

APPROVED 11/05/2012  
**Hanover Finance Committee**  
Minutes from **October 15, 2012**

The meeting was called to order at 5:05 pm. Present at the meeting were K. Cotter, P. Christie, K. Fenner, H. Postupack. Absent from the meeting were D. Press and M. Gerling.

1. *Review/amendment of agenda*

There were no changes to the agenda.

2. *Public comments on items not on the agenda*

There were no public comments on items not on the agenda.

3. *Minutes of HFC meeting of September 10, 2012 – Discussion / action*

Minutes from the September 10<sup>th</sup> meeting were not available and, as such, the review and approval was tabled until the next meeting on November 12<sup>th</sup>.

4. *Update on Ray School budget process*

K. Cotter provided the committee an update on the Ray School budget process. The school board is providing budget guidance of an increase of 0.5% to 1.5% based on the budget committee's current estimate of 450 students. K. Cotter noted that the school board is expecting an enrollment estimate from an outside company by month's end. This estimate will be provided by the same company as last year. K. Cotter noted that last year's estimate was "spot on" for the high school and middle school, but lower than actual enrollment for the Ray School.

K. Cotter noted that the school is expecting savings of \$100,000 from revisions to the bus contract and \$30,000 from the reduction of one teaching assistant. These savings will be offset by an 8% increase in benefits, primarily related to changes in the NH retirement system. The school's budget guidance does not include any changes to the teacher contract. As such, it is assumed that there will be no step increases, but track changes are estimated to increase the budget 0.25%.

It was further noted that recent legislative changes now permit the school to carry a reserve balance from one year to the next. The allowed reserve balance was believed to be 2.5% of the school budget, although there was uncertainty if this amount was correct.

5. *Update of Town Budget process*

P. Christie provided the committee an update on the Town's budget process. At the Selectboard's request, the town will produce a five-year budget forecast as it has in previous years. The Selectboard will provide the town with budget guidelines at its November 19<sup>th</sup> meeting. The Town has been notified that its contributions to the NH retirement system will increase by \$250,000 for the next fiscal year. Historically, the Selectboard has targeted a tax

rate increase within the rate of inflation, excluding state impacts. There are multiple inflation indices that can be used which include a municipality inflation rate. These rates can differ from year to year, but are roughly the same over the long run.

A discussion on the town's tax increase target ensued. Some members of the committee felt that focusing on the total tax levy, rather than the tax rate, was more appropriate as the tax levy does not include changes to property valuations. It was noted that the change in tax rate will generally be 1% higher than the change in the total tax levy. One committee member mentioned that they believe the town residents are better able to understand the tax rate.

6. *Review of upcoming meeting dates*

The next meeting will be held on November 12<sup>th</sup> in Norwich.

7. *Adjournment*

With no further business to discuss, H. Postupack motioned to adjourn the meeting, which was seconded by K. Cotter. Motion was unanimously approved and the meeting was adjourned at 5:30 pm.

Recorded J. Ruth

Submitted by Mike Gerling  
Secretary  
11/05/2012