

## 2012 Annual Report of the Budget Advisory Committee

### Report on the 2012 Operating Budget Town of Frankestown

Budget & Advisory Committee  
January 21, 2012

#### RESPONSIBILITY

Per Article 26 as approved at the March 18, 1978 Town Meeting the duties and responsibilities of the Advisory and Budget Committee shall be:

- To continue, upon the request of the Board of Selectmen, to advise and assist the Board regarding any matter affecting the Town.
- To actively participate with the Board of Selectmen in the preparation and final compilation of the annual Town Budget.
- To publish and post not less than 15 days prior to Town Meeting in two or more conspicuous locations within the Town, its findings and recommendations with regard to each item of the budget and all articles proposing the capital expenditures as they are approved by the Board of Selectmen.

The Advisory and Budget Committee shall not have the power of veto over any item of the Town Budget or of the Town Budget in its entirety as it is finally approved and submitted by the Board of Selectmen

#### INTRODUCTION

The Budget & Advisory Committee (BAC) and the Board of Selectmen (BOS) met periodically during the year to review operations and discuss the budget. Starting in October the Selectmen held public meetings with BAC participation to hear testimony by the various Department Heads to develop the 2012 operating budget. In addition the BAC met separately to discuss and review budget proposals. All meetings of the BAC are open to the public and held in the meeting room at Town Offices; notices are posted at the Post Office and Town Offices.

#### OVERVIEW

On January 4, 2012 the Selectmen met and adopted a draft of a proposed 2012 operating budget of \$1,424,792 (before the bond), which represents a 4.9% increase over 2011 appropriations and a 12.8% increase over 2011 actual expenditures. The Selectmen further presented a plan that with additional reductions to the 2012 CIP and tax rate adjustments would hold the net tax increase to 3%. This proposed budget became the basis for subsequent BAC discussions. Attached Statement 1 compares 2010 and 2011 appropriations and actual expenditures, the Selectmen's proposed 2012 budget and Budget & Advisory Committee adjustments. This is for information purposes only to illustrate BAC proposals and should not be considered an alternate budget.

The BAC had discussed at previous meetings a goal of limiting any increase to the 2012 operating budget to no more than 3%. On January 11, the BAC reaffirmed this goal, asserting that CIP and other tax rate changes were currently beyond the knowledge of the Committee.

The Budget & Advisory Committee recommends a 2012 operating budget, excluding bond payments, of \$1,397,092, a decrease of \$27,700 from the Selectmen's proposed budgets. Furthermore, this budget does represent an increase of \$39,308 or 2.9% over last year's appropriations as approved at the 2011 Town Meeting.

#### BUDGET REVIEW

##### *Executive*

The Selectmen's budget proposes reducing the Executive salary line by \$3,900 and adding it to a payroll line in that amount for Revaluation in order to match payroll expenses with the appropriate task. The BAC acknowledges that for accounting purposes such a move may make some sense; a majority of the Committee strongly suggests that all executive payroll expenses should be budgeted within that department. The Committee is concerned over both the historical analysis and current perception of the current Selectmen's proposal, but agrees that there is no effect on the budget.

The Selectmen's budget recommends staffing a clerical position of 1040 hours at \$15 per hour. This represents a part-time clerical position for four hours, five days a week. The Budget Committee suggests that a clerical position be budgeted for 832 hours at \$12 per hour. The suggested hours represent staffing for four hours, four days a week – hours the Selectmen's Office is open, answering phones, meeting and dealing with the public, filing, and providing assistance where required. Based on the experience and background of some Committee members, the BAC believes that the pay rate for the clerical position should be \$12 per hour, 4 hrs per day for 52 weeks.

Recommendation: The Budget & Advisory Committee unanimously agrees that Executive payroll should be reduced by \$5,600 (the difference is between 1040 hrs @ \$15/hr and 832 hrs @ \$12/hr). The attached Budget also reflects an increase to executive payroll of \$3,900 and a similar reduction of the Revaluation payroll.

### ***Personnel Administration***

The Budget Committee is very concerned over the continued increases to cost of health benefits. While the stipend and 80/20 split for new hires are steps to control costs, the Committee believes that an immediate review of health plans is in order. The BAC suggests that options for premiums, deductibles, options, coverage, etc should be reviewed as soon as possible. Health insurance costs continue to rise at an alarming rate (8% for 2012-2013).

Recommendation: The Budget and Advisory Committee unanimously encourages the Selectmen to review options for health insurance as soon as possible. Health insurance costs should be reviewed on an annual basis starting immediately.

### ***Police***

The Selectmen are proposing a budget increase of \$12,766 over last year's appropriations. The BAC suggests an increase of \$4,766 over 2011 appropriations. The BAC discussed possible reductions to the Selectmen's proposed budget: payroll, fuel, professional development, telephone and other costs at the Chief's discretion. The Chief presented a case for additional staff and clerical hours during the budget hearings; the BAC does not believe he made a compelling case for either. The BAC suggests that patrol hours be maintained at the 2011 level and that both the Chief and the Selectmen explore sharing clerical help. Professional development could be reduced \$500 to \$975 – an over 200% increase over 2011 appropriations and over 800% increase over actual 2011 expenses. The BAC recommends that the Police Department drop 603-547-6850 (the 911 alternate telephone number) for a savings in excess of \$1,500. For emergencies the public would call 911 and for other Police business call 547-2043. Over the years concern has been expressed over dropping 547-6850, but Police Department, emergency service personnel, Town officials, Franconia News and others could effectively publicize the change.

Recommendation: A majority of the Budget and Advisory Committee recommends that the Selectmen's budget for Police be decreased by \$8000, leaving a total proposed budget for Police of \$142,686. A minority believes that the Police budget should remain at the 2011 appropriations.

### ***Fire***

Actual cost for heating fuel for 2011 was \$1,928 versus a budget of \$2,250. Heating fuel costs for 2012 are estimated to be the same as 2011. The Selectmen's proposed budget is \$3,325. The BAC recommends that the heating oil line for Fire be reduced by \$500 to a total of \$2,750 or the 2011 budget plus 20%. The BAC believes that \$2,750 should be sufficient to offset any fluctuations in use. The price for heating fuel is currently fixed by contract.

Recommendation: The Budget and Advisory Committee unanimously recommends that the Selectmen's budget for Fire be decreased by \$500.

### ***Highways & Streets***

The Selectmen's proposed budget includes increases over 2011 appropriations in overtime hours for full-timers and in regular hours for part-timers. The BAC agrees with the increase to part-time hours of approximately 537 hours, but is concerned over additional overtime hours for full-timers. The 2011 budgeted O.T. hours for the three full time employees were 275 hours each for a total of 825 hours. The Selectmen's budget proposes increasing overtime hours to 300 for each full timer or 900 in total. Only once in the past three years has one of the three employees exceeded 243 hrs of overtime in one year. This is in spite of many storm events in recent years. The BAC recommends that overtime hours remain at their 2011 budgeted level.

Recommendation: The Budget and Advisory Committee unanimously recommends that the Selectmen's budget for Highway and Streets be decreased by \$2,300.

### ***General Expense Highway***

The selectmen's budget proposes \$44,300 for diesel fuel in 2012. Last year's budget for diesel was \$33,000 and the actual expenditures were \$39,987. Actual usage was 8,445 gallons in 2009, 9,501 in 2009 and 10,618 in 2010. The Selectmen

acknowledge that they expect fewer gallons to be used in 2012. The BAC recommends a diesel budget of \$40,000 or 10,000 gals @ \$4.00/gal. This would equate to a retail price of \$4.44 per gallon, which is far above the current 2012 EIA forecast of \$3.84/gal. retail. The BAC proposal would still allow for increases in use and/or prices.

Recommendation: The Budget and Advisory Committee unanimously recommends that the Selectmen's budget for General Expense Highway be decreased by \$4,300.

### ***Solid Waste***

The BAC proposes eliminating this year's hazardous waste day for a savings of \$3,000.

Recommendation: The Budget and Advisory Committee unanimously recommends that the Selectmen's budget for Solid Waste be decreased by \$3,000.

### ***General Assistance***

The BAC recommends a decrease in the public assistance budget line from \$29,000 to \$25,000. The 2011 budget was \$35,000, but only \$15,493 was actually spent, despite what was expected to be one of the worst years. Expectations are for improvement in 2012. The BAC is aware that the Town will be obligated to pay general assistance as required by law, but a majority believes \$25,000 will be sufficient.

Recommendation: A majority of the Budget and Advisory Committee recommends that the Selectmen's budget for General Assistance be decreased by \$4,000.

### **CONCLUSION**

No pay increases for either part-time or full-time employees have been considered in this budget. Last year a 2% increase for part-timers was approved at Town Meeting. In the future increases will need to be considered, especially for part-time employees

The Budget Committee suggests that the Selectmen's proposed operating budget be reduced according to the above adjustments. As noted above this increases the 2011 operating budget appropriations by 2.9% or \$39,808.

Respectfully Submitted,

Charles M. Pyle, Chairman  
for the Francestown Budget & Advisory Committee  
January 21, 2012