

**TOWN OF NORTH HAMPTON, NEW HAMPSHIRE
MUNICIPAL BUDGET COMMITTEE MEETING**

**October 2, 2017 7:00 PM
NORTH HAMPTON TOWN HALL**

MEMBERS PRESENT: Chairman Jonathan Pinette, Vice-Chairman and School Board Rep James Sununu, John Anthony Simmons, George Chauncey, Laurel Pohl, Frank Ferraro, Select Board Rep Larry Miller, Little Boar's Head Rep Brian Goode

EXCUSED: Charles Gallant

ALSO PRESENT: School Business Administrator Matt Ferreira

AGENDA

Chairman Jonathan Pinette welcomed everyone to the October 2, 2017 North Hampton Budget Committee Meeting and called the meeting to order at 7:05pm, followed by the Pledge of Allegiance.

Chairman Pinette requested a moment of silence for the victims of mass-shooting tragedy in Las Vegas of the previous evening.

OLD BUSINESS— None

NEW BUSINESS

Chairman Pinette stated that at this meeting they were going to listen to the School Year-End Review and Default Budget, but that the meeting had not been properly posted. He said they would discuss all the matters under New Business but would not be voting on anything at this meeting. He said he had failed to post the agenda 24 hours in advance.

Ms. Pohl said RSA 91A stated that the agenda must be posted in advance in at least 2 places in the Town, and since that did not occur this was an illegal meeting. Mr. Miller said they could still meet, they just could not do anything. Ms. Pohl disagreed and reiterated that it was an illegal meeting, otherwise it was a quorum that was not posted and business could not be conducted. She stressed that any decisions or business conducted would be considered non-public and could be invalidated. She then unseated herself from the meeting.

Chairman Pinette said he had spoken with Town Administrator Apple about the matter this morning. Mr. Simmons asked why Committee members and presenters from the School were not notified that

there could be a potential problem, if the Chairman knew the meeting was not properly noticed this morning. Chairman Pinette reiterated that they would not be taking a vote on anything on the agenda this evening, and said he was advised that the meeting could be held and they could go forward with the information from SAU 21 with regard to the School, and discuss other items on the agenda. Mr. Ferraro said he had a problem with discussing anything including the minutes as that would be business. Chairman Pinette said he intended to conduct the meeting and provide the presentation for questions.

Mr. Simmons stated that there were items on the agenda which had not been covered at a previous meeting, and asked for an explanation of the Budget Committee Liaison to the Town Administrative Assistant and what the Request for 2017 Line-Item Transfers referred to. Chairman Pinette said that he had asked Mr. Chauncey to work as a Liaison with Jan in future with regard to their meetings. He explained that Mr. Ferraro had asked about the School Board 2017 Line-Item Transfers and he had told him he would get the information on which line-items were moved and where and would provide the information to everyone on the Board.

Mr. Simmons said he was not comfortable participating in a meeting that was not properly noticed. Mr. Ferraro said he had prepared questions to ask with regard to the School Budget, and asked if the presenters would be back again at a normal meeting. Vice-Chair Sununu suggested that questions could be asked, as it would just be receiving information vs. the Committee conducting business related to it. Mr. Simmons asked the length of the presentation and was informed approximately 15 minutes. He suggested in that case that they wait and fit the presentation into a properly noticed meeting.

Mr. Simmons, Mr. Chauncey, and Mr. Ferraro then unseated themselves from the meeting.

Chairman Pinette said he could schedule the presenters to come back again, but that he wanted to proceed and hear their presentation. He asked if they should adjourn as they no longer had a quorum, and Mr. Miller stated that it was a quorum of who showed up.

School Year-End Review FY2016/17

SAU 21 Business Administrator Matt Ferreira stated that he would quickly review the FY2016/17 Financials and go over the Default Budget for FY2018/19. He said they ended the year on June 30, 2017 with \$123,000 in Unreserved Fund Balance to be returned to the Town to offset the FY2017/18 assessment. He said \$176,000 was due to unexpended fund contributions in Salary due to staffing changes, which included Regular and Special Education Salaries, and \$115,000 for Paraprofessional Aides. He said they also recognized a \$77,000 savings in Health Insurance and \$26,000 for FICA, with a trend to convince employees to take lower-cost insurance. He stated that they had also saved \$17,000 in Heating Fuel, and had seen a Revenue Surplus of approximately \$29,000 with \$12,000 savings for Pre-School Tuition, and said they had received \$13,000 in donations.

School Business Administrator Ferreira explained that the School had a number of Expendable Trust Funds and provided the balances for each fund as of September 2017. He said the Special Education Trust Fund had a balance of approximately \$155,000, the Building Maintenance Trust Fund balance was \$125,000, and the Health Care Trust Fund had a balance of \$118,000. He said the Energy Improvements Trust Fund balance was \$150,000 and the Teacher Trust Fund balance was \$15,000, and explained that these funds were created as a safeguard for unanticipated expenses. As an example, the Special Education Fund covered out-of-district placements, Building Maintenance covered the boiler, and Healthcare protected against high premium increases. He said the Energy Improvements Fund was

specific for raising money over a number of years for conversion to natural gas. He said \$75,000 was withdrawn from the Special Education Trust Fund, as they had ended up spending \$278,000 for Out-of-District Tuition and had only budgeted for \$136,000, with other money coming from budget transfers to cover the deficit.

Mr. Miller said he could see where they were returning \$123,000 to the Town, but that unexpected funds were \$176,000, and asked if a different amount was put into the Expendable Trust Fund. School Business Administrator Ferreira said the \$123,000 was after the \$100,000 contribution to the Warrant Article, and said \$60,000 was put in the Special Education Expendable Trust Fund from unreserved fund balance. He said they also put \$15,000 into the Building Maintenance Expendable Trust Fund and \$25,000 in the Healthcare Expendable Trust Fund. He said the total would have been \$223,000 if they had not made contributions to those funds.

School Business Administrator Ferreira reviewed other Warrant Articles. He said since they had depleted the Special Education Trust Fund, they had a different Warrant Article for the same fund to raise and appropriate \$90,000. He said there were also Warrant Articles to raise and appropriate \$45,000 for the Energy Improvements Trust Fund and \$70,000 for the Long-Term Maintenance Trust Fund. He said they had a Warrant Article of \$125,000 for Library and Music roof replacements, which was a work in progress with \$119,000 expended so far.

School Business Administrator Ferreira said that an incumbrance of \$4,335 was carried forward from FY2016/17 into FY2017/18, which was an open purchase order not fully expended at the end of the fiscal year. He said they also had a transfer of \$3,821 to cover the School Nutrition Program deficit, which was lower than the 5-year average. He stated that they had audits annually, and the North Hampton School did receive 2 minor control recommendations with regard to needing a second signature for journal entries in their Financial System and having a second signature for the Student Activity Fund. He said they had reviewed the recommendations with the individuals and they had been corrected.

School Business Administrator Ferreira noted that new School Principal Eric Andersen was planning to be present at the meeting, but was unable to attend for personal reasons.

School Default Budget for FY2018/19

School Business Administrator Ferreira explained that the Default Budget was by definition last year's budget plus or minus any contractual obligations. He said he would go through any variances between the FY2017/18 and the FY2018/19 budgets and review the highlighted line-items.

School Business Administrator Ferreira first covered Regular Education, and said the variance of \$156,268 under Salary-Certified Staff for was due to the new Collective Bargaining Agreement (CBA) of last year and said they would see some significant increases this year. He said for Salary-Tutors the \$14,000 variance was just a reallocation from the Salary-Certified Staff account. He said that for Special Education, the Salary-Certified Staff & Specialists were a result of the same CBA issue. He said there was almost a \$20,000 increase for Paraprofessional Staff Salaries, who were covered under their own CBA and would be going through negotiations this fall, with a Warrant Article anticipated in the spring. He stated that changes under Professional Services were due to contracts, and said there was a decline of \$150,000 for Legal Services due to a one-time settlement last year which did not translate into the Default Budget for this year. He said there was also a slight change with Tuition which was contractual.

School Business Administrator Ferreira said the change for Salaries-Coaches & Staff was part of the CBA, with other reallocations for Officials as well as Dues & Fees under Student Activities. He said there was a reallocation under Guidance for Salary-Certified Staff, as well as under Health and under Speech Services. Under Technology they were seeing a decrease of \$29,422 for Salary-Certified Staff due to retirement incentives offered as a one-time expense, and a reduction of \$300 for Audit Services under Board of Education which was contractual and would reduce the Default Budget. He stated that the \$26,788 under SAU Services was a place holder and was approximate at this point in time. He also stated that there was a 4% adjustment for Salary-Administration due to the hiring of the new School Principal, and said they were looking at a possible 7% increase for Property & Liability Insurance.

School Business Administrator Ferreira said there were contractual changes under Business Contracts and Debt Service. He said for Benefits they estimated a 15% increase to GMRand were anticipating getting the rates by October 17th with the numbers from Primex in November. He said the 2% variance under Salary-Food Service Workers was due to staffing changes.

Questions: Mr. Miller asked when the School expected to have their next budget, and School Business Administrator Ferreira said the Administration had finished the proposed budget which would be available at the School tomorrow. He said it was a 2-week process for the School Board to present their budget, and said they had scheduled a few meetings in mid-October for review and would present the School Budget to the Budget Committee on October 30th.

Mr. Miller asked what they estimated as a cost to change out their equipment for the natural gas lines. School Business Administrator Ferreira said it was contingent on the School Board approving the Warrant Article, and said they would be bring forward a final Warrant Article this school year to fund the project. Mr. Miller asked if they expected to start construction next year, and Vice-Chair Sununu said they were discussing having it on the Ballot in March to fund the remainder with construction to beginning in 2018 and hopefully finished that winter. He said the cost for Unitol to put in the line was in the \$450,000 range, with their cost approximately \$140,000 of the total and no further costs down the road. School Business Administrator Ferreira said the cost would be locked in when the contract was signed.

Approval of the Minutes of the Budget Committee Meeting of September 18, 2017

Chairman Pinette said he wanted to review what he had on the agenda for the evening, and said the minutes would be discussed at the meeting on October 16, 2017 along with the minutes for this meeting.

Request for 2017 Line Item Transfers

Chairman Pinette stated that the Request for Line Item Transfers was something requested by Mr. Ferraro, and said he had the information in document form from a Public Meeting and would distribute the information to the Committee.

Budget Committee Liaison to the Town Administrative Assistant.

Chairman Pinette stated that he had appointed Mr. Chauncey to be the liaison between the Budget Committee and Jan, and said he would work with Jan on line-item changes or changes to the numbers to

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make sure they got updated online for the public. Mr. Miller said it would be helpful to have the original book always be there as well, and Chairman Pinette said he would have that in hard-copy form.

BUDGET SCHEDULE

Chairman Pinette stated that he had added a Library presentation for November 20th, and that Nancy had requested doing a CIP Committee presentation which was added for the November 6th meeting. Mr. Miller asked that changes to the Calendar also be published and sent out to the Committee members.

PUBLIC COMMENT– None

ADJOURNMENT

Vice-Chair Sununu made a motion to adjourn the meeting which was seconded by Mr. Goode.

The motion to adjourn was approved by a vote of 4-0, and the Budget Committee Meeting was adjourned at 7:43 pm.

NEXT MEETING: October 16, 2017

Respectfully submitted,

Patricia Denmark, Recording Secretary