TOWN OF NEWMARKET, NEW HAMPSHIRE
MUNICIPAL BUDGET COMMITTEE MEETING

JUNE 24, 2024

TOWN HALL AUDITORIUM

Approved August 26, 2024

MEMBERS PRESENT: Chairman Christopher Wolfe, Vice-Chair Brian Rowley, Danielle Honan, Brian Hickey, Tim Chiou, Cris Blackstone, School Board Rep Dan Smith, Town Council Rep Brian Ward; Scott Foster arrived late

MEMBERS EXCUSED: Ned Carpenter, Justin Looser

ALSO PREESENT: Director of Finance and Administration William Tappan

Chairman Chris Wolfe welcomed everyone to the June 24, 2024 Municipal Budget Committee Meeting and called the meeting to order at 6:30 pm, followed by the Pledge of Allegiance.

PUBLIC FORUM

Chairman Wolfe opened the Public Forum at 6:30 pm; seeing no one present he closed the Public Forum at 6:31 pm.

NEW BUSINESS

Town Presentation
Chairman Wolfe said the Town Presentation will actually cover *End-of-May 2024* versus the Agenda (*Q3 FY2024 Financials*) and handed out a separate document from what was in the packet. Committee members agreed to the Agenda change.

<u>Town Presentation – End-of-May 2024</u> (Period 11)
Finance Director Bill Tappan said at the previous meeting he mistakenly said revenues were 11% different from prior year but they were actually 1%. At Period 11, or through end of May, the overall expenditure level, which should be no higher than 91.7 on average, was 83% of budget equal to prior year with total Operating Budgets also 83% at $13,657,861 for increase over prior year. Town spending and income are within expectations; paying close attention to the situation.

Director Tappan said for Period 11: 100% of Revenues ($39,247,874.01) were approved; General Fund Revenues 100% overall at $33,897,969, which was $3,175,813 over prior year with majority tax increases of $2.7 Mil: revenue increases in license permits and fees $101,000, revenues from State $82,000, miscellaneous revenues $132,000; not including $100,000 interfund transfer from Ambulance Fund; experienced a revenue decline of $8,435 compared to prior year, but still met expectations by 8%.

Scott Foster arrived at the Budget Committee Meeting at 6:35 pm.

Director Tappan said in terms of Enterprise & Revenue Funds: REC at 104%, Solid Waste at 109%, Water at 88%, and Wastewater at 102% of budgeted revenues; translates into actuals of $22,849 above budget for REC, $38,572 above budget for Solid Waste, $45,000 above budget for Wastewater, and Water coming in at $229,252 below budget. Chairman Wolfe asked if there was an explanation for that.

Director Tappan said he would get back on that with a more thorough answer, but his understanding is that when original overtime rates were set, the Town Council agreed there would be a staggered series of increases with a few years where you would not see increases but your expenses would go up. Total revenue was $39,242,874, $3.3 Mil over prior year, Enterprise Fund delta being $216,974 over prior year for Period 11. He said there is still opportunity for additional revenue to come in, and the town is so far in a good position.

Mr. Smith asked what the methodology is for re-encumbrances and what they represent. Director Tappan said POs are created during the year, often at the beginning, for items of big cost or paying over a period of months; represents money that is spoken for. He said we conform to State Law that says if you have a PO out there and during that FY it is not spent, the remainder of it goes to General Fund. Mr. Smith said the right way to think about the 83% is one more month of expenses tacked onto that minus anything you might recover from encumbrances and said Town is well ahead.

Director Tappan said he is checking with departments and closed 2 POs with money on them which goes back to the Unreserved Fund Balance at end of year. Chairman Wolfe said if month-to-date expenditures for May were duplicated in June, plus your encumbrances, town should finish out the year at about $15 Mil expended; he asked if town will be under their Expense Budget and by how much. Director Tappan said that would be partially due to POs still out there and expenditures slowing down at the tail end, while slowing spending on everything not necessary for Unreserved Fund Balance to be higher.

Director Tappan said the Unreserved Fund Balance stays in the Operating Budget. Town Policy states you must have a minimum of 5% in reserve, State recommends higher and GFOA even higher. He said the town has been typically between 5% and 8-9%; last year at 7.2%; there is no specific budgeted reserve line, and it is a matter of budget management. Chairman Wolfe asked if the town has a balance sheet; Director Tappan said they do but it is not corporate; the town collects taxes but is not an income-generating operation but said he could provide one.

Vice-Chair Rowley said Economic Development looks like it was 1% used this year but 10% last year. Director Tappan said he would have to go back and look at the details of that and get back to the Committee. Mr. Smith asked about the interest on the income side. Director Tappan said the reports you see have nothing to do with trustees and trust funds and are completely separate; Town Council oversees and approves any movement of those funds. He said it is more appropriate for the Trustees to answer his questions.

Director Tappan said revenues you are looking at in these reports are generated from activities carried out by the Municipal Government itself; they first went looking for a different investment fund then carefully looked at their investment policy statement which dictates the action they will take and the structure they are going to build their portfolio around. They then work with portfolio managers to make sure they are making money at the highest interest rate regime possible; doing much better than prior years because they structured it differently by setting limits.

Town/School Facilities Tour
Chairman Wolfe said next month the Budget Committee is off; members agreed to meet with departments in July on weekdays; Chairman Wolfe said he would look into setting up a schedule.

MEETING MINUTES

Approval of Meeting Minutes of May 20, 2024
Chairman Wolfe said he made several corrections to the minutes, which were incorporated in the distributed document.

Motion: To approve the Budget Committee Meeting minutes of May 20, 2024, as amended.
Motioned: Vice-Chair Rowley
Seconded: Councilor Ward
Vote: Approved 7-0, with 2 abstentions

OTHER BUSINESS

Next Meeting: August 26, 2024 at 6:30 pm, recap from School; Town year end in September.

ADJOURNMENT

Councilor Ward **moved** to adjourn the meeting; **seconded** by Vice-Chair Rowley; **Vote:** all in favor 9-0.

Chairman Wolfe adjourned the meeting at 6:57 pm.

Respectfully Submitted,

Patricia Denmark, Recording Secretary