

**TOWN OF NEWMARKET, NEW HAMPSHIRE
MUNICIPAL BUDGET COMMITTEE MEETING**

MAY 24, 2021 7:00 PM

REMOTE MEETING

Approved June 28, 2021

MEMBERS PRESENT VIA ZOOM: Chairman Joe Lamattina, Vice-Chairman Michael LaBranche, Roger Cady, Richard Lesavoy, Christopher Wolfe, School Board Rep Gary Swanson, Michael Mattozi

EXCUSED: Eric Wigode

GUESTS VIA ZOOM: Town Finance Director Bill Tappen, School Superintendent Dr. Susan Givens, School Business Administrator Janna Mellon

AGENDA

Chairman Joe Lamattina welcomed everyone to the Newmarket Budget Committee Meeting of May 24, 2021 and called the meeting to order at 7:00 pm followed by the Pledge of Allegiance.

Chairman Lamattina stated that Eric Wigode was unable to attend this evening, and Town Council Rep Zachary Dumont had resigned.

Notice for Remote Meetings: *As Chairman of the Municipal Budget Committee, due to the Covid-19 coronavirus crisis, and in accordance with Governor Sununu's Emergency Order #12 pursuant to executive order 2020-04, this Board is authorized to meet electronically.*

Please Note that there is no physical location to observe and listen contemporaneously through the meeting which was authorized pursuant to the Governor's Emergency Order. However, in accordance with the Emergency Order, this is to confirm that we are:

(A) Providing access to the meeting by telephone with additional access possibilities by video or other electronic means. We are utilizing the Zoom platform for this electronic meeting and all members of the Board have the ability to communicate contemporaneously during this meeting through Zoom platform, and the public has access to contemporaneously listen and if necessary, participate in this meeting through dialing area code 301-715-8597 and meeting ID 92637129750.

(B) Providing public notice of the necessary information for accessing the meeting via Zoom, instructions provided on the Town of Newmarket Website at: www.newmarketnh.gov.

(C) There are provisions made to alert the public body during the meeting if there are problems with access: please call 602-292-1221.

(D) We will adjourn the meeting if the public is unable to access the meeting. In the event this happens, the meeting will be rescheduled. Please note that all votes taken during this meeting shall be done by Roll Call vote.

Roll Call Attendance: Michael LaBranche-present/alone, Roger Cady-present/alone, Richard Lesavoy-present/alone, Christopher Wolfe-present/alone, Michael Mattozi-present/alone, Gary Swanson-present/alone, Joe Lamattina-present/alone

PUBLIC COMMENT

No one from the public called in and Chairman Lamattina closed Public Comment at 7:03 pm.

OLD BUSINESS – None

NEW BUSINESS

Review of Town Financials for March 2021 (Q3)

Town Director of Finance & Administration Bill Tappen stated that he provided 3 documents: Expense Report, Revenue Report, and the Preliminary Grant Report which shows the state of particular funds directed at specific things for the Town.

Director Tappen said the Expenditure Report is General Fund money being spent, which the Budget Committee focuses on when reviewing the Town Budget every year, with the idea to make sure we are staying in line with expenditures and if not to explain the reasons. Same holds true for the Revenue Report with various lines showing where revenue comes from for the Town and at the beginning of the year dealing with estimates of revenue for that next year.

Questions: Vice-Chair LaBranche said Legal Fees and Roadways & Sidewalks were already over-expended. Director Tappen said several Legal Fees were HR-related and unexpected causing more spending than anticipated on attorneys' fees; the Roadways & Sidewalks overage is due to using more salt than anticipated for the winter. He said he looks at the overall Operating Budget and they were running at 74% in March which is close to the baseline target.

Chairman Lamattina said in general it looks like COVID has not been as bad as originally thought. Director Tappen said they got hit the hardest in Revenue without a major hit to Expenditures. He said Federal Funding through GOFERR and FEMA covered a lot of COVID-related expenses we would have incurred, and also allowed us to do some things less expensively. Mr. Swanson asked if the upper portion of Route 108 on North Main Street was finished and whether the line item for Bridges might go up. Director Tappen said he would take that up with the Public Works Director.

Mr. Wolfe said it looks like the MacIntosh & Tucker Wells Project on the Preliminary Grant Report is about \$175,000 short and asked how the variance will be funded. Director Tappen said these are fully covered and there will be no overage in the end. Vice-Chair LaBranche asked why Item 17 Comcast has a beginning balance of negative \$19,904 and Director Tappen said they may owe us. Vice-Chair LaBranche also asked about the Macallen Dam as March shows underbudget by \$240,000. Director Tappen said additional work is still going on and final invoicing may not yet be done.

Review of School Audit – January 2021

Superintendent Susan Givens said the School has addressed all items from the Audit Report in some fashion, depending on time required to fully implement measures, and have policies and procedures to

address shortcomings. Mr. Cady asked what actions were taken to secure payroll files and purchase orders. Business Administrator Janna Mellon said it was a contract procedure issue and there was no issue with payroll numbers. Mr. Cady said it was about security of the files and restricted access and Business Administrator Mellon said it related to HR files and issues with lost keys to a locked room and all file cabinets were rekeyed by a locksmith. For Purchase Orders a purchasing procedure has been put in place requiring employees to use a requisition process.

Mr. Cady asked about the Food Service negative balance and if they were changing procedures. Business Administrator Mellon said effective July 1st any negative balances will go to the School Board for formal approval. Mr. Lesavoy asked about the crowd source funding issue with people raising money independent of the process. Superintendent Givens said a lot of informal groups have set up crowd sourcing as a way to raise funds, some are specifically School District organizations and some not related. She said they need to identify where they are being used and create a policy to make sure those strategies are secure.

Mr. Cady asked about the School possibly changing auditors, and Superintendent Givens said they did make a change for this year and signed a 3-year extendable contract. She said they did an excellent job of reviewing our financial statements, systems, and internal control.

Review of School Financials for March 2021 (Q3)

Business Administrator Mellon said they provided two versions of financials, one by function code and one by object code which is more easily relatable, both with the same bottom-line number. A table was also put together with notes as explanations for outliers differing from budgeted amounts. She said a lot of our variances this year are jumps in salaries, with supplies and equipment higher than normal due to COVID, with some grant funding to offset expenditures though some areas are still over-expended and there will be additional grant funding coming forward.

Business Administrator Mellon said the next part of the Financial Report shows how much was expended; next largest is what is encumbered (owed not yet expended); final is what we have remaining not encumbered or expended as of March 31, 2021. The final exhibit shows year-to-date expenditures by function category with one-half of our Budget Salaries and Benefits and the other half operational.

Questions: Chairman Lamattina asked how function categories roll up into each line item. Superintendent Givens said function codes are set by a legislative body that wishes schools to track information in a certain way and are not directly relatable to actual work; the line-item chart is more consistent with how they would manage. She said there is very little discretionary money in what we do to provide educational programs for kids, and operations take up 99% of the budget with supplies, materials, and repairs a very small sliver. She said items must be subdivided down into each of the function codes, and the new format allows us to better understand how we are spending money. Business Administrator Mellon said for every function code there is a whole set of line items.

Vice-Chair LaBranche asked under which function code legal expenses would be found. Business Administrator Mellon said Legal does not have their own function code in the School Budget and is found under the School Board function code. She said function codes are dictated by the State and legal and professional services are in several function codes within the School District. Mr. Mattozi asked for clarification on the \$94,000 line item for COVID-IT. Business Administrator Mellon said when the State indicated funding would be available to address some needs for COVID they recommended that the

School District track those expenses separately to easily seek reimbursement, and there are 3 COVID-related function codes in the chart. When funding came through, they were able to move some expenditures into a grant fund as a reimbursement and this is the amount we have been unable to find funding for. Mr. Mattozi asked what the \$94,000 was for specifically and Business Administrator Mellon said for tech expenditures which were not budgeted like Chromebooks, supporting devices, and software for the Zoom platform.

Mr. Mattozi asked if it was reasonable to expect the Technology line item to go down next year with \$94,000 worth of equipment on hand. Superintendent Givens said there will always be some money for Technology as children's devices are replaced every 3 years. Mr. Mattozi asked about discrepancies in Salaries on the financial statement page. Business Administrator Mellon said some is due to categories of employees: professional including teachers and instructional, and paraprofessionals, tutors and monitors for which hiring has been difficult and variances are due to unfilled positions.

Superintendent Givens said in Facilities and Food Service they were unable to get staff needed and had to outsource so the money was spent in a different line than for an employee. Others are IEP driven by student needs and there is a shortage, and it cannot be cut out of the Budget if tied to a mandated service for students with learning needs. She said people did not want to work under pandemic conditions.

Chairman Lamattina asked if the School end-of-year surplus would be carried over. Business Administrator Mellon said with any appropriated funds there are parameters about how we spend them and what we can do, but funds left at the end of the year will carry over. Chairman Lamattina said it sounds like there are potential additional COVID funds that can be tapped into and asked how that might impact the budget. Superintendent Givens said the COVID money is not to reduce our Budget but to help support additional services we will need to address the learning-loss gap and deal with mental health issues. She said the funding will help address any additional expenses that would otherwise not be present.

Superintendent Givens said they will be giving money back and there is also programming that was not implemented this year and money not spent in many areas where it is typically spent. They went after any funding they could find and there is money left over from COVID not spent last year and this year. She said they will continue to look at where learning gaps are for kids and develop some programming to address their needs. More information will be presented to the School Board in June.

Mr. Swanson asked about the Board's discretion to retain funds. Business Administrator Mellon said in the fall of 2020 the legislature allowed us to retain up to 2.5% of our remaining balance in a contiguous fund and later voted to increase that to 5% which is within the Board's discretion. Chairman Lamattina asked if the School Board discussed anything about joining the lawsuit with other School Districts over School Funding. Superintendent Givens said they have not had a chance to even consider it and it is now closed.

Appointment to Vacant Budget Committee Positions

Chairman Lamattina said Ned Carpenter and Brian Hickey have applied to fill the two vacant positions on the Budget Committee and asked them to introduce themselves.

Ned Carpenter said he is a 3-year resident and likes the community. He said while at Plymouth State he fell in love with New Hampshire and his family is rooted in New England. He runs the New England Division of a large company as general manager and has a lot of personnel/HR in his background, operational, and

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facilities management. He said he is looking to get more involved in the community and be part of the process.

Motion: Vice-Chair LaBranche made a motion to appoint Ned Carpenter to the Newmarket Budget Committee with term expiring April 2022, which was seconded by Mr. Swanson.

Roll-Call Vote: Michael LaBranche-aye, Roger Cady-aye, Richard Lesavoy-aye, Christopher Wolfe-aye, Michael Mattozi-aye, Gary Swanson-aye, Joe Lamattina-aye

Motion approved by a vote of 7-0

Brian Hickey said he moved to Newmarket in 2017 and loves the community. He worked for the Commonwealth of Massachusetts for about 20 years as CFO for Human Resources Division and was Administrator for Workers Comp for the entire State, and he now works with his brother installing commercial playground equipment. He said he has done budgets for most of his career and wanted to be able to give back to the community and learn what goes on at this level of government and feel part of it.

Motion: Mr. Wolfe made a motion to appoint Brian Hickey to the Newmarket Budget Committee with term expiring April 2022, which was seconded by Mr. Swanson.

Roll-Call Vote: Michael LaBranche-aye, Roger Cady-aye, Richard Lesavoy-aye, Christopher Wolfe-aye, Michael Mattozi-aye, Gary Swanson-aye, Joe Lamattina-aye

Motion approved by a vote of 7-0

Chairman Lamattina said they both need to see the Town Clerk in Town Hall to get sworn in and will be able to vote at the next meeting. Mr. Cady asked Mr. Carpenter if the company he works for does business with the Town, and Mr. Carpenter said it does not.

Review and Approval of Preliminary Calendar

There were no questions by Budget Committee members about the proposed calendar. Chairman Lamattina said they will be meeting in Town Hall starting with the June meeting as the Mask Ordinance was rescinded last week and the Town Hall is now open for us to meet. He said he asked the Town Manager to set up meetings for new members with department heads.

Approval of Budget Committee Meeting Minutes of April 19, 2021

Motion: Mr. Swanson made a motion to accept the Budget Committee Meeting Minutes of April 19, 2021, which was seconded by Mr. Lesavoy.

Roll Call Vote: Michael LaBranche-aye, Roger Cady-aye, Richard Lesavoy-aye, Christopher Wolfe-aye, Michael Mattozi-aye, Gary Swanson-aye, Joe Lamattina-aye

Motion approved by a vote of 7-0

OTHER BUSINESS

Mr. Wolfe asked if Zoom would still be available now that they are moving back into Town Hall. Chairman Lamattina said yes but he would verify with Town Manager.

NEXT MEETING: June 28, 2021

ADJOURNMENT

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

All members were in favor and Chairman Lamattina adjourned the meeting at 8:30 pm.

Respectfully submitted,

Patricia Denmark, Recording Secretary