

# MUNICIPAL BUDGET COMMITTEE

**Monday, January 30, 2017**

**Professional Development Room**

**Kennett Middle School, Conway, NH**

Chairman, Joe Mosca called the meeting to order at 6:31pm. The following members were present: Vice Chairman, Jim LeFebvre, Mike Fougere, Pat Swett, Terry McCarthy, Peter Donohoe, Doug Swett, Bill Marvel, Mary Seavey (obo John Colbath), Steve Steiner, Richard Klement, Pat Kittle, Mark Hounsell, Mike Tetreault, Frank McCarthy and Bill Masters. Also present: Lisa Towle, recording secretary, Earl Sires, Town Manager, Lilli Gilligan, Finance Director, Kevin Richards, Superintendent for SAU 9, Janine McLauchlan, Chair of the Conway School Board, Chris Bailey, Social Studies teacher at Kennett High School and Co-President of the Conway Educational Association, Chief Edward Wagner, Conway Police Department, Lieutenant George Walker, Conway Police Department / Emergency Management Director, 3 additional members of the Conway Police Department were present.

Excused: John Edgerton

Absent: n/a

Steve Steiner lead those present in the Pledge of Allegiance.

## **Review of Minutes:**

Minutes of September 21, 2016 motion to accept minutes. Motion by Jim LeFebvre and second by Dick Klement.

Discussion of minutes: none

**In favor: 14; Opposed: 0; Abstain: 2. Motion carried.**

## **Final Questions – Town:**

Dick Klement with the Maine vote to legalize marijuana, there is probably going to be an amount of traffic coming in to the State of NH. Given that you prepared this budget before that law was enacted are you maybe rethinking some of that? You need an officer to be in court if that is being charged. Chief Wagner answered that he doesn't think it is going to be a major problem. I am sure that people from our neighboring states to include Massachusetts that legalized it a couple years ago and Maine this year. I am certainly not hearing anything from other chiefs on the Massachusetts border saying there is a mass

influx of marijuana coming into the state. I certainly don't think budgetary wise it is going to be that big of an impact.

Chairman Mosca asked about the 35k for the rec center, what is it actually going to be used for? Is it going to be used come up with this is what we are going to do plans or something to tell us we have a building that needs work, which we already know. Earl Sires, Town Manager answered this money is going to be used to bring in a consultant or consultant group and they would do two major things. One would be to look at the building and get a handle on its deficiencies, which we are already aware of but they need to catalog that. Two is to work with a rec advisory committee and also have public meetings with people in the community to scope out what the community would like to see in the building. Then they would put that together with what they have and we would get an estimate of what it would cost to rehab the existing facility just as it is, soup to nuts, down to the studs basically and then based on work with the community how much would it cost to add on what folks feel is needed there. So, it is what's there, how much will it cost to fix it up and what else folks think is needed and how much all of that cost to do.

Mike Tetreault asked how much it would cost to rebuild and/or relocate? Mr. Sires answered that is kind of where this is headed is to get some information on alternatives. We feel in house we have an idea that fixing up and rehabbing what is there now is about a \$750,000 proposition and that's doing everything. Adding on it's a square foot price to add on so it depends on how much folks think needs to be added and come up with a rough idea. We have talked about a new building from scratch being 1.5 – 1.8 million dollars. I think the selectman's goal in this exercise is really to determine what it would cost to fix up and expand what we have. That would give them some information to start talking with the community about does that make sense or building a new building make sense.

Peter Donohoe asked have the selectmen included in that line of reasoning the possibility of revisiting as it was done 5-6 years ago combining recs? Given North Conway Community Center has a carrying capacity of somewhere over 400 people and they are operating at something like 50% of their carrying capacity. Is it possible the selectmen will also include a discussion about combining the two in their deliberations. Mr. Sires answered that they could include it but as you mentioned 5-6 years ago we had a fairly lengthy process and we talked about that does it make sense to combine the programs, buildings, build one building in the middle of town, etc. Frankly, the community center said no thank you we are going to do our own thing see you later and that's what they did. I wouldn't anticipate any discussions unless the community center were to come to the town and ask us if that made sense. Peter Donohoe asked if the community center did approach the town you folks would be open and amendable to going down that road? Mr. Sires answered we are open and amendable to anything that makes financial and programming sense.

### **Fund Balance:**

Earl Sires explained that the fund balance as the budget committee knows, by law the budget committee votes and approves the fund balance that we then take to the town

meeting and discuss and ultimately put on the ballot. Default budget determines the default budget and Lilli is here to talk to you about that and her calculations based on state law. You are free to consider those calculations and adjust them as you see fit.

Lilli Gilligan, Finance Director presented the fund balance. The default budget is a little bit lower per my calculations than what you were presented with in December and that is based off the fact that the warrant article for public works was pulled out of all the selectmen's recommendations changes that they are revisiting tomorrow night so I removed that monies from the default budget recommendation. I have also reduced the library's budget for default by that figure that was presented by the library about a month ago. The default budget is calculated by using anything that is under contract whether it is collective bargaining or contracts like we have with our audit firm that are already promised monies. Those go in as being budgeted for the 2017 budget. Then you carry over the amounts that were budgeted for 2016 into 2017 and reduce out anything that was a one-time expenditure. The amount of the default budget as it currently is being proposed is \$10,761,335.00. Which is approximately \$12,020 less than the proposed budget.

Frank McCarthy asked if it was less? Chairman Mosca answered yes \$12,020 less than the proposed budget.

Lilli noted that you have had the default budget in your packet since December so I imagine you have made notes. It is all part of the same budget, the very last column.

Frank McCarthy noted for informational purposes that there is a bill before the House now and it looks like it is going to pass that will allow the proposed budget and the default budget to go on the ballot as separate contingents. If they both fail you will default budget will stay as it is and the town will have another meeting to rehash the proposed budget.

Earl Sires noted that Mr. McCarthy asked us to give him some information on all the funds that we put money into at the end of the year and our discussion was centered on the fact that we only have one. That's the general fund – fund balance, in other words what is the balance of the general fund at the end of the year. Any monies that are left over or any monies left unspent go into that account. There is only one and Lilli is going to walk you through our current balance, a little bit of the history and what DRA requires or at least recommends what we do as well as where we are with respect to our balance and how that relates to their recommendations.

Lilli Gilligan, Finance Director, (a packet of information was handed out prior to the discussion), further discusses the fund balance. Starting on page 3 of the handout, this is from the tax rate setting documents from the DRA that is given to the town during tax rate setting time towards the end of the year. [Chairman Mosca clarified that it is the page that says 4 of 4.] At the very top it shows you that the general fund operating expenses is \$32,011, 682.00. If you flip to the 4<sup>th</sup> page you can see that the 32 million is made up of monies to be raised to support the town, county, the school, and all its precincts. So the total amount calculated to raise and appropriate by our tax collector to support all these

government entities is the figure that you use in order to determine how much fund balance needs to be retained by the town. The town is the tax collector for all these entities, so all these entities budgets that are approved at their annual meetings get every single dollar they have asked for. The town is the only entity that is left holding the bag minus what hasn't been paid. We almost always are operating at a 2 million dollar owed to the town for the taxes to be collected. That's why the town is allowed to have a healthy fund balance in order to for cash flow to be at a specific level to be able to write the necessary checks to cover all the expenses including all the checks necessary to all those government entities that we collect taxes for. So you can see that the DRA has outlined that the current amount of fund balance that's retained by the town before the tax rate was set was \$2,048,705.00. They are also showing you what the maximum amount recommended to be retained is \$5.4 million and the minimum recommended is \$1.6 million. So, I just wanted to let you know that the DRA is the one that is monitoring all this, the fund balance is always part of the audit process and submitted by the town through its audit to the DRA for the DRA to make sure that everything is being calculated correctly.

If you go back to the first page, I got a little historical so we could see how it flowed through for the whole year of 2016. At the beginning of 2016 our fund balance was \$2,773,705. In 2016 we estimated that the revenues, that we budgeted the revenues would be non-tax revenues, not taxes but anything we take in for fees and services for the town would be \$3,863,936 what we actually took in, in 2016 exceeded that amount by \$4,366. So, you add that to fund balance because you received more revenues than you projected. Then if you go down to the next section which is expenditures, the approved budget that includes all warrant articles, nonprofits and petitioned, was \$12,714,588 and we also encumbered \$3,992. We ended up currently, we still have 2016 expenditures going into this week's AP run, but as of last week, we have underspent 2016 expenditures by \$455,999, that is also added to this fund balance figure. The final thing that affects fund balance is abatements the overlay that was approved by the DRA that is also shown on that 3<sup>rd</sup> page towards the top it's called overlay by the Department of Revenue and in our budget, we call it abatements for people, that the taxes we anticipated collecting from them they made a case for why that was too much and the selectmen had approved \$30,606 to be abated. The difference between the \$85,000 and the \$30,000 is \$54,842 added back into that fund balance, which gives us a budget surplus of those 3 figures of \$515,207.

At town meeting in 2016, town meeting approved \$250,000 of fund balance to be used towards the capital reserve fund for infrastructure so that reduces the fund balance and during tax rate setting in the fall the board of selectmen voted and notified the DRA that they wished to use \$475,000 to reduce taxes and maintain our tax rate at \$5.72 for the 3<sup>rd</sup> year in a row. At the end of 2016 that leaves us with a fund balance of \$2,563,912. As of last week, there are still \$1,332,366 owed in 2016 taxes and an additional \$666,758 owed in tax liens from taxes owed prior to 2016. We anticipate and we presented to you that we would like to use, in that warrant article for infrastructure, again this year \$250,000 of fund balance which leaves us currently with a balance of \$314,788 to use at the end of 2017 to reduce taxes by a vote of the selectmen. Now, that being said I anticipate that we will be receiving at least half a million dollars between now and the end of May towards

that \$1.3 million owed for 2016 taxes. We should have more than sufficient monies to be able to do that and use the necessary fund balance to stabilize tax rate setting at the end of 2017. There's another way to think about fund balance, as opposed to thinking about making sure you are keeping your head above water of what's owed in taxes, is at the very bottom of this same page the 5% minimum that was on the DRA page, on page 3 of your packet the minimum required for 2016 was \$1.6 million. Currently the balance is \$2.5 million, if we project to use \$250,000, if it is approved at the town meeting in April, for the capital reserve fund for infrastructure and if we use the same amount of money, \$475,000 towards tax rate setting it would leave us with a balance of \$1,838,912 in fund balance, which leaves you with an excess of \$238,328 over the minimum required. They are very similar figures it is just a different way to think about it.

The second page is the selectmen's policy on the use of fund balance, this has been a selectmen's policy for many many years. The last time it was reviewed and approved was August.

#### Questions:

Mark Hounsell commented that was the absolute best explanation I have ever had on fund balance for that I thank you, but more important I want to commend that selectmen and the town staff by managing their budgets so well that the tax rate hasn't gone up in 3 years, \$5.72 for 3<sup>rd</sup> year in a row and still creating half a million-dollar budget surplus with a combination of revenues coming in pretty close, spending real good. This is a good report and should build a lot of confidence in, it does for me, in the budget they present.

Peter Donohoe asked how static that old tax lien amount? Is it chipping away? Is it staying the same? I mean I know it's going to be added. Lilli Gilligan answered, that is the tough thing, it chips away every week, people pay towards it, but then when 2016 comes due at the end, it's almost a static amount of money. Earl Sires further answered that one of the things that happens is these age, when people are into their 3<sup>rd</sup> year of arrears the selectmen have the ability to take that property for those back taxes. A lot of this gets resolved, as you might imagine, at that point. People that can't do it for various reasons or haven't done it for various reasons, when it comes down to the wire they figure out a way to take care of it. The selectmen also, I have to say, work with folks that are in that position and if they need some sort of arrangement financially, payment plan. A lot of folks it takes that 3-year cycle.

Frank McCarthy commented that he agrees that was an excellent description of the fund balance but I have one question just for my own education. If you turn to the last page and it has a copy of 32:7 on it, Lapse of Appropriations, all appropriations shall lapse at the end of the fiscal year and any unexpended portion there of shall not be expended without further appropriation unless and then there are 6 exceptions. which one of those 6 or more than one of those 6 exceptions were used to set up the accounts you are talking about? Earl Sires answered there are no accounts, there is the general fund – fund balance. I'll read them out and tell you what we have done with them:

- I. The amount has, prior to the end of that fiscal year, become encumbered by a legally-enforceable obligation, created by contract or otherwise, to any person for the expenditure of that amount: you saw that we had about \$3,900 encumbered that went into that fund balance, that number one was used in that case.
- II. The amount is legally placed in any nonlapsing fund properly created pursuant to statute, including but not limited to a capital reserve fund under RSA 35, or a town-created trust fund under RSA 31:19-a: As you are aware there is a variety of trust funds and capital reserve funds that the voters approve contributions into those funds and any monies that are approved by the voters are deposited into those funds. Those are expenditures not monies left at the end of the year, like we were trying to get to last week.
- III. The amount is to be raised, in whole or in part, through the issuance of bonds or notes pursuant to RSA 33, in which case the appropriation, unless rescinded, shall not lapse until the fulfillment of the purpose or completion of the project being financed by the bonds or notes: The only thing relevant to number 3 is the fact that the library bond will be paid of this year.
- IV. The amount is appropriated from moneys anticipated to be received from a state, federal or other governmental or private grant, in which case the appropriation shall remain nonlapsing for as long as the money remains available under the rules or practice of the granting entity: If we have grants as this says those don't lapse we spend those to complete the projects so none of those monies would be involved in this discussion tonight.
- V. The amount is appropriated under a special warrant article, in which case the local governing body may, at any properly noticed meeting held prior to the end of the fiscal year for which the appropriation is made, vote to treat that appropriation as encumbered for a maximum of one additional fiscal year: Number 5 we have not used, we do often or sometimes have nonlapsing warrant articles noticed so that people know that they are not going to lapse. Selectmen haven't voted to do that under number 5.
- VI. The amount is appropriated under a special warrant article and is explicitly designated in the article and by vote of the meeting as nonlapsing, [that is what I was just talking about], in which case the meeting shall designate the time at which the appropriation shall lapse: That was number 6, so there you go.

Frank McCarthy asked did you say that all the money the town has put away in trust funds is included in this. Earl Sires answered no, I said it is not included. Chairman Mosca further clarified that it is not included in that.

### **Final Questions – School:**

Dick Klement asked in the based budget you are recommending you are deleting 3.6 people and hiring one for a net reduction of 2.6. In the default budget is that reduction

of 2.6 people included? Kevin Richards, Superintendent answered, no. Dick Klement further asked, what do you do with that money? Mr. Richards answered you have to fund the positions as they currently are, that's what the default budget would be. Dick Klement asked even though you are able to reduce those 2.6 positions, you would keep them on even if you don't need them? Mr. Richards answered, that would be up to the board to determine that, that's how the default budget is. Dick Klement asked if you don't need the people then it would seem, or if the people are not required to fulfill the programs that you have and you don't keep the people, you eliminate them, then you are over budget by 2.6 people. There is money approved to you for those 2.6 people and what do you do with that money is the question? Mr. Richards answered that's correct and if we were to go to the default budget then the school board can authorize funding a position that is currently not in there, they could do that. In order to calculate out that number, it's based upon the prior year's budget. Chairman Mosca further answered that the default is based on the prior year's contracts and the base line operating and everything else. Just because they are planning on cutting people it doesn't necessarily result in a change in the default budget the way the statute is written. Dick Klement said he understands, but should it? Chairman Mosca responded that the default budget is based on certain calculations in the law and although your question is a good one, until the way the calculations done are changed I think they are doing it the right way. Janine McLauchlan further responded that to clarify that the budget that we asked the administrators to put together was a needs-based budget. When that budget came to us it included those 2.66 people because they do need those people. The school board went back to the administrators because we wanted to make the budget more affordable and we asked them to cut an additional \$150,000. Part of that \$150,000 was the 2.66, well 3.66 that nets to 2.66, those are the staff they felt would have the least impact on the programs that we are offering to our students. In fact, they weren't eliminated or proposed to be eliminated with the original needs-based budget. The only reason they were looked at is because we asked them to cut an additional \$150,000. I just want to make sure that is clear. Mark Hounsell also responded, that in neither our proposed operating budget or the default budget are the 2.6 new positions included. Both will have the Family Liaison for the middle school. There is no room in either budget for the 2.6. We never brought those positions forward.

Dick Klement asked as I look through the information provided, am I correct in seeing that a kindergarten teacher will not be required at one of the schools. Janine McLauchlan answered no. Mr. Richards answered, aide. Janine McLauchlan further answered that it is a classroom aide in the kindergarten. Dick Klement asked is that included in the default budget or not included? Mr. Richards answered that the dollar amount is included, the position is not included.

Bill Marvel asked when you first explained the 2.66 people, you explained it as full time equivalents and I think you characterized it as an accumulation of fractional positions. That reminds me of a question at the time that I didn't ask; is anyone actually disappearing? Mr. Richards answered, yes and off the top of my head, there were 2 half-time aides at the kindergarten level, believe one at John Fuller and maybe one at Pine Tre. There was a half-time career and technical education teacher that is earmarked for one program, but depending on what he enrollment will be it is a

reduction of a half-time teacher. A custodian at one of the schools is reduced. Bill Marvel asked, so that means there are 2.6 proportional benefit packages that have disappeared. Mr. Richards answered correct, the half-time positions don't carry benefits, but if that person was working a full-time job then it would carry the benefits.

Vice Chairman, Jim LeFebvre asked on your classes that have less than 12 students, you have 6 or 7 of them I believe, what's the full-time equivalent manning to cover those 6 or 7 classes? Mr. Richards answered that he would have to take a look at the break down, but if it is probably close to one position, approximately.

Frank McCarthy commented, it seems to me that some people are not going to be hired for certain positions, but the positions are going to stay there. The positions are there, even though nobody is there to fill them, the default budget will have that money in it, right? If you were to get rid of that, it would be a simple matter of doing away with the positions, right? Mr. Richards answered that those positions are gone, they are gone. Frank McCarthy asked, the positions are gone? Then why would that money be in a default budget if the positions are gone? Mr. Richards answered, based upon the prior year, that's the way the statutes read. Frank McCarthy responded that is the way it reads if that's the way you want it to read. Janine McLaughlan further responded stating that the default budget is based on your prior year's budget including the staff you have in place, all the programs you have in place, etc. Those aren't rules we made up as to what to count in our default budget. That was the DRA that said you have to base your default budget on these items; previous staffing, previous programs and previous expenses, etc. We can't put into the default budget anticipated reductions in staff, because that is not what the formula calls for. That's not what the DRA asks us to provide.

Steven Steiner commented that he thinks he can see where Frank McCarthy was going. So, are you mandated to put them back in? You don't have to put them back in if you don't want to? Chairman Mosca answered, no the positions are going away, the default budget is calculated based on the formula the DRA puts out. Their formula is based on last year's numbers. That position that was there last year so it has to be in the default budget. Even though it is going away, it's not in this year's budget, but it is part of last year's budget. The way it is calculated it has to be there.

Pat Kittle asked if the proposed budget fails then the default budget, then passes and is enacted, what do you do with these positions you have talked about? Mr. Richards answered those positions are gone, they were cut at the board level. The reason they do that is some years you may have additional positions in the budget, that's why the default budget is there. So, it goes back to almost what you funded last year, because this year there is a reduction in personnel it is actually a wash dollar wise. That is why the proposed budget and the default budget are so close together. Chairman Mosca stated that there is only a \$6,500 difference between the two and even if the warrant article failed and the default budget was implemented it is only \$6,500 less than the requested budget, so it won't really make a difference.



Vice Chairman, Jim LeFebvre asked if I recall the LNA class has less than 12 and next year has nobody scheduled to take it, is that correct? Mr. Richards answered, no that's not correct. Janine McLauchlan further responded, no that is not correct. Vice Chairman, LeFebvre asked them to elaborate on that, please. Mr. Richards responded that there is one health class that was on the docket. There is a difference between health and the LNA program. Health is a required course by the State of N.H. The LNA Health Sciences program is part of the career and technical center. This semester coming up the health course, that is required by the state, had 9 students in it I believe. They had 25 – 24 historical over the course of the year, there was one section that fell to 9. The health science program is fully subscribed or at least has over 12 in each one of the sections that are being offered this semester.

Peter Donohoe asked how the district, this case the school board, the estimated revenue, how they arrived at about a \$250,000 increase, was that projected enrollment? Mr. Richards answered, it is, it is tuition from the sending towns. Peter Donohoe commented that seems to be the most of it, but again is that an enrollment projection that gives you that? Mr. Richards answered that it is a combination of quiet a few things; the tuition rate is based upon equalized evaluation as well as ADN, so it depends upon the percentage each town has that determines part of the rate, 65%. It is an increase in the number of students and I could probably get that for you, but it is the tuition that has increased.

Pat Kittle asked does the school have a general fund like we just discussed with the town? Is there some kind of a fund you guys operate with as well? Mr. Richards answered no it is a line fund, every year the school board can make a determination in July to retain a percentage of the unencumbered fund balance and that is used for emergency situations. For the past, several years, you will see it on the revenue page, it was \$414,000 from the fiscal year 15-16 and then last year they kept \$411,000. In the event, there is an emergency that would require the approval from Department of Revenue Administration as well as the budget committee. In the event the HVAC went down somewhere you could use that, a bus broke down you could appeal to both these places if you had no monies for that. Pat Kittle asked if there is a certain amount that is kept? Mr. Richards answered that it is 2.5%. The board votes every year to accept or not accept that amount of money.

Frank McCarthy asked if you know that those positions have been eliminated, if you wanted to could you take that out of the default budget or are you saying that the DRA told you no you can't you have to keep it in there? Mr. Richards answered that's what we follow through, that is what is in the budget. Whether the school board chooses to fill other positions, that would be up to them. We can't deduct we are following a script that the DRA sets that number.

### **Town Revenues:**

Chairman Mosca directed everyone to pages 20-21 of the operating budget packet that was received.

Lilli Gilligan, Finance Director presented the town revenues. The revenues that are posted with the warrant are what are used in order to understand how much the expenditure budget is going to raise and appropriate at the end of the year. The non-tax revenues offset the amount to be raised and appropriated to that end. In the projections that I have given you, I gave you revenues that date back to 2013 just to be able to see how things change and progress over time. The amount of money that was collected this year is \$3,868,302. I have adjusted my figures a little bit beyond what you have from December, just looking at projections and the amount of monies that I project are \$3,550,331. The numbers that I adjusted up were; 2<sup>nd</sup> to last row from the bottom, solid waste, recycling and hauling, I have increased to \$105,000. Income from highway, based on the amount of weather we have had this winter, I have adjusted up to \$60,000. We charge the court house for maintaining the parking lot that is shared with the police department and we charge the school for plowing Eagles Way. I have increased sale of town property to \$25,000 based on updated information. That is how we get to \$3,550,331 as projected. As you can see the biggest contributor to that money is motor vehicle registrations. In 2013 it was \$1,482,000 and I am projecting that we will be up to \$1.8 million this year, we came within \$41,000 of that this year. This past year we had a banner year for building permits at \$182,136 but if you look over time that is a fluke and a very high number so I have maintained the figure of \$90,000 based off of current projections of what might be coming down the pike. The rooms and meals tax I have projected out the same amount of money we received this year at \$520,000. Same as the highway block grant at \$250,000. Those are the big-ticket items.

#### Questions:

Dick Klement commented, you talked about the \$60,000 to maintain Eagles Way. Lilli responded that amount is not all to maintain Eagles Way and includes the court house and any other. Dick Klement said the school transfers money for the town to take care of Eagles Way. Earl Sires commented that it is about \$20,000 per year. Dick Klement responded so it is not a town road. Lilli answered, no. Dick Klement asked it is a private road? Lilli answered, it is one mile long. Earl Sires further answered that it is owned by the school. Dick Klement asked if a developer come in and builds houses along Eagles Way, would that change that or would the developer have to pay the school for permission to use the road, is there a right-of-way? Mark Hounsell answered that the school district owns the driveway, it is not a road it is a driveway. There are certain entities, one private corporation that owns right-of-way easement, but there are 11 different entities that pay the school district for maintaining that road. The school district pays the \$20,000 but the tuition contract we get money from the sending towns as well as the private developer to maintain that road. To the question if there is development on that road, yeah, the easement on that road would be transferrable but not without some clarification as far as expense and the upkeep. Even though the school district is paying \$20,000, the school district itself is only pay 1/11<sup>th</sup> of that amount.

Frank McCarthy stated that he understands the theory with being conservative with revenue estimates, but in 2015 you were just short of \$4 million dollars and you are only predicting something less than \$4 million for this year. Lilli answered that the

revenues are something that are presented as part of the warrant and part of the posting of the budget for town meeting purposes but by requirement of the DRA the revenues are re adjusted and due to the DRA on September 1<sup>st</sup> with updated revenue projections in order to set tax rate. If I have over projected by too much or under projected by too much then, the amount you would be raising in taxes would be dramatically affected. The board of selectmen are presented with the updated revenue projections at that time and that vote of that dollar figure is sent to the DRA for tax rate setting. Frank McCarthy asked presented by whom, the DRA or by you? Lilli answered, presented to the DRA. I present the board of selectmen with the updated revenue that have been received and the projections for what we will receive in the last 4 months of the year to come up with a final budget. When I did the fund balance presentation you saw that I came within less than \$5,000 difference, because I have the knowledge of 8 months of revenues to be able to project much more tightly on the revenue line.

Mark Hounsell commented that it would be difficult to argue their projections given the success that they had just recently this last year on two different points. One is that they are maintaining the tax rate, which I think seems to be passing over, that's \$5.72 has been holding since Lilli has been here. If the projections are what they are, it is pretty hard to argue it, because they came within .001% and I bet they do it again.

Peter Donohoe asked what last years, 2016, budget recommendation for revenues? Lilli answered that it is not in front of you and I do not have that. I reduced the amount of anticipated revenues by, [not an exact figure], \$42,000, I know that I came within \$46,000 of the original projection. Peter Donohoe asked, to get the sequence clear in my mind, if revenue is over shoot, those go into fund balance and if we had a \$515,000 surplus last year and a portion of that surplus clearly is attributable to an increase in revenue. Lilli answered, yes but because you are able to readjust at the end of August, it is due to the DRA on September 1<sup>st</sup>, the amount that you are over shooting by is a small figure compared to the budget that is underspent by \$455,000. If I was to be held to the number that was voted on at town meeting or presented at town meeting, the amount that would reduce or increase fund balance at the end of the year would be dramatically different. To forecast how much money would be coming in, building permits for example that we have no control over is tough. Other things based off of recycling and hauling trends, those are much more controllable figures because we have a lot of statistics on how much that type of stream is coming in. Peter Donohoe followed up with the fact that a budget surplus can be, the fact that we have been creating budget surpluses each year is somewhat contributable to the fact that revenues have been rising. Lilli responded that as you can see revenues have risen since 2013, but actually have dropped off by about \$100,000 since 2015. You can see the health insurance dividend that was received in 2015 is \$85,000. We know that we are not getting the health insurance dividend in 2017, we have already been told that. Earl Sires commented that one thing to keep in mind with estimated revenues, is that if we over estimate revenues so that at the end of the year we fall \$100,000 short we have to take that out of fund balance to make up for it, so we try not to do that.

Bill Marvel asked is there a causal or collateral connection between the sale of town property and the land use tax and the yield tax? Lilli answered, no. Bill Marvel commented that they seem to peek at about the same time and dribble off the same. Lilli answered that it might be a coincidence.

### **Old Business:**

Lilli Gilligan discussed interest rates on TANS based on a previous question from Frank McCarthy. She looked up how much we did sign to agree to for the interest rate, it was .25% and we took a line of credit of \$1.8 million and .25% was owed daily on that 1.8 million. If you were to use any of the \$1.8 million it was a 1.4% interest rate charged on those monies. Frank McCarthy stated that was what the county is paying now too.

### **New Business:**

Chairman Mosca reminded everyone of upcoming meetings being; Wednesday night is nonprofits and then our next meeting after the first is the 15<sup>th</sup> which is public hearings and then the 16<sup>th</sup> which is voting on everything.

The 14<sup>th</sup> is just petitions due. We meet Wednesday here, then we meet the 15<sup>th</sup> and the 16<sup>th</sup>, Wednesday and Thursday. Wednesday is public hearings and Thursday is to vote on everything. Then it is deliberative in March.

Lilli Gilligan stated that the selectmen are re-voting the budget figures in order to lower their budget request based off of the warrant article for public works and the library presentation that was made to you that wasn't made to them. They will be re voting on that tomorrow so, on Wednesday I will be updating the budget sheets to show what they voted and what the default budget is for you to be able to have for your public hearings.

Steve Steiner asked did the school board get our letter, remember we had a motion that we were level funding at the beginning of the year. Chairman Mosca answered that they were sent an email like the town was, yes.

Frank McCarthy asked Mr. Sires if the warrant article on veteran's thing is all taken care of now. Earl Sires answered I believe so, in fact I think there are 2 of them so we are going to have to reconcile that. As far as I know it is good and if I hear otherwise I will let you know. Chairman Mosca stated that he thought someone was going to be here to talk about that. Frank McCarthy responded that Carl Field, he's been very sick and he just couldn't make it.

Bill Marvel asked while Frank is here if he or anybody knows if there is any room to raise the war veteran's exemption? Is there any room in the statute, it is now \$500, is that the maximum under the statute? Frank McCarthy answered that is the maximum under statute.

[Type here]

[Type here]

ADOPTED MARCH 8, 2017

**Other – open to public for questions:**

none

**Dick Klement moved, seconded by Jim LeFebvre, to adjourn the meeting at 7:32 PM. Motion carried unanimously.**

Respectfully Submitted,

Lisa E. Towle, Recording Secretary