TOWN OF NEWMARKET, NEW HAMPSHIRE
MUNICIPAL BUDGET COMMITTEE MEETING

August 26, 2024

TOWN HALL AUDITORIUM

Approved September 30, 2024

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

ALSO PREESENT: School Superintendent Todd Allen, School Business Administrator Janna Mellon

Chairman Chris Wolfe welcomed everyone to the August 26, 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 6:32 pm; seeing no one present he closed the Public Forum at 6:32 pm.

NEW BUSINESS

School District FY2024 Finance Report

School Superintendent Todd Allen said there would be 3 reports: (1) Unassigned Fund Balance dated August 9, 2024, (2) June 18th report, and (3) Budget discussion around level services. He said he would provide an overview of where the School ended the year and an advanced idea of where we are headed. He said Janna will talk about Unassigned Fund Balance and retained Fund Balance and he would talk about the budget process.

Scott Foster arrived at the Budget Committee Meeting at 6:34 pm.

Unassigned Fund Balance

School Business Administrator Janna Mellon said Unassigned Fund Balance is a calculated number, a culmination of our expenditure budget less what we did not expend, our revenue budget and additional revenues, plus accounting adjustments at the end of the year; then come up with a number that becomes part of tax rate setting through the Department of Revenue. She said since the onset of Covid the School has had larger than normal fund balances at the end of the year, and this year we have $470,889, or 2% remainder of our budget. The financial audit was completed the second week of August, but they do not yet have the final report, though it is unlikely this number will change.

Retained Fund Balance

Business Administrator Mellon said one of the adjustments after expenditures is the ability to retain fund balance in a contingency fund, and the School can retain between 2.5%-5% of our net assessment based on property values in town. She said this was presented to the School Board in June and they voted to retain 3.5%. She said before calculating the ending fund balance, we take retained fund balance left over from prior year, add to the balance, and deduct the new amount from it with net change of $75,000.

Business Administrator Mellon said another adjustment from fund balance last year was Warrant Articles to fund two different Capital Reserve Funds: 1) Special Education and 2) Health Insurance, which added together came to $125,000. These trust funds are used as funding if something catastrophic or unanticipated were to happen which allows us to budget more closely.

Vice-Chair Rowley asked about the $108,000 potential liability with tax forms. Business Administrator Mellon said that is long-standing and before her time in Newmarket, relating to an Act 1095 form which was filed timely, and we have receipts from the Post Office and IRS. During Covid IRS was very understaffed and they reached out and told us they never received our form. An individual worked at trying to resolve the issue for 2 ½ years but was not successful, and we received a potential fine for not filing those forms. She said we are now working with McLane Middleton and are optimistic we will prevail or have a partial penalty for failing to fully resolve the issue at the time.

Superintendent Allen said in March the approval rating for the school's proposed budget was 58% and revaluation has added another layer of challenge to people in the community. He said right after the election the School Board began to think ahead carefully in planning our budget, and he asked the board to establish a budget goal to work towards. This year in particular we are in negotiations with our Teachers' Union for their contract, which makes up 55% of our employees, and the School Board has engaged in lengthy dialogue about the future of our budget, sustainability of our level of budgeting, and preparing for coming realities to hopefully build a budget that will keep things stable.

Superintendent Allen said the year-end fund balance is lower this year than in the past. He said when you think about school budgets there are 3 places where the money is: 1) Personnel/Salaries, 2) Benefits & Health Insurance, 3) services and programming. He said we have attempted to build trust funds to address some of those items: Health Insurance Stabilization Fund, to have resources available in the event of increased costs; Student Services, to address students we have to plan for, and also updating Capital Reserve funds.

Superintendent Allen said they talked about a level of increase that would be sustainable and had Janna build a level-services budget separate from the Teacher Contract. He said in July the board determined a 3.18% increase, and in order to do exactly what we are doing now next year will have to ask for $871,720.29 of the community, not including the teachers' contract, and we are looking at a potential increase to taxpayers of 5% or more. He said the School Board then asked Janna to go through the process of calculating a 3% increase, a 2% increase, and a 1% increase; the board eventually arrived at a 2% target to work with.

Superintendent Allen said this is the very front edge of our budget development process, attempting to create a 2% or less budget, which basically means shaving $335,000 out, and we see making a lot more adjustments with this budget, and hopefully we will have reached our goal when we come back in November.

Questions: Vice-Chair Rowley said you are shooting for the 2% budget, $537,000 more than current year budget, and expect another $500-$600 on top of that for teacher contract. Superintendent Allen said we are trying to think in terms of tax impact here; last year's budget increase was 3.9% and 4.3% the year before, hoping for 4% this year. Vice-Chair Rowley asked if there were projects that would have to be put off. Superintendent Allen said they carefully reviewed their Capital Improvement Plan and feel it best to continue to follow the plan.

Mr. Chiou asked about Exhibit A, Tuition; Superintendent Allen said that is probably mostly Special Education out-of-district placement and Seacoast School of Technology. Last year 71 students were enrolled paying $4,300/student; every student is eligible but not all programs have vacancies. Mr. Hickey asked if the programs were only for juniors and seniors; Superintendent Allen said for pre-engineering other students can get involved but are usually too busy with core programs.

Mr. Chiou asked about Professional Services; Superintendent Allen said we have an outside contract with our custodial services and have been striving to improve the work they have been doing; contract expires this year, and the board will seek bids from 3 vendors. Mr. Hickey said the transparency provided and your approach as being pro-active rather than reactive, is pretty impressive and quite refreshing, and is really appreciated.

Superintendent Allen said the property evaluation system looking at segments of the real estate market, shows people in mobile homes seeing their taxes go up substantially; condos and family housing is up 84% and higher value properties went up less. He said the Town's property valuation went up 69%, redistributing the tax map, and it has nothing to do with ability to pay. Mr. Smith said we are trying as hard as we can to control the things we can, given there are very significant parts of the equation we cannot control like out-of-district placement.

Chairman Wolfe said he is glad the school monitors things so closely, and said it takes a lot of effort to find the most value you can and asked if the School Board could share an FY2023-2024 year-end analysis with the Budget Committee.

MEETING MINUTES

Approval of Meeting Minutes of June 24, 2024

Motion: To approve the Budget Committee Meeting minutes of June 24, 2024 as presented.
Motioned: Councilor Ward
Seconded: Vice-Chair Rowley
Vote: Approved 10-0, with 1 abstention

OTHER BUSINESS

Next Meeting: September 30, 2024: Town year-end presentation.

ADJOURNMENT

Mr. Hickey **moved** to adjourn the meeting; **seconded** by Ned Carpenter; **Vote:** all in favor 11-0.

Chairman Wolfe adjourned the meeting at 6:42 pm.
Respectfully Submitted,

Patricia Denmark, Recording Secretary