



*Budget Committee Meeting  
Approved Minutes  
November 29, 2011*

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

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Chair Martino called the meeting to order in the North Hampton Town Hall at 7:00 PM.

Those in attendance were Select Board Representative Jim Maggiore, Dickie Garnett, Michael Golden, Margaret Allen, David Peck, Bob Hamilton, Rick Stanton and Bob Copp.

**1. Review minutes from the November 2nd meeting**

**Motion by Margaret Allen to approve the November 2, 2011 minutes. Seconded by David Peck for discussion. Rick Stanton made a motion to add to line 182 “a suggestion was made to make this a formalized notification to the Select Board and the North Hampton School, and the Chair concurred and said he would do so.” Seconded by David Peck. Motion carries 7-0.**

**Motion by Michael Golden to change line 40 to read, “Mr. Golden stated that it was not a unanimous sentiment among all budget committee members regarding tying budget changes to wages.” Motion carries 8-0.**

**Motion to approve the minutes as amended carries 8-0.**

**2. Steve Fournier to present information re: Tax Rate**

Town Administrator Fournier presented a power point presentation explaining the components of the tax rate, as well as an explanation of the undesignated fund balance, GAAP (Generally Accepted Accounting Principles) and what the New Hampshire Department of Revenue Administration uses to determine the town’s tax rate. A copy of the power point is attached to these minutes.

Town Administrator Fournier discussed prior year’s expenses and revenues and stated that the past two years revenues are down mainly due to interest on investments being at a much lower rate. He further stated that motor vehicle registrations are also down as well.

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Town Administrator Fournier stated that the Select Board is looking to adopt a Fund Balance Policy, which would keep the balance now lower than 5% with a target of 8% and with a maximum of 12%.

### **3. Review of recently proposed school budget**

Chair Martino stated that the meeting scheduled for January 10, 2012 would be held at the North Hampton School in the cafeteria, as the election is being held in the Town Hall.

Mr. Peck presented a schedule that illustrated four years of North Hampton School budgets and expenditures. The figures show the multiyear trends and percent increases in salary, benefits, and total payroll as well as total school expenditures.

When comparing the budget of FY 12/13 compared to the budget of FY 11/12, the total without debt service reflected a 4.5% increase.

Mr. Peck summarized that the dollar difference between the budget committee's goal of 1.5% increase versus the North Hampton School increase of 4.5% amount of \$223,659.

Chair Martino stated that at prior Budget Committee meetings, the committee agreed by a vote of 7-0 to recommend that the school and the town come in with their budgets at a 1.5% increase, which was a number the committee felt would be comfortable to the towns' people and what they could afford based on their wages. He further stated that the Budget Committee would be going through the school budget line by line, and flag items that members have questions on.

Rick Stanton asked if the School Board was aware of the Budget Committee's request of a 1.5% increase, as what they have presented is higher.

Bob Copp stated that the School Board was already into developing the budget before they received communication regarding the 1.5% increase.

Chair Martino called a brief recess.

Chair Martino reconvened the meeting at 7:37 PM, and stated that David Peck would be presenting a power point presentation,

Mr. Hickey stated that out of 131 line items in the budget, 37% of the accounts were level funded, 19% of the accounts were decreased, and 32% of the accounts showed an increase and the number of accounts that were contractual are 12%. He further stated that 56% of the total budget is either level funded or decreased.

Mr. Stanton asked Mr. Hickey if there has ever been a case where money is turned back to the town, and why are not SAU overages returned to the town.

Mr. Hickey stated that it is the mechanism of the SAU, and approximately \$145,000 over the past two years has been used to offset the assessment back to the district of the fund balance.

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Mr. Stanton asked Mr. Hickey what happens to the money from the warrant article for the SEA contract that the town approved, and Mr. Hickey stated that that money does not go into the school's budget if the contract is not ratified in the other towns.

Chair Martino stated that they were given a different answer at the last budget committee meeting, and that this would make more sense.

Mr. Maggiore asked how unexpended funds are allocated. Mr. Hickey stated if they have funds that are not designated through a warrant article, they are turned back to the town. Mr. Maggiore asked if that is by RSA or by charter. Mr. Hickey stated that it is by RSA. Mr. Maggiore stated that he is wondering if the town's accountant has seen those monies that were turned back.

Mrs. Allen asked Mr. Hickey if the student activities line should be a decrease or an increase of \$5,400 or perhaps was it in the wrong column. Mr. Hickey stated that it should be an increase and apologized for the error.

Mr. Maggiore asked where the money is that the school has returned to the town, because the town has never seen any of the money, and would like to see where it is documented.

The Budget Committee reviewed the school budget line by line.

Mr. Peck asked for a better understanding of why the budget reflects two full time kindergarten teachers, when there was only one in prior years, and the head count has not significantly changed.

Peter Sweet, North Hampton School Principal, stated that the school had the opportunity to extend kindergarten until 1:00 PM instead of having two half-day sessions, it was changed to two sessions until 1:00 PM.

Mr. Peck stated that he is honestly disappointed, that in a time, at least in his eyes, that there is a \$223,000 problem going into next year and the school is increasing services that are not buy and large agreed with by the residents of North Hampton. He further stated that he understands it is the School Board's right to allocate people as they see fit, but he is disappointed because he presumed that this change is something that the school hopes to have remain in place for many years to come.

Mr. Stanton stated that he had reviewed a year's worth of School Board minutes and did not see anywhere that it was discussed to supply an additional teacher or to an extend kindergarten. He further stated that now they are suddenly faced with fate accompli, and are going to have to pay for it.

Mrs. Allen stated that the numbers did not change; it is simply that a first grade teacher was moved over to kindergarten.

Mr. Golden stated that things need to be more forthcoming with information that is presented or not presented.

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Chair Martino stated that he felt the Budget Committee has a bottom line budget responsibility, and does not want to get into micromanaging the school.

Mr. Peck distributed copies of enrollment class size information. Chair Martino stated that the maximum for grades kindergarten through 4<sup>th</sup> grade is a maximum of 20, and for grades 5<sup>th</sup> through 8<sup>th</sup> is a maximum of 25.

Mr. Peck asked why the line item for rental and lease equipment is up by 14%, and Mr. Hickey stated that he would have to go back and look into what items are included in the lease in this line item.

Mr. Peck stated that the line item for books and print media is up by 13.8% over two years ago of actual expended.

Mr. Sweet stated that school has been focusing on science, and have to have as much materials as possible, and without lab space, they have to teach it in other ways.

Mrs. Allen stated that she would like to see the equipment line broken out in order to see the science piece and the music piece.

Mr. Stanton asked about the costs associated with upgrading from a part time to a full time position in the Special Education line, and why it is imperative to upgrade from a part time to a full time position and incur those additional costs.

Chair Martino asked Mr. Sweet if he could provide a written explanation on this item.

Mr. Stanton asked why the Band Director's position was eliminated, and Mr. Sweet stated that the position was not actually being eliminated just that the cost is now incorporated in the salary and there is not a stipend for before and after school lessons.

Mr. Stanton asked if the nurse's position could be contracted out as has been done in other schools.

Mr. Sweet stated that he was not sure, but that he would look into it.

Chair Martino asked Mr. Sweet to speak to the increase in the line item for Salary Curriculum Professional Development. Mr. Sweet stated that this is for stipends for teachers that work over the summer as a vertical team SAU wide on curriculum changes that will be implemented in the fall but need to be worked on in the summer.

Mr. Maggiore stated that he had to leave the meeting, but had written down a question that he would like to be read into the record.

Mr. Stanton asked if the salary for the technician under technology was a contractual position.

Mr. Sweet stated that this is an hourly employee that receives benefits.

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Mr. Stanton asked if this is a position with a potential to contract out as this is a very marketable expertise.

Chair Martino read Mr. Maggiore's note that asked that the School Board reduce their stipends to \$1.00, which would match the Select Board's stipends.

Mr. Stanton asked for justification on the travel and reimbursement account was.

Mr. Hickey stated that it was for mileage reimbursement for meetings that board members attend.

Mr. Peck asked to flag the item for five iPads.

Mr. Golden stated that under SAU Services, he had spent a lot of time working on this and has a number of things to say. Mr. Golden stated that aside from the fact that Hampton dropped out, and our costs were not reduced, is an issue. He further stated that his major "heartburn" assuming that Hampton was even in there, is that the operating budget for the school since 2008/2009, if you take out debt services and SAU costs, expenses have gone up a total of 10.2%. If you look at just the SAU assessment to the Town of North Hampton, it has gone up over 30%. The second issue Mr. Golden stated is that with Hampton dropping out, he would have expected expenses overall before the allocation, to have been adjusted accordingly supporting one less major district. The combination of the increase of 30% for the SAU and the 10% for the school, and the fact that we continue to carry the burden of Hampton, with an addition of an increase this year over last year even with Hampton out of there. Mr. Golden stated he would like this line item flagged for future discussion.

Mr. Hickey stated that there has already been a public hearing and the rate has already been set. He further stated that over the last two years, there has been almost a quarter of a million dollars taken out of the SAU budget as a result of the direction from the joint board, and the recognition of Hampton's withdrawal, and therefore feels the SAU has been responsible in listening to that.

Mr. Stanton stated that there is an increase of \$38,000 more than last year, and it appears if it continues to go in that direction at those kinds of rates, the town will be broke. He further asked how the Budget Committee sends a message to the SAU on how to get a better handle on the cost increases that are contractual that have to be paid to the SAU.

Mr. Hickey stated that this is the first year with the change, and they are constantly looking at ways to make changes. He further stated that they are hearing the message loud and clear from other towns as well.

Mr. Peck spoke to the line item for electricity and asked why the PSNH distribution cost was being increased from \$1,800 per month to \$2,200.

Mr. Hickey stated that it is an estimate and that they have not "nailed down" that piece with PSNH yet.

Mr. Peck stated that he would like to flag this account for future discussion.

Mr. Golden asked to flag the line item for heating fuel usage for future discussion.

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Mr. Stanton asked about plans to replace the windows in the school, as he did not see it listed in the budget. He further stated that he felt that new windows in the school would greatly decrease the oil consumption. (An unidentified audience member spoke to this question, but could not be heard, as he did not go to the podium to speak or to introduce himself.)

Mr. Peck asked to flag the line item under equipment for a floor scrubber as he felt it was a want and not a need.

Mr. Golden asked to have more information on the cost savings on snow plowing with the purchase of the truck and plow.

Mr. Peck stated that he was surprised to see such a significant increase for the transportation line item. (An unidentified audience member spoke to this, but could not be heard, as he did not go to the podium to speak or to introduce himself.)

Mr. Peck asked if it were true that only 60% of the space on the buses is used.

Mr. Sweet stated that that is no longer true, as they cut back the number of busses from eight to seven, and changed the bus routes so that every bus is full.

Chair Martino asked when the current five-year contract is up for renewal.

Mr. Hickey stated that negotiations would probably start in the spring of 2012.

Chair Martino asked for an explanation as to why the funding for student field trips line item increased, and asked to flag this item for future discussion.

Chair Martino asked to flag the employee benefits line item. He further stated that the guaranteed maximum rates came in at 6.2%, but the line item is budgeted at a 14% increase and asked for an explanation.

Mr. Hickey stated that he would have to compare the census for the 2011/2012 year with the 2012/2013 to see where the changes are.

There was some discussion on the Health Care Capital Reserve Fund from the Budget Committee and an unidentified audience member spoke to this but could not be heard.

Chair Martino called for a three-minute recess.

Chair Martino reconvened the meeting after a brief recess.

Mr. Peck stated that he was very surprised to see that the JY, C100 and C1000 health insurance plans increased by 30% or more, whereas the Blue Choice and the HMO have increased between 19 and 20%. He further stated that half of the school employees are in outrageously priced plans. (An

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unidentified member of the audience spoke to Mr. Peck about this but could not be heard, as he did not go to the podium.)

Mr. Stanton asked if current employees under contract could be offered an incentive to switch to another plan. (An unidentified member of the audience spoke to Mr. Stanton's question but could not be heard, as he did not go to the podium.)

Chair Martino stated he would like to flag both health and dental insurance for future discussion.

Mr. Stanton asked who is eligible for life insurance.

Mr. Hickey stated that all full time employees are eligible.

Mr. Peck asked why FICA has gone up 8.6% over two years, if the payroll has not gone up 8.6% because the two should be correlated.

Mr. Hickey stated that he was not sure but would look into it and report on his findings.

Chair Martino asked to flag the line item for retirement for further discussion.

Mr. Peck asked for an explanation on the 403B contributions line item.

Mr. Hickey stated that it is a contribution to an administrator's annuity per a contract agreement, and this is in lieu of health insurance.

Mr. Stanton asked to flag the inter fund transfer to the food services account.

Chair Martino stated that he had the following pages flagged for further review: 2, 8, 10, 12, 13, 18, 24, 27, 51, 52, 56, 60, 68, 75, 76, 79, 84, 86, 109, 111, 114, 117, 127, 133, 136, 137, 139, 140, 146.

Mr. Golden asked if he could also get the raw data on the cost per pupil per town.

#### **4. Other**

**Motion to adjourn the meeting by Dickie Garnett. Seconded by Bob Hamilton. Motion carries 8-0.**

Respectfully submitted,

Janet Facella  
Administrative Assistant

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