

TOWN OF NEWMARKET, NEW HAMPSHIRE

BUDGET COMMITTEE MEETING

SEPTEMBER 24, 2018 7:00 PM

TOWN HALL AUDITORIUM

Approved October 29, 2018

MEMBERS PRESENT: Chairman Daniel V. Smith, Vice Chairman Jeff Raab, William "Blue" Foster, Michael "Mickey" Burns, Trevor MacDonald, Joan LaRochelle, Ashley Bowley, Robert Ortins, Dave Foltz, Town Council Rep Zachary Dumont,

EXCUSED: School Board Rep Elizabeth McKinney

ALSO PRESENT: Finance Director/Business Administrator Lisa Ambrosio, School Superintendent Meredith Nadeau, School Board Chairman Kimberly Shelton

AGENDA

Chairman Dan Smith called the September 24, 2018 Newmarket Budget Committee Meeting to order at 7:00 pm, followed by the Pledge of Allegiance.

OLD BUSINESS

Approval of the Minutes of the Budget Committee Meeting of August 27, 2018

Mr. Burns made a motion to approve the minutes of the Budget Committee Meeting of August 27, 2018, which was seconded by Vice-Chair Raab.

Chairman Smith polled the Committee and the minutes of Budget Committee Meeting of August 27, 2018, were approved by a vote of 8-0, with 1 abstention (only 9 members present at that time).

NEW BUSINESS

FY2017/2018 Town Financials Overview

Finance Director Lisa Ambrosio stated that the Town report included total revenues and total expenditures, with revenues exceeding expenditures by \$5,739 and matching the estimate. She said fund equity improved by \$5,739 and they liked to have at least 5% of the appropriations in the Fund Balance, and said the Town ended the year in a good position. She said the Assigned Fund Balance

equaled encumbrances, which were year-end reserves for payments still owed by the Town. She said the functions for the different areas each came in inline. She stated that in the Highways & Streets section additional dollars were provided for infrastructure with a significant increase in expenses where they appropriated funding outside of the normal budget process due to Senate Bill 38.

Chairman Smith said he noticed a lot of line items had a notation saying “agents on Capital Reserves”. Finance Director Ambrosio explained that when they set up appropriations, for example on page 4 under Long-Term Bonds & Notes, they budgeted \$100,000 for payment on a bond but spent \$175,000 due to a \$75,000 withdrawal from a Capital Reserve Fund. She said Transfers Out showed the money they were putting into Capital Reserves. She said she provided the Town Council with monthly reports in more detail which she could also provide the detailed report to the Committee.

Chairman Smith asked if they should now address the questions to the Town and the responses, and Finance Director Ambrosio said she preferred to do the financials first and take that up at a separate time. Mr. Foltz said that on the Town side revenues came in stronger, and it looked like the biggest savings and expenditures were in personnel. Finance Director Ambrosio said it was changes in staff and changes in insurance elections. Ms. Bowley said she was surprised to see that Street Lighting came in under despite the increased brightness in the lights. Finance Director Ambrosio said they also had a project grant from CDFA for rebates and would see more savings in the future from Eversource. Councilor Dumont asked how long the rebates were expected to last and Finance Director Ambrosio said the rebate was one-time, but credits would be coming in for electricity savings due to the LED lighting.

Councilor Dumont asked where the jumps from budgeted to actuals for Sanitation and Fire would come into play. Finance Director Ambrosio said in Sanitation they had additional revenues from bags offsetting costs, and for Fire the board agreed to provide additional pay for certain volunteers in this year’s budget. Ms. LaRochelle asked about there being no money spent for Ambulance and Finance Director Ambrosio said they had a combined Fire/Rescue group so it was included under the Fire Department.

Mr. Burns asked about no estimated revenues for Property Taxes. Finance Director Ambrosio said they based their revenues just on the General Fund, and said they did not want to appropriate the tax revenues because portions of what was collected were for the County, the Town, and the School. Chairman Smith asked if the \$19 million was the entire Town Property Tax, and Finance Director Ambrosio said the Town had to pay \$15 million to the School plus payments to other governments. She said they could revisit the expenditures in detail as part of the budget process, comparing prior year with current year.

FY2017/2018 School District Financials Overview

Superintendent Meredith Nadeau stated that the Unassigned Fund Balance Retained (\$365,075) over Fund Balance was the 2.5% voters allowed the School Board to withhold at the end of the year. She said on line 35 the Unassigned Fund Balance of \$380,931.02 was given back to the taxpayers. Chairman Smith said the fund balance went down by approximately \$15,000 year over year. Superintendent Nadeau said it was partly due to approximately \$160,000 of additional revenue, including Kindergarten revenue from the State Keno Fund, as well as additional retroactive State aid of approximately \$11,000 to \$17,000 due to State errors in calculations. She said they also saw more Medicaid aid than budgetarily anticipated. She said every year they budgeted for the people they had plus positions anticipated, either as new hires or changes in benefit plans or Special Education.

Chairman Smith said he was looking for a comparison of where the year ended up to what was budgeted. Superintendent Nadeau said the Unassigned Fund Balance was the sum of all the line-by-line sections, and said the budget summary provided to the School Board would also be sent to the Budget Committee. Councilor Dumont asked how beneficial the School District found the Keno funding, and Superintendent Nadeau said true revenues were still somewhat unknown and the State guaranteed around \$80,000 last year. Mr. Burns pointed out that Keno Aid was listed on the summary but the amount was zero under Restricted Grants in Aid, and he asked about the other State aid of \$11,000 to \$17,000. Finance Director Ambrosio stated that some of that was infrastructure money and said she would get a detailed split for the Committee. She said they did not know what Keno Funding would be this year and said part of the State revenues were for security upgrades. She said the \$89,000 actual for Keno funding had not come in yet.

Councilor Dumont asked how State funding was dispersed, and Superintendent Nadeau said it came in intervals and a payment schedule was provided at the end of the year. Finance Director Ambrosio said funds offset appropriated expenses, but they still had to appropriate the funds. Chairman Smith said the Committee would like to see by account what was budgeted and what was spent. Vice-Chair Raab said the summary made sense as the report filed with the State, but they would like to see the numbers broken out as part of the budget process. Mr. Foster asked if Keno funding was required to be spent on Kindergarten. Superintendent Nadeau said the School had to demonstrate they had full-day Kindergarten as part of the recording data and that the money came in per Kindergarten child. Finance Director Ambrosio said it was just an offset to the overall tax rate, and Superintendent Nadeau added that the monies received were not enough to fund their entire Kindergarten program.

Mr. Foltz said the School Budget also came in last year at approximately 2% and within about \$10,000, and Superintendent Nadeau said it would have been tight without the additional revenues. Chairman Smith asked if they budgeted the ending Fund Balance and the 2% was purely savings relative to what was budgeted. Superintendent Nadeau said they budgeted to spend a portion of it and had given back money to the taxpayers last year. Chairman Smith asked where the Transportation budget was and how it ended the fiscal year relative to expectations. Superintendent Nadeau said the total of \$621,330.91 (page 4, line 14) was within a couple of thousand dollars between regular transportation and Special Education transportation. Mr. Foster asked if that included SST transportation, and Superintendent Nadeau said Vocational Transportation was a separate line. Finance Director Ambrosio said that was contracted out and she knew what it was going into the budget.

Chairman Smith said he wanted to make sure they were not spending more than what was budgeted, and Mr. Foltz said they would like to see details for comparison before they did the budget in November.

School Resource Officer

Chairman Smith said they had a short discussion about the School Resource Officer (SRO) at the last Budget Committee meeting and had come up with some questions related to understanding the mechanisms by which the money was transferred and calculated. He said they had sent 2 questions to the Town Administrator and also to the School District through Superintendent Nadeau for clarification.

Superintendent Nadeau stated that last March following one of the school shootings the School Board, as well as the Town Council in non-public session, met with Police Chief True to talk about safety. She said following that the School Board asked for further information about adding a School Resource

Officer, held some Public Forums, and asked the Superintendent to speak to the Town Administrator about potential costs. She said she received the costs from the Town Administrator based on current salaries and she relayed those costs back to the School Board, who held a Public Forum and decided to add a School Resource Officer at the Elementary School. She said she then relayed this back to the Town Administrator and he reviewed the process along with Chief True of hiring the officer and having him ready to start the School year.

Superintendent Nadeau stated that the agreement followed their existing SRO agreement paid for by the Town, and because budgets were already set, in order to bring the individual forward, the cost for the position would fall to the School Department. She said the Police Department was able to hire an officer and have one assigned for the start of the School year. She said they would be billed quarterly and reimburse the Town for those costs. She said they had not yet been billed, and explained that because the money was unanticipated revenue for the Town, the Town Council held a Public Hearing to discuss appropriating those funds and agreed to accept them for the purpose of hiring an SRO.

Ms. Bowley asked what might make the quarterly bill vary, and Superintendent Nadeau said they anticipated no cost for July and only 1 week of August but did not expect much fluctuation after that. Chairman Smith said the School District was still going to pay the officer for the summer, and Superintendent Nadeau said that was still to be determined as the School Board could only appropriate funds one year at a time. Mr. Burns said he was stymied that they did not know how they were going to pay the officer in the summer. Superintendent Nadeau said that was not the question she was answering, but she said they got an estimate of approximately \$94,000 for the cost of the officer including salary and benefits for this fiscal year, and no funds had been transferred or billed as they did not yet have the budget for next year.

Mr. Burns said that they did have a salary, and Superintendent Nadeau they had a salary for this year, and if the Board decided to carry over the position they would have a salary for next year based on the Police Department Salary & Benefits schedule. Mr. Burns again asked how they would cover the salary in the summer and asked if the position would be renewed. School Board Chairman Kimberly Shelton said they would know when they did their upcoming budget, and said it was indicated when they started the process that the position would be renewed for the following year. Mr. Burns said they had a full year salary split between the Town and the School and asked again if the School would pay the summer salary out of their budget.

Superintendent Nadeau said that was not how the Town Council relayed it for this year and said the question would be revisited as they entered this year's budget process. School Board Chairman Shelton said they did not know yet about the summer as the budget was only through the end of June, and the SRO position did not start until the end of August. Superintendent Nadeau said it was an expenditure for a contracted service just like the Facilities Director. Chairman Smith explained to Mr. Burns that for this year's budget the Town and School would have to determine how this would be paid for. Mr. Burns said they were using assumptions moving into Budget Season not knowing what was going to happen. Vice-Chair Raab asked what the process was for the current SRO and Superintendent Nadeau said that position was funded 100% by the Town. Vice-Chair Raab asked if there was a significant reason it had to be different. Superintendent Nadeau said that was a decision the Town Council and the School Board would need to make going into the budget as it was a decision for the governing bodies, and said for this year it was agreed that the cost for the officer would fall to the School Department.

Mr. Foster said he was very displeased with the School Board using allocated funds from the Deliberative Session and re-allocating them for the SRO. He said the voters had allocated extra money into the budget for the School and the School Board decided to use it for a different intent, and he said he did not think the \$94,000 could be considered unanticipated funds on the Town's part as 6 or 7 Public Meetings were held with both boards discussing the funds. Finance Director Ambrosio said that the process was legal. Mr. Foster also asked how they could bill for an unanticipated expense. He said he was in favor of the position just not the process by which it came about. He said the Police Chief was already thinking about adding a Police Officer, and asked why the School could not use their Safety & Security funds. He said he was bothered by the process of using funds that were allocated for a specific reason being used for another purpose, and said there was a process they could have gone through to properly allocate the funds for the SRO.

Superintendent Nadeau said the unanticipated funds were revenues from the School which the Town Council had to accept and were not included in the Town Budget, and said the Town Council held a Public Hearing to accept those funds and they were authorized by the governing body. She explained that in terms of the Security Budget, the money was from the State for special projects for structural upgrades and personnel was not allowed. School Board Chairman Shelton said this was not something that the School Board took lightly at any level. She said it came down to a question of having the funds, which even at the Deliberative Session she had said were going back down to the bottom line to be reallocated in different ways. She said with the shooting and requests from several Board members to increase safety, they met with Chief True and decided an SRO would be an option. She said she felt she could not vote against it, because if something happened she would not know how to answer for that.

Mr. Foster said RSA stated that anytime funds came in over \$10,000 a Public Meeting needed to be held and asked if they would be holding quarterly public hearings. Superintendent Nadeau said they could accept the funds on a one-time basis, and said the Town Council Resolution was to spend up to \$94,000 for the cost of the School Resource Officer. Mr. Burns said they would be transferring money from the School to the Town, and Superintendent Nadeau said there was no transfer as it was unanticipated revenue. She said they were contracting the Town for the services and that the School would pay for that contracted expenditure out of their budget. Vice-Chair Raab asked if it was a common thing from the Town's perspective to have the School District transfer unanticipated funds, and Finance Director Ambrosio said she could not say one way or the other during her tenure.

Superintendent Nadeau said they should understand that the new position would not have been filled on the Town side if the Town Council had not accepted those funds. She said it was a mechanism by which the Police Chief went forward to hire and that the funds came in after March and were considered unanticipated under the law within the legal framework. She said the Town already accepted funds from the School Department for the Facilities Director and the School accepted funds from the Town for the Finance Director, which were already in the budgets as expenditures for contracted services. She said the School would budget the funds as expenditures on their side and the Town would budget the funds as revenues on their side to offset expenses for the Police Department.

Mr. Burns said that in this particular situation a summer salary was involved. Superintendent Nadeau stated that Teachers' salaries were also based on the full year though they were not in School in the summer. Mr. Foltz said a lot of the questioning was a result of the fact that for years the Town and the School could not have been further apart, and now that this was happening they were trying to understand the mechanisms because it never happened before. Superintendent Nadeau said they still

had a very specific responsibility for accounting under that, and said they would be able to show very clearly as they moved forward.

Mr. Foster said the current SRO was under the Police Department and also did details and patrols. He asked if the new Police Officer fell under the new Police contract just signed, and Superintendent Nadeau said he did. Mr. Foster asked why the School was paying for the SRO in the summer if he was not in the school, and Superintendent Nadeau said right now the Town did not derive the benefits for 9 months of the year for the existing SRO and said it was a decision for the governing bodies. She said the money was coming out of the same taxpayer pocket and the cost to the community did not change. Mr. Foltz said one thing being missed was that Budgets go through June 30th, so the summer months would not be decided until the upcoming budget process started, which was why they did not have answers.

Chairman Smith said his concern was just understanding that this was not compromising something else the Committee might think was important coming into the budget season. He said the general consensus was that it was a good thing to have the officer in place. Mr. Ortins said he wanted to know why one SRO was being paid for by the Town and one by the School and the difference between them, as he felt they should be treated the same. Vice-Chair Raab said if he wanted to participate in the process of how that happened he should go to the School Board and Town Council meetings as the decisions had already been made by the time it got to the Budget Committee.

2018/2019 Budget Season Calendar

Chairman Smith suggested that the 2018/2019 Budget Season Calendar be put off, as without the Town Administrator present they did not have perfect clarity on what the timeline looked like. He said the next Budget Committee Meeting would be held October 29, 2018. Mr. Foltz said the Town Council would be holding their sessions by then but nothing would have been determined.

Chairman Smith said he had not heard anything about CIP and asked if it was beginning. Finance Director Ambrosio said the meetings were very much underway. Mr. MacDonald said they met last week with Department Heads and had heard about their projects, and said the CIP Committee would be meeting tomorrow to start their review. Finance Director Ambrosio said the Town Administrator would be presenting to the Town Council by October 15, 2018. Mr. Foltz recommended that Budget Committee members follow-up with all of the Town Council meetings moving into budget season.

OTHER BUSINESS

NEXT MEETING: October 29, 2018 at 7:00 pm in the Auditorium.

ADJOURNMENT

Mr. Foltz made a motion to adjourn the meeting which was seconded by Mr. MacDonald.

The motion to adjourn was approved unanimously by a vote of 10-0, and the meeting was adjourned at 8:19 pm.

Respectfully submitted,

Patricia Denmark, Recording Secretary