

Minutes

**Dresden Finance Committee
Hanover Municipal Board Room**

**Tuesday October 22, 2013
Hanover, NH**

Members present: John Ruth, Kristi Fenner (Chair), Mary Fowler, Heidi Postupack, Jona Roberts, Cheryl Lindberg, Mike Gerling, Jay Buckey, Daryl Press

Community members present: G. Morhun, D. Fleischer, R. Kynor (Civitas Class Students)

Members absent: None (there are 5 vacancies on the Norwich Finance Committee)

The Chair called the meeting to order at 4:30 p.m.

Agenda Items Discussed

1. Review/amendment of Agenda:

The Chair asked for comments on the agenda and there were none.

2. Comments on items not on the agenda:

Cheryl asked that we add a discussion of the SAU 70 website.

3. Minutes of July 15, 2013 DFC meeting:

Motion to approve was made by C. Lindberg seconded by J. Roberts as corrected with spelling corrections to various names. Approved

4. FY14 Dresden School Budget & DSB Guidance

There was a discussion on the packet that was distributed.

Guideline: develop a budget that falls within a 3-3.5% corridor of increase in 2013-14 expenditure budget.

An analysis shows that since 2005 through 2012-13 year, the Dresden school budget has increased less than CPI-U growth during the same period even though there has been decrease in student population.

There was a request to see the ACTUAL annual expenditures for the year versus the BUDGETED expenditures because budgets that are developed are based upon prior year BUDGET rather than prior year ACTUAL. Historically, actuals have been less than budget by approximately \$400,000 or so, which has the effect of providing sizeable increases from ACTUAL expenditures.

Pension liability is currently funded each current year expense rather than fund the liability. The current liability is approximately \$4 million and there have been discussions regarding building a reserve towards the liability rather than funding them currently.

There was a new law that was passed that allows for the creation of Undesignated General Fund Reserves (up to 2.5% of expenses). Previously, creating Undesignated General Fund Reserves. There have been designated reserve funds in the past but this is the first year that an Undesignated Reserve has been allowed. There has been some discussion that that any unspent fund balance at the end of the year be put into this General Fund Reserve rather than return it as a revenue item in the "proposed budget" process. It was noted that there are a number of unknowns associated with this newly created Undesignated Reserve. There was a discussion as to the pros and cons of using this Undesignated Fund Reserve versus other methods of building reserves.

A motion was made by D. Press seconded by H. Postupack: The DFC supports the proposed corridor of a 3 to 3.5 percent increase in operating expenses for FY 15 established by the DSB. This increased corridor would include any funds earmarked for any Unassigned General Fund, establishment of a reserve fund for unfunded pension liabilities and the establishment of any contingences similar to those in prior years. Approved: 6 yes 2 abstained

A motion was made by J. Ruth seconded by C. Lindberg: If the DSB decides to establish a new "Undesignated General Fund," the DFC recommends that funding be no more than .25% in the first year of funding. Failed: 1 yes, no 5 abstained 2

5. Update on Norwich Finance Committee

Cheryl reported that the Norwich Selectboard has a subcommittee that is talking to the Norwich School Board to propose a solution as to how to appoint members to the Norwich Finance committee in the future and to review the charge of the Norwich Finance Committee.

6. Added Item – Website: C. Lindberg noted that the Dresden Finance Committee is listed on the SAU website way below the line and appears to be a school committee. This is not the way it has been listed in the past and it was requested that it be corrected and properly reflect the Dresden Finance Committee's role.

7. Adjournment -

Motion to adjourn by H. Postupack, seconded by M. Fowler Meeting adjourned at 6:15p.m.

Respectfully submitted,
Mike Gerling 10/23/2013