

Minutes
Nottingham Budget Committee Meeting
May 23, 2013

Members Present: Chet Batchelder, Donna Danis, Anthony Dumas, Korey Ferland, Michael Koester, Jason Marcotte, James O'Brien, Jackie Snow, Jeff Wheeler, Mark Carpenter – BOS, Peter Perron – School Board

Other in Attendance: Secretary Dawn Wirkkala,

Chair Danis called the meeting to order and introductions were completed.

Approval of Minutes: Motion: by Mr. Batchelder, second by Mr. Ferland to approve the February 12, 2013 minutes as amended.

Vote: 7 – 0 in favor / 4 abstained

Chair Danis stated she was happy and enjoyed serving as Chair for the prior two years but felt it was time for another to take over the duties. The person serving as Chair should have some experience and will work with the secretary to establish agenda's and timelines; chair the committee meetings and town and school hearings; follow up on any action items; communicate with committee members during the budget cycle. Chair Danis stated she believed Mr. Carpenter and Mr. Perron should not be considered for the Budget Committee Chair as they are representatives to other boards.

Motion: by Mr. Carpenter, second by Mr. Marcotte to nominate Mr. Batchelder as Chair for the Budget Committee.

Vote: 11 – 0 in favor.

Motion: by Mr. Batchelder, second by Ms. Danis to nominate Mr. Marcotte as Vice Chair for the Budget Committee.

Vote: 11 – 0 in favor.

TOWN 1ST QUARTER FINANCIAL REVIEW: Mr. Carpenter reviewed the Town's first quarter expenditures and revenues, stating he would specifically identify those accounts that fell significantly away from 25% range.

Mr. Carpenter reported first quarter revenues are difficult to judge, property tax bills haven't yet been sent and many of the revenues come in later in the year. Building permits appear fewer, but the construction season is just starting. Mr. Carpenter reported the big estimate is the amount received from Meals and Rooms (Rental) taxes.

Questions were asked about the process and details for Impact Fees. Mr. Carpenter stated he would gather the information and get answers for the committee.

Mr. Carpenter review there are very few items raising red flags by being significantly over spent and overall the Town appears to be right on schedule for the first quarter. The printing line appears high because the Town had more pages to print with the Planning and Zoning warrant articles for the ballot; the more warrant articles the higher the cost and it is always an unknown amount. There are a few accounts that have one time annual service contracts/agreements that are paid at the beginning of the year. Some of the accounts show an expense with no funds budgeted and these are funded by received off setting revenue, which is reimbursement by outside sources.

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Mr. Carpenter stated the amount budgeted for legal fees were questioned during the budget setting cycle, and while not settled, situations are looking better.

Highway has higher expenses in salary, plowing, and sand/salt use because of the significant snow storms at the beginning of 2013. There is hope snow storms won't be seen again until later December 2013. The Highway fuel budget is right on track.

Mr. Marcotte asked about new healthcare requirements. Mr. Carpenter stated the selectmen met with the LGC to discuss what might happen, but there are still a lot of unknowns. The biggest factor is to determine how many full time staff members the Town has in order to determine the possible impact. There are questions which of the part-time and seasonal workers apply in the full time category; such as overtime from working during snow storms, fire fighters, and summer camp staff. Healthcare increased 19% from 2012 to 2013 but the costs weren't seen because of the payment holiday/repayment from LGC. It is an unknown what will happen with the increases this year because of the federal changes.

Mr. Carpenter stated the Town has reached an agreement with the State of NH regarding the liens on the Lee Farm property. The agreement came in at a lower cost and with fewer restrictions. However, the older structures need demolition, and the initial estimates for demolition are approximately \$25,000.00.

The School Board and the Selectmen are working together to create sub-committees to start the planning process to develop the farm into a community space. The intent is to make it a community project, working with Junior and Senior High School Students and the many different groups in and around town to create a place that all citizens can use. Funding for the work will start with donations and sweat equity by citizens, prior to seeking tax money for the improvements.

Mr. Carpenter stated the Fire Department has completed interviews and made an offer for a third full time fire fighter position.

Chair Batchelder asked members to review the Town reports and forward any questions.

Mr. O'Brien asked when the budget cycle starts and it was stated the Town is on a calendar year cycle and the School is a fiscal year, July to June cycle.

Mr. Ferland asked about the encumbered funds total. Mr. Carpenter stated the Town encumbered only funds that had received prior spending approval, highway and the Lee Farm, and projects took a little longer than expected to complete.

Chair Batchelder thanked Mr. Carpenter.

SCHOOL 3RD QUARTER FINANCIAL REVIEW:

Chair Batchelder thanked Mr. Perron for coming back to the Budget Committee.

Mr. Perron stated he would provide an overview of the School budget and expenditure sheets, reviewing the differences in how information is being presented now versus prior years.

Mr. Perron stated the SAU is going through a significant employee restructuring with the new Superintendent in July 2013, and a search for a new Special Education Director and Finance Director. The Superintendant change appears to be very positive, he is taking an active role and

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will have input with the hiring process. Finding a new Finance Director with school budget experience has been more difficult.

Committee members asked how the school budgeted for the possible healthcare changes that were to start as of January 2013. Mr. Perron stated healthcare will be one of the first and major issues for the new Finance Director; the budget did not significantly increase healthcare because of the existing \$600,000.00 increase in other areas.

Discussion took place about the plan and processes the school can take to establish any additional funds that may be needed and available school healthcare options.

Mr. Perron stated the School Board opted to gamble on refinishing the gym floor and did not budget for the item. It has now been determined the floor needs to be refinished and dormers need to be added to the roof over the doors to prevent future damage. A hearing will be held to remove funds from the capital reserve account to pay for the work.

School Lunch is also becoming a problem; the account can not have a negative balance and it must be funded. The School Board is looking at all alternatives to solve the issues; increased fees, outsourcing the lunch provider, lunch cooperative with other schools, less food waste, reducing the cost of food, and more details about the changes will come forward when determined.

Mr. Perron reviewed the financial worksheets provided by the SAU explaining what each column represents and how they are used.

General discussion took place about the worksheets, how funds can be transferred from one account line to another, what actually determines an encumbrance of funds, how purchase orders are used to track purchases, how salaries and benefits payments are applied to the budget lines, and the ability to include known anticipated expenses when a purchase order hasn't yet been generated.

Mr. Perron reviewed the revenue information, stating the report lists a negative amount, but it is actually a positive amount.

Discussion took place about the Coe Brown tuition differential and how the SAU was doing with the plan to try and collect funds earlier in the year, including using other payment schedules, monthly and quarterly to more easily collect the funds.

Mr. Perron stated a spending cap has been instituted and only necessary purchases are taking place, all purchase orders being reviewed by the SAU and School Board.

Mr. Carpenter asked about the transportation sub-committee results. Mr. Perron stated the sub-committee is a year round ongoing group to review transportation for possible changes. The sub-committee will make suggestions for recommended changes when they are established. It was determined the SAU, specifically the Business Administrator/Finance Director should have been reviewing transportation costs, contracts, establishing deficiencies and suggesting corrections but it was something that didn't happen.

Chair Batchelder asked if the transportation sub-committee would have a timely report to influence the budget process. Mr. Perron stated there isn't a specific timeline but expects that a report will be provided in time.

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Ms. Danis asked about the teacher of the deaf. Mr. Perron stated that would be seen in the next budget cycle.

Mr. Perron stated the special education budget line is the most volatile.

Mr. Marcotte asked to continue receiving the student enrollment reports. Mr. Perron stated he will ask for the enrollment and special education reports provided previously, but due to staffing changes they may take a little longer to receive.

Mr. Koester asked if the School Board would be using capital reserve funds to pay for special education. Mr. Perron stated the school can apply for NH funded catastrophic grants when unforeseen significant expenditures take place.

Mr. Marcotte asked if catastrophic aide is for any other situation or only special education. Mr. Perron believed it is only for special education; grant paperwork must be completed, submitted and then approved before any funds are received at the end of the school year, if even at all.

Mr. Perron reviewed the SAU expenses, including the pre-school expenses. Pre-school is requested under special education criteria. Per an informal agreement between the three towns the class would be located in Northwood. Last year Strafford stated they wanted to leave the pre-school program which would cause Northwood and Nottingham to split the cost 50/50 instead of a 1/3. After discussion the payment percentage was renegotiated for how much each district would pay to support pre-school and Strafford stayed. However, Strafford made the decision at the last school board meeting to provide for pre-school services on their own and Nottingham and Northwood will now support the existing program on their own.

Discussion took place about the pre-school agreement. It was stated the three schools only had a gentleman's agreement, with no formal contract regarding operating and funding terms. Going forward a policy will be drafted to require contracts for any multi-school group plans, including a proposed 18 month withdrawal notice.

Mr. Perron stated one of his goals is to get the business administrator to prepare the reports early, so committee members can review the information before the meeting.

OTHER BUSINESS: Chair Batchelder stated the Town does pay for committee members to attend the LGC Budget Workshop, which provides information about the budget setting process and the roles and responsibility of the Budget Committee.

Chair Batchelder stated the next meeting will take place in late summer for final school budget amounts and the Town 2nd quarter financials. If members are unable to attend a meeting they should notify the secretary, Ms. Wirkkala. A budget cycle calendar is usually provided giving the meeting and hearing dates through to the Town Meeting date in 2014.

ROUNDTABLE: Chair Batchelder reviewed the purpose of the roundtable was for committee members to ask unanswered questions, request action items for future reporting, agenda items, and/or concerns.

Mr. Carpenter stated he views the Budget Committee as a team that is responsible in helping the Town and School to figure out what is really necessary versus only what is wanted. It can be a struggle and everyone won't always agree, but there is an ability to work together. Establishing an

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initial budget can be hard because there is a lack of citizen input during initial budget reviews. Mr. Carpenter invited anyone to attend the Selectmen meetings, in addition to other Town committees.

Mr. Wheeler thanked all those for participating and looks forward to working with the group.

Mr. Perron stated in the past there has been a divide between the Budget Committee and School Board, but believes it started to change during the prior budget cycle and hopes it can continue. If there is information committee members want, please ask and an effort will be made to provide it. Members should also make sure to express their ideas, support and objections to establish well rounded thought out budgets.

Mr. Koester welcomed the new members and stated it was nice to start the year with all members present. All ideas are welcome and should be expressed; the diversity of opinion is helpful.

Mr. Ferland welcomed the new members and looks forward to working together.

Ms. Danis welcomed the new members and thanked Mr. Carpenter and Mr. Perron for the material presented.

Ms. Snow stated she feels very welcome and hopes to be an active contributor to the group.

Mr. Dumas stated he feels welcomed and asked if name cards could be provided to learn who the members are.

Mr. Marcotte welcomed and thanked the new members for participating and is looking forward to the new budget year.

Mr. O'Brien stated he is happy to be participating and being involved.

Chair Batchelder welcomed new members, thanked Ms. Danis and Mr. Koester for their past chair service.

ADJOURNMENT: Having no further business,

9:05 PM **Motion:** by Mr. O'Brien, second by Mr. Marcotte.

Vote: 11 – 0 in favor.

Respectfully Submitted,

Dawn Wirkkala