

Grafton County Delegation  
Fiscal Year 2010 Budget Review & County Attorney Interview  
Grafton County ~ UNH Conference Room  
North Haverhill, NH  
Monday August 31, 2009

PRESENT: Reps. Ward, Bulis, Taylor, Ladd, Ingbretson, Aguiar, Friedrich, Cooney, Smith, Williams, Preston, Matheson, Nordgren, Townsend, Pierce, Laliberte, Mulholland, Almy, White, Gould and Harding. Commissioners Cryans, Executive Director Julie Clough and Sec. Martino

EXCUSED: Reps. Benn, Ford, Gionet, Pastor-Bodmer and Maybeck.

OTHERS: R. Bolt, E. Boynton, E. Moore, T. Andross, N. Bishop, B. Patanovich, B. Sharp, H. Brown, R. Bleckyl (and others who did not sign in)

Chair Mulholland called the Meeting to order at 9:05 AM

The roll call was taken by Rep. Preston and a quorum declared.

Rep. Mulholland said that the meeting was called for two purposes; One being a review of the FY10 budget and the other to interview an applicant for the upcoming vacancy for the County Attorney's position now that Atty. Rick St. Hilaire has given his letter of resignation.

Rep. Ward, who initiated the call for the special meeting, motioned to increase the Bed Tax revenue by \$400K, to budget \$500K for Proportional Share Payment (PSP), increase the Federal Medicaid Assistant Percentage (FMAP) revenue by \$1.1M and increase the surplus by \$1.1M by adding in an undesignated fund balance of \$711K and to delete the unexpended bond interest (\$389K) from the encumbrance which would reduce the property tax to \$3.1M and would leave the total amount of tax revenue at \$14,685,749. Rep. Williams seconded the motion.

#### DISCUSSION:

Rep. Ward passed out a 2009/2010 budget adjustment sheet.

Rep. Ward said that since the budget passed, some other financial changes have taken place including appropriation transfers and encumbrances. He explained how these happened "post budget". Rep. Ward said that revenues are much clearer at this time.

Rep. Ward then discussed the Bed Tax Revenue which was estimated at \$550K which the Executive Committee increased to \$600K. He said it appears to look more like it will be \$1.1M and therefore proposed to add an additional \$400 to bring that number up to what he believes to be closer to an actual amount.

In regard to the PSP money, Rep. Ward said that by all accounts from people he has spoken to at the State and has listed on the handout, the PSP money is in the State budget and it was even suggested by the State that the money should be budgeted. He proposed adding \$500K more.

Rep. Ward said that the County is expected to receive \$1.7M in FMAP money which needs to have a dedicated fund, be audited and expended. He said this money is to absorb Medicaid expenses at the Nursing Home. Rep. Ward suggested using this money to increase the surplus.

Rep. Ward stated the money for the Jail bond interest which was encumbered from FY09 to FY10 has no legal binding contract or agreement as there is no current bond. He said this money should be returned.

Rep. Ward said that with all the aforementioned adjustments it would drop the amount to be raised by taxes to \$14,685,749.

Rep. Matheson asked Director Clough about additional money spent on the law suit. She replied that so far \$330K has been spent to date and \$100K was budgeted for FY10. The encumbered money for the Jail bond interest has been encumbered in order to continue with the Jail project.

Rep. Almy moved to divide the question which was seconded by Rep. Williams. All were in favor.

Continuing on, Rep. Ward passed out a County Tax sheet from 2007 to the present which showed increases which included a Jail Bond of \$38M.

Commissioner Cryans spoke and said that he had dug out his 1994 County Tax information which showed that the percentage of his Hanover tax bill paid to the County was 8.14%. He said that the County has incurred their own increase for things that were done such as the erosion control and the water tank, which was built for fire protection and the upkeep of the buildings. He said even after all that his 2009 County Tax portion was only 8.53% which is an increase over 15 year of less than 4/10 of 1%.

Commissioner Cryans said that he does not see the phenomenal increases that Rep. Ward did and said that the County has worked diligently to keep the taxes down. He said it would be reckless to redo the budget right now and they are only four months away from starting a new budget. He said that they have a good budget right now and he does not feel good about using one-time money.

Rep. Harding asked if the other two Commissioners agreed with Commissioner Cryans and he said that he believed they did.

Rep. Ward said there has been an \$8M increase. Rep. Almy noted that the reason there were increases was because in 2006 & 2007 the decision was made by the Executive Committee to take down the \$6M undesignated fund balance. She agreed with Commissioner Cryans saying she did not want to have to increase taxes next year.

Rep. Williams disagreed with Commissioner Cryans about the percentage of County tax saying that the percentages are not the same as the amount of money paid. Commissioner Cryans said that the County is being asked to do more and more all the time.

Rep. Williams said that he would like to address the motions.

Rep. Ward moved to increase the bed tax from \$600K to \$1M by adding \$400K, which was seconded by Rep. Williams.

#### DISCUSSION:

Rep. Harding said she is not comfortable with what is going on and would like to hear some opposing views to Rep. Ward.

Rep. Ward reiterated that this revenue money was not presented at the budget vote but after the fact.

Rep. Nordgren said that she is leery in assuming on what the feds may do in the future and she knows that at HHS, things are in a state of flux. She said they should not presume that they will receive the \$400K. Rep. Almy agreed and said she did not feel comfortable doing this either.

NH Finance Manager B. Patanovich said that the Bed Tax money is a crap shoot because they really don't know if any money will be received.

Rep. Harding said that she felt that a good and responsible job was already done on the budget and if they make changes now it could really mess things up next year by having to increase taxes. She said she is not comfortable with this.

Rep. Almy said that money being in the State budget does not mean the State will pay that money out.

Rep. White asked to hear from Director Clough who said that she felt they put together a good budget with a 5.4% decrease. She said that she had spoken to Administrator Bolander who said that she is not comfortable with increasing the Bed Tax as it might not come in. Director Clough said that if they take this possible revenue, there will be no money to add to the surplus to be able to reduce taxes next year. She said that there are no draft audited numbers at this time and they could be creating a situation that could have significant impact on the taxes next year.

Rep. Nordgren agreed that increasing taxes, particularly in an election year, could have consequences.

Further discussion ensued.

Rep. Pierce questioned the likelihood of the chance that the County will receive the money. B. Patanovich said that he thought it was probable, which he based solely on the fact that it was in the State budget. Rep. Nordgren said that because it was in the State

budget does not mean it will happen. Rep. Pierce said that when he asked NHA Bolander this same question at the budget meeting she replied that the likelihood was remote. Rep. Ward said that he feels far more optimistic that the money will be coming. Rep. Laliberte said that there are currently a number of lawsuits being filed because of the State budget. She also said that these changes will effect only a small amount of County tax bill and a few cents isn't going to make a big difference overall. She said that everyone understands it's the schools that get all the tax money. Rep. Laliberte said she would not be comfortable changing numbers when you don't even know what the figures are. She also questioned what the County would do if they needed money for a catastrophe.

Rep. Nordgren moved to call the question which was seconded by Rep. Ward. All were in favor.

A roll call vote was taken on whether to increase the bed tax from \$600K to \$1M by adding \$400K. 5 were in favor (Reps. Bulis, Ingbretson, Ladd, Ward and Williams) and 16 were opposed (Reps. Aguiar, Almy, Cooney, Friedrich, Gould, Harding, Laliberte, Matheson, Mulholland, Nordgren, Pierce, Preston, Smith, Taylor, Townsend and White). Motion does not pass.

Rep. Ward moved to use \$500K of Proportional Share Payment (PSP) as revenue to reduce taxes, which was seconded by Rep. Williams.

#### DISCUSSION:

Rep. Ward explained exactly what the PSP money is and said that if it is not used as revenue, it means a raise in taxpayer money by that much.

Director Clough said that the PSP money has been around since the 90's and has not ever been budgeted, but rather has gone into the undesignated fund balance. She did not think that in these volatile times with the State it was safe to rely on the money.

Rep. Williams moved to call the question which was seconded by Rep. Ward. All were in favor.

A roll call vote was taken to use the PSP money in the amount of \$500K as revenue to reduce taxes. 5 were in favor (Reps. Bulis, Ingbretson, Ladd, Ward and Williams) and 16 were opposed (Reps. Aguiar, Almy, Cooney, Friedrich, Gould, Harding, Laliberte, Matheson, Mulholland, Nordgren, Pierce, Preston, Smith, Taylor, Townsend and White). Motion does not pass.

Rep. Ward moved to increase the FMAP money to a figure of \$1.1M, which was seconded by Rep. Williams.

DISCUSSION:

Rep. Ward stated that this money has to be spent and accounted for separately.

Rep. Almy asked about qualifying the money. Director Clough said that the whole thing is very confusing and there have been a number of questions that she has inquired on but has not had any response yet. She noted that the funds are called "freed up funds". \$432K was received in FY09 an additional \$269K was received for FY 09 but was actually booked as an FY10 revenue when it was received in August. Human Services Administrator Nancy Bishop has estimated that the County will earn \$835,000 in FY10 but some of that money will come in FY11. There is a lot of uncertainty with that money the Director said and added that it will not be a continued source of revenue.

Rep. Nordgren said that the money is tied up with the feds not having clear rules on how the money can be spent. She said that she would be cautious about it.

Rep. Almy asked how the other Counties were dealing with the money and Director Clough said that firstly, only three operate on a fiscal year. Sullivan County has a deficit with their budget so they are putting theirs into the undesignated fund. Hillsborough has done as Grafton and has used it as unanticipated revenue for FY 09. They have also budgeted a revenue and reduced their Intermediate Nursing Care expense line as an offset.

Director Clough said that FMAP money comes back from what's been paid out of the HS budget and the County is likely to get more but the question is how much.

Commissioner Cryans said that \$600K was put aside but he is still concerned about whether this money is solid. He said that using a figure of \$1.1M would be way off.

Rep. Ladd said that all the money should be used as revenue and there was further discussion about the calculated projections from the HS Administrator.

There was further discussion as to what a viable amount of increase would be.

Rep. Pierce moved to call the question but there was no second.

Rep. Matheson moved a friendly amendment to the original motion to increase the amount of FMAP revenue by \$230K, which was seconded by Rep. Ward.

After a having a more full understanding of this motion, Rep. Ward withdrew his second and the motion was then seconded by Rep. Williams.

Rep. Ward withdrew his original motion and Rep. Williams withdrew his second to that motion.

A roll call vote was taken to increase the FMAP money revenue by \$230K. 18 were in favor (Reps. Aguiar, Almy, Bulis, Ingretson, Ladd, Ward Cooney, Friedrich, Harding, Matheson, Nordgren, Pierce, Preston, Smith, Taylor, Townsend, White and Williams). 3 were in opposed (Reps. Gould, Mulholland and Laliberte). Motion passes.

Rep. Ward moved to increase the surplus by \$711K from the undesignated fund balance to reduce taxes, which was seconded by Rep. Williams.

DISCUSSION:

Director Clough said that she may have to take \$400K of the FMAP money out of the undesignated balance, along with another \$2.1M which could only leave a fund o \$200K worse case scenario. Commissioner Cryans said that they are at about 8% of the budget which is where it is suggested they be.

Director Clough said that they have \$2.8M which is unaudited right now.

There was further discussion and Director Clough said that she feels that using every resource that they have is a bad idea.

A roll call vote was taken to increase the surplus by \$711K from the undesignated fund balance to reduce taxes. 6 Reps were in favor (Reps. Bulis, Friedrich, Ingretson, Ladd, Ward and Williams) and 14 were opposed (Reps. Aguiar, Almy, Cooney, Gould, Laliberte, Matheson, Mulholland, Nordgren, Pierce, Preston, Smith, Taylor, Townsend and White). (Rep. Harding was not present). Motion does not pass.

Rep. Ward motioned to use the \$389K from encumbrances that was the Jail bond interest payment, to reduce taxes, which was seconded by Rep. Williams.

DISCUSSION:

Rep. Ward said that this is actually money for the Jail bond which has been carried over and there is a duplicated amount in this year's budget for the same.

Rep. Nordgren said that she wasn't sure that the Delegation has the legal authority to do this. Director Clough said the Delegation doesn't vote on encumbrances, the Commissioners do.

Rep. Almy asked about "double counting". Commissioner Cryans said that they voted to move forward on the Jail and didn't hear legally that it couldn't be done that way. Director Clough said they encumbered the money to be used to continue with the Jail project but not specifically for the bond. This money will keep the project going through November and reduce the money that will need to be bonded in the future.

Rep. Nordgren asked again if it were legal for the Delegation to vote on this today.

Rep. Ward said that in order to carry money over to another year, there needs to be a purchase order or a legal contract and since there is no bond, that money should not be encumbered.

Rep. Ingbretson asked if this would be another reason for further lawsuits if the current litigants want to pursue this avenue. Rep. Ward said absolutely because the money can not be carried forward without following the requirements of the Department of Revenue. There was further discussion and talk about the proper way to transfer this money.

Rep. Nordgren moved to call the question, which was seconded by Rep. Williams. A verbal call was asked for and the majority voted no. The discussion continued.

There was more discussion about the money being encumbered and how that money can be moved.

Rep. Bulis questioned if the Delegation was trying to legitimize something that had already been done. Rep. White suggested that encumbering that money and using it for another purpose was appropriate.

Rep. Williams moved to call the question which was seconded by Rep. Pierce. A verbal roll call was taken. 19 were in favor (Reps. Aguiar, Almy, Cooney, Friedrich, Gould, Harding(?), Laliberte, Matheson, Mulholland, Nordgren, Pierce, Preston, Smith, Townsend White, Bulis, Ingbretson, Ladd, and Williams). 2 were opposed (Reps. Taylor and Ward) Motion passes.

A roll call vote was taken to use the \$389K from encumbrances that was the Jail bond interest payment, to reduce taxes. 6 Reps were in favor (Reps. Bulis, Friedrich, Ingbretson, Ladd, Ward and Williams). 15 were opposed (Reps. Aguiar, Almy, Cooney, Gould, Harding, Laliberte, Matheson, Mulholland, Nordgren, Pierce, Preston, Smith, Taylor, Townsend and White). Motion does not pass.

Rep. Pierce motioned to do an appropriation transfer in the amount of \$389,995.74 from line 9120-920 to 9200-988 of the FY09 budget, which was seconded by Rep. Williams. 14 were in favor (Reps. Aguiar, Almy, Cooney, Gould, Harding, Laliberte, Mulholland, Nordgren, Pierce, Preston, Smith, Taylor, Townsend and Williams). 7 were opposed (Reps. Bulis, Friedrich, Ingbretson, Ladd, Matheson, Ward and White) Motion passes.

11:48 AM Chair Mulholland called a five minute recess.

12:00 PM Chair Mulholland called the meeting back to order.

A roll call was taken. Present were: Reps. Aguiar, Almy, Bulis, Cooney, Friedrich, Gould, Ingbretson, Laliberte, Ladd, Matheson, Mulholland, Nordgren, Pierce, Preston, Smith, Taylor, Townsend and Williams.

Rep. Mulholland said that in light of County Attorney Rick St. Hilaire resigning, the Delegation has the responsibility to appoint an interim Attorney. Two applications were received and one applicant, current Grafton County Assistant Attorney Lara Saffo was present to be interviewed by the Delegation.

Atty. Saffo gave a brief introduction and an overview of her education and work history.

Rep. Williams asked if she were appointed, would she want to run for the office when the time came and she replied yes. Rep. Williams asked if she had run in an election before and she replied that she hadn't and that was due in part to the fact that her current position is federally funded and she is not allowed to, however, she does have second hand experience with campaigns.

Rep. Pierce asked how she saw the role of the County Atty. changing and Atty. Saffo discussed public safety initiatives, the role of Drug Court and Child Advocacy being kept active.

Rep. Townsend asked about the need for a Mental Health Court and Atty. Saffo said that she feels there is a need for one.

Atty. Saffo said that her brother ran the Oliverian School in Pike and that she attended Beckett growing up before going to Catholic School. She said what she learned from this is that all kids are alike but that some are more subject to violence in the home. She said that she would like to see more civic learning in the classroom.

Rep. Almy asked if there was any resolution to Public Defendants not wanting people to go into Drug Court because of the risk of going to State prison. Atty. Saffo said that testimony from some of the applicants can be very helpful and in time people we see that it will be a good thing.

Rep. Cooney asked who Atty. Saffo would consider as Deputy Atty. to which she replied that she would certainly recommend filling the position and that applications would have to be reviewed but also that she had great confidence in current Asst. Atty. J. Vara.

Rep. Williams asked what she thought about changing the County Attorney position to appointed rather than elected and she said that would require some thought but she also did not think that choice of political party had much to do with the job and that the job should go to the best applicant.

Rep. Laliberte asked if Atty. Saffo was willing to work with all the different agencies and she replied that it's part of the enjoyment and that having lived in various parts of the County and dealing with the different agencies it can at times be logistically challenging.

Rep. Almy asked if Atty. Saffo had budget experience to which she said that she has worked on some budgets in the past and understands that the County budget must be worked within but they have a close knit office that will be of help.

Rep. Gould asked if there were other pursuits to keep people out of jail and Atty. Saffo said that she believes in more electronic monitoring and will look for alternatives providing there is not a danger issue to the community. She said that creativity is key.



The committee thanked Atty. Saffo for her attendance.

Rep. Mulholland took a poll as to who would not be able to attend the September 21<sup>st</sup> meeting and it appeared that perhaps six of those currently attending would not.

Director Clough asked about the committee wanting to meet with the other applicant.

12:45 PM Rep. Pierce motioned to go into executive session as per RSA 91-A:3, Paragraph II, Section a), which was seconded by Rep. Bulis. All were in favor.

12:51 PM Rep. Almy motioned to come out of executive session and to permanently seal the Minutes from the Session, which was seconded by Rep. Williams. All were in favor.

12:58 PM With no further business, Rep. Pierce moved to adjourn and was seconded by Rep. Taylor. All were in favor.

Respectfully submitted,

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Phil Preston, Clerk