

Minutes
Nottingham Budget Committee Meeting
October 18, 2012

Members Present: Chair Donna Danis, Vice Chair Michael Koester, Chet Batchelder, Selectman Mark Carpenter, School Rep. Peter Perron, Jason Marcotte, Gene Reed, and Jeff Wheeler

Members Absent: Excused: Korey Ferland, Barbara Scannell, and Barbara Walder.

Other in Attendance: Secretary Dawn Wirkkala,

Chair Danis opened the meeting and introductions were completed.

OUTSTANDING MINUTES:

Motion: by Mr. Batchelder, second by Mr. Marcotte to approve the minutes of the September 20, 2012 meeting as amended.

Vote: 8 – 0 in favor.

Review of Action Items: Mr. Perron reviewed the answers to action items for the school. There were two co-curricular positions that were not filled as there were not any corresponding sports teams and one coach did not accept a salary for personal reasons. The Final Audit numbers should be completed by October 15. The school does not close out its books on a quarterly basis, but financials for quarter end would be presented; it was requested the financial reports should be sent to the committee early for committee review.

Mr. Carpenter reviewed the answer to action items for the Town. Additional plastics are not collected because of storage issues and possible significant additional cost; however, additional avenues of processing recyclables are being reviewed with Mr. Marcotte for a possible change in with and more recycling methods. Mr. Batchelder asked about the quantity of additional types of plastics and if they were significant in waste amounts and Selectman Carpenter stated the center didn't know. Mr. Marcotte reviewed the recycle guidelines for plastics.

School 1st Quarter Financial Review: Mr. Perron reviewed that the financials were presented to the school board the previous night in a draft form and additional changes were presented only this morning; with more changes anticipated.

Mr. Perron reported the encumbrances are still be adjusted for the larger line items, resulting in some significant negative numbers; quarter end amounts are under the "Year to Date" column. Mr. Perron reported the "Encumbrances" line includes the anticipated expenses that are expected to be paid out each of the account lines; anticipated to the end of the budget year - June 30, 2013.

Mr. Keoster asked about the salary amounts not reflecting a typical standard quarter amount. Mr. Perron stated there won't be an actual quarterly amount as teachers can take pay on a nine month or twelve month basis.

Chair Danis stated committee members reserve the right to ask questions about school financials at the next meeting due to the delayed delivery of the school information.

Mr. Perron stated there is not really a negative amount on the health insurance line, but it could be based on the anticipated expenses for health care. Chair Danis asked if there is an expected \$30,794.00 negative amount. Mr. Perron stated that an amount is expected; Mr. Markiewicz doesn't know the actual amount and is continuing work on what the actual encumbrances for each item will be and the numbers currently listed are an estimate. Mr. Markiewicz is continuing to work

Minutes
Nottingham Budget Committee Meeting
October 18, 2012

39 on the financials. Mr. Perron stated health insurance costs continue to be volatile and still remain
40 unknown.

41 Selectman Carpenter asked if reviewing the school quarterly information was worth while, if it was
42 only going change. Mr. Perron stated it would be better to look at non-salary line items.

43 Chair Danis asked about the possible excess in the high school tuition line of \$1.5 million dollars.
44 Mr. Perron stated the school has only spent \$25,000.00 for tuition, but it is known the student
45 tuition rate and spending will go up.

46 Chair Danis stated it appears Mr. Markiewicz didn't get through the exercise of entering the
47 encumbrances, and only got possibly a quarter of the way through the report. Mr. Perron stated he
48 didn't believe Mr. Markiewicz was going to put an amount on each line, but focus more on those
49 considered more important but that he isn't actually sure about the specific criteria for completing
50 the encumbrance amounts.

51 Mr. Carpenter stated it might be helpful to review the anticipated expenditures instead of looking at
52 the encumbrances.

53 Mr. Marcotte asked why the reports were in this condition as Mr. Markiewicz knew the reports
54 were expected and anticipated for tonight's meeting. Chair Danis stated some of it is a timing issue,
55 quarterly numbers are presented to the School Board prior to the Budget Committee and they only
56 meet every other week; but agreed with Mr. Marcotte about the issue.

57 Mr. Marcotte stated he agreed with Selectman Carpenter about the purpose of reviewing the reports
58 if they weren't accurate or complete.

59 Mr. Perron stated the it is fine to push to get the reports earlier, but the School Board should review
60 the information before the Budget Committee and it will be a timing issue and the current review
61 should focus on the year to date expense numbers, which are a given.

62 Mr. Marcotte asked if there is a procedural issue on the School Board budgeting part, focusing on
63 encumbrances; is the problem an accounting system issue or getting the correct reports?

64 Discussion took place about what information might actually be accounted for in the
65 "Encumbrances" column of the financials. It was stated the column is probably the anticipated or
66 projected year end expense amount, that isn't yet 100% determined and Mr. Markiewicz would be
67 asked to clarify the amounts in that column.

68 Mr. Keoster stated the Budget Committee specifically wants to know if the amount that was
69 budgeted for the specific line item is on track for a quarterly amount spent; is the amount above,
70 below, or on track for the end of the quarter for what should be anticipated. Chair Danis wondered
71 if that was what Mr. Markiewicz was attempting to do, except the task wasn't completed and the
72 header should be retitled.

73 General discussion took place about what specific information the Budget Committee needed to see
74 regarding financials, what line items were more important than others. Chair Danis asked to review
75 the report again when Mr. Markiewicz completed his work.

76 Selectman Carpenter asked if the school could use a report similar to the Town; what specifically
77 the projections for expenses are. Also, how can Mr. Perron be expected to come to the meeting and

Minutes
Nottingham Budget Committee Meeting
October 18, 2012

effectively explain where the school budget is within the budgeted amount, when he isn't getting the correct information from Mr. Markiewicz.

Mr. Keoster stated the budget was calculated 18 months ago, and now that the information and amounts should be solidified, the Budget Committee needs to know if it did a good job on anticipating the amounts.

Chair Danis stated if Mr. Markiewicz had finished the report it might be what the budget committee needed, regardless of liking the labels. There was agreement from the Budget Committee Members that the second summary report was more helpful, Report 8368, but they needed clarification if the encumbrance and anticipated expenditure columns were the same things.

Mr. Batchelder stated the big line item accounts should be clarified and entered by Mr. Markiewicz, who probably is doing it manually from other spreadsheets. Mr. Reed agreed, but asked if an off book calculation was needed to clarify the total amounts identified; should the committee identify the line items they are more interested in to reduce the workload? Mr. Koester stated he felt there were some lines where the amount is already calculated, and until the amounts are known for the others it will be difficult to know where the school budget is.

Mr. Perron stated he would ask for more work to be spent on Report 8368 for presentation to the committee. Mr. Reed requested to understand and receive the information where the anticipated numbers are coming from and not just the total.

Chair Danis asked for Mr. Markiewicz to complete the budget exercise to determine where the large ticket items are falling in comparison to the budgeted amount and specifically for an update of the big ticket items, finishing the encumbrance item update and to receive reports specifically five days in advance of the November 8 meeting in order for committee members to review prior to the next budget committee meeting for a worthwhile discussion.

Mr. Perron reviewed the areas of most concern for him; music supplies with a negative amount stating the School Board disagrees with the auditors about what year funds should actually come from, 2012 or 2013. Music equipment was ordered with a purchase order at the end of the 2012 school year but the auditors applied the deduction to 2013 and discussion continues. The other issue was stopping purchase of new computer equipment, as an actual purchase order was not complete prior to the budget year change. The last item under concern is the gym floor mats, which were ordered prior to the end of the 2012 year and the argument is with the auditors.

Mr. Perron asked for committee members to review the financials for any questions at the next meeting.

Mr. Perron distributed tuition information stating the Coe Brown tuition adjustment agreement establishes the additional amount students are responsible for paying to Coe Brown after Nottingham makes payment. Dover High school raised the tuition amount by 1.09%, or \$119.70, and it means a 0.40% increase in the Coe Brown differential for a total of \$1564.76.

Mr. Reed asked about the collection procedures of the differential amount due for those students going to Coe Brown, as there appeared to be a problem with the actual collection and has the procedure changed; in years past some funds were not collected. Mr. Perron reported if the differential isn't paid the student is automatically enrolled into Dover High School.

Minutes
Nottingham Budget Committee Meeting
October 18, 2012

118 Mr. Perron distributed the attendance counts for both Dover High School and Coe Brown. Dover
119 shows an approximate 114 to 117 students and Coe Brown 107 to 108 students, the shifting of
120 number of students between September and October is being researched. Mr. Perron stated the
121 school board has specifically requested monthly details about the total number of students attending
122 the high school to further explain why there is a shift of the student count and what is happening
123 with the potential education expenses with that change in counts; moving away, special education
124 school shift, move to a charter school. Chair Danis stated it would be helpful for the budget
125 committee to also see the counts on a monthly basis. Mr. Perron stated he would provide them.

126 Chair Danis asked if the report should be used to establish the possible student enrollment for the
127 next year; as there is a higher number of freshmen entering this year versus the previous year. Mr.
128 Perron stated the data is available. Chair Danis stated in the past the committee has been told it
129 cannot get a count. Can an informal survey can be given to the 8th grade students and their parents
130 to possibly help establish what high school they are considering attending, to help set the budget.
131 Mr. Perron stated it doesn't matter which school the students attend, because the amount paid by
132 Nottingham is the same amount to both school; tuition is established by Dover High School.

133 Mr. Perron stated there should be an identification of where the students are going in order to
134 determine if there are additional expenses for the change. Mr. Perron reviewed the number
135 available for home school students versus attending school students; Mr. Perron stated he would
136 distribute all enrollment numbers.

137 Chair Danis stated the budget committee is happy to receive as much information as they can get;
138 the more they receive the better the questions they can ask and it gives a better ability to establish
139 budget amounts. Chair Danis thanked Mr. Perron for the information provided.

140 **Town 3rd Quarter Financials:** Selectman Carpenter reviewed the 3rd quarter financials for the
141 town, which includes almost all totals thru September.

142 Key areas are Broadcasting not including the offset received income amount from cable revenues;
143 Voter Registration is tight because of the changes with the new Voter ID and after discussion it was
144 stated the amount is typically an estimate only and there could be a more in-depth review to
145 determine if additional training funds should be included for 2013; Tax Collector Salary line is
146 misstated as fees were accidentally paid on the salary line versus the fee line; Auditor line had
147 additional fees with the audit reporting process, these fees were unexpected and never charged for
148 in the past; Legal expenses are at the limit, due to unexpected expenses early in the year and if those
149 were removed the account would be on track; newer updated and more costly lighting types were
150 needed at the Fire Department, again unexpected; Property Insurance Liability coverage came in
151 higher than expected and Selectman Carpenter stated he believed the increases would continue.

152 Mr. Batchelder asked about a potential refund from LGC for the lawsuit they just lost. Selectman
153 Carpenter stated he believed they would get either a refund or credit, but it is still unknown.

154 Selectman Carpenter continued with his review, the Police budget is higher due to a vehicle
155 accident; reimbursement for the forest fire on Pawtuckaway is being waited on from the state; the
156 Highway Department has managed their fuel line extremely well, with a conscious effort to reduce
157 the use of fuel, however given weather unknowns funds may be used before the end of the year; the
158 Construction/Reconstruction line has a remaining amount which will be encumbered for the Pit
159 Bridge design and permitting 2012 payment and planning for proposed construction in 2013.

Minutes
Nottingham Budget Committee Meeting
October 18, 2012

160 Mr. Keoster asked about the Fire Department salary line overage and Selectman Carpenter
161 explained it was due to lack of expected/anticipated staffing; the two positions have been vacant for
162 most of the year.

163 Mr. Batchelder asked about the meals and room revenue payment from the state. Selectman
164 Carpenter stated he expects the Town to get the amount expected, but it hasn't yet been received.

165 Selectman Carpenter stated the possible area for revenue concern is the motor vehicle registration
166 line and may be a discussion point for 2013 as the estimated amount may be less than expected.

167 Mr. Reed asked about special duty police duties. Selectman Carpenter stated the revenue line is
168 3409 and there is slightly more income than expenses to pay for special coverage duty.

169 Chair Danis stated there could be time available at the next meeting if members had questions about
170 the Town financials.

171 **Roundtable:** Chair Danis reviewed the school board meeting with the budget committee stating it
172 was a good discussion and helped to review the schedule and set expectations. Chair Danis stated
173 the more details the committee receives about all the budget items the easier it is to make better and
174 more informed decisions.

175 The school deliberative session is planned for Wednesday February 6, 2013 with a snow date of
176 Friday February 8, 2013. Chair Danis asked as of today does Mr. Perron expect there to be any
177 special hearings. Mr. Perron stated it is a possibility and more information would be available by
178 the November 15 meeting.

179 Chair Danis stated she is concerned about the dates of hearings for the school and town, as the
180 Town is currently scheduled for February 7. Chair Danis stated she would not like to have them on
181 back to back nights or pushing them to the statutory deadlines. January 30, 2013 was suggested as a
182 possible town hearing date. Ms. Wirkkala was asked to determine if there were other potential
183 conflicts during and around the same dates to prevent even more conflict.

184 Mr. Batchelder asked to review the new legislation, RSA 32:5 V-b, which allows for including
185 estimated tax impact on the warrants, giving citizens an estimate about what each addition could do
186 to the tax rate. The committee would continue discussion on the issue for possible addition, and it
187 was stated the citizens must first vote to include the estimated tax impact before it could be added,
188 which means the tax impact couldn't, by statute, be added until the 2014.

189 Mr. Keoster asked about a review of the development strategies and visions the school and town
190 utilized in assisting in the planning on the next year projects and budget; what are the guidelines
191 they established for setting budget amounts for 2013; did they make a decision to holding the line
192 for salary and/or staff, or other big ticket areas.

193 Selectman Carpenter stated the Board of Selectmen has just started to review individual department
194 budgets in preparation of submission to the Budget Committee.

195 Mr. Perron stated the school has started to review development strategies and there is recent
196 discussion about budget impact and what changes might be coming to help further clarify specific
197 lines. There are areas that are being included this year that weren't in past years, school
198 improvements and restructuring, and student counts are being reviewed. Mr. Keoster asked what
199 the school is doing to consider the space impacts.

Minutes
Nottingham Budget Committee Meeting
October 18, 2012

Mr. Keoster stated he hasn't started but suggested developing the default budget and asked if the school might be interested in starting work on the default budget and is coordinating the schedules for establishing information. Mr. Perron was asked to see if someone else might be interested in participating in establishing a default budget.

Chair Danis reviewed the expected agenda for the November 8 Budget Committee Meeting.

Chair Danis thanked Mr. Perron and Selectman Carpenter for presenting the information.

Selectman Carpenter stated he would be unavailable for the November 15 meeting.

ACTION ITEMS:

1. Peter Peron - Ask Mr. Markiewicz to complete encumbrance exercise and inform the budget committee of any significant variances. Definition of school financial reports labels.
2. Peter Peron - Gather the method of collection of differential tuitions and the specifics of total collected amounts for 2012.
3. Peter Peron - Elementary and high school student count reports.
4. Mark Carpenter - Clarify the reason for additional spending expected on the auditor line, the amount and when the planning and construction expenses for the Pit Bridge would be expected, and if there is a specific plan or reason the Highway Department saved considerably on fuel.

ADJOURNMENT: Having no further business,

9:06 PM **Motion:** by Mr. Marcotte, second by Mr. Wheeler.

Vote: 8-0 in favor.

Respectfully Submitted,

Dawn Wirkkala