentions the time frame needed to allow members ample time for a complete review. Ms. McNally agrees to granting the additional time to allow the school the extended time to provide the necessary and accurate information.

Mr. Vaillancourt makes a motion, second by Mr. Bryer, to reverse the motion made on October 6, 2011, and grant the school's request to amend the packet due date from November 22, to November 29, with the possibility that the packet will be made available sooner, if applicable. Motion passes unanimously; 12/0.

Budget Committee Procedures and Conduct of Town Officials

Members are provided with a copy of the budget committee's procedures as well as a copy of the Conduct of Town Officials policy.

Special Meeting

A discussion is held regarding holding a special meeting with the school board and the budget committee to air differences and view points. General consensus is that members feel that this would be a beneficial exercise; however, it may be something to conduct in August rather than during the budget season.

Further discussion is held regarding personal data of employees and how that information relative to insurance plans should be provided and acceptable for the committee. Ms. Smith refers to RSA 32:22 and explains what is in the committee's rights to request for information for the budget process. Mr. Jandebeur states that some employees feel that any personal insurance information should not be made available.

Discussion ensues as to what is interpreted to be public and personal information.

Superintendent's Letter

Mr. McNally explains the process should an entity anticipate overspending appropriations. He states that the water district and town have both met with the budget committee in past years regarding this process; however, this was not the case with the school.

Mr. Jandebeur states that the school board, at that time, was not aware that there was a process that needed to be followed. He states that there has now been some brief discussions held regarding the need to notify the budget committee. He states that the school board was wrong and he feels that the school board was poorly serviced by the SAU in this manner.

Mr. Vaillancourt asks what the school board is expecting from the committee, by sending the letter. Mr. Jandebeur states that the letter is for information purposes and the school board has now informed the budget committee and the Department of Education of the overage. He states that the letter is showing the committee that the issue is being pursued.

Mr. Vaillancourt refers to RSA 32:11 and states that the RSA makes a distinction between an emergency and a known overage. He explains that RSA 32:11(1) is for a known overage and the budget committee must vote on the issue. He states that RSA 32:11(2) addresses emergencies, which would not require a vote by the committee. He feels that this overage with the school was a known issue and is after the fact. He asks if the school board is requesting the committee to accept and vote on the overage. Mr. Jandebeur replies that he is not, nor is the school board. He states that he will ask the school board if they want the budget committee to act on it. He adds that the school board considers these items unanticipated costs. Mr. Vaillancourt states that these costs are unanticipated; however, not unknown.

Mr. Vaillancourt asks where the \$250,000 overage is coming from. He explains that the management report stated that the overage from 2008-2009 was taken from an inappropriate source. Mr. Jandebeur states that once the final audit is completed and received noting a final figure, the anticipated action is to go to the town and ask for the amount of funds to pay for the overage via a warrant article.

Discussion ensues as to the possibility that the town could say no to the warrant article. Mr. Jandebeur states that the school board has spent the funds and is working through the system. He adds that process was done incorrectly and if the matter was to happen again, the school board would know the process. Ms. Dole explains that if a warrant article is presented to the budget committee requesting funds and if the town does not pass the warrant article, then the school board has no other choice other than to take the funds from the current budget. She states that, hopefully, the town will see that these issues were unforeseen and are not situations where there is a lot of control.

Mr. Bryer asks if these issues were statutory obligations. Mr. Jandebeur replies yes. Mr. Bryer states that with a default budget, typically, the budget from the prior year is used and includes contractual, and statutory obligations. He states that there must be a mechanism in place to cover these issues.

Mr. Vaillancourt states that last year the school board spent \$30,000 that was not spent from a warrant article from 2008 to fix the ball fields. He asks if there was an issue with funding and why the school board completed the 2008 project in 2010?

Mr. Jandebeur states that the bills from last year are paid including over expenditure from this year's budget. He adds that the school board is anticipating a substantial return from catastrophic aid; however, those funds will go into this year's budget. He believes that the amount requested is approximately \$300,000. He adds that as of yesterday, no response from DOE has been received.

Discussion ensues regarding knowing about the overage and not informing the budget committee.

Public Hearing Schedule

Mr. Vaillancourt makes a motion, second by Ms. Dole, to schedule the town's public hearing for January 11, 2012 at 6 p.m. at the town hall; and post the school's public hearing for January 12, 2012, at 6 p.m. and to schedule January 14, 2012 at 9 a.m. for a snow date to address both budgets. Motion passes unanimously; 12/0.

Ms. Smith states that the water district is not following the SB2 schedule and a public hearing will need to be held in January.

Reminders

Committee members will pick up town budget information packets November 22, 2011, between 6 p.m. and 7 p.m. at the town hall.

Next meeting November 29, 2011, at 7 p.m.

Adjournment

Mr. Johnson makes a motion, second by Ms. McNally, to adjourn. Motion passes unanimously at 10:13 p.m.

Respectfully submitted
Lisa Fellows-Weaver
Board Secretary