

**Minutes of the
Litchfield Budget Committee Meeting
Held on May 26, 2016**

The Litchfield Budget Committee held a meeting on Thursday, May 26, 2016 at Campbell High School, One Highlander Court, Litchfield, NH 03052.

PRESENT: C Couture (Chair), K Douglas (Vice Chair), C Pascucci, D Miller, J Bourque, R Keating, B Bourque (School Board Representative)

Absent: R Keating, D Miller, K Bourque

1. CALL TO ORDER

Mrs. Couture called the meeting to order at 7:00 p.m.

• PLEDGE OF ALLEGIANCE

2. PUBLIC INPUT

There was no public input.

3. REVIEW/ADDITIONS TO AGENDA

There were no additions to the agenda.

Mrs. Couture made the following statements regarding meeting agendas. She will not be entertaining further comments regarding two married people serving together on the Committee. The Budget Committee has taken all the action allowable during the context of its meetings. The School Board did not change their decision regarding Committee representation and change can only be accomplished by the School Board. Budget Committee members can appeal to the School Board of their own accord. Further discussion of this topic takes away from the focus of the Budget Committee's work and creates a negative atmosphere and casts a negative shadow that will cause attention on the negativity. It is not fair to Mrs. Bourque and not fair to diminish her actions. The School Board's actions are in question.

Mr. Pascucci commented that some people may not understand the rules and Mrs. Couture, as Chair, has the right not to entertain discussions. He indicated that the Chair is an additional member of the Budget Committee and the decision not to entertain discussion about something does not mean a member cannot speak of the issue under member input. He noted the Chair cannot call a member out of order under member input.

Mrs. Couture commented that she hopes hearing reasons why people would respect her decision so the Committee can move forward. She mentioned that decisions can be overruled by majority vote.

Mr. Pascucci agreed that there is a shadow cast and that it is not fair to Mrs. Bourque. He commented she is not part of the issue with the School Board. He asked why Mrs. Bourque was singled out in Mrs. Couture's comments and that the shadow could be on the committee as a whole. He indicated in order to quell the issues regarding the School Board's actions the Committee has to stop talking about it. Mr. Pascucci believes if anyone has comments they can speak during member input or public input.

Mrs. Bourque commented it would be more appropriate to speak at a School Board meeting.

Mr. Pascucci commented that it could be more appropriate, but the School Board has committed to its decision. He believes behaviors such as that should not become the norm. He expressed belief that some things should come up at some meeting.

Mrs. Couture commented that the Budget Committee should be ready to move on.

4. REVIEW/ACCEPTANCE OF MINUTES

- **April 21, 2016**

MOTION: by Mrs. Douglas

Move to approve the minutes of April 21, 2016

SECOND: by Mrs. Bourque

VOTE: 4-0-1, with Mr. Pascucci abstaining.

The motion carried.

5. CORRESPONDENCE

Mrs. Couture reported that the Budget Committee received the following correspondence: letter from the three candidates that ran for Budget Committee, expense updates from the School Board, information from the Board of Selectmen regarding legal representation regarding the water issue, a letter of resignation from Ray Peeples, and a letter from a community member. She also mentioned that the letter that was sent to the School Board regarding Committee representation and submitted during the last meeting should be attached to the minutes for this meeting.

Mrs. Couture read the letter from community member, Kathy Follis. It was addressed to Budget Committee and School Board members. Mrs. Follis was disappointed that the two boards could come to an agreement on the issue of Mr. Bourque sitting as member on the Budget Committee. She stated the School Board should have reacted to seat a different representative. She expressed disappointment at the loss of two respected members of the Budget Committee and that Mr. Cutter was not appointed to fill the initial vacancy.

Mr. Pascucci commented that is an opinion from someone who agrees with the Budget Committee.

Mrs. Couture noted she reached out to the three members that ran for a seat on the Budget Committee and their responses were as follows:

- Paul Malory declined to submit interest for the vacancy
- Shana Dodge declined to submit interest for the vacancy
- Andrew Cutter submitted interest for the vacancy. He cited past experience and his strategy for analyzing budget.

Mrs. Couture indicated that Mr. Peeples' letter was printed in the newspaper. She commented that his letter was out of context and that someone not familiar with the events that transpired would not understand. She read his letter in which he cited that the Budget Committee's actions were incompatible with his own; he contested the vote to appoint Dennis Miller in Mr. Spencer's vacancy; he will work to ensure the law is clear on the issue of appointing members for vacancies; he mentioned conflict of interest regarding spouses serving on the Committee.

6. VACANCY

Mrs. Couture reported that the Budget Committee did not receive any responses to the letter that was placed in the HLN. She reached out to the three candidates who ran for a seat on the Committee and Mr. Cutter was the only positive response.

- **Appoint New Member**

MOTION: by Mr. Pascucci

Move to appoint Andrew Cutter to the Budget Committee

SECOND: by Mrs. Douglas

VOTE: 5-0-0

The motion carried.

7. REPORTS

- **School Business**
 - **General Updates**

Mr. Bourque reported that the financial update provided reflects the available FY16 funds at this time, a projection of the 'spend down' for the FY16 budget, and representation of reductions from the FY17 School Board Recommended budget to align with the approved FY17 budget. He explained that at this time the FY16 general fund total is \$578,000 and the projected spend down reflects that there will be approximately \$378,000 remaining. He indicated the largest reductions to the FY17 budget were in technology, but the items reduced will be purchased with FY16 year end funds.

Mrs. Couture indicated the Budget Committee recommended reductions to the bottom line of the FY17 budget. She explained the School Board decides if they want to reallocate those reductions in the budget. She noted they decided to reduce items out of next year's budget and pay for them this year.

Mr. Cutter asked for the total of the voter approved FY17 budget. Mr. Bourque indicated it is \$21,585,770.

Mrs. Douglas asked why there is a difference between the balances of the FY16 general fund last month (\$700,000) and the projected underspend.

Mr. Bourque indicated that it is subject to change because there are still outstanding expenditures.

Mrs. Douglas believes the financial report provided last month was not done according to the same philosophy.

Mr. Bourque commented the School Board is looking at spending forward.

Mrs. Couture commented that people save invoices until the end of the year and until all the invoices are submitted, the end of year balance will change.

Mrs. Douglas indicated there should be a mechanism for what is expected at the end of the year. She commented the term 'projected underspend' does not apply.

Mrs. Couture explained the amount reported is what is available now. She indicated it is difficult to anticipate what will come up between now and the end of the year.

Mrs. Douglas commented there should be a line for anticipated expenses. She believes that the district should not be spending \$400,000 per month. She commented there are invoices out there that should be applied.

Mr. Cutter commented he understands the projections, but this is an opportunity to budget better.

Mrs. Douglas commented it is not truly an underspend as it is still being spent. She indicated there is money committee in some way.

Mr. Bourque commented the report provided is the underspend. He suggested speaking with the Business Administrator about the format of the report during the budget process.

Mrs. Douglas commented that there is an RSA and certain format regarding the budget process. She indicated we should not be seeing \$400,000 in expenses in one month. She noted that 'unexpended funds' is a more appropriate term than 'projected underspend'.

Mr. Cutter asked if the items in the list provided will be encumbered by the School Board for purchases.

Mr. Bourque indicated some of the items are purchases and some are reductions. He noted that approximately \$200,000 will be used to purchase technology items this year.

Mrs. Couture commented once the end of the year arrives the Budget Committee will receive an unaudited end of year balance. She indicated if there is a different format you would like for the information provided we can request it.

Mr. Cutter asked about the Superintendent search process. Mr. Bourque indicated that will start next year.

Mr. Bourque provided updated information regarding the CHS Principal Search. He reported at least 12 candidates are being interviewed by the search committee.

Mrs. Couture commented that last week a group of people met to discuss a Sweet 16 celebration for CHS. She noted some of those people were part of the planning of the building. She indicated the philosophy for CHS is unique and it was suggested that is kept in mind when going forward with the new principal process.

Mr. Bourque reported a new projector has been installed in the School Board meeting room and a whiteboard will be installed. He indicated it will have a live feed for cable. He reported the district is working on a new website with a selected vendor. Mr. Bourque indicated the district is in the process of publishing the student handbooks online. He reported that the School Board received the NH Department of Homeland Security/Emergency Management security assessment reports on all three buildings. He noted that Mr. Markiewicz is still compiling information from the bus company regarding bus routes and is attempting to balance the ridership.

o Capital Planning Committee

Mrs. Couture asked about the status of the process for the Capital Planning Committee.

Mr. Bourque indicated the committee has not yet met, but would like to meet in the next month.

Mrs. Couture commented the membership of the committee asks for representation of the Budget Committee. She opened the topic for discussion.

Mr. Pascucci asked about the purpose of Budget Committee membership.

Mrs. Couture commented the Committee is a stakeholder and the member would be involved in the process in approving and recommending budgets and projects in the budget.

Mr. Cutter asked that that member would be a voting member. Mr. Bourque responded in the affirmative.

Mr. Pascucci believes that would be inappropriate. Mrs. Couture commented that often Budget Committee members are expected to vote on outside committees and it is not unprecedented.

Mr. Pascucci commented that does not make it right. He indicated this Committee will ultimately have that vote, which he believes should be a pure vote of the Committee. He believes a member of the Budget Committee can sit on the Capital Planning Committee and contribute, but he does not support the membership as a voting membership.

Mrs. Couture asked what impact voting by a Budget Committee member would have.

Mr. Pascucci commented that we do not know the impact. He indicated that once that member votes on something and brings it back to the Budget Committee, Committee members will know that member's position.

Mrs. Couture commented that is part of the Committee member's job to report back to the Budget Committee. Referring to warrant articles, she indicated that the Budget Committee may vote to recommend it to move it forward so the community has a voice. Mr. Pascucci commented that having a voting member on the Capital Planning Committee is different.

Mr. Cutter asked if a delay would be caused if the member does not know the will of the Budget Committee.

Mrs. Couture indicated this committee will meet once per month. She believes they may hold back on voting until members can speak to their boards. She commented it is important to have their board's feedback prior to voting.

Mr. Pascucci agreed that it is important to have the view of this committee prior to a member voting. He sees value in membership on the Capital Planning Committee, but can see a problem if that member came to the Budget Committee with little information and the Budget Committee gave their support.

Mr. Cutter suggested to postpone the topic until the Capital Planning Committee has scheduled a meeting. Mr. Bourque offered to get clarification on the membership for the next meeting.

Mr. Pascucci commented it is not appropriate for a Budget Committee member to make decisions on their own. Mr. Bourque commented he does not see an issue as there is no money involved.

Mr. Cutter asked what would happen if that member supports what is presented and the Budget Committee does not. Mr. Bourque commented that is the right of the Budget Committee.

Mr. Pascucci commented that member is representing the Budget Committee. Mrs. Couture clarified that we are giving the member the authority of representing the Budget Committee so that member can bring information to back to the Budget Committee so the Budget Committee can make a decision. She read the purpose of the Capital Planning Committee: *To advise the Litchfield School Board regarding short- and long-term (3-5 years) facility needs of the District.*

The Capital Planning Committee will assist and make recommendations to the School Board in the development, evaluation, and updating of the School District's Facilities Capital Plan.

Mrs. Couture indicated the topic will be deferred to the next meeting.

Mrs. Bourque asked if it is the general intent to vote that a Budget Committee member be a representative on the Capital Planning Committee.

Mrs. Couture indicated the Budget Committee will need to make a decision at some point.

- **Town Business**
 - **General Updates**

Mr. Kevin Bourque was not present.

- **Revised 2016 Budget – Pipeline Update**

Mrs. Couture indicated the Budget Committee was waiting for information on the pipeline regarding legal funds that were approved to be used on a warrant article. She noted the town sent information about water issues to the Budget Committee and has hired legal counsel to help the town navigate through the issue. She noted information will be provided on how the funds will be spent.

Mr. Cutter commented at the meeting the other night it seemed like they are proceeding with the cost to bring town water to residents.

- **RSA 32:22; Review of Expenditures**

Mrs. Couture indicated the Budget Committee has been receiving weekly reports from the town.

8. MEMBER INPUT/NEW BUSINESS

- **Budget Discussion**

Mrs. Couture indicated she researched Budget Committee bylaws and found several towns that have specific bylaws. She commented that the bylaws, that all seem to originate around 1997, address membership, vacancies, duties, and responsibilities. Mrs. Couture suggested the topic as a potential agenda item, but that in the past the Budget Committee has not been interested in adopting bylaws.

Mrs. Bourque expressed support for the idea.

Mrs. Douglas commented that a copy of the template should be provided by the NHMA. Mrs. Couture offered to ask the NHMA if they have the template.

Mr. Pascucci commented the RSA spells out what is required thoroughly.

Mr. Cutter commented it does not hurt to circulate the information from the other towns. Mrs. Douglas believes it is wise to have an established precedent in place. Mrs. Couture indicated that each town that has bylaws modified them specifically to their towns. She offered to distribute the information to Committee members.

Mr. Pascucci commented he brought up the RSA previously so that everyone could understand. He asked if the Budget Committee provides any direction on the budget before it is presented.

Mrs. Couture indicates that she does that every year. She commented the Committee needs to decide on what we want for guidelines, but to date we have not decided to provide predetermined guidelines.

Mr. Bourque commented that is the Budget Committee's though process and does not mean anything to the School Board.

Mr. Pascucci commented there is a trend he tries to reconcile. He indicated over the years the Budget Committee has fine-tuned obvious waste. He noted that salaries and benefits are 77% of the budget and that percentage needs to be reduced. Mr. Pascucci commented that it is helpful to go back and look at the items discussed in previous years: sharing assistant principals between schools, population that has not grown in 10 years, and declining enrollment; however, the budget keeps increasing.

Mr. Bourque responded that people in business cannot say the cost of doing business has not increased every year. He commented enrollment may be lower, but the costs to educate children has increased.

Mr. Pascucci agreed that costs increase drastically including items that you have no control over, but budgets do not have to increase. He commented the cost of some programs can be reduced. He indicated once you have a program you have to spend money on that program. He asked if belonging to several organizations is necessary for programs or employees. Mr. Pascucci commented the School Board and Board of Selectmen should be going through the budgets more carefully and asking more questions. He noted that Mrs. Bourque brought up [on the Litchfield Community Boards] that the Budget Committee was not adequately serving the school district. He asked how this committee is underrepresenting the district.

Mrs. Bourque clarified those are not the words she chose. She indicated that she felt as though there is a gap and that she can provide a different viewpoint in terms of some of the items requested by the district.

Mrs. Couture indicated Mr. Pascucci is saying ask questions about the services and their necessity. She asked if the Committee would like to establish the type of guidelines that restrict to the cost of living percentage or the tax rates.

Mr. Pascucci expressed his opinion in that he does not care of the district budget increases significantly as long as every dollar is needed. He commented that the Committee has the right to ask tough questions and give opinion on how money is spent. He indicated as an individual he cannot force anyone to change policy, but change can be forced as a Committee.

Mrs. Couture commented if this Committee feels the budget item is not supported by the data we can reduce it.

Mr. Pascucci commented for many years the School Board presents a budget that is \$1M higher than the prior year, the Budget Committee reduces it and there is still \$700,000 in additional spending. He believes that zero based budgeting (starting the year with \$0 dollars) is necessary.

Mrs. Bourque commented that Mr. Pascucci mentioned that he did not propose reductions last year because he did not think his motion would pass. She indicated that is concerning as the public has you here to represent them.

Mr. Pascucci commented that every year we get criticized and every year the same reductions are brought up and the motions fail. He indicated last year he did not propose any of those reductions and he was disappointed that no other member proposed them either. He noted this year he will be speaking out.

Mrs. Couture commented that she made the majority of the reductions last year. She indicated she does not view it as an exercise in futility and that her philosophy is to use three year averages.

Mr. Pascucci commented some of those items should not have been in the budget to start.

Mrs. Couture mentioned the Superintendent said he budgeted by averages and that he was disappointed that he did not come closer to that margin. She indicated this year the budget will be presented with three years of data and year to date spending.

Mr. Pascucci commented his philosophy is that the town voted for the Budget Committee because they believe there should be another set of eyes watching out for the taxpayers. He indicated there are people in town that run their businesses and make sacrifices in their business. He considers the role as a Budget Committee member to not be an advocate for teachers, students, and town employees, but for everyone.

Mrs. Couture commented we had a discussion and members made a decision.

Mr. Cutter commented we had substantial discussions, looking across lines cutting travel and workshops as a whole. He indicated we had discussion as to why we were seeing the increases.

Mrs. Couture asked members if they want to set parameters for the budget.

Mrs. Douglas commented we were already told we can set guidelines, but the School Board does not care.

Mr. Bourque mentioned that the Superintendent and the School Board will be preparing this budget differently. He indicated there will be challenges to department heads, improved format, and an up to date trend, which will result in a cleaner budget.

Mrs. Couture commented there was better transparency and more questions answered with the current year budget. She noted the Superintendent prepared the budget using three year averages.

Mr. Pascucci commented there is value in the conversation we are having. He indicated two years prior Mr. Cutter challenged the budget and that is why we are here. He believes the Budget Committee is not supposed to advocate for the School Board or the Town, but needs to ask for explanations and verify what they say.

Mr. Cutter suggested putting a summary of actions during the meetings on a public site. Mrs. Bourque agreed it is an excellent idea and will be well received by the community. Mr. Pascucci commented that there would need to be fair explanation.

Mrs. Couture mentioned that in the past School Board members attending during the budget process, as did the Board of Selectmen and they would better understand what transpires. She commented there was always good discussion. She indicated the town budget will be challenging because of the tax cap.

Mrs. Douglas asked for clarification if the cap includes warrant articles. She commented it is not legally binding.

Mrs. Couture suggested reaching out to the Board of Selectmen and NHMA to ask if they have a way to explain it and what it would look like.

Mr. Cutter thanked the Budget Committee for his appointment. He thanked Mr. Spencer and Mr. Peeples for their years of service to the community. He expressed hope that the Committee can move forward together and get back to their focus.

9. PUBLIC INPUT

There was no public input.

10. ADJOURN

MOTION: by Mrs. Douglas
Move to adjourn the meeting

SECOND: by Mrs. Bourque

VOTE: 5-0-0.

DRAFT

The motion carried.

The meeting was adjourned at 8:50 pm

Next Meeting: Thursday, June 23, 2016 at 7:00 p.m.

Recorded by: Michele E. Flynn, Recording Secretary