

Hanover Finance Committee
Minutes
December 12, 2016
Location: Black Center, Room 215

Members present: Heidi Postupack, Chair; Bill Geraghty, Hanover Select Board; Carey Callaghan, Hanover School Board; Kari Asmus; Nancy Marion; Daryl Press and John Ruth. Minutes by Asmus.

Chair Postupack called the meeting to order at 5:00 p.m.

1. *Review/amendment of agenda*—none
2. *Public comments on items not on the agenda*—none
3. *Review/approve minutes of HFC meeting on Nov. 14, 2016* – After discussion, approval of the minutes was moved to January.
4. *Report – RE: Municipal comparative analysis project presentation to Select Board on November 21* – Discussion / action – Nancy Marion, Kari Asmus, Daryl Press

Kari and Nancy gave overviews of their presentations. Two findings from Kari’s presentation were that Town-related taxes on a “median home” (using a blended Fire Fund rate) had gone up 5.1% in real terms from 1999 to 2014 and that Hanover’s Median Family Income dropped to \$129,000 from \$144,287 in real terms over the same period. A number of questions were asked regarding the methodology used to gather income data. Nancy’s presentation focused on the rate of growth in Hanover’s levy compared to other towns with high median family incomes, “plus” Lebanon, and Durham—a comparison which showed Hanover to generally be in line with the other communities.

A future project would be to look at the level of spending between Hanover and an appropriate comparison group based on something other than median family income, but that would require looking at variables other than income—perhaps population base, and whether a town is primarily a bedroom community or one that is an employment center generating visits to the town during the day. More information on communities is available from online state sources and from the Department of Revenue Administration. Nancy has begun to look at data and consider how to evaluate towns using a consistent set of criteria.

Bill said the Board appreciated the effort and was interested in learning more about changes in rental units that might have affected the median family income. The comparison with Durham, where the University of New Hampshire does not pay property taxes as Dartmouth does, was illuminating as it showed how Hanover is able to budget more consistently. Missing was guidance for the Board on setting its budget guidelines for FY2018 as the data has a one year lag. Possibly an update could be given in February at the start of the budget hearings as additional information should be available.

One goal going forward is to improve the lines of communication between the Committee and Town Hall.

At a subsequent meeting, the Board adopted budget guidelines for the upcoming cycle with a target increase in the tax rate of 2 to 2.5%. It also requested that administration provide the Board with lists of the items cut to achieve the guideline as well as the next items that would be cut should the Board want to bring in a smaller increase. A “pro-forma” budget, which allows for salary increases, would result in a tax rate increase of 5.24%. Considering mandatory increases in state retirement system contributions and in health premiums, reaching the target will create challenges.

The point was made that the increases in the state retirement contribution rates were not a form of “down shifting” from the state although they are often referred to as such; rather they are cost increases.

5. *Review/discuss Hanover School District FY2017-18 Proposed Budget* – Discussion / action

Heidi reported that the “extraordinary” Special Education portion of the Hanover budget is down by \$291,000, a contributing factor to a nearly flat proposed budget. The K-5 portion of the budget, however, is up 7%. This may reflect an accounting change in which 6th grade ed assistants are now in the Hanover “regular” Special Ed budget rather than the “extraordinary” Special Ed budget, but the answer was not known. There was also an interest in knowing how an unexpected increase in special ed services several years ago was funded: How much of funding came from cuts to the regular education budget and how much came from an increase in taxes?

6. *Review/discuss updates on Dresden School District FY2017-18 Proposed Budget development* – Discussion / action – Carey Callahan

Carey reported that the Dresden Budget Committee is still looking for detailed budget sheets but some of the new items are restorations to the middle school budget and increases in the high school staff of a guidance counselor and a .4 FTE shop instructor. The idea is to create a design lab. 6th grade tuition will be down significantly, but information on the number of High School tuition students is yet to come, so as of yet there is not a firm number for expected revenues.

The adopted SAU budget is up 5%. The budget added a tech supervisor to the staff and decreased accounting staff by .25 FTE. The SAU budget is allocated to the three districts (Dresden, Hanover, and Norwich) based on a population- and staff-based formula.

Town and School administrators met to discuss Town use of the school gyms. It appears that a conceptual framework in which use of the gym by the Town will be Town-administered is agreeable to all.

7. *Set/confirm agenda and time for HFC meetings:* Jan. 9, 5:00 p.m.; Feb. 13, 5:00 p.m.; and March 13, 5:00 p.m.

Please let Heidi know as soon as possible if you cannot make these meetings.

8. *Adjournment*

Callaghan moved to adjourn; Ruth seconded. Motion passed unanimously. Meeting adjourned at 6:33 p.m.