

Budget Committee (BC) Meeting Minutes
08- 04-2021

A. Call to Order

- Chairman Richard Weissgarber called the meeting to order at 7:00 PM.

B Pledge of Allegiance

- Led by Chairman Richard Weissgarber

C Attendance

Chairman Richard Weissgarber, Grace Hopkins, Ted Trost, Kathy Leary, School Board Liaison Diana La Mothe, Board of Selectman Liaison Brett Gagnon, Selectman Liaison alternate David Morin, Robert Clegg, Hudson School District Business Administrator Jennifer Burk, and Clerk Alejandro Urrutia.

Members not present: Vice-Chair Bill Cole (excused), Shawn Murray (excused), Bob Guessferd (excused).

D Public Input

None

E Acceptance of minutes of June 2, 2021

Mr. Urrutia made the motion to accept, second by Ms. Leary. the motion pass (8-0-0)

F Reports from Liaisons

a. Select Board.- Selectman Gagnon reported there was not much on the table besides the Selectman appointment that the case is in the court where the Judge ordered to open up for applications again; the limit date to present applications is August thirteen. The Judge has until August 25 to review the application to continuing with the selection process.

b. School Board.- Ms. LaMothe asked Ms. Burk, the School Business Administrator, to present the information that was requested during the June 2 Budget committee meeting. Ms. La Mothe also prepared a memo following comments on June 2, and she asks the committee if she should read it or introduce it into the minutes. Mr. Trost made the motion to introduce the memo into the minutes, second by Mr. Urrutia, the motion passed (8-0-0).

Memo:

To: Rich Weissgarber, Budget Committee Chair

From: Diana LaMothe, School Board Vice-Chair and Liaison to the Budget Committee

Subject: Retained Fund Balance

Date: June 9, 2021

I am writing to answer the question posed in the June 2, 2021, Budget Committee meeting about where the \$600,000 in retained funds are held. \$600,000 was retained from FY20 unexpended general funds. As I stated, there is not a separate account holding the \$600,000. I have confirmed with the SAU81 Business Administrator that the retained funds are held in the School's operating bank account. As with all funds, the accounting system tracks funds according to their purpose. Some funds are held in separate accounts when a warrant article creates a capital reserve fund and appropriates an amount to the fund. The ability to retain funds was created by a warrant article, but the warrant article did not create a separate fund. The term 'contingency fund' has been used mainly to explain the nature of the retained funds; this term is also used in RSA 198:4-b. The use of these funds is contingent upon an emergency, which would require several levels of approval, and/or upon the determination by the School Board that funds will be used to reduce taxes. The amount of retained funds to offset taxes, if any, would typically be voted on by the School Board prior to the tax rate being set each year. Amounts retained and returned are reported to the state annually on Form MS-25, which is due September 1. Therefore, such amounts are not only tracked by the District but also by the NH Department of Revenue.

If further documentation of the \$600,000 is sought, you will see this amount in the notes to the District's audited Annual Financial Report for FY20. The categories of the total General Fund Balance are disclosed in Note 13, which shows the \$600,000 as "Unassigned - retained (RSA 198:4-b II)". Here is the link to the report: <https://www.sau81.org/common/pages/DisplayFile.aspx?itemId=31400072>

For reference, this is from the 2020 school ballot:

**Warrant Article 5
Fund Balance Retention**

To see if the school district will vote to authorize, indefinitely until rescinded, to retain year-end unassigned general funds in an amount not to exceed, in any fiscal year, 2.5 percent of the current fiscal year's net assessment, in accordance with RSA 198:4-b, II. Such fund balance retained may only be used to reduce the tax rate or for emergencies to be approved by the Department of Education under RSA 32:11.

RSAs stated in the 2020 Warrant Article 5:

RSA 198:4-b Contingency Fund. (version at the time of warrant article)–

I. A school district annually by an article separate from the budget and all other articles in the warrant, or the governing body of a city upon recommendation of the school board, when the operation of the schools is by a department of the city, may establish a contingency fund to meet the cost of unanticipated expenses that may arise during the year. A detailed report of all expenditures from the contingency fund shall be made annually by the school board and published with their report.

II. Notwithstanding any other provision of law, a school district by a vote of the legislative body may authorize, indefinitely until specific rescission, the school district to retain year-end unassigned general funds in an amount not to exceed, in any fiscal year, 2.5 percent of the current fiscal year's net assessment pursuant to RSA 198:5, for the purpose of having funds on hand to use as a revenue source for emergency expenditures and over expenditures under RSA 32:11, or to be used as a revenue source to reduce the tax rate.

RSA 32:11 Emergency Expenditures and Overexpenditures. –

When an unusual circumstance arises during the year which makes it necessary to expend money in excess of an appropriation which may result in an overexpenditure of the total amount appropriated for all purposes at the meeting or when no appropriation has been made, the selectmen or village district commissioners, upon application to the commissioner of revenue administration or the school board upon application to the commissioner of education, may be given authority to make such expenditure, provided that:

I. Such application shall be made prior to the making of such expenditure. No such authority shall be granted until a majority of the budget committee, if any, has approved the application in writing. If there is no budget committee, the governing body shall hold a public hearing on the request, with notice as provided in RSA 91-A:2.

II. The commissioner of revenue administration or the commissioner of education may accept and approve an application after an expenditure if caused by a sudden or unexpected emergency, in which case paragraph I shall not apply.

III. Neither the commissioner of revenue administration nor the commissioner of education shall approve such an expenditure unless the governing body designates the source of revenue to be used. Neither commissioner shall have the authority to increase the town or district's tax rate in order to fund such an expenditure.

IV. When applying to the commissioner of education for such authority, the school board shall send a copy of such application to the department of revenue administration. The commissioner of education, when granting authority to the school board, shall notify, in writing, the commissioner of revenue administration of any and all authorizations given to school boards for emergency expenditures or over expenditures, and the revenue source for funding such expenditures.

V. Notwithstanding paragraphs I through IV, if the legislative body has by warrant article established a contingency fund in the annual budget for the purpose of unanticipated expenses, the board of selectmen may expend funds from such account to meet the costs of such expenses. Ms. LaMothe announced that the NH School Board Association have several webinars, including one about School District Budgeting, and indicated that they could accommodate a couple of Budget Committee members to participate on September 21 from 6:00 PM to 8:00 PM.

G FY 22 Town Default Budget

Chairman Weissgarber referred to the \$700,000 shortfall between the default budget and the figures required by the Town Departments.

The town already found \$400,000, and Selectman's Morin and Gagnon indicate that adjustments to bring up the money still needed are almost made. Selectman Gagnon said that the town might look for state and Federal government sources to finalize extra things required.

Mr. Weissgarber referred to the preliminary information for year 21 but asked when the audit will release the final report for year 21. Selectman Morin said that the audit would begin on August 9, and the information will probably be released two weeks later.

H. SAU 81

Chairman Weissgarber gave the word to School District Business Administrator, Ms. Jennifer Burk.

Ms. Burk, previously to her intervention, gave the committee an FY 21 end-of-the-year spending writing Summary approved by the School Board that answer some of the questions asked during the June 2, 2021 meeting.

a. End of the Year Excess of Funds Status.

SAU 81 has a retain balance of \$600,000 for 2020, and the School Board added \$500,000 from the year 2021. As a result, SAU has a retain balance of 1.100,000.

b. School District Statistics.

The student population for the upcoming year as of July 2021, Ms. Burk said, is 3075 students, including six new kindergarten students having a population of 180 kindergarten students probably during August will be some increment of students.

Regarding the students' teacher ratio, SAU 81 has 234 teachers, so looking at the student population, the ratio is 13 students per teacher.

The School has provided the list of staff members but is in the process of hiring staff.

The School also provided information on student performance statistics supplied by the assistant superintendent. The information included comparing the results of the assessment tests Hudson's school district has with those of the state. This information was presented to the school board during the July 19 meeting. The link with the data is located on the Hudson School District website.

Mr. Urrutia asked questions about how many special education students are, and special education teachers are in the Hudson school district. Although Ms. Burk did not have the data at the meeting, she emailed the information as follows; currently, Hudson schools have 503 special education students with 39 Teachers and 118 paraeducators.

Chairman Weissgarber asked if the School is planning to use some of the "retaining balance" to lower the tax burden in the town. Ms. Burk indicated that the School has a significant fund balance at the end of the year because of the COVI-19 funding from the federal government; The board had decided not to use the retain balance for tax rate this year. Mr. Weissgarber suggested that retaining balance should be a topic of discussion during the meeting of August 18, Board of Selectman/School Board joint meeting because we are operating under default budget.

Ms. Leary questions if the renovations now in progress will be finished during the summer or continue during the year. Ms, Burk explained that builders had a problem obtaining materials. However, they are trying to finish the "Life Skills" program before the beginning of the year and the parking lot soon.

Builders are facing challenges because suppliers are having problems obtain materials like the countertops. As a result, the School will replace the countertops during school breaks.

Technology also has been a struggle, but the IT team is working to have everything ready. The School was able to get the computers for the twelve-grade students.

Ms. Burke is not sure of the readiness of the intelligent boards, but she believes it will be for the beginning of the school year. The School approved radios, and the School is doing its best, so the staff will be trained in their use when coming back for the new School. Also, Ms. Burk brought information about the Board of Selectman/School Board Joint Meeting on August 18, 2021, at 6:30 PM at the Hudson Community Center.

I. Final Comments.

Mr. Trost referred to SA 32:10. In light of this, RSA prohibits making transfers or expenditures for the purpose of an appropriation that was not approved. The list of appropriation transfers supplied by the School should be budgeted ahead of time and not funded by transfers; this is not in Mr. Trust's opinion what the voter thought they were voting.

Ms. Lamothe responded to Mr. Trost's opinion that without having the RSA in front of her, she recalled that the Budget Committee might not analyze the transfers; what the voter voted was on the total appropriation.

Ms. Lamothe, in her final comments, spoke about Old Home Days and the opportunity to connect with the citizens of Hudson.

J. Adjournment

The next meeting will be on September 1, 2021

Motion to adjourn by Ms. Hopkins second by Mr. Urrutia motion pass (8-0-0) at 7:20 PM