



Warner Budget Committee

Meeting Minutes
Thursday, September 20, 2018
UNAPPROVED

Mike Cutting opened the meeting at 7:00 pm.

Committee members in attendance: Mike Cutting, Martha Mical, David Minton, Martha Bodnarik, Alfred Hanson and John Dabuliewicz - Selectman's Rep.

Absent: Ray Martin - Water District Rep.

Others present: John Leavitt, Ed Mical, Judy Newman-Rogers

1. Vacancy on the Budget Committee

Mike explained the purpose of this meeting is to interview interested candidates for the vacancy on the Budget Committee. Originally there were 3 people to consider, Susan Roth, Darryl Parker and John Leavitt. Both Susan and Darryl withdrew. Mike then asked John Leavitt for comments. John wrote the following thinking there would be 3 candidates.

Statement by John Leavitt, Budget Committee Applicant September 20, 2018

The one month delay in having this meeting has given me time to reflect on what I should say tonight. The Budget Committee (BC) is one of the most important committees in this town. It was adopted by the voters of Warner to develop and monitor the town budget, related expenditures and revenue. As a previous hard working member of this committee, there is no doubt in my mind that most, if not all, of you realizes that I may be the best qualified applicant tonight. However, I am also aware that some of you often do not agree with my views, comments, observations, suggestions and sometimes my methods. That's OK, voicing varying opinions is beneficial.

During my three years as a member of this committee we were accused of waging personal attacks against individuals. There was never any personal attacks waged by any member of the BC I was on. To claim there were is simply a method to discourage the committee from ever challenging the administration. Apparently asking questions, suggesting alternatives, identifying mistakes and calling out untruths are believed to be attacks.

We were also accused of being uncooperative. In my view we were much too cooperative. The discussions and question on the budget and expenditures were often tough. However, except for a few thousand dollars each year the administration always received everything they requested. Meanwhile the year end surpluses kept increasing. In my opinion, during my three year term on the BC, we fell short of doing our job for many reasons. The following three examples stand out to me, there are several others.

First: *My second and third year, on the committee I moved to reduce the proposed budget. In each case a written detailed report was submitted justifying my proposal. Each proposal was soundly defeated. Subsequently the surplus for both those years was much more than double my proposed reduction. One of the arguments given for denying each of my motions was that "the unspent funds are returned to the voter at the end of the year anyways". Of course that reasoning completely undermines the need for a BC in the first place. It is painfully obvious to me that a budget flush with cash encourages unnecessary spending. If the committee is not ready to work with me to reduce the historically large surpluses - I am not the guy for you.*

Second: *I showed how the administration was using the Highway Road Construction CRF to purchase items totally unrelated to highway construction. In private, some of you agreed that this was a serious problem, but nothing was done. There is no BC oversight of the Capital Reserve Funds (CRFs). The BC must adopt a way to monitor all CRF balances and expenditures. If you are willing to make this a priority, I will be glad to work with you to do so, if not - I am not the guy for you.*

Third: *During my term on the BC we were intentionally misled on several occasions. The BC was told one year that the employee pay raises would be 2%. When the numbers were crunched it was actually 6%. Another time we were told that a new insurance plan would save the town several thousand dollars - subsequently the the cost went up. We were also told that the bookkeeper required additional hours to properly monitor and correct CRF errors. Then the*

bookkeeper had the Human Resource Officer duties added to her job. If the BC is ready to call out and take action when misinformation is identified, I will be glad to work with you, if not - then I am not the guy for you.

In Closing: *if the BC is diligent in it's work, there will be disagreements with the administration. By nature discussions will be adversarial at times. However, The outcome should always benefit the taxpayers. Even though Warner has a 3 million dollar budget every single dollar is important. There is no such thing as an insignificant amount. Each and every dollar should be scrutinized. Keep in mind that the value of each dollar means more to some taxpayers than others. We must not forget that each dollar represents someones hard earned cash. It is not Monopoly money!!*

Martha Bodnarik said most of what John wrote is not under the purview of the Budget Committee, if John wants to see most of what he commented about addressed then he should run for Selectman, not a Budget Committee member. John feels Martha B. is misinterpreting what he just said, he is not looking to criticize expenditures, he's looking to evaluate expenditures and use that information to create the next year budget.

Alfred asked Martha B. if the BC does things her way then how does the BC do their job. Martha B. said by following the RSA, the BC determines what the fair budget amount is to meet the needs of the town. Then it is up to the Selectmen to spend the money wisely. Alfred said he went to a class 10-12 years ago and learned the BC's job is to evaluate exactly what the town is asking for and to question the administration, that is all John is asking. Martha B. said John also asked for the BC to oversee the capital reserve funds, that is not our job.

Mike explained the capital reserves are overseen by the Trustee's of the Trust Funds and money appropriated to the capital reserves are spelled out in a warrant article for a specific purpose and the Capital Improvement Program is developed by the Planning Board which is designed to be a working tool.

John Leavitt said the Legislature of NH gives the BC a wide girth. He is not suggesting the BC develop the budget for the capital reserve funds. The BC usually doesn't know the balance or how the money is spent. He said the year in question about the Highway Road Construction, it adversely affected the Public Works Department budget, it was bloated at the end of the year. So much so, money had to be put back into the capital reserve fund. John said it effects the BC's decisions on where the money should be spent. He also said it is pertinent to the BC to have that information. The BC should have documentation on how the money was spent. Judy Newman-Rogers said the process of transferring money from capital reserve funds to the budget to refund something is not a transparent process. She said by RSA the Selectmen draw an order on the Trustee's of the Trust Funds and then the Trustee's issue a voucher which should be completed in a meeting when the transfer is done. Judy said regarding to what John talks about, if the procedure by law was followed, then the transfer of the money would be transparent to everyone.

Alfred said about 5 years ago, as a committee we decided we are having a problem following capital reserve money and it was admitted by the Selectmen that there was a chain of command not happening correctly. That same year the BC asked to meet with the Trustee's of the Trust Funds to explain the process. Alfred then asked John Leavitt if he believes there is a conflict between the money that comes out of the capital reserve into the operating budget. John said absolutely. Alfred said he has asked the Town Administrator many times about when the administration takes money out of the capital reserve, does it go into the general fund. He asked John Dabuliewicz if that is correct and John said yes. Alfred asked how is the money labeled because every time we talk about the general fund we get no answer. John Dabuliewicz asked Alfred what kind of answer is he looking for. Alfred said where is the information on where the money was spent. John D. said in the reports of expenditures. Alfred said what John L. is talking about is the confusion between capital reserve money that ends up in the general fund with no label on it. Ed Mical said if capital reserve money is going back into the general fund it's because it's a reimbursement, the money has already been spent. Alfred said he understands that, the question is, why isn't it labeled. Judy said all expenses and capital reserves are coded and can be retrieved from the Finance Office. Mike asked John Dabuliewicz if there is binder that holds a journal of all the capital reserve funds. John truthfully didn't know.

Alfred asked if the money in the capital reserves are tracked when it's in the general fund, from what he has heard the tracking stops. Martha Mical said once the money is in the general fund it's the Board of Selectman's responsibility which is tracked by the manifest.

Martha B. said as for her first comment that John Leavitt is running for the wrong job. She said we all took training at the NH Municipal Association that put out a lot of questions one being, can an official Budget Committee tell a governing body how to spend appropriated funds. The answer is no, the BC's purpose is to assist the voters in frugal appropriation of public funds. The BC has the duty to review current expenditures for the purpose of preparing future

budgets rather than to challenge or dispute what the governing body is doing. We should not be taking up every meeting criticizing how the governing body is doing their job. Martha Mical said John Leavitt did say the BC doesn't have the authority to tell the Selectboard what they can spend the money on. Martha B. said but John Leavitt went on and on with things the BC should be doing that are beyond the purview of this Committee. Martha M. disagreed.

John Leavitt said the way the Public Works Department budget was screwed up a few years ago is money was taken from the Highway Construction Capital Reserve Fund. The money went into the general fund and then it was spent on labor and materials that were already covered in the budget for the Public Works Department, therefore creating a huge surplus in that budget. As a BC member that should be concerning because it effected the budget the BC created.

Alfred said the administration only hurts themselves by not doing what they said they would do when creating a capital reserve fund. The administration automatically creates a short-fall of what their intentions are for that year. As a BC member, we know that. Mike said the BC challenged the Selectmen the last couple of years about putting money into a capital reserve and then spending it in the same year. The reserves are designed for long-term expenditures.

Alfred said the administration has done a good job on the capital reserve budget. He said the main focus is on the operating budget.

Martha M. made a **motion** to ask John Leavitt to become a member of the Warner Budget Committee. Alfred seconded the motion. Mike called for further discussion or comment. John Leavitt said he thinks he's beginning to understand Martha B's confliction with challenging and questioning and he's suggesting BC challenges and questions within the frame work of creating the next year budget. Mike said in moving forward the BC can ask questions, but, the BC needs to be respectful. John Dabuliewicz said sometimes it's how things are said, you may not intend to comment in an intimidating way, but someone may take it that way. It's the Chairman's job to limit that. Mike called for a vote by raised hands (results not indicated), Mike welcomed John Leavitt to the Budget Committee.

John Leavitt said the one thing the BC has no control over is how the person being questioned isn't going to accept the question no matter how it's presented.

John Dabuliewicz commented that the Selectboard cannot possibly fund all the capital reserve requests, as a Selectman he is trying to address what is needed. Everyone has the towns best interest at heart, sometimes we have to be reminded of that. John D. said he also abstained from voting because he is a Selectman, he said if there was a tie he would have voted.

2. Meeting Schedule

The next meeting is scheduled for October 18. Year to date expenses will be reviewed.

On October 25 the BC will meet with representatives from Kearsarge Regional School District.

November 1, the Capital Improvements Program will be presented.

November 8, budgets will be presented. All meetings begin at 7:00 pm at the Town Hall.

3. Comments

John Leavitt asked that his statement in full be placed in the meeting minutes. John L. was instructed to send a PDF to the Selectman's Secretary. John also informed the BC that he will be absent October 28 up to 4 weeks due to a previously planned trip.

4. Adjournment

Meeting adjourned at 7:54 pm

Recorder of the minutes: Mary Whalen