

**Town of Chester
Board of Selectmen Meeting
Thursday, November 13, 2013
Municipal Complex
Approved Minutes**

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I Preliminaries

2:55 PM Call the Meeting to Order
Roll Call
Tax Rate Setting

1.1 Call to Order

Chairman, Stephen O. Landau called the Meeting to order at 2:55 PM.

1.2 Roll Call

Selectmen present:
Stephen O. Landau
Joseph M. Hagan
Joseph S. Castricone
Richard J. LeBlanc

Selectmen absent:
Jack Cannon

Members of the Public present:
Joanne Smith, Finance Director
Barbara L. Gagnon, Town Clerk/Tax Collector
Rhonda Lamphere, Treasurer
Patricia Martin, BOS Admin. Asst.

II. New Business

3.1 Tax Rate Setting Discussion

The purpose of today’s meeting is to discuss the best solution for keeping Chester’s tax rate at the lowest possible rate without jeopardizing long-term financial municipal operations. The NH Department of Revenue Administration (DRA) summarized the options available to the Town along with its recommendations. The procedure is defined by the amount available in the general fund balance.

Discussion:

Based upon the unofficial approximations for the 2013 tax rate provided by DRA, if we keep the tax rate the way it is, there is a 23% increase on the Town’s side and an overall 6.4% increase from last year. Keeping the tax rate at this percentage increase means the Town would not take any monies from the unexpended fund balance. One argument for this approach is to leave it alone so that the townspeople may realize the outcome of their votes at critical budgetary meetings for both the School and the Town.

Taking \$50,000 from the fund balance and applying that to the tax rate results in a reduction of 11 cents in the tax rate. Taking \$100,000 from the fund balance would reduce it by 22 cents and leave the general fund balance at the 8% retention level which is acceptable as an adequate amount for

54 responsible long term planning. Finance Director Joanne Smith reiterated that keeping the general fund
56 balance level of 8-10% is better. Selectman Rich LeBlanc queried as to the impact of reducing the tax
58 rate 11 cents vs. 22 cents on a \$350,000 house. Treasurer Rhonda Lamphere responded that taking
\$50,000 from the general fund and reducing the rate by 11 cents would mean a reduction of \$38.50 on
a house valued at \$350,000; and taking \$100,000 from the general fund and reducing the tax rate by 22
cents would result in a reduction of \$77.00 on a house valued at \$350,000.

60 Chairman Landau asked: How much is in the surplus fund for the School?

62 Treasurer Lamphere replied that there was \$194,883 in the School Surplus Fund.

64 Chairman Landau pointed out that the School has had a surplus for the last four years and if they would
66 return it to the general fund, then we could use it to reduce the tax rate. Instead of seeing the School
and Town as separate budgetary entities, the School could be instrumental in reducing the Town’s tax
68 rate by returning its leftover amounts for utilization in tax rate setting at this time of year. DRA has this
year’s limit at \$593,204 as the most the Town could use to set the tax rate so if the \$194,883 had been
70 available, it could have been applied to reduce the rate further than the options we now have.

72 Town Clerk/Tax Collector Barbara Gagnon recalled that at this year’s May Town Meeting, the
townspeople who attended the Meeting voiced their votes in the context that it was about time the Town
74 got something instead of it going to the School. The resultant increase in the Town’s tax rate is because
this is what they voted on and that it was time to start looking to do things for the Town. The Warrant
76 Articles funded \$683,740 from taxation at Town Meeting. Other factors are that revenues went down
from last year.

78 Treasurer Lamphere informed that the School has a maintenance fund, special education fund and a
tuition fund. The tuition fund will be needed this year because there are seven students at Pinkerton
80 that were not budgeted for. The School, therefore, expects to be spending down the tuition fund. The
maintenance fund is targeted for a needed new roof at the School and they are holding on to the special
82 education fund. Selectman Rich LeBlanc opined that using the surplus of almost \$200,000 for
maintenance and having a maintenance fund is like “double dipping” so he would like to see them do
84 one or the other but not both.

86 Chairman Landau remarked that the special education funds tie up the monies unlike the trust funds
88 that gain interest. He asked why the monies couldn’t go into the unexpended fund balance so that we
can better control the use of the money. Treasurer Lamphere replied that the Department of Education
90 has requirements and the release of funds would need to be approved by them and then to the Budget
Committee for approval. Chairman Landau asked: “Do any of the people making decisions at the
92 Department of Education pay taxes to Chester?” He added that people need to see what they voted for
and to know where they are expending those funds.

94 Attendance at both the March Meeting and the May Meeting is essential for townspeople to be informed
96 and to vote.

98 Selectman LeBlanc asked about the use of the money in the school maintenance fund and how that was
different from the emergency fund. Since the roof is a planned maintenance expense, the monies could
100 not come from the emergency fund. Treasurer Lamphere informed that the School Maintenance Fund
was at \$107,000 and they wanted to increase it to \$150,000. The Tuition Fund is at \$29,438 but short
102 \$77,000 (\$11,000 per student). The Special Education Fund as of September 30th was at \$73,829.

104 Chairman Landau stated that between the three School funds there was \$200,000. While the Skid Steer
for the Transfer Station this year cost \$9,000, there will be over a 50% savings at the Transfer Station
106 snow plowing this year. The Multi-purpose Room roofing that was voted for at Town Meeting this year

108 cost \$50,000 but the roof was nearly 30 years old (1986). The School’s building is, what, 10 years old
and requires a new roof? Let the people understand where the bulk of their money goes. There was
110 twice the amount of people at May Town Meeting than at the March School District Meeting. While the
Town’s tax rate went up this year, it is a cumulative effect for many years.

112 Town Clerk/Tax Collector Barbara Gagnon asked that consideration be given to the timing of the tax bills
due date. The Selectmen have the authority to change the due date if the bills were to fall due on
114 Christmas Day, for example. If we were to get the response to DRA on Friday morning, then we would
need to wait for DRA to send it back to us for signature and then the printer would need five or six days.
116 Barbara asked that she be given permission from the Board of Selectmen to change the date to
December 28th as the due date if it so happens that the tax bills go out on November 25th.

118 Chairman Landau stated that they will discuss the numbers tomorrow night. The Selectman can choose
120 to go down to 5-6% in the fund balance but would like to leave at least an 8% balance. The problem
for going too low is when there is a transfer of funds that needs to go to the School. When the School
122 Treasurer requests a transfer, the Town is required to move the funds accordingly. With this in mind,
there is an advantage for the School Treasurer and the Town Treasurer being the same person because
124 the whole picture is considered and the best choices for the townspeople can be made. At this point in
time, there is a \$215,000 bond payment due and a one million dollar payment due to the County.

126 Dr. Hagan asked: What is the most we can take out of the unexpended fund balance and not go lower
128 than 8% yet lessen the pain of our taxpayers? The answer: \$100,000.

130 It is the intent of the Board that the townspeople should know all of the information. The Board will
discuss the tax rate setting further tomorrow night.

132 **Adjournment**

134 Selectman Joseph Castricone moved that this Meeting be adjourned. Selectman Rich LeBlanc seconded
136 the Motion. Vote was unanimous. Meeting was adjourned at 3:45 pm.

138 Respectfully Submitted,

140 Patricia Martin