



**CITY OF DOVER**

## JOINT FISCAL COMMITTEE - MINUTES

Meeting Type: Regular Meeting  
Meeting Location: Media Center, McConnell Center  
Meeting Date: **Thursday, January 24, 2013**  
Meeting Time: **7:00 PM**

**City Council Present:** Mayor Trefethen, Deputy Mayor Carrier, Councilor Cheney, Councilor Crago, Councilor Garrison, Councilor Hooper, Councilor Spuler, Councilor Weeden, and Councilor Weston.

**School Board Present:** Chairperson D'Andrea, Vice Chairperson Russell, Secretary Andrews Parker, Members, Appel, Baker, Butler, and Grady,

**Also Present:** City Manager Joyal, General Legal Counselor Krans, Deputy City Clerk Mistretta, Superintendent Briggs Badger, and Business Administrator Limanni

### 1. CALL TO ORDER

### 2. APPROVAL OF MINUTES

#### A. September 24, 2012

Ms. Grady read the changes she wanted made to her comments to the Committee. Mayor Trefethen said the City Clerk will make those changes. He asked for a vote on the approval of the minutes as amended.

Vote: U/A.

### 3. DISCUSSIONS

#### A. REVIEW OF FISCAL YEAR 2012 BUDGET COMPLETED BY SCHOOL BOARD

Mr. D'Andrea discussed the allegations against the Superintendent at the last meeting. He said the School Board decided to hire an outside attorney to address the allegations and produce a report on her findings. He introduced Attorney Barbara Loughman of Soule, Leslie, Kidder, Sayward & Loughman, and asked her to present her report to the Committee. Attorney Loughman gave an overview of her report, in the form of a letter, to the Committee.

Councilor Crago asked when Business Administrator Limanni's memorandum, dated April 9, 2012, was available to the public.

Attorney Loughman said it was all public record.

Councilor Crago asked if she found that there was a framework and structure in place that identified financed and unfinanced expenses. He asked if there was a list of commitments.

Attorney Loughman said she found everything that was appropriated and everything that was expended. She also found a list of priority purchases that had not yet been made, which she said was not required. The School Board has given the administration the authority to make purchases.

Councilor Crago discussed that it was his understanding that the School Board was not made aware of the \$1.5 million unencumbered funds until September, and not in April. He said decisions were made without their knowledge.

Attorney Loughman clarified that the April memorandum just mentioned the \$500,000 loss in revenue. She said the attached referenced materials were available to the School Board. She said it still didn't violate School Board policy.



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Councilor Crago talked about the \$700,000 in unencumbered funds being sent back to the City instead of funds available for the School district to spend.

Attorney Loughman said that isn't how the City Charter is written.

Councilor Crago said his comments regarding the Superintendent's salary were hearsay from what he heard from the public, and not from an Executive Session.

Attorney Loughman said that is not uncommon.

Councilor Weeden talked about the salary issue and said people on the street expect the City Manager and Superintendent to get a raise, and it didn't leak from the Executive Session. He asked the School Board who knew about the expenditures before the end of the 2012 close.

Vice Chairperson Russell asked Councilor Weeden if he knew about the \$5.2 million in unencumbered funds on the City side of the budget.

Councilor Weeden called for a point of order. He was asked the School Board a question.

Vice Chairperson Russell said it wasn't relevant.

Councilor Weeden said he didn't know about it. He said three School Board members didn't know about the \$1.5 million in unencumbered funds in September: Dr. Butler, Ms. Grady, and Ms. Baker.

Attorney Loughman said it was public record.

Councilor Weeden said this was put to bed at the September meeting and then the School Board paid \$5,000 to have this investigated.

Mayor Trefethen referred to Appendix II where it shows the unencumbered balance, and asked where that information is stored. Was it available on the City's website. Is a copy given to the School Board.

Secretary Andrews Parker said the School Board gets quarterly updates.

Mayor Trefethen asked what happened after the report is produced. He asked if it was readily available to the citizens.

Superintendent Briggs Badger said they do monthly updates now.

Mayor Trefethen said he was specifically asking about this report.

Business Administrator Limanni said he provided the Superintendent with a quarterly report, and they discussed it. He doesn't have a history of quarterly reports being put in School Board minutes.

Councilor Weeden said the fact was that a large number of elected officials didn't know about this going into the budget process. He said they established that there will be a monthly report and they left the meeting saying it was in the past. He didn't understand why this was being brought up again.

Mayor Trefethen said charges were made against the Superintendent and the School Board took action to investigate it. He said this report was completing the process.

Councilor Weeden started a discussion regarding why he felt he needed to know about the unencumbered funds during the budget process even though the budget for the next year isn't related. He said the School Board was asking for an override of the tax cap to pay for their budget. He said then the School purchased many of the items cut from the budget with the unencumbered balance.

Vice Chairperson Russell said they were fighting for teachers in the new budget, and not the things they purchased with the unencumbered funds. She said this information was all



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available to the Council and Board during the September meeting. She said the only thing left to do is apologize to the Superintendent.

Ms. Grady discussed her email dated August 24, 2012 to the Superintendent that she wanted a list of expenditures, and that she didn't get the list until September 10, 2012. She then referred to School Board Policy DA: entitled Fiscal Management Goals and read it to the Committee. She said she was asking a simple question of where the money was spent. She referred the Attorney's report where it states Councilor Crago reported the incorrect information received from a School Board member. She was trying to show that she didn't give out incorrect information.

Attorney Loughman said Ms. Grady voted on some of the expenditures made in June 2012. Ms. Grady said she assumed they were for encumbered funds. She said the administration knew about the unencumbered funds on June 8, 2012 and they met with the Council on June 11, 2012 to discuss the budget for 2013. She said she was just asking a simple question of where the money went.

Councilor Weston asked the Attorney why she identified Councilor Crago and then just a School Board member.

Attorney Loughman said it was at the request of the School Board that the member's name be removed.

Councilor Weston felt it was not the misstatements that were the issue, but the items purchased on the list. During the budget process the School Department was looking for an override. She said they knew in June that this money was available. She said the citizens were saying they were told to ask the Council to give the School Department money. She was sorry they had to rehash it. She said the report should have just mentioned that all the rules were followed. She asked to just move forward, start fresh, and move on to the next agenda item.

Chairperson D'Andrea said they did this to answer allegations and put it to bed. He said the Council had to have faith in the elected officials of the School Board and the great employees working for them.

Secretary Andrews Parker said the Superintendent has done an amazing job and she does deserve an apology.

Councilor Cheney expressed her surprised that this was being discussed. That she had no knowledge that this was going to happen tonight. She said no one has apologized. She said policy changes have been made since September with monthly reports.

Ms. Grady again discussed the comments that she lied, gave incorrect information, and that information was reported. She said she felt she has proven that she didn't lie and didn't give out incorrect information.

Chairperson D'Andrea called for a five minute recess.



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### **B. CAPITAL RESERVES AND CAPITAL IMPROVEMENTS PROGRAM (CIP) UPDATE**

Mayor Trefethen talked about the Capital Reserve Funds and the School's responsibility to fund those Funds. He said they could budget for it in next years' budget, or use unencumbered funds from this year's budget.

Councilor Weeden discussed Councilor Crago's idea to use the excess funds in the General Reserve Fund to fund these reserves.

Councilor Crago talked about a plan being put into the CIP. He asked the School Board what was their next step if they weren't ready to create a plan.

Vice Chairperson Russell said there were no funds to put into these reserve funds. She said they have plans in their budget.

Mayor Trefethen asked if it was required to have a plan in order to put money in the capital reserve funds.

City Manager Joyal said it was not required to put money in the reserve funds, but it is required to take the money out.

Mr. Limanni started a discussion about their current budgeting process and items they are trying to plan for within their budget.

Councilor Crago said the Council was looking for seed money to help the School.

Mr. Limanni said the School has done this internally. He said they need financial vehicles to help them as their budgets get tighter. He said they don't have a contingency built in their budget. He said the School Board has been talking about building long term plans.

Ms. Andrews Parker asked if the CIP plans could be postponed until the School Board has completed the budget process.

City Manager Joyal said they can wait, but they do need this plan.

### **C. STATE OF NEW HAMPSHIRE ADEQUACY FUNDING SHORTFALL**

Superintendent Briggs Badger gave an overview of the handouts. She said Dover should be getting \$1.9 million more than what they are receiving. She spoke about the Bill regarding changing the cap for adequacy so Dover will get its fair share.

Councilor Weston started a discussion about what the Council can do. She suggested that the State change the formula to lower the overpayment and raise the underpayment.

Mayor Trefethen said the simple answer would be to remove the cap completely.

Councilor Weston suggested that they mention this to the State legislators when they come to meet the Council.

Mayor Trefethen suggested that they draft a letter to the other towns that are affected by this cap and try to start a coalition.

Councilor Hooper suggested that they send the letter to the Committee on Education.

Councilor Crago talked about the differences between Rochester and Dover.

Councilor Weeden left at 8:33 pm.



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### **D. INITIAL FISCAL YEAR 2014 BUDGET GUIDANCE**

City Manager Joyal gave an overview of his handout regarding the tax cap formula. He said it was just a draft, because the official numbers come out at the end of January. He listed the budget increase allowed per estimated capped tax levy: the City is \$631,735, the School is 690,060, (\$34,229) for the State, and \$185,220 for the County, totaling \$1,472,786. He said this would amount to a \$0.56 tax rate increase.

Mayor Trefethen said he felt the Council wanted to see a tax cap budget from the School Department.

Vice Chairperson Russell said the School Board will pass a budget that is appropriate for the students, and it may not be within the tax cap.

Councilors discussed the need and/or possibility of going over the tax cap.

### **4. OTHER BUSINESS – None**

### **5. ADJOURN**

Meeting unanimously adjourned.

The following reference materials have been archived with the minutes:

- Letter from Attorney Barbara Loughman, dated January 17, 2013
- Appendix I and Appendix II
- Estimated Fiscal Year 2014 Municipal Summary of Adequacy Aid
- Analysis of Tax Cap