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APPROVED
TOWN OF PELHAM
BUDGET COMMITTEE - MEETING MINUTES
Monday, October 20, 2014
APPROVED – October 27, 2014

CALL TO ORDER – at approximately 7:30pm

PRESENT: Mr. Daniel Guimond, Mr. David Cate, Mr. Bob Sherman, Mr. Dave Cronin,
Mr. Greg Smith, Ms. Daryle Hillsgrove, Ms. Amy Spencer, Mr. Michael Bilby,
Mr. Leo Rush, Selectmen Representative Doug Viger, School Board
Representative Megan Larson

ABSENT: None

Also present: School District Superintendent Amanda Lecaroz, School Business Administrator Steve Martin, Human Resources Director Deborah Mahoney, Pelham Elementary Principal Thomas Adamakos, Pelham Elementary Assistant Principal Michelle Viger, Pelham Elementary Assistant Principal Jessica VanVranken, and Pelham Memorial School Principal Stephen Secor

PLEDGE OF ALLEGIANCE

MEETING MINUTES

October 6, 2014

MOTION: (Sherman/Cate) To approve the October 6, 2014 meeting minutes as amended.

VOTE: (10-0-1) The motion carried. Mr. Rush abstained.

2015 SCHOOL BUDGET PRESENTATION

School District Superintendent Amanda Lecaroz and School Business Administrator Steve Martin came forward for budget presentation/review.

Mr. Guimond noted that the Board had received (via email) the School's Business and Finance Monthly Report from Mr. Martin. For public information, he asked for a brief explanation of the proposed amount that would remain in the unassigned General Fund Balance.

Mr. Martin explained that the District ended the year (June 30, 2014) with a \$1,404,000 unassigned fund balance. The components of that were:

- 1) Operating Budget - \$304,000 underspent – Local Government Center ('LGC') payment holiday.
- 2) FY13 Budget - \$114,000 – underspent carry over High School HVAC/sprinkler Warrant Article.
- 3) Total Salaries - \$293,000 – underspent: Instructional Assistant account (\$198,000) unfilled positions and staff turnover; all other salaries (\$136,000) staff turnover. (*note: substitute and overtime salaries overspent by \$41,000*).
- 4) Benefits - \$837,000 (*approx.*) – underspent (*excluding the LGC refund*): Health Insurance (\$362,000), Dental Insurance (\$115,000), New Hampshire Retirement (\$266,000), FICA Medicare (\$89,000).
- 5) Unanticipated Revenues - \$316,000 – which must be returned to the taxpayers.

Mr. Martin noted that Special Education overspent their budget (after using the \$160,000 contingency) by \$165,000. Total overspent \$325,000.

Mr. Guimond questioned what comprised the \$316,000 unanticipated reviews. Mr. Martin replied they always conservatively estimate revenues; part of the amount was the LGC refund. Ms. Lecaroz added at the time they drafted the FY14 budget they didn't know they would do tuition preschool. She felt it was important to note that the numbers listed were as result of the budget prior to Mr. Martin's employment. The District is now budgeting differently. Mr. Larson explained a review had been done of each employee's earnings and benefits to ensure the budget accounted for actual costs and not estimates. The current year's budget was in line with those actual costs.

Mr. Cate understood the Special Education contingency fund had been depleted and wanted to know if a warrant article would be proposed for a capital reserve. Mr. Martin discussed the fact that there would be an approximate \$360,000 refund from LGC this year that the School Board accepted as unanticipated revenues. After employees are paid their share of the refund there will be a significant amount available in the fund balance. Mr. Martin and Ms. Lecaroz have recommended a warrant article to the School Board to add to the Special Education and Building Maintenance Capital Reserve accounts; the School Board will discuss this at their next meeting.

Mr. Guimond questioned if the \$1.4 million dollars would offset the proposed FY16 budget. Mr. Martin replied that the FY15 budget would be offset, not the proposed FY16 budget being reviewed. The FY14 money had to go back to the taxpayers. Mr. Martin indicated he spoke with Selectman Hal Lynde and explained they wouldn't have a \$1.4 million dollar figure next year and strongly suggested the Selectmen may want to keep as much back as possible to help next year's tax rate. He hadn't heard what the Selectmen and Town Administrator decided to do. Mr. Viger replied the Selectmen had a couple directions, but had not yet met with the Department of Revenue Administration.

Mr. Smith was curious about what percentage the actual Special Education budget had gone over budget. Mr. Martin suggested reviewing the FY16 functional summary under Special Education (speech, psychological services, OT/PT, SPED transportation) which would show last year's total. He commented overall it was a smaller percentage, but represented a bigger percentage of out-of-district tuition.

Mr. Smith learned a lot of districts were seeing a drop off in food service consumption (mainly due to the new healthy food rules) and as a result experienced a loss in operations. He saw there was a reduction of 44%. Mr. Martin replied that figure was for St. Patrick's School. Food Service turned a small profit last year.

Prior to commencing budget review, Mr. Martin provided an overall summary of the budget being proposed and comparison to previous year actual figures.

Mr. Rush questioned if an agreement had been procured for electricity. Mr. Guimond replied the Town had, but wasn't aware that they worked with the school. Mr. Martin replied the School belonged to a different energy buying group with a number of school districts; they tended to get better rates because they were large consumers. Mr. Rush asked if Mr. Viger knew how the Town's rate compared with the school's rate. Mr. Viger believed the Town was locked in with a guaranteed rate until the end of this year or for eight months. He said he could get information.

Ms. Spencer inquired why the health insurance figure was higher in Pelham than in other areas. Mr. Martin stated it was an experience factor; one of the major increases last year was a result of Pelham's split with Windham. After the split, Windham's rate went down and Pelham's rate went up. Basically Pelham's insured used it more than other towns.

Mr. Martin continued his review of the Executive Summary. Ms. Lecaroz provided updated enrollment projections. An amendment was made to the Kindergarten and 1st grade number, which was off by 4-5 students. Mr. Cronin realized because of the structure of the high school numerating the teachers wouldn't make a difference. However, he wanted to know the total number of teachers at the high school. Ms. Lecaroz didn't have the number in front of her, but would provide it to the Board. *(Later she indicated there were 43.5 classroom teachers at the high school for both FY15 & FY16).* Mr. Martin reviewed a table showing that identified changes in staffing that were incorporated into the proposed budget.

Mr. Rush wanted to know why Workman's Compensation was listed under a benefit. Mr. Martin stated according to the State of New Hampshire it was a benefit to be listed under the 200 account series (benefits). Mr. Rush believed there was something wrong with doing so. He commented that Worker's Comp was also an employer's liability that kept the Town from being sued by someone that was hurt on the job. He felt it was a benefit to the Town or School to have Worker's Comp, not to the employee. Mr. Martin responded it was a benefit for the employee and the State Department of Education tells them it has to be accounted for under a 200 object account, which is benefits.

Mr. Martin explained that the proposed budget was built using a different chart of accounts based on new computer software that was implemented. He provided a breakdown of how information was structured. Previous items budgeted as furniture and equipment under \$400 are now budgeted as supplies. As a result of this change, the supply lines show an increase for FY16. Also miscellaneous expenses have been adjusted from other areas of the budgets.

94 The attachments to the Executive Summary were a budget breakdown by Object account and a budget breakdown by Function account summary.

95
96 Mr. Guimond asked for an explanation of how the budget could show a \$383,000 increase to salaries and a \$102,000 decrease for health insurance.
97 Mr. Martin explained even with the 11% increase in rate, they were budgeting a reduction in health insurance because of a change in employee
98 usage and more savings than expected from new health plans. More employees opted for the new policy (with a higher deductible) than expected.
99 The agreements passed by the voters for the CBA and PESPA also saved more money than anticipated.

100
101 Mr. Sherman asked if the school was relying on LGC to negotiate because he was aware of four new carriers coming into the State. Mr. Martin
102 believed the CBA require a pooled cost. Ms. Mahoney told the Board that the CBA got their insurance through Health Trust and their vendor is
103 Anthem. She didn't have the information about the new carriers; the CBA indicate Anthem as the vendor and to change that would require
104 negotiations.

105
106 Budget binders included Exhibits for the following: 1) Book Replacement Schedule; 2) Detailed PSD Chart of Accounts Listing; and 3) Budget
107 Sense to eFinancePLUS (software) conversion chart. Mr. Martin discussed the proposed electricity rates, which were expected to have a
108 significant increase. In late December the figures will be recalculated using the forward market pricing that will give a better understanding of if
109 an increase will be recommended for reconsideration. Ms. Lecaroz noted that the high school addition would increase the square footage by
110 approximately 40%; however with the addition being energy efficient would only reflect an increase for utilities of approximately 20%.

111
112 Ms. Spencer noticed a significant decrease in legal fees from 2013 and questioned what occurred. After reviewing past records, Mr. Larson
113 believed the budget for the School Administrative Unit ('SAU') cost was listed under legal at the time of the software conversion. That figure has
114 since been corrected.

115
116 Ms. Lecaroz provided the Board and public with an update of the high school project, which was running on schedule and on budget.

117
118 **Pelham Elementary School**

119 2015 Adjusted Budget - \$2,073,810

120 2016 Proposed Budget - \$2,081,950

121
122 Ms. Lecaroz stated there was a projected decrease in enrollment that was being closely reviewed. As a result there has been a reduction of one
123 classroom teacher and the .7 nurse has been reduced to .5. Mr. Guimond saw that salaries were being reduced approximately \$8,000 between
124 aides and teachers and the health insurance showed a decrease of approximately \$66,000. Mr. Martin explained they were two separate things.
125 The change in salary was dependent on reduced and/or replacement staff. Some of the health insurance decrease was related to the change in
126 staff; however the school was seeing a savings from the new policies.

Mr. Sherman saw there was a vacant position under paraeducators and questioned if it was held in the event a child came into district. Mr. Martin replied a regular education instructional assistant had been cut. Ms. Lecaroz noted they had a vacant instructional assistant position at each school in the area of Special Education, which is filled dependent upon the needs of the students in the building. Mr. Martin added some of the staff positions were moved around within the budget to correctly reflect their function.

Mr. Martin provided the Board with an explanation for how the budget detail was laid out on the worksheet breakdown.

Under the Regular Education Programs – Life Insurance (213) and Disability Insurance (214), Mr. Cronin saw that the lines were zeroed out and questioned if they had been moved elsewhere. Mr. Martin replied there had been nothing expended in those lines. In the current budget the lines were budgeted in the unit. He said the goal for future budgets was to charge those lines directly to the employee's budget unit, similar to other benefits. This has not yet been put into the software. Mr. Guimond noticed that the life insurance and disability lines were listed in the FY15 budget and zeroed in FY16. He asked where those lines were moved to. Mr. Martin pointed out they budgeted one line item (for now) in the 2900 function within the District budget.

Ms. Spencer questioned why the line for rental/lease software had increased. Mr. Martin explained technology was budgeted district wide in FY14. Some of those budget units were moved to the appropriate line of business for the FY15 budget; the remaining items were moved in the proposed FY16 budget. Ms. Lecaroz believed the software lines would show an increase because they were transitioning a number of resources to online (interactive) materials.

Mr. Cate wanted to know if the school had to purchase new texts each year based on the way geography was ever changing. Ms. Lecaroz replied the curriculum was rewritten last year. They were purchasing additional non-fiction books that the students could use to learn social studies and improve their informational reading. Ms. Larson added when the social studies curriculum was realigned they found some items that needed replacement/updating; the budget reflects the purchase of those items.

Mr. Rush questioned if cursive writing was being taught in the grade schools. Ms. Lecaroz answered yes; students began learning in third grade.

Mr. Martin pointed out object account 325 – testing protocols which in the past had mostly been charged to supplies. He was in the process of trying to move those into the appropriate accounts.

Mr. Guimond inquired if the school was still working under the 'No Child Left Behind' program. Ms. Lecaroz said it was still a Federal Legislation that had not yet been revised. She explained there was an opportunity to apply for a waiver, which most states had done including New Hampshire. This means they define their schools in need of support differently than they did in the past.

161 Through an earlier conversation, Ms. Spencer understood Special Education spending was above the amount budgeted. She noticed a lot of
162 reductions specific to Special Education and wanted to ensure they were budgeting enough. Mr. Martin explained some of the reductions were
163 due to figures moving to different accounts. Ms. Lecaroz added that the District wide budget went over, not the budgets within the individual
164 schools. The overage areas were for the out-of-district placements, contracted services etc. listed in the District budget.

165
166 Mr. Sherman noticed in all the programming there were shipping and handling charges that when added together totaled a few thousand dollars.
167 He questioned if next year's budget would be adjusted to determine if all those funds were actually spent. Mr. Martin replied that was how the
168 budget was developed. He noted if a quote came back with shipping as part of the item, that cost would be bundled in with the price. Mr. Martin
169 said he could determine the shipping and handling listed in the budget by reviewing page by page, but he couldn't be accurate for what they were
170 spending because not everything is accounted for separately; some shipping was bundled with the cost of the item. There was further discussion
171 regarding shipping/handling costs; Mr. Sherman suggested that shipping/handling charges should be included in the budget line for an item so they
172 could accurately calculate how much that item cost. Mr. Martin said the school drafted the budget using the estimate to buy the materials they
173 needed.

174
175 Mr. Guimond asked if the Board wanted a breakout of the shipping and handling charges. Mr. Smith recalled being shocked at the price for
176 shipping books, but he also recognized that books were heavy and the shipping was a standard practice of the industry. He felt they would move
177 away from those costs as the schools utilized ebooks. The Board did not request additional information.

178
179 Mr. Viger questioned if the school still contracted out speech therapy. Ms. Lecaroz explained they had a number of speech pathologists on staff.
180 She told the Board they had been paying for a speech pathologist to come into the district and provide services. They've included that as a salary
181 position within the district budget; the cost ended up basically equal. Mr. Viger asked if they were confident about finding someone with the
182 specific certifications required. Ms. Lecaroz spoke of the last budget in which they merged two part-time positions into one position.

183
184 Under account 430 – repairs & maintenance, Mr. Cronin wanted to know where the figure of \$.28 per square foot was derived from. Mr. Martin
185 spoke of being provided with actual costs for building maintenance (general repairs) which allowed for the creation of metrics, based on the age of
186 the specific building. Through that metrics were able to determine the general repairs cost per square foot. Mr. Cronin questioned if the
187 calculation was based on the account history not from the past 'unanticipated repair' budget line. Mr. Martin said that was correct; they used
188 industry numbers, not Pelham specific. He never liked the term 'unanticipated', because they knew what general repairs were based on the
189 different facilities.

190
191 Under account 624 - heating oil, Mr. Cate questioned if they were budgeting enough based on review from previous years. Mr. Martin believed an
192 appropriate way to budget utilities was to use a three year average. He noted last year was an extremely bad year but when averaged with the prior
193 two years showed them as using less oil. He commented they would be in trouble if there was another year like last year. Ms. Hillsgrove
194 requested a breakdown of the gallons used and cost for each of the three past years. Mr. Martin will provide the information he had. Mr. Cate

wanted to know if they would come back during reconsideration with an adjustment. Mr. Martin answered yes. He told the Board the energy consultant would review everything; at present, the electricity increase was the number everyone was upset about.

Pelham Elementary Principal Thomas Adamakos came forward to introduce himself to the Board. He also introduced Vice Principals Michelle Viger and Jessica VanVranken. He thanked the Board for their consideration and review of the proposed elementary school budget.

Pelham Memorial School

2015 Adjusted Budget - \$1,419,900

2016 Proposed Budget - \$1,498,801

Pelham Memorial School Principal Steven Secor came forward for the budget review.

Ms. Lecaroz pointed out that Memorial School enrollment only showed a difference of three students. Being consistent with enrollment, the budget was basically level funded. Mr. Guimond questioned why the salary line showed a \$79,901 increase. Mr. Martin replied that was due to the collective bargaining agreement; there may also be grade changes and changes in staff.

Mr. Cronin wanted to know why there was not budget amount under 1100 – Regular Education Programs where it indicated ‘*reassign one classroom teacher to new reading specialist/language arts position; transfer librarian to library function*’. Mr. Martin replied that was a note for the School Board. Ms. Lecaroz explained they were considering eliminating a teacher and reclassifying as a reading specialist. Currently they have a conditional approval with the State because they don’t have a certified reading specialist at the middle school working with the whole school. They have a part time person working specifically with a special education student. Mr. Cronin asked if the budget line was an unfunded placeholder. Ms. Lecaroz said the comment was included so they would have a conversation. She explained their problem was not knowing the enrollment because of budgeting so early. Actual enrollments are not determined until the beginning of October. Ms. Larson noted as of right now, the reassignments weren’t happening.

Mr. Rush wanted to know why there was a large increase for music books from 2014 to 2015. Ms. Lecaroz wasn’t sure how the music books were budgeted during that time; it was a different administration and different music teacher. She said the FY15 budget was based on what the music instructor specifically knew they needed. The middle school music programs have expanded significantly; however the budget wasn’t being changed very much from the figure approved last year to the proposed figure this year. Ms. Hillsgrove suggested it might be helpful to provide the Board with the population changes of students over the past couple years. She said as those numbers increase more music was needed for students to share. Mr. Guimond asked how many students were currently in band. Mr. Secor believed there were approximately sixty students and expected to grow. He noted the \$400 increase from last year’s budget was that the chorus instructor would like to add a select chorus (similar to an honors program), which would require purchasing additional music. Ms. Spencer believed the question was why the budget increased

significantly by approximately \$4,000 from FY14 to FY15. Ms. Lecaroz replied they don't normally discuss increases that occurred in previous years and would review her notes from last year. She stated they were prepared to discuss the FY15 to FY16 budget.

Mr. Rush asked for clarification regarding the purchase of textbooks for social studies. Ms. Lecaroz explained that the cost in the budget reflected the cost to outfit an entire grade level in books. The schools follow a revolving textbook replacement schedule (included in the budget books prepared by the school).

Ms. Spencer questioned if students were sent home with textbooks, or if textbooks were kept in the classroom. Mr. Secor replied students access their textbooks online for math and social studies. The overall book replacement (wear/tear) is reduced for that purpose.

Mr. Cronin requested a chart showing the hourly rates for the instructional assistants (throughout the schools). Mr. Sherman had a breakdown and gave the information to Mr. Cronin.

Mr. Rush asked how many student newspapers were generated during the year. Mr. Secor replied the student newspapers were all on-line editions, not hard copy. Mr. Larson believed Mr. Rush's question was regarding the stipend. Mr. Martin stated the stipend was included in the CBA. Mr. Secor didn't know how often the newspaper club met. He believed it was comparable to most of the other clubs.

Ms. Spencer noticed there was a \$4,000 reduction for basketball uniforms and questioned if they were outfitted. Ms. Lecaroz stated previously uniforms at the middle school weren't being replaced on a regular basis. Since then, Mr. Secor and the Athletic Director created a rotating uniform replacement schedule. The FY15 uniforms were accidentally left out of the budget, so it was proposed to put half of the FY15 in the FY16 budget, and the other half of the FY15 uniform cost in the FY17 budget. Mr. Secor will provide the Board with the uniform replacement schedule.

Mr. Rush questioned where the middle school golf team's home course was located. Mr. Secor stated they used Windham Country Club as their home course. Mr. Rush asked why they didn't use Pine Valley in Pelham. Mr. Viger commented there was a golf professional that assisted the students at Windham; the Pelham course didn't have a person to offer that type of assistance.

Mr. Rush saw there was an increase of approximately 40% over the past three years for nurse services and questioned why. Ms. Larson explained in previous budgets, the benefits were budgeted within the district budget; benefits have since been allocated to the specific departments.

Mr. Cronin asked the structure of employees within the guidance department. Ms. Lecaroz stated they had a job share; there is one full time person and the other two people share one position which represented a savings.

Ms. Spencer noticed a fluctuation in travel and mileage and asked what methodology was used in the calculation. Ms. Lecaroz explained the administrator contracts state they will be sent to a national conference. The budget includes the dollar amount for them to attend; however, they didn't in the last year. Mr. Martin pointed out in past history all of the cost was charged to travel, now the conference fees are charged to a 200 account.

Mr. Rush asked why the salary line showed a \$6,000 increase over last year. Mr. Martin understood there were different people in the position during FY13. He noted last year's salary pool increase was 2.5%. Ms. Larson called attention to the administration totals. She noted that benefits weren't included in the salaries for FY13, they were in the district budget. Mr. Guimond said in order to show the expense of each school, Mr. Martin put the benefits into the specific schools. Mr. Martin said the budget figures were also now listed by budget function. He said there had been major changes in their practices since FY13 in the area of salaries and benefits.

Mr. Martin offered an explanation of how information was processed within the new software. Some information didn't convert properly and is in the process of being refined.

Mr. Rush questioned why there were fluctuations in the 734 account for equipment-additional. Mr. Martin said the \$87,000 in the FY15 budget included the cost of the generator. Ms. Larson believed no additional equipment was being requested for FY16; therefore, the budget line was decreased.

Budget review concluded.

The Board discussed their upcoming meeting schedule. The decision was made to review and vote on Town warrant articles on November 6th and to review and vote on School warrant articles November 13th. There will be no budget meetings on November 17th and 20th.

ADJOURNMENT

MOTION: (Cronin/Sherman) To adjourn the meeting.

VOTE: (11-0-0) The motion carried.

The meeting was adjourned at approximately 9:45 pm.

Respectfully submitted,
Charity A. Landry
Recording Secretary