

**MINUTES OF MEETING  
MUNICIPAL BUDGET COMMITTEE  
April 30, 2014**

A meeting of the Municipal Budget Committee was called to order at 6:30 PM in the Professional Development Room at Kennett Middle School with the following members present: Chairman Joe Mosca, Maureen Seavey, Doug Swett, Michael Fougere, Greydon Turner, Stacy Sand, Dick Klement, Steven Steiner, Peter Donohoe, John Edgerton, Mark Hounsell, Maury McKinney, Bill Masters, and Christopher DeVries. Excused: Danielle Santuccio, Frank McCarthy and Terry McCarthy. Also present: Earl Sires, Town Manager and Lilli Gilligan, Town Finance Director.

John Edgerton led those present in the Pledge of Allegiance.

Stacy Sand swore in Christopher DeVries, Bill Masters, Maury McKinney and Doug Swett as members of the Budget Committee.

ELECTIONS

Chairman Mosca stated that the Chairman position would be vacated and that Peter Donohoe would act as Chairman Pro Tem for nominations. Chairman Pro Tem Donohoe opened nominations for the position of Chairman.

**Steven Steiner nominated Joe Mosca for the position of Chairman, seconded by Doug Swett.**

**John Edgerton nominated Danielle Santuccio for the position of Chairman, seconded by Steven Steiner.**

Joe Mosca stated he wanted to speak on behalf of Danielle Santuccio because he spoke with her earlier this evening and she would respectively decline the Chair. Steven Steiner stated he was talking co-Chair. Mark Hounsell asked if Steven was referring to the Vice Chairman position.

**Dick Klement moved, seconded by Steven Steiner, to close nominations. Motion carried unanimously.**

Joe Mosca was voted unanimously as the Chairman of the Conway Municipal Budget Committee for the 2014/15 budget year.

**Steven Steiner nominated Danielle Santuccio for the position of Vice Chairman, seconded by John Edgerton.**

**Dick Klement moved, seconded by Steven Steiner, to close nominations.**

Danielle Santuccio was voted unanimously as the Vice Chairman of the Conway Municipal Budget Committee.

TOWN

Earl Sires welcomed everyone to another year of the budget process. The Town will be starting the Budget prep in about 3 or 4 months from now. Earl stated that Lilli Gilligan was going to present the year-to-date on

Revenue and Expenditures. He will have a couple of updates and will then answer any questions.

Lilli Gilligan stated the Expenditures and Revenues were printed double-sided in order to save money. The first two pages are the Revenues. They have booked \$907,190.17 thus far this year. There is nothing significantly out of order with the exception of the fact that Alarm Permits is a lot higher than expected. Nothing really super exciting there.

Lilli Gilligan stated the third page is the Summary of all accounts summed up to their department showing that if you look at the bottom line, the Town has spent 69.28% of the Budget which is less than we should have if we were to be spending exactly the amount budgeted on a daily basis or a weekly basis. If they did that, they should be at 67% so they are one-third of the way through the year and tracking just fine. The rest of the pages show, as members are used to seeing in their Budget Books, all of the account lines within the departments and everything is tracking very nicely. Lilli asked if the members had any questions and she would be happy to provide more detail if the members would like it and that Earl Sires had some things to draw to the Committee's attention.

Dick Klement stated concerning the Welfare line item, he notices that in Revenues it is not anticipated, there isn't even a line for Welfare. Lilli Gilligan stated there is a line for Welfare. Dick stated he couldn't find it under "W". Lilli stated it was not alphabetized. Lilli stated "Income From Welfare" is third from the bottom on the first page and that the Town has received \$6,494.29. Dick asked if that money goes back into the Welfare account. Lilli stated no, it was revenues to the Welfare line. Revenues offset your taxes; it's not money that can be re-spent if that was what Dick was asking. Dick stated he guessed what he was trying to get at is that there is a line for Welfare, we allocate roughly \$50,000.00 per year for Welfare, and at the end of the year Welfare has spent, let's say, all of the money and \$25,000.00 or half of that has been returned. Where does that \$25,000.00 go? General Fund? Lilli stated General Fund Revenues which offset taxes. Dick stated he guessed what he was trying to get at is, why couldn't, or would it be advantageous to have the Welfare line item and he was going to use the term "Revolving Fund" although that may not be the correct term. Lilli stated under the RSA in New Hampshire there is no Revolving Fund for Welfare.

Dick Klement further stated essentially we're giving \$50,000.00 a year into that line item, the money is being reimbursed, some of it is, and that goes into the General Fund. Dick asked if Lilli Gilligan knew what he was trying to get at, perhaps he wasn't being very clear. Lilli stated she got what Dick was driving at, but just like any other Revenue line that's supporting the activities of a Department, those are not Revenues that are then available to allocate for future uses. That's what we're budgeting for. In previous years, the Town has never spent the \$50,000.00. As long as the appropriate amount of money is being budgeted for then there should be the appropriate amount of money needed to support those services. If the Town were in a situation where the \$50,000.00 has been spent, but other Department lines have not over spent their line, then the Town Manager and the Selectmen have the opportunity to look at other Departments and say they are going to over spend the Welfare line, but

there is enough money in the Highway line to support that need in the Welfare line as long as you don't over spend the bottom line.

Mark Hounsell stated he thought what Mr. Klement might be alluding to is the similar arrangement as a dedicated fund which we don't have unless the voters set up a Capital Reserve Fund or something else, that sort of thing. We don't do dedicated funds for many, many things. Lilli Gilligan stated the Town does have a special Grant Fund that has been for donations received for the purpose of fuel assistance for individuals that don't qualify for fuel assistance because fuel assistance has a very strict time frame that they allocate those monies and there's also situations where somebody doesn't qualify for some reason or another based off the needs of different determinations by those fuel assistance state and federal rules. This is money that has been donated and can be spent and does not go away. It doesn't sunset at the end of the year as the Budget does. The Rotary Club donated \$3,000.00 last month and is available for the use of fuel assistance for individuals that don't qualify for other programs. Mark stated the acceptance of those are based on a vote of the Selectmen usually in most cases so it's not in the same stream.

Earl Sires stated another way to look at it is that the Town does get the benefit of those monies because we raise a certain amount and we can't spend any more than that so the degree we get additional revenues, wherever they come from, ends up offsetting the amount, as Lilli (Gilligan) noted, to be raised by taxes. Every \$6,000.00 or every \$5,000.00 or \$10.00 we get ultimately helps reduce the tax rate. While it's not tracked directly in and out of the Welfare Department, the fact that we're getting repayments from Welfare clients helps offset all of our taxes in the end.

Mark Hounsell stated on the Revenues he was looking at the percentage left and the ones that are catching his eye are the ones that state 100% left which means we haven't had any of those Revenues at this time, right? Lilli Gilligan stated that was correct.

Mark Hounsell stated the one that says Rooms and Meals Tax Grant, that's our portion from the Rooms and Meals Tax, that's \$450,000.00. Lilli Gilligan stated yes. Mark stated he thought it wasn't too long ago that he was watching a discussion by the Selectmen, he believed Lilli was there, about TANS and those 100% fees that have not accumulated yet. What does that do to our need to borrow money? This point in the Budget where we are, 33% of the way through as of tonight, then there should be he would say under those 100% left that it should say 67% left which means that there should have been some activity. He knows it is beyond what you can do, but what is the impact. He didn't need to know now, but he thought it was something that the Committee should know that these are State Revenues that the Town counts on and the tardiness on the part of the State, and he uses that word in a derogatory manner, but they are late according to this. What impact does that have on the Town when it comes to tax anticipation notes? Lilli stated she wouldn't say that they are late, they just have a different structure of when those monies come in. Mark stated no, they're late are his words, but is there an impact on what the Town has to borrow because we haven't received that. Lillie stated if spending and revenues weren't as lumpy as they are, borrowing wouldn't be needed, but we don't spend and receive the same amount of money throughout the

year and, to be quite honest, the reason that we are borrowing is because we collect taxes twice a year, not because we've received less Revenues in some of these smaller account lines. Mark stated so it has no effect. Lilli stated she wasn't saying it doesn't have any effect, but it's limited.

Earl Sires stated it's always nice to have Revenue as soon as you can get it because that will always help the Town's financial position, but he thought what Lilli (Gilligan) was saying was in the order of magnitude is that tax revenue is the most significant piece and this would help but by law it's disbursed by the State in November/December. Mark Hounsell stated he understood that, but he was just wondering what the impact might be. Earl stated it would be nice if we have it sooner. Mark stated so it would be hard to put a number to it. Earl agreed.

Maury McKinney asked on the Alarm Permits, was it due to recent legislation or does it have to do with older buildings. Lilli Gilligan stated that's a very good question and that she was not sure and that it was very hard to say. She actually double checked those figures today because when she ran the Report she said maybe she had booked other revenues in that line in error, so she reviewed all of the revenues that were booked to those lines from the beginning of the year and they are all Alarm Permits, whether they're new alarms or false alarms. To have that fully answered, the Police Chief would be the best person to answer those questions because she didn't know the history. Earl Sires stated they would call the Chief tomorrow and let the members know what the story is. Maury stated New England Inn has had Pope Security over there for the past two weeks, you know, renovating all of their alarms and that was because of a Code issue. It could also be because of the old deteriorating condition of parts of that facility. Business owners are glad to do it, but they're also saying this is an added cost and he just wondered if people were paying their Permit fees happily. Lilli stated she didn't know if they were happy, but they are paying. Maury asked if the Town would tend to budget that a little bit higher next year or do they think this is just an anomaly. Lilli stated she would have to discuss that with the Chief to make sure that this wasn't all new alarms at a higher rate and then have the annual fee. It's very well known how many alarms are on hand and then be able to multiply that by that annual alarm charge and then an estimate of whatever their standard experience is with regard to false alarms. It certainly would be something discussed. Just so you know, Revenues are projected numbers that they did for the budget purpose, but they are updated for September 1<sup>st</sup> to the DRA, so these numbers will be updated and changed so that the biggest bang for your buck with regards to Revenues reducing your taxes can be experienced and she is responsible for reporting that to the Department of Revenue by September 1<sup>st</sup>.

Maury McKinney stated on the schedule of reimbursement for Solid Waste of \$108,000.00, \$294,000.00 not reimbursed yet and then there is another Solid Waste line down below. Is that just a timing issue, you get reimbursed at a certain time for the hauls. What is A&E? Lilli Gilligan stated Albany and Eaton and those bills will go out next month and those are based off the value of the properties in Conway versus the value of the properties, as a whole, as a community, of Albany and Eaton and then those percentages are applied to the Solid Waste approved Budget at the Town Meeting.

Maury McKinney asked for a quick description of Reimbursed - Hauls. Lilli Gilligan stated when the Town has its staff, with its vehicles drive a load of recycled goods, say mattresses, she believes those are hauled to either Worcester or Woburn, MA. The cost of the haul and the individual salary of that person who did the driving that day, that money is taken from the Solid Waste Revolving Fund and reimbursed to the revenues here in the General Fund.

Dick Klement stated if he compares page 2 to page 3, the total year-to-date Revenues are just over \$900,000.00 and the total expenditures to date are just over \$3 Million. Does that mean that we are \$2 Million in the hole? Lilli Gilligan stated the Revenues are all revenues except for taxes. Dick stated he understood, but he didn't think a lot of people have pay taxes since the first of the year. Lilli stated the Tax Warrants are booked as Receivables and Revenues at the time of the Warrant. The 2013 Warrant was booked in 2013. Right now the Town is not flush with cash. The Town has borrowed for the second week in a row \$250,000.00 so the Town is now borrowing \$500,000.00 to keep afloat. Dick asked where does that get us when we get down to the time frame of when the next property taxes are due. Are we going to be continuing this borrowing? Lilli stated the Tax Warrant is going to be put out mid-May and bills will go out as quickly as the Warrant is approved with a deadline of the end of June. Dick stated essentially we could be talking another \$500,000.00 until the money starts flowing in. Lilli stated it would be more than that because the School is looking for \$950,000.00 next week. That's what she is talking about: lumpy spending. Dick stated he agreed, it's pretty lumpy.

John Edgerton stated before the School went on July 1<sup>st</sup>, we had to borrow half of the total Budget. We are living 6 months ahead on the School's Budget so we have to borrow very little. The cost of borrowing is like \$2,500.00. The income from investment of funds on board are half of that and it costs about \$1,200.00 a year to borrow the money because the School is on July 1<sup>st</sup> and not January 1<sup>st</sup>. John further stated he could explain a little about it, but that was a big change when the School went to July 1<sup>st</sup>. For the Town to try and do that now would cost a fortune.

Peter Donohoe stated on the Revenue side, interest on 2011, 2012 and 2013 tax, is that what the Town has received in Revenue for folks who are late on their tax bills. Lilli Gilligan stated exactly. Peter asked if it was receivables or actually received. Lilli stated actually received. Peter asked if that number was increasing lately as a Revenue for the last couple of years, has that been increasing as a Revenue item or staying the same. Earl Sires stated the last time he looked at it, and he hadn't looked at it in a year maybe, but the last time he look at it there wasn't a huge spike upwards, it seems to be kind of in the same ball park each year, but what's interesting is that by law they are to charge 18% on overdue taxes. He hated to say it but it's significant Revenue. Peter stated it's a couple \$100,000.00 a year.

Peter Donohoe asked if Revenue had been impacted much by the use of credit card payments. Earl Sires stated he didn't think the Town had been doing it long enough to know. Peter asked where in the Revenue and possibly in the Expenses, if he understands correctly, when folks pay their property tax bill with a credit card, they pay the charge for the

use of the credit card. Is there a Revenue line item that shows how much has been received. Lilli Gilligan stated those fees are actually charged to the taxpayer by the credit card company. Those fees are never received by the Town.

Chairman Mosca stated at the Deliberative Session we moved \$50,000.00 from one account to another account to cover plowing basically. Did that cover or are we going to be looking for more at the end of the year. Earl Sires stated the feeling right now is that the Town is all right. If you look at how the total Budget is tracking, they are about where they should be, so they are not too concerned about that. The \$50,000.00 that the Town asked for, they had a \$30,000.00 to \$80,000.00 range, best case/worse case scenario, so they asked for \$50,000.00 which was sort of low to mid range and Paul DegliAngeli reminded him every day that it snowed and that it was icy in March. He might have been worked up a bit more, but the Town should be all right.

Mark Hounsell stated the calamity out on the River Road, is that, and he understands what the Town has to do, but is that going to impact any of the other Capital Projects. Earl Sires stated there are two things sort of going on when you think about the funding for this. One is hoping that there will be a Disaster Declaration at the State level such that the Town could apply for 75% reimbursement which would mean about a \$100,000.00 expense to the Town. They are still waiting to hear if there will be a Declaration. Executive Councilor Joe Kenney was by Town Hall and we talked about the importance of that. He (Kenney) has communicated with the Chamber as well so he's been talking to Homeland Security and hopefully next week we will know how that is going to go. They were hoping that it's only \$100,000.00 as that won't have a drastic impact on the Capital Reserve Fund for Infrastructure which is where the Town's Capital Projects are funded and planned and, as you will recall, they carry a balance in there for these kinds of contingencies. If it's the \$100,000.00 that the Town ends up having to fund, probably their other Projects won't be affected too much, if at all because they will probably be able to handle that. It may impact how they budget or what they discuss for that Reserve Fund next year.

Earl Sires further stated if they have a \$400,000.00 expense, the Selectmen will have to sit down and talk with staff about what they do with that Capital Reserve Fund because they would not be able to accomplish everything in there. Right now their plan is that they are going to continue with the first Project that's on the list which is the Shaw's Way Reconstruction because they don't want to hold up all of the Town Projects until mid-summer or until they know what is going on and then lose the construction season. If it ends up they have the \$400,000.00 to fund, then they will look at delaying and pushing back Projects and decide during Budget season how that affects the request for funds for next year. The short answer is the Town is working on it and one way or another it will be funded using the Capital Reserve Fund. It won't affect other Capital Projects that are funded in other Reserve Funds or won't affect the Operating Budget at this point any way.

Mark Hounsell asked if the reconstruction of Washington Street was at risk. Earl Sires stated no, and he should have mentioned that up front, that's the one thing that the Town is committed to do and the Selectmen

have already signed all of the Contracts and paperwork so that will happen right off the bat here, probably in a week or so. If the members have any other questions on that, he could probably answer them but he also wanted to give sort of a quick overview of this summer too. The Town will be getting more information out about this, but when they look at this summer, they have a number of Projects that are going to go on that will significantly impact everybody's ability to get around town. They are going to have Washington Street, it will be open, but under construction starting in May and, as he said, they will be getting better information out that has all of the exact schedule and stuff. Earl did not have the schedule with him right off hand and he did not want to speak and get it wrong. In May they will be doing Washington Street; there's a Precinct Project, District Project, to interconnect sewer that will be impacting the Burger King/Pine Hill area. Wal-Mart, as you can see when you go by there, is busily working on their Project. They are going to have the North/South Road torn up for a good part of the summer in building a roundabout and so on. The Town is going to be paving the southern part of West Side Road pretty soon. Depending on how the River Road thing goes, they may be doing Pine Street at some point and there seems to be something else, but that's probably enough. Particularly coming from the south trying to get through town is going to be rough.

Earl Sires stated he wanted to point out that one of the Town's challenges over the last few years with the Operating Budget has been the Legal Budget being over expended two years in a row significantly in large part because he continues to be amazed by how dug in some folks were in Transvale with resisting the Town's work with them to get into compliance and the legal fees associated with that. If members look at the Legal Budget, they are tracking right on right now and at 69%, so they are really hoping that will stay within budget this year and they are working hard to make sure that happens. They sort of had a glut of Transvale stuff that has now been resolved and they do have probably 4 Court cases left and he is hoping those get worked out.

Stacy Sand stated she wanted to point out a few things that Earl (Sires) was talking about. The Selectmen are looking at fees for the Town for next year and they are reviewing them Department by Department, what they take in, how that might change, what additional fees they might collect so that the Town doesn't go into next Budget Season not having reviewed those recently. That's one thing that is happening. The other thing that is happening is that there is a Committee that has been established, the first meeting is May 10<sup>th</sup> and May 13<sup>th</sup>, where they are going to look at Health Benefits for public employees. There are a couple of School Board members participating, Mike DiGregorio and Stacy are the representatives for the Selectmen. The first two meetings are strictly brainstorming sessions, so if any body has any ideas for possible ways to provide Health Benefits for public employees, you are welcome to come to this meeting or send her an e-mail so that she can get them on the list. They will then evaluate those and are hoping that by next Budget Season they will be able to present to this Committee a more affordable way to provide Health Benefits to our public employees.

Chairman Mosca stated he would not be able to attend either meeting due to his work schedule, but he did have some things he would e-mail Stacy (Sand).

Stacy Sand stated the meeting on May 10<sup>th</sup> is at the Library from 10:00 AM to Noon and the meeting on May 13<sup>th</sup> is at 6:00 PM at the Town Hall. The meetings are public, not just to Conway residents, they are public to any body because they figure that there could be people who are not Conway residents that actually have good ideas too. Invite any body who wants to share their ideas, but these will not be evaluated at this point; this is just basically getting the ideas out there and then they will evaluate at future meetings.

Chairman Mosca thanked both Earl Sires and Lilli Gilligan for coming to the meeting and for their presentation.

Chairman Mosca stated the next item on the Agenda was the School Department Report and, as members could see, there was no one in attendance from the School Department. He was told that nobody could make the meeting, but they did leave some information which he was going to pass out to the members. Chairman stated we could come back to it and, if any one had any questions, he'd put Mark (Hounsell) on the spot. If Mark could answer them, great and if not then maybe he could get answers for a future meeting or get something that Dr. Nelson could send out with answers.

#### APPROVAL OF MINUTES

**John Edgerton moved, seconded by Peter Donohoe, to accept the Minutes of March 5, 2014. In favor: 11; Opposed: 0; Abstain: 3 - Mark Hounsell, Bill Masters and Christopher DeVries.**

#### OLD BUSINESS

Chairman Mosca thanked Bill Marvel, Brian Charles and Dick Pollock for their service on the Committee last year and the past several years for some of them. He thought they did a great job and they will be missed. He hoped that they would show up and visit the Committee once in awhile, but he would like to publicly thank them once again for their service on the Committee.

#### NEW BUSINESS

Dick Klement stated aside from the question he had about the Welfare which he still thinks ought to be tracked differently than what they are, we had a significant discussion last year and prior years about too many Administrators at the School and he thought we need to not limit these discussions to the School, but also look at, for example, the Police Department. Maybe what we need to do is define what an Administrator is. He wouldn't call a secretary, for example, or a Food Service representative an Administrator, but he would call a Supervisor, someone who supervises other people, an Administrator. He thought what the Committee needed to get from them, both the School and the Police and whomever else, is a listing of those people they consider Supervisors and the total number each supervises. The same goes for the Police. There's just too many at the School to try and figure this out by High School, Middle School, etc., but for the Police there are 3 Supervisors. There's a Captain, a Lieutenant, and there's a Supervisor of all the 9-1-1

Operators and it totals 32 people. If you use simple math, that's 10.6 people per Supervisor. He would submit for the School and we looked at the High School that has by his definition 4 Supervisors and 150 people, the span of supervision is much higher in the School Department than it is in the Police Department. So he thought if we are going to make noise about one, we ought to look at all of them and consider the facts. There may be a need for 3 Supervisors in the Police Department. He's not saying there isn't, but he thought we have to look at all of the Departments and not just single out one.

Stacy Sand stated in response to that she thought you have to be careful and sometimes Supervisors have more than just supervisory duties and administrative duties and she thought you need to get a little clearer job description of what their duties are before you make a call based on just how many people they supervise.

Mark Hounsell asked if the Committee was under New Business. Chairman Mosca advised yes. Mark stated he wanted to make a motion concerning the School District's Strategic Planning Committee that's being established. It's a Strategic Planning Committee that's been talked about for a long time and he was sure all members were aware of it. Anyone can come and participate, but there is a Committee being formed and there are slots given so that they can try to create a balance in it. One of those slots is for a member of the Budget Committee.

**Mark Hounsell moved, seconded by Steven Steiner, to authorize the Chairman to make an appointment to the School District's Strategic Planning Committee. In favor: 14; Opposed: 0; Abstain: 0.**

Chairman Mosca appointed Maury McKinney to be on the School District's Strategic Planning Committee. Chairman further stated that he would attend as many of the meetings as he could because it is an important Committee.

Dick Klement stated he knows more about the School than most the School Board members and most of the people in this room, principally about the facilities. He thought what was going to be required, and there is going to be a lot of discussion about education and that's good, he's not one to discuss education, he thought we are going to be going in two different directions: how to house these children and the other one being, for example, is Common Core a good thing or is Common Core an evil devil. He thought that in itself is going to occupy a lot of time. He would like to serve on the Facilities as a Budget Committee representative.

Mark Hounsell stated that Dick (Klement) was absolutely welcome and he encouraged that because he (Dick) is a walking encyclopedia and he sees no problem with having two or more. Chairman Mosca stated he had no problem whatsoever and that he would appoint Dick Klement also to the School District's Strategic Planning Committee.

Stacy Sand asked if these representatives were truly representing the Budget Committee or are they gathering information from us and then sharing the information with that Committee. Chairman Mosca stated he was going to assume gathering information; they are not going to vote in our stead unless they come to us and we, as a Committee, direct them. Mark Hounsell stated everyone who wants to, and he means everyone, who wants to

be a part of this is encouraged to participate. It's not going to be this Committee has done this; it's to develop a Strategic Plan so that we are not just sitting here saying "cut this teacher", "cut that teacher". Instead of having those discussions, we can hang our hats on something and that is "this is what the Plan laid out". It's a great tool and they are finally getting around to doing it.

Dick Klement stated he didn't know quite honestly if they are going to be seeking guidance from the Budget Committee, but he thought what they are going to be doing is contacting this group, recommendations will be formed and forwarded to the School Board. He did not think that anybody was anticipating coming back to the various Selectmen or the Budget Committee or whomever to get their put on it, such as the representative for the School Board and the Selectmen here are representing that specifically he thought they were looking for people from this Committee to go serve on that Board and communicate directly to that Committee. Chairman Mosca deferred to Mark Hounsell. Mark stated everything that we're to do has to be done with the positive light of what we're looking to accomplish; that is, getting the best education possible at the best reasonable cost possible and he thought it would be foolhardy for this community to take on such an endeavor without specifically asking this Committee what its thoughts are on budgetary matters. Mark further stated that he would assure the members, not only as a representative of the Budget Committee but as a member of the School Board representing the people, he will make a lot of noise if that doesn't happen.

Christopher DeVries asked if there had ever been such a Committee in the history of Conway. Mark Hounsell stated the closest thing that we had was a Drop Out Student Committee in probably 2007, maybe 2008, which was actually quite successful. There were other things that kicked into it, but Conway Elementary School has a very good Strategic Plan in place. We really don't, as a community, have a clear direction that we are headed. It's almost like we know the same old, same old isn't going to carry the day, carry the future, but what is it that we can do so that we have a future.

Christopher DeVries stated he had a comment on the public reacting to what the Budget Committee says and recommends. He thought the members needed to be careful on the language that we use when dealing with the public and, just from an outsider's point of view and as a new person to this Committee, he has been put off a lot by terminology such as "battle and war" and "winning and losing" which are words that come up a lot when talking about these issues which are really sensitive. Chairman Mosca stated he was going to stop Christopher right there and asked if he had ever read our meeting Minutes. Christopher stated no. Chairman suggested that Christopher read the last few years of the Budget Committee's Minutes and circle how many times those words are in the meeting Minutes.

Mark Hounsell stated he needed to address that and asked Christopher DeVries if that was okay. Christopher agreed. Mark stated it may look like we are awfully hard on each other and we may not be very polished in our choice of words and rhetoric may get out of control at times, but basically what we have is the best of intentions for this community and as we go through the process, yes it gets heated, but it isn't as bad as it is reported. There's the battle, but that's healthy. That's how we can do

it; we're not trained to do it according to some standard that might be out there. We're trained as people who care about the community and a little bit of heat doesn't hurt.

Christopher DeVries stated he recognizes that entirely and he loves a good passionate debate and things that come out of that. There are a lot of people that don't read the Minutes and they go solely on whatever is reported in the paper, as ignorant as that is. Chairman Mosca stated you can't go by that and he wasn't going to say anything, but there are a lot of misstatements in the paper this election season and he was just going to leave it at that. He has told several people to read the meeting Minutes if you believe what's printed in the paper and show me where any of that is in the meeting Minutes.

Bill Masters stated he intends to spend a lot of time in the schools and in the classrooms as much as he can. The reason for that is that he would like to do fact finding. We are kind of going backwards in terms of our academic standards. For example, SAU 9 is a District that has been on the "need for improvement". Kennett High School has been on the school system for "needs of improvement"; they are not meeting the criteria for adequate yearly progress under No Child Left Behind. The issues that he has seen and dug out, we're going kind of backwards in terms of the academic standings and the reasons for that are pretty complex. He can't lay it on the teachers as such, but there is an awful lot of things that we don't know and the transparency is not there in terms of getting that information. Looking at years of statistical data that he has been able to pull off of the system, including the U.S. Department of Education and the New Hampshire Department of Education, it's not very encouraging to see that academically we are doing those things. For example, SAU 9 out of 148 Districts is ranked 98 so that's in the lower 50% of the entire School Districts in the State and it's been that way.

Bill Masters further stated the point that he is getting at is why are these things occurring and the only way you can really get in there is to talk to the people who are actually delivering the service. Pine Tree is really kind of the shining star; it's the only one that's above the 50% mark and they went up to 65 out of 227 Elementary Schools that were ranked. This is 3<sup>rd</sup> and 4<sup>th</sup> Grades that they are looking at, this is the NECAP. There were 227 in that, they came up to 65, they were previously 147. The question that he has is: why such an improvement, what is it in the class difference, is it the students in terms of their background. We're spending an awful amount of money on education. The key is if we're not getting results and doing the same thing year in and year out with different expectations and we're not getting anything out of it. The question is get out of that box and start looking at the reasons why we're doing these things. The rest of the other schools, Conway Elementary kind of surprised him as they have had adequate yearly progress over the course of things, but the District as a whole is not. What's the problem; is it with the students, are we having a whole group of kids that are in there from the problem areas from anywhere of an IQ of about 70 to 85 which is really kind of an uphill grade from what he can gather out of these things in taking a look at them and looking at the national evaluation of the No Child Left Behind aspect of that. The things that have not proven to be have significant impact upon achievement is School of Choice. There's no difference that they can statistically put their fingers on that would say

children that participate in the School of Choice are doing any better than the children that don't. What they have said is that there is a significant statistical improvement for kids who are involved in SES which is the Supplementary Educational System. That would get the kids into the school system at a very early age. The point he is getting at is what are we getting out of that in terms of dollars and cents. He had no idea about Special Education.

Chairman Mosca asked Bill Masters if he had a point as Bill could go on about statistics all night.

Mark Hounsell stated to Bill Masters that he would like to get Bill's data. Mark asked that Bill forward same to him because it is absolutely contrary to everything that he understands to be the case so he is either being misguided one way or your (Bill's) information isn't correct. As Bill was talking Mark looked up on the wall and Mark asked Laura (videographer) to scan those on the wall. One of those we were the only School District to get it and the other one is we were one of two. What those are is Advanced Placement Honor Roll Certificates that we received as a High School and we are ranked in the top 10 of the High Schools in the State. This thing that Bill was talking about is all new to him. Mark further stated he certainly wouldn't say that we're not capable of improving.

Bill Masters stated he would print it out for Mark (Hounsell). Mark asked Bill to hand it over to him and he would take a look at it. He goes to the schools and if Bill is saying they are not doing a good job then he needs to know where. Bill stated that's the problem.

Peter Donohoe stated on the Strategic Planning Committee who is doing the appointments. Mark Hounsell stated the Chairman of the School Board. Peter stated so that's the beginning point and Mark agreed. Peter stated so they are doing all of the appointments for the various people. Mark stated there's a list of different representative groups. Peter asked how many positions overall. Mark stated there was probably 24 on the list, but it's open to whoever wants to attend. The work is going to be done at a subcommittee level. For example, there will be an opportunity to get on the Facilities subcommittee and do work there then it's going to come together. There's going to be supposedly a proposal or a recommendation brought before the School Board who will adopt it. Peter asked if there was a time line that's been identified for that process. Mark stated no, he didn't think it should be hurried, but we have to get started.

Steven Steiner stated he had two issues. We were talking about the not-for-profit during last session and he would like to see this Committee require audited financials from any person getting money from the Town. That means the Airport, any non-profit, so we know where the money is going and how they are handling the money.

**Steven Steiner moved, seconded by Mark Hounsell, to require all non-profits or entity to provide audited financials to the Committee. In favor: 4 - Steven Steiner, Dick Klement, Mark Hounsell and Joe Mosca; Opposed: 10; Abstain: 0. MOTION FAILED.**

Mark Hounsell stated the question he has is would it be something that may be a little bit more attainable if we say "or a letter of good standing from your accountant". Steven Steiner stated he thought just the audited financials because this is stuff that they should be doing and, going back to the Blue Loon, that's what made him vote against it because of what the accountant said on the first page and that was it.

Stacy Sand stated in regards to that, for example, Northern Human Services, do we want the audited financials for that entire organization. She would imagine in that case that a letter would make more sense or a page that deals with the aspect that we deal with because that's a huge organization. Do we want all that? To her there is a lot of stuff that doesn't affect us.

Steven Steiner stated as you know, he runs a not-for-profit and generally when you are raising any decent money donors want an audited financial. Stacy Sand stated she wasn't saying they don't have it, what she was saying is do we want to weed through that. Wouldn't it be nice if they just gave us what is significant for what they are asking about. Steven stated it could be given to us in a PDF, something easy to read or not to read. The first couple of pages of an audited financial are important at least for laymen. Obviously to dive into everything they are doing is not what he is looking for. He is looking for something like an audited financial, but not just a letter from an accountant saying everything's okay because the whole document is what it is, it's an audited financial, it's telling donors and regulators or whoever that they're handling their money right and that they're reconciling their checking account and so forth and so on. Stacy stated so maybe you want the Introduction or the Summary. Steven stated if they are going to have the first couple of pages, they'll have the whole thing. It's something that could be electronically sent to us. He's not asking for something to be printed out if there's thousands of pages, but Mr. Rose did send Steven their audited financial, he couldn't say how many pages it was, but he did look at the first few pages and that was all he needed. When they do an audited financial, they do the whole thing.

Maury McKinney asked what is the standard that we use right now. There are different standards of audits as well, some audits can be quite expensive. He was not interested in over burdening our businesses and, at least from the way he's been doing it, the information that we've been given for the most part has been very valuable and easy to digest. He just questions whether or not he would require this information in all of these cases, an entire audited financial statement, because some of them can be quite long and he wonders whether he would use that information wisely.

Steven Steiner stated his rebuttal would be: it's our job to make sure that if we are giving money to a not-for-profit that we spend a lot of time on that. It almost seems we spend as much time on the not-for-profits than some others and he would just say that it gives us a good gauge of if they are healthy or not. Maury McKinney stated he understood that.

Stacy Sand asked is it non-profits or not-for-profit, is there a difference. Steven Steiner stated 501(c)(3).

Dick Klement stated going into the non-profit that failed to garner any votes from us, the presentation that was given did not come close to reflecting what the audit had. In that particular case, he doesn't say that the person was shoveling it, but the audit did not agree with what he said. Therefore, if we're going to ask one for it, we should ask all for it because we can't just single one out and say "I don't trust you, give me your financials" and for another one say "yeah, it's okay, we don't need it".

Mark Hounsell stated he thought Maury (McKinney) and Stacy (Sand) both raised points in two different ways and that is will something less than a full blown audit suffice. He was thinking of some of the smaller participants. They're putting their name to it and their putting their representation to it saying "we looked at these financials and we find there is nothing immaterial wrong with them"; whereas with a full blown audit you can get into some interesting detail if you're looking for that.

Chairman Mosca stated the motion says "required audited financials" and from his days in the private sector, he believed there are three different levels of audit and he thought that any one of the three would suffice as long as there is a CPA that attached their name to it. We're not saying it has to be a full blown audit, we're saying some type of audited financial statement and it could be something simple. Different companies in different years do different levels of audit. If it happens to be the year that they are doing a full blown audit, maybe that's what we'll get. If it's a year that they're doing just a basic audit, then that's what we'll get. We're not going to ask them to do a full blown audit because that's extremely expensive and pricey.

Steven Steiner stated again he would not be asking to put the burden on a non-profit that normally is going to do an audit every year, some sort of audit. That's all.

Greydon Turner stated since there are organizations that we know how they operate and we don't have the questions that have arisen with some of the other organizations that we've seen, wouldn't it be wiser to re-word it to say we reserve the right to ask for audits in particular cases and therefore we don't have to blanket everybody and it saves us a lot of time and aggravation.

Chairman Mosca stated he was going to be the Devil's Advocate, it then looks like you are playing favorites if you ask for one and not the others. Greydon Turner stated we could argue that with the level of auditing too. Chairman agreed and stated that's why if everyone has an audit done every year, they're going to have something. As he said, as long as it's something signed by a CPA, then why should we care. Greydon stated we're already in disagreement in how much that audit is needed and required.

John Edgerton stated a certified financial audit by an auditor on one of the Boards he is on cost \$20,000.00 a year. To ask them to have a complete, total audit is pretty expensive for a non-profit. Some of the non-profits he is on get a Financial Review by a CPA and a letter outlining their financial practices and their financial accounting. Sometimes the CPA volunteers the time to do it, but \$5,000.00 was the low

end for certified financial accounting. Some of these non-profits, you're going to kill them because they aren't even asking for that much money.

Maury McKinney stated just a point that he has found interesting sitting on this Committee for 3 years is the way the different organizations present their financials and the clear picture they can present to us of their situation or being able to reconcile revenues and expenses, projected revenue deficits, projected income. He thought hopefully what Mr. Rose took away from that was maybe not that we weren't behind the service they were providing, but the way it was presented was very confusing and he didn't think the members really could reconcile that to making that investment. He didn't know what they do about presentation, but if they got the vote that they got, he would hope that they would start looking at a better presentation of their financial documents so that we can digest it easier, more accurately.

Chairman Mosca stated last statement before we take a vote because we could be here all night on this.

Stacy Sand stated that Agency did come before the Select Board basically to ask questions. They definitely wanted to make a better presentation so they got some feedback from the Select Board anyway and it might behoove us to invite them to get the members feedback specifically. It was not the volunteer or Board member, it was actual staff people that came from Tri-County Cap that asked and they explained why it showed up the way it did on the paperwork that we saw which made sense. It might behoove us to just send out a call to them to have those folks come and ask questions of us as well before their presentation so that our questions get answered properly.

Chairman Mosca stopped all further discussion on the motion and requested that a vote be taken.

Dick Klement stated he didn't believe it was this Committee's business to walk into the schools to tell them things. He believes it is the Committee's business to go to the School Board rep. He believes Bill Masters' data is erroneous. He believes that part of the School of Choice is not to get a better education necessarily, but to have the child go to a school close to where the parent works so that they then avoid babysitting. The NECAPs are going away; centralized testing requires that children that are Special Education children have to perform in a graduated increasing level similar to that of non-Special Education kids. It's a stupid system, just absolutely stupid because the children can't perform at these levels they're asking for and that's why the darn thing is being thrown out. He believes Bill's data may not be accurate and he believes Bill should get with Mark (Hounsell) before we go and spread this data any further. Just his opinion.

Bill Masters stated we don't know and that's the only question he is raising is that we have statistics here and looking at the upper levels of performance of school systems which are much larger than we have here. Dick Klement stated he thought Bill's data was all wet and he had his say on that. Dick further stated he thought Bill needed to get with the School Board and work with them. We had a member of this Board who was complaining that the SAT scores weren't high enough. That's not our job,

in his opinion. Our job is to communicate to them what we want from a budgetary responsibility level and they should take the ball. If they don't take the ball, go to a School Board meeting and yell at them.

Bill Masters stated that's the point that he was trying to make is that we have the School Budget for the Town takes about 65% of our total taxes for the Town of Conway. If we are looking at that in terms of cost proficiency perhaps we can deal with some of these things to identify where the money is going, is it producing what we want. It's like paying for something that you don't get. In terms of our responsibility to the taxpayers, it's to try to take a look and see whether or not they're getting their money's worth for what they are paying.

Dick Klement stated if we take that approach, we will take this Board into an argument with the School Board and be back where we were 5 years ago. He certainly hoped that we don't rerun that schedule. Bill Masters stated we're not. Bill was not trying to create an argument with this Board with any other Board. What he is trying to do is to look at this from a factual view point and try to make a determination. If we have facts that say this process does not work, for example, you can't take a child in the capacity in the high risk area which is somewhere from around 65% to maybe 85%, this is the IQ, the aptitude test.

Mark Hounsell stated Point of Order. Is repetition of the gentleman's point necessary at this time. Chairman Mosca stated he didn't believe so. Mark stated he would like to recommend that we end discussion on that. Chairman stated to Bill Masters that the members hear what he is saying, but our purview is the Budget. It's not what they do in the schools. It's what the Budget is and if it's being utilized properly. Part of your point is yes, but it's not the discussion for tonight that's for sure. Mark stated to Bill that he was always available if there was something that Bill thought needed to be looked at at the schools. He thought that was available to Bill as a citizen, but he thought the focus of this Committee needs to be on the Budget. He was available to hear what Bill had to say, but he thought it should be outside of this meeting.

Chairman Mosca stated we have the 3<sup>rd</sup> Quarter Report from the School that was handed out and asked if the members had any questions on any of the information. If members didn't have questions right now but may later, e-mail them to the Chairman and he will get them to Mark (Hounsell). If there are questions, the Chairman was sure that Mark would do his best to answer and if he can't, he'll get answers for us.

Stacy Sand stated concerning these cuts, has the School Board had a chance to see these and vote on these yet. Mark Hounsell stated they did this Monday night; they have been having discussions on the cuts that the voters made at the recommendation of the Budget Committee and taking a look at everything, they have settled on these items. It started from a long list of areas that they could look at and there were other proposals talked about and it probably looped into the Strategic Planning side of the discussion. They felt for next year's Budget and what they found and the biggest thing, as you know in Special Education that it is always a system of fluctuating needs. They have a Trust Account with, he thought, \$400,000.00 in it that is there if there is an expensive out-of-district placement made. Since the time the Budget was adopted and until this time,

there have been changes equated to the reduction of consulting, Special Education and tuitions. They did regain the services of a behavioral analyst and that saves a lot of money by having her on staff instead of contracting services. It was a contracted service arrangement before.

Stacy Sand stated so that means that you will be hiring a new staff member at the High School to deal with disciplinary issues. Mark Hounsell stated the School Board did not eliminate the position of the Safety Officer/Safety Coordinator. It was discussed.

Peter Donohoe stated he noticed that \$85,000.00/\$86,000.00 of these cuts were in maintenance related items; haven't we been down this road before. Mark Hounsell stated that he had concerns when it came to the crack seal and striping, not so much the striping because that's a little less paint, but, as you all know, if you let asphalt spread over a period of time it breaks more and it costs more next year to do a \$12,000.00 job this year that could cost more next year. This is what they settled on as they considered the areas of cuts.

Chairman Mosca stated that the last order of business tonight is that the next meeting will be on either August 13, 2014 or August 20, 2014 at 6:30 PM in the Professional Development Room at the Middle School. Stacy Sand stated she was going to suggest August 20<sup>th</sup> because she has a Selectmen's Meeting the day before so she knows that she will be available or that Mike DiGregorio will be available.

**John Edgerton moved, seconded by Steven Steiner, to adjourn the meeting at 7:50 PM. Motion carried unanimously.**

Respectfully Submitted,

Iris A. Bowden, Recording Secretary