



*Budget Committee Meeting
Approved Minutes
October 4, 2011 7:00 PM*

These minutes were prepared as a reasonable summary of the essential content of this meeting, not as a transcription.

Chair Martino called the meeting to order at 7:00 PM. Those in attendance were Chair Martino, Select Board representative Jim Maggiore, Michael Golden, David Peck, Bob Hamilton, Rick Stanton, Bob Copp and Dickie Garnett.

1. Review Minutes from August 2, 2011 Meeting

Motion by Rick Stanton to approve the minutes from the August 2, 2011 meeting. Seconded by David Peck. Motion carries 6-0-1.

2. Review and Potentially Vote on the Open Budget Committee Positions

Chair Martino stated that Michael Shulman had to resign from the Budget Committee for personal reasons and that has left a vacancy in his three year term. Chair Martino explained that by state statute the Budget Committee must now appoint someone to fill the open seat until the next election in May of 2012.

Chair Martino stated that the Budget Committee had received one applicant that was interested in filling the position, and that she was in attendance. Chair Martino then invited Margaret Allen to introduce herself to the Budget Committee and tell them why she would like to be on the Budget Committee.

Margaret Allen stated that she has lived on Squier Drive in North Hampton for seven years. Before moving to North Hampton, Mrs. Allen worked for Timberland and was in charge of several accounts for the eastern women's footwear division. Mrs. Allen stated that because of her experience in sales, she knows how to work with a budget; making sure that the revenues are coming in and making sure that expenses are under control.

Mrs. Allen stated that before her children were enrolled in the North Hampton School, she worked with CityYear and arranged to have 50 residents and 50 CityYear volunteers paint the interior of the school for very little cost.

Mrs. Allen stated that she has been very active in the community and has been involved with Girl Scouts, Girls on the Run, and PAL.

Motion by Michael Golden to appoint Margaret Allen to fill the open position on the Budget Committee with a term expiration of May 2012. Seconded by David Peck. Motion carries 5-0.

Town Administrator Fournier swore Mrs. Allen into office.

3. Review of Last Year's School Expenses

Nancy Tuttle, Finance Manager for SAU 21, reviewed expenditures from the North Hampton School budget. Ms. Tuttle explained that the GMR (guaranteed maximum rate) came in for the school at 19.5% in October of 2009, but the actual rate was 13.3% in April 2010. The current year's GMR came in at 4.3% but the actual rate for 2011 was 1.5% increase.

Mr. Peck asked Ms. Tuttle what her "words of wisdom" were as far as why the increase was so modest. Ms. Tuttle responded that she did not have any idea. Mr. Peck confirmed with Ms. Tuttle that the insurance is through the Local Government Center.

Ms. Tuttle stated that although the budget is only 30 days into the new year, the projected health cost savings, budget to budget, is approximately \$35,000. She further stated that in November she would be conducting a plan census in order to get a more definite figure.

Mr. Golden asked Ms. Tuttle what the actual savings were for the last school year and she stated that she did not have that number with her.

Ms. Tuttle next reviewed the four North Hampton School Trust Funds. She further stated that they have all been funded from unreserved fund balance over the years.

Ms. Tuttle stated that they like to keep the Building Maintenance Trust Fund balance at "around" \$150,000. Repair work was done in the gym, and a public hearing was held to withdraw funds of \$6,249.72 to cover those expenses, leaving an audited balance in the fund of \$149,607.34. she further stated that there was not a warrant article on the ballot this year to fund any additional monies into that account.

The Building Expansion Trust Fund was set up with \$50,000 through a warrant article to cover costs of architects in looking at adding additions to the school. A withdrawal was made to this account in the amount of \$25,735 for architect fees, leaving a balance of \$24,344.92. There was not a warrant article on the ballot this year to add additional funds into that account.

The Expendable Health Trust Fund was set up with monies leftover from the health account to save monies for future costs. \$30,000 was put into that fund and then an additional \$30,000 was funded this year. Ms. Tuttle stated that the current balance is \$60,058.41.

Ms. Tuttle stated that there was a warrant article in March to create a new Trust Fund for Expendable Special Education costs with the warrant article stating up to \$50,000 and that was funded with \$26,924.88.

Chair Maggiore stated that Ms. Tuttle had shared with the Budget Committee that other towns within the SAU have already set up this type of trust fund with a target figure of \$300,000. Ms. Tuttle stated that the highest tuition for a special education student in SAU 21 so far has been \$300,000 for one year, with many of them well over \$150,000 per year. Ms. Tuttle also confirmed that there would not be any building aide for new construction until 2013.

Ms. Tuttle next discussed the general fund revenues and the food services revenue. In the general fund revenues there was a surplus of \$24,477 with the bulk of that money coming from medicare reimbursement.

Food services has three categories of revenue; lunch sales, state and federal reimbursements . Revenues for lunch sales came in less estimated, but the federal reimbursement for free and reduced lunch sales exceeded their estimates.

Ms. Tuttle reviewed a “snapshot” of financial activities for the North Hampton School for fiscal year 2010-2011. The general fund budget approved by the voters was \$7, 699,313, included a warrant article for \$23,303 for the SEA (Seacoast Educators Association) which passed in North Hampton, but not in the other towns. Because it was approved by the voters of North Hampton, the Department of Revenue Administration includes that as part of the schools assessment, therefore that money goes back into the unreserved fund balance at the end of the year. If the contract had passed, that money would go into that account to pay for the contracts, but because it did not the money will now go into an unreserved fund.

Mr. Peck stated that this is new information for him. Chair Martino stated that it was for him as well.

Ms. Tuttle stated that audited expenditures for the fiscal year 2010-2011 totalled \$7,802,122.

Mr. Stanton asked Ms. Tuttle if she coordinated with the town on fuel oil contracts.

Ms. Tuttle said that they do not, and that they coordinate with their own school districts. She further stated that they had already locked into a price this year.

Bill Hickey, Business Administrator for SAU 21 discussed the food services budget for last year and stated that all monies appropriated had not been expended, and that they were looking closely at this year's budget that had a deficit. Mr. Hickey stated that they are working closely with food services to help to avoid that situation this year. The Federal Government came out with some new guidelines based on the subsidized price and the price at the local district, so the cost of lunch was increased by ten cents effective this year.

Ms. Tuttle reviewed this year's budget time line and that they expect to have their budgets in to the Budget Committee by November 23, 2011. She further stated that the Deliberative Session would be held on February 7, 2012 and voting will be held on March 13, 2012 with petitioned warrant articles due by January 10, 2012.

Bill Hickey addressed the retirement funding issue, and stated that there was \$381,000 budgeted and with the new rates, which was a moving target, the rates came in at 8.8% and 11.3% based on the two classifications of employees. He further stated that the district is looking at an approximate deficit of \$69,000 in terms of what was budgeted and then the new rates.

4. Review of Last Year's Town Expenses

Town Administrator Fournier presented the Budget Committee with the unaudited expenses from Fiscal Year 2011. He stated that the Town ended the year with \$198,423 remaining in the budget or 3.6%. The main reason for being under budget was due to a significant turnover in the Police Department which left the equivalent of two full time positions vacant for more of the year. The Police Department was under budget by \$192,822.

Town Administrator Fournier stated that revenues are down this year due to a decrease in motor vehicle registrations and interest on investments.

Town Administrator Fournier explained that the Executive line in the budget, which includes the Town Administrator and the Select Board was \$12,391 over budget due to some bookkeeping transfers not being done to the proper departments. The Town Administrator's salary line was over due to buying back earned time that was not used. There was an overage of \$2,426 in payroll, due to bank charges that apply for every direct deposit check that is processed.

Financial Administration was slightly over due to fees associated with the contracted Finance Director and audit fees. The audit fees are due to transfers not being made between the Trustees of the Trust Funds and the North Hampton Public Library for their share of the audit cost. Also, the town has secured the services of a new auditing firm at a lower cost. The Finance Director is now a part time position at a lower hourly rate as compared to the previous contracted position.

Town Administrator Fournier stated that the largest overage this year was in the assessing line item. There were a large number of abatement cases on the “higher end” homes in town. Abatements are much like lawsuits in that they either need to be defended or settled, but the town must be represented.

Town Administrator Fournier stated that another overage was in the Welfare department. With the economy as it is, there has been an increase in the amount of cases. This account showed an overage of \$14,871, which has been addressed in the fiscal year 2012 budget by increasing the line.

Town Administrator Fournier stated that the town had budgeted for the worst case scenario for New Hampshire Retirement costs and due to the way the formula came in from the state there should be a savings of \$10,000.

Mr. Stanton asked if there were any brainstorming ideas to come up with extra revenue.

Town Administrator Fournier stated that he would like to again bring up the \$5.00 surcharge on motor vehicles, which would have to be voter approved. These funds would then go into a Capital Reserve Fund, which would then have to be used for highway projects.

Chair Martino asked that all members funnel their questions for the Town Administrator through him first.

Town Administrator Fournier reviewed right to know laws, the dangers of emailing and discussing town matters that could result in legal action such as a member’s computer being subpoenaed.

Town Administrator Fournier stated that the Deliberative Session would be held on Saturday, March 31, 2012, and then election will be held on Tuesday, May 8, 2012. He further stated that the Select Board is also considering switching back to the March time frame for town meeting, as well as combining the town and school Deliberative Session.

5. Discuss Subcommittee Openings on the CIP Committee

Chair Martino stated that this item would be placed on the agenda for the next Budget Committee meeting.

After a brief recess, Chair Martino stated that David Peck would be presenting a power point presentation that he had put together.

6. Other

Mr. Peck presented a power point presentation of which the topics included were:

- 2009 North Hampton Census Data
- N.H. Occupational Employment and Wages
- Per Capital Income in Rockingham County
- Employment Cost Index

- Social Security Cost of Living Adjustment
- Consumer Price Index for Northeast U.S.
- Unemployment % by Year for North Hampton/Rockingham County
- Home Sales Trends for North Hampton/Rockingham County
- Gross Domestic Product
- S&P 500 Equity Valuation
- North Hampton Tax Rate Trends

A copy of the slides presented by Mr. Peck are attached to these minutes.

Selectman Maggiore stated that he felt there is potential for cost savings and sharing with the school as well as better communications.

Mr. Golden stated that he felt it was important to compare the Town of North Hampton's tax rate to contiguous towns because we have to be competitive with surrounding towns because people have choices as to where they are going to live. He further stated another critical component to examine, is the towns projected revenue.

Mr. Copp stated that it is difficult to give the school a "number" to work with when developing the budget, as there are so many different factors that need to be looked at.

Mr. Stanton stated that there are non contractual employees and thinks that they should see an increase in their pay because they have been kept really constant, about 1.7%, and they all face the same increases that everyone does and would like to give those employees an increase and show that they are important. He further stated that a 1.7% increase is not significant but at least it keeps their heads a little bit above water. Mr. Stanton said that it seems that everything has been focused on where can they cut, but they need to also focus on revenues.

Mr. Garnett stated that the more information that you give to people before they start "making up numbers," the better.

Chair Martino stated he is willing to put a number "out there" to both the school and town.

Mr. Peck stated that he would like to see the Budget Committee give the governing body some sort of direction, where in prior years that was not done.

Chair Martino stated that the consensus seems to be to give guidance, so they will work towards that goal.

Motion by David Peck to adjourn the meeting at 9:47 PM. Seconded by Dickie Garnett. Motion carries 9-0.

Respectfully submitted,

Janet Facella, Administrative Assistant

