Committee Chair Tom Croteau called the meeting to order at 5:06 p.m. and provided an overview of the agenda.

Budget Finalization Process

Business Administrator Jack Dunn reviewed the history of reviewing the budget in the fall, after having approved a preliminary budget in March, to set the tax rate for the current budget.

Unreserved fund balance

Mr. Dunn noted that a surplus of $495,974.61 in the unreserved fund balance was due to one-time “payment holidays” for healthcare ($363,000) and workers’ compensation insurance ($209,000). The FY17 budget currently needs $1.9 million from the prior fiscal year to meet its obligations. Any amount above $1.9 million without Board action (requiring at least 2/3 of the Board or 7 votes) will result in a decrease of the local tax rate; that is, returning the surplus to the taxpayers.

Tuition revenue

Mr. Dunn reviewed the impacts that tuition revenue has had on the budget this year.

Appropriation for 2016-2017

Mr. Jack Dunn reviewed the projected tax impact and the expected tax impact of the budget.

The administration had projected, with a .80 valuation increase, an education tax rate of $15.18 per $1,000 (including both local and state education rates) or a 2.85% increase in March, when the preliminary budget was approved.

At this point in time, the administration expects the valuation increase to be 2.24% (once confirmed by the Department of Revenue), resulting in an education tax rate of $14.96 per $1,000 (local and state education) or a 1.29% increase over last year, if the
Board were to simply appropriate the $495,974.61 of additional unreserved fund balance and leave the rest of the budget the same.

Trust Fund balances for FY 17

Mr. Dunn briefly reviewed the seven trust fund balances.

Concord Steam shutdown impact on the budget

Concord Steam rates could be variable, since Concord Steam needs to run this winter as well as plan its shutdown. All of these funds need to be collected from ratepayers between this date and May 31, 2016. If Concord Steam meets or beats the projected amount it needs to run its operation, rates could be stable and a rebate could be issued, but if projections are not met as customers move off steam and the District remains on steam for the winter 2017, variable usage rates are likely. Steam heating costs for the four schools (Abbot-Downing, Christa McAuliffe, Rundlett, and Concord High Schools) on steam heat were budgeted at $885,000. Costs for schools may differ; for example, contracted rates for ADS and CMS are $3.08 for the first 500 pounds, while the rate for CHS is $37.44 for the same amount. Based on historical usage data for the winter of 2015 and 2016, Mr. Dunn described a range of costs between $1.289 million or $847,000 for steam heat for the four schools.

Based on the PUC hearings attended by the administration, several proposals were developed for using the unreserved fund balance.

Options for Finance Committee consideration

- Option #1 – use $490,000 of the unreserved fund balance to pay for increased steam heat costs
- Option #2 – deposit $495,975 into the reserves (primarily the budget stabilization fund) and increase the appropriation by $490,000 to pay for increased steam heat costs
- Option #3 – deposit $495,475 into the reserves and increase the appropriation by $243,000 to pay for increased steam heat costs
- Option #4 – deposit $495,475 into the reserves and increase the appropriation by $373,000 to pay for increased steam heat costs
- Option #5 – do nothing and let the additional $495,475 be used to offset the tax rate; no increase in the appropriation
- Option #6 – proposal at the Board’s discretion

Jim Richards noted that if the Board increases its budget through one of these options, and the additional appropriation was not needed, that amount would go into the unreserved fund balance at the end of the year.

Mr. Dunn also reviewed a detailed breakdown of the tax impact of each option. Each of these options would decrease the overall appropriation ceiling approved in the preliminary budget in March.

FY 2017 Expenses
Mr. Dunn reviewed the projected expenses for the current year that may impact the budget: Concord Steam variable rates, snow removal for the upcoming winter, health care enrollments and special education out-of-district costs. Mr. Dunn noted that an overage in out-of-district tuition of $406,000 is projected, but it is too early to tell what the end result would be. The Board does have a special education trust fund of $407,000 that could be used, with Board approval, if needed. This would require a 2/3 vote of the Board.

The Committee discussed the various options. Nathan Fennessy recommended that the Finance Committee consider either Option 2 or Option 4, as the Board has the opportunity to put some money into reserve funds to support predictable expenses. Jim Richards concurred and supported recommending Options 2 and 4 to the full Board.

FY18 budget considerations

Mr. Dunn noted that anticipated impacts on the FY18 budget include New Hampshire Retirement costs, which are projected to rise from 11.08% to 11.38%, with teachers going from 15.67% to 17.34%; potential early childhood education program costs ranging from $300,000 to $1.2 million; technology updates; bus replacements; childcare facility renovation/replacement; and additional costs for steam heat. These last four are included in the proposed $12 million bond.

The Committee voted 3-0 to recommend consideration of Option 2 and Option 4 as described above to the full Board (motioned by Mr. Richards, seconded by Mr. Fennessy).

Bonding Timeline

Mr. Dunn reviewed the proposed loan resolution and ratification of the declaration of intent to reimburse. The declaration of intent to reimburse starts a 60-day window of any expenses incurred between the date of signing and the date the bond is completed (engineering costs, legal costs, etc.) and is proposed as a prudent action.

This proposal allows the Board to move forward with bonding for $12 million ($9 million for the steam-to-gas conversion, $1 million for renovation of childcare building(s), $1 million for technology updates, $1 million for transportation costs). The childcare facility renovation is related to the CRTC teacher preparation program (currently housed at Abbot-Downing School), not the potential District-wide early childhood education program. Mr. Richards emphasized that the buildings referenced are owned by the District and are currently sitting idle in various stages of disrepair and usability.

Mr. Dunn introduced the loan resolution and suggested scheduling a public hearing on November 7 before the regular monthly Board meeting to solicit public feedback on the proposed bond.

The Committee voted 3-0 to recommend that the full Board vote in favor of the Declaration of Intent to Reimburse as presented, and the loan resolution, with changes as noted (motioned by Mr. Fennessy, seconded by Mr. Croteau).
The Committee voted 3-0 to adjourn (motioned by Mr. Fennessy, seconded by Mr. Croteau).

The meeting adjourned at 5:43 p.m.

Respectfully submitted,

Tom Croteau, Chair
Terri Forsten, Recorder