

Town of Farmington
Budget Committee Meeting Minutes
Wednesday, November 15, 2017

Committee Members Present:

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

Committee Members Absent:

Sam Cataldo
Stephen Henry
Jason Lauze, excused

Others Present:

Linda McElhinney

1). Call to Order:

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

2). Pledge of Allegiance:

All present stood for the Pledge of Allegiance.

3). Public Comment: None

4). Review Minutes:

October 25, 2017- No errors or omissions

Motion: (Cardinal, second Connolly) to accept the minutes as written passed 8-0.

5). Review of Town Reports:

Town Administrator Arthur Capello did not attend the meeting.

A). Remittance Report-

There were no questions or comments regarding this report.

B). Actual & Anticipated Revenues General Fund-

Page 1, Line 01-3110-10, Property Taxes- Mrs. Cardinal said the prior year paid to date revenues and the current year to date revenues are shown but there is a zero in the current year budgeted column and asked **why the amount budgeted for the year is not shown.**

Mr. Johnson said he thought the amount should be included and said he will get an answer for Ms. Cardinal.

C). Actual & Budgeted Expenses & Encumbrance General Fund-

Ms. Connolly asked if the Town budget ends on December 31, 2017.

Mr. Johnson said that is correct.

Page 14, Line 01-4933-10-911, Taxes Paid to School Districts, School- Mrs. Cardinal said the amount shown in the Current Year Expenditures column is \$7,174,096 and on the SAU's

accounting side they show it as \$7,074,095 leaving a gap of \$100,001. **She asked if Mr. Capello or the Selectmen could provide an explanation for the gap.**

Mr. Johnson said he would ask the Finance Administrator for an explanation.

D). Actual & Budgeted Expenses & Encumbrance- Parks & Recreation-

There were no questions or comments regarding this report.

E). Actual & Anticipated Revenues- Parks & Recreation-

Line 04-3409-53, Summer Program- Mrs. Connolly said the Balance Uncollected column shows \$23,254.53 uncollected and asked why there was so much money still uncollected at this date.

Mr. Johnson said it is because some of the amount comes from state or federal grant funds and the Town is awaiting payment of those funds.

F). 2017 Tax Rate Chart-

Mrs. Connolly asked if the amount shown on the chart (\$27.81) is the amount set for the tax rate.

Mr. Johnson said that the tax rate was set at that amount last week.

6). Review of School Reports:

Report Dates- Mrs. Arcouette said that last month the committee received a report dated 10/1/17 – 10/31/17 that was printed on 10/20/17. This month the report is dated 10/1/17 – 10/31/17 and was printed on 11/6/17 and asked if this month's report was a further completion of the report received last month.

Mrs. Cardinal said that last month's report only contains transactions through Oct. 20.

Mrs. Arcouette said she questioned it because both reports say they cover 10/1/17 -10/31/17. She said all of the information for the month should be included on the 11/6/17 report and asked if the members had any objection to beginning the review with that report.

Mr. Brown asked if the report submitted last month was for the close of the fiscal school year.

Mr. Johnson said that it was not and that the committee received that report in September.

Surplus Expenditures-Mr. Brown said a taxpayer had some budget questions about some of the surpluses and expenditures made based on the last School Board meeting for the fiscal year held on 6/19/17.

He said that during that meeting, the Superintendent said the projected surplus was \$635,974 and that she wanted to spend some of it to create "wiggle room" in the upcoming budget.

Mr. Brown then asked about the following items and procedures:

Heating Oil- the fuel bill went out to bid and there were 2 rates quoted (\$1.6050 and \$1.62 per gallon including tax). The Superintendent said the fuel bill for 50,100 gallons at \$1.62 a gallon would total \$81,352 but Mr. Brown figured the total cost at \$81,162 leaving a balance of about \$190. The School Board approved a motion to pre-buy the heating oil for the 2017-18 fiscal year but the motion did not contain a dollar amount to be appropriated he said.

He asked why a non-profit government agency would be paying tax on fuel to a vendor and if the funds can legally be spent out of that budget line without an amount to be expended in

the motion.

Student Laptops- the Superintendent said they budgeted for laptops during the budget process but they would like to pre-purchase Chrome Books out of the surplus instead of the laptops.

Mr. Brown asked if the board could legally spend \$27,500 to buy the Chrome Books if they were not discussed or purposed during the budget process.

Unemployment Compensation- the School Board approved a motion to fund the remainder of the unemployment compensation for the year but the motion did not contain an amount to be expended.

He said the transfer of funds has to have a purpose and the amount to be spent in the motion and questioned if the funds could be spent legally.

Card Readers- the Superintendent said she wanted to purchase card readers for additional safety but said she wanted to research what is available for about \$6,000. During the School Board discussion the cost was said not to exceed \$20,000. Mr. Brown said he didn't recall any discussion about card readers during the budget process and noted that surplus funds must be spent on something that has already been purposed and appropriated.

He asked if the amount to be spent is \$6,000 or \$20,000 and if the funds can legally be spent without being included in the budget process and without an amount to be appropriated in the motion.

Motion: (Brown, second Connolly) to grant permission to contact the Dept. of Revenue Administration on behalf of the Budget Committee asking if we need a purpose and a specific dollar amount for line item transfers in the motion that is passed by the board;

Discussion: Mr. Johnson said he felt that asking about the expenditure for the Chrome Books in place of the laptops may be getting into the minutia of what they can expend. He agreed with the need to specify the purpose and the amount of the expenditure in the motion when spending surplus funds.

Mr. Brown said that particularly with the recent tax rate increases that they owe it to the taxpayers to make sure they are doing things right. He added that he wasn't accusing anyone of doing something wrong but that there are gray areas concerning what can and can't be done and it wouldn't hurt to have an outside professional check to see if things are being done correctly.

Mrs. Cardinal asked if Mr. Brown was basing his concerns about the School Board motions on the printed meeting minutes, the meeting video or both.

Mr. Brown said he was referring to the meeting minutes of the 6/19/17 School Board meeting. Mrs. Cardinal thanked Mr. Brown for bringing these "gaps" in the motions to her attention as the School Board wants to make the appropriate expenditures within the law. She said they didn't want to appropriate funds then find out it was a blunder and make some other program suffer because they have to give the money back.

Mrs. Cardinal then asked if the Bud Com wanted to go straight to the DRA or give the School

Board and the SAU team an opportunity to figure out if something went wrong or if the board's motions have been inaccurate.

Mr. Johnson suggested the DRA could answer the questions without going into the specifics of the School Board's motions. He said the Bud Com would need this information for future use.

Mr. Brown said his inquiry to the DRA would focus on 3 areas- if a purpose and the amount to be expended must be included in the motion, if funds can be expended for items that were not part of the budget process and **what the remedy is if the motions/expenditures were incorrect.**

Mr. Johnson said that the remedy should be hammered out by the School District and the DRA.

Ms. Arcouette asked if the appropriation for the unemployment compensation insurance is to pay it for the rest of the year or to pay it ahead.

Mr. Brown said the appropriation is to pay from 7/1/17 to the end of the current fiscal year but would be paid using surplus funds from last year and there is no dollar amount in the motion.

Mrs. Arcouette requested that Mr. Brown forward the DRA's response by e-mail to the committee members.

Mrs. Cardinal clarified that the School Board discussions are always based on an amount not to exceed but the question is if the motions were structured properly. There is never a blank check written to the Superintendent she said.

Mr. Brown said the law is clear that you can't expend money for something that wasn't purposed in the budget. The Superintendent needs to be given the opportunity to explain the expenditures as a professional courtesy he said.

Vote: The motion passed 7-1 (Cardinal opposed).

Mr. Johnson cautioned the members not to have any conversations about the DRA's e-mail response as that could be considered an illegal meeting.

Mr. Brown suggested he send the DRA response to Mrs. Arcouette and requested that she forward it to the members as Chairman.

Public Input- School Board member Linda McElhinney asked how detailed the School Board needs to be in presenting the budget in order to cover any "gray areas" and if there needs to be language stating that if there is a certain amount of surplus funds that the board may relocate the funds to a line item, such as the Technology line in order to cover the expenditures.

Mr. Johnson said for example, if there is a security line item in the budget that is not zeroed out then money could be transferred into that line and the card readers could be paid for out of the security line item.

Mr. Brown said he did not think they should be creating projects under big blanket line items for items they want buy. He said it needs to be part of the budget process and let the taxpayers decide whether to buy the items or not. He said he is all for the security of the schools but has an issue with the process being used to get there.

Mrs. Connolly said the budget process is not to tell the Bud Com every pencil you plan to buy but the major dollars that are being spent on certain things need to be brought before the

public. That is being fair to the taxpayers she said.

Mrs. Arcouette said if there is an encumbrance of money the people expect it to come back to them to reduce their taxes. She said the transfer of funds between lines may be okay but just coming up with an idea to spend the money is not being diligent in her opinion.

Mr. Johnson said that they don't always cover every instance in the Town budget with it being 1 year out and it is more difficult on the school side where the budget is 18 months out. He said the Selectmen and the School Board have some discretion on spending for things that are needed during the year such as when the Selectmen approved the purchase of a Police cruiser that was not part of the budget discussion.

Mr. Brown said if there is a line item for the expenditure then it is a lawful expenditure. He said he did not want to question the Superintendent's or the School Board's discretion but there needs to be a line item to expend funds.

A.) Year to Date Expenditure Report- General Fund – printed 11/6/17:

Page 1, Regular Education Program, Salaries- Mr. Johnson asked what happens to the encumbered funds for salaries if the position isn't filled.

Mrs. Cardinal said the amount set aside for a position that remains unfilled would show in the Amount Remaining column.

Mr. Johnson said that line 2 shows \$755,718 encumbered for salaries for Valley View teachers and that the definition of encumbered is to have a contract or agreement in place to be able to expend that money. For example, if you had included a 5th grade teacher and that position isn't filled that teacher's salary would no longer be encumbered because there is no contract. I never see those numbers (encumbrances) changing he said.

Mrs. Cardinal said that if the School Board decides not fill a position the funds for that position should shift over to the Amount Remaining column. She said that in some instances the money could be used to pay for a substitute or for stipends to teachers who fill in for that course. If everyone is performing in the same role you wouldn't see the funds shift she said.

Mr. Johnson this is a dynamic number and there is someone who makes the numbers change when there is some sort of incident.

Mrs. Cardinal said there is a lot of catch up going on as there is no one sitting at the computer waiting for a change and to fix the number. She said a more "robust" system to track the changes would be expensive and requires approval of a warrant article to purchase the system. She said the a number under the Amount Remaining column on a year-end report dated in June is not a projection of what is going to be the unexpended fund balance because there are accounts payable and additional invoices that come in at the end of the year that may take 6-8 weeks to receive and pay.

Mr. Johnson said the committee did receive a report in September which addressed that issue.

Mr. Brown said the number he quoted earlier in the meeting came from the 6/19/17 School Board meeting where the Finance Director said the budget balance (\$635,974) was not the final

number as they still had some expenses coming in. He said previously the number was approx. \$657,000 but with the expenses for oil, Chrome Books, card readers and 2% reserve fund balance the number would be reduced by several hundred thousand dollars.

Mr. Johnson said the Town doesn't close the books until 1 month to 45 days after the end of the year depending when the vendors submit their invoices just as the School District does. He said the report dated 8/11/17 shows a balance of \$182,308.

B). YTD Expenditure Report – Grants Special Revenues Funds:

Mr. Brown said the Town passed a warrant article to accept state and federal money until rescinded and **asked if the School District has a similar warrant article allowing them to accept state, local and federal funds.**

Mrs. Cardinal said she did not know and would get the answer for Mr. Brown.

C). All Funds- Revenue Report:

There were no questions or comments about this report.

Mrs. Arcouette said a taxpayer asked the following questions about the School District:

The total number of School District employees including the SAU Office, Administration, Custodians, Teachers, Para's, temps., etc.

The number of classes in each grade

The number of students in each grade and per class.

Break down the answers by each school if possible.

Mrs. Cardinal said she would have to include a district-wide category such as for the SAU employees who are district-wide employees not assigned to any particular school. She said she did not have the answers to all the questions and would have to research the information and would provide the answers to the committee.

7). Update on School District Gate Receipts:

Mr. Brown previously asked about the Special Revenue Fund (SRF) created by the School Board where the athletic events gate receipts were deposited in the general fund but were earmarked as a special revenue. He said the fund needs to be set up as a revolving fund because funds can't be expended from a SRF without such an account. He added this is another issue where he agrees with the purpose but wanted to make sure it is done correctly.

Mrs. Cardinal said the district is handling the issue through the audit process and the next steps have yet to be determined. The funds have been reported as revenue on the MS-25 and get returned to the taxpayers so there is no immediate recourse needed. We are trying to identify what to do to make it right and the policy on this issue will be updated soon she said.

Mr. Brown cautioned that the board set up the fund and if someone expended money that wasn't an appropriation in the budget the penalty could be removal of the employee or the official by state statute. He said he did not want to see someone get in trouble for handling the funds incorrectly and suggested that money should not be expended from the fund until there is a resolution to the issue.

8). Old Business:

Unanswered questions- addressed under agenda item #7.

9). New Business:

A). Calendar- Mr. Johnson suggested the following meeting dates regarding the Town budget:

Thurs. Jan 4 Town budget sent to the Bud Com for review.

Wed. Jan. 17- Town budget presentation to the Bud Com at 6 p.m.

Tues. Jan. 23 snow date for Town budget presentation to the Bud Com at 6 p.m.

Tues. Feb. 13 Public Hearing on the Town budget at 6 p.m.

Tues. Feb. 20 snow date for Public Hearing on the Town budget at 6 p.m.

Mr. Brown noted that 3 committee members were absent and suggested that a master schedule be compiled and sent to the members and then vote on it at the Dec. 12th meeting. Consensus of the committee was to set the dates at this meeting.

Ms. McElhinney asked when the library would make its presentation to the Bud Com.

Mr. Johnson said it would be part of the Town budget presentation and suggested she check with the Town Administrator.

Motion: (Johnson, second Connolly) to accept the dates as presented passed 8-0.

Mr. Johnson said he would put together a calendar and send it to the Chairman.

B). Erroneous News- Mrs. Cardinal said the article on the tax rate that appeared in Foster's Daily Democrat on Nov. 9 contained many errors. She said that Mr. Capello was quoted as saying the erroneous numbers in the article.

Mr. Johnson said the Selectmen and Mr. Capello are well aware of the article. He said the paper took the press release and took out the sections they wanted and strung it together in the article. He said the article was completely inaccurate and that the only thing they got right was Mr. Capello's name.

Mrs. Cardinal said some of the numbers were correct then asked if there will be an update to the article.

Mr. Johnson he did not know and would ask Mr. Capello when he returns from the seminar he is attending.

Mrs. Cardinal asked if there is anything they can do to try to correct the information if the journalist does not do so on her own. This process is complex enough as it is so erroneous numbers is such a disservice to the residents she said.

Mr. Brown suggested that if a press release is sent to the media with the corrected information that a copy of the press release be sent through the Town e-mail system to the general public so that the public gets the accurate information as well.

Mr. Johnson suggested that the corrected information be put in Foster's and in the town e-mail system because the e-mail system only has about 300 users. He added that he planned to bring the subject up at Monday's Selectmen's meeting.

10). Town/School District Information Requested for the Budget Process:

A). Requested information Regarding the School District Budget:

Mr. Brown said the taxpayer questions in agenda item #6 were the same questions he planned to ask Mrs. Cardinal.

What items and amounts were used to prepay for 2017-18 items?

What 2016-17 line numbers (and amounts) did the funds come from?

What 2017-18 line numbers were these funds used to prepay?

What is the amount of the new FAMEE/21st Century Grant and who is the fiscal agent?

Is 100% of the cost of the FAMEE program covered by the grant funds?

If not, what lines and how much is being covered as part of the operating budget?

Have all the deposits to the Capital Reserve Funds/Trust Funds been made as proposed and in the amounts proposed in the 2016 warrant articles?

What are the numbers and position titles of the positions funded by the FSD in the 2017-2018 SY budget?

How many new positions are being added or have been eliminated in the new budget and what are they?

How many new programs are being added in the new budget and what are they?

What are costs of these programs and what budget lines do they impact?

How many existing programs are being eliminated, what savings is expected and what budget lines do they impact?

What is the status of the accreditation process? How much was spent on the process from the 2016-2017 budget? How much has been budgeted for the accreditation process for the 2017-2018 budget? How much is proposed to be spent on accreditation efforts in the proposed 2018-2019 budget?

When is the accreditation anticipated to be completed? What is the expected total cost?

What was the amount of the 2.5% reserve fund authorized in the 2016-2017 budget?

What was the amount of the 2.5% fund authorized in the 2017-2018 budget?

What is the expected amount of the 2.5% fund in 2018-2019 budget?

What is the total amount of money returned to the taxpayers from the 2016-2017 budget?

What is the Healthcare Trust to be used for? Has it ever been used (why or why not)?

How many classes per grade and the number of students per grade?

Has the video equipment that was to be replaced been done? What was the final cost? Was the Tech Fund used as stated in the warrant article?

When does it change from 1 assigned class/teacher to changing classes for each subject?

Why isn't the Tech Fund being used?

What is the status of the Food Service issue? How much money was encumbered? If not used will the encumbered funds be returned to the taxpayers or put in the operating budget and spent?

It was voted by the School Board to include academic achievements in the Principals' monthly reports but nothing has been reported. Has it been implemented or has there just been nothing to report?

What the School Board/SAU does throughout the year to cut costs.

B). Requested Information Regarding the Town Budget:

A breakdown of the number of employees in each Town dept. and any end of the year vacant positions.

Where the TIF (Tax Increment Finance) District comes into play with the next budget, if at all

How community members can get information about what is happening with the TIF District

If the TIF Advisory Board has been formed and holding meetings

Include the TIF District information as part of the Town Budget presentation

If the TIF account is included in the ACH report

If any new positions are being added and at what cost and if any positions are being eliminated;

What does the buy down of the 2017 budget mean and what is the impact on next year's budget;

Does this mean that without any change in the proposed 2018 budget the Town tax rate will have to increase to cover the amount that was bought down in 2018?

What is being done throughout the year to cut costs?

Public Input- Ms. McElhinney asked to have the current year amount budgeted and the total amount spent for the Town budget (as of the printing date) included in the Town Report and the December monthly reports for comparison purposes with the proposed budget for the coming year.

Mr. Johnson said he did know if this is possible with the current software used by the Town.

Ms. McElhinney said the information was provided in the previous Town Reports. It was not available last year because it was not submitted in time to be included she said.

Member Packets- Ms. Mitchell asked if the monthly reports could be e-mailed to committee members as her schedule makes it difficult to pick up the reports at the Town Office.

Mrs. Arcouette suggested she ask the Selectmen's Secretary to e-mail the reports to her.

Mrs. Connolly suggested she could also get the meeting packets mailed to her.

Mr. Brown advised that the members would have to print out the electronic monthly packet themselves if they wanted a hard copy of the reports.

Tax Rate Handout- Mrs. Cardinal asked why the 2017 tax rate sheet was included in the members' packets.

Mrs. Arcouette said she didn't plan to discuss it and that it was included in the packets for informational purposes.

Mrs. Cardinal asked if Mrs. Arcouette requested the sheet be put in the packet.

Mrs. Arcouette said she requested it be included and the tax rate sheet was posted at the Town Office but people don't always notice things posted there.

Mrs. Cardinal asked why the sheet was posted at the Town Office.

Mr. Johnson said the Selectmen and Town Administrator wanted something put together and posted for taxpayer information.

Mrs. Arcouette said the posting was meant to show how the tax rate was set. She noted Mr. Capello was not present to answer questions and asked if Mrs. Cardinal had any specific questions regarding the information supplied on the posting.

Mrs. Cardinal said she was looking for the informational value of the sheet.

11). Next Meeting: Tuesday, December 12- Presentation of the School District budget at 6 p.m.
Wednesday, December 27- Regular monthly meeting at 7 p.m.

12). Adjournment:

Motion: (Connolly, second E. Johnson) passed unanimously at 8:10 p.m.

Respectively submitted

Kathleen Magoon

Recording Secretary

Sylvia Arcouette, Chairman