

Town of Farmington  
Budget Committee Meeting Minutes  
Wednesday, August 28, 2019

**Committee Members Present:**

Jodi Connolly, Chairman (by phone)  
Stephen Henry, Vice Chairman  
Sylvia Arcouette, Secretary  
Neil Johnson, Selectmen's Rep.  
Linda McElhinney, School Board Rep.  
Jason Lauze  
Elizabeth Johnson  
Joshua Whitehouse  
Jeremy Squires  
Heidi Mitchell

**Committee Members Absent:**

Samantha Place, excused

**Others Present:**

Arthur Capello, Town Administrator  
Blanche Tanner

**1). Call to Order:**

Vice Chairman Henry called the meeting to order at 7 p.m.

**2). Pledge of Allegiance:**

All present stood for the Pledge of Allegiance.

**3). Public Comment:** None

**4). Review Minutes:**

July 24, 2019 – Page 1, Members Absent- Jason Lauze and Heidi Mitchell were not excused

**Motion:** (N. Johnson, second Arcouette) to approve the minutes as amended passed 6-0-3 (Squires, Lauze, Mitchell abstained).

**Phoning it in** - Mr. Capello said Mrs. Connolly has requested to be allowed to take part in the meeting by phone as she is currently in Boston, MA and asked the committee to vote on whether to grant Mrs. Connolly's request.

**Motion:** (Whitehouse, second N. Johnson) to allow Mrs. Connolly to participate in the meeting by phone;

**Discussion:** Mr. Johnson said that Mrs. Connolly would be participating as a committee member and Mr. Henry would be the acting Chair as Mrs. Connolly must be physically present to Chair the meeting.

**Vote:** The motion passed unanimously.

Mr. Capello called Mrs. Connolly and put the conversation on speaker phone. He informed her that the committee voted to allow her to join the meeting on speaker phone and asked if she was alone or with anyone.

Mrs. Connolly said her daughter was with her.

Mr. Capello asked Mrs. Connolly if she was unable to attend the meeting and for the reason she was not able to attend.

Mrs. Connolly said she was in Boston so she couldn't be at the meeting in person.

Mr. Capello said this information must be included for the record and asked the members if everyone could hear Mrs. Connolly.

The committee members said they could hear Mrs. Connolly.

Mr. Capello placed the phone on the table in front of Mr. Henry where it remained on speaker phone for the remainder of the meeting.

#### **5). Review Town Reports:**

Mr. Capello reported that he informed the Board of Selectmen that the initial review of the revenues due for Sept. 1 (MS-434 Revised Estimated Revenues) showed that there is a short fall of about \$48,000 less than what was anticipated but that \$11,000 of that has already been made up. He said the shortfall was not caused by one thing but by a combination of things such as the solar company has not paid any fees to the Town, Yield taxes are less than anticipated as well as some other items. This may change dramatically upward up as we can revise it up until the day the tax rate is set so if we receive additional revenues such as ambulance billing, vehicle registrations, etc. it will help offset that \$48,000 he said.

Mr. Henry asked if the \$11,000 was revenue that was found or from money they decided not to spend.

Mr. Capello said it was revenue that they received from the Workers' Comp insurance rebate (\$9,000) and because the Town qualified to be an active member of Primex's "Prime Squared" program saving approx. \$3,000 on insurance premiums.

He said one thing they may see is that the Highway Dept. overtime budget may be overspent by a lot if we have a tough Oct.-Dec. as most of that line was spent in Jan.-March of this year because we had a tough beginning of the year.

**Remittance Report-01/01/19-07/31/19:** No questions or comments

#### **Parks & Recreation- July 2019:**

**Actual & Budgeted Expenses & Encumbrance Report:** No questions or comments.

**Director's Monthly Report:** No questions or comments.

**Actual & Anticipated Revenues Report:** No questions or comments.

#### **Town General Fund – July 2019:**

**Actual & Anticipated Revenues Report:** Mr. Capello said revenues from vehicle registrations will be much higher than anticipated with a \$40,000 increase from what was anticipated at the beginning of the year. He said that may go higher because a few large companies have said they are considering moving all of their vehicle registrations to Farmington.

Mr. Henry asked if the Town has any tools to encourage that.

Mr. Capello said Farmington does not charge a surcharge as some other communities do for road improvements which may be a minor incentive. The registration rates are set by the state he said.

Mr. Henry said he was wondering of if there are any incentives that could be offered elsewhere such as on the property tax side to get someone to register all of their vehicles here rather than in another town.

Mr. Capello said he was not aware of any such incentives.

**Actual & Budgeted Expenses & Encumbrance Report:** Mr. Capello said the Finance Administrator noted on the last page of the report that no taxes had been paid to the School District in July and she will continue to note any payments to the School District each month.

Mr. Henry asked if a payment was scheduled but wasn't made.

Mr. Capello said all other payments due were made and that the new payment schedule comes out in July as July 1 is the start of their fiscal year. He said they would see some hefty payments to the School District in the next report.

Page 13, Capital Outlay, Line 01-4902-30-740, Sidewalk Plow 2019 - Mr. Henry said that considering that the sidewalk plow is no longer just a sidewalk plow this line should be renamed.

Mr. Capello said he didn't believe there was any specific sidewalk plow budget and what they did do in this year's budget was to decrease some lines such as for roadside mowing, etc. because we now have the attachments to do those tasks.

Page 8, Highway & Streets, Line 01-4312-10-631, Sidewalks - Mrs. Arcouette asked if there are plans for the money in this line (\$20,000).

Mr. Capello said the DPW Director plans to convert some sidewalks to concrete because they last longer and are easier to maintain similar to what was done on Bay Road by Cannon Park last year. He said the Director had a concrete contractor measure some of the work planned to get pricing estimates and the front steps at the Municipal Office Building and the Town Hall (Rec. Center) will be repaired at the same time.

Page 8, Rebuild/Repave/Repair Roads, Line 01-4312-10-630 – Mrs. Arcouette asked about the plans for the money in this line (\$350,000).

Mr. Capello said the bid has been awarded and that Governor's Road is currently undergoing drainage work. The Municipal Office Building parking lot and the abutting portion of Green Street out to Main Street will also have their drainage issues fixed and then be repaved. He said there was also the replacement of a water line on another street and the dept. is trying to coordinate pipeline/drainage work with the repaving work so that the same pavement doesn't have to be repaired twice.

Page 6, Building Inspector, Line 01-4240-10-620, Code Enforcement Supplies – Ms. McElhinney asked why this line is so over spent (\$300 budgeted, \$577.84 spent).

Mr. Capello said the state changed the building code to the 2015 International Building Code so the Town had to update all of the books.

Mr. Henry said the line was a \$300 line to begin with and is overspent by \$277.

Mr. Capello said the percentage left (-92.61) makes it look worse and the biggest portion of the over expenditure was for the new books which cost \$100 each.

#### **6). Review School Reports:**

Ms. McElhinney began with the answers to the committee's questions asked at the last meeting.

Athletic Director's Salary- Ms. McElhinney said this salary is split between two lines in the budget because it is 2 different positions. She said the **Business Administrator (BA)** explained that both of these averages have their basis in staff departures as of June 30. The payout for the vacation time was carried forward so when the Director left they had to make that payment which was split 50/50 so that is why the lines were decreased she said.

Valley View Nurse- Ms. McElhinney said the budget for the nurse's salary was set at a particular price when this budget was created in 2017-18. When the new nurse was hired she was placed on a higher step of the pay scale and tracked and budgeted in accordance with her experience level she said.

Mrs. Arcouette asked why the new nurse was put on a higher salary scale.

Ms. McElhinney said it was due to her experience and that she is more qualified so they raised her pay accordingly.

Mr. Capello said the nurse is also included in the teachers' contract which would determine what wage step she would be placed on.

Mr. Henry said when the School Board budgets for a position that doesn't have a person in it they pick a number in the middle of the salary scale as a place holder. Sometimes the new staff member comes in at lower rate and sometimes at a higher rate. This person came in higher and this position has its own budget line so it shows up he said.

Mrs. Arcouette asked if this was a new nurse.

Ms. McElhinney said she is a new nurse at the school.

Contracted Services- Ms. McElhinney said there was a question about Line 498 as to whether MRI falls under this line. It is for the MRI's services and why it is overspent she said.

Electricity and Heating Oil- Ms. McElhinney said they discussed this briefly last month and that the projected numbers came in lower than what was actually spent due to the cost increases for these items.

Unexpended Fund Balance- Ms. McElhinney said they don't have those numbers yet as the financial books are still being processed. She said the BA was supposed to meet with one of the district's Auditors but the Auditor canceled the meeting and to her knowledge the meeting has not been rescheduled. She said he is supposed to go through the numbers with the BA to get a better idea of what those numbers are.

Mr. Johnson asked if this would happen within the next few days because those numbers (on the MS-25 form) are due to the state Dept. of Revenue (NH DRA) on Sept. 1. That is the one used to set the tax rate and the one we had so much trouble with last year he said.

Ms. McElhinney said she did not know.

Mr. Capello said there is a potential delay with receiving responses from DRA because the Governor did not sign the proposed state budget and DRA is saying there may be a delay in setting the tax rate because they don't have a budget yet.

Mr. Whitehouse said the DRA is claiming they don't have enough money to operate but they have funding and they can set the tax rate.

Mr. Johnson said when the school district files the form DRA may not be able to process it right away due to not being able to get to it in their pile of forms from the other districts. He asked if there was an anticipated date when the MS-25 form would be submitted to DRA.

Ms. McElhinney said not that she is aware of at this time.

Audit Filing - Mr. Johnson added that last year's audit which was due June 30 also has not been filed according to the DRA website. He said the audit has to be filed with the state by 1 year after the closing of the school year so this would have been for the 2017-18 budget audit and should have been filed by June 30, 2019. He said the audit is supposedly complete so this could be a filing issue (with the school district) or an issue with DRA not processing it yet.

Ms. McElhinney said she would look into it and get back to committee.

Overdrawn Budget Lines – Ms. McElhinney said there were questions about the district over drawing the budget lines and keeping them shown as a negative balance. She said the previous BA did keep a list of the over drawn lines but the present BA said she did not have a list and all of the lines that are over spent are due to salary and benefits due to the large turnover in the higher level administration positions. At this time the BA is just looking at the bottom line of the budget and as the positions are filled they will get a better idea of the numbers that should be there and that they should see it even out she said.

Mr. Johnson said the RSA requires if you take money out of another account to apply to an over expended account you have to maintain a separate ledger to show where it comes from.

Mr. Capello said this is also required by auditing standards.

Mr. Johnson said if they make the changes on the budget line and it becomes over drawn they don't have to maintain that second worksheet.

Ms. McElhinney asked if the members had any new questions.

Retiree CRF - Mr. Henry said that a number of years ago the Town set up a **Capital Reserve Fund** to set aside money for large retirement payouts that were coming and asked if the school district could establish such a fund and asked them to consider if such a fund would be wise.

Ms. McElhinney said she was in favor of it and that it would just be a matter of figuring out where the funding would come from. Going forward it is something we should definitely consider she said.

Mr. Capello said the Town fund was originally set up for long term employees and once the last of those people retires the fund would dissolve because a certain dollar amount is budgeted each year to accommodate people retiring and employee buyouts, etc. After those employees the board set a cap on accumulating benefits where prior to that there was no cap he said.

Mr. Henry said that even with building that into the budget that unless you know those people are retiring you are potentially over taxing for someone who might retire where the CRF would give you more of a cushion to have money if someone does retire and if don't have someone retire you don't have the expenditures and you don't have to put money in the fund.

Mr. Johnson said the other side of that is you are going to have to tax the people to put money in the fund.

Mr. Henry said every year there is a big discussion about how much the tax rate is going up or going down and the CRF's are a tool to help level out the tax rate.

Mr. Capello said one thing he does to determine the amount to put in the fund is to ask the long term employees if they are planning on retiring. If I know someone is planning to retire I will bring a warrant article (to the Selectmen) to increase that fund and otherwise I wouldn't advise they bring forth the warrant article. For any of our day to day staff there is money in the operating budget to pay out their vacations, sick time, etc. he said.

**YTD Expenditure Report – Grants Special Revenue Funds:** No questions or comments.

**All Funds – Revenue Report:** Mrs. Connolly said at the last meeting the members asked Ms. McElhinney to provide a list of where the money is being moved to and asked if this was addressed or if the list was not available yet.

Mr. Henry said the issue was addressed a few minutes ago when Ms. McElhinney said it is not available and they are not sure if it will be available.

He asked if the committee could get a finalized expenditure report for the previous school year.

Ms. McElhinney said she did not think those numbers were finalized yet but when they are finalized the committee could get that report.

Mr. Johnson asked if that would be for the 2018-19 school year.

Mr. Henry said that is correct and the report that they saw was not complete.

**General Fund YTD Expenditure Report:** Mrs. Johnson said that in several places in this report she was seeing where the reported period was one amount and the current period is a different amount and asked for an explanation.

Mr. Johnson said since it's for the first month of the year they should be the same amounts. He gave an example found on Page 1, Line 3, Salaries, Teachers, HW where the current period shows no expenditure and the reported period shows an expenditure of \$3,292.

Mr. Whitehouse said the two periods have different dates as well.

Mr. Johnson said the Current Period is 7/1/2019-7/31/19 and the Reported Period is 7/1/2019-6/30/20.

Mr. Henry pointed out that this report was printed in mid-August and he didn't think the

numbers were just for July.

Mr. Johnson said the numbers should still be the same.

Mrs. Johnson said it should be just July's numbers because they previously agreed the reports would be for the previous month. She said the Current Period states it is for 7/1/19-7/31/19 and not to 8/14/19 when the report was printed.

Ms. McElhinney said she would find out why the language and the numbers are different.

Mr. Henry said he heard discussion that the School Board is considering changing the district's accounting system.

Ms. McElhinney said there was some discussion about it but it comes with a price tag so they are still looking into it.

Mr. Henry asked if they are at the end of its life with the current software.

Ms. McElhinney said that is correct but it is looking costly so they are trying to evaluate it and see what needs to be done.

Mrs. Arcouette asked how much money has been spent so far for contracted services provided by MRI and other contracted services. She said there are several areas in the budget with lines for contracted services expenditures and asked for the bottom line on what has been spent.

Ms. McElhinney asked if she wanted the amounts for last year as this expenditure report is for this school year.

Mrs. Arcouette said she would like the bottom line amounts for all the contracted services for both years.

Mr. Henry requested it include an explanation of what the service was for and why they were hiring a contractor.

Mrs. Arcouette asked if all of the open positions in the school district have been filled.

Ms. McElhinney said all of the administration and teachers' positions have been filled but there are some custodial positions that have not been filled yet.

Mr. Henry suggested that she look into if all of the Paraprofessional positions have been filled.

Mrs. Arcouette said there is a line in the budget for repairs to the schools and asked what needs to be repaired at the schools and what the plans are for those repairs. She said she hoped the heating system is part of the repair plans.

Ms. McElhinney said there is a Capital Improvement Plan in place and that she would get it for the committee. She said it includes a basic timeline for budgeting purposes for what they hope to do each year.

Mr. Henry said that at a couple of School Board meetings ago, the question was asked about increasing the cost of lunch for teachers to \$4 and the board voted to increase the price to \$3.85. He said he heard that since then the board had voted to increase the cost to \$4.

Ms. McElhinney said that is correct and they had tried to increase it only by 10 cents because that is what they did for the students' lunches. When they spoke with the food services reps they said that in order for the taxpayers not to be footing a large portion of that bill they would



need to increase the teacher lunches to \$4.

Mr. Henry asked if the taxpayers are subsidizing lunches for the teachers or if the teachers are subsidizing lunches for the students and asked for the actual cost of the lunch and if the contents of the lunch is any different for the teachers than it is for the students.

Ms. McElhinney said they tried to pose those questions to the food service and never got a direct answer. They said this is what it would cost on average to make the lunch and didn't give us a breakdown of what each lunch cost and advised us that \$4 is the recommended price she said.

Mr. Henry asked if there was no evidence provided as to why it should be \$4 and if they just said they could make their numbers look good if they charge the teachers \$4.

Ms. McElhinney said they did have an issue with this at the School Board level but the bottom line without impacting the taxpayers was they needed to increase it to \$4. She said she was against this and only wanted to increase it by 10 cents.

Mr. Henry said he didn't know what the right thing to do is yet because they don't have very good answers. He said he understood not every meal will have the same cost as pizza will have a different cost than cheeseburgers.

Ms. McElhinney said the board asked for more information from the food services.

Mr. Henry said the food service reps should be able to tell us what the meal cost and that one way or another we are subsidizing the meal program. He said the teachers are being charged \$4 and the students are charged \$2.85 for lunch and if it is for the same lunch that is heavy subsidy placed on the local taxpayers.

Ms. McElhinney said the district also receives money for the student lunch program from the state.

Mr. Henry said he asked about that at the School Board meeting and was told they do not receive any additional funds for the students' lunches.

Mr. Whitehouse said he thought there was a subsidy provided by the US Dept. of Agriculture.

Mr. Henry said he didn't want the teachers to subsidize the student lunches just to make the program look good and that he wanted the numbers for the actual cost of the lunches. He added that in the interest of full disclosure that his wife is a teacher but this doesn't affect their pocketbook as she doesn't purchase lunch at school.

Ms. McElhinney said the board was disappointed in the food service's response and that she would look into this further.

**7). Old Business:** None

**8). New Business:** None

**9). Next Meeting:** Wednesday, September 25, 2019 at 7 p.m.

**10). Public Comment:** None



**11). Adjournment:**

**Motion:** (N. Johnson, second Arcouette) to adjourn the meeting passed 9-0 at 7:40 p.m.

Respectively submitted  
Kathleen Magoon  
Recording Secretary

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Stephen Henry, Vice Chairman