

Town of Farmington
Budget Committee Meeting Minutes
Wednesday, October 25, 2017

Committee Members Present:

Sylvia Arcouette, Chairman
Jodi Connolly, Vice Chairman
Elizabeth Johnson, Secretary
Neil Johnson, Selectmen's Rep.
Angie Cardinal, School Board Rep.
Heidi Mitchell
Tim Brown
Stephen Henry
Jason Lauze
Michelle Elbert

Committee Members Absent:

Sam Cataldo, excused

Others Present:

Arthur Capello, Town Administrator

1). Call to Order:

Chairman Arcouette called the meeting to order at 7 p.m.

2). Pledge of Allegiance:

All present stood for the Pledge of Allegiance.

3). Public Comment (10 Minutes): None

4). Review of Minutes:

September 27, 2017- No errors or omissions

Motion: (Henry, second Connolly) to accept the minutes as written passed 10-0.

5). Review of Town Reports:

Mr. Brown asked if the tax rate has been set for this year.

Mr. Capello said he expected it would be set soon as all of the Town and School District information have been filed with the state and that the Dept. of Education (DOE) and the Dept. of Revenue Administration (DRA) have approved the required submissions.

Mr. Henry asked what needed to be approved by the state.

Mr. Capello said all of the materials submitted such as Revenue Reports, Expense Reports, the various MS forms, etc. require state approval.

Remittance Report-

There were no questions/comments about this report.

Actual & Budgeted Expenses & Encumbrances-

Mr. Brown asked where the Town budget is percentage-wise this year.

Mr. Capello said the budget is on track and that approx. 40% of the budget is left. He said the Finance Administrator recently conducted an analysis to show what is left in the budget given the known upcoming expenses and projects and that there should be about \$500,000 left in the

budget at the end of the year depending on the severity of the winter and if there any unexpected events.

There were no other questions/comments on this report.

Actual & Anticipated Revenues- General Fund-

Mr. Capello said the amount of revenues is about on track with some areas up (sale of Town property) and some down (vehicle registrations).

There were no questions or comments on this report.

Actual & Anticipated Revenues- Parks & Recreation-

Mr. Capello told the members that the Rec. Dept. is holding a fund raiser to help offset costs for Hay Day and the Rec. Dept. after school program and asked them to consider purchasing items to help support the Rec. Dept.

There were no questions or comments concerning this report.

6). Review of School Reports:

Mr. Brown said the members just received copies of the School District Reports as they entered the meeting and asked for more time to review them

Motion: (Brown, second Henry) to table review of the School District Reports until the next meeting

Discussion: Ms. Connolly asked if the reports received are current as of this month or current as of last month.

Ms. Cardinal said the reports are dated and the information is current as of the 10/20/17 print date.

Vote: The motion passed 8-2 (Mitchell, Cardinal opposed).

7). Budget Meetings Schedule:

School District Budget Presentation to the Bud Com- Mr. Johnson said that he put Dec. 14 on the calendar for the School District budget presentation to the Budget Committee but the Sept. minutes reflect the committee voted to hold the presentation on Tues. Dec. 12.

Ms. Connolly asked if a snow date for the presentation was chosen.

Mr. Johnson said no snow date for the meeting was chosen and asked the members if they wished to keep Dec. 14 as the presentation date or move it to Dec. 12. He added that an EDC meeting is scheduled for the Selectmen's Chambers on Dec. 12 and they would need to ask the EDC to move their meeting to another location.

Consensus- change the presentation date to Tues. Dec. 12 at 6 p.m.

Snow Date for School Budget Presentation to the Bud Com- Mr. Johnson suggested Wed. Dec. 20 as a possible snow date for the presentation as the Selectmen's Chambers are not scheduled for use that night.

Consensus- to set the snow date for Dec. 20 at 6 p.m.

November Regular Monthly Bud Com Meeting- Mr. Johnson said that Wed. Nov. 22 would be the next regularly scheduled Bud Com monthly meeting and noted that is the day before Thanksgiving.

Discussion included which dates the members would not be available for a meeting and when the School District budget would be included on the agenda for review.

Ms. Connolly suggested moving the meeting to Wed. Nov. 29 and said this would also allow the members more time to review the proposed School District budget as the members will not receive copies of the school budget until Nov. 21.

Ms. Arcouette said the School District budget would not be on the agenda until Dec. 12 when it will be presented to the Bud Com.

Mr. Johnson then asked if the members wished to move the meeting back to Nov. 15 or ahead to Nov. 29th.

Ms. Connolly asked if the monthly school reports would be available for Nov. 15.

Ms. Cardinal said the School Board has decided to review the monthly year-to-date reports at their first meeting of the month (Nov. 6) instead of the second meeting of the month (Nov. 20) so the reports should be available.

Motion: (N. Johnson, second Henry) to move the regular monthly Bud Com meeting from Wed. Nov. 22 to Wed. Nov. 15 at 7 p.m. passed unanimously.

December Regular Monthly Bud Com Meeting- Ms. Elbert asked if the members wished to keep the December Bud Com monthly meeting at Wed. Dec. 27.

Consensus was to keep the meeting at the regular time/date of Dec. 27 at 7 p.m.

Ms. Connolly noted that the Town budget presentation/public hearing dates are not included on the schedule.

Mr. Johnson said the Town budget dates have not been set yet but he expected they would be set soon. He added there is more time to determine the Town dates than there is with the School District budget due to the SB2 calendar. He said he would add the Town dates to the Bud Com calendar as soon as they are set so the members can keep track of all of the budget dates.

January and February 2018 Meeting Dates- No changes were made to the Jan. or Feb. schedules presented by Mr. Johnson.

8). Old Business:

September Meeting Questions/Requests for Additional Information -

Budget Balance/Fund Balance Retention- Mr. Johnson referred back to page 3, line 5 of the Sept. 27 Bud Com meeting minutes which states that \$182,000 was left in the 2017 school budget with \$154,000 returned to the taxpayers and approx. \$28,000 for encumbrances. He said the minutes also stated that the Expenditure Report lists more than \$28,000 in encumbrances and that Ms. Cardinal said she would look into the matter at the last meeting and report back to the Committee.

Ms. Cardinal said the \$154,000 was an estimated amount assuming the encumbrances couldn't clear in time for the MS 25 form to be submitted to the state. The final number submitted to the Dept. of Revenue is \$173,305 to be returned to the Town to reduce the tax rate.

Mr. Johnson asked about the \$9,000 difference between the \$182,000 and \$173,000 balances.

Ms. Cardinal said the difference is due to some pluses and minuses that affected the budget such as a reclassification of a journal entry resulting in a \$306 increase, the 2.5% fund was brought

back into the budget from 2016, and then the fund is retained which takes it back out for 2017.

Mr. Johnson asked for the 2.5% fund amount for 2016.

Ms. Cardinal said the amount for 2016 was \$166,311 and in 2017 the amount is 174,062 which are calculations of the previous year's total appropriations.

Mr. Henry asked if the 2.5 % is based on the appropriations or the budget balance after the unreserved fund balance is returned to the Town.

Ms. Cardinal said the 2.5% is based on the amount of money raised and appropriated shown on Warrant Article #3 each year at School District Meeting.

Mr. Johnson asked if the 2018 amount wouldn't be known until the budget is completed.

Ms. Cardinal said that is correct.

Mr. Capello added that figure will only include the local appropriations not the total bottom line.

School Athletics Fund- Mr. Johnson said Mr. Brown inquired about the revolving fund for school athletics at the previous meeting and asked if there was an update on the matter.

Ms. Cardinal said that at the previous meeting Mr. Brown asked the School District to triple check with DRA and that is on-going at this time. She said she hadn't planned to bring back a "yes" or "no" to committee concerning the fund set-up at this meeting.

Mr. Brown said it is a function of the Bud Com to review revenues and expenditures. He said the fund is misclassified as shown in the budget and has to go back into the general fund unless set up as a revolving fund per RSA 198. He said the way the School Board set the fund up it is not a revolving fund but a different type of fund which you can't expend from. It is a legal surplus that needs to go back to revenue unless it is set up appropriately according to state statute he said.

Ms. Cardinal said when the School Board receives an answer from DRA she will relay it to the Committee.

9). New Business:

Agenda Item for Information Requests- Mr. Brown asked the committee to consider including an agenda item for the next meeting to discuss what information the committee wants to ask for from the School District and Town representatives to help them with the budget process. He suggested the members make a list of requested information at the next meeting which would be sent out once to the Town and School District.

Mr. Johnson said he thought it would be helpful in that it would give each side more notice to provide the information requested than is normally given them.

Motion: (Brown, second N. Johnson) to add an agenda item for information requests for the budget process for next year from both the town and school sides passed unanimously.

List Unfinished Questions on the Agenda- Mr. Brown suggested if there are unfinished questions from the previous meeting to list them on the agenda under Old Business. He said the committee is getting into the busy season and if the questions are listed on the agenda they won't "fall through the cracks".

Motion: (Brown, second Henry) to include bulleted items on the agenda under Old Business for questions asked about the budget that haven't been answered;

Discussion: Mr. Capello suggested the agenda reference the minutes of the previous meeting

instead of listing each individual question/request which could make for a very long agenda.

Mr. Henry said he would prefer a bulleted list of questions on the agenda but would leave it to the Chairman's discretion.

Ms. Connolly suggested that the meeting minutes include a list of the questions asked during the meeting at the end of the minutes.

Mr. Brown said he would like to see a bulleted "to-do list" on the agenda.

Vote: The motion passed unanimously.

Request Two Budgets - Mr. Brown suggested that the committee request two budgets- one that is the absolute minimum needed to function and a second proposed budget from the Town and School District. He said that a lay person, he does not have the same expertise as the SAU Superintendent or the Town Administrator to know the cost of doing business and the minimum amount of money to function. Instead of going down from the proposed budget let's reverse it and start with zero based budgeting and go up he said.

Mr. Capello said the budget that he will bring forward to the committee is the least the Town can work with. He said that he reviews the dept. budgets with the Town dept. heads and then it goes to the Selectmen for their review process before it is presented to the Bud Com.

Motion: (Brown, second Cardinal) to request the Town and School District provide the Bud Com with a zero based budget and a proposed budget;

Ms. Arcouette said the committee currently asks each side to provide the lowest budget they can work with.

Mr. Brown said with a bare minimum budget and a proposed budget they could examine both budgets and identify areas that could be cut and those that may need more than the proposed amount as happened last year.

Ms. Cardinal said an example of where the proposed budget may be different from the minimum budget and the default budget is when they moved the SAU office from the rented property onto the school campus. She explained the different options available to School board depending whether the proposed, default or a bare bones budget had been passed (not move the SAU office, move without any construction, split up SAU staff). Another example is you don't have to have athletics to run a school district but most voters feel athletics is an important aspect of public education she said.

Ms. Arcouette said bare bones budget would not leave out all the items needed to run a school but would include the least amount of money needed to get those things done.

Ms. Cardinal said having the options show the voters if a reduction is taken from the School Board's adopted budget what the sacrifices would be.

Mr. Brown said the taxpayers may be looking at a minimum \$2.00 increase to the tax rate when it is set and people are going to start asking questions. We need to take a real hard look at the budgets and what gets added to the bare minimum budget he said.

Mr. Henry said athletics wouldn't be included in a bare minimum budget because they are not necessary to run a school just as it isn't necessary to have a Rec. Dept., mow lawns or maintain parks in a minimum Town budget. He questioned how to define bare minimum as everyone would have a different idea about the absolute minimum needed. He suggested they begin with a status quo budget for each side and then present what will not be done this year and what they want to add for next year so the committee can see the differences.

Mr. Capello said it would be a difficult task to prepare a bare bones budget and asked if the Police Dept. should have 12 officers or 20 officers, if the Highway Dept. should spend \$350,000 for paving or ask for \$1 million if the Selectmen would support it. He said his bare bones might be different than the committee's bare bones.

Mr. Brown asked if there are 20 people in Highway Dept. if Mr. Capello goes back to the dept head and asks if the dept. really needs 20 people.

Mr. Capello said he does ask that question of the dept head. He said he starts by reviewing timesheets and if he sees somebody that was hired for 40 hours a week but is only averaging 35 hours a week he asks why we need to pay them for 40 hours a week.

Mr. Brown asked if there is a position open through attrition if the position is filled or if an analysis is done on the appropriate amount of overtime needed to cover the opening and save money on the health care costs.

Mr. Capello said the Deputy DPW Director was brought on board in preparation for the DPW Director's retirement. After having a Deputy Director for about a year Selectmen discussed whether or not to refill the position and determined the number of services provided to the Town with both positions filled outweighed the health insurance costs he said.

Ms. Arcouette said the School Board needs to have the responsibility to look at the budget and say this is what we need to keep the schools running. She said she would expect them to put it in their budget and then it is the Bud Com's responsibility to say you spent \$50,000 last year and need \$75,000 this year and to ask why.

Mr. Brown said he thought it may be an easier way to review budgets and then withdrew his motion.

Ms. Cardinal withdrew her second to the motion.

10). Next Meeting: Wednesday, Nov. 15, 2017 at 7 p.m.

11). Adjournment:

Motion: (Connolly, second E. Johnson) to adjourn passed unanimously at 7:35 p.m.

Respectively submitted

Kathleen Magoon

Recording Secretary

Sylvia Arcouette, Chairman