



TOWN OF NORTHWOOD, NEW HAMPSHIRE

BUDGET COMMITTEE

818 First New Hampshire Turnpike, Northwood NH 03261
(603)942-5586 Extension 211 Facsimile: (603)942-9107

April 21, 2021

Chair Ginger Dole called the meeting to order at 7:00 PM and opened the work session

“As Chair of the Northwood Budget Committee, I find that due to the State of Emergency declared by the Governor as a result of the COVID-19 pandemic and in accordance with the Governor’s Emergency Order #12 pursuant to Executive Order 2020-04, this public body is authorized to meet electronically. Please note that there is no physical location to observe and listen contemporaneously to this meeting, which was authorized pursuant to the Governor’s Emergency Order. However, in accordance with the Emergency Order, I am confirming that we are: a) Providing public access to the meeting by telephone, with additional access possibilities by video or other electronic means: We are utilizing Zoom platform for this electronic meeting. All members of the Budget Committee have the ability to communicate contemporaneously during this meeting through this platform, and the public has access to contemporaneously listen and, if necessary, participate in this meeting through details located on our website and posted outside the Town Hall.

If for any reason you cannot join or listen to this meeting, please call 603-942-5586 extension 2005”

PRESENT:

Chair Ginger Dole, Vice Chair Thomas Chase, Selectmen Representative Pam Sanderson, Cove Village District Representative Michael Jobin, Water District Representative Bob Young, Betsy Colburn, Betty Smith, Steven Robinson, Paul Tudor, Brad Hall, School Board Representative Brian Winslow, Dan McNally, Gulf Village District Representative Eric Buckland and Ted Wilkinson

Absent: (Excused): Grace Mattern

Town Staff:

Walter Johnson, Town Administrator, Cheryl Eastman, Finance Director, Linda Smith, Land Use Specialist, and Susan Austin, Land Use Assistant

Minutes

January 13, 2021

Ms. B. Smith made a motion to allow Ms. Austin to listen to the recording of this meeting and add a conversation into the minutes pertaining to the Fire Command Vehicle. Ms. Colburn seconded. Motion carried by roll call vote 13/0/1. Select Board Member Sanderson abstained.

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January 27, 2021

Ms. B. Smith made a motion to approve the minutes of January 27, as amended. Ms. Colburn seconded. Motion carried by roll call vote 12/0/2. Mr. Buckland and Mr. Winslow abstained.

School

Updates:

Mr. Winslow stated that the School Board has named Nathan Byrne as the Superintendent of Schools for the next year.

The school is currently transitioning to five days of face-to-face learning in compliance with the governor's mandate. On March 22nd, they had transitioned to a 4 to 1 model for kindergarten through second grade. On April 5, they transitioned to the 4 to 1 model for third through eighth grade, in order to allow for this transition, they contracted with the Florida Global Academy, as well as Ed Genuity, which are two remote learning academies. Northwood is still the school of record for the remote learning students, but they deliver instruction. They were unable to provide full remote instruction and full face to face models with the current staff. The estimate given at the time was around \$70,000 for about 20% of the students. At the last school board meeting, the number of the students enrolled with those options is a bit lower, so it will be less than what was estimated. That cost is funded through the SR2 funds for which Northwood is receiving about \$169,000. They held two vaccine clinics for staff and anyone working in the schools, as well as CBNA and the Strafford Schools.

The School Deliberative Session is tomorrow evening (April 22) at 6 PM.

Expenditure Report

Mr. Winslow stated that the bottom-line number is \$832,302.23. He stated that it should come down. He spoke with Mr. Waring and he estimates a surplus of between \$425,000 and \$475,000. The Budget Committee wanted to see a surplus wish list. They have asked the administration to make surplus requests for their first meeting in May. Mr. Winslow stated that he has a list of the lines that are over by \$1,000 or more with explanations.

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Teacher Salaries: HR is researching why this line is over.

Health Insurance: This is over because of plan changes.

Dental Insurance: HR is researching this.

Retirement (Certified): HR is researching this.

Health Insurance Buyouts: This is a result of plan changes.

Tuition: This is based on a student need.

Classroom Textbooks LA: Additional materials for when they were in remote learning.

Replacement Furniture: This was a bookcase and storage unit.

Ms. Colburn asked about new equipment: Music. Why is \$1,100 encumbered? Mr. Winslow stated he would find out.

Mr. Tudor stated that Coe Brown was running under budget by about 10 students, why is that? Mr. Winslow stated that the rate of students was down, and he's not certain why.

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Special Education Para Salaries: HR is researching this.
Special Ed Speech Pathology: HR is researching this.
Extended School Year Salaries: This is offset with account 5100.800
Health Insurance Buyouts: Employee plan changes.
Retirement (Certified): Offset with account 5100.800
Special Education Tuition: Based on student need.
New Equipment: desk shields and plexiglass

Ms. Colburn asked about the Special ed software. She stated that the lines are over but the encumbrance is in there. Mr. Winslow stated that he can find out.

Page 3

Co-Curricular: Additional stipends that were paid out for before and after supervision because of the bus shortage.
Science Camp Stipends: Stipends that were paid out because of the bus shortage.
Guidance Salaries: HR is researching this.
Guidance Retirement: HR is researching this.

Ms. Colburn asked why they are charging to the Science Camp Stipend? Mr. Winslow stated that he isn't sure why it's that line in particular, just that they are coming out of co-curricular because on paper they are considered as an additional activity. She asked about Athletic Supplies. Why is \$3,800 encumbered? It's late in the year where they haven't done much with athletics. Mr. Winslow stated he doesn't know specifically, only that they are holding spring sports and that may be related to those programs.

Page 4

Nurses Salary: Additional stipends for Covid-19.
Certified Nursing Assistant: They added a medical assistant position, so a number of the lines are over.
Nurse Health Insurance: related to having an additional staff member.
Nurse Dental Insurance: related to a new position.
Nurse FICA: related to a new position.
Nurse retirement: related to a new position.
Health Supplies: PPE and Covid expenses.
Speech: HR is researching.
Speech Health: Employee plan change.

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Librarian Salary: HR is researching.
Library Aide Salary: HR is researching.
Software: Chrome license and Go Guardian
Technology New Equipment: CARES/SR1 covered costs.
Technology Replacement Equipment: Purchase of 100 Chrome Books.
School Board Secretary Wages: HR is researching.

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Secretary Wages: HR is researching.
Retirement Non-Certified: HR is researching.
Telephones: Reclassing \$4,883 to the internet service line (2225-5643)

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Ms. Colburn asked about the SAU District Assessment. She stated that the \$92,700.98 should be encumbered.

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Custodial Salaries: Due to an added position.

Custodial Health Insurance: Due to an added position.

Custodial Retirement: Due to an added position.

Repairs and Maintenance: Unanticipated boiler repairs.

Custodial Supplies: UVC V1, a light filtration used for sanitizing. It's offset by ex order 38.

Replacement equipment line: Used for water bubblers that replaced the water fountains.

Contracted Services for Fire Alarm: Needed to replace a booster panel.

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Ms. Colburn asked about the encumbrances on the transportation line. She stated that they appear to be very high compared to what they have spent for the year. Mr. Winslow stated that he will look into it.

Chair Dole asked that the most recent Special Ed report, as well as the revenue report be sent out to the Committee.

Chair Dole stated that the members could review the School Audit and Management letter and if they had any questions or concerns, they could bring it up at the next meeting. Mr. Young stated that he had a few concerns now, such as "not maintaining a capital asset listing". He'd like to know what happened as a result of the recommendations?

Mike Moore joined the meeting at 7:52 PM.

Voting Designation

Chair Ginger Dole, Vice Chair Thomas Chase, Selectmen Representative Pam Sanderson, Cove Village District Representative Michael Jobin, Water District Representative Bob Young, Betsy Colburn, Betty Smith, Michael Moore, Steven Robinson, Paul Tudor, Brad Hall, School Board Representative Brian Winslow, Dan McNally, Gulf Village District Representative Eric Buckland and Ted Wilkinson

Town

Ms. Sanderson stated that the Selectmen and the staff at the Town Hall, coming through this year with COVID, and going through the staffing turnovers as well as the changes in procedures, are really pulling full weight. This has been tough for everyone, town employees included. She wants them to keep this in mind and understand that while somethings may not be exactly to everyone's liking at this point, they will get that way as long as everyone can work together, but also accepting that some changes have to occur. Looking at the 2021 Expenditure Report, you will see that Cheryl Eastman, the Finance Director has noted overall reductions and increases, and on the last page it shows a deficit, partly because they don't have a budget yet. It shows an overall increase \$103,650.83, largely because of the timing of payments, including mutual aid of \$46,569, auditing of \$12,875 and software and license payments of \$26,251. The remainder is a combination of new benefitted positions in 2021 for Highway and Tax Collector Departments, unplanned vehicle repairs and snow and ice removal.

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2021 Expenditure Report

Page 2

Ms. Sanderson stated that the biggest reduction on this page will be in the contracted services line. Last year they relied on contracted services quite a bit, and those positions have been filled now. Ms. Colburn asked if the \$2,200 was for the Town Report? Ms. Eastman stated that it was.

Page 3

Ms. Sanderson stated that on this page there is a reduction in Voter Registration and Elections due to the delay of Town Meeting. There is an increase in Finance Admin salary. Insurance expenses are moved to a different line.

Page 4

Finance Service: Overall increase of \$6,482 due to a new Finance Administrator.

Audit Service: Overall increase of \$12,875 due to the timing of invoices. In 2020 expenses recorded in September.

Assessing: Timing of invoices paid in January and February, increased monthly costs in 2021.

Tax Collector/Town Clerk: Pay increase over 2020 rates

Insurance Buy Out: New benefit for this department in 2021

Retirement: New benefit for this department

Contracted Service: Combination of Avitar and Interware software. 2020 costs were paid in 2019.

Page 5

TC/TX Software: Support Costs for Avitar tax systems 2020 costs were paid in 2019.

Postage: \$716 credit from a duplicate payment check.

Treasurer: Overall increase of \$701.78

Page 6

Trustee of the Trust Fund: increase of \$64

Personnel Admin: Insurance costs were allocated to this line in 2021.

Planning and Development: Contracted Services: Includes Land Use Admin Assist cell phone and expenses encumbered from 2020 were paid. Chair Dole asked about this line. Why were 2020 encumbrances paid out of 2021? Ms. Eastman stated that the cell phone is a new expense, and then there were expenses encumbered from 2020, the Land Use Department had some expenses that were encumbered from 2020. Chair Dole asked if they were encumbered and they occurred in 2020, why are they not showing in 2020 financials? Ms. Eastman stated that when funds are encumbered at the end of the year, they funds are basically added to the following years budget, because they are going to expend the funds in 2021. After Town Meeting when they have an actual budget, they budget will be increased by the amount of the encumbrances from the prior year. Then when the expenses are incurred in 2021, that's when they will show the actual expense. Chair Dole stated it seems to her that it's different from before. Ms. Colburn stated that if the expenses were encumbered against 2020, it doesn't matter when you pay them, they should charge back to 2020 in that software. Ms. Eastman stated that they were encumbered at the end of 2020, but they don't show it as an expense until they actually pay for them. Chair Dole stated that they don't have accurate numbers of what was spent in 2020 if you are paying for part of it in 2021. Ms. Eastman stated that the auditors want to see the total that they expended in 2020, but the way the auditors take the encumbrances at the end of the year, they use that amount to increase the budget the next year, because you have that authority through the expenditures the following year. Ms. L. Smith stated that they way Ms. Eastman is describing this is how it has been for years. Ms.

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Colburn stated that she was confused. Why is the Land Use Secretary's cell phone being paid for? Ms. Austin stated that it was not her personal cell phone. It's the cell phone that she uses to return calls when she gets work calls. Ms. Colburn stated that the new phone system allowed those working from home to take their phones home with them. Ms. Austin stated that it only worked with Atlantic Broad Band, which her home does not have.

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Chair Dole asked about the electricity and the heating at the Fire Station. It appears that they are double, and that is strange since they only have one station this year, and last year they were working with two. Ms. Eastman stated that the 2020 column includes only January and February expenses. March expenses went into April in 2020.

Page 12

Ms. Colburn stated that Medical Services has been renamed. She stated that this is the line that she brought up at the December meeting time to get rid of it totally because it is back to the 1980's and 90's when they did the Hepatitis shots. It hasn't been used, so it shouldn't have been renamed Municipal Safety Committee. Mr. Johnson stated that he would discuss this with Ms. Eastman. Chair Dole stated that there is \$9,800 for vehicle maintenance for repairs to Engine One. She would like to know what those repairs were.

Page 19

Ms. Colburn asked if there was an update on the Rec Director position. Mr. Johnson stated that they have extended a conditional offer to a candidate, and they are waiting for a final background and so forth to be complete, and they are hoping to confirm it within the next couple of weeks.

Page 21

Ms. Colburn stated that she was surprised to see the large encumbrance under books and periodicals from the Library, where they haven't even voted a budget yet. Mr. McNally stated that the Library Trustees have total control over their budget and they just tell them what they want.

Ms. Colburn stated that anytime they ask for an expenditure report, it automatically means they want a revenue report. They did not get that. Ms. Sanderson stated that she will get that sent to them.

2020 Year End Expenditure

Chair Dole stated that she had pulled the end of year report that was printed on January 4. The remaining amount on the January 4 financial statement, had a remaining balance of \$510,259. This report dated April 8; she's seeing \$260,835. That's a difference of almost a quarter of a million dollars. As she had asked when she first requested materials for tonight's meeting, a detail as to what items were being encumbered from surplus, and the lines that they were being applied to. She stated that she cannot find either of the vehicles that the Selectmen decided to purchase out of surplus. Ms. Sanderson stated that they are encumbered, and they are shown on the 2021 expenditure report. Cheryl has already mentioned it. Both items are included in the encumbrances which were voted on by the board, in the case of the trucks on December 29. The funds were carried forward into 2021, because the vehicles didn't come in until sometime in early January. The funds get added to the 2021 budget, once it's approved by the voters. Then the expenses become 2021 expenses paid with 2020 funds, because they are encumbered in 2020. Chair Dole stated that it doesn't show up

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in 2020, and it should show as an encumbrance. Mr. Johnson stated that they may be confusing a couple of terms. Basically, the encumbrances are what are considered “carry forwards” because they are carrying them forward into the next fiscal year. Unlike when they encumber a particular budget item because they know they are going to expense it sometime before the fiscal year is over. What they are doing at the end of the year is carrying it over into the next year, and it becomes a 2021 expense. Chair Dole asked then why aren’t the two vehicles showing up in the departments as expenditures in the 2021 report? Mr. Johnson stated that they aren’t in the operating budget because they aren’t operating expenses. Ms. Eastman has provided the detail and the accounts on the expenditures for the 2021 year. Chair Dole stated that the Selectmen took the money for those vehicles out of surplus funds, which is surplus in the operating budget. Mr. Johnson stated that it is not surplus, its unexpended funds. Chair Dole stated that it’s the same thing, it’s money that was approved in 2020, and there is somewhere between \$510,000 and 260,000 left and out of that, \$100,000 was used to buy those two vehicles, among other things. It needs to show up somewhere as an expenditure, because they have expended operating funds for those items. Mr. Johnson stated that it does, and it will in 2021. Chair Dole asked why it doesn’t now? Mr. Johnson stated that it does. Ms. Eastman stated that it shows up in 2021, but not in the operating budget. It is in a section of the chart of accounts that is not included in the general operation budget are capital expenditures, and that’s where those expenses are showing up. Those are the two lines that the committee was shown that the trucks are charged to. Ms. Dole stated that as far as the MS-37 is concerned, they capital expenses as opposed to buying office supplies and depreciation and all of that gets taken into account. But as far as expenditures, there are some pretty savvy voters that are going to be looking at all of these figures, and they are going to point out that the town spent \$110,000 on two vehicles. Where did it come from? Ms. Colburn stated that it should be in the 2020 report as encumbered. Further, the committee was only informed about the Command Vehicle, they were not informed about the Highway truck that had previously been approved and purchased. Chair Dole stated that she specifically requested for the committee detailed expenditures for the Command vehicle, what was the cost of the vehicle, the light bar, the slide in insert, the cap, the radio...these are all things that had been discussed when they were looking at a warrant article. She asked for the same for the Highway Truck. The never got that. Mr. Johnson stated that it was included in the packet. They included the trial balance for both of those accounts. Chair Dole stated they have never seen a trial balance, but then again, they have never purchased vehicles without going to the voters. Ms. L. Smith stated that the information was in the copies that were mailed to the Budget Committee. Ms. Sanderson stated that in the supplemental email mailed out by Ms. L. Smith, the 5th page is the list of encumbrances, and those are listed on page 7 and 8 and 9. Mr. Johnson stated that the truck, the plow and the sander were purchased as a package from the same vendor. The cap was included in the price of the vehicle, that’s why it’s not itemized separately.

Ms. Colburn requested that they include the breakdowns in the mailing of the revenue statements.

Mr. Wilkinson stated that in his opinion, this town has made enormous progress in the last few months, because of Mr. Johnson and Ms. Eastman. He stated that he is eternally grateful to them, there has been a sequence of management letters that has become somewhat controversial in the last few years, in his opinion only because they implicated the process and procedure and the lack there of in the town building. Fortunately, there has not been a serious overage in spending, or anyone absconded with money, the problem is that the town didn’t know. The town has gone through all sorts of changes, one of the things that this most recent management letter calls out over and over again is the need for process, procedure and a finance director. Fortunately, a lot of that has happened. He will say sort of editorially he feels

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vulnerable from the Board of Selectmen. They have had some really interesting boards in the last few years that made really poor decisions. Here we are, things are getting much better and they are very lucky to have Mr. Johnson and Ms. Eastman on board. He's glad that it's getting better. He's not so much worried about the individual numbers and how they are reported, he's sure they will get the information that they need. He would like to thank the staff that they have.

Mr. Tudor stated that he would just like to know what the surplus was at the end of 2020. Mr. Johnson stated that he can get back to them with that exact number.

Ms. Colburn stated that they are all grateful for Mr. Johnson and Ms. Eastman. The problem is that the gap in between and the things that they didn't follow through with and those are things that they need answers to now. If they don't ask these questions, then someone will ask at deliberative.

Audit Management Letter

Mr. Young stated that he just wanted to bring up that in 2019, on page 13 it says it's a 3-member board, and at that point it was a 5-member board. One other point is the ambulance replacement fund, where it specifically refers to ambulance replacement, and that had been changed in 2019 as well.

Potential Financial Issues

Ms. Sanderson stated that it will be hard to answer that question without a budget, however it is important to note that they have seen several large and unexpected vehicles repairs this year that could very well have impact.

Upcoming Meetings

The next meeting is scheduled for July 29, 2021 at 7PM. Location TBD. The date to mail information is no later than July 16.

ADJOURNMENT

Mr. Wilkinson made a motion to adjourn at 9:16 PM. Ms. B. Smith seconded. Motion carried by roll call vote 15/0

Respectfully submitted,

Susan Austin, Land Use Assistant

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