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2
3 **Minutes of the**
4 **Litchfield Budget Committee Meeting**

5 **Held on April 22, 2010**

6
7 The Litchfield Budget Committee held a meeting on Thursday, April 22, 2010, at
8 Campbell High School, 1 Highlander Court, Litchfield, NH 03052.

9
10 **PRESENT:** J Harte, B Spencer, M Falzone, P Parker, F Byron (Board of Selectmen
11 Representative), J York (School Board Representative)

12
13 **ABSENT:** E Miller, R Peeples

14
15 Mr. Harte called the meeting to order at 7:01 p.m.

16
17 **1. Public Input**

18 There was no input from members of the public.

19
20 **2. Approval of Minutes of Previous Meetings**

21 **MOTION:** by Mr. Falzone

22 *Move to approve the minutes of the Litchfield Budget Committee meeting held on*
23 *March 25, 2010 as written.*

24 **SECOND:** Mr. Byron

25 **VOTE:** 6-0-0

26 **The motion carried unanimously.**

27
28 **3. Town Business**

29 Mr. Byron presented and reviewed the April 22, 2010 town budget update. He
30 mentioned that the report had also been e-mailed to Budget Committee members.

31
32 Mr. Byron reported the following:

33 • **Expenses:**

34 Year to date expenditures (including warrant articles) are \$1,248,044.44 against a
35 budget of \$4,615,343.63. There is 72.96% of the budget remaining. Expenditures
36 (excluding warrant articles) are \$1,170,389.57 with 73.32% of the budget
37 remaining.

38
39 Responding to a query from Ms. Miller regarding an over spending in the
40 Highway account, line items 4312.20-631 & 4312.20-660, Mr. Byron reported
41 that the over expended account is due to damage done to the cab and tire by a
42 wing plow failure on a town leased plow truck. Line item 4312.50-630 is over
43 expended due to additional maintenance required on the Highway building to
44 replace T-111 which is above that originally estimated. Mr. Byron also reported

1 Mr. Pinciario had been concerned about security and lighting was installed at the
2 rear of the building for this reason.

3
4 Mr. Byron reported the Board of Selectmen agreed to use LGC for the recruitment
5 of the Town Administrator position. The cost will be taken from Contingency
6 and is under negotiation by Selectman Lambert. The Board of Selectmen
7 awarded the contract for replacement of the culvert on Albuquerque Avenue to
8 American Excavators in the amount of \$193,656.65 which will be taken from the
9 Highway Block Grant Fund (HBGF).

10
11 • **General Update:**

12 Vachon & Clukey will present their 2007 audit results to the Board of Selectmen
13 on May 10th and copies of the report will be available and posted to the town web
14 site after the presentation has been made. Melanson Heath is close to completing
15 the 2008 audit and has begun the 2009 audit. Items mentioned to date are the
16 need for a fraud policy and the payment of the old Town hall electric bills. Mr.
17 Byron indicated that the past practice for posting payments and reimbursements
18 was incorrect.

19
20 The Board of Selectmen is reviewing the following for implementation: a
21 purchase order system, a fraud policy, and an investment policy for town funds.

22
23 The Police Chief is proposing a change in the acquisition of patrol vehicles. His
24 proposal will be presented to the Board of Selectmen at their May 3rd meeting.
25 The Chief feels that leasing rather than outright purchasing may save the town
26 money.

27
28 Mr. Harte queried whether a new vehicle had been purchased recently. Mr. Byron
29 responded that no new vehicle purchases have been made.

30
31 The SAU has requested \$65,000 in Impact Fees (\$37,000 from the elementary
32 account and \$28,000 from the high school account) for the expansion of the
33 network and bandwidth. This will be discussed at the Board's May 10th meeting.
34 Mr. Byron conveyed that Mr. Martin requested questions from the Board of
35 Selectmen in advance of the meeting.

36
37 Road Agent Pinciario requested approximately \$80,000 in Highway Impact Fees
38 for the purchase of a front end loader for the town. This will be presented to the
39 Board of Selectmen at their April 26th meeting.

40
41 Mr. Spencer queried about a legal opinion on Impact Fees outside of the Capital
42 Improvement Plan (CIP). Mr. Byron indicated that the opinion of the town
43 counsel was that items that are outside of the CIP are eligible for Impact Fees, but
44 that the items must be an augmentation and not a replacement.

1 Mr. Spencer queried combining the school Impact Fee accounts to pay off the
2 high school bond. Mr. Byron was unable to answer the query and stated that as
3 far as he knew this question has not been asked.
4

5 The Board of Selectmen is estimating the Administrator could be hired sometime
6 in July.
7

8 Conversion of the incinerator to compaction is underway. The town is under
9 budget on the project as excavation and form work is being done by Mr. Pinciario
10 and Dave Mellen.
11

12 Mr. Spencer queried what the Board of Selectmen has decided to do about COLA
13 increases for town employees. Mr. Byron indicated that information has been
14 gathered and will be discussed by the Board of Selectmen in May.
15

16 Mr. Spencer expressed concern that the Board of Selectmen declined the Budget
17 Committee's request to put COLA payments on a separate warrant article. He
18 also acknowledged that the voters were told that there were no COLA payments
19 included in the budget.
20

21 Mr. Spencer commented that the legislature has refused to extend a waiver to the
22 telephone company for the poles in cities and towns. He stated cities and towns
23 will now be able to tax the poles as property. He queried about the value of the
24 poles. Mr. Byron indicated that to date there has been no assessment of the poles,
25 but Avatar is slated perform an evaluation of the change in law.
26

27 Mr. Harte asked for an update on the fire truck purchase from Londonderry. Mr.
28 Byron indicated that Londonderry is in the process of awarding the bid for the
29 purchase of a replacement truck, and Chief Schofield is in communication with
30 them. Mr. Harte queried whether Litchfield would be purchasing the truck from
31 Londonderry and whether an assessment will be performed on it. Mr. Byron
32 indicated the truck will be transferred from Londonderry to Litchfield through the
33 dealership and the insurance company will assess a replacement value.
34

35 Mr. Falzone queried the candidate pool for the Town Administrator position. Mr.
36 Byron indicated that LGC conveyed that the candidate pools town officials are
37 increasing. He reported the Board of Selectmen has surveyed several towns
38 regarding the job structure and how it impacted the boards.
39

40 Mr. Spencer queried the upcoming budget process and special police officers.
41 Mr. Byron indicated he did not have anything to report at this time. He noted it
42 will be necessary to come to a conclusion before the budget process begins in
43 September. Mr. Spencer queried whether the time is tracked between the SRO
44 and the DARE positions. Mr. Byron indicated that would be evident in the
45 payroll records.
46

1 Mr. Spencer commented that the Governor’s proposal to reduce the state budget
2 shortfall includes reducing aid to towns. In response to Mr. Spencer’s comment,
3 Mr. Byron indicated that he has not yet heard from state representatives. He
4 commented that the state was not supportive of the gambling proposal.
5

6 **4. School District Business**

7 Mr. York asked whether Budget Committee members had any questions on the
8 March Business Report.
9

10 Mr. York indicated that Mr. Spencer had e-mailed queries regarding an RFI (Request
11 for Information) relative to a network audit. He noted that the question was not
12 discussed at the Board meeting. Mr. York provided Mr. Spencer with a hard copy of
13 the information.
14

15 Responding to Mr. Spencer’s e-mail regarding the use of Impact Fees to increase
16 network capacity, Mr. York commented that the network is a priority as it is
17 inadequate to handle the needs of the District. He noted Mr. Martin’s response to
18 Mr. Spencer’s e-mail indicated all the equipment for the network appears to have
19 been purchased at the same time installed when the high school opened. Mr.
20 Spencer expressed concern that a larger need was not anticipated. Mr. York stated
21 he would refer the issue to Mr. Martin.
22

23 Mr. Harte queried whether the network audit was performed on capacity versus
24 demand and availability or whether it was based on student population. Mr. York
25 indicated he would seek an answer on this from Mr. Martin. **Action: Mr. York.**
26

27 Mr. Harte queried whether Impact Fees will be used for hardware as well as services.
28 Mr. York responded he believes Impact Fees would be used for hardware. He
29 indicated he would confirm this from Mr. Martin. **Action: Mr. York.**
30

31 Mr. Spencer commented that most of the proposed network recommendations are
32 replacing network services as opposed to increasing capacity. He added that he
33 would rather the Impact Fees be used to pay down the high school bond, and have
34 the issue of funding an increase in network capacity go before the voters.
35 Responding to Mr. Spencer’s comment, Mr. York indicated that the network which
36 was installed ten years ago is inadequate to handle current capacity as the technology
37 has changed. Mr. Spencer suggested augmenting the network as opposed to
38 increasing capacity. Mr. Harte commented the District did not have as many
39 computers or bandwidth ten years ago. He indicated that it is a proper use of Impact
40 Fees if they are going to be used to increase services based on increased demand and
41 student population.
42

43 Mr. York indicated that Mr. Spencer queried via e-mail regarding the health care
44 shortfall. He noted Mr. Spencer commented that the School Board’s request for
45 health care was at the guaranteed maximum. He pointed out the Budget Committee
46 had reduced it by \$55,000, and the approved teachers’ contract results in a savings of

1 \$58,000. He requested clarification, and Mr. York conveyed Mr. Martin's response
2 as follows: The teachers' savings were factored into the cost of the LEA warrant
3 article. The District appropriated less money for salaries and payroll benefits than
4 needed by reducing the request by the prescription plan savings. The District
5 subtracted the savings in the prescription plan from the cost of the new contract. The
6 Budget Committee cut of \$55,000 was a reduction to the budget needed to fund at
7 the guaranteed maximum.

8
9 Mr. Spencer commented that the initial request by the Board was for the guaranteed
10 maximum and the Budget Committee reduced it by \$58,000. The rate came in as the
11 guaranteed maximum and the contract resulted in a \$58,000 reduction, which should
12 be a wash. Mr. Spencer believes the shortfall is in salaries. He added that the Budget
13 Committee expects healthcare costs to remain at what the Budget Committee
14 anticipated for FY11.

15
16 Mr. York indicated that Mr. Spencer had queried the revenue analysis and requested
17 an explanation of what goes into the revenues for Catastrophic Aid and Medicaid.
18 He also asked why they have more revenue than expected. Mr. York conveyed Mr.
19 Martin's response as follows: The reason the revenues are higher is that we
20 conservatively budget revenues as it is not known when there will be reductions by
21 the state.

22
23 Mr. York indicated Mr. Spencer also queried the line items that will be impacted if
24 the Governor reduces funds for Special Education. He stated Mr. Martin's response
25 had been that the Governor's plan does not impact any expense line item, but
26 impacts the revenue from Catastrophic Aid.

27
28 Mr. York indicated Mr. Spencer stated there appears to be no revenue for
29 transportation, and stated that Mr. Martin's response had been that transportation
30 fees are collected by the high school and paid to the District at the end of the year.

31
32 Mr. York stated he had asked for an explanation of Catastrophic Aid, stating it was
33 explained that if a District exceeds 240% of the cost to educate a child, catastrophic
34 aid augments the remaining cost.

35
36 Mr. York indicated Mr. Spencer had queried under spending of the General Fund to
37 date, with specific regard to salaries, substitute salaries, special education, and
38 utilities. Mr. York indicated Mr. Martin had responded that blanket purchase orders
39 are prepared at the beginning of the year for the budgeted amounts on utilities, and
40 that each year the actual plus the encumbered amounts will not accurately reflect
41 current actual. Mr. Spencer commented that he had not asked a question, but was
42 merely highlighting the items for subsequent meetings.

43
44 Mr. York indicated Mr. Spencer queried non-LEA raises approved by the School
45 Board. He stated that Mr. Martin's response had been that all salary plans (raises)
46 were approved as budgeted, and the only exception was a change in longevity for

1 non-LEA staff that resulted in a total cost of \$1,574. He had explained the Board
2 used the prescription savings for a one-time \$50 payment to non-LEA staff on
3 medical insurance to help offset the increased cost of prescriptions next year. This
4 was done for equity purposes as the LEA members received such an option in their
5 contract.

6
7 Mr. Spencer queried how many employees this affects and Mr. York stated he would
8 find out for the next meeting. *Action: Mr. York.*

9
10 Mr. Spencer pointed out he was concerned that the savings are being used for other
11 purposes when a healthcare shortfall exists. Mr. Harte agreed, indicating that using
12 the savings to pay for longevity is not appropriate.

13
14 Mr. Falzone queried the Food Services shortfall. Mr. York conveyed Mr. Martin's
15 response: that food service revenue is always at least a month behind in posting to
16 the general ledger as the treasurer has to wait until she gets the bank statement before
17 reconciling the account. This usually happens after the month is closed. The March
18 business report reflects food service revenues only through February. Food service
19 revenues and expenses are running under budget, but not as reflected in the report.

20
21 Mr. York explained the District is in the process of implementing an action plan for
22 collecting food service revenues as instructed by the Commissioner of Education.

23
24 Mr. Falzone expressed concern that for the last three months it appears that the
25 revenues have been \$80,000 under budget. Mr. Spencer queried about funds for the
26 shortfall. Mr. York indicated he did not have an answer at this time. Mr. Harte
27 requested that Mr. York solicit a response from the School Board about the amount
28 of the Food Service shortfall and how the shortfall will be funded. *Action: Mr.*
29 *York.*

30
31 Mr. York indicated the state has encouraged the District to increase lunch prices to
32 offset the shortfall.

33 34 **5. Member Input**

35 Mr. Harte discussed Committee member town e-mail accounts and account access.
36 He instructed Committee members on accessing these via personal e-mail. Mr.
37 Byron also suggested they log on and access "Advice to Committee members".

38
39 Mr. Spencer indicated that the Budget Committee set criteria for budget increases
40 last year. Mr. Harte clarified that the Budget Committee made a motion to request
41 flat increases. Mr. Spencer suggested that the Budget Committee make a similar
42 request for this year's budget process, and Mr. Harte agreed.

43
44 Mr. Spencer commented that an acceptable budget level be suggested. Mr. Harte
45 commented that with shortfalls and reduced aid, the budget process will be a
46 challenge. Mr. Byron suggested using the school Impact Fees to reduce the high

1 school bond and the town may be able to use the General Fund to apply to the tax
2 rate. He cautioned that this cannot be done every year.

3
4 Responding to Mr. Spencer's suggestion, Mr. Harte agreed the topic can be
5 discussed at their next meeting so that a decision can be reached in June based on
6 feedback prior to beginning the budget process. He noted that Dr. Cutler will
7 suggest options for the shortfall.

8 Mr. York indicated that the SAU is working on a contingency plan and had discussed
9 options at the last Board meeting.

10
11 Comments were made relative to the default budget and Committee members briefly
12 discussed the purpose of the default budget.

13
14 Mr. Falzone mentioned that he is a member of the Hudson Kiwanis, informing the
15 Committee they have started a Key Club at CHS. He announced the Kiwanis have
16 established \$3,000 in scholarships for CHS students.

17
18 **MOTION:** by Mr. Falzone

19 *Move to adjourn until the next meeting on May 27, 2010*

20 **SECOND:** Mr. Parker

21 **VOTE:** 6-0-0

22 **The motion carried unanimously.**

23
24 There being no further business, the meeting adjourned at 8:31p.m.

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28

29 **Minutes taken by:** *Michele E. Flynn (Recording Secretary)*

30 **Date approved (as amended):** *May 27, 2010*

31