

Hanover Finance Committee

December 8, 2014

Black Community Center

Hanover, NH

Members present: H. Postupack (Chair), M. Gerling, J. Ruth, K. Fenner, L. Wheelan (school board representative) (arrived at 5:25 pm)

Members absent: D. Press, J. Buckey (Selectboard representative)

The meeting was called to order at 5:09 pm by the chair H. Postupack

### Agenda Items Discussed

1. Review/amendment of agenda

The Chair asked for comments on the agenda. An item regarding the Dresden Budget was added to the agenda.

2. Public comments on items not on the agenda

There was no public in attendance or comments regarding the agenda.

3. Minutes of HFC meeting of November 10, 2014

The next meeting date was noted as incorrect it should be December 8, 2014, not December 13, 2014 as noted in the minutes. A motion to approve the minutes as amended was made by K. Fenner. Seconded by J. Ruth. Approved.

4. Update on development of Hanover School District Budget

There was a discussion regarding the method of repayment for the bond financing. The School Board has decided to go with a 20-year level payment plan rather than its previous plan of a level principal payment.

The Hanover school budget has come in much higher than originally planned. The current K-5 operating expenses are estimated to increase by 6%, and when added to other expenses (enrollment increases, out of district special ed costs, debt repayment and 6<sup>th</sup> grade tuition) pushes the total budget-to-budget increase to 14.5%. The School Board has determined this increase to be too high, so work is being done to reduce the budget. H. Postupack reported that the operating budget is still a work in process. As of tonight the Board and the Administration have cut \$244,400 from the proposed budget and are still working on further reductions. Currently the 2015-16 Ray school operating expense budget is \$9,622,065 a \$531,329 increase (5.84% increase).

It was reported that Budgeted Revenue is up for the next year as we will be receiving a \$466,000 catastrophic aid payment from the state due to high special education costs.

L. Wheelan arrived at 5:25pm from the Hanover School Budget meeting. Reported that current increase is approximately \$1.63 million and will result in an increase of 13.5%. This will result in a tax-levy increase of approximately 5.5%.

The previous quick model dated August 28th had a K-5 operating expense increase of \$260,000. The current K-5 operating expense increase (after the proposed cuts) is \$531,000. Some of this increase is due to increases in mandated NH retirement payments. In addition there is an increase in Ray School enrollment of 33 children, 13 of which are special education children.

There was considerable discussion regarding the impact of special-education costs for the district and the impact and financial pressures that these costs have on the total costs for the district.

L. Wheelan reported that, in light of the financial pressures, the School Board is discussing the timing of the expansion and changes to the World Language Program implementation.

It was decided that the budget was still in such a state of flux that the Finance Committee cannot at this time opine on the budget.

5. Update on the Dresden School Budget

Given the budget pressures in the Hanover budget, there was a discussion regarding whether the community should be looking to RMS and the High School to REDUCE expenses in light of planned enrollment decreases. However, this is difficult due to contractual increases in teachers' salaries.

6. Next Meeting Date

January 5, 2015: Heidi will confirm the location.

7. Adjournment

The HFC adjourned at 6:29 PM.

Submitted

Michael Gerling, Secretary

Submitted 12/8/14