

**Minutes**  
**Nottingham Budget Committee Meeting**  
**August 16, 2012**

**Members Present:** Chair Donna Danis, Vice Chair Chet Batchelder, Selectman Mark Carpenter – late arrival, School Rep. Dawn Ferland – late arrival, Korey Ferland, Jason Marcotte, Gene Reed, and Barbara Scannell.

**Members Absent:** Excused: Michael Koester, Jeff Wheeler, and Barbara Walder.

**Other in Attendance:** Secretary Dawn Wirkkala, School Business Administrator Frank Markiewicz

Chair Danis called the meeting to order and introductions were completed. Chair Danis reviewed the regular Town Meeting and SB2 calendar timelines, including deadlines for state form filings, public hearings with comments, the school deliberative session and the town meeting dates. Key dates for Town Meeting: Public Hearing no later than February 15, 2013, Budget Posted by February 20, 2013. Key dates for SB2: January 15, 2013 Public Hearing for School Budget, Deliberative Session between February 4 and 9, 2013.

Chair Danis stated any requests for bonds or warrants over \$100,000.00 will require additional hearings. Chair Danis stated she would create a specific meeting calendar for Nottingham, melding together the regular Town Meeting and SB2 schedules for planning purposes. Meetings will be scheduled: one for September, one in October, bi-weekly meetings November through December, and then weekly, typically starting in January, until the end of the process. Meetings will increase in length the further along in the process the committee goes.

**OUTSTANDING MINUTES:**

**Motion:** Motion by Mr. Batchelder, second by Mr. Fernald to approve the minutes of the May 10, 2012 meeting as amended.

**Vote:** 7 – 0 in favor.

**REVIEW OF FINANCIALS:**

**School:** Mr. Markiewicz reviewed the school financials stating there is an approximate surplus projection as of June 30, 2012. The amount includes greater than expected revenues and the \$473,614.00 FY2011 fund balance. The annual financial audited report for year ending June 30, 2012 is expected for the end of August; due to early testing and planning. NH Department of Revenue Administration form MS 25 and MS 24 are due September 1.

Chair Danis asked why the FY2011 amount was listed as a negative and about the additional revenues. Mr. Markiewicz explained the school utilizes fund accounting, and the negative amount is a fund balance. The additional amount remaining in the fund at the end of the FY2011 was to offset the FY2012 budget and the additional unanticipated revenues give an estimated surplus amount of \$499,592.00.

Ms. Scannell asked if the FY2011 monies should be considered a return to the taxpayers at the end of the year. Chair Danis stated in Budget Committee terms it is money returned to the taxpayers. Mr. Markiewicz stated it isn't returned, but is considered a credit toward the next year budget, to offset the tax rate.

Chair Danis stated the current approved budget was \$10 million, and the report is indicating there is an approximate \$500,000.00 carried forward to 2012/2013, therefore only 9.5 million will be raised by the tax rate in the fall of 2012.

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41 Mr. Reed asked where the money was kept. Chair Danis stated all money is held by the town and  
42 the school periodically request funds from the town treasurer.

43 Chair Danis stated the purpose of this meeting is to review the end of the year financials for the  
44 school and get an idea of what might have been over budgeted or under budgeted, to assist the  
45 process of establishing the 2013/2014 school budget.

46 Mr. Markiewicz reviewed the individual account lines on the financial statement and reminded  
47 members that the amounts spent were for a budget that was planned eight months in advance.

48 Chair Danis asked about the total percentage of high school students attending Coe Brown versus  
49 Dover High School. Ms. Fernald stated it has been approximately 43% to Coe Brown and the  
50 remaining amount to Dover High School, however, this year there appears to be a swap with a  
51 higher percentage to Coe Brown. Mr. Markiewicz indicated there is a deadline for students to apply  
52 to Coe Brown, but there isn't a cap to the total number of students who can attend.

53 Chair Danis asked about the \$145,000.00 over budgeted amount of tuition for Coe Brown. It was  
54 stated the budgeted amounts are only estimates based on total student attendance. There are  
55 students who move away, student change from Coe Brown to Dover, or even changed tuition  
56 amounts. Payment amounts change every year from what is planned.

57 Mr. Markiewicz reported some account lines were changed or moved, new account numbers created  
58 per auditor request separating out the exact education costs for administrative costs, and regular  
59 education versus special education costs.

60 Committee members asked about the funds for special education. Mr. Markiewicz stated the budget  
61 is planned so far ahead it isn't easy to establish changes to revenues, grants, student counts, or  
62 increase or decreases to special education student needs. Information regarding the exact special  
63 education tuition distributions would not be given because of the potential privacy issues of  
64 possibly identifying students. Ms. Fernald stated the Special Education Director would come to  
65 meet with the Budget Committee.

66 Chair Danis asked about the excess funds for the athletic salaries. Ms. Fernald would provide the  
67 specific answers at the next meeting.

68 Ms. Scannell asked about the under spending on paraprofessional salaries and the over spending so  
69 significantly on regular education retirement. Ms. Fernald stated the paraprofessional positions are  
70 filled when student enrollment reaches 16 students in a classroom. The funds were used, but per  
71 auditor request broken out into two categories, regular education and special education and there  
72 were two new account lines created. This is the first year the funds weren't included in a warrant  
73 article, and the student number is already higher than expected.

74 Ms. Fernald and Mr. Markiewicz stated retirement over spending had to do with a movement of  
75 employees to different positions and changed salary amounts and/or new or no employee in new or  
76 existing positions. Mr. Markiewicz stated the retirement rate was also changed. Ms. Scannell asked  
77 about the budget being increased during the last budget season to address that issue.

78 Mr. Batchelder reminded committee members the spending being reviewed is from the budget cycle  
79 two years ago and not what was voted on in January/February 2012. Mr. Markiewicz stated that  
80 was during the time of the big change with a higher retirement rate, in addition to the hiring of  
81 different employees at different rates causing changes in the retirement contributions.

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Chair Danis asked if there had ever been a review of an average of the budget amounts; would it be helpful to consider an averaging of budget amounts and expenses from the previous five years. Mr. Markiewicz stated a trending of the past five years wouldn't be relevant. The budget is determined on the total number of students and the anticipated special education students, and didn't feel a five year average would help for the current budget setting process.

Mr. Markiewicz continued with the line item review: the Technology Director salary was moved to a different support staff line; the School board services pay a stipend to the board members, pay for school board meeting support staff, fees to hold meetings, attorney fees, and district portion to support the SAU; salaries were broken out to specific offices and are the largest of expenses; accounting software updated annually; school building maintenance; transportation to Coe Brown; special education transportation; and Food service program. Mr. Markiewicz asked to keep the transportation costs for students attending Coe Brown for the new budget cycle.

Mr. Markiewicz stated it is a lot of detail provided and with the new budget development the breakdowns will become even more specific. Mr. Markiewicz reminded board members these are only reports and hopefully by the next meeting the audited reports would be available.

Mr. Carpenter asked about special contracted services and asked why it was so high in comparison to the budgeted amount. Mr. Markiewicz stated the budget amount is established early and the amount changes based on the change of students and their special education IEP's (Independent Education Plan). IEP's are reviewed annually to determine if more or less services are needed for each student; requiring services originally not known or planned for. Special education expenses are the harder items to budget for.

Mr. Carpenter asked about line 01-2225-5734-031, Replace Tech Equipment, and the over spending of \$20,121.45. Ms. Fernald stated the 2009/2010 budget year approved money for the upgrade of wiring per warrant article; however, the money was frozen to address concerns about under budgeting for changed retirement rates. With surplus savings the next year, the school was able to play catch up with technology items that were previously put on hold.

Mr. Markiewicz stated the school has the ability to reallocate funds. Some take a passive approach showing over spending on some individual lines with under spending on others. Other schools take a pro-active approach transferring money from one line to another to prevent negative numbers. Mr. Markiewicz indicated it isn't a "surplus," it's an allocation of funds and spending the allocation as it is available.

Chair Danis stated the school has a technology plan and asked if money is available at the end of the year does the school board make a decision to speed up sections of the plan and make purchases ahead of schedule, because funds are available. Chair Danis asked to have the school present their technology plan to the Budget Committee.

Ms. Fernald stated the shown over spending wasn't speeding up the plan, but catching up with the original plan. Ms. Fernald stated the Technology plan was recently updated, and there could be a presentation. Ms. Fernald stated there is a surplus this year and the School Board proposed to upgrade the PC's with laptops to create a "mobile lab". This mobile lab will free up a room for other school uses.

Mr. Carpenter stated he doesn't have a problem with the technology line; he only wants to make sure the budgeted amount reflects what is actually needed.

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124 Chair Danis asked if encumbrances from the previous year budget show up in the current year  
125 budget. It was stated the amounts are available at the end of the year, and can be used to pay for  
126 items decided on purchasing at the end of the school year, therefore encumbering the funds.

127 Chair Danis asked about the greater than anticipated revenues. Ms. Fernald stated it was a grant.  
128 Mr. Markiewicz stated it was Medicaid reimbursement; the schools made a greater effort to review  
129 all tasks to determine if reimbursement could be received from Medicaid.

130 Chair Danis asked Ms. Fernald about the newly approved school board expenses. Ms. Fernald  
131 stated the School Board voted at the June 26, 2012 meeting to approve the previously mentioned  
132 technology money, new and replacement Music Department equipment and upgrade the music  
133 program, there were a couple of repair small cost to the approximate amount of \$3500.00,  
134 roof/insulation, and bleacher and basketball hoop repairs per Primex that require annual inspections.

135 Ms. Scannell asked about the decision to purchase portable radios. Ms. Fernald stated the purchase  
136 was also approved at the June 26, 2012 School Board meeting, in an effort to avoid fines.

137 Mr. Reed asked about the definition of encumbrances and what action determines if an item or  
138 purchase allows funds to be encumbered. Discussion took place about what actions could or  
139 shouldn't encumber funds: a decision to purchase, a purchase order or invoice, and what action  
140 determines an actual contract to purchase items. There was concern about the gray area in between  
141 the decision to purchase and the actual action of purchase and when it actually encumbers the funds.  
142 Mr. Markiewicz offered to involve the school attorney for clarification.

143 Mr. Reed reviewed the statute information about encumbering school funds; the decision to  
144 purchase or pay for items or services is not enough; the purchase should have been made by the  
145 school and not just made a decision to make a purchase at the end of the year.

146 Ms. Scannell asked if the encumbrance amount would increase. Mr. Markiewicz stated the amount  
147 could increase, but the school and district aggressively sought out final invoices and billings earlier  
148 and consistently throughout the year to prevent late submissions.

149 Chair Danis stated the task of the Budget Committee is to prepare the next budget and not to review  
150 if the previous year expenses are spent appropriately; the purpose of reviewing the line items is to  
151 establish if the previous amounts were too much or too little and to set the new budget amounts.

152 Ms. Scannell stated she agrees, but part of the responsibility of the Budget Committee is to establish  
153 if the budget should actually have been or will be smaller, because of a \$500,000.00 surplus.

154 Chair Danis thanked Mr. Markiewicz for his time, presenting the school budget information, and  
155 answering board member information.

156 **Town:** Mr. Carpenter reviewed the Town's second quarter financial information, stating overall the  
157 Town is on track and where it should be with their budget.

158 Mr. Carpenter reviewed there are overages on the Legal line based on unexpected legal actions  
159 needed by the town with personnel and Pawtuckaway draw down changes.

160 Mr. Batchelder asked if the town and taxpayers should care about the draw down. Mr. Carpenter  
161 stated the role of the Selectmen is to do what is best for the residents. There is a large population  
162 who own property around the lake, and it could affect local property tax values. Mr. Marcotte  
163 stated the legal issues could get worse before better.

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164 Mr. Carpenter stated 10 years ago the Town had significant legal expenses regarding the USA  
165 Springs issues. Chair Danis stated it is fair to ask why or should the money be spent on this issue,  
166 but many people are attacking the Pawtuckaway Lake problem in many areas for hopefully, positive  
167 resolution.

168 Mr. Carpenter reviewed that the Fire Department salary line is under budget with the delay in hiring  
169 the new EMT/firefighters. This also includes the over time salary line and part time salary line  
170 being higher than usual where existing staff has covered the missing employees hours.

171 Mr. Carpenter reported the Town had less fuel spending than expected, for the same reasons as the  
172 school, the warmer winter. Mr. Marcotte asked if there has a long term oil and gas contract and if  
173 Nottingham has looked for a multi town contract, a co-op or energy alliance, in an effort to group  
174 buy and get lower energy costs; locking in a lower price because multiple towns are buying large  
175 amounts of fuel. Mr. Carpenter stated the contract renewal is in October and he would discuss the  
176 possible alliance issue with Mr. Brown.

177 Mr. Carpenter reviewed that road construction/reconstruction budgets are in line. There was an  
178 approximate savings of \$30,000.00 for the shim and seal coat with recent road work. Mr. Reed  
179 stated John Fernald does a great job in getting prices down.

180 Mr. Batchelder asked about the vendor payments. Mr. Carpenter stated there is an agreement to not  
181 pay charity vendors until after July 1<sup>st</sup>, and payments have since been issued.

182 Mr. Carpenter reviewed the revenues and indicated the meals and room's revenue is expected but  
183 the amount won't be known until later in the year.

184 Mr. Batchelder asked about the deed for the Lee Farm property transfer. Mr. Carpenter stated it is  
185 still a work in process, and the request for proposal for a survey is waiting for responses. The issues  
186 will hopefully be resolved by Mr. Brown soon.

187 **NEXT MEETING AGENDA:** Chair Danis stated the next meeting would be in September and  
188 asked for the 2011/2012 audited and first quarter 2012/2013 school financial information and the  
189 third quarter Town financial forms.

190 Mr. Reed asked to move his questions to the next meeting.

191 **ROUNDTABLE / OTHER BUSINESS:**

192 Mr. Batchelder asked which members were planning to attend the upcoming financial workshop.  
193 Mr. Marcotte and Mr. Batchelder would be attending. Mr. Fernald would try, if his schedule  
194 allowed.

195 Ms. Fernald stated the financials were given to the Budget Committee before the school but would  
196 get answers to the action items. Ms. Fernald asked about a joint meeting between the School Board  
197 and the Budget Committee, and there was agreement to a meeting.

198 Chair Danis stated she would draft a calendar/timeline and meeting schedule by next week.

199 Mr. Carpenter stated he is attending a budget portion from the LGC during the Selectmen Training  
200 and won't attend the financial class, unless the one he attends doesn't cover enough information.

201 Ms. Wirkkala asked members to update their contact information and stated Town Departments will  
202 have identical format for their budget proposals.

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203 Chair Danis stated the next meeting would be scheduled for some time in late September or early  
204 October.

205 **ACTION ITEMS:**

- 206 1. Dawn Fernald - Determine reason for leftover money on the athletic and athletic salary lines.
- 207 2. Mr. Markiewicz - Audited school reports.
- 208 3. Dawn Fernald - Explanation for over spent technology line: 2225-5734
- 209 4. Presentation of the current School Technology Plan.
- 210 5. Mark Carpenter - Report on what task the new FD Employees will be doing.
- 211 6. Mark Carpenter - Report on whether the town is in locked pricing contracts for oil, gas, and  
212 other fuels.
- 213 7. Mark Carpenter - Report if the town will or has considered an energy alliance with other  
214 municipalities to get lower prices for required fuels and energy needs.
- 215 8. Dawn Fernald - When will the first quarter reports be completed?
- 216 9. Dawn Fernald - When can the School Board and Budget Committee have a group meeting?

217 **ADJOURNMENT:** Having no further business,

218 9:15 PM **Motion:** Motion by Mr. Reed, second by Mr. Marcotte.

219 **Vote:** 7-0 in favor.

220 Respectfully Submitted,

221 Dawn Wirkkala

222  
223 Approved as written  
224 9/20/2012