

Town of Farmington
Budget Committee Meeting Minutes
Continuation of Public Hearing 2019-2020 School Budget and Warrant Articles
Wednesday, January 23, 2019

Committee Members Present:

Sylvia Arcouette, Chairman
Jodi Connolly, Vice Chairman
Stephen Henry, Secretary
Neil Johnson, Selectmen's Rep.
Linda McElhinney, Alt. School Board Rep.
Tim Brown
Elizabeth Johnson
Charlie King
Jason Lauze
Heidi Mitchell
Samantha Place

Committee Members Absent:

Angie Cardinal, School Board Rep.

Others Present:

Ruth Ellen Vaughn, SAU Superintendent
Diana DeNitto, Director Student
Services
Bill Fisher, Penny Morin, Blanche
Tanner

1). Call to Order:

Chairman Arcouette called the meeting to order at 6:30 p.m.

2). Pledge of Allegiance:

All present stood for the Pledge of Allegiance.

3).Public Comment: None

4). Continuation of School District Budget Public Hearing:

Superintendent Ruth Ellen Vaughn said the School Board met at 5 p.m. that evening to ensure an appropriate budget number was going forward to the Budget Committee. She said the committee has received the finalized warrant and that the School Board voted on the articles. The amount for the general operating budget in Article #3 was not changed and that the difference was the revenues and appropriations for food service because she had entered two amounts backwards into the Dept. of Revenue Administration (DRA) portal which had to be corrected. This dropped the overall gross raise and appropriate number she said.

Mrs. Vaughn said the number for the operating budget in Article #3 is \$16,636,857 and should this article fail the default budget will be \$16,503,368. She said the amount to be raised by local tax appropriation is \$8,427,298 which is derived by subtracting the offsets and the revenues from the operating budget.

She said the estimated tax impact for the new monies in the operating budget in Article #3 is 74 cents and the estimated tax impact of the new monies for the default budget is 56 cents. At the

end of last year after the 5 years of audits were completed, the district returned \$1.4 million to the Town which decreased the school portion of tax rate by \$2.08 she said.

Mrs. Vaughn said the district heard from the US Dept. of Agriculture (USDA) via the state that the food service claims that are reimbursed for the free/reduced lunch programs will be paid through March because of the government shutdown. If the shutdown continues beyond March the USDA is not paying any claims beyond March so they will not make any retroactive payments once the government is reopened. The potential impact to the revenues for this year which will impact the tax rate this fall could be about \$70,000 based on \$280,000 received last year she said.

She then said that the high school is no longer identified as a school in need of improvement and VVCS and HWMS are identified only for subgroups in level 1 but the district lost \$120,000 in funding as they won't receive the Focus/Priority school grants.

Mr. Johnson said the number listed for the operating budget in Article #3 is a change of \$525,000 from the last figure provided.

Mrs. Vaughn said it is based solely on the revenues and the food service shift and that the School Board has voted to accept the \$25 the committee added at the previous meeting.

Mr. Johnson asked if this is what also affected the default budget change.

Mrs. Vaughn said that was correct because the revenues and the food service are also included in the default budget. They are not the same because the food service comes over from where it was and it was higher last year she said.

Mr. Johnson said there is a \$98,000 difference which seems high to him.

Mrs. Vaughn said the previous numbers given the committee were not solid so they couldn't be rectified. The bottom line did not change except for the \$25 added by the Bud Com at the last meeting she said.

Mr. Henry asked if the DRA had signed off on the numbers in Article #3.

Mrs. Vaughn said the numbers are in the DRA portal and that she didn't have MS-27 finalized for this meeting as they were closed when she got the final part done. She said the numbers are calculated as they are entered and the numbers presented was the total on the portal.

Mr. Brown asked if they would be ready to post the MS-27 by the next day.

Mrs. Vaughn said the Bud Com's warrant article recommendations were due the next day and the MS-27 must be posted by Jan.28 so there was time to collect signatures from the members.

Mr. Brown said with the current tax rate of about \$26.50 that he was concerned about a potential \$2.82 increase for the School Board recommended budget or an increase of \$2.64 for the default budget. He said that last year an advisory warrant article that asked to slash \$500,000 from the SAU budget passed overwhelmingly and asked if they are prepared to vote for a \$2.82 increase.

Mr. Henry asked why the warrant calls for a 74 cent increase and Mr. Brown said it is \$2.82.

Mrs. Vaughn said he added the 74 cent budget increase to the \$2.08 that budget was

decreased by with the return of the \$1.4 million.

Mrs. Connolly said there are 156 school districts in the state and asked for the Farmington school district's ranking on the list.

Mr. Johnson said it depends on who you ask and at the last website he looked at Farmington was #151 out of 156 school districts in 2018 which is a drop of 12 spots since the previous year.

Mr. Henry said he was more interested in the Dept. of Education (DOE) number as the private rating organizations don't always reveal the criteria are used to reach their results and some use factors such as school size and diversity which the district has no control over.

Mr. Brown said he agreed with Mrs. Place that we don't need to cut education, teachers or staff. He said this year the Information Technology (IT) Dept. increased its budget by \$200,000 and while IT is warranted it is not a priority within the budget.

Motion: (Brown, second N. Johnson) to reduce the \$16, 636,857 by \$100,000 and meet IT halfway;

Discussion: Mrs. Place said the increase was to answer state mandates which may affect our future funding and next year when the revenues are way down because we didn't comply we're just going to be worse off.

Mr. Lauze asked if the IT budget was cut by \$100,000 if they could comply with the state law.

Mrs. Vaughn said no.

Mr. King said that \$200,000 is excessive and he is not convinced there is a concrete plan on how the money will be spent. He said there may be other towns with solutions already devised that this district could adopt instead of devising our own system. He said a rep from Municipal Resources, Inc. said he would look at how other towns were dealing with this and that he will forward the information to Mrs. Vaughn.

Mr. King then asked if this is a \$2.82 increase to the tax rate and if the tax rate is based upon a town valuation of \$448 million then this is a \$1.2 million increase.

Mr. Johnson said it would be a \$900,000 increase.

Mr. King said that is a 6% increase which is substantial.

Mr. Johnson said it is not that much of an increase because we would be paying back what was returned (\$2.08) plus the increase (74 cents).

Mrs. Vaughn said the last page of the operating budget shows that the difference for the current year adjusted budget versus the proposed budget was \$330,371 so it is a 2.2% increase.

Mrs. Place said that the district has been kicking the can down the road with the IT issue so that now we are so far behind that we are faced with a \$200,000 increase to meet mandates. She said that some members want to take on the same philosophy now and advised them to invest the money, meet the mandates, not put our funding in jeopardy and just be done with it.

Mr. Lauze said they presented a \$200,000 plan and that he didn't understand how the committee could say to cut it by \$100,000 just because we think that they don't need it after they spent the time and energy to develop the presentation.

Chairman Arcouette asked if the IT Director looked into other contractors for this work and if so if she got any answers.

Mrs. Vaughn said the district does not have the economy of scale almost making it a nuisance contract. She said they planned to spend \$20 an hour but found it will cost at least \$50 an hour for a front line service person making it less expensive to perform the work in-house.

Mrs. Vaughn said she must show DRA what lines the amount is cut from and it can't be to just remove an amount from the bottom line.

Mr. Brown said the \$200,000 increase is predominately a staffing increase and his move to cut the line in half gives the administration the discretion to reduce the staff by the \$100,000 where they see fit.

He then questioned if the mandates are lawful mandates and if the government can tell us to do something or they're going to withhold funding. He asked if they should pass on a \$2.82 increase to the taxpayers or try to say where we can cut and take baby steps so that next year we can look at the next \$100,000.

Mrs. Vaughn said \$100,000 is 22 cents on the tax rate.

Mr. Henry said he asked about the number of IT devices and users and found there are more devices than users. He said he didn't get an answer about ticket times and if that is tracked.

Mrs. Vaughn said they do have a tracking system which is being worked on to improve it.

Mr. Henry asked if the proposed budget would bring the current IT staffing from 1 ½ full time equivalent to 3 full time equivalent positions.

Mrs. Vaughn said that is correct.

Mr. Henry said the dept. is understaffed for an organization of this size with the number of inexperienced users. Next year I will want to hear about all of the wonderful improvements because the staffing got ramped up he said.

Mr. Brown said the town is also looking at a revaluation this year and a potential teachers' contract next year and at some point we are going to price ourselves out of the budget. He said he was trying to be conservative without hurting education and that this area should be looked at with a plan that gets us there over a period of time at a reasonable cost to the taxpayers.

Chairman Arcouette asked if the state mandates must be met by June 2019 Or June 2020.

Mrs. Vaughn said the Governance Plan must be completed by June 2019 and implemented in SY 2020 and in order to do that we must be working on those other pieces involved in the budget.

Chairman Arcouette asked what will happen if the Governance Plan is not completed by June.

Mrs. Vaughn said they are working on the Governance Plan now.

Chairman Arcouette asked if the cost of the plan is a part of the \$200,000 increase.

Mrs. Vaughn said the plan is not part of the increase and the \$200,000 is to be able to implement it. She said regarding what will happen if the plan is not in place by then that she would not "thumb her nose" at the requirement as it is her certificate that will be on the line.

Chairman Arcouette said she was not suggesting that but was asking what would happen if the

town wasn't willing or able to pay the \$200,000 to comply with the requirements.

Mrs. Vaughn said she would not be able to implement the plan without the budget to do it. Because I have to implement it I will have to cut somewhere else to do it she said.

Mr. Lauze said a \$100,000 cut is 22 cents off the tax rate and for a home valued at \$200,000 that is \$44 per year and 85 cents a week. He asked if it will be a 74 cent or \$2.82 increase and for clarification as to what the net increase to peoples' actual bill will be.

Mr. Johnson said excluding the Town portion of the tax rate, the current tax rate is \$2.08 artificially lower than what it should be because of the application of the \$1.4 million returned to next year's budget as a credit. The impact will be from the current \$26.26 that went out in Dec. to \$28.34 per \$1,000 valuation not including any Town or County taxes he said.

Mrs. Vaughn said if they end up with additional revenues there could be additional offsets but that is unknown until the end of the school year. She said it is easy to state the impact of the new monies as you would divide the total amount of new monies in the budget by the valuation of the district which will provide the tax impact. The rest of the budget has several variables and that other Business Administrators have said not to try to forecast beyond the new money which is also the way the Town does their forecasting.

Mr. Henry said this motion would reduce the bottom line by \$100,000 and it would be up to the administration to determine where the \$100,000 ultimately comes from.

Mrs. Vaughn said the state form has to show what object code the money is taken from and that has to be included. She said they can shift it because they have bottom line authority but in order to finalize the MS-27 they have to tell her where to take it from.

Mr. Henry said that does not mean that the IT budget would be reduced in practice.

Mrs. Vaughn said that something would be reduced.

Mr. Henry asked for the tax impact over the \$26.26 if the school district budget were level funded.

Mrs. Vaughn said the 74 cents is new monies and wouldn't be there.

Mr. Johnson said she spoke of a revenue reduction but the revenue figures based on last year's receipts would be used to level fund the budget.

Mrs. Vaughn said if you level fund the budget to last year you take away the new monies which would take away the 74 cents.

Mr. Johnson estimated it would be closer to a 50 cent reduction because if you have a \$1 million budget and there is \$500,000 credit funding it would be a 50 cent reduction.

Mrs. Vaughn said that only applies to the change to the operating budget. The revenues come in, they are gross appropriated and fund the lines and then come back out. She said it's the operating budget that results in the change to what is raised and appropriated.

Mr. Henry said that they had a return of monies that brought the tax rate down to \$26.26.

Mrs. Vaughn said the \$2.08 would be put back in the tax rate.

Mr. Henry said if it wasn't artificially deflated the base tax rate would be \$28.34. The 74 cents

would be added on top of the \$28.34 he said.

Mrs. Place said she heard that even if they choose to cut \$100,000 out of the IT budget they are still going to do the IT stuff so if we choose to make that cut we are cutting staff or services.

Mr. King said he agreed with the motion because we could be throwing away taxpayer money faster than we need to instead of moving slowly with a concrete plan and try to make the system as streamlined as possible with the least reoccurring cost to cover this mandate.

Mr. Johnson said part of this issue is 3 years ago we had 3 people in IT and 1 ½ of those people were let go. There are some line items in the IT budget that have nothing to do with the mandate and one area that could be cut is the \$12,000 to increase the bandwidth between schools he said.

Mrs. Vaughn said that is part of the compliance.

Mr. Johnson said there is nothing in the law that says they must increase the bandwidth.

Mrs. Vaughn said there are regular issues with it crashing.

Mr. Johnson said there are things that could be trimmed but that he hadn't reached a particular number or if he was even going to agree to it. He said they should go through IT budget lines and then move on to whether or not they were going to recommend it.

Mrs. Place said the mandate didn't come out of thin air and there are many schools that have been dealing with this for several years and preparing for these mandates. Dragging our feet so everyone else crosses the finish line slowly with us isn't going to be effective when all these other districts started the race 2 years ago she said.

Ms. McElhinney said in order to implement a lot of the initiatives in the mandate it would require us to bring up the levels of the equipment that we have now in order to make the transition to the mandate. It makes sense to invest a little bit more in the technology as there are a lot of security risks and other issues that could come about if we don't have the equipment and security measures in place she said.

Mrs. Vaughn said if they were to be hit by ransom ware it is estimated to cost the district about \$150,000 a day to recover from it. We have some insurance coverage for it but it would require a mammoth amount of time and resources to deal with it she said.

Mrs. Vaughn that she and the IT Director attended a joint presentation put on by Primex, the NH School Boards Association and the DOE and that Farmington is the poster child for why this needs to be done because we are so far behind with the security risks which must be fixed.

Mr. Brown asked if the security risks have something to do with the hardware and appropriations in another warrant article. He asked how the IT staff would eliminate security risks that would be thwarted by an advanced firewall.

Mrs. Vaughn said there are pieces where they need to keep up with the number of installs and updates that need to be done and there is one person doing all of the updates now.

Mr. Brown said he agreed with that and his motion would give them another \$100,000 over what they have now. He said it is a baby step approach with plans to revisit it next year.

Motion: (Brown, second Connolly) to call the question:

Vote: The motion to call the question passed 9-1-1(Lauze, Brown, E. Johnson, N. Johnson, Connolly, Place, McElhinney, King, Arcouette-in favor; Henry –opposed; Mitchell-abstained).

Motion: (Brown, second N. Johnson) to reduce the recommended operating budget of \$16,636,857 by \$100,000 in the IT Technology line (2820 account);

Vote: The motion failed 3-8 (Brown, Connolly, King-in favor; Lauze, E. Johnson, N. Johnson, Henry, Arcouette, Place, Mitchell, McElhinney-opposed).

Mr. Henry asked if there is money in the Technology Capital Reserve Fund (CRF) that could be applied to this use.

Mrs. Vaughn said they plan to use all but \$4,000 from that fund this spring to get parts of the infrastructure in place. They plan to replenish it with funds from the unexpended fund balance if there is anything there to build it back up again she said.

Mrs. Johnson asked if the school district is part of any kind of group or consortium for buying IT. Mrs. Vaughn said there is not a formal consortium but the IT Director is part of strong network of IT Directors and they frequently combine efforts.

Mrs. Johnson gave Mrs. Vaughn a business card and said better prices could be found there.

Mrs. Vaughn said the DOE no longer ranks the school districts and the website now has a list of the districts in good standing. She said she sent the link to the website to Chairman Arcouette.

Mr. Johnson noted that \$195,000 was being added to the IT budget for 2019 and said they could reduce some of the cost of the IT budget by phasing in the expenditures. He suggested they could reduce the proposed hiring of 1 ½ people to hiring 1 person and consider hiring the part time person the following year which would reduce the benefit lines as well.

Mrs. Vaughn said the new part time person wouldn't qualify for benefits.

Mr. Johnson asked if they planned to increase the current part time person to full time which could affect those lines.

Mrs. Vaughn said that person is currently a full time employee as a half time teacher and half time IT staffer.

Mr. Johnson said he would also like to discuss phasing in some of the other IT items as he was not sure they would get it all done in one year. He said a lot of the equipment needs to be upgraded due to the lack of attention paid to it over the last 5 years and this is an extremely aggressive project in addition to maintaining what you have and keeping it running.

Mrs. Vaughn said that a third of line 880 (Page 45, \$64,260 proposed) would be \$21,420.

Motion: (N. Johnson, second King) to reduce Line 880 (Salaries, Technology Asst.) by \$21,000 bringing it to \$43,260;

Discussion: Mr. Henry asked if this is the anticipated cost of a part time staff person.

Mrs. Vaughn said she took the proposed cost for the 1 ½ positions (\$64,260) and divided it by 3.

Mr. Henry said he was concerned about part time people that qualify for benefits so we are paying almost as much as a full time person.

Mrs. Vaughn said a part time person would not qualify for benefits.

Mr. Henry said this has a tendency to creep up over the years and that if this position does get filled that he did not want to see it creep up to getting full time benefits for part time hours.

Mrs. Place said Mr. Johnson said he didn't see this project getting done and that if they take away staff members it's not going to get done.

Mr. King asked about the threshold to be eligible for benefits and how many hours the IT Director was looking for with the part time position.

Mrs. Vaughn said it is 30 hours a week to qualify for benefits and the part time position would be about 20 hours a week.

Ms. McElhinney said it is a massive undertaking and recalled the times when the IT Director came before the School Board with a lengthy list of issues that need to be addressed. She advised against the motion based on just the work load alone.

Vote: The motion failed 5-6 (King, Arcouette, Connolly, N. Johnson, Brown-in favor; Mitchell, Place, Henry, E. Johnson, Lauze, McElhinney-opposed).

Mr. Henry said that usually he brings up the line for GED testing (Page 2, Line 39, Testing, HiSET, \$2,500 proposed) but forgot to do so at the last meeting. He said the line is up \$500 but it is more a matter of principal as by the time a student is a high school senior we have invested approx. \$150,000 in their education and he hates seeing that investment made and then have to spend the additional money for the GED testing. He said the cost of the GED test should be on the student as the taxpayers have already spent a lot of money getting them to a diploma and that he hated to see it lumped in as part of the process.

Motion: (Henry, second Connolly) to cut \$2,500 from Page 2, Line 39;

Discussion: Ms. Mitchell asked how many people have taken advantage of the GED testing.

Mrs. Vaughn said there are more students taking advantage of it and that a number of them are transfers in from other districts that are looking to get done. She said the amount shown would add 2 tests and that 9 or 10 students completed the test so far this school year.

Ms. Mitchell asked if there are other options to take the test out in the community.

Mrs. Vaughn said they would have to pay for the testing at Dover Adult Learning Center (DALC).

Mrs. Place said that it is not always that they are dropping out and want to take the test. There are health, family and financial situations involved sometimes that force them to take the GED test and to wipe out the whole possibility of it is unfair she said.

Mr. King asked if this would be cutting 2 GED testing periods.

Mrs. Vaughn said it is about \$250 a test for the full battery of HiSET (High School Equivalency Test) tests. The students are considered as our students until they pass the testing she said.

Mr. King asked if there is any classroom time involved as well.

Mrs. Vaughn said there is classroom time working with district staff to prepare for the testing.

Mr. Henry asked if that is included in the HiSET line item.

Mrs. Vaughn said that currently it is part of the ELO (Extended Learning Opportunities) program

as the students would be working with the ELO Coordinator.

Mrs. Connolly said that it now costs about \$19,000 per student to educate them. If they choose not to finish their education in the public school there needs to be some accountability that the student holds. I feel we shouldn't be paying for this she said.

Mr. Johnson said he agreed with Mrs. Connolly and Mr. Henry but that he also agreed with Mrs. Place that there are other reasons that this happens. He said "the heck with them" to the intentional drop-outs but for those students that have to drop-out for other reasons he was all for giving them the opportunity.

Mrs. Vaughn said some of the students who come here have already started the HiSET process. Chairman Arcouette asked if the students are counseled when they decide to take the GED test. Mrs. Vaughn said the students are counseled to make sure they understand their options, the ramifications and consequences either way.

Mr. Brown asked Mr. Henry why he motioned to reduce the line to zero and not to \$1.

Mr. Henry said it's messaging and that he does not like that it is incorporated as a normalized option in the system and it makes it too easy to pass up on the diploma.

Mr. Brown asked if it would be better to leave \$1 in the line for those circumstances where it does make sense for the right kid to go through the GED process if they have the ability to do it.

Mrs. Johnson said it would be more about throwing the money away if they weren't allowed to take the test. We've invested all that money for 11 or 12 years and then to just say goodbye without giving them any kind of option would be throwing the money away she said.

Mrs. Connolly said there is an option for them at DALC so it is not like there are no options for them. We've been told it's for some kids who come to our district so they haven't even gone through our system she said.

Mrs. Vaughn said they are our responsibility once they move here.

Mr. Henry asked if there is a mechanism to charge students for the testing and to collect the money.

Mrs. Vaughn said there is not and they would probably need to set up an Enterprise Fund as she was not sure it would be considered a student activity. When it becomes unanticipated revenues it wouldn't go back to that line but goes back to the town she said.

Mr. Henry asked the members for their thoughts about reducing the line to \$500 which would leave some money there and give the administration some discretion for hardship cases.

Mrs. Place said they can cut the line but they can't tell the School Board to pay for sick kids but not to pay for the ones who just don't want to go to school.

Mrs. Vaughn said that transportation to DALC is a barrier to that program for some students.

Mr. Henry said that HiSET/GED is a barrier too.

Motion: (Brown, second Lauze) to call the question passed 9-2 (Lauze, Brown, E. Johnson, N. Johnson, Arcouette, Place, Mitchell, McElhinney, King-yes; Connolly, Henry-no).

Motion: (Henry, second Connolly) to cut Line 39 Testing, HiSET from \$2,500 to zero failed 2-9

(Henry, Connolly-in favor; Lauze, Brown, E. Johnson, N. Johnson, Arcouette, Place, Mitchell, McElhinney, King-opposed).

Mr. Henry asked about the procedure for recommending warrant articles.

Mr. Johnson suggested they finish reviewing the budget, decide if they wish to make any changes, vote on Article #3 and then progress through the rest of the articles.

Mr. Brown called point of order and said that during the budget process they saw a general operating budget of just over \$14 million, now in Article #3 they are seeing an appropriation for over \$16 million and part of the budget process is that they have to discuss all money included in Article #3. He requested a synopsis of the difference between the 2 budget proposals.

Mrs. Vaughn said the proposed operating budget was \$15,326,960 and the Bud Com added \$25 at the last meeting for a total of \$15,326,985. She said the change in this year's proposed operating budget over the current year's budget is \$330,397 (330,371 + Bud Com's \$25).

Mr. Brown said the operating budget presented to the committee at the public hearing was an increase of \$336,000 over last year's operating budget. In Article #3 we are asking to appropriate \$16,636,000 which includes some of the federal funds. In order to spend that money we have to discuss it at the public hearing as part of the budget process he said.

Mr. King asked if the committee has been given information on what the additional monies are.

Mrs. Vaughn said the proposed operating budget in Article #3 includes the \$15,326,985 plus the food service (\$459,900) and other revenues (Title grants, IDEA, Pre-School, Medicaid-\$849,972).

Mr. King asked if there was a change to the amounts shown on the anticipated revenues sheet.

Mrs. Vaughn said the district did not receive the \$120,000 FOCUS grant shown on that sheet. She said the numbers listed are estimated amounts to be received based on 3 year averages and they are experiencing about a 20% decrease in revenues from the Title grants.

Mr. Brown asked if the \$120,000 decrease was calculated into the anticipated tax impact.

Mrs. Vaughn said that it was calculated into the tax impact.

Mr. King asked for the dollar amount for last year's Warrant Article #3.

Mr. Johnson said the amount was \$16,154,830 including the \$240,000 added from the floor.

Mrs. Vaughn said the adjusted 2018-2019 operating budget was \$14,996,859.

Ms. Mitchell asked if the \$16,503,368 default budget was derived from last year's budget.

Mrs. Vaughn said the figure is derived from last year's budget plus anything contractual, required by law or School Board action minus the one-time expenditures. She gave the examples of the school roofs and the new bus which were one-time expenditures and were removed from the operating budget when calculating the default budget. The increase in salaries and benefits for the teachers' contract was around \$500,000 she said.

Mr. King said at a previous meeting Mr. Johnson said he planned to meet with Mrs. Vaughn to discuss how the default budget was calculated and asked about the results of that meeting.

Mr. Johnson said he met with Mrs. Vaughn as a private citizen and not as a rep of the Bud Com. He said he disagreed with the assessment of some items said to be required by law such as the

increased bandwidth for the schools and the IT staff increase but their attorney advised they are required so that is where the discussion was left. We have no recourse to argue the default budget as it is the purview of the School Board and is not up for change or discussion he said. Mr. Brown said there is recourse but it has to be brought by the taxpayers in court.

Motion: (Henry, second Lauze) to recommend Article #3 as written;

Discussion: Ms. Mitchell left the room before the motion and Mr. Johnson suggested they hold the vote until she returned to her seat.

RECESS - Motion: (Henry, second N. Johnson) to take a 5 minute recess passed unanimously at 8 p.m. The meeting reconvened at 8:05 p.m.

Vote: The motion passed 7-4 (McElhinney, Mitchell, Place, Arcouette, Henry, E. Johnson, Lauze- in favor; King, Connolly, N. Johnson, Brown-opposed).

Article #4 – Fuel Oil – to raise and appropriate \$132,000 to buy fuel oil for the SY 2019-2020 in the event that Article #3 fails and the default budget becomes the operating budget; estimated tax impact-29 cents, School Boards recommends 4-0

Mr. Henry said if the operating budget fails and we have the default budget and the fuel oil article was to pass the total operating budget would be \$1489 less than the proposed budget. So this says in Article #3 you told us no for this money and Article #4 asks if we will change our minds he said.

Mrs. Place the default budget has what we are legally obligated to pay for.

Mrs. Vaughn said the current operating budget has no money in the fuel lines.

Mr. Johnson said the fuel lines each have \$1 in them which leaves the lines open for transfer of funds from other lines.

Mrs. Place said that in the default budget versus the operating budget they have absorbed a lot of the expenses to help compensate for all of the new expenses. She asked if by going to the default budget it undoes all that.

Mrs. Vaughn said it restricts where some of the money can be spent and doesn't give us as much latitude as the operating budget does. The operating budget is what we feel we need to get the job done she said.

Chairman Arcouette asked if Article #4 passes if that money can only be used for fuel oil.

Mrs. Vaughn said that is correct because the article limits its purpose to only purchasing fuel oil and if both Articles #3 and #4 pass then Article #4 will not take effect.

Mr. Lauze said he thought that Article #4 is almost a moot point in that if the voters vote for the default budget because it is less, they are probably not going to vote for Article #4 and increase it so the 2 together are useless.

Mrs. Connolly said if the default budget comes in the tax increase will be 56 cents and if Article #4 passes it is an additional 29 cents for a total increase of 85 cents compared to a 74 cent increase for the operating budget.

Mrs. Vaughn said the default line items come straight across from where they were this year

with certain increases so they can't compare it "apples to apples" with the operating budget. She said if the default budget and Article #4 passes then there has been a vote to include fuel oil in the operating budget so if we were to get a default budget again next year fuel oil would be included in that budget.

Mr. Johnson said it would become part of the amended budget.

Mr. Henry said this article may have been the result of the belief that if the default budget were to pass there would be no mechanism for the district to buy fuel oil. He asked if both Articles #3 and #4 fail if they would be spending more on sweaters or if the buildings would be heated.

Mrs. Vaughn said they are legally obligated to heat the buildings so they would be cutting other programs to heat the buildings.

Mr. King asked if the School Board already purchased \$90,000 worth of oil.

Mrs. Vaughn that oil is being used to heat the buildings now.

Mr. Johnson said according to the School Board Rep they are planning to pre-purchase oil again for next year using unexpended funds from this year's budget. You don't need it (Article #4) if you are going to buy it out of this year's budget he said.

Mrs. Place said they were told that they anticipate using unexpended funds if the budget allows. If they are able to pre-buy and Article #4 passes it isn't going to get spent she said.

Mr. Johnson they couldn't guarantee that because they could use it to pre-buy again for the following year. In my opinion they will have that \$132,000 available for any other use they want because they are not spending it on oil he said.

Chairman Arcouette said the article states the money would be used to purchase fuel oil for the SY 2019-2020. It is specific as to how they can spend it she said.

Mr. Johnson said with their intent to pre-buy they are going to use that money for something else.

Mr. Brown said or they will have \$139,000 to pre-buy the following June.

Mr. Henry said if they recommend this article it encourages people to vote no on Article #3 and then potentially pass the fuel oil article thinking that it would be required. If Article #3 fails and Article #4 passes we are essentially in the same place dollar-wise but with more restrictions on the district. They are going to buy oil no matter what and I don't see any good reason to recommend Article #4 he said.

Mrs. Place said that Mr. Henry wasn't giving voters enough credit and that they can figure out the simple math. She said that the warrant will be available online and many voters will read the articles ahead of time so they will know how they are voting when they go to vote.

Motion: (Johnson, second Lauze) to recommend Article #4;

Discussion: Ms. McElhinney said that fuel oil was an issue this year and that in the past it was decided that the best practice was to pre-order the fuel. She said she sees Article #4 as if there is default budget next year the fuel oil will become a line item and it won't become an issue or a separate warrant article.

Mr. Henry said the fuel oil already is a line item and what has happened for the last 2 years and it may happen for a third, is to purchase it with money from the previous year's budget. You should budget for it in the year that you plan to use and we are setting the budgets ahead of time. Last time there were some circumstances where revenue was going to become available and there was money available from the previous budget so they used it to buy the oil. This should be a line item in the proposed budget as it is now he said.

Mr. Brown asked if there has been a consensus from the School Board on how they plan to move forward with the oil or if she was speaking for herself personally,

Ms. McElhinney said she was speaking for herself and that board has not taken up the topic yet.

Ms. Mitchell asked if in the event we get the default budget and Article #4 fails if there is a backup plan on where they will buy the oil from.

Mrs. Vaughn said there is \$1 in each building's fuel oil line and they would have to take the money from somewhere else. She said they have looked at where that might happen but she didn't know exactly where it would come from at this time.

Ms. Mitchell said it didn't seem right somehow to set the default budget at a number and then set the next article at exactly what is needed(for the proposed operating budget). She said it made her feel like they knew the voters don't want their kids to go cold so if this goes to the default budget we will do this because you know we are going to buy oil.

Mrs. Johnson asked if there is a law requiring the schools to be heated why it wasn't put in the default budget.

Mrs. Vaughn said it was because the line that is currently in the operating budget has \$1 in it.

Mrs. Johnson said the Technology line had nothing in it and now it is filled.

Mrs. Vaughn said this was a School Board decision.

Mr. King said the reason that the fuel oil line is \$1 is because the fuel has already been purchased for this year.

Mr. Johnson said it was pre-purchased using last year's unexpended fund balance and the money originally assigned to that line was used to offset other reductions in funding.

Mrs. Johnson said when they did the adjusted budget, rather than take the money for the fuel from something like the teachers' salary lines which were a contracted item which would have to be carried over they took it from the fuel oil. They could have just put \$1 in teachers' salary lines which by law would have to be populated in the default budget and would have eliminated the whole problem she said.

Vote: The motion failed 1-10 (McElhinney-in favor; King, Mitchell, Place, Arcouette, Henry, Connolly, N. Johnson, E. Johnson, Brown, Lauze –opposed).

Article 5- Matching Funds for Grant – to raise and appropriate \$59,388 for security upgrades to the 3 schools with \$47,510 coming from the Public School Infrastructure Fund and \$11,878 to come from general taxation, estimated tax impact- 3 cents, School Board recommends 4-0.

Motion: (Mitchell, second Henry) to recommend Article #5 as written;

Discussion: Mr. Henry asked what this will cover.

Mrs. Vaughn said the district has received the grant and this will provide the matching funds for it. She said she could not specify how it will be used as it is for security measures.

Ms. Mitchell asked for the amount received from the grant and the amount of the matching funds required for the grant.

Mrs. Vaughn said the district has awarded \$47,510 and must pay \$11,878 in matching funds.

Ms. Mitchell asked if there is a deadline to pay the matching funds.

Mrs. Vaughn said the deadline is in April. She said once it is voted on the board can act on it and there would be a reimbursement from next year for the expenditure this year.

Mr. Johnson asked about the Public School Infrastructure Fund.

Mrs. Vaughn said it is a Homeland Security fund.

Mr. Brown asked if these measures would give the district a closed campus (i.e. locked doors during the day time and after schools activities).

Mrs. Vaughn said it will fund part of that and they are looking at other pieces to do elsewhere.

Ms. Mitchell said the doors are currently locked at the elementary and middle schools.

Mrs. Vaughn said there is currently a buzz in system but that they don't have swipe cards at all of the buildings and there are some other pieces that need to be put in place.

Mr. Brown asked for a dollar amount to bring the schools to a closed campus during the day and during after school activities.

Mrs. Vaughn said there are also some structural issues that need to be addressed and estimated the total cost to be about \$70,000.

Vote: The motion passed unanimously.

Article 6 – Bus Capital Reserve Fund (CRF) – raise and appropriate \$77,000 to be added to the School Bus CRF to purchase new busses when the need arises. Estimated tax impact-17 cents, School Board recommended 4-0.

Motion: (Henry, second N. Johnson) to recommend Article 6;

Discussion: Mr. King asked for the total amount in the fund currently.

Mr. Johnson said there is \$55,000 in this fund as of October 2018.

Mr. Henry said the district has been leasing busses for approx. 12 years and it is pretty easy to figure the average expenditure on busses, put the money in a CRF and avoid the interest payments associated with leases. He said the plan was to put away \$77,000 this year, \$77,000 next year and then purchase 2 busses. He asked for the average life span for a full size bus.

Mrs. Vaughn said their life span is about 12 years and the district has 8 large busses and 3 vans.

Mr. Johnson asked for the average cost of a new large bus.

Mrs. Vaughn said without interest payments a large bus would cost about \$77,000.

Mr. Johnson said after next year's deposit the fund will have about enough for 3 new busses.

Motion: (Brown, second Connolly) to move the question passed 10-1 (Henry-opposed).

Vote to recommend Article 6: The motion passed unanimously.

Article #7 – Safety and Security- to raise and appropriate \$90,000 from the Capital Improvement and Renovations Expendable Trust to make security improvements to all 3 school lobbies at a cost of \$55,000 and to install new lockers at the HWMS at a cost of \$35,000 and to name the School Board as agents to expend from this fund. No tax impact. School Board recommended 4-0.

Motion: (N. Johnson, second E. Johnson) to recommend Article #7;

Discussion: Mrs. Vaughn said in answer to Mr. Johnson's previous concern about including naming the board as agents to expend in the same article as expending the funds was that DRA said this is allowed. She said the issue Mr. Johnson referred to was because the amendment to include naming the agents to expend in the same article as expending funds was raised from the floor at Deliberative Session and was not in the original article.

Mr. King asked why the school lockers are included in an article titled "Safety and Security".

Mrs. Vaughn said it is because the lockers are becoming unsafe and the appropriations are from the same fund.

Mr. Henry said the money is from the building renovation fund which is not just a safety fund.

Mr. Brown said the middle school students are carrying their backpacks full of books all day.

Mrs. Vaughn said they are looking at installing larger lockers so the backpacks will fit inside them. She said it is also a safety issue when they put their backpacks in the classroom aisles.

Mr. Henry said he is struggling with this article because it is 2 articles in one where it asks to expend funds and to make the School Board agents to expend the funds. He said he understood it doesn't have to be separated but that the best practice would be to split it into 2 articles.

Mr. King asked who the current agents to expend the funds are.

Mrs. Vaughn said it is now the voters and if this article passes the School Board is given the authority to expend the funds and going forward the board would hold a Public Hearing to withdraw funds from the Trust Fund.

Mr. King asked for the total amount in the fund.

Mr. Johnson said there is \$127,000 in the fund.

Mr. Henry asked if the language to appoint the School Board as agents to expend could be stricken from the article at Deliberative Session.

Mrs. Vaughn said that would change the purpose of the article.

Mr. King said he agreed with Mr. Henry that this article should be 2 warrant articles.

Mr. Johnson said the Bud Com can't change the article.

Mr. Henry asked if there was an opportunity to change or split the article.

Mrs. Vaughn said she had to have the committee's recommendations by the next day. She said she was not planning to have a School Board meeting between tonight and tomorrow.

Mrs. Place said that Mrs. Vaughn has done her due diligence and the people who determine if it legal have said that it is so they should just push it through.

Mr. Henry said his question was not one of legality but of whether it is a good practice.

Mr. King said a voter may be in favor of this expenditure but may not be in favor of not being allowed to vote on the next expenditure from this fund.

Mr. Henry said this fund allows for large expenditures and the board could start to tap into it for every little thing.

Mrs. Place said the Selectmen are agents to expend all of the Town funds.

Mr. Johnson said that was voted for by the voters when the funds were established, not after and there is a difference.

Mrs. Vaughn said that is what they are asking for with this article.

Mrs. Connolly said they may be setting themselves up to fail because a voter may agree with the expenditure but not agree with the School Board as agents to expend and vote no on the article.

Ms. McElhinney said as a taxpayer she was not seeing an issue with the School Board having access to this fund as there may be security issues they don't want to divulge to a Public Hearing and it would be easier to have the School Board hearing and have them be able to expend it in that regard.

Mrs. Place said this is not a security fund and that she would vote in favor of it but to say it is a security issue and people want to give that to the School Board that is not the only intent of the fund.

Mr. Henry said there are reasons in the past that the voters have not made the School Board the agents to expend. He said he was going to vote against recommending this article simply because it combines what he believes are 2 unrelated points and that his recommendation would change if the article was separated.

Motion: (King, second Connolly) to call the question passed 9-0-1 (Brown, E. Johnson, N. Johnson, Connolly, Arcouette, Place, Mitchell, McElhinney, King –in favor; Henry-abstained).

Vote to recommend Article #7: The motion passed 6-5 (Lauze, Brown, Mitchell, Place, McElhinney, Arcouette-in favor; Henry, E. Johnson, N. Johnson, Connolly, King-opposed).

Article #8 – Agents to Expend – to appoint the School Board as agents to expend from the FSD Construction and Renovation CRF, School Board recommends 4-0

Motion: (N. Johnson, second Mitchell) to recommend Article #8;

Discussion: Ms. Mitchell asked for the total amount in the fund.

Mr. Johnson said there is \$157,000 in the fund.

Mr. Brown said he would vote no because the reason we have a town government...

Mr. Johnson interrupted to say this is not a Bud Com warrant article as it doesn't have any funding or budgetary impact.

Mrs. Vaughn agreed there is no budgetary impact but that several years ago the Bud Com voted on whether to recommend all of the articles on the warrant.

Mr. Johnson said a recent Supreme Court decision stated that the School Board and Board of Selectmen can vote on every warrant article but the Bud Com can only vote on those articles

that have financial impacts.

Mr. Brown questioned if the ruling said the Bud Com couldn't vote or if that was a counselor's interpretation of the ruling.

Mr. King suggested the Bud Com take a vote and then to seek legal advice on the matter.

Ms. Mitchell asked how a voter would find out how much money is in this fund.

Mrs. Vaughn said the Trustees of Trust Funds have the fund amounts and it is also contained in the Town and School District Annual Reports.

Mr. Henry said the information the voters have access to at the polls is about a year old.

Mrs. Vaughn said the most recent information she has is about 6 months old.

Mr. Brown said NH was built around a Town Meeting type of government and there are certain funds that it makes sense for elected officials to be the agents to expend but when you are talking about a construction account it could be a lot of money. You don't look at the board that is sitting there now but at the board that could be sitting there in the future. It's a big giveaway of taxpayers' rights to allow a board to spend their money. For that reason I'm going to vote no on this account and if it hadn't been a safety and security issue on the last article I probably would have voted no on that as well.

Mr. Johnson said he disagreed as there are instances where delays such setting up Public Hearings and voter approval and the expense of going through that, there are some occasions that it can't be done. You have to trust your elected officials to some point and if you hamstringing them too much things aren't going to get done he said.

Ms. Mitchell asked if there are guidelines on what the \$157,000 can be spent on.

Mr. Johnson said when the Trust Fund is established there are guidelines as to what it can be spent for and some are broader than others.

Ms. Mitchell asked where she would find this information.

Mr. Johnson said the Trustees of the Trust Funds would have the documentation or they would get it from the Town Clerk's Office who has it from when the fund was established.

Mrs. Vaughn added that the Town Clerk is now the Trustees' Secretary.

Mr. King said if a School Board in the future decided they wanted to renovate the teachers' break room and spend \$157,000 they could spend it on that. He said due to the amount of money the voters should decide (how it will be spent).

Ms. Mitchell said that would be true unless the guidelines say they couldn't spend it that way.

Mrs. Place said she agreed that at some point you have to trust your elected officials.

Vote: The motion passed 7-3-1 (Lauze, E. Johnson, N. Johnson, Arcouette, Place, Mitchell, McElhinney -in favor; Brown, Connolly, King-opposed; Henry-abstained).

Mr. Johnson asked since Article # 9 and Article #10 are the same (to appoint the School Board as agents to expend the funds) except for different funds if it would be safe to say the vote would be the same for those 2 articles.

Chairman Arcouette asked if they wanted to vote on the 2 articles together.

Mr. King asked for the total amount in both funds.

Mr. Johnson said the amount in the FSD Buildings and Grounds CRF is \$22,500 and the FHS Construction, Renovation and Repair CRF has \$746,000 in it.

Mrs. Vaughn said the amount stated for the FHS Construction account will not remain at that amount as about \$340,000 for the FHS roof repairs were paid for out of this account.

Mr. Johnson estimated there is about \$415,000 left in the CRF.

Mr. Henry asked if there is more roof work to be done.

Mrs. Vaughn said there is more roof work needed and they had access to more in the Trust fund than was needed but because each section of the roof to be done was labeled in the warrant article they were unable to do other sections of the roof. The article was for \$550,000 and we will only spend about \$350,000 she said.

Ms. Mitchell asked if after the School Board becomes the agents to expend the money if they would provide a checklist of what the money was actually spent on.

Mrs. Vaughn said they can't just write a check. They have to hold a Public Hearing and go through the Trustees of the Trust Funds so there is still some accountability there she said. She said a notice has to be posted and printed in newspaper of public circulation 7-10 days in advance and it is typically part of a School Board meeting. The public can speak at the Public hearing she said.

Mr. King said the public's opinion may matter but their vote doesn't count at a Public Hearing. He said he was opposed to combining the articles for a vote based upon that the dollar values are very different. One is for \$22,000 for grounds work that we know is needed at certain times of the year and the other is for \$400,000 he said.

Consensus of the committee was to vote on the articles separately.

Article #9- Agents to Expend – to appoint the School Board as agents to expend from the FSD Buildings and Grounds CRF; School Board recommends 4-0

Motion: (N. Johnson, second E. Johnson) to recommend Article #9 passed 9-2 (King, McElhinney, Mitchell, Place, Arcouette, Henry, N. Johnson, E. Johnson, Lauze-in favor; Connolly, Brown-opposed).

Article #10 – Agents to Expend – to appoint the School Board as agents to expend from the FHS Construction, Renovation and Repair CRF, School Board recommends 4-0

Motion: (N. Johnson, second E. Johnson) to recommend Article #10;

Discussion: Mr. Henry said he suspected they would want to do more roofs but there is no warrant article for more roof work. He asked if there is a backup plan if this article doesn't pass. Mrs. Vaughn said they are looking at including the roof systems as part of the engineering study for the performance contract. She said the parts of the roof that were the most problematic were replaced and they will wait to see the results of engineering study to see if it provides another direction to go in with the remaining roof work.

Mr. Henry asked if the money in the CRF be used to fund the performance contract.

Mrs. Vaughn said it could be used to fund the engineering study.

Mr. Johnson said he was not so sure about that.

Mr. Henry said the performance bond would require an annual payment.

Mrs. Vaughn said the performance contract is essentially paid from the savings incurred from replacement of the heating systems for the 20 year payment plan.

Mr. Johnson said they can't pay for the engineering service out of this fund but they can pay for the repairs from this fund.

Mrs. Vaughn said if something dies before the engineering study is completed they could pay for it from this fund and gave the example of a smoking circulator pump found on the school roof on Christmas Day.

Mrs. Connolly said this is taking everything out of the hands of the voters by voting in favor of it and telling the government to make all our choices for us and so I am against it she said.

Mrs. Place said it is taking the vote away from the individual voter and putting it into the hands of the people we voted for.

Mr. King said just because they were elected by a majority of the vote doesn't mean everybody sitting there is 100% approved by every voter. He said he was not in favor of taking it out the voters' hands because of the amount of money involved.

Mr. Johnson said he agreed and considers this to be a major construction fund.

Mr. Henry said this is the fund the town has been building up for years because the roof at the high school was going to cost \$1 million and needed to be done 10 years ago. Then it didn't need to be done 10 years ago and the cost is coming in well under \$1 million now he said.

He asked if there are no plans for additional roofing work in this budget.

Mrs. Vaughn said there are no plans to repair/replace any roofs unless something "let go".

Ms. Mitchell asked if the Trustees could tell them they can't spend the money on something.

Mrs. Vaughn said the Trustees could say it is outside the parameters of the fund.

Mr. Johnson said the Trustees' job is to make sure the funds are being spent properly. He said if the intended use of the funds is within the parameters of the fund, a proper vote was taken and the fund was correctly identified the Trustees must provide the money to the School District.

Mr. Henry said if they wanted to build a parking garage and it fell within the limitations of the fund the Trustees couldn't refuse to give them the money just because they thought it wasn't needed and said he went to extremes to prove a point.

Vote: The motion failed 4-7 (Lauze, Place, Mitchell, McElhinney-in favor; Brown, E. Johnson, N. Johnson, Connolly, Henry, Arcouette, King-opposed).

Article #11 – Special Education CRF – to raise and appropriate up to \$100,000 from the June 30 fund balance available for transfer on July 1 to be added to the Special Education Expendable Trust, School Board recommends 4-0, no tax impact

Motion: (N. Johnson, second Place) to recommend Article #11;

Discussion: Mrs. Connolly asked how much money is currently in this fund.

Mr. Johnson said as of the report date there was \$204,000 and they have withdrawn \$125,000.

Mrs. Vaughn said they expect to hold a Public Hearing to withdraw \$50,000 from the fund.

Mr. Johnson said that would leave approx. \$30,000 in the expendable trust.

Mrs. Vaughn said that they want to replenish the fund for when there is an out of district placement into the district that they have no control over.

Mr. Henry asked if the items that the fund was tapped for this year are in next year's budget.

Mrs. Vaughn said they knew about some of the issues when the budget was proposed and now some additional issues have come up and they need to go back and tap the fund again.

Mr. Brown said in Article #3 they talked about a potential \$2.82 tax increase and now we are spending the fund balance to the tune of about \$250,000 with the next few articles. He said that is just over 50 cents on the tax rate which will bring the total budget tax impact to \$3.32.

Mrs. Vaughn said the funding has already been raised and appropriated.

Mr. Henry said the money would come from the unassigned fund balance.

Mr. Brown said if at year end that money goes back to the taxpayers as it historically has that's a decrease in the tax rate and if the money isn't returned the tax bill is going back up.

Chairman Arcouette said if we don't fund this they will have to find the money to fund it.

Mr. Brown said he was not arguing the principle of what the money is being used for. He said as they go through the budget if everything passes that is recommended it is not a \$2.82 tax increase but will be a \$3.32 increase.

Mrs. Place said that it is a very common argument as to do you buy down taxes or invest or set aside. She cautioned about buying down the taxes and what happened this year. It gives you a false decrease in taxes and then when it goes back to normal the next year everybody is up in arms. I would rather see us take the extra money put it into an account like this so we don't have to tax later she said.

Mr. Brown said there could be a legal challenge to the article because there should be a month and a year included when discussing the unassigned fund balance.

Mrs. Vaughn said this article is only good for this year and that DRA has reviewed the articles.

Mr. Brown said he would hate to go to the Deliberative Session, have the articles pass and see the money get cut out by a DRA ruling after the budget has been voted on.

Mr. Johnson said it could easily be addressed at the Deliberative Session as it would not change the intent of the article and would clarify it.

Mr. King said he disagreed with Mrs. Place in that they go to the taxpayers with a budget of what the expected costs are and they give us the money for the things we say we need. He said when there is money left over it is not our money to keep, it's the taxpayers' money and it should go back to them when at all possible because that is the right thing to do. If we have extra money and just keep and find something to spend it on I disagree with that. He said he was in favor of this article because they have to spend the money anyway to pay these costs which without a reserve would over expend the line item.

Mrs. Vaughn said they are going back to the people to give them the opportunity to approve or deny the expenditure and if the money is unspent it would go back to the town.

Mr. Johnson said if it is not spent it goes back to town, a year later in the next budget, but it still goes back to them.

Mr. Henry said the CRF's help keep the tax rate predictable and somewhat level so we don't have the big swings either way. We've heard stories about governments who hurry and spend the money at year end because next year's budget is based on what we spent this year. We've seen that here with the School District spending money at the year end. These are a tool to better encourage prudent spending because if they don't spend the money it stays within the school system and they have it to fund things that they need rather than spend it so we get it again next year. For that reason I've generally supported these he said.

Vote: The motion passed 10-1 (Lauze, Brown, E. Johnson, N. Johnson, Henry, Arcouette, Place, Mitchell, McElhinney, King-in favor; Connolly-opposed).

Mr. Henry said the articles are funded in the order that they appear on the warrant so if they were all to pass and there was \$150,000 left in the unassigned fund balance the Special Ed CRF would get \$100,000, the Technology CRF would get \$50,000 and the Building & Grounds CRF would get zero. He asked if the order of these articles be changed at the Deliberative Session.

Mrs. Vaughn said she didn't think the order could be changed because that changes the intent.

Article #12 – Technology CRF – to raise and appropriate up to \$100,000 from the June 30 fund balance available for transfer on July 1 to be added to the FSD Technology Expendable Trust Fund, no tax impact, School Board recommends 4-0

Motion: (N. Johnson, second Henry) to recommend Article #12;

Discussion: Mr. Johnson said there is \$90,000 in this account.

Mrs. Vaughn said they would probably expend about \$85,000 of the \$90,000.

Mr. King asked what the \$85,000 was spent on.

Mrs. Vaughn said it hasn't been spent yet because they need to have a Public Hearing first but it has been earmarked for infrastructure pieces needed now in addition to the IT budget.

Mr. King said \$200,000 was added to the IT budget and this appears to be another \$100,000 for similar purpose. He said based upon that he was not in favor of this article.

Mrs. Connolly asked who the agents to expend this fund are.

Mrs. Vaughn said the School Board is the agent to expend this fund.

Mr. Henry asked why they are still using a CRF to fund this and not funding technology out of the general fund.

Mrs. Vaughn said they are looking at pieces that need to be done this year and plan to tap into this account pretty hard this year and then replenish it if there are funds left over at the year-end.

Mr. Henry asked if they have to make big technology purchases one year and then no technology purchases the next year similar to purchasing school buses. He asked if it could be

leveled out in the general fund practically.

Mrs. Vaughn said within a few years they should be able to do that but right now there is a number of big things they have to do.

Mr. Brown said it is silly to spend \$200,000 on personnel and not spend \$100,000 on the technology they need to implement their plan.

Ms. Tanner asked Mr. Henry to clarify his earlier statements about how the articles would be funded by their order on the warrant.

Mr. Henry said Articles #11, #12 and #13 are funded with the unspent funds in undesignated fund balance at the end of the year. If there was only \$70,000 left the Spec. Ed. CRF would get the whole \$70,000 and the other CRF's would get nothing. If there was \$150,000 left, the Spec. Ed. CRF would get \$100,000, the Technology CRF would get the \$50,000 that was left he said.

Ms. Tanner asked how that would be explained to the average taxpayer.

Mrs. Vaughn said an explanation of how this works is typically part of the discussion at the Deliberative Session.

Mr. Johnson said it would only be explained to voters who show up at the Deliberative Session or attend/watch meetings online or on TV.

Ms. Mitchell said she was unaware of it and she is a member of the committee.

Mrs. Place clarified that the \$200,000 stated by Mr. Brown is the entire IT budget and not just for personnel.

Ms. McElhinney asked prior to this year when the last time was when any money was taken out of this account.

Mrs. Vaughn said it has been a long time.

Mr. Henry said he thought they were authorized to use the funds for the broadcast server.

Mrs. Vaughn said that was the last time and that it was a long time before that since funds were spent from that account.

Vote: The motion passed 6-5 (Lauze, Arcouette, Henry, Place, Mitchell, McElhinney-in favor; Brown, E. Johnson, N. Johnson, Connolly, King-opposed).

Article #13- Buildings and Grounds CRF – to raise and appropriate up to \$25,000 from the June 30 fund balance available for transfer on July 1 to be added to the FSD Buildings and Grounds CRF, no tax impact, School Board recommends 4-0

Motion: (N. Johnson, second E. Johnson) to recommend Article #13;

Discussion: Mr. Henry asked for the current balance of this fund.

Mr. Johnson said the CRF has \$22,000 in it.

Mr. Henry said there are several funds that cover the same thing with a lot of over lapping abilities. Some can be used for grounds and not buildings, some for just buildings and some for just one building he said.

Vote: The motion passed 9-2 (King, McElhinney, Mitchell, Place, Henry, N. Johnson, Brown, Lauze, Arcouette-in favor; E. Johnson, Connolly-opposed).

Mrs. Vaughn said Articles #14 and #15 are petitioned warrant articles and the Bud Com does not make a recommendation on them. They go straight to the ballot as presented she said. Mr. Brown said he would like to know with the \$2.82 plus the potential 50 cents tax impact from the spending of the undesignated fund balance plus another 20 cents from Articles #5 and #6 if the committee wished to revisit Article #3. He asked if there was any way they could help compensate for an over a \$3 per \$1,000 tax increase.

Mr. Henry if Mr. Brown was saying by funding the 3 CRF's for \$225,000 would amount to a 50 cent tax rate increase.

Mr. Brown said it would be 50 cents on top of the \$2.82 for Article #3 plus the article with a 3 cent impact and one with a 17 cent tax impact.

Mrs. Vaughn said the 50 cent portion (for the 3 CRF's funded from the unassigned fund balance) may or may not impact the tax rate as it depends where things are when the tax rate is set.

Mr. Henry asked how they would affect the tax rate.

Mr. King said that portion used to fund the CRF's would not be available to go back to taxpayers by not lowering the tax rate at the next tax setting.

Mr. Brown said the school budget ends on June 30 and the fund balance that is returned affects the Town tax rate setting in December and the taxes would go up or down based on the money returned.

Mrs. Vaughn said if the full \$225,000 was returned it would drop the 74 cent budget increase to 24 cents and there would be no fund balance so whether the articles for CRF's pass or not is moot point because they would not be funded if there is no unassigned fund balance.

Mr. King said the 74 cents is based upon the increase in Article #3 so if there is money left over it would reduce that.

Mr. Johnson said the only way to get to the 24 cents is if the revenues increased.

Mr. Henry said he didn't think Mr. Brown's projected tax increase was correct.

Mr. Brown said we would get hit with an increase from Article #3 (74 cents) and we don't get back that 50 cents that we would normally get back in Dec. those 2 numbers added together is what it is costing me out of my checkbook.

Mrs. Vaughn said the 50 cents would not be added on top of the 74 cents but would reduce the tax rate by 50 cents if it is there to use.

Mr. Lauze said they are not spending this money or forcing anyone to vote for it but are giving the taxpayers the option to spend it. The vast majority of them are quick to understand the impact based on what's shown here. I don't think I'm spending the taxpayers' money but am presenting it and they can decide to spend it or not spend it.

Mr. Henry said it is really saving it or not saving it.

Mrs. Connolly said either way they are spending taxpayers' money. There's really no difference between the 2 budgets (default and proposed operating budget).

Mr. Brown said having spent a significant amount of time in this town he would rather go to the Deliberative Session with a conservative number and let the taxpayers raise that number versus asking people to show up and cut the number. He said there are a lot of elderly people in town some of whom are facing the question as to whether to stay or sell their homes. At some point we need planning and maybe the 10 year plan is the answer. I can pay my tax bill but there are a lot of people in town who can't.

Mrs. Place said she often hears this argument about the elderly who are on fixed incomes and can't pay their taxes. There are a lot of people who are unaware that there are exemptions they can apply for. I know many people who apply for and get the exemptions she said.

Mr. Johnson said the guidelines for exemptions are very strict and you basically can own your home and a car with \$12,000 in total assets for a single person. Those are the properties that the Town ends up taking and trying to resell. That's the \$800,000 in the fund balance for the Town from people who can't pay it he said.

Mrs. Connolly said it is not just the elderly. It's also single people like her who have not had a raise in 5 years that are struggling to make ends meet while everything has gone up. We were voted in to look out for the interest of every taxpayer especially those with limited means. If someone rents an apartment it affects them as well because the landlord is not just going to absorb that increase and will pass it along to their tenants.

Mr. Henry said anything that shifts taxes it doesn't mean the Town or the School District gets less money. It shifts it to the other people who don't get an exemption from paying he said.

Mr. Brown said his other concern with large increases is that sooner or later the taxpayers will cut it and we're stuck with it. We need planning and a policy about spending the surplus so anyone will know where they stand in 3 years from now he said.

Mr. Henry asked if there is a 10 year plan in place.

Mrs. Vaughn said the 10 year plan is not finalized.

Mr. King said the School Board and the Administration has a formula for success. If that formula doesn't change there will be no change to the continued increase to the school budget because there are a lot of fixed costs that are going to continue to grow he said.

Mr. Lauze disagreed and said it is less about how they choose to establish their plan and that a big part of it is we haven't spent the money in the past so until we get our technology and other aspects of our schools to a reasonable level we will keep spending because we haven't done so in the past and it is needed he said.

Mr. Henry asked about the status of the 10 year plan.

Mrs. Vaughn said she has an outline but does not have the complete metrics from the School Board. There hasn't been a decision about how they are going to track some of the goals that have been set she said.

Motion: (N. Johnson, second Connolly) to table the School Board and Town monthly budget discussion;

Mr. Henry called point of order and said he did not think that was relative to the Public Hearing. Chairman Arcouette said they need to close the Public Hearing first.

Mr. Brown asked about the deadline for posting the School District Warrant.

Mrs. Vaughn said the posting must be done by Monday and she would submit the warrant with their recommendations to the DRA portal, obtain the MS-27 and then get the signatures from the committee. She said the statute states it must be posted by Jan. 28 with the signatures of a quorum of the members and that she would attend the Bud Com meeting the next night so the members could sign it.

Motion: (N. Johnson, second Connolly) to close the Public Hearing passed 11-0 at 9:40 p.m.

Motion: (N. Johnson, second Connolly) to table the discussion of the School and Town monthly reports passed unanimously.

Chairman Arcouette said the meeting scheduled for the next day is not their regular monthly but is for the presentation of the Town budget to the committee and starts at 6 p.m.

Adjournment:

Motion: (N. Johnson, second Connolly) to adjourn the meeting passed unanimously at 9:43 p.m.

Respectively submitted

Kathleen Magoon

Recording Secretary

Sylvia Arcouette, Chairman