

Hanover Finance Committee (HFC)
Minutes
August 31, 2023

Location: Black Community Center, 48 Lebanon Street, Hanover, NH – Community Lounge

Attendees: Kari Asmus, John Dolan, Richard Greger, Herschel Nachlis (via Zoom), Gregory Snyder, Carey Callaghan (Hanover Selectboard Member representative)

Regrets: Antonia Barry (School Board Member representative)

Meeting called to order by Kari Asmus at 5:00 pm

- 1) Public Comment - none
- 2) Review and Reordering of Agenda
- 3) Report of Selectboard Member
 - a) FY25 Budget Process
 - Suggestions were made that the town adopt a Quick Model format and a parallel budgeting process like the school board or develop a similar model going forward to inform Selectboard about ongoing financial considerations.
 - HFC to encourage town to re-institute the 5 year projections (last used by town in fall of 2021).
 - Town Manager, Alex Torpey, wanted to solicit input to guide CIP planning priorities via a town fair event.
 - Selectboard appreciated the manager's feedback but considered it to be too ambitious so not fully supported the idea.
 - b) Capital Improvements Plan Committee
 - Instead at Oct. 18 Selectboard retreat the board will gather input about CIP planning priorities as well as discuss FY25 budget.
 - CIP Committee will have 9 members including school board representative Kim Hartman, a Dartmouth student, a planning board member TBD, HFC member John Dolan, Director of DPW Peter Kulbaki, Town Manager Alex Torpey, Selectboard members - Jennifer Chamberlain and Carey Callaghan, finance director Ellen Bullion.
 - c) Other Updates
 - Town still awaiting 2022 audit report from the auditors

4) Dresden and Hanover School District Updates

a) FY25 Quick Models

- Assumption about salary increases are around 1% since contract negotiations are ongoing, excludes any increases on base salary (COLA adjustments).
- A dramatic roll off in debt servicing allowed for balloon payments to be made for other school debts.
- The final payment on the 20 year financing of RMS construction and HHS renovation will be made this year. Some of the tuition payments are linked to debt servicing so those will go away as well.
- Every 1% increase for Dresden salary base is around \$125K increase in budget
- Every 1% increase for Hanover salary base is around \$44K increase in budget
- Assumes no increase or decrease in enrollment or major salary changes

b) Hanover Enrollments

- Per the Hanover School district budget an estimated 71 students (kindergartners) were expected to matriculate during '23-'24 school year actual enrollment was 45 as of August 7th
- Current demographics indicate lower enrollment of kindergartners going forward
- Instead of replacing retiring teaching staff district may have to consider staff reductions in the future if trends continue

c) FY25 Proposed Budget Guidelines—Formulation of Opinion, if any

- Draft copy of Dresden Budget Guidelines (Aug 18, 2023) was presented and briefly discussed.
- Dresden looking for almost 3% increase or around \$1,000,000 budget increase.
- Some uncertainty in budget due to state education tax changes in Vermont.
- No draft budget guidelines from Hanover School board. Need two readings before can be adopted and they will adopt mid-September before HFC can see it.

d) Facility Audits

- SAU 70 administration hired a consultant company - Bureau Veritas to do a "Facility Condition Assessment & Netzero Energy Audit" for all the schools in the district
- The report uses a Facilities Conditions Index (FCI) to assess school buildings and estimate future expenditures to maintain / replace equipment, structure and it's components (e.g. HVAC to Landscaping); find ways to minimize utility costs
- The report was found to be inconsistent and needs further review by the HFC and school boards

e) Other Updates

- Dresden School board meeting Sept 26 Tues at 7 pm at HHS.

- Hanover School board Meeting Sept 13th
- HFC members encouraged to attend with Chair

5) Parking Deficit and TIF District—Formulation of Opinion, if any

- FY23 Parking Fund report from town has not been completed.
- Parking Fund has one TIF district created in 1998. Currently it involves two properties the parking garage (tax exempt) and the other 7 Lebanon Street.
- Parking Fund supposed to be self funded but COVID resulted in a deficit now negative balance over \$300K; had to borrow money from town's pooled funds.
- State wants plan on how to retire the debt.
- Parking Fund pays for \$200K of advance transit per year. TIF district generated properties taxes are capped at \$85k and rest goes to other taxing entities.
- TIF district ends 2029 and about \$119K of funds can be transferred from town and school taxing entities thus leaving a deficit for other expenditures.
- Initial valuation for the lot was \$2.3M in 1998 and has increased to \$11.5M today.
- Town only used \$4.8M as the retained value instead of the \$11.5M and has been doing this since 2004. Increasing retained value to current worth for taxation purpose can replenish Parking Fund if needed.
- Can possibly use \$300K ARPA money (The American Rescue Plan Act of 2021 - H.R. 1319, § 4001) to pay off debt.

6) Progress Report re: Annual Goal

a) Review of Town and School Financial Policies

- Discussion focused on Fiscal Management policies of the Hanover School District and the relatively few policies of the Town of Hanover.
- It appears the district is not following the current policy per their Fiscal Accounting and Reporting guidelines
- Under Code DI the second paragraph states - "The District's financial records will provide the following information: 1. For each account in the District's budget: the appropriation, appropriation transfers, expenditures, encumbrances, and unencumbered balance."

7) Minutes

- a) Approval of July 31, 2023 Committee Meeting Minutes - Approved unanimously

8) Report of Chair

- a) Next committee meeting: Thursday, September 28, 2023

9) Other Business (Time Allowing) – none discussed

10) Meeting adjourned at 6:30 PM.