**TOWN OF NEWMARKET, NEW HAMPSHIRE**

**BUDGET COMMITTEE**

**August 26, 2013**

**TOWN COUNCIL CHAMBERS**

MEMBERS PRESENT: Chair Ellen Snyder, Vice Chair Amy Thompson, Judy Ryan, Dana Glennon, Drew Kiefaber, Russ Simon, William “Blue” Foster, David Foltz, Michael Lang, School Board Rep Cliff Chase

ALSO PRESENT: Town Administrator Steve Fournier, Superintendent of Schools Jim Hayes, School Finance Director Christine Blouin

EXCUSED: Town Council Rep Larry Pickering

Chair Snyder opened the meeting at 7:00 p.m., followed by the Pledge of Allegiance.

**APPROVAL OF MAY 20, 2013 MEETING MINUTES**

Mr. Simon said he had 2 corrections and a question about the minutes. Page 2: “…at the April 29th meeting regardless of LGC*’s opinions* wanted to speak.” Page 4: …”out a 27 page form to qualify, and if they *qualify,* the district…” Mr. Simon referred to the discussion on the approval of the April 29, 2013 minutes, which noted the LGC letter and Ms. Kwaks’ letter had been received after April 29th, but were a part of the May 20th minutes. He asked if they should have been attached, but Chair Snyder said they were considered to be attached by reference as they were a part of the file for the meeting.

Mr. Kiefaber moved to approve the minutes as amended. Mr. Foltz seconded. Motion carried, 9 – 0 -1, with Ms. Ryan abstaining as she had not been at the meeting.

**TOWN BUDGET – Town Administrator Steve Fournier**

FY13 RECAP: Town Administrator Fournier reported that the General Fund unreserved fund balance increased by $1,017,434 to $2,380,062, which was approximately $1.2M above the amount the Council set as its threshold of between 5% and 10%. The key reasons for the increase were: motor vehicle permit revenue exceeded its budget by $90,067; building permit revenue exceeded its budget by $15,936; ambulance receipts exceeded its budget by $66,251; unanticipated revenue of $234,310 from the sale of the old DPW garage; closing of the Parking Fund to the General Fund for $187,779; unused appropriations from employee vacancies in Buildings and Grounds, Police and Fire for a total of $84,197; and unused appropriations in benefits from vacancies and having consultants for Finance Director and Assessor for a total of $147,383. He mentioned financial obligations and bonds for the town, and that the Downtown TIF obligation is funded by a Capital Reserve Fund. A certain amount from the Ambulance Fund goes to an enterprise fund, about $35,000. They were working on a new chart of accounts. He stressed that the figures given were prior to the audit, although he did not expect many changes.

BRIEF UPDATE ON FY14 BUDGET: Town Administrator Fournier said that one month into the fiscal year, everything was going well, and he had nothing major to report. LGC has to return money to towns by September 1st, but the court date for the towns not receiving refunds is in mid-September. Newmarket should receive an additional $85,000, but Town Administrator Fournier said he had no intention of spending it in case it had to be returned.

FY15 BUDGET PROCESS AND TIMELINE: The budget process had started at the department head level.

10/15/2013 Budget from Town Administrator to Town Council

11/15/2013 Budget from Town Council to Budget Committee

Early January Budget Committee Town Public Hearing

Mid January Budget Committee School Public Hearing

03/11/2014 Town Meeting – Voting

Town Administrator Fournier had to leave to attend the Charter Commission meeting.

GRANTS AND SOCIAL SERVICE GRANTS – FUNDING CRITERIA: Mr. Glennon had asked Town Administrator Fournier if there were criteria for awarding social service grants or other grants, and found there were none. He also had concerns about accountability in the lack of receipts provided to the town. He said that in speaking with the Town Administrator and Finance Director Angell, he realized that this was an oversight, and they were working on the concerns. In speaking with LGC, he found that although the Budget Committee does not have the authority to dictate to the Town Council, it can make a statement of recommendation as a body to the Council. The wording of the written recommendation was discussed.

Mr. Glennon moved that a letter be sent to the Council (from the Budget Committee) recommending that criteria should be set up for all grants. Ms. Thompson seconded. Motion carried unanimously, 10 – 0, by voice vote. Chair Snyder will send the letter and also ask for a response.

**SCHOOL BUDGET (Jim Hayes, Christine Blouin)**

BRIEF RECAP OF FY13: Ms. Blouin said the FY13 figures she handed out were unaudited at the time of the meeting. The school had approximately $89,000 in fund balance on the expenditure side after backing out remaining balances from warrant articles in trust funds. The egress project costs would come from the Dual Purpose Trust Fund. Dr. Hayes said there had not been a full accounting, but he expected the project to come in somewhat below $640,000. Ms. Blouin said there were savings in special education because only 2 of the 4 projected students entered the school system. The difference between the original budget and current end of year budget was from the addition of warrant articles and trust funds, as the operating budget was entered before other items with the new accounting system. The revenue report showed that CAT Aid and Medicaid game in higher than expected. Land purchase and architectural studies were lower than expected, because not all the money had been needed. The total of unanticipated revenue was $107, 000, the largest amounts being $83,000 from Medicaid and $13,000 from CAT Aid. Together with the balance on the expenditure side, the total fund balance is $197,000. Of that, $150,000 will go to 3 trust funds and the remaining $47,000 will go to reduce taxes. Ms. Blouin said she would re-check the wording of the warrant article to determine the amount going into the trust funds. (She had based the $150,000 on 25% up to $50,000, but by percentage the total amount would be $145,500.)

Annual rent of $1,000 the school had been receiving on property will soon cease, as the lessee had closed his business. However, a portion of the $40,000 tax escrow account, to be determined, will be returned to the school. The school received $471,911 in grant money some of which had not expired, so it would be inaccurate to say that not all the money would be spent or there is a deficit showing in the variance column. The original budget was $510K but because of carry over the budget was $533K, as grant money not spent during a fiscal year is carried over to the next year. The fiscal activity on the expenditure side for grants must equal the $471,911 in grant money received by the end of the year, which they did. If grant money is not received, any salaries or purchases tied to the grant would not be funded. Money from the sale of lottery tickets goes first to the State’s Education General Fund and is a part of the state tax monies sent to schools every year. Ms. Blouin will find out how much of the state tax money received was from the lottery.

BRIEF UPDATE ON FY14 BUDGET: Ms. Blouin said the school was challenged by the unanticipated arrival of 11 special needs students and 6 new positions based on IEPs. Also, there would be an approximate 5% percentage reduction in federal grants from the Sequester. She said she would provide updates as she received more information. There are approximately 4 people in the district who write grants, and because of the warrant article passed last year, the School Board has the authority to spend any other grant money that can be found.

FINANCIAL ANALYSIS OF NEW TEACHER CONTRACT: The first year of the new 3 year contract took effect on July 1st, so figures provided were for FY13. M. Blouin had provided the totals for each article in the collective bargaining agreement: the step one bonus for one person hired, the step 15 longevity bonus, health benefits and buy-backs, dental insurance, life insurance, long term disability, retirement/severance for which a number of people had announced intentions of retiring, and professional days. She said she would get the number of people receiving the Step 15 bonus for the Committee and the total number of people covered by the contract. She said that sick time liability of $1.4M, based on $75 or $100 per day, would be the amount needed if everyone with unused sick time cashed it in at the same time. She had not included it in her analysis as it was an unreasonable assumption, and was not part of the Collective Bargaining agreement. The new contract does not allow personal days to roll into the next year. Ms. Blouin will find out how many people had taken sick leave and personal days the previous year. At the end of a fiscal year, teachers may cash in 7 days of unused sick time, and any remainder may accumulate up to 125 days. Accumulated sick time may also be used in case of a lengthy illness. In each year of the new contract, the longevity bonus will be cut by $500. There is a $100 per year bonus for teachers with over 14 years experience, and a similar bonus for teachers with 10 years of experience in Newmarket. Ms. Blouin will find out how many receive both bonuses. She will not know the figures for FY14 until next year.

SPECIAL EDUCATION FUNDING: The Special Education Director was ill, but will be on the next agenda if there is time.

FY15 BUDGET PROCESS AND TIMELINE: Dr. Hayes said he and the Town Administrator were in agreement on dates for items they could share. He said the goal was to present the school operating budget to the Committee no later than Thanksgiving, November 26th. The schedule he presented was a draft, but he said the next one would be final. Dr. Hayes said that in the past, a Budget Committee member had sat in on School Board budget workshops, and he encouraged someone to come this year. He said the format for the budget presentation would be decided soon. If the budget is in booklet form, he will make note of the previous year’s suggestions for additional information. The warrant articles are expected to be ready for the Committee in January, and the Committee cannot finalize the budget until after the public hearing and last date to submit petition warrant articles, which is for January 14th. The Committee would have to finalize the budget between then and a few days before January 27th, the last day to post warrant articles.

Dr. Hayes said the Oyster River/ Newmarket tuition agreement presented was a framework, not a final settlement. He said he believed the costs he presented in his financial analysis could be negotiated. He said they intended to hold September public forums on all 3 options the school has, and should have definite dates soon. Oyster River intends to make its decision in October about which of the 4 schools it would offer an agreement, and in March, the voters of all towns in the cooperative would have to affirm the decision. If Newmarket is selected, work can then begin on its warrant article in preparation for Newmarket’s March vote. He said he expected an offer to be a specific contract. Dr. Hayes said he had written 2 documents: one that explained the framework and elements of the agreement, including discussions leading up to the framework; the second that was a cost analysis, not only of the agreement, but also financial responsibilities Newmarket would have beyond the agreement and with other options. A citizen requested that an independent finance person look at the figures, and Town Finance Director Angell agreed to do the review. The citizen also asked that the Committee be involved in the process. The Committee discussed the necessity for a review, who might be of help or involved, and the need to have a meeting to go over the agreement and the other options before the September public hearings. Chair Snyder asked if all were in agreement that the Budget Committee host a public forum within the next few weeks on the tuition agreement and other options. It was thought that the Committee should first meet with Dr. Hayes, Ms. Blouin and Mr. Angell to ask its questions and have a better understanding before a public forum. It was decided to have the special meeting on Monday, September 9th at 7:00 p.m. The presentation that Dr. Hayes made to the School Board on August 15th is available online for members to watch before the meeting, and members had been sent the 2 analyses and the agreement. The Committee discussed the format of the meeting. Dr. Hayes will have the slides available from his presentation, but the focus will be on answering questions.

**FALL BUDGET COMMITTEE MEETING SCHEDULE**

September 9, 7:00 Special Meeting on the tuition agreement

September 23, 7:00 Regular monthly meeting

October 17 School Board budget meetings, which can be attended or watched October 31

November 13

November 21

**OTHER BUSINESS**

APPOINTMENT OF CIP ALTERNATE:

Mr. Glennon volunteered to serve as Budget Committee Alternate to the CIP Committee. Ms. Thompson moved to appoint Mr. Glennon as Alternate to the CIP Committee. Mr. Lang seconded.

Discussion: The procedures for selecting 2 members of Budget Committee to serve on the CIP state the Budget Committee may make recommendations to the Council for its vote to appoint. The request for an Alternate had come from Town Planner Diane Hardy, and she will be sent the name.

The motion carried unanimously, 10 – 0 by a voice vote.

Chair Snyder said the Charter Commission holds a public forum at its first meeting each month and encouraged members to attend. She had spoken at the last forum, and said the Commission is actively seeking ideas and input. The next public forum is Monday, September 9th.

**MOTION TO ADJOURN**

A motion was made to adjourn by many members, and Ms. Thompson seconded. Motion carried unanimously, and the meeting adjourned at 9:09 p.m.

Respectfully submitted,

Ellen Adlington, Recording Secretary