

TOWN OF HOPKINTON
Budget Committee Meeting Minutes
Wednesday, October 12, 2016
-APPROVED-

CALL TO ORDER

Chairwoman Janet Krzyzaniak called the meeting to order at 5:30 pm, at the Town Hall.

ATTENDEES

Janet Krzyzaniak, Mark Zankel, Don Houston, Ken Traum, Richard Houston, Deborah Norris, John Wuellenweber, Amy Bogart, Ginni Haines and Bill Chapin, Jr.

PUBLIC ATTENDEES

None

MINUTES

Ken Traum motioned to accept the September 14, 2016, draft minutes, noting that there were typos in the draft minutes. Amy Bogart seconded. Discussion took place noting where these typo corrections were needed. All corrections were noted and will be made. The minutes were approved unanimously as amended.

Discussion took place as to how detailed the actual minutes need to be. There was concern over having too much of the discussion included when it could be more generalized.

John Wuellenweber motioned that the minutes should be more consolidated and not include so much detail in regard to the discussions. Debbie Norris seconded. The Board approved unanimously.

Ken Traum said that he made a statement in the September, 14, 2016, minutes that he found out after was incorrect. The minutes read, "Mr. Traum said he believes the speed suppression signs are still to go forward." Mr. Traum said they are not to go forward because it was part of the grant that was returned back.

FINANCIALS – Board of Selectmen

Ken Traum presented the Town's financials through the end of September 2016. He stated that they are ¾ of the way through the Town's fiscal year. On the Revenue side, where you'd expect them to be at 75% of revenue, they're at 70%. The shortfall is due to timing because the State pays room and meals tax very close to the end of the year. They expect revenues to come in slightly over budget.

On the expense side, 71% of the budget has been spent versus the 75%. Account 4195 Cemeteries looks very high because that fund gets reimbursed out of the Cemetery Trust Fund for professional services related to perpetual care. The expectation is that they will come in on budget. The Fire is going to run over budget due to professional services discussed at previous meetings. In terms of the total budget, they are expecting to be within budget.

FINANCIALS – School Board

Bill Chapin, Jr., presented a number of reports:

Hopkinton School District Official Audited Financial Report for the Fiscal Year 2016

To summarize, he stated that they ended up having more end of year revenue from the 2016 year and less expenses. They had committed at the March meeting to send \$420,376 back to stabilize the tax rate in addition to taking \$100,000 from the Article X Funds and \$25,000 from the Health Insurance Trust. The report presented is the Executive Copy that they sent to the State.

FY2016 Hopkinton School District Detailed Revenue and Expenditure Status Report

This report shows every line item (130 pages of details).

Hopkinton School District Unreserved Fund Balance Proposal dated June 24, 2016, Appendix I

Mr. Chapin explained that at the end of each fiscal year (end of June) they anticipate having an unreserved fund balance. This year they have a much higher unreserved fund balance than they had anticipated. The Superintendent brings the Unreserved Fund Balance Proposal to the School Board and they determine how they can better utilize some of the unreserved fund balance.

He explained that in 2017, what they didn't anticipate in 2016, was the need for four sections of Kindergarten. It wasn't something they could budget for but they have to make it work in the 2017 Budget even though they didn't anticipate it.

Bullet I shows where they had \$31,322.60 that they were going to use to purchase computer equipment that was approved in the 2017 Budget. They swung that back to the 2016 Budget, because it was an item that they could swing back into the 2016 Budget, in anticipation of using some of that excess, to pay for part of a Kindergarten teacher.

Bullet II shows maintenance work/purchases that were not completed by May 1 and were put on hold until the FY16 unreserved fund balance was determined. These items got done after the fiscal year had been completed out of this unreserved fund balance.

Bullet III shows items that were eliminated from FY17 budget, in order to keep the flat tax rate on the budget, that they deemed were necessary. They went back and put them in, using the unreserved fund balance.

Bullet IV shows items that came in that they did not anticipated would be needed in the FY17 budget. These items have been purchased with the unanticipated unreserved fund balance.

Bullet V shows they added everything else that was left of the unanticipated unreserved fund balance into the Article X fund to help bolster that account.

As they entered into this year, had none of this had happened, they were going to withdraw \$100,000 from the Article X fund. They did withdraw some money from the Article X fund for FY2016. What they did in addition to that, is add money back into that fund at the end. The fund has increased instead of dropping in value.

Discussion followed about what Article X was and what it is used for. It was described as a reserve fund set up to add to when there is extra money and to use it, instead of giving the money back to the tax payers, to help stabilize the tax rate in future years. Its use is appropriated at the school district meeting and limited to a percentage of the total budget.

At the bottom of the proposal is the total of funds utilized. It does not include the \$72,124, because it is not being expended. At years' end, they are doing exactly what they promised, they give back, in the unreserved fund balance to the tax payer.

Hopkinton School District Revenue Analysis for 16/17 Tax Rate

This report shows amounts anticipated during the 2016/17 budget process for use of the undesignated fund balance on MS27, anticipated use of undesignated fund balance at 6/30/16 on MS24 and actual balance based on revised MS24 9/30/16. End of fund year balance \$604,150.

Under other revenue anticipated, they never transferred the \$25,000 from the Health Insurance Trust Fund, because they didn't have to. The School Building Aid came in a little bit higher.

Under Article X funds, it shows they're using \$58,063.33 out of the Article X funds. The balance of the Article X funds will be \$301,060.67.

Committee members agreed they liked the format of this report.

Hopkinton School District Balance Sheet dated August 31, 2016

This report shows where they are right now. The upcoming monthly reports, will be one sheet with the current month, the last month and last year columns for clarity. Today's report has the detailed numbers. September's Balance Sheet will be presented at the School Board Meeting next week.

Discussion took place about what year the boilers would need to be replaced at the schools. Anticipating when they'd need replacing, with what they'd be replaced with and how much the replacements would cost was included in the conversation.

FINANCIALS – Hopkinton Village Precinct

John Wuellenweber presented a Profit & Loss Budget Report, saying they're right on track with what they spend. Their biggest expense is street lighting, they keep the Main Street lights going, and they pay the electric bill. If a light is out give them a call and the bulb will be replaced. They have a Government building (the old fire station) in their budget with \$5,000. The back corner is falling in, due to a leak, so they need to pay for a roofer to come in and repair the roof. Next year they will be fixing the crumbling ceiling also resulting from the leak. His hope is to have the roof repair done before winter.

Discussion took place about the water pressure in the precinct and if it would support sprinklers at the Harold Martin School. Mr. Wuellenweber said that without a new pressure tank and replacing all the lines in town that wouldn't be possible because the system is antiquated.

FINANCIALS – Contoocook Village Precinct

Don Houston presented the Profit & Loss Budget stating that the numbers were on schedule. He shared that the lawsuit against the precinct has been settled. It will be a \$56,000 cash settlement that will hit the books this year with half of it and next year with the other half. It will be absorbed in the existing budget and they won't have to budget any more for it. There are other five year expenses with the settlement that will be buried in the next few years of budget.

PUBLIC COMMENT

No members of the public were present.

FUTURE MEETING WITH THE SCHOOL BOARD ON 10/18/2016 AT 5PM AT MAPLE STREET SCHOOL –

Bill Chapin handed out the draft itinerary for the Joint Public Meeting. He let the Board know that the School Board Meeting will be held following the combined meeting.

Don Houston handed out tentative topics for the Joint Public Meeting.

Discussion followed about the two committees complimenting each other so that role clarity and expectations are clear. Also discussed was how the Budget Committee could provide guidance, knowing that unanticipated events may occur.

Tentative topics for the joint School Board and Hopkinton Budget Committee meeting were discussed. (Please see additional page, to follow, for more information.)

Discussion continued regarding the role of the Budget Committee. According to RSA 32:1, “the purpose of the budget committee is to assist voters in the prudent appropriation of public funds”. The Budget Committee is the check and balance for the tax payers, representing the people. The Budget Committee needs to see the whole picture, with input from each board, in order to see from their boards’ view, why items are needed in the budget before they present the budgets for vote. The comment was made that it would be beneficial for each board to present a 5-year estimate/plan/forecast so that expenses could be spread out over time, knowing that there could be changes. The question was asked, does the tier system make sense so the committees can see and acknowledge where minor and major cuts can be made depending on the budget criteria?

The board was reminded that decisions need to be made and that unless the Budget Committee members attend all of the other budget committee meetings, they won’t know until the first week in December what the town has come up with and until the end of January what the school board has come up with for budgets.

John Wuellenweber motioned that the Hopkinton Budget Committee take a macro stance in regard to the School District budget. Bill Chapin seconded. Amy Bogart opposed. The motion was approved with one opposition.

OTHER BUSINESS

Don Houston presented a Tax Rate Actual report that included school and town information covering 2013/14-2016/17.

NEXT MEETING

The next meeting will be Wednesday, November 9, 2016, 5:30 pm, at the Town Hall.

ADJOURN

Ginni Haines motioned to adjourn at 8:25pm. Amy Bogart seconded. The motion carried unanimously.

Respectfully submitted,
Tammy Clay

TAMMY CLAY'S NOTES REGARDING THE DISCUSSION RELATING TO THE TOPICS TO BE COVERED AT THE OCTOBER 18 JOINT MEETING

- 1) What is the role of the HBC in defining how and where the School District should allocate its budget?
 - A) Should the HBC be involved with the line items or curriculum issues?
HBC is the check and balance for the community. Recommendation that HBC is ONLY involved in the bottom line dollar figure
 - B) Micro or macro manage the budget?
A member of the Board thinks that macro should be followed – so details are up front so the Budget Committee can have a say as to if it's a need or want.
Others think that giving them the bottom line, what is a reasonable goal for the year?
HBC should be involved in big items, not small items. HBC needs to be knowledgeable of the bonds and contracts because they are a part of the big picture.

*******VOTE TAKEN THAT THE HBC WILL TAKE A MACRO STANCE IN REGARD TO THE SB BUDGET – AMY OPPOSED --- opening statement***** we trust you as professionals to run your schools**

What is in the miscellaneous? The School Board knows what needs to be spent and why.

- 2) What recommendations/guidelines should the HBC provide to the School Board for developing their budget?
 - A) Percentage or dollar change?
 - B) All contracts/bonds?
By when do you need the guidance?
What are the big drivers in the 2017 budget, in 1-3 year spans, 5 years out? Is it even possible to forecast?
- 3) What is the criteria for presenting the financials at the HBC meetings?
 - A) Executive Summary – **This summary each month**
 - B) Do we want to continue using the multi-page detail?
Multi-page, Yes, monthly for Amy. End of the year for other members.
- 4) Will the SD participate in developing a long-range Hopkinton Tax Projection forecast by providing estimated Operating Budgets, Capital Purchases and Bond Debt with the understanding that the projections are subject to change?
- 5) What will be the format for presenting all the budget at the Public Hearing?
 - A) Will the HBC present an overview of the total budget including the resulting tax rate?
The Budget Committee presents their budgets with a quick overview of all budgets then discussion takes place.
 - B) Does each representative then provide a more detailed presentation of the HBC's recommended budget?
 - C) If there is disagreement between the budgets, the rebuttal can then be presented and discussed.
What happens when there's a difference/disagreement? When does the difference get discussed.
HBC decides after with the information presented.
Clarity of roles

