

TOWN OF ALLENSTOWN
Budget Committee
16 School Street
Allenstown, New Hampshire 03275
May 18, 2017

Call to Order.

The Allenstown Budget Committee Meeting for May 18, 2017 was called to order by the Chair at 6:09pm.

Roll Call.

Present on the Board: Keith Klawes, Carol Angowski, Tiffany Ranfos, Mark Wilder, Dave Coolidge, Deb Carney, Kris Raymond, Jeff Venegas, Dave Eaton, and Ronnie Cox.

Others Present.

Residents of Allenstown:

Others Present: Sharon Somers, Town Counsel

Other Public Officials:

Allenstown Staff: Shaun Mulholland, Town Administrator.

Meet with Town Counsel

The Chair explained at the last meeting they agreed to have the town counsel come in and give an overview of the budgeting laws and statutes.

Mr. Mulholland asked they say their names before speaking as they have different people doing the minutes who aren't familiar with their voices.

Ms. Somers stated she didn't know who was new on the committee. She explained she didn't want to be too basic and they were welcome to stop her if they already know what she is saying. She stated she took the NHMA Basic Law of Budgeting. She recommended some time they start going through it in the way they have laid it out. She explained there are seven key concepts as well as some appendixes which are very nice. She stated Appendix A talks about the various types of funds, who authorizes the expenditures for those and who holds the custody for those.

Ms. Somers stated she is going to go through the seven concepts, the SB2 system, and various things such as default budgets. Mr. Mulholland stated the book she was going through is the same one they sent out to the Budget Committee.

Ms. Somers stated the first thing they do is to talk about Appropriation which is basic budgeting. She stated one of the key things the Budget Committee does is determining what appropriations they are going to make. She recommends they start at the beginning and look at the definitions of the statute. She read RSA 32 which states an appropriation is “the act of setting apart from public revenue for specified purpose.” She stated she thinks the public gets confused an appropriation is not the same thing as spending; it is the legal authority to spend.

Ms. Somers stated the second element of appropriation is the appropriation has to be for a purpose (RSA 32:3). She stated one of the key things the public needs to understand is it has to be for a public purpose such as appropriations to a private ambulance service because there is still a public purpose to the use.

Ms. Somers explained there are a couple of provisions they have to do procedurally. She stated they have to have a public hearing and disclose both the purpose and the amount. She stated they have to have budgeting on a gross basis. She stated they have to have the recommendations of the governing body and the Budget Committee as well as posting the warrant indicating what the appropriations are. She stated the appropriations have to be listed out on the posted budget.

Ms. Somers stated the process is very important for town meetings because it is premised on the idea the citizens of the town are the ones who vote on the policy of the town and they need to know what they are voting on. She stated this means the budget needs to be posted in time for them to be able to review it and get educated on it. She stated the Budget Committee are the ones who send out the proposed budget. She stated the public hearing has to lay out what they are proposing for the subsequent year. She stated the critical thing about the public hearing is while changes can be made at the deliberative sessions, if something is not disclosed at the public hearing it cannot be the subject of some action at the time of the town meeting. She stated there is a statutory obligation for items the Budget Committee wants to put forward to be disclosed to the public.

Mr. Cox stated a lot of the feedback they received at the Candidates night is things are posted on the website and a lot of people don’t have computers. He asked if the budget is posted or available at the town hall. Mr. Mulholland stated it is available at the town hall.

The Chair asked for clarification for the budget they post has to have every expenditure they are recommending. He asked if there was only one police cruiser in the budget and they needed a

second cruiser could they purchase it from another line item from their budget or would they need to have a special meeting. Ms. Somers stated the appropriations would be generic on the form. She gave an example of an appropriation for a certain amount of dollars for police transportation which can be amended up or down at the town meeting but cannot be substituted for a fire truck. She stated during the course of the year the police cruiser becomes unusable, the Board of Selectmen does have the authority to transfer line items, without legislation, as long as the bottom line does not get exceeded.

Ms. Somers stated there is also a new statute which allows for a contingency fund to be used by a town for situations such as the Chair mentioned. She stated hopefully those options would get a town over the hump of dealing with a special town meeting because those can very costly.

Ms. Somers stated RSA 32:5 says all appropriations need to be stated on a gross basis which means all sources of revenue (grants, gifts, bonds, sale of municipal building, etc.). She suggested they look at some of the warrant articles because it is important to educate the voters on how they break it down.

Ms. Somers stated special warrant articles include a petition warrant article, an article calling for bond, and others designated by the Board of Selectmen as special articles. She explained a petition warrant article requires 25 voters petition for tax to be spent in a certain way. She stated the Board of Selectmen can do special warrant articles if for some reason they don't anticipate being able to expend or encumber the appropriation before the end of the year and they don't want the lapse in the budget.

Ms. Sommers stated Allenstown has recommendations and the tax impacts. Mr. Mulholland stated they are just for the town.

Ms. Somers stated the third concept is a lot of things can be amended on the floor at deliberative session however they cannot add a new purpose. She stated they can amend up or down but they cannot change the purpose of the funds.

Ms. Somers stated the "stay at home" test is they want to be able to know if someone has a certain perception an item will be voted on. She explained if someone was to educate themselves on the budget and at the deliberative session someone starts talking about a new fire truck for the first time would be illegal. That is a fire truck that was not an original part of a warrant article

Ms. Somers stated in terms of a need for a special meeting, the statutory definition for an emergency says "a sudden or unexpected situation or occurrence with a serious or urgent natural that demands prompt action..." She stated the court is going to look at the severity or harm which will be avoided by spending money, the urgency of the town's needs, and whether the

claimed emergency was foreseeable or avoidable. She stated their staff or department heads need to some degree of due diligence when they are doing their budgets and give complete and accurate information.

Mr. Cox asked if there is a risk impact analysis or formula the town uses for it. Ms. Somers stated there is no analysis or formula. She stated one of the things which is clear in the budgetary process it is goes on all year. Mr. Mulholland stated they don't do a risk analysis however they identify a number of issues and prioritize those with the funds they have .

Ms. Somers stated there are two exceptions for the special town meeting. She stated one is the only thing needing court permission are things having to do with money. Mr. Coolidge asked if warrant articles for zoning rules and regulations can be amended by the Board of Selectmen at will. Ms. Somers stated the Board of Selectmen cannot amend them. She explained if the Planning Board decided there was an issue in July which couldn't wait until the end of the year, they could put in a warrant article and go through the entire public hearing process. Mr. Mulholland stated Pelham is going through it right now. He explained they had a glitch and passed a warrant article which was illegal so they have to have a town meeting to amend it.

Ms. Somers stated the same principal is true for collective bargaining. She explained there is a statutory exception which allows an annual meeting that has rejected the cost items to authorize a later special meeting to act on a revised contract without court approval for special meeting.

Ms. Somers stated they touched on the next concept earlier. She stated the statute says no town or school district official can spend any money for any purpose unless the amount was appropriated for that purpose by an annual or special meeting. She stated the governing body or the school board can transfer unexpended balances from other line items as long as they don't exceed the bottom line.

Ms. Somers stated there are a couple of exceptions to the statute. She stated if the town gets sued the Board of Selectmen can have the ability to over expend what's been appropriated as the budget. She stated there is also the exception if there is a real situation a town gets in, DRA can be approached to ask for permission to over expend the bottom line. Mr. Mulholland stated the Town of Candia did it.

Mrs. Raymond asked when the vote is on the budget for the School they can only expend for the school but they can move within the lines as they see fit. Ms. Somers stated she was right but the statute also says "was appropriated for that purpose". She stated it will follow the DRA formula. She stated the purposes on those lines; the school can move those around. Mr. Mulholland gave an example if they needed to hire two special education teachers they can move money from the

regular programs to the special education. He stated the only caveat is if a line is zero they cannot move money into the line which is why they leave lines at \$1.00.

The Chair asked if as long as they have money in the budget the School can spend it anywhere they see fit. Ms. Somers stated in accordance with the defined purposes on the DRA form. She clarified “they” in the case of the School it would be the School Board and in the case of the Town it would be the Select Board.

Mr. Venegas asked as long as it does not exceed the bottom they can move it forward if there is at least \$1.00. Ms. Somers stated he was correct. Mr. Mulholland stated there was a practical reason for it. He stated things happen throughout the year the Board of Selectmen and School Board have to make decisions on which is why the flexibility is there.

Ms. Somers stated there are a couple of exceptions to no spending without appropriation rule. She explained some towns authorize the governing body to apply for or accept unanticipated revenue. She stated if those funds come in it is okay to spend even though there are no appropriations. She gave examples of the community center, capital reserve funds or trust funds.

Mrs. Raymond stated the school has a warrant article authorizing them to accept gifts, legacies, and devices of real and personal property. Mr. Mulholland stated once they approve the warrant article they don’t have to approve it every year. Ms. Somers stated she is correct the warrant article is an example of the exception to appropriated funds.

Ms. Somers stated Recreational Revolving Funds can only be expended by the Recreation or Park Commission.

Mr. Mulholland stated the Budget Committee has an obligation to know what is going on with those funds such as the recreational funds and revolving funds. He stated the Budget Committee is supposed to be the checks and balance for those funds. The Chair stated they should be getting copies of the reports for the funds

Ms. Somers stated the general rule is an appropriation is supposed to end at the end of the year. She explained the appropriation would become part of the fund balance. She stated the funds can be set aside for emergency expenditures or used to offset future year’s appropriations in terms of managing the tax rate. She stated the DRA frowns upon it. Mrs. Raymond asked for clarification on what the DRA frowns upon. Ms. Somers stated they frown upon having a pot of money and use it to make sure the tax rate doesn’t go up. She stated the Budget Committee can make recommendations to set aside the funds for expenditures such as a fire truck or cruiser.

Ms. Somers stated another exception is if they enter into a contract at the end of the year and they have a purchase order the funds are considered encumbered. She stated bonds, capital reserve funds, trust funds, and special revenue funds. She stated special revenue funds as things such as transfer station fees.

Ms. Somers gave examples of revolving funds such as ambulance, cable, portable housing, recycling, etc.

Ms. Somers stated on the floor of the deliberative session the voters cannot keep the Select Board or School from transferring. Mrs. Raymond asked for an explanation of “transfer”. Ms. Somers stated it means within the lines or purposes as they discussed earlier.

Mr. Cox asked if there is a capital expense or if it is all fund expenditures. Ms. Somers stated she is not an accountant so she doesn’t understand how a town auditor would answer it. She stated law is designed to strike a balance the voters have versus the practical means the Selectmen are going to have during the year. Mr. Mulholland stated they cannot charge the teacher’s salary to the book line; it has to be charged to the line it was supposed to be charged to.

Ms. Somers stated special warrant articles cannot be transferred later on for another purpose. Mr. Coolidge asked if the warrant article is voted on and it is not spent does it go back to the voters. He gave the example of the school looking for an SRO and they can’t get one the money would go back to the voters. Ms. Somers stated he was correct.

Mr. Cox asked if a warrant article has an expiration time. Ms. Somers stated the outside time period for it is five years. She stated it is very rare the expenditure would go into multiple years. She stated if they wanted to allocate funds for road improvements they would set it up so the money could be spent through a specific period of time.

Ms. Somers stated there is limitation on appropriations. She explained the 10% rule where voters have the ability to tinker with the budget within the limits of not increasing it more than 10%. She stated it is based upon the total about recommended by the Budget Committee minus part of any appropriation which constitutes fixed charges (a fixed charge being a bond or interest payment). She explained if their role is to monitor how it is tinkered with because if they did go over the 10%, the DRA will invalid the expenditure because it is over.

Ms. Somers stated the purpose of the Budget Committee is to assist voters in the prudent appropriation of the public funds. She stated there is a case which says the Budget Committee is to provide the community with special knowledge to oversee and analyze the expenditures for the various town departments.

Ms. Somers asked if there were any questions on SB2 or the default budgets.

Ms. Somers stated the premise behind an operating budget is if the voters don't vote in the budget proposed by the Budget Committee the budget adopted is the default budget. She stated the statutory definition for the default budget is the amount of the same appropriations as contained in the operating budget of the previous year.

Ms. Somers recommended they read through the Basis Laws of Budgeting a chapter at a time when they have a spare minute.

Ms. Angowski asked how they get the public to know the budget process and laws. Ms. Somers stated the problem of educating the voters is true across the board. She suggested they walk the voters through the concepts as they did tonight during the public hearings and deliberative session. Mr. Coolidge stated they are elected officials which mean they have constituents. He stated they need to speak to the voters and find out what they want. Ms. Angowski stated she does not disagree with Mr. Coolidge. She stated they have tried many times to try to get the public to understand what they are voting for.

Review and Approve Minutes

The Chair stated they all know they are behind on the minutes and he sent them a lot of minutes. He asked if people had corrections to the minutes. Mrs. Raymond suggested they go in day order to determine what they want to do with the minutes.

The Chair stated the oldest set of minutes is November 10, 2016.

Mr. Wilder stated on page nine of the November minutes on the motion it says "no obtained" instead of "no abstained".

Mr. Mulholland suggested they have one person reviewing the minutes and making changes otherwise they will spend a ton of time going through the minutes. The Chair asked if he is the one who has to do this or can a volunteer take on the minutes. Mr. Mulholland stated there is no requirement to sign or approve them. He stated it is going to be like this for a while. The Chair asked for a volunteer to go through and take care of grammatical errors, spelling errors, etc. Mr. Mulholland agreed to go through the minutes and correct those errors. Mrs. Raymond stated she will do December 14, 2016 minutes. The Board determined to approve the minutes at their next meeting once Mr. Mulholland has gone through them.

State of the Town

Mr. Eaton stated they are looking at the budget schedule and it has been approved. Mr. Mulholland stated the Budget Committee hasn't set their dates yet so the dates are tentative. He stated they are developing guidance for the department heads and are hoping to have it finalized by Monday. He stated the schedule they are looking at is the department heads will have their budgets into the Select Board with a narrative by August 31, 2017. Mr. Mulholland stated once the Select Board approves their guidance the website will change to "2018 Town Meeting" with the schedule being the first document in there. Mr. Eaton stated the narratives will be on the website. He stated in October they will go through all the budgets. He stated November 6, 2017 will be the last budget they will go through.

Mr. Eaton stated they are meeting with the engineering firm to determine costs of the Ferry Street boat meeting. He asked Mr. Mulholland if there is still a possibility of the grant. Mr. Mulholland stated they should be able to get the grant for \$2,500.

Mr. Eaton stated Pembroke and Allenstown has had two meetings on the Plan NH Charette and are working on the developing the rails trail. Mr. Mulholland explained the trail starts in Salem NH and goes all the way to VT but there are sections which have not been redeveloped.

Mr. Eaton stated the Economic Development Committee has been created and they still have one position to fill.

Mr. Eaton stated they have two bids for the Sewer Bond from People's bank and TD Bank. He stated it is with the Sewer Commission to review it.

Mr. Eaton stated on Monday night they will have a public hearing on the first 79-E Application for 90-98 Main Street. He stated it is a community revitalization tax relief incentive which is used to revitalize and restore property. He stated the hearing will be to hear what the owner would like to do. The Chair asked where this property is. Mr. Eaton stated it is right next to the bridge passing into Pembroke. He stated the building has been there since 1890 which used to be an Opera House but is now apartments.

Mr. Eaton stated MRI is conducting a risk assessment of the Highway Department. He stated River Road paving is complete. He stated they are waiting on bids for the Deerfield Road. He stated they are anticipating extra funds from the State for the roads.

Ms. Angowski asked if there were any plans of doing Whitten Street. Mr. Mulholland stated it is scheduled for next year. He stated they are planning to do the entire downtown area.

Mrs. Raymond asked about the Ferry St. Boat Landing Project and if it is being paid for fully by the grant. Mr. Mulholland stated they don't know what the project cost is which is why the

engineer is coming Monday night. Mr. Mulholland stated the grant is \$2,500 which won't cover the entire project.

Mr. Venegas asked if the town is allowed to raise funds in other ways or if it has to be appropriated. Mr. Mulholland stated they could but they are not a 501(c)3 so it is not a tax deduction. He stated they could through the warrant article they discussed earlier.

Mr. Eaton stated the Capital Improvement Plan is approved and available. He stated it has a list of the streets they have planned for paving.

State of the School

Mrs. Raymond asked they have a State of the School as a standing item on the agenda similar to the Town.

Mrs. Raymond stated she was excited to tell them SB 191 Full Day Kindergarten passed however it headed over to the Senate Finance Committee said no to the additional amount the House did. She stated it is good news in it still propelling forward in they will see additional aid for full day kindergarten. She stated the House Finance Committee is scheduled to vote May 24, 2017.

Mrs. Raymond stated they have four retirements going on in the schools. She stated their superintendent is retiring as well. She stated they have a new superintendent starting on July 1, 2017. She stated the new superintendent, David Ryan, is from the Manchester school district. She stated they have an opening for ARD principal and are hoping to have interviews starting this week. She stated the other key position they have open is the sped coordinator.

Mrs. Raymond stated the SAU School Board (all five towns) had voted in the budget to have a Director of CIA (Curriculum Instruction and Assessment). She explained the position is to take a look at the five towns and see the subjects an curriculum to try to make sure the kids are all on the same page so when they get to PA the level of learning is balanced.

Ms. Angowski asked if when the school did their budget projection, is the new superintendent salary in the budget. Mrs. Raymond stated it is a budgeted for position.

Mrs. Ranfos asked if they found the different towns weren't equal when they created the position. Mrs. Raymond stated she was correct and it has been considered for many years.

Mrs. Raymond stated she hopes to have a State of the School given by the principals at the next meeting. She also hopes to have the new superintendent at the next meeting so they can all meet him.

Town Expenditure and Revenue reports

Ms. Angowski asked about the deficit of \$9,800 for emergency management contracted services. Mr. Mulholland stated it is the grant they have. He stated whatever they spend they get reimbursed for. He stated this goes with what Mr. Cox was talking about before. He stated they overspent the line and don't move the line.

The Chair stated they are tracking around 65 % which seems right now track.

Mr. Wilder asked about the library dues being \$1,100 over and if they didn't anticipate it. Mr. Mulholland stated they have no control over the library trustees. He stated this is the first year their budget has been broken down. He stated they told the library trustees since the town is doing their accounting they need to follow the rules and break down the items. He stated he is not sure they knew what the amount was for dues and it should be more accurate next year.

The Chair stated on welfare social services they haven't spent any money. Mr. Mulholland stated they haven't asked for it year. He stated CAP, CASA, and CSF will invoice them. The Chair asked when they need the money they will ask for it. Mr. Mulholland stated he was correct.

Mr. Wilder asked if those are supposed to be more like quarterly billing or whenever they want. Mr. Mulholland stated if they ask for it quarterly they will but he usually has to call them and then an invoice comes out. The Chair asked if it would be easier to just send out the funds come January 1st. Mr. Mulholland stated he doesn't want to do it because of cash flow.

The Chair asked if the books are finally closed on 2016. Mr. Mulholland stated there are adjustments the auditors will make. The Chair asked if there is any idea of where they sit. Mr. Mulholland stated he thinks it is about \$150,000.

School Expenditures and Revenues

Mr. Cox stated at the candidates night there was discussion of having someone from the budget committee at the School Board meetings. He asked what the role would be there. Mr. Venegas stated he thinks it was for when they were formulating the budget so there is a better comprehension of it. Mr. Eaton stated the role would be an observer. Mrs. Raymond stated they don't have a policy from outside the audience. She stated they set time at the beginning of the agenda for citizen's comments.

Mrs. Raymond stated one of her goals this year is to have the administrators to start looking at their budgets now because they have an exiting sped coordinator and principal. She stated come August, September, and October they are not going to have four meetings like they did last year. She stated she is hopeful they will have a close number come November.

The Chair asked if they are tracking a surplus of almost \$300,000. Mrs. Raymond stated the number came down to \$250,000. The Chair asked if there is any idea what it will look like at the end of the year. Mrs. Raymond stated in the projection column what the June 30, 2017 will be.

Mrs. Raymond stated the stabilization funding is still a hot issue. She stated the first year stabilization funds are about \$89,000 they are set to loose. The Chair asked if there is any legal way to take the surplus to help eat up the \$89,000. Mrs. Raymond stated no. Ms. Angowski stated the school is only allowed to have so much retained for the budget.

Ms. Angowski stated there are a number of deficits, most in salaries, and asked if it will change by the end of the year. Mrs. Raymond stated they did hire an additional sped teacher. She stated they had an analysis done showing they are savings in five other lines even though they are over on the sped teacher line. Ms. Angowski asked if the projection for sped education teacher was just for the sped education or the entire budget. Mrs. Raymond stated they looked at the entire budget. Ms. Angowski stated they are also in deficit for a regular teacher. Mrs. Raymond stated it is because of the kindergarten teacher.

Ms. Angowski asked the custodial section of the budget being in deficit spending of \$9,500. Mrs. Raymond stated it is projected to be as of June 30, 2017.

The Chair asked this is okay to be done because it still meets within the bottom line of the budget. Mr. Mulholland stated he was correct. Mrs. Raymond stated the health insurance benefit plans is running favorable which is one of the lines getting looked at when they need a new teacher.

Ms. Angowski asked if the next time they see the report some of it should show differently. Mrs. Raymond stated no because they will not move the funds from the lines. She stated the lines will show as they see them on this report. Mr. Mulholland stated they do the same thing on the Town side. Mr. Venegas stated when they look at all the deficits they also have to go line by line and look at all the surplus.

Mrs. Raymond stated when she brings the reports in November and December they show a huge deficit and then in the last few months of school they get more tangible and believable. She stated Mrs. Wheeler is trying to take them all the way to June 30, 2017 in the projection column.

There was further discussion of the bottom line not being in deficit even though some lines within the budget are.

The Chair stated they didn't get the Sewer budget. Mr. Mulholland stated there was a technical problem.

New Business

The Chair stated they need to go over how they want to do their budget process in November. He stated usually they meet two or three times in November which can be long, cold, and annoying. He suggested instead of meeting on Thursdays they could meet on a Saturday. Mr. Coolidge stated he doesn't want to do Saturdays. Mr. Cox suggested maybe doing multiple nights in a week. The Chair stated it is difficult to do because people are on so many other boards. The Chair clarified they would have one Saturday meeting instead of three Thursday meetings.

Mr. Cox stated whatever they could do to get the majority of the people here. The Chair stated they are scheduled to meet every third Thursday of the month and then during budget process they have three meetings with the department heads. He stated the last budget process he feels they just rubber stamped it and didn't go through them like they usually do. There was further discussion of the meeting schedules for November.

The Committee agreed to do their meetings on November 9, 16, and 30th and then December 14, 2017 for the School.

The Chair asked if they want to move the Budget Committee public hearing to a week night. Mrs. Raymond stated no one will show up. Mr. Coolidge suggested starting it earlier in the morning.

The Chair stated the next regular meeting will be September 21, 2017.

Motion. Mrs. Raymond made a motion to adjourn. Mrs. Carney seconded the Motion. There was no additional discussion.

A Roll Call Vote was taken: Mr. Klawes – Yes; Ms. Angowski – Yes; Mrs. Ranfos – Yes; Mr. Wilder – Yes; Mr. Coolidge – Yes; Mrs. Carney – Yes; Mrs. Raymond – Yes; Mr. Venegas – Yes; Mr. Eaton – Yes; and Mr. Cox – Yes. The Chair declared the Motion passed.

The Vice Chair declared the meeting adjourned at 8:08pm.

TOWN OF ALLENSTOWN
Budget Committee
16 School Street
Allenstown, New Hampshire 03275

Signature Page

Original Approval:	
KEITH KLAUES, CHAIRMAN	DATE

Amendment Approvals:		
Amendment Description:	Approval:	Date:
	<i>Keith Klauws</i>	9/21/2017
	KEITH KLAUES, CHAIRMAN	DATE