

UNAPPROVED

Town of Warner
Budget Committee



Meeting Minutes

Thursday, July 18, 2019

7:00 PM Warner Town Hall

I. OPEN MEETING at 7:00 PM and ROLL CALL

Martha Bodnarik Michael Cutting (Chairman) Jonathan Lord Martha Mical
Judy Rogers (BOS)

Absent: Alfred Hanson, David Minton, Ray Martin (Water Precinct)

In Attendance: Kelly Henley, Finance Department

II. APPROVAL OF MINUTES

Motion to approve the minutes as amended of May 9, 2019 made by Jonathan L. and seconded by Martha B. and unanimously approved.

III. DISCUSSION OF EXPENDITURE REPORT FOR JANUARY THRU JUNE 2019

A. Discussion: Encumbered Funds, Web Design, Highway Dept. Paving, Kitchen Fire Suppression, Assessing.

The Chair explained that they will be reviewing the expenditures for the first half of the year. Kelly Henley, of the Finance Office, provided the board with a 2019 Expenditure Report, current through June. The Chair noted that there were no figures in the encumbered column on the report. Although he knows money has been encumbered for the Highway Department. Judy contributed that paving and the BOS web design expenses (\$5,000), and fire suppression for the kitchen stove were also encumbered funds. The Chair asked if web design expenses were assigned to public communication. Kelly stated it was coded for that and something did come in, in July. **Judy said she believes that \$5,000 was unspent in 2018 and was meant to be encumbered for web design, although she will research this issue.** Judy stated that the fire suppression for the kitchen stove is \$3,400. The Chair asked where will that be accounted for in the report? Martha M. asked if it would be accounted for in the Town Hall category, potentially under maintenance. The committee couldn't find it on the report. Judy said she believes the work on fire suppression was completed. The board and Kelly discussed where the encumbered funds for the kitchen fire suppression unit were reflected. Whether it would be accounted for in the previous year's financial reporting or this year. Kelly is still working on fine tuning the report. The Chair stated that the encumbered amount should not be reflected in this year's budget, it should come out of the encumbered amount.

The Chair said that other encumbered funds would be for the Highway Department, paving. Judy stated that paving was \$39,493. Judy said these numbers were being referenced from a March 31st report. Martha M. asked if there was something else encumbered in the Highway Dept. Judy affirmed that the number encumbered in paving should be \$65,024.

Judy said that the only other encumbered number is Assessing for \$390.

Martha B. inquired about the paving line, not showing up in the report. Ed Mical referenced account number 01-4312-01-290 on page 12 of the report.

The Chair directed the committee back to the Assessing figure of \$390. Martha M. said the figure was for software. Judy said that Assessing software would be in the BOS budget. The Chair directed the committee to page one of the report and the BOS computer expense line. Martha B. asked why it wasn't accounted for under Assessing. The board clarified that it would be under the BOS budget because it was contracted support.

The Chair said the total for encumbered funds is \$73,814.

B. Discussion: Fire Station, Contingency Line, American Legion, Fire Department

The Chair relayed that he spoke with Kimberley, and asked Judy to fact check his statements. He said the town has one payment left for the fire station. All of the \$67,000 of the contingency fund has been used up. The paving will be completed. Punchlist items are complete. A few issues under warranty are being positively addressed.

The Chair asked Kelly where the contingency line is? Kelly said it does not appear on the report. She is still trying to work with the Department of Revenue as to whether it has been reported correctly in the past. The Chair said we set aside \$10,000 for contingency and he does not see that reflected in the system. Kelly said that figure and the Riverbend figure are not included in the total. Those two items will increase the budget. They were warrant articles which increased the bottom line. Once she figures out how, she will include these items.

Jonathan asked if the payment the town gives to the Legion is reflected in the report (\$1,200)? Kelly clarified that it is in the Memorial Day expenses line. Kelly directed the committee to Page 17, account 01-4583-01-680, \$1,500 which has been paid. The Chair asked what is the purpose of a line called American Legion, Page 7, account 01-4195-01-630, \$1,200? **The Chair offered to call Paul Violette to find out what that \$1,200 is for and to follow up with the committee, Judy and with Kelly. Martha B. stated that he should follow up on that \$1,500 account as well.**

Martha B. had a question about the fire department and line 01-4220-01-411, on Page 9 of the report. She said that nothing was allocated for it and yet, \$2,900 has been spent. Judy stated that last night it was stated that was part of contractual heating for working on and building the station. Martha B. believed that was paid for last year. Potentially under the old fire station account line, \$2,600 or \$2,800 was put aside for fuel. To her knowledge it was billed for over \$6,000. It was unclear what was in that line, and it does not seem to equate with potential usage. She continued to say that at the end of the last budget season we saw a very questionable bill on the heat/fuel line. **She asked Kelly to follow-up on what is being spent and is anything allocated for heating/fuel on the fire station?** To her knowledge we spent \$10,000 in propane last year. Kelly clarified that was for propane during the construction phase and was not budgeted. Martha B. agreed that was her understanding that the \$10,000 for propane was during the construction phase. **Her question is why is there \$2,900 in that line?** Martha M. and Martha B. discussed whether the \$10,000 for propane was prepaid.

Ed M. asked if there was a breakdown between the old fire station and new. Martha B. said yes, in the report under Government Buildings, OFS is the designation for old fire station. John L. said he doesn't

know the details. Although, when Kimberley spoke about the cost of heating, at end of 2018, she said that the construction was extended two months beyond what was anticipated. He agrees with Martha B. it probably needs an explanation. Martha B. said it would help determine what is a reasonable expenditure. Judy referenced her notes on the April/March report and the engineer estimated propane to cost \$16,700. They were using a manned station model occupied 24/7. Martha B. said there should be a programmable thermostat to maintain temperature cost effectively. Judy recounted asking Fire Chief last night if the thermostat was programmed and he said it was set at 68°F. Martha B. expressed her concern that if it is not programmable, heating and cooling the station could cost the town exorbitantly. John L. was at the BOS meeting and was disappointed they didn't discuss this issue. He believes the fire station thermostat being set at 68°F is unreasonable. He feels that 72°F would be more reasonable especially for a building that is not always occupied. Judy expressed concern that 68°F was not an efficient setting. The committee determined through conversation that the fire station bays are not air conditioned but do have radiant heating in the floor.

The Chair stated that the engineers estimated that the propane use for the building would be \$16,700. That was reduced last year to \$10,000. To his knowledge, that was an estimate for a building that would be occupied all the time, which it is not. Judy stated that it was reduced another \$2,000 after Town meeting. The Chair said the propane line was funded to \$8,000. There was some confusion on the committee as to when the propane tanks were filled, what has been paid for propane and paid to Eversource all relative to the new fire station. Kelly said there were some payments in the beginning of January. Jonathan asked if there could be \$1.00 placed in the line (Fire station – Heat). The Chair stated according to that line (01-4220-01-411) \$2,875.81 has been spent on heat. **Why do we have a Fire Electricity line, a Fire Heat line and a Fire Propane line? The Chair asked Kelly to research it and to follow-up with the committee.**

C. Discussion: Transcription Cost, Elections, Audit

The Chair directed the conversation toward the BOS Budget. He asked if the BOS Temporary Services line (01-4130-19-119) accounts for Janice being paid for transcription for the Budget Committee. Judy said that she is not aware of anything else in that line. The Chair said if we maintain that line we will have a good idea of the cost of transcription for a year and will know how to fund it, next year. Judy asked Janice if she did transcription for any other board. She stated that she did 3 meetings for the BOS for a fee of \$232.50. That figure should be subtracted from the line to establish the cost of transcription for the Budget Committee.

The Chair asked Judy if we have another election this year. She said, no. The Chair said we have only spent 50% of that budget. **Why did we budget \$2,547 and only spent \$1,273.50 and we don't have another election?**

The Chair asked if there were questions about the auditor's expenses. Kelly said they are coming on Monday. There wasn't an audit when Kelly took over, it did not get scheduled. That audit would have covered January through April. This coming Monday is the annual audit for 2018. The Chair said that he recommended to a Selectmen using separate auditing companies. Clyde told him that they are using the same auditing company and different individuals. Kelly confirmed we are using the same auditing company with different individuals. The Chair was concerned that we didn't have an audit from January to April to protect everyone and to proceed with a clean start. Judy believes part of the reason it didn't happen is because there was so much catch up to do (due to staff changeover). She said what we needed wasn't in the system. Kelly was trying to recreate the beginning of the year and to determine what was supposed to

be there as well as keep us on track. The Chair stated that part of being audited for January through April is to make sure we were moving forward correctly. Judy said she feels that Kelly is doing a great job.

Kelly said the auditors requested bank statements be reconciled before they come in and provided a list of items to be done prior to the audit. That process took until June, at that point, we were scheduling the yearly audit for 2018. 2019 has not been audited. The Chair's concern is that if there is a problem we will not know when it occurred, between previous staff and current staff. He made it clear he wasn't accusing anyone of wrong doing, it just makes good business sense. This is something that still could be done. He said for example if a new bank manager is hired, an audit is performed before the new manager starts. It is to protect both the old manager leaving and the new manager coming in.

D. Discussion: Town Hall, Old Graded School Building, Workmen's Comp., Police Dept.

The Chair asked if there were any questions relative to Tax Collector, Town Clerk, Assessing, Legal, Benefits, Land Use, Government Buildings, Town Hall. The Chair asked for an explanation on repairs for Government Buildings and Town Hall. We spent \$5,412.91 on Town Hall maintenance and repairs. Kelly said she would research and follow up with the committee.

The Chair stated that on the Old Graded School the supplies line has been overspent. Martha B. said we put \$1.00 in that line, which may explain why we are overspent in that line. Kelly said she believes that is something that should have gone in maintenance.

The Chair asked if there were questions about the old fire station, American Legion, cemeteries. He confirmed with Kelly that Workmen's Compensation insurance is billed once a year. Kelly said she is not sure when that happens. She believes when we are audited, the auditors will figure it out.

The Chair clarified that Police Department office supplies line has spent \$1,247. In large part, because they bought five new tables for their training room replacing 20-year-old tables.

E. Discussion: Fire Department – Electricity, Spending

The Chair asked why the Fire Department electric was so high? Kelly said that is part of the Eversource credit. In July we finally got to the point where we owed something on the accounts. She got the balances and made the adjustments. So that number will probably come down.

He inquired about the fire equipment maintenance line and \$7,891 spent. Judy remembers in a previous BOS meeting the Fire Dept. Chief said something was moved from the old station to the new station and that he was hoping to pay for it out of the 2018 budget, which didn't happen. It had something to do with the compression filling station air bottles. They were moved after the first of the year and paid in 2019. Because there was a problem with one of the circuit boards which needed to be updated. John L. asked why wasn't money encumbered in December 2018? Martha B. wondered if they had any additional funds to encumber. The Chair said that in 2018 we budget \$3,500 in Equipment Maintenance, through December we had spent \$3,388. Martha B. noted they had gone through their new replaced equipment line, and to her knowledge, the department was still short on hoses. Martha M. said potentially the department could have overspent that line and underspent other lines. The Chair said their budget was \$165,996 and they spent \$152,000. John L. stated his concern with the department's explanation of why it was higher than anticipated when the money wasn't available in the maintenance line. Martha M. believes they had it in the

bottom line of their budget, it didn't have to be in the maintenance line. Judy asked if that expense should have come out of the new fire station fund loan? Martha B. commented that it shouldn't have come out of their Operating Budget since it was going into the new fire station. Martha B. stated that it is her belief that a lot of items for the new fire station came out of their 2018 operating budget. She said it should not have as it is a Capital Expense not to be taken out of operating money.

The Chair stated the new fire station construction budget was cut to 2.5 million. He believes a lot of these items that moved up would have come out of operating budget rather than strictly out of the construction budget. Martha's concern was the town was told it would cost 2.5 million. It was her perception that we will gut everything we should have spent in the operating budget and part of next year's budget, as well. She expressed her frustration at the inability of the committee to provide oversight. Judy said that if it was going to come out of the operating budget, then there should have been more money in the line. The line was spent to a total of \$3,513 and \$3,500 was budgeted. If that was one of the items that got moved into the operating budget, the original amount should have been increased. Because the department, she stated, didn't have the money in that line to cover expenses. Martha M. said it may have been in the new fire station budget and it is her belief that budget was overspent. Martha M. asked the Chair about his conversation with Kimberley about outstanding bills. The Chair clarified that there is money. We had \$67,000 in contingency which we have used. We have the money available to make the last payment on the new station. Martha B. felt that there was a reasonable operating budget established for 2018. Her concern is that the Fire Department used up all the 2018 operating money for 2018 expenses including expenses for a building that we didn't take possession of until 2019. Her concern is that none of the 2018 operating budget should have been used on expenses for the new building, they should have been capital expenses.

Martha M. felt that a Clerk of the Works would have been useful in managing the budget. The Chair agreed that a Clerk of the Work's would have been useful. Ed M. stated that somewhere in the contingency line there would be money left to fund some of these things that were taken from other sources. A good example of that is the gear lockers at the new station, that were provided by the Firefighter's Association. Judy suggested that it is her belief that the fire station is the only department in town that could potentially do fund raising. Martha B. noticed at a Snail Trail dinner in the Town Hall there was an auction item for a dinner for a private party of 30 at the fire station with the trucks. Martha M. stated she thought was for a child's party. Martha B. said there was nothing on the description that literally noted that distinction. She is uncomfortable with the idea of auctioning off a town building. Martha M. said that the association does the fund raising.

F. Discussion: Highway Dept. – Overtime, Paving, Town Hall Sprinkler System, Parts and Supply line, Sand.

The Chair directed the committee toward the Building Inspector line, no comments made. The Emergency Management line, Martha B. commented that Ed conducts a nice training session at the EMC. **The Chair inquired about the Highway Dept. line. The overtime expenses have been spent by 72.5%.** He inquired whether that was all winter expenses? Judy said department head didn't say whether it included Spring expenses. Martha B. said she didn't know if there were bad storms or wash out's like in other parts of the state.

The Chair had a question on paving, in previous years we were not be able to get it all done. Has the Highway Dept. got it all scheduled? Judy stated that the department has a good handle on it. Martha B.

said at the end of last year it was stated that paving was going to get scheduled early. Judy said that in last night's meeting that Tim, Highway Dept., said that Dustin and Iron Kettle roads would use up the encumbered funds. The Chair stated that figure was \$65,000. Judy relayed to the committee, that part of those fund would be spent on grinding Tory Hill. Courser's corner would be pushed aside depending on scheduling of other things like the driveway at the Town Hall. Martha B. asked if Tory Hill was a state road, and Martha M. said she believed there is a section that is not. The Chair said there is a \$130,000 in the budget for paving this year, plus the \$65,000 encumbered for a total of \$195,000. The Chair's concern is that he doesn't want to re-encumber funds next year. Martha M. understanding is that the Highway Dept. has gone down Pumpkin Hill Road from the town line of Salisbury to close to Duck Pond Lane. Ed M. said he thought the department said that project was coming out of the Capital Reserve fund and not the pavement line. Martha M. said something was coming out of Capital Reserve, and Judy said maybe the driveway for the Town Hall.

The committee discussed the Town Hall sprinkler system. Specifically work to be done by the Highway Department and what account that was coming from. The Chair asked if that was going to be done this year? Judy said the Highway Dept. will have an updated quote next week, which they will share at the 30th meeting. She said then we (the BOS) will decide who to select. The committee hoped that this would happen before the start of the school year. The Chair asked if that includes the cut down of the hill. Judy said we didn't talk about it at the last meeting, although, it has been discussed. The department talked about getting permission or an easement from Nate Purington. Although she cautioned that she was not completely clear on that point. The Chair's understanding is they were going to put a line in and continue it up to Nate Purrington's lot and then stub it. Therefore, when Nate got ready to put water into that building it would be there for him to continue to his building. Martha M. said it could also be continued onto the Masonic building if they want. Ed M. said in addition the Highway Dept. has been working with the precinct installing a hydrant.

The Chair discussed \$23,000 that was spent on highway supplies, with a budget of \$30,000. Martha said that it was mentioned the other night (at a BOS meeting). The department head said that he thought they would be alright on supplies. She stated that it was machine parts and supplies for the trucks. The Chair said that it is a difficult thing to keep track of, to separate out what is parts and what is supplies. He asked if those lines could be combined? Judy recollected that a previous Highway Dept. head may have had them combined. Because it was so high, and it couldn't really be explained it was eventually separated. They have a definition for the difference although, the committee is not aware of what the distinction is. **The Chair asked why the sand line is so high, \$18,000? We budgeted \$13,000.** He said we don't use that much sand, unless a heavy winter is anticipated. Judy couldn't recall the justification for that amount.

G. Discussion: Transfer Station and Hazardous Waste, Total Budget Percent Spent YTD, Rounded Budget Figures.

The Chair asked the committee if they had questions on the following lines, Transfer Station, Health and Welfare, Lake Sunapee, Parks and Recreation. Martha B. asked about Hazardous Waste disposal line item at \$1,000. Martha M. said it is not our year to do it, and Martha B. queried why we would put \$1,000 in that account? The committee surmised it must be in case something shows up that has to be dumped. Martha B. asked have we found a place to dump paper? Last year the Transfer Station said they ran out of a market for paper. The committee's understanding was that the station has settled on giving it away. The Chair's understanding is that it is cheaper to pay to get rid of the paper than to put it into the compactor and rather than to Wheelabrator and incur a disposal fee.

The Chair inquired if there were any comments on the Conservation Commission. He commented that of the total budget so far 44.59% has been spent. Martha B. asked Judy about welfare administration. She seems to recall in the BOS minutes that somebody was hired for this department, at \$100. Although, a much bigger stipend was offered. Judy said it was set at \$1,500 to start in July. The last contracted person outside of the Town Hall staff, was paid that amount.

The Chair asked Judy if there were any other issues that the committee should be aware of. Judy said there was nothing relative to the three departments at last night's meeting, Police, Fire and Highway. We will be meeting with the other departments in the next couple of meetings. The Chair asked why the CIP forms changed this year. Judy relayed that she briefly read an email from Ben Frost in response to Clyde. Ben thought they really needed more information and therefore increased the size of the form. Ben did offer to help any department navigate the form. Ed M. said that it can be filled out on-line and conveniently sent by email to the Land Use office.

Martha M. asked if everyone is comfortable with the expenditure form? Martha B. said she liked it. Although, she would like to see an area where an explanation of particular lines can be noted. Martha M. said we will get that with the Dept. Head's budgets. The Chair said in the past this was manual and now it is all done electronically. The numbers are not manually entered, we are pulling them right from the accounting system. Kelly said before some of the lines were condensed. Martha B. suggested that we round the figures for instance to tens of dollars. Not the actual expenditures, but how much money we recommend for each department. She said we are just doing guestimates anyway, so instead of saying you get 72 cents, I'll give you the extra \$10. Martha M. believes that when the departments bring in their budget the numbers usually are rounded. The Chair said for example the Conservation Commission dues are at \$296 rather than \$300. Maybe we should be looking at it in the \$300 range. He believes there are occasions where we could round figures.

Martha B. thanked Janice for her work transcribing the minutes.

The next meeting is October 17th. **Motion to adjourn was made and seconded the meeting was adjourned at 8:25 PM.**

Note: The meeting dates are on-line access www.warner.nh.us select the "Meetings" tab / select the "Schedules" tab / select "Budget Committee" tab open "pdf" document to view the 2019/2020 schedule. Or access, the Town Meeting Calendar.

Follow-up with Budget Committee on items noted in the minutes:

Person Responsible	Action Item
Judy (BOS)	Web Design \$5,000 unspent in 2018, potentially meant to be encumbered?
Chair	American Legion \$1,200 amount and \$1,500 amount - Call Paul Violette - follow up with committee, Judy and Kelly.
Kelly (Finance)	What is being spent on heating/fuel for fire station? What is allocated? What is the \$2,900 for in that line item?
Kelly	Why is there a Fire Electricity line, a Fire Heat line and a Fire Propane line, what is the distinction?
?	Why did we budget \$2,547 and only spent \$1,273.50 and we don't have another election?

Kelly	Explanation on repair lines for Government Buildings and Town Hall. What was done on Town Hall maintenance and repairs that cost \$5,412.91?
Kelly	Old Graded School line is overspent on supplies. Was there only \$1.00 allocated in that line? Was it something that should have gone in the maintenance line?
?	Overtime expenses have been spent by 72.5%.
?	Explanation for Sand line at \$18,000, when \$13,000 was budgeted.

Transcribed and Submitted by: Janice L. Loz